

Presentation on Results for the 1st Quarter FY2021

**August 6, 2021
Idemitsu Kosan Co.,Ltd.**

Summary of Financial Results

■ FY2021 1Q Overview

- ✓ Quarterly operating + equity income (“segment income”) increased by ¥217.1 billion year-on-year, due to significant improvement in inventory impact resulting from higher crude oil prices and the impact of time lag in the petroleum segment

[¥ billions]

	FY2020 1Q	FY2021 1Q	Change
Operating Income + Equity Income	(97.5)	119.6	217.1
<i>Inventory impact</i>	(94.4)	69.3	163.7
<i>Excluding inventory impact</i>	(3.1)	50.3	53.4
Net Income Attributable to Owners of the Parent	(81.3)	88.4	169.7
<i>Excluding inventory impact</i>	(15.8)	40.3	56.2

■ FY2021 Forecasts

- ✓ Recent crude oil and coal prices are significantly higher than assumptions used in the earnings forecast announced in May

[USD/bbl., USD/ton]

	Jan-Mar	Apr-Jun	July	Assumptions in May
Dubai crude oil	60.0	66.9	72.9	60.0
Thermal coal	89.1	108.4	151.3	80.0

- ✓ Forecast revision may be required at the 2Q earnings announcement, as the impact of the ongoing COVID pandemic on crude oil/coal prices or on corporate performance remains unclear

Key Topics

■ Trends in petroleum demand

- ✓ Demand for the 4 core products, particularly gasoline, is recovering compared to last year. While jet fuel continues to improve, demand remains significantly lower than 2019

[%]

	2020 Oct-Dec	2021 Jan-Mar	2021 Apr-Jun	2021 Apr-Sep (forecast)	2021 Apr-Sep (vs. 2019)
4 core products	98.8	100.6	101.2	104.3	92.6
<i>gasoline</i>	96.6	95.1	108.5	105.5	90.1
Jet fuel	55.7	52.9	178.8	148.4	69.2

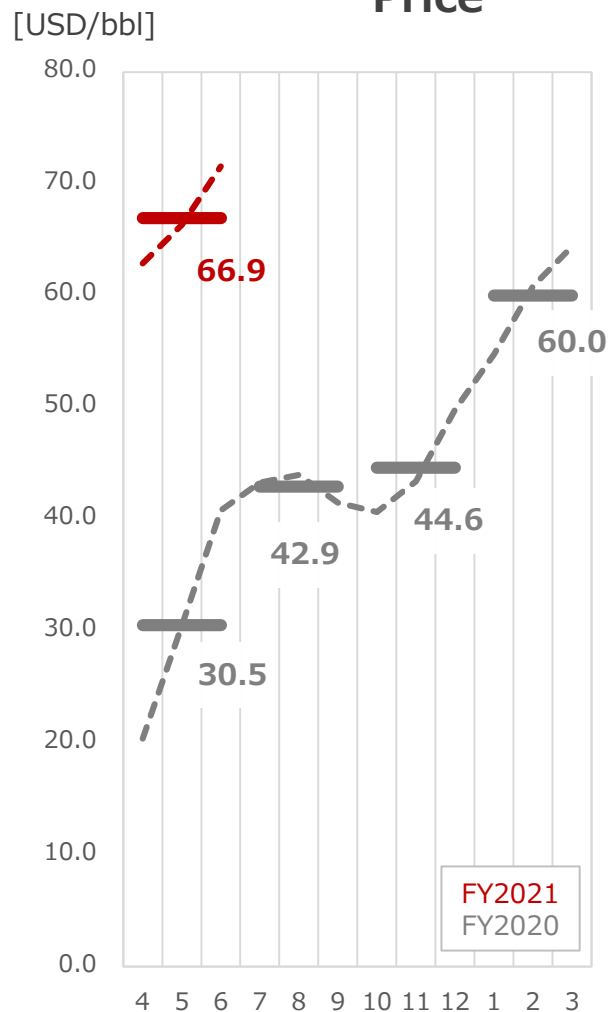
*Idemitsu sales growth rate (year-on-year)

■ Status of Nghi Son Refinery in Vietnam

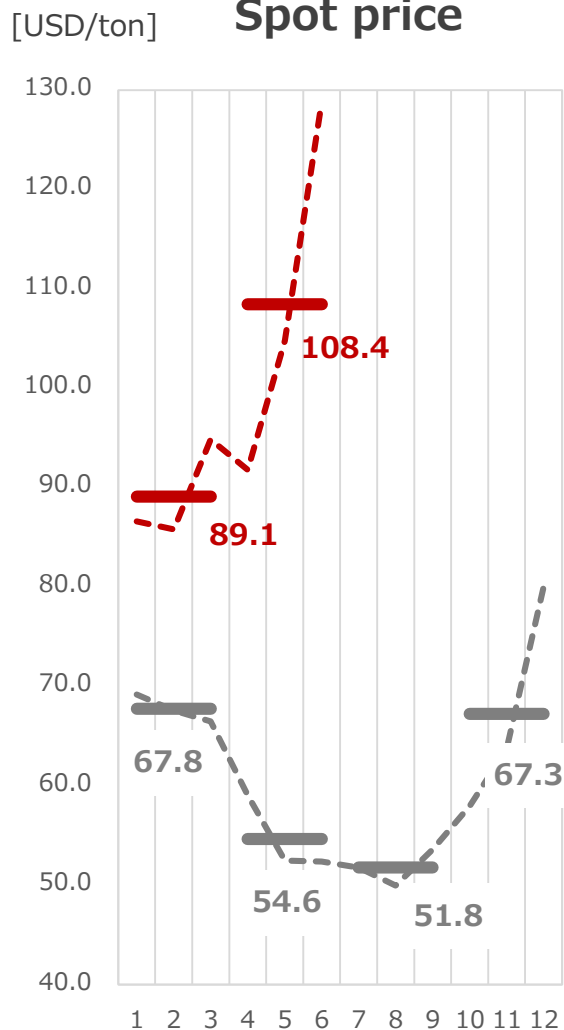
- ✓ Refinery operations continue to be stable
- ✓ While refining margins remained low, an year-on-year improvement was achieved due to inventory impact as a result of increasing crude oil prices, etc.
- ✓ Due to ¥18.1 billion of losses on valuation for long-term loans to NSRP during the previous fiscal year, no equity losses will be reported as long as FY2021 NSRP losses is less than ¥18.1 billion

Operating Environment

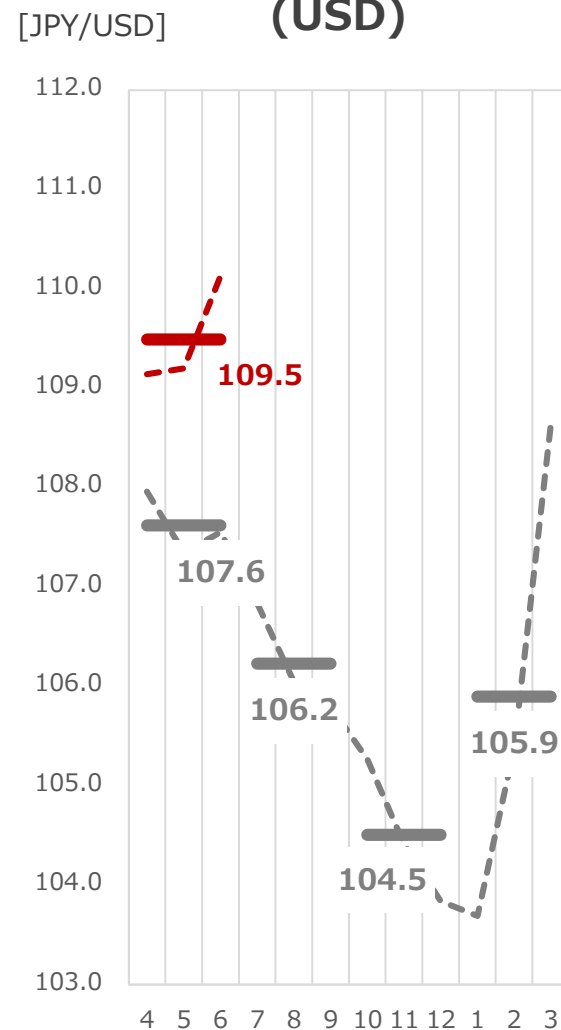
Dubai Crude Oil Price



Australian Coal Spot price



Exchange Rate (USD)



Overview

■ Crude Oil / Coal / Exchange Rates

[USD/bbl, USD/ton, JPY/USD]

	FY2020 1Q	FY2021 1Q	Change	
Crude Oil (Dubai)	30.5	66.9	36.4	+119.1%
Crude Oil (Brent)*	50.3	60.9	10.6	+21.2%
Thermal Coal *	67.8	89.1	21.3	+31.5%
Exchange Rate (TTM)	107.6	109.5	1.9	+1.7%

*Brent prices and thermal coal prices are averages based on the calendar year (January-March).

■ Consolidated Income Statement (Summary)

[¥ billions]

	FY2020 1Q	FY2021 1Q	Change	
Net Sales	982.8	1,302.3	319.4	+32.5%
Operating Income	(70.8)	111.3	182.1	—
<i>Inventory impact</i>	<i>(94.4)</i>	<i>69.3</i>	<i>163.7</i>	—
Equity Income	(26.7)	8.3	35.0	—
Operating Income + Equity Income	(97.5)	119.6	217.1	—
<i>Excluding inventory impact</i>	<i>(3.1)</i>	<i>50.3</i>	<i>53.4</i>	—
Ordinary Income	(99.5)	123.6	223.1	—
Extraordinary Gain/Loss	(4.4)	7.5	11.9	—
Net Income Attributable to Owners of the Parent	(81.3)	88.4	169.7	—
<i>Excluding inventory impact</i>	<i>(15.8)</i>	<i>40.3</i>	<i>56.2</i>	—

Segment Information

■ Operating Income + Equity Income

[¥ billions]

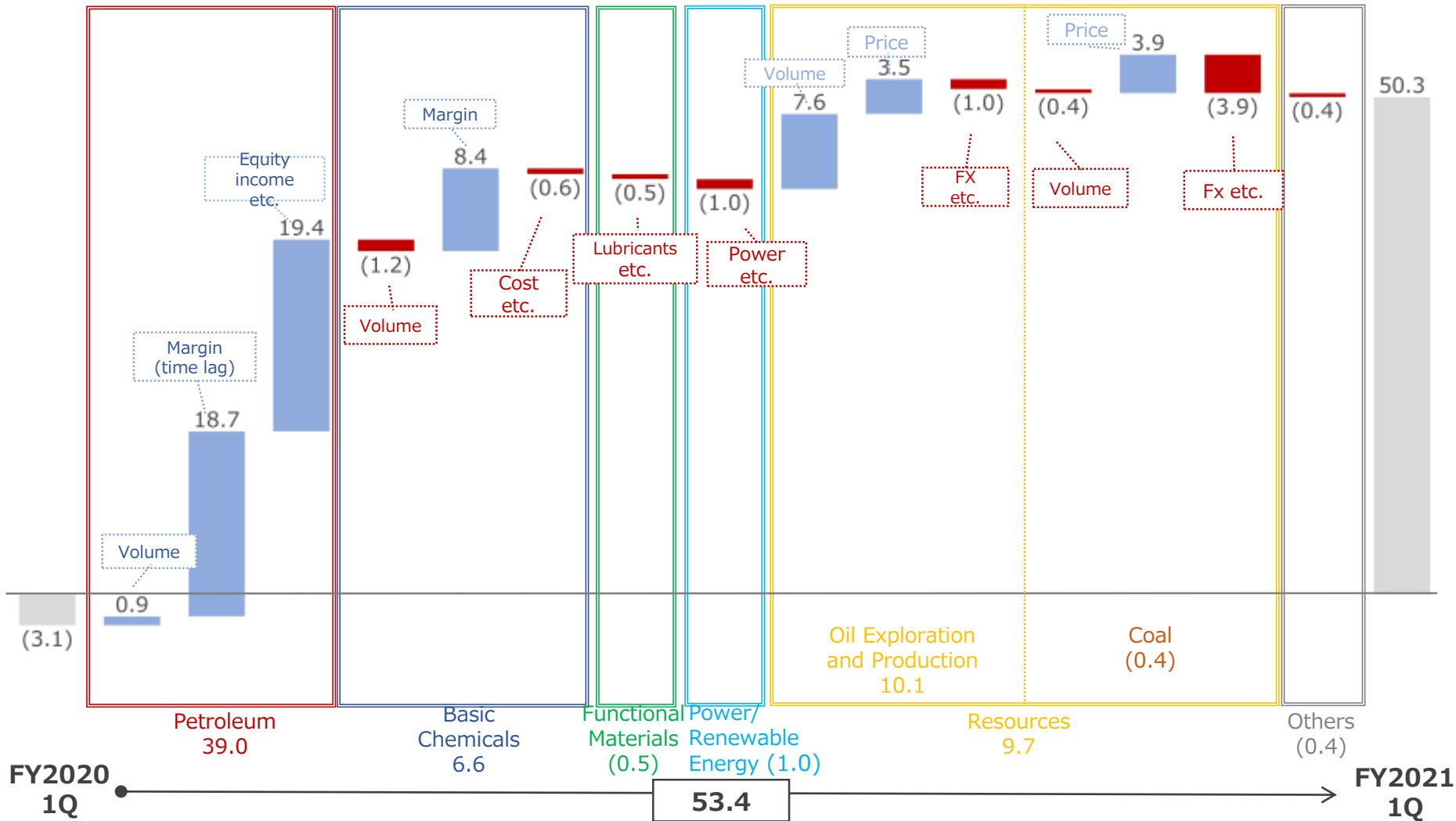
	FY2020 1Q	FY2021 1Q	Change	
Petroleum	(103.8)	98.9	202.7	—
<i>Excluding inventory impact</i>	(9.4)	29.6	39.0	—
Basic Chemicals	0.1	6.7	6.6	—
Functional Materials	4.8	4.3	(0.5)	(10.0%)
Power and Renewable Energy	0.1	(1.0)	(1.0)	—
Resources*	3.2	13.0	9.7	+303.1%
<i>Oil Exploration and Production</i>	2.2	12.4	10.1	+450.9%
<i>Coal</i>	1.0	0.6	(0.4)	(37.2%)
Others/Reconciliation	(1.9)	(2.3)	(0.4)	—
Total	(97.5)	119.6	217.1	—
<i>Excluding inventory impact</i>	(3.1)	50.3	53.4	—

*Fiscal years for Australian coal operations and Oil Exploration and Production included in the Resources Business end in December

Segment Information

Factors Affecting Operating Income + Equity Income (excluding inventory impact, year on year)

[¥ billions]



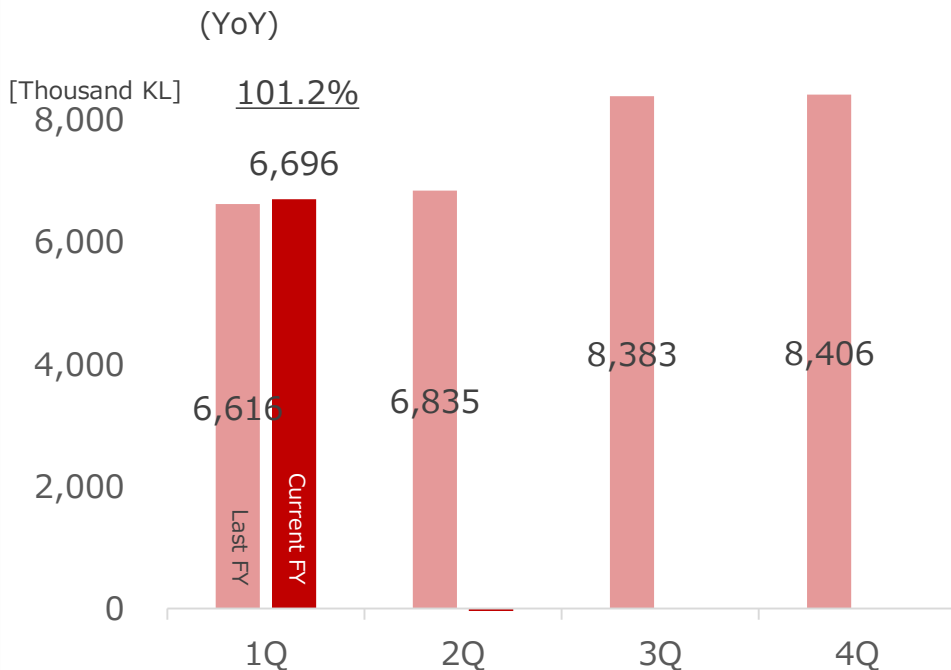
FY2020
1Q

FY2021
1Q

Segment Information

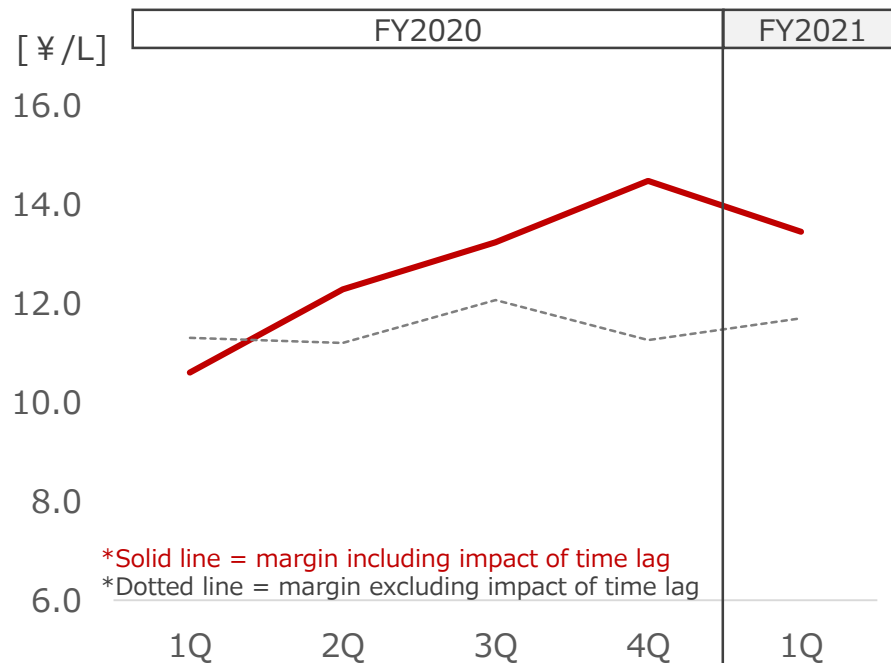
[Petroleum] YoY +¥39.0 bn (FY20 1Q : -¥9.4bn ➔ FY21 1Q : ¥29.6 bn)

<Year-on-year Change in Petroleum sales volume (4 Core Products)>



<Trends in Domestic Petroleum Product Margins*>

*Average of gasoline, diesel oil, kerosene, and heavy oil A margins (domestic spot - crude oil)



- ✓ Sales of the 4 core products largely unchanged, with year-on-year increase in gasoline and diesel oil offset by a decrease in kerosene
- ✓ Refining margins generally in line with the previous year, except from time lags associated with the rise in crude oil prices
- ✓ Year-on-year increase due to improved equity income from NSRP, the achievement of integration synergies, etc.

Segment Information

[Basic Chemicals] YoY ¥6.6 bn (FY20 1Q : ¥0.1 bn ➔ FY21 1Q : ¥6.7 bn)

- ✓ ¥6.6 bn year-on-year increase due to improve margins as a result of demand recovering from the COVID pandemic

[USD/ton]

Product	FY2020 1Q		FY2021 1Q		Change	
	Price	Margin	Price	Margin	Price	Margin
PX	495	222	859	253	+364	+31
MX	398	124	768	162	+370	+38
SM	604	330	1,260	655	+656	+325

[Functional Materials] YoY -¥0.5 bn (FY20 1Q : ¥4.8 bn ➔ FY21 1Q : ¥4.3 bn)

- ✓ Earnings fell despite recovering lubricant demand, due to delays in reflecting rising crude oil prices in sales prices
- ✓ Earnings from performance chemicals and electronic materials improved due to a recovery in sales volume, etc.

[Power and Renewable Energy] YoY -¥1.0 bn (FY20 1Q : ¥0.1 bn ➔ FY21 1Q : -¥1.0 bn)

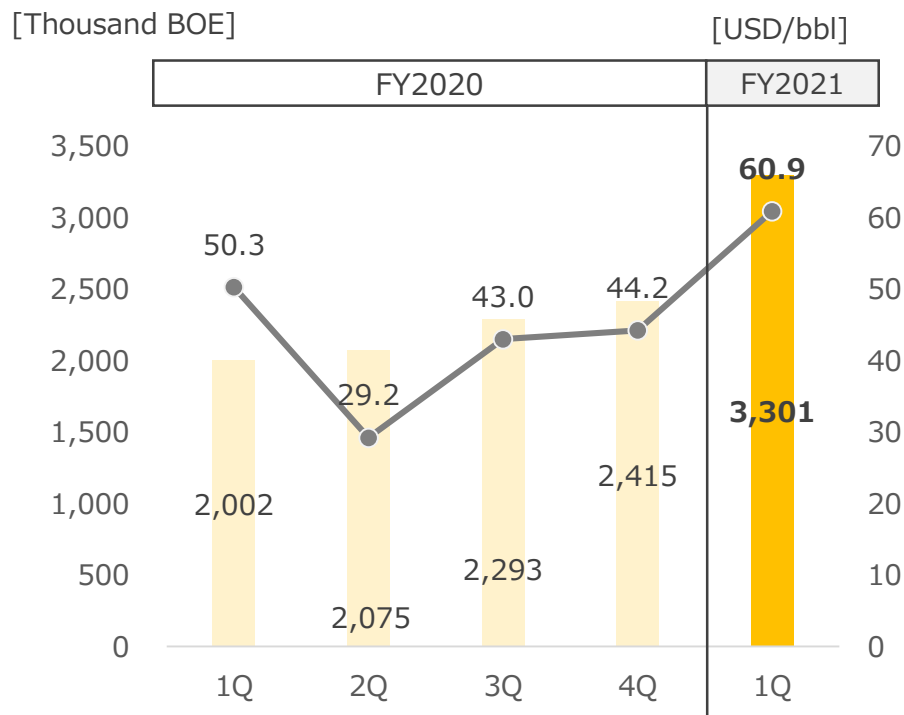
- ✓ Earnings fell due to increased costs of higher wholesale prices in the power business from the last fiscal year

Segment Information

[Oil E&P] YoY ¥10.1 bn

(FY20 1Q : ¥2.2bn ➔ FY21 1Q : ¥12.4 bn)

<Crude Oil Production Volume and Brent Crude Oil Price Trends>

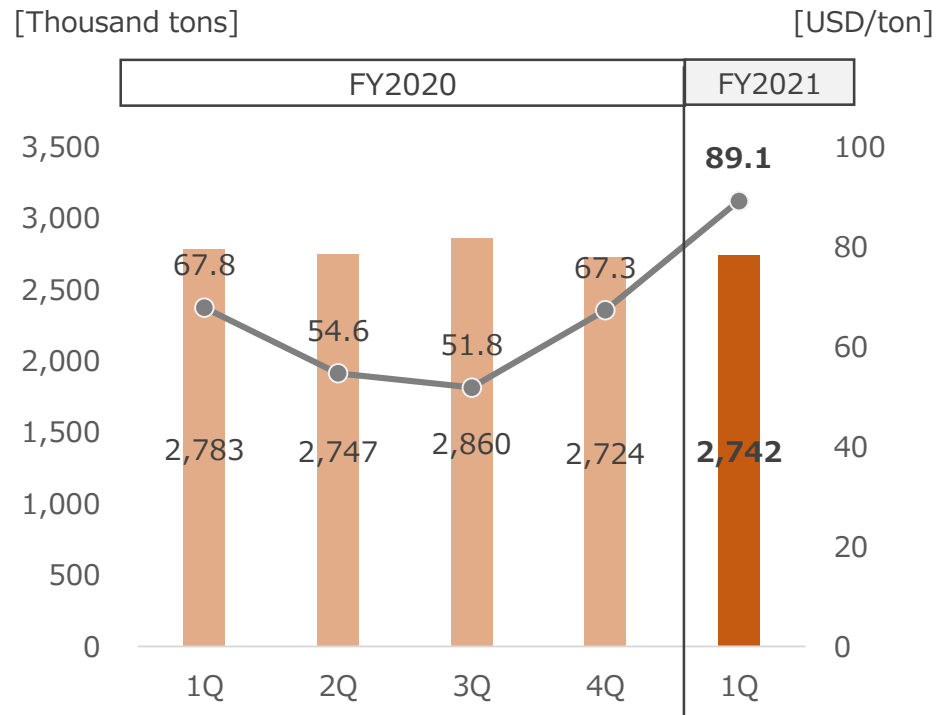


✓ Earnings increased due to increased production at Vietnamese gas fields and an increase in crude oil prices

[Coal] YoY -¥0.4 bn

(FY20 1Q : ¥1.0bn ➔ FY21 1Q : ¥0.6 bn)

<Coal Production Volume and Australian Coal Spot Price Trends>



✓ Earnings remained flat, with improve coal market conditions being offset by the appreciation of the Australian dollar

Balance Sheet

[¥ billions]

	3/31/2021	6/30/2021	Change		3/31/2021	6/30/2021	Change
Cash and Deposits	131.3	134.5	3.2	Total Current Liabilities	1,621.3	1,620.3	(1.0)
Receivables, Inventory, etc.	1,534.2	1,614.5	80.3	Total Fixed Liabilities	1,118.0	1,144.8	26.8
Total Current Assets	1,665.5	1,749.0	83.5	Total Liabilities	2,739.3	2,765.1	25.8
Tangible Fixed Assets	1,521.9	1,537.0	15.1	Shareholders' Equity and Other Comprehensive Income	1,150.9	1,242.3	91.4
Other Fixed Assets	767.0	784.8	17.8	Noncontrolling Interests	64.2	63.4	(0.8)
Total Fixed Assets	2,288.9	2,321.8	32.9	Total Net Assets	1,215.1	1,305.7	90.5
Total Assets	3,954.4	4,070.8	116.4	Total Liabilities and Net Assets	3,954.4	4,070.8	116.4

Net D/E ratio	1.02	0.99	(0.03)
Total Interest - bearing Debt	1,308.9	1,364.3	55.5
Equity ratio	29.1%	30.5%	1.4%

Reference Materials

Overview of the Company

■ Petroleum Segment

- Refining Capacity **945,000 BD** *1)
- Domestic fuel oil sales volume **34 million KL/year** *2)
- Number of service stations **6,300**

■ Basic Chemicals Segment

(Production Capacity)

- Ethylene **1 mil tons/year**
- Paraxylene **1.42 mil tons/year** *3)
- Styrene monomers **0.79 mil tons/year**

■ Power and Renewable Energy Segment

- Power generation capacity **1.4GW**
- Renewable energy **0.5GW**
- Solar panel production capacity **1GW/year**

■ Functional Materials Segment

(Lubricants, performance chemicals, electronic materials, functional asphalt, agricultural-biotechnology, solid electrolyte)

- Lubricants sales volume **1.1 mil KL/year**
- Performance chemicals production capacity
Engineering plastics: **150,000 tons/year**
Adhesive materials: **75,000 tons/year**
- OLED materials production capacity **22 tons/year**

■ Resources Segment

- Crude oil production **24,000 BD**
- Thermal coal production **11 mil tons/year**

*1 1,090,000 barrels/day when adding the refining capacity of Fuji Oil, Co.,Ltd with which a petroleum products trade agreement has been signed

*2 Bond jet fuel and Bond heavy fuel oil C are included in the exports

*3 Including mixed xylene production capacity

FY2021 Forecast released on May 11th (Overview)

■ Crude Oil / Coal / Exchange Rates

[USD/bbl, USD/ton, JPY/USD]

	FY2020	FY2021	Change	
Crude Oil (Dubai)	44.5	60.0	15.5	34.8%
Crude Oil (Brent)*	41.7	61.0	19.3	46.4%
Thermal Coal *	60.4	80.0	19.6	32.5%
Exchange Rate (TTM)	106.1	105.0	(1.1)	(1.0%)

*Brent prices and thermal coal prices are averages based on the calendar year (January-December).

■ Consolidated Income Statement (Summary)

[¥ billions]

	FY2020	FY2021	Change	
Net Sales	4,556.6	5,680.0	1,123.4	24.7%
Operating Income	140.1	135.0	(5.1)	(3.6%)
<i>Inventory impact</i>	7.5	0.0	(7.5)	(100.0%)
Equity Income	(39.8)	5.0	44.8	—
Operating Income + Equity Income	100.3	140.0	39.7	39.6%
<i>Excluding inventory impact</i>	92.8	140.0	47.2	50.8%
Ordinary Income	108.4	140.0	31.6	29.2%
Extraordinary Gain/Loss	(43.8)	(2.0)	41.8	—
Net Income Attributable to Owners of the Parent	34.9	85.0	50.1	143.4%
<i>Excluding inventory impact</i>	29.7	85.0	55.3	185.7%

※While some inventory impact may arise if FY21 crude oil price stabilizes at \$60, such impact is not included in forecasts

FY2021 Forecast released on May 11th (Segment information)

■ Operating Income + Equity Income

[¥ billions]

	FY2020	FY2021	Change	
Petroleum	102.1	84.0	(18.1)	(17.7%)
<i>Excluding inventory impact</i>	<i>94.7</i>	<i>84.0</i>	<i>(10.7)</i>	<i>(11.3%)</i>
Basic Chemicals	3.4	10.0	6.6	193.9%
Functional Materials	13.0	16.0	3.0	23.1%
Power and Renewable Energy	(17.3)	(6.0)	11.3	–
Resources*	4.7	40.0	35.3	745.7%
<i>Oil Exploration and Production</i>	<i>6.8</i>	<i>33.0</i>	<i>26.2</i>	<i>388.7%</i>
<i>Coal</i>	<i>(2.0)</i>	<i>7.0</i>	<i>9.0</i>	<i>–</i>
Others/Reconciliation	(5.7)	(4.0)	1.7	–
Total	100.3	140.0	39.7	39.6%
<i>Excluding inventory impact</i>	<i>92.8</i>	<i>140.0</i>	<i>47.2</i>	<i>50.8%</i>

*Fiscal years for Australian coal operations and Oil Exploration and Production included in the Resources Business end in December

Financial Data

■ Net Sales by Segment

[¥ billions]

	FY2020 1Q	FY2021 1Q	Change	
Petroleum	757.4	998.7	241.3	+31.9%
Basic Chemicals	72.8	121.8	49.0	+67.3%
Functional Materials	81.0	95.1	14.1	+17.4%
Power and Renewable Energy	29.2	25.7	(3.6)	(12.2%)
Resources*	41.8	60.3	18.5	+44.2%
<i>Oil Exploration and Production</i>	8.0	25.1	17.0	+211.8%
<i>Coal</i>	33.8	35.2	1.5	+4.3%
Others/Reconciliation	0.6	0.7	0.1	+24.7%
Total	982.8	1,302.3	319.4	+32.5%

*Fiscal years for Australian coal operations and Oil Exploration and Production included in the Resources Business end in December

Financial Data

■ Quarterly segment income (accumulated, excluding inventory impact)

[¥ billions]

	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020	FY2021 1Q
Petroleum	(9.4)	27.3	64.9	94.7	29.6
Equity income	(27.2)	(28.8)	(37.2)	(41.1)	6.0
Basic Chemicals	0.1	(2.0)	(1.0)	3.4	6.7
Equity income	0.3	0.4	0.7	0.4	0.1
Functional Materials	4.8	6.2	9.5	13.0	4.3
Equity income	0.1	(0.3)	(0.1)	0.8	0.6
Power and Renewable Energy	0.1	(0.5)	(1.7)	(17.3)	(1.0)
Equity income	(0.1)	(0.2)	(0.1)	(0.1)	(0.0)
Resources					
-Oil Exploration and Production	2.2	2.5	5.2	6.8	12.4
Equity income	—	—	—	—	—
-Coal	1.0	1.1	(0.7)	(2.0)	0.6
Equity income	0.4	0.7	0.6	0.6	0.4
Others/Reconciliation	(1.9)	(2.1)	(3.5)	(5.7)	(2.3)
Equity income	(0.4)	(0.0)	0.1	(0.4)	1.2
Total	(3.1)	32.6	72.7	92.8	50.3
Equity income	(26.7)	(28.3)	(36.0)	(39.8)	8.3

*There was an error for equity income of Others/Reconciliation in FY20 1Q figure, actual figure is (0.3)

Sales and Production

■ Sales Volume(Petroleum Segment)

[Thousand KL,%]

	FY 2020 1Q	FY 2021 1Q	Change	
Gasoline	2,833	3,074	241	8.5%
Naphtha	92	20	(72)	(78.3%)
Jet Fuel	211	377	166	78.8%
Kerosene	657	472	(185)	(28.1%)
Diesel Oil	2,386	2,446	60	2.5%
Heavy Fuel Oil A	740	704	(36)	(4.9%)
Heavy Fuel Oil C	471	527	57	12.1%
Total Domestic Sales Volume	7,389	7,620	230	3.1%
Exported Volume	1,120	861	(259)	(23.1%)
Total Sales Volume	8,510	8,481	(29)	(0.3%)

*Bond jet fuel and Bond heavy fuel oil C are included in the exported volume

Sales and Production

■ Sales Volume (Basic Chemicals Segment)

[Thousand tons,%]

	FY 2020 1Q	FY 2021 1Q	Change	
Basic Chemicals	1,092	886	(206)	(18.9%)

*There was an error for FY20 1Q figure, actual volume was 993 thousand tons

■ Sales Volume (Functional Materials Segment)

[Thousand KL, Thousand tons,%]

	FY 2020 1Q	FY 2021 1Q	Change	
Lubricants	252	303	51	20.2%
Performance Chemicals	109	193	84	77.1%

*Includes sales of overseas licenses

*There was an error for FY20 1Q figure, actual volume was 154 thousand tons

■ Sales Volume (Power and Renewable Energy Segment)

[Million kWh,%]

	FY 2020 1Q	FY 2021 1Q	Change	
Retail Power Sales	743	1,139	396	53.3%

Sales and Production

■ Oil E&P – Production Volume, including Gas (Resources Segment)

[Thousand BOED,%]

	FY 2020 1Q	FY 2021 1Q	Change	
Norway	22.0	26.8	4.8	21.8%
Vietnam	0.0	9.9	9.9	–
Total('000BOED)	22.0	36.7	14.7	66.8%
Total('000BOE)	2,002	3,301	1,299	64.9%

*Figures based on interest owned by Idemitsu's resource development subsidiaries

■ Coal – Production Volume (Resources Segment)

[Thousand tons,%]

	FY 2020 1Q	FY 2021 1Q	Change	
Ensham	1,092	957	(135)	(12.3%)
Muswellbrook	254	147	(107)	(42.3%)
Boggabri	1,060	1,308	248	23.4%
Sub Total	2,406	2,412	6	0.2%
Malinau	377	330	(47)	(12.5%)
Total Production Volume	2,783	2,742	(41)	(1.5%)

*Figures based on interest owned by Idemitsu Group

*Fiscal years for Oil Exploration and Production and Coal operations end in December

Sensitivity

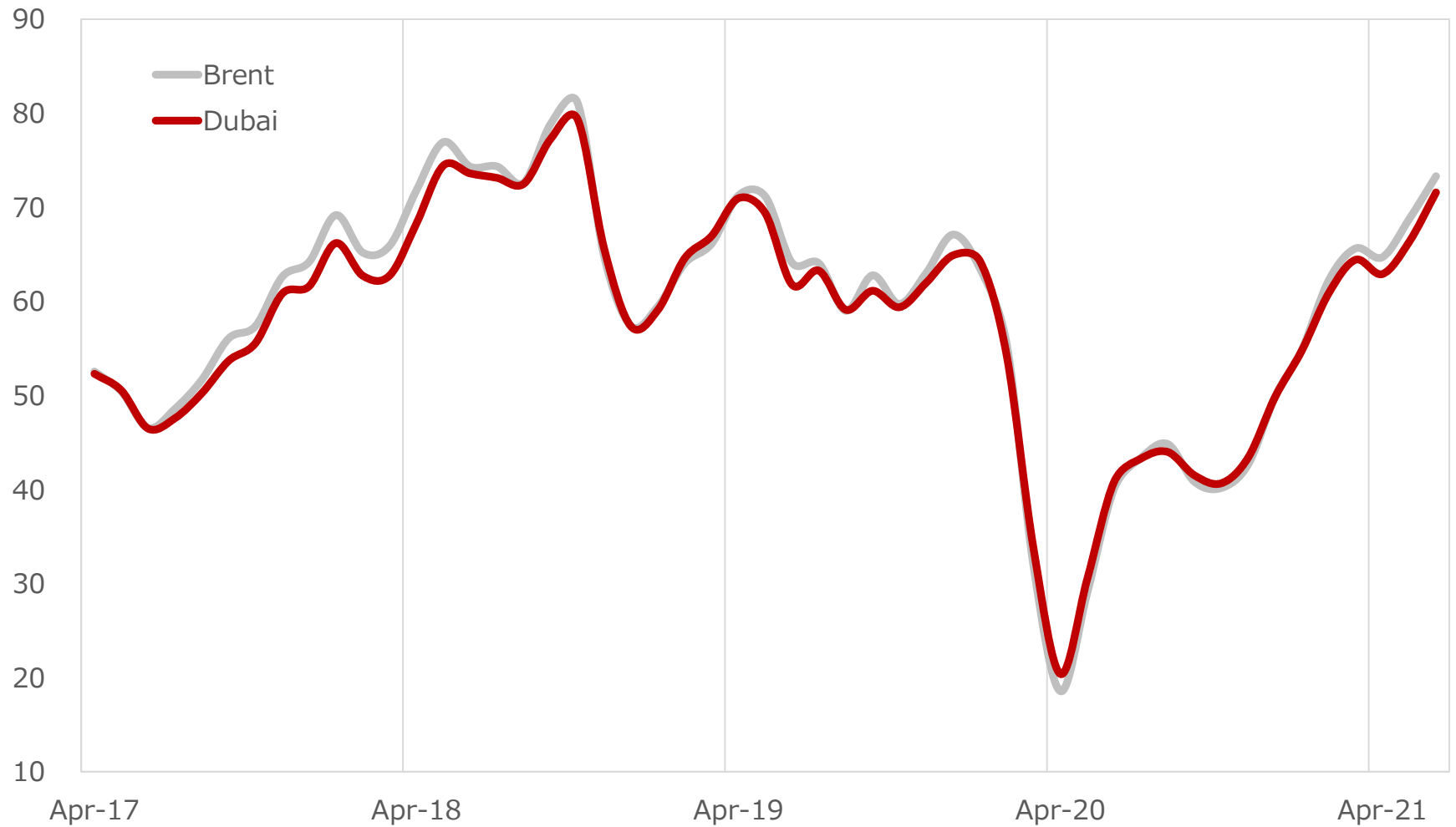
■ Impact on FY earnings

Items	Range	Impact on earnings
Crude Oil	1 \$/bbl Decrease	Petroleum (¥4.0 billion) Fuel cost, etc. ¥1.0 billion Inventory impact (¥5.0 billion)
		Oil Exploration & Production (¥1.0 billion)
Foreign Exchange JPY/USD	1 JPY/\$ Appreciation	Petroleum (¥2.5 billion) Fuel cost, etc. ¥0.5 billion Inventory impact (¥3.0 billion)
		Basic Chemicals (¥0.5 billion)

*In addition to the above, the resources businesses are impacted by fluctuations in exchange rates with other currencies (NOK, AUD, etc.)

Crude Oil Prices (Dubai and Brent)

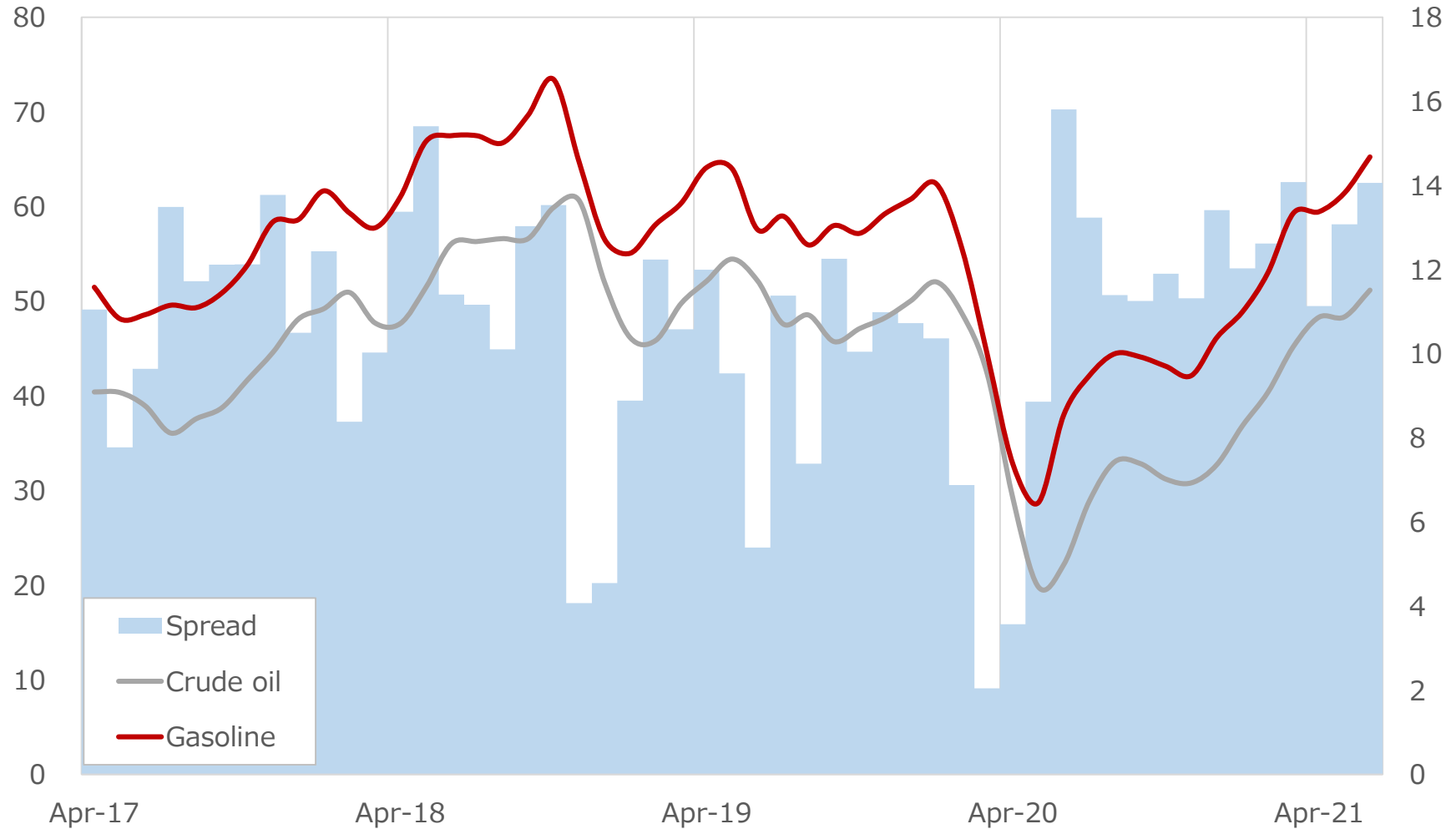
[USD/bbl]



Gasoline – Crude Oil (Domestic spot prices and Spreads)

[JPY/L] Prices

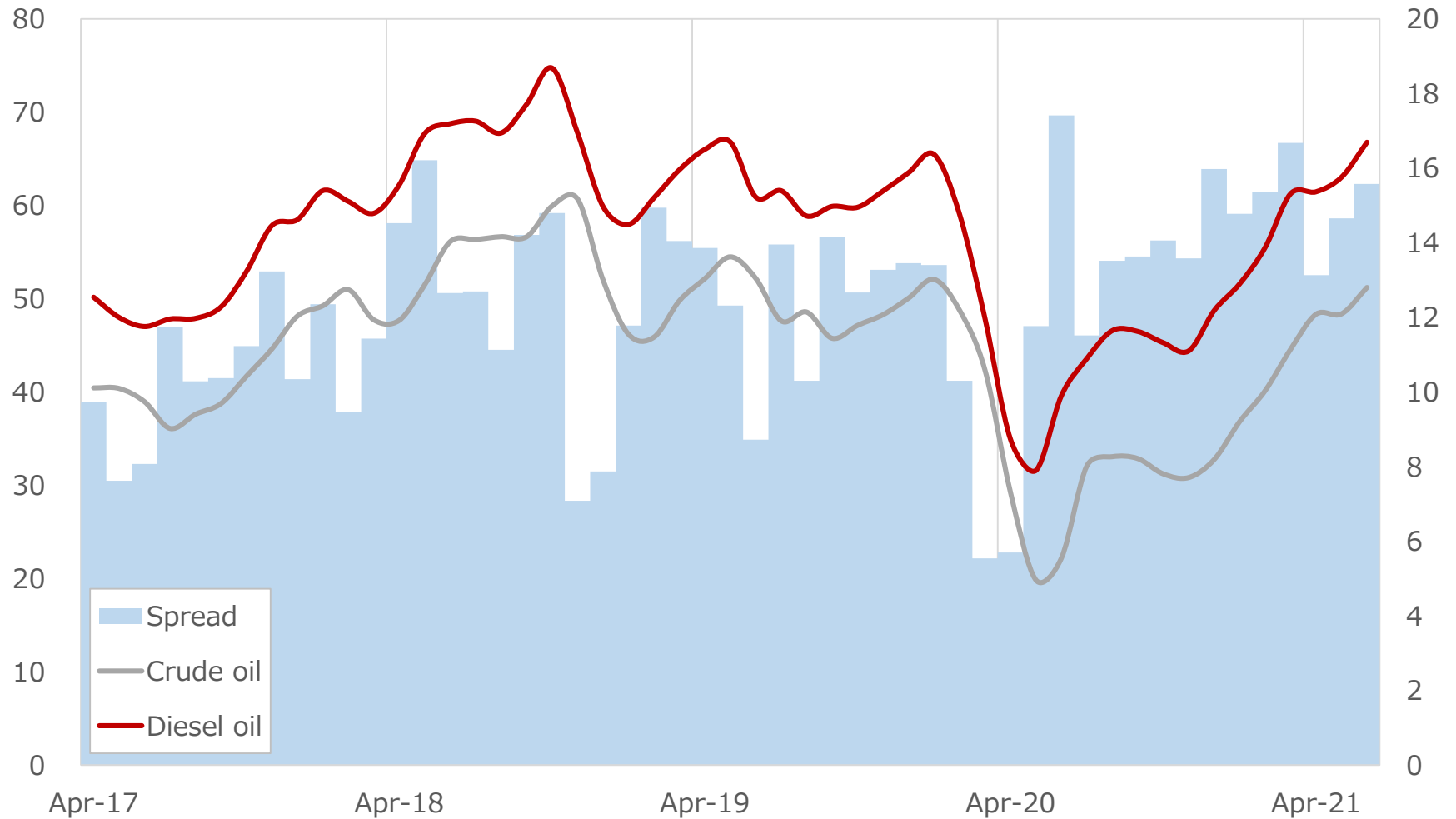
Spreads [JPY/L]



Diesel Oil – Crude Oil (Domestic spot prices and Spreads)

[JPY/L] Prices

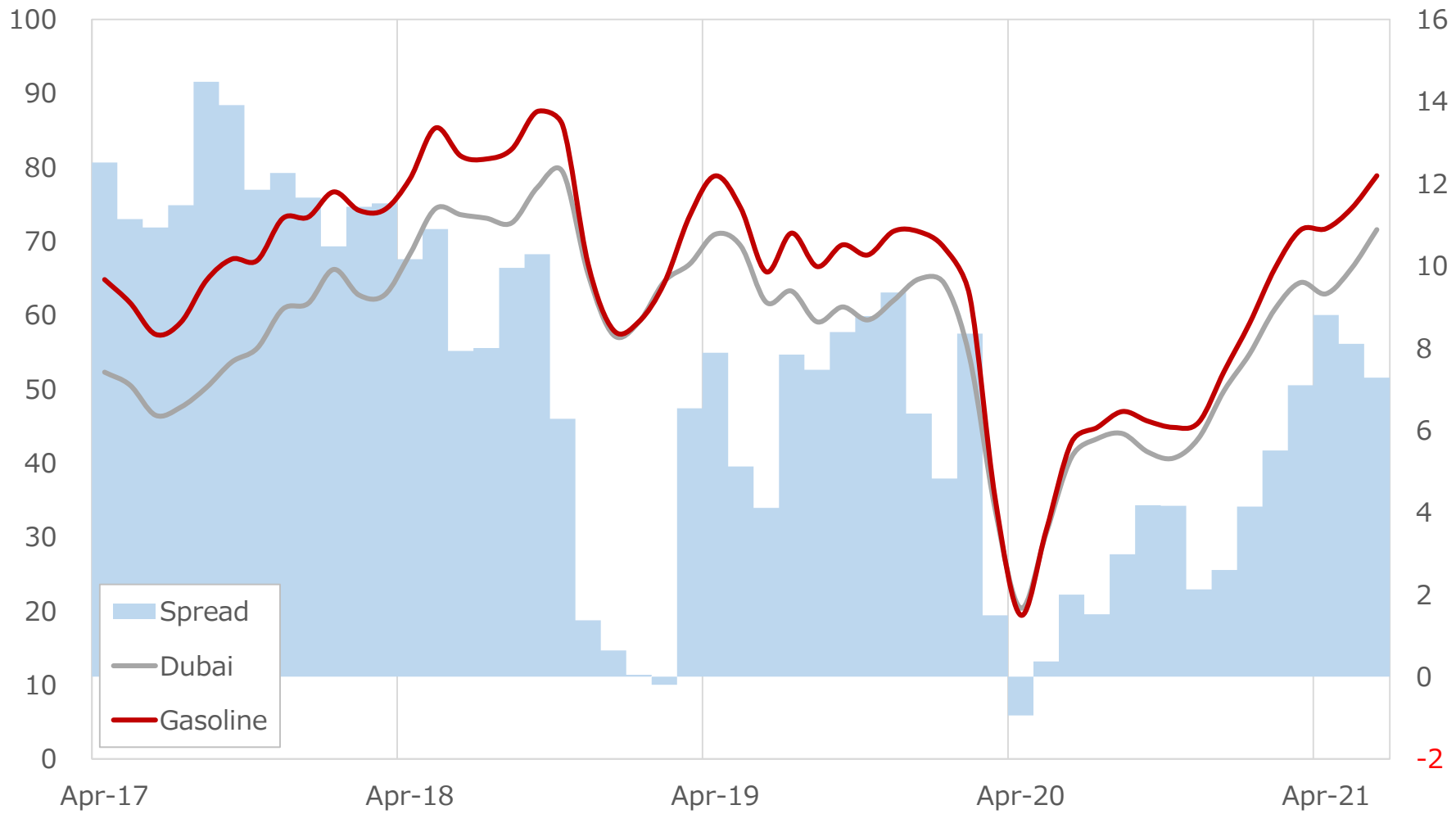
Spreads [JPY/L]



Gasoline – Crude Oil (Singapore spot prices and Spreads)

[USD/bbl] Prices

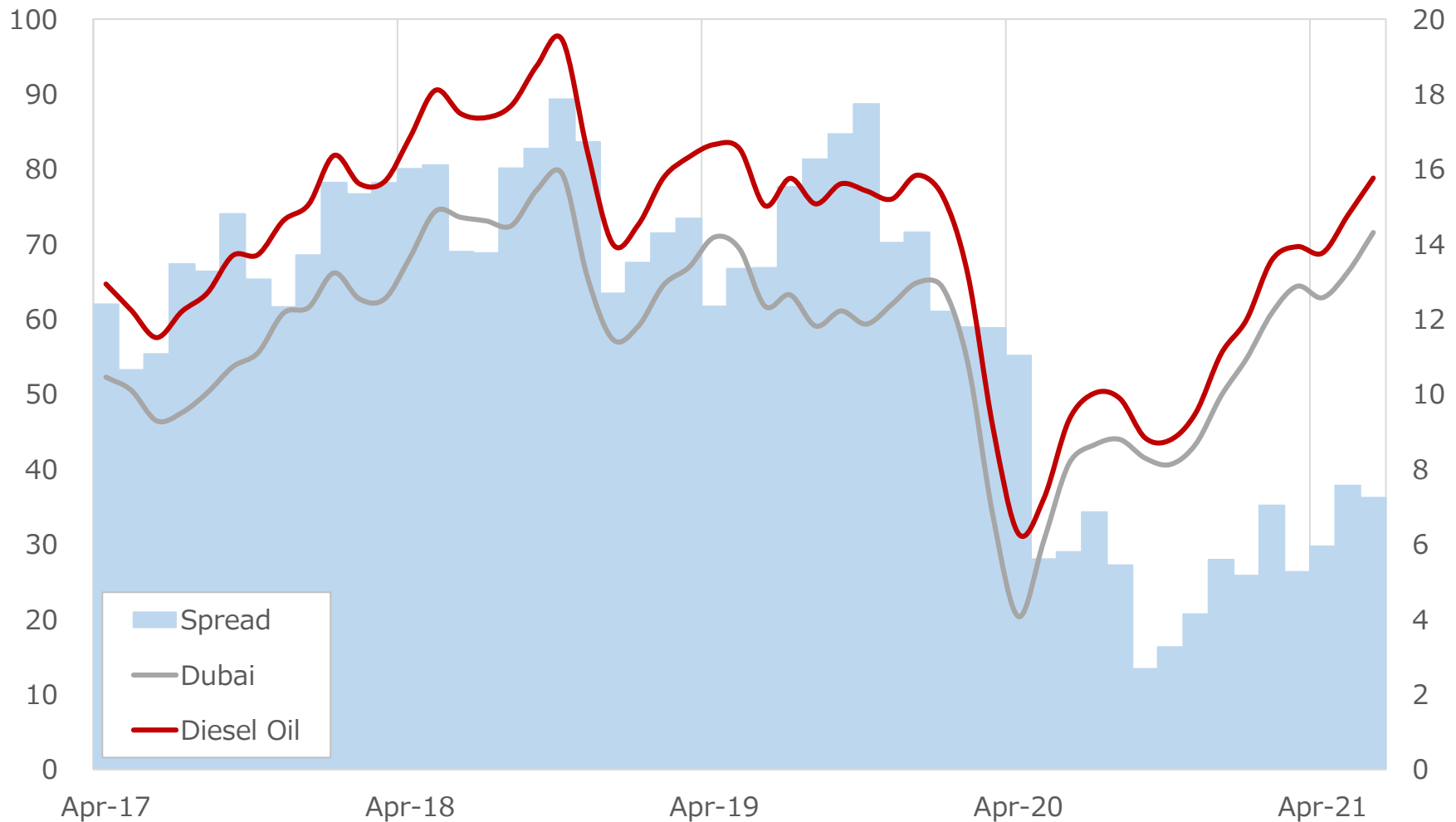
Spreads [USD/bbl]



Diesel Oil – Crude Oil (Singapore Spot prices and Spreads)

[USD/bbl] Prices

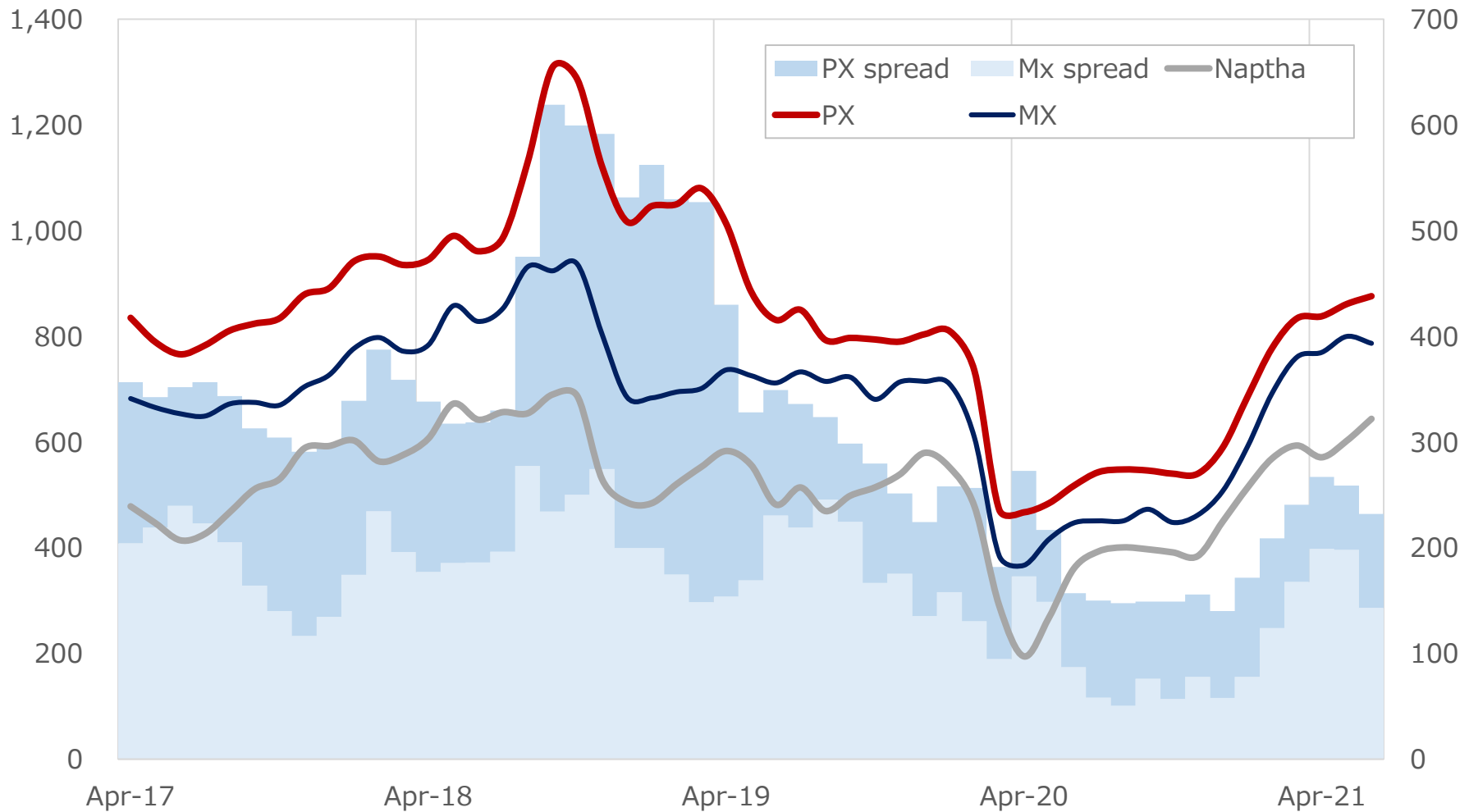
Spreads [USD/bbl]



Paraxylene, Mixed xylene – Naphtha (Prices and Spreads)

[USD/ton] Prices

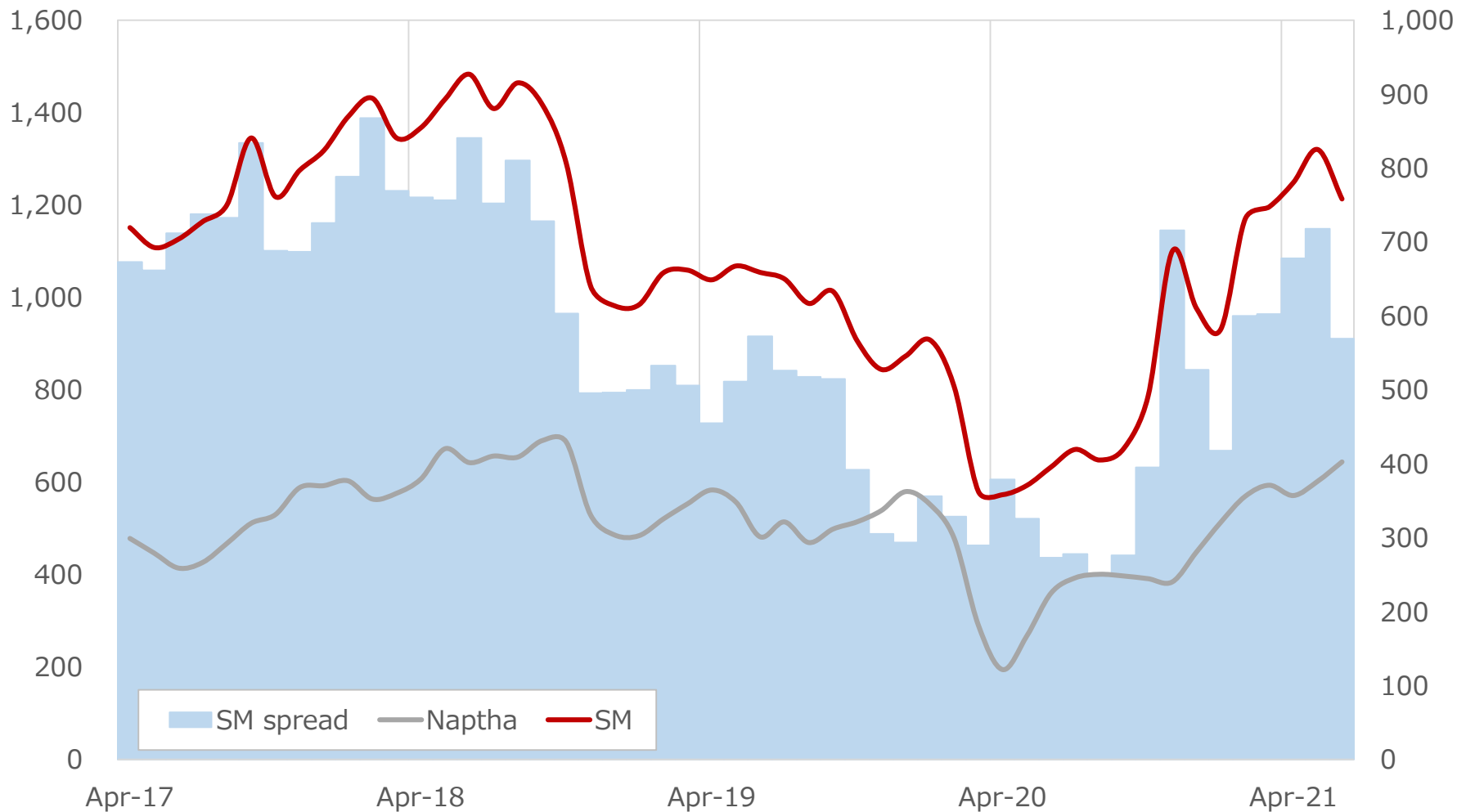
Spreads [USD/ton]



Styrene Monomer – Naptha (Prices and Spreads)

[USD/ton] Prices

Spreads [USD/ton]



Operational data

■ Refineries Utilization

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 1Q
Idemitsu Kosan	88%	88%	87%	78%	71%
Former Showa Shell	88%	93%			

* Utilization rate based on BCD

■ Number of Service Stations

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 1Q
Idemitsu Kosan	3,545	3,501	3,446	3,426	3,415
Former Showa Shell	3,028	2,964	2,938	2,885	2,869
Total	6,573	6,465	6,384	6,311	6,284

Precaution statement about forecasts

Any information about forecasts for the Company's operating results, management strategy and management policy contained in this documents other than historical facts is prepared, according to judgments made by the top management of the Company based on information available as of the publication of the document.

Actual business environments contain potential risk factors and uncertainties including economic situations, crude oil prices, trends in petroleum products, market conditions, currency exchange rates and interest rates.

Consequently, actual operating results of the Company may substantially differ from forecasts due to changes in the important factors mentioned above.