



August 6, 2021

Consolidated Financial Results for the First Quarter of Fiscal Year 2021 (From April 1, 2021 to June 30, 2021) [Japan GAAP]

Company Name: **Idemitsu Kosan Co.,Ltd.** (URL <http://www.idemitsu.com>)

Company Code: 5019, Shares listed on: Tokyo Stock Exchange

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Scheduled date of filing of quarterly securities report: August 10, 2021

Scheduled date of commencement of dividend payments: —

Supplementary materials for the quarterly financial results: Yes

Quarterly financial results presentation: Yes (for institutional investors and analysts)

(Figures less than ¥1 million are rounded off)

1. Consolidated Financial Results for the First Quarter of FY2021 (From April 1, 2021 to June 30, 2021)

(1) Consolidated operating results

(Percentage figures represent changes from the corresponding previous period)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | |
|-----------|-----------|--------|------------------|---|-----------------|---|---|---|
| | ¥million | % | ¥million | % | ¥million | % | ¥million | % |
| 1Q FY2021 | 1,302,263 | 32.5 | 111,305 | — | 123,600 | — | 88,380 | — |
| 1Q FY2020 | 982,826 | (33.4) | (70,787) | — | (99,482) | — | (81,339) | — |

Note: Comprehensive income 1Q FY2021 ¥113,267 million —% 1Q FY2020 ¥(102,236) million —%

| | Net income per share | Diluted net income per share |
|-----------|----------------------|------------------------------|
| | ¥ | ¥ |
| 1Q FY2021 | 297.31 | — |
| 1Q FY2020 | (273.63) | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-----------|--------------|------------|--------------|
| | ¥million | ¥million | % |
| 1Q FY2021 | 4,070,807 | 1,305,667 | 30.5 |
| FY2020 | 3,954,443 | 1,215,136 | 29.1 |

Reference: Total equity 1Q FY2021 ¥1,242,254 million FY2020 ¥1,150,930 million

2. Dividends

| | Cash dividends per share | | | | |
|--------------------|--------------------------|--------------|--------------|--------------|--------|
| | As of Jun.30 | As of Sep.30 | As of Dec.31 | As of Mar.31 | Total |
| | ¥ | ¥ | ¥ | ¥ | ¥ |
| FY2020 | — | 60.00 | — | 60.00 | 120.00 |
| FY2021 | — | — | — | — | — |
| FY2021 (Forecasts) | — | 60.00 | — | 60.00 | 120.00 |

Note: Revisions of the forecasts of cash dividends since the latest announcement: None

3. Forecasts of Consolidated Financial Results for FY2021 (From April 1, 2021 to March 31, 2022)

(Percentage figures represent changes from the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | | Net income per share |
|--------|-----------|------|------------------|-------|-----------------|------|---|-------|----------------------|
| | ¥million | % | ¥million | % | ¥million | % | ¥million | % | ¥ |
| FY2021 | 5,680,000 | 24.7 | 135,000 | (3.6) | 140,000 | 29.2 | 85,000 | 143.4 | 285.94 |

Note: Revisions of the forecasts of consolidated financial results since the latest announcement: None

* Notes

- (1) Changes of material consolidated subsidiaries during the three months ended June 30, 2021: **None**
- (2) Application of the accounting method peculiar to the preparation of the quarterly financial statements: **Yes**
- (3) Changes in accounting policies, accounting estimates and restatement
 - a) Changes in accounting policies arising from revision of accounting standards: **Yes**
 - b) Changes arising from other factors: **None**
 - c) Changes in accounting estimates: **None**
 - d) Restatement: **None**
- (4) Number of shares issued (common stock)
 - a) Number of shares issued (including treasury stock)

| | |
|----------------------------------|-----------------------------------|
| As of June 30, 2021: 297,864,718 | As of March 31, 2021: 297,864,718 |
|----------------------------------|-----------------------------------|
 - b) Number of shares of treasury stock

| | |
|------------------------------|-------------------------------|
| As of June 30, 2021: 583,103 | As of March 31, 2021: 596,197 |
|------------------------------|-------------------------------|
 - c) Weighted average number of shares outstanding during the period

| | |
|---|--|
| Three months ended June 30, 2021: 297,268,331 | |
| Three months ended June 30, 2020: 297,261,321 | |

*1 This document is out of the scope of quarterly review by certified public accountants or audit firms.

*2 The financial forecasts above are based on information available and assumptions as of the date of publication of this document. Actual operating results may differ from the forecasts due to various factors. Additionally, for the assumptions used for the forecasts of the above, please refer to page 5 “Explanation of Forecasts of Consolidated Financial Results for FY2021” of the Appendix.

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1. Qualitative Information on the Consolidated Operating Results for the First Quarter of FY2021

(1) Explanation of Operating Results

During the first quarter of fiscal 2021, the domestic demand for main petroleum products showed signs of recovering as a reaction to economic stagnation caused by the spread of COVID-19 and increased mainly for aircraft.

With regard to Dubai crude oil prices, the supply–demand balance remained tight, as oil demand recovered due to economic normalization in the United States and Europe in association with the spread of vaccinations against COVID-19, and in terms of supply, OPEC Plus continued cooperative production cutbacks after April. As a result, the average price from April to June increased by \$36.4/bbl from the same period last year to \$66.9/bbl.

(Crude oil price and exchange rate)

| | Three months ended June 30, 2020 | Three months ended June 30, 2021 | Change | |
|--------------------------|-------------------------------------|-------------------------------------|--------|--------|
| Dubai Crude Oil (\$/bbl) | 30.5 | 66.9 | 36.4 | 119.1% |
| Exchange Rate (¥/\$) | 107.6 | 109.5 | 1.9 | 1.7% |

The Idemitsu Group's consolidated net sales for the first quarter of fiscal 2021 were ¥1,302.3 billion, up 32.5% year on year, owing to factors including an increase in crude oil prices.

Operating income was ¥111.3 billion, up ¥182.1 billion year on year, owing to factors including inventory valuation effect caused by surging crude oil prices in the petroleum segment.

Net non-operating income was ¥12.3 billion, up ¥41.0 billion year on year, owing to factors including an improvement in equity in earnings of non-consolidated subsidiaries and affiliates. As a result, ordinary income was ¥123.6 billion, up ¥223.1 billion year on year.

Net extraordinary income was ¥7.5 billion, up ¥11.9 billion year on year, mainly owing to gain on sales of fixed assets.

Income tax expenses, which consist of income taxes-current and income taxes-deferred, amounted to ¥40.3 billion, up ¥63.4 billion year on year, due to an increase in net income before income taxes.

Consequently, net income attributable to owners of the parent was ¥88.4 billion, up ¥169.7 billion year on year.

The performance of each business segment for the three months ended June 30, 2021 is as follows:

As to quarterly reporting periods, domestic subsidiaries use June 30 as their balance sheet date whereas overseas subsidiaries use March 31 as their balance sheet date, except for certain subsidiaries. As such, the following performance of the business segments includes the operating results of overseas subsidiaries for the three months ended March 31, 2021, and those of domestic subsidiaries for the three months ended June 30, 2021.

Net sales by segment

(Unit: ¥Billion)

| Segment | 1st Quarter of FY2020 | 1st Quarter of FY2021 | Change | |
|----------------------------|-----------------------|-----------------------|--------|----------|
| | | | Amount | % |
| 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 % |
| Other | 0.6 | 0.7 | +0.1 | +24.7 % |
| Total | 982.8 | 1,302.3 | +319.4 | +32.5 % |

Segment income or loss

(Unit: ¥Billion)

| | 1st Quarter of FY2020 | 1st Quarter of FY2021 | Change | |
|--|-----------------------|-----------------------|---------|----------|
| | | | Amount | % |
| Petroleum | (103.8) | 98.9 | + 202.7 | — |
| : <i>excluding effect of inventory valuation</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 % |
| Other | 0.1 | 0.1 | (0.0) | (47.3) % |
| Reconciliation | (2.0) | (2.4) | (0.3) | — |
| Total | (97.5) | 119.6 | +217.1 | — |
| : <i>excluding effect of inventory valuation</i> | (3.1) | 50.3 | +53.4 | (—) |

(Note) As the rate of change of basic chemicals from the same period of the previous year exceeded 1000%, it is indicated as “-”.

[Petroleum segment]

Net sales in the petroleum segment were ¥998.7 billion, up 31.9% year on year, mainly due to surging crude oil prices and higher sales volume. Segment income was ¥98.9 billion, up

¥202.7 billion year on year, owing to positive factors such as inventory valuation effect and improvement in equity in earnings of non-consolidated subsidiaries and affiliates.

[Basic chemicals segment]

Net sales in the basic chemicals segment were ¥121.8 billion, up 67.3% year on year, mainly due to higher naphtha prices on a customs clearance basis. Segment income was ¥6.7 billion, up ¥6.6 billion year on year, mainly owing to improvement of product margins such as styrene monomer.

[Functional materials segment]

Net sales in the functional materials segment were ¥95.1 billion, up 17.4% year on year, and segment income was ¥4.3 billion, down 10.0% year on year, mainly due to a decrease in earnings in the lubricants business.

[Power and renewable energy segment]

Net sales in the power and renewable energy segment were ¥25.7 billion, down 12.2% year on year. Segment loss was ¥1.0 billion, down ¥1.0 billion year on year, mainly due to cost increase in electric power business.

[Resources segment]

(Oil exploration and production business and geothermal energy business)

Net sales in the oil exploration and production business were ¥25.1 billion, up 211.8% year on year, and segment income was ¥12.4 billion, up 450.9% year on year, mainly owing to increased production in the Vietnam gas field and surging crude oil prices.

(Coal business and others)

Net sales in the coal business and others were ¥35.2 billion, up 4.3% year on year. Segment income was ¥0.6 billion, down 37.2% year on year, mainly due to the effect of a strong Australian dollar.

As a result of the above, total net sales of the resources segment were ¥60.3 billion, up 44.2% year on year, and segment income was ¥13.0 billion, up 303.1% year on year.

[Other segments]

Net sales of the other segments were ¥0.7 billion, up 24.7% year on year, and segment income was ¥0.1 billion, down 47.3% year on year.

(2) Explanation of Financial Position
Summarized Consolidated Balance Sheets

(Unit: ¥Billion)

| | FY2020 | 1 st Quarter of FY2021 | Change |
|----------------------------------|---------|--------------------------------------|--------|
| Current assets | 1,665.5 | 1,749.0 | +83.5 |
| Fixed assets | 2,288.9 | 2,321.8 | +32.9 |
| Total assets | 3,954.4 | 4,070.8 | +116.4 |
| Current liabilities | 1,621.3 | 1,620.3 | (1.0) |
| Non-current liabilities | 1,118.0 | 1,144.8 | +26.8 |
| Total liabilities | 2,739.3 | 2,765.1 | +25.8 |
| Total net assets | 1,215.1 | 1,305.7 | +90.5 |
| Total liabilities and net assets | 3,954.4 | 4,070.8 | +116.4 |

1) Total assets

Total assets increased by ¥116.4 billion from the end of the previous fiscal year to ¥4,070.8 billion, reflecting an increase in inventories owing to surging crude oil prices and other factors.

2) Total liabilities

Total liabilities increased by ¥25.8 billion from the end of the previous fiscal year to ¥2,765.1 billion, mainly owing to an increase in short-term and long-term loans payable despite the decrease of accounts payable-other owing to the timing of the payment of gasoline tax.

3) Total net assets

Total net assets were ¥1,305.7 billion, an increase of ¥90.5 billion from the end of the previous fiscal year, mainly owing to the recording of quarterly net income of ¥88.4 billion attributable to owners of the parent and an increase of foreign currency translation adjustments of ¥22.6 billion owing to the depreciation of the yen, while dividends paid were ¥17.9 billion.

As a result, the shareholders' equity ratio improved from 29.1% at the end of the previous fiscal year to 30.5%, up 1.4 points. The Debt Equity Ratio at the end of the quarter was 1.0 (end of previous fiscal year: 1.0).

(3) Explanation of Forecasts of Consolidated Financial Results for FY2021

There was no change in the forecasts of the consolidated financial results for the year ending March 31, 2022 released on May 11, 2021.

2. Consolidated Financial Statements for the First Quarter of FY2021 and Major Notes

(1) Consolidated Quarterly Balance Sheets

(Unit: ¥Million)

| | FY2020 (As of March 31, 2021) | 1 st Quarter of FY2021 (As of June 30, 2021) |
|--|----------------------------------|--|
| Assets | | |
| Current assets: | | |
| Cash and deposits | 131,343 | 134,522 |
| Notes and accounts receivable, trade | 602,661 | 560,657 |
| Inventories | 694,522 | 788,228 |
| Other | 238,511 | 266,451 |
| Less: Allowance for doubtful accounts | (1,521) | (838) |
| Total current assets | 1,665,516 | 1,749,020 |
| Fixed assets: | | |
| Property, plant and equipment: | | |
| Machinery and equipment, net | 309,885 | 323,886 |
| Land | 808,037 | 805,733 |
| Other, net | 403,977 | 407,383 |
| Total property, plant and equipment | 1,521,899 | 1,537,003 |
| Intangible fixed assets: | | |
| Goodwill | 159,006 | 156,722 |
| Other | 160,245 | 158,425 |
| Total intangible fixed assets | 319,252 | 315,147 |
| Investments and other assets: | | |
| Investment securities | 239,196 | 244,745 |
| Other | 210,737 | 227,798 |
| Less: Allowance for doubtful accounts | (2,160) | (2,907) |
| Total investments and other assets | 447,774 | 469,636 |
| Total fixed assets | 2,288,926 | 2,321,787 |
| Total assets | 3,954,443 | 4,070,807 |
| Liabilities | | |
| Current liabilities: | | |
| Notes and accounts payable, trade | 530,697 | 548,127 |
| Short-term loans payable | 334,309 | 366,133 |
| Commercial paper | 188,005 | 200,000 |
| Current portion of bonds payable | 20,000 | 20,000 |
| Accounts payable, other | 406,890 | 304,075 |
| Income taxes payable | 18,422 | 39,316 |
| Provision for bonuses | 11,392 | 5,599 |
| Other | 111,568 | 137,062 |
| Total current liabilities | 1,621,286 | 1,620,315 |
| Non-current liabilities: | | |
| Bonds payable | 100,000 | 100,000 |
| Long-term loans payable | 637,468 | 650,432 |
| Liability for employees' retirement benefits | 49,232 | 46,448 |
| Reserve for repair work | 73,197 | 81,605 |
| Asset retirement obligations | 77,647 | 82,833 |
| Other | 180,474 | 183,504 |
| Total non-current liabilities | 1,118,019 | 1,144,824 |
| Total liabilities | 2,739,306 | 2,765,140 |

(Unit: ¥Million)

| | FY2020 (As of March 31, 2021) | 1 st Quarter of FY2021 (As of June 30, 2021) |
|--|----------------------------------|--|
| Net assets | | |
| Shareholders' equity: | | |
| Common stock | 168,351 | 168,351 |
| Capital surplus | 461,635 | 461,635 |
| Retained earnings | 400,579 | 470,828 |
| Treasury stock | (2,008) | (1,962) |
| Total shareholders' equity | 1,028,559 | 1,098,853 |
| Accumulated other comprehensive income: | | |
| Unrealized gains (losses) on available-for-sale securities | 5,792 | 5,593 |
| Deferred gains (losses) on hedging activities, net | (1,209) | (2,404) |
| Surplus from land revaluation | 159,585 | 159,537 |
| Foreign currency translation adjustments | (47,207) | (24,649) |
| Defined retirement benefit plans | 5,410 | 5,323 |
| Total accumulated other comprehensive income | 122,371 | 143,400 |
| Noncontrolling interests | 64,206 | 63,413 |
| Total net assets | 1,215,136 | 1,305,667 |
| Total liabilities and net assets | 3,954,443 | 4,070,807 |

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

1) Consolidated Quarterly Statements of Income

(Unit: ¥Million)

| | 1 st Quarter of FY2020 (From April 1, 2020 to June 30, 2020) | 1 st Quarter of FY2021 (From April 1, 2021 to June 30, 2021) |
|---|---|---|
| Net sales | 982,826 | 1,302,263 |
| Cost of sales | 958,058 | 1,091,487 |
| Gross profit | 24,768 | 210,775 |
| Selling, general and administrative expenses | 95,555 | 99,470 |
| Operating income (loss) | (70,787) | 111,305 |
| Non-operating income: | | |
| Interest income | 2,468 | 2,077 |
| Dividend income | 1,816 | 1,619 |
| Equity in earnings of nonconsolidated subsidiaries and affiliates, net | — | 8,260 |
| Gain on foreign exchange, net | — | 1,234 |
| Other | 984 | 2,545 |
| Total non-operating income | 5,269 | 15,737 |
| Non-operating expenses: | | |
| Interest expense | 3,267 | 2,805 |
| Equity in losses of nonconsolidated subsidiaries and affiliates, net | 26,744 | — |
| Loss on foreign exchange, net | 2,886 | — |
| Other | 1,066 | 637 |
| Total non-operating expenses | 33,964 | 3,443 |
| Ordinary income (loss) | (99,482) | 123,600 |
| Extraordinary income: | | |
| Gain on sales of fixed assets | 11 | 3,982 |
| Gain on amortization of past service cost | — | 2,144 |
| Other | 308 | 2,408 |
| Total extraordinary income | 320 | 8,535 |
| Extraordinary losses: | | |
| Impairment loss on fixed assets | — | 357 |
| Loss on sales of fixed assets | 23 | 4 |
| Loss on disposals of fixed assets | 797 | 536 |
| Loss from money transfer scam at foreign subsidiary | 3,833 | — |
| Other | 69 | 175 |
| Total extraordinary losses | 4,724 | 1,073 |
| Income (loss) before income taxes | (103,887) | 131,061 |
| Income taxes | (23,111) | 40,330 |
| Net income (loss) | (80,775) | 90,731 |
| Net income attributable to noncontrolling interests | 563 | 2,351 |
| Net income (loss) attributable to owners of the parent | (81,339) | 88,380 |

2) Consolidated Quarterly Statements of Comprehensive Income

(Unit: ¥Million)

| | 1 st Quarter of FY2020 (From April 1, 2020 to June 30, 2020) | 1 st Quarter of FY2021 (From April 1, 2021 to June 30, 2021) |
|---|---|---|
| Net income (loss) | (80,775) | 90,731 |
| Other comprehensive income: | | |
| Unrealized gains (losses) on available-for-sale securities | 767 | (204) |
| Deferred gains (losses) on hedging activities, net | (1,765) | (938) |
| Foreign currency translation adjustments | (19,235) | 23,594 |
| Defined retirement benefit plans | 269 | (2) |
| Share of other comprehensive income in equity method affiliates | (1,496) | 87 |
| Total other comprehensive income | (21,461) | 22,536 |
| Comprehensive income (loss) | (102,236) | 113,267 |
| Comprehensive income (loss) attributable to: | | |
| Owners of the parent | (99,128) | 109,281 |
| Noncontrolling interests | (3,108) | 3,985 |

(3) Notes to the Consolidated Quarterly Financial Statements

1) Notes on the Assumption of a Going Concern

None

2) Notes on Significant Changes in Shareholders' Equity

None

3) Application of the Accounting Method Peculiar to the Preparation of the Quarterly Financial Statements

(Calculation of income taxes)

Income taxes are calculated by multiplying the income before income taxes for the three months ended June 30, 2021 by the estimated effective tax rate that is reasonably estimated for income before income taxes for the fiscal year that includes the current quarter.

However, if the calculation using the relevant estimated effective tax rate leads to significantly irrational results, income taxes are calculated by multiplying the quarterly income before income taxes by the effective statutory tax rate, after adjusting important differences that do not constitute temporary differences.

4) Changes in accounting policies

(Application of accounting standards for revenue recognition)

Effective April 1, 2021, the Group applied "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standards"). Under the Revenue Recognition Accounting Standards, revenue is recognized when the control of the promised goods or services is transferred to the customer at the amount expected to be received in exchange for the goods or services.

The main changes resulting from the application of the Revenue Recognition Accounting Standards are as follows.

a) Revenue recognition for principal and agent transactions

Previously, the Group recognized revenue from certain transactions based on the total consideration received from customers. However, for transactions in which the Group's role in providing goods or services to customers is an agent, the Group recognizes revenue based on the net amount, namely the amount received from customers less payments to suppliers.

b) Revenue recognition for amounts collected for third parties

Previously, some transactions were recorded as revenues without excluding the amount collected for third parties from the total amount of consideration. However, the amount collected for third parties is recorded as deposits received.

In accordance with the transitional provision provided in the provisory clause of Article 84 of the Standards, the cumulative effect at the end of last fiscal year from retrospective application of the Standard is treated as adjustment to retained earnings at the beginning of the first quarter of this fiscal year, and the new accounting policy is applied from the adjusted beginning balance of retained earnings.

As a result, the consolidated net sales for the first quarter of fiscal 2021 decreased by ¥10,964 million, cost of sales decreased by ¥10,468 million, selling, general and

administrative expenses decreased by ¥1,346 million, operating income increased by ¥849 million and ordinary income and net income before income taxes increased by ¥848 million, respectively. The balance of retained earnings at the beginning of the fiscal year increased by ¥970 million.

(Application of Accounting Standard for Fair Value Measurement)

Effective April 1, 2021, The Idemitsu Group has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019; hereinafter, “Fair Value Accounting Standards”) and others. In accordance with the transitional provision set forth in Article 19 of the Fair Value Accounting Standards and Article 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019), the Group applied prospectively a new accounting policy prescribed by the Fair Value Accounting Standards and others. This application has no impact on the consolidated financial statements.

5) Additional information

(Reduction in legal capital surplus and transfer to other capital surplus)

The 106th Ordinary General Meeting of Shareholders of our Company held on June 23, 2021, approved a reduction in the amount of legal capital surplus and a transfer to other capital surplus as follows:

a) The purpose of the reduction and transfer of the amount

To ensure the agility and flexibility of future capital policies, the amount of legal capital surplus shall be reduced and transferred to other capital surplus in accordance with Article 448, Paragraph 1 of the Companies Act.

b) The outline of the reduction and transfer of the amount

(Amount of legal capital surplus to be reduced)

Out of the amount of legal capital surplus of ¥458,105,285,625, ¥416,000,000,000 will be reduced and the entire amount of the reduction will be transferred to other capital surplus, and the amount of legal capital surplus after the reduction will be ¥42,105,285,625.

c) Schedule of reduction in legal capital surplus

| | |
|--|----------------------------|
| (1) Date of resolution by the Board of Directors: | May 11, 2021 |
| (2) Date of resolution at the General Meeting of Shareholders: | June 23, 2021 |
| (3) Date of Public Notice of Objections by the Creditors: | July 15, 2021 |
| (4) Final date for Objections by the Creditors: | August 16, 2021(Scheduled) |
| (5) Effective Date: | August 31, 2021(Scheduled) |

6) Consolidated Segment Information

First Quarter of FY2020 (From April 1, 2020 to June 30, 2020)

a) Net sales and income or loss by reportable segment

(Unit: ¥Million)

| | Reportable segment | | | | | | Others | Total | Reconciliation | Consolidated |
|--|--------------------|-----------------|----------------------|----------------------------|-----------|----------|--------|----------|----------------|--------------|
| | Petroleum | Basic chemicals | Functional materials | Power and renewable energy | Resources | Total | | | | |
| Net sales: | | | | | | | | | | |
| Net sales to outside customers | 757,399 | 72,794 | 80,998 | 29,240 | 41,833 | 982,267 | 558 | 982,826 | — | 982,826 |
| Inter-segment | 4,289 | 4,746 | 4,338 | 318 | 221 | 13,914 | 286 | 14,200 | (14,200) | — |
| Total sales | 761,689 | 77,540 | 85,337 | 29,559 | 42,055 | 996,181 | 844 | 997,026 | (14,200) | 982,826 |
| Operating income (loss) | (76,648) | (167) | 4,702 | 123 | 2,790 | (69,198) | 100 | (69,097) | (1,689) | (70,787) |
| Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates | (27,154) | 306 | 73 | (58) | 424 | (26,408) | — | (26,408) | (335) | (26,744) |
| Segment income (loss) | (103,803) | 138 | 4,776 | 64 | 3,215 | (95,607) | 100 | (95,506) | (2,024) | (97,531) |

Notes:

1. The segment “Others” refers to the total of other business segments that are not included in the reportable segments, including insurance businesses and intra-group service businesses.
2. The amount of reconciliation for the operating income (loss) mainly represents research and development costs, which do not belong to reportable segments.
3. The amount of reconciliation for equity in earnings (losses) of nonconsolidated subsidiaries and affiliates mainly represent those related to equity method nonconsolidated subsidiaries and affiliates, which do not belong to reportable segments.
4. The segment income (loss) of the reportable segments is reconciled to the amount of operating loss and equity in losses of nonconsolidated subsidiaries and affiliates in the consolidated quarterly statement of income.

b) Impairment loss on fixed assets and goodwill by reportable segment

There is no significant item during the period.

First Quarter of FY2021 (From April 1, 2021 to June 30, 2021)

a) Net sales and income or loss by reportable segment

(Unit: ¥Million)

| | Reportable segment | | | | | | Others | Total | Reconciliation | Consolidated |
|--|--------------------|-----------------|----------------------|----------------------------|-----------|-----------|--------|-----------|----------------|--------------|
| | Petroleum | Basic chemicals | Functional materials | Power and renewable energy | Resources | Total | | | | |
| Net sales: | | | | | | | | | | |
| Net sales to outside customers | 998,694 | 121,774 | 95,085 | 25,685 | 60,327 | 1,301,566 | 696 | 1,302,263 | — | 1,302,263 |
| Inter-segment | 7,508 | 7,160 | 4,053 | 588 | 0 | 19,311 | 352 | 19,664 | (19,664) | — |
| Total sales | 1,006,202 | 128,935 | 99,138 | 26,274 | 60,328 | 1,320,878 | 1,049 | 1,321,928 | (19,664) | 1,302,263 |
| Operating income (loss) | 92,924 | 6,573 | 3,671 | (937) | 12,561 | 114,793 | 53 | 114,846 | (3,540) | 111,305 |
| Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates | 5,952 | 146 | 625 | (35) | 403 | 7,092 | — | 7,092 | 1,168 | 8,260 |
| Segment income (loss) | 98,877 | 6,719 | 4,297 | (973) | 12,964 | 121,885 | 53 | 121,938 | (2,372) | 119,565 |

Notes:

1. The segment “Others” refers to the total of other business segments that are not included in the reportable segments, including insurance businesses and intra-group service businesses.
2. The amount of reconciliation for the operating income (loss) mainly represents research and development costs, which do not belong to reportable segments.
3. The amount of reconciliation for equity in earnings (losses) of nonconsolidated subsidiaries and affiliates mainly represent those related to equity method nonconsolidated subsidiaries and affiliates, which do not belong to reportable segments.
4. The segment income (loss) of the reportable segments is reconciled to the amount of operating income and equity in earnings of nonconsolidated subsidiaries and affiliates in the consolidated quarterly statement of income.

b) Impairment loss on fixed assets and goodwill by reportable segment

There is no significant item during the period.

c) Changes in reportable segments

(Application of Revenue Recognition Accounting Standards)

As stated in the "Change in accounting policy", effective April 1, 2021, the Group applied the Revenue Recognition Accounting Standards. Accordingly, the method of calculating net sales and income or loss by reportable segment was also changed in the same manner as the provisions under the Revenue Recognition Accounting Standards.

As a result of this change, for “Petroleum”, net sales decreased by ¥5,549 million and segment income increased by ¥970 million, and for “Power and renewable energy”, net sales decreased by ¥3,737 million and segment loss decreased by ¥75 million for the first quarter of the fiscal year, compared with the previous method. This change does not have a material impact on net sales and segment income of other reportable segments.

7) Significant Subsequent Events

None