

Presentation on Results for the 3rd Quarter FY2021

February 8, 2022

Idemitsu Kosan Co.,Ltd.

Table of Contents

- Executive Summary
- FY2021 3rd Quarter Results
- Reference Materials

■ Executive Summary

Executive Summary

■ FY2021 3Q Financial Results

- ✓ Income increased year-on-year, mainly due to improved performance in the resources business due to strong resource prices and to improved inventory impact

[¥ billions]

	FY2020 3Q	FY2021 3Q	Change
Operating Income + Equity Income	13.4	297.3	+283.9
<i>Excluding inventory impact</i>	72.8	134.2	+61.4
Net Income (Loss)	(7.5)	199.9	+207.4
<i>Excluding inventory impact</i>	33.7	86.8	+53.1

■ FY2021 Forecasts

- ✓ While recent crude oil prices have exceeded forecasts, we have left our forecasts unchanged from the November announcement due to uncertainties surrounding the impact of the omicron variant of COVID-19 on our performance
(Dubai crude oil price 2H assumption: \$75/bbl., January 2022: \$83.5/bbl.)

■ FY2021 Shareholder Return Policy and Dividend Forecast

- ✓ Total payout ratio of over 50% on cumulative net income excluding inventory impact from FY2020–2022 and stable dividends of ¥120 per share
(expected FY end dividend: ¥60)

■ FY2021 3rd Quarter Results

Key Topics

■ Trends in petroleum demand

- ✓ 3Q demand for the 4 core products was 96.6% of the previous year, due to strong heating demand in the previous year and delays in demand recovery following the lifting of the state of emergency
- ✓ Jet fuel remains on a recovery trend

	FY2020	FY2021 1H	FY2021 Oct-Dec	FY2021 2H Forecast	FY2021 Forecast	[%] FY2021 (vs. FY2019)
4 core products	94.6	99.9	96.6	100.5	100.2	94.7
<i>Gasoline</i>	<i>90.4</i>	<i>101.6</i>	<i>99.0</i>	<i>102.6</i>	<i>102.1</i>	92.2
Jet fuel	54.2	131.3	109.9	132.7	132.0	71.6

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

■ Vietnam Nghi Son Refinery

- ✓ Income improved despite decreased capacity utilization resulting from the spread of COVID-19 in Vietnam, due to inventory impact and time lag from higher crude oil prices as well as improved market conditions
- ✓ While there was some local press coverage on NSRP's operations, etc., NSRP is preparing for a normal operation

Key Topics

■ TV spotlight on environmental efforts based on our agri-bio technology

- ✓ One major theme at COP26 held in November 2021 was the need to reduce methane gas
- ✓ Our cashew nut shell liquid (CNSL) agent Ruminap (see below for details) was introduced as fodder which can reduce methane arising from cow burp

URL https://www.idemitsu.com/jp/business/agri/product/raising/cnsl_lp/

■ Issued the Idemitsu Integrated Report 2021

- ✓ Issued an integrated report which includes our corporate philosophy and group vision which were announced in the revised medium-term plan, as well as our value creation process and financial/non-financial information

URL <https://sustainability.idemitsu.com/en/themes/204>

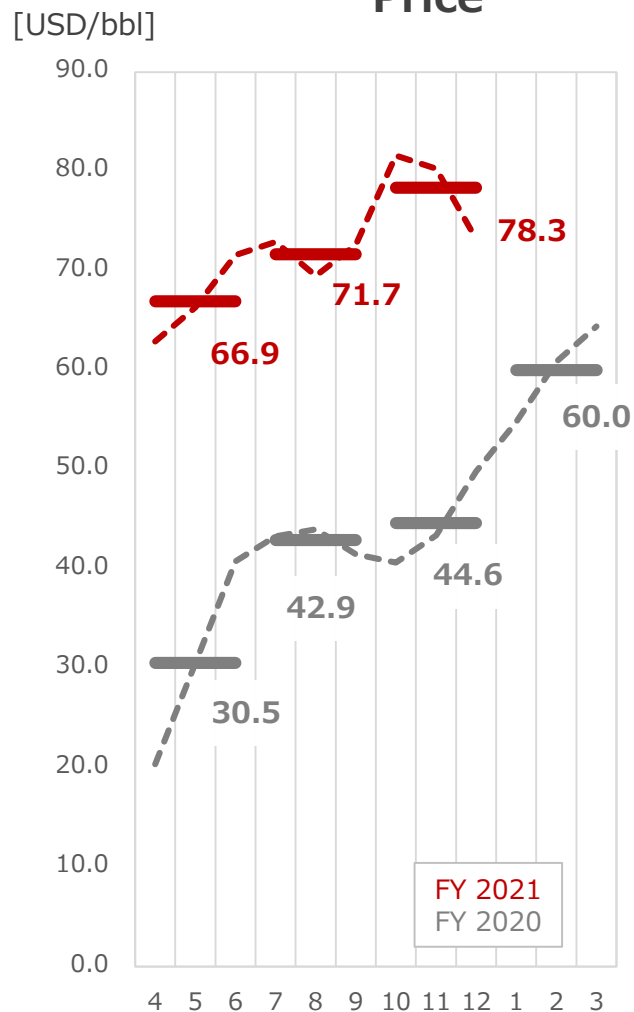


■ Completion of the first transportation of blue ammonia cargo from UAE to Japan

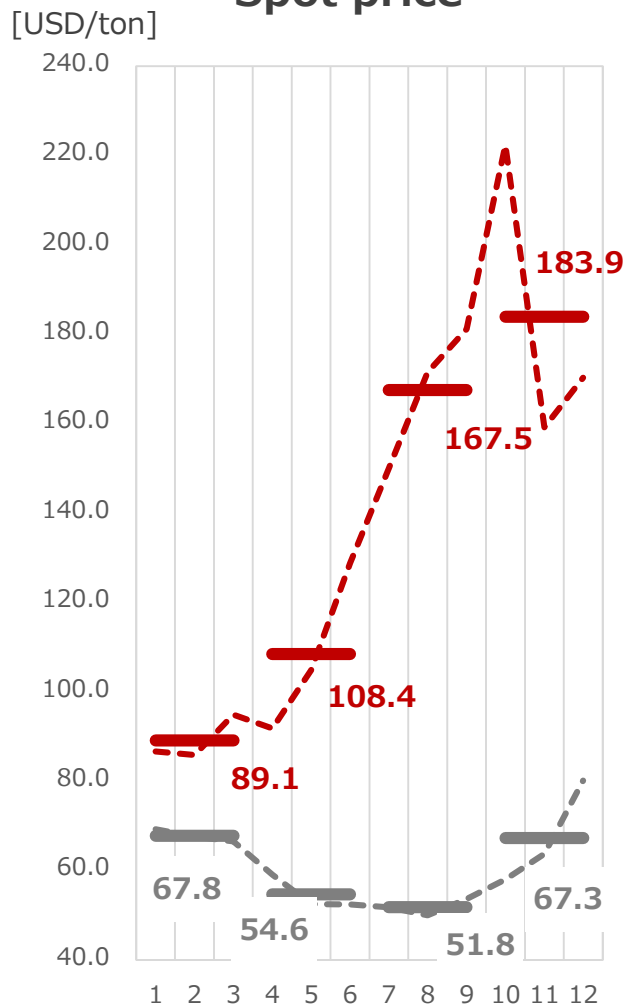
- ✓ Idemitsu purchased blue ammonia produced by Abu Dhabi National Oil Company and completed its international transportation and delivery to the Yokkaichi Refinery of Showa Yokkaichi Sekiyu Co., Ltd.
- ✓ We will continue to contribute to the realization of a carbon-neutral society, aiming at the early construction of a supply chain through cooperation with various domestic and foreign companies.

Operating Environment

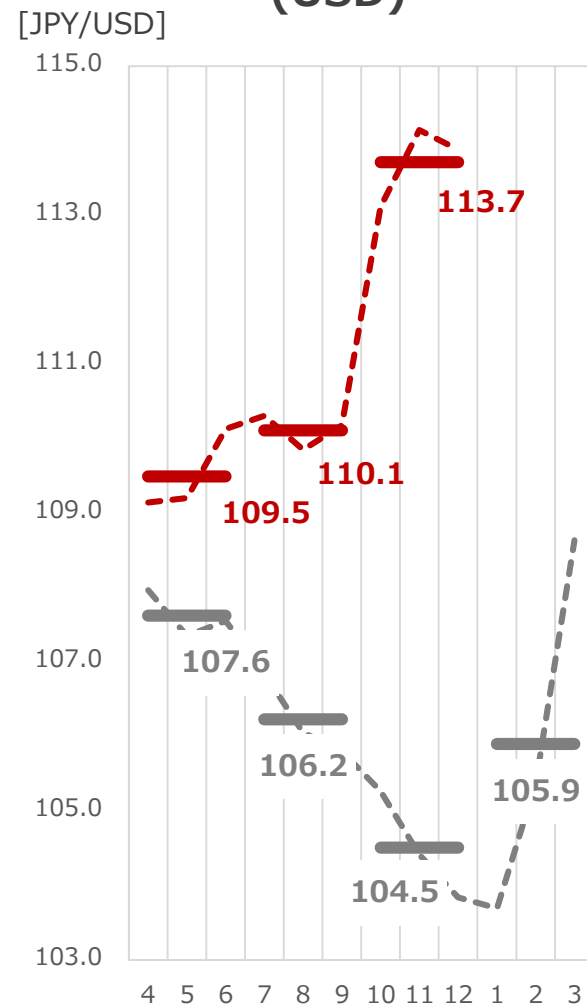
Dubai Crude Oil Price



Australian Coal Spot price



Exchange Rate (USD)



Overview

■ Crude Oil / Coal / Exchange Rates

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

	FY2020 3Q	FY2021 3Q	Change	
Crude Oil (Dubai)	39.4	72.3	32.9	+83.5%
Crude Oil (Brent)*	40.8	67.7	26.9	+65.9%
Thermal Coal *	58.1	121.7	63.6	+109.5%
Exchange Rate (TTM)	106.1	111.1	5.0	+4.7%

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

■ Consolidated Income Statement (Summary)

[¥ billions]

	FY2020 3Q	FY2021 3Q	Change	
Net Sales	3,211.3	4,647.2	1,435.9	+44.7%
Operating Income	49.3	279.0	229.7	+465.5%
<i>Inventory impact</i>	<i>(59.4)</i>	<i>163.1</i>	<i>222.5</i>	—
Equity Income	(36.0)	18.2	54.2	—
Operating Income + Equity Income	13.4	297.3	283.9	—
<i>Excluding inventory impact</i>	<i>72.8</i>	<i>134.2</i>	<i>61.4</i>	+84.5%
Ordinary Income	14.6	303.0	288.4	—
Extraordinary Gain/Loss	(9.1)	(6.4)	2.7	—
Net Income Attributable to Owners of the Parent	(7.5)	199.9	207.4	—
<i>Excluding inventory impact</i>	<i>33.7</i>	<i>86.8</i>	<i>53.1</i>	+157.6%

Segment Information

■ Operating Income + Equity Income

[¥ billions]

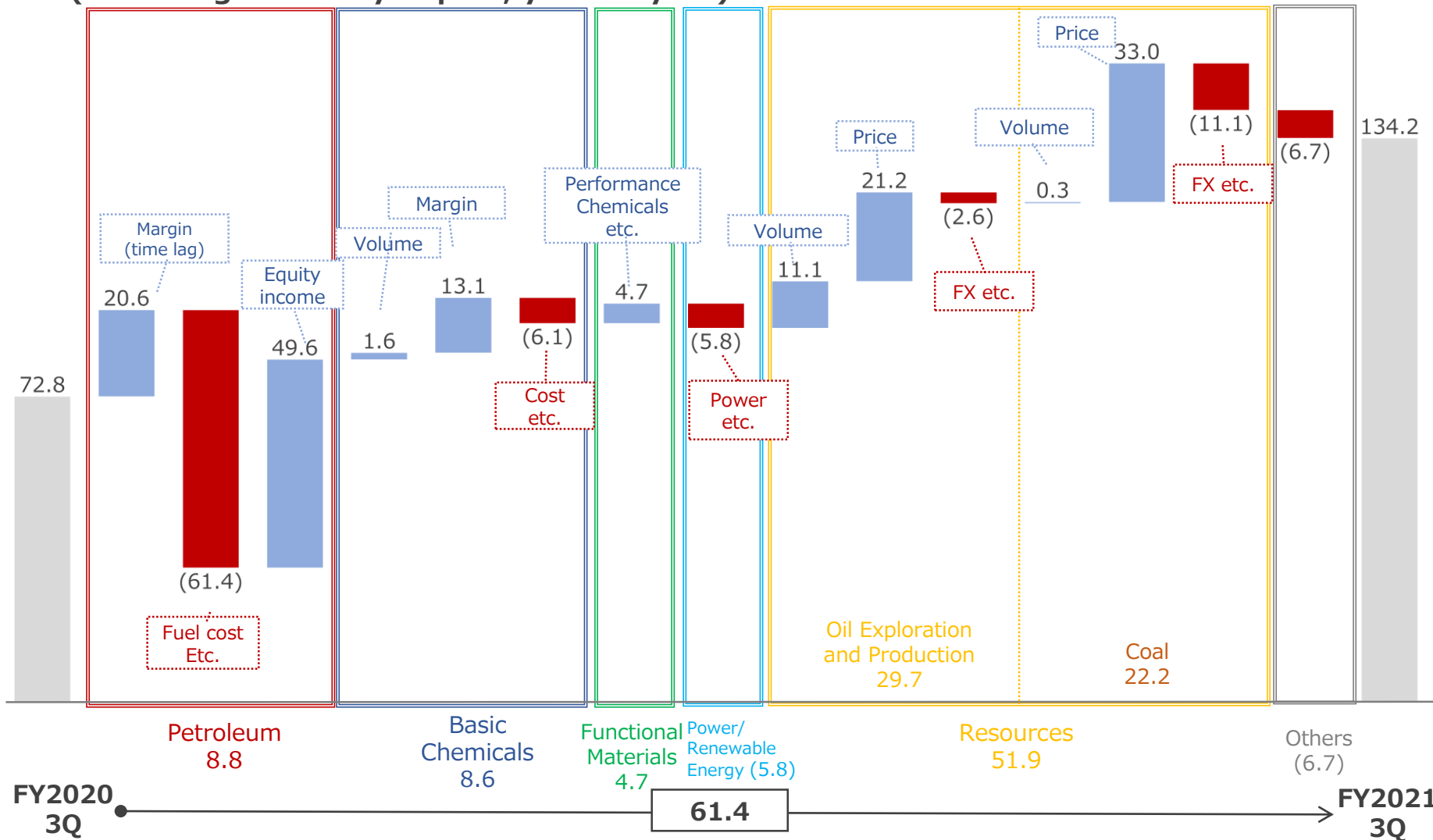
	FY2020 3Q	FY2021 3Q	Change	
Petroleum	5.5	236.8	231.2	—
<i>Excluding inventory impact</i>	64.9	73.7	8.8	+13.5%
Basic Chemicals	(1.0)	7.6	8.6	—
Functional Materials	9.5	14.2	4.7	+49.4%
Power and Renewable Energy	(1.7)	(7.6)	(5.8)	—
Resources*	4.5	56.4	51.9	—
<i>Oil Exploration and Production</i>	5.2	34.9	29.7	+572.8%
<i>Coal</i>	(0.7)	21.5	22.2	—
Others/Reconciliation	(3.5)	(10.2)	(6.7)	—
Total	13.4	297.3	283.9	—
<i>Excluding inventory impact</i>	72.8	134.2	61.4	+84.5%

*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
3Q

61.4

FY2021
3Q

Segment Information

[Petroleum] YoY + ¥8.8 bn (FY20 3Q : ¥64.9bn ➔ FY21 3Q : ¥73.7 bn)

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

(YoY)

101.2%

98.6%

96.6%

8,097

[Thousand KL]

8,000

6,000

4,000

2,000

0

1Q

2Q

3Q

4Q

6,616
Last FY

6,696

6,835

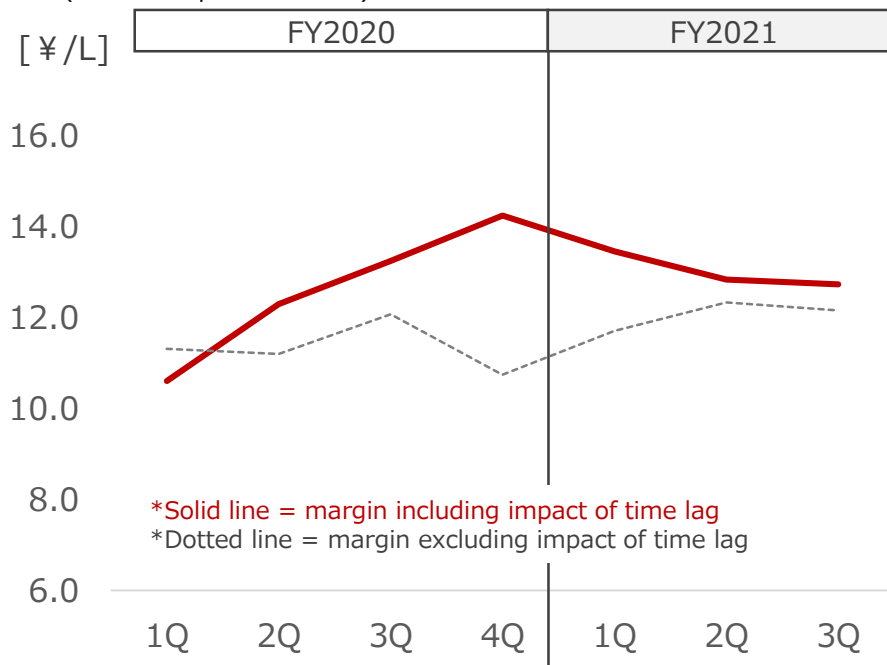
6,741

8,383

8,406

<Trends in Domestic Refining Margins*>

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



*Solid line = margin including impact of time lag

*Dotted line = margin excluding impact of time lag

- ✓ 3Q sales of core products decreased year-on-year, following strong heating demand during the last fiscal year
- ✓ Refining margins improved due to time lags, but were more than offset by fuel cost, etc.
- ✓ Segment income increased due to equity-method affiliates

Segment Information

[Basic Chemicals] YoY +¥8.6 bn (FY20 3Q: -¥1.0 bn ➔ FY21 3Q: ¥7.6 bn)

- ✓ Income increased year-on-year despite softness in 3Q product markets [USD/ton]

Product	FY2020 3Q		FY2021 3Q		Change	
	Price	Margin	Price	Margin	Price	Margin
PX	534	174	890	215	+356	+41
MX	432	72	779	103	+347	+31
SM	737	377	1,208	533	+471	+156

[Functional Materials] YoY+¥4.7 bn (FY20 3Q: ¥9.5 bn ➔ FY21 3Q : ¥14.2 bn)

- ✓ Income from functional chemicals increased due to wider product spreads
- ✓ Electronic materials recovered by increased OLED sales
- ✓ Lubricants earnings fell due to delays in passing on increased crude price

[Power and Renewable Energy]

YoY -¥5.8 bn (FY20 3Q: -¥1.7 bn ➔ FY21 3Q: -¥7.6 bn)

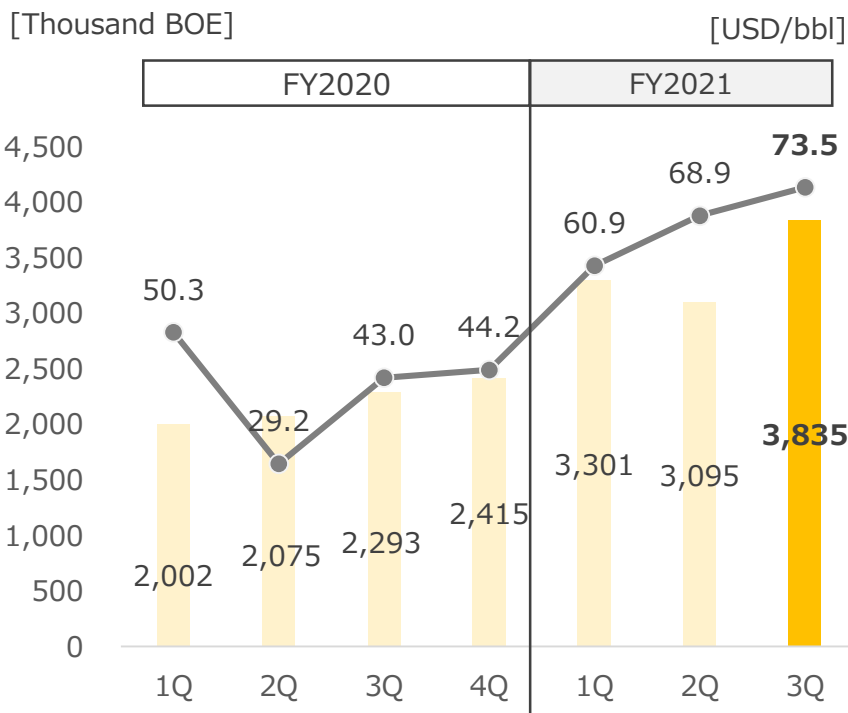
- ✓ Segment income decreased due to increased procurement costs in the power business, etc.

Segment Information

[Oil E&P] YoY +¥29.7 bn

(FY20 3Q: ¥5.2bn ➔ FY21 3Q: ¥34.9 bn)

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

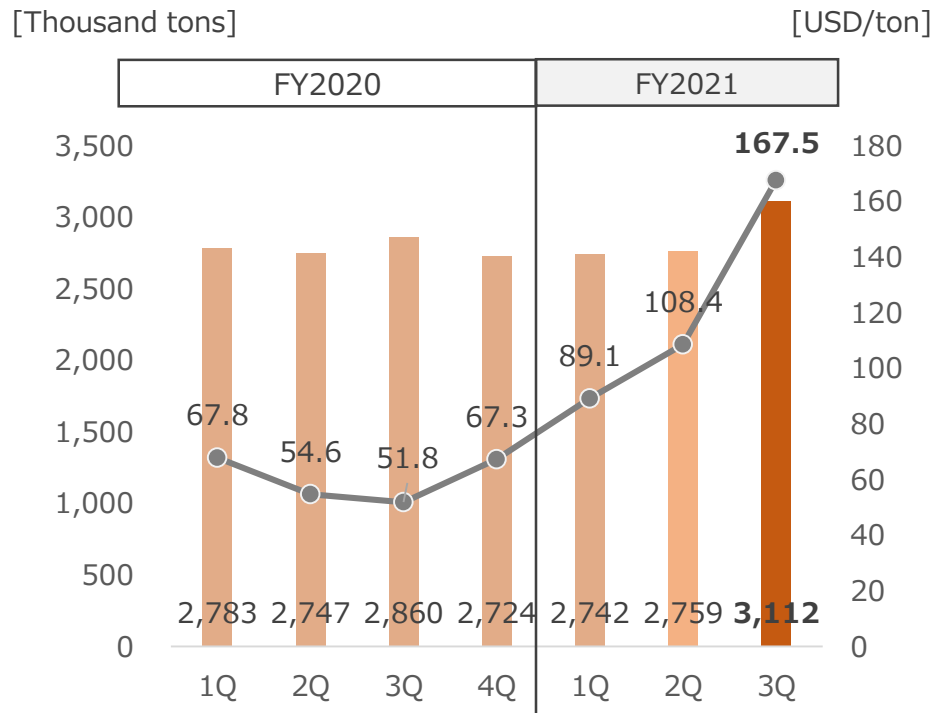


- ✓ Income increased by ¥29.7 billion due to increased production in Vietnam and Norway and an increase in the crude oil price

[Coal] YoY +¥22.2 bn

(FY20 3Q: -¥0.7bn ➔ FY21 3Q: ¥21.5 bn)

<Coal Production Volume and Australian Coal Spot Price Trends>



- ✓ Achieved profitability as the impact of a stronger coal market more than offset the impact of the strong Australian dollar

Balance Sheet

[¥ billions]

	3/31/2021	12/31/2021	Change		3/31/2021	12/31/2021	Change
Cash and Deposits	131.3	89.4	(41.9)	Total Current Liabilities	1,621.3	1,960.2	338.9
Receivables, Inventory, etc.	1,534.2	2,104.0	569.8	Total Fixed Liabilities	1,118.0	1,167.5	49.4
Total Current Assets	1,665.5	2,193.4	527.8	Total Liabilities	2,739.3	3,127.7	388.4
Tangible Fixed Assets	1,521.9	1,498.5	(23.4)	Shareholders' Equity and Other Comprehensive Income	1,150.9	1,317.6	166.7
Other Fixed Assets	767.0	798.0	31.0	Noncontrolling Interests	64.2	44.6	(19.6)
Total Fixed Assets	2,288.9	2,296.5	7.6	Total Net Assets	1,215.1	1,362.2	147.1
Total Assets	3,954.4	4,489.9	535.4	Total Liabilities and Net Assets	3,954.4	4,489.9	535.4

Net D/E ratio	1.02	0.98	(0.04)
Total Interest - bearing Debt	1,308.9	1,385.4	76.5
Equity ratio	29.1%	29.3%	0.2%

■ Reference Materials

Overview of the Company

As of the end of March, 2021

■ 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**
- Engineering plastics(sales volume): **150,000 tons/year**
- Adhesive materials(production volume): **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

Forecast for FY2021 (Overview)

■ Crude Oil / Coal / Exchange Rates

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

	5/11 Forecast	11/9 Forecast	Change		Assumptions (2nd half)
Crude Oil (Dubai)	60.0	72.1	12.1	+20.2%	75.0
Crude Oil (Brent)*	61.0	70.4	9.4	+15.5%	78.5
Thermal Coal *	80.0	135.5	55.5	+69.4%	175.0
Exchange Rate (TTM)	105.0	109.9	4.9	+4.7%	110.0

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

■ Consolidated Income Statement (Summary)

[¥ billions]

	5/11 Forecast	11/9 Forecast	Change	
Net Sales	5,680.0	6,580.0	900.0	+15.8%
Operating Income	135.0	300.0	165.0	+122.2%
<i>Inventory impact</i>	<i>0.0</i>	<i>140.0</i>	<i>140.0</i>	<i>-</i>
Equity Income	5.0	20.0	15.0	+300.0%
Operating Income + Equity Income	140.0	320.0	180.0	+128.6%
<i>Excluding inventory impact</i>	<i>140.0</i>	<i>180.0</i>	<i>40.0</i>	<i>+28.6%</i>
Ordinary Income	140.0	330.0	190.0	+135.7%
Extraordinary Gain/Loss	(2.0)	(3.0)	(1.0)	-
Net Income Attributable to Owners of the Parent	85.0	220.0	135.0	+158.8%
<i>Excluding inventory impact</i>	<i>85.0</i>	<i>120.0</i>	<i>35.0</i>	<i>+41.2%</i>

Forecast for FY2021 (Segment Information)

■ Operating Income + Equity Income

[¥ billions]

	5/11 Forecast	11/9 Forecast	Change	
Petroleum	84.0	233.0	149.0	+177.4%
<i>Excluding inventory impact</i>	84.0	93.0	9.0	+10.7%
Basic Chemicals	10.0	15.0	5.0	+50.0%
Functional Materials	16.0	16.0	–	–
Power and Renewable Energy	(6.0)	(11.0)	(5.0)	–
Resources*	40.0	76.0	36.0	+90.0%
<i>Oil Exploration and Production</i>	33.0	35.0	2.0	+6.1%
<i>Coal</i>	7.0	41.0	34.0	+485.7%
Others/Reconciliation	(4.0)	(9.0)	(5.0)	–
Total	140.0	320.0	180.0	+128.6%
<i>Excluding inventory impact</i>	140.0	180.0	40.0	+28.6%

* 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 3Q	FY2021 3Q	Change	
Petroleum	2,509.6	3,604.8	1,095.2	+43.6%
Basic Chemicals	222.6	396.3	173.7	+78.1%
Functional Materials	251.7	302.7	51.0	+20.3%
Power and Renewable Energy	90.2	92.4	2.1	+2.4%
Resources*	132.4	246.8	114.4	+86.5%
<i>Oil Exploration and Production</i>	<i>23.4</i>	<i>70.7</i>	<i>47.2</i>	<i>+201.4%</i>
<i>Coal</i>	<i>108.9</i>	<i>176.1</i>	<i>67.2</i>	<i>+61.7%</i>
Others/Reconciliation	4.9	4.3	(0.5)	(11.3%)
Total	3,211.3	4,647.2	1,435.9	+44.7%

*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	FY2021 2Q	FY2021 3Q
Petroleum	(9.4)	27.3	64.9	94.7	29.6	45.1	73.7
Equity income	(27.2)	(28.8)	(37.2)	(41.1)	6.0	8.6	12.4
Basic Chemicals	0.1	(2.0)	(1.0)	3.4	6.7	10.9	7.6
Equity income	0.3	0.4	0.7	0.4	0.1	0.7	0.8
Functional Materials	4.8	6.2	9.5	13.0	4.3	10.2	14.2
Equity income	0.1	(0.3)	(0.1)	0.8	0.6	1.4	1.5
Power and Renewable Energy	0.1	(0.5)	(1.7)	(17.3)	(1.0)	(2.8)	(7.6)
Equity income	(0.1)	(0.2)	(0.1)	(0.1)	(0.0)	(0.1)	0.0
Resources							
-Oil Exploration and Production	2.2	2.5	5.2	6.8	12.4	17.3	34.9
Equity income	—	—	—	—	—	—	—
-Coal	1.0	1.1	(0.7)	(2.0)	0.6	4.2	21.5
Equity income	0.4	0.7	0.6	0.6	0.4	0.8	1.4
Others/Reconciliation	(1.9)	(2.1)	(3.5)	(5.7)	(2.3)	(3.6)	(10.2)
Equity income	(0.4)	(0.0)	0.1	(0.4)	1.2	1.3	2.1
Total	(3.1)	32.6	72.7	92.8	50.3	81.3	134.2
Equity income	(26.7)	(28.3)	(36.0)	(39.8)	8.3	12.7	18.2

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

Financial Data

■ Quarterly segment income (Q on Q, excluding inventory impact)

[¥ billions]

	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020	FY2021 1Q	FY2021 2Q	FY2021 3Q
Petroleum	(9.4)	36.7	37.6	29.7	29.6	15.4	28.6
Equity income	(27.2)	(1.6)	(8.4)	(3.9)	6.0	2.6	3.8
Basic Chemicals	0.1	(2.2)	1.0	4.4	6.7	4.2	(3.3)
Equity income	0.3	0.1	0.3	(0.3)	0.1	0.5	0.1
Functional Materials	4.8	1.4	3.3	3.5	4.3	5.9	4.1
Equity income	0.1	(0.4)	0.2	0.9	0.6	0.8	0.1
Power and Renewable Energy	0.1	(0.5)	(1.3)	(15.6)	(1.0)	(1.8)	(4.8)
Equity income	(0.1)	(0.1)	0.0	0.1	(0.0)	(0.0)	0.1
Resources							
-Oil Exploration and Production	2.2	0.2	2.7	1.5	12.4	5.0	17.6
Equity income	—	—	—	—	—	—	—
-Coal	1.0	0.2	(1.8)	(1.3)	0.6	3.6	17.3
Equity income	0.4	0.2	(0.0)	(0.0)	0.4	0.4	0.6
Others/Reconciliation	(1.9)	(0.2)	(1.4)	(2.1)	(2.3)	(1.3)	(6.6)
Equity income	(0.4)	0.3	0.2	(0.6)	1.2	0.1	0.9
Total	(3.1)	35.7	40.1	20.1	50.3	31.0	52.9
Equity income	(26.7)	(1.5)	(7.7)	(3.8)	8.3	4.4	5.6

*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 3Q	FY 2021 3Q	Change	
Gasoline	9,706	9,772	66	0.7%
Naphtha	222	175	(47)	(21.3%)
Jet Fuel	1,044	1,279	235	22.5%
Kerosene	2,400	2,063	(338)	(14.1%)
Diesel Oil	7,429	7,488	58	0.8%
Heavy Fuel Oil A	2,298	2,211	(87)	(3.8%)
Heavy Fuel Oil C	1,480	1,741	262	17.7%
Total Domestic Sales Volume	24,580	24,729	150	0.6%
Exported Volume	3,420	4,218	798	23.3%
Total Sales Volume	28,000	28,947	947	3.4%

*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 3Q	FY 2021 3Q	Change	
Basic Chemicals	2,647	2,735	88	3.3%

■ Sales Volume (Functional Materials Segment)

[Thousand KL, Thousand tons,%]

	FY 2020 3Q	FY 2021 3Q	Change	
Lubricants	780	880	100	12.8%
Performance Chemicals	446	565	119	26.7%

*Includes sales of overseas licenses

■ Sales Volume (Power and Renewable Energy Segment)

[Million kWh,%]

	FY 2020 3Q	FY 2021 3Q	Change	
Retail Power Sales	2,693	3,893	1,200	44.6%

Sales and Production

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

[Thousand BOED,%]

	FY 2020 3Q	FY 2021 3Q	Change	
Norway	23.2	25.8	2.6	11.2%
Vietnam	0.0	11.7	11.7	–
Total('000BOED)	23.2	37.5	14.3	61.6%
Total('000BOE)	6,370	10,231	3,861	60.6%

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

■ Coal – Production Volume (Resources Segment)

[Thousand tons,%]

	FY 2020 3Q	FY 2021 3Q	Change	
Ensham	3,046	2,790	(255)	(8.4%)
Muswellbrook	682	776	94	13.8%
Boggabri	3,709	4,157	448	12.1%
Sub Total	7,436	7,724	287	3.9%
Malinau	954	889	(65)	(6.8%)
Total Production Volume	8,390	8,613	223	2.7%

*Figures based on interest owned by Idemitsu Group

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

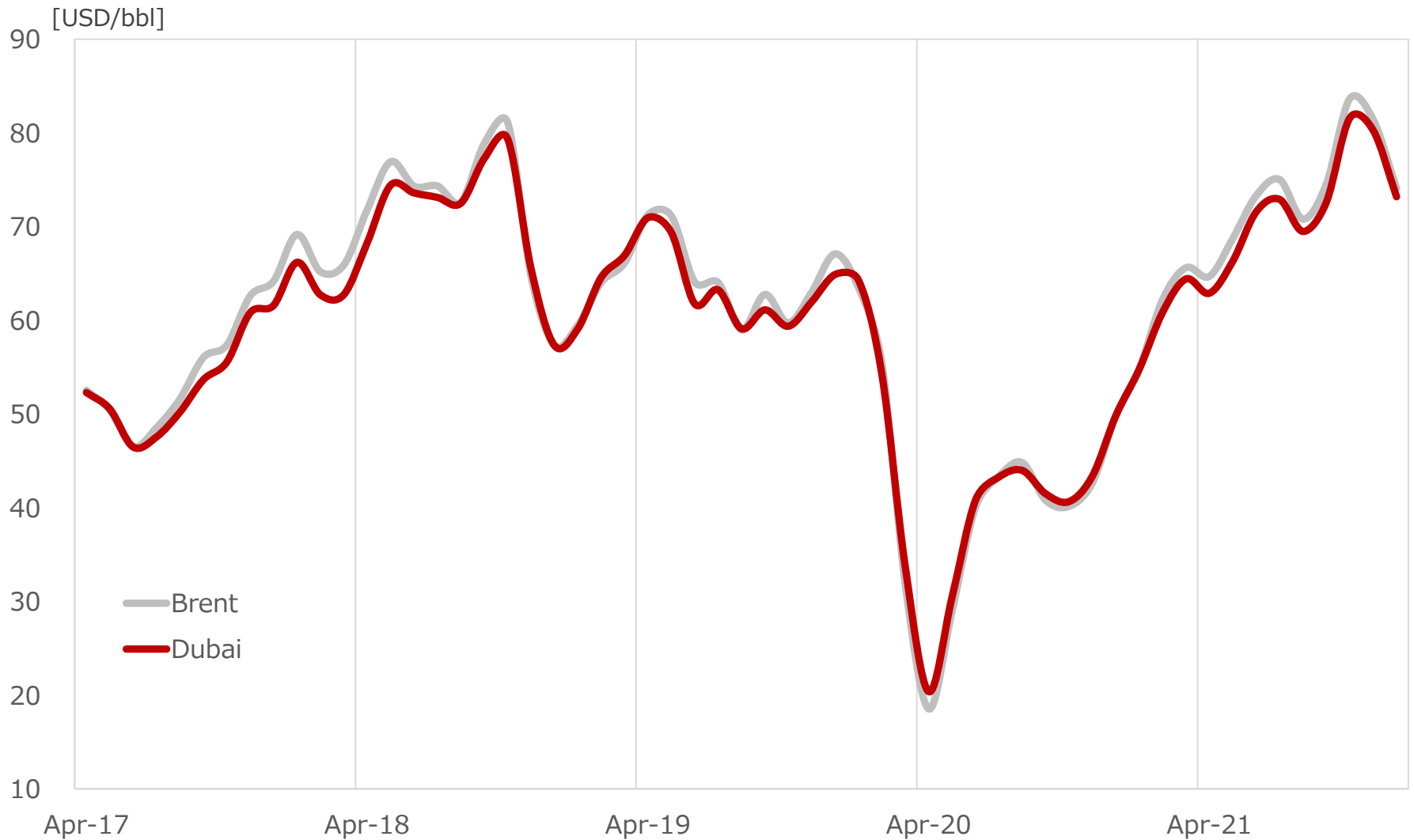
Sensitivity

■ 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.)

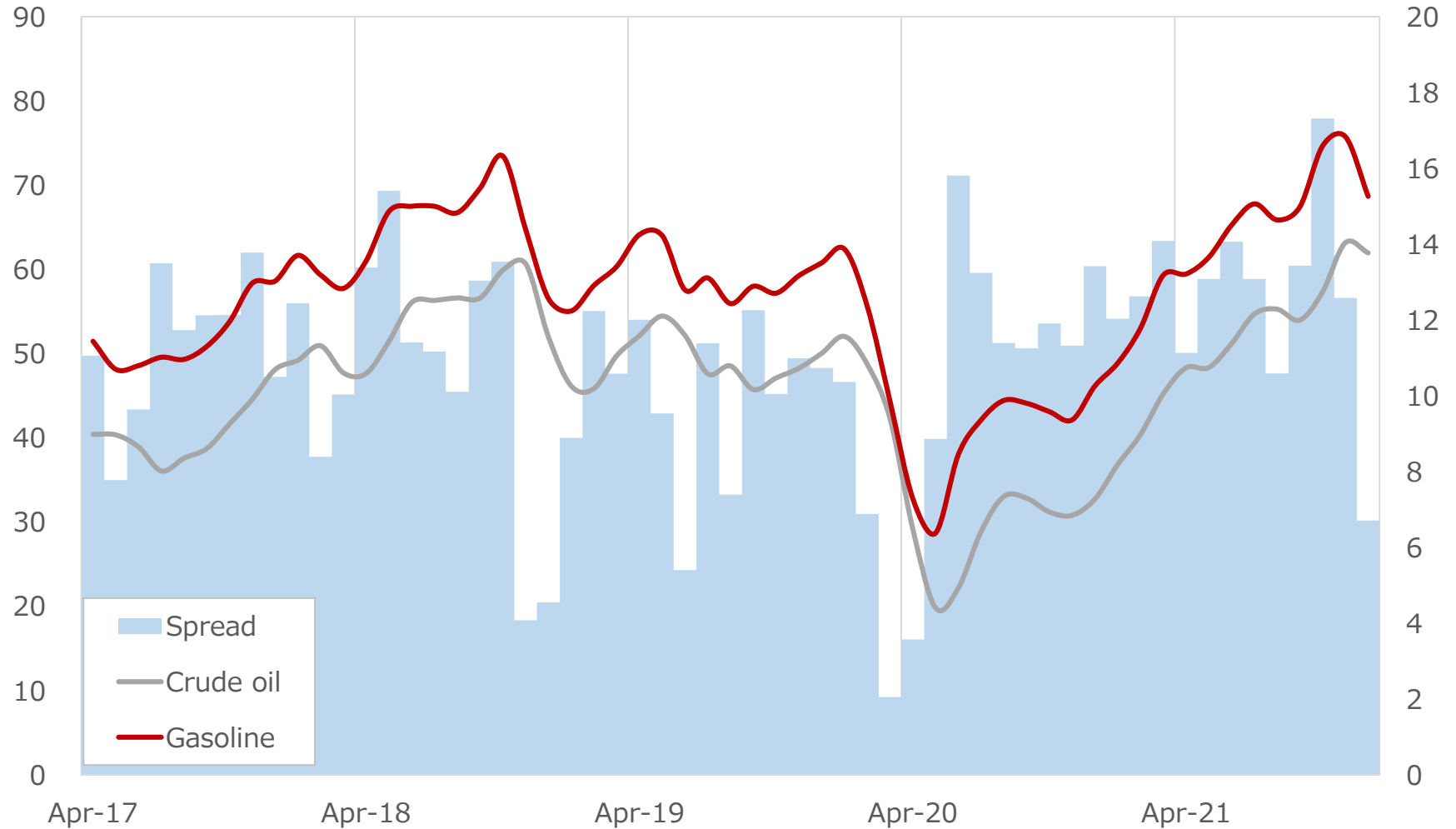
Crude Oil Prices (Dubai and Brent)



Gasoline – Crude Oil (Domestic spot prices and Spreads)

[JPY/L] Prices

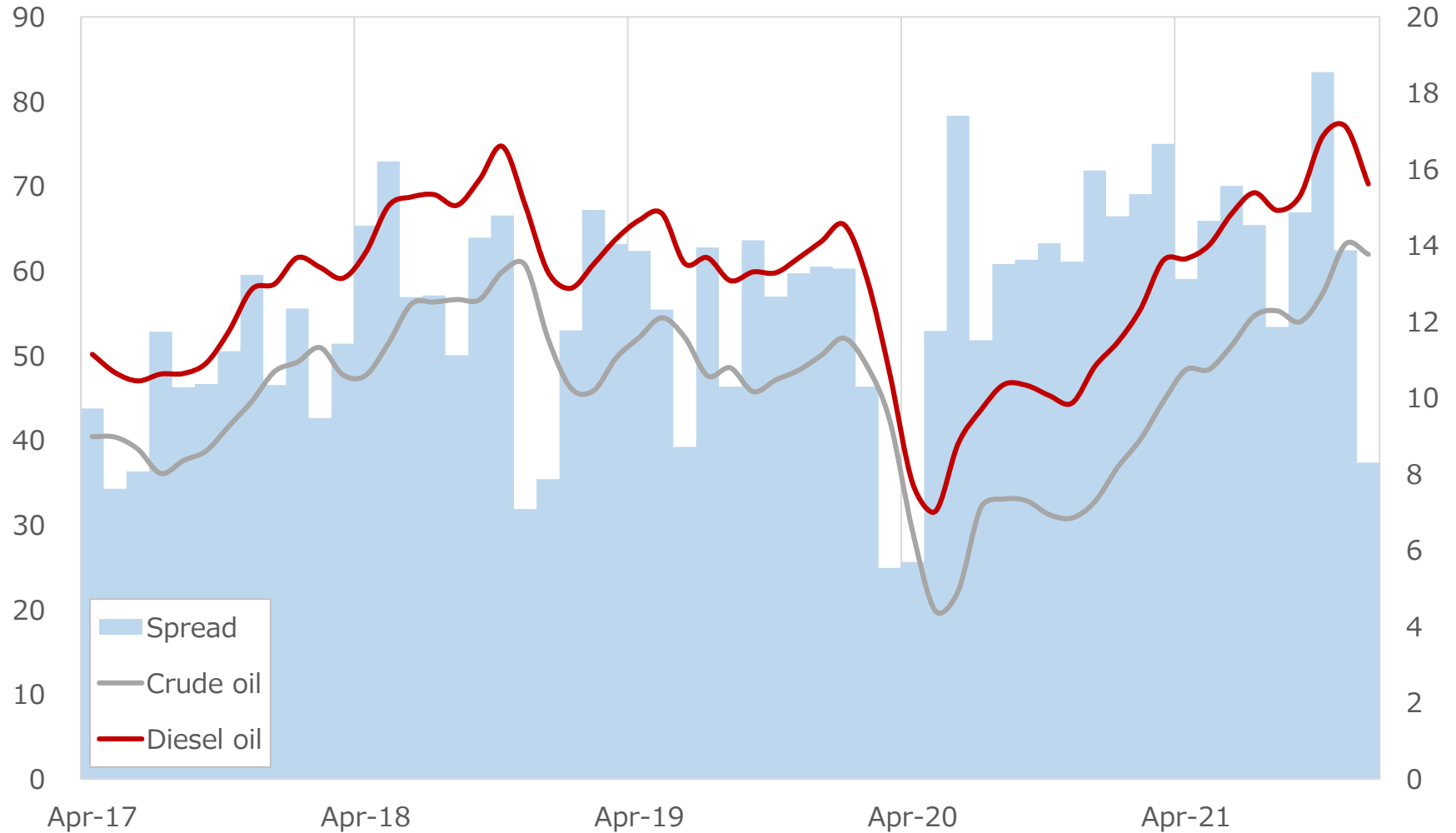
Spreads [JPY/L]



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

[JPY/L] Prices

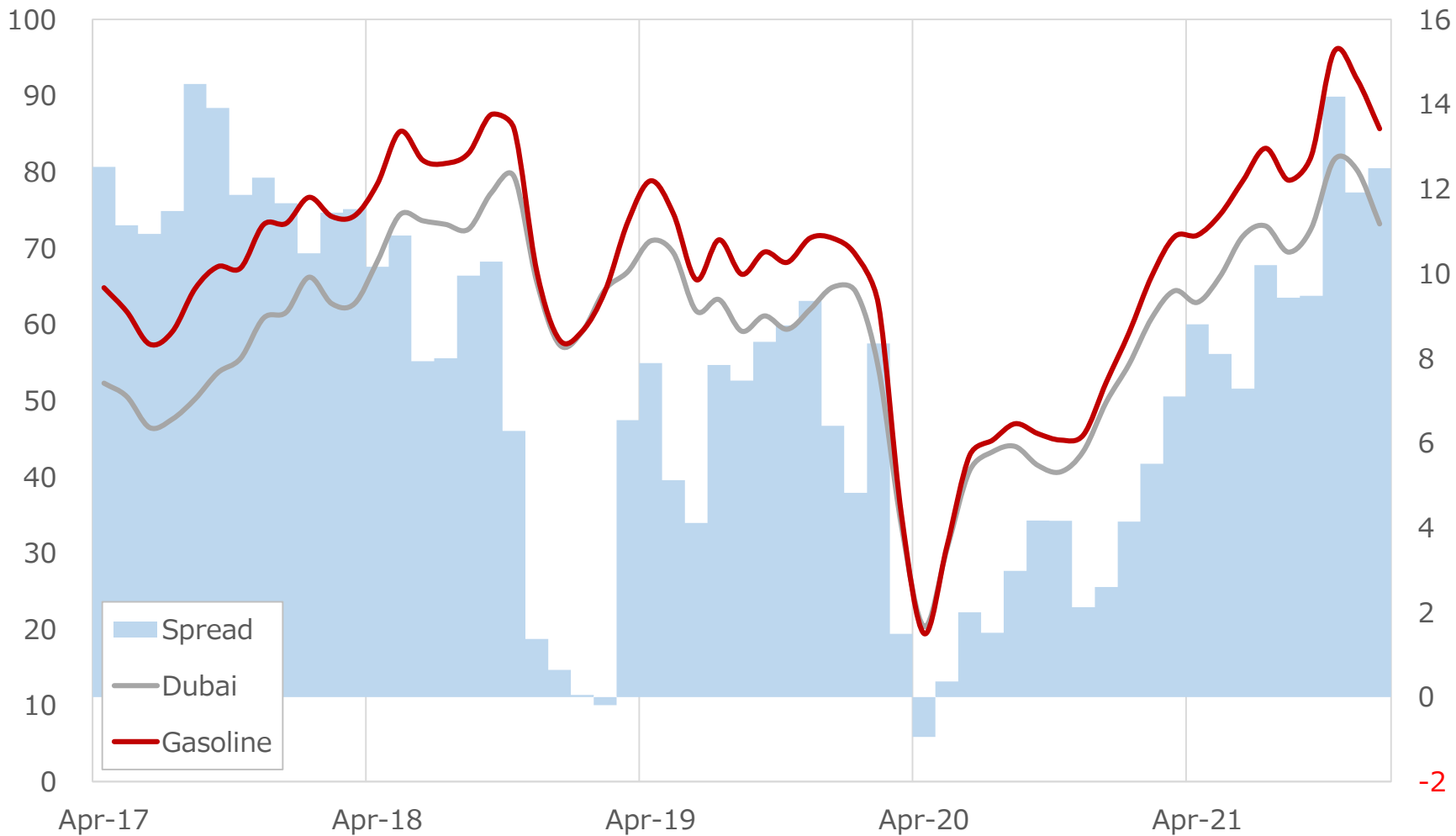
Spreads [JPY/L]



Gasoline – Crude Oil (Singapore spot prices and Spreads)

[USD/bbl] Prices

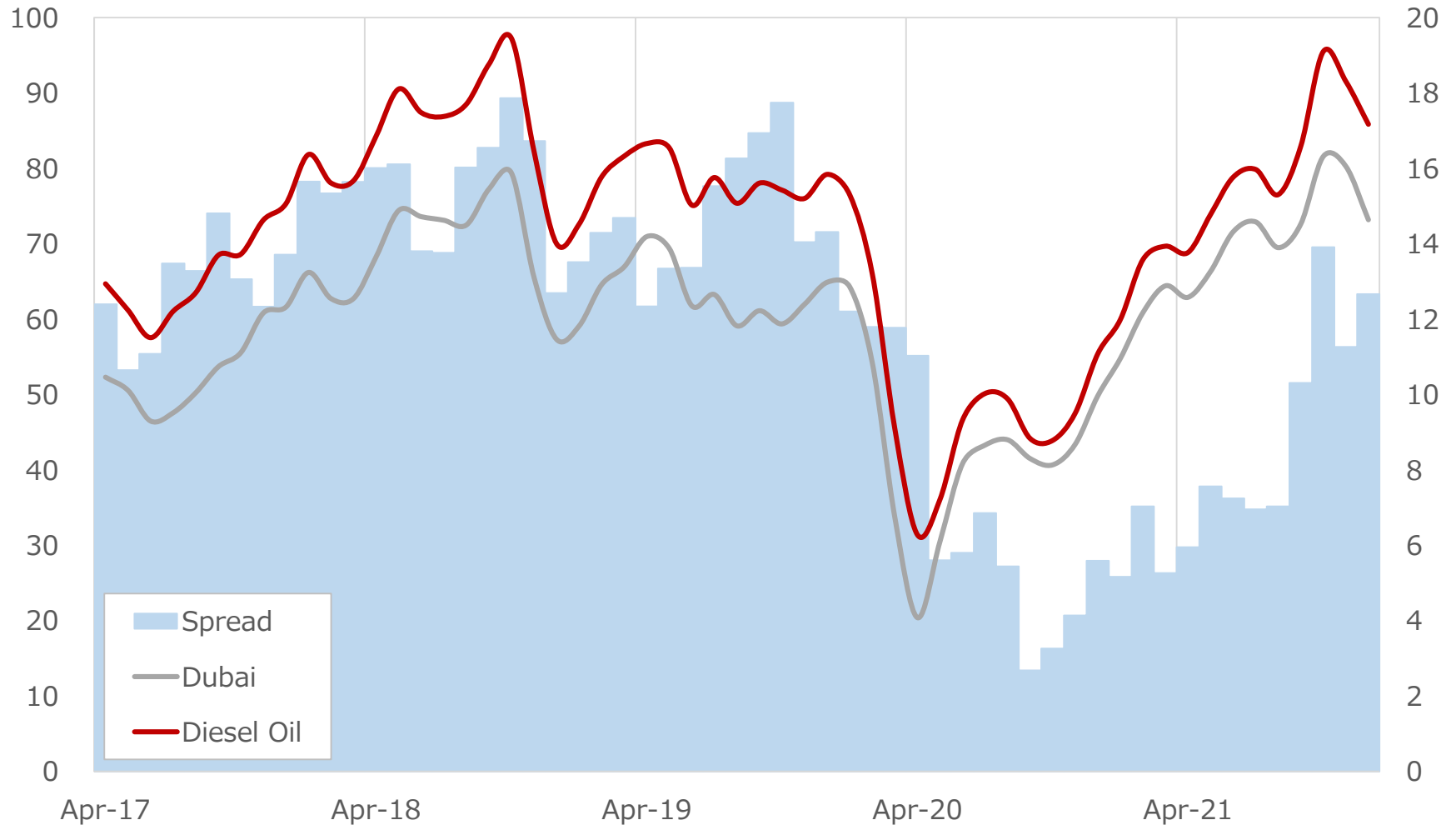
Spreads [USD/bbl]



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

[USD/bbl] Prices

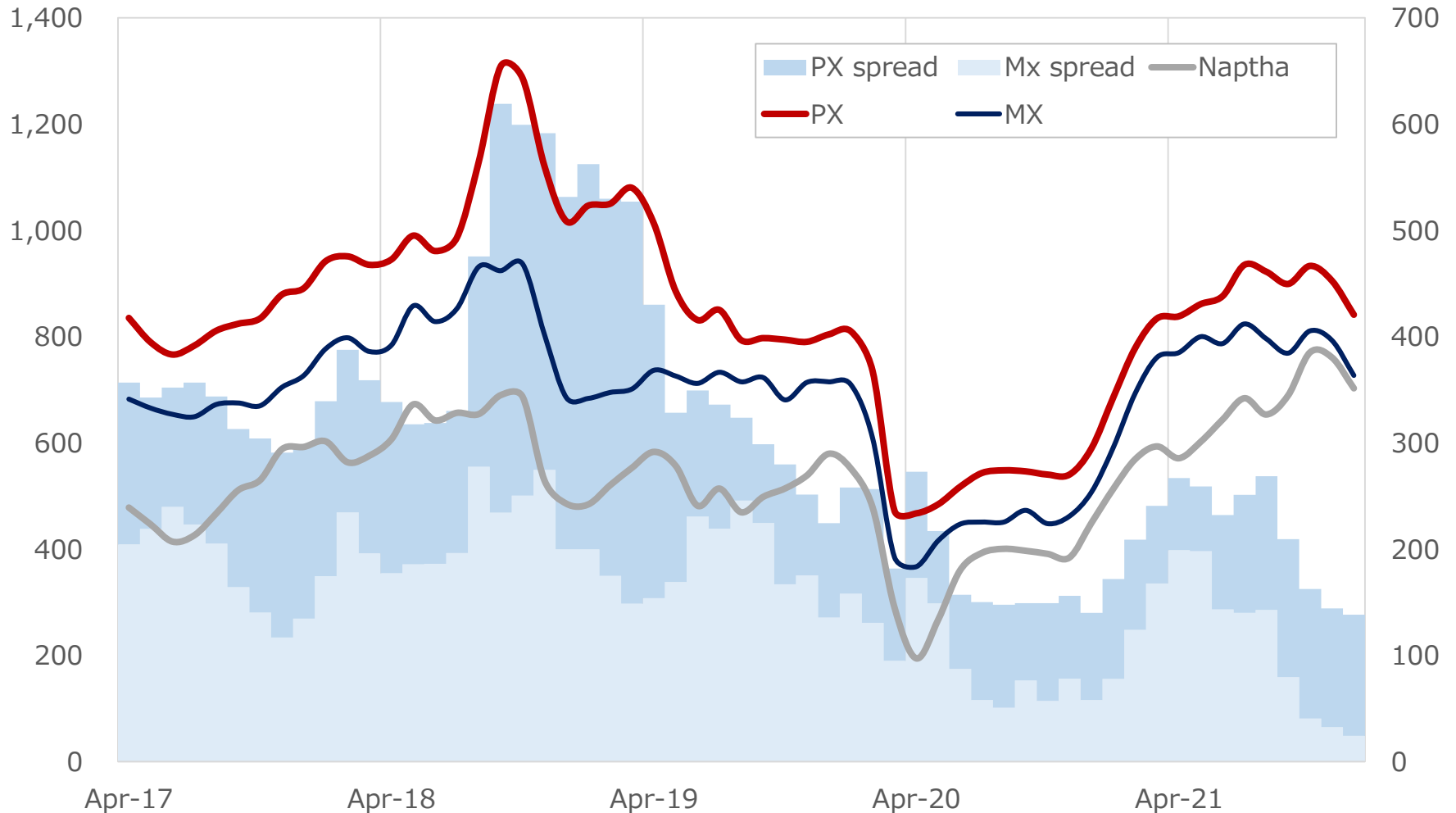
Spreads [USD/bbl]



Paraxylene, Mixed xylene – Naphtha (Prices and Spreads)

[USD/ton] Prices

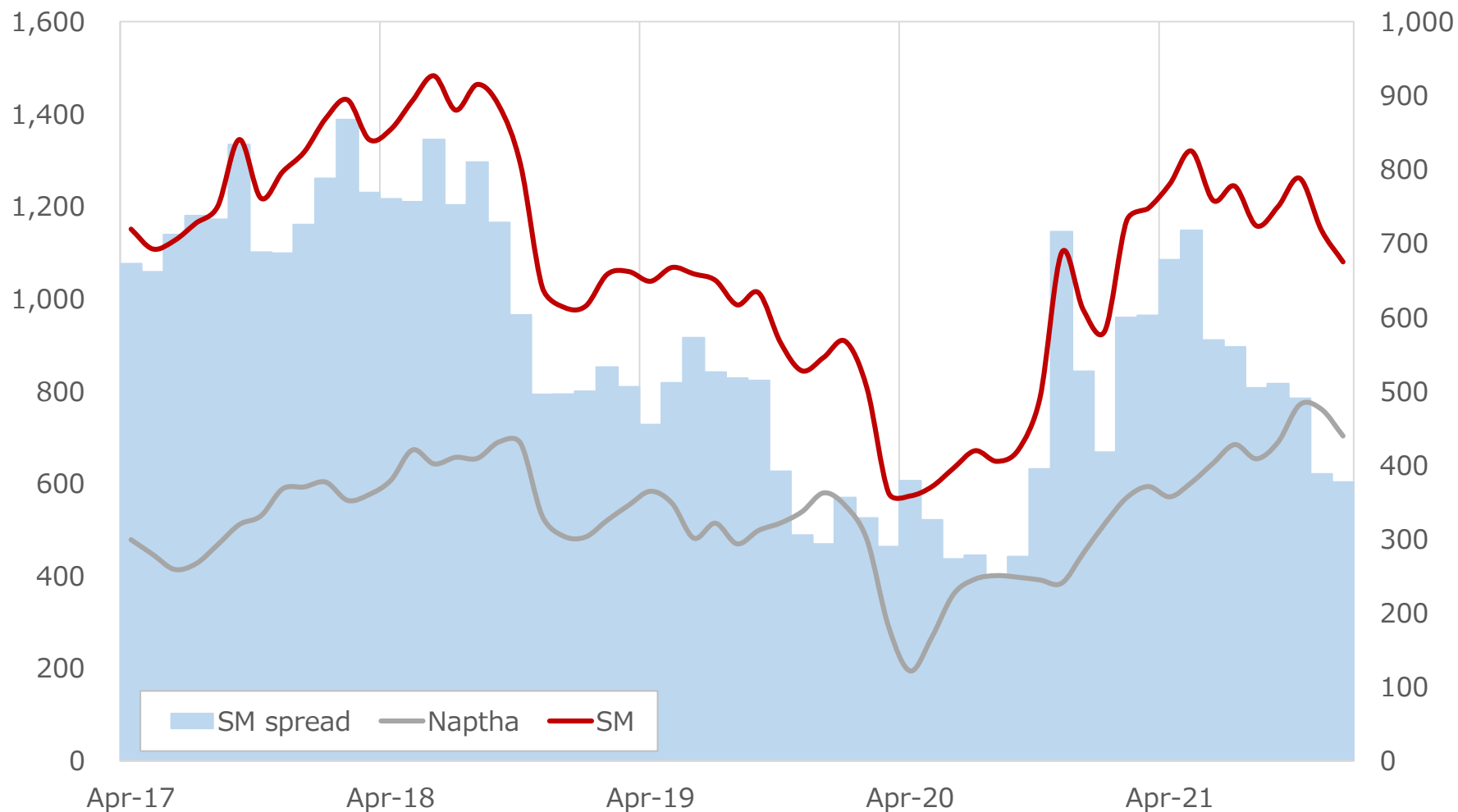
Spreads [USD/ton]



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 3Q
Idemitsu Kosan	88%	88%	87%	78%	74%
Former Showa Shell	88%	93%			

* Utilization rate based on BCD

■ Number of Service Stations

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 3Q
Idemitsu Kosan	3,545	3,501	3,446	3,426	3,397
Former Showa Shell	3,028	2,964	2,938	2,885	2,847
Total	6,573	6,465	6,384	6,311	6,244

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.