



August 9, 2022

# Consolidated Financial Results for the First Quarter of Fiscal Year 2022 (From April 1, 2022 to June 30, 2022) [Japan GAAP]

Company Name: **Idemitsu Kosan Co.,Ltd.** (URL <https://www.idemitsu.com/en/index.html>)

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

Name of Representative: Shunichi Kito, Representative Director & Chief Executive Officer

Contact Person: Daisuke Mogi, General Manager, Investor Relations Office, Finance & Accounting Department

Telephone: +81-3-3213-9307

Scheduled date of filing of quarterly securities report: August 10, 2022

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 FY2022 (From April 1, 2022 to June 30, 2022)

### (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 FY2022	2,204,695	69.3	233,633	109.9	244,992	98.2	179,321	102.9
1Q FY2021	1,302,263	32.5	111,305	—	123,600	—	88,380	—

Note: Comprehensive income 1Q FY2022 ¥191,526 million (69.1%) 1Q FY2021 ¥113,267 million (—%)

	Net income per share	Diluted net income per share
	¥	¥
1Q FY2022	603.16	—
1Q FY2021	297.31	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	¥million	¥million	%
1Q FY2022	5,153,610	1,595,386	30.5
FY2021	4,601,183	1,436,512	30.7

Reference: Total equity 1Q FY2022 ¥1,570,662 million FY2021 ¥1,412,101 million

## 2. Dividends

	Cash dividends per share				
	As of Jun.30	As of Sep.30	As of Dec.31	As of Mar.31	Total
	¥	¥	¥	¥	¥
FY2021	—	60.00	—	110.00	170.00
FY2022	—				
FY2022 (Forecasts)		60.00	—	60.00	120.00

Note: 1. Revisions of the forecasts of cash dividends since the latest announcement: None

2. Breakdown of the fiscal year-end dividend for FY2021: Ordinary dividend: ¥60.00; Commemorative dividend: ¥50.00 (110th anniversary of foundation)

## 3. Forecasts of Consolidated Financial Results for FY2022 (From April 1, 2022 to March 31, 2023)

(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	%	¥
FY2022	9,260,000	38.5	375,000	(13.7)	400,000	(12.9)	280,000	0.2	941.80

Note: Revisions of the forecasts of consolidated financial results since the latest announcement: Yes

\* Notes

(1) Changes of material consolidated subsidiaries during the three months ended June 30, 2022:

**Yes**

Newly consolidated companies: 1 (Seibu Oil Co., Ltd.)

(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, 2022: 297,864,718      As of March 31, 2022: 297,864,718

b) Number of shares of treasury stock

As of June 30, 2022: 565,119      As of March 31, 2022: 561,317

c) Weighted average number of shares outstanding during the period

Three months ended June 30, 2022: 297,302,757

Three months ended June 30, 2021: 297,268,331

\*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 FY2022" of the Appendix.

## Contents of the Appendix

<b>1. Qualitative Information on the Consolidated Operating Results for the First Quarter of FY2022.....</b>	<b>2</b>
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	5
(3) Explanation of Forecasts of Consolidated Financial Results for FY2022 .....	5
<b>2. Consolidated Financial Statements for the First Quarter of FY2022 and Major Notes.....</b>	<b>6</b>
(1) Consolidated Quarterly Balance Sheets .....	6
(2) Consolidated Quarterly Statements of Income and Comprehensive Income .....	8
1) Consolidated Quarterly Statements of Income .....	8
2) Consolidated Quarterly Statements of Comprehensive Income .....	9
(3) Notes to the Consolidated Quarterly Financial Statements.....	10
1) Notes on the Assumption of a Going Concern.....	10
2) Notes on Significant Changes in Shareholders' Equity.....	10
3) Application of the Accounting Method Peculiar to the Preparation of the Quarterly Financial Statements .....	10
4) Changes in Accounting Policies.....	10
5) Consolidated Segment Information .....	11

## 1. Qualitative Information on the Consolidated Operating Results for the First Quarter of FY2022

### (1) Explanation of Operating Results

During the first quarter of fiscal 2022, the domestic demand for main petroleum products increased for both primary fuels and aircraft due to the gradual decrease in the number of cases of COVID-19 and the lifting of the quasi-state of emergency measures.

With regard to crude oil prices, the supply-demand balance remained tight, as the prices have been on an upward trend due to the recovery in demand owing to the relaxation of activity restrictions in the United States and European countries, and in terms of supply, OPEC Plus continued cooperative production cutbacks after April and the situation in Ukraine and other factors had an impact. As a result, the average Dubai crude oil price from April to June increased by \$41.1/bbl from the same period last year to \$108.1/bbl.

(Crude oil price and exchange rate)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	
Dubai Crude Oil (\$/bbl)	66.9	108.1	+41.1	+61.4%
Exchange Rate (¥/\$)	109.5	129.6	+20.1	+18.3%

The Idemitsu Group's consolidated net sales for the first quarter of fiscal 2022 were ¥2,204.7 billion, up 69.3% year on year, mainly due to factors including an increase in crude oil prices and the impact of the weaker yen.

Operating income was ¥233.6 billion, up 109.9% year on year, mainly due to the effects of the inventory valuation and time lags associated with the surging crude oil prices in the petroleum segment, and the increase in coal prices in the resources segment.

Net non-operating income remained almost unchanged at ¥11.4 billion, down 7.6% year on year. Consequently, ordinary income was ¥245.0 billion, up 98.2% year on year.

Net extraordinary income was ¥8.9 billion, up 18.9% year on year, mainly due to the sale of fixed assets of domestic subsidiaries, while a loss from the step acquisition was incurred when the Company acquired additional shares of Seibu Oil Co., Ltd., which then became its consolidated subsidiary.

Income tax expenses, which consist of income taxes-current and income taxes-deferred, amounted to ¥74.7 billion, up 85.2% year on year, due to an increase in net income before income taxes.

Consequently, net income attributable to owners of the parent was ¥179.3 billion, up 102.9% year on year.

The performance of our business by segment for the three months ended June 30, 2022 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, 2022, and those of domestic subsidiaries for the three months ended June 30, 2022.

#### Net sales by segment

(Unit: ¥Billion)

Segment	1st Quarter of FY2021	1st Quarter of FY2022	Change	
			Amount	%
Petroleum	998.7	1,754.2	+755.5	+75.6 %
Basic chemicals	121.8	187.7	+66.0	+54.2 %
Functional materials	95.1	120.4	+25.3	+26.7 %
Power and renewable energy	25.7	36.4	+10.7	+41.7 %
Resources	60.3	105.4	+45.1	+74.7 %
Other	0.7	0.6	(0.1)	(18.8) %
Total	1,302.3	2,204.7	+902.4	+69.3 %

#### Segment income or loss

(Unit: ¥Billion)

	1st Quarter of FY2021	1st Quarter of FY2022	Change	
			Amount	%
Petroleum	98.9	216.6	+117.7	+119.1 %
<i>: excluding effect of inventory valuation</i>	29.6	57.4	+27.8	+93.9 %
Basic chemicals	6.7	8.1	+1.4	+20.6 %
Functional materials	4.3	3.3	(1.0)	(23.7) %
Power and renewable energy	(1.0)	(3.7)	(2.7)	—
Resources	13.0	31.7	+18.7	+144.4 %
Other	0.1	0.0	(0.0)	(51.1) %
Reconciliation	(2.4)	(11.9)	(9.6)	—
Total	119.6	244.1	+124.5	+104.2 %
<i>: excluding effect of inventory valuation</i>	50.3	84.9	+34.6	+68.8 %

#### [Petroleum segment]

Net sales in the petroleum segment were ¥1,754.2 billion, up 75.6% year on year, mainly due to the surging crude oil prices. Segment income was ¥216.6 billion, up 119.1% year on year, due to positive factors such as effects of the inventory valuation and time lags associated with the surging crude oil prices, and higher export margins.

[Basic chemicals segment]

Net sales in the basic chemicals segment were ¥187.7 billion, up 54.2% year on year, due to increases in naphtha prices. Segment income was ¥8.1 billion, up 20.6% year on year, due to the recovery of product margins on mixed xylene and other chemical products.

[Functional materials segment]

Net sales in the functional materials segment were ¥120.4 billion, up 26.7% year on year, and segment income was ¥3.3 billion, down 23.7% year on year, mainly due to the spread contraction on some products in the performance chemicals business and the delays in passing the effect of rising oil prices on sales prices in the lubricants business.

[Power and renewable energy segment]

Net sales in the power and renewable energy segment were ¥36.4 billion, up 41.7% year on year, and segment loss was ¥3.7 billion, up ¥2.7 billion year on year, mainly due to higher procurement costs associated with higher wholesale market prices in the electric power business.

[Resources segment]

(Oil/natural gas exploration and production and geothermal energy business)

In the oil exploration and production business, net sales were ¥8.3 billion, down 67.0% year on year, and segment income was ¥6.5 billion, down 47.0% year on year, mainly due to the change of a Norwegian subsidiary to an equity method affiliate.

(Coal business and others)

Net sales in the coal business and others were ¥97.1 billion, up 175.5% year on year, mainly due to rising coal prices. Segment income was ¥25.1 billion, up ¥24.5 billion year on year.

As a result of the above, total net sales of the resources segment were ¥105.4 billion, up 74.7% year on year, and segment income was ¥31.7 billion, up 144.4% year on year.

[Other segments]

Net sales of the other segments were ¥0.6 billion, down 18.8% year on year, and segment income was ¥0.0 billion, down 51.1% year on year.

(2) Explanation of Financial Position  
Summarized Consolidated Balance Sheets

(Unit: ¥Billion)

	FY2021	1 <sup>st</sup> Quarter of FY2022	Change
Current assets	2,368.1	2,831.6	+463.5
Fixed assets	2,233.1	2,322.0	+88.9
Total assets	4,601.2	5,153.6	+552.4
Current liabilities	2,061.3	2,402.2	+341.0
Non-current liabilities	1,103.4	1,156.0	+52.6
Total liabilities	3,164.7	3,558.2	+393.6
Total net assets	1,436.5	1,595.4	+158.9
Total liabilities and net assets	4,601.2	5,153.6	+552.4

1) Total assets

Total assets were ¥5,153.6 billion, an increase of ¥552.4 billion from the end of the previous fiscal year, mainly due to an increase in inventories resulting from the surging crude oil prices.

2) Total liabilities

Total liabilities were ¥3,558.2 billion, an increase of ¥393.6 billion from the end of the previous fiscal year, mainly due to increases in income taxes payable, and short-term and long-term loans payable.

3) Total net assets

Total net assets were ¥1,595.4 billion, an increase of ¥158.9 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent of ¥179.3 billion, despite dividend payments of ¥32.8 billion.

Consequently, the equity ratio as of June 30, 2022 was 30.5%, a decrease of 0.2 points from 30.7% at the end of the previous fiscal year. The Net D/E ratio as of June 30, 2022 was 0.9 (end of the previous fiscal year: 0.9).

(3) Explanation of Forecasts of Consolidated Financial Results for FY2022

The Company has revised its forecasts of the consolidated financial results for the year ending March 31, 2023, released on May 10, 2022, given the actual business results for the three months ended June 30, 2022, and the latest forecasts. Please refer to the “Announcement on Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending March 2023” announced today for details of the forecasts.

## 2. Consolidated Financial Statements for the First Quarter of FY2022 and Major Notes

### (1) Consolidated Quarterly Balance Sheets

(Unit: ¥Million)

	FY2021 (As of March 31, 2022)	1 <sup>st</sup> Quarter of FY2022 (As of June 30, 2022)
<b>Assets</b>		
Current assets:		
Cash and deposits	140,281	161,415
Notes and accounts receivable, trade	870,483	859,518
Inventories	1,060,205	1,418,008
Accounts receivable, other	242,860	299,898
Other	55,283	93,994
Less: Allowance for doubtful accounts	(1,026)	(1,226)
Total current assets	2,368,088	2,831,609
Fixed assets:		
Property, plant and equipment:		
Machinery and equipment, net	286,611	289,302
Land	779,921	777,992
Other, net	371,277	405,420
Total property, plant and equipment	1,437,810	1,472,715
Intangible fixed assets:		
Goodwill	149,691	147,535
Other	158,937	156,520
Total intangible fixed assets	308,628	304,056
Investments and other assets:		
Investment securities	261,095	271,781
Other	228,121	276,109
Less: Allowance for doubtful accounts	(2,561)	(2,662)
Total investments and other assets	486,655	545,228
Total fixed assets	2,233,094	2,322,000
Total assets	4,601,183	5,153,610
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable, trade	840,834	880,341
Short-term loans payable	369,043	537,636
Commercial paper	237,000	250,000
Current portion of bonds payable	10,000	10,000
Accounts payable, other	390,920	463,409
Income taxes payable	39,908	90,275
Provision for bonuses	13,942	6,863
Other	159,622	163,718
Total current liabilities	2,061,273	2,402,244
Non-current liabilities:		
Bonds payable	130,000	130,000
Long-term loans payable	590,767	615,138
Liability for employees' retirement benefits	71,648	72,162
Reserve for repair work	67,527	76,960
Asset retirement obligations	44,914	49,047
Other	198,539	212,670
Total non-current liabilities	1,103,397	1,155,979
Total liabilities	3,164,670	3,558,223



(Unit: ¥Million)

	FY2021 (As of March 31, 2022)	1 <sup>st</sup> Quarter of FY2022 (As of June 30, 2022)
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus	460,507	460,403
Retained earnings	645,330	791,795
Treasury stock	(1,883)	(1,881)
Total shareholders' equity	1,272,306	1,418,669
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	3,443	3,859
Deferred gains (losses) on hedging activities, net	(5,236)	(7,332)
Surplus from land revaluation	157,154	157,250
Foreign currency translation adjustments	(26,762)	(12,100)
Defined retirement benefit plans	11,196	10,315
Total accumulated other comprehensive income	139,795	151,992
Noncontrolling interests	24,410	24,724
Total net assets	1,436,512	1,595,386
Total liabilities and net assets	4,601,183	5,153,610

## (2) Consolidated Quarterly Statements of Income and Comprehensive Income

## 1) Consolidated Quarterly Statements of Income

(Unit: ¥Million)

	1 <sup>st</sup> Quarter of FY2021 (From April 1, 2021 to June 30, 2021)	1 <sup>st</sup> Quarter of FY2022 (From April 1, 2022 to June 30, 2022)
Net sales	1,302,263	2,204,695
Cost of sales	1,091,487	1,859,103
Gross profit	210,775	345,592
Selling, general and administrative expenses	99,470	111,959
Operating income	111,305	233,633
Non-operating income:		
Interest income	2,077	830
Dividend income	1,619	1,123
Equity in earnings of nonconsolidated subsidiaries and affiliates, net	8,260	10,464
Gain on foreign exchange, net	1,234	896
Other	2,545	1,392
Total non-operating income	15,737	14,707
Non-operating expenses:		
Interest expense	2,805	3,004
Other	637	343
Total non-operating expenses	3,443	3,348
Ordinary income	123,600	244,992
Extraordinary income:		
Gain on sales of fixed assets	3,982	15,910
Gain on amortization of past service cost	2,144	—
Other	2,408	1,556
Total extraordinary income	8,535	17,466
Extraordinary losses:		
Impairment loss on fixed assets	357	207
Loss on sales of fixed assets	4	244
Loss on disposals of fixed assets	536	868
Loss from step acquisition	—	7,223
Other	175	52
Total extraordinary losses	1,073	8,595
Income before income taxes	131,061	253,862
Income taxes	40,330	74,688
Net income	90,731	179,174
Net income (loss) attributable to noncontrolling interests	2,351	(147)
Net income attributable to owners of the parent	88,380	179,321

## 2) Consolidated Quarterly Statements of Comprehensive Income

(Unit: ¥Million)

	1 <sup>st</sup> Quarter of FY2021 (From April 1, 2021 to June 30, 2021)	1 <sup>st</sup> Quarter of FY2022 (From April 1, 2022 to June 30, 2022)
Net income	90,731	179,174
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(204)	348
Deferred gains (losses) on hedging activities, net	(938)	(2,668)
Surplus from land revaluation	0	96
Foreign currency translation adjustments	23,594	15,515
Defined retirement benefit plans	(2)	(914)
Share of other comprehensive income in equity method affiliates	87	(26)
Total other comprehensive income	22,536	12,351
Comprehensive income	113,267	191,526
Comprehensive income attributable to:		
Owners of the parent	109,281	190,879
Noncontrolling interests	3,985	646

### (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, 2022 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

##### (Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company applies "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the current fiscal year. In accordance with the transitional provision provided in the provisory clause of Article 27-2 of ASBJ Guidance No.31, the new accounting policy prescribed by ASBJ Guidance No. 31 is applied prospectively. There is no impact from this application on the consolidated financial statements.

##### (Lease ASU 2016-02)

Accounting Standards Update (ASU) 2016-02 requires a lessee to recognize, in principle, assets and liabilities for all leases. This standard applies mainly to overseas consolidated subsidiaries in the United States, but the impact of the application is immaterial.

## 5) Consolidated Segment Information

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.

First Quarter of FY2022 (From April 1, 2022 to June 30, 2022)

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	1,754,184	187,737	120,427	36,394	105,386	2,204,130	565	2,204,695	—	2,204,695
Inter-segment	11,618	10,053	5,912	1,278	1	28,864	480	29,345	(29,345)	—
Total sales	1,765,803	197,790	126,339	37,673	105,387	2,232,994	1,046	2,234,041	(29,345)	2,204,695
Operating income (loss)	209,598	8,225	3,241	(3,276)	28,814	246,602	25	246,628	(12,995)	233,633
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	7,008	(118)	36	(396)	2,875	9,405	—	9,405	1,058	10,464
Segment income (loss)	216,606	8,107	3,278	(3,673)	31,689	256,008	25	256,033	(11,936)	244,097

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.