May 9, 2023

Consolidated Financial Results for the Fiscal Year 2022

(From April 1, 2022 to March 31, 2023) [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
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Scheduled date of ordinary general meeting of shareholders: June 22, 2023
Scheduled date of commencement of dividend payments: June 2, 2023
Scheduled date of filing of Securities Report: June 22, 2023
Supplemental materials for the financial results: Yes
Financial results presentation: Yes (for institutional investors and analysts)

(Figures less than ¥1 million are rounded off)

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

(1) Consolidated operating results (Percentages represent changes from prior year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	¥million	%	¥million	%	¥million	%	¥million	%
FY2022	9,456,281	41.4	282,442	(35.0)	321,525	(30.0)	253,646	(9.2)
FY2021	6,686,761	46.7	434,453	210.2	459,275	323.8	279,498	700.4

Notes: Comprehensive income FY2022 ¥272,406 million (9.2%) FY2021 ¥300,114 million 580.2%

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	¥	¥	%	%	%
FY2022	853.37	—	16.8	6.8	3.0
FY2021	940.15	—	21.8	10.7	6.5

Reference: Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates FY2022 ¥25,981 million
FY2021 ¥15,029 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2022	4,865,370	1,629,308	33.2	5,510.24
FY2021	4,601,183	1,436,512	30.7	4,749.70

Reference: Total equity FY2022 ¥1,614,526 million FY2021 ¥1,412,101 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	¥million	¥million	¥million	¥million
FY2022	(32,844)	70,079	(90,416)	103,079
FY2021	146,111	(111,628)	(30,003)	139,030

2. Dividends

	Cash dividends per share					Total dividend amount	Payout ratio (Consolidated)	Dividends on equity ratio (Consolidated)
	As of Jun.30	As of Sep.30	As of Dec.31	As of Mar.31	Total			
	¥	¥	¥	¥	¥	¥million	%	%
FY2021	–	60.00	–	110.00	170.00	50,630	18.1	3.9
FY2022	–	60.00	–	60.00	120.00	35,476	14.1	2.3
FY2023 (Forecast)	–	60.00	–	60.00	120.00		35.2	

Note: 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 FY2023 (From April 1, 2023 to March 31, 2024)

(Percentages represent changes from prior year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	¥
FY2023	8,300,000	(12.2)	140,000	(50.4)	150,000	(53.3)	100,000	(60.6)	341.29

* Notes

(1) Changes of number of material consolidated subsidiaries during the fiscal year: **Yes**
Newly consolidated companies: 1 (Seibu Oil Co,.Ltd)

(2) Changes in accounting policies and accounting estimates, or 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**

(3) Number of shares issued (common stock)
a) Number of shares issued (including treasury stock)
As of March 31, 2023: 297,864,718 As of March 31, 2022: 297,864,718
b) Number of shares of treasury stock
As of March 31, 2023: 4,859,945 As of March 31, 2022: 561,317
c) Weighted average number of shares outstanding during the period
FY2022: 297,228,086 FY2021: 297,290,832

(Reference)

1. Nonconsolidated Financial Results for FY2022 (From April 1, 2022 to March 31, 2023)

(1) Nonconsolidated operating results

(Percentages represent changes from prior year)

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
FY2022	7,044,609	39.1	52,555	(83.4)	75,845	(79.0)	49,494	(81.8)
FY2021	5,064,029	47.4	317,291	228.9	361,914	157.0	271,592	180.7

	Net income per share	Diluted net income per share
	¥	¥
FY2022	166.52	―
FY2021	913.50	―

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2022	3,920,414	1,160,177	29.6	3,959.58
FY2021	3,839,630	1,175,997	30.6	3,955.31

Reference: Total equity FY2022 ¥1,160,177 million FY2021 ¥1,175,997 million

* This document is out of the scope of audit performed by certificated public accountants or audit firms.

* The financial forecasts in this document are based on information currently available and certain assumptions deemed reasonable. Actual operating results may differ from these forecasts due to various factors. Additionally, for the assumptions used for the forecasts of the financial results, please refer to page 9 “Forecasts of consolidated financial results for FY2023” of the Appendix.

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[Appendix]
1. Overviews Concerning Operating Results and Financial Position

(1) Overview Concerning Operating Results

1) General economic conditions and environment surrounding the Idemitsu Group

During the current fiscal year, the Japanese economy experienced a volatile year, as the recovery from the impact of the novel coronavirus (“COVID-19”) and the lifting of restrictions on activities stimulated movement toward normalization, while the prolonged situation in Ukraine, global inflation, and the sharp depreciation of the yen affected the economy.

Domestic sales of petroleum products increased mainly in gasoline and other primary fuels and jet fuel as demand recovered following the easing of restrictions on activities, such as refraining from going out due to COVID-19.

Crude oil prices were on a temporary upward trend with the market tightening since the Russian invasion of Ukraine and the recovery of demand after countries had eased their behavioral restrictions. Since June, the prices have been on a downward trend with concerns about an economic slowdown amid the global inflation and lockdowns and other measures that China has taken against the re-expansion of COVID-19. As a result, the average Dubai crude oil prices increased by $14.4/bbl from the same period last year to $92.5/bbl.

As for the dollar-to-yen exchange rate, in the first half of the year the yen weakened against the U.S. dollar due to differences in monetary policy between Japan and the U.S., and in October the yen weakened to over ¥150/$. However, the yen appreciated toward the year-end with the slowdown in the pace of interest rate hikes by the FRB and the decision by the Bank of Japan to review the operation of some of its short- and long-term interest rates. Consequently, the average rate decreased by ¥23.1/$ from the previous fiscal year to ¥135.5/$.

2) Operating results

The Idemitsu Group’s net sales for fiscal 2022 were ¥9,456.3 billion, up 41.4% year on year, mainly due to surging crude oil prices.

Cost of sales was ¥8,662.3 billion, up 49.3% year on year. Selling, general, and administrative expenses totaled ¥511.6 billion, up 13.8% year on year.

Operating income was ¥282.4 billion, down 35.0% year on year, mainly due to a ¥55.7 billion gain on the effect of inventory valuation, down from a ¥233.2 billion gain in the previous year, and a decrease in income in the petroleum segment.

Non-operating income was ¥39.1 billion, up 57.5% year on year, mainly due to foreign exchange gains and improvements in equity in earnings of non-consolidated subsidiaries and affiliates. Consequently, ordinary income was ¥321.5 billion, down 30.0% year on year.

Net extraordinary income was ¥26.7 billion, an increase of ¥98.0 billion year on year, mainly due to gains on the sale of tangible fixed assets of the Company and domestic subsidiaries, while the Company recorded an impairment loss and a loss from the step acquisition 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 ¥97.5 billion, down 12.4% year on year. Consequently, net loss attributable to noncontrolling interests was ¥2.9 billion, up 6.4% year on year.

As a result, net income attributable to owners of the parent was ¥253.6 billion, down 9.2% year on year.

3) Progress and results of business

The progress and results of our business by segment are as follows:

As to annual reporting periods, domestic subsidiaries use March 31, 2023 as their balance sheet date whereas overseas subsidiaries use December 31, 2022 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 year ended December 31, 2022, and those of domestic subsidiaries for the year ended March 31, 2023.

Net sales by segment

(Unit: ¥Billion)

Segment	FY2021	FY2022	Change (Decrease)	
			Amount	%
Petroleum	5,219.4	7,403.9	+2,184.4	+41.9 %
Basic chemicals	563.5	666.9	+103.4	+18.3 %
Functional materials	421.4	511.0	+89.6	+21.3 %
Power and renewable energy	138.3	197.1	+58.8	+42.5 %
Resources	338.8	672.1	+333.3	+98.4 %
Others	5.3	5.4	+0.1	+1.1 %
Total	6,686.8	9,456.3	+2,769.5	+41.4 %

Segment income (loss) by segment

(Unit: ¥Billion)

Segment	FY2021	FY2022	Change (Decrease)	
			Amount	%
Petroleum	369.7	73.0	(296.7)	(80.2) %
: excluding effect of inventory valuation	*136.5*	*17.3*	*(119.2)*	*(87.3) %*
Basic chemicals	8.2	10.1	+1.9	+23.2 %
Functional materials	17.1	17.0	(0.2)	(1.0) %
Power and renewable energy	(9.9)	0.5	+10.4	—
Resources	81.0	230.9	+149.9	+185.0 %
Others	0.8	1.2	+0.4	+47.3 %
Reconciliation	(17.4)	(24.2)	(6.7)	—
Total	449.5	308.4	(141.1)	(31.4) %
: excluding effect of inventory valuation	*216.2*	*252.7*	*36.4*	*+16.9 %*

Note: Segment income (loss) is the total of operating income (loss) and equity in earnings (losses) of nonconsolidated subsidiaries and affiliates.

[Petroleum segment]

Under the social mission of sustaining Japan’s energy security, the Company strived to strengthen the competitiveness of its domestic supply chain, while also being committed to strengthening overseas business and converting its refineries and complexes into CNX centers in order to realize sustainable growth.

In domestic manufacturing and supply, the Company worked to ensure a stable supply of petroleum products while optimizing its facilities and operations; enhancing the reliability of its refineries by means of advanced technologies such as AI and IoT; and making logistics more efficient.

In domestic marketing and sales, in order to maintain and expand businesses utilizing the service station (SSs) network, which is the property of the Idemitsu Group, measures using the Drive On application, which was released in November 2021, are being actively implemented. Drive On, which is the base item for the “Smart Yorozuya” concept, is the starting point for mobility measures such as Car maintenance reservation management system PIT in plus, personal car leases Auto Flat, and Raku-Raku Anshin Shaken. Also, since November 2022, a payment function, Mobile Drive Pay, was equipped with this application, which enables customers to make maintenance reservations, pay for refueling, and use coupons with just one Drive On application.

Regarding business efforts in overseas markets, the Company worked to ensure stable operation of the Nghi Son Refinery in Vietnam. The Company also took steps to enhance its overseas business hubs centering on IDEMITSU INTERNATIONAL (ASIA) PTE. LTD., a subsidiary in Singapore, making efforts to strengthen its marketing and sales networks in growing markets such as the Asia Pacific Rim region.

Consequently, net sales in the petroleum segment were ¥7,403.9 billion, up 41.9% year on year, due to the surging crude oil prices. Segment income was ¥73.0 billion, down 80.2% year on year despite increased export margins, due to several negative factors, including a significant decrease in the inventory valuation effect, decreased margins in products other than major ones, including naphtha and LPG, an increase in in-house combustion costs, and time lags associated with a decline in crude oil prices. Gain from inventory valuation included in operating income was ¥55.7 billion.

[Basic chemicals segment]

To enhance the competitiveness of the existing business, the paraxylene production equipment at the Aichi Complex, which was acquired from ENEOS, commenced operation in fiscal 2022. The Company will further promote the chemical shift by utilizing excess gasoline base materials.

To achieve the 2050 CN, the Company is promoting initiatives to “supply bio-chemicals through the use of bio-raw materials” and “establish a resource recycling system.”

The Tokuyama Complex (March 2022) and Chiba Complex (March 2023) acquired ISCC Plus certification for bio-chemicals, for the supply of bio-chemicals through the use of bio-raw materials. The Company has started to supply biochemicals using a mass balance system based on bionaphtha sourced externally.

In order to establish a resource recycling system, the Company is promoting initiatives to develop technologies to convert used plastics into oil (chemical recycling) and has completed a basic design, aiming for commercial operation in fiscal 2025.

Consequently, net sales in the basic chemicals segment were ¥666.9 billion, up 18.3% year on year, mainly due to increases in naphtha prices. Segment income was ¥10.1 billion, up 23.2% year on year, mainly due to tighter supply and demand for paraxylene and mixed xylene and a recovery in product margins.

[Functional materials segment]

(Lubricants business)

Amid growing environmental awareness in Japan, the Company launched the industry’s first phosphorus-free and ash-free diesel engine oil. In addition, the Company expanded sales of Idemitsu brand products overseas, contributing to earnings.

(Performance chemicals business)

Despite the decline in demand and logistical disruptions caused by the situation in Ukraine and the pandemic, the Company worked to strengthen its earning power through thorough profitability improvement activities. In the engineering plastics and compounds businesses, the Company focused on expanding sales of high-value-added products and completed the construction of SPS Unit 2 in Malaysia and started its trial operation, whose commercial operation is expected to commence in 2023. Due to the anticipated deterioration in the balance of supply and demand of general-purpose products with strong market impact and the expectation of a continued difficult business environment in the medium term owing to the significant capacity expansion in China, the Company withdrew from the acrylic acid business, which is less competitive. In the hydrated petroleum and resins business, the Company suspended facilities in Japan to concentrate the production in a competitive joint venture in Taiwan. The Company also decided to withdraw from the LMPP business, which had become more versatile than expected and was unlikely to be profitable, and shut down the facilities within fiscal 2023 as part of our business concentration and selection strategies to transform our business structure into a more streamlined one.

(Electronic materials business)

The Company developed businesses of OLED materials and oxidation semiconductors, which lead to higher display performance and conservation and recycling of various resources. In the production of OLED materials, the Company has developed new technologies related to fluorescent blue materials and started offering them to our customers. The Company also continues to provide a stable supply of products through our three manufacturing bases in Japan, South Korea, and China.

(Functional paving material business (high functional asphalt business))

In Japan, with the demand for asphalt remaining strong, the Company worked to ensure a stable supply of social infrastructure materials, while developing products based on the needs of our customers and developing technologies that contribute to low carbon and carbon neutrality. In the overseas business, our products were added to the order specifications for pavement construction based on the results of test construction conducted jointly with highway administrators in Southeast Asia.

(Agricultural biotechnology products business)

In July 2022, the Company completed business succession through an absorption-type demerger of the Agri-Bio Business Department, and began selling livestock material at SDS Biotech K.K. in the U.S., and expanded the application of our domestic pesticide registration to 12 fungicides, one bio-pesticide fungicide, and one herbicide for green space management to further promote the wider use of our products.

As a result of the above, net sales in the functional materials segment were ¥511.0 billion, up 21.3% year on year. Segment income was ¥17.0 billion, down 1.0% year on year, as an increase in profit due to a decrease in the price of heavy oil distillate, which is a raw material for asphalt, in the functional paving materials business, was more than offset by a combination of a decrease in profit due to lower market prices arising from elevated prices in the previous fiscal year in some performance chemicals and a decrease in sales volume in the electronic materials business.

[Power and renewable energy segment]

The Company will establish a stable revenue base in existing businesses, and promote ownership of renewable energy sources as a power generation operator. The Company is also working to demonstrate and expand our solutions business through the use of storage batteries. In Japan, the Tokuyama Biomass Power Plant, which had been under development, started commercial operation. The Company has also started offering the idemitsu CN Support Service to promote initiatives to support municipalities and companies to realize CN and introduce EVs. Overseas, large-scale solar power plants under development in the United States were successfully completed. In Southeast Asia, a growth market, the Company is also working to install solar power generating equipment on the roofs of customer facilities.

Consequently, net sales of the power and renewable energy segment were ¥197.1 billion, up 42.5% year on year. Segment income was ¥0.5 billion, up ¥10.4 billion year on year, mainly due to the profitability of the electric power business having improved through efforts based on the supply and sale of in-house power sources.

[Resources segment]

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

In the oil/natural gas exploration and production business, the Company became the operator of a project to develop natural gas and continued stable production in an offshore gas field project off the coast of southern Vietnam. In Europe, the Company conducted stable production and exploration in existing oil fields in the North Sea region of northern Norway through INPEX Norway, an equity method affiliate, and its subsidiaries.

In the geothermal energy business, the Company worked to ensure safe operation of existing power plants, decided to build a new power plant in Oyasu, Yuzawa City, Akita Prefecture, and proceeded with the development of other new projects in Japan.

In the oil/natural gas exploration and production and geothermal energy business, net sales were ¥43.4 billion, down 42.4% year on year, mainly due to the change of a Norwegian subsidiary to an equity method affiliate. Segment income was ¥32.8 billion, down 15.3% year on year, mainly due to an increase in production volume in the Vietnam gas field, despite a decrease in profit resulting from the conversion of a Norwegian subsidiary into an equity method affiliate.

(Coal business and others)

In the coal business, the Company decided to sell the Ensham Mine as part of structural reforms and focus on maintaining a stable supply at the highly competitive Boggabri Mine.

In other businesses, the Company began construction of a commercial plant for black pellets (product name: Idemitsu Green Energy Pellet™), a biomass fuel alternative to coal, in Vietnam, and advanced feasibility studies for CO^2 recycling (carbon recycling), which uses synthetic calcium carbonate to fix CO^2 in boiler exhaust gas. In addition to entering the rare metal mining business by leveraging the business base we have built up through the operation of coal mines, the Company has taken steps to mitigate environmental burdens and contribute to local communities, including studies on the commercialization of solar power systems and pumped storage hydroelectric power systems using mine assets, and the commencement of joint studies and surveys on the Green Hydrogen and Ammonia Project.

Net sales of the coal business and others were ¥628.7 billion, up 138.7% year on year. Segment income was ¥198.1 billion, up 368.4% year on year, mainly due to an increase in coal prices.

As a result of the above, total net sales of the resources segment were ¥672.1 billion, up 98.4% year-on-year, and segment income was ¥230.9 billion, up 185.0% year-on-year.

(Other segments)

Net sales in other segment were ¥5.4 billion, up 1.1% year on year, and segment income was ¥1.2 billion, up 47.3% year on year.

[Research & Development and new business development]

(Solid electrolyte for all-solid rechargeable battery)

Using lithium sulfide, for which the Company has its own manufacturing technologies, as a raw material, the Company conducted R&D on solid electrolytes, which are the key materials for the next-generation all-solid battery, and proceeded with efforts toward commercialization. In order to realize early commercialization, the Company constructed the first plant for small-scale demonstration facilities at the Chiba Complex and started operation in November 2021. The second plant is also under construction to start operation in fiscal 2023.

4) Forecasts of consolidated financial results for FY2023

Regarding the forecasts of consolidated financial results for FY2023, the Company expects net sales of ¥8,300.0 billion, down 12.2%, operating income of ¥140.0 billion, down 50.4%, ordinary income of ¥150.0 billion, down 53.3%, and net income attributable to owners of the parent of ¥100.0 billion, down 60.6%, mainly due to the decline in coal prices and the inventory valuation effect.

The above forecasts of consolidated financial results for the fiscal year ending March 31, 2024, are based on the assumptions below:

Dubai Crude Oil Price: US$80/bbl

Foreign Exchange Rate: ¥130/US$

Forecasts for FY2023 and financial results for FY2022

(Unit: ¥Billion)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
FY2023	8,300.0	140.0	150.0	100.0
FY2022	9,456.3	282.4	321.5	253.6
Change (Decrease)	(12.2) %	(50.4) %	(53.3) %	(60.6) %

The above forecasts for FY2023 are based on information available as of the date of publication of this document. The actual operating results may differ from the forecasts due to various factors in the future.

(2) Overview Concerning Financial Position

1) Analysis of financial position

Summarized Consolidated Balance Sheets

(Unit: ¥Billion)

	FY2021	FY2022	Change
Current assets	2,368.1	2,732.1	+364.0
Fixed assets	2,233.1	2,133.3	(99.8)
Total assets	4,601.2	4,865.4	+264.2
Current liabilities	2,061.3	2,164.0	+102.7
Non-current liabilities	1,103.4	1,072.1	(31.3)
Total liabilities	3,164.7	3,236.1	+71.4
Total net assets	1,436.5	1,629.3	+192.8
Total liabilities and net assets	4,601.2	4,865.4	+264.2

a) Total assets

Total assets increased by ¥264.2 billion from the end of the previous fiscal year to ¥4,865.4 billion, mainly reflecting an increase in inventories owing to the acquisition of additional shares of Seibu Oil Co.,Ltd., which then became its consolidated subsidiary, and an increase in the unit cost of inventories, despite a decrease in tangible fixed assets mainly due to asset sales.

b) Total liabilities

Total liabilities as of March 31, 2023, were ¥3,236.1 billion, an increase of ¥71.4 billion from the end of the fiscal year, mainly due to an increase in interest-bearing debt, while notes and accounts payable-trade decreased due to a decline in crude oil prices.

c) Total net assets

Total net assets as of March 31, 2023, were ¥1,629.3 billion, an increase of ¥192.8 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent, despite dividend payments.

As a result, the equity ratio improved from 30.7% at the end of the previous fiscal year to 33.2%, up 2.5 points. The Net D/E ratio as of March 31, 2023, was 0.9 (end of the previous fiscal year: 0.9).

2) Analysis of cash flows

Summarized Consolidated Statements of Cash Flows

(Unit: ¥Billion)

	FY2021	FY2022
Cash flows from operating activities	146.1	(32.8)
Cash flows from investing activities	(111.6)	70.1
Cash flows from financing activities	(30.0)	(90.4)
Effect of exchange rate change on cash and cash equivalents	3.1	17.2
Net increase (decrease) in cash and cash equivalents	7.6	(36.0)
Cash and cash equivalents at the beginning of period	131.0	139.0
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	0.5	—
Cash and cash equivalents at the end of period	139.0	103.1

Cash and cash equivalents (“funds”) as of March 31, 2023, were ¥103.1 billion, a decrease of ¥36.0 billion compared with the end of the preceding fiscal year. Major factors for this decrease are as follows:

a) Cash flows from operating activities

Net cash used in operating activities amounted to ¥32.8 billion, mainly owing to increases in operating capital due to an increase in inventories and in consumption tax payment due to the drastic change mitigation measures.

b) Cash flows from investing activities

Net cash provided by investing activities amounted to ¥70.1 billion, mainly due to sales of tangible fixed assets and investment securities, and proceeds from refund of guarantee deposits, despite purchases of tangible fixed assets through investments for the maintenance and replacement of refinery facilities.

c) Cash flows from financing activities

Net cash used in financing activities was ¥90.4 billion, mainly due to dividend payments and the purchase of shares of subsidiaries.

(3) Basic Policy on Distribution of Profits/Dividends for FY2022 and FY2023

With respect to the year-end dividends for fiscal 2022, the Company has determined to pay a dividend of ¥60 per share. As a result, annual dividends for the fiscal year ended March 31, 2022, are ¥120 per share. The Company had a policy to secure a total return ratio of at least 50% of net income, including the acquisition of treasury stock, excluding the effect of inventory valuation for the cumulative three years from 2020 to 2022, recognizing that returning profits to shareholders is an important management issue.

Based on the above policy, the total return ratio for the period, including treasury stock acquisition of ¥60.0 billion announced in February 2023, is 50.3%.

Our basic policy for dividends for the next fiscal year is to pay a stable dividend of ¥120 yen per share. Based on the policy described in the Medium-term Business Plan (FY2023 – FY2025), which the Company released on November 16, 2022, the Company will continue to provide a total return ratio of at least 50% to shareholders on net income excluding inventory effects for the three-year period from FY2023 to FY2025.

2. Principal Policy for Selecting Financial Reporting Framework

The Idemitsu Group applies generally accepted accounting principles in Japan. We do not yet plan to elect to adopt International Financial Reporting Standards ("IFRS"). In response to potentially possible adoption of IFRS in the future, we have been tailoring group accounting policies.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Unit: ¥Million)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Assets		
Current assets:		
Cash and deposits	140,281	105,192
Notes and accounts receivable, trade	870,483	841,798
Inventories	1,060,205	1,308,570
Accounts receivable, other	242,860	319,483
Other	55,283	157,757
Less: Allowance for doubtful accounts	(1,026)	(733)
Total current assets	2,368,088	2,732,068
Fixed assets:		
Property, plant and equipment:		
Buildings and structures, net	268,941	250,997
Machinery, equipment and vehicles, net	286,611	265,024
Land	779,921	755,014
Construction in progress	24,204	29,044
Other, net	78,131	89,933
Total property, plant and equipment	1,437,810	1,390,013
Intangible fixed assets:		
Goodwill	149,691	140,481
Other	158,937	149,753
Total intangible fixed assets	308,628	290,235
Investments and other assets:		
Investment securities	261,095	244,699
Long-term loans receivable	12,301	23,944
Assets for employees' retirement benefits	43,369	43,408
Deferred tax assets	10,597	15,424
Other	161,852	128,182
Less: Allowance for doubtful accounts	(2,561)	(2,607)
Total investments and other assets	486,655	453,052
Total fixed assets	2,233,094	2,133,301
Total assets	4,601,183	4,865,370

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
		(Unit: ¥Million)
Liabilities		
Current liabilities:		
Notes and accounts payable, trade	840,834	697,307
Short-term loans payable	369,043	486,701
Commercial paper	237,000	301,983
Current portion of bonds payable	10,000	—
Accounts payable, other	390,920	390,189
Income taxes payable	39,908	67,978
Provision for bonuses	13,942	17,122
Other	159,622	202,702
Total current liabilities	2,061,273	2,163,986
Non-current liabilities:		
Bonds payable	130,000	150,000
Long-term loans payable	590,767	519,232
Deferred tax liabilities	34,468	35,747
Deferred tax liability related to land revaluation	84,211	85,912
Liability for employees' retirement benefits	71,648	60,351
Reserve for repair work	67,527	85,599
Asset retirement obligations	44,914	29,979
Other	79,859	105,253
Total non-current liabilities	1,103,397	1,072,076
Total liabilities	3,164,670	3,236,062
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus	460,507	451,642
Retained earnings	645,330	848,910
Treasury stock	(1,883)	(14,788)
Total shareholders' equity	1,272,306	1,454,116
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	3,443	3,918
Deferred gains (losses) on hedging activities, net	(5,236)	(6,431)
Surplus from land revaluation	157,154	154,641
Foreign currency translation adjustments	(26,762)	(4,571)
Defined retirement benefit plans	11,196	12,853
Total accumulated other comprehensive income	139,795	160,410
Noncontrolling interests	24,410	14,781
Total net assets	1,436,512	1,629,308
Total liabilities and net assets	4,601,183	4,865,370

(2) Consolidated Statements of Income and Comprehensive Income

1) Consolidated Statements of Income

(Unit: ¥Million)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net sales	6,686,761	9,456,281
Cost of sales	5,802,585	8,662,257
Gross profit	884,175	794,023
Selling, general and administrative expenses	449,722	511,581
Operating income	434,453	282,442
Non-operating income:		
Interest income	9,083	4,884
Equity in earnings of nonconsolidated subsidiaries and affiliates, net	15,029	25,981
Dividend income	4,284	3,068
Gain on foreign exchange, net	2,842	14,609
Subsidy income	3,528	3,757
Other	5,555	6,330
Total non-operating income	40,324	58,631
Non-operating expenses:		
Interest expense	11,207	15,289
Other	4,295	4,259
Total non-operating expenses	15,502	19,549
Ordinary income	459,275	321,525
Extraordinary income:		
Gain on sales of fixed assets	16,114	70,577
Gain on sales of investment securities	3,546	585
Gain on amortization of past service cost	2,144	—
Other	4,877	4,497
Total extraordinary income	26,683	75,659
Extraordinary loss:		
Impairment loss on fixed assets	15,907	25,824
Loss on sales of fixed assets	4,246	1,457
Loss on disposals of fixed assets	9,752	4,824
Loss on valuation of subsidiaries and affiliates	130	5,629
Loss on write-down of long-term loans receivable	55,916	—
Loss on step acquisitions	—	7,223
Other	11,943	3,955
Total extraordinary loss	97,896	48,914
Income before income taxes	388,062	348,270
Income taxes-current	71,821	102,523
Income taxes-deferred	39,437	(5,030)
Total income taxes	111,258	97,492
Net income	276,803	250,777
Net loss attributable to noncontrolling interests	(2,695)	(2,868)
Net income attributable to owners of the parent	279,498	253,646

2) Consolidated Statements of Comprehensive Income

(Unit: ¥Million)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net income	276,803	250,777
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(1,841)	523
Deferred gains (losses) on hedging activities, net	(1,889)	(164)
Surplus from land revaluation	(201)	(1,949)
Foreign currency translation adjustments	28,453	21,744
Defined retirement benefit plans	6,109	1,743
Share of other comprehensive income in equity method subsidiaries and affiliates	(7,319)	(267)
Total other comprehensive income	23,311	21,628
Comprehensive income	300,114	272,406
Comprehensive income attributable to:		
Owners of the parent	301,008	274,824
Noncontrolling interests	(894)	(2,418)

(3) Consolidated Statements of Changes in Net Assets

FY2021 (From April 1, 2021 to March 31, 2022)

(Unit: ¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	168,351	461,635	400,579	(2,008)	1,028,559
Cumulative effect due to changes in accounting policies			1,054		1,054
Balance at the beginning of current period reflecting changes in accounting policies	168,351	461,635	401,633	(2,008)	1,029,613
Changes of items during the period:					
Dividends from surplus			(35,739)		(35,739)
Capital surplus (goodwill)		(1,128)			(1,128)
Net income attributable to owners of the parent			279,498		279,498
Change in scope of consolidation			(2,291)		(2,291)
Acquisitions of treasury stock				(33)	(33)
Disposals of treasury stock		(0)		158	158
Adjustment due to sales and revaluation of land			2,229		2,229
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(1,128)	243,696	124	242,693
Balance at the end of current period	168,351	460,507	645,330	(1,883)	1,272,306

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains (losses) on available -for-sale securities	Deferred gains (losses) on hedging activities, net	Surplus from land revaluation	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	5,792	(1,209)	159,585	(47,207)	5,410	122,371	64,206	1,215,136
Cumulative effect due to changes in accounting policies								1,054
Balance at the beginning of current period reflecting changes in accounting policies	5,792	(1,209)	159,585	(47,207)	5,410	122,371	64,206	1,216,190
Changes of items during the period:								
Dividends from surplus								(35,739)
Capital surplus (goodwill)								(1,128)
Net income attributable to owners of the parent								279,498
Change in scope of consolidation								(2,291)
Acquisitions of treasury stock								(33)
Disposals of treasury stock								158
Adjustment due to sales and revaluation of land			(2,229)			(2,229)		–
Net changes of items other than shareholders' equity	(2,348)	(4,027)	(201)	20,444	5,786	19,652	(39,795)	(20,142)
Total changes of items during the period	(2,348)	(4,027)	(2,430)	20,444	5,786	17,423	(39,795)	220,321
Balance at the end of current period	3,443	(5,236)	157,154	(26,762)	11,196	139,795	24,410	1,436,512

FY2022 (From April 1, 2022 to March 31, 2023)

(Unit: ¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	168,351	460,507	645,330	(1,883)	1,272,306
Cumulative effect due to changes in accounting policies					–
Balance at the beginning of current period reflecting changes in accounting policies	168,351	460,507	645,330	(1,883)	1,272,306
Changes of items during the period:					
Dividends from surplus			(50,629)		(50,629)
Capital surplus (goodwill)		(8,865)			(8,865)
Net income attributable to owners of the parent			253,646		253,646
Change in scope of consolidation			–		–
Acquisitions of treasury stock				(13,091)	(13,091)
Disposals of treasury stock		0		186	187
Adjustment due to sales and revaluation of land			562		562
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(8,865)	203,579	(12,904)	181,809
Balance at the end of current period	168,351	451,642	848,910	(14,788)	1,454,116

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains (losses) on available -for-sale securities	Deferred gains (losses) on hedging activities, net	Surplus from land revaluation	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	3,443	(5,236)	157,154	(26,762)	11,196	139,795	24,410	1,436,512
Cumulative effect due to changes in accounting policies								–
Balance at the beginning of current period reflecting changes in accounting policies	3,443	(5,236)	157,154	(26,762)	11,196	139,795	24,410	1,436,512
Changes of items during the period:								
Dividends from surplus								(50,629)
Capital surplus (goodwill)								(8,865)
Net income attributable to owners of the parent								253,646
Change in scope of consolidation								–
Acquisitions of treasury stock								(13,091)
Disposals of treasury stock								187
Adjustment due to sales and revaluation of land			(562)			(562)		–
Net changes of items other than shareholders' equity	475	(1,194)	(1,949)	22,191	1,656	21,178	(9,629)	11,548
Total changes of items during the period	475	(1,194)	(2,512)	22,191	1,656	20,615	(9,629)	192,795
Balance at the end of current period	3,918	(6,431)	154,641	(4,571)	12,853	160,410	14,781	1,629,308

(4) Consolidated Statements of Cash Flows

(Unit: ¥Million)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities:		
Income before income taxes	388,062	348,270
Depreciation and amortization	104,767	104,449
Impairment loss on fixed assets	15,907	25,824
Amortization of goodwill	9,510	9,463
Increase (decrease) in liability for employees' retirement benefits	(18,677)	(12,338)
Increase (decrease) in reserve for repair work	(5,670)	17,156
Interest and dividend income	(13,368)	(7,952)
Interest expense	11,207	15,289
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates, net	(15,029)	(25,981)
(Gain) loss on sales of fixed assets, net	(11,868)	(69,119)
(Gain) loss on valuation of investment securities, net	209	122
Loss on write-down of long-term loans receivable	55,916	—
(Increase) decrease in notes and accounts receivable, trade	(250,351)	61,361
(Increase) decrease in inventories	(354,270)	(99,611)
(Increase) decrease in accounts receivable, other	(54,803)	(57,976)
Increase (decrease) in notes and accounts payable, trade	290,740	(171,193)
Increase (decrease) in accounts payable, other	(17,190)	(28,622)
Other, net	35,997	(67,754)
Subtotal	171,087	41,386
Interest and dividends received	23,070	15,672
Interest paid	(11,351)	(15,107)
Income taxes paid	(36,696)	(74,796)
Net cash provided by (used in) operating activities	146,111	(32,844)
Cash flows from investing activities:		
Purchases of tangible fixed assets	(94,741)	(85,570)
Proceeds from sales of tangible fixed assets	44,361	114,111
Purchases of intangible fixed assets	(12,710)	(4,908)
Acquisitions of investment securities	(9,462)	(2,071)
Proceeds from sales of investment securities	5,490	30,819
Purchases of shares of subsidiaries resulting in change in scope of consolidation	(2,180)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	555
Proceeds for sales of shares of subsidiaries resulting in change in scope of consolidation	1,933	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(851)	—
Disbursements for long-term loans	(250)	(12,866)
Proceeds from collection of long-term loans receivable	1,685	1,761
(Increase) decrease in short-term loans receivable, net	(3,478)	(5,119)
Other, net	(41,421)	33,369
Net cash provided by (used in) investing activities	(111,628)	70,079

(Unit: ¥Million)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	(6,998)	9,906
Increase (decrease) in commercial paper, net	48,995	64,982
Proceeds from long-term loans payable	28,525	13,740
Repayments of long-term loans payable	(57,670)	(102,363)
Proceeds from issuance of bonds	40,000	20,000
Redemption of bonds	(20,000)	(10,000)
Purchases of treasury stock	(33)	(13,091)
Proceeds from disposals of treasury stock	158	319
Cash dividends paid	(35,739)	(50,629)
Proceeds from share issuance to non-controlling shareholders	6,028	4,736
Cash dividends paid to non-controlling interests	(22,006)	(1,505)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,544)	(19,755)
Other, net	(7,717)	(6,755)
Net cash provided by (used in) financing activities	(30,003)	(90,416)
Effect of exchange rate change on cash and cash equivalents	3,127	17,230
Net increase (decrease) in cash and cash equivalents	7,606	(35,950)
Cash and cash equivalents at the beginning of period	130,956	139,030
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	467	—
Cash and cash equivalents at the end of period	139,030	103,079

(5) Notes to Consolidated Financial Statements

1) Notes on the Assumption of a Going Concern

None

2) 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 to overseas consolidated subsidiaries in the United States, but the impact of the application is immaterial.

3) Segment and Related Information

Segment Information

1. Description of reportable segments

The Company's business segments cover the Group's business units for which separate financial information is available on the business units for the whole Group and for which the Company's Board of Directors carries out a periodic review in order to determine the allocation of management resources and to evaluate their operating performance.

Major businesses in each segment are shown in the following table.

Reportable segment	Major businesses
Petroleum	Production, sales, import/export, trading, etc. of refined petroleum products
Basic chemicals	Production, sales, etc. of olefin/aroma products
Functional materials	Lubricants, performance chemicals, electronic materials, Functional paving material business, agricultural biotechnology products business, etc.
Power and renewable energy	Power generation (thermal power, solar power, wind power, etc.), sales of electricity and solar cell business
Resources	Exploration, development, production and sales of crude oil, natural gas and other energy resources such as coals

2. Methods of measurement for the amounts of sales, income, assets and other items for each reportable segment

The accounting method used for reported business segments complies with accounting policy that has been adopted in preparing the consolidated financial statements. The Company accounts for inter-segment sales and transfers as if the sales and transfers were made to third parties.

3. Information about sales, income, assets and other items by reportable segment

FY2021 (From April 1, 2021 to March 31, 2022)

(Unit: ¥Million)

	Reportable segment						Others (*1)	Total	Reconciliation (*2, 3, 5, 6)	Consolidated (*4)
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Total				
Net sales:										
Net sales to outside customers	5,219,413	563,526	421,437	138,289	338,776	6,681,442	5,319	6,686,761	-	6,686,761
Inter-segment	29,865	30,041	18,298	3,364	3	81,573	1,780	83,354	(83,354)	-
Total	5,249,278	593,567	439,736	141,653	338,779	6,763,015	7,100	6,770,115	(83,354)	6,686,761
Operating income (loss)	360,446	6,936	15,521	(8,161)	75,389	450,132	805	450,938	(16,485)	434,453
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	9,249	1,235	1,609	(1,736)	5,625	15,983	-	15,983	(953)	15,029
Segment income (loss)	369,696	8,171	17,131	(9,897)	81,014	466,115	805	466,921	(17,438)	449,482
Segment assets	3,064,487	409,949	315,014	239,137	328,671	4,357,261	119,847	4,477,108	124,074	4,601,183
Other items:										
Depreciation and amortization	58,353	7,123	9,577	4,445	24,538	104,039	44	104,084	682	104,767
Amortization of goodwill	7,227	20	119	2,142	-	9,510	0	9,510	-	9,510
Impairment loss on fixed assets	11,658	615	307	2,127	1,198	15,907	-	15,907	-	15,907
Investment in equity method nonconsolidated subsidiaries and affiliates	86,401	41,775	8,014	17,984	23,830	178,007	-	178,007	25,602	203,610
Unamortized balance of goodwill	113,209	59	-	36,422	-	149,691	0	149,691	-	149,691
Increase of property, plant, equipment and intangible fixed assets	47,350	10,262	14,732	10,420	31,188	113,954	112	114,067	4,731	118,798

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 and that for investment in equity method nonconsolidated subsidiaries and affiliates mainly represents 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 (loss) and equity in earnings (losses) of nonconsolidated subsidiaries and affiliates in the consolidated statement of income.
5. The amount of reconciliation for the segment assets represents elimination among the reportable segments and the amount of Company assets that are not allocated to reportable segments.
6. The amounts of reconciliation for "Depreciation and amortization" and "Increase of property, plant, equipment and intangible fixed assets" mainly represent depreciation and increases in fixed assets for research and development that do not belong to the reportable segments.

FY2022 (From April 1, 2022 to March 31, 2023)

(Unit: ¥Million)

	Reportable segment						Others (*1)	Total	Reconciliation (*2, 3, 5, 6)	Consolidated (*4)
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Total				
Net sales:										
Net sales to outside customers	7,403,861	666,889	511,006	197,070	672,077	9,450,905	5,376	9,456,281	-	9,456,281
Inter-segment	43,507	33,625	24,695	4,863	5	106,696	2,238	108,935	(108,935)	-
Total	7,447,369	700,514	535,701	201,933	672,083	9,557,602	7,614	9,565,216	(108,935)	9,456,281
Operating income	60,137	10,157	17,669	2,074	217,166	307,205	1,187	308,393	(25,950)	282,442
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	12,883	(90)	(714)	(1,593)	13,733	24,218	-	24,218	1,763	25,981
Segment income	73,021	10,066	16,954	481	230,900	331,424	1,187	332,611	(24,187)	308,423
Segment assets	3,302,173	391,279	341,722	229,596	430,411	4,695,181	118,107	4,813,289	52,081	4,865,370
Other items:										
Depreciation and amortization	63,746	7,272	9,791	5,932	16,756	103,499	143	103,642	806	104,449
Amortization of goodwill	7,315	5	-	2,142	-	9,463	0	9,463	-	9,463
Impairment loss on fixed assets	11,094	-	12,946	338	1,444	25,824	-	25,824	-	25,824
Investment in equity method nonconsolidated subsidiaries and affiliates	84,245	41,013	7,517	11,582	38,127	182,486	-	182,486	(653)	181,832
Unamortized balance of goodwill	106,148	53	-	34,280	-	140,481	-	140,481	-	140,481
Increase of property, plant, equipment and intangible fixed assets	49,266	8,395	6,744	12,533	14,826	91,766	274	92,040	6,647	98,688

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 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 and that for investment in equity method nonconsolidated subsidiaries and affiliates mainly represents those related to equity method nonconsolidated subsidiaries and affiliates, which do not belong to reportable segments.
4. The segment income of the reportable segments is reconciled to the amount of operating income and equity in earnings (losses) of nonconsolidated subsidiaries and affiliates in the consolidated statement of income.
5. The amount of reconciliation for the segment assets represents elimination among the reportable segments and the amount of Company assets that are not allocated to reportable segments.
6. The amounts of reconciliation for “Depreciation and amortization” and “Increase of property, plant, equipment and intangible fixed assets” mainly represent depreciation and increases in fixed assets for research and development that do not belong to the reportable segments.

Related Information

FY2021 (From April 1, 2021 to March 31, 2022)

(a) Information for each product and service

Since "Segment Information" includes similar information, descriptions have been omitted.

(b) Geographic segment information

(1) Sales

(Unit: ¥Million)

Japan	Asia and Oceania	North America	Other regions	Total
4,916,597	1,180,976	411,500	177,686	6,686,761

(Notes)
1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:

Asia and Oceania : Singapore, Australia, China, South Korea, etc.
North America : USA and Canada
Other regions : UK, Norway, South America, etc.

(2) Property, plant and equipment

(Unit: ¥Million)

Japan	Asia and Oceania	Other regions	Total
1,209,118	148,905	79,785	1,437,810

(Notes)
1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:

Asia and Oceania : Australia, China, Indonesia, Malaysia, etc.
Others : USA, Canada, etc.

(3) Principal customer information

Of the net sales to outside customers, no customer accounted for 10% or more of net sales in the consolidated statements of income. As such, descriptions have been omitted.

Information Regarding Impairment Loss on Fixed Assets by Reportable Segment

The Company recorded an impairment loss of ¥11,658 million on certain of heavy oil power generating unit in the petroleum segment, ¥2,127 million on certain of solar-related assets in the power and renewable energy segment, and ¥1,198 million on certain of coal mining assets in the resources segment, respectively.

Information Regarding Amortization and Unamortized Balances of Goodwill by Reportable Segment

Since "Segment Information" includes similar information, descriptions have been omitted.

Information Regarding Negative Goodwill Gain by Reportable Segment

No negative goodwill was recognized during the periods.

FY2022 (From April 1, 2022 to March 31, 2023)

(a) Information for each product and service

Since "Segment Information" includes similar information, descriptions have been omitted.

(b) Geographic segment information

(1) Sales

(Unit: ¥Million)

Japan	Asia and Oceania	North America	Other regions	Total
6,696,437	1,743,648	794,617	221,579	9,456,281

(Notes)

1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:

Asia and Oceania : Singapore, Australia, China, South Korea, etc.
North America : USA and Canada
Other regions : UK, etc.

(2) Property, plant and equipment

(Unit: ¥Million)

Japan	Asia and Oceania	Other regions	Total
1,191,312	106,841	91,860	1,390,013

(Notes)

1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:

Asia and Oceania : Australia, China, Indonesia, Malaysia, etc.
Others : USA, etc.

(3) Principal customer information

Of the net sales to outside customers, no customer accounted for 10% or more of net sales in the consolidated statements of income. As such, descriptions have been omitted.

Information Regarding Impairment Loss on Fixed Assets by Reportable Segment

The Company recorded an impairment loss of ¥11,094 million on the integration and closure of oil terminals in the petroleum segment, ¥12,946 million on structural reforms in the performance chemicals business in the functional materials segment, respectively.

Information Regarding Amortization and Unamortized Balances of Goodwill by Reportable Segment

Since "Segment Information" includes similar information, descriptions have been omitted.

Information Regarding Negative Goodwill Gain by Reportable Segment

No negative goodwill was recognized during the periods.

4) Other Notes to Consolidated Financial Statements

Certain notes such as income taxes, securities, derivatives and retirement benefits to employees have been omitted since the Company believes that they are not as material as those disclosed in this release.

These notes will become available on EDINET on-line disclosure as the Company plans to file the Securities Report on June 22, 2023.

5) Per Share Information

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net assets per share	¥4,749.70	¥5,510.24
Net income per share	¥940.15	¥853.37

(*) 1. Diluted net income per share for the fiscal year is not calculated because dilutive shares do not exist.

2. In calculating net assets per share, the shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan (459,314 shares for the current fiscal year and 501,698 shares for the preceding fiscal year) are included in the number of treasury stock that is to be deducted from the number of the Company's issued shares at the end of the respective fiscal years. Also, in calculating net income per share, the shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan 459,314 shares for the current fiscal year and 501,698 shares for the preceding fiscal year) are included in the number of treasury stock that is to be deducted from the average number of the Company's issued shares during the respective fiscal years.

3. The basis for calculating net income per share is as follows:

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net income per share:		
Net income attributable to owners of the parent (¥million)	279,498	253,646
Amount not attributable to common stock (¥million)	—	—
Net income attributable to common stock (¥million)	279,498	253,646
Weighted-average common shares outstanding during the period (thousands of shares)	297,290	297,228

6) Significant Subsequent Events

The Company agreed to transfer all of its interest (85%) in the Ensham Coal Mine ("Ensham") in Australia, held through its wholly owned subsidiary Idemitsu Australia Pty Ltd to Sungela Pty Ltd and signed a sale and purchase agreement on February 3, 2023.

a) Purpose of the Transfer

In order to contribute to the realization of carbon-neutral society while fulfilling its responsibility to provide a stable supply of energy, the Company has adopted "Your Reliable Partner for a Brighter Future" as its 2030 vision.

In addition, in its medium-term business plan (FY2023-FY2025) announced on November 16 2022, the Company developed a new vision for 2050, "Shaping Change." The Company aims to achieve sustainable profitable growth by transforming its business portfolio through capital efficiency by reducing fossil fuel assets and maximizing earnings from existing businesses, and by expanding new businesses that contribute to carbon neutral society.

Based on the above vision and policy, the Company will promote the commercialization of Idemitsu Green Energy Pellets as an alternative fuel to coal, as well as structural reform of its coal business. As part of such reform, the Company has decided to sell its interest in Ensham.

The main strategies for structural reform of the coal business are as follows.

1. By utilizing the highly competitive Boggabri Coal Mine, continuation of stable coal supply mainly to domestic customers and maximization of earnings
2. Divestment of the Malinau Coal Mine in Indonesia (sold in March 2022) and Ensham in Australia
3. Diversify the portfolio (e.g., investment in renewable energy projects at existing mine sites and those undergoing rehabilitation, rare metal development utilizing mining technology)) by leveraging the existing business infrastructure

With the closure of the Muswellbrook Mine (November 2022) and the transfer of Ensham, the Company's only coal mine operating in Australia will be the Boggabri Mine. As stated above, through the operation of the Boggabri Mine, the Company will fulfill its mission of providing a stable supply of energy needed today, while at the same time making maximum use of the business resources it has developed over many years in Australia and promoting the diversification of its portfolio for a sustainable energy future such as renewable energy, rare metals, hydrogen and ammonia, in line with global growth demand.

b) Overview of Ensham

1. Location: Queensland, Australia
2. Operation commenced in 1993
3. Composition of interests
   (before transfer): Idemitsu Australia Pty Ltd 85%, Bowen Investment (Australia) Pty Ltd 15%
   (after transfer): Sungela Pty Ltd 85%, Bowen Investment (Australia) Pty Ltd 15%
4. Production volume: 4.3 million tonnes per annum (actual production volume in FY2021, 100% interest basis)

5. Transfer price: A$340 million upfront consideration at the transfer date and conditional consideration based on the actual price and volume of coal to be sold from Ensham in 2023 and 2024.
6. Gain/loss on transfer: It has not been determined at this moment, because the date of transfer is not yet finalized and thus the final transfer price will vary.

c) Transferee
Sungela Pty Ltd. (joint venture established by Thungela, Mayfair, and Audley in connection with this transfer)
Planned shareholdings - Thungela: 75.0%; Mayfair: 12.5%; and Audley: 12.5%

d) Date of transfer
During 2023 (scheduled)
* The completion of this transfer is subject to the Australian government’s approval.