



August 8, 2023

Consolidated Financial Results for the First Quarter of Fiscal Year 2023 (From April 1, 2023 to June 30, 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

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 9, 2023

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 FY2023 (From April 1, 2023 to June 30, 2023)

(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 FY2023	1,818,922	(17.5)	44,871	(80.8)	57,759	(76.4)	45,406	(74.7)
1Q FY2022	2,204,695	69.3	233,633	109.9	244,992	98.2	179,321	102.9

Note: Comprehensive income 1Q FY2023 ¥53,938 million (71.8%) 1Q FY2022 ¥191,526 million 69.1%

	Net income per share	Diluted net income per share
	¥	¥
1Q FY2023	156.49	—
1Q FY2022	603.16	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	¥million	¥million	%
1Q FY2023	4,696,066	1,643,275	34.7
FY2022	4,865,370	1,629,308	33.2

Reference: Total equity 1Q FY2023 ¥1,629,488million FY2022 ¥1,614,526 million

2. Dividends

	Cash dividends per share				
	As of Jun.30	As of Sep.30	As of Dec.31	As of Mar.31	Total
	¥	¥	¥	¥	¥
FY2022	—	60.00	—	60.00	120.00
FY2023	—	—	—	—	—
FY2023 (Forecasts)	—	60.00	—	60.00	120.00

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

3. Forecasts of Consolidated Financial Results for FY2023 (From April 1, 2023 to March 31, 2024)

(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	%	¥
FY2023	8,300,000	(12.2)	140,000	(50.4)	150,000	(53.3)	100,000	(60.6)	341.29

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

* Notes

- (1) Changes of material consolidated subsidiaries during the three months ended June 30, 2023:
None
- (2) Application of the accounting method peculiar to the preparation of the quarterly financial statements: **Yes**
- (3) Changes in accounting policies, accounting estimates and restatement
- a) Changes in accounting policies arising from revision of accounting standards: **None**
 - 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, 2023: 297,864,718 As of March 31, 2023: 297,864,718
 - b) Number of shares of treasury stock
As of June 30, 2023: 12,489,809 As of March 31, 2023: 4,859,945
 - c) Weighted average number of shares outstanding during the period
Three months ended June 30, 2023: 290,152,506
Three months ended June 30, 2022: 297,302,757

*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 FY2023” of the Appendix.

Contents of the Appendix

1. Qualitative Information on the Consolidated Operating Results for the First Quarter of FY2023.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	5
(3) Explanation of Forecasts of Consolidated Financial Results for FY2023	5
2. Consolidated Financial Statements for the First Quarter of FY2023 and Major Notes.....	6
(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) Additional Information	11
5) Consolidated Segment Information	13

1. Qualitative Information on the Consolidated Operating Results for the First Quarter of FY2023

(1) Explanation of Operating Results

During the first quarter of fiscal 2023, the domestic demand for main petroleum products increased for aircraft, but that for gasoline and other primary fuels remained at the same level from the previous year owing to a halt in the recovery from the declined demand during the COVID-19 pandemic since 2020.

Regarding crude oil prices, while the impacts of OPEC+'s announcements of extended production cuts and additional production cuts were limited, prices remained on a downward trend owing to concerns about an economic slowdown caused by the prospect of continued long-term interest rate hikes in the U.S. As a result, the average Dubai crude oil price from April to June decreased by \$30.3/bbl from the same period last year to \$77.8/bbl.

As for the dollar-to-yen exchange rate, Japan maintained its easy monetary policy against a series of rate hikes by the U.S., and the yen depreciated against the backdrop of differences in monetary policy between the countries. As a result, the average exchange rate between April and June against the dollar was ¥137.4.

(Crude oil price and exchange rate)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	
Dubai Crude Oil (\$/bbl)	108.1	77.8	(30.3)	(28.0)%
Exchange Rate (¥/\$)	129.6	137.4	+7.8	+6.0%

The Idemitsu Group's consolidated net sales for the first quarter of fiscal 2023 were ¥1,818.9 billion (17.5% decrease year on year) owing to factors including a decrease in crude oil prices.

Operating income was ¥44.9 billion, down 80.8% year on year, mainly due to the reversal of the previous year's inventory valuation effects owing to the increase in crude oil prices caused by then surging crude oil prices and deterioration in export margins in the petroleum segment.

Net non-operating income remained almost unchanged at ¥12.9 billion, up 13.5% year on year. Consequently, ordinary income was ¥57.8 billion, down 76.4% year on year.

Net extraordinary income was ¥1.5 billion, down 82.9% year on year, mainly due to the absence of gain on sales of tangible fixed assets that was recorded by domestic subsidiaries in the previous year.

Income tax expenses, which consist of income taxes-current and income taxes-deferred, amounted to ¥14.4 billion, down 80.7% year on year, due to a decrease in net income before income taxes.

Consequently, net income attributable to owners of the parent was ¥45.4 billion, down 74.7% year on year.

The performance of our business by segment for the three months ended June 30, 2023 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, 2023, and those of domestic subsidiaries for the three months ended June 30, 2023.

Net sales by segment

(Unit: ¥Billion)

Segment	1st Quarter of FY2022	1st Quarter of FY2023	Change	
			Amount	%
Petroleum	1,754.2	1,422.9	(331.3)	(18.9)%
Basic chemicals	187.7	126.6	(61.1)	(32.5)%
Functional materials	120.4	122.3	+1.9	+1.6%
Power and renewable energy	36.4	32.2	(4.1)	(11.4)%
Resources	105.4	114.2	+8.8	+8.3%
Other	0.6	0.7	+0.1	+16.4%
Total	2,204.7	1,818.9	(385.8)	(17.5)%

Segment income or loss

(Unit: ¥Billion)

	1st Quarter of FY2022	1st Quarter of FY2023	Change	
			Amount	%
Petroleum	216.6	13.7	(202.9)	(93.7)%
<i>: excluding effect of inventory valuation</i>	<i>57.4</i>	<i>18.4</i>	<i>(39.0)</i>	<i>(67.9)%</i>
Basic chemicals	8.1	(1.4)	(9.5)	—
Functional materials	3.3	5.5	+2.2	+68.4%
Power and renewable energy	(3.7)	(0.5)	+3.2	—
Resources	31.7	40.4	+8.7	+27.5%
Other	0.0	0.0	(0.0)	(12.8)%
Reconciliation	(11.9)	(5.1)	+6.8	—
Total	244.1	52.7	(191.4)	(78.4)%
<i>: excluding effect of inventory valuation</i>	<i>84.9</i>	<i>57.4</i>	<i>(27.5)</i>	<i>(32.4)%</i>

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

[Petroleum segment]

Net sales in the petroleum segment were ¥1,422.9 billion, down 18.9% year on year, mainly due to a decline in crude oil prices and lower sales volumes. Segment income was ¥13.7 billion, down 93.7% year on year, mainly due to effects of the inventory valuation in the previous year and export margin deterioration, and smaller profit contribution arising from time lags compared to the previous year.

[Basic chemicals segment]

Net sales in the basic chemicals segment were ¥126.6 billion, down 32.5% year on year, mainly due to lower naphtha prices and lower sales volumes. Segment loss was ¥1.4 billion, a decrease in segment income of ¥9.5 billion year on year, mainly due to a decrease in sales volumes and an increase in expenses caused by periodic repairs.

[Functional materials segment]

Net sales in the functional materials segment were ¥122.3 billion, up 1.6% year on year, and segment income was ¥5.5 billion, up 68.4% year on year, mainly due to the elimination of negative time lags in the lubricants business.

[Power and renewable energy segment]

Net sales in the power and renewable energy segment were ¥32.2 billion, down 11.4% year on year. Segment loss was ¥0.5 billion, an improvement of ¥3.2 billion year on year, despite an improvement in earnings 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)

Net sales in the oil/natural gas exploration and production and geothermal energy business were ¥10.1 billion, up 21.7% year on year, mainly owing to an increase in production volumes and segment income was ¥5.7 billion yen, down 13.1% year on year, mainly affected by an increase in operating expenses.

(Coal business and others)

In the coal business and others, net sales were ¥104.1 billion, up 7.2% year on year, and segment income was ¥34.7 billion, up 38.1% year on year, mainly due to increases in contracted sales price and the effects of exchange rate changes despite a decrease in production and a downward trend in market price.

As a result of the above, total net sales of the resources segment were ¥114.2 billion, up 8.3% year on year, and segment income was ¥40.4 billion, up 27.5% year on year.

[Other segments]

Net sales of the other segments were ¥0.7 billion, up 16.4% year on year, and segment income was ¥0.0 billion, down 12.8% year on year.

(2) Explanation of Financial Position
Summarized Consolidated Balance Sheets

(Unit: ¥Billion)

	FY2022	1 st Quarter of FY2023	Change
Current assets	2,732.1	2,555.5	(176.6)
Fixed assets	2,133.3	2,140.6	+7.3
Total assets	4,865.4	4,696.1	(169.3)
Current liabilities	2,164.0	1,981.4	(182.5)
Non-current liabilities	1,072.1	1,071.3	(0.7)
Total liabilities	3,236.1	3,052.8	(183.3)
Total net assets	1,629.3	1,643.3	+14
Total liabilities and net assets	4,865.4	4,696.1	(169.3)

1) Total assets

Total assets were ¥4,696.1 billion, a decrease of ¥169.3 billion from the end of the previous fiscal year, mainly due to decreases in notes and accounts receivable-trade owing to decreases in sales volume, and other factors.

2) Total liabilities

Total liabilities were ¥3,052.8 billion, a decrease of ¥183.3 billion from the end of the previous fiscal year, mainly due to a decrease in accounts payable-trade and a decrease in commercial paper.

3) Total net assets

Total net assets were ¥1,643.3 billion, an increase of ¥14.0 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent of ¥45.4 billion, despite decreases due to the treasury stock acquisition of ¥21.7 billion and dividend payments of ¥17.6 billion.

As a result, the equity ratio improved from 33.2% at the end of the previous fiscal year to 34.7%, up 1.5 points. The Net D/E ratio as of June 30, 2023 was 0.8 (end of the previous fiscal year: 0.9).

(3) Explanation of Forecasts of Consolidated Financial Results for FY2023

There is no change in the forecasts of the consolidated financial results for FY2023 announced on May 9, 2023.

2. Consolidated Financial Statements for the First Quarter of FY2023 and Major Notes

(1) Consolidated Quarterly Balance Sheets

(Unit: ¥Million)

	FY2022 (As of March 31, 2023)	1 st Quarter of FY2023 (As of June 30, 2023)
Assets		
Current assets:		
Cash and deposits	105,192	133,679
Notes and accounts receivable, trade	841,798	640,179
Inventories	1,308,570	1,301,272
Accounts receivable, other	319,483	300,146
Other	157,757	180,713
Less: Allowance for doubtful accounts	(733)	(521)
Total current assets	2,732,068	2,555,469
Fixed assets:		
Property, plant and equipment:		
Machinery and equipment, net	265,024	267,357
Land	755,014	754,185
Other, net	369,975	361,545
Total property, plant and equipment	1,390,013	1,383,088
Intangible fixed assets:		
Goodwill	140,481	138,144
Other	149,753	147,358
Total intangible fixed assets	290,235	285,503
Investments and other assets:		
Investment securities	244,699	251,116
Other	210,960	221,173
Less: Allowance for doubtful accounts	(2,607)	(284)
Total investments and other assets	453,052	472,005
Total fixed assets	2,133,301	2,140,597
Total assets	4,865,370	4,696,066
Liabilities		
Current liabilities:		
Notes and accounts payable, trade	697,307	622,821
Short-term loans payable	486,701	507,861
Commercial paper	301,983	213,999
Accounts payable, other	390,189	391,667
Income taxes payable	67,978	55,177
Provision for bonuses	17,122	6,920
Other	202,702	183,001
Total current liabilities	2,163,986	1,981,449
Non-current liabilities:		
Bonds payable	150,000	150,000
Long-term loans payable	519,232	517,149
Liability for employees' retirement benefits	60,351	58,668
Reserve for repair work	85,599	88,999
Asset retirement obligations	29,979	30,190
Other	226,913	226,333
Total non-current liabilities	1,072,076	1,071,342
Total liabilities	3,236,062	3,052,791

(Unit: ¥Million)

	FY2022 (As of March 31, 2023)	1 st Quarter of FY2023 (As of June 30, 2023)
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus	451,642	451,467
Retained earnings	848,910	876,631
Treasury stock	(14,788)	(36,447)
Total shareholders' equity	1,454,116	1,460,003
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	3,918	3,733
Deferred gains (losses) on hedging activities, net	(6,431)	(5,590)
Surplus from land revaluation	154,641	154,667
Foreign currency translation adjustments	(4,571)	3,895
Defined retirement benefit plans	12,853	12,779
Total accumulated other comprehensive income	160,410	169,485
Noncontrolling interests	14,781	13,787
Total net assets	1,629,308	1,643,275
Total liabilities and net assets	4,865,370	4,696,066

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

1) Consolidated Quarterly Statements of Income

(Unit: ¥Million)

	1 st Quarter of FY2022 (From April 1, 2022 to June 30, 2022)	1 st Quarter of FY2023 (From April 1, 2023 to June 30, 2023)
Net sales	2,204,695	1,818,922
Cost of sales	1,859,103	1,656,098
Gross profit	345,592	162,823
Selling, general and administrative expenses	111,959	117,952
Operating income	233,633	44,871
Non-operating income:		
Interest income	830	2,172
Dividend income	1,123	1,783
Equity in earnings of nonconsolidated subsidiaries and affiliates, net	10,464	7,822
Gain on foreign exchange, net	896	5,863
Other	1,392	1,090
Total non-operating income	14,707	18,731
Non-operating expenses:		
Interest expense	3,004	4,775
Other	343	1,066
Total non-operating expenses	3,348	5,842
Ordinary income	244,992	57,759
Extraordinary income:		
Gain on sales of fixed assets	15,910	619
Gain on sales of investment securities	0	2,269
Other	1,555	520
Total extraordinary income	17,466	3,409
Extraordinary losses:		
Impairment loss on fixed assets	207	223
Loss on sales of fixed assets	244	247
Loss on disposals of fixed assets	868	865
Loss from step acquisition	7,223	—
Other	52	559
Total extraordinary losses	8,595	1,896
Income before income taxes	253,862	59,273
Income taxes	74,688	14,399
Net income	179,174	44,873
Net loss attributable to noncontrolling interests	(147)	(533)
Net income attributable to owners of the parent	179,321	45,406

2) Consolidated Quarterly Statements of Comprehensive Income

(Unit: ¥Million)

	1 st Quarter of FY2022 (From April 1, 2022 to June 30, 2022)	1 st Quarter of FY2023 (From April 1, 2023 to June 30, 2023)
Net income	179,174	44,873
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	348	(294)
Deferred gains (losses) on hedging activities, net	(2,668)	(139)
Surplus from land revaluation	96	—
Foreign currency translation adjustments	15,515	9,965
Defined retirement benefit plans	(914)	(78)
Share of other comprehensive income in equity method affiliates	(26)	(388)
Total other comprehensive income	12,351	9,064
Comprehensive income	191,526	53,938
Comprehensive income attributable to:		
Owners of the parent	190,879	54,455
Noncontrolling interests	646	(517)

(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

The Company's Board of Directors resolved on February 14, 2023 to repurchase up to 29,000,000 shares of treasury stock at a total cost of 60 billion yen. Based on this Board resolution, the Company completed the acquisition of 7,639,700 shares of treasury stock (acquisition cost of 21,693 million yen) by the end of the first quarter of the current fiscal year. As a result of these acquisitions and other transactions, treasury stock increased by 21,659 million yen during the first quarter of the current consolidated fiscal year, bringing treasury stock to 36,447 million yen at the end of the first quarter of the current fiscal year.

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, 2023 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) Additional Information

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.

1. Reason for 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 Management 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 the 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 (March 2023) 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 transition to new businesses such as renewable energy, rare metals, hydrogen and ammonia, for which demand is expected to grow in the future.

2. 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: As the date of the transfer is not yet finalized and the final transfer price may vary, the amount has not been determined.

3. Overview of the Transferee

Sungela Pty. Ltd. (joint venture established by Thungela Resources Limited, Mayfair Corporations Group Pty. Ltd., and Audley Energy Limited in connection with this transfer)

Planned shareholdings - Thungela Resources Limited: 75.0%; Mayfair Corporations Group Pty. Ltd.: 12.5%; and Audley Energy Limited: 12.5%

4. Date of the Transfer

During 2023 (scheduled)

* The completion of this transfer is subject to the Australian government's approval and other conditions.

5) Consolidated Segment Information

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	Recon- ciliation	Consoli- dated
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Total				
Net sales:										
customers	1,754,184	187,737	120,427	36,394	105,386	2,204,130	565	2,204,695	—	2,204,695
Intersegment	11,618	10,053	5,912	1,278	1	28,864	480	29,345	(29,345)	—
Total	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 non- consolidated subsidiaries and affiliates, net	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 amounts 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 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 total of operating income (loss) and equity in earnings (losses) of nonconsolidated subsidiaries and affiliates in the consolidated 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 FY2023 (From April 1, 2023 to June 30, 2023)

a) Net sales and income or loss by reportable segment

(Unit: ¥Million)

	Reportable segment						Others	Total	Recon- ciliation	Consoli- dated
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Total				
Net sales:										
customers	1,422,858	126,631	122,342	32,249	114,180	1,818,263	658	1,818,922	—	1,818,922
Intersegment	7,952	9,226	6,176	1,321	1	24,678	619	25,298	(25,298)	—
Total	1,430,811	135,858	128,519	33,571	114,182	1,842,942	1,278	1,844,220	(25,298)	1,818,922
Operating income (loss)	8,837	(719)	5,714	(783)	36,936	49,986	22	50,008	(5,137)	44,871
Equity in earnings (losses) of non- consolidated subsidiaries and affiliates, net	4,892	(642)	(193)	286	3,477	7,820	—	7,820	2	7,822
Segment income (loss)	13,730	(1,361)	5,520	(497)	40,414	57,806	22	57,828	(5,135)	52,693

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 amounts 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 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 total of operating income (loss) and equity in earnings (losses) of nonconsolidated subsidiaries and affiliates in the consolidated statement of income.

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

There is no significant item during the period.