



February 13, 2024

Consolidated Financial Results for the Third Quarter of Fiscal Year 2023 (From April 1, 2023 to December 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

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Scheduled date of filing of quarterly securities report: February 14, 2024

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 Third Quarter of FY2023 (From April 1, 2023 to December 31, 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	%
3Q FY2023	6,402,264	(11.2)	293,700	(1.7)	327,282	(2.8)	239,085	(4.2)
3Q FY2022	7,211,294	55.2	298,866	7.1	336,849	11.2	249,629	24.9

Note: Comprehensive income 3Q FY2023 ¥285,153 million (1.3%) 3Q FY2022 ¥288,996 million 43.1%

	Net income per share	Diluted net income per share
	¥	¥
3Q FY2023	167.76	—
3Q FY2022	167.92	—

Note: We performed a stock split with effect from January 1, 2024, whereby each common stock of Idemitsu Kosan was divided into five shares. We calculated the basic earnings per share under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	¥million	¥million	%
3Q FY2023	5,272,145	1,831,158	34.5
FY2022	4,865,370	1,629,308	33.2

Reference: Total equity 3Q FY2023 ¥1,817,773 million 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	—	80.00	—	—	—
FY2023 (Forecasts)	—	—	—	16.00	—

Note:

- Revisions of the forecasts of cash dividends since the latest announcement: None
- We performed a stock split with effect from January 1, 2024 whereby each common stock of Idemitsu Kosan was divided into five shares. (Expected) year-end cash dividends per share for FY2023 are indicated in an amount that took the impact of the stock split into account while (expected) total annual cash dividends are indicated as “—”. If the stock split is not taken into account, (expected) year-end cash dividends and (expected) annual cash dividends for FY2023 are 80.00 yen and 160.00 yen, respectively.

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	8,650,000	(8.5)	250,000	(11.5)	270,000	(16.0)	180,000	(29.0)	125.37

Note:

- Revisions of the forecasts of consolidated financial results since the latest announcement: None
- We performed a stock split with effect from January 1, 2024, whereby each common stock of Idemitsu Kosan was divided into five shares. The impact of the stock split is taken into account for net income per share in the consolidated financial forecast for the full year of FY2023.

* Notes

(1) Changes of material consolidated subsidiaries during the nine months ended December 31, 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

- Changes in accounting policies arising from revision of accounting standards: **None**
- Changes arising from other factors: **None**
- Changes in accounting estimates: **None**
- Restatement: **None**

(4) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)

As of December 31, 2023: 1,489,323,590 As of March 31, 2023: 1,489,323,590

b) Number of shares of treasury stock

As of December 31, 2023: 94,269,870 As of March 31, 2023: 24,299,725

c) Weighted average number of shares outstanding during the period

Nine months ended December 31, 2023: 1,425,168,353

Nine months ended December 31, 2022: 1,486,638,053

Note: We performed a stock split with effect from January 1, 2024, whereby each common stock of Idemitsu Kosan was divided into five shares. We calculated the total number of issued shares at the end of the period, the number of treasury shares at the end of the period and the average number of outstanding shares during the period under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.

*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.

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

(1) Explanation of Operating Results

During the nine months ended December 31, 2023, domestic demand for main petroleum products increased for aircraft, but that for gasoline and other primary fuels remained at the same level as the previous year owing to a halt in the recovery from the decline in demand due to the COVID-19 pandemic since 2020.

Crude oil prices were on an upward trend until September, mainly due to a decline in expectations of a prolonged rate hike by the United States and tightening of supply and demand resulting from the announcement by Saudi Arabia and Russia of an extension of voluntary production cuts. Since then, however, crude oil prices have shifted to a downward trend, reflecting the perception of an economic slowdown due to weak economic indicators in the United States and China, and postponing additional production cuts by OPEC Plus. As a result, the average Dubai crude oil price from April to December decreased by \$13.9/bbl from the same period last year to \$82.7/bbl.

The dollar-to-yen exchange rate temporarily weakened to the ¥150 level on the back of the difference in monetary policy between Japan and the United States, but since then, the yen has strengthened toward the end of the year due to expectations that the U.S. Federal Reserve will retreat interest rates hike and that the Bank of Japan will revise its policy. As a result, the average exchange rate between April and December against the dollar was ¥143.3.

(Crude oil price and exchange rate)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	
Dubai Crude Oil (\$/bbl)	96.6	82.7	(13.9)	(14.4)%
Exchange Rate (¥/\$)	136.5	143.3	+6.8	+5.0%

The Idemitsu Group's net sales for the nine months ended December 31, 2023, were ¥6,402.3 billion, down 11.2% year on year, mainly due to a decline in crude oil prices.

Operating income was ¥293.7 billion at the same level as previous fiscal year, down 1.7% year on year, mainly due to reduction in inventory valuation effects and decline in market prices of coal for electric power in the coal business in the resources segment, despite the recovery of domestic product margins owing to profit contribution arising from time lags in the petroleum segment.

Net non-operating income was ¥33.6 billion, down 11.6% year on year, mainly due to a decrease in equity in earnings of nonconsolidated subsidiaries and affiliates. Consequently, ordinary income was ¥327.3 billion, down 2.8% year on year.

Net extraordinary losses were ¥2.0 billion, down ¥18.8 billion year on year, mainly due to the absence of gain on sales of idle property in the previous fiscal year and the recording of loss on sales of businesses.

Income tax expenses, which consist of income taxes-current and income taxes-deferred, amounted to ¥87.5 billion, down 17.7% year on year, due to a decrease in income before income taxes.

Consequently, net income attributable to owners of the parent was ¥239.1 billion, down 4.2% year on year.

The performance of our business by segment for the nine months ended December 31, 2023, is as follows:

As for annual reporting periods, overseas subsidiaries use December 31 as their balance sheet date, whereas domestic subsidiaries use March 31, except for certain subsidiaries. As such, the following performance of the business segments includes the operating results of overseas subsidiaries for the nine months ended September 30, 2023, and those of domestic subsidiaries for the nine months ended December 31, 2023.

Net sales by segment

(Unit: ¥Billion)

Segment	3 rd Quarter of FY2022	3 rd Quarter of FY2023	Change	
			Amount	%
Petroleum	5,668.5	5,142.8	(525.7)	(9.3)%
Basic chemicals	514.0	446.6	(67.4)	(13.1)%
Functional materials	381.2	382.1	+0.9	+0.2%
Power and renewable energy	148.0	108.5	(39.6)	(26.7)%
Resources	495.5	318.0	(177.5)	(35.8)%
Other	4.1	4.3	+0.2	+4.6%
Total	7,211.3	6,402.3	(809.0)	(11.2)%

Segment income or loss

(Unit: ¥Billion)

	3 rd Quarter of FY2022	3 rd Quarter of FY2023	Change	
			Amount	%
Petroleum	139.7	187.2	+47.5	34.0%
: <i>excluding effect of inventory valuation</i>	1.2	114.1	+112.9	—
Basic chemicals	11.4	21.4	+10.0	+87.3%
Functional materials	16.4	22.8	+6.4	+38.9%
Power and renewable energy	1.1	(2.3)	(3.5)	—
Resources	177.7	89.7	(88.0)	(49.5)%
Other	0.7	0.7	+0.1	+13.6%
Reconciliation	(23.2)	(12.2)	+11.0	—
Total	323.8	307.3	(16.6)	(5.1)%
: <i>excluding effect of inventory valuation</i>	185.4	234.1	+48.8	+26.3%

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 ¥5,142.8 billion, down 9.3% year on year, mainly due to a decline in crude oil prices and lower sales volumes. Segment income was ¥187.2 billion, up 34.0% year on year, mainly due to the recovery of domestic product margins owing to profit contribution arising from time lags, despite reduction in inventory valuation effects.

[Basic chemicals segment]

Net sales in the basic chemicals segment were ¥446.6 billion, down 13.1% year on year. Segment income was ¥21.4 billion, up 87.3% year on year, mainly due to improvements in product margins and a decrease in in-house combustion costs.

[Functional materials segment]

Net sales in the functional materials segment were ¥382.1 billion, up 0.2% year on year. Segment income was ¥22.8 billion, up 38.9% 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 ¥108.5 billion, down 26.7% year on year. Segment loss was ¥2.3 billion, down ¥3.5 billion year on year, mainly due to the impact of the decline in wholesale market prices, despite an improvement in the profitability of the electric power business having progressed 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 ¥28.5 billion, down 16.0% year on year. Segment income was ¥13.3 billion, down 49.8% year on year, mainly due to a decline in crude oil prices and an increase in operating expenses.

(Coal business and others)

In the coal business and others, net sales were ¥289.5 billion, down 37.3% year on year, and segment income was ¥76.4 billion, down 49.5% year on year, mainly due to a decrease in production volume caused by downsizing of mines and a decline in market prices of coal for electric power.

As a result of the above, total net sales in the resources segment were ¥318.0 billion, down 35.8% year on year, and segment income was ¥89.7 billion, down 49.5% year on year.

[Other segments]

Net sales in the other segment were ¥4.3 billion, up 4.6% year on year, and segment income was ¥0.7 billion, up 13.6% year on year.

(2) Explanation of Financial Position
Summarized Consolidated Balance Sheets

(Unit: ¥Billion)

	FY2022	3 rd Quarter of FY2023	Change
Current assets	2,732.1	3,126.8	+394.8
Fixed assets	2,133.3	2,145.3	+12.0
Total assets	4,865.4	5,272.1	+406.8
Current liabilities	2,164.0	2,367.7	+203.7
Non-current liabilities	1,072.1	1,073.3	+1.2
Total liabilities	3,236.1	3,441.0	+204.9
Total net assets	1,629.3	1,831.2	+201.9
Total liabilities and net assets	4,865.4	5,272.1	+406.8

1) Total assets

Total assets increased by ¥406.8 billion from the end of the previous fiscal year to ¥5,272.1 billion, mainly due to an increase in inventories owing to the weakening yen as well as seasonal factors, in addition to an increase in accounts receivable-trade owing to an effect of holidays at the year-end.

2) Total liabilities

Total liabilities were ¥3,441.0 billion, an increase of ¥204.9 billion from the end of the previous fiscal year, mainly due to an increase in accounts payable-trade owing to the weakening yen as well as an increase in accounts payable-other owing to an effect of holidays at the year-end.

3) Total net assets

Total net assets were ¥1,831.2 billion, an increase of ¥201.9 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent of ¥239.1 billion and an increase of ¥45.8 billion in foreign currency translation adjustments owing to the depreciation of the yen, despite decreases due to the treasury stock acquisition of ¥42.6 billion and dividend payments of ¥40.2 billion.

As a result, the equity ratio improved from 33.2% at the end of the previous fiscal year to 34.5%, up 1.3 points. The Debt Equity Ratio was 0.7 (end of the previous fiscal year: 0.9), indicating improvement in financial structure.

(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 November 14, 2023.

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

(1) Consolidated Quarterly Balance Sheets

(Unit: ¥Million)

	FY2022 (As of March 31, 2023)	3 rd Quarter of FY2023 (As of December 31, 2023)
Assets		
Current assets:		
Cash and deposits	105,192	192,274
Notes and accounts receivable, trade	841,798	949,157
Inventories	1,308,570	1,485,870
Accounts receivable, other	319,483	288,114
Other	157,757	211,913
Less: Allowance for doubtful accounts	(733)	(491)
Total current assets	2,732,068	3,126,839
Fixed assets:		
Property, plant and equipment:		
Machinery and equipment, net	265,024	270,277
Land	755,014	752,373
Other, net	369,975	355,604
Total property, plant and equipment	1,390,013	1,378,255
Intangible fixed assets:		
Goodwill	140,481	133,591
Other	149,753	141,816
Total intangible fixed assets	290,235	275,407
Investments and other assets:		
Investment securities	244,699	276,167
Other	210,960	215,758
Less: Allowance for doubtful accounts	(2,607)	(281)
Total investments and other assets	453,052	491,644
Total fixed assets	2,133,301	2,145,306
Total assets	4,865,370	5,272,145
Liabilities		
Current liabilities:		
Notes and accounts payable, trade	697,307	862,179
Short-term loans payable	486,701	500,337
Commercial paper	301,983	241,994
Current portion of bonds payable	—	10,000
Accounts payable, other	390,189	493,733
Income taxes payable	67,978	52,348
Provision for bonuses	17,122	8,078
Other	202,702	199,004
Total current liabilities	2,163,986	2,367,678
Non-current liabilities:		
Bonds payable	150,000	140,000
Long-term loans payable	519,232	534,582
Liability for employees' retirement benefits	60,351	56,634
Reserve for repair work	85,599	88,460
Asset retirement obligations	29,979	31,791
Other	226,913	221,840
Total non-current liabilities	1,072,076	1,073,308
Total liabilities	3,236,062	3,440,986

(Unit: ¥Million)

	FY2022 (As of March 31, 2023)	3 rd Quarter of FY2023 (As of December 31, 2023)
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus	451,642	451,369
Retained earnings	848,910	1,048,187
Treasury stock	(14,788)	(57,426)
Total shareholders' equity	1,454,116	1,610,482
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	3,918	5,081
Deferred gains (losses) on hedging activities, net	(6,431)	(5,447)
Surplus from land revaluation	154,641	154,437
Foreign currency translation adjustments	(4,571)	41,189
Defined retirement benefit plans	12,853	12,030
Total accumulated other comprehensive income	160,410	207,291
Noncontrolling interests	14,781	13,385
Total net assets	1,629,308	1,831,158
Total liabilities and net assets	4,865,370	5,272,145

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

1) Consolidated Quarterly Statements of Income

(Unit: ¥Million)

	3 rd Quarter of FY2022 (From April 1, 2022 to December 31, 2022)	3 rd Quarter of FY2023 (From April 1, 2023 to December 31, 2023)
Net sales	7,211,294	6,402,264
Cost of sales	6,539,459	5,742,922
Gross profit	671,835	659,342
Selling, general and administrative expenses	372,968	365,641
Operating income	298,866	293,700
Non-operating income:		
Interest income	3,496	9,992
Dividend income	2,764	3,546
Equity in earnings of nonconsolidated subsidiaries and affiliates, net	24,963	13,556
Gain on foreign exchange, net	15,254	18,563
Other	4,607	4,885
Total non-operating income	51,086	50,544
Non-operating expenses:		
Interest expense	11,548	14,421
Other	1,555	2,541
Total non-operating expenses	13,103	16,962
Ordinary income	336,849	327,282
Extraordinary income:		
Gain on sales of fixed assets	33,811	7,462
Gain on sales of investment securities	433	2,367
Other	2,015	2,491
Total extraordinary income	36,260	12,321
Extraordinary losses:		
Impairment loss on fixed assets	4,883	1,580
Loss on sales of fixed assets	776	527
Loss on disposals of fixed assets	2,938	4,708
Loss on sale of business	—	4,725
Loss from step acquisition	7,223	—
Other	3,633	2,736
Total extraordinary losses	19,455	14,278
Income before income taxes	353,654	325,325
Income taxes	106,292	87,492
Net income	247,361	237,832
Net loss attributable to noncontrolling interests	(2,267)	(1,252)
Net income attributable to owners of the parent	249,629	239,085

2) Consolidated Quarterly Statements of Comprehensive Income

(Unit: ¥Million)

	3 rd Quarter of FY2022 (From April 1, 2022 to December 31, 2022)	3 rd Quarter of FY2023 (From April 1, 2023 to December 31, 2023)
Net income	247,361	237,832
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(92)	1,230
Deferred gains (losses) on hedging activities, net	(8,342)	(1,999)
Surplus from land revaluation	(154)	—
Foreign currency translation adjustments	51,519	43,452
Defined retirement benefit plans	(1,658)	(838)
Share of other comprehensive income in equity method affiliates	362	5,474
Total other comprehensive income	41,634	47,320
Comprehensive income	288,996	285,153
Comprehensive income attributable to:		
Owners of the parent	290,737	286,170
Noncontrolling interests	(1,741)	(1,016)

(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 adopted a resolution at the Board of Directors meeting held on February 14, 2023, and a resolution for partial amendment at the Board of Directors meeting held on November 14, 2023, to acquire up to 145,000,000 shares of treasury stock for a total amount of up to ¥60 billion. Based on this resolution of the Board of Directors, the Company acquired 13,785,900 shares of treasury stock (acquisition price: ¥42,004 million) by the end of December 31, 2023. As a result of these acquisitions, treasury stock increased by ¥42,638 million during the nine months ended December 31, 2023, and at the end of December 31, 2023, treasury stock was ¥57,426 million.

On January 1, 2024, the Company conducted a stock split at a ratio of five shares per common share. The above number of shares represents the number of shares after the stock split.

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 nine months ended December 31, 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) Consolidated Segment Information

Third Quarter of FY2022 (From April 1, 2022 to December 31, 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	5,668,487	513,999	381,200	148,039	495,501	7,207,227	4,066	7,211,294	—	7,211,294
Intersegment	34,773	29,057	18,959	3,695	4	86,490	1,908	88,398	(88,398)	—
Total	5,703,261	543,057	400,159	151,734	495,505	7,293,718	5,974	7,299,693	(88,398)	7,211,294
Operating income	126,878	10,922	16,710	1,538	167,105	323,154	657	323,812	(24,946)	298,866
Equity in earnings (losses) of non-consolidated subsidiaries and affiliates, net	12,804	491	(313)	(394)	10,634	23,223	—	23,223	1,740	24,963
Segment income	139,683	11,413	16,397	1,144	177,739	346,378	657	347,035	(23,205)	323,829

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 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 of the reportable segments is reconciled to the total of operating income 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.

Third Quarter of FY2023 (From April 1, 2023 to December 31, 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	5,142,821	446,585	382,118	108,483	318,002	6,398,011	4,253	6,402,264	—	6,402,264
Intersegment	24,831	27,435	18,699	4,002	3	74,973	2,172	77,145	(77,145)	—
Total	5,167,653	474,020	400,818	112,485	318,006	6,472,984	6,426	6,479,410	(77,145)	6,402,264
Operating income (loss)	180,312	23,182	22,364	(3,097)	82,416	305,177	747	305,925	(12,224)	293,700
Equity in earnings (losses) of non- consolidated subsidiaries and affiliates, net	6,899	(1,808)	418	767	7,286	13,563	—	13,563	(7)	13,556
Segment income (loss)	187,212	21,373	22,783	(2,330)	89,703	318,741	747	319,489	(12,232)	307,257

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.

5) Significant Subsequent Event

(Stock Splits and Partial Amendments to the Articles of Incorporation in Connection with Stock Splits)

Pursuant to a resolution of the Board of Directors held on November 14, 2023, the Company implemented a stock split and a partial amendment to the Articles of Incorporation in connection with the stock split as of January 1, 2024.

1. Purpose of Stock Split

By reducing the amount per investment unit through a stock split, the Company aims to create an environment in which it is easy to invest in our company shares, and to expand the investor base that can sympathize with the Idemitsu Group's business activities and management strategies among a broader generation.

2. Overview of Stock Split

(1) Split Method

With December 31, 2023, as the record date, one common share held by a shareholder in the shareholder registry on that date was divided into five shares.

(2) Number of Shares to be Increased by the Stock Split

Total number of issued shares before the stock split	297,864,718 shares
Number of shares to be increased as a result of the stock split	1,191,458,872 shares
Total number of issued shares after the stock split	1,489,323,590 shares
Total number of issuable shares after the stock split	2,180,000,000 shares

(3) Split Schedule

Date of public notice of the record date December 15, 2023

Record date December 31, 2023

Effective date January 1, 2024

(4) Effect on Per Share Information

Assuming that the stock split was carried out at the beginning of the previous fiscal year, the per share information is as follows.

	3 rd Quarter of FY2022 (From April 1, 2022 to December 31, 2022)	3 rd Quarter of FY2023 (From April 1, 2023 to December 31, 2023)
Net income per share (¥)	167.92	167.76

Notes:

- Diluted net income per share is not presented because there are no dilutive shares.
- For the purpose of calculating net income per share, the number of shares held by the Master Trust Bank of Japan, Ltd. as trust property under the share-based compensation plan is included in treasury stocks deducted in the calculation of the average number of shares during the period (nine months ended December 31, 2023: 3,330,245 shares, nine months ended December 31, 2022: 2,296,570 shares).

3. Partial Amendments to the Articles of Incorporation in Connection with Stock Splits

(1) Reason for Amendments
 Following the stock split, the total number of issuable shares was changed in accordance with Article 184, Paragraph 2 of the Companies Act.

(2) Details of Amendments
 The details of amendments are as follows.

(Underlines indicate amendments.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total number of issuable shares) Article 6: The total number of issuable shares of the Company shall be <u>436,000,000</u> shares.	(Total number of issuable shares) Article 6: The total number of issuable shares of the Company shall be <u>2,180,000,000</u> shares.

(3) Schedule of amendments to the Articles of Incorporation
 Effective date January 1, 2024

(4) Other
 There will be no change in the amount of capital for the stock split.