May 26, 2020

Consolidated Financial Results for the Fiscal Year 2019
(From April 1, 2019 to March 31, 2020) [Japan GAAP]

Company Name: **Idemitsu Kosan Co.,Ltd.** (URL http://www.idemitsu.com)
Company Code: 5019, Shares listed on: Tokyo Stock Exchange
Name of Representative: Shunichi Kito, Representative Director & Chief Executive Officer
Contact Person: Munehiro Sekine, General Manager, Investor Relations Office, Finance Department
Telephone: +81-3-3213-9307
Scheduled date of ordinary general meeting of shareholders: June 25, 2020
Scheduled date of commencement of dividend payments: June 11, 2020
Scheduled date of filing of Securities Report: June 25, 2020
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 FY2019 (From April 1, 2019 to March 31, 2020)

(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	%
FY2019	6,045,850	36.6	(3,860)	—	(13,975)	—	(22,935)	—
FY2018	4,425,144	18.6	179,319	(10.9)	169,121	(25.3)	81,450	(49.8)

Notes: Comprehensive income FY2019 ¥(40,480) million (—%) FY2018 ¥52,069 million (71.1%)

	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
	¥	¥	%	%	%
FY2019	(76.31)	—	(2.3)	(0.4)	(0.1)
FY2018	401.63	—	9.5	5.8	4.1

Reference: Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates FY2019 ¥(22,358) million
FY2018 ¥(13,141) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2019	3,886,938	1,200,564	29.6	3,868.68
FY2018	2,890,307	878,931	29.1	4,267.21

Reference: Total equity FY2019 ¥1,150,009 million FY2018 ¥842,099 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
FY2019	(32,712)	(134,463)	157,907	129,335
FY2018	151,015	(122,284)	(20,152)	90,690

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	%	%
FY2018	—	50.00	—	50.00	100.00	20,017	24.6	2.3
FY2019	—	80.00	—	80.00	160.00	47,980	—	4.8
FY2020 (Forecast)	—	—	—	—	—		—	

Notes: "Payout ratio (Consolidated)" is calculated by dividing total dividends of common stock by net income attributable to owners of the parent.
"Dividends on equity ratio (Consolidated)" is calculated by dividing total dividends of common stock by an average of total equity balances at the beginning of period and at the end of period.
The Company's Articles of Incorporation stipulate that Dividend Record Dates shall be September 30 and March 31. At this point in time, however, the dividend forecasts for the respective dividend record dates have yet to be determined.

3. Forecasts of Consolidated Financial Results for FY2020 (From April 1, 2020 to March 31, 2021)

(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	%	¥
FY2020	3,900,000	(35.5)	60,000	—	30,000	—	5,000	—	16.82

* Notes

(1) Changes of number of material consolidated subsidiaries during the fiscal year: **Yes**

Newly consolidated companies: 2 (Showa Shell Sekiyu K.K., IDEMITSU ASIA PACIFIC PTE.LTD.)
Note: Showa Shell Sekiyu K.K. became a specified subsidiary of the Company through the share exchange effective on April 1, 2019. Following the capital reduction conducted in March 2020, however, this subsidiary is no longer a material consolidated subsidiary as of the end of the current fiscal year.

(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: **Yes**
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, 2020: 297,864,718 As of March 31, 2019: 208,000,000
b) Number of shares of treasury stock
As of March 31, 2020: 603,227 As of March 31, 2019: 10,657,857
c) Weighted average number of shares outstanding during the period
FY2019: 300,558,642 FY2018: 202,797,538

(Reference)

1. Nonconsolidated Financial Results for FY2019 (From April 1, 2019 to March 31, 2020)

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

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
FY2019	4,290,578	38.9	(80,065)	—	13,276	(81.0)	(56,784)	—
FY2018	3,088,005	12.4	50,361	(51.5)	69,896	(43.9)	39,858	(56.3)

	Net income per share	Diluted net income per share
	¥	¥
FY2019	(188.92)	—
FY2018	196.54	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2019	3,201,214	881,292	27.5	2,964.53
FY2018	2,375,455	589,641	24.8	2,987.92

Reference: Total equity FY2019 ¥881,292 million FY2018 ¥589,641 million

* This document is out of the scope of audit performed by certificated public accountants or audit firms.
* 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 8 “Forecasts of consolidated financial results for FY2020” of the Appendix.

Contents of the Appendix

1. Overviews Concerning Operating Results and Financial Positon……..... 2
(1) Overview Concerning Operating Results…….……..... 2
(2) Overview Concerning Financial Position…….……..…..... 9
(3) Basic Policy on Distribution of Profits/Dividends for FY2019 and FY2020…….……....… 11
2. Description of Idemitsu Group……..……..…. 12
3. Principal Policy for Selecting Financial Reporting Framework…….……..… 14
4. Consolidated Financial Statements and Major Notes…….…..…. 15
(1) Consolidated Balance Sheets.……..... 15
(2) Consolidated Statements of Income and Comprehensive Income……... 17
1) Consolidated Statements of Income…….. 17
2) Consolidated Statements of Comprehensive Income…..…….. 18
(3) Consolidated Statements of Changes in Net Assets…….… 19
(4) Consolidated Statements of Cash Flows ……. 21
(5) Notes to Consolidated Financial Statements…… 23
(Events or Conditions that may Cast Significant Doubt about the Company's Ability to Continue as a Going Concern)... 23
(Change in Accounting Policies) …… 23
(Additional Information)…… 23
(Notes to Consolidated Balance Sheets) ……... 25
(Notes to Consolidated Statements of Comprehensive Income)……... 26
(Notes to Consolidated Statements of Changes in Net Assets)……..……... 27
(Notes to Consolidated Statements of Cash Flows)……... 29
(Segment and Related Information)……... 30
(Other Notes to Consolidated Financial Statements)..…….……. 35
(Per Share Information)……. 35
(Business Combinations) …….. 35
(Significant Subsequent Events)……..……. 38
5. Nonconsolidated Financial Statements……..…… 39
(1) Nonconsolidated Balance Sheets……..…….….. 39
(2) Nonconsolidated Income Statements…….……..… 41
(3) Nonconsolidated Statements of Changes in Net Assets…..…….… 42

[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 fiscal year ended March 31, 2020, the Japanese economy maintained a mild recovery trend helped by continued improvements in capital spending and the employment environment, while the economic outlook remained uncertain amid the intensifying US-China trade frictions and the abrupt slowdown in China's economy. Moreover, toward the end of fiscal 2019, business sentiment considerably worsened owing to the impact of the COVID-19 pandemic.

As for sales volume of petroleum products for the domestic market during fiscal 2019, demand for gasoline decreased slightly owing to structural factors, including improved vehicle fuel efficiency. Following the trend of the preceding fiscal year, demand for middle distillates such as kerosene remained weak owing to the warmer winter, while heavy fuel oil for the power industry was affected by a year-on-year decrease in demand, reflecting the progress in diversification of power sources. Consequently, overall demand for petroleum products during fiscal 2019 was lower compared with the preceding fiscal year.

Dubai crude oil prices were hovering around $70/bbl until the middle of May 2019, but the declining trend continued from late May in the wake of growing uncertainty in the global economy mainly on the back of US-China trade tensions. The larger production cut target by the so-called OPEC-plus alliance in December and the additional production cut voluntarily pledged by Saudi Arabia then turned the trend upward. However, from the end of February 2020 onward, crude oil prices continued to decline owing to concerns over global economic slowdown due to the spread of COVID-19 and lower demand for crude oil, coupled with the breakdown in negotiations for a coordinated production cut among the OPEC-plus member countries. Consequently, the average price of Dubai crude oil for fiscal 2019 fell by $9.0/bbl from the preceding year to $60.3/bbl.

While demand for petrochemical products during fiscal 2019 remained strong, proliferation of new equipment led to oversupply. The annual average price of naphtha, a petrochemical raw material, decreased by $81/ton from the previous fiscal year to $540/ton.

The Japanese yen to US dollar exchange rate was around ¥111/$ in April when fiscal 2019 started. The yen temporarily appreciated in value to around ¥105/$ mainly owing to the intensifying US-China trade frictions from May to September. However, since October, when expectations of progress in the US-China trade talks were raised, the yen depreciated and remained weak. Then primarily as a result of the impact of the COVID-19 pandemic, the yen temporarily appreciated in value to around ¥102/$. As a result, the average exchange rate for fiscal 2019 was ¥108.7/$, which was lower by ¥2.1/$ compared to the preceding fiscal year.

2) Operating results

Despite the lower prices of crude oil and naphtha, the Idemitsu Group's net sales for fiscal 2019 were ¥6,045.9 billion, up 36.6% from the previous fiscal year, owing mainly to business integration through the share exchange that the Company and Showa Shell Sekiyu K.K. ("Showa Shell") conducted on April 1, 2019. Cost of sales was ¥5,632.7 billion, up 43.1% year on year. Selling, general and administrative expenses totaled ¥417.1 billion, up 35.2% year on year.

Operating loss was ¥3.9 billion, a decline of ¥183.2 billion from the preceding fiscal year, owing mainly to the effect of inventory valuation in the petroleum products segment as well as the decreased production volume and lower prices for natural resources in the resources segment.

Net non-operating loss was ¥10.1 billion, an improvement of ¥0.1 billion from the preceding year, owing primarily to recording equity in losses of nonconsolidated subsidiaries and affiliates. Consequently, ordinary loss was ¥14.0 billion, a decline of ¥183.1 billion from the previous fiscal year.

Net extraordinary loss was ¥3.3 billion, an improvement of ¥21.2 billion from the previous year, owing primarily to gain from step acquisition of Showa Shell shares, as well as decreases of impairment loss on fixed assets and loss on penalty for LPG business compared to the previous fiscal year.

Income tax expenses, which consist of income taxes-current and income taxes-deferred, amounted to ¥3.6 billion, a decrease of ¥54.4 billion from the preceding fiscal year. Net income attributable to noncontrolling interests for the period was ¥2.1 billion, down 59.7% year on year, reflecting mainly a decrease in profit for the resources segment.

As a result, net loss attributable to owners of the parent was ¥22.9 billion, a decline of ¥104.4 billion from the preceding fiscal year.

[Reference]
Net sales and operating income (loss) decreased by 12.0% and ¥245.3 billion, respectively compared with pro forma net sales and operating income for the same period of the previous fiscal year assuming that the Company consolidated 100% of Showa Shell's operating results.

3) Progress and results of business

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

As described in "Segment and Related Information" of "(5) Notes to Consolidated Financial Statements," as a result of the business integration with Showa Shell, effective from fiscal 2019, the Company's previous three reportable segments of "Petroleum products," "Petrochemical products" and "Resources" have been reclassified to the current five reportable segments of "Petroleum," "Basic chemicals," "Functional materials," "Power and renewable energy" and "Resources."

Net sales by segment

(Unit: ¥Billion)

Segment	FY2018	FY2019	Change (Decrease)	
			Amount	%
Petroleum	3,270.2	4,821.0	+1,550.8	+47.4%
Basic chemicals	468.4	459.2	(9.2)	(2.0)%
Functional materials	352.0	393.8	+41.8	+11.9%
Power and renewable energy	22.9	127.7	+104.8	+458.1%
Resources	308.0	241.8	(66.2)	(21.5)%
Others	3.7	2.3	(1.4)	(38.5)%
Total	4,425.1	6,045.9	+1,620.7	+36.6%

Segment income (loss) by segment

(Unit: ¥Billion)

Segment	FY2018	FY2019	Change (Decrease)	
			Amount	%
Petroleum	28.0	(109.4)	(137.3)	—
: excluding effect of inventory valuation	*22.0*	*(20.1)*	*(42.1)*	—
Basic chemicals	31.8	11.9	(19.9)	(62.5)%
Functional materials	29.7	28.4	(1.3)	(4.4)%
Power and renewable energy	0.7	(0.5)	(1.2)	—
Resources	88.5	41.8	(46.8)	(52.8)%
Others	2.6	0.4	(2.2)	(84.4)%
Reconciliation	(15.2)	1.1	+16.3	—
Total	166.2	(26.2)	(192.4)	—
: excluding effect of inventory valuation	*160.2*	*63.1.*	*(97.1)*	*(60.6)%*

Notes: 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 supporting Japan's energy security, the Company strived to strengthen the competitiveness of its domestic supply chain, while also being committed to establishing overseas business in order to realize sustainable growth.

In domestic manufacturing and supply, the Company worked on creating synergy by strengthening the network alignment among its refineries and complexes; complying with IMO regulations through the optimization of 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, the Company has defined its service stations (SSs) as customers' life partners to support each customer's daily life and moves. Based on such concept of SSs as being indispensable for local communities, the Company strived to construct new business models. For example, it launched a corporate car-leasing program called Auto Flat Biz and also started MaaS business verification tests using ultracompact EVs in two cities in Gifu Prefecture, namely Hida City and Takayama City.

As for business efforts in overseas markets, the Company inspected and repaired initial defects in facilities at the Nghi Son Refinery in Vietnam, which launched commercial operation in 2018, striving to ensure safe operation. 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 the Asia Pacific Rim region and other overseas growth markets.

Despite lower crude oil prices, net sales in the petroleum segment were ¥4,821.0 billion, up 47.4% compared to the same period of the previous fiscal year, primarily reflecting the business integration with Showa Shell. Segment loss (operating income (loss) + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) was ¥109.4 billion, a decline of ¥137.3 billion from the preceding year, primarily due to the time-lag effect of the tumbling crude oil prices and increased equity in losses. The negative effect from inventory valuation included in operating loss was ¥89.3 billion.

[Reference]
Net sales and segment income (operating income (loss) + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) decreased by 10.4% and ¥189.2 billion, respectively compared with pro forma net sales and segment income for the same period of the previous fiscal year assuming that the Company consolidated 100% of Showa Shell's operating results.

[Basic chemicals segment]

In the basic chemicals business, the Company made efforts to further reinforce its revenue base. As part of such efforts, construction of a high-efficiency-type naphtha cracking furnace started in Tokuyama Complex, which will enable the complex to achieve energy savings of about 30% compared to the conventional type. Moreover, a companywide cross-segment working group was formed and started to discuss measures to solve waste plastic problems.

Net sales in the basic chemicals segment were ¥459.2 billion, which was almost at the same level of the previous year, down 2.0% year on year. Segment income (operating income + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) was ¥11.9 billion, down 62.5% year on year mainly owing to lower margins on styrene monomer and other products.

[Functional materials segment]

(Lubricants business)

Under the basic policy of "continuously creating new values as a technology-based & community-based global lubricant maker," the Company strived to promote further branching out overseas as well as product development in new fields. In manufacturing, a second plant was opened in Indonesia, and construction of another second plant started in China. In marketing and sales, a new sales subsidiary was established in the Philippines, and another sales subsidiary launched operations in Pakistan. As for product development, the Company developed a new type of fluid exclusively for driving units of electronic vehicles (EVs) and hybrid electronic vehicles (HEVs).

(Performance chemicals business)

On the strength of its own technology, the Company strived to expand its intermediate business targeted at automobiles, information & communication, necessities, and durables. In the engineering plastics business, the Company decided to construct the second SPS (syndiotactic polystyrene) manufacturing equipment in Malaysia, in order to double the current production capacity for SPS resin, which the Company boasts of as its unique technology. In the adhesive materials business, production equipment to manufacture hydrogenated petroleum resin (Product name: I-MARV®), jointly constructed by Formosa Petrochemical Corporation of Taiwan and the Company, was completed, and its commercial production will start in fiscal 2020.

(Electronic materials business)

The electronic materials business evolved around OLED materials, Tough Z (special polycarbonate resin), polyaniline (conductive polymer), and oxide semiconductor. The Company also worked on new business development and new use application development. Back in 2018, the Company started to construct an OLED materials manufacturing plant in Chengdu, Sichuan, China. Now it is aiming to start commercial operation as soon as possible in fiscal 2020. This manufacturing base will become the Company's third OLED materials manufacturing base, following the one in Japan and the other in Korea. Once the new manufacturing base starts operations, the Japan-China-Korea tri-polar structure will be established with a combined annual production capacity of 22 tons.

(High functional asphalt business)

In order to fulfill the social mission of supporting Japan's infrastructure, the Company worked on reducing CO_2 emissions from roadworks as well as driving down roads' lifecycle costs. The Company also promoted discussions to make use of its domestically cultivated technology for infrastructure construction in Asia and the Middle East.

(Agricultural biotechnology products business)

In order to contribute to making the world's agricultural production and livestock raising more efficient, the Company strived to develop and market biological agrochemicals/stock-raising materials derived from natural products. New agent development for biological agrochemicals has been advancing in cooperation with SDS Biotech K.K.

(Solid electrolytes for all-solid-state lithium-ion batteries)

Using lithium sulfide as a raw material and on the strength of its unique lithium sulfide manufacturing technology, the Company has been engaged in the research and development of solid electrolytes as key materials for next-generation batteries, namely

for all-solid-state lithium-ion batteries. Steps were taken toward commercialization. Aiming at early commercialization, the Company decided to newly construct a small mass-production facility for solid electrolytes in Chiba Complex.

Net sales in the functional materials segment were ¥393.8 billion, up 11.9% from the same period of fiscal 2018. Segment income (operating income + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) was ¥28.4 billion, down 4.4% from the same period of the prior year.

[Reference]
Net sales and segment income (operating income + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) decreased by 9.7% and 14.5%, respectively compared with pro forma net sales and segment income for the same period of the previous fiscal year assuming that the Company consolidated 100% of Showa Shell's operating results.

[Power and renewable energy segment]

Efforts were made under the three basic policies of "maintenance and expansion of underling businesses," "promotion of renewable energy sources development at home and abroad" and "verification and development of solution businesses." As for the second basic policy, the Company took steady steps forward. For example, construction of a mega solar power plant was completed in Vietnam; three solar power projects were launched in the USA; the Company participated in a solar power project in the Philippines; and domestically the Company decided on the commercialization of biomass power generation at Tokuyama Complex. As for the third basic policy, the Company invested in a new regional power company called Kesennuma Green Energy INC. and started verification tests concerning the coexistence with a local community through promotion of a renewable energy-using "local production for local consumption" model.

Net sales in the power and renewable energy segment were ¥127.7 billion, up 458.1% from the same period of fiscal 2018. Segment loss (operating income (loss) + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) was ¥0.5 billion, a decline of ¥1.2 billion from the same period of the prior year.

[Reference]
Net sales decreased by 6.9% and segment income (operating income (loss) + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) improved by ¥7.0 billion compared with pro forma net sales and segment income for the same period of the previous fiscal year assuming that the Company consolidated 100% of Showa Shell's operating results.

[Resources segment]

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

In oil/natural gas exploration and production, in Europe, the Company ensured stable production at the existing active oil field in the northern North Sea basin, off the coast of Northern Norway and worked on oilfield development in in the northern North Sea basin and the Barents Sea basin, where the Company succeeded in exploration. Moreover, in order to promote the reduction of environmental burdens, the Company started to develop a floating-offshore wind power system to be directly connected with oil/gas production equipment, which is the first attempt in the world. Meanwhile, in an offshore mine site project off the coast of Southern Vietnam, the Company was continuously

engaged in natural gas development as its operator.

In the geothermal energy business, while ensuring the safe operation of the existing power plant, the Company progressively discussed development of new geothermal energy business in Oyasu, Yuzawa City, Akita Prefecture and other regions in Japan, as well as branching out overseas.

Net sales of the oil exploration and production business and the geothermal energy business were ¥48.9 billion, down 36.9% from the corresponding period of the previous year, due mainly to decline in crude oil price. Segment income (operating income + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) was ¥17.8 billion, down 52.1% from the same period of the preceding year.

(Coal business and others)

In the existing mines in Australia and Indonesia, the Company progressively discussed the introduction of new technologies in order to strengthen their competitiveness. For example, the adoption of remote automatic coal mining has been under consideration with the aims of ensuring sound management and coping with environmental changes in the future. Moreover, the Company progressively provided low-carbon solutions through the development of black pellets (biomass fuel) and the marketing of its optimization system to control coal boilers, while also having taken steps forward, such as a feasibility study on a mining resources-using solar power system and another study on a pumped-storage hydroelectric power system, in order to reduce environmental burdens and contribute to local communities.

Net sales of the coal business and others were ¥192.9 billion, down 16.3% compared with the same period of last year. Segment income (operating income + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) was ¥24.0 billion, down 53.4% compared with the same period of the preceding year.

As a result, total net sales of the resources segment were ¥241.8 billion, down 21.5% and segment income (operating income + equity in earnings (losses) of nonconsolidated subsidiaries and affiliates) was ¥41.8 billion, down 52.8% from the same period of the preceding year.

4) Forecasts of consolidated financial results for FY2021

As to the forecasts of consolidated financial results for FY2021, the Company expects net sales of ¥3,900.0 billion, down 35.5%, operating income of ¥60.0 billion, an improvement of ¥63.9 billion, ordinary income of ¥30.0 billion, an improvement of ¥44.0 billion and net income attributable to owners of the parent of ¥5.0 billion, an improvement of ¥27.9 billion under the assumption that the impact of the spread of COVID-19 lasts across the fiscal year, leading to declines in demand for products resulting from stay-at-home requests and the shrinkage of economic activities as well as the trend of low natural resource prices.

The above forecasts for the fiscal year ending March 31, 2021 are based on the assumptions below:

Dubai Crude Oil Price: US$25 per bbl
Foreign Exchange Rate: ¥105 per US$

Forecasts for FY2020 and financial results for FY2019

(Unit: ¥Billion)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss) attributable to owners of the parent
FY2020	3,900.0	60.0	30.0	5.0
FY2019	6.045.9	(3.9)	(14.0)	(22.9)
Change (Decrease)	(35.5)%	—%	—%	—%

The above forecasts for FY2020 are based on information available as of the date of publication of this document. The actual 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)

	FY2018	FY2019	Change (Decrease)
Current assets	1,225.4	1,550.3	+324.9
Fixed assets	1,664.9	2,336.6	+671.8
Total assets	2,890.3	3,886.9	+996.6
Current liabilities	1,195.8	1,648.4	+452.6
Non-current liabilities	815.6	1,038.0	+222.4
Total liabilities	2,011.4	2,686.4	+675.0
Total net assets	878.9	1,200.6	+321.6
Total liabilities and net assets	2,890.3	3,886.9	+996.6

a) Total assets

Total assets as of March 31, 2020 increased by ¥996.6 billion from the end of the previous fiscal year to ¥3,886.9 billion.

b) Total liabilities

Total liabilities as of March 31, 2020 increased by ¥675.0 billion from the end of the previous fiscal year to ¥2,686.4 billion.

c) Total net assets

Total net assets as of March 31, 2020 were ¥1,200.6 billion, an increase of ¥321.6 billion from the end of the preceding fiscal year, owing mainly to an increase in capital surplus of ¥330.8 billion associated with the share exchange on April 1, 2019, disposal of treasury stock, and the acquisition of treasury shares through market purchases.

Consequently, the equity ratio as of March 31, 2020 was 29.6%, an increase of 0.5 points from 29.1% at the end of the preceding fiscal year.

2) Analysis of cash flows

Summarized Consolidated Statements of Cash Flows

(Unit: ¥Billion)

	FY2018	FY2019
Cash flows from operating activities	151.0	(32.7)
Cash flows from investing activities	(122.3)	(134.5)
Cash flows from financing activities	(20.2)	157.9
Effect of exchange rate change on cash and cash equivalents	(4.7)	(0.9)
Net increase (decrease) in cash and cash equivalents	3.9	(10.1)
Cash and cash equivalents at the beginning of period	86.8	90.7
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(0.1)	48.8
Cash and cash equivalents at the end of period	90.7	129.3

Cash and cash equivalents ("funds") as of March 31, 2020 were ¥129.3 billion, an increase of ¥38.6 billion compared with the end of the preceding fiscal year. Major factors for this increase are as follows:

a) Cash flows from operating activities

Despite decreased demand for working capital in the wake of lower crude oil import prices, net cash used in operating activities amounted to ¥32.7 billion, primarily reflecting increased payments of oil-related taxes payable due to the calendar difference factor where the end of the previous fiscal year was a holiday.

b) Cash flows from investing activities

Net cash used in investing activities amounted to ¥134.5 billion, mainly reflecting purchases of tangible fixed assets from capital spending of ¥118.6 billion.

c) Cash flows from financing activities

Net cash provided by financing activities was ¥157.9 billion, mainly due to the increased short-term loans and commercial paper, despite dividend payment of ¥34.0 billion and repurchases of treasury stock of ¥13.2 billion.

(3) Basic Policy on Distribution of Profits/Dividends for FY2019 and FY2020

With respect to the year-end dividends for fiscal 2019, the Company has determined to pay a dividend of ¥80 per share. As a result, annual dividends for the fiscal year ended March 31, 2020 are ¥160 per share. Meanwhile, the Company acquired its treasury stock worth approximately ¥12 billion in total, seeking to enhance the return of profits to shareholders during the period from November 2019 through January 2020. The treasury stock was cancelled in March 2020.

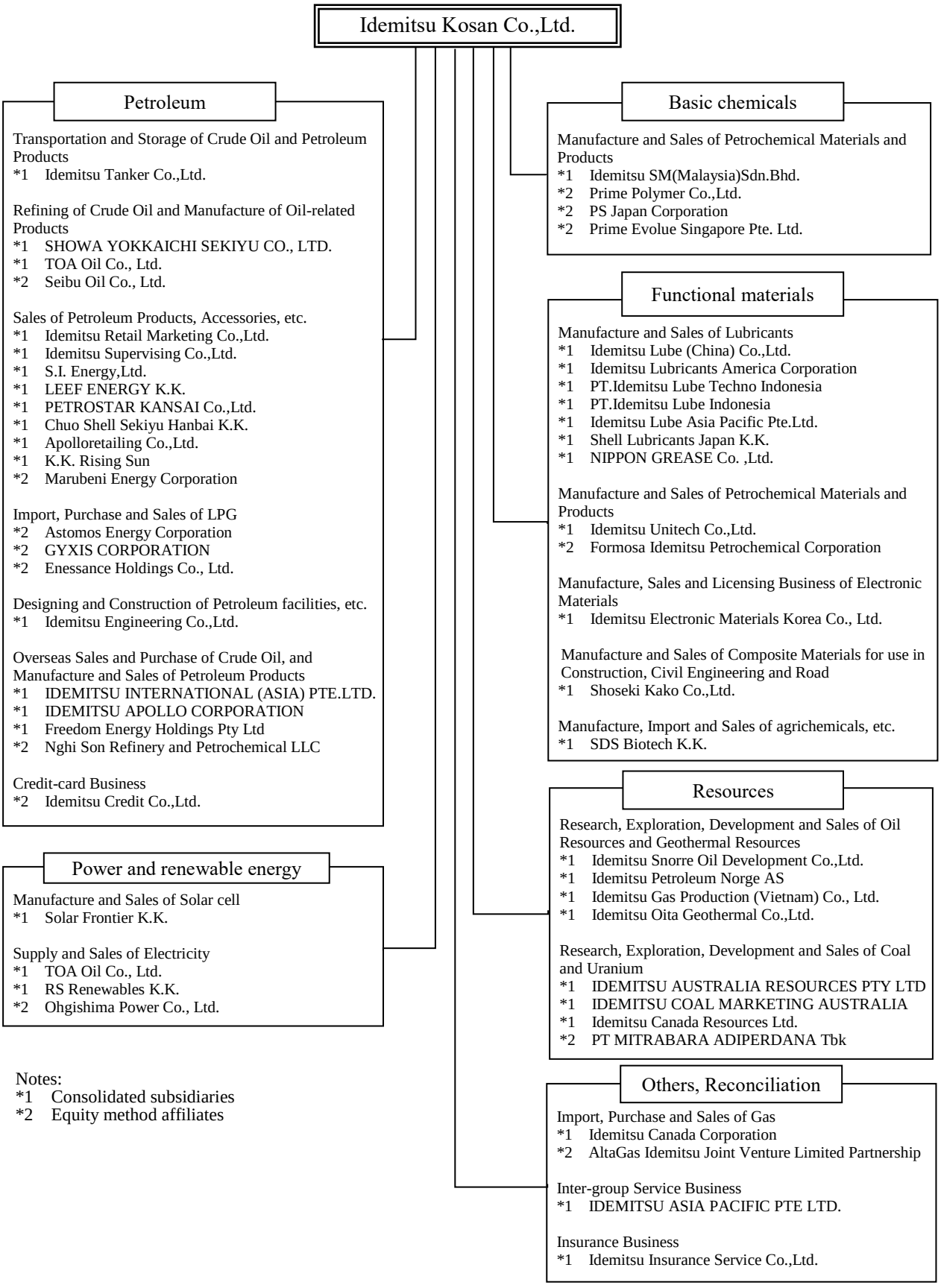
The Company announced its Mid-term Management Plan as a new integrated company on November 14, 2019. Shareholder return policy has been stipulated in the said Plan. The status of dividends and treasury stock acquisition for FY2020 has yet to be determined at this time. The Company will promptly announce the status when it becomes possible to disclose a relevant reasonable forecast.

2. Description of Idemitsu Group

Effective on April 1, 2019, the Company and Showa Shell conducted a share exchange, in which the Company became the wholly owning parent company and Showa Shell became a wholly owned subsidiary, and thereby completed the business integration.

Effective from the first quarter of fiscal 2019, the Company has changed the number of consolidated subsidiaries or equity method affiliates.

The principle businesses of the Company, its subsidiaries (170 companies) and its affiliates (74 companies) and their principal businesses are as follows:



Notes:
*1 Consolidated subsidiaries
*2 Equity method affiliates

3. 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.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Unit: ¥Million)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Assets		
Current assets:		
Cash and deposits	91,850	132,247
Notes and accounts receivable, trade	453,316	593,730
Inventories	586,561	622,895
Other	94,801	203,186
Less: Allowance for doubtful accounts	(1,101)	(1,770)
Total current assets	1,225,427	1,550,288
Fixed assets:		
Property, plant and equipment:		
Buildings and structures, net	172,512	255,774
Machinery, equipment and vehicles, net	182,800	267,954
Land	576,288	811,627
Construction in progress	14,853	59,167
Other, net	45,573	83,598
Total property, plant and equipment	992,028	1,478,122
Intangible fixed assets:		
Goodwill	7,214	167,104
Other	17,536	165,003
Total intangible fixed assets	24,750	332,108
Investments and other assets:		
Investment securities	400,847	244,007
Investments in capital of subsidiaries and affiliates	14,388	23,421
Long-term loans receivable	74,816	79,825
Assets for employees' retirement benefits	279	496
Deferred tax assets	56,619	38,287
Other	101,844	142,095
Less: Allowance for doubtful accounts	(696)	(1,715)
Total investments and other assets	648,100	526,418
Total fixed assets	1,664,879	2,336,649
Total assets	2,890,307	3,886,938

(Unit: ¥Million)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Liabilities		
Current liabilities:		
Notes and accounts payable, trade	399,176	475,664
Short-term loans payable	154,715	339,600
Commercial paper	204,000	315,965
Current portion of bonds payable	10,000	―
Accounts payable, other	305,563	343,611
Income taxes payable	30,634	11,564
Provision for bonuses	8,169	9,912
Other	83,541	152,099
Total current liabilities	1,195,800	1,648,420
Non-current liabilities:		
Bonds payable	50,000	80,000
Long-term loans payable	531,168	568,133
Deferred tax liabilities	10,574	16,200
Deferred tax liability related to land revaluation	88,595	85,410
Liability for employees' retirement benefits	11,996	67,542
Reserve for repair work	38,267	64,138
Asset retirement obligations	51,620	62,130
Other	33,353	94,397
Total non-current liabilities	815,575	1,037,953
Total liabilities	2,011,376	2,686,374
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus	130,876	461,636
Retained earnings	466,750	408,064
Treasury stock	(56,022)	(2,042)
Total shareholders' equity	709,955	1,036,010
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	5,734	1,524
Deferred gains (losses) on hedging activities, net	(6,730)	(7,667)
Surplus from land revaluation	155,535	157,834
Foreign currency translation adjustments	(21,330)	(34,370)
Defined retirement benefit plans	(1,064)	(3,321)
Total accumulated other comprehensive income	132,144	113,999
Noncontrolling interests	36,831	50,555
Total net assets	878,931	1,200,564
Total liabilities and net assets	2,890,307	3,886,938

(2) Consolidated Statements of Income and Comprehensive Income

1) Consolidated Statements of Income

(Unit: ¥Million)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Net sales	4,425,144	6,045,850
Cost of sales	3,937,449	5,632,657
Gross profit	487,694	413,193
Selling, general and administrative expenses	308,374	417,053
Operating income (loss)	179,319	(3,860)
Non-operating income:		
Interest income	6,858	10,829
Dividend income	3,711	3,502
Gain on foreign exchange, net	―	2,613
Subsidy income	2,119	7,277
Other	3,358	5,077
Total non-operating income	16,047	29,300
Non-operating expenses:		
Interest expense	8,648	13,049
Equity in losses of nonconsolidated subsidiaries and affiliates, net	13,141	22,358
Other	4,455	4,006
Total non-operating expenses	26,245	39,415
Ordinary income (loss)	169,121	(13,975)
Extraordinary income:		
Gain on sales of fixed assets	4,243	2,214
Gain on sales of investment securities	358	503
Gain on sales of shares of subsidiaries and affiliates	187	―
Gain on dissolution of oil field premium contract	6,143	―
Gain from step acquisition	―	17,215
Other	612	3,005
Total extraordinary income	11,545	22,939
Extraordinary loss:		
Impairment loss on fixed assets	15,882	9,044
Loss on sales of fixed assets	211	428
Loss on disposals of fixed assets	2,795	7,870
Loss on penalty for LPG business	12,826	―
Other	4,249	8,846
Total extraordinary loss	35,965	26,190
Income (loss) before income taxes	144,701	(17,226)
Income taxes-current	53,183	29,696
Income taxes-deferred	4,736	(26,136)
Total income taxes	57,919	3,560
Net income (loss)	86,781	(20,786)
Net income (loss) attributable to noncontrolling interests	5,331	2,149
Net income (loss) attributable to owners of the parent	81,450	(22,935)

2) Consolidated Statements of Comprehensive Income

(Unit: ¥Million)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Net income (loss)	86,781	(20,786)
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(3,383)	(4,308)
Deferred gains (losses) on hedging activities, net	(3,114)	173
Surplus from land revaluation	(1,239)	2,913
Foreign currency translation adjustments	(22,630)	(14,221)
Defined retirement benefit plans	(955)	(3,215)
Share of other comprehensive income in equity method subsidiaries and affiliates	(3,387)	(1,035)
Total other comprehensive income	(34,711)	(19,693)
Comprehensive income (loss)	52,069	(40,480)
Comprehensive income (loss) attributable to:		
Owners of the parent	49,148	(40,466)
Noncontrolling interests	2,921	(14)

(3) Consolidated Statements of Changes in Net Assets

FY2018 (From April 1, 2018 to March 31, 2019)

(Unit: ¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	168,351	130,875	403,745	(133)	702,839
Changes of items during the period:					
Dividends from surplus			(18,460)		(18,460)
Net income attributable to owners of the parent			81,450		81,450
Change in scope of consolidation			(1,381)		(1,381)
Acquisitions of treasury stock				(55,889)	(55,889)
Disposals of treasury stock		0		0	0
Adjustment due to sales and revaluation of land			1,396		1,396
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	0	63,004	(55,889)	7,115
Balance at the end of current period	168,351	130,876	466,750	(56,022)	709,955

	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	10,105	(4,083)	158,171	919	748	165,861	37,228	905,929
Changes of items during the period:								
Dividends from surplus								(18,460)
Net income attributable to owners of the parent								81,450
Change in scope of consolidation								(1,381)
Acquisitions of treasury stock								(55,889)
Disposals of treasury stock								0
Adjustment due to sales and revaluation of land			(1,396)			(1,396)		–
Net changes of items other than shareholders' equity	(4,370)	(2,647)	(1,239)	(22,249)	(1,813)	(32,320)	(397)	(32,717)
Total changes of items during the period	(4,370)	(2,647)	(2,635)	(22,249)	(1,813)	(33,716)	(397)	(26,998)
Balance at the end of current period	5,734	(6,730)	155,535	(21,330)	(1,064)	132,144	36,831	878,931

FY2019 (From April 1, 2019 to March 31, 2020)

(Unit: ¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	168,351	130,876	466,750	(56,022)	709,955
Changes of items during the period:					
Prior period adjustments			(664)		(664)
Capital surplus (goodwill)		(0)			(0)
Dividends from surplus			(34,028)		(34,028)
Net income (loss) attributable to owners of the parent			(22,935)		(22,935)
Change in scope of consolidation			(17)	(40)	(57)
Acquisitions of treasury stock				(13,164)	(13,164)
Disposals of treasury stock		(2)		51	49
Cancellation of treasury stocks		(10,352)	(1,653)	12,006	―
Change due to share exchange		341,115		55,127	396,243
Adjustment due to sales and revaluation of land			614		614
Net changes of items other than shareholders' equity					
Total changes of items during the period	―	330,760	(58,685)	53,980	326,054
Balance at the end of current period	168,351	461,636	408,064	(2,042)	1,036,010

	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	5,734	(6,730)	155,535	(21,330)	(1,064)	132,144	36,831	878,931
Changes of items during the period:								
Prior period adjustments								(664)
Capital surplus (goodwill)								(0)
Dividends from surplus								(34,028)
Net income (loss) attributable to owners of the parent								(22,935)
Change in scope of consolidation								(57)
Acquisitions of treasury stock								(13,164)
Disposals of treasury stock								49
Cancellation of treasury stocks								―
Change due to share exchange								396,243
Adjustment due to sales and revaluation of land			(614)			(614)		―
Net changes of items other than shareholders' equity	(4,210)	(937)	2,913	(13,040)	(2,256)	(17,530)	13,723	(3,806)
Total changes of items during the period	(4,210)	(937)	2,298	(13,040)	(2,256)	(18,145)	13,723	321,633
Balance at the end of current period	1,524	(7,667)	157,834	(34,370)	(3,321)	113,999	50,555	1,200,564

(4) Consolidated Statements of Cash Flows

(Unit: ¥Million)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities:		
Income (loss) before income taxes	144,701	(17,226)
Depreciation and amortization	61,615	94,937
Impairment loss on fixed assets	15,882	9,044
Amortization of goodwill	1,094	9,675
Gain from step acquisition	—	(17,215)
Increase (decrease) in liability for employees' retirement benefits	(3,664)	(21,172)
Increase (decrease) in reserve for repair work	11,154	6,140
Interest and dividend income	(10,569)	(14,331)
Interest expense	8,648	13,049
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates, net	13,141	22,358
(Gain) loss on sales of fixed assets, net	(4,031)	(1,785)
(Increase) decrease in notes and accounts receivable, trade	26,741	111,785
(Increase) decrease in inventories	(53,416)	212,591
(Increase) decrease in accounts receivable, other	(2,000)	(50,768)
Increase (decrease) in notes and accounts payable, trade	(25,705)	(210,465)
Increase (decrease) in accounts payable, other	13,323	(95,429)
Other, net	(11,939)	(25,869)
Subtotal	184,977	25,319
Interest and dividends received	18,099	12,062
Interest paid	(8,656)	(13,260)
Income taxes paid	(43,404)	(56,835)
Net cash provided by (used in) operating activities	151,015	(32,712)
Cash flows from investing activities:		
Purchases of tangible fixed assets	(76,250)	(118,644)
Proceeds from sales of tangible fixed assets	6,594	3,416
Purchases of intangible fixed assets	(4,954)	(11,548)
Acquisitions of investment securities	(6,571)	(2,122)
Proceeds from sales of investment securities	903	5,802
Payments for acquisitions of shares of subsidiaries resulting in change in scope of consolidation	(3,077)	—
Disbursements for long-term loans	(19,716)	(1,939)
Proceeds from collection of long-term loans receivable	1,104	2,506
(Increase) decrease in short-term loans receivable, net	(1,184)	(805)
Other, net	(19,132)	(11,128)
Net cash provided by (used in) investing activities	(122,284)	(134,463)

(Unit: ¥Million)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	16,905	74,918
Increase (decrease) in commercial paper, net	65,998	111,965
Proceeds from long-term loans payable	29,100	120,999
Repayments of long-term loans payable	(48,845)	(85,202)
Proceeds from issuance of bonds	20,000	30,000
Redemption of bonds	(25,000)	(20,000)
Purchases of treasury stock	(55,889)	(13,164)
Proceeds from disposals of treasury stock	0	4
Cash dividends paid	(18,460)	(34,028)
Cash dividends paid to noncontrolling interests	(3,319)	(2,544)
Cash dividends paid to previous shareholders of newly consolidated subsidiaries	—	(21,646)
Other, net	(642)	(3,394)
Net cash provided by (used in) financing activities	(20,152)	157,907
Effect of exchange rate change on cash and cash equivalents	(4,669)	(879)
Net increase (decrease) in cash and cash equivalents	3,907	(10,149)
Cash and cash equivalents at the beginning of period	86,836	90,690
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	—	48,793
(Decrease) in cash and cash equivalents resulting from exclusion of previously consolidated subsidiaries	(53)	—
Cash and cash equivalents at the end of period	90,690	129,335

(5) Notes to Consolidated Financial Statements

(Events or Conditions that may Cast Significant Doubt about the Company's Ability to Continue as a Going Concern)

None

(Change in Accounting Policies)

Change in valuation method of available-for-sale securities with fair value

The Company previously used the average market price for the month that includes the reporting date when applying the fair value method to measure its equity instruments classified as available-for-sale securities. Effective April 1, 2019, the Company made change to the fair value method and implemented the use of the market price at each reporting date, which is the required method in principle when applying the fair value method.

This change was made to provide more relevant information regarding the Company's financial position upon the business integration with Showa Shell Sekiyu K. K.. Since the effect from this accounting policy change was not material, the new accounting policy was not applied retrospectively.

Application of IFRS 16 "Leases"

Effective April 1, 2019, most non-US overseas subsidiaries of the Idemitsu Group adopted IFRS 16 "Leases." As a result, lessees under lease agreements recognize the assets and liabilities arising from all leases on the balance sheet in principle. The application of this accounting standard did not have material effect on the financial statements.

(Additional Information)

Accounting Estimates

The Idemitsu Group's consolidated financial statements include management's estimates and assumptions that affect the amounts reported for assets, liabilities, revenue and expenses. These estimates and assumptions are based on management's best judgement that take account of past financial results, various factors considered to be reasonable as of the end of the fiscal year, and other considerations. Due to their inherent nature, actual results may differ from these estimates and assumptions.

Uncertainty over the Group's future business activities has been increasing owing to the impact of COVID-19 because not only demand for petroleum products decreased toward the end of fiscal 2019 but a further drop in demand is anticipated, given the ongoing canceled/reduced flights by airlines as well as the declaration of a state of emergency. Under these circumstances, the Group's estimates and assumptions are based on the presumption that the impact of COVID-19 will subside about one year after the end of the current fiscal year. Depending on future development, it may have material impact on the Group's financial statements for the following fiscal years. The items that the Group considers particularly important are as follows:

1. Collectability of deferred tax assets in nonconsolidated financial statements
   In the non-consolidated financial statements for fiscal 2019, tax loss of ¥82.5 billion was recorded, primarily reflecting the time-lag effect of tumbling crude oil prices. As a result, deferred tax assets of ¥57.3 billion were recorded for the amount of loss carried forward at the end of March 2020. Collectability of the deferred tax assets has been assessed based on estimated taxable income for the next five years, a period which generally allows companies to make reasonable estimate.

2. Valuation of assets in subsidiaries and affiliates with December 31 fiscal year-end
   In preparing consolidated financial statements, for subsidiaries and affiliates with December 31 fiscal year-end, their financial statements as of December 31 are used. Accordingly, their assets are evaluated using estimations based on external institutions' forecasts for crude oil prices and product prices, available as of the end of December.

(Notes to Consolidated Balance Sheets)

(Unit: ¥Million)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
1. Assets pledged as collateral	344,102	429,647

In addition to the above, the Company pledged investment securities in Nghi Son Refinery and Petrochemical LLC ("NSRP") amounting to ¥25,812 million as of March 31, 2020 (¥63,632 million as of March 31, 2019) and long-term loans receivable from NSRP amounting to ¥73,074 million as of March 31, 2020 (¥71,586 million as of March 31, 2019) as collateral for NSRP's borrowings from financial institutions.

(Unit: ¥Million)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
2. Contingent liabilities:		
Guaranty liabilities and items of similar nature	8,915	16,775
Construction completion guarantee	174,334	165,127
Total	183,249	181,903
3. Accumulated depreciation for property, plant and equipment	2,152,954	2,202,252

4. Revaluation of land

The Company revalued its land used for business activities in accordance with the "Law of Land Revaluation" (No. 34, March 31, 1998) and the "Law for Partial Revision of the Law of Land Revaluation" (No. 19, March 31, 2001)." The difference between the revaluated amount and the book value is stated as "Surplus from land revaluation" in net assets after deducting the related deferred tax liability.

(a) Method of revaluation

The Company's land was revaluated based on the land value determined for calculating property tax, the land value determined for calculating landholding tax and appraisal by certified real estate appraisers as stipulated in Articles 2-3, 2-4 and 2-5 of the "Enforcement Ordinance of the Law of Land Revaluation" (No.119, March 31, 1998), respectively.

(b) Date of revaluation: March 31, 2002

(c) Difference between the total fair value and the total carrying amount of revaluated land at fiscal year-ends

(Unit: ¥Million)

FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
(140,345)	(135,110)

(Notes to Consolidated Statements of Comprehensive Income)

Reclassification adjustments for components of other comprehensive income and income tax effect are as follows:

(Unit: ¥Million)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Unrealized gains (losses) on available-for-sale securities:		
Amount arising during the period	(4,409)	(6,859)
Reclassification adjustments to profit or loss	(354)	1,134
Amount before income tax effect	(4,763)	(5,725)
Income tax effect	1,380	1,416
Total	(3,383)	(4,308)
Deferred gains (losses) on hedging activities, net:		
Amount arising during the period	(4,682)	(1,839)
Reclassification adjustments to profit or loss	279	1,665
Amount before income tax effect	(4,402)	(174)
Income tax effect	1,287	347
Total	(3,114)	173
Surplus from land revaluation:		
Income tax effect	(1,239)	2,913
Foreign currency translation adjustments:		
Amount arising during the period	(22,630)	(14,182)
Reclassification adjustments to profit or loss	—	(39)
Amount before income tax effect	(22,630)	(14,221)
Income tax effect	—	—
Total	(22,630)	(14,221)
Defined retirement benefit plans:		
Amount arising during the period	(2,210)	(4,400)
Reclassification adjustments to profit or loss	798	(397)
Amount before income tax effect	(1,412)	(4,797)
Income tax effect	456	1,582
Total	(955)	(3,215)
Share of other comprehensive income in equity method subsidiaries and affiliates:		
Amount arising during the period	(2,215)	(2,808)
Reclassification adjustments to profit or loss	(1,172)	1,773
Total	(3,387)	(1,035)
Total other comprehensive income	(34,711)	(19,693)

(Notes to Consolidated Statements of Changes in Net Assets)

FY2018 (From April 1, 2018 to March 31, 2019)

1. Issued shares

	Number of shares at the beginning of current period	Increase	Decrease	Number of shares at the end of current period
Common stock	208,000,000	—	—	208,000,000

2. Treasury stock

	Number of shares at the beginning of current period	Increase	Decrease	Number of shares at the end of current period
Common stock (*)	47,617	10,610,340	100	10,657,857

(*) 1. The increase of 10,610 thousand shares comprised of the acquisitions of 10,439 thousand shares in accordance with the resolution of the board of directors, the acquisitions of 170 thousand for the Board Incentive Plan Trust for Officers and 0 thousand shares due to the acquisitions of less-than-one-unit shares.

2. The decrease is due to the disposals of less-than-one-unit shares.

3. Of the number of shares at the end of the current period 170 thousand shares were held by the Board Incentive Plan Trust for Officers.

3. Dividends

(a) Dividends paid

Resolution	Class of shares	Total dividends paid (¥Million)	Dividends per share (¥)	Record date	Effective date
Board of directors' meeting on May 15, 2018(*)	Common stock	8,318	40.00	March 31, 2018	June 7, 2018
Board of directors' meeting on November 14, 2018 (*)	Common stock	10,142	50.00	September 30, 2018	December 7, 2018

(*) The total dividends paid include dividend payment of ¥8 million made for the treasury stock held by the Board Incentive Plan Trust for Officers

(b) Dividends of which record date is the current fiscal year and effective date is next fiscal year

Resolution	Class of shares	Total dividends paid (¥Million)	Source of dividends	Dividends per share (¥)	Record date	Effective date
Board of directors' meeting on May 15, 2019 (*)	Common stock	9,875	Retained earnings	50.00	March 31, 2019	June 6, 2019

(*) The total dividends paid include dividend payment of ¥8 million made for the treasury stock held by the Board Incentive Plan Trust for Officers

FY2019 (From April 1, 2019 to March 31, 2020)

1. Issued shares

	Number of shares at the beginning of current period	Increase	Decrease	Number of shares at the end of current period
Common stock (*)	208,000,000	93,925,518	4,060,800	297,864,718

(*) 1. The increase of 93,925 thousand shares resulted from the share exchange effective on April 1, 2019.
2. The decrease of 4,060 thousand shares issued is due to the cancellation of treasury stock in accordance with the resolution of the board of directors.

2. Treasury stock

	Number of shares at the beginning of current period	Increase	Decrease	Number of shares at the end of current period
Common stock (*)	10,657,857	4,503,344	14,557,974	603,227

(*) 1. The increase of 4,503 thousand shares comprised of the acquisition of 4,060 thousand shares in accordance with the resolution of the board of directors, the acquisitions of 401 thousand for the Board Incentive Plan Trust for Officers, 23 thousand shares due to the acquisitions of less-than-one-unit shares, and 17 thousand shares which belong to the Company among the treasury stock (the Company's stock) held by the companies that became equity method affiliates during the current period.
2. The decrease of 14,557 thousand shares comprised of a decrease of 10,486 thousand shares due to the share exchange with Showa Shell Sekiyu K.K., a decrease of 4,060 thousand shares due to the cancellation in accordance with the resolution of the board of directors, a decrease of 7 thousand shares due to the stock awards in accordance with the Board Incentive Plan Trust for Officers, and a decrease of 3 thousand shares due to the disposals of less-than-one-unit shares.

3. Dividends

(a) Dividends paid

Resolution	Class of shares	Total dividends paid (¥Million)	Dividends per share (¥)	Record date	Effective date
Board of directors' meeting on May 15, 2019 (*1)	Common stock	9,875	50.00	March 31, 2019	June 6, 2019
Board of directors' meeting on November 14, 2019 (*2)	Common stock	24,152	80.00	September 30, 2019	December 6, 2019

(*1) The total dividends paid include dividend payment of ¥8 million made for the treasury stock held by the Board Incentive Plan Trust for Officers
(*2) The total dividends paid include dividend payment of ¥45 million made for the treasury stock held by the Board Incentive Plan Trust for Officers

(b) Dividends of which record date is the current fiscal year and effective date is next fiscal year

Resolution	Class of shares	Total dividends paid (¥Million)	Source of dividends	Dividends per share (¥)	Record date	Effective date
Board of directors' meeting on May 26, 2020 (*)	Common stock	23,827	Retained earnings	80.00	March 31, 2020	June 11, 2020

(*) The total dividends paid include dividend payment of ¥45 million made for the treasury stock held by the Board Incentive Plan Trust for Officers

(Notes to Consolidated Statements of Cash Flows)

1. Reconciliation between "Cash and cash equivalents" in the consolidated statements of cash flows and captions on the consolidated balance sheets are as follows:

(Unit:¥Million)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Cash and deposits	91,850	132,247
Time deposits with original maturities of longer than three months	(1,159)	(2,911)
Cash and cash equivalents	90,690	129,335

2. Significant non-cash transactions

(a) Stock exchange

FY2019 (From April 1, 2019 to March 31, 2020)

The breakdown of the assets and liabilities of Showa Shell Sekiyu K.K. and its subsidiaries, which were newly consolidated due to the share exchange, at the start of consolidation is as follows.

(Unit: ¥Million)

Current assets	594,095
Fixed assets	659,965
Total assets	1,254,060
Current liabilities	585,437
Non-current liabilities	244,147
Total liabilities	829,584

Current assets include cash and cash equivalents of 48,790 million yen at the start of consolidation and are recorded in "Increase in cash and cash equivalents resulting from newly consolidated subsidiaries". In addition, capital surplus and treasury stock have changed as follows due to the issuance of new shares and the issuance of treasury stock in connection with the stock exchange.

(Unit: ¥Million)

Increased in capital surplus	341,115
Decrease in treasury stock	55,127

(b) Contribution of securities to retirement benefit trust

(Unit:¥Million)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Contribution of securities to retirement benefit trust (acquisition cost)	―	10,818
Loss from contribution of securities to retirement benefit trust	―	(1,296)
Contribution of securities to retirement benefit trust (fair market value)	―	9,522

(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.

As a result of the business integration with Showa Shell Sekiyu K. K., effective from the fiscal 2019, the Company's previous three reportable segments of "Petroleum products," "Petrochemical products" and "Resources" have been reclassified to the current five reportable segments of "Petroleum," "Basic chemicals," "Functional materials," "Power and renewable energy" and "Resources."

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, high functional asphalt, 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 and other energy resources such as coals

Segment information for the previous period has been reclassified and disclosed to conform to the segmentation adopted during the current fiscal year.

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

The accounting policies of each reportable segment are consistent to those disclosed in "Significant Matters Constituting the Basis for the Preparation of 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

FY2018 (From April 1, 2018 to March 31, 2019)

(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	3,270,152	468,395	351,989	22,884	307,976	4,421,398	3,745	4,425,144	-	4,425,144
Inter-segment	18,948	25,310	18,838	721	981	64,800	1,786	66,586	(66,586)	-
Total	3,289,101	493,706	370,828	23,605	308,957	4,486,199	5,532	4,491,731	(66,586)	4,425,144
Operating income	43,628	27,986	23,688	362	87,127	182,793	1,014	183,807	(4,487)	179,319
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	(15,673)	3,811	6,048	293	1,421	(4,098)	1,628	(2,470)	(10,671)	(13,141)
Segment income	27,954	31,798	29,737	655	88,548	178,694	2,643	181,337	(15,159)	166,178
Segment assets	1,642,494	366,460	282,023	27,012	327,073	2,645,065	170,374	2,815,439	74,868	2,890,307
Other items:										
Depreciation and amortization	23,782	6,059	7,639	306	23,401	61,189	1	61,191	424	61,615
Amortization of goodwill	769	34	289	-	-	1,093	0	1,094	-	1,094
Impairment loss on fixed assets	3,834	226	-	-	11,821	15,882	-	15,882	-	15,882
Investment in equity method nonconsolidated subsidiaries and affiliates	113,417	43,075	8,796	2,010	5,654	172,955	166,015	338,970	13,946	352,917
Unamortized balance of goodwill	6,414	148	651	-	-	7,213	0	7,214	-	7,214
Increase of property, plant, equipment and intangible fixed assets	31,330	5,145	9,802	11	32,041	78,332	14	78,346	0	78,347

Notes:

1. The segment “Others” refers to the total of other business segments that are not included in the reportable segments, including Showa Shell Sekiyu K. K., 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 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 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.

FY2019 (From April 1, 2019 to March 31, 2020)

(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	4,820,992	459,227	393,837	127,713	241,775	6,043,546	2,304	6,045,850	—	6,045,850
Inter-segment	26,916	22,244	21,737	1,499	1,027	73,424	957	74,381	(74,381)	—
Total	4,847,908	481,471	415,575	129,212	242,802	6,116,970	3,261	6,120,232	(74,381)	6,045,850
Operating income (loss)	(76,692)	10,337	26,544	(1,073)	40,868	(14)	412	397	(4,257)	(3,860)
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	(32,674)	1,584	1,884	569	909	(27,725)	—	(27,725)	5,366	(22,358)
Segment income (loss)	(109,366)	11,922	28,429	(503)	41,778	(27,740)	412	(27,327)	1,108	(26,219)
Segment assets	2,549,289	337,420	289,493	170,210	378,736	3,725,150	66,682	3,791,832	95,105	3,886,938
Other items:										
Depreciation and amortization	53,057	6,013	8,473	1,916	25,012	94,473	9	94,482	454	94,937
Amortization of goodwill	7,208	34	289	2,142	—	9,674	0	9,675	—	9,675
Impairment loss on fixed assets	6,741	106	—	597	1,599	9,044	—	9,044	—	9,044
Investment in equity method nonconsolidated subsidiaries and affiliates	108,043	42,817	9,104	4,366	6,036	170,368	—	170,368	21,873	192,241
Unamortized balance of goodwill	125,920	113	361	40,707	—	167,103	0	167,104	—	167,104
Increase of property, plant, equipment and intangible fixed assets	71,952	7,340	9,915	17,441	35,701	142,352	51	142,403	632	143,036

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 represent those related to equity method nonconsolidated subsidiaries and affiliates, which do not belong to reportable segments.
4. The segment income (loss) of the reportable segments is reconciled to the amount of operating income (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.

Related Information

FY2018 (From April 1, 2018 to March 31, 2019)

(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	Europe	Others	Total
3,090,281	851,531	316,871	108,318	58,141	4,425,144

(Notes)

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

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

(2) Property, plant and equipment

(Unit: ¥Million)

Japan	Asia and Oceania	Europe	Others	Total
810,997	121,600	37,108	22,321	992,028

(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, Malaysia, South Korea, Indonesia, etc.
Europe	: Norway, 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.

FY2019 (From April 1, 2019 to March 31, 2020)

(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	Europe	Others	Total
4,740,127	844,313	341,067	89,182	31,159	6,045,850

(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
Europe	: UK, Norway, etc.
Others	: South America, etc.

(2) Property, plant and equipment

(Unit: ¥Million)

Japan	Asia and Oceania	Europe	Others	Total
1,244,744	138,301	59,700	35,376	1,478,122

(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, Indonesia, China, Malaysia, etc.
Europe	: Norway, 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

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

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.

(Other Notes to Consolidated Financial Statements)

Certain notes such as notes on lease transactions, 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 25, 2020.

(Per Share Information)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Net assets per share	¥4,267.21	¥3,868.68
Net income (loss) per share	¥401.63	¥(76.31)

(*) 1. Diluted net income per share for the current fiscal year is not calculated because of net loss per share during the current fiscal year and because dilutive shares do not exist. Diluted net income per share for the preceding fiscal year was not calculated because dilutive shares did 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 (564,207 shares for the current fiscal year and 170,500 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 or net loss per share, the shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan (564,207 shares for the current fiscal year and 170,500 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 (loss) per share is as follows:

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Net income (loss) per share:		
Net income (loss) attributable to owners of the parent (¥million)	81,450	(22,935)
Amount not attributable to common stock (¥million)	–	–
Net income (loss) attributable to common stock (¥million)	81,450	(22,935)
Weighted-average common shares outstanding during the period (thousands of shares)	202,797	300,558

(Business Combinations)

On April 1, 2019, the Company and Showa Shell Sekiyu K.K. ("Showa Shell") conducted a share exchange in which the Company became a wholly owning parent company and Showa Shell became a wholly owned subsidiary, following approvals from the relevant authorities as well as the approvals at the two companies' extraordinary general meetings of shareholders held on December 18, 2018. Then the Company resolved, at its board of directors meeting held on May 15, 2019, to execute the Absorption-type Company Split Agreement between Showa Shell and the Company, in which Showa Shell shall be a splitting company and the Company shall be a succeeding company, and executed the Agreement as of the same date.

Business combination through acquisition

(a) Outline of the business combination

a) Name and business Description of the acquiree

Name of the acquiree: Showa Shell Sekiyu K.K.

Business description: refining and sales of petroleum products, etc.

b) Primary reasons for the business combination

The Company and Showa Shell intend to reinforce their enterprise value, in the short term, by maximizing synergies and aiming to create an entity with industry-leading competitiveness, and in the medium- to long-term, by evolving into a resilient corporate entity through promoting the optimization of their business structure and their environment, society and governance initiatives.

c) Date of the business combination

April 1, 2019

d) Legal form of the business combination

Share exchange in which the Company becomes a wholly owning parent company and Showa Shell becomes a wholly owned subsidiary

e) Company name after the business combination

No change

f) Percentage of voting equity interests acquired

Percentage immediately before the business combination: 31.62%

Additional percentage acquired on the acquisition date: 68.38%

Percentage after the acquisition: 100.0%

g) Primary rationale for determining the acquirer

The Company's acquisition of all shares of Showa Shell in exchange for the Company's shares

(b) Period of the acquiree's operating results included in the consolidated quarterly statement of income

April 1, 2019 through March 31, 2020

(c) Matters concerning calculation of acquisition cost

a) Breakdown of acquisition cost of acquiree and consideration transferred

(Unit: ¥Million)

Consideration transferred: acquisition-date fair value of the common stock held by the Company immediately before the business combination	183,231
Consideration transferred: fair value of the Company's shares transferred on the date of the business combination	396,243
Acquisition cost	579,474

b) Share exchange ratio and rationale for the ratio and the number of shares issued

i. Share exchange ratio

0.41 shares of the Company's common stock were issued for every one share of Showa Shell common stock.

ii. Rationale for the share exchange ratio

The Company and Showa Shell had carefully negotiated and discussed the share exchange ratio, referring to the share exchange ratio calculated by third party financial advisors appointed by each company, using the respective share prices as the main criterion, and based on the results of due diligence reviews mutually carried out by the both companies and for the benefit of their shareholders, etc. As a result, the both companies came to an agreement and concluded that the share exchange ratio described above was appropriate.

iii. Number of shares issued

The Company's common stock: 104,411,875 shares

As part of the shares issued above, the Company reissued and allocated 10,486,357 shares of its common stock that were previously repurchased and held by the Company.

c) Description and amount of acquisition-related costs

Advisory costs, etc.: ¥804 million

d) Difference of the acquisition cost of the business combination from the aggregate amount of each of acquisition cost arising from the transactions resulting in the acquisition

Gain from step acquisition: ¥17,215 million

(d) Amount of goodwill recognized, factors that make up the goodwill, amortization method and amortization period

a) Amount of goodwill recognized: ¥171,402 million

b) Factors that make up the goodwill

The goodwill is made up with excess earnings arising primarily from expected synergies from collaboration in each business area between the Company and Showa Shell.

c) Amortization method and amortization period: straight line method over 20 years

(e) Amount of assets acquired and liabilities assumed and their major components

	(Unit: ¥Million)
Current assets	594,095
Fixed assets	659,965
Total assets	1,254,060
Current liabilities	585,437
Non-current liabilities	244,147
Total liabilities	829,584

Transaction under Common Control, etc.

(a) Outline of the Transaction

a) Name and business description of the counterparty
Name of the company: Showa Shell Sekiyu K.K.
Business description: refining and sales of petroleum products, etc.

b) Date of the business combination
July 1, 2019

c) Legal from of the business combination
A simplified absorption-type company split, in which Showa Shell shall be a splitting company and the Company shall be a succeeding company

d) Company name after the business combination
No change

e) Purpose of the business combination
The purpose is to promote the business integration and create even more synergies by transferring Showa Shell's assets, liabilities, and rights and obligations that are stipulated in the Absorption-type Company Split Agreement among those belonging to Showa Shell's business to the Company and integrating both companies' organizations and businesses through the absorption-type company split.

(b) Outline of the Accounting Treatment

The business combination has been accounted for as a transaction under common control in accordance with "Accounting Standard for Business Combinations" and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures".

(Significant Subsequent Events)

None

5. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(Unit: ¥Million)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Assets		
Current assets:		
Cash and deposits	16,758	32,120
Notes receivable, trade	202	115
Accounts receivable, trade	349,801	461,854
Merchandise and finished goods	258,512	299,913
Raw material and supplies	223,048	195,742
Prepaid expenses	3,264	4,323
Short-term loans receivable	31,659	190,273
Other	68,476	149,815
Less: Allowance for doubtful accounts	(962)	(1,057)
Total current assets	950,760	1,333,100
Fixed assets:		
Property, plant and equipment:		
Buildings, net	46,664	77,749
Structures, net	62,308	84,616
Oil tanks, net	22,671	25,027
Machinery and equipment, net	76,749	94,806
Vehicles, net	1,449	1,523
Tools, furniture and fixtures, net	7,094	11,545
Land	573,666	765,035
Leased assets	―	282
Construction in progress	8,134	18,620
Total property, plant and equipment	798,738	1,079,207
Intangible fixed assets:		
Leasehold rights	8,293	11,827
Software	6,189	14,671
Goodwill	―	162,832
Customer-related assets	―	125,043
Other	491	7,004
Total intangible fixed assets	14,974	321,380
Investments and other assets:		
Investment securities	31,825	18,956
Investments in subsidiaries and affiliates	454,889	367,456
Long-term loans receivable	12,891	23,509
Deferred tax assets	52,436	21,027
Other	58,990	36,651
Less: Allowance for doubtful accounts	(52)	(75)
Total investments and other assets	610,981	467,525
Total fixed assets	1,424,695	1,868,113
Total assets	2,375,455	3,201,214

(Unit: ¥Million)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Liabilities		
Current liabilities:		
Accounts payable, trade	288,151	364,994
Short-term loans payable	141,504	284,866
Commercial paper	204,000	315,965
Current portion of bonds payable	10,000	―
Accounts payable, other	299,485	327,580
Accrued expenses	2,771	9,669
Income taxes payable	4,451	―
Advances received	22,413	41,611
Deposits received	110,274	105,005
Provision for bonuses	6,244	4,460
Other	14,808	20,775
Total current liabilities	1,104,106	1,474,931
Non-current liabilities:		
Bonds payable	50,000	80,000
Long-term loans payable	470,370	525,808
Deferred tax liability related to land revaluation	88,595	85,410
Provision for retirement benefits	8,869	41,978
Reserve for repair work	37,079	49,334
Other	26,792	62,458
Total non-current liabilities	681,706	844,990
Total liabilities	1,785,813	2,319,921
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus		
Legal capital surplus	116,990	458,105
Other capital surplus	10,354	―
Total capital surplus	127,344	458,105
Retained earnings		
Legal retained earnings	1,081	1,081
Other retained earnings		
Reserve for special depreciation	627	313
Reserve for overseas investment loss	302	217
Reserve for advanced depreciation of fixed assets	32,985	32,688
Retained earnings brought forward	157,215	66,059
Total retained earnings	192,212	100,360
Treasury stock	(56,022)	(2,002)
Total shareholders' equity	431,885	724,814
Valuation and translation adjustments:		
Unrealized gains (losses) on available-for-sale securities	4,695	1,221
Deferred gains (losses) on hedging activities, net	(2,475)	(2,578)
Surplus from land revaluation	155,535	157,834
Total valuation and translation adjustments	157,755	156,478
Total net assets	589,641	881,292
Total liabilities and net assets	2,375,455	3,201,214

(2) Nonconsolidated Income Statements

(Unit: ¥Million)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Net sales	3,088,005	4,290,578
Cost of sales	2,818,199	4,085,043
Gross profit	269,805	205,534
Selling, general and administrative expenses	219,444	285,600
Operating income (loss)	50,361	(80,065)
Non-operating income:		
Interest income	1,121	1,626
Dividend income	21,604	93,337
Gain on foreign exchange, net	515	1,293
Subsidy income	2,119	4,576
Other	2,856	1,545
Total non-operating income	28,218	102,378
Non-operating expenses:		
Interest expense	5,591	6,845
Other	3,092	2,191
Total non-operating expenses	8,683	9,036
Ordinary income	69,896	13,276
Extraordinary income:		
Gain on sales of fixed assets	2,037	193
Gain on sales of investment securities	354	168
Gain on sales of shares of subsidiaries and affiliates	187	―
Gain on extinguishment of tie-in shares	―	13,452
Other	―	4
Total extraordinary income	2,578	13,819
Extraordinary loss:		
Loss on impairment of fixed assets	4,607	4,880
Loss on sales of fixed assets	71	283
Loss on disposals of fixed assets	2,536	6,342
Impairment loss on investments in subsidiaries and affiliates	3,249	92,841
Loss on penalty for LPG business	12,826	―
Other	426	4,685
Total extraordinary loss	23,717	109,033
Income (loss) before income taxes	48,757	(81,937)
Income taxes-current	6,409	778
Income taxes-deferred	2,489	(25,931)
Total income taxes	8,898	(25,152)
Net income (loss)	39,858	(56,784)

(3) Nonconsolidated Statements of Changes in Net Assets

FY2018 (From April 1, 2018 to March 31, 2019)

(Unit: ¥Million)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for special depreciation	Reserve for overseas investment loss	Reserve for advanced depreciation of fixed assets	Retained earnings brought forward	
Balance at the beginning of current period	168,351	116,990	10,354	127,344	1,081	941	736	32,448	134,210	169,417
Changes of items during the period										
Dividends from surplus									(18,460)	(18,460)
Net income									39,858	39,858
Acquisitions of treasury stock										
Disposals of treasury stock			0	0						
Provision of other retained earnings								2,614	(2,614)	—
Reversal of other retained earnings						(313)	(434)	(2,077)	2,825	—
Adjustment due to sales and revaluation of land									1,396	1,396
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	0	0	—	(313)	(434)	537	23,005	22,794
Balance at the end of period	168,351	116,990	10,354	127,344	1,081	627	302	32,985	157,215	192,212

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedging activities, net	Surplus from land revaluation	Total valuation and translation adjustments	
Balance at the beginning of current period	(133)	464,980	7,901	(1,148)	158,171	164,924	629,904
Changes of items during the period							
Dividends from surplus		(18,460)					(18,460)
Net income		39,858					39,858
Acquisitions of treasury stock	(55,889)	(55,889)					(55,889)
Disposals of treasury stock	0	0					0
Provision of other retained earnings		—					—
Reversal of other retained earnings		—					—
Adjustment due to sales and revaluation of land		1,396			(1,396)	(1,396)	—
Net changes of items other than shareholders' equity			(3,205)	(1,327)	(1,239)	(5,772)	(5,772)
Total changes of items during the period	(55,889)	(33,094)	(3,205)	(1,327)	(2,635)	(7,168)	(40,263)
Balance at the end of period	(56,022)	431,885	4,695	(2,475)	155,535	157,755	589,641

FY2019 (From April 1, 2019 to March 31, 2020)

(Unit: ¥Million)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for special depreciation	Reserve for overseas investment loss	Reserve for advanced depreciation of fixed assets	Retained earnings brought forward	
Balance at the beginning of current period	168,351	116,990	10,354	127,344	1,081	627	302	32,985	157,215	192,212
Changes of items during the period										
Dividends from surplus									(34,028)	(34,028)
Net income (loss)									(56,784)	(56,784)
Acquisitions of treasury stock										
Disposals of treasury stock			(2)	(2)						
Cancellation of treasury stock			(10,352)	(10,352)					(1,653)	(1,653)
Change due to share exchange		341,115		341,115						
Provision of other retained earnings								1,963	(1,963)	―
Reversal of other retained earnings						(313)	(84)	(2,260)	2,659	―
Adjustment due to sales and revaluation of land									614	614
Net changes of items other than shareholders' equity										
Total changes of items during the period	―	341,115	(10,354)	330,760	―	(313)	(84)	(297)	(91,156)	(91,852)
Balance at the end of period	168,351	458,105	―	458,105	1,081	313	217	32,688	66,059	100,360

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedging activities, net	Surplus from land revaluation	Total valuation and translation adjustments	
Balance at the beginning of current period	(56,022)	431,885	4,695	(2,475)	155,535	157,755	589,641
Changes of items during the period							
Dividends from surplus		(34,028)					(34,028)
Net income (loss)		(56,784)					(56,784)
Acquisitions of treasury stock	(13,164)	(13,164)					(13,164)
Disposals of treasury stock	51	49					49
Cancellation of treasury stock	12,006	―					―
Change resulting from share exchange	55,127	396,243					396,243
Provision of other retained earnings		―					―
Reversal of other retained earnings		―					―
Adjustment due to sales and revaluation of land		614			(614)	(614)	―
Net changes of items other than shareholders' equity			(3,473)	(102)	2,913	(662)	(662)
Total changes of items during the period	54,020	292,928	(3,473)	(102)	2,298	(1,277)	291,651
Balance at the end of period	(2,002)	724,814	1,221	(2,578)	157,834	156,478	881,292