May 14, 2024

Consolidated Financial Results for the Fiscal Year 2023

(From April 1, 2023 to March 31, 2024) [Japan GAAP]

Company Name: **Idemitsu Kosan Co.,Ltd.** (URL https://www.idemitsu.com/en/index.html)
Company Code: 5019, Shares listed on: Tokyo Stock Exchange
Name of Representative: Shunichi Kito, Representative Director & Chief Executive Officer
Contact Person: Daisuke Mogi, General Manager, Investor Relations Office, Finance & Accounting Department,
Telephone: +81-3-3213-9307
Scheduled date of ordinary general meeting of shareholders: June 25, 2024
Scheduled date of commencement of dividend payments: June 4, 2024
Scheduled date of filing of Securities Report: June 25, 2024
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 FY2023 (From April 1, 2023 to March 31, 2024)

(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	%
FY2023	8,719,201	(7.8)	346,316	22.6	385,246	19.8	228,518	(9.9)
FY2022	9,456,281	41.4	282,442	(35.0)	321,525	(30.0)	253,646	(9.2)

Notes: Comprehensive income FY2023 ¥281,544 million 3.4% FY2022 ¥272,406 million (9.2%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	¥	¥	%	%	%
FY2023	161.32	―	13.4	7.8	4.0
FY2022	170.67	―	16.8	6.8	3.0

Reference: Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates FY2023 ¥16,720 million
FY2022 ¥25,981 million

Note: The Company conducted a 1:5 stock split on its common shares with the effective date of January 1, 2024. Net income per share above is calculated under the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2023	5,012,295	1,812,531	35.9	1,305.18
FY2022	4,865,370	1,629,308	33.2	1,102.05

Reference: Total equity FY2023 ¥1,799,895 million FY2022 ¥1,614,526 million

Note: The Company conducted a 1:5 stock split on its common shares with the effective date of January 1, 2024. Net assets per share above is calculated under the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023.

(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
FY2023	377,391	(65,805)	(280,506)	136,900
FY2022	(32,844)	70,079	(90,416)	103,079

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	%	%
FY2022	—	60.00	—	60.00	120.00	35,476	14.1	2.3
FY2023	—	80.00	—	16.00	—	44,728	19.8	2.7
FY2024 (Forecast)	—	16.00	—	16.00	32.00		35.3	

Note: The Company conducted a 1:5 stock split on its common shares with the effective date of January 1, 2024. As such, the stock split is reflected in the calculation of the dividend as of March 31, 2024. Also, the total cash dividends per share for FY2023 is not indicated. Excluding the impact from the stock split, the cash dividend per share as of March 31, 2024 would be 80 yen and the total cash dividends per share for FY2023 would be 160 yen.

3. Forecasts of Consolidated Financial Results for FY2024 (From April 1, 2024 to March 31, 2025)

(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	%	¥
FY2024	8,700,000	(0.2)	169,000	(51.2)	188,000	(51.2)	125,000	(45.3)	90.64

* Notes

(1) Changes of number of material consolidated subsidiaries during the fiscal year: **None**

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

a) Changes in accounting policies arising from revision of accounting standards: **None**

b) Changes arising from other factors: **None**

c) Changes in accounting estimates: **None**

d) Restatement: **None**

(3) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)

As of March 31, 2024 1,392,642,290 As of March 31, 2023: 1,489,323,590

b) Number of shares of treasury stock

As of March 31, 2024: 13,602,310 As of March 31, 2023: 24,299,725

c) Weighted average number of shares outstanding during the period

FY2023: 1,416,552,009 FY2022: 1,486,140,430

Note: The Company conducted a 1:5 stock split on its common shares with the effective date of January 1, 2024. The number of shares issued, the number of shares of treasury stock and the weighted average number of shares outstanding during the period above are calculated under the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023.

(Reference)

1. Nonconsolidated Financial Results for FY2023 (From April 1, 2023 to March 31, 2024)

(1) Nonconsolidated operating results

(Percentages represent changes from prior year)

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
FY2023	6,645,093	(5.7)	164,776	213.5	206,957	172.9	112,107	126.5
FY2022	7,044,609	39.1	52,555	(83.4)	75,845	(79.0)	49,494	(81.8)

	Net income per share	Diluted net income per share
	¥	¥
FY2023	79.14	—
FY2022	33.30	—

Note: The Company conducted a 1:5 stock split on its common shares with the effective date of January 1, 2024. Net income per share above is calculated under the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023.

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2023	3,945,013	1,176,899	29.8	853.42
FY2022	3,920,414	1,160,177	29.6	791.92

Reference: Total equity FY2023 ¥1,176,899 million FY2022 ¥1,160,177 million

Note: The Company conducted a 1:5 stock split on its common shares with the effective date of January 1, 2024. Net assets per share above is calculated under the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023

* This document is out of the scope of audit performed by certificated public accountants or audit firms.
* The financial forecasts in this document are based on information currently available and certain assumptions deemed reasonable. Actual operating results may differ from these forecasts due to various factors. Additionally, for the assumptions used for the forecasts of the financial results, please refer to page 9 “Forecasts of consolidated financial results for FY2024” of the Appendix.

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[Appendix]

1. Overviews Concerning Operating Results and Financial Position

(1) Overview Concerning Operating Results

1) General economic conditions and environment surrounding the Idemitsu Group

During the current fiscal year, the Japanese economy saw significant changes leading to an end to deflation, such as improved corporate earnings mainly due to normalization after the COVID 19 pandemic and the spread of sales price hikes reflecting inflation, and the Bank of Japan's move to lift its zero interest rate policy while wage increases continued among many companies this fiscal year. The economic growth pace, on the other hand, remained moderate, partly due to stagnant real wages caused by inflation.

Domestic sales of petroleum products decreased from the previous year in gasoline and other primary fuels as the recovery from the post-2020 COVID19 pandemic demand decline slowed, while jet fuel sales continued to exceed the previous year's level.

Crude oil prices were on an upward trend until September due to factors such as the prolonged invasion of Ukraine by Russia and the receding expectations for prolonged interest rate hikes in the U.S., and thereafter turned downward against the backdrop of the concern over the economic slowdown due to weak U.S. and Chinese economic indicators and the postponement of additional production cuts by OPEC Plus, but rose again around the year-end spurred by growing tensions in the Middle East. As a result, the average Dubai crude oil prices decreased by $10.2/bbl from the same period last year to $82.3/bbl.

As for the dollar-to-yen exchange rate, the yen depreciated against the U.S. dollar, against the backdrop of the difference in monetary policies between Japan and the U.S. This trend continued after entering a new year due to the receding expectations for a rate cut by the FRB, even after the Bank of Japan removed negative interest rates. Consequently, the average rate decreased by ¥9.2/$ from the previous fiscal year to ¥144.6/$.

2) Progress of Business Restructuring

In order to further increase corporate value and achieve a P/B ratio of over 1x as soon as possible, the Company has revised upward our ROE target for FY2025 from 8% to over 10%. To achieve this goal, the Company is working on "further improvement of profitability and capital efficiency of existing businesses" and "business portfolio transformation and GHG reduction through expansion of new businesses" as our business strategy, and "promotion of financial strategy to enhance return on capital" as our financial strategy. The Company believes that while ensuring a high return on capital while fulfilling the stable supply of existing energy and materials, steadily advancing social implementation toward carbon neutrality and shifting our portfolio to three business domains ("Energy One Step Ahead", "Diverse Resource Conservation and Recycling Solutions," and "Smart Yorozuya") is the way to realize our 2030 Vision of "Your Reliable Partner for a Brighter Future" and 2050 Vision of "Shaping Change." The status of initiatives in the three business areas is as follows.

(Energy one step ahead)

Efforts have been launched for early social implementation of SAF (Sustainable Aviation Fuel), ammonia, CO_2 capture, utilization, and storage (CCUS) facilities, and synthetic fuels.

With regard to SAF, the Company is studying the construction of SAF production unit at our

Chiba Complex and Tokuyama Complex in order to start supplying SAF in 2028, with the aim of establishing a domestic supply system of 500,000 kl/year by 2030. Overseas, the Company has begun collaboration with Jet Zero Australia to build a global supply chain for SAF.

With regard to ammonia, the Company is currently studying the feasibility of establishing an ammonia import base using the existing infrastructure of the Tokuyama Complex in order to build a supply chain, with the goal of supplying more than 1 million tons of ammonia by 2030 to complexes in the surrounding area, including industrial complexes. In addition, in February 2024, the Company decided to participate in a clean ammonia production project being considered by Mitsubishi Corporation and Proman in Lake Charles, Louisiana, U.S.A., with the intention of supplying ammonia produced by the project to the Japanese market.

Regarding CCUS, in the Tomakomai area of Hokkaido, Idemitsu Kosan, Hokkaido Electric Power Co., Ltd., and Japan Petroleum Exploration Co., Ltd. are currently conducting a joint study with a view to launching a business by 2030, leveraging the business bases and strengths of the three companies.

With regard to synthetic fuels, the Company has signed a basic agreement for a strategic partnership with HIF Global, a company that will manufacture synthetic fuels in South America, North America, Australia, and other regions. The Company is studying the international transportation and utilization of CO_2 collected in Japan and the production of synthetic fuels overseas, etc. In addition, the Company will study the production of synthetic fuels at the Group's refineries and complexes, with the aim of establishing a domestic production and supply system by 2030.

For early social implementation of these products, the Company established the CNX Strategic Headquarters in December 2023 and strengthened our internal structure. The Company will further accelerate efforts by sharing information in a timely manner within the Group, making decisions quickly, and mobilizing in-house knowledge, information, and human resources.

(Diverse Resource Conservation and Recycling Solutions)

To achieve carbon neutrality by 2050, the Company promoted efforts to “supply bio-chemicals” and “establish a resource recycling system through chemical recycling.”
In April 2023, the Pasir Gudang Complex in Malaysia acquired “ISCC Plus” certification, a certification system for bio-chemicals, in addition to the Chiba and Tokuyama Complexes. The Company is promoting the supply of biochemicals using a mass balance system based on bionaphtha sourced externally.

In April 2023, the Company made a formal decision to invest in a commercial production facility for oil chemical recycling (with a processing capacity of 20,000 tons/year of used plastic, scheduled to begin commercial operation in 2025), and established Chemical Recycle Japan Co., Ltd. The Company has received inquiries from companies in a wide range of industries and are proceeding with joint demonstration experiments to establish a resource recycling system.

The Company decided to increase the capacity of the first plant, a compact verification facility, in the summer of 2023 for the mass production of solid electrolytes for next-generation batteries (scheduled for completion in 2024). At the same time, operations were launched at a new second plant to accelerate the supply of samples to customers and the verification of mass production technology.

Furthermore, in October 2023, the Company announced a collaboration with Toyota Motor Corporation. Both companies will work together to develop mass production technology for

solid electrolytes, improve productivity, and establish a supply chain to further ensure the commercialization of all solid-state batteries between 2027 and 2028. By combining the technologies of both companies, the Company aims to realize mass production of solid electrolytes and all solid-state batteries.

(Smart Yorozuya)

Under the "Smart Yorozuya Concept" in the Medium-term Business Plan, the Company is transforming our nationwide network of apollostations to maintain and utilize them as an important infrastructure network, not only as conventional service stations, but also as bases to support the daily lives of local residents. As one type of service station, in October 2023, the Company launched a new type of service station (SS), "apolloONE," which responds to needs such as car washing, car coating, car sharing, car rental, car inspection, sheet metal plates, maintenance, and car sales and purchase with a high level of expertise. Under the SS network operated by dealerships with deep roots in the community, the Company will develop initiatives to enrich our customers' car lifestyles, including the Drive On smartphone application, which will serve as the basis for DX at our service stations.

3) Operating results

The Idemitsu Group's net sales for fiscal 2023 were ¥8,719.2 billion, down 7.8% year on year, mainly due to decline crude oil prices.

Cost of sales was ¥7,872.1 billion, down 9.1% year on year. Selling, general, and administrative expenses totaled ¥500.8 billion, down 2.1% year on year.

Operating income was ¥346.3 billion, up 22.6% year on year, due to improved domestic margins mainly due to time lag in the petroleum products segment and increased profits in the overseas trading business, despite a decline in coal market prices in the resources segment.

Non-operating income was ¥38.9 billion, down 0.4% year on year, mainly due to a decrease in equity in earnings of nonconsolidated subsidiaries and affiliates. Consequently, ordinary income was ¥385.2 billion, up 19.8% year on year.

Net extraordinary loss was ¥58.5 billion, a decrease of ¥85.2 billion year on year, mainly due to the absence of gains on sales of idle real estate and other fixed assets recorded in the previous fiscal year and provision of allowance for doubtful accounts.

Income tax expenses, which consist of income taxes-current and income taxes-deferred, amounted to ¥99.9 billion, up 2.5% year on year. Consequently, net loss attributable to noncontrolling interests was ¥1.7 billion, down 41.6% year on year.

As a result, net income attributable to owners of the parent was ¥228.5 billion, down 9.9% year on year.

4) Progress and results of business

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

As to annual reporting periods, domestic subsidiaries use March 31, 2024 as their balance sheet date whereas overseas subsidiaries use December 31, 2023 as their balance sheet date, except for certain subsidiaries. As such, the following performance of the business segments includes the operating results of overseas subsidiaries for the year ended December 31, 2023, and those of domestic subsidiaries for the year ended March 31, 2024.

Net sales by segment

(Unit: ¥Billion)

Segment	FY2022	FY2023	Change (Decrease)	
			Amount	%
Petroleum	7,403.9	7,080.8	(323.1)	(4.4) %
Basic chemicals	666.9	601.6	(65.3)	(9.8) %
Functional materials	511.0	515.4	+4.4	+0.9 %
Power and renewable energy	197.1	141.5	(55.5)	(28.2) %
Resources	672.1	370.5	(301.6)	(44.9) %
Others	5.4	9.5	+4.1	+77.0 %
Total	9,456.3	8,719.2	(737.1)	(7.8) %

Segment income (loss) by segment

(Unit: ¥Billion)

Segment	FY2022	FY2023	Change (Decrease)	
			Amount	%
Petroleum	73.0	219.7	+146.6	+200.8 %
: excluding effect of inventory valuation	*17.3*	*167.2*	*+149.9*	*+867.6 %*
Basic chemicals	10.1	22.0	+12.0	+119.0 %
Functional materials	17.0	27.6	+10.6	+62.6 %
Power and renewable energy	0.5	(7.6)	(8.1)	―
Resources	230.9	116.9	(114.0)	(49.4) %
Others	1.2	0.5	(0.7)	(56.3) %
Reconciliation	(24.2)	(16.1)	+8.1	―
Total	308.4	363.0	+54.6	+17.7 %
: excluding effect of inventory valuation	*252.7*	*310.6*	*+57.9*	*+22.9 %*

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

[Petroleum segment]

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

In domestic manufacturing and supply, the refining function of the Yamaguchi Refinery (Seibu Oil Company Limited) was shut down in March 2024 in order to optimize the Group's supply system and to convert the refinery into a CNX center. In addition, the Company is in discussions with Fuji Oil Co., Ltd. regarding deepening collaboration on initiatives to strengthen the competitiveness of our existing petroleum business and future decarbonization. Furthermore, the Company worked to ensure a stable supply of fuel oil while optimizing

facilities and operations, improving refinery reliability through the use of advanced technologies such as AI and IoT, and increasing logistics efficiency.

Looking at domestic sales, the Company introduced “d-point”, a point service provided by Docomo, in February 2024 to improve convenience for customers and expand brand customers. In addition, in order to maintain and expand business utilizing the SS network, an asset of the Idemitsu Group, the Company is proactively developing the “Drive On” application released in November 2021. “Drive On”, which is the base item for the “Smart Yorozuya” concept, is the starting point for mobility measures such as Car maintenance reservation management system “PIT in plus”, personal car leases, “Auto Flat”, and car inspection, “Raku-Raku Anshin Shaken”. Also, since November 2022, a payment function, “Mobile Drive Pay”, was equipped with this application, which enables customers to make maintenance reservations, pay for refueling, and use coupons with just one “Drive On” application. As of March 2024, “Drive On” usage has grown to 8 million downloads.

Regarding business efforts in overseas markets, the Company worked to ensure stable operations at the Nghi Son Refinery in Vietnam and implemented measures such as productivity improvement during the turnaround conducted in the second half of the fiscal year. The Company also took steps to enhance its overseas business hubs centering on IDEMITSU INTERNATIONAL (ASIA) PTE. LTD., a subsidiary in Singapore, making efforts to strengthen its marketing and sales networks in growing markets such as the Asia Pacific Rim region.

Consequently, net sales in the petroleum segment were ¥7,080.8 billion, down 4.4% year on year, partly due to the decline in crude oil prices. Segment income was ¥219.7 billion, up 200.8% year on year, mainly due to factors such as improved margins on exports of domestic products resulting from time lag, increased income from overseas trading business, and a decrease in in-house fuel costs. Inventory valuation gains included in segment income amounted to ¥52.5 billion.

[Basic chemicals segment]

The paraxylene production equipment at the Aichi Complex, which was acquired from ENEOS as part of efforts to strengthen competitiveness, commenced operation in December 2022, further promoting a chemical shift by utilizing excess gasoline base materials. In addition, with the aim of optimizing production in the Chiba district and promoting the low-carbon use of chemical raw materials, the Company has begun discussions with Mitsui Chemicals, Inc. on the consolidation of ethylene facilities by FY2027.

Consequently, net sales in the basic chemicals segment were ¥601.6 billion, down 9.8% year on year. Segment income was ¥22.0 billion, up 119.0% year on year, due to an improvement in product margins, in addition to an increase in production volume following the startup of paraxylene production facilities at the Aichi Complex and the results of periodical repairs in the previous fiscal year.

[Functional materials segment]

(Lubricants business)

The industry’s first phosphorus-free and ash-free diesel engine oil, which will contribute to solving the 2024 problem of logistics, was launched in September 2022. This product solves DPF (Diesel Particulate Filter for exhaust gases) problems in diesel vehicles. As of March 2024, the system has already been used by more than 900 companies, helping drivers and mechanics reduce their working hours and mental burden. In addition, the Company expanded sales of Idemitsu brand products overseas, contributing to earnings.

(Performance chemicals business)

In response to soaring raw material and fuel prices following the normalization of economic activities after the COVID19 Pandemic and other factors, the Company strived to strengthen its earning power through thorough profitability improvement activities. Regarding Bisphenol A, for which the market environment is expected to remain challenging over the medium to long term due to the new expansion of capacity in China, the Company decided to withdraw from the business and further transformed our business structure to make it more muscular. In May 2023, Idemitsu Cray Valley Co., Ltd. which is engaged in the manufacture of liquid rubber, a material with outstanding functionality, became a wholly owned subsidiary (absorption-type merger in October), thereby strengthening profitability. Meanwhile, in the engineering plastics and compounds businesses, the Company focused on expanding sales in high-value-added fields, and SPS Unit 2 started commercial operation in Malaysia in November 2023.

(Electronic materials business)

Although the display market was sluggish and demand for materials declined due to the effects of continued inflation and a rebound from COVID19-related nesting demand, the Company proceeded to reduce material costs and expand the adoption of high value-added materials.

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

In Japan, while demand for asphalt was on a downward trend as in FY2022, the Company worked to ensure a stable supply of social infrastructure materials, while developing products based on the needs of our customers and developing technologies that contribute to low carbon and carbon neutrality. In the overseas business, the Company established a joint venture with a local company for high-performance asphalt business in Malaysia.

(Agricultural biotechnology products business)

SDS Biotech K.K. obtained new domestic pesticide registration for one lawn herbicide and by expanding application to five fungicides, one insecticide, two fungicides/insecticides, one agricultural biological pesticide, one biological pesticide fungicide, and two herbicides for green space management, has further promoted the wider use of our products. On the overseas business front, the Company launched a new mixture of the rice paddy herbicide Benzobicyclon in China and started sales of a single agent in Vietnam.

As a result of the above, net sales in the functional materials segment were ¥515.4 billion, up 0.9% year on year. Segment income was ¥27.6 billion, up 62.6% year on year, mainly due to the elimination of the negative time lag effect from the previous year in the lubricants business and withdrawal from unprofitable businesses in the functional chemicals business.

[Power and renewable energy segment]

In addition to working to establish a stable revenue base, the Company is also promoting the verification and development of our solutions business by promoting the ownership of renewable energy sources and the use of storage batteries to meet the electrification and decarbonization needs of society. In Japan, operation of the solar power generation system under a PPA agreement at the University of Miyazaki has launched, and the Company has decided to enter the grid storage battery business, utilizing the site of a former Idemitsu refinery. Operation is scheduled to be launched in 2025, and the Company will strengthen efforts to realize a carbon neutral society, including adjustment of the supply-demand balance of the power system. Overseas, the Company is engaged in the development and operation of solar power plants in the United States, as well as the installation of solar power generation equipment on the roofs of customers' facilities in Southeast Asia, where demand is growing in line with economic growth. Solar Frontier K.K. also provides solutions throughout the entire life cycle of solar power plants, including EPC, development, long-term stable use, and recycling of solar power plants.

Consequently, net sales of the power and renewable energy segment were ¥141.5 billion, down 28.2% year on year. In terms of segment income, the solar business improved from the previous year due to cost reductions associated with structural pricing and progress in sales of solar power generation for private consumption, while the impact of lower sales prices and increased procurement due to equipment problems in the electric power business outweighed the impact of these factors, resulting in a loss of ¥7.6 billion, down ¥8.1 billion year on year.

[Resources segment]

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

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

In the geothermal energy business, the Company worked to safely operate existing power plants and proceeded with construction of a new power plant in Oyasu, Yuzawa City, Akita Prefecture, as well as with the investigation of other new projects in Japan.

In the oil/natural gas exploration and production and geothermal energy business, net sales were ¥38.3 billion, down 11.7% year on year. Segment income was ¥19.1 billion, down 41.7% year on year, due to lower crude oil prices and higher operating costs.

(Coal business and others)

In the coal business, the Company sold our interest in the Ensham Mine as part of our business restructuring. The Company will continue to maintain a stable supply from the highly competitive Boggabri Mine.

In other businesses, the Company completed construction of a commercial plant for black pellets (product name: Idemitsu Green Energy Pellet™), a biomass fuel alternative to coal, in Vietnam, and advanced feasibility studies for CO_2 recycling (carbon recycling), which uses synthetic calcium carbonate to fix CO_2 in boiler exhaust gas. In addition, the Company promoted the entry into the rare metal mining business by investing in Delta Lithium Limited, which promotes lithium business in Australia, utilizing the business foundation that has been developed through coal mine operations, and the Company also promoted initiatives for carbon neutrality and regional contribution, such as studying the commercialization of renewable energy and green hydrogen and ammonia projects leveraging our mining assets.

Net sales of the coal business and others were ¥332.1 billion, down 47.2% year on year, due to a decrease in production volume resulting from the downsizing of mines and a decline in the coal market. Segment income was ¥97.8 billion, down 50.6% year on year.

As a result of the above, total net sales of the resources segment were ¥370.5 billion, down 44.9% year on year, and segment income was ¥116.9 billion, down 49.4% year on year.

(Other segments)

Net sales in other segment were ¥9.5 billion, up 77.0% year on year, and segment income was ¥0.5 billion, down 56.3% year on year.

[Research & Development]

The Company has decided to establish a new integrated research center named “Innovation Center (tentative name)” (scheduled to be completed in FY2027) within our Chiba Complex

(Ichihara City, Chiba Prefecture), a key manufacturing base for petroleum and petrochemical products. By consolidating research laboratories for production technology, development technology, etc., which are currently spread across multiple locations, into the Innovation Center, and building a cross-business R&D structure and strengthening external collaboration, the Company will establish a one-stop system from R&D to analysis, verification, process engineering, and commercial production, and accelerate technology development for business restructuring as stated in the Medium-term Business Plan.

5) Forecasts of consolidated financial results for FY2024

Regarding the forecasts of consolidated financial results for FY2024, the Company expects net sales of ¥8,700.0 billion, down 0.2% year on year, operating income of ¥169.0 billion, down 51.2% year on year, ordinary income of ¥188.0 billion, down 51.2% year on year, and net income attributable to owners of the parent of ¥125.0 billion, down 45.3% year on year, due to the decline in coal prices and the reversal of the positive time lag from the previous year.

The above forecasts of consolidated financial results for the fiscal year ending March 31, 2025, are based on the assumptions below:

Dubai Crude Oil Price: US$85/bbl

Foreign Exchange Rate: ¥145/US$

Forecasts for FY2024 and financial results for FY2023

(Unit: ¥Billion)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
FY2024	8,700.0	169.0	188.0	125.0
FY2023	8,719.2	346.3	385.2	228.5
Change (Decrease)	(0.2) %	(51.2) %	(51.2) %	(45.3) %

The above forecasts for FY2024 are based on information available as of the date of publication of this document. The actual operating results may differ from the forecasts due to various factors in the future.

(2) Overview Concerning Financial Position

1) Analysis of financial position

Summarized Consolidated Balance Sheets

(Unit: ¥Billion)

	FY2022	FY2023	Change
Current assets	2,732.1	2,916.8	+184.8
Fixed assets	2,133.3	2,095.5	(37.8)
Total assets	4,865.4	5,012.3	+146.9
Current liabilities	2,164.0	2,192.5	+28.5
Non-current liabilities	1,072.1	1,007.3	(64.8)
Total liabilities	3,236.1	3,199.8	(36.3)
Total net assets	1,629.3	1,812.5	+183.2
Total liabilities and net assets	4,865.4	5,012.3	+146.9

a) Total assets

Total assets increased by ¥146.9 billion from the end of the previous fiscal year to ¥5,012.3 billion, mainly due to an increase in inventories resulting from the impact of yen depreciation and other factors, and an increase in accounts receivable-trade due to the impact of holidays at the end of the period.

b) Total liabilities

Total liabilities as of March 31, 2024, were ¥3,199.8 billion, down ¥36.3 billion from the end of the fiscal year, mainly due to a decrease in interest-bearing debt, despite an increase in accounts payable-trade due to the impact of yen depreciation and other factors, and an increase in accounts payable-other due to the impact of holidays at the end of the period.

c) Total net assets

Total net assets as of March 31, 2024, were ¥1,812.5 billion, an increase of ¥183.2 billion from the end of the previous fiscal year, mainly due to the recording of net income attributable to owners of the parent and an increase in foreign currency translation adjustments due to yen depreciation, despite the purchase of treasury stock and dividend payments.

As a result, the equity ratio improved from 33.2% at the end of the previous fiscal year to 35.9%, up 2.7 points. The Net D/E ratio as of March 31, 2024, was 0.7 (end of the previous fiscal year: 0.9).

2) Analysis of cash flows

Summarized Consolidated Statements of Cash Flows

(Unit: ¥Billion)

	FY2022	FY2023
Cash flows from operating activities	(32.8)	377.4
Cash flows from investing activities	70.1	(65.8)
Cash flows from financing activities	(90.4)	(280.5)
Effect of exchange rate change on cash and cash equivalents	17.2	2.7
Net increase (decrease) in cash and cash equivalents	(36.0)	33.8
Cash and cash equivalents at the beginning of period	139.0	103.1
Cash and cash equivalents at the end of period	103.1	136.9

Cash and cash equivalents as of March 31, 2024, were ¥136.9 billion, an increase of ¥33.8 billion compared with the end of the preceding fiscal year.
Major factors for this decrease are as follows:

a) Cash flows from operating activities

Net cash provided in operating activities amounted to ¥377.4 billion, as factors increasing funds, such as income before taxes and depreciation and amortization, exceeded factors decreasing funds, such as an increase in working capital due to the impact of yen depreciation.

b) Cash flows from investing activities

Net cash used in investing activities amounted to ¥65.8 billion mainly due to the purchases of tangible fixed assets through investments for the maintenance and replacement of refinery facilities.

c) Cash flows from financing activities

Net cash used in financing activities amounted to ¥280.5 billion, mainly due to the acquisition of treasury stock, dividend payments, and repayment of long-term debt.

(3) Basic Policy on Distribution of Profits/Dividends for FY2023 and FY2024

With respect to the year-end dividends for fiscal 2023, the Company has determined to pay a dividend of ¥16 per share. Effective January 1, 2024, a 5-for-1 stock split of shares of common stock was implemented, and although the annual dividend cannot be simply combined due to the stock split, it is expected to be ¥160 per share on a pre-split basis and ¥32 per share on a post-split basis.

Based on the recognition that returning profits to shareholders is an important management issue, the Company has decided to pay a minimum dividend of ¥32 per share in accordance with the policy announced in the “Announcement of Revisions to Financial Targets and Shareholder Return Policy in the Medium-term Business Plan (FY2023 - FY2025)” released on November 14, 2023, and through flexible treasury stock acquisitions that take into consideration stock price levels, the Company will achieve a total return ratio of 50% or more of the net income for the period excluding inventory effects for the three-year period from FY2023 to FY2025.

2. Principal Policy for Selecting Financial Reporting Framework

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

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Unit: ¥Million)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Assets		
Current assets:		
Cash and deposits	105,192	139,325
Notes and accounts receivable, trade	841,798	919,011
Inventories	1,308,570	1,377,865
Accounts receivable, other	319,483	308,130
Other	157,757	179,105
Less: Allowance for doubtful accounts	(733)	(6,595)
Total current assets	2,732,068	2,916,843
Fixed assets:		
Property, plant and equipment:		
Buildings and structures, net	250,997	239,549
Machinery, equipment and vehicles, net	265,024	260,317
Land	755,014	751,345
Construction in progress	29,044	23,150
Other, net	89,933	88,217
Total property, plant and equipment	1,390,013	1,362,581
Intangible fixed assets:		
Goodwill	140,481	131,228
Other	149,753	140,798
Total intangible fixed assets	290,235	272,027
Investments and other assets:		
Investment securities	244,699	266,315
Long-term loans receivable	23,944	43,524
Assets for employees' retirement benefits	43,408	61,904
Deferred tax assets	15,424	14,410
Other	128,182	109,923
Less: Allowance for doubtful accounts	(2,607)	(35,234)
Total investments and other assets	453,052	460,844
Total fixed assets	2,133,301	2,095,452
Total assets	4,865,370	5,012,295

(Unit: ¥Million)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities		
Current liabilities:		
Notes and accounts payable, trade	697,307	793,760
Short-term loans payable	486,701	443,415
Commercial paper	301,983	225,971
Current portion of bonds payable	—	10,000
Accounts payable, other	390,189	479,783
Income taxes payable	67,978	56,942
Provision for bonuses	17,122	16,677
Other	202,702	165,948
Total current liabilities	2,163,986	2,192,498
Non-current liabilities:		
Bonds payable	150,000	140,000
Long-term loans payable	519,232	479,056
Deferred tax liabilities	35,747	39,412
Deferred tax liability related to land revaluation	85,912	84,840
Liability for employees' retirement benefits	60,351	51,793
Reserve for repair work	85,599	81,997
Asset retirement obligations	29,979	26,815
Other	105,253	103,348
Total non-current liabilities	1,072,076	1,007,265
Total liabilities	3,236,062	3,199,763
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus	451,642	390,341
Retained earnings	848,910	1,037,716
Treasury stock	(14,788)	(11,006)
Total shareholders' equity	1,454,116	1,585,403
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	3,918	5,918
Deferred gains (losses) on hedging activities, net	(6,431)	(4,255)
Surplus from land revaluation	154,641	155,282
Foreign currency translation adjustments	(4,571)	31,652
Defined retirement benefit plans	12,853	25,895
Total accumulated other comprehensive income	160,410	214,492
Noncontrolling interests	14,781	12,636
Total net assets	1,629,308	1,812,531
Total liabilities and net assets	4,865,370	5,012,295

(2) Consolidated Statements of Income and Comprehensive Income

1) Consolidated Statements of Income

(Unit: ¥Million)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net sales	9,456,281	8,719,201
Cost of sales	8,662,257	7,872,080
Gross profit	794,023	847,121
Selling, general and administrative expenses	511,581	500,804
Operating income	282,442	346,316
Non-operating income:		
Interest income	4,884	16,032
Equity in earnings of nonconsolidated subsidiaries and affiliates, net	25,981	16,720
Dividend income	3,068	4,233
Gain on foreign exchange, net	14,609	17,019
Subsidy income	3,757	2,156
Other	6,330	7,359
Total non-operating income	58,631	63,522
Non-operating expenses:		
Interest expense	15,289	20,253
Other	4,259	4,338
Total non-operating expenses	19,549	24,592
Ordinary income	321,525	385,246
Extraordinary income:		
Gain on sales of fixed assets	70,577	7,655
Gain on sales of investment securities	585	3,746
Other	4,497	4,023
Total extraordinary income	75,659	15,424
Extraordinary loss:		
Impairment loss on fixed assets	25,824	10,619
Loss on sales of fixed assets	1,457	514
Loss on disposals of fixed assets	4,824	6,842
Loss on valuation of subsidiaries and affiliates	5,629	3,285
Loss on transfer of business	―	4,818
Loss on step acquisitions	7,223	―
Provision of allowance for doubtful accounts	―	41,095
Other	3,955	6,741
Total extraordinary loss	48,914	73,916
Income before income taxes	348,270	326,754
Income taxes-current	102,523	102,420
Income taxes-deferred	(5,030)	(2,509)
Total income taxes	97,492	99,911
Net income	250,777	226,843
Net loss attributable to noncontrolling interests	(2,868)	(1,675)
Net income attributable to owners of the parent	253,646	228,518

2) Consolidated Statements of Comprehensive Income

(Unit: ¥Million)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net income	250,777	226,843
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	523	2,282
Deferred gains (losses) on hedging activities, net	(164)	38
Surplus from land revaluation	(1,949)	940
Foreign currency translation adjustments	21,744	34,109
Defined retirement benefit plans	1,743	13,229
Share of other comprehensive income in equity method subsidiaries and affiliates	(267)	4,101
Total other comprehensive income	21,628	54,701
Comprehensive income	272,406	281,544
Comprehensive income attributable to:		
Owners of the parent	274,824	282,899
Noncontrolling interests	(2,418)	(1,354)

(3) Consolidated Statements of Changes in Net Assets

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

(Unit: ¥Million)

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

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

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

(Unit: ¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	168,351	451,642	848,910	(14,788)	1,454,116
Changes of items during the period:					
Dividends from surplus			(40,218)		(40,218)
Capital surplus (goodwill)		(272)			(272)
Net income attributable to owners of the parent			228,518		228,518
Change in scope of consolidation			207		207
Acquisitions of treasury stock				(57,360)	(57,360)
Disposals of treasury stock		0		113	113
Cancellation of treasury shares		(61,028)		61,028	―
Adjustment due to sales and revaluation of land			299		299
Net changes of items other than shareholders' equity					
Total changes of items during the period	―	(61,300)	188,805	3,781	131,286
Balance at the end of current period	168,351	390,341	1,037,716	(11,006)	1,585,403

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains (losses) on available -for-sale securities	Deferred gains (losses) on hedging activities, net	Surplus from land revaluation	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	3,918	(6,431)	154,641	(4,571)	12,853	160,410	14,781	1,629,308
Changes of items during the period:								
Dividends from surplus								(40,218)
Capital surplus (goodwill)								(272)
Net income attributable to owners of the parent								228,518
Change in scope of consolidation								207
Acquisitions of treasury stock								(57,360)
Disposals of treasury stock								113
Cancellation of treasury shares								―
Adjustment due to sales and revaluation of land			(299)			(299)		―
Net changes of items other than shareholders' equity	1,999	2,176	940	36,223	13,041	54,381	(2,145)	52,236
Total changes of items during the period	1,999	2,176	640	36,223	13,041	54,082	(2,145)	183,223
Balance at the end of current period	5,918	(4,255)	155,282	31,652	25,895	214,492	12,636	1,812,531

(4) Consolidated Statements of Cash Flows

(Unit: ¥Million)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities:		
Income before income taxes	348,270	326,754
Depreciation and amortization	104,449	99,158
Impairment loss on fixed assets	25,824	10,619
Loss on transfer of business	―	4,818
Amortization of goodwill	9,463	9,403
Increase (decrease) in liability for employees' retirement benefits	(12,338)	(27,089)
Increase (decrease) in reserve for repair work	17,156	(3,601)
Increase (decrease) in allowance for doubtful accounts	(611)	38,278
Interest and dividend income	(7,952)	(20,266)
Interest expense	15,289	20,253
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates, net	(25,981)	(16,720)
(Gain) loss on sales of fixed assets, net	(69,119)	(7,140)
Loss (gain) on sale of investment securities	(576)	(3,724)
(Gain) loss on valuation of investment securities, net	5,629	3,285
(Increase) decrease in notes and accounts receivable, trade	61,361	(60,385)
(Increase) decrease in inventories	(99,611)	(58,978)
(Increase) decrease in accounts receivable, other	(57,976)	20,229
Increase (decrease) in notes and accounts payable, trade	(171,193)	80,246
Increase (decrease) in accounts payable, other	(28,622)	100,409
Other, net	(72,074)	(29,100)
Subtotal	41,386	486,448
Interest and dividends received	15,672	26,634
Interest paid	(15,107)	(20,356)
Income taxes paid	(74,796)	(115,334)
Net cash provided by (used in) operating activities	(32,844)	377,391
Cash flows from investing activities:		
Purchases of tangible fixed assets	(85,570)	(70,861)
Proceeds from sales of tangible fixed assets	114,111	13,856
Purchases of intangible fixed assets	(4,908)	(6,255)
Acquisitions of investment securities	(2,071)	(15,575)
Proceeds from sales of investment securities	30,819	8,079
Proceeds from transfer of business	―	33,192
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	555	―
Disbursements for long-term loans	(12,866)	(19,446)
Proceeds from collection of long-term loans receivable	1,761	1,942
(Increase) decrease in short-term loans receivable, net	(5,119)	(5,613)
Other, net	33,369	(5,124)
Net cash provided by (used in) investing activities	70,079	(65,805)

(Unit: ¥Million)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	9,906	(24,056)
Increase (decrease) in commercial paper, net	64,982	(76,011)
Proceeds from long-term loans payable	13,740	48,279
Repayments of long-term loans payable	(102,363)	(124,293)
Proceeds from issuance of bonds	20,000	―
Redemption of bonds	(10,000)	―
Purchases of treasury stock	(13,091)	(57,360)
Proceeds from disposals of treasury stock	319	113
Cash dividends paid	(50,629)	(40,218)
Proceeds from share issuance to non-controlling shareholders	4,736	―
Cash dividends paid to non-controlling interests	(1,505)	(268)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(19,755)	―
Other, net	(6,755)	(6,690)
Net cash provided by (used in) financing activities	(90,416)	(280,506)
Effect of exchange rate change on cash and cash equivalents	17,230	2,740
Net increase (decrease) in cash and cash equivalents	(35,950)	33,820
Cash and cash equivalents at the beginning of period	139,030	103,079
Cash and cash equivalents at the end of period	103,079	136,900

(5) Notes to Consolidated Financial Statements

1) Notes on the Assumption of a Going Concern

None

2) 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.

Taking into consideration the nature of the products and the business standing within the Group, the Company aggregates these business segments into the following five reportable segments. In addition, other business segments are summarized under Others.

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

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

Effective from the current consolidated fiscal year, the Company has changed the classification of assets attributable to each segment mainly in accordance with internal business management indices. The segment information for the previous fiscal year has been reclassified to conform with the current classification.

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

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

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

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

(Unit: ¥Million)

	Reportable segment						Others (*1)	Total	Reconciliation (*2, 3, 5, 6, 7)	Consolidated (*4)
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Total				
Net sales:										
Net sales to outside customers	7,403,861	666,889	511,006	197,070	672,077	9,450,905	5,376	9,456,281	—	9,456,281
Inter-segment	43,507	33,625	24,695	4,863	5	106,696	2,238	108,935	(108,935)	—
Total	7,447,369	700,514	535,701	201,933	672,083	9,557,602	7,614	9,565,216	(108,935)	9,456,281
Operating income	60,137	10,157	17,669	2,074	217,166	307,205	1,187	308,393	(25,950)	282,442
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	12,883	(90)	(714)	(1,593)	13,733	24,218	—	24,218	1,763	25,981
Segment income	73,021	10,066	16,954	481	230,900	331,424	1,187	332,611	(24,187)	308,423
Segment assets	3,197,898	347,547	339,955	230,753	430,411	4,546,567	38,621	4,585,188	280,182	4,865,370
Other items:										
Depreciation and amortization	55,119	7,272	9,791	5,932	16,756	94,872	143	95,015	9,433	104,449
Amortization of goodwill	7,315	5	—	2,142	—	9,463	0	9,463	—	9,463
Impairment loss on fixed assets	8,316	—	14,865	338	1,444	24,965	—	24,965	859	25,824
Investment in equity method nonconsolidated subsidiaries and affiliates	84,245	41,013	7,517	11,582	38,127	182,486	—	182,486	(653)	181,832
Unamortized balance of goodwill	106,148	53	—	34,280	—	140,481	—	140,481	—	140,481
Increase of property, plant, equipment and intangible fixed assets	42,615	8,395	6,744	12,533	14,826	85,115	274	85,389	13,298	98,688

Notes:

1. The segment “Others” refers to the total of other business segments that are not included in the reportable segments, including insurance businesses and intra-group service businesses.
2. The amount of reconciliation for the operating income (loss) mainly represents research and development costs, which do not belong to reportable segments.
3. The amount of reconciliation for equity in earnings (losses) of nonconsolidated subsidiaries and affiliates and that for investment in equity method nonconsolidated subsidiaries and affiliates mainly represents those related to equity method nonconsolidated subsidiaries and affiliates, which do not belong to reportable segments.
4. The segment income 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.
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.
7. The amount of reconciliation for “Impairment loss on fixed assets” represents the impairment loss related to Company assets that are not allocated to reportable segments.

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

(Unit: ¥Million)

	Reportable segment						Others (*1)	Total	Reconciliation (*2, 3, 5, 6, 7)	Consolidated (*4)
	Petroleum	Basic chemicals	Functional materials	Power and renewable energy	Resources	Total				
Net sales:										
Net sales to outside customers	7,080,754	601,574	515,377	141,521	370,458	8,709,686	9,514	8,719,201	—	8,719,201
Inter-segment	30,463	40,631	24,832	5,280	8	101,215	7,475	108,691	(108,691)	—
Total	7,111,217	642,205	540,210	146,801	370,467	8,810,902	16,990	8,827,892	(108,691)	8,719,201
Operating income	209,742	26,071	27,224	(7,861)	106,707	361,884	519	362,404	(16,087)	346,316
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	9,910	(4,028)	349	253	10,241	16,726	—	16,726	(5)	16,720
Segment income	219,652	22,043	27,574	(7,608)	116,949	378,610	519	379,130	(16,093)	363,036
Segment assets	3,423,890	384,214	362,006	237,012	301,990	4,709,115	31,504	4,740,619	271,676	5,012,295
Other items:										
Depreciation and amortization	58,664	6,743	8,961	6,426	8,445	89,241	192	89,434	9,723	99,158
Amortization of goodwill	7,255	5	—	2,142	—	9,403	—	9,403	—	9,403
Impairment loss on fixed assets	8,606	92	778	137	—	9,615	—	9,615	1,004	10,619
Investment in equity method nonconsolidated subsidiaries and affiliates	87,405	36,154	7,766	14,611	51,248	197,186	—	197,186	(946)	196,240
Unamortized balance of goodwill	99,043	47	—	32,137	—	131,228	—	131,228	—	131,228
Increase of property, plant, equipment and intangible fixed assets	27,718	11,620	13,068	3,257	5,664	61,330	152	61,483	6,654	68,137

Notes:

1. The segment “Others” refers to the total of other business segments that are not included in the reportable segments, including insurance businesses and intra-group service businesses.
2. The amount of reconciliation for the operating income mainly represents research and development costs, which do not belong to reportable segments.
3. The amount of reconciliation for equity in earnings (losses) of nonconsolidated subsidiaries and affiliates and that for investment in equity method nonconsolidated subsidiaries and affiliates mainly represents those related to equity method nonconsolidated subsidiaries and affiliates, which do not belong to reportable segments.
4. The segment income of the reportable segments is reconciled to the total 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.
7. The amount of reconciliation for “Impairment loss on fixed assets” represents the impairment loss related to Company assets that are not allocated to reportable segments.

Related Information

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

(a) Information for each product and service

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

(b) Geographic segment information

(1) Sales

(Unit: ¥Million)

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

(Notes)

1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:
   Asia and Oceania : Singapore, Australia, China, South Korea, etc.
   North America : USA and Canada
   Other regions : UK, etc.

(2) Property, plant and equipment

(Unit: ¥Million)

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

(Notes)

1. Areas are segmented based on their geographical proximity.
2. The principal areas included in each region are as follows:
   Asia and Oceania : Australia, China, Indonesia, Malaysia, etc.
   Others : USA, etc.

(3) Principal customer information

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

Information Regarding Impairment Loss on Fixed Assets by Reportable Segment

The Company recorded an impairment loss of ¥8,316 million on the integration and closure of oil terminals in the petroleum segment, and ¥14,865 million on structural reforms in the performance chemicals business in the functional materials segment, respectively.

Information Regarding Amortization and Unamortized Balances of Goodwill by Reportable Segment

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

Information Regarding Negative Goodwill Gain by Reportable Segment

No negative goodwill was recognized during the periods.

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

(a) Information for each product and service

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

(b) Geographic segment information

(1) Sales

(Unit: ¥Million)

Japan	Asia and Oceania	North America	Other regions	Total
6,332,749	1,453,185	826,638	106,628	8,719,201

(Notes)

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

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

(2) Property, plant and equipment

(Unit: ¥Million)

Japan	Asia and Oceania	Other regions	Total
1,158,448	107,851	96,280	1,362,581

(Notes)

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

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

(3) Principal customer information

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

Information Regarding Impairment Loss on Fixed Assets by Reportable Segment

The Company recorded an impairment loss of ¥8,606 million in the petroleum segment due to the shutdown of the refining function and other reasons.

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.

3) Per Share Information

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net assets per share	¥1,102.05	¥1,305.18
Net income per share	¥170.67	¥161.32

(*) 1. Diluted net income per share for the fiscal year is not calculated because dilutive shares do not exist.
2. The Company conducted a 1:5 stock split on its common shares with the effective date of January 1, 2024. Net assets per share and net income per share above are calculated under the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023.
3. 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 (3,330,245 shares for the current fiscal year and 2,296,570 shares for the preceding fiscal year) are included in the number of treasury stock that is to be deducted from the number of the Company's issued shares at the end of the respective fiscal years. Also, in calculating net income per share, the shares held by The Master Trust Bank of Japan, Ltd. as the trust property for the Company's stock compensation plan (3,330,245 shares for the current fiscal year and 2,296,570 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.
4. The basis for calculating net income per share is as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net income per share:		
Net income attributable to owners of the parent (¥million)	253,646	228,518
Amount not attributable to common stock (¥million)	—	—
Net income attributable to common stock (¥million)	253,646	228,518
Weighted-average common shares outstanding during the period (thousands of shares)	1,486,140	1,416,552

4) Significant Subsequent Events

None