



May 11, 2021

Consolidated Financial Results for the Fiscal Year 2020 (From April 1, 2020 to March 31, 2021) [Japan GAAP]

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 Scheduled date of ordinary general meeting of shareholders: June 23, 2021
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 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 FY2020 (From April 1, 2020 to March 31, 2021)

(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	%
FY2020	4,556,620	(24.6)	140,062	—	108,372	—	34,920	—
FY2019	6,045,850	36.6	(3,860)	—	(13,975)	—	(22,935)	—

Notes: Comprehensive income FY2020 ¥44,120 million (—%) FY2019 ¥(40,480) million (—%)

	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
	¥	¥	%	%	%
FY2020	117.47	—	3.0	2.8	3.1
FY2019	(76.31)	—	(2.3)	(0.4)	(0.1)

Reference: Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates FY2020 ¥(39,789) million
 FY2019 ¥(22,358) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2020	3,954,443	1,215,136	29.1	3,871.69
FY2019	3,886,938	1,200,564	29.6	3,868.68

Reference: Total equity FY2020 ¥1,150,930 million FY2019 ¥1,150,009 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
FY2020	170,466	(109,851)	(56,227)	130,956
FY2019	(32,712)	(134,463)	157,907	129,335

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	%	%
FY2019	—	80.00	—	80.00	160.00	47,980	—	4.8
FY2020	—	60.00	—	60.00	120.00	35,740	102.2	3.1
FY2021 (Forecast)	—	60.00	—	60.00	120.00		42.0	

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.

3. Forecasts of Consolidated Financial Results for FY2021 (From April 1, 2021 to March 31, 2022)

(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	%	¥
FY2021	5,680,000	24.7	135,000	(3.6)	140,000	29.2	85,000	143.4	285.94

* 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, 2021: 297,864,718 As of March 31, 2020: 297,864,718

b) Number of shares of treasury stock

As of March 31, 2021: 596,197 As of March 31, 2020: 603,227

c) Weighted average number of shares outstanding during the period

FY2020: 297,269,637 FY2019: 300,558,642

(Reference)

1. Nonconsolidated Financial Results for FY2020 (From April 1, 2020 to March 31, 2021)

(1) Nonconsolidated operating results

(Percentages represent changes from prior year)

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
FY2020	3,435,415	(19.9)	96,465	—	140,810	960.6	96,760	—
FY2019	4,290,578	38.9	(80,065)	—	13,276	(81.0)	(56,784)	—

	Net income per share	Diluted net income per share
	¥	¥
FY2020	325.48	—
FY2019	(188.92)	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2020	3,233,323	941,701	29.1	3,167.66
FY2019	3,201,214	881,292	27.5	2,964.53

Reference: Total equity FY2020 ¥941,701 million FY2019 ¥881,292 million

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

* The financial forecasts in this document are based on information currently available and certain assumptions deemed reasonable. Actual operating results may differ from these forecasts due to various factors. Additionally, for the assumptions used for the forecasts of the financial results, please refer to page 8 “Forecasts of consolidated financial results for FY2021” 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

The Japanese economy in the current consolidated fiscal year slowed significantly in the first quarter, due to the issuance of a state of emergency caused by the spread of COVID-19. Economic activities resumed afterward, and the economy continued to recover gradually until autumn, but it stagnated after the beginning of 2021 due to a resurgence in the spread of COVID-19.

Domestic petroleum products sales volume fell below the previous year's level overall due to a significant decrease in jet fuel demand caused by suspension and reduction of flights, and due to a decrease in gasoline demand caused by the effects of refraining from going out.

Dubai crude oil prices plummeted in the early spring due to the collapse of the so-called OPEC-plus alliance's production cut talks and the spread of COVID-19, but returned to a recovery trend owing to the resumption of economic activities in major countries and the resumption of cooperative production cuts by the OPEC-plus alliance. After June 2020, the price largely hovered around \$40/bbl. Since November, Dubai crude oil prices have been on an upward trend owing to expectations for widespread use of COVID-19 vaccines and for a recovery in the US economy, and due to the production cut agreement by the OPEC-plus alliance. Consequently, the average price of Dubai crude oil was \$44.5/bbl, a decrease of \$15.8/bbl against the previous fiscal year.

The yen's exchange rate against the US dollar generally ranged from ¥105 to ¥108 in the first half of the fiscal year. Thereafter, the yen appreciated to the ¥102 level due to an increase in the number of people infected with COVID-19 around the world. Since February 2021, the dollar has been strong against the backdrop of rising long-term interest rates owing to expectations for the normalization of the US economy, and the yen temporarily fell to the ¥110 level toward the end of the fiscal year. Consequently, the average rate fell by ¥2.6/\$ from the previous fiscal year to ¥106.1/\$.

2) Operating results

The Idemitsu Group's net sales for fiscal 2020 were ¥4,556.6 billion, down 24.6% from the previous fiscal year, mainly due to the decline of crude oil prices and a decrease in the sales volume.

Cost of sales was ¥3,997.6 billion, down 29.0% year on year. Selling, general and administrative expenses totaled ¥419.0 billion, up 0.5% year on year.

Operating income was ¥140.1 billion, up ¥143.9 billion from the previous fiscal year, due to the effect of inventory valuation, which turned from a loss of ¥89.3 billion in the previous fiscal year to a profit of ¥7.5 billion, and an increase in profits in the petroleum products segment.

Net non-operating loss was ¥31.7 billion, owing primarily to recording equity in losses of nonconsolidated subsidiaries and affiliates, an increase of ¥21.6 billion from the

previous fiscal year. Consequently, ordinary income was ¥108.4 billion, an increase of ¥122.3 billion from the previous fiscal year.

Net extraordinary loss was ¥43.8 billion, an increase of ¥40.5 billion from the previous fiscal year, due to the recording of loss on valuation of long-term loans receivable and impairment loss in the resource businesses.

Income tax expenses, which consist of income taxes-current and income taxes-deferred, amounted to ¥29.3 billion, an increase of ¥25.8 billion from the previous fiscal year. Net income attributable to noncontrolling interests for the period was ¥0.3 billion, down 85.2% year on year.

As a result, net profit attributable to owners of the parent was ¥34.9 billion, an increase of ¥57.9 billion from the preceding fiscal year.

3) Progress and results of business

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

As to annual reporting periods, domestic subsidiaries use March 31, 2021 as their balance sheet date whereas overseas subsidiaries use December 31, 2020 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, 2020, and those of domestic subsidiaries for the year ended March 31, 2021.

Net sales by segment

(Unit: ¥Billion)

Segment	FY2019	FY2020	Change (Decrease)	
			Amount	%
Petroleum	4,821.0	3,593.4	(1,227.6)	(25.5)%
Basic chemicals	459.2	329.0	(130.2)	(28.3)%
Functional materials	393.8	332.6	(61.2)	(15.6)%
Power and renewable energy	127.7	123.7	(4.0)	(3.1)%
Resources	241.8	172.0	(69.8)	(28.9)%
Others	2.3	5.9	+3.6	+154.3%
Total	6,045.9	4,556.6	(1,489.2)	(24.6)%

Segment income (loss) by segment

(Unit: ¥Billion)

Segment	FY2019	FY2020	Change (Decrease)	
			Amount	%
Petroleum	(109.4)	102.1	+211.5	—
<i>: excluding effect of inventory valuation</i>	<i>(20.1)</i>	<i>94.7</i>	<i>114.7</i>	<i>—</i>
Basic chemicals	11.9	3.4	(8.5)	(71.5)%
Functional materials	28.4	13.0	(15.4)	(54.3)%
Power and renewable energy	(0.5)	(17.3)	(16.8)	—
Resources	41.8	4.7	(37.0)	(88.7)%
Others	0.4	0.9	+0.5	+125.8%
Reconciliation	1.1	(6.6)	(7.7)	—
Total	(26.2)	100.3	+126.5	—
<i>: excluding effect of inventory valuation</i>	<i>63.1</i>	<i>92.8</i>	<i>+29.7</i>	<i>+47.2%</i>

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 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; optimizing its facilities and operations; enhancing the reliability of its refineries by means of advanced technologies such as AI and IoT; and making logistics more efficient. Amid severe fluctuations in demand due to the COVID-19 pandemic, we worked to ensure a

stable supply of petroleum products by flexibly responding to supply and demand, such as adjusting the operation of refineries and importing and exporting products.

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 movements. Based on such concept of SSs as being indispensable for local communities, the Company strived to construct new business models. For example, it launched Raku-Raku Lease Auto Flat, which combines the advantages of car leasing products for individuals that had been developed at Apollo SS and Shell SS, expanded the reservation management system PIT in plus / SEIBIS, and set up demonstration Business Units for a washing agency service WASH TERRACE, and a facility with an EV charging cafe Park & Charge. In addition, the Company is accelerating new initiatives such as the establishment of Idemitsu Tajima EV Co., Ltd., which handles next-generation mobility services, and the acquisition of shares of QLC Produce Corporation, which is working to create a system that comprehensively cooperates and supports the nursing care business.

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

Consequently, sales in the petroleum products segment were ¥3,593.4 billion, down 25.5% from the previous fiscal year, due to the decline in crude oil prices and a decrease in sales volume in the first half caused by the spread of COVID-19. Segment income was ¥102.1 billion, an increase of ¥211.5 billion from the previous fiscal year, because factors contributing to increased profit such as the absence of the previous fiscal year's negative effect from inventory valuation, which had been a significant loss in the previous fiscal year, and the improvement of product margins generated by a time lag associated with rising crude oil prices, were more than offset by factors negative to profit mainly consisting of the increased equity in losses and a decrease in sales volume. Gain from inventory valuation included in operating income was ¥7.5 billion.

[Basic chemicals segment]

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

Consequently, net sales in the basic chemicals segment were ¥329.0 billion, down 28.3% from the previous fiscal year, due to decreases in naphtha prices on a customs clearance basis. Segment income was ¥3.4 billion, down 71.5% from the previous fiscal year, mainly due to factors such as a decline in paraxylene product margins.

[Functional materials segment]

(Lubricants business)

To expand sales globally, the Company worked to further expand overseas and promote product development that can contribute to energy saving and resource saving. In overseas expansion, the Company opened a second manufacturing plant in China and started commercial operation. In addition, the Company has newly developed water-soluble processing oils as products complying with the new engine oil standard (GF-6) and having environmentally friendly high-performance.

(Performance chemicals business)

On the strength of its own technologies, the Company strived to expand high-performance materials such as automobiles, engineering plastics for information and communication, daily necessities, and intermediates for durable consumer goods. In the engineering plastics business, the Company decided to construct a second SPS (syndiotactic polystyrene) manufacturing equipment in Malaysia, in order to double the current production capacity for SPS resin, which the Company boasts 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 (FPCC) of Taiwan and the Company, was completed, and its commercial production started in fiscal 2020.

(Electronic materials business)

The electronic materials business evolved around OLED materials and oxidation semiconductors. The Company also worked on new business development and new use application development. The Company's OLED materials manufacturing plant in Chengdu, Sichuan Province, China, whose construction started in 2018, commenced commercial operation. This manufacturing base will become the Company's third OLED materials manufacturing base, following one in Japan and another in Korea. With the start of production in this manufacturing base, the Company has a combined annual production capacity of 22 tons.

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

Despite the business environment affected by the COVID-19 pandemic, domestic asphalt demand remained strong. The Company strived for a stable supply for infrastructure development and worked on product development based on the needs of the ordering party, and technological development to realize carbon neutrality in collaboration with other business segments. In our overseas business, the Company has started preparations for the establishment of a high-performance asphalt manufacturing and sales company in Southeast Asia.

(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. The Company has started selling one biological control agent that uses natural enemy insects. In the livestock field, the Company has started selling one livestock material in the US.

Consequently, net sales in the functional materials segments were ¥332.6 billion, down 15.6% from the previous fiscal year. Segment income was ¥13.0 billion, down 54.3%

from the previous fiscal year, mainly due to a decrease in sales volume in the lubricants business and a decrease in margin due to unfavorable conditions in the polycarbonate market.

[Power and renewable energy segment]

Efforts were made under the three basic policies of “maintenance and expansion of core businesses,” “promotion of renewable energy sources development at home and abroad” and “verification and development of solution businesses.” As for the first basic policy, Idemitsu Green Power Co., Ltd., a wholly owned subsidiary of the Company, was selected as the first supplier of the “Tocho Electric Power Plan” implemented by the Tokyo Metropolitan Government, and proceeded with initiatives such as supplying 100% renewable energy power, including FIT power generated from Tokyo, to Tokyo-owned facilities. As for the second basic policy, the Company took steady steps forward. For example, construction for three solar power projects in the United States has been completed. As for the third basic policy, the Company is developing new services in preparation for the spread of electric vehicles in the future.

Consequently, net sales of the power and renewable energy segment were ¥123.7 billion, down 3.1% from the previous fiscal year. Segment loss was ¥17.3 billion, an increase of ¥16.8 billion from the previous fiscal year, mainly due to an increase in procurement costs caused by soaring electricity markets, a decrease in sales volume in the solar business, and a decline in unit sales prices.

[Resources segment]

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

In the oil/natural gas exploration and production business, in Europe, the Company ensured stable production at the existing in the northern North Sea basin, off the coast of northern Norway and worked on oilfield development in the northern North Sea basin and the Barents Sea basin, where the Company succeeded in exploration. At the Snorre Field, additional production has started as a result of the project to further develop the oilfield. Considering the long-term business strategy of the Norwegian business and the reduction of development costs, the Company transferred part of the interests in the Barents Sea block. Meanwhile, in an offshore mine site project off the coast of southern Vietnam, the Company has been continuously engaged in natural gas development as its operator and started production in November 2020.

In the geothermal energy business, while ensuring the safe operation of the existing power plant, the Company further developed new geothermal energy business in Oyasu, Yuzawa City, Akita Prefecture, and other regions in Japan and further considered the expansion of its business overseas.

Net sales of the oil exploration and production business and the geothermal energy business were ¥32.9 billion, down 32.6% from the previous fiscal year, mainly due to the decline in crude oil price. Segment income was ¥6.8 billion, down 62.0% from the previous fiscal year.

(Coal business and others)

In the existing mines in Australia and Indonesia, the Company started a trial production to introduce new technologies in order to strengthen their competitiveness. One example is remote automatic coal mining aiming to ensure sound management and coping with environmental changes in the future. Moreover, the Company has taken

steps to mitigate environmental burdens and contribute to local communities. As part of such efforts, the Company progressively provided low-carbon solutions thorough the development of black pellets (biomass fuel) and the marketing of its optimization system to control coal boilers. The Company also conducted a feasibility study on solar power system and pumped storage hydroelectric power system, both of which involve the utilization of assets in the mines.

Net sales of the coal business and others were ¥139.0 billion, down 27.9% from the previous fiscal year. Segment loss was ¥2.0 billion, a decrease in profit of 26.0 billion from the previous fiscal year, due to the fall in coal prices.

As a result, total net sales of the resources segment were ¥172.0 billion, down 28.9% from the previous fiscal year, and segment income was ¥4.7 billion, down 88.7% from the previous fiscal year.

[Research & Development and new business development]

(Solid electrolyte for all-solid lithium ion rechargeable battery)

Using lithium sulfide, for which the Company has its own manufacturing technologies, as a raw material, the Company conducted R&D on solid electrolytes, which are the key materials for the next-generation all-solid lithium ion rechargeable battery, and proceeded with efforts toward commercialization. The Company is constructing small mass production facilities at the Chiba Complex to realize early commercialization. The construction will be completed and the operation will start in the first half of FY2021.

4) Forecasts of consolidated financial results for FY2021

Regarding the forecasts of consolidated financial results for FY2021, the Company expects net sales of ¥5,680.0 billion, up 24.7%, operating income of ¥135.0 billion, down 3.6%, ordinary income of ¥140.0 billion, up 29.2%, and net income attributable to owners of the parent of ¥85.0 billion, up 143.4%, owing to the recovery of demand for petroleum products and rising resource prices.

The above forecasts of consolidated financial results for the fiscal year ending March 31, 2022, are based on the assumptions below:

Dubai Crude Oil Price: US\$60 per bbl

Foreign Exchange Rate: ¥105 per US\$

Forecasts for FY2021 and financial results for FY2020

(Unit: ¥Billion)

	Net sales	Operating income	Ordinary income	Net income (loss) attributable to owners of the parent
FY2021	5,680.0	135.0	140.0	85.0
FY2020	4,556.6	140.1	108.4	34.9
Change (Decrease)	24.7 %	(3.6) %	29.2 %	143.4 %

The above forecasts for FY2021 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)

	FY2019	FY2020	Change (Decrease)
Current assets	1,550.3	1,665.5	+115.2
Fixed assets	2,336.6	2,288.9	(47.7)
Total assets	3,886.9	3,954.4	+67.5
Current liabilities	1,648.4	1,621.3	(27.1)
Non-current liabilities	1,038.0	1,118.0	+80.1
Total liabilities	2,686.4	2,739.3	+52.9
Total net assets	1,200.6	1,215.1	+14.6
Total liabilities and net assets	3,886.9	3,954.4	+67.5

a) Total assets

Total assets as of March 31, 2021, were ¥3,954.4 billion, an increase of ¥67.5 billion from the end of the previous fiscal year, mainly due to an increase in inventories caused by the increased crude oil prices.

b) Total liabilities

Total liabilities as of March 31, 2021, were ¥2,739.3 billion, an increase of ¥52.9 billion from the end of the previous fiscal year, mainly due to an increase in notes and accounts payable-trade owing to increased crude oil prices, despite the repayment of interest-bearing debt.

c) Total net assets

Total net assets as of March 31, 2021, were ¥1,215.1 billion, an increase of ¥14.6 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent of ¥34.9 billion and an increase in noncontrolling interests of ¥13.7 billion, despite dividend payments of ¥41.7 billion.

Consequently, the shareholders' equity ratio as of March 31, 2021 was 29.1%, a

decrease of 0.5 points from 29.6% at the end of the previous fiscal year. The Debt Equity Ratio as of March 31, 2021, was 1.0 (end of the previous fiscal year: 1.0).

2) Analysis of cash flows

Summarized Consolidated Statements of Cash Flows

	(Unit: ¥Billion)	
	FY2019	FY2020
Cash flows from operating activities	(32.7)	170.5
Cash flows from investing activities	(134.5)	(109.9)
Cash flows from financing activities	157.9	(56.2)
Effect of exchange rate change on cash and cash equivalents	(0.9)	(3.2)
Net increase (decrease) in cash and cash equivalents	(10.1)	1.2
Cash and cash equivalents at the beginning of period	90.7	129.3
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	48.8	0.5
Cash and cash equivalents at the end of period	129.3	131.0

Cash and cash equivalents (“funds”) as of March 31, 2021 were ¥131.0 billion, an increase of ¥1.6 billion compared with the end of the preceding fiscal year. Major factors for this increase are as follows:

a) Cash flows from operating activities

Although the required operating capital increased due to the rise in the import price of crude oil, net cash provided by operating activities amounted to ¥170.5 billion owing to factors contributing to increased funds, such as depreciation and net income before income taxes.

b) Cash flows from investing activities

Net cash used in investing activities amounted to ¥109.9 billion, mainly due to the acquisition of tangible fixed assets (¥121.1 billion), investment in maintenance and replacement of refinery facilities and investment in the mega solar power generation business in the United States.

c) Cash flows from financing activities

Net cash used in financing activities was ¥56.2 billion, mainly due to dividend payments (¥41.7 billion) and repayment of interest-bearing debt.

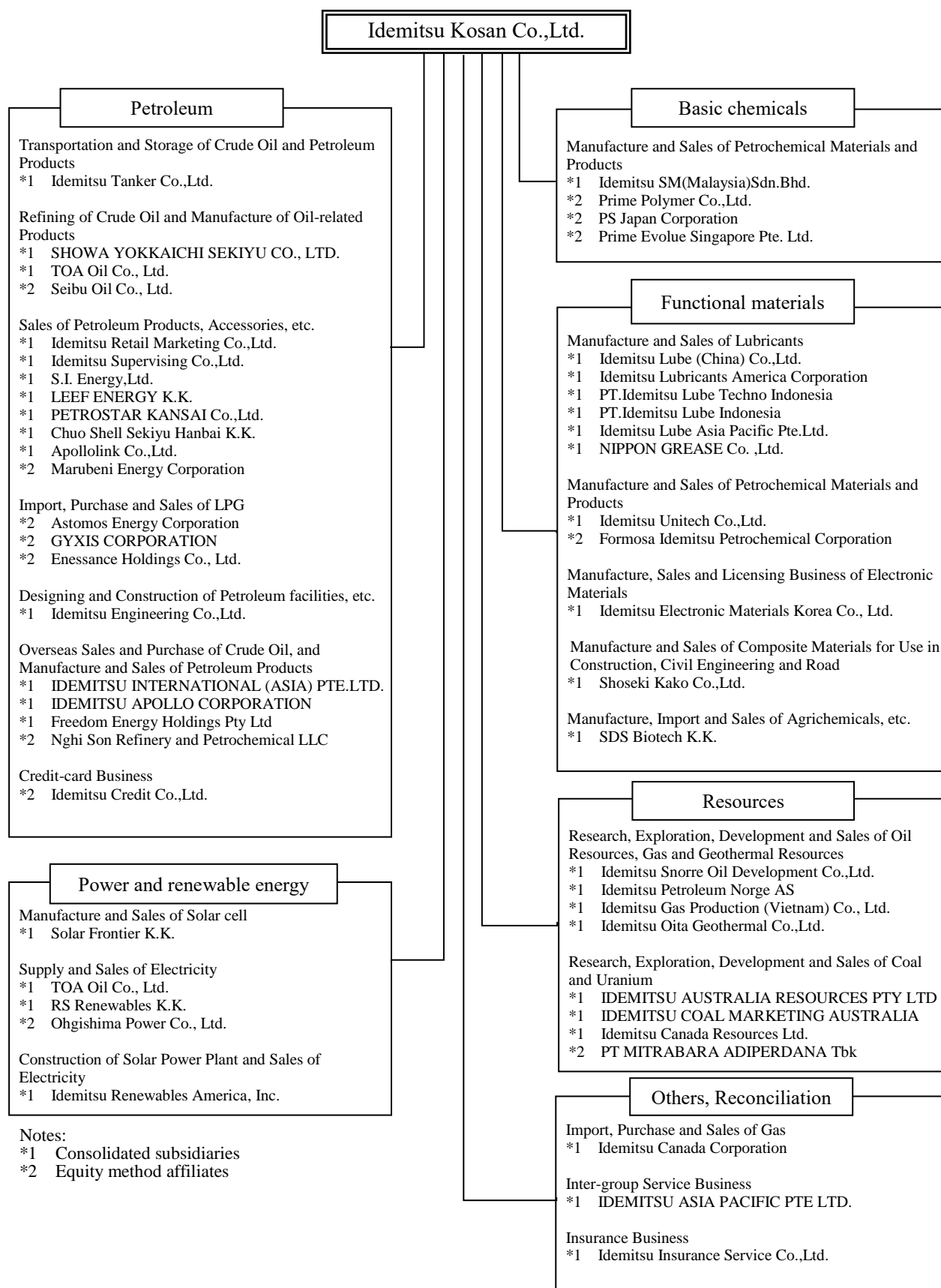
(3) Basic Policy on Distribution of Profits/Dividends for FY2020 and FY2021

With respect to the year-end dividends for fiscal 2020, the Company has determined to pay a dividend of ¥60 per share. As a result, annual dividends for the fiscal year ended March 31, 2021, are ¥120 per share. The Company plans to secure a total return ratio of at least 50% of net income, excluding the effect of inventory valuation for the cumulative three years from 2020 to 2022, based on its policy of a stable dividend of ¥120 a year from 2021 to 2022 described in “Medium-term Management Plan Revision,” which the Company announced today, recognizing that returning profits to shareholders is an important management issue.

Based on the above policy, the Company plans to pay annual dividends of ¥120 per share for the next fiscal year.

2. Description of Idemitsu Group

The principle businesses of the Company, its subsidiaries (125 companies) and its affiliates (91 companies) and their principal businesses are as follows:



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)	
	FY2019	FY2020
	(As of March 31, 2020)	(As of March 31, 2021)
Assets		
Current assets:		
Cash and deposits	132,247	131,343
Notes and accounts receivable, trade	593,730	602,661
Inventories	622,895	694,522
Other	203,186	238,511
Less: Allowance for doubtful accounts	(1,770)	(1,521)
Total current assets	1,550,288	1,665,516
Fixed assets:		
Property, plant and equipment:		
Buildings and structures, net	255,774	266,693
Machinery, equipment and vehicles, net	267,954	309,885
Land	811,627	808,037
Construction in progress	59,167	58,815
Other, net	83,598	78,468
Total property, plant and equipment	1,478,122	1,521,899
Intangible fixed assets:		
Goodwill	167,104	159,006
Other	165,003	160,245
Total intangible fixed assets	332,108	319,252
Investments and other assets:		
Investment securities	244,007	239,196
Investments in capital of subsidiaries and affiliates	23,421	—
Long-term loans receivable	79,825	37,720
Assets for employees' retirement benefits	496	2,183
Deferred tax assets	38,287	21,019
Other	142,095	149,814
Less: Allowance for doubtful accounts	(1,715)	(2,160)
Total investments and other assets	526,418	447,774
Total fixed assets	2,336,649	2,288,926
Total assets	3,886,938	3,954,443

(Unit: ¥Million)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Liabilities		
Current liabilities:		
Notes and accounts payable, trade	475,664	530,697
Short-term loans payable	339,600	334,309
Commercial paper	315,965	188,005
Current portion of bonds payable	—	20,000
Accounts payable, other	343,611	406,890
Income taxes payable	11,564	18,422
Provision for bonuses	9,912	11,392
Other	152,099	111,568
Total current liabilities	1,648,420	1,621,286
Non-current liabilities:		
Bonds payable	80,000	100,000
Long-term loans payable	568,133	637,468
Deferred tax liabilities	16,200	9,643
Deferred tax liability related to land revaluation	85,410	84,993
Liability for employees' retirement benefits	67,542	49,232
Reserve for repair work	64,138	73,197
Asset retirement obligations	62,130	77,647
Other	94,397	85,836
Total non-current liabilities	1,037,953	1,118,019
Total liabilities	2,686,374	2,739,306
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus	461,636	461,635
Retained earnings	408,064	400,579
Treasury stock	(2,042)	(2,008)
Total shareholders' equity	1,036,010	1,028,559
Accumulated other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	1,524	5,792
Deferred gains (losses) on hedging activities, net	(7,667)	(1,209)
Surplus from land revaluation	157,834	159,585
Foreign currency translation adjustments	(34,370)	(47,207)
Defined retirement benefit plans	(3,321)	5,410
Total accumulated other comprehensive income	113,999	122,371
Noncontrolling interests	50,555	64,206
Total net assets	1,200,564	1,215,136
Total liabilities and net assets	3,886,938	3,954,443

(2) Consolidated Statements of Income and Comprehensive Income

1) Consolidated Statements of Income

(Unit: ¥Million)

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Net sales	6,045,850	4,556,620
Cost of sales	5,632,657	3,997,591
Gross profit	413,193	559,028
Selling, general and administrative expenses	417,053	418,965
Operating income (loss)	(3,860)	140,062
Non-operating income:		
Interest income	10,829	9,935
Dividend income	3,502	4,237
Gain on foreign exchange, net	2,613	—
Subsidy income	7,277	4,655
Other	5,077	4,564
Total non-operating income	29,300	23,392
Non-operating expenses:		
Interest expense	13,049	11,982
Equity in losses of nonconsolidated subsidiaries and affiliates, net	22,358	39,789
Other	4,006	3,309
Total non-operating expenses	39,415	55,082
Ordinary income (loss)	(13,975)	108,372
Extraordinary income:		
Gain on sales of fixed assets	2,214	13,081
Gain on sales of investment securities	503	59
Gain from step acquisition	17,215	—
Gain on reversal of restoration cost	—	889
Other	3,005	1,058
Total extraordinary income	22,939	15,087
Extraordinary loss:		
Impairment loss on fixed assets	9,044	20,164
Loss on sales of fixed assets	428	1,121
Loss on disposals of fixed assets	7,870	6,863
Loss on valuation of investment securities	—	6,193
Loss from money transfer scam at foreign subsidiary	—	3,672
Loss on valuation of long-term loans receivable	—	18,114
Other	8,846	2,747
Total extraordinary loss	26,190	58,877
Income (loss) before income taxes	(17,226)	64,582
Income taxes-current	29,696	17,756
Income taxes-deferred	(26,136)	11,586
Total income taxes	3,560	29,343
Net income (loss)	(20,786)	35,239
Net income (loss) attributable to noncontrolling interests	2,149	319
Net income (loss) attributable to owners of the parent	(22,935)	34,920

2) Consolidated Statements of Comprehensive Income

(Unit: ¥Million)

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Net income (loss)	(20,786)	35,239
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(4,308)	4,033
Deferred gains (losses) on hedging activities, net	173	5,220
Surplus from land revaluation	2,913	825
Foreign currency translation adjustments	(14,221)	(11,267)
Defined retirement benefit plans	(3,215)	8,917
Share of other comprehensive income in equity method subsidiaries and affiliates	(1,035)	1,151
Total other comprehensive income	(19,693)	8,881
Comprehensive income	(40,480)	44,120
Comprehensive income attributable to:		
Owners of the parent	(40,466)	42,367
Noncontrolling interests	(14)	1,753

(3) Consolidated Statements of Changes in Net Assets
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)
Dividends from surplus			(34,028)		(34,028)
Capital surplus (goodwill)		(0)			(0)
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)
Dividends from surplus								(34,028)
Capital surplus (goodwill)								(0)
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

FY2020 (From April 1, 2020 to March 31, 2021)

(Unit: ¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	168,351	461,636	408,064	(2,042)	1,036,010
Changes of items during the period:					
Dividends from surplus			(41,697)		(41,697)
Capital surplus (goodwill)		(0)			(0)
Net income (loss) attributable to owners of the parent			34,920		34,920
Change in scope of consolidation			218		218
Acquisitions of treasury stock				(25)	(25)
Disposals of treasury stock			(0)	59	59
Adjustment due to sales and revaluation of land			(925)		(925)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(0)	(7,484)	34	(7,450)
Balance at the end of current period	168,351	461,635	400,579	(2,008)	1,028,559

	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	1,524	(7,667)	157,834	(34,370)	(3,321)	113,999	50,555	1,200,564
Changes of items during the period:								
Dividends from surplus								(41,697)
Capital surplus (goodwill)								(0)
Net income (loss) attributable to owners of the parent								34,920
Change in scope of consolidation								218
Acquisitions of treasury stock								(25)
Disposals of treasury stock								59
Adjustment due to sales and revaluation of land			925			925		—
Net changes of items other than shareholders' equity	4,268	6,457	825	(12,836)	8,731	7,446	13,651	21,097
Total changes of items during the period	4,268	6,457	1,750	(12,836)	8,731	8,372	13,651	14,572
Balance at the end of current period	5,792	(1,209)	159,585	(47,207)	5,410	122,371	64,206	1,215,136

(4) Consolidated Statements of Cash Flows

(Unit: ¥Million)

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities:		
Income (loss) before income taxes	(17,226)	64,582
Depreciation and amortization	94,937	98,158
Impairment loss on fixed assets	9,044	20,164
Amortization of goodwill	9,675	9,629
Gain from step acquisition	(17,215)	—
Increase (decrease) in liability for employees' retirement benefits	(21,172)	(20,021)
Increase (decrease) in reserve for repair work	6,140	9,058
Interest and dividend income	(14,331)	(14,172)
Interest expense	13,049	11,982
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates, net	22,358	39,789
(Gain) loss on sales of fixed assets, net	(1,785)	(11,959)
(Gain) loss on valuation of investment securities, net	—	6,193
Loss on valuation of long-term loans receivable	—	18,114
(Increase) decrease in notes and accounts receivable, trade	111,785	(19,805)
(Increase) decrease in inventories	212,591	(82,777)
(Increase) decrease in accounts receivable, other	(50,768)	(40,455)
Increase (decrease) in notes and accounts payable, trade	(210,465)	63,901
Increase (decrease) in accounts payable, other	(95,429)	59,129
Other, net	(25,869)	(37,481)
Subtotal	25,319	174,031
Interest and dividends received	12,062	15,866
Interest paid	(13,260)	(11,811)
Income taxes paid	(56,835)	(7,620)
Net cash provided by (used in) operating activities	(32,712)	170,466
Cash flows from investing activities:		
Purchases of tangible fixed assets	(118,644)	(121,064)
Proceeds from sales of tangible fixed assets	3,416	27,669
Purchases of intangible fixed assets	(11,548)	(11,763)
Acquisitions of investment securities	(2,122)	(1,837)
Proceeds from sales of investment securities	5,802	2,538
Proceeds for sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,061
Disbursements for long-term loans	(1,939)	(370)
Proceeds from collection of long-term loans receivable	2,506	2,025
(Increase) decrease in short-term loans receivable, net	(805)	1,419
Payments for investments in capital of subsidiaries and associates	(2,839)	(5,089)
Other, net	(8,288)	(4,440)
Net cash provided by (used in) investing activities	(134,463)	(109,851)

	(Unit: ¥Million)	
	FY2019	FY2020
	(From April 1, 2019 to March 31, 2020)	(From April 1, 2020 to March 31, 2021)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable, net	74,918	76,110
Increase (decrease) in commercial paper, net	111,965	(127,960)
Proceeds from long-term loans payable	120,999	121,034
Repayments of long-term loans payable	(85,202)	(124,444)
Proceeds from issuance of bonds	30,000	40,000
Redemption of bonds	(20,000)	—
Purchases of treasury stock	(13,164)	(25)
Proceeds from disposals of treasury stock	4	59
Cash dividends paid	(34,028)	(41,697)
Proceeds from share issuance to non-controlling shareholders	—	14,039
Cash dividends paid to non-controlling interests	(2,544)	(2,141)
Cash dividends paid to previous shareholders of newly consolidated subsidiaries	(21,646)	—
Other, net	(3,394)	(11,200)
Net cash provided by (used in) financing activities	157,907	(56,227)
Effect of exchange rate change on cash and cash equivalents	(879)	(3,230)
Net increase (decrease) in cash and cash equivalents	(10,149)	1,157
Cash and cash equivalents at the beginning of period	90,690	129,335
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	48,793	463
Cash and cash equivalents at the end of period	129,335	130,956

(5) Notes to Consolidated Financial Statements
(Notes on the Assumption of a Going Concern)
None

(Notes to Consolidated Balance Sheets)

	(Unit: ¥Million)	
	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
1. Assets pledged as collateral	429,647	418,566

In addition to the above, the Company pledged investment securities in Nghi Son Refinery and Petrochemical LLC (“NSRP”, which is Equity method affiliated company) (amounting to ¥25,812 million as of March 31, 2020, nil as of March 31, 2021) and long-term loans receivable from NSRP (amounting to ¥70,657 million as of March 31, 2020, ¥30,110 million as of March 31, 2021) as collateral for NSRP’s borrowings from financial institutions.

	(Unit: ¥Million)	
	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
2. Contingent liabilities:		
Guaranty liabilities and items of similar nature	16,775	12,039
Construction completion guarantee	165,127	153,428
Total	181,903	165,468

3. Accumulated depreciation for property, plant and equipment	2,202,252	2,274,205
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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)	
FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
(135,110)	(99,401)

(Notes to Consolidated Statements of Comprehensive Income)

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

(Unit: ¥Million)		
	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Unrealized gains (losses) on available-for-sale securities:		
Amount arising during the period	(6,859)	5,467
Reclassification adjustments to profit or loss	1,134	140
Amount before income tax effect	(5,725)	5,607
Income tax effect	1,416	(1,574)
Total	(4,308)	4,033
Deferred gains (losses) on hedging activities, net:		
Amount arising during the period	(1,839)	5,952
Reclassification adjustments to profit or loss	1,665	2,216
Amount before income tax effect	(174)	8,169
Income tax effect	347	(2,949)
Total	173	5,220
Surplus from land revaluation:		
Income tax effect	2,913	825
Foreign currency translation adjustments:		
Amount arising during the period	(14,182)	(11,256)
Reclassification adjustments to profit or loss	(39)	(10)
Amount before income tax effect	(14,221)	(11,267)
Income tax effect	—	—
Total	(14,221)	(11,267)
Defined retirement benefit plans:		
Amount arising during the period	(4,400)	12,065
Reclassification adjustments to profit or loss	(397)	754
Amount before income tax effect	(4,797)	12,819
Income tax effect	1,582	(3,901)
Total	(3,215)	8,917
Share of other comprehensive income in equity method subsidiaries and affiliates:		
Amount arising during the period	(2,808)	(2,409)
Reclassification adjustments to profit or loss	1,773	3,560
Total	(1,035)	1,151
Total other comprehensive income	(19,693)	8,881

(Notes to Consolidated Statements of Changes in Net Assets)

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

FY2020 (From April 1, 2020 to March 31, 2021)

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	297,864,718	—	—	297,864,718

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 (*)	603,227	10,520	17,550	596,197

(*) 1. The increase in the number of treasury shares of 10 thousand is due to the purchase of shares less than one unit.

2. The decrease in the number of treasury shares of 17 thousand is a decrease of 16 thousand due to the withdrawal of executive compensation BIP trust and a decrease of 0 thousand due to a request for additional purchase of shares less than one unit.

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 26, 2020 (*1)	Common stock	23,827	80.00	March 31, 2020	June 11, 2020
Board of directors' meeting on November 10, 2020 (*2)	Common stock	17,870	60.00	September 30, 2020	December 7, 2020

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

(*2) The total dividends paid include dividend payment of ¥32 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 11, 2021 (*)	Common stock	17,870	Retained earnings	60.00	March 31, 2021	June 2, 2021

(*) The total dividends paid include dividend payment of ¥32 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)

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Cash and deposits	132,247	131,343
Time deposits with original maturities of longer than three months	(2,911)	(386)
Cash and cash equivalents	129,335	130,956

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)

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
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.

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

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

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

The accounting 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

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)	-
Net sales	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.

FY2020 (From April 1, 2020 to March 31, 2021)

(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	3,593,399	329,044	332,592	123,745	171,977	4,550,760	5,860	4,556,620	-	4,556,620
Inter-segment	18,448	19,045	16,913	1,722	1,045	57,175	1,664	58,839	(58,839)	-
Total	3,611,848	348,089	349,505	125,468	173,022	4,607,935	7,524	4,615,459	(58,839)	4,556,620
Operating income (loss)	143,199	3,010	12,193	(17,229)	4,101	145,275	931	146,207	(6,144)	140,062
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	(41,093)	391	804	(75)	628	(39,344)	-	(39,344)	(444)	(39,789)
Segment income (loss)	102,105	3,401	12,998	(17,305)	4,729	105,931	931	106,862	(6,589)	100,273
Segment assets	2,510,048	347,851	265,906	202,789	341,652	3,668,249	157,929	3,826,178	128,264	3,954,443
Other items:										
Depreciation and amortization	57,274	6,141	7,857	2,215	24,119	97,608	27	97,635	523	98,158
Amortization of goodwill	7,162	34	289	2,142	-	9,628	0	9,629	-	9,629
Impairment loss on fixed assets	362	-	-	510	19,292	20,164	-	20,164	-	20,164
Investment in equity method nonconsolidated subsidiaries and affiliates	82,189	42,148	8,213	4,291	5,236	142,079	-	142,079	25,075	167,155
Unamortized balance of goodwill	120,288	79	72	38,565	-	159,006	0	159,006	-	159,006
Increase of property, plant, equipment and intangible fixed assets	55,958	13,075	10,155	32,013	35,475	146,678	26	146,704	4,709	151,414

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

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	Other regions	Total
4,740,127	844,313	341,067	120,342	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
Other regions : UK, Norway, South America, etc.

(2) Property, plant and equipment

Japan	Asia and Oceania	Other regions	Total
1,244,744	138,301	95,077	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.
Other regions : Norway, 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.

FY2020 (From April 1, 2020 to March 31, 2021)

(a) Information for each product and service

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

(b) Geographic segment information

(1) Sales

Japan	Asia and Oceania	North America	Other regions	Total
3,476,849	775,478	216,468	87,823	4,556,620

(Notes)

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

(Change of presentation)

“Europe,” which was presented separately in the previous fiscal year, is no longer material as “Europe”, the Company has decided to include it in “Other regions.” As a result, the ¥89,182 million and ¥31,159 million presented in “Europe” and “Other regions”, respectively in the previous fiscal year have been reclassified as “Other regions” at ¥120,342 million.

(2) Property, plant and equipment

Japan	Asia and Oceania	Other regions	Total
1,248,163	145,121	128,615	1,521,899

(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 : Norway, USA, Canada, etc.

(Change of presentation)

“Europe,” which was presented separately in the previous fiscal year, is no longer material as “Europe”, the Company has decided to include it in “Other regions.” As a result, the ¥59,700 million and ¥35,376 million presented in “Europe” and “Other regions”, respectively in the previous fiscal year have been reclassified as “Other regions” at ¥95,077 million.

(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 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 23, 2021.

(Per Share Information)

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Net assets per share	¥3,868.68	¥3,871.69
Net income (loss) per share	¥(76.31)	¥117.47

(*) 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 is 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 (547,565 shares for the current fiscal year and 564,207 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 (547,565 shares for the current fiscal year and 564,207 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:

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Net income (loss) per share:		
Net income (loss) attributable to owners of the parent (¥million)	(22,935)	34,920
Amount not attributable to common stock (¥million)	—	—
Net income (loss) attributable to common stock (¥million)	(22,935)	34,920
Weighted-average common shares outstanding during the period (thousands of shares)	300,558	297,269

(Significant Subsequent Events)

Reduction of legal capital surplus and transfer to other capital surplus

The Company's board of directors resolved today that it will propose a reduction of legal capital surplus and transfer to other capital surplus for resolution at the 106th annual general of shareholders scheduled for June 23, 2021.

1. Objectives

The Company plans to reduce its legal capital surplus and to transfer the reduced amount to other capital surplus pursuant to Article 448 Paragraph 1 of the Companies Act in order to enhance flexibility in its future capital policies.

2. Overview

(1) Amount of legal capital surplus to be reduced

Legal capital surplus will be reduced by 416,000,000,000 yen, and the entire reduced amount will be transferred to other capital surplus. As a result, legal capital surplus will decrease from 458,105,285,625 yen to 42,105,285,625 yen.

3. Schedule

(1) Board resolution date	May 11, 2021
(2) Shareholder resolution date	June 23, 2021 (planned)
(3) Notice for objections of creditors	July 1, 2021 (planned)
(4) Deadline for objections of creditors	August 1, 2021 (planned)
(5) Effective date	August 31, 2021 (planned)

5. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(Unit: ¥Million)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Assets		
Current assets:		
Cash and deposits	32,120	86,338
Notes receivable, trade	115	75
Accounts receivable, trade	461,854	506,290
Merchandise and finished goods	299,913	302,886
Raw material and supplies	195,742	263,076
Prepaid expenses	4,323	4,409
Short-term loans receivable	190,273	152,158
Other	149,815	78,200
Less: Allowance for doubtful accounts	(1,057)	(555)
Total current assets	1,333,100	1,392,880
Fixed assets:		
Property, plant and equipment :		
Buildings, net	77,749	83,454
Structures, net	84,616	85,043
Oil tanks, net	25,027	23,088
Machinery and equipment, net	94,806	107,059
Vehicles, net	1,523	1,433
Tools, furniture and fixtures, net	11,545	13,373
Land	765,035	760,521
Leased assets	282	216
Construction in progress	18,620	17,256
Total property, plant and equipment	1,079,207	1,091,447
Intangible fixed assets:		
Leasehold rights	11,827	11,848
Software	14,671	17,240
Goodwill	162,832	155,509
Customer-related assets	125,043	118,462
Other	7,004	6,603
Total intangible fixed assets	321,380	309,665
Investments and other assets:		
Investment securities	18,956	23,358
Investments in subsidiaries and affiliates	367,456	339,240
Long-term loans receivable	23,509	22,031
Deferred tax assets	21,027	11,317
Other	36,651	43,435
Less: Allowance for doubtful accounts	(75)	(54)
Total investments and other assets	467,525	439,330
Total fixed assets	1,868,113	1,840,443
Total assets	3,201,214	3,233,323

(Unit: ¥Million)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Liabilities		
Current liabilities:		
Accounts payable, trade	364,994	440,365
Short-term loans payable	284,866	183,198
Commercial paper	315,965	188,005
Current portion of bonds payable	—	20,000
Accounts payable, other	327,580	390,627
Accrued expenses	9,669	9,256
Income taxes payable	—	7,558
Advances received	41,611	40,508
Deposits received	105,005	85,102
Provision for bonuses	4,460	7,161
Other	20,775	3,362
Total current liabilities	1,474,931	1,375,147
Non-current liabilities:		
Bonds payable	80,000	100,000
Long-term loans payable	525,808	581,784
Deferred tax liability related to land revaluation	85,410	84,993
Provision for retirement benefits	41,978	37,602
Reserve for repair work	49,334	51,131
Other	62,458	60,963
Total non-current liabilities	844,990	916,475
Total liabilities	2,319,921	2,291,622
Net assets		
Shareholders' equity:		
Common stock	168,351	168,351
Capital surplus		
Legal capital surplus	458,105	458,105
Total capital surplus	458,105	458,105
Retained earnings		
Legal retained earnings	1,081	1,081
Other retained earnings		
Reserve for special depreciation	313	—
Reserve for overseas investment loss	217	132
Reserve for advanced depreciation of fixed assets	32,688	33,411
Retained earnings brought forward	66,059	119,870
Total retained earnings	100,360	154,496
Treasury stock	(2,002)	(1,967)
Total shareholders' equity	724,814	778,985
Valuation and translation adjustments:		
Unrealized gains (losses) on available-for-sale securities	1,221	4,312
Deferred gains (losses) on hedging activities, net	(2,578)	(1,181)
Surplus from land revaluation	157,834	159,585
Total valuation and translation adjustments	156,478	162,715
Total net assets	881,292	941,701
Total liabilities and net assets	3,201,214	3,233,323

(2) Nonconsolidated Income Statements

(Unit: ¥Million)

	FY2019 (From April 1, 2019 to March 31, 2020)	FY2020 (From April 1, 2020 to March 31, 2021)
Net sales	4,290,578	3,435,415
Cost of sales	4,085,043	3,034,177
Gross profit	205,534	401,238
Selling, general and administrative expenses	285,600	304,772
Operating income (loss)	(80,065)	96,465
Non-operating income:		
Interest income	1,626	1,506
Dividend income	93,337	45,050
Gain on foreign exchange, net	1,293	—
Subsidy income	4,576	4,411
Other	1,545	2,465
Total non-operating income	102,378	53,433
Non-operating expenses:		
Interest expense	6,845	6,739
Loss on foreign exchange, net	—	375
Other	2,191	1,974
Total non-operating expenses	9,036	9,089
Ordinary income	13,276	140,810
Extraordinary income:		
Gain on sales of fixed assets	193	1,549
Gain on sales of investment securities	168	135
Gain on sales of shares of subsidiaries and affiliates	—	1,049
Gain on reversal of restoration cost	—	889
Gain on extinguishment of tie-in shares	13,452	638
Other	4	220
Total extraordinary income	13,819	4,482
Extraordinary loss:		
Loss on impairment of fixed assets	4,880	2,059
Loss on sales of fixed assets	283	972
Loss on disposals of fixed assets	6,342	6,422
Impairment loss on investments in subsidiaries and affiliates	92,841	8,742
Other	4,685	1,890
Total extraordinary loss	109,033	20,087
Income (loss) before income taxes	(81,937)	125,205
Income taxes-current	778	13,723
Income taxes-deferred	(25,931)	14,721
Total income taxes	(25,152)	28,444
Net income (loss)	(56,784)	96,760

(3) Nonconsolidated Statements of Changes in Net Assets
FY2019 (From April 1, 2019 to March 31, 2020)

(Unit: ¥Million)

(Unit: ¥100million)

	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

FY2020 (From April 1, 2020 to March 31, 2021)

(Unit: ¥Million)

	Shareholders' equity								
	Common stock	Capital surplus		Retained earnings					
		Legal 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	458,105	458,105	1,081	313	217	32,688	66,059	100,360
Changes of items during the period									
Dividends from surplus								(41,697)	(41,697)
Net income (loss)								96,760	96,760
Acquisitions of treasury stock									
Disposals of treasury stock								(0)	(0)
Provision of other retained earnings							2,809	(2,809)	—
Reversal of other retained earnings					(313)	(84)	(2,086)	2,484	—
Adjustment due to sales and revaluation of land								(925)	(925)
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	(313)	(84)	723	53,811	54,136
Balance at the end of period	168,351	458,105	458,105	1,081	—	132	33,411	119,870	154,496

	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	(2,002)	724,814	1,221	(2,578)	157,834	156,478	881,292
Changes of items during the period							
Dividends from surplus		(41,697)					(41,697)
Net income (loss)		96,760					96,760
Acquisitions of treasury stock	(25)	(25)					(25)
Disposals of treasury stock	59	59					59
Provision of other retained earnings		—					—
Reversal of other retained earnings		—					—
Adjustment due to sales and revaluation of land		(925)			925	925	—
Net changes of items other than shareholders' equity			3,090	1,396	825	5,311	5,311
Total changes of items during the period	34	54,170	3,090	1,396	1,750	6,237	60,408
Balance at the end of period	(1,967)	778,985	4,312	(1,181)	159,585	162,715	941,701