



February 10, 2021

Overview of Business Results for the Third Quarter of Fiscal Year Ending March 2021 [Based on Japanese GAAP] (Consolidated)

Name of the Company: Cosmo Energy Holdings Co., Ltd. Shares traded: TSE
 Company Code: 5021 URL <https://ceh.cosmo-oil.co.jp/>
 Name of Representative: Hiroshi Kiriya (Title) President
 Name of Person to contact: Eriko Date (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180
 Scheduled date to file quarterly report: February 10, 2021 Dividend payment is to be started on: —
 Availability of the Quarterly Financial Result Supplementary Information: Yes
 Execution of the Quarterly Financial Result Presentation Meeting: Yes (for analysts and institutional investors)

Note: Figures less than 1 million are rounded down.

1. Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 2021 (For the period from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results (cumulative total) (% indicates changes from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent for the Third Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2020	1,570,642	-22.9	37,448	-25.2	34,530	-34.8	16,490	-16.9
Third Quarter, FY2019	2,038,087	-2.5	50,040	-37.2	52,963	-33.7	19,843	-31.9

Note: Comprehensive income Third Quarter, FY2020: 16,911 million yen (-27.9%) Third Quarter, FY2019: 23,452 million yen (-34.3%)

	Net income per share for the Third Quarter	Diluted net income per share for the Third Quarter
	yen sen	yen sen
Third Quarter, FY2020	196.87	165.28
Third Quarter, FY2019	235.95	198.69

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Third Quarter, FY2020	1,672,522	370,198	14.8
FY2019	1,639,765	362,839	14.6

[Reference] Net worth Third Quarter, FY2020: 248,007 million yen FY2019: 239,792 million yen

2. Dividend Payment Results and Forecast

	Annual dividend per share total				
	As of Q1-end	As of Q2-end	As of Q3-end	As of Fiscal Year-end	Full Year
	yen sen	yen sen	yen sen	yen sen	yen sen
FY2019	—	0.00	—	80.00	80.00
FY2020	—	0.00	—	80.00	80.00
FY2020 (forecast)				80.00	80.00

Note: Revision made in the dividend payment forecast as of the end of the current quarter from the previous announcement: None

3. Consolidated Business Forecast for FY2020 (April 1, 2020 to March 31, 2021)

(% indicates changes from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2020	2,240,000	-18.2	76,000	447.0	75,000	360.5	50,000	—	596.93

Note: Revision made in the consolidated business forecast as of the end of the current quarter from the previous announcement: Yes

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the third quarter : None

Newly — (Name of Company) — Exception — (Name of Company) —

(2) Adoption of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter: Yes

(3) Changes in Accounting Policies, Accounting Estimates and Restatements:

1. Changes in accounting policies due to revisions of accounting standards, etc.: None
2. Changes in accounting policies for reasons other than the Item 1 : None
3. Changes in accounting estimates : None
4. Restatements : None

(4) Total Number of Outstanding Shares (Ordinary Shares)

1. Number of outstanding shares as of the end of the period (including treasury shares)
2. Number of shares of treasury stock as of the end of the period
3. Average number of outstanding shares during the period (or the cumulative consolidated accounting period as of the end of the current quarter)

Third Quarter, FY2020	84,770,508 shares	FY2019	84,770,508 shares
Third Quarter, FY2020	1,079,923 shares	FY2019	725,261 shares
Third Quarter, FY2020	83,761,600 shares	Third Quarter, FY2019	84,097,980 shares

Note: These quarterly financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act.

Note: Request for appropriate use of the business forecast and other special remarks:

The consolidated business forecast for the full year of FY2020 is updated from the previous announcement made on November 12, 2020.

The forecast statements shown in these materials are based on information available as of the published date of this release, and actual results may be different from the forecast subject to variable factors that may arise in the future. For details, please refer to the “1. Qualitative Information about Results for and at the End of the Current Quarter (3) Explanation Concerning Information regarding Consolidated Business Forecast” on page 2 of the supporting data.

Supplementary information will be uploaded on the Cosmo Energy Holdings Co., Ltd. website on February 10, 2021.

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1. Qualitative Information about Results for and at the End of the Current Quarter

(1) Explanation Concerning Information regarding Consolidated Operating Results

Consolidated net sales for the first nine months of FY2020 were ¥1,570.6 billion (down ¥467.5 billion from the same period of FY2019), operating profit ¥37.4 billion (down ¥12.6 billion from the same period of FY2019), ordinary profit ¥34.5 billion (down ¥18.5 billion from the same period of FY2019) and profit attributable to owners of parent for the period ¥16.5 billion (down ¥3.3 billion from the same period of FY2019).

The operating results for the first nine months of FY2020 by business segment are as follows :

- 1) In the petroleum business segment, due to the decrease in the sales volume of petroleum products and the decline in crude oil price from the same period of the previous year, the segment reported net sales of ¥1,444.9 billion for the first nine months of FY2020 (down ¥414.0 billion from the same period of FY2019) and segment profit of ¥24.5 billion (up ¥18.7 billion from the same period of FY2019).
- 2) In the petrochemical business segment, due to the decrease in selling volume of petrochemical products and the decline in product market conditions from the same period of the previous year, the segment reported net sales of ¥204.4 billion for the first nine months of FY2020 (down ¥103.9 billion from the same period of FY2019) and segment loss of ¥7.4 billion (segment profit of ¥8.8 billion in the same period of FY2019).
- 3) In the oil exploration and production business segment, due to the decline in the sales price of oil products, despite the increase in the oil sales volume from the same period of the previous year, the segment reported net sales of ¥43.6 billion for the first nine months of FY2020 (down ¥26.5 billion from the same period of FY2019) and segment profit of ¥8.1 billion (down ¥22.5 billion from the same period of FY2019).

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for the consolidated financial position as of the end of the third quarter of FY2020, total assets as of December 31, 2020 amounted to ¥1,672.5 billion, up ¥32.7 billion from March 31, 2020, the end of FY2019. This was mainly reflecting the increase in cash and deposits, and trade receivables. Net assets as of December 31, 2020 amounted to ¥370.2 billion with net worth ratio of 14.8%.

(3) Explanation Concerning Information regarding Consolidated Business Forecast

The consolidated business forecast for the full year of FY2020 was revised from the previous announcement made on November 12, 2020, reflecting such factors as increase in inventory evaluation profit due to the rise in crude oil price and improvement of business result in the domestic petroleum business due to recovery of product market conditions.

This business forecast is based on the assumptions of crude oil price at US\$43/ bbl and exchange rate at JPY106/ US\$.

(Assumptions at the previous forecast: crude oil price US\$38/ bbl, exchange rate JPY106/ US\$)

2. Consolidated Financial Statements and Their Main Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2019 (As of March 31, 2020)	3Q FY2020 (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	52,992	73,674
Notes and accounts receivable - trade	214,719	233,730
Merchandise and finished goods	145,573	120,063
Work in process	380	1,186
Raw materials and supplies	88,312	100,415
Other	70,765	57,650
Allowance for doubtful accounts	-124	-118
Total current assets	572,619	586,601
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	245,682	247,045
Machinery, equipment and vehicles, net	195,478	208,052
Land	316,908	316,098
Other, net	95,594	96,336
Total property, plant and equipment	853,663	867,533
Intangible assets	41,991	43,847
Investments and other assets		
Investment securities	119,071	123,464
Other	52,633	51,253
Allowance for doubtful accounts	-464	-332
Total investments and other assets	171,239	174,385
Total non-current assets	1,066,895	1,085,766
Deferred assets		
Bond issuance cost	250	154
Total deferred assets	250	154
Total assets	1,639,765	1,672,522

(Unit: million yen)

	FY2019 (As of March 31, 2020)	3Q FY2020 (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	233,520	214,447
Short-term loans payable	135,026	187,462
Current portion of bonds	26,000	16,000
Commercial papers	86,000	111,400
Accounts payable - other	188,622	225,339
Income taxes payable	7,540	5,779
Provision	8,404	4,926
Other	20,966	32,963
Total current liabilities	706,080	798,319
Non-current liabilities		
Bonds payable	20,700	10,700
Convertible bond-type bonds with share acquisition rights	60,000	60,000
Long-term loans payable	353,583	302,935
Provision for special repairs	29,220	22,012
Other provision	2,325	1,487
Net defined benefit liability	7,400	7,214
Asset retirement obligations	22,632	22,780
Other	74,983	76,873
Total non-current liabilities	570,845	504,004
Total liabilities	1,276,925	1,302,323
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	82,843	82,843
Retained earnings	132,755	142,464
Treasury shares	-1,382	-2,019
Total shareholders' equity	254,217	263,289
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,424	3,290
Deferred gains or losses on hedges	373	327
Revaluation reserve for land	-21,020	-21,020
Foreign currency translation adjustment	5,778	4,017
Remeasurements of defined benefit plans	-1,981	-1,896
Total accumulated other comprehensive income	-14,425	-15,281
Non-controlling interests	123,047	122,190
Total net assets	362,839	370,198
Total liabilities and net assets	1,639,765	1,672,522

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Consolidated the First Nine Months of FY2020 Statements of Income)

(Unit: million yen)

	3Q FY2019 (From April 1, 2019 to December 31, 2019)	3Q FY2020 (From April 1, 2020 to December 31, 2020)
Net sales	2,038,087	1,570,642
Cost of sales	1,885,979	1,437,384
Gross profit	152,107	133,258
Selling, general and administrative expenses	102,067	95,809
Operating profit	50,040	37,448
Non-operating income		
Interest income	601	328
Dividend income	782	732
Share of profit of entities accounted for using equity method	3,969	—
Foreign exchange gains	3,139	1,045
Rental income on fixed assets	864	1,242
Other	2,393	1,915
Total non-operating income	11,752	5,264
Non-operating expenses		
Interest expenses	7,059	5,510
Share of loss of entities accounted for using equity method	—	684
Other	1,770	1,987
Total non-operating expenses	8,829	8,182
Ordinary profit	52,963	34,530
Extraordinary income		
Gain on sales of non-current assets	499	1,455
Gain on sales of investment securities	353	666
Compensation income	7,948	—
Insurance income	1,508	269
Other	25	238
Total extraordinary income	10,334	2,630
Extraordinary losses		
Loss on disposal of non-current assets	5,750	4,107
Impairment loss	284	58
Loss on valuation of investment securities	107	22
Settlement package	600	—
Other	380	245
Total extraordinary losses	7,123	4,433
Profit before income taxes	56,174	32,726
Income taxes	29,644	15,183
Profit	26,530	17,543
Profit attributable to non-controlling interests	6,687	1,052
Profit attributable to owners of parent	19,843	16,490

(Consolidated Statements of Comprehensive Income)

(Consolidated the First Nine Months of FY2020 Statements of Comprehensive Income)

(Unit: million yen)

	3Q FY2019 (From April 1, 2019 to December 31, 2019)	3Q FY2020 (From April 1, 2020 to December 31, 2020)
Profit	26,530	17,543
Other comprehensive income		
Valuation difference on available-for-sale securities	137	1,216
Deferred gains or losses on hedges	-133	-223
Foreign currency translation adjustment	-26	-527
Remeasurements of defined benefit plans, net of tax	-292	94
Share of other comprehensive income of entities accounted for using equity method	-2,762	-1,190
Total other comprehensive income	-3,078	-631
Comprehensive income	23,452	16,911
(Breakdown)		
Comprehensive income attributable to owners of the parent	16,930	15,633
Comprehensive income attributable to non-controlling interests	6,521	1,277

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Remarkable Changes in Shareholders' Equity)

None

(Adoption of Accounting Method Uniquely Adopted to Prepare Consolidated Financial Statements for the Current Quarter)

The Company calculates tax expenses for the Company and some of its consolidated subsidiaries by multiplying a reasonably estimated effective tax rate by profit before income taxes for the current quarter.

Income tax adjustments are included in the "Income taxes" account stated in the Consolidated Statements of Income.

(Additional Information)

(Application of tax effect accounting relating to the transition from the consolidated tax payment system to the group accounting system.)

The Company and some of the domestic consolidated subsidiaries did not apply "Implementation Guidance for Tax Effect Accounting"(ASBJ Guidance No.28 of February 16, 2018) section 44, as for deferred tax assets and deferred tax liabilities are based on the regulations of the tax law before revision, regarding the items for which the single tax payment system was revised in accordance with the transition to the group counting system and the transition to the group counting system under the "Law for Amendment of Part of Income Tax Law" (Law No. 8, 2020), "Handling of Tax Effect Accounting for the Transition from the Consolidated Tax Payment System to the Group Counting System" (Practical Issues Task Force No. 39; March 31, 2020) Section 3.

(Accounting Estimates of the Impact of the new coronavirus (COVID-19) infection)

There are no significant changes during the third quarter of the current fiscal year in the assumptions regarding the accounting estimates relating to the effects of the new coronavirus (COVID-19) infection described in "Additional Information" "Accounting Estimates" in financial statements report of FY2019.

(Segment Information)

I 3Q FY2019 (From April 1, 2019 to December 31, 2019)

Information about net sales and profit amounts by segment reported

(Unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note: 1	Adjustments Note: 2	Consolidated Note: 3
Net sales						
Outside customers	1,704,128	273,233	33,641	27,084	—	2,038,087
Inter-segment	154,724	35,103	36,497	26,258	-252,583	—
Total	1,858,852	308,336	70,139	53,342	-252,583	2,038,087
Segment profit	5,783	8,797	30,626	4,861	2,894	52,963

Notes:1 “Other” is segment of non-classified, including construction works, insurance agency, leasing and wind power generation, etc.

2 Segment profit in “Adjustments” 2,894 million yen includes 4,021 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, -1,319 million yen for internal eliminations, 568 million yen for inventory adjustments, and -375 million yen for adjustment of fixed assets.

3 Segment profit is adjusted to ordinary profit of consolidated quarterly statements of profit.

II 3Q FY2020 (From April 1, 2020 to December 31, 2020)

Information about net sales and profit (loss) amounts by segment reported

(Unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note: 1	Adjustments Note: 2	Consolidated Note: 3
Net sales						
Outside customers	1,345,904	181,911	18,449	24,376	—	1,570,642
Inter-segment	98,971	22,533	25,195	33,066	-179,766	—
Total	1,444,876	204,444	43,645	57,443	-179,766	1,570,642
Segment profit (loss)	24,536	△7,361	8,121	5,362	3,872	34,530

Notes:1 “Other” is segment of non-classified, including construction works, insurance agency, leasing and wind power generation, etc.

2 Segment profit (loss) in “Adjustments” 3,872 million yen includes 3,898 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, 103 million yen for internal eliminations, 657 million yen for inventory adjustments, and -787 million yen for adjustment of fixed assets.

3 Segment profit (loss) is adjusted to ordinary profit of consolidated quarterly statements of profit.

(Significant Subsequent Events)

None