



November 9, 2021

## Overview of Business Results for the Second Quarter of Fiscal Year Ending March 2022 [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 : November 9, 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 Second Quarter of Fiscal Year Ending March 2022 (For the period from April 1, 2021 to September 30, 2021)

(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 Second Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Second Quarter, FY2021	1,095,664	13.0	93,397	974.5	94,984	—	51,996	—
Second Quarter, FY2020	969,359	-26.6	8,691	-66.8	6,528	-77.6	-910	—

Note : Comprehensive income Second Quarter, FY2021 : 57,092 million yen (—%) Second Quarter, FY2020 : -3,853 million yen (—%)

	Net income per share for the Second Quarter	Diluted net income per share for the Second Quarter
	yen sen	yen sen
Second Quarter, FY2021	621.11	520.33
Second Quarter, FY2020	-10.87	—

Note : 1. In the second quarter of FY2020, diluted net income per share for the second quarter is not indicated because net loss per share for the second quarter is indicated, although there are potential common shares with dilutive effects.

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29 issued on March 31, 2020), etc. from the beginning of the consolidated first quarter. Accordingly, the new accounting policies have been applied to the results for the second quarter of FY2021.

### (2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Second Quarter, FY2021	1,848,991	497,937	20.1
FY2020	1,709,017	449,120	19.0

[Reference] Net worth Second Quarter, FY2021 : 371,029 million yen FY2020 : 324,946 million yen

Note : The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29 issued on March 31, 2020), etc. from the beginning of the consolidated first quarter. Accordingly, the new accounting policies have been applied to the results for the second quarter of FY2021.

### 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
FY2020	—	0.00	—	80.00	80.00
FY2021	—	0.00	—	—	—
FY2021 (forecast)	—	—	—	100.00	100.00

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

### 3. Consolidated Business Forecast for FY2021 (April 1, 2021 to March 31, 2022)

(% 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
FY2021	2,370,000	6.1	155,000	53.0	155,000	59.2	93,000	8.3	1,110.90

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 second quarter : None

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

(2) Application of accounting methods which are exceptional for preparing the quarterly consolidated financial statements : Yes

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

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

Note : For details, please refer to the “2. Consolidated Financial Statements and Their Main Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 9.

(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)

Second Quarter, FY2021	84,770,508 shares	FY2020	84,770,508 shares
Second Quarter, FY2021	1,008,376 shares	FY2020	1,079,993 shares
Second Quarter, FY2021	83,716,237 shares	Second Quarter, FY2020	83,792,021 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 FY2021 is updated from the previous announcement made on May 13, 2021.

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 November 9, 2021.



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 half of FY2021 were ¥1,095.7 billion (up ¥126.3 billion from the same period of FY2020), operating profit ¥93.4 billion (up ¥84.7 billion from the same period of FY2020), ordinary profit ¥95.0 billion (up ¥88.5 billion from the same period of FY2020) and profit attributable to owners of parent for the period ¥52.0 billion (loss attributable to owners of parent of ¥0.9 billion in the same period of FY2020). However, due to application of “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29 issued on March 31, 2020; hereinafter, “Accounting Standard for Revenue Recognition”), etc., net sales decreased by ¥318.9 billion, operating profit decreased by ¥0.2 billion and ordinary profit increased by ¥0.0 billion. The operating results for the first half of FY2020 by business segment are as follows :

However, effective from the consolidated first quarter, the Company has changed the reportable segment classification. The comparison and analysis of the first half is based on the reclassified classification.

- 1) In the petroleum business segment, due to the rise in crude oil prices, despite the decrease in the sales volume of petroleum products from the same period of the previous year, the segment reported net sales of ¥958.3 billion for the first half of FY2021 (up ¥65.0 billion from the same period of FY2020) and segment profit of ¥65.4 billion (up ¥60.3 billion from the same period of FY2020). The sales volume of petroleum products has decreased due to changes in the accounting method for certain transactions as a result of the application of Accounting Standard for Revenue Recognition. However, if the impact of these changes is excluded, the sales volume has increased from the same period of the previous year. Due to the application of Accounting Standard for Revenue Recognition, net sales decreased by ¥336.6 billion and segment profit increased by ¥0.2 billion.
- 2) In the petrochemical business segment, due to the improvement of product market conditions from the same period of the previous year, the segment reported net sales of ¥176.1 billion for the first half of FY2021 (up ¥56.8 billion from the same period of FY2020) and segment profit of ¥9.0 billion (segment loss of ¥8.8 billion in the same period of FY2020). However, due to the application of Accounting Standard for Revenue Recognition, net sales decreased by ¥63.1 billion and segment profit decreased by ¥0.2 billion.
- 3) In the oil exploration and production business segment, due to the rise in the sales price of oil products, despite the decrease in the oil sales volume from the same period of the previous year, the segment reported net sales of ¥36.6 billion for the first half of FY2021 (up ¥9.4 billion from the same period of FY2020) and segment profit of ¥17.2 billion (up ¥12.7 billion from the same period of FY2020).
- 4) In the renewable energy business segment, due to the increase in the costs associated with full-scale entry into offshore wind power, despite the wind power generation plant has been operated well, the segment reported net sales of ¥51.0 billion for the first half of FY2021 (up ¥0.7 billion from the same period of FY2020) and segment profit of ¥0.5 billion (down ¥0.4 billion from the same period of FY2020).

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for the consolidated financial position as of the end of the first half of FY2021, total assets as of September 30, 2021 amounted to ¥1,849.0 billion, up ¥140.0 billion from March 31, 2021, the end of FY2020. This was mainly reflecting the increase in inventories. Net assets as of September 30, 2021 amounted to ¥497.9 billion with a net worth ratio of 20.1%.

(3) Explanation Concerning Information regarding Consolidated Business Forecast

The full-year consolidated business forecast and dividend forecast for the fiscal year ending March 31, 2022 were revised from the previous forecasts announced on May 13, 2021. For details, please refer to “Notice regarding the Revisions to Consolidated Business Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2022”.

## 2. Consolidated Financial Statements and Their Main Notes

## (1) Consolidated Balance Sheet

(Unit : million yen)

	FY2020 (As of March 31, 2021)	2Q FY2021 (As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	52,972	88,540
Notes and accounts receivable - trade	234,635	—
Notes and accounts receivable - trade, and contract assets	—	249,019
Merchandise and finished goods	122,152	178,876
Work in process	351	74
Raw materials and supplies	126,923	141,169
Other	68,889	91,134
Allowance for doubtful accounts	-116	-97
Total current assets	605,808	748,718
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	244,331	239,348
Machinery, equipment and vehicles, net	208,999	214,570
Land	315,483	315,457
Other, net	96,618	86,593
Total property, plant and equipment	865,433	855,970
Intangible assets	44,343	43,620
Investments and other assets		
Investment securities	122,402	128,710
Other	71,211	72,202
Allowance for doubtful accounts	-310	-316
Total investments and other assets	193,303	200,596
Total non-current assets	1,103,080	1,100,187
Deferred assets		
Bond issuance cost	128	85
Total deferred assets	128	85
Total assets	1,709,017	1,848,991

(Unit : million yen)

	FY2020 (As of March 31, 2021)	2Q FY2021 (As of September 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	266,695	305,238
Short-term loans payable	175,692	180,963
Current portion of bonds	17,700	7,700
Commercial papers	37,200	99,000
Accounts payable - other	201,321	206,472
Income taxes payable	11,030	25,695
Provision	8,494	6,822
Other	34,355	43,758
Total current liabilities	752,488	875,650
Non-current liabilities		
Bonds payable	3,000	3,000
Convertible bond-type bonds with share acquisition rights	60,000	60,000
Long-term loans payable	315,759	275,021
Provision for special repairs	27,001	32,232
Other provision	2,137	1,838
Net defined benefit liability	2,992	3,010
Asset retirement obligations	19,993	20,192
Other	76,524	80,108
Total non-current liabilities	507,408	475,403
Total liabilities	1,259,897	1,351,053
<b>Net assets</b>		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	82,843	82,843
Retained earnings	211,977	256,483
Treasury shares	-2,019	-1,902
Total shareholders' equity	332,802	377,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,938	5,517
Deferred gains or losses on hedges	-85	-106
Revaluation reserve for land	-21,123	-21,130
Foreign currency translation adjustment	5,873	6,990
Remeasurements of defined benefit plans	2,540	2,333
Total accumulated other comprehensive income	-7,855	-6,395
Non-controlling interests	124,173	126,907
Total net assets	449,120	497,937
Total liabilities and net assets	1,709,017	1,848,991

(2) Consolidated Statements of Income and Comprehensive Income  
 (Consolidated Statements of Income)  
 (Consolidated the First Half of FY2021 Statements of Income)

(Unit : million yen)

	2Q FY2020 (From April 1, 2020 to September 30, 2020)	2Q FY2021 (From April 1, 2021 to September 30, 2021)
Net sales	969,359	1,095,664
Cost of sales	899,215	936,081
Gross profit	70,144	159,582
Selling, general and administrative expenses	61,452	66,184
Operating profit	8,691	93,397
Non-operating income		
Interest income	340	77
Dividend income	490	575
Share of profit of entities accounted for using equity method	151	3,381
Foreign exchange gains	348	—
Other	1,711	1,845
Total non-operating income	3,042	5,880
Non-operating expenses		
Interest expenses	3,747	3,396
Other	1,458	896
Total non-operating expenses	5,206	4,293
Ordinary profit	6,528	94,984
Extraordinary income		
Gain on sales of non-current assets	1,108	113
Gain on sales of investment securities	464	616
Insurance income	9	555
Other	202	280
Total extraordinary income	1,785	1,567
Extraordinary losses		
Loss on disposal of non-current assets	2,302	1,014
Impairment loss	23	1,264
Loss on valuation of investment securities	19	56
Other	198	100
Total extraordinary losses	2,544	2,435
Profit before income taxes	5,770	94,115
Income taxes	7,331	38,627
Profit (loss)	-1,561	55,487
Profit (loss) attributable to non-controlling interests	-650	3,491
Profit (loss) attributable to owners of parent	-910	51,996

## (Consolidated Statements of Comprehensive Income)

(Consolidated the First Half of FY2021 Statements of Comprehensive Income)

(Unit : million yen)

	2Q FY2020 (From April 1, 2020 to September 30, 2020)	2Q FY2021 (From April 1, 2021 to September 30, 2021)
Profit (loss)	-1,561	55,487
Other comprehensive income		
Valuation difference on available-for-sale securities	138	560
Deferred gains or losses on hedges	-737	131
Foreign currency translation adjustment	-298	340
Remeasurements of defined benefit plans, net of tax	62	-230
Share of other comprehensive income of entities accounted for using equity method	-1,457	803
Total other comprehensive income	-2,292	1,605
Comprehensive income	-3,853	57,092
(Breakdown)		
Comprehensive income attributable to owners of the parent	-2,655	53,464
Comprehensive income attributable to non-controlling interests	-1,198	3,628



## (3) Consolidated Statement of Cash Flows

(Unit : million yen)

	2Q FY2020 (From April 1, 2020 to September 30, 2020)	2Q FY2021 (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	5,770	94,115
Depreciation	26,190	26,747
Loss (gain) on sales of non-current assets	-1,107	-20
Loss (gain) on disposal of non-current assets	2,302	1,014
Impairment loss	23	1,264
Loss (gain) on sales of investment securities	-464	-616
Loss (gain) on valuation of investment securities	19	56
Increase (decrease) in allowance for doubtful accounts	-172	-12
Increase (decrease) in provision	-1,209	-1,893
Increase (decrease) in provision for special repairs	-10,318	5,517
Increase (decrease) in net defined benefit asset (liability)	-315	-928
Interest and dividend income	-831	-653
Insurance income	-9	-555
Interest expenses	3,747	3,396
Foreign exchange losses (gains)	-293	390
Share of loss (profit) of entities accounted for using equity method	-151	-3,381
Decrease (increase) in notes and accounts receivable - trade	43,952	-11,568
Recovery of recoverable accounts under production sharing	1,802	1,756
Decrease (increase) in inventories	5,815	-70,629
Increase (decrease) in notes and accounts payable - trade	-25,478	37,985
Decrease (increase) in other current assets	4,134	-24,651
Increase (decrease) in other current liabilities	-7,779	19,365
Increase (decrease) in other non-current liabilities	-946	-377
Decrease (increase) in investments and other assets	848	430
Other, net	246	771
Subtotal	45,774	77,522
Interest and dividend income received	1,056	936
Interest expenses paid	-3,762	-3,440
Payments for business structure improvement expenses	-483	-339
Proceeds from insurance income	9	555
Settlement package paid	-600	—
Income taxes paid	-3,944	-20,069
Other, net	—	93
Net cash provided by (used in) operating activities	38,050	55,258

(Unit : million yen)

	2Q FY2020 (From April 1, 2020 to September 30, 2020)	2Q FY2021 (From April 1, 2021 to September 30, 2021)
Cash flows from investing activities		
Purchase of investment securities	-5,215	-1,496
Proceeds from sales and redemption of investment securities	510	728
Purchase of shares of subsidiaries and associates	-620	-1,940
Purchase of property, plant and equipment	-37,852	-22,225
Payments for disposal of property, plant and equipment	-2,037	-1,273
Proceeds from sales of property, plant and equipment	4,626	218
Payments for purchases of intangible assets and long-term prepaid expenses	-4,943	-2,982
Payments into time deposits	-7,385	-26,982
Proceeds from withdrawal of time deposits	1,771	10,920
Proceeds from withdrawal of investments in silent partnership	70	84
Other, net	434	766
Net cash provided by (used in) investing activities	-50,641	-44,183
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	47,057	18,442
Repayments of long-term loans payable	-16,249	-57,430
Redemption of bonds	-20,000	-10,000
Net increase (decrease) in commercial papers	20,900	61,800
Purchase of treasury shares	-637	-0
Cash dividends paid	-6,773	-6,772
Dividends paid to non-controlling interests	-1,540	-870
Other, net	-90	-54
Net cash provided by (used in) financing activities	22,666	5,114
Effect of exchange rate change on cash and cash equivalents	-520	2,294
Net increase (decrease) in cash and cash equivalents	9,554	18,484
Cash and cash equivalents at beginning of period	43,295	44,518
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-757	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	208
Cash and cash equivalents at end of period	52,092	63,212

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Remarkable Changes in Shareholders' Equity)

None

(Application of Accounting Methods which are Exceptional for Preparing the Quarterly Consolidated Financial Statements)

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.

(Changes In Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29 issued on March 31, 2020; hereinafter, "Accounting Standard for Revenue Recognition"), etc. from the beginning of the consolidated first quarter, and recognizes revenue in the amount expected to be received in exchange for promised goods or services when the control of those goods or services is transferred to customers. As a result, the Company has changed its accounting method for exchange transactions of petroleum products with similar characteristics and values.

The Company has implemented the Accounting Standard for Revenue Recognition, etc. in accordance with the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retroactively applying the new accounting policies prior to the beginning of the consolidated first quarter is added to or deducted from retained earnings at the beginning of the consolidated first quarter and the new accounting policies have been applied to the balance from the beginning of the consolidated first quarter. However, the company has implemented the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition and the new accounting policy has not been applied retroactively to contracts for which almost all revenue amounts had been recognized prior to the beginning of the consolidated first quarter in accordance with previous treatment.

As a result of the application, net sales decreased by ¥318,927 million, cost of sales decreased by ¥318,193 million, selling, general and administrative expenses decreased by ¥511 million, operating profit decreased by ¥223 million, and ordinary profit and profit before income taxes increased by ¥31 million each during the consolidated first half. In addition, the balance of retained earnings at the beginning of the consolidated first half decreased by ¥714 million.

"Notes and accounts receivable-trade" which had been presented as "Current assets" in consolidated balance sheet of previous fiscal year is presented as "Notes and accounts receivable-trade, and contract assets" from the consolidated first quarter, due to the application of Accounting Standard for Revenue Recognition. In accordance with the transitional treatment as provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Company has made no reclassification for the previous fiscal year by using the new presentation method.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30 issued on July 4, 2019; hereinafter, "Fair Value Measurement Accounting Standard"), etc. from the beginning of the consolidated first quarter. In accordance with the transitional treatment provided for in paragraph 19 of Fair Value Measurement Accounting Standard and paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10 issued on July 4, 2019), the Company has applied the new accounting policies prescribed by Fair Value Measurement Accounting Standards, etc. prospectively. However, the impact on the quarterly consolidated financial statements was immaterial.

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)

Previously, some of the consolidated subsidiaries mainly used the declining balance method (excluding buildings acquired in and after April 1998 and facilities attached to buildings, structures and oil tanks acquired in and after April 2016, which were depreciated by the straight-line method) to calculate depreciation of property, plant and equipment (excluding leased assets).

However, the depreciation method was changed to the straight-line method from the consolidated first quarter.

Since large-scale capital investment is expected to complete in and after FY2020, we reconsidered the method of depreciation. As the long term and stable operation of production facility and constant return on investment are expected, we concluded that the straight-line method is more appropriate.

As a result of this change, in comparison with the previous method, operating profit, ordinary profit and profit before income taxes increased by ¥927 million during the consolidated first half.

(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) paragraph 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) paragraph 3.

## (Segment Information)

## I 2Q FY2020 (From April 1, 2020 to September 30, 2020)

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

(Unit : million yen)

	Petroleum	Petrochemical	Oil exploration and production	Renewable Energy	Other Note : 1	Adjustments Note : 2	Consolidated Note : 3
Net sales							
Outside customers	838,274	107,370	9,747	4,441	9,526	-	969,359
Inter-segment	55,007	11,900	17,421	-	23,527	-107,858	-
Total	893,281	119,271	27,168	4,441	33,054	-107,858	969,359
Segment profit (loss)	5,134	-8,780	4,506	883	2,089	2,696	6,528

Notes:1 "Other" is segment of non-classified, including construction works, insurance agency, and leasing, etc.

2 Segment profit (loss) in "Adjustments" ¥2,696 million includes ¥2,455 million for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the "Other" category, ¥194 million for internal eliminations, ¥851 million for inventory adjustments, and ¥-804 million for adjustment of fixed assets.

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

## II 2Q FY2021 (From April 1, 2021 to September 30, 2021)

## 1. Information about net sales and profit amounts by segment reported

(Unit : million yen)

	Petroleum	Petrochemical	Oil exploration and production	Renewable Energy	Other Note : 1	Adjustments Note : 2	Consolidated Note : 3
Net sales							
Outside customers	916,074	151,583	13,060	5,105	9,839	—	1,095,664
Inter-segment	42,179	24,543	23,526	0	17,001	-107,251	—
Total	958,254	176,127	36,587	5,105	26,840	-107,251	1,095,664
Segment profit	65,391	8,997	17,179	542	1,087	1,785	94,984

Notes:1 "Other" is segment of non-classified, including construction works, insurance agency, and leasing, etc.

2 Segment profit in "Adjustments" ¥1,785 million includes ¥1,819 million for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the "Other" category, ¥646 million for internal eliminations, ¥-787 million for inventory adjustments, and ¥107 million for adjustment of fixed assets.

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

## 2. Information about changes in reportable segments and other changes

### (Changes in Reportable Segments)

Effective from the consolidated first quarter, the Company has changed its segment classification, due to change in business management system. This change was made in order to clarify management policies with the aim to expand business portfolio from the perspective of business performance and as a part of sustainable management considering changes of environment in the future. As a result, the reportable segments changed from three categories of "Petroleum Business," "Petrochemical Business," and "Oil Exploration and Production Business" to four categories of "Petroleum Business," "Petrochemical Business," "Oil Exploration and Production Business," and "Renewable Energy Business."

"Renewable Energy Business" includes the wind power generation business and the solar power generation business, which were previously included in "Other."

To reflect this change in Segment information, the company has reclassified the reportable segment of the consolidated first half of the previous fiscal year.

### (Changes in Accounting Policies)

As written in "(Changes in Accounting Policies) - (Application of Accounting Standard for Revenue Recognition)," the Company has applied the Accounting Standard for Revenue Recognition from the beginning of the consolidated first quarter and changed the accounting method for revenue recognition. Accordingly, the measuring method for profit or loss in the business segment has been changed likewise.

As a result of this change, in comparison with the previous method, Petroleum Business net sales decreased by ¥336,613 million and segment profit increased by ¥159 million, Petrochemical Business net sales decreased by ¥63,130 million and segment profit decreased by ¥195 million, and Other Business net sales increased by ¥912 million and segment profit increased by ¥107 million during the consolidated first half.

### (Changes in Depreciation Method for Property, Plant and Equipment)

As written in "(Changes in Accounting Policies) - (Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)," Previously, some of the consolidated subsidiaries mainly used the declining balance method (excluding buildings acquired in and after April 1998 and facilities attached to buildings, structures, and oil tanks acquired in and after April 2016, which were depreciated by the straight-line method) to calculate depreciation of property, plant and equipment (excluding leased assets). However, the depreciation method was changed to the straight-line method from the consolidated first quarter.

As a result of this change, in comparison with the previous method, segment profit in Petrochemical Business increased by ¥927 million during the consolidated first half.

### (Significant Subsequent Events)

None