



November 10, 2022

Overview of Business Results for the Second Quarter of Fiscal Year Ending March 2023 [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 Kiriyama (Title) President
 Name of Person to contact : Eriko Date (Title) General Manager of Corporate Communication Dept. Phone : 03-3798-3101
 Scheduled date to file quarterly report : November 10, 2022 Dividend payment is to be started on : December 14, 2022
 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 2023 (For the period from April 1, 2022 to September 30, 2022)

(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, FY2022	1,371,593	25.2	172,889	85.1	173,809	83.0	94,885	82.5
Second Quarter, FY2021	1,095,664	13.0	93,397	974.5	94,984	—	51,996	—

Note : Comprehensive income Second Quarter, FY2022 : 106,195 million yen (86.0%) Second Quarter, FY2021 : 57,092 million yen (— %)

	Net income per share for the Second Quarter	Diluted net income per share for the Second Quarter
Second Quarter, FY2022	yen sen 1,165.85	yen sen 973.80
Second Quarter, FY2021	621.11	520.33

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Second Quarter, FY2022	2,307,946	672,277	23.5
FY2021	1,938,408	583,971	23.5

[Reference] Net worth Second Quarter, FY2022 : 541,927 million yen FY2021 : 456,200 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
FY2021	—	0.00	—	100.00	100.00
FY2022	—	75.00	—	—	—
FY2022 (forecast)	—	—	—	75.00	150.00

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

(% 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
FY2022	3,030,000	24.2	232,000	-1.4	228,000	-2.2	115,000	-17.2	1,412.99

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) Changes 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. : 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 shares 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, FY2022	84,770,508 shares	FY2021	84,770,508 shares
Second Quarter, FY2022	2,829,195 shares	FY2021	1,008,526 shares
Second Quarter, FY2022	81,387,781 shares	Second Quarter, FY2021	83,716,237 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 FY2022 is updated from the previous announcement made on May 12 2022.

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 10, 2022.

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 FY2022 were ¥1,371.6 billion (up ¥275.9 billion from the same period of FY2021), operating profit ¥172.9 billion (up ¥79.5 billion from the same period of FY2021), ordinary profit ¥173.8 billion (up ¥78.8 billion from the same period of FY2021) and profit attributable to owners of parent for the period ¥94.9 billion (up ¥42.9 billion from the same period of FY2021).

The operating results for the first half of FY2022 by business segment are as follows :

- 1) In the petroleum business segment, due to the rise in crude oil prices from the same period of the previous year, the segment reported net sales of ¥1,207.1 billion for the first half of FY2022 (up ¥248.8 billion from the same period of FY2021) and segment profit of ¥122.6 billion (up ¥57.2 billion from the same period of FY2021).
- 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 ¥238.1 billion for the first half of FY2022 (up ¥62.0 billion from the same period of FY2021). On the other hand, due to the decrease in the sales volume from the same period of the previous year, segment profit was ¥7.8 billion (down ¥1.2 billion from the same period of FY2021).
- 3) In the oil exploration and production business segment, due to the rise in the sales price of oil products from the same period of the previous year, the segment reported net sales of ¥60.5 billion for the first half of FY2022 (up ¥23.9 billion from the same period of FY2021) and segment profit of ¥41.1 billion (up ¥23.9 billion from the same period of FY2021).
- 4) In the renewable energy business segment, due to the decline in the sales due to unfavorable wind conditions and the increase in the costs associated with entry into offshore windpower from the same period of the previous year, the segment reported net sales of ¥4.7 billion for the first half of FY2022 (down ¥0.4 billion from the same period of FY2021) and segment loss of ¥0.1 billion (segment profit of ¥0.5 billion in the same period of FY2021).

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for the consolidated financial position as of the end of the first half of FY2022, total assets as of September 30, 2022 amounted to ¥2,307.9 billion, up ¥369.5 billion from March 31, 2022, the end of FY2021. This was mainly reflecting the increase in inventories. Net assets as of September 30, 2022 amounted to ¥672.3 billion with a net worth ratio of 23.5%.

(3) Explanation Concerning Information regarding Consolidated Business Forecast

The full-year consolidated business forecast for the fiscal year ending March 31, 2023 was revised from the previous forecasts announced on May 12, 2022. For details, please refer to “Notice regarding the Revisions to Consolidated Forecast for the Fiscal Year Ending March 31, 2023”.

2. Consolidated Financial Statements and Their Main Notes

(1) Consolidated Balance Sheet

(Unit : million yen)

	FY2021 (As of March 31, 2022)	2Q FY2022 (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	80,328	109,842
Notes receivable - trade	2,635	3,525
Accounts receivable - trade	280,050	356,231
Merchandise and finished goods	166,942	262,906
Work in process	58	64
Raw materials and supplies	209,023	251,619
Other	128,984	253,003
Allowance for doubtful accounts	-40	-28
Total current assets	867,983	1,237,166
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	241,907	236,179
Machinery, equipment and vehicles, net	200,511	205,766
Land	315,353	313,770
Other, net	88,843	90,435
Total property, plant and equipment	846,616	846,151
Intangible assets	44,185	43,415
Investments and other assets		
Investment securities	118,719	124,703
Other	61,145	56,770
Allowance for doubtful accounts	-298	-294
Total investments and other assets	179,566	181,180
Total non-current assets	1,070,369	1,070,747
Deferred assets		
Bond issuance cost	56	33
Total deferred assets	56	33
Total assets	1,938,408	2,307,946

(Unit : million yen)

	FY2021 (As of March 31, 2022)	2Q FY2022 (As of September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	325,780	423,057
Short-term loans payable	195,485	316,251
Current portion of convertible bond-type bonds with share acquisition rights	60,000	47,640
Commercial papers	82,300	115,500
Accounts payable - other	186,711	232,227
Income taxes payable	33,457	39,550
Provision	11,172	6,779
Other	59,767	44,295
Total current liabilities	954,675	1,225,301
Non-current liabilities		
Bonds payable	3,000	3,000
Long-term loans payable	242,873	242,838
Provision for special repairs	37,560	38,959
Other provision	2,323	2,190
Net defined benefit liability	2,879	3,225
Asset retirement obligations	22,621	23,097
Other	88,502	97,056
Total non-current liabilities	399,761	410,367
Total liabilities	1,354,437	1,635,669
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	82,843	84,085
Retained earnings	343,377	429,648
Treasury shares	-1,902	-9,137
Total shareholders' equity	464,318	544,596
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,610	4,376
Deferred gains or losses on hedges	-536	1,484
Revaluation reserve for land	-21,139	-21,002
Foreign currency translation adjustment	7,691	11,981
Remeasurements of defined benefit plans	1,255	490
Total accumulated other comprehensive income	-8,118	-2,669
Non-controlling interests	127,771	130,350
Total net assets	583,971	672,277
Total liabilities and net assets	1,938,408	2,307,946

(2) Consolidated Statements of Income and Comprehensive Income
 (Consolidated Statements of Income)
 (Consolidated the First Half of FY2022 Statements of Income)

(Unit : million yen)

	2Q FY2021 (From April 1, 2021 to September 30, 2021)	2Q FY2022 (From April 1, 2022 to September 30, 2022)
Net sales	1,095,664	1,371,593
Cost of sales	936,081	1,124,445
Gross profit	159,582	247,147
Selling, general and administrative expenses	66,184	74,257
Operating profit	93,397	172,889
Non-operating income		
Interest income	77	393
Dividend income	575	684
Share of profit of entities accounted for using equity method	3,381	3,411
Other	1,845	2,141
Total non-operating income	5,880	6,631
Non-operating expenses		
Interest expenses	3,396	3,166
Foreign exchange losses	148	1,361
Other	747	1,183
Total non-operating expenses	4,293	5,711
Ordinary profit	94,984	173,809
Extraordinary income		
Gain on sales of non-current assets	113	3,632
Gain on sales of investment securities	616	206
Insurance income	555	17
Other	280	377
Total extraordinary income	1,567	4,234
Extraordinary losses		
Loss on disposal of non-current assets	1,014	3,050
Impairment loss	1,264	322
Loss on valuation of investment securities	56	4
Other	100	104
Total extraordinary losses	2,435	3,481
Profit before income taxes	94,115	174,562
Income taxes	38,627	73,298
Profit	55,487	101,264
Profit attributable to non-controlling interests	3,491	6,378
Profit attributable to owners of parent	51,996	94,885

(Consolidated Statements of Comprehensive Income)

(Consolidated the First Half of FY2022 Statements of Comprehensive Income)

(Unit : million yen)

	2Q FY2021 (From April 1, 2021 to September 30, 2021)	2Q FY2022 (From April 1, 2022 to September 30, 2022)
Profit	55,487	101,264
Other comprehensive income		
Valuation difference on available-for-sale securities	560	-579
Deferred gains or losses on hedges	131	1,996
Foreign currency translation adjustment	340	2,280
Remeasurements of defined benefit plans, net of tax	-230	-771
Share of other comprehensive income of entities accounted for using equity method	803	2,006
Total other comprehensive income	1,605	4,931
Comprehensive income	57,092	106,195
(Breakdown)		
Comprehensive income attributable to owners of the parent	53,464	100,196
Comprehensive income attributable to non-controlling interests	3,628	5,998

(3) Consolidated Statement of Cash Flows

(Unit : million yen)

	2Q FY2021 (From April 1, 2021 to September 30, 2021)	2Q FY2022 (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Profit before income taxes	94,115	174,562
Depreciation	26,747	26,621
Loss (gain) on sales of non-current assets	-20	-3,604
Loss (gain) on disposal of non-current assets	1,014	3,050
Impairment loss	1,264	322
Loss (gain) on sales of investment securities	-616	-206
Loss (gain) on valuation of investment securities	56	4
Increase (decrease) in allowance for doubtful accounts	-12	-16
Increase (decrease) in provision	-1,893	-3,654
Increase (decrease) in provision for special repairs	5,517	657
Increase (decrease) in net defined benefit asset (liability)	-928	-93
Interest and dividend income	-653	-1,078
Insurance income	-555	-17
Interest expenses	3,396	3,166
Foreign exchange losses (gains)	390	427
Share of loss (profit) of entities accounted for using equity method	-3,381	-3,411
Decrease (increase) in notes and accounts receivable - trade	-11,568	-75,889
Recovery of recoverable accounts under production sharing	1,756	2,243
Decrease (increase) in inventories	-70,629	-138,683
Increase (decrease) in notes and accounts payable - trade	37,985	96,116
Decrease (increase) in other current assets	-24,651	-92,830
Increase (decrease) in other current liabilities	19,365	12,168
Increase (decrease) in other non-current liabilities	-377	-827
Decrease (increase) in investments and other assets	430	-140
Other, net	771	155
Subtotal	77,522	-958
Interest and dividend income received	936	1,358
Interest expenses paid	-3,440	-3,214
Payments for business structure improvement expenses	-339	-
Proceeds from insurance income	555	17
Income taxes paid	-20,069	-55,115
Other, net	93	179
Net cash provided by (used in) operating activities	55,258	-57,732

(Unit : million yen)

	2Q FY2021 (From April 1, 2021 to September 30, 2021)	2Q FY2022 (From April 1, 2022 to September 30, 2022)
Cash flows from investing activities		
Purchase of investment securities	-1,496	-870
Proceeds from sales and redemption of investment securities	728	424
Purchase of shares of subsidiaries and associates	-1,940	—
Purchase of property, plant and equipment	-22,225	-30,132
Payments for disposal of property, plant and equipment	-1,273	-1,182
Proceeds from sales of property, plant and equipment	218	5,211
Payments for purchases of intangible assets and long-term prepaid expenses	-2,982	-3,398
Increase (decrease) in short-term loans receivable	-1	-6,247
Payments into time deposits	-26,982	-28,354
Proceeds from withdrawal of time deposits	10,920	23,118
Proceeds from withdrawal of investments in silent partnership	84	105
Other, net	768	112
Net cash provided by (used in) investing activities	-44,183	-41,214
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	18,442	148,848
Repayments of long-term loans payable	-57,430	-41,077
Redemption of bonds	-10,000	—
Net increase (decrease) in commercial papers	61,800	33,200
Purchase of treasury shares	-0	-20,638
Cash dividends paid	-6,772	-8,470
Dividends paid to non-controlling interests	-870	-3,062
Proceeds from share issuance to non-controlling shareholders	—	1,230
Other, net	-54	65
Net cash provided by (used in) financing activities	5,114	110,093
Effect of exchange rate change on cash and cash equivalents	2,294	8,719
Net increase (decrease) in cash and cash equivalents	18,484	19,866
Cash and cash equivalents at beginning of period	44,518	48,066
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	208	—
Cash and cash equivalents at end of period	63,212	67,932

(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)

(Calculation of Tax Expenses)

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

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

(Segment Information)

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

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.

II 2Q FY2022 (From April 1, 2022 to September 30, 2022)

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	1,134,407	199,120	23,369	4,637	10,058	—	1,371,593
Inter-segment	72,653	39,023	37,110	35	16,069	-164,891	—
Total	1,207,061	238,143	60,479	4,672	26,128	-164,891	1,371,593
Segment profit (loss)	122,586	7,832	41,115	-142	767	1,651	173,809

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

2 Segment profit (loss) in "Adjustments" ¥1,651 million includes ¥2,802 million for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the "Other" category, ¥597 million for internal eliminations, ¥-2,013 million for inventory adjustments, and ¥263 million for adjustment of fixed assets.

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

(Significant Subsequent Events)

(Purchase of Euro-yen Convertible Bond-type Bonds with Share Acquisition Rights Due 2022)

The Company resolved to purchase the euro-yen convertible bond-type bonds with share acquisition rights due 2022 (hereinafter “the bonds with share acquisition rights”), at the meeting of Board of Directors held on November 10th, 2022. The purchased bonds with share acquisition rights are scheduled to be canceled.

(1) Purchase reason

To improve capital efficiency and maximize corporate value

(2) Name of issue to be purchased

Euro-yen convertible bond-type bonds with share acquisition rights due 2022

(3) Purchase target

Total face value of 30,000 million yen (Maximum) of the remaining bonds with share acquisition rights

(4) Total amount of purchase price

36,000 million yen (Maximum)

Note that some or all of the purchases may not be made.

(5) Purchase date

November 10, 2022 (scheduled date)

(6) Purchase funds

Purchase with own funds