



February 9, 2023

Overview of Business Results for the Third 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 Kiriya (Title) President
 Name of Person to Contact : Eriko Date (Title) General Manager of Corporate Communication Dept. TEL:+81-3-3798-3101
 Scheduled date to file quarterly report : February 9, 2023 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 2023 (For the period from April 1, 2022 to December 31, 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 Third Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2022	2,096,091	19.9	152,904	4.6	158,736	8.0	62,116	-22.3
Third Quarter, FY2021	1,748,641	11.3	146,115	290.2	147,033	325.8	79,901	384.5

Note : Comprehensive income Third Quarter, FY2022 : 75,297 million yen (-12.6%) Third Quarter, FY2021 : 86,115 million yen (409.2%)

	Net income per share for the Third Quarter	Diluted net income per share for the Third Quarter
	yen sen	yen sen
Third Quarter, FY2022	751.50	651.68
Third Quarter, FY2021	954.28	799.40

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Third Quarter, FY2022	2,317,503	655,925	22.5
FY2021	1,938,408	583,971	23.5

[Reference] Net worth Third Quarter, FY2022 : 521,156 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	2,800,000	14.7	174,000	-26.1	172,000	-26.2	68,000	-51.0	822.67

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) 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)

Third Quarter, FY2022	88,353,761 shares	FY2021	84,770,508 shares
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2. Number of shares of treasury stock as of the end of the period

Third Quarter, FY2022	930,462 shares	FY2021	1,008,526 shares
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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, FY2022	82,657,418 shares	Third Quarter, FY2021	83,729,975 shares
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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 November 10, 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 February 9, 2023.

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 FY2022 were ¥2,096.1 billion (up ¥347.5 billion from the same period of FY2021), operating profit ¥152.9 billion (up ¥6.8 billion from the same period of FY2021), ordinary profit ¥158.7 billion (up ¥11.7 billion from the same period of FY2021) and profit attributable to owners of parent for the period ¥62.1 billion (down ¥17.8 billion from the same period of FY2021).

The operating results for the first nine months 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 ¥1,835.4 billion for the first nine months of FY2022 (up ¥305.5 billion from the same period of FY2021). On the other hand, due mainly to higher energy costs as a result of rising crude oil prices, segment profit was ¥75.7 billion (down ¥23.0 billion from the same period of FY2021).
- 2) In the petrochemical business segment, due mainly to increases in product selling prices from the same period of the previous year, the segment reported net sales of ¥347.1 billion for the first nine months of FY2022 (up ¥66.6 billion from the same period of FY2021). On the other hand, due mainly to the decrease in the sales volume from the same period of the previous year, segment profit was ¥7.2 billion (down ¥7.2 billion from the same period of FY2021).
- 3) In the oil exploration and production business segment, due mainly to the rise in the sales price of oil products from the same period of the previous year, the segment reported net sales of ¥101.1 billion for the first nine months of FY2022 (up ¥43.1 billion from the same period of FY2021) and segment profit of ¥69.4 billion (up ¥42.2 billion from the same period of FY2021).
- 4) In the renewable energy business segment, due mainly to year-on-year decline in sales caused by unfavorable wind conditions and higher costs than a year earlier associated with entry into offshore wind power, the segment reported net sales of ¥8.4 billion for the first nine months of FY2022 (down ¥0.3 billion from the same period of FY2021) and segment profit of ¥1.1 billion (down ¥0.7 billion from 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 third quarter of FY2022, total assets as of December 31, 2022 amounted to ¥2,317.5 billion, up ¥379.1 billion from March 31, 2022, the end of FY2021. This mainly reflects an increase in accounts receivable - trade. Net assets as of December 31, 2022 amounted to ¥655.9 billion with a net worth ratio of 22.5%.

(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 November 10, 2022. For details, please refer to “Notice regarding the Revisions to the 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)	3Q FY2022 (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	80,328	187,513
Notes receivable - trade	2,635	4,686
Accounts receivable - trade	280,050	413,360
Merchandise and finished goods	166,942	223,160
Work in process	58	232
Raw materials and supplies	209,023	200,963
Other	128,984	211,780
Allowance for doubtful accounts	-40	-35
Total current assets	867,983	1,241,662
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	241,907	233,894
Machinery, equipment and vehicles, net	200,511	202,313
Land	315,353	313,638
Other, net	88,843	89,907
Total property, plant and equipment	846,616	839,754
Intangible assets	44,185	43,211
Investments and other assets		
Investment securities	118,719	131,478
Other	61,145	61,643
Allowance for doubtful accounts	-298	-277
Total investments and other assets	179,566	192,844
Total non-current assets	1,070,369	1,075,810
Deferred assets		
Bond issuance cost	56	30
Total deferred assets	56	30
Total assets	1,938,408	2,317,503

(Unit: million yen)

	FY2021 (As of March 31, 2022)	3Q FY2022 (As of December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	325,780	398,358
Short-term loans payable	195,485	349,805
Current portion of bonds with share acquisition rights	60,000	—
Commercial papers	82,300	157,000
Accounts payable - other	186,711	266,193
Income taxes payable	33,457	15,515
Provision	11,172	6,053
Other	59,767	44,798
Total current liabilities	954,675	1,237,725
Non-current liabilities		
Bonds payable	3,000	3,000
Long-term loans payable	242,873	244,833
Provision for special repairs	37,560	46,126
Other provision	2,323	2,125
Net defined benefit liability	2,879	3,344
Asset retirement obligations	22,621	22,886
Other	88,502	101,536
Total non-current liabilities	399,761	423,853
Total liabilities	1,354,437	1,661,578
Net assets		
Shareholders' equity		
Capital stock	40,000	46,435
Capital surplus	82,843	90,738
Retained earnings	343,377	390,543
Treasury shares	-1,902	-1,992
Total shareholders' equity	464,318	525,724
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,610	5,005
Deferred gains or losses on hedges	-536	-18
Revaluation reserve for land	-21,139	-20,880
Foreign currency translation adjustment	7,691	10,915
Remeasurements of defined benefit plans	1,255	410
Total accumulated other comprehensive income	-8,118	-4,567
Non-controlling interests	127,771	134,768
Total net assets	583,971	655,925
Total liabilities and net assets	1,938,408	2,317,503

(2) Consolidated Statements of Income and Comprehensive Income
 (Consolidated Statements of Income)
 (First Nine Months of Consolidated Statements of Income)

(Unit: million yen)

	3Q FY2021 (From April 1, 2021 to December 31, 2021)	3Q FY2022 (From April 1, 2022 to December 31, 2022)
Net sales	1,748,641	2,096,091
Cost of sales	1,500,256	1,828,565
Gross profit	248,384	267,525
Selling, general and administrative expenses	102,268	114,621
Operating profit	146,115	152,904
Non-operating income		
Interest income	117	1,115
Dividend income	789	932
Share of profit of entities accounted for using equity method	3,793	3,343
Foreign exchange gains	—	4,222
Rental income on fixed assets	860	906
Other	2,194	2,087
Total non-operating income	7,754	12,607
Non-operating expenses		
Interest expenses	4,892	4,984
Other	1,944	1,790
Total non-operating expenses	6,836	6,775
Ordinary profit	147,033	158,736
Extraordinary income		
Gain on sales of non-current assets	301	4,265
Gain on sales of investment securities	750	222
Insurance income	560	23
Other	280	377
Total extraordinary income	1,893	4,889
Extraordinary losses		
Loss on disposal of non-current assets	2,177	4,041
Impairment loss	1,264	525
Loss on valuation of investment securities	1,479	4
Loss on redemption of bonds	—	4,346
Other	103	252
Total extraordinary losses	5,024	9,170
Profit before income taxes	143,902	154,454
Income taxes	57,362	82,075
Profit	86,539	72,379
Profit attributable to non-controlling interests	6,638	10,262
Profit attributable to owners of parent	79,901	62,116

(Consolidated Statements of Comprehensive Income)

(First Nine Months of Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	3Q FY2021 (From April 1, 2021 to December 31, 2021)	3Q FY2022 (From April 1, 2022 to December 31, 2022)
Profit	86,539	72,379
Other comprehensive income		
Valuation difference on available-for-sale securities	-557	-13
Deferred gains or losses on hedges	-43	494
Foreign currency translation adjustment	628	2,230
Remeasurements of defined benefit plans, net of tax	-366	-855
Share of other comprehensive income of entities accounted for using equity method	-85	1,062
Total other comprehensive income	-424	2,918
Comprehensive income	86,115	75,297
(Breakdown)		
Comprehensive income attributable to owners of the parent	79,678	65,408
Comprehensive income attributable to non-controlling interests	6,436	9,888

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Remarkable Changes in Shareholders' Equity)

At its Board of Directors meeting held on May 12, 2022, the Company resolved matters regarding repurchases of shares of its own stock, pursuant to Article 156 of the Companies Act of Japan as applicable through Article 165, Paragraph 3 of the Act and, during the first nine months of FY2022, the Company repurchased 5,313 thousand shares of its common stock for ¥19,999 million.

Additionally, during the first nine months of FY2022, the Company completed the issuance of new shares and disposal of treasury shares through exercise of the share options of euro-yen convertible bond-type bonds with share acquisition rights due 2022, causing capital stock and capital surplus to increase by ¥6,435 million and ¥5,610 million respectively and treasury shares to decrease by ¥20,004 million.

Largely due to these measures, capital stock is ¥46,435 million, capital surplus is ¥90,738 million, and treasury shares are ¥1,992 million as of the end of the first nine months of FY2022.

(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. 3Q FY2021 (From April 1, 2021 to December 31, 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	1,462,719	239,911	21,012	8,674	16,323	—	1,748,641
Inter-segment	67,203	40,638	36,977	3	27,482	-172,305	—
Total	1,529,922	280,549	57,989	8,678	43,805	-172,305	1,748,641
Segment profit	98,740	14,419	27,249	1,757	2,060	2,806	147,033

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

2. Segment profit in "Adjustments" ¥2,806 million includes ¥2,938 million for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the "Other" category, ¥810 million for internal eliminations, ¥-1,073 million for inventory adjustments, and ¥130 million for adjustment of fixed assets.

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

II. 3Q FY2022 (From April 1, 2022 to December 31, 2022)

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	1,736,920	292,252	39,931	8,313	18,672	—	2,096,091
Inter-segment	98,440	54,867	61,126	72	25,596	-240,103	—
Total	1,835,360	347,120	101,058	8,385	44,269	-240,103	2,096,091
Segment profit	75,671	7,153	69,352	1,106	1,125	4,326	158,736

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

2. Segment profit in "Adjustments" ¥4,326 million includes ¥4,008 million for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the "Other" category, ¥-276 million for internal eliminations, ¥291 million for inventory adjustments, and ¥302 million for adjustment of fixed assets.

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

(Significant Subsequent Events)

None