



November 8, 2023

Summary of Consolidated Financial Results (Japanese GAAP) for the Second Quarter of Fiscal Year Ending March 31, 2024

Listed company: Cosmo Energy Holdings Co., Ltd. Listed: Tokyo Stock Exchange
 Securities code: 5021 URL <https://www.cosmo-energy.co.jp/>
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 Scheduled date of file quarterly report: November 8, 2023
 Scheduled date of commencement of dividend payment: December 14, 2023
 Availability of the Quarterly Financial Result Supplementary Information: Yes
 Execution of the Quarterly Financial Results Presentation Meeting: Yes (for analysts and institutional investors)

Note: Figures less than 1 million yen are rounded down.

1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 2024 (For the period from April 1, 2023 to September 30, 2023)

(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, FY2023	1,308,464	-4.6	75,912	-56.1	83,063	-52.2	36,084	-62.0
Second Quarter, FY2022	1,371,593	25.2	172,889	85.1	173,809	83.0	94,885	82.5

Note : Comprehensive income Second Quarter, FY2023 : 44,530 million yen (-58.1%) Second Quarter, FY2022 : 106,195 million yen (86.0 %)

	Net income per share for the Second Quarter	Diluted net income per share for the Second Quarter
	yen sen	yen sen
Second Quarter, FY2023	412.98	—
Second Quarter, FY2022	1,165.85	973.80

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Second Quarter, FY2023	2,179,995	687,714	25.8
FY2022	2,120,763	663,380	24.9

[Reference] Net worth Second Quarter, FY2023 : 563,405 million yen FY2022 : 527,895 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
FY2022	—	75.00	—	75.00	150.00
FY2023	—	150.00	—	—	—
FY2023 (forecast)	—	—	—	150.00	300.00

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 FY2023 (April 1, 2023 to March 31, 2024)

(% 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
FY2023	2,550,000	-8.7	146,000	-10.9	155,000	-5.8	78,000	14.8	892.69

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

Notes

(1) Changes in important subsidiaries during the second quarter (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

New: —

Exclusion: —

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

(3) Changes in accounting policies, changes in accounting estimates, restatements

1) Changes in accounting policies due to revisions to accounting standards, etc.: None

2) Changes in accounting policies other than those set out in 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued (ordinary shares)

1) Number of shares issued at the end of the period (including treasury shares)

Second Quarter , FY2023	88,353,761	shares	FY2022	88,353,761	shares
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2) Number of treasury shares at the end of the period

Second Quarter , FY2023	766,047	shares	FY2022	988,694	shares
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3) Average number of shares outstanding during the period

(or the cumulative consolidated accounting period as of the end of the current quarter)

Second Quarter , FY2023	87,376,662	shares	Second Quarter , FY2022	81,387,781	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 : Explanation regarding the proper use of business forecasts and other special notes

The consolidated business forecast for the full year of FY2023 is updated from the previous announcement made on May 11 2023.

The business forecast above has been created based on the information available as of the date of the publication of this summary. Actual results may be different from the forecast due to a variety of factors. For more information about the results forecast, please see 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 accompanying materials.

Supplementary results materials will be posted on the Company's website on Wednesday November 8, 2023.

Accompanying Materials – Contents

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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 half of FY2023 were ¥1,308.5 billion (down ¥63.1 billion year on year), operating profit ¥75.9 billion (down ¥97.0 billion year on year), ordinary profit ¥83.1 billion (down ¥90.7 billion year on year) and profit attributable to owners of parent for the period ¥36.1 billion (down ¥58.8 billion year on year).

The operating results for the first half of FY2023 by business segment are as follows :

- 1) In the petroleum business segment, due mainly to the fall in crude oil prices from the same period of the previous year, the segment reported net sales of ¥1,174.3 billion for the first half of FY2023 (down ¥32.8 billion year on year) and a segment profit of ¥48.7 billion (down ¥74.0 billion year on year).
- 2) In the petrochemical business segment, due mainly to the deterioration of product market conditions from the same period of the previous year, the segment reported net sales of ¥170.0 billion for the first half of FY2023 (down ¥68.1 billion year on year) and a segment loss of ¥3.4 billion (a segment profit of ¥7.8 billion in the same period of the previous year).
- 3) In the oil exploration and production business segment, due mainly to the decrease in the sales volume from the same period of the previous year, the segment reported net sales of ¥56.5 billion for the first half of FY2023 (down ¥4.0 billion year on year) and a segment profit of ¥33.0 billion (down ¥8.1 billion year on year).
- 4) In the renewable energy business segment, due mainly to more favorable wind conditions at wind farms from the same period of the previous year, the segment reported net sales of ¥5.7 billion for the first half of FY2023 (up ¥1.0 billion year on year) and a segment profit of ¥0.1 billion (a segment loss of ¥0.1 billion in the same period of the previous year).

(2) Explanation concerning information regarding consolidated financial position

As for the consolidated financial position as of the end of the first half of FY2023, total assets as of September 30, 2023 amounted to ¥2,180.0 billion, up ¥59.2 billion from March 31, 2023, the end of FY2022. This mainly reflects an increase in accounts receivable and inventories. Net assets as of September 30, 2023 amounted to ¥687.7 billion with a net worth ratio of 25.8%.

(3) Explanation concerning information regarding consolidated business forecast

The full-year consolidated business forecast and dividend forecast for the fiscal year ending March 31, 2024 were revised from the previous forecasts. For details, please refer to “Notice regarding the Revisions to the Consolidated Financial Forecast and Revision of Dividend of Surplus (Interim Dividend and Dividend Increase) and Revision of Dividend Forecast (Dividend Increase) for the Fiscal Year Ending March 31, 2024”.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated balance sheet

(Unit : million yen)

	FY2022 (As of March 31, 2022)	2Q FY2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	104,344	118,942
Notes receivable - trade	3,809	3,902
Accounts receivable - trade	319,801	357,802
Merchandise and finished goods	198,166	224,612
Work in process	83	122
Raw materials and supplies	198,722	205,946
Other	211,142	176,566
Allowance for doubtful accounts	-29	-27
Total current assets	1,036,040	1,087,867
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	237,358	230,446
Machinery, equipment and vehicles, net	200,101	206,918
Land	313,637	313,776
Other, net	95,167	98,843
Total property, plant and equipment	846,264	849,985
Intangible assets	43,216	42,017
Investments and other assets		
Investment securities	127,897	131,414
Other	67,590	68,895
Allowance for doubtful accounts	-275	-275
Total investments and other assets	195,212	200,034
Total non-current assets	1,084,694	1,092,037
Deferred assets		
Bond issuance cost	28	89
Total deferred assets	28	89
Total assets	2,120,763	2,179,995

(Unit : million yen)

	FY2022 (As of March 31, 2022)	2Q FY2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	330,923	391,382
Short-term loans payable	274,210	229,834
Commercial papers	155,300	118,100
Accounts payable - other	202,848	249,391
Income taxes payable	10,036	16,836
Provision	11,152	8,437
Other	28,107	39,480
Total current liabilities	1,012,579	1,053,463
Non-current liabilities		
Bonds payable	3,000	19,681
Long-term loans payable	253,708	218,636
Provision for special repairs	52,447	58,535
Other provision	5,408	3,171
Net defined benefit liability	3,395	3,555
Asset retirement obligations	27,282	27,677
Other	99,561	107,560
Total non-current liabilities	444,804	438,816
Total liabilities	1,457,383	1,492,280
Net assets		
Shareholders' equity		
Capital stock	46,435	46,435
Capital surplus	91,349	93,572
Retained earnings	396,361	425,820
Treasury shares	-2,237	-1,931
Total shareholders' equity	531,909	563,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,094	7,387
Deferred gains or losses on hedges	-34	-1,072
Revaluation reserve for land	-20,880	-20,880
Foreign currency translation adjustment	11,278	13,650
Remeasurements of defined benefit plans	527	424
Total accumulated other comprehensive income	-4,014	-490
Non-controlling interests	135,485	124,308
Total net assets	663,380	687,714
Total liabilities and net assets	2,120,763	2,179,995

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)
(Consolidated the first half of FY2023 statement of income)

(Unit : million yen)

	2Q FY2022 (From April 1, 2022 to September 30, 2022)	2Q FY2023 (From April 1, 2023 to September 30, 2023)
Net sales	1,371,593	1,308,464
Cost of sales	1,124,445	1,152,708
Gross profit	247,147	155,755
Selling, general and administrative expenses	74,257	79,843
Operating profit	172,889	75,912
Non-operating income		
Interest income	393	2,194
Dividend income	684	671
Share of profit of entities accounted for using equity method	3,411	—
Foreign exchange gains	—	7,226
Other	2,141	2,300
Total non-operating income	6,631	12,392
Non-operating expenses		
Interest expenses	3,166	2,358
Share of loss of entities accounted for using equity method	—	1,992
Foreign exchange losses	1,361	—
Other	1,183	890
Total non-operating expenses	5,711	5,241
Ordinary profit	173,809	83,063
Extraordinary income		
Gain on sales of non-current assets	3,632	342
Gain on sales of investment securities	206	139
Insurance income	17	—
Compensation income	179	6,670
Other	197	78
Total extraordinary income	4,234	7,230
Extraordinary losses		
Loss on disposal of non-current assets	3,050	1,448
Impairment loss	322	181
Loss on valuation of investment securities	4	12
Other	104	22
Total extraordinary losses	3,481	1,665
Profit before income taxes	174,562	88,629
Income taxes	73,298	47,934
Profit	101,264	40,695
Profit attributable to non-controlling interests	6,378	4,610
Profit attributable to owners of parent	94,885	36,084

(Consolidated statement of comprehensive income)

(Consolidated the first half of FY2023 statement of comprehensive income)

(Unit : million yen)

	2Q FY2022 (From April 1, 2022 to September 30, 2022)	2Q FY2023 (From April 1, 2023 to September 30, 2023)
Profit	101,264	40,695
Other comprehensive income		
Valuation difference on available-for-sale securities	-579	2,510
Deferred gains or losses on hedges	1,996	-1,038
Foreign currency translation adjustment	2,280	1,234
Remeasurements of defined benefit plans, net of tax	-771	-120
Share of other comprehensive income of entities accounted for using equity method	2,006	1,249
Total other comprehensive income	4,931	3,835
Comprehensive income	106,195	44,530
(Breakdown)		
Comprehensive income attributable to owners of the parent	100,196	39,608
Comprehensive income attributable to non-controlling interests	5,998	4,922

(3) Consolidated statement of cash flows

(Unit : million yen)

	2Q FY2022 (From April 1, 2022 to September 30, 2022)	2Q FY2023 (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	174,562	88,629
Depreciation	26,621	27,138
Loss (gain) on sales of non-current assets	-3,604	-340
Loss (gain) on disposal of non-current assets	3,050	1,448
Impairment loss	322	181
Loss (gain) on sales of investment securities	-206	-139
Loss (gain) on valuation of investment securities	4	12
Increase (decrease) in allowance for doubtful accounts	-16	-1
Increase (decrease) in provision	-3,654	-4,024
Increase (decrease) in provision for special repairs	657	6,635
Increase (decrease) in net defined benefit asset (liability)	-93	-423
Interest and dividend income	-1,078	-2,865
Insurance income	-17	—
Compensation income	-179	-6,670
Interest expenses	3,166	2,358
Foreign exchange losses (gains)	427	-3,012
Share of loss (profit) of entities accounted for using equity method	-3,411	1,992
Decrease (increase) in notes and accounts receivable - trade	-75,889	-37,247
Recovery of recoverable accounts under production sharing	2,243	—
Decrease (increase) in inventories	-138,683	-33,571
Increase (decrease) in notes and accounts payable - trade	96,116	59,142
Decrease (increase) in other current assets	-92,830	-13,676
Increase (decrease) in other current liabilities	12,168	97,801
Increase (decrease) in other non-current liabilities	-827	1,002
Decrease (increase) in investments and other assets	-140	792
Other, net	335	-468
Subtotal	-958	184,691
Interest and dividend income received	1,358	3,565
Interest expenses paid	-3,214	-2,032
Proceeds from insurance income	17	—
Proceeds from compensation	179	6,670
Income taxes paid	-55,115	-27,591
Net cash provided by (used in) operating activities	-57,732	165,302

(Unit : million yen)

	2Q FY2022 (From April 1, 2022 to September 30, 2022)	2Q FY2023 (From April 1, 2023 to September 30, 2023)
Cash flows from investing activities		
Purchase of investment securities	-870	-615
Proceeds from sales and redemption of investment securities	424	1,010
Purchase of property, plant and equipment	-30,132	-30,668
Payments for disposal of property, plant and equipment	-1,182	-2,376
Proceeds from sales of property, plant and equipment	5,211	439
Payments for purchases of intangible assets and long-term prepaid expenses	-3,398	-1,900
Decrease (increase) in short-term loans receivable	-6,247	71
Payments into time deposits	-28,354	-53,719
Proceeds from withdrawal of time deposits	23,118	68,952
Proceeds from withdrawal of investments in silent partnership	105	67
Other, net	112	37
Net cash provided by (used in) investing activities	-41,214	-18,700
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	148,848	-75,713
Repayments of long-term loans payable	-41,077	-7,010
Proceeds from issuance of bonds	—	16,596
Net increase (decrease) in commercial papers	33,200	-37,200
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	-15,942
Purchase of treasury shares	-20,638	-792
Dividends paid	-8,470	-6,627
Dividends paid to non-controlling interests	-3,062	-954
Proceeds from share issuance to non-controlling shareholders	1,230	2,891
Other, net	65	179
Net cash provided by (used in) financing activities	110,093	-124,573
Effect of exchange rate change on cash and cash equivalents	8,719	4,267
Net increase (decrease) in cash and cash equivalents	19,866	26,295
Cash and cash equivalents at beginning of period	48,066	61,825
Cash and cash equivalents at end of period	67,932	88,120

(4) Notes to quarterly consolidated financial statements

(Notes to the 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, etc.)

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

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

(Unit : million yen)

	Petroleum Business	Petrochemical Business	Oil Exploration and Production Business	Renewable Energy Business	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	14,889	-163,712	-
Total	1,207,061	238,143	60,479	4,672	24,948	-163,712	1,371,593
Segment profit (loss)	122,679	7,832	41,115	-142	664	1,661	173,809

Notes:1 The Other segment is composed of businesses that are not included in the reportable segments. It includes construction business and insurance agency business, etc.

2 The 1,661 million yen adjustment of segment profit (loss) includes profit (net sales minus expenses) that has not been allocated to any reportable segment or to the Other segment of 2,802 million yen, eliminated intersegment transactions of 597 million yen, an inventory adjustment of -2,013 million yen, and a non-current asset adjustment of 273 million yen.

3 Segment profits (loss) are adjusted according to ordinary profit recorded in the consolidated quarterly statement of income.

II 2Q FY2023 (From April 1, 2023 to September 30, 2023)

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

(Unit : million yen)

	Petroleum Business	Petrochemical Business	Oil Exploration and Production Business	Renewable Energy Business	Other Note : 1	Adjustments Note : 2	Consolidated Note : 3
Net sales							
Outside customers	1,126,178	148,931	17,734	5,648	9,970	—	1,308,464
Inter-segment	48,073	21,052	38,794	55	16,318	-124,293	—
Total	1,174,251	169,983	56,529	5,704	26,288	-124,293	1,308,464
Segment profit (loss)	48,734	-3,440	33,017	132	1,223	3,397	83,063

Notes:1 The Other segment is composed of businesses that are not included in the reportable segments. It includes construction business and insurance agency business, etc.

2 The 3,397 million yen adjustment of segment profit (loss) includes profit (net sales minus expenses) that has not been allocated to any reportable segment or to the Other segment of 3,243 million yen, eliminated intersegment transactions of -1,031 million yen, an inventory adjustment of 983 million yen, and a non-current asset adjustment of 201 million yen.

3 Segment profits (loss) are adjusted according to ordinary profit recorded in the consolidated quarterly statement of income.

4 Certain consolidated subsidiaries that were classified in "Other" have been classified in the "Petroleum business" segment in the previous fiscal year. Therefore, segment information for the second quarter of FY2022 is prepared based on the classification of reportable segments after the change.

(Significant subsequent events)

None