



August 14, 2020

## Overview of Business Results for the First 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: August 14, 2020 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 First Quarter of Fiscal Year Ending March 2021 (For the period from April 1, 2020 to June 30, 2020)

#### (1) Consolidated operating results (cumulative total)

(Figures in % refer to changes from the same quarter a year earlier)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent for the First Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2020	440,074	-33.1	-28,010	—	-28,328	—	-26,020	—
First Quarter, FY2019	657,969	4.3	16,978	-56.0	20,814	-49.5	14,784	-28.1

Note: Comprehensive income First Quarter, FY2020: -27,975 million yen (—%) First Quarter, FY2019: 14,668 million yen (-39.5%)

	Net income per share for the First Quarter	Diluted net income per share for the First Quarter
	yen sen	yen sen
First Quarter, FY2020	-310.26	—
First Quarter, FY2019	175.63	147.96

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

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
First Quarter, FY2020	1,544,984	325,311	13.3
FY2019	1,639,765	362,839	14.6

[Reference] Net worth First Quarter, FY2020: 204,871 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	—	—	—	—	—
FY2020 (forecast)	—	0.00	—	80.00	80.00

Note: Revision made in the dividend payment forecast as of the end of the current quarter from the previous announcement: No

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

(% indicates change from the corresponding period of FY 2019)

	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	2,040,000	-25.5	34,500	148.3	30,000	84.2	14,500	—	172.53

Note: Revision made in the consolidated business forecast as of the end of the current quarter from the previous announcement: No

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the first quarter : No

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.: No
2. Changes in accounting policies for reasons other than the Item 1: No
3. Changes in accounting estimates: No
4. Restatements: No

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

1. Number of outstanding shares as of 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)

First Quarter , FY2020	84,770,508 shares	FY2019	84,770,508 shares
First Quarter , FY2020	1,079,767 shares	FY2019	725,261 shares
First Quarter , FY2020	83,867,995 shares	First Quarter , FY2019	84,176,648 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 not updated from the previous announcement made on May 21 2020.

It is based on information available as of the published date of this release, and actual results may differ from the forecast subject to various factors that may arise in the future. For details, please refer to the “(3) Explanation Concerning Information regarding Consolidated Business Forecast” of the “1. Qualitative Information about Results for and at the End of the Current Quarter” on Page 2 of the Supporting data.

Supplementary information will be uploaded on the Cosmo Energy Holdings Co., Ltd. website on August 14, 2020.



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 quarter of FY2020 were ¥440.1 billion (down ¥217.9 billion from the same period of FY2019), operating loss ¥28.0 billion (operating profit of ¥17.0 billion in the same period of FY2019), ordinary loss ¥28.3 billion (ordinary profit of ¥20.8 billion in the same period of FY2019) and loss attributable to owners of parent for the period ¥26.0 billion (profit attributable to owners of parent of ¥14.8 billion in the same period of FY2019).

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

- 1) In the petroleum business segment, due to the decline in the sales volume of petroleum products and the decline in crude oil prices from the same period of the previous year, the segment reported net sales of ¥400.9 billion (down ¥202.7 billion from the same period of FY2019) and segment loss was ¥31.7 billion (segment profit of ¥3.4 billion in the same period of FY2019).
- 2) In the petrochemical business segment, due to the decline in the sales volume of petrochemical products and the worsening of product market conditions from the same period of the previous year, the segment reported net sales of ¥49.4 billion (down ¥57.4 billion from the same period FY2019) and segment loss of ¥6.7 billion (segment profit of ¥5.6 billion in the same period of FY2019).
- 3) In the oil exploration and production business segment, due to the decline in the sales prices 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 ¥19.8 billion (down ¥1.9 billion from the same period of FY2019) and segment profit was ¥6.7 billion (down ¥2.5 billion from the same period of FY2019).

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for the Company's financial position on a consolidated basis as of the end of the first quarter of FY2020, total assets as of June 30, 2020 amounted to ¥1,545.0 billion, down ¥94.8 billion from March 31, 2020, the end of FY2019. This was primarily due to the decrease in inventories and trade receivables resulting from the decline in crude oil prices.

Net assets as of June 30, 2020 amounted to ¥325.3 billion with a net worth ratio of 13.3%.

(3) Explanation Concerning Information regarding Consolidated Business Forecast

The consolidated business forecast for the full year of FY2020 is not updated from the previous announcement made on May 21, 2020.

## 2. Consolidated Financial Statements and Their Main Notes

## (1) Consolidated Balance Sheet

(Unit: million yen)

	FY2019 (As of March 31, 2020)	1Q FY2020 (As of June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	52,992	74,551
Notes and accounts receivable - trade	214,719	144,856
Merchandise and finished goods	145,573	106,334
Work in process	380	741
Raw materials and supplies	88,312	82,818
Other	70,765	58,495
Allowance for doubtful accounts	-124	-80
Total current assets	572,619	467,717
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	245,682	243,712
Machinery, equipment and vehicles, net	195,478	195,614
Land	316,908	315,395
Other, net	95,594	103,997
Total property, plant and equipment	853,663	858,719
Intangible assets	41,991	42,045
Investments and other assets		
Investment securities	119,071	119,263
Other	52,633	57,477
Allowance for doubtful accounts	-464	-453
Total investments and other assets	171,239	176,288
Total non-current assets	1,066,895	1,077,053
Deferred assets		
Bond issuance cost	250	212
Total deferred assets	250	212
Total assets	1,639,765	1,544,984

(Unit: million yen)

	FY2019 (As of March 31, 2020)	1Q FY2020 (As of June 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	233,520	127,531
Short-term loans payable	135,026	197,742
Current portion of bonds	26,000	26,000
Commercial papers	86,000	110,000
Accounts payable - other	188,622	152,918
Income taxes payable	7,540	2,402
Provision	8,404	3,836
Other	20,966	27,004
Total current liabilities	706,080	647,435
Non-current liabilities		
Bonds payable	20,700	20,700
Convertible bond-type bonds with share acquisition rights	60,000	60,000
Long-term loans payable	353,583	353,644
Provision for special repairs	29,220	31,458
Other provision	2,325	2,198
Net defined benefit liability	7,400	7,374
Asset retirement obligations	22,632	22,686
Other	74,983	74,174
Total non-current liabilities	570,845	572,237
Total liabilities	1,276,925	1,219,672
<b>Net assets</b>		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	82,843	82,843
Retained earnings	132,755	99,953
Treasury shares	-1,382	-2,018
Total shareholders' equity	254,217	220,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,424	2,869
Deferred gains or losses on hedges	373	255
Revaluation reserve for land	-21,020	-21,020
Foreign currency translation adjustment	5,778	3,941
Remeasurements of defined benefit plans	-1,981	-1,953
Total accumulated other comprehensive income	-14,425	-15,906
Non-controlling interests	123,047	120,439
Total net assets	362,839	325,311
Total liabilities and net assets	1,639,765	1,544,984

(2) Consolidated Statements of Income and Comprehensive Income  
 (Consolidated Statements of Income)  
 (Consolidated the First Three Months of FY2020 Statements of Income)

(Unit: million yen)

	1Q FY2019 (From April 1, 2019 to June 30, 2019)	1Q FY2020 (From April 1, 2020 to June 30, 2020)
Net sales	657,969	440,074
Cost of sales	608,462	436,960
Gross profit	49,507	3,114
Selling, general and administrative expenses	32,529	31,124
Operating profit (loss)	16,978	-28,010
Non-operating income		
Interest income	206	175
Dividend income	467	459
Share of profit of entities accounted for using equity method	4,444	683
Foreign exchange gains	1,026	164
Other	841	898
Total non-operating income	6,985	2,380
Non-operating expenses		
Interest expenses	2,430	1,894
Other	718	803
Total non-operating expenses	3,148	2,698
Ordinary profit (loss)	20,814	-28,328
Extraordinary income		
Gain on sales of non-current assets	4	1,017
Gain on sales of investment securities	213	464
Compensation income	7,826	—
Other	23	211
Total extraordinary income	8,066	1,693
Extraordinary losses		
Loss on disposal of non-current assets	325	914
Impairment loss	56	1
Loss on valuation of investment securities	62	—
Other	0	117
Total extraordinary losses	446	1,033
Profit (loss) before income taxes	28,435	-27,667
Income taxes	11,754	-1,330
Profit (loss)	16,680	-26,337
Profit (loss) attributable to non-controlling interests	1,896	-316
Profit (loss) attributable to owners of parent	14,784	-26,020

## (Consolidated Statements of Comprehensive Income)

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

(Unit : million yen)

	1Q FY2019 (From April 1, 2019 to June 30, 2019)	1Q FY2020 (From April 1, 2020 to June 30, 2020)
Profit (loss)	16,680	-26,337
Other comprehensive income		
Valuation difference on available-for-sale securities	-818	511
Deferred gains or losses on hedges	-422	-374
Foreign currency translation adjustment	-255	-102
Remeasurements of defined benefit plans, net of tax	-99	31
Share of other comprehensive income of entities accounted for using equity method	-415	-1,704
Total other comprehensive income	-2,012	-1,638
Comprehensive income	14,668	-27,975
(Breakdown)		
Comprehensive income attributable to owners of the parent	13,226	-27,502
Comprehensive income attributable to non-controlling interests	1,441	-473



(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 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.

(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 first 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 1Q FY2019 (From April 1, 2019 to June 30, 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	548,140	93,918	9,194	6,716	—	657,969
Inter-segment	55,477	12,911	12,457	8,186	-89,032	—
Total	603,618	106,829	21,651	14,903	-89,032	657,969
Segment profit	3,373	5,570	9,161	1,197	1,512	20,814

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

2 Segment profit in “Adjustments” 1,512 million yen includes 1,314 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, -59 million yen for internal eliminations, 362 million yen for inventory adjustments, and -105 million yen for adjustment of fixed assets.

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

## II 1Q FY2020 (From April 1, 2020 to June 30, 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	380,037	45,602	7,598	6,836	—	440,074
Inter-segment	20,893	3,751	12,205	9,360	-46,211	—
Total	400,931	49,353	19,803	16,196	-46,211	440,074
Segment profit (loss)	-31,657	-6,684	6,687	1,266	2,059	-28,328

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” 2,059 million yen includes 1,304 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, 168 million yen for internal eliminations, 656 million yen for inventory adjustments, and -69 million yen for adjustment of fixed assets.

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

## (Significant Subsequent Events)

None