

◆ Cosmo Energy Holdings (5021)

First Quarter of Fiscal 2018

- Financial Results Explanatory Meeting for Analysts and Investors – Summary of Q&A

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— This material contains descriptions regarding future prospects. Notes are provided at the end of this material —

1. Date and time : August 10, 2018 (Fri) 10:00 a.m. - 10:40 a.m.
2. Attendees : 62 persons
3. Main questions and answers

<Petroleum business>

Q1: The recent margins for July and August is falling, mainly in gasoline. Please provide information about your views on the current market and the outlook.

A1: Entering 2Q, the crude oil price rose in April to June and thus the margin was squeezed due to the balance with costs. Compared with the year-ago period, the recent situation has improved slightly. Looking at the trend in the margin, given the industry environment, the environment is expected to remain favorable. On the other hand, if the crude oil price comes under stronger upward pressure, the margin may be squeezed. However, although there are problems with Iran and Venezuela, considering that those problems have already been factored in by the market, it is difficult to see that any rise in upward pressure on the crude oil price such that it will hit 80.0\$/bbl in the immediate future. We therefore consider that it will be possible to maintain the current margin for the time being.

Q2: Intense heat has continued. Is there any significant change in relation to demand trends?

A2: There has been no change in relation to the demand. With respect to the sales volume in 1Q, as stated on page 10 of the briefing materials, the result of the four items in total was 99.4%. It exceeded the full-year plan for FY2018 (96.5%). The performance was steady.

Q3: I understand that Chiba JV began operation from July. Please provide information about the image of synergies to be created each quarter.

A3: There will be no seasonal changes in the effects of Chiba JV. Both companies together set the annual target of 10 billion yen. Operations began in July and thus the image is that synergies will be created almost monthly.

Q4: What is the impact of regular maintenance of the Oil E&P business?

A4: With respect to the impact of the petroleum business, of the expenses/others of 8.4 billion yen, the major impact is the burden of expenses due to the regular maintenance of Chiba. In addition, there was an increase in imports due to reduced operation. In the petrochemical business, the quantitative factor of 2.4 billion yen was the main burden from regular

maintenance.

<Oil E&P business>

Q5: There is data showing that the qualitative factor of the Oil E&P business is 3.8 billion yen.

Please provide information about the trends in production volume by oil field.

A5: With respect to the Hail Oil Field, the results were as planned. However, because of a fall in production at existing oil fields due to failures of some ESP and differences in the time of sales, the increase in income was 3.8 billion yen.

Q6: As of August, is there a prospect of recovery in relation to the failures of ESP?

A6: As of August, the situation is that the production volume is recovering. With initiatives for recovery, we suppose that a rebound from the production falls due to the failures of ESP by 2Q is possible.

<Wind power generation business>

Q7: Regarding the progress of the offshore wind power generation business

A7: With respect to our full-scale entry into the offshore wind power generation business, a decision has already been made in the medium-term plan. The process for inviting power supply connections in the Tohoku area has begun and establishment of laws in relation to exclusive use of the open sea has made progress. The business environment is being improved. Beginning with the Akita offshore project, which is a minor investment, we are moving forward with participation in multiple large-scale projects.

<Return to shareholders>

Q8: At other primary refineries in Japan, strengthening returns to shareholders is remarkable. If the policy of Cosmo regarding the allocation of returns to shareholders and improving your financial structure has been clarified internally, please provide information about it.

A8: We have heard comments about the positive stance of other companies toward returns to shareholders and the low dividend payout ratio of our company. Other shareholders/investors have meanwhile expressed approval of our policy of placing priority on improving the financial structure of our company. In relation to recognition of the policy for returns to shareholders of our company, we have the impression of bipolarization. At the present time, we believe that improving our financial structure will best maximize the interests of shareholders. With respect to our share price, because a risk premium is added to the cost of capital (worsening of the financial structure), among other factor, volatility is higher than with other companies. We seek to maximize shareholder interests by achieving more robust capital and lowering the risk premium. Meanwhile, as for the level at which we judge that our financial structure is improved, we place importance on net DER. However, we will make a comprehensive judgment, considering capital adequacy ratio and other indexes at that time.

Q9: Hearing the answer to Q8, it sounds as if you will review the existing benchmark for returns to shareholders if the level falls below 2 times net DER.

A9: A fall below 2 times net DER is a major factor in deciding the dividend level. This is a shared understanding internally. However, returns to shareholders will not be decided based on this index alone, but rather in light of the business risk and the status of other financial indicators at that time.

End

This Q&A contains forward-looking statements about the plans, strategies and performance of Cosmo Energy Group. These statements include assumptions and judgments that are based on information currently available to us. As such, the actual results may differ from those mentioned herein, due to various factors in the external environment.