

Cosmo Energy Holdings Co., Ltd. Second Quarter of Fiscal 2020

November 12, 2020

- ✓ Influence of the COVID-19 Pandemic
- ✓ Progress of the 6th Consolidated Medium-Term Management Plan
- ✓ Environment Surrounding the Wind Power Generation Industry and Measures Taken by the Company

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- ✓ 2Q FY2020 Results
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While the COVID-19 pandemic has not affected operations and business continuity, decline in the prices of crude oil and various products will have a negative impact on this fiscal year's results.

However, the Company expects to achieve some degree of profit.

Various measures under the medium-term management plan are being steadily implemented. With the crude oil price at its current level (40 \$/B), net profit looks set to increase. The Company is still aiming to achieve its targets.

The Company will promote wind power generation as a new business that will lead the next growth stage, with the aim of becoming a leading company in offshore wind power generation.

Influence of the COVID-19 Pandemic

Influence on Business Continuity and Operations

- ✓ The Group implemented rigorous crisis management in accordance with the Group Crisis Management Regulations. At present, business continuity, including operation of refineries, has not been affected.
- ✓ Regular maintenance at Chiba Refinery and Yokkaichi Refinery were completed as planned.

Influence on the Market and Demand

【Crude oil (DUBAI)】

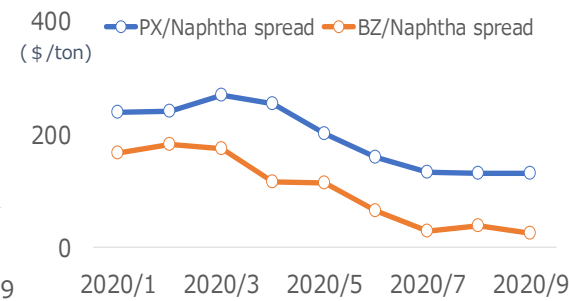
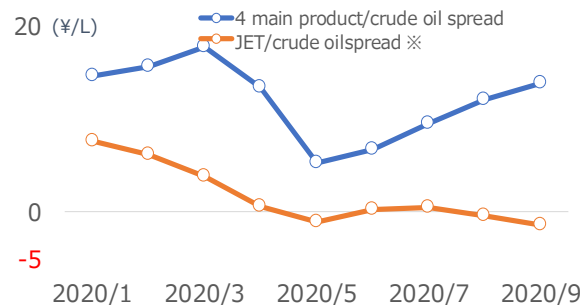
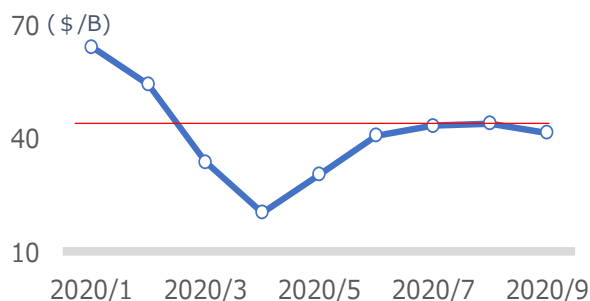
- ✓ Price recovered from May onwards mainly due to OPEC+ output cuts
- ✓ However, actual demand was still weak, and price hovered around 40\$/B

【Petroleum products】

- ✓ Domestic four-item market remains stable, national demand for gasoline is 90% year-on-year in the first half.
- ✓ JET market conditions deteriorated significantly, and national demand was slow to recover, stagnating at 40% year-on-year in the first half.

【Petrochemical products】

- ✓ Aromatics market conditions worsened considerably, especially PX and BZ prices.
- ✓ The supply-demand imbalance caused by new facilities coming onstream worsened.



※ Singapore market price: Dubai crude futures spread in dollars

Influence on Earnings

- ✓ The negative impact of the COVID-19 pandemic on earnings is estimated at around -45.0 billion yen in H1 FY2020 and around -72.0 billion in FY2020. Despite the severe impact of the pandemic, in its full-year earnings forecast, the Company expects to achieve ordinary profit including the inventory impact of 27.0 billion yen and profit attributable to owners of parent of 8.5 billion yen.

Progress of the 6th Consolidated Medium-term Management Plan

Medium-term Management Plan Progress of Structural Reforms **COSMO**

- ✓ Various structural improvement measures under the medium-term management plan are steadily being implemented.
- ✓ The Company will continue strengthening earning power focusing on the oil refining & sale business and promoting new businesses focusing on the renewable energy business.

	FY2018	FY2019	FY2020	FY2021	FY2022	Current main topics		
	Improvement in FY2022 vs 2017 (excl. impact of market condition)					Segment	Time	Contents
Oil Refining and Sales	Utilizing Chiba Refinery Pipeline					Renewable energy	Feb 2020	Started construction of offshore wind power generation facilities near Akita Port and Noshiro Port
	Safe and stable operation, improve utilization rate (Regular maintenance reduction · Chiba Refinery 4 year's operation), Synergy creation with petrochemical					Oil Refining and sales	Apr 2020	Started supply of 3 million KL/year to Kygnus Sekiyu
	Achieve no heavy fuel oil production (response to IMO)					Oil Refining and sales	Jun 2020	Cumulative total of Cosmo My Car Lease contracts topped 75,000 units
	Start Supply to Kygnus Sekiyu K.K.					Petrochemical	Jul 2020	Completed construction to enhance PX production capacities at HCP
Oil E&P	Expansion of vehicle life business					Renewable energy	Jul 2020	Offshore wind power generation area of Yurihonjo was designated as a promotional area
	Stable production in existing and the Hail Oil Fields · OPEX reduction					Renewable energy	Jul 2020	Offshore wind power generation area northwest of Aomori was designated as an area of high potential
Petrochemical	Enhance competitiveness of basic petrochemical product, Pursue synergy with refinery					Renewable energy	Aug 2020	Offshore wind power generation area at central sea area of Akita designated as area where projects have advanced to a certain stage of preparation
	Start C9 petroleum resin business					Renewable energy	Aug 2020	Started construction of onshore wind power generation facilities at Kamiyuchi
Renewable energy	Expand onshore wind farms (Power generation capacity 230,000kW → 400,000kW)					Petroleum refining and marketing	Sep 2020	Car Life Square app downloaded more than 2.5 million times
	Develop offshore wind farms → Start offshore wind power site project					Petroleum refining and marketing	Oct 2020	Completed construction to increase production of low-sulfur C fuel oil at Chiba Refinery
New area	Deepen alliances with MIC, Hyundai Oilbank, and CEPESA					Petroleum refining and marketing	Nov 2020	Scheduled to complete construction to increase production of low-sulfur C fuel oil at Yokkaichi Refinery
	Sow the seed to new business					Petrochemical	Dec 2020	Scheduled to complete hydrogenated petroleum resin production equipment at Chiba Arkon
						Renewable energy	1H FY2021	Scheduled start of commercial operation of onshore wind power generation site at Chuki

Medium-term Management Plan Changes in the Business Environment and Impact on Earnings

- ✓ Factors that will impact profits both negatively and positively have emerged since formulation of the medium-term management plan.
- ✓ Though some risks such as the long-term impact of the COVID-19 pandemic are impossible to predict, the Company expects net profit to increase.

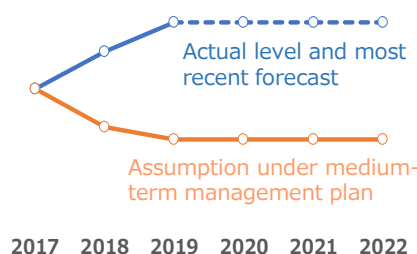
Details

Impact on ordinary profit

Impact on net profit

- 【Stable petroleum product market conditions】
- ✓ Petroleum product market conditions were expected to gradually deteriorate at the time the medium-term management plan was formulated but have remained at an adequate level.

4 main products/crude oil spread



Significantly UP



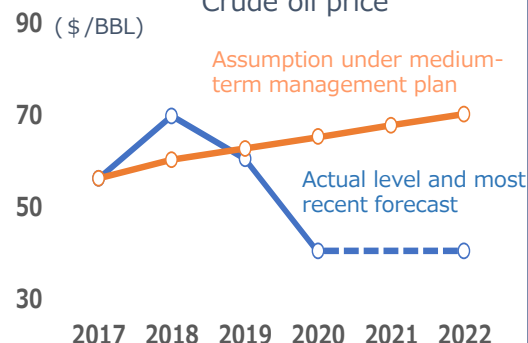
Significantly UP



【Falling crude oil price】

- ✓ Crude oil price was expected to rise at the time the medium-term management plan was formulated but is recently stagnating at a low level.

Crude oil price



Significantly DOWN



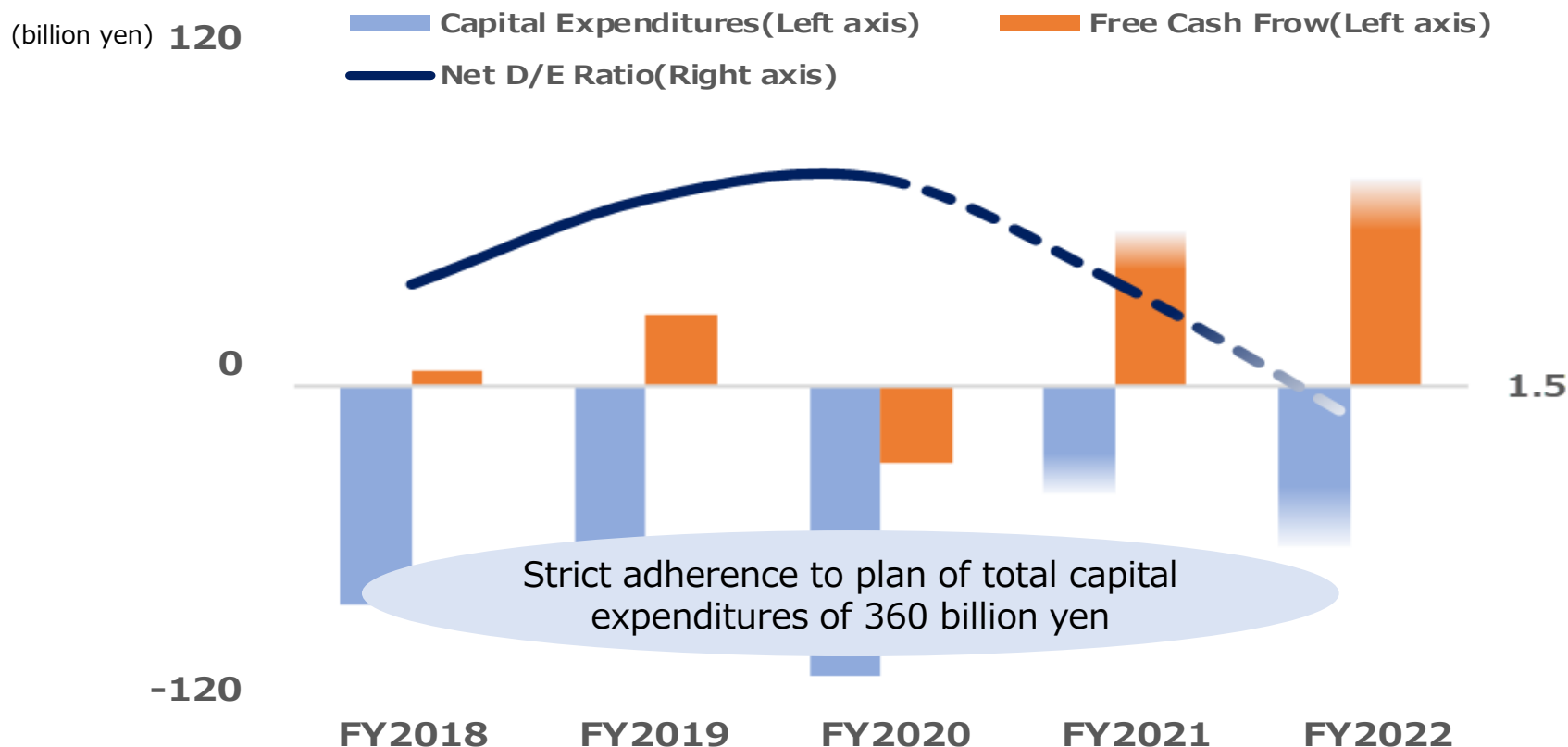
DOWN



Medium-term Management Plan Outlook for Capital Expenditures and Financial Position

- ✓ The Company will strictly adhere to its plan of total capital expenditure of 360 billion yen despite factors pushing up investment such as investment in the second phase of development at Hail Oil Field.
- ✓ There will be more investment in the first 3 fiscal years of the plan, reflecting factors such as regular maintenance of refineries and the sale of assets, and less in the last 2 years, with capital expenditures expected to be on a scale commensurate with depreciation and amortization expense.
- ✓ The net debt to equity is expected to reach the medium-term management plan target, partly due to the factor pushing up profit attributable to owners of parent described earlier.

Outlook for Capital Expenditures and Financial Position

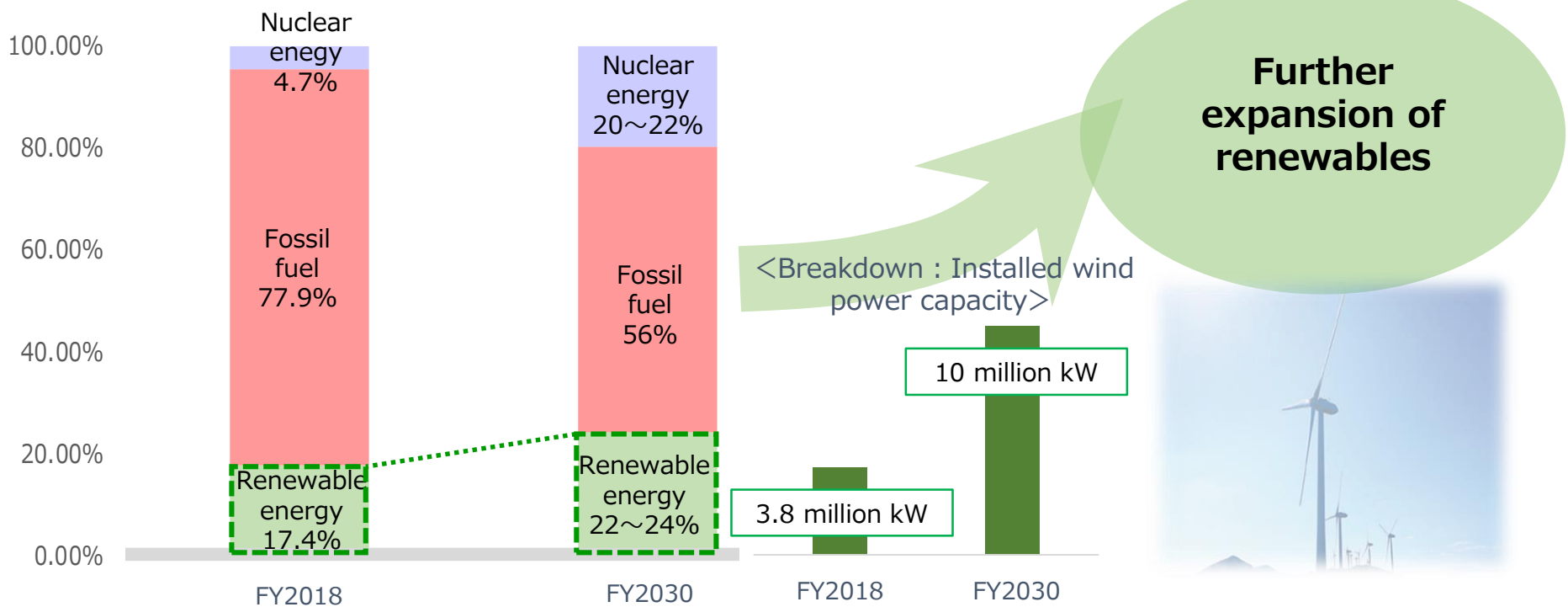


Environment Surrounding the Wind Power Generation Business and Measures Taken by the Company

Environment Surrounding the Wind Power Generation Business

- ✓ Japan has set clear goal of achieving carbon neutrality by 2050.
- ✓ Under the Fifth Energy Basic Plan, further expansion of renewables is expected.
- ✓ Wind power generation, in particular, has huge potential, which will work in the Company's favor.

Optimal Energy Mix by 2030 under Fifth Energy Basic Plan

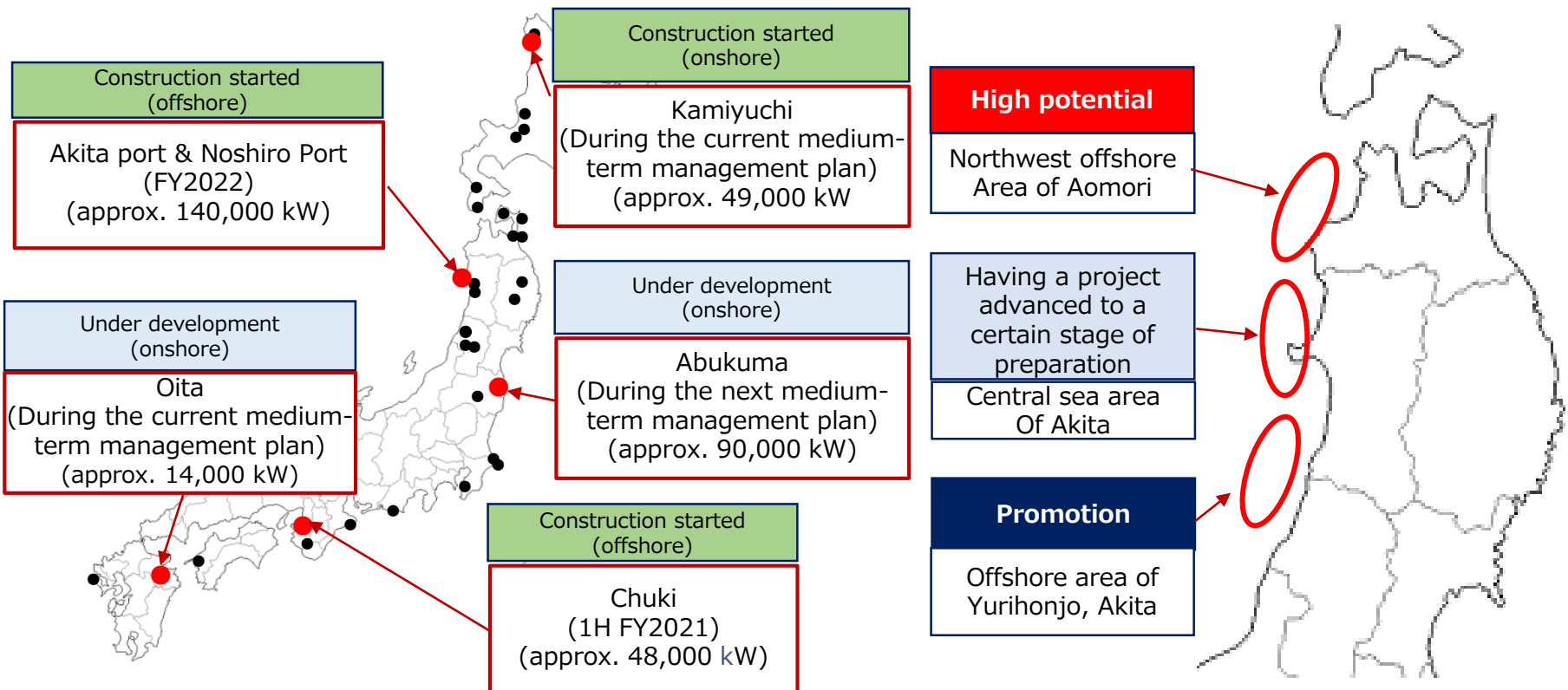


Progress of Wind Power Generation Business

- ✓ The Company currently has 263,000kW of onshore wind power generation capacity (market share of around 7%).
- ✓ Construction and development is currently in progress at 4 onshore sites and 1 offshore site.
- ✓ The Company is also currently participating in projects in a total of three sites in general sea areas: one promotion area, one promising area, and one area considered to have progressed to a certain level of preparations for starting projects.

Wind power generation sites currently under construction/development

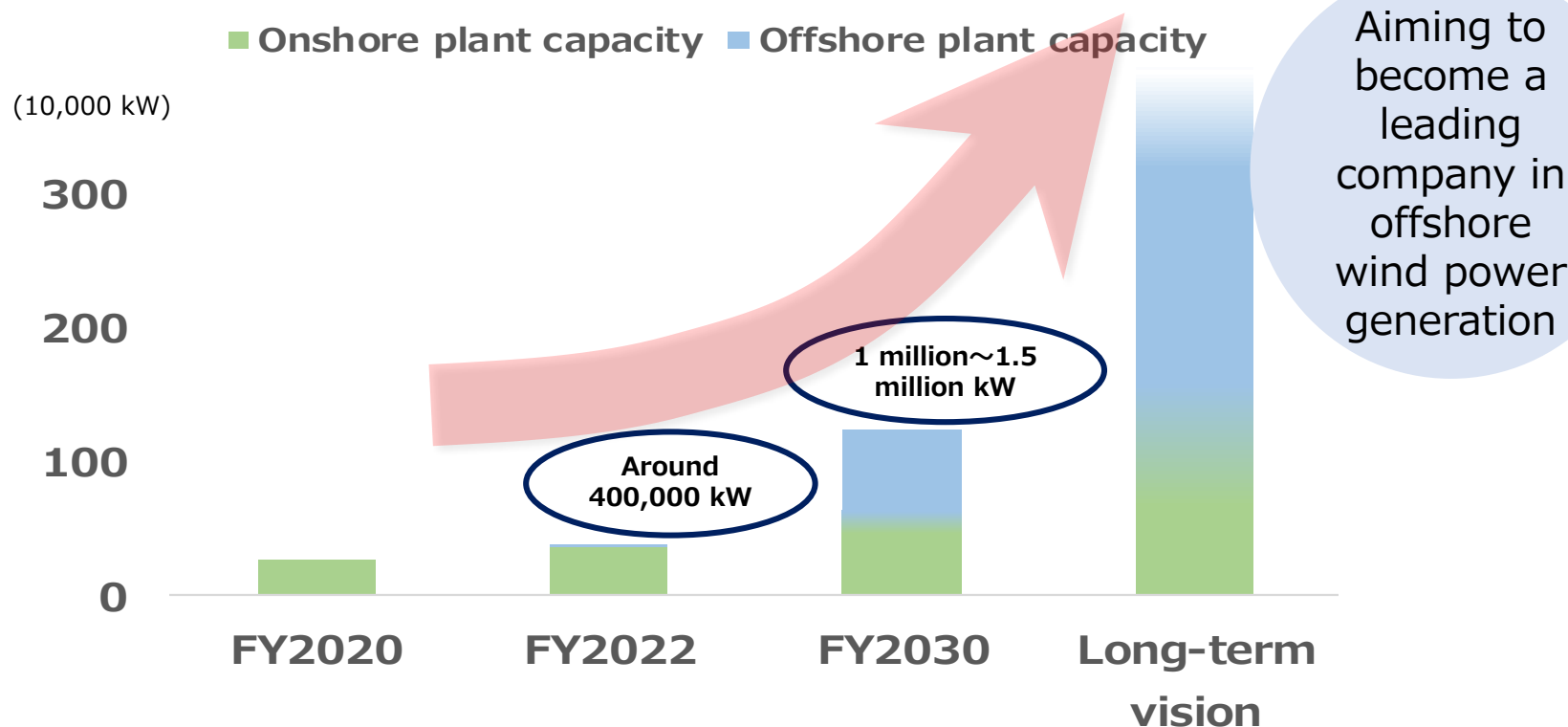
Offshore wind power projects the Group is currently participating in (general seas areas)



Future Direction of Wind Power Generation Business

- ✓ As offshore development becomes the main battleground for future development, the Company is already participating in a number of projects. By FY2030, the Company aims to increase its offshore wind power generation capacity to more than 600,000 kW and its total wind power generation capacity including onshore to 1 million kW.
- ✓ The Company is examining participation in multiple new projects for long-term growth, with the aim of becoming a leading company in the offshore wind power generation business.

Installed Wind Power Generation Capacity



* Installed capacity is capacity commensurate with the Company's investment.

2Q FY2020 Results

- ✓ Consolidated ordinary profit excluding the inventory impact was ¥19.1 billion (down ¥16.9 billion year on year), the inventory valuation impact was ¥-12.6 billion, and consequently consolidated ordinary profit stood at ¥6.5 billion (down ¥22.7 billion year on year), with net profit of ¥-0.9 billion (down ¥15.8 billion year on year).
- ✓ The impact of the COVID-19 pandemic on H1 results is estimated at around ¥-45.0 billion, reflecting the falling crude oil price, deterioration in petrochemical market conditions, lower JET fuel prices and decline in demand for the major products in Japan.
- ✓ However, expanded supply of low sulfur C fuel oil in response to tighter IMO regulations steadily proved effective, with H1 profit up by ¥3.4 billion.

【Petroleum business】

- ✓ Profit increased because of improvement in product market conditions in Japan, an increase in sales volume of four major products attributable to expanded supply to Kygnus Sekiyu, and improvement in fuel consumption, offsetting deterioration in earnings caused by lower JET fuel prices due to the spread of COVID-19
⇒ Ordinary profit excluding the inventory impact was ¥17.7 billion (up ¥12.8 billion year on year)

【Petrochemical business】

- ✓ Profit decreased due to the deterioration of paraxylene market conditions and a decrease in volume associated with regular maintenance of Maruzen Petrochemical during first quarter.
⇒ Ordinary profit: ¥-8.8 billion (down ¥15.4 billion year on year)

【Oil exploration and production business】

- ✓ Profit decreased affected by the decline in crude oil prices
⇒ Ordinary profit: ¥4.5 billion (down ¥15.1 billion year on year)

【Other business】

- ✓ Profit increased because of consolidated accounting and other factors
⇒ Ordinary profit: ¥5.7 billion (up ¥0.8 billion year on year)

Unit: billion yen

No.	Item	FY2020 (Apr.-Sep.2020)	FY2019 (Apr.-Sep.2019)	Changes
1	Net sales	969.4	1,321.5	-352.1
2	Operating profit	8.7	26.2	-17.5
3	Non-operating income/expenses, net	-2.2	3.0	-5.2
4	Ordinary profit	6.5	29.2	-22.7
5	Extraordinary income/losses, net	-0.8	8.6	-9.4
6	Income taxes	7.3	18.2	-10.9
7	Profit attributable to non-controlling interests	-0.7	4.7	-5.4
8	Profit attributable to owners of parent	-0.9	14.9	-15.8
9	Impact of inventory valuation	-12.6	-6.8	-5.8
10	Ordinary profit excluding the impact of inventory valuation	19.1	36.0	-16.9
11	Dubai crude oil price (USD/B) (Apr.-Sep.)	37	64	-27
12	JPY/USD exchange rate (yen/USD)(Apr.- Sep.)	107	109	-2
【Reference】				
13	Dubai crude oil price (USD/B) (Jan.-Jun.)	41	65	-24
14	JPY/USD exchange rate (yen/USD)(Jan.- Jun.)	108	110	-2

[2Q FY2020 Results] Outline of Consolidated Ordinary Profit by business segment
 – Changes from 2Q FY2019



Unit : billion yen

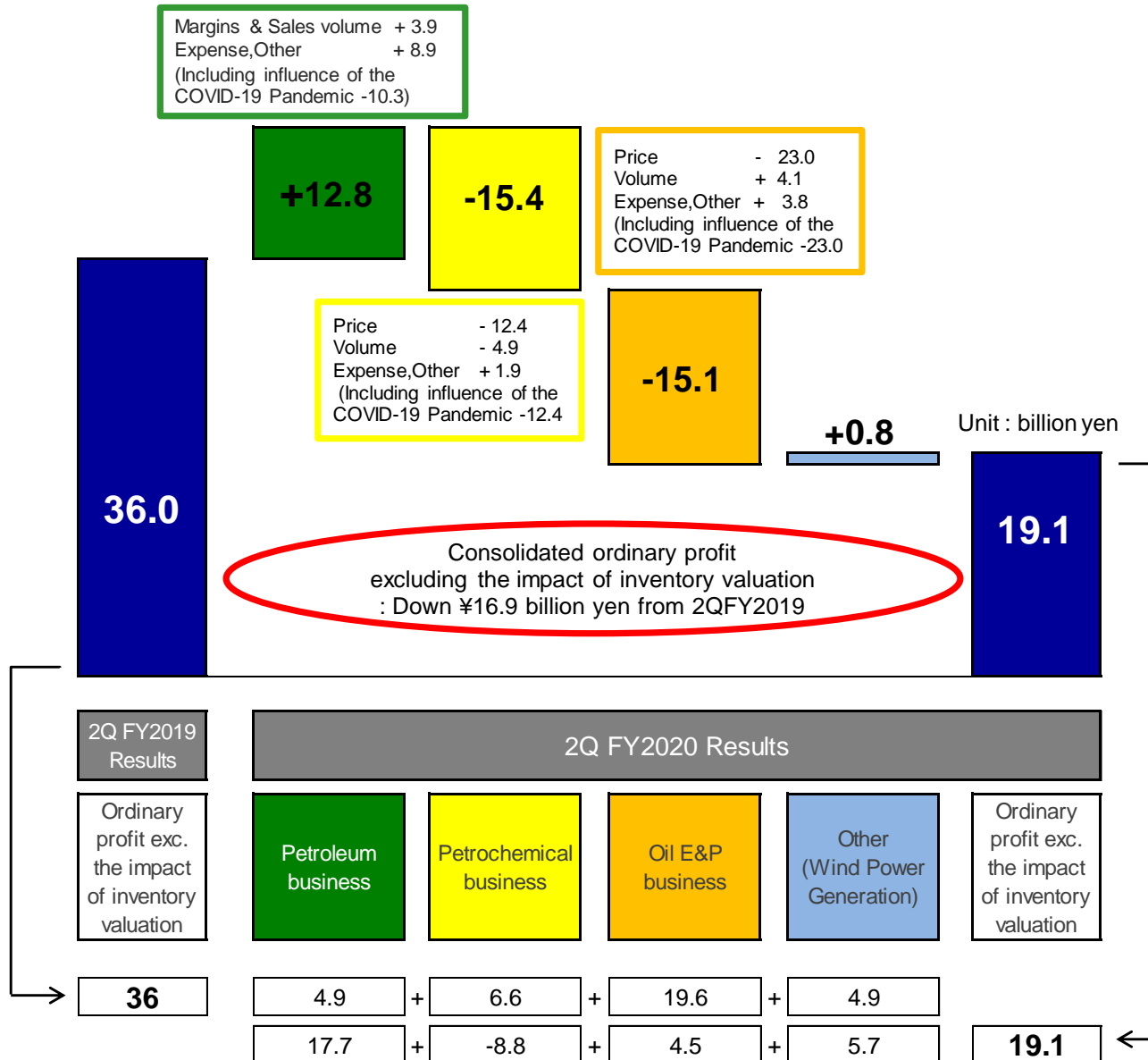
No	FY2020 (Apr.-Sep.2020)		FY2019 (Apr.-Sep.2019)		Changes			
	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation		
1	Total		6.5	19.1	29.2	36.0	-22.7	-16.9
2	(Each segment)	Petroleum business	5.1	17.7	-1.9	4.9	7.0	12.8
3		Petrochemical business	-8.8		6.6		-15.4	
4		Oil E&P business (*1)	4.5		19.6		-15.1	
5		Other (*2)	5.7		4.9		0.8	

(*1) The Accounting period of three operators(Abu Dhabi Oil Company, Qatar Petroleum Development and United Petroleum Development) is December.

(*2) Including consolidated adjustment

[2Q FY2020 Results] Consolidated Ordinary Profit (Excluding the impact of inventory valuation)

- Analysis of Changes from 2Q FY2019



Consolidated Balance Sheets

Unit: billion yen

No		FY 2020 (Apr.-Sep.2020)	FY 2019 (Apr.-Sep.2019)
1	Cash flows from operating activities	38.1	36.3
2	Cash flows from investing activities	-50.6	-40.3
3	Free cash flow (1+2)	-12.5	-4.0
4	Cash flows from financing activities	22.7	22.5
5	Cash and cash equivalents at end of the period	52.1	58.5

Unit: billion yen

No		FY2020 (As of Sep.30, '20)	FY2019 (As of Mar. 31, '20)	Changes
1	Total Assets	1,604.3	1,639.8	-35.5
2	Net assets	349.4	362.8	-13.4
3	Net worth	229.7	239.8	-10.1
4	Net worth ratio	14.3%	14.6%	-0.3%
5	Net interest-bearing debt *1	647.3	628.3	19.0
6	Net Debt Equity Ratio (times) (after partially accounting for Hybrid Loan) *2	2.58	2.41	Down 0.17 points

*1 Total interest-bearing debts net of cash and deposits etc. as of the end of the period

*2 Calculated on the basis that 50% of 30 billion yen Hybrid Loan made on 31 March 2020 is included into Equity

Capital Expenditures, Depreciation, etc.

Unit: billion yen

No.		2Q FY2020 Results	Change from 2Q FY2019
1	Capital expenditures	39.8	8.6
2	Depreciation expense amount, etc	28.0	-2.0

Capital Expenditures by Business Segment

Unit: billion yen

No.		2Q FY2020 Results	2Q FY2019 Results	Changes
1	Petroleum	19.1	13.6	5.5
2	Petrochemical	14.1	7.3	6.8
3	Oil E&P	3.5	6.5	-3.0
4	Other	5.1	3.0	2.1
5	Adjustment	-2.0	0.8	-2.8
6	Total	39.8	31.2	8.6
7	Investment securities, etc*	5.6	1.9	3.7

*Investment securities, etc. are included in the net investment amount of ¥ 360.0 billion in the 6th mid-term plan (from FY2018 to FY2022).

Forecast for FY2020 Performance

Revisions to the forecast

- ✓ The crude oil price recovered to the 40\$/B level from June onwards and is expected to remain at the recent level
- ✓ However, the crude oil price received by the Company is expected to be lower than previously announced due mainly to Saudi Arabia's price adjustment, freights and other factors, and the inventory valuation loss which arose in first quarter is expected to remain to some degree.
- ✓ Based on a Dubai crude oil price assumption of 40\$/B for H2 and 38\$/B for FY2020 and a USD/JPY rate assumption of 105 ¥/\$ for H2 and 106 ¥/\$ for FY2020, the Company revised its forecasts for FY2020 to consolidated ordinary profit of ¥27.0 billion, consolidated operation profit excluding inventory impact of ¥42.0 billion, and net income of ¥8.5 billion.

Unit : billion yen

No		FY2020 Forecast		FY2020 Previous Announcement		Changes		
		Ordinary profit	Ordinary profit exc. the impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the impact of Inventory valuation	
1	Total	27.0	42.0	30.0	30.0	-3.0	12.0	
2	(Each segment)	Petroleum business	16.0	31.0	27.0	27.0	-11.0	4.0
3		Petrochemical business	-12.5		-2.5		-10.0	
4		Oil E&P business (*1)	11.0		-4.0		15.0	
5		Other (*2)	12.5		9.5		3.0	
6	The impact of inventory valuation	-15.0		-		-15.0		
7	Profit attributable to owners of parent	8.5		14.5		-6.0		
8	Dividend per Share (Plan) (yen)	¥80		¥80		-		

(*1) The Accounting period of three operators (Abu Dhabi Oil Company, Qatar Petroleum Development and United Petroleum Development) is December.

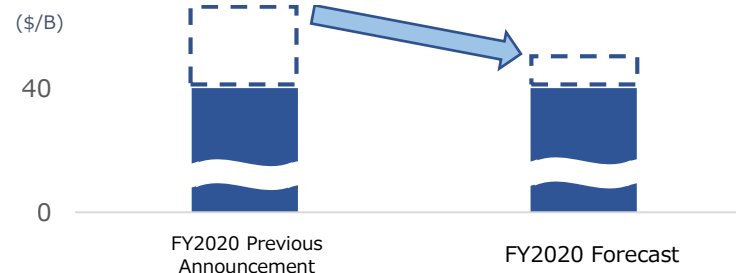
(*2) Including consolidated adjustment

■ Precondition

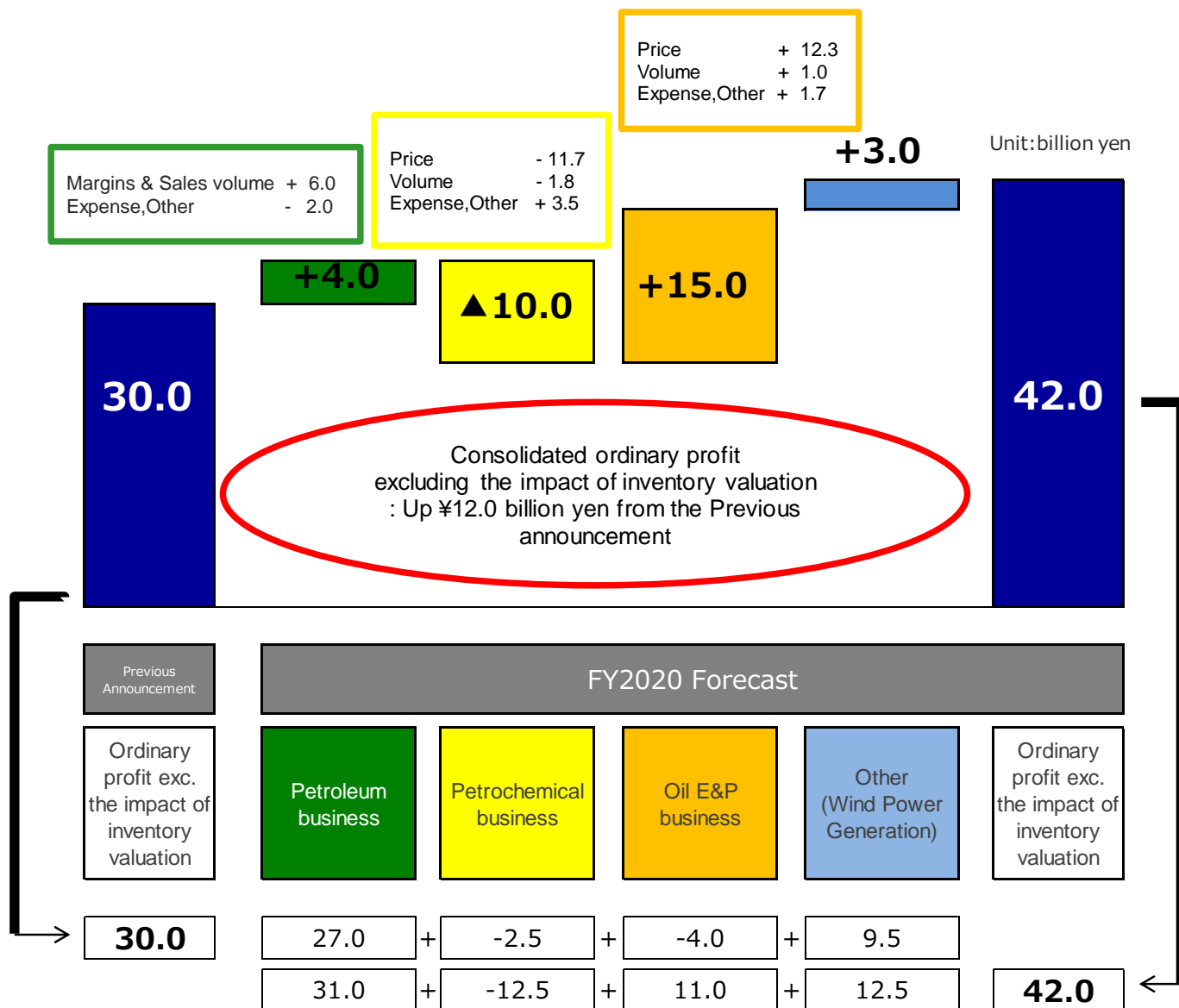
No.		FY2020 Forecast	FY2020 Previous Announcement	Changes
9	Dubai crude oil price (USD/B) (Apr.-Mar.)	38	29	9
10	JPY/USD exchange rate (Apr.-Mar.)	106	105	1
11	Dubai crude oil price (USD/B) (Jan.-Dec.)	41	31	10
12	JPY/USD exchange rate (Jan.-Dec.)	107	106	1

For reference: Assumption for crude oil price received in March FY2020

Forecast announced in May was based on crude oil price assumption such as several dollars of Saudi price adjustment and freight rates, etc.



[FY2020 Full-Year Forecast] Consolidated Ordinary Profit (Excluding the impact of inventory valuation) Analysis of Changes from the Previous Announcement



[FY2020 Forecast] Outline of Consolidated Capital Expenditures of Changes from the Previous Announcement



Capital Expenditures, Depreciation, etc.

Unit: billion yen

No.		FY2020 Forecast	Changes
1	Capital expenditures	95.0	-3.5
2	Depreciation expense amount, etc	58.0	0.4

Capital Expenditures by Business Segment

Unit: billion yen

No.		FY2020 Forecast	FY2020 Previous Announcement	Changes
1	Petroleum	49.9	51.7	-1.8
2	Petrochemical	22.9	23.7	-0.8
3	Oil E&P	12.2	14.5	-2.3
4	Other	9.4	8.0	1.4
5	Adjustment	0.6	0.6	0.0
6	Total	95.0	98.5	-3.5
7	Investment securities, etc*	8.6	9.0	-0.4

*Investment securities, etc. are included in the net investment amount of ¥ 360.0 billion in the 6th mid-term plan (from FY2018 to FY2022).

Supplementary Information

P.26-34 [2Q FY2020 Results] Supplementary Information

- Sales Volume, CDU Operating Ratios
- Crude Oil Production Volume, Crude Reserves Estimate (Proved and Probable)
- Results by Business Segment - Changes from 2Q FY2019
- Main data of each business
- Historical Changes in Dubai Crude Oil Price
- Gasoline Export and Margin Environment
- Diesel Fuel Export and Margin Environment
- Market Condition of Benzene Products and Aromatic Products

P.36-39 Forecast for FY2020 Performance(Change from FY2019)

- Highlights of Consolidated Business Outlook (Changes from FY2019), Precondition and Business Sensitivity
- Consolidated Ordinary profit (Excluding the impact of inventory valuation)- Analysis of Changes from FY2019
- Outline of Consolidated Capital Expenditures
- Outlook by Business Segment, Changes from FY2019

P.41-50 Overview of the Cosmo Energy Group (Business Outline)

- Oil E&P Business , Petroleum Business, Petrochemical Business, Wind Power Generation Business

P.51 Subordinated loan (Announced on March 31,2020)

P.52-54 Zero Coupon Convertible Bonds due 2022 (being bonds with stock acquisition rights) (Announced on December 20,2018)

Supplementary Information of 2Q FY2020 Results

[2Q FY2020 Results] Sales Volume, CDU Operating Ratios

Unit: thousand KL

No.			2Q FY2020 Results	2Q FY2019 Results	Changes	FY2020 Forecast	FY2020 forecast changes from FY2019
1	Selling volume in Japan	Gasoline	3,291	3,022	108.9%	6,593	104.7%
2		Kerosene	526	487	108.0%	2,141	108.8%
3		Diesel fuel	2,543	2,431	104.6%	5,074	101.4%
4		Heavy fuel oil A	739	673	109.9%	1,649	107.0%
5		Sub-Total	7,099	6,613	107.3%	15,457	104.4%
6		Naphtha	2,607	3,013	86.5%	6,284	102.8%
7		Jet fuel	119	241	49.4%	307	59.7%
8		Heavy fuel oil C	330	410	80.6%	710	91.1%
9		Total	10,155	10,277	98.8%	22,758	102.4%
10	Export volume	Middle distillates Export	93	198	46.9%	443	156.1%
11		Bonded products and other	1,023	1,459	70.1%	2,093	71.2%
12		inc. Jet fuel	527	1,010	52.1%	1,159	60.9%
13		inc. Low-sulfur C fuel oil	292	-	-	578	163.9%
14		Sub-Total	1,116	1,656	67.3%	2,536	78.6%
15	Total	11,270	11,933	94.4%	25,294	99.4%	

No.			2Q FY2020 Results	2Q FY2019 Results	Changes
16	CDU operating ratio	(Calendar Day basis) *1	76.4%	89.2%	-12.8%
17		(Streaming Day basis) *1,2	88.1%	96.3%	-8.2%

*1: The operating ratio at the Company's three refineries

*2: Streaming day indicates operating ratio excluding the impact of suspended operations due to regular repairs and maintenance, etc.

[2Q FY2020 Results] Crude Oil Production Volume, Crude Reserves Estimate (Proved and Probable)



[1] Crude oil production volume				
	2Q FY2020 Results	2Q FY2019 Results	Changes	
Cosmo Energy Exploration & Production Co., Ltd. (B/D)	50,619	50,824	-205	99.6%

*1) The production volume represents the total production volumes of the three major developers: Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., and United Petroleum Development Co., Ltd.

*2) The production period has calculated in the January-December, because that the three major developers of the accounting period is December.

*3) The Cosmo Energy Group has a 51.5% stake in Abu Dhabi Oil Co., Ltd., a 75.0% stake in Qatar Petroleum Development Co., Ltd. and a 50.0% stake in United Petroleum Development Co., Ltd.

(As of Dec 31, 2019)

[2] Crude Reserves Estimate (working interest base) (*1)	
	mmbbls
Total Proved(*2) and Probable Reserves (*3)	160.6
(Ref.: Reserves to Production Ratio of Total Proved and Probable Reserves)	about 17 years

Note: The daily average crude production based on working interest reached 25 thousands bpd for FY2019(Jan-Dec).

(*1) About results of reserves estimate

The assessment of ADOC reserves which deemed to have significant impact on Cosmo's future profitability was carried out in an independent assessment by Gaffney, Cline & Associate (hereinafter, "GCA"), a leading global independent reserve auditor. Their assessment confirmed Cosmo affiliates' internal assessment of remaining reserves. The assessment was carried out in accordance with the 2007 "Petroleum Resources Management System (PRMS)" prepared by the Oil and Gas Reserves Committee of the "Society of Petroleum Engineers" (SPE), and reviewed and jointly sponsored by the "World Petroleum Congress" (WPC), the "American Association of Petroleum Geologists" (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The assessment of QPD and UPD reserves were carried out in these companies respectively. These assessments of the reserves do not guarantee the reserves and production from them.

(*2) Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. When probabilistic methods are used, there should be at least a 90% probability that the actual quantities recovered will equal or exceed the 1P estimate. (Definition of SPE PRMS 2007 March)

(*3) Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. (Definition of SPE PRMS 2007 March)

[2Q FY2020 Results] Results by Business Segment – Changes from 2Q FY2019

COSMO

2Q FY2020 Results – Changes from 2Q FY2019

Unit: billion yen

No.		Net Sales		Operating Profit		Ordinary Profit		Ordinary Profit (excluding the impact of inventory valuation)	
			Changes from 2QFY2019		Changes from 2QFY2019		Changes from 2QFY2019		Changes from 2QFY2019
1	Petroleum business	893.3	-317.4	4.9	5.8	5.1	7.0	17.7	12.8
2	Petrochemical business	119.3	-87.1	-8.2	-9.9	-8.8	-15.4	-8.8	-15.4
3	Oil E&P business	27.2	-17.0	5.8	-14.1	4.5	-15.1	4.5	-15.1
4	Other	36.4	6.7	2.8	0.7	2.8	0.7	2.8	0.7
5	Adjustment	-106.8	62.7	3.4	0.0	2.9	0.1	2.9	0.1
6	Total	969.4	-352.1	8.7	-17.5	6.5	-22.7	19.1	-16.9

Cosmo Energy Group (by Segment)

Petroleum business	Cosmo Oil Co.,Ltd., Cosmo Oil Marketing Co., Ltd., Cosmo Oil Sales Corp, Cosmo Oil Lubricants Co., Ltd., Sogo Energy Co., Ltd.,Gyxis Corporation (owned by the Cosmo Energy Group on the equity method), Kygnus Sekiyu K.K.(owned by the Cosmo Energy Group on the equity method) , etc.
Petrochemical business	Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd., Hyundai Cosmo Petrochemical Co., Ltd. (owned by the Cosmo Energy Group on the equity method), etc.
Oil E & P business	Cosmo Energy Exploration & Production Co., Ltd.,Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. (owned by the Cosmo Energy Group on the equity method), etc.
Other	Cosmo Engineering Co.,Ltd., Cosmo Trade & Services Co., Ltd., Cosmo Eco Power Co.,Ltd , etc.

1. Petroleum business

(1) Refinery Operating Ratio

	FY2015	FY2016	FY2017	FY2018	FY2019	2Q FY2020
CDU operating ratio(Calendar Day basis)*1	83.2%	88.3%	94.1%	86.1%	87.9%	76.4%

(2) Number of SSs by Operator Type

	FY2015	FY2016	FY2017	FY2018	FY2019	2Q FY2020
Subsidiary	920	895	885	855	843	844
Dealers	2,134	2,062	1,973	1,936	1,912	1,896
Total *2	3,054	2,957	2,858	2,791	2,755	2,740
Number of Self-Service SSs *2	1,036	1,038	1,034	1,048	1,072	1,088

(3) "Cosmo The Card" – Number of credit cards in force & Accumulative number of contracted my car lease & "Carlife Square" –Number of App members

	FY2015	FY2016	FY2017	FY2018	FY2019	2Q FY2020
Cosmo The Card (million cards)*2	4.39	4.44	4.44	4.33	4.21	4.16
My car lease(Units) *2	27,401	37,077	47,602	60,579	73,634	78,489
Carlife Square(million downloads) *2					1.92	2.51

2. Oil E&P business

Crude oil production volume

	FY2015	FY2016	FY2017	FY2018	FY2019	2Q FY2020
Cosmo Energy E&P Co., Ltd. (B/D)*3	39,201	39,032	38,826	52,303	50,773	50,619

3. Wind power generation business

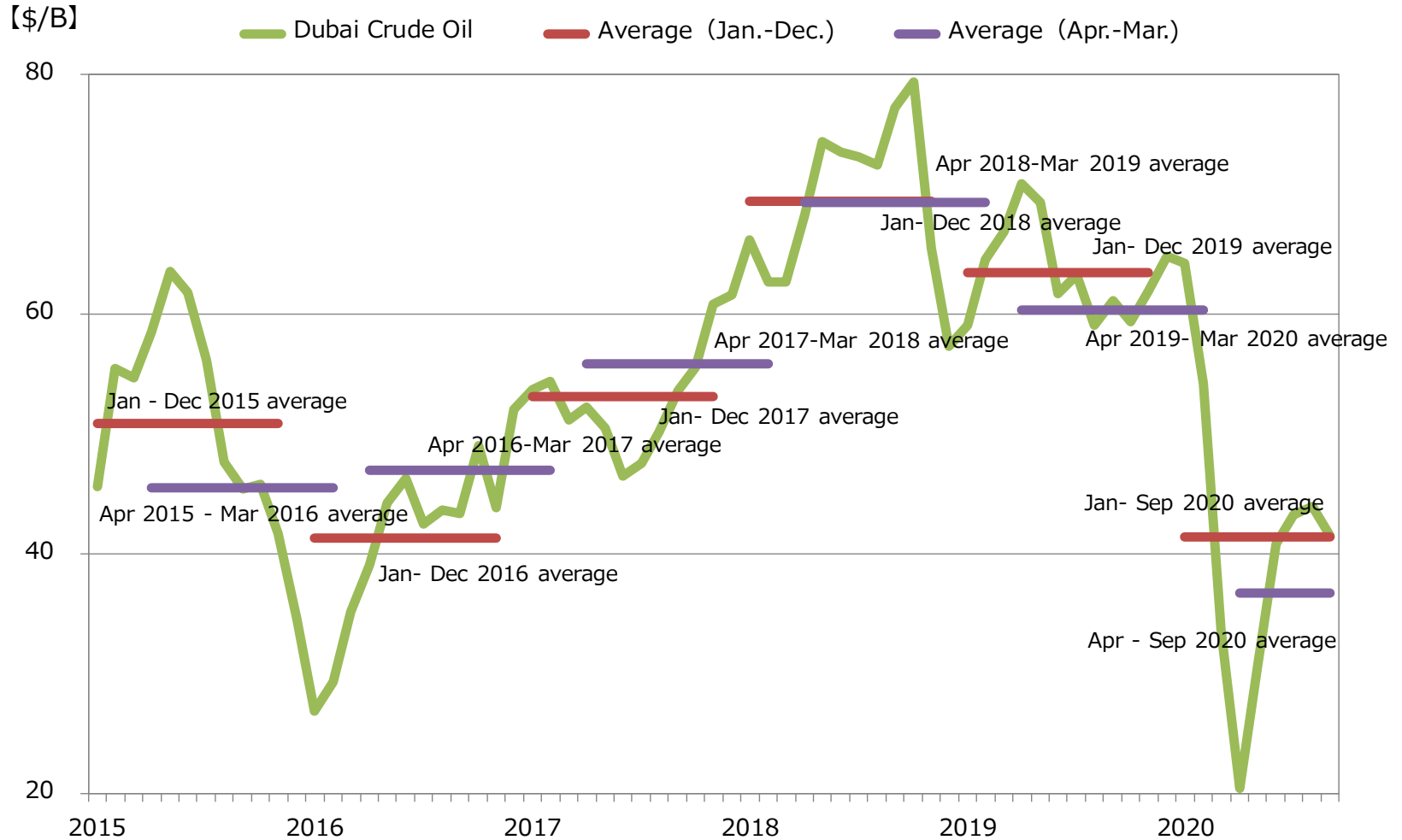
Wind power plant capacity(ten thousand kW)

	FY2015	FY2016	FY2017	FY2018	FY2019	2Q FY2020
Plant Capacity*2	18.4	21.1	22.69	22.7	26.6	26.4

*1) April-March results for each fiscal year *2) At the end of March of each fiscal year

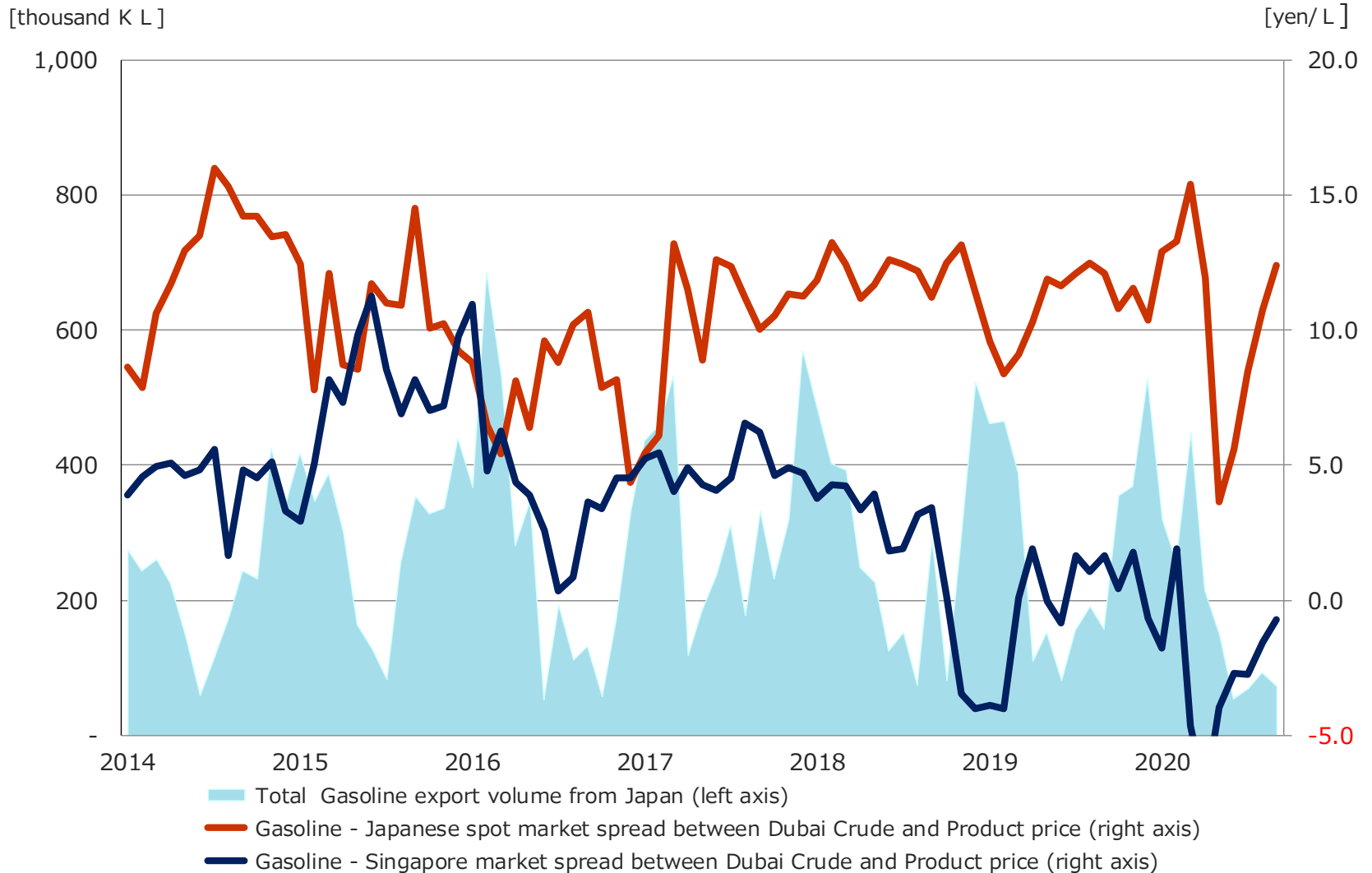
*3) January-December results for each fiscal year

Historical Changes in Dubai Crude Oil Price

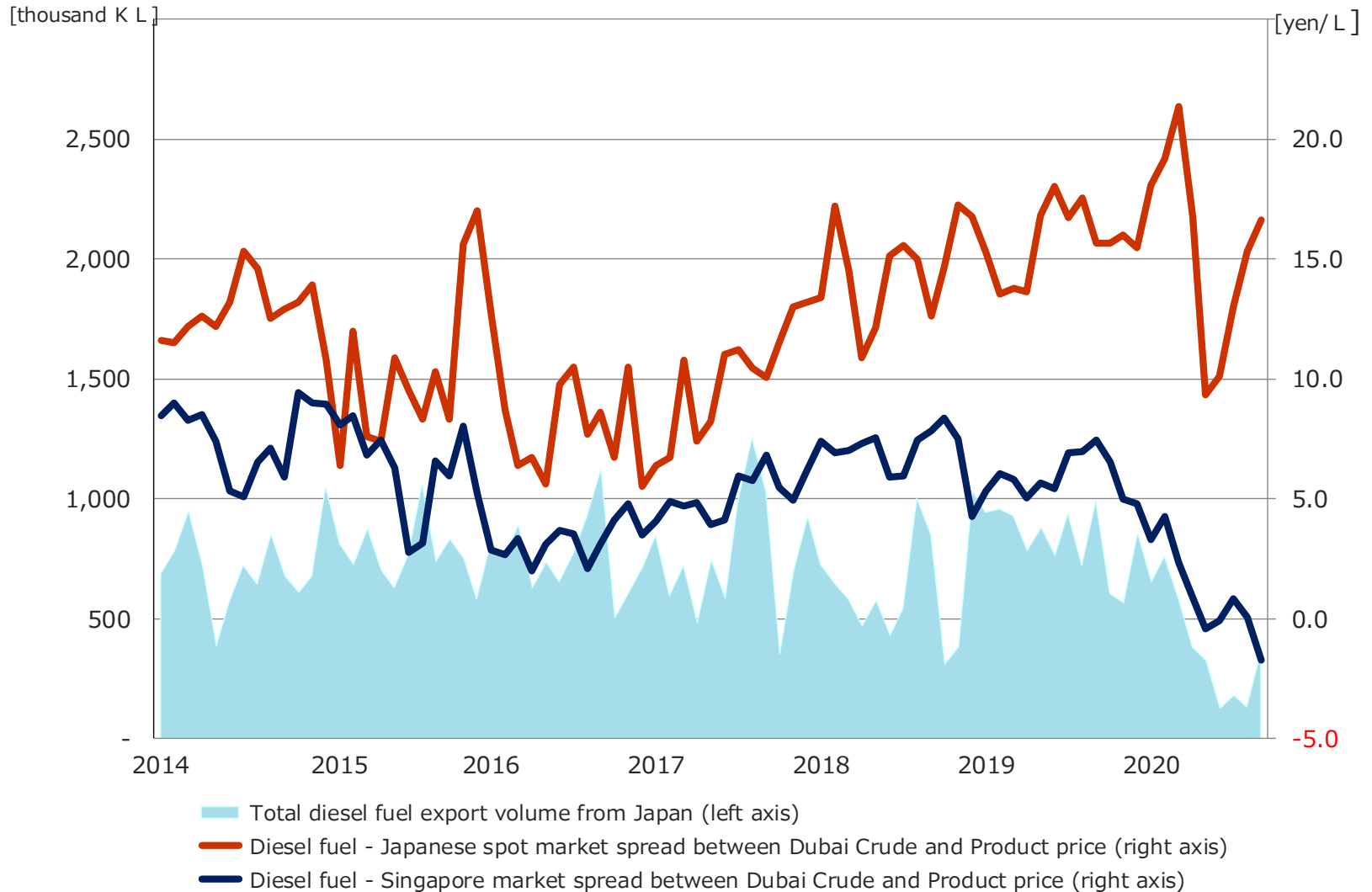


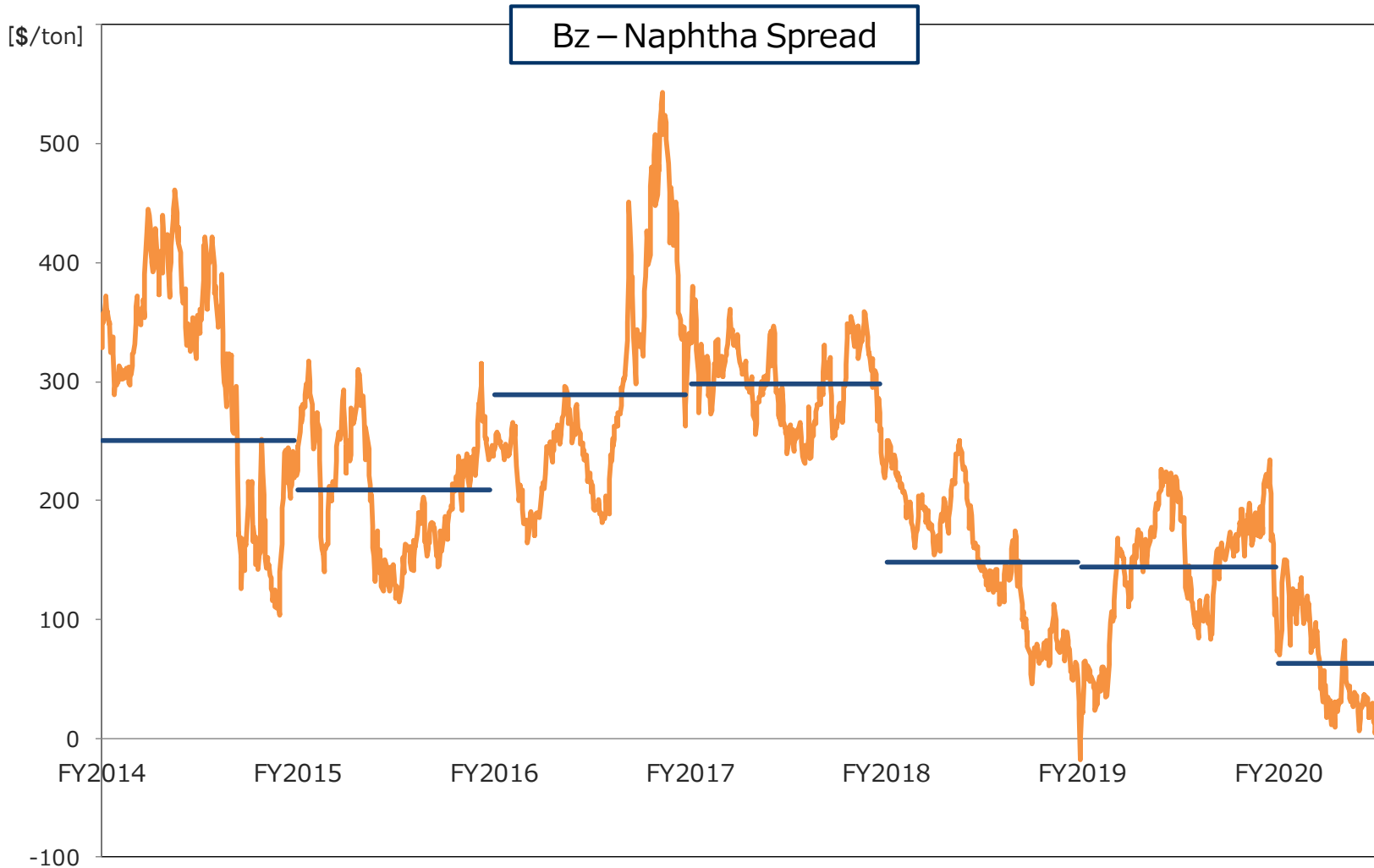
*Trend of crude oil price from January 2015 to June 2020

Gasoline Export and Margin Environment (Domestic /Overseas)

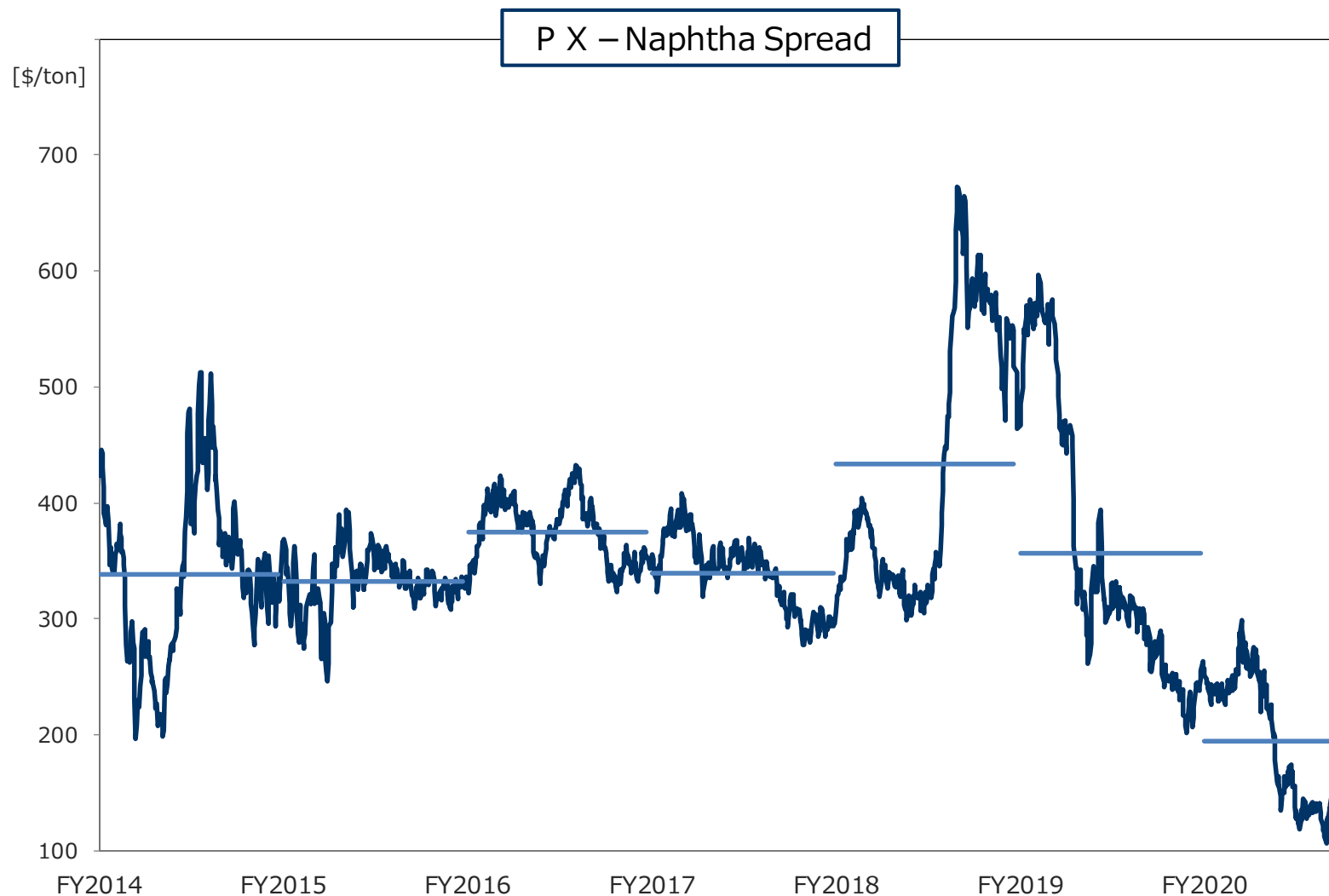


Diesel Fuel Export and Margin Environment (Domestic /Overseas)





(*) Horizontal line indicates the average of each calendar year(Apr.-Mar.)



(*) Horizontal line indicates the average of each calendar year(Jan.-Dec.).

Forecast for FY2020 Performance
(Change from FY2019)

[FY2020 Forecast] Highlights of Consolidated Business Outlook (Changes from FY2019) Precondition

Unit : billion yen

No.		FY2020 Forecast		FY2019 Results		Changes		
		Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	
1	Total	27.0	42.0	16.3	68.5	10.7	-26.5	
2	(Each segment)	Petroleum business	16.0	31.0	-47.8	4.4	63.8	26.6
3		Petrochemical business	-12.5		5.2		-17.7	
4		Oil E&P business (*1)	11.0		45.0		-34.0	
5		Other (*2)	12.5		13.9		-1.4	

(*1) The Accounting period of three operators (Abu Dhabi Oil Company, Qatar Petroleum Development and United Petroleum Development) is December.

(*2) Including consolidated adjustment

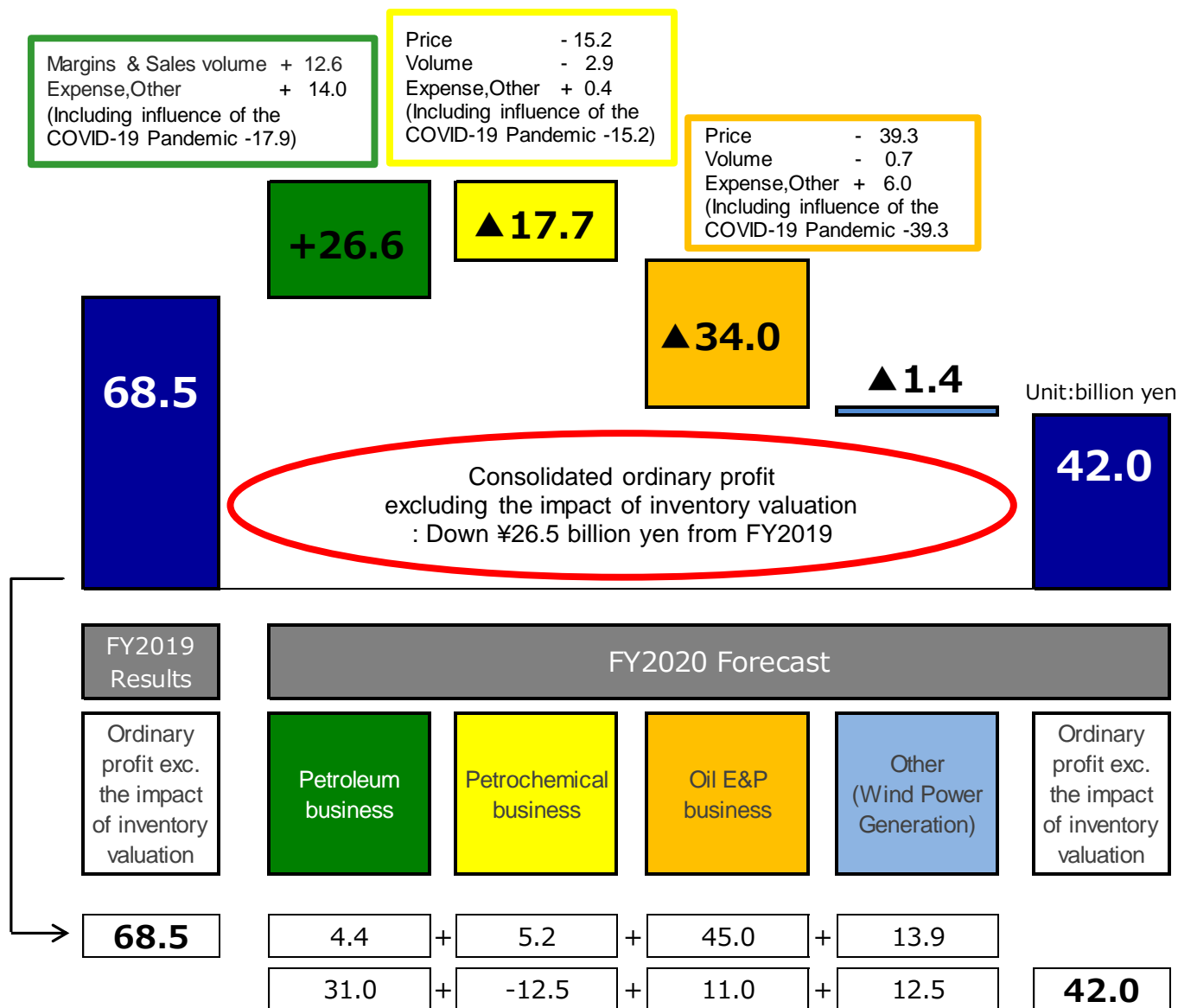
No.		FY2020 Forecast	FY2019 Results	Changes
6	Profit attributable to owners of parent	8.5	-28.2	36.7
7	Dividend per Share (Plan)	¥80	¥80	-

【Reference】Precondition

No.		FY2020 Forecast	FY2019 Results	Changes
8	Crude oil price (Dubai) (\$/B) (Apr.-Mar.)	38	60	-22
9	JPY/USD exchange rate (Apr.-Mar.)	106	109	-3
10	Crude oil price (Dubai) (\$/B) (Jan.-Dec.)	41	64	-23
11	JPY/USD exchange rate (Jan.-Dec.)	107	109	-2

[FY2020 Forecast] Consolidated Ordinary Profit (Inventory Effects Excluded)

– Analysis of Changes from FY2019



Capital Expenditures. Depreciation, etc.

Unit: billion yen

No.		FY2020 Forecast	Changes from FY2019
1	Capital expenditures	95.0	7.1
2	Depreciation expense amount, etc	58.0	0.4

Capital Expenditures by Business Segment

Unit: billion yen

No.		FY2020 Forecast	FY2019 Results	Changes
1	Petroleum	49.9	46.8	3.1
2	Petrochemical	22.9	18.1	4.8
3	Oil E&P	12.2	15.2	-3.0
4	Other	9.4	7.2	2.2
5	Adjustment	0.6	0.6	0.0
6	Total	95.0	87.9	7.1
7	Investment securities, etc*	8.6	5.8	2.8

*Investment securities, etc. are included in the net investment amount of ¥ 360.0 billion in the 6th mid-term plan (from FY2018 to FY2022).

FY2020 Forecast – Changes from FY2019

Unit: billion yen

No.		Net Sales		Operating Profit		Ordinary Profit		Ordinary Profit (excluding the impact of inventory valuation)	
			Changes from FY2019		Changes from FY2019		Changes from FY2019		Changes from FY2019
1	Petroleum business	2,020.0	-486.8	16.0	63.2	16.0	63.8	31.0	26.6
2	Petrochemical business	270.0	-144.4	-10.5	-10.9	-12.5	-17.7	-12.5	-17.7
3	Oil E&P business	60.0	-37.9	12.5	-32.7	11.0	-34.0	11.0	-34.0
4	Other	70.0	-14.6	7.0	-2.1	7.0	-2.2	7.0	-2.2
5	Adjustment	-250.0	115.7	6.0	-0.4	5.5	0.8	5.5	0.8
6	Total	2,170.0	-568.0	31.0	17.1	27.0	10.7	42.0	-26.5

Cosmo Energy Group (by Segment)

Petroleum business

Cosmo Oil Co.,Ltd., Cosmo Oil Marketing Co., Ltd., Cosmo Oil Sales Corp, Cosmo Oil Lubricants Co., Ltd., Sogo Energy Co., Ltd.,Gyxis Corporation (owned by the Cosmo Energy Group on the equity method), Kygnus Sekiyu K.K. (owned by the Cosmo Energy Group on the equity method) , etc.

Petrochemical business

Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd., Hyundai Cosmo Petrochemical Co., Ltd. (owned by the Cosmo Energy Group on the equity method) , etc.

Oil E & P business


Cosmo Energy Exploration & Production Co., Ltd.,Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. (owned by the Cosmo Energy Group on the equity method) , etc.

Other

Cosmo Engineering Co.,Ltd., Cosmo Trade & Services Co., Ltd., Cosmo Eco Power Co.,Ltd , etc.

Business Outline

Cosmo Energy Group Business Overview

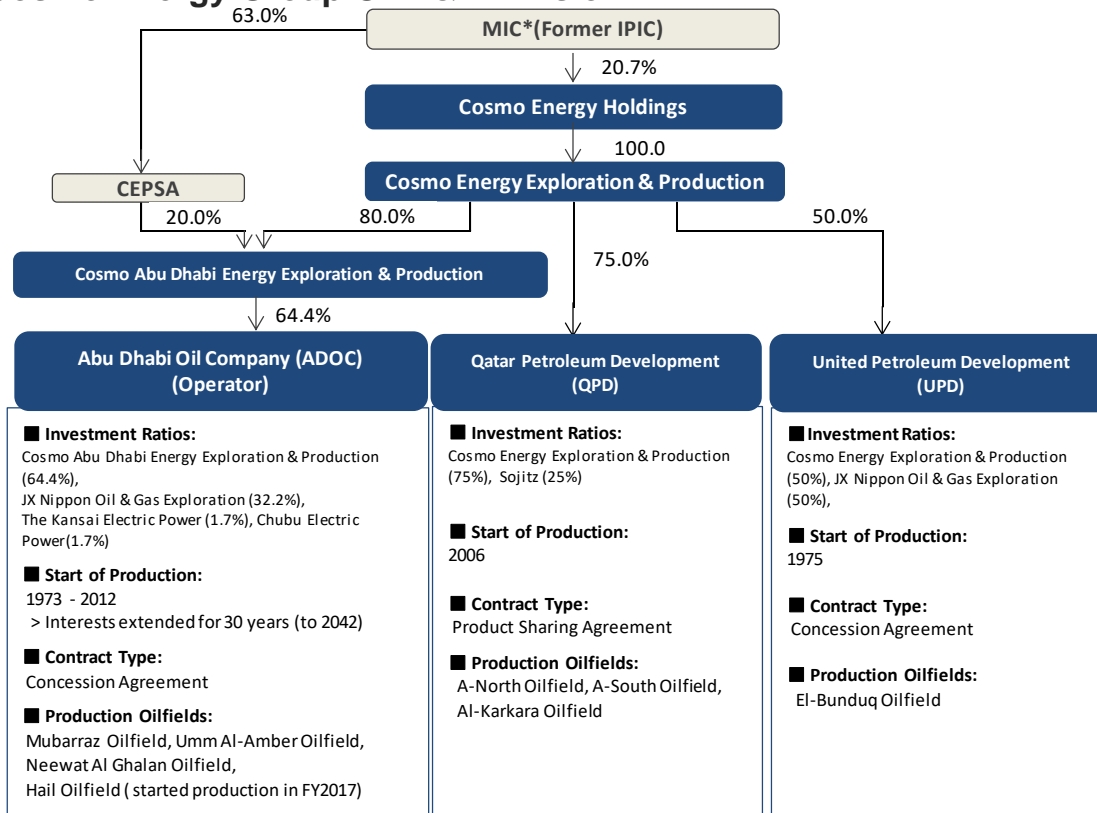
Each segment	Oil E&P business	Petroleum business	Petrochemical business	Other (Wind Power Generation)	Total ^{*2}	
Net sales ^{*1}	60.0billion yen	2,020.0billion yen	270.0billion yen	-180.0billion yen	2,170.0billion yen	
Ordinary profit ^{*1}	11.0billion yen	16.0billion yen	-12.5billion yen	12.5billion yen ^{*2}	27.0billion yen	
Ordinary profit excluding ^{*1} impact of inventory valuation	11.0billion yen	31.0billion yen	-12.5billion yen	12.5billion yen ^{*2}	42.0billion yen	
Major assets	<ul style="list-style-type: none"> Partnerships Solid relationship of trust with oil producing countries for about 50 years Operatorship (self-operation) We produces the largest volume of crude oil in the Middle East region for a Japanese operator. Crude Oil Production^{*3} Approx. 51 thousand B/D (Comparison with refining capacity: Approx. 13%) Crude Oil Reserves (Proved and Probable)^{*4} 160.6 million barrels (Equivalent to approx. 17 years of supply) 	<ul style="list-style-type: none"> CDU capacity^{*5,*8} 400,000 BD (Domestic market share: Approx. 11.4%) Domestic Sales Volume^{*3} 22,214thousand KL Number of Service station^{*5} 2,755 Number of the "Cosmo the Card" Holders^{*5} 4.21million cards Car leasing business for^{*5} individuals Cumulative total 73,634cars 	<ul style="list-style-type: none"> Olefinic production capacity^{*5} Ethylene 1.29 mil tons/year (Domestic market share: Approx. 19%) Aromatic production capacity^{*6} Para-xylene 1.360 mil tons/year Benzene 0.735 mil tons/year Mixed-xylene 0.618 mil tons/year 	<ul style="list-style-type: none"> Wind power plant capacity^{*7} 263,000 kW (No. 3 in Japan and a 7% domestic share) Solar power generation^{*5} capacity 24,000 kw 	<ul style="list-style-type: none"> Corporate brand awareness  98.4% ※Survey of 1,239 customers (men and women, 18-64 years old) who used a service station in the past one month(as of October 30, 2017) 	
	Major business companies related companies	<ul style="list-style-type: none"> Cosmo Energy Exploration & Production Abu Dhabi Oil (UAE) Qatar Petroleum Development (Qatar) United Petroleum Development (UAE/Qatar) 	<ul style="list-style-type: none"> Cosmo Oil Cosmo Oil Lubricants Gyxis(LPG) Cosmo Oil Marketing Cosmo Oil Sales Sogo Energy 	<ul style="list-style-type: none"> Maruzen Petrochemical (Chiba/Yokkaichi) Cosmo Matsuyama Oil CM Aromatics (Chiba) Hyundai Cosmo Petrochemical (Korea) 	<ul style="list-style-type: none"> Cosmo Eco Power (Wind power generation) Cosmo Engineering Cosmo Trade and Service 	—

(^{*1}) FY2020 Forecast, (^{*2}) Including consolidated adjustment, (^{*3})FY2019 Results, (^{*4})As of Dec. 31, 2019, (^{*5})As of Mar. 31, 2020, (^{*6})As of Jul. 31, 2020

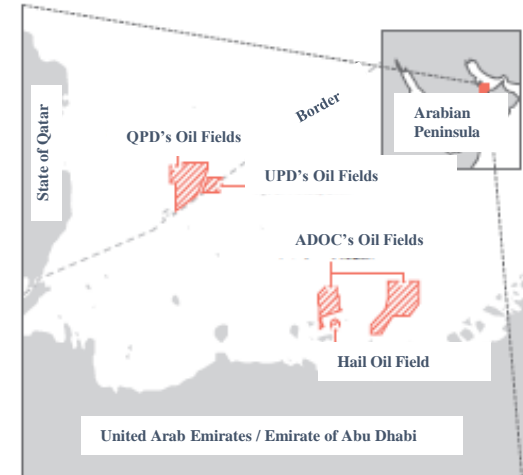
(^{*7})As of Oct. 31, 2020, (^{*8})Including the supply of the petroleum product/semi product (37,000 bbls/day equivalent) from Idemitsu Showa Shell Group with the business alliance.

- ✓ Based on a strong relationship of trust with Emirate of Abu Dhabi in the Middle East developed almost five decades, we have achieved low-risk, low-cost development.
- ✓ Abu Dhabi Oil Company extended concessions (30 years) in 2012 and obtained new concessions area, the Hail Oil Field is projected to the same production volume as its three existing oilfields.
- ✓ Started production from the Hail Oil Field in FY 2017 with production ramping up to full-scale in January 2018.

■ Cosmo Energy Group Oil E&P Division



■ Cosmo Energy Group's oil fields



(*) MIC (Mubadala Investment Company) in which The Emirate of Abu Dhabi has a 100% stake ,has been established as a holding company in association with the business combination of IPIC (International Petroleum Investment Company), and MDC (Mubadala Development Company).

- ✓ Risk Tolerance : Low oil price risk, exploration risk, funding risk
- ✓ Growth Strategy (Production Increase) : The Hail Oil Field development, Consideration of joint development with Cepsa
- ✓ Long-term Stable Production : Solid trust relationships with oil producing countries, High quality oil fields and oil recovery technologies

■ Risk Tolerance ■

- Earning power under low oil prices → For FY2016 Q1 (January to March), we maintained profitability under conditions where Dubai crude was priced at \$30 per barrel.
- Achieving low-cost development through discovered and undeveloped oilfields (including the Hail oilfield)
- Loans provided by Japanese public institutions (JBIC) with credit of the operator (ADOC)

■ Growth Strategy ■

- At peak production, production capacity of the Hail Oil Field is equivalent to the three existing oilfields of ADOC
- Strategic comprehensive alliance with MIC(former IPIC)-owned Cepsa, deliberating new oilfield development with Abu Dhabi National Oil Company and CEPESA

■ Long-term Stable Production ■

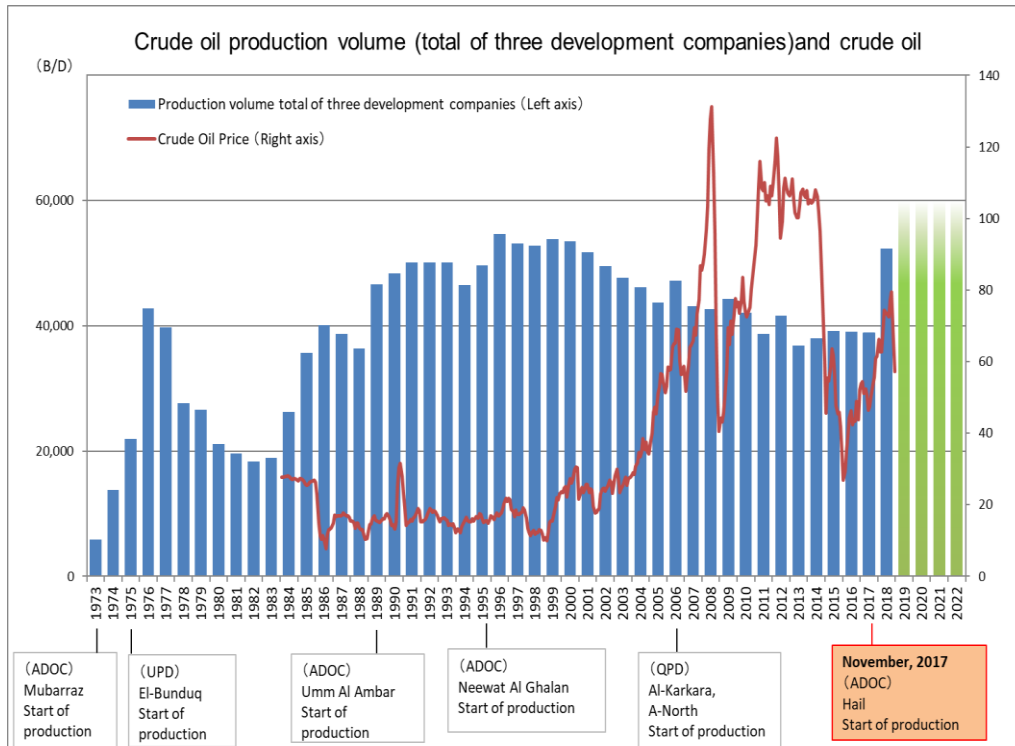
- Obtained interests before founding of UAE, with safe operation and stable production for almost five decades
- Long-term, stable purchase of crude oil from UAE (Abu Dhabi) and Qatar
- Contributions to both countries in terms of culture(Japanese language education, etc.) and the environment (zero flaring, etc.)

Business Environment in the Middle East Region (UAE / QATAR)

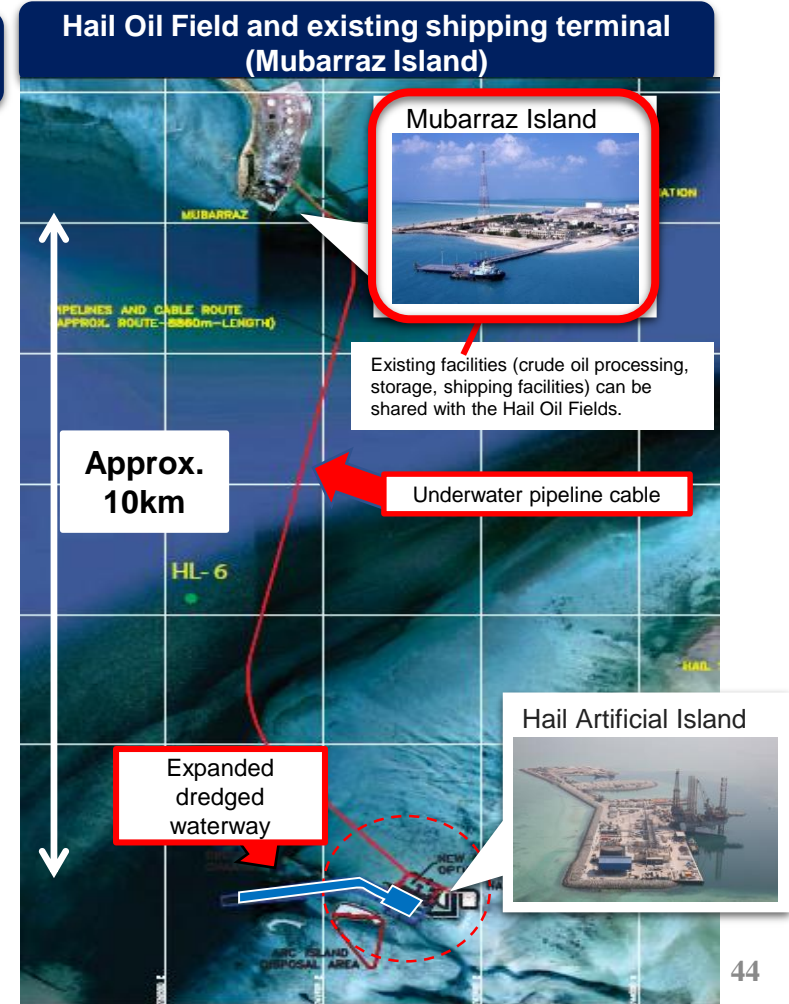
- The Arabian Gulf has many reserves and a lot of exploratory data has been accumulated (which translates into low oil exploration costs)
- Shallow water depth (relatively lower exploration, development and operating costs)

- ✓ The Hail Oil Field started production in November 2017. (interest period – through year 2042)
- ✓ The Hail Oil Filed investment has been curbed with the shared use of existing oil processing, storage and shipping facilities (Estimated savings of 300-400 million dollars), and after the start of production, per unit operating costs are expected to decline for the increment of production volume.

Prolonged stable oil production



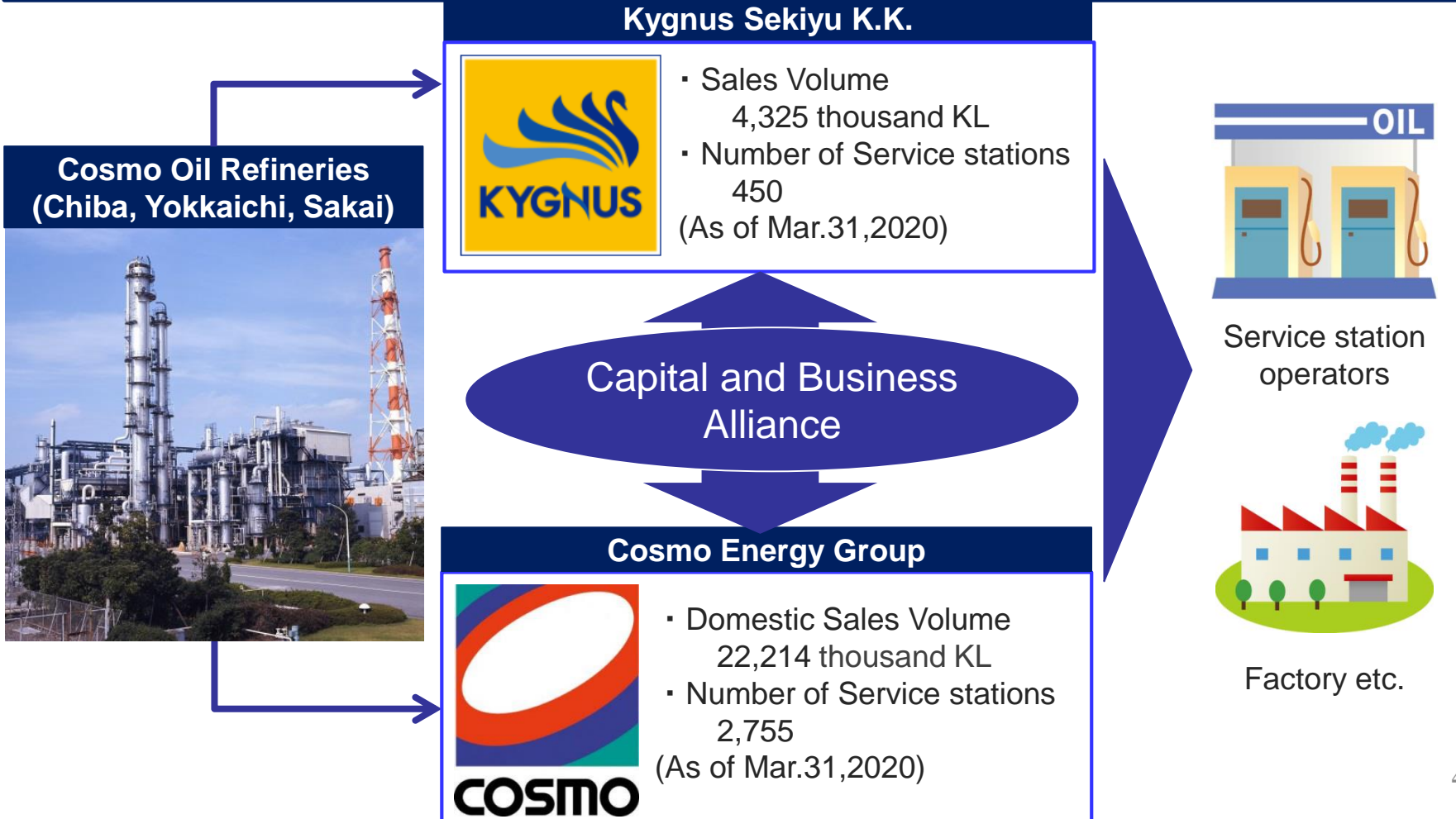
*1) ADOC : Abu Dhabi Oil Company, UPD : United Petroleum Development, QPD : Qatar Petroleum Development
 *2) Production volume of three development companies are per year (annual average of January to December each year)
 *3) Crude oil prices (Platt's Dubai crude) are average monthly
 *4) The production volume of three development companies after fiscal 2018 is prospective volume.



[Petroleum Business]

- Strengthening competitiveness through an alliance with Kygnus Sekiyu K.K.

- ✓ Conclude a capital and business alliance with Kygnus Sekiyu K.K. and acquired 20% of common shares.
- ✓ Begin supplying petroleum products to Kygnus Sekiyu K.K. around CY2020.
- ✓ Advance discussion and consideration with a view to a business alliance, in addition to the supply of petroleum products.

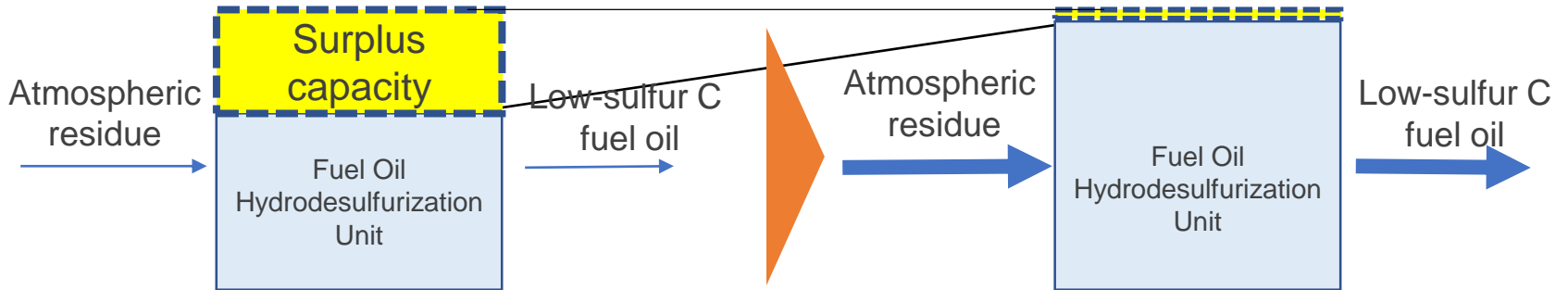


✓ International Maritime Organization (IMO) is to strengthen its regulation in 2020 by setting the upper limit of sulfur content from 3.5% down to 0.5 and the shipping fuel will be switched from high sulfur C heavy fuel to conforming low sulfur C heavy fuel.

Before **After**

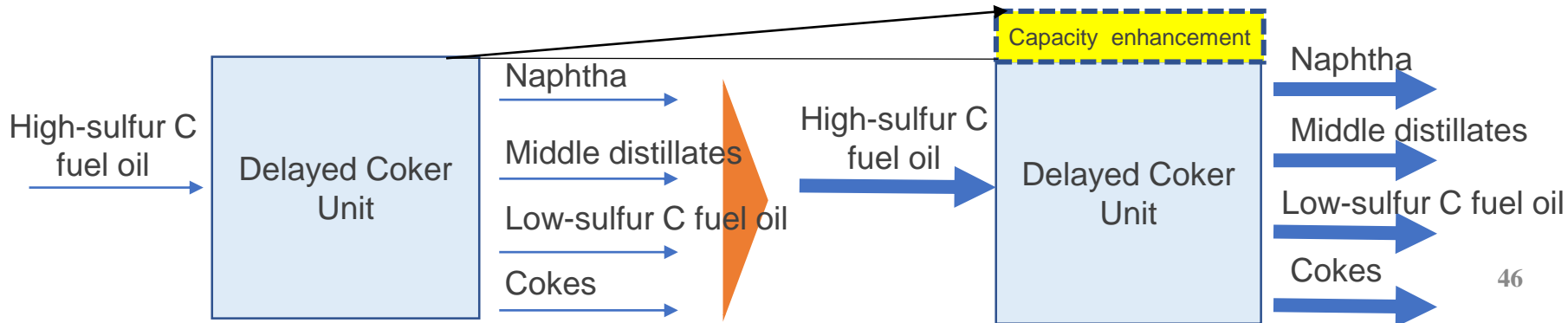
Chiba Refinery

To increase production of low sulfur C heavy oil by utilizing Chiba Refinery's DDS(direct desulfurization)



Sakai Refinery

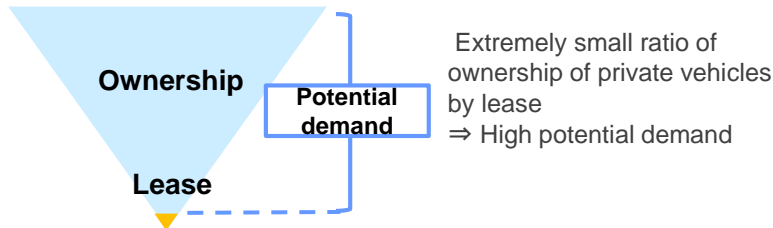
Enhance Sakai Refinery's Delayed coker capacity and turn high sulfur C heavy oil into high value added products



- ✓ Market : Enter the niche market of auto-leases for individuals that leasing companies could not serve
- ✓ Strategy : Acquire customers using the strengths of SS (frequent contacts of individual customers, etc.)
- ✓ Risk : Low risk due to the absence of car inventory and credit risk
- ✓ Business model: All parties, including customers, leasing companies, Cosmo, and dealerships, win.

Characteristics

■ Entry to the market with high potential demand



■ Using the strengths of SS

- Frequent contact with individual Customers
 (500,000 units/day) (*1)
(*1) The number of cars of customers visiting Cosmo SS (estimated by Cosmo)
- Acquire customers using membership cards
 ("Cosmo The Card": effective number of members
 4.21 mil cards) (*2) (*2) As of March 31, 2020
- Fuel oil discount system (patented business model)

■ Low risk

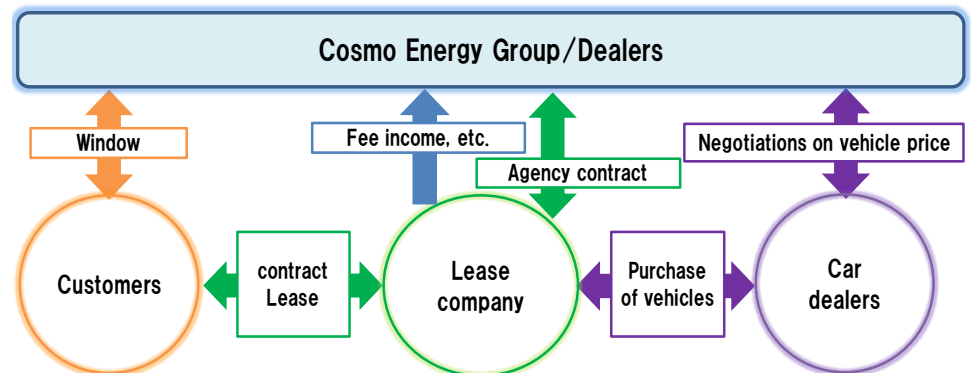
- Because the SS play the role of dealerships, there is no credit risk or risk of keeping vehicle inventory.

Win-win business model

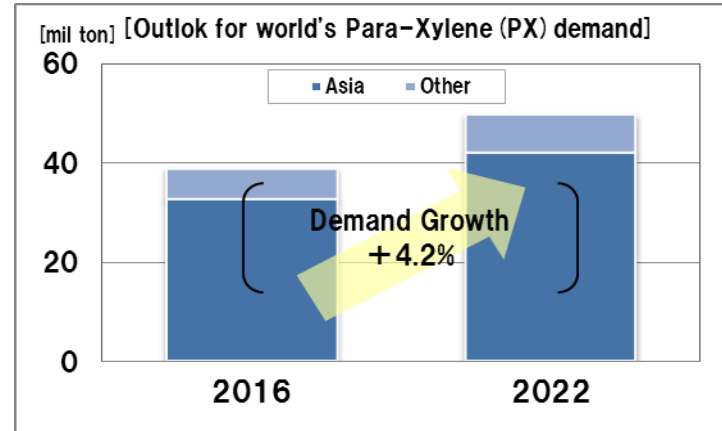
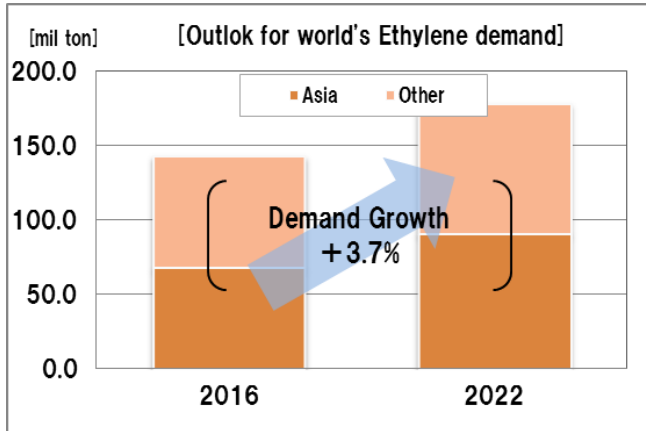
Customers : - Being able to drive new cars of any maker and model for a price lower than purchasing
 - No complicated procedures
 e.g. Simplified expenses for using a car (monthly flat rate that includes safety inspections, taxes, insurance, etc.)

Lease companies : Capture new customers

Cosmo, dealerships : Secure revenue sources that are not solely dependent on fuel oil

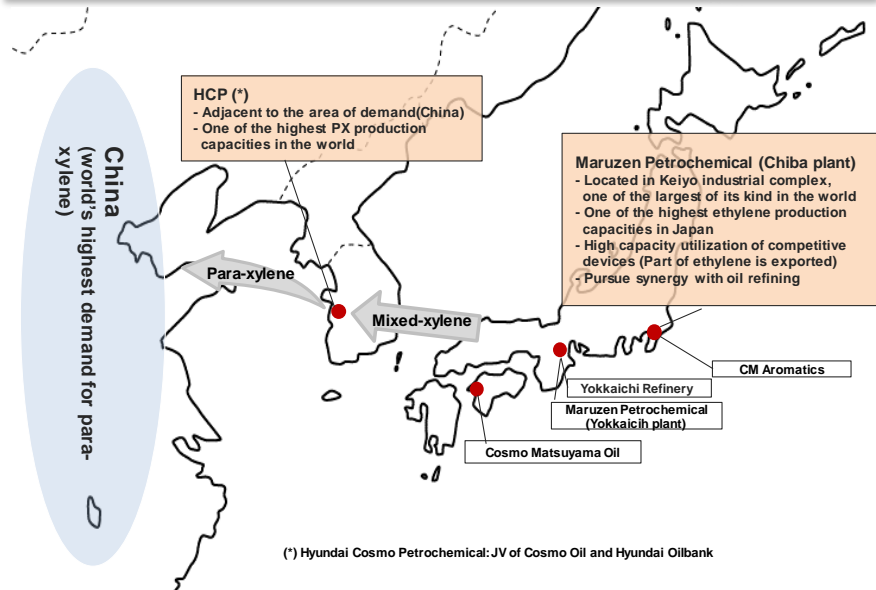


Expected global demand for petrochemical products



Source: Global Demand Trends for Petrochemical Products of the Ministry of Economy, Trade and Industry (2016-2022)

Strengths of Cosmo Energy Group



(*) Hyundai Cosmo Petrochemical: JV of Cosmo Oil and Hyundai Oilbank

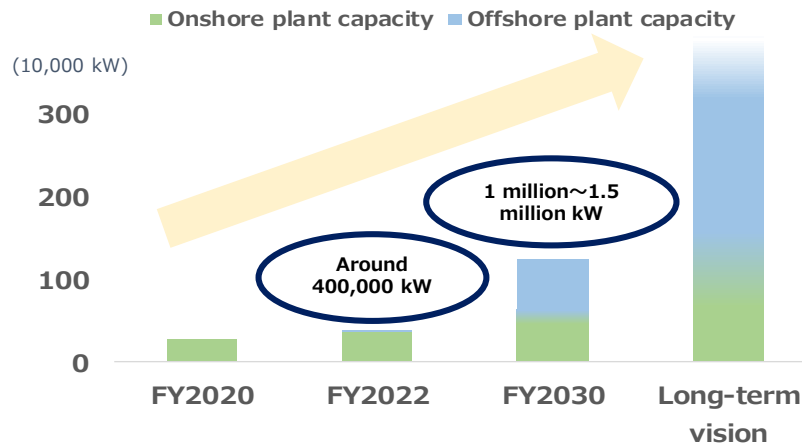
Production capacity

Product		Manufacture	Production capacity
Olefin-based	Ethylene	Maruzen Petrochemical	*1.290 mil t/year
Aroma-based	Para-xylene	Hyundai Cosmo PetroChemical	1.360 mil t/year
		Maruzen Petrochemical	0.395 mil t/year
	Benzene	Hyundai Cosmo PetroChemical	0.250 mil t/year
		Cosmo Matsuyama Oil	0.090 mil t/year
		Total	0.735 mil t/year
Mixed-xylene	Cosmo Oil (Yokkaichi Refinery)	CM Aromatics	0.270 mil t/year
		Cosmo Matsuyama Oil	0.048 mil t/year
		Total	0.618 mil t/year
	Aroma-based, total	2.713 mil t/year	

* Includes production capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)

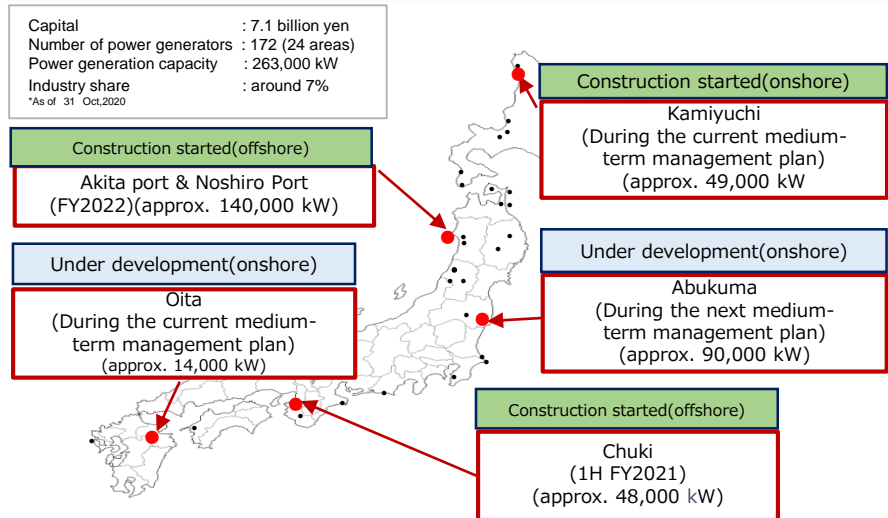
[Wind power generation Business] Achieving Stable Earnings in a Market Where Demand Is Expected to Expand, Using the FIT Scheme

Changes in wind power generation capacity



* Installed capacity is capacity commensurate with the Company's investment.

Overview of Cosmo Eco Power



Characteristics (strengths) of the Group

- ✓ Making Eco Power Co., Ltd., a pioneer in the wind power generation business (founded in 1997), a Group company in 2010.
- ✓ Achieving high on-wind availability (90% or more) through development, construction, operation, and maintenance within the Group.
- ✓ Reducing risks of changes in wind conditions in each region and securing stable profit by placing wind power plants across the nation.
- ✓ Aiming to expand the business in the long term by expanding sites on land and participating in an offshore wind farm project.

Business environment in Japan

- ✓ The ratio of wind power generation to total power generation in Japan in 2030 is expected to be around three times greater (10 million kW) than the 2017 level (*2).
- ✓ The FIT scheme was introduced in 2012, and the acquisition price is fixed for 20 years.
- ✓ Entry into the market is not easy because advanced expertise is required in the identification of suitable sites and environmental assessment. (*3)

(*2) Source: "The current situation of renewable energy and Calculation Committee for Procurement Price, etc. of this year" Agency for Natural Resources and Energy, September 2017

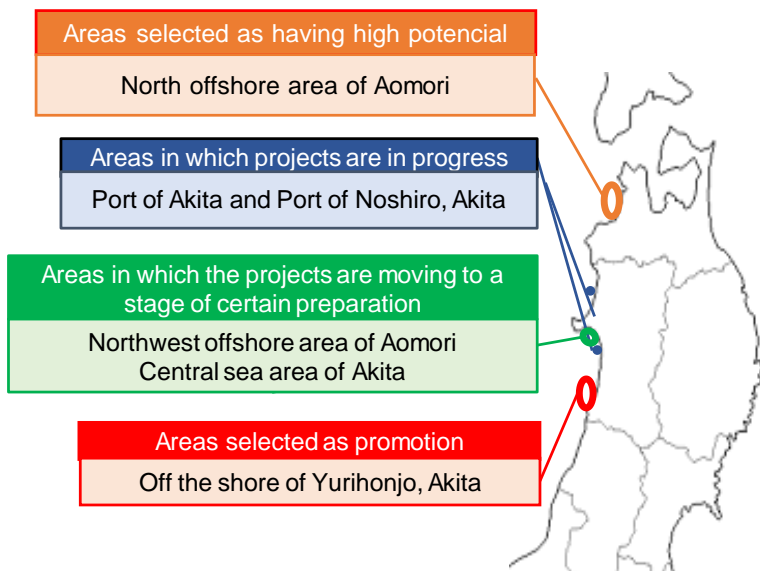
(*3) Identification of suitable sites (2 to 3 years) → Environmental assessment (4 to 5 years) → Construction work (1 to 2 years) → Start of operation

Efforts in Wind Power Generation

- ✓ Expanding wind power generation is inevitable to achieve 22-24% target in implementing renewable energy under the 2030 Energy Mix.
- ✓ Aiming to expand long term business by entering into projects with expertise of onshore wind power in addition to knowledge accumulated through knowhows in oil and oil development businesses.
- ✓ Waiting for government application process to begin and steadily progressing in negotiations with local municipalities and fishery associations and rights to use power systems.

Ongoing Wind Power Generation Projects

One business project in Aomori and three in Akita are under consideration.



Selection Process of Wind Power Generation

Promotion area designation process	at earliest
① Collect information from prefectures	3 months
② Areas selected as having high potential selection	1 month
③ Detailed research	3 months
④ Promotion area plan decided	1 month
⑤ Promotion area plan notification	2 months

Business operator selection process	at earliest
① Public offering policy decided	2 months
② Public offering start, public offering plan submitted by bidders	basically 6 months
③ Review of public offering plans	2 months
④ Evaluation of public offering plans Selection of business operator → expected to be decided Jan-Feb., 2021 at earliest	3 months

Overview of Subordinated Loan(Announced on March 31,2020)

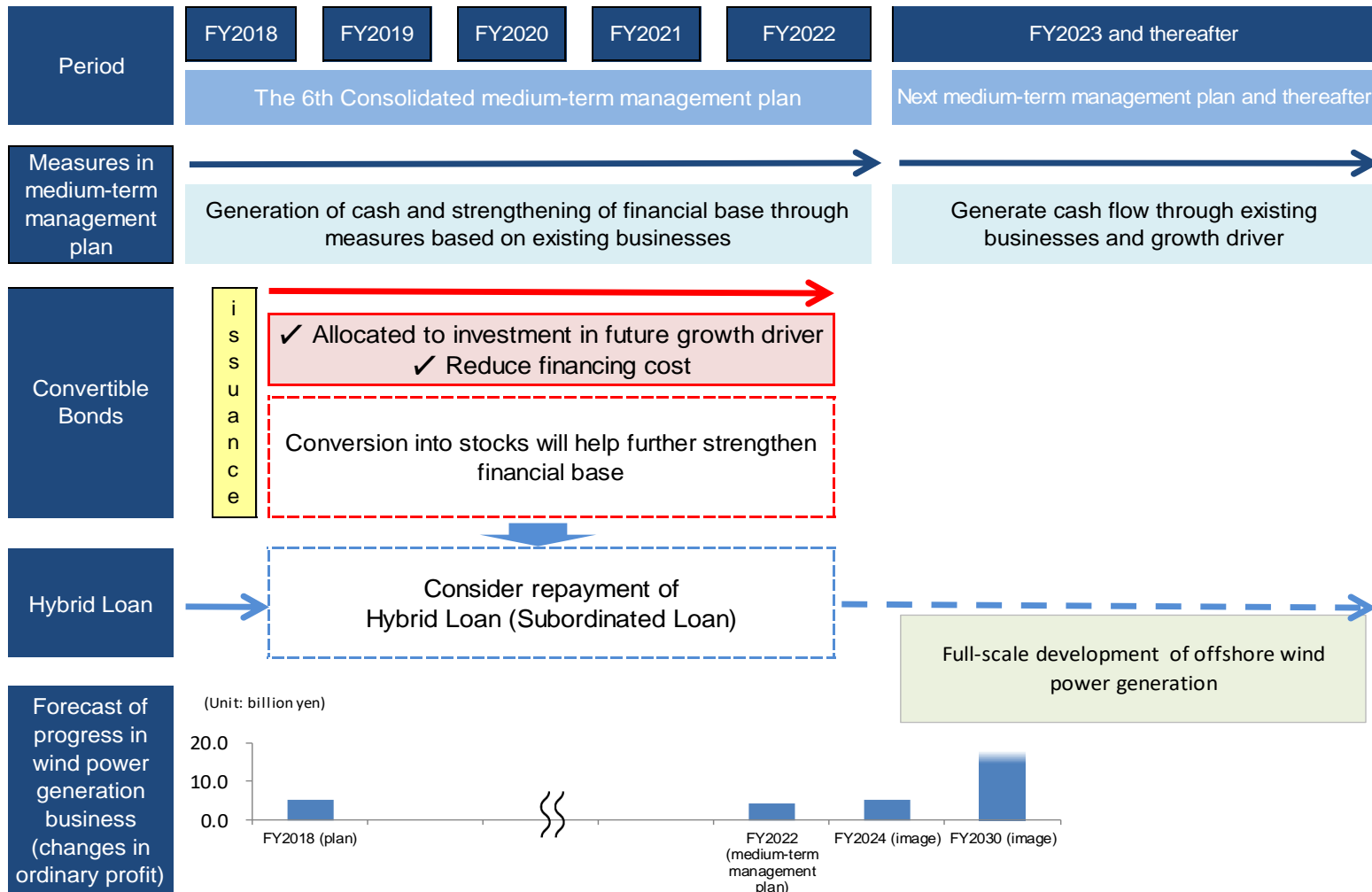
Item	Overview
Financing amount	¥30 billion
Loan agreement date	March 26, 2020
Drawdown date	March 31, 2020
Use of loan proceeds	Early repayment of an existing subordinated loan
Maturity date	March 31, 2053
Dates early repayment can be made	Any interest payment date on or after March 31, 2023
Replacement provisions	<ul style="list-style-type: none"> • In the event of early repayment, refinancing will be performed with a product with equity credit equivalent to or higher than the Subordinated Loan. • Provided, however, that the above refinancing may be postponed is the following conditions are satisfied. <ul style="list-style-type: none"> (i) If consolidated net worth increases by ¥30 billion or more from September 30, 2019 (ii) If the consolidated debt/equity ratio does not worsen from September 30, 2019
Interest rate	Variable interest rate based on 3-month Yen TIBOR + Spread
Interest rate step-up	-
Equity credit rating assigned by rating agency	Japan Credit Rating Agency, Limited: Medium / 50%.

Overview of Convertible Bonds due 2022 (being bonds with stock acquisition rights) (Announced on December 20,2018)

Item	Overview
Title	The ¥60,000,000,000 Zero Coupon Convertible Bonds due 2022 (being bonds with stock acquisition rights)
Total amount of bonds	¥60,000,000,000
Bond interest rate	Interest will not be attached to these bonds.
Date of payment and issuance	December 5,2018
Maturity date	December 5,2022
Benefits	<ol style="list-style-type: none"> 1 Financing cost can be reduced by issuing bonds without attaching interest (zero coupon). 2 The bonds will be offered primarily to investors in overseas markets, which, therefore, will contribute to the diversification of financing methods and can be expected to increase the flexibility of the company's future financing strategies. 3 A rider will be attached to promote the conversion into stocks, and converted stocks will contribute to further strengthening and improvement of the company's financial base in the future. 4 Since the conversion price will be set to exceed the bonds' market value, the bonds are expected to be converted into stocks mainly when shareholder value grows, such as a future increase in stock price, which will help control the dilution of per-share value resulting from the conversion.
Uses of funds	<ol style="list-style-type: none"> 1 Allocate approx. 11 billion yen by March 2021 as funds for investment and loans for a subsidiary in petrochemical business in order to increase competitiveness through means such as reduction of maintenance costs, and expansion of high-value-added products. 2 Allocate approx. 49 billion yen by March 2021 as funds for investment and loans for a subsidiary in the wind power generation business in order to construct onshore and offshore wind power plants.

Through financing by issuing convertible bonds, planning to further strengthen the company's financial base for the Next Medium-Term Management Plan and thereafter

- ✓ Secure funds for investment and loans to strengthen the “New” part of the growth driver, “Oil & New,” for the future.
- ✓ For the time being, increase capital by accumulating profit through the execution of the current medium-term management plan.



1. The conventional policy will not change for the cash balance for the entire period of medium-term management plan.
2. Therefore, the issuing of convertible bonds this time means a change in financing method within cash flow from financing activities.
3. The company does not intend to increase interest-bearing debt from the conventional plan.

Cash balance and use of funds (FY2018 - FY2022)

(Unit: billion yen)

(1) Cash flow from operating activities	535.0
(2) Cash flow from investing activities	-360.0
(3) Free cash flow (1) + (2)	175.0
(4) Cash flow from financing activities	-175.0
(Breakdown of cash flow from financing activities)	
Repayment of debts	-XXX.X
Borrowing	+XXX.X
Convertible bonds	+60.0
Dividends	-XX.X

✓ No change from medium-term management plan

✓ Of the investment made in FY2019 and FY2020, 60 billion yen financed through CB is allocated to petrochemicals and wind power generation businesses as a major change in the business portfolio.

Partial change

FORWARD-LOOKING STATEMENTS

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable Japanese securities legislation). Such statements and information (together, "forward looking statements") relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources and dates by which certain areas will be explored, developed or reach expected operating capacity, that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation, to update these forward looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government or other regulatory approvals, actual performance of facilities, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements.