

◆ Cosmo Energy Holdings (5021)

First Quarter of Fiscal 2021 - 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 6, 2021 (Fri) 10:00 a.m. - 11:00 a.m.
2. Attendees: 75 persons
3. Main questions and answers

Q1: Regarding the drop in volume in the Q1 results of the Oil E&P Business, what is the breakdown of the ¥4.3 billion year on year decrease?

A1: The main factor was elimination of the impact of the sales lag from two years ago that occurred in the previous year. In addition, this decline incorporates the several hundreds of millions of yen from the drop in production volume due to the trouble concerning Qatar Petroleum Development.

We are considering a number of options to recover from the trouble concerning Qatar Petroleum Development and expect this to be resolved from the second half of the year onwards.

Q2: Regarding onshore wind power, what kind of policy support would increase the likelihood of development projects increasing?

A2: We consider the non-firm type connections that have been implemented since January of this year to be policy support at this point.

Regarding the future, we hope to see the further augmentation of power transmission networks. If progress is made in augmenting transmission networks, it will be easier to consider projects, particularly in the Hokkaido area.

Q3: What are your thoughts on the impact that progress in VPP and storage battery technologies will have on the development of onshore wind power?

A3: We are participating in a number of verification tests and believe this area shows promise, but as we currently recognize these advancements to be in the verification stages, they have not been incorporated into our project plans.

Q4: Bidding recently ended for the offshore wind project off the coast of Yurihonjo-shi, Akita. What are the strengths of the consortium you are taking part in, and when will the results of the bids be publicly announced?

A4: We consider our ability to gain the understanding of local residents in various ways to be a strength in pursuing the project.

Factors other than price, such as the degree of contribution to the local community, account for more than half the points allotted in the business selection process.

We expect the results of the bidding to be publicly announced some time in autumn or winter of this year.

Q5: Regarding the Q1 results in the Petroleum Business, what factors led to performance beating planned levels?

A5: Excluding inventory valuation, ordinary income in the Petroleum Business was around ¥12 billion higher than planned. This consisted of about ¥8 billion in margins, and approximately ¥1 billion in sales volume.

Regarding margins, the main factors behind the uptick were time lag effects and that the LSC and naphtha market conditions were expected to be severe.

On sales volume, we believe the upswing was due to the absence of COVID-19 effects and our sales efforts.

Q6: What is your schedule for designating promotional areas regarding offshore wind projects?

A6: For projects following the Offshore Yurihonjo-shi, Akita project, first we expect the Offshore Northwest of Aomori project to be upgraded to promotional area.

There is a possibility that the [Central sea area near Akita], [Offshore near Yuza, Yamagata] and [Offshore north of Niigata] projects will be upgraded to high potential areas in August.

Q7: Regarding Q1 results for the Petrochemical Business and the Oil Exploration and Production Business, what were the factors behind the upward and downward trends compared with planned levels.

A7: For the Petrochemical Business, improving market conditions for benzene and paraxylene were the main factor in the uptick. For the Oil Exploration and Production Business, there was hardly any change from planned levels due to the January-March period.

Q8: What is the status of new projects in the wind power generation business?

A8: Regarding onshore wind, for areas that were abandoned in the past because grid connections could not be secured, we are considering both firm-type and non-firm-type connections.

We are looking in to the possibilities for offshore wind in various regions.

Q9: Market conditions for petrochemicals did not seem very good. What were the factors behind the strong Q1 results?

A9: Market conditions for paraxylene are poor, but improvements in the market conditions for benzene have played a big part. If these market conditions are maintained, we believe that we can continue to generate considerable revenue.

Q10: What is the status of fundamentals regarding the petrochemical market?

A10: Regarding olefin market conditions in Q1, on the supply side, petrochemical plants were shut down in North America due to a wave of cold weather in the beginning of the year, and in South Korea, ethylene cracker trouble caused the market to tighten.

However, on the demand side, the market for benzene has been very strong, particularly for styrene monomer, a benzene derivative.

The ethylene market was also stronger than expected.

Q11: I think you've been pushing the sale of cross-shareholdings to date, but what is your future policy regarding this?

A11: As you are aware, we have been properly handling the sale of cross-shareholdings. We hope to continue to reduce cross-shareholdings as also stated in our corporate governance code.

Although we will refrain from commenting on individual matters, we verify factors such as capital costs to make selections on whether to continue holding shares.

Q12: During your briefing on financial results for the full year of FY2020, the topic of the Carbon Net Zero declaration came up. What is your progress on this front?

Additionally, when developing the next medium-term management plan, will you reflect feedback from the stock market, and what are your thoughts on this?

A12: Regarding SDG themes, we are in the process of considering matters aimed at disclosures focused on TCFD recommendations. In terms of the progress we have made over the last three months, previously we have engaged in discussions in a committee format comprising some of the company's directors, but now this has been

upgraded to a full meeting body made up of directors to engage in deliberations. Regarding the development of our next medium-term management plan, we hope to closely engage with the stock market.

Q13: Regarding the Offshore Yurihonjo-shi, Akita project, what impact would a partially successful bid have on the schedule?

A13: Assuming that it would not be on the level of 700MW turning into 50MW, generally speaking in these cases the construction schedule would not change much based on the size, so we believe there would be almost no impact on the schedule.

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.

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