◆ Cosmo Energy Holdings Co., Ltd. (Securities Code: 5021)
2Q FY2025 Financial Results Briefing for Analysts and Institutional Investors Q&A

-This document contains forward-looking statements. A disclaimer is provided at the end of the report -

1. Date and Time: Wednesday, November 12, 2025 10:00 to 11:00 (JST)
2. Attendees: 86 persons
3. Major Questions:

Q1: Please explain why you decided not to announce shareholder returns for the second quarter.

A1: Achieving a total payout ratio of 60% or higher is a commitment for the three-year cumulative period of the current medium-term management plan (MTMP), and we have consistently stated our thoughts to return capital as early as possible. While we announced it within the fiscal year last year, our stance remains unchanged that we aim to announce it within the fiscal year this year as well. While our performance remains robust, given that this is the final year of the current MTMP, we wish to present the details once the accuracy of our performance projections has been further refined.

Q2: Please explain your approach to capital policy for the next MTMP. The current MTMP targets ¥600.0 billion in equity capital, with any excess allocated to additional returns. Will this policy continue in the next MTMP? Or are you considering other options, such as ROE?

A2: We are continuously discussing this internally. Regarding the equity target set in the current MTMP, we are first reviewing and verifying its results. While ROE is an important metric, we are currently assessing internally what absolute level of equity is necessary.

Q3: Please explain the Petrochemical Business. The standalone second quarter was profitable, and we understand this included positive effects from business restructuring in expenses and other items.
If market conditions remain the same as in the standalone second quarter, can we understand that profitability will be secured in the second half and beyond?

A3: The physical implementation of business restructuring will begin next fall or later, and the production structure has not changed. This fiscal year,
there are positive accounting effects such as reduced depreciation expenses. However, with the business structure improvements not yet realized, the current market conditions remain challenging. The improvement seen in the standalone second quarter compared to fist quarter was largely due to the elimination of the negative impact from opening inventory in April-June, which had affected first quarter negatively.

Q4: Please explain the growth drivers for the next MTMP. Also, can ROE be improved?

A4: The next MTMP anticipates profit growth centered on petroleum. Domestic demand in the Petroleum Business temporarily declined due to the pandemic of Covid-19, but since 2021, the decline has slowed compared to previous projections and has remained largely flat. Gasoline demand remains resilient, making the Petroleum Business profitable for the next three years.
Furthermore, in the Oil E&P Business, increased production at the Hail Oil Field continues to be a source of revenue. In the Petrochemical Business, we will achieve improved profitability through structural improvements in the basic chemicals segment.
Discussions are ongoing internally regarding growth strategies beyond the next MTMP.
While we aim for a higher level of ROE, it cannot be increased indefinitely. Therefore, we are currently verifying the target value for the next medium-term plan internally.

Q5: I understand your basic strategy is a short position, but is there room for exports in response to changes in the external environment?

A5: While overseas markets exhibit high volatility, the domestic market remains firm.
Although our company maintains an import position under the short position strategy, opportunities for exports may arise depending on supply-demand balance. However, the revenue impact of exports would be limited.

Q6: I understand that full-year earnings forecasts remain unchanged as performance is progressing in line with company plans.
Please provide segment-by-segment progress relative to company plans.

A6: Overall performance is progressing in line with company plans, though the Petrochemical Business faces challenging conditions. Margins in the Petroleum Business are generally progressing in line with company plans.

Q7: I believe the yen-denominated crude oil price was higher in second quarter alone than in first quarter alone. Please explain the background behind the negative inventory impact recorded for second quarter alone.

A7: While the three-month average price was higher in second quarter alone than in first quarter alone, we recorded a negative inventory impact due to the lower-of-cost-or-market method for July-September.

Q8: If current crude oil and exchange rate levels persist, how will inventory valuation impact third quarter and beyond?

A8: With the yen weakening, impact of inventory valuation is expected to decrease for the full year.

Q9: Please provide the breakdown of the ¥24.3 billion decrease in expenses for the Oil E&P Business. Also, while production at the Hail Oil Field has stabilized, is there further room for cost reduction?

A9: The - ¥24.3 billion breakdown consists of - ¥19.8 billion from foreign exchange impacts, with the remainder primarily due to increased rig operation costs.
While not a new cost reduction measure, the increased production at the Hail Oil Field has lowered unit costs.

Q10: Regarding the New Areas in the next MTMP, please explain how the positioning of Renewable Energy Business and the content of the New Areas will change compared to the current MTMP.

A10: Renewable energy, particularly offshore wind power, has been more challenging than anticipated in the current MTMP. Given the difficult environment for offshore wind power throughout Japan, we are closely monitoring how the mechanisms and rules will change going forward. We have not given up on offshore wind power, so we may bid if conditions are met. On the other hand, while the profitability of onshore wind power is slightly lower than initially anticipated due to factors such as inflation, we are working to expand capacity. Green power sales are progressing steadily.
We are reorganizing the new areas for the next medium-term management plan to include not only renewable energy, but also functional chemicals in petrochemicals and new fields in energy.

Q11: You mentioned that domestic demand in the Petroleum Business has not declined as much as expected. Please tell us about your sales strategy.

A11: We believe that sales volume is closely linked to refinery operating ratios, and we aim to achieve sales on par with domestic demand.

Q12: Please tell us about the progress of the capital and business alliance with Iwatani Corporation.

A12: Hydrogen is a theme that looks even further ahead than the next MTMP. We have opened our first and second hydrogen stations and are preparing for the third, with the first station in particular being used by many customers. With the start of line production of FCV trucks, we are beginning to see signs of hydrogen becoming more widespread in buses and trucks. We also anticipate industrial hydrogen demand from sectors like steel manufacturing and LNG. Considering these factors, we aim to build a supply chain leveraging the assets of the Chiba Refinery.

Q13: Are there any structural changes expected for FY2026 compared to FY2025?
A13: We plan to initiate structural improvements in the Petrochemical Business in FY2026. Furthermore, enhancing productivity and reducing costs through refinery DX (digital transformation) is one of the themes for the next MTMP starting FY2026.

Q14: Regarding the New Areas in the current MTMP, what were the challenging aspects?
A14: It was challenging overall, particularly offshore wind power. While we believe it was the right decision to calmly postpone the investment judgment, it also meant losing sight of a major pillar of our growth strategy. With inflation progressing, projects that were previously viable are now becoming unprofitable. We must therefore think more deeply about how much risk we can take, anticipating future developments.

Q15: To further increase PBR, I believe the choice is between prioritizing returns or growth. How do you interpret investor feedback regarding the next MTMP?
A15: Through dialogue with investors, we recognize the high expectations for returns. However, we also have a desire to growth. Therefore, even if we were to redirect a portion toward growth, the key point is how we can convince investors of that growth story.

Q16: Please tell us about your approach to risk. In the current MTMP, you calculated the risks for each business and determined the necessary capital. Nearly three years have passed. Have the risks for each business changed?
Also, do you still consider the net D/E ratio of one time, which you set as a financial soundness target, to be appropriate?
A16: Mathematically, it is not something that changes significantly in a year. Qualitatively, although there was uncertainty about decarbonization and greening when the current MTMP was formulated, we are now able to have grounded discussions.
It is not necessarily the case that a low net D/E ratio is always good; it is important to leverage appropriately. We believe that a net D/E ratio of one time is an appropriate level for our company at this time.

Q17: I understand that production at the Hail Oil Field continues to increase through water injection. Could you please provide details on the cost increases in the Oil E&P Business? Also, could you tell us whether production at the Hail Oil Field can be maintained for the time being?
A17: Regarding the cost increase related to rig operations mentioned earlier, outside of the Hail Oil Field, we use ESPs (electric submersible pumps) installed in oil wells to recover crude oil, and the cost of these has increased. Concerning production volume, the Hail field has wells prepared for water injection. Therefore, if the current water injection can be maintained, we expect production volume to be sustained for the time being.

(End)