Progress of the Consolidated Medium-Term Management Plan (FY2018-FY2022)

Under the slogan " Oil & New Everything About Oil – And Beyond " the sixth five-year consolidated management plan (the sixth management plan) began in FY2018.
By increasing our earnings power and improving our financial condition, we aim to achieve a net worth that can sustain us over changes in the market environment and a net D/E ratio of 1.0 to 1.5 times. We also strive to enhance our future growth drivers, mainly focusing on the Petrochemical Business and the Wind Power Generation Business.

Basic policy

Oil

- Increase the profitability of the petroleum business, for example, by complying with the IMO[1] regulations on use of high-sulfur C fuel oil and taking the lead in the supply of clean marine fuels.

> Strengthen the financial condition based on earning power.

New

- Invest in wind power generation and other businesses that will lead the next growth stage.

> Contribute to the achievement of SDGs[2] through business activities.

[1] An air pollution preventive measure for reducing ships' emissions of sulfur oxide (SOx) adopted by the International Maritime Organization (IMO) that requires the reduction of sulfur content in marine fuel oil from 3.5% to 0.5% from the beginning of 2020.
[2] The Sustainable Development Goals (SDGs) were adopted by 193 member countries at the United Nations Summit in September 2015.There are 169 targets for 17 goals, to be achieved in 15 years, from 2016 to 2030.

The Fifth Consolidated Medium-Term Management Plan's Main Initiatives

Recovery in profitability
Closed the Sakaide Refinery and shifted to a three-refinery structure, as part of rationalization, to ensure competitiveness.

Execution of growth strategy
Executed large-scale growth investment (the Hail Oil Field, para-xylene plant, and new wind power plants)

➡ Restored profitability in the Fifth Plan, which led to new investments in the sixth management plan

The Fifth Consolidated Medium-Term Management Plan
FY2013 - FY2017

Oil&New

The previous medium-term management plan was positioned as "five years to establish a solid business foothold for further expansion." Under this plan, we made structural improvements, such as improving the profitability of the oil refining and sales business, as a leading initiative, and rationalizing the supply division.
The sixth management plan is based on the profit foundation established in the fifth plan. We are continuing the fifth plan's main initiative of improving the profitability of the oil refining and sales business (Oil) as well as advancing growth investment in the wind power generation business and the petrochemical business (New) with the aim of expanding the business portfolio, which anticipates no use of fossil fuel.

Long-Term Direction

In view of the transition to a fossil-fuel-free society, shift the focus to the renewable energy business through active investment while increasing the competitiveness of petroleum-related businesses.

Contribute to the achievement of SDGs through the sustainable growth of the Cosmo Energy Group.

The Sixth Consolidated Medium-Term Management Plan
The Consolidated Medium-Term CSR Management Plan
The Sixth Consolidated Medium-Term Management Plan
Goal 2022

- Improve the business portfolio for subsequent growth in view of the long-term direction.
- Strengthen the financial foundation by increasing the profitability of the Oil E&P and Petroleum businesses.

Oil & New Everything About Oil – And Beyond

Secure profitability to enable reinvestment
Expand growth drivers with a future orientation
Improve financial condition
Strengthen the group management foundation

Realignment of the Business Portfolio

- In view of the transition to a fossil-fuel-free society, shift the focus to the renewable energy business through active investment while increasing the competitiveness of petroleum-related businesses.
- Contribute to the achievement of SDGs through the sustainable growth of the Cosmo Energy Group.

A
- Possibility of peak out after 2030
- Cost competitiveness is key

Sixth MTMP*
- Maintain production level & reduce OPEX

Long term
- Seek added-value projects utilizing the Company's strengths

B
- Domestic onshore sites are mostly occupied but offshore expansion is possible

Sixth MTMP*
- Maximize onshore
- Expand to offshore

Long term
- Become one of the core businesses
- Aim to be a domestic leading company in offshore wind power generation

C
- Domestic demand will continue to decline, but relative competitiveness will increase until around 2030

Sixth MTMP*
- Focus on profitable products
- Strengthen synergy with the petrochemical business

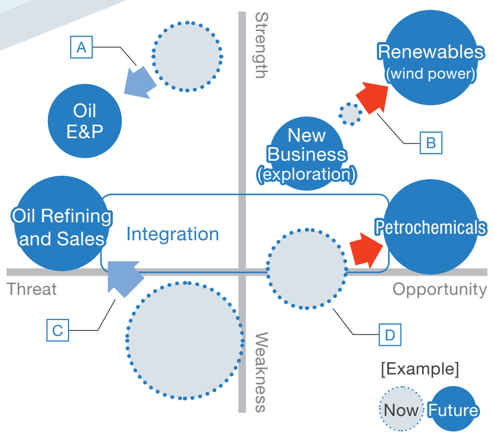
Long term
- Shift from petroleum fuel to petrochemical feedstock

D
- International markets are growing based on an increase in the global population
- Ethylene production to maintain competitiveness
- Able to swing from petroleum fuel

Sixth MTMP*
- Strengthen competitiveness in global market
- Development of differentiating products
- Synergy with oil refining business

Long term
- Shift from petroleum fuel to petrochemical feedstock

*MTMP:Medium-Team Management Plan



*The bubble size is a conceptual image.

Progress of Management Goals

Management Goals	FY2018	FY2019	FY2022
Ordinary income (excluding the impact of inventory valuation)	¥107.4billion	¥68.5billion	Over ¥120billion
Profit attributable to owners of parent	¥53.1billion	¥-28.2billion	Over ¥50billion
Free cash flow	¥6billion	¥27.5billion	Over ¥150billion (FY2018 - FY2022 Five years total)
Net worth (Net worth ratio)	¥281.1billion (16.5%)	¥239.8billion (14.6%)	Over ¥400billion (Over 20%)
Net D/E Ratio*	1.98times	2.41times	1.0 to 1.5times
ROE	20.4%	-10.8%	Over 10%
Precondition			
Dubai crude oil price (USD/B)	69	60	70
Exchange rate (Yen/USD)	111	109	110

In FY2019, the second year of the sixth management plan, ordinary income, excluding the impact of inventory valuation, decreased by ¥38.9 billion from FY2018 to ¥68.5 billion, due to a decline in oil prices and oil product margin deterioration, caused by the effects of the COVID-19 pandemic.
A decline of ¥52.2 billion in the inventory valuation, driven by lower oil price, resulted in recording loss attributable to owners of the parent of ¥28.2 billion, down ¥81.3 billion in profit from FY2018.
The COVID-19 pandemic affected and deteriorated management indicators for FY2019 year on year. In the meantime, we anticipate that the temporary impact of the COVID-19 pandemic on profit decline will gradually dissipate in FY2020. Therefore, we are projecting ¥30 billion in ordinary income excluding the impact of inventory valuation and ¥14.5 billion in profit attributable to owners of the parent.
We will continue steady implementation of the measures of the sixth management plan, aiming to achieve the plan's goals.

* Concerning the ¥30 billion hybrid loan made on March 31, 2020, 50% of this loan is included in Equity.