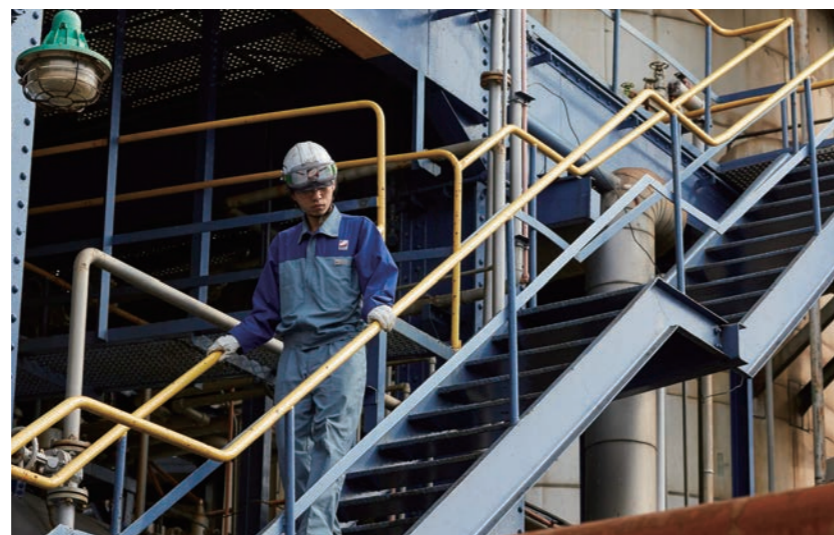
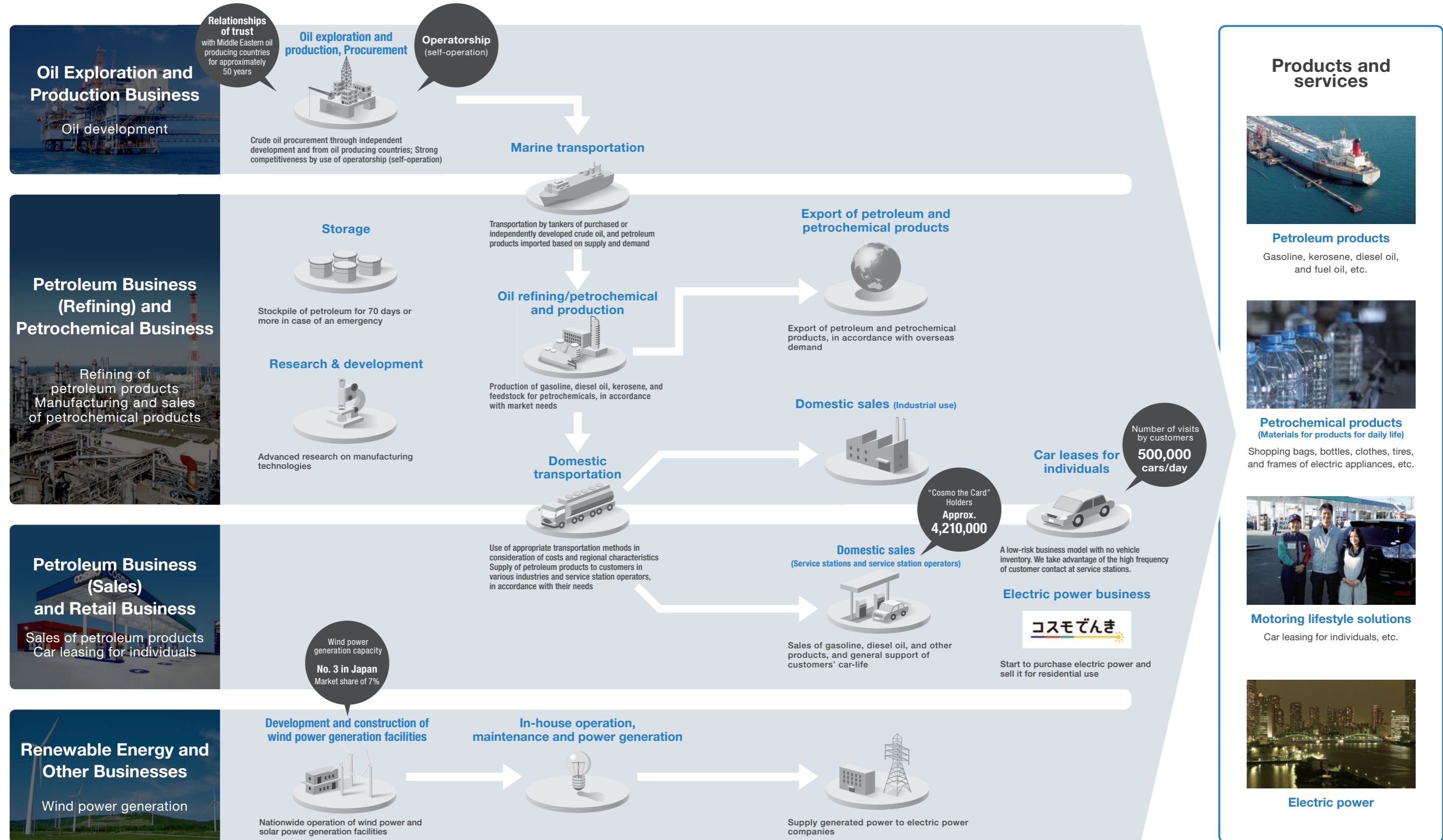


Business activity

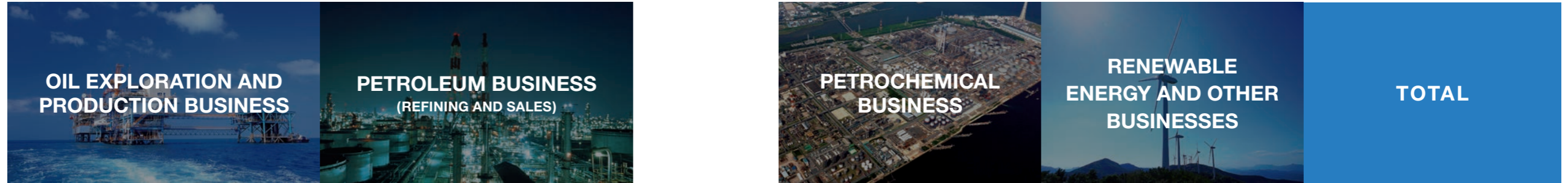


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The Cosmo Energy Group's business



BUSINESS OVERVIEW



Business summary	Business of exploration and production of crude oil in Abu Dhabi, United Arab Emirates (UAE) and Qatar.	Business to refine imported crude oil and sell the products to nationwide service stations, factories, and other places including overseas.	Business to manufacture raw materials of polyester fiber, pet bottles, plastics, and synthetic rubber, etc.	Businesses that are unrelated to oil or petroleum. Mainly engaged in wind power generation as renewable energy.	
Net sales (FY2019 result)	¥ 97.9 billion	¥ 2,506.8 billion	¥ 414.4 billion	-¥ 281.1 billion	¥ 2,738.0 billion ²
Ordinary income (FY2019 result)	¥ 45.0 billion	-¥ 47.8 billion / ¥ 4.4 billion* <small>*excl. the impact of inventory valuation</small>	¥ 5.2 billion	¥ 13.9 billion ²	¥ 16.3 billion / ¥ 68.5 billion ^{2*} <small>*excl. the impact of inventory valuation</small>
Number of employees (as of March 31, 2020)	271	4,448	1,178	949	6,846

Major assets
(as of March 31, 2020)

- Crude oil reserves (proved and probable)**
160.6million barrels
Equivalent to approx. 17 years of supply (as of December 31, 2019)
- Crude oil production (of the entire group)**
Approx. 51,000barrels/day
Comparison with refining capacity: Approx. 13% (January to December 2019 result)
- Partnerships**
Solid relationship of trust with oil producing countries for about 50 years

Crude oil processing capacity¹
400,000 barrels/day
Domestic market share: Approx. 11.4%

Number of service stations in Japan
2,755
Number of Cosmo brand stations

Number of Cosmo the Card holders
4.21million cards

Car leasing business for individuals
Cumulative total 73,634cars

Carlife Square app
Number of members 1.92 million

Ethylene production capacity
1.29million tons/year³
Domestic market share: Approx. 19%

Para-xylene production capacity
1.36million tons/year³
As of July 31, 2020

Benzene production capacity
0.74million tons/year³

Mixed-xylene production capacity
0.62million tons/year³

Wind power plant capacity
266,000kW
No. 3 in Japan and 7% domestic share (As of July 31, 2020)

Number of windmills
179 (24 regions)
As of July 31, 2020

Corporate brand awareness in Japan
98.4%
Survey of 1,239 customers (men and women, 18 to 64 years old) who used a service station by car in the past one month (as of October 30, 2017)

Major business companies and related companies (as of March 31, 2020)	Cosmo Energy Exploration & Production Abu Dhabi Oil Qatar Petroleum Development United Petroleum Development	Cosmo Oil Cosmo Oil Lubricants Gyxis Kygnus Sekiyu Cosmo Oil Marketing Cosmo Oil Sales Sogo Energy	Maruzen Petrochemical Cosmo Matsuyama Oil CM Aromatics Hyundai Cosmo Petrochemical	Cosmo Eco Power Cosmo Engineering Cosmo Trade and Service	¹ Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from Idemitsu Showa Shell Group with the business alliance ² Including consolidating adjustment ³ Including whole capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)
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Impact of inventory valuation

The impact of inventory valuation indicates the impact on the cost of sales in the financial statements, according to the inventory valuation method, when there is a change in the price of crude oil. It can be separated into the following two categories:

- Inventory valuation impact based on reduction in book value**
If the market value of inventory at the end of the term falls below the book value, it is necessary to reduce the book value to the market value, and this indicates that a resulting loss is incurred.
- Inventory valuation impact based on the periodic average method**
This indicates the impact in terms of income based on the periodic average method, which is an inventory valuation method. In a phase when crude oil prices rise, the cost of sales is pushed down because the unit prices of purchased inventory that have risen during the term are averaged with the lower inventory unit prices at the start of the term. Conversely, in a phase when crude oil prices fall, the cost of sales is increased because the unit prices of purchased inventory that have fallen during the term are averaged with the higher inventory unit prices at the start of the term.

