

COSMO ENERGY HOLDINGS
COSMO REPORT 2020



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Oil & New

Everything About Oil – And Beyond



**Desired types of energy change.
We dedicate all our strengths to responding
to this change.**

The Cosmo Energy Group will strengthen its financial condition by increasing profitability of the Oil Exploration and Production Business and the Petroleum Business.
From the perspective of long-term changes in the business environment, the Group will also expand its business portfolio by actively investing in the Renewable Energy Business and increasing the competitiveness of the Petrochemical Business.

Cosmo Energy Group Management Vision

In striving for harmony and symbiosis between our planet, people and society, we aim for sustainable growth towards a future of limitless possibilities.

Harmony and Symbiosis

Harmony and Symbiosis with the Global Environment
Harmony and Symbiosis between Energy and Society
Harmony and Symbiosis between Companies and Society

Creating Future Values

Creating the Value of “Customer First”
Creating Value from Diverse Ideas of the Individual
Creating Value by Expressing Collective Wisdom

Brand Statement

“Filling Up Your Hearts, Too.”

History of Value Creation

Thirty-four years have passed since the establishment of Cosmo Oil and the start of the Cosmo Energy Group. Amid a variety of environmental changes, the Cosmo Energy Group's mission of a safe and stable energy supply remains unchanged and the Group aims to contribute to society.

- Related to all businesses
- Related to the Petroleum Business
- Related to the Renewable Energy and Other Businesses
- Related to the Oil E&P Business
- Related to the Petrochemical Business



Corporate Origin

The Cosmo Energy Group's History

- 1933 Maruzen Oil established.
- 1939 Daikyo Oil established.
- 1984 "Cosmo Oil" (Refining) established.

- 1933 Maruzen Oil established.
- 1939 Daikyo Oil established.
- 1943 Yokkaichi Refinery constructed.
- 1944 Matsuyama Refinery constructed.
- 1963 Chiba Refinery constructed.
- 1968 Sakai Refinery constructed.
- 1968 Abu Dhabi Oil established.
- 1972 Sakaide Refinery constructed.
- 1984 Cosmo Oil (Refining) established.



Yokkaichi Refinery



Chiba Refinery



Sakaide Refinery



Sakai Refinery

- 1986 Cosmo Oil established.
- 1989 Asian Oil merged into Cosmo Oil to form an organization of four refineries.

- 1986 Cosmo Oil established through tripartite merger of Daikyo Oil, Maruzen Oil and former Cosmo Oil (Refining).
- 1986 Office in Abu Dhabi opened.
- 1986 Cosmo Service Stations redesigned.
- 1989 Asian Oil merged into Cosmo Oil to form an organization of four refineries.
- 1997 Qatar offshore concession area acquired and Qatar Petroleum Development established.
- 1997 "Filling up your hearts, too." adopted as corporate message.
- 1997 IPP business entered.
- 1999 Business alliance formed with Nippon Mitsubishi Oil (currently ENEOS).
- 2000 LNG business entered.
- 2004 Wind power generation started in Sakata City.
- 2005 Full-scale entrance made into mixed-xylene business and CM Aroma established.
- 2006 Construction of delayed coker unit started at Sakai Refinery.



Cosmo Service Station redesigned



Corporate logo for "Filling up your hearts, too."

- 2007 Business alliance formed with IPIC (currently MIC).
- 2007 Japanese education program launched in the UAE.
- 2008 Full-scale entrance made into the petrochemical business. Hyundai Cosmo Petrochemical established.
- 2010 Shares of Eco Power acquired and full-scale entrance made into the wind power generation business.
- 2010 Delayed coker unit started operation at Sakai Refinery.
- 2010 Started the automobile leasing business Cosmo Vehicle Lease*.
- 2011 Fire and explosion accident at Chiba Refinery, due to the Great East Japan Earthquake.
- 2011 Construction of mixed-xylene distillation unit completed at Yokkaichi Refinery.
- 2012 Abu Dhabi Oil's new concession agreement entered into force.
- 2012 Operation resumed at Chiba Refinery's No. 2 Crude Distillation Unit (CDU).

* Currently Cosmo My Car Lease



Offshore oil collection base for oil development



Delayed coker unit at Sakai Refinery

- 2015 Cosmo Energy Holdings established.

- 2013 Sakaide Refinery closed, becoming an organization of three refineries.
- 2013 Hyundai Cosmo Petrochemical started commercial operation of new paraxylene manufacturing unit.
- 2014 Strategic comprehensive alliance entered into with CEPSPA.
- 2015 Business alliance entered into with Showa Shell (currently Idemitsu Kosan).
- 2015 Cosmo Energy Holdings established.
- 2016 Maruzen Petrochemical becomes a consolidated subsidiary.
- 2017 The Hail Oil Field production started.
- 2018 Fuel conversion work at the Yokkaichi Kasumi Power Plant completed.
- 2018 Joint company Chiba Arkon Production Limited established by Cosmo Energy Holdings, Maruzen Petrochemical, and Arakawa Chemical.
- 2018 Sale of electricity started at Cosmo Denki (Electricity).
- 2018 Fiftieth anniversary of Abu Dhabi Oil celebrated.
- 2019 Eco Power becomes wholly owned subsidiary, renamed Cosmo Eco Power.



Maruzen Petrochemical's Chiba Plant



Wind power generation

Value Creation Model

As an integrated energy company, indispensable in people's daily lives, the Cosmo Energy Group aims to solve social issues through its business activities.

Environmental Challenges and Social Issues



Mega-trends in the energy business

Accelerating shift from fossil fuel

- Paris Agreement (greenhouse gas reduction)
- Fourth Industrial Revolution (IT technology innovation)
- Accelerating dissemination of electric vehicles (EVs)



Global mega trend

- Increase in global population
- Climate change and global warming
- Low energy self-sufficiency rate
- Pandemic
- Diversity & inclusion
- Consideration for human rights



Japan's mega-trend

- Expansion of the sharing economy
- Growth in demand for renewable energy
- Aging society and declining working population

Inputs



Human capital

Number of employees (consolidated)	6,846
Average number of temporary workers	3,169
<small>* As of March 31, 2020</small>	



Safety and technology capital

Operational Management System (OMS) as a basis for safe operation and stable supply



Manufactured capital

Crude oil processing capacity	400,000barrels/day
Operating rate of refineries <small>April 1, 2019 to March 31, 2020 CD-based</small>	87.9%
Number of service stations <small>As of March 31, 2020</small>	2,755
Crude oil production <small>FY2019 result</small>	Approx. 51,000barrels/day
<small>(Comparison with refining capacity: Approx. 13%)</small>	
Petrochemical production capacity <small>As of March 31, 2020</small>	
Olefinic production capacity	Ethylene 1.29million tons/year
Aromatic production capacity <small>*As of July 31, 2020</small>	Para-xylene* 1.36million tons/year
	Benzene 0.74million tons/year
	Mixed-xylene 0.62million tons/year
Wind power plant capacity <small>As of July 31, 2020</small>	266,000kW
<small>No. 3 in Japan and 7% domestic share</small>	



Social and relationship capital

Number of Cosmo the Card holders <small>As of March 31, 2020</small>	4.21million cards
Cosmo My Car Lease <small>As of March 31, 2020</small>	Cumulative total 73,634cars
Carlife Square App membership <small>As of March 31, 2020</small>	1.92million members
Friendly relationship with oil-producing countries	Approx. 50years
Corporate brand awareness	98.4%
<small>Surveyed 1,239 individuals, 18-64 years old, who visited a service station by car in the previous month (as of October 30, 2017)</small>	



Natural capital

Crude oil reserves	160million barrels
<small>(equivalent to approx. 17years of supply)</small>	
Total energy consumption <small>FY2018 results</small>	744,623TJ
Wind power, sunlight and other natural energy	



Financial capital

Total assets	¥1,639.8 billion
Net assets	¥362.8 billion
Free cash flow <small>(FY2019 results)</small>	¥27.5 billion

Cosmo Energy Group's business activities

Consolidated Medium-Term Management Plan

Oil & New

Everything About Oil – And Beyond

Consolidated Medium-Term Management Plan [▶ P 09](#)

Consolidated Medium-Term CSR Management Plan [▶ P 13](#)

Our business activities

Four business segments

Oil Exploration and Production Business ▶ P 33	Petroleum Business ▶ P 37	Petrochemical Business ▶ P 41	Renewable Energy and Other Businesses ▶ P 45
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Our business base

Sustainable management [▶ P 51](#)

- | | |
|---|---|
| E Promotion of environmental measures | S Fulfillment of human rights and social contribution measures |
| G Thorough implementation of safety measures | G Enhanced governance structure |

Our values

Brand statement **Filling up your hearts, too.**

Cosmo Energy Group Management Vision

In striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities.

Outcomes



Social value

- Stable energy supply to society
- Expanding production of clean energy, mainly around wind power generation
- Offering value that supports car-life, mobility and the lives of people

Outputs



Economic value

(FY2022 targets in the Sixth Medium-Term Management Plan)

- Ordinary income (excluding impact of inventory valuation) **Over ¥120billion**
- Profit attributable to owners of parent **Over ¥50billion**
- Net worth **Over ¥400billion**
- Free cash flow (FY 2018 - FY 2022, five years total) **Over ¥150billion**
- Net D/E Ratio **1.0-1.5times**
- ROE **Over 10%**

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Realizing the Cosmo Energy Group Management Vision and “Filling Up Your Heart, Too.”

The Cosmo Energy Group is engaged in the stable supply of energy to create an affluent society for “Filling Up Your Heart, Too.”

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Every day we are dedicated to activities that “Fill Up Your Heart, Too,” for all stakeholders of the Cosmo Energy Group.

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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 IMO¹ 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 SDGs² 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.

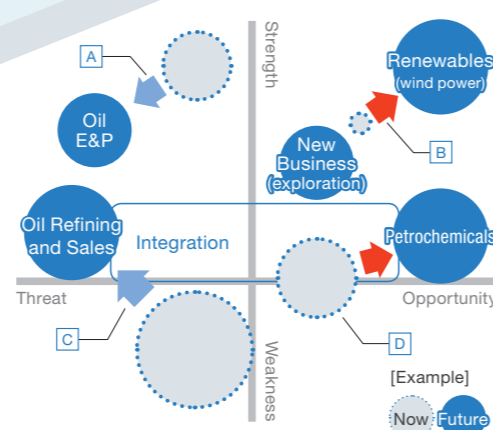
Oil & New Everything About Oil – And Beyond

- 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
 - Long term** Expand to offshore
 - Sixth MTMP*** Become one of the core businesses
 - Long term** 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
 - Long term** Strengthen synergy with the petrochemical business
 - Sixth MTMP*** Shift from petroleum fuel to petrochemical feedstock
 - Long term** Shift from petroleum fuel to petrochemical feedstock
- D** International markets are growing based on an increase in the global population
 - Sixth MTMP*** Ethylene production to maintain competitiveness
 - Long term** Able to swing from petroleum fuel
 - Sixth MTMP*** Strengthen competitiveness in global market
 - Long term** Development of differentiating products
 - Sixth MTMP*** Synergy with oil refining business
 - Long term** Shift from petroleum fuel to petrochemical feedstock



*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.

Materiality and SDGs

Recently, companies must address a wide range of social issues, including climate change, resource depletion, and other environmental issues as well as issues regarding human rights and labor, among others.

As a company whose public mission is to supply continual, safe, and reliable energy, which is indispensable in society, the Cosmo Energy Group has identified materiality (priority issues) to work on in view of the mega trends, to solve social issues through

its business activities. According to the materiality, we develop goals and action plans, and promote activities. By doing so, we aid in solving social issues and simultaneously strengthen our corporate competitiveness.

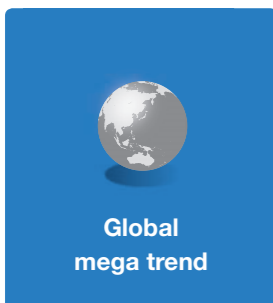
We are committed to focusing on initiatives related to materiality and contributing to the realization of SDGs, as a guideline in realizing sustainable growth as declared in the Group's Management Vision.

Environmental Challenges and Social Issues



Mega-trends in the energy business

- Accelerating shift from fossil fuel
 - Paris Agreement (greenhouse gas reduction)
 - Fourth Industrial Revolution (IT technology innovation)
 - Accelerating dissemination of electric vehicles (EVs)



Global mega trend

- Increase in global population
- Climate change and global warming
- Low energy self-sufficiency rate
- Pandemic
- Diversity & inclusion
- Consideration for human rights



Japan's mega-trend

- Expansion of the sharing economy
- Growth in demand for renewable energy
- Aging society and declining working population

Materiality

(The Sixth Management Plan's Basic Policy and Priority Measures)



Secure profitability to enable reinvestment

- Secure a system of safe, stable operation in the oil refining business
- Take action ahead of the IMO regulations
- Strengthen the Vehicle Life business
- Achieve synergy with the petrochemical business
- Steadily recover the investment in the Hail Oil Field



Expand growth drivers with a future orientation

- Strengthen competitiveness in the petrochemical business and increase its product-line
- Early development of offshore wind power generation
- Explore new businesses for future growth in the domestic and overseas markets (Asia and Abu Dhabi)



Improve financial condition

- Increase shareholders' equity based on profits
- Strengthen cash management
- Careful selection of investments with an eye on the long-term environment



Strengthen the group management foundation

- Implement sustainable management
 - ▶ Consolidated Medium-Term CSR Management Plan
 - ▶ Refer to page 13 for details
 - Promoting environmental measures
 - Enhancing human rights & social contribution measures
 - Ensuring safety measures
 - Strengthening corporate governance structure
- Increase productivity through work-style and operational innovation
 - Promoting diversity
 - Thoroughly increased operation efficiency using robotic process automation (RPA) and AI

Related SDGs

E	 	<ul style="list-style-type: none"> ■ Reduce CO₂ emissions of the entire supply chain ■ Reduce environmental pollutants and work on resource circulation ■ Enhance disaster response capacity
S	 	<ul style="list-style-type: none"> ■ Promote the health of employees and reduce long working hours ■ Support the empowerment of diverse personnel and long-term career development ■ Improve customer satisfaction
G	 	<ul style="list-style-type: none"> ■ Prevent work-related accidents and major accidents ■ Prevent serious quality-related accidents
G	 	<ul style="list-style-type: none"> ■ Risk management, fraud prevention ■ Disclose information to stakeholders



To achieve sustainable growth as declared in the Management Vision of the Cosmo Energy Group, we aim to solve social issues through our business activities, which are responsible for supplying energy to support people's daily lives. We respect the 17 SDGs as a guideline, select the above goals as priorities related to our business, and proactively work on them.

The United Nations Global Compact*

We signed the United Nations Global Compact in 2006 and use its Ten Principles as a reference in recognizing social issues.



* The United Nations Global Compact: Initiatives addressed by the UN Secretary-General to businesses at the World Economic Forum in 1999. Companies are encouraged to comply with the Ten Principles concerning human rights, labour, environment, and anti-corruption.

Human Rights	Principle 1:	Support and respect of human rights
	Principle 2:	Not complicit in human rights abuses
Labour	Principle 3:	Freedom of association and recognition of the right to collective bargaining
	Principle 4:	Elimination of forced and compulsory labour
	Principle 5:	Effective abolition of child labour
	Principle 6:	Elimination of discrimination in respect of employment and occupation

Environment	Principle 7:	Precautionary approach to environmental challenges
	Principle 8:	Initiatives to promote greater environmental responsibility
Anti-corruption	Principle 9:	Development and diffusion of environmentally friendly technologies
	Principle 10:	Work against corruption in all its forms, including extortion and bribery

Enhancement of sustainable management

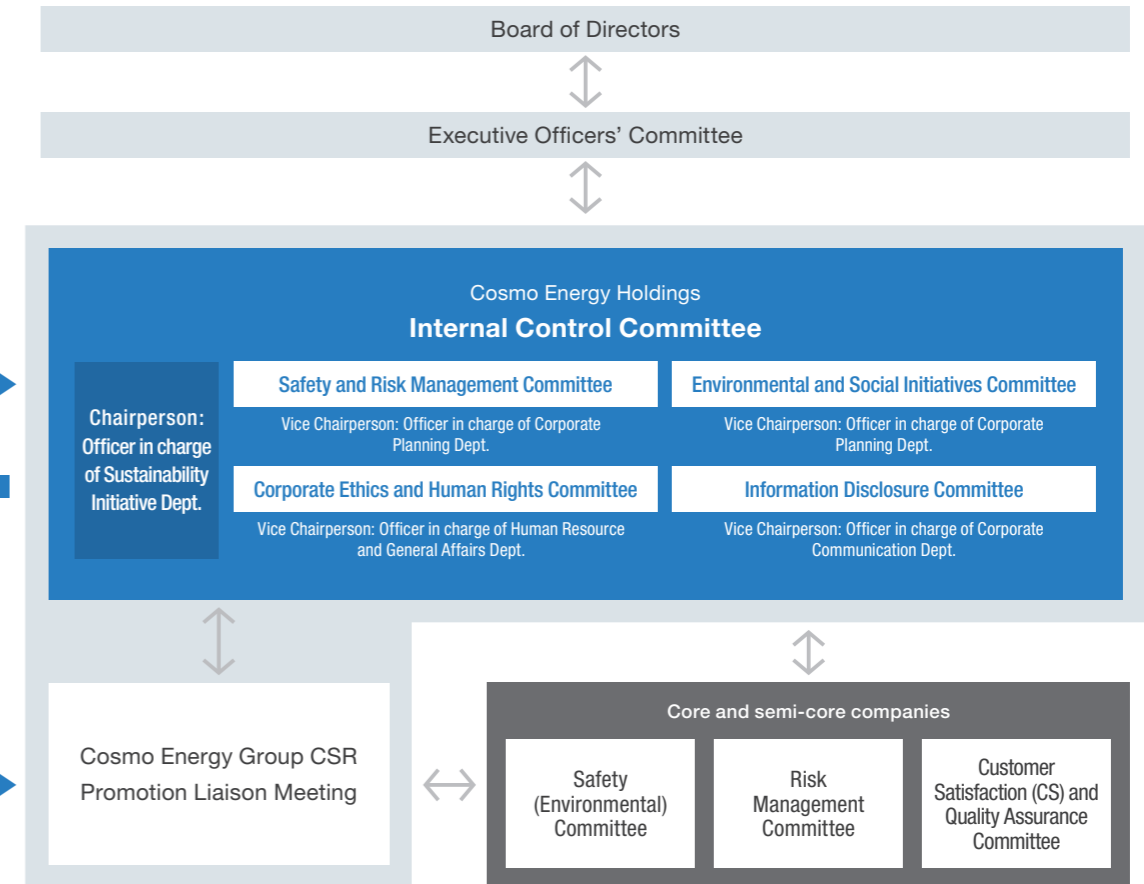
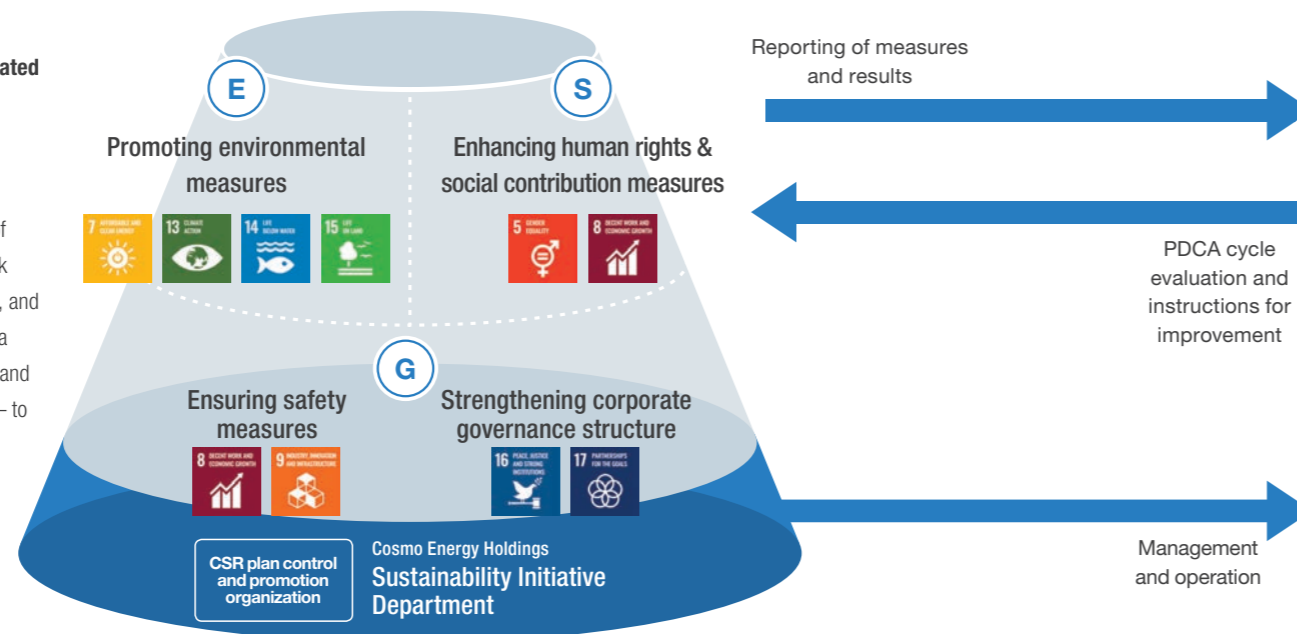
Based on the conviction that earnest efforts to address materiality will lead to achieving the sixth management plan's goals and contribute to solving social issues, we intend to review our organization, systems, and other aspects to enhance sustainable management. In addition, in executing strategies to realize the Group's Management Vision and achieve the sixth management plan, we continue to examine the importance of the materiality from the perspective of our company and society to meet the needs of the times. We plan to conduct interviews within and outside the company and report to the Board of Directors.

The Consolidated Medium-Term CSR Management Plan (FY2018-FY2022)

To achieve sustainable growth as declared in the Group's Management Vision, the Cosmo Energy Group has developed the Consolidated Medium-Term CSR Management Plan (FY2018–FY2022; the CSR plan) in line with the Sixth Consolidated Medium-Term Management Plan. The CSR plan has identified materiality from the perspective of ESG (environmental measures; human rights and social contribution measures; safety and governance) and set KPIs as specific targets. We strive to achieve these targets through our business activities, thereby contributing to the realization of SDGs by our entire group.

Direction and Materiality of the Consolidated Medium-Term CSR Management Plan

In promoting group-wide comprehensive, efficient and sustainable management, we have established four committees in charge of ESG promotion initiatives to handle safety, risk management, human rights, the environment, and other issues. Each of these committees runs a PDCA cycle – from planning for a single year and the long term to doing, checking, and acting – to achieve continual improvement.



	Materiality	Target	Progress and future plan
E Promoting environmental measures	Reduction of greenhouse gas emissions	CO ₂ emission reduction of 1.2 million tons from FY2013 by FY2022	<ul style="list-style-type: none"> Implemented energy-saving investment in refineries and investment in wind power generation business and reduced CO₂ emissions by 0.59 million tons from FY2013 (from 7.462 million tons in FY2013 to 6.875 million tons in FY2019)
	Reduction of environmental pollutants	Planned abolition of use of mercury lamps PCB waste disposal management	<ul style="list-style-type: none"> Shift of lighting equipment in refineries and plants from mercury lamps to environmentally friendly LED lamps is exceeding the plan (164%) Continual implementation of PCB waste disposal by the legal deadline
	Actions to recycle resources	Reduction in industrial waste	<ul style="list-style-type: none"> Continual promotion of industrial waste recycling
S Enhancing human rights & social contribution measures	Occupational safety & health management	Promotion of employees' health Reduction in long working hours	<ul style="list-style-type: none"> Cosmo Energy Holdings and its three core operating companies: Ratio of paid holidays taken: 87.7% in FY2019 Cosmo Energy Holdings was recognized as a 2020 Certified Health and Productivity Management Organization by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.
	Diversity	Empowerment of diverse personnel (30% in the ratio of women hired; adherence to the employment quota for people with disabilities)	<ul style="list-style-type: none"> Ratio of women hired – 26% in FY2019; ratio of people with disabilities in the workforce – 2.22% as of June 2020 Selected for the first time as a Nadeshiko Brand company by METI and the Tokyo Stock Exchange (TSE) for its proactive efforts to support women to play active roles in the workplace.
	Human resources development	Maximization of employees' capabilities Training expenses of ¥50,000 per employee	<ul style="list-style-type: none"> Training expenses: ¥50,000 per employee Ratio of employees who sign up for a correspondence course for personal development: 8.7%
	Customer satisfaction	Improved evaluation on the three promises (50% service stations to be AA-rated)	<ul style="list-style-type: none"> AA-rated service stations in evaluation on the three promises: 46.0% in FY2019 (vs. 44.7% in FY2018) Number of complaints received in the Customer Center: 253 (achieved the target of 290 by FY2022)
		Reduction in the number of complaints	<ul style="list-style-type: none"> Cosmo Oil Eco Card holders: Increase of about 1,000 year on year (65,000 at FY2019-end; 64,000 at FY2018-end) Launch of a new service to provide donations from the CarLife Square application and by joining the Cosmo Denki (Electricity) plan

* Cosmo Energy Exploration & Production Co., Ltd., Cosmo Oil Co., Ltd., and Cosmo Oil Marketing Co., Ltd.

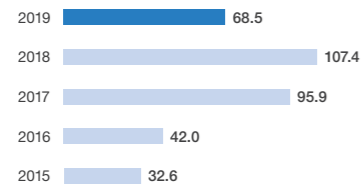
	Materiality	Target	Progress and future plan
G Ensuring safety measures	Safe operations and stable supply	Zero serious labor-related accidents at all group companies	<ul style="list-style-type: none"> One serious labor-related accident in FY2019 (vs. one in FY2018) and 122 work-related accidents in FY2019 (vs. 151 in FY2018) Start of study on PDCA for reduction in crisis occurrence and rebuilding of a reporting method during a crisis
	Quality assurance	Zero occurrence of a serious product (quality) accident caused by group companies	<ul style="list-style-type: none"> Zero serious product (quality) accidents in FY2019 (vs. 1 in FY2018)
	Risk management	Strengthened selection and implementation of measures for priority risks in each group company	<ul style="list-style-type: none"> Thorough risk management and solid response to measures for priority risks by each group company Establishment of a team for crisis measures in response to the COVID-19 pandemic (from January 2020)
G Strengthening corporate governance structure	Compliance	Enhancement of fraud prevention initiative (Zero serious compliance violations)	<ul style="list-style-type: none"> Two serious compliance violations in FY2019 (zero in FY2018) Conducting of FY2019 survey on the current status of CSR Holding of a training course on corporate ethics and human rights, and a course on power harassment, lectured by an outside lawyer; continual operation of a whistleblower system
	CSR-based procurement	Development of a CSR procurement policy	<ul style="list-style-type: none"> Established the Cosmo Energy Group CSR Procurement Policy in October 2019 Established the Cosmo Oil CSR Purchasing Guidelines in November 2019
	Information disclosure	Handling of ESG evaluations by investors, shareholders, and consumers	<ul style="list-style-type: none"> Release of non-financial information in the COSMO REPORT and on the company's sustainability website Continually selected in the FTSE4Good Index Series, FTSE Blossom Japan Index, and the SOMPO Sustainability Index Selected as a constituent of the MSCI Japan Empowering Women (WIN) Select Index for the first time

Major Key Performance Indicators (KPI) Used as Targets

Financial

Ordinary income
(excluding the impact of inventory valuation)
Management Goals (FY2022)

Over ¥120 billion



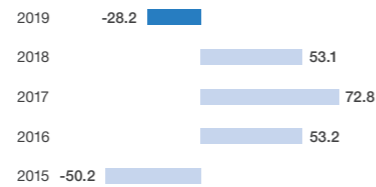
Reason for selection as KPI

The company maintains a 70-day equivalent volume inventory, conforming to the oil product stockpiling obligation for private oil companies. Ordinary income (excluding the impact of inventory valuation) is therefore used as a KPI as it reflects real ordinary income.

See page 53

Profit attributable to owners of parent
Management Goals (FY2022)

Over ¥50 billion



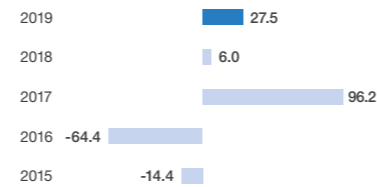
Reason for selection as KPI

Profit attributable to owners of parent is used as a KPI because net profit is related to net worth, net debt-to-equity ratio, and other financial indicators that the company finds important.

See page 58

Free cash flow
Management Goals (FY2022)

Over ¥150 billion
(FY 2018 - FY 2022 Five years total)



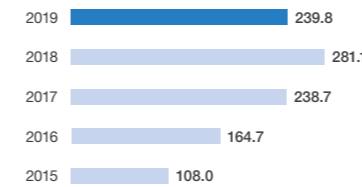
Reason for selection as KPI

Free cash flow is emphasized in assessing ongoing business activities, as well as appropriate investment and the dividend payment level. It is therefore used as a KPI.

* Evaluation on fulfillment of three promises: See page 59

Net worth
Management Goals (FY2022)

Over ¥400 billion

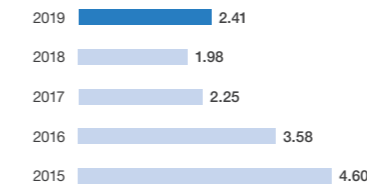


Reason for selection as KPI

The level of net worth is used as a KPI in order to gauge improvement of the company's financial condition, which had been impaired mainly by the impact of inventory in the past.

Net D/E Ratio
Management Goals (FY2022)

1.0 ~ 1.5 times

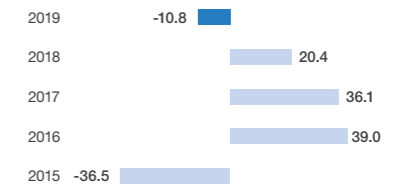


Reason for selection as KPI

The net debt-to-equity ratio is used as a KPI because of the importance of the balance between net worth and interest-bearing debt.

ROE
Management Goals (FY2022)

Over 10%



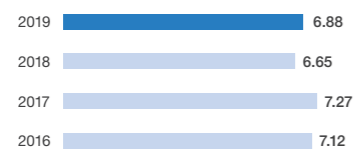
Reason for selection as KPI

The ROE is used as a KPI as a measure of emphasis on efficient generation of profit by use of net worth.

Pre-Financial

CO₂ emissions¹

Management Goals (FY2022)
6.26 million ton-CO₂



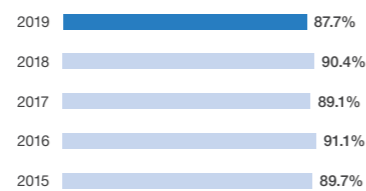
Reason for selection as KPI

"Reduction of greenhouse gas emissions" is one of KPIs in the Consolidated Medium-Term CSR Management Plan, while "Harmony and Symbiosis with the Global Environment" and "Harmony and Symbiosis between Energy and Society" are stated in the Cosmo Energy Group Management Vision. The Cosmo Energy Group identifies reduction in environmental impact, including CO₂ emission, as one of priority issues.

See page 53

Rate of usage of annual paid holidays²

Management Goals (FY2022)
100%



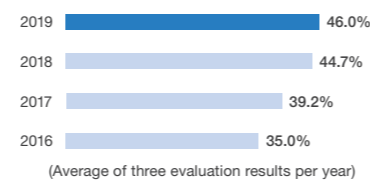
Reason for selection as KPI

The rate of usage of annual paid holidays is used as a KPI with the aim of promoting efficient operation and employees' work-life balance. Group companies set their targets separately, depending on their business category.

See page 58

The ratio of the "AA" evaluation rating of three promises³

Management Goals (FY2022)
50.0%



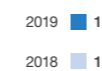
Reason for selection as KPI

With the aim of raising customer satisfaction, Cosmo Oil service stations use an outside research institute to conduct an investigation by mystery examiners three times a year. The ratio of service stations with an "AA" rating is used as a KPI.

* Evaluation on fulfillment of three promises: See page 59

Serious Work-Related Accidents³

Management Goals (FY2022)
None



Reason for selection as KPI

Safe, stable operation is one of the most important issues of the Cosmo Energy Group and is also recognized as priority issue in the sixth medium-term plan and the CSR medium-term plan. In particular, Cosmo Oil, which adopted an Operations Management System (OMS; details on See page 64.) and strives for achieving safe operation and stable supply, improving operations, and avoiding opportunity loss.

¹ Definition and coverage: The petroleum and petrochemical segments, the renewable energy segment, and others of the Cosmo Energy Group, which are covered in the consolidated medium-term CSR management plan.

² Definition and coverage: Employees, contract employees, and part-time employees of Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, and Cosmo Oil Marketing are included. Those who were out of work during the entire term and those who retired during the term are excluded from the calculation.

³ Definition and coverage: Total work-related accidents that require and do not require time off from work. Accidents involve both directly-hired employees and those working at subcontractors of Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, Cosmo Oil Marketing, Maruzen Petrochemical, and 41 related companies.



We strive to realize “Oil & New” while flexibly and optimally responding to the changing environment

Representative Director, Group CEO
Hiroshi Kiriama

Our commitment to steadily implement the basic policies of "Oil & New" remains unchanged, despite the changing environment

The global economy and the energy industry have been hit by the turbulent waves of successive, unprecedented events, such as the spread of the novel coronavirus (COVID-19) and a drop in crude oil prices. While the Cosmo Energy Group is not immune to these events, I believe that what we need to do remains unchanged even under the current circumstances.

I am strongly convinced that the structural reform we have pushed forward with corporatewide efforts since the 5th Medium-Term Management Plan has made our business more resilient. For example, as a part of the structural reform, we established a structure that is well prepared for a medium-term decline in demand for fuel oil. We therefore responded to the recent decline in fuel oil demand by adjusting procurement from outside the Group, without lowering the operating rate of our refineries. Amid industry consolidation, our strategy to emphasize a balance, rather than an expansion in scale by integration, has worked well. Crude oil and other fossil fuels are indispensable energy sources for people's daily lives, but their consumption is expected to be restrained due to the aggravating climate change caused by global warming. While the prevalent

view is that oil demand will decrease by about half of the present level by 2040, I expect that the transition to a fossil-fuel-society may be accelerated in light of the impact of COVID-19. The "Oil & New" basic policy is to capture long-term big trends, flexibly respond to short-term changes, and increase the competitiveness of the petroleum-related business while simultaneously promoting the shift to renewable energy. We are determined to execute this policy steadily and promptly, with the aim of raising our corporate value.

FY2019 results

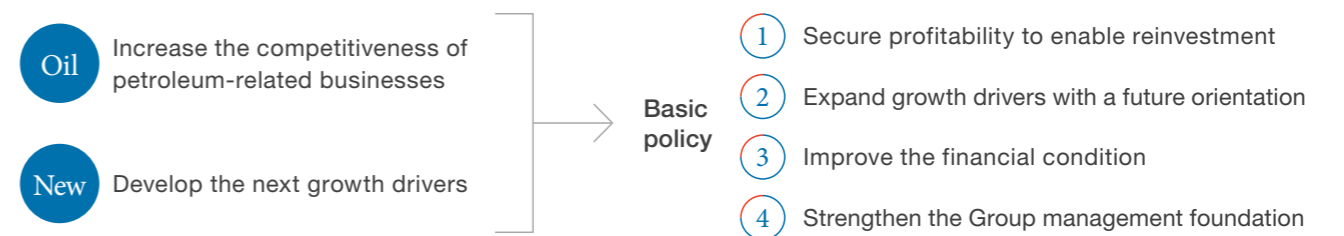
In FY2019, net sales decreased by ¥32.4 billion from the previous year to ¥2,738.0 billion, ordinary profit excluding the impact of inventory valuation decreased by ¥38.9 billion to ¥68.5 billion. Profit attributable to owners of parent decreased by ¥81.3 billion to loss of ¥28.2 billion, mainly due to inventory evaluation loss of ¥52.2 billion that stemmed from a temporary drop in crude oil prices. The Petroleum Business benefitted from the start of the fuel oil supply to Kygnus Sekiyu and the improved low-sulfur fuel oil market, which was driven by the tightened International Maritime Organization (IMO) regulations, but the markets of various products deteriorated due to the impact of the COVID-19 pandemic, which resulted in

The 6th Consolidated Medium-Term Management Plan

Oil & New

Everything About Oil – And Beyond

The Cosmo Energy Group is making a new and vigorous step into the future.
Building the next business portfolio with the petroleum-related business at its core



a decline in profit. The Petrochemical Business' decline in profit was attributable to the deterioration of the petrochemical market, which more than offset the benefit from improvement in output after resolving the negative impact of regular maintenance conducted in FY2018. The Oil E&P Business also posted a decline in profit as the Hail Oil Field reduced production output and crude oil prices declined, despite a recovery in production output by the existing oil fields.

We are making steady progress on the 6th Medium-Term Management Plan

We are making steady progress with our priority measures

in the 6th Medium-Term Management Plan. A variety of measures have been implemented toward the management goal of ¥120 billion in ordinary profit, excluding the impact of inventory valuation by FY2022.

Priority measure 1 Enhanced competitiveness of the Petroleum Business

Regarding the petroleum Business, the IMO has adopted marine fuel regulations that ban the use of the high-sulfur fuel oil in all marine areas. The Cosmo Energy Group has increased the capacity of the Delayed Coker unit at the refinery and has already built a refining system that does not produce high-sulfur fuel oil before the regulation came into force in 2020. Moreover, in

of Yurihonjo, Akita Prefecture, Northwest Coast of Aomori Prefecture, and Akita Central Sea Area. We aim to become a leading company in offshore wind power generation, with generation capacity of 1.0 million kW by 2030, when all rotors are spinning.

The Petrochemical Business is positioned as one of our growth drivers. We are aggressively making investments while pursuing synergies with the Petroleum Business. Maruzen Petrochemical, with Japan's largest-class ethylene production capacity, strives to expand the highly functional product business, which is less prone to changes in the market environment. As an example, Maruzen Petrochemical plans to establish a joint business with Arakawa Chemical Industries to manufacture hydrogenated petroleum resin, used in

disposable diapers and other hygiene products in FY2020. In the same year, Hyundai Cosmo Petrochemical (HCP), a joint venture between the Cosmo Energy Group and Hyundai Oilbank in South Korea, will complete investments to increase production capacity for para-xylene and energy saving in order to become more competitive. We plan to start the commercial operation of a propylene rectifying tower, which is jointly being constructed with Maruzen Petrochemical to add value to basic chemical products in FY2021.

Priority measure 3 Operational innovation (diversity, work-style innovation)

In anticipation of a declining working population over the medium term in Japan, I believe that we must substantially



July 2019, we commenced the fuel products supply to Kygnus Sekiyu, our capital and business alliance partner since 2017. Such increase in sales volume is expected to help generate the profit improvement impact in FY2020. In the Oil E&P Business, the Hail Oil Field began production in FY2017, but intentionally reduced production output in FY2019 as the rate of decline in the reservoir pressure at Hail Oil Field was higher than initially expected. We planned to invest in secondary oil recovery, but in light of a drop in crude oil prices and the global economic conditions, we are reconsidering the timing of the investment. In the future, full production is expected to expand the profit contribution by the Hail Oil Field.

Priority measure 2 Business portfolio transition

The Renewable Energy Business is centered around the wind power generation business. Cosmo Eco Power is one of pioneers in wind power generation and has the third largest market share in Japan. The company is making steady progress on its plan to expand onshore wind power generation capacity from 230,000kW to 400,000kW by FY2022. In case of offshore wind power generation, the change from the feed-in tariff (FIT) scheme to the bidding scheme is likely to entice large companies to enter the market, but we can maintain our competitive advantage, as we are ahead of other large companies and are undertaking projects in many areas, including Akita Port, Noshiro Port, Coast

reduce work that depends on individuals, promote business process outsourcing (BPO), and invest in robotic process automation (RPA), AI, and other IT technologies as a part of operational innovation. We will transform to use a system that allows for a shorter, more flexible work-style, and aim to raise productivity and promote diversity.

Major companies of the Cosmo Energy Group have adopted our work-at-home program for employees to support their childcare or nursing care. In FY2019, we expanded the program, enabling employees to telework from any location irrespective of the reason for two days a week (no limit in the number of days for employees with childcare or nursing care as a reason). The program's utilization rate increased by more than three times year over year in FY2019.

More advanced, autonomous, and profound ESG management

As a company in the energy business, the Cosmo Energy Group has been ahead of its peers in undertaking environmental management based on awareness of providing safety and security to people's everyday lives and of bearing responsibility for protecting the global environment. Our recent efforts include energy saving in refineries and plants, expansion of the wind power generation business, and sales of virtually CO₂-free electricity (Cosmo Denki Green). The Cosmo Energy Group is highly rated for its environmental efforts, as recently shown by its ranking as third most environmentally

conscious company out of 627 companies by business people in the 2020 Nikkei Corporate Image Survey. Along with the Consolidated Medium-Term Management Plan, we are implementing the Consolidated Medium-Term CSR Management Plan. In light of increasing greater social demand for environmental, social, and governance (ESG), our ESG efforts need to be more advanced, autonomous, and profound. In April 2020, we therefore established the Sustainability Promotion Department to advance environmental activities and to augment our social and governance activities to a cutting-edge level, similar to that of the environmental activities. In February 2006, the Cosmo Energy Group signed the United Nations Global Compact (UNGC). Endorsing its 10 principles on the protection of human rights, the elimination of unfair labor, environmental initiatives and anti-corruption, we will continue efforts to realize these principles. I have seen great progress in promoting diversity. In FY2019, we welcomed Ms. Takayama as independent outside director. I felt the Board of Director's discussion became substantially more active and diverse by having a woman join the Board. We also promoted a female employee to an executive officer position in April 2020. As a result, the Cosmo Energy Group was selected as a "Nadeshiko Brand," which was jointly sponsored by the Tokyo Stock Exchange and Japan's Ministry of Economy, Trade and Industry (METI), which selects outstanding companies in promoting the advancement and success of women in the workplace.

"Filling up your hearts, too" under the COSMO brand

The Cosmo Energy Group has been recognized under the brand name "Cosmo Oil." However, in view of the transition to a fossil-fuel-free society, we are transforming our business portfolio with a growing focus on the Renewable Energy Business in addition to positioning the Petroleum Business as the main business. In view of this, we also intend to promote COSMO as a brand that unifies the entire group, including the Renewable Energy Business, to replace "Cosmo Oil." Our corporate message, "Filling up your hearts, too," will continue to be used as a brand statement for the entire group. A brand that is established based on consistent branding earns the trust and expectations of consumers and leads to enhanced business competitiveness. Such a brand may facilitate the hiring of excellent people and raise the work morale of employees. We will therefore unify our diverse business activities under the "COSMO" brand, make



our unique value and existence known through it, and raise our brand value.

FY2020 forecasts

For FY2020 (ending March 31, 2021), we are forecasting ordinary profit of ¥30.0 billion, excluding the impact of inventory valuation, and profit attributable to owners of parent of ¥14.5 billion. While global demand in fuel oil is expected to decline due to the impact of COVID-19, the Petroleum Business is projecting a similar sales volume as in FY2019, thanks to an increase in the supply of fuel products to Kygnus Sekiyu. In addition, ending of the negative time lag by which the product margin reflects the FY2019 drop in crude oil prices, and assuming the absence of impact from accidents caused by typhoons or other events, enable us to forecast higher ordinary profit (excluding the impact of inventory valuation) by ¥22.6 billion from the previous year. In contrast, the Petrochemical Business is expecting a decrease of ¥7.7 billion year on year in ordinary profit due to the deteriorating overseas markets and the impact of regular maintenance of Maruzen Petrochemical. The Oil E&P Business will be negatively

affected by a decline in crude oil prices and is expecting a decrease of ¥49.0 billion year on year in ordinary profit. There is no doubt that the business environment will be harsh, but our mainstay Petroleum Business has strength in terms of positioning in the supply/demand balance as mentioned above. Specifically, we are in a short position and our production capacity is less than our sales volume, as we started the supply to Kygnus Oil in FY2019. This places us in a unique position compared to most other refineries in the world, which are plagued with excess capacity and currently run at a low operating rate. Even if demand for fuel oil drops further due to the impact of COVID-19, we believe that we can continue operation without lowering the operating rate.

Shareholder return is promoted while considering optimal financial conditions at the same time

In FY2019 we posted an inventory evaluation loss, caused by a drop in crude oil prices, and did not make sufficient progress in improving the overall financial condition. Nevertheless, in light of steady progress on implementing the measures of each business, we considered the

situation comprehensively from the medium- to long-term viewpoint and decided to pay dividends of ¥80 per share in FY2019. We intend to make sustainable, stable dividend payments while achieving optimal financial conditions at the same time.

The COVID-19 pandemic is having a great effect on the Cosmo Energy Group and we may have to reconsider the timing of implementation for some measures. I believe that now is a time of testing for companies and their management on the correctness of their judgments, according to the situation at hand.

I am confident that the Cosmo Energy Group is becoming a company that can flexibly rebalance its business portfolio and establish its scenario depending on the changing environment. I can say this because measures we have implemented have made us stronger. The current harsh business environment should be a great opportunity for our group. Our entire group will work together to become a good company that we can all be proud of and a prevailing company that can grow sustainably.

We sincerely hope that our shareholders, customers, business partners and all other stakeholders will continue to extend their support for many years to come.

Improving financial strength while responding well to the changing business environment

Representative Director, Senior Executive Officer
In charge of Corporate Communication Dept.,
Accounting Dept. and Finance Dept.

Takayuki Uematsu



Toward achieving the Sixth Consolidated Medium-Term Management Plan

The Sixth Consolidated Medium-Term Management Plan, which started in FY2018, aims to strengthen our financial position as one of its basic policies. It has the goal of increasing our earnings power and improving our financial position to achieve a net worth that can tide us over amid changes in the business environment, such as a decline in crude oil prices.

The financial target for the sixth management plan are cumulative free cash flow of over ¥150 billion, net worth of over ¥400 billion, net worth ratio of over 20%, and net D/E ratio of 1.0-1.5 times to be achieved by FY2022.

In FY2019, the second year of the plan, the COVID-19 pandemic, Saudi Arabia's oil policy to boost its production capacity, and other factors led to a decline in crude oil prices, which affected us mainly in the form of temporary deterioration in margins on petroleum products. Actual ordinary income, excluding the impact of inventory valuation, decreased by ¥38.9 billion to ¥68.5 billion, while we recorded net loss attributable to owners of the parent of ¥28.2 billion, affected by a decrease of ¥52.2 billion in inventory valuation.

Free cash flow was a positive ¥27.5 billion, supported by an improvement in working capital associated with the decline in crude oil prices. Net worth decreased by ¥41.3 billion to ¥239.8 billion, while the net worth ratio was down 1.9 percentage points to 14.6% and the net D/E ratio down 0.43 points to 2.41 times. As major initiatives in FY2019, we refinanced the subordinated loan* of ¥60 billion and realized ESG financing with an objective to diversify funding source.

In particular, we made an early repayment of the ¥60 billion subordinated loan, procured in FY2015, and refinanced with a

new ¥30 billion subordinated loan. Because the amount of the loan was reduced by half, the interest burden has been greatly curbed. At the same time, we have obtained more favorable conditions with the new loan, such as the provision of a profit redemption clause, no interest rate step-up, and the inclusion of 50% of the loan in equity.

As for ESG financing, we procured the first sustainability-linked loan in Japan's oil industry. This loan sets sustainability performance targets (SPTs) aligned with the borrowing company's CSR plans, and the achievement of these targets is incentivized by aligning interest rate terms with the borrower's performance. The SPTs stipulated under the agreement are: (1) The number of new onshore wind power stations that commence operations, and (2) the availability of existing wind power stations.

We believe that this financing will push us further into promoting the renewable energy business, which is one of our Group's major policies.

In FY2020, the COVID-19 pandemic is expected to make our business environment harsh. Nevertheless, we expect to maintain the sales volume, thanks to growth in supply to Kygnus Sekiyu, despite an expected decline in domestic demand.

Japan's market environment is projected to remain robust. As a result, we forecast ordinary income, excluding the impact of inventory valuation of ¥30.0 billion, and profit attributable to owners of parent of ¥14.5 billion, marking a return to profitability. In FY2020, free cash flow is expected to be negative, mainly due to the investment burden and a decline in earnings. Therefore, we intend to review the timing and composition of investment and reduce cash outflow from investing activities. Nonetheless, we will maintain important growth investment that will lead to the enhancement of corporate value.

Our balance sheet improvement may appear to have stalled

somewhat, mainly due to the decline in crude oil prices, caused by the COVID-19 pandemic in FY2019. However, our petroleum business in Japan, which is a core source of profit, remains robust. Depending on the state of the recovery in crude oil prices, the temporary negative impact that occurred in prior years may be eliminated. We will continue to strive to achieve the sixth management plan.

* Subordinated loan: A form of hybrid finance that lies between equity and debt. It is also a capital financing method that has similar characteristics and features to equity.

Responding to the COVID-19 pandemic

Due to the global economic slowdown and the deteriorating business environment caused by the COVID-19 pandemic, we have focused on securing liquidity in hand and financial stability.

Concerning liquidity in hand, we are maximizing use of Group financing and centrally managing the Group's cash and deposits to secure sufficient cash to withstand the changing business environment.

As for financial stability, we have secured sufficient procurement limits in yen and foreign currencies with multiple financial institutions. We also have a commitment line on a scale of ¥100 billion. We see this as more than sufficient for us to cope with unstable conditions going forward.

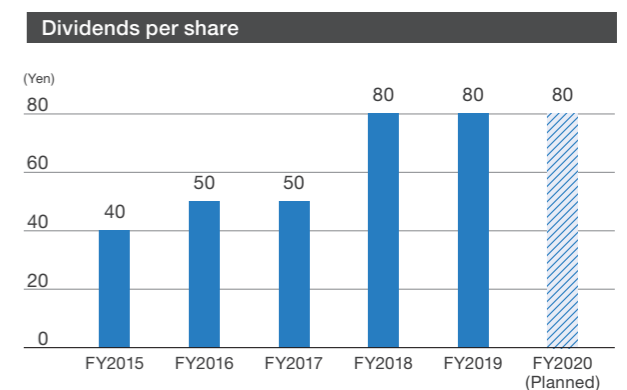
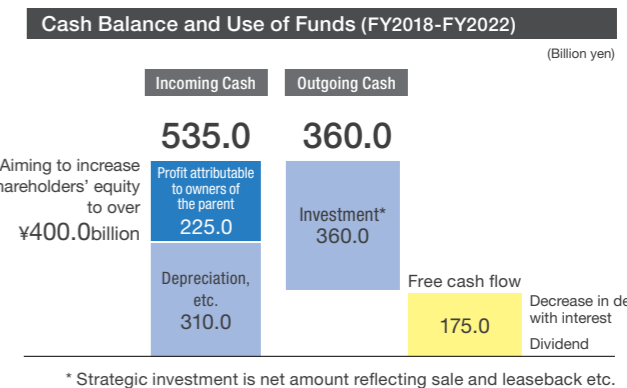
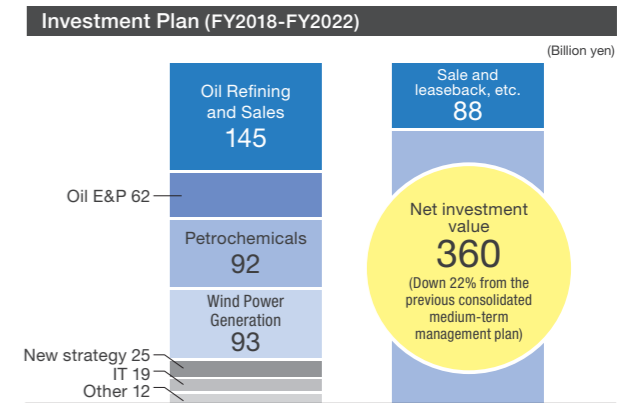
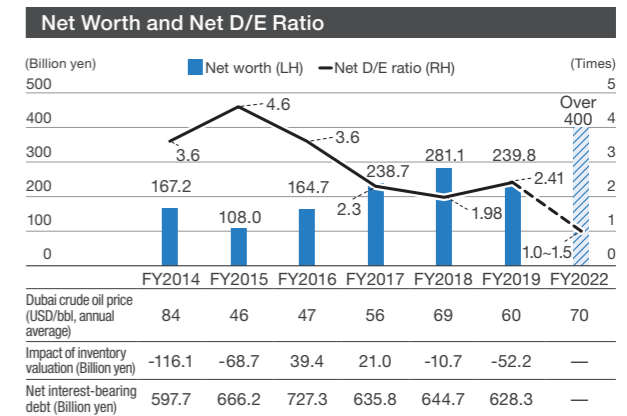
I believe we have to be prepared for the prolonged impacts of the COVID-19 pandemic. We will continue to strive for cost reduction across the group, will review the timing and composition of investment, and will take all possible measures to avoid hindering our business activities.

Message to investors

For FY2019, despite the deterioration in our financial position due to the net loss attributable to owners of the parent, we paid a per-share dividend of ¥80, as initially announced. This was because we recorded actual ordinary income excluding the impact of inventory valuation of ¥68.5 billion and we regarded the COVID-19 pandemic as a one-off factor.

In FY2020, the business environment is expected to be harsh, but we intend to maintain a per-share dividend of ¥80 under our basic policy of stable dividend payments. In the future, we will seek to raise the ratio of return to shareholders while considering the balance with the financial position.

Lastly, dialogues with investors is important to my role as CFO. I am determined to proactively engage with investors and apply their feedback in management. I would like to ask for your continued support.



Business Results & Forecast, Cash Flow Situation, and Analysis of Financial Position

FY2019 Results/FY2020 Forecast

Summary of Consolidated Profit

FY2019 Results

In FY2019, ordinary income decreased by ¥80.4 billion from FY2018 to ¥16.3 billion while net profit attributable to owners of the parent decreased by ¥81.3 billion to net loss attributable to owners of the parent of ¥28.2 billion. Actual ordinary income excluding the impact of inventory valuation decreased by ¥38.9 billion to ¥68.5 billion.

Concerning the segment breakdown of ordinary income, excluding the impact of inventory valuation, the Petroleum Business profit was ¥4.4 billion, down ¥20.5 billion from FY2018. The positive impact from the start of supply to Kygnus Sekiyu and the benefit from improved low-sulfur C heavy oil markets, associated with the tightening IMO regulations, were more than offset by a deteriorating margin from petroleum products, affected by the COVID-19 pandemic. The Petrochemical Business profit decreased by ¥10.1 billion from FY2018 to ¥5.2 billion, mainly due to deteriorating market conditions of petrochemical products, caused mainly by the U.S.-China trade friction. The Oil E&P Business profit also decreased by ¥11.9 billion from FY2018 to ¥45.0 billion, due to a controlled decrease in production volume at the Hail Oil Field and the decline in crude oil prices, despite an increase in production volume at the existing oil fields. The Renewable Energy and Other Business segment increased profit by ¥3.6 billion to ¥13.9 billion, contributed by the start of operation of Watarai

Wind Farm's Second Stage and Himekami Wind Farm, new sites constructed by Cosmo Eco Power.

Forecasts for FY2020

In FY2020, ordinary income is expected to be ¥30.0 billion, down ¥38.5 billion from FY2019, and profit attributable to owners of the parent will be ¥14.5 billion, up ¥42.7 billion from FY2019. No impact is expected on inventory valuation.

As for the segment breakdown of ordinary income, the Petroleum Business profit is expected to increase by ¥22.6 billion from FY2019 to ¥27.0 billion, mainly due to the elimination of the impact of the negative time lag on the margin from petroleum products that occurred in FY2019, an increase in supply to Kygnus Sekiyu, and the elimination of the impact from the issues that occurred at refineries in FY2019. The Petrochemical Business is expected to record a decrease in profit of ¥7.7 billion to a loss of ¥2.5 billion, mainly due to deteriorating market conditions and a decrease in sales volume at Maruzen Petrochemical, impacted by regular maintenance. The Oil E&P Business segment is expecting to see profit decline by ¥49.0 billion to a loss of ¥4.0 billion, due to the fall in crude oil prices caused by the COVID-19 pandemic. In the Renewable Energy and the Other Business segment, we are expecting profit of ¥9.5 billion, down ¥4.4 billion from FY2019, due to an increase in development expenses associated with Cosmo Eco Power's full-scale entry into the offshore power generation business.

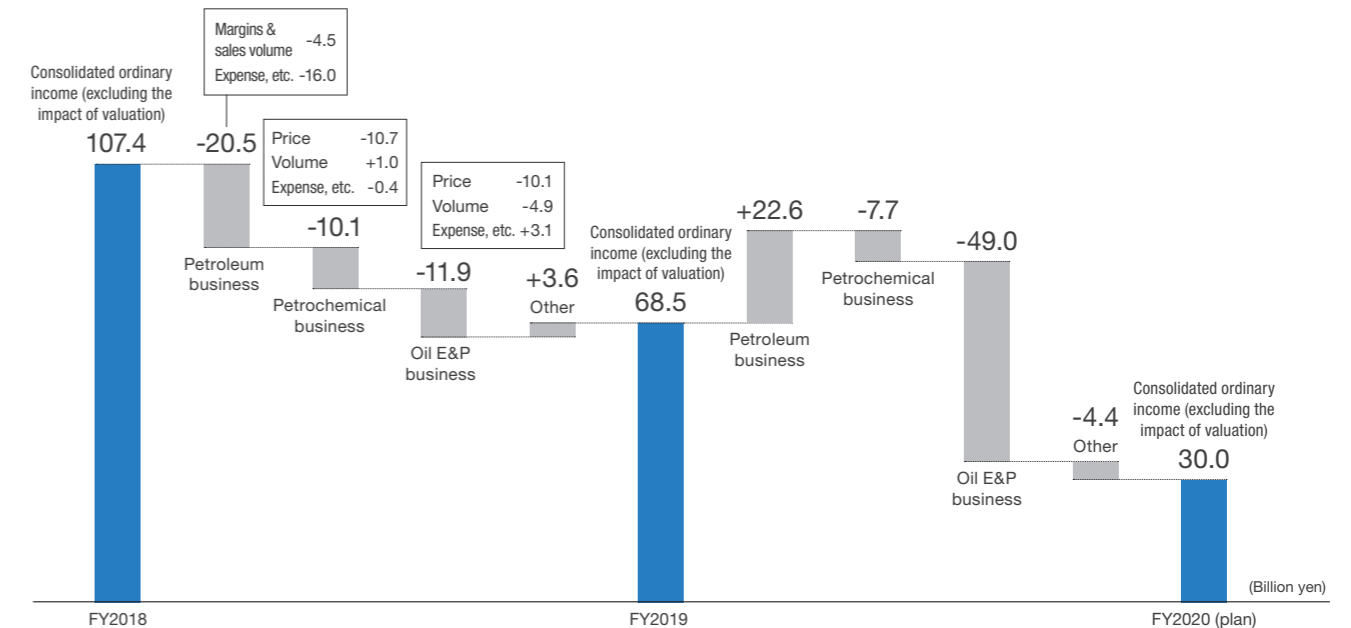
Outline of consolidated statement of income (YOY comparison)

(Billion yen)	FY2019	(Changes)	FY2020 Forecast	(Changes)
Net sales	2,738	-32.4	2,040	-698
Operating income	13.9	-80.8	34.5	20.6
Ordinary income	16.3	-80.4	30	13.7
Impact of inventory valuation	-52.2	-41.5	0	52.2
Ordinary income (excluding the impact of inventory valuation)	68.5	-38.9	30	-38.5
Petroleum	4.4	-20.5	27	22.6
Petrochemical	5.2	-10.1	-2.5	-7.7
Oil exploration and production	45	-11.9	-4	-49
Others	13.9	3.6	9.5	-4.4
Profit (loss) attributable to owners of the parent	-28.2	-81.3	14.5	42.7
For reference				
Dubai crude oil price (US\$/barrel, April to March)	60	-9	29	-31
Foreign exchange rate (¥/US\$, April to March)	109	-2	105	-4
Dubai crude oil price (US\$/barrel, Jan. to Dec.)	64	-5	31	-33
Foreign exchange rate (¥/US\$, Jan. to Dec.)	109	-1	106	-3

FY2019 Results

Consolidated ordinary income (excluding the impact of valuation)

Down **¥38.9 billion** from the previous year



* Details on variable factors of FY2020 forecast are not stated due to uncertain elements concerning the impact of the COVID-19 pandemic.

FY2019 Results

Outline of Consolidated Cash Flows and Consolidated Balance Sheet

Financial Position

In FY2019, the decline in crude oil prices led to the improvement in working balance, which contributed to the improvement in free cash flow. However, due to net loss attributable to owners of the parent, financial indicators, namely, net worth, the net worth ratio and the net D/E ratio deteriorated from the previous year. While we anticipate that the harsh business environment will continue in FY2020, we intend to generate free cash flow by taking measures such as the reviewing of investment projects and make sure to benefit from profit opportunities to improve our financial position.

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 the ¥30 billion Hybrid Loan made on March 31, 2020, is included in Equity.

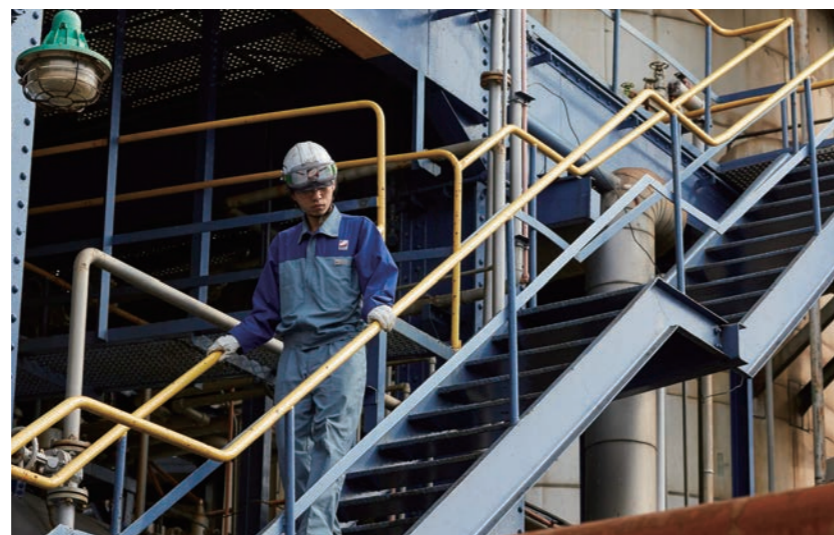
Consolidated Cash Flows

(Billion yen)	FY2018	FY2019
Cash flows from operating activities (1)	90.5	111.7
Cash flows from investing activities (2)	-84.5	-84.2
Free cash flow (1+2)	6.0	27.5
Cash flows from financing activities	-20.5	-24.7
Cash and cash equivalents at end of the period	40.7	43.3

Consolidated Balance Sheet

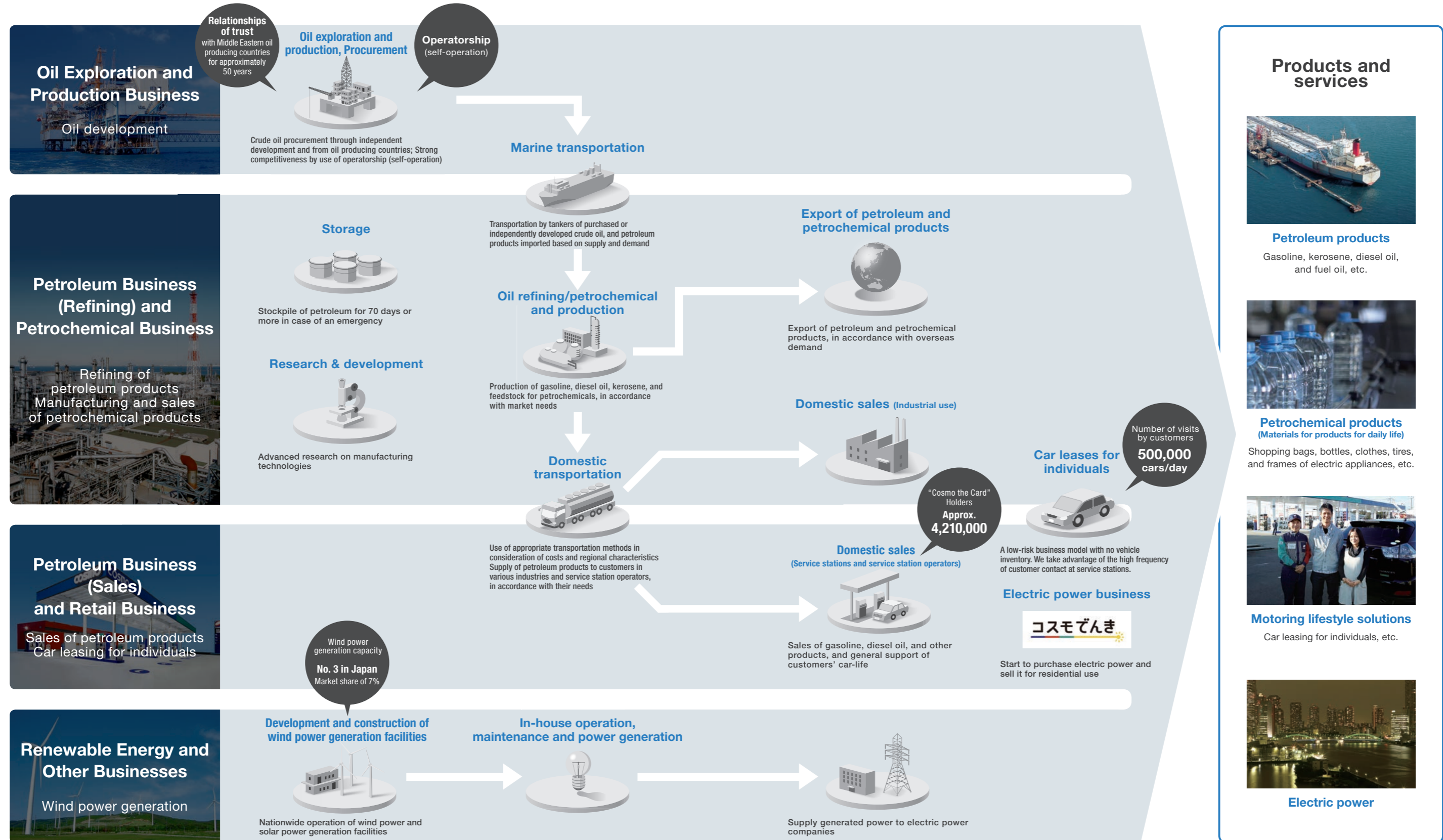
(Billion yen)	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)	Changes
Total Assets	1,702.3	1,639.8	-62.5
Net assets	401.9	362.8	-39.1
Net worth	281.1	239.8	-41.3
Net worth ratio	16.5%	14.6%	-1.9points
Net interest-bearing debt ¹	644.7	628.3	-16.4
Net debt-to-equity ratio (times) ²	1.98	2.41	Down 0.43 points

Business activity

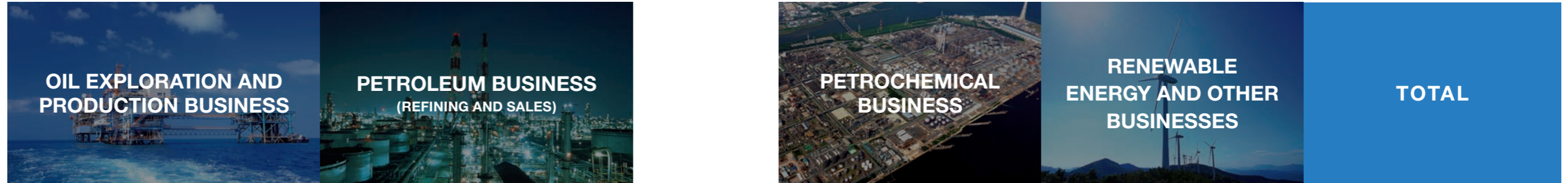


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The Cosmo Energy Group's business



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): 160.6 million barrels (Equivalent to approx. 17 years of supply as of December 31, 2019)
- Crude oil production (of the entire group): Approx. 51,000 barrels/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
4.21 million cards

Car leasing business for individuals
Cumulative total 73,634 cars

Carlife Square app
Number of members 1.92 million

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

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

Benzene production capacity
0.74 million tons/year³

Mixed-xylene production capacity
0.62 million tons/year³

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

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

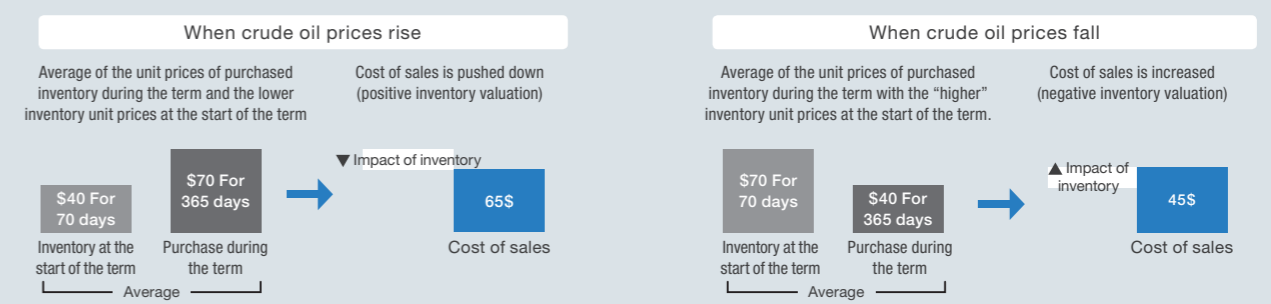
Corporate brand awareness in Japan
98.4%
Survey of 1,239 customers (men and women, 18 to 64 years old) who used a service station by car in the past one month (as of October 30, 2017)

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.





OIL EXPLORATION AND PRODUCTION BUSINESS

In addition to our achievements in oil development spanning half a century, we will strive to expand business based on our trustworthy relationships with Middle Eastern oil-producing countries.

Business Overview

The oil exploration and production business is a revenue driver within the Group business portfolio, and based on the core area of the Middle East, centered on Emirate of Abu Dhabi in the United Arab Emirates (UAE) and Qatar, with which we have established long trustworthy relationships, we are promoting safe and stable operation in existing fields.

FY2019 Results and FY2020 Forecasts

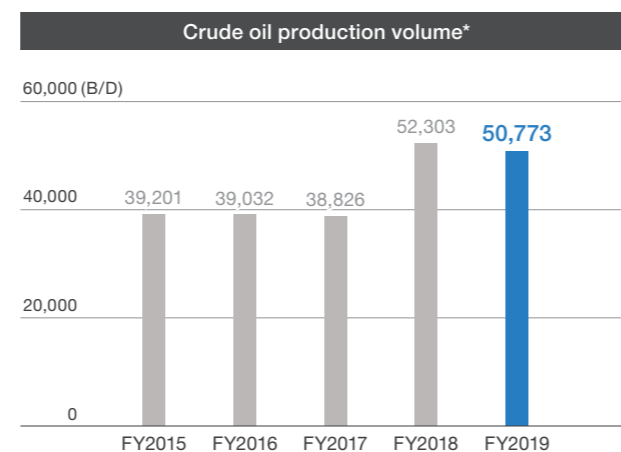
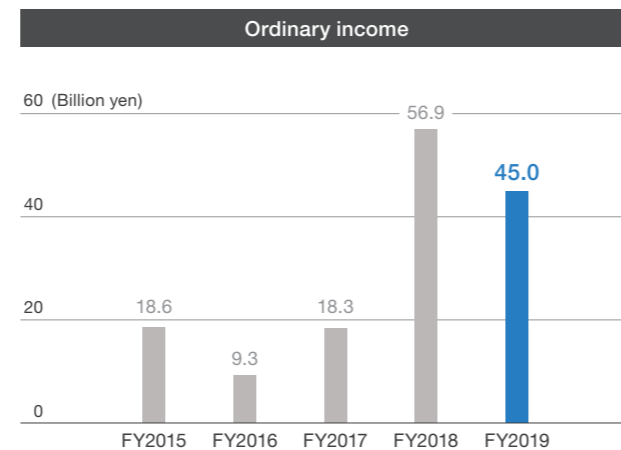
Production volumes in three oil fields (Mubarraz Field, Umm Al Anbar Field and Neewat Al Ghalan Field) recovered from the previous year in FY2019, but as we implemented production adjustments in response to a drop in the reservoir pressure at Hail Oil Field, production volume* decreased by 3% from the previous year to 50,773 barrels per day. In addition, crude oil prices fell US\$5 per barrel from the previous year to US\$64 per barrel, and ordinary income declined by ¥11.9 billion year on year to ¥45.0 billion.

In FY2020, even though we continue to operate safely and stably, we expect ordinary income to decrease by ¥49 billion year on year to ordinary loss of ¥4 billion due to the impact of the oil price decline caused by the COVID-19 pandemic. At Hail Oil Field, we are currently considering secondary oil recovery method to maximize the recovery of crude oil in the future.

*Production volume is the combined production of Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., and Bunduq Co., Ltd.(subsidiary of United Petroleum Development Co., Ltd.), which are the major oil operating companies in the Group.

Ordinary income

FY2019 results	¥45.0billion (-¥11.9 billion year on year)
FY2020 forecast	-¥4.0billion (-¥49 billion year on year)



Business strengths and strategies

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> • Risk of crude oil price fluctuations • Risk of stranded assets associated with energy transition • Risk of operational and equipment accidents at oil fields 	<ul style="list-style-type: none"> • Global oil demand will increase until 2040 • Expansion of business opportunities as oil-producing countries develop 	<ul style="list-style-type: none"> • Strong 50-year trustworthy relationship with Emirate of Abu Dhabi, the UAE • Offshore oil field production as an operator • Operating at highly competitive oil fields

Main Group companies

Cosmo Energy Exploration & Production Co., Ltd.,
Abu Dhabi Oil Co., Ltd.,
Qatar Petroleum Development Co.,Ltd.,
United Petroleum Development Co.,Ltd. (equity-method affiliate),
etc.

Major assets (as of March 31, 2020)

<p>Crude oil reserves (proved and probable)</p> <p>160.6million barrels</p> <p>Equivalent to supply of approx. 17 years (As of December 31, 2019)</p>	<p>Crude Oil Production (Group Total)</p> <p>Approx. 51,000 barrels per day</p> <p>Approx. 13% of refining capacity (January to December 2019 result)</p>	<p>Partnerships</p> <p>Strong and trustworthy relationships with oil producing countries for 50 years</p>
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Business strategies

In the Oil Exploration and Production Business, we recognize the following risks in the business environment: Fluctuation in crude oil prices due to global trends in oil supply and demand as well as political instability in oil producing countries and surrounding countries; asset stranding of oil fields (asset holdings) caused by the energy transition as a long-term trend; and accidents at oil fields and production facilities associated with operations.

On the other hand, as opportunities in the business environment, we expect global demand for petroleum products to grow steadily in the long term until 2040, and we are assuming that business opportunities will expand as oil producing countries develop.

One of the strengths of the Group is our strong and trustworthy relationship with Emirate of Abu Dhabi for more than 50 years since before the UAE was founded. In addition, the Cosmo Energy Group is engaged in operations in oil producing countries and is achieving stable offshore oil field production using the technological capabilities it has cultivated over many years. Furthermore, our oil fields are located in shallow offshore areas, which

makes it possible to reduce drilling and production costs, thereby providing a competitive advantage.

In response to oil demand, which is expected to grow steadily in the future, the Group will continue to promote stable production at competitive oil fields.



OIL EXPLORATION AND PRODUCTION BUSINESS

Competitive advantages

1 Strong 50-year trustworthy relationship with Emirate of Abu Dhabi

The relationship between Abu Dhabi Oil Co., Ltd. in the Cosmo Energy Group and Emirate of Abu Dhabi, the UAE started in 1967, before the UAE was founded. Back then, Emirate of Abu Dhabi had only given oil concessions to the United States and European companies but opened international bidding to Japan. Maruzen Oil Co., Ltd., Daikyo Oil Co., Ltd.(both companies are currently Cosmo Energy Holdings Co., Ltd.), as well as Nippon Mining Co.,(currently

ENEOS Holdings, Inc.) jointly bid and the oil concessions were awarded to them. Subsequently, a concession agreement on the exploration and development of the offshore oil fields in Abu Dhabi was signed on December 6, 1967. Abu Dhabi Oil Co., Ltd. has been engaged in safe and stable operation for many years through a close relationship with Abu Dhabi National Oil Company (ADNOC) and has been highly evaluated since its foundation. In 2018, Abu Dhabi

Oil Co., Ltd. celebrated its 50th anniversary. Our Group will strive to be a friendly, trusted partner of Emirate of Abu Dhabi for many years to come.



2 Offshore oil field production as an operator

As an operator (a company that is responsible for performing operations), the Group develops and produces oil, and has accumulated technology, know-how and experience related to oil field operations. In the case of crude oil production, only about 20% of the crude oil in the oil reservoir can be recovered by flowing well. In order to maximize the oil recovery rate, it is necessary to introduce methods to recover crude oil that adjust the features of the oil field. According to the properties of the oil field, the Group use oil recovery methods such as installing electric submersible pumps in wells, gas injection and

waterflooding into the formation for maintaining reservoir pressure in order to maximize oil recovery rates and maximize production. The Group are also actively engaged in overall HSE¹ activities. Abu Dhabi Co., Ltd. is engaged in operations that prioritize environmental protection while striving to improve occupational health and safety. It is conducting a wide range of activities that include developing and implementing HSE education and training plans corresponding to employees' careers, HSE patrols to improve the management of HSE on site and emergency response training. We will continue to implement safe operations and stable production at

each oil field and thereby contribute to a stable supply for Japan.

¹ HSE (Health, Safety & Environment): This term indicates labor safety and environmental problems associated with business activities. HSE activities are initiatives to deal systematically and efficiently with these problems, reduce risks as much as possible, and enhance corporate value.



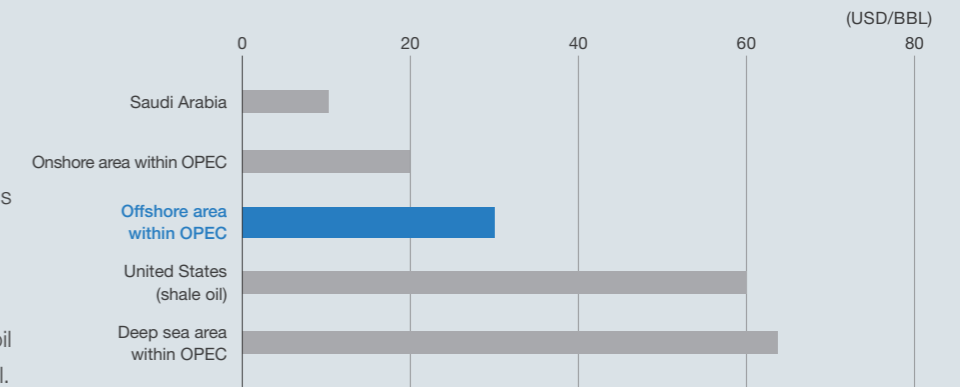
3 Possession of highly competitive oil fields

The Group's operating companies comprise Abu Dhabi Oil Co., Ltd. in Abu Dhabi, Qatar Oil Development Co., Ltd. in Qatar, and Bunduq Co., Ltd. on the border between Abu Dhabi and Qatar, and they are engaged in oil development and production. The area where the Group is engaged in oil development and production contains conventional oil fields located in shallow seas. They have lower development and production costs and are more competitive than non-conventional oil fields, which are typically deep water oil fields and shale oil fields. As a result, the Group's oil development division achieved profitability on an ordinary income basis, even in the tough FY2016 environment, when the Dubai crude oil price fell to the US\$30 per barrel level. Abu Dhabi Oil Co., Ltd. in the Group

acquired additional concession in Hail Oil Field, which was an undeveloped discovered structure, in December 2012. Because Hail Oil Field is located near existing oil fields, the development process was able to take advantage of existing ground production facilities, thereby

limiting new capital investment. In addition, per-barrel operating costs have been reduced as production volume increases. Hail Oil Field was commenced production in November 2017, and as production increased, the Group's profitability rose significantly.

Crude oil price equivalent to break-even point, by development area



* Prepared based on materials provided by an external research organization. Production costs vary at each oil field.





PETROLEUM BUSINESS

As the production and sales division for petroleum products, we will promote world-class, stable operations and stable supply to customers.

Business Overview

In the petroleum business, Cosmo Oil, a core company of the Cosmo Energy Group, is mainly engaged in crude oil procurement, manufacturing, distribution, and importation and exportation of petroleum products. Cosmo Oil Marketing, which is also a core company, sells Group products, including petroleum products, to corporate and individual customers.

FY2019 Results and FY2020 Forecasts

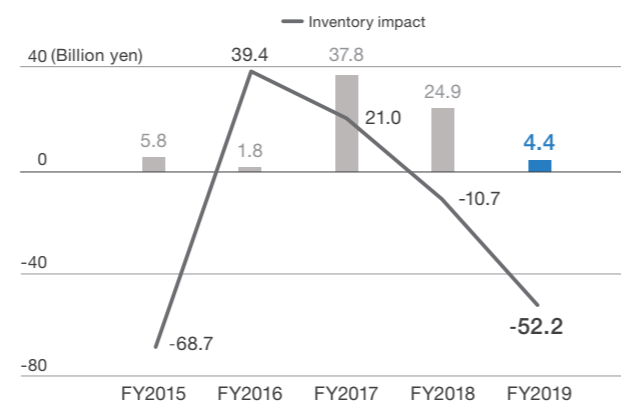
In FY2019, earnings were positively affected by the start of fuel supply to Kygnus Sekiyu and an improvement in low-sulfur C heavy oil market prices associated with the reinforcement of IMO regulations. However, owing to the impact of a negative time lag in oil product margins caused by a fall in crude oil prices and the deterioration of market prices other than the four major petroleum products, particularly naphtha and jet fuel, ordinary income excluding the impact of inventory valuation decreased by ¥20.5 billion from the previous year to ¥4.4 billion yen.

In FY2020, we expect ordinary income excluding the impact of inventory valuation to increase by ¥22.6 billion from the previous year to ¥27.0 billion, due to higher sales resulting from the expanded supply of fuel oil to Kygnus Sekiyu, the elimination of the impact of the time lag on petroleum product margins that occurred in the previous fiscal year, and the elimination of issues at refineries.

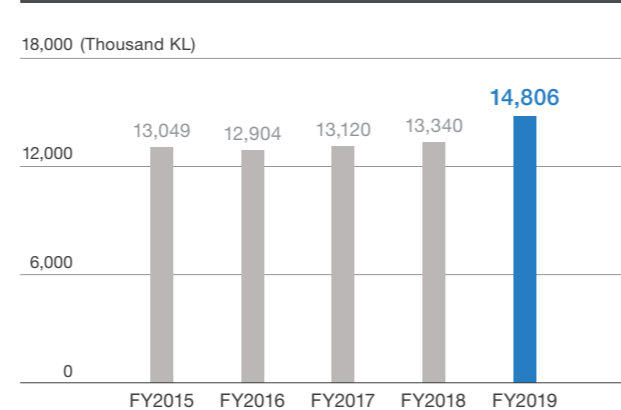
Ordinary income

FY2019 results	¥4.4billion (-¥20.5 billion year on year)
FY2020 forecast	-¥27.0billion (+¥22.6 billion year on year)

Ordinary income (excluding impact of inventory valuation)



Four product sales volume



*The four products are the main petroleum products (gasoline, kerosene, light oil, and type-A heavy oil).

Business strengths and strategies

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> Risks related to crude oil prices and procurement Risks related to petroleum product prices and product demand Risks associated with quality issues, disasters and accidents 	<ul style="list-style-type: none"> Sulfur content restrictions for marine fuel due to strengthening of IMO regulations Expansion of supply to Kygnus amid declining demand Changes in customer trends such as cashless payments Acceleration of digital transformation due to COVID-19 impact 	<ul style="list-style-type: none"> Strengthening competitiveness in oil refining Addressing diversification of customer needs (reinforcing customer connections)

Main Group companies

Cosmo Oil, Cosmo Oil Marketing, Cosmo Oil Sales, Cosmo Oil Lubricants, Sogo Energy, Gyxis (equity-method affiliate), Kygnus Sekiyu (equity-method affiliate), etc.

Major assets (as of March 31, 2020)

Crude oil processing capacity*	Number of domestic SS	Number of Cosmo the Card holders	Car leasing
400,000 BD Domestic share: Approx. 11.4%	Number of service stations (SS) 2,755	Approx. 4.21 million	Cumulative total: 73,634 contracts

*Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from Idemitsu Showa Shell Group based on the business alliance

Business strategies

In the petroleum business, we recognize the following risks: The risk of fluctuation in crude oil prices due to trends in supply and demand, the risk of impact on crude oil procurement due to political instability surrounding oil-producing countries in the Middle East, the risk of fluctuation in petroleum product prices and product demand caused by trends in demand from general consumers, risks related to products and services of the Cosmo Energy Group, and the risk of accidents at refineries and gas stations. In addition, it is possible that the decline in petroleum product demand will accelerate due to the impact of the COVID-19 pandemic.

On the other hand, the following opportunities exist in the business environment. In the case of oil refining, low-sulfur C heavy oil market prices are expected to improve due to the strengthening of IMO regulations and the Cosmo Energy Group will be able to maintain sales volume at the same level as the previous fiscal year due to increased supply to Kygnus Sekiyu. In the case of petroleum sales, there are changes in consumer trends, such as an increase in cashless payments among general consumers and the acceleration of the digital transformation due to the impact of the COVID-19 pandemic.

One of the strengths of the Group, in the case of oil refining, is our

establishment of a bottomless refinery system by strengthening Sakai Refinery's coker capacity and implementing other measures to boost our competitiveness in oil refineries. In the case of petroleum sales, we are providing value ahead of competitors by developing a variety of products that address customers' current diverse needs. While the digitalization of people's lives is accelerating due to the COVID-19 pandemic, the Group will strengthen connections with customers and provide a variety of products that support vehicle life, mobility, and living through the Carlife Square app.



PETROLEUM BUSINESS

Competitive advantages

1

Strengthening competitiveness in oil refining

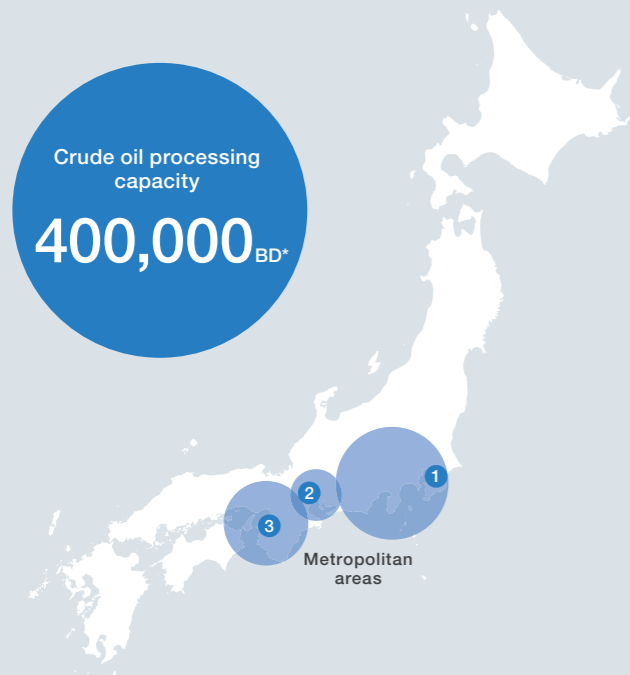
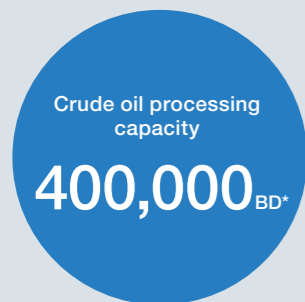
In January 2020, the International Maritime Organization (IMO) strengthened environmental regulations to reduce the content of sulfur in marine fuel oil from 3.5% to 0.5%. As a result, demand for high-sulfur C heavy oil, which was conventionally used as marine fuel oil, is decreasing, but demand for oil that complies with the low-sulfur regulations is increasing. As an oil refining company, we addressed two challenges: managing a decline in demand for high-sulfur C heavy oil and ensuring a stable supply of oil that complies with the regulations.

Before January 2020, when the regulations were strengthened by the IMO, we established a system (bottomless) that does not produce high-sulfur C heavy oil by increasing the nominal capacity of the delayed coker unit at Sakai Refinery from 29,000 barrels per day to 31,000 barrels per day. In addition, by maximizing use of the direct desulfurization unit of Chiba Refinery, we established a system that enables oil that is compliant with the regulations to be produced stably. In addition, we plan to install equipment to remove impurities in

the residual oil of the fluid catalytic cracking (FCC) facilities at Chiba Refinery and Yokkaichi Refinery by the end of FY2020. After installing this equipment, as we will be able to use FCC residual oil as regulatory compliant oil. We expect to be able to establish a more efficient production system.

What is a delayed coker unit?

By thermally decomposing low-value added asphalt (heavy oil) fractions with this facility, it is possible to produce high-value added intermediate fractions (kerosene, light oil, and A heavy oil). By effectively using this facility, it will be possible to address excess high-sulfur C heavy oil due to IMO regulations and to increase production of profitable types of oil.



- 1 Chiba Refinery 177,000BD**
 - Maximum use of direct desulfurization unit
 - ➔ Stable production of IMO regulation-compliant oil
 - Installation of equipment to remove impurities in FCC residual oil (FY2020)
- 2 Yokkaichi Refinery 86,000BD**
 - Installation of equipment to remove impurities in FCC residual oil (FY2020)
- 3 Sakai Refinery 100,000BD**
 - Increase in coker capacity from 29,000 to 31,000BD (FY2019)
 - ➔ High-sulfur C heavy oil upgraded to intermediate fractions due to increase (establishment of bottomless system)



Sakai Refinery coker

2

Addressing diversification of customer needs (strengthening connections with customers)

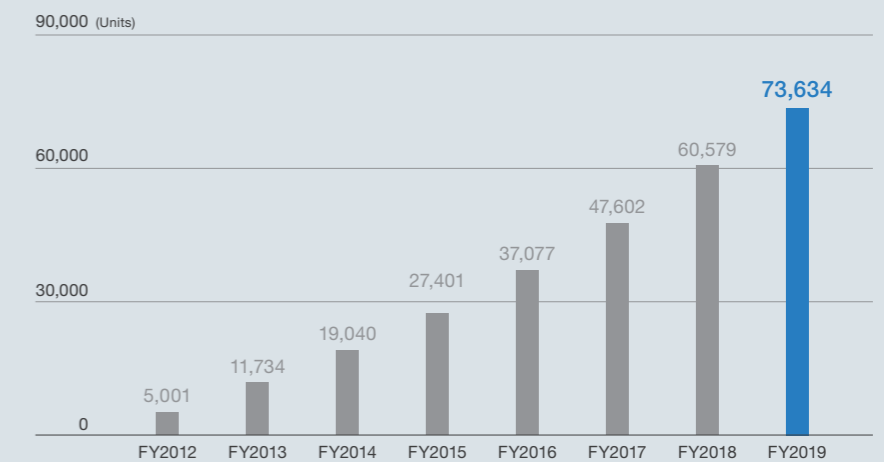
The environment surrounding mobility is changing rapidly due to the evolution of technology in vehicles and the acceleration of digitalization. Moreover, digitalization is steadily evolving, with the mainstream tool of communication with customers changing to the smartphone, for example. To respond to these changes in society, we launched a new app called Carlife Square in August 2019 as part of the reinforcement of connections with customers. Carlife Square includes Commitment Compulsory Car Inspection, which allows customers to complete estimation to payment on the app, and also offers discount coupons for gasoline and car care, and information on recommended refueling time.

The app is used by many customers and hit one million downloads two months after the service launched, with a cumulative total of 2.19 million downloads as of June 2020. In addition, the Cosmo car leasing business, used by many customers since sales began, has steadily increased the number of sales units, and the cumulative total number of contracts exceeded 70,000 at the end of January 2020. Regarding the business format for selling vehicles that addresses the diversification of vehicle use through a one-stop service, we renewed the brand to “Cosmo My Car Leasing Store” in

November 2019, and as of the end of June 2020, we had expanded it to 239 stores nationwide (including the former “Car Consultation Counters”). In order to provide a new energy service to customers, we started selling “Cosmo Denki (Electricity),” home-use electricity, in April 2019. In addition to expanding the sales area nationwide (excluding Okinawa), we launched “Cosmo Denki Green,” a 100% renewable energy plan, in December 2019. In February 2020, we started

selling two new electricity plans: “Cosmo Denki Point Plus,” which awards “d” points corresponding to electricity charges, and “Cosmo Denki Select,” which enables customers to use either a video distribution service or an electronic magazine service provided by NTT Docomo Inc. We will continue to strengthen connections with customers and develop products to support customers' vehicle ownership, mobility and lifestyles.

Cumulative Number of Cosmo Car Leasing Contracts



Cosmo My Car Leasing Store shops



Carlife Square app

* Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from Idemitsu Showa Shell Group (Showa Yokkaichi Sekiyu) based on the business alliance
* As of March 31, 2020



PETROCHEMICAL BUSINESS

As the international market expands with population growth, we will make the most of our competitive advantage in ethylene and para-xylene production.

Business Overview

In the petrochemical business, Maruzen Petrochemical, a group company, provides a stable supply of petrochemical products as an ethylene center in the petrochemical complex. In addition, Hyundai Cosmo Petrochemical (HCP), a joint venture with Hyundai Oil Bank (HDO), supplies petrochemical products with its para-xylene manufacturing facility, which is one of the most competitive in Asia.

FY2019 Results and FY2020 Forecasts

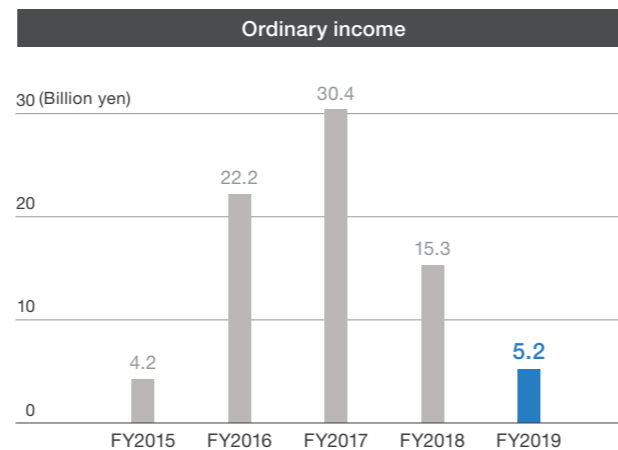
In FY2019, Maruzen Petrochemical improved its production volume based on elimination of the impact of regular maintenance in the previous fiscal year. However, due to the deterioration in market prices of petrochemicals, such as ethylene and para-xylene, ordinary income decreased by ¥10.1 billion from the previous fiscal year to ¥5.2 billion.

In fiscal 2020, we expect ordinary income to decline by ¥7.7 billion to ordinary loss of ¥2.5 billion due to a decrease in production volume associated with regular maintenance at Maruzen Petrochemical and the deterioration in petrochemical market conditions since the previous fiscal year.

In addition, in FY2020, a production facility for hydrogenated petroleum resin is scheduled to be completed at Chiba Arkon Production, a joint venture with Arakawa Chemical Industries, as a tie-up with the petroleum business.

Ordinary income

FY2019 results	¥5.2billion (-¥10.1 billion year on year)
FY2020 forecast	-¥2.5billion (-¥7.7 billion year on year)




Business strengths and strategies

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> Risks related to petrochemical product prices and demand Inflow of non-naphtha-derived petrochemicals Construction of ethylene and para-xylene production facilities in China 	<ul style="list-style-type: none"> Increasing global demand for petrochemical products in tandem with population growth Long-term growth in semiconductor demand 	<ul style="list-style-type: none"> World-leading market share in polymers used in semiconductor photoresists Largest ethylene production capacity in Japan and integrated supply chain Para-xylene plant with large-scale production capacity and geographical competitiveness

Main Group companies

Maruzen Petrochemical,
Cosmo Matsuyama Oil, CM Aromatics,
Hyundai Cosmo Petrochemical (equity-method affiliate)

Major assets (as of March 31, 2020)

 Ethylene production capacity 1.29million tons/year* Domestic share: Approx. 19%	 Para-xylene production capacity 1.36million tons/year (as of July 31, 2020)	*Includes production capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)
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Business strategies

In the petrochemical business, we recognize the following risks: A decline in global product prices stemming from a decrease in demand for petrochemical products, mainly due to the U.S.-China trade friction; excessive product supply due to the inflow of petrochemical products derived from shale oil and coal; and oversupply due to the construction of large ethylene and para-xylene plants in China.

However, opportunities in the business environment include increasing global demand for petrochemical products stemming from population growth in China and India, and increasing demand for specialty chemicals as demand for semiconductors increases over the long term.

One of the strengths of the Group is its world-leading market share in polymers for semiconductor photoresists, which is the field of specialty chemicals Maruzen Petrochemical and Keiyo Ethylene together have the largest ethylene production capacity in Japan. Our ethylene plant has an integrated supply chain through pipelines in the plant, from cracking of naphtha, the raw

material, to petrochemical production and sales. Hyundai Cosmo Petrochemical has a large-scale para-xylene plant in Daesan, South Korea, located near China, where petrochemical products are in strong demand.



PETROCHEMICAL BUSINESS

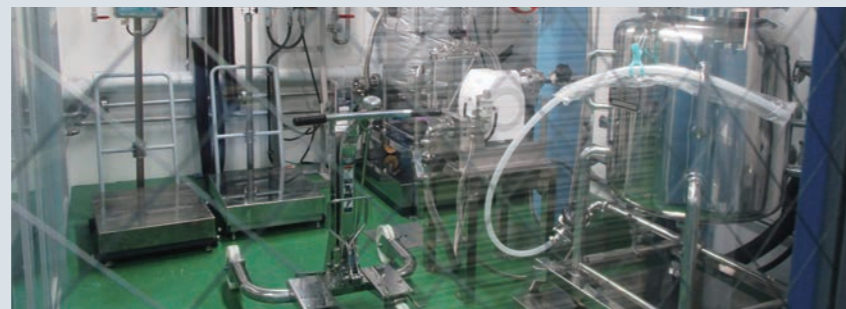
Competitive advantages

1 World-leading market share in polymers used in semiconductor photoresists

A photoresist is photosensitive material used in photolithography that forms a fine pattern on a semiconductor element or the like. A fine pattern is formed on a substrate, as the solubility of the polymer contained in the photoresist changes from a photoreaction. As one of the businesses that does not depend on petrochemicals, Maruzen Petrochemical entered the semiconductor field by taking advantage of the application of its p-vinylphenol polymer to KrF¹ photoresists. Currently, Maruzen Petrochemical manufactures and develops photoresist polymers that can be used with KrF excimer laser (248 nm) and ArF² excimer laser (193 nm) light sources. It has large-scale manufacturing facilities dedicated to KrF and facilities dedicated to ArF, and is meeting the needs of photoresist manufacturers, which are its customers. In addition, because it is an application for semiconductors,

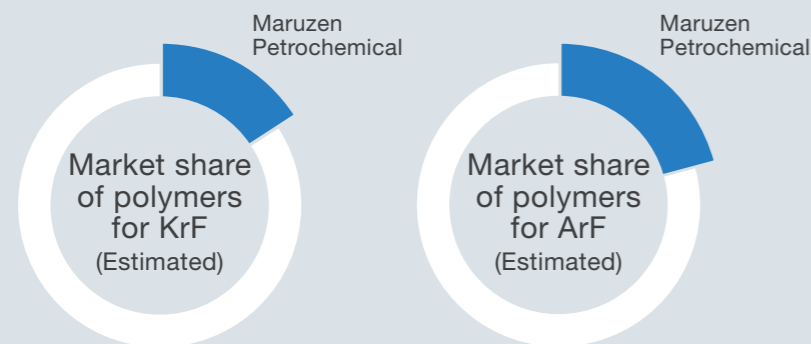
where technological innovation is exceptional, we have built an integrated quality control system covering equipment management, raw material management, process management, and quality management to meet requirement for high quality from customers. Moreover, we are responding to product standards that are becoming more stringent every year while striving to enhance customer satisfaction. Maruzen Petrochemical boasts world-class market share in both polymers for KrF and ArF. Recently, line width has been further shrinking, and among semiconductor

microfabrication technologies, technology using an extreme ultraviolet (13 nm) laser called EUV³ has been developed in the cutting-edge field with line widths of 7 nm or less. In 2019, some semiconductor manufacturers started making practical use in the production line for 7nm design semiconductor devices lines, and in 2020, full-scale application is expected to begin on 5 nm production lines while demand is projected to rise rapidly. We have currently succeeded in development and manufacturing polymers for EUV photoresists that are used as its main component.



Manufacturing facility of polymers used in photoresists (in a clean environment)

Global market shares in polymers used in semiconductor photoresists

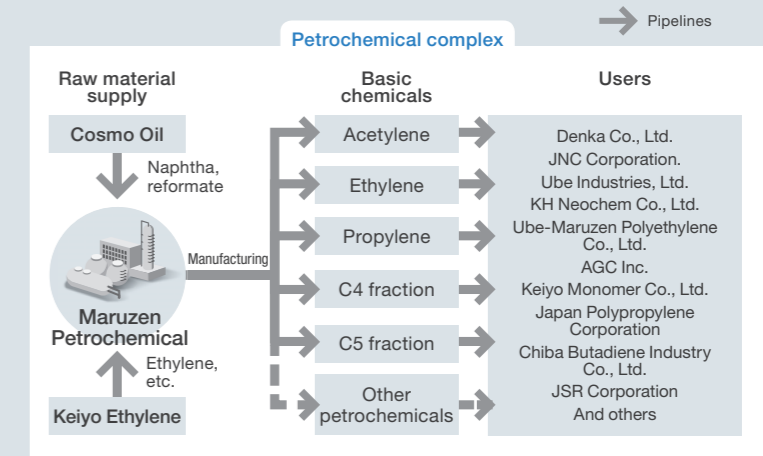


¹ KrF is an excimer laser that irradiates photoresists to draw a fine pattern on the substrate in the semiconductor manufacturing process.
² ArF is an excimer laser used to draw finer patterns for cutting-edge processes than KrF.
³ EUV is an extreme ultraviolet light used to draw finer patterns for cutting-edge processes that will be the next generation after ArF. Currently, patterns are becoming increasingly miniaturized to realize smaller and larger capacity semiconductors

2 Largest ethylene production capacity in Japan and integrated supply chain

Maruzen Petrochemical has two ethylene production facilities (one of which is Keiyo Ethylene) in the same plant. Our ethylene production capacity is the largest scale in Japan and we have cost competitiveness based on our production capacity. As a supply chain that is unique for petrochemical complexes, the company has established a supply system through pipelines, where integrated operation is conducted within the complex from the acceptance of naphtha as a raw material to the production of petrochemical products and the sale of products to users. Maruzen Petrochemical has a stable system of facility operation that uses the competitiveness of both ethylene plants.

Complex supply chain (excerpt)



3 Para-xylene plant with large-scale production capacity and geographical competitiveness

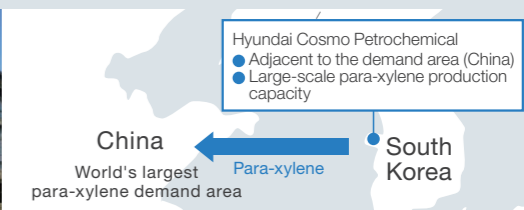
The Cosmo Energy Group established Hyundai Cosmo Petrochemical (HCP), a joint venture with Hyundai Oil Bank, Co., Ltd. (HDO)* in November 2009. HCP has a large-scale para-xylene manufacturing facility with an annual capacity of 1.36 million tons, located in Daesan, South Korea, close to China, the world's largest para-xylene demand area. Consequently, HCP is one of the world's leading para-xylene manufacturers that also features geographical competitiveness. Para-xylene, a basic chemical, is used as a raw material for purified

terephthalic acid, which is further processed into polyester fibers and plastic for PET bottles, materials for clothing, PET bottles and other end products. Global demand for petrochemical products is expected to expand, reflecting global population growth.

HCP is making advanced investments that will increase para-xylene production capacity and save energy. It will continue to work toward strengthening its competitiveness and will respond rapidly to growing demand for petrochemical products, particularly in China.



Para-xylene production facility



* Hyundai Oil Bank Co., Ltd. is a Korean oil refining and sales company. It signed an Oil Business MOU with Cosmo Oil in April 2008.



RENEWABLE ENERGY BUSINESS AND OTHERS

With climate change risks emerging, we will aim to create a sustainable society.

Business Overview

The renewable energy business is building a system that can implement the development of onshore wind power generation sites for the design, construction, operation and maintenance of power plants through Cosmo Eco Power, a Group company. In addition, we are actively engaged in offshore wind power projects amid the development of laws for offshore wind power projects.

FY2019 Results and FY2020 Forecasts

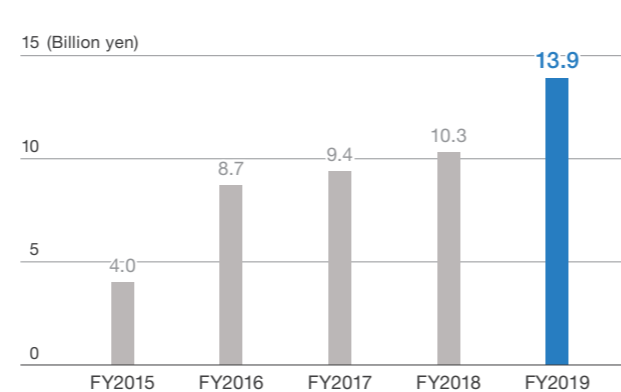
In FY2019, ordinary income increased by ¥3.6 billion from the previous year to ¥13.9 billion*, as Cosmo Eco Power started operating two new onshore sites: Watarai Wind Farm's Second Phase (Mie Prefecture; 22,000 kW) and Himekami Wind Farm (Iwate Prefecture, 18,000 kW). In FY2020, we expect ordinary income to decline by ¥4.4 billion from the previous year to ¥9.5 billion* due to an increase in development costs associated with full-scale entry into the offshore wind power business at Cosmo Eco Power. In the case of offshore wind power sites, we will move forward with offshore wind projects in four areas: Coast of Yurihonjo City, Akita Prefecture; Akita Port, Noshiro Port; Northwest Coast, Aomori Prefecture; and Akita Central Coast Sea Area.

*Including consolidating adjustment

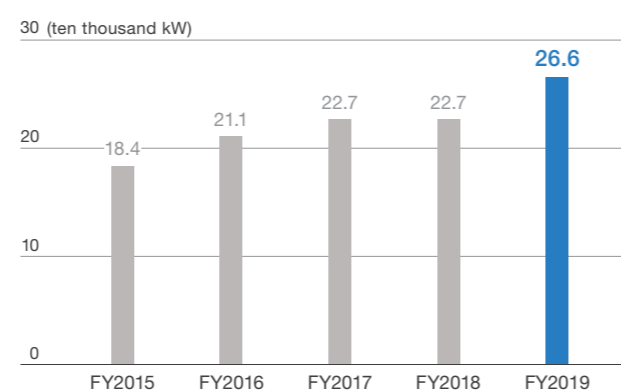
Ordinary income

FY2019 results	¥13.9 billion (+¥3.6 billion year on year)
FY2020 forecasts	¥9.5 billion (-¥4.4 billion year on year)

Ordinary income



Wind Power Plant Capacity




Business strengths and strategies

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> Regulatory changes in power selling prices Intensification of competition in the offshore wind power business due to public tenders Offshore wind industry in Japan is in its establishment phase 	<ul style="list-style-type: none"> Expansion of offshore wind market Penetration of ESG investment* <p>* ESG investment: Method of selecting investment destinations from the three viewpoints of the Environment, Social, and Governance</p>	<ul style="list-style-type: none"> Development capabilities cultivated in onshore wind power generation Technical skills to achieve a high level of availability


Main Group companies

Cosmo Eco Power,
Cosmo Engineering,
Cosmo Trade and Service

Major assets (as of March 31, 2020)



Wind Power Plant Capacity
266,000 kW
Third largest in Japan, Domestic share of approx. 7%



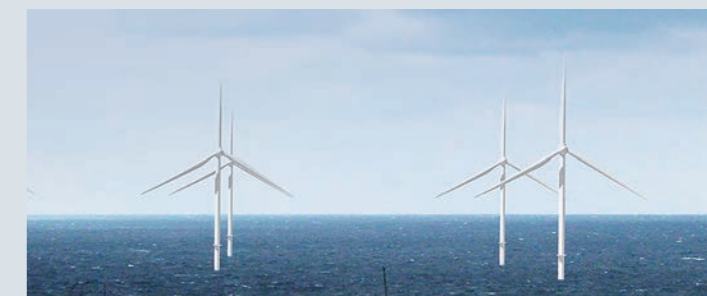
Number of windmills
179 (24 regions)

Business strategies

In the renewable energy business, we recognize the following risks: Risks in Japan's power purchasing system, such as changing from fixed prices to variable prices; the risk of increasing competition with other companies in the offshore wind business in terms of cost competitiveness as a result of the public bidding method¹; and risks due to the fact that the offshore wind power industry in Japan is still in its infancy, characterized by a few human resources for development and weak supply chains in the offshore wind business. On the other hand, opportunities in the business environment include expansion of the offshore wind market, which is considered promising based on national policy; and amid growing interest in ESG investment worldwide, renewable energy is eco-friendly and the investment will be a strong tailwind for developing offshore wind projects. One of the Group's strengths is its site development capability cultivated in onshore wind power, where it holds the third largest market share in Japan. We are also using our development capabilities, such as site

excavation and coordination with local areas, to expand offshore wind power sites. In addition, we are maintaining a high availability rate in the operation of windmills for onshore wind power, and we will use O&M², which is our strength, in offshore wind power. In the future, we assume that a certain scale of facilities and a high availability rate will enable us to secure profits in an environment where profitability will decrease due to anticipated changes in the regulatory system.

¹ Public bidding is a method where guidelines and requirements are clearly stated on websites and bidding is widely accepted.
² O&M is an abbreviation for Operation & Maintenance, which entails the operation, maintenance and protection of facilities.



RENEWABLE ENERGY BUSINESS AND OTHERS

Competitive advantages

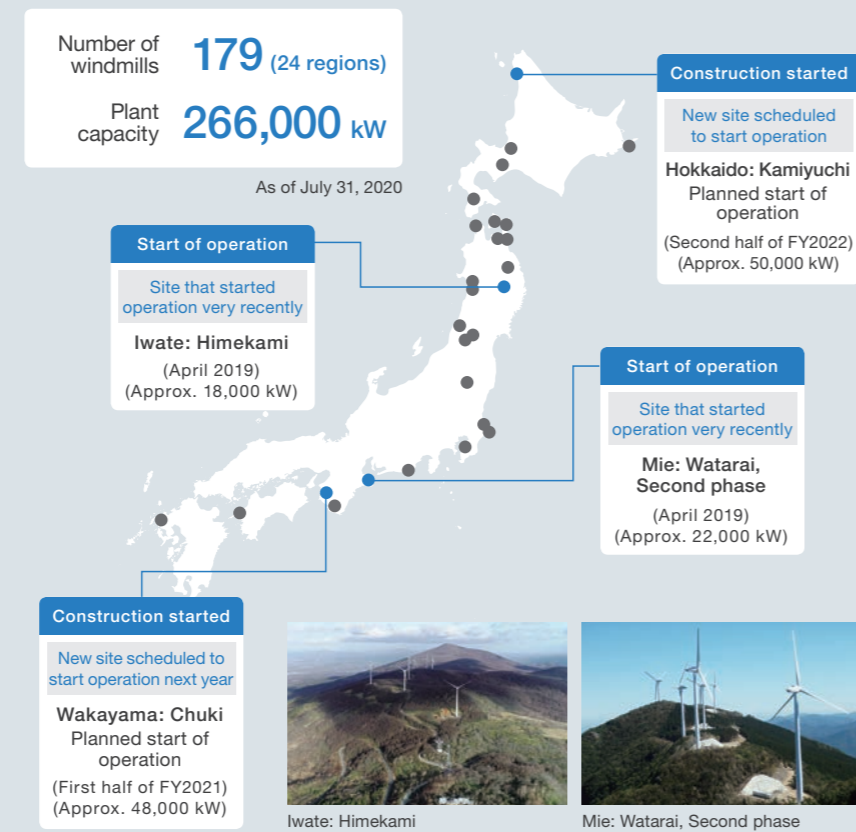
1 Making use of development capabilities cultivated in onshore wind power in developing offshore wind power

Cosmo Eco Power is the first wind power company in Japan to specialize in wind power generation and boasts the third largest share of onshore wind power in Japan. It has constructed windmills in more than 25 regions. The site development capabilities cultivated in its relationships with local communities and local government officials in those regions are a major strength. Site development is a long process. It begins with finding the right location for the wind conditions, and entails actually measuring wind-speed, ensuring routes for transporting large windmills and system limits for transmitting generated electricity, and responding to local regulations. After that, commercialization can only take place once the understanding of landowners, local neighborhood associations, and local governments is obtained. The key is gaining the understanding of the local community. Our goal is to ensure understanding of our business while respecting the other party, to resolve concerns and issues from the other party's perspective, and to realize our business. The strengths of Cosmo Eco Power are our ability to solve problems while staying close to the other party and our strong desire to realize our business. Because we accumulated a wealth of development know-how, we have maintained good relations with the communities in which we have developed these products. For example, to relieve the concerns of local residents in candidate locations, we allow them to tour and inspect sites where there are already windmills, ensure the distance

from residents by devising appropriate layouts for the windmills, talk immediately to residents after the construction of the windmills if there are any issues, and realize business development with forest reserves, which are still rare in Japan, through tenacious negotiations. In addition, we have a variety of options for local contribution measures that have resolved the concerns of local communities through dialogue. These strengths are being leveraged in offshore wind power projects that are expanding business. While there are

differences between landowners and fishermen, a project cannot be implemented without the understanding of the local community, and we have to be honest with residents to gain understanding. In order to turn the sea breeze into power, we will continue to focus on local contribution measures and make efforts to devise ways to return benefits to local communities. At the same time, we will continue to be the Cosmo Eco Power that is honest with and close to local communities while being warmly regarded by them.

Map of domestic wind power plants



2 Technological ability to achieve a high level of availability

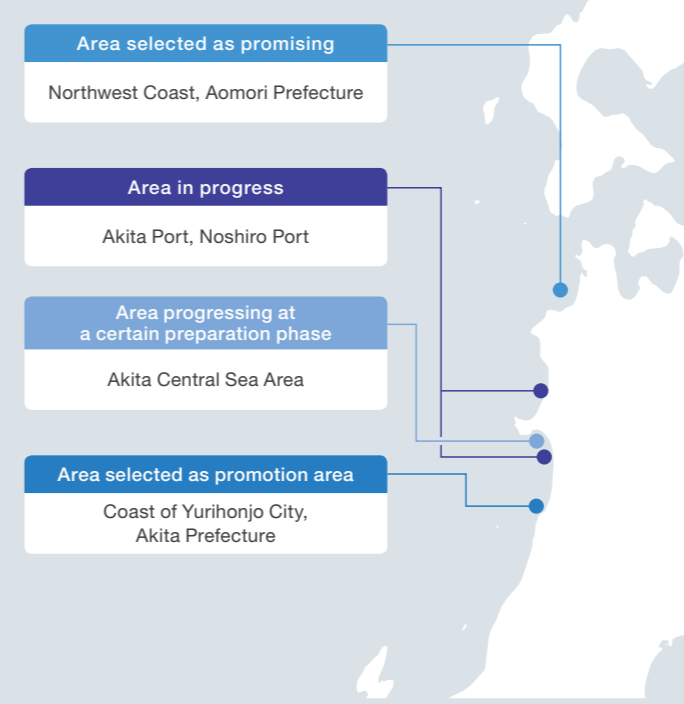
Cosmo Eco Power has advanced technical skills to carry out windmill maintenance in-house and boasts one of the industry's leading availability rates. Many windmill manufacturers that introduced windmills in the past were eliminated from the industry, and the situation where we have to maintain windmills ourselves created an opportunity to enhance our technical skills in windmill maintenance. The culture of Cosmo Eco Power, which is characterized by a strong desire to try to make things safer, cheaper and

more efficient by ourselves, has been improving our technical skills. Windmills will continue to have the same issues if nothing is done. Technical improvement in maintenance means finding the cause of the problem and preventing it from reoccurring. In addition to the introduction of an automatic shutdown system in the event of lightning damage to blades, we have equipped many windmills with a vibration-induced failure prediction system. By proactively preventing failures, immediately checking and

resetting errors detected by 24-hour operation monitoring, and shortening the windmill shutdown period, we respond to defects and systematically manage them, which has led to Cosmo Eco Power's high availability rate. There are new challenges in offshore wind power, such as the inspection of marine equipment and the size of windmills, which we never experienced previously. However, we will take advantage of our experience so far and strive to make maintenance one of the pillars of our competitiveness.

Offshore wind projects in progress

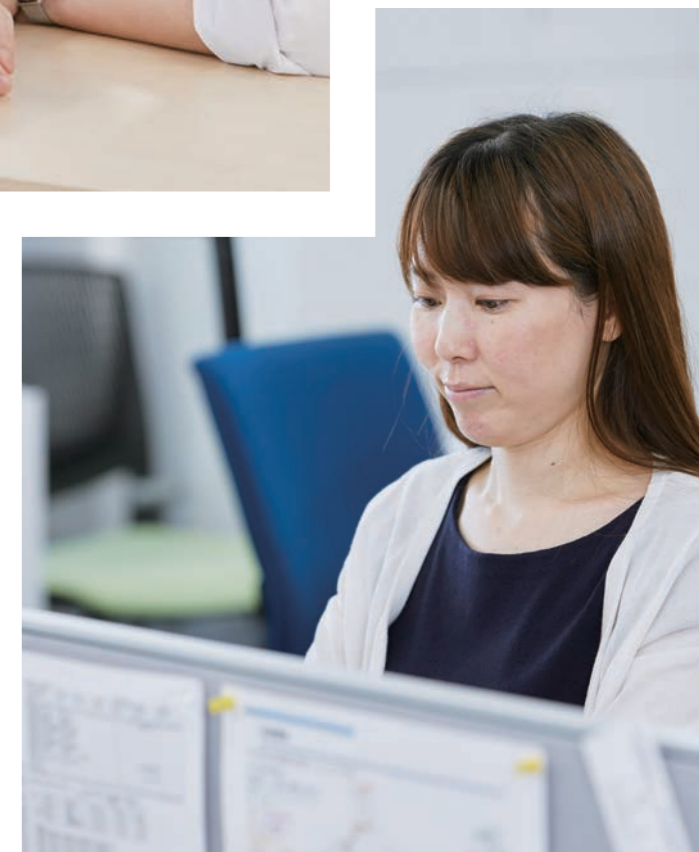
Four business projects are being studied in the Tohoku area



Designated process for promoted area	Minimum period
Gathering information from prefectures	3 months
Designation of promising area (Northwest Coast, Aomori Prefecture)	1 month
In-depth study	3 months
Determination of promotion area plan	1 month
Announcement of promotion area plan	2 months

Process for designation of selection of business operators	Minimum period
Determination of promotion area (Coast of Yurihonjo City, Akita Prefecture)	
Determination of guidelines for public tender of occupancy	2 months
Commencement of public tender and submission of plans for public tender of occupancy by operators	6 months, in principle
Review of public tender of occupancy plans	2 months
Review of public tender of occupancy and determination of operators	3 months

Sustainability



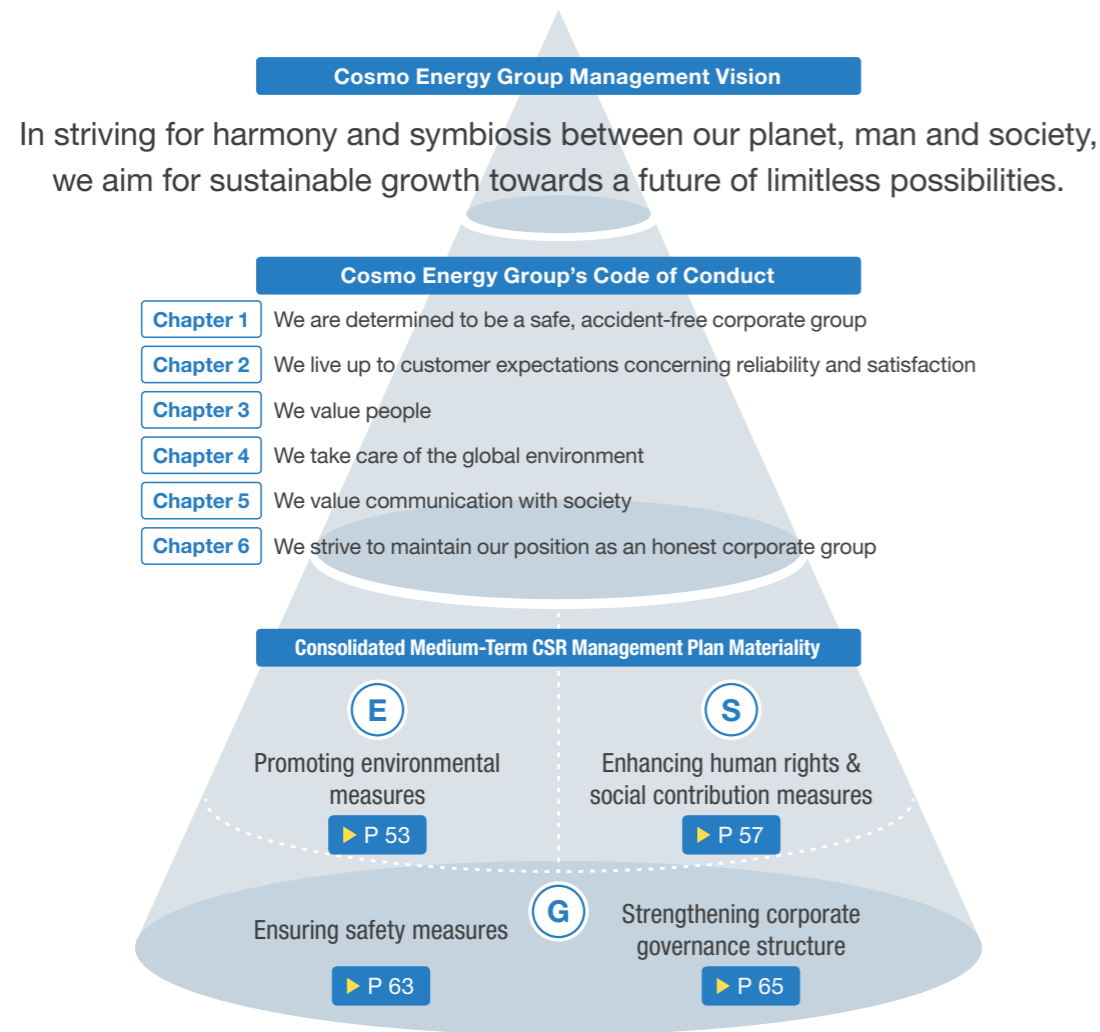
- 51 Cosmo Energy Group's Sustainable Management
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Cosmo Energy Group's Sustainable Management

Contributing to achievement of SDGs, a base to create value

The Cosmo Energy Group Management Vision, "In striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities," incorporating our commitment and passion toward the sustainable growth of our Group and society. Our Group aims to achieve the sustainable growth of both itself and society. Our Code of Conduct, which sets out our Group Management Vision in concrete terms, is the foundation of sustainability for the Cosmo Energy Group

and a base for the behavior and value of our employees. To enhance the sustainable management initiatives, we developed the Consolidated Medium-Term CSR Management Plan, which sets KPIs from the perspective of ESG, in FY2018, and have since been implementing it. We are continuously encouraging sustainable management to achieve sustainable corporate value enhancement and solutions to social issues through our business activities.



Sustainable Management Challenges

- Incorporating ESG elements into management and strategy
 - Enhancing ESG information disclosure
 - Enhancing ESG dialogue
- We are tackling our Group's challenges of incorporating ESG elements into management and strategy, and enhancing dialogues with stakeholders.



Message from the Executive Officer in Charge

All employees shall become conscious of ESG through their work, which is crucially important.

Director, Senior Executive Officer
Sustainability Initiative Department, Business Development Dept.
Yoshimitsu Sunano

Amid a heightened sense of crisis regarding the global environment and social sustainability, and an accelerating move to pursue sustainability, companies are expected to play an increasingly bigger role. Some people may think of ESG and CSR as costly tasks that generate no profit and superficially promote them. In the past, our Group might have done so to some extent. However, we are entering an era when we will aim for social and corporate sustainable growth by having all employees maintain awareness of ESG through their respective work. Under harsher public scrutiny, investors are being asked

to refrain from investing in companies that are not environmentally friendly. Some investors have decided not to make new investments in coal-fired thermal power. As an energy provider and a company that is needed by its stakeholders, we must seriously undertake sustainable management. By establishing the Sustainability Promotion Department within Cosmo Energy Holdings this fiscal year, we renewed our commitment to pursue both profit and social value while aiming for sustainable development, as advocated in our Group Management Vision.

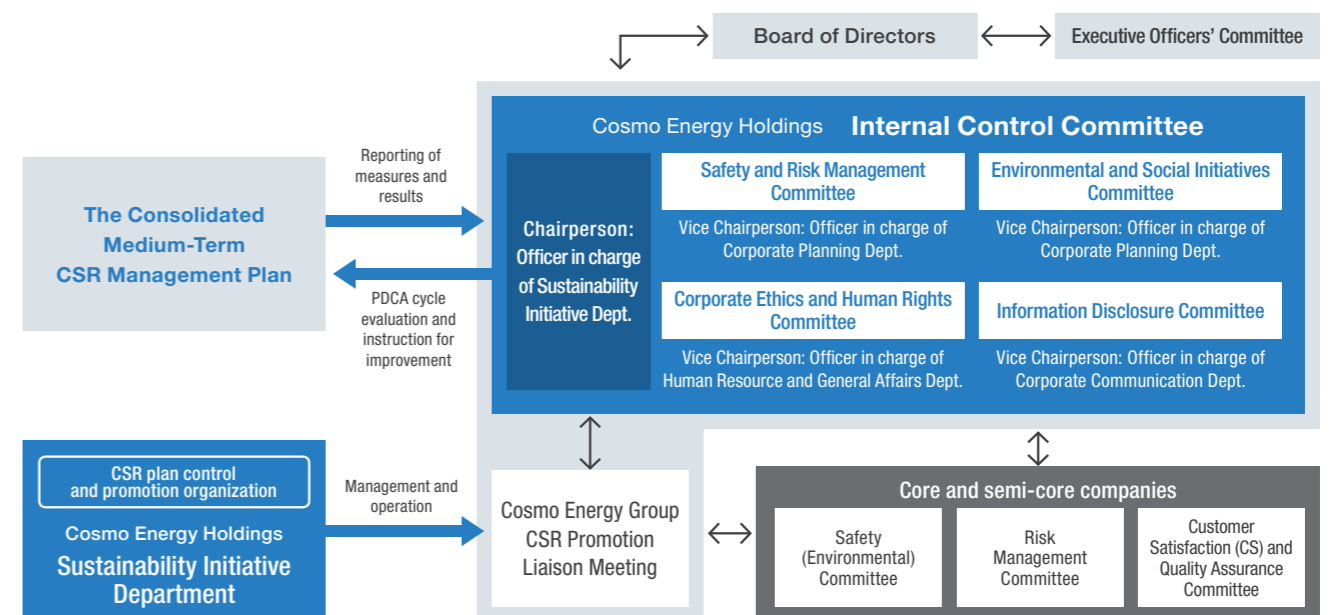
Promotion Structure

Establishment of the Sustainability Promotion Department

In April 2020, Cosmo Energy Holdings established the Sustainability Initiative Department to enhance Group-wide efforts aimed at sustainable growth. The department's mission is to question the existence of the Cosmo Energy Group inside and outside the Group. We will continue explaining our initiatives to stakeholders so that they will say, "The Cosmo Energy Group is indispensable to the sustainable development of society and I hope it will continue to prevail." We will also continue asking the management team and associates whether we are realizing the Group Management Vision, with the aim of proposing to Directors and Executive Officers the placement of ESG at the center of management.

Committees

Four committees are in place to promote the CSR management plan and to implement the Group's sustainability activities. Each committee is chaired by an Executive Officer in charge of sustainability and is comprised of those responsible for a business division or a group company. The committees' activities are reported to the Executive Officers' Committee and the Board of Directors. Meetings of these committees are attended by Outside Directors and hold active discussions. We aim to make group-wide efforts to advance ESG activities, so that our Group can help solve social issues through our business activities and contribute to achieving SDGs.





Engagement with the Environment

As our management vision states, "Harmony and Symbiosis with the Global Environment," we have been implementing diverse measures to become the world's most environmentally friendly oil/energy corporate group. We are proud to present our environmental measures and initiatives.

Reduction of Greenhouse Gas Emissions

As a part of the new medium-term CSR management plan, we developed the Long-Term Environmental Vision 2030, consistent with the orientation of the global community and the Japanese government toward realizing a sustainable society. In an effort to contribute to reducing CO₂ emissions, we are targeting a 2 million ton (26%) reduction in emissions by FY2030, compared to the level in FY2013. In addition we are targeting a 16% reduction in FY2022, the final year of the plan, again compared to the level in FY2013. The amount of

CO₂ emissions in FY2019 was 6.88 million tons, a decrease of 0.59 million tons from FY2013. Cosmo Energy Holdings acquired a stake in Japan CCS Co., Ltd. in 2008 and has participated in practical application of Carbon dioxide Capture and Storage (CCS) technology aimed at CO₂ reduction. In a large-scale CCS demonstration, cumulative CO₂ injection reached the target of 300,000 tons in November 2019, contributing to CO₂ reduction.

Cosmo Energy Group's CO₂ Emissions (ten thousand ton/CO₂)

	FY2013 Actual	FY2018 Actual	FY2019 Actual	FY2022 Target	Vs. FY2013
Transportation division (crude oil, raw materials and products)	90	81	75	86	-4
Manufacturing division (petroleum and petrochemical products)	676	620	650	598	-78
Other (service stations and research centers)	4	2	2	4	0
Biofuel (with ETBE) ¹	-7	-14	-13	-15	-8
Expansion of renewable energy business (wind power generation) ²	-16	-24	-27	-46	-30
Total	746	665	688	626	-120

¹ The biofuel amount is the amount of CO₂ emission reduction contribution by ethyl tert-butyl ether (ETBE)-mixed gasoline, considered as negative CO₂ emissions.

² Expansion of the renewable energy business has been calculated by using the total power generation volume multiplied by the alternative value for each year. The figure for FY2022 was calculated by using the FY2016 alternative value of 0.587kg-CO₂/kWh.

³ Refer to the Cosmo Energy Holdings' Sustainability website for the differences in the calculating method of CO₂ emission amount by Cosmo Energy Group's CO₂ Emissions and the Environmental Impact of Business Activities, disclosed on the website (Japanese) .

Energy Conservation at Refineries

In FY2019, Cosmo's refineries encouraged energy conservation (full use of the utility balance optimization calculation system at Chiba Refinery and start of operation of the No. 2 cogeneration facility at Sakai Refinery), but the energy consumption rate was almost flat compared to the previous year, due to unplanned suspensions. Concerning CO₂ emissions per unit of crude oil equivalent, throughput improved by 0.6%, thanks to fuel conversion to liquid petroleum gas, which emits less CO₂.

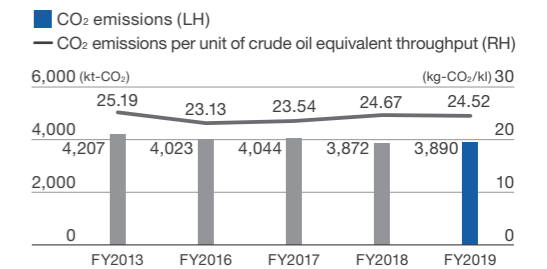
We will continue to strive for energy conservation both physically (high-efficiency equipment) and non-physically (energy-efficient operation).

Reduction in CO₂ emissions by adopting a utility balance optimization calculation system

Refineries use diverse utilities, such as steam, electricity, and fuel to operate equipment. A utility balance optimization calculation system calculates optimal operation to minimize energy costs.

Cosmo Oil first introduced the system at Chiba Refinery in FY2018, then at Yokkaichi Refinery in FY2019, and plans to install it at Sakai Refinery in FY2020 or later. We will expand energy efficiency through use of the system, contributing to CO₂ emission reduction.

CO₂ Emissions and CO₂ Emissions per Unit of Crude Oil Equivalent Throughput



* Because the Sakaide Refinery was turned into a distribution terminal in FY2014, the data has been collected from three refineries since FY2014, compared to from four refineries until FY2013.

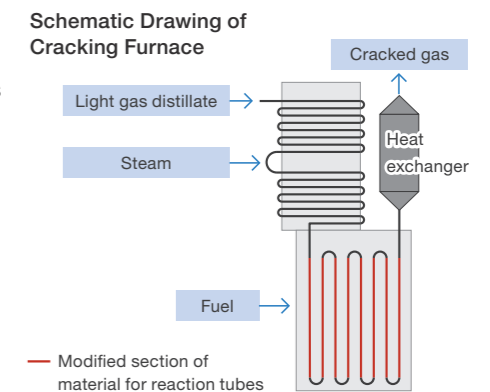
Starting of the No. 2 cogeneration facility at Sakai Refinery for CO₂ emission reduction

In FY2019 Cosmo Oil installed and started operation of the No. 2 cogeneration facility (13,500 kW, 23.6ton/hour) at Sakai Refinery. In addition to power generation, this facility uses waste heat created in the power generation process to produce steam, thereby effectively using energy and contributing to CO₂ emission reduction, in addition to energy saving. We intend to make extra efforts for mitigating environment impact.

* By partial reuse of the existing facility, the facility contributes to establishing a circular society.

Maruzen Petrochemical's Energy-saving Initiative

The ethylene manufacturing facilities of Maruzen's Chiba Plant decompose light gas distillate, a by-product of naphtha cracking, as raw materials. The No. 3 ethylene manufacturing facility was modified to enable raw material decomposition at higher temperature by upgrading the material for reaction tubes used in the cracking furnace, resulting in a more efficient operation, achieving a reduction in energy use equivalent to about 600 kiloliters of crude oil per year.

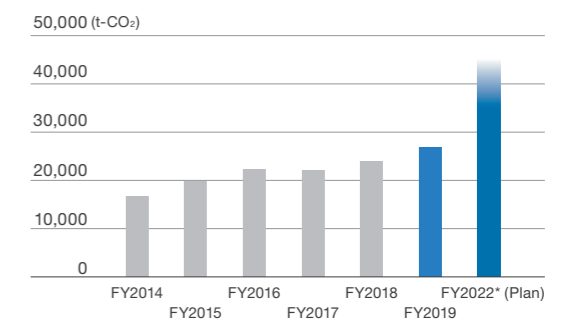


Encouraging the Wind Power Generation Business and Contributing to CO₂ Emission Reduction

Wind power is eco-friendly, clean energy without the need for concern over the depletion of resources or CO₂ emissions. The wind power generation capacity of Cosmo Eco Power Co., Ltd. in the Cosmo Energy Group reached 266,000 kW by FY2019, contributing to CO₂ emission reduction and to improvement in the energy self-sufficiency rate of Japan, which highly depends on imported energy. Our strategy is to continue new investment in onshore wind farms and to enter the offshore wind power generation business early. Through expansion of the wind power generation business, we aim to be beloved by the local community and to contribute to realizing a sustainable society.

* Wind power generation: Calculated using the total power generation volume multiplied by alternative values, such as the actual CO₂ emission coefficient and the adjusted CO₂ emission coefficient of each electric utility for each year.

CO₂ Emission Reduction by the Wind Power Generation





E Engagement with the Environment

Biodiversity Initiatives

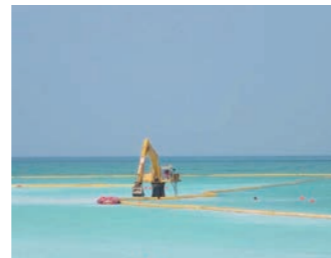
The Cosmo Energy Group regards the preservation of biodiversity as an important theme for corporate and social sustainable growth. We encourage initiatives to understand and reduce the environmental impact of our oil exploration and other businesses and are also engaged in satoyama (village forests) conservation activities, which contribute to the preservation of biodiversity. In addition, we endorsed the “Declaration of Biodiversity by Nippon Keidanren (Japan Business Foundation) and its Action Policy” and are participating in it as a supporting company.

Oil Development with Consideration for the Surrounding Environment

The Oil Exploration and Production Business involves risks that could affect the environment in terms of its exploration, development, and production processes. We consider environmental preservation activities as a priority issue and are promoting initiatives to minimize environmental impact. Abu Dhabi Oil Co., Ltd. in the Cosmo Energy Group acquired an additional concession area, namely Hail Oil Field, in 2012 and commenced production in November 2017. As the surrounding sea area of Hail Oil Field is located in the UNESCO Biosphere Reserve (UNESCO Eco Park), the development of the oil field required more consideration for the environment than ever.

Prior to the development, an environmental impact assessment was conducted and approved by the government. During the development, a system to inject wastewater, waste soil, sewage-containing water and other waste generated from drilling into the ground was established and a zero-discharge operation that reduced environmental impact was implemented. In addition, silt curtains were installed to prevent pollution of the ocean from dredging and disposed dirt as well as muddy water caused by the construction of an artificial island. Moreover, environmental monitoring of air, water quality, aquatic life, and birds was conducted, which ascertained that the operation was conducted without environmental impact.

Environmentally friendly oil development technology was highly evaluated, leading to the receipt of the FY2018 Achievement Award from the Japanese Association for Petroleum Technology. We will continue to advance oil development with consideration for the surrounding environment.



Installation of silt curtains



Wastewater injection well and cuttings injection well (zero-discharge operation)

Environmental Protection Activities in Oil Producing Countries

On Mubarraz Island, where we have oil pre-treating, storage, and loading facilities, we are involved in wide-ranging environmental protection activities, including the planting of mangroves and other green development, the protection of coral in the sea, and the protection of osprey, a rare bird species.



Planted mangroves



Incoming flamingos



Artificially-raised coral



Osprey

Mubarraz Island Green Development

On Mubarraz Island, fresh water is produced from seawater by water production equipment and is provided to residential facilities and crude oil processing. On an extremely hot and isolated island, fresh water is precious for people and plants. Abu Dhabi Oil Co., Ltd. has been actively involved in green development on the desert island. In order to re-use the precious manufactured fresh water, sewage-containing drainage water is treated and used for watering planted trees. On what was once a

desert island, cultivated trees sway in the wind, improving the work environment.

In addition, we have actively been involved in planting mangroves, which even grow in seawater. Mangroves, some of which have grown as high as four meters, provide relaxing place for employees. They are also become an oasis in the Arabian Gulf, where many migratory birds fly to rest.

“Cosmo no Mori” Satoyama Conservation Activities

The Cosmo Energy Group is undertaking activities to maintain and preserve satoyama near places of business through the “Cosmo no Mori” project and to pass them on to the next generation. Cosmo Oil Chiba Refinery, Sakai Refinery and Cosmo Matsuyama Oil carry out this project twice a year in spring and autumn. In FY2019, 347 employees and their family

members in the Cosmo Energy Group participated (Chiba Refinery suspended its activity in autumn due to typhoons). In addition, Cosmo Oil Sakaide Distribution Terminal is conducting cleaning activities on the Shamijima Coast as part of its social contribution activities for the region and the Sanuki Seto Partnership Project concluded with Kagawa Prefecture.



Sakai Refinery's 18th “Cosmo no Mori” Satoyama Conservation Activities in Higashiyoshino-mura

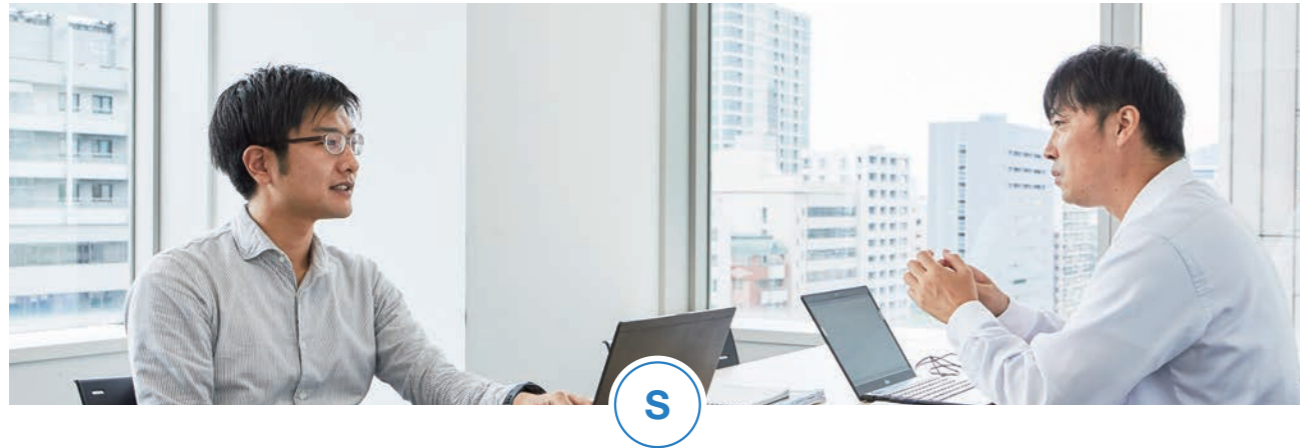


Cosmo Matsuyama Oil's “Cosmo no Mori” Satoyama Conservation Activities in Kutani Fureai Hayashi

COLUMN Development of Eco-friendly Service Stations

As part of the creation of service stations that are in harmony with the environment, we have installed solar panels and fitted lighting equipment with LEDs. Moreover, in June 2020, we concluded a partnership agreement regarding initiatives aimed at the next-generation mobility society with e-Mobility Power, Inc. The company is developing a charging infrastructure and expanding electric vehicles (EVs) and the agreement is focused on installing rapid charging equipment for EVs at our service stations.

With the signing of the agreement, the two companies will install e-Mobility Power's rapid charging equipment at Cosmo Oil service stations to provide charging services. In addition, by providing new EV user services that combine one of the largest charging networks in Japan with our car life service, we will enhance user convenience and satisfaction. Through these initiatives, we will expand EVs to achieve a society with a lower environmental impact.



Engagement with Employees

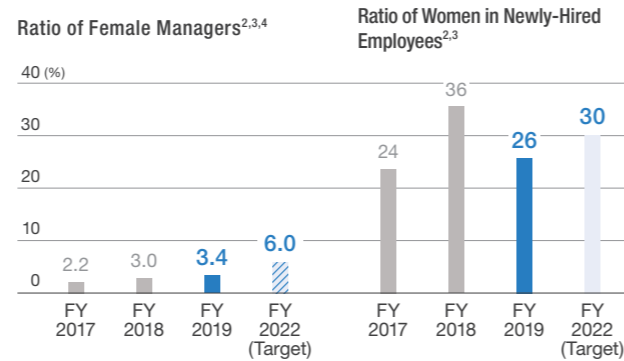
We are making efforts to provide a workplace that enables diverse employees to be empowered and facilitates value creation. In the CSR management plan, goals and KPIs have been set for specific measures. Let us present our initiatives on human rights and human resources.

Human Resources Development

The Cosmo Energy Group believes that human resources are a source of value creation. We are working on securing and developing diverse personnel who positively and promptly tackle the changing business environment and create a workplace that enables diverse employees to be empowered. By combining diverse values, expertise, and experiences, we aim to achieve high productivity and create value.

Promoting diversity

In order to ensure diversity in human resources, our first priority is to empower women. We are aiming for women to represent 30% of newly-hired employees (professional staff) and 6% of managers by FY2022. For employees who are concerned about childbirth and childcare, in addition to the childcare leave, conditions that exceed legal requirements, shorter working hours programs and a telework program are available. We also encourage taking special paid holidays, such as an anniversary day off and a program offering leave of absence for childcare up to the child's graduation from elementary school. Partly due to the career support program and a kindergarten hunting support system, the return rate of employees from childcare leave continues to be 100%. We also have systems that enable employees to return to work even when their family situation changes, such as limited workplace options, a re-employment system for employees who have retired for childcare or caregiving reasons, and a leave of absence program related to the job transfer of a spouse.



Recognized for encouraging employees to work and raise children, Cosmo Oil in the Cosmo Energy Group became the first company in Japan's oil industry to obtain Platinum Kurumin certification from the Minister of Health, Labour and Welfare, under the Revised Act on Advancement of Measures to Support Raising Next-Generation Children.¹ We are actively working on maintaining and improving the ratio of employees with disabilities. The ratio of employees with disabilities in the total workforce was 2.22% as of

Nadeshiko brand company

Cosmo Energy Holdings has been selected for the first time as a 2019 Nadeshiko brand company by the Japanese Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). They select TSE-listed enterprises that are outstanding in terms of encouraging the empowerment of women in the workplace as attractive stocks to investors who value the improvement of corporate value in the mid- and long-term.

June 1, 2020. We are committed to expanding "No barrier in mind" based on the notion of inclusion, in which people with and without disabilities work in the same workplace.

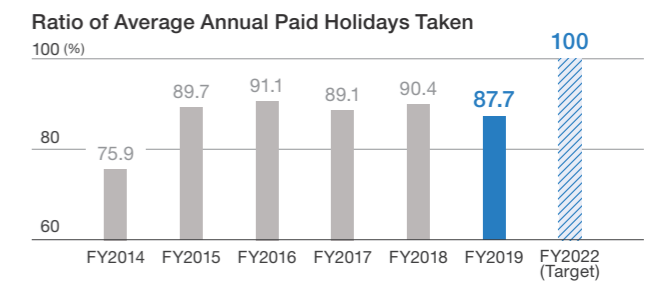
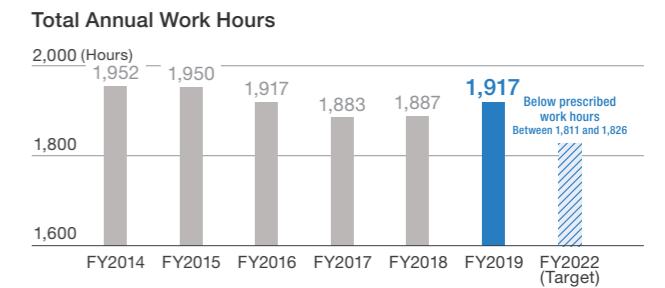
¹ Platinum Kurumin certification is awarded under the revised Act to companies that have already obtained Kurumin in recognition of measures to support employees with children and have expanded them.
² Employees (professional staff) at Cosmo Oil
³ Calculated as of March 31 of each fiscal year
⁴ Managers are those ranked in a position who have subordinates or those in a similar rank, but without subordinates.

We were highly rated for our initiatives in workstyle reform to achieve diversity, including the empowerment of women, as well as in making employees aware of gender equality. We will continue to create a workplace where employees respect diversity and demonstrate their abilities to the maximum.



Occupational safety & health management and new workstyles

In order to improve productivity and to facilitate work-life balance, we have optimized working hours. We have implemented various initiatives, including the encouragement of employees to work mornings rather than nights, to take a day for relaxation (no-after-hours workday), to turn off the lights in the workplace at 8:00 pm (to discourage non-essential, after-hours work). Total annual work hours were 1,917 in FY2019. We will continue workstyle reform and operational reform toward realizing high productivity and better work-life balance. The work-at-home program was extended to all employees (excluding shift workers) in FY2017, and was then expanded into the telework program, enabling employees to work at home and at other locations in FY2019. The COVID-19 pandemic resulted in all employees teleworking (excluding those who have to come to work, such as in refineries). Based on this experience, we will shift into a new workstyle, which includes telework.



Employees' wellness management

Employees' wellness in mind and body and an environment that allows them to maximize their abilities are indispensable to the safe, reliable supply of high-quality products and services. We believe that promoting the wellness of employees and their families is linked to the creation of corporate value. In April 2020, we introduced a non-smoking rule during worktime and established a special holiday for

medical checkups and follow-up examinations. Cosmo Energy Holdings, Cosmo Energy Exploration & Production Co., Cosmo Oil Co., Cosmo Oil Marketing Co., Cosmo Oil Lubricants Co., and Cosmo Business Associates Co. were selected by the Ministry of Economy, Trade and Industry (METI) as a "Certified Health and Productivity Management Organization (White 500)."



Engagement with Society

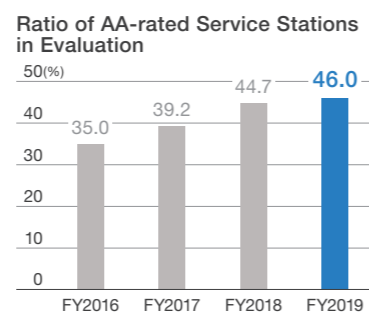
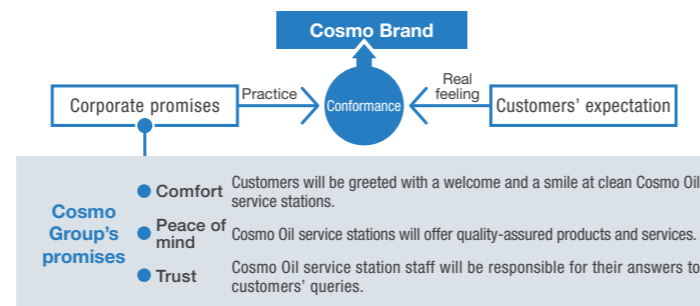
The Cosmo Energy Group plays a supportive role for energy infrastructure, which is indispensable in a community. At the same time, the Group is promoting initiatives to support customers' lives and contribute to environmental and social issues. We are pleased to introduce our initiatives to help solve social issues through our engagement with customers and our operations.

Engagement with Customers

In 1997, we began to send out the message "Filling Up Your Hearts, Too." More than 20 years have passed since then, but our hope remains the same. Let us present the Group companies' initiatives to fill the hearts of our customers through the everyday supply of energy.

Enhancing customer satisfaction (diagnosis of fulfillment of three promises)

Cosmo service stations strive to fill the hearts of customers based on the three brand promises to deliver comfort, peace of mind, and trust to customers. Three times a year (twice in FY2020), a mystery examiner from an outside investigatory agency explores services at service stations and provides an evaluation from the customer's viewpoint. The stations are encouraged to re-acknowledge the customer's viewpoint and provide more satisfying services. Diagnosis of the three promises is a dual-axis evaluation: operation items and impression items (highest rating of "A" for either). The ratio of Service Stations (SS) with an "AA" rating increased by 1.3 percentage points to 46.0% in FY2019 compared to the previous year. We will aim to raise the ratio of AA-rated SS to fill the hearts of more customers.



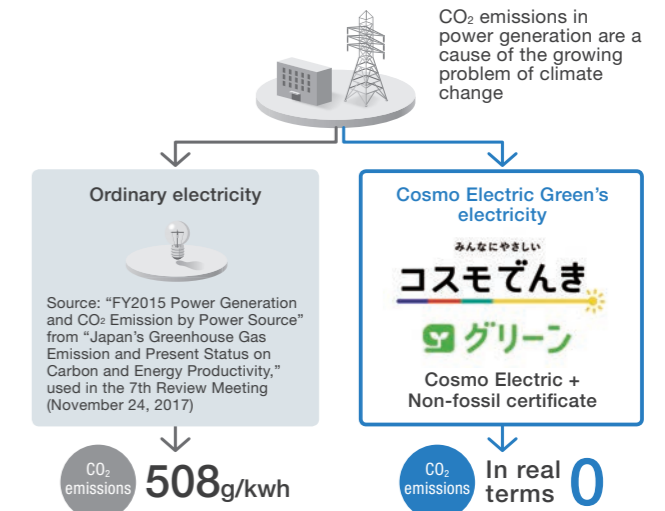
Solving Social Issues Through Business Operations

Cosmo Denki (Electricity) Green

In FY2019, we launched a residential-use electricity service called Cosmo Denki (Electricity), with the aim of entering and expanding business in the residential market and the local energy market – one of our growth strategies. Four plans are available to meet customers' diverse needs. One of the products is Cosmo Denki Green, which provides eco-friendly electricity (electricity fueled by wind power and other renewable energy, with environmental value endorsed by a non-fossil certificate) at favorable rates. By joining Cosmo Denki Green, customers can participate in the Cosmo Oil Eco Card Fund's eco-friendly projects such as environmental preservation and education. By combining the Cosmo Energy Group's accumulated insights and sales power with sales bases using Cosmo Oil's service stations across the country, we will continue striving for Cosmo Denki to gain recognition and be used by more customers. We also started purchasing electricity generated by the Sakata Port Wind Farm of Cosmo Eco Power, a subsidiary of Cosmo Energy Holdings, which is used as the source of electricity for Cosmo Denki Green and provided to customers. Through alliances among group companies and the provision of clean energy that integrates power generation to retailing, we intend to create more value.

Why Cosmo Denki Green is eco-friendly

CO₂ is a cause of global warming. Cosmo Denki Green is eco-friendly with virtually zero CO₂ emissions and energy that is beneficial to the earth.



* A non-fossil fuel energy certificate confirms the fuel energy value of electricity generated by non-fossil fuel energy. Electricity retail operators are allowed to indicate the electricity contract menu for which a certificate on the origin of renewable energy was purchased and expensed as "a menu that effectively purchased XX% of renewable energy, according to the non-fossil fuel energy certificate." They can also reflect this renewable energy in CO₂ emission coefficients.

Carlife Square App

In order to enhance engagement with customers, the Carlife Square app has established an extensive customer database and has become connected with customers. This has enabled it to respond one-on-one to customers, such as distributing discount coupons based on their preference at their desired time and the provision of car life information. Content for customers, available in the Carlife Square app, includes leasing, compulsory car inspection, maintenance products, and other car life-related information, in addition to functions related to fuel oil. In particular, the Commitment Compulsory Car Inspection

offers inspection services at the estimated amount presented in the app (excluding some parts), resolving negative elements or customers' concerns over difficulty in understanding how much the inspection will cost and which parts require repair. We will not only adhere to the existing functions and content but develop new products, contents, and schemes in the Carlife Square app to resolve or alleviate customers' concerns even to a small extent.



Initiatives at Cosmo Oil service stations

Petroleum refilling service for customers with disabilities

Some Cosmo Oil service stations help with petrol refilling for customers with disabilities. We plan to ensure that more service stations extend petrol refilling services.

Lease of vehicles for persons with disabilities and for nursing care

Cosmo My Car Lease provides lease of vehicles for persons with disabilities and in nursing care to ensure a better car ownership experience.



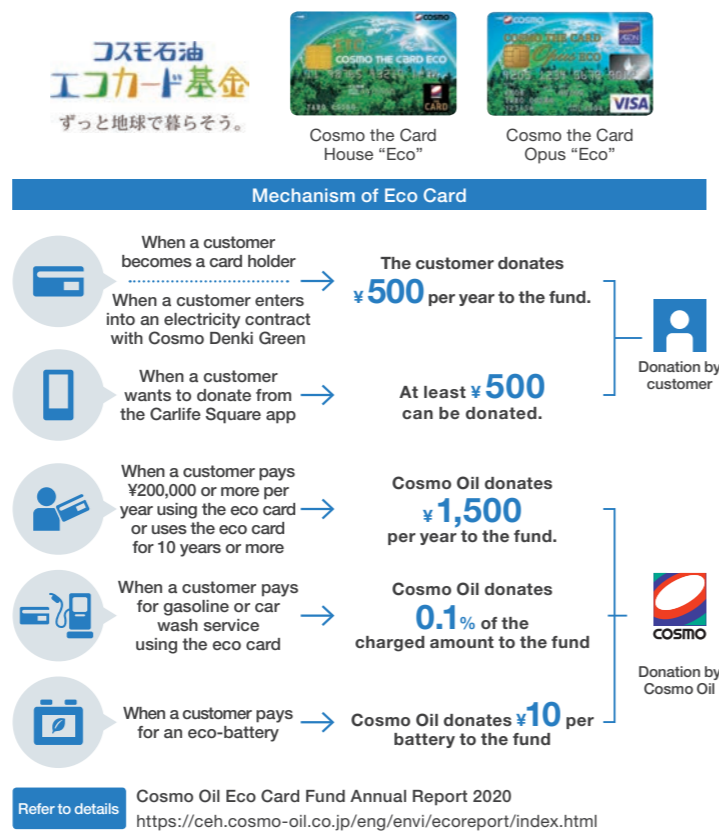
S Engagement with Society

Engagement with Customers and Local Communities

Based on "Harmony and Symbiosis between Companies and Society," one of the principles of the Management Vision, the Cosmo Energy Group seeks to proactively communicate with customers and local communities.

Cosmo Oil Eco Card Fund

Since 2002 the Cosmo Energy Group has been issuing the Eco Card as a membership card for ¥500 per year, with an additional feature to contribute to environmental activities. There are 65,000 card holders. Those who have a high level of environmental consciousness and the Cosmo Energy Group donate to the Cosmo Oil Eco Card Fund, which supports projects to counter climate change issues. In FY2019, the fund supported 17 projects, and was involved in forest preservation and other activities. The roots of climate change are often poverty, education, economic growth, and other social issues in emerging countries. One major characteristic of these projects is that they work on solving these root issues. Since FY2019, we have arranged a system to obtain donations from customers who signed up for the Cosmo Denki Green plan and through the Carlife Square app. We will thus expand the fund and continue to resolve social issues.



Cosmo Waku Waku Camp

As a company engaged in a motorized society, the Cosmo Energy Group's social contribution program, the Cosmo Waku Waku Camp, is a three-day nature camp in the summer for elementary school students who have lost one or both parents in traffic accidents and are registered in the supporters' club of the National Agency for Automotive Safety and Victims' Aid. Thirty-four children and 18 volunteers participated in the 27th camp in FY2019 since its launch in 1993. The camp provides excellent opportunities for children to interact and to appreciate the natural environment. Our volunteers are also inspired to develop new values and encourage diversity.



Cosmo Group Companies' Communication with Local Communities

Cosmo Eco Power

Some wind power farms of Cosmo Eco Power hold facility tours and workshops for people in the local community to enable them to better understand wind power generation. Plant visitors are wide-ranging – from local elementary, junior high, high schools and university students to employees of local companies and those chosen from public applications. They receive explanations regarding windmills, such as their function and construction flow, and visit an observation deck for scenic views. They look at, listen to, and feel wind power generation. We are pleased that the visitors better understand and feel more familiar with wind power generation, as demonstrated in feedback, such as: "After I received the explanation, I now understand wind power generation, which is impossible just from looking at the windmills far away," and "I was impressed with the technological aspects of the entire business, including the construction and transportation of a windmill." Cosmo Eco Power also supports an initiative in the Minato Area of Aizu-Wakamatsu City, aimed at maintaining the community and arranging transportation for the elderly. Specifically, with

regard to the on-demand bus run by a local group for free, we financially aided the purchase of an electric vehicle and allow a fast charging facility to be available for free. A new vehicle began running in June 2020 and a ceremony was held in July, attended by the Mayor. This initiative received the 10th Environmentally Sustainable Transport Traffic Environment Award Grand Prize (Minister of the Environment Award) in 2019.



Maruzen Petrochemical

By clarifying its attitude as a good corporate citizen underpinned by the desire to create a rich society, based on its corporate mission, Maruzen Petrochemical is continually engaged in various initiatives to contribute to the development of local communities. In FY2019, jointly with Denka Co., Ltd. and Hitachi Chemical Co., Ltd. (changed corporate name to Showa Denko Materials Co., Ltd. in October 2020), Maruzen's Chiba Plant invited about 150 students of Goi Elementary School for a plant visit. Maruzen also co-sponsored, jointly with Cosmo Oil Chiba Refinery, the 86th and 87th youth baseball tournaments (twice a year, spring and fall), the 13th junior high

school baseball tournament, and the 44th junior high school soft tennis tournament, as the Hien Cup for teams in Ichihara City, Chiba Prefecture. In 2019, Chiba Prefecture was seriously damaged by a typhoon and other natural disasters. In November 2019, Maruzen Petrochemical and Cosmo Oil jointly made donations to Ichihara City to support typhoon damage recovery. In FY2020, due to the COVID-19 outbreak, many annual sport events and plant visits were canceled. However, we will continue to engage with and contribute to local communities while maintaining safe and stable operation.





Ensuring Safety Measures

The Cosmo Energy Group advocates ensuring safety measures as materiality of the consolidated medium-term CSR management plan. From a different perspective from the original corporate governance, we have intentionally incorporated “safe operations and stable supply” and “quality assurance” as priority governance issues because they are part of the essential foundation for raising corporate value. We have set targets and KPIs for these issues in expanding the enhancement of a safety management structure.

Safe Operations and Stable Supply

Chapter 1 of the Cosmo Energy Group's Code of Conduct states, “We are determined to be a safe and accident-free corporate group.” Our CSR management plan includes in its priority issues for G (Governance): Safe operations and stable supply, “Preventing work-related accidents and major accidents,” and we have been engaged in implementing safety measures. In FY2019, the Group had a serious worker-related accident. We addressed it soberly implemented measures to prevent any reoccurrence. Our refineries and plants achieved zero serious accidents, including zero

serious labor-related accidents. In FY2020 Cosmo Oil, which possesses refineries, is continuing to execute safety management procedures by using the frequency rate¹ of lost-worktime accidents and injuries, the rate of unplanned stoppages, and the number of days of stoppage of incoming and outgoing shipments as management indicators. In addition, the company strives for safe operations and stable supply by establishing good workplaces and work environments and by managing the Operational Management System (OMS).

¹ Frequency rate represents the number of casualties from work-related accidents and injuries in one million work hours and indicates the frequency of occurrence of accidents and injuries.

Cosmo Energy Group's Number of Work-Related Accidents

	FY2019						FY2018	
	Total		Accidents involving directly hired employees		Accidents at subcontracting companies		Total	
	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work
Accidents during work	13	85	5	39	8 ¹	46	37	83
Accidents during commuting	11	13	11	13	0	0	9 ²	22
Total	24	98	16	52	8	46	46	105

¹ Including one serious labor-related accident ² Including one serious labor-related accident

Initiatives to Remember Incidents and Reduce Unsafe or Inadequate Conditions

Cosmo Oil has designated March 11, the date when the fire and explosion at the LPG storage and shipment facilities occurred at its Chiba Refinery due to the Great East Japan Earthquake in 2011, as Cosmo Oil Safety Day. That day, all group employees watch a DVD on the story of the accident, its cause and preventive measures. We continue to remember

the incident and raise awareness of the importance of safety by implementing diverse initiatives, including the installment of a memorial. Concerning the issue that occurred, we regularly hold follow-up meetings to share the causes and measures with other refineries so that all refineries will take preventive measures to reduce incidents involving unsafe conditions and issues.

Operations Management System

Cosmo Oil has adopted an Operations Management System (OMS) to achieve safety operation and stable supply that are superior to the global standard. Adoption of the OMS has enabled us to establish an operation-related management system. Therefore, we intend to achieve safety operation and stable supply, improve operations, and avoid opportunity losses.



Quality Assurance: Enhancing the Quality Assurance Structure

With the objective of the economical, stable supply of safe products that fulfill customers' requirements for quality, Cosmo Oil and Cosmo Oil Marketing have a CS and Quality Assurance Committee to decide on a quality assurance policy and encourage related activities. The committees of both companies cooperate with the Safety and Risk Management Committee of Cosmo Energy Holdings, forming the Group's quality assurance structure.

Cosmo Oil set the prevention of serious product/quality accidents in FY2019 as a KPI for each department in charge of supply, logistics, and sales, and has been engaged in quality management activities. In FY2019, our refineries and oil depots had no serious quality-related issues and continued to record no shipments of non-conforming products.

Maruzen Petrochemical received Japan Quality Encouragement Award, Quality Innovation Award 2018

Maruzen Petrochemical's six departments engaged in the specialty polymer business (sales, procurement, quality assurance, manufacturing development, and quality control) were recognized for their small group quality activities, which started in 2013, and received the Japan Quality Encouragement Award, Quality Innovation Award 2018 from the Union of Japanese Scientists and Engineers. The specialty polymer business is focused on the development of polymer for photoresists. In the past, people were less conscious about coordinating with those in other departments, which led to a drop in customer satisfaction. This is why small group quality activities started in FY2013 to develop unique quality awareness (customer orientation) that transcended the boundaries of departments. Continuous unique activities, such as “one common theme per year for the entire team,” were highly recognized. The theme in FY2019 was “use of a design mind-set for a practical approach to create value with which customers can empathize.” The group members deeply explored what was proposed in the previous year and made proposals for specific, practical responses.



Japan Quality Encouragement Award, Quality Innovation Award

Ensuring Safety Measures by Group Companies

Cosmo Eco Power

Cosmo Eco Power, which is engaged in the wind power generation business, performs regular check-ups, responses to malfunctions or issues, and 24-hour remote monitoring to operate wind farms safely and efficiently. Based on past records and experience, we estimate

potential issues and timing and focus on preventive maintenance comprising the replacement of certain components ahead of any long suspension in operation.

Maruzen Petrochemical

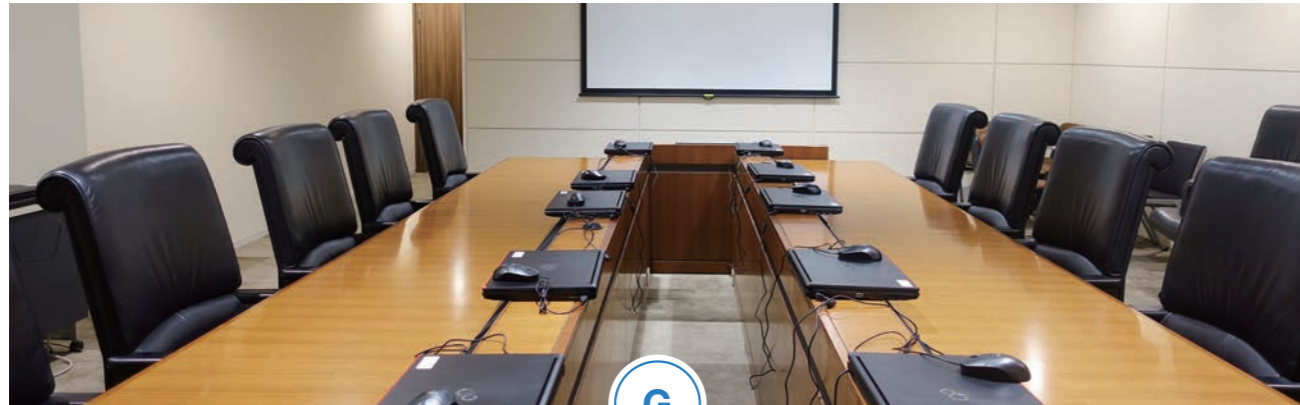
Maruzen Petrochemical declares in its management principles that “Our goal is to be the number one company in safety” and believes that safety is its top priority and its corporate mission.

The company also pledges in its Code of Conduct to strive to predict risks of accidents or incidents and prevent their occurrence, thereby continuing to achieve zero accidents or incidents.

The entire company, including Chiba Plant and Yokkaichi Plant, is promoting concerted safety management efforts focused on maintenance, disaster prevention, labor, and logistics, which are

called “the Number One Safety Activity.”

In order to cultivate a safety-first culture and continually encourage voluntary maintenance activities, we have conducted the Chemiway Anzen No. 1 (CA1), an annual full-participation safety initiative to hold a poster session of activities and evaluate them. Initially, the 5S (Sorting, Setting-in-Order, Shining, Standardizing, Sustaining) Discipline was a central safety activity; however, in recent years the activity has been upgraded to voluntary improvement, incorporating issues in each department. We are determined to continue valuing a safety-first culture, which is the beginning of our organization.



Strengthening corporate governance structure

The Cosmo Energy Group advocates “strengthening corporate governance structure” as a materiality in the consolidated medium-term CSR management plan. From a different perspective of original corporate governance, we have intentionally incorporated “risk management,” “compliance,” “CSR-based procurement,” and “information disclosure” as priority issues because they are part of an essential foundation for increasing corporate value. We have set targets and KPIs for these issues in promoting the enhancement of a compliance structure.

Risk Management

Being strongly committed to the stable supply of energy, the Cosmo Energy Group holds Safety and Risk Management Committee meetings twice a year to promote risk and safety management on a group-wide level. The Committee discusses risks and safety policy for the entire group and checks the progress of the related actions. The three core operating companies

and semi-core companies have their own risk management committee, in accordance with their respective businesses and functions. These committees check the status of initiatives taken for their respective, inherent risks, develop safety measures, and manage the progress of safety activities. The committees strive to check and improve risk management and safety control actions.

Group-wide Risks and Responses

The Cosmo Energy Group has set “enhancement of selection of priority risks and responses” as a KPI for risk management, which is one of the priority issues in the consolidated medium-term CSR management plan. In FY2019, we identified the following issues, selected group-wide risks and took firm actions.

Risk-related issues	Detail	Action taken in FY2019	Evaluation
G Media-response training in emergencies	Conduct practice training for the President and directors	Conducted a lecture and simulation drills at Cosmo Oil's Chiba Refinery, Sakai Refinery, and Hakodate Logistics Base. There was no practical training for directors and executive officers at the head office. For reference, their training lecture was conducted at the head office on May 27, 2020.	Fail
G Revision of manuals concerning new types of influenza	Each group company develops a manual and a priority operation identification sheet	Developed the core refinery manual. Instructed each group company to develop a priority operation identification sheet. Considered reviewing the content in response to the COVID-19 pandemic.	Fail
G Measures to enhance earthquake BCP	Obtain an “S” rating in the review by METI	Obtained an “all S” rating in the affiliation review. Conducted a complete revision of the BCP manuals based on the assumption of earthquakes across Japan. Examined damage assumptions for secondary bases (logistics bases and joint oil tank facilities).	Pass
G Prevention of reputation risk concerning disclosure of non-financial information	Carry out appropriate information disclosure	Information disclosure in Cosmo Report and on CSR site. Evaluated by rating agencies, such as for the FTSE4Good Developed Index, and responded to surveys by CDP.	Pass
G Enhancement of governance concerning quality control	Prevent the risk of losing social credibility due to a corporate scandal concerning quality control	Enhanced the quality control organization concerning products and services of the Cosmo Energy Group and added quality-related accidents in the reporting standard.	Pass

* Risk category G (Governance) includes “safe operations and stable supply,” “quality assurance,” “risk management,” “CSR procurement,” “information disclosure” and “compliance” in the company's medium-term CSR management plan.

Compliance: Corporate Ethics Promotion Structure

Cosmo Energy Holdings has formed the Corporate Ethics and Human Rights Committee to promote and implement the Cosmo Energy Group's Code of Conduct, and to check its status, and the Cosmo Energy Group Corporate Ethics Office to assist its operation. Aiming for enhancing employees' understanding of ethics, the Corporate Ethics and Human Rights Committee plans, implements, and evaluates a variety of programs, including training programs on corporate ethics for all group employees, and e-learning.

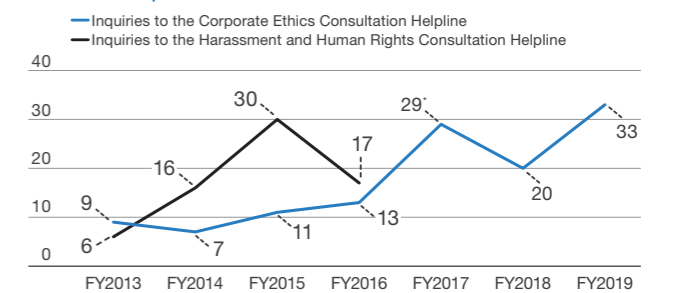
The Cosmo Energy Group Corporate Ethics Consultation Helpline, through which employees' misconduct such as violation of laws and corporate rules, as well as ethical issues can be reported or discussed anonymously, was formed within the Corporate Ethics Office and at an outside law firm. In FY2019, the Helpline received 33 inquiries (15 inappropriate actions and 18 cases of consultation on harassment).

On the Harassment Consultation Helpline, which was formed outside the group in FY2018, outside experts respond to consultations on workplace interpersonal issues, including sexual or power harassment. Counseling by outside experts is expected to have a positive impact in preventing mental disorders and helping people find prompt solutions in work environments.

Details of the reported and discussed issues and the response are regularly forwarded to Directors who are Members of the Supervisory Committee of the Company. Efforts will be made for continual improvement of the whistleblower system and the work environment. In FY2019, there were two incidents involving serious compliance violation¹. In both cases, measures to prevent recurrence have been thoroughly implemented.

¹ Violations or accidents that fall under the highest level of crisis as defined in the internal rules.

Number of Inquiries Received



* In FY2017, the Harassment and Human Rights Consultation Helpline was eliminated and integrated into the Cosmo Energy Group Corporate Ethics Consultation Helpline.

CSR-based Procurement

Cosmo Energy Holdings and its three core operating companies are promoting initiatives to eliminate business transactions with organizations known or suspected of criminal behavior, in addition to green procurement in which the green degree evaluation, as well as conventional quality, price, and delivery factors are comprehensively evaluated. During the consolidated medium-term CSR management plan period, we aim for sustainable development by working

with suppliers who agree with our policy by developing a CSR procurement policy that incorporates ESG initiatives and broadly disclosing it to stakeholders. In FY2019, the Cosmo Energy Group's CSR-based Procurement Policy and Cosmo Oil's CSR-based Purchasing Guideline were developed. Going forward, we will ask suppliers for their understanding and agreement, and request that actions be taken in compliance with the Guideline.

Information Disclosure: Inclusion in ESG Indices

Cosmo Energy Holdings has been included in the “FTSE4Good Developed Index” for 18 consecutive years since 2003, when the Company was adopted. It was the first Japanese oil company to have that distinction.

The Company was also selected as a constituent of the FTSE Blossom Japan Index, which the Government Pension Investment Fund (GPIF) has adopted as an Environmental, Social and Governance (ESG) investment index for Japanese equities for the fourth consecutive year. Moreover, the Company was selected as a constituent of the MSCI Japan Empowering Women (WIN) Select Index, which MSCI Inc. in the United States selects based on the employment data of women, as disclosed according to the Act on Promotion of Women's Participation and Advancement in the Workplace in Japan. Cosmo Energy Holdings was also selected for the fourth consecutive year as a constituent of the SOMPO Sustainability Index, a proprietary index created by Sompo Asset Management based on a combination of ESG assessments and stock valuation.



2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

* Including constituents of the SNAM Sustainability Index up to FY2018
 * The inclusion of Cosmo Energy Holdings in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein do not constitute sponsorship, endorsement or promotion of Cosmo Energy Holdings by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.



G Strengthening corporate governance structure

Corporate Governance

Basic Governance Structure and Business Execution System

The Cosmo Energy Group transitioned to a holding company structure in October 2015 and became a company with a supervisory committee structure to increase the ratio of outside directors and strengthen the audit and supervisory functions of the Board of Directors. With the aim of clearly separating management oversight and business execution, the Company has adopted an executive officer system. As a result, some authority has been transferred to executive officers to enable the Company to respond promptly to changes in the business environment and carry out swift decision-making.

Board of Directors

The Board of Directors is composed of 10 members in total, and comprises 6 internal directors (1 of whom is a member of the Supervisory Committee) and 4 outside directors (2 of whom are members of the Supervisory Committee). It decides important matters such as the basic management policy and supervises the execution of business duties.

To enhance the supervisory function of the Board of Directors and realize fair and highly transparent management, the Company increased the number of outside directors by 2 members (2 of the 4 outside directors are independent outside directors) in tandem with the transition to a holding company structure. Outside directors have immediate access to the necessary information.

Supervisory Committee

The Supervisory Committee is composed of three members in total, that is, one internal director and two independent outside directors, and uses the internal control system to audit and supervise the business execution of directors as well as the state of execution of other business duties in general that are related to the management of the Group. The Chairperson is an independent outside director.

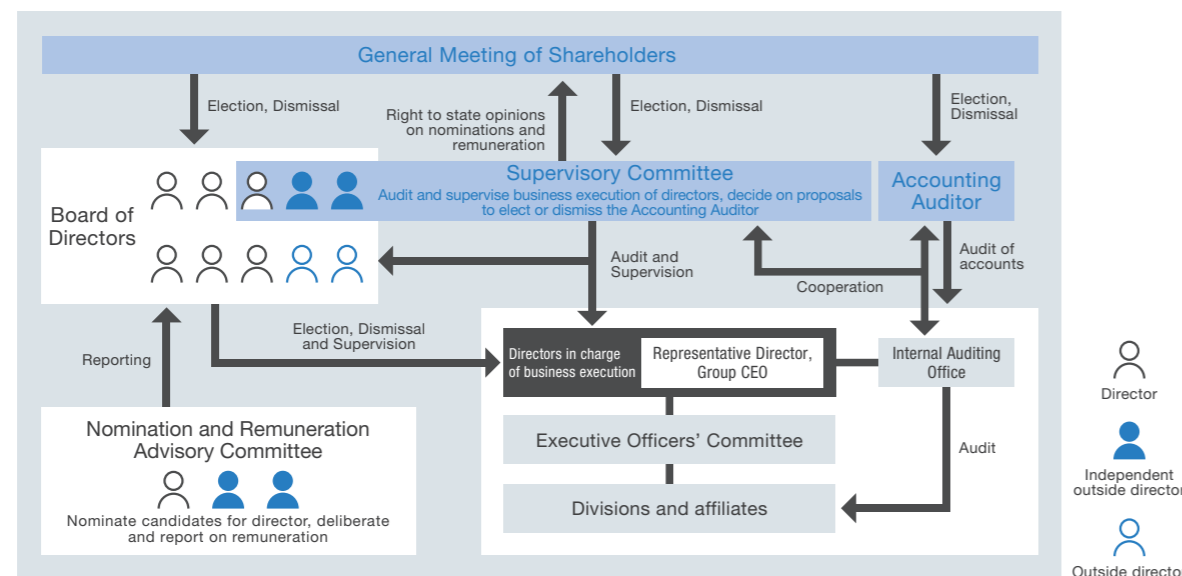
Executive Officers' Committee

The Company has adopted the executive officers' system to clarify the roles and responsibilities of Directors in charge of decision-making and management oversight, and Executive Officers in charge of business execution. The Executive Officers' Committee comprises major executive officers, including the Chief Executive Officer, and directors that are members of the Supervisory Committee, and functions as an advisory body to the President. The committee makes decisions concerning the execution of business in accordance with management policies determined by the Board of Directors.

Nomination and Remuneration Advisory Committee

The Company has established the Nomination and Remuneration Advisory Committee, which is an advisory body to the Board of Directors, to ensure transparency and objectivity in the selection of director candidates and the compensation determination process. The committee comprises three members in total, namely, one internal director and two independent outside directors, and deliberates on the nomination and remuneration of executive officers. The Chairperson is an independent outside director.

Corporate Governance Structure

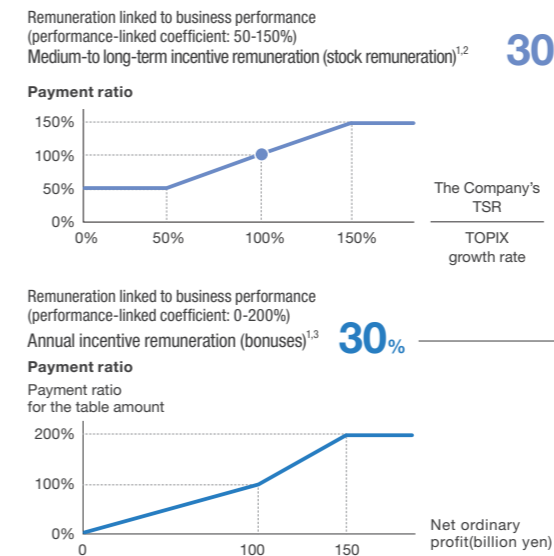


Executives' Remuneration Plan

In FY2018 the Company introduced a new remuneration plan linked to business performance, with the purpose of enhancing medium-term business performance, increasing corporate value, and sharing profits with shareholders. It applies to directors (excluding outside directors and directors who are Supervisory Committee members) and executive officers. This plan consists of annual incentive remuneration (bonuses) linked to consolidated performance indices for each fiscal year, and medium- to long-term incentive remuneration (stock remuneration) linked to the ratio of the Company's Total Shareholder Return (TSR) to the Tokyo Stock Price Index (TOPIX) growth rate as well as to the consolidated net debt-to-equity ratio of three consecutive fiscal years

starting from the fiscal year. As the performance-linked coefficient is determined for both, the scheme is to reflect the outcome of the management's efforts. Regarding the remuneration system, a ratio of 4:3:3 has been established for basic remuneration: Annual incentive remuneration (when consolidated ordinary income excluding the impact of inventory valuation reaches ¥100 billion), and medium- to long-term incentive remuneration (when stock price conditions are fully achieved). The stock remuneration plan is an incentive plan that uses a trust system. It creates management motivation based on awareness of increasing corporate value in the long term as directors and executive officers share changes in shareholder value with shareholders.

Executives' Remuneration Plan



¹ Remuneration linked to business performance is not applicable to directors who are outside directors or Supervisory Committee members.
² Linked to the ratio of the Company's TSR to the TOPIX growth rate as well as to the consolidated net debt-to-equity ratio for FY2019-FY2021
³ Linked to consolidated ordinary income excluding the impact of inventory valuation for each fiscal year

Evaluation of Effectiveness of the Board of Directors

Method of evaluation

Upon an exchange of opinions on the initiatives executed in FY2019, an anonymous survey was conducted. The questionnaire comprises the numerical evaluation of 33 items concerning the composition, role, and management of the Board of Directors, the handling of the Corporate Governance Code, the effectiveness of the Board, and other items. A large space is also provided for free comments on the recognition of issues for each item and ideas for improvement. The answers obtained from all directors were aggregated and analyzed by the Secretariat of the Board of Directors and the Board discussed the results and the policy for future initiatives.

Summary of evaluation results

The Board of Directors analyzed and evaluated that the effectiveness of the Board of Directors as a whole is ensured and the Board continually strives to enhance its effectiveness due to the following:

- The Board of Directors comprises an appropriate number of directors and serves as a fair place that allows exchange of active, unrestricted opinions.
- Appointment of a female director enhanced diversity.
- Provision of information to Outside Directors is appropriate.
- The Board of Directors is holding more in-depth discussions on important matters.

Directors and Executive Officers (As of June 25, 2020)



Representative Director,
Group CEO
Hiroshi Kiriyama

April 1979 Joined Daikyo Oil Co., Ltd.
June 2013 Director, Senior Executive Officer, Cosmo Oil Co., Ltd.
October 2015 Director, Senior Managing Executive Officer of the Company
June 2016 Representative Director, Executive Vice President
June 2017 President, Representative Director, Chief Executive Officer
Representative Director, Group CEO (current position)

He has been responsible for supply and demand, and corporate planning departments for a long time, has participated in decisions on a variety of alliances in Japan and overseas, and possesses abundant expertise in overall corporate management. In addition, he has managed the Group and achieved results as President and Representative Director since June 2017 and boasts a proven track record.



Representative Director
Senior Executive Officer
Yasuhiro Suzuki

April 1985 Joined Daikyo Oil Co., Ltd.
June 2013 General Manager, Human Resource Dept., Cosmo Oil Co., Ltd.
June 2015 General Manager, Human Resource and General Affairs Dept.
October 2015 General Manager, Human Resource and General Affairs Dept. of the Company
June 2016 Executive Officer, General Manager, Human Resource and General Affairs Dept.
April 2017 Executive Officer, General Manager, Corporate Planning Dept.
April 2018 Senior Executive Officer
June 2018 Director, Senior Executive Officer
June 2020 Representative Director, Senior Executive Officer (current position)

After working mainly in the departments of sales and human resources, he has been involved in overall management decision-making as Executive Officer and General Manager of the Corporate Planning Dept. since 2017. From 2018, as Director, Senior Executive Officer, he has been responsible for the departments of corporate planning, human resources and IT systems, where he has proceeded with initiatives toward achieving the Sixth Medium-Term Management Plan.



Outside Director
Ali Al Dhaheri

August 1999 Joined Abu Dhabi Gas Industries Company
February 2000 Contracts Manager, Abu Dhabi Oil Refining Company
July 2008 Commercial Manager, Abu Dhabi National Chemicals Company
February 2012 Senior Manager, Affiliate of Abu Dhabi National Chemicals Company
April 2017 Head of Refining, Mubadala Investment Company (MIC)
April 2020 Director of Refining, Refining & Petrochemicals (current position)
June 2020 Outside Director of the Company (current position)

He has engaged in a variety of operations such as those in the administration and procurement departments in the oil and gas industries. He currently spearheads the business of MIC's oil refining department from a broad perspective and puts his energy into developing businesses in renewable energy and electric cars.



Independent Outside
Director, Supervisory
Committee Member
Sakae Kanno

April 1971 Joined The Kansai Electric Power Co., Inc.
June 2003 Managing Director, The Kansai Electric Power Co., Inc.
June 2007 Executive Vice President and Director, The Kansai Electric Power Co., Inc.
June 2011 Audit & Supervisory Board Member, The Kansai Electric Power Co., Inc.
June 2013 Audit & Supervisory Board Member, Cosmo Oil Co., Ltd.
October 2015 Outside Director of the Company (Supervisory Committee Member) (current position)

He has experience as a Director and Audit & Supervisory Board Member at the Kansai Electric Power Co., Inc. He has served as an Audit & Supervisory Board Member of Cosmo Oil Co., Ltd. since 2013, and as an Outside Director who is a Member of the Supervisory Committee of the Company since 2015.



Representative Director
Senior Executive Officer
Takayuki Uematsu

November 1992 Joined Cosmo Oil Co., Ltd.
June 2014 Assistant General Manager, Accounting and Finance Dept.
June 2015 General Manager, Finance Dept.
October 2015 General Manager, Finance Dept. of the Company
June 2016 Executive Officer, General Manager, Finance Dept.
April 2018 Senior Executive Officer
June 2018 Director, Senior Executive Officer
June 2020 Representative Director, Senior Executive Officer (current position)

He joined the Company after working for a foreign financial institution, and has demonstrated his expertise primarily in the department of finance. Since 2018, as Director, Senior Executive Officer, he has been in charge of the Corporate Communication Dept., the Accounting Dept., and the Finance Dept., and has contributed to improving the corporate value of the Company through the optimization of the Company's financial status.



Director
Senior Executive Officer
Shigeru Yamada

April 1988 Joined Cosmo Oil Co., Ltd.
June 2014 Assistant General Manager, Supply Dept.
June 2015 General Manager, Supply Dept.
April 2018 Executive Officer, General Manager, Corporate Planning Dept. of the Company
April 2020 Senior Executive Officer
June 2020 Director, Senior Executive Officer (current position)

He has mainly worked in the departments of sales, corporate planning, and supply and demand, and has a wide range of experience across the Group's business domain and abundant knowledge of supply and demand in the refining department. Since 2018, as Executive Officer and General Manager of the Corporate Planning Dept., he has proceeded with initiatives toward achieving the Sixth Medium-Term Management Plan.



Independent Outside
Director, Supervisory
Committee Member
Yasuko Takayama

April 1980 Joined Shiseido Co., Ltd.
April 2009 General Manager, Social Affairs and Consumer Relations Department
April 2010 General Manager, Corporate Social Responsibility Department
June 2011 Full-time Audit & Supervisory Board Member
June 2015 Advisor and Outside Director, The Chiba Bank, Ltd. (current position)
June 2016 Outside Audit & Supervisory Board Member, Mitsubishi Corporation (current position)
June 2017 Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation (current position)
June 2019 Outside Director of the Company (Supervisory Committee Member) (current position)

She has experience as General Manager of the Consumer Information Center, General Manager of the Corporate Social Responsibility Department and other positions at Shiseido Co., Ltd., as well as being appointed Audit & Supervisory Board Member and Advisor of the same company. She has also served as Outside Director and Outside Audit & Supervisory Board Member for several listed companies. She is an Outside Director who has been a Member of the Supervisory Committee since 2019.



Director
Supervisory
Committee Member
Toshiyuki Mizui

August 1993 Joined Cosmo Oil Co., Ltd.
June 2012 General Manager, Internal Auditing Office
October 2015 General Manager, Internal Auditing Office of the Company
April 2016 General Manager, Accounting Dept.
June 2016 Executive Officer, General Manager, Accounting Dept.
April 2018 President, Representative Director, Eco Power Co., Ltd. (currently Cosmo Eco Power Co., Ltd.)
April 2020 Counselor of the Company
June 2020 Director of the Company (Supervisory Committee Member) (current position)

He joined the Company after working for a general electronic component manufacturer and has been engaged mainly in the departments of accounting and systems. After his appointment as Executive Officer of the Company, he continued to be in charge of the accounting department and contributed to the management of the Group by leveraging his professional experience and knowledge of accounting, taxation and other systems.



Director
Senior Executive Officer
Yoshimitsu Sunano

April 1988 Joined Cosmo Oil Co., Ltd.
June 2015 Assistant General Manager, Corporate Planning Dept.
October 2015 General Manager, Planning & Management Dept.
April 2017 Director, Cosmo Oil Lubricants Co., Ltd.
June 2017 President, Representative Director
April 2020 Senior Executive Officer of the Company
June 2020 Director, Senior Executive Officer (current position)

He has mainly worked in the departments of sales, accounting, and corporate planning, and has a wide range of experience across the Group's business domain and abundant knowledge of renewable energy. In 2017, he was appointed President and Representative Director of Cosmo Oil Lubricants Co., Ltd. and has improved the profitability of the lubricants business.



Outside Director
Saleh Al Mansoori

October 1999 Joined Abu Dhabi National Oil Company (ADNOC)
August 2009 Project Manager
April 2012 Manager, Interface Management Department, Gas Director
November 2015 Director, Integrated Investments, Petroleum & Petrochemicals, Mubadala Investment Company (MIC)
January 2020 Director of Petrochemicals, Refining & Petrochemicals (current position)
June 2020 Outside Director of the Company (current position)

He has worked in the investment and energy industry departments of MIC for many years. He has used his extensive expertise and abundant knowledge to offer advice on asset management and management strategy to many companies, contributing to the enhancement of their corporate value.

Executive Officer



Executive Officer
General Manager, Legal
and General Affairs Dept.
Satoshi Sakuraba



Executive Officer
General Manager, Human
Resource Dept.
Junko Takeda



Executive Officer
General Manager, Sustainability
Initiative Dept.
Seiko Takagi

Messages from outside Directors



In the age of change, we will contribute to management from both offensive and defensive perspectives.

Independent Outside Director, Supervisory Committee Member
Yasuko Takayama

Describe your impressions of the Cosmo Energy Group and what you consider its strengths and weaknesses from the perspective of an outside director.

The Cosmo Energy Group has been encouraging solid management with a strong sense of mission to play a role in the industrial and social infrastructure, and the Group is characterized by a bright, open and friendly organizational culture.

We possess an integrated system from upstream to downstream in oil-related fields that we are focusing on renewable energy businesses, especially wind power, where growth is expected, and that we have a business portfolio that can withstand even tough changes in the external environment. Amid the global structural transformation of energy, our challenge is responding flexibly to changes while balancing our oil-related businesses and renewable energy businesses appropriately.

What kinds of efforts are you making and what are your future challenges as an independent outside director?

Based on my awareness from the perspectives of a variety of stakeholders, including shareholders, customers, business partners, and employees, and my experience at operating companies, I strive to ask candid questions and make effective recommendations at meetings of the Board of Directors and various committees. In addition, because this was the first year of my appointment, I have had many opportunities to receive explanations on businesses, to visit actual business locations, and for dialogue in order to gain deeper knowledge of the activities of the Cosmo Energy Group.

As an independent outside director, I intend to continue to contribute both from offensive and defensive perspectives by endeavoring to collect information both inside and outside the company to support management decisions that focus

on current trends, and by enhancing my sensitivity toward the various risks surrounding the Group.

How do you rate the effectiveness of the Board of Directors?

Every year we evaluate the effectiveness of the Board of Directors, and by making sure that the PDCA cycle is carried out, improvements have continued. As a result, the members of the Board of Directors have become increasingly diverse and both the content and quality of discussions are shifting the focus from traditional management functions to the exercise of monitoring functions. In addition, broad-minded, open discussions are being conducted, and the effectiveness of these discussions is increasing.

We are continuing to conduct activities that contribute to an improvement in the governance system. For example, we evaluate the effectiveness of the Supervisory Committee every year and the results are reported to the Board of Directors.

Will you give a message to shareholders and other stakeholders?

With the COVID-19 pandemic, the industrial structure is now at a turning point. In light of these medium- to long-term changes in the business environment, achieving sustainable Group management that balances both the resolution of social issues and business profits, as well as the appropriate allocation of management resources as Cosmo Energy Holdings and their monitoring will become challenges. I intend to continue to fulfill my responsibilities as an independent outside director through recommendations and suggestions from the standpoint of stakeholders so that the Cosmo Energy Group can demonstrate its presence as a corporate group that is truly needed by society and can generate sound profits over the long term.



Evaluating management from the standpoint of stakeholders in discussions with senior management

Outside Director
Saleh Al Mansoor

Describe your impressions of the Cosmo Energy Group and what you think are its strengths and challenges from the perspective of an outside director.

Cosmo group has significant operating and management experience in refining, chemicals, and renewables business, which helped it to survive in a challenging business environment and the financial position, has improved compared to five years ago. Given the current situation triggered by the COVID-19 pandemic, we expect Cosmo to maintain flexibility in taking investment decisions. Main emphasis should be on cash flow management and efficient capital allocation under the 6th Medium Term Management Plan.

What does the Cosmo Energy Group need to do to increase its corporate value?

Cosmo has undertaken several initiatives in the last few years such as shift to holding company structure, Hail Oil field, Maruzen acquisition and growth in wind power, which have resulted in more resilient business model. Next phase of raising corporate value relies heavily upon successful execution of 6th mid-term management plan. The plan is balanced mix of maximizing cash flows in core business of petroleum products while strengthening strategic investment in growth areas such as wind power and petrochemicals. The key is to maintain robust capital allocation and optimize costs.

After joining the Board of Directors as an outside director from this fiscal year, what would you like to accomplish in your role and with your expertise?

Cosmo implements its strategy through a medium-term management plan. The plan targets operating profit improvements, strategic investments and improved balance sheet. This is a continuous process. I expect discussion

with management on business strategy, its execution and evaluate if these are acceptable from the standpoint of shareholders.

As the largest shareholder, Mubadala Investment Company (MIC), what do you desire regarding the management of the Cosmo Energy Group?

6th mid-term management plan has a multifaceted approach to improve profitability, develop a more diversified and stable business model to face future energy scenarios. The business environment has been impacted significantly due to pandemic. Our main expectations are that management should make all efforts to improve structural profitability, capital structure, maintain free cashflows and pay stable dividend.

Will you give a message to shareholders and other stakeholders?

The demand for oil products in Japan has been in structural decline due to aging population and improved fuel efficiency etc. Cosmo Energy Group has responded to the challenges by undertaking several initiatives to enhance competitiveness of its refining & marketing and petrochemical segments. The wind power business has also grown in the last few years. COVID-19 pandemic has compounded challenges for the energy companies. We have a positive impression that management can navigate Cosmo through these difficult times and improve shareholder returns.

11-Year Selected Financial and Operating Data

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2019	
For The Year												Millions of yen	Thousands of U.S. dollars ¹
Dubai crude oil price (US\$ /barrel)	69.6	84.1	110.1	107.0	104.6	83.5	45.7	46.9	55.9	69.3	60.3	—	
Foreign exchange rate (¥/US\$)	92.9	85.8	79.1	83.0	100.2	109.9	120.1	108.4	110.9	110.9	108.8	—	
Net sales	¥2,612,141	¥2,771,523	¥3,109,746	¥3,166,689	¥3,537,782	¥3,035,818	¥2,244,306	¥2,292,280	¥2,523,106	¥2,770,365	¥2,738,003	\$25,158,532	
Cost of sales	2,435,366	2,539,032	2,918,238	2,989,274	3,369,007	2,944,919	2,154,615	2,079,727	2,282,710	2,539,936	2,586,244	23,764,075	
Selling, general and administrative expenses	142,568	128,393	127,937	124,992	129,060	129,346	119,433	120,370	128,526	135,775	137,865	1,266,797	
Operating income (loss)	34,207	104,097	63,570	52,422	39,715	-38,447	-29,742	92,182	111,868	94,653	13,893	127,660	
Impact of inventory valuation ²	52,600	22,300	25,200	15,264	16,068	-116,177	-68,703	39,400	21,044	-10,788	-52,179	-479,459	
Operating income (loss) excluding the impact of inventory valuation	-18,393	81,797	38,370	37,158	23,647	77,730	38,961	52,782	90,824	105,441	66,072	607,119	
Ordinary income (loss)	36,411	96,094	61,420	48,439	41,847	-49,640	-36,121	81,448	116,850	96,654	16,285	149,637	
Ordinary income (loss) excluding the impact of inventory valuation	-16,189	73,829	36,238	33,173	25,778	66,537	32,644	42,048	95,806	107,442	68,464	629,096	
Petroleum ¹¹	-43,283	36,124	-17,181	-38,960	-41,394	22,067	5,784	1,770	37,776	24,964	4,378	40,234	
Petrochemical	—	-329	2,075	3,343	3,692	-6,977	4,291	22,177	30,441	15,344	5,185	47,650	
Oil exploration and production	29,418	34,657	52,023	60,688	58,141	47,538	18,637	9,347	18,251	56,900	45,030	413,773	
Others	-2,324	3,377	-679	8,102	5,339	3,909	3,932	8,754	9,338	10,233	13,869	127,439	
Profit (loss) before income taxes	35,527	73,451	35,381	-2,536	49,443	-44,599	-43,797	78,565	109,274	95,966	13,913	127,842	
Profit (loss) attributable to owners of parent ³	-10,741	28,933	-9,084	-85,882	4,348	-77,729	-50,230	53,235	72,813	53,132	-28,155	-258,709	
Capital expenditures	87,677	64,369	27,933	83,429	41,243	70,396	82,775	120,302	109,085	80,380	87,872	807,431	
R&D expenses	3,657	3,834	3,791	3,765	3,271	3,077	3,104	4,269	4,540	4,096	4,448	40,872	
Depreciation and amortization ⁴	42,746	51,068	50,601	44,953	35,330	32,399	30,713	37,769	42,130	54,225	57,606	529,325	
Cash flows from operating activities	2,262	26,297	43,616	-20,950	35,837	163,384	18,427	47,625	192,634	90,450	111,733	1,026,676	
Cash flows from investing activities	-93,306	-73,109	-25,805	-80,481	-61,007	-30,126	-32,839	-112,038	-96,432	-84,521	-84,230	-773,961	
Cash flows from financing activities	159,302	-86,077	11,606	104,695	12,555	-178,920	32,499	9,626	-76,757	-20,480	-24,675	-226,735	
At Year-End												Millions of yen	Thousands of U.S. dollars ¹
Total assets	¥1,645,048	¥1,579,424	¥1,675,070	¥1,743,492	¥1,696,831	¥1,428,628	¥1,409,615	¥1,525,679	¥1,688,288	¥1,702,270	¥1,639,765	\$15,067,219	
Non-controlling interests ⁵	15,833	17,508	20,506	26,475	29,214	40,326	94,665	108,063	117,468	120,785	123,047	1,130,638	
Net worth	315,747	332,730	316,931	230,456	231,927	167,194	108,046	164,722	238,677	281,065	239,792	2,203,369	
Total current assets	845,337	793,363	920,412	967,148	921,790	621,578	516,254	561,604	657,160	641,731	572,619	5,261,598	
Total current liabilities	744,174	622,173	744,275	816,611	799,199	603,860	555,519	655,473	800,146	764,734	706,080	6,487,921	
Net interest-bearing debt ⁶	548,832	605,789	598,773	713,190	723,257	597,701	666,179	727,258	635,763	644,663	628,317	5,773,387	
Number of outstanding shares (thousands) ⁷	847,705	847,705	847,705	847,705	847,705	847,705	84,770	84,770	84,770	84,770	84,770	—	
Per Share Data ⁸												Yen	U.S. dollar ¹
Profit (loss) attributable to owners of parent	¥ -12.68	¥ 34.16	¥ -10.72	¥ -101.39	¥ 5.13	¥ -91.77	¥ -594.85	¥ 633.32	¥ 865.80	¥ 630.69	¥ -334.84	\$ -3.08	
Diluted profit attributable to owners of parent	—	33.58	—	—	—	—	—	—	—	594.03	—	—	
Net assets	372.74	392.80	374.15	272.07	273.81	197.39	1,286.03	1,958.91	2,837.90	3,333.81	2,853.14	26.22	
Cash dividends	8.00	8.00	8.00	—	2.00	—	40.00	50.00	50.00	80.00	80.00	0.74	
Ratios													
Return on assets (ROA) (%)	-0.7	1.8	-0.6	-5.0	0.3	-5.0	-3.5	3.6	4.5	3.1	-1.7	—	
Return on equity (ROE) (%)	-3.3	8.9	-2.8	-31.4	1.9	-39.0	-36.5	39.0	36.1	20.4	-10.8	—	
Equity ratio (%)	19.2	21.1	18.9	13.2	13.7	11.7	7.7	10.8	14.1	16.5	14.6	—	
Debt-to-total capital ratio (%)	47.3	44.3	43.1	48.3	50.9	48.5	53.7	50.6	41.5	40.8	41.5	—	
Net debt-to-equity ratio (times) ⁹	1.7	1.8	1.9	3.1	3.1	3.6	4.6	3.6	2.3	1.98	2.41	—	

¹ U.S. dollar amounts are converted from Japanese yen for the convenience of readers at the rate of ¥108.8 to US\$1.00, the approximate exchange rate prevailing on March 31, 2020.

² "Impact of inventory valuation gain (loss)" from FY2009 is based on the book value depreciation method as dictated by ASBJ (Accounting Standards Board of Japan) Statement No.9, "Accounting Standard for Measurement of Inventories."

³ Up to FY2014, "Net income (loss)" is presented.

⁴ Depreciation and amortization includes cost recovery under production sharing. In FY2011 and FY2012, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets idled as a result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.

⁵ Up to FY2014, "Minority interests" is presented.

⁶ Up to FY2012, "Cash and deposits" and "Short-term investment securities" are deducted from "Interest-bearing debt." From FY2013, "Cash and deposits" is deducted from "Interest-bearing debt." In FY2015, "Cash and deposits" and "Securities" are deducted from "Interest-bearing debt."

⁷ On October 1, 2015, Cosmo Energy Holdings Co., Ltd. was established as the wholly-owning parent company of Cosmo Oil Co., Ltd. through the share transfer. To one common share of the former Cosmo Oil, 0.1 common share of the holding company was allocated (for example 1,000 Cosmo Oil shares to 100 Cosmo Energy Holdings shares).

⁸ "Per share data" from FY2015 are data for one share of Cosmo Energy Holdings, according to the allocation of 0.1 share of the holding company to 1 share of the former Cosmo Oil.

⁹ The ratio from FY2019 is calculated on the basis that 50% of the ¥30 billion hybrid loan made on March 31, 2020 is included in equity.

¹⁰ Up to FY2009, the figures are rounded up or down to the nearest million. From FY2010 onward, the figures are rounded off to the nearest million.

¹¹ The Petrochemical Business, which had previously been included in the Petroleum Business segment, was separated into a different segment from FY2010.

Consolidated Balance Sheet

	FY2018 As of March 31, 2019	FY2019 As of March 31, 2020
	(Millions of yen)	(Millions of yen)
Assets		
Current assets		
Cash and deposits	¥ 49,445	¥ 52,992
Notes and accounts receivable - trade	245,164	214,719
Merchandise and finished goods	131,952	145,573
Work in process	453	380
Raw materials and supplies	144,911	88,312
Accounts receivable - other	42,397	42,342
Other	27,553	28,422
Allowance for doubtful accounts	-146	-124
Total current assets	641,731	572,619
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	235,988	245,682
Oil storage depots, net	34,984	34,955
Machinery, equipment and vehicles, net	186,250	195,478
Land	317,255	316,908
Leased assets, net	597	698
Construction in progress	59,022	51,115
Other, net	8,183	8,825
Total property, plant and equipment	842,283	853,663
Intangible assets		
Software	3,585	5,954
Other	37,378	36,037
Total intangible assets	40,964	41,991
Investments and other assets		
Investment securities	117,552	119,071
Long-term loans receivable	1,262	1,085
Long-term prepaid expenses	4,741	4,312
Net defined benefit asset	2,765	2,236
Cost recovery under production sharing	19,404	12,988
Deferred tax assets	23,221	23,603
Other	8,397	8,407
Allowance for doubtful accounts	-459	-464
Total investments and other assets	176,886	171,239
Total non-current assets	¥ 1,060,134	¥ 1,066,895
Deferred assets		
Bond issuance cost	404	250
Total deferred assets	404	250
Total assets	¥ 1,702,270	¥ 1,639,765

	FY2018 As of March 31, 2019	FY2019 As of March 31, 2020
	(Millions of yen)	(Millions of yen)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	¥ 267,897	¥ 233,520
Short-term loans payable	164,739	135,026
Current portion of bonds	—	26,000
Commercial papers	98,000	86,000
Accounts payable - other	107,055	106,475
Accrued volatile oil and other petroleum taxes	88,987	82,147
Income taxes payable	5,324	7,540
Accrued expenses	3,188	3,835
Provision for bonuses	7,052	6,064
Provision for directors' bonuses	472	362
Other	22,016	19,107
Total current liabilities	764,734	706,080
Non-current liabilities		
Bonds payable	46,700	20,700
Convertible bond-type bonds with share acquisition rights	60,000	60,000
Long-term loans payable	324,669	353,583
Deferred tax liabilities	33,454	32,926
Deferred tax liabilities for land revaluation	5,192	5,131
Provision for special repairs	20,992	29,220
Provision for business structure improvement	1,050	552
Provision for environmental measures	1,362	853
Net defined benefit liability	5,085	7,400
Provision for executive remuneration BIP trust	111	253
Asset retirement obligations	21,330	22,632
Other	15,733	37,591
Total non-current liabilities	535,684	570,845
Total liabilities	¥1,300,419	¥ 1,276,925
Net assets		
Shareholders' equity		
Capital stock	¥ 40,000	¥ 40,000
Capital surplus	82,963	82,843
Retained earnings	167,574	132,755
Treasury shares	-758	-1,382
Total shareholders' equity	289,779	254,217
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,121	2,424
Deferred gains or losses on hedges	99	373
Revaluation reserve for land	-20,911	-21,020
Foreign currency translation adjustment	7,236	5,778
Remeasurements of defined benefit plans	739	-1,981
Total accumulated other comprehensive income	-8,713	-14,425
Non-controlling interests	120,785	123,047
Total net assets	401,850	362,839
Total liabilities and net assets	¥ 1,702,270	¥ 1,639,765

Consolidated Statements of Income and Comprehensive Income

	FY2018	FY2019
	From April 1, 2018 to March 31, 2019	From April 1, 2019 to March 31, 2020
	(Millions of yen)	(Millions of yen)
Net sales	¥ 2,770,365	¥ 2,738,003
Cost of sales	2,539,936	2,586,244
Gross profit	230,429	151,758
Selling, general and administrative expenses	135,775	137,865
Operating profit	94,653	13,893
Non-operating income		
Interest income	642	802
Dividend income	763	789
Rent income on non-current assets	1,147	1,179
Share of profit of entities accounted for using equity method	6,859	5,391
Foreign exchange gains	3,861	3,215
Other	2,981	3,564
Total non-operating income	16,255	14,943
Non-operating expenses		
Interest expenses	10,875	9,252
Other	3,378	3,298
Total non-operating expenses	14,253	12,551
Ordinary profit	96,654	16,285
Extraordinary income		
Gain on sales of non-current assets	629	669
Gain on sales of investment securities	861	399
Subsidy income	5,541	2,759
Compensation income	744	7,948
Insurance income	272	1,517
Other	147	68
Total extraordinary income	8,197	13,362
Extraordinary losses		
Loss on sales of non-current assets	134	6
Loss on disposal of non-current assets	5,437	8,495
Impairment loss	2,009	3,914
Loss on valuation of investment securities	1,090	1,572
Settlement package	—	600
Other	213	1,145
Total extraordinary losses	8,885	15,734
Profit before income taxes	95,966	13,913
Income taxes - current	43,852	34,108
Income taxes - deferred	-13,935	816
Total income taxes	29,917	34,925
Profit	66,048	-21,012
Profit attributable to non-controlling interests	12,916	7,143
Profit attributable to owners of parent	¥ 53,132	¥ -28,155

Consolidated Statements of Cash Flows

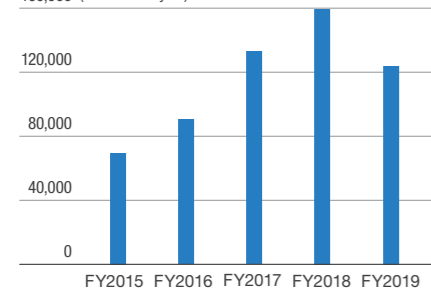
	FY2018	FY2019
	From April 1, 2018 to March 31, 2019	From April 1, 2019 to March 31, 2020
	(Millions of yen)	(Millions of yen)
Cash flows from operating activities		
Profit before income taxes	¥ 95,966	¥ 13,913
Depreciation	46,752	49,673
Interest and dividend income	-1,405	-1,592
Interest expenses	10,875	9,252
Share of loss (profit) of entities accounted for using equity method	-6,859	-5,391
Decrease (increase) in notes and accounts receivable - trade	19,388	30,391
Recovery of recoverable accounts under production sharing	7,472	7,933
Decrease (increase) in inventories	-11,474	43,513
Increase (decrease) in notes and accounts payable - trade	-6,136	-34,325
Other, net	-9,703	25,105
Subtotal	144,875	138,474
Interest and dividend income received	9,126	3,565
Interest expenses paid	-10,985	-9,432
Income taxes paid	-59,697	-33,100
Other, net	7,131	12,225
Net cash provided by (used in) operating activities	90,450	111,733
Cash flows from investing activities		
Purchase of property, plant and equipment	-73,102	-78,122
Payments for disposal of property, plant and equipment	-4,823	-6,615
Proceeds from sales of property, plant and equipment	1,364	15,003
Payments for purchases of intangible assets and long-term prepaid expenses	-7,974	-9,067
Other, net	14	-5,428
Net cash provided by (used in) investing activities	-84,521	-84,230
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-28,116	15,330
Proceeds from long-term loans payable	26,526	129,417
Repayments of long-term loans payable	-99,050	-145,265
Proceeds from issuance of bonds	59,851	—
Net increase (decrease) in commercial papers	35,100	-12,000
Cash dividends paid	-4,205	-6,775
Dividends paid to non-controlling interests	-7,173	-4,283
Other, net	-3,413	-1,098
Net cash provided by (used in) financing activities	-20,480	-24,675
Effect of exchange rate change on cash and cash equivalents	71	-199
Net increase (decrease) in cash and cash equivalents	-14,480	2,627
Cash and cash equivalents at beginning of period	55,148	40,667
Cash and cash equivalents at end of period	¥ 40,667	¥ 43,295

Major Indicators

EBITDA excluding the Impact of Inventory Valuation

EBITDA excluding the Impact of Inventory Valuation

160,000 (Millions of yen)



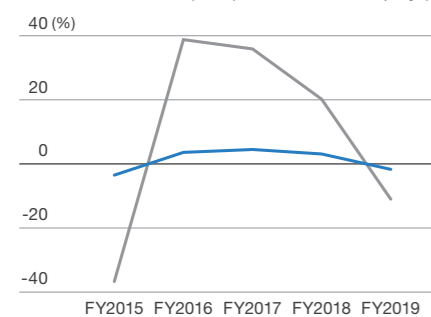
	FY2015	FY2016	FY2017	FY2018	FY2019
Operating income excluding the impact of inventory valuation	¥ 38,961	¥ 52,782	¥ 90,824	¥ 105,441	¥ 66,072
Depreciation and amortization ¹	30,713	37,769	42,130	54,225	57,606
EBITDA excluding the impact of inventory valuation ²	69,674	90,551	132,954	159,666	123,678

¹ Including "Recovery of recoverable accounts under production sharing"

² EBITDA excluding the impact of inventory valuation = Operating income excluding the impact of inventory valuation + Depreciation and amortization

ROA and ROE

Return on assets (ROA) — Return on equity (ROE)



	FY2015	FY2016	FY2017	FY2018	FY2019
Profit (loss) attributable to owners of parent	¥ -50,230	¥ 53,235	¥ 72,813	¥ 53,132	¥ -28,155
Total assets	1,409,615	1,525,679	1,688,288	1,702,270	1,639,765
Net worth	108,046	164,722	238,677	281,065	239,792
Return on assets (ROA) ¹ (%)	-3.5	3.6	4.5	3.1	-1.7
Return on equity (ROE) ² (%)	-36.5	39.0	36.1	20.4	-10.8

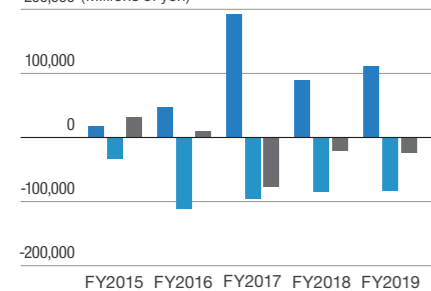
¹ ROA = Profit (loss) attributable to owners of parent/Average total assets at beginning and end of the fiscal year × 100

² ROE = Profit (loss) attributable to owners of parent/Average shareholders' equity at beginning and end of the fiscal year × 100

Consolidated Cash Flows

Cash flows from operating activities — Cash flows from investing activities — Cash flows from financing activities

200,000 (Millions of yen)

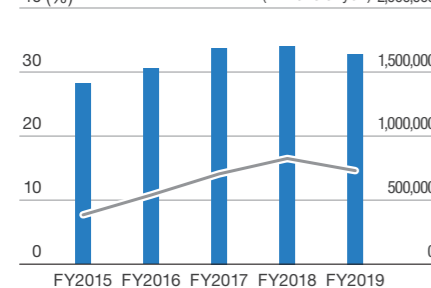


	FY2015	FY2016	FY2017	FY2018	FY2019
Cash flows from operating activities	¥ 18,427	¥ 47,625	¥ 192,634	¥ 90,450	¥ 111,733
Cash flows from investing activities	-32,839	-112,038	-96,432	-84,521	-84,230
Cash flows from financing activities	32,499	9,626	-76,757	-20,480	-24,675
Cash and cash equivalents at the end of year	89,418	36,126	55,148	40,667	43,295

Total Assets, Net Worth Ratio, and Net Debt-to-Equity Ratio¹

Net worth ratio (LH) — Total assets (RH)

40 (%) (Millions of yen) 2,000,000



	FY2015	FY2016	FY2017	FY2018	FY2019
Total assets	¥ 1,409,615	¥ 1,525,679	¥ 1,688,288	¥ 1,702,270	¥ 1,639,765
Net interest-bearing debt ²	666,179	727,258	635,763	644,663	628,318
Net worth	108,046	164,722	238,677	281,065	239,792
Net worth ratio (%)	7.7	10.8	14.1	16.5	14.6
Net debt-to-equity ratio (times) ¹	4.6	3.6	2.3	1.98	2.41

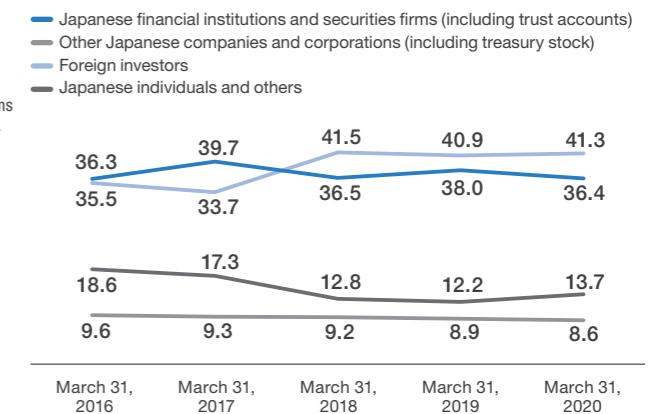
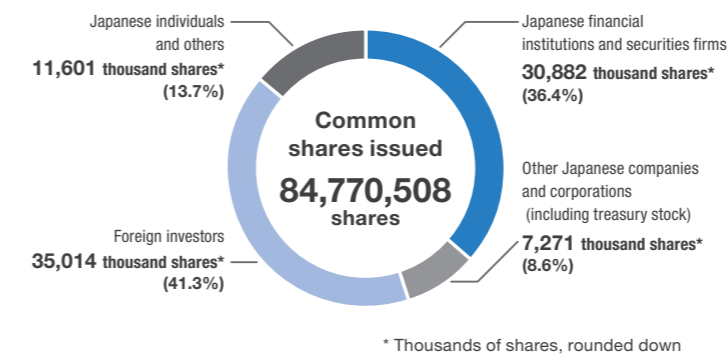
¹ Calculated on the basis that 50% of the ¥30 billion hybrid loan made on March 31, 2020 is included in equity.

² Total interest-bearing debts net of cash and deposits etc. as of the end of the period

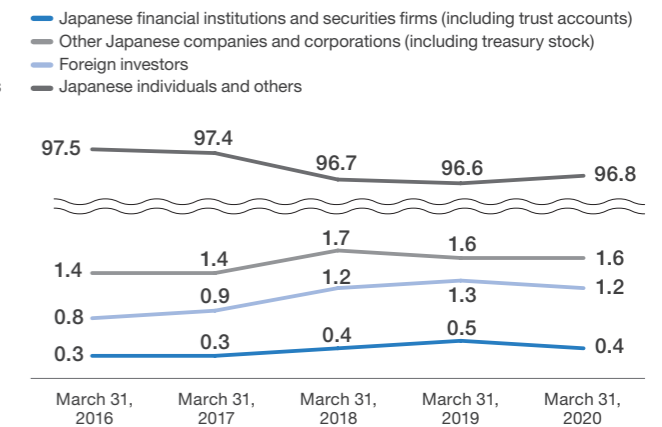
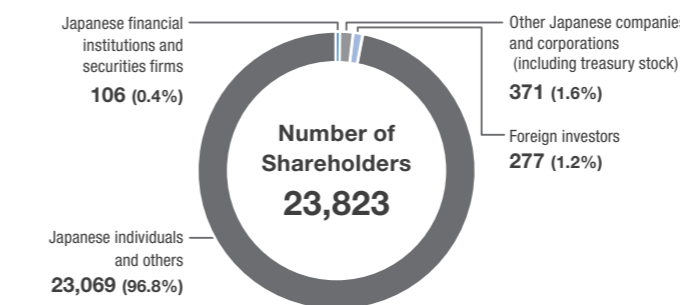
Share Information (As of March 31, 2020)

General meeting of shareholders	every June	Record date for term-end dividend payment	March 31
Shareholder registration agent	Sumitomo Mitsui Trust Bank, Limited	Number of shares per trading unit	100 shares
Number of common shares issued	84,770,508 shares	Stock listing	Tokyo Stock Exchange, First Section

Number of Shares by Type of Shareholders and their Trend



Number of Shareholders by Type and their Trend



Principal Shareholders (As of March 31, 2020)

Name of shareholders	Number of shares held (Thousands)	Investment Ratio (%)
Infinity Alliance Limited	17,600	20.76
Japan Trustee Services Bank, Ltd. (Trust account)	5,367	6.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,622	4.27
Mizuho Bank, Ltd.	2,522	2.97
The Kansai Electric Power Co., Inc.	1,860	2.19
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	1,648	1.94
Aioi Nissay Dowa Insurance Co., Ltd.	1,580	1.86
MUFG Bank, Ltd.	1,580	1.86
Cosmo Energy Holdings Client Stock Ownership	1,474	1.73
Sompo Japan Nipponkoa Insurance Inc.	1,342	1.58

* Investment ratio is calculated by excluding the number of treasury shares. The treasury shares do not include those shares owned by the trust bank through the "Board Incentive Plan (BIP) Trust."

Corporate Data (As of March 31, 2020)

Company Name	Cosmo Energy Holdings Co., Ltd.	
Securities Code	5021	
Head Office	1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8302 Phone +81-3-3798-3180	
Established	October 1, 2015	
Capital	¥40 billion	
Type of Business	Management of subsidiaries involved in oil businesses ranging from upstream to downstream and others	
Corporate History	April 1, 1986	Cosmo Oil was established through tripartite merger of Daikyo Oil Co., Ltd., Maruzen Oil Co., Ltd., and former Cosmo Oil (Cosmo Refining)
	October 1, 1989	Asian Oil Co., Ltd. was merged into Cosmo Oil.
	October 1, 2015	Cosmo Energy Holdings Co., Ltd. was established.
Main Banks	Mizuho Bank, Ltd.; MUFG Bank, Ltd.; and Sumitomo Mitsui Banking Corporation	

Key Data of the Cosmo Energy Group

Number of SS Operators	214
Branches	Eastern Japan, Kanto, Chubu, Kansai, Western Japan
Refineries	Chiba, Yokkaichi, Sakai

Period covered	Fiscal year from April 1, 2019 to March 31, 2020 (including some information for FY2020)				
Report boundary	Cosmo Energy Holdings Co., Ltd. and major consolidated subsidiaries and affiliated companies *The section on sustainability covers mainly Cosmo Energy Holdings and 48 Group companies, which share the Consolidated Medium-Term CSR Management Plan, but includes data on employees of Cosmo Oil, data for three core companies, and data only for part of the companies. The scope of coverage for these data is provided individually in appended notes.				
Month of issue	Month of issue: November 2020 Next publication scheduled for September 2021 (to be issued every year)				
Cosmo Report, IR website, and Sustainability website	Cosmo Report (booklet) is designed to be easily read, and details are available on the Company's IR website and sustainability website. CSR activity reporting is focused on priority issues while using the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4 th edition and the Environmental Reporting Guidelines (2012 Version) published by the Ministry of the Environment of Japan as reference. The links to Cosmo Energy Holdings' official websites are as follows: <table border="0"> <tr> <td>IR website</td> <td>https://ceh.cosmo-oil.co.jp/eng/ir/</td> </tr> <tr> <td>Sustainability website</td> <td>https://ceh.cosmo-oil.co.jp/eng/csr/</td> </tr> </table>	IR website	https://ceh.cosmo-oil.co.jp/eng/ir/	Sustainability website	https://ceh.cosmo-oil.co.jp/eng/csr/
IR website	https://ceh.cosmo-oil.co.jp/eng/ir/				
Sustainability website	https://ceh.cosmo-oil.co.jp/eng/csr/				
Cautionary notes on forward-looking statements	This report 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. As such, the actual results may differ from those mentioned herein, due to various factors in the external environment.				