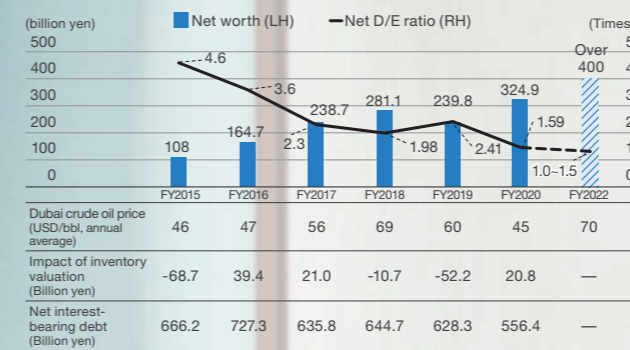


Advancing a financial strategy with a sense of urgency in anticipation of a decarbonized society

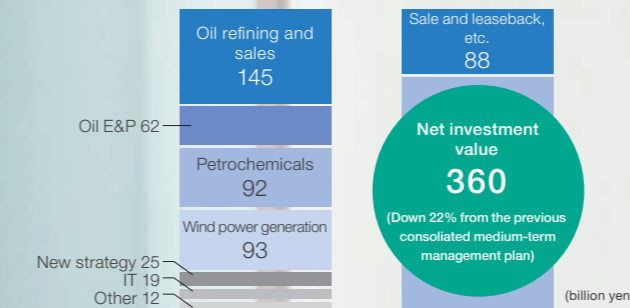
Representative Director, Senior Managing Executive Officer
In charge of Corporate Communication Dept., Accounting Dept. and Finance Dept.
Takayuki Uematsu



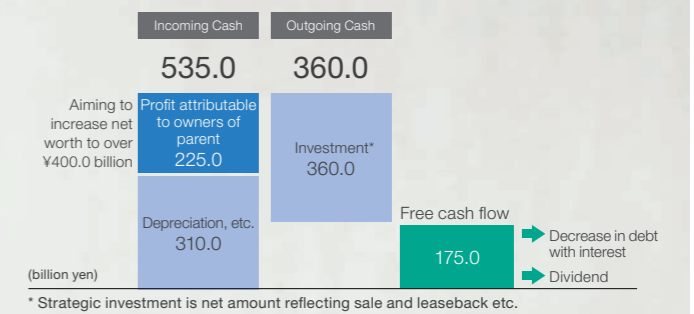
Net Worth and Net D/E Ratio



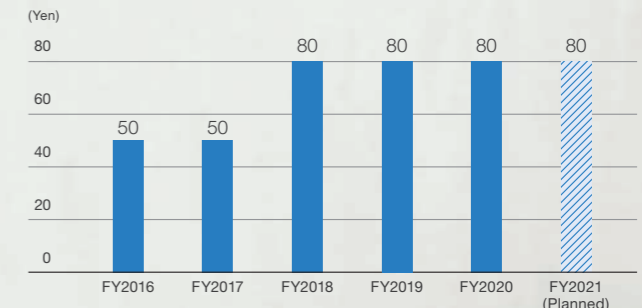
Investment Plan (FY2018-FY2022)



Cash Balance and Use of Funds (FY2018-FY2022)



Dividends per share



It is expected that the targets during the medium-term management plan will be achieved, with a significant improvement in the Group's financial position

Three years have passed since the Sixth Consolidated Medium-Term Management Plan began in FY2018. The sixth management plan aims to strengthen our financial position as one of its basic policies. Its goal is to achieve a net worth that can tide us over amid changes in the business environment, such as a decline in crude oil prices. In FY2020, the third year of the plan, our financial position improved significantly with a record-high profit attributable to owners of parent. While there are still two years before the end of the sixth management plan, we expect to mostly achieve the 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 over 2.0 times. Looking back on FY2020, the COVID-19 pandemic caused crude oil prices to decline and a decrease in sales of jet fuel while the margin improved due to a positive time lag and the increased sales volumes of the four major products due to an increase of supply to Kygnus Sekiyu. Reflecting these and other factors, ordinary profit excluding the impact of inventory valuation increased ¥8.1 billion year on year, to ¥76.6 billion, and profit attributable to owners of parent increased ¥114.1 billion year on year, to ¥85.9 billion, partly reflecting tax effect. Free cash flow reached ¥82.8 billion, reflecting the steady increase of our earnings power. Net worth increased ¥85.1 billion from the end of the previous fiscal year, to ¥324.9 billion, while the net worth ratio improved 4.4 percentage points to 19.0%. Net D/E ratio improved by 0.82 points from the end of the previous fiscal year, to 1.59, a result of initiatives to increase net worth and

reduce interest-bearing debt. In FY2021, the effect of the positive time lag generated in the previous fiscal year is expected to be resolved while improvement of crude oil prices and the recovery of demand for fuel oil are anticipated. Reflecting these and other factors, ordinary profit excluding the impact of inventory valuation is forecast to increase ¥3.4 billion year on year, to ¥80.0 billion and profit attributable to owners of parent is forecast to increase ¥45.9 billion year on year, to ¥40.0 billion, partly reflecting the tax effect in the previous fiscal year. Investment value in FY2021 is expected to decrease significantly from the previous fiscal year, mainly due the absence of the large-scale maintenance of refineries, offsetting an increase in investments in offshore wind power projects. We will continue to appropriately manage investment value in view of the net investment value of ¥360.0 billion during the Sixth Consolidated Medium-Term Management Plan.

Response to COVID-19

In FY2020, we carefully watched the impact of COVID-19 on our business performance and trends in the financial markets. In the financial markets, while some companies saw a rise in financial costs due to the generation of demand for funds for measures related to liquidity on hand, the Cosmo Energy Group was not affected because sufficient procurement limits had been secured with multiple financial institutions. As it turned out, we were able to hold down financial costs without taking excessive measures regarding liquidity on hand.

Responding to accelerating decarbonization

Decarbonization is accelerating globally, and it is expected that ESG financing will continue to expand in the financial markets of Japan. The Cosmo Energy

Group procured the first sustainability-linked loan in Japan's oil industry in FY2019. Moving forward, we will be proactive in our consideration of ESG financing, such as transition loans. In May 2021, we published our Carbon Net Zero Declaration, vowing to reduce the greenhouse gases (GHG) emitted by our businesses to effectively zero by FY2050. We believe that investment from an ESG perspective will be essential for the achievement of net zero carbon emissions. We have already introduced internal carbon prices. The TCFD scenario analysis and formulation of the next consolidated medium-term management plan is ongoing, and we are considering specific directions for investing toward the achievement of net zero carbon emissions.

Message to investors

The Cosmo Energy Group aims to provide shareholder returns in consideration of the balance between

the progress of management goals and growth investment with the basic policy of stable dividend payments. In FY2020, we paid a per-share dividend of ¥80, as initially announced. In FY2021, we intend to maintain a per-share dividend of ¥80 under our basic policy of stable dividend payments and with the goal of improving our financial position. Moving forward, we will continue working to increase the ratio of return to shareholders while balancing this with our financial position. The COVID-19 pandemic has made it difficult to talk face to face with investors, but I would like to continue to be proactively engaged in dialogue with investors using remote communication tools and other technologies and apply their feedback in management. I would like to ask for your continued support.