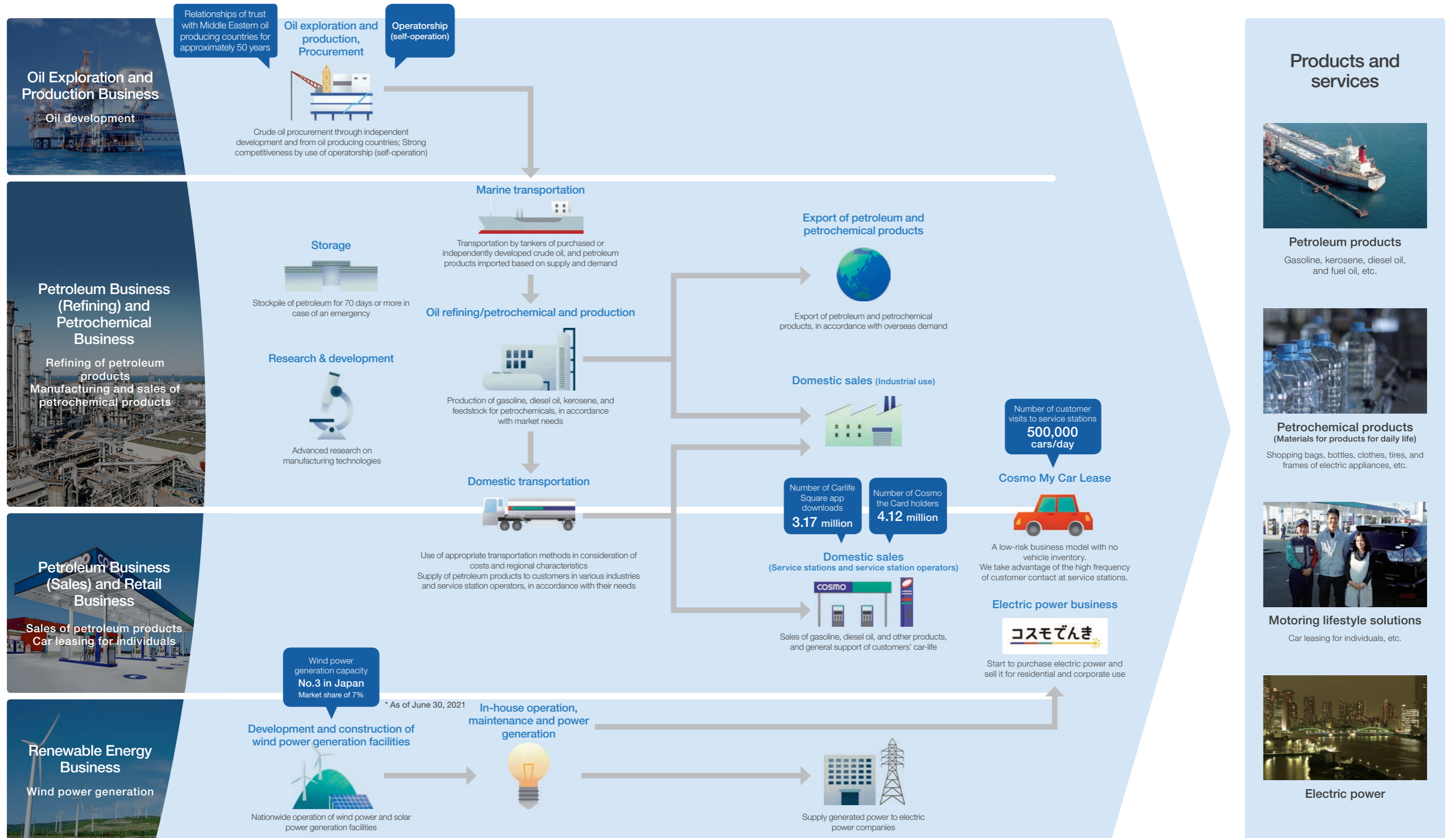


BUSINESS ACTIVITY

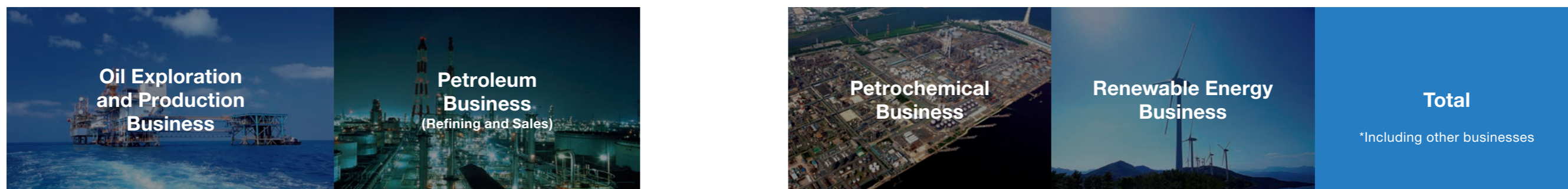


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The Cosmo Energy Group's business



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 general consumers	Business to manufacture raw materials of polyester fiber, pet bottles, plastics, and synthetic rubber, etc.	Business to engage mainly in wind power generation as a renewable energy.	Total *Including other businesses
Net sales (FY2020 result)	¥60.4 billion	¥2,055.8 billion	¥304.5 billion	¥11.7 billion	¥ 2,233.3 billion*2
Ordinary profit (FY2020 result)	¥13.9 billion	¥74.1 billion / ¥53.3 billion (excluding the impact of inventory valuation)	-¥3.3 billion	¥4.1 billion	¥97.4 billion / ¥76.6 billion*2 (excluding the impact of inventory valuation)
Number of employees (as of March 31, 2021)	270	4,546	1,216	172	7,086

Major assets (As of March 31, 2021)	Crude oil reserves (proved and probable) 151.8 million barrels Equivalent to approx. 17 years of supply (as of December 31, 2020)	Crude oil production (of the entire Group) Approx. 49,000 barrels/day Comparison with refining capacity: Approx. 12% (January to December 2020 result)	Crude oil processing capacity*1 400,000 barrels/day Domestic market share: Approx. 11.4%	Number of service stations in Japan Number of Cosmo brand stations 2,729	Ethylene production capacity 1.29 million tons/year*3 Domestic market share: Approx. 19%	Para-xylene production capacity 1.36 million tons/year	Wind power plant capacity 261,000 kW No. 3 in Japan and 6% domestic market share	Brand statement familiarity as a reminder of the company name 2nd of 211 companies Results of a survey of general consumers across Japan conducted by Nikkei BP Consulting, Inc. in August 2020
	Partnerships Solid relationship of trust with oil producing countries for about 50 years	Number of Cosmo the Card holders Approx. 4.12 million cards	Cosmo My Car Lease Cumulative total 85,126 cars	Benzene production capacity 0.74 million tons/year	Mixed-xylene production capacity 0.62 million tons/year	Number of windmills 166 (23 regions)		

Major business companies and related companies (As of March 31, 2021)	Cosmo Energy Exploration & Production Abu Dhabi Oil Qatar Petroleum Development United Petroleum Development Cosmo E&P Albahriya Limited	Cosmo Oil Cosmo Oil Lubricants Gyxis Kygnus Sekiyu Cosmo Oil Marketing Cosmo Oil Sales Cosmo Energy Solutions	Maruzen Petrochemical Cosmo Matsuyama Oil CM Aromatics Hyundai Cosmo Petrochemical	Cosmo Eco Power	*1 Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from the Idemitsu Kosan 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:

1 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.

2 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.

