

RENEWABLE ENERGY BUSINESS



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We will work to create a sustainable society by expanding the wind power generation business.

Business Overview

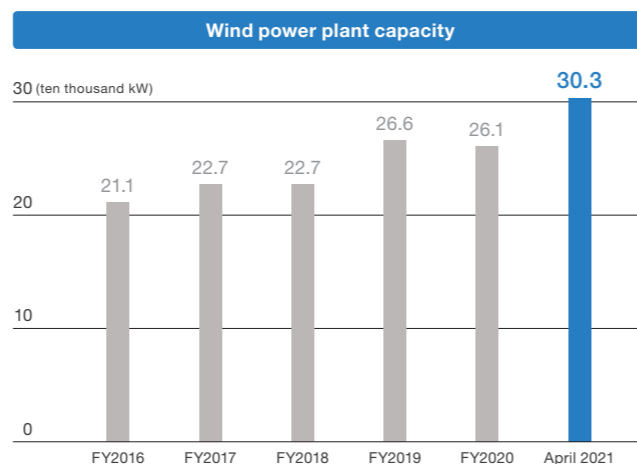
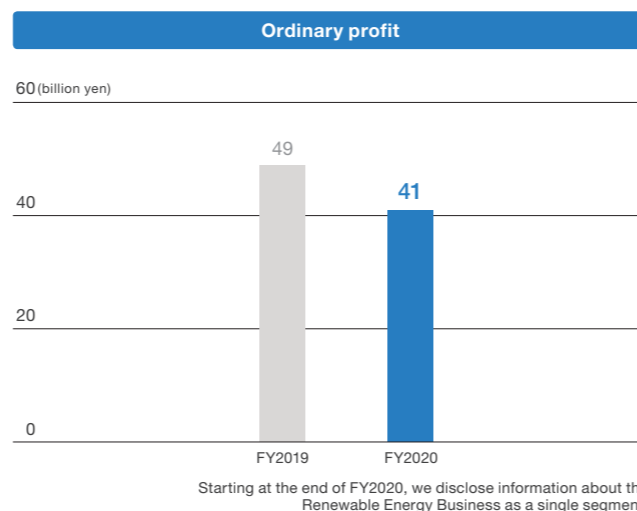
The renewable energy business is building a system that can implement the development of onshore wind power generation sites for the design, construction, operation and maintenance of power plants through Cosmo Eco Power, a Group company. Taking advantage of this strength, we are working to expand our onshore wind power generation business. At the same time, we are actively engaged in offshore wind power projects while legislation regarding these projects is being advanced.

FY2020 Results and FY2021 Forecasts

In FY2020, ordinary profit decreased ¥0.8 billion year on year, to ¥4.1 billion, due to the generation of upfront costs (including labor expenses and expenses for development surveys) associated with Cosmo Eco Power's full-scale development of offshore wind power generation facilities. In FY2021, we expect ordinary profit to decline ¥0.8 billion year on year, to ¥3.3 billion due to generation of upfront costs related to the development of offshore wind power generation facilities, offsetting the beginning of the operation of new onshore wind power generation sites (Goto Hassaku-bana site and Chuki site).

Ordinary profit

FY2020 results	¥4.1 billion (Down ¥0.8 billion from the previous year)
FY2021 forecast	¥3.3 billion (Down ¥0.8 billion from the previous year)



Identified risks

- Changes to government policies and institutions related to renewable energy
- Decline in profitability resulting from intensified competition
- The offshore wind power generation industry is still in its infancy.



Opportunity

- Renewable energy will be the main power source towards the achievement of carbon neutrality by 2050.
- Government-led promotion of wind power generation (including power grid development, changing rules on power feeding, and the easing of regulations)
- Expansion of offshore wind market (Establishing projects with a total capacity of 10 GW by 2030 and projects with a total capacity of 30 GW to 45GW including floating windmills by 2040)^{*1}
- Expansion of the onshore wind market (Target total capacity of new power plants: 4.4 GW^{*2} in 2020 → 15.9 GW^{*3} in 2030)



Strengths

- Onshore** Japan's first company specialized in wind power generation with a track record of more than 20 years of operation
- Onshore** Already operating projects with a capacity of 300,000 kW, we can expand further by building on our expertise.
- Offshore** Leading the industry, we are advancing multiple projects including offshore sites under construction and projects under development.
- Offshore** Partnership with Iberdrola and acquisition of expertise in overseas operations



COVID-19 impact and response

- Impact**
 - Delay in overseas engineers' entry into Japan and construction delays
- Response**
 - Revising schedules
 - Promoting teleworking and taking measures to control infection at the head office and other business locations.

^{*1} Source: Vision for Offshore Wind Power Industry published in December 2020 ^{*2} Source: Japan Wind Power Association, Nihon-no Furyoku Hatsuden Donyu-ryo (Data Regarding the Increase of Wind Power Generation Capacity in Japan) (as of the end of 2020; revised edition published on March 15) ^{*3} Source: Energy Kihon Keikaku (Soan) no Gaiyo (Outline of the Draft Basic Energy Plan), handout 1 for the 46th meeting of the Strategic Policy Committee of the Advisory Committee for Natural Resources and Energy held on July 21, 2021

Business strategy

Risks in the business environment include the planned launch of the feed-in premium (FIP) scheme in FY2022 in addition to the feed-in tariff (FIT) scheme. Thus, policies and institutions related to renewable energy are expected to continue changing, and we need to respond appropriately to those changes. In addition, as the future potential of the wind power business is known more widely, we will see new companies entering the market one after another, especially in the offshore wind power business. Intensified competition is likely to lower the profitability of the business. We will advance projects by managing risks appropriately, also considering that the offshore wind power industry in Japan is still in its infancy. On the other hand, opportunities in the business environment include the government's target of expanding offshore wind power generation as much as possible to achieve carbon neutrality by 2050, which leads us to expect the rapid increase of large-scale projects. At the same time, it is also expected that onshore wind power generation will expand faster than ever due to power grid development, changes to power feeding rules, the

easing of various regulations, and other changes. Cosmo Eco Power will strive to expand our business further by expanding our onshore wind power business and leveraging our expertise in the business in offshore wind power generation. Specifically, we will advance multiple projects in parallel, including the ongoing projects at the ports of Akita and Noshiro and the project off the coast of Yurihonjo-shi, Akita Prefecture, whose operator is scheduled to be selected through public bidding around the autumn of 2021. Additionally, in the project off the northwest coast of Aomori Prefecture, in which Cosmo Eco Power is the largest equity investor, we have formed a partnership with Iberdrola (Spain), the world's largest wind power generation company. Through this we are striving to improve business viability and increase our competitiveness by acquiring the expertise of an overseas partner. We will continue to strive to expand our wind power generation business, aiming to expand the total capacity of our wind power plants, both onshore and offshore, to more than 1.5 million kW by FY2030 and make wind power generation a pillar of the business that leads the new of Oil & New.

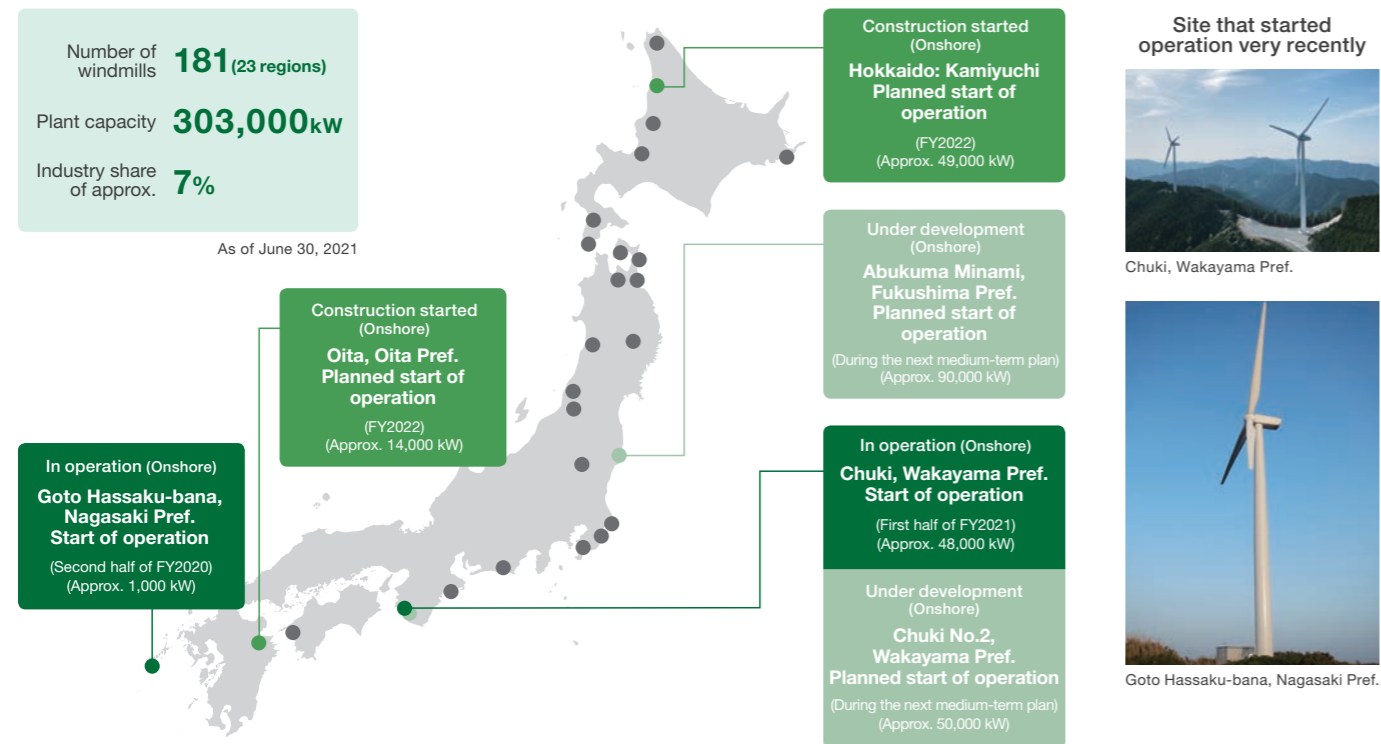
Competitive advantages 1

Efforts to quickly achieve an onshore wind power generation capacity of 500,000 kW and the promotion of site development

Cosmo Eco Power, a Group company, was established in 1997 to be Japan's first company specialized in wind power generation. We have now built a system serving the entire wind power generation process, from site development to the design, construction, operation, and maintenance of power plants. It has developed into a leading wind power generation company in Japan operating 181 wind turbines at wind power plants across the country with a total capacity of 303,000 kW as of April 2021. The company leads the Renewable Energy Business, which falls into the new of the basic Oil & New policy of the Cosmo Energy Group's Sixth Consolidated Medium-Term Management Plan. Its immediate target is the quick achievement of an onshore wind power generation capacity of 500,000 kW. The company is also advancing site development for continued growth. The process of developing an onshore wind power plant begins from the selection of a location with the right wind conditions, which is followed by securing the grid connection right for transmitting generated electricity, and then obtaining the understanding of landowners, local neighborhood associations, and local governments. Cosmo Eco Power has been engaged in site development following this process in various parts of Japan since our foundation. The site development capabilities we have cultivated through our many years of experience is one of the great strengths of the company. At present, onshore site development is steadily progressing. In March 2021, the Goto Hassaku-bana site in Nagasaki Prefecture

began operating with a plant capacity of approx. 1,000 kW. In April 2021, we began operating the Chuki Wind Farm, a large onshore site in Wakayama Prefecture with a capacity of approx. 48,000 kW, increasing the company's total wind power plant capacity to 303,000 kW. In addition, we have already begun the construction of the approx. 49,000 kW Kamiyuchi Wind Farm in Hokkaido and the approx. 14,000 kW Oita Wind Farm in Oita Prefecture. Both are scheduled to begin operating in FY2022. In addition to the above, we will steadily advance our FIT-certified projects, such as the approx. 90,000 kW Abukuma Minami Wind Farm in Fukushima Prefecture and the approx. 50,000 kW Chuki No.2 Wind Farm in Wakayama Prefecture, with the goal of achieving a wind power plant capacity of 500,000 kW as quickly as possible. Further, as mentioned above, the government is expected to lead the promotion of onshore wind power generation with the aim of achieving carbon neutrality by 2050 by implementing more measures encouraging its introduction, such as the development of the power grid, the changing of power feeding rules, and the easing of regulations, with the goal of increasing the total capacity of new energy power plants from the current 4.4 GW (4.4 million kW) to 15.9 GW (15.9 million kW) by 2030. In this environment, Cosmo Eco Power will fully utilize the expertise we have cultivated to date to enhance onshore site development and achieve continued growth.

Map of onshore wind power plants in Japan



Competitive advantages 2

Multiple projects underway toward the goal of being a leader in offshore wind power generation

The environment surrounding offshore wind power generation is changing greatly. In April 2019, the Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities was passed, and the full-scale development of an environment promoting the introduction of offshore wind power generation began under a national government initiative. In December 2020, the Vision for Offshore Wind Power Industry was created by a public-private council including the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure, Transport and Tourism, and private businesses. The Vision for Offshore Wind Power Industry set the high goals of building new wind power plants with a capacity of 10 million kW by 2030, and 30 to 45 million kW by 2040. In addition, the government published its 2050 Carbon Neutral Declaration. Moves like these are generating a tail wind for the Cosmo Energy Group. In this environment, the Cosmo Energy Group has already begun multiple offshore wind power projects. Construction is underway in the project at ports in Akita and Noshiro, which will be Japan's first offshore wind farm in a port area. It is scheduled to begin operating in FY2022. The project off the coast of Yurihonjo City, Akita Prefecture, which is designated as a promotion zone, was tendered publicly in May 2021 and an operator is scheduled to be selected

around the autumn of 2021. Additionally, we signed a joint venture agreement with Iberdrola Renewables Japan K.K., a wholly owned subsidiary of Iberdrola S.A., a major Spanish electric power company that owns one of the world's largest wind power generation facilities for the project off the northwest coast of Aomori Prefecture, which is designated as a promising zone. As a result, Iberdrola Renewables Japan joined the consortium. The partnership with a major overseas company has improved the viability of the project as a business, and wind condition and geological surveys have been steadily progressing. Other than the above, the project in the Akita central sea area, the project off the coast of Yuza, Yamagata Prefecture, and the project off the north coast of Niigata Prefecture were selected as promising zones on September 13, 2021. Moving forward, we will prepare for their selection as promotion zones. We are advancing each offshore wind power project in a locally based manner, aiming for co-existence and prosperity together with local fishery operators and the people of the local community. The Cosmo Energy Group will steadily realize its offshore wind power projects that are currently being developed to achieve a wind power plant capacity of more than 1.5 million kW, including the onshore plants, by 2030, aiming to be the leading company in offshore wind power generation.

Offshore wind projects in progress

Five business projects are being studied in the Tohoku area

As of September 13, 2021



Process of selecting the operator and progress of each project

