



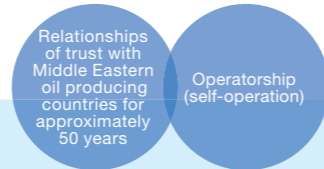
BUSINESS ACTIVITY

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The Cosmo Energy Group's Business

Major business companies and related companies (As of March 31, 2022)



Oil Exploration and Production Business

Oil development

- Cosmo Energy Exploration & Production
- Abu Dhabi Oil
- Qatar Petroleum Development
- United Petroleum Development
- Cosmo E&P Albahriya Limited

Oil exploration and production, Procurement

Crude oil procurement through independent development and from oil producing countries; Strong competitiveness by use of operatorship (self-operation)

Petroleum Business (refining) and Petrochemical Business

Refining of petroleum products, manufacturing and sales of petrochemical products

- Cosmo Oil
- Cosmo Oil Lubricants
- Maruzen Petrochemical
- Cosmo Matsuyama Oil
- CM Aromatics
- Hyundai Cosmo Petrochemical

Storage

Stockpile of petroleum for 70 days or more in case of an emergency

Marine transportation

Transportation by tankers of purchased or independently developed crude oil, and petroleum products imported based on supply and demand

Oil refining/petrochemical and production

Production of gasoline, diesel oil, kerosene, and feedstock for petrochemicals, in accordance with market needs

Export of petroleum and petrochemical products

Export of petroleum and petrochemical products, in accordance with overseas demand

Research & development

Advanced research on manufacturing technologies

Domestic sales (Industrial use)

Number of Carlife Square app downloads: 4.72 million members
Number of Cosmo the Card holders: 4.03 million cards

Domestic transportation

Use of appropriate transportation methods in consideration of costs and regional characteristics. Supply of petroleum products to customers in various industries and service station operators, in accordance with their needs

Petroleum Business (Sales) and Retail Business

Sales of petroleum products, retailing for individuals

- Cosmo Oil Marketing
- Cosmo Oil Sales
- Cosmo Energy Solutions
- Kygnus Sekiyu

Domestic sales (Service stations and service station operators)

Sales of gasoline, diesel oil, and other products, and general support of customers' car-life

Cosmo My Car Lease

A low-risk business model with no vehicle inventory. We take advantage of the high frequency of customer contact at service stations.

Number of customer visits to service stations: 500,000 cars/day

Electric power business

Start to purchase electric power and sell it for residential and corporate use

Renewable Energy Business

Wind power generation

- Cosmo Eco Power

Development and construction of wind power generation facilities

Nationwide operation of wind power and solar power generation facilities

Wind power generation capacity No.3 in Japan
Market share of 7%
* As of March 31, 2022

In-house operation, maintenance and power generation

Supply generated power to electric power companies

Products and services

Petroleum products

Gasoline, kerosene, diesel oil, and fuel oil, etc.

Petrochemical products (Materials for products for daily life)





Shopping bags, bottles, clothes, tires, and frames of electric appliances, etc.

Motoring lifestyle solutions

Car leasing for individuals, etc.

Electric power

Business Overview

					Total *Including other businesses
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.	
Net sales (FY2021 result)	¥91.0 billion	¥2,137.7 billion	¥359.4 billion	¥13.1 billion	¥2,440.5 billion*2
Ordinary profit (FY2021 result)	¥44.8 billion	¥165.5 billion / ¥93.2 billion (excluding the impact of inventory valuation)	¥13.6 billion	¥3.5 billion	¥233.1 billion / ¥160.8 billion*2 (excluding the impact of inventory valuation)
Number of employees (As of March 31, 2022)	266	4,512	1,227	237	7,111
Major assets (As of March 31, 2022)	<p>Crude oil reserves (proved and probable) 143.1 million barrels Equivalent to approx. 17 years of supply (As of December 31, 2021)</p> <p>Crude oil production (of the entire Group) Approx. 45,000 barrels/day Comparison with refining capacity: Approx. 11% (January to December 2021 result)</p> <p>Partnerships Solid relationship of trust with oil producing countries for about more than 50 years</p>	<p>Crude oil processing capacity*1 400,000 barrels/day Domestic market share: Approx. 11.6%</p> <p>Number of service stations in Japan Number of Cosmo brand stations: 2,695</p> <p>Number of Cosmo the Card holders 4.03 million cards</p> <p>Number of Carlife Square app downloads 4.72 million members</p> <p>Cosmo My Car Lease Cumulative total: 96,214 cars</p>	<p>Ethylene production capacity 1.29 million tons/year*3 Domestic market share: Approx. 19%</p> <p>Benzene production capacity 0.74 million tons/year</p> <p>Para-xylene production capacity 1.36 million tons/year</p> <p>Mixed-xylene production capacity 0.62 million tons/year</p>	<p>Wind power plant capacity 300,000 kW No.3 in Japan Market share of 7%</p> <p>Number of windmills 175 (23 regions)</p>	<p>Brand statement familiarity as a reminder of the company name 2nd of 241 companies</p> <p>Results of a survey of general consumers across Japan conducted by Nikkei BP Consulting, Inc. in September 2021</p>
Group-wide risks	<ul style="list-style-type: none"> Foreign Exchange Rates Interest Rates Asset Value Reversal of Deferred Tax Assets 	<ul style="list-style-type: none"> Infectious Diseases Climate Changes Disasters and Accidents Laws and Regulations 	<ul style="list-style-type: none"> Competition Credit Quality of Products and Services Customer Satisfaction 	<ul style="list-style-type: none"> Violations of Laws and Ordinances Information Management Internal Control 	<p>*1 Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from the Idemitsu Kosan Group with the business alliance</p> <p>*2 Including consolidating adjustment</p> <p>*3 Including whole capacity of Kaiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)</p>

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.

