



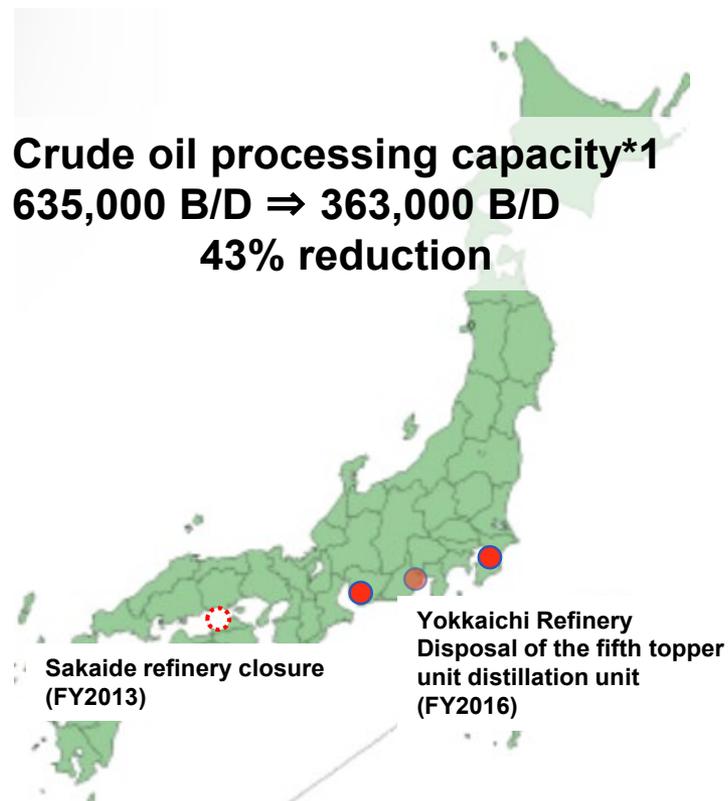
Supplementary information for “Notice of Agenda for Company’s Ordinary General Meeting of Shareholders to Confirm Shareholders’ Will Concerning Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.”

**May 23, 2023**  
**Cosmo Energy Holdings Co., Ltd.**  
**Ticker Code : 5021**  
**TSE Market Segment : Prime**

# Profitability of the Petroleum Business

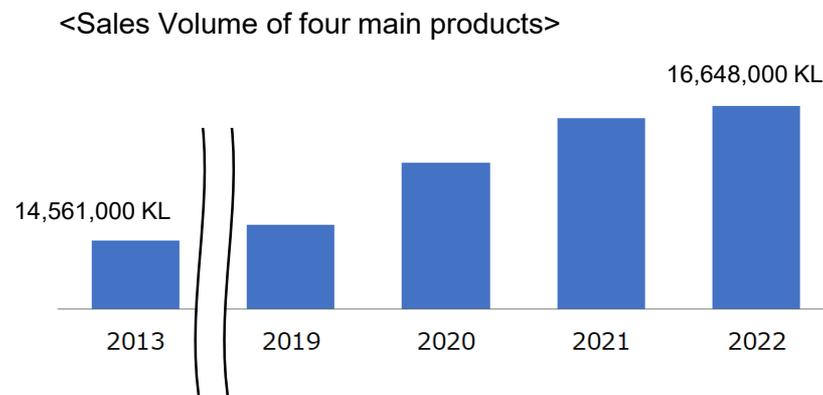
# Short position strategy

- ◆ In addition to a significant strategic reduction in refining capacity, sales volume is expanding.
- ◆ Even considering the future decline in domestic demand, high operating rate is expected to continue for the time being.



\*1 Comparison of topper unit capacity in April 2013 and April 2023, which excludes consignment of crude oil refining to Showa Yokkaichi Sekiyu.

**Sales volume\*2**  
14,561,000 KL ⇒ 16,648,000 KL  
14% increase

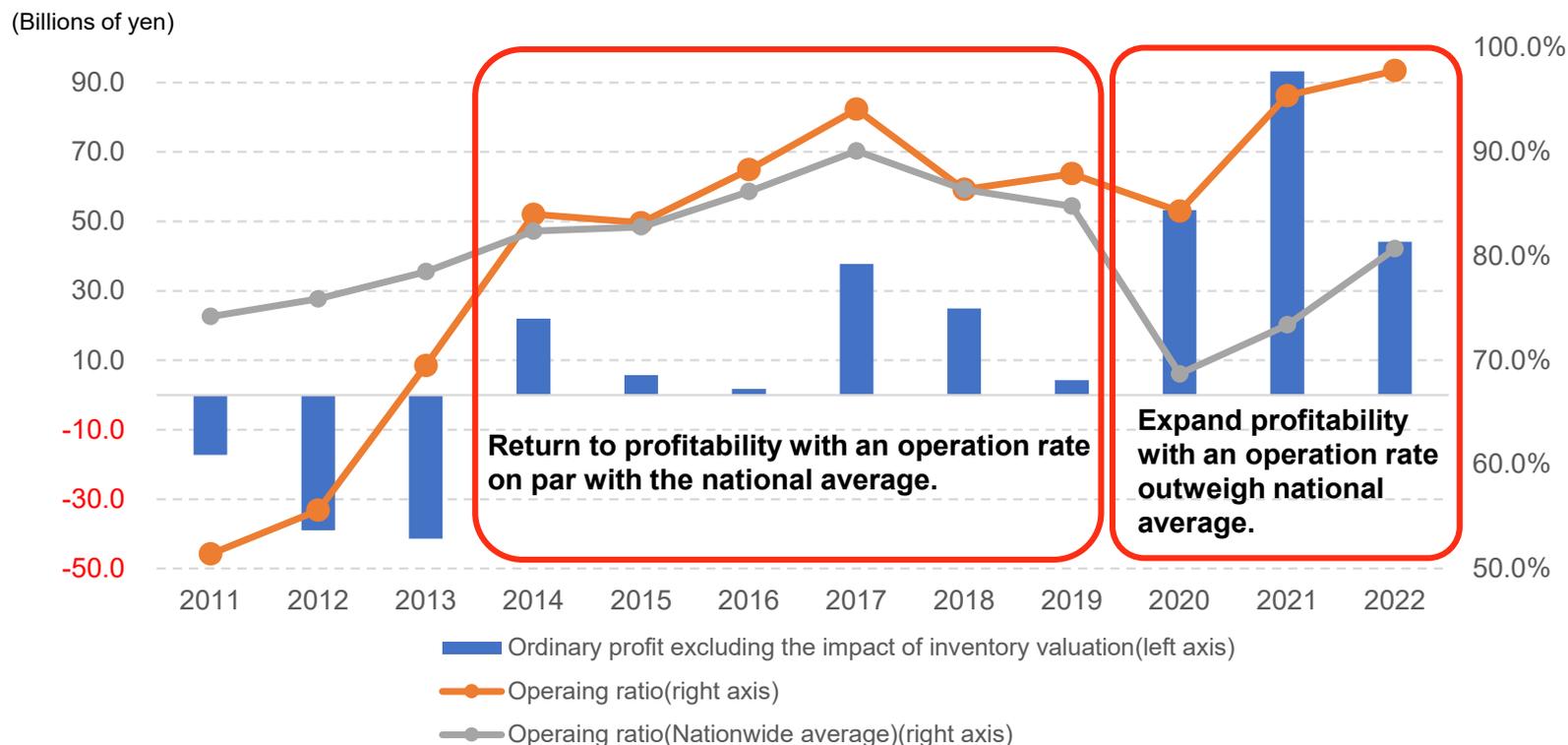


\*2 Comparison of domestic sales volume of four products (Gasoline, Kerosene, Diesel fuel and Heavy Oil A) in FY2013 and FY2022.

# Achieving high operating rates and high profitability

- ◆ Due to introduction of “Operating Management System” and other measures **improved the level of safe operations, our refinery has been continuing to operate at a high level**, significantly exceeding the national average.
- ◆ By integrated operation at the three refineries, **we have reduced production of high-sulfur heavy oil to zero** and increased production of high-value-added gasoline. That leads **high competitiveness**.

<Profit of Petroleum business and operating ratio at refinery>



# Growth in the Renewable Energy Business

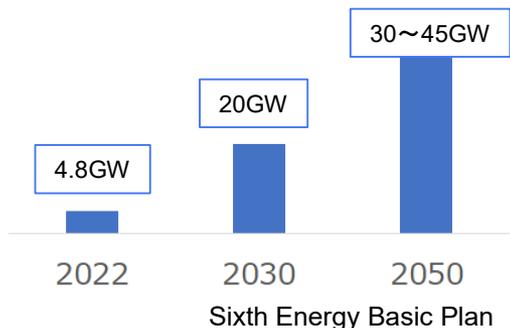
# Revenue Opportunities in the Renewable Energy Business

- ◆ Earnings opportunities exist not only for power generation, but **also for supply-demand adjustment/storage, and green electricity sales.**
- ◆ We already **have multiple businesses and customer bases within the Group**, aiming to create synergies throughout the supply chain.

## Power generation

Great expansion of offshore wind power in the 6th basic energy plan.

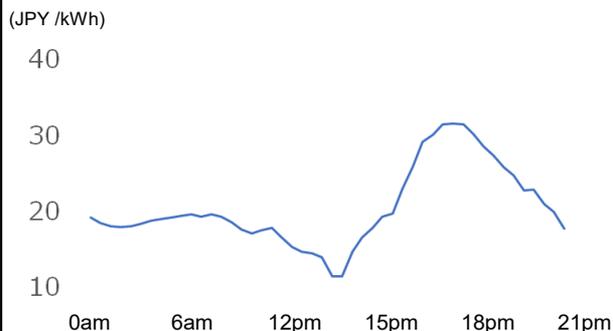
<Wind Power Capacity>



## Supply-demand adjustment /storage

The electricity market is volatile. Revenue opportunities exist utilizing the volatility.

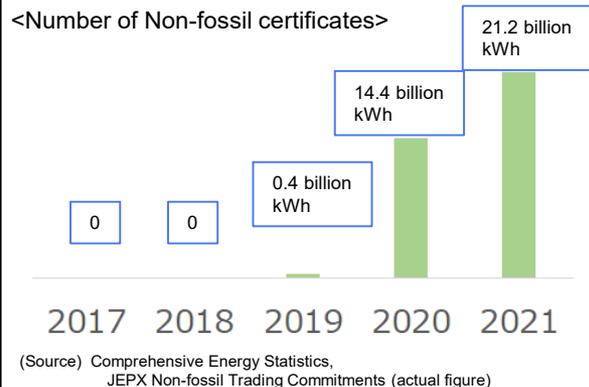
<Image of transaction price electricity market by time zone>



## Green electricity sales

Due to increased number of RE100 companies, etc., trading of non-fossil certificates has been expanding.

<Number of Non-fossil certificates>



## Major Group Companies with Business and Customer Bases



Cosmo Eco Power Co., Ltd.



Cosmo Energy Solutions Co., Ltd.



Cosmo Oil Marketing Co., Ltd.

# Disadvantages of spin-off/independence of renewable energy business subsidiary

- ◆ The spin-off/independence of a renewable energy business subsidiary (Cosmo Eco Power Co., Ltd.) would cause **various disadvantages**.

## Major disadvantages of spin-off/independence

### i) Lack of knowledge and delays in project execution due to return of HR

<Number of Directors and Employees>

	Director	Employee
Number of employee of Cosmo Eco Power Co., Ltd.	8	287
Number of employee assigned from Cosmo Energy Group	5*	43

※Including company transfers

### ii) Incapable of using Cosmo's credit rating and financing power

<Rating information of Cosmo Energy Holdings Co., Ltd.>

Credit Rating Company	Long-term Issuer rating	Short-term Issuer rating
R&I	A- (Outlook: Stable)	a-1
JCR	A- (Outlook: Stable)	J-1

### iii) Declines in creditworthiness of various business situation

(Project consortium, administrative, fisheries cooperatives, local residents)

### iv) Increased labor loads per person associated with the spin-off/independence

Possible risk of

- New projects
- Lost note
- Development delay
- Profitability decline

# Realization of capital policy

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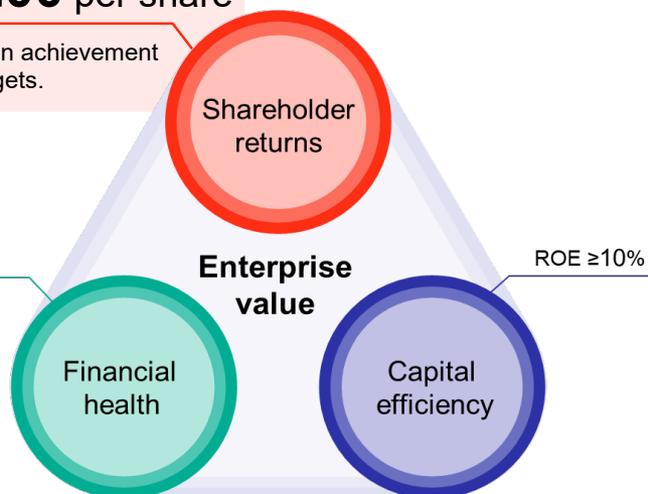
- ◆ Announced **a capital policy** to expand shareholder returns, financial health, and capital efficiency in **a three-pronged approach**.
- ◆ Present **a clear level of Net worth** required.
- ◆ If the Net worth and Net D/E ratio meet the target, **additional returns to shareholders** to be conducted.

## <Capital Policy>

- Total payout ratio  $\geq 60\%$ \*
- Dividend  $\geq \text{¥}200$  per share

\* Additional returns upon achievement of financial health targets.

Net D/E ratio 1.0 times  
(Net worth  $\geq \text{¥}600.0$  bil.)



## <Calculation of required net worth considering risks>

