Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 5th Ordinary General Meeting of Shareholders of COSMO ENERGY HOLDINGS COMPANY, LIMITED. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

COSMO ENERGY HOLDINGS COMPANY, LIMITED

NOTICE OF CONVOCATION OF THE 5th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date and Time:	**10:00 a.m., Thursday, June 25, 2020** **Reception begins at 9:00 a.m.**
Place:	**"Willard" 5F, INTERCONTINENTAL TOKYO BAY,** **1-16-2, Kaigan, Minato-ku, Tokyo, Japan**
Proposals to be Resolved:	**Proposal No. 1: Appropriation of Surplus** **Proposal No. 2: Partial Amendments to the Articles of Incorporation** **Proposal No. 3: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)** **Proposal No. 4: Election of One (1) Director who is a Member of the Supervisory Committee** **Proposal No. 5: Election of One (1) Substitute Director who is a Member of the Supervisory Committee**

Deadline for exercise of voting rights in writing and via the Internet, etc.:
5:30 p.m., Wednesday, June 24, 2020

To Shareholders

I would like to express my sincere gratitude for your continued patronage and support for COSMO ENERGY HOLDINGS COMPANY, LIMITED.

We are pleased to hereby bring you this notice of our 5th Ordinary General Meeting of Shareholders to be held on Thursday, June 25, 2020.

With our five-year Sixth Consolidated Medium-Term Management Plan that was formulated under the slogan of "Oil & New Everything About Oil－And Beyond" we gained an understanding of the long-term business environment and steadily implemented our business strategies, coming together as one toward the future of the Group.

We will continue to aim for sustainable developments and the long-term improvement of our corporate value, and we look forward to the continued support and guidance of our shareholders.

June 2020
Hiroshi Kiriyama, President

Cosmo Energy Group Vision

In striving for harmony and symbiosis between our planet, man and society,
we aim for sustainable growth towards a future of limitless possibilities.

Harmony and Symbiosis	Creating Future Values
■ **Harmony and Symbiosis with the Global Environment**	■ **Creating the Value of "Customer First"**
■ **Harmony and Symbiosis between Energy and Society**	■ **Creating Value From the Diverse Ideas of the Individual**
■ **Harmony and Symbiosis between Companies and Society**	■ **Creating Value by Expressing Collective Wisdom**

Brand Statement

Filling Up Your Hearts, Too

Securities Code: 5021
June 8, 2020

To Shareholders with Voting Rights

Hiroshi Kiriyama
President
COSMO ENERGY HOLDINGS COMPANY, LIMITED
1-1-1, Shibaura, Minato-ku, Tokyo

NOTICE OF CONVOCATION OF THE 5th ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to inform you that we will hold the 5th Ordinary General Meeting of Shareholders of COSMO ENERGY HOLDINGS COMPANY, LIMITED (the "Company"). The Meeting will be held as described below.

If you are unable to attend the Meeting, you can exercise your voting rights in writing (Voting Rights Exercise Form) or via the Internet, etc. Please review the "Reference Documents for the General Meeting of Shareholders" mentioned below, and exercise your voting rights by no later than 5:30 p.m., Wednesday, June 24, 2020.

1. **Date and Time:** **10:00 a.m., Thursday, June 25, 2020**
   Reception begins at 9:00 a.m.
2. **Place:** **"Willard" 5F, INTERCONTINENTAL TOKYO BAY,**
   1-16-2, Kaigan, Minato-ku, Tokyo, Japan
3. **Agenda of the Meeting:**
   Matters to be Reported:
   (1) The Business Report and the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Supervisory Committee for the Consolidated Financial Statements for the 5th Business Year (from April 1, 2019 to March 31, 2020)
   (2) The Financial Statements for the 5th Business Year (from April 1, 2019 to March 31, 2020)
   Proposals to be Resolved:
   Proposal No. 1: Appropriation of Surplus
   Proposal No. 2: Partial Amendments to the Articles of Incorporation
   Proposal No. 3: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)
   Proposal No. 4: Election of One (1) Director who is a Member of the Supervisory Committee
   Proposal No. 5: Election of One (1) Substitute Director who is a Member of the Supervisory Committee

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- Should any modification to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Financial Statements occur, the matters after modification will be posted on the Internet website of the Company (https://ceh.cosmo-oil.co.jp/).

Instructions for Exercising Your Voting Rights

The right to vote at the General Meeting of Shareholders is an important right of all shareholders. Please review the accompanying Reference Documents for the General Meeting of Shareholders before exercising your voting rights.

There are three methods for voting at the General Meeting of Shareholders.

1. Voting by Attendance at the General Meeting of Shareholders

Please bring the enclosed Voting Rights Exercise Form and submit it to the reception desk on the day of the meeting. If you delegate a proxy to exercise your voting rights, such proxy must be another shareholder of the Company entitled to vote. If you expect to vote by proxy, please make a document evidencing his/her power of attorney presented to a receptionist at the place of the meeting. You are allowed to delegate only one (1) person as proxy.

Date and time of the General Meeting: 10:00 a.m., Thursday, June 25, 2020

2. Exercising Your Voting Rights by Post

Please review the accompanying Reference Documents for the General Meeting of Shareholders, indicate your approval or disapproval of the proposals in the enclosed Voting Rights Exercise Form, and post it without affixing postage stamps.

*Please refer to the following for details on how to fill out the Voting Rights Exercise Form.

Votes must be completed by: 5:30 p.m., Wednesday, June 24, 2020

3. Exercising Your Voting Rights via the Internet, etc.

Please exercise your voting rights by accessing the Company designed website (https://www.web54.net).

*Please see page 4 for details.

Votes must be completed by: No later than 5:30 p.m., Wednesday, June 24, 2020

How to fill out the Voting Rights Exercise Form

Please input "Approve" or "Disapprove" here for each of the proposals.

Proposals No. 1, No. 2, No. 4 and No. 5

Approval: Mark ○ in the box labelled "賛"

Disapproval: Mark ○ in the box labelled "否"

Proposal No. 3

Approval of all candidates: Mark ○ in the box labelled "賛"

Disapproval of all candidates: Mark ○ in the box labelled "否"

Disapproval of certain candidates: Mark ○ in the box labelled "賛" and indicate the number of each candidate you wish to disapprove.

*In the case that multiple votes are received via the Internet, etc., the last vote shall be deemed valid.

*If you exercise your voting rights both via the Internet, etc. and in writing (Voting Rights Exercise Form), the vote that reaches us last shall be deemed valid.

*If you neglect to indicate your approval or disapproval for any proposal in writing (Voting Rights Exercise Form), you will be assumed to have approved the proposal and your vote will be counted accordingly.

Exercising Your Voting Rights via the Internet, etc.

When exercising voting rights for this General Meeting of Shareholders via the Internet, etc., please be aware of the following:

Exercising Voting Rights by Scanning the QR Code "Smart Exercise"

You can log in to the website for exercising your voting rights without entering your voting exercise code and password.

1. Please scan the QR Code provided on the lower right of the Voting Rights Exercise Form.

   * QR Code is a registered trademark of DENSO WAVE INCORPORATED.

2. Then, please indicate your approval or disapproval for each proposal according to the instructions on the screen.

You may exercise your voting rights via "Smart Exercise" only once.

If you wish to change the content of your vote after exercising your voting rights, please access the website for PC and enter the "Voting Exercise Code" and "Password" provided on the Voting Rights Exercise Form to log in and exercise your voting rights again.

* Please rescan the QR code to go to the website for PC.

Entering the Voting Exercise Code and Password

Website for exercising your voting rights https://www.web54.net

1. Please access to the website for exercising your voting rights.
2. Please enter the "Voting Exercise Code" shown on the Voting Rights Exercise Form.
3. Please enter the "Password" provided on the Voting Right Exercise Form.
4. Then, please indicate your approval or disapproval for each proposal according to the instructions on the screen.

If you have any questions about exercising your voting rights via the Internet, such as how to use a PC, smartphone, or mobile phone to vote, please call the help desk below.

The Sumitomo Mitsui Trust Bank, Limited, Securities Agent Web Support Hotline
Phone: 0120 (652) 031 (Toll Free, only in Japan)
(9:00 to 21:00)

Institutional investors may exercise their voting rights using the Voting Rights Electronic Exercise Platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company regards the distribution of profit to shareholders as the important issue. With this basic policy, the Company will carry out stable payment of dividends taking into consideration reinforcement of corporate structure, development of future business, the Company's performance, and capital balancing.

In consideration of the Company's performance in this fiscal year and future business environment, the Company would like to set the term-end dividend as follows.

1. Type of dividends

Cash

2. Matter related to distribution of property dividends and the total amount

¥80 per share of common shares of the Company Total amount: ¥6,781,377,520

3. Effective date of the appropriation of surplus

June 26, 2020

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

In order to make it possible to dynamically create an optimal management structure, Article 27, paragraph 2 shall be newly established, so that not only Directors but also Executive Officers can be elected as the President. In relation to this, changes shall be made to Article 15, paragraph 1 and 2 of the current Articles of Incorporation, which designates the chairperson of the General Meeting of Shareholders. Furthermore, Honorary Chairman in Article 27, paragraph 2 shall be deleted.

2. Details of the proposed amendments

Details of the proposed amendments are as follows.

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
SECTION III SHAREHOLDERS' MEETINGS	SECTION III SHAREHOLDERS' MEETINGS
Article 15. Chairperson	Article 15. Chairperson
1. The President shall assume the role of chairperson, and shall preside over Shareholders' Meetings.	1. The President shall assume the role of chairperson, and shall preside over Shareholders' Meetings. (*1)
2. If circumstances prevent the President from chairing a meeting, another Director shall stand in as chairperson according to the order previously determined by the Board of Directors.	2. If circumstances prevent the President from chairing a meeting, another Director shall stand in as chairperson according to the order previously determined by the Board of Directors. (*1)
SECTION IV DIRECTORS, BOARD OF DIRECTORS, AND SUPERVISORY COMMITTEE	SECTION IV DIRECTORS, BOARD OF DIRECTORS, AND SUPERVISORY COMMITTEE
Article 23. Board of Directors	Article 23. Board of Directors
1. The Board of Directors shall determine matters prescribed by law and regulations and Articles of Incorporation, as well as matters relating to the execution of important operations of the Company.	1. The Board of Directors shall determine matters prescribed by law and regulations and Articles of Incorporation, as well as matters relating to the execution of important operations of the Company.
2. Unless otherwise stipulated by law and regulations, the Chairman of the Board of Directors shall call the meetings of the Board of Directors and assume the role of chairperson in presiding over such meetings.	2. Unless otherwise stipulated by law and regulations, the Chairman of the Board of Directors shall call the meetings of the Board of Directors and assume the role of chairperson in presiding over such meetings.
3. If there is currently no Chairman of the Board of Directors or if circumstances prevent the Chairman of the Board of Directors from chairing a meeting, the President shall assume the role of chairperson. If circumstances prevent the President from chairing a meeting, another Director shall stand in as chairperson according to the order of responsibility previously determined by the Board of Directors.	3. If there is currently no Chairman of the Board of Directors or if circumstances prevent the Chairman of the Board of Directors from chairing a meeting, the Director and President shall assume the role of chairperson. If there is currently no Director and President or if circumstances prevent the Director and President from chairing a meeting, another Director shall stand in as chairperson according to the order of responsibility previously determined by the Board of Directors.
4. Notice for convening a meeting of the Board of Directors shall be dispatched to each Director no later than four (4) days prior to the date of such meeting. However, the	4. Notice for convening a meeting of the Board of Directors shall be dispatched to each Director no later than four (4) days prior to the date of such meeting. However, the

Current Articles of Incorporation	Proposed Amendments
period of notice may be shortened in the case of emergency.	period of notice may be shortened in the case of emergency.
5. The meeting of the Board of Directors may be held without following the calling procedures if the consent of all Directors is obtained.	5. The meeting of the Board of Directors may be held without following the calling procedures if the consent of all Directors is obtained.
Article 27. Representative Directors and Executive Directors	Article 27. Representative Directors and Executive Directors
1. The Board of Directors shall, by its resolution, elect Representative Directors.	1. The Board of Directors shall, by its resolution, elect Representative Directors.
(New Article)	2. The Board of Directors shall, by its resolution, appoint one (1) President from among Directors or Executive Officers.
2. The Board of Directors may, by its resolution, appoint one (1) Honorary Chairman, one (1) Chairman, one (1) Vice Chairman, one (1) President and a number of Executive Vice Presidents.	3. The Board of Directors may, by its resolution, appoint one (1) Chairman, one (1) Vice Chairman, one (1) Director and President and a number of Executive Vice Presidents.

(*1) Changed in Japanese with English unchanged

Proposal No. 3: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)

The terms of office of all seven (7) Directors (excluding those who are Members of the Supervisory Committee; the same applies hereafter in this proposal) will expire at the close of this General Meeting of Shareholders. Therefore, it is proposed that seven (7) Directors be elected.

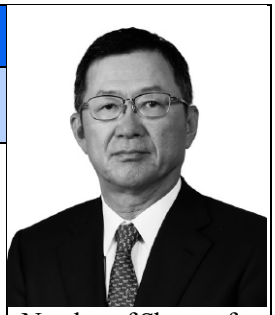
This proposal was passed through the deliberation process of the Nomination and Remuneration Advisory Committee, which includes two (2) Independent Outside Directors, and was decided on by the Board of Directors. The Company has received a report from the Supervisory Committee stating that the candidates and the procedure for the election were appropriate.

The candidates for Directors are as follows.

Candidate No.	Name	Current Status and Assignment at the Company		
1	Hiroshi Kiriyama	President, Representative Director, Chief Executive Officer	Reelection	
2	Yasuhiro Suzuki	Director, Senior Executive Officer Responsible for Legal and General Affairs Dept., Human Resource Dept., and IT Strategy Dept.	Reelection	
3	Takayuki Uematsu	Director, Senior Executive Officer Responsible for Corporate Communication Dept., Accounting Dept., and Finance Dept.	Reelection	
4	Shigeru Yamada	Senior Executive Officer Responsible for Corporate Planning Dept. and Business Portfolio Management Dept.	New election	
5	Yoshimitsu Sunano	Senior Executive Officer Responsible for Business Development Dept. and Sustainability Initiative Dept.	New election	
6	Saleh Al Mansoori		New election	Outside
7	Ali Al Dhaheri		New election	Outside

1	Hiroshi Kiriyama	Reelection	June 20, 1955

Career Summary and Status		Status of Significant Concurrent Position(s)
April 1979	Joined Daikyo Oil Co., Ltd.	None
June 2013	Director, Senior Executive Officer, COSMO OIL COMPANY, LIMITED	
October 2015	Director, Senior Managing Executive Officer of the Company	
June 2016	Representative Director, Executive Vice President	
June 2017	President, Representative Director, Chief Executive Officer (current position)	



Number of Shares of the Company Held: 23,600 shares

Record of attendance to Board of Directors Meetings: 8/8

Reasons for choosing the person as candidate	Hiroshi Kiriyama has been responsible for supply and demand, and corporate planning departments for a long time, and he has participated in the decision making of various alliances in Japan and overseas. Also, he possesses abundant expertise regarding overall corporate management. In addition, he has shouldered management of the Group and achieved results as President, Representative Director since June 2017 and has a proven track record. In light of these achievements and leadership, the Company proposes Hiroshi Kiriyama maintain his position as Director.

2	Yasuhiro Suzuki	Reelection	October 14, 1961

Career Summary and Status		Assignment at the Company
April 1985	Joined Daikyo Oil Co., Ltd.	Legal and General Affairs Dept. Human Resource Dept. IT Strategy Dept.
June 2013	General Manager, Human Resource Dept., COSMO OIL COMPANY, LIMITED	
June 2015	General Manager, Human Resource and General Affairs Dept.	
October 2015	General Manager, Human Resource and General Affairs Dept. of the Company	**Significant Concurrent Positions**
June 2016	Executive Officer, General Manager, Human Resource and General Affairs Dept.	None
April 2017	Executive Officer, General Manager, Corporate Planning Dept.	
April 2018	Senior Executive Officer	
June 2018	Director, Senior Executive Officer (current position)	



Number of Shares of the Company Held: 7,800 shares

Record of attendance to Board of Directors Meetings: 8/8

Reasons for choosing the person as candidate	After working mainly in the departments of sales and human resources, Yasuhiro Suzuki has been involved in overall management decision-making as Executive Officer and General Manager of Corporate Planning Dept. since 2017. Since 2018, as Director, Senior Executive Officer, he has been in responsible for the departments of corporate planning, human resources and IT systems, where he has proceeded with initiatives to achieve the Sixth Medium-Term Management Plan. In light of these achievements, the Company proposes Yasuhiro Suzuki maintain his position as Director.

3	Takayuki Uematsu	Reelection	December 13, 1962



Career Summary and Status		Assignment at the Company
November 1992	Joined COSMO OIL COMPANY, LIMITED	Corporate Communication Dept. Accounting Dept. Finance Dept.
June 2014	Assistant General Manager, Accounting and Finance Dept.	**Status of Significant Concurrent Position(s)**
June 2015	General Manager, Finance Dept.	None
October 2015	General Manager, Finance Dept. of the Company	
June 2016	Executive Officer, General Manager, Finance Dept.	
April 2018	Senior Executive Officer	
June 2018	Director, Senior Executive Officer (current position)	

Number of Shares of the Company Held: 7,900 shares

Record of attendance to Board of Directors Meetings: 8/8

Reasons for choosing the person as candidate	Takayuki Uematsu joined the Company after working for a foreign financial institution, and has since demonstrated his expertise primarily in the department of finance. Since 2018, as Director, Senior Executive Officer, he has been in responsible for Corporate Communication Dept., Accounting Dept., and Finance Dept., and has contributed to improving the corporate value of the Company through the optimization of the Company's financial condition, including the issuance of zero coupon convertible bonds with share acquisition rights. In light of these achievements, the Company proposes Takayuki Uematsu maintain his position as Director.

4	Shigeru Yamada	New election	November 7, 1965



Career Summary and Status		Assignment at the Company
April 1988	Joined COSMO OIL COMPANY, LIMITED	Corporate Planning Dept. Business Portfolio Management Dept.
June 2014	Assistant General Manager, Supply Dept.	**Status of Significant Concurrent Position(s)**
June 2015	General Manager, Supply Dept.	None
April 2018	Executive Officer, General Manager, Corporate Planning Dept. of the Company	
April 2020	Senior Executive Officer (current position)	

Number of Shares of the Company Held: 1,500 shares

Reasons for choosing the person as candidate	Shigeru Yamada has mainly worked in the departments of sales, corporate planning, and supply and demand, and has a wide range of experience across the Group's entire business domain and abundant knowledge of supply and demand in the refining department in general. Since 2018, as Executive Officer and General Manager of Corporate Planning Dept., he has proceeded with initiatives to achieve the Sixth Medium-Term Management Plan. In light of these achievements, the Company proposes his election as Director.

5	Yoshimitsu Sunano	New election	January 25, 1965



Career Summary and Status		Assignment at the Company
April 1988	Joined COSMO OIL COMPANY, LIMITED	Business Development Dept. Sustainability Initiative Dept.
June 2015	Assistant General Manager, Corporate Planning Dept.	**Status of Significant Concurrent Position(s)**
October 2015	General Manager, Planning & Management Dept.	None
April 2017	Director, COSMO OIL LUBRICANTS COMPANY, LIMITED	
June 2017	President, Representative Director	
April 2020	Senior Executive Officer of the Company (current position)	

Number of Shares of the Company Held: 1,400 shares

Reasons for choosing the person as candidate	Yoshimitsu Sunano has mainly worked in the departments of sales, accounting, and corporate planning, and has a wide range of experience across the Group's entire business domain and abundant knowledge of renewable energy. In 2017, he was appointed President and Representative Director of COSMO OIL LUBRICANTS COMPANY, LIMITED and has improved the profitability of the lubricants business from R&D to manufacturing and sales. In light of these achievements, the Company proposes his election as Director.

6	Saleh Al Mansoori	New election Outside	May 17, 1974



Career Summary and Status		Status of Significant Concurrent Position(s)
October 1999	Joined Abu Dhabi National Oil Company (ADNOC)	Director of Petrochemicals, Refining & Petrochemicals, MIC
August 2009	Project Manager	
April 2012	Manager, Interface Management Department, Gas Director (retired in October 2015)	
November 2015	Director, Integrated Investments, Petroleum & Petrochemicals, Mubadala Investment Company (MIC)	
January 2020	Director of Petrochemicals, Refining & Petrochemicals (current position)	

Number of Shares of the Company Held: 0 shares

Reasons for choosing the person as candidate	Saleh Al Mansoori has worked in the investment and energy industry departments of Mubadala Investment Company (MIC) for many years. He has utilized his extensive expertise and abundant knowledge to proffer advice on asset management and management strategy to many companies, contributing to the enhancement of their corporate values. The Company believes that he will properly supervise the management as an Outside Director, drawing on his wide range of experiences of management strategy in general, and accordingly, the Company proposes his election as Outside Director. MIC, the parent company of Infinity Alliance Limited that is the Company's major shareholder, has invested diversely in energy businesses, such as those in oil, petrochemicals, gas, and renewable energy. The Company believes that his advice proffered to the Group based on his achievements, experience, and insight, does not conflict against the interests of minority shareholders and will contribute to enhancing the corporate value of the Group.

7	Ali Al Dhaheri	New election Outside	January 29, 1978	

Career Summary and Status		Status of Significant Concurrent Position(s)	
August 1999	Joined Abu Dhabi Gas Industries Company	Director of Refining, Refining & Petrochemicals, MIC	Number of Shares of the Company Held: 0 shares
February 2000	Contracts Manager, Abu Dhabi Oil Refining Company		
July 2008	Commercial Manager, Abu Dhabi National Chemicals Company		
February 2012	Senior Manager, ChemaWEyaat Tanks and Terminals Company		
April 2017	Head of Refining, Mubadala Investment Company (MIC)		
April 2020	Director of Refining, Refining & Petrochemicals (current position)		

Reasons for choosing the person as candidate	Ali Al Dhaheri has engaged in a variety of operations such as those in administration and procurement departments, in the oil and gas industries. He currently spearheads the business of Mubadala Investment Company's oil refining department from his broad perspective and also puts his energies into developing businesses in renewable energy and electric cars. The Company believes that he will properly execute the duties of Outside Director, drawing on his abundant experiences in the oil industry. Accordingly, the Company proposes his election as Outside Director. The Company believes that his advice proffered to the Group based on his achievements, experience, and insight that he earned in the vast fields beyond the oil industry does not conflict against the interests of minority shareholders and will contribute to enhancing the corporate value of the Group.

(Notes) 1. No special interests exist between the Company and any of the candidates.
2. Saleh Al Mansoori and Ali Al Dhaheri are the candidates for Outside Directors.
3. Saleh Al Mansoori served for Abu Dhabi National Oil Company (ADNOC) and ADNOC is the Company's specified related operator.
4. In the event that the elections of Saleh Al Mansoori and Ali Al Dhaheri are approved, the Company plans to enter into agreements with them pursuant to the provisions of Article 427, paragraph 1 of the Companies Act to limit the liability for damages under Article 423, paragraph 1 of the said act. The limitation of the liability for damages under the relevant agreement is the minimum liability amount set forth in Article 425, paragraph 1 of the Companies Act.

Proposal No. 4: Election of One (1) Director who is a Member of the Supervisory Committee

The term of office of Kenichi Taki, Director who is a Member of the Supervisory Committee, will expire at the close of this General Meeting of Shareholders. Therefore, it is proposed that one (1) Director who is a Member of the Supervisory Committee be elected.

The proposal at the Meeting had already been agreed upon by the Supervisory Committee.

The candidate for Director who is a Member of the Supervisory Committee is as follows.

Toshiyuki Mizui	**New election**	February 25, 1961	
Career Summary and Status		**Status of Significant Concurrent Position(s)**	
August 1993	Joined COSMO OIL COMPANY, LIMITED	Outside Director (Audit and Supervisory Committee Member), KYOEI TANKER CO., LTD. (scheduled to assume office on June 26, 2020)	Number of Shares of the Company Held: 7,500 shares
June 2012	General Manager, Internal Auditing Office		
October 2015	General Manager, Internal Auditing Office of the Company		
April 2016	General Manager, Accounting Dept.		
June 2016	Executive Officer, General Manager, Accounting Dept.		
April 2018	President, Representative Director, Eco Power Co., Ltd. (currently Cosmo Eco Power Co., Ltd.)		
April 2020	Counselor of the Company (current position)		
Reasons for choosing the person as candidate	Toshiyuki Mizui joined the Company after working for a general electronic component manufacturer, and has been engaged mainly in the departments of accounting and systems. After his appointment as Executive Officer of the Company, he continued to be in charge of the accounting department and contributed to the management of the Group by utilizing his professional experience and knowledge of accounting, taxation and other systems in general. In 2018, he became the President, Representative Director of current Cosmo Eco Power Co., Ltd. and has contributed to the development of the wind power generation business. In light of these achievements, the Company proposes his election as Director who is a Member of the Supervisory Committee.		

(Note) No special interests exist between the Company and Toshiyuki Mizui.

Proposal No. 5: Election of One (1) Substitute Director who is a Member of the Supervisory Committee

The effective term of Hiroshi Matsushita's appointment as Substitute Director who is a Member of the Supervisory Committee expires at the opening of this General Meeting of Shareholders. Therefore, in order to prepare for cases where there is a vacancy which results in a shortfall in the number of Directors who are Members of the Supervisory Committee provided in laws and regulations, the Company requests the election of one (1) Substitute Director who is a Member of the Supervisory Committee in advance.

The Company requests the election of Hideyuki Wakao as a substitute for Director who is a Member of the Supervisory Committee (excluding Outside Director).

A resolution for the election of Substitute Director who is a Member of the Supervisory Committee shall cease to be effective by the resolution of the Board of Directors with the consent of the Supervisory Committee, only before the Substitute Director who is a Member of the Supervisory Committee assumes office as Director who is a Member of the Supervisory Committee.

The proposal at the Meeting had already been agreed upon by the Supervisory Committee.

The candidate for Substitute Director who is a Member of the Supervisory Committee is as follows.

Hideyuki Wakao		May 8, 1970	
Career Summary and Status		**Status of Significant Concurrent Position(s)**	
April 1993	Joined COSMO OIL COMPANY, LIMITED	None	Number of Shares of the Company Held: 100 shares
June 2012	Group Manager of Accounting Group, Accounting Dept.		
October 2015	Group Manager of Accounting Group, Accounting Dept. of the Company		
April 2016	Group Manager of Accounting & Tax Affairs Group, Accounting Dept.		
April 2018	General Manager, Accounting Dept. (current position)		
Reasons for choosing the person as candidate	Hideyuki Wakao has engaged in the department of accounting almost entirely throughout his career since he joined COSMO OIL COMPANY, LIMITED, and since 2018, he has contributed to the Group's management with his in-depth operational knowledge and extensive insight into the Group's accounting and tax affairs as General Manager of Accounting Dept. In light of these achievements, the Company proposes his election as Substitute Director who is a Member of the Supervisory Committee.		

(Note) No special interests exist between the Company and Hideyuki Wakao.

(Attached Documents)
BUSINESS REPORT (From April 1, 2019 to March 31, 2020)

1. Business Overview

(1) Principal Business Lines (as of March 31, 2020)

The principal businesses of the Group are the Oil Exploration and Production Business, including exploration and production of crude oil, etc.; the Petroleum Business, including imports and exports, refining, storage and sales of crude oil and petroleum products; and the Petrochemical Business, including manufacture and sales of petrochemical products and other businesses such as wind power, construction of oil-related facilities, and sales of communications equipment, etc.

(2) Review of Operations of the Group

Business Environment

During the fiscal year under review, the Japanese economy continued to show a gradual recovery, with a continued pickup in consumer spending against the backdrop of improved employment conditions and a gradual increase in income, as well as high levels of corporate profits. However, weakness in capital investment and the impact of novel coronavirus disease (COVID-19) created uncertainty about the future.

With respect to crude oil prices, the price for Dubai crude oil began the fiscal year in the $68 per barrel range, and remained between the upper $50 to the lower $70 per barrel range against the backdrop of growing uncertainty about the global economy in the wake of trade friction between the U.S. and China, an attack on oil-related facilities in Saudi Arabia, and recession of concerns about a slowdown in the economy and declining demand for crude oil due to progress in U.S.-China trade talks. Crude oil prices dropped sharply due to the failure to reach agreement between OPEC member countries and non-member countries about a coordinated production cut in March, and on top of that, due to the spread of the impact of COVID-19 on economic activities, ending the fiscal year in the $23 per barrel range.

As for exchange rates, the Japanese yen started the fiscal year at the ¥111 per dollar level and briefly rose to the ¥105 per dollar level due to trade friction between the U.S. and China, but tended to weaken as the U.S.-China trade talks progressed. After that, the market became unstable in fear of a global recession caused by the spread of COVID-19, and the yen ended the fiscal year at the ¥108 per dollar level.

Domestic demand for petroleum products continues a declining trend, and although demand for diesel fuel was on a par with the previous year, demand for gasoline, kerosene and heavy fuel oil decreased, respectively. As a result, overall demand for fuel oil was lower than the previous fiscal year.

As for petrochemical products, demand for key products such as ethylene and paraxylene weakened and the market conditions remained sluggish due to the impact of the constructions of new and additional overseas plants and other factors.

Performance of the Fiscal Year Under Review

In this business environment, the Cosmo Energy Group implemented initiatives based on its Sixth Consolidated Medium-Term Management Plan under the slogan of "Oil & New Everything About Oil－And Beyond" The Group will bolster the profitability of its core oil exploration and production business and petroleum business to solidify the financial base, as well as expand the business portfolio by aggressively investing in the renewable energy business and improving competitiveness in the petrochemical business, with a view to changes in the business environment over the long term.

In the fiscal year under review, net sales was ¥2,738.0 billion, down 1.2% from the previous year, operating profit was ¥13.9 billion, down 85.3% from the previous year, and ordinary profit was ¥16.3 billion, down 83.2% from the previous year.

Main factors for these decreases are due to the impact of deteriorating conditions in the market as a result of a sharp drop in crude oil prices associated with the global spread of COVID-19, etc., and inventory evaluation resulting from the fluctuation in crude oil prices. Loss attributable to owners of parent amounted to negative ¥28.2 billion due to the above-mentioned profit-diminishing factors.

The business segment information is as follows.

[Business Segment Information]

(Millions of yen)

	Oil Exploration and Production Business	Petroleum Business	Petrochemical Business	Other	Adjustments	Consolidated
Net Sales	97,850	2,506,796	414,410	84,596	-365,650	2,738,003
Segment Profit (loss)	45,030	-47,800	5,185	9,182	4,686	16,285

Oil Exploration and Production Business

In the oil exploration and production business, a source of consistent profits among the Group's business portfolio and the business field, we took action toward stable and safe operations in the existing oil fields with the Middle East mainly including the Emirate of Abu Dhabi, a member of the United Arab Emirates, and the State of Qatar with which the Group has built up a trusting relationship for years as a core area.

The Cosmo Energy Group boasts the largest crude oil production volume of any Japanese company functioning as an operator in the Middle East, and ABU DHABI OIL COMPANY LIMITED, QATAR PETROLEUM DEVELOPMENT COMPANY LIMITED and United Petroleum Development Co., Ltd. continued to maintain stable and safe operations.

ABU DHABI OIL COMPANY LIMITED implemented production adjustments at the Hail Oil Field due to lower reservoir pressure. However, in other existing oil fields (the Mubarraz, Umm Al Anbar, and Neewat Al Ghalan fields), overall production volumes recovered, and stable production continued.

QATAR PETROLEUM DEVELOPMENT COMPANY LIMITED achieved stable crude oil production due to the successful operation of improved electric submersible pumps, and proceeded with initiatives to refurbish existing wells in order to increase production.

As a result of the above, net sales in the oil exploration and production business was ¥97.9 billion, down 12.4% from the previous year, and segment profit (ordinary profit) was ¥45.0 billion.

Petroleum Business

Firming the safe and stable operation system

With regard to the safety management systems of our refineries, we have achieved firm, safe and stable operations by introducing the Operations Management System (OMS) (Note) to make continuous improvements in line with the 23 requirements that set out what the refinery's operation management, including risk control and proper operations, should be.

(Note) OMS (Operations Management System): System to achieve safe operations and stable supply at a much higher level by promoting continuous improvement based on the check and assessment of viability and effectiveness of operation systems.

Initiatives for improving of profitability

In response to the tightening of IMO Regulations (Note) that have been implemented since January, we increased the capacity of our Delayed Coker unit at the Sakai Refinery and shifted production from high-sulfur heavy fuel oil C to profitable products such as middle distillates (kerosene, diesel fuel and heavy fuel oil A) and low-sulfur heavy fuel oil C. In terms of supply, we began supplying fuel oil to Kygnus Sekiyu K.K. which has a sales network of more than 400 service stations in Japan.

With regard to initiatives of refineries, our Chiba Refinery utilizes the pipeline linked with the Chiba Refinery of JXTG Nippon Oil & Energy Corporation to continuously optimize the refining equipment at both refineries by mutually adapting products and semi-finished products, and our Yokkaichi Refinery, based on a business alliance with Yokkaichi Refinery of Showa Yokkaichi Sekiyu Co., Ltd., is working on enhancing competitiveness through the optimization of facilities.

In addition, COSMO OIL CANTS COMPANY, LIMITED has decided to start selling the "COSMO FILLIO" series (which conform to the new engine oil standard "SP/GF-6") at Cosmo service stations nationwide from May 2020 as a new product line of engine oil which is designed to reduce abnormal combustion and environmental impact.

(Note) IMO Regulations: Regulations on the content of marine fuel in general sea areas adopted by the International Maritime Organization (IMO).

Strengthening the car life business

In the car life business, we have formulated our "Oil & New for COSMO STATION 2019" as a program for further development of Cosmo service stations (SS). Targeting the entire car life market, we are working to transform our business model to "nurturing of a growing business" which offers our customers total car life solutions, based on the philosophy of significantly improving the profitability of Cosmo service stations by providing customers with optimal car life.

As part of our efforts to strengthen ties with customers, in August we released the new application "Carlife Square" and began providing information on bargain products at each service station and special coupons that can be used at stores in different industries. In addition, we are seeking to acquire new customers by sending car inspection customers to our service stations through our car inspection reservation service. We will conduct research and development to realize further One-to-One services through "Carlife Square" in the future.

Next, in addition to the common point "WAON POINT" and "Rakuten Point" services that have already been introduced, we introduced "d POINT," a common point service operated by NTT DOCOMO, INC. in March. We will strive to further enhance the convenience by supporting QR code payments and electronic money payments.

The "Cosmo My Car Lease" initiative, which is underway to rebuild the profit structure of the service station business, has gained acceptance of many customers since the launch of the service. As a result, car sales business exceeded an accumulated total of 70,000 car lease contracts by the end of January. In November, we rebranded our business model of car sales to provide one-stop services for diversified car life as "Cosmo My Car Lease STORE" and increased its number to 235 service stations nationwide.

In the electricity retail sales business, in April we began selling "Cosmo Denki," a home electrical power service, for the Cosmo Card holders in the Tohoku Electric Power, Tokyo Electric Power and Chubu Electric Power areas and expanded the sales area to nationwide (excluding the Okinawa area). In addition to "Cosmo Denki 'Standard'" that discounts the electricity

charges commensurate to the volume used, we added "Cosmo Denki 'Green'" that effectively offers 100% renewable energy, and "Cosmo Denki 'Point Plus'" that awards d POINT commensurate to the electricity charges. We will strengthen efforts to sequentially expand member service stations that serve as agents in order to gain a foothold in the home life market.

As a result of the above, net sales in the petroleum business were ¥2,506.8 billion, down 0.8% from the previous year, and segment loss (ordinary loss) was ¥47.8 billion.

Petrochemical Business

As for Maruzen Petrochemical Company, Limited (MPC), both production volume and sales volume increased from the previous year, but the market conditions remained sluggish due to a series of constructions of new and additional petrochemical plants overseas as well as declining demand caused by the impact of COVID-19, resulting in lower performance than in the previous year.

As for the joint business of hydrogenated polymer resins by the Company, MPC and Arakawa Chemical Industries, Ltd., a ground-breaking ceremony was held in July for the construction of a hydrogenated polymer resin manufacturing facility towards the completion of the facility by the end of 2020. With the integrated management of the Chiba Refinery and MPC's Chiba Plant, these initiatives aim to bolster the competitiveness of the entire complex in the petrochemical business. Chiba Arkon Production Limited, the new company established for the joint business, will manufacture and sell highly value-added hydrogenated polymer resins using distillates generated as by-products from MPC's ethylene plants. The anticipated production capacity is 20,000 tons per year, which will make it one of Japan's largest production facilities.

As for Hyundai Cosmo Petrochemical Co., Ltd., a joint venture between Hyundai Oilbank Co., Ltd. of South Korea and COSMO OIL COMPANY, LIMITED, each company in the Group consistently supplied mixed xylene, and paraxylene production facilities maintained their stable operation.

As a result of the above, net sales in the petrochemical business were ¥414.4 billion, down 9.6% from the previous year, and segment profit (ordinary profit) was ¥5.2 billion.

Other

Renewable energy business

In the business of wind-power generation, Cosmo Eco Power Co., Ltd. has continued steady operation of wind power generation facilities (the overall power generation output: 266 MW). This has resulted in revenue gains over ten consecutive years and income exceeding the previous year. Concerning the development of new wind power generation facilities, the Himekami Wind Park (Iwate Prefecture) and the Watarai Wind Farm (Second Phase) (Mie Prefecture) started operations in April, and the construction of the Chuki Wind Farm (Wakayama Prefecture) is underway with the aim of starting operations in FY2021. As for offshore wind power generation business, a special purpose company called Akita Offshore Wind Corporation which was established in April 2016, has decided to implement the first large-scale offshore wind power generation business in Japan on a commercial basis in the port areas of Akita Port and Noshiro Port in Akita Prefecture. This project is to construct, maintain and operate the offshore wind farms with a power generation capacity of approximately 140 MW and to sell electricity generated to Tohoku Electric Power Co., Inc. under the feed-in tariff (FIT) scheme for the renewable energy for 20 years after completion. We are proceeding with construction, aiming for the start of commercial operations in 2022.

In the mega solar business, CSD Solar G.K., established as a joint venture with Showa Shell Sekiyu K.K. (currently Idemitsu Kosan Co., Ltd) and the Development Bank of Japan Inc., steadily continued operations of solar power plants at eight sites nationwide.

Other

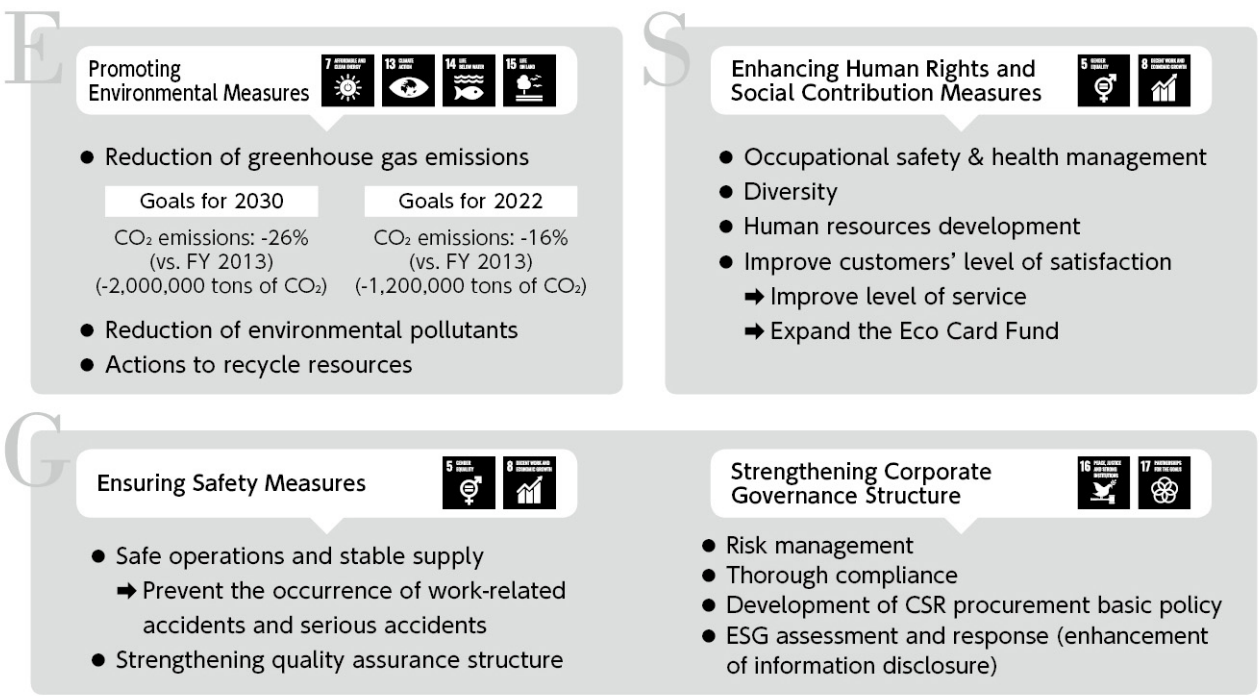
We endeavored to boost profitability in other businesses, such as sales of communications equipment and materials, and construction and maintenance of oil-related facilities.

As a result of the above, net sales in the other business was ¥84.6 billion, up 40.4% from the previous year, and segment profit (ordinary profit) was ¥9.2 billion.

Strengthening Group Management Foundation

Promotion of CSR Management

In accordance with the Group Vision, the Cosmo Energy Group remains committed to managing operations as a socially responsible corporation that earns the trust of all of its stakeholders such as customers, shareholders, members of communities and employees, and lives up to their expectations. In the Sixth Consolidated Medium-Term Management Plan, we have formulated a consolidated medium-term CSR management plan (medium-term CSR management plan) for the promotion of CSR management as one of its key initiatives. We have set key performance indicators (KPIs) from the perspective of ESG (environmental measures, human rights and social contributions, and safety and corporate governance) in the medium-term CSR management plan and are implementing a variety of initiatives. In addition, the "Sustainability Initiative Department" was established in April 2020 to further strengthen initiatives for sustainable growth of the entire Group. Through ongoing efforts to address ESG issues, we will strive to achieve the SDGs by continuously improving and enhancing our CSR management.
(Outline of initiatives for ESG based on a consolidated medium-term CSR management plan)



Initiatives for ESG are as follows.

■ E (Promoting Environmental Measures)

In promoting environmental measures to resolve social challenges, we are working on three key factors: "reduction of greenhouse gas emissions," "reduction of environmental pollutants," and "actions to recycle resources."

To reduce greenhouse gas emissions, we worked on expansion of the wind power generation business at Cosmo Eco Power Co., Ltd. and sales of Cosmo Denki Green (Note) in addition to energy saving at refineries and plants and implementation of CO_2 reduction measures in the logistics sector.

(Note) Cosmo Denki Green　A new energy plan in which Sogo Energy Corporation, a company in the Group, sells electricity to customers after purchasing a certificate proving that 100% of the electricity used by customers comes from renewable energy sources that do not emit CO_2.

■ S (Enhancing Human Rights and Social Contribution Measures)

As social contribution measures, we continued to host the "Cosmo Waku Waku Camp" program offered for elementary-school aged children who have lost their parent(s) in traffic accidents. From the viewpoint of diversity, the Company believes that it can increase productivity by adopting and utilizing the various ideas proposed by employees with diverse backgrounds. Amid working on various measures, we were selected as a "Nadeshiko Brand," which is a company that is selected as excelling in the promotion of women playing an active role in the workplace for the first time, by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

■ G (Ensuring Safety Measures and Strengthening Corporate Governance Structure)

For "ensuring safety measures," we regard "safe operations and stable supply" and "quality assurance" as priority issues, and, in addition to the OMS initiatives, we have formulated a BCP and implemented regular drills and other countermeasures in anticipation of various risks (such as earthquakes, typhoons and other natural disasters as well as changes in the social environment).

In "strengthening corporate governance structure," we have incorporated "risk management," "thorough compliance," "CSR procurement" and "information disclosure" as priority issues and have set KPIs to enhance our compliance system, and the Corporate Ethics & Human Rights Committee has proceeded with initiatives to promote corporate ethics and to respect human rights in order to prevent and eliminate all forms of human rights violation in Japan and abroad.

In addition, the Group believes that all of its business partners are important in achieving "sustainable development" and has formulated a new "Cosmo Energy Group CSR procurement policy." Based on this policy, we will fulfill our corporate responsibility throughout the supply chain by promoting and expanding transactions that give more consideration to the environment and human rights.

(3) Issues to be Addressed

Going forward, the Japanese economy is expected to remain severe due to the impact of COVID-19. In the petroleum industry, it is predicted that oversupply will continue due to the global demand decline caused by the impact of COVID-19. A downward trend in domestic demand for fuel oil is also expected to continue due to structural factors such as fuel conversion and depopulation.

Based on this challenging business environment, the Company will work to further reduce costs in each of its businesses to secure profitability in the existing businesses as well as expand the business portfolio targeting future growth in view of a long-term direction.

Basic policy ~ Oil & New Everything About Oil—And Beyond ~

"Oil": Increase the profitability of the petroleum business by, for example, complying with the IMO regulations and taking the lead in the supply of clean marine fuels.
➞ Strengthen financial condition based on earning power.

"New": Invest in wind power generation and other businesses that will lead the next growth stage.
➞ Contribute to the achievement of SDGs through business activities.

Secure profitability to enable reinvestment

- ✓ Firm a system of safe, stable operation in oil refining business
- ✓ Take action ahead of the IMO regulations
- ✓ ➞ Transform to bottomless refineries and increase profitable products*
  * Aim to raise the competitiveness of refineries that supply only relatively high added value petroleum products
- ✓ Strengthen the "Vehicle life" business
- ✓ Achieve synergy with petrochemical business
- ✓ Steadily recover the investment in the Hail Oil Field

Expand growth driver toward the future

- ✓ Strengthen petrochemical business and increase its product-line
- ✓ Early development of offshore wind power
- ✓ Explore new businesses for future growth in domestic and overseas market (Asia / Abu Dhabi)

Improve financial condition

- ✓ Increase shareholders' equity
- ✓ Strengthen cash management
- ✓ Careful selection of investments with an eye on long-term environment
  ➞ Early achievement of management goals

Strengthen Group management foundation

- ✓ Implement CSR management
  - Pursue the sustainability of society and the Group
  - Improve ESG key factors
  - ➞ Develop and implement the medium-term CSR management plan (FY2018 – FY2022)
- ✓ Increase productivity through work-style and operational innovation
  - Promote diversity
  - RPA (Robotic process automation), Thoroughly increased operation efficiency using AI

Oil exploration and production business

By utilizing the strong relationships of trust built through the stable offshore oil field production for half-century in the Emirate of Abu Dhabi as well as our self-operation strengths, we will continue stable production at our existing oil fields, reduce operating costs, and study new investments for the next stage.

Petroleum business (Petroleum refining business)

In the face of declining fuel demand and an expected increase in applications of IT, we will concentrate on profitable products, shift to the petrochemical business, and promote the incorporation of IT in our refineries. In response to the tightening of IMO Regulations, we will further bolster our refinery competitiveness by shifting production from high-sulfur heavy fuel oil C to profitable products. We also continue to supply fuel oil to Kygnus Sekiyu K.K. In addition, we will aim to bolster our competitiveness by using alliances with other companies, and create synergies with the petrochemical business.

Petroleum business (Petroleum sale and car life business)

We will secure business areas based on business model reforms corresponding to the changes in how people use automobiles, and ensure competitiveness together with the oil refining business. We will expand new businesses, including entry into car sharing business, enhancement of function to purchase cars at Cosmo service stations and retail sale of electricity, in light of the long-term business environment, while seeking to grow the car life business.

Petrochemical business

Although demand is expected to be sluggish due to the impact of COVID-19, international markets for petrochemical products are expected to continue to grow over the long-term based on the increase in the world's population. Amid these trends, we will shift from fuel oil to petrochemical materials. In addition, while utilizing our competitive advantage in ethylene and paraxylene production to the maximum extent possible, we will enjoy synergies between oil refining and petrochemicals (make use of unused distillates, etc.) and aim to grow a business of functional chemical products, such as resist, that are not vulnerable to changes in environment. Furthermore, by the end of 2020, Chiba Arkon Production Limited is scheduled to complete its hydrogenated polymer resin manufacturing facility, and we are also planning to introduce a polymer-grade (high-purity) propylene refining facility towards the completion in 2021 to further expand our business.

Renewable energy business

Amid the worldwide trend of decarbonization, we expect significant expansion of renewable energy in Japan as well. Centered on the wind power generation business, which has the top business operations in the oil industry, we will aim to aggressively expand the renewable energy business, in order to make the business a new pillar. As for onshore wind power generation business, we will steadily implement development projects including Chuki Wind Farm (Wakayama Prefecture) and aim to reach wind power generation output of 500,000 kW at an early stage. In addition, we will further promote the offshore wind power generation business for which the business environment is expected to become increasingly positive and investment opportunities are anticipated to expand, as we aim to be a leading company in this field in Japan. Specifically, the offshore wind power generation projects at Akita Port and Noshiro Port in Akita Prefecture, feasibility studies into the offshore wind power generation business of Yurihonjo City, Akita Prefecture, and the offshore wind power generation business of Aomori North-West are currently progressing.

In addition to these initiatives, aiming to expand our business domains, we will further strengthen our alliances with Mubadala Investment Company, CEPSA, and Hyundai Oilbank Co., Ltd.

Strengthening Group management foundation

We formulated a consolidated medium-term CSR management plan for activities that contribute to the sustainable development of both society and the Cosmo Energy Group and will promote activities based on the perspective of ESG throughout the supply chain, including the Group companies and business partners. Also, in addition to increasing productivity by promoting work style reform and pursuing diversity (firmly establish diverse working styles) through increased operation efficiency using AI (Artificial Intelligence) and RPA (Robotic Process Automation), we will continue to contribute to society by having each and every employee faithfully perform their work and meet society's expectations.

Cosmo Energy Group's mission is to fulfill the needs of our customers by safely and reliably providing high-quality products and services, as expressed in our declaration to our shareholders, customers, business partners, and all other stakeholders with a slogan, "Filling Up Your Hearts, Too." We will continue to fulfill our mission and create sustainable corporate value of the Group. We look forward to the continued support and guidance of our shareholders as we move ahead toward achieving these objectives.

(4) Production and Order Acceptance

Name of Business Segment	Production Volume	Changes from FY2018
	Millions of yen	%
Petroleum Business	966,513	-4.0
Oil Exploration and Production Business	23,179	3.4
Petrochemical Business	347,257	-11.3
Total	1,336,950	-5.9

(Notes) 1. Refinery fuel is not included.
2. Production volume includes portions consigned to other companies and excludes portions consigned from other companies.
3. Amount above does not include consumption taxes.
4. Amount above does not include production volume between segments.

Name of Business Segment	Amount of Orders	Changes from FY2018	Outstanding Orders	Changes from FY2018
	Millions of yen	%	Millions of yen	%
Other	12,681	-10.5	8,229	-26.7

(Note) Amount above does not include consumption taxes.

(5) Sales

Name of Business Segment	Sales Volume	Changes from FY2018
	Millions of yen	%
Petroleum Business	2,290,964	-0.1
Oil Exploration and Production Business	42,917	-4.9
Petrochemical Business	364,658	-9.9
Other	39,462	47.2
Total	2,738,003	-1.2

(Notes) 1. Amount above does not include consumption taxes.
2. Amount above does not include volume of sales between segments.

(6) Capital Investments

The Group spent a total of ¥87.9 billion on capital investments during the fiscal year under review, primarily in the following:

- Oil exploration and production business
  Acquisition of recoverable accounts under production sharing
  Construction of production facilities
- Petroleum business
  Construction of petroleum refining and shipping facilities
  New establishment and remodeling of service stations
- Petrochemical business
  Construction of production facilities
- Other
  New establishment of wind power generation facilities

(7) Financing Activities

The Company conducted no financing activities during the fiscal year under review by means of capital increase or bond issuance.

(8) Assets, Profit and Loss for Recent Four Fiscal Years

(Billions of yen)

Category	The 2nd Term FY2016	The 3rd Term FY2017	The 4th Term FY2018	The 5th Term FY2019
Net Sales	2,292.3	2,523.1	2,770.4	2,738.0
Ordinary Profit	81.4	116.9	96.7	16.3
Profit (loss) Attributable to Owners of Parent	53.2	72.8	53.1	-28.2
Net Income (loss) per Share (yen)	633.32	865.80	630.69	-334.84
Total Assets	1,525.7	1,688.3	1,702.3	1,639.8
Net Assets	272.8	356.1	401.9	362.8

(Notes)
1. Net income (loss) per share is calculated on the basis of average number of shares issued and outstanding during the year (excluding the average number of treasury shares held during the year and shares owned by the trust bank through the "Executive Remuneration Board Incentive Plan (BIP) Trust").
2. Please refer to "Section 1. Business Overview, (2) Review of Operations of the Group" for the operating results for the 5th Term.
3. The Company has implemented the adoption of "Partial Amendments of Standard for Tax Effect Accounting" (the Accounting Standard Board of Japan Statement No.28 on February 16, 2018) and relevant Guidances from the beginning of the 4th term, and the amount shown for total assets for the 3rd term reflects the amount after this standard, etc. has been applied retrospectively.

(9) Principal Offices and Plants (as of March 31, 2020)

1) The Company

Head Office	1-1-1, Shibaura, Minato-ku, Tokyo
Overseas Bases	Middle East (United Arab Emirates) / Doha (Qatar) / Beijing (China)

2) Major Subsidiaries and Affiliates

(Subsidiaries) **Cosmo Energy Exploration & Production Co., Ltd.**	(Head Office)	Minato-ku, Tokyo
COSMO OIL COMPANY, LIMITED	(Head Office) (Refineries) (Laboratories)	Minato-ku, Tokyo Chiba (Ichihara-shi) / Yokkaichi / Sakai Research & Development Center (Satte-shi)
COSMO OIL MARKETING COMPANY, LIMITED	(Head Office) (Branches)	Minato-ku, Tokyo East Japan (Sendai-shi) / Kanto (Chuo-ku, Tokyo) / Chubu (Nagoya-shi) / Kansai (Osaka-shi) / West Japan (Hiroshima-shi)
ABU DHABI OIL COMPANY LIMITED	(Head Office) (Mining Plant)	Minato-ku, Tokyo Abu Dhabi (United Arab Emirates)
Maruzen Petrochemical Company, Limited	(Head Office) (Plant) (Laboratories)	Chuo-ku, Tokyo Chiba (Ichihara-shi) / Yokkaichi Chiba (Ichihara-shi)
(Affiliates) **Hyundai Cosmo Petrochemical Co., Ltd.**	(Head Office and Plant)	Seosan (Korea)
Gyxis Corporation	(Head Office)	Minato-ku, Tokyo

(10) Major Subsidiaries and Affiliates (as of March 31, 2020)

1) Major Subsidiaries and Affiliates

Company Name	Paid-in Capital	Ratio of Voting Rights	Principal Business Lines
(Subsidiaries)	100 million yen	%	
Cosmo Energy Exploration & Production Co., Ltd..	1	100.0	Planning in the energy exploration and production business
COSMO OIL COMPANY, LIMITED	1	100.0	Imports and exports, refining, storage, and sales of crude oil and petroleum products, etc.
COSMO OIL MARKETING COMPANY, LIMITED	10	100.0	Sales of oil products, car leasing, etc.
ABU DHABI OIL COMPANY LIMITED	128	64.4	Development, production and sales of crude oil
Maruzen Petrochemical Company, Limited	100	52.7	Manufacture and sales of petrochemical products
(Affiliates) **Hyundai Cosmo Petrochemical Co., Ltd.**	KRW 632.2 billion	50.0	Manufacture and sales of petrochemical products
Gyxis Corporation	110	40.0	Manufacture, storage, transportation, purchase and sale, and export and import of LP gas

(Note) The Company's ratio of voting rights includes a portion of indirect holding via subsidiaries.

2) Review and Results of Business Combinations

(Review of Business Combinations)

- The Group consists of 34 consolidated subsidiaries (decrease of 1 from the previous year) and 29 companies under the equity method (unchanged from the previous year) including the major subsidiaries and affiliates as listed in 1) above.

(Results of Business Combinations)

Consolidated net sales for the fiscal year under review amounted to ¥2,738.0 billion, and loss attributable to owners of parent for the period was ¥28.2 billion.

3) Status of Other Significant Business Combinations

The Company has built a comprehensive and strategic cooperative relationship with Mubadala Investment Company and Infinity Alliance Limited, Mubadala Investment Company's wholly owned subsidiary (sub-subsidiary), invests in the Company.

(11) Employees (as of March 31, 2020)

1) Employees of Cosmo Energy Group

Name of Business Segment	Number of Employees (Persons)		Year-on-year Change (Persons)
Petroleum Business	4,448	(2,926)	33 (decreased)
Oil Exploration and Production Business	271	(62)	—
Petrochemical Business	1,178	(126)	14 (increased)
Other	949	(195)	77 (increased)
Total	6,846	(3,309)	58 (increased)

(Notes) 1. Number of employees indicates the number of employees in operation.
2. Number in parenthesis in the number of employees' column indicates the yearly average employment number of temporary employees.

2) Employees of the Company

Number of Employees (Persons)	Year-on-year Change (Persons)	Average Length of Service
162	7 (increased)	15 years 7 months

(Notes) 1. Seconded employees (445), temporary employees and part-timers are not included in the number of employees.
2. For the average length of service calculation, the length of service for COSMO OIL COMPANY, LIMITED is used.

(12) Principal Lenders (as of March 31, 2020)

(Billions of yen)

Lenders	Borrowed Amount
Mizuho Bank, Ltd.	104.2
MUFG Bank, Ltd.	79.9
Japan Oil, Gas and Metals National Corporation	50.9
Development Bank of Japan Inc.	35.9
Sumitomo Mitsui Banking Corporation	19.5

(Note) In addition to the above, there are borrowings via syndicated loans (¥160.6 billion in total).

(13) Other Significant Matters concerning Current Status of the Group

None.

2. Share Information (as of March 31, 2020)

(1) Total Number of Shares Authorized to be Issued: 170,000,000 shares

(2) Total Number of Shares Issued and Outstanding: 84,770,508 shares

(of which, number of treasury shares: 3,289 shares)

(3) Number of Shareholders: 23,823

(4) Major Shareholders (Top 10)

Name of Shareholders	Number of Shares Held (thousands)	Investment Ratio (%)
Infinity Alliance Limited	17,600	20.76
Japan Trustee Services Bank, Ltd. (Trust Account)	5,367	6.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,622	4.27
Mizuho Bank, Ltd.	2,522	2.97
The Kansai Electric Power Co., Inc.	1,860	2.19
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,648	1.94
Aioi Nissay Dowa Insurance Co., Ltd.	1,580	1.86
MUFG Bank, Ltd.	1,580	1.86
Cosmo Energy Holdings Client Stock Ownership	1,474	1.73
Sompo Japan Nipponkoa Insurance Inc.	1,342	1.58

(Note) Investment ratio is calculated by excluding the number of treasury shares. The treasury shares do not include those shares owned by the trust bank through the "Executive Remuneration Board Incentive Plan (BIP) Trust."

3. Share Acquisition Rights

Status for Share Acquisition Rights

Share Acquisition Rights to be attached to Zero Coupon Convertible Bonds due 2022 (bonds with share acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) issued based on the resolution of the Board of Directors held on November 19, 2018

Number of share acquisition rights to be attached to the bonds	6,000
Class and quantity of the shares to be acquired upon exercise of the share acquisition right	Common shares Dividing the aggregate principal amount of the bonds deposited at the same time upon exercise of the share acquisition rights by the conversion price
Amount to be paid in for share acquisition rights	No money shall be required to be paid in exchange for the share acquisition rights.
Types and amount of the asset to be contributed upon exercise of the share acquisition right	Bonds in respect of the relevant share acquisition rights shall be contributed upon exercise of each share acquisition right, and the price of the relevant bonds shall be equal to the principal amount of the bonds. The conversion price shall be ¥3,847.
Exercise period of the share acquisition rights	From December 19, 2018 to November 21, 2022 (at the local time of the place where the share acquisition right is to be exercised)
Conditions to the exercise of the share acquisition right	No share acquisition right may be exercised in part only.

(Notes) The conversion price was adjusted from ¥3,847 to ¥3,798.8 on April 1, 2019.

4. Executives of the Company

(1) Directors (as of March 31, 2020)

Position	Name	Responsibilities	Significant Concurrent Positions
Chairman, Representative Director	Keizo Morikawa		
President, Representative Director, Chief Executive Officer	Hiroshi Kiriyama		
Director, Senior Executive Officer	Masayoshi Noji	Responsible for Business Development Dept., Business Portfolio Management Dept., CSR Management Dept., and Legal and General Affairs Dept.	
Director, Senior Executive Officer	Yasuhiro Suzuki	Responsible for Corporate Planning Dept., Human Resource Dept., and IT System Dept.	
Director, Senior Executive Officer	Takayuki Uematsu	Responsible for Corporate Communication Dept., Accounting Dept., and Finance Dept.	
Director	Musabbeh Al Kaabi		CEO, Petroleum & Petrochemicals, Mubadala Investment Company
Director	Khalifa Al Suwaidi		Executive Director, Refining & Petrochemicals, Mubadala Investment Company
Director (Member of the Supervisory Committee) **Independent Director**	Sakae Kanno		
Director (Member of the Supervisory Committee) **Independent Director**	Yasuko Takayama		Outside Director, The Chiba Bank, Ltd. Outside Audit & Supervisory Board Member, Mitsubishi Corporation Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation
Director (Full-time member of the Supervisory Committee)	Kenichi Taki		Outside Director (Audit and Supervisory Committee Member), KYOEI TANKER CO., LTD.

(Notes) 1. Directors Musabbeh Al Kaabi, Khalifa Al Suwaidi, Sakae Kanno and Yasuko Takayama are Outside Directors.
2. The Company has notified Directors (Members of the Supervisory Committee) Sakae Kanno and Yasuko Takayama as Independent Directors to the Tokyo Stock Exchange.
3. Yasuko Takayama assumed office as Director (Member of the Supervisory Committee) after being newly elected on June 20, 2019.

4. Musabbeh Al Kaabi served for Abu Dhabi National Oil Company (ADNOC) and ADNOC is the Company's specified related operator.
5. Musabbeh Al Kaabi and Khalifa Al Suwaidi serve as executing persons of Mubadala Investment Company. Also, said company is the parent company of one of the Company's major shareholders.
6. Director Kenichi Taki is a Full-time member of the Supervisory Committee. The reason for electing a Full-time member of the Supervisory Committee, was so that a person thoroughly familiar with circumstances within the Company could increase the effectiveness of the Supervisory Committee by attending important meetings, gathering information daily, listening to periodic business reports from the Business Execution Department, and by sharing with all Members of the Supervisory Committee the information gained through mutual and close coordination with the Internal Audit Department, etc.
7. Director Kenichi Taki has taken charge of operations in the accounting and finance department for many years and he possesses a suitable level of knowledge regarding finance and accounting.
8. Executive Officers

Position	Name	Responsibilities
Senior Executive Officer	Hiroshi Matsushita	General Manager, Human Resource Dept.
Executive Officer	Shigeru Yamada	General Manager, Corporate Planning Dept.
Executive Officer	Satoshi Sakuraba	General Manger, Legal and General Affairs Dept.

(2) Outline of the Terms and Conditions of Agreements for Limitation of Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Musabbeh Al Kaabi, Khalifa Al Suwaidi, Sakae Kanno and Yasuko Takayama to limit the liability for damages under Article 423, Paragraph 1 of the said act.

The limitation of the liability for damages under the relevant agreement is the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.

(3) Amount of Remuneration to Directors

Category	Number of Persons Remunerated	Amount of Remuneration
		Millions of yen
Directors (Excluding Members of the Supervisory Committee) (of which, Outside Directors)	7 (2)	401 (28)
Directors (Members of the Supervisory Committee) (of which, Outside Directors)	4 (3)	76 (38)
Total	11	477

(Notes) 1. Of the remuneration shown above, the amount of remuneration to Directors (excluding Members of the Supervisory Committee) includes yearly incentive remuneration (bonuses) and expenses relating to long-term incentive remuneration (stock remuneration) for the fiscal year under review.

2. The remuneration shown above includes remuneration during the tenure of one Outside Director (Member of the Supervisory Committee) who retired upon the conclusion of the 4th Ordinary General Meeting of Shareholders held on June 20, 2019.

(4) Outside Directors

Major Activities in the Fiscal Year

Title	Name	Record of Attendance		Status of Expression of Opinions
		Board of Directors Meeting	Supervisory Committee Meeting	
Outside Director	Musabbeh Al Kaabi	6 out of 8 times	—	Provided much advice regarding investment in general from his international perspective of the energy industry.
Outside Director	Khalifa Al Suwaidi	8 out of 8 times	—	Provided valuable advice from his international perspective of the energy industry.
Outside Director (Member of the Supervisory Committee)	Sakae Kanno	8 out of 8 times	14 out of 14 times	Provided advice based on his extensive experience and expertise concerning company management from a broad viewpoint unbound by the industry the Company belongs to.
Outside Director (Member of the Supervisory Committee)	Yasuko Takayama	7 out of 7 times	10 out of 10 times	Provided advice utilizing her expertise concerning governance based on her experience as a Full-time Audit & Supervisory Board Member as well as outside director and outside audit & supervisory board member of various companies.

5. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of Remuneration, etc., pertaining to the Fiscal Year Under Review to Accounting Auditor

(Millions of Yen)

	Amount of Remuneration
Amount of Remuneration, etc., to be Paid to the Accounting Auditor pertaining to the Fiscal Year Under Review	152
Amount of Moneys and Other Property Benefits to be Paid to the Accounting Auditor by the Company and Its Subsidiaries	419

(Notes)
1. The audit agreement entered into by the Company and the Accounting Auditor does not clearly distinguish the amount of remuneration, etc. for audit under the Companies Act and that for audit under the Financial Instruments and Exchange Act, and those cannot be substantially distinguished from each other. Therefore, the aforementioned amount of remuneration, etc. to be paid to the Accounting Auditor pertaining to the current fiscal year indicates the total amount of these.
2. The Supervisory Committee consented to the amount of remuneration, etc., to the Accounting Auditor after fully examining the details explained by the Accounting Auditor including the length of the audit period and personnel arrangement of the accounting audit plan for the current fiscal year, review and assessment of the audit results for the previous year, reasonableness of the status of audit by the Accounting Auditor and the basis for calculating the estimate used as an assumption for such remuneration.
3. Our subsidiaries COSMO OIL INTERNATIONAL PTE. LTD. undergo audits by audit corporations other than the Account Auditor of the Company.

(3) Non-audit Services

Remuneration for its advisory work about the implementation of a standard for revenue recognition has been paid to KPMG AZSA LLC.

(4) Guidelines for Decisions on Dismissal or Non-reappointment of Accounting Auditor

The Supervisory Committee will decide on dismissal or non-reappointment of the Accounting Auditor after comprehensively considering the independence, reliability and status of performance of duties of the Accounting Auditor as prescribed in laws and regulations or standards. The Supervisory Committee will decide on details of proposals related to the dismissal or non-reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders, if it deems it necessary to do so, such as in cases in which performance of duties by the Accounting Auditor is hindered.

Also, the Supervisory Committee will dismiss the Accounting Auditor if it judges that any of the items stipulated in Article 340, Paragraph 1 of the Companies Act is applicable to the Accounting Auditor, based on the consent of all members of the Supervisory Committee. In this case, a member of the Supervisory Committee appointed by the Supervisory Committee will report the fact of dismissal and the reasons thereof at the first General Meeting of Shareholders convened after the dismissal.

6. Basic Policies on Internal Control Systems

(1) Basic Policies on Internal Control Systems (As of March 31, 2020)

In order to put into practice the Cosmo Energy Group Vision and code of conduct, and to execute duties appropriately and efficiently, the following basic policies on internal control systems have been established, by the resolution of the Board of Directors, with respect to the preparation of a system for execution of duties by Directors and employees, etc. of the Company and its group companies, system for risk management and internal auditing to support it, and a system to ensure effective auditing by the members of the Supervisory Committee.

Group companies constitute the group of enterprises consisting of the Company and a group of subsidiaries represented by its core business companies (COSMO OIL COMPANY, LIMITED, COSMO OIL MARKETING COMPANY, LIMITED, and Cosmo Energy Exploration & Production Co., Ltd.) and semi-core business company (Maruzen Petrochemical Company, Limited).

1) System to Ensure that Execution of Duties by Directors and Employees of the Company and its group companies is in Compliance with Laws and Regulations, and Articles of Incorporation (Article 399-13, Paragraph 1, Item 1, c of the Companies Act, Article 110-4, Paragraph 2, Item 4 and Item 5, d of the Ordinance for Enforcement of the Companies Act)

<Group Vision and Code of Conduct>

- The Company will formulate the "Cosmo Energy Group Vision" based on the mission as a company and responsibilities the Company assumes to society, and will establish the "Cosmo Energy Group Code of Conduct" as a specific guideline to promote and achieve this Vision.

<Corporate Governance>

- The Company is a company with a supervisory committee and will strengthen the management oversight function of the Board of Directors and ensure transparency and fairness of management judgment by appointing several Outside Directors. The Board of Directors will determine important matters in accordance with laws and regulations, the Articles of Incorporation, the resolution thereof and internal rules, and oversee the execution of duties of Directors.
- The Company is a holding company, and its structure consists of three core business companies and semi-core business company. To quickly conduct business execution in response to any change in the business environment, the Company will delegate authority and responsibilities to the core business companies and semi-core business company, and facilitate speedy decision-making on important management matters such as development of growing businesses and nurturing of a safety-oriented workplace culture.
- The Company, in order to promote sound business activities of the Company and the group companies, will establish, as organizations to supervise overall CSR activities and internal control, the Corporate Ethics & Human Rights Committee, the Safety and Risk Management Committee, the Environmental and Social Initiatives Committee and the Information Disclosure Committee, with each Director in charge as its chair, and matters discussed and reported at each Committee will be reported to the Board of Directors.

<Separation of Execution of Duties and Supervision>

- The Company will introduce an Executive Officer System, for separation of execution of duties and supervision, and for enhancement of the supervisory function of the Board of Directors.

<Enhancement of Internal Audit>

- The Company will establish a rule for a system to ensure effective implementation of internal audits, and implement audits that possess high level of expertise and sense of ethics by the Internal Auditing Office.

<Compliance>

- The Company will provide the Cosmo Energy Group Corporate Ethics Consultation Helpline (a corporate ethics helpline) both inside and outside the Company that enables its employees to report a legal violation or a violation of internal rules, etc., by the Company or the group companies and any matter concerning corporate ethics to thoroughly carry out legal compliance and foster and heighten ethical standards.
- The Company will place a CSR Promotion Officer (president of group company) at each group company and hold a CSR Promotion Liaison Meeting to promote initiatives of the Company and the group companies for corporate ethics.

<Stance Against Anti-Social Forces>

- The Company and the group companies will never have any relationship with anti-social forces or groups that are a menace to social order and safety, and will not give favors of any sort.

2) Rules and Other Systems concerning Management of Risk of Loss in the Company and its group companies (Article 110-4, Paragraph 2, Item 2 and Item 5, b of the Ordinance for Enforcement of the Companies Act)

- The Company will determine basic matters with regard to risk management such as crisis management (establishment of Risk Management Rules and Crisis Management Rules), and through the Safety and Risk Management Committee, it will conduct assessment and reexamination of various risks facing the business activities and take proper measures.
- The Board of Directors will oversee whether measures for major risks and crisis control that are reported by the Safety and Risk Management Committee are effectively implemented.
- The Company and the group companies will take prompt and proper measures such as establishing crisis control headquarters, etc., at times of crisis and provide information outside the Company on a timely and appropriate manner while minimizing damage.

3) Systems to Ensure Efficient Execution of Duties by Directors of the Company and its group companies (Article 110-4, Paragraph 2, Item 3 and Item 5, c of the Ordinance for Enforcement of the Companies Act)

- The Company will hold a meeting of the Board of Directors in accordance with the Board of Directors Meeting Rules or as required when any important matter comes up, and determine matters stipulated by laws and regulations and the Articles of Incorporation and other important matters concerning management such as management policy.
- The Company will hold a meeting of the Executive Officers' Committee in accordance with the Executive Officers' Committee Rules or as required when any important matter comes up. The Executive Officers' Committee is a decision-making organization that discusses the basic policy and important matters for business execution based on the management policy determined by the Board of Directors.
- The Company will ensure effective execution of duties in response to a change in the management environment by establishing a system for sharing responsibilities for business execution based on the Rules for Duties that stipulate the organizational body, office organization, reporting line and segregation of duties as well as the Rules for Job Authorization that stipulate basic matters concerning management of the decision-making system.
- The Company will formulate a management plan and clarify objectives to be achieved given the management policy of the Company and the group companies while determining an annual plan based on such plan and implement performance management of the Company and the group companies.
- The Company shall require the group companies to build a system necessary for efficient execution of duties of Directors, etc., in reference to the Company's system or based on organizations of the group companies.

4) System with regard to Information Retention and Management pertaining to Execution of Duties by Directors (Article 110-4, Paragraph 2, Item 1 of the Ordinance for Enforcement of the Companies Act)

- In accordance with the internal rules with respect to information management, such as Board of Directors Meeting Rules and Information Management Rules, etc., the Company shall properly retain and manage information pertaining to execution of duties by Directors.
- The Company will build an information security system for proper information use and management.

5) System to Report Matters concerning Execution of Duties of Directors, etc. of the Group Companies to the Company (Article 110-4, Paragraph 2, Item 5, a of the Ordinance for Enforcement of the Companies Act)

- The Company shall regularly hold a meeting with the group companies concerning overall management thereof to share important information, and shall approve or receive a report on the execution of important businesses of the group companies based on their regulations for management.

- The Company will require the group companies to report the progress of various measures, and improve or review such measures based on the consolidated medium-term CSR management plan (action plans set by the Corporate Ethics & Human Rights Committee, the Safety and Risk Management Committee, the Environmental and Social Initiatives Committee and the Information Disclosure Committee) the Company establishes.

6) Matters concerning Employees Assisting the Duties of Supervisory Committee, Matters concerning Independence of Employees from Directors Other Than Members of Supervisory Committee and Matters concerning Securing of Effectiveness of Orders to the Relevant Employees (Article 110-4, Paragraph 1, Item 1, Item 2 and Item 3 of the Ordinance for Enforcement of the Companies Act)

- The Company will place dedicated staff who assist the duties of Supervisory Committee and support execution thereof.
- The Company shall obtain approval from Supervisory Committee concerning selection, transfer and change of treatment of employees assisting the duties of such Committee.
- The authority to give instructions and commands to employees assisting the duties of members of the Supervisory Committee will be held by the Supervisory Committee.

7) Systems for Reporting to the Supervisory Committee (Article 110-4, Paragraph 1, Item 4 of the Ordinance for Enforcement of the Companies Act)

- Directors and employees of the Company and its group companies shall report to the Supervisory Committee on statutory matters and (1) material matters that affect the management and results of the Company and its group companies, (2) overview of activities of Internal Auditing Office, Corporate Auditors and Audit Offices of the group companies, (3) overview of activities with respect to internal controls of the Company and its group companies, and (4) status of operation at the Cosmo Energy Group Corporate Ethics Help Line.
- When there is a report to the Cosmo Energy Group Corporate Ethics Helpline, it shall be reported to Supervisory Committee without delay.
- The Directors and employees, etc. of the Company and the group companies will respond swiftly and appropriately when they are requested by the Supervisory Committee to report on a matter regarding business execution or other important matter.

8) System for Ensuring a Person Reporting to the Supervisory Committee Does Not Receive Unfair Treatment Due to Making that Report (Article 110-4, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Companies Act)

- The Company prescribes the rule and will respond appropriately to ensure unfair treatment is not given to any Director or an employee, etc. of the Company and the group companies, due to the making of a report to the Supervisory Committee.

9) Procedures for Advanced Payment or Reimbursement of Costs, and Policies for Treatment of Other Costs or Obligations Incurred through the Performance of Duties by Members of the Supervisory Committee (Article 110-4, Paragraph 1, Item 6 of the Ordinance for Enforcement of the Companies Act)

- Costs recognized as necessary for the performance of duties by members of the Supervisory Committee will be budgeted and when there is a claim for such payment in advance, a swift response will be given to such claims except in the cases when such claims are inappropriate.
- Costs for the expenses of emergencies or extraordinary events related to the Supervisory Committee will be met by responding to a subsequent claim for reimbursement.

10) System for Ensuring Audits of the Supervisory Committee are Performed Effectively (Article 110-4, Paragraph 1, Item 7 of the Ordinance for Enforcement of the Companies Act)

- The Audit Standard and Audit Implementation Plan decided by the Supervisory Committee will be respected and cooperation will be given to ensure a smooth execution of audit and preparation of audit environment.

- Meetings among the members of the Supervisory Committee, the President, primary departments and office managers, and Audit & Supervisory Board Members of the group companies will be held on regular basis to prepare systems to ensure audit effectiveness.
- Sufficient collaboration among the Internal Auditing Office, the Accounting Auditor, and the Supervisory Committee shall be promoted.

(2) Outline of the Status of Operation of the Basic Policies on Internal Control Systems

In order to put into practice the Group Vision and code of conduct of the Cosmo Energy Group, and to execute duties appropriately and efficiently, an auditing system has been established and put into operation based on the basic policies on internal control systems, with respect to the execution of duties by Directors and employees, etc. of the Company and its group companies, risk management and internal auditing, and the Supervisory Committee. Furthermore, the Company has established, as organizations to supervise internal control, four Committees, with the officer in charge of the CSR Management Dept. as its chair, and performance and assessment of activities of the consolidated medium-term CSR management plan took place, and significant matters were discussed at Executive Officers' Committee, which were reported to the Board of Directors. In the fiscal year under review, the Internal Control Committee, which supervise each Committee overall, summarized significant matters in each Committee, and reported them to the Executive Officers' Committee and the Board of Directors (on May 9 and November 7). Moreover, control was implemented in all of the Group companies through the sharing of these details with the Group companies at the Cosmo Energy Group CSR Promotion Liaison Meeting.

	Corporate Ethics and Human Rights Committee	Safety and Risk Management Committee	Environmental and Social Initiatives Committee	Information Disclosure Committee
Roles	Promote the execution of activities with corporate ethics in mind, and initiatives for human rights	Work to ensure safety and reduce future risk in business activities	Work to harmonize society and the environment through the execution of environmental conservation activities that minimize the burden on the environment arising from business activities, and activities that contribute to society	Increase corporate value that strives for control regarding the proper disclosure of voluntary information related to ES, and transparency

	Corporate Ethics and Human Rights Committee	Safety and Risk Management Committee	Environmental and Social Initiatives Committee	Information Disclosure Committee
Issues	Compliance CSR procurement Occupational safety & health management Diversity Human resources development	Safe operations and stable supply (Prevent the occurrence of work-related accidents and serious accidents) Quality assurance Customer satisfaction Risk management	Reduction of greenhouse gas emissions Reduction of environmental pollutants Actions to recycle resources Customer satisfaction (expand the Cosmo Oil Eco Card Fund)	Information disclosure Overview of ESG Investment, Rating Agency, and Survey Assessment Results in FY2019 Creation of the Cosmo Report 2020 (Integrated Report)
Number of times held	2	2	2	1

The outline of the status of operation in the fiscal year under review is as follows:

1) Status of Operation of System to Ensure Appropriateness of Businesses

- From the perspective of strengthening corporate governance, the Company has adopted the governance framework of a company with a supervisory committee to improve the effectiveness of audit and oversight by audit conducted by members of the Supervisory Committee who hold voting rights of the Board of Directors.
- The Company held eight meetings of the Board of Directors and 19 meetings of the Executive Officers' Committee in accordance with internal rules. The Board of Directors discussed and determined the basic policy and important matters concerning business management of the Group in addition to matters stipulated by laws and regulations and the Articles of Incorporation while the Executive Officers' Committee discussed and determined the basic policy and important matters concerning business execution.
- In an aim to foster ethical standards widely across the Group, the Company provided individual training by corporate ethics e-learning to all Cosmo Energy Group employees and deepened the understanding toward the Code of Conduct. The Company continually implemented consistent contents throughout the year, including issuing an e-mail based magazine, conducting a CSR status survey, appropriately managing working time, and creating a workplace that respects diversity, and raised the level of awareness of corporate ethics and human rights among employees. The Company also provided the Cosmo Energy Group Corporate Ethics Consultation Helpline (a corporate ethics helpline) both inside and outside the Company (at law firm) as a system to consult or report under anonymity any legal or ethical issue encountered during business operation, and the Harassment Consultation Helpline was established outside the Group for the purpose of preventing mental health disorders and resolving issues in workplace quickly through effects such as a sense of sympathy and security gained by counseling provided by outside specialists. The Corporate Ethics & Human Rights Committee was debriefed on the status of these activities including the consideration of preventive measures related to consultations done through the Corporate Ethics Helpline.

2) Status of Operation concerning Management of the Risk of Loss

Being strongly committed to the stable supply of energy, the Group advocates "strengthening corporate governance structure" as materiality with respect to risk under the consolidated medium-term CSR management plan (FY2018-FY2022). We have intentionally incorporated "risk management" as priority issues, and set targets and KPIs to enhance the governance structure. The Safety and Risk Management Committee promoted group-wide risk and safety management activities including discussions on risks and safety policies relevant to the entire Group, and checking of progress of risk prevention initiatives and safety activities. The Committee implemented initiatives to enhance risk management of the entire Group by checking the progress of measures for FY2019 "Priority Risks" that identifies cross-group risks and defines matters to be dealt with preferentially, and by carrying out BCP drills at the Provisional Crisis Response Headquarters to cope with the Tokyo Inland Earthquake and major earthquakes. During the fiscal year under review, two ordinary committee meetings were held, and the safety management activities of Group companies were confirmed and improved.

3) Status of Operation concerning System for Ensuring Audits of the Supervisory Committee are Performed Effectively

- To ensure the Supervisory Committee's performance of their duties is effective, in addition to members of the Supervisory Committee attending important meetings of the Executive Officers' Committee and the Group Strategy Committee, etc., and coordination with Audit & Supervisory Board Members of each company of the Group, we carried out coordination between the Internal Audit Department and the Accounting Auditor.
- Furthermore, to ensure the Supervisory Committee's audits are carried out in an effective manner, we assigned appropriate assistant employees in accordance with the basic policies for Internal Control Systems. In addition, we provided necessary and adequate information to the Supervisory Committee such as the documents for resolution, minutes, and documents to be approved from the meetings, etc., that members of the Supervisory Committee do not attend.

4) Status of Operation concerning Business Management of the Group Companies

The Group, for the purpose of ensuring proper group governance based on the holding company structure, developed internal rules such as the Rules for Management of Subsidiaries and Affiliated Companies and the Rules for Job Authorization that stipulate matters concerning the oversight authority of the Company and the Group. Accordingly, the Company and the group companies discussed and approved important management matters of the respective affiliated companies, and were briefed on its results as appropriate.

Consolidated Balance Sheet

Fiscal Year 2019 (As of March 31, 2020)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	**1,639,765**	**Liabilities**	**1,276,925**
Current assets	**572,619**	**Current liabilities**	**706,080**
Cash and deposits	52,992	Notes and accounts payable - trade	233,520
Notes and accounts receivable - trade	214,719	Short-term loans payable	135,026
Merchandise and finished goods	145,573	Current portion of bonds	26,000
Work in process	380	Commercial papers	86,000
Raw materials and supplies	88,312	Accounts payable - other	106,475
Accounts receivable - other	42,342	Accrued volatile oil and other petroleum taxes	82,147
Other	28,422	Income taxes payable	7,540
Allowance for doubtful accounts	-124	Accrued expenses	3,835
Non-current assets	**1,066,895**	Provision for bonuses	6,064
Property, plant and equipment	**853,663**	Provision for directors' bonuses	362
Buildings and structures, net	245,682	Other	19,107
Oil storage depots, net	34,955	**Non-current liabilities**	**570,845**
Machinery, equipment and vehicles, net	195,478	Bonds payable	20,700
Land	316,908	Convertible bond-type bonds with share acquisition rights	60,000
Leased assets, net	698	Long-term loans payable	353,583
Construction in progress	51,115	Deferred tax liabilities	32,926
Other, net	8,825	Deferred tax liabilities for land revaluation	5,131
Intangible assets	**41,991**	Provision for special repairs	29,220
Software	5,954	Provision for business structure improvement	552
Other	36,037	Provision for environmental measures	853
Investments and other assets	**171,239**	Net defined benefit liability	7,400
Investment securities	119,071	Provision for executive remuneration BIP trust	253
Long-term loans receivable	1,085	Asset retirement obligations	22,632
Long-term prepaid expenses	4,312	Other	37,591
Net defined benefit asset	2,236	**Net assets**	**362,839**
Cost recovery under production sharing	12,988	**Shareholders' equity**	**254,217**
Deferred tax assets	23,603	**Capital stock**	**40,000**
Other	8,407	**Capital surplus**	**82,843**
Allowance for doubtful accounts	-464	**Retained earnings**	**132,755**
Deferred assets	**250**	**Treasury shares**	**-1,382**
Bond issuance cost	250	**Accumulated other comprehensive income**	**-14,425**
		Valuation difference on available-for-sale securities	**2,424**
		Deferred gains or losses on hedges	**373**
		Revaluation reserve for land	**-21,020**
		Foreign currency translation adjustment	**5,778**
		Remeasurements of defined benefit plans	**-1,981**
		Non-controlling interests	**123,047**
Total assets	**1,639,765**	**Total liabilities and net assets**	**1,639,765**

Consolidated Statements of Income

Fiscal Year 2019(From April 1, 2019 to March 31, 2020)

(Unit: million yen)

Item	Amount	
Ⅰ Net sales		**2,738,003**
Ⅱ Cost of sales		**2,586,244**
Gross profit		**151,758**
Ⅲ Selling, general and administrative expenses		**137,865**
Operating profit		**13,893**
Ⅳ Non-operating income		
Interest income	802	
Dividend income	789	
Rent income on non-current assets	1,179	
Share of profit of entities accounted for using equity method	5,391	
Foreign exchange gains	3,215	
Other	3,564	14,943
Ⅴ Non-operating expenses		
Interest expenses	9,252	
Other	3,298	12,551
Ordinary profit		**16,285**
Ⅵ Extraordinary income		
Gain on sales of non-current assets	669	
Gain on sales of investment securities	399	
Subsidy income	2,759	
Compensation income	7,948	
Insurance income	1,517	
Other	68	13,362
Ⅶ Extraordinary losses		
Loss on sales of non-current assets	6	
Loss on disposal of non-current assets	8,495	
Impairment loss	3,914	
Loss on valuation of investment securities	1,572	
Settlement package	600	
Other	1,145	15,734
Profit before income taxes		**13,913**
Income taxes - current	34,108	
Income taxes - deferred	816	34,925
Loss		**21,012**
Profit attributable to non-controlling interests		7,143
Loss attributable to owners of parent		**28,155**

Consolidated Statements of Changes in Equity

Fiscal Year 2019 (from April 1, 2019 to March 31, 2020)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2019	40,000	82,963	167,574	-758	289,779
Changes of items during the period					
Dividends of surplus			-6,781		-6,781
Loss attributable to owners of parent			-28,155		-28,155
Purchase of treasury shares				-623	-623
Reversal of revaluation reserve for land			118		118
Purchase of shares of consolidated subsidiaries		-119			-119
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	-119	-34,818	-623	-35,561
Balance at March 31, 2020	40,000	82,843	132,755	-1,382	254,217

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2019	4,121	99	-20,911	7,236	739	-8,713	120,785	401,850
Changes of items during the period								
Dividends of surplus								-6,781
Loss attributable to owners of parent								-28,155
Purchase of treasury shares								-623
Reversal of revaluation reserve for land			-118			-118		—
Purchase of shares of consolidated subsidiaries								-119
Net changes of items other than shareholders' equity	-1,696	273	9	-1,457	-2,721	-5,592	2,261	-3,330
Total changes of items during the period	-1,696	273	-109	-1,457	-2,721	-5,711	2,261	-39,010
Balance at March 31, 2020	2,424	373	-21,020	5,778	-1,981	-14,425	123,047	362,839

Notes to Consolidated Financial Statements

In the consolidated balance sheet, consolidated statements of income and consolidated statements of changes in equity of Cosmo Energy Holdings Co., Ltd. (the "Company") represented in the million yen unit, figures less than 1 million yen are rounded down.

(Notes concerning Important Items that Provide the Basic Information for the Development of the Consolidated Financial Statements)

1. Items concerning the Scope of Consolidation for Reporting

(1) Number of Consolidated Subsidiaries: 34

Name of major consolidated subsidiaries: Cosmo Energy Exploration & Production Co., Ltd.
Cosmo Oil Co., Ltd.
Cosmo Oil Marketing Co., Ltd.
Abu Dhabi Oil Co., Ltd.
Maruzen Petrochemical Co., Ltd.

Cosmo Oil (U.K.) Limited., which was a consolidated subsidiary in FY2018, was excluded from the scope of consolidation due to the completion of liquidation at FY2019.

(2) Name of major non-consolidated subsidiaries: Osadano Gas Center Co., Ltd.

Reason for exclusion from accounting consolidation:

19 subsidiaries of the Company were excluded from its consolidated subsidiaries because they are small businesses and their respective total assets, net sales, and profit/loss attributable to owners of parent and retained earnings (both amounts equivalent to what is accounted for under the equity method) have no material impact on the consolidated financial statements of the Company.

2. Items concerning the Application of the Equity Method

(1) Number of Non-consolidated Subsidiaries Accounted for Using the Equity Method: 19

Name of major subsidiaries: Osadano Gas Center Co., Ltd.

(2) Number of Associated Companies Accounted for Using the Equity Method: 10

Name of major associated companies: United Petroleum Development Co., Ltd., GYXIS CORPORATION, Kygnus Sekiyu K.K.

(3) Major Business Entities of Associated Companies Not Accounted for Using the Equity Method:

Ogishima Oil Terminal Co., Ltd., Kasumi Sanbashi Kanri Co., Ltd.

Reasons for Exclusion from the Application of the Equity Method:

The equity method does not apply to the above associates because their profit/loss and retained earnings (both amounts equivalent to what is accounted for under the equity method) have little impact on the consolidated financial statements of the Company on an individual basis, nor have any material impact on them on an aggregate basis.

(4) Special Remarks Necessary to Make concerning the Procedures of the Application of the Equity Method:

As for the subsidiaries and associates which are subject to the application of the equity method and which have different accounting periods from that of the Company, such business entities' financial statements for their accounting periods are used for reporting herein.

3. Items concerning the Accounting Periods of the Consolidated Subsidiaries

Of the 34 consolidated subsidiaries, Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., Cosmo Oil International Pte. Ltd., and Cosmo Oil Europe B.V. adopt a fiscal year ending December 31, and Akita Wind Power Laboratory Co., Ltd. adopts a fiscal year ending the end of February, respectively.

The consolidated financial statements herein have been developed by using their financial reports as of December 31, 2019 or February 29, 2020, and any material transactions arising between end of their fiscal year and consolidated fiscal year, the date for the consolidated settlement of accounts for the Company, are reflected on the consolidated financial statements herein by making necessary adjustments.

4. Items concerning the Accounting Policies

(1) Significant Asset Valuation Standards and Methods

1) Securities:

a. Securities held to maturity: Stated at amortized cost method

b. Other securities:

- Securities available for sale with fair market value:

Stated at fair value based on market values applicable on the date of consolidated settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method)

- Securities with no available fair market value:

Stated at cost determined by the moving average method

2) Inventories: Principally stated at cost determined by the weighted average method (however, the amounts of inventories stated in the balance sheet were computed by using the method that book values are reduced to reflect declines in profitability)

3) Derivative financial instruments: Stated at fair value

(2) Significant Depreciable Assets and Depreciation Methods

1) Property, Plant and Equipment (except leased assets):

The straight line method is mainly adopted to calculate depreciation expenses for these asset items. The number of years of their useful lives and their residual value is calculated based on the criteria defined under the Corporation Tax Law of Japan. However, the number of years of useful lives of the machinery and equipment, structures and Oil storage depots, of the property, plant and equipment owned by Cosmo Oil Co., Ltd., a consolidated subsidiary of the Company, is calculated based on the number of years of their economic useful lives, which better reflect their use status respectively and the economic useful life of 15 years is adopted for the Cosmo Oil Property Service Corporation's service stations by taking their actual past performances into consideration. As for Abu Dhabi Oil Co., Ltd., a consolidated subsidiary of the Company, adopts the number of years for useful life as defined in the concession agreements and economic useful life by taking into account the durability and other conditions of the assets currently owned. As for Cosmo Eco Power Co., Ltd., a consolidated subsidiary of the Company, and its subsidiaries, an economic useful life of 20 years is mainly adopted for the windmills operated by them.

2) Intangible Assets (except leased assets):

The straight line method is mainly adopted to calculate depreciation expenses for these asset items. The number of years of their useful lives is calculated based on the criteria defined under the Corporate Income Tax Law of Japan, providing that amortization expenses for the software used by the Company is calculated on the straight line method over the period of its availability in-house (5 years).

3) Leased Assets:

Leased assets involving finance lease transactions under which the ownership of the leased assets is transferred to lessees:

The method to calculate depreciation expenses for such assets is the same as that applied to non-current assets owned by the Company.

Leased assets involving finance lease transactions under which the ownership of the leased assets is not transferred to lessees:

The method to calculate depreciation for such assets is the straight line method with their residual values being zero over their leased periods used as the number of years for useful life.

Out of finance lease transactions other than those under which the ownership of the leased assets is considered to be transferred to lessees, such transactions, of which the lease term each commenced before the initial year of the application of the ASBJ Statement No. 13"Accounting Standards for Lease Transactions", are continuously accounted for in conformity with the accounting process applicable to operating lease transactions.

4) Long-term Prepaid Expenses:

The equal installment method is adopted to calculate depreciation expenses for these account items over the period defined under the Corporate Income Tax Law of Japan.

(3) Accounting Process Applied to Deferred Assets

Bond Issuance Cost:

The cost for bond issuance is amortized in the straight line method over the bond redemption period.

(4) Standards for Recording Significant Allowance/Provisions

1) Allowance for doubtful accounts

An estimated amount of irrecoverable debts is set aside against any potential losses on the failure to collect the accounts receivable.

a. Ordinary accounts receivable:	The amount of allowance calculated at the actual ratio of bad debts
b. Highly doubtful receivables and claims in bankruptcy and reorganization, etc.:	The amount of allowance calculated based on the evaluation of financial situations of individual accounts involved.

2) Provision for special repairs

As for certain consolidated subsidiaries, a provision is set aside to cover expenses arising from the inspection and repairs of the oil tanks and machine equipment in refineries subject to the open regular inspection in compliance with the Fire Service Act, and an amount equal to the estimated cost of periodically required repairs was added to the provision for current fiscal year.

3) Provision for business structure improvement

The Company recorded the estimated amount of a provision to cover expenses and losses that were expected to be incurred in the near future following the closure of the refinery owned by Cosmo Oil Co., Ltd., a consolidated subsidiary of the Company, and the legal measures associated with the operations of the refinery.

4) Provision for environmental measures

The Company recorded the estimated amount of a provision to cover expenses to treat the PCB waste in accordance with the Law Concerning Special Measures Against Polychlorinated Biphenyl Waste.

5) Provision for bonuses

In preparation for the payment of bonuses to employees etc., the amount to be paid in the fiscal year under review is posted based on the amount estimated to be paid.

6) Provision for directors' bonuses

In preparation for the payment of bonuses to directors, the Company and certain consolidated subsidiaries post the amount to be paid in the fiscal year under review based on the amount estimated to be paid.

7) Provision for Executive Remuneration Board Incentive Plan Trust

In preparation for the granting of shares in the Company to the Company's Directors (excluding Outside Directors and members of the Supervisory Committee) and Executive Officers, and certain consolidated subsidiaries' Directors (hereinafter "the Directors etc."), provision is posted based on the value of shares estimated to be granted in accordance with points allocated to the Directors etc. under the share granting rules.

(5) Other Important Items Necessary to Develop Consolidated Financial Statements

1) Standards for Recognition of Construction Revenue and Cost

As for recognition of revenues from constructions undertaken by the Company, the percentage of completion method (the percentage of construction is estimated based on the method of the ratio of actual cost incurred to total estimated cost) is applied to construction contracts in process in which the outcome of the construction activity is deemed certain by the end of the current fiscal year, while the completed contract method is applied to other construction contracts.

2) Accounting Process for Consumption Tax, etc.

As for how to account for national and local consumption taxes, all domestic transactions are accounted for by excluding these tax amounts from the amounts thereof.

3) Accounting Process for Cost Recovery under Production Sharing

Some of its consolidated subsidiaries account for crude oil exploration and development and other related costs spent under the production sharing agreements. After the inception of crude oil production, they recover these costs by receiving products under the same agreements. They are stated in the "Cost Recovery under Production Sharing" item of the "Investments and other assets" account on the consolidated balance sheet herein.

4) Application of the consolidated tax payment system

The consolidated tax payment system is applied.

5) Application of tax effect accounting relating to the transition from the consolidated tax payment system to the group accounting system.

The Cosmo Energy Holdings Co.,Ltd. and some domestic consolidated subsidiaries did not apply "Implementation Guidance for Tax Effect Accounting" (ASBJ Guidance No.28 of February 16, 2018) section 44, as for deferred tax assets and deferred tax liabilities are based on the regulations of the tax law before revision, regarding the items for which the single tax payment system was revised in accordance with the transition to the group counting system and the transition to the group counting system under the "Law for Amendment of Part of Income Tax Law" (Law No. 8, 2020), "Handling of Tax Effect Accounting for the Transition from the Consolidated Tax Payment System to the Group Counting System" (Practical Issues Task Force No. 39; March 31, 2020) Section 3.

6) Standards for Recording Net defined benefit liability

"Net defined benefit liability" is recorded at an estimated amount of projected benefit obligation after deducting the fair value of pension assets as of the end of the current fiscal year to cover retirement and severance benefits payable to employees.

Past-service costs are recognized as an expense item at an amount prorated in the straight line method over a certain number of years (10 years) within the average of the remaining years of service to be performed by the employees at the time of accrual.

Actuarial gains and losses are primarily recognized in expenses as an amount prorated in the straight line method over a certain number of years (8 - 10 years), which is within the average of the estimated remaining years of service to be performed by the employees at the time of accrual, commencing with the consolidated fiscal year following the accrual time.

Unrecognized actuarial gains and losses and past-service costs are recognized as "Remeasurements of defined benefit plans" in accumulated other comprehensive income of net assets in the balance sheets after adjusting for tax effects.

The liabilities of employee retirement benefits, which is expected employee retirement benefits attribute to the end of the financial year, is calculated by a method using a benefit formula.

7) Accounting treatment of trust beneficiary rights to trusts whose trust assets are land

With respect to trust beneficiary rights to trusts whose trust assets are land owned by some of its consolidated subsidiaries, the Company records all asset and liability accounts in the trust assets and all revenues and expenses arising from the trust assets in relevant account items on its consolidated balance sheet and consolidated statement of income.

(Notes to Consolidated Balance Sheet)

1. Accumulated depreciation for property, plant and equipment ¥1,044,401 million

2. Pledged Assets

(1) Breakdown of Assets Pledged as Collateral and Amounts thereof:

Property, plant and equipment	¥123,208 million
Cash and deposits	¥23,901 million
Notes and accounts receivable-trade	¥9,747 million
Investment securities (Note)	¥1,305 million

(Note) ¥1,219 million of the investment securities were pledged as property guarantees to secure the borrowings of the investee of Cosmo Eco Power Co., Ltd., our consolidated subsidiary.

(2) Secured Liabilities:

Long-term loans payable (including repayments due within the next year)	¥54,993 million
Debts related to transactions with banks	¥20,991 million

(3) Assets Pledged as Collateral for Business Guarantees:

Other	¥1,246 million

3. Breakdown of the Compressed Amounts deducted from the Acquisition Cost due to the National Subsidy, etc thereof:

Machinery, equipment and vehicles	¥3,389 million
Oil storage depots	¥62 million

4. Contingencies

The Company guarantees debts for borrowings from financial institutions such as affiliated companies and fulfilling contracts.

Chiba Arkon Production, Limited	¥5,047 million
North Hokkaido Wind Energy Transmission Corp.	¥2,222 million
Japan Biofuels Supply LLP	¥2,151 million
Others	¥400 million

5. Items concerning Revaluation of Land

The three consolidated subsidiaries revalued their land properties used for business under the "Law concerning Revaluation Reserve for Land" (Law No. 34 issued on March 31, 1998). The income tax portion on variances due to revaluation is stated in the "Deferred tax liabilities for land revaluation" account in the "Liabilities" section on the Consolidated Balance Sheet and the revaluation variances, net of the income tax portion, are stated in the "Revaluation reserve for land" account in the "Net Assets" section on the Consolidated Balance Sheet.

・Revaluation method

The land sites for the refineries were valued in accordance with the appraisal provided in Paragraph 5 of Article 2 of the "Enforcement Ordinance for the Law concerning the Revaluation Reserve for Land" (Government Ordinance No. 119 issued on March 31, 1998), and other land sites were valued by referring to the road ratings provided in Paragraph 4 of Article 2 of the "Enforcement Ordinance for the Law concerning the Revaluation Reserve for Land," as well as making some rational adjustments.

・Date of Revaluation

March 31, 2002 (and December 31, 2001 completed by one consolidated subsidiary)

・The total amount of the revalued land at fair value as of the end of the current fiscal year is smaller than their total carrying amount after revaluation and the difference amounted to:

¥31,579 million

6. Financial Covenants

Out of borrowings, borrowings amounting to ¥105,652 million (including those payable within the next year) come with financial covenants with the acceleration clause which will be activated with respect to such liabilities under certain loan contracts.

(Financial covenants vary from different loan contracts, but key covenants are stated as follows):

	Repayment Deadline	Loan Balance	Financial Covenants
(1)	September 30, 2024	¥45,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥156.6 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(2)	April 30, 2020	¥34,120 million	The Company shall maintain the amount of net assets at ¥152.0 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(3)	April 3, 2024	¥10,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥213.6 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(4)	March 31, 2023	¥10,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for two consecutive years. 2) The Company shall maintain the amount of net assets at ¥241.1 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.

(Notes to Consolidated Statements of Changes in Equity)

1. Types and Number of Outstanding Shares and Treasury Shares as of March 31, 2020

Outstanding shares	Ordinary shares	84,770,508 shares
Treasury shares	Ordinary shares	725,261 shares
	(including executive remuneration BIP trust	721,972 shares)

2. Distribution of Dividend

(1) Payment Amount of Dividend

(Resolution adopted by)	Type	Total dividend amount (¥ mil)	Dividend per share (¥)	Record date	Effective date
Shareholders' Meeting held on June 20, 2019	Ordinary shares	6,781	80	March 31, 2019	June 21, 2019

(Note) The dividend amount for treasury shares held by BIP trust in the total dividend amount 36 million

(2) Dividends whose effective date will fall after the end of FY 2019 among those whose record date falls within FY2019.

The Company proposes the following agendum at the ordinary general meeting of shareholders held on June 25, 2020.

(Resolution adopted by)	Type	Total dividend amount (¥ mil)	Dividend resource	Dividend per share (¥)	Record date	Effective date
Shareholders' Meeting held on June 25, 2020	Ordinary shares	6,781	Retained earnings	80	March 31, 2020	June 26, 2020

(Note) The dividend amount for treasury shares held by BIP trust in the total dividend amount 57 million

3. Type and the number of shares for the purpose of stock acquisition rights at the end of the current consolidated fiscal year

Ordinary shares	15,794,461 shares

(Notes to Financial Products)

1. Information on the Status of Financial Products

The Group procures funds for the capital spending and the working capital by direct or indirect financing. These funds are mainly necessary to undertake the oil refining and marketing and oil exploration and production businesses.

The Group also keeps credit risks involving customers with respect to notes and accounts receivable-trade and accounts receivable-other lower by managing them in accordance with its credit management scheme. Securities and Investment securities are mainly equity securities, out of which listed shares are reviewed on a quarterly basis to keep track of their fair value.

Most of notes and accounts payable, trade, and accrued expenses, etc. are due within the next year.

Loans payable, Commercial papers and bonds payable are used to raise working funds (mainly short-term) and capital spending funds (long-term) and interest rate swap contracts are purchased to reduce interest rate fluctuations on some loans to get interest payable fixed.

The Group uses foreign currency forward contracts and currency option contracts to hedge risks due to the effect of currency exchange rate fluctuations, and also uses crude oil and petroleum product swap contracts and commodity forward contracts in open market to hedge risks stemming from commodity price fluctuations. The Group trades derivatives within the range of actual demand in accordance with its internal control rules, and The Group has a policy of not executing speculative derivative transactions.

2. Information about Fair Value of Financial Products, etc.

The book value of the following items on the consolidated balance sheet, their fair value and the variance between the two amounts as of March 31, 2020 are stated as follows:

(Millions of yen)

	Book value on the consolidated balance sheet *	Fair value*	Difference
(1) Cash and deposits	52,992	52,992	—
(2) Notes and accounts receivable-trade	214,719	214,719	—
(3) Accounts receivable-other	42,342	42,342	—
(4) Investment securities			
Other securities	16,622	16,622	—
(5) Notes and accounts payable-trade	(233,520)	(233,520)	—
(6) Short-term loans payable	(135,026)	(135,026)	—
(7) Current portion of bonds	(26,000)	(26,000)	—
(8) Commercial papers	(86,000)	(86,000)	—
(9) Accounts payable-other	(106,475)	(106,475)	—
(10) Accrued volatile oil and other petroleum taxes	(82,147)	(82,147)	—
(11) Income taxes payable	(7,540)	(7,540)	—
(12) Bonds payable	(20,700)	(21,021)	321
(13) Convertible bond-type bonds with share acquisition rights	(60,000)	(58,405)	-1,594
(14) Long-term loans payable	(353,583)	(354,450)	867
(15) Derivative transactions	(1,158)	(1,158)	—

* Items recorded in the liabilities section are stated in ( ).

(Note) How to calculate the fair value of financial products and information about securities and derivative transactions are stated as follows:

(1) Cash and deposits, (2) Notes and accounts receivable-trade and (3) Accounts receivable-other

They are settled on a short-term basis and their fair values are roughly equal to their book value, so that they are stated at book value.

(4) Investment securities

As for their fair value, equity securities are stated at fair value on the trade exchanges they are listed.

Non-marketable equity securities ("¥102,448 million Other securities") are not listed item (4) above, because there were extremely difficult to figure out the fair value.

(5) Notes and accounts payable-trade, (6) Short-term loans payable, (7) Current portion of bonds, (8) Commercial papers, (9) Accounts payable-other, (10) Accrued volatile oil and other petroleum taxes, and (11) Income taxes payable

They are settled on a short-term basis and their fair values are roughly equal to their book value, so that they are stated at book value.

(12) Bonds payable

The fair value of a corporate bond is calculated by discounting the sum of its principal and interest at an interest rate at which a similar corporate bond is assumed to be issued in the market.

(13) Convertible bond-type bonds with share acquisition rights

The fair value of convertible bond-type bonds with share acquisition rights is calculated by the price on the exchange.

(14) Long-term loans payable

The fair value of a long-term loan is calculated by discounting the sum of its principal and interest at an interest rate at which a similar, new loan is assumed to be made.

(15) Derivative transactions

The fair value of a derivative contract is calculated based on the price provided by the financial institution, etc. from which it was purchased and its final value in the forward market.

(Notes to Asset Retirement Obligations)

Asset retirement obligations reported in the consolidated balance sheet

1 Overview of the Asset Retirement Obligations

The Group primarily records the following asset retirement obligations.

・Obligation to restore the service stations accompanying with the fixed-term land lease contract for business purposes

・Obligation to restore the windmills accompanying with the land lease contract

・Obligation to restore the offices accompanying with the real estate rental contract

・Obligation to close the mine accompanying with the concession agreement taking effect

2 Calculation Method of the Asset Retirement Obligations

The asset retirement obligations are calculated by estimating the expected period of use between 8 and 50 years since its acquisition and applying discount rates ranging from 0.005% to 2.306%.

3 Change in the Asset Retirement Obligations (Millions of yen)

	Fiscal Year 2019 (From April 1, 2019 to March 31, 2020)
Balance at the beginning of the year	22,147
Increase due to the acquisition of property and equipment	1,263
Increase due to change in estimation	31
Adjustments due to the elapse of time	250
Decrease due to the fulfillment of asset retirement obligations	-17
Balance at the end of the year	23,675

(Notes to Leasehold Properties and Other Real Estate)

1. Information about the Current Status of Leasehold Properties and Other Real Estate

The Company and some subsidiaries own leasehold service stations, office buildings and other properties in Tokyo and other areas, and they also own idle properties which are not expected to be utilized in the future.

2. Information on the Fair Value of the Leasehold Properties Held

(Millions of yen)

Book value on the consolidated balance sheet	Fair value
31,563	31,545

Notes: 1 The book value of each property on the Consolidated Balance Sheet is its acquisition cost less accumulated depreciation therefore.

2 The fair value of major properties as of the end of the current consolidated fiscal year is the amount based on the statement of the property appraisal standard provided by the external licensed appraiser, while the fair value of other properties is determined by referring to the amount based on the property appraisal standard.

As for properties of less importance, certain assessed amounts or the amounts based on the measurement indices which are considered as reflecting appropriate market prices are regarded as the fair value of such properties, while the appropriate book value of some buildings and other depreciated assets is regarded as their fair value.

(Notes to Per-Share Information)

1. Net assets per share	¥2,853.14
2. Net loss per share	¥334.84

(Notes to Lease Transactions)

The future lease payment from non-cancellable operating leases

Within one year	1,814 million
Over one year	3,611 million

(Additional Information)

Transactions of granting shares in the Company to executives through a trust

The Company introduced the Executive Remuneration BIP Trust to the Directors etc.

In the Executive Remuneration BIP Trust, the Company purchases as many Company shares as estimated to be granted to the Directors etc. under the established share granting rules and grants Company shares to Directors etc. in accordance with their ranks and terms of office.

In accounting for the trust, the gross method is adopted in line with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force No. 30; March 26, 2015). As a result, the book value of the Company shares held in trust is posted as treasury shares in shareholders' equity.

The book value and number of the treasury shares at the end of the fiscal year under review were 1,374 million yen and 721 thousand respectively.

Balance Sheet

Fiscal Year 2019 (As of March 31, 2020)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	**707,466**	**Liabilities**	**627,716**
Current assets	**261,103**	**Current liabilities**	**270,061**
Cash and deposits	2,158	Short-term loans payable	43,245
Short-term loans receivable from subsidiaries and associates	245,352	Current portion of bonds payable	20,000
		Current portion of long-term loans payable	28,130
Accounts receivable-other	13,142	Commercial papers	86,000
Other	449	Accounts payable-other	12,125
Non-current assets	**446,263**	Income taxes payable	1,330
Property, plant and equipment	**123,683**	Deposits received	78,009
Buildings and structures, net	416	Provision for bonuses	281
Vehicles, net	7	Provision for directors' bonuses	103
Tools, furniture and fixtures, net	37	Other	834
Land	123,200	**Non-current liabilities**	**357,655**
Leased assets	22	Bonds payable	20,700
Intangible assets	**908**	Convertible bond-type bonds with share acquisition rights	60,000
Software	830	Long-term loans payable	275,960
Other	77	Long-term deposits received	711
Investments and other assets	**321,672**	Provision for executive remuneration BIP trust	116
Investment securities	6,021	Other	166
Shares of subsidiaries and associates	217,990	**Net assets**	**79,749**
Long-term loans receivable	3	**Shareholders' equity**	**80,159**
Long-term loans receivable from subsidiaries and associates	120,568	**Capital stock**	**40,000**
		Capital surplus	**22,262**
Long-term deposits	681	Legal capital surplus	10,000
Deferred tax assets	362	Other capital surplus	12,262
Other	244	**Retained earnings**	**19,278**
Allowance for investment loss	-24,200	Other retained earnings	19,278
Deferred assets	**98**	Retained earnings brought forward	19,278
Bond issuance cost	98	**Treasury shares**	**-1,382**
		Valuation and translation adjustments	**-409**
		Valuation difference on available-for-sale securities	**-409**
Total assets	**707,466**	**Total liabilities and net assets**	**707,466**

Statements of Income

Fiscal Year 2019 (From April 1, 2019 to March 31, 2020)

(Unit: million yen)

Item	Amount	
Ⅰ Operating revenue		**30,420**
Ⅱ General and administrative expenses		**10,108**
Operating profit		**20,311**
Ⅲ Non-operating income		
Interest income	6,511	
Dividend income	224	
Foreign exchange gains	19	
Other	250	7,004
Ⅳ Non-operating expenses		
Interest expenses	6,660	
Interest on bonds	504	
Other	1,306	8,471
Ordinary profit		**18,844**
Ⅴ Extraordinary income		
Compensation income	7,826	
Gain on sales of investment securities	58	7,884
Ⅵ Extraordinary loss		
Loss on valuation of investment securities	479	
Provision of allowance for investment loss	24,200	24,679
Profit before income taxes		**2,049**
Income taxes-current	4,021	
Income taxes-deferred	-58	3,963
Loss		**1,914**

Statements of Changes in Equity

Fiscal Year 2019 (From April 1, 2019 to March 31, 2020)

(Unit: million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholder s' equity
Balance at April 1, 2019	40,000	10,000	12,262	22,262	27,974	27,974	-758	89,478
Changes of items during the period								
Dividends of surplus					-6,781	-6,781		-6,781
Loss					-1,914	-1,914		-1,914
Purchase of treasury shares							-623	-623
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	-8,695	-8,695	-623	-9,318
Balance at March 31, 2020	40,000	10,000	12,262	22,262	19,278	19,278	-1,382	80,159

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at April 1, 2019	450	-226	224	89,702
Changes of items during the period				
Dividends of surplus				-6,781
Loss				-1,914
Purchase of treasury shares				-623
Net changes of items other than shareholders' equity	-860	226	-634	-634
Total changes of items during the period	-860	226	-634	-9,953
Balance at March 31, 2020	-409	—	-409	79,749

Notes to Financial Statements

1. In the non-consolidated balance sheet, non-consolidated statements of income and non-consolidated statements of changes in equity of Cosmo Energy Holdings Co., Ltd. (the "Company") represented in the million yen unit, figures less than 1 million yen are rounded down.

2. Notes to Items concerning Significant Accounting Policies

(1) Standards and Methods for Valuation of Securities

Stocks issued by subsidiaries and associated companies:	Stated at cost determined by the moving average method
Other securities:	Securities available for sale with fair market value: Stated at fair value based on market values applicable on the date of settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method) Securities with no available fair market value: Stated at cost determined by the moving average method

(2) Valuation of Net Amounts of the Assets and Liabilities by Derivative Transactions:
Stated at fair value

(3) Methods for Depreciation of Non-current Assets

Property, Plant and Equipment (Excluding leased assets)	The straight-line method The number of years of their useful lives and salvage values are calculated based on the criteria defined under the Corporate Income Tax Law of Japan.
Intangible Assets	The straight line method The number of years of their useful lives is calculated based on the criteria defined under the Corporate Income Tax Law of Japan, providing that amortization expenses for the software used by the Company is calculated on the straight-line method over the period of its availability in-house (5 years).
Leased Assets	Leased assets involving finance lease transactions under which the ownership of the leased assets is not transferred to lessees: The method to calculate depreciation for such assets is the straight-line method with their residual values being zero over their leased periods used as the number of years for useful life.

(4) Standards for Recording Allowances/Provisions

Allowance for doubtful accounts	An estimated amount of irrecoverable debts is set aside against any potential losses on the failure to collect the accounts receivable. a) Ordinary accounts receivable: The amount of allowance calculated at the actual ratio of bad debts b) Highly doubtful receivables and claims in bankruptcy and reorganization, etc.: The amount of allowance calculated based on the evaluation of financial situations of individual accounts involved.
Allowance for investment loss	In preparation for losses arising from the decline in the real value of shares in subsidiaries and associates, from a soundness perspective, an allowance is provided for the amount corresponding to the decline in the real value, taking into account the financial position.
Provision for bonuses	In preparation for the payment of bonuses to employees etc., the amount to be paid in the fiscal year under review is posted based on the amount estimated to be paid.
Provision for directors' bonuses	In preparation for the payment of bonuses to directors, the Company posts the amount to be paid in the fiscal year under review based on the amount estimated to be paid.
Provision for Executive Remuneration Board Incentive Plan Trust	In preparation for the granting of shares in the Company to the Company's Directors (excluding Outside Directors and members of the Supervisory Committee) and Executive Officers (hereinafter "the Directors etc."), provision is posted based on the value of shares estimated to be granted in accordance with points allocated to the Directors etc. under the share granting rules.

(5) Accounting Process Applied to Deferred Assets
Bond Issuance Cost:
The cost for bond issuance is amortized in the straight line method over the bond redemption period.

(6) Accounting Process for Consumption Tax, etc.
As for how to account for national and local consumption taxes, all domestic transactions are accounted for by excluding these tax amounts from the amounts thereof.

(7) Application of the consolidated tax payment system

The consolidated tax payment system is applied.

(8) Application of tax effect accounting relating to the transition from the consolidated tax payment system to the group accounting system.

The Company did not apply "Implementation Guidance for Tax Effect Accounting" (ASBJ Guidance No.28 of February 16, 2018) section 44, as for deferred tax assets and deferred tax liabilities are based on the regulations of the tax law before revision, regarding the items for which the single tax payment system was revised in accordance with the transition to the group counting system and the transition to the group counting system under the "Law for Amendment of Part of Income Tax Law" (Law No. 8, 2020), "Handling of Tax Effect Accounting for the Transition from the Consolidated Tax Payment System to the Group Counting System" (Practical Issues Task Force No. 39; March 31, 2020) Section 3.

(9) Accounting Treatment for the Anonymous Association

The Company invested in the anonymous association, and CEAM LLC is entrusted with its operation of business transaction. Although the property of the anonymous association attribute to the operator, the association is practically operated by our capital. Thus, all the association's property and income summary records on to the financial statements with its total amounts, and with respect to trust beneficiary rights to trusts whose trust assets are land owned by the anonymous association, the Company records all asset and liability accounts in the trust assets and all revenues and expenses arising from the trust assets in relevant account items on its balance sheet and statement of income.

3. Notes to Non-Consolidated Balance Sheet

(1) Short-term loans receivable from subsidiaries and associates: ¥6,612 million
Short-term loans payable to subsidiaries and associates: ¥88,148 million
Long-term loans payable to subsidiaries and associates: ¥581 million
(2) Accumulated depreciation for the property, plant and equipment ¥517 million
(3) Pledged Assets
Breakdown of Assets Pledged as Collateral and Amounts thereof:
Land ¥123,200 million
Secured Liabilities:
Debts related to transactions with banks ¥20,991 million
(4) Contingencies
Guaranty of Liabilities
Cosmo Oil., Ltd. ¥112,024 million
Others ¥22,482 million
(5) Financial Covenants

Out of borrowings, borrowings amounting to ¥99,120 million (including those payable within the next year) come with financial covenants with the acceleration clause which will be activated with respect to such liabilities under certain loan contracts if the Company fails to comply with any of the following financial covenants.

＜Financial Covenants of the Company＞

	Repayment Deadline	Loan Balance	Financial Covenants
(1)	September 30, 2024	¥45,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥156.6 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(2)	April 30, 2020	¥34,120 million	The Company shall maintain the amount of net assets at ¥152.0 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(3)	April 3, 2024	¥10,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for three consecutive years. 2) The Company shall maintain the amount of net assets at ¥213.6 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.
(4)	March 31, 2023	¥10,000 million	1) The Company shall not record ordinary loss, as stated in consolidated statements of income for two consecutive years. 2) The Company shall maintain the amount of net assets at ¥241.1 billion or more as stated in its consolidated balance sheet at the end of each fiscal year.

4. Notes to Non-Consolidated Statements of Income

Operating revenue from subsidiaries and associates: ¥30,395 million
General and administrative expenses for subsidiaries and associates: ¥1,897 million
Non-operating transactions with subsidiaries and associates: ¥7,376 million
（in addition, it is stated in "Notes to the Company's Transactions with Related Parties".)

5. Notes to Non-Consolidated Statements of Changes in Equity

Type and Number of Treasury Shares as of March 31, 2020
Ordinary shares 725,261 shares
（including the Executive Remuneration BIP Trust 721,972 shares)

6. Notes to Tax Effective Consequence Accounting

(Unit: million yen)

1) Deferred tax assets:	
Allowance for investment loss	7,410
Others	2,566
deferred tax assets – Sub-total:	9,976
Valuation allowance:	-9,574
Total deferred tax assets:	401
2) Deferred tax liabilities:	
Expenses on asset retirement obligations	-39
Total deferred tax liabilities:	-39
Net deferred tax assets:	362

7. Notes to Non-current Assets Used Under Leases

As for the non-current assets recorded on the balance sheet, we use some of office equipment by ownership transfer finance lease contract.

8. Notes to the Company's Transactions with Related Parties

(1) Subsidiaries and Associated companies

Type	Name (Ownership type & ratio)	Line of business	Cosmo Energy Holdings's relationship with relaited parties	Account item for record entry	Transaction amount (¥mil)	Item	Balance as of Mar 31, 2020 (¥mil)
Subsidiary	Cosmo Oil Co., Ltd. (directly, 100% owned)	Imports and exports, refining, storage, and sales of crude oil and petroleum products, etc.	Business administration Loans to it Guarantees Guaranteed liabilities Interlocking directors	Receipt of operating revenue (*1)	6,003	Accounts receivable-other	1,128
				Loans to it (*2) and Funds deposit (*3)	265,897	Short-term loans receivable from subsidiaries and associates	223,827
						Long-term loans receivable from subsidiaries and associates	24,079
				Interest receivable (*4)	4,694	—	—
				Assumption of guaranty liabilities (*5)	112,024	—	—
				Guaranteed liabilities (*6)	290,598	—	—
Subsidiary	Cosmo Oil Marketing Co., Ltd. (directly, 100% owned)	Sales of oil products, vehicle leasing, etc.	Business administration Loans to it Guarantees Guaranteed liabilities Interlocking directors	Receipt of operating revenue (*1)	3,916	Accounts receivable-other	736
				Loans to it (*2) and Funds deposit (*3)	19,388	Deposits received	29,777
						Short-term loans receivable from subsidiaries and associates	768
				Interest receivable (*4)	237	—	—
				Interest payable (*4)	305	—	—
				Assumption of guaranty liabilities (*5)	2,227	—	—
				Guaranteed liabilities (*6)	290,598	—	—
Subsidiary	Cosmo Oil Sales Co., Ltd. (indirectly, 100% owned)	Sales of oil products	Loans to it	Loans to it (*2) and Funds deposit (*3)	14,612	Deposits received	3,398
				Interest payable (*4)	58	Accounts payable-other	30
Subsidiary	Cosmo Oil Property Service Co., Ltd. (indirectly, 100% owned)	Management and lease of service station equipments	Loans to it	Loans to it (*2) and Funds deposit (*3)	80,989	Short-term loans receivable from subsidiaries and associates	429
						Long-term loans receivable from subsidiaries and associates	72,194
				Interest receivable (*4)	1,180	—	—
				Interest payable (*4)	57	—	—
Subsidiary	Cosmo Matsuyama Oil Co., Ltd. (indirectly, 100% owned)	Manufacture and sale of petrochemical products Storage, loading and discharging of petroleum products	Loans to it	Loans to it (*2) and Funds deposit (*3)	23,546	Short-term loans receivable from subsidiaries and associates	8,579
						Long-term loans receivable from subsidiaries and associates	14,692
				Interest receivable (*4)	175	—	—

Type	Name (Ownership type & ratio)	Line of business	Cosmo Energy Holdings's relationship with relaited parties	Account item for record entry	Transaction amount (¥mil)	Item	Balance as of Mar 31, 2020 (¥mil)
Subsidiary	Cosmo Energy Exploration & Production Co., Ltd.(directly, 100% owned)	Planning in the energy exploration and production business	Business administration Loans to it Interlocking directors	Loans to it (*2) and Funds deposit (*3)	8,448	Short-term loans receivable from subsidiaries and associates Long-term loans receivable from subsidiaries and associates	29 8,448
				Interest receivable (*4)	86	—	—
Subsidiary	Cosmo Oil International Pte. Ltd. (indirectly, 100%owned)	Perchase and sale of crude oil and oil products	Assumption of guaranty liabilities	Assumption of guaranty liabilities (*5)	8,053	—	—
Subsidiary	CEAM LLC (directly, 99% owned)	Property management	Investment in anonymous association contract	Gain on investment (*7)	4,474	—	—
Subsidiary	Maruzen Petrochemical Co., Ltd.(directly, 41% owned) (indirectly, 10% owned)	Manufacture and sale of petrochemical products	Loans to it Interlocking directors	Funds deposit (*3)	27,606	Deposits received	37,562
				Interest payable (*4)	122	Accounts payable-other	68
Subsidiary	Cosmo Eco Power Co., Ltd.(directly, 100% owned)	Wind Power Generation	Loans to it Interlocking directors	Loans to it (*2) and Funds deposit (*3)	17,835	Short-term loans receivable from subsidiaries and associates	6,873
				Interest receivable (*4)	98	Accounts receivable -other	47
Subsidiary	Cosmo Energey Sytems Co., Ltd. (directly, 100% owned)	System research, analysis, design, development, maintenance and operation of computers	System development and outsourcing Interlocking directors	System development and outsourcing (*8)	1,209	Accounts receivable -other	21
						Accounts payable-other	564

Out of the amounts shown above, the transaction amounts are exclusive of consumption tax charges, while the balance amounts as of March 31, 2020 include such charges.

Conditions for Transactions with the Subsidiaries Above and the Policy to Determine such Conditions:

Notes:
1. The Core Business Companies (Cosmo Oil, Cosmo Oil Marketing, and Cosmo Energy Exploration & Production) receive the revenue needed for the management of the Company in accordance with their business scales.
2. Loans are used for operating funds, and the amount of transactions shown above is stated based on the average balance during current fiscal year.
3. Loans/Deposits are based on the Company's group financing program, and the amount of transactions is stated base on the average balance during current fiscal year.
4. Interest rates are determined by taking market rates of interest and other conditions into consideration.
5. The Company guarantees loans of Cosmo Oil Co., Ltd. and Cosmo Oil Marketing Co., Ltd. from financial institutions. The amount of guarantee fees is reasonably decided by their agreements.
6. Cosmo Oil and Cosmo Oil Marketing jointly guaranteed loans of the Company from financial institutions and bonds payable the Company issued. The amount of grantee fees is reasonably decided by their agreements.
7. Trust bank rent lands in trust in regard to trust beneficiary rights, the property of the anonymous association, to Cosmo Oil Co., Ltd. Since the anonymous association is practically managed by the Company, land rental income is stated including in "Operating revenue" on statements of income. Rental fees are calculated based on verification and appraisal by real property appraisers.
8. The terms and conditions of transactions are the same as in the case of ordinary transactions with companies, etc. that do not have a capital relationship.

9. Notes to Per-Share Information

(1) Net assets per share ¥948.89

(2) Net loss per share ¥22.76

10. Additional Information

Transactions of granting shares in the Company to executives through a trust

The Company introduced the Executive Remuneration BIP Trust to the Directors etc.

In the Executive Remuneration BIP Trust, the Company purchases as many Company shares as estimated to be granted to the Directors etc. under the established share granting rules and grants Company shares to the Directors etc. in accordance with their ranks and terms of office.

In accounting for the trust, the gross method is adopted in line with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force No. 30; March 26, 2015). As a result, the book value of the Company shares held in trust is posted as treasury shares in shareholders' equity.

The book value and number of the treasury shares at the end of the fiscal year under review were 1,374 million yen and 721 thousand respectively.

1. Schedule for Property, Plant and Equipment, and Intangible Assets

(Unit: million yen)

Asset class	Asset item	Book value at beginning of year	Addition during year	Reduction during year	Depreciation during year	Book value at end of year	Accumulated depreciation	Acquisition cost at end of year
Property, plant & equipment	Buildings and Structures	441	—	—	25	416	134	550
	Vehicles	9	—	—	2	7	5	12
	Tools, furniture and fixtures	51	—	—	13	37	357	395
	Land	123,200	—	—	—	123,200	—	123,200
	Leased assets	0	31	—	10	22	20	42
	Construction in progress	—	31	31	—	—	—	—
	Total	123,703	62	31	51	123,683	517	124,200
Intangible assets	Software	564	539	—	273	830		
	Others	356	261	539	—	77		
	Total	920	801	539	273	908		

2. Schedule for Allowance/Provision

(Unit: million yen)

Account item	Book value at beginning of year	Addition during year	Reduction during year	Book value at end of year
Provision for bonuses	375	281	375	281
Provision for directors' bonuses	175	103	175	103
Provision for Executive Remuneration BIP Trust	42	74	－	116
Allowance for investment loss	－	24,200	－	24,200

3. Schedule for General and Administrative Expenses

(Unit: million yen)

Account item	Amount	Description
Outsourcing expenses	3,191	
Taxes and dues	1,556	
Advertising expenses	1,106	
Salaries and wages	1,031	
Miscellaneous expenses	844	
Others	2,378	
Total	10,108	

Accounting Auditor's Report
Concerning the Consolidated Financial Statements: Full Copy

Independent Auditor's Report

May 21, 2020

To the Board of Directors,
COSMO ENERGY HOLDINGS COMPANY, LIMITED

KPMG AZSA LLC
Tokyo office

Designated Limited Liability and Engagement Partner	Certified Public Accountant	Junshi Ono	Seal
Designated Limited Liability and Engagement Partner	Certified Public Accountant	Hiroyuki Nakamura	Seal
Designated Limited Liability and Engagement Partner	Certified Public Accountant	Kyoko Shiga	Seal

Opinion
Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statements of income, the consolidated statements of changes in equity and the notes to the consolidated financial statements of COSMO ENERGY HOLDINGS COMPANY, LIMITED applicable to the fiscal year from April 1, 2019 to March 31, 2020.
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's and Supervisory Committee's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines are necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.
Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements
Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit as independent auditor. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Furthermore, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Other Matter

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries, which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

- END -

Accounting Auditor's Report Concerning the Financial Statements: Full Copy

Independent Auditor's Report

May 21, 2020

To the Board of Directors,
COSMO ENERGY HOLDINGS COMPANY, LIMITED

KPMG AZSA LLC
Tokyo office

Designated Limited Liability and Engagement Partner	Certified Public Accountant	Junshi Ono	Seal
Designated Limited Liability and Engagement Partner	Certified Public Accountant	Hiroyuki Nakamura	Seal
Designated Limited Liability and Engagement Partner	Certified Public Accountant	Kyoko Shiga	Seal

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statements of income, the statements of changes in equity and the notes to the financial statements and the supplementary schedules of COSMO ENERGY HOLDINGS COMPANY, LIMITED (hereinafter referred to as the "Financial Statements, Etc.") applicable to the 5th fiscal year from April 1, 2019 to March 31, 2020.
In our opinion, the Financial Statements, Etc. referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the Financial Statements, Etc. were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's and Supervisory Committee's Responsibility for the Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the Financial Statements, Etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines are necessary to enable the preparation and fair presentation of the Financial Statements, Etc. that are free from material misstatements, whether due to fraud or error.
In preparing the Financial Statements, Etc., management is responsible for assessing whether it is appropriate to prepare the Financial Statements, Etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.
Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the Financial Statements, Etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the Financial Statements, Etc. based on our audit as independent auditor. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of the Financial Statements, Etc.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Furthermore, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the Financial Statements, Etc. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.

- Conclude on the appropriateness of preparing the Financial Statements, Etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the Financial Statements, Etc. or, if the notes to the Financial Statements, Etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Financial Statements, Etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the Financial Statements, Etc. and notes to the Financial Statements, Etc. are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the Financial Statements, Etc., including the related notes thereto, and whether the Financial Statements, Etc. fairly present the underlying transactions and accounting events.

We report to the Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

- END -

Supervisory Committee's Audit Report: Full Copy

Audit Report

The Supervisory Committee has conducted audit on the execution of duties by Directors for the 5th business year from April 1, 2019 to March 31, 2020, and hereby reports the methods and results of audit as follows:

1. The Methods and Details of the Audit

With regard to the resolution of the Board of Directors concerning the matters stipulated in Article 399-13, Paragraph 1, Item 1, b, c of the Companies Act, as well as the system (the internal control system) developed based on such resolution, the Supervisory Committee received reports regularly and requested explanation as necessary from the Directors and employees on the establishment and operation of such system, expressed its opinion, and conducted audit by the following methods.

1) In compliance with the Supervisory Committee Auditing Standards established by the Supervisory Committee and in accordance with the auditing policies and allocation of duties, we cooperated with Internal Audit Department of the Company; attended significant meetings; obtained reports on business operations from Directors and employees; requested explanation as necessary; reviewed documents which record approval of material matters; conducted investigations regarding the status of the business operations and assets. With respect to subsidiaries, the Supervisory Committee communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.

2) The Supervisory Committee monitored and confirmed if the Accounting Auditor holding independent position and performing appropriate audit, received reports on auditing operations from the Accounting Auditor; and requested explanation as necessary. Also, the Supervisory Committee received a report from the Accounting Auditor that the Company implemented the "system to ensure appropriate execution of duties" (set forth in Article 131 of the Company's Calculation Rules) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and others, and requested explanation as necessary.

Based on the methods as described above, the Supervisory Committee deliberated the business report and supplementary schedules, the consolidated financial statements (the consolidated balance sheet, consolidated statements of income, consolidated statements of changes in equity and the notes to consolidated financial statements), and the financial statements (the balance sheet, statements of income, statements of changes in equity and the notes to financial statements) and supplementary schedules for the period under review.

2. Results of Audit

(1) Audit results of business report and other documents concerned

1). The business report and supplementary schedules comply with the laws and regulations and with the Articles of Incorporation and correctly represents the company status.

2). The business activities performed by the Directors were correct and did not seriously violate the laws and regulations, or the Articles of Incorporations.

3). The corporate resolution concerning the internal control system is fair and reasonable. In addition, there are no matters to be pointed out for the business report and the business activities performed by the Directors regarding the system and status of operation.

(2) Audit results of the consolidated financial statements

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

(3) Audit results of the financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

May 21, 2020

COSMO ENERGY HOLDINGS COMPANY, LIMITED
Supervisory Committee

Member of the Supervisory Committee	Sakae Kanno	Seal
Member of the Supervisory Committee	Yasuko Takayama	Seal
Member of the Supervisory Committee	Kenichi Taki	Seal

(Note) Members of the Supervisory Committee Sakae Kanno and Yasuko Takayama are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

- END -