Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 6th 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 6th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date and Time:	**10:00 a.m., Thursday, June 24, 2021** **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: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)** **Proposal No. 3: Election of Two (2) Directors who are Members of the Supervisory Committee** **Proposal No. 4: 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 23, 2021

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 6th Ordinary General Meeting of Shareholders to be held on Thursday, June 24, 2021.

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 2021
Hiroshi Kiriyama, President, Representative Director

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.

Basic Concepts of Sustainability

1. Harmony and Symbiosis

- **Harmony and Symbiosis with the Global Environment**
- **Harmony and Symbiosis between Energy and Society**
- **Harmony and Symbiosis between Companies and Society**

2. Creating Future Values

- **Creating the Value of "Customer First"**
- **Creating Value From the Diverse Ideas of the Individual**
- **Creating Value by Expressing Collective Wisdom**

Brand Statement

Filling Up Your Hearts, Too

Securities Code: 5021
June 1, 2021

To Shareholders with Voting Rights

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

NOTICE OF CONVOCATION OF THE 6th ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to inform you that we will hold the 6th Ordinary General Meeting of Shareholders of COSMO ENERGY HOLDINGS COMPANY, LIMITED (the "Company"). The Meeting will be held as described below.

In light of the situation concerning the novel coronavirus disease (COVID-19), we prioritize the safety of our shareholders and recommend you to refrain from attending this General Meeting of Shareholders in person. You can exercise your voting rights in writing (Voting Rights Exercise Form) or via the Internet, etc., by no later than 5:30 p.m., Wednesday, June 23, 2021.

1. **Date and Time:** **10:00 a.m., Thursday, June 24, 2021**
   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 6th Business Year (from April 1, 2020 to March 31, 2021)
   (2) The Financial Statements for the 6th Business Year (from April 1, 2020 to March 31, 2021)

   Proposals to be Resolved:
   Proposal No. 1: Appropriation of Surplus
   Proposal No. 2: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)
   Proposal No. 3: Election of Two (2) Directors who are Members of the Supervisory Committee
   Proposal No. 4: 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/ir/meeting/index.html).

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 24, 2021

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 23, 2021

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 23, 2021

How to fill out the Voting Rights Exercise Form

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

Proposals No. 1 and No. 4

Approval: Mark ○ in the box labelled "賛"

Disapproval: Mark ○ in the box labelled "否"

Proposals No. 2 and 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: ¥6,781,358,960

3. Effective date of the appropriation of surplus

June 25, 2021

Proposal No. 2: Election of Seven (7) Directors (excluding those who are Members of the Supervisory Committee)

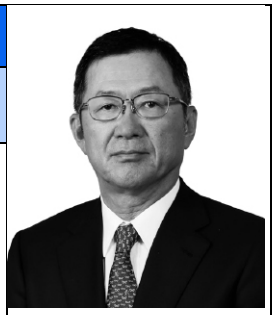
The terms of office of all seven (7) Directors (excluding those who are Members of the Supervisory Committee; the same applies hereafter in this proposal) will expire at the close of this General Meeting of Shareholders. Therefore, it is proposed that seven (7) Directors be elected.

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	Takayuki Uematsu	Representative Director, Senior Managing Executive Officer Responsible for Corporate Communication Dept., Accounting Dept., and Finance Dept.	Reelection	
3	Shigeru Yamada	Director, Senior Executive Officer Responsible for Corporate Planning Dept., Business Portfolio Management Dept., and Human Resource Dept.	Reelection	
4	Yoshimitsu Sunano	Director, Senior Executive Officer Responsible for Sustainability Initiative Dept., Legal and General Affairs Dept., and IT Strategy Dept.	Reelection	
5	Abdulla Mohamed Shadid		New election	Outside
6	Ali Al Dhaheri	Outside Director	Reelection	Outside
7	Ryuko Inoue		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 and experience regarding overall corporate management. In addition, he has shouldered management of the Group as President, Representative Director since June 2017 and, in FY2020 in particular, achieved results even under the environment that has included declining demand for petroleum products. In light of these achievements and leadership, the Company proposes Hiroshi Kiriyama maintain his position as Director.

2	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 2015	General Manager, Finance Dept.	
October 2015	General Manager, Finance Dept. of the Company	**Status of Significant Concurrent Position(s)**
June 2016	Executive Officer, General Manager, Finance Dept.	None
April 2018	Senior Executive Officer	
June 2018	Director, Senior Executive Officer	
June 2020	Representative Director, Senior Executive Officer	
April 2021	Representative Director, Senior Managing Executive Officer (current position)	

Number of Shares of the Company Held: 9,500 shares

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

Reasons for choosing the person as candidate	Takayuki Uematsu joined COSMO OIL COMPANY, LIMITED after working for a foreign financial institution, and has since demonstrated his expertise and has almost always been engaged in the department of finance. Since 2018, as Director, Senior Executive Officer, he has been responsible for the Corporate Communication Dept., Finance Dept., and Accounting Dept., and contributed to the enhancement of the Group's corporate value through initiatives such as the appropriate financial management, including the issuance of zero coupon convertible bonds with share acquisition rights, branding activities and investor relations. In light of these achievements, the Company proposes Takayuki Uematsu maintain his position as Director.

3	Shigeru Yamada	Reelection	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. Human Resource Dept.
June 2015	General Manager, Supply Dept.	**Status of Significant Concurrent Position(s)**
April 2018	Executive Officer, General Manager, Corporate Planning Dept. of the Company	None
April 2020	Senior Executive Officer	
June 2020	Director, Senior Executive Officer (current position)	

Number of Shares of the Company Held: 2,100 shares

Record of attendance to Board of Directors Meetings: 7/7

Reasons for choosing the person as candidate	Shigeru Yamada has mainly worked in the departments of sales, supply and demand, and corporate planning, and has a wide range of knowledge and experience across the Group's entire business domain. In 2018, he was appointed Executive Officer, General Manager of Corporate Planning Dept. and in 2020, he was appointed Director, Senior Executive Officer. He has achieved solid results such as initiatives to achieve the Sixth Consolidated Medium-Term Management Plan, promotion of group management, capital and business alliance related supervision, and proposals for new business projects. In light of these achievements, the Company proposes Shigeru Yamada maintain his position as Director.

4	Yoshimitsu Sunano	Reelection	January 25, 1965



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

Number of Shares of the Company Held: 1,800 shares

Record of attendance to Board of Directors Meetings: 7/7

Reasons for choosing the person as candidate	Yoshimitsu Sunano has mainly worked in the departments of sales, finance, and corporate planning, and has a wide range of knowledge and experience across the Group's entire business domain. In 2017, he was appointed President and Representative Director of COSMO OIL LUBRICANTS COMPANY, LIMITED and led the lubricants business of the Group. He was subsequently appointed Director, Senior Executive Officer of the Company in 2020 and demonstrated his leadership in responding to COVID-19, promoting wind power business and establishing sustainable management. In light of these achievements, the Company proposes Yoshimitsu Sunano maintain his position as Director.

5	Abdulla Mohamed Shadid	New election Outside	January 16, 1983	

Career Summary and Status		Status of Significant Concurrent Position(s)	
January 2005	Joined Tawazun Economic Council	Executive Director, Growth & M&A, Direct Investment, MIC	Number of Shares of the Company Held: 0 shares
September 2005	Mubadala Investment Company (MIC)		
July 2009	Vice President, Aerospace Unit		
July 2012	Senior Vice President, Head of Aerospace		
January 2016	Director, Aerospace Unit		
March 2018	Managing Director, Cargo and Logistics Services, Etihad Aviation Group		
January 2021	Executive Director, Growth & M&A, Direct Investment, MIC (current position)		

Reasons for choosing the person as candidate and the roles expected of them	Abdulla Mohamed Shadid has been engaged in business management operations spanning management of the aircraft maintenance business to formulating the strategy for the Aerospace Unit and asset management mainly in the Aerospace Unit and Defense Services Unit at MIC. The Company expects that he will properly supervise the management as an Outside Director, drawing on his experience in formulating and implementing business strategies as well as business management, and believes that he will enhance the function of the Board of Directors through performing his duties. Accordingly, the Company proposes his election as an 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 and experience to date, does not conflict against the interests of minority shareholders and will contribute to enhancing the corporate value of the Group.

6	Ali Al Dhaheri	Reelection Outside	January 29, 1978	

Career Summary and Status		Status of Significant Concurrent Position(s)	
August 1999	Joined Abu Dhabi Gas Industries Company	Director, UAE Industries, MIC	Number of Shares of the Company Held: 0 shares Record of attendance to Board of Directors Meetings: 7/7
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		
June 2020	Outside Director of the Company (current position)		
April 2021	Director, UAE Industries, MIC (current position)		

Reasons for choosing the person as candidate and the roles expected of them	Ali Al Dhaheri has for many years been engaged in a variety of business departments such as those in administration and procurement, in the oil and gas industries. He currently spearheads MIC's domestic investment in the United Arab Emirates from a wide-ranging perspective. Due to his extensive experience in the petroleum industry he has performed roles such as supervision of the Company's business execution. The Company expects that he will continue to properly execute his duties as an Outside Director, and believes that he will enhance the function of the Board of Directors through performing his duties. Accordingly, the Company proposes his election as an 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 and experience to date, does not conflict against the interests of minority shareholders and will contribute to enhancing the corporate value of the Group.

7	Ryuko Inoue	New election Outside	January 8, 1957



Career Summary and Status		Status of Significant Concurrent Position(s)
April 1981	Joined Ministry of Agriculture, Forestry and Fisheries	Attorney at Law, Atsumi & Sakai Outside Director, NIPPON STEEL TRADING CORPORATION
January 2003	Minister, Embassy of Japan in Italy (Permanent Representative of Japan to Food and Agriculture Organization of the United Nations • United Nations World Food Programme)	
April 2016	Deputy Director-General, Agriculture, Forestry and Fisheries Research Council, Ministry of Agriculture, Forestry and Fisheries	
July 2017	Resigned from Ministry of Agriculture, Forestry and Fisheries	
November 2017	Registered as an attorney at law Of Counsel, Atsumi & Sakai (current position)	
June 2019	Outside Director, NIPPON STEEL TRADING CORPORATION (current position)	

Number of Shares of the Company Held: 0 shares

Reasons for choosing the person as candidate and the roles expected of them	Ryuko Inoue engaged in matters including food security and growth and industrialization of agriculture, forestry and fishery sectors in Japan and overseas at Ministry of Agriculture, Forestry and Fisheries. She practiced as an attorney at law after becoming registered as an attorney at law in 2017 and has been appointed Outside Director of NIPPON STEEL TRADING CORPORATION since 2019. The Company expects that she will supervise and provide advice on the business execution of the Company with an outlook unbound by the industry the Company belongs to due to her experience at the Ministry of Agriculture, Forestry and Fisheries and her insights in her current roles as an attorney at law and outside director. The Company believes that she will enhance the function of the Board of Directors through performing her duties, and thus proposes her election as Outside Director. Although she has no experience in corporate management other than by serving as an outside officer, for the above reasons, the Company believes she will properly execute her duties as Outside Director.

(Notes) 1. No special interests exist between the Company and any of the candidates.

2. Abdulla Mohamed Shadid, Ali Al Dhaheri and Ryuko Inoue are the candidates for Outside Directors. Ali Al Dhaheri is currently the Outside Director and the term of office of him will be one (1) year at conclusion of this Meeting.
3. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Ali Al Dhaheri 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. In the event that the election of Ali Al Dhaheri is approved, the Company plans to renew this agreement with him. In the event that the elections of Abdulla Mohamed Shadid and Ryuko Inoue are approved, the Company plans to enter into the same limited liability agreement with them.
4. The Company has concluded a directors and officers liability insurance contract with an insurance company in accordance with Article 430-3, paragraph 1 of the Companies Act, and the details of such insurance contract is as described on page 36. In the event that the elections of candidates for Director (excluding those who are Members of the Supervisory Committee) are approved, they will be included as insured persons in the insurance contract. In addition, when such insurance contract is next reviewed, the Company plans to renew with the same details.
5. Ryuko Inoue satisfies the requirements for an Independent Director as provided for by Tokyo Stock Exchange, and in the event that the election of Ryuko Inoue is approved, the Company plans to elect her as Independent Director.

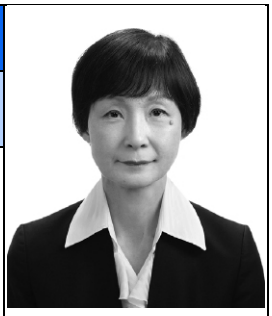
Proposal No. 3: Election of Two (2) Directors who are Members of the Supervisory Committee

The terms of office of Sakae Kanno and Yasuko Takayama, Directors who are Members of the Supervisory Committee, will expire at the close of this General Meeting of Shareholders. Therefore, it is proposed that two (2) Directors who are Members of the Supervisory Committee be elected.

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

The candidates for Directors who are Members of the Supervisory Committee are as follows.

1	Yasuko Takayama	Reelection Outside	March 8, 1958



Career Summary and Status		Status of Significant Concurrent Position(s)
April 1980	Joined Shiseido Co., Ltd	Outside Director, The Chiba Bank, Ltd. Outside Audit & Supervisory Board Member, Mitsubishi Corporation Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation
April 2009	General Manager, Social Affairs and Consumer Relations Department	
April 2010	General Manager, Corporate Social Responsibility Department	
June 2011	Full-time Audit & Supervisory Board Member	
June 2015	Advisor	
	Outside Director, The Chiba Bank, Ltd. (current position)	
June 2016	Outside Audit & Supervisory Board Member, Mitsubishi Corporation (current position)	
June 2017	Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation (current position)	
June 2019	Outside Director (Member of the Supervisory Committee) of the Company (current position)	

Number of Shares of the Company Held:
0 shares

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

Reasons for choosing the person as candidate and the roles expected of them	Yasuko Takayama has audited and supervised management based on her broad insights without being bound by the conventions of the industry to which the Company belongs as she has served as General Manager of sustainability-related departments at Shiseido Co., Ltd, and after her experience as Audit & Supervisory Board Member there, was appointed as an outside director and outside audit & supervisory board member of various listed companies. The Company expects that she will continue to appropriately audit and supervise management from the viewpoint of sustainable management in particular, and proposes she maintain her position as Director who is a Member of the Supervisory Committee.

2	Keiichi Asai	New election Outside	September 29, 1954	 Number of Shares of the Company Held: 0 shares

Career Summary and Status		Status of Significant Concurrent Position(s)
April 1978	Joined Mitsubishi Corporation	None
April 2009	Executive Officer, Head of CEO office, Energy Group	
April 2013	Director and Vice President, Lithium Energy Japan	
September 2014	Representative Director, President and Chief Executive Officer, KH Neochem Co., Ltd.	
April 2019	Resigned from KH Neochem Co., Ltd.	

Reasons for choosing the person as candidate and the roles expected of them	After joining Mitsubishi Corporation, Keiichi Asai experienced various sectors of the petroleum business including sales, supply and demand, and refining and has almost always been engaged in the international business in the energy sector including positions in the US and India. He has abundant knowledge and experience as he has been engaged in overall corporate management, such as being appointed Director and Vice President of Lithium Energy Japan in 2013 and being appointed Representative Director, President and Chief Executive Officer of KH Neochem Co., Ltd in 2014. The Company believes he will be able to supervise management especially from his international perspective and that he will properly execute his duties. Accordingly, the Company proposes his election as Director who is a Member of the Supervisory Committee.

(Notes) 1. No special interests exist between the Company and any of the candidates.

2. Yasuko Takayama and Keiichi Asai are the candidates for Outside Directors. Yasuko Takayama is currently the Outside Director who is a Member of the Supervisory Committee and the term of office of her will be two (2) years at conclusion of this Meeting.
3. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with 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. In the event that the reelection of Yasuko Takayama is approved, the Company plans to renew this agreement with her. Also, in the event that the election of Keiichi Asai is approved, the Company plans to enter into the same limited liability agreement with him.
4. The Company has concluded a directors and officers liability insurance contract with an insurance company in accordance with Article 430-3, paragraph 1 of the Companies Act, and the details of such insurance contract is as described on page 36. In the event that the elections of candidates for Director who are Members of the Supervisory Committee are approved, they will be included as insured persons in the insurance contract. In addition, when such insurance contract is next reviewed, the Company plans to renew with the same details.
5. The Company has notified Yasuko Takayama as Independent Director to the Tokyo Stock Exchange. In the event that Yasuko Takayama is appointed as Outside Director who is a Member of the Supervisory Committee of the Company, the Company plans to elect her as Independent Director. Also, if Keiichi Asai is appointed as Outside Director who is a Member of the Supervisory Committee of the Company, the Company plans to elect him as Independent Director.

[Reference] Skill matrix of the Board of Directors (scheduled)

	Expertise and Characteristics of Directors								
	Petroleum Business (Oil)	Other than Petroleum (New) (Renewable Energy Business/ New Business)	Sustainability (ESG)	Finance/ Accounting/ Taxation	Legal Affairs/ Compliance/ Risk Management	Human Resources/ Human Resource Development/ Diversity	PR/IR/ Brand Marketing	Internationality	Manufacturing/ Technology/ IT
Hiroshi Kiriyama (Representative Director)	○	○	○				○		
Takayuki Uematsu (Representative Director)	○			○			○		
Shigeru Yamada (Director)	○	○							
Yoshimitsu Sunano (Director)	○		○	○					
Abdulla Mohamed Shadid (Outside Director)		○		○				○	
Ali Al Dhaheri (Outside Director)	○							○	○
Ryuko Inoue (Outside Director)					○	○		○	
Toshiyuki Mizui (Director, Full-time member of the Supervisory Committee)	○	○		○					
Yasuko Takayama (Outside Director, Member of the Supervisory Committee)			○		○	○	○		
Keiichi Asai (Outside Director, Member of the Supervisory Committee)	○	○						○	

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

The effective term of Soichi Yukawa'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 Kazuko Takahara as a substitute for Outside Director who is a Member of the Supervisory Committee.

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.

Kazuko Takahara	**Outside**	May 5, 1955	
Career Summary and Status		**Status of Significant Concurrent Position(s)**	Number of Shares of the Company Held: 0 shares
April 1978	Joined Ministry of Labor (currently Ministry of Health, Labour and Welfare)	None	
August 2003	Director, Gunma Labour Bureau, Ministry of Health, Labour and Welfare		
July 2006	General Manager, Compliance Dept., Japan Industrial Safety and Health Association		
July 2009	Director, Hokkaido Labour Bureau, Ministry of Health, Labour and Welfare		
January 2014	Resigned from Ministry of Health, Labour and Welfare		
June 2014	Full-time Audit & Supervisory Board Member, YAMATO HOLDINGS CO., LTD.		
June 2018	Resigned from YAMATO HOLDINGS CO., LTD.		
Reasons for choosing the person as candidate and the roles expected of them	Kazuko Takahara has wide-ranging administrative experience. After joining the Ministry of Labor (currently Ministry of Health, Labour and Welfare), she has successively held various important positions, such as serving as a Director of the Gunma and Hokkaido Labour Bureaus as well as contributing to legal reforms and law enforcement in labor and welfare sectors. In addition, she utilized such knowledge and experience by serving to sound business management as an Audit & Supervisory Board Member of a listed company for four years. In light of these achievements, the Company believes she will be able to audit and supervise management utilizing her wide-ranging experience and knowledge unbound by the industry the Company belongs to. Accordingly, the Company proposes her election as Substitute Director who is a Member of the Supervisory Committee.		

(Notes) 1. No special interests exist between the Company and Kazuko Takahara.

2. In the event that the election of Kazuko Takahara is approved and she assumes the office of Outside Director who is a Member of the Supervisory Committee, the Company plans to enter into an agreement with Kazuko Takahara 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.

3. The Company has concluded a directors and officers liability insurance contract with an insurance company in accordance with Article 430-3, paragraph 1 of the Companies Act, and the details of such insurance contract is as described on page 36. In the event that the election of Kazuko Takahara is approved and she assumes the office of Outside Director who is a Member of the Supervisory Committee, she will be included as an insured person in the insurance contract. In addition, when such insurance contract is next reviewed, the Company plans to renew with the same details.
4. Kazuko Takahara satisfies the requirements for an Independent Director as provided for by Tokyo Stock Exchange, and in the event that Kazuko Takahara assumes the office of Director who is a Member of the Supervisory Committee of the Company, the Company plans to elect her as Independent Director.

(Attached Documents)
BUSINESS REPORT (From April 1, 2020 to March 31, 2021)

1. Business Overview

(1) Principal Business Lines (as of March 31, 2021)

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, sales of automobile-related products, and insurance agency business, etc.

(2) Review of Operations of the Group

Business Environment

During the fiscal year under review, the Japanese economy experienced a slowdown in economic activities due to the impact from the spread of the novel coronavirus disease (COVID-19), and there were signs of weakness in consumption, deterioration in the employment situation, etc., after the declaration of a state of emergency in April. Although manufacturing, consumer activity, etc. showed signs of picking up afterward due to the effects of the recent measures to prevent the spread of infection and various government measures, concerns persist about the resurgence of COVID-19 and the outlook remains uncertain.

With respect to crude oil prices, the price for Dubai crude oil began the fiscal year in the $21 per barrel range, but temporarily fell to the $13 per barrel range in late April, due to the global spread of COVID-19 and the breakdown of negotiations in March 2020 at "OPEC Plus." which consists of OPEC and non-OPEC countries, to reach an agreement on extending coordinated production cuts. Afterward, the balance between supply and demand improved due to agreement by OPEC Plus on coordinated production cuts and other factors, and the price remained in the range from $30 to $40 per barrel from June. Starting in November, prices turned around and started moving upward due to expectations, etc. regarding the development and availability of COVID-19 vaccines, and ended the fiscal year in the $63 per barrel range after Saudi Arabia announced in OPEC Plus talks in January that it would voluntary cut production, which caused oil prices to rise further.

As for exchange rates, the Japanese yen started the fiscal year at the ¥107 per dollar level and briefly rose to the ¥102 per dollar level in January due to the yen gradually rising because of the global spread of COVID-19. However, in addition to the yen tending to weaken, yields on U.S. government bonds rose due to expectations for economic measures from the new U.S. administration, and the yen ended the fiscal year at the ¥110 per dollar level.

Domestic demand for petroleum products continued a declining trend. Although demand for kerosene and heavy fuel oil A rose year on year, demand for other types of oil fell year on year. In particular, demand for jet fuel decreased significantly from the previous fiscal year as a result of travel restrictions due to the spread of COVID-19, and overall demand for fuel oil was lower than the previous fiscal year.

As for petrochemical products, the sluggish market conditions for paraxylene and other products, which are our key products, continued due to the impact of the construction of new and additional overseas plants and other factors, causing a severe market environment.

Performance of the Fiscal Year Under Review

In this business environment, the Cosmo Energy Group continued to implement initiatives based on its Sixth Consolidated Medium-Term Management Plan under the slogan of "Oil & New Everything About Oil－And Beyond." The Group continued to 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, a growth market, and improve 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 ¥2,233.3 billion, down 18.4% from the previous year, operating profit was ¥101.3 billion, up 629.1% from the previous year, and ordinary profit was ¥97.4 billion, up 497.9% from the previous year.

Main factors for these improvements included a rise in crude oil prices, which had dropped suddenly due to the impact of COVID-19, as a result of rising expectations concerning the reopening of the economy and the recovery of demand, and the improvement of margins for products in the petroleum business in particular.

Profit attributable to owners of parent amounted to ¥85.9 billion due to the abovementioned profit-increasing 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	60,411	2,055,836	304,530	76,488	-264,017	2,233,250
Segment Profit (loss)	13,859	74,058	-3,319	7,865	4,906	97,370

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 as a core area.

The Group's oil exploration and operating companies in the Middle East, namely ABU DHABI OIL COMPANY LIMITED, QATAR PETROLEUM DEVELOPMENT COMPANY LIMITED and United Petroleum Development Co., Ltd., continued to maintain safe and stable operations while implementing measures to prevent infection and suppressing investment and operating costs amid the spread of COVID-19.

ABU DHABI OIL COMPANY LIMITED continued stable production while implementing production adjustments from FY2019 at the Hail Oil Field, where it commenced production in November 2017, due to lower reservoir pressure. Going forward, we will aim for the recovery and maximization of production volume by carrying out measures for the recovery of reservoir pressure. In other existing oil fields (the Mubarraz, Umm Al Anbar, and Neewat Al Ghalan fields), stable production also continued overall.

As for QATAR PETROLEUM DEVELOPMENT COMPANY LIMITED, production volume decreased because of some delays in construction work for refurbishing existing wells, which were caused by difficulties in securing workers due to the impact of COVID-19. However, it will aggressively proceed with refurbishment work to recover production volume.

In addition, we participated in the Abu Dhabi's Block Bid Round organized by Abu Dhabi National Oil Company and won the bid for an offshore exploration field (Offshore Block 4). This Block is expected to significantly reduce development and operating costs as it not only has an abundant volume of oil and natural gas, but is also located in the shallow part of the Arabian Gulf, which has a lower unit operating cost than other areas, and the oil field facilities owned by ABU DHABI OIL COMPANY LIMITED, which are adjacent, can be jointly utilized in the event of commercial production. We will undertake exploration to investigate the future possibility of commercial production of the oil and natural gas in this Block.

As a result of the above, net sales in the oil exploration and production business was ¥60.4 billion, down 38.3% from the previous year, and segment profit (ordinary profit) was ¥13.9 billion.

Petroleum Business

Firming the safety management system

With regard to the safety management systems of our refineries, we have introduced the Operations Management System (OMS) (Note) in order to achieve safe operation and stable supply. By making 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, we continue firm, safe and stable operations. In addition, we foster increased autonomy of behavior with each and every employee thinking for themselves to further promote a safety-first culture of risk-based behavior.

(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 2020, we installed equipment to remove impurities contained in the slurry oil produced from heavy fuel oil fluid catalytic cracking at the Chiba Refinery and Yokkaichi Refinery. Going forward, we will shift to a more efficient production mix, from high-sulfur heavy fuel oil C to profitable types of oil such as middle distillates (kerosene, diesel fuel and heavy fuel oil A) and low-sulfur heavy fuel oil C.

With regard to initiatives of refineries, our Chiba Refinery utilized the pipeline linked with the ENEOS Group 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 Idemitsu Kosan Group (Showa Yokkaichi Sekiyu Co., Ltd.), continued to work on enhancing competitiveness through the optimization of facilities.

Apart from this, COSMO OIL COMPANY, LIMITED has decided to join the studies concerning the establishment of a commercial domestic supply chain for the production of next-generation aviation fuel (Sustainable Aviation Fuel "SAF") from used cooking oil, which has been undertaken by JGC HOLDINGS CORPORATION and REVO International Inc. The initiatives to establish SAF production facilities by around 2025 and proceed with the commercialization phase will be accelerated in future.

(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 promoted three retail sales policies (Creating highly productive service stations, Maximizing the value of the Cosmo brand and network, and Enhancing CSR initiatives) based on the Cosmo service stations (SS) support program "Oil & New for COSMO STATION 2020" in light of factors such as reduced demand for fuel, a decrease in the working population, lifestyle changes due to the popularity of digital devices and changes in the environment surrounding mobility such as CASE (Connected, Autonomous, Shared & Services, Electric) and MaaS (Mobility as a Service).

First, as part of enhancing the sales capacity of existing products, we worked to enhance the convenience to customers by expanding service stations, which handles common point services, such as the "d POINT" service, "WAON POINT" service and "Rakuten Point" service. In addition, Cosmo My Car Lease exceeded an accumulated total of 80,000 car lease contracts in November due to continuously working to reinforce sales, which contributed to the steady improvement of the profit structure of service stations.

Next, the "Carlife Square" application, which is an important tool to deepen ties with customers, reached a cumulative total of 3.17 million downloads as of March 31 and through this application, we are providing information on bargain products at each service station and coupons that can be used at stores in different industries, and conducting One to One marketing.

In the electricity retail sales business, we promoted the sales of "Cosmo Denki," a home electrical power service, by expanding the available area, and from October commenced sales of the new "Cosmo Denki Business" plan catering to all corporate customers from low voltage to extra-high voltage and "Cosmo Denki Business Green" (Note) catering to the heightened corporate awareness of environmental issues such as global warming.

(Note) Cosmo Denki Business Green: This provides CO_2 free electricity with value fueled by either renewable energy or effectively renewable energy using non-fossil fuel certificates.

As a result of the above, net sales in the petroleum business were ¥2,055.8 billion, down 18.0% from the previous year, and segment profit (ordinary profit) was ¥74.1 billion.

Petrochemical Business

As for Maruzen Petrochemical Company, Limited (MPC), the decline in production volume due to periodic maintenance and the slumping margins due to the impact of COVID-19 resulted in lower performance than in the previous year.

The Company is continuing to deepen its collaboration with MPC to strengthen the Group's overall competitiveness. Specifically, the Company commenced construction on the new propylene rectifying tower at MPC Chiba Plant, with the aim of completing construction in 2021. Furthermore, regarding the commercialization of hydrogenated polymer resins by Arakawa Chemical Industries, Ltd. and the Group, the Company has completed the installation of equipment in December.

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. While being fully aware of changes in the external environment, to respond to the forecasted surge in demand for polyester particularly in Asia over the medium- to long-term, the Company is striving to increase competitiveness.

As a result of the above, net sales in the petrochemical business were ¥304.5 billion, down 26.5% from the previous year, and segment loss (ordinary loss) was ¥3.3 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: 261 MW).

Concerning the development of new onshore wind power generation facilities, the Goto-hassakubana site (Nagasaki Prefecture) started operations in March. Furthermore, progress was made in the construction works for three sites: the Chuki Wind Farm (Wakayama Prefecture, started operation in April 2021), the Kamiyuchi Wind Farm (Hokkaido, scheduled to start operation in March 2023), and the Oita Wind Farm (Oita Prefecture, scheduled to start operation in March 2023).

As for offshore wind power generation business, Akita Offshore Wind Corporation, in which Cosmo Eco Power Co., Ltd. has invested, is proceeding with construction with the aim of starting operations in Akita Port and Noshiro Port in FY2022. In addition, for the offshore wind power generation business of Yurihonjo City, Akita Prefecture, studies are progressing ahead of the public bidding in FY2021, and for the offshore wind power generation business of Aomori North-West, we concluded a joint venture agreement for the business participation of Acacia Renewables K.K. (currently Iberdrola Renewables Japan K.K.), a wholly-owned subsidiary of Iberdrola S.A., a major Spanish electric power company that owns one of the world's largest wind power generation facilities. By joining hands with a partner with knowledge of many overseas wind power generation projects, we are working to improve our business possibilities.

In the mega solar business, CSD Solar G.K., established as a joint venture with 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 automobile-related products and insurance agency business, construction and maintenance of oil-related facilities.

As a result of the above, net sales in the other business was ¥76.5 billion, down 9.6% from the previous year, and segment profit (ordinary profit) was ¥7.9 billion.

About Our Response to COVID-19

The Group works to ensure that each of its members is strongly aware of and acts every day to fulfill our responsibility to protect our lives and the lives of those close to us and to ensure the stable supply of products and services such as petroleum products.

At our Crisis Response Headquarters Joint Committee, which was launched in February 2020 and has met 22 times through end of March 2021, we have worked to create thorough awareness of the Group's overall policies, including thorough measures to prevent infection, the promotion of working from home, and our response when infections occur or are suspected. Moreover, to maintain and improve performance in the remote work environment, we are proactively promoting "new work styles" initiatives.

Strengthening Group Management Foundation

Promotion of Sustainable Management

The Group aims to achieve “sustainable growth” as stated in the Group Vision through the promotion of society and companies working together. To place “harmony and symbiosis” and “creating future values” in the Group Vision as the basic concepts of sustainability of the Group, we consider and promote sustainable management as meeting the trust and expectations of society, including all stakeholders such as customers, shareholders, local residents, and employees. For the Sixth Consolidated Medium-Term Management Plan, we formulated a consolidated medium-term CSR plan (CSR MTP) for the purpose of promoting sustainable management as one of our priority measures. In the CSR MTP, we have established key performance indicators (KPIs) from the perspective of ESG (environmental measures, human rights and social contributions, and safety and corporate governance) and are implementing various initiatives. Through efforts to address ESG issues, we will strive to achieve the SDGs (the Sustainable Development Goals) by continuously improving and enhancing our sustainable management.

Major 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: This provides CO_2 free electricity with value fueled by effectively renewable energy using non-fossil fuel certificates.

■ S (Enhancing Human Rights and Social Contribution Measures)

In order to ensure diversity in human resources, our first priority is to empower women. We provide a childcare leave program that exceeds legal requirements for employees undertaking childbirth and childcare, along with a shorter working hours program, telework program, and so forth. We are promoting a shift to new workstyles that will enable workers to engage in diverse workstyles if their family or home situation changes. In addition, due to the impact of COVID-19, many events planned and scheduled as social contribution measures were either cancelled or held online instead. Although the outlook to resume holding events is uncertain, we are considering events to replace in-person events, and will continue social contribution activities.

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

For "ensuring safety measures," we regard safe operations, stable supply and quality assurance as priority issues, and, in addition to the OMS initiatives, we have formulated a Business Continuity Plan (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 September, the Company, COSMO OIL COMPANY, LIMITED, and COSMO OIL MARKETING COMPANY, LIMITED remotely ran, as a tripartite effort, Crisis Response Headquarters Earthquake BCP Drills envisioning a Nankai Megathrust (the fault line under the Nankai trough) Earthquake, and in November, the Company ran joint drills with the Kansai business office envisioning the Tokyo Inland Earthquake. We will continue to make sure systems are in place to ensure there are no issues in the supply of petroleum products during emergencies.

Furthermore, 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.

(3) Issues to be Addressed

Marking the 10 Years since the Earthquake

We offer our sincere apologies for the great inconvenience and unease caused to area residents and other parties affected by the fire and explosion that occurred in LPG tanks at our Chiba Refinery after the Great East Japan Earthquake. The Group reflected and vowed to confront "safety" as its top priority, and the entire group worked as one to strive for safe operations over the next ten years. Ten years have passed since the Great East Japan Earthquake, and we will continue to operate safely and work to stably provide energy by looking back on that time and keeping in mind that it is necessary for each and every person in the Group to continue to recognize the importance of and carry out initiatives for "safety" without stopping.

The impact of COVID-19 is expected to be prolonged, but the economy is expected to recover gradually, and demand for oil is also expected to recover. At the same time, over the medium- to long-term, the global trend toward a carbon-free society will accelerate, the importance of shifting to renewable energy will also increase in the energy fields, and the decline of petroleum demand in Japan is expected to continue due to structural factors such as fuel conversion and population decline.

In view of this business environment, the Company will expand its business portfolio for the next period of growth while strengthening profitability with the oil exploration and production and petroleum businesses, and responding while closely observing the recent business environment, with a view to the long-term direction of the Sixth Medium-Term Management Plan.

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 sustainable 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
  - Thoroughly increase operation efficiency using RPA (Robotic process automation) and 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 and reduce operating costs. Additionally, we will proceed the investigations for business production at our newly acquired drilling site (Offshore Block 4), and aim to create a business portfolio that can deliver profits even in the low-price oil environment.

Petroleum business (Petroleum refining business)

While demand for oil is expected to decline over the medium- to long-term, we are focusing on profitable products, shifting to petrochemical business, and promoting the introduction of IT in refineries. In addition, we will aim to bolster our competitiveness by using alliances with other companies, and create synergies with the petrochemical business, such as by continuing to supply oil to Kygnus Sekiyu K.K.

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 car sharing business and retail sale of electricity, in anticipation of the long-term business environment, while seeking to grow the car life business.

Petrochemical business

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. 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 that are not vulnerable to changes in environment. In FY2021, we plan to commercialize the hydrogenated polymer resin manufacturing business by Chiba Arkon Production Limited, and install a polymer-grade (highpurity) propylene refining facility.

Renewable energy business

Amid the worldwide trend of decarbonization, we will continuously aim to aggressively expand the renewable energy business, centered on the wind power generation business, which is expected to expand significantly in Japan as well. For the onshore wind power generation business, following on from the start of operations at the Chuki Wind Farm (Wakayama Prefecture) in April 2021, we will complete the construction of the Kamiyuchi Wind Farm (Hokkaido) and Oita Wind Farm (Oita Prefecture), which is under construction, and steadily promote development projects in Aomori Pref., Fukushima Pref., and Wakayama Pref., etc. in addition to aiming for wind power generation total output of 500,000 kW at an early stage. For the offshore wind power generation business, which is expected to see an improved business environment and expanded investment opportunities going forward, we will further promote consideration for bidding for public offering and aim to become a leading company in the field in Japan. Specifically, we will continue to work on the offshore wind farm projects of Akita Port and Noshiro Port in Akita Prefecture, the offshore wind power generation business of Yurihonjo City in Akita Prefecture, and the offshore wind power generation business of Aomori North-West, and for business plans for projects in the following promising areas as well, we will advance the feasibility stage toward their realization.

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

Climate Change Initiatives

In December, as part of our evaluation into the disclosure of climate change-related information, the Company signed a declaration of agreement to the proposals of the Task Force on Climate-related Financial Disclosures ("TCFD") and participated in the "TCFD Consortium." Furthermore, the Company took this as an opportunity to disclose information related to climate change appropriately and proactively. In May 2021, the Group declared its goal of net-zero GHG (Note) emissions from group companies by 2050. Going forward, the Company will carry out scenario analysis based on the TCFD recommendations, and formulate a roadmap for the long-term achievement of targets. In the Seventh Consolidated Medium-Term Management Plan, the Company will formulate a management plan that integrates financial and non-financial aspects, and aim for sustainable growth as the Cosmo Energy Group.

(Note) GHG: Abbreviation for Greenhouse Gas. The Company includes Scope 1 (direct emissions) and Scope 2 (indirect emissions originating from energy generation (utility power)) within this.

The 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 FY2019
	Millions of yen	%
Oil Exploration and Production Business	14,885	-35.8
Petroleum Business	662,532	-31.5
Petrochemical Business	242,654	-30.1
Total	920,071	-31.2

(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 FY2019	Outstanding Orders	Changes from FY2019
	Millions of yen	%	Millions of yen	%
Other	13,017	2.6	7,901	-4.0

(Note) Amount above does not include consumption taxes.

(5) Sales

Name of Business Segment	Sales Volume	Changes from FY2019
	Millions of yen	%
Oil Exploration and Production Business	22,939	-46.5
Petroleum Business	1,906,912	-16.8
Petrochemical Business	268,005	-26.5
Other	35,392	-10.3
Total	2,233,250	-18.4

(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 ¥79.6 billion on capital investments during the fiscal year under review, primarily in the following:

- Oil exploration and production business
  Construction of production facilities
  Acquisition of recoverable accounts under production sharing
- Petroleum business
  Construction of petroleum refining and shipping facilities
  New establishment and remodeling of service stations
- Petrochemical business
  Construction of production facilities
- Other
  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 3rd Term FY2017	The 4th Term FY2018	The 5th Term FY2019	The 6th Term FY2020
Net Sales	2,523.1	2,770.4	2,738.0	2,233.3
Ordinary Profit	116.9	96.7	16.3	97.4
Profit (loss) Attributable to Owners of Parent	72.8	53.1	-28.2	85.9
Net Income (loss) per Share (yen)	865.80	630.69	-334.84	1,025.86
Total Assets	1,688.3	1,702.3	1,639.8	1,709.0
Net Assets	356.1	401.9	362.8	449.1

(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 6th 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, 2021)

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) Minato-ku, Tokyo (Refineries) Chiba (Ichihara-shi) / Yokkaichi / Sakai (Laboratories) Research & Development Center (Satte-shi)
COSMO OIL MARKETING COMPANY, LIMITED	(Head Office) Minato-ku, Tokyo (Branches) 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) Minato-ku, Tokyo (Mining Plant) Abu Dhabi (United Arab Emirates)
Maruzen Petrochemical Company, Limited	(Head Office) Chuo-ku, Tokyo (Plant) Chiba (Ichihara-shi) / Yokkaichi (Laboratories) Chiba (Ichihara-shi)
Cosmo Eco Power Co., Ltd.	(Head Office) Shinagawa-ku, Tokyo
(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, 2021)

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
Cosmo Eco Power Co., Ltd.	72	100.0	Sales of electricity produced by wind power generation, etc.
(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 (unchanged from the previous year) and 28 companies under the equity method (decrease of 1 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 ¥2,233.3 billion, and profit attributable to owners of parent for the period was ¥85.9 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, 2021)

1) Employees of Cosmo Energy Group

Name of Business Segment	Number of Employees (Persons)		Year-on-year Change (Persons)
Oil Exploration and Production Business	270	(62)	1 (decreased)
Petroleum Business	4,546	(2,975)	98 (increased)
Petrochemical Business	1,216	(104)	38 (increased)
Other	1,054	(163)	105 (increased)
Total	7,086	(3,304)	240 (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
229	67 (increased)	18 years 6 months

(Notes) 1. Seconded employees (353), 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.
3. The number of employees has increased compared with the previous fiscal year mainly because of the absorption by merger of COSMO ENERGY SYSTEMS CO., LTD. on April 1, 2020.

(12) Principal Lenders (as of March 31, 2021)

(Billions of yen)

Lenders	Borrowed Amount
Mizuho Bank, Ltd.	102.9
MUFG Bank, Ltd.	77.8
Japan Oil, Gas and Metals National Corporation	50.0
Sumitomo Mitsui Banking Corporation	43.6
Development Bank of Japan Inc.	32.1

(Note) In addition to the above, there are borrowings via syndicated loans (¥152.2 billion in total).

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

None.

2. Share Information (as of March 31, 2021)

(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: 3,521 shares)

(3) Number of Shareholders: 23,383

(4) Major Shareholders (Top 10)

Name of Shareholders	Number of Shares Held (thousands)	Investment Ratio (%)
THE CHASE MANHATTAN BANK, N. A. LONDON SPECIAL ACCOUNT NO, 1	17,629	20.79
Custody Bank of Japan, Ltd. (Trust Account)	5,010	5.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,658	5.49
Mizuho Bank, Ltd.	2,522	2.97
The Kansai Electric Power Co., Inc.	1,860	2.19
Cosmo Energy Holdings Client Stock Ownership	1,617	1.90
Aioi Nissay Dowa Insurance Co., Ltd.	1,580	1.86
MUFG Bank, Ltd.	1,580	1.86
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,379	1.62
Sompo Japan Insurance Inc.	1,342	1.58

(Notes) 1. 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."

2. 17,600 thousand shares held by THE CHASE MANHATTAN BANK, N. A. LONDON SPECIAL ACCOUNT NO, 1 is substantially held by Infinity Alliance Limited.

(5) Status of shares granted to Directors of the Company as consideration for the execution of duties during the current fiscal year under review

None.

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 ¥3,798.8.
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.

(Note) The conversion price was adjusted from ¥3,798.8 to ¥3,741.7 on April 1, 2020.

4 Executives of the Company

(1) Directors (as of March 31, 2021)

Position	Name	Responsibilities	Significant Concurrent Positions
President, Representative Director, Chief Executive Officer	Hiroshi Kiriyama		
Representative Director, Senior Executive Officer	Yasuhiro Suzuki	Responsible for Legal and General Affairs Dept., Human Resource Dept., and IT Strategy Dept.	
Representative Director, Senior Executive Officer	Takayuki Uematsu	Responsible for Corporate Communication Dept., Accounting Dept., and Finance Dept.	
Director, Senior Executive Officer	Shigeru Yamada	Responsible for Corporate Planning Dept. and Business Portfolio Management Dept.	
Director, Senior Executive Officer	Yoshimitsu Sunano	Responsible for Business Development Dept. and Sustainability Initiative Dept.	
Director	Saleh Al Mansoori		Director of Petrochemicals, Refining & Petrochemicals, Mubadala Investment Company
Director	Ali Al Dhaheri		Director of Refining, 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)	Toshiyuki Mizui		Outside Director (Audit and Supervisory Committee Member), KYOEI TANKER CO., LTD.

(Notes) 1. Saleh Al Mansoori, Ali Al Dhaheri, Sakae Kanno and Yasuko Takayama are the candidates for 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. Saleh Al Mansoori served for Abu Dhabi National Oil Company (ADNOC) and ADNOC is the Company's specified related operator.
4. Saleh Al Mansoori and Ali Al Dhaheri serve as executing persons of Mubadala Investment Company. Also, said company is the parent company of one of the Company's major shareholders.
5. Director Toshiyuki Mizui 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.
6. Director Toshiyuki Mizui has taken charge of operations in the accounting and systems departments for many years and he possesses a suitable level of knowledge regarding finance and accounting.
7. Executive Officers (as of April 1, 2021)

Position	Name	Responsibilities
Executive Officer	Junko Takeda	General Manager, Human Resource Dept.
Executive Officer	Seiko Takagi	General Manager, Sustainability Initiative Dept.
Executive Officer	Gota Sakai	General Manager, Corporate Planning 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 Saleh Al Mansoori, Ali Al Dhaheri, 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) Outline of the Terms and Conditions of Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract, as provided for in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. The individuals covered by this insurance contract are the Directors, Corporate Auditors (including those who are Members of the Supervisory Committee and those who served as Member of the Supervisory Committee during the fiscal year under review) and Executive Officers of 31 companies (the Company and 30 companies among its consolidated subsidiaries and equity-method affiliates). Under the terms of this insurance contract, those insured will be compensated for indemnification and legal defense costs incurred by the insured due to corporate litigation, shareholder derivative suits, etc. received in the course of their duties. For all those covered, the insurance premiums are fully borne by each company.

(4) Amount of Remuneration to Directors

(Summary of the details of policy for determining remuneration etc. for Directors (including individual remuneration etc.))

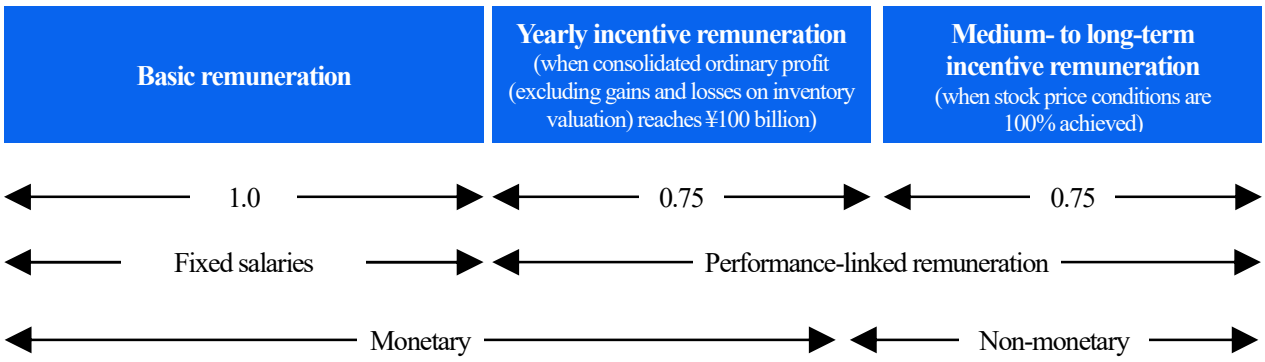
In order to ensure a high degree of independence, objectivity and transparency in the process for determining and managing the remuneration of executives, the Company has established a Nomination and Remuneration Advisory Committee in which more than half the members, and the Chairperson, are Independent Outside Directors. The policy for determining individual remuneration etc. for Directors is determined by the Board of Directors after verifying its validity every term by the Nomination and Remuneration Advisory Committee.

The Nomination and Remuneration Advisory Committee utilizes advice and information gathered by external consultants in relation to basic policies and systems for the executive remuneration plan, incentive remuneration mechanisms, and the content of individual remuneration amounts to Directors. Based on this and on objective information relating to executive remuneration, including recent trends in newly established plans, topics of discussion, and trends in plans at other companies, and after deliberating on the effectiveness of plans from the perspective of compatibility with the Company's vision and management strategy, the Committee then reports its findings to the Board of Directors. The Board of Directors makes final decisions on the content of individual remuneration amounts to Directors after considering the detail of these findings.

The remuneration system for Directors (excluding Outside Directors and Member of the Supervisory Committee) is comprised of fixed salaries as basic remuneration, performance-linked remuneration (yearly incentive remuneration) that is completely linked to single-year "consolidated ordinary profit (excluding gains and losses on inventory valuation)," and non-monetary remuneration (medium- to long-term incentive remuneration) in which the number of shares to be granted varies according to the degree of achievement of performance targets etc. for three fiscal years, and validity is verified based on an objective benchmark analysis of the latest conditions for the level and composition of Director remuneration at major domestic corporations.

In addition, the same remuneration system and same mechanism are used so that all Executive Officers of the Company and Directors of core business companies can align their management perspectives and work as one to achieve management goals. In particular, for medium- to long-term incentive remuneration, the value of standard points granted in a single year is set at 75% of basic remuneration, and the remuneration system promotes all those eligible for this remuneration sharing a company-wide perspective, further raising desire to contribute and morale toward sustainably raising corporate value, and steadily strengthening alignment with the interests of shareholders through promoting shareholding. Remuneration for Outside Directors and Directors who are Members of the Supervisory Committee consists only of a set amount of basic remuneration, so that they can fulfill their supervisory role appropriately from the standpoint of individuals who are not involved in business execution.

*Reference: Diagram of remuneration system for Directors (excluding Outside Directors and Member of the Supervisory Committee)



(Method of determining individual remuneration etc. for Directors)

Details of individual remuneration etc. for Directors for the fiscal year under review are decided by the Board of Directors. However, the determination of basic remuneration has been delegated to the President and Representative Director, Chief Executive Officer (Hiroshi Kiriyama) based on the resolution of the Board of Directors held on May 10, 2018, in order to implement rapid decision making while taking into consideration the business performance of the Company as a whole. The Nomination and Remuneration Advisory Committee shall deliberate the determination of basic remuneration, and in the event of a decision on basic remuneration that differs from the details of said deliberation,

an explanation will be provided to the Committee. From FY2021, the Board of Directors will decide the details of all remuneration, including basic remuneration. In addition, regarding the determination of individual remuneration etc. for Directors who are Members of the Supervisory Committee is determined through discussions among Directors who are Members of the Supervisory Committee in accordance with provisions of Article 361, Paragraph 3 of the Companies Act.

(Performance indicators etc. related to performance-linked remuneration (incentive remuneration))

Yearly incentive remuneration

In the case of yearly incentive remuneration, Directors (excluding Outside Directors and Directors who are Members of the Supervisory Committee) receive monetary payments that vary in accordance with consolidated ordinary profit (excluding gains and losses on inventory valuation) in each fiscal year. Consolidated ordinary profit (excluding gains and losses on inventory valuation) is a standard indicator that excludes the fluctuations in inventory valuations that are characteristic of the oil industry, and has been selected as key performance indicators (KPIs) because of its widespread use when explaining the performance of the Company to internal and external stakeholders.

The actual result for consolidated ordinary profit (excluding gains and losses on inventory valuation) for the fiscal year under review was ¥76.6 billion, and the amount of payment for each individual is based on said performance and calculated based on a predetermined formula for each position.

Medium- to long-term incentive remuneration

Medium- to long-term incentive remuneration is a performance-linked share-based remuneration plan (hereinafter the "Plan" in this paragraph), whereby, every year from FY2018, an incentive plan is established for an evaluation spanning three consecutive years (the "Applicable Evaluation Period").

The KPIs of the Plan are the ratio of the Company's total shareholder return (TSR) to the Tokyo Stock Price Index (TOPIX) growth rate, and the consolidated net interest-bearing debt ratio (D/E ratio). The ratio of the Company's TSR to the TOPIX growth rate was chosen as a KPI because it enables the volatility in performance caused by market factors that is characteristic of the Company's business to be excluded as far as possible, and for the skill involved in creating corporate value, resulting from management efforts, to be evaluated fairly and impartially. The consolidated net D/E ratio was chosen as a KPI for the early achievement of the goal cited in the Sixth Consolidated Medium-Term Management Plan of achieving consistently sound financial management over the medium to long term.

For this remuneration plan which has the Applicable Evaluation Period for the three fiscal years from FY2018 through FY2020, with the fiscal year under review as the final year of the period, as of the end of March 2021, the Company's TSR to the TOPIX growth rate was 66%, and consolidated net D/E ratio was 1.59, and the number of shares granted to individual is calculated based on actual results as of the end of May 2021 according to a predetermined formula for each position.

(Total remuneration, etc. related to the fiscal year under review)

Category	Number of Recipients (Persons)	Amount of Remuneration (Millions of yen)	Basic Remuneration (Millions of yen)	Performance-linked Remuneration (Yearly Incentive) (Millions of yen)	Non-monetary Remuneration (Medium- to Long-term Incentive) (Millions of yen)
Directors (Excluding Members of the Supervisory Committee)	11	513	204	99	209
(Of which Outside Directors)	(4)	(28)	(28)	(0)	(0)
Directors (Members of the Supervisory Committee)	4	73	73	0	0
(Of which Outside Directors)	(2)	(38)	(38)	(0)	(0)
Total	15	586	277	99	209

(Notes)
1. Of the remuneration etc. above, the amount of remuneration etc. for Directors (excluding those who are Members of the Supervisory Committee) includes the amount of performance-linked remuneration (yearly incentive) for the fiscal year under review and the amount of expenses booked for medium- to long-term incentives related to non-monetary remuneration for the Applicable Evaluation Period which includes the fiscal year under review.
2. The total amount of remuneration, etc. for Directors does not include the salaries paid as the employee portion for the Directors who also work as employees.
3. The remuneration shown above includes remuneration during the tenure of four (4) Directors (excluding those who are Members of the Supervisory Committee) and one (1) Director who is a Member of the Supervisory Committee who retired upon the conclusion of the 5th Ordinary General Meeting of Shareholders held on June 25, 2020.
4. At the 3rd Ordinary General Meeting of Shareholders held on June 21, 2018, it was resolved that the amount of monetary remuneration for Directors (excluding those who are Members of the Supervisory Committee) would be set at no more than ¥600 million per year (including no more than ¥50 million per year for Outside Directors), not including the salaries paid as the employee portion for the Directors who also work as employees. With regard to the number of persons eligible at the conclusion of said General Meeting, the number of Directors that received basic remuneration was seven (7) persons (including two (2) Outside Directors), and the number of Directors that received yearly incentive was five (5) persons (Internal Directors only).
   In addition to monetary remuneration, the maximum amount of money contributed by the Company under the share-based remuneration plan is ¥400 million each target period. As Executive Officers are also eligible for medium- to long-term incentive, the number of Directors and Executive Officers eligible for this plan at the conclusion of said General Meeting was seven (7) persons (five (5) Directors (Internal Directors only) and two (2) Executive Officers who do not concurrently serve as Director).
5. At the 1st Ordinary General Meeting of Shareholders held on June 21, 2015, it was resolved that the amount of monetary remuneration for Directors who are Members of the Supervisory Committee would be set at no more than ¥90 million per year. At the conclusion of said General Meeting, the number of Directors who are Members of the Supervisory Committee was three (3) persons (including two (2) Outside Directors).
6. No shares have been granted to Directors during the fiscal year under review.

(5) Outside Directors

Major Activities in the Fiscal Year

Title	Name	Record of Attendance		Outline of Opinions Expressed and Performance of Duties in Relation to Expected Role
		Board of Directors Meeting	Supervisory Committee Meeting	
Outside Director	Saleh Al Mansoori	6 out of 7 times	—	Provided much advice regarding investment in general from his international perspective of the energy industry. By drawing on his wide range of experiences of management strategy in general, he has provided appropriate oversight of management from a neutral standpoint as an Outside Director.
Outside Director	Ali Al Dhaheri	7 out of 7 times	—	Provided valuable advice from his international perspective of the energy industry. By drawing on his extensive experience in the oil industry, he has provided appropriate oversight of management from a neutral standpoint as an Outside Director.
Outside Director (Member of the Supervisory Committee)	Sakae Kanno	8 out of 8 times	13 out of 13 times	By drawing on his extensive experience and expertise concerning company management, and without being bound by the conventions of the industry to which the Company belongs, he has fulfilled his role appropriately by providing oversight and offering advice based on his broad insights, thus ensuring reasonable and proper decision-making.
Outside Director (Member of the Supervisory Committee)	Yasuko Takayama	8 out of 8 times	13 out of 13 times	By drawing on her experience as a full-time audit & supervisory board member and as outside director and outside audit & supervisory board member of various companies, she has fulfilled her role appropriately by providing advice that utilizes her expertise concerning corporate governance, thus ensuring reasonable and proper decision-making.

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	150
Amount of Moneys and Other Property Benefits to be Paid to the Accounting Auditor by the Company and Its Subsidiaries	384

(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 subsidiary COSMO OIL INTERNATIONAL PTE. LTD. and COSMO ENGINEERING CO., LTD. undergoes 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, 2021)

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 Response 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 Sustainability Initiative 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 June 25 and December 18, 2020). 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 ESG, and transparency
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)	Overview of FY2020 ESG rating results/initiatives for improving of assessment; Creation of the Cosmo Report 2021 (Integrated Report) Discussions on ideal vision for information disclosure
Number of times held	2	2	2	2

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 17 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 an employee awareness 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 FY2020 "Priority Risks" that identifies crossgroup 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 2020 (As of March 31, 2021)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	**1,709,017**	**Liabilities**	**1,259,897**
Current assets	**605,808**	**Current liabilities**	**752,488**
Cash and deposits	52,972	Notes and accounts payable - trade	266,695
Notes and accounts receivable - trade	234,635	Short-term loans payable	175,692
Merchandise and finished goods	122,152	Current portion of bonds	17,700
Work in process	351	Commercial papers	37,200
Raw materials and supplies	126,923	Accounts payable - other	92,953
Accounts receivable - other	46,143	Accrued volatile oil and other petroleum taxes	108,368
Other	22,746	Income taxes payable	11,030
Allowance for doubtful accounts	-116	Accrued expenses	4,415
Non-current assets	**1,103,080**	Provision for bonuses	6,348
Property, plant and equipment	**865,433**	Provision for directors' bonuses	352
Buildings and structures, net	244,331	Other	31,732
Oil storage depots, net	35,781	**Non-current liabilities**	**507,408**
Machinery, equipment and vehicles, net	208,999	Bonds payable	3,000
Land	315,483	Convertible bond-type bonds with share acquisition rights	60,000
Leased assets, net	737	Long-term loans payable	315,759
Construction in progress	50,295	Deferred tax liabilities	35,415
Other, net	9,803	Deferred tax liabilities for land revaluation	5,100
Intangible assets	**44,343**	Provision for special repairs	27,001
Software	10,557	Provision for environmental measures	866
Other	33,785	Net defined benefit liability	2,992
Investments and other assets	**193,303**	Provision for executive remuneration BIP trust	847
Investment securities	122,402	Asset retirement obligations	19,993
Long-term loans receivable	1,030	Other	36,431
Long-term prepaid expenses	3,169	**Net assets**	**449,120**
Net defined benefit asset	5,471	**Shareholders' equity**	**332,802**
Cost recovery under production sharing	13,018	**Capital stock**	**40,000**
Deferred tax assets	40,287	**Capital surplus**	**82,843**
Other	8,234	**Retained earnings**	**211,977**
Allowance for doubtful accounts	-310	**Treasury shares**	**-2,019**
Deferred assets	**128**	**Accumulated other comprehensive income**	**-7,855**
Bond issuance cost	128	**Valuation difference on available-for-sale securities**	**4,938**
		Deferred gains or losses on hedges	**-85**
		Revaluation reserve for land	**-21,123**
		Foreign currency translation adjustment	**5,873**
		Remeasurements of defined benefit plans	**2,540**
		Non-controlling interests	**124,173**
Total assets	**1,709,017**	**Total liabilities and net assets**	**1,709,017**

Consolidated Statements of Income

Fiscal Year 2020(From April 1, 2020 to March 31, 2021)

(Unit: million yen)

Item	Amount	
Ⅰ Net sales		**2,233,250**
Ⅱ Cost of sales		**2,000,584**
Gross profit		**232,666**
Ⅲ Selling, general and administrative expenses		**131,376**
Operating profit		**101,289**
Ⅳ Non-operating income		
Interest income	368	
Dividend income	740	
Rent income on non-current assets	1,543	
Foreign exchange gains	883	
Other	2,979	6,515
Ⅴ Non-operating expenses		
Interest expenses	7,225	
Share of loss of entities accounted for using equity method	447	
Other	2,761	10,434
Ordinary profit		**97,370**
Ⅵ Extraordinary income		
Gain on sales of non-current assets	1,973	
Gain on sales of investment securities	839	
Subsidy income	340	
Insurance income	421	
Other	258	3,833
Ⅶ Extraordinary losses		
Loss on sales of non-current assets	3	
Loss on disposal of non-current assets	6,721	
Impairment loss	267	
Loss on valuation of investment securities	267	
Other	296	7,555
Profit before income taxes		**93,648**
Income taxes - current	21,567	
Income taxes - deferred	-17,137	4,430
Profit		**89,218**
Profit attributable to non-controlling interests		3,307
Profit attributable to owners of parent		**85,910**

Consolidated Statements of Changes in Equity

Fiscal Year 2020 (from April 1, 2020 to March 31, 2021)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2020	40,000	82,843	132,755	-1,382	254,217
Changes of items during the period					
Dividends of surplus			-6,781		-6,781
Profit attributable to owners of parent			85,910		85,910
Purchase of treasury shares				-637	-637
Reversal of revaluation reserve for land			92		92
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	79,221	-637	78,584
Balance at March 31, 2021	40,000	82,843	211,977	-2,019	332,802

	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, 2020	2,424	373	-21,020	5,778	-1,981	-14,425	123,047	362,839
Changes of items during the period								
Dividends of surplus								-6,781
Profit attributable to owners of parent								85,910
Purchase of treasury shares								-637
Reversal of revaluation reserve for land			-92			-92		—
Net changes of items other than shareholders' equity	2,513	-458	-10	95	4,522	6,661	1,126	7,787
Total changes of items during the period	2,513	-458	-102	95	4,522	6,569	1,126	86,280
Balance at March 31, 2021	4,938	-85	-21,123	5,873	2,540	-7,855	124,173	449,120

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 Sales Hokkaido Company Corp., which was included in the scope of associated companies applied the equity method in FY2019 has been included in the scope of consolidation due to becoming more material in FY2020. In addition, Cosmo Energy Systems Co., Ltd., which was the consolidated subsidiary in FY2019 was excluded from the scope of consolidation, since it was merged by the Company in the FY2020. Akita Wind Power Laboratory Co., Ltd., which was a consolidated subsidiary in FY2019 was excluded from the scope of consolidation since it was no longer considered to be effectively controlled by control approach.

On the other hand, Cosmo E&P Albahriya Limited has been included in the scope of the consolidation due to the establishment in FY2020.

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

Reason for exclusion from accounting consolidation:

17 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.

2. Items concerning the Application of the Equity Method

(1) Number of Non-consolidated Subsidiaries Accounted for Using the Equity Method: 17

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

Maruzen Tehno Service Co., Ltd. was excluded from the scope of associated companies applied the equity method in FY2020, since it was merged by Maruzen Petrochemical Co., Ltd. which is the consolidated subsidiaries.

(2) Number of Associated Companies Accounted for Using the Equity Method: 11

Name of major associated companies: Hyundai Cosmo Petrochemical Co.,Ltd., 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 attributable to owners of parent and retained earnings (both amounts equivalent to what is accounted for under the equity method) have little impact on the consolidated financial statements 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., Cosmo Oil Europe B.V., and Cosmo E&P Albahriya Limited adopt a fiscal year ending December 31.

The consolidated financial statements herein have been developed by using their financial reports as of December 31, 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 wind power plant 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 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), "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing 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 Changes in Representation Methods)

(Changes due to adoption of "Accounting Standard for Disclosure of Accounting Estimates")

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the current consolidated fiscal year and is presented in the notes to consolidated financial statements (Notes to Accounting Estimates).

(Notes to Accounting Estimates)

1. Recoverability of Deferred Tax Assets

Recoverability of deferred tax assets are reviewed annually and recognized to the extent of unused tax losses and deductible temporary differences which are deemed to reduce the amount of tax in the future.

The Group recorded deferred tax assets of ¥40,287 million in the consolidated balance sheet and the amount before offsetting by deferred tax liabilities is ¥61,437 million. The Group adopted the consolidated taxation system. The amount of deferred tax assets before offsetting by deferred tax liabilities of the consolidated taxable entity (hereinafter "the consolidated taxable group") that the Company is a consolidated parent entity is ¥40,642 million, which is high percentage in the consolidated basis.

Significant tax losses of the consolidated taxable group were generated and expired in the past. However, the Group recorded deferred tax assets because the significant tax losses were caused by non-recurring matters. Also, the Group deems to gain taxable income before temporary differences which we are expected to generate over multiple years in the future considering the progress of the Consolidated Medium-Term Management Plan and taxable income or tax loss trends of the current year and the past.

The Group estimates taxable income before temporary differences through considering the assessment of the impact of uncertainties based on the budget prepared by the Group and the Consolidated Medium-Term Management Plan. In setting key assumptions, domestic demand is based on medium to long term demand forecast judged on April, 2021 and we assume that crude oil prices and domestic market conditions remain stable. In addition, we expect to maintain high operating rates at our refineries by securing sales volumes in excess of production volumes. We expect gradual recovery of the new coronavirus (COVID-19) infection with decrease of the infection due to spread of vaccines and other factors.

Our management deems that the accounting estimates related to the recoverability of deferred tax assets are reasonable and the amounts of deferred tax assets is appropriate. However, since these estimates contain unpredictable uncertainties, it is probable that these estimates will be changed and reversal of deferred tax assets may occur on or after the next fiscal year.

2. Assessment of Cost Recovery Under Production Sharing

Cost recovery under production sharing is development and other related costs spent under the production sharing agreements with the Qatari government. After the commencement of production, the amount invested under the contract is recovered. The amount in the consolidated balance sheet is ¥13,018 million, which has not been recovered yet. If cost recovery under production sharing is considered to be impaired, we deem whether it is necessary to recognize impairment loss or not by comparing the carrying amount to the aggregate amount of the undiscounted future cash flows from the assets. If the assessment indicates that impairment loss is necessary, the carrying amount is reduced to the recoverable amount, and the reduction of the carrying amount is recognized as impairment loss.

It is probable that some of cost recovery under production sharing may not be able to recover until the end of the expiration date of the production sharing contract (December 2022) in FY2020. Accordingly, we deemed whether it was necessary to recognize impairment loss or not. As a result, no impairment loss was recognized based on the assessment. Estimates of future cash flows used in the assessment of impairment loss were based on the following year's budget prepared by our management and the business plan prepared in the end of FY2020 which the impact of uncertainties were adjusted, with key assumptions for production periods, crude oil production and crude oil prices.

Our management deems that the accounting estimates related to the cost recovery under production sharing are reasonable and the amount of cost recovery under production sharing is appropriate. However, since these estimates contain unpredictable uncertainties, it is probable that these estimates will be changed and impairment loss of these assets may be recognized on or after the next fiscal year.

(Notes to Consolidated Balance Sheet)

1. Accumulated depreciation for property, plant and equipment ¥1,078,498 million

2. Pledged Assets

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

Property, plant and equipment	¥124,541 million
Cash and deposits	¥21,662 million
Notes and accounts receivable-trade	¥8,421 million
Investment securities (Note)	¥1,293 million

(Note) ¥1,293 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)	¥52,192 million
Debts related to transactions with banks	¥20,991 million

(3) Assets Pledged as Collateral for Business Guarantees:

Other(Current assets)	¥1,176 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
Construction in progress	¥210 million

4. Contingencies

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

Chiba Arkon Production, Limited	¥6,566 million
Akita Yurihonjo Offshore Wind Power LLC	¥2,816 million
North Hokkaido Wind Energy Transmission Corp.	¥2,222 million
Japan Biofuels Supply LLP	¥1,143 million
Others	¥349 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:

¥30,790 million

6. Financial Covenants

Out of borrowings, borrowings amounting to ¥101,940 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, 2021	¥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, 2021

Outstanding shares	Ordinary shares	84,770,508 shares
Treasury shares	Ordinary shares	1,079,993 shares
	(including executive remuneration BIP trust	1,076,472 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 25, 2020	Ordinary shares	6,781	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

(2) Dividends whose effective date will fall after the end of FY 2020 among those whose record date falls within FY2020.

The Company proposes the following agendum at the ordinary general meeting of shareholders held on June 24, 2021.

(Resolution adopted by)	Type	Total dividend amount (¥ mil)	Dividend resource	Dividend per share (¥)	Record date	Effective date
Shareholders' Meeting held on June 24, 2021	Ordinary shares	6,781	Retained earnings	80	March 31, 2021	June 25, 2021

(Note) The dividend amount for treasury shares held by BIP trust in the total dividend amount ¥86 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	16,035,491 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 financing like bonds or indirect financing like bank loans. These funds are mainly necessary to undertake refineries and wind power plant.

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, 2021 are stated as follows:

(Millions of yen)

	Book value on the consolidated balance sheet *	Fair value*	Difference
(1) Cash and deposits	52,972	52,972	—
(2) Notes and accounts receivable-trade	234,635	234,635	—
(3) Accounts receivable-other	46,143	46,143	—
(4) Investment securities			
Other securities	19,139	19,139	—
(5) Notes and accounts payable-trade	(266,695)	(266,695)	—
(6) Short-term loans payable	(175,692)	(175,692)	—
(7) Current portion of bonds	(17,700)	(17,700)	—
(8) Commercial papers	(37,200)	(37,200)	—
(9) Accounts payable-other	(92,953)	(92,953)	—
(10) Accrued volatile oil and other petroleum taxes	(108,368)	(108,368)	—
(11) Income taxes payable	(11,030)	(11,030)	—
(12) Bonds payable	(3,000)	(3,092)	92
(13) Convertible bond-type bonds with share acquisition rights	(60,000)	(60,965)	965
(14) Long-term loans payable	(315,759)	(315,663)	-96
(15) Derivative transactions	6,640	6,640	—

* 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 ("¥103,262 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.

The fair value of interest swap with special treatment is included in the fair value of the long-term loan because the interest swap is integrally recorded with the long term-loan as the hedged item (Please refer to Items (14) above).

(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 wind power plant 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 2020 (From April 1, 2020 to March 31, 2021)
Balance at the beginning of the year	23,675
Increase due to the acquisition of property and equipment	87
Decrease due to change in estimation	-2,854
Adjustments due to the elapse of time	223
Decrease due to the fulfillment of asset retirement obligations	-581
Increase (decrease) due to other	-61
Balance at the end of the year	20,488

4 Changes in Estimates of Asset Retirement Obligation

Due to the re-evaluation of retirement cost executed by the consolidated subsidiaries during FY2020, the estimated retirement cost to be paid in the future has decreased compared to which estimated at the beginning of the year. Therefore, ¥2,854million of reasonably estimated amount is deducted from asset retirement obligation.

(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
28,644	29,260

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 ¥3,882.72
2. Net profit per share ¥1,025.86

(Notes to Lease Transactions)

The future lease payment from non-cancellable operating leases

Within one year ¥1,807 million
Over one year ¥1,819 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 ¥2,011 million and 1,076 thousand respectively.

Balance Sheet

Fiscal Year 2020 (As of March 31, 2021)

(Unit: million yen)

Item	Amount	Item	Amount
Assets	**691,362**	**Liabilities**	**584,796**
Current assets	**195,506**	**Current liabilities**	**271,451**
Cash and deposits	2,033	Short-term loans payable	52,744
Short-term loans receivable from subsidiaries and associates	183,879	Current portion of bonds payable	17,700
		Current portion of long-term loans payable	57,410
Accounts receivable-other	8,826	Commercial papers	37,200
Other	766	Accounts payable-other	2,266
Non-current assets	**495,794**	Income taxes payable	5,189
Property, plant and equipment	**124,266**	Deposits received	97,480
Buildings and structures, net	466	Provision for bonuses	475
Vehicles, net	4	Provision for directors' bonuses	97
Tools, furniture and fixtures, net	97	Other	886
Land	123,200	**Non-current liabilities**	**313,344**
Leased assets	497	Bonds payable	3,000
Intangible assets	**1,395**	Convertible bond-type bonds with share acquisition rights	60,000
Software	1,044	Long-term loans payable	248,650
Other	350	Long-term deposits received	718
Investments and other assets	**370,133**	Provision for executive remuneration BIP trust	392
Investment securities	5,232	Other	583
Shares of subsidiaries and associates	217,969	**Net assets**	**106,566**
Long-term loans receivable	1	**Shareholders' equity**	**106,021**
Long-term loans receivable from subsidiaries and associates	145,616	**Capital stock**	**40,000**
		Capital surplus	**22,262**
Long-term deposits	698	Legal capital surplus	10,000
Deferred tax assets	173	Other capital surplus	12,262
Other	441	**Retained earnings**	**45,778**
Deferred assets	**61**	Other retained earnings	45,778
Bond issuance cost	61	Retained earnings brought forward	45,778
		Treasury shares	**-2,019**
		Valuation and translation adjustments	**544**
		Valuation difference on available-for-sale securities	**544**
Total assets	**691,362**	**Total liabilities and net assets**	**691,362**

Statements of Income

Fiscal Year 2020 (From April 1, 2020 to March 31, 2021)

(Unit: million yen)

Item	Amount	
Ⅰ Operating revenue		**20,909**
Ⅱ General and administrative expenses		**10,156**
Operating profit		**10,752**
Ⅲ Non-operating income		
Interest income	4,798	
Dividend income	261	
Other	383	5,443
Ⅳ Non-operating expenses		
Interest expenses	4,791	
Interest on bonds	355	
Foreign exchange losses	3	
Other	870	6,020
Ordinary profit		**10,175**
Ⅴ Extraordinary income		
Gain on extinguishment of tie-in shares	53	
Gain on sales of investment securities	78	
Reversal of allowance for investment loss	24,200	24,331
Ⅵ Extraordinary loss		
Loss on valuation of investment securities	22	
Loss on disposal of non-current assets	0	22
Profit before income taxes		**34,485**
Income taxes-current	1,114	
Income taxes-deferred	89	1,204
Profit		**33,281**

Statements of Changes in Equity

Fiscal Year 2020 (From April 1, 2020 to March 31, 2021)

(Unit: million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings	Treasury shares	Total shareholders' equity
					Retained earnings brought forward			
Balance at April 1, 2020	40,000	10,000	12,262	22,262	19,278	19,278	-1,382	80,159
Changes of items during the period								
Dividends of surplus					-6,781	-6,781		-6,781
Profit					33,281	33,281		33,281
Purchase of treasury shares							-637	-637
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	26,499	26,499	-637	25,862
Balance at March 31, 2021	40,000	10,000	12,262	22,262	45,778	45,778	-2,019	106,021

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2020	-409	-409	79,749
Changes of items during the period			
Dividends of surplus			-6,781
Profit			33,281
Purchase of treasury shares			-637
Net changes of items other than shareholders' equity	954	954	954
Total changes of items during the period	954	954	26,816
Balance at March 31, 2021	544	544	106,566

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), "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing 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 Changes in Representation Methods

(Changes due to adoption of "Accounting Standard for Disclosure of Accounting Estimates")

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the current fiscal year and is presented in the notes to financial statements (Notes to Accounting Estimates).

4. Notes to Accounting Estimates

Accounting estimates made in preparing the financial statements for the current fiscal year are omitted because there is no risk that they will have a material impact on the financial statements for the following fiscal year.

5. Notes to Non-Consolidated Balance Sheet

(1) Short-term loans receivable from subsidiaries and associates: ¥8,778 million
Short-term loans payable to subsidiaries and associates: ¥98,955 million
Long-term loans payable to subsidiaries and associates: ¥855 million
(2) Accumulated depreciation for the property, plant and equipment ¥1,291 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. ¥133,474 million
Others ¥19,058 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, 2021	¥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.

6. Notes to Non-Consolidated Statements of Income

Operating revenue from subsidiaries and associates: ¥20,909 million
General and administrative expenses for subsidiaries and associates: ¥942 million
Non-operating transactions with subsidiaries and associates: ¥5,443 million
（in addition, it is stated in "Notes to the Company's Transactions with Related Parties".)

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

Type and Number of Treasury Shares as of March 31, 2021
Ordinary shares 1,079,993 shares
（including the Executive Remuneration BIP Trust 1,076,472 shares)

8. Notes to Tax Effective Consequence Accounting

(Unit: million yen)

1) Deferred tax assets:	
Loss on valuation of investment securities	1,360
Others	712
deferred tax assets – Sub-total:	2,072
Valuation allowance:	-1,677
Total deferred tax assets:	395
2) Deferred tax liabilities:	
Valuation difference on available-for-sale securities	-147
Others	-75
Total deferred tax liabilities:	-222
Net deferred tax assets:	173

9. 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.

10. 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, 2021 (¥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)	5,736	Accounts receivable-other	623
				Loans to it (*2) and Funds deposit (*3)	238,690	Short-term loans receivable from subsidiaries and associates	148,577
						Long-term loans receivable from subsidiaries and associates	24,079
				Interest receivable (*4)	3,330	—	—
				Assumption of guaranty liabilities (*5)	133,474	—	—
				Guaranteed liabilities (*6)	250,919	—	—
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)	3,611	Accounts receivable-other	389
				Loans to it (*2) and Funds deposit (*3)	19,523	Deposits received	41,920
						Short-term loans receivable from subsidiaries and associates	768
				Interest receivable (*4)	154	—	—
				Interest payable (*4)	182	—	—
				Assumption of guaranty liabilities (*5)	2,142	—	—
				Guaranteed liabilities (*6)	250,919	—	—
Subsidiary	Cosmo Oil Sales Co., Ltd. (indirectly, 100% owned)	Sales of oil products	Loans to it	Loans to it (*2) and Funds deposit (*3)	12,476	Deposits received	7,999
				Interest payable (*4)	59	—	—
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)	73,887	Short-term loans receivable from subsidiaries and associates	1,353
						Long-term loans receivable from subsidiaries and associates	72,194
				Interest receivable (*4)	884	—	—
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)	25,877	Short-term loans receivable from subsidiaries and associates	10,930
						Long-term loans receivable from subsidiaries and associates	15,123
				Interest receivable (*4)	191	—	—

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, 2021 (¥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)	8,475	Long-term loans receivable from subsidiaries and associates	8,448
				Interest receivable (*4)	86	—	—
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	Loans to it (*2) and Funds deposit (*3)	25,784	Deposits received	36,514
						Long-term loans receivable from subsidiaries and associates	23,000
				Interest receivable (*4)	26	Accounts receivable -other	26
				Interest payable (*4)	102	Accounts payable-other	33
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)	15,366	Short-term loans receivable from subsidiaries and associates	18,683
				Interest receivable (*4)	83	Accounts receivable -other	54
				Assumption of guaranty liabilities (*5)	7,151	—	—

Out of the amounts shown above, the transaction amounts are exclusive of consumption tax charges, while the balance amounts as of March 31, 2021 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 from financial institutions and the fulfillment of contracts. The amount of guarantee fees is reasonably decided by their agreements.

6. The Company is jointly guaranteed for loans from financial institutions and bonds payable the Company issued. The amount of guarantee 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.

(2) Director

Type	Name (Ownership type & ratio)	Line of business	The relationship with Cosmo Energy Holdings	Account item for record entry	Transaction amount (¥mil)	Item	Balance as of Mar 31, 2021 (¥mil)
Director and the close relative	Takayuki Uematsu (directly, 0.0% owned)	Director, Senior Executive Officer of the Company	Director, Senior Executive Officer of the Company Chairman of Cosmo Oil Eco Card Fund	Contributions(*)	44	—	—

The transaction amount shown above is exclusive of consumption tax charges.

Conditions for the Transaction with the Party Above and the Policy to Determine such Conditions:

Notes: It is so-called transaction for the third party.

11. Notes to Per-Share Information

(1) Net assets per share	¥1,273.34
(2) Net profit per share	¥397.41

12. 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 ¥2,011 million and 1,076 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	416	88	0	38	466	218	685
	Vehicles	7	—	—	2	4	7	12
	Tools, furniture and fixtures	37	110	—	51	97	630	727
	Land	123,200	—	—	—	123,200	—	123,200
	Leased assets	22	670	—	194	497	435	932
	Construction in progress	—	81	81	—	—	—	—
	Total	123,683	951	81	286	124,266	1,291	125,558
Intangible assets	Software	830	638	—	424	1,044		
	Others	77	523	250	—	350		
	Total	908	1,162	250	424	1,395		

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	281	475	281	475
Provision for directors' bonuses	103	97	103	97
Provision for Executive Remuneration BIP Trust	116	275	－	392
Allowance for investment loss	24,200	－	24,200	－

3. Schedule for General and Administrative Expenses

(Unit: million yen)

Account item	Amount	Description
Outsourcing expenses	2,316	
Salaries and wages	1,777	
Taxes and dues	1,430	
Advertising expenses	741	
Miscellaneous expenses	681	
Rent expenses	582	
Others	2,626	
Total	10,156	

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

Independent Auditor's Report

May 13, 2021

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	Katsunori Hanaoka	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, 2020 to March 31, 2021.
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 13, 2021

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	Katsunori Hanaoka	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 6th fiscal year from April 1, 2020 to March 31, 2021.
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 6th business year from April 1, 2020 to March 31, 2021, 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, while using measures that utilize the Internet, etc., 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 13, 2021

COSMO ENERGY HOLDINGS COMPANY, LIMITED
Supervisory Committee

Member of the Supervisory Committee	Sakae Kanno	Seal
Member of the Supervisory Committee	Yasuko Takayama	Seal
Full-time member of the Supervisory Committee	Toshiyuki Mizui	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 -