



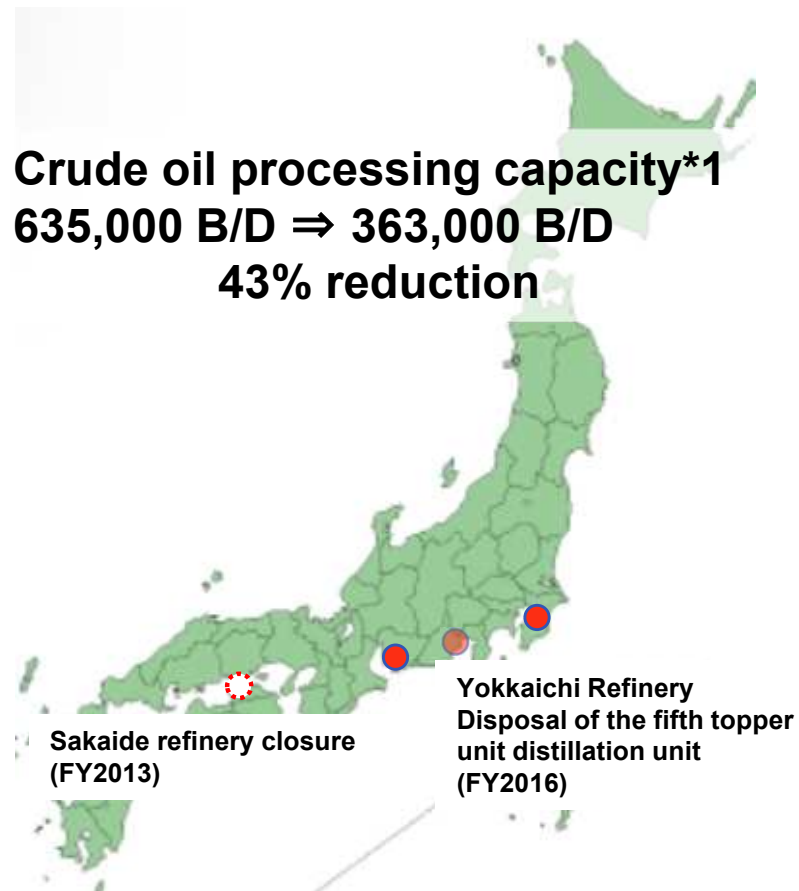
Supplementary information for “Notice of Agenda for Company’s Ordinary General Meeting of Shareholders to Confirm Shareholders’ Will Concerning Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.”

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

Profitability of the Petroleum Business

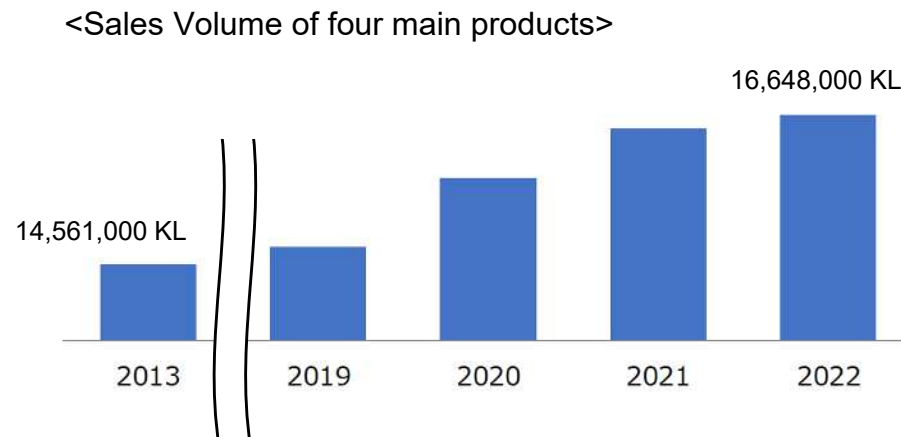
Short position strategy

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



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

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



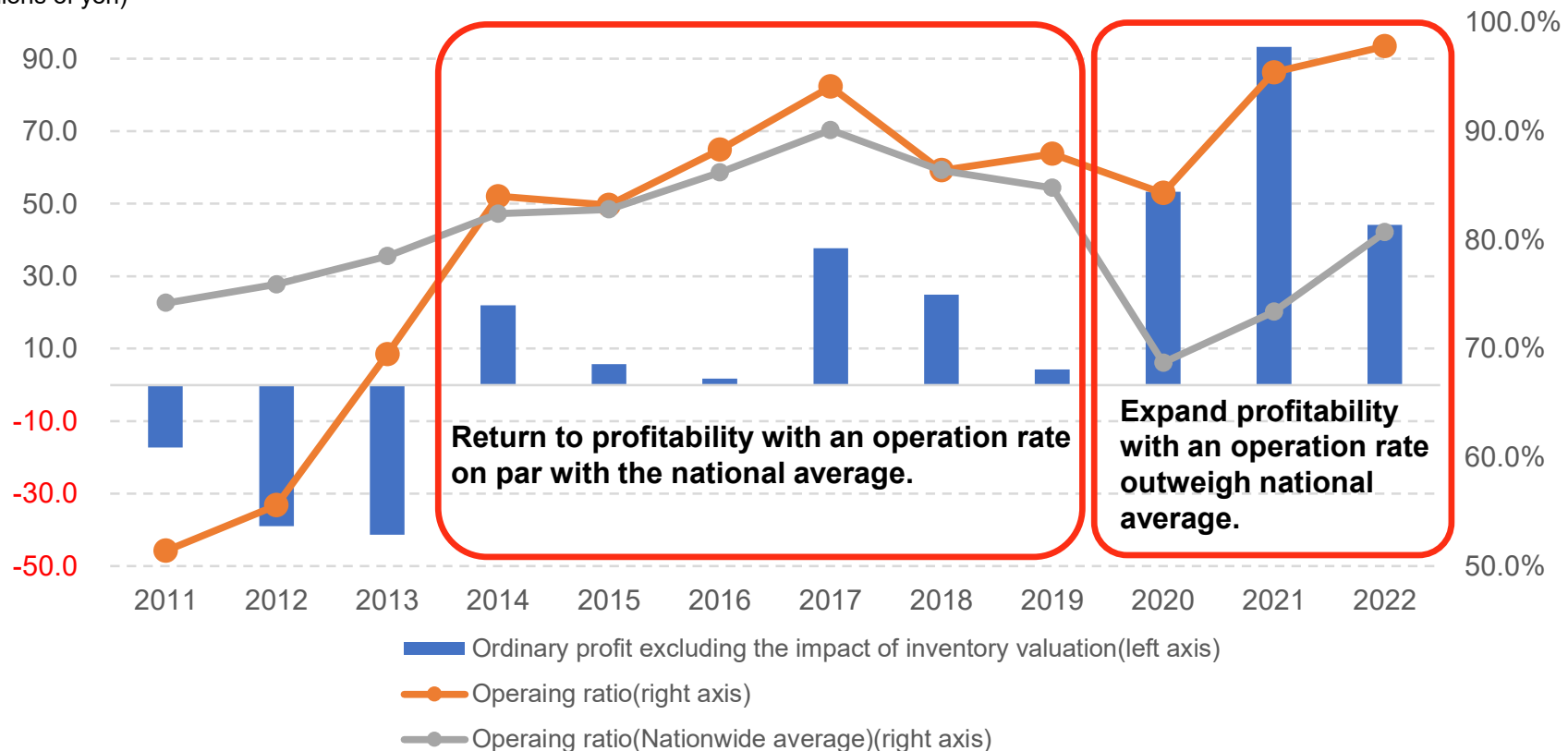
*2 Comparison of domestic sales volume of four products (Gasoline, Kerosene, Diesel fuel and Heavy Oil A) in FY2013 and FY2022.

Achieving high operating rates and high profitability

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

<Profit of Petroleum business and operating ratio at refinery>

(Billions of yen)



Growth in the Renewable Energy Business

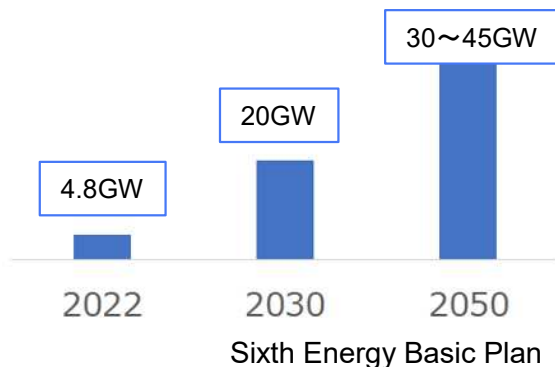
Revenue Opportunities in the Renewable Energy Business

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

Power generation

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

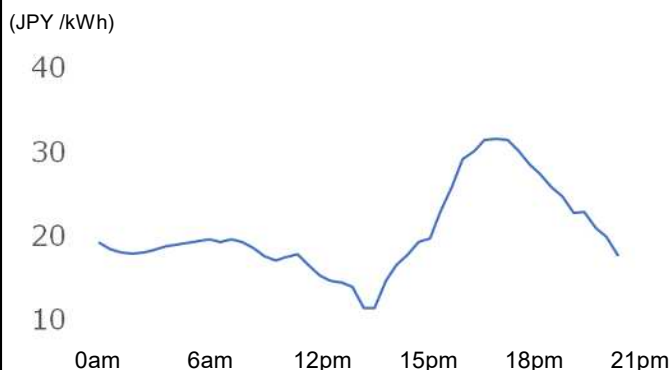
<Wind Power Capacity>



Supply-demand adjustment /storage

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

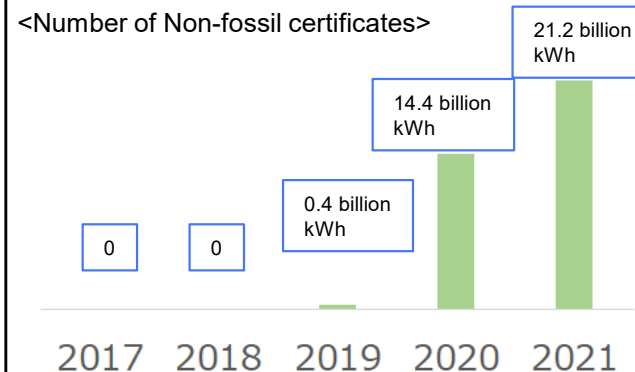
<Image of transaction price electricity market by time zone>



Green electricity sales

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

<Number of Non-fossil certificates>



(Source) Comprehensive Energy Statistics, JEPX Non-fossil Trading Commitments (actual figure)

Major Group Companies with Business and Customer Bases



Cosmo Eco Power Co., Ltd.



Cosmo Energy Solutions Co., Ltd.



Cosmo Oil Marketing Co., Ltd.

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

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

Major disadvantages of spin-off/independence

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

<Number of Directors and Employees>

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

※Including company transfers

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

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

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

iii) Declines in creditworthiness of various business situation (Project consortium, administrative, fisheries cooperatives, local residents)

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

Possible risk of

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

Realization of capital policy

Realization of capital policy

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

<Capital Policy>

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

* Additional returns upon achievement of financial health targets.



<Calculation of required net worth considering risks>

