Reference Documents for the General Meeting of Shareholders

<Company Proposals (Proposal No. 1 to Proposal No. 5)>

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

¥75 per share of common shares of the Company Total amount: ¥6,626,403,750

Because the Company paid an interim dividend of ¥75, an annual dividend for this fiscal year will be ¥150 per share.

3. Effective date of the appropriation of surplus

June 23, 2023

Proposal No. 2: Election of Six (6) Directors (excluding those who are Members of the Supervisory Committee)

The terms of office of all six (6) 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 six (6) Directors be elected.

This proposal was passed through the deliberation process of the Nomination and Remuneration Committee, which includes four (4) 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	Chairman, Representative Director	Reelection		
2	Shigeru Yamada	President, Representative Director, Chief Executive Officer	Reelection		
3	Takayuki Uematsu	Representative Director, Senior Managing Executive Officer Responsible for Sustainability Initiative Dept., Accounting Dept., Finance Dept.	Reelection		
4	Junko Takeda	Director, Senior Executive Officer Responsible for Business Portfolio Management Dept., Legal and General Affairs Dept., Human Resource Dept.	Reelection		
5	Ryuko Inoue	Outside Director	Reelection	Outside	Independent
6	Takuya Kurita	Outside Director	Reelection	Outside	Independent

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	
April 2023	Chairman, Representative Director (current position)	

Number of Shares of the Company Held: 40,171 shares

Record of attendance to Board of Directors Meetings: 11/11

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 recent years in particular, achieved results even under the environment that has included fluctuation of crude oil prices and declining demand for oil. In light of these achievements and leadership, the Company proposes Hiroshi Kiriyama maintain his position as Director.

2	Shigeru Yamada	Reelection	November 7, 1965

Career Summary and Status		Status of Significant Concurrent Position(s)
April 1988	Joined COSMO OIL COMPANY, LIMITED	None
June 2015	General Manager, Supply Dept.	
April 2018	Executive Officer, General Manager, Corporate Planning Dept. of the Company	
April 2020	Senior Executive Officer	
June 2020	Director, Senior Executive Officer	
April 2023	President, Representative Director, Chief Executive Officer (current position)	

Number of Shares of the Company Held: 8,200 shares

Record of attendance to Board of Directors Meetings: 11/11

Reasons for choosing the person as candidate	Shigeru Yamada has mainly worked in the departments of sales, supply and demand, and 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 formulation of the 7th 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.

3	Takayuki Uematsu	Reelection	December 13, 1962

Career Summary and Status		Assignment at the Company
November 1992	Joined COSMO OIL COMPANY, LIMITED	Sustainability Initiative 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: 18,700 shares

Record of attendance to Board of Directors Meetings: 11/11

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. He was appointed Director, Senior Executive Officer in 2018, and Representative Director, Senior Managing Executive Officer in 2021. Since 2022, he has supervised the Sustainability Initiative Dept., Finance Dept., and Accounting Dept., steadily implementing sustainability management and demonstrating leadership towards the achievement of net zero carbon emissions. In light of these achievements, the Company proposes Takayuki Uematsu maintain his position as Director.

4	Junko Takeda	Reelection	May 1, 1967

Career Summary and Status		Assignment at the Company
April 1990	Joined COSMO OIL COMPANY, LIMITED	Business Portfolio Management Dept. Legal and General Affairs Dept. Human Resource Dept.
October 2015	General Manager, Human Resource and General Affairs Dept.	**Status of Significant Concurrent Position(s)**
April 2017	General Manager, Planning & Management Dept.	None
April 2019	Director, Executive Officer	
April 2020	Executive Officer, General Manager, Human Resource Dept. of the Company	
April 2022	Senior Executive Officer	
June 2022	Director, Senior Executive Officer (current position)	

Number of Shares of the Company Held: 6,600 shares

Record of attendance to Board of Directors Meetings: 10/10

Reasons for choosing the person as candidate	Junko Takeda has worked in the departments of sales, planning, and human resources, and since 2019 supervised the refining business as Director, Executive Officer in charge of planning and human resources of COSMO OIL COMPANY, LIMITED, contributing to an increase in operation efficiency and improvement in productivity of the refining business. After she became Executive Officer, and General Manager of Human Resource Dept. of the Company in 2020, she has shown steady achievements by promoting workstyle reform, diversity, and the Group's human resource policy. Since 2022, as Director, Senior Executive Officer, she has supervised the Human Resource Dept., Legal and General Affairs Dept., and Business Portfolio Management Dept., and achieved solid results such as formulation of the 7th Consolidated Medium-Term Management Plan, Human Rights Policy, and Human Resources Policy. In light of these achievements, the Company proposes her election as Director.

5	Ryuko Inoue	Reelection Outside Independent	January 8, 1957

Number of Shares of the Company Held: 100 shares

Record of attendance to Board of Directors Meetings: 11/11

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)	
June 2021	Outside Director of the Company (current position)	

Reasons for choosing the person as candidate and the roles expected of her	After joining the Ministry of Agriculture, Forestry and Fisheries in 1981, Ryuko Inoue took the office of Permanent Representative of Japan to Food and Agriculture Organization of the United Nations • United Nations World Food Programme in 2003, contributing to the growth of the global economy. She registered as an attorney at law in 2017 and is currently a member of Atsumi & Sakai. She has a wide range of experience and advanced international knowledge cultivated as a representative of Japan in international organizations, and one of her main areas of practice as an attorney at law is compliance, internal control, and corporate governance. She has contributed to the enhancement of the corporate value of the Group, particularly in the areas of governance and risk management. In addition to the above achievements, she has proactively provided comments and advice at meetings of the Board of Directors and the Nomination and Remuneration Advisory Committee based on her knowledge without being bound by the conventions of the industry to which the Company belongs. In light of these achievements, the Company believes she will properly execute her duties and proposes Ryuko Inoue maintain her position as Outside Director.

6	Takuya Kurita	Reelection Outside Independent	August 31, 1961

Career Summary and Status		Status of Significant Concurrent Position(s)
April 1984	Joined Ministry of Construction (now Ministry of Land, Infrastructure, Transport and Tourism)	Corporate Advisor, Sumitomo Mitsui Trust Bank, Limited
September 2007	Counsellor, Cabinet Secretariat	
July 2009	Director, Urban Renewal Promotion Division, Ministry of Land, Infrastructure, Transport and Tourism (MLIT)	
July 2011	Counselor, the Headquarters for the Reconstruction from the Great East Japan Earthquake	
February 2012	Counselor, Reconstruction Agency	
August 2013	Director, Personnel Division, MLIT	
July 2015	Director-General, City Bureau	
July 2018	Director-General, Policy Bureau	
July 2020	Vice-Minister, Land, Infrastructure, Transport and Tourism	
July 2021	Resigned from Vice-Minister, Land, Infrastructure, Transport and Tourism	
October 2021	Corporate Advisor, Sumitomo Mitsui Trust Bank, Limited (current position)	
June 2022	Outside Director of the Company (current position)	

Number of Shares of the Company Held: 100 shares

Record of attendance to Board of Directors Meetings: 10/10

Reasons for choosing the person as candidate and the roles expected of him	Takuya Kurita joined the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism) in 1984, and was appointed Director of the Urban Renewal Promotion Division, City and Regional Development Bureau of the Ministry in 2009, where he contributed to the development of the Japanese economy through urban development. He was appointed as Counselor of the Headquarters for the Reconstruction from the Great East Japan Earthquake in 2011, where he directed reconstruction policies, and was appointed as Vice-Minister of the Ministry of Land, Infrastructure, Transport and Tourism in 2020. He has a wide range of experience and social knowledge cultivated through his many years of experience, and has been instrumental in the development of the Company's 7th Consolidated Medium-Term Management Plan, particularly in making recommendations related to new businesses. In addition to the above achievements, he has proactively provided comments and advice at meetings of the Board of Directors and the Nomination and Remuneration Advisory Committee based on his knowledge without being bound by the conventions of the industry to which the Company belongs. In light of these achievements, the Company believes he will properly execute his duties and proposes Takuya Kurita maintain his position as Outside Director.

(Notes) 1. No special interests exist between the Company and any of the candidates.
2. Ryuko Inoue and Takuya Kurita are the candidates for Outside Directors.
3. Ryuko Inoue is currently the Outside Director and the term of office of her will be two (2) years at conclusion of this Meeting.
4. Takuya Kurita is currently the Outside Director and the term of office of him will be one (1) year at conclusion of this Meeting.
5. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into agreements with Ryuko Inoue and Takuya Kurita 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 agreements are the minimum liability amount set forth in Article 425, paragraph 1 of the Companies Act. In the event that the elections of Ryuko Inoue and Takuya Kurita are approved, the Company plans to renew these agreements with them.

6. 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 are as described on page 113. In the event that the elections of candidates for Directors (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.
7. The Company has notified Ryuko Inoue and Takuya Kurita as Independent Directors to the Tokyo Stock Exchange. In the event that the elections of Ryuko Inoue and Takuya Kurita are approved, the Company plans to continue to notify them as Independent Directors.

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

The terms of office of Yasuko Takayama and Keiichi Asai, 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 Independent	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, 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	Outside Director, Nippon Soda Co., Ltd. Outside Director, The Chiba Bank, Ltd. (current position)	
June 2016	Outside Audit & Supervisory Board Member, Mitsubishi Corporation	
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: 1,300 shares

Record of attendance to Board of Directors Meetings: 11/11

Reasons for choosing the person as candidate and the roles expected of her	After serving as the person in charge of consumer relations and the CSR department and a Full-time Audit & Supervisory Board Member at Shiseido Co., Ltd., Yasuko Takayama has served as an Outside Director and Outside Audit & Supervisory Board Member for several listed companies. She has achieved success in efforts to achieve the 6th Medium-Term Management Plan (particularly in the areas of ESG and brand communication strategies) and in the formulation of the 7th Consolidated Medium-Term Management Plan (particularly in the areas of transformation of the management foundation (HRX/DX/GX) and non-financial). As Chairman of the Supervisory Committee, she has made suggestions and proposals to strengthen structures, particularly in the areas of compliance, risk management, and group governance, based on her previous experience and extensive knowledge of corporate governance. In addition to the above achievements and her knowledge that is not bound by the conventions of the industry to which the Company belongs, the Company believes she will properly audit and supervise the Company's management and proposes Yasuko Takayama maintain her position as Outside Director and Member of the Supervisory Committee.

2	Keiichi Asai	Reelection Outside Independent	September 29, 1954

Career Summary and Status		Status of Significant Concurrent Position(s)
April 1978	Joined Mitsubishi Corporation	Independent Outside Director, Sun Frontier Fudousan Co., Ltd.
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.	
June 2021	Outside Director (Member of the Supervisory Committee) of the Company (current position)	
June 2022	Independent Outside Director, Sun Frontier Fudousan Co., Ltd. (current position)	

Number of Shares of the Company Held:
0 shares

Record of attendance to Board of Directors Meetings:
11/11

Reasons for choosing the person as candidate and the roles expected of him	Keiichi Asai has almost exclusively served in the energy sector, having worked in the petroleum business (sales, supply and demand, refining, etc.) division at Mitsubishi Corporation. After serving as Executive Officer at Mitsubishi Corporation, he became the Director and Vice President of Lithium Energy Japan in 2013 and the Representative Director, President and Chief Executive Officer of KH Neochem Co., Ltd. in 2014. He has achieved success in areas such as the formulation of the 7th Consolidated Medium-Term Management Plan (particularly in efforts to strengthen investment and capital management) and efforts to strengthen the Group's governance structure. As Chairman of the Nomination and Remuneration Advisory Committee, he has also achieved results in the establishment and promotion of the structure of the Board of Directors, including succession planning, and performance-linked executive remuneration. In addition to the above achievements, his international knowledge that includes postings in the U.S. and India, and his extensive knowledge and experience related to corporate management in general, the Company believes he will properly audit and supervise the Company's management and proposes Keiichi Asai maintain his position as Outside Director and 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 four (4) years at conclusion of this Meeting. Also, Keiichi Asai is currently the Outside Director who is a Member of the Supervisory Committee and the term of office of him 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 agreements with Yasuko Takayama and Keiichi Asai 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 agreements are the minimum liability amount set forth in Article 425, paragraph 1 of the Companies Act. In the event that the reelections of Yasuko Takayama and Keiichi Asai are approved, the Company plans to renew these agreements 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 are as described on page 113. 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 and Keiichi Asai as Independent Directors to the Tokyo Stock Exchange. In the event that the elections of Yasuko Takayama and Keiichi Asai are approved, the Company plans to continue to notify them as Independent Directors.
6. Keiichi Asai previously served as a senior executive of KH Neochem Co., Ltd., shares of which were held by Maruzen Petrochemical Co., Ltd., a subsidiary of the Company, but these were all sold in March 2023.

[Reference] Skill matrix (scheduled)

	Experience, knowledge, and expertise etc. (areas in which the individual has a higher level of expertise are marked with ◎)									
	Corporate Management	Petroleum Business (Oil)	Other than Petroleum (New) (Renewable Energy/New Business)	Sustainability (ESG)/ Risk Management	Human Resources/ Human Resource Development/ Diversity	DX/IT	PR/IR/Brand Marketing	Finance/ Accounting/ Taxation	Legal Affairs/ Compliance	Internationality
Directors										
Hiroshi Kiriyama (Representative Director)	◎	◎	○	○			○			
Shigeru Yamada (Representative Director)	◎	◎	○				○			
Takayuki Uematsu (Representative Director)	◎			○			○	◎		
Junko Takeda (Director)		◎			◎				○	
Ryuko Inoue (Outside Director)				○	○				◎	○
Takuya Kurita (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)	◎	○	○							○
Executive Officers										
Noriko Rzonca (Senior Executive Officer)						◎	○			○
Taisuke Matsuoka (Senior Executive Officer)		◎	○							
Yoshihiko Sato (Executive Officer)		◎								○
Tomoki Iwai (Executive Officer)		○						◎		
Hideyuki Wakao (Executive Officer)		○						◎	○	

Based on the 7th Consolidated Medium-Term Management Plan, the Company has defined the skills required for Directors and Executive Officers as follows.

By defining a skill matrix not only for Directors but also for Executive Officers, we have created a structure to encourage officers, including Executive Officers, to work together to promote the 7th Consolidated Medium-Term Management Plan.

Skill	Definition of skill
Corporate Management	Has experience in business execution as CEO or in some other role at a business company, and possesses the ability to lead an organization in accordance with management strategy
Petroleum Business (Oil)	Has specialist knowledge of the petroleum business, and possesses the ability to enhance corporate value
Other than Petroleum (New) (Renewable Energy/New Business)	Has been engaged in projects involving renewable energy and new businesses, and possesses the ability to make comprehensive judgments about new business models and profitability
Sustainability (ESG)/ Risk Management	Possesses the ability to execute sustainable management from the perspective of sustainability and ESG, in order to achieve sustainable growth
Human Resources/ Human Resource Development/ Diversity	Has knowledge and experience of implementing human resource strategies, and possesses the ability to draft management strategy from the perspective of human resources, labor management, and diversity
DX/IT	Has knowledge and experience of digital technology and IT, and possesses the ability to enhance the efficiency and productivity of business operations, sales, and other functions
PR/IR/Brand Marketing	Is capable of rolling out PR activities strategically and making related comprehensive judgments and decisions, and possesses the ability to take the lead in creating enhancements to corporate value
Finance/Accounting/Taxation	Has the specialist knowledge of finance, accounting and taxation required to draft finance and accounting strategy, and possesses the ability to execute the Group's financing and closing of accounts operations
Legal Affairs/Compliance	Has specialist knowledge of corporate legal affairs and compliance, and possesses the ability to provide supervision to ensure sound management of a company
Internationality	Has experience of business overseas, understands different cultural perspectives and customs among others, and possesses the ability to make management decisions from a global perspective

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

The effective term of Kazuko Takahara'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 Independent**	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 (now Ministry of Health, Labour and Welfare)	None	
August 2003	Director, Gunma Labour Bureau, Ministry of Health, Labour and Welfare (MHLW)		
July 2006	General Manager, Compliance Dept., Japan Industrial Safety and Health Association		
July 2009	Director, Hokkaido Labour Bureau, MHLW		
September 2012	Principal, Labour College, the Japan Institute for Labour Policy and Training		
January 2014	Resigned from MHLW		
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 her	Kazuko Takahara has wide-ranging administrative experience. After joining the Ministry of Labor (now 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 are as described on page 113. 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.

Proposal No. 5: Approval Regarding Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.

Reason and Details of the Proposal

The Company's Board of Directors introduced the Response Policies (*1) on January 11, 2023.

As City and Other Parties' (*2) proposal would damage the Company's corporate value and the Company's shareholders' common interests as stated below in 1, and it was determined that City and Other Parties' large-scale purchase actions, etc. with regard to the Company's shares, etc. (the "**Large-scale Purchase Actions, etc.**") as prescribed in the Response Policies would significantly damage the Company's corporate value and the Company's shareholders' common interests as stated below in 2, the proposal is, with full respect to the Independent Committee's recommendations as stated below in 3, to consult with the Company's shareholders on the propriety of the enactment of countermeasures based on the Response Policies ("**Countermeasures**"), on the condition that it is deemed that the Large-scale Purchase Actions, etc., have commenced without the submission of a statement of intent for the Large-scale Purchase Actions, etc., as prescribed in the Response Policies, and without following the procedures prescribed in the Response Policies ("**Rapid Large-scale Purchase Actions, etc.**"). It has been unanimously resolved by all directors (including four independent outside directors, regardless of whether they are Audit and Supervisory Committee members) that the proposal be submitted to the Ordinary General Meeting of Shareholders. As described in 4 below, in the Response Policies, the Company indicates that the Company's Board of Directors Meeting plans to enact the Countermeasures if the Response Policies are not complied with. However, from the perspective of respecting shareholders' intentions, the Company would like to ask at the Ordinary General Meeting of Shareholders for shareholders' approval in advance to enact the Countermeasures by the Company's Board of Directors (while fully respecting the recommendations from the Independent Committee at that time) if the Rapid Large-scale Purchase Actions, etc. have been commenced. The detailed terms of the proposal are as stated below 4.

(*1) "**Response Policies**" means response policies that were introduced by the Company's Board of Directors on January 11, 2023 for (i) Large-scale Purchase Actions, etc., by City and Other Parties for the Company's share certificates, etc., and (ii) other Large-scale Purchase Actions, etc., that may be planned under circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc., for the Company's share certificates, etc. For the details on the Response Policies, please see the press release "Notice Concerning the Introduction of the Company's Basic Policies for the Control of the Company Based on the Fact that City Index Eleventh Co., Ltd. and Other Parties Carry Out Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc.," dated January 11, 2023 (the "**Response Policies Press Release**").

(*2) "**City and Other Parties**" means City Index Eleventh Co., Ltd. ("**City Index Eleventh**"), as well as its joint holders, Ms. Aya Nomura ("**Ms. Nomura**") and Reno, Inc. ("**Reno**"), and on and after April 7, 2023, when Minami Aoyama Fudosan Co., Ltd. ("**Minami Aoyama Fudosan**") became a shareholder of the Company, Minami Aoyama Fudosan is included in "City and Other Parties".

1. City and Other Parties' proposal would damage the Company's corporate value and its shareholders' common interests (the Company's Board of Directors' evaluation of the proposal by City and Other Parties)

(1) In addition to the fact that the Company's petroleum business is structurally capable of operating at high levels, the business has high profitability in line with the implementation of various measures to strengthen competitiveness.

City and Other Parties have argued to the Company for several times from the beginning of the meeting held for the first time in April 2022, that since (i) the demand for petroleum products in Japan will continue to decline in the future and (ii) other companies in the same industry have excessive refining capacity, refinery restructuring, including reducing refining capacity or closing refineries, should be worked on. City and Other Parties have argued and proposed that the Company is also supposed to start drastic efforts such as closing refinery and integration with refineries owned by other companies in the same industry.

However, the Company is confident that since the Company's petroleum business is structurally capable of operating at high levels and the Company has high profitability in line with the implementation of various measures to strengthen competitiveness for the following reasons, such proposals will lead directly to a decline in the Company's profitability and significantly damage the Company's corporate value and the Company's shareholders' common interests.

(a) Realizing a short position strategy by reducing equipment capacity and expanding sales volume

With the enforcement of the Act on Sophisticated Methods of Energy Supply Structures in 2009, the Company has been working to improve the efficiency of its production facilities, and to prepare for future declines in demand and other factors, has been reducing the capacity of topping units by about 50% from 635,000 B/D (B/D represents the number of barrels of crude oil produced/processed per day; hereinafter the same applies) as of April 2013 to 363,000 B/D (excluding 37,000 B/D for which refining is consigned) through efforts such as closing the Sakaide Refinery and disposing of some units at the Yokkaichi Refinery, etc. In 2019, the Company launched a large-scale supply of petroleum products to Kygnus Sekiyu K.K. under a capital and business alliance, so that the Company significantly increased sales volumes of petroleum products. As a result, the Company has realized a "short position strategy" in which sales volume exceeds production volume. Due to the structure of the supply-demand balance, the Company is able to continue high operation at current refinery system for the time being.

(b) Safe and stable operations associated with high operating and maintenance capabilities

The Company is aware of the importance of safe operation through the reflection of an explosion at the Company's Chiba Refinery in the Great East Japan Earthquake in 2011, and the Company has introduced unique operation management system to further enhance the competitiveness of the Company's refineries by conducting safety operations at a high level through daily safety activities. As a consequence of these activities, the Chiba and Yokkaichi refineries of the Company's group have been certified as certified business operators (*tokutei nintei jigyosha*) because they are evaluated as businesses which have achieved particularly high-level voluntary safety through the implementation of high-level risk assessment and the utilization of IoT and big data, etc. With this certification, it is possible to carry out more flexible and efficient business operations, such as allowing businesses to set periods of continuous operation and inspection methods at their discretion in accordance with their risks. The Company's high operating and maintenance capabilities support high operation associated with the realization of the short position strategy described in (a) above, and contribute to the prevention of loss of profit opportunities due to accidents and other factors. For this reason, the annual operation rate of the Company's topping units is maintained at an extremely high level of 95.4% in fiscal 2021 and 97.8% in fiscal 2022.

(c) To strengthen the competitiveness and profitability of the petroleum business

As described in (a) and (b) above, the Company has maintained a high operating rate, which means that the fixed cost per crude oil treatment is low, leading to high profitability. In addition to augmentation of Delayed Coker Unit (equipment that breaks down heavy oil thermally) capacity of the Sakai Refinery, which was implemented under the Sixth Consolidated Medium-Term Management Plan (FY2018-FY2022), the Company has established a system to eliminate the low-value-added high-sulfur heavy oil production, and to shift to higher-value-added gasoline and diesel oil production, etc., by integrating the three refineries which the Company owns. The Company is also pursuing a variety of synergies with nearby refineries. For example, the Yokkaichi Oil Refinery of the Company' group has been engaged in a business alliance with the Yokkaichi Oil Refinery of Showa Yokkaichi Sekiyu Co., Ltd., and has consigned refining of some products since 2017. In addition, a pipeline connecting the Company's Chiba Refinery and ENEOS Corporation's Chiba Refinery has been laid down to allow for the flexibility of semi-finished products and other products since 2018. Along with the implementation of these measures, the Company's refinery competitiveness has improved, and the profit margin on sales in the petroleum business has been extremely high compared with the domestic industry.

(2) Growing the subsidiary across the entire value chain of the Company's group, rather than splitting the renewable energy business subsidiary, will contribute to the improvement of the Company's corporate value and the Company's shareholders' common interests

City and Other Parties have argued the splitting and listing of Cosmo Eco Power Co., Ltd. ("**ECP**"), a wholly-owned subsidiary of the Company engaged in the renewable energy business. However, as described below, City and Other Party's proposal cannot be considered to be based on sincere considerations from the outset. In addition, the Company considered and verified various options, including a spin-off of the renewable energy business, until the Company formulated and announced the Seventh Consolidated Medium-Term Management Plan (FY2023-FY2025), announced on March 23, 2023 ("**Seventh Medium-Term Management Plan**"). The Company has determined that the growth of its renewable energy business across its group's entire value chain will contribute to the improvement of the Company's corporate value and shareholders' common interests, and that the splitting and listing of ECP argued by City and Other Parties will significantly damage the Company's corporate value and the Company's shareholders' common interests.

(a) Importance of ECP for the Company's management plan

In the Seventh Medium-Term Management Plan, the Company cites, "Bolster green electricity supply chain (build a high value-added supply chain that encompasses power generation, supply-demand adjustment, and sales)", as the first of the three directions based on Vision 2030 that demonstrates its long-term corporate vision. In addition, in the Seventh Medium-Term Management Plan, the Company cites, "Expand New fields to drive growth" as one of the basic policies for sustainable improvement of corporate value and "Establish green electricity supply chain profit foundation" as one of its efforts to adhere to that policy. The "New fields," including the green electricity supply chain, are positioned, among the Company's group business portfolios, as fields with a high degree of market growth and contribution to decarbonization, and the Company believes that those fields are expected to be growth drivers for realizing Vision 2030 and achieving the Seventh Medium-Term Management Plan.
The green electricity supply chain consists of three components: (i) renewable energy generation, (ii) supply-demand adjustment and storage, and (iii) green electricity sales. Of these, with respect to (i) renewable energy generation, which is planned to be expanded in the future, ECP, among the Company's group companies, possesses an integrated system that covers areas from development to operations & maintenance (O&M), centered on onshore wind power generation, and is expected to utilize the know-how cultivated from onshore wind power generation also for offshore wind power generation.
In addition, in the Seventh Medium-Term Management Plan, the Company advocates Green Transformation (GX), which uses a roadmap to achieve net zero carbon emissions in 2050, and aims to further expand green electricity and next-generation energy supplies. The Company anticipates that (i) renewable energy generation will play a key role in the foundation of that plan. In particular, green electricity supply plays a significant role in achieving net zero carbon emissions in the Company's plan to reduce CO2 to achieve net zero carbon emissions in 2050. The Company believes that it is extremely difficult for it to grow sustainably without green electricity supply.
As above, the Company has positioned ECP, which is responsible for renewable energy generation, as a key player in the Company's Seventh Medium-Term Management Plan and its plans for improving corporate value over the medium- to long- term, including Vision 2030.

(b) Growing the renewable energy business, including ECP, across the entire value chain of the Company's group will maximize the Company's corporate value or the Company's shareholders' common interests

The Company believes that profit growth is important for improving the corporate value of the Company's group over the medium- to long-term. In addition to renewable energy generation business, including offshore wind power generation operated by ECP, the Company's group has multiple businesses that can create synergies throughout the entire green electricity supply chain, such as the electricity retail and solutions businesses operated under the service names of Cosmo Denki Green and Cosmo Zero Cabo Solution. The Company believes that by

conducting these businesses on a group-wide basis, the Company can maximize profits of the renewable energy business and ultimately maximize its corporate value. Specifically, considering, among other matters, that (i) renewable energy generation, which is upstream in the green electricity supply chain, serves as the foundation for expanding profits in the Company group's green electricity supply chain, which has midstream (supply-demand adjustment and storage) and downstream (green electricity sales) businesses, (ii) conducting the businesses of the entire green electricity supply chain, including the upstream renewable energy generation, within the group leads to increased profitability in the midstream and downstream businesses, making it possible to expand profits in the entire green electricity supply chain, and (iii) by conducting the midstream and downstream businesses in conjunction with the upstream businesses, it is possible to sell green electricity plus added value through other services, and by differentiating the Company from other competitors in the renewable energy business, the Company can increase its profitability. The Company believes that growing the renewable energy business across the entire value chain of the Company's group will lead to maximizing the Company's corporate value or the Company's shareholders' common interests.

(c) It is inappropriate to split ECP and make it independent at this stage, from the viewpoint of improving ECP's corporate value

Business execution in ECP is supported by a large number of personnel seconded from the Company's group, among others. In particular, in the offshore wind power generation project, which will be the key to business expansion in ECP in the future, personnel seconded from the Company's group lead ECP's operations. In addition, with the forthcoming implementation of a large-scale offshore wind power generation project, ECP will need to have even more sophisticated business execution capabilities than ever before. Therefore, it is necessary to leverage the experience and know-how of the Company's group, which has executed large-scale projects in both the oil exploration and production and petroleum refining businesses in the past. The Company believes that if ECP were to be split and made independent from the Company's group, it would be difficult to secure personnel to support the execution of ECP's operations. This would result in a loss of ECP's revenue opportunity.

In addition, ECP procures funds through intra-group financing by taking advantage of the low procurement costs based on the sound financial condition of the Company's group. However, if ECP were to be split and made independent from the Company's group, it would be more difficult to obtain the funding required to execute the offshore wind power generation project on a stand-alone basis. In addition, the Company expects the cost of procuring debt to increase as the post-listing rating of ECP would be inferior to that of the Company's group, and it expects the efficiency of financing to decrease. Further, the Company believes that as there is currently no financing function in ECP, in addition to the human resources required to execute the above-mentioned project, it would also be necessary to supplement human resources to carry out the finance function. This would result in a further cost-burden due to an increase in personnel costs.

Furthermore, ECP's sales and recurring profit remain small. Moreover, it will take a few years or more for the offshore wind power generation project to be operational and for profits in the power generation business to expand; at this point, ECP is in the stage of establishing a business foundation to generate stable revenue in the future. The Company believes that it would be necessary to expend a considerable amount of time and effort to have ECP listed after splitting it from the Company's group. In the above circumstances surrounding ECP, it would be a drag on ECP to incur such costs and expend such effort, which would hinder the execution of the offshore wind power generation project and lead to a loss of revenue opportunity.

In light of the above, if ECP is split and made independent, it is expected that it will seriously hinder the establishment of an revenue base and the expansion of the business scale. Therefore, at this point, the Company believes that establishing ECP's business foundation and steady project execution are the highest priorities. Also, as the Company's mission is to provide a stable supply of energy, the Company believes that owning the entire value chain in the Company's group, centering on wind power generation, which is one of the most stable renewable energy businesses, will contribute to providing the Company's customers with a stable supply of not only electricity but also its environmental value.

(d) The splitting and listing of the renewable energy business subsidiary argued by City and Other Parties are not feasible and are not based on serious consideration

According to the material entitled, "Explanation of Our Proposal," dated April 21, 2023, prepared by City Index Eleventh ("**City Proposal Material Dated April 21, 2023**"), City and Other Parties will continue to seek the optimal scheme for the method of splitting and listing the renewable energy business subsidiary that they are arguing, and multiple methods are listed. However, the common point for all the schemes is that under Japan's M&A legislation and taxation system, there are hurdles for implementation in terms of systems and schedules; moreover, the work load required to execute transactions is considerably high. For example, when conducting a tax-qualified spin-off by way of dividends in kind of shares of a wholly-owned subsidiary, it is necessary to obtain approval of a business restructuring plan under the Act on Strengthening Industrial Competitiveness and to list the spin-off company without delay. Given the current status of ECP as described in (c) above, the Company believes that implementation of a tax-qualified spin-off at this point of ECP, which is in the process of expanding its business foundation and where execution of the offshore wind power generation project should be given the highest priority, could be an impediment to ECP and result in a loss of revenue opportunity; thus, implementation of a tax-qualified spin-off at this point is less imminent as an option.
All of the schemes advocated by Citi and Other Parties do not take into account the issues above and do not seem feasible. Further, City and Other Parties' schemes regarding the split of ECP have been changing on an ad hoc basis, and as such, the Company considers that it is difficult to accept the schemes to be based on serious considerations.

(3) The real aim of City and Other Parties is considered to pursue their own short-term interests and exit by making the Company conduct an excessively large-scale tender offer by an issuer

As mentioned below, the real aim of City and Other Parties is considered to pursue their own short-term interests and exit by making the Company conduct an excessively large-scale tender offer by an issuer.

(a) The demand of City and Other Parties for shareholders' return is considered a demand for the Company to pay out equity capital which would fall below the Company's necessary equity capital

In regard to the perspective of risk in the process of calculating the Company's target necessary equity capital of 600 billion yen under the period of the Seventh Medium-Term Management Plan, the Company analyzed the ROA over the past 20 years of approximately 130 domestic or overseas similar companies in each of the Company's business segments, with the total amount of the target equity capital per segment being approximately 640 billion yen in total. As a result, the Company decided that the target of the Company's necessary equity capital is 600 billion yen.
On the other hand, in the press release, "Our Thoughts Regarding the 7th Medium-Term Management Plan of Cosmo Energy Holdings Co., Ltd. Scheduled for Release on March 23" (the "**City Press Dated February 22, 2023**"), City and Other Parties asserted that the maximum amount of the Company's necessary equity capital for the period of the Seventh Medium-Term Management Plan was approximately 500 billion yen. However, City and Other Parties have not provided sufficient evidence for their assertion.
Allocating the entire portion of net income in excess of 500 billion yen of the Company's equity capital to shareholders' return, as City and Other Parties require, would lead to a payout of equity capital that would be less than the amount of the Company's necessary equity capital, calculated rationally. Therefore, if the Company accepted the demand by City and Other Parties, it would threaten the Company's financial soundness and significantly damage the Company's corporate value and the Company's shareholders' common interests.

(b) The real aim of the Large-scale Purchase Actions, etc. by City and Other Parties is considered not to improve the Company's corporate value and the Company's shareholders' common interests, but to exit by making the Company conduct a large-scale tender offer by an issuer at the expense of the enhancement of the Company's medium- to long-term corporate value for pursuing only their own short-term interests.

According to the material titled, "Proposal on Formulating the Medium-Term Management Plan (December 9)" dated December 9, 2022, prepared by City Index Eleventh, and City Proposal Material Dated April 21, 2023, City and Other Parties argued that (i) the Company's necessary equity capital would expand more than the level it should if the Company continues the renewable energy business within the Company, and (ii) the investment in the renewable energy business should utilize outside capital rather than the Company's equity capital, based on the assumption that a considerable extent of the accumulation of the Company's necessary equity capital was associated with the renewable energy business.

However, as described in (2) (c) above, City and Other Parties have not countered to the grounds of the Company's argument that it is not appropriate to split ECP and make it independent from the Company's group at this time, and as described in (2) (d) above, the scheme of splitting EPC which City and Other Parties argue is far from being considered to be based on serious consideration due to circumstances, such as where there are doubts about its feasibility. Also, in light of the expected activities of City and Other Parties from their past investment activities as described in (c) below, in short, their argument above is considered to aim at securing the fund for share-buyback, with the Company splitting the renewable energy business subsidiary by using outside capital, reducing the Company's necessary equity capital, and justifying creating excess capital therefrom.

Also, at meetings with the Company, City and Other Parties have repeatedly demanded that the Company conduct a share-buyback. Furthermore, as described in (a) above, City and Other Parties have declared that the Company's necessary equity capital is approximately 500 billion yen, at maximum, under the Seventh Medium-Term Management Plan period, without sufficient grounds for their argument, and they demand that a portion equivalent to 100% of net income in excess of the 500 billion yen of the Company's equity capital should be planned to be allocated to shareholders' return.
In light of these arguments and the attitude in discussions of City and Other Parties, the Company has to say that City and Other Parties have consistently demanded that the Company conduct the share-buyback and have insisted on large shareholders' return thorough a large amount of capital cashflow.
In addition, as described in 2 below, the Company has reasonably concluded that it is highly probable that City and Other Parties will commence the Large-scale Purchase Actions, etc., with respect to the Company's share certificates, etc., to acquire up to 29.97%, which will be the upper limit in the future pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act (or 39.96%, the current upper limit permitted in practice under the Foreign Exchange and Foreign Trade Act) after the Ordinary General Meeting of Shareholders, and, as described in (4) below, although City and Other Parties should have significant influence over the control or the management of the Company by conducting the Large-scale Purchase Actions, etc., they have not indicated the specific management policies of the Company, except conducting the splitting and listing the renewable energy business subsidiary and shareholders' return. Considering City and Other Parties' such attitude, the Company believes that they are interested only in forcing the Company to conduct the large-scale share-buyback by securing the funds therefor.

(c) Based on past investment activities by City and Other Parties, the real aim of the Large-scale Purchase Actions, etc. by City and Other Parties is considered to exit by making the Company conduct an excessively large-scale tender offer by an issuer at the expense of the improvement of the Company's medium- to long-term corporate value, in order to pursue only their own short-term interests

As indicated in the Exhibit 1, past investments by City and Other Parties include numerous actual investments

whereby City Index Eleventh engaged in transactions involving the splitting of considerable portions of the businesses and assets of a target company, acquiring those portions itself, and selling the remaining portions (a transaction similar to a "bust-up acquisition") and also actual investments whereby City and Other Parties purchased large numbers of shares of target companies in and outside markets, pressured target companies (in some cases, caused target companies to make withdrawals from their reserves to secure funds), caused target companies to conduct significantly large-scale tender offers by issuers at premium prices, and sold the shares held by City and Other Parties. These typical exit methods of City and Other Parties are contrary to the investment policy of investors who have signed Japan's Stewardship Code, of which the aim is to promote the improvement of corporate value or continued growth of investment target companies through dialogue (although City and Other Parties are not signatories to the code). From these past investments activities, it is considered that City and Other Parties' investment methods are characterized by their pursuit of maximizing only their own profits in the short-term, regardless of whether or not the corporate value of the investee and the common interests of its shareholders will be enhanced.

Further, in the case of past investment by City Index Eleventh, approximately nine months after Ms. Yoko Atsumi ("**Ms. Atsumi**") was appointed as an outside director of a company, the company made a resolution to conduct a large-scale tender offer by an issuer at a premium price and increasing capital by third-party allotment, from which City and Other Parties exited while enjoying considerable tax benefits. As the Proposal No. 6, City Index Eleventh also submitted to the Company a shareholder proposal to appoint Ms. Atsumi as an outside director of the Company. As described in the Proposal No. 6, in the written question and answer sessions conducted by the Company's Nomination and Remuneration Committee, as Ms. Atsumi did not have sufficient knowledge of the current situation of the industry to which the Company's group belongs or of the Company's group, she only stated that the Company's Board of Directors should sufficiently discuss a spin-off of its renewal energy business. Thus, the Company is unable to believe that Ms. Atsumi is a person suitable to assume the position of the Company's director by promising to take the actions above, and believes that there are doubts as to whether the purpose of Ms. Atsumi's proposal as a director candidate is really to discuss "the listing of the renewable energy business subsidiary." In other words, in light of the results of the written question and answer sessions above, as well as (i) there being multiple transactions between Ms. Atsumi and the corporations and organizations to which Mr. Yoshiaki Murakami ("**Mr. Murakami**") directly or indirectly relates (collectively, "**Mr. Murakami and Relevant Parties**"), such as Ms. Atsumi being a representative of Mr. Murakami and Relevant Parties, (ii) Ms. Atsumi having assumed the position of an outside director of multiple companies at which Mr. Murakami and Relevant Parties are major shareholders and Mr. Murakami having been deemed to be involved therein, and thus, it being undeniable that Ms. Atsumi has a close relationship with Mr. Murakami and Relevant Parties (please refer to the Proposal No. 6 "Opinion of the Company's Board of Directors"), (iii) the progress of communications with City and Other Parties thus far as described above, and (iv) past investment activities of City and Other parties, among other matters, the possibility cannot be denied that Ms. Atsumi may pursue the personal interests of Mr. Murakami and Relevant Parties at the expense of the Company's medium- to long-term corporate value and benefits of general shareholders.

In light of the above, the Company believes that City and Other Parties, as in the case of the other companies, are highly likely to plan for an excessively large-scale tender offer by an issuer by sending Ms. Atsumi to the Company, from which City and Other Parties will enjoy tax benefits at the expense of the Company's medium- to long-term corporate value and benefits of general shareholders.

(4) City and Other Parties do not present their management policies of the Company, despite the fact that City and Other Parties have significant influence over control or the management of the Company.

As described in 2 below, the Company has reasonably concluded that it is highly probable that City and Other Parties will commence the Large-scale Purchase Actions, etc., with regard to the Company's share certificates, etc. to acquire up to 29.97%, which will be the upper limit in the future pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act (or 39.96%, the current upper limit permitted

in practice under the Foreign Exchange and Foreign Trade Act) after the Ordinary General Meeting of Shareholders.
In this regard, the rate of voting rights exercised at the Company's seventh ordinary general meeting of shareholders held on June 24, 2022 was approximately 75%, and based on the ratio of voting rights exercised, if City and Other Parties acquire the Company's shares to the maximum extent permitted by their advance notification mentioned above, it is highly probable that City and Other Parties will have majority voting rights at the Company's meeting of shareholders, and will effectively acquire control of the Company's management. This will make it practically possible for City and Other Parties to prevent management measures that the Company deem suitable for the Company's corporate value and the Company's shareholders' common interests, or to force the Company to implement measures in line with their own intentions.

However, City and Other Parties do not present specific management policies of the Company, excluding the split and listing of the renewable energy business subsidiary and shareholders' return, and it is not possible for general shareholders to appropriately determine whether they should approve of City and Other Parties' having significant influence over control or the management of the Company. In addition, as described in (2) (d) above, there is doubt about the feasibility of the split and listing of the renewable energy business subsidiary. However, if City and Other Parties forcefully promote this with the background of significant influence over control or management of the Company, or if City and Other Parties do not have any other specific management policies, but deny the management measures that contribute to the improvement of the Company's corporate value and the Company's shareholders' common interests in medium- to long-term, which the Company's management will consider, the Company must be said that there is a high risk that it will seriously hinder management of the Company.

(5) Summary

Based on the previous correspondence, etc. with City and Other Parties, it is reasonably considered highly probable that City and Other Parties will commence the Large-scale Purchase Actions, etc. with regard to the Company's share certificates, etc. after the Ordinary General Meeting of Shareholders.
Further, as described in (1) above, City and Other Parties' proposal would damage the Company's corporate value and its shareholders' common interests. Also, as described in (2) above, the Company believes that the growth of the Company's renewable energy business across the Company group's entire value chain contributes to the enhancement of the Company's corporate value and the Company's shareholders' common interests, and that the splitting and listing of ECP demanded by City and Other Parties would significantly damage the Company's corporate value and the Company's shareholders' common interests. Furthermore, as described in (3) above, City and Other Parties' demand for the share-buyback will require the Company to pay out equity capital that will be less than required equity capital. In addition, it is considered that the real aim of the Large-scale Purchase Actions, etc. by City and Other Parties is highly likely to be (i) to implement the Large-scale Purchase Actions, etc. with regard to the Company's share certificates, etc. to acquire up to 29.97%, which will be the upper limit in the future pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act (or 39.96%, the current upper limit permitted in practice under the Foreign Exchange and Foreign Trade Act) and (ii) based on that shareholding ratio, to sell the shares held by City and Other Parties by making the Company conduct an excessively large-scale tender offer by an issuer at the expense of the enhancement of the Company's medium- to long-term corporate value, for pursuing only their own short-term interests. Further, as indicated in (4) above, the Company cannot help but conclude that it is highly probable that City and Other Parties would cause serious obstacles to the management of the Company if City and Other Parties, which do not presented their management policy of the Company, come to have significant influence over control or the management of the Company.

2. The Company's Board of Directors' evaluation of the Large-scale Purchase Actions, etc. by City and Other Parties

As explained in detail in the press release "Developments of Dialogue with City Index Eleventh Co., Ltd. and Other Parties and the Company's Thoughts on the Spin-off," dated March 23, 2023, before the introduction of the Response Policies, City and Other Parties, stated on several occasions that they would acquire 30% of the Company's share certificates, etc. as calculated on a large-volume holdings statement basis or indicated that they would acquire a majority thereof as calculated on said basis. Although City and Other Parties also stated that they had no plans to acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis, on January 6, 2023, immediately before the Company introduced the Response Policies, they abruptly changed their previous statement, and Mr. Murakami made a one-sided announcement that City and Other Parties would acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis. Considering these facts, since the Company reasonably determined that there was a considerably high probability that City and Other Parties would carry out buying-up of 20% or more of the Company's share certificates, etc., in the market, as calculated on a large-volume holdings statement basis, in other words, Large-scale Purchase Actions, etc., the Company introduced the Response Policies (for the details on the Response Policies, please see the Response Policies Press Release in the Exhibit 2).

In response to the introduction of the Response Policies, City Index Eleventh stated in a letter dated March 29, 2023 and a letter dated May 1, 2023 that City and Other Parties would not plan to acquire the Company's share certificates, etc., until the Ordinary General Meeting of Shareholders had taken place. In fact, since their shareholding ratio reached 20.01% as calculated on a large-volume holdings statement basis as of January 10, 2023, immediately before the introduction of the Response Policies, they suspended the acquisition of the Company's share certificates, etc. However, they have not ruled out acquiring the Company's share certificates, etc., on and after the Ordinary General Meeting of Shareholders has taken place. On the other hand, according to a letter from City Index Eleventh to the Company dated May 1, 2023, City and Other Parties added Minami Aoyama Fudosan as a new notifier in an advance notification concerning the acquisition of the Company's shares, based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act. This letter also stated that City and Other Parties' future acquisition limit would be 29.97%, since they would not make a new advance notification for Reno to roll over the acquisition period (the length of this acquisition period was not stated). However, at this point, the upper limit of the shareholding ratio that City and Other Parties can acquire has been raised from 29.97% to 39.96%. In the letter dated May 1, 2023, City Index Eleventh asked the Company, if the Company extends the Response Policies, whether it would obtain approval for the extension through a resolution at the Ordinary General Meeting of Shareholders. In response, in the letter dated May 2, 2023, the Company asked City and Other Parties whether they could pledge not to conduct the Large-scale Purchase Actions, etc. (including additional acquisitions of the Company's share certificates, etc.) until December 31, 2023, so that the Company could factor in that information to consider whether or not the Company would submit an proposal on the Response Policies at the general meeting of shareholders. However, in the letter dated May 8, 2023, a pledge not to conduct the Large-scale Purchase Actions, etc. (including additional acquisitions of the Company's share certificates, etc.) until December 31, 2023 was explicitly rejected.

As above, considering, among other matters, that (i) before the introduction of the Response Policies, City and Other Parties, several times, stated that they would acquire 30% of the Company's share certificates, etc. as calculated on a large-volume holdings statement basis or indicated that they would acquire a majority thereof as calculated on said basis, (ii) on January 6, 2023, immediately before the Company introduced the Response Policies, Mr. Murakami, reversing his prior declaration, made a one-sided announcement that City and Other Parties would acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis, and thereafter, until purchases were suspended following the introduction of the Response Policies, City and Other Parties actually purchased over 20% of the Company's share certificates, etc. as calculated on a large-volume holdings statement basis, (iii) while City and Other Parties have not denied their intent to acquire the Company's share certificates, etc. after the Ordinary General Meeting of Shareholders, the upper limit of the shareholding ratio permitted to be acquired by City and Other Parties pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act concerning the acquisition of the Company's share certificates, etc. was temporarily raised to 39.96%, at least as a matter of form, and City and Other Parties

are aware that the future upper limit will be 29.97%, and (iv) City Index Eleventh rejected to pledge not to conduct the Large-scale Purchase Actions, etc. (including additional acquisitions of the Company's share certificates, etc.) until December 31, 2023, the Company has reasonably concluded that it is highly probable that City and Other Parties will commence the Large-scale Purchase Actions, etc. with regard to the Company's share certificates, etc. to acquire up to 29.97%, which will be the upper limit in the future pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act (or 39.96%, the current upper limit permitted in practice under the Foreign Exchange and Foreign Trade Act) after the Ordinary General Meeting of Shareholders.

As described above, in circumstances where it is highly probable that City and Other Parties will commence the Large-scale Purchase Actions, etc. to acquire up to 29.97%, which will be the upper limit in the future pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act (or 39.96%, the current upper limit permitted in practice under the Foreign Exchange and Foreign Trade Act) after the Ordinary General Meeting of Shareholders. with regard to the Company's share certificates, etc., the Company's Board of Directors extensively evaluated and considered the influence on the Company's corporate value and the Company's shareholders' common interests of City and Other Parties conducting the Large-scale Purchase Actions, etc. As a result, as described in 1 above, the Company's Board of Directors concluded that if the Large-scale Purchase Actions, etc. are conducted, the Company's corporate value and the Company's shareholders' common interests will be damaged significantly.

3. Inquiries to and advice from the Independent Committee

As indicated in 1 and 2 above, the Company's Board of Directors extensively evaluated and considered the impact of the Large-scale Purchase Actions, etc., by City and Other Parties on the Company's corporate value or the common interests of the Company's shareholders, as well as the propriety of the enactment of countermeasures if City and Other Parties commence the Rapid Large-scale Purchase Actions, etc.

In these circumstances, in order to ensure its decisions were fair and to eliminate arbitrary decisions, the Company's Board of Directors made an inquiry to the Independent Committee, which consists of four outside directors of the Company who are independent from management, which executes the Company's business (for details of the committee, please refer to the press release dated January 11, 2023, "Notice Concerning Establishment of Independent Committee and Appointment of Independent Committee Members"). They inquired as to the impact of the Large-scale Purchase Actions, etc. by City and Other Parties, on the Company's corporate value or the common interests of the Company's shareholders, as well as the propriety of the enactment of countermeasures.

Today, the Company received from the Independent Committee a recommendation letter with today's date (the "**Recommendation Letter**"), indicating, with the unanimous consent of the members of the Independent Committee, excluding Committee Member Ryuko Inoue ("**Committee Member Inoue**") (*), that (i) the Committee considers that if City and Other Parties conduct the Large-scale Purchase Actions, etc., the Company's corporate value or shareholders' common interests may be significantly damaged, (ii) based on the evaluation in (i) above, if the proposal will be submitted at the Ordinary General Meeting of Shareholders, and will be approved and passed, it is reasonable for the Company's Board of Directors, while fully respecting the advice from the Independent Committee at that time, to enact Countermeasures in future cases where it is deemed that City and Other Parties have commenced the Rapid Large-scale Purchase Actions, etc., and (iii) if the proposal concerning (ii) above is submitted to the Ordinary General Meeting of Shareholders, it is reasonable to set the requirements for the proposal to be approved and passed to be the agreement of a majority of the voting rights of attending shareholders, excluding City and Other Parties (referring to City Index Eleventh, Ms. Nomura, and Reno; the same applies for this (iii) hereinafter) and the Company's directors, as well as those deemed by the Independent Committee to be related to City and Other Parties or the Company's directors, respectively (the "**Stakeholders**"; together with City and Other Parties and the Company's directors, "**Those Excluded From Voting Rights**") (this will be what is known as a MoM resolution). For a summary of the Recommendation Letter, please refer to **(Note 2) of 4 below**.

(*) As stated in 1 (3) (c) above, it is undeniable that Ms. Atsumi, who is the candidate for Outside Director that City Index Eleventh proposed to the Company in the shareholder proposal has a close relationship with Mr. Murakami and Relevant Parties. Until 2022, Ms. Atsumi worked for the same law firm for which Committee Member Inoue works. In addition, the law firm Ms. Atsumi represents and works for maintains an alliance with the law firm Committee Member Inoue works. Taking into consideration these circumstances, etc., Committee Member Inoue recused herself from deliberations and resolutions due to a possible conflict of interest, and did not participate in the resolution above. As stated at the beginning, Committee Member Inoue participates in the deliberations and resolutions of the Board of Directors Meeting.

4. About the proposal

In the Response Policies, the Company indicates that the Company's Board of Directors plans to enact the Countermeasures if the Response Policies are not complied with. However, as described in 2 above, it is highly probable that City and Other Parties will commence the Large-scale Purchase Actions, etc., with respect to the Company's share certificates, etc., to acquire up to 29.97% (or 39.96%) after the Ordinary General Meeting of Shareholders; and if the Large-scale Purchase Actions, etc. are conducted, the Company's corporate value or the Company's shareholders' common interests are believed to be significantly damaged. Based on the aforementioned, and from the perspective of respecting shareholders' intentions, the Company would like to ask at the Ordinary General Meeting of Shareholders for shareholders' approval in advance to enact the Countermeasures by the Company's Board of Directors (while fully respecting the recommendations from the Independent Committee at that time) if it is deemed that the Rapid Large-scale Purchase Actions, etc. have been commenced (*1). At the Board of Directors Meeting, it was resolved that if in future it is deemed that City and Other Parties have commenced Rapid Large-scale Purchase Actions, etc., the Company's Board of Directors will enact the Countermeasures on the condition that the proposal is approved and passed, fully respecting the Independent Committee's recommendations at the time.
For details of the countermeasures, please refer to III, 3 of the Response Policies Press Release. If the proposal is passed, the Response Policies will continue with its application limited to City and Other Parties' Large-scale Purchase Actions, etc., and with its period restricted to the extent necessary for enactment of the countermeasures approved by the shareholders (however, the longest period will be until the closing of the first meeting of the Company's Board of Directors that will be held after the Company's ordinary general meeting of shareholders planned to be held in 2024) (*2).
Nonetheless, in cases where it is reasonably concluded that the Large-scale Purchase Actions, etc. are not intended, such as a case where City and Other Parties and Mr. Murakami submit by the day immediately preceding the Ordinary General Meeting of Shareholders a written pledge, pledging that they will not purchase more of the Company's share certificates, etc. or conduct any other actions equivalent to the Large-scale Purchase Actions, etc. until December 31, 2023, the Company will withdraw the proposal, and, pursuant to the initial policies indicated in the Response Policies, discontinue the Response Policies upon the closing of the first meeting of the Board of Directors to be held after the Ordinary General Meeting of Shareholders.
If the proposal is rejected, the Countermeasures will not be enacted, and, pursuant to the initial policies indicated in the Response Policies, the Response Policies will be discontinued upon the closing of the first meeting of the Board of Directors to be held after the Ordinary General Meeting of Shareholders.

(*1) As announced in the "Notice Concerning Sending a Letter to City Index Eleventh Co., Ltd. in Response to the Letter from City Index Eleventh Co., Ltd. to Our Board of Directors on January 12, 2023 and the Press Release Announced by City Index Eleventh Co., Ltd. on the Same Date" dated January 17, 2023, only the fact that City and Other Parties own slightly over 20% of the Company's shares as calculated on a large-volume holdings statement basis as of today does not constitute a "case where it is deemed that they have commenced the Rapid Large-scale Purchase Actions, etc." Further, even if the proposal is approved at the Ordinary General Meeting of Shareholders, when City and Other Parties comply with the procedures designated in the Response Policies, such as submitting a statement of intent for the Large-scale Purchase Actions, etc., the Countermeasures will not be enacted.

(*2) Therefore, the Company has not submitted an proposal on continuing the Response Policies to the Ordinary General Meeting of Shareholders, in addition to this proposal.

(Note 1) Resolution requirements

Based on the advice indicated in the Recommendation Letter from the Independent Committee, the Company would like to ask that the proposal be approved with the agreement of a majority of the voting rights of the attending shareholders, excluding City Index Eleventh (7,818,600 shares), Ms. Nomura (3,854,025 shares), Reno (6,007,900 shares), the Company's directors (8 directors, 83,471 shares in total), and the Stakeholders (so-called MoM resolution). Those Excluded From Voting Rights are not permitted to exercise their voting rights for the proposal, but may attend the Ordinary General Meeting of Shareholders, participate in questions and answers, including those regarding the proposal, and are naturally permitted to exercise their voting rights for proposals other than the proposal.

In the Recommendation Letter, the Independent Committee, as of today, acknowledges the following as Stakeholders.

	Name of the shareholder	Number of the voting rights (number of the held shares)	The reason why they are acknowledged as Stakeholders
(i)	Group of Officer Stock Owners of Cosmo Energy Holdings (only those held by the Company's current directors)	4 rights (485 shares)	Because the Company's current directors, which are members of the Group of Officer Stock Owners of Cosmo Energy Holdings, can determine how the voting rights of the shares of the Group of Officer Stock Owners of Cosmo Energy Holdings corresponding to the shares held by them are exercised.
(ii)	Relatives in the second degree (including spouses; the same shall apply hereafter) of the Company's current directors	30 rights (3,000 shares)	Because it is highly probable that the relatives exercise their voting rights in the same manner as the Company's current directors do.
(iii)	A company in which a majority of the voting rights are held by the Company's current directors or by relatives in the second degree of the Company's current directors	0 rights (0 shares) *	Because the Company's current directors or the relatives in the second degree of the Company's current directors can determine how the voting rights of the shares are exercised since the shares held by the company in which a majority of the voting rights are held by the Company's current directors or by relatives in the second degree of the Company's current directors.

* As of March 31, 2023, there is no Company's shareholder, which is a company in which a majority of the voting rights are held by the Company's current directors or by relatives in the second degree of the Company's current directors.

In cases such as where there is any change to the Stakeholders, the Company will announce the details in some manners. Please kindly confirm the latest announced information.

(Note 2) Outline of the Recommendation Letter

1. For the reasons listed below, we believe that if City and Other Parties conduct the Large-scale Purchase Actions, etc., there is a possibility that such actions may significantly damage the Company's corporate value and its shareholders' common interests.

(1) It will contribute to enhancing the corporate value of the Company and the common interests of its shareholders to have the subsidiary in the renewable energy business grow in the Company group's value chain as a whole, rather than having it split and listed.

- In light of the business environment in which the Company group places, the Company group's business structure, the content and history of the assertions made by City and Other Parties, and other relevant factors, we believe that it is reasonable for the Company's Board of Directors to determine that, due to the reasons below, it will contribute to enhancing the Company's corporate value and its shareholders' common interests to have Cosmo Eco Power Co., Ltd. ("ECP") grow in the Company group's value chain as a whole, rather than having it split and listed in the manner asserted by City and Other Parties.
  - (i) ECP, which serves renewable energy generation in the green electricity supply chain (consisting of renewable energy generation, supply-demand adjustment and power storage, and green power sales), is positioned as a key player in the Company's medium-to-long-term management plan.
  - (ii) In addition to the offshore wind power and other renewable energy generation businesses operated by ECP, the Company group has several businesses that can create synergies throughout the entire green electricity supply chain (including the electric power retail business and the car leasing business that will lead to the supply of EVs in the future). The Company group can maximize profits from the renewable energy business by operating these businesses as a whole.
  - (iii) If ECP is split and made independent from the Company group, it would become difficult to secure personnel to carry out offshore wind power projects, and lead to a decrease in the efficiency of financing and a decline in creditworthiness. In addition, it would take a considerable amount of time and effort to have ECP listed, which could hinder the execution of offshore wind power projects and lead to a loss of profit opportunities. Based on the above, the highest priority at present should be establishing the business foundation of ECP and steady project execution, and it is not appropriate to have ECP split and independent.
  - (iv) The feasibility of the spin-off asserted by City and Other Parties is low in light of the current status of ECP, as the systematic and scheduling hurdles faced in implementing the spin-off and the workload required to execute the transaction are significant. In addition, the assertions made by City and Other Parties have shifted which are difficult to interpret that they are based on serious consideration.

(2) The demand by City and Other Parties for shareholder returns requires the Company to pay out equity capital at a level that would fall below the Company's necessary equity capital.

- The calculation of the target figure of 600 billion yen for the Company's necessary equity capital in the Seventh Medium-Term Management Plan period is reasonable given that, among other factors, the target figure is calculated through an objective analysis and calculation method where the amount of assets is multiplied by the risk factor for the risks inherent in the assets of each business segment.
- It is clear that the Company does not intend to merely increase retained earnings considering that the Company's shareholder returns policy targets to balance financial soundness and shareholder returns.
- Meanwhile, City and Other Parties assert that the maximum amount of equity capital necessary for the Company is approximately 500 billion yen and demand that an amount equivalent to 100% of the net income in excess of that amount be allocated to shareholder returns; however, they have not presented any sufficient grounds for their assertions.
- Therefore, if the Company were to provide shareholder returns as requested by City and Other Parties, the Company would have to pay out equity capital at a level that would fall below the reasonably calculated equity capital necessary for the Company, which could threaten the Company's financial soundness and significantly damage the Company's corporate value and its shareholders' common interests.

(3) It can be reasonably presumed that the real aim of the Large-scale Purchase Actions, etc. by City and Other Parties is not to enhance the Company's corporate value and its shareholders' common interests, but rather to sell off the shares held by City and Other Parties by causing the Company to conduct a excessively large-scale tender offer for its own shares in order to pursue only the short-term profit of City and Other Parties at the expense of enhancing

the Company's medium-to-long-term corporate value.

- Based on the content of the assertions made by City and Other Parties and their past investment behavior, their assertions regarding the splitting and listing of the subsidiary in the renewable energy business could be interpreted as assertions to justify a reduction in the Company's necessary equity capital.
- In their discussions with the Company, City and Other Parties have consistently requested the Company to execute share buybacks with an insistence on large-scale share buybacks that involve payout of large amounts of equity capital; this, together with their past investment behavior, also lend support to the theory that the real aim of City and Other Parties is as stated above.

(4) The Company's management may be materially disrupted if the Large-scale Purchase Actions, etc. are conducted.

- Based on the proportion of voting rights exercised at the Company's ordinary general meetings of shareholders in the past, City and Other Parties will gain control of, or significant influence over, the Company's management if the Large-scale Purchase Actions, etc. are conducted.
- However, City and Other Parties have not indicated any specific management policies for the Company, other than the splitting and listing of the subsidiary in the renewable energy business and shareholder returns. If City and Other Parties, backed by such their influence, forcefully promote the splitting and listing of the subsidiary in the renewable energy business or deny management measures that would contribute to enhancing the Company's corporate value and its shareholders' common interests over the medium-to-long term, the Company's management may be materially disrupted.

2. For the reasons listed below, based on the evaluation described in 1. above and assuming that the Proposal will be submitted to, and approved at, the Ordinary General Meeting of Shareholders, if it is deemed in the future that City and Other Parties have commenced Rapid Large-scale Purchase Actions, etc., it would be reasonable for the Company's Board of Directors to enact the Countermeasures after respecting the Independent Committee's recommendation at that time to the utmost extent.

(1) There is necessity to enact the Countermeasures.

- In light of the history of discussions with City and Other Parties and other relevant factors, it is reasonably believed that there is a high probability that City and Other Parties will conduct the Large-scale Purchase Actions, etc. after the Ordinary General Meeting of Shareholders.
- As described in 1. above, the Large-scale Purchase Actions, etc. by City and Other Parties may significantly damage the Company's corporate value and its shareholders' common interests.
- It is highly likely that the Large-scale Purchase Actions, etc. would be conducted in a coercive manner against general shareholders given that (i) City and Other Parties have not indicated any specific management policies for the Company, other than the splitting and listing of the renewable energy business subsidiary and shareholder returns, although the Large-scale Purchase Actions, etc. would be a partial purchase of outstanding shares of the Company, and (ii) the Countermeasures under the Proposal will be enacted if City and Other Parties do not comply with the Response Policies and do not provide shareholders with the information and time necessary to decide whether to accept the Large-scale Purchase Actions, etc.
- The information disclosure by City and Other Parties is inadequate and inappropriate, making it difficult for shareholders to make appropriate decisions.
- Since the enactment of the Countermeasures is subject to the approval of the Proposal at a general meeting of shareholders, it can be said that the enactment will be based on the shareholders' will.
- In light of the above, it is reasonable to believe there is necessity to enact the Countermeasures in order to secure the information and time necessary for shareholders to decide whether to accept the Large-scale Purchase Actions, etc. and to avoid significant damage to the Company's corporate value and its shareholders' common interests due to the Large-scale Purchase Actions, etc.

(2) The appropriateness of the Countermeasures is secured.

- While the enactment of the Countermeasures may cause damage to City and Other Parties due to the dilution of their shareholding percentage, at this point we believe that, to a certain extent, (i) it is possible

for City and Other Parties to avoid any damage that they may incur, (ii) measures are taken to mitigate any damage that may be incurred by City and Other Parties, and (iii) it is foreseeable that the Countermeasures will be enacted and that City and Other Parties will incur damage if they conduct the Rapid Large-scale Purchase Actions, etc. in the future. In addition, given that the Independent Committee's recommendation, which will be made after considering the details of the Countermeasures, will be respected to the utmost extent when the Countermeasures are actually enacted, a structure has been established to eliminate arbitrary operation and enactment of unreasonable countermeasures by the Company's Board of Directors.

- Therefore, it is reasonable to believe that the appropriateness of the Countermeasures has been secured.

3. For the reasons listed below, if the proposal is submitted to the Ordinary General Meeting of Shareholders, it would be reasonable to require the agreement of a majority of the voting rights of the shareholders present at the meeting, excluding City and Other Parties, the Company's directors, and persons who are deemed by the Independent Committee to be related to City and Other Parties or the Company's directors, in order to approve the proposal (a so-called "MoM resolution").

(1) The shareholders' will regarding the enactment of the Countermeasures should be confirmed by a MoM resolution.

- The decision of whether to accept the Large-scale Purchase Actions, etc. by City and Other Parties (or to enact the Countermeasures) should be made based on the shareholders' will.
- If the shareholders' will is confirmed by an ordinary resolution including the voting rights represented by shares held by City and Other Parties, the result of that resolution cannot be said to express the shareholders' will, and there is a risk that the shareholders' will so confirmed might be distorted, considering that (i) in the situation that the Large-scale Purchase Actions, etc. is coercive against general shareholders, City and Other Parties, as purchasers, have different interests from general shareholders and (ii) the Company's shares already held by City and Other Parties were acquired through purchases in the market, which is problematic in terms of coercion and information disclosure.
- Therefore, we believe the shareholders' will regarding whether to enact the Countermeasures should be confirmed by a resolution of shareholders, excluding those shareholders whose interests differ from those of general shareholders (such as City and Other Parties).

(2) It is acceptable to exclude the voting rights represented by shares held by City and Other Parties and their related parties.

- In a situation where coercion is inherent in the Large-scale Purchase, Actions etc., it is necessary for shareholders who may be affected by the coercion to decide on whether to accept the Large-scale Purchase Actions, etc. under non-coercive circumstances. Since City and Other Parties and their related parties have interests as purchasers, it cannot be expected that they will make a decision from the perspective of shareholders of the Company.
- Since at least most of the shares already held by City and Other Parties were acquired through coercive purchases in the market without adequate and appropriate disclosure to general shareholders, City and Other Parties should not be allowed to vote on such shares.
- Therefore, we believe that it is acceptable to exclude the voting rights represented by shares held by City and Other Parties and their related parties when resolving the proposal.

(3) It is also reasonable to exclude the voting rights represented by shares held by the Company's directors and their related parties.

- We believe that although it should not be mandatory to exclude the voting rights represented by shares held by the Company's directors and their related parties for the resolution, it is also reasonable to exclude the voting rights represented by shares held by the Company's directors and their related parties from the requirement for resolving the proposal from the perspective of equity with respect to the exclusion of voting rights represented by shares held by City and Other Parties and their related parties.

Exhibit 1

Court's Findings, etc. of Previous Investment Activities

Part 1. Investment Case in Accordia

According to publicly available information, Reno, C&I Holdings Co., Ltd. (hereinafter "C&I"), Minami-Aoyama Fudosan, City Index Hospitality Co., Ltd. (hereinafter "City Index Hospitality"), City Index Holdings Co., Ltd. (hereinafter "City Index HD"), Fortis Co., Ltd. (hereinafter "Fortis"), and Rebuild Co., Ltd. (hereinafter "Rebuild"), which were under the influence of Mr. Murakami (hereinafter those funds over which Mr. Murakami exercises influence are collectively referred to as the "Murakami Fund-Related Parties"), purchased a large number of shares in Accordia Golf Co., Ltd. (hereinafter "Accordia") in the market, which had not had any prior warning-type takeover defense measures, after the commencement of the hostile tender offer (hereinafter the "tender offer" is referred to as the "TOB") by PGM Holdings K.K. (hereinafter "PGM") in November 2012, and continued to purchase more after the failure of the hostile TOB by PGM.

According to publicly available information, on January 13, 2013, while the hostile TOB by PGM was being conducted, Reno put pressure on Accordia by demanding that Accordia (1) come to the table to discuss the terms of the management integration with PGM, and (2) carry out measures to increase shareholder returns, such as an exhaustive share-buyback program, and sending Accordia a document stating that if Accordia accepts the demand, Reno will not tender its shares in the TOB by PGM, but that if Accordia rejects the demand, Reno will tender its shares in the TOB by PGM and demand that Accordia provide its reply by noon of January 17, 2013, which was the last day of the TOB period.

According to publicly available information, the Murakami Fund-Related Parties continued to purchase more and more shares in Accordia after that, and its shareholding ratio (hereinafter the "holding ratio of share certificates, etc." under the large-volume holdings reporting regulations is referred to as the "shareholding ratio" unless stated otherwise) in Accordia increased to approximately 24% by March 28, 2014. On the same day, under the agreement with Reno, C&I, Minami-Aoyama Fudosan, and City Index Hospitality, Accordia announced a corporate reorganization plan consisting of, among others, a planned sale of about 70% of its golf courses (90 courses out of 133 courses that the company held at that time) after the annual general meeting of shareholders in June 2014, and the use of more than 45 billion yen out of the total proceeds of the sale of 111.7 billion yen to conduct a share-buyback by way of a large-scale TOB (hereinafter in the section the "TOB by Issuer"), which was equivalent to approximately 32% of the market capitalization of the company at that time. Prior to this announcement, the Murakami Fund-Related Parties had reached an agreement with Accordia that the Murakami Fund-Related Parties would tender their shares in the TOB by Issuer for all of their shareholdings. According to publicly available information, the TOB by Issuer was to propose to purchase approximately 30% of the total number of issued shares of Accordia at 1,400 yen per share. This was a so-called premium price, in that it was at a premium of 4.24% over the closing price of the shares of the company on the business day immediately preceding the date of the advance notice of the TOB by Issuer (March 28, 2014), and at a premium of 9.89% over the closing price on the business day immediately preceding the date of the announcement of the TOB by Issuer.

Regarding such a large-scale share-buyback using the proceeds from the sale of a majority of the business assets of Accordia, the President of PGM at that time commented, "I wonder whether the company that remains after the divestiture of golf course assets has any growth potential. I have never seen any share-buybacks carried out in this manner, like cutting one's own body into pieces rather than using excess funds. This seems to be the ultimate scorched earth tactic." (See Toyo Keizai Online article, dated March 30, 2014).

A TOB by an issuer at a premium price is generally considered to involve a relatively high risk that the medium- to long-term corporate value of the issuer company will decrease, because the shareholders tendering their shares in the TOB will be paid an amount that exceeds the market price of the issuer company at that time. For this reason, there are only a small number of cases of a TOB by an issuer at a premium price, in practice.

In fact, Accordia's share price was 1,274 yen on the business day immediately preceding the announcement of the TOB by Issuer (August 1, 2014), but it declined gradually after the end of the TOB period (September 1, 2014), and dropped to around 1,000 yen in late November 2014.

According to publicly available information, the maximum number of shares to be purchased by Accordia in the TOB by Issuer was 32,143,000 shares. This was a very large number, representing approximately 30% of the total number of issued shares of the company at that time, which also exceeded 25,508,800 shares, the

number of Accordia shares held by the Murakami Fund-Related Parties immediately before the date of the advance notice of the TOB by Issuer. As stated above, Reno, C&I, Minami-Aoyama Fudosan, and City Index Hospitality had reached an agreement with Accordia that they would tender their shares in the TOB by Issuer, and the Murakami Fund-Related Parties were given an opportunity to sell out Accordia shares through the TOB by Issuer at a higher price than that of the market (while avoiding the risk of a significant decline in selling price if the shares were sold in the market).

While Reno, C&I, Minami-Aoyama Fudosan, and City Index Hospitality had reached an agreement with Accordia that they would tender their shares in the TOB by Issuer as stated above, according to news reports, even after the announcement by Accordia of the corporate reorganization plan mentioned above on March 28, 2014, the Murakami Fund-Related Parties continued to purchase more and more shares in Accordia through City Index HD, Fortis, and Rebuild, which were not obligated to tender their shares in the TOB by Issuer as they were not parties to the agreement, and continued to apply pressure on Accordia for shareholder returns as major shareholders of Accordia (See Toyo Keizai Online article, dated August 14, 2014).

And then, according to publicly available information, on August 5, 2014, the Murakami Fund-Related Parties demanded the convocation of an extraordinary general meeting of shareholders of Accordia, proposing the dismissal of all six outside directors of Accordia and the election of five officers and employees from Reno as directors of Accordia, on the grounds that the investor returns after the TOB by Issuer were unsatisfactory with regard to their size and other aspects. Subsequently, on August 12, 2014, Accordia accepted the proposal of the Murakami Fund-Related Parties by withdrawing the post-TOB-by-Issuer dividend reduction plan (the payout ratio would be reduced from the former 90% on a consolidated basis to 45% of "deemed consolidated net income") that it had announced together with the corporate reorganization plan mentioned above announced on March 28, 2014, and announcing to the effect that the company planned to distribute large shareholder returns also in two fiscal years after the TOB by Issuer (fiscal years ending March 2016 and March 2017), totaling 20 billion yen.

According to publicly available information, the shareholding ratio of the Murakami Fund-Related Parties had increased to approximately 35% as of August 28, 2014. Once the announcement mentioned above was made, the Murakami Fund-Related Parties withdrew the demand for convocation of an extraordinary general meeting of shareholders, and tendered their shares in the TOB by Issuer. They eventually sold a part of the Accordia shares (approximately 20% out of the prior shareholding ratio of approximately 35%) through the TOB by Issuer.

As explained above, during the period of about one year and ten months since the commencement of the acquisition of Accordia shares, the Murakami Fund-Related Parties applied pressure on Accordia in various manners, including the demand for convocation of an extraordinary general meeting of shareholders, and successfully caused Accordia to conduct a share-buyback at a high price through a TOB by Issuer, and also to agree to distribute large shareholder returns.

After that, according to publicly available information, the Murakami Fund-Related Parties sold all Accordia shares to K.K. MBKP Resort (an investment vehicle of a foreign-affiliated investment fund MBK Partners; hereinafter, "MBKP") through the TOB announced in November 2016 by MBKP in consultation with Reno (which was a so-called TOB at a premium price in that the TOB price of 1,210 yen was at a premium of 15.8% (165 yen) over the closing price of Accordia shares (1,045 yen) on the day immediately preceding the announcement date of the TOB) pursuant to the tender agreement executed with MBKP.

According to publicly available information and news reports, when the TOB by MBKP was commenced, the Murakami Fund-Related Parties held 18.95% of the total number of issued shares of Accordia, which represented 22.77% of the voting rights of all shareholders. By that time, the Murakami Fund-Related Parties had invested slightly over 38 billion yen in total in Accordia shares since the commencement of the acquisition of Accordia shares in 2013. For this investment, the Murakami Fund-Related Parties had already recovered nearly 29.6 billion yen in the TOB by an issuer mentioned above, and recovered an additional approximately 19.4 billion yen through the TOB by MBKP mentioned above. The final investment recovery amount was said to be approximately 49 billion yen (resulting in a profit of approximately 11 billion yen) (See Toyo Keizai Online article dated December 7, 2016).

Only in 2019, Accordia was reported to be considering repurchasing the land of golf courses that it sold in 2014 based on the judgment that its competitiveness will increase by investing in land for integrated management rather than focusing on the operation of golf courses (See Nikkei Newspaper (morning edition) article, dated December 18, 2019).

Part 2. Investment Case in MCJ

According to publicly available information, Reno started to purchase a large number of shares in MCJ Co., Ltd. (hereinafter "MCJ") in the second half of 2012 and held 4,994,100 shares (shareholding ratio of 9.82%) as of March 29, 2013. Combined with the shareholdings of the representative director of Reno at that time and Attorney Fuminori Nakashima (hereinafter "Atty. Nakashima"), who were the joint holders with Reno, the number of shares held by Reno in total was 9,928,600 shares (shareholding ratio of 19.52%). After cancelling the agreement regarding joint shareholding with the representative director of Reno at that time and Atty. Nakashima, Reno submitted to MCJ a letter of intent on a large-scale purchase action of MCJ shares (hereinafter, the "Large-scale Purchase Action") dated October 8, 2013. According to the press release of MCJ titled "Notice of the Receipt of a Letter of Intent on a Large-scale Purchase Action of the Company's Shares" dated the same day, Reno stated in the letter of intent that the purpose of the purchase of the Company [Note: MCJ]'s shares was a pure investment, which was to be made for the purpose of realizing the potential value of the Company's shares and seeking capital gains from the medium- to long-term enhancement of its corporate value. The closing price of MCJ shares on the same day was 191 yen, and following the release, the price rose to 241 yen on the following day (October 9), reaching the daily price limit.

After that, according to publicly available information, the board of directors of MCJ evaluated and analyzed the Large-scale Purchase Action on and after November 28, 2013, and MCJ issued a press release titled "Notice of Receipt of Recommendation of the Independent Committee and the Finalization of the Evaluation and Analysis Results of the Board of Directors of the Company Concerning the Large-scale Purchase Action of the Company's Shares" on December 12, 2013. In this press release, MCJ stated to the effect that "the board of directors of the Company does not intend to trigger any countermeasures against the Large-scale Purchase Action proposed by Reno, and will continue to monitor the investment trend of Reno and changes in the situation for the time being." According to publicly available information, the closing price of MCJ shares immediately before the announcement mentioned above (on December 12, 2013) was 268 yen, and the closing price rose sharply to 348 yen on the next day (December 13) following the announcement. On the next trading day (December 16), MCJ shares traded at 395 yen at the opening and subsequently dropped to 296 yen, but continued to close at a high price of 303 yen.

As stated above, MCJ announced that it would approve the conduct of the Large-scale Purchase Action by Reno, and would not take any countermeasures. Nevertheless, according to publicly available information, on December 16, 2013, which was only two business days after the announcement of MCJ that it would not take countermeasures, Reno sold 3,244,200 MCJ shares out of its shareholding (equivalent to a shareholding ratio of 6.38%) in the market while MCJ shares were trading at high levels as noted above in response to MCJ's announcement that it would not take countermeasures. This was contrary to its own letter of intent stating that Reno had the intention to purchase MCJ shares until its shareholding ratio or the percentage of voting rights reached 20% or above, taking into consideration, among others, the future trend in the stock market to realize the potential value of MCJ shares and the medium- to long-term enhancement of its corporate value.

Part 3. Investment Case in Kuroda Electric

According to publicly available information, the Murakami Fund-Related Parties, including Reno, C&I, Minami-Aoyama Fudosan, City Index Maiko Co., Ltd., Office Support K.K. (hereinafter "Office Support"), ATRA Co., Ltd., Mr. Murakami, and Ms. Aya Nomura, who is the oldest daughter of Mr. Murakami, commenced to purchase a large number of shares in Kuroda Electric Co., Ltd. (hereinafter "Kuroda Electric") in the market around 2015. According to news articles, in the early stage of these purchases, Mr. Murakami asserted that Kuroda Electric should play a central role among semiconductor trading companies in realizing the reorganization of semiconductor trading companies, despite the fact that Kuroda Electric was an electronic components trading company and semiconductors were not a major part of its business. An executive officer at that time who accepted a discussion with Mr. Murakami commented that Mr. Murakami "did not seem to realize what Kuroda Electric was doing in the first place." (See "Weekly Toyo Keizai, [Opening Feature Article: Murakami, Again] - Aya, Yoshiaki Murakami 's Oldest Daughter, Talks with Confidence - Murakami, Again" dated August 22, 2015, pp. 32-33).

In such situation, according to publicly available information, immediately after the closing of the annual general meeting of shareholders of Kuroda Electric held on June 26, 2015, on the same day, C&I and Minami-Aoyama Fudosan demanded the convocation of an extraordinary general meeting of shareholders of Kuroda Electric, proposing the election of four outside directors, including some of the Murakami Fund-Related Parties. In response to the demand, Kuroda Electric decided and announced on July 10, 2015 to hold an extraordinary

general meeting of shareholders and to object to the proposal submitted to the meeting (the election of four outside directors). The proposal was subsequently rejected at an extraordinary general meeting of shareholders held on August 21, 2015.

According to publicly available information, the Murakami Fund-Related Parties continued to purchase a large number of shares in Kuroda Electric in the market, and Reno submitted a shareholder's proposal for the election of one outside director on May 2, 2017. At its meeting held on May 23, 2017, the board of directors of Kuroda Electric voted against the shareholder's proposal, and Kuroda Electric announced the opinion of the board of directors objecting to the shareholder's proposal on May 29. In its press release titled "Sequence of Events Leading to the Opinion of the Board of Directors of the Company on the Shareholder Proposal" dated June 7, 2017, which summarized the background of the shareholder's proposal, Kuroda Electric criticized the comments and the attitude of Mr. Murakami, stating "...done in a manner to intimidate the management members present" and "overbearing behavior that was beyond the level of normal dialogue." The shareholder's proposal was subsequently approved at the annual general meeting of shareholders held on June 29, 2017 in spite of the objection of Kuroda Electric. As a result, Reno dispatched one outside director to Kuroda Electric. (According to publicly available information, the shareholding ratio of the Murakami Fund-Related Parties in Kuroda Electric had risen to approximately 35% as of June 7, 2017.)

After that, according to publicly available information, the shareholding ratio of the Murakami Fund-Related Parties in Kuroda Electric further rose to approximately 38% by early November 2017. However, on October 31, 2017, Kuroda Electric chose to delist its shares by accepting the TOB announced by KM Holdings Co., Ltd. (hereinafter "KM Holdings"), which was an investment vehicle of the foreign-affiliated investment fund MBK Partners. As a result, the Murakami Fund-Related Parties sold all shares they held in Kuroda Electric by March 2018, by tendering their shares in the TOB by KM Holdings and a TOB by an issuer undertaken by Kuroda Electric after the completion of the TOB by KM Holdings after executing a tender agreement with KM Holdings.

According to news reports, the Murakami Fund-Related Parties earned a profit of approximately 8.4 billion yen, which is a rough estimate excluding the effect of taxes and the cancellation of margin transactions, from these transactions (See Toyo Keizai Online article, dated November 13, 2017).

As explained above, the Murakami Fund-Related Parties reached an agreement to sell all shares in Kuroda Electric that they had, only four months after Reno dispatched an outside director to Kuroda Electric, and actually sold all these shares only four months after that. According to publicly available information, the Murakami Fund-Related Parties made a profit of approximately 8.4 billion yen from these transactions.

Part 4. Investment Case in Yorozu Corporation

According to publicly available information, while delivering letters on multiple occasions to Yorozu Corporation (hereinafter, "Yorozu") demanding returns to its shareholders, including share-buyback, on May 10, 2019, Reno filed for a provisional disposition order for inclusion of a shareholder proposal (hereinafter, "Filing for provisional disposition order") requesting that Yorozu include an agenda item concerning abolition of takeover defense measures in the notice to convene and reference material.

The subject Filing for provisional disposition order was dismissed by the Yokohama District Court (the Yokohama District Court rendered its decision on May 20, 2019 (page 126 of the *Siryoban Shojihomu* No. 424 (July 2019 Edition)), hereinafter the "Original Decision on the provisional disposition"), and the immediate appeal was also dismissed by the Tokyo High Court (Tokyo High Court Decision rendered its decision on May 27, 2019 (See page 42 of the *Junkan Shojihomu* Edition No. 2206), but according to the *Siryoban Shojihomu* No. 424 (July 2019 Edition), page 126 and the following, "Case of Filing Provisional Disposition Containing Proposals by Yorozu Shareholders, etc.," the Original Decision on the provisional disposition held that, while the presence of a right for preservation is questionable, the necessity for its preservation could not be found, finding the likelihood of its attempts to abolish the takeover defense measure which stood in its way, due to the reasons that (1) Reno is under the powerful influence of Mr. Murakami, (2) similar to what Reno (or any other corporate entity under the powerful influence of Mr. Murakami) has done in the past to corporations it invested in, its intentions are to benefit from a significant amount of profit by purchasing a large number of shares in Yorozu, placing its management under pressure, and earning a resale gain by causing the company or their related companies to purchase at high prices the shares purchased in a short period of time.

Incidentally, according to page 126 and the following, the aforementioned "Case of Filing Provisional Disposition Containing Proposals by Yorozu Shareholders, etc.," concerning the Original Decision on the provisional disposition finds for the time being that:

"a. The creditor (refers to Reno, hereinafter the same), Company B who is the 100% stakeholder of the creditor, C, who held 50% of the company's shares and also served as its representative director until December 1, 2014, Company D, for which the child of A (refers to Mr. Murakami, hereinafter the same) serves as the representative director, Company E, Company F, Company G, Company H, and Company I are all under the powerful influence of A (hereinafter, the aforementioned parties under the powerful influence of A are collectively, the "Creditors").

b. In 2015, when the Creditors acquired approximately 10% of outstanding shares in the debtor (refers to Yorozu, hereinafter the same), without indicating any concrete business plans or any business management enhancement plans towards the debtor, A insisted that the debtor's return to shareholders was inadequate and requested that the payout ratio be increased to 100% and to present a new medium- to long-term business plan which includes plans for sufficient shareholder returns, and unless A was satisfied with the medium- to long-term business plan which includes sufficient shareholder returns presented by the debtor, A would propose, "Let us carry out a TOB. Let's start the process," and "We'll have 11 of the board members resign. We'll keep 3 of them, dispatch 4 from our side, and the 7 will decide the dividend policy at a board meeting," while also commenting, "If the company decides to execute a large scale share-buyback, I'll say OK and retract my previous proposal," and demanded, "You have 3 choices – increase shareholder value, become A's company, or execute an MBO." However, in the end, the Creditors sold-off all its shares after the share price of the debtor increased.

c. Come 2018, the creditor began acquiring the debtor's shares, and in 2019, prior to the total shareholding ratio of the debtor reaching 10%, without showing any interest in concrete business plans or business enhancement measures which would have resulted in profits to the debtor in the medium- to long-term, while demanding an "increase in shareholder value," the creditor demanded abolishment of takeover defense measures and execution of share-buybacks, hinting at the exercise of shareholder's proposal rights and eventually exercising those rights, while continuing to acquire the debtor's shares after that.

d. Between 2012 and 2019, the Creditors purchased a large number of shares in Company J, Company K, Company L, Company M, and Company N, placing their management of the target companies under pressure, earning a resale gain by causing the target companies or their related companies to purchase at high prices all or a substantial part of the shares purchased.

e. Between 2002 and 2005, Company O and Company P, who were under the powerful influence of A, earned a resale gain in the same manner as the Creditors in d. above."

According to publicly available information, Reno subsequently requested on November 20, 2020 that Yorozu call for an extraordinary shareholders' meeting to consider a proposed change to the articles of association that would give the shareholders' meeting the power to decide on the abolition of the takeover defense measure. In response to that request, on November 25, 2020, Yorozu decided to express an intention to oppose that proposal and announced the same. At Yorozu's extraordinary shareholders' meeting held on January 22, 2021, the proposal was rejected with opposition exceeding 50%.

Part 5. Investment Case in Excel

According to publicly available information, around in March 2019 (the Murakami Fund-Related Parties owned 38.07% of Excel's issued shares as of March 31, 2019), Mr. Murakami initiated negotiations regarding a substantial sale of Excel Co., Ltd. (hereinafter "Excel") to Kaga Electronics Co., Ltd. (hereinafter "Kaga Electronics") while being involved in the negotiations himself. Under that circumstance, Excel accepted to have Reno's representative director as an outside director of Excel in May 2019. At Excel's annual general meeting of shareholders held on June 26, 2019, Reno's representative director was elected as Excel's outside director and subsequently assumed the position.

Thereafter, on December 9, 2019, when only approximately five months passed since that assumption of the outside director, Excel decided to conduct a management integration with Kaga Electronics (hereinafter the "Management Integration") and announced the same (the Murakami Fund-Related Parties owned 39.93% as the percentage of voting rights of Excel as of that date).

According to publicly available information, the scheme of the Management Integration was (i) to conduct a share exchange with cash as consideration (hereinafter the "Cash Share Exchange"), with City Index Eleventh, which did not own any shares of Excel, as the wholly owning parent company resulting from the Cash Share Exchange, and with Excel as the wholly owned subsidiary company resulting from the Cash Share Exchange, (ii) then, after separating Excel's assets into (a) assets required for the business operation at Excel following the Management Integration (hereinafter the "Business Assets") and (b) assets not necessarily required for the business operation at Excel following the Management Integration (hereinafter the "Non-transferred Assets"), to transfer the Non-transferred Assets by way of dividends in kind from Excel to City Index Eleventh immediately after the Cash Share Exchange took effect, and (iii) for City Index Eleventh to assign all of Excel's shares to Kaga Electronics immediately after the implementation of the dividends in kind.

This scheme was intended to substantially divide Excel, which previously operated its business as one organization, into two, and moreover, to distribute the Non-transferred Assets in kind to City Index Eleventh, which was merely an investment vehicle.

As above, in approximately five months after Reno's representative director assumed the position of Excel's outside director in June 2019, under the lead of the Murakami Fund-Related Parties, the Management Integration by way of dissolving Excel's business was announced, and ultimately, the Management Integration took effect on April 1, 2020.

Part 6. Investment in Toshiba Machine (Currently Shibaura Machine)

According to publicly available information, the Murakami Fund-Related Parties, i.e., Office Support and its joint holders Ms. Aya Nomura and S-Grant, purchased a large number of shares in Toshiba Machine Co., Ltd. (Toshiba Machine Co., Ltd changed its trade name to Shibaura Machine Co., Ltd. on April 1, 2020; however, hereinafter referred to as "Toshiba Machine" irrespective of the name change.) in the market and increased their shareholding ratio to 9.19% (the ratio of total voting rights was approximately 11.49%) by November 29, 2019. Subsequently, according to publicly available information, Office Support prepared for the TOB without having substantive discussions with Toshiba Machine, and gave notice of the TOB for shares of Toshiba Machine on or after January 10, 2020 without any explanation of the terms and conditions of the TOB or the management policy of Toshiba Machine after the TOB. On the 17th of the same month, upon notice of the TOB, the board of directors of Toshiba Machine unanimously resolved and announced the introduction of a response policy to a TOB for shares of Toshiba Machine from Office Support or its subsidiaries, or any other large-scale purchase actions that may be contemplated under the circumstances where such a TOB notice has been given (hereinafter "Toshiba Machine Response Policy").

Despite the introduction of the Toshiba Machine Response Policy, City Index Eleventh, a subsidiary of Office Support, subsequently commenced a TOB for shares of Toshiba Machine without complying with the procedures set forth in the Toshiba Machine Response Policy (at that time, Office Support and S-Grant, the Murakami Fund-Related Parties, together owned 12.75% of the shareholding ratio of Toshiba Machine shares.).

On February 12, 2020, Toshiba Machine decided to oppose the TOB by City Index Eleventh on the grounds of, among others, (i) City Index Eleventh Tender Offeror Group (collectively, Office Support, S-Grant, and City Index Eleventh, the Murakami Fund related parties; the same applies hereinafter) has not presented any management policy of Toshiba Machine after the TOB, and the manner of involvement of City Index Eleventh Tender Offeror Group in the management of Toshiba Machine is completely unclear, (ii) according to the process leading to the TOB, it appeared that City Index Eleventh Tender Offeror Group has no intention to enhance the corporate value of Toshiba Machine and are interested only in acquiring cash by themselves, (iii) in light of past investments by entities under the influence of Mr. Murakami, the TOB for Toshiba Machine and the proposed shareholder value enhancement by City Index Eleventh Tender Offeror Group was highly likely to damage the corporate value of Toshiba Machine, (iv) City Index Eleventh Tender Offeror Group has continuously ignored the requests of Toshiba Machine in the process of the dialogue, and the TOB by City Index Eleventh was initiated in disregard of the Toshiba Machine Response Policy, (v) City Index Eleventh Tender Offeror Group was suspected of violating the Foreign Exchange and Foreign Trade Act and its eligibility of being the major shareholders of Toshiba Machine is questionable, (vi) the TOB by City Index Eleventh was coercive in that shareholders who oppose the transfer of control will rather have an incentive to tender their shares in the TOB. Accordingly, in order to solicit shareholders' opinion on whether or not to introduce the Toshiba Machine Response Policy and to take countermeasures

based on the Toshiba Machine Response Policy (allotment of the share options subject to discriminatory exercise conditions and acquisition clause without contribution (hereinafter, the "Countermeasures" in this paragraph).

According to publicly available information, City Index Eleventh Tender Offeror Group thereafter put pressure on Toshiba Machine to make decision of a large-scale share-buyback of approximately 12 billion yen by using the withdrawal of the TOB by City Index Eleventh as a "bargaining tool," by saying that they will withdraw the TOB without waiting for the meeting of shareholders' to confirm shareholders' intentions if Toshiba Machine decides to make a large-scale share-buyback of approximately 12 billion yen in addition to the special dividend of approximately 3 billion yen that it had already announced. However, Toshiba Machine, after strongly contemning City Index Eleventh Tender Offeror Group for using the TOB by City Index Eleventh as a means of improperly pressuring Toshiba Machine to ultimately execute share-buyback and thereby sell their own shares for a profit, saying that "there is a strong suspicion that its approach constitutes 'a case where a person is simply buying shares to raise the share price and force a company and its related parties to take over shares at a high price while they have no sincere intention of participating in corporate management,' which is one of the four categories of 'exploiting a company' by citing the Tokyo High Court's decision in the Nippon Broadcasting System case (Tokyo High Court Decision, March 23, 2005, *Hanrei-jiho* No. 1899, p. 56)," rejected the request for a large-scale share-buyback of approximately 12 billion yen, and held a general meeting of shareholders on March 27, 2020 to confirm the shareholders' intentions. At the general meeting of shareholders, both the agendas on introduction of the Toshiba Machine Response Policy and the implementation of the Countermeasures were approved and passed by more than 62% of the total voting rights of the shareholders present.

According to publicly available information, Institutional Shareholder Services Inc. (ISS), the largest global advisory firm on the exercise of voting rights, which is known for its extremely negative stance on the introduction or renewal of takeover defense measures, also recommended the voting in favor of both the introduction of the Toshiba Machine Response Policy and the implementation of the Countermeasures by stating that, if the TOB by City Index Eleventh is approved, it is questionable that City Index Eleventh does not have a management policy even though it could acquire substantial management control.

Based on the results of the general meeting of shareholders to confirm the shareholders' intention, on March 27, 2020, Toshiba Machine passed a resolution for allotment of the share options subject to discriminatory exercise conditions and acquisition clause without contribution as countermeasures, and in response to this, City Index Eleventh withdrew the TOB on April 2, 2020.

Part 7. Investment Case in Leopalace21

According to publicly available information, the Murakami Fund-Related Parties, being Reno, S-Grant, Mr. Masahiro Ohmura (hereinafter "Mr. Ohmura"), who is an employee of Reno, and City Index Eleventh, purchased a large number of shares in Leopalace21 Corporation (hereinafter "Leopalace21") in the market from around 2019 and increased its shareholding ratio to 14.46% by December 11, 2019.

After that, on December 27, 2019, Reno and S-Grant demanded the convocation of an extraordinary general meeting of shareholders of Leopalace21 for the dismissal of all ten directors and the election of three directors. According to publicly available information, after that, Reno and S-Grant suddenly changed their plan on January 28, 2020 (due to reasons such as that they could not obtain approval from other major shareholders), withdrew its proposal to dismiss all the directors, and changed the remaining proposal from electing three directors to electing one director (Mr. Ohmura).

According to publicly available materials, Leopalace21 opposed to the shareholder proposal by Reno and S-Grant (i.e., the election of Mr. Ohmura as a director) for reasons including (i) the well-known fact that Murakami Fund Group has repeatedly taken measures to purchase a large number of shares in a company by advocating to improve corporate governance and thereafter put various pressures on the management of such company; (ii) the existence of a case in which the Murakami Fund Group appointed a director they nominated and repeatedly made demands (such as for impractically high shareholder returns) and pushed that company into delisting; (iii) the existence of several cases in which the Murakami Fund Group sold all or part of a company's assets on a piece-by-piece basis after acquiring the management rights of such company (i.e., a bust-up acquisition); and (iv) based on the communications with Reno and S-Grant up to date, it was obvious that Reno and S-Grant did not intend to work toward improving the medium- to long-term corporate value of Leopalace21; instead, it was presumed that they were planning on a "bust-up acquisition" of Leopalace21 through their shareholder proposal,

and it was highly likely that Reno and S-Grant would pursue their own interests at the cost of the stakeholders' interests, including those of other shareholders.

Further, Leopalace21 revealed in its press release that Reno and S-Grant started acquiring the shares in Leopalace21 from around March 2019, which was after the construction defects issue in Leopalace21 came to light, and that during the interviews with Leopalace21 and communications through letters to Leopalace21 from April 2019 onwards, Reno and S-Grant made statements suggesting the bust-up acquisition and capital decrease of Leopalace21, and intended to pursue their short-term profits by implementing a bust-up acquisition of Leopalace21 or selling Leopalace21's assets on a piece-by-piece basis, referring to the cases of the "bust-up acquisitions" of other companies they had taken control of.

Thereafter, in the extraordinary general meeting of shareholders held on February 27, 2020, the company proposal by Leopalace21 (which was to elect two outside directors) was approved, and the shareholder proposal by Reno and S-Grant (which was to elect Mr. Ohmura as director) was rejected.

According to news reports, in the extraordinary general meeting of shareholders, every time a negative statement against Reno's side (such as "Why should we let a vulture fund take advantage of the company when the company is directed towards revitalization?") was made, there was a round of applause at the venue of the general meeting of shareholders. Further, during the voting at the extraordinary general meeting of shareholders, there were concerns raised against Mr. Murakami, who is the substantial owner of Reno, as indicated by opinions such as "I cannot trust Mr. Murakami and his affiliates. I do not accept the company being busted up," "If the company sells the business as stated by Reno, then the company may go out of business." In addition, there were also concerns over the fact that Reno is one of the companies of the Murakami Fund group, as well as concerns such as that "Reno might pursue only their interests." The news report analyzed that those concerns led to shareholders (mainly those who are property owners of Leopalace21) objecting to the shareholder proposal (i.e., the election of Mr. Ohmura as director) (see articles including pp. 1-2 of the Nikkei Business electronic edition dated February 27, 2020, "Leopalace rejected proposal by Murakami Fund, but this does not mean victory"; p. 1 of Fujisankei Business i. dated February 28, 2020 "Leopalace and Reno, still in confrontation - the extraordinary general meeting of shareholders rejects the proposal to elect an outside director"; and p. 10 of The Sankei Shimbun (Tokyo) morning edition dated February 28, 2020 "The Fund's proposal rejected; Leopalace; shareholders' concerns are yet to be resolved; more time for business recovery and reform to rectify flaws").

Part 8. Investment Case in Sanshin Electronics

1. First TOB by Issuer

According to publicly available information, the Murakami Fund-Related Parties, including C&I, Office Support, Minami-Aoyama Fudosan, S-Grant, and Ms. Aya Nomura, started to purchase a large number of shares in Sanshin Electronics Co., Ltd. (hereinafter "Sanshin Electronics") in the market around April 2015. As a result, the shareholding ratio of the Murakami Fund-Related Parties in Sanshin Electronics had ultimately risen to approximately 38%.

However, according to publicly available information, in May 2018, which was approximately three years and several months after commencing the acquisition of a large number of shares, C&I, Office Support, Minami-Aoyama Fudosan, and S-Grant tendered their shares in an issuer TOB undertaken by Sanshin Electronics (hereinafter, the "First TOB by Issuer") for a total of 19,712 million yen, and sold the majority of their shares in Sanshin Electronics through the First TOB by Issuer.

The First TOB by Issuer set the TOB price at 2,191 yen, which was a discount price compared to 2,234 yen, the closing price of Sanshin Electronics' shares at closing on May 11, 2018, the business day immediately preceding the announcement. However, the discount rate was only 1.92%, and that TOB price had a so-called premium price of approximately 120 yen to the simple average of the closing prices of Sanshin Electronics' shares for the past three months. The closing market price of Sanshin Electronics' shares three months before the announcement of the First TOB by Issuer was 1,826 yen (February 9, 2018), and the closing price on the business day immediately preceding the announcement of the First TOB by Issuer was 2,234 yen (May 11 of the same year). Although the share price of Sanshin Electronics increased by approximately 22% during that three-month period, as far as we can learn through the change report of the large shareholding report, the Murakami Fund-Related Parties continued to acquire Sanshin Electronics' shares in the stock market in an amount equivalent to at least approximately 1% of the shareholding ratio during that period.

As stated in **Part 1** above, a TOB by an issuer at a premium price is generally considered to involve a relatively high risk that the medium- to long-term corporate value of the issuer company will decrease, because the shareholders tendering their shares in the TOB will be paid an amount that exceeds the market price of the issuer company at that time. For this reason, there are only a small number of cases of a TOB by an issuer at a premium price, in practice.

The price of Sanshin Electronics' shares which stood at 2,234 yen on May 11, 2018, the business day immediately preceding the announcement of the First TOB by Issuer, declined to 2,152 yen, which was below the TOB price of 2,191 yen, by the final day of the TOB period, June 11 of the same year, and declined even further to the 1,700 yen range after that.

According to publicly available information, the maximum number of shares to be purchased by Sanshin Electronics in the First TOB by Issuer was 9,000,100 shares, which is of a significant scale (equivalent to approximately 30.74% of the total number of issued shares of the corporation at that time), which was also close to 11,209,100 shares (equivalent to approximately 39.58% of the total number of issued shares of the corporation at that time and 40.98% of the total number of issued shares excluding its treasury shares), the total number of Sanshin Electronics' shares held by the Murakami Fund-Related Parties immediately before the announcement of the First TOB by Issuer. As a result, through the First TOB by Issuer by Sanshin Electronics, the Murakami Fund-Related Parties were given an opportunity to sell out their shares in Sanshin Electronics at a price higher than that of the market (while avoiding the risk of a significant decline in selling prices if the shares were sold in the market).

As the share-buyback was implemented by way of a TOB by an issuer, rather than a market purchase, ToSTNeT-3, or ToSTNeT-2, it became possible for C&I, Office Support, and Minami-Aoyama Fudosan, which are domestic corporations (and investment vehicles constituting the Murakami Fund-Related Parties) and which held the equivalent of more than 5% and one-third or less of the total number of issued shares of Sanshin Electronics, excluding treasury shares (substantially equivalent to the percentage of voting rights; hereinafter in the section, the "Percentage of Voting Rights"), to enjoy 50% of the benefits arising from deducting dividend income with regard to the deemed dividends recognized as a result of tendering for the First TOB by Issuer, and they obtained a large tax benefit in the form of a large reduction in taxable income due to the deduction of 50% taxable income arising from the deemed dividends and the recognition of a large amount of taxable loss on the transfer of shares based thereon.

2. The Second TOB by Issuer

According to publicly available information, as a result of tendering their shares in the First TOB by Issuer as stated in **1.** above, the Murakami Fund-Related Parties have once decreased their shareholding ratio in Sanshin Electronics significantly (approximately 13.90% as of July 3, 2018). However, after that, the Murakami Fund-Related Parties have come to purchase a large number of shares of Sanshin Electronics again, and increased their shareholding ratio to approximately 27.63% (the percentage of voting rights was 34.73%) by November 4, 2020.

However, according to publicly available information, in June 2021, City Index Eleventh and S-Grant tendered their shares in a TOB by an issuer company made by Sanshin Electronics amounting to 15,743 million yen in total (hereinafter the "Second TOB by Issuer"), and thereby sold most of the shares of Sanshin Electronics held by themselves.

The Second TOB by Issuer set the TOB price at 2,249 yen. That price was so-called "premium price" which was consisted of 2,070 yen, the closing market price of Sanshin Electronics as of May 11, 2021 (a business day immediately preceding the announcement of the TOB), and a premium of 8.65% (179 yen)

As stated in **1.** above, a TOB by an issuer at a high premium price is generally considered to involve a relatively-high risk that the medium- to long-term corporate value of the issuer company will decrease, because the amount exceeding the share price of the issuer company as of that time is paid to the shareholders tendering their shares in the TOB. For this reason, in practice, there are only a small number of cases of a TOB by an issuer made at a premium price.

The share price of Sanshin Electronics, which stood at 2,070 yen on May 11, 2021, which was a business day immediately preceding the date on which the Second TOB by Issuer was announced, declined to 2,015 yen, which was below the TOB price of 2,070 yen, by July 19 of the same year, which was the final day of the TOB period.

According to publicly available information, the upper limit of the number of shares to be purchased in the Second TOB by Issuer was 7 million (equivalent to approximately 28.82% of the total number of issued shares of the company at that time). In this way, the upper limit was set at the number of shares that was slightly over 6,709,100 shares, which was the total number of shares of Sanshin Electronics held by City Index Eleventh and S-Grant as of the date immediately preceding the announcement of the Second TOB by Issuer. City Index Eleventh and S-Grant expressed their intention to tender their shares after the announcement of the Second TOB by Issuer. Consequently, in the same way as the First TOB by Issuer as stated in **1.** above, the Second TOB by Issuer also gave the Murakami Fund-Related Parties an opportunity to sell out their shares of Sanshin Electronics (with being able to avoid a significant decline in the selling price, which should have happened if those shares had been sold in the market).

Further, we believe that in this case as well, the Murakami Fund-Related Parties were able to enjoy a large amount of tax merit by tendering their shares in the Second TOB by Issuer after consolidating the shares of Sanshin Electronics held by themselves into City Index Eleventh as a result of using a method of a TOB by an issuer as a share-buyback method.

Part 9. Investment Case in Hoosiers

According to publicly available information, the Murakami Fund-Related Parties, such as City Index Eleventh, Office Support, Minami-Aoyama Fudosan, and S-Grant, purchased a large number of shares and share options in Hoosiers Holdings Co., Ltd. (hereinafter "Hoosiers") in the market around 2018 and eventually increased the Murakami Fund-Related Parties' shareholding ratio to approximately 37.57%.

However, according to publicly available materials, after City Index Eleventh and S-Grant consolidated their own Hoosiers shares to City Index Eleventh and increased City Index Eleventh's percentage of voting rights with respect to Hoosiers to more than one-third, they tendered their shares in the large-scale TOB by an issuer of approximately 14,812 million yen in total announced and conducted by Hoosiers on January 28, 2021 that was approximately three years after the commencement of purchase of shares by City Index Eleventh and others (in the TOB by an issuer, City Index Eleventh and S-Grant executed a tender agreement with Hoosiers for all of their own Hoosiers shares), and sold all of their own Hoosiers shares, including those remaining after the pro rata allocation of the tendered shares at the TOB and sold in the market.

The TOB by an issuer set the TOB price at 684 yen, which was a discount price that was one yen lower than 685 yen, the closing price of Hoosiers shares at closing on January 28, 2021, the date of the announcement. However, in comparison with 663 yen that was the simple average of the closing prices during the past one-month period until January 27, the business day immediately preceding the announcement, the price was at a premium of 3.17%, and similarly, in comparison with 685 yen that was the simple average of the closing prices during the past three months, the price was only one yen lower. Further, according to the change report of the large shareholding report submitted by C&I, before the above TOB by an issuer, during the period until December 17, 2020, C&I continued to purchase more Hoosiers shares in the market consistently, and the volume of the additional purchase during over one and a half months that were the first half of the above three months (from October 27, 2020 to December 17) was equivalent to a shareholding ratio of as much as 2.07%. The one-month average share price during July 2020 that was the period before such additional purchases was 534 yen, and subsequently, in and after August 2020 in which City Index Eleventh and others are considered to have commenced to purchase a large number of shares in the market, the share price rose sharply.

As mentioned in Part I above, a TOB by an issuer at a premium price is generally considered to involve a relatively high risk that the medium- to long-term corporate value of the issuer company will decrease because the shareholders tendering their shares in the TOB will be paid an amount that exceeds the market price of the issuer company at that time. For this reason, in practice, there are only a small number of cases of a TOB by an issuer at a premium price.

According to publicly available information, the maximum number of shares to be purchased in a TOB by an issuer was 21,637,500 shares, representing approximately 37.59% of the total number of issued shares of Hoosiers at that time, which was set to slightly exceed 21,570,200 shares, the number of Hoosiers shares held by the Murakami Fund-Related Parties immediately before the date of the TOB announcement. In addition, as mentioned above, the Murakami Fund-Related Parties and Hoosiers executed a tender agreement for the TOB by an issuer. As a result, the TOB by Hoosiers gave the Murakami Fund-Related Parties an opportunity to sell out Hoosiers' shares (while avoiding the risk of a significant decline in selling price if the shares were sold in the market).

Further, as mentioned above, the TOB by an issuer above was a large-scale purchase totaling approximately 14,812 million yen. On January 14, 2021, two weeks before the announcement of the TOB by an issuer, Hoosiers closed an extraordinary financial results, which is extremely unusual for a listed company, for the purpose of "ensuring the flexibility and mobility of financial strategies by incorporating profit and loss for the period from April 1, 2020 to December 31, 2020 into the company's distributable amount," and as a result, the distributable amount, which is the source of the TOB by an issuer, was increased.

In addition, since the share-buyback was implemented by way of a TOB by an issuer, rather than a market purchase, ToSTNeT-3, or ToSTNeT-2, it became possible for City Index Eleventh, which had more than one-third of the percentage of voting rights of Hoosiers, to enjoy 100% of the benefits arising from deducting dividends income with regard to the deemed dividends generated as a result of tendering for the TOB by an issuer, and it appears that City Index Eleventh obtained a large tax benefit in the form of a large reduction in taxable income due to the deduction of 100% of taxable income arising from the deemed dividends and the recognition of a large amount of taxable loss on the transfer of shares based thereon.

Part 10. Investment Case in Nishimatsu Construction

According to publicly available information, the Murakami Fund-Related Parties of City Index Eleventh, S-Grant, Minami-Aoyama Fudosan, and Ms. Aya Nomura, have bought up a large number of shares of Nishimatsu Construction Co., Ltd. (hereinafter "Nishimatsu Construction") in the market, which increased the shareholding ratio of the Murakami Fund-Related Parties to 22.84% as of May 10, 2021.

According to publicly available information, after that, the Murakami Fund-Related Parties proposed to Nishimatsu Construction a large-scale share-buyback of up to 200 billion yen, using the sale of real estate owned by Nishimatsu Construction and other source of funds. The Murakami Fund-Related Parties also said that they wanted to increase the shareholding ratio in Nishimatsu Construction to more than one-third in terms of the percentage of voting rights, on the grounds that it would be possible for the Murakami Fund-Related Parties to enjoy favorable tax effects if they tendered for the share-buyback. Further, the Murakami Fund-Related Parties had repeatedly proposed to Nishimatsu Construction to conduct M&A, including management integration, with Daiho Corporation, which Murakami Fund held approximately 33.08% of the percentage of voting rights as of April 15, 2021.

On May 20, 2021, Nishimatsu Construction requested that the Murakami Fund-Related Parties not purchase additional shares in which the total shareholding ratio in Nishimatsu Construction shares exceeds 25% and if the Murakami Fund-Related Parties purchase additional shares against this request, they promptly dispose of the additionally purchased shares, etc. by sale in the market (excluding the method of ToSTNeT-1) or in a manner reasonably specified by Nishimatsu Construction (hereinafter in the section the "Request"). Nishimatsu Construction planned to submit a proposal for approval of the Request at the 84th annual general meeting of shareholders on June 29, 2021 in order to obtain approval and support from its shareholders for the Request.

However, according to publicly available information, Nishimatsu Construction received from the Murakami Fund-Related Parties a written pledge stating that they would not make a purchase of Nishimatsu Construction shares, by which the total shareholding ratio by the Murakami Fund-Related Parties would be more than 25%, during the period on and after May 21, 2021 to the date when Nishimatsu Construction announced the financial results of the second quarter of the fiscal year ending March 2022, and Nishimatsu Construction decided to reach an agreement with the same content and determined to withdraw the proposal above on June 2, 2021.

Thereafter, according to publicly available information, from early June 2021 to late July 2021, Nishimatsu Construction had had dialogues with the Murakami Fund-Related Parties, but differences of their views were not dissolved. Therefore, in order to implement measures for maintenance of sustainable growth and medium- and long-term enhancement of its corporate value smoothly under the long-term vision and the medium-term management plan that were announced by Nishimatsu Construction, Nishimatsu Construction thought that it was necessary to realize flexible and stable business operation by the Murakami Fund-Related Parties selling their own Nishimatsu Construction shares and facilitating planning and implementation of management strategies and capital policies of Nishimatsu Construction, and Nishimatsu Construction announced implementation of TOB by an issuer totaling 54.3 billion yen on September 21, 2021.

In the TOB by an issuer, the Murakami Fund-Related Parties executed a tender agreement with Nishimatsu Construction for all of their own Nishimatsu Construction shares, and they actually tendered their shares in the TOB by an issuer and sold their own Nishimatsu Construction shares.

The above TOB by an issuer set the TOB price at 3,626 yen, which had a so-called premium price of 0.58% (21 yen) above 3,605 yen, the closing price of Nishimatsu Construction shares by the closing of September 17, 2021, the day immediately preceding the announcement.

As stated in Part 1 above, a TOB by an issuer at a premium price is generally considered to involve a relatively high risk that the medium- to long-term corporate value of the issuer company will decrease, because the shareholders tendering their shares in the TOB will be paid an amount that exceeds the market price of the issuer company at that time. For this reason, in practice, there are only a small number of cases of a TOB by an issuer at a premium price.

The price of Nishimatsu Construction' shares which stood at 3,605 yen on September 17, 2021, the business day immediately preceding the above announcement of the TOB by an issuer, declined to 3,425 yen, which is lower than 3,626 yen (the TOB price), by the final day of the TOB period, October 20 of the same year, and declined even further to 3,325 yen by the following day.

In addition, according to publicly available information, the maximum number of shares to be purchased in a TOB by an issuer was 15,000,100 shares, which was set to exceed 13,896,800 shares, the number of Nishimatsu Construction shares held by the Murakami Fund-Related Parties immediately before the date of the announcement of the TOB by an issuer. In addition, as stated above, the Murakami Fund-Related Parties and Nishimatsu Construction executed a tender agreement for the TOB by an issuer. As a result, the TOB by Nishimatsu Construction gave the Murakami Fund-Related Parties an opportunity to sell out Nishimatsu Construction' shares (while avoiding the risk of a significant decline in selling price if the shares were sold in the market).

Thereafter, according to publicly available information, the Murakami Fund-Related Parties transferred all remaining 4,022,800 Nishimatsu Construction shares held by them to ITOCHU Corporation (hereinafter "ITOCHU Corporation") on December 15, 2021, in relation to the capital and business alliance agreement between Nishimatsu Construction and ITOCHU Corporation on the same date.

Part 11. Investment Case in Daiho Corporation

According to publicly available information, since City Index Eleventh submitted a large shareholding report on Daiho Corporation share certificates, etc. for the first time on May 14, 2020, the Murakami Fund-Related Parties, including City Index Eleventh, Ms. Aya Nomura, Office Support, ATRA Co., Ltd., Minami-Aoyama Fudosan, and S-Grant, purchased Daiho Corporation shares and bonds with share options in large volume in the market and increased the shareholding ratio of the Murakami Fund-Related Parties to 41.66% (7,125,379 shares) as of December 28, 2021.

According to publicly available information, the Murakami Fund-Related Parties had repeatedly requested Daiho Corporation to reduce its shareholders' equity by returning profits to shareholders through IR briefings and exchanges of opinions in each accounting period of Daiho Corporation since mid-June 2020. At the interview held on December 3, 2021, they requested (i) delisting through a management buyout (MBO), which the management team purchases the shares of Daiho Corporation, or (ii) increasing shareholder value thorough implementation of measures to improve ROE by reducing net assets (specifically, reducing net assets of approximately 74.1 billion yen at the Fiscal Year ended March 31, 2021 to 30 - 40 billion yen (hereinafter in the section the "Request"). In the letter dated 14 December 2021, the Murakami Fund-Related Parties again made the Request.

On September 10, 2021, Daiho Corporation had received a notification from ASO Corporation ("ASO") concerning its intention to collaborate with Daiho Corporation, including making Daiso a consolidated subsidiary of the ASO group, and had begun to consider it. Daiho Corporation was concerned about the disadvantages caused by the delisting and the loss of financial soundness by the share-buyback, in case that Daiho Corporation accepted the Request from the Murakami Fund-Related Parties, and determined that such measures could not be adopted as a management strategy aimed at maintaining sustainable growth and raising corporate value over the medium- to long-term, and came to the view that Daiso should get out of the situation where the Murakami Fund-Related Parties were the top shareholders and form an alliance with the Aso Group as a new major shareholders instead of the Murakami Fund-Related Parties in order to aim to raise corporate value over the medium- to long-term by steady execution of the medium-term management plan. In January 2022, Daiho Corporation proposed to Mr. Murakami and other parties that they tender their Daiho Corporation shares in a TOB by Aso. However, Mr. Murakami and others responded that, (i) it was not acceptable to tender their shares in the TOB unless Daiho Corporation seeks tender offerors broadly and the highest TOB price, and

(ii) if there was no choice other than being affiliated with ASO, Mr. Murakami and others had an intention to tender their shares in a TOB by an issuer of greater than or equal to 800 million shares (more than 50% of voting rights basis) with greater than or equal to 4,500 yen of TOB price (as of January 31, 2022, when Daiho Corporation was informed the price, the market price (opening price) was 3,655 yen). Further, with regard to the capital and business alliance with ASO, Mr. Murakami and others indicated that a third-party allotment should be made at a price higher than the TOB price of the TOB by an issuer in order to avoid the dilution of the shareholder value. Accordingly, Daiho Corporation conducted a TOB by an issuer (hereinafter in this section the "TOB by the Issuer") with a TOB price of 4,730 yen per share, the total amount is approximately 41.9 billion yen, for a total of approximately 8.85 million shares to be purchased, and a third-party allotment of 8.5 million shares to Aso at an issue price of 4,750 yen per share (the paid amount is approximately 40.4 billion yen, a dilution rate of 49.93% based on the voting rights basis; hereinafter in the section the "Third-party Allotment"). Daiho Corporation also decided to use the paid-in amount of the Third-party Allotment for the repayment of the bridge loan for the settlement of the TOB by the Issuer, and announced on March 24, 2022 the implementation of a series of transactions, including the TOB by the Issuer and the Third-party Allotment (in the form of a preannounced TOB, as Daiso was required to conduct the capital reserve reduction procedure for the creation of the distributable amount to implement the TOB by the Issuer).

The Murakami Fund-Related Parties executed an TOB agreement with Daiho Corporation for the TOB by the Issuer for all of Daiho Corporation shares held by them (total 7,200,640 shares as of March 24, 2022, 42.04% of shareholding ratio as of December 31, 2021), and tendered their shares in the TOB by the Issuer. As a result, the Murakami Fund-Related Parties sold 7,338,000 shares of Daiho Corporation(39.8% of shareholding ratio). According to a large shareholding report submitted by City Index Elevens on July 22, 2022, the Murakami Fund-Related Parties sold some shares in the market even during the period of the TOB by the Issuer, and the number of Daiho Corporation shares held after the settlement of the TOB was 655,231 shares (3.55% of shareholding ratio).

The TOB by the Issuer set the TOB price offer at 4,730 yen, which had so-called premium price of 29.06 % (1,065 yen) above 3,665 yen, the closing price of Daiho Corporation shares by the closing of March 23, 2022, the day immediately preceding the announcement.

As stated in Part 1 above, a TOB by an issuer at a premium price is generally considered to involve a relatively high risk that the medium- to long-term corporate value of the issuer company will decrease, because the shareholders tendering their shares in the TOB will be paid an amount that exceeds the market price of the issuer company at that time. For this reason, in practice, there are only a small number of a TOB by an issuer at a premium price.

While the price of Daiho Corporation shares stood at 3,665 yen on March 23, 2022, the business day immediately preceding the above announcement of the series of transactions including the TOB by the Issuer and the Third-party Allotment, the market share price after the announcement remained well below the TOB price in the TOB by the Issuer and the issue price of the Third-party Allotment.

As stated above, the maximum number of shares to be purchased under the TOB by an issuer was set at an extremely large number of shares (approximately 51.67% of the Daiho Corporation's outstanding shares at the time) that exceeds the total number of shares held by Murakami Fund-Related Parties immediately prior to the announcement of the TOB by an issuer. In addition, as stated above, the Murakami Fund-Related Parties and Daiho Corporation executed a TOB agreement for the TOB by the Issuer. As a result, the TOB by Daiho Corporation gave the Murakami Fund-Related Parties an opportunity to sell our Daiho Corporation's shares through the TOB by an issuer (while avoiding the risk of a substantial decline in selling price if the shares were sold in the market).

Part 12. Other Investment Cases

In addition, the following facts were found in non-registered cases in a Tokyo High Court case report, dated July 19, 2016 (specifically, a case in which appeals by plaintiffs Reno and C&I were dismissed, and which was settled when a denial of appeal was decided due to non-registry of case reports from the Judgment of the Supreme Court of Japan, 1st Petty Bench, December 15, 2016) concerning past investment cases involving funds over which Mr. Murakami exercises influence. (Evidence is omitted.)

"a. M&A Consulting, one of former Murakami Fund's central investment vehicles, purchased shares in Nippon Broadcasting System, Inc., its shareholding ratio reaching 7.37% in 2003. Furthermore, M&A Consulting (represented by Murakami) increased its ownership ratio in Nippon Broadcasting System to 18.57% by

January 2005, and placed pressure on Nippon Broadcasting System, Inc.'s major shareholder, Fuji Television Network, Inc. (hereinafter "Fuji Television"), by threatening to engage in a proxy fight to demand the resignation of the management of Nippon Broadcasting System unless it carried out a TOB of Nippon Broadcasting System, Inc.'s shares, to which Fuji Television responded by initiating a TOB, but M&A Consulting offered Livedoor Co., Ltd. (hereinafter "Livedoor") … to sell the shares to Livedoor if it were to purchase the shares at a higher price, eventually proceeding forward to sell the shares to Livedoor at a higher price.

b. MAC Asset, one of the former Murakami Fund's central investment vehicles, submitted a large shareholding report on TBS shares on October 14, 2005, in which the fund's shareholding ratio was reported as 7.45% as of September 30, 2005. In August of the same year, MAC Asset pitched a proposal towards the management team of TBS to carry out an MBO for it to buy back the company's shares, and also attempted to acquire TBS through a consortium with …, eventually selling off its TBS shares. The shares were sold through a direct transaction without going through the market. It is reported that MAC Asset made 20 billion yen in profit through this transaction.

c. MAC, one of former Murakami Fund's central investment vehicles, acquired shares in Shoei K.K. (hereinafter "Shoei") through a hostile TOB against Shoei in 2000, making a demand for a business management that places an emphasis on its shareholders, and enhanced plans to increase shareholder returns, and by 2002, it held 6.52% of Shoei's shares, but Shoei bought back these shares through a TOB by an issuer. The total number of shares Shoei bought back through this TOB by an issuer was 1,298,800 shares, of which 912,800 shares were sold by MAC.

d. M&A Consulting began to acquire shares in CyberAgent, Inc. (hereinafter "CyberAgent") around 2001, and by 2002, it had acquired 9.2% of the company's issued shares and proposed to CyberAgent to carry out a share-buyback. CyberAgent passed a resolution at its shareholders' meeting held at the end of the same year to set a share-buyback limit of 19% of its total number of issued shares for the purpose of holding its treasury shares, and acquired its shares through a closing price transaction on the Tokyo Stock Exchange (ToSTNeT-2). The purchase price was 350,000 yen per share, and according to a report by the Nikkei Newspaper, although the average cost of acquiring the shares is not disclosed, M&A Consulting seems to have gained a profit from the transaction.

e. On March 19, 2003, M&A Consulting sold all shares in Artvivant Co., Ltd. (hereinafter "Artvivant") (equivalent to 10.35% of the total number of issued shares) to Artvivant in JASDAQ's extended-hours trading market, administered in accordance with the policies of the Japan Securities Dealers Association at the price of 600 yen per share.

f. In 2004, MAC acquired shares in Nippon Felt Co., Ltd. (hereinafter "Nippon Felt") in a volume equivalent to 21.70% of the total number of issued shares through purchase of corporate bonds with a convertible price of 428 yen, and sold said shares, equivalent to 21.10% of shares outstanding, at a price point of 612 yen per share through a TOB (by an issuer) executed by Nippon Felt between February and March 2005.

g. MAC held a significant number of Daido Limited (hereinafter "Daido") shares (equivalent to 19.82% of shares outstanding), but sold said shares, equivalent to 14.29% of shares outstanding, at a price point of 1,708 yen per share through a TOB by an issuer executed by Daido between February and March 2006.

h. On June 23, 2006, MAC sold its stake of 2,640,000 shares in Tokyo Soir Co., Ltd. (hereinafter "Tokyo Soir") (equivalent to 12% of the total number of issued shares out) to Tokyo Soir through a TOB by an issuer executed by Tokyo Soir for 482 yen per share.

i. On August 30, 2006, MAC sold its stake 2,571,800 shares in Hoshiden Corporation (hereinafter "Hoshiden") to Hoshiden through a purchase in Tokyo Stock Exchange's ToSTNeT-2 (trading at closing price) for 1,207 yen per share.

j. The appellant, Reno, with … as joint holder, acquired 62,408 shares (equivalent to 5.22% of the total number of issued shares) of Faith, Inc. (hereinafter "Faith") by October 2012, and by July 8, 2015, increased its shares to 8.24% of total number of issued shares, but on the same day, exercised its right to request purchase of shares against Faith, and sold all shares.

k. On December 3, 2012, Accordia expressed its opposite opinion against PGM's TOB for Accordia shares (purchase price of 81,000 yen per share), which it commenced on November 16th of that same year. Reno [appellant], jointly with C&I [appellant] and Minami-Aoyama Fudosan, proceeded to purchase shares in

Accordia, and by January of 2013, acquired 18.12% of Accordia's shares. Appellant Reno, sent a letter, dated January 13, 2013, to Accordia, demanding: (1) Come to the table to discuss the terms of the management integration with PGM, and (2) Carry out measures to increase shareholder returns, such as an exhaustive share-buyback program. PGM's aforementioned TOB ended in failure after Accordia expressed its willingness to accept these demands and announced that it would actively carry out its share-buyback programs. Accordia revealed plans to carry out a TOB by an issuer by selling-off a majority of the golf courses it owned and using the proceeds as funding. Reno [appellant] was unsatisfied with the size of shareholder return, and in a letter dated August 5, 2014, requested dismissal of Accordia's six outside directors, and asked that an extraordinary meeting of shareholders be convened. On August 12 of the same year, after Accordia announced that it would return 20 billion yen to its shareholders, Reno [appellant] withdrew its demand for an extraordinary meeting of shareholders. Appellant, Reno, together with six joint holders, tendered their shares in the TOB by Accordia, which began in August of the same year with all their holdings (35.20% of total number of issued shares), but due to the total number of shares tendered exceeding the planned number of shares to be purchased, the purchase was executed based on the proportional distribution method, resulting in MAC selling 20.07% of the total number of issued shares through the TOB."

In said ruling, it is found that, "The aforementioned share transactions found by …, carried out by the appellants [Reno and C&I] and with funds directly connected to Murakami using an event driven method, where one exploits a situation in which the acquired shares may be sold to either the issuing company or a strategic buyer without incurring any loss, leads one to recognize that the appellants, who are directly connected to Murakami, are quite skillful at this technique."

End

Exhibit 2

[Translation]

January 11, 2023

To whom it may concern:

Company name	Cosmo Energy Holdings Co., Ltd.
Representative	Hiroshi Kiriyama Representative Director, Group CEO (Code: 5021, Prime Market in the Tokyo Stock Exchange)
Contact person	Eriko Date General Manager of Corporate Communication Dept. (TEL: (03)-3798-3101)

Notice Concerning the Introduction of the Company's Basic Policies for the Control of the Company Based on the Fact that City Index Eleventh Co., Ltd. and Other Parties Carry Out Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc. and Response Policies to Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc.

Since City Index Eleventh Co., Ltd. ("City Index Eleventh") submitted a statement of large-volume holdings of the Company's share certificates, etc. for the first time on April 5, 2022, City Index Eleventh has been buying up the shares, etc. of Cosmo Energy Holdings Co., Ltd. (the "Company") in the market (the "Share Buying-up"), together with its joint holder, Ms. Aya Nomura, and Reno, Inc. (City Index Eleventh, Ms. Aya Nomura, and Reno, Inc., collectively, "City and Other Parties"). The Company acknowledges that according to the amended report dated November 22, 2022 on the statement of large-volume holdings, as of November 15, 2022, City and Other Parties held shares of the Company equivalent to 19.81% of the holding ratio of shares certificates, etc. regarding the Company's share certificates, etc.; and thereafter, as of January 4, 2023, following the issuance of the Company's shares through the exercise of share options concerning the euro-yen denominated convertible bonds due in 2022 ("Convertible Bonds") issued by the Company and the additional acquisition of the Company's shares by City and Other Parties, City and Other Parties held shares of the Company equivalent to 19.96% of the holding ratio of share certificates, etc.

On April 15, 2022, the Company received a phone call from Mr. Hironao Fukushima, the representative director of City Index Eleventh, and Mr. Yoshiaki Murakami, who is the father of Ms. Aya Nomura and has significant influence on City and Other Parties ("Mr. Murakami"), who proposed a meeting between the Company, City Index Eleventh, and Mr. Murakami. At the same time, we were asked what the Company considered to be the appropriate holding ratio of the Company's shares by City and Other Parties, and we were also informed that City and Other Parties intended to hold the Company's shares for a long period of time, and that one of the options was that City and Other Parties would acquire a majority or all of the Company's shares with the Company's consent. After receiving the call, on April 20, 2022, the Company informed its intention to accept the meeting above, and since it is not desirable for the Company's stakeholders, including other shareholders, if some shareholders have the holding of the above kind while the purpose, etc. of the large-volume holding of the Company's shares, etc. is unclear, in response to the questions from City Index Eleventh and Mr. Murakami, the Company sent a letter to City Index Eleventh requesting that City and Other Parties do not purchase additional shares of the Company in excess of 20% because the Company was not anticipating at present that City and Other Parties would hold 20% or more of the Company's shares as calculated on a large-volume holdings statement basis. After that, a meeting was held between Shigeru Yamada, the Company's Director and Senior Executive Officer, City Index Eleventh, and Mr. Murakami on April 26 of the same year. In the meeting, the response from them was "Assuming that your company will announce a path to improve your corporate value and shareholder value that is satisfactory to the shareholders, at present, we inform you that we have no plans to acquire 20% or more of your shares as calculated on a large-volume holdings statement basis." The Company continued to have regular dialogue with City and Other Parties and Mr. Murakami, and City and Other Parties and Mr. Murakami consistently stated that they had no plan to acquire

20% or more of the Company's shares as calculated on a large-volume holdings statement basis in a meeting between Hiroshi Kiriyama, the Company's Representative Director and Group CEO, City and Other Parties, and Mr. Murakami held on May 25 of the same year, a meeting between the Company, City Index Eleventh, and Ms. Aya Nomura held on August 22 of the same year, and in a letter from City Index Eleventh dated November 14 of the same year.

Thereafter, however, while City and Other Parties continued to have this dialogue with the Company, they continued the Share Buying-up, and in a meeting on November 18, 2022 between the Company, City Index Eleventh, and Ms. Aya Nomura, after City and Other Parties came to hold 19.81% of the Company's share certificates, etc., as calculated on a large-volume holdings statement basis, Ms. Aya Nomura indicated their desire to hold 30% of the Company's shares as calculated on a large-volume holdings statement basis, a sudden reversal of the intention they conveyed in their previous remarks and letters. Thereafter, in a meeting between the Company, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami held on November 22, 2022, Mr. Murakami suddenly announced his desire to dispatch an outside director to the Company and proposed that it is one of the choice Mr. Murakami himself become an outside director. Further, in a meeting between Hiroshi Kiriyama, the Company's Representative Director, Group CEO, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami on November 25, 2022, Mr. Murakami indicated that they desired to have a person recommended by Mr. Murakami be a director candidate proposed by the Company at the Company's ordinary general meeting of shareholders next year, and in exchange they would not acquire 30% of the Company's shares as calculated on a large-volume holdings statement basis. Mr. Murakami also stated that if the Company's Nomination and Remuneration Committee (at that time, the name was "Nomination and Remuneration Advisory Committee") rejects the proposal for the director candidate that he recommends at the Company's ordinary general meeting of shareholders next year, they would engage in a proxy fight and oppose and defeat the director appointment proposal by the Company. Mr. Murakami went on to state that not acquiring 20% or more of the Company's shares as calculated on a large-volume holdings statement basis and the dispatch of the director recommended by Mr. Murakami mentioned above were a "package" deal, and if the Company does not accept the dispatch of the director mentioned above, he would seek to acquire 30% of the Company's shares as calculated on a large-volume holdings statement basis. Thereafter, on December 13, 2022, in a meeting between the Company, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami, Mr. Murakami again stated that City and Other Parties would not acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis. However, on December 27, 2022, in a meeting between the Company, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami, such intention was again reversed, and instead an intention was expressed to the effect that if the Company did not decide by January 6, 2023 to buy back the shares (8,899,262 shares) allocated for conversion through the exercise of share options concerning the Convertible Bonds issued by the Company before the Company settles its accounts for the third quarter, fiscal year 2022 ("Share Buy-back"), City and Other Parties would acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis. Thereafter, on January 6, 2023, in a meeting between the Company, City Index Eleventh, Ms. Aya Nomura, and Mr. Murakami, the Company told Mr. Murakami that as the appropriateness of the Share Buy-back was related to the Company's medium-term management strategy, the Company planned to explain necessary equity capital in the Medium-Term Management Plan, scheduled to be announced in March 2023, and could not give a definite answer regarding the implementation of the Share Buy-back as of January 6, 2023. In response, Mr. Murakami made a one-sided announcement that City and Other Parties would acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis as the Share Buy-back was not promised as of the meeting date of January 6, 2023, and expressed an intention that there was no room for discussion regarding this point.

In addition, at the meeting on January 6, 2023, when the Company explained, as measures for improvement of the Company's medium to long-term corporate value, the offshore wind power business that the Company had been engaged in by utilizing its know-how accumulated through running its onshore wind power generation business for approximately 20 years, Mr. Murakami made a one-sided decision so as to damage the value of the Company's offshore wind power business without presenting any reasonable grounds and discontinued the topic on the Company's medium to long-term strategy. Further, when the Company explained its plans for its necessary equity capital, taking into consideration the forthcoming medium to long-term investments mainly in the offshore wind power business, Mr. Murakami, without presenting any sufficient grounds, stated, among other matters, that the Company's appropriate equity capital was 400 billion yen, while he could accept up to 500 billion yen, and that the Company's equity capital would increase too much without a 100% shareholder return by the Company, thereby unilaterally

discontinuing the discussion on the Company's necessary equity capital. Moreover, Mr. Murakami talked throughout the meeting about the demand for the Share Buy-back and acquisition of 20% or more of the Company's shares as calculated on a large-volume holdings statement basis. Due to reasons including the above and the attitudes, remarks, etc. of Mr. Murakami and City and Other Parties at the meeting on January 6, 2023 in which they persistently demanded an immediate shareholder return without showing any interest in the Company's medium to long-term strategy, the Company could not help but have strong doubts about Mr. Murakami and City and Other Parties and believed that they had no interest in the Company's medium to long-term strategy or medium to long-term corporate value improvement, and only wanted from the Company an immediate shareholder return, and were not willing to discuss with the Company its medium to long-term business strategy or corporate value improvements.

In such fashion, under such circumstances in which City and Other Parties have come to hold 19.96% of the Company's shares as calculated on a large-volume holdings statement basis through the Share Buying-up, Mr. Murakami unilaterally declared that he would acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis, and he showed his intention that there is no room to discuss this point. Therefore, the Company has come to a reasonable conclusion that there is a relatively high probability that City and Other Parties will purchase 20% or more of the Company's shares as calculated on a large-volume holdings statement basis in the future.

Further, as stated above, on November 25, 2022, when they came to hold 19.81% of the Company's shares on a large-volume holdings statement basis, Mr. Murakami suddenly indicated that he desired to have a person recommended by himself be a director candidate proposed by the Company at the Company's ordinary general meeting of shareholders next year in exchange for not acquiring 30% of the Company's shares on a large-volume holdings statement basis, and that if the Company's Nomination and Remuneration Committee (at that time, the name was "Nomination and Remuneration Advisory Committee") rejects Mr. Murakami's proposal, they would defeat the Company's candidate through a proxy battle, and on November 27, 2022 and January 6, 2023, Mr. Murakami stated that unless the Share Buy-back is immediately decided to be implemented, they would acquire 20% or more of the Company's shares on a large-volume holdings statement basis. Considering that City and Other Parties and Mr. Murakami have demonstrated an attitude of escalating their demands to the Company and taking stronger measures, against the backdrop of their behavior of increasing their holding ratio of voting rights of the Company's shares and by using the threat of additional purchases as a bargaining chip, the Company has reached the conclusion that it cannot expect that City and Other Parties and Mr. Murakami will sincerely share or explain information regarding the Share Buying-up, such as the intent and purpose for the Share Buying-up, the planned number of the Company's share certificates, etc. to be acquired by City and Other Parties in the future, and whether and how City and Other Parties and Mr. Murakami will be involved in the Company's management.

As stated above, in these circumstances in which information on the purposes, details, and other such information regarding the Share Buying-up being conducted by City and Other Parties is currently insufficient and is not expected to be provided or explained, Mr. Murakami and City and Other Parties are not interested in mid- to long-term improvement of the Company's corporate value, what they request the Company is immediate shareholder return only, and it is strongly suspected that they have no intention to discuss the Company's mid- to long-term business strategy with the Company, the Company believes that it is undeniable that the purpose or results of the Share Buying-up could prevent maximization of the Company's corporate value and the shareholders' common interests, given factors including the Court's finding of the previous investment activities of relevant investors, including Mr. Murakami, and the funds over which he exercises influence ("Mr. Murakami Funds, Etc.") as stated in **Exhibit 1** (for example, in the Yokohama District Court decision rendered on May 20, 2019, the court found that Mr. Murakami and the Mr. Murakami Funds, Etc. purchased a large number of shares in multiple listed companies from 2012 to 2019, placed their management under pressure, and earned a resale gain by causing those listed companies or their affiliated companies to purchase at high prices all or a substantial part of the shares that they had purchased (page 126 of the *Siryoban Shojihomu* No. 424)).

In light of the above, and since it can be reasonably determined that there is a relatively high probability that City and Other Parties will purchase 20% or more of the Company's shares on a large-volume holdings statement basis (i.e., the Large-scale

Purchase Actions, etc. (as defined in **III.2(2)** below; the same definition applies hereinafter)) through the Share Buying-up in the future, contrary to the previous expression that City and Other Parties had no plan to acquire 20% or more of the Company's shares on a large-volume holdings statement basis as discussed above, and also upon the presumption that another party may contemplate Large-scale Purchase Actions, etc. under these circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc. of the Company's shares, etc., the Company's Board of Directors has concluded that **Large-scale Purchase Actions, etc. must be conducted in accordance with certain procedures that it determines, which will contribute to maximizing the Company's corporate value and the shareholders' common interests, to secure the information and time required for the Company's shareholders to make appropriate decisions on the potential impact of any such Large-scale Purchase Actions, etc. on the Company's corporate value or the sources thereof and to enable the Company's Board of Directors to negotiate or discuss with Large-scale Purchasers** (as defined in **III.2(2)** below; the same applies hereinafter) **regarding Large-scale Purchase Actions, etc. or the Company's management policy or other related matters.**

As a result, the Company's Board of Directors determined basic policies for the purpose of securing and improving our corporate value and our shareholders' common interests (Article 118, item (iii) of the Regulations for Enforcement of the Companies Act) at the Board of Directors meeting held today, and has resolved to introduce response policies for (i) Large-scale Purchase Actions, etc. by City and Other Parties for the Company's shares, etc. and (ii) other Large-scale Purchase Actions, etc. that may be planned under these circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc. for the Company's shares, etc. (the "Response Policies"). Furthermore, we would like to inform you of the mechanisms we have determined to implement based upon these basic policies, designed to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act), as set forth below. The Response Policies will be introduced by primarily focusing on the response to the Large-scale Purchase Actions, etc. that have already occurred, including the Share Buying-up, and differ from proactive takeover defense measures that are introduced in times when a company is not currently being subjected to such actions. The introduction of these policies have been determined at the above-mentioned Board of Directors meeting with the approval of all directors of the Company, including all four independent outside directors, audit and supervisory committee members alike.

In addition to passing the resolution above, the Company's Board of Directors has established an Independent Committee and appointed four independent outside directors in order to prevent it from making arbitrary decisions and to further enhance the fairness and objectiveness of the operation of the Response Policies. For the establishment of the Independent Committee and the appointment of the Independent Committee members, please see the "Notice Concerning Establishment of Independent Committee and Appointment of Independent Committee Members" dated today).

If there is any amendment to the Companies Act, the Financial Instruments and Exchange Act or other laws, any rule, cabinet order, cabinet office order or ministerial order, or any rule of the financial instruments exchange on which the Company's shares are listed (collectively, "Laws") (including a name change of any Law, and the enactment of any new Law to replace a former Law; hereinafter the same), and any such amendment is enforced, the provisions of the Laws quoted in the Response Policies will be respectively replaced by the relevant provisions of the amended Laws that substantively replace those former Laws, unless separately determined by the Company's Board of Directors.

I. Basic policies on persons who control the decisions of the Company's financial and business policies

As a listed company, the Company recognizes that if a share purchase proposal is made by specific persons that may materially impact the Company's basic management policies, the acceptance of that proposal should ultimately be left to its shareholders' decision and that information necessary and sufficient for the purpose of making that decision in order to have the shareholders make that decision appropriately should be offered to them.

Further, where Large-scale Purchase Actions, etc. are actually conducted, it is difficult for the Company's shareholders to appropriately assess the impact of the Large-scale Purchase Actions, etc. on the Company's corporate value and the

shareholders' common interests, without necessary and sufficient information being provided by the Large-scale Purchaser. Further, it is undeniable that some Large-scale Purchase Actions, etc., would damage the Company's medium- to long-term corporate value and the shareholders' common interests, which the Company has maintained and enhanced, such as those that: (i) attempt to temporarily control the management and transfer the Company's tangible/intangible important management assets to the Large-scale Purchaser or its group companies; (ii) attempt to appropriate the Company's assets for repayment of the Large-scale Purchaser's debts; (iii) attempt to merely have the Company and/or its related parties acquire the Company's shares at a high price without intending to actually participate in the management (colloquially referred to as a "greenmailer"); (iv) attempt to obtain temporary high dividends by having the Company sell and dispose of its expensive assets; (v) potentially damage the good relationships with the Company's stakeholders and damage the Company's medium- to long-term corporate value; (vi) do not provide the period of time or information reasonably necessary for the Company's shareholders and the Company's Board of Directors to consider the content of purchases and acquisition proposals and for the Company's Board of Directors to offer alternative proposals; and (vii) do not fully reflect the Company's value.

In light of the above, the Company believes that the Company's Board of Directors has a duty: (i) to have the Large-scale Purchaser provide the information necessary and sufficient for the Company's shareholders to make decisions; (ii) to provide the results of evaluation and consideration by the Company's Board of Directors regarding the impact of the proposal by the Large-scale Purchaser on the Company's medium- to long-term corporate value and the shareholders' common interests, as a reference for the Company's shareholders to consider the proposal; and (iii) (as the case may be) to negotiate or discuss the Large-scale Purchase Actions, etc. or the Company's management policies with the Large-scale Purchaser, or to present the Board of Directors' alternative proposals for the management policies to the Company's shareholders.

In terms of the basic policies above, the Company's Board of Directors will require that the Large-scale Purchaser provide the information necessary and sufficient for the Company's shareholders to appropriately determine whether to accept the Large-scale Purchase Actions, etc., in order to ensure maximization of the Company's medium- to long-term corporate value and the shareholders' common interests. The Board of Directors will also timely and properly disclose such information as provided to the Company or otherwise take measures to be deemed appropriate within the extent permissible under the Laws and the Company's Articles of Incorporation.

The basic policies regarding persons who control the decisions of the Company's financial and business policies are as stated above. Thus, the Company's Board of Directors believes that any Large-scale Purchase Action, etc. by a Large-scale Purchaser ultimately requires the Company's shareholders agreement to the Large-scale Purchase Actions, etc., and that such agreement should be made upon consideration of the details of the purposes and conditions thereof and upon being provided in advance with sufficient time and information necessary to determine whether it is acceptable. As such, as long as the Large-scale Purchaser complies with the procedures established in the Response Policies, before enacting the countermeasures based on the Response Policies, the Company's Board of Directors will hold a shareholders meeting ("Shareholders' Will Confirmation Meeting") as a venue for such consideration and determination by the Company's shareholders. Further, if the Company's shareholders express their will to support the Large-scale Purchase Actions, etc. at the Shareholders' Will Confirmation Meeting (such will is to be expressed by the passage of a proposal requesting approval for the Company to take prescribed countermeasures against Large-scale Purchase Actions, etc. by the consent of a majority of the voting rights of the shareholders present at the Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights), the Company's Board of Directors will not take any action to substantially prevent the Large-scale Purchase Actions, etc., as long as it is implemented pursuant to the terms and conditions disclosed at the Shareholders' Will Confirmation Meeting.

Therefore, countermeasures based on the Response Policies (specifically, allotment of share options without contribution) will be enacted, fully respecting the Independent Committee's recommendations, only (a) if approval is obtained by the Shareholders' Will Confirmation Meeting and if the Large-scale Purchaser does not withdraw the

Large-scale Purchase Actions, etc., or (b) if the Large-scale Purchaser seeks to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's share certificates, etc.) without complying with the procedures specified in **III.2(3)** below.

II. Special efforts assisting in the implementation of the basic policies

1. Efforts to enhance the Company's corporate value and the shareholders' common interests

(1) Group Management Vision

The Company's Group Vision is "in striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities" and the Company holds the following basic concepts of sustainability as its fundamental management policies: "Harmony and Symbiosis (Harmony and Symbiosis with the Global Environment; Harmony and Symbiosis between Energy and Society; and Harmony and Symbiosis between Companies and Society)" as well as "Creating Future Values (Creating the Value of "Customer First;" Creating Value From the Diverse Ideas of the Individual; and Creating Value by Expressing Collective Wisdom)."

(2) the Medium-Term Management Plan to embody the management policies

In the 6th Medium Term Management Plan that started in FY2018, under the slogan of "Oil & New Everything About Oil－And Beyond," we strengthen our oil refining and sales, which were the main revenue bases in the prior Medium Term Management Plan, as well as aim to expand the business portfolio by promoting growth investment in wind power generation and petrochemical businesses, with a view to the accelerating movement toward a fossil-fuel-free society.
Since the decline of petroleum product demand is assumed, in order for our group to grow sustainably, it is essential to shift the focus to new businesses for future growth, and in the 6th Medium Term Management Plan, we set "securing profitability to enable reinvestment," "expanding growth driver toward the future," and "improving financial condition," and "strengthening Group management foundation" as the basic policies, and will solidify the strong financial base by increasing the profitability of our oil exploration and production business and petroleum business and expanding the business portfolio. Specifically, with regard to "securing profitability to enable reinvestment," we will start to supply fuel oil to Kygnus Sekiyu in the petroleum business, and increase profitable products by transforming refineries to bottomless ones in order to comply with the IMO regulations; with regard to "expanding growth driver toward the future," we will invest in new businesses for future growth, including expanding the wind power business; with regard to "improving financial condition," we will increase equity capital by strengthening profitability; with regard to "strengthening Group management foundation," we identified important ESG tasks (Materiality) that will influence the sustainable growth of society and the Group, and promote sustainable management to achieve our group's sustainable creation of value. In addition, the 7th Consolidated Medium-Term Management Plan will start in the fiscal year 2023 and we currently discuss to achieve the further enhancement of the corporate value of the Group trough this plan.

2. Strengthening of corporate governance

The Company has specifically implemented the following efforts to further strengthen corporate governance.

(Corporate governance system)

The Company has set "In striving for harmony and symbiosis between our planet, man, and society, we aim for

sustainable growth towards a future of limitless possibilities." as the Group Management Vision, and we promote "improvement in transparency and efficiency in management," "prompt execution of business," and "thorough risk management and compliance" based on this management vision and specific guidelines for promoting and achieving it.

Specifically, the Company shifted to the holding company system in October 2015 and adopted a corporate governance structure with an Audit and Supervisory Committee in order to strengthen the management supervision function and improve transparency and efficiency in its management. The Company has also introduced an executive officer system to strictly divide management supervision from business execution, ensure quick response to changes in the business environment, and execute prompt decision making.
The Company's Board of Directors consists of five internal directors (of these, one director who is a member of the Audit and Supervisory Committee) and four independent outside directors (of these, two independent outside directors who are members of the Audit and Supervisory Committee), determines important matters such as basic policies of its management, and supervises business execution. It is intended to strengthen the management supervision function and achieve fair and transparent management by inviting outside directors.
In addition, the Executive Officers' Committee which is a decision-making body by the group chief executive officer and consists of main executive officers, including the group chief executive officer and internal director who is a member of the Audit and Supervisory Committee, will be held every two weeks in principle and makes decisions on business execution based on the management policy determined by the Board of Directors.
Further, the Company has established the Nomination and Remuneration Committee in order to ensure transparency and objectivity regarding the process of determining candidates for directors and remuneration. The Nomination and Remuneration Committee consists of one internal director and four independent outside directors, and conducts deliberations on nomination and remunerations of officers. An outside director serves as its chairperson.

(Audit by the Audit and Supervisory Committee and internal audit)

The Audit and Supervisory Committee consists of one internal director and two independent outside directors, and, based on the "Regulations for the Audit and Supervisory Committee" and "Standards for Audit and Supervising in the Audit and Supervisory Committee," uses an internal control system to audit and supervise the execution of duties by directors and the status of execution of other general duties related to group management. In principle, the Audit and Supervisory Committee meeting will be held more than once a month, and, when necessary, it will be held on a temporary basis.

The Company's internal auditing office is an organization independent from the business execution line, which reports directly to the representative group chief executive officer. The internal auditing office conducts internal audits of the Company and its affiliated companies and evaluates internal control of the Company and its affiliated companies under the "Internal Audit Regulations" and "Internal Control Evaluation Regulations for Financial Reports."
The internal auditing office periodically reports audit results regarding compliance with various laws and regulations and internal regulations, responses to risk management, etc. and evaluation results of internal control to the Executive Officers' Committee and the Audit and Supervisory Committee, and conducts follow-up audits to grasp whether and how the business has been improved in response to its advice and recommendation to each department executing its business.

(Other matters)

In addition, the Company has been diligently working on strengthening corporate governance, based on Japan's latest Corporate Governance Code. For the details of the Company's corporate governance system, please refer to the Company's corporate governance report (dated June 27, 2022).

III. Efforts to prevent the determination of financial and business policies of the Company from being controlled by inappropriate persons in light of the basic policies

1. The purposes of the Response Policies

The Response Policies will be introduced in accordance with **I.** "Basic policies on persons who control the decisions of the Company's financial and business policies" above, with the aim of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests.

The Company's Board of Directors believes that the decision to accept Large-scale Purchase Actions, etc. must ultimately be made by the shareholders, from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests. The Company's Board of Directors also believes that, in order for the shareholders to properly decide to accept Large-scale Purchase Actions, etc., it is necessary to secure an opportunity to confirm their general will by holding a Shareholders' Will Confirmation Meeting in advance of the commencement of the Large-scale Purchase Actions, etc.; and that, in order to allow such confirmation of the will to be substantive and based on deliberation, it is necessary, as a precondition therefor, to secure sufficient information from the Large-scale Purchaser and to provide time to consider to the shareholders.

In light of the above, the Company's Board of Directors decided on the Response Policies as procedures to be taken if Large-scale Purchase Actions, etc. are to be conducted, as described below. These Response Policies are the framework for requesting that the Large-scale Purchaser provide the necessary information and for securing the time required for the Company's shareholders to deliberate over the propriety of the relevant Large-scale Purchase Actions, etc. based on the provided information, as a precondition to enable the shareholders to determine based on sufficient information, in advance of the Large-scale Purchase Actions, etc., whether the Large-scale Purchase Actions, etc. will prevent the maximization of the Company's medium- to long-term corporate value and the shareholders' common interests. We believe that the above-mentioned procedures provide the shareholders with necessary and sufficient information and time to make a proper decision regarding whether to accept Large-scale Purchase Actions, etc., and that such will contribute to the maximization of the Company's medium- to long-term corporate value and the shareholders' common interests.

Therefore, the Company's Board of Directors plans to request that Large-scale Purchasers comply with the Response Policies; and if a Large-scale Purchaser fails to do so, to take certain countermeasures, fully respecting the Independent Committee's opinions, from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests.

In response to the fact that it can be reasonably determined that there is a relatively high probability that City and Other Parties will purchase 20% or more of the Company's shares on a large-volume holdings statement basis through the Share Buying-up (i.e., the Large-scale Purchase Actions, etc.), the decision to introduce the Response Policies was made by the Company's Board of Directors, based on the determination that it is necessary to establish certain procedures to respond to (i) Large-scale Purchase Actions, etc. by City and Other Parties for the Company's share certificates, etc. and (ii) other Large-scale Purchase Actions, etc. that may be intended under these circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc. for the Company's shares, etc., from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests. In addition, the Response Policies entail the decision regarding whether the Company should take prescribed countermeasures against the Large-scale Purchase Actions, etc. will also be ultimately left to the will of the shareholders through a Shareholders' Will Confirmation Meeting, as long as a Large-scale Purchaser complies with the procedures established in the Response Policies. Accordingly, on the condition that the time and information required to evaluate and examine details of the Large-scale Purchase Actions, etc. are sufficiently secured, the Company believes that it is fair to deem the following process reasonable: if enacting the countermeasures is passed by the consent of a majority

of the voting rights of the shareholders present at a Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights after the Company's Board of Directors fulfills its accountability to them, then the relevant countermeasures may be deemed to be based on the reasonable will of the shareholders (for details of the structure to enhance reasonableness of the Response Policies, please refer to **5.** below.).

2. Details of the Response Policies

(1) Outlines

(i) Procedures for the Response Policies

As stated above, the Company believes that the decision to accept Large-scale Purchase Actions, etc. must ultimately be made by the shareholders. Accordingly, if the Company obtains approval at a Shareholders' Will Confirmation Meeting and the relevant Large-scale Purchase Actions, etc. are not withdrawn, the Company will enact prescribed countermeasures, fully respecting the Independent Committee's opinions, in order to maximize the Company's medium- to long-term corporate value and the shareholders' common interests.

In addition, the Response Policies request that the Large-scale Purchaser provide the information necessary to serve as the basis for the shareholders to make decisions, to secure the time required for the shareholders to deliberate over the propriety of the Large-scale Purchase Actions, etc. based on the provided information, and then to confirm the shareholders' will regarding acceptance of the Large-scale Purchase Actions, etc. through a Shareholders' Will Confirmation Meeting. Therefore, should those aims not be achieved, namely, if the Large-scale Purchaser seeks to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without complying with the procedures specified in **(3)** below, the Company's Board of Directors will enact prescribed countermeasures, fully respecting the Independent Committee's opinions.

(ii) Establishment of Independent Committee

In relation to the operation of the Response Policies, the Company has established the Independent Committee in order to appropriately operate the Response Policies, to prevent arbitrary decisions by the Company's Board of Directors, and to ensure the objectiveness and reasonableness of its decisions, pursuant to the Independent Committee Regulations (for the outline thereof, please refer to **Exhibit 2**). The Independent Committee will give the Company's Board of Directors recommendations on the propriety of enacting countermeasures and other matters necessary to respond in accordance with the Response Policies. The Company's Board of Directors will determine the propriety of enacting countermeasures and other relevant matters fully respecting the Independent Committee's recommendations.

In addition, the Independent Committee can, among other things, obtain advice from external experts (such as financial advisers, lawyers, certified public accountants, and tax accountants) independent from the Company's Board of Directors and the Independent Committee, as necessary. All the expenses incurred to obtain the advice will be borne by the Company, to the extent that they are reasonable.

In principle, resolutions of the Independent Committee will be passed by a majority vote of the committee members present at a meeting of the committee where all the incumbent committee members are present. However, if any member of the Independent Committee is unable to attend

the committee meeting or any other exception applies, resolutions will be passed by a majority vote of the committee members present at a meeting where the majority of the committee members are present.

(iii) Use of allotment of share options without contribution as a countermeasure

If the countermeasures stated in (i) above are enacted, the Company will allot all of its shareholders share options with a discriminative exercise condition to the effect that Ineligible Persons (as defined in **3(1)(v)(a)** below; hereinafter the same definition applies) are not entitled to exercise rights and other conditions, and an acquisition clause to the effect that, while share options owned by shareholders other than Ineligible Persons will be acquired in exchange for common shares of the Company, share options owned by Ineligible Persons will be acquired in exchange for other share options with a certain exercise condition and acquisition clause, and other clauses (the "Share Options") by way of allotment of share options without contribution (Article 277 et seq. of the Companies Act) (for details, please refer to **3.** below).

(iv) The Company's acquisition of the Share Options

If the Share Options are allotted without contribution in accordance with the Response Policies, and shares of the Company will be delivered to the shareholders other than Ineligible Persons in exchange for the Company's acquisition of the Share Options, and the ratio of shares of the Company held by Ineligible Persons will be diluted to a certain extent.

(2) Large-scale Purchase Actions, etc. subject to the Response Policies

In the Response Policies, the term "Large-scale Purchase Actions, etc." refers to the actions reasonably deemed to fall under the following categories of actions (except for those conducted with the prior consent of the Company's Board of Directors):

(i) a purchase (including but not limited to the commencement of a tender offer; hereinafter the same applies) of the Company's share certificates, etc. (Note 3) with the aim of making the holding ratio of voting rights (Note 2) of the specific shareholders' group (Note 1) 20% or greater;

(ii) a purchase of the Company's share certificates, etc. as a result of which the holding ratio of voting rights of the specific shareholders' group would be 20% or greater; or

(iii) irrespective of whether an action provided for in (i) or (ii) above is undertaken, any action conducted by the Company's specific shareholders' group with another shareholder of the Company (including cases where the relevant action is conducted with multiple other shareholders of the Company; hereinafter the same applies in this (iii)) that falls under either of the following items: (a) agreements or other actions after which the relevant shareholder would be categorized as a joint holder of the specific shareholders' group; or (b) any action to establish a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively (Note 4) (Note 5) (limited to cases where the total holding ratio of share certificates, etc. of the specific shareholders' group and the relevant shareholder would be 20% or greater with respect to the share certificates, etc. issued by the Company).

As stated above, the term "Large-scale Purchaser" refers to a person who conducts or seeks to conduct Large-scale Purchase Actions, etc. alone or jointly or cooperatively with another person.

(Note 1) The term "specific shareholders' group" refers to (i) a "holder" (as provided in Article 27-

23, paragraph (1) of the Financial Instruments and Exchange Act, including a person who is included in the definition of a holder pursuant to paragraph (3) of the same Article) and a "joint holder" (as provided in Article 27-23, paragraph (5) of the same Act, including a person who is deemed to be a joint holder pursuant to paragraph (6) of the same Article; hereinafter the same applies) of "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company, (ii) a person who conducts a "purchase, etc." (as provided in Article 27-2, paragraph (1) of the same Act, including a purchase, etc. conducted on a financial instruments exchange market) of "share certificates, etc." (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and any party falling under the definition of a "specially related party" for it (as provided in Article 27-2, paragraph (7) of the same Act; hereinafter the same applies), and (iii) a related party of any of the persons set forth in (i) or (ii) above (meaning investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, other persons who share common substantial interests with those persons, tender offer agents, lawyers, accountants, tax accountants, other advisors, or persons reasonably considered by the Company's Board of Directors as persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons).

(Note 2) The term "holding ratio of voting rights" refers to, depending on the specific purchase method used by the specific shareholders' group, either (i) the "holding ratio of share certificates, etc." (as provided in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act) of the specific shareholders' group if such group is a holder and that of any joint holder of the "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company (in this case, the "number of share certificates, etc. held" (as provided in the same paragraph) by joint holders of the holder will be included for the purpose of this calculation); or (ii) the total of the "ownership ratio of share certificates, etc." (as provided in Article 27-2, paragraph (8) of the same Act) of the specific shareholders' group if such group is a person conducting a purchase, etc. of share certificates, etc. (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and that of the specially related parties of such person. For the purpose of the calculation of the holding ratio of share certificates, etc., (A) specially related parties as defined in Article 27-2, paragraph (7) of the same Act, (B) investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with specific shareholders, as well as the specific shareholders' tender offer agents, lead underwriters, lawyers, as well as accountants, tax accountants, and other advisors, and (C) persons who acquire the Company's shares, etc. through off-market direct transactions or on-market after-hours transactions at the Tokyo Stock Exchange (ToSTNeT-1) from the persons falling under (A) and (B) above are deemed to be joint holders in regard to the specific shareholders in the Response Policies. In addition, for the purpose of the calculation of the ownership ratio of share certificates, etc., joint holders (including those who are deemed to be joint holders in the Response Policies) are deemed to be specially related parties of the specific shareholders in the Response Policies. For the purpose of calculating a holding ratio of share certificates, etc. or an ownership ratio of share certificates, etc. of the Company, the latest annual securities report, quarterly securities report, and report on repurchase may be referred to with respect to the "total number of issued shares" (as provided in Article 27-23, paragraph (4) of the same Act) and the "total number of voting rights" (as provided in Article 27-2, paragraph (8) of the same Act).

(Note 3) The term "certificates, etc." refers to certificates, etc. as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act.

(Note 4) A decision on whether "a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively" has been established will be made based on such factors as (a) the formation of any relationship such as an investment relationship, business alliance relationship, business or contractual relationship, interlocking officers relationship, funding relationship, credit granting relationship, the structure of the relationship in terms of the actual benefits with relation to the share certificates, etc. of the Company, through such things as purchases of share certificates, etc. of the Company, exercises of the voting rights related to the Company's share certificates, etc., derivatives, and stock lending, etc.; and (b) effects that the specific shareholders' group and the relevant shareholder directly or indirectly have on the Company, among other things.

(Note 5) A decision on whether an action specified in (iii) in the main text above has taken place will be made reasonably by the Company's Board of Directors (in making the decision, the Independent Committee's recommendations will be fully respected). In addition, the Company's Board of Directors may request information from its shareholders to the extent necessary to make a decision on whether the relevant action falls under the requirements specified in (iii) of the main text above.

(3) Procedures leading to enactment of countermeasures

The Response Policies are intended to provide an opportunity for the shareholders to express their will in order for the Company to accept the Large-scale Purchase Actions, etc. However, a certain period of time will be necessary before a Shareholders' Will Confirmation Meeting can be held. The Response Policies are also intended to provide the shareholders with the time required for careful consideration before the shareholders' expression of their will.

Accordingly, in order to obtain information concerning Large-scale Purchase Actions, etc. from a Large-scale Purchaser, to secure a deliberation period for the shareholders, and then to ensure that a Shareholders' Will Confirmation Meeting will be held, the Large-scale Purchaser will be required to comply with the following procedures provided in the Response Policies.

(i) Submission of a statement of intent for the Large-scale Purchase Actions, etc.

The Large-scale Purchaser will be required to submit a statement of intent for the Large-scale Purchase Actions, etc. to the Company's Board of Directors in writing no later than 60 business days before the commencement of the Large-scale Purchase Actions, etc. after the introduction of the Response Policies.

The statement of intent for the Large-scale Purchase Actions, etc. will be required to contain substance equivalent to that which is required to be contained in a tender offer statement as provided in Article 27-3, paragraph (2) of the Financial Instruments and Exchange Act, in Japanese, according to the details, manner, and other factors of the Large-scale Purchase Actions, etc. intended to be conducted, to which the representative of the Large-scale Purchaser will be required to affix his/her signature or his/her name and seal, and the representative's certificate of qualification will be required to be attached.

As stated at the beginning, it can be reasonably determined that there is a relatively high probability that the acquisition of 20% or more of the Company's shares, etc. on a large-volume holdings statement basis through the Share Buying-up (i.e., the Large-scale Purchase Actions, etc.) will be

conducted in the future, contrary to the previous indication that City and Other Parties had no plan to acquire 20% or more of the Company's shares on a large-volume holdings statement basis, the Company has requested that City and Other Parties and Mr. Murakami cause City and Other Parties to comply with the Response Policies and to suspend Large-scale Purchase Actions, etc. (including additional acquisition of share certificates, etc. of the Company) until the Board of Directors' Evaluation Period (as defined in **(iii)** below) has ended (if a Shareholders' Will Confirmation Meeting is to be held, until the proposal regarding the enacting of countermeasures is rejected and the Shareholders' Will Confirmation Meeting is concluded), and submit a written statement of intent no later than 60 business days before the commencement of the Large-scale Purchase Actions, etc. with the contents and in the format stated above to the Company's Board of Directors, from the viewpoint of maximizing corporate value and the shareholders' common interests when conducting of the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's share certificates, etc.) after the introduction of the Response Policies.

If the Company's Board of Directors receives a statement of intent for Large-scale Purchase Actions, etc. from a Large-scale Purchaser, we will promptly announce that it has been received, and if necessary, announce its details.

(ii) Provision of information

The Company will request that a Large-scale Purchaser provide the information that is considered necessary for the shareholders to decide whether to accept the conduct of Large-scale Purchase Actions, etc., at a Shareholders' Will Confirmation Meeting (hereinafter, the information is referred to as the "Necessary Information") within five business days (the first day is not included; hereinafter the same applies) from the day on which the Company's Board of Directors receives a statement of intent for the Large-scale Purchase Actions, etc., at the latest. Incidentally, the general items of the Necessary Information are as shown in **Exhibit 3**. The specific details that will be required will vary depending on the nature of the Large-scale Purchaser and the details of the Large-scale Purchase Actions, etc., but in any case, they are limited to those necessary and sufficient for the shareholders to make decisions and for the Company's Board of Directors to form opinions.

If the Necessary Information is submitted, the Company will disclose the fact that it has been submitted and the substance of the disclosure in a timely and appropriate manner to the extent necessary or beneficial for the shareholders to decide whether to accept the conduct of the Large-scale Purchase Actions, etc. If the Company's Board of Directors reasonably decides that the information received from the Large-scale Purchaser is insufficient for the shareholders to decide whether to accept the Large-scale Purchase Actions, etc. in light of the details, manner, and other factors of the Large-scale Purchase Actions, etc., then it may request that the Large-scale Purchaser provide additional information by setting a due date as necessary (in making that decision, the Independent Committee's opinions will be fully respected). In this case, the Large-scale Purchaser will be required to provide the relevant additional information to the Company's Board of Directors by the due date. If the additional information is provided, the Company will also disclose the fact that it has been provided and its substance in a timely and appropriate manner, to the extent necessary or beneficial for the shareholders to decide whether to accept the conduct of the Large-scale Purchase Actions, etc.

(iii) Board of Directors' Evaluation Period

The Company's Board of Directors will set a period reasonably determined by the Board of

Directors, up to 60 business days from the date when the Company receives a statement of intent for the Large-scale Purchase Actions, etc. from the Large Purchaser, as the period for the Company's Board of Directors to evaluate and consider the propriety of the Large-scale Purchase Actions, etc. (the "Board of Directors' Evaluation Period"). The Board of Directors' Evaluation Period is calculated not on a calendar day basis but on a business day basis, considering that the period starts not from the completion of the information provision stated in (ii) above but from the date of receiving a statement of intent for the Large-scale Purchase Actions, etc.

Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) in the future are to be conducted only after the Board of Directors' Evaluation Period has passed (alternatively, if a Shareholders' Will Confirmation Meeting is held, then after the proposal on enacting the countermeasures is rejected and the Shareholders' Will Confirmation Meeting is concluded).

(iv) Holding of a Shareholders' Will Confirmation Meeting

If the Company's Board of Directors opposes the Large-scale Purchase Actions, etc. and considers it appropriate to enact the countermeasures against it, the Company will determine to hold a Shareholders' Will Confirmation Meeting within 60 business days after receiving a statement of intent for the Large-scale Purchase Actions, etc. and thereafter promptly hold a Shareholders' Will Confirmation Meeting. At the Shareholders' Will Confirmation Meeting, the shareholders' will is to be confirmed regarding whether to accept the Large-scale Purchase Actions, etc., by asking for a vote for or against a proposal on enacting countermeasures. Meanwhile, the Company's Board of Directors may make a proposal to maximize the Company's medium- to long-term corporate value and the shareholders' common interests that will serve as an alternative to the Large-scale Purchase Actions, etc. When making such proposal, the Company's Board of Directors will fully respect the Independent Committee's opinions.

The Company's shareholders will be requested to express their decision on whether to accept the Large-scale Purchase Actions, etc. after deliberating over the information regarding the Large-scale Purchase Actions, etc., by voting for or against the proposal on enacting the countermeasures submitted by the Company's Board of Directors. If the proposal is passed by the consent of a majority of the voting rights of the shareholders present at the Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights, the proposal on enacting the countermeasures will be approved. If the Shareholders' Will Confirmation Meeting is held, the Company's Board of Directors will send to the shareholders a document containing the Necessary Information provided by the Large-scale Purchaser, the opinion of the Company's Board of Directors on the Necessary Information, the alternative proposal to the Large-scale Purchase Actions, etc. by the Company's Board of Directors, and other matters that the Company's Board of Directors considers appropriate, together with the notice of convocation of the general meeting of shareholders, and disclose them in a timely and appropriate manner. In addition, if a Shareholders' Will Confirmation Meeting is held, details such as the extent of the shareholders who are entitled to exercise voting rights (the Company will determine the extent of the shareholders appropriately, taking into account recent court precedents and the manner and other factors of the Large-scale Purchase Actions, etc.), the record date for exercise of the voting rights, and the date and time to hold the Shareholders' Will Confirmation Meeting will be timely and properly announced.

(v) Countermeasures

If the Company's shareholders approve a proposal on enacting countermeasures submitted by the Company's Board of Directors at the Shareholders' Will Confirmation Meeting, and the Large-scale Purchaser does not withdraw the Large-scale Purchase Actions, etc., the Company's Board of Directors will enact the countermeasures stated in **3.** below (allotment of the Share Options subject to discriminatory exercise conditions and acquisition clause without contribution), in accordance with the shareholders' will, fully respecting the Independent Committee's opinions. Meanwhile, if the Company's shareholders do not approve the proposal on enacting the countermeasures at the Shareholders' Will Confirmation Meeting, then the Company's Board of Directors will not enact the countermeasures, in accordance with the shareholders' will.

However, if the Large-scale Purchaser attempts to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without complying with the procedures stated in (i) to (iii) above, this will prevent the procurement of the time necessary for the Company's shareholders to deliberate, using the information to be disclosed by the Large-scale Purchaser, or the opportunity for the Company to confirm their will, regarding whether to accept the Large-scale Purchase Actions, etc. Therefore, in such a case, the Company's Board of Directors will enact the countermeasures without holding the Shareholders' Will Confirmation Meeting, unless exceptions apply. In determining whether enacting countermeasures is appropriate, the Company's Board of Directors will fully respect the Independent Committee's opinions.

3. Outline of the Countermeasures (allotment of Share Options without contribution)

The following provides an outline of the allotment of Share Options without contribution to be conducted by the Company as countermeasures under the Response Policies (details of the Share Options not provided below will be separately determined by the Company's Board of Directors via a resolution regarding the allotment of Share Options without contribution).

(1) Substance of Share Options to be allotted

(i) Type of shares underlying Share Options

Common shares of the Company

(ii) Number of shares underlying Share Options

The number of shares underlying one Share Option shall be separately determined by the Company's Board of Directors.

(iii) Value of assets required for exercise of Share Options

The form of assets required for the exercise of the Share Options shall be cash, and the value thereof shall be one yen multiplied by the number of shares underlying each Share Option.

(iv) Exercise period for Share Options

The period in which the Share Options may be exercised shall be a certain period separately determined by the Company's Board of Directors.

(v) Conditions for exercise of Share Options

(a) No Share Options held (or substantially held) by Ineligible Persons may be exercised.

"Ineligible Persons" means any of the following persons:

(i) Large-scale Purchasers;
(ii) Joint holders (including those who are deemed to be joint holders in the Response Policies) of a Large-scale Purchaser;
(iii) Specially related parties (including those who are deemed to be specially related parties in the Response Policies) of a Large-scale Purchaser; or
(iv) Persons who the Company's Board of Directors reasonably determine to fall under either of the following, taking into account the Independent Committee's recommendations:
(x) A person who acquires or succeeds to a Share Option from any of the persons set forth in (i) above through to and including (iv) without the Company's approval; or
(y) A "related party" of any of the persons set forth in (i) above through to and including (iv). A "related party" means investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, other persons who share common substantial interests with those persons, tender offer agents, lawyers, accountants, tax accountants, other advisors, or persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons. In deciding whether a partnership or other fund falls under the definition of a "related party," the fund manager's substantive identity and other factors are taken into account.

(b) A holder of Share Options may exercise its Share Options only if it provides the Company with: a document containing its representations, warranties regarding the holder not being an Ineligible Person as listed in **(v)(a)** above (if the Share Options are exercised on behalf of a third party, then including that the third party not being an Ineligible Person in **(v)(a)** above), indemnifications and other matters designated by the Company; materials that demonstrate the satisfaction of conditions reasonably required by the Company; and any document required by any Laws.

(c) If, pursuant to applicable securities laws and other Laws of foreign countries, it is necessary to implement prescribed procedures or satisfy prescribed conditions with respect to exercise of the Share Options by any person residing in the jurisdiction of these Laws, the person residing in that jurisdiction may exercise the Share Options only if the Company deems that all of these procedures and conditions have been implemented or satisfied. Meanwhile, even if implementation or satisfaction of the above procedures and conditions by the Company would enable a person residing in that jurisdiction to exercise the Share Options, the Company will not be obligated to implement or satisfy them itself.

(d) The confirmation regarding the satisfaction of the conditions specified in (v)(c) above shall be pursuant to the procedures to be prescribed by the Company's Board of Directors, which will be similar to those set forth in **(v)(b)** above.

(vi) Acquisition clause

(a) On a date that comes on or after the effective date of allotment of the Share Options without contribution and that is designated by the Company's Board of Directors, the Company may acquire the Share Options that can be exercised in accordance with **(v)(a)** and **(b)** above (i.e., which are held by persons who do not fall under the definition of Ineligible Persons) but that have not been exercised yet (including the Share Options that are held by persons who fall under **(v)(c)** above; hereinafter referred to as "Exercisable Share Options" in **(vi)(b)** below), by providing, as consideration therefor, such persons with common shares of the Company in the number equivalent to the integer portion of the product of: (a) the number of the Share Options to be acquired; and (b) the number of shares underlying one Share Option.

(b) On a date that comes on or after the effective date of allotment of the Share Options without contribution and that is designated by the Company's Board of Directors, the Company may acquire the Share Options, other than the Exercisable Share Options, that have not been exercised yet. It may do this by providing, as consideration therefor, such shareholders with share options, the exercise of which by Ineligible Persons is subject to certain restrictions (i.e., subject to the exercise conditions and acquisition clause described below and other features set forth by the Company's Board of Directors; these share options shall hereinafter be referred to as the "Second Share Options"), in the same number as the number of the Share Options to be acquired.

(i) Exercise conditions

Ineligible Persons may exercise the Second Share Options only to the extent that the ratio recognized by the Company's Board of Directors as the holding ratio of share certificates, etc. of the Large-scale Purchaser after exercise of the Second Share Options falls below 20% or a ratio separately determined by the Company's Board of Directors (if, for instance, City and Other Parties' holding ratio of share certificates, etc. of the Company as of today exceeds 20%, in relation to City and Other Parties, "20% or the ratio separately determined by the Company's Board of Directors" can be read as the "holding ratio of share certificates, etc. of the Large-scale Purchaser as of today"; hereinafter the same applies), if all of the following conditions are met or in other cases determined by the Company's Board of Directors:

(x) If the Large-scale Purchaser ceases or withdraws the Large-scale Purchase Actions, etc., and pledges not to conduct any Large-scale Purchase Action, etc. thereafter; and

(y) (α) If the ratio recognized by the Company's Board of Directors as the holding ratio of share certificates, etc. of the Large-scale Purchaser (in (i) of this provision, when calculating the holding ratio of share certificates, etc., Ineligible Persons other than the Large-scale Purchaser or its joint holders will also be deemed to be joint holders of the Large-scale Purchaser; and the Second Share Options held by Ineligible Persons for which the exercise conditions have not been satisfied will be excluded) falls below 20% or the ratio separately determined by the Company's Board of Directors, or (β) if the ratio recognized by the

Company as the holding ratio of share certificates, etc. of the Large-scale Purchaser is equal to, or greater than, 20% or the ratio separately determined by the Company's Board of Directors and if the Large-scale Purchaser and other Ineligible Persons dispose of the Company's shares, etc. through on-market transactions by delegating it to the securities corporation approved by the Company and the ratio recognized by the Company's Board of Directors as the holding ratio of share certificates, etc. of the Large-scale Purchaser after the disposal falls below 20% or the ratio separately determined by the Company's Board of Directors.

(ii) Acquisition clause

If any of the Second Share Options remains unexercised as of the 10th anniversary of their delivery date, the Company may acquire the Second Share Options (limited to those for which the exercise conditions have not been satisfied) by providing, as consideration therefor, money equivalent to the market value of the Second Share Options at that time.

(c) The confirmation regarding the satisfaction of the conditions concerning compulsory acquisition of the Share Options shall be pursuant to the procedures to be prescribed by the Company's Board of Directors, which will be similar to those set forth in **(v)(b)** above. At any time not later than the day immediately before the commencement date of the period in which the Share Options may be exercised, if the Company's Board of Directors considers it appropriate for the Company to acquire the Share Options, the Company may acquire all the Share Options without consideration on a date separately designated by the Company's Board of Directors.

(vii) Approval for transfer

Any acquisition of the Share Options through transfer will require the approval of the Company's Board of Directors.

(viii) Matters concerning the stated capital and reserves

Matters concerning the stated capital and capital reserves to be increased in conjunction with events such as the exercise and acquisition pursuant to the acquisition clause of the Share Options shall be established in accordance with the Laws.

(ix) Fractions

If the number of shares to be delivered to a person who has exercised the Share Option(s) includes a fraction less than one share, such fraction will be rounded down. When the holder of the Share Options exercises multiple Share Options at one time, the fraction of the number of shares to be delivered to the holder of the Share Options shall be determined by adding together the total number of shares to be delivered in that exercise of the Share Options.

(x) Issuance of share option certificates

No share option certificates will be issued for the Share Options.

(2) Number of Share Options allotted to shareholders

One Share Option will be allotted per common share of the Company (excluding the Company's common shares held by the Company).

(3) Shareholders eligible for allotment of Share Options without contribution

Share Options will be allotted to all shareholders (excluding the Company) holding common shares of the Company who are listed or recorded in the latest shareholder registry on the record date separately designated by the Company's Board of Directors.

(4) Total number of Share Options

The total number of Share Options to be allotted will be equal to the latest total number of issued shares of the Company as of the record date separately designated by the Company's Board of Directors (excluding the number of the Company's common shares held by the Company).

(5) Effective date of allotment of Share Options without contribution

The effective date will be a date that falls on the record date or a date thereafter separately designated by the Company's Board of Directors.

(6) Other matters

Allotment of Share Options without contribution will take effect, subject to either of the following conditions being satisfied: (i) approval by a Shareholders' Will Confirmation Meeting is obtained and the Large-scale Purchase Actions, etc. is not withdrawn; or (ii) the Large-scale Purchaser attempts to conduct its Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without observing the procedures set forth in **2(3)** above.

4. Impact on shareholders and investors

(1) Impact of the Response Policies on shareholders and investors upon the introduction thereof

The Company will not conduct an allotment of the Share Options without contribution upon introducing the Response Policies. Accordingly, the Response Policies will not have a direct and concrete impact on the rights and economic interests of shareholders and investors upon the introduction of the Response Policies.

(2) Impact on shareholders and investors upon allotment of the Share Options without contribution

The Share Options will be allotted to all shareholders automatically; accordingly, no shareholders will forfeit their rights in relation to the allotment of the Share Options. If the Company conducts an allotment of the Share Options without contribution, the per-share value of the shares of the Company held by shareholders will be diluted. However, the value of all the shares of the Company held by shareholders will not be diluted; thus, it is not anticipated that this will have any direct and concrete impact on the legal rights and economic interests of shareholders and investors. Further, before the exercise period of the Stock Options commences, the Company intends to acquire, through compulsory acquisition, all of the Share Options pursuant to the acquisition clause attached thereto; and the Company will deliver the shares of the Company to the Share

Options that satisfy the exercise conditions.

However, if countermeasures are enacted, they may consequently cause disadvantages to the legal rights or economic interests of the Ineligible Persons prescribed in **3(1)(v)(a)** above.

Further, if the Company conducts an allotment of the Share Options without contribution, the Company shall set the record date to determine the shareholders to be entitled to receive them. Because the per-share value of the shares of the Company will be diluted due to the allotment of the Share Options without contribution, the share price of the shares of the Company may decline after the shareholders entitled to receive allotment of the Share Options without contribution are finally determined. The Company's Board of Directors will set the record date for allotment of the Share Options without contribution by considering the manner of the Large-scale Purchase Actions, etc. and various other circumstances. If the Company intends to set such a record date, the Company will disclose the same in a timely and appropriate manner.

If the Large-scale Purchaser observes the Large-Scale Purchase Rules described in **2(3)** above, and if the shareholders do not approve the proposal to enact the countermeasures in the Shareholders' Will Confirmation Meeting, the Company will not conduct an allotment of the Share Options without contribution. Further, even after commencing procedures to enact the countermeasures, the Company's Board of Directors may discontinue or postpone taking countermeasures if it decides that they no longer need to be enacted (for example, if the Large-scale Purchaser withdraws the Large-scale Purchase Actions, etc., and pledges not to conduct any Large-scale Purchase Action, etc. in the future) (in that case, the Company will disclose the same in a timely and appropriate manner in accordance with the Laws). Shareholders and investors who buy and sell, etc. shares of the Company on the assumption that the dilution of the per-share value of the shares of the Company occurs, may incur significant damage due to fluctuations in the share price if either of the above circumstances arises.

(3) Procedures required for shareholders upon allotment of the Share Options without contribution

(a) Procedures for allotment of the Share Options without contribution

If the Company's Board of Directors resolved to conduct an allotment of the Share Options without contribution, the Company will set the record date for allotment of the Share Options without contribution; and it will disclose the same in a timely and appropriate manner. In this case, the Share Options shall be allotted without contribution to the shareholders of the Company entered or recorded in the latest shareholder registry on the record date, in proportion to the number of common shares owned by them. Accordingly, the shareholders of the Company entered or recorded in the latest shareholder registry on the record date will be allotted the Share Options as a matter of course, without the need to take any specific procedures.

(b) Procedures for acquisition of the Share Options

Although conditions and procedures for exercise are set forth as described in **3.** above regarding the Share Options allotted to shareholders, the Company in principle intends to acquire the Share Options pursuant to the acquisition clause on a date, before the arrival of the exercise period, separately designated by the Company's Board of Directors. In this case, the Company will conduct the acquisition by issuing a public notice not later than two weeks before the intended acquisition date, in accordance with the Laws.

If the Company acquires the Share Options pursuant to the acquisition clause in accordance with

3(1)(vi)(b) above, the shareholders will receive an allotment of the shares of the Company as compensation for acquisition of the Share Options by the Company, without the need to pay money equivalent to the exercise price.

However, the handling of matters such as acquisition or exercise of the Share Options regarding Ineligible Persons will differ from that of other shareholders.

(c) Other procedures

Regarding the details of each of the above procedures, the Company will make disclosure in a timely and appropriate manner in accordance with the Laws when these procedures actually become necessary. Accordingly, please check the specific content of such disclosures.

5. Structure to enhance reasonableness of the Response Policies

(1) The Response Policies take into account the purposes of guidelines regarding takeover defense measures at normal times

The Response Policies differ from so-called proactive takeover defense measures that are introduced in times when there are no Large-scale Purchase Actions, etc., but have been formulated in light of: (i) the content of the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice, on May 27, 2005; (ii) the proposal in the report of the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, dated June 30, 2008, titled "Takeover Defense Measures in Light of Recent Environmental Changes"; and (iii) the purposes of the rules for introduction of takeover defense measures, in relation to takeover defense measures in times when there are no Large-scale Purchase Actions, etc. prescribed by the Tokyo Stock Exchange, and of "Principle 1.5 Anti-Takeover Measures" of the "Japan's Corporate Governance Code" (as revised on June 11, 2021) that the Tokyo Stock Exchange introduced and began implementation of as of June 1, 2015, due to revision of the Securities Listing Regulations. The requirements specified in those guidelines that also apply to the emergency countermeasures are satisfied in the Response Policies.

(2) Respect of the shareholders' will (structure where the shareholders' will is directly reflected)

When enacting countermeasures based on the Response Policies, the Company will reflect its shareholders' will by holding a Shareholders' Will Confirmation Meeting. As long as the Large-scale Purchaser complies with the procedures stated in **2(3)** above, whether to enact the countermeasures will be decided based only on the shareholders' will expressed at the Shareholders' Will Confirmation Meeting.

On the other hand, if the Large-scale Purchaser attempts to conduct its Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without complying with the procedures stated in **2(3)** above, the countermeasures will be enacted only by a decision of the Company's Board of Directors, fully respecting the Independent Committee's opinions. This is attributable to the Large-scale Purchaser's decision not to provide an opportunity for the Company's shareholders to determine the propriety of the Large-scale Purchase Actions, etc. after deliberating over the necessary and sufficient information. Therefore, the Company believes that enacting the countermeasures against such Large-scale Purchase Actions, etc. which disregards its shareholders' will is unavoidable to protect the Company's corporate value and the shareholders' common interests.

In addition, as stated in **6.** below, the Response Policies take effect as of today, and the effective term thereof is until the conclusion of the first meeting of the Company's Board of Directors to be held after the Company's ordinary general meeting of shareholders to be held in 2023, in principle.

As such, the Response Policies fully respect the shareholders' will.

(3) Elimination of the Board of Directors' arbitrary decisions

As stated in **(2)** above, the Company will hold a Shareholders' Will Confirmation Meeting and decide whether to enact countermeasures against Large-scale Purchase Actions, etc. in accordance with its shareholders' will. As long as the Large-scale Purchaser complies with the procedures stated in **2(3)** above, whether to enact countermeasures will be decided based on the Shareholders' Will Confirmation Meeting. Further, if the Large-scale Purchaser attempts to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's shares) without complying with the procedures stated in **2(3)** above, the Company's Board of Directors will enact the prescribed countermeasures after respecting the Independent Committee's opinion to the utmost extent. Therefore, the countermeasures will not be acted by arbitrary discretion of the Company's Board of Directors.

Further, as stated in **2(1)(ii)** above, the Company will obtain recommendations from the Independent Committee, regarding the matters necessary to consider the propriety of enacting countermeasures or otherwise take action in line with the Response Policies, in order to ensure the necessity and appropriateness of actions under the Response Policies and to prevent them from being abused to protect management interests. In addition, the Company's Board of Directors will fully respect the Independent Committee's opinions, in order to ensure the fairness of the Board of Directors' decisions and eliminate arbitrary decisions. In addition, the Independent Committee may, among other things, obtain advice from external experts (such as financial advisors, attorneys-at-law, certified public accountants, and tax accountants) independent from the Company's Board of Directors and the Independent Committee, as necessary. As such, the objectiveness and reasonableness of the Independent Committee's decisions are ensured.

Therefore, the Response Policies eliminate the Board of Directors' arbitrary decisions.

(4) The Response Policies are not a dead-hand takeover defense measure or a slow-hand takeover defense measure

As stated in **6.** below, the Response Policies are abolishable at any time by resolution of the Board of Directors comprising the directors appointed at a general meeting of shareholders; therefore, the Response Policies are not a so-called dead-hand takeover defense measure (meaning a takeover defense measure that cannot be prevented from being enacted even by replacing a majority of the members of the Board of Directors) or a slow-hand takeover defense measure (meaning a takeover defense measure that requires time to be prevented from being enacted because the members of the Board of Directors cannot be replaced all at once).

6. Abolition procedures and effective term of the Response Policies

The Response Policies take effect as of today, and the effective term thereof is until the conclusion of the first meeting of the Company's Board of Directors to be held after the Company's ordinary general meeting of shareholders to be held in 2023. However, upon the conclusion of the first meeting of the Company's Board of Directors to be held after the Company's ordinary general meeting of shareholders to be held in 2023, if there are persons who are actually engaged in, or contemplating, Large-scale Purchase Actions, etc. and are designated by the Company's Board of

Directors, the effective term will be extended, to the extent necessary to respond to such actions engaged in or contemplated. As stated above, the Response Policies will be introduced by primarily focusing on the response to the Large-scale Purchase Actions, etc. that have already occurred, including the Share Buying-up; therefore, the Response Policies are not planned to be maintained after specific Large-scale Purchase Actions, etc. are no longer contemplated.

In addition, if the Company's Board of Directors comprising the directors appointed at the Company's general meeting of shareholders resolves to abolish the Response Policies before expiration of the effective term, they will be abolished upon such resolution.

End

(Exhibit 1) Court's Finding, etc. of Previous Investment Activities of Mr. Murakami Funds, etc.

Part 1. The Yokohama District Court Decision Rendered on May 20, 2019

According to publicly available information, Reno Co., Ltd. (hereinafter "Reno") having delivered letters on multiple occasions to Yorozu Corporation (hereinafter, "Yorozu") demanding returns to its shareholders, including share buybacks, Reno filed on May 10, 2019 for a provisional disposition order for inclusion of a shareholder proposal (hereinafter, "Filing for Provisional Disposition Order") requesting that Yorozu include an agenda item concerning abolition of takeover defense measures in its notice to convene and reference material for a shareholder's meeting.

The subject Filing for Provisional Disposition order was dismissed by the Yokohama District Court (the Yokohama District Court rendered its decision on May 20, 2019 (page 126 of the *Siryoban Shojihomu* No. 424), hereinafter the "Original Decision on the Provisional Disposition"), and the immediate appeal was also dismissed by the Tokyo High Court (the Tokyo High Court rendered its decision on May 27, 2019 (See page 120 of the *Siryoban Shojihomu* No. 424), but according to the portion of the "Case of Filing for Provisional Disposition for Inclusion of a Shareholder Proposal regarding Yorozu" contained on page 126 and the following pages, in *Siryoban Shojihomu* No. 424, the Original Decision on the Provisional Disposition held that, while the presence of a right for preservation is questionable, the court found the likelihood of its attempts to abolish the takeover defense measure which stood in its way because (1) Reno is under the powerful influence of Mr. Yoshiaki Murakami (hereinafter, "Mr. Murakami"), and (2) it can be presumed that, similar to what Reno (or any other corporate entity under the powerful influence of Mr. Murakami) has done in the past to corporations it invested in, its intentions are to obtain a significant amount of profit by purchasing a large number of shares in Yorozu, placing its management under pressure, and earning a resale gain by causing the company or their related companies to purchase at high prices the shares that Reno purchased within a short period of time, and the court held that "it did not find a necessity for preservation of rights in this case because it is not fair to say that the creditor [referring to Reno]will incur significant damage or urgent danger due to the shareholder's proposal not being adopted at the shareholders' meeting, while it should be held that if this filing is permitted, the debtor [referring to Yorozu] will incur not a few disadvantages."

Incidentally, according to the portion of the "Case of Filing for Provisional Disposition for Inclusion of a Shareholder Proposal regarding Yorozu" which begins on page 126 in the same journal, concerning the Original Decision on the Provisional Disposition, the court found that:

"a. The "creditor" (referring to Reno, and references hereinafter refer to the same), Company B (which is the 100% stakeholder of the creditor), C (who held 50% of the company's shares and also served as its representative director until December 1, 2014), Company D (for which the child of A ("A" referring to Mr. Murakami, and references hereinafter refer to the same) serves as the representative director), Company E, Company F, Company G, Company H, and Company I are all under the powerful influence of A (and afterward the aforementioned parties found to be under the powerful influence of A were referred to collectively as the "Creditors").

b. In 2015, when the Creditors acquired approximately 10% of outstanding shares in the debtor (referring to Yorozu, and references hereinafter refer to the same), without indicating any concrete business plans or any business management enhancement plans towards the debtor, A insisted that the debtor's return to shareholders was inadequate and requested that the payout ratio be increased to 100% and that the debtor present a new medium- to long-term business plan which includes plans for sufficient shareholder returns, and that unless A was satisfied with the medium- to long-term business plan which includes sufficient

shareholder returns presented by the debtor, A would propose, “Let us carry out a tender offer. Let’s start the process,” and “We’ll have 11 of the board members resign. We’ll keep 3 of them, dispatch 4 from our side, and the 7 will decide the dividend policy at a board meeting,” while also commenting, “If the company decides to execute a large scale share buyback, I’ll say OK and retract my previous proposal,” and demanded, “You have 3 choices – increase shareholder value, become A’s company, or execute an MBO.” However, in the end, the Creditors sold-off all their shares after the share price of the debtor increased

c. Come 2018, the creditor began acquiring the debtor’s shares once again, and in 2019, prior to its total shareholding ratio of the debtor reaching 10%, without showing any interest in concrete business plans or business enhancement measures which would have resulted in profits to the debtor in the medium- to long-term, while demanding an “increase in shareholder value,” the creditor simply demanded abolishment of the debtor’s takeover defense measures and execution of share buybacks, and then hinted at the exercise of shareholder’s proposal rights and eventually exercising those rights, while continuing to acquire the debtor’s shares after that.

d. Between 2012 and 2019, the Creditors were purchasing a large number of shares in Company J, Company K, Company L, Company M, and Company N, placing their management of the target companies under pressure, and then earning a resale gain by causing the target companies or their related companies to purchase at high prices all or a substantial part of the shares that the Creditors purchased.

e. Between 2002 and 2005, Company O and Company P, who were under the powerful influence of A, earned a resale gain in the same manner as the Creditors did as described in d. above.”

According to publicly available information, on November 20, 2020, Reno subsequently requested that Yorozu convene an extraordinary shareholders’ meeting to consider a proposal for a change to the articles of association that would give a shareholders’ meeting the power to decide on the abolition of the takeover defense measure. In response to the request, on November 25, 2020, Yorozu decided and announced that it would express its opinion opposing the proposal, and at the extraordinary shareholders’ meeting of Yorozu held on January 22, 2021, the proposal was rejected with more than 50% of votes against the proposal.

Part 2 The Tokyo High Court Judgment Rendered on July 19, 2016

The following facts have been found in a judgment rendered by the Tokyo High Court (the Tokyo High Court judgment rendered on July 19, 2016; not published in the Tokyo High Courts’ case reports) (A case in which plaintiffs Reno and C&I Holdings Co., Ltd.’s (hereinafter “C&I”) appeals were dismissed. The case was finalized when a refusal of acceptance of appeal was decided by the Judgment of the Supreme Court of Japan, 1st Petty Bench, December 15, 2016, not published in case reports) concerning past investment cases made by the funds, etc. upon which Mr. Murakami exercises influence. (Evidence is omitted.)

“a. M&A Consulting, one of the former Murakami Fund’s central investment vehicles, purchased shares in Nippon Broadcasting System, Inc., its shareholding ratio reaching 7.37% in 2003. Furthermore, M&A Consulting (represented by Murakami) increased its ownership ratio in Nippon Broadcasting System to 18.57% by January 2005, and placed pressure on Nippon Broadcasting System, Inc.’s major shareholder, Fuji Television Network, Inc. (hereinafter “Fuji Television”), by threatening to engage in a proxy fight to demand the resignation of the management of Nippon Broadcasting System unless it carried out a TOB (tender offer) of Nippon Broadcasting System, Inc.’s shares, to which Fuji Television responded by initiating a TOB, but M&A Consulting offered to Livedoor Co., Ltd. (hereinafter “Livedoor”) [ ] to sell the shares to Livedoor if it were to purchase the shares at a higher price, eventually proceeding to sell the shares to Livedoor at a higher price.

b. MAC Asset, one of the former Murakami Fund's central investment vehicles, submitted a large shareholding report on TBS shares on October 14, 2005, when the fund's shareholding ratio was reported as 7.45% as of September 30, 2005. In August of the same year, MAC Asset pitched a proposal to the management team of TBS to carry out an MBO for it to buy back the company's shares, and also attempted to acquire TBS through a consortium with [ ], and ultimately sold off its TBS shares. The shares were sold through a direct transaction without going through the market. It is reported that MAC Asset made 20 billion yen in profit through this transaction.

c. MAC, one of former Murakami Fund's central investment vehicles, acquired shares in Shoei K.K. (hereinafter "Shoei") through a hostile tender offer against Shoei in 2000 and made a demand for business management that places an emphasis on its shareholders, and enhanced plans to increase shareholder returns, and in 2002, it held 6.52% of Shoei's shares, but Shoei bought back these shares through a TOB as the issuer. The total number of shares Shoei bought back through this TOB as the issuer was 1,298,800 shares, of which 912,800 shares were sold by MAC.

d. M&A Consulting began to purchase more shares in CyberAgent, Inc. (hereinafter "CyberAgent") around 2001, and by 2002, it had acquired 9.2% of the company's issued shares and proposed to CyberAgent to carry out a share buyback. CyberAgent passed a resolution at its shareholders' meeting held at the end of the same year to set a share buyback limit of 19% of its total number of issued shares for the purpose of holding its own shares, and acquired its shares through a closing price transaction on the Tokyo Stock Exchange (ToSTNeT-2). The purchase price was 350,000 yen per share, and according to a report by the Nikkei Newspaper, although Murakami did not disclose the average cost of acquiring the shares, M&A Consulting seems to have gained a profit from the transaction.

e. On March 19, 2003, M&A Consulting sold all shares in Artvivant Co., Ltd. (hereinafter "Artvivant") (equivalent to 10.35% of the total number of issued shares) to Artvivant in JASDAQ's extended-hours trading market, administered in accordance with the policies of the Japan Securities Dealers Association at the price of 600 yen per share.

f. In 2004, MAC acquired shares in Nippon Felt Co., Ltd. (hereinafter "Nippon Felt") in a volume equivalent to 21.70% of the total number of issued shares through purchase of corporate bonds with a convertible price of 428 yen, and then sold those shares, equivalent to 21.10% of shares outstanding, at a price point of 612 yen per share through a TOB (by the issuer) executed by Nippon Felt between February and March 2005.

g. MAC held a significant number of Daido Limited (hereinafter "Daido") shares (equivalent to 19.82% of shares outstanding), but sold those shares, equivalent to 14.29% of shares outstanding, at a price point of 1,708 yen per share through a tender offer by the issuer executed by Daido between February and March 2006.

h. On June 23, 2006, MAC sold its stake of 2,640,000 shares in Tokyo Soir Co., Ltd. (hereinafter "Tokyo Soir") (equivalent to 12% of the total number of issued shares) to Tokyo Soir through a tender offer by the issuer executed by Tokyo Soir for 482 yen per share.

i. On August 30, 2006, MAC sold its stake of 2,571,800 shares in Hoshiden Corporation (hereinafter "Hoshiden") to Hoshiden through a purchase in Tokyo Stock Exchange's ToSTNeT-2 (trading at closing price) for 1,207 yen per share.

j. The appellant, Reno, with [ ] as joint holder, acquired 62,408 shares (equivalent to 5.22% of the total number of issued shares) of Faith, Inc. (hereinafter "Faith") by October 2012, and by July 8, 2015, increased its shares to 8.24% of total number of issued shares, but on the same day, exercised its right to request purchase of shares against Faith, and sold all shares.

k. On December 3, 2012, Accordia expressed its opposing opinion against PGM's tender offer for Accordia shares (purchase price of 81,000 yen per share), which PGM commenced on November 16th of that same year. Reno [appellant], jointly with C&I [appellant] and Minami-Aoyama Fudosan, proceeded to purchase shares in Accordia, and by January of 2013, acquired 18.12% of Accordia's shares. The plaintiff Reno, sent a letter, dated January 13, 2013, to Accordia, demanding: (1) that it come to the table to discuss terms of the management integration with PGM, and (2) that it carry out measures to increase shareholder returns, such as an exhaustive share buyback program. PGM's aforementioned tender offer ended in failure after Accordia expressed its willingness to accept these demands and announced that it would actively carry out share buyback programs. Accordia revealed plans to carry out a TOB by the issuer by selling-off a majority of the golf courses it owned and using the proceeds as funding. Reno [appellant] was unsatisfied with the size of shareholder return, and in a letter dated August 5, 2014, requested dismissal of Accordia's six outside directors, and asked that an extraordinary meeting of shareholders be convened. On August 12 of the same year, as Accordia announced that it would return 20 billion yen to its shareholders, Reno [appellant] withdrew its demand for an extraordinary meeting of shareholders. Reno [appellant], together with six joint holders, tendered their shares in the tender offer by Accordia, which began in August of the same year with all their holdings (35.20% of total number of issued shares), but due to the total number of shares tendered exceeding the planned number of shares to be purchased, the purchase was executed based on the proportional distribution method, resulting in MAC selling 20.07% of the total number of issued shares through the tender offer."

Upon such findings, the decision held that, "Each of the aforementioned share transactions found by [ ], carried out by the appellants [Reno and C&I] and with funds directly connected to Murakami using an event driven method, in which one exploits a situation in which the acquired shares may be sold without detriment to either the issuing company or a strategic buyer, and that such leads one to recognize that the appellants, who are directly connected to Murakami, are quite skillful at this technique."

End

Exhibit 2

Outline of the Independent Committee Regulations

1. The Independent Committee is established by the resolution of the Company's Board of Directors in order to prevent arbitrary decisions by it and to further enhance the fairness and objectiveness of the operation of the Response Policies.

2. The number of the Independent Committee members is three or more, and the Independent Committee members are appointed based on resolutions of the Company's Board of Directors from among the persons who are either (1) the Company's outside directors or (2) outside knowledgeable persons (proven company management, former government officials, lawyers, certified public accountants, or academic experts, or persons equivalent thereto), independent from the management that execute the business of the Company.

3. The term of office of an Independent Committee member continues until the date of the conclusion of the shareholders meeting for the last business year which ends within one year from the time of their appointment.

4. The Independent Committee meetings are convened by any director or any Independent Committee member.

5. The chairperson of the Independent Committee is selected by the Independent Committee members from among themselves.

6. In principle, resolutions of the Independent Committee will be passed by a majority vote of the Independent Committee members present at a meeting of the Independent Committee where all the Independent Committee members are present. However, if any member of the Independent Committee is unable to attend the Independent Committee meeting or any other exception applies, resolutions will be passed by a majority vote of the Independent Committee members present at the meeting where the majority of the Independent Committee members are present.

7. The Independent Committee passes resolutions regarding matters set forth in each of the following items after deliberation, and recommends the details of the resolutions to the Company's Board of Directors together with the reason therefor:

   (1) propriety of enactment of countermeasures regarding the Response Policies;

   (2) discontinuation of enactment of countermeasures regarding the Response Policies;

   (3) matters on which the Independent Committee is given authorization in the Response Policies, in addition to (1) and (2); and

   (4) any other matter on which the Company's Board of Directors or the Company's Representative Director voluntarily asks for the Independent Committee's advice in connection with the Response Policies.

   Each Independent Committee member is required to deliberate and pass resolutions at the Independent Committee meetings, solely from the viewpoint of whether the deliberation and resolutions contribute to the our group's medium- to long-term corporate value and the shareholders' common interests, and they must not deliberate or pass resolutions for the purpose of looking after the personal interests of themselves or the Company's management.

8. The Independent Committee may, as necessary, cause the Company's directors or employees, or any other person considered necessary to attend the Independent Committee meetings, and request that they provide opinions or explanations on the matters on which the Independent Committee requests such opinions or explanations.

9. In performing duties, the Independent Committee may obtain advice from external experts (including investment banks, securities corporations, financial advisers, certified public accountants, lawyers, consultants, tax accountants, and any other experts) independent from the management that execute the business of the Company, at the Company's expense.

End

Exhibit 3

Information Required to be Provided by Large-scale Purchaser

1. Details (including the name, description of business, career or corporate history, capital structure, financial composition, and information concerning experiences with businesses similar to the business of the Company and its group companies) of the Large-scale Purchaser and its group (including joint holders, special related parties, partners (in the case of funds), and other members)

2. Purpose, method, and details of Large-scale Purchase Actions, etc. (including value and type of consideration for Large-scale Purchase Actions, etc., timing of Large-scale Purchase Actions, etc., structure of related transactions, legality of the method of Large-scale Purchase Actions, etc., and feasibility of Large-scale Purchase Actions, etc. and related transactions)

3. Basis for calculation of consideration for purchase of Company's shares in Large-scale Purchase Actions, etc. (including facts on which the calculation is based, calculation method, numerical information used in calculation, and details of synergies expected to arise from a series of transactions in connection with Large-scale Purchase Actions, etc.)

4. Financial Support for Large-scale Purchase Actions, etc. (including specific names of fund providers (including substantial providers), financing methods, and details of related transactions)

5. Candidates for officers of the Company and its group companies expected to be appointed after the completion of Large-scale Purchase Actions, etc. (including information concerning experience with businesses similar to the business of the Company and its group companies), and management policy, business plan, financial plan, capital policy, dividend policy, and asset utilization policy of the Company and its group companies

6. Any change after the completion of Large-scale Purchase Actions, etc. in the relationship between the Company's and its group companies' stakeholders, such as customers, business partners, and employees, and the Company and its group companies, and the details thereof

End

<Shareholder Proposal>

The details submitted by the Proposing Shareholder are described below as they appear in the original letter.

The Company's Board of Directors opposes the Proposal No. 6.

The reasons for opposition are described on page 82 that follow.

Proposal No. 6: Election of one Director (excluding a person who is an Audit and Supervisory Committee member)

(1) Details of the Proposal (Summary of the Proposal)
The candidate for Director is as follows:

[Name] Yoko Atsumi

[Date of birth] March 12, 1984

[Past experience and status of representation in other companies]

December 2009	Registered as an attorney-at-law
January 2010	Joined Nishimura & Asahi
December 2011	Seconded to Legal Department, JP Morgan Securities Japan Co., Ltd.
June 2014	Joined Law Office Hironaka
October 2017	Established Atsumi Law Office; Representative Attorney
June 2019	Outside Director, KOSAIDO Co., Ltd.
September 2019	Outside Audit & Supervisory Board Member, KIDSLINE Inc. (current position)
December 2020	Senior Partner, Head of Kojimachi Office, Atsumi & Sakai
June 2021	External Director, Daiho Corporation (current position)
January 2023	Atsumi Law Office; Representative Attorney (current position)

[Significant concurrent positions]
Atsumi Law Office; Representative Attorney
Outside Audit & Supervisory Board Member, KIDSLINE Inc.
External Director, Daiho Corporation

[Number of shares of the Company held]
0 shares

(Notes) 1. There are no special interests between the candidate and the Company.
2. Ms. Atsumi is a candidate for Outside Director.

(2) Reasons for Proposals
The shareholder (the "Proposing Shareholder") who proposed the agenda stated in I. and II. above (the "Agenda") has insisted that, as a result of comparing the Company's corporate size and current valuation (PER of approximately from 3 times to 6 times) with the industry valuation of the renewable energy business (PER of approximately 25 times), it is necessary to list the Company's renewable energy business subsidiary and expand the business by procuring and utilizing third-party capital. The Proposing Shareholder believes that if the Company's renewable energy business subsidiary, which is not valued as it should be, seeks to maximize shareholder value as a listed company, it will cause the Company's share price to exceed PBR on an ongoing basis and lead to higher shareholder value for the Company. The Proposing Shareholder

has suggested to the Company's Board of Directors that they should seriously discuss this matter.
With respect to the listing of our renewable energy business subsidiary, the Proposing Shareholder thinks that there are various issues which should be considered, including whether a certain level of capital relationship with the Company should be retained (and if so, how much should be retained), as well as capital relationship issues (including whether to use a spin-off tax system for the change in capital relationship), business issues (including whether to retain business relationships related to management resources, human resources, and know-how, and if so, which should be retained), and the timing of when to list the subsidiary, and the Proposing Shareholder is not committed to utilizing any specific method. The Proposing Shareholder thinks that the Company's Board of Directors should seriously discuss the listing of our renewable energy business subsidiary from the perspective of which options would contribute most substantially to improving the Company's corporate value and shareholder value and will disclose the results thereof.
However, the Company adheres to the idea that "growing our renewable energy business throughout the entire value chain will lead to maximizing the Company's corporate value", as was indicated in the 7th Consolidated Medium-Term Management Plan announced on March 23, 2023, and appears unwilling to seriously discuss the listing of our renewable energy business subsidiary at the Board of Directors meeting.
Therefore, the Proposing Shareholder proposes the Agenda in order to nominate Ms. Yoko Atsumi, an attorney-at-law, as a candidate for Director, who stated that she is committed to "seriously discussing the listing of the renewable energy business subsidiary at the Company's Board of Directors meeting and disclosing the results thereof." By electing Ms. Yoko Atsumi as the Company's Outside Director, the Proposing Shareholder expects that serious discussions will be held at the Company's Board of Directors in order to realize improvement of the Company's corporate value and shareholder value, including discussion on the listing of our renewable energy business subsidiary.
In addition, Ms. Yoko Atsumi has expertise and experience in the field of corporate governance, and through utilizing her professional perspective as an attorney-at-law, she is capable of providing advice to ensure the adequacy and appropriateness of the decision making of the Board of Directors. As such, the Proposing Shareholder believes that she will contribute to improving the Company's corporate value and shareholder value, as well as to eventually enhancing all of the stakeholders' relevant interests.

Opinion of the Company's Board of Directors for Proposal No. 6

The Company's Board of Directors opposes the Proposal No. 6 above ("the Shareholder Proposal").

(1) Introduction

The Company has established the Nomination and Remuneration Committee, a majority of whose members are independent outside directors, as a advisory body of the Board of Directors in order to ensure transparency and objectivity regarding the process of determining candidates for directors and remuneration. The Company's Board of Directors makes decisions on the election of director candidates based on the advice and recommendations of the Nomination and Remuneration Committee, and the Nomination and Remuneration Committee conducted careful decision-making processes for decisions on director candidates to be submitted to the Ordinary General Meeting of Shareholders by considering the composition of the Company's Board of Directors and necessary human resources repeatedly, approximately 9 months, through May, 2022 to February , 2023. In such fashion, the Nomination and Remuneration Committee spent considerable time on electing internal and outside director candidates, and as stated in (2) below, the Company believes that the Board of Directors proposed by the Company is appropriate from the perspectives of composition and balance, including with respect to board size, skill sets, and diversity. However, since the Shareholder Proposal was made, the Nomination and Remuneration Committee and the Board of Directors has considered whether electing Ms. Yoko Atsumi ("Ms. Atsumi") as a director of the Company is appropriate.

(2) Director candidates proposed by the Company are the appropriate option from the perspective of improving the Company's corporate value

The Company has proposed six candidates for the director positions (excluding directors who are Audit and Supervisory Committee members) in the Ordinary General Meeting of Shareholders. The Company decided on the candidates through the careful and objective processes based on the Company's board-succession plan, the Company reviewed whether the candidates satisfied to the personnel requirements, set the target, and implemented training for the Directors. The Company also took into consideration the skills, experiences, and evaluation results on the various points of the candidates. It goes without saying that all six of these director candidates have high ethical standards, but, additionally, they have the necessary judgement, expertise, and knowledge. In addition, all six of these director candidates, two of which are independent outside directors, are familiar with the Company's business and have skills and expertise in the petroleum business (Oil), business other than oil business (New) (renewable energy business / new business), sustainability (ESG), finance / accounting / tax affairs, legal affairs / compliance / risk management, and other areas, under the skill matrix established by the Company, respectively.
Furthermore, if the Company decides on a new candidate for the position of Outside Director, the Nomination and Remuneration Committee will meet with the candidate multiple times in order to evaluate the candidate objectively by considering the skills that the Company requires to the Outside Director and the skill the candidate possess, as well as judging the requirement of varying or unvarying and independence.

In the letter on April 24, 2023, the Company requested to meet with Ms. Atsumi in order to confirm Ms. Atsumi's skills and evaluate her objectively, but on April 25, she refused the meeting, stating she would not accept it unless "she can exchange opinions in a way that shareholders can attend the meeting, if they wish." After that, in the letter on April 26, the Company explained that the meeting is not a place for an exchange of opinions, but a place where the Nomination and Remuneration Committee would decide whether Ms. Atsumi is eligible as an Outside Director candidate and that attendance of unspecified number of shareholders would not be appropriate. Although the Company again requested a meeting, she again refused in the letter on April 27, so the Company had to conduct written question and answer sessions.

In the written question and answer sessions, the Company requested that Ms. Atsumi explain her skills in detail, but she only responded, "I was involved in structured finance business related to renewable energy when I worked in a law firm, so I have expertise in renewable energy to some extent" and the Company did not receive sufficient responses. Therefore, the Company was unable to confirm Ms. Atsumi's skills in detail and it was difficult to decide whether she was an appropriate director candidate of the Company. The Company supposes that Ms. Atsumi's skills are "legal affairs / compliance" from her career described in the Shareholder Proposal and her career announced by Atsumi Law Office, to which she currently belongs,[1] and the Company considers that it can be expected that she would play the skills in the Company's Board of Directors but among the director candidates proposed by the Company, there are already several candidates who have knowledge and experience in "legal affairs / compliance," and one of them is a lawyer, like Ms. Atsumi.

Further, if Ms. Atsumi is elected as a Director, the female ratio is improved further. In addition, Ms. Atsumi can bring the aging diversity because the Company's Board of Directors doesn't have the Directors whose age are close to Ms. Atsumi. However, the director candidates proposed by the Company (excluding directors who are Audit and Supervisory Board members) and directors who are Audit and Supervisory Board members are elected, same as before the Company's Ordinary General Meeting of Shareholders, three out of the nine directors of the Company will be women and whether or not Ms. Atsumi is elected as the Director, the female ratio will be 33.3%, and this composition is already gender-balanced to the some extent.

Furthermore, three directors shall be Audit and Supervisory Board members (i.e., in the case that two members proposed by the Company are appointed, and including one member who continues to have a term of office after the Ordinary General Meeting of Shareholders), and two of them are Independent Outside Directors. The Company believes that this system is sufficient to supervise the execution of the Company's business. In addition, like now, the number of independent outside directors out of all of the directors (nine members) will be four members, and the rate of independent outside directors will account for one-third or more (approximately 44%) of the total number of directors, which means that the Company will have a governance system in accordance with Japan's Corporate Governance Code. The one Director who will continue to hold office after the Ordinary General Meeting of Shareholders has served as the President and Representative Director of a renewable energy company in the Company's group and has significantly contributed his expertise and knowledge to the Company's Board of Directors.

On the other hand, under the "Guidelines concerning Listed Company Compliance, etc.", established by Tokyo Stock Exchange, the person who has risk that he/she would have conflict to the ordinary shareholders is ineligible to be elected as the independent director. In light of the point of the guideline, the Company does not consider "a person who is deemed to have special reasons that may cause a conflict of interest with the Company" to be independent as an outside director (paragraph (10) of the independence standards of the Company). However, as stated in (4) below, considering that Ms. Atsumi has a close relationship with Mr. Murakami and Relevant Parties, Ms. Atsumi is considered to have special reasons that may cause a conflict of interest with the Company and is not considered to be independent. If Ms. Atsumi becomes a director, the percentage of Outside Directors including a directors who is not independent will 50 % (five out of ten members), on the other hand, the percentage of Outside Directors who are independent will decrease in relation to the total number of directors (four out of ten members). Further, since the Company understands that it is quite possible that the percentage of Independent Outside Directors that are required for Prime listed companies will be increased further in the future, it is not desirable for the percentage of Independent Outside Directors out of the total number of directors of the Company to decrease.

As stated above, since the Board of Directors proposed by the Company is appropriate from the perspectives of composition and balance, including with respect to board size, skill sets, and diversity, and it has a governance system that is in accordance with Japan's Corporate Governance Code, the Company believes that it is appropriate from the perspective of the sustainable improvement of the Company's corporate value, i.e., the benefit of shareholders. However, the skills that the Company presumes Ms. Atsumi possesses and diversity the Company presumes she would bring are not necessary for the current Board of Directors of the Company. If Ms. Atsumi becomes a director of the Company, the number of Outside Directors who are not

[1] https://atsumi-law.com/profile/ (in Japanese)

considered to be independent will increase; therefore, the Company does not consider it to be desirable.

Please see the Skill Matrix for the candidates proposed by the Company on page 16.

(3) The Shareholder Proposal does not contribute to the improvement of the Company's corporate value

On the other hand, in the written question and answer sessions, Ms. Atsumi, who is an Outside Director candidate in the Shareholder Proposal, did not indicate the current situation and issues of both the Company's group and the industry to which the Company's group belongs, or provided concrete responses to the policy to be taken by the Company based on the current situation and issues.

In addition, since Ms. Atsumi expressed that she is "seriously discussing the listing of the renewable energy business subsidiary at the Company's Board of Directors meeting and disclosing the results thereof," the Company asked her the following questions in writing in order to have a constructive dialogue with Ms. Atsumi on this point: the background and reasons that she believes that the Company should discuss the listing of the renewable energy business subsidiary of the Company; how she thinks the listing of the renewable energy business subsidiary will lead to improving the corporate value of the Company at present; and if the renewable energy business is spun off, how she thinks the entirety of the Company's group will achieve carbon net zero, which is raised in the 7th Consolidated Medium-Term Management Plan. However, Ms. Atsumi did not provide concrete responses to these questions and only provided responses to the effect that the spin-off of the renewable energy business should be fully discussed at the Board of Directors meeting. Considering the details of these written responses, the Company is unable to determine whether or not Ms. Atsumi proposes concrete measures for the listing of the renewable energy business subsidiary, and the Company is unable to determine whether she understood the details of the 7th Consolidated Medium-Term Management Plan of the Company, which was resolved and announced after sufficient deliberations, including on how renewable energy should be.

As stated above, Ms. Atsumi does not have sufficient knowledge of the current situation of the industry to which the Company's group belongs or the Company's group itself; she has only provided statements to the effect that the spin-off of the renewable energy business should be fully discussed at the Board of Directors meeting and does not seem to have any suggestions for concrete measures, and her attitude refusing a meeting with the Nomination and Remuneration Committee of the Company. Taking those into consideration, the Company cannot expect that the directors of the Company and Ms. Atsumi will engage in concrete and constructive discussions.

(4) Ms. Atsumi has a close relationship with Mr. Yoshiaki Murakami and City Index Eleventh, and there is a risk of conflict of interest

In addition, the relationship between Ms. Atsumi and Mr. Yoshiaki Murakami ("Mr. Murakami") and other corporations and groups directly or indirectly related to Mr. Murakami (Mr. Murakami, and the other corporations and groups directly or indirectly related to Mr. Murakami hereinafter referred to collectively as, "Mr. Murakami and Relevant Parties") is as shown in Exhibit 2. Since Ms. Atsumi did not provide serious responses in the written question and answer sessions with the Nomination and Remuneration Committee, the Company was unable to confirm that Ms. Atsumi and Mr. Murakami are independent. However, to the extent publicly announced, there have been multiple transactions between Ms. Atsumi and Mr. Murakami in which Ms. Atsumi has acted as a representative of Mr. Murakami and Relevant Parties, and Ms. Atsumi has assumed the position of outside director in multiple companies in which Mr. Murakami and Relevant Parties are major shareholders and it can be reasonable to consider that Mr. Murakami is involved. Therefore, it is undeniable that Ms. Atsumi has a close relationship with Mr. Murakami and Relevant Parties.

Considering the inconsistency of City Index Eleventh's behavior so far, their obsession with share buybacks, City Index Eleventh and other parties having earned profits by enjoying considerable tax benefits by accepting the large-scale share buybacks by corporations in which they invested in the past, and the series of information disclosed by City Index Eleventh

leading to the Shareholder Proposal, it is considered that City Index Eleventh may intend to pursue its own short-term profits and sell the Company's shares at high prices. In addition, in her responses in the written question and answer sessions, Ms. Atsumi stated that "it would be better to disclose the amount of remuneration which your company paid to an outside advisor law firm and PR company". As this is the same as requests by City Index Eleventh and other parties and Mr. Murakami in the letter on January 23, 2023 from City Index Eleventh to the Company and other documents, she requested matters usually required by them. In this way, Ms. Atsumi acted as if she was a spokesperson of City Index Eleventh and other parties and Mr. Murakami. Under these circumstances, considering that the behavior of Ms. Atsumi, who is the outside director candidate in the Shareholder Proposal, was not accompanied by concrete methodology or measures as stated above, the fact that Ms. Atsumi has a close relationship with Mr. Murakami and Relevant Parties, and the fact that in another company's case a resolution was passed to conduct a large-scale share buyback with a premium and a third-party allotment of shares, which resulted in City Index Eleventh having withdrawn from such other company in the form of enjoying tax benefits, about nine months after Ms. Atsumi was elected as an outside director of such other company, the Company cannot determine that there is no doubt of her eligibility as a Director from the perspectives of the ordinary shareholders' interests.

(5) Conclusion

Considering the circumstances above, the Company considers electing Ms. Atsumi as a director of the Company to be inappropriate because (i) the Company believes that the Board of Directors system proposed by the Company is appropriate from the perspectives of improvement of the Company's corporate value and shareholder value and corporate governance; (ii) Ms. Atsumi does not seem to understand the Company group's business and only insists that "the listing of the renewable energy business subsidiary should be discussed at the Board of Directors meeting", and in light of her attitude of refusing a meeting with the Nomination and Remuneration Committee, the Company does not expect that she will engage in concrete and constructive discussions on the Company group's business with directors of the Company and believes she is unlikely to contribute to the improvement of the Company's corporate value, and (iii) the possibility that Ms. Atsumi is working in favor of the personal interests of Mr. Murakami and Relevant Parties by sacrificing the Company's medium- to long-term corporate value and the interests of general shareholders cannot be ruled out.

Therefore, the Company's Board of Directors "opposes" the Shareholder Proposal.

(Exhibit) **Relationship between Ms. Atsumi and Mr. Murakami**

1 Transactions with Mr. Murakami and Relevant Parties

As shown in sections 2 and 5 below, as far as multiple transactions between Ms. Atsumi and Mr. Murakami and Relevant Parties were disclosed, so we asked through the written Q&A whether the amount of annual transaction amounts Ms. Atsumi and Mr. Murakami and Relevant Parties exceeded 10 million yen per year during the past 5 years, in order to confirm whether Ms. Atsumi is independent from Mr. Murakami and Relevant Parties. However, Ms. Atsumi gave no clear answer, due to her confidentiality obligations. For this reason, we were unable to confirm that Ms. Atsumi does not fall within the Company's established criteria for the independence of Independent Outside Directors, which means that she did not qualify as an attorney who earned more than 10 million yen per year during the past 5 years (see Items (5) and (9) of our Independence Criteria for Independent Outside Directors). In other words, we were unable to confirm whether Ms. Atsumi is independent from Mr. Murakami and Relevant Parties.
In addition, through the written Q&A, we asked about the percentage of the total sales of Atsumi Law Office, for which Ms. Atsumi currently works, accounted for by transactions with Mr. Murakami and Relevant Parties. However, Ms. Atsumi did not give a clear answer due to her confidentiality obligations. For this reason, we were unable to confirm that Ms. Atsumi does not fall within the Company's established criteria for determining the independence of Independent Outside Directors, as defined in Item (3)A of our Independence Criteria for Independent Outside Directors; in other words, we were unable to confirm whether Ms. Atsumi is independent from Mr. Murakami and Relevant Parties.
Furthermore, we asked through the written Q&A whether an advisory agreement was executed by and between Ms. Atsumi and City Index Eleventh. However, Ms. Atsumi gave no clear answer, due to her confidentiality obligations.
As mentioned above, there are multiple transactions between Ms. Atsumi and Mr. Murakami and Relevant Parties in the range disclosed, so we asked Ms. Atsumi through the written Q&A to confirm whether she has independence from Mr. Murakami and Relevant Parties, but we were unable to obtain a response. As a result, we have not confirmed the independence of Ms. Atsumi from Mr. Murakami and Relevant Parties, which are major shareholders of the Company.

2 Activities as an agent for Mr. Murakami and Related Parties

According to reports, Ms. Atsumi served as Mr. Murakami's agent when Mr. Murakami was suspected of Market Manipulation in 2015.
In addition, in April 2021, Ms. Atsumi served as an agent on behalf City Index Eleventh in connection with City Index Eleventh's petition for a provisional injunction concerning the allotment of share options without contribution by Japan Asia Group Co., Ltd.

3 Relationship with the Murakami Family Foundation

Ms. Atsumi served as a director of the Murakami Family Foundation ("Murakami Family Foundation"). Through the written Q&A, she answered that she receives no remuneration or other financial benefits from the Murakami Family Foundation in return for her services as a director. Although we asked her through the written Q&A about the reason she serves as a director, Ms. Atsumi did not give a clear answer. In addition, through the written Q&A, she disclosed that she has contributed 100,000 yen to the Murakami Family Foundation so far. We asked her through the written Q&A about the percentage of the total income of the Foundation attributable to her contributions, but Ms. Atsumi did not give a clear answer.

4 Appointment as an outside director of Daiho Corporation

Ms. Atsumi was appointed as an outside director of Daiho Corporation ("Daiho") when City Index Eleventh and Related Parties were major shareholders of Daiho. We asked her about the reason she was appointed as an outside director of Daiho; however, Ms. Atsumi did not give a clear answer due to her confidentiality obligations. Provided that the time at which she was appointed as an outside director of Daiho was when City Index Eleventh was a major shareholder of Daiho, and given the relationship between Ms. Atsumi and Mr. Murakami, it is very difficult to assume that Mr. Murakami had no involvement in

the background of the appointment of Ms. Atsumi as an outside director of Daiho. In other words, we could suppose that Ms. Atsumi was appointed with the involvement of Mr. Murakami. In addition, approximately 9 months after Ms. Atsumi was appointed as an outside director of Daiho, it passed a resolution to perform a large-scale tender offer and third-party allocation of shares, with premiums, and as a result of these transactions, Daiho enabled City Index Eleventh to enjoy tax benefits.

5 Appointed as an outside director of Kosaido Co., Ltd.

Ms. Atsumi was appointed as an outside director of Kosaido Co., Ltd. ("Kosaido") when Reno and Minami-Aoyama Fudosan, which are under the influence of Mr. Murakami, were major shareholders of Kosaido. We asked her about the reason she was appointed as an outside director of Kosaido; however, Ms. Atsumi did not give a clear answer. Provided that the time at which she was appointed as an outside director of Kosaido was when Reno and Minami-Aoyama Fudosan, which are under the influence of Mr. Murakami, were major shareholders of Kosaido, and given the relationship between Ms. Atsumi and Mr. Murakami, it is very difficult to assume that Mr. Murakami had no involvement in the background of the appointment of Ms. Atsumi as an outside director of Daiho. In other words, we could suppose that Ms. Atsumi was appointed with the involvement of Mr. Murakami.