

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

COSMO ENERGY HOLDINGS COMPANY, LIMITED

**NOTICE OF CONVOCATION OF
THE EXTRAORDINARY GENERAL MEETING OF
SHAREHOLDERS**

Date and Time: 10:00 a.m., Thursday, December 14, 2023
Reception begins at 9:00 a.m.

Place: “Prince Hall” 5F, Annex Tower, Shinagawa Prince Hotel
4-10-30, Takanawa, Minato-ku, Tokyo, Japan
(Please note that the place of the meeting has been changed from the last ordinary general meeting of shareholders.)

Proposal to be Resolved: **Proposal:** Allotment of share options without contribution as part of the enactment of the Countermeasures based on the Response Policies to the Large-scale Purchase Actions, etc.

Deadline for exercise of voting rights in writing and via the Internet, etc.:
5:30 p.m., Wednesday, December 13, 2023

To Shareholders with Voting Rights

Shigeru Yamada
President, Representative Director
COSMO ENERGY HOLDINGS
COMPANY, LIMITED
1-1-1, Shibaura, Minato-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

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

The General Meeting of Shareholders will be streamed live so that shareholders can watch the meeting from their own homes. When convening the General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Internet website of the Company. Please access the website by using the Internet address shown below to review the information.

The Company’s website
<https://ceh.cosmo-oil.co.jp/ir/meeting/index.html> (in Japanese)



In addition to posting matters subject to measures for electronic provision on the Company’s website, the Company also posts this information on the website of Tokyo Stock Exchange (TSE) shown below.

TSE website (Listed Company Search)
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)



(Access the TSE website by using the Internet address shown above, enter “COSMO ENERGY HOLDINGS COMPANY, LIMITED” in “Issue name (company name)” or the Company’s securities code “5021” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you do not attend the meeting in person, you may exercise your voting rights via the Internet, etc. or in writing (postal mail). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:30 p.m., Wednesday, December 13, 2023.

1. **Date and Time:** 10:00 a.m., Thursday, December 14, 2023
Reception begins at 9:00 a.m.
2. **Place:** “Prince Hall” 5F, Annex Tower, Shinagawa Prince Hotel
4-10-30, Takanawa, Minato-ku, Tokyo, Japan
(Please note that the place of the meeting has been changed from the last ordinary general meeting of shareholders.)
3. **Agenda of the Meeting:**
 Proposal to be Resolved: **Proposal:** Allotment of share options without contribution as part of the enactment of the Countermeasures based on the Response Policies to the Large-scale Purchase Actions, etc.

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- Should any modification to the matters subject to measures for electronic provision occur, a notice of the modification and the matter content before and after the modification will be posted on the aforementioned Internet website of the Company and the TSE website.

Instructions for Exercising Your Voting Rights

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

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

1. Voting by Attendance at the General Meeting of Shareholders

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

Date and time of the General Meeting: 10:00 a.m., Thursday, December 14, 2023

2. Exercising Your Voting Rights by Post

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

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

Votes must be completed by: 5:30 p.m., Wednesday, December 13, 2023

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

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

*Please see page 4 for details.

Votes must be completed by: No later than 5:30 p.m., Wednesday, December 13, 2023

How to fill out the Voting Rights Exercise Form

Please input "Approve" or "Disapprove" here for the proposal.

<Proposal>

Approval: Mark ☐ in the box labelled “賛”

Disapproval: Mark ☐ in the box labelled “否”

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

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

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

Exercising Your Voting Rights via the Internet, etc.

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

Exercising Voting Rights by Scanning the QR Code “Smart Exercise”

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

1. Please scan the QR Code provided on the lower right of the Voting Rights Exercise Form.
* QR Code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then, please indicate your approval or disapproval for the proposal according to the instructions on the screen.

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

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

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

Entering the Voting Exercise Code and Password

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

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

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

The Sumitomo Mitsui Trust Bank, Limited, Securities Agent Web Support Hotline

Phone: 0120 (652) 031 (Toll Free, only in Japan)

(9:00 to 21:00)

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

Guide to Viewing a Livestream of the General Meeting of Shareholders

So that shareholders not physically attending the General Meeting of Shareholders will be able to watch the proceedings of the meeting on the day, we will be live streaming footage of the meeting on the Internet to shareholders as outlined below.

You will not be able to exercise your voting rights via the livestream on the Internet.

We ask you to exercise your voting rights prior to the meeting either in writing (postal mail) or via the Internet, etc. You will also not be able to ask questions or make motions via the livestream.

Date and time of streaming	10:00 a.m., Thursday, December 14, 2023 (Shareholders will be able to access the website from 9:30 a.m. on that day.)
How to view	Please access and log into the website using the URL or QR code below using a PC, smartphone or other device. https://v.sokai.jp/5021/2023/cosmorinji/ * QR Code is a registered trademark of DENSO WAVE INCORPORATED.



About the ID and password for viewing the livestream

You need to enter your ID (shareholder number) and password (postal code) to view the livestream.

Your shareholder number and postal code are printed on the enclosed Voting Rights Exercise Form.

[ID \(shareholder number\)](#)

Enter the nine-digit number (do not use double-width characters) printed on the enclosed Voting Rights Exercise Form.

[Password \(postal code\)](#)

Enter the seven-digit postal code (do not use double-width characters) printed on enclosed Voting Rights Exercise Form without including hyphens.

(Please make sure to write down the shareholder number elsewhere and keep it on hand before posting the Voting Rights Exercise Form.)

Log-in Method

- (1) Please access the website using the URL or QR code on page 5 using a PC, smartphone or other device.
- (2) Please enter your ID (shareholder number) and password (postal code) on the log-in screen, and after agreeing to the terms and conditions of the website, click the “Log-in” button.
- (3) Once 10:00 a.m. on the day of the meeting (Thursday, December 14, 2023) arrives, click the “View Livestream” button, and assuming you have agreed to the terms and conditions of use, the screen for viewing the livestream will appear.
 - Please note that video and audio may be affected by the device you use (model, performance, etc.) and internet connection (network conditions, connection speed, etc.).

In addition, please note that each shareholder is responsible for all communication charges and other costs associated with the viewing of the meeting.

- We strictly prohibit taking screen pictures, recording video and/or audio, saving, or any secondary use (posting to social media, etc.) of the livestream. It is also strictly prohibited to present your login ID and password to a third party.
- Photographs will be taken at venue on the day from the rear of the venue. Please understand that attending shareholders may be captured in pictures in some cases.

Inquiries about shareholder number and password

The Sumitomo Mitsui Trust Bank, Limited, Virtual Shareholders' Meeting Support Hotline

Phone: 0120 (782) 041

Inquiry period: Tuesday, November 21, 2023 to Thursday, December 14, 2023

Inquiry hours: 9:00 a.m. to 5:00 p.m. (excluding weekends and holidays)

Inquiries about how to view the livestream

Live Streaming Call Center provided by PRONEXUS Inc.

Phone: 0120 (970) 835

Inquiry period: From 9:00 a.m. on the day of the General Meeting of Shareholders (Thursday, December 14, 2023) to the closing time of the meeting

Reference Documents for the General Meeting of Shareholders

Proposal:

Allotment of share options without contribution as part of the enactment of the Countermeasures based on the Response Policies to the Large-scale Purchase Actions, etc.

Details of the Agenda

The Agenda is to request that our shareholders approve the Company's Board of Directors enacting countermeasures based on the Response Policies (as defined below) by ordinary resolution (consent of a majority of the voting rights of the shareholders present, including those whose voting rights have been exercised in writing or electromagnetic form) at the Extraordinary General Meeting of Shareholders (as defined below). As for details of the countermeasures, the share options will be allotted without contribution as described in III,3 of the Response Policies Press Release (as defined below).

Reason for the Agenda

As already announced in the press release as of July 28, 2023 "Notice Concerning Receipt of a Statement of Intent for Large-scale Purchase Actions, etc. Regarding Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc.," on July 27, 2023, the Company received a statement of intent for large-scale purchase actions, etc. regarding the large-scale purchase actions, etc. of the Company's share certificates, etc. from Minami Aoyama Fudosan Co., Ltd. ("Minami Aoyama Fudosan") and Ms. Aya Nomura ("Ms. Nomura"; collectively with Minami Aoyama Fudosan, the "Large Scale Purchasers", which submitted a statement of intent for large-scale purchase actions, etc. on July 27, 2023; the "Statement of Intent").

In response to the matters above, based on the "Company's Basic Policies for the Control of the Company Based on the Fact that City Index Eleventh Co., Ltd. and Other Parties (*1) 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." that continue to be limited to the extent of enactment, etc. of the countermeasures introduced by the Company as of January 11, 2023 and approved by the Company's shareholders in the Company's Ordinary General Meeting of Shareholders held on June 22 of the same year (the "2023 Ordinary General Meeting of Shareholders") (the "Response Policies"(*2)), the Company has repeatedly requested the Large-scale Purchasers to provide information considered necessary for the Company's Board of Directors and the Company's shareholders to examine the details of the large-scale purchase actions, etc. of the Company's share certificates, etc. by the Large-scale Purchasers as prescribed in the Response Policies (the "Large-scale Purchase Actions, etc.") (the "Large-scale Purchase Information") (*3) and has evaluated and examined the Large-scale Purchase Actions, etc. by the Large-scale Purchasers; finally, the Company's Board of Directors completed the Board of Directors' Evaluation Period on October 24 of the same year, the sixtieth business day after July 27 of the same year; i.e., the date of receipt of the Statement of Intent.

(*1) "City and Other Parties" means City Index Eleventh Co., Ltd. ("City Index Eleventh"), as well as its joint holders, Ms. Nomura and Reno, Inc. ("Reno"), and on and after April 7, 2023, when Minami Aoyama Fudosan became a shareholder of the Company, Minami Aoyama Fudosan is included in "City and Other Parties". In addition, the parties above are collectively referred to as the "Large-scale Purchasers and Others." "Large-scale Purchaser Group" is as defined in 4. of Part 1. of the "Information List" attached as the Exhibit to "Notice Concerning Delivery of Information List Regarding Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc." as of August 3, 2023.

(*2) 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") in **Exhibit A**. In addition, terms used in the Agenda that are not otherwise defined have the meanings set forth in the Response Policies Press Release.

(*3) For specific details of the "Information List" as of August 3, 2023 delivered by the Company to the Large-scale

Purchasers (the “Information List”) as the request for provision of the Large-scale Purchase Information and its responses thereto, the “Information List (2)” as of August 30, 2023 (“Information List (2)”) delivered by the Company to the Large-scale Purchasers as the request for provision of the Large-scale Purchase Information and its responses thereto, and the “Information List (3)” as of September 22, 2023 (“Information List (3)”) delivered by the Company to the Large-scale Purchasers as the request for provision of the Large-scale Purchase Information and its response thereto, please see the press release “Status of Response to the Information Lists Sent by the Company to the Large-scale Purchasers” as of October 24, 2023.

Since it has been determined that implementation of the Large-scale Purchase Actions, etc. would damage the Company’s corporate value or shareholders’ common interests as stated below in I, we announce that with full respect to the Independent Committee’s advice as stated below in II, the Company would like to present an agenda (the “Agenda”) to consult with the Company’s shareholders on the propriety of the enactment of countermeasures to the Large-scale Purchase Actions, etc. based on the Response Policies (the “Countermeasures”). The Company’s Board of Directors resolved, with the unanimous consent of all directors (including all four independent outside directors, regardless of whether they are Audit and Supervisory Committee members), to hold an extraordinary general meeting of shareholders as a Shareholders’ Will Confirmation Meeting (the “Extraordinary General Meeting of Shareholders”) and to present the Agenda at the Extraordinary General Meeting of Shareholders.

In the Extraordinary General Meeting of Shareholders, the Company would like to ask for shareholders’ approval for the Agenda to enact the Countermeasures by the Company’s Board of Directors by an ordinary resolution (the agreement of a majority of the voting rights of the attending shareholders, including those who exercise their voting rights by written or electronic means) (Unlike the so-called MoM resolution, the Large-Scale Purchasers and Others and the directors of the Company will also be allowed to exercise their voting rights.) For details of the Countermeasures, please see III, 3 of the Response Policies Press Release (*1).

As it is pointed out by the “Guidelines for Corporate Takeovers — Enhancing Corporate Value and Securing Shareholders’ Interests —” formulated and announced by the Ministry of Economy, Trade and Industry on August 31, 2023 (the “Takeovers Guidelines”), we believe that, regarding the Large-scale Purchase Actions, etc., purchases in the market have (i) the problem that since the regulations on information disclosure and similar matters like the case of a tender offer are not applied, sufficient information will be not disclosed and (ii) the problem of coercion in a partial purchase, and considering the fact that the Large-scale Purchasers submitted the Statement of Intent in line with the procedures prescribed in the Response Policies, although information disclosure was insufficient and other general circumstances, we decided to set an ordinary resolution as the resolution requirement for the Agenda.

In cases where it is reasonably concluded that the Large-scale Purchase Actions, etc. by the Large-scale Purchaser Group are not intended, such as a case where the Large-scale Purchasers and Others and Mr. Yoshiaki Murakami (“Mr. Murakami”) submit by the day immediately preceding the Extraordinary 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 May 31, 2024, the Company will withdraw the Agenda.

If the Agenda is passed, and it is deemed that the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc., the Company’s Board of Directors will make a resolution for allotment of the share options without contribution as the enactment of Countermeasures, fully respecting the advice from the Independent Committee at that time (*2). The number of shares for each share option that will be allotted to each of the Company’s common shares has not yet been determined, but the Company’s Board of Directors will promptly determine and disclose the number when the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc.

If the Agenda is rejected, the Countermeasures will not be enacted, and in light of the purpose of proposal No. 5 passed in the 2023 Ordinary General Meeting of Shareholders, the Response Policies will be discontinued upon the closing of the first

meeting of the Board of Directors to be held after the Company's Ordinary General Meeting of Shareholders planned to be held in 2024.

- (*1) **Continuance of the Response Policies with its application limited to the Large-scale Purchasers and Others' Large-Scale Purchase Actions, etc.** (excluding other large-scale purchase actions, etc.) and within the extent necessary for enactment, etc. 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) **was approved by the shareholders in the 2023 Ordinary General Meeting of Shareholders.**
- (*2) "If it is deemed that the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc." means situations where the Large-scale Purchasers and Others purchase shares of the Company in excess of the 17,680,525 shares currently held. In order to eliminate arbitrary decisions by the Company's Board of Directors, the Company will determine, reasonably and objectively, whether the Large-scale Purchasers and Others have commenced Large-scale Purchase Actions, etc. based on the Company's shareholders' register, large-volume holdings statement, change reports, the result of the inquiry to Japan Securities Depository Center, Inc., and other objective information. In addition, if the Large-scale Purchasers and Others (including in cases where the Large-scale Purchasers and Others use the name of another entity belonging to the Large-scale Purchaser Group in a way that evades the law) commence a large-scale purchase action or similar action other than the Large-scale Purchase Actions, etc. without following the procedures set forth in the Response Policies, for example, by not submitting a statement of intent for large-scale purchase actions, etc. as set forth in the Response Policies (the "Large-scale Purchase Actions, etc. in Violation of the Procedures"), the Company will determine whether they have commenced Large-scale Purchase Actions, etc. in accordance with the same procedures and method above, and based on the fact that the shareholders approved in advance proposal No. 5 regarding the enactment of countermeasures to the Large-scale Purchase Actions, etc. in Violation of the Procedures in the 2023 Ordinary General Meeting of Shareholders (for the details, please see the convocation notice and reference materials of the 2023 Ordinary General Meeting of Shareholders), the Company's Board of Directors will enact the countermeasures (while fully respecting the advice from the Independent Committee at that time).

I Evaluation of the Board of Directors of the Company Concerning the Large-scale Purchase Actions, etc. by the Large-scale Purchasers

1 General Remarks

The Company's financial soundness was severely damaged by an explosion caused by the Great East Japan Earthquake in 2011 as well as large-scale inventory valuation losses in FY2014 and FY2015 (totaling 184.8 billion yen). It was extremely important for us to ensure financial soundness from the perspective of corporate value and its shareholders' common interests because, specifically, the net D/E ratio was 4.6 times and the net worth ratio was 7.7% at the end of FY2015.

The Company subsequently enacted the 6th Medium-Term Management Plan (the "Previous Medium-Term Management Plan") (for FY2018 to FY2022), which began in FY2018, and has since been working to strengthen its earnings power. Because the Company had certain prospects on ensuring its financial soundness, in May 2022, we announced that we would substantially increase shareholder returns, including dividend increases and share buy-backs, targeting a total return ratio of 50%. In addition, in the 7th Medium-Term Management Plan announced on March 23, 2023 (the "Medium-Term Management Plan"), we clearly stated that we will work to increase corporate value, our shareholders' common interests, and PBR by improving profitability, enhancing capital policies, and fostering growth expectations. Also, in our capital policies, we announced a more in-depth shareholder return policy with a total return ratio of at least 60% and a minimum dividend of 200 yen. Since then, the Company has maintained an extremely strong awareness of increasing corporate value and our shareholder's common interests. The raising of the lower limit of the dividend from 200 yen/share to 250 yen/share during the period of the Medium-Term

Management Plan, which was announced in the press release “Notice Regarding Revision of Policy on Shareholder Returns and Revision of Dividend Forecast” on August 10, 2023, also demonstrates our commitment to enhancing corporate value and our shareholders’ common interests constantly while keeping an eye on medium-and to long-term business performance trends.

We believe that maintaining high refinery utilization ratio is indispensable to our ability to provide greater shareholder returns than our competitors, and that realization of continuous safe and stable operations is proof of our sincere efforts to increase corporate value and our shareholders’ common interests.

As a result of our efforts above, while the Company’s stock price was 2,630 yen (PBR 0.5 times) at the end of March 2022 before announcing the considerable increase in shareholder returns above, it continuously rose to 3,550 yen (PBR 0.6 times) at the end of May 2022 when announcing the considerable increase in shareholder returns; 4,285 yen (PBR 0.7 times) at the end of March 2023 when the Medium-Term Management Plan was announced; 5,240 yen (PBR 0.9 times) at the end of August 2023 when announcing the raising of the lower limit of the dividend. In addition, the Company’s TSR (Total Shareholder Return) for the past three years with a base date of the end of September 2023 is approximately 245% higher than the TOPIX Total Return Index, and we believe that the Company’s shareholders appreciate our efforts to increase the Company’s corporate value and our shareholders’ common interests.

On the other hand, we believe that all of the proposals by the Large-scale Purchasers and Others to the Company mentioned in the written response to the Information List (including the details that the Large-Scale Purchasers and Others refer to as a possibility at this point in 17. of Part 7 of the Information List) are not appropriately feasible and lack specifics, and the Large-scale Purchasers and Others do not have realistic and specific measures to improve the Company’s corporate value or shareholders’ common interests (2 below). Considering the fact that there are conflicts of interest between the Large-scale Purchasers and Others and the Company and its shareholders (3 below), it is reasonably inferred that the Large-scale Purchasers and Others would harm the Company’s corporate value or shareholders’ common interests by pursuing their own short-term profits. Furthermore, the Large-scale Purchasers and Others move the shares of the Company held within the Large-scale Purchaser Group from time to time at their will without providing any particular reason, and we believe that the actual state of the entities within the Large-scale Purchaser Group other than the Large-scale Purchasers is unclear, and therefore, which entity is responsible for the Large-scale Purchase Actions, etc. is unclear; in addition, the group as a whole has doubts in terms of compliance, and therefore, they are inappropriate as entities to implement the Large-scale Purchase Actions, etc. (4 below). Assuming the above, based on the high possibility that the Large-scale Purchaser Group, with the Large-scale Purchase Actions, etc. first, will further purchase shares of the Company and the like, we cannot help but evaluate the Large-scale Purchase Actions, etc. as realistic threats to the Company’s corporate value or its shareholders’ common interests (5 below).

Further, since the method for the Large-scale Purchase Actions, etc. by the Large-scale Purchasers and Others (a partial purchase in the market) will still cause the Company’s general shareholders to be coerced (6 below), we believe that implementation of the Large-scale Purchase Actions, etc. will also have an effect on the Company’s general shareholders, such as forcing them to unwillingly sell their shares of the Company, and from that viewpoint, the Large-scale Purchase Actions, etc. are highly problematic.

As described above, we believe that it is in the best interest of the Company’s corporate value and shareholders’ common interests to prevent the Large-scale Purchase Actions, etc. now, and that there is a possibility that allowing even a slight increase in purchases of shares of the Company will damage the Company’s corporate value or shareholders’ common interests.

2 The fact that the Large-scale Purchasers and Others do not have realistic and specific measures to improve the Company's corporate value or its shareholders' common interests after the Large-scale Purchase Actions, etc.

The Large-scale Purchasers state that the purpose of the Large-scale Purchase Actions, etc. is to “encourage the Company to improve the corporate value and the shareholder value as a shareholder”; however, in fact, we believe that the Large-scale Purchasers and Others do not have realistic and specific measures to improve the Company's corporate value or its shareholders' common interests if they implement the Large-scale Purchase Actions, etc.

In this regard, the Large-scale Purchasers made the following proposals in the response to 17. of Part 7 of the Information List.

- (i) proposal to make Cosmo Eco Power Co., Ltd. (“ECP”) independent from the Company by taking advantage of the tax benefits of spin-offs (i.e., all shares of a subsidiary are distributed to existing its shareholders in the form of dividends in kind) and be newly listed
- (ii) proposal that course of actions, including closure of refineries or consolidation with refineries held by competitors in the industry, and its milestone should be publicly announced after thoroughly surveying as to which refineries have competitiveness regarding the refineries held by the Company
- (iii) if it can be determined that proceeding with the consolidation and abolition of refineries by becoming a part of ENEOS Corporation (“ENEOS”) or Idemitsu Kosan Co., Ltd. (“Idemitsu Kosan”) or transferring all or part of its refineries would not only be beneficial to the Company but also contribute to the stabilization and optimization of energy supply in Japan, then such a proposal
- (iv) if there is a possibility that it will be necessary to convert the business structure, such as by effectively using the land and facilities of the Company's refineries not only at supply bases for petroleum products but also at supply bases for hydrogen, ammonia, etc. as alternative energy in the future and with respect thereto, it is determined that ownership and management by ENEOS, Idemitsu Kosan, or any other third party other than the Company (a domestic corporation is assumed) would contribute to improvement of the Company's corporate value and stabilization and optimization of the supply of energy in Japan, the proposal for the Company to become a part of ENEOS, Idemitsu Kosan, or any other third party other than the Company
- (v) proposal to establish a quantitative numerical target for consideration of the possibility of changing the portfolio and converting the business to a different type (converting the business structure, such as by effectively using the land and facilities of the Company's refineries not only at supply bases for petroleum products but also at supply bases for hydrogen, ammonia, etc. as alternative energy in the future) while securing stable earnings as a listed company
- (vi) proposal for business transfer, etc. if it can be determined that, regarding a project related to oil exploration & production conducted by the Company through its business companies, ownership and management thereof by a company other than the Company (a domestic corporation is assumed) would contribute to the Company's corporate value and the efficiency of the industry as a whole, eventually Japan's national interests and stabilization and optimization of the supply of energy to Japanese people

However, when the Company asked about the details of each of the above proposals (i) through (vi), the Large-scale Purchasers responded only that they were “listed only as possibilities” and refused to give substantive answers, behavior which cannot be considered to be based on a sincere consideration of the proposal.

Regarding the individual proposals, for example, those relating to the spin-offs of ECP as stated in (i), although the Large-scale Purchasers and Others initially suggested that the corporate value of ECP would be increased by locating ECP within the Company's group, they then made a complete about-turn, making a suggestion on the assumption that the Company would divide ECP from the Company's group, and thus their statements were inconsistent. In addition, as stated in 1 of “Notice of Agenda for Company's Ordinary General Meeting of Shareholders to Confirm

Shareholders' Will Concerning Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.” as of May 23, 2023, (i) 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 or shareholders' common interests, and (ii) we believe that the splitting and listing of the renewable energy business subsidiary argued by the Large-scale Purchasers and Others are not feasible at least for the foreseeable future and not based on serious consideration. Moreover, City Index Eleventh made the shareholder proposal (the “Shareholder Proposal”) in the 2023 Ordinary General Meeting of Shareholders, to the effect that it would appoint Ms. Atsumi Yoko (“Ms. Atsumi”) as an Outside Director of the Company, and she stated that she was committed to “seriously discussing the listing of the renewable energy subsidiary at the Company's Board of Directors meeting and disclosing the results thereof.” However, **the approval rate of the Shareholder Proposal was just 25.93% of the total voting rights of the Company's shareholders who exercised their voting rights, and if we deduct affirmative votes by the Large-scale Purchasers and Others, only 3.04% of affirmative votes were gathered.** In response to this result, Mr. Murakami stated in an interview held on June 29, 2023 that the Large-scale Purchasers and Others would retract the spin-offs because the Shareholder Proposal was rejected. We believe that the fact that the Large-scale Purchasers made a proposal (i) above that is almost the same as the proposal made before the 2023 Ordinary General Meeting of Shareholders despite these circumstances is proof that the proposal (i) has not been considered sincerely.

In addition, regarding (ii) above, the oil business of the Company's group continues to achieve high revenue due to the short position strategy, in which the production volume is less than the sales volume, as well as the achievement of a high operation rate of the oil refineries that significantly exceeds the national average thanks to the improvement of the safe operation level based on measures such as the introduction of the operation management system. Moreover, in VISION2030, released at the same time as the Medium-Term Management Plan, the Company announced that it also expects to maintain the high operation rate of the oil refineries in 2030. Furthermore, regarding (vi) above, the oil development business of the Company's group holds extremely competitive rights and interests based on its strong relationships with Middle Eastern oil-producing countries for over 50 years, and the group has continued production, as the only operator in the Middle East region that is a Japanese company. Based on these and other similar factors, the Company's group prides itself on playing an important role in Japan's energy security. Amid this situation, as the recurring profits of the oil business and oil development business of the Company's group account for approximately over 80% of the entire group's recurring profit, the primary generator of the group's revenue, the Company believes that the consolidation and abolition of such oil refineries and transfer of the oil development business are proposals that could disrupt the foundation of the Company's revenue.

As above, the Large-scale Purchasers state that the purpose of the Large-scale Purchase Actions, etc. is to “encourage the Company to improve the corporate value and the shareholder value as a shareholder”; however, in fact, we believe that the Large-scale Purchasers and Others do not have realistic and specific measures to improve the Company's corporate value or shareholders' common interests if they implement the Large-scale Purchase Actions, etc., and their proposal would harm the Company's corporate value or shareholders' common interests.

- 3 **There are conflicts of interest between the Large-scale Purchasers and Others and the Company and its general shareholders. Therefore, it can be concluded that the Large-scale Purchasers and Others would harm the Company's corporate value or its shareholders' common interests by pursuing their own short-term profits.**

There is a possibility that the Company will be forced to conduct a large-scale TOB by an issuer at a premium price, as described in (1) to (3) below, **if the Large-scale Purchasers and Others implement the Large-scale Purchase Actions, etc., and increase their influence over the Company by purchasing more shares of the Company in order to recoup their investments pertaining to the Company shares held by them,** and in addition, **it can be concluded that there are other conflicts of interest between the Large-scale Purchasers and Others and the**

Company and its shareholders, as described in (4) and (5) below. Based on the above, we believe that the Large Purchasers and Others would harm the Company's corporate value or shareholders' common interests by pursuing their own short-term profits.

- (1) The fact that the Large-Scale Purchase Actions, etc. make it more difficult for the Large-Scale Purchasers and Others to exit and restrict the exit method.

According to the Statement of Intent, the Large-Scale Purchasers and Others intend to acquire Company shares representing approximately 24.56% of the voting rights by conducting the Large-Scale Purchase Actions, etc. However, it can be concluded that it would be more difficult for the Large-scale Purchasers and Others to sell or dispose of such a large amount of the Company shares when they exit, compared to the current situation.¹ In this respect, considering that the discount rate applicable to the closing price on the previous day of the resolution on the sale also reached approximately 16% when Infinity Alliance Limited (which was the largest shareholder in the Company at that time) was to sell 15.70% of the then-current number of voting rights of all shareholders in March 2022, we believe that its exit method will be further limited if the Large-scale Purchasers and Others end up acquiring the Company shares representing 24.56% of the voting rights as a result of conducting the Large-Scale Purchase Actions, etc.

In this regard, while in the response to 1 of Part 3 in II of Information List (2), the only reply was that "at this time, we do not anticipate any specific collection method" with regard to the (currently assumed) method of collecting the investment, **it is unusual that the Large-Scale Purchasers have not determined the final exit method at this point, even though they have declared that they will acquire a large volume of the Company shares representing up to 24.56% of voting rights (which will make it more difficult to sell or dispose of such shares in the market)** and it is assumed that the **Large-Scale Purchasers** intend to eventually sell their shares to the Company.

- (2) It is presumed also from the past investment behavior of the Large-scale Purchaser Group that the Company will be forced to conduct a large-scale TOB by an issuer at a premium price, as a result of the Large-scale Purchasers and Others' increase in influence over the Company by purchasing more shares of the Company.
- (A) The Large-scale Purchaser Group has in fact exited in previous investment cases by having a target company conduct a large-scale TOB by an issuer at a premium price.

As indicated in **Exhibit 1**, **the Large-scale Purchasers and Others' past investment cases include numerous actual investments whereby the Large-scale Purchaser Group engaged in transactions that involved acquiring some of the businesses and assets of the target companies, and selling the remaining portions (a transaction similar to a "bust-up acquisition"), and also actual investment cases whereby the Large-scale Purchaser Group purchased large numbers of shares of target companies in and outside markets, and increased their influence on the target companies, causing the target companies to conduct an extremely large-scale TOB by an issuer at a premium price.**

In particular, **all of the large-scale TOB by an issuer by the investees whereby the Large-scale Purchaser Group has made investments, where the Large-scale Purchaser Group's holding ratio**

¹ According to the Change Report No. 12 dated April 14, 2023 pertaining to the large-volume holdings statement filed by City Index Eleventh, the Large Purchasers and Others hold a total of 20.01% of the Company shares in terms of the holding ratio of share certificates, etc., and we understand that there has been no change until now.

of their shares has reached 20% or more (see Part 10 of the Information List)² **were large-scale TOB by an issuer at a premium price** (specifically, ShinMaywa Industries, Ltd., Sanshin Electronics, Hoosiers Holdings Co., Ltd. (“Hoosiers”), Nishimatsu Construction Co., Ltd. (“Nishimatsu Construction”), Daiho, and Central Glass Co., Ltd. (“Central Glass”)). **Moreover, in all of these TOBs, the Large-scale Purchaser Group succeeded in exiting by tendering shares in the TOB by an issuer, and these are typical exit methods used by the Large-scale Purchasers and Others.**

Of all the 36 cases of a TOB by an issuer conducted by listed companies between June 1, 2020 and May 31, 2023, **only six cases were large-scale TOBs by issuers made at premium prices (compared to the average share price per month),³ and, except for one case (by HIKARI TSUSHIN, Inc.), all of them (in comparison to the one-month average share price) were conducted by companies with the Large-scale Purchaser Group as a large shareholder,** and the Large-scale Purchaser Group tendered in such tender offers (specifically, Sanshin Electronics, Nishimatsu Construction, Daiho, Central Glass, and JAFECO Group Co., Ltd.).

However, **a share buy-back is usually implemented if a share price is low, and a TOB by an issuer is usually implemented when a share price is that at the time of implementation of the share buy-back or less. Therefore, by comparing the method to cases where a TOB by an issuer at a premium price is not implemented, it is clear that a TOB by an issuer at a premium price is a method that is undesirable for shareholders who hold shares in the medium-to-long term and wish the shares to remain in the target company and that would harm shareholders’ common interests.**

In fact, we have confirmed the trends in the stock market capitalization of the companies mentioned above, which the Large-scale Purchaser Group invested and came to hold 20% or more of shares as a holding ratio of share certificates, etc., after the announcement of a TOB by an issuer at a premium price. In theory, the share price should rise in accordance with the decrease in the number of shares due to a TOB (except for the case of Daiho, in which a third-party allotment that is approximately the same size as a TOB was announced). However, it was found that stock market capitalization on the closing date of each TOB decreases, compared to stock market capitalization on the business day prior to announcement in all of the cases (see **Exhibit 2**). We believe that a TOB by an issuer at a premium price would not lead to an improvement in shareholders’ common interests, and rather that the Large-scale Purchaser Group (who can enjoy tax benefits relative to other shareholders, as mentioned below) would sell the shares at a higher price and harm the interests of remaining ordinary shareholders.

- (B) There have also been cases, such as the case of investments in Daiho, where the Large-scale Purchaser Group did not adopt other reasonable schemes and had the target company implement a large-scale tender offer by an issuer at a premium price.

With regard to the investment in Daiho by the Large-scale Purchaser Group, a large-scale TOB was implemented by an issuer at a premium price which enabled the Large-scale Purchaser Group to exit in a manner that allowed it to enjoy significant tax advantages compared to other shareholders, as well as a third-party allotment of shares to ASO Corporation (“Aso”) has been implemented. The TOB statement filed by Daiho on March 24, 2022 revealed that the Large-scale Purchaser Group rejected a scheme to

² Corporations in which the percentage of share certificates, etc. held by the Large-scale Purchaser Group exceeds 20% in change reports which were submitted when the Large-scale Purchaser Group became a submitter or joint holder in and after 2018 (excluding the Company and delisted corporations).

³ Sources: pages 78 and 85 to 106 of the *Siryoban Shojihomu* No. 448, pages 49 to 50 of the *Siryoban Shojihomu* No. 460, and pages 36 to 37 and 40 to 42 of the *Siryoban Shojihomu* No. 472.

transfer its shareholdings directly to Aso (which is considered a more reasonable method than the scheme above), and instead proposed the scheme described above.

In this regard, the Large-scale Purchasers made, among others, a counterargument that the Large-scale Purchaser Group did not “propose” the scheme described above. However, there have been few cases of listed companies’ mergers and acquisitions involving a combination of a large-scale TOB by an issuer and a capital increase through third-party allotment. In addition, if the share transfer scheme had been adopted, Aso would have contributed a relatively small amount of money compared to a capital increase through a third-party allotment (in light of the fact that the allotment price of the capital increase through a third-party allotment that was actually conducted was higher than the price of the TOB by an issuer), and Daiho, would not have had to bear a significant financial burden on its own, even temporarily, nor would it have had to bear the burden involved in the procedures for reducing its capital reserve, the filing of a tender offer statement associated with the TOB by an issuer, or the filing of a securities registration statement associated with the third-party allotment. Therefore, from a rational point of view, we believe that there is no reason for Aso or Daiho to dare favor the combination of a large-scale TOB by an issuer and a capital increase through a third-party allotment. Therefore, even objectively and reasonably, it is highly probable that the Large-scale Purchaser Group’s approach (tangible or intangible) was the reason the scheme was adopted.

In the case of Daiho, approximately nine months after Ms. Atsumi was appointed as an outside director under the circumstances where Minami Aoyama Fudosan and City Index Eleventh held a total of 41.04% of shares of the same company, the company made a resolution to conduct a large-scale TOB by an issuer at a premium price and increasing capital by third-party allotment to Aso, which enabled the Large-scale Purchaser Group to exit while enjoying considerable tax benefits compared to other shareholders.

In relation to the Company, as announced in the press release as of May 23, 2023, “Notice on Opposing Opinion of the Company’s Board of Directors Against the Shareholder Proposal for the Company’s Ordinary General Meeting of Shareholders” (the “Opposing Opinion Press Release”), City Index Eleventh also submitted the Shareholder Proposal, to the effect that it should appoint Ms. Atsumi as an Outside Director of the Company.

(C) Brief summary

As indicated above, based on the fact that past investments by the Large-scale Purchaser Group include numerous actual investments whereby the Large-scale Purchaser Group exited by making investment destination companies conduct significantly large-scale TOB by issuers at premium prices, the Company believes that if the Large-scale Purchasers and Others considerably expand control and influence over the Company through implementation of the Large-scale Purchase Actions, etc., **there is a possibility that the Company has to conduct a large-scale TOB by an issuer at a premium price (see (3) below), which enables only the Large-scale Purchaser Group to enjoy tax benefits compared to other shareholders and that the Company’s corporate value or its shareholders’ common interests will be harmed.**

- (3) It is presumed that there is a possibility that the Company will have to conduct a large-scale TOB by an issuer at a premium price, as a result of the Large-scale Purchasers and Others’ expanding their influence over the Company by purchasing more shares of the Company from the perspective of tax benefits of the Large-scale Purchasers and Others.

- (A) Through exit by tendering shares in an own-share TOB after holding a large amount of shares of a specific company, especially City Index Eleventh and Minami Aoyama Fudosan, a domestic corporation gains tax benefits.

In general, for domestic corporate shareholders who tender or sell shares in an own-share TOB via a specific company, certain tax benefits arise. In particular, **the shareholders are subject to the system of exclusion of deemed dividends from taxable gross profits for consideration of the own-share TOB. Moreover,** (since the amount of exclusion of gross profits regarding deemed dividends is calculated irrespective of the share acquisition price of shareholders, gains and losses on a sale of shares will be calculated by deducting the deemed dividends from consideration of the own-share TOB and deducting the acquisition price of shares from the amount remaining after the first deduction); therefore, **if the amount of deemed dividends is large, a large amount of losses on a sale of shares can be recognized by shareholders for tax purposes.**

In addition, with regard to the amount of exclusion of gross profits regarding deemed dividends, in general, (i) if the domestic corporation's holding ratio of shares of the target company is 5% or less of the total number of issued shares, 20% of the amount of dividends, etc. will be excluded; (ii) if it is more than 5% and 1/3 or less of the total number of issued shares, 50% of the amount of dividends, etc. will be excluded; and (iii) if it is more than 1/3 of the total number of issued shares, the total amount of dividends, etc.⁴ will be excluded, from gross profits, respectively. **If the share holding ratio increases, more tax benefits can be enjoyed.**

While **individuals and foreign corporate shareholders cannot enjoy these tax benefits, in several past investment cases, such as in the cases (Hoosiers, Kuroda Electric, and Nishimatsu Construction, etc.),** the Large-scale Purchaser Group **also transferred investee companies' shares held by individuals, such as Ms. Nomura to domestic corporations, including City Index Eleventh and Minami Aoyama Fudosan, after the investee companies decided to perform an TOB by an issuer and before tendering shares in the tender offer; accordingly, we doubt that they tried to enjoy tax benefits that can be enjoyed only by the domestic corporations as above (moreover, domestic corporate shareholders who hold more than 5% can gain more tax benefits than domestic corporate shareholders who only hold 5% or less) to the maximum extent.** This is reasonably supported by the fact that the tax burden rates of City Index Eleventh and Minami Aoyama Fudosan are remarkable low compared to the amount of operating profits, as stated in (B) below.

- (B) It is assumed that the Large-scale Purchaser Group actually enjoyed tax benefits in many of their past investment cases.

We believe that the Large-scale Purchaser Group have obtained a significant amount of returns by investing in various investees so far. However, according to the public notice of account closing (from the 15th term to the 17th term) of **City Index Eleventh, the amounts of net profits before tax of the company in the most recent three fiscal terms are so large that they reach 20 billion yen or more:**

Nevertheless, according to the public notice of account closing of **City Index Eleventh, corporate tax, inhabitants tax, and enterprise tax ("Corporate Tax and Others") were 0 yen (in the unit of 1 million yen; as to this point, City Index Eleventh only stated that it paid the Metropolitan inhabitants tax and provided no answers about payment of corporate tax, which is important in relation to tax benefits.)** It is reasonably presumed that the major reason for such tax results is that **City**

⁴ Excluding specific debt interests.

Index Eleventh enjoyed tax benefits (which cannot be enjoyed by individuals or foreign corporations) obtained through the application of the system of exclusion of deemed dividends from taxable gross profits regarding deemed dividends (as in (A) above) for the tender and sale in the TOB by an issuer regarding 11. to 20. of Part 10 of the Information List.

For example, the Large-scale Purchaser Group increased the holding ratio of Hoosiers share certificates, etc. to approximately 37.57% and concentrated the holding shares in City Index Eleventh (regarding the reason for the concentration, the Large-scale Purchasers reiterated a vague answer, by stating “financing, etc. by each company”) and tendered most of the shares in Hoosier’s large-scale TOB by an issuer.⁵

Regarding this, as stated in (A) above, **the Large-scale Purchasers acknowledged that “as a result, ‘as to whether the Large-scale Purchaser Group enjoyed more benefits arising from deducting dividend income with regard to the deemed dividends’ the answer is ‘yes’”, and acknowledged that it enjoyed more benefits under tax laws and regulations (which cannot be enjoyed by individuals or foreign corporations).**

In addition, similarly, regarding **Minami Aoyama Fudosan**, the Large-scale Purchaser, according to the profit and loss statements provided (from the 17th term to the 19th term), profits before tax and Corporate Tax and Others for each term are as follows, respectively; but **the amounts of Corporate Tax and Others are extremely small compared to the net profits before tax as follows:**

- (i) net profits before tax of the 17th term (from October 1, 2021 to November 30, 2021):
1,570,808,814 yen (Corporate Tax and Others: 11,600 yen);
- (ii) net profits before tax of the 18th term (from December 1, 2021 to November 30, 2022):
5,126,639,871 yen (Corporate Tax and Others: 70,000 yen); and
- (iii) net profits before tax of the 19th term (from December 1, 2022 to February 28, 2023):
2,177,561,717 yen (Corporate Tax and Others: 17,500 yen).

For this reason, in the response to 4. of Part 6 in II of Information List (2), the Large-scale Purchasers only responded “we believe that there are differences between taxable income and accounting profit.” Here, it is presumed that the situation regarding which the Large-scale Purchasers stated “there are differences between taxable income and accounting profit” means that “if the shares are sold at a high price through TOB by an issuer, capital gains are realized in accounting, while (as stated in (A) above) **the capital gains are deemed dividends and not included in gross profits for tax purposes, and on the contrary, if the balance obtained by subtracting the deemed dividends from the value of the shares sold is less than the book value for tax purposes, losses on a sale of shares are generated for tax purposes.**”

Based on the above, we believe that domestic corporations, including City Index Eleventh and Minami Aoyama Fudosan, which is the Large-scale Purchaser, of the Large-scale Purchaser Group are constantly enjoying tax benefits through investments in various listed companies.

(C) Brief summary

As above, we believe that the Large-scale Purchasers and Others are enjoying tax benefits (which cannot be enjoyed by individuals or foreign corporations shareholders) by tendering shares in the TOB by an issuer under the Corporation Tax Act, and as a result of them increasing their influence through such

⁵ The scale is approximately 15 billion yen, and it is provided that the ceiling of the number of shares to be purchased in the TOB by an issuer is the number of shares slightly exceeding the number of Hoosiers shares held by City Index Eleventh immediately before announcement of the TOB by an issuer.

purchase of shares in order to receive tax benefits, we believe that there is a possibility that the Company will have to agree to a large-scale tender offer from an issuer at a premium price.

- (4) The Large-scale Purchaser Group held shares of competitors, and considering the details of their proposals in the past, there is considered to be a conflict of interest with the Company's general shareholders.

As in the past Mr. Murakami has vigorously emphasized the need for industry restructuring to the Company, information such as whether the Large-scale Purchaser Group holds shares in the Company's competitors, and the quantity thereof, is extremely important in considering whether and to what extent there is a conflict of interest with the Company's general shareholders (even if the shareholding does not meet the requirements for submitting a large-volume holdings statement). In the response to 1. of Part 2 in II of Information List (2), the Large-scale Purchasers stated that "It is true that we hold shares in the Company's competitors, but unlike shares in the Company, we do not hold the large amount of shares that is required to submit a large-volume holdings statement". However, in the response to Information List (3), the Large-scale Purchasers made a complete change and stated that "as of October 10, the Large-scale Purchasers hold no shares of the Company's competitors"; but it is reasonably presumed that this change is to avoid questioning about the conflict of interest above. In addition, the Large-scale Purchasers also stated that the future holding schedule had not been determined, and we believe that it is quite possible that a conflict of interest may arise with the Company's general shareholders in the future. In addition, with regard to the proposals listed as (ii) to (iv) and (vi) in the response to 17. in Part 7 of the Information List, considering that the competitors also have interests, the Large-scale Purchasers and Others have interests related to the Large-scale Purchase Actions, etc. in their capacity as shareholders of competitors rather than as shareholders of the Company and as to this point, we understand that they are in a different position than general shareholders (in the response to 13. of Part 3 of the Information List, it is suggested that Idemitsu Kosan also has a personal relationship. We believe that the Large-scale Purchaser Group has its own interest concerning the point that it can make various proposals using such relationships).

In addition, in the meeting on May 25, 2022, considering that City Index Eleventh and S-Grant. Co., Ltd. ("S-Grant") held 10.11% of the shares of Fuji Oil Company, Ltd. ("Fuji Oil") together at that time, Mr. Murakami asked us, "Don't you have the intention to hold the shares of Fuji Oil?", and after that, Mr. Murakami stated that "There are no synergies between the Company and Fuji Oil." However, in the meeting on August 31, 2022, he made a similar proposal and mentioned that he approached the Company because the proposal was turned down by other company, stating that "We were turned down by a certain company [the Company's note: this refers to the Company's competitor"⁶; therefore, it is apparent that the Large-scale Purchaser Group did not approach the Company about the proposal above for the purpose of improving the Company's corporate value through creation of synergies. Thus, we believe that the purpose of the Large-scale Purchaser Group holding shares of competitors in the name of industry restructuring is the Large-scale Purchaser Group's own interests.

Based on the Large-scale Purchaser Group's status of holding the Company's competitor shares and its behavior toward the Company above, we believe that there is a conflict of interest with the Company's general shareholders regarding implementing measures for the purpose of improving the Company's medium- to long-term corporate value or shareholders' common interests. This is because the Large-scale Purchaser Group has its own strong interest in the Company conducting transactions including integration between competitors and the Company, the shares of which the Large-scale Purchaser Group holds.

⁶ During this period, on August 12, 2022, City Index Eleventh sold 5.11% of Fuji Oil's shares in the market, which decreased the ratio of Fuji Oil held by City Index Eleventh and S-Grant together to 4.91%.

- (5) The Large-scale Purchasers and Others and Mr. Murakami strongly demand that they be involved in negotiations that should be originally conducted by the Company itself, and as a result, the Company's corporate value or the Company's general shareholders' interests would be harmed.

As below, we understand that the Large-scale Purchasers and Others and Mr. Murakami who leads them **persisted in trying to intervene in the negotiations between the parties, the Company and the relevant company, involving insider information (on the surface, they made it appear as if they respected direct communication between the two companies); however, once they determined that there was no specific progress, they unilaterally submitted the Statement of Intent.**

In particular, as indicated in the facts described in 3. of Part 2 in II of Information List (2) and 3. of Part 4 in I of Information List (3), **at a meeting with the Company and Mr. Murakami and City Index Eleventh held on June 29th, 2023, after the 2023 Ordinary General Meeting of Shareholders, they proposed a certain proposal, by providing a specific company name in their proposal, and asserted that Mr. Murakami himself should be allowed to be directly involved in the negotiations between this company and the Company as an intermediary.** In response to this, the Company stated that even if the Company were to negotiate with this company, the Company would not allow Mr. Murakami to participate in the negotiations since the Company needed to carefully consider, among others, the following matters: (i) in general, such negotiations are conducted only by the parties to a transaction; (ii) involving Mr. Murakami in the negotiations may result in having the Large-scale Purchasers and Others including Mr. Murakami (the Group's total holding ratio of share certificates, etc. is currently 20.01%, which virtually constitutes a status as a "major shareholder" as a whole under the FIEA) informed of material facts under insider trading regulations; and (iii) a Fair Disclosure Rules issue could also arise.

However, City Index Eleventh and Mr. Murakami insisted that Mr. Murakami should be allowed to be practically involved in the negotiations, such as requesting a report on the negotiation process (in the letter on July 19, 2023, City Index Eleventh stated that it was willing to execute a confidentiality agreement and insisted on being involved in the negotiation even by executing the agreement). City Index Eleventh and Mr. Murakami unilaterally determined, among other things, that the Company was reluctant to improve its shareholder value based on the fact that there was no progress during the period of only two weeks after the proposal; and immediately after that, they showed their intention to acquire additional shares of the Company, and finally, unilaterally notified that they would submit a Statement of Intent, unless the Company immediately decides and discloses measures to improve its shareholder value.

It is difficult to consider such behavior of City Index Eleventh and Mr. Murakami as usual rational shareholder behavior; rather, it can be strongly presumed that the Large-scale Purchasers and Others intend to be directly involved in the proposal for the purpose of them being involved in the decision-making of the Company's management against the background of their control and influence (the Company's opinion on the influence is as in 5 below), and as a result, the Company's corporate value or shareholders' interests would be harmed.

- (6) If control and influence of the Large-scale Purchasers and Others increase and the Company has to conduct a TOB by an issuer at a premium price, the Company's medium- to long-term corporate value and/or shareholders' common interests would be damaged.

The Large-scale Purchasers and Others have stated in the past that the Company should buy back a large amount of the Company shares. For example, regarding shares allocated through the exercise of share

options concerning the Convertible Bonds issued by the Company, the Large-scale Purchasers and Others requested that the Company implement the share buy back before the Company settles its accounts for the third quarter of fiscal year 2022.

In regard to the matters above, the value of the Company shares held by the Large-scale Purchasers and Others now equals approximately 92 billion yen on a basis of the closing price on October 23, 2023 (if the Large-scale Purchase Actions, etc. are performed and the holding ratio is 24.56%, approximately 112 billion yen); therefore, **if the Large-scale Purchasers and Others increase their control and influence over the Company as a result of the Large-scale Purchase Actions, etc., and the Company has to conduct a large-scale TOB by an issuer at a premium price, it is assumed that a large amount of funds, beyond expectation, will flow out and the Company may not be able to perform capital policies and investment plans to improve the corporate value or shareholders' common interests, which are listed in the Previous Medium-Term Management Plan by the Company.** In particular, it is assumed that there is a risk that the common interests of general shareholders who remain after a large-scale TOB by an issuer at a premium price are considerably harmed; the Company will be unable to invest in the oil business, oil development business, which are the primary generators the primary generator of the group's revenue, and the future renewable energy business, or to continue the dividend of 250 yen per share that the Company has promised to shareholders as a lower limit of dividend.

In addition, **in the Medium-Term Management Plan, the Company set the target equity capital amount at 600 billion yen based on the results of our analysis of the past 20 years ROA of approximately 130 similar companies in Japan and overseas, in each business segment from the perspective of a risk buffer, as well as other factors, which resulted in a total target equity capital amount of approximately 640 billion yen for each segment.** However, in response to this, **the Large-scale Purchasers and Others unilaterally concluded that the maximum amount of necessary equity capital for the Company was about 500 billion yen, based on the erroneous presumption that a substantial portion of the build-up of the Company's necessary equity capital is associated with its renewable energy business, and then demanded that any equity capital exceeding that amount be returned to shareholders. The Large-scale Purchasers and Others have not indicated sufficient grounds for making such a statement;** however, in such a situation, **if they increase their control and influence over the Company by conducting the Large-Scale Purchase Actions, etc., and the Company has to conduct a large-scale TOB by an issuer at a premium price, we believe that this is likely to damage the interests of general shareholders who remain after the tender offer from the perspective of risk; for example, it will significantly damage the value of the necessary equity capital reasonably calculated, the continuation of the Company's business will be at risk, and it will affect the amount raised and interest when raising funds through bonds or loans due to a downgrade in the external rating.**

4 The Large-scale Purchasers and Others are inappropriate as entities implementing large-scale purchase actions, etc. because their actual state is unclear and the responsible entity of the group is unclear, and they have doubts in terms of compliance.

- (1) Although the Large-scale Purchasers and Others have control and influence over the Company, it is unclear how and which corporation or individual is actually involved in the Company's management.
 - (A) The Large-scale Purchasers' refusal to provide basic information regarding the Large-scale Purchaser Group is considered to be against the Principle of Transparency, which is the third principle of the Takeovers Guidelines formulated by the Ministry of Economy, Trade and Industry.

In the Takeovers Guidelines formulated by the Ministry of Economy, Trade and Industry, **the**

“Principle of Transparency” is indicated as the third principle that should be respected in acquisitions. The principle provides that “Information useful for shareholders’ decision making should be provided appropriately and proactively by the acquiring party and the target company. To this end, the acquiring party and the target company should ensure transparency regarding the acquisition through compliance of acquisition-related laws and regulations;” however, **the Large-scale Purchasers’ responses in the information provision procedures conducted under the Response Policies were against this principle.** In other words, the Company requested basic information on the Large-scale Purchaser Group excluding the Large-scale Purchasers as the Large-scale Purchase Information; but the Large-scale Purchasers refused, without giving adequate reason for doing so, to respond to the request, merely explaining that the scope of the “Large-scale Purchaser Group” was inappropriate, although they responded to some of the questions. **Their refusal to provide even such basic information without any justifiable reason** is considered to **be contrary the Principle of Transparency, which is the third principle in the Takeovers Guidelines.**

The Takeovers Guidelines clearly indicate in regard to this point that “it is advisable for the acquirer to respond in good faith when asked by the target company about the extent to which there are any joint holders, and if there are circumstances which can be inferred that a person is a joint holder, it is advisable for the acquirer to provide relevant information” (p. 34 in English translation) (this principle is understood to naturally apply to those who potentially may be added as a joint holder at any time).

In addition, according to the Change Report No. 12, dated April 14, 2023, for the large-volume holdings statement submitted by City Index Eleventh, the Large-scale Purchaser Group transferred a large number of shares of the Company, which is equivalent to 6.8% of the holding ratio of share certificates, etc., off-market from Reno to Minami Aoyama Fudosan as of April 7, 2023 and the entity holding the Company’s shares has changed. **In the response to 8. of Part 1. of the Information List, they state only “fund demand of each group company” as the reason for the transfer of shares to Minami Aoyama Fudosan stated above and refuse to provide further explanations. If it is always possible to transfer the Company’s shares at their discretion based on the need within the Large-scale Purchaser Group, this means that a large-scale amount of the Company’s shares could be transferred within their group at any time under the discretion of Mr. Murakami, Ms. Nomura, Mr. Hironaho Fukushima, who is a representative of City Index Eleventh and Reno (“Mr. Fukushima”), and others who have attended the meetings between the Company and the Large-scale Purchasers and Others or the Large-scale Purchaser Group. Therefore, in light of evaluating the Large-Scale Purchase Actions, etc., the Company believes that the Company’s general shareholders need the information about whole Large-scale Purchaser Group.**

Nevertheless, the Large-scale Purchasers have consistently refused to respond to the request, explaining that “this information is unnecessary for shareholders to make decisions” based on their unilateral reasons; furthermore, their refusal to provide even such basic information is considered to be against the spirit of the “Principle of the Transparency,” which is the third principle in the Takeover Guidelines, which provides that “Information useful for shareholders’ decision making should be provided appropriately and proactively by the acquiring party and the target company” (p. 10 of the Guidelines’ English translation).

- (B) Although Mr. Murakami leads the discussions with the Company, in reality, Mr. Murakami does not have a capital relationship controlling entities holding the Company's shares, and by using different entities in their responses and information transmissions to the Company or their acquisition or holding of shares, they obscure which entity is responsible for their responses and information transmissions and ultimately make it extremely unclear how and which corporation or individual is involved in the Company's management.

We believe that **although Mr. Murakami has been at the forefront and made claims and requests at the meetings with the Company, in reality, he does not have a capital relationship controlling entities holding the Company's shares** (the capital relationship chart of the Large-scale Purchaser Group of which the Company is aware is shown in **Exhibit 3**). In addition, as stated below, in light of (i) the status of the Company's shares held by the Large-scale Purchasers and Others and the change in the entity purchasing the shares and (ii) the extremely difficult-to-understand actual state of Minami Aoyama Fudosan, which was selected as the Large-scale Purchaser, it is unclear which entity has any influence over the Company's management.

Specifically, according to the large-volume holdings statement dated April 5, 2022 submitted by City Index Eleventh, **initially, City Index Eleventh and Ms. Nomura acquired and held the Company's shares as joint holders, and subsequently, Reno joined as a joint holder in Change Report No. 6 dated August 12, 2022** and the Company's shares were purchased by the multiple separate entities. Under such circumstances, Mr. Murakami, Ms. Nomura, and Mr. Fukushima, the representative director of City Index Eleventh (who is concurrently the representative director of Reno), led the discussions such as meetings with the Company that started around April 2022, and the Shareholder Proposal dated April 19, 2023 was submitted by City Index Eleventh.

On the other hand, as stated in (A) above, **Minami Aoyama Fudosan (Mr. Tatsuya Ikeda ("Mr. Ikeda")) is its only director and the representative director, who is different person from Reno) became the joint holder of City Index Eleventh and Other Parties instead of Reno in April 2023. According to the Statement of Intent, the Large-scale Purchase Actions, etc. were led by Ms. Nomura and Minami Aoyama Fudosan (of which Mr. Ikeda, who has not attended discussions with the Company, is the representative director), not including City Index Eleventh, which mainly led discussions** among the Large-scale Purchasers and Others, the three parties holding the Company's shares. **The entity of the Large-scale Purchase Actions, etc. has completely changed to Minami Aoyama Fudosan, instead of City Index Eleventh.** However, they did not provide any substantive explanation concerning the reason Minami Aoyama Fudosan was chosen as the entity of the Large-scale Purchase Actions, etc., instead of City Index Eleventh (when we pointed out that Mr. Ikeda did not participate in discussions in person in 1. of Part 2. in I of Information List (3), they suddenly explained the circumstances in the response to the inquiry that "Mr. Fukushima attended the meetings with the Company as a representative of City Index Eleventh and an employee of Minami Aoyama Fudosan." However, they did not communicate this point at all at the time of the meetings with the Company, and they have not yet explained the reason why Mr. Ikeda did not attend in person).

On this point, **it became unclear which entity is responsible for discussions with the Company due to the involvement of multiple separate purchasing entities and frequent changes** within the Large-scale Purchaser Group **due to reasons unknown to outsiders** (for example, as stated above, the representative of City Index Eleventh who made the Shareholder Proposal to the Company at the 2023 Ordinary General Meeting of Shareholders is a different person from the representative of Minami Aoyama Fudosan, which is the entity conducting the Large-scale Purchase Actions, etc.). In addition, **concerning the reason why the entity conducting the Large-scale Purchase Actions, etc. was**

changed (initially, three parties, City Index Eleventh, Reno, and Ms. Nomura, jointly held the Company's shares; but why they decided to replace Reno with Minami Aoyama Fudosan and exclude City Index Eleventh, which made the Shareholder Proposal at the 2023 Ordinary General Meeting of Shareholders and also provided all responses from the Large-scale Purchasers in the information provision procedures under the Response Policies on its website, from the Large-scale Purchasers is unknown), they did not provide any substantive response on this point. It became even more unclear which entity has any control and influence over the Company's management.

Moreover, based on the facts as described in detail in Exhibit 4, the Large-Scale Purchaser Group has changed shareholding entities in the investees whereby the Large-scale Purchaser Group has made investments many times in the past, we cannot help but consider the possibility that shareholding entities in the Company will also change between the Large-scale Purchaser Group.

In addition, with respect to Minami Aoyama Fudosan, it is not clear which entity effectively has any influence over the Company's management (through Minami Aoyama Fudosan). Specifically, the "entity that effectively controls" Minami Aoyama Fudosan is considered to be Kabushiki Kaisha ATRA ("ATRA"), which is a wholly-owning parent company of Kabushiki Kaisha Office Support, which is the direct parent company of Minami Aoyama Fudosan. Based on the response to 5. of Part 1. in I of Information List (2), it was understood that shares in ATRA are held 33.4% by City Index Eleventh, 45.4% by City Index Tenth Co., Ltd. ("City Index Tenth"), and 21.2% by Mr. Murakami and his relatives. However, since the Large-scale Purchasers also refused to respond regarding City Index Tenth's capital structure and provide details of the "relatives," the actual state of Minami Aoyama Fudosan, which is a part of the Large-scale Purchasers (to what extent and who has influence over Minami Aoyama Fudosan) is uncertain and unclear.

In addition, according to 8. of Part 1. of the Information List, the Large-scale Purchasers state only that "At this point in time, we do not plan to transfer shares within our group." and they do not deny the possibility of a future transfer of the Company's shares within their group. If the Company's shares will be transferred between corporations influenced by Mr. Murakami in the future, it will become even more unclear how and which corporation or individual is involved in the Company's management (as stated above, although Mr. Murakami has been at the forefront and made claims and requests at the meetings with the Company, no information about Mr. Murakami has been stated in the Statement of Intent or other documents).

- (C) It is unclear how the Large-scale Purchasers and Others will affect the Company's management specifically after the Large-scale Purchase Actions, etc., and they do not have deep knowledge of the businesses of the Company's group

According to the Statement of Intent, if the Large-scale Purchasers and Others acquire 24.56% of the shares of the Company as the voting rights ratio through the Large-scale Purchase Actions, etc., they will have a significant control and influence over the Company's management, and as stated in 5 (1) below, there is a high possibility that the Large-scale Purchaser Group, with the Large-scale Purchase Actions, etc. first, will further purchase shares of the Company.

Considering the above, for implementation of the Large-scale Purchase Actions, etc., it is necessary to indicate specifically how the Large-scale Purchasers and Others will exert control and influence over the Company's management, but the Large-scale Purchasers do not provide their specific response on this point.

In addition, the Large-scale Purchasers admit in the Statement of Intent that Minami Aoyama Fudosan and City Index Eleventh do not have any experience in the same type of business as the Company and the Company's group companies, and in the response to 12. of Part 1 of the Information List, they answered that they do not have knowledge or experience related to the Company's businesses, and we believe that the Large-scale Purchasers and Others do not have deep knowledge of the details of the Company's businesses and the businesses of the Company's group (further, they refuse to provide their response on the Large-scale Purchaser Group and its members).

As above, **the Large-scale Purchasers and Others have not indicated specifically how they intend to have influence on the Company's management, and they do not have deep knowledge of the businesses of Company's group.** Therefore, if the Large-scale Purchasers and Others have a significant control and influence over the Company's management, we believe that the Company's corporate value and shareholders' common interests would be harmed.

(D) Brief summary

As described above, (i) the Large-scale Purchasers' refusal to provide basic information on the Large-scale Purchaser Group is considered to be against the Principle of Transparency, which is the third principle of the Takeovers Guidelines formulated by the Ministry of Economy, Trade and Industry; (ii) by using different entities in their responses and information transmissions to the Company or their acquisition or holding of shares, they obscure which entity is responsible for their responses and information transmissions and ultimately make it extremely unclear how and which corporation or individual is involved in the Company's management and; (iii) it is unclear how the Large-scale Purchasers and Others will affect the Company's management specifically after the Large-scale Purchase Actions, etc., and the Large-scale Purchasers and Others do not have deep knowledge of the businesses of the Company's group; based on the above, It is assumed that the Company's corporate value and shareholders' common interests would be harmed if the Large-scale Purchase Actions, etc. are implemented and the Large-scale Purchasers and Others have a significant influence over the Company's management.

(2) The Large-scale Purchasers and Others are considered to have doubts in terms of compliance.

At the 2023 Ordinary General Meeting of Shareholders, the Large-scale Purchasers and Others submitted the Shareholder Proposal, which proposed to appoint Ms. Atsumi, who had a transactional relationship with the Large-scale Purchaser Group, which was a "Foreign Investor," and could fall under a "related party" as a "person that has received a large amount of money or any other property" (Article 2, paragraph (1), item (ii), (e) of the Order on Inward Direct Investment) from the Large-scale Purchaser Group, as a Director of the Company. **In order to exercise voting rights to approve the proposal, it is considered necessary to make an advance notification to the competent authority regarding the exercise of the voting rights, but we believe that the Large-scale Purchasers and Others have not fully considered whether she falls under a "related party" and have not made such advance notification.**

Specifically, regarding Ms. Atsumi, the Company recognized the facts as stated in Exhibit 2 of the Opposing Opinion Press Release on May 23, 2023 of the Company. In addition, in light of the fact that she is serving as a representative lawyer of City Index Eleventh in the case of petition for provisional injunction order against share option gratis allocation by City Index Eleventh against Japan Asia Group Limited in April 2021, **it is quite possible that she falls under a "related party" as a "person who receives a large amount of money and other assets" (Article 2, paragraph (1), item (ii), (e) of the Order on Inward Direct Investment) from the Large-scale Purchaser Group;** and the Company believes that **advance notification of the exercise of**

voting rights (consent) by the Large-scale Purchasers and Others to approve the Shareholder Proposal was required.

Nevertheless, the Large-scale Purchasers only responded (response to 12. of Part 1 in I of Information List (2)) that “in the above case[Company’s note: refers to the case of petition for provisional injunction order against share option gratis allocation by City against Japan Asia Group Limited in April 2021], the person with whom City Index Eleventh executed the delegation agreement is not Ms. Yoko Atsumi, but the legal professional corporation to which Ms. Yoko Atsumi belonged at that time; therefore, your indication is inappropriate” on this point. However, **since Ms. Atsumi is listed as a representative lawyer in the above case, it is apparent that a letter of attorney was submitted to the court to delegate the case to her and that the delegation agreement was executed between City Index Eleventh and Ms. Atsumi; objectively, the response is contrary to the facts.**

In light of these circumstances, **the act of the Large-scale Purchasers and Others exercising their voting rights to approve the Shareholder Proposal and giving consent without advance notification is suspected of being in violation of the Foreign Exchange and Foreign Trade Act (the “Foreign Exchange Act”), which requires advance notification of consent regarding proposals related to the appointment of certain directors.**

5 The Large-scale Purchase Actions, etc. are actual threats to the Company’s corporate value and/or the Company’s shareholders’ common interests.

As in 2 through 4 above, the Large-scale Purchase Actions, etc. by the Large-scale Purchasers have material concerns, and as in (1) and (2) below, considering that **there is a high possibility that the Large-scale Purchaser Group will further strengthen their control and influence over the Company’s management by first enacting the Large-scale Purchase Actions, etc.,** we believe that the Large-scale Purchase Actions, etc. by the Large-scale Purchasers will interfere with performance of the Company’s measures to improve the corporate value and therefore, the Large-scale Purchaser Group is an actual threat to the Company’s corporate value or shareholders’ common interests.

- (1) We believe that there is a high possibility that the Large-scale Purchaser Group, with the Large-scale Purchase Actions, etc. first, will further purchase shares of the Company (the Large-scale Purchase Actions, etc. are considered to be the first step of the action to gradually acquire control over the Company).

The Statement of Intent indicates that the Large-scale Purchasers intends to acquire the number of shares leading up to 24.56% in terms of the voting rights ratio, but considering the below, we believe that **there is a good possibility that the Large-scale Purchaser Group, with the Large-scale Purchase Actions, etc. first, will further purchase shares of the Company.**

This means that, as the Company explained in detail in the press release on March 23, 2023 “Developments of Dialogue with City Index Eleventh Co., Ltd. and Other Parties and the Company’s Thoughts on the Spin-off,” (i) before introduction of the Response Policies, although the Large-scale Purchasers and Others expressed several times that they had no plans to acquire 20% or more of the Company shares as calculated on a large-volume holdings statement basis, as soon as they observed that how the Company addressed the matter was not in line with the Large-scale Purchasers and Others’ intent, they made a complete change to their expression and made statements to the effect that they would acquire 30% of the Company share certificates, etc. as calculated on a large-volume holdings statement basis and suggested that they acquire a majority as calculated on a large-volume holdings statement basis several times, (ii) the Large-scale Purchaser Group temporarily filed an advance notification under the Foreign Exchange and Foreign Trade Act to the effect that the Group as a whole

would acquire up to 40% of the Company shares, and (iii) on January 6, 2023, immediately before the Company introduced the Response Policies, Mr. Murakami unilaterally declared that he would acquire 20% or more of the Company shares as calculated on a large-volume holdings statement basis (in fact, the Large-scale Purchaser Group acquired more than 20% of the Company shares). As seen in the above cases, among others, the Large-scale Purchasers and Others have mentioned multiple times until now figures such as 30%, 40%, or a majority regarding the acquisition target for the Company shares. In addition, (iv) after introduction of the Response Policies, considering that introduction, City Index Eleventh stated in the letter on March 29, 2023 and the letter on May 1, 2023 that it did not have a plan for the Large-scale Purchasers and Others to acquire the Company share certificates, etc. until the 2023 Ordinary General Meeting of Shareholders (i.e., it did not deny the possibility of further purchase of the Company share certificates, etc. after the 2023 Ordinary General Meeting of Shareholders). However, finally, on July 27, 2023, after the 2023 Ordinary General Meeting of Shareholders, the Large-scale Purchasers submitted the Statement of Intent expressing their intention to acquire 24.56% of the Company shares in terms of the voting rights ratio (i.e., the total including the Company shares held by City Index Eleventh).

In addition (v) when providing information under the Response Policies, the Large-scale Purchaser Group did not deny a possibility of further purchases after the Large-scale Purchase Actions, etc. by stating “we have not determined anything now”. Moreover, (vi) the figure “24.56%,” the acquisition target for the Company shares in the Statement of Intent, is a figure that was never mentioned in the meetings between the Company and Mr. Murakami, Ms. Nomura, and Mr. Fukushima until now, and when providing information under the Response Policies, the Large-scale Purchasers did not particularly explain the reason why the Large-scale Purchasers set the acquisition target at “24.56%,” a percentage never previously mentioned.

Based on the above, the Company believes that although the Statement of Intent indicates “24.56%” in terms of the voting rights ratio as the acquisition target for the Company shares, the figure “24.56%” is merely a “temporal and provisional” acquisition target.

Therefore, if the Large-scale Purchase Actions, etc. are implemented as they are planned and where the Company does not agree to the large-scale TOB by an issuer at a premium price, there is a risk that the Large-scale Purchaser Group will increase their influence over the Company by purchasing on-market 30% or 40% or more of the Company shares in terms of the voting rights ratio by using several entities.

- (2) Only with the Large-scale Purchase Actions, etc. the Large-scale Purchasers and Others have a substantial veto over a special resolution at the Company’s General Meeting of Shareholders.

The Statement of Intent was submitted on July 27, 2023 and it indicated that the Large-scale Purchasers plan to acquire 24.56% of the Company shares in terms of the voting rights ratio; however, if the possibility of further purchase is ruled out, unlike the 2023 Ordinary General Meeting of Shareholders in which the proposal for enactment of countermeasures based on the Response Policies and proposal for appointment of Directors by Shareholder Proposal were agenda items and which attracted general shareholders’ attention more than usual, the ratio of voting rights exercised at the Company’s 7th Ordinary General Meeting of Shareholders held on June 23, 2022, which was held in a so-called ordinary situation, was approximately 75.0%, and considering such figure, the voting rights ratio of the Company of 24.56% is slightly below 33% on the basis of the ratio of the voting rights of attending shareholders. Therefore, if the Large-scale Purchase Actions, etc. are implemented, the Large-scale Purchaser Group will have a substantial veto over matters requiring a special resolution in the Company’s General Meeting of Shareholders, by cooperating with a small number of other shareholders. In addition, based on the ratio of voting rights exercised during and after 2014, there was a case in which the threshold for veto over matters requiring a special

resolution was 26.2%, on the basis of the ratio of the voting rights of all shareholders (i.e., close to the figure “24.56%,” on the basis of the ratio of the voting rights of all shareholders which the Large-scale Purchasers and Others stated they planned to acquire in the Statement of Intent).

In addition, as stated in 2 and 3 above, under circumstances in which the Large-scale Purchasers and Others do not have specific measures to improve the corporate value or its shareholders’ common interests, and where it is presumed that there is a material conflict of interest between the Large-scale Purchasers and Others, and the Company and the Company’s general shareholders, this results in the Large-scale Purchasers and Others resulting having an effective veto over matters requiring a special resolution in the Company’s General Meeting of Shareholders, meaning that the Large-scale Purchasers and Others will have a veto over the organizational restructuring required by the Company, such as business transfers and mergers. Therefore, the Company believes that if the Large-scale Purchase Actions, etc. are implemented, there will be actual threats to the Company’s corporate value or its shareholders’ common interests.

6 The method for the Large-scale Purchase Actions, etc. by the Large-scale Purchasers will cause the Company’s general shareholders to be coerced.

- (1) In the situation where there is a high possibility that the Large-scale Purchaser Group, with the Large-scale Purchase Actions, etc. first, will further purchase shares of the Company, the method for acquiring the Company shares in the market entails coercion.

As in 5 above, we believe that there is a high possibility that the Large-scale Purchaser Group, with the Large-scale Purchase Actions, etc. first, will further purchase the Company shares and increase their control and influence over the Company.

In this regard, the Large-scale Purchasers and Others are attempting to conduct the Large-scale Purchase Actions, etc. by acquiring the Company shares in the market and making a partial purchase of up to 24.56% with regard to the voting rights ratio. However, if the Large-scale Purchase Actions, etc. are conducted in the situation where there is a high possibility that the Large-scale Purchaser Group will further purchase shares in the future as above, we believe that it will be structurally coerced (if the Company’s shareholders think that the Company’s corporate value and/or shareholders’ common interests will be damaged in the situation where the Large-scale Purchaser Group has strong influence over the Company’s management, they will be motivated to sell the Company shares in the market as soon as possible against their will, rather than remaining minor shareholders of such a company).

In purchases in the market, given the nature of transactions in which if shareholders make selling orders first, their holding shares will be sold on a first-come-first-served basis, there would be more structural coercion than in the tender offer. In addition, in a partial purchase, not all shareholders who wish to sell their shares will be able to sell them, and general shareholders will be motivated to sell their holding shares against their will from concern that they will be left behind as minor shareholders, but such motivation will be increased more if the Large-scale Purchase Actions, etc. will be performed by the method of further purchase in the market.

In addition, the method for effectively taking control by (gradually) purchasing shares of the target company further in the market is to acquire shares by paying money equivalent to the then-share price in each instance, unlike the tender offer where a payment is generally made to the applicant at a flat price with control premiums at a flat rate; therefore, we believe it is very problematic that the purchaser is able to conceal its intention to take control and realize it without paying control premiums to the general shareholders. In this sense, in

the West, the method of purchasing only a part and not all of the target company shares in the market is called “creeping takeover” (step-by-step and gradual acquisition of control) and it is pointed out that this is a problematic purchase method. For the details, please see Exhibit 5.

- (2) Provision of information on the Large-scale Purchase Actions, etc. is insufficient.

In addition to (1) above, as in 4(1) above, although the Large-scale Purchasers and Others have control and influence over the Company, it is unclear how and which corporation or individual is actually involved in the Company’s management. Furthermore, considering the actual situation where the Large-scale Purchaser Group transferred the Company shares freely within the group at any time, not providing basic information on the Large-scale Purchaser Group is considered to be against the Principle of Transparency, which is the third principle of the Takeovers Guidelines formulated by the Ministry of Economy, Trade and Industry; and conducting the Large-scale Purchase Actions, etc. in such a situation is highly likely to motivate the selling of shares as soon as possible in order to avoid risks of damaging the corporate value or shareholders’ common interests in the situation where the Company’s shareholders are unable to fully consider investments in the Company shares. As to this point, we believe that the Large-scale Purchase Actions, etc. are structurally coerced.

- (3) Brief summary

As above, (i) the Large-scale Purchase Actions, etc. will be performed by acquiring the Company shares in the market and making a partial purchase, and (ii) provision of information on the Large-scale Purchase Actions, etc. is insufficient; therefore, we believe that the methods used the Large-scale Purchase Actions, etc. will result in the general shareholders being coerced.

7 Conclusion

As in 2 above, the Large-scale Purchasers and Others do not have realistic and specific measures to improve the Company’s corporate value or shareholders’ common interests after the Large-scale Purchase Actions, etc.; and as in 3 above, there is a conflict of interest between the Large-scale Purchasers and Others, the Company, and the Company’s general shareholders, and we believe that the Large-scale Purchasers and Others would harm the Company’s corporate value and/or its shareholders’ common interests by pursuing their short-term interests; and as in 4 above, the Large-scale Purchasers and Others are inappropriate as entities implementing large-scale purchase actions, etc. because their actual state is unclear and the responsible entity as the Large-scale Purchaser Group is unclear, and there are doubts in terms of compliance; and as in 5 above, the Large-scale Purchase Actions, etc. are considered to be the first step of gradual acquisition of control and this itself is a realistic threat to the Company’s corporate value and/or shareholders’ common interests; and as in 6 above, the method of the Large-scale Purchase Actions, etc. by the Large-scale Purchasers and Others will cause the Company’s general shareholders to be coerced; therefore, the Company has determined that the Large-scale Purchase Actions, etc. would damage the Company’s corporate value and/or shareholders’ common interests.

II Inquiries to and advice from the Independent Committee

As indicated in I above, the Company’s Board of Directors extensively evaluated and considered the impact of the Large-scale Purchase Actions, etc., by the Large-scale Purchasers 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 the Large-scale Purchasers commence the 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 the Large-scale Purchasers and Others, 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.

On October 24, 2023, the Company received from the Independent Committee written advice with the same date (the "Written Advice"), indicating, with the unanimous consent of the members of the Independent Committee that (i) the Independent Committee believes that if the Large-scale Purchasers and Others 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 and (ii) based on the evaluation described in (i) above and assuming that the Proposal will be submitted to, and approved at, the Extraordinary General Meeting of Shareholders, if it is deemed in the future that the Large-scale Purchasers and Others have commenced the Large-scale Purchase Actions, etc., it would be reasonable for the Company's Board of Directors to enact the Countermeasures. For a summary of the Written Advice, please refer to (Note) below.

(Note) The outline of the Written Advice

The outline of the Written Advice is as follows:

1. **For the reasons listed below, we believe that if the Large-scale Purchasers 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, listed, or the like.**
 - In light of the business environment in which the Company group is placed, the Company group's business structure, the content and history of the assertions made by the Large-scale Purchasers, and other relevant factors, we believe that it is reasonable for the Company's Board of Directors to determine that, due to the importance of Cosmo Eco Power Co., Ltd. ("ECP") in the Company's medium-to-long-term management plan, synergies between the ECP's business and the Company group's other businesses, negative effect on the execution of offshore wind power projects in terms of securing personnel, financing, etc., which would be caused once ECP is split and made independent, and the low degree of feasibility of the spin-off asserted by the Large-scale Purchasers, it will contribute to enhancing the Company's corporate value and its shareholders' common interests to have ECP grow in the Company group's value chain as a whole, rather than having it split or listed in the manner asserted by the Large-scale Purchasers, as with our consideration in the Recommendation Letter submitted by the Independent Committee to the Company's Board of Directors on May 23, 2023 (for summary thereof, please refer to "Notice of Agenda for Company's Ordinary General Meeting of Shareholders to Confirm Shareholders' Will Concerning Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc." issued by the Company).
 - In addition, considering that the Large-scale Purchasers' proposal of a certain third party's capital participation in ECP is based on superficial reasons only, that it is unlikely the capital participation by the third party would immediately contribute to the expansion of ECP's business, and that, conversely, the capital participation may have an adverse effect on ECP's offshore wind power projects, we believe that the proposal has a low degree of feasibility and may have an adverse effect on ECP's

business, which in turn may damage the corporate value of the Company and the common interests of its shareholders.

(2) **Proceeding with the integration and abolition of refineries would not contribute to enhancing the Company's corporate value or the common interests of its shareholders.**

- We believe that it is reasonable for the Company's Board of Directors to have determined that the Large-scale Purchasers' proposal for the integration and abolition of refineries would lead directly to a decline in the Company's profitability and would significantly damage the Company's corporate value and the common interests of its shareholders, considering that the high utilization rate of the Company's refineries is linked to the high competitiveness and profitability of its oil business and that the high utilization rate can be maintained for the time being, given the supply-demand balance and the Company's operational and maintenance capability.

(3) **All other proposals the Large-scale Purchasers have suggested they may make lack validity.**

- We identified no particularly unreasonable aspects in the Company's Board of Directors' decision that all of the proposals the Large-scale Purchasers have suggested they may make in relation to next-generation energy and crude oil development aside from (1) and (2) above also lack validity, considering that the decision is based on the objective circumstances surrounding next-generation energy and crude oil development.

(4) **The demand by the Large-scale Purchasers 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, the Large-scale Purchasers 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 the Large-scale Purchasers, 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.

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

- In their discussions with the Company, the Large-scale Purchasers 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 the Large-scale Purchasers is as stated above.

(6) **Despite the fact that the Large-scale Purchasers would gain significant influence over the Company's management as a result of the Large-scale Purchase Actions, etc., they have refused to provide sufficient information on the outline of the group to which they belong and have not indicated a specific management policy for the Company; therefore, the Company's management may be materially disrupted if the Large-scale Purchase Actions, etc. are conducted.**

- Although the Large-scale Purchasers would not alone have veto rights over special resolution matters 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, it is realistically possible that the Large-scale Purchasers would be able to easily obtain substantial veto rights over special resolution matters by arranging for shareholders to act in concert with them or through public campaigns or the like; therefore, the Large-scale Purchasers would gain significant influence over the Company's management as a result of the Large-scale Purchase Actions, etc.
- If the Large-scale Purchasers were to become the largest shareholders of the Company to an overwhelming degree as a result of the Large-scale Purchase Actions, etc. and a proposal contrary to their wishes were submitted to a general meeting of shareholders, there is a reasonable risk that the proposal would be rejected even if it were not a special resolution matter; accordingly, we believe that, in practice, the Company would be required to make management decisions with due consideration given to the wishes of the largest shareholders.
- In light of the fact that the Large-scale Purchasers have not denied the possibility of acquiring additional shares in the Company after the Large-scale Purchase Actions, etc., and based on the Large-scale Purchasers' past words, actions, and investment behavior, it cannot be denied that there is a possibility they would acquire additional shares in the Company after a certain period of time has passed to further increase their influence over the Company's management and would ultimately gain control of the Company's management.
- However, the Large-scale Purchasers have refused to provide sufficient information on the outline of the group to which they belong and have not indicated any specific management policies for the Company, other than the splitting, listing, or the like of the subsidiary in the renewable energy business, the integration and abolition of refineries, and shareholder returns. As such, it can be said that the general shareholders are not able to properly determine whether they should support the Large-scale Purchasers' gaining significant influence over management. In addition, if the Large-scale Purchasers, backed by their influence, forcefully promote the splitting, listing, or the like of the subsidiary in the renewable energy business or the integration and abolition of refineries, 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.

(7) **It will better contribute to the Company's corporate value and the common interests of its shareholders to have the Company's management team manage the Company.**

- The Company's Board of Directors has announced that the Company will strive to improve shareholder value and PBR in the 7th Medium-Term Management Plan. In terms of business, the Company has formulated measures that take into account the broadly changing external environment, with a focus on significantly improving profits through structural improvements in the oil business and on expanding profits in New fields. In terms of capital policy, the Company has also announced a bolder shareholder return policy with a total payout ratio of at least 60% and a minimum dividend of 250 yen. As a result of these efforts, the Company has continuously increased its share price and has improved its PBR to 0.9, while also maintaining a ROE of 10.0% or higher; therefore, it can be said that the Company's efforts to improve its corporate value and shareholder value have received a certain level of evaluation from the capital market.
- Meanwhile, the Large-scale Purchasers have not indicated any specific management policies for the Company, other than the splitting, listing, or the like of the subsidiary in the renewable energy business, the integration and abolition of refineries, and shareholder returns, all of which have a low degree of feasibility or lack detail, and we are compelled to strongly doubt that they have the knowledge and ability to properly manage the Company.
- Therefore, it is reasonable to believe that it would better contribute to maintaining and enhancing the Company's corporate value and the common interests of its shareholders to have the Company's

management team make sincere efforts to manage the Company by utilizing their knowledge and abilities, rather than having them manage the Company under the strong influence of the Large-scale Purchasers in a situation where the Large-scale Purchasers would have control of, or significant influence over, the Company's management.

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 Extraordinary General Meeting of Shareholders, if it is deemed in the future that the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc., it would be reasonable for the Company's Board of Directors to enact the Countermeasures.**

- (1) Appropriateness of submitting the Proposal to the Extraordinary General Meeting of Shareholders
 - In light of the fact that, as described in 1. above, the Large-scale Purchase Actions, etc. by the Large-scale Purchasers can be considered to have the potential to significantly damage the Company's corporate value and its shareholders' common interests and that, as described in (2) below, it is necessary and appropriate to enact the Countermeasures against the Large-scale Purchase Actions, etc., assuming that the enactment of the Countermeasures will be approved by the shareholders at the Company's general meeting of shareholders, it is reasonable for the Company's Board of Directors to oppose the implementation of the Large-scale Purchase Actions, etc. and to submit the Proposal for enacting the Countermeasures to the Extraordinary General Meeting of Shareholders to avoid significant damage to the Company's corporate value and its shareholders' common interest.
- (2) Appropriateness of the Company's Board of Directors enacting the Countermeasures if, assuming that the Proposal will be approved at the Extraordinary General Meeting of Shareholders, it is deemed that the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc.
 - It would become necessary to enact the Countermeasures
 - As described in 1. above, the Large-scale Purchase Actions, etc. by the Large-scale Purchasers may significantly damage the Company's corporate value and its shareholders' common interests.
 - The Large-scale Purchase Actions, etc. would have a coercive effect on general shareholders given the following: (i) while the Large-scale Purchase Actions, etc. would be a partial purchase of outstanding shares of the Company, the Company's corporate value or the common interests of its shareholders would be significantly damaged by The Large-scale Purchase Actions, etc. ; (ii) it is difficult to conclude that the Large-scale Purchasers have provided the Company's general shareholders with information necessary to decide whether to accept the Large-scale Purchase Actions, etc.; (iii) the Large-scale Purchase Actions, etc. would be made through purchases in the market; and (iv) it cannot be denied that there is a possibility that the Large-scale Purchasers would not only gain significant influence over the Company's management as a result of the Large-scale Purchase Actions, etc. but may also gain control of the Company's management through subsequent additional acquisitions.
 - The information disclosure by the Large-scale Purchasers is inadequate and inappropriate, making it difficult for shareholders to make appropriate decisions.
 - The Large-scale Purchase Actions, etc. through purchases in the market and any subsequent acquisition of additional shares in the Company that may be conducted by the Large-scale Purchasers create a risk that the Large-scale Purchasers will gain control of, or significant influence over, the Company's management without the payment of an appropriate control premium to general shareholders.
 - Since the Countermeasures are based on the assumption that a proposal referring the decision to enact the Countermeasures is submitted to a general meeting of shareholders and that the proposal is approved by an ordinary resolution, it can be said that the Countermeasures will be based on the rational intent of shareholders.

- In light of the above, it is reasonable to believe it is necessary to enact the Countermeasures in order to avoid significant damage to the Company's corporate value and its shareholders' common interests due to the Large-scale Purchase Actions, etc.
- The appropriateness of the Countermeasures is secured.
- While the enactment of the Countermeasures may cause damage to the Large-scale Purchasers due to the dilution of their shareholding percentage, at this point we believe that, to a certain extent, (i) it is possible for the Large-scale Purchasers to avoid any damage that they may incur, (ii) measures are taken to mitigate any damage that may be incurred by the Large-scale Purchasers, and (iii) if, in the event that the Proposal is approved at the Extraordinary General Meeting of Shareholders, the Large-scale Purchasers commence the Large-scale Purchase Actions, etc. in the future, then the Large-scale Purchasers would be able to foresee that the Countermeasures would be enacted and that they would incur damage. 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.

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), 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 (page 120 of the Siryoban Shojihomu No. 424), but 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, 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 condemning 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-jihō* 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 Leoplace21

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 Leoplace21 Corporation (hereinafter “Leoplace21”) 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 Leoplace21 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, Leoplace21 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 Leoplace21; instead, it was presumed that they were planning on a “bust-up acquisition” of Leoplace21 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, Leoplace21 revealed in its press release that Reno and S-Grant started acquiring the shares in Leoplace21 from around March 2019, which was after the construction defects issue in Leoplace21 came to light, and that during the interviews with Leoplace21 and communications through letters to Leoplace21 from April 2019 onwards, Reno and S-Grant made statements suggesting the bust-up acquisition and capital decrease of Leoplace21, 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

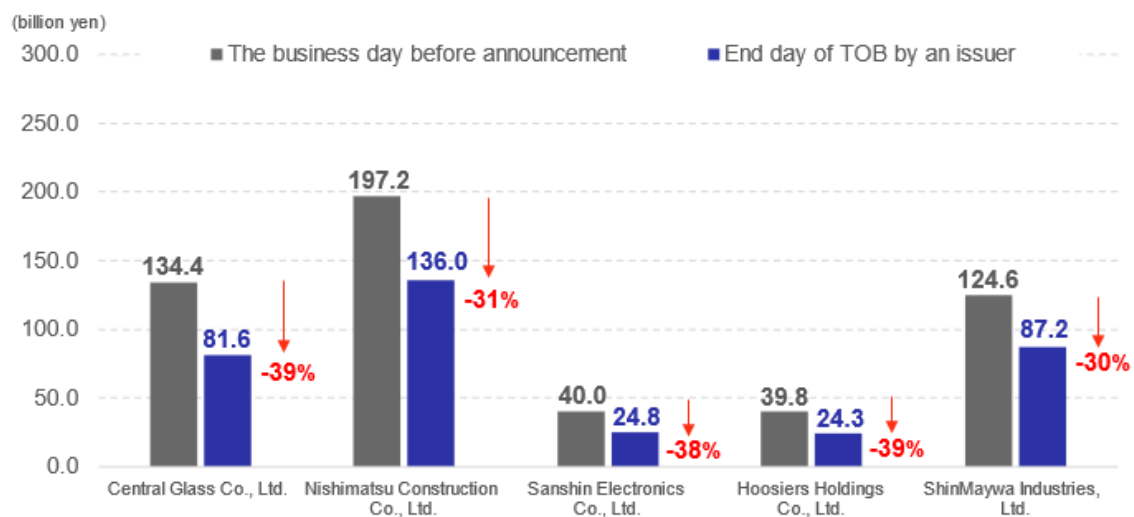
management team of TBS to carry out an MBO for it to buy back the company's shares, and also attempted to acquire TBS through a consortium with ..., eventually selling off its TBS shares. The shares were sold through a direct transaction without going through the market. It is reported that MAC Asset 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

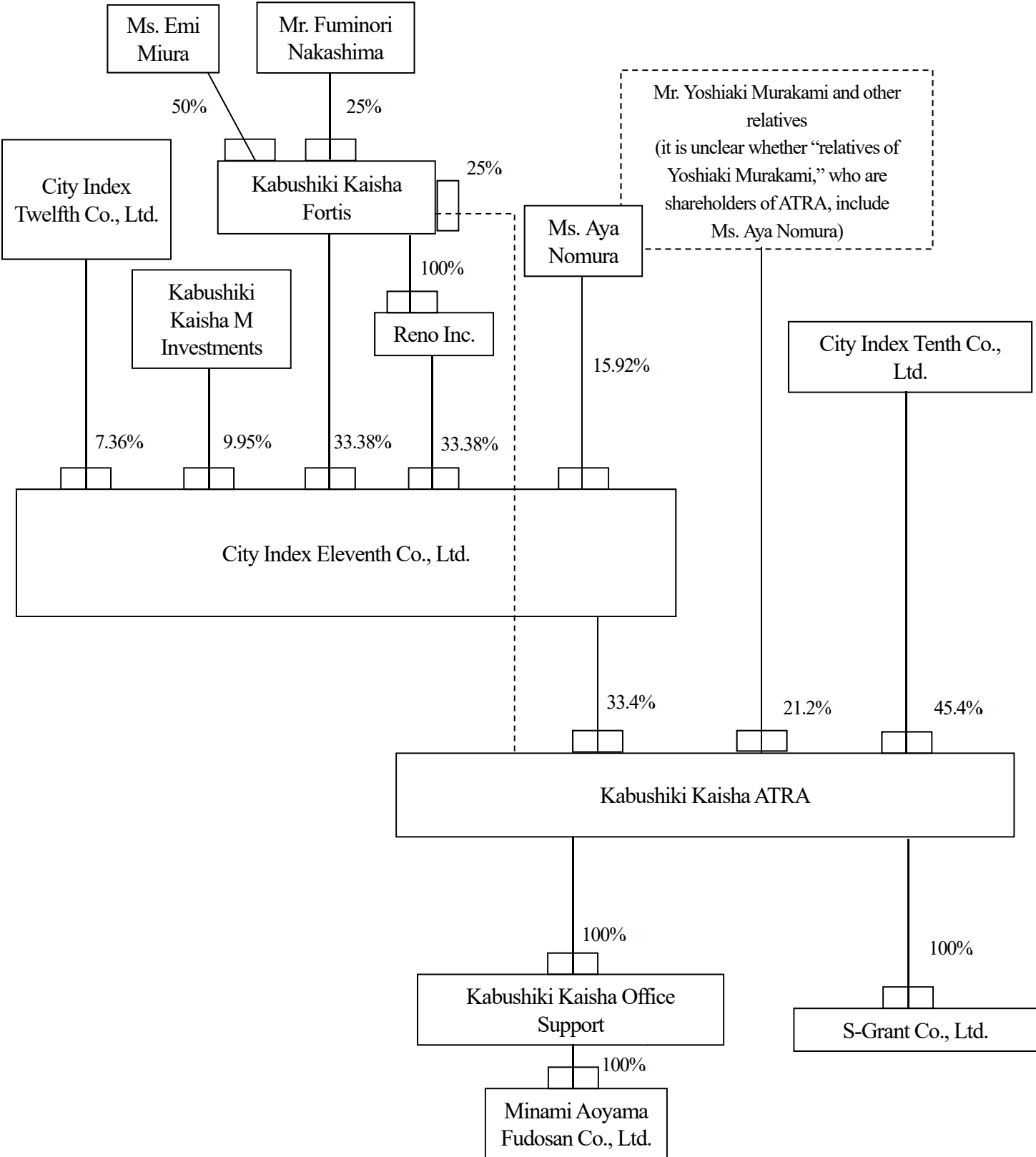
holders, tendered their shares in the TOB by Accordia, which began in August of the same year with all their holdings (35.20% of total number of issued shares), but due to the total number of shares tendered exceeding the planned number of shares to be purchased, the purchase was executed based on the 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.”

Market capitalization before and after the TOB by an issuer



Capital Relationship Chart of Large-scale Purchaser Group



Actual investments whereby the Large-scale Purchaser Group frequently changed the entities within the group that hold shares in investees in the past

In past investment cases, the Large-scale Purchaser Group has frequently changed the entities holding shares in investees within the group at its discretion.

For example, three companies, including Reno, Inc. (“Reno”), C&I Holdings Co., Ltd. (“C&I”), and Minami Aoyama Fudosan Co., Ltd. (“Minami Aoyama Fudosan”), purchased a large amount of shares in Accordia Golf Co., Ltd. (“Accordia”), which operates and manages golf courses, in the market immediately after its rival company, PGM Holdings K.K. (“PGM”), conducted a hostile TOB against Accordia in November 2012. On January 13, 2013, prior to January 17, 2013, the last day of the TOB period, the three companies purchased 18.12% of Accordia’s shares and held a decisive vote between Accordia and PGM for management control.

After PGM failed to carry out the TOB, four companies, the three companies stated above and CITYINDEX Hospitality Co., Ltd., continued to purchase Accordia’s shares, and by March 28, 2014, their shareholding percentage in Accordia increased to approximately 24%. On the same day, under an agreement with these four companies, they succeeded in causing Accordia to announce that it would conduct a large-scale tender offer by an issuer at a premium price (“TOB by Issuer”) after the ordinary general meeting of shareholders in June 2014.

Nevertheless, the Large-scale Purchaser Group **continued to purchase Accordia’s shares in the market through City Index Holdings Co., Ltd., Kabushiki Kaisha Fortis, and Kabushiki Kaisha Rebuild (“Rebuild”), which were not parties to the TOB agreement with Accordia after the announcement stated above by Accordia.** Furthermore, since the Large-scale Purchaser Group was dissatisfied with several matters, such as the scale of shareholder returns after the TOB by Issuer, it pressured Accordia to return profits to shareholders via Reno requesting, on August 5, 2014, that Accordia convene an extraordinary general meeting of shareholders. Eventually, on August 12, 2014, Accordia withdrew its post-TOB-by-Issuer dividend reduction policy that it had announced together with the announcement of the TOB by Issuer stated above, and announced that it would distribute large-scale shareholder returns in two fiscal years after the TOB by Issuer, totaling 20 billion yen.⁷

In addition, in the case of Sanshin Electronics (the “Sanshin Electronics”), from June 29, 2015 to the second tender offer by Sanshin Electronics at a premium price in 2021, among the entities whose names are reported as joint holders in the statement of large-volume holdings, the Large-scale Purchaser Group conducted in-market purchases while frequently changing entities, such as from (i) Yoshiaki Murakami (“Mr. Murakami”) and Minami Aoyama Fudosan to (ii) Mr. Murakami; Minami Aoyama Fudosan and Rebuild to (iii) Mr. Murakami, Minami Aoyama Fudosan, Rebuild, and C&I, from (iii) to (iv) C&I; Minami Aoyama Fudosan, Rebuild, and Mr. Fuminori Nakashima (“Mr. Nakashima”) to (v) C&I; Office Support (“Office Support”), Ms. Aya Nomura (“Ms. Nomura”), Reno, and Mr. Nakashima to (vi) S-Grant Co., Ltd. (“S-Grant”), City Index Third Co., Ltd., Kabushiki Kaisha ATRA (“ATRA”), Ms. Nomura, and Mr. Fukushima to (vii) S-Grant; Office Support, Ms. Nomura, and City Index Eleventh Co., Ltd. (“City Index Eleventh”) to (viii) City Index Eleventh and S-Grant.

As stated above, in the past, the Large-scale Purchaser Group has frequently changed the entities holding shares in investees within the group and at its discretion, purchased shares in the market, and ultimately succeeded in selling off its shares by tendering shares in tender offers by issuers at a premium price.

⁷ The Large-scale Purchaser Group increased its shareholding percentage to a total of approximately 35% on August 28, 2014. However, in response to the announcement stated above, it withdrew the demand for convocation of an extraordinary general meeting of shareholders, and all entities tendered their shares in the TOB by Issuer. They eventually sold approximately 20% of Accordia’s shares that they held out of their shareholding percentage of approximately 35%.

Problems with Creeping Takeover (step-by-step and gradual acquisition of control)

Creeping takeover (step-by-step and gradual acquisition of control) generally refers to effectively taking control by (gradually) purchasing shares of a target company in the market, but, in Europe, the U.S., etc., the method is to acquire shares by only paying the then-market share price in each instance, unlike a tender offer, where a payment generally is made to the applicant at a flat price with control premiums at a flat rate. **It is pointed out that, on this point, shareholders of the target company are not guaranteed an opportunity to cause the shares they hold to be purchased with control premiums, on conditions equal to those of other shareholders (and thereby receive equal distribution of “control premiums”).** If this method is used, general shareholders will fall to the position where, as minor shareholders, they have to accept disadvantages arising from the conflict of interest between shareholders, as purchasers who gradually purchase shares increase their shares and become able to use control and influence over the target company’s management; therefore, in light of such a situation, it is believed that an opportunity should be guaranteed for general shareholders to leave the target company by selling their shares for fair consideration. **Nevertheless, it is unreasonable for the purchasers who engage in step-by-step and gradual purchases to conceal their intent to take control and effectively realize control without paying control premiums to general shareholders.** In addition, as we have repeated already, the method of purchases in the market causes high coercion.

In this regard, in the US, for example, in the 2014 **“Sotheby’s case”**⁸ (Third Point LLC v. Ruprecht, C.A. No. 9469-VCP (Del. Ch. May 2, 2014)), when the Delaware Court of Chancery affirmed the legality of enactment and retention of a rights plan that would be enacted by acquisition of 10% or more of the shares (in relation to active investors) that was introduced by Sotheby’s only for the board of directors at the stage when Third Point, a well-known activist fund, became the largest shareholder, holding 9.3% of the shares through a purchase in the market,⁹ the court called **forming a control block through a purchase in the market without paying control premiums “creeping control.”** **The court cited this risk as one of the reasons for laying the foundation for legality of enactment and retention of the rights plan stated above,** and also found that Third Point’s intention to purchase up to 20% of the shares **“will enable” Third Point “to exercise disproportionate control and influence over major corporate decisions”** and similarly, **cited this point as one of the reasons for laying the foundation for legality of enactment and retention of the rights plan mentioned above.**

In addition, in the 2010 **“Barnes & Noble, Inc. (“B&N”) case”** (Yucaipa American Alliance Fund II v. LR, 1 A.3d 310 (Del. Ch. 2010)), when the Delaware Court of Chancery affirmed the legality of enactment and retention of a rights plan that B&N introduced with a trigger basis of 20%, only for the board of directors, at the stage when an activist fund Yucaipa American Alliance Fund II (“YP”) increased its stake in B&N to approximately 17.8% in the market,¹⁰ the court listed as one of the reasons underlying the legality of enactment and retention of the rights plan mentioned above, arguing, among other things, that “the fact that [legal protection is provided] by the U.S. Companies Act and other relevant laws and regulations against a controlling shareholder’s proposal to delist the relevant company or any effort to extract unfair value **does not mean that even the board of directors of B&N has no right to take reasonable and non-exclusive action to ensure that activist investors like YP do not acquire an effective control block that would enable them to make proposals that wield significant bargaining power to pursue their own interests, either alone or in concert with other shareholders, at the expense of the interests of the general shareholders**” and that **“if it is true that YP does not have the intention to acquire the entirety of B&N, that will increase the concerns of the board of directors of B&N, which is a subject of concern in the EU directive on takeover bids, namely, the concern that YP (together with [other activist funds] and other parties) may acquire**

⁸ In the U.S., Sotheby’s, a target company of a share buyup in the market by Third Point, a well-known activist fund, introduced a rights plan only for the board of directors.

⁹ Since two other activist funds also held 6.6% and 5%, respectively, the total shareholding percentage reached 20.9%.

¹⁰ Other activist funds also were buying more shares in the market, up to 17.44%.

control over B&N without appropriate payment of a control premium.”

Based on these cases, it can be said that **in the United States, in circumstances where control of a target company is acquired gradually due to purchases in the market, it is permitted for the board of directors of the target company to enact countermeasures on its own even though the shareholding percentage of the purchaser with that of other activities is limited to 20-30%.**

In this regard, in this case, after implementation of the Large -scale Purchase Actions, etc., the voting rights percentage that the Large-scale Purchasers and Others will only be 24.56%. **However, as long as there are multiple court cases in the United States where the enactment of a rights plan was permitted, as indicated above, that percentage is considered a sufficient “threat” as required to enact the countermeasures under the Response Policies.**

[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 Kiriya, 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 Kiriya, 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 through 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.

(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."

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.

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