

[Translation]

March 23, 2023

To whom it may concern:

Cosmo Energy Holdings Co., Ltd.

Developments of Dialogue with City Index Eleventh Co., Ltd. and Other Parties and the Company's Thoughts on the Spin-off

As announced in the press release on January 11, 2023, the Company passed a resolution for and introduced 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.” on the same date.

Although the Company announced the status of the dialogue with City Index Eleventh Co., Ltd. (“City”; together with its joint holder, Ms. Aya Nomura, and Reno, Inc., “City and Other Parties”) on our website, since the amount of information is massive, and City and Other Parties have arbitrarily extracted only some of the statements that were convenient for City and Other Parties when issuing information, and there is a concern regarding accuracy of the details, the Company would like to provide the developments of the dialogue in order to correct our shareholders’ misunderstanding and to provide appropriate information.

The Company **has strong suspicions that City and Other Parties arbitrarily extracted only some of the statements that were convenient for City and Other Parties, making it seem as if City and Other Parties have consistently continued to make constructive suggestions to the Company, and made a statement that was not based on facts, omitting any threatening words or actions to demand the immediate implementation of the share buy-back from the Company based on large shareholdings.**

We would like to request that our shareholders pay full attention to the relevant status and grasp appropriate information through disclosed materials issued by the Company.

(Composition of materials)

1. Developments of dialogue between the Company and City (April 15, 2022 to January 11, 2023)
2. Sudden change in City’s attitude (from January 12, 2023)
3. The Company’s thoughts on the spin-off of the Company’s renewable energy business
4. Problems in City’s words and actions regarding the spin-off
  - Exhibit (the past investment activities by investment vehicles and the like over which Mr. Yoshiaki Murakami exercises influence (Murakami Fund-Related Parties), the court’s finding, etc.)

1. Developments of dialogue between the Company and City (April 15, 2022 to January 11, 2023)

Date	Developments of Negotiation
April 15, 2022	The Company received a proposal for a meeting on the phone from City and Mr. Yoshiaki Murakami and was also informed that City 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.
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 and Mr. Yoshiaki Murakami, the Company sent a letter to City 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.
April 26, 2022	A meeting was held between the Company (Shigeru Yamada, the Company's Director and Senior Executive Officer), City, and Mr. Yoshiaki Murakami. In the meeting, the response from City 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 <b><u>we have no plans to acquire 20% or more of your shares</u></b> as calculated on a large-volume holdings statement basis."
May 25, 2022	We confirmed that City and Other Parties had no plan to acquire 20% or more of the Company's shares in a meeting between the Company (Hiroshi Kiriya, the Company's Representative Director and Group CEO), City, and Mr. Yoshiaki Murakami.
August 22, 2022	We confirmed that City and Other Parties had no plan to acquire 20% or more of the Company's shares in a meeting between the Company, City, and Ms. Aya Nomura.
November 4, 2022	We confirmed that City had no plan to acquire 20% or more of the Company's shares in a letter from City to the Company.
November 18, 2022	In a meeting between the Company, City, and Ms. Aya Nomura, <b><u>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.</u></b>
November 22, 2022	In a meeting between the Company, City, Ms. Aya Nomura, and Mr. Yoshiaki Murakami, <b><u>Mr. Yoshiaki Murakami suddenly announced his desire to dispatch an outside director to the Company and proposed that it is one of the choice Mr. Yoshiaki Murakami himself become an outside director.</u></b>
November 25, 2022	In a meeting between the Company (Hiroshi Kiriya, the Company's Representative Director, Group CEO), City, Ms. Aya Nomura, and Mr. Yoshiaki Murakami, Mr. Yoshiaki Murakami indicated the following matters: <ul style="list-style-type: none"> <li>● 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.</li> <li>● 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, <b><u>they would engage in a proxy fight and oppose and defeat the director appointment proposal by</u></b></li> </ul>

	<p><b><u>the committee.</u></b></p> <ul style="list-style-type: none"> <li>● 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. Yoshiaki 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 <b><u>acquire 30% of the Company’s shares</u></b> as calculated on a large-volume holdings statement basis.</li> </ul> <p>City and Mr. Yoshiaki Murakami <b><u>tried to be involved in the formulation of the Medium-Term Management Plan itself by trying to become an insider of the Company, and repeatedly proposing the execution of a non-disclosure agreement, saying, “Could you let us join the talk and discuss the topic of the (next) Medium-Term Management Plan?” “Executing a non-disclosure agreement is one of the ways,” and so on.</u></b> However, the Company considers it unacceptable because there is no reason to execute a non-disclosure agreement with a specific shareholder in the absence of any special circumstances, especially when viewing it from the perspective of equality with general shareholders, and therefore, refused the proposal.</p>
December 27, 2022	<p>In a meeting between the Company, City, Ms. Aya Nomura, and Mr. Yoshiaki Murakami on December 13, 2022 prior to the meeting on December 27, Mr. Yoshiaki 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, in a meeting between the Company, City, Ms. Aya Nomura, and Mr. Yoshiaki Murakami on December 27, 2022, <b><u>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 euro-yen denominated convertible bonds due in 2022 (“Convertible Bonds”) issued by the Company before the Company settles its accounts for the third quarter, fiscal year 2022, City and Other Parties would acquire 20% or more of the Company’s shares as calculated on a large-volume holdings statement basis.</u></b></p> <p>In fact, in the meeting on December 27, 2022, Mr. Yoshiaki Murakami said, “Frankly speaking, although we said many times that we have no plan to acquire your company in whole, <b><u>if I acquire 51% of the Company’s shares,</u></b> I would assume all of the risk, right?” “The matter of rating is not important. I think whether it is cheap or expensive now and how many of the cheap shares I will acquire is 100 times more important,” <b><u>“Instead of the rating, may I issue the commitment line up to 100 billion yen? I can do so,”</u></b> and so on, which means that he indicated the possibility of acquiring 51% of the Company’s shares.</p>
January 6, 2023	<p>In a meeting between the Company, City, Ms. Aya Nomura, and Mr. Yoshiaki Murakami, the Company told Mr. Murakami that as the appropriateness of the share buy-back of the shares (8,899,262 shares) allocated 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”) 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 <b><u>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</u></b> as the Share Buy-back was not promised as of the meeting date of</p>

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 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.**

To quote specific statements, at the meeting on January 6, 2023, **Mr. Yoshiaki Murakami did not listen the Company's explanations at all and repeatedly interrupted them with threatening words and actions, saying, "No. I don't need them," "Will you execute a share buy-back or not?" "I cannot wait (until the announcement of the Medium-Term Management Plan in March for the additional acquisition of 20% or more of the Company's shares)," and "What does waiting for the announcement of the Medium-Term Management Plan mean for us? We will lose the opportunity. What is the compensation for losing the opportunity?"** In addition, as soon as the Company started to ask Mr. Murakami not to acquire 20% or more of the Company's shares again, he promptly stopped the Company's statement, saying, **"I refuse. Then, please submit a proposal for takeover defense measures at the shareholders' meeting this year. That will be fine. However, if you do so, a desperate battle will begin. If short-term takeover defense measures are taken, I, of course, will dismiss the Company's management,"** which can be interpreted as statements to threaten the Company's management in fact, and refused the Company's explanations. Therefore, the Company has strong suspicions about the words and actions of Mr. Yoshiaki Murakami, who cannot wait for just two months after the date of the meeting until the announcement of the Medium-Term Management Plan and has adhered to the implementation of the Share Buy-back only.

January 11,  
2023

Based on developments of a series of dialogues, the Company passed a resolution on the introduction of the Company's basic policies for the control of the Company based on the fact that City 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.

Details of the reasons for the introduction are detailed in the timely disclosure on January 11, but the main points are as follows:

- **there is a relatively high probability that City and Other Parties will carry out large-volume purchase actions of 20% or more of the Company's shares;**
- **City and Other Parties, and , Mr. Yoshiaki Murakami have demonstrated an attitude of escalating their demands to the Company and taking stronger measures by using the threat of additional purchases as a bargaining chip, and it cannot be expected that City and Other Parties and Mr. Murakami will sincerely share or explain information regarding the intent and purpose for future buying-up and whether City and Other Parties and Mr. Murakami will be involved in the Company's management;**
- **the court found that the Mr. Murakami funds, etc. purchased a large number of shares in multiple listed companies, placed the management of the listed companies under pressure, and earned gains through resale 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 [\*see the Exhibit];**
- **it is undeniable that the purpose or results of the buying-up of the Company's shares, etc. by City and Mr. Yoshiaki Murakami could prevent maximization of the Company's corporate value and the shareholders' common interests.**

Based on the 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 has concluded that large-scale purchase actions, etc. must be conducted in accordance with certain procedures that the Company's Board of Directors 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 regarding large-scale purchase actions, etc. or the Company's management policy or other related matters.

In these considerations, the Company also considered that the exercise rate of voting rights of the Company's ordinary general meeting of shareholders was approximately 85% in 2021, but it dropped to 75.1% in the latest general meeting in June 2022. The Company is of the consideration that this was mainly affected by the fact that Mubadala Investment (the sovereign wealth fund of the Emirate of Abu Dhabi of the United Arab Emirates), who was the largest shareholder of the Company at that time and invested approximately 16%, sold all of its shares of the Company at the market in March 2022. Under the situation where the exercise rate of the Company's voting rights dropped rapidly, if City and Other Parties carry out large-scale purchase actions of 20% or more

	without disclosing information, such as the intent and purpose for the buying-up and whether they will be involved in the Company's management, this influence will be relatively significant compared to 2021 and previous years and will be a threat for management of the Company; therefore, when the Company introduces response policies for large-scale purchase actions, etc., it is also considering these situations.
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## 2. Sudden change of City's attitude (from January 12, 2023)

Immediately after the Company passed a resolution on the introduction of response policies for large-scale purchase actions, etc. on January 11, 2023, City started to open websites suddenly and published materials called City's thoughts on the medium-term management plan of the Company several times.

<Update history of City's websites>

- January 12, 2023: Our Thoughts on the Introduction of Response Policies to Large-scale Purchase Actions, etc. by Cosmo Energy Holdings Co., Ltd. / Proposal for Formulation of the Medium-term Management Plan (dated December 9)
- January 20, 2023: Our Thoughts on Cosmo Energy Holdings Co., Ltd., and our Dialogue with the Company
- January 27, 2023: Our Thoughts on the 7th Consolidated Medium-Term Management Plan of Cosmo Energy Holdings Co., Ltd.
- February 10, 2023: Regarding the 3rd Quarter Earnings Announcements of Cosmo Energy Holdings Co., Ltd.
- February 22, 2023: Our Thoughts Regarding the 7th Medium-Term Management Plan of Cosmo Energy Holdings Co., Ltd. Scheduled for Release on March 23/\* Attachment

Although there are many overlaps in content of the series of materials, in summary, they consist of a proposal for spin-off of the Company's renewable energy business, a proposal for execution of large-scale measures to increase shareholder returns, a proposal demanding commitment to shareholders on the policy for closure of refineries, and other proposals.

In all of the announced materials, City commented, "Our company and our joint shareholders have made various proposals for improving shareholder value to Cosmo," "As a shareholder in Cosmo, we intend to continue making proposals to Cosmo through constructive dialogue."

However, these press releases of City extracted only arbitrary portions of its remarks which are favorable for City and Other Parties, making it seem as if City and Mr. Yoshiaki Murakami have consistently continued to make constructive suggestions to the Company (it is, so to speak, just disclosing press releases one after another for the purpose of "pulling the wool over their eyes"), and the Company cannot help but further deepen our suspicion of City and Other Parties and Mr. Yoshiaki Murakami whenever we see City and Other Parties continue publishing press releases that are not based on facts, as if they had not used threatening words and actions.

In particular, as shown in the dialogue history above, Mr. Murakami repeatedly interrupted explanations of the Company's officers. He used threatening words and actions, and said, "Will you execute (a share buy-back) or not?" "What does waiting for (additional acquisition of 20% or more of the Company's shares) until the announcement of the New Medium Term Plan mean for us?" "Then, please submit a proposal for takeover defense measures at the Company's ordinary general meeting of shareholders this year," and "If you do so, a desperate battle will begin. If

**short-term takeover defense measures are taken, I, of course, will dismiss the Company's management.** The Company would like shareholders (in particular, institutional investors and shareholders who are strictly required to fulfill stewardship responsibilities) to assess the situation appropriately in regard to **whether they can say "we intend to continue making proposals to Cosmo through constructive dialogue" with such words and actions.** **If City sends arbitrary information like impression management,** the Company will continue to **represent our view in a timely and appropriate manner from the perspective of preventing misunderstanding of shareholders and providing appropriate information.**

3. The Company's thoughts on the spin-off of the Company's renewable energy business

The Company has of course no particular objection toward any appropriate evaluation in the market of the potential growth ability of the Company's renewable energy business, and intends to collect a wide range of information and consider all options if they lead to improvement of the Company's medium- to long-term corporate value.

The Company believes that it is extremely important for Cosmo Eco Power Co., Ltd., a wholly-owned subsidiary of the Company, to collaborate seamlessly with the Company group's supply chain, including various retail businesses, such as electricity retail, in order to grow our renewable energy business throughout the entire value chain from the perspective of improving Cosmo Eco Power's corporate value. Therefore, the Company considers at this moment that, rather than spinning off its renewable energy business, integrating the Company's group management resources is a means which will lead to maximizing the corporate value. In addition, as referred to in the "Notice Concerning Status of Dialogue with Institutional Investors and Shareholders, and Analysts," which the Company announced on March 14, 2023, the Company considers that Cosmo Eco Power is still highly dependent on the Company's management resources, human resources, know-how, and the like, is still growing in terms of business scale, and is not a company that can achieve growth by making its management and capital independent.

4. Problems in City's words and actions regarding the spin-off

The City's remarks on the offshore wind power generation business of the Company changed constantly and this may lead to a misconception among the Company's shareholders and investors; therefore, the Company summarized discrepancies of City's words and actions as follows:

In the first place, at the meeting on January 6, 2023, in regard to the offshore wind power generation business strengthened by the Company, City and Mr. Yoshiaki Murakami said "we would like you to conduct the wind business" while they **intimated information from an unreliable source as if they had heard from related parties of the bidding that the Company would not be appointed in the public tender,** and repeated remarks on the assumption that the Company's efforts on the business would fail. Ultimately, the Company believes that City used these words and actions not because it was interested in the Company's offshore wind power generation business from the perspective of medium- to long-term corporate value improvements and clean energy policies, **but because it would just keep highlighting the possibility of failure of the offshore wind power generation business (and by extension, existence of excess funds in the case where investment cannot be made) from the perspective of maximizing excess funds that would be funds for the share buy-back and demand that the Company carry out the share buy-back.**

Thereafter, the Company represented its view on the above concerns in the press release on January 24, and City and Other Parties stated in the announced material on January 27, "we believe that Cosmo can distribute a portion of the shares in its renewable energy business subsidiary to Cosmo shareholders as dividends in kind" and changed the point of the argument to divestiture of the renewable energy business by so-called partial spin-off. However, there is no consistency in this

statement as follows and there are also various suspicions on the feasibility, and **as a whole, the Company cannot help but evaluate that this is an inappropriate statement that could cause misapprehension among shareholders of the Company and general investors.**

<Changes in content of City's arguments on the capital separation>

In general, spin-off by dividends in kind of the shares of a wholly-owned subsidiary can be done in two methods, distributing all of the shares of the subsidiary in kind and distributing a part of the shares in kind, and which is selected is determined depending on the situation of the company involved and the purpose. City changed its remarks constantly in this point and there is no consistency. Firstly, in the announced material on January 27, City suggested that corporate value should be increased by putting the target company under the Cosmo Group, by stating "we believe that Cosmo can distribute a portion of the shares in its renewable energy business subsidiary to Cosmo shareholders as dividends in kind" and "we believe that said subsidiary will be able to improve its corporate value as a group company of Cosmo even after it becomes a publicly traded company." On the other hand, in the announced material on February 22, City made a complete change and stated "We believe that the renewable energy business should aim for maximum shareholder value as an independent, publicly traded entity. Further, we believe that a spin-off (taking a business from an existing company and creating a new company, and assigning the shares of the new independent company to the shareholders of the existing company) would be an option that can be considered as a method to achieve this" and in the power point material titled "Attachment" on the same date, it also referred to the scheme of distributing all of the shares of the subsidiary in kind, by stating "Cosmo Eco Power, the main structural unit of Cosmo's renewable energy business, is a 100% subsidiary of Cosmo and can be spun off via dividends in kind" and "improved corporate value through the independence of management, capital, and public listings can be expected," and it changed the suggestion on the capital separation from the Cosmo Group.

Furthermore, thereafter, in the letter received on March 7, City changed its statement again, returned to the story of the scheme of delivering "a part" of the subsidiary's shares, urged to carry out the spin-off immediately, and suggested that it would make a shareholder proposal at the Company's ordinary general meeting of shareholders to be held in June this year.

As above, City's statements have constantly changed and there is no consistency. Rather than "the Company (City) hopes to increase medium- to long-term value of Cosmo," its words and actions appear to be problematic because they could mislead shareholders and investors.

<Changes in content of City's arguments on timing and feasibility of conducting the spin-off>

Next, we would like to discuss City's words and actions regarding the timing of conducting the spin-off. Initially, in multiple materials announced in January, City and Other Parties stated, "there is a need to conduct an IPO of the renewable energy business as a subsidiary after a certain level of business structure has been established, in order to procure and leverage outside capital and scale the business." However, in the letter that the Company received from City on March 7, City stated, "we would like to ask you, rather than to procrastinate the listing of your renewable energy business, arguing now is not the time, to instead seriously consider what action you should take now to contribute most to improvement of shareholder value," reversing their remarks and demanding an immediate conduct of the spin-off while indicating that the government-introduced tax preference for spin-offs was a limited-time measure for a year.

However, as also stated in the "Notice Concerning Status of Dialogue with Institutional Investors and Shareholders, and Analysts," which the Company announced on March 14, 2023, in order to conduct a tax-qualified spin-off through a dividend-in-kind method of shares in a wholly-owned subsidiary, there are considerably high hurdles and burdens to overcome in terms of systems and schedule; for example, it is necessary to obtain approval of a business restructuring plan under the Act on Strengthening Industrial Competitiveness (the need for a company to formulate its own business plan concerning

various requirements, such as improving productivity and meeting financial soundness requirements, and obtain approval from the Ministry of Economy, Trade and Industry) and to list the spin-off company without delay under Japan’s M&A legal and tax systems. Nonetheless, City’s proposal includes no specific explanation regarding these points.

In addition, City stated that subject to distribution in kind of part of the shares in the Company’s subsidiary to the Company’s shareholders, “by making part of the shares in such subsidiary that are owned by Cosmo and Cosmo’s shareholders the subject for sale at listing of such subsidiary in a few years, both Cosmo and Cosmo’s shareholders may obtain proceeds from the sale.” However, this can be considered to mean “issuing unlisted shares of the subsidiary (liquidity would be lost in the few years until listing)” to the Company’s current institutional investors, shareholders, and the like. Thus, from the viewpoint that whether proposing such a scheme to the Company’s institutional investors and shareholders, which invest in listed shares, is feasible at all, we cannot help but be doubtful about the content of City’s proposal. To begin with, such proposal contradicts with City referring to the spin-off of Koshidaka Holdings (a dividend-in-kind scheme of all the shares in a subsidiary and a method by which the party concerned obtains no proceeds from the sale of the shares).

<Summary: Problems in City’s words and actions regarding the spin-off>

Topic	Content of City’s words
Capital separation	The content of City’s words changes constantly; at one point, City strongly proposed listing the subsidiary as part of the Cosmo group (a dividend-in-kind method of part of the shares in the subsidiary, a partial spin-off) and improvement of corporate value, but at another point, City demanded operation of the subsidiary as an independent company that would be completely separated (a dividend-in-kind method of all of the shares in the subsidiary, a full spin-off).
Timing	Initially, City proposed listing after a certain level of business structure had been established, but City suddenly changed its statement and aggressively claimed for an immediate conduct of the spin-off and indicated a shareholder proposal.
Listing of subsidiary	Although City repeatedly stressed that it was possible to target the valuation of the subsidiary at 245 billion yen, it made no remark regarding specific listing plans or timeline and presented a proposal that could be read as being based on issuing unlisted shares of the subsidiary to the Company’s institutional investors and shareholders (which cannot invest in unlisted shares having no liquidity), and the feasibility of such a proposal is questionable.
Tax qualification	Although City assumed qualified organizational restructuring in terms of the tax system, it made no specific explanation regarding its condition: approval of a business restructuring plan under the Act on Strengthening Industrial Competitiveness (various requirements, such as improving productivity and meeting financial soundness requirements).

As above, City’s words regarding the spin-off constantly changed, and the Company cannot help but say that the feasibility of the spin-off is very questionable. Considering these words and actions objectively, the Company’s suspicion is further growing that with respect to the Company’s offshore wind power generation business, ultimately, City **used these words not because it was interested in the business from the perspective of medium- to long-term corporate value improvements and clean energy policies, but because it would just keep highlighting the possibility of failure of the wind power generation business (and by extension, existence of excess funds in the case where investment cannot be made) from the perspective of maximizing excess funds that would be funds for the share buy-back and demand that the Company carry out the share buy-backs.**

Specifically, City stated, among others, that “if Cosmo spins off its renewable energy business, its PER will be ideally valued to be 25x; thus its valuation at approximately 245 billion yen can be targeted,” and “unlock of value through the spin-off,” **repeating these words as if the valuation of 245 billion yen could be easily actualized**, and if City is spreading such information in the stock market without solid reasonable grounds, then this could result in misleading shareholders and investors, thereby possibly causing an issue in terms of the purpose of the Financial Instruments and Exchange Act. In this regard, **through this press release, we would like to strongly request City to give an appropriate explanation regarding the inconsistency and contradictions of the content of a series of its words**.

According to the letter dated March 7 by City, City stated with respect to the spin-off, “we would like to propose specific methods that will contribute to improvement of your (Cosmo’s) shareholder value,” after the Company announced its Medium Term Management Plan. Thus, regarding a variety of prerequisites for the spin-off, such as approval of a business restructuring plan under the Act on Strengthening Industrial Competitiveness required to conduct a tax-qualified spin-off (the need for a company to formulate its own business plan concerning various requirements, such as improving productivity and meeting financial soundness requirements, and obtain approval from the Ministry of Economy, Trade and Industry), listing of the spin-off company without delay, and the feasibility of issuing unlisted shares to institutional investors over a few years, we expect that City will surely provide specific proposals, including measures to meet various prerequisites required for the spin-off, as we believe that City cannot repeatedly claim that it is possible to target the valuation of 245 billion yen for the Company’s subsidiary with no reasonable grounds (the Company has no intention to argue that the spin-off is not worth considering, and as we have informed you so far, if there are any options which lead to improvement of the Company’s medium- to long-term corporate value, we intend to collect a wide range of information and consider all options).

As explained in its Medium Term Management Plan announced today, the Company will strive for continued improvement of corporate value to unite the Company group’s management resources and realize balancing medium- to long-term stable energy supply and carbon-neutrality at the time when the importance of energy security is a global issue.

End

Exhibit (Previous Investment Activities of Vehicles, Etc. under the Influence of Mr. Yoshiaki Murakami (Murakami Fund-Related Parties) and Court’s Findings)

Target Company	Description of Activity
Yorozu	In the decision rendered by the Yokohama District Court (the Yokohama District Court rendered its decision on May 20, 2019 (page 126 of the <i>Siryoban Shojihomu</i> No. 424 (July 2019 Edition))), it was found that “it can be presumed that the Murakami Fund-Related Parties attempted to abolish the takeover defense measure which stood in its way, as they intend to benefit from a significant amount of profit by purchasing a large number of shares in Yorozu, placing its management under pressure, and earning gains through resale by causing the company or their related companies to purchase at high prices the shares purchased in a short period of time.”
Kuroda Electric	The Murakami Fund-Related Parties purchased a large number of shares in Kuroda Electric, totaling approximately 38.05%, in the market from around November 2014 to around November 2017, applied pressure on Kuroda Electric in various ways, such as demanding convocation of an extraordinary general meeting of shareholders and intimidating the management members, and reached an agreement to sell all shares in Kuroda Electric that they held, only approximately four months after dispatching an outside director to Kuroda Electric, and actually sold all these shares only approximately four months after the agreement and earned a significant amount of profit.
Accordia Golf	The Murakami Fund-Related Parties have purchased a large number of shares in Accordia Golf, totaling approximately 35.02%, in the market since November 2012, and during the period of approximately one year and ten months since the commencement of the acquisition of Accordia Golf’s shares, earned a significant amount of profit by applying pressure on Accordia in various ways, such as demanding convocation of an extraordinary general meeting of shareholders, and successfully causing Accordia Golf to buy-back the shares they held at a high price through a large-scale TOB by an issuer and also to agree to distribute large shareholder returns.
Excel	After the Murakami Fund-Related Parties held approximately 38.07% of Excel’s issued shares from around June 2015 to around March 2019, Excel accepted Mr. Hironao Fukushima, the representative director of Reno and City, as an outside director candidate proposed by Reno at its annual general meeting of shareholders held on June 26, 2019, which resulted in announcing the management integration with Kaga Electronics by way of effectively dissolving Excel’s business under the lead of the Murakami Fund-Related Parties approximately five months after the assumption of the outside director.
Toshiba Machine (Currently Shibaura Machine)	After the Murakami Fund-Related Parties held approximately 12.75% of Toshiba Machine’s issued shares, they commenced a TOB (the upper limit of approximately 43.82%) without having substantive discussions on January 21, 2020. The Murakami Fund-Related Parties put pressure on Toshiba Machine to make a decision on a large-scale share buy-back of approximately 12 billion yen by using the withdrawal of the TOB as a “bargaining tool,” saying that they will withdraw the TOB without waiting for the general meeting of shareholders to confirm the shareholders’ intention if Toshiba Machine decides to make a large-scale share buy-back of approximately 12 billion yen in addition to the special dividend of approximately 3 billion yen that it had already announced. However, Toshiba Machine strongly condemned this and rejected the request for a

	<p>share buy-back. At the general meeting of shareholders to confirm the shareholders' intention, both the agendas on introduction and implementation of Toshiba Machine's emergency introduction type takeover defense measures were approved and passed by more than approximately 62% of the total voting rights of the shareholders present.</p>
Leopalace21	<p>The Murakami Fund-Related Parties purchased a large number of shares in Leopalace21 in the market from around March 2019, and after they increased their shareholding ratio to approximately 14.46% by December 11, 2019, they demanded the convocation of an extraordinary general meeting of shareholders for the dismissal of all directors (ten directors) and the election of three directors was made. Leopalace21 opposed the shareholder proposal due to the reasons that it was obvious that Reno and other relevant party did not intend to work toward improving the medium- to long-term corporate value of Leopalace21, instead, it was presumed that they were planning on a "bust-up acquisition" of Leopalace21 through their shareholder proposal, and that it was highly likely that they would pursue their own interests at the cost of the stakeholders' interests, including those of other shareholders. The company proposal by Leopalace21 (which was to elect two outside directors) was approved, and the shareholder proposal was rejected.</p>
Sanshin Electronics (1)	<p>From around April 2015 to around March 2018, the Murakami Fund-Related Parties, after increasing their shareholding ratio in Sanshin Electronics to approximately 38%, sold most of the shares they owned by tendering them in the TOB by an issuer (the first TOB by an issuer, price with a premium) implemented by Sanshin Electronics in May 2018. The Murakami Fund-Related Parties were able to enjoy a large amount of tax benefit as a result of using the method of a TOB by an issuer.</p>
Sanshin Electronics (2)	<p>After the first TOB by an issuer, from around March 2019 to around November 2020, the Murakami Fund-Related Parties again increased their shareholding ratio of Sanshin Electronics to approximately 27.63% (approximately 34.73% in terms of the percentage of voting rights) and sold most of the shares they owned in a TOB by an issuer (the second TOB by an issuer, price with a premium) implemented by Sanshin Electronics in June 2021. The Murakami Fund-Related Parties were able to enjoy a large amount of tax benefit as a result of using a method of a TOB by an issuer.</p>
Hoosiers Holdings	<p>After City increased the percentage of its voting rights with respect to Hoosiers Holdings to more than one-third from around February 2018 to around December 2020, the Murakami Fund-Related Parties sold all of their Hoosiers Holdings's shares through a TOB by an issuer (price with a premium) implemented by Hoosiers Holdings in January 2021 and a subsequent sale in the market. By implementing the share buy-back by way of a TOB by an issuer, it became possible for City, which had more than one-third of the percentage of voting rights of Hoosiers Holdings, to enjoy 100% of the benefits arising from excluding dividend income from gross revenue and obtain a large tax benefit.</p>
Nishimatsu Construction	<p>From around February 2020 to August 2021, the Murakami Fund-Related Parties, after increasing their shareholding ratio in Nishimatsu Construction to approximately 25%, sold the shares they owned by tendering them in a TOB by an issuer (price with a premium) implemented by Nishimatsu Construction in September 2021. Prior to the implementation of the above TOB by an issuer, the Murakami Fund-Related Parties proposed to Nishimatsu Construction a large-scale share</p>

	buy-back of up to 200 billion yen, using the sale of real estate owned by Nishimatsu Construction and other sources 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 buy-back.
Daiho	From around March 2020, the Murakami Fund-Related Parties purchased Daiho's shares and the like in large volume in the market and increased the shareholding ratio to approximately 41.66% by December 28, 2021. Accepting Mr. Yoshiaki Murakami's proposal, Daiho implemented a large-scale TOB by an issuer (price with a premium of approximately 29.06%) in May 2022, and also implemented a large-scale third-party allotment to Aso. It became possible for City, which had more than one-third of the percentage of voting rights of Daiho, to enjoy 100% of the benefits arising from excluding dividend income from gross revenue, and City sold out the shares it owned in a method with which it could enjoy a large amount of tax benefit, while avoiding a significant decline in the selling price, which should have happened if those shares had been sold in the market.

End