

[Translation]

October 19, 2023

To whom it may concern:

Cosmo Energy Holdings Co., Ltd.

The Company's View on Inquiries from the Large-scale Purchasers

As announced in the “Notice Concerning Receipt of Response to Information List (3) Regarding Large-scale Purchase Actions, etc. of the Company’s Share Certificates, etc.” dated October 10, 2023, the Company received a response to Information List (3) from Minami Aoyama Fudosan Co., Ltd. and Ms. Aya Nomura ( the “Large-scale Purchasers”) (“Response (3)”), requesting provision of information considered necessary for the Company’s Board of Directors and the Company’s shareholders to examine details of the Large-scale Purchase Actions, etc. In Response (3), “among the inquiries from the Purchasers to the Company, items to which the Company has not responded” are listed.

To begin with, regarding the requests for submission of the Information Lists, 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 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.” (the “Response Policies”), which were introduced as of January 11, 2023 and continue within the extent necessary for enactment, etc. of the countermeasures approved by the shareholders on June 22 of the same year, we have requested provision of information deemed necessary or beneficial for the Board of Directors and shareholders of the Company to consider and evaluate, among other matters, how the large-scale purchase actions, etc. of the Company’s share certificates, etc. planned by the Large-scale Purchasers (the “Large-scale Purchase Actions, etc.”) will affect the Company’s medium- to long-term corporate value and shareholders’ common interests (especially general shareholders’ interests). The Company does not expect to respond to inquiries from the Large-scale Purchasers or joint holders with, and any other related parties of, the Large-scale Purchasers.

However, in order to provide appropriate information to general shareholders of the Company, apart from the procedure based on the Response Policies, the Company hereby notifies you of the Company’s view on the details which are deemed necessary to enable shareholders of the Company to make decisions on the appropriateness of the Large-scale Purchase Actions, etc. as follows.

<Inquiry 1 from the Large-scale Purchasers>

We do not believe that the purchases of shares of the Company from March 10, 2022 to April 4, 2022 had an adverse effect on general shareholders (the Company's evaluation of the relevant purchases is a one-sided decision, and we cannot accept it). If the Company claims that the relevant purchases had an adverse effect, the Company should indicate what specific adverse effect the Company claims they had. As the Company itself admits, although the Company had not questioned the purchases above, the Company suddenly questioned them in Information List (1) as if it were a matter of fact; furthermore, we believe that the purpose of the inquiries in the Information Lists is not to provide information to the shareholders, but to use them as an attack on purchasers to protect the Company's management.

(Reference: 1. of Part 2 in I of Response (2))

<the Company's View>

Regarding the large-scale purchase of shares of the Company equivalent to 8.28% holding ratio of share certificates, etc. between March 10, 2022 and April 4 of the same year (all ratios (%) indicated below are hereinafter the holding ratios of share certificates, etc.), the Large-scale Purchasers merely responded that "we do not believe that it had an adverse effect on general shareholders" without indicating specific grounds, and instead, asked the Company "what adverse effect do you claim to have occurred."

However, the purpose of requesting provision of information is to ask the recognition of City Index Eleventh Co., Ltd., Reno, Inc. and the Large-scale Purchasers (the "Large-scale Purchasers and Others") about any adverse effect on general shareholders from the fact that "without providing sufficient information," "both before and after the period' in which you had no choice but to suspend the purchase of the Company's share certificates, etc. due to the advance notification procedures pursuant to the Foreign Exchange Act," the Large-scale Purchasers and Others purchased a large amount of shares of the Company on-market (namely, by (i) purchasing 8.28% of shares of the Company between March 10, 2022 and April 4 of the same year and (ii) purchasing 7.64% of shares of the Company between July 26, 2022 and October 13 of the same year, together with other large purchases, the Large-scale Purchasers and Others conducted on-market rapid and large-scale purchases of shares of the Company equivalent to as much as 17.41% by October 13 as above).

Generally, it is clear that there will be strong pressure on general shareholders (there will be pressure to sell their shares without being given necessary information and/or time to make investment decisions) due to "a purchaser group(\*) whose identity, foundation of funds, capital structure, etc. are unclear," "without sufficient information provision," "conducting rapid purchases on-market" of shares of the Company equivalent to as much as 17.41% while "indicating, as the purpose of holding shares, not 'net investment' but 'performing an act to make a material proposal, etc.'" Therefore, the Company made an inquiry to confirm the Large-scale Purchasers and Others' recognition regarding an adverse effect on general shareholders of the Company.

(\*) The Large-scale Purchasers have not provided sufficient responses to inquiries regarding the Large-scale Purchaser Group, and the capital relationships between individual corporations included in the Large-scale Purchaser Group, including the Large-scale Purchasers, are still unclear.

<Inquiry 2 from the Large-scale Purchasers>

In addition, the Company claims that "if the shareholders of the Company think that the corporate value of the Company will be lost under the strong influence of the Large-scale Purchaser Group, rather than remaining a minority shareholder of such a company, they may be forced to consider immediately selling their shares of the Company in the market"; however, if this claim is true, shouldn't the Company's share price have risen after the takeover defense measures were passed in the 8th Ordinary General Meeting of Shareholders, and shouldn't the Company's share price have dropped after the purchasers submitted a statement of intent for large-scale purchase actions, etc.? In

fact, the share price moved in the opposite direction, so please provide your opinion on this point.  
(Reference: 2. of Part 3 in I of Response (2))

**<the Company's View>**

Fluctuations in share prices occur due to various factors, however, to begin with, share price trends depend on balance of supply and demand of shares, and it is considered that the trends reflect corporate value, such as earning power, growth potential, and shareholder return, in the medium to long term, but they are constructed of complex elements: foreign exchange, interests, overseas markets, and for the Company, crude oil trend, in the short term.

At the stage prior to the Company's Ordinary General Meeting of Shareholders on June 22 this year, as the Company had explained to shareholders as appropriate by taking advantage of opportunities for dialogue, the Company presumes that there was a prediction that the Large-scale Purchasers and Others would immediately purchase shares of the Company on-market if Proposal No. 5 (Approval Regarding Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.; the same applies hereinafter) was not approved at that Ordinary General Meeting of Shareholders (in fact, upon approval of Proposal No. 5, the Large-scale Purchasers and Others submitted a statement of intent for large-scale purchase actions, etc. (the "Statement of Intent") dated July 27 this year in accordance with the Response Policies; thereby supporting such a market prediction).

Regarding the market predictions, the Company believes that there was a possibly growing view that following passing of Proposal No. 5 at that Ordinary General Meeting of Shareholders, the Large-scale Purchasers would not purchase the Company's shares immediately on-market; moreover, submission of the Statement of Intent dated July 27 this year by the Large-scale Purchasers led to a prediction that the Large-scale Purchasers would purchase shares in the future. As a result, the Company believes that the Company's share price fluctuated immediately after that Ordinary General Meeting of Shareholders because there was apparently a change in the supply and demand balance in trade while influences from other elements were slight.

Essentially, the Company believes that it is important for corporations to improve their corporate value through their business activities and gain the shareholders' support by means such as performing appropriate shareholder return, and as a result, such will be reflected in medium- to long-term share prices.

**<Inquiry 3 from the Large-scale Purchasers>**

In fact, it was found that 99.4% of (former and current) officers, (former and current) employees, the group of employee stock owners, the group of officer stock owners, business firms that seem to be business partners, counterparty financial institutions ("the Company's Related Shareholders") who were expected to vote in favor of the Company after City Index Eleventh exercised the right to request to inspect or copy voting forms, actually approved at the number of voting rights. Considering this, it can be stated that almost all of the Company's Related Shareholders are shareholders who act in line with the Company management's intentions.

As above, the Company has not referred to any handling of voting rights for shareholders who are favorable for protecting the Company's management and justified the MOM resolution, and we believe we can state that it is such behavior that dismisses general shareholder willingness.  
(Reference: 3. of Part 3 in I of Response (2))

**<the Company's View>**

The Large-scale Purchasers and Others claim that, after unilaterally deciding that some shareholders of the Company are related shareholders, "general shareholders," excluding the related shareholders,

expressed their opposition to an MOM resolution (the “Resolution”) regarding Proposal No. 5 at the June 2023 Ordinary General Meeting.

However, as presented by the Supreme Court and the Tokyo High Court in the case of Tokyo Kikai Seisakusho, all shareholders except for the Large-scale Purchasers, which are under strong pressure due to the Large-scale Purchasers’ on-market purchases of shares of the Company, are in the same situation as “general shareholders,” and in that regard, the Resolution was passed with 59.54% approval of “general shareholders.”

Further, it is understood in general that if a large-scale purchaser does not follow the procedures specified in the response policies regarding an acquisition, it is possible to enact countermeasures with a board resolution alone. Proposal No. 5 was submitted to inquire with the Company’s general shareholders, who would be exposed to strong pressure from on-market purchases performed by not following the procedures, about the appropriateness of enactment of countermeasures. In this regard as well, the Company considers that the Large-scale Purchasers’ point that “the Company is dismissing general shareholders” is irrelevant.

From the perspective of fairness, the approval rate for the Resolution was calculated by excluding not only the voting rights held by the Large-scale Purchasers, but also all the voting rights of shares held by the Company’s Board of Directors, their related parties, and the Group of Officer Stock Owners of Cosmo Energy Holdings; thus, the Large-scale Purchasers’ point in this regard is partially based on their misunderstanding.

<Inquiry 4 from the Large-scale Purchasers>

15. of Part 10 of the first Information List is an inquiry that referred to the same release, and it is easy to understand from the release and the responses from the purchasers, and this inquiry is related to another company; nevertheless, you made the inquiry several times. Please explain the reason for that.

(Reference: 3. of Part 6 in I of Response (2))

<the Company’s View>

The Company’s inquiry is “while performing the transfer via a share transfer scheme is considered the most convenient for transferring the effective control over Daiho Corporation, please explain in detail the reason why you proposed such a scheme (the press release/tender offer statement of Daiho Corporation stated that the Large-scale Purchaser Group ‘proposed’ a capital increase through a third-party allotment to Aso, together with a TOB by an issuer by Daiho Corporation).” Although the Large-scale Purchasers’ response stated part of the background leading to that scheme, it failed to state specifically the reason why the Large-scale Purchaser Group “proposed” such a scheme, which was an essential part of the inquiry.

The Company is concerned that the scheme the Large-scale Purchaser Group proposed to Daiho Corporation is considered to be contrary to “the fundamental belief (which the Large-scale Purchasers mentioned) that a company becoming another company’s consolidated subsidiary while maintaining its listing is not how the stock market should be.” In addition, the Company is concerned that at a glance, the scheme seems to incur excessive burdens, such as financial burden and costs, in comparison to a share transfer scheme via tender offer by the Aso group, proposed by Daiho Corporation. Although this is the issue of another company, the Company requested information about this case multiple times as such a case is considered necessary for shareholders of the Company as a basis for judgement regarding what the Large-scale Purchasers and Others’ idea of and course of action for investment recovery after implementation of the Large-scale Purchase Actions, etc. will be.

<Inquiry 5 from the Large-scale Purchasers>

In the response from the purchasers, although it is clearly stated that “in the case the purchasers determine,” the Company’s inquiries are based on presumption that the purchasers have already made such determination, and these inquiries are logically mistaken. Please explain the intention why the Company makes such inquiries that are logically mistaken.

(Reference: 4. of Part 1 in II of Response (2))

As is the case with the aforementioned inquiry 4., this inquiry is also illogical.

Inquiry 17. of Part 7 of the first Information List states that “regarding the Company, please inform us whether you might make a proposal or provide advice or exercise your influence (including exercise of the right to request purchase of shares) related to capital increase or decrease, merger, business transfer or purchase, share exchange or share transfer, company split, or other similar actions, transactions (such as disposition or acquisition of important assets) if there is such a possibility, please provide us with the specific details thereof.”

In response to your inquiry: “please inform us whether you might make (a proposal, etc.), and if there is such a possibility, please provide us with specific details thereof,” we provided a response regarding matters “for which we might make a proposal, etc.”

In response to the above, why did you make an inquiry: “please provide us with the reason why you have suddenly decided to make a proposal at this timing”? We merely provided a response regarding matters for which we might make a proposal, and you understood that we actually made such a proposal. Your understanding is completely illogical, and we cannot understand this. Please explain what your intention was when you made this inquiry.

The possibility of us making proposal (i) or (vi) cannot mean that we intend to obtain control over your company. Your inquiry fundamentally lacks logic. Please explain to us your intention for making such an illogical inquiry.

(Reference: 5. of Part 1 in II of Response (2))

**<the Company’s View>**

The Large-scale Purchasers stressed over and over that the consolidation of the Company with another company in the same industry, the consolidation and abolition of oil refineries, a transfer of the Company Group’s crude oil development business, and other similar matters are merely hypothetical by indicating that the Large-scale Purchasers only mentioned them “in the case the purchasers determine” or “as something we might propose, etc.”

However, regarding the consolidation and abolition of oil refineries, the Large-scale Purchasers and Others have actually made a proposal to that effect to the Company, which is not hypothetical, just as the proposal of a spin-off of Cosmo Eco Power Co., Ltd., the Company’s wholly-owned subsidiary engaged in the renewable energy business.

Regarding this point, the Company has repeatedly explained to shareholders of the Company that because it has strategically reduced its oil refining capacity greatly, and the sales volume has expanded, the Company believes that, even considering a drop in domestic demand in the future, it may achieve a high revenue from the oil business for the time being due to the maintained high operational rate of the oil refining equipment; thus, the consolidation and abolition of oil refineries would lead to a significant harm to revenue (in “VISION2030,” announced earlier, the Company specified that a high operational rate of over 90% would be maintained in 2030 while maintaining the structure of the three oil refineries).

Despite the above circumstances, the Large-scale Purchasers continued to indicate similar contents in their responses to the Information Lists; thus, the Company believes that it is only a natural act of the

Company's Board of Directors, which is responsible for preserving and improving the Company's medium- to long-term corporate value, to request provision of information about details thereof.

In addition, a transfer of the oil development business to another domestic corporation and the Large-scale Purchasers' proposal regarding hydrogen and ammonia were mentioned for the first time in the response to the Information Lists. In light of the purpose of the Response Policies, which is to evaluate how the Large-scale Purchase Actions, etc. will affect the Company's medium- to long-term corporate value and shareholders' common interests, the Company believes that it is also a natural act of the Company to request provision of information about the Large-scale Purchasers' ideas even though these matters are only possibilities.

End

## Reference

The Company has extracted as follows portions related to the inquiries from the Large-scale Purchasers from Information List (2) and Response (2).

### **1. of Part 2. in I of Information List(2)**

In the response to the inquiry in 7. of **Part 2.** of the Information List (the inquiry reposted below in italics), it is stated that “Nothing was pointed out by the Company (in the past letters) regarding the rapid purchases of share certificates, etc. of the Company indicated in the inquiry. Furthermore, since the ratio of shares of the Company obtained as a result of the Share Purchase Conducted is approximately 20%, and considering that they were not purchases made to acquire control of the Company or a veto on matters requiring a special resolution in ordinary general meetings of shareholders, the purchasers do not recognize such purchases as having an adverse effect on general shareholders.” However, regarding the statement above, in light of fostering the environment for constrictive conversation with Mr. Murakami and the Large-scale Purchasers Group, the fact that the Company did not point out anything does not mean that the Company recognizes there to have been no problem in the process of the Share Purchase Conducted. In addition, regarding the reason above, since the ratio of share certificates, etc. of the Company obtained by the Large-scale Purchasers and Others as a result of the Share Purchase Conducted is approximately 20%, the ratio of shareholding is not small, and even if “they were not purchases made to acquire control of the Company or a veto on matters requiring a special resolution in ordinary general meetings of shareholders,” the Large-scale Purchaser and Others stated that from the viewpoint of improving the Company’s corporate value and shareholder value, the Large-scale Purchasers and Others purchased share certificates, etc. of the Company **to influence the Company’s management**, and they substantively acknowledged that the Share Purchase Conducted would have an important effect on the Company’s corporate value; therefore, please sincerely provide an answer again.

7. *“Please inform us of the specific reason that you chose the market purchase method for the Share Purchase Conducted (i.e., the reason that you selected the market purchase, even though a TOB and other methods were available). Further, in the Share Purchase Conducted, as shown by the fact that the Large-scale Purchaser Group increased its holding ratio of share certificates, etc. by 8.28% during a period of only 26 days (17 business days) from March 10, 2022 to April 4, 2022, and increased its holding ratio of share certificates, etc. by 7.64 % during a period of only 80 days (54 business days) from July 26, 2022 to October 13, 2022, the Large-scale Purchaser Group purchased a large amount of the Company’s share certificates, etc. during short periods of time both before and after the period in which it had no choice but to suspend the purchase of the Company’s share certificates, etc. due to the advance notification procedures pursuant to the Foreign Exchange Act. Please inform us of your specific understanding in regard to the adverse effects on general shareholders caused by these rapid purchases of the Company’s share certificates, etc. from the market, which were conducted without providing sufficient information.”*

### **1. of Part 2 in I of Response (2)**

We do not believe that the purchases of shares of the Company from March 10, 2022 to April 4, 2022 had an adverse effect on general shareholders (the Company’s evaluation of the relevant purchases is a one-sided decision, and we cannot accept it). If the Company claims that the relevant purchases had an adverse effect, the Company should indicate what specific adverse effect the Company claims they had. As the Company itself admits, although the Company had not questioned the purchases above, the Company suddenly questioned them in Information List (1) as if it were a matter of fact; furthermore, we believe that the purpose of the inquiries in the Information Lists is not to provide

information to the shareholders, but to use them as an attack on purchasers to protect the Company's management.

## **2. of Part 3. in I of Information List(2)**

In the response to the inquiry in 8. of **Part 3.** of the Information List (the inquiry reposted below in italics), it is stated that "Even assuming that the ratio of voting rights exercised at the Company's 8th Ordinary General Meeting of Shareholders was approximately 87.5%." Even assuming such ratio of voting rights exercised, the planned number of the Large-scale Purchase Actions, etc. is sufficient **for a small number of shareholders jointly acting in cooperation with one another** to have a substantial veto on matters requiring a special resolution in the Company's ordinary general meetings of shareholders; in addition, unlike the Company's 8th 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, **the ratio of voting rights exercised at the Company's 7th Ordinary General Meeting of Shareholders held on June 24, 2022, which was held in the ordinary situation, was approximately 75.0%, and considering such ratio of voting rights exercised, the ratio of voting rights deemed to be held by the Large-scale Purchasers and Others as a result of the Large-scale Purchase Actions, etc. (24.56%) is sufficient for a small number of shareholders jointly acting in cooperation with one another to have a substantial veto on matters requiring a special resolution in the Company's ordinary general meetings of shareholders.** Furthermore, the proposals listed in the response to the inquiry in 17. of **Part 7.** of the Information List include matters which may be sufficient to constitute matters requiring a special resolution in the Company's ordinary general meetings of shareholders, such as a proposal for the spin-off of Cosmo Eco Power Co., Ltd. ("ECP"), a wholly-owned subsidiary of the Company engaged in the renewable energy business, (through dividend in kind of shares,) , transferring the crude oil development business, the Company becoming an affiliate company of other companies, or the consolidation and abolition of refineries by transferring all or part of them. Based on the above, please sincerely provide a response to such inquiry again.

8. **"In the Statement of Intent, regarding the planned number of the Large-scale Purchase Actions, etc., it is stated that you intend to acquire 24.56% of the shares as the voting rights ratio; however, considering the ratio of voting rights exercised at the Company, the planned number of purchases is sufficient to have a substantial veto on matters requiring a special resolution by a small number of shareholders acting in cooperation with one another at the Company's Ordinary General Meeting of Shareholders and there will be a structural coercion in the Large-scale Purchase Actions, etc. (if the shareholders of the Company think that the corporate value of the Company will be lost under the strong influence of the Large-scale Purchaser Group, rather than remaining a minority shareholder of such a company, they may be forced to consider immediately selling their shares of the Company in the market). While the Large-scale Purchasers stated "there is no coercion in purchase by the Company and others" in the Statement of Intent (we understand that such statement is related to the Share Purchase Conducted), there are no statements in the Statement of Intent about your understanding of the structural coercion related to the Large-scale Purchase Actions, etc. that may be conducted in the future. In regard to this point, please inform us why you made no statements about the coercion related to the Large-scale Purchase Actions, etc. and of your specific understanding as the Large-scale Purchaser Group in regard to the above structural coercion. In addition, please inform us of measures that the Large-scale Purchaser Group is taking or plans to take in order to avoid or mitigate such coercion."**



## **2. of Part 3 in I of Response (2)**

The percentage of voting rights exercised at the 7th Ordinary General Meeting of Shareholders to which you referred took place in a non-contentious situation, where there were no shareholder proposals or other similar matters. The percentage of purchasers' voting rights becomes significant when there is a conflict between the policies of your management and the purchasers. We believe that the exercise of a percentage of voting rights to which you should refer is not approximately 75% of the Seventh Ordinary General Meeting of Shareholders, which occurred at a non-contentious meeting, but is approximately 87.5% of the 8th Ordinary General Meeting of Shareholders.

In addition, the Company claims that "if the shareholders of the Company think that the corporate value of the Company will be lost under the strong influence of the Large-scale Purchaser Group, rather than remaining a minority shareholder of such a company, they may be forced to consider immediately selling their shares of the Company in the market"; however, if this claim is true, shouldn't the Company's share price have risen after the takeover defense measures were passed in the 8th Ordinary General Meeting of Shareholders, and shouldn't the Company's share price have dropped after the purchasers submitted a statement of intent for large-scale purchase actions, etc.? In fact, the share price moved in the opposite direction, so please provide your opinion on this point.

## **3. of Part 3. in I of Information List(2)**

In the response to the inquiry in 10. of **Part 3.** of the Information List, regarding the possibility of additional purchases of share certificates, etc. of the Company in the future, it is stated that "since the purchase period of the Purchase will not end until one year after the submission of the Statement of Intent for Large-scale Purchase Actions, etc., nothing has been determined at this time. **If we intend to acquire additional shares of the Company after the completion of the purchase period, it would be acceptable for the Company to re-confirm the intentions of shareholders regarding whether the additional acquisition is appropriate, if necessary at the time.**"[the Company's note: **emphasis and underline added by the Company**] We understand that such statement means that the Large-scale Purchasers assume prior confirmation of intentions of the Company's shareholders for the additional acquisition of shares of the Company at the Company's ordinary general meetings of shareholders if the Company's Board of Directors considers it necessary, and **if the Large-scale Purchasers assume that the method to confirm the intentions of the Company's shareholders for the additional purchases is to make an ordinary resolution, which includes the voting rights of the Large-scale Purchaser Group, since the voting rights ratio of the Large-scale Purchaser Group will further increase at that time, in effect, it would be even more difficult to reflect the intentions of general shareholders other than the Large-scale Purchaser Group, and we must say that such step-by-step purchases (in the United States and other countries, its problematic nature has already been pointed out as creeping takeover/acquisition) are a purchase method that disrespects the intentions of the Company's general shareholders.** Please provide your perception in this regard as the Large-scale Purchaser Group.

## **3. of Part 3 in I of Response (2)**

The purchasers do not use the method of purchasing which neglects the Company's general shareholders' will (the Company's evaluation is a simply one-sided decision for protecting the Company's management.).

To begin with, regarding Proposal No. 5 at the Company's 8th Ordinary General Meeting of Shareholders (Approval Regarding Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.), while the Company forced an MOM resolution and excluded the exercise of the voting rights of City Index Eleventh and others, the Company did not exclude the exercise of the voting rights (approximately 22%) of the shareholders who are cross shareholders in a

broad sense, expected to likely exercise their voting rights in favor of the Company's management. In this regard as well, this resolution was far from being fair.

In fact, it was found that 99.4% of (former and current) officers, (former and current) employees, the group of employee stock owners, the group of officer stock owners, business firms that seem to be business partners, counterparty financial institutions ("the Company's Related Shareholders") who were expected to vote in favor of the Company after City Index Eleventh exercised the right to request to inspect or copy voting forms, actually approved at the rate of the number of voting rights. Considering this, it can be stated that almost all of the Company's Related Shareholders are shareholders who act in line with the Company management's intentions.

As above, the Company has not referred to any handling of voting rights for shareholders who are favorable for protecting the Company's management and justified the MOM resolution, and we believe we can state that it is such behavior that dismisses general shareholder willingness.

### **3. of Part 6. in I of Information List(2)**

In the response to the inquiry in 15. of **Part 10.** of the Information List, regarding the Share Transfer Scheme, it is stated that "(i) based on the basic idea that becoming a consolidated subsidiary of other companies while remaining listed is contrary to what the share market should be, City Index Eleventh and Other Parties agreeing to such scheme and tendering shares means that the purchasers themselves act against this basic idea, and (ii) since we believe the purchasers should tender shares in other company's TOB only if it is confirmed that it will create the largest value for the existing shareholders in an auction format, we indicated our intention not to tender shares." First, regarding (i), **since we believe that even through the scheme that was revealed to have been proposed in the letter dated January 13, 2022 by the Large-scale Purchaser Group itself to implement a TOB by an issuer by Daiho and a capital increase through third-party allotment to Aso, a company would still "become a consolidated subsidiary of other companies while remaining listed" and the proposal for the scheme "means that the purchasers themselves act against this basic idea," please explain your specific opinion on the inconsistency such explanation with approval.** In addition, regarding (ii), please specifically explain a case where "it is confirmed that this will create the largest value for the existing shareholders in an auction format" and the reason why you determined that the Share Transfer Scheme does not fall under such case.

### **3. of Part 6 in I of Response (2)**

As Daiho's press release on March 24, 2022 stated, "in the letter dated January 13, 2022, City Index Eleventh showed the intention: (i) if Daiho excludes the choice of becoming an affiliate company of another company, excluding Aso, City Index Eleventh and others will consider to tender the common shares of Daiho which they hold in the TOB by an issuer as a choice under the condition that Daiho intends to improve the shareholder value by implementing the TOB by an issuer with the value which is obtained from stock valuation for the common shares of Daiho, (ii) City Index Eleventh and others consider that the appropriate common stock price of Daiho per share is 4,800 yen or higher, and the appropriate number of shares for the share-buy back is 8 million or more, and (iii) if Daiho implements capital policy (i) above and performs a capital increase through a third-party allotment to Aso for capital and business alliance with Aso (however, for avoiding dilution of Daiho's shareholder value after performing the capital increase through a third-party allotment, the issue price of the third-party allotment should be higher than the TOB price by an issuer, etc.), City Index Eleventh and others will respect Daiho's such decision," if Daiho adopts the scheme of performing a capital increase through a third-party allotment to Aso after Daiho's TOB by an issuer and sincerely examines the request by City Index Eleventh and others in parentheses (iii), City Index Eleventh and others explained that they would not deny the scheme practically on the viewpoint of reasonability. Thus, this inquiry is based on misunderstanding that the scheme was "proposed."

In addition, “the case where it is confirmed that an auction format will create the largest value for the existing shareholders” is based on the circumstances where after the auction process is disclosed and due diligence for multiple candidates is performed, the buyer candidate which shows the highest purchase price will purchase all the shares. It was stated in Daiho’s same release: “in response to Daiho’s confirmation, City Index Eleventh and others showed the intention in the meeting with Daiho on January 11, 2022 that they could not accept a TOB by Aso for common shares of Daiho. According to City Index Eleventh and others, the reason why they showed such intention was that for maximizing shareholder value, if another company proposes to Daiho that it will perform a TOB for common shares of Daiho, Daiho should seek the offeror widely and show approval for the offeror which shows the highest offer price, and they cannot accept Aso’s proposal of a TOB for common shares of Daiho, which did not undergo these procedures,” so please confirm.

15. of Part 10 of the first Information List is an inquiry that referred to the same release, and it is easy to understand from the release and the responses from the purchasers, and this inquiries are related to other companies; nevertheless, you made inquiries several times. Please explain the reason for that.

#### **4. of Part 1. in II of Information List(2)**

Please inform us about the specific reason that, in the response to the inquiry in 17. of **Part 7.** of the Information List, you believe that “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 that there is a possibility that “with respect thereto, ownership and management by ENEOS Corporation, Idemitsu Kosan Co., Ltd., 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.”

#### **4. of Part 1 in II of Response (2)**

The purchasers reference in (iv) is “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 that there is a possibility that “with respect thereto, ownership and management by ENEOS Corporation, Idemitsu Kosan Co., Ltd., 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.”

In the response from the purchasers, although it is clearly stated that “in the case the purchasers determine,” the Company’s inquiries are based on presumption that the purchasers have already made such determination, and these inquiries are logically mistaken. Please explain the intention why the Company makes such inquiries that are logically mistaken.

#### **5. of Part 1. in II of Information List(2)**

Please provide the reason why you suddenly suggested the proposals at this time listed as (i) through (vi) in the response to 17. of **Part 7.** of the Information List even though proposals other than (i) and (ii) had rarely (or never) been mentioned in prior dialogue. Furthermore, even though the proposals listed as (i) through (vi) in the response to the inquiry in 17. of **Part 7.** of the Information List are essential matters which can have the Company’s management basis change significantly, including matters which may be sufficient to constitute matters requiring a special resolution in the Company’s ordinary general meetings of shareholders. Please provide the

details of the consistency and reason that in the response to the inquiry in 8. of **Part 3.** of the Information List, it is stated that “the purpose of the Purchase is not so-called corporate acquisition or to acquire management control by acquiring a majority of the Company’s voting rights,” and in the response to the inquiry in 13. of **Part 1.** of the Information List, it is stated that “the purchasers do not intend to control and manage the Company.”

**5. of Part 1 in II of Response (2)**

As is the case with the aforementioned inquiry 4., this inquiry is also illogical.

Inquiry 17. of Part 7 of the first Information List states that “regarding the Company, please inform us whether you might make a proposal or provide advice or exercise your influence (including exercise of the right to request purchase of shares) related to capital increase or decrease, merger, business transfer or purchase, share exchange or share transfer, company split, or other similar actions, transactions (such as disposition or acquisition of important assets) if there is such a possibility, please provide us with the specific details thereof.”

In response to your inquiry: “please inform us whether you might make (a proposal, etc.), and if there is such a possibility, please provide us with specific details thereof,” we provided a response regarding matters “for which we might make a proposal, etc.”

In response to the above, why did you make an inquiry: “please provide us with the reason why you have suddenly decided to make a proposal at this timing”? We merely provided a response regarding matters for which we might make a proposal, and you understood that we actually made such a proposal. Your understanding is completely illogical, and we cannot understand this. Please explain what your intention was when you made this inquiry.

The possibility of us making proposal (i) or (vi) cannot mean that we intend to obtain control over your company. Your inquiry fundamentally lacks logic. Please explain to us your intention for making such an illogical inquiry.

End