



May 13, 2025

To whom it may concern

Company Name: Cosmo Energy Holdings Co., Ltd.
(Code: 5021, Prime Market of the Tokyo Stock Exchange)
Representative: Shigeru Yamada
Representative Director, Group CEO
Contact person: Masahiro Oikawa
General Manager,
Corporate Communications Department
Phone: +81-3-3798-3101

Notice Regarding the Continuation of the Share-Based Compensation Plan

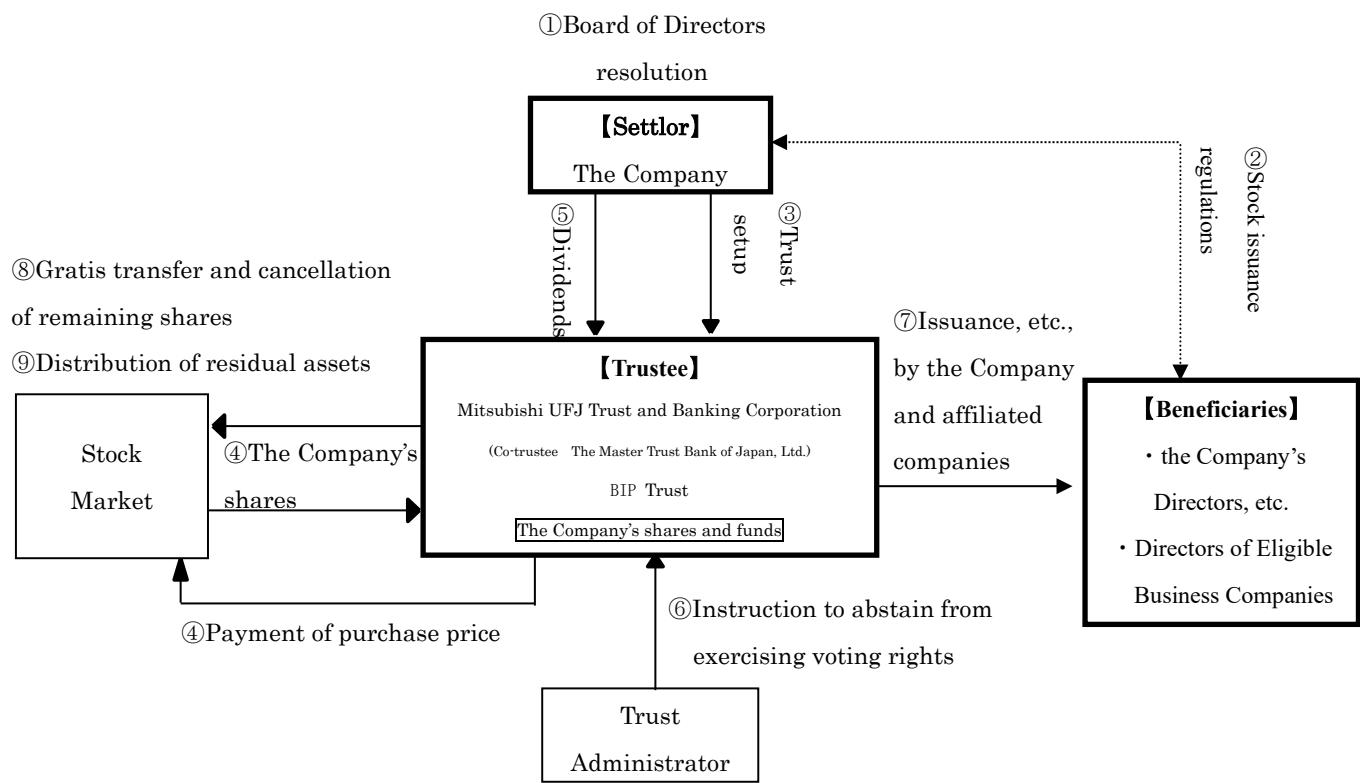
Cosmo Energy Holdings Co., Ltd. (hereafter, “the Company”) hereby announces that at a Board of Directors meeting held today, the Company resolved to continue the share-based compensation plan (hereafter, “the Plan”), which was introduced in fiscal 2018 and partially revised in fiscal 2024, as an incentive plan for the Company’s directors (excluding outside directors, directors who are members of the Audit and Supervisory Committee, and non-residents in Japan; hereafter, the “Company’s Directors”) and executive officers (excluding non-residents in Japan; hereafter, the “Company’s Executive Officers”) (hereafter, collectively referred to as the “Company’s Directors, etc.”) as well as the directors of the three core operating companies of the Cosmo Energy Group (Cosmo Oil Co., Ltd., Cosmo Oil Marketing Co., Ltd., and Cosmo Energy Exploration & Production Co., Ltd.; hereafter, the “Eligible Business Companies”) (excluding outside directors and non-residents in Japan; hereafter, the “Directors of Eligible Business Companies”), as follows.

1. Overview of the Plan

- (1) The Cosmo Energy Group introduced the Plan in fiscal 2018, partially revised it in fiscal 2024, and will continue it from fiscal 2025 onwards to function as a system that encourages the Company’s Directors, etc., and the Directors of Eligible Business Companies to work together toward achieving financial and non-financial targets outlined in our corporate strategy, and to deepen sustainable shared interests with our shareholders, thereby enhancing enterprise value over the long term. Additionally, to further strengthen executive remuneration governance, the Company plans to introduce a malus and clawback clause (compensation forfeiture and return clause) before the end of this fiscal year.
- (2) The Plan adopts a mechanism known as the Board Incentive Plan (BIP) trust (hereafter, “the BIP Trust”). The BIP Trust is an incentive plan for executives similar to the performance share system and restricted stock compensation system in the United States. Under the BIP Trust, the Company’s Directors, etc. and the Directors of Eligible Business Companies will be granted or paid the Company’s shares and cash

equivalent to the proceeds from the sale of the Company's shares acquired through the BIP trust, based on the achievement of performance targets.

2. How the BIP Trust works



1. Based on the Plan, the Company will resolve the continuation and content of the Plan for fiscal 2025 at the Board of Directors meeting.
2. The Company and the Eligible Business Companies have already established stock issuance regulations related to executive remuneration at the Board of Directors meeting regarding the continuation of the Plan.
3. The Eligible Business Companies will contribute funds to the Company within the scope approved at their respective General Meeting of Shareholders (hereafter, "their respective Shareholders' Meeting") as necessary. The Company will set up a trust (hereafter, "the Trust") with Mitsubishi UFJ Trust and Banking Corporation as the trustee, combining the funds contributed by Eligible Business Companies with the funds approved at the 9th Annual General Meeting of Shareholders held on June 20, 2024 (hereafter, "the 9th Shareholders' Meeting"), and designating the Company's Directors, etc., and the Directors of Eligible Business Companies who meet the beneficiary requirements as beneficiaries.
4. The trustee will acquire the Company's shares from the stock market using the funds contributed in 3. above, under the direction of the trust administrator. The shares held in the Trust will be managed separately according to the amount contributed by the Company and the Eligible Business Companies.
5. Dividends will be paid on the shares held in the Trust, just like other shares of the Company.
6. Voting rights for the shares held in the Trust will not be exercised throughout the trust period.
7. During the trust period, beneficiaries will receive the Company's shares according to stock issuance regulations set forth by the Company and the Eligible Business Companies (note that they may also receive cash by converting the Company's shares held in the Trust according to the trust agreement).

8. If any shares remain at the end of the trust period due to the non-achievement of performance targets, the Trust may be continued by amending the trust agreement and making additional trusts as necessary, or the remaining shares will be transferred to the Company without compensation and canceled by a resolution of the Board of Directors.
9. Upon termination of the Trust, any residual assets after distribution to beneficiaries will belong to the Company within the scope of the trust expense reserve, which is calculated by deducting stock acquisition funds from trust funds. Furthermore, any portion exceeding the trust expense reserve will be donated to organizations unrelated to the Company, the Eligible Business Companies, and their executives.

Note: During the trust period, if the number of shares held in the Trust is insufficient to match the number of points granted to the Company's Directors, etc., and the Directors of Eligible Business Companies during the trust period, or if the cash in the trust assets is insufficient to cover the payment of trust fees and expenses, the Company and the Eligible Business Companies may, within the scope approved by a resolution at their respective Shareholders' Meeting, make additional monetary contributions to the Trust.

3. Overview of the Plan and its Contents

(1) Overview of the Plan and its Contents

The incentive plan to be continued in fiscal 2025 (hereafter, "the Plan") covers the three consecutive fiscal years from fiscal 2025 to fiscal 2027 (hereafter, the "Applicable Period") and delivers a certain number of the Company's shares, etc., as executive remuneration. If the Trust is continued as described in (3) below, each subsequent three fiscal years will also be considered as the Applicable Period.

(2) Eligible Persons (Beneficiary Requirements)

The Company's Directors, etc., and the Directors of Eligible Business Companies (including former directors, hereafter, "Eligible Persons") can be granted the Company's shares, etc., from the Trust according to the number of stock issuance points specified in (4) below, provided they meet the beneficiary requirements at a certain time after the Applicable Period has elapsed.

The beneficiary requirements are as follows:

1. Serving as a Director of the Company as of July 1, 2025, or as an Executive Officer of the Company or a Director of Eligible Business Companies as of April 1, 2025.
2. Has not resigned due to personal reasons (except in cases recognized as unavoidable by the Nomination and Remuneration Committee), been dismissed, or committed certain wrongful acts.
3. Meets other requirements deemed necessary to achieve the purpose of the share-based compensation plan.

(3) Extended Trust Period

The extended trust period will be approximately three years from September 2025 (planned) to the end of August 2028 (planned). At the end of the trust period, the Trust may be continued by amending the trust agreement and making additional trusts as necessary. In such cases, the trust period may be extended for another three years, and the Eligible Business Companies will make additional contributions to the Trust within the maximum amount approved by their respective Shareholders' Meeting for each extended trust

period. The Company will also entrust the money received from the Eligible Business Companies within the maximum amount approved by the resolution at the 9th Shareholders' Meeting as the source of compensation for The Company's Directors, etc., and will continue to grant points to eligible directors, etc., during the extended trust period. However, if there are remaining shares and cash (hereafter, "Remaining Shares, etc.") in the trust assets at the end of the previous trust period, the total amount of the Remaining Shares, etc., and the additional trust funds will be within the maximum amount approved by the respective Shareholders' Meeting of the Company and the Eligible Business Companies. This extension of the trust period may be repeated in the same manner thereafter.

(4) The Company's Shares, etc., Delivered to Eligible Persons

Eligible Persons will be granted 50% of the basic points determined for each position as "performance-linked portion" and the remaining 50% as "non-performance-linked portion" on July 1, 2025. After the Applicable Period has elapsed, the basic points for the "performance-linked portion" and "non-performance-linked portion" will be converted into stock issuance points according to the calculation method described below, and the Company's shares, etc., corresponding to the total number of stock issuance points will be delivered. The "performance-linked portion" will be converted into stock issuance points by multiplying the basic points by a coefficient corresponding to the period of service during the Applicable Period and a performance-linked coefficient corresponding to the achievement level of performance targets during the Applicable Period. The performance-linked coefficient will vary from 0% to 200% depending on the achievement level of performance targets, and the indicators for evaluating the achievement level of performance targets will include Total Shareholder Return (TSR) growth rate relative to Tokyo Stock Price Index (TOPIX) and the consolidated net debt-to equity ratio. The "non-performance-linked portion" will be converted into stock issuance points by multiplying the basic points by a coefficient corresponding to the period of service during the Applicable Period. However, if an Eligible Person passes away or becomes a non-resident of Japan during the trust period, the basic points will be converted into stock issuance points in accordance with a predetermined calculation method. This conversion will take into account factors such as the period of service during the Applicable Period and, if applicable, the achievement level of the most recent performance targets at the time of death or determination of non-residency. One point will be equivalent to one share of the Company. However, if a stock split or reverse stock split occurs during the trust period, the number of shares per point (including the number of shares subject to conversion) will be adjusted according to the split ratio or reverse split ratio.

(5) Method and Timing of Issuance of the Company's Shares, etc., to The Company's Directors, etc., and the Directors of Eligible Business Companies

Eligible Persons who meet the beneficiary requirements will receive 50% of the number of stock issuance points as the Company's shares (fractions of less than one share will be rounded down) after completing the prescribed beneficiary confirmation procedures once the Applicable Period has elapsed. The remaining number of stock issuance points will be converted into cash by selling the Company's shares held in the Trust, and the equivalent amount of cash will be provided from the Trust. If an Eligible Person who meets the beneficiary requirements is determined to become a non-resident in Japan during the trust period, the Eligible Person will receive the equivalent amount of cash by selling the Company's shares held in the Trust after the number of stock issuance points is calculated. If an Eligible Person who meets the beneficiary requirements passes away during the trust period, the heirs of the Eligible Person will receive the equivalent

amount of cash by selling the Company's shares held in the Trust after the number of stock issuance points is calculated.

(6) Method of Acquiring the Company's Shares by the Trust

The Trust will acquire the Company's shares from the stock market within the scope of the stock acquisition funds and the total number of stock issuance points approved by the 9th Shareholders' Meeting or the respective Shareholders' Meeting of the Eligible Business Companies.

(7) Exercise of Voting Rights for the Company's Shares Held in the Trust

To ensure neutrality in management, voting rights for the Company's shares held in the Trust (i.e., shares not yet delivered to The Company's Directors, etc., and the Directors of Eligible Business Companies as described in (4) and (5) above) will not be exercised during the trust period.

(8) Handling of Dividends on the Company's Shares Held in the Trust

Dividends on the Company's shares held in the Trust will be received by the Trust and used as trust fees and expenses.

(9) Handling at the End of the Trust Period

If there are remaining shares (excluding the Company's shares, etc., scheduled to be delivered to Eligible Persons who have not yet retired at the end of the trust period) due to the non-achievement of performance targets during the Applicable Period, the Trust may be continued by amending the trust agreement and making additional trusts as necessary, or the remaining shares will be transferred to the Company without compensation and canceled by a resolution of the Board of Directors. If the Trust is terminated at the end of the trust period, the Company will receive the remaining shares from the Trust without compensation and cancel them as a shareholder return measure by a resolution of the Board of Directors. Additionally, any remaining dividends on the Company's shares held in the Trust at the end of the trust period will be used as stock acquisition funds if the Trust is continued, but if the Trust is terminated, any portion exceeding the trust expense reserve will be donated to organizations unrelated to the Company, the Eligible Business Companies, and their executives.

(Reference)

Trust Agreement Contents

1. **Type of Trust:** Monetary trust other than a specific single-use monetary trust (third-party beneficiary trust)
2. **Purpose of the Trust:** To provide incentives to The Company's Directors, etc., and the Directors of Eligible Business Companies
3. **Settlor:** The Company
4. **Trustee:** Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
5. **Beneficiaries:** The Company's Directors, etc., and the Directors of Eligible Business Companies who meet the beneficiary requirements
6. **Trust Administrator:** A third party with no conflict of interest with the Company and the Eligible Business Companies (Certified Public Accountant)
7. **Trust Agreement Date:** Three business days after the completion of the share buyback (planned)
8. **Trust Period:** From September 1, 2025 to August 31, 2028
9. **Exercise of Voting Rights:** Not exercised
10. **Type of Shares Acquired:** Common shares of the Company
11. **Amount of Additional Trust Funds:**

The Company:	318 million yen (planned) (including trust fees and expenses)
The Eligible Business Companies (total for 3 companies):	324 million yen (planned) (including trust fees and expenses)
12. **Share Acquisition Start Date:** Six business days after the completion of the share buyback
13. **Method of Share Acquisition:** Acquired from the stock market
14. **Entitled Party:** The Company
15. **Residual Assets:** The residual assets that the Company, as the entitled party, can receive will be within the scope of the trust expense reserve, which is calculated by deducting stock acquisition funds from trust funds.