[Translation]

May 23, 2023

To whom it may concern:

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

Notice of Agenda for Company's Ordinary General Meeting of Shareholders to Confirm Shareholders' Will Concerning Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.

Since the Company's Board of Directors believes that City and Other Parties' (*2) proposal would damage the Company's corporate value and the Company's shareholders' common interests as stated below in 1, and it was determined that City and Other Parties' large-scale purchase actions, etc. with regard to the Company's shares, etc. (the "**Large-scale Purchase Actions, etc.**") as prescribed in the Response Policies (*1) that were introduced by the Company's Board of Directors on January 11, 2023 would significantly damage the Company's corporate value and the Company's shareholders' common interests as stated below in 2, we announce that with full respect to the Independent Committee's recommendations as stated below in 3, the Company's Board of Directors resolved at the Board of Directors meeting held today (the "**Board of Directors Meeting**"), with the unanimous consent of all directors (including four independent outside directors, regardless of whether they are Audit and Supervisory Committee members), to present an agenda (the "**Agenda**") at the Company's eighth ordinary general meeting of shareholders, to be held on June 22, 2023 (the "**Ordinary General Meeting of Shareholders**") to consult with the Company's shareholders on the propriety of the enactment of countermeasures based on the Response Policies ("**Countermeasures**"), on the condition that it is deemed that the Large-scale Purchase Actions, etc., have commenced without the submission of a statement of intent for the Large-scale Purchase Actions, etc., as prescribed in the Response Policies, and without following the procedures prescribed in the Response Policies ("**Rapid Large-scale Purchase Actions, etc.**"). As described in 4 below, in the Response Policies, the Company indicates that the Company's Board of Directors Meeting plans to enact the Countermeasures if the Response Policies are not complied with. However, from the perspective of respecting shareholders' intentions, the Company would like to ask at the Ordinary General Meeting of Shareholders for shareholders' approval in advance to enact the Countermeasures by the Company's Board of Directors (while fully respecting the recommendations from the Independent Committee at that time) if the Rapid Large-scale Purchase Actions, etc. have been commenced. The detailed terms of the Agenda are as stated below 4.

At the Board of Directors Meeting, it was also resolved that if in future it is deemed that City and Other Parties have commenced Rapid Large-scale Purchase Actions, etc., the Company's Board of Directors will enact the Countermeasures on the condition that the Agenda is approved and passed, fully respecting the Independent Committee's recommendations at the time.

(*1) "**Response Policies**" means response policies that were introduced by the Company's Board of Directors on January 11, 2023 for (i) Large-scale Purchase Actions, etc., by City and Other Parties for the Company's share certificates, etc., and (ii) other Large-scale Purchase Actions, etc., that may be planned under circumstances in which City and Other Parties are

continuously conducting Large-scale Purchase Actions, etc., for the Company's share certificates, etc. For the details on the Response Policies, please see the press release "Notice Concerning the Introduction of the Company's Basic Policies for the Control of the Company Based on the Fact that City Index Eleventh Co., Ltd. and Other Parties Carry Out Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc.," dated January 11, 2023 (the "**Response Policies Press Release**").

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

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

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

City and Other Parties have argued to the Company for several times from the beginning of the meeting held for the first time in April 2022, that since (i) the demand for petroleum products in Japan will continue to decline in the future and (ii) other companies in the same industry have excessive refining capacity, refinery restructuring, including reducing refining capacity or closing refineries, should be worked on. City and Other Parties have argued and proposed that the Company is also supposed to start drastic efforts such as closing refinery and integration with refineries owned by other companies in the same industry. However, the Company is confident that since the Company's petroleum business is structurally capable of operating at high levels and the Company has high profitability in line with the implementation of various measures to strengthen competitiveness for the following reasons, such proposals will lead directly to a decline in the Company's profitability and significantly damage the Company's corporate value and the Company's shareholders' common interests.

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

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

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

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

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

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

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

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

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

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

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

The Company believes that profit growth is important for improving the corporate value of the Company's group over the medium- to long-term. In addition to renewable energy generation business, including offshore wind power generation operated by ECP, the Company's group has multiple businesses that can create synergies throughout the entire green electricity supply chain, such as the electricity retail and solutions businesses operated under the service names of Cosmo Denki Green and Cosmo Zero Cabo Solution. The Company believes that by conducting these businesses on a group-wide basis, the Company can maximize profits of the renewable energy business and ultimately maximize its corporate value. Specifically, considering, among other matters, that (i) renewable energy generation, which is upstream in the green electricity supply chain, serves as the foundation for expanding profits in the Company group's green electricity supply chain, which has midstream (supply-demand adjustment and storage) and downstream (green electricity sales) businesses, (ii) conducting the businesses of the entire green electricity supply chain, including the upstream renewable energy generation, within the group leads to increased profitability in the midstream and

downstream businesses, making it possible to expand profits in the entire green electricity supply chain, and (iii) by conducting the midstream and downstream businesses in conjunction with the upstream businesses, it is possible to sell green electricity plus added value through other services, and by differentiating the Company from other competitors in the renewable energy business, the Company can increase its profitability. The Company believes that growing the renewable energy business across the entire value chain of the Company's group will lead to maximizing the Company's corporate value or the Company's shareholders' common interests.

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

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

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

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

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

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

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

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

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

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

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

Company's necessary equity capital, calculated rationally. Therefore, if the Company accepted the demand by City and Other Parties, it would threaten the Company's financial soundness and significantly damage the Company's corporate value and the Company's shareholders' common interests.

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

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

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

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

the specific management policies of the Company, except conducting the splitting and listing the renewable energy business subsidiary and shareholders' return. Considering City and Other Parties' such attitude, the Company believes that they are interested only in forcing the Company to conduct the large-scale share-buyback by securing the funds therefor.

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

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

Further, in the case of past investment by City Index Eleventh, approximately nine months after Ms. Yoko Atsumi ("**Ms. Atsumi**") was appointed as an outside director of a company, the company made a resolution to conduct a large-scale tender offer by an issuer at a premium price and increasing capital by third-party allotment, from which City and Other Parties exited while enjoying considerable tax benefits. As announced in the press release today, "Notice on Opposing Opinion of the Company's Board of Directors Against the Shareholder Proposal for the Company's Ordinary General Meeting of Shareholders" (the "**Opposing Opinion Press Release**"), City Index Eleventh also submitted to the Company a shareholder proposal to appoint Ms. Atsumi as an outside director of the Company.

As announced in the Opposing Opinion Press Release, in the written question and answer sessions conducted by the Company's Nomination and Remuneration Committee, as Ms. Atsumi did not have sufficient knowledge of the current situation of the industry to which the Company's group belongs or of the Company's group, she only stated that the Company's Board of Directors should sufficiently discuss a spin-off of its renewal energy business. Thus, the Company is unable to believe that Ms. Atsumi is a person suitable to assume the position of the Company's director by promising to take the actions above, and believes that there are doubts as to whether the purpose of Ms. Atsumi's proposal as a director candidate is really to discuss "the listing of the renewable energy business subsidiary." In other words, in light of the results of the written question and answer sessions above, as well as (i) there being multiple transactions between Ms. Atsumi and the corporations and organizations to which Mr. Yoshiaki Murakami ("**Mr. Murakami**") directly or indirectly relates (collectively, "**Mr. Murakami and Relevant Parties**"), such as Ms. Atsumi being a representative of Mr. Murakami and Relevant Parties, (ii) Ms. Atsumi having assumed the position of an

outside director of multiple companies at which Mr. Murakami and Relevant Parties are major shareholders and Mr. Murakami having been deemed to be involved therein, and thus, it being undeniable that Ms. Atsumi has a close relationship with Mr. Murakami and Relevant Parties (please refer to Exhibit 2 of the Opposing Opinion Press Release), (iii) the progress of communications with City and Other Parties thus far as described above, and (iv) past investment activities of City and Other parties, among other matters, the possibility cannot be denied that Ms. Atsumi may pursue the personal interests of Mr. Murakami and Relevant Parties at the expense of the Company's medium- to long-term corporate value and benefits of general shareholders.
In light of the above, the Company believes that City and Other Parties, as in the case of the other companies, are highly likely to plan for an excessively large-scale tender offer by an issuer by sending Ms. Atsumi to the Company, from which City and Other Parties will enjoy tax benefits at the expense of the Company's medium- to long-term corporate value and benefits of general shareholders.

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

As described in 2 below, the Company has reasonably concluded that it is highly probable that City and Other Parties will commence the Large-scale Purchase Actions, etc., with regard to the Company's share certificates, etc. to acquire up to 29.97%, which will be the upper limit in the future pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act (or 39.96%, the current upper limit permitted in practice under the Foreign Exchange and Foreign Trade Act) after the Ordinary General Meeting of Shareholders.
In this regard, the rate of voting rights exercised at the Company's seventh ordinary general meeting of shareholders held on June 24, 2022 was approximately 75%, and based on the ratio of voting rights exercised, if City and Other Parties acquire the Company's shares to the maximum extent permitted by their advance notification mentioned above, it is highly probable that City and Other Parties will have majority voting rights at the Company's meeting of shareholders, and will effectively acquire control of the Company's management. This will make it practically possible for City and Other Parties to prevent management measures that the Company deem suitable for the Company's corporate value and the Company's shareholders' common interests, or to force the Company to implement measures in line with their own intentions.

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

(5) Summary

Based on the previous correspondence, etc. with City and Other Parties, it is reasonably considered highly probable that City and Other Parties will commence the Large-scale

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

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

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

In response to the introduction of the Response Policies, City Index Eleventh stated in a letter dated March 29, 2023 and a letter dated May 1, 2023 that City and Other Parties would not plan to acquire the Company's share certificates, etc., until the Ordinary General Meeting of Shareholders had taken place. In fact, since their shareholding ratio reached 20.01% as calculated on a large-volume holdings statement basis as of January 10, 2023, immediately before the introduction of the Response Policies, they suspended the acquisition of the Company's share certificates, etc. However, they have not ruled out acquiring the Company's share certificates, etc., on and after the Ordinary General Meeting of Shareholders has taken place.

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

As above, considering, among other matters, that (i) before the introduction of the Response Policies, City and Other Parties, several times, stated that they would acquire 30% of the Company's share certificates, etc. as calculated on a large-volume holdings statement basis or indicated that they would acquire a majority thereof as calculated on said basis, (ii) on January 6, 2023, immediately before the Company introduced the Response Policies, Mr. Murakami, reversing his prior declaration, made a one-sided announcement that City and Other Parties would acquire 20% or more of the Company's shares as calculated on a large-volume holdings statement basis, and thereafter, until purchases were suspended following the introduction of the Response Policies, City and Other Parties actually purchased over 20% of the Company's share certificates, etc. as calculated on a large-volume holdings statement basis, (iii) while City and Other Parties have not denied their intent to acquire the Company's share certificates, etc. after the Ordinary General Meeting of Shareholders, the upper limit of the shareholding ratio permitted to be acquired by City and Other Parties pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act concerning the acquisition of the Company's share certificates, etc. was temporarily raised to 39.96%, at least as a matter of form, and City and Other Parties are aware that the future upper limit will be 29.97%, and (iv) City Index Eleventh rejected to pledge not to conduct the Large-scale Purchase Actions, etc. (including additional acquisitions of the Company's share certificates, etc.) until December 31, 2023, the Company has reasonably concluded that it is highly probable that City and Other Parties will commence the Large-scale Purchase Actions, etc. with regard to the Company's share certificates, etc. to acquire up to 29.97%, which will be the upper limit in the future pursuant to their advance notification based on the inward direct investment regulations under the Foreign Exchange and Foreign Trade Act (or 39.96%, the current upper limit permitted in practice under the Foreign Exchange and Foreign Trade Act) after the Ordinary General Meeting of Shareholders.

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

Purchase Actions, etc. are conducted, the Company's corporate value and the Company's shareholders' common interests will be damaged significantly.

3. Inquiries to and advice from the Independent Committee

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

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

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

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

4. Submission of the Agenda

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

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

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

(Note 1) Resolution requirements

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

Ordinary General Meeting of Shareholders, participate in questions and answers, including those regarding the Agenda, and are naturally permitted to exercise their voting rights for agendas other than the Agenda.
In the Recommendation Letter, the Independent Committee, as of today, acknowledges the following as Stakeholders.

	Name of the shareholder	Number of the voting rights (number of the held shares)	The reason why they are acknowledged as Stakeholders
①	Group of Officer Stock Owners of Cosmo Energy Holdings (only those held by the Company's current directors)	4 rights (485 shares)	Because the Company's current directors, which are members of the Group of Officer Stock Owners of Cosmo Energy Holdings, can determine how the voting rights of the shares of the Group of Officer Stock Owners of Cosmo Energy Holdings corresponding to the shares held by them are exercised.
②	Relatives in the second degree (including spouses; the same shall apply hereafter) of the Company's current directors	30 rights (3,000 shares)	Because it is highly probable that the relatives exercise their voting rights in the same manner as the Company's current directors do.
③	A company in which a majority of the voting rights are held by the Company's current directors or by relatives in the second degree of the Company's current directors	0 rights (0 shares) ※	Because the Company's current directors or the relatives in the second degree of the Company's current directors can determine how the voting rights of the shares are exercised since the shares held by the company in which a majority of the voting rights are held by the Company's current directors or by relatives in the second degree of the Company's current directors.

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

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

(Note 2) Outline of the Recommendation Letter

1. For the reasons listed below, we believe that if City and Other Parties conduct the Large-scale Purchase Actions, etc., there is a possibility that such actions may significantly damage the Company's corporate value and its shareholders' common interests.
   (1) It will contribute to enhancing the corporate value of the Company and the common interests of its shareholders to have the subsidiary in the renewable energy business grow in the Company group's value chain as a whole, rather than having it split and listed.
      - In light of the business environment in which the Company group places, the Company group's business structure, the content and history of the assertions made by City and Other Parties, and other relevant factors, we believe that it is reasonable for the Company's Board of Directors to determine that, due to the reasons below, it will contribute to enhancing the Company's corporate value and its shareholders' common interests to have Cosmo Eco Power Co., Ltd. ("ECP") grow in the Company group's value chain as a whole, rather than having it split and listed in the manner asserted by City and Other Parties.
         (i) ECP, which serves renewable energy generation in the green electricity supply chain (consisting of renewable energy generation, supply-demand adjustment and power storage, and green power sales), is positioned as a key player in the Company's medium-to-long-term management plan.
         (ii) In addition to the offshore wind power and other renewable energy generation businesses operated by ECP, the Company group has several businesses that can create synergies throughout the entire green electricity supply chain (including the electric power retail business and the car leasing business that will lead to the supply of EVs in the future). The Company group can maximize profits from the renewable energy business by operating these businesses as a whole.
         (iii) If ECP is split and made independent from the Company group, it would become difficult to secure personnel to carry out offshore wind power projects, and lead to a decrease in the efficiency of financing and a decline in creditworthiness. In addition, it would take a considerable amount of time and effort to have ECP listed, which could hinder the execution of offshore wind power projects and lead to a loss of profit opportunities. Based on the above, the highest priority at present should be establishing the business foundation of ECP and steady project execution, and it is not appropriate to have ECP split and independent.
         (iv) The feasibility of the spin-off asserted by City and Other Parties is low in light of the current status of ECP, as the systematic and scheduling hurdles faced in implementing the spin-off and the workload required to execute the transaction are significant. In addition, the assertions made by City and Other Parties have shifted which are difficult to interpret that they are based on serious consideration.
   (2) The demand by City and Other Parties for shareholder returns requires the Company to pay out equity capital at a level that would fall below the Company's necessary equity capital.
      - The calculation of the target figure of 600 billion yen for the Company's necessary equity capital in the Seventh Medium-Term Management Plan period is reasonable given that, among other factors, the target figure is calculated through an objective analysis and calculation method where the amount of assets is multiplied by the risk factor for the risks inherent in the assets of each business segment.
      - It is clear that the Company does not intend to merely increase retained earnings considering that the Company's shareholder returns policy targets to balance financial soundness and shareholder returns.

- Meanwhile, City and Other Parties assert that the maximum amount of equity capital necessary for the Company is approximately 500 billion yen and demand that an amount equivalent to 100% of the net income in excess of that amount be allocated to shareholder returns; however, they have not presented any sufficient grounds for their assertions.
- Therefore, if the Company were to provide shareholder returns as requested by City and Other Parties, the Company would have to pay out equity capital at a level that would fall below the reasonably calculated equity capital necessary for the Company, which could threaten the Company's financial soundness and significantly damage the Company's corporate value and its shareholders' common interests.

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

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

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

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

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

(1) There is necessity to enact the Countermeasures.

- In light of the history of discussions with City and Other Parties and other relevant factors, it is reasonably believed that there is a high probability that City and Other Parties will conduct the Large-scale Purchase Actions, etc. after the Ordinary General Meeting of Shareholders.
- As described in 1. above, the Large-scale Purchase Actions, etc. by City and Other Parties may significantly damage the Company's corporate value and its shareholders' common interests.

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

(2) The appropriateness of the Countermeasures is secured.

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

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

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

- The decision of whether to accept the Large-scale Purchase Actions, etc. by City and Other Parties (or to enact the Countermeasures) should be made based on the shareholders' will.
- If the shareholders' will is confirmed by an ordinary resolution including the voting rights represented by shares held by City and Other Parties, the result of that resolution cannot be said to express the shareholders' will, and there is a risk that the shareholders' will so confirmed might be distorted, considering that (i) in the situation that the Large-scale Purchase Actions, etc. is coercive against general shareholders, City and Other Parties, as purchasers, have different interests from general shareholders and (ii) the Company's shares already held by City and Other

Parties were acquired through purchases in the market, which is problematic in terms of coercion and information disclosure.

- Therefore, we believe the shareholders' will regarding whether to enact the Countermeasures should be confirmed by a resolution of shareholders, excluding those shareholders whose interests differ from those of general shareholders (such as City and Other Parties).

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

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

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

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

End

Exhibit

Court's Findings, etc. of Previous Investment Activities

Part 1. Investment Case in Accordia

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

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

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

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

A TOB by an issuer at a premium price is generally considered to involve a relatively high risk that the medium- to long-term corporate value of the issuer company will decrease, because the shareholders tendering their shares in the TOB will be paid an amount that exceeds the market price

of the issuer company at that time. For this reason, there are only a small number of cases of a TOB by an issuer at a premium price, in practice.

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

According to publicly available information, the maximum number of shares to be purchased by Accordia in the TOB by Issuer was 32,143,000 shares. This was a very large number, representing approximately 30% of the total number of issued shares of the company at that time, which also exceeded 25,508,800 shares, the number of Accordia shares held by the Murakami Fund-Related Parties immediately before the date of the advance notice of the TOB by Issuer. As stated above, Reno, C&I, Minami-Aoyama Fudosan, and City Index Hospitality had reached an agreement with Accordia that they would tender their shares in the TOB by Issuer, and the Murakami Fund-Related Parties were given an opportunity to sell out Accordia shares through the TOB by Issuer at a higher price than that of the market (while avoiding the risk of a significant decline in selling price if the shares were sold in the market).

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

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

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

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

After that, according to publicly available information, the Murakami Fund-Related Parties sold all Accordia shares to K.K. MBKP Resort (an investment vehicle of a foreign-affiliated investment fund MBK Partners; hereinafter, "MBKP") through the TOB announced in November 2016 by MBKP in consultation with Reno (which was a so-called TOB at a premium price in that the TOB price of

1,210 yen was at a premium of 15.8% (165 yen) over the closing price of Accordia shares (1,045 yen) on the day immediately preceding the announcement date of the TOB) pursuant to the tender agreement executed with MBKP.

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

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

Part 2. Investment Case in MCJ

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

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

As stated above, MCJ announced that it would approve the conduct of the Large-scale Purchase Action by Reno, and would not take any countermeasures. Nevertheless, according to publicly available information, on December 16, 2013, which was only two business days after the announcement of MCJ that it would not take countermeasures, Reno sold 3,244,200 MCJ shares out

of its shareholding (equivalent to a shareholding ratio of 6.38%) in the market while MCJ shares were trading at high levels as noted above in response to MCJ's announcement that it would not take countermeasures. This was contrary to its own letter of intent stating that Reno had the intention to purchase MCJ shares until its shareholding ratio or the percentage of voting rights reached 20% or above, taking into consideration, among others, the future trend in the stock market to realize the potential value of MCJ shares and the medium- to long-term enhancement of its corporate value.

Part 3. Investment Case in Kuroda Electric

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

In such situation, according to publicly available information, immediately after the closing of the annual general meeting of shareholders of Kuroda Electric held on June 26, 2015, on the same day, C&I and Minami-Aoyama Fudosan demanded the convocation of an extraordinary general meeting of shareholders of Kuroda Electric, proposing the election of four outside directors, including some of the Murakami Fund-Related Parties. In response to the demand, Kuroda Electric decided and announced on July 10, 2015 to hold an extraordinary general meeting of shareholders and to object to the proposal submitted to the meeting (the election of four outside directors). The proposal was subsequently rejected at an extraordinary general meeting of shareholders held on August 21, 2015.

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

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

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

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

Part 4. Investment Case in Yorozu Corporation

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

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

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

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

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

proposal," and demanded, "You have 3 choices – increase shareholder value, become A's company, or execute an MBO." However, in the end, the Creditors sold-off all its shares after the share price of the debtor increased.

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

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

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

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

Part 5. Investment Case in Excel

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

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

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

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

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

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

According to publicly available information, the Murakami Fund-Related Parties, i.e., Office Support and its joint holders Ms. Aya Nomura and S-Grant, purchased a large number of shares in Toshiba Machine Co., Ltd. (Toshiba Machine Co., Ltd changed its trade name to Shibaura Machine Co., Ltd. on April 1, 2020; however, hereinafter referred to as "Toshiba Machine" irrespective of the name change.) in the market and increased their shareholding ratio to 9.19% (the ratio of total voting rights was approximately 11.49%) by November 29, 2019.
Subsequently, according to publicly available information, Office Support prepared for the TOB without having substantive discussions with Toshiba Machine, and gave notice of the TOB for shares of Toshiba Machine on or after January 10, 2020 without any explanation of the terms and conditions of the TOB or the management policy of Toshiba Machine after the TOB. On the 17th of the same month, upon notice of the TOB, the board of directors of Toshiba Machine unanimously resolved and announced the introduction of a response policy to a TOB for shares of Toshiba Machine from Office Support or its subsidiaries, or any other large-scale purchase actions that may be contemplated under the circumstances where such a TOB notice has been given (hereinafter "Toshiba Machine Response Policy").
Despite the introduction of the Toshiba Machine Response Policy, City Index Eleventh, a subsidiary of Office Support, subsequently commenced a TOB for shares of Toshiba Machine without complying with the procedures set forth in the Toshiba Machine Response Policy (at that time, Office Support and S-Grant, the Murakami Fund-Related Parties, together owned 12.75% of the shareholding ratio of Toshiba Machine shares.).
On February 12, 2020, Toshiba Machine decided to oppose the TOB by City Index Eleventh on the grounds of, among others, (i) City Index Eleventh Tender Offeror Group (collectively, Office Support, S-Grant, and City Index Eleventh, the Murakami Fund related parties; the same applies hereinafter) has not presented any management policy of Toshiba Machine after the TOB, and the manner of involvement of City Index Eleventh Tender Offeror Group in the management of Toshiba Machine is completely unclear, (ii) according to the process leading to the TOB, it appeared that City Index Eleventh Tender Offeror Group has no intention to enhance the corporate value of Toshiba Machine and are interested only in acquiring cash by themselves, (iii) in light of past investments by entities under the influence of Mr. Murakami, the TOB for Toshiba Machine and the proposed shareholder value enhancement by City Index Eleventh Tender Offeror Group was highly likely to damage the corporate value of Toshiba Machine, (iv) City Index Eleventh Tender Offeror Group has continuously ignored the requests of Toshiba Machine in the process of the dialogue, and the TOB by City Index Eleventh was initiated in disregard of the Toshiba Machine Response Policy, (v) City Index Eleventh Tender Offeror Group was suspected of violating the Foreign Exchange and Foreign Trade Act and its eligibility of being the major shareholders of Toshiba Machine is questionable, (vi) the TOB by City Index Eleventh was coercive in that shareholders who oppose the transfer of control will rather have an incentive to tender their shares in the TOB. Accordingly, in order to solicit shareholders' opinion on whether or not to introduce the Toshiba Machine Response Policy and to take countermeasures based on the Toshiba Machine Response Policy (allotment of the share options subject to discriminatory exercise conditions and acquisition clause without contribution (hereinafter, the "Countermeasures" in this paragraph).
According to publicly available information, City Index Eleventh Tender Offeror Group thereafter put pressure on Toshiba Machine to make decision of a large-scale share-buyback of approximately 12 billion yen by using the withdrawal of the TOB by City Index Eleventh as a

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

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

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

Part 7. Investment Case in Leopalace21

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

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

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

of Leopalace21 through their shareholder proposal, and it was highly likely that Reno and S-Grant would pursue their own interests at the cost of the stakeholders' interests, including those of other shareholders.

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

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

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

Part 8. Investment Case in Sanshin Electronics

1. First TOB by Issuer

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

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

The First TOB by Issuer set the TOB price at 2,191 yen, which was a discount price compared to 2,234 yen, the closing price of Sanshin Electronics' shares at closing on May 11, 2018, the business day immediately preceding the announcement. However, the discount rate was only 1.92%, and that TOB price had a so-called premium price of approximately 120 yen to the simple average of the closing prices of Sanshin Electronics' shares for the past three months. The closing market price of Sanshin Electronics' shares three months before the announcement of the First TOB by

Issuer was 1,826 yen (February 9, 2018), and the closing price on the business day immediately preceding the announcement of the First TOB by Issuer was 2,234 yen (May 11 of the same year). Although the share price of Sanshin Electronics increased by approximately 22% during that three-month period, as far as we can learn through the change report of the large shareholding report, the Murakami Fund-Related Parties continued to acquire Sanshin Electronics' shares in the stock market in an amount equivalent to at least approximately 1% of the shareholding ratio during that period.

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

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

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

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

2. The Second TOB by Issuer

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

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

The Second TOB by Issuer set the TOB price at 2,249 yen. That price was so-called "premium price" which was consisted of 2,070 yen, the closing market price of Sanshin Electronics as of

May 11, 2021 (a business day immediately preceding the announcement of the TOB), and a premium of 8.65% (179 yen)

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

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

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

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

Part 9. Investment Case in Hoosiers

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

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

The TOB by an issuer set the TOB price at 684 yen, which was a discount price that was one yen lower than 685 yen, the closing price of Hoosiers shares at closing on January 28, 2021, the date of the announcement. However, in comparison with 663 yen that was the simple average of the closing prices during the past one-month period until January 27, the business day immediately preceding the announcement, the price was at a premium of 3.17%, and similarly, in comparison with 685 yen that was the simple average of the closing prices during the past three months, the price was only one yen lower. Further, according to the change report of the large shareholding report submitted by C&I, before the above TOB by an issuer, during the period until December 17, 2020, C&I continued to purchase more Hoosiers shares in the market consistently, and the volume

of the additional purchase during over one and a half months that were the first half of the above three months (from October 27, 2020 to December 17) was equivalent to a shareholding ratio of as much as 2.07%. The one-month average share price during July 2020 that was the period before such additional purchases was 534 yen, and subsequently, in and after August 2020 in which City Index Eleventh and others are considered to have commenced to purchase a large number of shares in the market, the share price rose sharply.

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

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

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

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

Part 10. Investment Case in Nishimatsu Construction

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

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

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

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

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

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

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

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

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

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

Thereafter, according to publicly available information, the Murakami Fund-Related Parties transferred all remaining 4,022,800 Nishimatsu Construction shares held by them to ITOCHU

Corporation (hereinafter "ITOCHU Corporation") on December 15, 2021, in relation to the capital and business alliance agreement between Nishimatsu Construction and ITOCHU Corporation on the same date.

Part 11. Investment Case in Daiho Corporation

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

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

On September 10, 2021, Daiho Corporation had received a notification from ASO Corporation ("ASO") concerning its intention to collaborate with Daiho Corporation, including making Daiso a consolidated subsidiary of the ASO group, and had begun to consider it. Daiho Corporation was concerned about the disadvantages caused by the delisting and the loss of financial soundness by the share-buyback, in case that Daiho Corporation accepted the Request from the Murakami Fund-Related Parties, and determined that such measures could not be adopted as a management strategy aimed at maintaining sustainable growth and raising corporate value over the medium- to long-term, and came to the view that Daiso should get out of the situation where the Murakami Fund-Related Parties were the top shareholders and form an alliance with the Aso Group as a new major shareholders instead of the Murakami Fund-Related Parties in order to aim to raise corporate value over the medium- to long-term by steady execution of the medium-term management plan. In January 2022, Daiho Corporation proposed to Mr. Murakami and other parties that they tender their Daiho Corporation shares in a TOB by Aso. However, Mr. Murakami and others responded that, (i) it was not acceptable to tender their shares in the TOB unless Daiho Corporation seeks tender offerors broadly and the highest TOB price, and (ii) if there was no choice other than being affiliated with ASO, Mr. Murakami and others had an intention to tender their shares in a TOB by an issuer of greater than or equal to 800 million shares (more than 50% of voting rights basis) with greater than or equal to 4,500 yen of TOB price (as of January 31, 2022, when Daiho Corporation was informed the price, the market price (opening price) was 3,655 yen). Further, with regard to the capital and business alliance with ASO, Mr. Murakami and others indicated that a third-party allotment should be made at a price higher than the TOB price of the TOB by an issuer in order to avoid the dilution of the shareholder value. Accordingly, Daiho Corporation conducted a TOB by an issuer (hereinafter in this section the "TOB by the Issuer") with a TOB price of 4,730 yen per share, the total amount is approximately 41.9 billion yen, for a total of approximately 8.85 million shares to be purchased, and a third-party allotment of 8.5 million shares to Aso at an issue price of 4,750 yen per share (the paid amount is approximately 40.4 billion yen, a dilution rate of 49.93% based on the voting rights basis; hereinafter in the section the "Third-party Allotment"). Daiho Corporation also decided to use the paid-in amount of the Third-party Allotment for the repayment of the bridge loan for the settlement of the TOB by the Issuer, and announced on March 24, 2022 the implementation of a series of transactions, including the TOB by the Issuer and the Third-party Allotment (in the form of a preannounced TOB, as Daiso was required to conduct the capital reserve reduction procedure for the creation of the distributable amount to implement the TOB by the Issuer).

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

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

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

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

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

Part 12. Other Investment Cases

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

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

b. MAC Asset, one of the former Murakami Fund's central investment vehicles, submitted a large shareholding report on TBS shares on October 14, 2005, in which the fund's shareholding ratio was reported as 7.45% as of September 30, 2005. In August of the same year, MAC Asset pitched a proposal towards the management team of TBS to carry out an MBO for it to buy back the

company's shares, and also attempted to acquire TBS through a consortium with …, eventually selling off its TBS shares. The shares were sold through a direct transaction without going through the market. It is reported that MAC Asset made 20 billion yen in profit through this transaction.

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

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

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

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

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

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

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

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

k. On December 3, 2012, Accordia expressed its opposite opinion against PGM's TOB for Accordia shares (purchase price of 81,000 yen per share), which it commenced on November 16th of that same year. Reno [appellant], jointly with C&I [appellant] and Minami-Aoyama Fudosan, proceeded to purchase shares in Accordia, and by January of 2013, acquired 18.12% of Accordia's shares. Appellant Reno, sent a letter, dated January 13, 2013, to Accordia, demanding: (1) Come to the table to discuss the terms of the management integration with PGM, and (2) Carry out measures to increase shareholder returns, such as an exhaustive share-buyback program. PGM's aforementioned TOB ended in failure after Accordia expressed its willingness to accept these demands and announced that it would actively carry out its share-buyback programs. Accordia

revealed plans to carry out a TOB by an issuer by selling-off a majority of the golf courses it owned and using the proceeds as funding. Reno [appellant] was unsatisfied with the size of shareholder return, and in a letter dated August 5, 2014, requested dismissal of Accordia's six outside directors, and asked that an extraordinary meeting of shareholders be convened. On August 12 of the same year, after Accordia announced that it would return 20 billion yen to its shareholders, Reno [appellant] withdrew its demand for an extraordinary meeting of shareholders. Appellant, Reno, together with six joint holders, tendered their shares in the TOB by Accordia, which began in August of the same year with all their holdings (35.20% of total number of issued shares), but due to the total number of shares tendered exceeding the planned number of shares to be purchased, the purchase was executed based on the proportional distribution method, resulting in MAC selling 20.07% of the total number of issued shares through the TOB."

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

End