[Translation]

October 24, 2023

To whom it may concern:

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

Notice of Finalization of the Analysis Results of the Board of Directors of the Company Concerning the Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc. by the Large-scale Purchasers and of the Agenda for the Company's Extraordinary General Meeting of Shareholders to Confirm Shareholders' Will Concerning Enactment of Countermeasures

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

Based on the "Company's Basic Policies for the Control of the Company Based on the Fact that City Index Eleventh Co., Ltd. and Other Parties (*1) Carry Out Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc. and Response Policies to Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc." that continue to be limited to the extent of enactment, etc. of the countermeasures introduced by the Company as of January 11, 2023 and approved by the Company's shareholders in the Company's Ordinary General Meeting of Shareholders held on June 22 of the same year (the "2023 Ordinary General Meeting of Shareholders") (the "Response Policies"(*2)), the Company has repeatedly requested the Large-scale Purchasers to provide information considered necessary for the Company's Board of Directors and the Company's shareholders to examine the details of the large-scale purchase actions, etc. of the Company's share certificates, etc. by the Large-scale Purchasers as prescribed in the Response Policies (the "Large-scale Purchase Actions, etc.") (the "Large-scale Purchase Information") (*3), and it has evaluated and examined the Large-scale Purchase Actions, etc. by the Large-scale Purchasers.

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

(*2) For the details on the Response Policies, please see the press release "Notice Concerning the Introduction of the Company's Basic Policies for the Control of the Company Based on the Fact that City Index Eleventh Co., Ltd. and Other Parties Carry Out Large-scale Purchase

Actions, etc. of the Company's Share Certificates, etc.," dated January 11, 2023 (the "Response Policies Press Release").

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

Since the evaluation period ends today, the sixtieth business day after July 27, 2023, i.e., the date of receipt of the Statement of Intent, the Company's Board of Directors believes that implementation of the Large-scale Purchase Actions, etc. would damage the Company's corporate value or shareholders' common interests as stated below in I, we announce that with full respect to the Independent Committee's advice as stated below in II, the Company'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 all four independent outside directors, regardless of whether they are Audit and Supervisory Committee members), to hold an extraordinary general meeting of shareholders (the "Shareholders' Will Confirmation Meeting") on December 14, 2023 and present an agenda (the "Agenda") at the Shareholders' Will Confirmation Meeting to consult with the Company's shareholders on the propriety of the enactment of countermeasures to the Large-scale Purchase Actions, etc. based on the Response Policies (the "Countermeasures").

The Company set October 12, 2023 as the date of record for voting rights at the Shareholders' Will Confirmation Meeting (for the details, please see the press release "Notice Concerning Setting Date of Record for Voting Rights in the Case of Convening an Extraordinary General Meeting of Shareholders" as of September 26, 2023). For the date of the Shareholders' Will Confirmation Meeting, the details of the Agenda, and other matters, please see the press release "Notice of Holding the Extraordinary General Meeting of Shareholders and Determination of Agenda Therefor" as of today.

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

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

In cases where it is reasonably concluded that the Large-scale Purchase Actions, etc. are not intended, such as a case where the Large-scale Purchasers and Others and Mr. Yoshiaki Murakami

("Mr. Murakami") submit by the day immediately preceding the Shareholders' Will Confirmation Meeting a written pledge, pledging that they will not purchase more of the Company's share certificates, etc. or conduct any other actions equivalent to the Large-scale Purchase Actions, etc. until May 31, 2024, the Company will withdraw the Agenda.

If the Agenda is passed, and it is deemed that the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc., the Company's Board of Directors will make a resolution for allotment of the share options without contribution as the enactment of countermeasures based on the Response Policy, fully respecting the advice from the Independent Committee at that time (*2). The number of stock acquisition rights to be allotted per share has not yet been determined, but it will be promptly determined and disclosed when the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc.

If the Agenda is rejected, the Countermeasures will not be enacted, and in light of the purpose of proposal No. 5 passed in the 2023 Ordinary General Meeting of Shareholders, the Response Policies will be discontinued upon the closing of the first meeting of the Board of Directors to be held after the Company's Ordinary General Meeting of Shareholders planned to be held in 2024.

(*1) **Continuance of the Response Policies with its application limited to the Large-scale Purchasers and Others' Large-Scale Purchase Actions, etc.** (excluding other large-scale purchase actions, etc.) and within the extent necessary for enactment, etc. of the Countermeasures approved by the shareholders (however, the longest period will be until the closing of the first meeting of the Company's Board of Directors that will be held after the Company's Ordinary General Meeting of Shareholders planned to be held in 2024) **was approved by the shareholders in the 2023 Ordinary General Meeting of Shareholders**.

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

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

1 General Remarks

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

The Company subsequently enacted the 6th Medium-Term Management Plan (the "Previous Medium-Term Management Plan") (for FY2018 to FY2022), which began in FY2018, and has since been working to strengthen its earnings power. Because the Company had certain prospects on ensuring its financial soundness, in May 2022, we announced that we would substantially increase shareholder returns, including dividend increases and share buy-backs, targeting a total return ratio of 50%. In addition, in the 7th Medium-Term Management Plan announced on March 23, 2023 (the "Medium-Term Management Plan"), we clearly stated that we will work to increase corporate value, our shareholders' common interests, and PBR by improving profitability, enhancing capital policies, and fostering growth expectations. Also, in our capital policies, we announced a more in-depth shareholder return policy with a total return ratio of at least 60% and a minimum dividend of 200 yen. Since then, we have still maintained an extremely strong awareness of increasing corporate value and our shareholder's common interests. The raising of the lower limit of the dividend from 200 yen/share to 250 yen/share during the period of the Medium-Term Management Plan, which was announced in the press release "Notice Regarding Revision of Policy on Shareholder Returns and Revision of Dividend Forecast" on August 10, 2023, also demonstrates our commitment to enhancing corporate value and our shareholders' common interests constantly while keeping an eye on medium-and to long-term business performance trends.

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

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

On the other hand, we believe that all of the proposals by the Large-scale Purchasers and Others to the Company mentioned in the written response to the Information List (including the details that the Large-Scale Purchasers refer to as a possibility at this point in 17. of Part 7 of the Information List) are not appropriately feasible and lack specifics, and the Large-scale Purchasers and Others do not have realistic and specific measures to improve the Company's corporate value or shareholders' common interests (2 below). Considering the fact that there are conflicts of interest between the Large-scale Purchasers and Others versus the Company and its shareholders (3 below), it is reasonably inferred that the Large-scale Purchasers and Others would harm the Company's corporate value or shareholders' common interests by pursuing their own short-term profits. Furthermore, the Large-scale Purchasers and Others move the shares of the Company held within the Large-scale Purchaser Group from time to time at their will without providing any particular reason, and we believe that the actual state of the entities within the Large-scale Purchaser Group other than the Large-scale Purchasers is unclear, and therefore, which entity is

responsible for the Large-scale Purchase Actions, etc. is unclear; in addition, the group as a whole has doubts in terms of compliance, and therefore, they are inappropriate as entities to implement the Large-scale Purchase Actions, etc. (4 below). Assuming the above, based on the high possibility that the Large-scale Purchaser Group, with the Large-scale Purchase Actions, etc. first, will further purchase shares of the Company and the like, we cannot help but evaluate the Large-scale Purchase Actions, etc. as realistic threats to the Company's corporate value or its shareholders' common interests (5 below).

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

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

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

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

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

(i) proposal to make Cosmo Eco Power Co., Ltd. ("ECP") independent from the Company by taking advantage of the tax benefits of spin-offs (i.e., all shares of a subsidiary are distributed to existing its shareholders in the form of dividends in kind) and be newly listed

(ii) proposal that course of actions, including closure of refineries or consolidation with refineries held by competitors in the industry, and its milestone should be publicly announced after thoroughly surveying as to which refineries have competitiveness regarding the refineries held by the Company

(iii) if it can be determined that proceeding with the consolidation and abolition of refineries by becoming a part of ENEOS Corporation ("ENEOS") or Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan") or transferring all or part of its refineries would not only be beneficial to the Company but also contribute to the stabilization and optimization of energy supply in Japan, then such a proposal

(iv) if there is a possibility that it will be necessary to convert the business structure, such as by effectively using the land and facilities of the Company's refineries not only at supply bases for petroleum products but also at supply bases for hydrogen, ammonia, etc. as alternative energy in the future and with respect thereto, it is determined that ownership and management by ENEOS, Idemitsu Kosan, or any other third party other than the Company (a domestic corporation is assumed) would contribute to improvement of the Company's corporate value and stabilization and optimization of the supply of energy in Japan, the proposal for the Company to become a part of ENEOS, Idemitsu Kosan, or any other third party other than the Company

(v) proposal to establish a quantitative numerical target for consideration of the possibility of changing the portfolio and converting the business to a different type (converting the business structure, such as by effectively using the land and facilities of the Company's refineries not only at supply bases for petroleum products but also at supply bases for hydrogen, ammonia, etc. as alternative energy in the future) while securing stable earnings as a listed company

(vi) proposal for business transfer, etc. if it can be determined that, regarding a project related to oil exploration & production conducted by the Company through its business companies, ownership and management thereof by a company other than the Company (a domestic corporation is assumed) would contribute to the Company's corporate value and the efficiency of the industry as a whole, eventually Japan's national interests and stabilization and optimization of the supply of energy to Japanese people

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

Regarding the individual proposals, for example, those relating to the spin-offs of ECP as stated in (i), although the Large-scale Purchases and Others initially suggested that the corporate value of ECP would be increased by locating ECP within the Company's group, they then made a complete about-turn, making a suggestion on the assumption that the Company would divide ECP from the Company's group, and thus their statements were inconsistent. In addition, as stated in 1 of "Notice of Agenda for Company's Ordinary General Meeting of Shareholders to Confirm Shareholders' Will Concerning Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc." as of May 23, 2023, (i) the Company has determined that the growth of its renewable energy business across its group's entire value chain will contribute to the improvement of the Company's corporate value or shareholders' common interests, and (ii) we believe that the splitting and listing of the renewable energy business subsidiary argued by the Large-scale Purchasers and Others are not feasible at least for the foreseeable future and not based on serious consideration. Moreover, City Index Eleventh made the shareholder proposal (the "Shareholder Proposal") in the 2023 Ordinary General Meeting of Shareholders, to the effect that it would appoint Ms. Atsumi Yoko ("Ms. Atsumi") as an Outside Director of the Company, and she stated that she was committed to "seriously discussing the listing of the renewable energy subsidiary at the Company's Board of Directors meeting and disclosing the results thereof." However, the approval rate of the Shareholder Proposal was just 25.93% of the total voting rights of the Company's shareholders who exercised their voting rights, and if we deduct affirmative votes by the Large-scale Purchasers and Others, only 3.04% of affirmative votes were gathered. In response to this result, Mr. Murakami stated in an interview held on June 29, 2023 that the Large-scale Purchasers and Others would retract the spin-offs because the Shareholder Proposal was rejected. We believe that the fact that the Large-scale Purchasers made a proposal (i) above that is almost the same as the proposal made before the 2023 Ordinary General Meeting of Shareholders despite these circumstances is proof that the proposal (i) has not been considered sincerely.

In addition, regarding (ii) above, the oil business of the Company's group continues to achieve high revenue due to the short position strategy, in which the production volume is less than the sales volume, as well as the achievement of a high operation rate of the oil refineries that significantly exceeds the national average thanks to the improvement of the safe operation level based on measures such as the introduction of the operation management system. Moreover, in VISION2030, released at the same time as the Medium-Term Management Plan, the Company announced that it also expects to maintain the high operation rate of the oil refineries in 2030. Furthermore, regarding (vi) above, the oil development business of the Company's group holds extremely competitive rights and interests based on its strong relationships with Middle Eastern oil-producing countries

for over 50 years, and the group has continued production, as the only operator in the Middle East region that is a Japanese company. Based on these and other similar factors, the Company's group prides itself on playing an important role in Japan's energy security. Amid this situation, as the recurring profits of the oil business and oil development business of the Company's group account for approximately over 80% of the entire group's recurring profit, the primary generator of the group's revenue, the Company believes that the consolidation and abolition of such oil refineries and transfer of the oil development business are proposals that could disrupt the foundation of the Company's revenue.

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

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

There is a possibility that the Company will be forced to conduct a large-scale TOB by an issuer at a premium price, as described in (1) to (3) below, if the Large-scale Purchasers implement the Large-scale Purchase Actions, etc., and increase their influence over the Company by purchasing more shares of the Company in order to recoup their investments pertaining to the Company shares held by them, and in addition, it can be concluded that there are other conflicts of interest between the Large-scale Purchasers and the Company and its shareholders, as described in (4) and (5) below. Based on the above, we believe that the Large Purchasers would harm the Company's corporate value or shareholders' common interests by pursuing their own short-term profits.

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

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

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

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

(2) It is presumed also from the past investment behavior of the Large-scale Purchaser Group that the Company will be forced to conduct a large-scale TOB by an issuer at a premium price, as a result of the Large-scale Purchasers' increase in influence over the Company by purchasing more shares of the Company.

(A) The Large-scale Purchaser Group has in fact exited in previous investment cases by having a target company conduct a large-scale TOB by an issuer at a premium price.

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

In particular, **all of the large-scale TOB by an issuer by the investees whereby the Large-scale Purchaser Group has made investments, where the Large-scale Purchaser Group's holding ratio of their shares has reached 20% or more** (see Part 10 of the Information List)[2] **were large-scale TOB by an issuer at a premium price** (specifically, ShinMaywa Industries, Ltd., Sanshin Electronics, Hoosiers Holdings Co., Ltd. ("Hoosiers"), Nishimatsu Construction Co., Ltd. ("Nishimatsu Construction"), Daiho, and Central Glass Co., Ltd. ("Central Glass")). **Moreover, in all of these TOB the Large-scale Purchaser Group succeeded in exiting by tendering shares in the TOB by an issuer, and these are typical exit methods used by the Large-scale Purchasers**.

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

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

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

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

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

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

With regard to the investment in Daiho by the Large-scale Purchaser Group, a large-scale TOB was implemented by an issuer at a premium price which enabled the Large-scale Purchaser Group to exit in a manner that allowed it to enjoy significant tax advantages compared to other shareholders, as well as a third-party allotment of shares to Aso has been implemented. The TOB statement filed by Daiho on March 24, 2022 revealed that the Large-scale Purchaser Group rejected a scheme to transfer its shareholdings directly to Aso (which is considered a more reasonable method than the scheme above), and instead proposed the scheme described above.

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

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

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

(C) Brief summary

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

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

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

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

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

(iii) if it is more than 1/3 of the total number of issued shares, the total amount of dividends, etc. (excluding specific debt interests) will be excluded, from gross profits, respectively. **If the share holding ratio increases, more tax benefits can be enjoyed**.

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

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

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

Nevertheless, according to the public notice of account closing of **City Index Eleventh, corporate tax, inhabitants tax, and enterprise tax ("Corporate Tax and Others") were 0 yen (in the unit of 1 million yen; as to this point, City Index Eleventh only stated that it paid the Metropolitan inhabitants tax and provided no answers about payment of corporate tax, which is important in relation to tax benefits**. It is reasonably presumed that the major reason for such tax results is that **City Index Eleventh enjoyed tax benefits (which cannot be enjoyed by individuals or foreign corporations) obtained through the exclusion of dividends from taxable gross revenues regarding deemed dividends (as in (A) above) for the tender and sale in the TOB by an issuer regarding 11. to 20. of Part 10 of the Information List**. For example, the Large-scale Purchaser Group increased the holding ratio of Hoosiers share certificates, etc. to approximately 37.57% and concentrated the holding shares in City Index Eleventh (regarding the reason for the concentration, the Large-scale Purchasers reiterated a vague answer, by stating "financing, etc. by each company") and tendered most of the shares in Hoosier's large-scale TOB by an issuer.[4] Regarding this, as stated in (A) above, **the Large-scale Purchasers acknowledged that "as a result, 'as to whether the Large-scale Purchaser Group enjoyed more benefits arising from deducting dividend income with regard to the deemed dividends' the answer is 'yes'", and acknowledged that it enjoyed more benefits under tax laws and regulations (which cannot be enjoyed by individuals or foreign corporations)**.

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

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

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

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

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

(C) Brief summary

As above, we believe that the Large-scale Purchasers and Others are enjoying tax benefits (which cannot be enjoyed by individuals or foreign corporations shareholders) by tendering shares in the TOB by an issuer under corporate tax laws and regulations, and as a result of them increasing their influence through such purchase of shares in order to receive tax benefits, we believe that there is a possibility that the Company will have to agree to a large-scale tender offer from an issuer at a premium price.

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

As in the past Mr. Murakami has vigorously emphasized the need for industry restructuring to the Company, information such as whether the Large-scale Purchaser Group holds shares in the Company's competitors, and the quantity thereof, is extremely important in considering whether and to what extent there is a conflict of interest with the Company's general shareholders (even if the shareholding does not meet the requirements for submitting a large-volume holdings statement). In the response to 1. of Part 2 in II of Information List (2), the Large-scale Purchaser Group stated that "It is true that we hold shares in Cosmo's competitors, but unlike shares in Cosmo, we do not hold the large amount of shares that is required to submit a large-volume holdings statement". However, in the response to Information List (3), the Large-scale Purchasers made a complete change and stated that "as of October 10, the purchasers hold no shares of the Company's competitors"; but **it is reasonably presumed that this change is to avoid questioning about the conflict of interest above**. **In addition, the Large-scale Purchasers also stated that the future**

holding schedule had not been determined, and we believe that it is quite possible that a conflict of interest may arise with the Company's general shareholders in the future. In addition, with regard to the proposals listed as (ii) to (iv) and (vi) in the response to 17. in Part 7 of the Information List, considering that the competitors also have interests, the Large-scale Purchasers and Others **have interests related to the Large-scale Purchase Actions, etc. in their capacity as shareholders of competitors rather than as shareholders of the Company and as to this point, we understand that they are in a different position than general shareholders (in the response to 13. of Part 3 of the Information List, it is suggested that Idemitsu Kosan also has a personal relationship. We believe that the Large-scale Purchaser Group has its own interest concerning the point that it can make various proposals using such relationships.)**.

In addition, in the meeting on May 25, 2022, considering that City Index Eleventh and S-Grant. Co., Ltd. ("S-Grant") held 10.11% of the shares of Fuji Oil Company, Ltd. ("Fuji Oil") together at that time, Mr. Murakami asked us, "Don't you have the intention to hold the shares of Fuji Oil?", and after that, Mr. Murakami stated that "There are no synergies between the Company and Fuji Oil." However, in the meeting on August 31, 2022, he made a similar proposal and mentioned that he approached the Company because the proposal was turned down by other company, stating that "We were turned down by a certain company [the Company's note: this refers to the Company's competitor"[5]; therefore, **it is apparent that the Large-scale Purchaser Group did not approach the Company for the purpose of improving the Company's corporate value through creation of synergies**. Thus, we believe that **the purpose of the Large-scale Purchaser Group holding shares of competitors in the name of industry restructuring is the Large-scale Purchaser Group's own interests**.

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

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

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

In particular, as indicated in the facts described in 3. of Part 2 in II of Information List (2) and 3. of Part 4 in I of Information List (3), at a meeting with the Company and Mr. Murakami and City Index Eleventh held on June 29th, 2023, after the 2023 Ordinary General Meeting of Shareholders, they proposed a certain proposal, by providing a specific

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

company name in their proposal, and asserted that Mr. Murakami himself should be allowed to be directly involved in the negotiations between this company and the Company as an intermediary. In response to this, the Company stated that even if the Company were to negotiate with this company, the Company would not allow Mr. Murakami to participate in the negotiations since the Company needed to carefully consider, among others, the following matters: (i) in general, such negotiations are conducted only by the parties to a transaction; (ii) involving Mr. Murakami in the negotiations may result in having the Large-scale Purchasers including Mr. Murakami (the Group's total holding ratio of share certificates, etc. is currently 20.01%, which virtually constitutes a status as a "major shareholder" as a whole under the FIEA) informed of material facts under insider trading regulations; and (iii) a Fair Disclosure Rules issue could also arise.

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

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

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

The Large-scale Purchasers and Others have stated in the past that the Company should buy back a large amount of the Company shares. For example, regarding shares allocated through the exercise of share options concerning the Convertible Bonds issued by the Company, the Large-scale Purchasers and Others requested that the Company implement the share buy back before the Company settles its accounts for the third quarter of fiscal year 2022.

The value of the Company shares held by the Large-scale Purchasers and Others now equals approximately 92 billion yen on a basis of the closing price on October 23, 2023 (if the Large-scale Purchase Actions, etc. are performed and the holding ratio is 24.56%, approximately 112 billion yen); therefore, if the Large-scale Purchasers and Others increase their control and influence over the Company as a result of the Large-scale Purchase Actions, etc., and the Company has to conduct a large-scale TOB by an issuer at a premium price, it is assumed that a large amount of funds, beyond expectation, will flow out and the Company may not be able to perform capital policies and investment plans to improve the corporate value or shareholders' common interests, which are listed in the Previous Medium-Term Management Plan by the Company in particular, it is assumed that there is a risk that the common interests of general shareholders who remain after a large-scale TOB by an issuer at a premium price are considerably harmed; the Company will be unable to

invest in the oil business, oil development business, which are the primary generators the primary generator of the group's revenue, and the future renewable energy business, or to continue the dividend of 250 yen per share that the Company has promised to shareholders as a lower limit of dividend.

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

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

(1) Although the Large-scale Purchasers and Others have control and influence over the Company, it is unclear how and which corporation or individual is actually involved in the Company's management.

(A) The Large-scale Purchasers and Others' refusal to provide basic information regarding the Large-scale Purchaser Group is considered to be against the Principle of Transparency, which is the third principle of the Takeovers Guidelines formulated by the Ministry of Economy, Trade and Industry.

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

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

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

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

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

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

Specifically, according to the large-volume holdings statement dated April 5, 2022

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

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

On this point, **it became unclear which entity is responsible for discussions with the Company due to the involvement of multiple separate purchasing entities and frequent changes** within the Large-scale Purchaser Group **due to reasons unknown to outsiders** (for example, as stated above, the representative of City Index Eleventh who made the Shareholder Proposal to the Company at the 2023 Ordinary General Meeting of Shareholders is a different person from the representative of Minami Aoyama Fudosan, which is the entity conducting the Large-scale Purchase Actions, etc.). In addition, **concerning the reason why the entity conducting the Large-scale Purchase Actions, etc. was changed** (initially, three parties, City Index Eleventh, Reno, and Ms. Aya Nomura, jointly held the Company's shares; but why they decided to replace Reno with Minami Aoyama Fudosan and exclude City Index Eleventh, which made the Shareholder Proposal at the 2023 Ordinary General Meeting of Shareholders and also provided all responses from the Large-scale Purchasers in the information provision procedures under the Response Policies on its website, from the Large-scale Purchasers is unknown), **they did not provide any substantive response on this point**. **It became even more unclear which entity has any control and influence over the Company's management**.

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

In addition, with respect to Minami Aoyama Fudosan, it is not clear which entity effectively has any influence over the Company's management (through Minami

Aoyama Fudosan). Specifically, the "entity that effectively controls" Minami Aoyama Fudosan is considered to be Kabushiki Kaisha ATRA ("ATRA"), which is a wholly-owning parent company of Office Support, which is the direct parent company of Minami Aoyama Fudosan. Based on the response to 5. of Part 1. in I of Information List (2), it was understood that shares in ATRA are held 33.3% by City Index Eleventh, 45.4% by City Index Tenth Co., Ltd. ("City Index Tenth"), and 21.2% by Mr. Murakami and his relatives. However, since the Large-scale Purchasers and Others also refused to respond regarding City Index Tenth's capital structure and provide details of the "relatives," the actual state of Minami Aoyama Fudosan, which is a part of the Large-scale Purchasers (to what extent and who has influence over Minami Aoyama Fudosan) is uncertain and unclear.

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

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

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

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

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

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

(D) Brief summary

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

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

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

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

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

delegation agreement was executed between City Index Eleventh and Ms. Atsumi; objectively, the response is contrary to the facts.

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

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

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

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

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

This means that, as the Company explained in detail in the press release on March 23, 2023 "Developments of Dialogue with City Index Eleventh Co., Ltd. and Other Parties and the Company's Thoughts on the Spin-off," (i) before introduction of the Response Policies, although the Large-scale Purchasers and Others expressed several times that they had no plans to acquire 20% or more of the Company shares as calculated on a large-volume holdings statement basis, as soon as they observed that how the Company addressed the matter was not in line with the Large-scale Purchasers and Others' intent, they made a complete change to their expression and made statements to the effect that they would acquire 30% of the Company share certificates, etc. as calculated on a large-volume holdings statement basis and suggested that they acquire a majority as calculated on a large-volume holdings statement basis several times, (ii) the Large-scale Purchaser Group temporarily filed an advance notification under the Foreign Exchange and Foreign Trade Act to the effect that the Group as a whole would acquire up to 40% of the Company shares, and (iii) on January 6, 2023, immediately before the Company introduced the Response Policies, Mr. Murakami unilaterally declared that he would acquire 20% or more of the Company shares as calculated on a large-volume holdings statement basis (In fact, the Large-scale Purchaser Group acquired more than 20% of the Company shares). As seen in the above cases, among others, the Large-scale Purchasers and Others have mentioned multiple times until now figures such as 30%, 40%, or a majority regarding the acquisition target for the Company shares. In addition, (iv) after introduction of the Response Policies, considering that introduction, City Index Eleventh stated in the letter on March 29, 2023 and the letter on May 1, 2023 that it did not have a plan for the Large-scale Purchasers and Others to acquire the Company share certificates, etc. until the 2023 Ordinary General

Meeting of Shareholders (i.e., it did not deny the possibility of further purchase of the Company share certificates, etc. after the 2023 Ordinary General Meeting of Shareholders). Finally, on July 27, 2023, after the 2023 Ordinary General Meeting of Shareholders, the Large-scale Purchasers submitted the Statement of Intent expressing their intention to acquire 24.56% of the Company shares in terms of the voting rights ratio (i.e., the total including the Company shares held by City Index Eleventh).

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

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

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

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

The Statement of Intent was submitted on July 27, 2023 and it indicated that the Large-scale Purchasers plan to acquire 24.56% of the Company shares in terms of the voting rights ratio; however, if the possibility of further purchase is ruled out, unlike the 2023 Ordinary General Meeting of Shareholders in which the proposal for enactment of countermeasures based on the Response Policies and proposal for appointment of directors by Shareholder Proposal were agenda items and which attracted general shareholders' attention more than usual, **the ratio of voting rights exercised at the Company's 7th Ordinary General Meeting of Shareholders held on June 23, 2022, which was held in a so-called ordinary situation, was approximately 75.0%, and considering such figure, the voting rights ratio of the Company of 24.56% is equivalent to approximately 30% on the basis of the ratio of the voting rights of attending shareholders. Therefore, if the Large-scale Purchase Actions, etc. are implemented, the Large-scale Purchaser Group will have a substantial veto over matters requiring a special resolution in the Company's General Meeting of Shareholders, by cooperating with a small number of other shareholders**. In addition, based on the ratio of voting rights exercised during and after 2014, there was a case in which the threshold for veto over matters requiring a special resolution was 26.2%, on the basis of the ratio of the voting rights of all shareholders (i.e., close to the figure "24.56%," on the basis of the ratio of the voting rights of all shareholders which the Large-scale Purchasers and Others stated they planned to acquire in the Statement of Intent).

In addition, as stated in 2 and 3 above, under circumstances in which the Large-scale Purchasers and Others do not have specific measures to improve the corporate value or its shareholders' common interests, and where it is presumed that there is a material conflict of interest between the Large-scale Purchasers and Others, and the Company and the

Company's general shareholders, this results in the Large-scale Purchasers and Others resulting having an effective veto over matters requiring a special resolution in the Company's General Meeting of Shareholders, meaning that the Large-scale Purchasers and Others will have a veto over the organizational restructuring required by the Company, such as business transfers and mergers. Therefore, the Company believes that if the Large-scale Purchase Actions, etc. are implemented, there will be actual threats to the Company's corporate value or its shareholders' common interests.

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

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

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

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

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

In addition, the method for effectively taking control by (gradually) purchasing shares of the target company further in the market is to acquire shares by paying money equivalent to the then-share price in each instance, unlike the tender offer where a payment is generally made to the applicant at a flat price with control premiums at a flat rate; therefore, we believe **it is very problematic that the purchaser is able to conceal its intention to take control and realize it without paying control premiums to the general shareholders**. In this sense, **in the West, the method of purchasing only a part and not all of the target company shares in the market is called "creeping takeover" (step-by-step and gradual acquisition of control) and it is pointed out that this is a problematic purchase method**. For the details, please see Exhibit 5.

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

In addition to (1) above, as in 4(1) above, although the Large-scale Purchasers and Others have control and influence over the Company, it is unclear how and which corporation or

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

(3) Brief summary

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

7 Conclusion

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

Ⅱ Inquiries to and advice from the Independent Committee

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

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

Today, the Company received from the Independent Committee written advice with today's date (the "Written Advice"), indicating, with the unanimous consent of the members of the Independent Committee that (i) the Independent Committee believes that if the Large-scale Purchasers conduct the Large-scale Purchase Actions, etc., there is a possibility that such actions may significantly damage the Company's corporate value and its shareholders' common interests and (ii) based on the evaluation described in (i) above and assuming that the Proposal will be submitted to, and approved at, the Extraordinary General Meeting of Shareholders, if it is deemed in the future that the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc., it would be reasonable for the Company's Board of Directors to enact the Countermeasures. For a summary of the Written Advice, please refer to (Note) below.

(Note) The outline of the Written Advice
The outline of the Written Advice is as follows:

1. For the reasons listed below, we believe that if the Large-scale Purchasers conduct the Large-scale Purchase Actions, etc., there is a possibility that such actions may significantly damage the Company's corporate value and its shareholders' common interests.
   (1) It will contribute to enhancing the corporate value of the Company and the common interests of its shareholders to have the subsidiary in the renewable energy business grow in the Company group's value chain as a whole, rather than having it split, listed, or the like.
      - In light of the business environment in which the Company group is placed, the Company group's business structure, the content and history of the assertions made by the Large-scale Purchasers, and other relevant factors, we believe that it is reasonable for the Company's Board of Directors to determine that, due to the importance of Cosmo Eco Power Co., Ltd. ("ECP") in the Company's medium-to-long-term management plan, synergies between the ECP's business and the Company group's other businesses, negative effect on the execution of offshore wind power projects in terms of securing personnel, financing, etc., which would be caused once ECP is split and made independent, and the low degree of feasibility of the spin-off asserted by the Large-scale Purchasers, it will contribute to enhancing the Company's corporate value and its shareholders' common interests to have ECP grow in the Company group's value chain as a whole, rather than having it split or listed in the manner asserted by the Large-scale Purchasers, as with our consideration in the Recommendation Letter submitted by the Independent Committee to the Company's Board of Directors on May 23, 2023 (for summary thereof, please refer to "Notice of Agenda for Company's Ordinary General Meeting of Shareholders to Confirm Shareholders' Will Concerning Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc." issued by the Company).
      - In addition, considering that the Large-scale Purchasers' proposal of a certain third party's capital participation in ECP is based on superficial reasons only, that it is unlikely the capital participation by the third party would immediately contribute to the expansion of ECP's business, and that, conversely, the capital participation may have an adverse effect on ECP's offshore wind power projects, we believe that the proposal has a low degree of feasibility and may have an adverse effect on ECP's business, which in turn may damage the corporate value of the Company and the common interests of its shareholders.
   (2) Proceeding with the integration and abolition of refineries would not contribute to enhancing the Company's corporate value or the common interests of its shareholders.
      - We believe that it is reasonable for the Company's Board of Directors to have determined that the Large-scale Purchasers' proposal for the integration and abolition of refineries would lead directly to a decline in the Company's

profitability and would significantly damage the Company's corporate value and the common interests of its shareholders, considering that the high utilization rate of the Company's refineries is linked to the high competitiveness and profitability of its oil business and that the high utilization rate can be maintained for the time being, given the supply-demand balance and the Company's operational and maintenance capability.

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

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

(4) The demand by the Large-scale Purchasers for shareholder returns requires the Company to pay out equity capital at a level that would fall below the Company's necessary equity capital.

- The calculation of the target figure of 600 billion yen for the Company's necessary equity capital in the Seventh Medium-Term Management Plan period is reasonable given that, among other factors, the target figure is calculated through an objective analysis and calculation method where the amount of assets is multiplied by the risk factor for the risks inherent in the assets of each business segment.
- It is clear that the Company does not intend to merely increase retained earnings considering that the Company's shareholder returns policy targets to balance financial soundness and shareholder returns.
- Meanwhile, the Large-scale Purchasers assert that the maximum amount of equity capital necessary for the Company is approximately 500 billion yen and demand that an amount equivalent to 100% of the net income in excess of that amount be allocated to shareholder returns; however, they have not presented any sufficient grounds for their assertions.
- Therefore, if the Company were to provide shareholder returns as requested by the Large-scale Purchasers, the Company would have to pay out equity capital at a level that would fall below the reasonably calculated equity capital necessary for the Company, which could threaten the Company's financial soundness and significantly damage the Company's corporate value and its shareholders' common interests.

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

- In their discussions with the Company, the Large-scale Purchasers have consistently requested the Company to execute share buybacks with an insistence on large-scale share buybacks that involve payout of large amounts of equity capital; this, together with their past investment behavior, also lend support to the theory that the real aim of the Large-scale Purchasers is as stated above.

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

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

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

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

lack detail, and we are compelled to strongly doubt that they have the knowledge and ability to properly manage the Company.

- Therefore, it is reasonable to believe that it would better contribute to maintaining and enhancing the Company's corporate value and the common interests of its shareholders to have the Company's management team make sincere efforts to manage the Company by utilizing their knowledge and abilities, rather than having them manage the Company under the strong influence of the Large-scale Purchasers in a situation where the Large-scale Purchasers would have control of, or significant influence over, the Company's management.

2. For the reasons listed below, based on the evaluation described in 1. above and assuming that the Proposal will be submitted to, and approved at, the Extraordinary General Meeting of Shareholders, if it is deemed in the future that the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc., it would be reasonable for the Company's Board of Directors to enact the Countermeasures.

(1) Appropriateness of submitting the Proposal to the Extraordinary General Meeting of Shareholders

- In light of the fact that, as described in 1. above, the Large-scale Purchase Actions, etc. by the Large-scale Purchasers can be considered to have the potential to significantly damage the Company's corporate value and its shareholders' common interests and that, as described in (2) below, it is necessary and appropriate to enact the Countermeasures against the Large-scale Purchase Actions, etc., assuming that the enactment of the Countermeasures will be approved by the shareholders at the Company's general meeting of shareholders, it is reasonable for the Company's Board of Directors to oppose the implementation of the Large-scale Purchase Actions, etc. and to submit the Proposal for enacting the Countermeasures to the Extraordinary General Meeting of Shareholders to avoid significant damage to the Company's corporate value and its shareholders' common interest.

(2) Appropriateness of the Company's Board of Directors enacting the Countermeasures if, assuming that the Proposal will be approved at the Extraordinary General Meeting of Shareholders, it is deemed that the Large-scale Purchasers have commenced the Large-scale Purchase Actions, etc.

- It would become necessary to enact the Countermeasures
  - As described in 1. above, the Large-scale Purchase Actions, etc. by the Large-scale Purchasers may significantly damage the Company's corporate value and its shareholders' common interests.
  - The Large-scale Purchase Actions, etc. would have a coercive effect on general shareholders given the following: (i) while the Large-scale Purchase Actions, etc. would be a partial purchase of outstanding shares of the Company, the Company's corporate value or the common interests of its shareholders would be significantly damaged by The Large-scale Purchase Actions, etc. ; (ii) it is difficult to conclude that the Large-scale Purchasers have provided the Company's general shareholders with information necessary to decide whether to accept the Large-scale Purchase Actions, etc.; (iii) the Large-scale Purchase Actions, etc. would be made through purchases in the market; and (iv) it cannot be denied that there is a possibility that the Large-scale Purchasers would not only gain significant influence over the Company's management as a result of the Large-scale Purchase Actions, etc. but may also gain control of the Company's management through subsequent additional acquisitions.
  - The information disclosure by the Large-scale Purchasers is inadequate and inappropriate, making it difficult for shareholders to make appropriate decisions.
  - The Large-scale Purchase Actions, etc. through purchases in the market and any subsequent acquisition of additional shares in the Company that may be

conducted by the Large-scale Purchasers create a risk that the Large-scale Purchasers will gain control of, or significant influence over, the Company's management without the payment of an appropriate control premium to general shareholders.

- Since the Countermeasures are based on the assumption that a proposal referring the decision to enact the Countermeasures is submitted to a general meeting of shareholders and that the proposal is approved by an ordinary resolution, it can be said that the Countermeasures will be based on the rational intent of shareholders.
- In light of the above, it is reasonable to believe it is necessary to enact the Countermeasures in order to avoid significant damage to the Company's corporate value and its shareholders' common interests due to the Large-scale Purchase Actions, etc.

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

Exhibit 1

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

Exhibit 2

Market capitalization before and after the TOB by an issuer

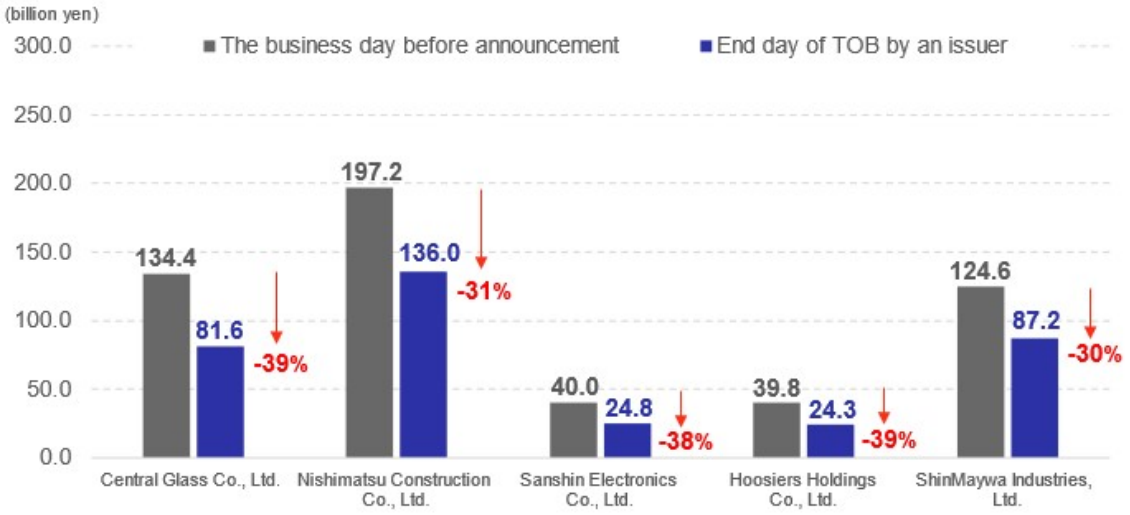

Exhibit 3

Capital Relationship Chart of Large-scale Purchaser Group

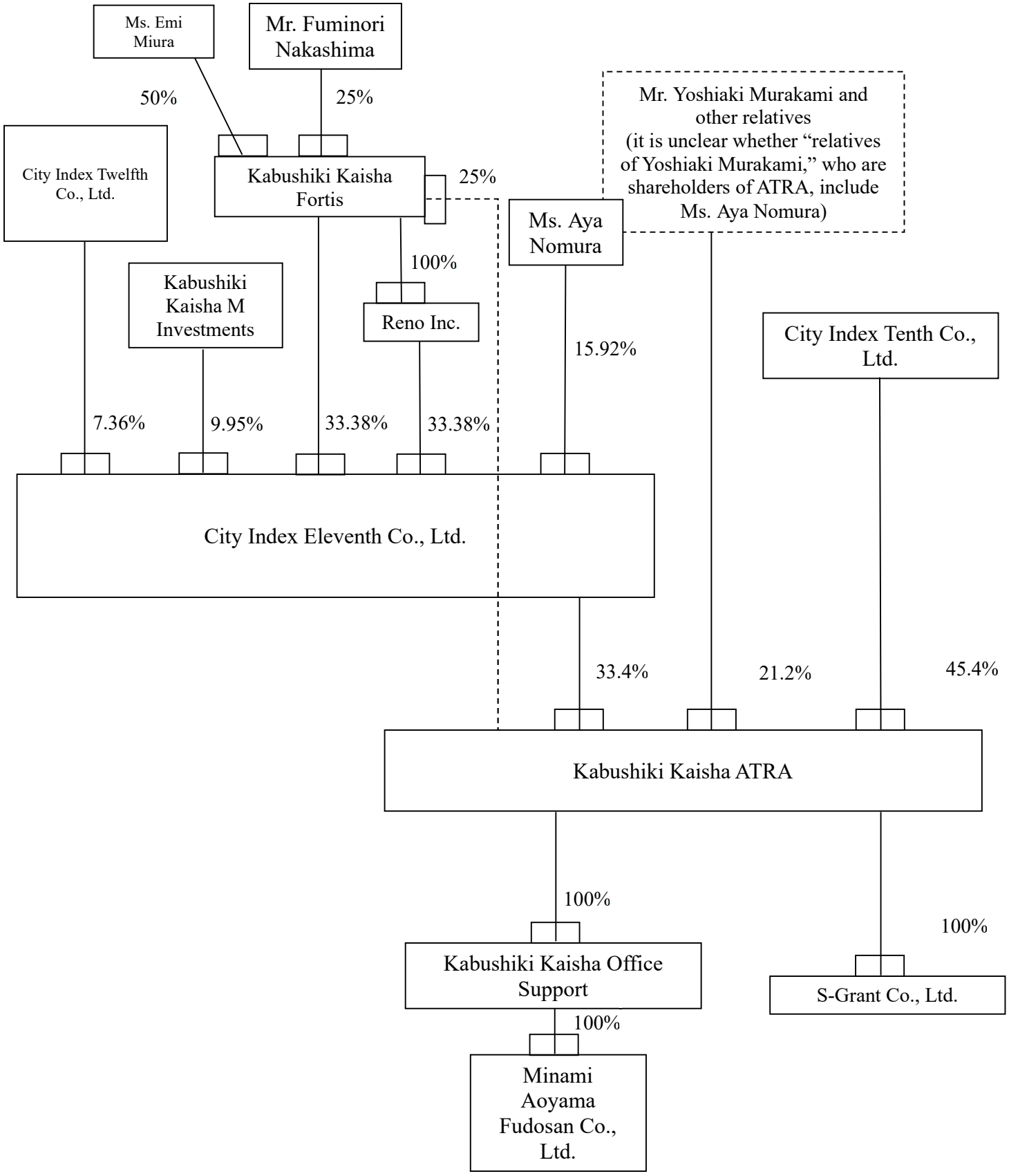

Exhibit 4

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

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

For example, three companies, including Reno, Inc. ("Reno"), C&I Holdings Co., Ltd. ("C&I"), and Minami Aoyama Fudosan Co., Ltd. ("Minami Aoyama Fudosan"), purchased a large amount of shares in Accordia Golf Co., Ltd. ("Accordia"), which operates and manages golf courses, in the market immediately after its rival company, PGM Holdings K.K. ("PGM"), conducted a hostile TOB against Accordia in November 2012. On January 13, 2013, prior to January 17, 2013, the last day of the TOB period, the three companies purchased 18.12% of Accordia's shares and held a decisive vote between Accordia and PGM for management control.
After PGM failed to carry out the TOB, four companies, the three companies stated above and CITYINDEX Hospitality Co., Ltd., continued to purchase Accordia's shares, and by March 28, 2014, their shareholding percentage in Accordia increased to approximately 24%. On the same day, under an agreement with these four companies, they succeeded in causing Accordia to announce that it would conduct a large-scale tender offer by an issuer at a premium price ("TOB by Issuer") after the ordinary general meeting of shareholders in June 2014.
Nevertheless, the Large-scale Purchaser Group **continued to purchase Accordia's shares in the market through City Index Holdings Co., Ltd., Kabushiki Kaisha Fortis, and Kabushiki Kaisha Rebuild ("Rebuild"), which were not parties to the TOB agreement with Accordia after the announcement stated above by Accordia**. Furthermore, since the Large-scale Purchaser Group was dissatisfied with several matters, such as the scale of shareholder returns after the TOB by Issuer, it pressured Accordia to return profits to shareholders via Reno requesting, on August 5, 2014, that Accordia convene an extraordinary general meeting of shareholders. Eventually, on August 12, 2014, Accordia withdrew its post-TOB-by-Issuer dividend reduction policy that it had announced together with the announcement of the TOB by Issuer stated above, and announced that it would distribute large-scale shareholder returns in two fiscal years after the TOB by Issuer, totaling 20 billion yen.[6]

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

As stated above, in the past, the Large-scale Purchaser Group has frequently changed the entities holding shares in investees within the group and at its discretion, purchased shares in the market, and

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

ultimately succeeded in selling off its shares by tendering shares in tender offers by issuers at a premium price.

Exhibit 5

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

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

In this regard, in the US, for example, in the 2014 **"Sotheby's case"**[7] (Third Point LLC v. Ruprecht, C.A. No. 9469-VCP (Del. Ch. May 2, 2014)), when the Delaware Court of Chancery affirmed the legality of enactment and retention of a rights plan that would be enacted by acquisition of 10% or more of the shares (in relation to active investors) that was introduced by Sotheby's only for the board of directors at the stage when Third Point, a well-known activist fund, became the largest shareholder, holding 9.3% of the shares through a purchase in the market,[8] the court called **forming a control block through a purchase in the market without paying control premiums "creeping control." The court cited this risk as one of the reasons for laying the foundation for legality of enactment and retention of the rights plan stated above**, and also found that Third Point's intention to purchase up to 20% of the shares **"will enable" Third Point "to exercise disproportionate control and influence over major corporate decisions" and similarly, cited this point as one of the reasons for laying the foundation for legality of enactment and retention of the rights plan mentioned above**.

In addition, in the 2010 **"Barnes & Noble, Inc. ("B&N") case "** (Yucaipa American Alliance Fund II v. LR, 1 A.3d 310 (Del. Ch. 2010)), when the Delaware Court of Chancery affirmed the legality of enactment and retention of a rights plan that B&N introduced with a trigger basis of 20%, only for the board of directors, at the stage when an activist fund Yucaipa American Alliance Fund II ("YP") increased its stake in B&N to approximately 17.8% in the market,[9] the court listed as one of the reasons underlying the legality of enactment and retention of the rights plan mentioned above, arguing, among other things, that "the fact that [legal protection is provided] by the U.S. Companies Act and other relevant laws and regulations against a controlling shareholder's proposal to delist the relevant company or any effort to extract unfair value **does not mean that even the board of directors of B&N has no right to take reasonable and non-exclusive action to ensure that activist investors like YP do not acquire an effective control block that would enable them to make proposals that wield significant bargaining power to pursue their own interests, either alone or in concert with other shareholders, at the expense of the interests of the general shareholders**" and that "**if it is**

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

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

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

true that YP does not have the intention to acquire the entirety of B&N, that will increase the concerns of the board of directors of B&N, which is a subject of concern in the EU directive on takeover bids, namely, the concern that YP (together with [other activist funds] and other parties) may acquire control over B&N without appropriate payment of a control premium."

Based on these cases, it can be said that **in the United States, in circumstances where control of a target company is acquired gradually due to purchases in the market, it is permitted for the board of directors of the target company to enact countermeasures on its own even though the shareholding percentage of the purchaser with that of other activities is limited to 20-30%**. In this regard, in this case, after implementation of the Large -scale Purchase Actions, etc., the voting rights percentage that the Large-scale Purchasers and Others will only be 24.56%. **However, as long as there are multiple court cases in the United States where the enactment of a rights plan was permitted, as indicated above, that percentage is considered a sufficient "threat" as required to enact the countermeasures under the Response Policies**.