

[Translation]



November 14, 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 Concerning the Company's View of the Letter and Press Release from City Index Eleventh Co., Ltd.

The Company received a joint letter (please see Exhibit; the "Letter") dated November 10, 2023 from City Index Eleventh Co., Ltd., Minami Aoyama Fudosan Co., Ltd., and Ms. Aya Nomura (Minami Aoyama Fudosan Co., Ltd. and Ms. Aya Nomura collectively, the "Large-scale Purchasers," and the Large-scale Purchasers and City Index Eleventh Co., Ltd. collectively, the "Large-scale Purchasers and Others"). In addition, the Company has confirmed that City Index Eleventh Co., Ltd. disclosed an outline of the Letter on its homepage on the same day.

The Large-scale Purchasers and Others made the following requests regarding the Company's shareholder return policy in the Letter:

- (i) a total payout ratio of 60% for one financial year; and
- (ii) if the total equity capital amount exceeds 600 billion yen, all of the excess will be returned to the shareholders.

If the Company accepts these requests and announces it, they stated that they will withdraw the statement of intent for large-scale purchase actions, etc. submitted by the Large-scale Purchasers and Others on July 27, 2023 (the "Statement of Intent").

The Company announced the following shareholder return policies in the Medium-Term Management Plan [Company's note: refers to the 7th Medium-Term Management Plan for three financial years from FY2023 announced by the Company on March 23, 2023]:

- (a) a total payout ratio of 60% or more for three cumulative financial years;
- (b) minimum annual dividend of 250 yen/per share or more (as of August 2023); and
- (c) if the target financial soundness (with the total target equity capital amount of 600 billion yen and the net D/E ratio being 1.0) is achieved during the term of the Medium-Term Management Plan, the excess will be additionally returned, in principle.

As stated in (c) above, since the Company clearly indicates that, in principle, the Company will conduct (ii) requested by the Large-scale Purchasers and Others, we understand that with regard to (a) above that the Large-scale Purchasers and Others substantially made a request for a total payout ratio of 60% or more for not three cumulative financial years, but one financial year.

Since the shareholder return policy with a total payout ratio of 60% or more for three cumulative financial years was established by the Company after sincere consideration in order to improve the

Company's medium-to long-term corporate value and its shareholders' common interests, the Company cannot accept this request.

In this regard, from the viewpoint of providing accurate and sufficient information regarding these points to the shareholders and to create an environment for appropriate assessment of the exercise of voting rights at the Company's Extraordinary General Meeting of Shareholders to be held on December 14, 2023 (the "Extraordinary General Meeting"), the Company hereby provides its opinion, as follows:

The Company determined that with full respect to the advice from the Company's Independent Committee, implementation of the large-scale purchase actions, etc. in the Statement of Intent (the "Large-scale Purchase Actions, etc.") is unacceptable, and has already commenced the measures for electronic provision of the convocation notice of the Extraordinary General Meeting from November 9, 2023. For details of the Extraordinary General Meeting, please see "Notice Concerning Holding of Extraordinary General Meeting of Shareholders and Decision on Agenda Submitted Thereto" as of October 24, 2023.

The Letter was announced after electronic provision of the convocation notice above, but we believe that the details should have been provided in the Statement of Intent, and it would have been appropriate to at least mention and explain them in the information provision procedures of the Response Policies from the viewpoint of promoting shareholders' accurate decisions.

We would like to request that shareholders make appropriate decisions at the Extraordinary General Meeting regarding whether to accept implementation of the Large-scale Purchase Actions, etc., from the viewpoint of whether the Company or the Large-Scale Purchasers and Others will contribute to the improvement of corporate value or common interests of shareholders in the medium-to long-term.

1. The Company's shareholder return policy has been sincerely considered in order to improve the Company's medium-to long-term corporate value and its shareholders' common interests.

The Company aims to maximize its corporate value by implementing a three-pronged capital policy for shareholder returns, financial soundness, and capital efficiency in the Medium-Term Management Plan. Such a policy **is based on the idea that shareholder returns clearly are extremely important, and improving the Company's financial soundness, which was severely damaged by the Great East Japan Earthquake and large-scale inventory valuation losses recorded due to a significant decline in crude oil prices to a certain level (A or better credit rating), maintaining it, and achieving capital efficiency exceeding the capital costs required by the market are all equally important.**

Again, the Company's shareholder return policies are as follows:

- (a) a total payout ratio of 60% or more for three cumulative financial years;
- (b) minimum annual dividend of 250 yen/per share or more (as of August 2023);
- (c) if the target financial soundness (with the total target equity capital amount of 600 billion yen and the net D/E ratio being 1.0) is achieved during the term of the Medium-Term Management Plan, the excess will be additionally returned, in principle.

We believe that the Company's shareholder return policy is more in-depth than that of other companies in the same industry.

With regard to (a) above, the Large-scale Purchasers and Others made a request for "a total payout ratio of 60% for one financial year," but the Company **has decided to achieve a total payout ratio "for three cumulative financial years" because the Company determined that making**

shareholder returns based on sufficient consideration of profit volatility due to crude oil prices and the market environment caused by the nature of the business and the timing of investments is the best method of improving the Company's corporate value from the viewpoint of growth investing, achievement of stable dividends, etc., and we do not intend to delay making returns unnecessarily. As proof thereof, while keeping an eye on the business environment, the Company announced an increase in the interim dividend and a raising of the lower limit of the dividend (changing the lower limit of the annual dividend and the dividend during the term of the Medium-Term Management Plan from 200 yen/share to 250 yen/share) in August 2023, and a further increase in the dividend (the annual dividend from 250 yen/share to 300 yen/share) in November 2023, which demonstrates our continued commitment to improving medium-to long-term corporate value and our shareholders' common interests.

2. The Large-scale Purchasers and Others **changed important arguments in the past, which may mislead shareholders.**

As stated in 3. of I of the "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" dated October 24, 2023 (the "Board Analysis Results Press Release"), the Large-scale Purchasers and Others stated that the maximum amount of the Company's necessary equity capital was 500 billion yen, and that any equity capital exceeding that amount should be fully returned to the shareholders. However, **in the Letter, they changed important arguments by stating that the equity capital exceeding 600 billion yen should be returned to the shareholders (the Company previously had set the amount of necessary equity capital at 600 billion yen, and believes that the Large-scale Purchasers and Others have made this request since their understanding of this point was based on the Company's explanations and disclosures to date).**

In addition, as stated in 2. of I (their argument that the corporate value should be improved by locating our renewable energy subsidiary within the Company's group) and 5. of I (they had no plans to acquire 20% or more of the Company shares) of the Board Analysis Results Press Release, they changed important arguments on multiple occasions in the past. The changes to the arguments of the Large-scale Purchasers and Others may confuse and mislead the Company's shareholders. **More importantly, we believe that changing their important policies and arguments without providing specific explanations will make it difficult for the shareholders to appropriately determine what kind of policy they will adopt to enter into discussions with the Company if the Large-scale Purchasers and Others have more influence over the Company's management in the future.**

As stated in 2. of I of the Board Analysis Results Press Release, the Large-scale Purchasers and Others initially insisted on the possibility of making multiple proposals regarding the Company's business, such as consolidation and abolition of oil refineries and a transfer of the oil development business. However, in the Letter, they do not make any proposals regarding the business, but only request short-term returns.

In order to improve the medium- to long-term corporate value and our shareholders' common interests, the Company believes that it is important not only to provide short-term returns but also to take measures to improve medium- to long-term corporate value. The Company specifically states this point in the Medium-Term Management Plan, the "Roadmap for Improving Corporate Value" announced on November 8, 2023, and in other disclosures.

End

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November 10, 2023

Hironao Fukushima
Representative Director
City Index 11 Co., Ltd.

Tatsuya Ikeda
Representative Director
Minami Aoyama Fudosan Co. Ltd.

Aya Nomura

To the Board of Directors of Cosmo Energy Holdings Co., Ltd.:

We have taken a look at the “Notice of convocation of the extraordinary general meeting of shareholders” dated yesterday, for the extraordinary shareholders’ meeting scheduled for December 14, 2023 (the “Shareholders’ Meeting” hereafter). Through a memorandum dated November 1, 2023, addressed to Cosmo’s board of directors, we have clearly communicated to you that **we have no intention of selling our Cosmo shares even if Cosmo executes a share buyback.** However, Cosmo has ignored this statement, and the content of the convocation notice is misleading in the sense that it suggests that it could be comprehended as if we demanded a share buyback at a premium to Cosmo. Furthermore, it is regrettable that Cosmo mentions that “There is a possibility that the Company will be forced to conduct a large-scale TOB by an issuer at a premium price” as one of the important reasons behind why Cosmo needs to enact countermeasures against large-scale purchases (there are multiple other sections within the content that mislead the shareholders). We find it highly problematic that Cosmo is attempting to force a shareholder approval into happening at the Shareholders’ Meeting through explanations that lead shareholders to misguided decisions.

Cosmo announced at the time of its 2Q earnings announcement on November 8, 2023, that it will increase its expected dividends for the current fiscal year from 250 yen per share to 300 yen per share. However, Cosmo provided no clear answers when they were asked questions by research analysts at the earnings call about the reasoning behind the decision of 300 yen per share, or about how the dividend figure should be 400 yen per share based on the upward revisions to full-year forecasts for the fiscal year ending March 2024 (assuming no share buybacks), with President Yamada only referring to the prior explanation made at the announcement of the Medium-Term Plan that “the total payout ratio of over 60% is a commitment, and we have previously stated that we would like to realize it at an early stage”. In our meeting with President Yamada, he mentioned that “the reaction will be negative (toward the decision to make shareholder returns of 60% in total over the course of 3 fiscal years)”, suggesting a full understanding

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that it is critical for Cosmo shareholder value improvement to commit to and realize a total shareholder return ratio of 60% within a single fiscal year. If that is the case, we are wondering why Cosmo doesn't execute on this concept.

We strongly request that Cosmo commit to and announce publicly that it **(1) decides on a total shareholder return ratio of 60% within a single fiscal year, and (2) return to shareholders all of the equity capital that is in excess of 600 billion yen.** If Cosmo commits to the above 2 points and makes a public announcement about them, **Minami Aoyama Fudosan Co., Ltd. and Aya Nomura are willing to withdraw the Statements of Intent for Large-scale Purchase Actions that they have submitted.**

Improvement of shareholder value is something that not only we, but all shareholders, are hoping for. As such, we request that you sincerely consider the content mentioned above. Additionally, we request that Cosmo management make decisions with the shareholders in mind, and not self-preservation.