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April 21, 2023

City Index 11 Co., Ltd.

Regarding our Shareholder Proposal to Cosmo Energy Holdings Co., Ltd.

Our company is a major shareholder in Cosmo Energy Holdings Co., Ltd. (“Cosmo”), with an ownership of approximately 20% of the voting rights in Cosmo along with our joint shareholders.

On April 19, we made a proposal to Cosmo regarding the appointment of one outside Director of the Board, to be determined at the 8th ordinary general shareholders’ meeting scheduled for June of this year, in accordance with Articles 303.2 and 305.1 of the Companies Act.

As stated in the attached materials “Explanation of Our Proposal”, we believe that the Cosmo Board of Directors should engage in sincere discussions regarding taking its renewable energy subsidiary public from the perspective of the optimal decision for the maximization of Cosmo’s enterprise and shareholder values, and disclose the results to the public.

However, Cosmo has adhered to the idea that growing the renewable energy business as a part of the entire value chain will lead to the maximization of Cosmo’s enterprise value, as was explained as a part of its 7th Medium-Term Consolidated Management Plan, and the Board is not showing any signs of engaging in sincere dialogues regarding taking its renewable energy subsidiary public.

Our proposal regarding taking the renewable energy subsidiary public does not adhere to a specific scheme, nor does it state that the subsidiary has to be taken public immediately.

The outside Director candidate that we are suggesting in our Shareholder Proposal commits to “Engaging in sincere dialogues among the Board about taking the renewable energy subsidiary public, and disclosing the results of these dialogues”. We hope that this commitment becomes a reality through the approval of our Proposal.

Additionally, we believe that the appointment of our proposed candidate as outside Director will significantly improve the initiatives taken by the Cosmo Board regarding the improvement of shareholder value, based on the Board’s past initiatives regarding this matter. In the first place, until we have become shareholders, Cosmo’s shareholder returns have been minimal, at under 10% in the total shareholder return ratio (excluding impacts of inventory valuation), when its competitors were committing to 50% in the total shareholder return ratio (excluding impacts of inventory valuation). Then, Cosmo’s major shareholder Infinity Alliance Limited sold all of its ownership in Cosmo (at JPY 2,450) which led to

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a significant fall in Cosmo share prices. We believe that the current Cosmo share prices are where they are today because we obtained Cosmo shares in the aforementioned sale by IAL and have been actively making proposals to Cosmo regarding the improvement of the total shareholder return ratio (excluding impacts of inventory valuation) to levels that match those of competitors in the same industry. Also, regarding the convertible debt issued by Cosmo, we have been proposing a buyback of the entire amount, but Cosmo conducted a buyback of only JPY 23.1 billion, leading to a conversion of JPY 32 billion equivalent to equity at below 1x PBR. We are of the belief that Cosmo management would have allowed the entire balance of convertible debt (total JPY 60 billion) to convert, had we not made a proposal regarding the buyback of convertible debt.

Our hope is that our proposed candidate for outside Director is approved, so that the Cosmo Board engages in active dialogue from the standpoint of what initiatives contribute the most to the improvement of shareholder value instead of the self-preservation of the management, thereby leading to the medium-/long-term improvement of enterprise and shareholder value.

We ask Cosmo shareholders that you vote in favor of our Shareholder Proposal (regarding the appointment of one Board Director).

Any questions regarding this matter should be sent via email to info@ci11.bz, along with your contact information and a clarification of whether you are a Cosmo shareholder or not. If we deem it necessary to respond to the question, we will either mail the response to shareholders or post the response on our website. If we choose not to respond, we will not disclose the reason behind that judgement, and we will not respond to questions individually. We also ask for your understanding regarding our policy of not responding to questions made through means other than email, such as through phone calls.