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May 29, 2023

City Index 11 Co., Ltd.

To the Shareholders of Cosmo Energy Holdings Co., Ltd.:

Regarding the Ordinary General Shareholders' Meeting of 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 shareholder proposal to Cosmo regarding the appointment of one outside Director of the Board, to be determined at the 8th ordinary general shareholders' meeting ("the Ordinary Shareholders' Meeting") scheduled for June 22nd of this year. This Shareholder Proposal is based on the idea that Cosmo should **engage in sincere discussions regarding taking its renewable energy subsidiary public, and disclose the results to the general public.**

In response to this, Cosmo made a press release dated May 23rd, not only opposing this Shareholder Proposal but also presenting an agenda item regarding the enactment of countermeasures against large-scale purchase actions that were introduced on January 11th ("the Countermeasures"), through a majority of minority ("MOM") vote (a voting process that seeks approval through a majority vote of attending shareholders excluding City Index 11 and related parties).

Given this situation, we are sending this memorandum to the shareholders of Cosmo to ask for the execution of voting rights in the following manner:

1. **Voting "against" the Countermeasures in Proposal No.5** (Company proposal: Approval Regarding Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.)
2. **Voting "against" the (re-) election of President, Representative Director, and Chief Executive Officer Mr. Shigeru Yamada in Proposal No.2** (Company proposal: Election of Six (6) Directors (excluding those who are Members of the Supervisory Committee))
3. **Voting "for" the election of Ms. Yoko Atsumi as outside Director in accordance with our proposal in Proposal No.6** (Shareholder proposal: Election of One (1) Director (excluding anyone who is a Member of the Supervisory Committee))

Below, we will explain our thoughts on each of the Proposals, and also how Cosmo's claims are aimed at the self-preservation of the management team rather than the generation of joint shareholder benefits, not contributing to the improvement of enterprise/shareholder values.

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1. Regarding the execution of voting rights against “Approval Regarding Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.” (Proposal No.5)

We are against the proposal regarding the enactment of the Countermeasures at the Ordinary Shareholders’ Meeting for the following reasons, and ask that Cosmo shareholders also vote against this proposal.

(1) The Illegitimate Nature of the Countermeasures

We find Cosmo’s claims regarding the enactment of the Countermeasures to be clearly unreasonable and illegitimate.

[1] The proposal takes away the opportunity to judge whether to enact the Countermeasures from the shareholders

The proposal regarding the enactment of the Countermeasures is extremely unreasonable in the way that it grants the discretion to enact the Countermeasures to the Board of Directors of Cosmo who are pursuing self-preservation, taking away the opportunity to decide whether to execute the enactment depending on the situation at hand from the shareholders.

[2] The Cosmo management team is responsible for the deterioration of Cosmo shareholder value, and the Countermeasures serve for the self-preservation of this management team

Next, as a justification for the Countermeasures, Cosmo is stating that the following proposals by us and others are detrimental to Cosmo’s enterprise value as well as the joint benefit of the shareholders: (a) consider the medium- to long-term state of the petroleum industry and engage in fundamental measures including the consolidation of refineries, (b) discuss the separation of the renewable energy business as an independent entity, and (c) revisit the equity capital balance target of 600 billion yen and repurpose the funds to shareholder returns.

However, until we acquired Cosmo shares and requested the improvement of shareholder value to the Cosmo management, the dividend payout ratio of Cosmo was extremely low, and the share prices also remained low. Additionally, Cosmo’s share prices are still below 1x PBR, and Cosmo’s management themselves are the ones that are damaging shareholder value. Protecting the current management team, who is responsible for deteriorating shareholder value, with the Countermeasures (even worse, with an unreasonable method such as MOM voting) is nothing but an act of wrongful self-preservation and an insult to the concept of corporate governance.

(2) The Illegitimate Nature of Employing MOM Voting for the Approval of a Countermeasure

[1] The single actual example of a takeover defense countermeasure in Japan is from 2021 involving Tokyo Kikai Seisakusho Ltd. with no others to be found, and this one case was an extremely rare situation where purchases in the market continued after the introduction of the defense mechanism, and the purchasers reached an ownership ratio of approximately 40%. Regarding MOM voting, the draft guidelines of the “Study Team for Fair Acquisitions” created by the Ministry of Economy, Trade and Industry states that “the enactment of countermeasures based on such voting shall not be abused, and is permissible **only in**

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extremely limited and extraordinary situations, being mindful of particular situations regarding each case, such as the nature of the acquisition (coercive nature of acquisition method, legality, abundance of time to confirm the intentions of shareholders, etc.).

On the other hand, in our situation, as can be seen in the attached “Our Document-Based Dialogue with Cosmo (Only Those Pertaining to the Acquisition of Shares)”, we have repeatedly explained our stance regarding the acquisition of Cosmo shares to Cosmo ever since we began acquiring shares in April 2022. We have also told Cosmo that we would undergo the processes stipulated under the Countermeasures prior to acquiring additional shares, and also that we would not acquire additional shares at least until the Ordinary General Shareholders’ Meeting, with no decisions made on whether we would make additional acquisitions thereafter. It is not permissible that Cosmo forces the MOM voting through despite the fact that we have no decisions made on additional acquisitions of Cosmo shares, with no coercion or limitations on the time to confirm the intentions of shareholders.

It should also be noted that Cosmo is claiming that there is probable reason to believe that we will increase our ownership ratio to the limit stipulated by the Foreign Exchange and Foreign Trade Control Law (29.97% going forward with prior notice, or 39.96% with effective approval under the same Law). We have told Cosmo in a memo dated May 1st that our effective limit with prior notice under the Law is only 22.9%, but this has been ignored.

[2] We also believe that the fact that Cosmo does not eliminate cross-ownership shares from the MOM voting for the Countermeasures is due to the self-preservation of the Cosmo management team. In broad terms, the cross-ownership at Cosmo is as much as 22.02% (9.06% business firms, 6.03% banks, 6.95% life/nonlife insurance companies), and if a MOM voting is conducted, it is highly probable that cross-ownership companies will vote in favor of Cosmo management. If the acquirors’ voting rights are eliminated from the voting, the cross-ownership voting rights also need to be eliminated from the voting in order for the MOM voting to be fair, as it is intended and designed to be, instead of working in favor of the self-preservation of management (On this point, page 37 of the materials provided by the staff of “Study Team for Fair Acquisitions” in their 4th meeting states the opinion of a major institutional shareholder saying that “if the shareholder breakdown consists of many “ruling party” shareholders, their voting in approval of proposals can lead to the self-preservation of management”). If the broad-term cross-ownership voting rights are not going to be eliminated, our voting rights should not be eliminated either.

[3] As stated earlier, Cosmo is justifying its Countermeasures stating that the following proposals by us and others are detrimental to Cosmo’s enterprise value as well as the joint benefit of the shareholders: (a) consider the medium- to long-term state of the petroleum industry and engage in fundamental measures including the consolidation of refineries, (b) discuss the separation of the renewable energy business as an independent entity, and (c) revisit the equity capital balance target of 600 billion yen and repurpose the funds to shareholder returns. However, whether these points contribute or are detrimental to

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enterprise/shareholder values at Cosmo is a decision that should be made by reflecting the majority intentions of the shareholders, and not through a process that excludes major shareholders that are not in agreement with management. The Countermeasures are not permissible in that they attempt to make important managerial decisions as the management seems fit, through the exclusion of major shareholders that are not in agreement with them.

2. Regarding the execution of voting rights against the election of President, Representative Director, and Chief Executive Officer Mr. Shigeru Yamada (Proposal No.2)

There are serious issues at Cosmo as stated below, and President Yamada is the individual held most responsible for these issues as the top management of Cosmo, and as we find him inappropriate as a Board Member of Cosmo, **we are against the proposal of electing him as a Board Member, and ask that Cosmo shareholders also vote against this proposal.**

(1) The Lack of Accountability and Explanation to Shareholders Regarding the Increase of Necessary Equity Capital by 1.5x (from 400 to 600 billion yen)

Cosmo's target equity capital was 400 billion yen for the past 13 years from the fiscal year ending March 2011 to the fiscal year ending March 2023, yet in the 7th Medium-Term Management Plan this figure was suddenly increased by 1.5x to 600 billion yen. Cosmo has only provided vague explanations, with no specific or quantitative explanations. In the March 23rd session to explain the 7th Management Plan, multiple research analysts posed questions on the thinking behind equity capital, and in response, Mr. Yamada gave a self-contradicting answer, first saying "Previously, we have focused our attention on inventory valuation risk in petroleum refining, but there are more risks in other segments than we had thought. Although it is difficult to present them quantitatively, we have come to the conclusion that it is necessary to build up corresponding net worth, especially in the Oil E&P and Renewable energy segments," and then saying "For offshore wind power generation, there is not a huge amount of investment...even equity is not considered to be a major capital risk" which seemed like a response just to get through the session and justify the target equity capital amount of 600 billion yen.

(2) The Refusal to Conduct Sincere Discussions About Taking the Renewable Energy Subsidiary Public, and Adamantly Attempting to Keep the Subsidiary Within the Cosmo Group

Regarding its renewable energy subsidiary, Cosmo is sticking 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", refusing to sincerely discuss the idea of taking it public within the Board of Directors. There recently was a news headline regarding NTT working with JERA to jointly acquire Green Power Investment (GPI) for approximately 300 billion yen. Given that GPI's most recent revenues and net income are 8.3 billion yen and 1.1 billion yen respectively, whereas the 2022 revenues and net income for Cosmo's renewable energy subsidiary are 12.2 billion yen and 2.6 billion yen respectively, there is a

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possibility that this subsidiary has a very high potential value. Based on the thinking that the renewable energy business will not be valued fairly while it remains under the Cosmo Group umbrella, a sincere discussion needs to be held at the Cosmo Board regarding the separation and taking public of this business. The failure to even engage in these discussions, we believe, is an attitude of the current Cosmo management team that is significantly damaging the shareholder value of Cosmo. If a separation and taking public of this business is not an option, Cosmo needs to design specific measures to ensure that the value of the renewable energy subsidiary is fairly reflected on Cosmo's value and elevate Cosmo share prices to above 1x PBR and explain those measures to shareholders, but that is not happening either.

(3) The Refusal to Consider the Reorganization of Refiners Based on a Medium- to Long- Term Vision on the Petroleum Industry

Cosmo is refusing to consider the reorganization of refineries based on a medium- to long-term vision on the petroleum industry. Regarding the reorganization of refineries, President Yamada commented on a Bloomberg interview (dated May 24th) that "some might think that it's okay if it's just a consideration, but the reorganization of refineries is a very delicate topic", and that he "feels the risk of damaging enterprise value" by considering this idea when there is no current need for it. Despite the inevitable and rapid decrease in demand for refined petroleum products going forward, the attitude to avoid even the consideration of reorganizing refineries makes us wonder whether this is because of his intention to get through his tenure without facing issues rather than think about the future of Cosmo or the petroleum industry.

(4) The Attempt to Gain Approval for an Illegitimate Countermeasure Designed for the Self-Preservation of the Management through Inappropriate Measures such as MOM Voting

As stated earlier, Cosmo is attempting to gain approval for the Countermeasures, designed for the self-preservation of the management team, through inappropriate measures such as MOM voting.

3. Regarding our thoughts on Cosmo's opposing opinion against our shareholder proposal of the "Election of One (1) Director (excluding anyone who is a Member of the Supervisory Committee" (Proposal No.6), and on voting in approval of this shareholder proposal

As stated below, we believe that Cosmo's opposition to this Proposal has no reasoning behind it, and we ask that Cosmo shareholders also vote in favor of this proposal.

The reasons that Cosmo states for opposing this Proposal are that "(i) the Company believes that the Board of Directors system proposed by the Company is appropriate from the perspectives of improvement of the Company's

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corporate value and shareholder value and corporate governance; (ii) Ms. Atsumi does not seem to understand the Company group's business and only insists that "the listing of the renewable energy business subsidiary should be discussed at the Board of Directors meeting", and in light of her attitude of refusing a meeting with the Nomination and Remuneration Committee, the Company does not expect that she will engage in concrete and constructive discussions on the Company group's business with directors of the Company and believes she is unlikely to contribute to the improvement of the Company's corporate value, and (iii) the possibility that Ms. Atsumi is working in favor of the personal interests of Mr. Murakami and Relevant Parties by sacrificing the Company's medium- to long-term corporate value and the interests of general shareholders." Point (i) is not a fitting reason to be in opposition to this Proposal, and given that the Board of Cosmo decided unanimously to propose an inappropriate MOM voting for an illegitimate Countermeasure as stated earlier, it is clear that the corporate governance at Cosmo is not appropriate. With regard to points (ii) and (iii), we believe that they are not appropriate reasons to be in opposition to the Proposal, for the following reasons:

- [1] Ms. Atsumi did not refuse to meet Cosmo, but rather requested a meeting through a webinar format etc. which would be open to viewing by Cosmo shareholders in order to maintain transparency against the potential risk of Cosmo conducting selective disclosure that would work in their favor. It was Cosmo that was adamant about meeting behind closed doors, and it was Cosmo that chose not to conduct a meeting if it was going to be open to viewing by shareholders.
- [2] With regard to the Q&A in writing that was conducted instead, the questions were insulting of the professionalism of lawyers who are held to duties of confidentiality, were based on the premise that there is "a close relationship with Mr. Murakami" and were designed to accumulate supporting evidence, or made Ms. Atsumi provide opinions on the feasibility or alternate plans for content of the 7th Management Plan without a chance for her to ask questions against this Plan, when the explanations provided by the management for this plan still remains inadequate. The Q&A in general was extremely irreverent, oppressive, and far from sincere.
- [3] Despite the above, Ms. Atsumi still responded in the following manner to Cosmo (we are of the opinion that taking the renewable energy subsidiary is favorable, but Ms. Atsumi is "(currently) neutral" on this point), yet Cosmo has made no mention of this:
"I am currently neutral on whether your subsidiary should be spun-off and taken public." "I do understand CI11's opinion that it cannot go unnoticed that shareholder value is being damaged by the fact that the renewable energy business subsidiary is being valued using the low PER of the parent company when the renewable energy business can expect a higher PER valuation on its own. I feel that it makes practical sense that a spin-off can be considered as a means to resolve this issue." "When you say, "not a huge amount of investment", how much is that? Do you need a parent/subsidiary relationship to be maintained in order to have inter-personnel interactions? How much does it cost to obtain in-house functions for

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demand adjustment and sales that the subsidiary currently does not have? Can that issue be resolved through partnerships, etc.? Without answering any of these questions and deciding instead that a spin-off is “not worth considering” is a stance I that have doubts about, given that the subsidiary has a potential of being valued highly in the markets.”

[4] Cosmo is doubting the independence of Ms. Atsumi and is stating that there is a risk of conflicts of interest, using forced reasoning and connecting the fact that Ms. Atsumi was elected as a board member of Daiho Corporation when we were shareholders of the company and that we later tendered into the tender offer by the company. However, Ms. Atsumi had gained the confidence of both the company and the shareholder, being nominated for re-election and approved as board member via company proposal at the ordinary shareholders’ meeting held in June 2022, after the aforementioned tender offer, as the company deemed that she “provided legal advice from an independent and objective perspective regarding supervisory functions and overall management, and is judged to be competent in performing the duties of an outside Director of our company’s Board of Directors.”

When comparing the above facts [1] through [4] to the opposing opinions (ii) and (iii) from Cosmo, it is clear that the Board of Cosmo is avoiding zero-based open discussions, and it is evident that they have the strong nature to filter particular details only through their biased mindsets and link them to predetermined conclusions.

This is exactly why we believe that Ms. Atsumi is fitting as a member of the Board. Her experience, ability to think, personality and integrity give her the rare ability to state fair and just opinions even if everybody else is opposed, and can convince others to revisit and rethink the matter at hand.

The most important think for Cosmo and its shareholders right now is not whose opinion wins or loses, but is to have the Board of Directors gain the ability to engage in normal discussions, have it transform itself so that there is adequate governance, and that the right decisions can be made at the right timing, even though the change may take time. That is exactly why we are proposing Ms. Atsumi as an outside Director candidate.

We must add that we do not intend to conduct proxy solicitations for this Ordinary Shareholders’ Meeting, and this document is not intended for the purpose of soliciting proxy votes.

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Appendix: Our Document-Based Dialogue with Cosmo (Only Those Pertaining to the Acquisition of Shares)

Date	Particulars
April 20, 2022	We received a document from Cosmo stating that Cosmo does not anticipate us holding over 20% of Cosmo shares (on a Large Shareholding Report basis) and requesting, without stating a reason, that we withhold from acquiring above 20%.
April 21, 2022	We requested to Cosmo that they give us an explanation of the intention behind the request to withhold additional purchases without stating a reason.
April 26, 2022	Executive Officer (at the time) Yamada provided an explanation that “Cosmo would like a broad array of shareholders from the perspective of stable energy supply in Japan, and Cosmo is in serious discussions regarding the improvement of enterprise/shareholder value”. Given the explanation, we communicated that we do not have a plan to acquire over 20% of Cosmo shares (on a Large Shareholding Report basis), under the premise that Cosmo will disclose a plan for improving shareholder value that is acceptable to many different shareholders.
October 25, 2022	We communicated to Cosmo that we believe that Cosmo should buy back its convertible debt in order to improve shareholder value, as the conversion of 60 billion yen of convertible debt will increase outstanding shares, lowering BPS, EPS, and ROE. We also restated that we do not have a plan to acquire over 20% of Cosmo shares (on a Large Shareholding Report basis), under the premise that Cosmo will disclose a plan for improving shareholder value that is acceptable to many different shareholders.
November 14, 2022	We communicated our appreciation for Cosmo’s announcement of the buyback of 24.15 billion yen (face value) of convertible debt, as an initiative that contributes to the improvement of shareholder value. Additionally, we communicated that we intend to acquire additional shares in Cosmo, but only to a level that does not reach 20% (on a Large Shareholding Report basis), to accommodate for the increase in outstanding shares that will presumably occur with the conversion of the remaining 23.49 billion yen of convertible debt that was not bought back.
January 11, 2023	Cosmo came to a board resolution and disclosed that they will be implementing the Countermeasures with us as the intended subject, stating that “the Company has come to a reasonable conclusion that there is a relatively high probability that City and Other Parties will purchase 20% or more of the Company’s shares as calculated on a large-volume holdings statement basis in the future.”
January 12, 2023	We communicated to Cosmo, and disclosed a press release on the same day, stating that we have no intention of acquiring additional shares in Cosmo without undergoing the processes stipulated under the Countermeasures.
January 23, 2023	We communicated to Cosmo that we have no plans to acquire additional shares in Cosmo until the disclosure of the 7 th Medium Term Management Plan that was planned for March 2023.

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March 29, 2023	We requested a response to Cosmo regarding whether they intended to extend the term of the Countermeasure, which was scheduled to end after the conclusion of the first Board meeting that is to be held after the Ordinary Shareholders' Meeting.
April 4, 2023	Cosmo responded that they would consider the extension of the Countermeasures under the condition that we commit in writing that we would not acquire additional shares in Cosmo for at least a set period of time, including after the conclusion of the Ordinary Shareholders' Meeting.
April 5, 2023	We made the same request we made in the past to Cosmo that they (1) have a sincere discussion at the Board regarding taking the renewable energy subsidiary public, or (2) disclose specific measures to resolve the issue of share prices being below 1x PBR at the full-year earnings announcement in May. We communicated that if Cosmo will not respond to either of the requests, we will make a shareholder proposal for electing one outside Director of the Board that commits to "holding sincere discussions about taking the renewable energy subsidiary public, and disclosing the results of those discussions." Additionally, we communicated that we have no plans to acquire additional shares in Cosmo until the Ordinary Shareholders' Meeting, considering the fact that we are considering the aforementioned shareholder proposal.
April 28, 2023	We received a memorandum from Cosmo requesting to confirm certain matters, such as whether our ownership in Cosmo has reached approximately 40% based on the prior notification for inward direct investment stipulated by the Foreign Exchange and Foreign Trade Control Law, etc.
May 1, 2023	We communicated to Cosmo that, although our acquisition limit has reached 40% as a formality based on the notification of inward direct investment stipulated by the Foreign Exchange and Foreign Trade Control Law, a part of that limit is being used to transfer shares internally within our Group, and that another part of it will expire (please refer to the Change Report disclosed on EDINET, dated April 14 th), the effective limit for us is 22.9%. We also communicated that there is no change to our prior policy that we do not intend to acquire additional shares in Cosmo until the Ordinary Shareholders' Meeting and that we would undergo the processes stipulated under the Countermeasures if we are to acquire additional Cosmo shares. Additionally, regarding the extension of the term of the Countermeasures, we asked Cosmo whether the extension will be requiring an approval at the Ordinary Shareholders' Meeting (a regular voting, and not a MOM voting).
May 2, 2023	On the question regarding the voting for the extension of the term of the Countermeasure at the Ordinary Shareholders' Meeting, Cosmo responded that they would need to confirm our intentions regarding the additional acquisition of Cosmo shares after the Ordinary Shareholders' meeting. Cosmo also asked us whether we would be open to considering committing to refraining from making additional large-scale acquisitions, as stipulated by the Countermeasures, until

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	December 31, 2023.
May 8, 2023	<p>We communicated to Cosmo that we have no intentions to acquire additional shares in Cosmo until after the Ordinary Shareholders' Meeting, and that we have made no decisions on the possibility of additional acquisitions thereafter.</p> <p>Additionally, we communicated to Cosmo that we would be open to considering extending the period in which we would not acquire additional Cosmo shares to one month after the date of the Ordinary Shareholders' Meeting, provided that Cosmo enter into constructive dialogues with us and provide us with a proposal that contributes to the improvement of shareholder value.</p>
May 23, 2023	<p>As stated in the "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. ", Cosmo proposed the enactment of the Countermeasures for the Ordinary Shareholders' Meeting, and announced that the voting will be a MOM voting.</p>