

[Please note that this English translation has been prepared for general reference proposes.
In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

March 28, 2024

To whom it may concern:

Company name: Iwatani Corporation
Representative: Hiroshi Majima, President
(Code number: 8088;
Tokyo Stock Exchange Prime Market)
Contact: Kenji Takayama, Senior Managing Officer
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Notice of Purchase of Additional Shares of Cosmo Energy Holdings Co., Ltd. (Securities Code: 5201)
(to Make It an Affiliate Accounted for Using the Equity Method)

Iwatani Corporation (hereafter, the “Company”) hereby announces that it has purchased additional shares of Cosmo Energy Holdings Co., Ltd. (hereafter, “Cosmo Energy HD”). As a result, Cosmo Energy HD has become an affiliate of the Company and will be accounted for using the equity method. The implications are as follows:

1. Background

As disclosed in the “Notice of Purchase of Additional Shares of Cosmo Energy Holdings Co., Ltd. and Borrowing of Funds” dated December 1, 2023, the Company purchased additional shares of Cosmo Energy HD and became its leading shareholder. Subsequently, the Company received a notice from the Japan Fair Trade Commission that, following their examination, they would not issue a cease and desist order. The Company then purchased additional 250,000 shares of Cosmo Energy HD on March 27, 2024. The purchase has made the ratio of the voting rights held by the Company ^{Note1} 20.07%, and Cosmo Energy HD has become an affiliate of the Company.

Consequently, in the three months ending March 31, 2024, Cosmo Energy HD is included in the scope of entities accounted for using the equity method as its materiality increased.

Note 1: The ratio (rounded to two decimal places) of the number of voting rights held by the Company to the number of voting rights held by all shareholders of Cosmo Energy HD as of December 31, 2023 (882,208), as stated in the “Quarterly Securities Report (Third Quarter of Fiscal Year Ending March 31, 2024)” published by Cosmo Energy HD on February 8, 2024

2. Overview of the affiliate to be accounted for using the equity method

(1) Name	Cosmo Energy Holdings Co., Ltd.
(2) Address	1-1-1 Shibaura, Minato-ku, Tokyo
(3) Representative’s name and position	Shigeru Yamada, Representative Director and Group CEO
(4) Business description	Management of subsidiaries involved in oil ranging from upstream to downstream and other businesses
(5) Capital	46,435 million yen (as of September 30, 2023)
(6) Date of establishment	October 1, 2015

(7)	Major shareholders and shareholding ratios ^{Note 2}	Iwatani Corporation		19.76%
		The Master Trust Bank of Japan, Ltd. (Trust account)		11.00%
		Custody Bank of Japan, Ltd. (Trust account)		6.04%
		Kansai Electric Power Co., Inc.		2.10%
		Cosmo Energy Holdings Customers Shareholding Association		1.83%
		Mizuho Bank, Ltd.		1.81%
		Aioi Nissay Dowa Insurance Co., Ltd.		1.78%
		MUFG Bank, Ltd.		1.78%
		Sompo Japan Insurance Inc.		1.51%
		GOVERNMENT OF NORWAY		1.50%
(8)	Relationship between the Company and the said company	Capital relationship	As of today, the Company owns 17,709,525 shares of the said company. In addition, Kanto Propan Gas Co., Ltd., the Company’s wholly owned subsidiary, owns 375 shares of the said company.	
		Personnel relationship	None.	
		Business relationship	In the Integrated Energy Business, the Company sells and purchases liquefied petroleum gas and liquefied natural gas. In the Industrial Gases & Machinery Business, the Company procures raw materials. In addition, the Company and the said company entered into a basic agreement on March 8, 2022 to discuss alliance in hydrogen business and jointly established Iwatani Cosmo Hydrogen Station LLC. on February 8, 2023 and Cosmo Iwatani Hydrogen Engineering LLC on November 1, 2023.	
		Applicability to related parties	No.	
(9) Consolidated operating results and financial position of the said company for the last three years ^{Note 3}				
Fiscal year ended:		March 31, 2021	March 31, 2022	March 31, 2023
Net assets		449,120	583,971	663,380
Total assets		1,709,017	1,938,408	2,120,763
Net sales		2,233,250	2,440,452	2,791,872
Operating profit		101,289	235,303	163,780
Ordinary profit		97,370	233,097	164,505
Profit attributable to owners of parent		85,910	138,890	67,935
Dividend per share (yen)		80.00	100.00	150.00

Note 2: Source: "Status of Major Shareholders" as of December 15, 2023 presented in the "Corporate Governance Report" updated by Cosmo Energy HD on December 25, 2023

Note 3: Unit: Millions of yen unless otherwise specified

3. Number of shares purchased, purchase amount, and number of shares held before and after purchase

(1) Number of shares held jointly before purchase ^{Note 4}	17,459,900 shares (shareholding ratio ^{Note 5} : 19.93%)
(2) Number of shares purchased	250,000 shares
(3) Purchase amount	1.5 billion yen
(4) Number of shares held jointly after purchase ^{Note 4}	17,709,900 shares (shareholding ratio ^{Note 5} : 20.22%)

Note 4: The Company owns 17,459,525 shares and Kanto Propan Gas Co., Ltd. owns 375 shares, and the number of shares held by the Company increased after the purchase.

Note 5: The ratio (rounded to two decimal places) of the number of shares held jointly before/after purchase to the number of shares (87,587,589 shares), which is obtained by deducting the number of treasury shares owned by Cosmo Energy HD (766,172 shares) as of December 31, 2023, as stated in the “Summary of Consolidated Financial Results (Japanese GAAP) for the Third Quarter of Fiscal Year Ending March 31, 2024” published by Cosmo Energy HD on February 8, 2024, from the total number of shares issued by Cosmo Energy HD (88,353,761 shares) as of December 31, 2023, as stated in the “Quarterly Securities Report (Third Quarter of Fiscal Year Ending March 31, 2024)” published by Cosmo Energy HD on February 8, 2024.

4. Future outlook

(1) Impact on the consolidated financial results for the fiscal year ending March 31, 2024

- As Cosmo Energy HD has become an affiliate accounted for using the equity method, the Company is expected to recognize gain on bargain purchase under non-operating income (share of profit of entities accounted for using equity method). The Company is currently assessing the exact amount.
- The Company will start recording its share of profit or loss of Cosmo Energy HD as share of profit or loss of entities accounted for using equity method in the fiscal year ending March 31, 2025.

(2) Future capital policies

- The share purchase will be funded with interest-bearing debts. There will be no change in the Company’s policy of not pursuing equity financing, which was presented in the Medium-Term Management Plan “PLAN27.”
- As for returns to shareholders, the Medium-Term Management Plan “Plan27” states that the Company increases dividends steadily in line with growth while securing investment capital; it should aim for a progressive dividend payout, targeting a payout ratio of 20% or higher in FY2027 based on profit excluding impact of LPG import price fluctuation.
- The policy on returning profit excluding the impact of the investment in Cosmo Energy HD (share of profit or loss of entities accounted for using equity method) remains unchanged from what the Company outlined in the Medium-Term Management Plan “PLAN27.”
- The Company’s policy for returning profit attributable to Cosmo Energy HD to shareholders is to distribute 20% of profit of Cosmo Energy HD, excluding the impact of inventory valuation factors and multiplied by the percentage of voting rights held by the Company. The dividend may increase or decrease as it will fluctuate according to the change in profit of Cosmo Energy HD excluding the impact of inventory valuation factors.

(End)