

IWATANI Acquires Stake in COSMO ENERGY HD—Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on IWATANI CORPORATION (security code: 8088)'s acquisition of additional shares of COSMO ENERGY HOLDINGS COMPANY, LIMITED (security code: 5021).

- (1) On December 1, IWATANI CORPORATION (the “Company”) announced that it would acquire additional shares of COSMO ENERGY HOLDINGS COMPANY, LIMITED (“COSMO ENERGY HD”) from City Index Eleventh Co., Ltd., Minami Aoyama Fudosan Co., Ltd. and Ms. Aya Nomura and that it would borrow funds for the purpose of this share acquisition. As a result, the Company will become the largest shareholder of COSMO ENERGY HD (shareholding ratio: 19.93%). The borrowing of funds (105.3 billion yen) will also increase interest-bearing debt.
- (2) JCR believes that the impact of this transaction on the Company's rating is limited. The Company and COSMO ENERGY HD have long had a strong business relationship, including collaboration in the hydrogen field, and this transaction is expected to further deepen that relationship. While the increase in interest-bearing debt is expected to worsen the Company's financial structure, JCR does not believe that the deterioration will be large enough to affect the rating. On the other hand, COSMO ENERGY HD has been posting strong business performance on the back of high refinery utilization rates. Going forward, it is expected to contribute to the Company's business performance through an increase in the dividend income. However, COSMO ENERGY HD's performance is more volatile than that of the Company, and if it becomes an affiliate accounted for by the equity method due to the acquisition of additional shares, the volatility of the Company's performance may become larger than before. JCR will confirm the future trend of the additional acquisition of shares and its impact on the Company's business performance.

Shigenobu Tonomura, Masayoshi Mizukawa

<Reference>

Issuer: IWATANI CORPORATION

Long-term Issuer Rating: A+ Outlook: Stable

Issuer: COSMO ENERGY HOLDINGS COMPANY, LIMITED

Long-term Issuer Rating: A- Outlook: Stable

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