



[Translation]

May 13, 2022

Press Release

Name of company: Kintetsu Group Holdings Co.,Ltd.
Representative: Toshihide Ogura
Representative Director and President
Code No.: 9041
Listing exchange: (TSE Prime Market)
Contact: Kenichi Eto
General Manager of Corporate Strategy
Division
(Tel: 06-6775-3382)

Announcement Regarding Commencement of the Tender Offer for Shares of Kintetsu World Express, Inc. (Securities Code No.: 9375)

Kintetsu Group Holdings Co.,Ltd. (the “**Tender Offeror**”) hereby announces that it resolved at its board of directors meeting held today to acquire the common shares (the “**Target Company Shares**”) of Kintetsu World Express, Inc., a company listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the “**TSE**”); Securities Code No. 9375) (the “**Target Company**”) through a tender offer (the “**Tender Offer**”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the “**Act**”) with the details as described below.

1. Purpose of the Tender Offer

(1) Purpose of the Tender Offer

The Tender Offeror directly holds 31,755,800 Target Company Shares (ownership ratio (Note 1): 44.11%) and indirectly holds 2,145,000 Target Company Shares (ownership ratio: 2.98%) through consolidated subsidiaries of the Tender Offeror, thereby holding 33,900,800 Target Company Shares (ownership ratio: 47.09%) in total as of today, and the Target Company is an equity-method affiliate of the Tender Offeror. With respect to the Target Company Shares held by the subsidiaries of the Tender Offeror, Kintetsu Taxi Holdings Co., Ltd. (“**Kintetsu Taxi Holdings**”), a consolidated subsidiary of the Tender Offeror, holds 1,875,000 shares (ownership ratio: 2.60%) and Kintetsu Insurance Service Co., Ltd. (“**Kintetsu Insurance Service**”), a consolidated subsidiary of the Tender Offeror, holds 270,000 shares (ownership ratio: 0.38%).

(Note 1): “Ownership ratio” means the percentage (rounded to the nearest two decimal places) in the product (71,997,556 shares) of (i) the total number of issued shares of the Target Company as of March 31, 2022 (72,000,000 shares) stated in the “Financial Results for the Fiscal Year Ended March 31, 2022 [J-GAAP] (Consolidated)” released by the Target Company on May 12, 2022 (the “**Target Company’s Financial Results**”) less (ii) the number of treasury shares held by the Target Company as of the same date (2,444 shares) (excluding 101,012 Target Company Shares held by the BIP (Board Incentive Plan) Trust (the “**BIP Trust**”) as of the same date) stated in the Target Company’s Financial Results; the same applies to statements regarding ownership ratios below, unless otherwise specified.

The Tender Offeror resolved at its board of directors meeting today to implement the Tender Offer as part of the transactions for the purpose of acquiring all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) and making the Target Company a wholly-owned subsidiary of the Tender Offeror (the “**Transactions**”).

In the Tender Offer, because the Tender Offeror intends to make the Target Company its wholly-owned subsidiary, the minimum number of Share Certificates, Etc. to be purchased has been set by the Tender Offeror at 16,242,600 shares (ownership ratio (Note 2): 22.56 %), and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of Share Certificates, Etc. to be purchased, the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. Conversely, in the Tender Offer, given that the Tender Offeror intends to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) and there is no maximum number of shares to be purchased, if the total number of the Tendered Share Certificates, Etc. meets or exceeds the minimum number of Share Certificates, Etc. to be purchased, the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2): The minimum number of Share Certificates, Etc. to be purchased (16,242,600 shares) has been calculated by multiplying (i) the number of voting rights (479,984 voting rights) equivalent to two-thirds or more of the number of voting rights (719,975 voting rights) represented by the number of shares (71,997,556 shares) equal to the total number of issued shares of the Target Company as of March 31, 2022 (72,000,000 shares) stated in the Target Company’s Financial Results, minus the number of treasury shares held by the Target Company as of the same date (2,444 shares) (excluding 101,012 Target Company Shares held by the BIP Trust as of the same date) stated in the Target Company’s Financial Results, by (ii) one unit of the Target Company Shares (100 shares), then subtracting the number of the Target Company Shares held by the Tender Offeror (31,755,800 shares). The minimum number of Share Certificates, Etc. to be purchased has been set because the Tender Offeror intends to make the Target Company its wholly-owned subsidiary in the Tender Offer, and a special resolution at the shareholders’ meeting as prescribed in Article 309, Paragraph (2) of the Companies Act (Act No. 86 of 2005; as amended; the same applies hereinafter) is required for implementing the procedures for the share consolidation as set out in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” below. Accordingly, the minimum number of Share Certificates, Etc. to be purchased has been set so that the Tender Offeror will hold two-thirds or more of the number of voting rights of all shareholders of the Target Company after the Tender Offer in order to reliably carry out the Transactions.

The Tender Offeror has not explained matters regarding the Tender Offer to Kintetsu Taxi Holdings and Kintetsu Insurance Service, each of which is a consolidated subsidiary of the Tender Offeror, before the public announcement of the Tender Offer, from the perspective of the confidentiality of the Transactions under consideration, nor has the Tender Offeror entered into any agreement regarding the Tender Offer with Kintetsu Taxi Holdings and Kintetsu Insurance Service with respect to all of the Target Company Shares held by Kintetsu Taxi Holdings and Kintetsu Insurance Service. However, the Tender Offeror intends to request Kintetsu Taxi Holdings and Kintetsu Insurance Service to tender all of the Target Company Shares held by Kintetsu Taxi Holdings and Kintetsu Insurance Service (total number of shares held: 2,145,000 shares; total ownership ratio: 2.98%) in the Tender Offer after the announcement of the Tender Offer (there are no plans to enter into an agreement with these subsidiaries to tender their shares).

Since the Tender Offeror intends to make the Target Company its wholly-owned subsidiary, if the Tender Offeror is not able to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror intends to carry out a set of procedures for making the Tender Offeror the only shareholder of the Target Company as set out in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” below and thereby acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company).

The Target Company Shares are listed on the TSE Prime Market as of today. However, the Target Company Shares may be delisted through prescribed procedures depending on the results of the Tender Offer as stated in “(5) Prospects and Reasons for Delisting” below, and the Target Company Shares will be delisted through prescribed procedures if each procedure set out in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” below will be carried out after the successful completion of the Tender Offer.

Also, according to the “Announcement of Opinion in Favor of the Tender Offer for the Company Shares by Kintetsu Group Holdings Co.,Ltd., and Recommendation to Tender” released by the Target Company today (the “**Target Company’s Press Release**”), the Target Company resolved at its board of directors meeting held today to express its opinion in favor of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer.

For the details of the board of directors meeting of the Target Company above, please refer to the Target Company’s Press Release and “(G) Approval of All Disinterested Directors of the Target Company and Opinion of All Disinterested Audit and Supervisory Board Members at the Target Company that They Had No Objection” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” below.

- (2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer

(A) Background, Purpose and Decision-Making Process with respect to Conducting the Tender Offer

The Tender Offeror was established in September 1910 with the purpose of conducting railroad business, under the trade name Nara Tramway Co., Ltd., which it changed to Osaka Electric Tramway Co., Ltd. in October of that year. It started operating a private rail line between Osaka and Nara in April 1914. In March 1941 it changed its trade name to Kansai Express Railway Co., Ltd., and in June 1944 it merged with Nankai Railway Co., Ltd. to become Kintetsu Railway Co., Ltd. (**“Former Kintetsu Railway”**). In April 2015, the Tender Offeror conducted a company split in which it spun off its Railway Business, etc. into Kintetsu Railway Co., Ltd. (originally Kintetsu Division Preparation Company; **“Kintetsu Railway”**), its Real Estate Business into Kintetsu Real Estate Co., Ltd. (**“Kintetsu Real Estate”**), its Hotel Business, etc. into Kintetsu Hotel Systems Co., Ltd. (which later changed its trade name to Kintetsu Miyako Hotels and was absorbed by Kintetsu Real Estate in October 2021), and its Merchandise Sales Business into Kintetsu Retail Services Co., Ltd. (now Kintetsu Retailing Co., Ltd.), and converted the original entity into a pure holding company with its current trade name of Kintetsu Group Holdings Co., Ltd. The Tender Offeror listed on the Osaka Stock Exchange (**“OSE”**), TSE, and Nagoya Stock Exchanges (**“NSE”**) in May 1949, and on the First Section of the OSE, TSE, and NSE in October 1961. The Tender Offeror delisted from the OSE in July 2013, and from the NSE in December 2018, and is currently listed on the TSE Prime Market following the market restructuring conducted on April 4, 2022. The Tender Offeror Group (meaning the Tender Offeror and its consolidated subsidiaries and equity-method affiliates; the **“Tender Offeror Group”**) consists of the Tender Offeror, 71 consolidated subsidiaries, and six equity-method affiliates including the Target Company as of today, and has pursued a wide range of businesses centered on the railway business since its inception. Currently, its business consists of the following five areas.

(1) Transportation Business: Comprises the “Railway Business”, of which Kintetsu Railway is a part, and which provides interurban, sightseeing, and regional transportation services across six prefectures in the Kinki and Tokai regions; the “Bus Business”, which operates in the Kinki, Hokuriku, and Chugoku regions; the “Taxi Business”, which operates mainly around the Kintetsu Railway lines; the “Railway Facilities Maintenance Business”, which maintains electrical equipment, rail cars, and tracks, makes designs for rail construction, etc.; and “Other Transportation-related Business”, such as a ferry service between Shikoku and Kyushu, advertising agency business, and rental car business.

(2) Real Estate Business: Comprises the “Real Estate Sales Business”, which operates mainly in three metropolitan areas around Tokyo, Osaka and Nagoya; the “Real Estate Leasing Business”, which operates office buildings, the main terminal buildings of Kintetsu Railway lines, and commercial facilities; and the “Real Estate Management Business”, which manages and operates a wide range of facilities including office buildings, commercial facilities, and hotels.

(3) Merchandise Sales Business: Comprises the “Department Store Business”, which operates the Kintetsu Department Store Main Store Abeno Harukas and other department stores and commercial facilities near major Kintetsu stations; and the “Retail Stores and Dining Business”, which operates convenience stores, supermarkets, restaurants, and a range of other retail and dining formats around Kintetsu Railway lines.

(4) Hotel and Leisure Business: Comprises the “Hotel Business”, which operates the hotel chain “Miyako Hotels & Resorts” in Japan and overseas; the “Ryokan Business”, which plans, sells and operates facilities for domestic and overseas travel and visitors to Japan; the “Cinema Business”, which operates the urban cinema complex “Abeno Apollo Cinemas”; and the “Aquarium Business”, which operates aquariums including “Kaiyukan”, one of the world’s largest aquariums.

(5) Other Businesses: Includes cable television, internet, phone, and other communications services; information processing; insurance brokerage; manufacturing and sale of metal products for industrial use; and more.

On May 14, 2019, the Tender Offeror Group formulated and announced the “Kintetsu Group Management Plan”, which comprised its long-term vision and the medium-term management plan for the five-year period from FY 2019 (fiscal year ending March 2020) through FY 2023 (fiscal year ending March 2024). The Tender Offeror Group has been operating with the goal of sustainable growth, but the constraints on economic activity and travel introduced by the COVID-19 pandemic in February 2020 and onwards caused the Tender Offeror Group to record its largest-ever loss of approximately 60.1 billion yen in the fiscal year ending March 2021 and undermined its financial base. Given that the business environment underlying the medium-term management plan had significantly changed, the management plan was revised, with a new four-year plan, covering the period from FY 2021 (fiscal year ending March 2022) through FY 2024 (fiscal year ending March 2025), formulated and announced on May 14, 2021 under the title of “Kintetsu Group Medium-Term Management Plan 2024.” The fundamental policy of the “Kintetsu Group Medium-Term Management Plan 2024” is “business reform to recover from the effects of COVID-19 and spring forward into new business development,” which is supported by the following six key measures.

(1) Drastic reformation of cost structure: Reduce the break-even point and improve business efficiency going forward by reforming each business from scratch and through fundamental restructuring.

(2) Rapid reduction of interest-bearing debt: Rapidly reduce interest-bearing debt by restructuring the business to regain profitability and moving tangible assets off the balance sheet and disposing of non-core assets, etc.

(3) Enhancing collaboration with outside partners: Enhance collaboration with local governments and outside companies to bring in new expertise, improve competitiveness of existing businesses, and create new businesses.

(4) Reformation of business portfolio: Improve risk resilience of business portfolio by business expansion leveraging M&A, etc.

(5) Creation of new businesses and services through DX (see Note 3): Expand online operations that leverage the offline strengths of each business by promoting DX throughout the Tender Offeror Group.

Note 3: “**DX**” is short for Digital Transformation, and aims to secure greater competitiveness by reforming all aspects of the business including products, services, and business models by combining data and digital technologies.

(6) Town planning that addresses local challenges: Address local challenges and enhance the value of areas adjacent to the Tender Offeror Group’s rail lines through town planning tailored to the needs and scale of each zone (urban, suburban, resort, etc.).

As stated above, by pursuing the six key measures of the “Kintetsu Group Medium-Term Management Plan 2024”, the Tender Offeror Group aims to enhance its profitability by accelerating new business development tailored to the new values of post-COVID society, and contributing to the realization of a prosperous society and the prosperity of the communities surrounding its rail lines and the greater local region.

According to the Target Company’s Press Release, the Target Company Group (meaning the Target Company and its consolidated subsidiaries and equity-method affiliates; the “**Target Company Group**”) consists of the Target Company, 128 consolidated subsidiaries, and 9 equity-method affiliates as of the filing date hereof, and provides international logistics services globally including freight business (air, sea, and land transportation), warehousing, and other related businesses. With its corporate philosophy of “Contribute to the development of a global community through logistics services by creating new values, sustaining the environment and collaborating with our clients, shareholders and employees,” the Target Company Group aims to leverage its global network to offer diverse value propositions to its customers and improve its recognition as an essential business partner, not just a transport operator, and create win-win relationships with customers as a true “global logistics partner.” In order to achieve this, the Target Company Group intends to provide credible and satisfactory service to customers around the world and continue to contribute to the realization of a sustainable, prosperous future.

The Target Company was formed in May 1948 as the Tourism Department, Business Bureau of Former Kintetsu Railway, and began its business providing international freight and passenger transportation. The air transport business was later taken over by Kinki Nippon Tourist Co., Ltd. (now KNT-CT Holdings Co., Ltd.; “**KNT**”), and was then spun off from KNT in January 1970 to establish Kintetsu Air Cargo International (the precursor of the Target Company; “**Kintetsu Air Cargo**”), (total number of issued shares as of establishment was 100,000 issued shares). The Tender Offeror held 50,000 shares (Shareholding Ratio (see Note 4): 50.00%) of Kintetsu Air Cargo, the precursor of the Target Company, at the time of the latter’s establishment. Thereafter, the Tender Offeror’s shareholding in the Target Company increased to: 100,000 shares (Shareholding Ratio: 50.00%; capital increase by public offering of the Target Company) in March 1972; 200,000 shares (Shareholding Ratio: 50.00%; capital increase by public offering of the Target Company) in October 1973; 400,000 shares (Shareholding Ratio: 50.00%; capital increase by public offering of the Target Company) in November 1976; 600,000 shares (Shareholding Ratio: 50.00%; capital increase by public offering of the Target Company) in May 1979; 800,000 shares (Shareholding Ratio: 50.00%; capital increase by public offering of the Target Company) in October 1980; 1,200,000 shares (Shareholding Ratio: 50.00%; capital increase by public offering of the Target Company) in October 1982; 2,000,000 shares (Shareholding Ratio: 50.00%; capital increase by public offering of the Target Company) in September 1983; and 3,000,000 shares (Shareholding Ratio: 50.00%; capital increase by public offering of the Target Company) in November 1987. In November 1999, the Target Company conducted a share split of its common shares through which the Target Company split 1 common share into 5 common shares, bringing the Tender Offeror’s holding to 15,000,000 shares (Shareholding Ratio: 50.00%) and the total number of issued shares of the Target Company to 30,000,000 shares. In March 2000, the Tender Offeror sold part of its Target Company Shares to Kintetsu Real Estate Co., Ltd. (the “**Former Kintetsu Real Estate**”), Shima Spain Village Co., Ltd. (the “**Former Shima Spain Village**”), Kintetsu Department Store Co.,

Ltd. (“**Kintetsu Department Store**”), and AM/PM Kintetsu Co., Ltd. at the request of the purchasers, reducing the Tender Offeror’s shareholding to 11,000,000 shares (Shareholding Ratio: 36.67%), and in September 2000 the Target Company conducted a capital increase by public offering in connection with its listing on the JASDAQ market of the OSE, increasing the Target Company’s total number of issued shares to 34,000,000 shares (with no change in the number of the Target Company Shares owned by the Tender Offeror), thus reducing the Tender Offeror’s Shareholding Ratio to 32.35%. Thereafter, the Tender Offeror’s shareholding in the Target Company changed to: 0 shares (Shareholding Ratio: 0.00%; in-kind contribution of the Target Company Shares in response to a capital increase by the Former Kintetsu Real Estate) in February 2002; 12,500,000 shares (Shareholding Ratio: 36.76%; merger of the Tender Offeror and the Former Kintetsu Real Estate) in April 2002; and 10,562,500 shares (Shareholding Ratio: 31.07%; sale to Nomura Securities Co., Ltd. (“**Nomura Securities**”) and others to strengthen the Tender Offeror’s financial condition) in October 2003. In July 2004, the total number of issued shares of the Target Company increased to 36,000,000 shares due to a capital increase by public offering (no change in the number of Target Company Shares owned by the Tender Offeror), which brought the Tender Offeror’s Shareholding Ratio to 29.34%. Then the Tender Offeror’s shareholding in the Target Company changed to: 7,562,500 shares (Shareholding Ratio: 21.01%; sale to Nomura Securities and others to strengthen the Tender Offeror’s financial condition) in July 2004; 7,155,900 shares (Shareholding Ratio: 19.88%; sale to Nomura Securities and others to strengthen the Tender Offeror’s financial condition) in August 2004; 9,005,900 shares (Shareholding Ratio: 25.02%; acquisition from KNT, Kintetsu Department Store, and the Former Shima Spain Village in order to increase the Tender Offeror’s Shareholding Ratio) in December 2005; 10,525,900 shares (Shareholding Ratio: 29.24%; merger of the Tender Offeror and Okinawa Tourism Development Co., Ltd.) in April 2007; 11,552,900 shares (Shareholding Ratio: 32.09%; acquisition from Shima Spain Village Land and Building Co., Ltd. (new trade name of the Former Shima Spain Village) in order to increase the Tender Offeror’s Shareholding Ratio) in September 2007; 14,725,900 shares (Shareholding Ratio: 40.98%; acquisition from KNT in order to increase the Tender Offeror’s Shareholding Ratio) in November 2008; and 15,877,900 shares (Shareholding Ratio: 44.11%; acquisition from Hakone Kogen Hotel Co., Ltd. and Okunikko Kogen Hotel Co., Ltd. in order to centralize the shares that were dispersed throughout the Tender Offeror Group) in July 2014. In October 2015, the Target Company conducted a share split of its common shares through which the Target Company split 1 common share into 2 common shares, bringing the Tender Offeror’s holding to 31,755,800 shares (ownership ratio: 44.11%), where it currently remains. The Tender Offeror recognizes the Target Company as a core company in the Tender Offeror Group as it is responsible for part of the consolidated performance of the Tender Offeror Group as an equity-method affiliate of the Tender Offeror, and since the Target Company Group contributes to the international recognition of the “Kintetsu brand” through its global business activities with locations in 46 countries, the most of any company in the Tender Offeror Group.

Note 4: “**Shareholding Ratio**” means the proportion of the total number of issued shares of the Target Company held at a given time (rounded to two decimal places).

The business environment surrounding the Tender Offeror Group excluding the Target Company Group (the “**Tender Offeror Group (Excluding the Target Company Group)**”) is undergoing rapid changes due to the decrease in foreign visitors to Japan due to the COVID-19 pandemic, the decrease in domestic consumption, tourism, and

transport demand due to stay-at-home policies, the shift in work culture toward remote work without travel or commuting, and changes in people's way of life. The Tender Offeror Group (Excluding the Target Company Group) must rapidly reform its business portfolio to address these changes. Also, the aging society, declining birthrate, and urbanizing population are leading to population decreases along rail routes, particularly the ongoing decline in the school- and work-age populations, and this trend is expected to continue. The Transportation Business, Merchandise Sales Business, and Hotel and Leisure Business, which form the core of the Tender Offeror Group (Excluding the Target Company Group), all depend largely on the "flow of people" in the sense of general consumers being their main customers. The concentration of people in one area and declining domestic movement of people are expected to increase competition in this market, continuing to make the business environment difficult. Until now, the Tender Offeror Group (Excluding the Target Company Group) has grown by focusing its management resources on the Transportation Business, Merchandise Sales Business, and Hotel and Leisure Business, which rely on mainly B2C(see Note 5), domestic demand and people flows; going forward, given the challenging business environment that is expected as stated above, sustainable growth will require a drastic revision of the business portfolio to foster and enhance B2B (see Note 6) models that are global and do not rely on people flows, and the acquisition of new growth drivers.

Note 5: "**B2C**" is short for "business to consumer," and refers to business models in which a business directly provides goods and services to general consumers.

Note 6: "**B2B**" is short for "business to business," and refers to business models in which a business provides goods and services to other businesses, for example, manufacturers to suppliers, wholesalers to retailers, and contractors to sub-contractors.

According to the Target Company's Press Release, in May 2019 the Target Company formulated a "Long-Term Vision" that expresses its future goals, under which, in order to sustain growth in a volatile global logistics market, the Target Company Group will implement business expansion policies, prioritizing the core operations of air freight and sea freight Forwarding Business (see Note 7), maintain an asset-light Logistics Business (see Note 8) model to address a range of customer needs with a core focus on APL Logistics Ltd (a global logistics service provider based in Singapore and operating mainly in North America and Asia that joined the Target Company Group in 2015; "**APLL**"), and provide extensive and diverse logistics services that enables business expansion in the global market and an increase in corporate value with the aim of "establishing the KWE Group (see Note 9) brand by enhancing quality, competitiveness, and solutions with all our strength," "becoming a preferred partner and growing a strong position in the market despite overwhelming global competition," and "becoming a company where all group members take pride in their work" in order to become a "Global Top 10 Solution Partner – A Global Brand born in Japan."

Note 7: "**Forwarding Business**" means freight forwarding business, where the Target Company receives cargo from multiple shippers and acts as the carrier, while outsourcing the carriage to other carriers (airlines, shipping lines, railway operators, etc.). Also includes providing value-added integrated services including customs clearance at the time of import/export, delivery, etc.

Note 8: "**Logistics Business**" means providing complete logistics solutions (including storage, loading, logistics processing, transportation, and logistics information management) based on the customer's needs, business type, business category, and product specifications.

Note 9: “**KWE Group**” is short for Kintetsu World Express, Inc., and refers to the Target Company Group.

The Target Company Group’s core business is the air freight and sea freight Forwarding Business, which is easily affected by economic trends, as well as other factors including the domestic and international economy, customers’ transportation demand, political and social factors, natural disasters and weather, terrorism, regional conflicts, and pandemics. In the Target Company Group’s main market of international logistics, there was a significant slump in demand for international shipping in the second half of the fiscal year ending March 2020 due to the growing COVID-19 pandemic and restrictions on economic activity in various regions. Although demand recovered with the subsequent opening-up of society and economic recovery, the lack of space on international ocean lines and the blockages and delays at U.S. ports caused confusion in the marine container logistics market, and international shipping remained chaotic due to the reduction of passenger flights. In the fiscal year ending March 2022, demand for international shipping sharply recovered after having been held back by restrictions on economic activity in the previous year, and the lack of space on air and ocean freight lines was an ongoing issue due to fewer passenger flights, insufficient containers, and blockages at ports, leading to rising freightage expenses as demand far outstripped supply. Currently, vaccine rollouts and other factors have eased restrictions, and economic measures by each country have stimulated economic recovery around the globe, but the future is likely to remain uncertain due to lingering concerns about another wave of infections, global inflation (including energy prices), limited manufacturing supply, supply chain problems, and geopolitical risks characterized by the Ukraine conflict which began in February 2022.

In this business environment, the Target Company Group has focused on expanding its business by concentrating on its core business in accordance with its “Long-Term Vision” formulated in May 2019 and its medium-term management plan, which went into effect in the fiscal year ending March 2020 and continued until the fiscal year ending March 2022. As a basic strategy, the Target Company Group promoted the “Strengthening of the Business Platform” by enhancing group governance, planning and installing IT systems of the next generation, developing global human resources, and improving financial stability. In the Forwarding Business, the Target Company Group has promoted the implementation of a “Sales Strategy” of expanding its customer base, promoting sales strategies per product, and expansion of handling volumes within and to/from Asia and an “Operations Strategy” of reducing costs through economies of scale and improving operational efficiency, while in the Logistics Business it has promoted expansion of business in each customer industry through the APLL Group (see Note 10). The Target Company Group considers itself to be an essential business that contributes to the maintenance and development of supply chains, and which is required to swiftly and flexibly adapt to changes in the business environment and customers’ needs. The Target Company Group aims to flexibly address these changes and sustain the growth of its corporate value.

Note 10: “**APLL Group**” means APLL and its consolidated subsidiaries and equity-method affiliates, which are members of the Target Company Group.

The Tender Offeror considers it necessary to continue to closely monitor factors that make the future business environment of the Target Company Group uncertain, such as global instability due to the situation surrounding the COVID-19 pandemic, the relationship between the United States and China and the Ukraine conflict, the

possibility of a subsequent global economic slowdown and global inflation due to resource price instability, and a global manufacturing downturn due to semiconductor shortages. In addition, with respect to the Forwarding Business, there may be long-term qualitative and quantitative changes in global supply chains due to changes in the cost environment of shipping and supply chain reforms resulting from recent moves toward decarbonization, limited supply in logistics due to labor shortages, and other factors, and the Target Company Group will be required to develop a flexible management system and examine the structure of its business in order to respond to these trends. The Tender Offeror also believes that the competitive environment of the logistics industry will continue to change rapidly as a result of global M&A with the objective of expanding shipping capacity, improving service flexibility, expanding geographic markets, etc. Furthermore, with the rise of digital forwarders, which connect shippers and carriers through an online platform, the corralling of customers by the vertical integration of large shipping lines and logistics companies, and similar new developments, the Tender Offeror Group believes that the Target Company Group will soon have to make new kinds of management decisions and investments (such as new IT investments) in order to maintain and expand its share in a changing market environment. The above measures will require leveraging greater management resources than in the past, which will make it important to optimally allocate management resources across the entirety of the Tender Offeror Group, not limited to the Target Company Group.

The Tender Offeror believes that strengthening collaboration within the Tender Offeror Group will improve the corporate value of the Tender Offeror Group as a whole given its current environment, but the fact that the Tender Offeror and the Target Company are both listed companies with independent management places limits on the expansion of the Tender Offeror Group (Excluding the Target Company Group)'s business portfolio, the enhancement of group operations, the Target Company Group's use of expertise and know-how in M&A and capital and business alliances, credit and other tangible and intangible management resources belonging to the Tender Offeror Group (Excluding the Target Company Group) because of the inability to share internal information of the Target Company Group with the Tender Offeror Group (Excluding the Target Company Group) and share highly confidential information and know-how of the Tender Offeror Group (Excluding the Target Company Group) with the Target Company Group, which necessitates careful consideration of its value to the minority shareholders of the Target Company. Moreover, with the current rapidly increasing awareness of corporate governance, in June 2019 the Ministry of Economy, Trade and Industry issued the "Practical Guidelines for Group Governance Systems" (the "**GGS Guidelines**"), and there have been discussions about the governance of listed subsidiaries, and there is growing demand for stronger measures against the risk of structural conflicts of interest between the controlling shareholder and the minority shareholders of a listed subsidiary. In this context, if the Target Company remains a listed company, yet more careful consideration of the interests of minority shareholders of the Target Company will be required when sharing management resources between the Tender Offeror Group (Excluding the Target Company Group) and the Target Company Group, which will make it difficult for the Tender Offeror and the Target Company to make rapid decisions about the sharing of management resources. As of today, the Target Company is an equity-method affiliate of the Tender Offeror and does not constitute a "listed subsidiary," but the Tender Offeror holds 44.11% of the Target Company Shares (the ownership ratio is 47.09% if it includes the Target Company Shares held by the consolidated subsidiaries

of the Tender Offeror), and taking into account the purpose of the GGS Guidelines we believe that careful consideration of the interests of minority shareholders is necessary based on the GGS Guidelines in the same manner as for a listed subsidiary.

The Tender Offeror has, through the six key measures in the “Kintetsu Group Medium-Term Management Plan 2024” stated above, considered measures to enhance its profitability by accelerating the development of new businesses tailored to the new values of post-COVID society, and continued to aim for the optimal business portfolio and the best operational system, without excluding any options. At the same time, in light of the changing business environment described above, the risk of structural conflicts of interest between a listed subsidiary and its parent company (the Target Company is an equity-method affiliate of the Tender Offeror, but as described above, the Tender Offeror considers the same level of governance to be required as between a listed parent company and listed subsidiary), and the recent calls to strengthen measures against such risk, the Tender Offeror has come to believe that in order for the Tender Offeror Group to enhance its corporate value, it is essential to promote the sharing of management resources between the Tender Offeror Group (Excluding the Target Company Group) and the Target Company Group, which has heretofore been limited by the independence of each company’s operations, and make swift decisions as one united Tender Offeror Group. The Tender Offeror has concluded that in order to remove those limitations, it is necessary to make the Target Company a wholly owned subsidiary of the Tender Offeror.

By making the Target Company a wholly owned subsidiary and strengthening its collaboration with the Tender Offeror Group, the Tender Offeror aims to achieve the following specific value enhancements.

Value enhancements for the Tender Offeror Group (Excluding the Target Company Group)

(A) Expansion of growth drivers

As of today, the Tender Offeror Group (Excluding the Target Company Group)’s portfolio is focused on B2C domestic business, but sustained growth of existing businesses is expected to be difficult considering the projected population decline in Japan, so new growth drivers are needed. The Target Company Group operates a B2B global business with high growth potential, including in the markets that it operates in, so by making the Target Company a wholly owned subsidiary of the Tender Offeror, the Tender Offeror Group expects to improve overall corporate value by strengthening group collaboration and bringing the Target Company Group’s business into the Tender Offeror Group’s portfolio as a “core business” and new growth driver, accelerating the promotion of B2B business within the Tender Offeror Group as a whole and cultivating and enhancing a global business model that does not rely on the movement of people.

(B) Distribution and stabilization of business risk

The Tender Offeror Group (Excluding the Target Company Group) has so far held Transportation and Real Estate as its main pillars in its business while also operating “Merchandise Sales”, “Hotel and Leisure”, and other businesses, but adding “Logistics” as a new main pillar of the Tender Offeror Group will enable it to diffuse risk and stabilize its business. In particular, because the customers of the Target Company Group’s Logistics Business are completely different to those of the “Transportation

Business” and the “Real Estate Business”, its addition will be highly effective in diffusing risk. Further, the Tender Offeror Group (Excluding the Target Company Group) has grown with the Mobility Business (see Note 11) and related businesses at its core, so the addition of the Target Company Group’s Logistics Business to the core businesses of the Tender Offeror Group as a whole by making the Target Company a wholly owned subsidiary of the Tender Offeror will diffuse risk while still being highly consonant with the portfolio concept of the Tender Offeror Group (Excluding the Target Company Group).

Note 11: The “**Mobility Business**” refers to all transportation-related businesses including passenger transport, shipping, and related services.

(C) Construction of new group governance

By strengthening collaboration with the Target Company Group within the Tender Offeror Group, the Tender Offeror Group will be able to accelerate the transition of its business portfolio away from B2C domestic business toward managing a group comprising a variety of different business characteristics including B2B global business, construct a new group governance system that encourages growth of the Tender Offeror Group as a whole while leveraging the corporate culture of each company, which is adapted to the competitive environment and features of its industry, and enhance group-wide competitiveness and business capabilities. While maintaining the Tender Offeror Group’s shared corporate culture of “prioritizing safety and reassurance,” the Tender Offeror Group (Excluding the Target Company Group) intends to expand its business area, which is currently focused around its rail lines, to a global stage including Asia, Europe, and North America by making the globally oriented Target Company a wholly owned subsidiary of the Tender Offeror, and reform its Japan-focused governance to fit the global future of the Tender Offeror Group as a whole.

(D) Cultivating personnel and reforming corporate culture

By sharing personnel with the Target Company Group, which operates a B2B global business, the Tender Offeror Group (Excluding the Target Company Group) expects to broaden its human resources scope and bring onboard a wealth of experience in international business, among other positive effects. By welcoming in personnel from the Target Company Group with diverse cultures and value systems, the Tender Offeror Group as a whole will be able to reform its corporate culture and transition toward managing a group comprising a variety of different business characteristics including B2B global business. Going forward, the Tender Offeror Group wishes to examine and implement specific measures for cultivating global, active personnel and pursue a “win-win” relationship with the Target Company Group, which operates at a global scale. The Target Company Group will also be invited to actively participate in the management of the Tender Offeror and usher in reforms to the corporate culture of the Tender Offeror Group as a whole.

Value enhancements for the Target Company Group

(A) Growth through transition to management not subject to capital markets

The Tender Offeror believes that if the Target Company becomes a wholly owned subsidiary of the Tender Offeror through the Transactions, the Target Company Group will be able to take on initiatives and measures with a long-term perspective, without concern for the effect of short-term deterioration in performance on the minority

shareholders. The Tender Offeror's basic stance is to hold businesses with a long-term perspective and achieve growth; by making the Target Company a wholly owned subsidiary, it will shift the focus away from short-term returns toward long-term growth independent of the restrictions of the capital markets, accelerating the implementation of strategies, tactics and policies formulated by the Target Company Group.

(B) Sharing of management resources of the Tender Offeror Group with a long-term perspective

Based on the Tender Offeror's long-term perspective with respect to group management, the Target Company Group will be able to more reliably achieve its desired value enhancements in the Forwarding Business and Logistics Business by leveraging the fundraising capabilities, credit, highly confidential expertise and know-how in capital strategy including group governance, M&A, and capital and business alliances (to which the Target Company currently has limited access due to the Tender Offeror and the Target Company both being listed companies with independent management), and other tangible and intangible management resources of the Tender Offeror Group (Excluding the Target Company Group) as a result of being made a wholly owned subsidiary of the Target Company.

The Tender Offeror and the Target Company will accelerate their communication and examination regarding the timeframe, necessary management resources, challenges, and solutions related to the strategies included in the Target Company's business plan in connection with enhancing the value of the Target Company Group (the most time-consuming of the growth strategies anticipated by the Target Company Group, including expanding volume and increasing buying power in new areas through M&A or capital and business alliances with other companies, and the cultivation of human resources to operate that business, sharing of human resources in corporate departments, and other aspects of the initiatives outlined in the Target Company's business plan), in order to more concretely share with the Target Company Group the management resources that can be leveraged within the Tender Offeror Group (Excluding the Target Company Group) and take action as and when appropriate.

Based on the above background, objectives, and expected value enhancements, the Tender Offeror decided that it is necessary to further strengthen collaboration between the Tender Offeror and the Target Company by making the Target Company its wholly-owned subsidiary and to efficiently distribute management resources in order to realize the further enhancement of the corporate value of both companies, and commenced initial examinations regarding the Transactions in mid-November 2021. Then, the Tender Offeror appointed Mori Hamada & Matsumoto as a legal advisor independent of the Tender Offeror Group and Nomura Securities as a financial advisor and third-party appraiser independent of the Tender Offeror Group in late November 2021 and Mitsubishi UFJ Morgan Stanley Securities Co. Ltd. as a financial advisor in early December 2021, and proceeded with initial examinations regarding the Transactions while receiving advice from professionals and submitted the written proposal to the Target Company on December 6, 2021, stating that it wished to start initial examinations and discussions in order to implement the Transactions.

In response to this, the Target Company considered commencement of discussions with the Tender Offeror, implementation of Transactions, etc. upon receipt of the written proposal from the Tender Offeror stating that the Tender Offeror wished to start initial

examinations and discussions in order to implement the Transactions, and reached the conclusion that the implementation of the Transactions may contribute the enhancement of the corporate value of the Target Company. Therefore, in order to prepare for the examination of the Transactions and negotiations with the Tender Offeror, the Target Company appointed Nakamura, Tsunoda & Matsumoto as a legal advisor independent of the Tender Offeror and the Target Company in early December 2021, and Daiwa Securities Co., Ltd. (“**Daiwa Securities**”) as a financial advisor and third-party appraiser independent of the Tender Offeror and the Target Company in mid-December 2021. Also, the Target Company established a special committee (the “**Special Committee**”) on December 17, 2021 in order to eliminate arbitrariness of decision-making of the Target Company pertaining to the Transactions and eliminate arbitrariness in the decision-making of the Target Company regarding the Transactions, ensure fairness, transparency, and objectivity in the decision-making process of the Target Company and built a framework for conducting discussions and negotiations pertaining to the Tender Offer (for details regarding the Special Committee, see “(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” below). On December 20, 2021, the Special Committee approved the appointment of Daiwa Securities as a financial advisor and third-party appraiser of the Target Company and Nakamura, Tsunoda & Matsumoto as a legal advisor of the Target Company after confirming that there is no concern with respect to their independence, expertise, performance, etc., and appointed on the same day Deloitte Tohmatsu Financial Advisory LLC (“**Deloitte Tohmatsu Financial Advisory**”) as its own financial advisor and third-party appraiser and Nishimura & Asahi as a legal advisor in order to establish a system for conducting discussions and negotiations pertaining to the Transactions.

Then, from late December 2021 to early February 2022, the Tender Offeror and the Target Company confirmed with each other along with their professionals the initial discussion points to implement the Transactions such as consideration of the expected schedule and creation by the Tender Offeror and the Target Company of an examination system. Based on the confirmation of the initial discussion points, the Tender Offeror submitted to the Target Company a letter of intent stating that it wished to proceed with detailed examination of the Transactions on February 10, 2022, and the Tender Offeror and the Target Company commenced detailed examination and discussions regarding the Transactions.

The Tender Offeror conducted due diligence from mid-February 2022 to mid-March 2022 in order to closely examine the feasibility of the Transactions, and at the same time, held discussions with the Target Company regarding the significance and purpose of the Transactions and conditions of the Transactions including the purchase, etc. price per share of the Target Company Shares in the Tender Offer (the “**Tender Offer Price**”). The Tender Offeror discussed and negotiated with the Target Company on multiple occasions beginning on April 1, 2022 with respect to the Tender Offer Price. Specifically, during discussions and negotiations with the Target Company, the Tender Offeror made an initial proposal to the Target Company on April 1, 2022 to make the Tender Offer Price 4,000 yen (a premium of 22.06% (rounded to the nearest two decimal places; the same applies to all premium calculations hereinafter) on 3,277 yen (rounded to the nearest yen; the same applies to all simple average closing prices hereinafter),

which was the simple average closing price of the Target Company Shares for the one-month period from March 1, 2022 to March 31, 2022; a premium of 30.63% on 3,062 yen, which was the simple average closing price of the Target Company Shares for the three-month period from January 4, 2022 to March 31, 2022; and a premium of 35.59% on 2,950 yen, which was the simple average closing price of the Target Company Shares for the six-month period from October 1, 2021 to March 31, 2022), comprehensively taking into account the trends in the market share price of the Target Company Shares, the progress of due diligence conducted from mid-February 2022 to mid-March 2022, and the evaluation and analysis of the Target Company Shares by Nomura Securities. However, on April 7, 2022, the Target Company requested the Tender Offeror to reconsider the proposal because the proposed Tender Offer Price (4,000 yen) is not sufficient, taking into account the changes in the market price of shares of the Target Company, the level of premiums in cases similar to the Transactions (going-private transactions on the premise of privatization), the result of the calculation of the share value of the Target Company using the Discounted Cash Flow Method (the “**DCF Method**”), etc. Then, in consideration of the Target Company’s request that the Tender Offeror reconsider the proposal, the Tender Offeror made a second proposal to make the Tender Offer Price 4,040 yen (a premium of 24.12% on 3,255 yen, which was the simple average closing price of the Target Company Shares for the one-month period from March 15, 2022 to April 14, 2022; a premium of 31.38% on 3,075 yen, which was the simple average closing price of the Target Company Shares for the three-month period from January 17, 2022 to April 14, 2022; and a premium of 35.48% on 2,982 yen, which was the simple average closing price of the Target Company Shares for the six-month period from October 15, 2021 to April 14, 2022) on April 15, 2022. However, on April 19, 2022, the Target Company requested the Tender Offeror to reconsider the proposal so that the Tender Offer Price would be further increased because the Tender Offer Price (4,040 yen) proposed by the Tender Offeror is not sufficient, taking into account the level of premiums in cases similar to the Transactions (going-private transactions on the premise of privatization), the result of the calculation of the share value of the Target Company using the DCF Method, etc. Based on the above, the Tender Offeror made a third proposal on April 22, 2022 to make the Tender Offer Price 4,050 yen (a premium of 26.72% on 3,196 yen, which was the simple average closing price of the Target Company Shares for the one-month period from March 22, 2022 to April 21, 2022; a premium of 30.60% on 3,101 yen, which was the simple average closing price of the Target Company Shares for the three-month period from January 24, 2022 to April 21, 2022; and a premium of 35.09% on 2,998 yen, which was the simple average closing price of the Target Company Shares for the six-month period from October 22, 2021 to April 21, 2022). However, on April 28, 2022, the Target Company requested the Tender Offeror to reconsider the proposal so that the Tender Offer Price would be 4,350 yen (a premium of 39.65% on 3,115 yen, which was the simple average closing price of the Target Company Shares for the one-month period from March 29, 2022 to April 28, 2022; a premium of 39.02% on 3,129 yen, which was the simple average closing price of the Target Company Shares for the three-month period from January 31, 2022 to April 28, 2022; and a premium of 44.37% on 3,013 yen, which was the simple average closing price of the Target Company Shares for the six-month period from October 29, 2021 to April 28, 2022) because the Tender Offer Price (4,050 yen) proposed by the Tender Offeror is not sufficient, taking into account the level of premiums in cases similar to the Transactions (going-private transactions on the premise of privatization), the result of the calculation of the share value of the Target Company using the DCF Method, etc. Based on the above, the Tender Offeror made a fourth proposal on May 6, 2022 to make

the Tender Offer Price 4,100 yen (a premium of 32.47% on 3,095 yen, which was the simple average closing price of the Target Company Shares for the one-month period from April 4, 2022 to May 2, 2022; a premium of 30.57% on 3,140 yen, which was the simple average closing price of the Target Company Shares for the three-month period from February 3, 2022 to May 2, 2022; and a premium of 35.76% on 3,020 yen, which was the simple average closing price of the Target Company Shares for the six-month period from November 4, 2021 to May 2, 2022). However, on May 9, 2022, the Target Company requested the Tender Offeror to reconsider the proposal so that the Tender Offer Price would be 4,250 yen (a premium of 37.67% on 3,087 yen, which was the simple average closing price of the Target Company Shares for the one-month period from April 11, 2022 to May 9, 2022; a premium of 34.88% on 3,151 yen, which was the simple average closing price of the Target Company Shares for the three-month period from February 10, 2022 to May 9, 2022; and a premium of 40.17% on 3,032 yen, which was the simple average closing price of the Target Company Shares for the six-month period from November 10, 2021 to May 9, 2022) because the Tender Offer Price (4,100 yen) proposed by the Tender Offeror is not sufficient, taking into account the result of the calculation of the share value of the Target Company using the DCF Method, etc. Based on the above, the Tender Offeror made a fifth proposal on May 11, 2022 to make the Tender Offer Price 4,175 yen (a premium of 35.24% on 3,087 yen, which was the simple average closing price of the Target Company Shares for the one-month period from April 11, 2022 to May 10, 2022; a premium of 32.54% on 3,150 yen, which was the simple average closing price of the Target Company Shares for the three-month period from February 14, 2022 to May 10, 2022; and a premium of 37.56% on 3,035 yen, which was the simple average closing price of the Target Company Shares for the six-month period from November 11, 2021 to May 10, 2022).

As a result, on May 12, 2022 the Tender Offeror received the Company's response that the Company accepts the proposal by the Tender Offeror, and the Tender Offeror and the Company agreed to the Tender Offer Price being 4,175 yen. In addition to the agreement on the Tender Offer Price, the Tender Offeror and the Target Company agreed today that the best option is to make the Target Company a wholly-owned subsidiary of the Tender Offeror because they decided that doing so could be expected to enhance the value of both companies while responding to the changes in business environment and enhance the corporate value of both companies. Therefore, the Tender Offeror resolved to implement the Transactions including the Tender Offer at the board of directors meeting held today.

(B) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company

(i) Background Behind Creation of Examination System

On December 6, 2021, the Target Company received a written proposal from the Tender Offeror to the effect that the Tender Offeror wished to commence initial examinations and discussions towards the implementation of the Transactions; therefore, when examining the Transactions and engaging in discussions and negotiations with the Tender Offeror regarding the Transactions, in consideration of the fact that the Transactions may constitute transactions in which there are typically issues involving structural conflicts of interest and issues regarding information asymmetry due to

reasons such as the Tender Offeror's ownership ratio of the Target Company Shares being 44.11% (ownership ratio including shares owned by consolidated subsidiaries of the Tender Offeror: 47.09%) and the Target Company being an equity-method affiliate of the Tender Offeror, in order to address those issues and ensure the fairness of the Transactions, the Target Company appointed Nakamura, Tsunoda & Matsumoto as a legal advisor independent from both the Target Company and the Tender Offeror in early December and appointed Daiwa Securities as a financial advisor and third-party appraiser in mid-December. The Target Company then, based on the advice given by Nakamura, Tsunoda & Matsumoto, immediately began to create a system for examining, negotiating, and making determinations about the Transactions independently of the Tender Offeror and from the perspective of enhancing the Target Company's corporate value and securing the interests of the Target Company's general shareholders in order to ensure the fairness of the Transactions.

More specifically, as stated in "(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" in "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "(B) Background of Valuation" in "(4) Basis of Valuation, Etc. regarding Price of the Tender Offer" in "2. Outline of the Tender Offer below, the Target Company started its preparations for establishing the Special Committee consisting of independent outside directors and an independent outside audit and supervisory board member etc. of the Target Company in early December 2021. Thereafter, based on a resolution adopted at the meeting of its board of directors held on December 17, 2021, the Target Company established the Special Committee consisting of three members, namely, Jun Yanai (an independent outside director of the Target Company), Sanae Tanaka (an independent outside director of the Target Company), and Masayuki Kobayashi (an independent outside audit and supervisory board member of the Target Company) (for matters such as the background behind establishing the Special Committee, the background behind the examinations, and the details of determinations made, please refer to "(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" of "(B) Background of Valuation" in "(4) Basis of Valuation, Etc. regarding Price of the Tender Offer" in "2. Outline of the Tender Offer" below). The Target Company requested the following from the Special Committee: (i) (a) to examine and determine the permissibility of the Transactions from the perspective of whether or not the Transactions will contribute to enhancing the corporate value of the Target Company and (b) to examine and determine the appropriateness of the transaction terms and the fairness of procedures from the perspective of the interests of the general shareholders of the Target Company, and thereafter to make a recommendation to the Target Company's board of directors regarding whether or not it should support the Tender Offer and whether or not it should recommend that the shareholders of the Target Company tender their shares in the Tender Offer, and (ii) to examine whether the decisions by the Target Company's board of directors regarding the Transactions are not disadvantageous to the minority shareholders of the Target Company and to express an opinion to the Target Company's board of directors in regard thereto (collectively, the "**Advisory Matters**"). Furthermore, in establishing the Special Committee, the Target Company's board of directors adopted a resolution (i) that it would make its decisions while respecting the

determinations of the Special Committee to the fullest extent and (ii) that if the Special Committee determines that the terms of the Transactions are inappropriate, the Target Company's board of directors will not make a decision to implement the Transactions, in addition to which it adopted a resolution granting the Special Committee (i) the authority to gather information necessary for the examination of the Advisory Matters (including holding direct hearings, etc. with related parties as necessary), (ii) the authority to appoint or approve its own financial advisor, legal advisor, third-party appraiser, and other advisors at the expense of the Target Company, (iii) the authority to express opinions regarding the policy on negotiations between the Target Company and the Tender Offeror, issue instructions and requests to the persons in charge of negotiations, and as necessary directly negotiate with the Tender Offeror, and (iv) authority for other matters necessary for the examination of the Advisory Matters (for the method of resolution at such meeting of the board of directors, please refer to "(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" of "(B) Background of Valuation" in "(4) Basis of Valuation, Etc. regarding Price of the Tender Offer" in "2. Outline of the Tender Offer" below). As stated in "(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" of "(B) Background of Valuation" in "(4) Basis of Valuation, Etc. regarding Price of the Tender Offer" in "2. Outline of the Tender Offer" below, based on the authorities stated above, the Special Committee decided on December 20, 2021 to appoint Nishimura & Asahi as its own legal advisor and Deloitte Tohmatsu Financial Advisory as its own financial advisor and third-party appraiser.

In addition, as stated in "(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" of "(B) Background of Valuation" in "(4) Basis of Valuation, Etc. regarding Price of the Tender Offer" in "2. Outline of the Tender Offer" below, the Target Company confirmed at a meeting of the Special Committee that there was no problem in the independence, expertise, and track record, etc. of Daiwa Securities as the Target Company's financial advisor and third-party appraiser and Nakamura, Tsunoda & Matsumoto as the Target Company's legal advisor and obtained approval from the Special Committee for the appointment of Daiwa Securities and Nakamura, Tsunoda & Matsumoto.

Furthermore, as stated in "(G) Approval of All Disinterested Directors of the Target Company and Opinion of All Disinterested Audit and Supervisory Board Members at the Target Company that They Had No Objection" under "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" of "(B) Background of Valuation" in "(4) Basis of Valuation, Etc. regarding Price of the Tender Offer" in "2. Outline of the Tender Offer" below, the Target Company created a system within the Target Company for examining, negotiating, and making determinations about the Transactions independently of the Tender Offeror (including the scope of officers and employees of the Target Company to be involved in examining, negotiating, and making determinations about the Transactions and the duties thereof) and received the approval

of the Special Committee regarding there being no problem from the perspective of the independence and fairness of that examination system.

(ii) Background Behind Examinations and Negotiations

Following the above, the Target Company carefully examined the permissibility of the Transactions and the appropriateness of the transaction terms, taking into consideration a report on the valuation results of the Target Company Shares, advice concerning the policy on negotiations with the Tender Offeror, and other advice from a financial perspective received from Daiwa Securities and guidance concerning measures to ensure the fairness of procedures in the Transactions and other legal advice received from Nakamura, Tsunoda & Matsumoto.

Additionally, since receiving the first proposal from the Tender Offeror that included the Tender Offer Price being 4,000 yen per share on April 1, 2022, the Target Company continually engaged in discussions and negotiations with the Tender Offeror regarding the terms of the Transactions, including the Tender Offer Price. Specifically, the Target Company examined the proposal taking into consideration the opinions of the Special Committee (when forming its opinions, the Special Committee received advice from its advisors, Deloitte Tohmatsu Financial Advisory and Nishimura & Asahi) and the advice from Daiwa Securities and Nakamura, Tsunoda & Matsumoto and requested that the Tender Offeror reexamine the Tender Offer Price as it had not yet reached a fair price. After that, upon receiving from the Tender Offeror a proposal on April 15, 2022 for the Tender Offer Price to be 4,040 yen per share, the Target Company examined the proposal and requested that the Tender Offeror reexamine the Tender Offer Price as it had not yet reached a fair price. Following that, the Target Company received from the Tender Offeror a proposal on April 22, 2022 for the Tender Offer Price to be 4,050 yen per share, and the Target Company examined the proposal and requested that the Tender Offeror reexamine the Tender Offer Price being 4,350 yen. After that, the Target Company received a proposal on May 6, 2022 for the Tender Offer Price to be 4,100 yen per share, and the Company examined the proposal and requested that the Tender Offeror reexamine the Tender Offer Price being 4,250 yen. As a result, the Target Company received a proposal from the Tender Offeror that included the Tender Offer Price being 4,175 yen per share on May 11, 2022.

During the course of the above examinations and negotiations, the Special Committee received reports from time to time from the Target Company and the Target Company's advisors and confirmed and approved the details thereof as appropriate. Specifically, the Special Committee first confirmed the reasonableness of matters such as the content, the important underlying assumptions, and the background behind the preparation of the Target Company's business plan presented by the Target Company to the Tender Offeror and used by Daiwa Securities and Deloitte Tohmatsu Financial Advisory as the basis for the share valuation of the Target Company Shares, and the Special Committee approved that business plan. Additionally, when negotiating with the Tender Offeror, the Target Company's financial advisor handled such negotiations in accordance with the negotiation policy decided in advance upon deliberation by the Special Committee, and when receiving a proposal regarding the Tender Offer Price from the Tender Offeror, the Target Company's financial advisor immediately reported to the Special Committee on each occasion, received opinions, instructions, and requests, etc. from the Special Committee regarding matters such as the policy on negotiations with the Tender Offeror, and responded in accordance with those opinions, etc.

Following that, on May 12, 2022, the Target Company received a written report from the Special Committee (the “**Written Report**”) stating that (i) the Special Committee considers it appropriate for the Target Company’s board of directors to express an opinion in support of the Tender Offer and adopt a resolution to recommend that the shareholders of the Target Company tender their shares in the Tender Offer, and that (ii) the decisions of the Target Company’s board of directors regarding the Transactions (meaning (A) the decision to express an opinion in favor of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer and (B) the decision regarding procedures for making the Target Company a wholly-owned subsidiary through a demand for shares cash-out or share consolidation to be performed after the Tender Offer as part of the Transactions) is considered not disadvantageous to the minority shareholders of the Company (for a summary of the Written Report, please refer to “(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” below). In addition to the Written Report, the Target Company received from the Special Committee a share valuation report concerning the Target Company Shares (the “**Share Valuation Report (Deloitte Tohmatsu Financial Advisory)**”) and a fairness opinion stating that the Tender Offer Price of 4,175 yen per share is fair to the minority shareholders of the Target Company from a financial perspective (the “**Fairness Opinion**”) submitted by Deloitte Tohmatsu Financial Advisory to the Special Committee on May 12, 2022 (for a summary of the Share Valuation Report (Deloitte Tohmatsu Financial Advisory) and the Fairness Opinion, please refer to “(C) Obtainment by the Target Company of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Appraiser” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” below).

(iii) Details of Determination

Based on the above background, at the meeting of the board of directors of the Target Company held today, the Target Company carefully discussed and examined as to whether the Transactions, including the Tender Offer, would contribute to enhancing the Target Company’s corporate value and whether the terms of the Transactions, including the Tender Offer Price, were appropriate in light of the legal advice received from Nakamura, Tsunoda & Matsumoto and the advice received from Daiwa Securities from a financial perspective, as well as in light of the details of a share valuation report concerning the Target Company Shares (the “**Target Company Valuation Report**”) submitted by Daiwa Securities on May 12, 2022 and the details of the Share Valuation Report (Deloitte Tohmatsu Financial Advisory) and the Fairness Opinion submitted through the Special Committee, and also respecting, to the fullest extent, the details of the determinations of the Special Committee indicated in the Written Report.

Consequently, as described below, the Target Company reached the conclusion that the Transactions, including the Tender Offer, through which the Target Company will become a wholly-owned subsidiary of the Tender Offeror, will contribute to enhancing

the Target Company's corporate value. In its long-term vision, "Global Top 10 Solution Partner: A Global Brand Born in Japan," announced in May 2019, the Target Company Group set out a management goal of aiming to achieve a global top 10 position; in achieving that goal, it is necessary to grow a strong position in the market despite overwhelming global competition, and the Target Company Group recognizes the urgency of further expanding business and developing human resources. Lead by global competitors, industry restructuring has become prominent in recent years, and new trends are being seen, such as the appearance of digital forwarders that connect shippers with transportation companies through online platforms, and customer retention through vertical integration between major shipping companies and logistics companies; accordingly, in order for the Target Company to achieve sustainable growth amid the expectation of significant industry changes moving forward, the Target Company recognizes the necessity of enhancing its price competitiveness by strengthening its purchasing power and expanding freight volume in new areas through means such as M&A and capital and business alliances with other companies. Specifically, the Target Company recognizes that it is necessary to pursue the increase of both sales and profitability by strengthening areas where handling volume is small at the Target Company such as fresh food and by strengthening price competitiveness through economies of scale from M&A and capital and business alliances, etc.

In regard to measures such as M&A and capital and business alliances with other companies, a massive amount of time is required when considering counterparties for matters such as investigation, selection, and analysis, in addition to the Target Company having to actively approach the counterparty; however, the M&A market is currently at a high, and the Target Company does not have any concrete projects under consideration. Additionally, despite the M&A and business and capital alliances stated above contributing over the medium to long term to achieving the long-term vision of the Target Company Group, such measures may result in uncertainty regarding profit in the short term, and therefore there is a risk of causing a deterioration in financial condition due to factors such as a decrease in profitability, a deterioration in cash flow, or an increase in interest-bearing debts; as a result, the Target Company Group considers that it cannot deny the possibility of such measures causing a drop in the share price of the Target Company and a negative impact on the shareholders of the Target Company over the short term.

The Tender Offeror has provided a public service through its railways for many years and therefore has always carried out its management with a medium- to long-term perspective, and it possesses rich experience and know-how in regard to M&A, capital and business alliances, etc. In discussions with the Tender Offeror, the Tender Offeror stated its intention to support the growth of the Target Company from a long-term perspective and to support M&A, etc. by the Target Company in terms of both financing and know-how, and the Target Company believes that by accelerating and utilizing the sharing of M&A-related knowledge, know-how, and human resources of the Tender Offeror with the Target Company, the Target Company will be able to secure time for matters such as investigating, selecting, and analyzing counterparties for M&A transactions, etc. and to actively approach counterparties. The Target Company has confirmed that the Tender Offeror will provide the above support while respecting the management policy of the Target Company even after the implementation of the Transactions.

Therefore, the Target Company determined that the best choice for achieving the enhancement of its corporate value over the medium to long term would be to establish

a management structure that formulates and implements measures from a medium- to long-term perspective without being constrained by the short-term evaluation of the stock market and to make the maximum possible use of the management support provided by the Tender Offeror by providing the shareholders of the Target Company with an opportunity to sell the Target Company Shares without being negatively impacted over the short term and by delisting the Target Company Shares and making the Target Company a wholly-owned subsidiary of the Tender Offeror.

Additionally, the Target Company determined that the Tender Offer Price and other terms regarding the Tender Offer are appropriate and that the Tender Offer provides an opportunity for the shareholders of the Target Company to sell the Target Company Shares at a price that includes a reasonable premium and under reasonable terms based on factors such as: (i) the Target Company agreed to the price after repeated, serious negotiations with the Tender Offeror with substantial involvement by the Special Committee, which is independent from the Target Company and the Tender Offeror, and after fully implementing the measures to ensure the fairness of the terms of the Transactions, including the Tender Offer Price, stated in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below; (ii) in the Written Report obtained from the independent Special Committee of the Target Company, the Special Committee has determined that the appropriateness of the terms of the Transactions, including the Tender Offer Price, has been ensured, as stated in “(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” below; (iii) of the results of the share valuation by Daiwa Securities concerning the Target Company Shares stated in “(F) Obtainment by the Target Company of a Share Valuation Report from an Independent Third-Party Appraiser” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” below, the Tender Offer Price exceeds the upper limit of the valuation results of the market price method and is within the range of the valuation results of the DCF Method; (iv) the Tender Offer Price is an amount that includes a premium of 38.02% on 3,025 yen, the closing price of the Target Company Shares on the TSE Prime Market (prior to April 3, 2022, the TSE First Section) on May 12, 2022, the Business Day immediately preceding the announcement date of the Tender Offer, a premium of 34.98% on 3,093 yen, the simple average closing price for the preceding month (from April 13, 2022 to May 12, 2022), a premium of 32.71% on 3,146 yen, the simple average closing price for the preceding three months (from February 14, 2022 to May 12, 2022), and a premium of 37.47% on 3,037 yen, the simple average closing price for the preceding six months (from November 15, 2021 to May 12, 2022), the Tender Offer Price is an amount that exceeds the highest share price since listing (3,545 yen in a continuous session on March 28, 2022, and although the premiums on the simple average closing prices of the shares for the preceding three-month period and preceding six-month period are slightly less than the median of the premiums for the same period offered in 62 (the median of the premiums is 36.0% for the Business Day immediately preceding the announcement date, 38.9% for the preceding one-month period, 41.9% for the

preceding three-month period, and 48.6% for the preceding six-month period) past tender offer transactions successfully completed on the premise of privatization that were publicly announced from July 2019 to December 2021 (excluding cases wherein the proportion of voting rights of the target company owned by the tender offeror (including the proportion of voting rights of the target company owned by special related parties of the tender offeror) was more than 50% at the time before the commencement of the tender offer) there is no substantial deviation from such median and there are no special circumstances where the premiums for the simple average closing price for the preceding three-month period and the preceding six-month period need to be emphasized, and on the other hand, the premium on the closing price of the business day before the announcement date exceeds the median of the premiums for the same period, and the premiums on the simple average closing price for the preceding one-month period is not inferior to the median of premiums for the same period since the degree to which it falls below the median is fairly small ; and (v) the measures to ensure the fairness of the Tender Offer stated in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below have been taken, and it can be found that the interests of general shareholders have been secured.

Based on the foregoing, the Target Company has resolved at its board of directors meeting held today to express its opinion in support of the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer.

For the method of resolution at the Target Company’s board of directors meeting stated above, please refer to “(G) Approval of All Disinterested Directors and Opinion of All Disinterested Audit and Supervisory Board Members at the Target Company that They Had No Objection” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” below.

(C) Management Policy After the Tender Offer

The Tender Offeror will, after making the Target Company its wholly-owned subsidiary through the Transactions, strive to accelerate collaboration within the Tender Offeror Group, to speed up the decision-making of management decisions, to improve management efficiency, and to achieve sustainable growth in each business of the Target Company Group in order to achieve the value enhancements stated in “(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer” above. The existence and details of any organizational restructuring concerning the Target Company Group are undecided as of today, but by promoting business while collaborating closely with the Target Company Group, the Tender Offeror will strive to accelerate the growth in profits and enhance the corporate value of the entire Tender Offeror Group as a whole.

At present, no matters have been decided in regard to the management structure of the Target Company after the Transactions; however, the Tender Offeror’s policy is to basically respect the management structure of the Target Company, including its current organization and board of directors, and in accordance with the Tender Offeror’s group management regulations, it plans to support the management of the Target Company as

part of the Tender Offeror Group while respecting the autonomy of the Target Company's business execution. Additionally, no changes or measures that would be unfavorable to the treatment of the Target Company's employees are expected at present.

(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

Although the Target Company is not a subsidiary of the Tender Offeror as of today and the Tender Offer does not constitute a tender offer by a controlling shareholder, (i) the Tender Offeror holds 44.11% of the Target Company Shares (the ownership ratio is 47.09% if it includes the Target Company Shares held by the consolidated subsidiaries of the Tender Offeror) and the Target Company is an equity-method affiliate of the Tender Offeror, (ii) one of eight directors of the Target Company concurrently serves as an officer of the Tender Offeror (Mr. Tetsuya Kobayashi), one of eight directors of the Target Company served as an officer of the Tender Offeror (Mr. Kazuyasu Ueda), and one of four audit and supervisory board members of the Target Company concurrently serves as an audit and supervisory board member of a subsidiary of the Tender Offeror (Mr. Yusuke Kawasaki), and (iii) if the Tender Offeror becomes a controlling shareholder of the Target Company after the successful completion of the Tender Offer, the transactions scheduled to be carried out as part of the Transactions after the Tender Offer that intend to cause the Target Company to be delisted (please refer to “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” below) will constitute “Transactions with a Controlling Shareholder” as set out in the Code of Corporate Conduct of the TSE. Considering the above facts, the Tender Offeror and the Target Company will take the following measures in order to ensure fairness of the Tender Offer, eliminate arbitrariness in the decision-making regarding the Transactions, ensure fairness, transparency, and objectivity in the decision-making process of the Target Company, and avoid any doubt of conflicts of interest at the stage of the Tender Offer.

The Tender Offeror believes that, as stated in “(1) Purpose of the Tender Offer” above, because the Tender Offeror directly holds 31,755,800 Target Company Shares (ownership ratio: 44.11%) and indirectly holds 2,145,000 Target Company Shares (ownership ratio: 2.98%) through consolidated subsidiaries of the Tender Offeror, thereby holding 33,900,800 Target Company Shares (ownership ratio: 47.09%) in total as of today, if the minimum number of Share Certificates, Etc. to be purchased is set to the so-called “majority of minority” in the Tender Offer, it would create uncertainty as to whether the Tender Offer could be completed, and may not actually be in the interests of general shareholders who wish to tender their shares in response to the Tender Offer. For this reason, in the Tender Offer, the Tender Offeror does not set the minimum number of Share Certificates, Etc. to be purchased to the so-called “majority of minority.” However, the Tender Offeror and the Target Company have implemented the measures described below, and thus the Tender Offeror and the Target Company believe that the interests of general shareholders of the Target Company have been sufficiently considered.

(A) Obtainment by the Tender Offeror of a share price valuation report from an independent third-party appraiser

- (B) Establishment by the Target Company of an independent special committee, and obtainment of a written report therefrom
- (C) Obtainment by the special committee of a share price valuation report and a fairness opinion from an independent third-party appraiser
- (D) Obtainment by the special committee of advice from an independent legal advisor
- (E) Obtainment by the Target Company of advice from an independent legal advisor
- (F) Obtainment by the Target Company of a share price valuation report from an independent third-party appraiser
- (G) Approval of all disinterested directors of the Target Company and opinion of all disinterested audit and supervisory board members at the Target Company that they had no objection
- (H) Creation by the Target Company of an independent examination system
- (I) No transaction protection clause
- (J) Measures to ensure that the Target Company's shareholders have the opportunity to make appropriate judgments as to whether or not to tender in the Tender Offer

For the details of the matters described above, please refer to “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” below.

- (4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)

As stated in “(1) Purpose of the Tender Offer” above, the Tender Offeror intends to make the Target Company a wholly-owned subsidiary of the Tender Offeror, and if the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) under the Tender Offer, the Tender Offeror intends, after the successful completion of the Tender Offer, to carry out the following procedures for the purpose of acquiring all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company).

- (A) Demand for Cash-Out of Shares

If, after the successful completion of the Tender Offer, the total number of the voting rights held by the Tender Offeror in the Target Company becomes 90% or more of the voting rights of all shareholders of the Target Company, and the Tender Offeror becomes a special controlling shareholder as prescribed in Article 179, Paragraph (1) of the Companies Act, the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, pursuant to the provisions of Part II, Chapter II, Section 4-2 of the Companies Act, request all of the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) (“**Shareholders Subject to the Cash-Out**”) to sell all of the Target Company Shares

that they hold (the “**Demand for Shares Cash-Out**”). In the Demand for Shares Cash-Out, the Tender Offeror plans to set forth that the amount equivalent to the Tender Offer Price will be delivered to the Shareholders Subject to the Cash-Out as the price per share of the Target Company Shares. In such case, the Tender Offeror will notify the Target Company of such Demand for Shares Cash-Out and will request the Target Company to approve the Demand for Shares Cash-Out. If the Target Company approves the Demand for Shares Cash-Out by a resolution of its board of directors, in accordance with the procedures set forth in the relevant laws and regulations, without individual approvals by the Shareholders Subject to the Cash-Out, the Tender Offeror will acquire, as of the acquisition date set forth in the Demand for Shares Cash-Out, all of the Target Company Shares held by the Shareholders Subject to the Cash-Out. Then, the Tender Offeror intends to deliver the amount equivalent to the Tender Offer Price to the Shareholders Subject to the Cash-Out as the price per share of the Target Company Shares held by the Shareholders Subject to the Cash-Out. According to the Target Company’s Press Release, if the Target Company receives notice of the Tender Offeror’s intention to make the Demand for Shares Cash-Out and the matters set out in each item of Article 179-2, Paragraph (1) of the Companies Act, the Target Company plans to approve such Demand for Shares Cash-Out at the meeting of its board of directors.

The provisions under the Companies Act that are designed to protect the rights of minority shareholders involved in the Demand for Shares Cash-Out provide that the Shareholders Subject to the Cash-Out may file a petition with a court to determine the sale price of the Target Company Shares that they hold, pursuant to the provisions of Article 179-8 of the Companies Act and other relevant laws and regulations.

(B) Share Consolidation

If, after the successful completion of the Tender Offer, the total number of the voting rights held by the Tender Offeror in the Target Company is less than 90% of the voting rights of all shareholders of the Target Company, the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, pursuant to Article 180 of the Companies Act, request the Target Company to hold an extraordinary shareholders’ meeting at which a share consolidation of the Target Company Shares (the “**Share Consolidation**”) and a partial amendment to the Target Company’s Articles of Incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation becomes effective will be proposed (the “**Extraordinary Shareholders’ Meeting**”). According to the Target Company’s Press Release, as of today, the Target Company plans to hold the Extraordinary Shareholders’ Meeting in response to the Tender Offeror’s request, with the date of the Extraordinary Shareholders’ Meeting planned to be late August 2022. The Tender Offeror intends to approve each of the above proposals at the Extraordinary Shareholders’ Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders’ Meeting. If, due to the Share Consolidation, a fraction less than one share is produced, the shareholders of the Target Company holding fractional shares will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of such fractional shares (rounded down to the nearest whole number; the same applies hereinafter) to the Target Company or the

Tender Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. The Tender Offeror intends to request the Target Company to file a petition to the court for permission to purchase such Target Company Shares equivalent to the total number of such fractional shares setting the purchase price for such Target Company Shares so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Tender Offeror and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by each such shareholder. Although the ratio of the Share Consolidation of the Target Company Shares has not been determined as of today, the Tender Offeror intends to request that the ratio be determined so that shareholders (excluding the Tender Offeror and the Target Company) who hold shares in the Target Company and do not tender in the Tender Offer will have only fractional shares in order for the Tender Offeror to become the only owner of all of the Target Company Shares (excluding treasury shares held by the Target Company).

The provisions of the Companies Act that are designed to protect the rights of minority shareholders in relation to the Share Consolidation provide that if the Share Consolidation occurs and there are fractional shares as a result thereof, in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations, when the conditions prescribed therein are satisfied, each shareholder of the Target Company may request the Target Company to purchase all such fractional shares of the Target Company Shares at a fair price and may file a petition to the court to determine such price. It is further noted the Tender Offer is not intended to solicit shareholders of the Target Company to agree to the proposals at the Extraordinary Shareholders' Meeting.

With regard to the above procedures for (A) and (B), depending on amendments to, the enforcement of, and the interpretation by authorities of the relevant laws and regulations and other such factors, it may require time to implement the procedures, or the methods of implementation may be altered. However, even in such cases, if the Tender Offer is successfully completed, it is intended that a method will be used whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will ultimately receive cash consideration equivalent to the number of Target Company Shares held by such shareholders of the Target Company multiplied by the Tender Offer Price in exchange for their shares. If a petition for determination of the sale price regarding the Demand for Shares Cash-Out or a petition for determination of a price regarding a share purchase demand in relation to the Share Consolidation is filed, it is the court who will finally determine the sale price or the price regarding the share purchase demand regarding the Target Company Shares held by shareholders of the Target Company who filed the petition.

The specific details and expected timing for the procedures described above will be determined through consultation with the Target Company and then promptly announced by the Target Company.

All shareholders of the Target Company are solely responsible for consulting with specialists such as certified tax accountants with regard to the tax consequences of tendering their shares in the Tender Offer or the procedures outlined above.

(5) Prospects and Reasons for Delisting

The Target Company Shares are currently listed on the TSE Prime Market as of today. However, since the Tender Offeror has not set a maximum number of Share Certificates, Etc. to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set out by the TSE, depending on the results of the Tender Offer.

Also, even in the case that the delisting criteria are not met upon the successful completion of the Tender Offer, the Tender Offeror plans to implement the procedures for the purpose of acquiring all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) as stated in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so called “Two-Step Acquisition”)” above after the successful completion of the Tender Offer, in which case the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the TSE. After delisting, the Target Company Shares will no longer be traded on the TSE Prime Market.

(6) Important Agreements relating to the Tender Offer

The Tender Offeror has not explained matters regarding the Tender Offer to Kintetsu Taxi Holdings and Kintetsu Insurance Service, each of which is a consolidated subsidiary of the Tender Offeror, before the public announcement of the Tender Offer, from the perspective of the confidentiality of the Transactions under consideration, nor has the Tender Offeror entered into any agreement regarding the Tender Offer with Kintetsu Taxi Holdings and Kintetsu Insurance Service with respect to all of the Target Company Shares held by Kintetsu Taxi Holdings and Kintetsu Insurance Service. However, the Tender Offeror intends to request Kintetsu Taxi Holdings and Kintetsu Insurance Service to tender all of the Target Company Shares held by Kintetsu Taxi Holdings and Kintetsu Insurance Service (total number of shares held: 2,145,000 shares; total ownership ratio: 2.98%) in the Tender Offer after the announcement of the Tender Offer.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(1) Name	Kintetsu World Express, Inc.
(2) Address	2-15-1 Konan, Minato-ku Tokyo
(3) Name and Title of Representative	Nobutoshi Torii, President and Chief Executive Officer
(4) Description of Business	1. Freight forwarding business (air, sea, railway) 2. Automobile forwarding business

	3. Air freight agency business 4. Customs business 5. Warehousing business (including logistics processing and operation services) 6. Other related businesses	
(5) Capital	7,216 million yen (as of March 31, 2022)	
(6) Date of Incorporation	January 10, 1970	
(7) Major Shareholders and Shareholding Ratios (as of September 30, 2021)	Kintetsu Group Holdings Co.,Ltd.	44.11%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.02%
	Mitsui O.S.K. Lines, Ltd.	5.00%
	Custody Bank of Japan, Ltd. (Trust Account)	3.51%
	Kintetsu Taxi Holdings Co., Ltd.	2.60%
	Custody Bank of Japan, Ltd. (Trust Account 9)	1.68%
	National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1.65%
	STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.53%
	NORTHERN TRUST CO. (AVFC) RE HSR00 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	1.37%
	STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	1.34%

	(Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	
(8) Relationship between the Tender Offeror and the Target Company		
Capital Relationship	The Tender Offeror holds 31,755,800 Target Company Shares (ownership ratio: 44.11%) and indirectly holds 2,145,000 Target Company Shares (ownership ratio: 2.98%) through consolidated subsidiaries of the Tender Offeror, thereby holding 33,900,800 Target Company Shares (ownership ratio: 47.09%) in total, and the Target Company is an equity-method affiliate of the Tender Offeror.	
Personnel Relationship	One of the directors of the Target Company serves as a director of the Tender Offeror and one director was previously employed at the Tender Offeror. Also, one of the audit and supervisory board members of the Target Company serves as an audit and supervisory board member of the subsidiary of the Tender Offeror and one of the managing officers of the Target Company serves as an employee of the Tender Offeror. Other than the above, four employees of the Tender Offeror Group excluding the Target Company Group are seconded to the Target Company Group as of March 31, 2022.	
Business Relationship	The Target Company belongs to the cash management system operated by the Tender Offeror, in which the Target Company conducts transactions such as deposits of funds.	
Status as Related Party	The Company is an equity-method affiliate of the Tender Offeror. Therefore, the Target Company constitutes a related party of the Tender Offeror.	

(Note) “(7) Major shareholders and shareholding ratios (as of September 30, 2021)” are transcribed from the descriptions of the “Quarterly Securities Report for the second quarter of the 53rd fiscal year (from July 1, 2021 to September 30, 2021)” filed by the Target Company on November 11, 2021.

(2) Schedule, Etc.

(A) Schedule

Resolution of Board of Directors	May 13, 2022 (Friday)
----------------------------------	-----------------------

Date of Public Notice of Commencement of the Tender Offer	May 16, 2022 (Monday) An electronic public notice will be conducted, and a notice to that effect will be published in the <i>Nihon Keizai Shimbun</i> . (URL of the electronic public notice: http://disclosure.edinet-fsa.go.jp/)
Filing Date of the Tender Offer Registration Statement	May 16, 2022 (Monday)

(B) Period of the Tender Offer as of the Filing Date

From May 16, 2022 (Monday) through July 5, 2022 (Tuesday) (37 business days)

(C) Possibility of Extension by Request of the Target Company

There are no applicable matters.

(3) Price of the Tender Offer

4,175 yen per share of common shares

(4) Basis of Valuation, Etc. regarding Price of the Tender Offer

(A) Basis of Valuation

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Nomura Securities, its financial advisor and third-party appraiser that is independent from the Tender Offeror Group, to calculate the share value of the Target Company before determining the Tender Offer Price. Nomura Securities is not a party affiliated with the Tender Offeror Group and does not have a material interest in the Tender Offer.

After considering the calculation methods to be used in the Tender Offer, Nomura Securities conducted calculation using the following methods: (i) the average market price method given that the Target Company Shares are listed on the TSE Prime Market, (ii) the comparable companies method, as there are listed companies that are comparable to the Target Company, and an analogical inference of the share value of the Target Company based on comparable companies is possible, and (iii) the DCF Method, to account for the Target Company's future business operations in the valuation, and the Tender Offeror obtained a share price valuation report from Nomura Securities on May 12, 2022 (the “**Tender Offeror Valuation Report**”) (Note).

Since the Tender Offeror judged and determined the Tender Offer Price by comprehensively considering the various factors stated in “(Background of the Decisions on the Tender Offer Price)” in “Background of Valuation” below and through discussions and negotiations with the Target Company, the Tender Offeror has not obtained from Nomura Securities an opinion on the appropriateness of the Tender Offer Price (a fairness opinion).

The range of values per share of the Target Company Shares calculated by Nomura Securities is as follows.

Average market price method: From 3,037 yen to 3,148 yen

Comparable companies method: From 2,761 yen to 5,911 yen

DCF Method: From 3,446 yen to 5,664 yen

The range of values per share of the Target Company Shares obtained from the average market price method is 3,037 yen to 3,148 yen, which is calculated, using May 11, 2022 as the record date, based on 3,040 yen, the closing price of the Target Company Shares quoted on the TSE Prime Market (prior to April 3, 2022, the TSE First Section) as of the record date, 3,094 yen (rounded to the nearest yen; the same applies to all simple average closing prices hereinafter), the simple average closing price over the preceding five-Business-Day period, 3,088 yen, the simple average closing price over the preceding one-month period, 3,148 yen, the simple average closing price over the preceding three-month period, and 3,037 yen, the simple average closing price over the preceding six-month period.

The range of values per share of the Target Company Shares obtained from the comparable companies method is 2,761 yen to 5,911 yen, which is derived by evaluating the Target Company Share's share value by comparing the market share prices and financial indicators such as the profitability of listed companies engaged in businesses that are relatively similar to those that the Target Company operates.

The range of values per share of the Target Company Shares obtained from the DCF Method is 3,446 yen to 5,664 yen, which is derived by evaluating the Target Company's corporate value and share value as calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate in the future from the fiscal year ending March 2023 based on revenues and investment plans set out in the business plan of the Target Company for the six fiscal years from the fiscal year ending March 2023 to the fiscal year ending March 2028, as well as other factors such as publicly released information. The business plan of the Target Company from the fiscal year ending March 2023 to the fiscal year ending March 2028 that Nomura Securities used for the DCF Method covers a fiscal year in which significant increases or decreases in profits are expected. Specifically, the market conditions for freight costs are expected to remain high until the fiscal year ending March 2023 due to the shortage of supply such as decrease in the space for air transportation and the shortage of containers for marine transportation influenced by the outbreak of COVID-19. However, a significant decrease in the operating income is expected for the fiscal year ending March 2024 (26,607 million yen, 47.4% year-on-year) compared to the immediately preceding fiscal year due to the decrease in sales resulting from the normalization of the balance of supply and demand and decrease in the level of freight costs since any effect resulting from the outbreak of COVID-19 will be relatively low. In addition, the effect of the synergies expected to be realized through the execution of the Transactions is not reflected because such effect on revenues is difficult to specifically estimate at this point in time.

The Tender Offeror ultimately determined by resolution of a meeting of its board of directors held today that the Tender Offer Price is 4,175 yen per share in light of the results of discussions and negotiations with the Target Company, etc. by comprehensively considering factors such as the result of the calculation of the share value of the Target Company in the Tender Offeror Valuation Report obtained from

Nomura Securities, as well as the fact that there were no material findings as a result of the due diligence conducted from mid-February 2022 to mid-March 2022 that would affect the Tender Offer Price, the financial conditions of the Target Company, 43 examples of premiums (the average premium is 48.4% as of immediately preceding the announcement date, 50.5% for the immediately preceding one-month period, 51.6% for the immediately preceding three-month period, and 49.9% for the immediately preceding six-month period) that have been provided upon determination of the tender offer price in past tender offers for Share Certificates, Etc. by a person other than the issuer that were conducted by a listed parent company to make its consolidated subsidiary and equity-method affiliate its wholly-owned subsidiary and announced after January 2019, whether the Tender Offer is supported by the board of directors of the Target Company, trends in the market share price of the Target Company Shares, and the prospect of shares being tendered in the Tender Offer. The Tender Offer Price exceeds the range calculated based on the average market price method of the Tender Offeror Valuation Report and is within the range calculated based on the comparable companies method and the DCF Method.

The Tender Offer Price of 4,175 yen per share represents a premium of 38.02% on 3,025 yen, which was the closing price for the Target Company Shares quoted on the TSE Prime Market (prior to April 3, 2022, the TSE First Section) on May 12, 2022 (which was the Business Day immediately preceding the announcement date of the Tender Offer); a premium of 35.95% on 3,071 yen, which was the simple average closing price for the past five Business Days (from May 6, 2022 to May 12, 2022); a premium of 34.98% on 3,093 yen, which was the simple average closing price for the past one-month period (from April 13, 2022 to May 12, 2022); a premium of 32.71% on 3,146 yen, which was the simple average closing price for the past three-month period (from February 14, 2022 to May 12, 2022; and a premium of 37.47% on 3,037 yen, which was the simple average closing price for the past six-month period (from November 15, 2021 to May 12, 2022).

(Note 1) In calculating the value of the Target Company Shares, Nomura Securities has assumed that the publicly available information and all of the information provided to it are accurate and complete and did not independently verify the accuracy and completeness of such information. Also, Nomura Securities has not conducted an independent evaluation, appraisal, or assessment, nor has it made any request to a third-party institution for any appraisal or assessment, with respect to any assets or liabilities (including derivatives, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Target Company and any of its affiliated companies, including any analysis or evaluation of individual assets and liabilities. Nomura Securities assumed that the financial forecast (including profit plans and other information) of the Target Company had been reasonably considered or prepared based on the best projections and judgment made in good faith that were currently available to the management of the Tender Offeror and the Target Company. The calculation by Nomura Securities reflects the information and the economic conditions available to it as of May 11, 2022. The sole purpose of the calculation by Nomura Securities is for the board of directors of the Tender Offeror to use the calculation results as a reference for considering the share value of the Target Company.

(B) Background of Valuation

(Background of the Decisions on the Tender Offer Price)

As stated in “(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer” in (2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” in “3. Purpose of the Tender Offer” above, the Tender Offeror decided that it is necessary to further strengthen collaboration between the Tender Offeror and the Target Company by making the Target Company its wholly-owned subsidiary and to efficiently distribute management resources in order to realize the further enhancement of the corporate value of both companies, and commenced initial examinations regarding the Transactions in mid-November 2021. Then, the Tender Offeror appointed Mori Hamada & Matsumoto as a legal advisor independent of the Tender Offeror Group and Nomura Securities as a financial advisor and third-party appraiser independent of the Tender Offeror Group in late November 2021 and MUMSS as a financial advisor in early December 2021, and proceeded with initial examinations regarding the Transactions while receiving advice from professionals and submitted the written proposal to the Target Company on December 6, 2021, stating that it wished to start initial examinations and discussions in order to implement the Transactions.

In response to this, the Target Company considered commencement of discussions with the Tender Offeror, implementation of Transactions, etc. upon receipt of the written proposal from the Tender Offeror stating that the Tender Offeror wished to start initial examinations and discussions in order to implement the Transactions, and reached the conclusion that the implementation of the Transactions may contribute to the enhancement of the corporate value of the Target Company. Therefore, in order to prepare for the examination of the Transactions and negotiations with the Tender Offeror, the Target Company appointed Nakamura, Tsunoda & Matsumoto as a legal advisor independent of the Tender Offeror and the Target Company in early December 2021 and Daiwa Securities as a financial advisor and third-party appraiser independent of the Tender Offeror and the Target Company in mid-December 2021. Also, the Target Company established the Special Committee on December 17, 2021 in order to eliminate arbitrariness of decision-making of the Target Company pertaining to the Transactions, ensure fairness, transparency, and objectivity in the decision-making process of the Target Company and create a system for conducting discussions and negotiations pertaining to the Tender Offer. On December 20, 2021, the Special Committee approved the appointment of Daiwa Securities as a financial advisor and third-party appraiser of the Target Company and Nakamura, Tsunoda & Matsumoto as a legal advisor of the Target Company after confirming that there is no concern with respect to their independence, expertise, performance, etc., and appointed on December 20, 2021 Deloitte Tohmatsu Financial Advisory as its own financial advisor and third-party appraiser and Nishimura & Asahi as a legal advisor in order to establish a system for conducting discussions and negotiations pertaining to the Transactions.

Then, from late December 2021 to early February 2022, the Tender Offeror and the Target Company confirmed with each other along with their professionals the initial discussion points to implement the Transactions such as consideration of the expected schedule and creation by the Tender Offeror and the Target Company of an examination system. Based on the confirmation of the initial discussion points, the Tender Offeror submitted to the Target Company a letter of intent stating that it wished to proceed with

detailed examination of the Transactions on February 10, 2022, and the Tender Offeror and the Target Company commenced detailed examination and discussions regarding the Transactions.

The Tender Offeror conducted due diligence from mid-February 2022 to mid-March 2022 in order to closely examine the feasibility of the Transactions, and at the same time, has held discussions with the Target Company regarding the significance and purpose of the Transactions and conditions of the Transactions including the Tender Offer Price. The Tender Offeror held more detailed discussions and negotiations with the Target Company on several occasions regarding the Tender Offer Price after April 1, 2022. Specifically, during discussions and negotiations with the Target Company, the Tender Offeror made an initial proposal to the Target Company on April 1, 2022 to make the Tender Offer Price 4,000 yen (a premium of 22.06% on 3,277 yen, which was the simple average closing price of the Target Company Shares for the one-month period from March 1, 2022 to March 31, 2022; a premium of 30.63% on 3,062 yen, which was the simple average closing price of the Target Company Shares for the three-month period from January 4, 2022 to March 31, 2022; and a premium of 35.59% on 2,950 yen, which was the simple average closing price of the Target Company Shares for the six-month period from October 1, 2021 to March 31, 2022), comprehensively taking into account the trends in the market share price of the Target Company Shares, the progress of due diligence conducted from mid-February 2022 to mid-March 2022, and the evaluation and analysis of the Target Company Shares by Nomura Securities. However, on April 7, 2022, the Target Company requested the Tender Offeror to reconsider the proposal because the proposed Tender Offer Price (4,000 yen) is not sufficient, taking into account the changes in the market price of shares of the Target Company, the level of premiums in cases similar to the Transactions (going-private transactions on the premise of privatization), the result of the calculation of the share value of the Target Company using the DCF Method, etc. Then, in consideration of the Target Company's request that the Tender Offeror reconsider the proposal, the Tender Offeror made a second proposal on April 15, 2022 to make the Tender Offer Price 4,040 yen (a premium of 24.12% on 3,255 yen, which was the simple average closing price of the Target Company Shares for the one-month period from March 15, 2022 to April 14, 2022; a premium of 31.38% on 3,075 yen, which was the simple average closing price of the Target Company Shares for the three-month period from January 17, 2022 to April 14, 2022; and a premium of 35.48% on 2,982 yen, which was the simple average closing price of the Target Company Shares for the six-month period from October 15, 2021 to April 14, 2022). However, on April 19, 2022, the Target Company requested the Tender Offeror to reconsider the proposal so that the Tender Offer Price would be further increased because the Tender Offer Price (4,040 yen) proposed by the Tender Offeror is not sufficient, taking into account the level of premiums in cases similar to the Transactions (going-private transactions on the premise of privatization), the result of the calculation of the share value of the Target Company using the DCF Method, etc. Based on the above, the Tender Offeror made a third proposal on April 22, 2022 to make the Tender Offer Price 4,050 yen (a premium of 26.72% on 3,196 yen, which was the simple average closing price of the Target Company Shares for the one-month period from March 22, 2022 to April 21, 2022; a premium of 30.60% on 3,101 yen, which was the simple average closing price of the Target Company Shares for the three-month period from January 24, 2022 to April 21, 2022; and a premium of 35.09% on 2,998 yen, which was the simple average closing price of the Target Company Shares for the six-month period from October 22, 2021 to April 21, 2022). However, on April 28, 2022,

the Target Company requested the Tender Offeror to reconsider the proposal so that the Tender Offer Price would be 4,350 yen (a premium of 39.65% on 3,115 yen, which was the simple average closing price of the Target Company Shares for the one-month period from March 29, 2022 to April 28, 2022; a premium of 39.02% on 3,129 yen, which was the simple average closing price of the Target Company Shares for the three-month period from January 31, 2022 to April 28, 2022; and a premium of 44.37% on 3,013 yen, which was the simple average closing price of the Target Company Shares for the six-month period from October 29, 2021 to April 28, 2022) because the Tender Offer Price (4,050 yen) proposed by the Tender Offeror is not sufficient, taking into account the level of premiums in cases similar to the Transactions (going-private transactions on the premise of privatization), the result of the calculation of the share value of the Target Company using the DCF Method, etc. Based on the above, the Tender Offeror made a fourth proposal on May 6, 2022 to make the Tender Offer Price 4,100 yen (a premium of 32.47% on 3,095 yen, which was the simple average closing price of the Target Company Shares for the one-month period from April 4, 2022 to May 2, 2022; a premium of 30.57% on 3,140 yen, which was the simple average closing price of the Target Company Shares for the three-month period from February 3, 2022 to May 2, 2022; and a premium of 35.76% on 3,020 yen, which was the simple average closing price of the Target Company Shares for the six-month period from November 4, 2021 to May 2, 2022). However, on May 9, 2022, the Target Company requested the Tender Offeror to reconsider the proposal so that the Tender Offer Price would be 4,250 yen (a premium of 37.67% on 3,087 yen, which was the simple average closing price of the Target Company Shares for the one-month period from April 11, 2022 to May 9, 2022; a premium of 34.88% on 3,151 yen, which was the simple average closing price of the Target Company Shares for the three-month period from February 10, 2022 to May 9, 2022; and a premium of 40.17% on 3,032 yen, which was the simple average closing price of the Target Company Shares for the six-month period from November 10, 2021 to May 9, 2022) because the Tender Offer Price (4,100 yen) proposed by the Tender Offeror is not sufficient, taking into account the result of the calculation of the share value of the Target Company using the DCF Method, etc. Based on the above, the Tender Offeror made a fifth proposal on May 11, 2022 to make the Tender Offer Price 4,175 yen (a premium of 35.24% on 3,087 yen, which was the simple average closing price of the Target Company Shares for the one-month period from April 11, 2022 to May 10, 2022; a premium of 32.54% on 3,150 yen, which was the simple average closing price of the Target Company Shares for the three-month period from February 14, 2022 to May 10, 2022; and a premium of 37.56% on 3,035 yen, which was the simple average closing price of the Target Company Shares for the six-month period from November 11, 2021 to May 10, 2022). As a result, on May 12, 2022 the Tender Offeror received the Target Company's response that the Target Company accepts the proposal by the Tender Offeror, and the Tender Offeror and the Target Company agreed to the Tender Offer Price being 4,175 yen.

In addition to the agreement on the Tender Offer Price, the Tender Offeror and the Target Company agreed today that the best option is to make the Target Company a wholly-owned subsidiary of the Tender Offeror because they decided that doing so could be expected to enhance the value of both companies while responding to the changes in business environment and enhance the corporate value of both companies. Therefore, the Tender Offeror resolved to implement the Transactions including the Tender Offer at the board of directors meeting held today.

In determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, its financial advisor and third-party appraiser that is independent from the Tender Offeror Group, to calculate the share value of the Target Company, and obtained the Tender Offeror Valuation Report regarding the result of the calculation of the share value of the Target Company on May 12, 2022. Nomura Securities is not a party affiliated with the Tender Offeror Group and does not have a material interest in the Tender Offer.

The Tender Offeror obtained the Tender Offeror Valuation Report from Nomura Securities, its third-party appraiser, and judged and determined the Tender Offer Price after confirming that the Tender Offer Price exceeds the range calculated based on the average market price method of the Tender Offeror Valuation Report and is within the range calculated based on the comparable companies method and the DCF Method at its board of directors meeting.

Also, the Tender Offeror has not obtained from Nomura Securities an opinion on the appropriateness of the Tender Offer Price (a fairness opinion)

The outline of the Tender Offeror Valuation Report and the reason for determination of the Tender Offer Price based on the Tender Offeror Valuation Report are as follows.

(A) Outline of the Tender Offeror Valuation Report

Nomura Securities calculated the share value of the Target Company Shares using the average market price method, comparable companies method, and the DCF Method, and the range of values per Target Company Share calculated based on those methods is as follows.

Average market price method: From 3,037 yen to 3,148 yen

Comparable companies method: From 2,761 yen to 5,911 yen

DCF Method: From 3,446 yen to 5,664 yen

(B) Reasons for Determining the Tender Offer Price Based on the Tender Offeror Valuation Report

The Tender Offeror ultimately determined by resolution of a meeting of its board of directors held today that the Tender Offer Price is 4,175 yen per share in light of the results of discussions and negotiations with the Target Company, etc. by comprehensively considering factors such as the result of the calculation of the Tender Offeror Valuation Report obtained from Nomura Securities, as well as the fact that there were no material findings as a result of the due diligence conducted from mid-February 2022 to mid-March 2022 which affects the Tender Offer Price, the financial conditions of the Target Company, the fact that the premium level is considered to be not dissimilar to, and reasonable in light of, the premiums offered in 43 other examples where a premium was provided upon determination of the tender offer price in past tender offers for Share Certificates, Etc. by a person other than the issuer that were conducted by a listed parent company to make its consolidated subsidiary and equity-method affiliate its wholly-owned subsidiary and announced after January 2019 (the average premium as of immediately preceding the announcement date and for the immediately preceding one-month, three-month, and six-month periods were 48.4%, 50.5%, 51.6%, and 49.9%,

respectively, and the median premium as of immediately preceding the announcement date and for the immediately preceding one-month, three-month, and six-month periods were 44.4%, 45.0%, 45.0%, and 46.1%, respectively), whether the Tender Offer can be supported by the board of directors of the Target Company, trends in the market share price of the Target Company Shares, and the prospect of shares being tendered in the Tender Offer. The Tender Offer Price exceeds the range calculated based on the average market price method and is within the range calculated based on the comparable companies method and the DCF Method in the Tender Offeror Valuation Report stated in “(A) Outline of the Tender Offeror Valuation Report” above.

(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)

Although the Target Company is not a subsidiary of the Tender Offeror as of today and the Tender Offer does not constitute a tender offer by a controlling shareholder, (i) the Tender Offeror holds 44.11% of the Target Company Shares (the ownership ratio is 47.09% if it includes the Target Company Shares held by the consolidated subsidiaries of the Tender Offeror) and the Target Company is an equity-method affiliate of the Tender Offeror, (ii) one of eight directors of the Target Company concurrently serves as an officer of the Tender Offeror (Mr. Tetsuya Kobayashi), one of eight directors of the Target Company served as an officer of the Tender Offeror (Mr. Kazuyasu Ueda), and one of four audit and supervisory board members of the Target Company concurrently serves as an audit and supervisory board member of a subsidiary of the Tender Offeror (Mr. Yusuke Kawasaki), and (iii) if the Tender Offeror becomes a controlling shareholder of the Target Company after the successful completion of the Tender Offer, the transactions scheduled to be carried out as part of the Transactions after the Tender Offer that intend to cause the Target Company to be delisted (please refer to “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” in “3. Purpose of the Tender Offer” above) will constitute transactions with a controlling shareholder as set out in the Code of Corporate Conduct of the TSE. Considering the above facts, the Tender Offeror and the Target Company will take the following measures in order to ensure fairness of the Tender Offer, eliminate arbitrariness in the decision-making regarding the Transactions, ensure fairness, transparency, and objectivity in the decision-making process of the Target Company, and avoid any doubt of conflicts of interest at the stage of the Tender Offer.

The Tender Offeror believes that, as stated in “(1) Purpose of the Tender Offer” in “3. Purpose of the Tender Offer” above, because the Tender Offeror directly holds 31,755,800 Target Company Shares (ownership ratio: 44.11%) and indirectly holds 2,145,000 Target Company Shares (ownership ratio: 2.98%) through consolidated subsidiaries of the Tender Offeror, thereby holding 33,900,800 Target Company Shares (ownership ratio: 47.09%) in total as of today, if the minimum number of Share Certificates, Etc. to be purchased is set to the so-called “majority of minority” in the Tender Offer, it would create uncertainty as to whether the Tender Offer could be completed, and may not actually be in the interests of general shareholders who wish to tender their shares in response to the Tender Offer. For this reason, in the Tender Offer, the Tender Offeror does not set the minimum number of Share Certificates, Etc. to be

purchased to the so-called “majority of minority.” However, the Tender Offeror and the Target Company have implemented the measures described below, and thus the Tender Offeror and the Target Company believe that the interests of general shareholders of the Target Company have been sufficiently considered.

(A) Obtainment by the Tender Offeror of a Share Price Valuation Report from an Independent Third-Party Appraiser

The Tender Offeror requested Nomura Securities, its financial advisor and third-party appraiser that is independent from the Tender Offeror Group, to calculate the share value of the Target Company to determine the Tender Offer Price, and obtained the Tender Offeror Valuation Report regarding the result of the calculation of the share value of the Target Company on May 12, 2022. For the details of the Tender Offeror Valuation Report regarding the results of the valuation of the share value of the Target Company that the Tender Offeror has obtained from Nomura Securities, please refer to “(A) Basis of Valuation” above.

(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom

(i) Background behind Establishment, etc.

As stated in the “(Background of the Decisions on the Tender Offer Price)” above, the Target Company established the Special Committee by a resolution at the board of directors meeting held on December 17, 2021. Prior to the establishment of the Special Committee, since early December 2021, the Target Company had individually explained to independent outside directors and independent outside audit and supervisory board members of the Target Company, who do not have a material interest in the Tender Offeror, while receiving the advice from Nakamura, Tsunoda & Matsumoto to the effect that the Target Company received a request from the Tender Offeror stating that it wished to commence initial examination and discussions for the implementation of the Transactions and to the effect that it is necessary to take sufficient measures to ensure fairness of conditions pertaining to the Transactions such as the establishment of the Special Committee for conducting examinations, negotiations, etc. pertaining to the Transactions, in order to create a system for examining, negotiating, and making determinations about the Transactions independently of the Tender Offeror and from the perspective of enhancing the Target Company’s corporate value and securing the interests of the Target Company’s general shareholders, and held a meeting of the independent outside directors and the independent outside audit and supervisory board members, who do not have a material interest in the Tender Offeror. At the meeting, Nakamura, Tsunoda & Matsumoto gave explanations including the necessity to sufficiently ensure fairness of procedures in the Transactions in order to respond to issues of a structural conflict of interest and issues of asymmetric nature of information as well as the role of the special committee, and held a question-and-answer session. Concurrently, the Target Company confirmed the independence, appropriateness, etc. of the independent outside directors, the independent outside audit and supervisory board members, etc. of the Target Company, who were candidates to be members of the Special Committee, while receiving advice from Nakamura, Tsunoda & Matsumoto,

and also confirmed that the candidates did not have a material interest in the Tender Offeror nor have a material interest different from general shareholders regarding whether the Transactions succeed. Subsequently, the Target Company discussed with the independent outside directors and the independent outside audit and supervisory board members of the Target Company, who were present at the above meeting while receiving advice from Nakamura, Tsunoda & Matsumoto and since it was confirmed that there was no objection to the appointment as a result of the discussion, the Target Company nominated three candidates to be members of the Special Committee: Mr. Jun Yanai (an independent outside director of the Target Company), who has extensive experience and expertise as a manager at Mitsubishi Corporation as well as considerable knowledge regarding global business management; Ms. Sanae Tanaka (an independent outside director of the Target Company), who has extensive experience and expertise as a lawyer; and Mr. Masayuki Kobayashi (an independent outside audit and supervisory board member of the Target Company), who has extensive experience at the finance department of Pacific Management Corporation as well as experience and a wide range of expertise as a head of the compliance department and corporate auditor at Kenedix, Inc. (Mr. Jun Yanai, who is an independent outside director of the Target Company, acts as the chairperson of the Special Committee. The members of the Special Committee have not changed since the committee was first established).

Subsequently, the Target Company established the Special Committee by a resolution at the board of directors meeting held on December 17, 2021 and referred the Advisory Matters to the Special Committee. Also, the board of directors meeting of the Target Company resolved upon the establishment of the Special Committee (i) to give the highest degree of respect to the determinations of the Special Committee when making decisions and (ii) if the Special Committee determines that the conditions of the Transactions are not appropriate, not to determine the implementation of the Transactions and (iii) to authorize the Special Committee (a) to collect information necessary to examine the Advisory Matters (including receipt of opinions, etc. directly from related persons as necessary), (b) to appoint or approve its own financial advisors, legal advisors, third-party appraisers, and other advisors at the Target Company's expense, (c) to express an opinion regarding the policy for negotiations between the Target Company and the Tender Offeror, give instructions and requests to the person in charge of negotiations, and directly negotiate with the Tender Offeror as necessary, and (d) to conduct any other matters necessary to examine the Advisory Matters.

The board of directors meeting of the Target Company above made the above resolution by the deliberations and the unanimous vote of six directors excluding two directors, Mr. Tetsuya Kobayashi and Mr. Kazuyasu Ueda, in order to eliminate possibility of being affected by issues of a structural conflict of interest in the Transactions because Mr. Tetsuya Kobayashi serves as a director of the Tender Offeror and Mr. Kazuyasu Ueda served as an officer of the Tender Offeror. Also, all of the audit and supervisory board members present at the board of directors above (three audit and supervisory board members (of whom one is an outside audit and supervisory board member) out of four audit and supervisory board members) expressed the opinion to the effect that they had no objections with respect to the resolution above.

Mr. Yusuke Kawasaki, who is an audit and supervisory board member of the Target Company, did not participate in any of the deliberations at the board of directors meeting above and refrained from expressing his opinion regarding the resolution of the board of directors above in order to eliminate possibility of being affected by issues of a

structural conflict of interest in the Transactions because he serves as an audit and supervisory board member of the subsidiary of the Tender Offeror.

Also, two of the directors of the Target Company, Mr. Tetsuya Kobayashi and Mr. Kazuyasu Ueda, did not participate in any of the deliberations or resolutions at the board of directors meeting pertaining to the Transactions including the board of directors meeting above, nor did they participate in the discussions and negotiations regarding the Transactions on the side of the Target Company in order to eliminate possibility of being affected by issues of a structural conflict of interest in the Transactions.

Each member of the Special Committee will be paid a fixed amount of remuneration irrespective of whether or not the Transactions succeed as remuneration for his or her duties.

(ii) Background Behind Examination

The Special Committee held meetings 16 times in total (approximately 25 hours in total) during the period from December 20, 2021 to May 12, 2022, and the members of the Special Committee performed their duties for the Advisory Matters by reporting to and sharing information with other members as well as deliberating and making decisions on the relevant matters through emails as necessary from time to time during periods in between those meetings. Specifically, upon firstly examining the independence, expertise, performance, etc. of multiple candidates for legal advisor and financial advisor and third-party valuation institution, on December 20, 2021, the Special Committee determined to the effect that it appoints Nishimura & Asahi as its own legal advisor independent from the Tender Offeror and the Target Company and Deloitte Tohmatsu Financial Advisory as its own financial advisor and third-party appraiser independent from the Tender Offeror and the Target Company. The Special Committee confirmed that Nishimura & Asahi and Deloitte Tohmatsu Financial Advisory are not parties affiliated with the Tender Offeror or the Target Company, do not have any material interest regarding the Transactions including the Tender Offer, and that there is otherwise no concern with respect to the independence of the Transactions.

Also, the Special Committee approved the appointment by the Target Company of Daiwa Securities as its financial advisor and third party appraiser and Nakamura, Tsunoda & Matsumoto as its legal advisor after confirming that there was no concern with respect to the independence, expertise, performance, etc. of Daiwa Securities and Nakamura, Tsunoda & Matsumoto.

Furthermore, the Special Committee approved the internal framework for examining the Transactions (including the scope of officers and employees of the Target Company involved in the examinations, negotiations, and decision-making pertaining to the Transactions, and their duties) established by the Target Company after confirming that there was no concern with respect to that examination framework from the standpoint of independence and fairness.

Subsequently, the Special Committee examined measures to be taken to ensure the fairness of the procedures in the Transactions, taking into account legal advice received from Nishimura & Asahi and the opinions of Nakamura, Tsunoda & Matsumoto.

The Special Committee received explanations from the Tender Offeror with respect to the background for proposing the Transactions, significance and purpose of the

Transactions, management structure and policy after implementation of the Transactions, etc., and held a question-and-answer session.

Also, the Special Committee received information from the Target Company with respect to the Target Company's views on significance and purpose of the Transactions, effect on the business of the Target Company to be caused by the Transactions, management structure and policy after implementation of the Transactions, etc. and any related information, and held a question-and-answer session regarding those matters.

In addition, the Special Committee approved the content, material conditions precedent, background of preparation, etc. of the business proposal prepared by the Target Company after confirming the reasonableness thereof based on explanations received from the Target Company and a question-and-answer session, as well as taking into account the advice from a financial point of view received from Deloitte Tohmatsu Financial Advisory. Subsequently, as stated in "(C) Obtainment by the Special Committee of a Share Price Valuation Report and a Fairness Opinion from an Independent Third-Party Appraiser" and "(F) Obtainment by the Target Company of a Share Price Valuation Report From an Independent Third-Party Appraiser" below, Deloitte Tohmatsu Financial Advisory and Daiwa Securities conducted evaluations of the Target Company Shares based on the content of business proposal of the Target Company, and the Special Committee received explanations from and held question-and-answer sessions with Deloitte Tohmatsu Financial Advisory and Daiwa Securities about (i) the calculation methods used by them for their evaluations of the Target Company Shares, (ii) the reasons for using those calculation methods, and (iii) the content of calculations and material conditions precedent for each calculation method, and then deliberated on and examined these matters to confirm that they are reasonable. Also, as stated in "(C) Obtainment by the Special Committee of a Share Price Valuation Report and a Fairness Opinion from an Independent Third-Party Appraiser" below, the Special Committee received the Fairness Opinion from Deloitte Tohmatsu Financial Advisory on May 12, 2022, together with the explanation from Deloitte Tohmatsu Financial Advisory regarding the content and material conditions precedent for the Fairness Opinion, and the Special Committee confirmed such content and material conditions precedent.

Also, the Special Committee received reports from time to time from the Target Company and the advisors of the Target Company regarding negotiations between the Target Company and the Tender Offeror, and deliberated and discussed such negotiations, taking into account the advice from a financial point of view received from Deloitte Tohmatsu Financial Advisory and the advice from a legal point of view received from Nishimura & Asahi, and expressed necessary opinions from time to time with respect to the negotiation policy of the Target Company. Specifically, since receiving a report from the Target Company to the effect that it received on April 1, 2022 the initial proposal from the Tender Offeror that the Tender Offer Price should be 4,000 yen per share and an opinion from Daiwa Securities regarding policy for negotiating with the Tender Offeror, and the Special Committee examined the proposal, taking into account the advice received from Deloitte Tohmatsu Financial Advisory and Nishimura & Asahi as well as the opinion received from Daiwa Securities and Nakamura, Tsunoda & Matsumoto, and expressed an opinion that the Target Company should request that the Tender Offeror reexamine the Tender Offer Price as it had not yet reached a fair price. After that, upon receiving a report from the Target Company to the effect that it received from the Tender Offeror a proposal on April 15, 2022 for the Tender Offer Price to be 4,040 yen per share, the Special Committee examined the

proposal and expressed an opinion that the Target Company should request that the Tender Offeror reexamine the Tender Offer Price as it had not yet reached a fair price. Subsequently, upon receiving a report from the Target Company to the effect that it received from the Tender Offeror a proposal on April 22, 2022 for the Tender Offer Price to be 4,050 yen per share, the Special Committee examined the proposal and expressed an opinion that the Target Company should request that the Tender Offeror reexamine the Tender Offer Price being set at 4,350 yen per share as it had not yet reached a fair price, and on April 28, the Target Company requested the Tender Offeror to reconsider the Tender Offer Price being 4,350 yen. Following that, upon receiving a report from the Target Company to the effect that it received a proposal from the Tender Offeror on May 6, 2022 for the Tender Offer Price to be 4,100 yen per share, the Special Committee examined the proposal and expressed an opinion that the Target Company should request that the Tender Offeror reexamine the Tender Offer Price being set at 4,250 yen as it had not yet reached a fair price and, on May 9, the Target Company requested the Tender Offeror to reconsider the Tender Offer Price being 4,250 yen. As stated above, after receiving the initial proposal from the Tender Offeror on April 1, 2022 that the Tender Offer Price should be 4,000 yen per share, the Special Committee received reports from time to time from the Target Company regarding the proposals from the Tender Offeror and played a key role in the overall process of discussions and negotiations between the Target Company and the Tender Offeror regarding the Tender Offer Price when receiving each report by, after deliberations and examination, giving instructions and requests to the Target Company to the effect that the Target Company should request the Tender Offeror to reconsider the Tender Offer Price because each of the above prices did not reach an appropriate level taking into account the level of premiums in cases similar to the Transactions (going-private transactions on the premise of privatization), the result of the calculation of the share value of the Target Company using the DCF Method, and other factors. As a result, the Target Company received on May 11, 2022 a proposal from the Tender Offeror that the Tender Offer Price should be 4,175 yen per share; accordingly, the Tender Offer Price increased from the initial amount of 4,000 yen proposed by the Tender Offeror to 4,175 yen.

Furthermore, on several occasions the Special Committee received explanations from Nakamura, Tsunoda & Matsumoto regarding content of the draft of the Press Release pertaining to the Tender Offer to be announced by the Target Company, while receiving advice from Nishimura & Asahi, confirmed that sufficient information disclosure would be provided.

(iii) Details of the Decision

In light of the above background, the Special Committee submitted the Written Report, mainly to the following effect, to the Target Company's board of directors as of May 12, 2022, with the unanimous consent of the members, taking into account the advice from a legal point of view received from Nishimura & Asahi, the advice from a financial point of view received from Deloitte Tohmatsu Financial Advisory, and the content of the Share Price Valuation Report (Deloitte Tohmatsu Financial Advisory) and the Fairness Opinion received as of May 12, 2022 and as a result of a series of careful discussions and examinations by the Special Committee on the Advisory Matters.

(a) Details of Report

i. The Special Committee considers it appropriate for the Target Company's board of directors to express an opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer.

ii. The Special Committee considers that the decisions of the Target Company's board of directors regarding the Transactions (meaning (A) the decision to express an opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer and (B) the decision regarding procedures for making the Target Company a wholly-owned subsidiary through a demand for shares cash-out or share consolidation to be performed after the Tender Offer as part of the Transactions) are not disadvantageous to the minority shareholders of the Target Company.

(b) Reasons for Report

i. Due to the following reasons, no unreasonable matters can be found in regard to the Target Company's determination that the Transactions will contribute to enhancing the Target Company's corporate value.

- The Special Committee has no objection in regard to the perception concerning matters such as the business environment surrounding the Company Group on which the Tender Offeror and the Target Company have based their decisions, and in regard to the details of matters such as the purposes of the Transactions as viewed by the Tender Offeror and the Target Company, no matters have been found that are inconsistent between the Tender Offeror and the Target Company or that are clearly contrary to objective facts.

- While the Target Company recognizes that M&A or capital and business alliances, etc. with other companies focusing on the medium to long term are necessary in order to achieve its medium- to long-term goals and to achieve sustainable growth amid the expectation of significant industry changes moving forward, measures such as M&A and capital and business alliances with other companies require a massive amount of time for examining counterparties and result in uncertain profitability over the short term; due to those and other reasons, the Target Company considers that by becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions, it will become easier to implement such measures from a medium- to long-term perspective without needing to take into account the possibility of negative impacts on minority shareholders due to short-term deterioration in performance, and no unreasonable matters can be found in regard to that perception of the Target Company.

- When the Target Company examines M&A or capital and business alliances in the future, in addition to the knowledge, know-how, and human resources held by the Tender Offeror in relation to M&A, etc. being shared with the Target Company, there are considered to be certain merits to utilizing efficient financing by the Tender Offeror, which over the long term has broadly developed the railway business and other stable businesses with low volatility. In regard to matters such as the utilization of these tangible and intangible management resources of the Tender Offeror, it can be said that the explanation that under the current capital relationship, it is necessary to carefully examine such matters while taking into account the interests of the minority shareholders of the Target Company, but that through the Target Company becoming a wholly-owned subsidiary of the Tender Offeror, it will be possible to swiftly collaborate without the above restriction is a reasonable explanation.

- In regard to the demerits of the Transactions, while there are concerns regarding matters such as an impact on hiring and securing personnel and a decline in employee motivation due to the Target Company becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions, according to the management of the Target Company and to the Tender Offeror, they are consulting with each other and examining the provision of sufficient explanations regarding the Transactions to employees through means such as the formulation of an employee communication plan, and it is expected that certain measures to address such issues will be taken.

- Through the Transactions, the Target Company will lose the merit of transparency being ensured in regard to matters such as sustainability efforts due to the Target Company being a listed company and thereby being able to easily provide explanations and make appeals to transaction partners in regard thereto; however, the Target Company's policy moving forward is to address such issues by means such as providing sufficient disclosure, and it has been determined that certain measures to address such issues are possible.

ii. Due to the following reasons, it can be considered that the appropriateness of the terms of the Transactions has been ensured.

- No unreasonable matters have been found in regard to the explanations by Daiwa Securities and Deloitte Tohmatsu Financial Advisory in regard to the selection of evaluation methods in the Target Company Valuation Report and the Share Valuation Report (Deloitte Tohmatsu Financial Advisory), and no unreasonable matters can be found in regard to the evaluation methods adopted based on share price evaluation practices in similar transactions.

- No unreasonable matters have been found in regard to the valuation method and valuation details of the market price method in the Target Company Valuation Report and the Share Valuation Report (Deloitte Tohmatsu Financial Advisory) in light of current evaluation practices.

- The Special Committee has confirmed the reasonableness of the business plan prepared by the Company and used as the basis of the valuation through the DCF Method in the Target Company Valuation Report and Share Valuation Report (Deloitte Tohmatsu Financial Advisory). Additionally, no particularly unreasonable matters were found in regard to the basis or process of valuation through the DCF Method by Daiwa Securities and Deloitte Tohmatsu Financial Advisory.

- The Tender Offer Price of 4,175 yen exceeds the upper limits of the share value per Target Company Share under the market price method and is within the ranges of values of the share value per Target Company Share under the DCF Method calculated in the Target Company Valuation Report and the Share Valuation Report (Deloitte Tohmatsu Financial Advisory) and exceeds the median (4,124 yen and 4,076 yen, respectively) of both calculations.

- The Tender Offer Price of 4,175 yen represents a premium of 38.02% on the closing price of the business day before the announcement date of the implementation of the Tender Offer, 34.98% on the simple average closing price for the preceding month, 32.71% on the simple average closing price for the preceding three months, and 37.47% on the simple average closing price for the preceding six months, and the Tender Offer Price is an amount that exceeds the highest share price since listing (3,545 yen, in a

continuous session on March 28, 2022), and although the premium is slightly less than the median of the premiums on the simple average closing prices of the shares for the preceding three-month period and preceding six-month period offered in past tender offer transactions conducted on the premise of privatization, there is no substantial deviation from such median, and there are no special circumstances where the premiums for the simple average closing price for the preceding three-month period and the preceding six-month period need to be emphasized. Also, the premium on the closing price of the business day before the announcement date is in excess of the median of premiums for the same period for past transactions, and the premium on the simple average closing price for the preceding one-month period is not inferior to the median of premiums for the same period for past transactions.

- Although the first proposal by the Tender Offeror that the Tender Offer Price would be 4,000 yen was within the range of the calculation of the value per share of the Company Shares using the DCF Method, based on the results of the share valuation (interim report) by Daiwa Securities and Deloitte Tohmatsu Financial Advisory, and taking into account the opinions of the Special Committee provided as appropriate which was based on advice from Deloitte Tohmatsu Financial Advisory and Nishimura & Asahi, the proposal by the Tender Offeror was considered not having reached a fair price yet, and the Company engaged in negotiations regarding the Tender Offer Price with the Tender Offeror through fair procedures that eliminated the influence of the Tender Offeror, as a result of which an agreement was reached with the Tender Offer Price being 4,175 yen, an increase from the initial amount of 4,000 yen proposed by the Tender Offeror.

- The Special Committee has received the Fairness Opinion from Deloitte Tohmatsu Financial Advisory.

- For the reasons stated in iii. below, it can be found that a minimum number purchase requirement of Share Certificates, Etc. equivalent to a majority of minority condition not being set in the Tender Offer does not impair the fairness of the transaction terms of the Tender Offer.

iii. Due to the following reasons, it can be considered that the fairness of procedures concerning the Transactions has been ensured and that in the Transactions sufficient consideration has been given to the interests of the minority shareholders of the Target Company through fair procedures.

- From the initial stages of the process of setting the terms of the Transactions, it has been ensured that the Special Committee, which is composed of members selected based on sufficient consideration of their independence, expertise, and other attributes, can be involved in regard to the Transactions.

- While receiving important information, including nonpublic information, and obtaining the expert advice and opinions, etc. of outside advisors, etc., the Special Committee has been substantially involved in the process of negotiations between the Target Company and the Tender Offeror regarding transaction terms such as the Tender Offer Price, and a system has been ensured in which the Target Company's board of directors can perform decision-making while respecting the opinions of the Special Committee.

- Remuneration for members of the Special Committee will be paid regardless of whether the Transactions are successfully completed.

· Of the eight directors of the Target Company, Mr. Tetsuya Kobayashi, who holds a position as a director of the Tender Offeror, and Mr. Kazuyasu Ueda, who held a position as an officer of the Tender Offeror in the past, plan to not participate in any way in deliberations and resolutions of the Target Company's board of directors concerning the Transactions. Additionally, of the audit and supervisory board members of the Target Company, Mr. Yusuke Kawasaki, who holds a position as an audit and supervisory board member of a subsidiary of the Tender Offeror, plans to not participate in any way in deliberations of the board of directors stated above and to refrain from expressing opinions upon resolutions of the board of directors stated above.

· The Target Company has established a project team comprising solely officers and employees of the Target Company who do not concurrently hold a position as an officer or employee in any company of the Tender Offeror Group (excluding the Target Company Group) and who have not held a position as an officer or employee in any company of the Tender Offeror Group (excluding the Target Company Group) in the past and has created an internal system for examining, negotiating, and making determinations about the Transactions independently from the Tender Offeror.

· The Target Company and the Special Committee have each received independent expert advice, etc. from outside experts.

· The Target Company has obtained the Target Company Valuation Report, and the Special Committee has obtained the Share Valuation Report (Deloitte Tohmatsu Financial Advisory).

· The Special Committee has obtained the Fairness Opinion from Deloitte Tohmatsu Financial Advisory.

· In the Transactions, the opportunity for tender offer proposals from other tender offerors has been ensured by setting the tender offer period to a relatively long period and not hindering opportunities for counter tender offers.

· In the Tender Offer, there is no plan to set a majority of minority condition; however, in the Transactions, as the Tender Offeror holds 33,900,800 Target Company Shares (ownership ratio: 47.09%) when including shares held indirectly through its subsidiaries, it is possible that setting a majority of minority condition in the Tender Offer would make the successful completion of the Tender Offer uncertain and would not contribute to the interests of general shareholders who wish to tender their shares in the Tender Offeror, in addition to which other sufficient measures to ensure fairness have been taken in regard to the Transactions, and accordingly, it can be found that not setting a majority of minority condition in the Tender Offeror does not impair the fairness of the procedures of the Tender Offer.

· Sufficient information which would contribute to appropriate decisions by minority shareholders is planned to be disclosed in the Target Company's disclosure materials relating to the Transactions.

· In the Transactions, when the minority shareholders tender or do not tender their shares in the Tender Offer, if they do not tender their shares, it can be said that consideration has been given so that they will not be placed in circumstances in which it is anticipated that they will be treated disadvantageously and that consideration has been given to avoid placing coercive pressure on the minority shareholders, and accordingly, it can be found that measures to contribute to ensuring the fairness of procedures have been taken.

iv. As stated in i. through iii. above, based on the facts that no unreasonable matters have been found in regard to the determination of the Target Company that the Transactions will contribute to enhancing the Target Company's corporate value, that the appropriateness of the terms of the Transactions including the Tender Offer Price has been ensured, and that sufficient consideration has been given to the interests of the minority shareholders of the Target Company through fair procedures in the Transactions, the Special Committee considers it appropriate for the Target Company's board of directors to express an opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer.

v. Based on the above examination results, the Special Committee considers that the decisions of the Target Company's board of directors regarding the Transactions (meaning (A) the decision to express an opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer and (B) the decision regarding procedures for making the Target Company a wholly-owned subsidiary through a demand for shares cash-out or share consolidation to be performed after the Tender Offer as part of the Transactions) are not disadvantageous to the minority shareholders of the Target Company.

(C) Obtainment by the Special Committee of a Share Price Valuation Report and a Fairness Opinion from an Independent Third-Party Appraiser

(i) Name of Appraiser and Its Relationship with the Target Company and Tender Offeror

In examining the Advisory Matters, the Special Committee requested Deloitte Tohmatsu Financial Advisory, a financial advisor and third-party appraiser independent of the Target Company and the Tender Offeror, to calculate the value of the Target Company Shares and provide an opinion on whether the terms of the Transactions are fair to the minority shareholders of the Target Company from a financial perspective, and obtained the Share Valuation Report (Deloitte Tohmatsu Financial Advisory) and the Fairness Opinion as of May 12, 2022. Deloitte Tohmatsu Financial Advisory is not a related party of the Target Company or the Tender Offeror and does not have a material interest in the Tender Offer that should be stated. Also, the compensation of Deloitte Tohmatsu Financial Advisory for the Transactions is solely composed of fixed-rate fees to be paid irrespective of whether the Transactions are successfully completed and does not include any contingency fees which will be payable subject to the successful completion of the Transactions, including the Tender Offer.

(ii) Outline of Valuation

After considering which of several calculation methods should be used to calculate the value of the Target Company Shares, on the assumption that the Target Company is a going concern, and based on the belief that multifaceted valuation of the value of the Target Company Shares would be appropriate, Deloitte Tohmatsu Financial Advisory analyzed the share value of the Target Company using the following valuation methods: (i) the market price method, because the Target Company Shares are listed on the TSE Prime Market (prior to April 3, 2022, the TSE First Section) and have a market price and (ii) the DCF Method, in order to reflect the content of the Target Company's business results and projections, etc. in the valuation, and the Special Committee

obtained the Share Valuation Report (Deloitte Tohmatsu Financial Advisory) as of May 12, 2022.

The range of values per share of the Target Company Shares calculated by using the aforementioned methods is as follows.

Market price method: From 3,025 yen to 3,146 yen

DCF Method: From 3,589 yen to 4,821 yen

The range of values per share of the Target Company Shares obtained from the market price method is 3,025 yen to 3,146 yen, which is calculated by using May 12, 2022 as the record date for calculation, based on 3,025 yen, the closing price of the Target Company Shares quoted on the TSE Prime Market (prior to April 3, 2022, the TSE First Section) as of the record date, 3,093 yen, the simple average closing price over the preceding one-month period, 3,146yen, the simple average closing price over the preceding three-month period, and 3,037 yen, the simple average closing price over the preceding six-month period.

The range of values per share of the Target Company Shares obtained from the DCF Method is 3,589 yen to 4,821 yen, which is derived by analyzing the Target Company's corporate value and share value as calculated by discounting to the present value, at a certain discount rate, the free cash flow that the Target Company is expected to generate in and after the fiscal year ending March 2023 based on revenues and investment plans set out in the Target Company's business plan prepared by the Target Company for the six fiscal years from the fiscal year ending March 2023 to the fiscal year ending March 2028, as well as other factors such as publicly released information. Further, the discount rate used for calculation is 9.00% ~ 10.00%, and the perpetual growth rate method was used to calculate the going concern value, with a perpetual growth rate of 1.48% to 2.48%.

Details of the business plan prepared by the Target Company that was used by Deloitte Tohmatsu Financial Advisory for the analysis using the DCF Method have been analyzed and examined by conducting interviews with the Target Company on multiple occasions and taking other actions. Details of the business plan have also been confirmed by the Special Committee in terms of the reasonableness of their details, material assumptions, and the preparation process, as stated in “(B) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom” above. The business plan includes a fiscal year in which a significant increase or decrease in profit is expected. Specifically, as strong demand for transportation is outstripping supply of air and ocean freight shipping space due to reduced passenger flights and disruptions in marine container logistics caused by the impact of the COVID-19 pandemic, there continues to be an imbalance of supply and demand and a rise in freight costs, which is expected to remain at such levels for some part of the fiscal year ending March 2023. For the fiscal year ending March 2024, the operating income is expected to decrease by 49.7% year on year due to prospects that the COVID-19 pandemic will subside, thus further relaxing restrictions on operations, leading to recovery in the number of passenger flights and normalization of marine container logistics, thereby resolving disruptions in international logistics and leveling out freight costs. On the other hand, free cash flow for the fiscal year ending March 31,

2024 is expected to increase 40.8% year-on-year as a result of a decrease in sales due to the normalization of the supply-demand balance and the leveling off of freight rates, which will also reduce working capital. In addition, the operating income is expected to increase by 30.5% year on year for the fiscal year ending March 2025 and onwards due to the realization of measures to expand transaction volume. On the other hand, free cash flow for the fiscal year ending March 31, 2025 is expected to decrease by 72.2% year-on-year due to an increase in working capital as sales increase due to the realization of these measures.

The synergy effects expected to be realized through the Transactions have not been taken into account in the above calculation, as they are difficult to specifically estimate at this time.

The Target Company's financial forecast figures, which were used as the premise for the calculation under the DCF Method, are as follows.

(Million yen)

	Fiscal Year Ending March 2023	Fiscal Year Ending March 2024	Fiscal Year Ending March 2025	Fiscal Year Ending March 2026	Fiscal Year Ending March 2027	Fiscal Year Ending March 2028
Net sales	944,532	747,567	785,101	821,100	854,708	893,160
Operating Income	50,599	25,443	33,210	38,477	40,932	43,588
EBITDA	72,059	46,903	54,670	59,937	62,392	65,048
Free Cash flows	51,991	73,197	20,375	24,328	26,462	27,480

Also, the Special Committee has obtained the Fairness Opinion as of May 12, 2022.

(iii) Outline of the Fairness Opinion

The Special Committee obtained from Deloitte Tohmatsu Financial Advisory the Fairness Opinion, dated May 12, 2022 to the effect that the Tender Offer Price of 4,175 yen per share is fair to the minority shareholders of the Target Company from a financial perspective.

The Fairness Opinion was issued with the approval of the fairness opinion board, a committee independent of the engagement team, at Deloitte Tohmatsu Financial Advisory.

Deloitte Tohmatsu Financial Advisory is expected to receive a fixed compensation for its services related to the Transactions, irrespective of whether the Transactions are successfully completed. Also, Deloitte Tohmatsu Financial Advisory is expected to receive reimbursement from the Target Company of any expenses incurred in the course of the provision of its services. The agreement between the Target Company and Deloitte Tohmatsu Financial Advisory states that Deloitte Tohmatsu Financial Advisory will be held harmless from certain liabilities arising from the provision of its services

and that the Target Company will indemnify Deloitte Tohmatsu Financial Advisory for certain liabilities.

Deloitte Tohmatsu Financial Advisory and its affiliates provide various services, including audit, consulting, and financial advisory services. As a result, Deloitte Tohmatsu Financial Advisory or any of its affiliates may be providing their services to the Target Company, the Tender Offeror, or any of their respective affiliates. In addition, in the future, Deloitte Tohmatsu Financial Advisory or any of its affiliates may provide any services to the Target Company, the Tender Offeror, or any of their respective affiliates.

In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory specifically analyzed and examined the following:

- (i) The Target Company's explanation of the details of the Transactions;
- (ii) Recent status of the industry to which the Target Company belongs;
- (iii) Market prices and the status of market transactions of the Target Company Shares;
- (iv) The details of the Target Company's business and operations, financial position and future business plans as well as the information on the business impact of the Transactions, as gained through interviews with the management of the Target Company and the Special Committee; and
- (v) Other information that Deloitte Tohmatsu Financial Advisory deemed necessary or appropriate and obtained through inquiries to the Target Company or general investigations.

In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed and relied on the truthfulness, accuracy, and completeness of all of the financial information to which it referred, the publicly available information, and any other information provided by the Target Company. Deloitte Tohmatsu Financial Advisory did not independently verify, and assumes no responsibility for the truthfulness, accuracy, and completeness of, such information. In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not provided any auditing or any other guarantee services in relation to any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities), nor has requested any third party to provide auditing or any other guarantee services. Deloitte Tohmatsu Financial Advisory has not assessed the creditworthiness of the Target Company under applicable laws relating to bankruptcy, suspension of payments, or similar matters. In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed that the Target Company's prospective business plan that Deloitte Tohmatsu Financial Advisory used with the Target Company's consent had been reasonably prepared incorporating the optimal and best projections and decisions available to the Target Company. Furthermore, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory relied on the Target Company's prospective business plan and related materials that it used without conducting any independent investigation into them.

In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory relied on a confirmation letter provided by the Target Company's management with regard to the fact that no material events with respect to the Target

Company occurred that were not disclosed to Deloitte Tohmatsu Financial Advisory as of the date of the Fairness Opinion along with other matters.

In expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumed that all consents and approvals from the government and supervisory authorities that are necessary for the successful completion of the Transactions were obtained by the Target Company or the Tender Offeror without affecting in any manner the anticipated benefits of the Transactions. Furthermore, Deloitte Tohmatsu Financial Advisory assumed that for the accounting purposes of the Transactions, the tax effect does not differ from the assumptions and premise of such effect presented to Deloitte Tohmatsu Financial Advisory.

The purpose of the Fairness Opinion is to provide the Target Company's board of directors and Special Committee with reference information for making managerial decisions and is not intended to contain any recommendation to the Target Company's shareholders to exercise their voting rights concerning the Transactions. The Fairness Opinion is not addressed to any third party other than the Target Company and no third party may trust or rely on the opinion for any purpose. Accordingly, Deloitte Tohmatsu Financial Advisory does not assume any responsibility for any reason toward any third party (including the Target Company's shareholders) other than the Target Company.

Deloitte Tohmatsu Financial Advisory assumes no obligations towards the Target Company or the Target Company's board of directors or Special Committee to solicit a decision of a third party concerning the Transactions, and has not solicited such in the past and has no plan to solicit in the future.

The Fairness Opinion is based on business, economy, market, and other situations existing as of May 12, 2022 or the date this information were provided to Deloitte Tohmatsu Financial Advisory. In rendering the Fairness Opinion, Deloitte Tohmatsu Financial Advisory has not analyzed or examined (i) the business decision that is the basis for implementing the Transactions or (ii) whether the terms expected in the Transactions constitute the best realizable price, and it shall not be obligated to conduct such analysis or examination. The Fairness Opinion does not represent any views concerning the Target Company's solvency before or after the Transactions.

The Fairness Opinion may not, without the prior written consent of Deloitte Tohmatsu Financial Advisory, be used for any purpose other than by the Target Company's board of directors and Special Committee as reference information for making managerial decisions, nor be disclosed or provided to a third party.

The Target Company acknowledges that even if there is any change in circumstances on and after May 12, 2022 that would affect any opinion of Deloitte Tohmatsu Financial Advisory contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory assumes no obligation or responsibility to renew, amend, supplement, or reconfirm the Fairness Opinion.

As of May 12, 2022, Deloitte Tohmatsu Financial Advisory believes that the terms expected in the Transactions is fair to the minority shareholders of the Target Company from a financial perspective based on the findings above and on the assumption that there are no significantly unreasonable elements in the Target Company's decision-making process concerning the Transactions.

(D) Obtainment by the Special Committee of Advice from an Independent Legal Advisor

The Special Committee appointed Nishimura & Asahi as its legal advisor independent from the Target Company and the Tender Offeror and received legal advice regarding examinations and deliberations on the Advisory Matters at the Special Committee. In addition, Nishimura & Asahi does not constitute a related party of the Target Company or the Tender Offeror and has no material interest in the Transactions, including the Tender Offer.

(E) Obtainment by the Target Company of Advice from an Independent Legal Advisor

The Target Company appointed Nakamura, Tsunoda & Matsumoto as its legal advisor independent from the Target Company and the Tender Offeror and received legal advice regarding measures to be taken to ensure the fairness of the procedures of the Transactions, various procedures for the Transactions, and the method and process of the decision-making of the Target Company for the Transactions, as well as other matters requiring consideration upon decision-making.

In addition, Nakamura, Tsunoda & Matsumoto does not constitute a related party of the Target Company or the Tender Offeror and has no material interest in the Transactions, including the Tender Offer.

(F) Obtainment by the Target Company of a Share Price Valuation Report from an Independent Third-Party Appraiser

(i) Name of Appraiser and Its Relationship with the Target Company and Tender Offeror

In order to express its opinion concerning the Tender Offer, the Target Company requested Daiwa Securities, a financial advisor and third-party appraiser independent of the Target Company and the Tender Offeror, to calculate the value of the Target Company Shares, and obtained the Target Company Valuation Report as of May 12, 2022.

Daiwa Securities is not a related party of the Target Company or the Tender Offeror and does not have a material interest in the Tender Offer that should be stated.

Since the Tender Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, the Target Company has not obtained an opinion from Daiwa Securities on the fairness of the Tender Offer Price (a fairness opinion). Since the Tender Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, the Company has not obtained an opinion from Daiwa Securities on the fairness of the Tender Offer Price (a fairness opinion). The fees to be paid to Daiwa Securities include contingency fees which will be payable subject to the successful completion of the Transactions.

(ii) Outline of Valuation

After considering which of several calculation methods should be used to calculate the value of the Target Company Shares, on the assumption that the Target Company is a going concern, and based on the belief that multifaceted valuation of the value of the Target Company Shares would be appropriate, Daiwa Securities analyzed the share value of the Target Company using the following valuation methods: (i) the market price method that takes into account trends in the market price of the Target Company Shares and (ii) the DCF Method in order to reflect the content of the Target Company's business results and projections, etc. in the valuation, and the Target Company obtained the Target Company Valuation Report from Daiwa Securities as of May 12, 2022. The range of values per share of the Target Company Shares calculated by using the aforementioned methods is as follows.

Market price method: From 3,025 yen to 3,146 yen

DCF Method: From 3,483 yen to 4,917 yen

The range of values per share of the Target Company Shares obtained from the market price method is 3,025 yen to 3,146 yen, which is calculated by using May 12, 2022 as the record date for calculation, based on 3,025 yen, the closing price of the Target Company Shares quoted on the TSE Prime Market (prior to April 3, 2022, the TSE First Section) as of the record date, 3,093 yen, the simple average closing price over the preceding one-month period, 3,146 yen, the simple average closing price over the preceding three-month period, and 3,037 yen, the simple average closing price over the preceding six-month period.

The range of values per share of the Target Company Shares obtained from the DCF Method is 3,483 yen to 4,917 yen, which is derived by analyzing the Target Company's corporate value and share value as calculated by discounting to the present value, at a certain discount rate, the free cash flow that the Target Company is expected to generate in and after the fiscal year ending March 2023 based on revenues and investment plans set out in the Target Company's business plan prepared by the Target Company for the six fiscal years from the fiscal year ending March 2023 to the fiscal year ending March 2028, as well as other factors such as publicly released information. Further, the discount rate used for the calculation was 8.49% ~ 9.83%, and the perpetual growth rate method was used to calculate the going concern value, with a perpetual growth rate of 1.5% to 2.5%.

The business plan prepared by the Target Company, which Daiwa Securities used for the analysis based on the DCF Method, includes a fiscal year in which a significant increase or decrease in profit is expected. Specifically, as strong demand for transportation is outstripping supply of air and ocean freight shipping space due to reduced passenger flights and disruptions in marine container logistics caused by the impact of the COVID-19 pandemic, there continues to be an imbalance of supply and demand and a rise in freight costs, which is expected to remain at such levels for some part of the fiscal year ending March 2023. For the fiscal year ending March 2024, the operating income is expected to decrease by 49.7% year on year due to prospects that the COVID-19 pandemic will subside, thus further relaxing restrictions on operations, leading to recovery in the number of passenger flights and normalization of marine container logistics, thereby resolving disruptions in international logistics and leveling out freight costs. In addition, the operating income is expected to increase by 30.5%

year on year) is expected for the fiscal year ending March 2025 and onwards due to the realization of measures to expand transaction volume. On the other hand, free cash flow for the fiscal year ending March 2025 is expected to decrease by 59.7% year-on-year due to an increase in working capital as a result of an increase in sales due to the realization of these measures.

The synergy effects expected to be realized through the Transactions have not been taken into account in the above calculation, as they are difficult to specifically estimate at this time.

The Target Company's financial forecast figures, which were used as the premise for the calculation under the DCF Method, are as follows.

(Million yen)

	Fiscal Year Ending March 2023	Fiscal Year Ending March 2024	Fiscal Year Ending March 2025	Fiscal Year Ending March 2026	Fiscal Year Ending March 2027	Fiscal Year Ending March 2028
Net sales	944,532	747,567	785,101	821,100	854,708	893,160
Operating Income	50,599	25,443	33,210	38,477	40,932	43,588
EBITDA	72,059	46,903	54,670	59,937	62,392	65,048
Free Cash flows	46,439	49,436	19,922	23,778	25,708	26,812

(G) Approval of All Disinterested Directors of the Target Company and Opinion of All Disinterested Audit and Supervisory Board Members at the Target Company that They Had No Objection

According to the Target Company's Press Release, the Target Company carefully discussed and examined as to whether the Transactions, including the Tender Offer by the Tender Offeror, would contribute to enhancing the Target Company's corporate value and whether various terms of the Transactions, including the Tender Offer Price, were appropriate in light of the legal advice obtained from Nakamura, Tsunoda & Matsumoto, the advice received from Daiwa Securities from a financial perspective, the details of the Target Company Valuation Report, the Share Valuation Report (Deloitte Tohmatsu Financial Advisory) and the Fairness Opinion received through the Special Committee, the Written Report obtained from the Special Committee, the details of continuous discussions conducted several times with the Tender Offeror, and other related materials. As a result, the Target Company has resolved, at its board of directors meeting held today, to state its opinion supporting the Tender Offer, and to recommend that the Target Company's shareholders tender their shares in the Tender Offer.

In order to eliminate the effects of structural conflicts of interest in the Transactions, discussions were held by and unanimous resolution was made at the above board of directors meeting by six directors out of eight directors of the Target Company excluding Mr. Tetsuya Kobayashi and Mr. Kazuyasu Ueda, because Mr. Tetsuya Kobayashi holds a position as a director of the Tender Offeror and Mr. Kazuyasu Ueda held a position as an officer of the Tender Offeror in the past. All of the audit and supervisory board members present at the board of directors meeting above (three audit

and supervisory board members (of whom one is an outside audit and supervisory board member) out of four audit and supervisory board members) expressed the opinion that they had no objections with respect to the resolution. At the Target Company's audit and supervisory board meeting held today prior to the above resolution, the audit and supervisory board members present (three audit and supervisory board members (of whom one is an outside audit and supervisory board member) out of four audit and supervisory board members) unanimously passed a resolution to the effect that they had no objection to the Target Company's board of directors meeting stating its opinion approving the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer.

In order to eliminate the effects of structural conflicts of interest in the Transactions, Mr. Yusuke Kawasaki, an audit and supervisory board member of the Target Company who holds a position as an audit and supervisory board member at a subsidiary of the Tender Offeror, did not participate in any of the deliberations at the board of directors meeting and audit and supervisory board meeting and refrained from expressing his opinion regarding the resolution of the board of directors and audit and supervisory board.

In order to eliminate the effects of structural conflicts of interest in the Transactions, two of the directors of the Target Company directors (Mr. Tetsuya Kobayashi and Mr. Kazuyasu Ueda) did not participate in the deliberation or resolution by the board of directors for the Transactions, including the said board of directors meeting, nor did they participate in the discussion or negotiation of the Transactions on behalf of the Target Company.

(H) Creation by the Target Company of an Independent Examination System

The Target Company created an internal system for examining, negotiating, and making determinations about the Transactions independently of the Tender Offeror. Specifically, after receiving a written proposal from the Tender Offeror on December 6, 2021, stating that it wished to commence initial examinations and discussions towards the implementation of the Transactions, the Target Company established a project team for conducting examinations regarding the Transactions (including preparing the business plan which serves as the basis for the calculation of the value of the Target Company Shares) as well as discussions and negotiations with the Tender Offeror. The project team comprises, and will continue to comprise, solely members who do not concurrently hold a position as an officer or employee in any company of the Tender Offeror Group (excluding the Target Company Group) and who have not held a position as an officer or employee in any company of the Tender Offeror Group (excluding the Target Company Group) in the past. The Target Company has received the approval of the Special Committee regarding there being no problem from the perspective of independence and fairness with respect to the examination system at the Target Company (including the scope of officers and employees of the Target Company to be involved in examining, negotiating, and making determinations about the Transactions and the duties thereof), including the exclusion of the Target Company's officers and employees as stated above.

(I) No Transaction Protection Clause

The Target Company and the Tender Offeror have not entered into any agreement that restricts the Target Company from contacting persons other than the Tender Offeror making counter tender offers (“**Counter Offerors**”), including any agreement containing a transaction protection clause that forbids the Target Company from contacting Counter Offerors, so that opportunities to make a counter tender offer, etc. will not be hindered, thereby giving consideration to ensuring the fairness of the Tender Offer.

(J) Measures to Ensure That the Target Company’s Shareholders Have the Opportunity to Make Appropriate Judgments as to Whether or Not to Tender in the Tender Offer

As stated in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” in “3. Purpose of the Tender Offer” above, the Tender Offeror ensures an opportunity for the Target Company’s shareholders to properly decide whether or not to tender their shares in the Tender Offer and gives consideration to avoid placing coercive pressure on the Target Company’s shareholders (excluding the Tender Offeror and the Target Company) by (i) employing methods ensuring the right of the Target Company’s shareholders to request purchase of shares or to petition for a determination of the price of shares, wherein depending on the number of shares acquired by the Tender Offeror through the successful completion of the Tender Offer, the Tender Offeror, promptly after the completion of the settlement of the Tender Offer, either will make the Demand for Shares Cash-Out for all of the Target Company Shares (excluding the Target Company Shares owned by the Tender Offeror and treasury shares owned by the Target Company) or will make a demand to the Target Company to convene the Extraordinary Shareholders’ Meeting at which the agenda items will include proposals for the Share Consolidation and a partial amendment to the Target Company’s articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect, and (ii) clarifying that the amount of money to be delivered to the Target Company’s shareholders as consideration for each Target Company Share in the Demand for Shares Cash-Out or the Share Consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares owned by those shareholders (excluding the Target Company and the Tender Offeror).

In addition, while the minimum tender offer period set forth in the laws and regulations is 20 Business Days, the Tender Offeror has set the Tender Offer Period at 37 Business Days. By setting the Tender Offer Period to a relatively long period, the Tender Offeror ensures that the shareholders of the Target Company are provided with an opportunity to make an appropriate decision on whether or not to tender their shares in response to the Tender Offer, and thereby the Tender Offeror intends to ensure the appropriateness of the Tender Offer Price.

(C) Relationship with Appraiser

Nomura Securities, which is a financial advisor and third-party appraiser of the Tender Offeror, is not a party affiliated with the Tender Offeror or the Target Company and does not have a material interest in the Tender Offer.

(5) Number of Share Certificates, Etc. to be Purchased

Number of Share Certificates, Etc. to be purchased	Minimum number of Share Certificates, Etc. to be purchased	Maximum number of Share Certificates, Etc. to be purchased
40,241,756 shares	16,242,600 shares	– shares

Note 1: If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (16,242,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of the Share Certificates, Etc. to be purchased, the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

Note 2: In the Tender Offer, the Tender Offeror has not set a maximum number of Share Certificates, Etc. to be purchased, and thus the number of Share Certificates, Etc. to be purchased is stated as the maximum number of Share Certificates, Etc. of the Target Company to be acquired by the Tender Offeror through the Tender Offer (40,241,756 shares). Such maximum number of Share Certificates, Etc. to be acquired in the Tender Offer is the number of shares (40,241,756 shares) representing (i) the total number of issued shares of the Target Company (72,000,000 shares) as of March 31, 2022, as stated in the Target Company's Financial Results, minus (ii) the treasury shares (2,444 shares) (excluding 101,012 Target Company Shares held by the BIP Trust as of the same date) held by the Target Company as of the same date as stated in the Target Company's Financial Results and the number of Target Company Shares (31,755,800 shares) held by the Tender Offeror as of today.

Note 3: Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

Note 4: The Tender Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

(6) Changes in Ownership Ratio of Share Certificates, Etc. through the Tender Offer

Number of voting rights represented by the Share Certificates, Etc. held by the Tender Offeror before the Tender Offer	317,558	(Ownership ratio of Share Certificates, Etc. before the Tender Offer: 44.11%)
Number of voting rights represented by the Share Certificates, Etc. held by special related parties before the Tender Offer	21,450	(Ownership ratio of Share Certificates, Etc. before the Tender Offer: 2.98%)

Number of voting rights represented by the Share Certificates, Etc. held by the Tender Offeror after the Tender Offer	719,975	(Ownership ratio of Share Certificates, Etc. after the Tender Offer: 100.00%)
Number of voting rights represented by the Share Certificates, Etc. held by special related parties after the Tender Offer	0	(Ownership ratio of Share Certificates, Etc. after the Tender Offer: 0.00%)
Total number of voting rights of all shareholders, etc. of the Target Company	719,869	

Note 1: “Number of voting rights represented by the Share Certificates, Etc. held by special related parties before the Tender Offer” states the total number of voting rights represented by Share Certificates, Etc. held by each special related party (other than special related parties who are not considered special related parties pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Ordinance with respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended) (the “**Cabinet Ordinance**”) for the purpose of calculation of ownership ratio of Share Certificates, Etc. under each Item of Article 27-2, Paragraph 1 of the Act). Since Share Certificates, Etc. held by the special related parties (excluding the treasury shares held by the Target Company) are subject to the Tender Offer, “Number of voting rights represented by the Share Certificates, Etc. held by special related parties after the Tender Offer” is stated as “0.” If it is necessary for the Tender Offeror to revise the statement above upon confirming the Share Certificates, Etc. of the Target Company held by special related parties from today, the Tender Offeror will disclose the revised details.

Note 2: “Number of voting rights represented by the Share Certificates, Etc. held by the Tender Offeror after the Tender Offer” states the number of voting rights represented by the Share Certificates, Etc. to be purchased in the Tender Offer plus the “Number of voting rights represented by the Share Certificates, Etc. held by the Tender Offeror before the Tender Offer.”

Note 3: “Total number of voting rights of all shareholders, etc. of the Target Company” is the number of voting rights of all shareholders of the Target Company as of September 30, 2021 stated in the Quarterly Securities Report for the second quarter of the 53rd fiscal year filed by the Target Company on November 11, 2021 (based on the number of shares per unit being 100 shares). However, since shares less than one unit are subject to the Tender Offer, when calculating “Ownership ratio of Share Certificates, Etc. before the Tender Offer” and “Ownership ratio of Share Certificates, Etc. after the Tender Offer,” the number of voting rights (719,975) represented by 71,997,556 shares, which is the difference of the total number of issued shares (72,000,000 shares) of the Target Company as of March 31, 2022 stated in the Target

Company's Financial Results less the number of treasury shares held by the Target Company (2,444 shares) as of March 31, 2022 stated in the Target Company's Financial Results (excluding the Target Company Shares held by the BIP Trust (101,012 shares) as of the same date), is used as the denominator.

Note 4: "Ownership ratio of Share Certificates, Etc. before the Tender Offer" and "Ownership ratio of Share Certificates, Etc. after the Tender Offer" have been rounded to the nearest two decimal places.

- (7) Purchase Price 168,009 hundred million yen

Note: Purchase price shows the amount obtained by multiplying the number of Share Certificates, Etc. to be purchased (40,241,756 shares) by the Tender Offer Price (4,175yen).

- (8) Method of Settlement

- (A) Name and Address of Head Office of Financial Instruments Business Operator, Bank, Etc. in Charge of Settlement of the Tender Offer

Nomura Securities, Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

- (B) Commencement Date of Settlement

July 12, 2022 (Tuesday)

- (C) Method of Settlement

A notice regarding the purchase under the tender offer will be mailed to the address of persons who accept the offer for the purchase of Share Certificates, Etc. in the Tender Offer or offer the sale of Share Certificates, Etc. in the Tender Offer ("**Tendering Shareholders, Etc.**") (or the address of the standing proxy in the case of shareholders, etc.(including corporate shareholders, etc.) residing in foreign countries who do not have accounts with the tender offer agent that are available for trading) without delay after the expiration of the Tender Offer period.

The purchase will be settled in cash. The Tendering Shareholders, Etc. may receive the sales proceeds from the tender offer in the manner they specify, including by way of remittance, without delay after the commencement date of the settlement (a remittance fee may be charged).

- (D) Method of Return of Share Certificates, Etc.

In the event that all of the Tendered Share Certificates, Etc. will not be purchased under the terms set forth in "(A) Conditions Set forth in Each Item of Article 27-13, Paragraph 4 of the Act and the Details Thereof" and "(B) Conditions of Withdrawal, Etc. of the Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, Etc." in "9. Other Conditions and Methods of Tender Offer" below, the Share Certificates, Etc. that are to be returned will be returned to the Tendering Shareholders, Etc. Accounts with the tender offer agent by restoring the record to the status immediately preceding the

tendering of those Share Certificates, Etc. promptly after the business day that is two days after the last day of the Tender Offer Period (or the business day following the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer) (if the Tendering Shareholders, Etc. wish their Share Certificates, Etc. to be transferred to an account established with other financial instruments business operators, please confirm with the head office or any domestic branch office of the tender offer agent that accepted the tender).

Note: Due to measures for the prevention of the spread of COVID-19, services at the head office and branch offices may be suspended, or other special measures may be taken. For details, please contact the head office or any domestic branch office of the tender offer agent. Also, for details of special measures and head and branch offices subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

(9) Other Conditions and Methods of the Tender Offer

(A) Conditions Set forth in Each Item of Article 27-13, Paragraph 4 of the Act and the Details Thereof

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (16,242,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of Share Certificates, Etc. to be purchased (16,242,600 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(B) Conditions of Withdrawal, Etc. of the Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, Etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)10 and Items (1)13 through (1)19, and Items (3)1 through (3)8 and (3)10, as well as Article 14, Paragraph 2, Items (3) through (6) of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended) (the “**Enforcement Order**”) occurs, the Tender Offeror may withdraw the Tender Offer. The “events which are equivalent to those listed in Items (3)1 through (3)9” set out in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order refers to (i) the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated, but the Tender Offeror was not aware of the existence of such false statement, etc. nor the Tender Offeror could have been aware of such false statement, etc. even with reasonable care, or (ii) the case where any of the facts listed in Article 14, Paragraph 1, Items (3)1 through (3)7 of the Enforcement Order occurs in respect of a significant subsidiary of the Target Company. If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the *Nihon Keizai Shinbun*. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

(C) Conditions to Reduce Price of the Tender Offer, Details Thereof and Method of Disclosure of Reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the price of the Tender Offer in accordance with the standards set out in the provision of Article 19, Paragraph 1 of the Cabinet Ordinance. If the Tender Offeror intends to reduce the price of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the *Nihon Keizai Shinbun*. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement. If the price of the Tender Offer is reduced, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice at the reduced price.

(D) Matters concerning Right of Tendering Shareholders, Etc. to Terminate the Agreement

Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, terminate the agreement for the Tender Offer. If a Tendering Shareholder, Etc. intends to terminate the agreement, he/she will be requested to deliver or mail a document stating the intention to terminate the agreement for the Tender Offer (a “**Termination Notice**”) to the head office or a domestic branch office of the person designated below that accepted the tendering of Share Certificates, Etc. by 3:30 p.m. on the last day of the Tender Offer Period. However, if a Termination Notice is sent by mail, it will become effective on the condition that it arrives by 3:30 p.m. on the last day of the Tender Offer Period.

Please request the termination of the agreement for Share Certificates, Etc. tendered through the online service through the online service at <https://hometrader.nomura.co.jp/> or by delivering or mailing a Termination Notice. If terminating through the online service, please follow the methods described on the web page and complete the termination procedures by 3:30 p.m. on the last day of the Tender Offer Period. Any agreement for the Share Certificates, Etc. tendered at the handling branch cannot be terminated by the termination procedures through the online service. If terminating by delivering or mailing a Termination Notice, please request the handling branch to send a Termination Notice in advance and deliver or mail the Termination Notice to the handling branch by 3:30 p.m. of the last day of the Tender Offer Period. However, if a Termination Notice is sent by mail, it will become effective on the condition that it arrives by 3:30 p.m. on the last day of the Tender Offer Period.

Note: Due to measures for the prevention of the spread of COVID-19, services at the head office and branch offices may be suspended, or other special measures may be taken. For details, please contact the head office or any domestic branch office of the tender offer agent. Also, for details of special measures and head and branch offices subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

Party authorized to receive the Termination Notice:

Nomura Securities Co., Ltd.

13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

(or any other domestic branch of Nomura Securities Co., Ltd.)

The Tender Offeror will not make any claim for damages or a penalty payment due to the Tendering Shareholders, Etc.'s termination of their agreements. Further, the cost of returning Tendered Share Certificates, Etc. to the Tendering Shareholders, Etc. will be borne by the Tender Offeror. If a Tendering Shareholder, Etc. requests to terminate its agreement for the Tender Offer, the Tendered Share Certificates, Etc. will be returned promptly after the completion of the termination procedures in accordance with the method set out in "(D) Method of Return of Share Certificates, Etc." of "8. Method of Settlement" above.

(E) Method of Disclosure if the Conditions, Etc. of the Tender Offer are Changed

The Tender Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13, Paragraph 2 of the Enforcement Order. If the Tender Offeror intends to change any conditions, etc. of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the *Nihon Keizai Shinbun*. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement. If the conditions, etc. of the Tender Offer are changed, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(F) Method of Disclosure if an Amendment Statement is Filed

If an amendment statement is submitted to the Director-General of the Kanto Local Finance Bureau (unless otherwise provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of that amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the Tendering Shareholders, Etc. who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to Tendering Shareholders, Etc. a document stating the reason for the amendments, the matters amended, and the details thereof.

(G) Method of Disclosure of Results of the Tender Offer

The results of the Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(10) Date of Public Notice of Commencement of the Tender Offer

May 16, 2022 (Monday)

(11) Tender Offer Agent

Nomura Securities, Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

3. Policies after the Tender Offer and Future Prospects

(1) Policies after the Tender Offer

Please refer to “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer,” “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”),” and “(5) Prospects and Reasons for Delisting” in “1. Purpose of the Tender Offer, Etc.” above.

(2) Future Prospects

The Tender Offeror is currently investigating the effects of the Tender Offer on the performance of the Tender Offeror. The Tender Offeror will promptly disclose amendments to prospects for the future performance and any other matters to be announced (if any).

4. Other Matters

(1) Agreements between the Tender Offeror and the Target Company or its Officers, and the Contents Thereof

(A) Support of the Tender Offer

According to the Target Company’s Press Release, the Target Company has resolved, at its board of directors meeting held today, to express its opinion approving the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer.

For the details of the decision-making of the Target Company, please refer to the Target Company’s Press Release and “(G) Approval of All Disinterested Directors of the Target Company and Opinion of All Disinterested Audit and Supervisory Board Members that They Had No Objection at the Target Company” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” above.

(B) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer

Please refer to “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Tender Offer” above.

- (C) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

Please refer to “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “2. Outline of the Tender Offer” above.

- (2) Other Information Deemed Necessary for Investors to Decide Whether or not to Tender Shares in Response to the Tender Offer

- (A) Release of the “Financial Results for the Fiscal Year Ended March 31, 2022 [J-GAAP] (Consolidated)”

The Target Company released the Target Company’s Financial Results on May 12, 2022. For details, please refer to the relevant press release.

- (B) Release of the “Notice of Revisions of Dividend Forecast (No Dividends) for the Fiscal Year Ending March 31, 2023”

The Target Company resolved at its board of directors meeting held today to revise its dividend forecast for the fiscal year ending March 31, 2023 announced on May 12, 2022 and not to pay out any dividend of surplus (interim dividend and year-end dividend) for that period, on the condition that the Tender Offer is successfully completed. For details, please refer to “Notice of Revisions of Dividend Forecast (No Dividends) for the Fiscal Year Ending March 31, 2023”.

End

Restrictions on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first review the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis for any agreement on the Tender Offer or be relied on when executing such an agreement.

Prediction of the Future

This press release contains future prospects for the Tender Offeror's business operations based on the views of its management in the case of the acquisition of the Target Company Shares. Accordingly, actual results may differ significantly from those prospects due to various factors.

US Regulations

The Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the Act, and these procedures and information disclosure standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13 (e) or 14 (d) of the U.S. Securities Exchange Act of 1934 (as amended, the “**U.S. Securities Exchange Act of 1934**,” the same applies hereinafter), and the rules prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards.

Unless otherwise described herein, all procedures relating to the Tender Offer will be conducted entirely in Japanese. While some or all of the documents relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English document and the Japanese document, the Japanese document will prevail.

This press release and its reference documents include forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Actual results might be substantially different from the express or implied predictions set forth herein as “forward-looking statements” due to known or unknown risks, uncertainties or any other factors. None of the Tender Offeror and the Target Company or their affiliates assures that such express or implied predictions included as “forward-looking statements” will be ultimately correct. The forward-looking statements contained in this press release and its reference documents have been prepared based on the information available to the Tender Offeror and the Target Company as of the date of this Statement or reference documents for this Statement, and, unless otherwise required under applicable laws and regulations, none of the Tender Offeror, the Target Company and their affiliates assumes any obligation to update or revise this document to reflect any future events or circumstances. The financial information contained in this press release and its reference documents has been prepared in accordance with Japanese accounting standards, and such standards may differ from the general accounting standards in the United States or other countries. It may be difficult to enforce any rights or make any claims under the U.S. federal securities laws because the Tender Offeror and the Target Company are incorporated outside of the United States and some or all of their directors are non-U.S. residents. It may not be possible to commence legal proceedings against a non-U.S. company and its directors in a non-

U.S. court for violations of the U.S. federal securities laws. In addition, it may not be possible to compel a non-U.S. company, or a subsidiary or affiliate of a non-U.S. company to subject themselves to a U.S. court's jurisdiction.

Before the commencement of the Tender Offer or during the Tender Offer Period, the Tender Offeror, the financial advisor of each of the Tender Offeror and the Target Company, and tender offer agent (including affiliates thereof) might purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of the Target Company Shares listed on the Prime Market of the TSE on their own account or the account of their client to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations in the scope of their ordinary business and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on a website of the person that conducted that purchase (or by other procedures for disclosure).

In other countries

Some countries or regions may impose restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.