



[Translation]

July 21, 2022

For immediate release

Name of company: Kintetsu World Express, Inc.
Representative: Nobutoshi Torii
President and Chief Executive Officer
(Code No.: 9375, Prime Market of TSE)
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Announcement of Kintetsu Group Holdings Co.,Ltd.’s Decision to Make a Demand for Cash-Out of Shares in the Company, the Company’s Approval of the Demand for Cash-Out of Shares, and the Delisting of Shares in the Company

As Kintetsu World Express, Inc. (the “**Company**”) announced in the “Announcement Regarding the Result of the Tender Offer for the Company Shares by Kintetsu Group Holdings Co.,Ltd. and Change in the Parent Company” dated July 6, 2022, Kintetsu Group Holdings Co.,Ltd. (the “**Kintetsu Group Holdings**”) conducted a tender offer (the “**Tender Offer**”) for the shares of the Company’s common stock (the “**Company Shares**”) from May 16, 2022, and, as a result, Kintetsu Group Holdings came to own 66,321,188 shares of the Company Shares (voting rights ownership ratio (Note 1): 92.12%) as of July 12, 2022 (the commencement date of settlement of the Tender Offer), and became a special controlling shareholder of the Company (the “**Special Controlling Shareholder**”) as defined in the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter).

As announced in 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 Company on May 13, 2022 (the “**Opinion Press Release**”), Kintetsu Group Holdings determined today that it would make a demand to all of the shareholders of the Company (excluding Kintetsu Group Holdings and the Company; the “**Shareholders Subject to the Cash-Out**”) to sell all of their Company Shares (the “**Shares Subject to the Cash-Out**”) to Kintetsu Group Holdings (the “**Demand for Shares Cash-Out**”) under Article 179, Paragraph 1 of the Companies Act as part of the transactions for the purpose of acquiring all of the Company Shares (excluding the Company Shares held by Kintetsu Group

Holdings and treasury shares held by the Company) and making the Company a wholly-owned subsidiary of Kintetsu Group Holdings (the “**Transactions**”) as stated in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters Relating to the so called ‘Two-Step Acquisition’)” under “3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor” in the Opinion Press Release since Kintetsu Group Holdings has come to own 90% or more of the voting rights of all shareholders of the Company as a result of the completion of the Tender Offer.

The Company has received from Kintetsu Group Holdings a notice of the Demand for Shares Cash-Out today, and hereby announces that the Company resolved at its board of directors meeting held today to approve the Demand for Shares Cash-Out, as detailed below.

In addition, the Company Shares will come to fall under the delisting criteria of the Tokyo Stock Exchange, Inc. (the “**TSE**”) upon the approval of the Demand for Shares Cash-Out. Therefore, the Company Shares will be designated as stock to be delisted for the period from today through August 25, 2022, and they will be delisted on August 26, 2022. Please note that after the delisting, it will no longer be possible to trade the Company Shares on the TSE Prime Market.

Note 1: “Voting rights ownership ratio” means the percentage (rounded to the nearest two decimal places) of the voting rights (719,975) represented by 71,997,556 shares, which is the total number of issued shares as of March 31, 2022 (72,000,000 shares) stated in the Securities Report for the 53rd fiscal year released by the Company on June 16, 2022 (the “**Company’s Annual Securities Report**”) less the number of treasury shares held by the Company as of the same date (2,444 shares) (excluding 101,012 Company Shares held by the BIP (Board Incentive Plan) Trust (the “**BIP Trust**”) as of the same date) stated in the Company’s Annual Securities Report. The same applies hereinafter.

1. Outline of the Demand for Shares Cash-Out

(1) Outline of the Special Controlling Shareholder

(1) Name	Kintetsu Group Holdings Co.,Ltd.
(2) Location	6-1-55 Uehommachi, Tennoji-ku, Osaka
(3) Name and title of representative	Toshihide Ogura, Representative Director and President
(4) Description of business	Control and management of business activities by owning shares or interests of companies engaged in such business as a holding company

(5)	Capital	126,476 million yen (as of March 31, 2022)																				
(6)	Date of incorporation	June 1, 1944																				
(7)	Consolidated net assets	421,760 million yen (as of March 31, 2022)																				
(8)	Consolidated total assets	1,895,770 million yen (as of March 31, 2022)																				
(9)	Major shareholders and shareholding ratios (as of March 31, 2022)	<table border="0"> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>14.7%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>4.2%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>2.2%</td> </tr> <tr> <td>STATE STREET BANK WEST CLIENT - TREATY 505234</td> <td>1.9%</td> </tr> <tr> <td>MUFG Bank, Ltd.</td> <td>1.6%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 385781</td> <td>1.2%</td> </tr> <tr> <td>Mitsubishi UFJ Trust and Banking Corporation</td> <td>1.0%</td> </tr> <tr> <td>Meiji Yasuda Life Insurance Company</td> <td>0.9%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505103</td> <td>0.8%</td> </tr> <tr> <td>SSBTC CLIENT OMNIUS ACCOUNT</td> <td>0.8%</td> </tr> </table>	The Master Trust Bank of Japan, Ltd. (Trust Account)	14.7%	Custody Bank of Japan, Ltd. (Trust Account)	4.2%	Nippon Life Insurance Company	2.2%	STATE STREET BANK WEST CLIENT - TREATY 505234	1.9%	MUFG Bank, Ltd.	1.6%	JP MORGAN CHASE BANK 385781	1.2%	Mitsubishi UFJ Trust and Banking Corporation	1.0%	Meiji Yasuda Life Insurance Company	0.9%	STATE STREET BANK AND TRUST COMPANY 505103	0.8%	SSBTC CLIENT OMNIUS ACCOUNT	0.8%
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(10)	Relationship between the Company and Kintetsu Group Holdings																					
	Capital relationship	Kintetsu Group Holdings holds 66,321,188 Company Shares (ownership ratio (Note 2): 92.12%) as of today.																				
	Personnel relationship	<p>As of March 31, 2022, the personnel relationship is as follows.</p> <p>One of the directors of the Company serves as a director of Kintetsu Group Holdings and one director was previously employed at Kintetsu Group Holdings.</p> <p>Also, one of the audit and supervisory board members of the Company serves as an audit and supervisory board member of the subsidiary of Kintetsu Group Holdings and one of the managing officers of the</p>																				

	<p>Company serves as an employee of Kintetsu Group Holdings.</p> <p>Other than the above, four employees of Kintetsu Group Holdings Group (meaning Kintetsu Group Holdings and its consolidated subsidiaries and equity-method affiliates; the “Tender Offeror Group”; the same applies hereinafter) excluding the Company Group (meaning the Company and its consolidated subsidiaries and equity-method affiliates; the “Company Group”; the same applies hereinafter) are seconded to the Company Group.</p>
Business relationship	The Company belongs to the cash management system operated by Kintetsu Group Holdings, in which the Company conducts transactions such as deposits of funds, etc.
Status as related party	Kintetsu Group Holdings is a parent company of the Company. Therefore, Kintetsu Group Holdings constitutes a related party of the Company.

(Note 2) “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 Company as of March 31, 2022 (72,000,000 shares) stated in the Company’s Annual Securities Report less (ii) the number of treasury shares held by the Company as of the same date (2,444 shares) (excluding 101,012 Company Shares held by the BIP Trust as of the same date) stated in the Company’s Annual Securities Report.

(2) Schedule of the Demand for Shares Cash-Out

Date of the demand for the shares cash-out	July 21, 2022 (Thursday)
Date of resolution of the Company’s board of directors meeting	July 21, 2022 (Thursday)
Last trading day	August 25, 2022 (Thursday)

Delisting date	August 26, 2022 (Friday)
Acquisition date	August 30, 2022 (Tuesday)

(3) Cash-Out Consideration

4,175 yen per share of common stock

2. Details of the Demand for Shares Cash-Out

Kintetsu Group Holdings determined that it would make a demand to the Shareholders Subject to the Cash-Out to sell all of the Shares Subject to the Cash-Out to Kintetsu Group Holdings as the Company's Special Controlling Shareholder under Article 179, Paragraph 1 of the Companies Act. The Company received from Kintetsu Group Holdings today a notice as detailed below.

- (1) When Deciding not to Make the Demand for Shares Cash-Out to a Wholly-Owned Subsidiary Corporation of the Special Controlling Shareholder, Such Decision and the Name of Such Wholly-Owned Subsidiary Corporation of the Special Controlling Shareholder (Article 179-2, Paragraph 1, Item (1) of the Companies Act)

There are no applicable matters.

- (2) Amount of Cash to be Delivered to Shareholders Subject to the Cash-Out as Consideration for the Shares Subject to the Cash-Out through the Demand for Shares Cash-Out and Matters Related to the Allotment of Such Cash to the Shareholders Subject to the Cash-Out (Article 179-2, Paragraph 1, Items (2) and (3) of the Companies Act)

The Tender Offeror will allot and deliver to each of the Shareholders Subject to the Cash-Out 4,175 yen per share of the Shares Subject to the Cash-Out held by such shareholder as consideration for the Shares Subject to the Cash-Out (the "**Cash-Out Consideration**").

- (3) Matters Related to a Demand for Stock Acquisition Rights Cash-Out (Article 179-2, Paragraph 1, Item (4) of the Companies Act)

There are no applicable matters.

- (4) Date on which the Special Controlling Shareholder Acquires the Shares Subject to the Cash-Out (the “**Acquisition Date**”) (Article 179-2, Paragraph 1, Item (5) of the Companies Act)

August 30, 2022

- (5) Method of Securing Funds for Payment of the Cash-Out Consideration (Article 33-5, Paragraph 1, Item (1) of the Ordinance for Enforcement of the Companies Act)

Kintetsu Group Holdings plans to pay all the Cash-Out Consideration by loan under the Term Loan Agreement with Drawdown Period executed with MUFG Bank, Ltd. (“**MUFG Bank**”) on July 6, 2022. No event that might affect the payment of the Cash-Out Consideration has occurred, and Kintetsu Group Holdings is not aware of any possibility of such event occurring in the future as of today.

- (6) Other Terms and Conditions for the Demand for Shares Cash-Out (Article 33-5, Paragraph 1, Item (2) of the Ordinance for Enforcement of the Companies Act)

The Cash-Out Consideration will be delivered within a reasonable period after the Acquisition Date in the same manner as delivery of dividends by the Company to the address of each of the Shareholders Subject to the Cash-Out stated or recorded in the Company’s final shareholder register as of the day immediately preceding the Acquisition Date, or at any other place notified by the Shareholders Subject to the Cash-Out to the Company.

However, the Cash-Out Consideration will be paid to the relevant Shareholders Subject to the Cash-Out, to whom delivery is unable to be made in that manner, at the head office of the Company in a manner designated by the Company for delivery of the Cash-Out Consideration (or, at any other place and in any other manner designated by Kintetsu Group Holdings regarding delivery of the Cash-Out Consideration).

3. Grounds and Reasons, etc. for the Decision to Approve the Demand for Shares Cash-Out

- (1) Grounds and reasons for the decision to approve the Demand for Shares Cash-Out

As stated in the “Announcement Regarding the Result of the Tender Offer for the Company Shares by Kintetsu Group Holdings Co.,Ltd. and Change in the Parent Company” released by the Company on July 6, 2022, Kintetsu Group Holdings conducted the Tender Offer for the period from May 16, 2022 to July 5, 2022 as part of the Transactions. As a result, Kintetsu Group Holdings came to hold 66,321,188 Company Shares (voting rights ownership ratio: 92.12%) as of July 12, 2022 (the commencement date of settlement of the Tender Offer).

As stated in the Opinion Press Release, the Company considered commencement of discussions with Kintetsu Group Holdings, implementation of Transactions, etc. upon receipt of the written proposal from Kintetsu Group Holdings on December 6, 2021 stating that Kintetsu Group Holdings 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 Company. Therefore, when examining the Transactions and engaging in discussions and negotiations with Kintetsu Group Holdings 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 Kintetsu Group Holdings's ownership ratio of the Company Shares being 44.11% (ownership ratio including shares owned by consolidated subsidiaries of Kintetsu Group Holdings: 47.09%) and the Company being an equity-method affiliate of Kintetsu Group Holdings, in order to address those issues and ensure the fairness of the Transactions, the Company appointed Nakamura, Tsunoda & Matsumoto as a legal advisor independent from both the Company and Kintetsu Group Holdings in early December 2021 and appointed Daiwa Securities Co. Ltd. ("**Daiwa Securities**") as a financial advisor and third-party appraiser in mid-December 2021. The 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 Kintetsu Group Holdings and from the perspective of enhancing the Company's corporate value and securing the interests of the Company's general shareholders in order to ensure the fairness of the Transactions.

More specifically, as stated in "(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below, the 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 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 Company established the special committee (the "**Special Committee**") consisting of three members, namely, Jun Yanai (an independent outside director of the Company), Sanae Tanaka (an independent outside director of the Company), and Masayuki Kobayashi (an independent outside audit and supervisory board member of the 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 "(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below. The 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 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 Company, and thereafter to make a recommendation to the 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 Company tender their shares in the Tender Offer, and (ii) to

examine whether the decisions by the Company's board of directors regarding the Transactions are not disadvantageous to the minority shareholders of the Company and to express an opinion to the Company's board of directors in regard thereto (collectively, the "**Advisory Matters**"). Furthermore, in establishing the Special Committee, the 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 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 Company, (iii) the authority to express opinions regarding the policy on negotiations between the Company and Kintetsu Group Holdings, issue instructions and requests to the persons in charge of negotiations, and as necessary directly negotiate with Kintetsu Group Holdings, 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 "(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below). As stated in "(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" 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 LLC ("**Deloitte Tohmatsu Financial Advisory**") as its own financial advisor and third-party appraiser.

In addition, as stated in "(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below, the Special Committee confirmed that there was no problem in the independence, expertise, and track record, etc. of Daiwa Securities as the Company's financial advisor and third-party appraiser and Nakamura, Tsunoda & Matsumoto as the 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) Creation by the Company of an Independent Examination System" under "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below, the Company created a system within the Company for examining, negotiating, and making determinations about the Transactions independently of Kintetsu Group Holdings (including the scope of officers and employees of the Company to be involved in examining, negotiating, and making determinations about the Transactions and the duties thereof) and the Special Committee approved that there was no problem from the perspective of the independence and fairness of that examination system.

Then, from late December 2021 to early February 2022, Kintetsu Group Holdings and the 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 Kintetsu Group Holdings and the Company of an examination system. Based on the confirmation of the initial discussion points, Kintetsu Group Holdings submitted to the Company a letter of intent stating that it wished to proceed with detailed examination of the Transactions on February 10, 2022, and Kintetsu Group Holdings and the Company commenced detailed examination and discussions regarding the Transactions.

The 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 Company Shares, advice concerning the policy on negotiations with Kintetsu Group Holdings, 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 Kintetsu Group Holdings that included the purchase, etc. price per share of the Company Shares in the Tender Offer (the “**Tender Offer Price**”) being 4,000 yen per share on April 1, 2022, the Company continually engaged in discussions and negotiations with Kintetsu Group Holdings regarding the terms of the Transactions, including the Tender Offer Price. Specifically, the 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 Kintetsu Group Holdings reexamine the Tender Offer Price as it had not yet reached a fair price. After that, upon receiving from Kintetsu Group Holdings a proposal on April 15, 2022 for the Tender Offer Price to be 4,040 yen per share, the Company examined the proposal and requested that Kintetsu Group Holdings reexamine the Tender Offer Price as it had not yet reached a fair price. Following that, the Company received from Kintetsu Group Holdings a proposal on April 22, 2022 for the Tender Offer Price to be 4,050 yen per share, and the Company examined the proposal and requested that Kintetsu Group Holdings reexamine the Tender Offer Price being 4,350 yen. After that, the 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 Kintetsu Group Holdings reexamine the Tender Offer Price being 4,250 yen per share. As a result, the Company received a proposal from Kintetsu Group Holdings 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 Company and the 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 Company's business plan presented by the Company to Kintetsu Group Holdings and used by Daiwa Securities and Deloitte Tohmatsu Financial Advisory as the basis for the share valuation of the Company Shares, and the Special Committee approved that business plan. Additionally, when negotiating with Kintetsu Group Holdings, the 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 Kintetsu Group Holdings, the 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 Kintetsu Group Holdings, and responded in accordance with those opinions, etc.

Following that, on May 12, 2022, the Company received a written report from the Special Committee (the "**Written Report**") stating that (i) the Special Committee considers it appropriate for the 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 Company tender their shares in the Tender Offer, and that (ii) the decisions of the Company's board of directors deciding to conduct the Transactions (meaning (A) the decision to express an opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer and (B) the decision regarding procedures for making the 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 "(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom" under "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below). In addition to the Written Report, the Company received from the Special Committee a share valuation report concerning the 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 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 "(D) Obtainment by the Special Committee of a Share Price Valuation Report and a Fairness Opinion from an Independent Third-Party Appraiser" under "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" below).

Based on the above background, at the meeting of the board of directors of the Company held on May 13, 2022, the Company carefully discussed and examined as to whether the Transactions, including the Tender Offer, would contribute to enhancing the 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

Company Shares (the “**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 Company reached the conclusion that the Transactions, including the Tender Offer, through which the Company will become a wholly-owned subsidiary of Kintetsu Group Holdings, will contribute to enhancing the 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 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 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 Company to achieve sustainable growth amid the expectation of significant industry changes moving forward, the 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 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 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 Company having to actively approach the counterparty; however, the M&A market is currently at a high, and the 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 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 Company Group considers that it cannot deny the possibility of such measures causing a drop in the share price of the Company and a negative impact on the shareholders of the Company over the short term.

Kintetsu Group Holdings 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 Kintetsu Group Holdings, Kintetsu Group Holdings stated its intention to support the growth of the Company from a long-term perspective and to support M&A, etc. by the Company in terms of both financing and know-how, and the Company believes that by accelerating and utilizing the sharing of M&A-related knowledge, know-how, and human resources of Kintetsu Group Holdings with the Company, the 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 Company has confirmed that Kintetsu Group Holdings will provide the above support while respecting the management policy of the Company even after the implementation of the Transactions.

Therefore, the 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 Kintetsu Group Holdings by providing the shareholders of the Company with an opportunity to sell the Company Shares without being negatively impacted over the short term and by delisting the Company Shares and making the Company a wholly-owned subsidiary of Kintetsu Group Holdings.

Additionally, the 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 Company to sell the Company Shares at a price that includes a reasonable premium and under reasonable terms based on factors such as: (i) the Company agreed to the price after repeated, serious negotiations with Kintetsu Group Holdings with substantial involvement by the Special Committee, which is independent from the Company and Kintetsu Group Holdings, and after fully implementing the measures to ensure the fairness of the terms of the Transactions, including the Tender Offer Price, stated in “(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below; (ii) in the Written Report obtained from the independent Special Committee of the 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 “(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom” under “(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below; (iii) of the results of the share valuation by Daiwa Securities concerning the Company Shares stated in “(B) Obtainment by the Company of a Share Valuation Report from an Independent Third-Party Appraiser” under “(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest” 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 discounted cash flow method (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 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), 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 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 “(4) Measures to Ensure Fairness of the Transactions 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 Company has resolved at its board of directors meeting held on May 13, 2022 to express its opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

For the method of resolution at the Company’s board of directors meeting stated above, please refer to “(H) Approval of All Disinterested Directors of the Company and Opinion of All Disinterested Audit and Supervisory Board Members at the Company that They Had No Objection” under “(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below.

On July 6, 2022, the Company received from Kintetsu Group Holdings a report on the results of the Tender Offer to the effect that 34,565,388 shares of the Company Shares were tendered and that Kintetsu Group Holdings would purchase all of them. As a result, as of July 12, 2022 (the commencement date of settlement of the Tender Offer), Kintetsu Group Holdings held 92.12% (voting rights ownership ratio) of the Company Shares and became the Special Controlling Shareholder of the Company.

Based on this, the Company received today from Kintetsu Group Holdings the notice of its intention to make the Demand for Shares Cash-Out as part of the Transactions under Article 179, Paragraph 1 of the Companies Act as stated in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” under “3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor” in the Opinion Press Release.

Upon receipt of that notice, the Company prudently discussed and deliberated whether to approve the Demand for Shares Cash-Out.

As a result, the board of directors of the Company decided that due consideration had been given to the interests of the Shareholders Subject to the Cash-Out in the Demand for Shares Cash-Out and that the terms and conditions of the Demand for Shares Cash-Out are appropriate, and unanimously decided today to approve the Demand for Shares Cash-Out, based on reasons including the following:

- (i) the Demand for Shares Cash-Out is to be conducted as part of the Transactions, and based on the process and reasons above, the Company, upon the commencement of the Tender Offer, determined that the Transactions would contribute to the improvement of the Company’s corporate value, and there are no particular circumstances that are sufficient for the Company to believe that any unexpected change occurred to the circumstances on which such determination was based;
- (ii) it is determined that the Cash-Out Consideration of 4,175 yen per Share Subject to the Cash-Out is considered a reasonable price for the Shareholders Subject to the Cash-Out in light of such facts as that the Cash-Out Consideration is equal to the Tender Offer Price and that, as stated in “(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom” under “(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below, it is determined in the Written Report obtained from the Special Committee that the appropriateness of the terms for the Transactions including the Tender Offer Price is secured with measures to secure the fairness of the Tender Offer being sufficiently taken as explained in “(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below;
- (iii) it is expected Kintetsu Group Holdings will be capable of delivering the Cash-Out Consideration because Kintetsu Group Holdings plans to cover the funds required for the Transactions including the Tender Offer by a loan from MUFG Bank of up to 169 billion yen (the “**Bank Loan**”) and also plans to pay the Cash-Out Consideration by loan under the Term Loan Agreement with Drawdown Period executed with MUFG Bank on July 6, 2022 as part of the Bank Loan, and the Company confirmed the method taken by Kintetsu Group Holdings to secure financing for the Bank Loan by the loan certificate prepared by MUFG Bank that was submitted as an attachment to the tender offer registration statement for the Tender Offer, and according to Kintetsu Group Holdings, no event that might affect

the payment of the Cash-Out Consideration has occurred, and Kintetsu Group Holdings is currently not aware of any possibility of such event occurring in the future;

- (iv) the terms and conditions of the Demand for Shares Cash-Out are considered to be appropriate because no unreasonable points have been found with respect to the time frame until the delivery and the payment method of the Cash-Out Consideration; and
- (v) there has been no material change in the Company's corporate value since the commencement of the Tender Offer through today.

The Demand for Shares Cash-Out is to be implemented as part of the Transactions including the Tender Offer, and 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 Company excluding Mr. Tetsuya Kobayashi and Mr. Kazuyasu Ueda, because Mr. Tetsuya Kobayashi holds a position as a director of Kintetsu Group Holdings and Mr. Kazuyasu Ueda held a position as an officer of Kintetsu Group Holdings in the past.

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 Company who holds a position as a director at a subsidiary of Kintetsu Group Holdings, 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 the effects of structural conflicts of interest in the Transactions, two of the directors of the 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 Company.

(2) Matters Pertaining to Valuation

The Demand for Shares Cash-Out will be conducted as the second step of the so-called "Two-step Acquisition" after the Tender Offer, and the Cash-Out Consideration is set to be equal to the Tender Offer Price. Therefore, when making the decision to approve the Demand for Shares Cash-Out, the Company did not obtain another share valuation report.

(3) Possibility of Delisting

The Company Shares are listed on the TSE Prime Market as of today. However, the Company Shares will come to fall under the delisting criteria of the TSE upon the approval of the Demand for Shares

Cash-Out. Therefore, the Company Shares will be designated as stock to be delisted for the period from today through August 25, 2022, and will be delisted on August 26, 2022. After the delisting, it will no longer be possible to trade the Company Shares on the TSE Prime Market.

(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest

The Demand for Shares Cash-Out will be conducted as the second step of the so-called “Two-step Acquisition” after the Tender Offer, and as stated in “(6) 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” under “3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor” in the Opinion Press Release, in order to ensure the fairness of the Tender Offer, eliminate arbitrariness in the decision-making regarding the Transactions, ensure the fairness, transparency, and objectivity of the decision-making process of the Company, and avoid conflicts of interest, Kintetsu Group Holdings and the Company implemented the following measures from the stage of the Tender Offer. Among the statements below, matters relating to the measures implemented by Kintetsu Group Holdings are based on the explanations given by Kintetsu Group Holdings.

Kintetsu Group Holdings believes that, as stated in “(1) Grounds and reasons for the decision to approve the Demand for Shares Cash-Out” above, because Kintetsu Group Holdings directly holds 31,755,800 Company Shares (ownership ratio: 44.11%) and indirectly holds 2,145,000 Company Shares (ownership ratio: 2.98%) through consolidated subsidiaries of Kintetsu Group Holdings, thereby holding 33,900,800 Company Shares (ownership ratio: 47.09%) in total as of May 13, 2022, 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, Kintetsu Group Holdings does not set the minimum number of share certificates, etc. to be purchased to the so-called “majority of minority.” However, Kintetsu Group Holdings and the Company have implemented the following measures, and thus Kintetsu Group Holdings and the Company believe that the interests of general shareholders of the Company have been sufficiently considered.

(A) Obtainment by Kintetsu Group Holdings of a Share Price Valuation Report from an Independent Third-Party Appraiser

In order to ensure the fairness of the Tender Offer Price, Kintetsu Group Holdings requested Nomura Securities Co., Ltd. (“**Nomura Securities**”), its financial advisor and third-party appraiser that is independent from Kintetsu Group Holdings Group, to calculate the share value of the Company before determining the Tender Offer Price. Nomura Securities is not a party affiliated with Kintetsu Group Holdings 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 Company Shares are listed on the TSE Prime Market, (ii) the comparable companies method, as there are listed companies that are comparable to the Company, and an analogical inference of the share value of the Company based on comparable companies is possible, and (iii) the DCF Method, to account for the Company's future business operations in the valuation, and Kintetsu Group Holdings obtained a share price valuation report from Nomura Securities on May 12, 2022 (the "**Tender Offeror Valuation Report**") (Note). Since Kintetsu Group Holdings judged and determined the Tender Offer Price by comprehensively considering the various factors stated in "(B) Background, Purpose and Decision-Making Process with respect to Conducting the Tender Offer by the Tender Offeror" in "(2) Grounds and Reasons for the Opinion" in "3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor" in the Opinion Press Release and through discussions and negotiations with the Company, Kintetsu Group Holdings 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 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 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 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, 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 Company Shares obtained from the comparable companies method is 2,761 yen to 5,911 yen, which is derived by evaluating the 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 Company operates.

The range of values per share of the Company Shares obtained from the DCF Method is 3,446 yen to 5,664 yen, which is derived by evaluating the 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 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 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 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.

Kintetsu Group Holdings ultimately determined by resolution of a meeting of its board of directors held on May 13, 2022 that the Tender Offer Price is 4,175 yen per share in light of the results of discussions and negotiations with the Company, etc. by comprehensively considering factors such as the result of the calculation of the share value of the 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 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 Company, trends in the market share price of the 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 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).

Kintetsu Group Holdings 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.

Note: In calculating the value of the 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 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 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 Kintetsu Group Holdings and the 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 Kintetsu Group Holdings to use the calculation results as a reference for considering the share value of the Company.

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

In order to express its opinion concerning the Tender Offer, the Company requested Daiwa Securities, a financial advisor and third-party appraiser independent of the Company and Kintetsu Group Holdings, to submit the Company Valuation Report to ensure fairness in the decision-making process regarding the Tender Offer Price presented by Kintetsu Group Holdings, and obtained the Company Valuation Report as of May 12, 2022. Daiwa Securities is not a related party of the Company or Kintetsu Group Holdings and does not have a material interest in the Tender Offer that should be stated. Since Kintetsu Group Holdings and the 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.

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

The range of values per share of the 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 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 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 Company Shares obtained from the DCF Method is 3,483 yen to 4,917 yen, which is derived by analyzing the 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 Company is expected to generate in and after the fiscal year ending March 2023 based on revenues and investment plans set out in the Company's business plan prepared by the 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 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) is expected 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 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

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

(i) Background behind Establishment, etc.

As stated in the “(1) Grounds and reasons for the decision to approve the Demand for Shares Cash-Out” above, the 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 Company had individually explained to independent outside directors and independent outside audit and supervisory board members of the Company, who do not have a material interest in Kintetsu Group Holdings, while receiving the advice from Nakamura, Tsunoda & Matsumoto to the effect that the Company received a request from Kintetsu Group Holdings 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 Kintetsu Group Holdings and from the perspective of enhancing the Company’s corporate value and securing the interests of the 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 Kintetsu Group Holdings. 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 Company confirmed the independence, appropriateness, etc. of the independent outside directors, the independent outside audit and supervisory board members, etc. of the 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 Kintetsu Group Holdings nor have a material interest different from general shareholders regarding whether the Transactions succeed. Subsequently, the Company discussed with the independent outside directors and the independent outside audit and supervisory board members of the 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 Company nominated three candidates to be members of the Special Committee: Mr. Jun Yanai (an independent outside director of the 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 Company), who has extensive experience and expertise as a lawyer; and Mr. Masayuki Kobayashi (an independent outside audit and supervisory board member of the 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 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, as stated in “(1) Grounds and reasons for the decision to approve the Demand for Shares Cash-Out” above, the 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 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 Company’s expense, (c) to express an opinion regarding the policy for negotiations between the Company and Kintetsu Group Holdings, give instructions and requests to the person in charge of negotiations, and directly negotiate with Kintetsu Group Holdings as necessary, and (d) to conduct any other matters necessary to examine the Advisory Matters.

The board of directors meeting of the 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 Kintetsu Group Holdings and Mr. Kazuyasu Ueda served as an officer of Kintetsu Group Holdings. 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 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 Kintetsu Group Holdings.

Also, two of the directors of the 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 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 Kintetsu Group Holdings and the Company and Deloitte Tohmatsu Financial Advisory as its own financial advisor and third-party appraiser independent from Kintetsu Group Holdings and the Company. The Special Committee confirmed that Nishimura & Asahi and Deloitte Tohmatsu Financial Advisory are not parties affiliated with Kintetsu Group Holdings or the 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 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 Company involved in the examinations, negotiations, and decision-making pertaining to the Transactions, and their duties) established by the 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 Kintetsu Group Holdings 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 Company with respect to the Company's views on significance and purpose of the Transactions, effect on the business of the 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 Company after confirming the

reasonableness thereof based on explanations received from the 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 “(B) Obtainment by the Company of a Share Price Valuation Report from an Independent Third Party Appraiser” above and “(D) Obtainment by the Special Committee of a Share Price Valuation Report and a Fairness Opinion from an Independent Third-Party Appraiser” below, Deloitte Tohmatsu Financial Advisory and Daiwa Securities conducted evaluations of the Company Shares based on the content of business proposal of the 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 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 “(D) 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 Company and the advisors of the Company regarding negotiations between the Company and Kintetsu Group Holdings, 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 Company. Specifically, since receiving a report from the Company to the effect that it received on April 1, 2022 the initial proposal from Kintetsu Group Holdings that the Tender Offer Price should be 4,000 yen per share and an opinion from Daiwa Securities regarding policy for negotiating with Kintetsu Group Holdings, 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 Company should request that Kintetsu Group Holdings reexamine the Tender Offer Price as it had not yet reached a fair price. After that, upon receiving a report from the Company to the effect that it received from Kintetsu Group Holdings 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 Company should request that Kintetsu Group Holdings reexamine the Tender Offer Price as it had not yet reached a fair price. Subsequently, upon receiving a report from the Company to the effect that it received from Kintetsu Group Holdings 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 Company should request that Kintetsu Group Holdings

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 Company requested Kintetsu Group Holdings to reconsider the Tender Offer Price being 4,350 yen. Following that, upon receiving a report from the Company to the effect that it received a proposal from Kintetsu Group Holdings 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 Company should request that Kintetsu Group Holdings 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 Company requested Kintetsu Group Holdings to reconsider the Tender Offer Price being 4,250 yen. As stated above, after receiving the initial proposal from Kintetsu Group Holdings 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 Company regarding the proposals from Kintetsu Group Holdings and played a key role in the overall process of discussions and negotiations between the Company and Kintetsu Group Holdings regarding the Tender Offer Price when receiving each report by, after deliberations and examination, giving instructions and requests to the Company to the effect that the Company should request Kintetsu Group Holdings 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 Company using the DCF Method, and other factors. As a result, the Company received on May 11, 2022 a proposal from Kintetsu Group Holdings 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 Kintetsu Group Holdings to 4,175 yen.

Furthermore, on several occasions the Special Committee received explanations from Nakamura, Tsunoda & Matsumoto regarding content of the draft of the Opinion Press Release pertaining to the Tender Offer to be announced by the 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 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 Company's board of directors to express an opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer.

- ii. The Special Committee considers that the decisions of the 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 Company's shareholders tender their shares in the Tender Offer and (B) the decision regarding procedures for making the 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 Company.
- (b) Reasons for Report
- i. Due to the following reasons, no unreasonable matters can be found in regard to the Company's determination that the Transactions will contribute to enhancing the 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 Kintetsu Group Holdings and the Company have based their decisions, and in regard to the details of matters such as the purposes of the Transactions as viewed by Kintetsu Group Holdings and the Company, no matters have been found that are inconsistent between Kintetsu Group Holdings and the Company or that are clearly contrary to objective facts.
 - While the 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 Company considers that by becoming a wholly-owned subsidiary of Kintetsu Group Holdings 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 Company.
 - When the Company examines M&A or capital and business alliances in the future, in addition to the knowledge, know-how, and human resources held by Kintetsu Group Holdings in relation to M&A, etc. being shared with the Company, there are considered to be certain merits to utilizing efficient financing by Kintetsu Group Holdings, 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 Kintetsu Group Holdings, 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 Company, but that through the Company becoming a wholly-owned

subsidiary of Kintetsu Group Holdings, 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 Company becoming a wholly-owned subsidiary of Kintetsu Group Holdings through the Transactions, according to the management of the Company and to Kintetsu Group Holdings, 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 Company will lose the merit of transparency being ensured in regard to matters such as sustainability efforts due to the Company being a listed company and thereby being able to easily provide explanations and make appeals to transaction partners in regard thereto; however, the 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 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 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 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 Company Share under the market price method and is within the ranges of values of the share value per Company Share under the DCF Method calculated in the 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 from Kintetsu Group Holdings 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 Kintetsu Group Holdings was considered not having reached a fair price yet, and the Company engaged in negotiations regarding the Tender Offer Price with Kintetsu Group Holdings through fair procedures that eliminated the influence of Kintetsu Group Holdings, 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 from the price initially proposed by Kintetsu Group Holdings.
 - 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 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 Company and Kintetsu Group Holdings regarding transaction terms such as the Tender Offer Price, and a system has been ensured in which the 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 Company, Mr. Tetsuya Kobayashi, who holds a position as a director of Kintetsu Group Holdings, and Mr. Kazuyasu Ueda, who held a position as an officer of Kintetsu Group Holdings in the past, plan to not participate in any way in deliberations and resolutions of the Company's board of directors concerning the Transactions. Additionally, of the audit and supervisory board members of the Company, Mr. Yusuke Kawasaki, who holds a position as an audit and supervisory board member of a subsidiary of Kintetsu Group Holdings, 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 Company has established a project team comprising solely officers and employees of the Company who do not concurrently hold a position as an officer or employee in any company of Kintetsu Group Holdings Group (excluding the Company Group) (the "**Tender Offeror Group (Excluding the Company Group)**") and who have not held a position as an officer or employee in any company of Kintetsu Group Holdings Group (Excluding the Company Group) in the past and has created an internal system for examining, negotiating, and making determinations about the Transactions independently from Kintetsu Group Holdings.
- The Company and the Special Committee have each received independent expert advice, etc. from outside experts.
- The Company has obtained the 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 Kintetsu Group Holdings holds 33,900,800 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 Kintetsu Group Holdings, 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 Kintetsu Group Holdings 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 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 Company that the Transactions will contribute to enhancing the 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 Company through fair procedures in the Transactions, the Special Committee considers it appropriate for the Company's board of directors to express an opinion in favor of the Tender Offer and to recommend that the 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 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 Company's shareholders tender their shares in the Tender Offer and (B) the decision regarding procedures for making the 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 Company.
- (D) 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 Company and Kintetsu Group Holdings

In examining the Advisory Matters, the Special Committee requested Deloitte Tohmatsu Financial Advisory, a financial advisor and third-party appraiser independent of the Company and Kintetsu Group Holdings, to calculate the value of the Company Shares and provide an opinion on whether the terms of the Transactions are fair to the minority shareholders of the 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 Company or Kintetsu Group Holdings 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 Pertaining to the Company Shares

After considering which of several calculation methods should be used to calculate the value of the Company Shares, on the assumption that the Company is a going concern, and based on the belief that multifaceted valuation of the value of the Company Shares would be appropriate, Deloitte Tohmatsu Financial Advisory analyzed the share value of the Company using the following valuation methods: (i) the market price method, because the 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 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 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 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 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 Company Shares obtained from the DCF Method is 3,589 yen to 4,821 yen, which is derived by analyzing the 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 Company is expected to generate in and after the fiscal year ending March 2023 based on revenues and investment plans set out in the Company's business plan prepared by the 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 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 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 "(C) Establishment by the 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 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 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 Company of any expenses incurred in the course of the provision of its services. The agreement between the 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 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 Company, Kintetsu Group Holdings, 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 Company, Kintetsu Group Holdings, 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 Company's explanation of the details of the Transactions;
- (ii) Recent status of the industry to which the Company belongs;
- (iii) Market prices and the status of market transactions of the Company Shares;
- (iv) The details of the 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 Company and the Special Committee; and
- (v) Other information that Deloitte Tohmatsu Financial Advisory deemed necessary or appropriate and obtained through inquiries to the 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 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 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 Company's prospective business plan that Deloitte Tohmatsu Financial Advisory used with the Company's consent had been reasonably prepared incorporating the optimal and best projections and decisions available to the Company. Furthermore, in expressing the opinions contained in the Fairness Opinion, Deloitte Tohmatsu Financial Advisory relied on the 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 Company's management with regard to the fact that no material events with respect to the 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 Company or Kintetsu Group Holdings without affecting in any manner the anticipated benefits of the Transactions. Furthermore, Deloitte Tohmatsu Financial Advisory assumed that the accounting and tax effect of this Transaction 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 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 Company's shareholders to exercise their voting rights concerning the Transactions. The Fairness Opinion is not addressed to any third party other than the 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 Company's shareholders) other than the Company.

Deloitte Tohmatsu Financial Advisory assumes no obligations towards the Company or the 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 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 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 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 Company from a financial perspective based on the findings above and on the assumption that there are no significantly unreasonable elements in the Company's decision-making process concerning the Transactions.

(E) Advice Received by the Special Committee from an Independent Law Firm

The Special Committee appointed Nishimura & Asahi as its legal advisor independent from the Company and Kintetsu Group Holdings and receives 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 Company or Kintetsu Group Holdings and has no material interest in the Transactions, including the Tender Offer.

(F) Advice Received the Company from an Independent Law Firm

The Company appointed Nakamura, Tsunoda & Matsumoto as its legal advisor independent from the Company and Kintetsu Group Holdings and receives 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 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 Company or Kintetsu Group Holdings and has no material interest in the Transactions, including the Tender Offer.

(G) Creation by the Company of an Independent Examination System

As stated in “(1) Grounds and reasons for the decision to approve the Demand for Shares Cash-Out” above, the Company created an internal system for examining, negotiating, and making determinations about the Transactions independently of Kintetsu Group Holdings. Specifically, after receiving a written proposal from Kintetsu Group Holdings on December 6, 2021, stating that it wished to commence initial examinations and discussions towards the implementation of the Transactions, the 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 Company Shares) as well as discussions and negotiations with Kintetsu Group Holdings. 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 Kintetsu Group Holdings Group (excluding the Company Group) and who have not held a position as an officer or employee in any company of Kintetsu Group Holdings Group (excluding the Company Group) in the past. The 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 Company (including the scope of officers and employees of the Company to be involved in examining, negotiating, and making determinations about the Transactions and the duties thereof), including the exclusion of the Company’s officers and employees as stated above.

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

The Company carefully discussed and examined as to whether the Transactions, including the Tender Offer by Kintetsu Group Holdings, would contribute to enhancing the 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 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 Kintetsu Group Holdings, and other related materials. As a result, as stated in "(1) Grounds and reasons for the decision to approve the Demand for Shares Cash-Out" above, the Company has resolved, at its board of directors meeting held on May 13, 2022, to state its opinion supporting the Tender Offer, and to recommend that the 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 Company excluding Mr. Tetsuya Kobayashi and Mr. Kazuyasu Ueda, because Mr. Tetsuya Kobayashi holds a position as a director of Kintetsu Group Holdings and Mr. Kazuyasu Ueda held a position as an officer of Kintetsu Group Holdings 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 Company's audit and supervisory board meeting held on May 13, 2022 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 Company's board of directors meeting stating its opinion approving the Tender Offer and recommending that the 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 Company who holds a position as an audit and supervisory board member at a subsidiary of Kintetsu Group Holdings, 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 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 Company.

(I) No Transaction Protection Clause

The Company and Kintetsu Group Holdings have not entered into any agreement that restricts the Company from contacting persons other than Kintetsu Group Holdings making counter tender offers (“**Counter Offerors**”), including any agreement containing a transaction protection clause that forbids the 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 Company’s Shareholders Have the Opportunity to Make Appropriate Judgments as to Whether or Not to Tender in the Tender Offer

As stated in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” in “3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor” in the Opinion Press Release, Kintetsu Group Holdings ensures an opportunity for the 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 Company’s shareholders (excluding Kintetsu Group Holdings and the Company) by (i) employing methods ensuring the right of the 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 Kintetsu Group Holdings through the successful completion of the Tender Offer, Kintetsu Group Holdings, promptly after the completion of the settlement of the Tender Offer, either will make the demand for shares cash-out for all of the Company Shares (excluding the Company Shares owned by Kintetsu Group Holdings and treasury shares owned by the Company) or will make a demand to the 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 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 Company’s shareholders as consideration for each Company Share in a demand for shares cash-out or share consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Shares owned by those shareholders (excluding the Company and Kintetsu Group Holdings).

In addition, while the minimum tender offer period set forth in the laws and regulations is 20 Business Days, Kintetsu Group Holdings has set the Tender Offer Period at 37 Business Days. By setting the Tender Offer Period to a relatively long period, Kintetsu Group Holdings ensures that the shareholders of the 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 Kintetsu Group Holdings intends to ensure the appropriateness of the Tender Offer Price.

4. Future Prospects

The Company's management structure, management policy and plans, etc. after the Company's decision to approve the Demand for Shares Cash-Out will be discussed and deliberated between the Company and Kintetsu Group Holdings.

5. Matters Relating to Transactions with a Controlling Shareholder

(1) Status of Compliance with the Policy on Measures to Protect Minority Shareholders in Transactions with a Controlling Shareholder

Since Kintetsu Group Holdings is a controlling shareholder (the parent company) of the Company, the approval of the Demand for Shares Cash-Out by the Company's board of directors constitutes a transaction with a controlling shareholder for the Company. While the Company did not establish a "Policy on Measures to Protect Minority Shareholders in Transactions with a Controlling Shareholder" in its Corporate Governance Report disclosed on June 20, 2022 and updated on June 30, 2022, its basic policy in conducting transactions with a controlling shareholder is to take measures to ensure the fairness of transactions with a controlling shareholder and measures to avoid conflicts of interest, such as by receiving advice from experts and third-party institutions who do not have a material interest in the Company or the controlling shareholder as necessary, and to make decisions upon careful deliberation by the board of directors in order to appropriately conduct the transactions without harming the interests of minority shareholders.

As stated in "(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest" under "3. Grounds and Reasons, etc. for the Decision to Approve the Demand for Shares Cash-Out" above, with regard to the process leading to the Company's decision-making regarding the approval of the Demand for Shares Cash-Out, the Company's board of directors has conducted careful discussions and examinations in light of the Company Valuation Report prepared by Daiwa Securities, the legal advice received from the Company's legal advisor, Nakamura, Tsunoda & Matsumoto, regarding the method and process of the decision-making of the Company's board of directors for various procedures relating to the Transactions, including the Demand for Shares Cash-Out, as well as other matters requiring consideration upon decision-making, the Written Report submitted by the Special Committee, and other related materials. Since the Company has taken appropriate measures to avoid harming the interests of minority shareholders, it determined that these measures conform to the above-mentioned basic policy.

(2) Matters Concerning Measures to Ensure Fairness and Avoid Conflicts of Interest

Please refer to “(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest” under “3. Grounds and Reasons, etc. for the Decision to Approve the Demand for Shares Cash-Out” above.

(3) Summary of Opinion that the Transactions are Not Disadvantageous to the Company’s Minority Shareholders Obtained From Parties Having No Conflict of Interest with the Controlling Shareholder

On May 12, 2022, the Company received the Written Report from the Special Committee, which is independent from the Company and Kintetsu Group Holdings, stating that the decisions of the Company’s board of directors regarding the Transactions (meaning (A) the decisions to express an opinion in favor of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer and (B) the decisions regarding procedures for making the 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) can be considered to not be disadvantageous to the minority shareholders of the Company.

For more details, please refer to “(C) Establishment by the Company of an Independent Special Committee, and Obtainment of a Written Report Therefrom” under “(4) Measures to Ensure Fairness of the Transactions and Measures to Avoid Conflicts of Interest” under “3. Grounds and Reasons, etc. for the Decision to Approve the Demand for Shares Cash-Out” above.

The Written Report is related to the Transactions, including the Demand for Shares Cash-Out, so the Company did not obtain any further opinions regarding the Demand for Shares Cash-Out from any party who has no interest in the controlling shareholder.

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