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April 23, 2024

To whom it may concern:

Company	AZ-COM MARUWA Holdings Inc.
Representative	Masaru Wasami, President (Stock Code: 9090, TSE Prime)
Inquiries	Director and Executive Operating Officer, General Manager of Corporate Management Group Masanao Kuzuno (tel.: +81-3-3261-1000)

**Notice Regarding Submission of Response to “the Second List of Inquiries as to Scheduled Commencement of Tender Offer for Company’s Stock by AZ-COM MARUWA Holdings Inc.”
from Chilled & Frozen Logistics Holdings Co., Ltd. (Code: 9099)**

As stated in the “Notice Regarding Plans to Commence Tender Offer for the Shares of Chilled & Frozen Logistics Holdings Co., Ltd. (Code: 9099)”, dated March 21, 2024, AZ-COM MARUWA Holdings Inc. (the “Company”) decided, as part of a series of transactions for the purpose of making Chilled & Frozen Logistics Holdings Co., Ltd. (“Target”) a wholly-owned subsidiary of the Company (the “Transaction”), to acquire Target’s ordinary shares through a tender offer (“Tender Offer”); on the same date, the Company submitted to Target a Statement of Intent setting forth the Company’s detailed proposal relating to the Transaction (the “Company Proposal”).

Subsequently, as stated in the “Notice Regarding Receipt of Second List of Inquiries Regarding Plans to Commence Tender Offer for Company’s Stock by AZ-COM MARUWA Holdings Inc. (Code: 9099)”, dated April 19, 2024, in response to the first List of Inquiries received from Target on April 10, the Company submitted to Target a Response Letter on April 12; on April 19, the Company received a second List of Inquiries from Target.

Thus, on this day, the Company submitted a Response Letter to Target responding to this second List of Inquiries, and the Company hereby gives notice of this. Please see the attachment for the content of the Response Letter.

As stated in the “Notice Regarding Submission of Responses to ‘the List of Inquiries’ from Chilled & Frozen Logistics Holdings Co., Ltd. (Code; 9099)”, dated April 15, the Company believes that the Company Proposal, in light of the Tender Offer price and other conditions, represents a proposal where “an increase in corporate value can be reasonably expected” as stated in the “Guidelines for Corporate Takeovers (Enhancing Corporate Value and Securing Shareholders’ Interests)” released by METI on August 31, 2023. We would hope that Target’s Board of Directors and Special Committee give sincere consideration to the pros and cons of realizing, through the Transaction, the “Basic Policy” that Target has been espousing since its establishment, namely, “to keep enhancing corporate value by realizing added value relating to logistics and further

strengthening logistics quality”.

The Company will continue to respond in good faith, providing, in a timely manner, Target’s Board of Directors and Special Committee with the information necessary for Target to state its opinion regarding the Tender Offer.

End

(Attachment)

April 23, 2024

Chilled & Frozen Logistics Holdings Co., Ltd.

Hiromasa Aya, Representative Director, President and Executive Officer

AZ-COM MARUWA Holdings Inc.

Masaru Wasami, Representative Director and President

Second Response

Greetings

We have received Your “Second List of Inquiries” dated April 19, 2024 (“Second List of Inquiries”) and give our responses as follows. Please note that unless otherwise defined in this letter, the terms used in this Second Response Letter shall have the same meanings as those used in the April 12 “Response” (“First Response Letter”), the April 10 “List of Inquiries”, and the Second List of Inquiries.

Should the responses in the First Response Letter and this Response Letter prove insufficient to address the concerns of the Special Committee, we stand ready to provide good faith and detailed explanations with the goal of fully resolving these concerns. We are prepared to provide these explanations directly to the Special Committee at its convenience, including the meeting scheduled for April 24.

Regards

1. “Schedule, Scheme, Transaction Conditions for the Tender Offer”

Second Inquiries, Question 1.(a)①

We have received numerous initial manifestations of intent relating to multiple initial counterproposals. Please respond again as to whether you are considering agreeing to postponing the commencement of the Tender Offer.

The Company’s Response

With respect to the “numerous initial manifestations of intent relating to counterproposals” of the Second List of Inquiries, since we have not received any information about the legitimacy of the purpose, the specificity of the proposal, or the degree of feasibility, we are not contemplating postponing the commencement of the Tender Offer at this time solely due to these manifestations of intent.

Second Inquiries, Question 1.(a)②

If you do not agree to postpone the commencement of the Tender Offer, please explain again your reasons in light of the fact that we have received numerous initial manifestations of intent relating to counterproposals, and we believe that commencement of the Tender Offer should be postponed so that we can seriously consider the advisability of this Proposal and the counterproposals.

The Company's Response

As explained in the First Response Letter, the Tender Offer will commence with the March 21, 2024 Disclosure and conclude upon the closing of the Tender Offer. This period is expected to take between two to three months, which is necessary for the market checks. To date, no information has been disclosed regarding legitimacy of the purpose, specificity of the proposal, degree of feasibility of the initial manifestations of intent relating to the counterproposals that You have received. Hence, we do not anticipate postponing the commencement of the Tender Offer, which is a bona fide acquisition proposal that we made solely on the basis that these manifestations of intent.

Meanwhile, in the event that a third party publicly announces the commencement of a tender offer or a bona fide acquisition proposal for a legitimate purpose that has sufficient specificity and feasibility prior to the end of the Tender Offer period, we will consider taking measures necessary to extend the Tender Offer Period or otherwise provide an opportunity for Your shareholders to make an informed judgment. In Second Inquiries, Question 1.(a), You wrote, "The commencement of the Tender Offer needs to be postponed at least until the end of May." However, as stated above, we will consider the necessary measures if a third party publicly announces a bona fide acquisition proposal by the end of May. Otherwise, we believe that it is unnecessary to postpone the commencement of the Tender Offer.

In the Second List of Inquiries, You stated that Your major customers and employees were expressing concerns about the Transaction. In light of this, we would like to reiterate our position.

In the First Response Letter, we have explained the Transaction to a number of major shareholders whom we believe are Your shareholders. We also explained the Transaction to Your customers, in accordance with our customer first policy. There have been no negative reaction toward the Transaction. In fact, we have been receiving positive feedback from both groups, including voices expecting our initiatives to resolve issues faced by the logistics industry as a whole, which is even considered as a social issue. Following the First Response Letter, we provided additional explanations on an individual basis to Your shareholders and customers, and most of whom responded favorably to our efforts in a transparent conversation. We did not hear any negative opinions about the Transaction. However, if any customer raises specific concerns, in accordance with our "Customer First" management philosophy, we will strive in good faith to resolve such customer's concerns (see our response to Second Inquiries, Question 1.(a)③). As

stated in the March 21, 2024 Disclosure, we intend to maintain transactional relationships with Your group's customers after the Transaction and to engage in sales activities that further address customer needs.

Also, as stated in the March 21, 2024 Disclosure, we have no intention of changing the employment status or employment terms of Your employees. Following the Transaction, we will provide a safe environment for Your employees to maintain their roles in the new corporate group -for example, drivers will continue to work as drivers. We will also offer a variety of career opportunities, such as dispatch controller, low-temperature food logistics center manager, and new cold chain services development team member. We will support every employee's career development, including, for example, those who retire as a driver due to high age. Additionally, we believe that the enhancement of medium-to-long-term corporate value through the synergy effects with our group after the Transaction may lead to further improvements in the treatment of Your employees. For these reasons, we believe that the Transaction will contribute to the benefit of Your employees. As stated in the March 21, 2024 Disclosure, PHYZ Holdings Inc., who joined our group in March 2022, has expanded its performance through collaboration with us, while still maintaining a corporate culture different from that of our group. We have the experience of achieving the fusion with companies having different corporate cultures, and will strive sincerely to resolve concerns of Your employees.

Second Inquiries, Question 1.(a)③

While the Transaction imposes considerable financial burdens and risks on you, we, the company that is being acquired, are willing to accept due diligence. We would like to understand the reason why you choose not to conduct due diligence. Also, please explain how you will account to your general shareholders for not conducting due diligence.

The Company's Response

First, as stated in Question 5. below, we do not rely solely on specific indicators such as the consolidated equity ratio. Instead, we carry out complex analysis of multiple financial indicators and evaluate financial risks to operate our business with financial discipline. Regarding this Transaction, we have made an appropriate validation of the retirement of debt, and we believe that in light of the cash flow after the Transaction, there will not be any substantial post-Transaction financial risk.

Secondly, as stated in the First Response Letter, we belong to the same logistics industry as You and fully understand the business environment of this area as well as the roles You play. Therefore, we have proposed the Tender Offer Price after thoroughly considering and assessing the potential synergies that would be generated through the Transaction as well as the risks that would accompany the Transaction, based on published information and advice from third-party experts.

As a result, we believe that there is no need to conduct due diligence at this point in time. Your well-run business operation, stable cash flow, and capital investment over the years dispel our concerns about any potential negative effects. Even if there happens to be such risk, we believe that the potential for enhanced corporate value through the synergies that we expect to be generated between the two firms will outweigh the risk. We will continue to explain to Your shareholders that the Transaction is critical not only for realizing the synergy effects and enhancing corporate value, but also for fulfilling the social mission of logistics companies.

As stated in the response to Second Inquiries, Question 1.(a)② above, we will strive sincerely to resolve Your customers' concerns. If any of Your customers have specific concerns, please provide us with the name of the customer and of the nature of the transaction. If it is difficult for You to disclose this information, we are also willing to accommodate the appropriate way of information disclosure. Furthermore, in the Second List of Inquiries, You did not indicate any concerns that through our due diligence we might find some undisclosed risks that would cause us to lower our proposed Tender Offer price. However in Your April 10, 2024 "List of Inquiries", You stated, "by carrying out due diligence, it is possible that you will come to properly understand the corporate value of our company and the synergy effects that would arise between your Company and ours and thus present a higher acquisition price to our shareholders." In other words, Your Board of Directors believes that there are more profits to be derived from the Transaction than we have envisioned, and that the due diligence will help us understand the extra gains. As stated in the First Response Letter, if we can reasonably determine that the synergies generated through the acquisition are going to exceed our expectation, we will consider a fair distribution of "a price that cannot be realized without acquisition" (i.e., the gains arising from acquisition). Therefore, we request that You provide us with the specific basis on which Your Board of Directors and Special Committee formed the belief that the profits generated from the acquisition would be greater than those that we envisioned. If we receive the proof, we are prepared to hold serious discussions with You between now and early May, when the Tender Offer is scheduled to begin, on the basis of Your explanation.

A detailed account of the course of our consideration thus far has been shared with our shareholders in (i) the March 21, 2024 Disclosure, (ii) the Letter of Intent, and (iii) the "Supplementary Materials Relating to Plan to Commence a Tender Offer for Chilled & Frozen Logistics Holdings Co., Ltd.", together with the First Response Letter. In addition, we will provide further details of our subsequent consideration in the Tender Offer Statement. If it becomes necessary, we also plan to set up a venue to provide explanations to our shareholders.

Second Inquiries, Question 1.(b)①

Given the possibility, as discussed above, that passive index funds and the employee stock and

transaction partner stock ownership associations will not vote in favor of the Share Consolidation Proposal even if the Tender Offer is successful, please respond again as to whether you are contemplating raising the lower limit of the Tender Offer.

The Company's Response

At this point in time, we are not contemplating raising the lower limit of the number of shares planned for purchase in the Tender Offer. As for the reason, please refer to the response to Question 1,(b)② below.

Second Inquiries, Question 1.(b)②

Given the possibility, as discussed above, that passive index funds and the employee stock and transaction partner stock ownership associations will not vote in favor of the Share Consolidation Proposal even if the Tender Offer is successful, please explain again the reasons you will not agree to raise the lower limit in the Tender Offer.

The Company's Response

In the Second List of Inquiries, You stated that even if the Tender Offer were successful, circumstances might arise where a squeeze-out could not take place and where this would pressure Your shareholders who feel insecure in such circumstances to tender their shares in the Tender Offer. However, as stated in the March 21, 2024 Disclosure and the First Response Letter, we expect that if the Tender Offer is successfully completed, a squeeze-out will certainly be carried out.

Further, if the total number of shares tendered during the Tender Offer Period reaches the lower limit of the number of shares planned for purchase, the Company will promptly issue an announcement to that effect and extend the Tender Offer Period so that there are 10 business days left in the Tender Offer Period, counting from the business day following the date of such announcement. This arrangement allows shareholders opposing the Tender Offer to choose not to tender their shares in the initial Tender Offer Period. If the total number of shares tendered during the Tender Offer Period reaches the lower limit of the number of shares planned for purchase, they will still have an opportunity to tender their shares during the extension period. Thus, in the Transaction, Your shareholders can express their intention to support or oppose the Transaction through the tendering of shares in the initial Tender Offer Period, without any concerns about being left alone as minority shareholders. Therefore, the Company believes that the conditions for the Transaction have been set in such a manner as to eliminate coercion.

Further, even if some shareholders do not tender their shares during the Tender Offer Period and the Share Consolidation Proposal is subsequently rejected, we still plan to additionally acquire Your Shares at the Tender Offer Price until the number of its shareholdings reach the

number equivalent to the number of voting rights at the shareholders meeting planned to convene next multiplied by two-thirds, and demand that such shareholders meeting be convened. Therefore, we believe that shareholders who are willing to sell Your shares will not remain as minority shareholders.

Because none of the concerns described in the Second List of Inquiries are currently applicable, we do not plan to raise the lower limit of the number of shares for purchase in the Tender Offer at this time.

2. “Regarding Awareness of Facts Relating to the Background to this Matter”

Second Inquiries, Question 2.①

If even in consideration of the facts above, you still think we did not consider the previous business integration proposal sincerely, please explain the specific reasons.

The Company’s Response

As You are aware, on October 17, 2022, we approached You about a business integration. In light of Your response, on December 6, we presented You with a specific proposal for business integration (“Initial Proposal”). The Initial Proposal set forth a schedule for discussion and consideration between the parties, on the assumption the business integration would be approved at the extraordinary general shareholders meetings to be held in August-September 2023. The business integration would then be expected to take effect in January 2024. The schedule included periods for consideration and discussion regarding organizational design of the post-transaction integration company and various matters related to the consolidation.

Subsequently, on March 28, 2023, we received from You questions regarding the Initial Proposal, and submitted our responses on April 7. On April 11, we had our first meeting with You. The second and third meetings were held on April 25 and May 15, respectively, where we had preliminary discussions on a variety of areas. At the third meeting, You indicated that You wished to conclude the first phase of discussions. However, as was clear from the content of the Initial Proposal, we considered the questions and answers and the exchange of opinions on “AZ-COM Matsubushi” to be only the starting point of our discussion, and wished to further discuss the overall synergy effects that would arise through the wide-ranging collaboration with You. In the meetings held in the second half of the year (a total of three times, on June 22, August 4, and September 4), Your questions focused on matters relating to “AZ-COM Matsubushi”. Despite our efforts to initiate discussions on the wide-ranging collaboration beyond “AZ-COM Matsubushi”, You made no specific response. Hence, we were unable to pursue a in-depth discussion to explore the wide-ranging synergy effects that we contemplated in the Initial Proposal.

During the discussions held on June 22 between Mr. Kuzuno, our director and executive

operating officer, and Mr. Aya, Your representative director, president and executive officer, we requested a top-level meeting between Mr. Wasami, our representative director and president, and Mr. Aya, in order to further our discussions. However, You declined this request and indicated Your intention to continue to have Mr. Muto, Your representative director and executive operating officer, represent Your company.

Further, as stated in the March 21, 2024 Disclosure and the First Response Letter, we have identified the strengthening of the logistics network (joint transport) as one of the synergy effects of collaborating with Your Company. During our meeting held on August 4, 2023, we made a proposal to deepen our discussions through visiting each other's logistics centers, which was accepted by You. However, in response to the date we proposed on August 7 (which would be September 4), for reason of inconvenience, You unilaterally cancelled the visit that You had agreed to, without suggesting an alternative date.

It is true that on November 1, 2023, Mr. Aya and Mr. Muto visited the Company to have a meeting with Mr. Wasami, Mr. Yamamoto, our director and vice president and executive officer, and Mr. Fujita, our director and executive operating officer. Nevertheless, at the meeting, You only read the content of a notice that You had brought to the meeting, stating that You were suspending consideration of the former business integration proposal. The notice stated that the proposal had been considered in accordance with the Guidelines for Corporate Takeovers. Yet at the meeting, You did not provide us with any specific reason for the suspension or explain, beyond what was written in the notice, the course of consideration or the details of the discussions at Your Board of Directors and Joint Value Creation Committee.

Given the foregoing facts, we have sufficient reasons to believe that You were not genuinely considering this matter.

If You insist that You have given serious consideration to the former business integration proposal, we request that You provide us with a detailed account of the course of consideration about the business integration proposal at Your Board of Directors and Joint Value Creation Committee.

3. “Regarding Representative Director and President Wasami”

Second Inquiries, Question 3.①

Please inform us when exactly Mr. Wasami last purchased shares in our company.

The Company's Response

As stated in the First Response Letter, the most recent purchase of shares in Your Company by Wasami was on March 31, 2022. Wasami placed an order with a securities company where he had opened an account as an individual. The order was placed during a certain period of time under a

certain limit, at a price based on the volume weighted average price (VWAP), and based on such order and through the delegated securities company. Through this order, a total of 6,900 shares were being purchased and executed on March 30 and March 31. As a result, Wasami now holds 728,400 shares in Your Company, as described in the First Response Letter. Since the transfer date of listed shares is the third business day from the execution day (so-called “T+2”), accordingly, for the order executed on March 30, 2022, the shares were transferred on April 1, 2022 and for the order executed on March 31, 2022, the shares were transferred on April 4, 2022, which explains why these transactions were not reflected on Your Company’s shareholder register as of March 31, 2022. In addition, we would like to note that the last purchase order by the securities company at the VWAP was placed on March 31, 2022. This was stated in the First Response Letter, in which it was also noted that on the same day Your Company requested Wasami to stop purchasing additional shares, for which Wasami had stopped giving further instructions to the securities company to purchase more shares. It is a well-known fact that there is a certain time lag between the execution of purchase orders for listed shares and the transfer of the shares. However, without mentioning this, Your Company’s question simply states that “the possibility that Wasami carried out purchases of shares of the Company after March 31, 2022 cannot be denied”. The reflection of the purchases on Your Company’s shareholder register occurred on or after April 1 is a natural consequence of the facts we explained in the First Response Letter.

Therefore, Wasami did not purchase shares in Your Company on or after April 1, 2022.

Question 2, 3②

Please inform us when exactly you began considering business integration with our Company.

The Company’s Response

In September 2022, roughly six months after Wasami suspended the purchase of shares in Your Company, we launched an initial consideration among people who are in charge of the business. As set forth in the March 21, 2024 Disclosure, we started a substantial consideration among the same people in October 2022. For the avoidance of doubt, the results of these reviews were specifically shared with Wasami in December 2022, and thus, there is no risk that Wasami’s acquisition of Your Company’s shares may violate insider trading rules or any other laws and regulations.

Second Inquiries, Question 3.③

In the First Response Letter, “6. Our Company’s Post-Transaction Governance Framework,” you emphasize that your Company’s Board of Directors performs sufficient and effective supervision of Mr. Wasami; please respond as to whether your Company’s Board of Directors has discussed Mr. Wasami’s acquisition of shares in the Company, and what was specifically discussed

(including any feedback from outside directors and statutory auditors).

The Company's Response

The Company's Board of Directors performs sufficient and effective supervision of Wasami. The shares in Your Company that Wasami holds were not acquired by the Company but by Wasami himself as an individual. How Wasami as an individual uses his own assets is, in principle, something that falls outside of the scope of supervision of Wasami by the Company's Board of Directors. Therefore, the Company's Board of Directors did not discuss Wasami's purchases of the shares in Your Company.

The Company's Board of Directors was informed of Wasami's holdings of shares in Your Company in June 2022, when Your Company's Seventh Term (March 2022 term) Securities Report listed Wasami as a large shareholder. This was due to the fact that one of the top ten shareholders in the past had recently sold its shares, for which Wasami moved up in the rankings without acquiring additional shares at that time.

Under the Company Group's Insider Trading Prevention Rules, we endeavor to ensure that all officers and employees are aware of, and comply with, insider trading rules and other relevant laws and regulations. While the foregoing rules clearly instruct officers and employees to comply with insider trading regulations for listed shares other than shares in the Company as well, there are no requirements of approval or procedural restrictions imposed on officers and employees carrying out transactions of listed shares other than shares in the Company. Naturally, in order to prevent our Company Group's officers and employees from violating Article 166, Paragraph 1 and Article 167, Paragraph 1 of the Financial Instruments and Exchange Act and other insider trading regulations, when the Company Group is considering a business alliance with other listed companies or otherwise engages in projects that require careful attention relating to certain other companies' shares under insider trading regulations, we strictly enforce information management and prohibit officers and employees involved in such projects from engaging in any transactions related to the listed shares of other companies. Moreover, in September 2022, when the Company began to consider business integration with Your Company, we notified each of the relevant personnel and instructed them not to trade shares in Your Company. Whenever a new person became involved in this matter, we would give him or her the same notice and instruction. Furthermore, after the announcement of this matter on March 21, 2024, we informed all officers and employees of the Company Group that they were prohibited from trading shares in Your Company.

4. “Synergies and Dis-synergies of the Transaction”

Second Inquiries, Question 4①

Please specifically explain what kind of roles you expect food wholesalers to have with “AZ-COM Matsubushi” after the Transaction.

The Company’s Response

The concept for “AZ-COM Matsubushi” is that it will be a center for storing and managing inventories of products of retailers and product manufacturers, i.e., the so-called “inventory sharing.” We expect that food wholesalers will perform the role of the commercial flow functions of “AZ-COM Matsubushi”, the role of connecting manufacturers and retailers.

At “AZ-COM Matsubushi”, a reduction in the “*yokomochi*(Note 1)” transport of products will enable food wholesalers to reduce the labor required for distribution functions, allowing them to specialize in the foregoing commercial flow function. We expect that food wholesalers will benefit from reduced supply chain costs with “AZ-COM Matsubushi”, which will enable them to offer competitively priced products, leading to increased sales and transaction volume.

Note 1: “Yokomochi” means the transport of freight between or within plants, outlets, branches or other internal locations.

Second Inquiries, Question 4.②

It is expected that at AZ-COM Matsubushi, food wholesalers will have reduced involvement and part of their functions will be overtaken by your company; please specifically explain on what grounds you believe that the advantages food wholesalers will gain from the AZ-COM Matsubushi framework will outweigh the disadvantages.

The Company’s Response

While the enhanced efficiency of distribution functions resulting from a decrease in *yokomochi* transport of goods will lose certain benefits that food wholesalers are now able to gain from distribution, we expect that the benefits generated from an increase in transaction volume of competitively priced products will outweigh this loss, resulting in increased overall benefits for food wholesalers.

In addition, the logistics industry, including food wholesalers, is grappling with the 2024 Logistics Problem, labor shortages, and other social issues. We are aware of the strong social demand for enhanced logistics efficiency across the supply chain. In light of this awareness, the concept behind “AZ-COM Matsubushi” is to realize the “flow of goods” and the “commercial

flow”. By accumulating, analyzing, and sharing data across individual companies and industries, AZ-COM Matsubushi aims to build a data infrastructure for flow of goods and commercial flow. Furthermore, “AZ-COM Matsubushi” also aims to achieve enhanced productivity through improvement in truck capacity utilization and reduction in unnecessary deliveries, and to implement the Strategic Innovation Promotion Program’s Smart Logistics Service project led by Japan’s Cabinet Office. Accordingly, we believe this will allow the supply chain as a whole, including food wholesalers, to benefit from enhanced productivity.

Moreover, the aforementioned social issues are also included in the “Final Report by the Discussion Group Aimed at Achieving Sustainable Logistics” (“Final Report”) issued by METI’s Discussion Group Aimed at Achieving Sustainable Logistics in August 2023. In the Final Report, a study on the 2024 Logistics Problem predicts that, if no specific measures are taken to accommodate efforts to reduce work hours, commercial truck transportation capacity will fall short of fiscal 2019 (pre-pandemic) cargo transport volumes by 14.2% in fiscal 2024 and by 34.1% in fiscal 2030. The Final Report also points out that prolonged wait time for truck drivers and rising re-delivery rates in B-to-C logistics are indicative of the inefficiency of both shippers and recipients. Therefore, it is essential to seek mutual understanding from shippers and consumers. For this reason, the Company believes that it is important not only for food wholesalers but for the supply chain as a whole, which also includes manufacturers and retailers, to work proactively on these social issues. Given that such issues are expected to become more serious in the future, it is important to develop the Smart Logistics Service as quickly as possible and enhance productivity of the logistics industry as a whole. We believe that the sooner we enhance productivity through AZ-COM Matsubushi, the greater benefits will be enjoyed by Your Company, our Company and the supply chain as a whole including food wholesalers and retailers.

As stated in the First Response Letter, we believe that AZ-COM Matsubushi only represents one option for logistics network in Japan. Yet both You and us share the common understanding that food wholesalers and retailers will continue to play a pivotal role in food logistics.

5. “The Company’s Post-Transaction Finance Risk”

Second Inquiries, Question 5.①

Please explain, more specifically and quantitatively, the reason you believe there will be no substantial post-Transaction financial risk.

The Company’s Response

The Company does not rely solely on specific indicators such as the consolidated equity ratio. Instead, we carry out complex analyses of multiple financial indicators and evaluate financial risks to operate our business with financial discipline. Regarding the Transaction, we have made

an appropriate validation of retirement of debt, and believe that in light of cash flow after the Transaction, there is no substantial post-Transaction financial risk.

The Company's net interest-bearing debt (consolidated basis) as of December 31, 2023 was negative 2.6 billion yen (cash and deposits: 45.5 billion yen, interest-bearing debt, including leasing obligations: 42.9 billion yen), while Your Company's net interest-bearing debt (consolidated basis) as of December 31, 2023 was 17.4 billion yen (cash and deposits: 8.7 billion yen, interest-bearing debt (including leasing obligations): 26.1 billion yen). Based on these numbers, the sum of the net interest-bearing debt of the two firms combined would come to 14.8 billion yen. Suppose that loans are taken out to finance the full amount of roughly 65.0 billion yen needed for the Transaction, the total net interest-bearing debt would be 79.8 billion yen, which is only 2.9 times the combined last 12-month (LTM) EBITDA of the two firms (27.5 billion yen, of which the Company's LTM for the year ended December 2023 was 17.2 billion yen and Your Company's LTM for the year ended December 2023 was 10.3 billion yen, according to the data from SPEEDA). Accordingly, even if the entire 65.0 billion yen needed for the Transaction is funded by loans, the level of the borrowings would not be considered to be too high.

In considering the consolidated equity ratio and the aforementioned points, as well as the facts that, as stated in the First Response Letter 4.(1)(2) and the foregoing 4.(2), synergies that outweigh the dis-synergies resulting from the Transaction is expected to enhance our consolidated earnings power, and that we have obtained the understanding of financial institutions regarding financing for the Transaction (First Response Letter 5.(1)), we believe that we will be able to secure the earnings power and financial standing after the Transaction, which will allow us to repay our obligations and make capital investments in logistics centers and vehicles.

Accordingly, the Company believes that there is no substantial post-Transaction financial risk for the Company.

The Company's management philosophy is to comprehensively analyze our financial conditions, including not only financial security but also management metrics such as stock price and profitability. The Company's PBR of 3.03 (as of April 19, 2024) and ROE of 23.99% (for the March 2023 term) are at levels higher than those of other companies in the industry. This data supports our conclusion that we are not exposed to any substantial financial risk, and reinforces our belief that our way of management is highly regarded by the market.

End