Independent auditor's report

To the Board of Directors of Kintetsu World Express, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Kintetsu World Express, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheets as at March 31, 2022 and 2021, the Consolidated Statements of Income and Comprehensive Income, Changes in Net Assets and Cash Flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 21 "Subsequenst Events" to the consolidated financial statements. At the board of directors meeting held on May 13, 2022, it was resolved to express its opinion in favor of a tender offer (the "Tender Offer") for its common shares to be conducted by Kintetsu Group Holdings Co.,Ltd., which is other related company of the Company, and to recommend its shareholders tender their shares in the Tender Offer.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Company's judgment as to whether an impairment loss should be recognized on non-current assets (including customer-related assets, trademarks, and goodwill) related to APL Logistics Ltd

The key audit matter	How the matter was addressed in our audit
As described in Note 2: "Summary of Significant Accounting Policies, (23) Significant Accounting Estimates, Recognition of an impairment loss on non-current assets" to the consolidated financial statements, the Company reported non-current assets of ¥101,739 million (including customer-related assets of ¥27,061 million, trademarks of ¥7,220 million and goodwill of ¥47,561 million) related to APL Logistics Ltd ("APLL") on its consolidated balance sheet for the current fiscal year, which accounted for approximately 18.9% of total assets. The customer-related assets, trademarks and goodwill were initially recognized when APLL became a consolidated subsidiary of the Company through a business combination. As stated in Note 2: "Summary of Significant Accounting Policies, (8) Property and Equipment excluding Leased Assets", and "(9) Intangible Assets excluding Leased Assets" to the consolidated financial statements, the non-current assets including customer-related assets, trademarks and goodwill are depreciated on a systematic basis, and when the profitability of the assets decreases, their carrying amounts are reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. There were no indications of impairment for the non-current assets related to APLL as of the fiscal year-end; however, if the entity's financial performance deteriorates, resulting in the recognition of an impairment loss, the loss would have a significant impact on the consolidated financial statements. Therefore, the Company compares the undiscounted future cash flows that are expected to be generated from the non-current assets with their carrying amounts in order to analyze the likelihood and the magnitude of an impairment loss. The undiscounted future cash flows were estimated based on APLL's mid-term business plan prepared by management. Key assumptions underlying the mid-term business plan, such as the forecasts of net sales from major customers (including the impact of the novel coronavirus disease ("COVID-19") and the timing of when the effect of COVID-19 would ease), mid- to long-term net sales growth rates, operating gross profit ratios and selling, general and administrative	The primary procedures we performed to assess the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on APLL's non-current assets (including customer-related assets, trademarks and goodwill), included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the process of determining whether an impairment loss on non-current assets should be recognized. In this assessment, we focused our testing on internal controls designed to prevent or detect management's use of unreasonable assumptions as key assumptions in preparing the mid-term business plan, including comparison with past actual results and evaluation of whether the assumptions are consistent with the business strategies and the business environment by management. **(2) Assessment of the reasonableness of the undiscounted future cash flows** In order to assess the reasonableness of key assumptions adopted in APLL's mid-term business plan, which were used as the basis for estimating the undiscounted future cash flows, we inquired of the Company's and APLL's managements and inspected the relevant documents. During these procedures, we also: ● inquired about the business status of major customers, and compared the forecasts of net sales from major customers (including the impact of COVID-19 and the timing of when the effect of COVID-19 would ease) with past actual results including the current fiscal year and the latest months in the subsequent fiscal year; ● confirmed the consistency of the economic indicators referenced by the Company in developing the mid- to long-term net sales growth rates with the current business status of APLL and its future business strategies, and evaluated their reasonableness based on data published by an external specialized organization; ● evaluated the rationales for the expected improvement in operating gross profit ratios, and compared, for each industry group, the forecasts of operating gross profit ratios with past actual

expenses, involved a high degree of uncertainty. Accordingly, management's judgment thereon had a significant effect on the estimated future cash flows. We, therefore, determined our assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on APLL's non-current assets (including customer-related assets, trademarks and goodwill) was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	results including the current fiscal year and the latest months in the subsequent fiscal year; ● evaluated the basis for calculating major items comprising selling, general and administrative expenses, such as personnel expenses, and compared them with past actual results including the current fiscal year and the latest months in the subsequent fiscal year; and ● compared APLL's financial performance projected at the time of acquisition with past actual results and assessed the extent to which the projected performance has been achieved. After considering the results of the above procedures, we assessed the impact, if any, on the determination of whether an impairment loss should be recognized when specific uncertainties were incorporated in the undiscounted future cash flows. We also performed an analysis of comparing the discounted future cash flows calculated by the Company with the Company's market capitalization in the stock market.

Other Information

The other information comprises the Annual Report issued by the Company (but does not include the consolidated financial statements, the financial statements, and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report issued by the Company, which is expected to be made available to us after that date. Management is responsible for the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Katsunori Hanaoka
Designated Engagement Partner
Certified Public Accountant

/S/ Daika Azuma
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 15, 2022

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.