

Summary of Consolidated Financial Results for the 3rd quarter ending of the fiscal year June 30, 2018
[Based on IFRS]

May 11, 2018

Company name: ZERO CO., LTD. Stock Exchange Listing: Tokyo
 Stock code: 9028 <http://www.zero-group.co.jp/>
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 Scheduled Date of Submission of Quarterly Report: May 14, 2018 TEL 044-520-0106
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

 1. Consolidated financial results for the 3rd quarter ending of the fiscal year June 30, 2018 (From July 1, 2017 to March 31, 2018)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

| | Sales revenue | | Operating income | | Profit before tax | | Quarterly income | | Profit attributable to owners of parent company | | Total comprehensive income of the quarter | |
|-----------|-----------------|-----|------------------|-------|-------------------|-------|------------------|-------|---|-------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 3Q FY2017 | 59,596 | 0.4 | 3,194 | Δ29.6 | 3,182 | Δ29.2 | 1,623 | Δ42.1 | 1,633 | Δ41.7 | 1,763 | Δ41.5 |
| 3Q FY2016 | 59,375 | 0.2 | 4,534 | 0.7 | 4,492 | Δ2.9 | 2,801 | Δ8.2 | 2,801 | Δ8.2 | 3,013 | 2.5 |

| | Basic quarterly earnings per share | | Diluted quarterly earnings per share | |
|-----------|------------------------------------|--|--------------------------------------|--|
| | Yen | | Yen | |
| 3Q FY2017 | 98.44 | | 98.35 | |
| 3Q FY2016 | 168.29 | | 168.02 | |

(2) Consolidated financial position

| | Total assets | | Total capital | | Equity attributable to owners of parent company | | Equity ratio attributable to owners of parent company | |
|-----------|-----------------|--|-----------------|--|---|--|---|--|
| | Millions of yen | | Millions of yen | | Millions of yen | | % | |
| 3Q FY2017 | 38,793 | | 21,619 | | 21,601 | | 55.7 | |
| FY2016 | 38,007 | | 20,672 | | 20,661 | | 54.4 | |

2. Cash dividends

| | Annual dividends per share | | | | |
|-------------------|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | | Yen | | Yen |
| FY2016 | --- | 15.00 | --- | 36.90 | 51.90 |
| FY2017 | --- | 15.00 | --- | | |
| FY2017 (forecast) | | | | 15.10 | 30.10 |

(Note) Amendment from the most recently announced dividend forecast: Yes

3. Forecast of consolidated financial results for the year ending June 30, 2018 (From July 1, 2017 to June 30, 2018)

(Percentages indicate year-on-year changes)

| | Sales revenue | | Operating income | | Profit before tax | | Profit attributable to owners of parent company | | Basic earnings per share | |
|-----------|-----------------|-----|------------------|-------|-------------------|-------|---|-------|--------------------------|--|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | |
| Full year | 80,700 | 2.0 | 4,050 | Δ28.1 | 4,030 | Δ27.6 | 2,000 | Δ42.1 | 120.51 | |

(Note) Revisions from the most recently released business forecast: Yes

※(Note)

(1) Changes in significant subsidiary companies during the current quarter (Changes in the specific subsidiary companies following changes in the scope of consolidation):

No

New — Co. (Company name),

Exclusions — Co. (Company name)

(2) Changes in accounting policies, changes in accounting estimates

① Changes in the accounting policies required by IFRS : No

② Changes in the accounting policies due to other reasons : No

③ Changes in the accounting estimates : No

(3) Number of issued shares (common shares)

① Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|---|-------------------|-----------|-------------------|
| 3Q FY2017 | 17,560,242 shares | FY2016 | 17,560,242 shares |
| ② Number of treasury shares at the end of the period | 1,030,367 shares | FY2016 | 1,030,367 shares |
| ③ Average number of shares during the period (total up to this quarter) | 16,595,875 shares | 3Q FY2016 | 16,646,961 shares |

※Earnings summary is not within the scope of the quarterly review by a certified public accountant or auditor

※Explanation of the proper use of financial results forecast and other notes

The earnings forecast, and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions that the Company considers reasonable. The actual results may differ significantly from these forecasts due to a wide range of factors such as economic status of the major domestic and international markets or exchange rates fluctuation.

○ Attached Documents – Table of Contents

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1. Qualitative information on the quarterly financial results.

(1) Discussion on the business performance

In the Japanese economy in the consolidated cumulative third quarter, a modest recovery continued, and even though individual consumption was improving in response to a steady employment/income environment, the future remains uncertain due to, among other things, the uncertainty of overseas economies. Meanwhile, in the domestic new vehicle market, the total number of new car sales was at 99.8% when compared to the quarterly consolidated total for the same period in the previous year (hereinafter referred to as “the same period one year ago”) (Japan Automobile Dealers Association statistics data), the turn toward a negative was due to the finished vehicle inspection issue in addition to a lull in the new-model effect, resulting in a loss of momentum. While the number of used cars registered increased year-on-year, the used car market slowed due to the decrease in new car sales.

Under such environmental conditions, our group tried to promote strategic business activities corresponding to the changes in the market environment in each business segment and develop new businesses and create services with high added value. Further, we are continuing with compliance activities, activities to strengthen group synergy, transportation reform, and work style reform.

As for the business results of our group in the consolidated cumulative third quarter, sales revenue was 59,596 million JPY (year-on-year 100.4%) and operating income was 3,194 million (year-on-year 70.4%). In addition, income before income taxes was 3,182 million (year-on-year 70.8%) and quarterly profit attributable to the owners of the parent company was 1,633 million JPY (year-on-year 58.3%).

Unit Sales Data Relating to Domestically-Distributed Cars

Unit sales

| Domestic sales | | 07/2016 – 03/2017 | 07/2017 – 03/2018 | Year-on-year |
|---------------------------------------|----|-------------------|-------------------|--------------|
| New Vehicles | | | | |
| Domestic makers | *1 | 3,770,383 | 3,758,731 | 99.7% |
| (Nissan Motors) | *1 | (467,587) | (453,232) | (96.9%) |
| Foreign makers | *2 | 230,275 | 233,586 | 101.4% |
| Total of new vehicles | *2 | 4,000,658 | 3,992,317 | 99.8% |
| Used Vehicles | | | | |
| Registered vehicles | *3 | 2,879,671 | 2,883,488 | 100.1% |
| Light vehicles | *4 | 2,288,426 | 2,338,724 | 102.2% |
| Total of used vehicles | | 5,168,097 | 5,222,212 | 101.0% |
| Car registered for permanent deletion | *3 | 167,746 | 165,257 | 98.5% |

| Exports | | 07/2016 – 03/2017 | 07/2017 – 03/2018 | Year-on-year |
|-----------------------------------|----|-------------------|-------------------|--------------|
| Domestic automaker's new vehicles | *1 | 3,556,498 | 3,669,365 | 103.2% |
| Used passenger vehicles | *5 | 1,018,358 | 1,033,248 | 101.5% |

*1 Calculated based on the statistics provided by the Japan Automobile Manufacturers Association

*2 Calculated based on the statistics provided by the Japan Automobile Importers Association

*3 Calculated based on the statistics provided by the Japan Automobile Dealers Association

*4 Calculated based on the statistics provided by the Japan Light Motor Vehicle and Motorcycle Association

*5 Estimated based on the number of used cars to be exported which have been registered for deletion, which is recorded in the statistics provided by the Japan Automobile Dealers Association

The business results of the segments are as follows.

① Vehicle Related Business

The main business, vehicle transportation, had an increase in sales due to a reorganization of the business organization to a system that promotes customer strategy, regional strategy, and product strategy and the implementation of various strategies such as customer development activities, aimed at expanding the domestic new/used car transportation business. However with regard to used car exports, it was unable to make up for the decrease in sales due to the progress of system rebuilding pursuant to strategic revision, resulting in a fall in sales in the overall vehicle related business.

Taking the opportunity of establishment for regional transportation companies, the reorganization of the transportation system, including subsidiaries and subcontractors, has progressed, and we were aiming to achieve optimal management of the national logistics network while continuing to take initiatives to ensure thorough cost control. Meanwhile, due to the strengthening of compliance with vehicle restrictions cabinet orders, the promotion of work style reform, and the rise of the labor cost unit price caused by a lack of transportation drivers, in the handling of load volumes exceeding transportation capacity in March, the busy season, some orders, mostly for used car transportation, were passed up, resulting in missed opportunities. Further, fuel cost rose, depreciation increased due to an increase of transportation vehicles, and the finished vehicle inspection issue were causes for reduced profits, and profits for the overall vehicle related business decreased.

As a result of the above, sales revenue was 43,245 million JPY (year-on-year 98.2%) and segment profit was 3,543 million JPY (year-on-year 76.2%).

② Human Resources Business

The demand of manpower for companies was on an increasing trend in conjunction with the economic recovery, however the remarkable rise in labor costs and the difficulty in hiring new personnel was worsening in major cities. Our group has promoted a shift from major cities where labor costs were high to regional areas and a strengthening of the sales system, and we have revised our product portfolio in accordance with strategic business activities. While sales increased due to driver dispatch remaining steady and our entrance into new fields such as nursing/care and housework services, profit decreased due to recruitment costs increase and start-up costs in conjunction with the launching of our temporary staffing business in the airport industry. As a result of these, sales revenue was 12,197 million JPY (year-on-year 109.5%) and segment profit was 391 million JPY (year-on-year 80.8%).

③ General Cargo Business

In the general cargo transportation and warehousing business, sales increased due to the acquiring new orders of existing customers and the acquisition of new customers, however profits decreased due to the impact from the loss of coal loading spot projects, the decrease of vehicles loading and, consequently, there was decrease in sales and profits overall for the cargo business. As a result of these, sales revenue was 4,153 million JPY (year-on-year 99.1%) and segment profit was 757 million JPY (year-on-year 96.2%).

Further, overall company expenses (such as expenses pertaining to our company's management department) not included in the above report segments are accounted for in the "adjustment amount" as per the description in "Segment Information" of "2. Quarterly Consolidated Financial Statements and Main Notes," and were 1,498 million JPY.

(2) Discussion on Discussion on the financial condition

① Assets, Liabilities, and Capital Condition

(Assets)

Current assets decreased by 1,210 million JPY (6.1%) in comparison with the end of the previous consolidated fiscal year and is 18,534 million JPY.

Mainly, this was due to trade receivables and other receivables increasing by 1,385 million JPY and cash and cash equivalent decreasing by 2,957 million JPY.

Non-current assets increased by 1,997 million JPY (10.9%) in comparison with the end of the previous consolidated fiscal year and is 20,259 million JPY.

Mainly, this was due to tangible fixed assets such as vehicles increasing by 1,539 million JPY and goodwill and intangible asset increasing by 388 million JPY.

As a result, total assets increased by 786 million JPY (2.1%) in comparison with the end of the previous consolidated fiscal year and is 38,793 million JPY.

(Liabilities)

Current liabilities increased by 339 million JPY (2.8%) in comparison with the end of the previous consolidated fiscal year and is 12,458 million JPY.

Mainly, this was due to borrowings decreasing by 488 million JPY and trade payables and other payables increasing by 1,079 million JPY.

Non-current liabilities decreased by 499 million JPY (9.6%) in comparison with the end of the previous consolidated fiscal year and is 4,715 million JPY.

As a result, total liabilities decreased by 160 million JPY (0.9%) in comparison with the end of the previous consolidated fiscal year and is 17,174 million JPY.

(Capital)

Total capital increased by 946 million JPY (4.6%) in comparison with the end of the previous consolidated fiscal year and is 21,619 million JPY.

Mainly, this was due to earned surplus increasing by 782 million JPY and being included in quarterly profits attributable to the owners of the parent company.

② Cashflow Condition

Cash and cash equivalents (hereinafter “Funds”) at the end of the third quarter consolidated fiscal period decreased by 2,957 million JPY in comparison to the end of the previous consolidated fiscal year and is 5,144 million JPY.

The cashflow conditions in the consolidated cumulative third quarter and the causes thereof are as follows.

(Cashflow from operating activities)

The Funds earned as a result of the operating activities was 1,301 million JPY (income of 832 million JPY for the same period one year ago).

Main breakdown of cash income: 1,623 million JPY in quarterly profit and 1,061 million JPY in depreciation and amortization and repayment costs. Main breakdown of expenditure: 1,684 million JPY in corporate income tax.

(Cashflow from investment activities)

The Funds used as a result of investment activities was 2,201 million JPY (expenses of 261 million JPY for the same period one year ago).

Main breakdown of cash expenditure: 1,308 million JPY in expenditure due to the acquisition of tangible fixed assets and investment property and 697 million JPY in expenditure due to acquisition of business.

(Cashflow from financing activities)

The Funds used as a result of financing activities was 2,056 million JPY (expense of 1,845 million JPY for the same period one year ago).

Main breakdown of cash expenditure: 857 million JPY in dividend payments and 822 million JPY in expenditure to repay long-term borrowings.

(3) Explanation on future forecast information, such as consolidated earnings forecast

On the basis of recent performance trends, we are revising the consolidated performance forecast announced on August 10, 2017 as follows.

Revision of the consolidated performance forecast numerical values for the full year ending June 2018 (From July 1, 2017 to June 30, 2018)

| | Sales revenue | Operating income | Gross income | Current term profit attributable to parent company stockholder | Net basic earnings per share |
|--|-----------------------|----------------------|----------------------|--|------------------------------|
| Previously announced forecast (A) | Million JPY 80,700 | Million JPY 5,400 | Million JPY 5,330 | Million JPY 3,310 | JPY 199.94 |
| Current revised forecast (B) | 80,700 | 4,050 | 4,030 | 2,000 | 120.51 |
| Increase or decrease amount (B-A) | - | △1350 | △1300 | △1310 | - |
| Increase or decrease rate (%) | - | △25.0 | △24.4 | △39.6 | - |
| (Reference) Previous fiscal year consolidated performance (FY2016) | 79,134 | 5,630 | 5,568 | 3,455 | 207.69 |

(Reason for revisions)

In the automobile related business, our company group’s main segment of our group, sales revenue has generally moved according to our forecasts, however, fuel cost rises, depreciation increase due to an increase of transportation vehicle, impact of the finished vehicle inspection issue, and, in the background, the lack of transportation drivers, work style reform, and compliance strengthening are the main causes of a decrease in profits due to opportunity loss. We have reconsidered the consolidated performance forecast for the full year because it is anticipated that the uncertain trend will continue even during the fourth quarter.

2. Summary of Consolidated Quarterly Financial Statements and Major Notes

(1) Summary of the consolidated quarterly financial statement

(Unit: Million yen)

| | End of previous consolidated fiscal year (30 June 2017) | End of 3 rd quarter of current consolidated fiscal period (March 31, 2018) |
|--|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 8,101 | 5,144 |
| Trade and other receivables | 10,195 | 11,580 |
| Inventories | 532 | 843 |
| Other financial assets | 195 | 129 |
| Other current assets | 719 | 836 |
| Total current assets | 19,745 | 18,534 |
| Non-current assets | | |
| Property, plant and equipment | 9,064 | 10,603 |
| Goodwill, Intangible assets | 2,499 | 2,887 |
| Investments properties | 3,628 | 3,542 |
| Investments accounted for using the equity method | 927 | 984 |
| Other financial assets | 1,837 | 1,893 |
| Other non-current assets | 83 | 120 |
| Deferred tax assets | 222 | 228 |
| Total non-current assets | 18,262 | 20,259 |
| Total assets | 38,007 | 38,793 |

(Unit: Million yen)

| | End of previous consolidated fiscal year (30 June 2017) | End of 3 rd quarter of current consolidated fiscal year (March 31, 2018) |
|---|---|---|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 6,320 | 7,400 |
| Borrowings | 1,851 | 1,363 |
| Other financial liabilities | 555 | 735 |
| Income taxes payable etc. | 885 | 745 |
| Other current liabilities | 2,505 | 2,214 |
| Total current liabilities | 12,118 | 12,458 |
| Non-current liabilities | | |
| Borrowings | 358 | 347 |
| Other financial liabilities | 2,339 | 1,955 |
| Retirement benefits liabilities | 2,078 | 1,895 |
| Other non-current liabilities | 331 | 339 |
| Deferred tax liabilities | 107 | 177 |
| Total non-current liabilities | 5,215 | 4,715 |
| Total liabilities | 17,334 | 17,174 |
| Equity | | |
| Share capital | 3,390 | 3,390 |
| Capital surplus | 3,271 | 3,296 |
| Treasury stock | △687 | △687 |
| Other components of equity | 283 | 416 |
| Retained earnings | 14,403 | 15,185 |
| Total equity attributable to owners of the parent | 20,661 | 21,601 |
| Non-controlling interest | 11 | 17 |
| Total equity | 20,672 | 21,619 |
| Total liabilities and equity | 38,007 | 38,793 |

(2) Summary of the consolidated quarterly income statement

(Unit: Million yen)

| | Previous 3 rd quarter of the consolidated fiscal year (From July 1, 2016 To March 31, 2017) | Current 3 rd quarter of the consolidated fiscal year (From July 1, 2017 To March 31, 2018) |
|---|--|---|
| Sales revenue | 59,375 | 59,596 |
| Cost of sales | △49,070 | △50,316 |
| Gross profit | 10,304 | 9,279 |
| Selling, general and administrative expenses | △6,084 | △6,409 |
| Other income | 374 | 364 |
| Other expenses | △60 | △40 |
| Operating profit | 4,534 | 3,194 |
| Finance income | 32 | 43 |
| Finance costs | △58 | △58 |
| Share of profit (loss) of investments accounted for using the equity method | △15 | 2 |
| Profit before tax | 4,492 | 3,182 |
| Income tax expense | △1,691 | △1,559 |
| Quarterly profit | 2,801 | 1,623 |
| Quarterly profit attributable to | | |
| Owners of the parent company | 2,801 | 1,633 |
| Non-controlling interest: | — | △10 |
| Quarterly profit | 2,801 | 1,623 |
| Quarterly earnings per share | | |
| Basic quarterly earnings per share (yen) | 168.29 | 98.44 |
| Diluted quarterly earnings per share (yen) | 168.02 | 98.35 |

(3) Summary of the consolidated quarterly comprehensive income statement

(Unit: Million yen)

| | Previous 3 rd quarter of the consolidated fiscal year (from 1 July 2016 to 31 March 2017) | Current 3 rd quarter of the consolidated fiscal year (from 1 July 2017 to 31 March 2018) |
|--|---|--|
| Quarterly profit | 2,801 | 1,623 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit and loss | | |
| Re-measurement of defined benefit pension plans | 83 | 6 |
| Total items that will not be reclassified to profit and loss | 83 | 6 |
| Items that may be reclassified to profit and loss | | |
| Assets measured at fair value through other comprehensive income | 141 | 78 |
| Share of other comprehensive income of investments accounted for using the equity method | △13 | 55 |
| Total items that may be reclassified to profit and loss | 127 | 133 |
| Other comprehensive income for the year, net of tax | 211 | 140 |
| Total quarterly comprehensive income | 3,013 | 1,763 |
| Total quarterly comprehensive income attributable to: | | |
| Owners of the parent company | 3,013 | 1,773 |
| Non-controlling interest | — | △10 |
| Quarterly Comprehensive income | 3,013 | 1,763 |

(4) Summary of the consolidated quarterly statement of changes in equity
Third quarter of the previous fiscal year (From July 1, 2016 to March 31, 2017)

(Unit: Million yen)

| | Equity attributable to the owner of the parent company | | | | | | | | | No controlling interest | Total equity |
|---|--|-----------------|----------------|---|--|---------------------------------------|-----------------------------------|----------------|--|-------------------------|--------------|
| | Capital | Capital surplus | Treasury stock | Components of other capital | | | | Profit Surplus | Total Equity attributable to the owner of the parent company owner | | |
| | | | | Conversion difference of foreign operations | Changes in fair value of available-for-sale financial assets | Remeasurement of defined benefit plan | Total of other capital components | | | | |
| Balance on July 1, 2016 | 3,390 | 3,249 | △561 | △53 | 75 | - | 21 | 11,640 | 17,741 | - | 17,741 |
| Quarterly profit | | | | | | | | 2,801 | 2,801 | | 2,801 |
| Other comprehensive income | | | | △13 | 141 | 83 | 211 | | 211 | | 211 |
| Comprehensive income for the quarter | - | - | - | △13 | 141 | 83 | 211 | 2,801 | 3,013 | - | 3,013 |
| Acquisition of treasury stock | | | △0 | | | | | | △0 | | △0 |
| Dividend of surplus | | | | | | | | △869 | △869 | | △869 |
| Stock compensation transaction | | 14 | 17 | | | | | | 32 | | 32 |
| Transfer from other capital components to retained earnings | | | | | | △83 | △83 | 83 | - | | - |
| Total transaction etc. with owner | - | 14 | 17 | - | - | △83 | △83 | △785 | △837 | - | △837 |
| Balance on 31 March 2017 | 3,390 | 3,264 | △544 | △67 | 217 | - | 149 | 13,656 | 19,916 | - | 19,916 |

This consolidated cumulative third quarter (From July 1, 2017 To March 31, 2018)

(Unit: Million yen)

| | Equity attributable to the owner of the parent company | | | | | | | | | No controlling interest | Total equity |
|---|--|-----------------|----------------|---|--|---------------------------------------|-----------------------------------|----------------|--|-------------------------|--------------|
| | Capital | Capital surplus | Treasury stock | Components of other capital | | | | Profit Surplus | Total Equity attributable to the owner of the parent company owner | | |
| | | | | Conversion difference of foreign operations | Changes in fair value of available-for-sale financial assets | Remeasurement of defined benefit plan | Total of other capital components | | | | |
| Balance on July 1, 2017 | 3,390 | 3,271 | △687 | △81 | 364 | - | 283 | 14,403 | 20,661 | 11 | 20,672 |
| Quarterly profit | | | | | | | | 1,633 | 1,633 | △10 | 1,623 |
| Other comprehensive income | | | | 55 | 78 | 6 | 140 | | 140 | | 140 |
| Comprehensive income for the year | - | - | - | 55 | 78 | 6 | 140 | 1,633 | 1,773 | △10 | 1,763 |
| Dividend of surplus | | | | | | | | △857 | △857 | | △857 |
| Stock compensation transaction. | | 26 | | | | | | | 26 | | 26 |
| Transaction etc. with no controlling interest | | △1 | | | | | | | △1 | 16 | 14 |
| Transfer from other capital components to retained earnings | | | | | | △6 | △6 | 6 | - | | - |
| Total transaction etc. with owner | - | 24 | - | - | - | △6 | △6 | △851 | △833 | 16 | △816 |
| Balance at 31 March 2018 | 3,390 | 3,296 | △687 | △26 | 442 | - | 416 | 15,185 | 21,601 | 17 | 21,619 |

(5) Summary of the consolidated quarterly statement of cash flows

(Unit: Million yen)

| | Previous 3 rd quarter of the consolidated fiscal year (From July 1, 2016 To March 31, 2017) | Current 3 rd quarter of the consolidated fiscal year (From July 1, 2017 To March 31, 2018) |
|--|--|---|
| Cash flows from operating activities: | | |
| Quarterly profit | 2,801 | 1,623 |
| Depreciation and amortization | 814 | 1,061 |
| Interest income and dividends | △10 | △10 |
| Interest expenses | 50 | 51 |
| Share of (profit) loss of investments accounted for using the equity method | 15 | △2 |
| Income tax expense | 1,691 | 1,559 |
| (Increase) decrease in trade receivables (△ indicates increase) | △2,337 | △1,176 |
| (Increase) decrease in inventories (△ indicates increase) | 16 | △310 |
| Increase (decrease) in trade payables (△ indicates decrease) | 1,222 | 526 |
| Increase (decrease) in retirement benefit liabilities (△ indicates decrease) | △94 | △166 |
| Other | △638 | △128 |
| Sub total | 3,531 | 3,027 |
| Interest and dividend received | 10 | 10 |
| Interest paid | △50 | △51 |
| Income taxes paid | △2,658 | △1,684 |
| Net cash provided by (used in) operating activities | 832 | 1,301 |
| Cash flows from investing activities: | | |
| Payments for property, plant and equipment | △242 | △1,308 |
| Proceeds from sales of property, plant and equipment | 71 | 25 |
| Payments for intangible assets | △225 | △192 |
| Payments for loans receivable | △11 | △15 |
| Proceeds from collection of loans receivable | 29 | 40 |
| Expenditure for Acquisition of business | — | △697 |
| Other | 118 | △53 |
| Net cash provided by (used in) investing activities | △261 | △2,201 |

(Unit: Million yen)

| | Previous 3 rd quarter of the consolidated fiscal year (From July 1, 2016 To March 31, 2017) | Current 3 rd quarter of the consolidated fiscal year (From July 1, 2017 To March 31, 2018) |
|--|--|---|
| Cash flows from financing activities | | |
| Net change in short-term borrowings (Δ indicates decrease) | 330 | Δ 140 |
| Proceeds from long-term borrowings | 114 | 225 |
| Repayment of long-term borrowings | Δ 982 | Δ 822 |
| Repayment of finance lease liabilities | Δ 437 | Δ 475 |
| Dividends paid | Δ 869 | Δ 857 |
| Proceeds from payments from non-controlling shares | — | 14 |
| Payments due to treasury stock acquisition | Δ 0 | — |
| Net cash provided by (used in) financing activities | Δ 1,845 | Δ 2,056 |
| Increase (decrease) in cash and cash equivalents, net (Δ indicates decrease) | Δ 1,273 | Δ 2,957 |
| Cash and cash equivalents at the beginning of the quarter | 7,924 | 8,101 |
| Cash and cash equivalents at the end of the quarter | 6,650 | 5,144 |

(6) Notes on summary consolidated quarterly financial statements

(Notes on going concern assumption)

N/A

(Segment Information)

Segment information of the group is as follows:

The 3rd quarter of previous consolidated fiscal year (From July 1, 2016 to March 31, 2017)

(Unit: Million yen)

| | Automotive related business | Human resources business | General cargo business | Total | Adjustment amount (Note) | Amount recorded on quarterly consolidated financial statements |
|-----------------------------------|-----------------------------|--------------------------|------------------------|--------|--------------------------|--|
| Sales revenue | 44,041 | 11,140 | 4,192 | 59,375 | — | 59,375 |
| Revenue to external customers | | | | | | |
| Revenue between segments | 65 | 554 | 136 | 755 | △755 | — |
| Total | 44,107 | 11,695 | 4,328 | 60,130 | △755 | 59,375 |
| Segment Profit (Operating Income) | 4,650 | 484 | 787 | 5,922 | △1,387 | 4,534 |

(Note) Adjustment for segment profit △1,387 million includes corporate expenses △1,387 million yen and intersegment transaction elimination △0 million yen. Corporate expenses are expenses related to the management department of the Company not attributable to the reporting segments.

Current 3rd quarter of the consolidated fiscal year (From July 1, 2017 To March 31, 2018)

(Unit: Million yen)

| | Automotive related business | Human resources business | General cargo business | Total | Adjustment amount (Note) | Amount recorded on quarterly consolidated financial statements |
|-----------------------------------|-----------------------------|--------------------------|------------------------|--------|--------------------------|--|
| Sales revenue | 43,245 | 12,197 | 4,153 | 59,596 | — | 59,596 |
| Revenue to external customers | | | | | | |
| Revenue between segments | 54 | 894 | 310 | 1,259 | △1,259 | — |
| Total | 43,300 | 13,091 | 4,463 | 60,855 | △1,259 | 59,596 |
| Segment Profit (Operating Income) | 3,543 | 391 | 757 | 4,693 | △1,498 | 3,194 |

(Note) Adjustment of segment profit △1,498 million includes corporate expenses △1,498 million yen and elimination of intersegment transactions 0 million yen. Corporate expenses are expenses related to the management department of the Company not attributable to the reporting segments.