

Summary of Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 [Based on IFRS]

August 8, 2024

Company name: ZERO CO., LTD. Stock Exchange Listing: Tokyo
 Stock code: 9028 URL <http://www.zero-group.co.jp/>
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 Scheduled Date of Ordinary General meeting of Shareholders: September 26, 2024 Scheduled date to commence dividend payments: September 27, 2027
 Scheduled Date for the Submission of Annual Securities Report: September 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (For analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

| | Sales revenue | | Operating income | | Profit before tax | | Net Income | | Profit attributable to equity shareholders of the company | | Total comprehensive income of the fiscal year | |
|-------------|-----------------|------|------------------|------|-------------------|------|-----------------|------|---|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2023/2024 | 140,751 | 5.9 | 6,222 | 22.6 | 6,227 | 22.6 | 4,204 | 21.7 | 4,150 | 20.7 | 4,837 | 26.8 |
| FY2022/2023 | 132,861 | 24.1 | 5,074 | 29.7 | 5,080 | 28.7 | 3,453 | 37.0 | 3,437 | 35.6 | 3,815 | 40.3 |

| | Basic earnings of this year per share | Diluted earnings of this year per share | Profit ratio attributable to equity shareholders of the company | Total capital profit ratio before tax | Sales revenue operating profit ratio |
|-------------|---------------------------------------|---|---|---------------------------------------|--------------------------------------|
| | Yen | Yen | % | % | % |
| FY2023/2024 | 245.61 | — | 11.8 | 9.8 | 4.4 |
| FY2022/2023 | 203.96 | — | 10.9 | 9.1 | 3.8 |

(Reference) Investment gain / loss through equity method; FY2023/2024: △13 million yen, FY2022/2023: △2 million yen

(2) Consolidated financial position

| | Total assets | Total capital | Equity attributable to equity shareholders of the company | Equity ratio attributable to equity shareholders of the company | Equity per share attributable to equity shareholders of the company |
|-------------|-----------------|-----------------|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | % | Yen |
| FY2023/2024 | 70,733 | 37,873 | 37,209 | 52.6 | 2,199.60 |
| FY2022/2023 | 56,558 | 33,836 | 33,285 | 58.9 | 1,971.95 |

(3) Consolidated cash flow position

| | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Cash and cash equivalents at end of year |
|-------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| FY2023/2024 | 11,233 | △4,663 | △824 | 11,316 |
| FY2022/2023 | 8,778 | △2,167 | △6,290 | 5,475 |

2. Cash dividends

| | Annual dividends per share | | | | | Total dividends (Total) | Dividend payout ratio (consolidated) | Equity dividend ratio attributable to equity shareholders of the company (consolidated) |
|------------------------|----------------------------|-----------------|-----------------|-----------------|--------|-------------------------|--------------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| FY2022/2023 | --- | 15.00 | --- | 36.00 | 51.00 | 872 | 25.0 | 2.7 |
| FY2023/2024 | --- | 15.00 | --- | 46.40 | 61.40 | 1,050 | 25.0 | 2.9 |
| FY2024/2025 (forecast) | --- | 43.00 | --- | 64.40 | 107.40 | | 33.0 | |

3. Forecast of consolidated financial results for the year ending June 30, 2025 (From July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes)

| | Sales revenue | | Operating income | | Profit before tax | | Profit attributable to equity shareholders of the company | | Basic earnings per share |
|-----------|-----------------|------|------------------|------|-------------------|------|---|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 135,000 | △4.1 | 8,100 | 30.2 | 8,100 | 30.1 | 5,500 | 32.5 | 325.46 |

※(Note)

(1) Changes in significant subsidiary companies during the current fiscal year (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 reasons other than ① : 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)

| | | | |
|-------------|-------------------|-------------|-------------------|
| FY2023/2024 | 17,560,242 shares | FY2022/2023 | 17,560,242 shares |
| FY2023/2024 | 920,782 shares | FY2022/2023 | 956,982 shares |
| FY2023/2024 | 16,898,921 shares | FY2022/2023 | 16,856,142 shares |

② Number of treasury shares at the end of the period

③ Average number of shares during the period (total up to this year)

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

| | Sales revenue | | Operating income | | Profit before tax | | Net Income | |
|-------------|-----------------|------|------------------|------|-------------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2023/2024 | 63,500 | 7.7 | 2,336 | 12.9 | 4,151 | 56.8 | 2,848 | 51.5 |
| FY2022/2023 | 58,967 | 11.0 | 2,069 | △4.6 | 2,648 | 20.9 | 1,880 | 35.7 |

| | Basic earnings per share | Diluted earnings per share |
|-------------|--------------------------|----------------------------|
| | Yen | Yen |
| FY2023/2024 | 171.34 | - |
| FY2022/2023 | 113.36 | - |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | yen |
| FY2023/2024 | 45,944 | 27,119 | 59.0 | 1,629.84 |
| FY2022/2023 | 41,776 | 25,087 | 60.1 | 1,511.00 |

(Reference) Company's Equity

FY2023/2024: 27,119 million yen

FY2022/2023: 25,087 million yen

<Reasons for the Difference Between Current and Previous Period's Performance Figures>

In the current fiscal year, our company experienced a recovery trend in the number of domestic vehicle transportations, revised the fees in the vehicle transportation business. In addition, the number of pre-delivery inspections in the maintenance business increased. As a result, there is a difference between the operating income, profit before tax, and net income of the previous fiscal year and those of the current fiscal year.

※Earnings summary is not within the scope of audit 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.
- At our company, business management is conducted on a consolidated basis; therefore, individual business results forecasts are not created.

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1. Summary of operating results

(1) Summary of operating results of the current fiscal period

Japan's economy during the current consolidated accounting year was gradually picking up or even recovering, despite some downward pressure from the Noto Peninsula earthquake.

In the domestic automobile market, the total number of new vehicle sales decreased to 97.6% (statistical data from the Japan Automobile Manufacturers Association) compared to the previous consolidated fiscal year (hereinafter referred to as the same period last year). The Group has been affected by the suspension of shipments due to a series of misconduct at some finished vehicle manufacturers that occurred since the end of 2023. The number of used vehicle registrations and sales increased to 102.3% compared to the same period last year, owing to the recovery in new vehicle sales in the first half of the year and the strong demand for used vehicle exports due to the weak yen.

Revenues increased mainly in the domestic automobile related businesses. Operating profit also increased, mainly in the domestic automobile-related business.

As a result, the business results of our group are as follows: sales revenue of 140,751 million yen (105.9% compared to the same quarter from the previous year) and operating profit of 6,222 million yen (122.6% compared to the same quarter from the previous year). In addition, the profit before taxes was 6,227 million yen (122.6% compared to the same quarter from the previous year), and the profit of the quarter attributable to the equity shareholders of the company was 4,150 million yen (120.7% compared to the same quarter from the previous year).

(Number of units related to domestic distribution of automobiles)

| | | Units: vehicles | | |
|--|-----|------------------------|------------------------|-------------------------------|
| Domestic | | July 2022 to June 2023 | July 2023 to June 2024 | Compared to the previous year |
| Number of new vehicles sold | | | | |
| Domestic manufacturer | * 1 | 4,317,258 | 4,216,427 | 97.7% |
| (out of this, Nissan Motor) | * 1 | (471,549) | (475,873) | (100.9%) |
| Foreign manufacturer | * 2 | 248,485 | 239,549 | 96.4% |
| Total of new vehicle sales | | 4,565,743 | 4,455,976 | 97.6% |
| Number of registered used cars | | | | |
| Registered vehicles | *3 | 3,483,546 | 3,625,231 | 104.1% |
| Light vehicles | *4 | 2,829,497 | 2,835,028 | 100.2% |
| Total number of used vehicles registered | | 6,313,043 | 6,460,259 | 102.3% |
| | | | | |
| Export | | July 2022 to June 2023 | July 2023 to June 2024 | Compared to the previous year |
| New vehicles of domestic manufacturers | *1 | 4,104,045 | 4,416,917 | 107.6% |
| Used vehicles (registered vehicles) | *5 | 1,322,614 | 1,596,547 | 120.7% |

*1 Calculated from Japan Automobile Industry Association statistics *2 Calculated from Japan Automobile Importers' Association statistics

*3 Calculated from Japan Automobile Dealers Association statistics *4 Calculated from Japan Mini Vehicles Association statistics

*5 Trial calculated from the number of export deleted registered vehicles in the Japan Automobile Dealers Association statistics

(Fuel retail price]

Unit: Yen / L

| National average | | July 2022 to June 2023 | July 2023 to June 2024 | Compared to the previous year |
|------------------|----|------------------------|------------------------|-------------------------------|
| Light oil | *6 | 148.8 | 155.7 | 104.6% |
| Regular petrol | *6 | 168.8 | 176.0 | 104.3% |

*6 Calculated from statistics of Agency for Natural Resources and Energy (fuel used by our company for transport is mainly light oil)

The segment business results are as follows.

<Domestic automotive related businesses>

For vehicle transportation, which is the core business, the number of units for transportation contracts for used vehicle increased in line with the recovery in used vehicle registrations and sales, despite the turmoil in the used vehicle industry in the first half of the year and the suspension of shipments due to misconduct issues at some new vehicle manufacturers in the second half, resulting in an overall increase in revenues in the domestic automobile-related business.

In addition to higher recruitment and labor costs due to higher consumer price index and minimum wage in the post-COVID-19 environment where the ratio of active job openings for crew members has increased, vehicle costs increased due to investments in transportation equipment in anticipation of the shift to EVs. On the other hand, in January 2024, we revised the fees in the vehicle transportation business. The number of pre-delivery inspections in the maintenance business increased, and in the construction machinery transportation business, requests for transportation from rental construction machinery companies increased due to the Noto Peninsula earthquake. Furthermore, the consolidation of SO-ING Co., Ltd. as a subsidiary in November 2023 led to a net increase in its profits. As a result, segment profit increased.

As a result, the overall sales revenue in the domestic automotive business was 63,775 million yen (109.6% compared to the same period from the previous year), and the segment profit was 6,994 million yen (138.2% compared to the same quarter from the previous year).

In the vehicle transportation business, the Group continued to implement the "Digitalization", "Greening", and "New normal" policies outlined in our mid-term management plan through June 30, 2024.

In the area of "Digitalization", we have set up the Transportation Digitalization Promotion Office and are promoting the construction of a system to realize systematic allocation of vehicles. We have also launched and are promoting a new digitalization project in which crew members record the condition of vehicles entrusted by customers using tablets.

In the area of "Greening", we have completed the development of transportation equipment with an increased maximum loading capacity to cope with the increased weight of automobiles as they become more electrically powered, and we will sequentially introduce the equipment. In addition, as the shift to EVs accelerates, we are considering and promoting the construction of infrastructure, including the implementation of ancillary operations for EV vehicle transportation.

In response to the "New Normal", we are addressing the "2024 Logistics Problem" by maintaining the driving hours of crew members while promoting the division of labor in cargo handling to reduce indirect time other than driving hours. At the same time, we are also advancing the new recruitment of crew members and the efficient utilization of transportation equipment. However, in the midst of the chronic shortage of crew members, combined with rising consumer price indexes, minimum wages, and unit labor costs, it is necessary to maintain and improve compensation while reducing the total working hours of crew members, and to introduce new crew members and transportation equipment to compensate for the decrease in transportation capacity due to reduced total working hours.

<Human resource businesses>

The pickup service business saw an increase in revenue due to the acquisition of new contracts and the expansion of the MaaS (Mobility as a Service) business. The human resource services business experienced revenue growth due to an increase in the number of dispatched drivers. The airport-related human resource business also saw an increase in revenue as the number of dispatched personnel rose, driven by the recovery in the number of aircraft arrivals and departures and the promotion of foreign worker recruitment. As a result of the increased revenue in each business, segment profit also increased.

As a result, the sales revenue of the human resource business was 21,638 million yen (104.9% compared to the same quarter from the previous year), and the segment profit was 810 million yen (108.0% compared to the same quarter from the previous year).

<General cargo businesses>

In the port cargo handling business, revenue from fuel cargo handling for biomass power plants increased due to acquisition of cargo handling for new power plants, but revenues in the transport / warehousing business decreased due to letting go of unprofitable customers, and revenue in the overall general cargo business slightly decreased as well. Segment profit increased in the port cargo handling business due to higher revenue. However, as a result of accounting for the losses from the fire that occurred at our Kawasaki Complex Logistics Center on January 11, 2024, overall profit in the general cargo business decreased.

As a result, the sales revenue of the general cargo business was 6,398 million yen (99.5% compared to the same quarter from the previous year), and the segment profit was 790 million yen (66.6% compared to the same quarter from the previous year).

<Overseas Related Business>

In the used vehicle export business, during the first half of the year, the limited availability of car carriers due to the strong demand for new vehicle exports from Japan, driven by the weak yen, forced us to restrict the number of used vehicle exports to Malaysia. However, in the second half of the year, we were able to secure sufficient ship slots, leading to increased revenue. Additionally, the vehicle transportation business in China saw an increase in revenue due to the acquisition of new customers. On the other hand, the CKD business experienced a decrease in revenue in the second half of the year due to a reduction in the number of packed units.

Regarding segment profit, the used vehicle export business and the vehicle transportation business in China saw an increase in profit due to the higher revenue. However, the CKD business conducted an impairment test due to our customer's shift in ASEAN strategy. As a result, we recognized an impairment loss of the right-of-use assets at the Ashikaga Parts Logistics Center (warehouse), leading to an overall decrease in profit for the overseas-related business.

As a result, the sales revenue in the overseas related businesses was 48,938 million yen (102.7% compared to the same period from the previous year), and the segment profit was 76 million yen (15.6% compared to the same quarter from the previous year).

Furthermore, the company expenses not including the above mentioned segment-wise loss and profit (expenses affiliated with our company's management division), etc. are allocated as an item in the "adjustment amount" as indicated in "3. Consolidated financial statements and major notes (6) Notes on consolidated financial statements (Segment information)" in the summary of consolidated statements for the quarter, and totalled 2,450 million yen.

(2) Summary of financial position of the current fiscal period

Status of assets, liabilities, and equity

(Assets)

Current assets increased by 6,961 million yen (26.7%) compared to the end of the previous consolidated fiscal

year to 32,994 million yen.

This was mainly due to an increase of 5,841 million yen in cash and deposits.

Non-current assets increased by 7,212 million yen (23.6%) compared to the end of the previous consolidated fiscal year to 37,739 million yen.

This was mainly due to an increase of 4,102 million yen in tangible fixed assets and an increase of 1,950 million yen in intangible fixed assets.

As a result, total assets increased by 14,174 million yen (25.1%) compared to the previous consolidated fiscal year to 70,733 million yen.

(Liabilities)

Current liabilities increased by 5,944 million yen (32.7%) compared to the end of the previous consolidated fiscal year to 24,145 million yen.

This was mainly due to an increase of 3,500 million yen in bonds and borrowings, and an increase of 815 million yen in trade and other payables.

Non-current liabilities increased by 4,192 million yen (92.7%) compared to the end of the previous consolidated fiscal year to 8,714 million yen.

This was mainly due to an increase of 3,712 million yen in lease liabilities.

As a result, total liabilities increased by 10,137 million yen (44.6%) compared to the end of the previous consolidated fiscal year to 32,860 million yen.

(Equity)

Equity increased by 4,037 million yen (11.9%) compared to the end of the previous consolidated fiscal year to 37,873 million yen.

This is mainly because profit margin increased by 3,679 million yen due to the totalling of current period's profits.

(3) Summary of cash flows of the current fiscal period

Cash and cash equivalents (hereinafter referred to as "funds") at the end of current consolidated accounting period increased by 5,841 million yen compared to the end of the previous consolidated accounting fiscal year to 11,316 million yen. Each cash flow status category during current consolidated fiscal year and their causes are as follows.

(Cash flow from operating activities)

Funds obtained from operating activities were 11,233 million yen (there were income of 8,778 million yen during the previous consolidated fiscal year).

The main cause of the increase in funds were net income of 4,204 million yen, and 5,135 million yen for depreciation and amortization expenses which are non-operating expenses; the main cause of the decrease in funds were an increase in trade receivables of 1,951 million yen, and 2,095 million yen for payment of corporate income tax.

(Cash flow from investment activities)

Net cash used in investment activities was 4,663 million yen (expenditures of 2,167 million yen during the previous consolidated cumulative period). The main itemization breakdown for expenditures were 2,247 million yen for acquisition of tangible fixed assets and investment property, and 1,655 million yen for the acquisition of shares of subsidiaries resulting in changes in the scope of consolidation.

(Cash flow from financing activities)

Funds used due to financing activities were 824 million yen (expenditure of 6,290 million yen in the previous consolidated fiscal year). The main itemization breakdown for expenditures were 2,981 million yen lease liabilities payments and 847 million yen for dividends, while the main itemization breakdown for income was 3,400 million yen net increase for short-term borrowings.

(4) Future outlook

In the next consolidated fiscal year, we anticipate that revenue from used vehicle exports to Malaysia will stabilize, considering exchange rate trends and local demand. For operating income, it is expected to increase due to the promotion of efficiency improvement in the vehicle transportation business as well as the full-year contribution of the rate revision effect..

The performance forecast June 2025 period is estimated to be 135,000 million yen of sales earnings, 8,100 million yen of operating profits, 8,100 million yen of profit before tax deduction and 5,500 million yen in net income attributable to the equity shareholders of the company.

* The above forecast is judged by the company to be rational based on information procurable as of now and the actual results may differ from the forecast.

2. Basic view on selection of accounting standards

This company group aims at achieving improvement in efficiency and quality of management through integration of financial report basics considering the progress of overseas business expansion and the policy of Tan Chong International Limited Group, which is the parent company and at achieving improving international comparison of financial information in the capital market. International financial standards (IFRS) is applied from consolidated financial statement in securities report of June 2016 (period no. 70).

3. Consolidated financial statements and major notes

(1) Consolidated statement of financial position

(Units: Million yen)

| | End of the previous consolidated accounting year (June 30, 2023) | End of the current consolidated accounting year (June 30, 2024) |
|---|--|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 5,475 | 11,316 |
| Trade and other receivables | 14,843 | 17,326 |
| Inventories | 4,730 | 2,979 |
| Other financial assets | 469 | 877 |
| Other current assets | 514 | 494 |
| Total current assets | 26,032 | 32,994 |
| Non-current assets | | |
| Tangible fixed assets | 20,743 | 24,845 |
| Goodwill and intangible assets | 3,378 | 5,328 |
| Investment properties | 3,020 | 2,949 |
| Investment accounting processed with equity method | 533 | 516 |
| Other financial assets | 1,939 | 2,106 |
| Other non-current assets | 433 | 1,426 |
| Deferred tax assets | 478 | 565 |
| Total non-current assets | 30,526 | 37,739 |
| Total assets | 56,558 | 70,733 |
| | | |

(Units: Million yen)

| | End of the previous consolidated accounting year (June 30, 2023) | End of the current consolidated accounting year (June 30, 2024) |
|---|--|---|
| Liabilities and Equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payable | 9,077 | 9,892 |
| Bonds and borrowings | 1,600 | 5,100 |
| Lease liabilities | 3,132 | 2,872 |
| Income taxes payable, etc. | 1,283 | 1,867 |
| Other financial liabilities | — | 2 |
| Other current liabilities | 3,106 | 4,410 |
| Total current liabilities | 18,200 | 24,145 |
| Non-current liabilities | | |
| Lease liabilities | 2,563 | 6,276 |
| Other financial liabilities | 89 | 93 |
| Retirement benefits liabilities | 655 | 1,008 |
| Other non-current liabilities | 313 | 356 |
| Deferred tax liabilities | 899 | 979 |
| Total non-current liabilities | 4,522 | 8,714 |
| Total liabilities | 22,722 | 32,860 |
| Equity | | |
| Capital | 3,390 | 3,390 |
| Capital surplus | 3,461 | 3,484 |
| Treasury stock | △638 | △614 |
| Other components of funds | 644 | 841 |
| Retained earnings | 26,426 | 30,106 |
| Total equity attributing to the equity shareholders of the company | 33,285 | 37,209 |
| Non-controlling interest | 550 | 663 |
| Total Equity | 33,836 | 37,873 |
| Total liabilities and equity | 56,558 | 70,733 |
| | | |

(2) Consolidated statement of profit or loss

(Units: Million yen)

| | Previous consolidated fiscal year (July 1, 2022 to June 30, 2023) | Current Consolidated fiscal year (July 1, 2023 to June 30, 2024) |
|--|--|---|
| Sales | 132,861 | 140,751 |
| Cost of sales | △117,661 | △123,083 |
| Gross profit | 15,200 | 17,668 |
| Selling, general and administrative expenses | △10,331 | △11,297 |
| Other income | 260 | 414 |
| Other expenses | △54 | △562 |
| Operating profit | 5,074 | 6,222 |
| Financial profit | 52 | 65 |
| Financial expenses | △44 | △46 |
| Investment gain / loss through equity method | △2 | △13 |
| Profit before tax | 5,080 | 6,227 |
| Corporate income tax expenses | △1,626 | △2,023 |
| Profit of the year | 3,453 | 4,204 |
| Attribution of the profits of the year: | | |
| Equity shareholders of the company | 3,437 | 4,150 |
| Non-controlling interest | 15 | 53 |
| Profit of the year | 3,453 | 4,204 |
| Earnings per share | | |
| Basic earnings per share (yen) | 203.96 | 245.61 |

(3) Consolidated statements of comprehensive income

(Units: Million yen)

| | Previous consolidated fiscal year (July 1, 2022 to June 30, 2023) | Current Consolidated fiscal year (July 1, 2023 to June 30, 2024) |
|--|--|---|
| Profit of the year | 3,453 | 4,204 |
| Other comprehensive income | | |
| Items not transferring over to profit or loss: | | |
| Remeasurement of defined benefit system | 172 | 413 |
| Net change amount of fair value of equity instruments specified by measured by fair value through other comprehensive income | 184 | 10 |
| Total of the items not transferring over to profit or loss | 356 | 424 |
| Items which may be transferred over to profit or loss | | |
| Conversion difference of business activities overseas | △32 | 169 |
| Other comprehensive income equity of affiliated company accounted for by the equity method | 37 | 39 |
| Total of the items which may be transferred over to profit or loss | 5 | 208 |
| Other comprehensive income after tax deduction | 361 | 632 |
| Comprehensive income for the year | 3,815 | 4,837 |
| Attribution of the comprehensive income for the year: | | |
| Equity shareholders of the company | 3,811 | 4,724 |
| Non-controlling interest | 4 | 112 |
| Comprehensive income for the year | 3,815 | 4,837 |
| | | |

(4) Consolidated statement of changes in equity

Previous consolidated accounting period (July 1, 2022 to June 30, 2023)

(Units: Million yen)

| | Equity attributable to equity shareholders of the company | | | | | | | | | Non-controlling interest | Total Equity |
|--|---|-----------------|----------------|---|---|---|---------------------------------|-------------------|--|--------------------------|--------------|
| | Capital | Capital surplus | Treasury stock | Other components of funds | | | | Retained earnings | Total equity attributing to the equity shareholders of the company | | |
| | | | | Conversion difference of business activities overseas | Financial assets measured by fair value through other comprehensive profits | Remeasurement of defined benefit system | Total other components of funds | | | | |
| Balance on July 1, 2022 | 3,390 | 3,458 | △667 | 155 | 288 | — | 444 | 23,440 | 30,067 | 546 | 30,614 |
| Profit of the year | | | | | | | — | 3,437 | 3,437 | 15 | 3,453 |
| Other comprehensive income | | | | 16 | 184 | 172 | 373 | | 373 | △11 | 361 |
| Comprehensive income for the year | — | — | — | 16 | 184 | 172 | 373 | 3,437 | 3,811 | 4 | 3,815 |
| Dividends of the surplus | | | | | | | — | △625 | △625 | | △625 |
| Share-based payment transactions, etc. | | 2 | 28 | | | | — | | 31 | | 31 |
| Transfer from other capital component to Retained earnings | | | | | △0 | △172 | △173 | 173 | — | | — |
| Total transactions, etc. with the owners | — | 2 | 28 | — | △0 | △172 | △173 | △451 | △593 | — | △593 |
| Balance on June 30, 2023 | 3,390 | 3,461 | △638 | 172 | 472 | — | 644 | 26,426 | 33,285 | 550 | 33,836 |

Current consolidated accounting period (July 1, 2023 to June 30, 2024)

(Units: Million yen)

| | Equity attributable to equity shareholders of the company | | | | | | | | | Non-controlling interest | Total Equity |
|--|---|-----------------|----------------|---|---|---|---------------------------------|-------------------|--|--------------------------|--------------|
| | Capital | Capital surplus | Treasury stock | Other components of funds | | | | Retained earnings | Total equity attributing to the equity shareholders of the company | | |
| | | | | Conversion difference of business activities overseas | Financial assets measured by fair value through other comprehensive profits | Remeasurement of defined benefit system | Total other components of funds | | | | |
| Balance on July 1, 2023 | 3,390 | 3,461 | △638 | 172 | 472 | — | 644 | 26,426 | 33,285 | 550 | 33,836 |
| Profit of the year | | | | | | | — | 4,150 | 4,150 | 53 | 4,204 |
| Other comprehensive income | | | | 149 | 10 | 413 | 573 | | 573 | 59 | 632 |
| Comprehensive income for the year | — | — | — | 149 | 10 | 413 | 573 | 4,150 | 4,724 | 112 | 4,837 |
| Dividends of the surplus | | | | | | | — | △847 | △847 | | △847 |
| Share-based payment transactions, etc. | | 23 | 24 | | | | — | | 47 | | 47 |
| Transfer from other capital component to Retained earnings | | | | △1 | 39 | △413 | △376 | 376 | — | | — |
| Total transactions, etc. with the owners | — | 23 | 24 | △1 | 39 | △413 | △376 | △471 | △799 | — | △799 |
| Balance on June 30, 2024 | 3,390 | 3,484 | △614 | 320 | 521 | — | 841 | 30,106 | 37,209 | 663 | 37,873 |

(5) Consolidated statement of cash flow

(Units: Million yen)

| | Previous consolidated fiscal year (July 1, 2022 to June 30, 2023) | Current Consolidated fiscal year (July 1, 2023 to June 30, 2024) |
|--|--|---|
| Cash flow from operating activities | | |
| Profit of the year | 3,453 | 4,204 |
| Depreciation and amortization costs | 5,005 | 5,135 |
| Impairment loss | — | 746 |
| Interest income and dividend | △52 | △56 |
| Interest expense | 41 | 43 |
| Investment gain / loss through equity method | 2 | 13 |
| Corporate income tax expenses | 1,626 | 2,023 |
| Increase / decrease of trade receivables (△ is an increase) | 1,113 | △1,951 |
| Increase / decrease of inventories (△ is an increase) | △2,127 | 1,754 |
| Increase / decrease of trade payables (△ is a decrease) | 165 | 64 |
| Increase / decrease in net defined benefit asset and liability | 36 | △61 |
| Other | 934 | 1,399 |
| Subtotal | 10,200 | 13,315 |
| Interest and dividend received | 52 | 56 |
| Interest paid | △41 | △43 |
| Corporate income tax paid | △1,432 | △2,095 |
| Cash flow from operating activities | 8,778 | 11,233 |
| Cashflow from investment activities | | |
| Payment for acquisition of tangible fixed assets and investment properties | △1,912 | △2,247 |
| Proceed from sales of tangible fixed assets and investment properties | 18 | 63 |
| Payment for intangible assets | △280 | △539 |
| Expenditures from acquisition of investments in subsidiaries resulting in change in scope of consolidation | — | △1,655 |
| Other | 7 | △284 |
| Cashflow from investment activities | △2,167 | △4,663 |

(Units: Million yen)

| | Previous consolidated fiscal year (July 1, 2022 to June 30, 2023) | Current Consolidated fiscal year (July 1, 2023 to June 30, 2024) |
|---|--|---|
| Cash flow from financing activities | | |
| Net increase or decrease of short-term loans (Δ is a decrease) | $\Delta 2,526$ | 3,400 |
| Redemption of Bonds | — | $\Delta 100$ |
| Repayment of long-term loans | $\Delta 22$ | $\Delta 295$ |
| Repayment of lease debts | $\Delta 3,116$ | $\Delta 2,981$ |
| Dividend paid | $\Delta 625$ | $\Delta 847$ |
| Cash flow from financing activities | $\Delta 6,290$ | $\Delta 824$ |
| Effect of exchange rate changes on cash and cash equivalents | $\Delta 26$ | 95 |
| Increase / decrease in of cash and cash equivalents (Δ is a decrease) | 294 | 5,841 |
| Cash and cash equivalents at the beginning of the year | 5,180 | 5,475 |
| Balance of cash and cash equivalents at the end of the year | 5,475 | 11,316 |

(6) Notes on consolidated financial statements

(Notes on going concern assumption)

There are no applicable matters.

(Changes in Presentation)

Consolidated statement of cash flows

In the previous consolidated fiscal year, the "increase/decrease in retirement benefit assets" included in "other" under "cash flow from operating activities" has been combined with the previously included "increase/decrease in retirement benefit liabilities" to enhance clarity. Starting from the first quarter of the consolidated cumulative period, it is presented as "increase/decrease in retirement benefit assets and liabilities". To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been rearranged.

As a result, the 60 million yen previously displayed under "other" in the "cash flow from operating activities" section of the consolidated cash flow statement for the previous consolidated fiscal year has been reclassified as "increase/decrease in retirement benefit assets and liabilities" under "cash flow from operating activities".

(Segment information)

(1) Summary of report segment

In the report segment of our group based on business segments, financial information isolated from the structural unit of our group can be procured and the highest decision-making body conducts regular study for deciding division of management resources and evaluating performance.

This group collects the business segments based on the state of management organization and characteristics of the service and creates report segment as "domestic automotive-related business", "human resources business" and "general cargo business".

Main services belonging to each report segment

| Segment | Main service |
|--|---|
| Domestic automotive related businesses | Domestic transportation of automobiles and motorcycles, maintenance, in-plant logistics and incidental work. |
| Human resource businesses | Temporary staffing of drivers, personal car driving management |
| General cargo businesses | Transportation and storage of general consumer goods, cargo handling of fuel and slag for biomass power generation, warehouse rental cargo handling, etc. |
| Overseas Related Business | Overseas transportation of automobiles, export of used vehicles, CKD business, etc. |

(2) Sale earnings, profit and loss, assets and other amounts for each report segment

Sale earnings, profit and loss, assets and other amounts for each report segment of our group are as follows.

The sale earnings between the segments are based on market pricing.

Previous consolidated accounting period (July 1, 2022 to June 30, 2023)

(Units: Million yen)

| | Domestic automotive related businesses | Human resource businesses | General cargo businesses | Overseas Related Business | Total | Adjustment amount (note) 1 | Total amount on the consolidated financial statements |
|---|--|---------------------------|--------------------------|---------------------------|---------|----------------------------|---|
| Sales from external customers | 58,169 | 20,621 | 6,429 | 47,641 | 132,861 | — | 132,861 |
| Sales between segments | 129 | 1,442 | 114 | — | 1,685 | △1,685 | — |
| Total | 58,298 | 22,064 | 6,543 | 47,641 | 134,547 | △1,685 | 132,861 |
| Segment profit (operating profit) | 5,062 | 750 | 1,187 | 492 | 7,492 | △2,417 | 5,074 |
| Segment assets | 25,734 | 8,436 | 9,700 | 12,461 | 56,333 | 225 | 56,558 |
| Other items | | | | | | | |
| Increased amount in non-current assets (Note) 2 | 1,983 | 56 | 1,783 | 958 | 4,781 | 29 | 4,810 |
| Depreciation and amortization costs (Note) 2 | 3,172 | 320 | 1,077 | 302 | 4,872 | 132 | 5,005 |

(Note) 1. The adjusted amount is as follows.

- ① The △2,417 million yen adjustment amount in the segment profits includes the total company cost △2,417 million yen. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.
 - ② 225 million yen adjusted amount of segment assets includes total company assets of 14,309 million yen not allotted into any of report segment and △ 14,084 million of translation elimination between segments.
 - ③ The adjusted amount of other items is related to the total company assets not allotted to any report segment.
2. Depreciation and amortization include amounts related to right-of-use assets. Non-current assets do not include financial assets, deferred tax assets etc. The amounts related to right-of-use assets are also included.

Current consolidated accounting period (July 1, 2023 to June 30, 2024)

(Units: Million yen)

| | Domestic automotive related businesses | Human resource businesses | General cargo businesses | Overseas Related Business | Total | Adjustment amount (note) 1 | Total amount on the consolidated financial statements |
|---|--|---------------------------|--------------------------|---------------------------|---------|----------------------------|---|
| Sales from external customers | 63,775 | 21,638 | 6,398 | 48,938 | 140,751 | — | 140,751 |
| Sales between segments | 139 | 1,777 | 113 | — | 2,030 | △2,030 | — |
| Total | 63,915 | 23,416 | 6,511 | 48,938 | 142,781 | △2,030 | 140,751 |
| Segment profit (operating profit) | 6,994 | 810 | 790 | 76 | 8,672 | △2,450 | 6,222 |
| Segment assets | 33,757 | 9,759 | 10,573 | 12,512 | 66,603 | 4,130 | 70,733 |
| Other items | | | | | | | |
| Increased amount in non-current assets (Note) 2 | 10,412 | 720 | 1,414 | 111 | 12,659 | 269 | 12,928 |
| Depreciation and amortization costs (Note) 2 | 3,288 | 308 | 1,061 | 377 | 5,036 | 99 | 5,135 |
| Impairment loss (Note) 2 | — | — | — | 746 | 746 | — | 746 |

(Note) 1. The adjusted amount is as follows.

- ① The $\Delta 2,450$ million yen adjustment amount in the segment profits includes the total company cost $\Delta 2,450$ million yen. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.
 - ② 4,130 million yen adjusted amount of segment assets includes total company assets of 13,036 million yen not allotted into any of report segment and $\Delta 8,906$ million of translation elimination between segments.
 - ③ The adjusted amount of other items is related to the total company assets not allotted to any report segment.
2. Depreciation/amortization costs and impairment loss include amounts related to right-of-use assets. Non-current assets do not include financial assets, deferred tax assets etc. The amounts related to right-of-use assets are also included.

(3) Regional information

- ① The breakdown of sales revenue from external customers by region are as follows.

Previous consolidated accounting period (July 1, 2022 to June 30, 2023)

(Units: Million yen)

| Japan | Malaysia (note) | Other | Total |
|--------|-----------------|-------|---------|
| 86,225 | 42,896 | 3,740 | 132,861 |

Current consolidated accounting period (July 1, 2023 to June 30, 2024)

(Units: Million yen)

| Japan | Malaysia (note) | Other | Total |
|--------|-----------------|-------|---------|
| 92,817 | 43,770 | 4,163 | 140,751 |

- ② Non-current assets

Since the amount of non-current assets in Japan accounts for the majority of the amount of non-current assets in the consolidated statement of financial position, the statements are omitted.

(4) Information on major customers

Previous consolidated accounting period (July 1, 2022 to June 30, 2023)

(Units: Million yen)

| Name or title of customer | Sales | Related segment |
|----------------------------|--------|---|
| Nissan Motors Group (Note) | 19,769 | Domestic automotive related businesses Overseas Related Business |

(Note) The sales performance of the Nissan Motors Group includes the sales performance to Nissan Motors Co., Ltd., Nissan Motorsports & Customizing Co., Ltd., and domestic Nissan Motors sales companies, as well as the sales performance to Dongfeng Motor Co., Ltd. and other Nissan-related companies in China through Zero Scm Logistics (Beijing) Co., Ltd.

Current consolidated accounting period (July 1, 2023 to June 30, 2024)

(Units: Million yen)

| Name or title of customer | Sales | Related segment |
|----------------------------|--------|---|
| Nissan Motors Group (Note) | 20,292 | Domestic automotive related businesses Overseas Related Business |

(Note) The sales performance of the Nissan Motors Group includes the sales performance to Nissan Motors Co., Ltd., Nissan Motorsports & Customizing Co., Ltd., and domestic Nissan Motors sales companies, as well as the sales performance to Dongfeng Motor Co., Ltd. and other Nissan-related companies in China through Zero Scm Logistics (Beijing) Co., Ltd.

(Information per share)

The calculation for basic earnings per share for the previous consolidated fiscal year and the current consolidated fiscal year is as follows.

| | Previous consolidated fiscal year (July 1, 2022 to June 30, 2023) | Current Consolidated fiscal year (July 1, 2023 to June 30, 2024) |
|--|---|--|
| Profit for the year attributable to equity shareholders of the company (million Yen) | 3,437 | 4,150 |
| Weighted average number of shares (thousand shares) | 16,856 | 16,898 |
| Basic earnings per share (yen) | 203.96 | 245.61 |

(Business Combination)

Business combination and other relationships are as follows:

Previous consolidated accounting period (July 1, 2022 to June 30, 2023)

Regarding the business combination with IKEDA Co., Ltd. (now Zero Plus IKEDA Co., Ltd.) conducted on May 31, 2022, the allocation of the acquisition cost had not been completed in the previous consolidated fiscal year, so provisional accounting treatment was applied. However, the allocation of the acquisition cost was completed during the previous third-quarter consolidated accounting period.

Current consolidated accounting period (July 1, 2023 to June 30, 2024)

On November 1, 2023, our Group acquired 100% of the shares of So-ing Co., Ltd. and made it a subsidiary.

(1) Outline of the Business Combination

(1) Name and business of the acquired company

Name of acquired company: So-ing Co., Ltd.

Business Operations: Vehicle transportation, Auto Auction Site Operations, etc.

(2) Acquisition date:

November 1, 2023

(3) Percentage of voting equity interest acquired:

100%

(4) Reasons for the business combination

With the aim of becoming a comprehensive logistics company and service provider in the automobile distribution industry, our Group has been expanding its automobile-related businesses and human resource business in addition to our original vehicle transportation business, and now we welcome So-ing Co., Ltd., which operates vehicle transportation business and auto auction site operation business, to our group. In the vehicle transportation business, with the 2024 problem just around the corner, it is imperative to maintain and secure transportation capacity by reducing the total working hours of crew members and improving transportation efficiency. Taking this acquisition of shares as an opportunity, we will realize improvement in transportation efficiency through the flexible use of cargoes. In the auto auction business, by combining the operational know-how of So-ing Co., Ltd. with the infrastructure and resources of our Group, we will expand the market share of this business and uncover new needs in anticipation of the EV market, thereby maximizing the corporate value of our Group.

(5) Method of acquiring control of the acquired company:

Acquisition of equity interest in exchange for cash

(2) Fair value of acquisition consideration, assets acquired and liabilities assumed as of the acquisition date

Regarding the business combination with SO-ING Co., Ltd. conducted on November 1, 2023, the allocation of the acquisition cost had not been completed during the second-quarter consolidated accounting period, so provisional accounting treatment was applied. However, the allocation of the acquisition cost was completed during the third-quarter consolidated accounting period.

In line with the finalization of this provisional accounting treatment, the amounts of assets and liabilities as of the acquisition date have been revised. The main revisions are an increase of 1,060 million yen in intangible assets, an increase of 360 million yen in non-current liabilities, and a decrease of 699 million yen in goodwill.

(Units: Million yen)

| | |
|--|-------|
| Fair value of acquisition consideration | 2,856 |
| Fair value of assets acquired and liabilities assumed | |
| Cash and cash equivalents | 1,200 |
| Trade and other receivables | 259 |
| Other current assets | 79 |
| Tangible fixed assets | 1,211 |
| Intangible assets (Note) | 1,060 |
| Other non-current assets | 50 |
| Current liabilities | 800 |
| Non-current liabilities | 795 |
| Fair value (net amount) of assets acquired and liabilities assumed | 2,265 |
| Goodwill | 590 |

(Note) Intangible assets of 1,060 million yen identified in the business combination are measured based on assumptions such as estimated future cash flows, discount rates, and the rate of decrease in sales from existing customers, and consist primarily of customer-related assets of 1,060 million yen. The estimated useful life of the customer-related assets is 13 years.

Goodwill mainly consists of synergies with existing businesses and excess earning power expected to arise from the acquisition that do not individually qualify for recognition. None of the recognized goodwill is expected to be deductible for tax purposes.

(3) Acquisition-related expenses

Acquisition-related expenses for this business combination was 89 million yen and is included in "Selling, general and administrative expenses" in consolidated profit and loss statement.

(4) Cash flow from acquisition

(Units: Million yen)

| | |
|--|--------|
| Cash and cash equivalents used in the acquisition | △2,856 |
| Cash and cash equivalents held by the acquired company at the time of acquisition | 1,200 |
| Expenditures from acquisition of investments in subsidiaries resulting in change in scope of consolidation | △1,655 |

(5) Impact of the business combination on the Group's performance

Assuming that the business combination was implemented at the beginning of the current consolidated accounting year, profit and loss information after the acquisition date of the business combination and the impact on the Group's business performance for the current consolidated fiscal year are immaterial and are not disclosed.

(Significant subsequent events)

There are no applicable matters.