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TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 693)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

The announcement of financial results of Zero Co., Ltd. for the year ended 30 June 2023 is originally prepared in Japanese ("Original Announcement"). The attached announcement on the next page is a translation of the Original Announcement solely for the purpose of providing information.

By the order of the Board
Tan Chong International Limited
Teo Siok Ghee
Liew Daphnie Pingyen
Joint Company Secretaries

Hong Kong, 10 August 2023

Website: <http://www.tanchong.com>

As at the date of this announcement, the executive Directors are Mr. Tan Eng Soon, Mr. Glenn Tan Chun Hong, Mr. Tan Kheng Leong and Mdm. Sng Chiew Huat. The non-executive Directors are Mr. Joseph Ong Yong Loke and Ms. Gillian Tan Tsui Lyn. The independent non-executive Directors are Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim, Mr. Teo Ek Kee and Mr. Charles Tseng Chia Chun.

Summary of Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 [Based on IFRS]

August 10, 2023

Company name: ZERO CO., LTD. Stock Exchange Listing: Tokyo
 Stock code: 9028 URL <http://www.zero-group.co.jp/>
 Representative: President & CEO Takeo Kitamura
 Inquiries: Director and Manager of Group Strategies Headquarters Toshihiro Takahashi (TEL) 044-520-0106
 Scheduled Date of Ordinary General meeting of Shareholders: September 27, 2023 Scheduled date to commence dividend payments: September 28, 2023
 Scheduled Date for the Submission of Annual Securities Report: September 28, 2023
 Preparation of supplementary material on financial results: No
 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, 2023 (From July 1, 2022 to June 30, 2023)

(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	%
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
FY2021/2022	107,045	16.1	3,912	△26.6	3,947	△26.6	2,521	△30.2	2,535	△30.1	2,718	△31.2

	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	%	%	%
FY2022/2023	203.96	—	10.9	9.1	3.8
FY2021/2022	150.91	150.72	8.7	7.4	3.7

(Reference) Investment gain / loss through equity method; FY2022/2023: △2 million yen, FY2021/2022: 3 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
FY2022/2023	56,558	33,836	33,285	58.9	1,971.95
FY2021/2022	55,189	30,614	30,067	54.5	1,785.79

(Note) In the current consolidated fiscal year ending June 2023, the provisional accounting treatment for the business combination has been finalized.

(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
FY2022/2023	8,778	△2,167	△6,290	5,475
FY2021/2022	3,954	△3,266	△1,608	5,180

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	%	%
FY2021/2022	---	15.00	---	22.70	37.70	635	25.0	2.2
FY2022/2023	---	15.00	---	36.00	51.00	872	25.0	2.7
FY2023/2024 (forecast)	---	15.00	---	36.90	51.90		-	

3. Forecast of consolidated financial results for the year ending June 30, 2024 (From July 1, 2023 to June 30, 2024)

(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	121,000	△8.9	5,200	2.5	5,200	2.4	3,500	1.8	207.64

※(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)	FY2022/2023	17,560,242 shares	FY2021/2022	17,560,242 shares
② Number of treasury shares at the end of the period	FY2022/2023	956,982 shares	FY2021/2022	994,982 shares
③ Average number of shares during the period (total up to this year)	FY2022/2023	16,856,142 shares	FY2021/2022	16,804,791 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

(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	%
FY2022/2023	58,967	11.0	2,069	△4.6	2,648	20.9	1,880	35.7
FY2021/2022	53,143	△5.5	2,169	△15.1	2,190	△42.1	1,385	△47.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022/2023	113.36	-
FY2021/2022	83.71	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2022/2023	41,776	25,087	60.1	1,511.00
FY2021/2022	37,967	23,628	62.2	1,426.41

(Reference) Company's Equity

FY2022/2023: 25,087 million yen

FY2021/2022: 23,628 million yen

<Reasons for the difference in non-consolidated financial results from the previous fiscal year's results>

In the current fiscal year, the number of vehicles transported in the domestic vehicle transportation business has been on a recovery trend, so this accounts for the difference between the actual sales figures 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 fiscal year continued to recover moderately as supply constraints in semiconductors and other areas and the impact of the COVID-19 Pandemic have eased, despite the impact of high resource prices.

Even in the domestic automotive market, the total number of new vehicles sales increased to 112.2% (statistical data of the Japan Automobile Manufacturers Association) as compared to the consolidated cumulative period of the same quarter from the previous year (hereinafter referred to as the same quarter from the previous year). The recovery trend became clearer in the current consolidated accounting year as some automobile manufacturers expanded shipments to the domestic market from the beginning of the year 2023. The number of used vehicle registrations and sales decreased to 97.8% compared to the same period of the previous year, due in part to the effect of the temporary levelling off of the used vehicle market, which had been on an upward trend until the market settled down, although the used vehicle market began to be revitalized as the supply of new cars recovered.

Revenues increased in all segments, mainly due to the strong performance of the used vehicle export business to Malaysia and an increase in the number of units for transportation contracts. Operating income increased in all segments due to higher marginal income from increased revenue, despite the impact of fuel costs.

As a result, the business results of our group are as follows: sales revenue of 132,861 million yen (124.1% compared to the same quarter from the previous year) and operating profit of 5,074 million yen (129.7% compared to the same quarter from the previous year). In addition, the profit before taxes was 5,080 million yen (128.7% compared to the same quarter from the previous year), and the profit of the quarter attributable to the equity shareholders of the company was 3,437 million yen (135.6% compared to the same quarter from the previous year).

(Number of units related to domestic distribution of automobiles)

Domestic		July 2021 to June 2022	July 2022 to June 2023	Units: vehicles Compared to the previous year
Number of new vehicles sold				
Domestic manufacturer	*1	3,830,263	4,317,258	112.7%
(out of this, Nissan Motor)	*1	(428,312)	(471,549)	(110.1%)
Foreign manufacturer	*2	239,669	248,485	103.7%
Total of new vehicle sales		4,069,932	4,565,743	112.2%
Number of registered used cars				
Registered vehicles	*3	3,591,917	3,483,546	97.0%
Light vehicles	*4	2,863,195	2,829,497	98.8%
Total number of used vehicles registered		6,455,112	6,313,043	97.8%

Export		July 2021 to June 2022	July 2022 to June 2023	Compared to the previous year
New vehicles of domestic manufacturers	*1	3,529,909	4,104,045	116.3%
Used vehicles(registered vehicles)	*5	1,276,107	1,322,614	103.6%

*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]

National average		Unit: Yen / L		
		July 2021 to June 2022	July 2022 to June 2023	Compared to the previous year
Light oil	*6	146.7	148.8	101.4%
Regular petrol	*6	166.9	168.8	101.1%

*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 new and used vehicles increased, which led to an increase in revenue. In addition, revenue from Zero Plus IKEDA Co., Ltd., which became a consolidated subsidiary, also contributed to the overall increase in revenue in the domestic automotive related business.

Segment profit was affected by higher unit labour costs and higher unit fuel costs and fuel surcharges for marine transportation due to soaring crude oil prices and the sharp depreciation of the yen, but the implementation of a fuel surcharge system from September 2022 offset the impact of higher fuel costs and increased marginal profit due to higher revenues.

As a result, the overall sales revenue in the domestic automotive business was 58,169 million yen (113.0% compared to the same period from the previous year), and the segment profit was 5,062 million yen (120.5% 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. In addition, the Group has newly established the DX Strategy Office to promote a 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, with the rapid adoption of EVs, a new Sales Planning Department have been established to study the establishment of an infrastructure that includes the implementation of ancillary services in EV vehicle transportation.

In response to the "New Normal", the direction of the Ministry of Health, Labour and Welfare's revision of the Improvement Standards Notice has been set, we will reduce indirect time other than operation hours by promoting a system of division of labour in cargo handling while maintaining the operation hours of crew members toward the "Year 2024 Problems", and at the same time, we will promote efficient operation of transportation equipment. However, with minimum wages and unit labour costs rising in tandem with the rise in the consumer price index, we recognize the need to maintain and improve wages while reducing total hours worked per crew member and the need to hire new crew members equivalent to the reduction in total hours worked as important management issues.

<Human resource businesses>

In the pickup service business, revenue increased due to the acquisition of new contracts and an increase in MaaS (Mobility as a Service) services for J:COM (JCOM Co., Ltd.). In the human resources business, revenue increased due to an increase in the number of dispatched drivers and temp workers mainly in eastern Japan, and in the airport-related business, revenue increased due to an increase in the number of dispatched personnel along with the recovery in the number of flights to and from Japan. Segment profit increased due to increased revenue in each business segment and cost reduction.

As a result, the sales revenue of the overall human resource business was 20,621 million yen (106.7% compared to the same quarter from the previous year), and the segment profit was 750 million yen (112.7% compared to the same quarter from the previous year).

<General cargo businesses>

Revenue in the port cargo handling business increased due to increased fuel cargo handling for biomass power plants, and the revenue in the transport / warehousing business decreased due to letting go of unprofitable customers despite starting up a third-party logistics business by leasing new warehouses. For segment profit, the transport / warehousing business reported a decrease due to start-up expenses for the newly leased warehouses, but the port cargo handling business reported an increase due to increased fuel cargo handling for biomass power generation, increasing the revenue in the overall general cargo business as well.

As a result, the sales revenue of the overall general cargo business was 6,429 million yen (100.1% compared to the same quarter from the previous year), and the segment profit was 1,187 million yen (112.0% compared to the same quarter from the previous year).

<Overseas Related Business>

In the used vehicle export business, sales increased significantly due to an increase in the number of vehicles exported to Malaysia, a major export destination, as a result of an increase in local demand, partly due to the depreciation of the yen and semiconductor shortages, while previous activities to improve customer satisfaction led to an increase in market share. In the CKD business, revenue decreased due to a decrease in packaging volume during the model changeover. In the vehicle transportation business in China, sales increased due to the recovery of the Chinese automobile market.

Segment profit increased in the used vehicle export business and the vehicle transportation business in China due to increased sales, and decreased in the CKD business due to decreased sales.

As a result, the overall sales revenue in the overseas related businesses was 47,641 million yen (159.8% compared to the same period from the previous year), and the segment profit was 492 million yen (267.0% 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 2,417 million yen.

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

Status of assets, liabilities, and equity

(Assets)

Current assets increased by 1,427 million yen (5.8%) compared to the end of the previous consolidated fiscal year to 26,032 million yen.

This was mainly due to a decrease of 1,033 million yen in trade and other receivables, despite an increase of 2,126 million yen in inventories.

Non-current assets decreased by 57 million yen (0.2%) compared to the end of the previous consolidated fiscal year and were 30,526 million yen.

This was mainly due to a decrease of 455 million yen in tangible fixed assets, despite an increase of 293 million yen in other financial assets.

As a result, total assets increased by 1,369 million yen (2.5%) compared to the previous consolidated fiscal year to 56,558 million yen.

(Liabilities)

Current liabilities decreased by 430 million yen (2.3%) compared to the end of the previous consolidated fiscal year to 18,200 million yen.

This was mainly due to a decrease of 2,403 million yen in borrowings, despite an increase of 643 million yen in trade and other payables.

Non-current liabilities decreased by 1,421 million yen (23.9%) compared to the end of the previous consolidated fiscal year to 4,522 million yen.

This was mainly due to a decrease of 1,287 million yen in lease liabilities and a decrease of 243 million yen in liabilities for retirement benefits.

As a result, total liabilities decreased by 1,852 million yen (7.5%) compared to the end of the previous consolidated fiscal year to 22,722 million yen.

(Equity)

Equity increased by 3,221 million yen (10.5%) compared to the end of the previous consolidated fiscal year to 33,836 million yen.

This is mainly because profit margin increased by 2,986 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 fiscal period increased by 294 million yen compared to the end of the previous consolidated fiscal year to 5,475 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 8,778 million yen (there were income of 3,954 million yen during the previous consolidated fiscal year).

The main cause of the increase in funds were 3,453 million yen for profit from this period and 5,005 million yen for depreciation and amortization expenses which are non-fund expenses; the main cause of the decrease in funds was an increase of 2,127 million yen in inventories.

(Cash flow from investment activities)

Net cash used in investment activities was 2,167 million yen (expenditures of 3,266 million yen during the previous consolidated cumulative period). The main itemization breakdown for expenditures was 1,912 million yen for acquisition of tangible fixed assets and investment property.

(Cash flow from financing activities)

Funds used due to financing activities were 6,290 million yen (expenditure of 1,608 million yen in the previous consolidated fiscal year). The main itemization breakdown for expenditures 3,116 million yen lease liabilities payments and 2,526 million yen for short-term borrowings.

(4) Future outlook

In the next consolidated fiscal year, sales and distribution of automobiles in Japan are expected to recover as the shortage of semiconductors is resolved, while exports of used cars to Malaysia are expected to slow down due to a lull in local demand.

The performance forecast of June 2024 period is estimated to be 121,000 million yen of sale earnings, 5,200 million yen of operating profits, 5,200 million yen of profit before tax deduction and 3,500 million yen of current period net income owing to owners of new 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, 2022)	End of the current consolidated accounting year (June 30, 2023)
Assets		
Current assets		
Cash and cash equivalents	5,180	5,475
Trade and other receivables	15,877	14,843
Inventories	2,603	4,730
Other financial assets	471	469
Other current assets	471	514
Total current assets	24,605	26,032
Non-current assets		
Tangible fixed assets	21,199	20,743
Goodwill and intangible assets	3,275	3,378
Investment properties	3,145	3,020
Investment accounting processed with equity method	497	533
Other financial assets	1,646	1,939
Other non-current assets	427	433
Deferred tax assets	392	478
Total non-current assets	30,584	30,526
Total assets	55,189	56,558

(Units: Million yen)

	End of the previous consolidated accounting year (June 30, 2022)	End of the current consolidated accounting year (June 30, 2023)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payable	8,433	9,077
Loans	4,003	1,600
Lease liabilities	2,666	3,132
Income taxes payable, etc.	996	1,283
Other current liabilities	2,530	3,106
Total current liabilities	18,631	18,200
Non-current liabilities		
Lease liabilities	3,851	2,563
Other financial liabilities	82	89
Retirement benefits liabilities	899	655
Other non-current liabilities	306	313
Deferred tax liabilities	804	899
Total non-current liabilities	5,943	4,522
Total liabilities	24,574	22,722
Equity		
Capital	3,390	3,390
Capital surplus	3,458	3,461
Treasury stock	△667	△638
Other components of funds	444	644
Retained earnings	23,440	26,426
Total equity attributable to the equity shareholders of the company	30,067	33,285
Non-controlling interest	546	550
Total Equity	30,614	33,836
Total liabilities and equity	55,189	56,558

(2) Consolidated statement of profit or loss

(Units: Million yen)

	Previous consolidated fiscal year (July 1, 2021 to June 30, 2022)	Current Consolidated fiscal year (July 1, 2022 to June 30, 2023)
Sales revenue	107,045	132,861
Cost of sales	Δ93,918	Δ117,661
Gross Profit	13,127	15,200
Selling, general and administrative expenses	Δ9,354	Δ10,331
Other income	258	260
Other expenses	Δ119	Δ54
Operating profit	3,912	5,074
Financial profit	70	52
Financial expenses	Δ39	Δ44
Investment gain / loss through equity method	3	Δ2
Profit before tax	3,947	5,080
Corporate income tax expenses	Δ1,425	Δ1,626
Profit of the year	2,521	3,453
Attribution of the profits of the year:		
Equity shareholders of the company	2,535	3,437
Non-controlling interest	Δ14	15
Profit of the year	2,521	3,453
Earnings per share		
Basic earnings per share (yen)	150.91	203.96
Basic earnings per share after dilution (yen)	150.72	—

(3) Consolidated statement of comprehensive income

(Units: Million yen)

	Previous consolidated fiscal year (July 1, 2021 to June 30, 2022)	Current Consolidated fiscal year (July 1, 2022 to June 30, 2023)
Profit of the year	2,521	3,453
Other comprehensive income		
Items not transferring over to profit or loss:		
Remeasurement of defined benefit system	Δ9	172
Net change amount of fair value of equity instruments specified by measured by fair value through other comprehensive income	Δ66	184
Total of the items not transferring over to profit or loss	Δ75	356
Items which may be transferred over to profit or loss		
Conversion difference of business activities overseas	245	Δ32
Other comprehensive income equity of affiliated company accounted for by the equity method	27	37
Total of the items which may be transferred over to profit or loss	272	5
Other comprehensive income after tax deduction	197	361
Comprehensive income for the year	2,718	3,815
Attribution of the comprehensive income for the year:		
Equity shareholders of the company	2,646	3,811
Non-controlling interest	71	4
Comprehensive income for the year	2,718	3,815

(4) Consolidated statement of changes in equity

Previous consolidated accounting period (July 1, 2021 to June 30, 2022)

(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 attributable 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 equity Total				
Balance on July 1, 2021	3,390	3,437	△681	△31	355	—	324	21,809	28,280	18	28,298
Profit of the year							—	2,535	2,535	△14	2,521
Other comprehensive income				186	△66	△9	111		111	86	197
Comprehensive income for the year	—	—	—	186	△66	△9	111	2,535	2,646	71	2,718
Dividends of the surplus							—	△895	△895		△895
Acquisition of treasury stock			△0				—		△0		△0
Share-based payment transactions, etc.		21	13				—		35		35
Transfer from other capital component to Retained earnings					△0	9	8	△8	—		—
Changes in scope of consolidation							—		—	457	457
Total transactions, etc. with the owners	—	21	13	—	△0	9	8	△904	△859	457	△402
Balance on June 30, 2022	3,390	3,458	△667	155	288	—	444	23,440	30,067	546	30,614

Current 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 attributable 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

(5) Consolidated statement of cash flow

(Units: Million yen)

	Previous consolidated fiscal year (July 1, 2021 to June 30, 2022)	Current Consolidated fiscal year (July 1, 2022 to June 30, 2023)
Cash flow from operating activities		
Profit of the year	2,521	3,453
Depreciation and amortization costs	4,682	5,005
Interest income and dividend	△37	△52
Interest expense	38	41
Investment gain / loss through equity method	△3	2
Corporate income tax expenses	1,425	1,626
Increase / decrease of trade receivables (△ is an increase)	△1,881	1,113
Increase / decrease of inventories (△ is an increase)	△1,674	△2,127
Increase / decrease of trade payables (△ is a decrease)	442	165
Increase / decrease in retirement benefits liabilities (△ is a decrease)	△32	△24
Other	107	995
Subtotal	5,587	10,200
Interest and dividend received	37	52
Interest paid	△38	△41
Corporate income tax paid	△1,632	△1,432
Cash flow from operating activities	3,954	8,778
Cashflow from investment activities		
Payment for acquisition of tangible fixed assets and investment properties	△2,595	△1,912
Proceed from sales of tangible fixed assets and investment properties	5	18
Payment for intangible assets	△95	△280
Proceeds from acquisition of investments in subsidiaries resulting in change in scope of consolidation	631	—
Expenditures from acquisition of investments in subsidiaries resulting in change in scope of consolidation	△793	—
Other	△418	7
Cashflow from investment activities	△3,266	△2,167

(Units: Million yen)

	Previous consolidated fiscal year (July 1, 2021 to June 30, 2022)	Current Consolidated fiscal year (July 1, 2022 to June 30, 2023)
Cash flow from financing activities		
Net increase or decrease of short-term loans (Δ is a decrease)	2,351	Δ 2,526
Repayment of long-term loans	Δ 32	Δ 22
Repayment of lease debts	Δ 3,031	Δ 3,116
Dividend paid	Δ 895	Δ 625
Payment for acquisition of treasury stock	Δ 0	—
Cash flow from financing activities	Δ 1,608	Δ 6,290
Effect of exchange rate changes on cash and cash equivalents	196	Δ 26
Increase / decrease in of cash and cash equivalents (Δ is a decrease)	Δ 723	294
Cash and cash equivalents at the beginning of the year	5,904	5,180
Balance of cash and cash equivalents at the end of the year	5,180	5,475

(6) Notes on consolidated financial statements

(Notes on going concern assumption)

There are no applicable matters.

(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, 2021 to June 30, 2022)

(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 revenue from external customers	51,482	19,330	6,423	29,809	107,045	—	107,045
Sales revenue between segments	98	1,127	119	—	1,346	Δ1,346	—
Total	51,580	20,458	6,543	29,809	108,391	Δ1,346	107,045
Segment profit (operating profit)	4,202	666	1,060	184	6,113	Δ2,200	3,912
Segment assets	26,143	8,063	8,795	12,348	55,351	Δ161	55,189
Other items							
Increased amount in non-current assets (Note) 2	3,981	64	663	416	5,126	44	5,171
Depreciation and amortization costs (Note) 2	3,025	343	829	285	4,484	198	4,682

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

- ① The Δ2,200 million yen adjustment amount in the segment profits includes the total company cost Δ2,200 million yen. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.
 - ② Δ161 million yen adjusted amount of segment assets includes total company assets of 11,623 million yen not allotted into any of report segment and Δ11,784 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.
3. In the third quarter of the fiscal year ending June 2023, the provisional accounting treatment for the business combination has been finalized.

Current 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 revenue from external customers	58,169	20,621	6,429	47,641	132,861	—	132,861
Sales revenue between segments	129	1,442	114	—	1,685	Δ1,685	—
Total	58,298	22,064	6,543	47,641	134,547	Δ1,685	132,861
Segment profit (operating profit)	5,062	750	1,187	492	7,492	Δ2,417	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 Δ2,417 million yen adjustment amount in the segment profits includes the total company cost Δ2,417 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 Δ 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.

(3) Regional information

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

Previous consolidated accounting period (July 1, 2021 to June 30, 2022)

(Units: Million yen)

Japan	Malaysia (note)	Other	Total
78,115	25,545	3,384	107,045

Current 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

- 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, 2021 to June 30, 2022)

(Units: Million yen)

Name or title of customer	Sales revenue	Related segment
Nissan Motors Group (Note)	17,768	Domestic automotive related businesses Overseas Related Business

(Note) Sale results of Nissan Motors Group are total sale results of Nissan Motors Co. Ltd., Nissan Motorsports & Customizing Co., Ltd. and to Nissan Motors distributors in Japan, as well as those to Dongfeng Motor Co., Ltd. in China and other Nissan Motor affiliates, following the consolidation of Zero Scm Logistics (Beijing) Co., Ltd as a subsidiary from the current consolidated accounting year.

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

(Units: Million yen)

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

(Note) Sale results of Nissan Motors Group are total sale results of Nissan Motors Co. Ltd., Nissan Motorsports & Customizing Co., Ltd. and to Nissan Motors distributors in Japan, as well as those to Dongfeng Motor Co., Ltd. in China and other Nissan Motor affiliates, following the consolidation of Zero Scm Logistics (Beijing) Co., Ltd as a subsidiary from the previous consolidated accounting year.

(Information per share)

The calculation of basic earnings per share for current period and basic earnings per share after dilution in the previous consolidated accounting year and current consolidated accounting year are as follows.

(1) Basic earnings per share

	Previous consolidated fiscal year (July 1, 2021 to June 30, 2022)	Current Consolidated fiscal year (July 1, 2022 to June 30, 2023)
Profit for the year attributable to equity shareholders of the company (million Yen)	2,535	3,437
Weighted average number of shares (thousand shares)	16,804	16,856
Basic earnings per share (yen)	150.91	203.96

(2) Basic earnings per share after dilution

	Previous consolidated fiscal year (July 1, 2021 to June 30, 2022)	Current Consolidated fiscal year (July 1, 2022 to June 30, 2023)
Profit for the year used for calculation of earnings per share after dilution (million Yen)	2,535	—
Impact of dilutive potential common stock Stock benefit trust BBT (thousand shares)	20	—
Weighted average number of shares after dilution (thousand shares)	16,825	—
Basic earnings per share after dilution (yen)	150.72	—

(Note) Diluted earnings per share for the current consolidated accounting year is not stated because there are no dilutive shares.

(Business Combination)

Business combination and other relationships are as follows:

Previous consolidated accounting period (July 1, 2021 to June 30, 2022)

<<Zero Scm Logistics (Beijing) Co., Ltd.>>

On July 1, 2021, our group acquired a partial equity interest (40%) in Zero Scm Logistics (Beijing) Co., Ltd., a jointly controlled company accounted for by the equity method, and made it a subsidiary.

(1) Outline of the Business Combination

(1) Name and business of the acquired company

Name of the acquired company: Zero Scm Logistics (Beijing) Co., Ltd.

Business description: Vehicle transportation business in China

(2) Acquisition date:

July 1, 2021

(3) Percentage of voting equity interest acquired:

Percentage of voting rights held immediately prior to the acquisition date: 25%

Percentage of voting rights additionally acquired on the acquisition date: 40%.

Percentage of voting rights after acquisition: 65%

(4) Reasons for the business combination

Since its establishment on April 29, 2004, Zero Scm Logistics has been mainly engaged in the land transportation of finished vehicles in China for Japanese, European and American automobile manufacturers, including marine and rail transportation. In addition, related operations include customs clearance, storage, and PDI (Pre-Delivery Inspection).

In China, which has become the world's largest automobile market, changes such as the evolution of CASE, MaaS, and carbon neutrality are on the horizon, and in order to follow these changes in a timely manner, our group aims to speed up the decision-making process by making the company a consolidated subsidiary, and further expand its business. Specifically, as the used vehicle market is expected to be developed in China, we will consider full-scale entry into the used vehicle transportation market. Also, assuming that electric vehicles produced in China will be imported to Japan in the future, the Zero Group will consider establishing an integrated domestic and overseas transportation system (complete vehicle transportation in China → export customs clearance → marine transportation → import customs clearance → complete vehicle transportation, PDI, installation, registration, delivery, etc. in Japan).

(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

(Units: Million yen)

Fair value of acquisition consideration	
Fair value on the acquisition date of the shares of the acquired company held immediately prior to the acquisition date	326
Fair value of the acquired company shares additionally acquired on the acquisition date	521
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	1,153
Trade and other receivables	409
Other current assets	161
Tangible fixed assets	306
Other non-current assets	7
Current liabilities	689
Non-current liabilities	41
Fair value (net amount) of assets acquired and liabilities assumed	1,306
Non-controlling interest (Note) 1	457
Gain on bargain purchase (Note) 2	1

(Note) 1. Non-controlling interest is measured as the share of non-controlling shareholders with respect to the fair value of the distinguishable net assets of the acquired company.

(Note) 2. Gain on bargain purchase is included in "Other income" in the previous consolidated fiscal year of profit and loss statement because net assets measured at fair value exceeded consideration paid.

(3) Loss on step acquisition

As a result of remeasuring the equity interest in Zero Scm Logistics Co., Ltd., which was held by the Group immediately prior to the date of acquisition of control, at fair value at the time of acquisition of control, a loss on step acquisition of 0 million yen was recognized and recorded in "Other expenses" in the previous consolidated fiscal year of profit and loss statement.

(4) Acquisition-related expenses

Acquisition-related expenses for this business combination was 8 million yen and is included in "Selling, general and administrative expenses" in the previous consolidated fiscal year of profit and loss statement.

(5) Cash flow from acquisition

(Units: Million yen)

Cash and cash equivalents used in the acquisition	Δ521
Cash and cash equivalents held by the acquired company at the time of acquisition	1,153
Proceeds from acquisition of shares of subsidiaries resulting in change in scope of consolidation	631

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

Sales revenue and loss of the acquired company after the acquisition date recognized in the previous consolidated fiscal year of income statements for the current reporting period amounted to 3,384 million yen and 30 million yen, respectively.

<<Zero Plus IKEDA Co., Ltd.>>

On May 31, 2022, the Company acquired 100% of the shares of IKEDA Co., Ltd. and made it a subsidiary. On the same day, the business name was changed to "Zero Plus IKEDA Co., Ltd."

(1) Outline of the Business Combination

(1) Name and business of the acquired company

Name of acquired company Zero Plus IKEDA Co., Ltd.

Description of business Driven vehicle delivery (land transport)

(2) Acquisition date:

May 31, 2022

(3) Percentage of voting equity interest acquired:

100%

(4) Reasons for the business combination

IKEDA Co., Ltd is an operating company that operates a driven vehicle delivery business mainly for construction equipment rental companies, with more than 300 contracted drivers and services throughout Japan through 11 locations from Tohoku to Kyushu.

In addition to the vehicle transportation business, which is our core business, we also operate a human resource business that mainly provides driver dispatch and pick-up services, and a general cargo business. One of our key challenges is to address the shortage of driver personnel in response to the so-called "2024 supply chain issues".

In this era of great change known as the "New Normal", it is expected that the way people work, including drivers, will continue to diversify, and we are committed to improving the value and quality we provide to customers in line with the needs of the times and creating an environment where drivers can continue to work with peace of mind, while looking at the possibility that it will play a part that supports drivers' "desire to work".

(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

(Units: Million yen)

	Fair value at initial recognition	Subsequent adjustments	Adjusted fair value
Fair value of acquisition consideration	1,000		1,000
Fair value of assets acquired and liabilities assumed			
Cash and cash equivalents	206		206
Trade and other receivables	150		150
Other current assets	60		60
Tangible fixed assets	1		1
Intangible assets(note)	—	864	864
Other non-current assets	14		14
Current liabilities	206		206
Non-current liabilities	—	293	293
Fair value (net amount) of assets acquired and liabilities assumed	225	570	796
Goodwill	774	Δ570	203

(Note 1) As the allocation of the acquisition cost was not completed at the end of the previous consolidated accounting year, a provisional accounting treatment was applied, but the allocation of the acquisition cost has been completed in the current consolidated accounting year. 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 864 million yen in intangible assets, an increase of 293 million yen in non-current liabilities, and a decrease of 570 million yen in goodwill.

(Note 2) Intangible assets of 864 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 864 million yen. The estimated useful life of the customer-related assets is

16 years.

(Note 3) 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 12 million yen and is included in "Selling, general and administrative expenses" in the previous consolidated fiscal year of profit and loss statement.

(4) Cash flow from acquisition

(Units: Million yen)	
Cash and cash equivalents used in the acquisition	Δ1,000
Cash and cash equivalents held by the acquired company at the time of acquisition	206
Expenditures from acquisition of investments in subsidiaries resulting in change in scope of consolidation	Δ793

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

The amounts of revenue and profit/loss of the acquired company after the acquisition date recognized in the previous consolidated fiscal year of profit and loss statement for the reporting year are immaterial. Assuming that the business combination was implemented at the beginning of the current consolidated accounting year, the impact on the Group's business performance for the current consolidated fiscal year is immaterial and is not disclosed.

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

The business combination with IKEDA Co., Ltd. (now Zero Plus IKEDA Co., Ltd.), which took place on May 31, 2022, was accounted for on a provisional basis in the previous consolidated fiscal year because the allocation of the acquisition consideration was not yet complete. However, the allocation of the acquisition consideration was completed in the consolidated accounting period of fiscal year. The amount in the summary of consolidated financial statements related to the previous consolidated fiscal year have been adjusted to reflect the details of the finalization of the provisional accounting process.

(Significant subsequent events)

There are no applicable matters.