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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 2021 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, 5 August 2021

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 and. The non-executive Director is Mr. Joseph Ong Yong Loke. The independent non-executive Directors are Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim and Mr. Teo Ek Kee.*

## Summary of Consolidated Financial Results for the Fiscal Year Ended June 30, 2021 [Based on IFRS]

August 5, 2021

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 28, 2021 Scheduled date to commence dividend payments: September 29, 2021  
 Scheduled Date for the Submission of Annual Securities Report: September 29, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the fiscal year ended June 30, 2021 (From July 1, 2020 to June 30, 2021)

#### (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	%
FY2020	92,171	3.0	5,332	45.1	5,373	46.0	3,614	51.4	3,626	52.7	3,949	66.2
FY2019	89,501	Δ0.8	3,675	11.2	3,679	11.7	2,387	43.5	2,374	43.2	2,376	88.0

	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	%	%	%
FY2020	216.55	215.85	13.6	11.3	5.8
FY2019	142.30	141.98	9.9	8.8	4.1

(Reference) Investment gain / loss through equity method; FY2020: 42 million yen, FY2019: 56 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
FY2020	50,935	28,298	28,280	55.5	1,688.83
FY2019	44,514	24,894	24,864	55.9	1,490.16

#### (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
FY2020	8,594	Δ3,104	Δ4,364	5,904
FY2019	6,538	Δ2,067	Δ3,157	4,779

### 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	%	%
FY2019	---	15.00	---	20.60	35.60	600	25.0	2.5
FY2020	---	15.00	---	39.10	54.10	911	25.0	3.4
FY2021 (forecast)	---	15.00	---	32.80	47.80		25.0	

### 3. Forecast of consolidated financial results for the year ending June 30, 2022 (From July 1, 2021 to June 30, 2022)

(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	95,000	3.1	4,750	Δ10.9	4,750	Δ11.6	3,200	Δ11.8	191.09

※(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)  
 ② Number of treasury shares at the end of the period  
 ③ Average number of shares during the period (total up to this year)

FY2020	17,560,242 shares	FY2019	17,560,242 shares
FY2020	1,018,911 shares	FY2019	1,018,869 shares
FY2020	16,745,846 shares	FY2019	16,685,873 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended June 30, 2021 (From July 1, 2020 to June 30, 2021)

(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	%
FY2020	56,226	1.3	2,557	67.9	3,780	149.8	2,626	197.8
FY2019	55,513	Δ1.3	1,522	Δ51.4	1,513	Δ16.4	881	165.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2020	158.81		-	
FY2019	53.34		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2020	35,807	23,121	64.6	1,397.80
FY2019	33,673	20,917	62.1	1,264.59

(Reference) Company's Equity

FY2020: 23,121 million yen

FY2019: 20,917 million yen

※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 in the current consolidated fiscal year has gradually been on a recovery trend, and although the conditions remained severe, particularly in service consumption due to the impact of the COVID-19 Pandemic.

In the domestic automobile market, the total number of new vehicles sales increased at 104.4% (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). In the first quarter consolidated accounting period, sales decreased to 85.4% as a result of a slump in demand due to the impact of the COVID-19 Pandemic in addition to the loss of the effect of the last minute surge in demand before the consumption tax rate increase in the previous year. However, from the second quarter to the third quarter consolidated accounting period, sales increased compared to the same period of the previous year due to the reversal this year brought by the reaction to the consumption tax rate increase in the previous year, as well as the recovery trend from the impact of the COVID-19 Pandemic. On the other hand, in the fourth quarter consolidated accounting period, sales also increased compared to the same quarter from the previous year, but sales was very weak under the first declaration of emergency in the previous year, as well as sales has been greatly affected by the reduction in automobile production due to the shortage of semiconductors and the supply shortage of automobile parts caused by the re-spreading of the COVID-19 Pandemic in Southeast Asia in this year. The number of registered used cars increased by 102.8% compared to the same period of the previous year due to an estimated increase in demand as a result of a partial shift in the means of transportation from public transportation to private vehicles due to the COVID-19 Pandemic.

Sales revenue increased in the automobile-related business as a result of an increase in the number of commissions for vehicle transportation compared to the previous year and steady growth in used car exports to Malaysia, while operating profit increased in all segments due in part to recovery from the COVID-19 Pandemic.

As a result, the business results of our group are as follows: sales of 92,171 million yen (103.0% compared to the same quarter from the previous year) and operating profit of 5,332 million yen (145.1% compared to the same quarter from the previous year). Also, profit before taxes was 5,373 million yen (146.0% compared to the same quarter from the previous year), and the profit attributable to the equity shareholders of the company was 3,626 million yen (152.7% compared to the same quarter from the previous year).

(Number of units related to domestic distribution of automobiles)

Units: vehicles

Domestic		July 2019 to June 2020	July 2020 to June 2021	Compared to the previous year
Number of new vehicles sold				
Domestic manufacturer	*1	4,384,762	4,577,218	104.4%
(out of this, Nissan Motor)	*1	(491,866)	(483,552)	(98.3%)
Foreign manufacturer	*2	264,809	278,207	105.1%
Total of new vehicle sales		4,649,571	4,855,425	104.4%
Number of registered used cars				
Registered vehicles	*3	3,746,472	3,909,258	104.3%
Light vehicles	*4	3,067,767	3,094,802	100.9%
Total number of used vehicles registered		6,814,239	7,004,060	102.8%
Number of vehicles permanently deleted	*3	229,924	207,818	90.4%

Export	July 2019 to June 2020	July 2020 to June 2021	Compared to the previous year
New vehicles of domestic manufacturers *1	4,034,610	4,140,514	102.6%
Used vehicles(registered vehicles) *5	1,439,123	1,177,126	81.8%

\*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 2019 to June 2020	July 2020 to June 2021	Compared to the previous year
Light oil *6	126.5	121.0	95.7%
Regular petrol *6	146.1	140.6	96.2%

\*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.

<Automobile-related businesses>

For vehicle transportation, which is the core business, revenue increased due to the number of units for transportation contracts as a result of an increase in new vehicle sales and used vehicle registrations. Also, there was an increase in revenue in the used vehicle export business as a result of steady growth, and an overall increase in revenue in the automotive related businesses.

In the vehicle transportation business there are management issues such as the creation of a company that is worth working for and the promotion of work style reforms aimed at reducing total working hours, increases in labor costs and hiring costs to cope with potential driver shortages, and increases in vehicle costs due to the increase in the number of vehicles and aging of transportation equipment, working to achieve systematic vehicle allocation and optimize the operation of nationwide distribution network, while at the same time thoroughly implementing cost management. Segment profit increased due to an increase in the number of units for transportation contracts and the number of used vehicle exports, as well as a decline in unit fuel costs compared to the same period from the previous year, despite a loss recorded due to the marine accident involving the car carrier ship off the coast of Imabari, Ehime Prefecture.

As a result, the overall sales revenue in the automobile related businesses was 68,039 million yen (105.2% compared to the same period from the previous year), and the segment profit was 5,876 million yen (108.3% compared to the same quarter from the previous year).

<Human resource businesses>

Regarding the pick-up service business, sales increased due to the recovery from the impact of the COVID-19 pandemic, but the driver dispatch business and the airport-related personnel business saw a decrease in sales due to the continued suspension of employment contracts caused by the COVID-19 pandemic. Segment profit increased as a result of efforts to reduce SG&A expenses and the recording of employment adjustment subsidies.

As a result, the sales revenue of the overall human resource business was 17,946 million yen (96.5% compared to the same quarter from the previous year), and the segment profit was 833 million yen (128.0% compared to the same quarter from the previous year).

<General cargo businesses>

Revenue in the port cargo handling business increased due to commission of cargo handling of materials for biomass power plants and biomass power generation fuel, while revenue increased in the transportation / warehousing business due to the acquisition of new customers, but in the CKD business, revenue decreased due to the temporary suspension of shipments to the automobile manufacturing plant in Thailand, and a result, there was slight decrease in overall revenue in the general cargo business.

In the port cargo handling business, profit increased due to the contribution of cargo handling related to biomass power generation, and in the transportation / warehousing business, profit increased due to price revisions and the acquisition of new customers. In the CKD business, profits increased due to the reduction of fixed costs and the

compensation of costs. Segment profit in the overall general cargo business also increased. As a result, the sales revenue of the overall general cargo business was 6,185 million yen (99.4% compared to the same period from the previous year), and segment profit was 687 million yen (188 million yen loss in the same period from the previous year).

Furthermore, the company expenses not included in the abovementioned report segment (expenses affiliated with our company's management division), etc. are allocated as an item in the "adjustment amount" as indicated in "3. Consolidated Statements and Major Notes (6) Notes on Consolidated Statements (Segment information)" and totaled 2,065 million yen.

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

### Status of assets, liabilities, and equity

#### (Assets)

Current assets increased 1,872 million yen (10.3%) compared to the end of the previous consolidated fiscal year and were 20,060 million yen.

This was mainly due to an increase in cash and cash equivalents of 1,125 million yen, and an increase in inventories of 415 million yen.

Non-current assets increased by 4,548 million yen (17.3%) compared to the end of the previous consolidated fiscal year to 30,875 million yen.

This was mainly due to an increase of tangible fixed assets of 4,749 million yen due to an increase in right-of-use assets, even if goodwill and intangible assets decreased by 305 million yen.

As a result, total assets increased by 6,420 million yen (14.4%) compared to the previous consolidated fiscal year to 50,935 million yen.

#### (Liabilities)

Current liabilities increased 246 million yen (1.7%) compared to the end of the previous consolidated fiscal year to 14,819 million yen.

This was mainly due to an increase of 301 million yen in trade and other payables, despite a decrease of 47 million yen in other current liabilities.

Non-current liabilities increased by 2,769 million yen (54.9%) compared to the end of the previous consolidated fiscal year to 7,817 million yen.

This was mainly due to other financial liabilities increasing by 2,895 million yen due to an increase in lease liabilities, despite a decrease of 253 million yen in retirement benefits liabilities.

As a result, total liabilities increased by 3,016 million yen (15.4%) compared to the end of the previous consolidated fiscal year to 22,636 million yen.

#### (Equity)

Equity increased by 3,404 million yen (13.7%) compared to the end of the previous consolidated fiscal year to 28,298 million yen.

This is mainly because profit margin increased by 3,118 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 1,125 million yen compared to the end of the previous consolidated accounting fiscal year to 5,904 million yen.

Each cash flow status category during current consolidated cumulative period and their causes are as follows.

#### (Cash flow from operating activities)

Funds obtained from operating activities were 8,594 million yen (there were income of 6,538 million yen during the same period of the previous year).

The main cause of the increase in funds were 3,614 million yen for profit from the current period and 4,581 million yen for depreciation and amortization expenses which are non-fund expenses; the main cause of the decrease in funds was 1,441 million yen for payment of corporate income tax.

#### (Cash flow from investment activities)

Net cash used in investment activities was 3,104 million yen (expenditures of 2,067 million yen during the previous consolidated cumulative period).

The main itemization breakdown for expenditures was 2,968 million yen for acquisition of tangible fixed assets and investment property.

#### (Cash flow from financing activities)

Funds used due to financing activities were 4,364 million yen (expenditure of 3,157 million yen in the previous consolidated cumulative period).

The main itemization breakdown for expenditures were 3,287 million yen lease liabilities payments and 588 million yen for dividends.

#### (4) Future outlook

In the next consolidated cumulative period, a gradual recovery from the impact of the COVID-19 pandemic is expected, but it is expected that the number of commissions for vehicle transportation and pre-delivery maintenance and inspection will decrease in 2021 due to a reduction in automobile production caused by the semiconductor shortage and the supply shortage of automobile parts caused by the re-spreading of the COVID-19 Pandemic in Southeast Asia. Also, operating profit is expected to be affected by the upward trend in unit fuel costs, in addition to the loss of employment adjustment subsidies.

Meanwhile, Zero Scm Logistics Co., Ltd. (Beijing) in China became a subsidiary on July 1, 2021, resulting in a net increase in sales revenue and operating profit.

The performance forecast June 2022 period is estimated to be 95,000 million yen of sales earnings, 4,750 million yen of operating profits, 4,750 million yen of profit before tax deduction and 3,200 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, 2020)	End of the current consolidated accounting period (June 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	4,779	5,904
Trade and other receivables	12,607	12,914
Inventories	511	927
Other financial assets	10	7
Other current assets	279	306
Total current assets	18,187	20,060
Non-current assets		
Tangible fixed assets	17,146	21,895
Goodwill and intangible assets	2,626	2,320
Investment properties	3,275	3,262
Investment accounting processed with equity method	984	788
Other financial assets	1,487	1,686
Other non-current assets	350	541
Deferred tax assets	456	379
Total non-current assets	26,327	30,875
Total assets	44,514	50,935

(Units: Million yen)

	End of the previous consolidated accounting year (June 30, 2020)	End of the current consolidated accounting period (June 30, 2021)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payable	5,875	6,283
Loans	2,028	1,572
lease liabilities	2,847	3,066
Income taxes payable, etc.	931	1,161
Other current liabilities	2,889	2,735
Total current liabilities	14,572	14,819
Non-current liabilities		
Loans	55	22
Lease liabilities	3,069	5,964
Other financial liabilities	79	80
Retirement benefits liabilities	1,216	962
Other non-current liabilities	276	308
Deferred tax liabilities	351	478
Total non-current liabilities	5,048	7,817
Total liabilities	19,620	22,636
Equity		
Capital	3,390	3,390
Capital surplus	3,394	3,437
Treasury stock	△681	△681
Other components of funds	70	324
Retained earnings	18,690	21,809
Total equity attributing to the equity shareholders of the company	24,864	28,280
Non-controlling interest	29	18
Total Equity	24,894	28,298
Total liabilities and equity	44,514	50,935

## (2) Consolidated statement of profit or loss

	(Units: Million yen)	
	Previous consolidated cumulative period (July 1, 2019 to June 30, 2020)	Current Consolidated cumulative period (July 1, 2020 to June 30, 2021)
Sales revenue	89,501	92,171
Cost of sales	Δ77,100	Δ78,768
Gross Profit	12,401	13,402
Selling, general and administrative expenses	Δ9,106	Δ8,749
Other income	475	985
Other expenses	Δ95	Δ306
Operating profit	3,675	5,332
Financial profit	17	38
Financial expenses	Δ69	Δ38
Investment gain / loss through equity method	56	42
Profit before tax	3,679	5,373
Corporate income tax expenses	Δ1,292	Δ1,759
Profit of the year	2,387	3,614
Attribution of the profits of the year:		
Equity shareholders of the company	2,374	3,626
Non-controlling interest	12	Δ11
Profit of the year	2,387	3,614
Earnings per share		
Basic earnings per share (yen)	142.30	216.55
Basic earnings per share after dilution (yen)	141.98	215.85

## (3) Consolidated statement of profit or loss and other comprehensive income

(Units: Million yen)

	Previous consolidated cumulative period (July 1, 2019 to June 30, 2020)	Current Consolidated cumulative period (July 1, 2020 to June 30, 2021)
Profit of the year	2,387	3,614
Other comprehensive income		
Items not transferring over to profit or loss:		
Remeasurement of defined benefit system	154	80
Net change amount of fair value of equity instruments specified by measured by fair value through other comprehensive income	Δ107	176
Total of the items not transferring over to profit or loss	47	257
Items which may be transferred over to profit or loss		
Other comprehensive income equity of affiliated company accounted for by the equity method	Δ58	77
Total of the items which may be transferred over to profit or loss	Δ58	77
Other comprehensive income after tax deduction	Δ10	335
Comprehensive income for the year	2,376	3,949
Attribution of the comprehensive income for the year:		
Equity shareholders of the company	2,363	3,961
Non-controlling interest	12	Δ11
Comprehensive income for the year	2,376	3,949

## (4) Consolidated statement of changes in equity

Previous consolidated accounting period (July 1, 2019 to June 30, 2020)

(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, 2019	3,390	3,362	△687	△50	286	—	236	16,754	23,056	16	23,072
Profit of the year							—	2,374	2,374	12	2,387
Other comprehensive income				△58	△107	154	△10		△10		△10
Comprehensive income for the year	—	—	—	△58	△107	154	△10	2,374	2,363	12	2,376
Dividends of the surplus							—	△593	△593		△593
Share-based payment transactions, etc.		31	6				—		38		38
Transfer from other capital component to Retained earnings					△0	△154	△155	155	—		—
Total transactions, etc. with the owners	—	31	6	—	△0	△154	△155	△437	△554	—	△554
Balance on June 30, 2020	3,390	3,394	△681	△108	179	—	70	18,690	24,864	29	24,894

Current consolidated accounting period (July 1, 2020 to June 30, 2021)

(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, 2020	3,390	3,394	△681	△108	179	—	70	18,690	24,864	29	24,894
Profit of the year							—	3,626	3,626	△11	3,614
Other comprehensive income				77	176	80	335		335		335
Comprehensive income for the year	—	—	—	77	176	80	335	3,626	3,961	△11	3,949
Dividends of the surplus							—	△588	△588		△588
Acquisition of treasury stock			△0				—		△0		△0
Share-based payment transactions, etc.		43					—		43		43
Transfer from other capital component to Retained earnings						△80	△80	80	—		—
Total transactions, etc. with the owners	—	43	△0	—	—	△80	△80	△508	△545	—	△545
Balance on June 30, 2021	3,390	3,437	△681	△31	355	—	324	21,809	28,280	18	28,298

## (5) Consolidated statement of cash flow

(Units: Million yen)

	Previous consolidated cumulative period (July 1, 2019 to June 30, 2020)	Current Consolidated cumulative period (July 1, 2020 to June 30, 2021)
Cash flow from operating activities		
Profit of the year	2,387	3,614
Depreciation and amortization costs	4,394	4,581
Interest income and dividend	△12	△13
Interest expense	51	38
Investment gain / loss through equity method	△56	△42
Corporate income tax expenses	1,292	1,759
Increase / decrease of trade receivables (△ is an increase)	345	△62
Increase / decrease of inventories (△ is an increase)	411	△415
Increase / decrease of trade payables (△ is a decrease)	△602	374
Increase / decrease in retirement benefits liabilities (△ is a decrease)	△275	△127
Other	△101	354
Subtotal	7,833	10,061
Interest and dividend received	12	13
Interest paid	△51	△38
Corporate income tax paid	△1,255	△1,441
Cash flow from operating activities	6,538	8,594
Cash flow from investment activities		
Payment for acquisition of tangible fixed assets and investment properties	△1,889	△2,968
Proceed from sales of tangible fixed assets and investment properties	13	103
Payment for intangible assets	△105	△89
Payment for loans receivable	△36	△16
Proceed from loans receivable	19	36
Other	△68	△169
Cash flow from investment activities	△2,067	△3,104
Cash flow from financing activities		
Net increase or decrease of short-term loans (△ is a decrease)	800	△435
Repayment of long-term loans	△154	△53
Repayment of lease debts	△3,209	△3,287
Dividend paid	△593	△588
Payment for acquisition of treasury stock	—	△0
Cash flow from financing activities	△3,157	△4,364
Increase / decrease in of cash and cash equivalents (△ is a decrease)	1,313	1,125
Cash and cash equivalents at the beginning of the year	3,465	4,779
Balance of cash and cash equivalents at the end of the year	4,779	5,904

(6) Notes on consolidated financial statements

(Notes on going concern assumption)

There are no applicable matters.

(Changing the accounting principles)(Consolidated financial statements)

In the previous fiscal year, "lease obligations", which was included in "other financial liabilities" of "non-current liabilities", since its monetary importance has increased, we decided to present separately from the current fiscal year. In order to reflect this change in presentation method, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, the 2,847 million shown in "other financial liabilities" under "current liabilities" in the consolidated statement of financial position for the previous consolidated fiscal year has been reclassified to "lease liabilities" at 2,847 million. And the 3,148 million shown in "other financial liabilities" of "non-current liabilities" has been reclassified as "lease liabilities" of 3,069 million and "other financial liabilities" of 79 million.

(Segment information)

(1) Summary of report segment

In the report segment of our group, 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 "automobile-related business", "human resources business" and "general cargo business".

Main services belonging to each report segment

Segment	Main service
Automobile-related businesses	Transport of automobiles, repair, used cars auction, used cars export
Human resource businesses	Temporary staffing of drivers, personal car driving management
General cargo businesses	General consumer goods transport and maintenance, loading and unloading of coal, minerals, warehouse lease, 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 accounting policy for each report segment is same as account of our company stated in note 3. Important accounting policies.

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

Previous consolidated accounting period (July 1, 2019 to June 30, 2020)

					(Units: Million yen)	
	Automobile-related businesses	Human resource businesses	General cargo businesses	Total	Adjustment amount (note) 1	Total amount on the consolidated financial statements
Sales revenue from external customers	64,675	18,603	6,222	89,501	—	89,501
Sales revenue between segments	44	1,056	444	1,545	△1,545	—
Total	64,719	19,659	6,667	91,046	△1,545	89,501
Segment profit (operating profit)	5,426	650	△188	5,888	△2,212	3,675
Segment assets	26,587	6,995	8,326	41,910	2,604	44,514
Other items						
Increased amount in non-current	2,493	58	492	3,045	17	3,062

assets (note) 2						
Depreciation and amortization costs (note) 2	2,791	430	821	4,043	350	4,394

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

- ① The  $\Delta$  2,212 million yen adjusted amount of segment profit includes total company cost of  $\Delta$  2,212 million yen and 0 million yen of transaction elimination between segments. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.
  - ② 2,604 million yen adjusted amount of segment assets includes total company assets of 10,421 million yen not allotted into any of report segment and  $\Delta$  7,816 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 expenses 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 included.
3. About some of trucks and trailers using for the Group's automobile-related business, effective from the current consolidated fiscal year, the useful life period has been changed. Due to this, the sales profit increased by 326 million yen in the automobile-related business for the current consolidated cumulative period compared to the case of using the conventional useful life period.

Current consolidated accounting period (July 1, 2020 to June 30, 2021)

(Units: Million yen)

	Automobile-related businesses	Human resource businesses	General cargo businesses	Total	Adjustment amount (note) 1	Total amount on the consolidated financial statements
Sales revenue from external customers	68,039	17,946	6,185	92,171	—	92,171
Sales revenue between segments	50	1,063	458	1,572	$\Delta$ 1,572	—
Total	68,089	19,010	6,643	93,744	$\Delta$ 1,572	92,171
Segment profit (operating profit)	5,876	833	687	7,397	$\Delta$ 2,065	5,332
Segment assets	30,497	7,733	8,915	47,146	3,789	50,935
Other items						
Increased amount in non-current assets (note) 2	7,060	858	1,568	9,486	251	9,738
Depreciation and amortization costs (note) 2	2,931	414	939	4,286	294	4,581

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

- ① The  $\Delta$  2,065 million yen adjusted amount of segment profit includes total company cost of  $\Delta$  2,065 million yen and 0 million yen of transaction elimination between segments. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.
  - ② 3,789 million yen adjusted amount of segment assets includes total company assets of 11,619 million yen not allotted into any of report segment and  $\Delta$  7,830 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 expenses 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 included.

### (3) Regional information

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

Previous consolidated accounting period (July 1, 2019 to June 30, 2020)

(Units: Million yen)

Japan	Malaysia (note)	Other	Total
78,763	10,278	459	89,501

Current consolidated accounting period (July 1, 2020 to June 30, 2021)

(Units: Million yen)

Japan	Malaysia (note)	Other	Total
79,134	13,022	15	92,171

② Non-current assets

There are no non-current assets present outside Japan and hence, this item is not applicable.

(4) Information on major customers

Previous consolidated accounting period (July 1, 2019 to June 30, 2020)

(Units: Million yen)

Name or title of customer	Sales revenue	Related segment
Nissan Motors Group (Note)	17,553	Automobile-related businesses

(Note) Sale results of Nissan Motors Group are total sale results of Nissan Motors Co. Ltd., Autech Japan Co. Ltd. and Nissan Motors Sales Co. all over the country.

Current consolidated accounting period (July 1, 2020 to June 30, 2021)

(Units: Million yen)

Name or title of customer	Sales revenue	Related segment
Nissan Motors Group (Note)	18,076	Automobile-related businesses

(Note) Sale results of Nissan Motors Group are total sale results of Nissan Motors Co. Ltd., Autech Japan Co. Ltd. and Nissan Motors Sales Co. all over the country.

(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 cumulative period (From July 1, 2019 to June 30, 2020)	Current Consolidated cumulative period (From July 1, 2020 to June 30, 2021)
Profit for the year attributable to equity shareholders of the company (million Yen)	2,374	3,626
Weighted average number of shares (thousand shares)	16,685	16,745
Basic earnings per share (yen)	142.30	216.55

(2) Basic earnings per share after dilution

	Previous consolidated cumulative period (From July 1, 2019 to June 30, 2020)	Current Consolidated cumulative period (From July 1, 2020 to June 30, 2021)
Profit for the year used for calculation of earnings per share after dilution (million Yen)	2,374	3,626
Impact of dilutive potential common stock Stock benefit trust BBT (thousand shares)	37	54
Weighted average number of shares after dilution (thousand shares)	16,744	16,800
Basic earnings per share after dilution (yen)	141.98	215.85

(Significant subsequent events)

At the meeting of the Board of Directors held on June 24, 2021, the Company resolved to acquire a portion of the equity interest (40%) stake of Zero Scm Logistics Co., Ltd. (Beijing), an equity-method affiliate, to make it a consolidated subsidiary effective July 1, 2021.

#### 1. Outline of Merger and Acquisition

##### (1) Main reasons for the merger (to be replaced with the business proposal)

Our group has set the promotion of overseas business as one of its key strategies, and we believe that the growth of automobile transportation in China will continue to increase in the future, and by making Zero Scm Logistics Co, Ltd. (Beijing) a consolidated subsidiary of the company from an equity method affiliate an important transportation base, we will further strengthen our operational structure and strive to further enhance the competitiveness of our overseas business in the future.

Since its establishment on April 29, 2004, Zero Scm Logistics has been engaged in the transportation of finished vehicles in China for Japanese, European and American automobile manufacturers, mainly by land, and also by sea rail. As related services, they also handle customs clearance, storage, PDI (pre-delivery maintenance and inspection), and other services.

In China, which has become the world's largest automobile market, changes such as the evolution of CASE, MaaS, and carbon neutrality are expected, and in order to respond to such changes in a timely manner, the Company aims to speed up the decision-making process and further expand its business by making it a consolidated subsidiary. Specifically, as the used vehicle market is expected to develop in China as well, we are considering a full-scale entry into the used vehicle transportation business, and we are also considering the establishment of an integrated domestic and overseas transportation system (transportation of finished vehicles in China → export customs clearance → maritime transportation → import customs clearance → finished vehicle transportation, PDI, installation, registration and delivery in Japan) in the Zero group, assuming that electric cars produced in China will be imported into Japan in the future.

##### (2) Date of merger

July 1, 2021

##### (3) Legal form of combined companies

Get of equity interest for cash

##### (4) No change in name

after merger

##### (5) Percentage of voting rights acquired

Percentage of voting rights held immediately before the merger: 25%

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

Percentage of voting rights after acquisition: 65%