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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 unaudited financial results of Zero Co., Ltd. for the nine-month period ended 31 March 2024 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, 9 May 2024

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, Mdm. Sng Chiew Huat and Ms. Gillian Tan Tsui Lyn. 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, Mr. Teo Ek Kee and Mr. Charles Tseng Chia Chun.

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

May 9, 2024

Company name: ZERO CO., LTD.
 Stock code: 9028 URL: <http://www.zero-group.co.jp/>
 Representative: President & CEO
 Inquiries: Director and Manager of Group Strategies Headquarters
 Scheduled Date of Submission of Quarterly Report: May 10, 2024
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

Stock Exchange Listing: Tokyo

Takeo Kitamura
 Toshihiro Takahashi

TEL 044-520-0106

Scheduled date to commence dividend payments: -

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the third quarter ending of the fiscal year June 30, 2024 (From July 1, 2023 to March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Quarterly income		Profit attributable to equity shareholders of the company		Total comprehensive income of the quarter	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FY2023/2024	105,570	4.5	4,501	20.0	4,512	20.3	3,005	20.0	2,959	18.4	3,399	31.0
3Q FY2022/2023	101,052	32.1	3,752	29.1	3,751	27.4	2,504	31.6	2,500	31.2	2,594	29.3

	Basic quarterly earnings per share		Diluted quarterly earnings per share	
	Yen		Yen	
3Q FY2023/2024	175.19		175.18	
3Q FY2022/2023	148.37		148.35	

(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	
	Millions of yen		Millions of yen		Millions of yen		%	
3Q FY2023/2024	65,442		36,422		35,800		54.7	
FY2022/2023	56,558		33,836		33,285		58.9	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
FY2022/2023	---	15.00	---	36.00	51.00
FY2023/2024	---	15.00	---		
FY2023/2024 (forecast)				39.80	54.80

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

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	137,000	3.1	5,600	10.3	5,600	10.2	3,700	7.6	219.01

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

※(Note)

(1) Changes in significant subsidiary companies during the current quarter (Changes in the specific subsidiary companies following changes in the scope of consolidation): No

New — Co. (Company name),

Exclusions — Co. (Company name)

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

① Changes in the accounting policies required by IFRS : No

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

③ Changes in the accounting estimates : No

(3) Number of issued shares (common shares)

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

3Q FY2023/2024	17,560,242 shares	FY2022/2023	17,560,242 shares	
② Number of treasury shares at the end of the period	3Q FY2023/2024	920,782 shares	FY2022/2023	956,982 shares
③ Average number of shares during the period (total up to this quarter)	3Q FY2023/2024	16,894,109 shares	3Q FY2022/2023	16,850,457 shares

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

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

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

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1. Qualitative information on the quarterly financial results

(1) Explanation regarding the operating results

Japan's economy during the third quarter of the current consolidated cumulative period was gradually picking up or even recovering, despite some downward pressure from the Noto Peninsula earthquake.

In the domestic automotive market, the total number of new vehicles sales decreased to 98.9% (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 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 sale increased to 102.9% compared to the same period of the previous year in line with the recovery in new car sales up to the previous quarter.

Revenues increased mainly in the automobile-related businesses. Operating profits increased mainly in the overseas businesses and the Overseas-related business.

As a result, the business results of our group are as follows: sales of 105,570 million yen (104.5% compared to the same quarter from the previous year) and operating profit of 4,501 million yen (120.0% compared to the same quarter from the previous year). Also, the profit before taxes was 4,512 million yen (120.3% compared to the same quarter from the previous year), and the profit of the quarter attributable to the equity shareholders of the company was 2,959 million yen (118.4% compared to the same quarter from the previous year).

Number of units related to domestic distribution of automobiles

Units: vehicles

Domestic		July of 2022 to March of 2023	July of 2023 to March of 2024	Compared to the previous year
Number of new vehicles sold				
Domestic manufacturer	*1	3,307,458	3,274,024	99.0%
(out of this, Nissan Motor)	*1	(365,051)	(377,816)	(103.5%)
Foreign manufacturer	*2	189,243	185,602	98.1%
Total of new vehicle sales		3,496,701	3,459,626	98.9%
Number of registered used vehicles and sales				
Registered vehicles	*3	2,611,620	2,732,945	104.6%
Light vehicles	*4	2,138,112	2,154,974	100.8%
Total number of registered used vehicles and sales		4,749,732	4,887,919	102.9%

Export		July of 2022 to March of 2023	July of 2023 to March of 2024	Compared to the previous year
New vehicles of domestic manufacturers	*1	3,034,805	3,393,095	111.8%
Used vehicles (registered vehicles)	*5	996,004	1,190,723	119.6%

*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

The segment business results are as follows.

(1) Domestic automotive related businesses

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

Segment profit was affected by higher recruitment and labor costs due to increases in the consumer price index and minimum wages amid an increase in the ratio of active job openings to active job applicants for crew members following the end of the COVID-19 Pandemic, as well as higher vehicle costs due to investments in transportation equipment in anticipation of EVs. On the other hand, the rate revision in January 2024 in the vehicle transportation business, an increase in the number of vehicles requiring pre-delivery maintenance in the maintenance business, and an increase in the number of transportation requests from rental construction equipment companies in the construction equipment transportation business, due to the Noto Peninsula earthquake, plus the consolidation of SO-ING Co., Ltd. in November 2023, resulted in a net increase in revenue for the Group.

As a result, the overall sales in the domestic automotive related businesses was 46,629 million yen (108.1% compared to the same quarter from the previous year), and the segment profit was 4,428 million yen (123.1% 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, with the rapid adoption of EVs, the Group will consider building 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 labor in cargo handling while maintaining the operation hours of crew members toward the "Year 2024 Problems", and at the same time, we will promote new hiring of crew members and efficient operation 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.

(2) Human resource businesses

In the pickup service business, revenue increased due to the acquisition of new contracts and an increase in the number of vehicles in the MaaS (Mobility as a Service) business. In the human resources business, revenue increased due to an increase in the number of dispatched drivers, and in the airport-related business, revenue increased due to an increase in the number of dispatched personnel in line with the recovery in the number of flights to and from Japan and the promotion of foreign recruitment. Segment profit increased due to increased sales in each business segments.

As a result, the sales revenue of the overall human resource business was 16,133 million yen (104.7% compared to the same quarter from the previous year), and the segment profit was 616 million yen (102.6% compared to the same quarter from the previous year).

(3) General cargo business

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 decreased as well. Segment profit decreased in the general cargo business as a whole as a result of the loss from the fire that occurred at our Kawasaki Multi-functional Logistics Center on January 11, 2024.

As a result, the sales revenue of the overall general cargo business was 4,822 million yen (99.5% compared to the same quarter from the previous year), and the segment profit was 480 million yen (54.2% compared to the same quarter from the previous year).

(4) Overseas Related Businesses

In the used vehicle export business, revenue decreased slightly due to restrictions on the number of used cars exported to Malaysia as the number of dedicated car carriers was limited as a result of brisk exports of new vehicles from Japan against the depreciation of the yen. In the CKD business, revenue increased due to an increase in the number of packaging units, and in the vehicle transportation business in China, revenue increased due to acquisition of new customers.

Segment profit increased in the used vehicle export business due to cost reductions and the passing on of costs. In addition, the CKD business posted an increase in profit due to an increase in revenue, while the vehicle transportation business in China posted an increase in profit thanks to the successful acquisition of new customers.

As a result of the above, the sales revenue of the overall overseas business was 37,984 million yen (100.9% compared to the same quarter from the previous year), and segment profit was 676 million yen (199.0% compared to the same quarter 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 "2. (Segment information) in the summary of the quarterly consolidated financial statements and major notes", and totalled 1,701 million yen.

(2) Explanation regarding financial position

(1) Status of assets, liabilities, and equity

(Assets)

Current assets increased by 7,526 million yen (28.9%) compared to the end of the previous consolidated fiscal year to 33,558 million yen.

This was mainly due to an increase of 6,753 million yen in trade and other receivables.

Non-current assets increased by 1,357 million yen (4.4%) compared to the end of the previous consolidated fiscal year to 31,884 million yen.

This was mainly due to an increase of 1,898 million yen in intangible assets, despite a decrease of 1,264 million yen in tangible fixed assets due to amortization of right-of-use assets.

As a result, total assets increased by 8,884 million yen (15.7%) compared to the previous consolidated fiscal year to 65,442 million yen.

(Liabilities)

Current liabilities increased 5,886 million yen (32.3%) compared to the end of the previous consolidated fiscal year to 24,086 million yen.

This was mainly because retained earnings increased by 6,800 million yen.

Non-current liabilities increased 411 million yen (9.1%) compared to the end of the previous consolidated fiscal year to 4,933 million yen.

This was mainly due to an increase of 390 million yen in deferred tax liabilities.

As a result, total liabilities increased by 6,297 million yen (27.7%) compared to the end of the previous consolidated fiscal year to 29,020 million yen.

(Equity)

Total equity increased by 2,586 million yen (7.6%) compared to the end of the previous consolidated fiscal year to 36,422 million yen.

This was mainly because retained earnings increased by 2,273 million yen.

(2) Cash flow status

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated accounting period of the third quarter increased by 1,965 million yen compared to the end of the previous consolidated fiscal year to 7,440 million yen.

Each cash flow status category during the consolidated cumulative period of the third quarter and their causes are as follows.

(Cash flow from operating activities)

Funds obtained as a result of operating activities were 2,468 million yen (there was an income of 3,262 million yen during the same period of the previous year).

The main cause of the increase in funds were 3,829 million yen for depreciation and amortization expenses which are non-fund expenses and 3,005 million yen in quarterly income; the main cause of the decrease in funds was 5,670 million yen increase in trade receivables.

(Cash flow from investment activities)

Net cash used in investment activities was 3,887 million yen (expenditures of 1,279 million yen during the same period of the previous year).

The main itemization breakdown for expenditures were 1,713 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)

Net cash obtained from financing activities was 3,346 million yen (expenditures of 2,366 million yen during the same period of the previous year).

The main itemization breakdown for expenditures were 2,243 million yen lease liabilities payments and 847 million yen for dividends, while the main itemization breakdown for income was 6,600 million yen net increase for short-term borrowings.

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

We have revised our consolidated earnings forecast for the fiscal year ending June 2024 based on the performance trends and other factors during the third quarter of the current fiscal year.

For information on the revision of consolidated earnings forecast, please refer to the "Notice Concerning Revision of Earnings Forecast and Revision of Year-end Dividend Forecast" published on May 9, 2024.

2. Summary of the consolidated financial statements and major notes

(1) Summary of quarterly consolidated statement of financial position

(Units: Million yen)

	End of the previous consolidated accounting year (June 30, 2023)	Consolidated cumulative period of this third quarter (2024 March 31)
Assets		
Current assets		
Cash and cash equivalents	5,475	7,440
Trade and other receivables	14,843	21,597
Inventories	4,730	3,315
Other financial assets	469	699
Other current assets	514	505
Total current assets	26,032	33,558
Non-current assets		
Tangible fixed assets	20,743	19,478
Goodwill and intangible assets	3,378	5,276
Investment properties	3,020	3,000
Investment accounting processed with equity method	533	511
Other financial assets	1,939	2,108
Other non-current assets	433	1,081
Deferred tax assets	478	427
Total non-current assets	30,526	31,884
Total assets	56,558	65,442

(Units: Million yen)

	End of the previous consolidated accounting year (June 30, 2023)	Consolidated cumulative period of this third quarter(2024 March 31)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payable	9,077	9,604
Bonds and borrowings	1,600	8,432
Lease liabilities	3,132	1,296
Income taxes payable, etc.	1,283	860
Other financial liabilities	—	2
Other current liabilities	3,106	3,890
Total current liabilities	18,200	24,086
Non-current liabilities		
Loans	—	98
Lease liabilities	2,563	2,050
Other financial liabilities	89	100
Retirement benefits liabilities	655	1,034
Other non-current liabilities	313	359
Deferred tax liabilities	899	1,289
Total non-current liabilities	4,522	4,933
Total liabilities	22,722	29,020
Equity		
Capital	3,390	3,390
Capital surplus	3,461	3,472
Treasury stock	△638	△614
Other components of funds	644	852
Retained earnings	26,426	28,700
Total equity attributing to the equity shareholders of the company	33,285	35,800
Non-controlling interest	550	621
Total Equity	33,836	36,422
Total liabilities and equity	56,558	65,442

(2) Summary of quarterly consolidated profit and loss statement

(Units: Million yen)

	Consolidated cumulative period for the previous third quarter (From July 1, 2022 to March 31, 2023)	Consolidated cumulative period of this third quarter (From July 1, 2023 to March 31, 2024)
Sales	101,052	105,570
Cost of sales	Δ89,761	Δ92,479
Gross profit	11,291	13,090
Selling, general and administrative expenses	Δ7,700	Δ8,347
Other income	204	291
Other expenses	Δ42	Δ532
Operating profit	3,752	4,501
Financial profit	42	54
Financial expenses	Δ37	Δ33
Investment gain / loss through equity method	Δ5	Δ10
Profit before tax	3,751	4,512
Corporate income tax expenses	Δ1,247	Δ1,506
Profits of the quarter	2,504	3,005
Attribution of the profits of the quarter:		
Equity shareholders of the company	2,500	2,959
Non-controlling interest	4	46
Profits of the quarter	2,504	3,005
Quarterly earnings per share		
Basic quarterly earnings per share (yen)	148.37	175.19
Diluted quarterly earnings per share (yen)	148.35	175.18

(3) Summary of the quarterly consolidated comprehensive income statement

(Units: Million yen)

	Consolidated cumulative period for the previous third quarter (From July 1, 2022 to March 31, 2023)	Consolidated cumulative period of this third quarter (From July 1, 2023 to March 31, 2024)
Profits of the quarter	2,504	3,005
Other comprehensive income		
Items not transferring over to profit or loss:		
Remeasurement of defined benefit system	4	198
Financial assets measured by fair value through other comprehensive profits	131	93
Total of the items not transferring over to profit or loss	136	291
Items which may be transferred over to profit or loss		
Conversion difference of business activities overseas	△72	70
Other comprehensive income equity of affiliated company accounted for by the equity method	27	30
Total of the items which may be transferred over to profit or loss	△45	101
Other comprehensive income after tax deduction	90	393
Comprehensive income of the quarter	2,594	3,399
Attribution of the comprehensive income for the quarter:		
Equity shareholders of the company	2,616	3,328
Non-controlling interest	△21	70
Comprehensive income of the quarter	2,594	3,399

(4) Summary of the quarterly consolidated statement of changes in equity
 Consolidated accounting period of the third quarter (from July 1, 2022 to March 31, 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
Profits of the quarter							—	2,500	2,500	4	2,504
Other comprehensive income				△20	131	4	115		115	△25	90
Comprehensive income of the quarter	—	—	—	△20	131	4	115	2,500	2,616	△21	2,594
Dividends of the surplus							—	△625	△625		△625
Share-based payment transactions, etc.		△6	28				—		21		21
Transfer from other capital component to Retained earnings					△0	△4	△5	5	—		—
Total transactions, etc. with the owners	—	△6	28	—	△0	△4	△5	△619	△603	—	△603
Balance on March 31, 2023	3,390	3,451	△638	135	419	—	554	25,321	32,080	525	32,605

Consolidated cumulative period of this third quarter (from July 1, 2023 to March 31, 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
Profits of the quarter							—	2,959	2,959	46	3,005
Other comprehensive income				77	93	198	368		368	24	393
Comprehensive income of the quarter	—	—	—	77	93	198	368	2,959	3,328	70	3,399
Dividends of the surplus							—	△847	△847		△847
Share-based payment transactions, etc.		10	24				—		34		34
Transfer from other capital component to Retained earnings				△1	39	△198	△160	160	—		—
Total transactions, etc. with the owners	—	10	24	△1	39	△198	△160	△686	△812	—	△812
Balance on March 31, 2024	3,390	3,472	△614	247	604	—	852	28,700	35,800	621	36,422

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

(Units: Million yen)

	Consolidated cumulative period for the previous third quarter (From July 1, 2022 to March 31, 2023)	Consolidated cumulative period of this third quarter (From July 1, 2023 to March 31, 2024)
Cash flow from operating activities		
Profits of the quarter	2,504	3,005
Depreciation and amortization costs	3,663	3,829
Interest income and dividend	△42	△45
Interest expense	31	30
Investment gain / loss through equity method	5	10
Corporate income tax expenses	1,247	1,506
Increase / decrease of trade receivables (△ is an increase)	△3,435	△5,670
Increase / decrease of inventories (△ is an increase)	601	1,417
Increase / decrease of trade payables (△ is a decrease)	439	755
Increase / decrease in net defined benefit asset and liability	△17	△7
Other	△280	△373
Subtotal	4,717	4,460
Interest and dividend received	42	45
Interest paid	△31	△30
Corporate income tax paid	△1,465	△2,006
Cash flow from operating activities	3,262	2,468
Cashflow from investment activities		
Payment for acquisition of tangible fixed assets and investment properties	△1,333	△1,713
Proceed from sales of tangible fixed assets and investment properties	11	47
Payment for intangible assets	△130	△421
Expenditures from acquisition of investments in subsidiaries resulting in change in scope of consolidation	—	△1,655
Other	173	△144
Cashflow from investment activities	△1,279	△3,887

(Units: Million yen)

	Consolidated cumulative period for the previous third quarter (From July 1, 2022 to March 31, 2023)	Consolidated cumulative period of this third quarter (From July 1, 2023 to March 31, 2024)
Cash flow from financing activities		
Net increase or decrease of short-term loans (Δ is a decrease)	556	6,600
Repayment of long-term loans	$\Delta 22$	$\Delta 63$
Redemption of Bonds	—	$\Delta 100$
Repayment of lease debts	$\Delta 2,274$	$\Delta 2,243$
Dividend paid	$\Delta 625$	$\Delta 847$
Cash flow from financing activities	$\Delta 2,366$	3,346
Effect of exchange rate changes on cash and cash equivalents	$\Delta 55$	38
Increase / decrease in of cash and cash equivalents (Δ is a decrease)	$\Delta 438$	1,965
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 quarter	4,742	7,440

(6) Notes regarding summary of the quarterly consolidated financial statements

(Notes on going concern assumption)

There are no applicable matters.

(Changes in Presentation)

(Summary of quarterly consolidated cash flow statements)

From the first quarter of the current consolidated cumulative period, “Increase / decrease in retirement benefits liabilities”, which was included in “Other” under “Cash flow from operating activities” in the third quarter of the previous consolidated cumulative period, has been combined with the previous “Increase / decrease in retirement benefits liabilities” and presented as “Increase / decrease net defined benefit asset and liability” to improve the clarity of the presentation. To reflect this change in presentation, the condensed quarterly consolidated financial statements for the third quarter of the previous fiscal year have been reclassified.

As a result, 2 million yen presented in “Other” under “Cash flow from operating activities” in the condensed quarterly consolidated statements of cash flows for the third quarter of the previous fiscal year has been reclassified as “Increase / decrease in net defined benefit asset and liability” under “Cash flows from operating activities”.

(Segment information)

The segment information of our group is as follows.

Consolidated accounting period of the third quarter (from July 1, 2022 to March 31, 2023)

(Units: Million yen)

	Domestic automotive related businesses	Human resource businesses	General cargo businesses	Overseas Related Business	Total	Adjustment amount (note)	Total amount on the quarterly consolidated financial statements
Sales							
Sales from external customers	43,126	15,416	4,847	37,661	101,052	—	101,052
Sales between segments	99	1,043	80	—	1,223	Δ1,223	—
Total	43,225	16,460	4,928	37,661	102,276	Δ1,223	101,052
Segment profit (operating profit)	3,597	600	887	340	5,426	Δ1,674	3,752

(Note). The Δ1,674 million yen adjustment amount in the segment profits includes the total company cost Δ1,674 million yen. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.

Consolidated cumulative period of this third quarter (from July 1, 2023 to March 31, 2024)

(Units: Million yen)

	Domestic automotive related businesses	Human resource businesses	General cargo businesses	Overseas Related Business	Total	Adjustment amount (note)	Total amount on the quarterly consolidated financial statements
Sales							
Sales from external customers	46,629	16,133	4,822	37,984	105,570	—	105,570
Sales between segments	102	1,299	85	—	1,487	Δ1,487	—
Total	46,731	17,433	4,907	37,984	107,057	Δ1,487	105,570
Segment profit (operating profit)	4,428	616	480	676	6,203	Δ1,701	4,501

(Note). The Δ1,701 million yen adjustment amount in the segment profits includes the total company cost Δ1,701 million yen. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.

(Business Combination)

Consolidated accounting period of the third quarter (from July 1, 2022 to March 31, 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 two years ago 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 the previous third quarter.

Consolidated cumulative period of this third quarter (from July 1, 2023 to March 31, 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

The business combination with SO-ING Co., Ltd. which took place on November 1, 2023, was accounted for on a provisional basis in the second quarter of the current consolidated accounting period because the allocation of the acquisition was not yet complete. However, the allocation of the acquisition consideration was completed in the third quarter of the current 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 the summary of quarterly consolidated profit and loss statement.

(4) Cash flow from acquisition

(Units: Million yen)

Cash and cash equivalents used in the acquisition	Δ2,856
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	Δ1,655

(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.