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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 six-month period ended 31 December 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, 13 February 2025

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 Second Quarter Ending of the Fiscal Year June 30, 2025 [Based on IFRS]

February 13, 2025

Company name: ZERO CO., LTD.
 Stock code: 9028 URL: <http://www.zero-group.co.jp/>
 Representative: President & CEO
 Inquiries: General Manager of Corporate Planning Department
 Scheduled Date of Submission of Semi-annual Report: February 14, 2025
 Scheduled date to commence dividend payments: March 14, 2025
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (For analysts)

Stock Exchange Listing: Tokyo
 Toshihiro Takahashi
 Takashi Date
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(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the second quarter ending of the fiscal year June 30, 2025 (From July 1, 2024 to December 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	%
2Q FY2024/2025	68,956	7.1	4,951	113.9	4,942	112.6	3,519	135.4	3,505	140.0	3,449	129.8
2Q FY2023/2024	64,399	0.2	2,315	8.0	2,324	8.5	1,495	3.5	1,460	1.7	1,501	8.0

	Basic quarterly earnings per share		Diluted quarterly earnings per share	
	Yen		Yen	
2Q FY2024/2025	207.12		207.10	
2Q FY2023/2024	86.51		86.50	

(Note) The provisional accounting treatment for the business combination was finalized in the third quarter of the fiscal year ending June 2024, and each figure for the interim period of the fiscal year ending June 2024 reflects the details of this finalized provisional accounting treatment.

(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	%
2Q FY2024/2025	73,612	40,581	39,914	54.2
FY2023/2024	70,733	37,873	37,209	52.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
FY2023/2024	---	15.00	---	46.40	61.40
FY2024/2025	---	43.00			
FY2024/2025 (forecast)				64.40	107.40

(Note) Amendment from the most recently announced dividend forecast: No

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

(Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Profit attributable to equity shareholders of the company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	135,000	Δ4.1	8,100	30.2	8,100	30.1	5,500	32.5	325.46

(Note) Revisions from the most recently released business forecast: No

※(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)

2Q FY2024/2025	17,560,242 shares	FY2023/2024	17,560,242 shares
2Q FY2024/2025	791,823 shares	FY2023/2024	920,782 shares
2Q FY2024/2025	16,923,109 shares	2Q FY2022/2023	16,884,539 shares

② Number of treasury shares at the end of the period

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

※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 interim financial results

(1) Explanation regarding the operating results

During the current interim consolidated accounting period, while some regions of Japan's economy showed signs of weakness, the overall trend has been one of gradual recovery or improvement.

In the domestic automobile market, the total number of new vehicles sales decreased to 98.5% (statistical data of the Japan Automobile Manufacturers Association) as compared to the same interim consolidated accounting period of the previous year (hereinafter referred to as the same interim period of the previous year). While some manufacturers saw strong sales of new models, the overall domestic sales volume declined due to the continued impact of shipment suspensions resulting from the misconduct issues of certain automobile manufacturers in the first half of the previous year. On the other hand, the number of used vehicles registration and sales increased to 101.2% compared to the same interim period of the previous year. This was driven by a rise in demand for used cars as a substitute for new cars, whose market circulation was disrupted, as well as continued strong exports of used vehicles.

Number of units related to domestic distribution of automobiles

Units: vehicles

Domestic	July of 2023 to December of 2023	July of 2024 to December of 2024	Compared to the previous year
Number of new vehicles sold			
Domestic manufacturer *1	2,202,824	2,180,689	99.0%
(out of this, Nissan Motor) *1	(229,968)	(229,664)	(99.9%)
Foreign manufacturer *2	125,662	113,315	90.2%
Total of new vehicle sales	2,328,486	2,294,004	98.5%
Number of registered used cars			
Registered vehicles *3	1,750,931	1,787,325	102.1%
Light vehicles *4	1,344,866	1,346,340	100.1%
Total number of used vehicles registered	3,095,797	3,133,665	101.2%

Export	July of 2023 to December of 2023	July of 2024 to December of 2024	Compared to the previous year
New vehicles of domestic manufacturers *1	2,399,257	2,199,384	91.7%
Used vehicles (registered vehicles) *5	776,353	808,877	104.2%

*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

Against this market backdrop, our group's performance was as follows: revenue reached 68,956 million yen (107.1% of the same interim period of the previous year), operating profit was 4,951 million yen (213.9% of the same interim period of the previous year). And profit before tax amounted to 4,942 million yen (212.6% of the same interim period of the previous year). Additionally, interim profit attributable to owners of the parent company was 3,505 million yen (240.0% of the same interim period of the previous year).

The segment business results are as follows.

① Domestic automotive related businesses

In our core vehicle transportation business, despite the enforcement of crew working hour regulations under the 2024 Logistics Issue, we were able to secure our transportation capacity by promoting a division-of-labor system for crew members, strengthening crew recruitment, and increasing payment rates to partner companies. As a result, we increased the number of units for transportation contracts. However, we also faced cost increases due to compliance with the 2024 regulations, rising recruitment and labor costs driven by the Consumer Price Index and minimum wage hikes, as well as higher vehicle and maintenance costs for carrier trucks. Amid these conditions, our efforts contributed to revenue and profit growth in the domestic automobile-related business: (1) We maximized daily revenue per carrier truck by minimizing empty vehicle transport sections through backhaul acquisition. (2) Zero Plus IKEDA Co., Ltd. performed well, and we further strengthened our business by consolidating SO-ING Co., Ltd. (3) Starting in January 2024, we sequentially raised transportation fees for new and used vehicles. These factors collectively contributed to an increase in both revenue and segment profit for the domestic automobile-related business.

As a result, revenue from the domestic automobile-related business reached 33,811 million yen (116.1% of the same interim period of the previous year), while segment profit amounted to 4,714 million yen (227.0% of the same interim period of the previous year).

In the vehicle transportation business, under the medium-term management plan through the fiscal year ending June 2027, we are focusing on the theme of "Returning to the Fundamentals of Quality" We are advancing initiatives such as "Further Responses to the '2024 Logistics Problem'—Reviewing the Role and Operations of Logistics Centers, Securing Transport Capacity," "Reducing and Addressing Accidents and Complaints," and "Promoting Digitalization."

② Human resource businesses

In the shuttle service business, revenue increased as a result of implementing fare revisions at low-profitability locations and improving driver recruitment methods, which enabled successful hiring. This allowed us to secure new contracts and expand vehicle fleets for our Mobility as a Service (MaaS) business. The staffing services business saw an increase in revenue due to the rise in the number of dispatched drivers, while the airport-related staffing business also experienced revenue growth thanks to the recruitment of foreign workers, which increased the number of dispatches.

As a result of the increased revenue in each business, segment profit also increased.

As a result, revenue from the Human Resources Business reached 11,526 million yen (107.0% of the same interim period of the previous year), while segment profit amounted to 448 million yen (132.2% of the same interim period of the previous year).

(3) General cargo business

The Port Cargo Handling Business experienced a revenue decline due to a decrease in cargo handling volume for certain customers. Similarly, the Transportation & Warehouse Business saw a revenue decrease due to a reduction in handled cargo volume from key customers and a decline in available subcontracted trucks caused by the 2024 Logistics Issue. As a result, overall revenue for the General Cargo Business declined.

Segment profit increased due to cost reductions achieved through operational efficiency improvements, identifying unprofitable businesses in the transportation business, the successful launch of new warehouse handling projects and the acquisition of new customers which led to fill vacant warehouse space. As a result, the general cargo business achieved an overall profit increase.

As a result, the sales revenue of the general cargo business was 3,227 million yen (98.3% compared to the same interim period from the previous year), and the segment profit was 727 million yen (108.7% compared to the same quarter from the previous year).

(4) Overseas Related Businesses

In the used vehicle export business, revenue declined due to a delay in shipping caused by the timing of the issuance of used vehicle import permits in Malaysia. On the other hand, the vehicle transportation business in China achieved revenue growth despite struggles faced by Japanese automakers. This was due to securing new contracts with local Chinese manufacturers.

Segment income also increased for the overall overseas-related business as a result of the flexible selection of marine transportation methods by securing ship quotas, although competition in the export of used cars is getting fiercer. As a result, the sales revenue in the overseas related businesses was 20,391 million yen (96.1% compared to the same period from the previous year), and the segment profit was 379 million yen (102.3% compared to the same interim from the previous year).

Additionally, corporate expenses not included in the above-reported segments (expenses related to the company's administrative departments), are recorded under the "Adjustment" category, as stated in "Section 2: Summary Interim Consolidated Financial Statements and Key Notes (Segment Information)". These expenses amounted to 1,317 million yen.

(2) Explanation of financial position and cash flow

① Status of Assets, Liabilities, and Equity

(Assets)

Current assets increased by 4,157 million yen (12.6%) compared to the end of the previous consolidated fiscal year to 37,152 million yen.

This was mainly due to an increase of 4,596 million yen in inventories.

Non-current assets decreased by 1,279 million yen (3.4%) compared to the end of the previous consolidated fiscal year, totaling 36,459 million yen.

This was mainly due to a decrease of 1,524 million yen in property, plant, and equipment, despite an increase of 368 million yen in goodwill and intangible assets.

As a result, total assets increased by 2,878 million yen (4.1%) compared to the previous consolidated fiscal year to 73,612 million yen.

(Liabilities)

Current liabilities increased by 1,425 million yen (5.9%) compared to the end of the previous consolidated fiscal year to 25,570 million yen.

This was mainly due to increases of 2,000 million yen in bonds and borrowings and 1,276 million yen in deposits received and other current liabilities, despite a decrease of 1,327 million yen in trade and other payables.

Non-current liabilities decreased by 1,255 million yen (14.4%) compared to the end of the previous consolidated fiscal year, totaling 7,459 million yen.

This was mainly due to a decrease in lease liabilities by 1,329 million yen.

As a result, total liabilities increased by 169 million yen (0.5%) compared to the end of the previous consolidated fiscal year to 33,030 million yen.

(Equity)

Total equity increased by 2,708 million yen (7.2%) compared to the end of the previous consolidated fiscal year, reaching 40,581 million yen.

This was mainly due to an increase in retained earnings by 2,725 million yen.

② Cash flow status

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the current interim consolidated accounting period increased by 1,116 million yen compared to the end of the previous consolidated fiscal year, amounting to 12,433 million yen.

The status of each cash flow during the current interim consolidated accounting period and the factors behind

them are as follows:

(Cash flow from operating activities)

Funds provided by operating activities was 3,083 million yen (1,604 million yen in the same period of the previous year).

The main cause of the increase in funds were interim profit of 3,519 million yen, 2,537 million yen for depreciation and amortization expenses which are non-fund expenses and a decrease in trade receivables of 1,444 million yen; the main cause of the decrease in funds was an increase of 4,596 million yen in inventories.

(Cash flow from investment activities)

Funds used in investing activities was 1,676 million yen (expenditures of 2,862 million yen used in the same period of the previous year).

The main itemization breakdown for expenditures were 1,192 million yen for the acquisition of property, plant, and equipment and investment property, and 480 million yen for the acquisition of intangible assets.

(Cash flow from financing activities)

Funds used as a result of financing activities were 274 million yen (income of 4,390 million yen in the previous year).

The main itemization breakdown for expenditures were 1,502 million yen for lease liability repayments and 772 million yen for dividend payments, while the main itemization breakdown for income was a net increase of 2,100 million yen from short-term borrowings.

(3) Explanation regarding the future forecast information such as consolidated business forecast

There have been no revisions to the consolidated earnings forecast published on August 8, 2024.

2. Summary of interim consolidated financial statements and key notes

(1) Summary interim consolidated financial position

(Units: Million yen)

	End of the previous consolidated accounting year (June 30, 2024)	End of the current interim consolidated accounting period (December 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	11,316	12,433
Trade and other receivables	17,326	15,924
Inventories	2,979	7,575
Other financial assets	877	720
Other current assets	494	498
Total current assets	32,994	37,152
Non-current assets		
Tangible fixed assets	24,845	23,321
Goodwill and intangible assets	5,328	5,697
Investment properties	2,949	2,921
Investment accounting processed with equity method	516	535
Other financial assets	2,106	2,050
Other non-current assets	1,426	1,440
Deferred tax assets	565	493
Total non-current assets	37,739	36,459
Total assets	70,733	73,612

(Units: Million yen)

	End of the previous consolidated accounting year (June 30, 2024)	End of the current interim consolidated accounting period (December 31, 2024)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payable	9,892	8,565
Bonds and borrowings	5,100	7,100
Lease liabilities	2,872	2,804
Income taxes payable, etc.	1,867	1,413
Other financial liabilities	2	—
Other current liabilities	4,410	5,686
Total current liabilities	24,145	25,570
Non-current liabilities		
Lease liabilities	6,276	4,946
Other financial liabilities	93	103
Retirement benefits liabilities	1,008	1,013
Other non-current liabilities	356	407
Deferred tax liabilities	979	988
Total non-current liabilities	8,714	7,459
Total liabilities	32,860	33,030
Equity		
Capital	3,390	3,390
Capital surplus	3,484	3,429
Treasury stock	△614	△528
Other components of funds	841	790
Retained earnings	30,106	32,831
Total equity attributable to the equity shareholders of the company	37,209	39,914
Non-controlling interest	663	667
Total Equity	37,873	40,581
Total liabilities and equity	70,733	73,612

(2) Summary interim consolidated income statement

(Units: Million yen)

	Previous interim consolidated accounting period (From July 1, 2023, to December 31, 2023)	Current interim consolidated accounting period (From July 1, 2024, to December 31, 2024)
Sales	64,399	68,956
Cost of sales	△56,869	△58,407
Gross profit	7,530	10,549
Selling, general and administrative expenses	△5,405	△5,685
Other income	208	112
Other expenses	△17	△24
Operating profit	2,315	4,951
Financial profit	30	34
Financial expenses	△21	△40
Investment gain / loss through equity method (△ is loss)	0	△2
Profit before tax	2,324	4,942
Corporate income tax expenses	△829	△1,423
Interim profit	1,495	3,519
Attribution of interim profit		
Equity shareholders of the company	1,460	3,505
Non-controlling interest	34	14
Interim profit	1,495	3,519
Interim profit per share		
Basic interim profit per share (yen)	86.51	207.12
Diluted interim profit per share (yen)	86.50	207.10

(3) Summary interim consolidated statement of comprehensive income

(Units: Million yen)

	Previous interim consolidated accounting period (From July 1, 2023 to December 31, 2023)	Current interim consolidated accounting period (From July 1, 2024 to December 31, 2024)
Interim profit	1,495	3,519
Other comprehensive income		
Items not transferring over to profit or loss:		
Remeasurement of defined benefit system	40	△8
Financial assets measured by fair value through other comprehensive profits	△61	△52
Total of the items not transferring over to profit or loss	△21	△61
Items which may be transferred over to profit or loss		
Conversion difference of business activities overseas	△1	△30
Other comprehensive income equity of affiliated company accounted for by the equity method	29	21
Total of the items which may be transferred over to profit or loss	27	△8
Other comprehensive income after tax deduction	6	△69
Interim comprehensive income	1,501	3,449
Attribution of interim comprehensive income:		
Equity shareholders of the company	1,467	3,446
Non-controlling interest	33	3
Interim comprehensive income	1,501	3,449

(4) Summary interim consolidated statement of changes in equity

Previous interim consolidated accounting period (July 1, 2023, to December 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 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, 2023	3,390	3,461	△638	172	472	—	644	26,426	33,285	550	33,836
Interim profit							—	1,460	1,460	34	1,495
Other comprehensive income				28	△61	40	7		7	△0	6
Interim comprehensive income	—	—	—	28	△61	40	7	1,460	1,467	33	1,501
Dividends of the surplus							—	△597	△597		△597
Share-based payment transactions, etc.		△2	24				—		21		21
Transfer from other capital component to Retained earnings					39	△40	△0	0	—		—
Total transactions, etc. with the owners	—	△2	24	—	39	△40	△0	△596	△575	—	△575
Balance on December 31, 2023	3,390	3,459	△614	201	449	—	650	27,290	34,177	584	34,761

Current interim consolidated accounting period (July 1, 2024, to December 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 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, 2024	3,390	3,484	△614	320	521	—	841	30,106	37,209	663	37,873
Interim profit							—	3,505	3,505	14	3,519
Other comprehensive income				2	△52	△8	△58		△58	△10	△69
Interim comprehensive income	—	—	—	2	△52	△8	△58	3,505	3,446	3	3,449
Dividends of the surplus							—	△772	△772		△772
Share-based payment transactions, etc.		△55	86				—		30		30
Acquisition of treasury stock			△0				—		△0		△0
Transfer from other capital component to Retained earnings					△1	8	7	△7	—		—
Total transactions, etc. with the owners	—	△55	86	—	△1	8	7	△779	△741	—	△741
Balance on December 31, 2024	3,390	3,429	△528	322	468	—	790	32,831	39,914	667	40,581

(5) Summary interim consolidated cash flow statement

(Units: Million yen)

	Previous interim consolidated accounting period (From July 1, 2023 to December 31, 2023)	Current interim consolidated accounting period (From July 1, 2024 to December 31, 2024)
Cash flow from operating activities		
Interim profit	1,495	3,519
Depreciation and amortization costs	2,546	2,537
Interest income and dividend	△29	△30
Interest expense	19	33
Equity method investment gains and losses (△ indicates a gain)	△0	2
Corporate income tax expenses	829	1,423
Increase / decrease of trade receivables (△ is an increase)	△123	1,444
Increase / decrease of inventories (△ is an increase)	△561	△4,596
Increase / decrease of trade payables (△ is a decrease)	△330	△230
Increase / decrease in net defined benefit asset and liability	△2	△43
Other	△1,047	795
Subtotal	2,796	4,855
Interest and dividend received	29	30
Interest paid	△19	△33
Corporate income tax paid	△1,201	△1,769
Cash flow from operating activities	1,604	3,083
Cashflow from investment activities		
Payment for acquisition of tangible fixed assets and investment properties	△1,072	△1,192
Proceed from sales of tangible fixed assets and investment properties	36	16
Payment for intangible assets	△276	△480
Expenditures from acquisition of investments in subsidiaries resulting in change in scope of consolidation	△1,655	—
Other	104	△19
Cashflow from investment activities	△2,862	△1,676

(Units: Million yen)

	Previous interim consolidated accounting period (From July 1, 2023 to December 31, 2023)	Current interim consolidated accounting period (From July 1, 2024 to December 31, 2024)
Cash flow from financing activities		
Net increase or decrease of short-term loans (Δ is a decrease)	6,600	2,100
Repayment of long-term loans	Δ 25	—
Redemption of Bonds	Δ 100	Δ 100
Repayment of lease debts	Δ 1,486	Δ 1,502
Payment for acquisition of treasury stock	—	Δ 0
Dividend paid	Δ 597	Δ 772
Cash flow from financing activities	4,390	Δ 274
Effect of exchange rate changes on cash and cash equivalents	Δ 2	Δ 16
Increase / decrease in of cash and cash equivalents (Δ is a decrease)	3,129	1,116
Cash and cash equivalents at the beginning of the year	5,475	11,316
Ending balance of cash and cash equivalents at the interim period	8,604	12,433

(6) Notes to the summary interim consolidated financial statements

(Notes on going concern assumption)

There are no applicable matters.

(Changes in Presentation)

There are no applicable matters.

(Segment information)

The segment information of our group is as follows.

Previous interim consolidated accounting period (July 1, 2023, to December 31, 2023)

(Units: Million yen)

	Domestic automotive related businesses	Human resource businesses	General cargo businesses	Overseas related businesses	Total	Adjustment amount (note)	Amount recorded in the summary interim consolidated financial statements
Sales							
Sales from external customers	29,131	10,771	3,281	21,215	64,399	—	64,399
Sales between segments	62	634	50	—	746	△746	—
Total	29,193	11,405	3,332	21,215	65,146	△746	64,399
Segment profit (operating profit)	2,076	339	668	371	3,455	△1,140	2,315

(Note 1). The △1,140 million yen adjustment amount in the segment profits includes the total company cost △1,140 million yen. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.

(Note 2). The provisional accounting treatment for the business combination was finalized in the third quarter of the fiscal year ending June 2024, and each figure for the interim period of the fiscal year ending June 2024 reflects the details of this finalized provisional accounting treatment.

Current interim consolidated accounting period (July 1, 2024, to December 31, 2024)

(Units: Million yen)

	Domestic automotive related businesses	Human resource businesses	General cargo businesses	Overseas related businesses	Total	Adjustment amount (note)	Amount recorded in the summary interim consolidated financial statements
Sales							
Sales from external customers	33,811	11,526	3,227	20,391	68,956	—	68,956
Sales between segments	52	839	54	—	946	△946	—
Total	33,863	12,366	3,281	20,391	69,903	△946	68,956
Segment profit (operating profit)	4,714	448	727	379	6,269	△1,317	4,951

(Note). The adjustment amount of △1,317 million yen for segment profit is due to corporate expenses of △1,317 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)

Previous interim consolidated accounting period (July 1, 2023, to December 31, 2023)

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

(1) Outline of the Business Combination

(1) Name and business of the acquired company

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

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

(2) Acquisition date

November 1, 2023

(3) Percentage of voting equity interest acquired

100%

(4) Reasons for the business combination

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

(5) Method of acquiring control of the acquired company

Acquisition of equity interest in exchange for cash

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

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

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

(Units: Million yen)

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

Non-current liabilities	795
Fair value (net amount) of assets acquired and liabilities assumed	2,265
Goodwill	590

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

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

(3) Acquisition-related expenses

The acquisition-related costs for the business combination amounted to 89 million yen, and have been recorded under "Selling, General and Administrative Expenses" in the Summary Interim Consolidated Income Statement.

(4) Cash flow from acquisition

	(Units: Million yen)
Cash and cash equivalents used in the acquisition	△2,856
Cash and cash equivalents held by the acquired company at the time of acquisition	1,200
Expenditures from acquisition of investments in subsidiaries resulting in change in scope of consolidation	△1,655

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

Since the profit and loss information related to the business combination after the acquisition date, as well as the impact of the business combination on the group's performance for the previous fiscal year assuming it had been conducted at the beginning of the previous fiscal year, is not significant, no disclosure has been made.

Current interim consolidated accounting period (July 1, 2024, to December 31, 2024)

There are no applicable matters.

(Significant subsequent events)

There are no applicable matters.