Financial Results Briefing Materials
For the Six Months Ended September 30, 2023

October 27, 2023

Kanagawa Chuo Kotsu Co., Ltd.

Summary of Financial Results for the Six Months Ended September 30, 2023

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Topics for the Six Months Ended September 30, 2023

◆ Fares were revised in July 2023 for all routes (excluding Yokohama City flat fare zone, etc.) of the passenger bus business.

Financial Results for the Six Months Ended September 30, 2023

[Compared to the previous fiscal year]

◆ Net sales increased compared to the previous fiscal year (+13.6%) driven by the passenger automobile business and the automobile sales business.

- Passenger demand improvement with the downgrading of COVID-19 to a Class 5 infectious disease, as well as fare revision, contributed to the sales increase.
- Thanks to the alleviation of the semiconductor shortage and the ensuing recovery in production by the manufacturers, the number of new vehicles sold, mainly trucks, increased.

◆ Operating profit increased (+52.2%) due to the increase in revenue. Profits increased in all segments.

◆ Profits increased at each income level.

- Ordinary profit (+47.5%) and profit attributable to owners of parent (+32.4%)
- Extraordinary losses include dismantling costs associated with construction works for rebuilding bus offices and rental facilities.

[Compared to the Forecast]

◆ Both revenue and profits increased, exceeding the initial and revised forecasts announced in April and September 2023 respectively.

Consolidated Financial Results Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2024

The consolidated financial results forecast and dividend forecast remain unchanged from the initial figures announced in April 2023.

◆ Consolidated financial results forecast: Mostly progressing as planned

◆ Dividend forecast: Annual dividends of 40 yen per share are planned

Consolidated Statement of Income

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(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease	Six months ended September 30, 2023 Financial results forecast (Announced April 2023)	Increase/decrease
Net sales	**56,885**	**50,091**	**6,794 [13.6%]**	**53,100**	**3,785 [7.1%]**
Passenger automobile business	27,302	24,794	2,508	26,600	702
Real estate business	2,833	3,057	(224)	2,750	83
Automobile sales business	16,953	12,726	4,226	13,820	3,133
Other businesses	14,263	13,423	840	14,150	113
Remeasurements	(4,467)	(3,910)	(556)	(4,220)	(247)
Operating profit	**3,836**	**2,520**	**1,316 [52.2%]**	**2,050**	**1,786 [87.1%]**
Passenger automobile business	1,340	397	943	250	1,090
Real estate business	1,416	1,415	0	1,210	206
Automobile sales business	749	483	265	200	549
Other businesses	461	278	183	520	(58)
Remeasurements	(131)	(54)	(76)	(130)	(1)
Ordinary profit	**4,013**	**2,720**	**1,292 [47.5%]**	**2,060**	**1,953 [94.8%]**
Profit attributable to owners of parent	**2,564**	**1,937**	**627 [32.4%]**	**1,250**	**1,314 [105.2%]**
Basic earnings per share	**209.01 yen**	**157.90 yen**	**51.11 yen**	**101.86 yen**	**107.15 yen**
Depreciation	2,604	3,012	(408)		
EBITDA (Operating profit + Depreciation)	6,440	5,532	907		

Non-operating Income/Loss and Extraordinary Income/Losses

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(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease	Comments
Non-operating income	397	416	(18)	Subsidy income: (40)
Non-operating expenses	220	215	5	
Extraordinary income	61	3	58	Subsidy income: +36 Gain on sale of non-current assets: +5
Extraordinary losses	332	41	291	Loss on retirement of non-current assets: +122 Impairment losses: +118

Consolidated Balance Sheet

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(Million yen)

	As of September 30, 2023	As of March 31, 2023	Increase/decrease	Comments
Current assets	26,915	25,205	1,709 [6.8%]	Merchandise and finished goods: +1,996
Non-current assets	127,851	125,363	2,488 [2.0%]	Investment securities: +4,118 Property, plant and equipment: (1,602) (Accumulated depreciation, etc.)
Total assets	**154,767**	**150,568**	**4,198 [2.8%]**	
Current liabilities	42,752	43,452	(700) [(1.6%)]	Short-term borrowings: (2,797) Other current liabilities: +2,481 (Unearned revenue, etc.)
Non-current liabilities	53,698	54,236	(537) [(1.0%)]	Long-term borrowings: (976)
Total liabilities	**96,451**	**97,689**	**(1,237) [(1.3%)]**	
Total net assets	**58,315**	**52,879**	**5,435 [10.3%]**	Valuation difference on available-for-sale securities: +2,872 Retained earnings: +2,319
Total liabilities and net assets	**154,767**	**150,568**	**4,198 [2.8%]**	

Net assets per share	**4,353.23 yen**	**3,930.67 yen**	**422.56 yen**	
Equity ratio	**34.5%**	**32.0%**	**2.5P**	
Balance of interest-bearing debt (Borrowings, bonds and lease liabilities)	**54,354**	**59,143**	**(4,789)**	Borrowings: (3,773) Lease liabilities: (1,015)

Consolidated Statements of Cash Flows

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(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease	Comments
Cash flows from operating activities	6,562	5,384	1,177 [21.9%]	Profit before income taxes: +1,059 Decrease (increase) in trade receivables: +238
Cash flows from investing activities	(1,651)	(3,658)	2,007 [54.9%]	Purchase of non-current assets: +1,997
Cash flows from financing activities	(4,742)	(1,789)	(2,953) [(165.1%)]	Net increase (decrease) in short-term borrowings: (3,603) Proceeds from long-term borrowings: +800
Net increase (decrease) in cash and cash equivalents	168	(63)	231 [365.0%]	
Cash and cash equivalents at end of period	2,789	3,341	(551) [(16.5%)]	
Free cash flows	4,911	1,725	3,185 [184.6%]	

Trends in Net Sales and Profits

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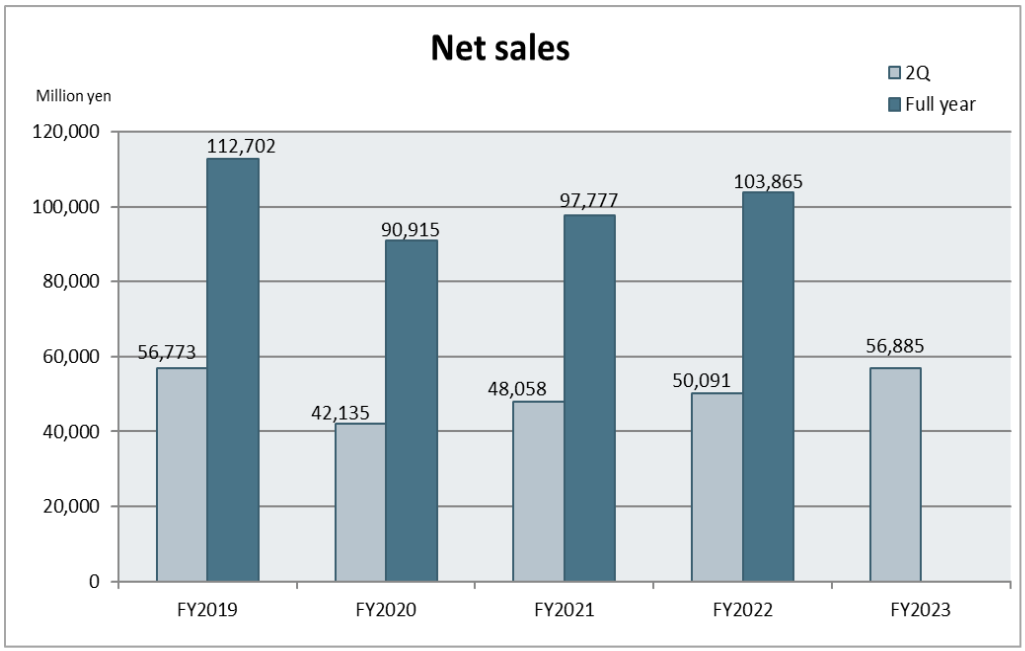

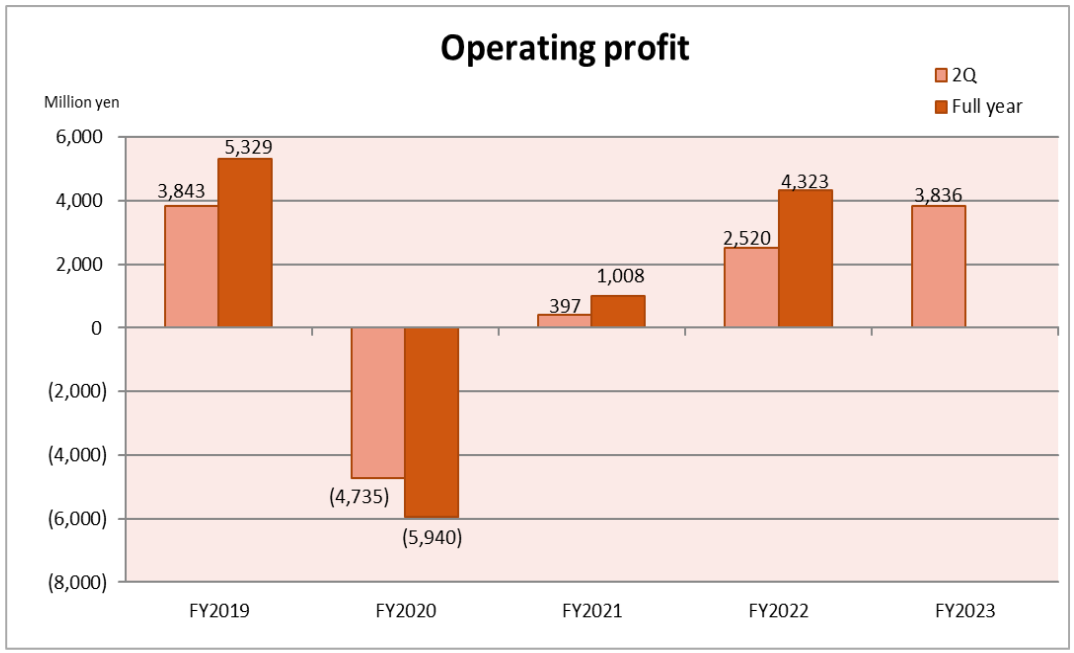

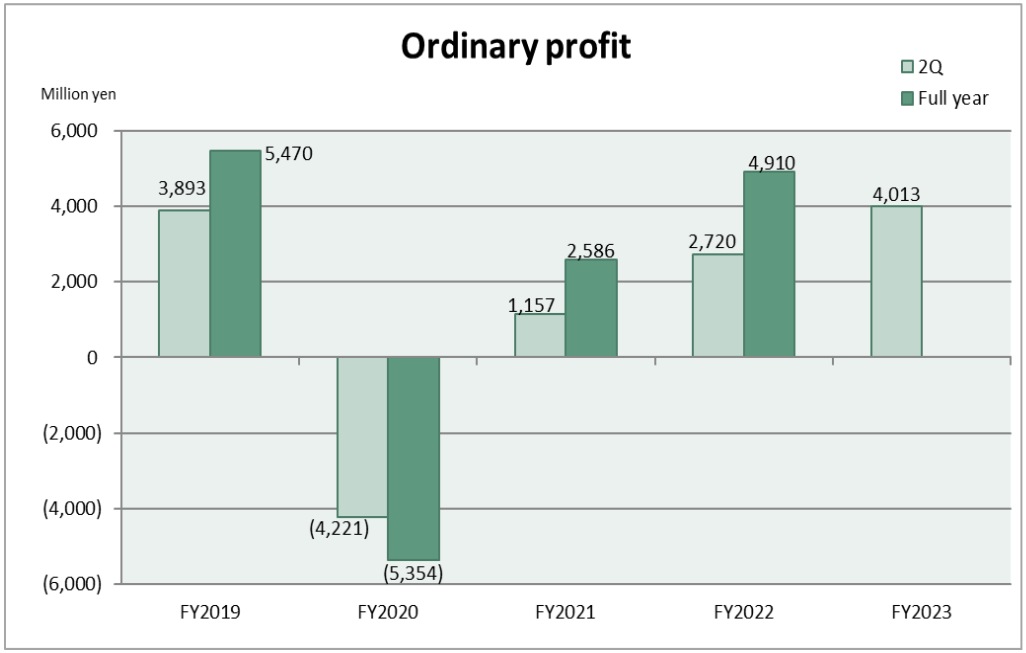

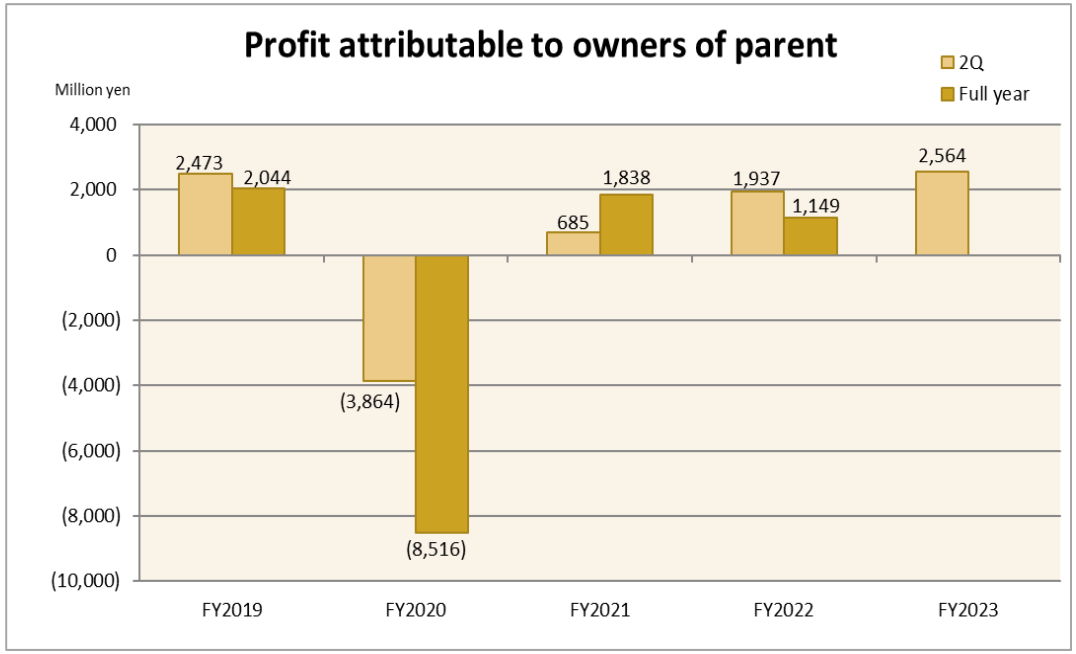

Scope of the Consolidated Financial Results (As of September 30, 2023)

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Kanagawa Chuo Kotsu Group: 18 subsidiaries and 3 affiliates
Including 18 consolidated subsidiaries and
2 affiliates accounted for by the equity method (Oyama Kanko Dentetsu Co., Ltd. and Odakyu Insurance Service Co., Ltd.)

<Major consolidated subsidiaries>

- Passenger Automobile Business
  Kanagawa Chuo Kotsu Co., Ltd., Kanachu Taxi Co., Ltd., and Kanachu Kanko Co., Ltd.

- Real Estate Business
  Kanagawa Chuo Kotsu Co., Ltd., Kanachu Taxi Co., Ltd., and CAR T.E.C.H.JIN-CHU

- Automobile Sales Business
  Kanagawa Mitsubishi Fuso Truck and Bus Sales and Kanachu Sagami Yanase Co., Ltd.

- Other businesses
  Kanagawa Chuo Kotsu Co., Ltd., KANACHUSHOJI Co., Ltd., Kanachu Sports Design, ADVEL Co., Ltd., KANACHU INFORMATION SYSTEM Co., Ltd., and YOKOHAMA BUIL SYSTEM Co., Ltd.

Segment Information (Passenger Automobile Business)

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(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease	Comments	Six months ended September 30, 2023 Financial results forecast (Announced April 2023)	Increase/decrease
Net sales	27,302	24,794	2,508 [10.1%]	Passenger bus business: +2,174 Chartered bus business: +104 Passenger taxi business: +229	26,600	702 [2.6%]
Operating profit	1,340	397	943 [237.4%]	Passenger bus business: +700 Chartered bus business: +29 Passenger taxi business: +212	250	1,090 [436.1%]

[Compared to the previous fiscal year]

In the passenger bus business, increases were reported in both revenue and profits due to improved passenger demand and fare revision, despite an increase in personnel expenses as a result of improving the benefits of the bus drivers.

In the chartered bus business, both revenue and profits increased thanks to improved travel demand and the full-year contribution by the contracted transportation captured in the previous fiscal year.

In the passenger taxi business, both revenue and profits increased reflecting improved passenger demand, mainly among nighttime passengers.

[Compared to the Forecast (announced in April 2023)]

In the passenger bus business, increases were reported in both revenue and profits with passenger demand exceeding expectations, mainly among passengers with commuting passes.

In the chartered bus business, both revenue and profits decreased due to delayed recovery in group trip by companies, etc., despite continued demand for educational trip.

In the passenger taxi business, both revenue and profits increased reflecting improved passenger demand, mainly among nighttime passengers.

*Reference: Number of passengers carried in the passenger bus business (Million persons)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease
Passengers without commuting passes	71	69	2 [3.5%]
Passengers with commuting passes	32	28	3 [13.3%]
Total	104	97	6 [6.4%]

Segment Information (Real Estate Business)

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(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease	Comments	Six months ended September 30, 2023 Financial results forecast (Announced April 2023)	Increase/decrease
Net sales	2,833	3,057	(224) [(7.3%)]	Rental business: +159 Sales business: (384)	2,750	83 [3.0%]
Operating profit	1,416	1,415	0 [0.1%]	Rental business: +77 Sales business: (76)	1,210	206 [17.1%]

[Compared to the previous fiscal year]

The rental business reported increases in both revenue and profits due to the full-year contribution by new rental properties which began operations in the previous fiscal year.

The sales business reported decreases in both revenue and profits due to the completed sales of condominiums in the previous fiscal year.

[Compared to the Forecast (announced in April 2023)]

The rental business reported increases in both revenue and profits due to the rise in rent for new rental properties and a decrease in repair expenses for rental facilities.

The sales business reported increases in both revenue and profits due to increases in the numbers of detached houses and residential land units sold.

Segment Information (Automobile Sales Business)

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(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease	Comments	Six months ended September 30, 2023 Financial results forecast (Announced April 2023)	Increase/decrease
Net sales	16,953	12,726	4,226 [33.2%]	Commercial vehicle sales business: +3,486 Import car sales business: +739	13,820	3,133 [22.7%]
Operating profit	749	483	265 [54.8%]	Commercial vehicle sales business: +269 Import car sales business: (3)	200	549 [274.5%]

[Compared to the previous fiscal year]

In the commercial automobile sales business, both revenue and profits increased, as the number of new vehicles sold, mainly trucks, increased, thanks to the alleviation of the semiconductor shortage and the ensuing recovery in production by the manufacturers.

In the import car sales business, revenue increased due to the increase in the number of vehicles sold in the higher price range.

[Compared to the Forecast (announced in April 2023)]

The commercial automobile sales business saw increases in both revenue and profits due to an increase in the number of trucks sold and the number of vehicles serviced.

The import car sales business reported increases in both revenue and profits thanks to higher sales unit prices, despite a decrease in the number of new vehicles sold.

*Reference: Number of new vehicles sold

(Number of vehicles sold)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease
Trucks	1,036	685	351 [51.2%]
Buses	53	34	19 [55.9%]
Import cars	256	241	15 [6.2%]

Segment Information (Other businesses)

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(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2022	Increase/decrease	Comments	Six months ended September 30, 2023 Financial results forecast (Announced April 2023)	Increase/decrease
Net sales	14,263	13,423	840 [6.3%]	Food service and amusement business: +350 Information services business: +332 Commercial vehicle customization business: +186	14,150	113 [0.8%]
Operating profit	461	278	183 [65.9%]	Information services business: +98 Food service and amusement business: +45 Commercial vehicle customization business: +11	520	(58) [(11.2%)]

[Compared to the previous fiscal year]

The food service and amusement business reported increases in both revenue and profits due to the full-year contribution of the stores of Doutor Coffee Shop, which was acquired in the previous fiscal year, and other factors.

The information services business reported increases in both revenue and profits thanks to an increase in sales of onboard equipment for buses and other factors.

In the commercial vehicle customization business, both revenue and profits increased due to the recovery in production by manufacturers, which resulted in an increase in orders received, and other factors.

[Compared to the Forecast (announced in April 2023)]

The distribution business reported increases in both revenue and profits due to rising sales unit prices of fuel, an increase in orders received for the installation work of air-conditioning equipment, and other factors.

The building management business reported increases in both revenue and profits as a result of new orders received for facility renewal work, and other factors.

The resource revitalization business reported decreases in both revenue and profits due to decreased demand for recycled products on the side of business partners.

Financial Results Forecast for the Fiscal Year Ending March 31, 2024
(Announced on April 27, 2023)

Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024

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(Million yen)

		FY ending March 31, 2024 Financial results forecast	FY ended March 31, 2023	Increase/decrease
Net sales		**109,500**	**103,865**	**5,634 [5.4%]**
	Passenger automobile business	53,860	49,236	4,623
	Real estate business	7,090	5,907	1,182
	Automobile sales business	29,140	29,022	117
	Other businesses	29,890	27,871	2,018
	Remeasurements	(10,480)	(8,173)	(2,306)
Operating profit		**4,790**	**4,323**	**466 [10.8%]**
	Passenger automobile business	1,370	633	736
	Real estate business	2,420	2,499	(79)
	Automobile sales business	380	723	(343)
	Other businesses	1,040	684	355
	Remeasurements	(420)	(217)	(202)
Ordinary profit		**4,770**	**4,910**	**(140) [(2.9%)]**
Profit attributable to owners of parent		**3,040**	**1,149**	**1,890 [164.5%]**
Basic earnings per share		**247.73 yen**	**93.65 yen**	**154.08 yen**
Depreciation		5,590	5,873	(283)
Capital expenditures		14,210	8,793	5,416
EBITDA (Operating profit + Depreciation)		10,380	10,197	182

*The financial results forecast announced in April 2023 has not been revised.

The financial results forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation of this document and certain assumptions deemed reasonable, and actual results may differ significantly from these forecasts due to various factors.

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