Kanachu

Financial Results Briefing Materials for the Three Months Ended June 30, 2024

July 30, 2024

Kanagawa Chuo Kotsu Co., Ltd.

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Kanachu

Summary of Financial Results for the Three Months Ended June 30, 2024

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Summary

Financial Results for the Three Months Ended June 30, 2024

◆ Net sales increased in all segments compared to the previous fiscal year (+6.9%) driven by the passenger automobile business.
- Fare revision for the bus and passenger taxi businesses implemented in the previous fiscal year made full-year contribution to the sales increase.

◆ Operating profit increased (+53.0%) due to the increase in revenue.
- Compensation for drivers and other employees was improved, and capital investment and repair work, etc., which had been restrained under the COVID-19 pandemic, were implemented.
- Operating profit in real estate business decreased due to large-scale repairs of rental facilities and other factors.
- Meanwhile, there was a tendency for delays in the timing of facility operation start and repair work implementation.

◆ Profits increased at each income level.
- Ordinary profit (+46.9%)
- Profit attributable to owners of parent (+106.4%)
  - A portion of deferred tax assets was reposted, taking into account the recovery of financial results after the COVID-19 pandemic

Consolidated Financial Results Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2025

◆The consolidated financial results forecast and dividend forecast remain unchanged from the figures announced in April 2024.

- Consolidated financial results forecast:
  - Trend of financial results for the six months ending September 30, 2024 is being closely reviewed with an eye on the financial results for the three months ended June 30, 2024.
  - Full-year financial results are expected to be mostly as planned.
- Dividend forecast:
  - Annual dividends of 80 yen per share are planned.

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Consolidated Statement of Income

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase/decrease
Net sales	**29,371**	**27,468**	**1,903 [6.9%]**
Passenger automobile business	14,723	13,213	1,510
Real estate business	1,568	1,345	223
Automobile sales business	8,539	8,161	378
Other businesses	7,204	6,709	495
Remeasurements	(2,664)	(1,960)	(703)
Operating profit	**2,712**	**1,772**	**939 [53.0%]**
Passenger automobile business	1,648	589	1,058
Real estate business	594	699	(105)
Automobile sales business	340	365	(25)
Other businesses	216	148	67
Remeasurements	(87)	(31)	(56)
Ordinary profit	**2,963**	**2,017**	**945 [46.9%]**
Profit attributable to owners of parent	**3,177**	**1,539**	**1,637 [106.4%]**
Basic earnings per share	**258.93 yen**	**125.46 yen**	**133.47 yen**

Depreciation	1,274	1,295	(20)
EBITDA (Operating profit + Depreciation)	3,986	3,067	919

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Non-operating Income/Loss and Extraordinary Income/Losses

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase/decrease, major factors	
Non-operating income	379	352	26	Other non-operating income: +40 Subsidy income: (21)
Non-operating expenses	128	107	20	Interest expenses: +10 Other non-operating expenses: +9
Extraordinary income	213	37	175	Subsidy income: +132 Gain on sale of non-current assets: +44
Extraordinary losses	193	101	92	Loss on tax purpose reduction entry of non-current assets: +129 Loss on retirement of non-current assets: (46)

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Consolidated Balance Sheet

(Million yen)

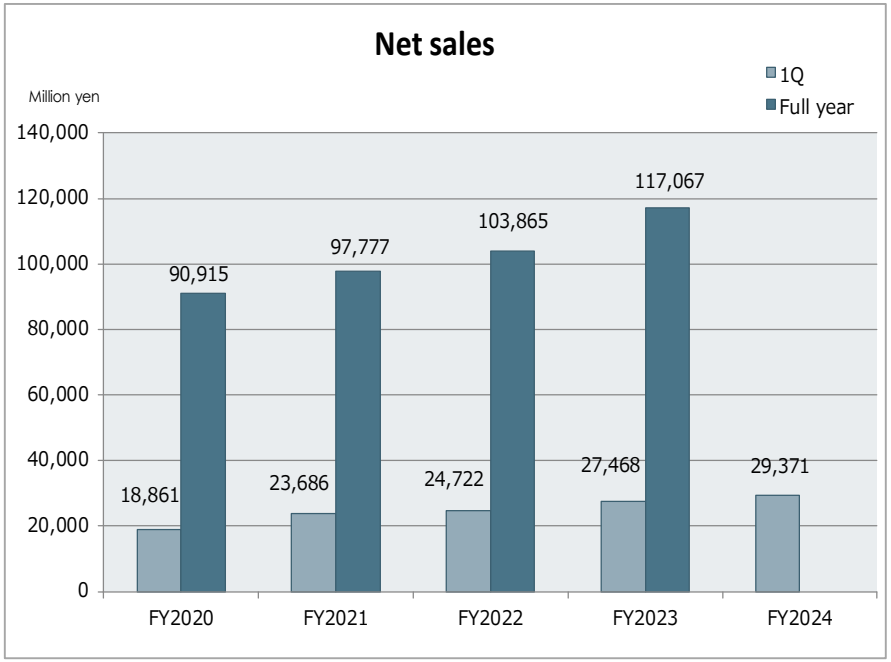
	As of June 30, 2024	As of March 31, 2024	Increase/decrease, major factors	
Current assets	28,786	30,075	(1,289) [(4.3%)]	Notes and accounts receivable - trade, and contract assets: (1,343)
Non-current assets	129,007	129,115	(108) [(0.1%)]	Investment securities: (1,179) Property, plant and equipment: +1,026 (buildings and structures, and other)
Total assets	**157,793**	**159,191**	**(1,398) [(0.9%)]**	
Current liabilities	48,698	49,346	(647) [(1.3%)]	Notes and accounts payable - trade: (2,112) Provision for bonuses: +1,346
Non-current liabilities	47,397	50,138	(2,740) [(5.5%)]	Deferred tax liabilities: (1,524) Long-term borrowings: (1,167)
Total liabilities	**96,096**	**99,484**	**(3,388) [(3.4%)]**	
Total net assets	**61,696**	**59,706**	**1,990 [3.3%]**	Retained earnings: +2,686 Valuation difference on available-for-sale securities: (877)
Total liabilities and net assets	**157,793**	**159,191**	**(1,398) [(0.9%)]**	

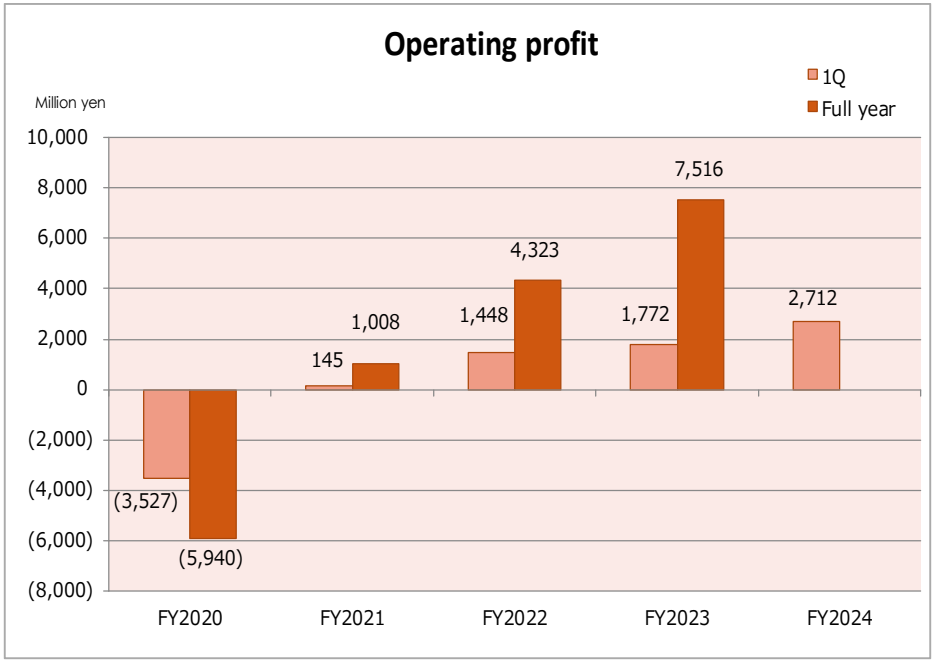
Net assets per share	**4,597.35 yen**	**4,449.74 yen**	**147.61 yen**	
Equity ratio	**35.8%**	**34.3%**	**1.5P**	
Balance of interest-bearing debt (Borrowings, bonds and lease liabilities)	**54,942**	**56,338**	**(1,395)**	Borrowings: (1,139) Lease liabilities: (256)

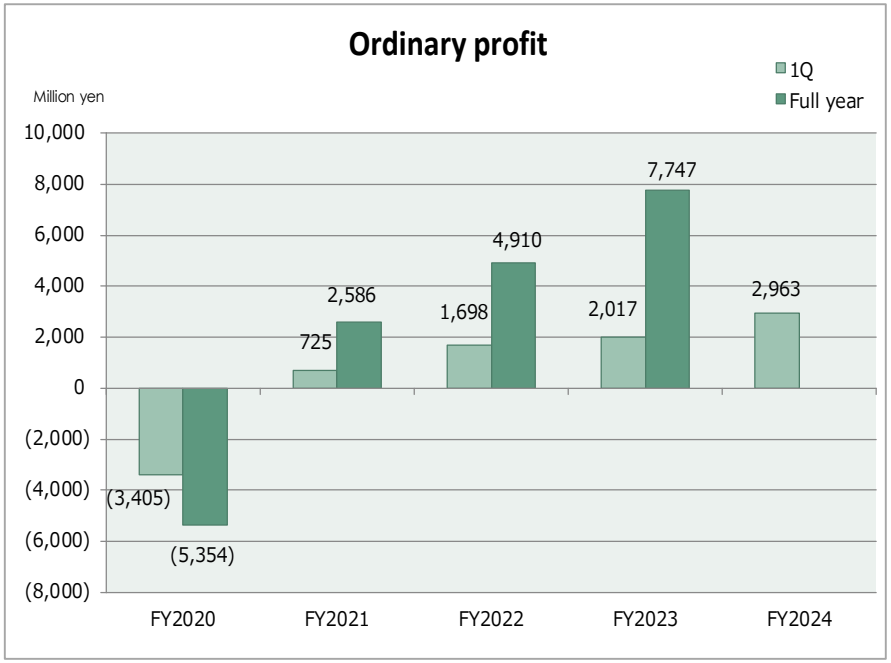
* Accounting Standard for Current Income Taxes (ASBJ Statement No. 27 (revised 2022), October 28, 2022) and other standards have been applied from the beginning of the three months ended June 30, 2024. Figures for the fiscal year ended March 31, 2024 are retrospectively restated to reflect these accounting standards.

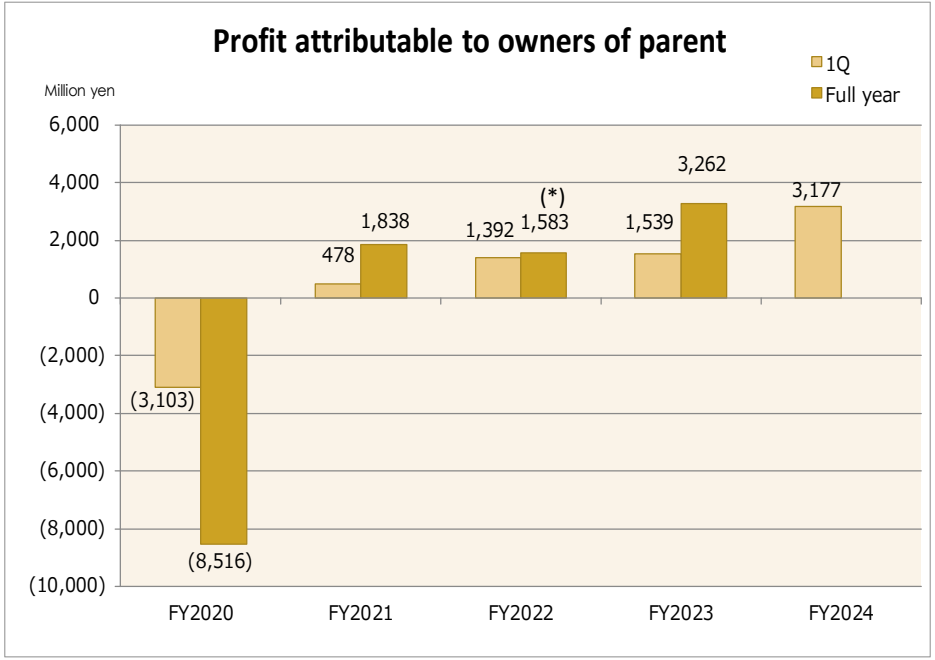
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Trends in Net Sales and Profits









* Accounting Standard for Current Income Taxes (ASBJ Statement No. 27 (revised 2022), October 28, 2022) and other standards have been applied from the beginning of the three months ended June 30, 2024. The full year figure for FY2022 is retrospectively restated to reflect these accounting standards.

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Scope of the Consolidated Financial Results (As of June 30, 2024)

Kanagawa Chuo Kotsu Group: 18 subsidiaries and 2 affiliates
Including 18 consolidated subsidiaries and
1 affiliate accounted for by the equity method (Oyama Kanko Dentetsu 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.

* ADVEL Co., Ltd. merged with KANACHUSHOJI Co., Ltd. through an absorption-type merger, and changed its trade name to KANACHUSHOJI Co., Ltd. on July 1, 2024.

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Segment Information (Passenger Automobile Business)

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase/decrease, major factors	
Net sales	14,723	13,213	1,510 [11.4%]	Passenger bus business: +1,198 Chartered bus business: +57 Passenger taxi business: +254
Operating profit	1,648	589	1,058 [179.4%]	Passenger bus business: +982 Chartered bus business: +43 Passenger taxi business: +32

[Compared to the previous fiscal year]

In the passenger bus business, increases were reported in both revenue and profits due to the full-year contribution by fare revision implemented in the previous fiscal year.

In the chartered bus business, both revenue and profits increased thanks to the increased revenue per vehicle as a result of fare revision implemented in the previous fiscal year.

In the passenger taxi business, both revenue and profits increased reflecting increased operation rate as a result of securing drivers through aggressive recruitment efforts.

* Reference: Number of passengers carried in the passenger bus business

(Million persons)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase/decrease rate
Passengers without commuting passes	34	36	(4.5%)
Passengers with commuting passes	18	16	8.9%
Total	52	53	(0.2%)

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Segment Information (Real Estate Business)

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase/decrease, major factors	
Net sales	1,568	1,345	223 [16.6%]	Rental business: (11) Sales business: +234
Operating profit	594	699	(105) [(15.0%)]	Rental business: (134) Sales business: +29

[Compared to the previous fiscal year]

The rental business reported decreases in both revenue and profits due mainly to the reduction in rent for some tenants and increased repair expenses for rental facilities.

The sales business reported increases in both revenue and profits due to an increase in the number of houses sold as a result of promotion of sales of detached houses in the Shonan area.

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Segment Information (Automobile Sales Business)

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase/decrease, major factors	
Net sales	8,539	8,161	378 [4.6%]	Commercial vehicle sales business: +371 Import car sales business: +6
Operating profit	340	365	(25) [(6.9%)]	Commercial vehicle sales business: +44 Import car sales business: (69)

[Compared to the previous fiscal year]

In the commercial vehicle sales business, both revenue and profits increased as the number of new vehicles sold increased for buses and heavy-duty trucks in the higher price range.

In the import car sales business, profits decreased as purchase costs increased, with the number of new vehicles sold decreased and the number of used vehicles sold increased.

* Reference: Number of new vehicles sold

(Number of vehicles sold)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase/decrease
Trucks	456	530	(74)
Busses	21	12	9
Import cars	109	128	(19)

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Segment Information (Other businesses)

(Million yen)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Increase/decrease, major factors	
Net sales	7,204	6,709	495 [7.4%]	Distribution business: +721 Food service business: (164) Leisure and sports business: (57)
Operating profit	216	148	67 [45.5%]	Services business (resource recycling, etc.): +41 Distribution business: +34 Food service business: +8 Leisure and sports business: (9)

[Compared to the previous fiscal year]

The distribution business reported increases in both revenue and profits due to an increase in components sold such as a bus fare box.

The food service business reported a decrease in revenue and an increase in profits due to the closure of unprofitable stores in the previous fiscal year.

The resource recycling business reported increases in both revenue and profits due to improved demand for recycled products on the side of business partners.

The leisure and sports business reported decreases in both revenue and profits due mainly to the closure of “Sports Plaza Kanachu Odawara” in the previous fiscal year.

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Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (Announced on April 30, 2024)

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Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025

(Million yen)

		FY ending March 31, 2025 Financial results forecast	FY ended March 31, 2024	Increase/decrease
Net sales		**113,300**	**117,067**	**(3,767) [(3.2%)]**
	Passenger automobile business	56,790	54,967	1,822
	Real estate business	7,420	6,130	1,289
	Automobile sales business	33,660	37,387	(3,727)
	Other businesses	29,800	29,385	414
	Remeasurements	(14,370)	(10,803)	(3,566)
Operating profit		**4,520**	**7,516**	**(2,996) [(39.9%)]**
	Passenger automobile business	1,790	3,027	(1,237)
	Real estate business	1,800	2,570	(770)
	Automobile sales business	410	1,176	(766)
	Other businesses	970	954	15
	Remeasurements	(450)	(211)	(238)
Ordinary profit		**4,420**	**7,747**	**(3,327) [(43.0%)]**
Profit attributable to owners of parent		**3,600**	**3,262**	**337 [10.3%]**
Basic earnings per share		**293.36 yen**	**265.88 yen**	**27.48 yen**
Depreciation		5,850	5,251	598
Capital expenditures		20,350	7,431	12,918
EBITDA (Operating profit + Depreciation)		10,370	12,767	(2,397)

* The consolidated financial results forecast above remain unchanged from the figures announced in April 2024.

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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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