Kanachu

Financial Results Briefing Materials for the Six Months Ended September 30, 2024

October 30, 2024

Kanagawa Chuo Kotsu Co., Ltd.

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Kanachu

Summary of Financial Results for the Six Months Ended September 30, 2024

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Summary

Financial Results for the Six Months Ended September 30, 2024

[Compared to the previous fiscal year]

◆ Net sales increased in all segments compared to the previous fiscal year (+4.2%) 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 (+32.4%) 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 (+30.9%)
- Profit attributable to owners of parent (+80.7%)

▸A portion of deferred tax assets was reposted, taking into account the recovery of financial results after the COVID-19 pandemic

[Compared to the Forecast]

◆ The results exceeded both the initial figures announced in April 2024 and the revised figures announced in August 2024, and increases were reported in both revenue and profits.

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

◆ The consolidated financial results forecast was revised upward from the initial figures (announced in April 2024) to report increases in both revenue and profits.
- Net sales are expected to increase compared to the initial figures (+2.9%) as the passenger automobile business and the automobile sales business are expected to remain strong.
- An increase in operating profit is expected (+36.1%) as an increase in revenue and a decrease in various expenses such as repair and depreciation costs are expected.
- Profit attributable to owners of parent is expected to increase (+19.7%) although dismantling and other restoration costs related to existing facilities are factored in.

◆ Dividend forecast remains unchanged from the initial forecast, and annual dividends of 80 yen per share are planned.

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Consolidated Statement of Income

(Million yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023	Increase/decrease	Six months ended September 30, 2024 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	**59,271**	**56,885**	**2,386 [4.2%]**	**56,200**	**3,071 [5.5%]**
Passenger automobile business	29,276	27,302	1,974	29,030	246
Real estate business	3,235	2,833	402	3,100	135
Automobile sales business	17,360	16,953	407	14,860	2,500
Other businesses	15,183	14,263	919	15,650	(466)
Remeasurements	(5,784)	(4,467)	(1,316)	(6,440)	655
Operating profit	**5,078**	**3,836**	**1,242 [32.4%]**	**2,990**	**2,088 [69.9%]**
Passenger automobile business	2,605	1,340	1,264	1,400	1,205
Real estate business	1,278	1,416	(137)	1,120	158
Automobile sales business	864	749	115	270	594
Other businesses	528	461	66	510	18
Remeasurements	(198)	(131)	(67)	(310)	111
Ordinary profit	**5,253**	**4,013**	**1,239 [30.9%]**	**2,940**	**2,313 [78.7%]**
Profit attributable to owners of parent	**4,635**	**2,564**	**2,070 [80.7%]**	**2,690**	**1,945 [72.3%]**
Basic earnings per share	**377.76 yen**	**209.01 yen**	**168.75 yen**	**219.21 yen**	**158.55 yen**

Depreciation	2,615	2,604	10
EBITDA (Operating profit + Depreciation)	7,693	6,440	1,253

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Non-operating Income/Loss and Extraordinary Income/Losses

(Million yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023	Increase/decrease, major factors	
Non-operating income	422	397	24 [6.2%]	Other non-operating income: +34 Subsidy income : (20)
Non-operating expenses	247	220	27 [12.4%]	Interest expenses: +25
Extraordinary income	222	61	161 [263.0%]	Subsidy income : +132 Gain on sale of non-current assets: +45
Extraordinary losses	430	332	98 [29.6%]	Loss on tax purpose reduction entry of non-current assets: +120 Loss on retirement of non-current assets: +43 Impairment losses: (71)

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Consolidated Balance Sheet

(Million yen)

	As of September 30, 2024	As of March 31, 2024	Increase/decrease, major factors	
Current assets	28,518	30,075	(1,556) [(5.2%)]	Notes and accounts receivable- trade, and contract assets: (1,299)
Non-current assets	128,223	129,115	(892) [(0.7%)]	Investment securities: (2,115) Property, plant and equipment: +1,401 (buildings and structures, and other)
Total assets	**156,742**	**159,191**	**(2,448) [(1.5%)]**	
Current liabilities	47,931	49,346	(1,414) [(2.9%)]	Notes and accounts payable - trade: (1,954) Other current liabilities: (428) (accounts payable - other, etc.) Short-term borrowings: +1,325
Non-current liabilities	46,166	50,138	(3,972) [(7.9%)]	Long-term borrowings: (2,336) Other non-current liabilities: (1,570) (deferred tax liabilities, etc.)
Total liabilities	**94,097**	**99,484**	**(5,387) [(5.4%)]**	
Total net assets	**62,644**	**59,706**	**2,938 [4.9%]**	Retained earnings: +4,144 Valuation difference on available-for-sale securities: (1,510)
Total liabilities and net assets	**156,742**	**159,191**	**(2,448) [(1.5%)]**	
Net assets per share	**4,664.23 yen**	**4,449.74 yen**	**214.49 yen**	
Equity ratio	**36.5%**	**34.3%**	**2.2P**	
Balance of interest-bearing debt (Borrowings, bonds and lease liabilities)	**54,880**	**56,338**	**(1,458)**	Borrowings: (1,010) Lease liabilities: (447)

* 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 six months ended September 30, 2024. Figures for the fiscal year ended March 31, 2024 are retrospectively restated to reflect these accounting standards.

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Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023	Increase/decrease, major factors	
Cash flows from operating activities	6,594	6,562	32 [0.5%]	Decrease (increase) in inventories: +2,205 Increase (decrease) in trade payables: (1,679)
Cash flows from investing activities	(4,875)	(1,651)	(3,223) [(195.2%)]	Purchase of non-current assets: (3,191)
Cash flows from financing activities	(1,987)	(4,742)	2,755 [58.1%]	Net increase (decrease) in short-term borrowings: +2,762
Net increase (decrease) in cash and cash equivalents	(268)	168	(436) [(259.5%)]	
Cash and cash equivalents at end of period	2,900	2,789	111 [4.0%]	
Free cash flows	1,719	4,911	(3,191) [(65.0%)]	

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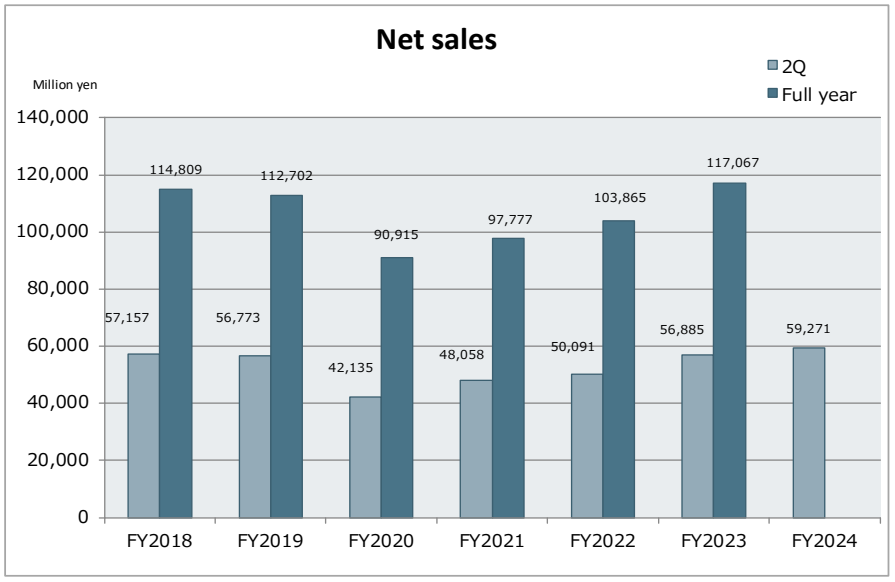
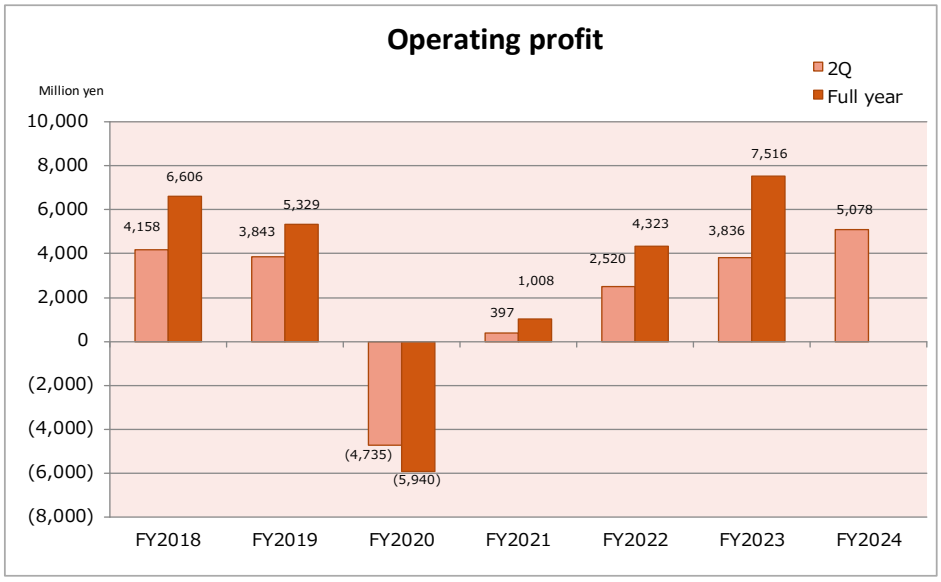
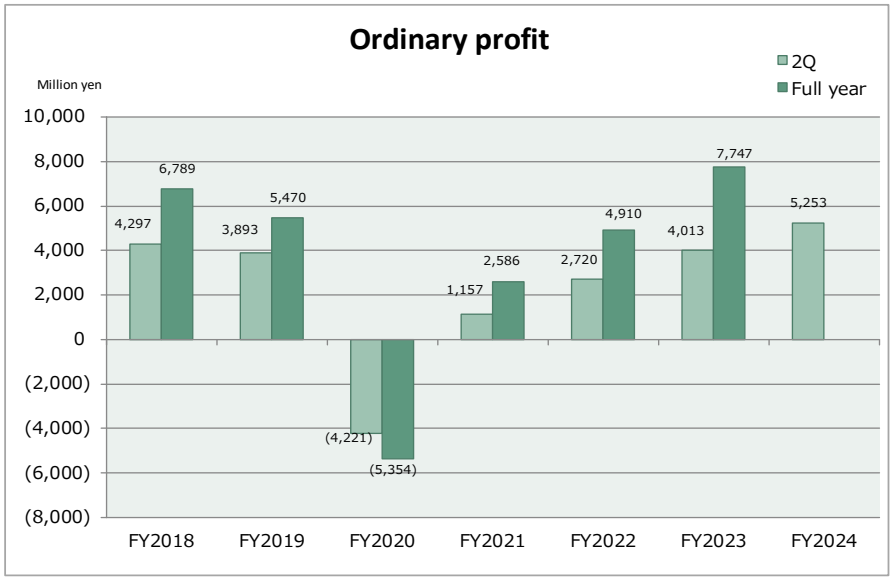
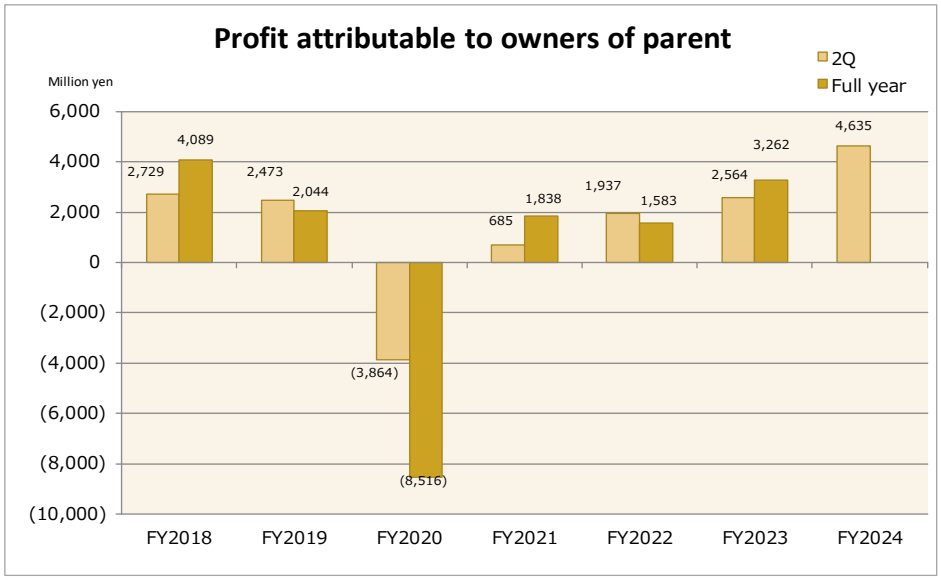
Trends in Net Sales and Profits









* 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 six months ended September 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 September 30, 2024)

Kanagawa Chuo Kotsu Group: 17 subsidiaries and 2 affiliates
Including 17 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, 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)

	Six months ended September 30, 2024	Six months ended September 30, 2023	Increase/decrease, major factors		Six months ended September 30, 2024 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	29,276	27,302	1,974 [7.2%]	Passenger bus business: +1,307 Chartered bus business: +130 Passenger taxi business: +536	29,030	246 [0.8%]
Operating profit	2,605	1,340	1,264 [94.4%]	Passenger bus business: +1,109 Chartered bus business: +115 Passenger taxi business: +39	1,400	1,205 [86.1%]

[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.

[Compared to the Forecast (announced in April 2024)]

In the passenger bus business, increases were reported in both revenue and profits due to higher-than-expected passenger demand and a decrease in depreciation.

In the chartered bus business, both revenue and profits increased due to better-than-expected effects caused by fare revision despite a decline in operation rate due to the impact of a shortfall in recruiting drivers.

In the passenger taxi business, both revenue and profits increased due to an increase in operation unit prices.

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

	Six months ended September 30, 2024	Six months ended September 30, 2023	Increase/decrease rate
Passengers without commuting passes	69	71	(3.5%)
Passengers with commuting passes	35	32	8.9%
Total	104	104	0.4%

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Segment Information (Real Estate Business)

(Million yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023	Increase/decrease, major factors		Six months ended September 30, 2024 Financial results forecast (Announced April 2024)	increase/decrease
Net sales	3,235	2,833	402 [14.2%]	Rental business (18) Sales business: +420	3,100	135 [4.4%]
Operating profit	1,278	1,416	(137) [(9.7%)]	Rental business: (204) Sales business: +66	1,120	158 [14.2%]

[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, despite the opening of new 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 mainly in the Shonan area.

[Compared to the Forecast (announced in April 2024)]

The rental business reported an increase in profits due to a decrease in repair expenses for rental facilities.

The sales business reported increases in both revenue and profits due to an increase in the number of detached houses sold.

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Segment Information (Automobile Sales Business)

(Million yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023	Increase/decrease, major factors		Six months ended September 30, 2024 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	17,360	16,953	407 [2.4%]	Commercial vehicle sales business: (152) Import car sales business: +559	14,860	2,500 [16.8%]
Operating profit	864	749	115 [15.5%]	Commercial vehicle sales business: +144 Import car sales business: (28)	270	594 [220.3%]

[Compared to the previous fiscal year]

In the commercial vehicle sales business, revenue decreased due to a decrease in the number of new vehicles sold while profits increased due to an increase in revenue from vehicle maintenance.

In the import car sales business, revenue increased due to an increase in the number of used vehicles sold in addition to higher sales unit prices, while profits decreased as purchase costs increased.

[Compared to the Forecast (announced in April 2024)]

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

In the import car sales business, both revenue and profits increased thanks to higher sales unit prices.

* Reference: Number of new vehicles sold

(Number of vehicles sold)

	Six months ended September 30, 2024	Six months ended September 30, 2023	increase/decrease
Trucks	876	1,036	(160)
Buses	41	53	(12)
Import cars	238	256	(18)

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Segment Information (Other businesses)

(Million yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023	Increase/decrease, major factors		Six months ended September 30, 2024 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	15,183	14,263	919 [6.4%]	Distribution business: +1,614 Building management business: +85 Food service business: (503) Commercial vehicle customization business: (85)	15,650	(466) [(3.0%)]
Operating profit	528	461	66 [14.5%]	Distribution business: +75 Building management business: +15 Food service business: +6 Commercial vehicle customization business: (2)	510	18 [3.6%]

[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 building management business reported increases in both revenue and profits due to an increase in orders received for the equipment installation work in the financial institutions, etc.

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 commercial vehicle customization business reported decreases in both revenue and profits due to decreases in orders received for coupler installations and components sold.

[Compared to the Forecast (announced in April 2024)]

In the distribution business revenue decreased due to the timing difference of components sold such as a bus fare box, while profits increased due to an increase in orders received for the installation work of air-conditioning equipment.

The building management business reported increases in both revenue and profits due to an increase in orders received for the equipment installation work in the financial institutions, etc.

The commercial vehicle customization business reported decreases in both revenue and profits due to a decrease in orders received for coupler installations.

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Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (Announced on October 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 (Announced October 2024)	FY ended March 31, 2024	Increase/decrease	FY ending March 31, 2025 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	**116,600**	**117,067**	**(467) [(0.4%)]**	**113,300**	**3,300 [2.9%]**
Passenger automobile business	57,230	54,967	2,262	56,790	440
Real estate business	7,310	6,130	1,179	7,420	(110)
Automobile sales business	36,570	37,387	(817)	33,660	2,910
Other businesses	30,020	29,385	634	29,800	220
Remeasurements	(14,530)	(10,803)	(3,726)	(14,370)	(160)
Operating profit	**6,150**	**7,516**	**(1,366) [(18.2%)]**	**4,520**	**1,630 [36.1%]**
Passenger automobile business	2,600	3,027	(427)	1,790	810
Real estate business	1,970	2,570	(600)	1,800	170
Automobile sales business	1,010	1,176	(166)	410	600
Other businesses	990	954	35	970	20
Remeasurements	(420)	(211)	(208)	(450)	30
Ordinary profit	**6,270**	**7,747**	**(1,477) [(19.1%)]**	**4,420**	**1,850 [41.9%]**
Profit attributable to owners of parent	**4,310**	**3,262**	**1,047 [32.1%]**	**3,600**	**710 [19.7%]**
Basic earnings per share	**351.22 yen**	**265.88 yen**	**85.34 yen**	**293.36 yen**	**57.86 yen**

Depreciation	5,410	5,251	158
Capital expenditures	15,760	7,431	8,328
EBITDA (Operating profit + Depreciation)	11,560	12,767	(1,207)

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Financial Results Forecast by Segment (Passenger Automobile Business)

(Million yen)

	FY ending March 31, 2025 Financial results forecast (Announced October 2024)	FY ended March 31, 2024	Increase/decrease, major factors		FY ending March 31, 2025 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	57,230	54,967	2,262 [4.1%]	Passenger bus business: +1,323 Chartered bus business: +223 Passenger taxi business: +715	56,790	440 [0.8%]
Operating profit	2,600	3,027	(427) [(14.1%)]	Passenger bus business: (487) Chartered bus business: +149 Passenger taxi business: (89)	1,790	810 [45.3%]
Depreciation	3,390	3,046	343		3,760	(370)
Capital expenditures	12,870	5,548	7,321		13,190	(320)

[Compared to the previous fiscal year]

An increase in revenue is expected due to the full-year contribution by fare revision implemented in the previous fiscal year, but a decrease in profits is expected due to an increase in personnel expenses as a result of improving the compensation and the increased depreciation associated with an increase in capital investment.

[Compared to the Forecast (announced in April 2024)]

In the passenger bus business, increases are expected to be reported in both revenue and profits due to higher-than-expected passenger demand and a decrease in depreciation.

In the chartered bus business, revenue is expected to decrease due to a decline in operation rate affected by a shortfall in recruiting drivers, while profits are expected to increase due to a decrease in fuel and other costs associated with reduced operation.

In the passenger taxi business, both revenue and profits are expected to increase due to an increase in operation unit prices.

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Financial Results Forecast by Segment (Real Estate Business)

(Million yen)

	FY ending March 31, 2025 Financial results forecast (Announced October 2024)	FY ended March 31, 2024	Increase/decrease, major factors		FY ending March 31, 2025 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	7,310	6,130	1,179 [19.2%]	Rental business: (46) Sales business: +1,226	7,420	(110) [(1.5%)]
Operating profit	1,970	2,570	(600) [(23.4%)]	Rental business: (603) Sales business: +3	1,800	170 [9.4%]
Depreciation	1,040	1,048	(8)		990	50
Capital expenditures	1,620	1,434	185		1,720	(100)

[Compared to the previous fiscal year]

The rental business is expected to report decreases in both revenue and profits due mainly to the reduction in rent for some tenants and increased repair expenses, despite the opening of new rental facilities.

The sales business is expected to report 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 mainly in the Shonan area.

[Compared to the Forecast (announced in April 2024)]

In the rental business, revenue is expected to decrease due mainly to vacancy and the reduction in rent for some tenants, while profits are expected to increase due mainly to the timing difference of repair work.

The sales business is expected to report increases in both revenue and profits due to an increase in the number of detached houses sold.

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Financial Results Forecast by Segment (Automobile Sales Business)

(Million yen)

	FY ending March 31, 2025 Financial results forecast (Announced October 2024)	FY ended March 31, 2024	Increase/decrease, major factors		FY ending March 31, 2025 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	36,570	37,387	(817) [(2.2%)]	Commercial vehicle sales business: (1,004) Import car sales business: +187	33,660	2,910 [8.6%]
Operating profit	1,010	1,176	(166) [(14.1%)]	Commercial vehicle sales business: (56) Import car sales business: (110)	410	600 [146.3%]
Depreciation	470	470	(0)		510	(40)
Capital expenditures	1,010	364	645		960	50

[Compared to the previous fiscal year]

In the commercial vehicle sales business, both revenue and profits are expected to decrease due to a decrease in the number of new vehicles sold.

In the import car sales business, revenue is expected to increase due to an increase in the number of vehicles sold, while profits are expected to decrease due to an increase in purchase costs.

[Compared to the Forecast (announced in April 2024)]

In the commercial vehicle sales business, both revenue and profits are expected to increase due to higher sales unit prices mainly for heavy-duty trucks and buses.

In the import car sales business, both revenue and profits are expected to increase due to an increase in the number of vehicles sold in the higher price range.

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Financial Results Forecast by Segment (Other businesses)

(Million yen)

	FY ending March 31, 2025 Financial results forecast (Announced October 2024)	FY ended March 31, 2024	Increase/decrease, major factors		FY ending March 31, 2025 Financial results forecast (Announced April 2024)	Increase/decrease
Net sales	30,020	29,385	634 [2.2%]	Distribution business: +1,831 Commercial vehicle customization business: +75 Food service business: (916) Leisure and sports business: (175)	29,800	220 [0.7%]
Operating profit	990	954	35 [3.7%]	Commercial vehicle customization business: +42 Leisure and sports business: +26 Food service business: (29)	970	20 [2.1%]
Depreciation	500	686	(186)		580	(80)
Capital expenditures	610	316	293		4,900	(4,290)

[Compared to the previous fiscal year]

The distribution business is expected to report an increase in revenue due to an increase in components sold such as a bus fare box.

The food service business is expected to report decreases in both revenue and profits due to the closure of unprofitable stores in the previous fiscal year and renovation work of donut stores.

The leisure and sports business is expected to report a decrease in revenue and an increase in profits due to the closure of unprofitable stores.

The commercial vehicle customization business is expected to report increases in both revenue and profits due to an increase in orders received for partial installation.

[Compared to the Forecast (announced in April 2024)]

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

The building management business is expected to report increases in both revenue and profits due to an increase in orders received for the equipment installation work in the financial institutions, etc.

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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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