

## Consolidated Financial Results for the Year Ended March 31, 2019 【Japanese GAAP】

Summary of Quick Financial Announcement of Consolidated Financial Information For the Year  
Ended March 31, 2019

Company name : AUTOBACS SEVEN CO., LTD.

Code number : 9832

(URL <http://www.autobacs.co.jp/>)

Headquarters : Tokyo, Japan

Company Representative : Kiomi Kobayashi, Representative Director

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Telephone : +81-3-6219-8787

Stock exchange listing : Tokyo

Annual meeting of shareholders : June 21, 2019

Start of cash dividend payments : June 24, 2019

Submission of Annual Securities Report : June 24, 2019

Supplementary materials prepared : Yes

Financial results information meeting held : Yes(for securities analysts and institutional investors, etc)

### 1. Results for the year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Note: Amounts less than 1 million Yen have been rounded down. A figure in ( ) indicates a loss or a negative figure.)

#### (1) Results of operations:

(Unit: Millions of Yen except for per share information, and % information which indicates increase or decrease( ).)

Fiscal year ended	Net sales		Operating income		Ordinary income	
		%		%		%
March 31, 2019	213,840	0.7	7,478	(4.0)	8,203	(0.3)
March 31, 2018	212,328	3.7	7,789	19.9	8,226	15.5
Note: Comprehensive income :	4,563 million yen for the year ended March 31, 2019 : (3.4%)					
	4,725 million yen for the year ended March 31, 2018 : 41.2 %					
Fiscal year ended	Profit attributable to owners of parent		Basic net income per share (Yen)		Basic net income per share - diluted (Yen)	
		%				
March 31, 2019	5,485	1.5	66.58		-	
March 31, 2018	5,403	79.2	65.49		-	

	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended			
March 31, 2019	4.4	4.4	3.5
Fiscal year ended			
March 31, 2018	4.3	4.5	3.7

Reference: Equity income on a affiliates :

For the year ended March 31, 2019 : 365million Yen

For the year ended March 31, 2018 : 148million Yen

(2) Financial position:

(Unit: Millions of Yen except for per share information)

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
Fiscal year ended				%
March 31, 2019	181,391	124,187	68.1	1,526.59
Fiscal year ended				%
March 31, 2018	187,354	127,352	67.7	1,537.59

(Reference) Equity : For the year ended March 31, 2019 : 123,582 million Yen

For the year ended March 31, 2018 : 126,866 million Yen

(3) Statements of cash flows:

(Unit: Millions of Yen)

	Operating activities	Investing activities	Financing activities	Ending balances of cash and cash equivalents
Fiscal year ended				
March 31, 2019	4,447	(3,078)	(9,876)	30,531
Fiscal year ended				
March 31, 2018	16,394	(2,915)	(5,840)	39,050

## 2.Dividends

	Dividends per share				(Yen)
	First Quarter	Second Quarter	Third Quarter	Year-end	Full Year
Fiscal year ended March 31, 2018	-	30.00	-	30.00	60.00
Fiscal year ended March 31, 2019	-	30.00	-	30.00	60.00
Fiscal year ended March 31,2020 (forecast)	-	30.00	-	30.00	60.00
	Total Dividends Paid (Full Year) (Millions of Yen)	Payout Ratio (Consolidated)		Dividends paid/Net Assets (Consolidated)	
Fiscal year ended March 31, 2018	4,952	91.6		%	%
Fiscal year ended March 31, 2019	4,905	90.1			
Fiscal year ended March 31,2020 (forecast)	-	83.7			

## 3. Forecast for the fiscal year ending March 2020(from April 1, 2019 to March 31, 2020)

(Unit: Millions of Yen, percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	223,000	4.3	8,000	7.0	8,700	6.1
	Profit attributable to owners of parent		Basic net income per share(Yen)			
		%				
Annual	5.800	5.7	71.65			

#### 4. Other

- (1) Significant changes in subsidiaries during the year ended : None
- (2) Changes in accounting policies, accounting estimation change and restatement
- |  |        |
|--|--------|
| 1. Changes due to changes in accounting standard               | : None |
| 2. Changes due to changes in accounting standard except (2)-1. | : None |
| 3. Changes due to accounting estimation change                 | : None |
| 4. Restatement   | : None |
- (3) Shares outstanding (common stock)
1. Number of shares outstanding (including treasury stock)
- |                                  |                     |
|----------------------------------|---------------------|
| Fiscal year ended March 31, 2019 | : 84,050,105 shares |
| Fiscal year ended March 31, 2018 | : 84,050,105 shares |
2. Number of treasury stock at the end of period
- |                                  |                    |
|----------------------------------|--------------------|
| Fiscal year ended March 31, 2019 | : 3,097,001 shares |
| Fiscal year ended March 31, 2018 | : 1,540,020 shares |
3. Average shares outstanding over period
- |                                  |                     |
|----------------------------------|---------------------|
| Fiscal year ended March 31, 2019 | : 82,385,019 shares |
| Fiscal year ended March 31, 2018 | : 82,511,064 shares |

※These financial results are not subject to audit by certified public accountants or auditing firms.

※Statement regarding the proper use of financial forecasts and other special remarks  
(Statement regarding the proper use of financial forecasts)

These forecast performance figures are based on the information currently available to the Company's management and certain assumptions judged rational. Accordingly, there might be cases in which actual results materially differ from forecasts of this report.

※Autobacs Seven Co.,Ltd. will be held the Analysts Meeting on May 9, 2019. The presentation material and video picture of the meeting will be uploaded as soon as possible on the Company's website afterwards.

## 5. Analysis of Business Results and Financial Position

### (1) Explanation of Business Results

#### - Business Results

The Company has changed the management of its business resources allocation and business performance evaluation into five businesses starting from the fiscal year ending March 31, 2019 and has divided the reportable segments into the “Domestic AUTOBACS Business,” the “Overseas Business” and the “Car Dealer, BtoB and Internet Business” depending on the characteristics and size of each business.

In addition, because the Company has decided to expand its sales activities, profit and cost in the credit business, etc., which were shown as non-operating income and selling, general and administrative expenses in the previous consolidated fiscal year, are included in and shown as net sales and cost of sales, and are also included in the business category previously shown as Others and added to reportable segments as a new item called Other Businesses.

The numbers and year-on-year rates described in the following text are based on the abovementioned rules after the change.

#### Consolidated Profit and Loss

##### [Net sales and gross profit]

The Group’s consolidated sales during the fiscal year under review increased by 0.7% year on year, to 213,840 million yen, and gross profit fell by 0.6% year on year, to 67,581 million yen.

##### [Selling, general, and administrative expenses and operating income]

Selling, general, and administrative expenses decreased by 0.1% year on year, to 60,115 million yen, resulting in operating income of 7,466 million yen, a decline of 4.1% from a year earlier.

Overall selling, general, and administrative expenses were reduced by the business transfers of consolidated subsidiaries operating AUTOBACS chain stores in Japan. The selling, general, and administrative expenses of the subsidiaries in the business transfers totaled 2,165 million yen for the fiscal year ended March 31, 2018. Other factors that significantly affected the results included an increase in expenses for advertising tires and statutory safety inspections and for store renovations, and a decrease in depreciation expenses for AUTOBACS chain store IT systems.

##### [Non-operating income, non-operating expenses, and ordinary income]

Non-operating income increased by 4.2% year on year, to 2,390 million yen. Non-operating expenses decreased by 10.2% year on year, to 1,665 million yen, primarily reflecting a loss on retirement of non-current assets related to logistics center facilities posted in the previous fiscal year.

Consequently, ordinary income fell by 0.4% year on year, to 8,190 million yen.

##### [Extraordinary income and loss]

Extraordinary income included receivable insurance for disasters of 929 million yen and gain on sales of investment securities of 474 million yen. Extraordinary losses stood at 1,852 million yen, including loss from disasters, special retirement allowance due to the integration of subsidiaries, and impairment loss at imported car dealers.

##### [Income taxes]

Income taxes decreased 583 million yen from the previous fiscal year, to 2,285 million yen. This was attributable mainly to a fall in income taxes – current associated with a decrease in profit before income taxes.

##### [Profit attributable to owners of parent]

Profit attributable to owners of parent climbed by 1.3% year on year, to 5,476 million yen.

Net income per share stood at 66.47 yen. The ratio of net income to net sales rose from 2.5% in the previous fiscal year to 2.6%, and return on equity (ROE) increased from 4.3% in the previous fiscal year to 4.4%.

#### Operating Results

##### [Domestic AUTOBACS Business]

Net sales in this segment decreased by 1.2% year on year, to 179,000 million yen, due largely to transfers of consolidated subsidiaries operating AUTOBACS chain stores to franchise outlets in the fiscal year ended March 31, 2018. Gross profit declined by 2.7% year on year, to 55,433 million yen, mainly as a result of a decrease due to the transfers of consolidated subsidiaries. Selling, general, and administrative expenses decreased by 1.2% year on year, to 40,577 million yen, owing to a decrease caused by business transfers of

consolidated subsidiaries, which offset an increase in expenses related to store renovations and sales promotions. As a result, segment profit fell by 6.3% year on year, to 14,856 million yen.

For the fiscal year under review, total sales for the domestic business in the AUTOBACS chain (including franchise outlets) increased by 0.5% year on year, both on a same-store basis and on an overall-store basis.

At domestic AUTOBACS chain stores, to become “a professional and friendly existence” for customers under the 2017 Medium-Term Business Plan, the Company focused on the creation of new markets related to automobiles. The Company provided the value of safety and reliability to meet customers’ demand for comfort in the use of cars, the value of experience and discovery in driving out and enjoying outdoor activities to meet demand for driving out and having fun, and goods and services that will help customers express themselves and increase satisfaction to meet their demand for becoming more like themselves by driving automobiles they like.

Sales of low-priced tires, particularly private brand ones, were strong, and demand for studless tires increased due to low temperatures nationwide. However, sales were lower than the previous fiscal year, reflecting snowfall especially in the Kanto area in January 2018. As for car electronics, sales of dashcams were strong due to an increasing awareness of dashcams, the growing public interest in driving safety and the expanded product lines and sales systems in stores. Moreover, the Company worked to expand the product lines of its private brand AQ. (Autobacs Quality.) and the brands that offer car-related lifestyles, JKM and GORDON MILLER, to improve the attractiveness of the merchandise in stores.

The Company promoted improvements in store operations, including the distribution of personnel on sales floors and time management for employees, based on an analysis of service in stores, and promoted in-store renovations, particularly sales floors and service bays.

In the statutory safety inspection and maintenance services segment, the Company offers “Three-star Compensation for your Comfort,” a service provided to customers who undergo its statutory safety inspection or maintenance services, with the aim of differentiating itself from other companies. The Company also implemented operational innovations in the service bays, such as the promotion of reservations for the next statutory safety inspection and 15-minute acceptance inspections. Moreover, the AUTOBACS GUYS 2018, as a symbol of “professional and friendly,” were selected from among mechanics who actually work in stores, and they featured in television commercials and in-store advertising campaigns. The number of vehicles that were required to undergo statutory safety inspections in Japan was relatively small during the first half of the fiscal year under review but increased from September. The number of vehicles that underwent statutory safety inspection and maintenance services rose by 2.3% year on year, to approximately 648,000 units.

In the automobile purchase and sales segment, the terms and conditions of the CARS franchise chain contract were reviewed at the end of March 2018 to enhance used car purchases and reduce costs at CARS franchise stores. In addition, the car buying business was transferred into this segment from this fiscal period. Moreover, five unprofitable stores were closed, and sales activities were strengthened and focused on. As a result of these efforts, the total sales volume in the domestic AUTOBACS business increased by 5.2% year on year, to approximately 31,000 units.

As part of the store opening, the Company opened JACK & MARIE LaLaport NAGOYA minato AQULS, the second shop under the JACK & MARIE brand, Japan’s first brand for a motorized lifestyle, in September 2018. It opened JACK & MARIE Yokohama Landmark Plaza and JACK & MARIE MARK IS Fukuoka Momochi in November 2018. The number of JACK & MARIE physical stores became four.

In November 2018, the Company remodeled the Group flagship store SUPER AUTOBACS TOKYO BAY SHINONOME and opened it under the new name of A PIT AUTOBACS SHINONOME, which provides customers with a comfortable space in which to spend time with vehicles and make new discoveries and experiences by making proposals for each lifestyle.

#### [Overseas Business]

For the fiscal year under review, sales for the Overseas Business increased by 18.0% year on year, to 11,217 million yen, and the segment loss was 783 million yen (segment loss in the previous year was 537 million yen).

In the retail and service business, the operating loss expanded in France. Although sales increased due to the placement of franchise outlets under the direct management of the local subsidiaries, earnings in the existing stores declined because of the adverse effects of bad weather and political uncertainty, including demonstrations. In Thailand, the retail and service business enjoyed a year-on-year increase in sales thanks to active openings of small outlets in the PTG Group’s gas station malls, which continued as in the previous

fiscal year. In Singapore, although sales of maintenance services for vehicles used for car sharing were strong, earnings decreased, mainly due to sluggish in-store service sales.

In the wholesale business, the segment promoted product development in each region, and sales channels expanded across national borders. In China, despite increased expenses for business expansion, the wholesale of automotive goods and services grew both domestically and internationally, and operating income moved into the black. Moreover, sales of private brand oil products for overseas to Russia and the wholesale of automotive goods and services to the local hypermarkets in the ASEAN region increased. In October 2018, the Company also made AudioXtra Pty Ltd. in Australia a new consolidated subsidiary to further expand earnings in the overseas wholesale business.

As a result of nine store openings and four store closures, the total number of stores outside Japan stood at 46.

#### [Car Dealer, BtoB and Internet Business]

Sales for the Car Dealer, BtoB and Internet Business increased by 5.6% year on year, to 30,028 million yen, and the segment loss was 1,076 million yen (segment loss in the same period of the last fiscal year was 842 million yen).

In the imported car dealer business, the Company enhanced the sales system at each dealer and focused on sales activities. Moreover, sales increased because the Company acquired two imported car dealers in Nerima ward, Tokyo in November 2017 and one imported car dealer in Sugunami ward, Tokyo in August 2018. In April 2019, the Company established AUTOBACS DEALER GROUP HOLDINGS CO., LTD., which is responsible for managing the imported car dealer business, to enhance its system for increasing earnings.

In the BtoB business, while the environment remained challenging, for instance due to the rise in oil prices and distribution costs, the earnings profile was improving, thanks to the price increase for the wholesale of oil and the emergence of integration effects such as the enhanced lineup of private brand products by CAP Style Co., Ltd., which was established in the second quarter of the fiscal year under review.

In the Internet business, the Company is working on the reconstruction of product lineups, channels and promotions. External malls were concentrated from three channels into one for streamlining purposes, and preparations were made for the renewal of the Company's own website. In addition, the Company made a start in a new BtoB business by building a platform for online sales aimed at the BtoB business.

#### [Other Businesses]

Sales in the other businesses decreased by 6.1% year on year, to 2,207 million yen, and the segment profit declined by 1.4% year on year, to 428 million yen. This was mainly because of a decrease in insurance-related commission income.

## (2) Analysis of financial position

### -Status of balance sheet items

#### [Current assets]

Current assets decreased 3,850 million yen from those at the end of the previous fiscal year, to 107,845 million yen. Cash and deposits fell, primarily due to payments associated with disaster loss and repairs.

#### [Property, plant, and equipment and intangible assets]

Property, plant, and equipment was reduced by 136 million yen from the end of the previous fiscal year, to 41,090 million yen. This was attributable chiefly to the sale of land associated with business transfers of subsidiaries operating stores in Japan.

Intangible assets decreased by 13 million yen from the end of the previous fiscal year, to 6,036 million yen. Software impairment was a major contributor to this decrease.

#### [Investments and other assets]

Investments and other assets decreased 1,972 million yen from the end of the previous fiscal year, to 26,409 million yen. Key contributing factors included a decrease due to sales of investment securities despite an increase in shares in affiliated companies due to business investments.

#### [Current liabilities]

Current liabilities fell by 2,021 million yen from the end of the previous fiscal year, to 44,404 million yen. This was primarily a result of a decrease in income taxes payable.

[Non-current liabilities]

Non-current liabilities decreased by 776 million yen from the end of the previous fiscal year, to 12,799 million yen. This was attributable largely to a decrease in long-term borrowings due to bank borrowings.

[Total net assets]

Total net assets decreased 3,174 million yen from the end of the previous fiscal year, to 124,178 million yen. This was mainly attributable to a decrease as a result of the purchase of treasury shares.

[Total assets / Total liabilities and Total net assets]

Total assets, or total liabilities and net assets, decreased by 5,972 million yen from the end of the previous fiscal year, to 181,382 million yen.



6. Consolidated Financial Statements  
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	39,069	30,679
Notes and accounts receivable - trade	23,600	25,159
Lease investment assets	8,250	6,808
Merchandise	16,419	19,639
Short-term loans receivable	72	20
Accounts receivable - other	21,972	22,676
Income taxes receivable	32	365
Other	2,369	2,615
Allowance for doubtful accounts	(92)	(107)
Total current assets	111,695	107,857
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,644	41,417
Accumulated depreciation	(27,544)	(28,013)
Buildings and structures, net	12,099	13,404
Machinery, equipment and vehicles	7,388	7,304
Accumulated depreciation	(2,995)	(3,317)
Machinery, equipment and vehicles, net	4,392	3,986
Tools, furniture and fixtures	10,370	10,909
Accumulated depreciation	(8,805)	(9,211)
Tools, furniture and fixtures, net	1,564	1,698
Land	22,627	21,566
Leased assets	625	595
Accumulated depreciation	(207)	(194)
Leased assets, net	418	401
Construction in progress	124	33
Total property, plant and equipment	41,226	41,090
Intangible assets		
Goodwill	1,170	1,344
Software	2,602	2,412
Other	2,276	2,279
Total intangible assets	6,050	6,036
Investments and other assets		
Investment securities	8,409	7,708
Long-term loans receivable	712	3
Deferred tax assets	4,025	3,952
Guarantee deposits	14,181	13,731
Other	1,106	1,039
Allowance for doubtful accounts	(54)	(30)
Total investments and other assets	28,381	26,405
Total non-current assets	75,658	73,533
Total assets	187,354	181,391

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	20,710	21,298
Short-term loans payable	3,252	2,412
Lease obligations	169	159
Accounts payable - other	12,626	13,564
Income taxes payable	3,014	757
Provision for point card certificates	237	72
Other	6,412	6,139
Total current liabilities	46,425	44,404
Non-current liabilities		
Long-term loans payable	2,190	1,300
Lease obligations	1,285	1,120
Deferred tax liabilities	480	414
Provision for retirement benefits for directors (and other officers)	76	34
Retirement benefit liability	1,051	1,479
Asset retirement obligations	2,110	2,184
Other	6,381	6,266
Total non-current liabilities	13,575	12,799
Total liabilities	60,001	57,203
<b>Net assets</b>		
Shareholders' equity		
Capital stock	33,998	33,998
Capital surplus	34,298	34,298
Retained earnings	59,639	60,172
Treasury shares	(2,773)	(5,689)
Total shareholders' equity	125,163	122,780
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,924	1,462
Foreign currency translation adjustment	470	381
Remeasurements of defined benefit plans	(692)	(1,042)
Total accumulated other comprehensive income	1,703	801
Non-controlling interests	486	604
Total net assets	127,352	124,187
<b>Total liabilities and net assets</b>	<b>187,354</b>	<b>181,391</b>

## (2) Consolidated Statement of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	212,328	213,840
Cost of sales	144,361	146,259
Gross profit	67,966	67,581
Selling, general and administrative expenses	60,177	60,102
Operating profit	7,789	7,478
Non-operating income		
Interest income	76	63
Dividend income	105	78
Share of profit of entities accounted for using equity method	148	365
Commission income	100	62
Lease revenue-system equipment	716	733
Insurance income	130	158
Other	1,014	927
Total non-operating income	2,292	2,390
Non-operating expenses		
Interest expenses	40	27
Lease cost-system equipment	864	805
Loss on retirement of non-current assets	257	103
Other	692	729
Total non-operating expenses	1,855	1,665
Ordinary profit	8,226	8,203
Extraordinary income		
Gain on sales of investment securities	1,477	474
Insurance income	—	929
Total extraordinary income	1,477	1,403
Extraordinary losses		
Loss on valuation of investment securities	133	—
Impairment loss	480	215
Amortization of goodwill	—	190
Special retirement expenses	—	272
Loss on disaster	—	973
Loss on arrangement of stores	—	201
Loss on liquidation of subsidiaries and associates	835	—
Total extraordinary losses	1,449	1,852
Profit before income taxes	8,255	7,754
Income taxes - current	3,456	1,944
Income taxes - deferred	(586)	345
Total income taxes	2,869	2,289
Profit	5,385	5,464
Profit attributable to		
Profit attributable to owners of parent	5,403	5,485
Loss attributable to non-controlling interests	(18)	(20)
Other comprehensive income		
Valuation difference on available-for-sale securities	(107)	(458)
Foreign currency translation adjustment	142	(87)
Remeasurements of defined benefit plans, net of tax	(692)	(349)
Share of other comprehensive income of entities accounted for using equity method	(2)	(5)
Total other comprehensive income	(660)	(901)
Comprehensive income	4,725	4,563
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,746	4,583
Comprehensive income attributable to non-controlling interests	(20)	(20)

(3) Consolidated Statement of Changes in equity  
Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,998	34,299	59,188	(2,769)	124,717
Changes of items during period					
Dividends of surplus			(4,952)		(4,952)
Profit attributable to owners of parent			5,403		5,403
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(1)	451	(3)	445
Balance at end of current period	33,998	34,298	59,639	(2,773)	125,163

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,025	335	—	2,360	314	127,392
Changes of items during period						
Dividends of surplus						(4,952)
Profit attributable to owners of parent						5,403
Purchase of treasury shares						(4)
Disposal of treasury shares						0
Change in ownership interest of parent due to transactions with non-controlling interests						(1)
Net changes of items other than shareholders' equity	(100)	135	(692)	(657)	171	(485)
Total changes of items during period	(100)	135	(692)	(657)	171	(39)
Balance at end of current period	1,924	470	(692)	1,703	486	127,352

Fiscal year ended March 31,2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,998	34,298	59,639	(2,773)	125,163
Changes of items during period					
Dividends of surplus			(4,952)		(4,952)
Profit attributable to owners of parent			5,485		5,485
Purchase of treasury shares				(2,916)	(2,916)
Disposal of treasury shares		0		0	0
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	532	(2,915)	(2,383)
Balance at end of current period	33,998	34,298	60,172	(5,689)	122,780

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,924	470	(692)	1,703	486	127,352
Changes of items during period						
Dividends of surplus						(4,952)
Profit attributable to owners of parent						5,485
Purchase of treasury shares						(2,916)
Disposal of treasury shares						0
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Net changes of items other than shareholders' equity	(462)	(89)	(349)	(901)	118	(782)
Total changes of items during period	(462)	(89)	(349)	(901)	118	(3,165)
Balance at end of current period	1,462	381	(1,042)	801	604	124,187

## (4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,255	7,754
Depreciation	4,031	3,726
Impairment loss	480	215
Amortization of goodwill	100	319
Increase (decrease) in allowance for doubtful accounts	3	(7)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(21)	(41)
Increase (decrease) in retirement benefit liability	(77)	(74)
Extra retirement payment	—	272
Interest and dividend income	(182)	(141)
Insurance income	(130)	(1,088)
Interest expenses	40	27
Share of loss (profit) of entities accounted for using equity method	(148)	(365)
Loss (gain) on sales and retirement of non-current assets	248	96
Loss (gain) on sales of investment securities	(1,477)	(485)
Loss on liquidation of subsidiaries and associates	835	—
Loss (gain) on valuation of investment securities	133	3
Loss on disaster	—	973
Loss on arrangement of stores	—	201
Decrease (increase) in notes and accounts receivable - trade	(4,796)	(1,002)
Decrease (increase) in lease investment assets	653	1,268
Decrease (increase) in inventories	(1,847)	(2,513)
Increase (decrease) in notes and accounts payable - trade	7,795	334
Other, net	2,851	(37)
Subtotal	16,746	9,435
Interest and dividend income received	203	147
Interest expenses paid	(41)	(27)
Proceeds from insurance income	130	346
Extra retirement payments	—	(272)
Payments associated with disaster loss	—	(749)
Income taxes paid	(643)	(4,432)
Net cash provided by (used in) operating activities	16,394	4,447
<b>Cash flows from investing activities</b>		
Payments into time deposits	(85)	(146)
Proceeds from withdrawal of time deposits	201	16
Purchase of property, plant and equipment and intangible assets	(3,587)	(4,618)
Proceeds from sales of property, plant and equipment and intangible assets	23	1,484
Purchase of investment securities	(578)	(0)
Proceeds from sales and redemption of investment securities	2,572	742
Payments for acquisition of businesses	(445)	(109)
Proceeds from sale of businesses	145	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(291)	(1,171)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(68)	—
Purchase of shares of subsidiaries and associates	(1,907)	—
Payments of loans receivable	(8)	(0)
Collection of loans receivable	601	761
Payments for guarantee deposits	(194)	(905)
Proceeds from collection of guarantee deposits	933	974
Other, net	(224)	(104)
Net cash provided by (used in) investing activities	(2,915)	(3,078)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(754)	(839)
Proceeds from long-term loans payable	2,100	—
Repayments of long-term loans payable	(2,392)	(1,123)
Purchase of treasury shares	(1)	(2,916)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(25)	—
Cash dividends paid	(4,952)	(4,952)
Other, net	186	(44)
Net cash provided by (used in) financing activities	(5,840)	(9,876)
Effect of exchange rate change on cash and cash equivalents	23	(11)
Net increase (decrease) in cash and cash equivalents	7,661	(8,518)
Cash and cash equivalents at beginning of period	31,388	39,050
Cash and cash equivalents at end of period	39,050	30,531

(Change of indication method)

(Application of “the Partial Change in the Accounting Standards Regarding Tax Effect Accounting”)

The Company has applied “the Partial Change in the Accounting Standards Regarding Tax Effect Accounting” (Corporate Accounting Standards, No. 28, Feb. 16, 2018) since the beginning of the current consolidated fiscal year under review and displayed “Deferred tax assets” in the “Investments and other assets” category and “Deferred tax liabilities” in the “Non-current liabilities” category.

As a result, “Deferred tax assets” under “Current assets” have been decreased by 3,042 million yen and “Deferred tax assets” under “Investments and other assets” have been increased by 2,990 million yen. Also “Other” under “Current liabilities” have been decreased by 0 million yen and “Deferred tax liabilities” under “Non-current liabilities” have been decreased by 50 million yen in the Consolidated Balance Sheet for the previous consolidated fiscal year.

Since the deferred tax assets and deferred tax liabilities of the same taxable entity have been offset, Total assets have been decreased by 51 million yen compared to the previous method.

(Consolidated Statement of Income and Comprehensive Income)

Because means of financial payment have recently diversified, and the Company has shifted its own points system to a common points system in the domestic AUTOBACS business, it has decided to expand sales activities in the credit related business, etc., which were included in “Commission fee” and “Others” under “Non-operating income”, “Selling, general and administrative expenses” and “Others” under “Non-operating expense” during the previous consolidated fiscal year. This effort increased the importance of the credit related business and the Company consequently decided to include it in a reportable segment. As a result, the profit and cost in the credit related business, etc. were changed to be included in and indicated as “Net sales” and “Cost of sales” starting from the current consolidated fiscal year under review.

To reflect this change in the indication method, the Company is currently reallocating the consolidated financial statements during the previous consolidated fiscal year.

As a result, 259 million yen and 439 million yen, 101 million yen and 193 million yen which were indicated in “Commission fee” and “Others” under “Non-operating income”, “Selling, general and administrative expenses” and “Others” under “Non-operating expense” in the Consolidated Statements of Income and Comprehensive Income during the previous consolidated fiscal year, were allocated to 698 million yen in “Net sales”, 101 million yen in “Cost of sales” and 91 million yen in “Selling, general and administrative expenses,” respectively.



## 7. Segment Information

### (1) Outlines reportable segment

The Company's reporting segments are the components of the Company about which separate financial information is available. These segments are subject to periodic examination to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The companies are engaged in wholesale, retail sales and internet sales of automotive goods and services both in Japan and overseas; automobile purchase and sales; statutory safety inspection and maintenance services; imported car dealership. The companies also provide the AUTOBACS chain with store leasing service and credit related business. The Group has four reporting segments: "Domestic AUTOBACS Business," "Overseas Business," "Car Dealer, BtoB and Internet Business" and "Other Business."

"Domestic AUTOBACS Business" is engaged in whole sale of automotive goods such as Tires and Wheels, Car Electronics to its franchise companies in Japan. It also provides the AUTOBACS chain with store leasing service. Furthermore, it is engaged in sale and installation services of automotive goods, maintenance services, statutory safety inspection, automobile purchase from and sales to domestic customers.

"Overseas Business" is engaged in sale and installation services of automotive goods and maintenance services to overseas customers. It also exports automotive goods to overseas franchise companies and other retail companies.

"Car Dealer, BtoB and Internet Business" is engaged in retail sale and service of imported car to domestic customers. It is also engaged in whole sale of automotive goods to domestic DIY stores. Moreover, it is engaged in providing automotive goods through the corporate site and the official app cooperated with real stores.

"Other Business" is engaged in credit related business, insurance agent, individual credit purchase mediation at franchise companies in Japan and issuing alliance card. It also provides the AUTOBACS chain with store equipment leasing service.

The business segment that was indicated as "Others" in the past will be included in a reportable segment called "Other Business" starting from the current consolidated fiscal year under review because of a change in the corporate organization aiming at expanding sales activities in the credit card business, etc.

In addition, following a review of management units, the company has changed the business segments of the internet sales business, which was formerly included in "Domestic AUTOBACS business," to "Used Car Buying, Car Dealer and BtoB Business," and of the used car stores, formerly included in "Used Car Buying, Car Dealer and BtoB Business," to "Domestic AUTOBACS Business" starting from the current consolidated fiscal year under review. Accompanying these segment changes, the name of the reportable segment "Used Car Buying, Car Dealer and BtoB Business" was changed to "Car Dealer, BtoB and Internet Business."

Segment information for the year ended March 31, 2018 was prepared based on the changed reportable segment.

### (2) Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting treatment methods for the Company's reporting segments have been prepared in accordance with accounting policies used for preparation of the consolidated financial statements.

## (3)Segment sales ,income(loss),assets and others

Fiscal year ended March 31,2018

(Millions of yen)

	Reportable segments					Reconciling items	Per consolidated financial statements
	Domestic AUTOBACS Business	Overseas Business	Car dealer , BtoB and Internet business	Other	Reportable segments		
Sales							
Revenues from external customers	179,421	9,156	22,065	1,685	212,328	-	212,328
Transactions with other segments	1,723	346	6,377	667	9,115	(9,115)	-
Net sales	181,145	9,503	28,443	2,352	221,444	(9,115)	212,328
Operating profit (loss)	15,856	(537)	(842)	434	14,911	(7,122)	7,789
Assets	101,039	8,634	17,741	24,268	151,683	35,670	187,354
Other items							
Depreciation	2,920	281	338	38	3,578	228	3,807
Amortization of goodwill	-	59	40	-	100	-	100
Investments in entities accounted for using equity method	1,783	488	1,851	-	4,123	67	4,191
Increase in property, plant and equipment and intangible assets	2,543	296	445	-	3,286	301	3,587

Notes:

1. The details of "Reconciling items" are as follows:

- (1) The amount (7,122) million yen of "Reconciling items" of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
- (2) The amount 35,670 million yen of "Reconciling items" of Assets is the corporate administrative assets such as cash and deposits which are not belong to each reportable segment.
- (3) At Other items, the amount 228 million yen of "Reconciling items" of Depreciation is the depreciation for the corporate administrative assets. The amount 67 million yen of "Reconciling items" of Investments in entities accounted for using equity method is the investment amount to the affiliated company which is not belong to each reportable segment. the amount 301 million yen of "Reconciling items" of Increase in property, plant and equipment and intangible assets is the mainly amount of capital investment for the corporate administrative assets.

2. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segments					Reconciling items	Per consolidated financial statements
	Domestic AUTOBACS Business	Overseas Business	Car dealer , BtoB and Internet business	Other	Reportable segments		
Sales							
Revenues from external customers	177,802	10,927	23,451	1,659	213,840	-	213,840
Transactions with other segments	1,258	290	6,577	548	8,674	(8,674)	-
Net sales	179,060	11,217	30,028	2,207	222,514	(8,674)	213,840
Operating profit (loss)	14,869	(783)	(1,076)	428	13,437	(5,958)	7,478
Assets	104,136	8,870	17,704	24,154	154,866	26,524	181,391
Other items							
Depreciation	2,761	305	245	31	3,343	180	3,523
Amortization of goodwill	-	86	233	-	319	-	319
Investments in entities accounted for using equity method	1,982	472	1,950	-	4,405	67	4,472
Increase in property, plant and equipment and intangible assets	3,250	339	496	10	4,096	522	4,618

Notes:

1. The details of "Reconciling items" are as follows:

- (1) The amount (5,958) million yen of "Reconciling items" of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
- (2) The amount 26,524 million yen of "Reconciling items" of Assets is the corporate administrative assets such as cash and deposits which are not belong to each reportable segment.
- (3) At Other items, the amount 180 million yen of "Reconciling items" of Depreciation is the depreciation for the corporate administrative assets. The amount 67 million yen of "Reconciling items" of Investments in entities accounted for using equity method is the investment amount to the affiliated company which is not belong to each reportable segment. the amount 522 million yen of "Reconciling items" of Increase in property, plant and equipment and intangible assets is the mainly amount of capital investment for the corporate administrative assets.

2. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

## (4) Impairment loss by reportable segment

Fiscal year ended March 31,2018

(Millions of yen)

	Reportable segments					Unallocated amounts and elimination	Per consolidated financial statements
	Domestic AUTOBACS Business	Overseas Business	Car dealer , BtoB and Internet business	Other	Reportable segments		
Impairment loss	566	—	166	—	732	—	732

Fiscal year ended March 31,2019

(Millions of yen)

	Reportable segments					Unallocated amounts and elimination	Per consolidated financial statements
	Domestic AUTOBACS Business	Overseas Business	Car dealer , BtoB and Internet business	Other	Reportable segments		
Impairment loss	42	—	172	—	215	—	215

## (5) Amortization and balance of goodwill by reportable segment

Fiscal year ended March 31,2018

(Millions of yen)

	Reportable segments					Unallocated amounts and elimination	Per consolidated financial statements
	Domestic AUTOBACS Business	Overseas Business	Car dealer , BtoB and Internet business	Other	Reportable segments		
Amortization of goodwill	—	59	40	—	100	—	100
Goodwill	—	784	385	—	1,170	—	1,170

Fiscal year ended March 31,2019

(Millions of yen)

	Reportable segments					Unallocated amounts and elimination	Per consolidated financial statements
	Domestic AUTOBACS Business	Overseas Business	Car dealer , BtoB and Internet business	Other	Reportable segments		
Amortization of goodwill	—	86	233	—	319	—	319
Goodwill	217	939	188	—	1,344	—	1,344

## 8.Subsequent Events

At the Board of Directors' meeting held on January 31, 2019, the Board approved the repurchase of common stock. The Company acquired its common stock, under Article 156 of the Japan's Corporation Law ("the Law"), applied pursuant to Article 165, Paragraph 3 of the Law. The Company carries out acquisition of its common stock.

### (1) Reason for acquisition of the Company own shares

To enhance shareholder return and improve capital efficiency

### (2) Detail of acquisition

#### 1) Type of shares to be acquired

Shares of common stock of the Company

#### 2) Aggregate number of shares to be acquired

Up to 2,800,000shares

#### 3) Aggregate purchase price of shares

Up to 5,000 million yen

#### 4) Acquisition period

From February 1, 2019 to June 20, 2019

### (3) Detail of implementation of acquisition

#### 1) Acquisition date

From April 1, 2019 to May 8, 2019

#### 2) Aggregate number of shares acquired

855,000 shares

#### 3) Aggregate price of shares purchased

1,628 million yen

#### 4) Acquisition method

Market purchase through a trust bank