

# Results for the Three Months ended June 30, 2020



July 31, 2020

**AUTOBACS SEVEN CO., LTD.**

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# Q1 FY March 2021 Consolidated P/L

## Decreases in sales and income: Net sales decreased in April and May due to the impact of COVID-19, but recovered to the year-ago level in June

Due to the significant impact of COVID-19, demand fell in all businesses. The AUTOBACS Business operated limited business mainly for maintenance, following the declaration of a state of emergency. While car electronics were significantly affected, batteries grew. Overseas, the impact of the lockdown was profound. All businesses showed a recovery trend in June. While operating income decreased, it stayed in the black thanks to the Group's efforts to reduce SG&A expenses.

(Billion Yen)	1Q Three months ended June 30, 2020			1Q Three months ended June 30, 2019	
	Actual result	% of Sales	YoY change ratio	Actual result	YoY change ratio
<b>Net sales</b>	<b>45.0</b>	—	-10.9%	50.5	+3.0%
<b>Gross profit</b>	<b>15.0</b>	<b>33.5%</b>	-7.2%	16.2	+10.5%
<b>SG&amp;A</b>	<b>14.6</b>	<b>32.5%</b>	-2.7%	15.0	+4.3%
<b>Operating income</b>	<b>0.4</b>	<b>1.0%</b>	-62.1%	1.2	+325.3%
<b>Non-operating Income/expenses</b>	<b>0.3</b>	<b>0.7%</b>	+109.1%	0.1	-53.5%
<b>Ordinary income</b>	<b>0.7</b>	<b>1.7%</b>	-44.0%	1.3	+128.7%
<b>Net profit *</b>	<b>0.3</b>	<b>0.8%</b>	-54.6%	0.8	+128.0%

\*Net profit = Profit attributable to owners of parent

Amounts are rounded down to the nearest hundred million yen.  
% of Net Sales and YoY comparisons are calculated in yen.

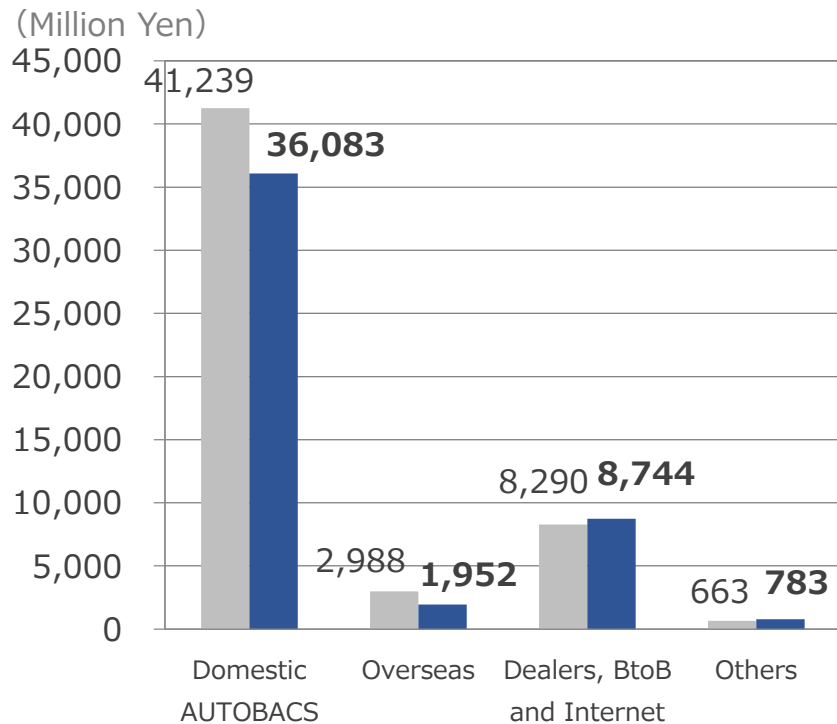
# Segment Information

		Three months ended June 30, 2020	Three months ended June 30, 2019	YoY	Summary
		(Million Yen)			
<b>Domestic AUTOBACS Business</b>	Sales	36,083	41,239	-12.5%	Sales of products that were affected by demand for new vehicles such as car navigation systems and dashcams declined, but sales of car washing supplies and batteries increased. SG&A expenses were reduced.
	Gross profit	12,088	12,962	-6.7%	
	SG&A	9,644	9,994	-3.5%	
	Operating income	2,443	2,967	-17.6%	
<b>Overseas Business</b>	Sales	1,952	2,988	-34.7%	Sales decreased because business had to be suspended due to the lockdown in France and other countries. SG&A expenses were reduced through negotiations for rent reduction.
	Gross profit	947	1,381	-31.4%	
	SG&A	1,104	1,497	-26.2%	
	Operating income	-157	-115	-	
<b>Imported Car dealer, B to B and Internet Business</b>	Sales	8,744	8,290	+5.5%	Sales decreased due to a fall in new vehicle sales, the suspension of business of dealers, and a fall in orders from large business partners. Although selling expenses were reduced, SG&A expenses increased due to a net increase in expenses at subsidiaries acquired during the previous fiscal year.
	Gross profit	1,756	1,654	+6.1%	
	SG&A	1,930	1,744	+10.6%	
	Operating income	-174	-89	-	
<b>Other Business</b>	Sales	783	663	+18.1%	Sales and SG&A expenses increased mainly due to store openings in the lifestyle business.
	Gross profit	276	232	+18.9%	
	SG&A	337	270	+24.5%	
	Operating income	-60	-38	-	
<b>Reconciling items</b>	Operating income	-1,591	-1,508	-	

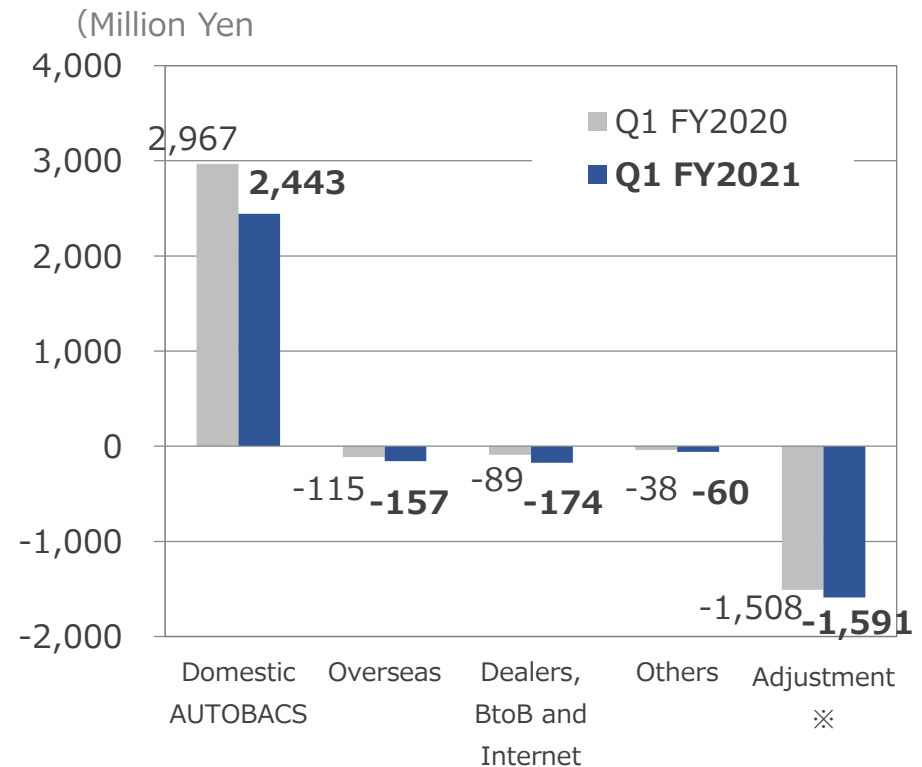
Amounts are rounded down to the nearest million yen.  
YoY comparisons are calculated in yen.

# Sales and profits of Reporting Segments

## Sales



## Profits



### Partial Change in Reporting Segment

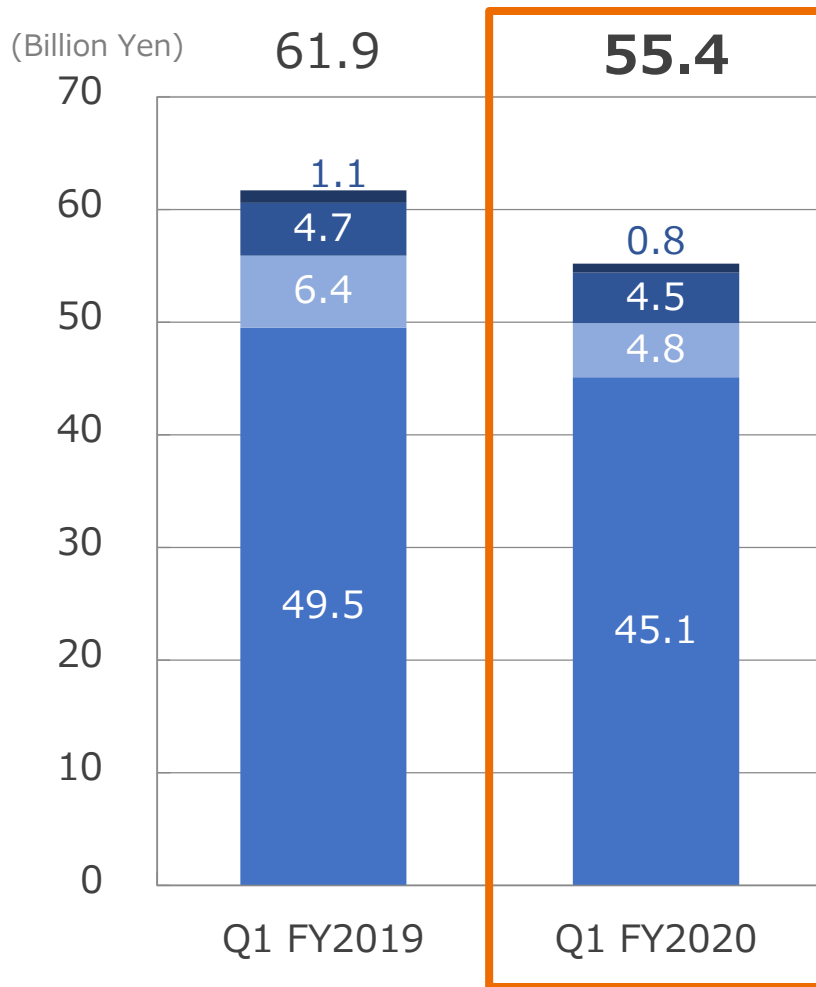
The division that promotes and manages the ICT platform, which was formerly part of the "Domestic Autobacs Business", has been transferred to the "Dealership, BtoB and Internet Business", while the division that promotes and manages the lifestyle business and other businesses, as well as some consolidated subsidiaries, has been transferred to the "Other Businesses".

Round down to the nearest million Yen  
Before elimination of transaction between segments

※ Corporate expenses not allocated to each reporting segment, mainly general and administrative expenses

# Retail Sales in Total AUTOBACS Group Stores

**RETAIL SALES INCLUDING FCs: 55.4 billion yen (-10.5% YoY)**



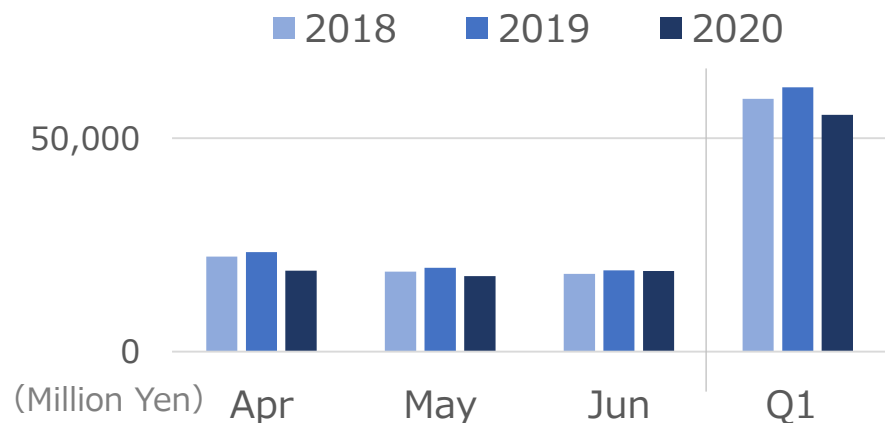
	Result	YoY
<b>Second hand goods &amp; Fuel</b>	<b>0.8BY</b>	-7.4%
<b>Statutory safety inspection</b>	<b>4.5BY</b>	-4.4%
	143,000 cars	-7.4%
Number of fully certified & designated stores	425 stores	421 stores at March 31, 2020
<b>Car purchase &amp; sales</b>	<b>4.8BY</b>	-24.4%
	5,633 cars	-25.2%
Number of fully certified & designated stores	402 stores	400 stores at March 31, 2020
<b>Car related goods &amp; services</b>	<b>45.1BY</b>	-8.9%

\* Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

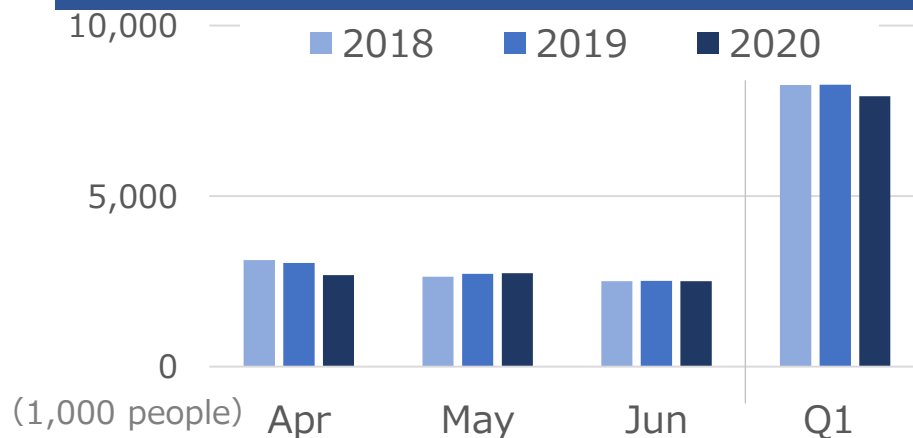
# Q1 FY March 2021 Domestic Store Sales (Three-Year Comparison)

Retail sales including FCs: -6.3% from two years ago but showed recovery trend in June.

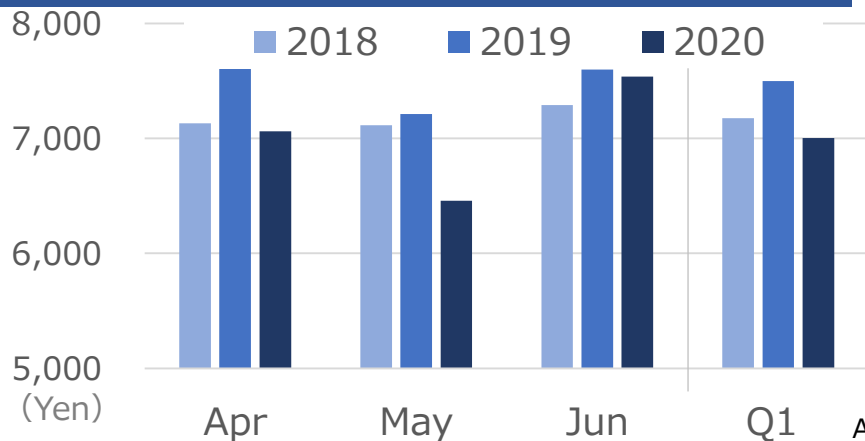
Sales Q1 Compared two years ago  
-6.3%



number of customers Q1 Compared two years ago -4.0%



Average customer price Q1 Compared two years ago -2.4%



【Reference】

**Q1 FY March 2020 Domestic Store Sales +4.5%**

• In addition to the strong performance of tires, sales of drive recorders were strong.

\* Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

## Non-Consolidated and Domestic Store Subsidiaries

**Non-Consolidated : decline in revenue and profit**  
**Domestic Store Subsidiaries : decline in revenue and profit**

(Million Yen)	Non-consolidated		Domestic Store Subsidiaries	
	Results	YoY	Results	YoY
<b>Net Sales</b>	<b>31,375</b>	-4,488	<b>11,982</b>	-926
<b>Gross Profit(%)</b>	<b>6,896</b> (22.0%)	-424 (+1.6pt)	<b>5,291</b> (44.2%)	-323 (-0.7pt)
<b>SG&amp;A</b>	<b>6,423</b>	-201	<b>5,513</b>	+53
<b>Operating Income</b>	<b>472</b>	-222	<b>-221</b>	-376

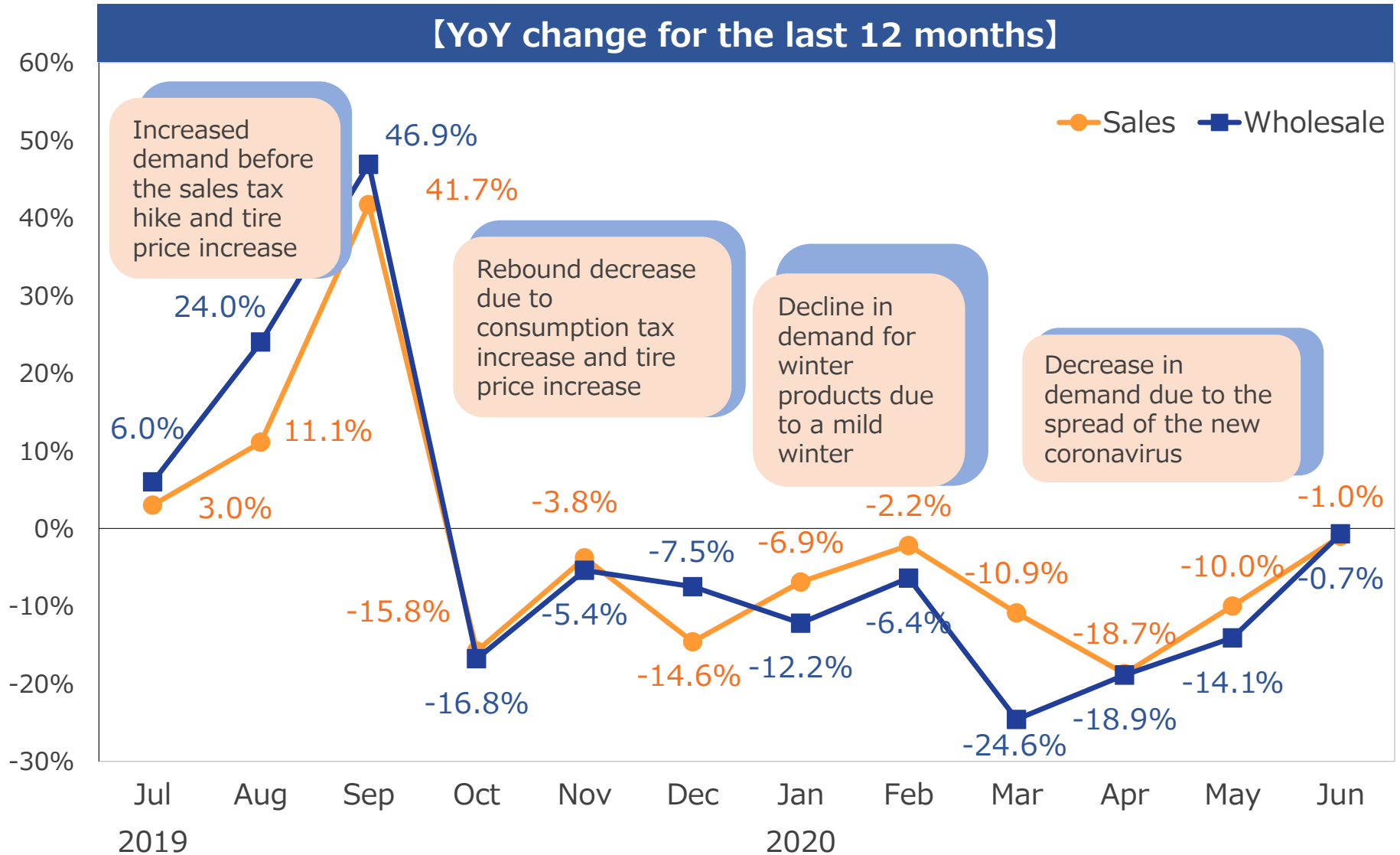
•Sales decreased mainly in car electronics. However, sales of batteries and car washing supplies were strong. Gross profit margin rose 1.6 pt associated with a fall in sales of products with a low gross profit margin. SG&A expenses were reduced.

•Installation fees decreased together with declining product sales associated with a fall in sales of car electronics and tires. SG&A expenses increased associated with the conversion of FC stores into subsidiaries in November 2019, although advertising expenses decreased.

Amounts are rounded down to the nearest million yen.



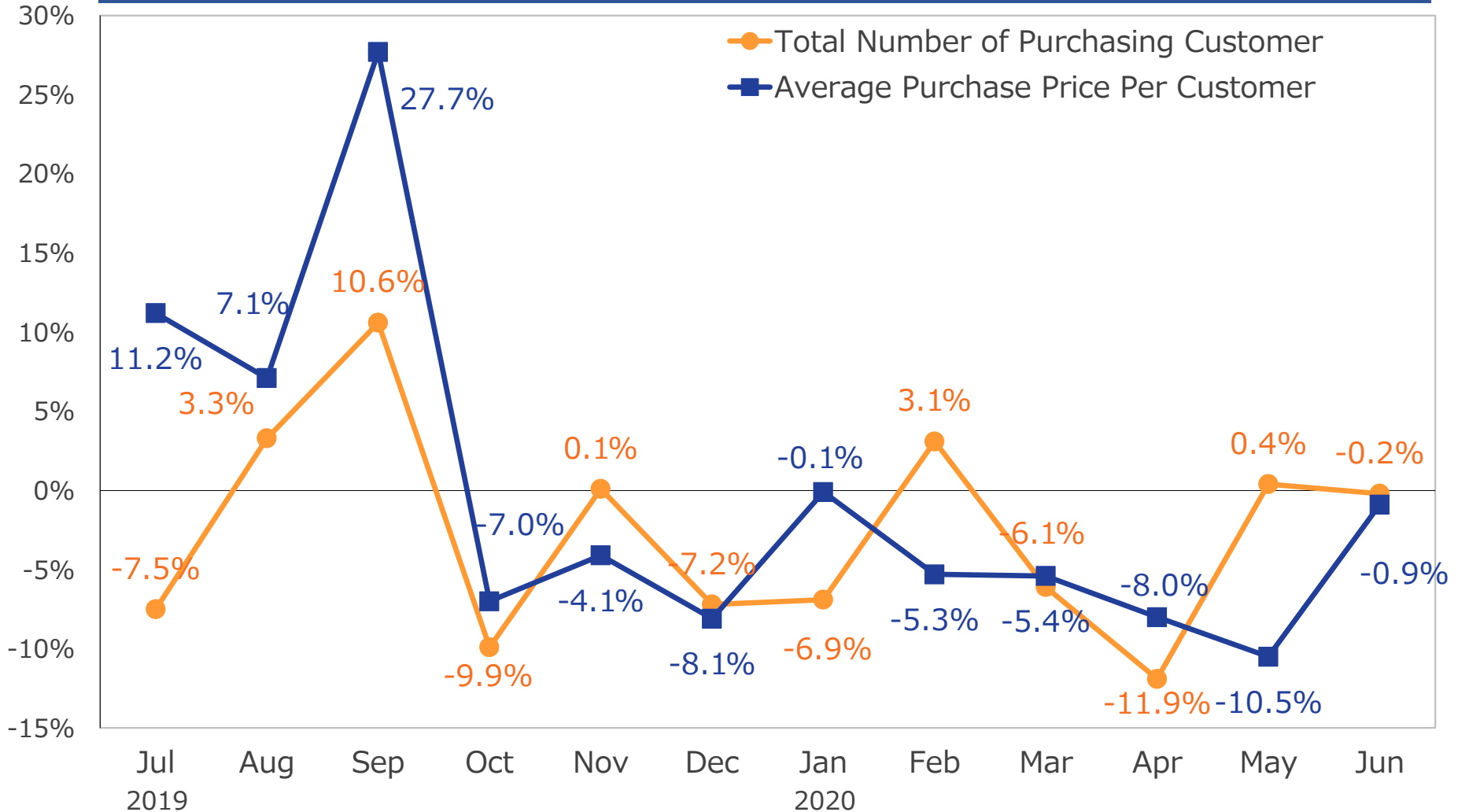
# Sales Trend: Retail & Wholesale



\* Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

# Total Number of Purchasing Customer and Average Purchasing Price Per Customer

【YoY change for the last 12 months】

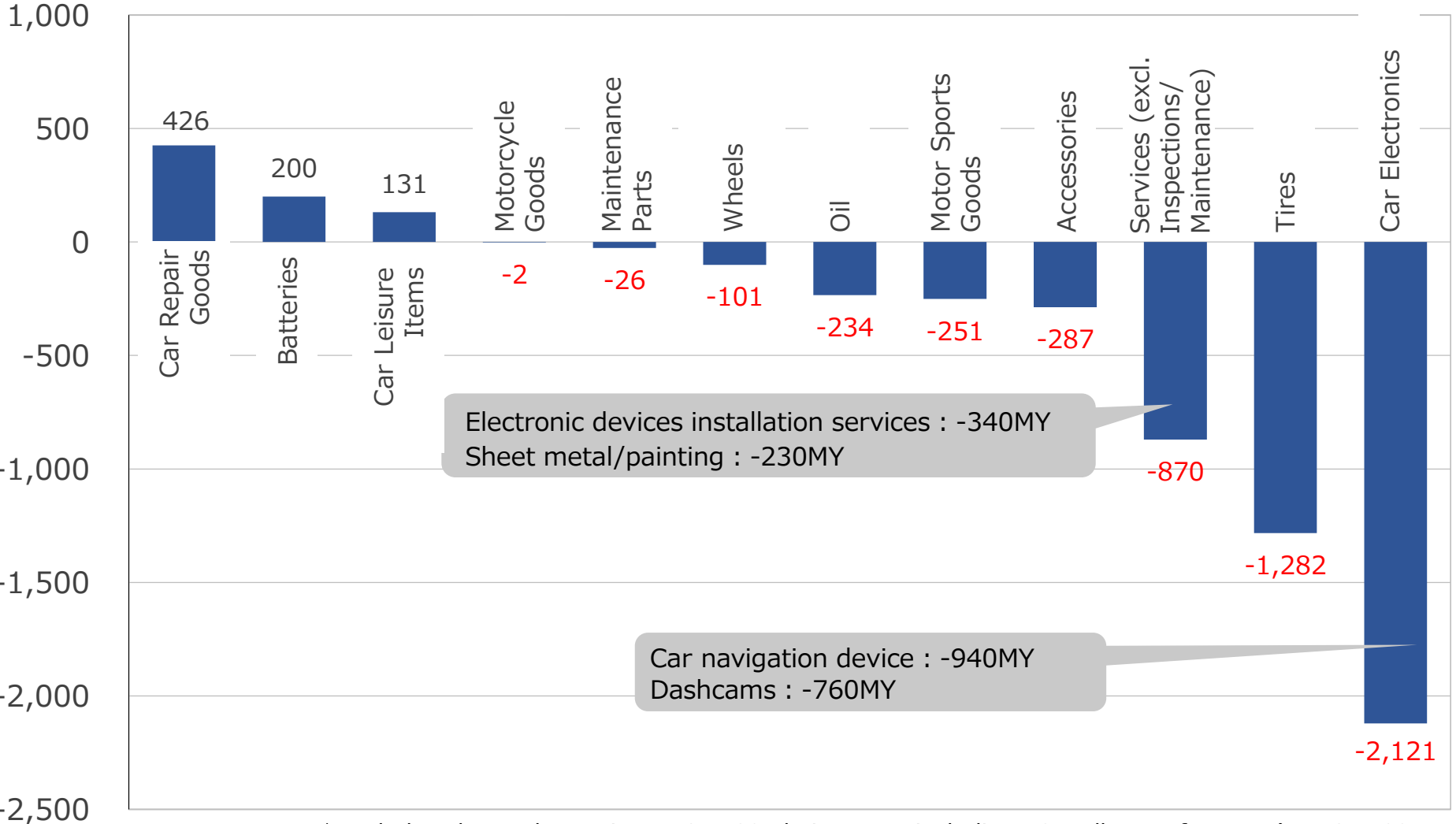


\* Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

# Sales Variance by Merchandise (Q1 FY2021)

Sales\* changes by merchandise category (YoY change in amount; total store basis)

(Million Yen)



\* Include sales at domestic AUTOBACS-chain stores including FCs; all store formats (AUTOBACS, Super AUTOBACS, CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

# Automobile purchase and sales business

Total **5,633** cars YoY **-25.2%**

## BtoB Sales

Details	No. of cars sold
To AUTOBACS Seven	174
Sales to AA via AUTOBACS Seven	540
Direct sales from stores	2,509
<b>BtoB total</b>	<b>3,223</b>

## Retail

Details	No. of cars sold
Used cars	1,780
New cars	630
<b>Retail total</b>	<b>2,410</b>

※Include sales at all domestic AUTOBACS CARS stores

# Performance by Overseas Subsidiaries

(Million Yen)	France		Thailand		Singapore		Chine		Malaysia		Australia	
<b>Number of stores</b>	<b>10</b>		<b>16</b>		<b>2</b>		<b>0</b>		<b>5</b>		<b>0</b>	
<b>Period</b>	1Q FY2021	1Q FY2020	1Q FY2021	1Q FY2020	1Q FY2021	1Q FY2020	1Q FY2021	1Q FY2020	1Q FY2021	1Q FY2020	1Q FY2021	1Q FY2020
<b>Net sales</b>	<b>1,097</b>	1,852	<b>146</b>	170	<b>301</b>	336	<b>168</b>	270	<b>5</b>	18	<b>226</b>	330
<b>SG&amp;A</b>	<b>708</b>	1,006	<b>60</b>	81	<b>118</b>	131	<b>38</b>	53	<b>8</b>	10	<b>92</b>	107
<b>Operating income</b>	<b>-120</b>	-25	<b>-17</b>	-28	<b>59</b>	9	<b>8</b>	8	<b>-5</b>	-4	<b>-23</b>	2
<b>Business conditions</b>	Business was suspended from March 16 due to the lockdown. In May, one store was closed. Normal business was resumed on May 11, and sales exceeded a year-ago level by a large margin in June. Costs were reduced mainly through negotiations for rent reduction, in addition to the reduction of selling expenses.		The number of customers and sales decreased due to the declaration of a state of emergency. In May, one store was closed. While business hours were shortened in March, business returned to normal in the fourth week of June. Costs were reduced through negotiations on rents.		Sales at AB store formats declined significantly because business was limited to pit service until June 1, due to the circuit breaker issued by the government. The performance of SK AUTOMOBIL remained as planned.		Oil wholesale declined significantly in China, chiefly affected by the voluntary ban on leaving home. Wholesale to overseas from China exceeded the year-ago level from May. Operating income was secured mainly by reducing costs.		All stores suspended business in April in response to the government's instructions to suspend business based on activity restriction order. Normal business was resumed on June 10, despite activity restriction thereafter. Costs were reduced mainly through negotiations for rent reduction.		Sales declined significantly because of restrictions on leaving home issued by the government. Willingness to buy non-essential goods declined due to an economic turndown and a rise in the unemployment rate.	

Amounts are rounded down to the nearest million yen.

# Efforts to Prevent the Spread of COVID-19

## Response of the AUTOBACS Group associated with the declaration of a state of emergency

- ✓ **Protect customers, business partners and employees: Full enforcement of activities to avoid developing an infection.**
- ✓ **Protect the safety and security of vehicles, which are important moving infrastructures in life.**

	Stores	Offices
<b>At the time of the declaration of a state of emergency</b>	<p><b>Limited business mainly for maintenance</b></p> <p><b>Shorter business hours</b> (Excluding certain stores)</p> <p><b>Regular update of business information on the website</b></p> <p><b>Implementation of temperature taking, hand washing and gargling</b></p> <p><b>Efforts to minimize contact opportunities</b></p>	<p><b>Prohibition of coming to the office (working from home)</b></p> <p>If it is unavoidable for employees to come to work for business continuation or store support, they give the utmost consideration to the prevention of infection by fully enforcing temperature taking and sterilization before coming to work.</p> <p>Reference: Attendance rate: 17% (April and May)</p>
<b>At present (ongoing)</b>	<p><b>Implementation of temperature taking, hand washing and gargling</b></p> <p><b>Efforts to minimize contact opportunities</b> Refer to the next page.</p>	<p><b>Working from home and remote work recommended</b></p> <p>Reference: Attendance rate: 34% (June)</p>

# Efforts to Prevent the Spread of COVID-19

## Hygiene control at stores and pit in AUTOBACS (examples)



Devise ways to encourage customers to leave a space when they stand in line.



Devise ways to reduce contact with customers at the register.



Carefully sterilize the waiting room, handrails, displays and shopping baskets with alcoholic antiseptic solution.



When staff moves a vehicle, they use a handle cover, a floor cover and a seat cover.



After completing the work, sterilize touched parts.

# Measures to prevent the spread of the new coronavirus

## Support measures for franchisees (exemption from fees, deferment of payments, loans)

### 【Support 1】 Reduction or exemption of expenses for sales promotion

Exempting merchants from paying a portion of the cost of national sales promotion expenses

### 【Support 2】 Establishment of a deferred payment system

Defer payment of any one month's worth of product bills from April 2020 onwards for a fixed period of time

### 【Support 3】 Establishment of a short-term loan system

Short-term loan program established



# Establishment of a new Online Network

## Strategic alliance with Car Frontier Co., Ltd. an affiliated company of Mitsubishi Corporation (2020.5.1)



We announced investment in BEAD Inc. The company operates TIREHOOD, an online tire shop that offers one-stop, tire-related service, including the sale of tires and installation reservations. As a joint operator of BEAD Inc., we will promote the online TIREHOOD business, going forward.

- ✓ We seek to provide drivers with new and improved services by combining the online development of businesses and services, as well as the network and technological capability of AUTOBACS franchise stores.
- ✓ We will establish a network to leverage more than 4,000 installation facilities of TIREHOOD nationwide.

# Establishment of Next-Generation Maintenance Network

## Acquisition of Takamori Jidousha Seibi Kogyo Co., Ltd. (2020.5.14)



Company name :

Takamori Jidousha Seibi Kogyo Co., Ltd.

Location : Tsu, Mie Prefecture

Line of business :

Car maintenance and repair

Capital:10 million yen

- ✓ Make efforts for stable maintenance and services in the period of change in technical innovation in cooperation with maintenance business operators adapted to car maintenance equipped with next-generation technologies such as safety support cars.
- ✓ We will enhance collaboration with operators adopting next-generation technologies, regardless of their names or capital sizes.
- ✓ We will gather information on maintenance services that require next-generation technologies, information on equipment, expertise on maintenance operations and customer information owned by operators, among other matters.

# Building of a New Online Network

## Renewal of AUTOBACS official shopping site (August 1, 2020)

AUTOBACS official shopping site: <https://shop.autobacs.com/>



Electronic stamp



✓ Easier to operate

Site design easier to operate than before

✓ Improved convenience

Online advance payment even for receipts in stores

✓ Prompt receipt

Smoother receipt at stores using the electronic stamp on smartphones

# Store Openings and Closings

## Domestic stores

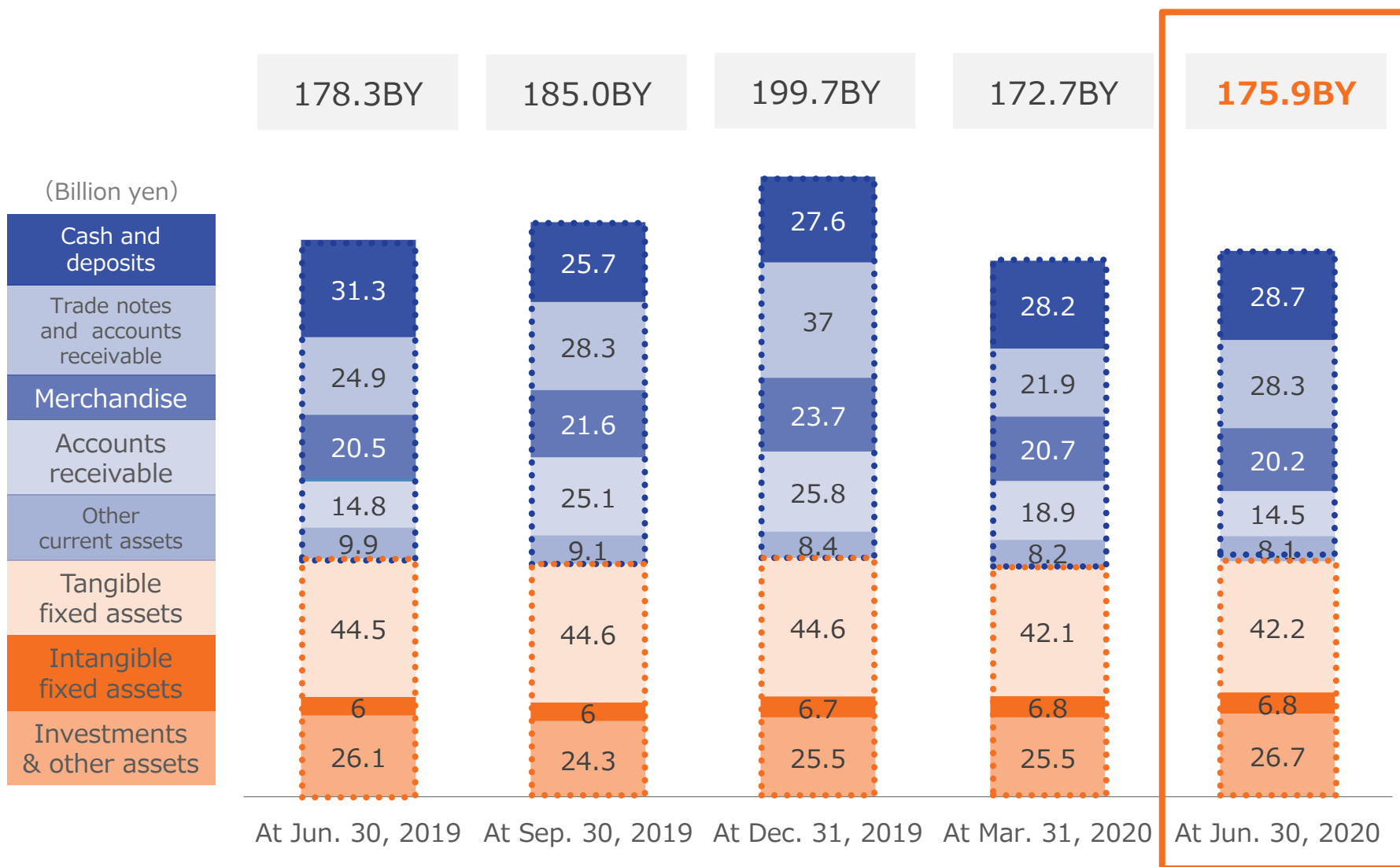
	No. of stores at March 31, 2020	FY March 2021							No. of stores at March 31, 2021
		1Q (Results)			No. of stores at June 30, 2020	2Q-4Q (Plan)			
		New	S&B R/L	Close		New	S&B R/L	Close	
AUTOBACS	490	+1	+1/▲1	▲2	489	+2	+1/▲1	▲1	490
Super AUTOBACS	74				74				74
AUTOBACS <i>Secohan Ichiba</i>	7			▲1	6				6
AUTOBACS EXPRESS	11				11				11
AUTOBACS CARS	3				3				3
<b>Total</b>	<b>585</b>	<b>+1</b>	<b>+1/▲1</b>	<b>▲3</b>	<b>583</b>	<b>+2</b>	<b>+1/▲1</b>	<b>▲1</b>	<b>584</b>

## Overseas stores

	No. of stores at March 31, 2020	FY March 2021			No. of stores at March 31, 2021
		1Q (Results)	No. of stores at June 30, 2020	2Q-4Q (Forecasts)	
France	11	▲1	10		10
Thailand	17	▲1	16		16
Singapore	2		2		2
Taiwan	6		6		6
Malaysia	5		5		5
Indonesia	1		1	+2	3
Philippines	3		3		3
<b>Total</b>	<b>45</b>	<b>▲2</b>	<b>43</b>	<b>+2</b>	<b>45</b>

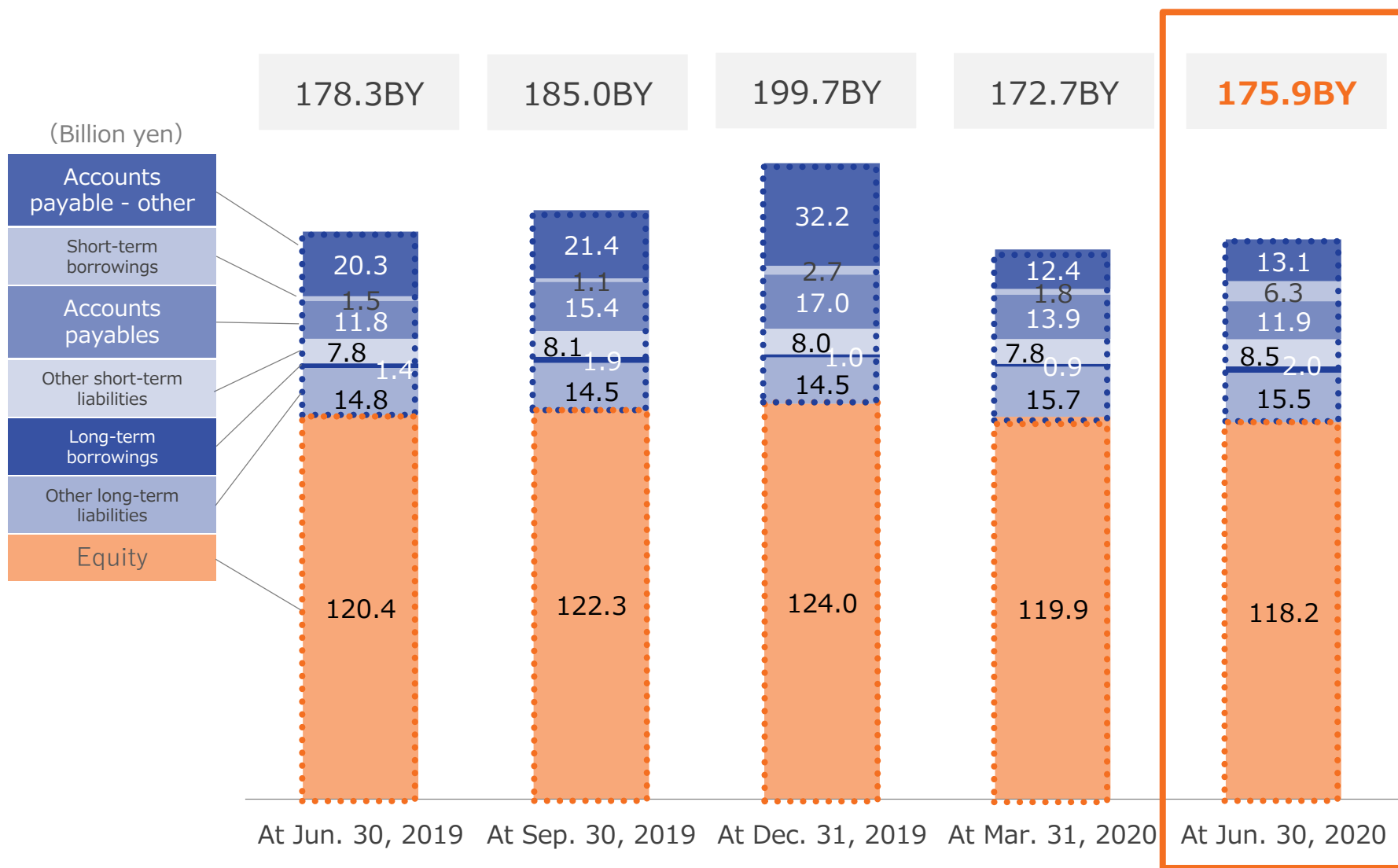
※S/B=Scrap & Build  
 ※R/L=Relocation

# Balance Sheet: Assets



※Amounts are rounded down.

# Balance Sheets: Liabilities and Equity



※Amounts are rounded down.



## **Forward-Looking Statements**

These materials include forecasts regarding the Company's future plans, strategies, and performance. This information is based on judgments and forecasts made in accordance with information currently available. Actual results may differ materially from forecasts due to such factors as changes in operating circumstances.