

Consolidated Financial Results for the Year Ended March 31, 2021 【Japanese GAAP】

Summary of Quick Financial Announcement of Consolidated Financial Information For the Year
Ended March 31, 2021

Company name : AUTOBACS SEVEN CO., LTD.

Code number : 9832

(URL <https://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 23, 2021

Start of cash dividend payments : June 24, 2021

Submission of Annual Securities Report : June 24, 2021

Supplementary materials prepared : Yes

Financial results information meeting held : Yes

1. Results for the year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(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().)

	Net sales		Operating income		Ordinary income	
Fiscal year ended		%		%		%
March 31, 2021	220,449	(0.4)	10,577	39.4	11,219	39.2
March 31, 2020	221,400	3.5	7,585	1.4	8,059	(1.7)

Note: Comprehensive income : 9,039 million yen for the year ended March 31, 2021 : 247.8%
2,599 million yen for the year ended March 31, 2020 : (43.0%)

	Profit attributable to owners of parent		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
Fiscal year ended		%		
March 31, 2021	7,050	87.3	88.28	-
March 31, 2020	3,764	(31.4)	47.10	-

	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	%	%	%
March 31, 2021	5.8	6.2	4.8
Fiscal year ended			
March 31, 2020	3.1	4.6	3.4

Reference: Equity income on a affiliates:

For the year ended March 31, 2021 : 70million Yen

For the year ended March 31, 2020 : 267million 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, 2021	187,914	123,833	65.6	1,542.40
Fiscal year ended			%	
March 31, 2020	172,799	119,966	69.0	1,493.43

(Reference) Equity : For the year ended March 31, 2021 : 123,180 million Yen

For the year ended March 31, 2020 : 119,251 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, 2021	17,163	(6,085)	(309)	38,903
Fiscal year ended				
March 31, 2020	10,603	(3,370)	(9,684)	28,051

2. Dividends

	Dividends per share				(Yen)
	First Quarter	Second Quarter	Third Quarter	Year-end	Full Year
Fiscal year ended March 31, 2020	-	30.00	-	30.00	60.00
Fiscal year ended March 31, 2021	-	30.00	-	30.00	60.00
Fiscal year ended March 31,2022 (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, 2020	4,793		127.4		4.0
Fiscal year ended March 31, 2021	4,794		68.0		4.0
Fiscal year ended March 31,2021 (forecast)	-		71.5		-

3. Forecast for the fiscal year ending March 2022(from April 1, 2021 to March 31, 2022)

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

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	226,500	2.7	9,500	(10.2)	10,000	(10.9)
	Profit attributable to owners of parent		Basic net income per share(Yen)			
		%				
Annual	6,700	(5.0)	83.89			

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, 2021 | :84,050,105 shares |
| Fiscal year ended March 31, 2020 | :84,050,105 shares |
2. Number of treasury stock at the end of period
- | | |
|----------------------------------|--------------------|
| Fiscal year ended March 31, 2021 | : 4,187,061 shares |
| Fiscal year ended March 31, 2020 | : 4,199,076 shares |
3. Average shares outstanding over period
- | | |
|----------------------------------|---------------------|
| Fiscal year ended March 31, 2021 | : 79,859,708 shares |
| Fiscal year ended March 31, 2020 | : 79,918,140 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 online on May 11, 2021. The presentation material of the meeting will be uploaded on the Company's website afterwards.

5. Analysis of Business Results and Financial Position

Explanation of Business Results

-Business Results

During the consolidated fiscal year under review, the Japanese economy faced challenging conditions due to the continued stagnation of economic activities and weak consumer spending, following the impact of the COVID-19 pandemic.

Looking at trends in the domestic automotive-related industry, COVID-19 had a significant impact, including a sharp fall in the number of new vehicles sold. Meanwhile, the number of used car registrations exceeded the year-ago level following an improvement from the second quarter, after declining in the first quarter.

Sales of automotive goods held steady from the previous fiscal year, reflecting a recovery from the second quarter, although they were below the year-ago level in the first quarter.

The Group made efforts to prevent the spread of COVID-19 and establish an environment enabling everyone to visit stores and engage in services without worry, giving first priority to the health and safety of its customers in local communities, business partners and employees. In April and May, sales decreased significantly due to the impact of COVID-19. From June, however, sales were trending toward recovery, albeit at a different pace in each segment. The Group continued to make necessary investments and strove to reduce selling, general and administrative expenses.

In these circumstances, based on the Five Year Rolling Plan illuminating the direction to be pursued, the Group enacted a range of measures to establish and link six networks for offering services suited to scenarios in which customers use cars, with an eye on continuing to grow its business by responding to changing demand and continuing to contribute to local customers and communities.

Consolidated profit and loss results are as follows.

[Net sales and gross profit]

The Group's consolidated net sales during the fiscal year under review decreased by 0.4% year on year, to 220,449 million yen, and gross profit rose by 3.6% year on year, to 73,288 million yen.

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

Selling, general, and administrative expenses decreased by 0.7% year on year, to 62,711 million yen, resulting in operating income of 10,577 million yen, an increase of 39.4% from a year earlier.

Selling, general, and administrative expenses decreased due to the reduction of sales promotion measures and business trips due to the COVID-19. Other factors included a rise in personnel expenses reflecting the acquisition of a member company of the AUTOBACS franchise chain in Japan and an operating company that engaged in vehicle inspections and maintenance services, as well as performance-based incentive compensation.

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

Non-operating income declined by 5.8% year on year, to 2,283 million yen. Non-operating expenses decreased by 15.9% year on year, to 1,640 million yen.

Consequently, ordinary income rose by 39.2% year on year, to 11,219 million yen.

[Extraordinary losses]

As extraordinary losses, an impairment loss of non-current assets worth 418 million yen was posted.

[Income taxes]

Income taxes increased by 1,406 million yen from the previous fiscal year, to 3,490 million yen.

[Profit attributable to owners of parent]

Profit attributable to owners of parent increased by 87.3% year on year, to 7,050 million yen.

Net income per share stood at 88.28 yen. The ratio of net income to net sales rose from 1.7% in the previous fiscal year, to 3.2%, and return on equity (ROE) increased from 3.1% in the previous fiscal year, to 5.8%.

Results by business segment are as follows.

Starting the fiscal year under review, the Company changed the classification of its reporting segments. Regarding comparisons with the results of the same period of the previous year, comparisons and analyses were made based on figures for the same period of the previous year reclassified into the revised segments.

[Domestic AUTOBACS Business]

Net sales in the domestic AUTOBACS business decreased year on year in the first half, mainly due to the impact of COVID-19, but remained firm in the second half partly due to the expansion of demand for winter season products because of cold weather. As a result, net sales in this segment decreased by 0.7% year on year to 177,937 million yen. Gross profit rose by 4.7% year on year to 58,891 million yen, following a rise in the sales weighting of batteries, car washing supplies and car interior accessories, all of which are high margin products. Selling, general and administrative expenses declined by 3.6% year on year to 40,134 million yen, reflecting falls in expenses for sales promotion and transportation expenses for business trips and commuting. As a result, segment profit rose by 28.3% year on year to 18,756 million yen.

For the fiscal year under review, total sales for the domestic AUTOBACS chain (including franchise stores) increased by 0.2% year on year on a same-store basis and by 0.0% on an overall-store basis.

In light of the importance of cars in people's lives from the perspective of infrastructure, domestic AUTOBACS chain stores conducted sales operations by paying maximum attention to preventing infection through the minimization of physical contact between customers and employees, among other means, to aid customers in leading secure and safe lives with their cars.

In April and May, sales decreased significantly due to the impact of government requests that people stay home following the declaration of a state of emergency. From June, however, both the number of customers and sales, particularly of merchandise and services related to maintenance such as car washing supplies, car interior accessories and batteries, began to recover as the frequency of use of vehicles increased. In addition, in December and January, sales far exceeded the level in a year earlier with a record warm winter, chiefly reflecting the expansion of demand for winter season products due to cold weather.

Looking at tires, sales of summer tires declined significantly in April and May, mainly reflecting the impact of the declaration of a state of emergency, and remained low from June due to the trend of refraining from long drives because of self-restraint on travel, although the extent of the decrease diminished. On the other hand, sales of snow tires grew due to snowfall across wide areas reflecting the cold weather in December and January. Regarding car electronics, sales of car navigation units and dashcams decreased due to the impact of sluggish new vehicle sales. Sales of batteries grew, particularly sales of special batteries for non-idling vehicles, reflecting automobile replacement cycles for new vehicles purchased three years ago when sales were strong. In addition, car washing supplies, car body damage repair items and car interior accessories sold well, chiefly reflecting an increase in the frequency of use of vehicles. Due to snowfall in wide areas in December, winter season items such as tire chains and wipers for snow also grew.

Moreover, the Company expanded the merchandise lines of its private brand AQ. (Autobacs Quality.) and its brands that inspire car-related lifestyles, GORDON MILLER, improving the appeal of its merchandise. Meanwhile, it has been continuously bolstering operations at its stores and proceeding with hardware renovations, including sales floors and service pits.

In the statutory safety inspection and maintenance services, the Company selected AUTOBACS GUYS from among the mechanics actually working in stores. As representatives of professional and friendly staff, they were featured in its website and in-store advertising activities. In addition, as a means to reduce opportunities for physical contact with customers and increase their convenience, the Company promoted reservations via the website and phone. As a result of these initiatives, the number of vehicles that underwent statutory safety inspection and maintenance services rose by 2.7%, to around 651,000.

In automobile purchases and sales, sales decreased significantly in the first half of the fiscal year due to the impact of the COVID-19 but recovered to the year-ago level from October. The total number of automobiles sold in the domestic AUTOBACS business declined by 6.7% year on year, to approximately 29,400.

The total number of stores in operation in Japan stood at 584 as of the end of March 2021, after three stores were opened and four closed down during the period.

[Overseas Business]

Sales for the Overseas Business decreased by 14.3% year on year, to 10,077 million yen, and the segment loss was 172 million yen (the segment loss in the same period of the previous year was 360 million yen).

In both the retail and service business and the wholesale business, sales decreased, reflecting stores' suspension of business and limited operations due to government regulations and requests that people stay home amid the COVID-19 pandemic. However, the segment loss was reduced from the year-ago level due to the Company's efforts to contain selling expenses and reduce selling and administrative expenses including the reduction of rents.

In France, sales in the retail and service business decreased, reflecting the impact of the government's intermittent introduction of a curfew at night and a lockdown. In Singapore, sales declined mainly because of a fall in demand for tires reflecting a decrease in travel distance, but sales remained firm at SK AUTOMOBILE PTE. LTD., a consolidated subsidiary of the Company that engages in auto body repair, painting and automobile maintenance services. In Thailand, the Company transferred part of the shares of SIAM AUTOBACS CO., LTD. (SAB), a consolidated subsidiary, to PTG Energy Public Company Limited in October 2020. In December 2020, the Company acquired shares in SAB held by minority shareholders and made it an equity method affiliate. AUTOBACS stores in Thailand are now operated by the local partner. In the wholesale business, the Company took steps to further expand sales channels for the future mainly in batteries and wipers, in addition to engine oil for overseas markets. In Australia, sales declined temporarily due to requests that people stay home, although sales of car electronics and radios exceeded the level of the previous year. In China, sales declined because sales activities for new transactions were limited due to the impact of restrictions on going out. However, the Company started a new wholesale business by opening the first authorized dealer in China as an authorized agent in October. The Company plans to further develop the wholesale business in the future. The Company has also cultivated the Philippines, Bangladesh and Taiwan as a new wholesale destination.

As a result of three store openings and three store closures, the total number of stores outside Japan became 45.

[Car Dealership, BtoB and Internet Business]

Sales for the Car Dealership, BtoB and Internet Business increased by 7.2% year on year, to 41,408 million yen, and the segment loss was 287 million yen (segment loss in the same period of the previous year was 245 million yen).

In the imported car dealer business, the number of visitors to stores fell as people refrained from going out due to the COVID-19 pandemic. From June, however, the number of visitors recovered, and the number of business negotiations increased. As a result, sales recovered. In June, the Company reinforced the management structure of this business by reforming the management of Motoren Tochigi, a subsidiary of AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., which it established in April 2019 to oversee the imported car business.

In the BtoB business, sales fell due to restrictions on business activities at business partners caused by restraints on going out early in the fiscal year. However, sales recovered due to the recovery of wholesale demand and the gradual resumption of sales activities for obtaining new contracts. Sales at two consolidated subsidiaries of the Company, which rely mainly on sales to wholesalers, also recovered, and online sales operated by the subsidiaries remained strong. In addition, in the building of a network with maintenance business operators, the Company made Takamori Jidousha Seibi Kogyo Co., Ltd., which engaged in statutory safety inspection and maintenance services and the auto body repair business in Mie Prefecture, a consolidated subsidiary in May 2020 to increase earnings.

In the internet business, sales decreased mainly in merchandise that required installation in April and May, chiefly due to the suspension of in-store delivery services during the state of emergency. From June, however, in-store delivery services restarted, and sales recovered. The Company also improved the environment to expand functions such as merchandise matching to suit the vehicle type in order to increase customer convenience by updating its website for e-commerce in August.

[Other Business]

Sales in the Other Business increased by 24.0% year on year, to 3,471 million yen, and the segment loss stood at 518 million yen (segment loss in the same period of the previous year was 331 million yen).

6. Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	28,233	38,940
Notes and accounts receivable - trade	21,963	23,580
Investments in leases	5,601	4,912
Merchandise	20,774	18,327
Short-term loans receivable	4	163
Accounts receivable - other	18,969	21,954
Income taxes receivable	3	10
Other	2,750	2,779
Allowance for doubtful accounts	(73)	(90)
Total current assets	98,227	110,578
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,937	43,151
Accumulated depreciation	(29,945)	(31,191)
Buildings and structures, net	11,991	11,960
Machinery, equipment and vehicles	7,616	7,872
Accumulated depreciation	(3,855)	(4,436)
Machinery, equipment and vehicles, net	3,761	3,435
Tools, furniture and fixtures	11,176	11,178
Accumulated depreciation	(9,812)	(9,624)
Tools, furniture and fixtures, net	1,363	1,553
Land	21,519	21,992
Leased assets	571	606
Accumulated depreciation	(222)	(254)
Leased assets, net	348	352
Right-of-use assets	3,219	3,433
Accumulated depreciation of Right-of-use assets	(521)	(899)
Right-of-use assets, net	2,697	2,534
Construction in progress	441	257
Total property, plant and equipment	42,124	42,086
Intangible assets		
Goodwill	1,880	1,697
Software	2,861	3,400
Other	2,114	2,058
Total intangible assets	6,856	7,157
Investments and other assets		
Investment securities	6,658	8,970
Long-term loans receivable	0	204
Deferred tax assets	4,632	4,861
Guarantee deposits	13,324	13,008
Other	1,210	1,065
Allowance for doubtful accounts	(234)	(18)
Total investments and other assets	25,591	28,092
Total non-current assets	74,572	77,336
Total assets	172,799	187,914

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,435	13,845
Short-term borrowings	1,880	5,885
Lease obligations	654	694
Accounts payable - other	13,927	15,104
Income taxes payable	1,311	3,462
Other	5,922	7,584
Total current liabilities	36,131	46,577
Non-current liabilities		
Long-term borrowings	933	2,567
Lease obligations	3,835	3,519
Deferred tax liabilities	387	389
Provision for retirement benefits for directors (and other officers)	42	57
Retirement benefit liability	3,238	3,151
Asset retirement obligations	2,232	2,320
Other	6,032	5,499
Total non-current liabilities	16,701	17,503
Total liabilities	52,833	64,081
Net assets		
Shareholders' equity		
Share capital	33,998	33,998
Capital surplus	34,297	34,286
Retained earnings	59,110	61,359
Treasury shares	(7,771)	(7,747)
Total shareholders' equity	119,635	121,897
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,550	2,367
Foreign currency translation adjustment	(16)	505
Remeasurements of defined benefit plans	(1,917)	(1,590)
Total accumulated other comprehensive income	(383)	1,283
Non-controlling interests	714	653
Total net assets	119,966	123,833
Total liabilities and net assets	172,799	187,914

(2) Consolidated Statement of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	221,400	220,449
Cost of sales	150,653	147,160
Gross profit	70,746	73,288
Selling, general and administrative expenses	63,160	62,711
Operating profit	7,585	10,577
Non-operating income		
Interest income	63	52
Dividend income	65	55
Share of profit of entities accounted for using equity method	267	70
Commission income	59	47
Lease revenue-system equipment	724	692
Insurance claim income	114	—
Other	1,128	1,364
Total non-operating income	2,424	2,283
Non-operating expenses		
Interest expenses	74	65
Lease cost-system equipment	790	638
Loss on retirement of non-current assets	91	119
Other	993	817
Total non-operating expenses	1,950	1,640
Ordinary profit	8,059	11,219
Extraordinary income		
Gain on step acquisitions	93	—
Total extraordinary income	93	—
Extraordinary losses		
Impairment losses	1,950	418
Loss on retirement of non-current assets	155	—
Voluntary product recall-related loss	141	—
Total extraordinary losses	2,248	418
Profit before income taxes	5,905	10,801
Income taxes - current	2,321	4,238
Income taxes - deferred	(238)	(747)
Total income taxes	2,083	3,490
Profit	3,821	7,311
Profit attributable to		
Profit attributable to owners of parent	3,764	7,050
Profit attributable to non-controlling interests	57	260

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Other comprehensive income		
Valuation difference on available-for-sale securities	103	810
Foreign currency translation adjustment	(395)	492
Remeasurements of defined benefit plans, net of tax	(875)	326
Share of other comprehensive income of entities accounted for using equity method	(55)	99
Total other comprehensive income	(1,222)	1,728
Comprehensive income	2,599	9,039
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,578	8,717
Comprehensive income attributable to non-controlling interests	20	322

(3) Consolidated Statement of Changes in equity
Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,998	34,298	60,172	(5,689)	122,780
Changes during period					
Dividends of surplus			(4,826)		(4,826)
Profit attributable to owners of parent			3,764		3,764
Purchase of treasury shares				(2,091)	(2,091)
Disposal of treasury shares			(0)	9	9
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	(1,062)	(2,082)	(3,144)
Balance at end of period	33,998	34,297	59,110	(7,771)	119,635

	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 period	1,462	381	(1,042)	801	604	124,187
Changes during period						
Dividends of surplus						(4,826)
Profit attributable to owners of parent						3,764
Purchase of treasury shares						(2,091)
Disposal of treasury shares						9
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Change in ownership interest of parent due to transactions with non-controlling interests						(0)
Net changes in items other than shareholders' equity	88	(398)	(875)	(1,185)	109	(1,075)
Total changes during period	88	(398)	(875)	(1,185)	109	(4,220)
Balance at end of period	1,550	(16)	(1,917)	(383)	714	119,966

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,998	34,297	59,110	(7,771)	119,635
Changes during period					
Dividends of surplus			(4,793)		(4,793)
Profit attributable to owners of parent			7,050		7,050
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares			(7)	27	20
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(11)			(11)
Net changes in items other than shareholders' equity					
Total changes during period		(11)	2,249	23	2,261
Balance at end of period	33,998	34,286	61,359	(7,747)	121,897

	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 period	1,550	(16)	(1,917)	(383)	714	119,966
Changes during period						
Dividends of surplus						(4,793)
Profit attributable to owners of parent						7,050
Purchase of treasury shares						(3)
Disposal of treasury shares						20
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Change in ownership interest of parent due to transactions with non-controlling interests						(11)
Net changes in items other than shareholders' equity	817	522	326	1,666	(61)	1,605
Total changes during period	817	522	326	1,666	(61)	3,867
Balance at end of period	2,367	505	(1,590)	1,283	653	123,833

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	5,905	10,801
Depreciation	4,415	3,859
Impairment losses	1,950	418
Amortization of goodwill	250	295
Increase (decrease) in allowance for doubtful accounts	(52)	(205)
Increase (decrease) in retirement benefit liability	326	396
Interest and dividend income	(129)	(107)
Insurance claim income	(114)	—
Interest expenses	74	65
Share of loss (profit) of entities accounted for using equity method	(267)	(70)
Loss (gain) on sale and retirement of non-current assets	249	110
Loss (gain) on sale of investment securities	(0)	8
Loss (gain) on valuation of investment securities	16	82
Loss (gain) on step acquisitions	(93)	—
Voluntary product recall-related loss	141	—
Decrease (increase) in trade receivables	8,044	(4,231)
Decrease (increase) in investments in leases	1,066	545
Decrease (increase) in inventories	(138)	2,574
Increase (decrease) in trade payables	(9,500)	1,351
Other, net	(490)	3,514
Subtotal	11,654	19,408
Interest and dividends received	144	128
Interest paid	(74)	(53)
Proceeds from insurance income	114	—
Income taxes paid	(1,235)	(2,319)
Net cash provided by (used in) operating activities	10,603	17,163
Cash flows from investing activities		
Payments into time deposits	(113)	(12)
Proceeds from withdrawal of time deposits	279	164
Purchase of property, plant and equipment and intangible assets	(3,429)	(3,996)
Proceeds from sale of property, plant and equipment and intangible assets	567	31
Purchase of investment securities	—	(35)
Proceeds from sale and redemption of investment securities	4	9
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(577)	(174)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	386	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(141)
Purchase of shares of subsidiaries and associates	(618)	(1,079)
Loan advances	—	(326)
Proceeds from collection of loans receivable	12	13
Payments of guarantee deposits	(278)	(387)
Proceeds from refund of guarantee deposits	320	233
Other, net	76	(384)
Net cash provided by (used in) investing activities	(3,370)	(6,085)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,308)	4,830
Proceeds from long-term borrowings	636	2,064
Repayments of long-term borrowings	(540)	(1,473)
Purchase of treasury shares	(2,088)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3)	(378)
Dividends paid	(4,827)	(4,793)
Other, net	(552)	(557)
Net cash provided by (used in) financing activities	(9,684)	(309)
Effect of exchange rate change on cash and cash equivalents	(28)	82
Net increase (decrease) in cash and cash equivalents	(2,480)	10,851
Cash and cash equivalents at beginning of period	30,531	28,051
Cash and cash equivalents at end of period	28,051	38,903

7. Notes on the consolidated financial statements

(Notes on the Going-concern Assumption)

Not applicable.

8. Segment Information

(1) Outlines reportable segment

The reporting segments of Autobacs Seven Co., Ltd. (the “Company”) 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, maintenance services and operating a sheet metal painting 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. It is engaged in statutory safety inspection, maintenance services and operating a sheet metal painting as well.

“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. Moreover, it is engaged in developing lifestyle brand goods suggesting unique worldview inspired by cars, opening internet and real stores and selling car, etc.

In order to enhance the market competitiveness by grasping and adapting to changes in society, automobiles, and people's lives, the Company will promote the construction of the six networks ("Multi-Dealer Network", "Service Pit Network", "Next-generation Maintenance Network", "Automotive-related Goods Sales Network", "Overseas Alliance Network" and "Online Network") and coordination among the networks, with a view to becoming a platformer in the aftermarket for automotive goods and services based on the Five-year Rolling Plan to plot out the future direction of the Group.

Starting from the three months ended June 30, 2020, the Company changed its reportable segments because the Company changes its organizational structure for structural development that enables new business creation to realize this Five-year Rolling Plan.

From FY2021, the department for ICT platform & services in "Domestic AUTOBACS business" transferred to "Car dealership, BtoB and internet business". The department for lifestyle business and marketing in "Domestic AUTOBACS business" and some consolidated subsidiaries transferred to "Other business".

Segment information for the year ended March 31, 2021 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, 2020

(Millions of yen)

	Reportable segments					Reconciling items (Note 1)	Per consolidated financial statements (Note 2)
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and internet business	Other business	Total Reportable segments		
Sales							
Revenues from external customers	177,299	11,490	30,309	2,300	221,400	—	221,400
Transactions with other segments	1,889	265	8,329	498	10,983	(10,983)	—
Net sales	179,188	11,756	38,639	2,799	232,383	(10,983)	221,400
Operating profit (loss)	14,614	(360)	(245)	(331)	13,677	(6,091)	7,585
Assets	92,349	12,353	18,032	24,760	147,495	25,303	172,799
Other items							
Depreciation	2,714	868	295	69	3,947	281	4,229
Amortization of goodwill	58	105	87	—	250	—	250
Investments in entities accounted for using equity method	2,153	1,590	—	—	3,744	77	3,822
Increase in property, plant and equipment and intangible assets	1,551	186	884	256	2,880	549	3,429

Notes:

1. The details of “Reconciling items” are as follows:

- (1) The amount (6,091) 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 25,303 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 281 million yen of “Reconciling items” of Depreciation is the depreciation for the corporate administrative assets. The amount 77 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 549 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, 2021

(Millions of yen)

	Reportable segments					Reconciling items (Note 1)	Per consolidated financial statements (Note 2)
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and internet business	Other business	Total Reportable segments		
Sales							
Revenues from external customers	175,285	9,625	32,683	2,855	220,449	—	220,449
Transactions with other segments	2,652	452	8,724	616	12,445	(12,445)	—
Net sales	177,937	10,077	41,408	3,471	232,894	(12,445)	220,449
Operating profit (loss)	18,756	(172)	(287)	(518)	17,779	(7,201)	10,577
Assets	94,293	13,171	19,797	26,963	154,226	33,688	187,914
Other items							
Depreciation	2,194	646	403	280	3,525	283	3,808
Amortization of goodwill	72	120	102	—	295	—	295
Investments in entities accounted for using equity method	2,274	1,815	864	—	4,953	80	5,034
Increase in property, plant and equipment and intangible assets	1,864	192	1,271	379	3,708	287	3,996

Notes:

1. The details of “Reconciling items” are as follows:

- (1) The amount (7,201) 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 33,688 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 283 million yen of “Reconciling items” of Depreciation is the depreciation for the corporate administrative assets. The amount 80 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 287 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, 2020

(Millions of yen)

	Reportable segments					Reconciling items	Total
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and internet business	Other business	Total Reportable segments		
Impairment loss	566	994	201	187	1,950	—	1,950

Fiscal year ended March 31,2021

(Millions of yen)

	Reportable segments					Reconciling items	Total
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and internet business	Other business	Total Reportable segments		
Impairment loss	—	294	64	60	418	—	418

(5) Amortization and balance of goodwill by reportable segment

Fiscal year ended March 31,2020

(Millions of yen)

	Reportable segments					Reconciling items	Total
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and internet business	Other business	Total Reportable segments		
Amortization of goodwill	58	105	87	—	250	—	250
Goodwill	451	972	456	—	1,880	—	1,880

Fiscal year ended March 31,2021

(Millions of yen)

	Reportable segments					Reconciling items	Total
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and internet business	Other business	Total Reportable segments		
Amortization of goodwill	72	120	102	—	295	—	295
Goodwill	378	965	353	—	1,697	—	1,697

(6) Gain on negative goodwill by reportable segment

Fiscal year ended March 31,2020

Not applicable.

Fiscal year ended March 31,2021

Not applicable.

8. Subsequent Events

(Acquisition shares of common stock of the Company)

At the Board of Directors' meeting held on May 10, 2021, 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.

(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 2,000,000shares

3) Aggregate purchase price of shares

Up to 3,000 million yen

4) Acquisition period

From May 11, 2021 to September 30, 2021

(Cancellation of treasury stock)

At the Board of Directors' meeting held on May 10, 2021, the Board approved the cancellation of treasury stock under Article 178 of the Japan's Corporation Law.

1) Type of shares to be canceled

Shares of common stock of the Company

2) Aggregate number of shares to be canceled

2,000,000shares

3) Scheduled cancellation date

May 17, 2021

(Business combination by acquisition)

At the Board of Directors' meeting of Autobacs Seven Co., Ltd. (the "Company") held on February 26, 2021, the Board approved that AUTOBACS DEALER GROUP HOLDINGS Co., Ltd. (the "Subsidiary"), a wholly owned subsidiary of the Company, has acquired all shares in TA Import Co., Ltd. and made it a subsidiary (second-tier subsidiary of the Company). The subsidiary has entered into a share transfer agreement on the same date of approval and acquired all shares on April 1, 2021.

1. Outline of business combination

(1) Name and business of acquired company

Name of acquired company: TA Import Co., Ltd.

Business: Sales of new and certified pre-owned Audi cars and services

(2) Major reason for business combination

The Autobacs Group has been implementing a range of measures as part of its efforts to build the multi-dealer network under its Five-year Rolling Plan.

The Company will seize the opportunity to have contact with more customers and aim to further expand its earnings by building a network with a new automobile manufacturer associated with the conversion of TA Import Co., Ltd. into a second-tier subsidiary.

- (3) Date of business combination
April 1, 2021
- (4) Legal form of business combination
Acquisition of shares
- (5) Company name after combination
BACS Advance Co., Ltd.
- (6) Voting rights acquired through business combination
100%
- (7) Main grounds for determining acquiring company
The subsidiary acquired the shares in exchange for cash.

2. Acquisition cost and breakdown by class of consideration

Consideration for acquisition Cash 1,127 million

yen

Acquisition cost 1,127 million

yen

3. Amount, reason for recognition, period and method of amortization of goodwill

Unconfirmed at this time.