

## Consolidated Financial Results for the Nine Months Ended December 31, 2020 【Japanese GAAP】

### Summary of Quick Financial Announcement of Consolidated Financial Information for the Nine Months Ended December 31, 2020.

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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Stock exchange listing: Tokyo

Submission of Quarterly Business Report: February 5, 2021

Start of cash dividend payments: -

Supplementary quarterly materials prepared: Yes

Quarterly results information meeting held: None

#### 1. Results for the Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)

(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	
Nine months ended		%		%		%
<b>December 31, 2020</b>	<b>171,434</b>	<b>(2.9)</b>	<b>10,467</b>	<b>18.0</b>	<b>11,280</b>	<b>19.1</b>
Nine months ended						
December 31, 2019	176,639	6.5	8,871	24.2	9,475	19.5
<b>Note: Comprehensive income:</b>	<b>8,645 million yen for the Nine months ended December 31, 2020: 28.7%</b>					
	6,718 million yen for the Nine months ended December 31, 2019: 59.1%					
	Profit attributable to owners of parent		Basic net income per share (Yen)		Basic net income per share - diluted (Yen)	
Nine months ended		%				
<b>December 31, 2020</b>	<b>7,371</b>	<b>18.2</b>	<b>92.31</b>		-	
Nine months ended						
December 31, 2019	6,237	33.7	78.03		-	

(2) Financial position:

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

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
<b>Nine months ended</b>			%	
<b>December 31, 2020</b>	<b>209,809</b>	<b>123,693</b>	<b>58.5</b>	<b>1,538.04</b>
Fiscal year ended				
March 31, 2020	172,799	119,966	69.0	1,493.43

**(Reference) Equity: Nine months ended December 31, 2020: 122,833 million Yen**

Fiscal year ended March 31, 2020: 119,251 million Yen

**2. Dividends**

	Dividends per share				(Yen)
	First Quarter	Second Quarter	Third Quarter	Year -end	Annual
Fiscal year ended					
March 31, 2020	-	30.00	-	30.00	60.00
Fiscal year ended					
March 31, 2021	-	<b>30.00</b>	-	-	-
Fiscal year ending					
March 31, 2021 (forecast)	-	-	-	<b>30.00</b>	<b>60.00</b>

Note: Revisions to dividend forecasts published most recently: None

**3. Forecast for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)**

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

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	223,800	1.1	7,600	0.2	8,100	0.5

  

	Profit attributable to owners of parent		Basic net income per share (Yen)
		%	
Annual	5,500	46.1	68.87

Note: Revisions to financial forecasts published most recently: None

#### 4. Other

- (1) Significant changes in scope of consolidation: None
- (2) Adoption of special accounting policies for quarterly financial statements: None
- (3) 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 (3)-1. : None
  - 3. Changes due to accounting estimation change : None
  - 4. Restatement : None
- (4) Shares outstanding (common stock)
  - 1. Number of shares outstanding (including treasury stock)  
Nine months ended December 31, 2020: 84,050,105 shares  
Fiscal year ended March 31, 2020: 84,050,105 shares
  - 2. Number of treasury stock at the end of period  
Nine months ended December 31, 2020: 4,186,572 shares  
Fiscal year ended March 31, 2020: 4,199,076 shares
  - 3. Average shares outstanding over quarter  
Nine months ended December 31, 2020: 79,858,526 shares  
Nine months ended December 31, 2019: 79,940,299 shares

※These financial results are not subject to quarterly review procedures 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.

## 5. Qualitative Information Concerning the Nine Months Ended December 31, 2020

### Explanation of business results

During the first nine months of the fiscal year under review, the Japanese economy continued to face the challenge of the COVID-19 pandemic. Although there were signs of recovery in consumer spending, the future of the economy remains uncertain due to the resurgence of infections.

Looking at the trend of the domestic automotive-related industry, automobile sales recovered gradually after the state of emergency ended on May 25, 2020. From June, sales of used cars mostly exceeded the year-earlier level. New car sales were on a recovery trend. From October, the number of new car registrations exceeded the year-earlier level. Sales of automotive-related goods were healthy as the frequency of use of automobiles increased.

To prevent the spread of COVID-19, the Group has made the health and safety of its customers in local communities, business partners and employees its top priority. With this in mind, it seeks to establish an environment enabling everyone to visit stores and engage in services without worry. In April and May, sales decreased significantly due to the spread of COVID-19. From June, however, sales were trending toward recovery 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.

As a result, the Group's sales during the first nine months of the consolidated fiscal year under review decreased by 2.9% year on year, to 171,434 million yen, gross profit decreased by 0.2% year on year, to 56,112 million yen, and selling, general, and administrative expenses declined by 3.6%, to 45,645 million yen, resulting in operating income of 10,467 million yen, an increase of 18.0% from the previous year. Ordinary income increased by 19.1% year on year, to 11,280 million yen. As a result, profit attributable to owners of parent rose by 18.2% year on year, to 7,371 million yen.

Results by business segment are as follows.

Starting from the first three months of the fiscal year under review, the Company changed the classification of its reporting segments. Regarding the 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]**

For the first nine months of the consolidated fiscal year under review, total sales for domestic businesses in the entire AUTOBACS chain (including franchise outlets) decreased by 1.4% year on year on a same-store basis, and by 1.5% year on year on an overall-store basis.

In light of the importance of cars in people's lives from the perspective of infrastructure even amid a state of emergency, the AUTOBACS chain continued sales operations while simultaneously paying maximum attention to the prevention of 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. AUTOBACS will continue to make efforts to prevent the spread of infection.

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, the number of customers and sales, particularly of maintenance and car washing supplies, recovered. In September, sales were far below the level in the month of the previous year, when they rose significantly due to special demand before the increase in consumption tax and the price of tires, but from October, sales exceeded the level of the previous year. In December, sales far exceeded the year-earlier level, chiefly reflecting the expansion of demand for

winter season products due to cold weather.

Tire sales fell sharply in April and May due to the government requests that people stay home, but increased year on year in June, reflecting demand carried over. From July to September, tire sales fell below the level of the previous year due to the trend of refraining from long-distance driving, chiefly because of the guidelines discouraging inter-prefectural travel and special demand before the increase of tire prices last October. From October, sales of tires exceeded the year-earlier level. In December, there was snowfall in wide areas due to cold waves, and sales of studless tires rose. Sales of car electronics, particularly car navigation units, fell sharply in April and May due to a decrease in new vehicle sales, but rose from October. Following the strengthening of penalties for road rage at the end of June, demand for dashcams recovered from July. 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. 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, winter season items grew in December, such as tire chains and wipers for snow.

The Company expanded the product lines of its private brand AQ. (Autobacs Quality.) and GORDON MILLER, improving the appeal of its merchandise. In addition, the Company has been continuously bolstering operations in stores and proceeding with facility renovations, including sales floors and service bays.

The Company expanded online and telephone bookings for statutory safety inspection and maintenance services as an initiative to reduce face-to-face contact with customers. In the first half, the Company struggled due to a relatively smaller number of vehicles required to undergo statutory safety inspections in Japan. From October, statutory safety inspection and maintenance services picked up with the increased number of vehicles required to undergo inspections. The number of vehicles for which the Company provided statutory safety inspections decreased 0.4% year on year, to approximately 455,000.

In automobile purchases and sales, sales decreased significantly in the first half of the fiscal year due to the impact of the COVID-19 pandemic, but recovered from October. The total number of automobiles sold in the domestic AUTOBACS business declined by 8.8% year on year, to approximately 21,000.

In terms of the number of store openings and closures in Japan, reflecting two store openings and four closures, the number of stores decreased from 585 as of the end of March 2020, to 583. The number of CARS franchise stores at the end of December rose from 400 as at the end of March 2020, to 402.

As a result, sales in the domestic AUTOBACS business during the first nine months of the consolidated fiscal year under review decreased by 3.5% year on year, to 139,552 million yen, and segment profit rose by 11.0% year on year, to 15,532 million yen.

### **[Overseas Business]**

Sales for the Overseas Business decreased by 16.9% year on year, to 7,650 million yen, and the segment loss was 45 million yen (the segment loss in the same period of the previous year was 154 million yen).

In 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. In countries where regulations were relaxed, sales overall have been trending toward recovery. In France, where infections increased again in October, the government introduced a curfew in mid-October and a lockdown towards the end of October, and sales fell. In Singapore, economic activity slowed down, and demand for accessories, which are luxury items, fell. Demand for tires also declined due to a decrease in travel distance. As a result, sales fell. In Australia, the wholesale volume decreased due to people refraining from going out. From July, sales exceeded the level of the previous year chiefly due to a rise in demand after the end of a lockdown, particularly sales of car electronics and radios. 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 to focus on the wholesale business. 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.

As a result, sales in the Overseas Business decreased. However, the Company took full advantage of government support programs for corporations and made efforts to reduce expenses, chiefly through negotiations to reduce rents, and the segment loss was reduced year on year.

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

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

Sales for the Car Dealer, BtoB and Internet Business increased by 6.9% year on year, to 31,553 million yen, and segment profit was 149 million yen (segment loss of 66 million yen in the same period of the previous year).

In the imported car dealer business, in June, the Company reinforced the management structure by reforming the management of Motoren Tochigi, a subsidiary of AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., which was established in April 2019 to oversee the imported car 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 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, wholesale demand recovered and sales activities for obtaining contracts resumed gradually, which resulted in a recovery in sales. Sales at two subsidiaries, which rely mainly on sales to wholesalers, also recovered, and online sales operated by the subsidiaries were strong. Sales at two subsidiaries that provide statutory safety inspection, maintenance services and paint/body work services were firm.

In the internet business, sales decreased in April and May chiefly regarding merchandise that required installation, due to the suspension of in-store delivery services during the state of emergency. Nevertheless, sales recovered from June after in-store delivery services restarted. The corporate website for e-commerce was updated in August to increase customer convenience.

#### **[Other Business]**

Sales in the Other Business increased by 21.8% year on year, to 2,599 million yen, and the segment loss stood at 218 million yen (segment loss in the same period of the previous year was 230 million yen).

## 6. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	28,233	35,854
Notes and accounts receivable - trade	21,963	38,947
Merchandise	20,774	20,651
Accounts receivable - other	18,969	29,034
Other	8,360	8,657
Allowance for doubtful accounts	(73)	(76)
Total current assets	98,227	133,067
Non-current assets		
Property, plant and equipment		
Land	21,519	21,992
Other, net	20,605	20,282
Total property, plant and equipment	42,124	42,274
Intangible assets		
Goodwill	1,880	1,832
Other	4,975	5,264
Total intangible assets	6,856	7,097
Investments and other assets		
Guarantee deposits	13,324	12,971
Other	12,501	14,446
Allowance for doubtful accounts	(234)	(47)
Total investments and other assets	25,591	27,369
Total non-current assets	74,572	76,741
Total assets	172,799	209,809
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,435	32,921
Short-term borrowings	1,880	5,676
Accounts payable - other	13,927	19,802
Income taxes payable	1,311	2,822
Other	6,577	6,759
Total current liabilities	36,131	67,983
Non-current liabilities		
Long-term borrowings	933	2,744
Provisions	42	57
Retirement benefit liability	3,238	3,303
Asset retirement obligations	2,232	2,297
Other	10,254	9,729
Total non-current liabilities	16,701	18,132
Total liabilities	52,833	86,115

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Share capital	33,998	33,998
Capital surplus	34,297	34,297
Retained earnings	59,110	61,681
Treasury shares	(7,771)	(7,746)
Total shareholders' equity	119,635	122,231
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,550	2,115
Foreign currency translation adjustment	(16)	231
Remeasurements of defined benefit plans	(1,917)	(1,745)
Total accumulated other comprehensive income	(383)	602
Non-controlling interests	714	860
Total net assets	119,966	123,693
Total liabilities and net assets	172,799	209,809



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

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	176,639	171,434
Cost of sales	120,430	115,321
Gross profit	56,208	56,112
Selling, general and administrative expenses	47,336	45,645
Operating profit	8,871	10,467
Non-operating income		
Interest income	48	39
Dividend income	65	54
Share of profit of entities accounted for using equity method	450	317
Lease revenue-system equipment	543	531
Other	811	922
Total non-operating income	1,920	1,866
Non-operating expenses		
Interest expenses	56	50
Lease cost-system equipment	593	491
Loss on retirement of non-current assets	33	46
Other	632	464
Total non-operating expenses	1,316	1,052
Ordinary profit	9,475	11,280
Extraordinary income		
Gain on step acquisitions	93	—
Total extraordinary income	93	—
Extraordinary losses		
Impairment loss	177	90
Loss on retirement of non-current assets	155	—
Voluntary product recall-related loss	141	—
Total extraordinary losses	475	90
Profit before income taxes	9,093	11,189
Income taxes - current	2,649	3,656
Income taxes - deferred	161	(93)
Total income taxes	2,811	3,563
Profit	6,282	7,626
Profit attributable to		
Profit attributable to owners of parent	6,237	7,371
Profit attributable to non-controlling interests	44	254
Other comprehensive income		
Valuation difference on available-for-sale securities	452	560
Foreign currency translation adjustment	(106)	238
Remeasurements of defined benefit plans, net of tax	84	171
Share of other comprehensive income of entities accounted for using equity method	5	47
Total other comprehensive income	435	1,018
Comprehensive income	6,718	8,645
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,676	8,357
Comprehensive income attributable to non-controlling interests	42	287

**7. Notes on the quarterly consolidated financial statements**

(Notes on the Going-concern Assumption)

Not applicable.

(Notes in case significant changes were made to the amount of shareholders' equity)

Not applicable.

## 8. Segment Information

I Nine months ended December 31, 2019

### 1. Information about sales and profit (loss)

(Millions of yen)

	Reportable segments					Reconciling items (Note 1)	Per quarterly 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	143,096	8,981	22,797	1,763	176,639	—	176,639
Transactions with other segments	1,502	225	6,719	370	8,817	(8,817)	—
Net sales	144,598	9,207	29,517	2,133	185,457	(8,817)	176,639
Operating profit (loss)	13,992	(154)	(66)	(230)	13,540	(4,668)	8,871

Notes:

1. The amount (4,668) million yen of “Reconciling items” of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
2. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

### 2. Impairment losses of assets, goodwill, and others, by reportable segments

Important matters to be stated is none.

## II Nine months ended December 31, 2020

### 1. Information about sales and profit (loss)

(Millions of yen)

	Reportable segments					Reconciling items (Note 1)	Per quarterly 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	137,558	7,265	24,472	2,138	171,434	—	171,434
Transactions with other segments	1,994	385	7,081	460	9,921	(9,921)	—
Net sales	139,552	7,650	31,553	2,599	181,356	(9,921)	171,434
Operating profit (loss)	15,532	(45)	149	(218)	15,417	(4,950)	10,467

#### Notes:

1. The amount (4,950) million yen of “Reconciling items” of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
2. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

### 2. Matters concerning change in reportable segments

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 nine months ended December 30, 2019 was prepared based on the changed reportable segment.

### 3. Impairment losses of assets, goodwill, and others, by reporting segment

Important matters to be stated is none.