October 29, 2021

Consolidated Financial Results for the Six Months Ended September 30, 2021【Japanese GAAP】

Summary of Quick Financial Announcement of Consolidated Financial Information for the Six Months Ended September 30, 2021.

Company name: AUTOBACS SEVEN CO., LTD.
Code number: 9832
(URL https://www.autobacs.co.jp/)
Headquarters: Tokyo, Japan
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Stock exchange listing: Tokyo
Submission of Quarterly Business Report: November 5, 2021
Start of cash dividend payments: November 25, 2021
Supplementary quarterly materials prepared: Yes
Quarterly results information meeting held: Yes

1. Results for the six months ended September 30, 2021 (From April 1, 2021 to September 30, 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	
		%		%		%
Six months ended September 30, 2021	**103,551**	**－**	**2,914**	**－**	**3,083**	**－**
Six months ended September 30, 2020	99,714	(10.2)	3,583	(19.4)	3,899	(17.0)

Note: Comprehensive income: **2,598 million yen for the Six months ended September 30, 2021: －%**
3,132 million yen for the Six months ended September 30, 2020: 17.3%

	Profit attributable to owners of parent		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
		%		
Six months ended September 30, 2021	**1,888**	**－**	**23.82**	**－**
Six months ended September 30, 2020	2,363	(16.5)	29.60	－

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. were applied from the beginning of the first three month of the consolidated fiscal year. Accordingly, the figures for the six months ended September 30, 2021 reflect said accounting standard, etc., and increase or decrease rates from the same quarter of the previous year are not indicated.

(2) Financial position:

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

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
			%	
Six months ended September 30, 2021	**176,589**	**120,575**	**67.9**	**1,538.73**
Fiscal year ended March 31, 2021	187,914	123,833	65.6	1,542.40

(Reference) Equity: **Six months ended September 30, 2021: 119,920 million Yen**

Fiscal year ended March 31, 2021: 123,180 million Yen

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. were applied from the beginning of the first three month of the consolidated fiscal year. Accordingly, the figures for the six months ended September 30, 2021 reflect said accounting standard, etc.

2. Dividends

	Dividends per share				(Yen)
	Three months	Second Quarter	Third Quarter	Year -end	Annual
Fiscal year ended March 31, 2021	–	30.00	–	30.00	60.00
Fiscal year ended March 31, 2022	–	**30.00**			
Fiscal year ended March 31, 2022 (forecast)			–	**30.00**	**60.00**

Note: Revisions to dividend forecasts published most recently: None

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	–	9,500	–	10,000	–

	Profit attributable to owners of parent		Basic net income per share (Yen)
		%	
Annual	6,700	–	85.97

Note: Revisions to financial forecasts published most recently: None

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. were applied from the beginning of the current consolidated fiscal year under review. Accordingly, the figures for the forecast of the fiscal year ending March 2022 reflect said accounting standard, etc., and increase or decrease rates from the same period of the previous year are not indicated.

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 : Yes
 2. Changes due to changes in accounting standard except (3)-1. : None
 3. Changes due to accounting estimation change : None
 4. Restatement : None
 Note: For further details, please refer to "7. Notes on the quarterly consolidated financial statements", "Changes in Accounting Policies".

(4) Shares outstanding (common stock)
 1. Number of shares outstanding (including treasury stock)
 Six months ended September 30, 2021: 82,050,105 shares
 Fiscal year ended March 31, 2021: 84,050,105 shares

 2. Number of treasury stock at the end of period
 Six months ended September 30, 2021: 4,115,391 shares
 Fiscal year ended March 31, 2021: 4,187,061 shares

 3. Average shares outstanding over quarter
 Six months ended September 30, 2021: 79,304,110 shares
 Six months ended September 30, 2020: 79,855,642 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, these might be cases in which actual results materially differ from forecasts of this report.

(Availability of quarterly financial results supplementary material)
Autobacs Seven Co., Ltd. will be held the Analysts Meeting online on November 1, 2021. The presentation material of the meeting will be uploaded on the Company's website afterwards.

5. Qualitative Information Concerning the Six Months Ended September 30, 2021

Explanation of business results

During the first six months of the fiscal year under review, the Japanese economy continued to be challenged by the COVID-19 pandemic. However, measures have been taken to prevent COVID-19 infections, including the promotion of vaccination, and this is expected to enable the economy to improve. Looking at trends in domestic automobile-related industries, sales increased slightly in the first half of the current fiscal year. However, these industries are currently affected by the global shortage of semiconductors, which has led to a reduction in new car production. In terms of automotive-related goods, sales and the number of customers declined mainly due to people refraining from long-distance driving and returning to their hometowns on holiday due to the increased rate of COVID-19 infection during the summer. Some car electronic goods have been affected by the semiconductor shortage.

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 three months of the consolidated fiscal year under review were 103,551 million yen (compared to 99,714 million yen in the same period of the previous year), gross profit was 34,871 million yen (compared to 33,185 million yen in the same period of the previous year), and selling, general, and administrative expenses were 31,957 million yen (compared to 29,602 million yen in the same period of the previous year), resulting in operating income of 2,914 million yen (compared to 3,583 million yen in the same period of the previous year). Ordinary income was 3,083 million yen (compared to 3,899 million yen in the same period of the previous year). Consequently, profit attributable to owners of parent stood at 1,888 million yen (compared to 2,363 million yen in the same period of the previous year).

As the Group has adopted the Accounting Standard for Revenue Recognition, etc. from the beginning of the first three months of the consolidated fiscal year under review, the rates of increase or decrease from the same quarter of the previous year are not stated. However, simple comparisons of the actual results for the current period with those of the previous period are as follows: the Group's net sales increased by 3.8% year on year, gross profit increased by 5.1% year on year, selling, general and administrative expenses increased by 8.0% year on year, operating income decreased by 18.7% year on year, ordinary income decreased by 20.9% year on year, and net income attributable to shareholders of the parent company decreased by 20.1% year on year.

Results by business segment are as follows.

[Domestic AUTOBACS Business]

For the first six months of the consolidated fiscal year under review, total sales for domestic businesses in the entire AUTOBACS chain (including franchise outlets) increased by 0.5% year on year on a same-store basis, and by 0.6% 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, both the number of customers and sales exceeded those of the same period of the previous year against the backdrop of increased car use. From June, however, there was a reaction to the growth in demand for car maintenance services in the same period of the previous year.

In addition, the number of customers decreased during the summer season as people continued to refrain from going out and returning to their hometowns for holiday due to the rapid spread of the

infection and the tendency to refrain from long-distance driving.
In September, both sales and the number of customers were trending toward recovery as the number of infected people declined.
Sales of tires recovered to the level of the previous year, albeit in a severe market environment due to the ongoing trend of people refraining from long drives because they are refraining from travel. Sales of car electronics fell, mainly due to sluggish sales of dashboard cameras, which had been strong in the previous year following the increased penalties for road rage. In addition, the global semiconductor shortage affected the supply of some products, but the impact was minimized through strategic product procurement and management. Regarding its private brands, the Company expanded the merchandise lines of 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.
In its statutory safety inspection and maintenance services, the Company promoted reservations via the website and phone as an initiative to reduce opportunities for physical contact with customers and increase convenience. Due to this initiative and the market environment backed by the increased number of vehicles subject to statutory safety inspections, the number of vehicles that underwent statutory safety inspection and maintenance services rose by 7.0% year on year, to approximately 324,000. In addition, the Company is working to comply with the automobile specific maintenance system that was established to maintain safe advanced automobiles that use driver assistance technology and automatic driving technology. As of the end of September 2021, 417 of the 431 designated factories have acquired automobile specific maintenance certification, and the remaining stores will work to acquire this certification as soon as possible.
In automobile purchases and sales, new car sales and car purchases increased, while used car sales decreased. As a result, the total number of automobiles sold increased 7.7% year on year, to approximately 14,300.
The total number of stores in operation in Japan stood at 585, with one store added at the end of March 2021. The number of CARS franchise stores decreased to 392 from 402 as of the end of March 2021.
As a result, sales in the domestic AUTOBACS business during the first six months of the consolidated fiscal year under review were 79,071 million yen (compared to 80,009 million yen in the same period of the previous year), and segment profit was 7,239 million yen (compared to 7,277 million yen in the same period of the previous year).

[Overseas Business]
Sales for the Overseas Business were 5,376 million yen (compared to 5,221 million yen in the same period of the previous year), and segment loss was 169 million yen (compared to a segment profit of 34 million yen in the same period of the previous year).
In the retail and service business, sales decreased due to the impact of closures and people voluntarily refraining from outings due to the pandemic, while in the wholesale business, sales increased mainly due to the acquisition of new customers. In France, sales rose following the lifting of curfew restrictions. In Singapore, sales fell reflecting the impact of people voluntarily refraining from and restrictions on outings due to the significant rate of COVID-19 infection, especially since September. In China, the Company increased the number of authorized dealers and promoted the acquisition of new wholesale customers. Also in Australia, wholesale sales increased due to sales activities such as the introduction of new goods, in addition to car electronics goods and radio equipment, despite the impact of lockdowns in some regions.
In terms of the number of store openings and closures outside Japan, with seven store openings and one closure, the number of stores increased from 45 as of the end of March 2021, to 51.

[Car Dealership, BtoB and Online Alliance Business (formerly Car Dealership, BtoB and Internet Business)]
Sales for the Car Dealership, BtoB and Online Alliance Business were 23,095 million yen (18,440 million yen in the same period of the previous year), and segment loss was 255 million yen (322 million yen in the same period of the previous year).
In the Car Dealership business, sales decreased in the same period of the previous year due to the effects of people voluntarily staying home following the declaration of a state of emergency. Yet, in the first six

months of the consolidated fiscal year under review, sales were higher than the same period of the previous year due to strong sales of new vehicles as a result of optimized sales activities. In April 2021, Autobacs Dealer Group Holdings, Co., Ltd., a wholly owned subsidiary of the Group, acquired all shares in TA Import Co. Ltd., which operates three authorized Audi dealers in Tochigi Prefecture and the northern part of Chiba Prefecture, to make it a subsidiary (second-tier subsidiary of the Group).
In the BtoB business, in April 2021, the Company acquired all the shares of Joyful Shaken & Tire Center Co., Ltd., which operates six locations for statutory safety inspection, maintenance, and tire sales in the Kanto region. The Company started operations as BACS Boots Co., Ltd., with the stores named AUTO IN Shaken and Tire Center. In April 2021, the Company entered into a business alliance with Nissan Motor Co., Ltd. in the area of automotive goods and NISSAN/NISMO brand goods, and as a start, the Company placed automotive goods such as car interior goods and car washing goods handled by the Group in new automotive catalogs and began supplying the goods to Nissan Motor.
In the Online Alliance business (formerly the Internet business), the Company strengthened its lineup of goods through measures including starting to supply NB tires on its e-commerce site. The Company also developed its website by expanding the search function to improve customer convenience. In addition, the Company launched Miru Mamoru, a service to watch over people when they are out of the house, utilizing digital technologies such as IoT and AI. The Company is also promoting business development through its efforts to revitalize local communities and solve local issues in collaboration with local governments.

[Other Business]
Sales in the Other Business totaled 2,485 million yen (1,683 million yen in the same period of the previous year), and segment loss totaled 392 million yen (88 million yen in the same period of the previous year).

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	38,940	24,096
Notes and accounts receivable - trade	23,580	24,276
Merchandise	18,327	21,385
Accounts receivable - other	21,954	16,660
Other	7,865	10,125
Allowance for doubtful accounts	(90)	(74)
Total current assets	110,578	96,469
Non-current assets		
Property, plant and equipment		
Land	21,992	22,211
Other, net	20,094	20,612
Total property, plant and equipment	42,086	42,824
Intangible assets		
Goodwill	1,697	2,340
Other	5,459	6,350
Total intangible assets	7,157	8,691
Investments and other assets		
Guarantee deposits	13,008	12,905
Other	15,102	15,716
Allowance for doubtful accounts	(18)	(17)
Total investments and other assets	28,092	28,604
Total non-current assets	77,336	80,120
Total assets	187,914	176,589
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,845	15,812
Short-term borrowings	5,885	1,488
Accounts payable - other	15,104	10,824
Income taxes payable	3,462	1,116
Other	8,279	9,588
Total current liabilities	46,577	38,829
Non-current liabilities		
Long-term borrowings	2,567	1,995
Provisions	57	42
Retirement benefit liability	3,151	3,218
Asset retirement obligations	2,320	2,531
Other	9,407	9,397
Total non-current liabilities	17,503	17,184
Total liabilities	64,081	56,014

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	33,998	33,998
Capital surplus	34,286	34,286
Retained earnings	61,359	56,659
Treasury shares	(7,747)	(7,014)
Total shareholders' equity	121,897	117,930
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,367	2,954
Foreign currency translation adjustment	505	516
Remeasurements of defined benefit plans	(1,590)	(1,480)
Total accumulated other comprehensive income	1,283	1,990
Non-controlling interests	653	654
Total net assets	123,833	120,575
Total liabilities and net assets	187,914	176,589

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	99,714	103,551
Cost of sales	66,529	68,679
Gross profit	33,185	34,871
Selling, general and administrative expenses	29,602	31,957
Operating profit	3,583	2,914
Non-operating income		
Interest income	26	26
Dividend income	28	43
Share of profit of entities accounted for using equity method	1	–
Lease revenue-system equipment	361	314
Other	617	484
Total non-operating income	1,035	868
Non-operating expenses		
Interest expenses	34	41
Share of loss of entities accounted for using equity method	–	32
Lease cost-system equipment	333	292
Loss on retirement of non-current assets	26	18
Other	324	315
Total non-operating expenses	719	699
Ordinary profit	3,899	3,083
Extraordinary losses		
Impairment losses	90	–
Total extraordinary losses	90	–
Profit before income taxes	3,809	3,083
Income taxes - current	1,535	1,005
Income taxes - deferred	(164)	177
Total income taxes	1,371	1,182
Profit	2,437	1,900
Profit attributable to		
Profit attributable to owners of parent	2,363	1,888
Profit attributable to non-controlling interests	73	11
Other comprehensive income		
Valuation difference on available-for-sale securities	401	587
Foreign currency translation adjustment	152	(19)
Remeasurements of defined benefit plans, net of tax	114	109
Share of other comprehensive income of entities accounted for using equity method	26	20
Total other comprehensive income	694	697
Comprehensive income	3,132	2,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,036	2,595
Comprehensive income attributable to non-controlling interests	95	2

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)

1. Acquisition of treasury shares

According to the approval of the Board of Directors Meeting held on May 10, 2021, Autobacs Seven Co., Ltd. repurchased 1,942,500 shares of common stock. As a result, during the first six months of the consolidated fiscal year under review, Treasury shares at cost were increased by 2,999 million yen.

2. Cancellation of treasury shares

According to the approval of the Board of Directors Meeting held on May 10, 2021, the Company canceled 2,000,000 shares of treasury shares on May 17, 2021. As a result, during the first six months of the consolidated fiscal year under review, Retained earnings and Treasury shares at cost were decreased by 3,707 million yen.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Group started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter "the Revenue Recognition Accounting Standard") at the beginning of the first quarter of the fiscal year. Accordingly, it recognized revenue in the amount expected to be received in exchange for promised goods and services at points where control over such goods or services is transferred to customers. Major changes attributable to the application are as follows.

・Sales with return rights

With respect to the sale of certain goods to customers, in the occurrence of returns under certain conditions, the Group had been reducing net sales and the cost of sales upon acceptance of such returns from the perspective of materiality. Now, instead of such handling, the Group has adopted a method in which net sales and amounts equivalent to the cost of sales are not recognized for goods that are expected to be returned.

・Transactions through agents

Regarding the sales of certain goods and provision of maintenance services to customers, the Group had been recognizing the total amount of consideration received from customers as revenue. Now, for transactions in which the Group provides goods and services to customers as an agent, it decided to recognize net amounts, which are calculated by subtracting amounts to be paid to suppliers from amounts to be received from customers, as revenue.

・Consideration to be paid to customers

In conjunction with certain expenses that had been recorded as selling, general and administrative expenses, the Group decided to reduce net sales by amounts equivalent to such expenses and treat them as a consideration to be paid to customers.

・Obligation to be fulfilled at some point in time or for a certain period of time

With respect to revenue related to the provision of certain maintenance services to customers, the Group had been applying a method in which revenue is recognized upon conclusion of relevant agreements from the perspective of materiality. Now, it decided to recognize such revenue at a point or for a certain period of time in which performance obligation is fulfilled and customers receive benefits.

Regarding the application of the Revenue Recognition Accounting Standard, etc., the Group followed the provisional measures prescribed in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, it adjusted retained earnings as of the beginning of the first three months of the consolidated fiscal year to reflect the cumulative amount of impacts expected to be produced if new accounting policies had been applied prior to the beginning of the first three months of the consolidated fiscal year. Starting with the balance of such retained earnings, the Group applied new accounting policies.

As a result, during the first six months of the consolidated fiscal year under review, net sales decreased by 2,636 million yen, the cost of sales declined by 2,466 million yen, and selling, general and administrative expenses dropped by 216 million yen, while operating income , ordinary income and profit before income taxes each increased by 46 million yen. The balance of retained earnings at the beginning of the fiscal year under review decreased by 479 million yen.

According to the transitional measures prescribed in the paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Group did not include information on the breakdown of revenue arising from contracts with customers in the first six months of the previous consolidated fiscal year.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company started to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard") at the beginning of the first quarter of the fiscal year. Accordingly it decided to continue to adopt the new accounting policies specified in the Fair Value Accounting Standard and other standards according to the transitional measures prescribed in the paragraph 19 of the Fair Value Measurement and the paragraph 44-2 of the Accounting Standard for Financial Instruments (Accounting Standard (ASBJ Statement No. 10, July 4, 2019). The application has no effect on quarterly consolidated financial statements.

8. Segment Information

I Six months ended September 30, 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 Online Alliance business	Other business	Total Reportable segments		
Sales							
Revenues from external customers	78,918	4,942	14,483	1,370	99,714	—	99,714
Transactions with other segments	1,091	279	3,956	312	5,640	(5,640)	—
Net sales	80,009	5,221	18,440	1,683	105,355	(5,640)	99,714
Operating profit (loss)	7,277	34	(322)	(88)	6,901	(3,318)	3,583

Notes:

1. The amount (3,318) 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 reporting segment

Not applicable.

II Six months ended September 30, 2021

1. Information about sales and profit (loss) and breakdown of sales

(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 Online Alliance business	Other business	Total Reportable segments		
Sales							
Revenue from contracts with customers	76,704	5,225	18,827	1,626	102,384	－	102,384
Other revenue	864	－	－	302	1,166	－	1,166
Revenues from external customers	77,569	5,225	18,827	1,928	103,551	－	103,551
Transactions with other segments	1,501	150	4,268	557	6,477	(6,477)	－
Net sales	79,071	5,376	23,095	2,485	110,029	(6,477)	103,551
Operating profit (loss)	7,239	(169)	(255)	(392)	6,422	(3,508)	2,914

Notes:

1. The amount (3,508) 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

(Changes in segment names)

Starting from the first three months of the consolidated fiscal year, the Group changed one of its segment names, renaming the business previously called the "Car Dealership, BtoB and Internet Business" as the "Car Dealership, BtoB and Online Alliance Business" to ensure that the nature of the business is more properly reflected.

This is a change in segment name. It does not have any impact on the segment information.

In addition, the segment information for the first six months of the previous consolidated fiscal year is presented under the altered name.

(Application of Accounting Standard for Revenue Recognition, etc.)

As described in Changes in Accounting Policies, the Group applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the three months of the consolidated fiscal year, changing its accounting treatment method with respect to revenue recognition. Reflecting the change, it modified the method for the measurement of profits and losses of its business segments.

As a result, during the first six months of the consolidated fiscal year under review, when compared to those compiled with the previous method, net sales decreased 2,283 million yen in the Domestic AUTOBACS Business, while segment profit increased 39 million yen. Meanwhile, net sales decreased 352 million yen in the Car Dealership, BtoB and Online Alliance Business while segment profit increased 7 million yen.

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

Not applicable.