

# Results for the Three Months ended June 30, 2022



**AUTOBACS SEVEN CO., LTD.**

**July 29, 2022**

# Table of Contents

## Results of the First Three Months of FY March 31, 2023

- |   |            |
|---|------------|
| <b>1. Overview of Business Results</b>                          | <b>P.2</b> |
| <b>2. Domestic AUTOBACS Business</b>                            | <b>P.5</b> |
| <b>3. Overseas Business</b>                                     | <b>P.7</b> |
| <b>4. Car dealership ,BtoB and<br/>Online Alliance Business</b> | <b>P.9</b> |

## TOPICS

- |   |             |
|---|-------------|
| <b>5. TOPICS<br/>(Five-Year Rolling Plan,SDGs,etc.)</b> | <b>P.11</b> |
| <hr/>   |             |
| <b>6. Other Documents</b>                               | <b>P.24</b> |

# 1Q FY March 2023 Consolidated P/L

**Net sales and income increased, mainly due to the capturing of demand for maintenance parts for existing owned cars, despite the impact of a surge in raw material prices and a reduction in new car production**

The Domestic AUTOBACS Business performed solidly by capturing demand for maintenance parts for existing owned cars, which had been rising due to a decline in new car production, despite concern over a fall in demand with the implementation of price revisions to some products as a result of a surge in raw material prices. In addition, extraordinary income was posted due to the partial abolition of the retirement benefit plan. Both net sales and income rose on a consolidated basis.

	1Q ended June 30, 2022			1Q ended June 30, 2021		
	(Billion Yen)	Actual result	% of Sales	YoY change ratio	Actual result	YoY change ratio*
<b>Net sales</b>		<b>52.8</b>	–	+1.1%	52.2	+16.1%
<b>Gross profit</b>		<b>17.9</b>	<b>34.0%</b>	+1.9%	17.6	+17.2%
<b>SG&amp;A</b>		<b>16.4</b>	<b>31.1%</b>	+1.7%	16.1	+10.5%
<b>Operating income</b>		<b>1.5</b>	<b>3.0%</b>	+3.1%	1.5	+229.7%
<b>Non-operating Income/expenses</b>		<b>0.2</b>	<b>0.5%</b>	+34.0%	0.1	-36.3%
<b>Ordinary income</b>		<b>1.8</b>	<b>3.4%</b>	+6.6%	1.7	+124.8%
<b>Profit attributable to owners of parent</b>		<b>1.7</b>	<b>3.3%</b>	+62.8%	1.0	+189.6%

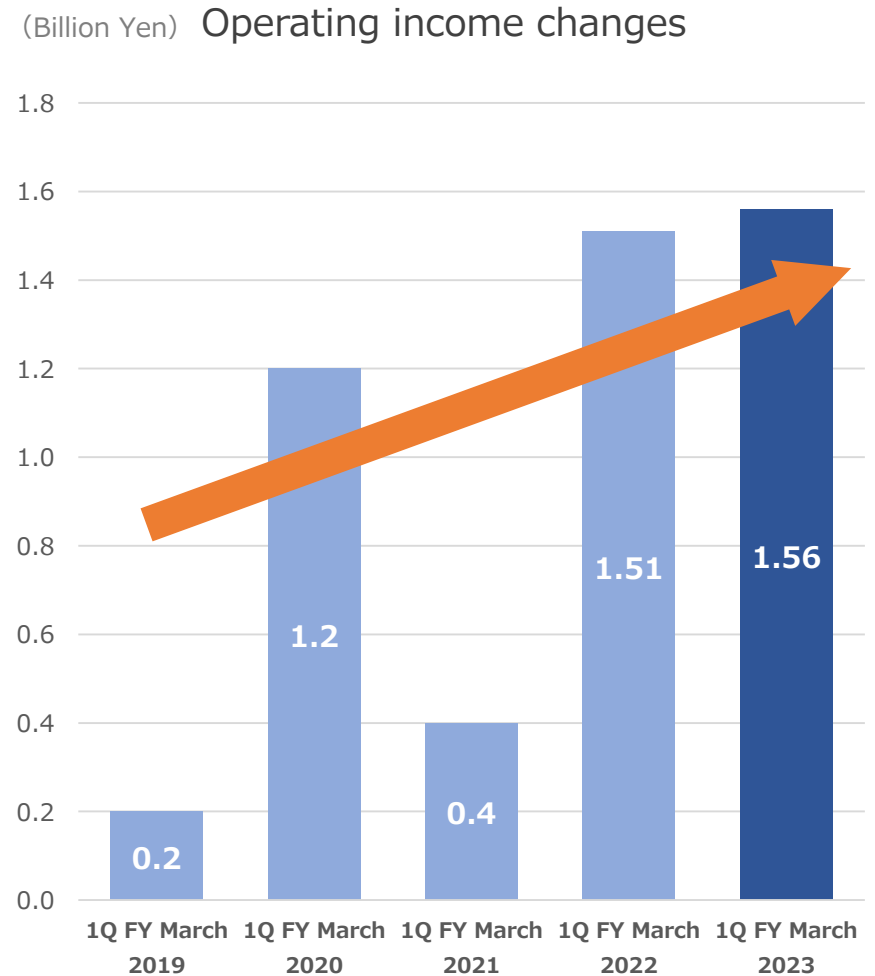
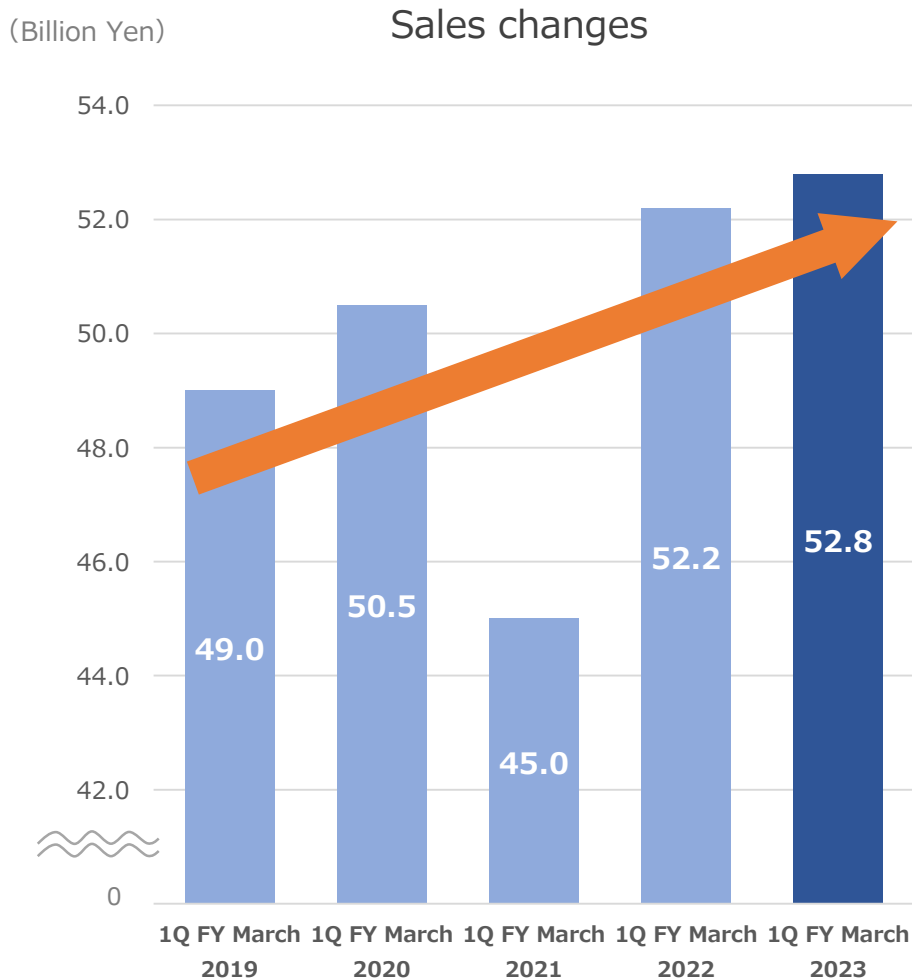
Amounts are rounded down to the nearest hundred million yen.  
% of Net Sales and YoY comparisons are calculated in yen.

\*For the fiscal year ended March 31, 2021, no reclassification has been made in accordance with accounting standards for revenue recognition.

The reference YoY change is a simple comparison of the actual results for the fiscal year ending March 31, 2022 and the actual results for the fiscal year ending March 31, 2021.

# 1Q FY March 2023 Consolidated P/L Five Years Transition

## Highest consolidated sales and operating income in the past five years



Amounts are rounded down.

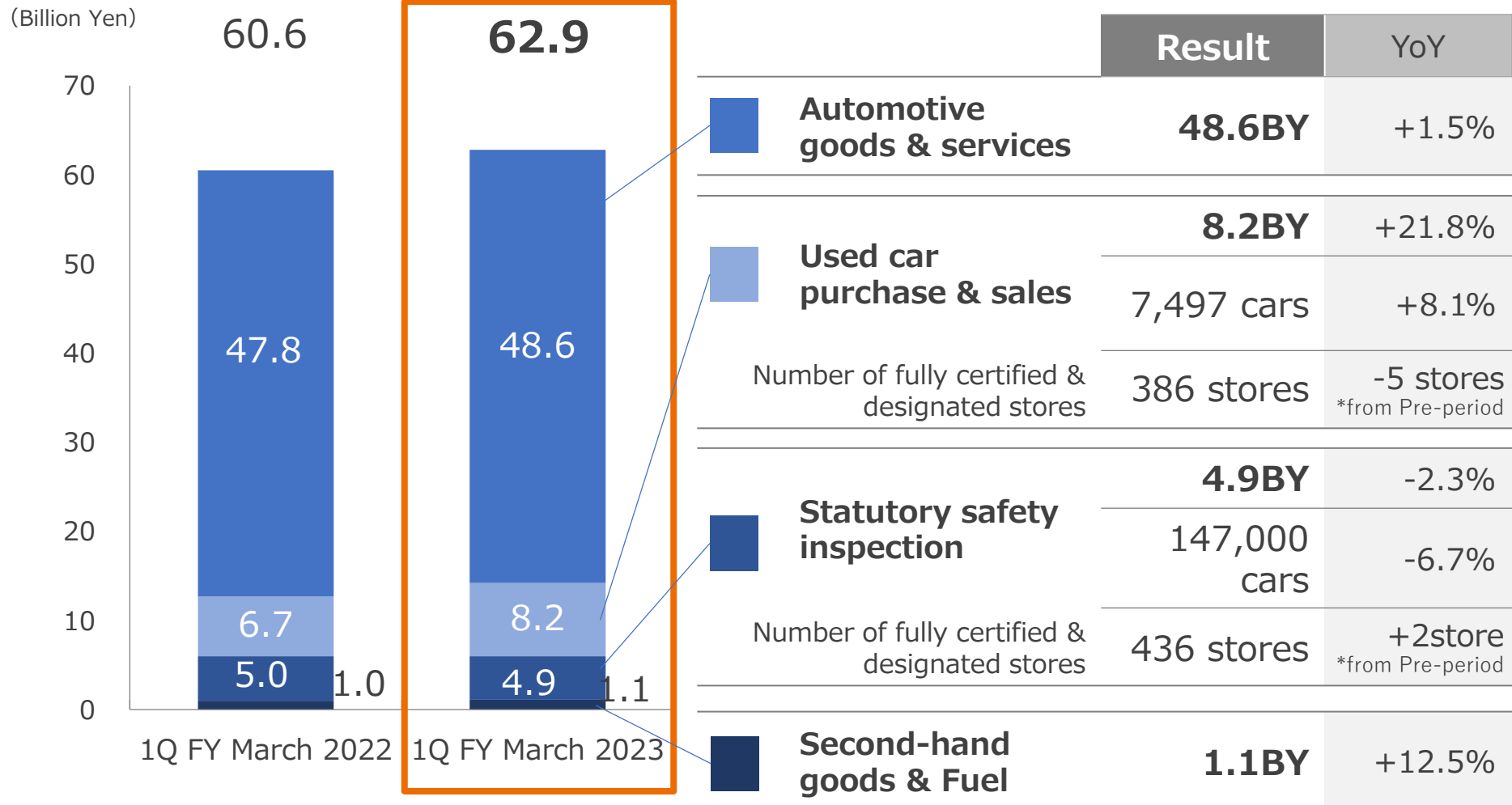
Prior to the fiscal year ended March 31, 2021, no reclassification has been made in accordance with accounting standards for revenue recognition.

# Segment Information

		(Million Yen)	1Q FY March 2023	1Q FY March 2022	YoY	Summary
<b>Domestic AUTOBACS Business</b>	Sales		<b>40,562</b>	39,939	+1.6%	Demand for maintenance parts for existing owned cars grew due to the impact of a decline in new car production, more than offsetting the implementation of a price rise to tires in May. Demand for car electronics fell due to the impact of a decrease in the number of new cars produced. Operating income remained at the year-ago level.
	Gross profit		<b>13,788</b>	13,512	+2.0%	
	SG&A		<b>10,001</b>	9,754	+2.5%	
	Operating income		<b>3,786</b>	3,757	+0.8%	
<b>Overseas Business</b>	Sales		<b>3,171</b>	2,588	+22.5%	Sales increased despite the impact of the Ukraine situation and the COVID-19 pandemic. The gross profit ratio decreased, reflecting the disposal of the inventory of some products in China.
	Gross profit		<b>1,316</b>	1,200	+9.7%	
	SG&A		<b>1,519</b>	1,348	+12.7%	
	Operating income		<b>-202</b>	-147	—	
<b>Car Dealer, BtoB and Online Alliance Business</b>	Sales		<b>10,880</b>	11,760	-7.5%	Operating income remained at the year-ago level due to efforts for efficient operations, despite a decline in sales in the car dealership business due to the impact of a reduction in new car production.
	Gross profit		<b>2,385</b>	2,529	-5.7%	
	SG&A		<b>2,476</b>	2,574	-3.8%	
	Operating income		<b>-91</b>	-45	—	
<b>Other Business</b>	Sales		<b>1,588</b>	1,221	+30.1%	Operating loss decreased, reflecting rises in sales and gross profit due mainly to the expansion of the lifestyle business.
	Gross profit		<b>502</b>	421	+19.2%	
	SG&A		<b>651</b>	634	+2.6%	
	Operating income		<b>-148</b>	-212	—	
<b>Reconciling items</b>	Operating income		<b>-1,779</b>	-1,834	—	

# Retail Sales in Total AUTOBACS Group Stores

**RETAIL SALES INCLUDING FCs: 62.9 billion yen (+3.7% YoY)**

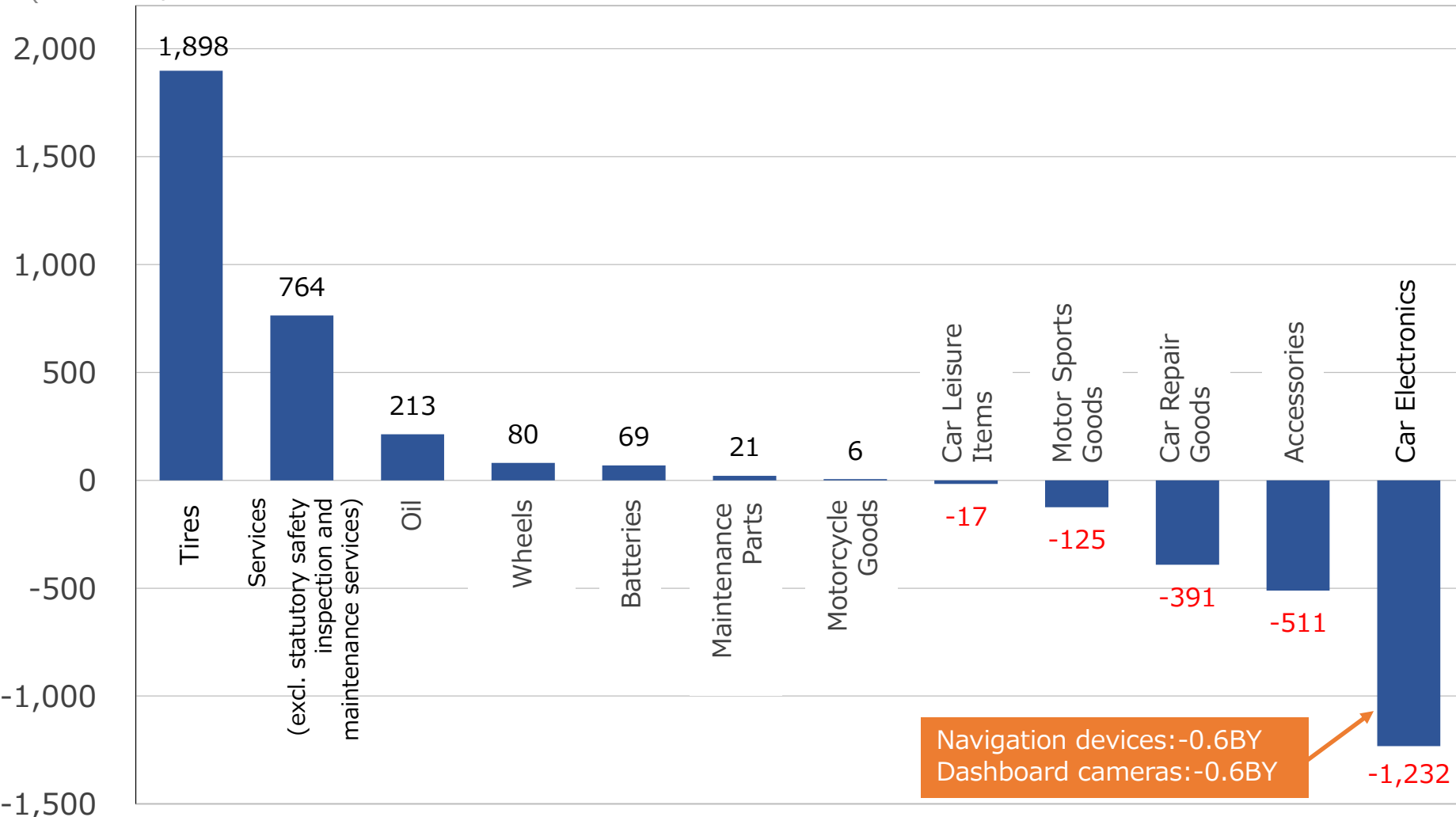


Sales at all domestic store formats. Total store basis.  
Amounts are rounded down. YoY comparisons are calculated in yen.

# Sales Variance by Merchandise

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

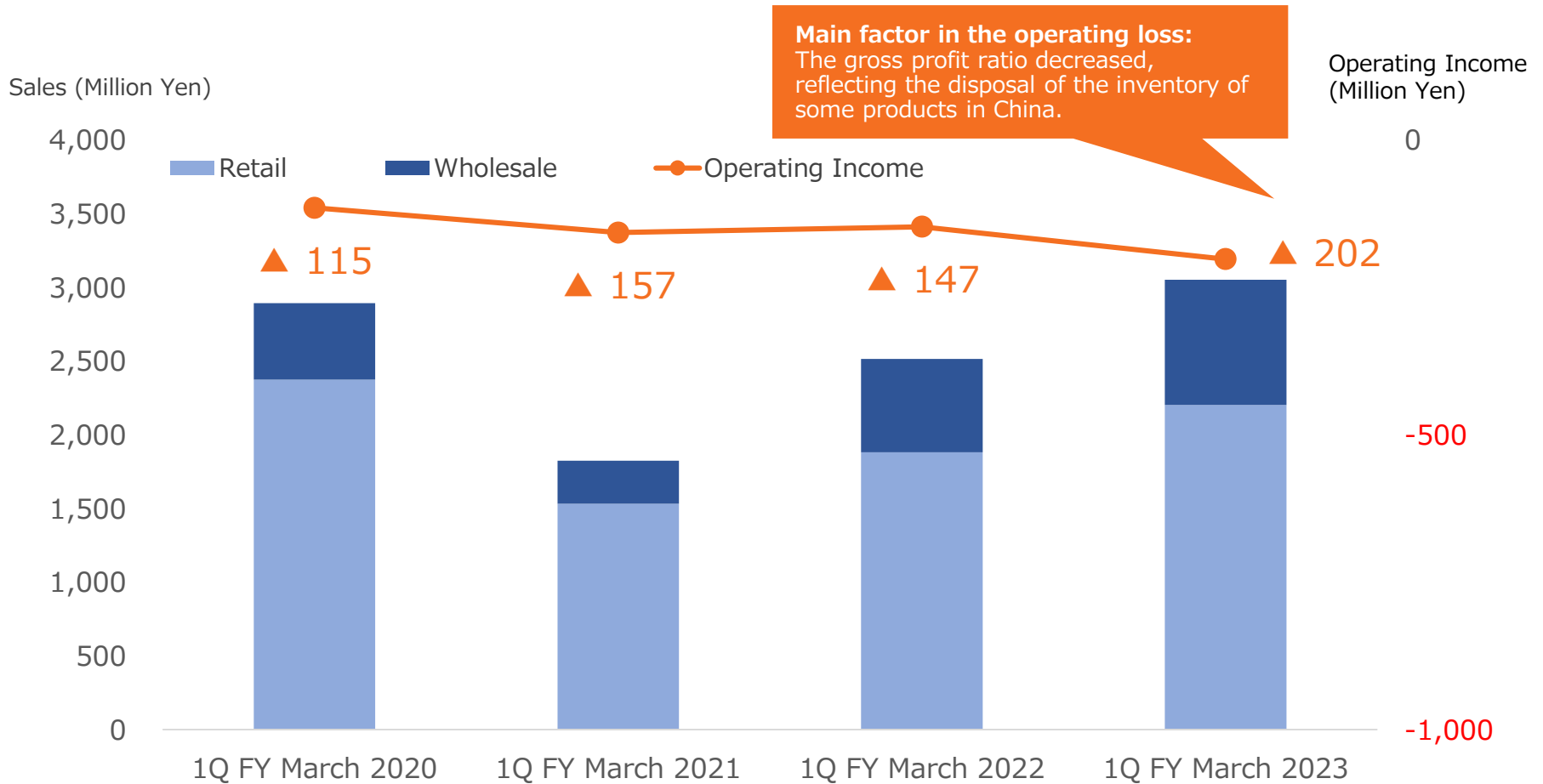
(Million Yen)



Sales at all domestic store formats. Total store basis.  
Amounts are rounded down.

# Overseas Business Sales and Operating Income Changes

**Sales increased despite the impact of the Ukraine situation and COVID-19 pandemic**



Amounts are rounded down.

Prior to the fiscal year ended March 31, 2021, no reclassification has been made in accordance with accounting standards for revenue recognition.



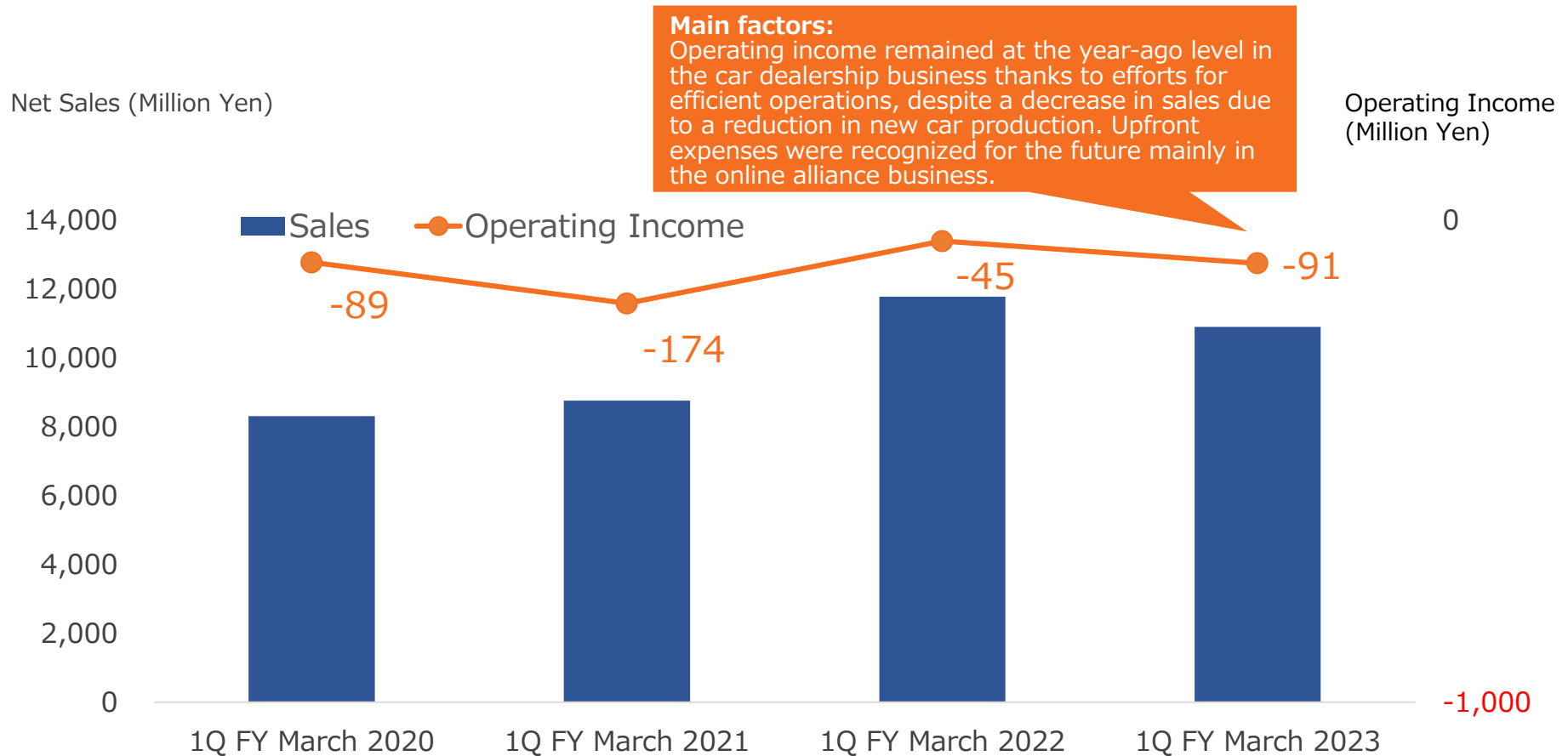
# Performance by Overseas Subsidiaries

(Million Yen)	France		Australia		Singapore		China		Malaysia	
Number of stores	<b>10</b>		<b>0</b>		<b>2</b>		<b>0</b>		<b>5</b>	
Period	23/3 1Q	22/3 1Q	23/3 1Q	22/3 1Q	23/3 1Q	22/3 1Q	23/3 1Q	22/3 1Q	23/3 1Q	22/3 1Q
Net sales	<b>1,737</b>	1,544	<b>677</b>	484	<b>438</b>	333	<b>267</b>	180	<b>36</b>	9
SG&A	<b>975</b>	896	<b>161</b>	120	<b>232</b>	149	<b>51</b>	54	<b>12</b>	7
Operating income	<b>-70</b>	-67	<b>28</b>	36	<b>-46</b>	5	<b>-120</b>	-5	<b>1</b>	-4
Business conditions	Retail sales increased mainly due to price adjustments, more than offsetting consumer spending, which remained sluggish due to inflation and the Ukraine situation. Selling and other expenses rose, mainly reflecting the enhancement of sale promotion initiatives.		Wholesale sales increased thanks to the strong performances of car electronics goods and transceivers, coupled with sales activities mainly targeting new business partners. SG&A expenses increased, chiefly reflecting the enhancement of sales promotion programs and staff members. *The relevant subsidiary was converted to a wholly owned subsidiary in February 2022.		Sales increased due to solid retail sales, coupled with the offering of parallel-imported products and strong performance of works at service bays through the capturing of demand for maintenance parts.		Wholesales to other countries climbed, despite the difficulty of acquiring new domestic wholesale customers due to the impact of lockdowns. On the other hand, the deficit rose, reflecting a significant decrease in gross profit as the result of the disposal of some slow-moving inventories.		Sales increased and profitability was restored thanks to the efforts of increasing the number of stores designated as authorized dealers against the backdrop of ongoing severe sales conditions due to the government's order for the partial suspension of business during its intermittent restrictions on activities.	

Amounts are rounded down.

# Car Dealer, BtoB and Online Alliance Business Sales and Operating Income Changes

Sales decreased in the car dealership business due to the impact of a reduction in new car production. Even so, operating income remained at the year-ago level thanks to efforts for efficient operations.



Amounts are rounded down.

Prior to the fiscal year ended March 31, 2021, no reclassification has been made in accordance with accounting standards for revenue recognition.

# Car Dealer, BtoB and Online Alliance Business Overviews

## Car Dealership Business

- ✓ Start operation of authorized Audi dealerships in April 2021. This enabled the Company to promote three brands BMW, MINI and Audi as a dealership business.
- ✓ Secured the year-ago level of operating income through efficient operations, despite the impact of a decrease in the number of new cars produced attributable to the shortage of semiconductors.



## BtoB Business

- ✓ Held collaboration events with stores by taking advantage of a business alliance with Nissan Motor Co., Ltd. (APIT AUTOBACS SHINONOME, Super AUTOBACS Hamamatsu)
- ✓ AUTOBACS Corporate Membership System started full operation in November 2021.

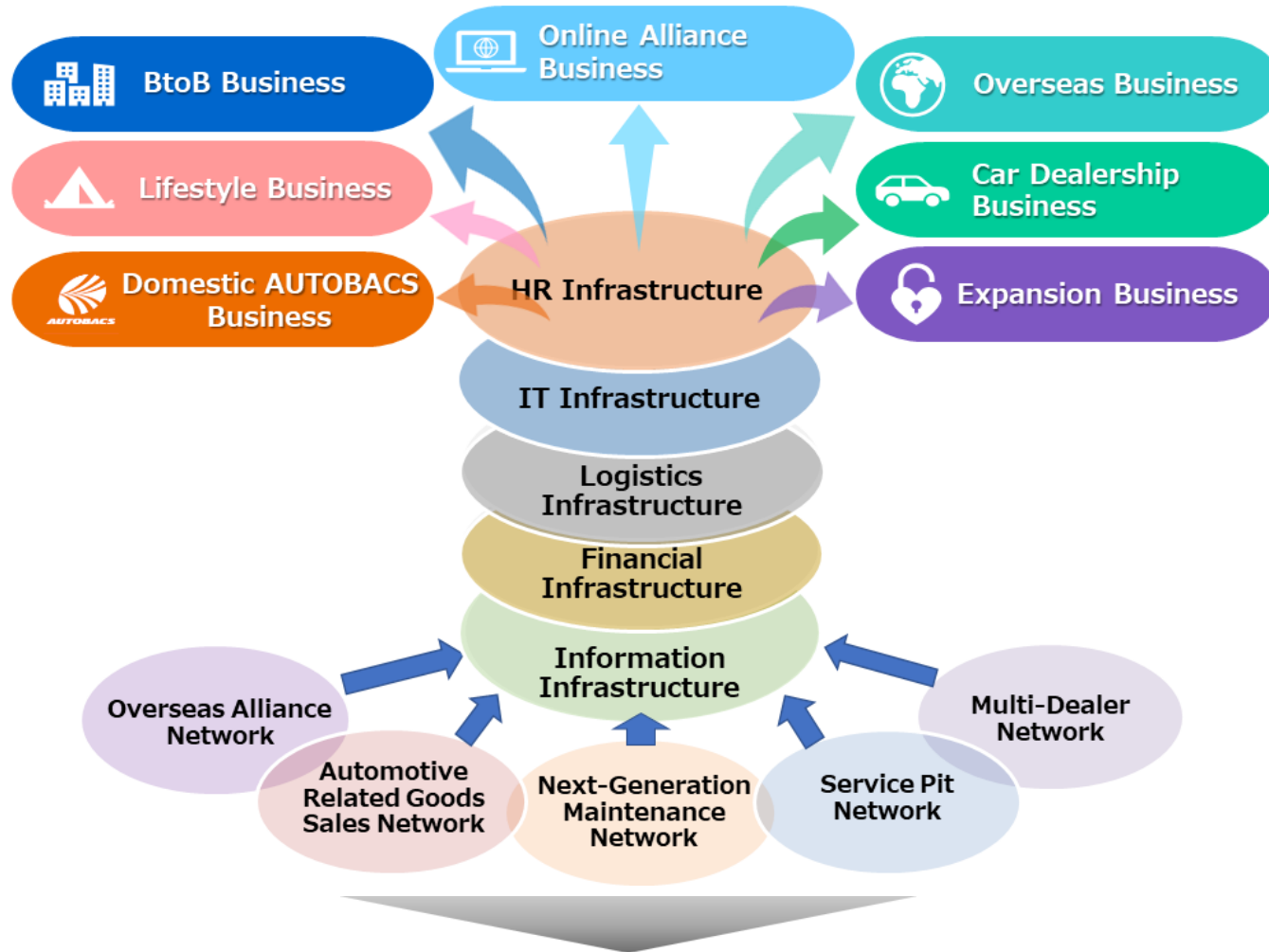


## Online Alliance Business

- ✓ Launch of ALC Cloud, a cloud-based service detecting drunkenness and alcohol consumption for corporate use in October 2021.



# Our Goals through Five-year Rolling Plan



**Actively promote collaboration across business boundaries to improve customer convenience**

# Five-year Rolling Plan: APPENDIX

Automotive  
goods sales  
network

Efforts to create networks

## ■ Collaborations with Nissan Motor Co., Ltd.

- Formed a business alliance with Nissan crossing the boundaries between industries to improve customer convenience and create a richer car lifestyle culture
- Introduced automotive goods (such as car interior goods and car washing goods) in new car brochures handled at approximately 2,100 Nissan dealer shops.
- In progress of supplying some of AUTOBAC's automotive goods to Nissan and collaborating in the planning and development of NISSAN/NISMO brand items
- Held collaboration events with stores (APIT AUTOBACS SHINONOME, Super AUTOBACS Hamamatsu)
- Also began negotiations about goods to be supplied to overseas Nissan dealers



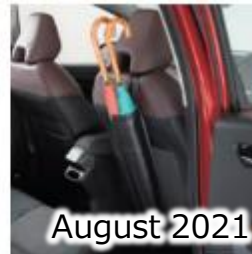
E-cigarette holder



Smartphone holder



USB power source



Umbrella case

August 2021

From the NISSAN AURA catalog



Collaboration Events

# Five-year Rolling Plan: APPENDIX

## ■ Operates Authorized Dealers of BMW, MINI, and Audi

### Multi-Dealer Network

- Commenced the operation of Audi dealership in April 2021 in addition to BMW and MINI.
- Facilitated the visualization of management by establishing KPI common to respective dealers.



April 2021, Started operation as BACS Advance Co., Ltd.

## Efforts to create networks

### ■ AUTO IN Shaken and Tire Center

Next-Generation Maintenance Network

Service Pit Network

Automotive related Goods Sales Network

- Operates 6 stores as AUTO IN Shaken and Tire Center
- Utilized AUTOBACS' expertise for MD
- Acquired specified maintenance certification on a total store basis.
- Will continue to increase the number of stores, going forward.

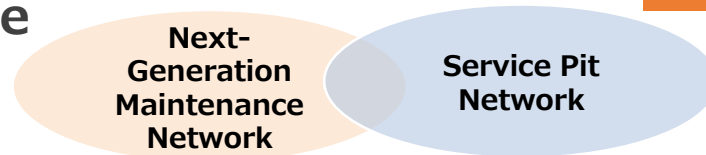


April 2021, Started operation as BACS Boots Co., Ltd.

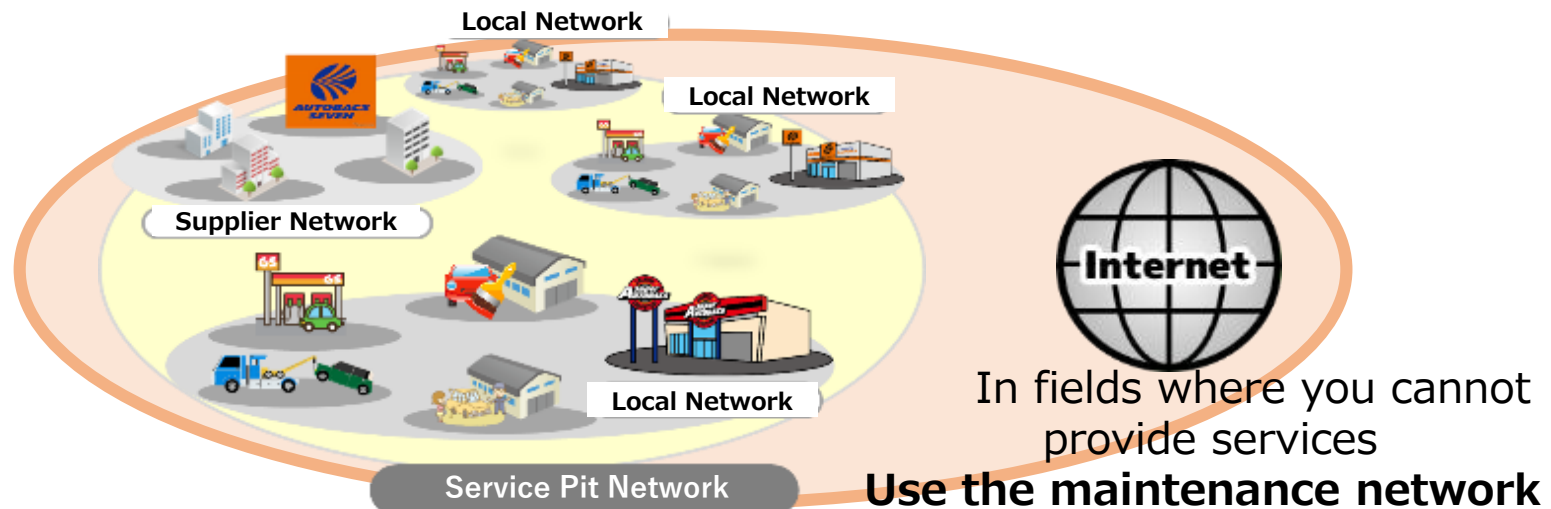
# Five-year Rolling Plan: APPENDIX

## ■ Creating a local network for maintenance

## Efforts to create networks



- Established a system to respond promptly to environmental changes surrounding the maintenance industry, thus establishing a system providing high-quality services to car users
- Built local area maintenance networks (with network cooperation in 20 of the 50 areas in Japan) by having AUTOBACS Group stores and BS-Summit Business Cooperative\* members' facilities promote optimal local cooperation using each others' resources
  - \*The BS-Summit Business Cooperative is a nationwide network of body shops with automotive maintenance bases all over Japan
- Accelerated a collaboration in which AUTOBACS stores are used as bases by road service providers



# Five-year Rolling Plan: APPENDIX

## Opened a new ADAS Calibration Center\*

## Efforts to create networks

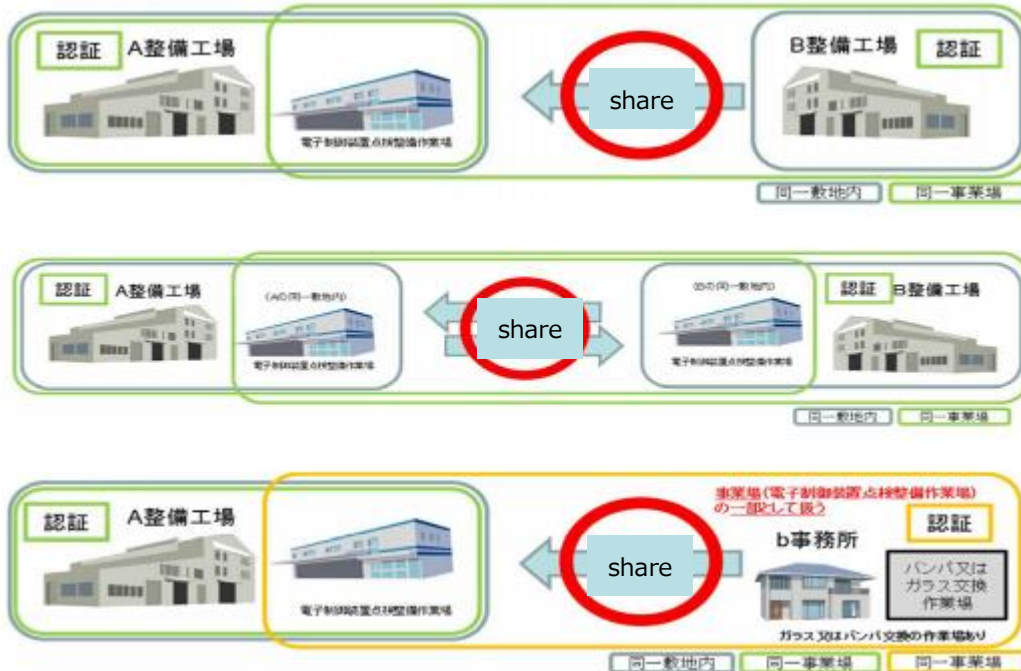
Next-Generation Maintenance Network

Service Pit Network

\*Recently launched cars come with many features supporting safe driving, such as automatic braking. They therefore have cameras and sensors mounted on the windshield and bumpers. Accordingly, maintenance must include **calibration** to ensure this advanced equipment functions normally.

- A facility for sensor calibration (equipped with ADAS Calibration) was opened at the Super AUTOBACS Kumamoto Higashi Bypass store. The facility is available for local maintenance service providers as a shared service.

- Built a maintenance network that is highly convenient for car users by encouraging cooperation beyond boundaries in the auto aftermarket industry





# Five-year Rolling Plan: APPENDIX

## ■ Launch of a cloud-based service detecting drunkenness and alcohol consumption for corporate use

### Online Network

- Launched the ALC Cloud, a cloud-based service detecting drunkenness and alcohol consumption in October 2021 with a focus on companies and national/local government organizations using company or official cars, as well as the recently increasing needs of customers using their own cars for business purposes.



## Efforts to create networks

### ■ AUTOBACS app upgraded

#### Automotive-related Goods Sales Network

- The facility also has the ability to record vehicles' maintenance history (engine oil, oil filter, tires, battery, wipers, and other main maintenance items) and informing users of the next time that parts will need to be replaced
- Inspection results can be checked with the app immediately.

Online bookings for oil changes\*  
**increased approx. 39%**

\* Cumulative comparison from April 2022 to June 2022

New application downloaded\*  
**approx. 3.5 million people**

\* As of June 2022



# Five-year Rolling Plan: APPENDIX

 Lifestyle Business

## Initiatives of each business

### ■ Opening of the brand's first store GORDON MILLER KURAMAE

- The garage lifestyle-focused brand GORDON MILLER has opened its first store
- The store is the only one store that sells all GORDON MILLER items.
- The product lineup includes original custom car GORDON MILLER MOTORS.



# Five-year Rolling Plan: APPENDIX

 Lifestyle Business

## Initiatives of each business

### ■ Opened a lifestyle-oriented VRNVROOMN online mall

- Opened a lifestyle-oriented online mall, mainly featuring the collection of AUTOBACS' original brands such as JACK&MARIE, GORDON MILLER and ARTA in July 2022.
- Aim to offer media commerce to communicate the joy of car lifestyles, in addition to the posting of products.
- The total number of brands featured is 8 and the number of items handled by the mall is approximately 9,000.



Original brands

**JACK & MARIE**

**GORDON  
MILLER™**

**ARTA**  **AUTOBACS  
RACING  
TEAM  
AGURI**

...

# Five-year Rolling Plan: APPENDIX

## Logistics Infrastructure

## Initiatives for the establishment of business foundations

- **Logistics reform through an AI-based DX of logistics (January 2022)**
  - Invested in **GROUND**, a provider of logistics solutions, and concluded a business alliance agreement —

- Visualize inventories at logistics bases and optimize the procurement of products

- Reduce the current inventories by approximately 20% by fiscal year 2026

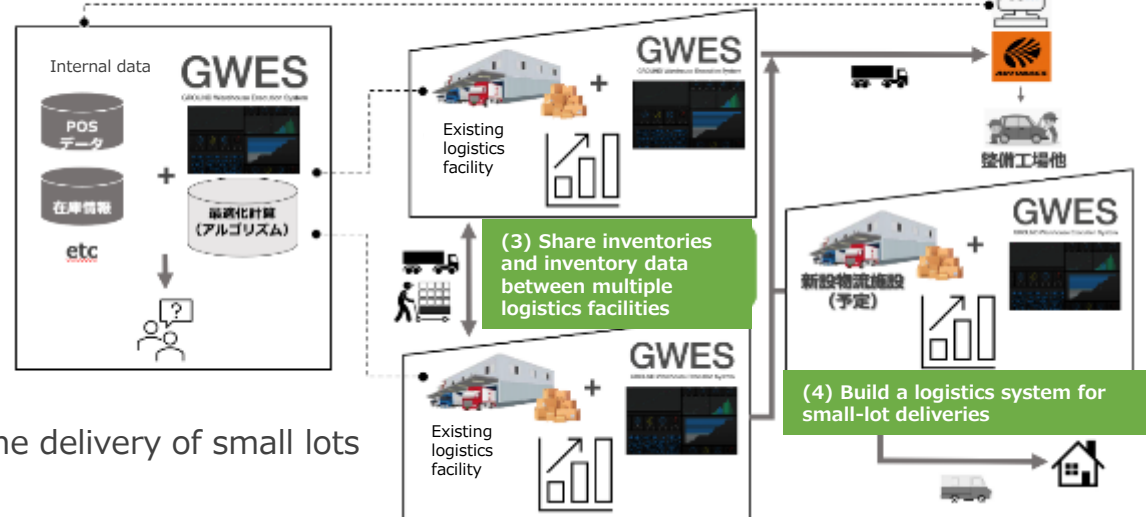


(2) Build a data-based demand forecasting system

(1) Visualize inventories and improve and optimize the efficiency of inventories

### <Initiatives for business alliances>

1. Visualization and streamlining of inventories
2. AI-based demand forecasting
3. Share inventories and inventory data between multiple logistics facilities
4. Establishment of a logistics system for the delivery of small lots (e-commerce logistics center)



# Five-year Rolling Plan: APPENDIX

## ■ Selected under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)

HR  
Infrastructure

- Third certification, following 2017 and 2019.
- The mental and physical health of our colleagues lays the foundation for a bright, exciting future.
- Working on the following six priority issues: Promoting the No-Smoking Challenge, promoting lifestyle-related disease prevention measures, promoting cancer prevention, promoting mental health, activities addressing the health issues that impact women, establishing a working environment that promotes health management.



## Initiatives for the establishment of business foundations

### ■ Recognized as a DX-certified operator (March 2022)

IT  
Infrastructure

Information  
Infrastructure

- Establishing infrastructure development that supports the growth of each Business, and other themes in the Five-year Rolling Plan and establishing the promotion of DX as an initiative for efficiently and steadily promoting the businesses

#### Example Initiatives

- Started the company-wide Data Management Center PJ  
Began the integration and effective use of information
- Experimentally implemented online customer service to address the shortage of employees at stores and for customers who want to receive services from the specialist staff of the AUTOBACS e-commerce website
- Promoting environment-responsive demonstration experiments for the standardization of work and to increase the efficiency of human resource development, such as remote support for pit services and the sharing of pit services knowledge



# Initiatives for ESG·SDGs

Materiality was identified through discussions at the Board of Directors

## Society we want to realize

Safe, secure, and gentle society in which people, cars, and the environment exist in harmony

## Our ideal company we want to be

Professional & Friendly

## Social issues that we should solve

1. Realization of a cyclical and symbiotic society



2. Response to climate change



3. Revitalization of local communities



4. Pursuit of diverse human resources and diverse work styles



5. Creating healthy and rewarding jobs



## Materiality

Development of organization and personnel

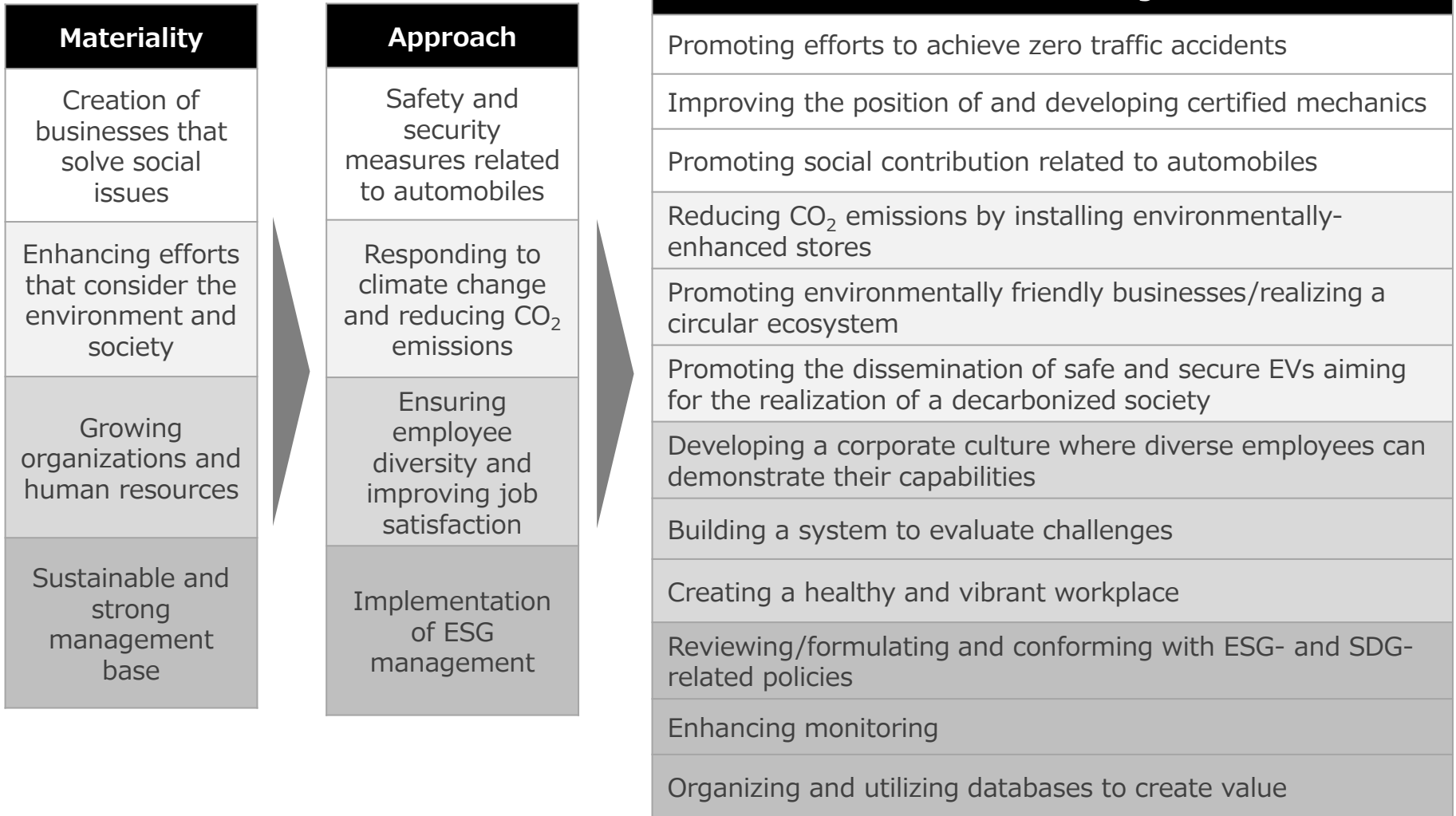
Creation of businesses that solve social issues

Enhancing efforts that consider the environment and society

Sustainable and strong management

# Initiatives for ESG·SDGs

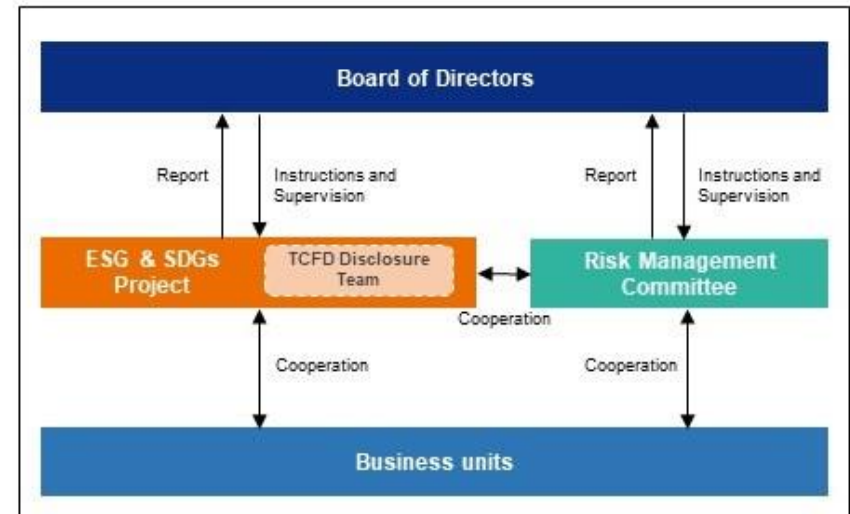
The Company will set out non-financial targets to achieve materiality and move forward with the establishment of KPIs relevant to such targets.



# Response to Climate Change

**Positioning its response to climate change as an important management issue, the Company expressed its support for the TCFD recommendations in June 2022.**

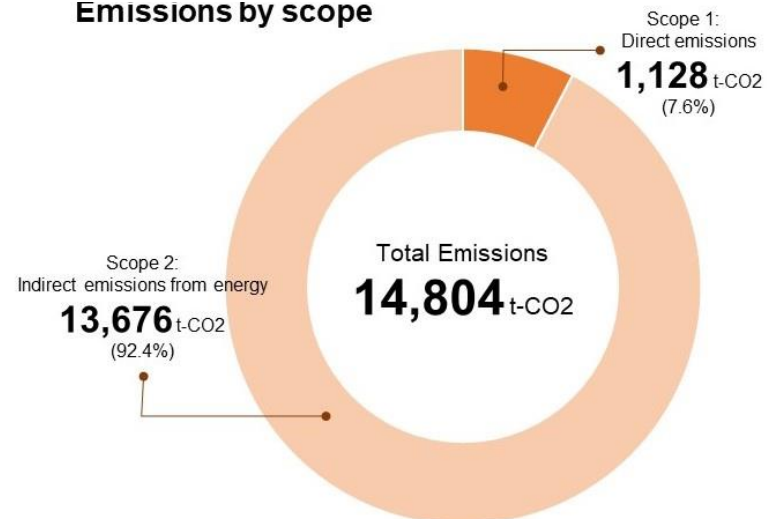
The TCFD Disclosure Team responsible for analyzing scenarios has been established to engage in the task of identifying climate-related risks and opportunities including the evaluation and analysis thereof. Findings are reported to the Board of Directors. The Board provides approvals while also giving instructions and providing supervision as necessary.



**Reduction target: Carbon neutrality in fiscal 2050 (Emissions virtually reduced to zero)**

The Company will work on developing eco-friendly functional products, also taking into consideration the reduction of emissions while products are in use by customers, accelerating the creation of energy-saving stores, initiatives for resource recycling, etc.

**Emissions by scope**



Scope of calculation: [Business] Domestic AUTOBACS Business

[Target] In Japan (147 sites including business locations, directly managed stores and stores of subsidiaries, logistics bases)

Computation period: Period: From April 1, 2021 to March 31, 2022

Scope 1: All direct greenhouse gas emissions from fuel combustion, industrial processes and other emissions generated by businesses themselves.

Scope 2: Indirect emissions resulting from the use of electric power, heat and steam supplied by other companies



# 1Q FY March 2023 Used Car Purchasing and Sales

Total **7,497** cars YoY **+8.1%**

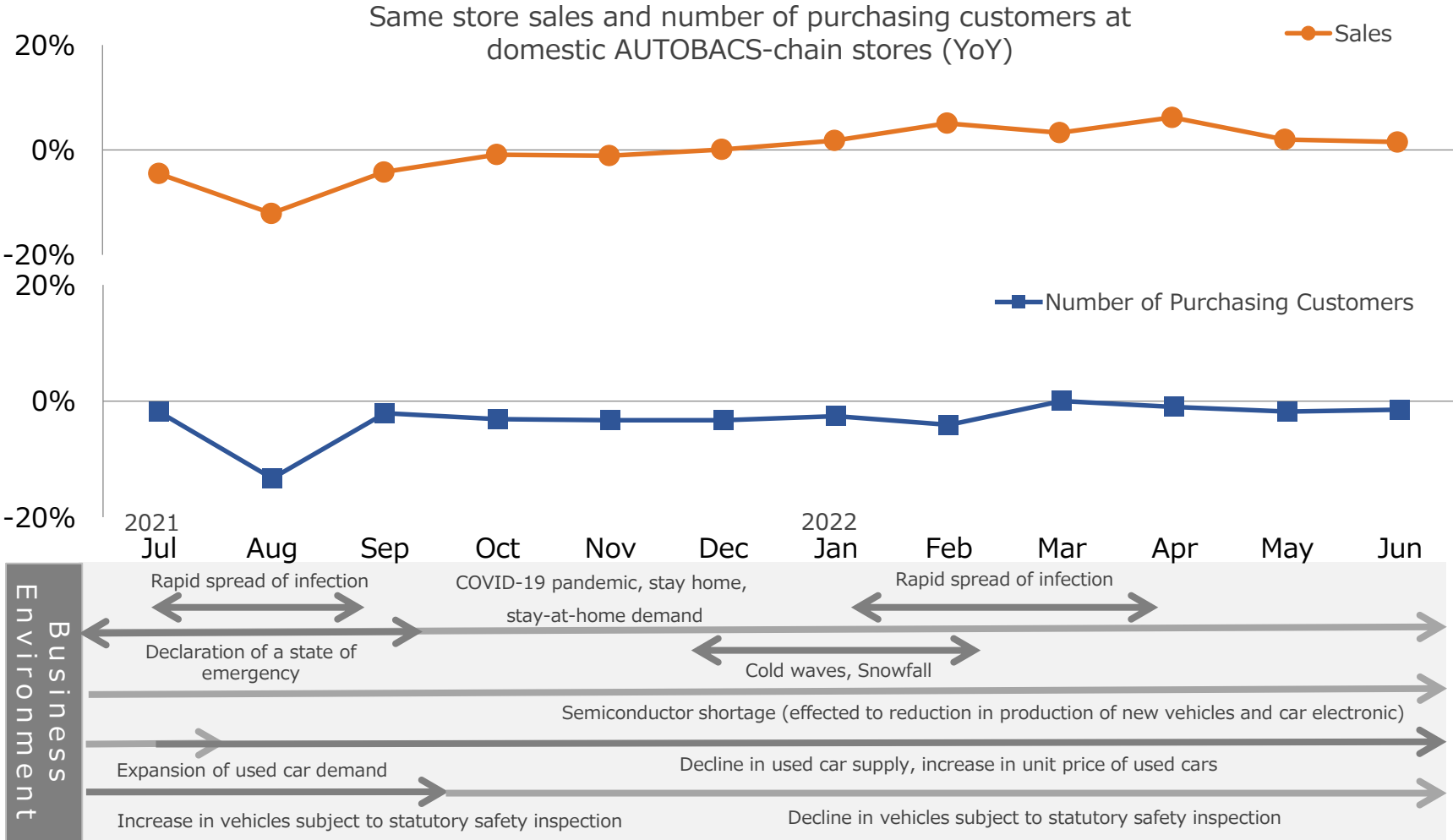
BtoB Sales	
Details	No. of cars sold
Sales to Headquarters	129
Sales to AA(Auto Auction) via Headquarters	985
Direct sales from stores	3,969
<b>BtoB total</b>	<b>5,083</b>

Retail	
Details	No. of cars sold
Used cars	1,597
New cars	817
<b>Retail total</b>	<b>2,414</b>

# Domestic Store Sales/Number of Purchasing Customers Changes

[Same store basis (YoY)]

**Sales: +3.4%**      **Number of purchasing customers: -1.4%**



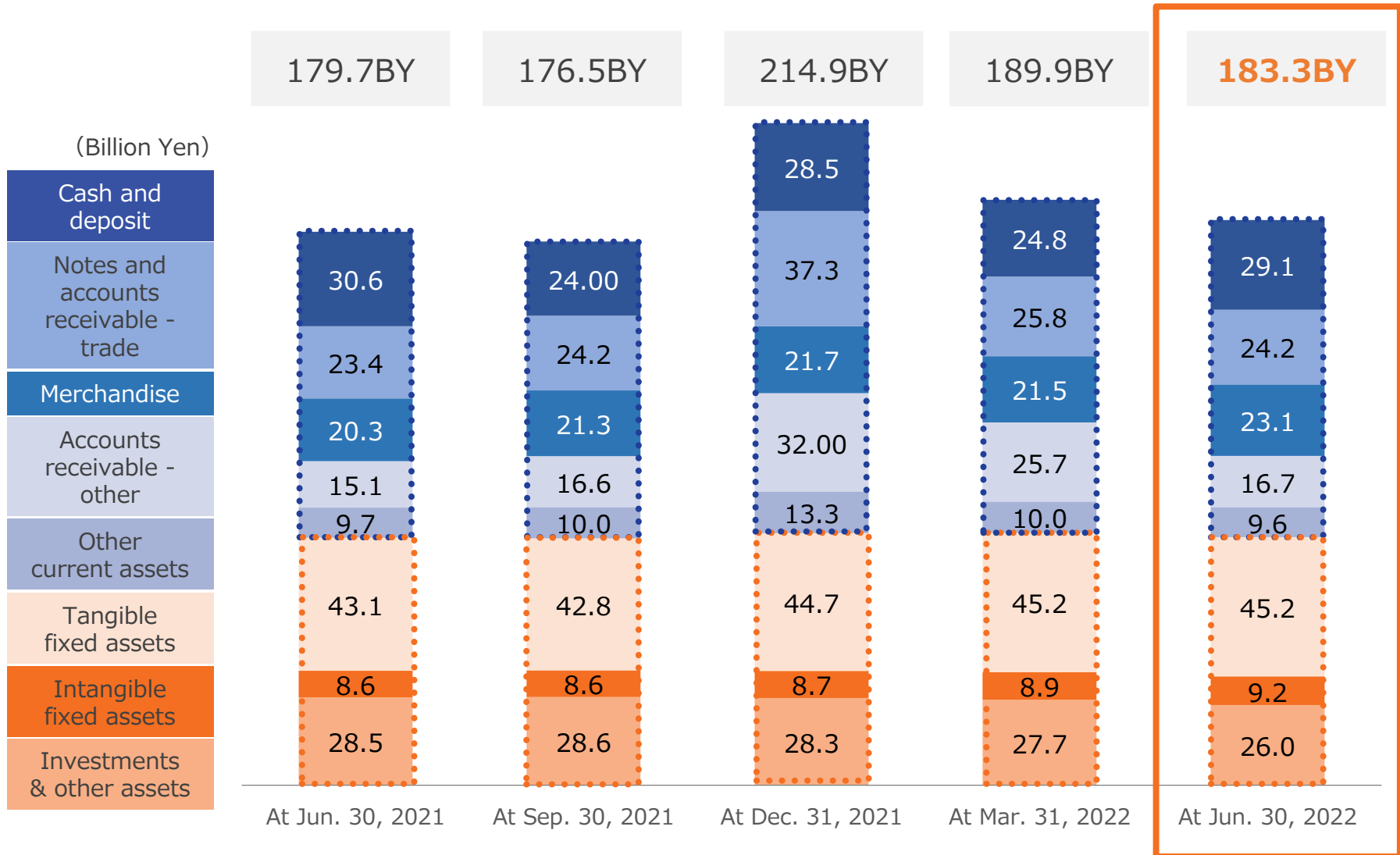
# Store Openings and Closings

Domestic stores	No. of stores at end of March 2022	FY March 2023							No. of stores at end of March 2023
		1Q (Result)			No. of stores at end of June 2022	2Q-4Q (Plan)			
		New	S&B R/L	Close		New	S&B R/L	Close	
<b>AUTOBACS</b>	494		+1		495	+2	+1/-1		497
<b>Super AUTOBACS</b>	74				74		+1/-1		74
<b>AUTOBACS Secohan Ichiba</b>	6		-1		5				5
<b>AUTOBACS Express</b>	11				11				11
<b>AUTOBACS CARS</b>	3	+1		-1	3				3
<b>Total</b>	588	+1	+1/-1	-1	588	+2	+2/-2		590
Overseas stores	No. of stores at end of March 2022	FY March 2023			No. of stores at end of March 2023				
		1Q (Result)	No. of stores at end of Jun 2022	2Q-4Q (Plan)					
<b>Taiwan</b>	6		6	+1/-1	6				
<b>Singapore</b>	2		2		2				
<b>Thailand</b>	33	+3	36	+6	42				
<b>France</b>	10		10		10				
<b>Malaysia</b>	4	+1	5	+1	6				
<b>Indonesia</b>	4		4	+3	7				
<b>Philippines</b>	3		3		3				
<b>Total</b>	62	+4	66	+11/-1	76				

\*S/B=Scrap &amp; Build

\*R/L=Relocation

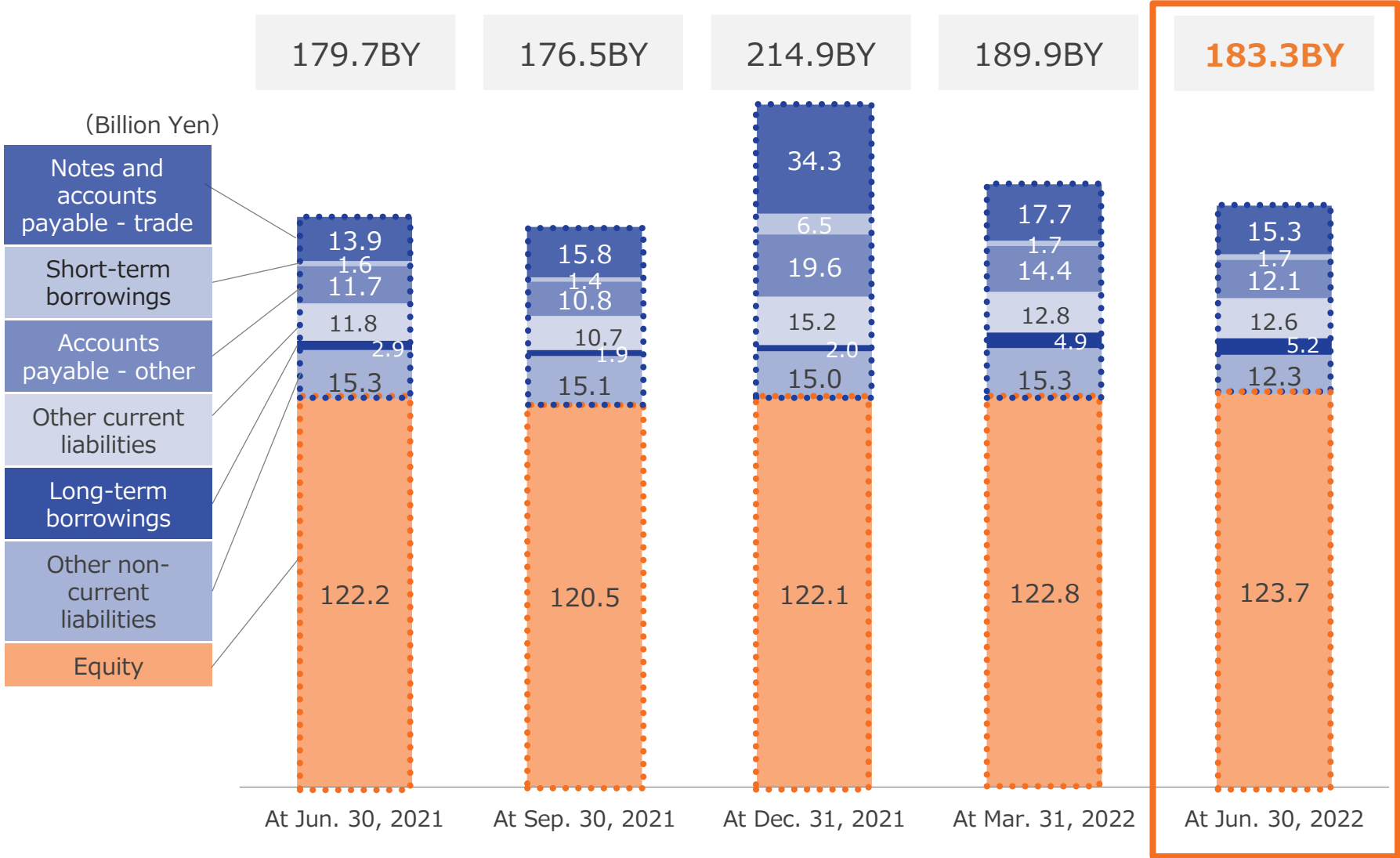
# Balance Sheet: Assets



Amounts are rounded down.



# Balance Sheets: Liabilities and Equity



Amounts are rounded down.



### **Forward-Looking Statements**

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