

# Results for the Six Months ended September 30, 2021



November 1, 2021

**AUTOBACS SEVEN CO., LTD.**

# Table of Contents

## Results for the Six Months Ended September 30, 2021 & Forecasts for Second Half and Full Year Earnings

- |   |                |
|---|----------------|
| <b>1. Overview of Business Results</b>                          | <b>1. P.3</b>  |
| <b>2. Domestic AUTOBACS Business</b>                            | <b>2. P.8</b>  |
| <b>3. Overseas Business</b>                                     | <b>3. P.10</b> |
| <b>4. Car dealership ,BtoB and<br/>Online Alliance Business</b> | <b>4. P.12</b> |
| <b>5. Second half and full year earnings forecast</b>           | <b>5. P.13</b> |

## Results of Activities in the First half of FY March 2022 Five-Year Rolling Plan and ESG / SDGs

- |                                  |                |
|----------------------------------|----------------|
| <b>6. Five-Year Rolling Plan</b> | <b>6. P.19</b> |
| <b>7. ESG/SDGs</b>               | <b>7. P.33</b> |
| <b>8. Other Documents</b>        | <b>8. P.37</b> |

**Results for the Six Months  
ended September 30, 2021  
and  
Forecasts for Second Half  
and Full Year Earnings**

**Officer  
Finance & Accounting and IR & PR  
Tomoaki Ikeda**

# First Half of FY March 2022 Consolidated P/L

**The 1<sup>st</sup> half operating income plan was achieved, although sales were affected by the rapid COVID-19 infection rate in the summer.**

The Domestic AUTOBACS Business was affected by people refraining from going out or returning to their hometowns due to the rapid rise in the COVID-19 infection rate in the summer. However, currently (in September) both the number of customers and sales are trending toward recovery. In car dealership, the BtoB and Online Alliance Businesses, the two companies that became consolidated Group companies in April, contributed to the results alongside an array of initiatives in existing businesses. Consolidated operating income stood at 2.9 billion yen (0.2 billion yen above the plan), reflecting a reduction in SG&A expenses.

(Billion Yen)	Six months ended September 30, 2021				Six months ended September 30, 2020
	Initial Forecast	Actual results	YoY change ratio	Change from forecast	
<b>Net sales</b>	<b>104.9</b>	<b>103.5</b> (106.1)	+3.8% (+6.5%)	-1.3	99.7
<b>Gross profit</b>	<b>35.2</b>	<b>34.8</b> (35.0)	+5.1% (+5.6%)	-0.3	33.1
<b>Gross profit ratio</b>	<b>33.6%</b>	<b>33.7%</b>			33.3%
<b>SG&amp;A</b>	<b>32.5</b>	<b>31.9</b> (32.1)	+8.0% (+8.7%)	-0.6	29.6
<b>Operating income</b>	<b>2.6</b>	<b>2.9</b> (2.8)	-18.7% (-20.0%)	+0.2	3.5
<b>Operating income ratio</b>	<b>2.6%</b>	<b>2.8%</b>			3.6%
<b>Ordinary income</b>	<b>2.9</b>	<b>3.0</b> (3.0)	-20.9% (-22.1%)	+0.1	3.8
<b>Net profit</b>	<b>1.9</b>	<b>1.8</b> (1.8)	-20.1% (-22.1%)	-0.0	2.3

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

\*The figures in the upper row are based on a simple comparison between the actual results for the current fiscal year and those for the previous fiscal year.

\*Figures in the parentheses in the bottom row show those that do not reflect the application of the Accounting Standard for Revenue Recognition, etc.

## Highlights of Consolidated Financial Results for 2Q FY March 2022

### Domestic

- ✓ Sales increased in April and May in reaction to the decline in the previous fiscal year. Business was affected by people refraining from going out or returning to their hometowns due to the rapid rise in the COVID-19 infection rate in the summer, but is currently trending toward recovery.

Sales of tires stayed at 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.

- ✓ Procurement of some goods, such as car navigation and ETC devices, was affected by the global semiconductor shortage.

### Overseas

- ✓ The COVID-19 pandemic affected business, mainly in Southeast Asia, but sales increased due to the recovery in France and strong wholesale in Australia.

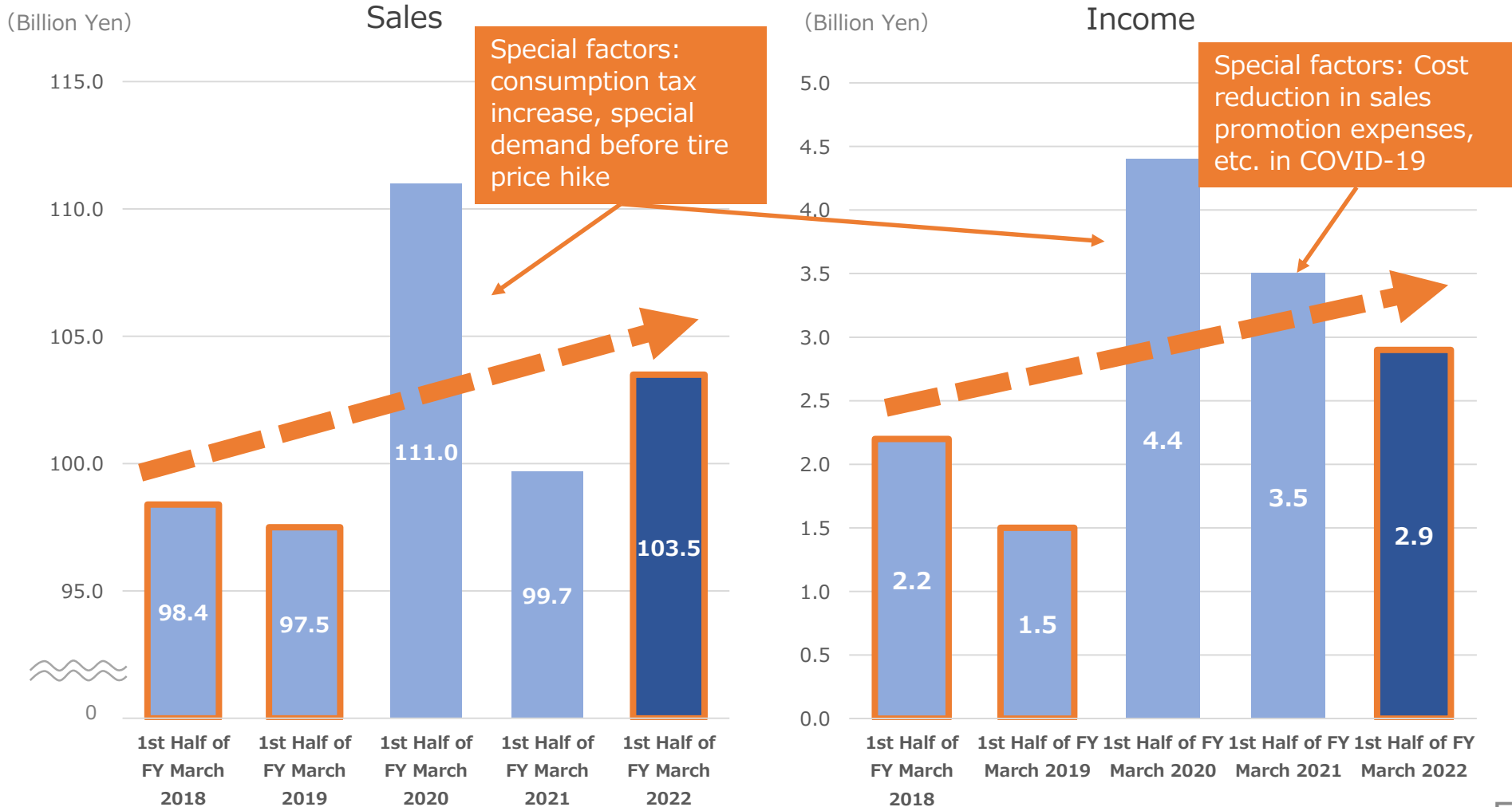
### Summary

- ✓ Targets for net sales and gross profit were not achieved due to the pandemic, but the targeted consolidated operating income for the first half was achieved due in part to a reduction in SG&A expenses.

## 2Q FY March 2022 Consolidated P/L Five Years Transition

**Sales increased and income decreased YoY, but sales and income increased compared to the usual year without any special factors.**

\*1<sup>st</sup> half of March FY2018, 1<sup>st</sup> half of March FY2019



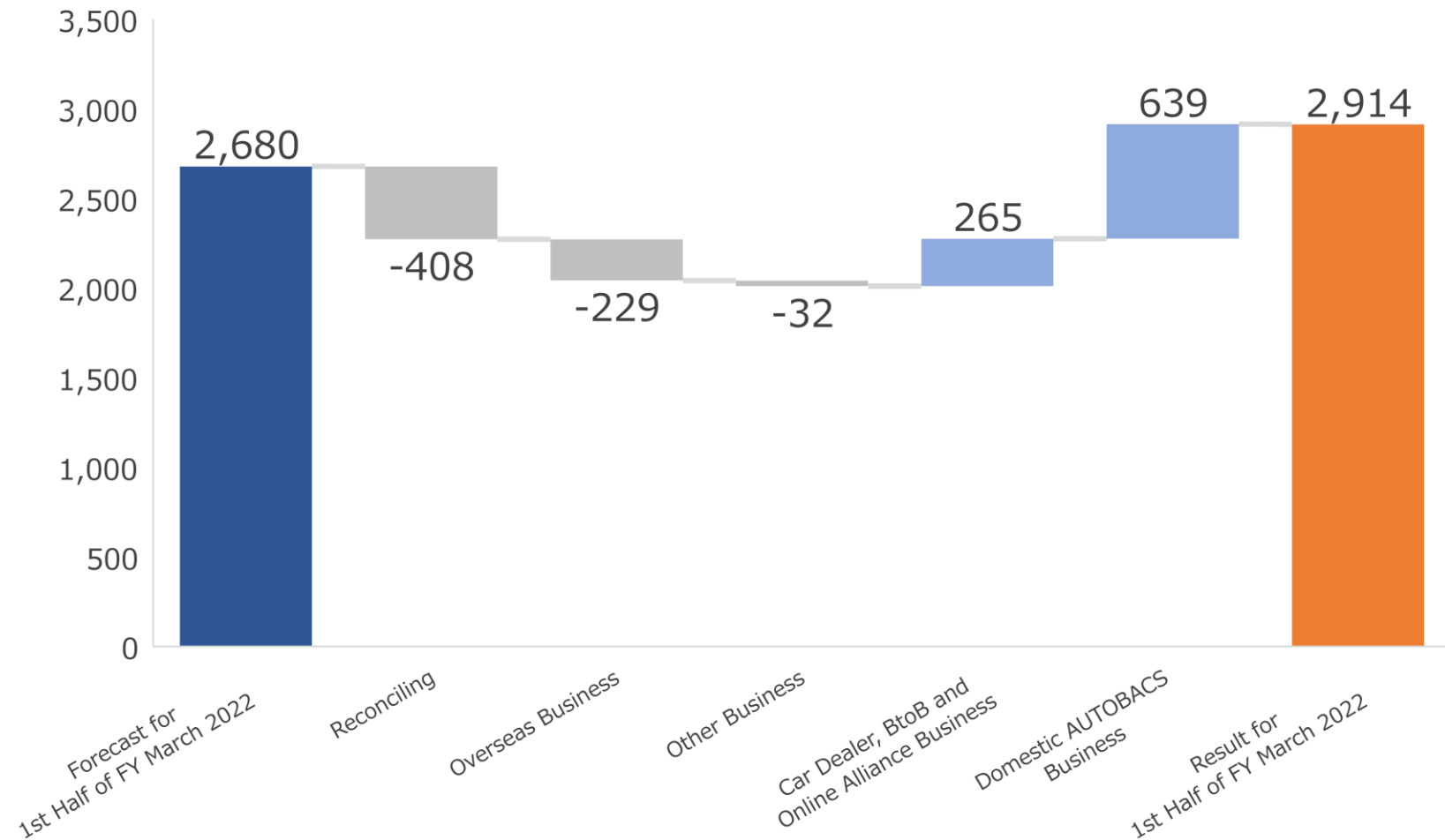
Amounts are rounded down.

The figures for the previous fiscal year and earlier have not been reclassified to reflect the new presentation method.

# Operating Income (Difference from Plan)

**Achieved the plan of operating income in the first-half thanks to domestic AUTOBACS business and car dealer, BtoB and online alliance business**

(Million Yen)



# Segment Information

\*For reference purposes only

	(Million Yen)	Six months ended Sep 30, 2021	Six months ended Sep 30, 2020	YoY*	Summary
<b>Domestic AUTOBACS Business</b>	Sales	79,071	80,009	-1.2%	The business was significantly affected by people refraining from going out or returning to their hometowns due to the rapid rise in the COVID-19 infection rate in the summer, but is currently trending toward recovery. In Car Electronics, the procurement of goods was affected by the global semiconductor shortage.
	Gross profit	26,653	26,483	+0.6%	
	SG&A	19,413	19,205	+1.1%	
	Operating income	7,239	7,277	-0.5%	
<b>Overseas Business</b>	Sales	5,376	5,221	+3.0%	Business in Southeast Asia was affected by the COVID-19 pandemic, but sales increased due to the recovery in France and strong wholesale in Australia. SG&A expenses increased because of an increase in personnel and equipment expenses in reaction to the decline in the previous fiscal year.
	Gross profit	2,447	2,435	+0.5%	
	SG&A	2,617	2,400	+9.0%	
	Operating income	-169	34	—	
<b>Car dealership, BtoB and Online Alliance Business</b>	Sales	23,095	18,440	+25.2%	Operating loss decreased in car dealership and BtoB mainly because of the contribution to sales and gross profit by the two companies that joined the Group in April 2021, in addition to the strong results of existing businesses.
	Gross profit	4,922	3,641	+35.2%	
	SG&A	5,177	3,964	+30.6%	
	Operating income	-255	-322	—	
<b>Other Business</b>	Sales	2,485	1,683	+47.6%	Sales and SG&A increased chiefly due to the expansion of the lifestyle business.
	Gross profit	848	625	+35.6%	
	SG&A	1,240	713	+73.8%	
	Operating income	-392	-88	—	
<b>Reconciling items</b>	Operating income	-3,508	-3,318	—	

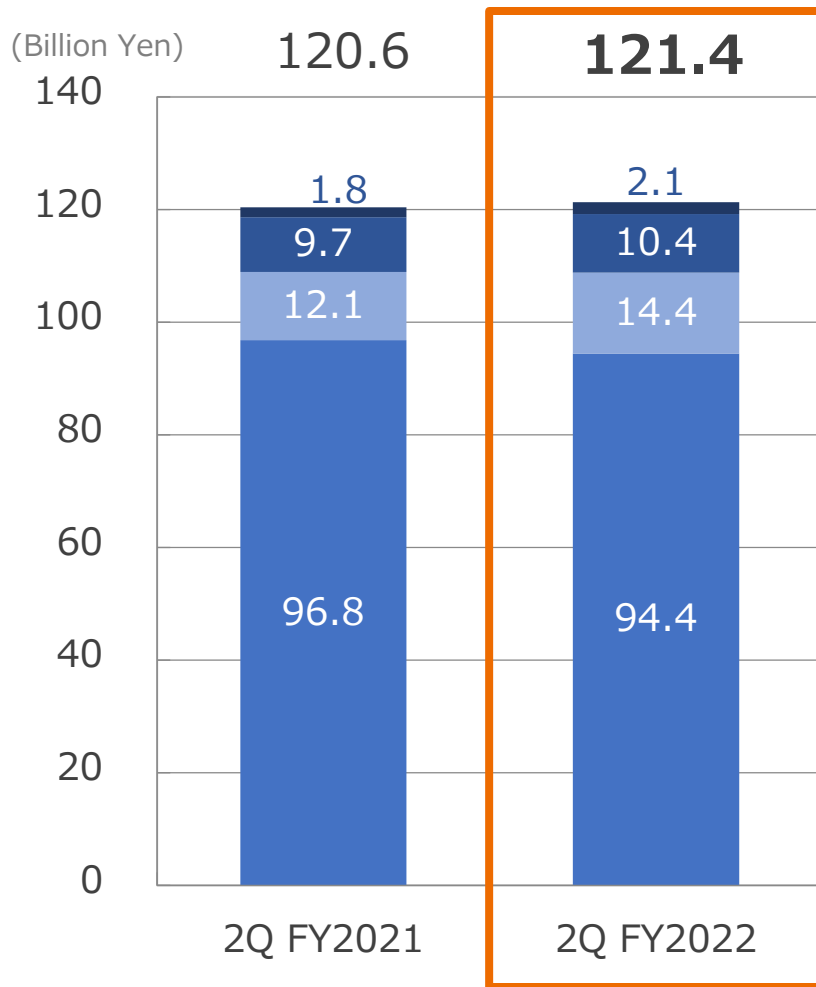
Amounts are rounded down to the nearest million yen.  
YoY comparisons are calculated in yen.

The figures for the previous fiscal year have not been reclassified to reflect the new presentation method. Reference YoY comparison is a simple comparison of the actual results for the current period with the actual results for the LY.



# Retail Sales in Total AUTOBACS Group Stores

**RETAIL SALES INCLUDING FCs: 121.4 billion yen (+0.6% YoY)**



	Result	YoY
<b>Second hand goods &amp; Fuel</b>	<b>2.1BY</b>	+12.4%
<b>Statutory safety inspection</b>	<b>10.4BY</b>	+6.5%
	324,000 Cars	+7.1%
Number of fully certified & designated stores	431 stores	+1 store
<b>Car purchase &amp; sales</b>	<b>14.4BY</b>	+18.4%
	14,356 cars	+7.7%
Number of fully certified & designated stores	392 stores	-10 stores
<b>Car related goods &amp; services</b>	<b>94.4BY</b>	-2.5%

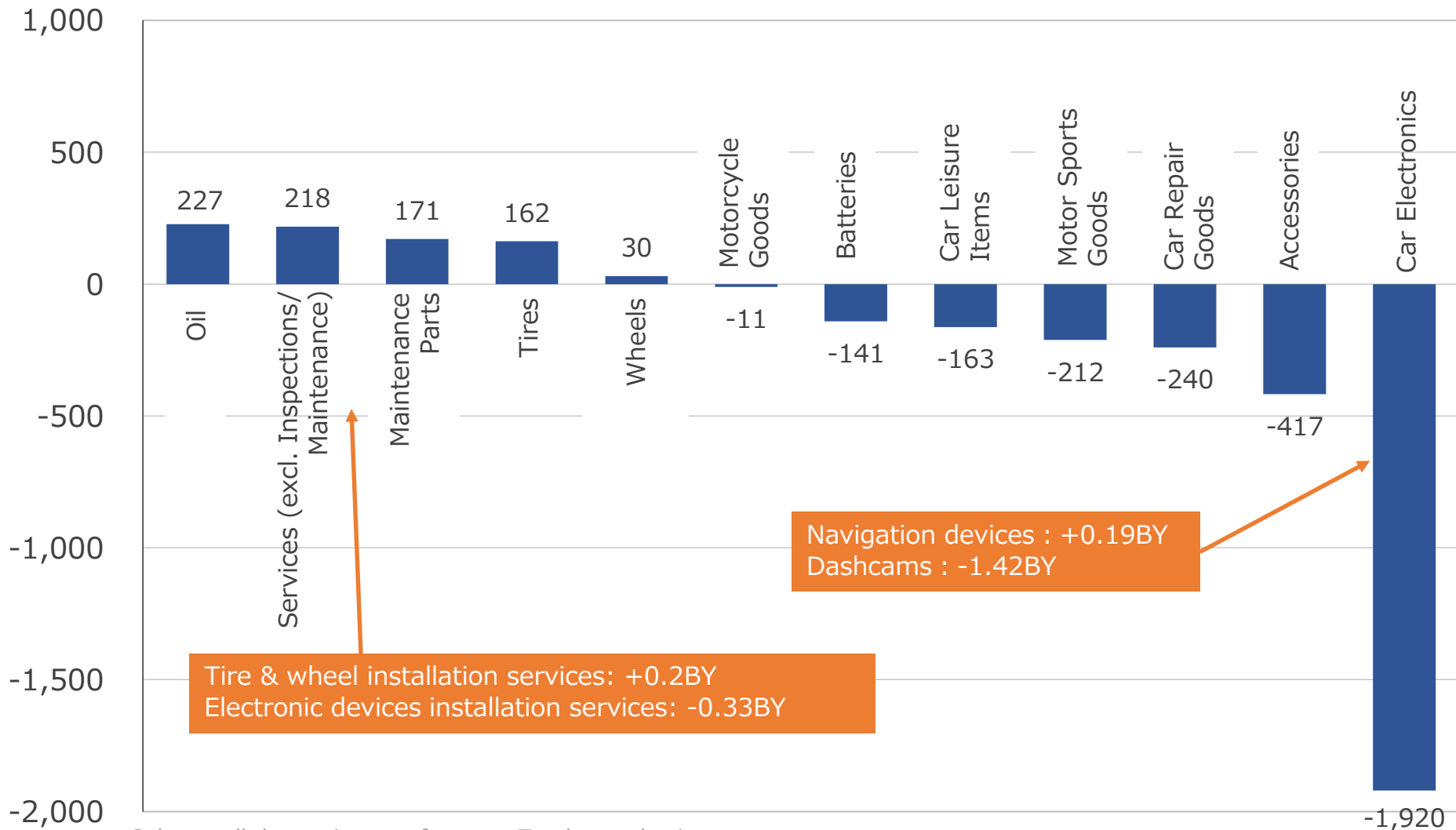
Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

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

# Sales Variance by Merchandise

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

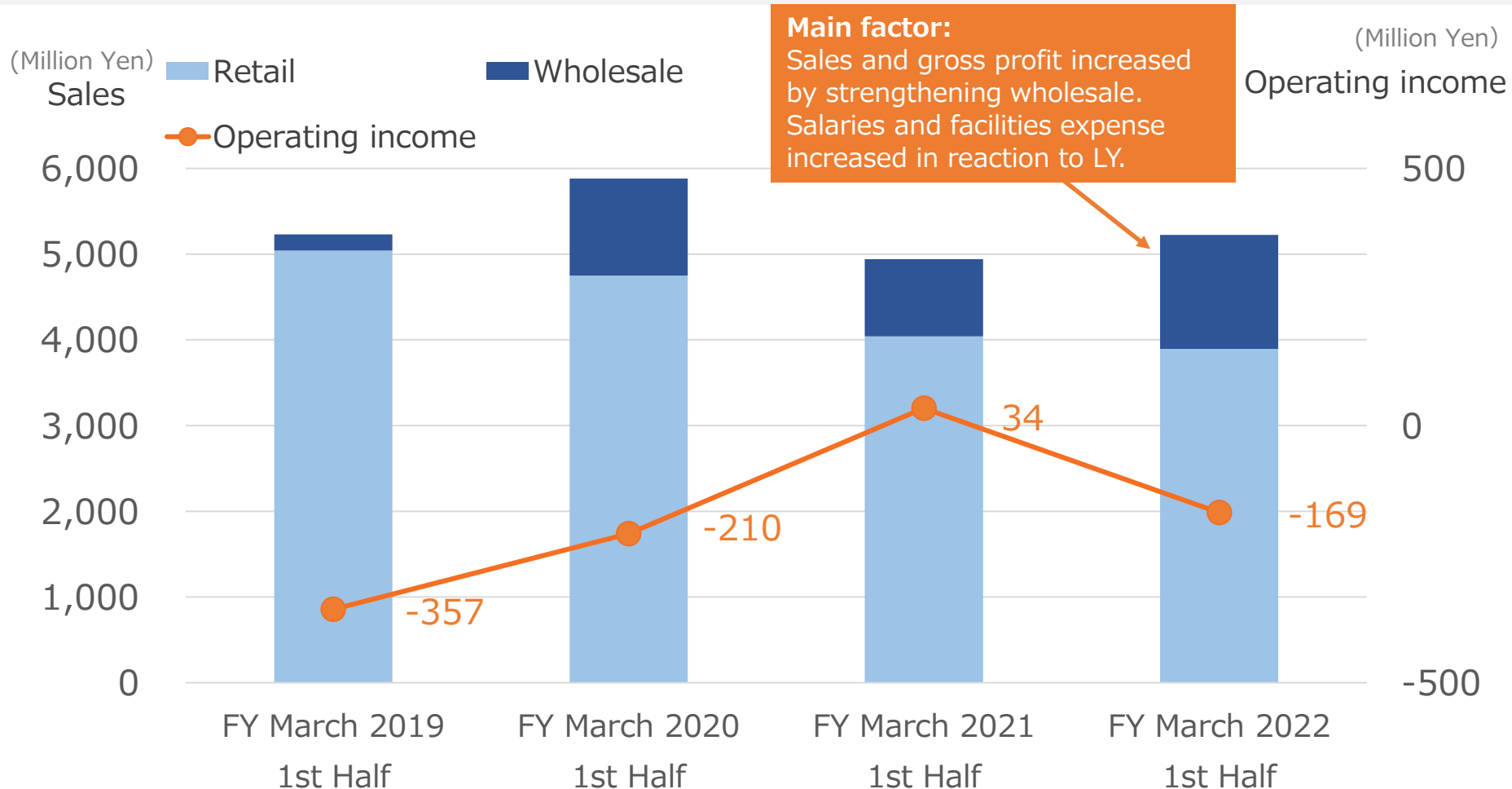
(Million Yen)



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

# Change in Sales and Operating Income

Sales increased by strengthening wholesaling, especially in Australia where sales are strong. SG&A expenses increased in reaction to the previous year.



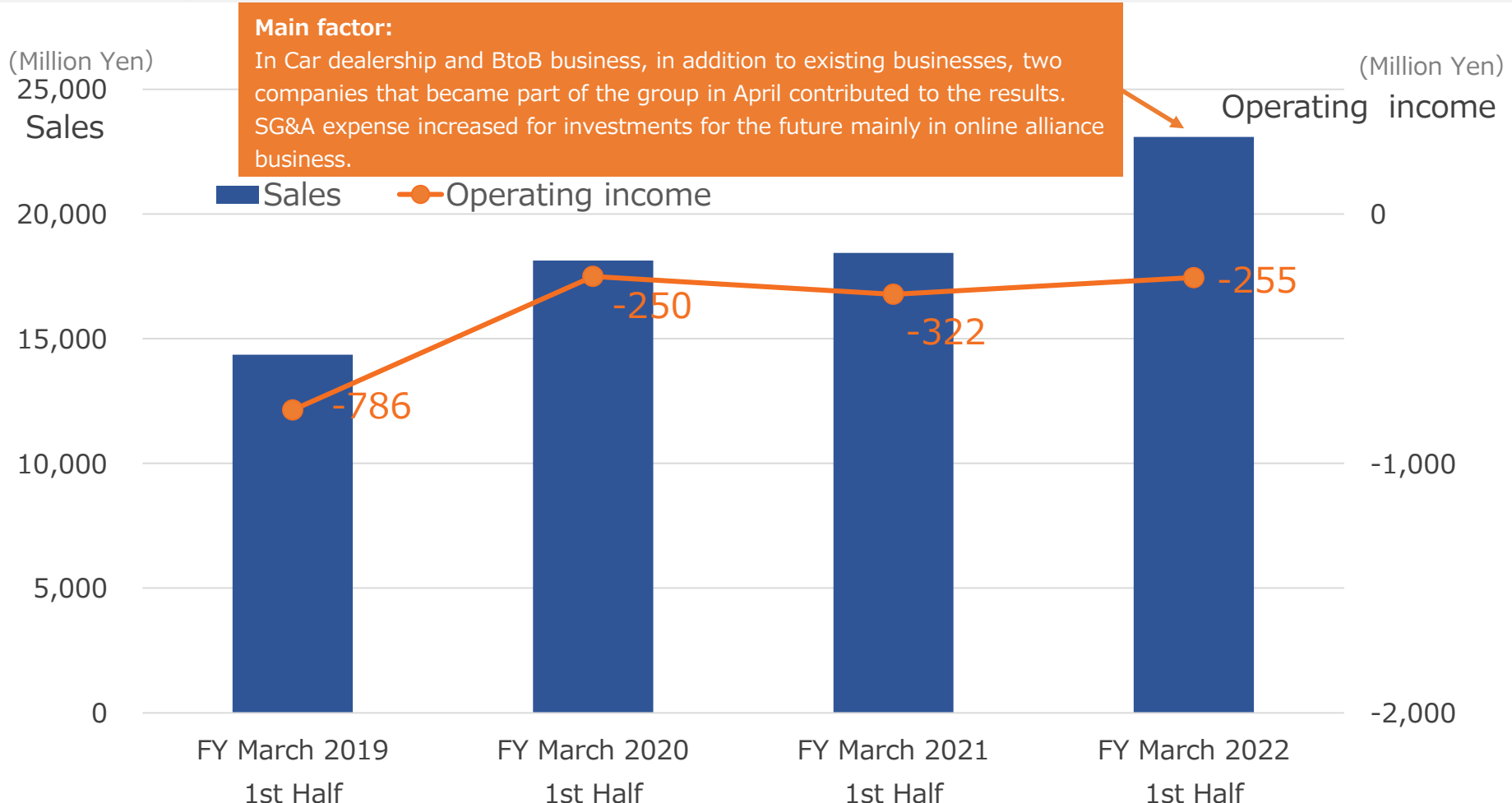
# Performance by Overseas Subsidiaries

(Million Yen)	France		Singapore		China		Malaysia		Australia		Thailand	
Number of stores	<b>10</b>		<b>2</b>		<b>0</b>		<b>4</b>		<b>0</b>		<b>22</b>	
Period	22/3 2Q	21/3 2Q	22/3 2Q	21/3 2Q	22/3 2Q	21/3 2Q	22/3 2Q	21/3 2Q	22/3 2Q	21/3 2Q	22/3 2Q	21/3 2Q
Net sales	<b>3,257</b>	2,993	<b>633</b>	774	<b>484</b>	379	<b>17</b>	16	<b>1,030</b>	750	0	324
SG&A	<b>1,703</b>	1,578	<b>297</b>	248	<b>113</b>	82	<b>15</b>	17	<b>257</b>	213	0	129
Operating income	<b>-9</b>	-0	<b>-11</b>	145	<b>-14</b>	17	<b>-8</b>	-10	<b>69</b>	10	0	-26
Business conditions	Retail sales recovered following the lifting of pandemic restrictions. SG&A expenses increased in reaction to a partial decline of temporary rent and other expenses in the previous fiscal year.		Sales decreased due to the lockdown, with the rate of COVID-19 infection being particularly high in September. Sales decreased at SK Automobile Pte. Ltd, a subsidiary that provides sheet metal maintenance services, reflecting a decline in the number of repairs given the decrease in traffic volume.		Wholesale climbed, mainly due to efforts made to increase the number of authorized dealers and develop new wholesale customers. SG&A expenses increased in reaction to a decline resulting from restrictions on activities in the previous fiscal year during the COVID-19 pandemic.		The government ordered the partial suspension of business during its intermittent restrictions on activities. As the pandemic continued, the circumstances surrounding sales continued to be challenging. Operating loss declined due to the reduction of expenses.		Wholesale increased thanks to car electronics goods and transceivers, coupled with sales activities mainly targeting new business partners, offsetting the impact of lockdowns in certain areas.		The Company acquired and transferred shares of SAB and changed it from a consolidated subsidiary to an equity-method company in October 2020. The transfer made it possible to operate	

Amounts are rounded down.

# Change in Sales and Operating Income

**Car dealership, BtoB Business remained steady. Operating loss decreased.**



\*From FY March 2021, the department that promotes and manages the ICT platform, which belonged to the "Domestic AUTOBACS Business," has been transferred to the "Car Dealership, BtoB and Online Alliance Business". The department that promotes and manages the Lifestyle Business and certain consolidated subsidiaries have been transferred to the "Other Business".

\*The figures for FY March 2020 have been reclassified.

# FY March 2022 Expectations for the Business Environment

## Positive Factors

- ✓ Economic recovery is expected due to the rising vaccination rate and the effects of various political measures
- ✓ Strong demand to continue in fields where performance is favorable, reflecting an increase in the frequency of use of vehicles
- ✓ Continuing demand for used cars and demand for car maintenance due to aging of vehicles
- ✓ Increased demand for winter goods attributable to the cold winter that is forecast, mainly in western Japan

## Negative Factors

- ✓ Uncertain economic condition and people's spending due to COVID-19
- ✓ Uncertain demand of winter goods caused by seasonal fluctuations
- ✓ Impact of global semiconductor shortage on production of new cars and car electronics products
- ✓ Decrease in demand for statutory safety inspection due to decrease in the number of vehicles subject to statutory safety inspection

## Domestic Store Sales (YoY)

Initial Plan	1st Half (Plan)	2nd Half (Plan)	Full Year (Plan)
Same store basis	+3.2%	-0.9%	+0.9%
Total store basis	+3.2%	-0.9%	+0.9%
Revised Plan	1 <sup>st</sup> Half (Result)	2 <sup>nd</sup> Half (No change)	Full Year (Reflects 1 <sup>st</sup> half results)
Same store basis	+0.5%	-0.9%	-0.2%
Total store basis	+0.6%	-0.9%	-0.2%

# Full-Year Forecasts for FY March 2022

**No changes to the full-year forecasts from the initial plan**

	1st Half		2nd Half		Full year (no changes from initial plan)	
	Actual results	YoY	Forecast (Revised)	YoY	Forecast	YoY
(Billion Yen)						
<b>Net sales</b>	<b>103.5</b>	+3.8%	<b>122.9</b>	+1.8%	<b>226.5</b>	+2.7%
<b>Gross profit</b>	<b>34.8</b>	+5.1%	<b>41.0</b>	+2.3%	<b>75.9</b>	+3.6%
Gross profit ratio	33.7%		33.4%		33.5%	+0.3pt
<b>SG&amp;A</b>	<b>31.9</b>	+8.0%	<b>34.4</b>	+4.0%	<b>66.4</b>	+5.9%
<b>Operating income</b>	<b>2.9</b>	- 18.7%	<b>6.5</b>	- 5.8%	<b>9.5</b>	- 10.2%
Operating income ratio	2.8%		5.4%		4.2%	- 0.6pt
<b>Net profit</b>	<b>3.0</b>	- 20.9%	<b>6.9</b>	- 5.5%	<b>10.0</b>	- 10.9%
<b>Net sales</b>	<b>1.8</b>	- 20.1%	<b>4.8</b>	+2.7%	<b>6.7</b>	- 5.0%

## 2<sup>nd</sup> Half and Full Year Earning Forecasts for FY March 2022 Reporting Segments

		1st Half		2nd Half		Full year (no changes from initial plan)	
		Results	YoY	Forecast (Revised)	YoY	Forecast	YoY
(Million Yen)							
<b>Domestic AUTOBACS Business</b>	Sales	79,071	-1.2%	90,338	-7.7%	<b>169,410</b>	-4.8%
	Operating income	7,239	-0.5%	10,160	-11.5%	<b>17,400</b>	-7.2%
<b>Overseas Business</b>	Sales	5,376	+3.0%	6,823	+40.5%	<b>12,200</b>	+21.1%
	Operating income	-169	—	129	—	<b>-40</b>	—
<b>Car Dealership, BtoB and Online Alliance Business</b>	Sales	23,095	+25.2%	28,854	+25.6%	<b>51,950</b>	+25.5%
	Operating income	-255	—	-74	—	<b>-330</b>	—
<b>Others</b>	Sales	2,485	+47.6%	2,654	+48.5%	<b>5,140</b>	+48.1%
	Operating income	-392	—	-327	—	<b>-720</b>	—
<b>Adjustment cost</b>	Operating income	-3,508	—	-3,301	—	<b>-6,810</b>	—

※Round down to the 10 million Yen

※YoY comparisons are calculated in Yen



# 2<sup>nd</sup> Half and Full Year Earning Forecasts for FY March 2021

## Acquisition of own shares and Dividends

### Acquisition of own shares

Acquisition period	Type of shares to be acquired	Aggregate number of shares to be acquired	Aggregate purchase price of shares
From May 11, to Sep. 14, 2021	Shares of common stock of the Company	1,942,500 shares*	2,999 Million Yen

\*Acquire up to 200 million shares, 2.5% of total shares outstanding (excluding treasury stock), 3,000 million yen

### Cancellation of own shares

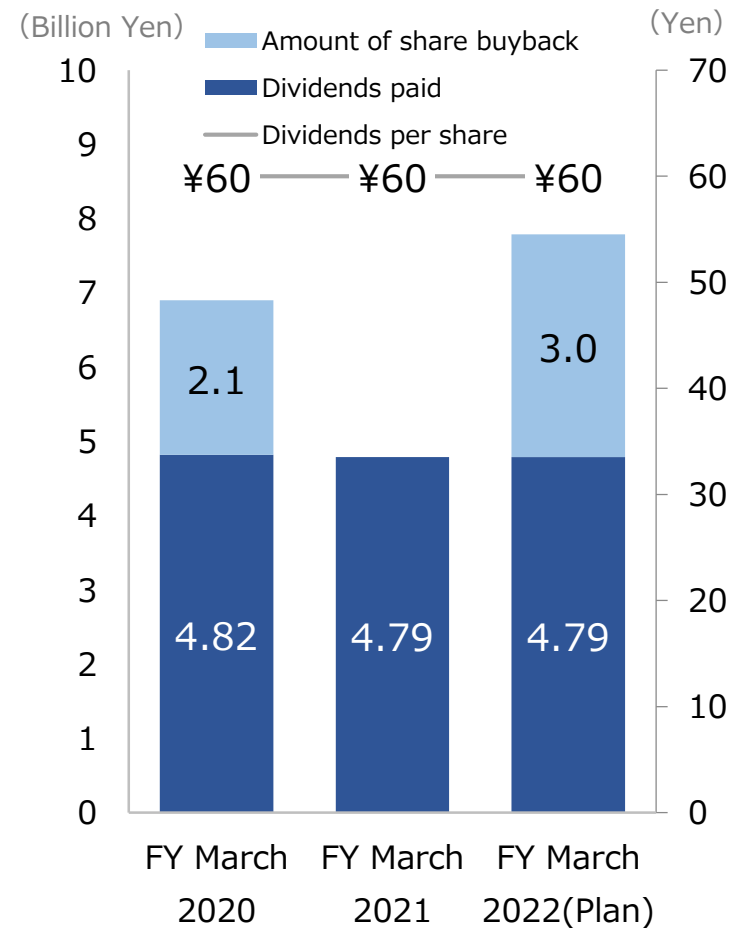
Planned date of cancellation	Type of shares to be cancelled	Aggregate number of shares to be canceled
May 17, 2021	Shares of common stock of the Company	2,000,000 shares*

\* 2.4% of total shares outstanding (including treasury stock)

(Reference) Treasury stock as of September 14, 2021  
 Total number of shares outstanding (excluding treasury stock): 82,050,105 shares  
 Total number of treasury stock: 4,076,477 shares

Plan: Calculated based on the number of shares before acquisition of own shares  
 Dividends are for the full year (total of 1<sup>st</sup> half and year-end)

### Dividends per share Dividends and Share buyback



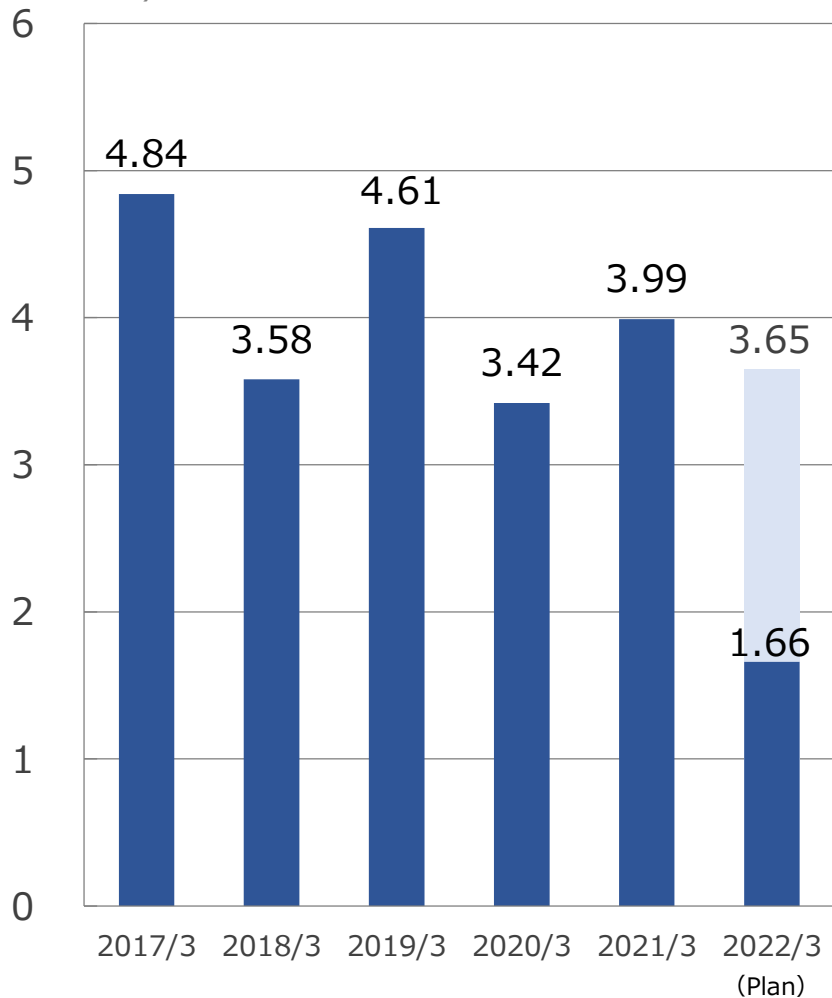
Amounts are rounded down.

# 2nd-half and full year earnings forecast for FY March 31, 2022

## Capital Expenditures & Depreciation

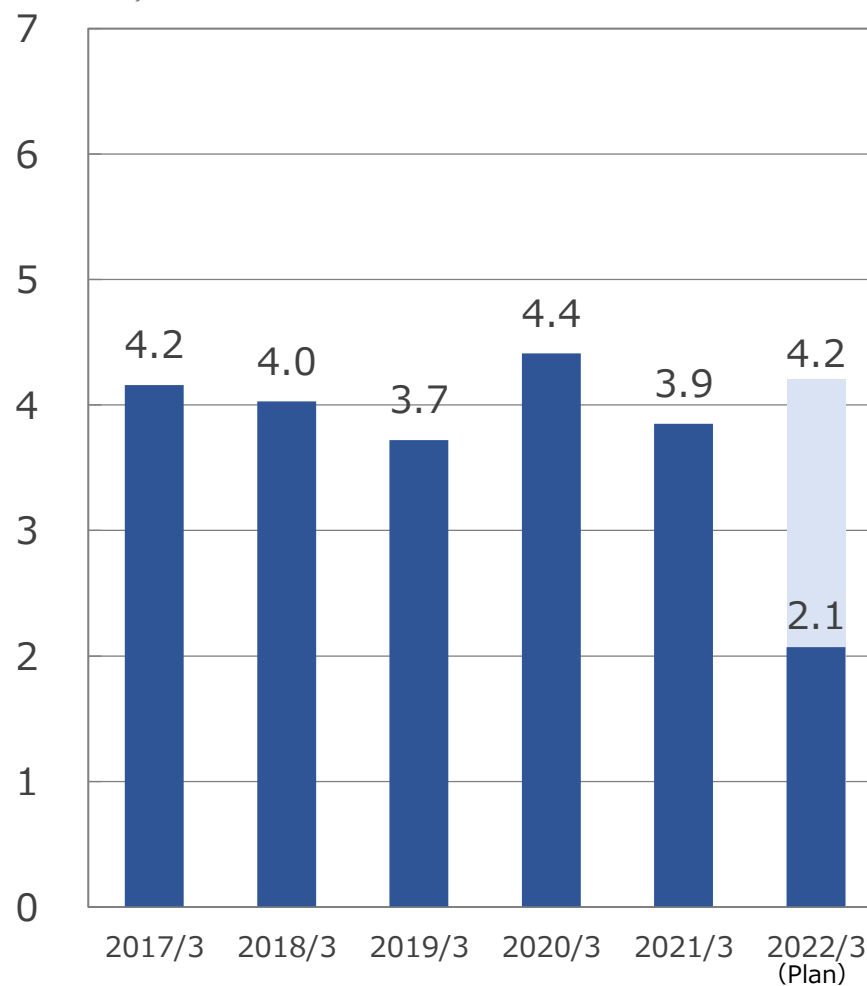
### Capital Expenditures

(Billion Yen)



### Depreciation

(Billion Yen)



# **Results for 1<sup>st</sup> Half of FY March 2022**

## **Five-Year Rolling Plan and Initiatives for ESG·SDGs**

**Representative Director  
and Chief Executive Officer  
Kiomi Kobayashi**

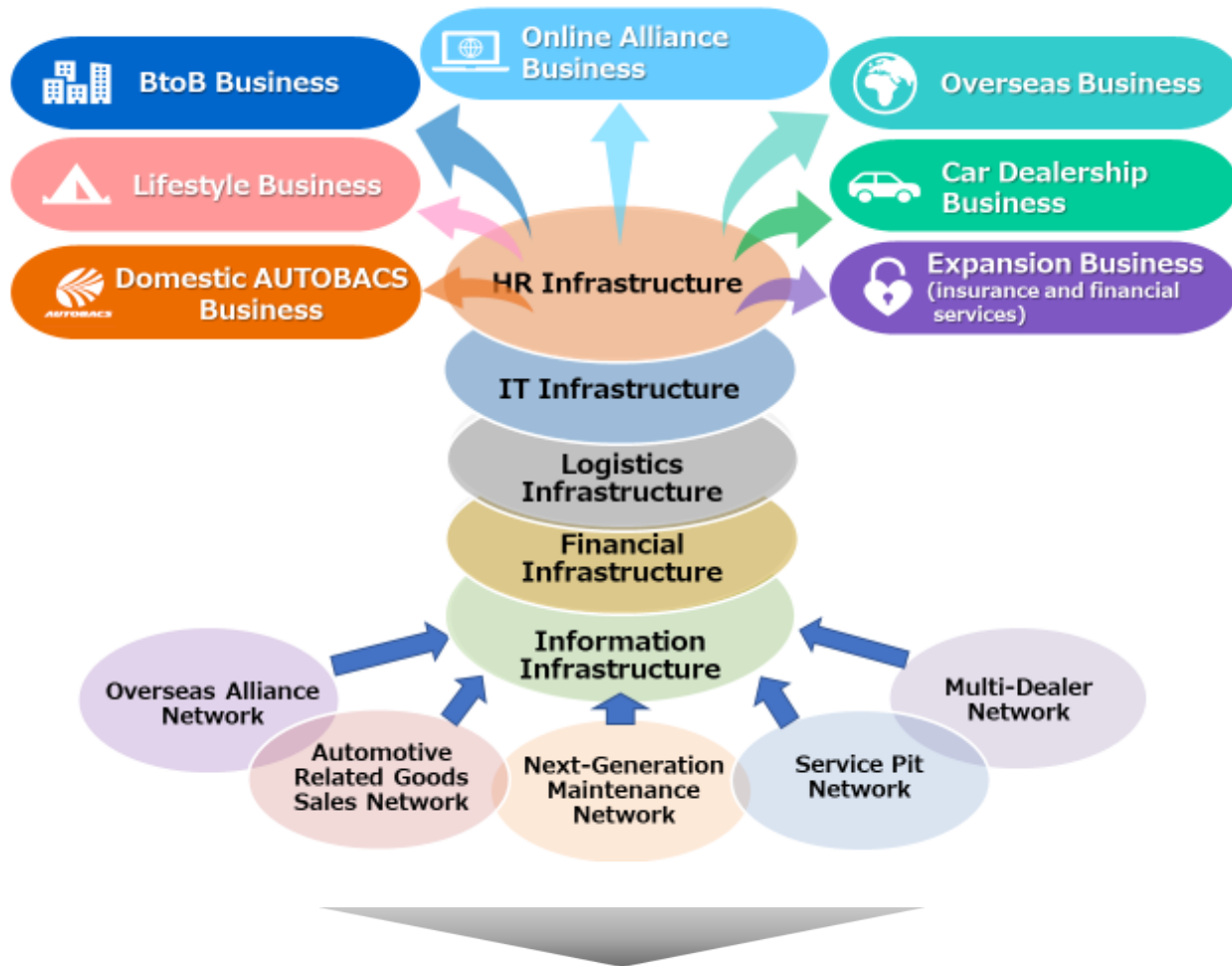
# Management Mission

AUTOBACS has always been committed to providing customers with the best solutions for their car lifestyles and creating a rich and healthy automotive society.





# 1. Our Goals through Five-Year Rolling Plan



Actively promote collaboration across business boundaries to improve customer convenience

## 2. Effort in March FY2022

### ( 1 ) Policy

- Continuation of efforts to increase contact points with customers
- Strengthen active response to environmental changes

# 2. Results for 1<sup>st</sup> Half of FY March 2022

## (2) Results for network creation

(As of September 2021)

<p>Operates Authorized Dealers of Audi</p>	<p>Joyful Shaken and Tire Center to "AUTO In"</p>	<p>Business Alliance With Nissan</p>
<p><b>Multi-Dealer Network</b></p> <ul style="list-style-type: none"> <li>Authorized dealer <b>3</b> stores</li> </ul>	<p>Next-Generation Maintenance Network, Service Pit Network, Automotive related Goods Sales Network</p> <ul style="list-style-type: none"> <li>AUTO IN <b>6</b> stores</li> </ul>	<p>Automotive related Goods Sales Network</p> <p>Product supply to Nissan dealer Products listed in the new car catalog</p> <p>Nissan dealer Approx. <b>2,100</b> stores</p>
<p>Started tire shopping and replacement appointment WEB site "TIREHOOD"</p>	<p>Comprehensive Business Alliance Agreement with BS-summit</p>	<p>Cooperation with TESLA</p>
<p>Automotive related Goods Sales Network</p> <ul style="list-style-type: none"> <li>Over <b>4,800</b> tire replacement network was created</li> </ul>	<p>Next-Generation Maintenance Network, Service Pit Network</p> <ul style="list-style-type: none"> <li>Achieve network linkage in <b>20</b> areas out of 50 areas nationwide</li> </ul>	<p>Next-Generation Maintenance Network, Service Pit Network</p> <ul style="list-style-type: none"> <li>Statutory safety inspection <b>140</b> cars at A PIT AUTOBACS (Result in FY2020)</li> </ul>
<p>Expansion of wholesale to overseas</p>	<p>Established maintenance bases that can be shared with other operators</p>	<p>Acquisition of automobile specific maintenance certification</p>
<p>Overseas Alliance Network, Automotive related Goods Sales Network</p> <ul style="list-style-type: none"> <li>Supply products to <b>16</b> countries, mainly in Asia</li> </ul>	<p>Next-Generation Maintenance Network, Service Pit Network</p> <ul style="list-style-type: none"> <li>Newly opened <b>2</b> bases (in Kumamoto and Toyama)</li> </ul>	<p>Automotive related Goods Sales Network, Next-Generation Maintenance Network</p> <ul style="list-style-type: none"> <li><b>417</b> of the 431 designated factories have acquired</li> </ul>

## 2. Results for 1<sup>st</sup> Half of FY March 2022

### (3) Participation in EV market

October 2021: Invested in HW ELECTRO (News released on October 28)



**Aiming to reduce environmental impact by promoting the spread of EVs through collaboration and cooperation with HW ELECTRO**



## 2. Effort in March FY2022

### (3) Business Infrastructures

Infrastructure	Efforts in the first half	Future efforts
Human resources base	<p><b><u>Promoted the establishment of workplaces where workers have job satisfaction</u></b></p> <ul style="list-style-type: none"> <li>• Introduced a corporate system for cultivating executive candidates</li> <li>• Built a system for praising and accepting each other through the value award</li> <li>• Held the Knowledge Circle employee study sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Cultivating young leaders and executive candidates</li> <li>• Empowering women</li> <li>• Improving labor productivity</li> </ul>
IT Infrastructure	<p><b><u>Introduced and experimented with IT services capable of responding promptly to changes in the environment</u></b></p> <ul style="list-style-type: none"> <li>• Demonstration experiments for online customer services</li> <li>• Demonstration experiments for supporting service bays remotely and sharing service bay knowledge, and more (standardizing work, improving the efficiency of human resource development, and preventing error)</li> </ul>	<ul style="list-style-type: none"> <li>• Introducing online customer services</li> <li>• Digitalizing paperwork</li> <li>• Preparing for the creation of the next store system</li> </ul>
Logistics Infrastructure	<p><b><u>Strengthened efforts to improve logistics efficiency</u></b></p> <ul style="list-style-type: none"> <li>• Improved logistics operations related to the domestic AUTOBACS business (including the reduction of expenses, the improvement of inventory efficiency, and the equalization of shipment volume)</li> <li>• Planned development of a logistics system for small cargo delivery for the e-commerce business</li> <li>• Secured storage sites</li> </ul>	<ul style="list-style-type: none"> <li>• Improving inventory efficiency through visualization and the construction of a KPI management system</li> <li>• Improving SCM using demand forecasting</li> </ul>

## 2. Effort in March FY2022

### (4) Business

#### Business

#### Efforts in the first half

#### Future efforts

Domestic  
AUTOBACS  
Business

**Enhanced measures for the development of human resources and next generation vehicle maintenance**

- Human resource development and a culture of praising people that work hard (AUTOBACS AWARDS, AUTOBACS GUYS)
- Established maintenance bases that can be shared with other operators
- Measures for next-generation maintenance (acquisition of automobile specific maintenance certification) (As of September 30, 2021, 417 of 431 stores have acquired this certification. Acquisition by all stores is planned within FY March 2022.)

- Improving work environments
- Responding to the revision to the standard for statutory safety inspections (Addition of items for inspections using On-Board Diagnostics in October 2021)

#### AUTOBACS Award



#### AUTOBACS GUYS 2021



## 2. Effort in March FY2022

### (4) Business

#### Business

#### Efforts in the first half

#### Future efforts

Overseas  
Business

#### Expansion of wholesale business

- Success of AudioXtra's (Australia) wholesale
- Expand sales of private brand products for overseas markets (16 countries in total)

- Expansion of wholesale through the Authorized Dealer System



## 2. Effort in March FY2022

### (4) Business

Business		Efforts in 1 <sup>st</sup> Half	Efforts in future
Car dealership, BtoB and Online Alliance Business	Car dealership Business	<p><b><u>Acquired a new brand and promoted the rationalization of management</u></b></p> <ul style="list-style-type: none"> <li>Acquired all shares of TA Import Co., Ltd. which operates authorized Audi dealers</li> <li>Operations of the company began by changing its name to BACS Advance Co., Ltd. and then beginning operations for a third brand, following BMW and MINI</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to improve profitability</li> <li>Strengthening human resources</li> <li>Handling multiple brands</li> </ul>
	BtoB Business	<p><b><u>Expanded new business formats/new store formats and strengthened efforts to find new business partners</u></b></p> <ul style="list-style-type: none"> <li>Acquired all shares of Joyful Shaken &amp; Tire Center Co., Ltd. Operations of the company began by changing its name to BACS Boots Co., Ltd., and renaming the stores AUTO IN Shaken &amp; Tire Center.</li> <li>Established a business alliance with Nissan Motor Co., Ltd. and began to supply automotive goods handled by the Group to Nissan Motor.</li> </ul>	<ul style="list-style-type: none"> <li>Developing new corporate customers by improving the exclusive website for corporations</li> <li>Increasing business partners using subsidiaries</li> </ul>
	Online Alliance Business	<p><b><u>Enhanced e-commerce site's functionality that provides greater convenience</u></b></p> <ul style="list-style-type: none"> <li>Expanded the portfolio of products offered through the e-commerce site, enhanced its search functions for greater customer convenience, and introduced online customer services</li> <li>Launched Miru Mamoru, a service to watch over people when they are out of the house, utilizing digital technologies such as IoT and AI</li> </ul>	<ul style="list-style-type: none"> <li>Making the e-commerce site even more convenient</li> <li>Introducing and expanding the service of managing company-owned vehicles</li> </ul>

# Five-Year Rolling Plan: APPENDIX

## ■ Operates three Authorized Dealers of Audi

Multi-Dealer  
Network

- Start operating the third brand following BMW and MINI
- Promote management visualization by setting KPIs common to all 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

- Start operation as AUTO IN Shaken and Tire Center
- Changed distribution channel of national brand tires to AUTOBACS
- Aim to acquire automobile specific maintenance certification at all stores



April 2021

Started operation as BACS Boots Co., Ltd.

# Five-Year Rolling Plan: APPENDIX

## ■ Business Alliance With Nissan

## Efforts to create networks

### Automotive related Goods Sales Network

- Introduced automotive goods (such as car interior goods and car washing goods) in new car brochures
- Handled at approx. 2,100 Nissan dealer shops
- Planning to supply some of our automotive goods to Nissan and collaborate in the planning and development of NISSAN/NISMO brand items
- Planning to co-host events for customers
- Also began negotiations about goods to be supplied to overseas Nissan dealers



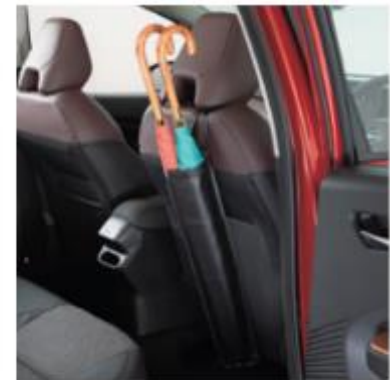
Electronic cigarette holder



Smart phone holder



USB power supply



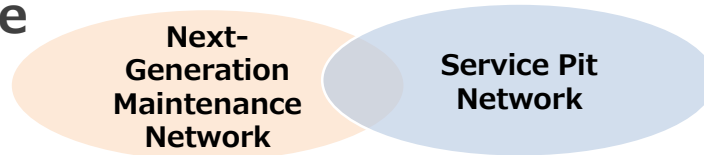
Umbrella case

(From catalog of NISSAN AURA)

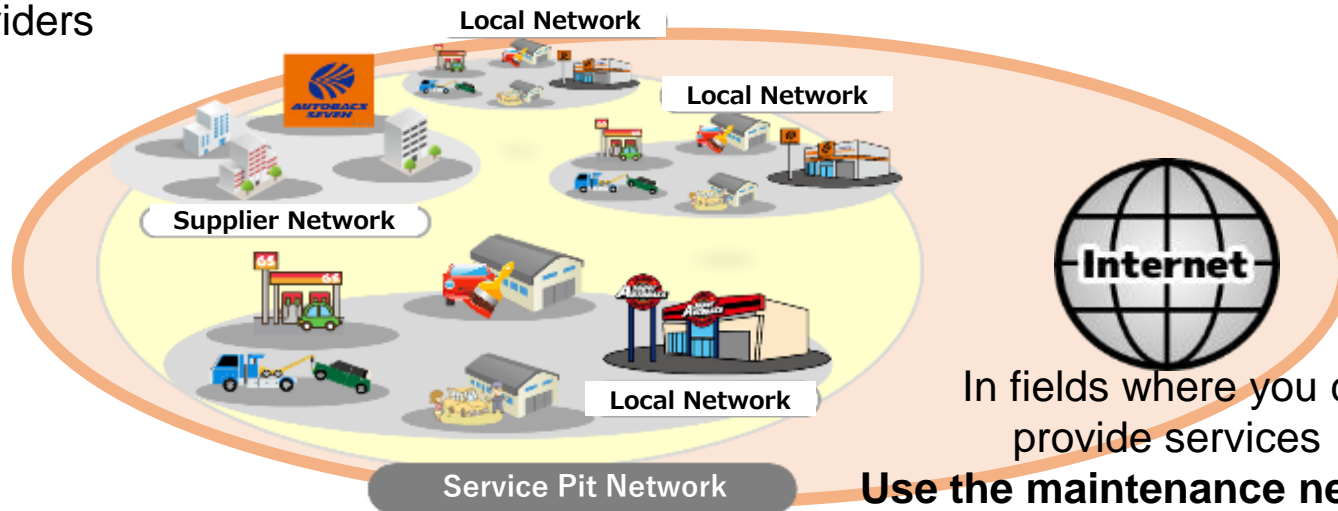
# Five-Year Rolling Plan: APPENDIX

## Efforts to create networks

### ■ Creating a local network for maintenance



- Established a system for responding promptly to changes in the environment 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
- Also started 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\*

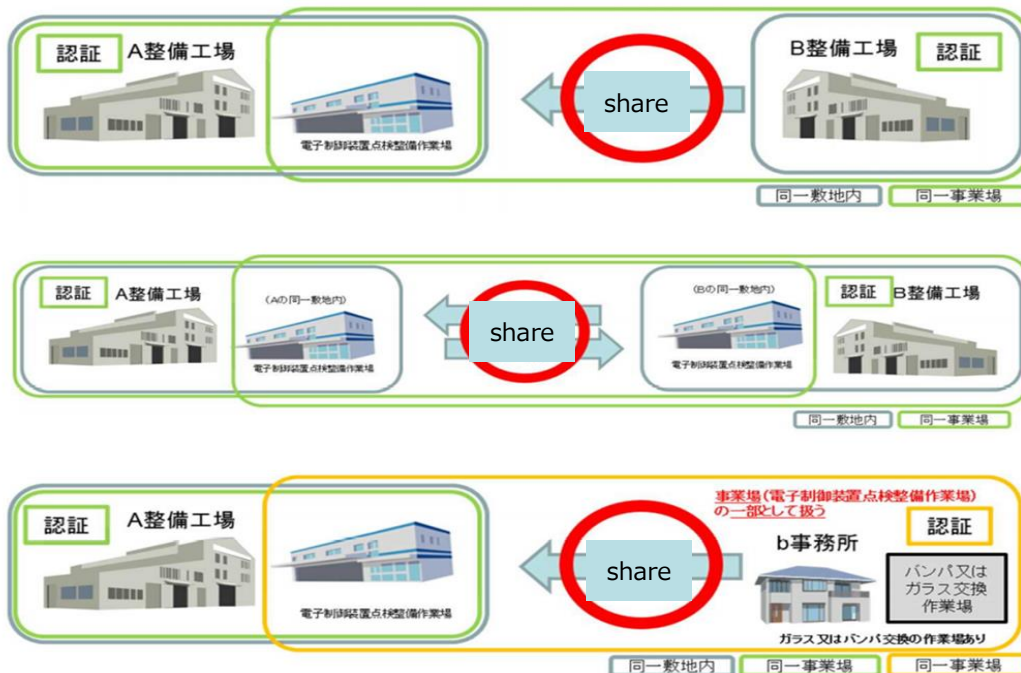
## Efforts to create networks

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. It is a shared facility available to local maintenance service providers.
- 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

## ■ Enhanced collaboration with the Tesla Service Center (A PIT AUTOBACS SHINONOME)

### Automotive related Goods Sales Network

- In May 2019, Tesla was invited to A PIT AUTOBACS SHINONOME.
- A PIT AUTOBACS SHINONOME handles 140 outsourced statutory vehicle safety inspections per year (FY March 2021 result)



## 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\*

**approx. 180%**

New application  
downloaded

**approx. 2 million people**

\* Compare to 1<sup>st</sup> half of FY March 2021

アプリで  
メンテナンス時期を  
もう見逃さない



# 3. Initiatives for ESG·SDGs

Materiality was identified through discussions at the Board of Directors

## Society we want to realize

The society in which people and cars are in harmony

## Our ideal

Professional & Friendly

## Social issues that we should solve ■ Materiality

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



## 3. Initiatives for ESG·SDGs

### ■ Efforts related to ESG and the SDGs

May 2021: Announced material issues

September 2021: Development into a company-wide project/commencement of consideration of non-financial targets

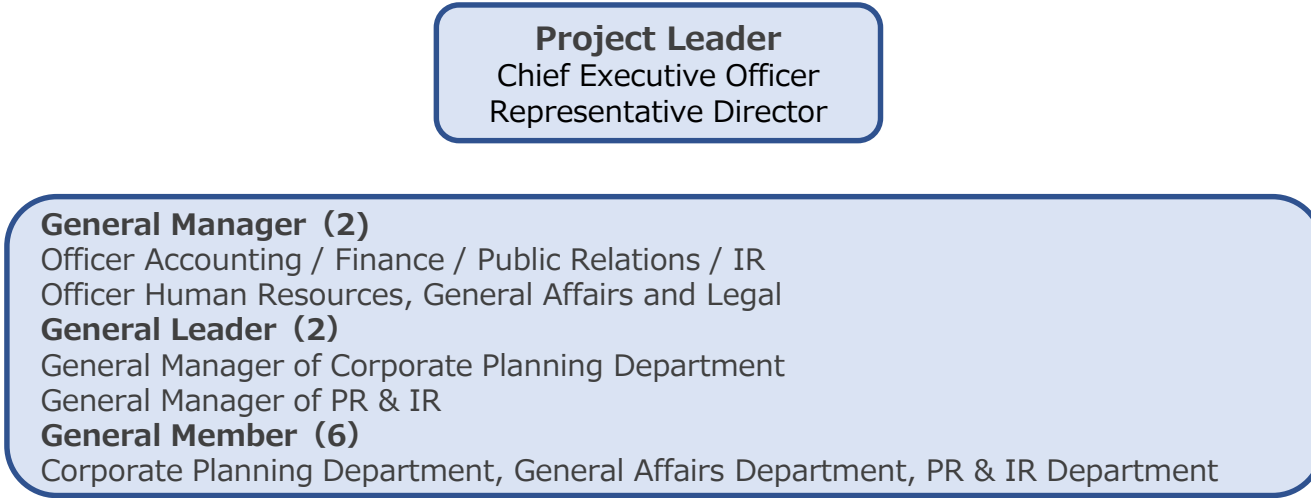
Future: Strive to create new businesses by resolving social issues.



**Improve corporate value by resolving social issues to create new businesses.**

# 3. Initiatives for ESG·SDGs

## Structure of ESG & SDGs Project



## Establish task forces for each materiality



# 3. Initiatives for ESG・SDGs

## Examples of Past Initiatives under the Comprehensive Collaborative Agreement with Oita Prefecture (Excerpts)

### Providing support for traveling and support for daily living in the field of care and welfare

■ **Demonstration of the drone delivery of pharmaceutical products (Feb. 2020)**  
 @Miyato district, Taketa City  
 Simplifying the delivery and acceptance of pharmaceutical products in visiting healthcare settings in areas with poor access to healthcare services, with the goal of reducing the burdens on community healthcare service providers



■ **Demonstration of IoT taxi hailing (Feb. 2020)**

**In Notsuharu-ku, Oita-shi**  
 A demonstration experiment for a device that enables users to hail a taxi just by pressing a button was conducted. As a means of transportation that is optimal in areas with aging populations, this device helps increase opportunities for senior citizens to go out and supports people in local communities and watches over aged residents.



### Empowering women and fostering young people

■ **Installation of a laboratory within Johokagaku High School (an information science high school), where our full-time staff support classes**  
 - In FY March 2022, support for classes also began to be provided at Kuju Kogen Agricultural High School.



### Promotion of sports, support for students' club activities, and health promotion



■ **Support for club activities at Johokagaku High School (drone soccer club)**  
 - Two-hour practices three days a week.



■ **The opening of Japan's first drone soccer stadium (2020) in Beppu-shi**

### Local disaster preparedness and crime prevention

■ **Collaboration with Utsukushi Sakusen Suishin Ka, a department of the Oita prefectural government in charge of local beautification projects (Nov. 2019)**



### Support for agriculture



■ **IoT animal traps placed on Mt. Futago (Jun. 2019)**

- **Visualization of the trapping of birds and other animals**  
 Bird and other animal traps were placed on the mountain. When a bird or other animal is caught in a trap, a message is automatically sent to the smartphone of the person managing the traps. The goal of the system is to reduce the trap management workload.



■ **Smart Agricultural Curriculum (Aug. 2021)**

This curriculum is a part of the **Meister High School** project. Support for Oita Prefectural Kuju Kogen Agricultural High School classes will be provided throughout the year with focus on smart agriculture.

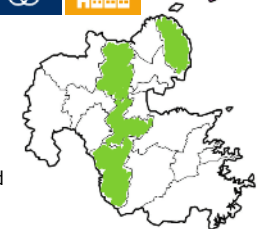


### Other projects related to the revitalization of local communities and the improvement of services for residents of the prefecture

■ **Establishment of a comprehensive collaboration agreement with municipal governments in Oita Prefecture**  
 Agreements have been signed with: Municipal governments of Kunisaki City, Usa City, Yufu City, and Taketa City

■ **Reinforcement of the structure for activities in Oita Prefecture**

Began to increase staff significantly in FY March 2022. In addition to employees being on duty at all times, we also contribute to the creation of jobs for local people.



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

**Starting from the beginning of the first quarter of the fiscal year ending March 31, 2022, the Group adopted the Accounting Standard for Revenue Recognition, etc.**

### **Sales with return rights**

The Group implemented a change to adopt 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**

For transactions in which the Company's role is that of an agent, revenue is recognized with a net amount that offsets sales and cost of sales.

### **Consideration to be paid to customers**

Consideration paid to customers, which had been recorded in SG&A expenses, was reduced from net sales.

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

Revenue is recognized at a point in time or over a period of time when the customer receives the benefits of maintenance.

The amounts of impacts due to the application of the Accounting Standard for Revenue Recognition, etc.

Q FY  
March 2022

(Million Yen)

<b>Net sales</b>	-2,636
<b>Sales cost</b>	-2,466
<b>SG&amp;A</b>	-216
<b>Operating income</b>	+46
<b>Ordinary income</b>	+46
<b>Net profit</b>	+46

# Automobile Purchase and Sales Business

Total **14,356** cars YoY **+7.7%**

## BtoB Sales

Details	No. of cars sold
To AUTOBACS SEVEN	282
Sales to AA via AUTOBACS SEVEN	2,075
Direct sales from stores	6,653
<b>BtoB total</b>	<b>9,010</b>

## Retail

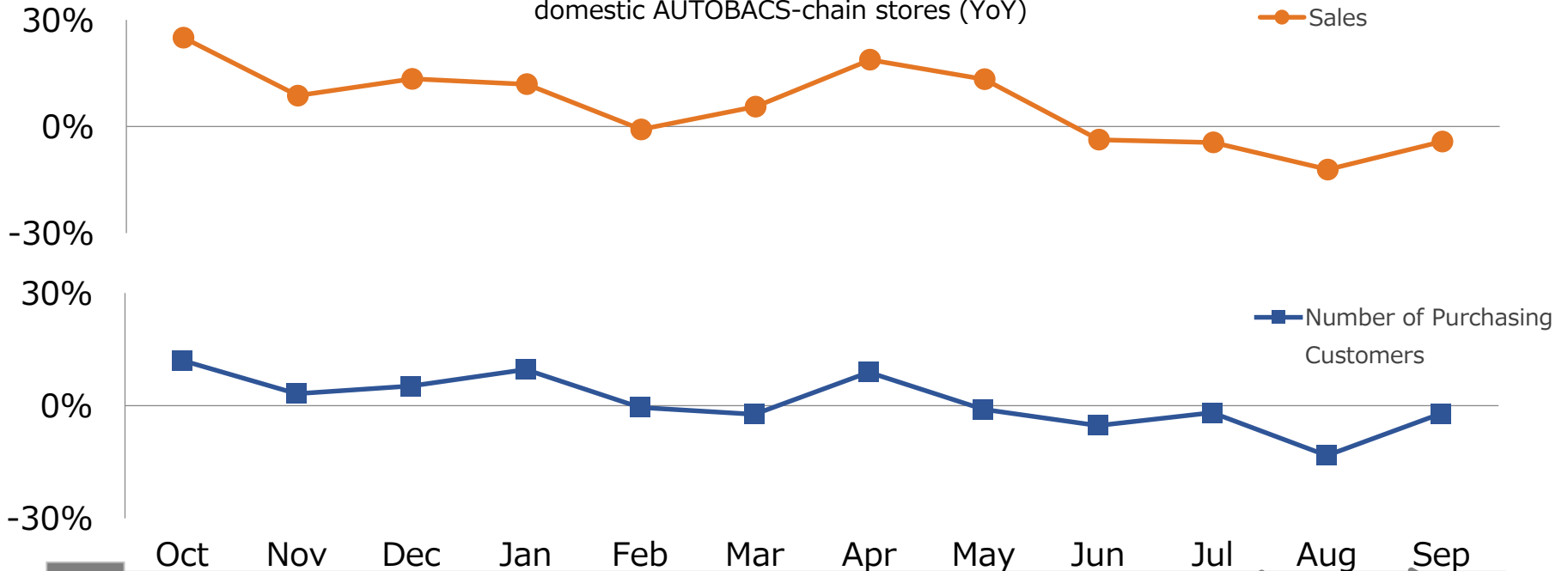
Details	No. of cars sold
Used cars	3,571
New cars	1,775
<b>Retail total</b>	<b>5,346</b>

Include sales at all domestic AUTOBACS CARS stores

# YoY Change of Sales/Number of Purchasing Customers

**[Same store basis (YoY)]**  
**Sales: +0.5%, Number of purchasing customers: -2.6%**

Same store sales and number of purchasing customers at domestic AUTOBACS-chain stores (YoY)



**Business Environment**

- COVID-19 pandemic, stay home, stay-at-home demand (Oct - Feb)
- Snowfall in wide areas due to cold waves (Dec - Jan)
- Declaration of a state of emergency (Feb - Apr)
- Semiconductor shortage (effected to reduction in production of new vehicles and car electronic) (Mar - Sep)
- Declaration of a state of emergency (Jun - Jul)
- Expansion of used car registration (Oct - Jul)
- Increase in vehicles subject to statutory safety inspection (Oct - Sep)
- rapid spread of infection of COVID-19 (Aug - Sep)



# Store Openings and Closings

## Domestic stores

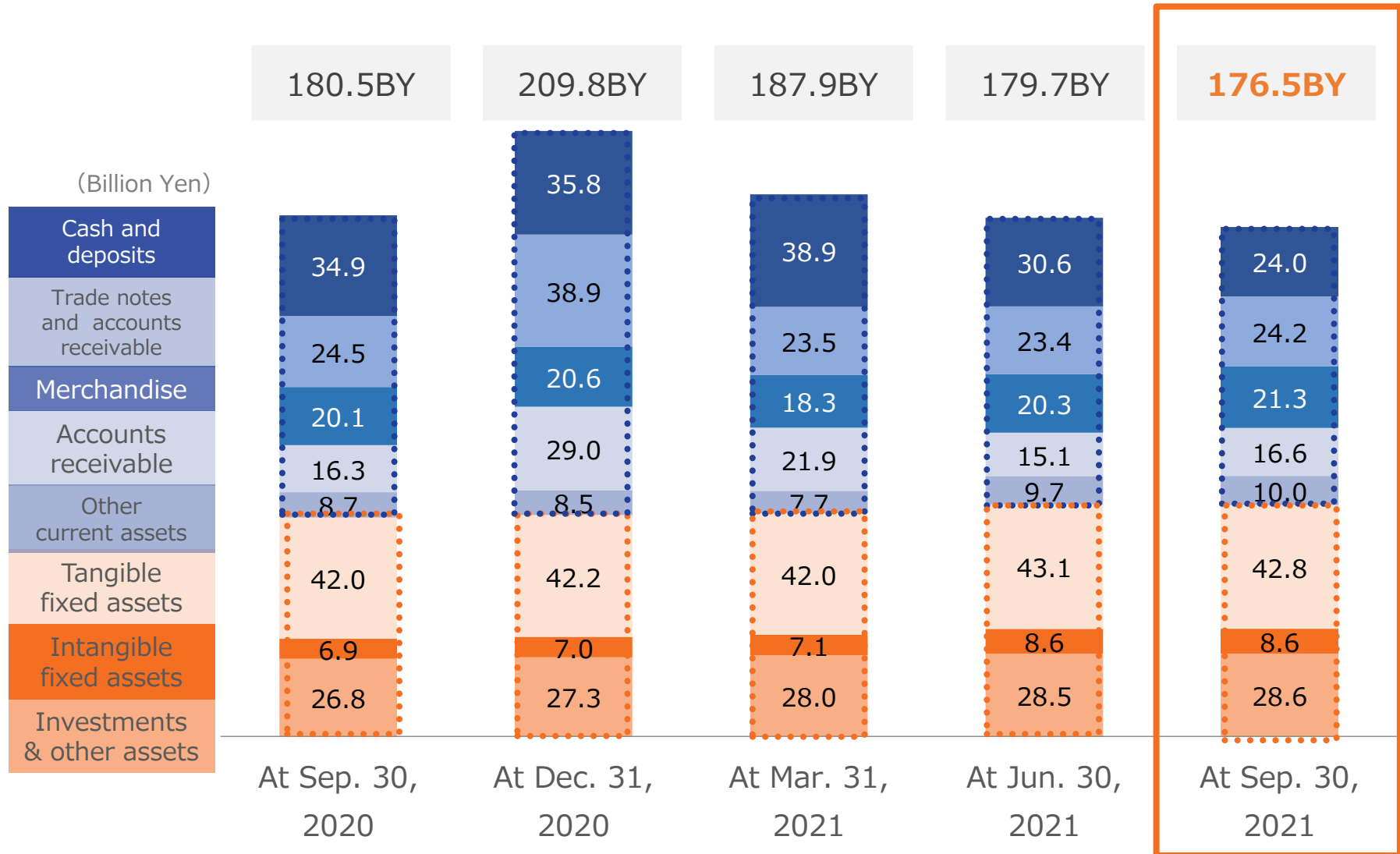
	No. of stores at March 31, 2021	FY March 2022							No. of stores at March 31, 2022
		2Q (Result)			No. of stores at Sep 30, 2021	3Q-4Q (Plan)			
		New	S&B R/L	Close		New	S&B R/L	Close	
AUTOBACS	490	+ 1	+2/-2		491	+3	+1/-1		494
Super AUTOBACS	74				74				74
AUTOBACS <i>Secohan Ichiba</i>	6				6				6
AUTOBACS EXPRESS	11				11				11
AUTOBACS CARS	3				3				3
<b>Total</b>	<b>584</b>	<b>+1</b>	<b>+2/-2</b>		<b>585</b>	<b>+3</b>	<b>+1/-1</b>		<b>588</b>

## Overseas stores

	No. of stores at March 31, 2021	FY March 2021			No. of stores at March 31, 2022
		1Q (Result)	No. of stores at Sep 30, 2021	3Q-4Q (Plan)	
France	10		10		10
Thailand	17	+5	22	+10	32
Singapore	2		2		2
Taiwan	6	+1/-1	6		6
Malaysia	4		4	+1	5
Indonesia	3	+1	4	+2	6
Philippines	3		3		3
<b>Total</b>	<b>45</b>	<b>+6</b>	<b>51</b>	<b>+13</b>	<b>64</b>

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

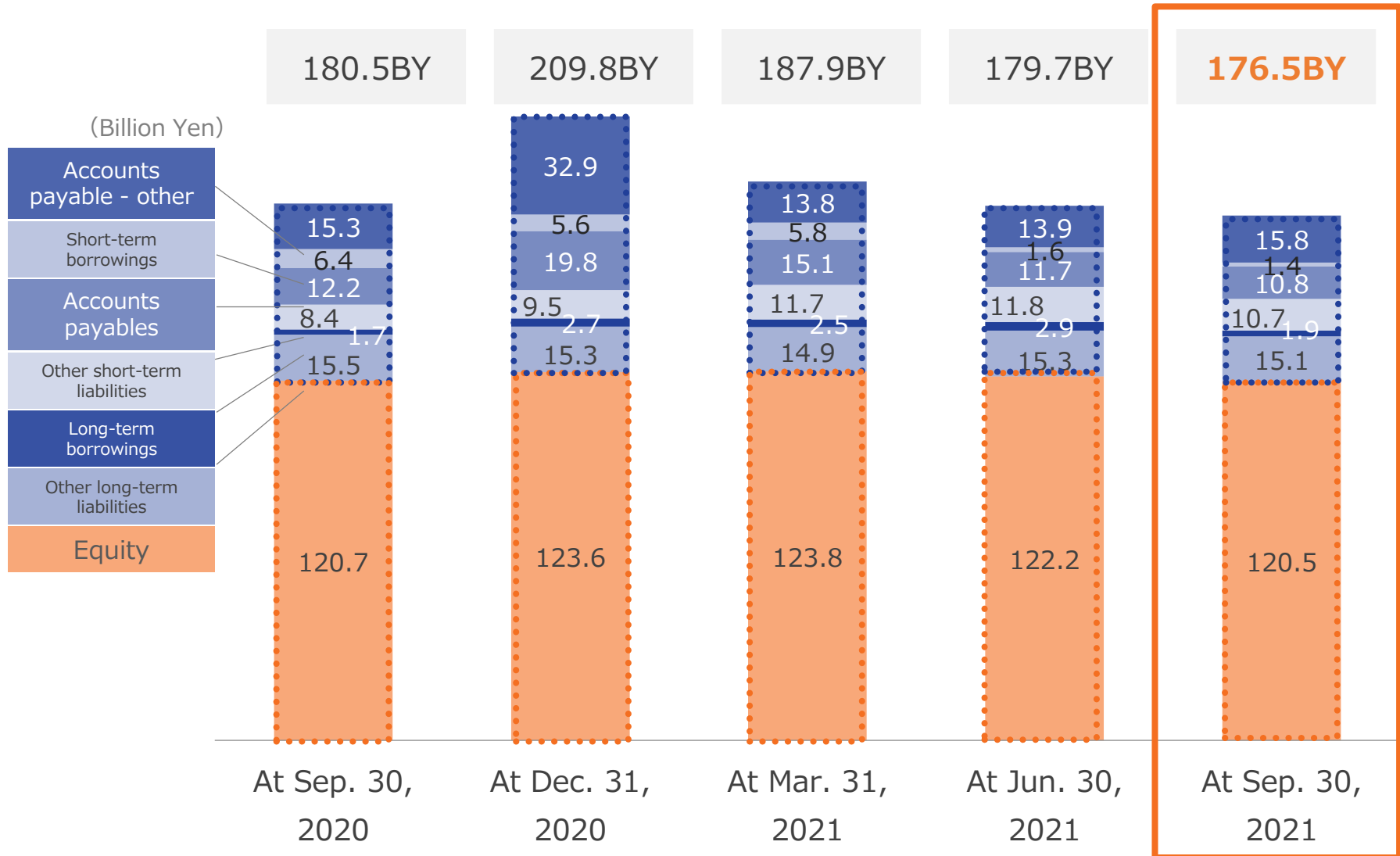
# Balance Sheet: Assets



Amounts are rounded down.

The figures for the previous fiscal year and earlier have not been reclassified to reflect the new presentation method.

# Balance Sheets: Liabilities and Equity



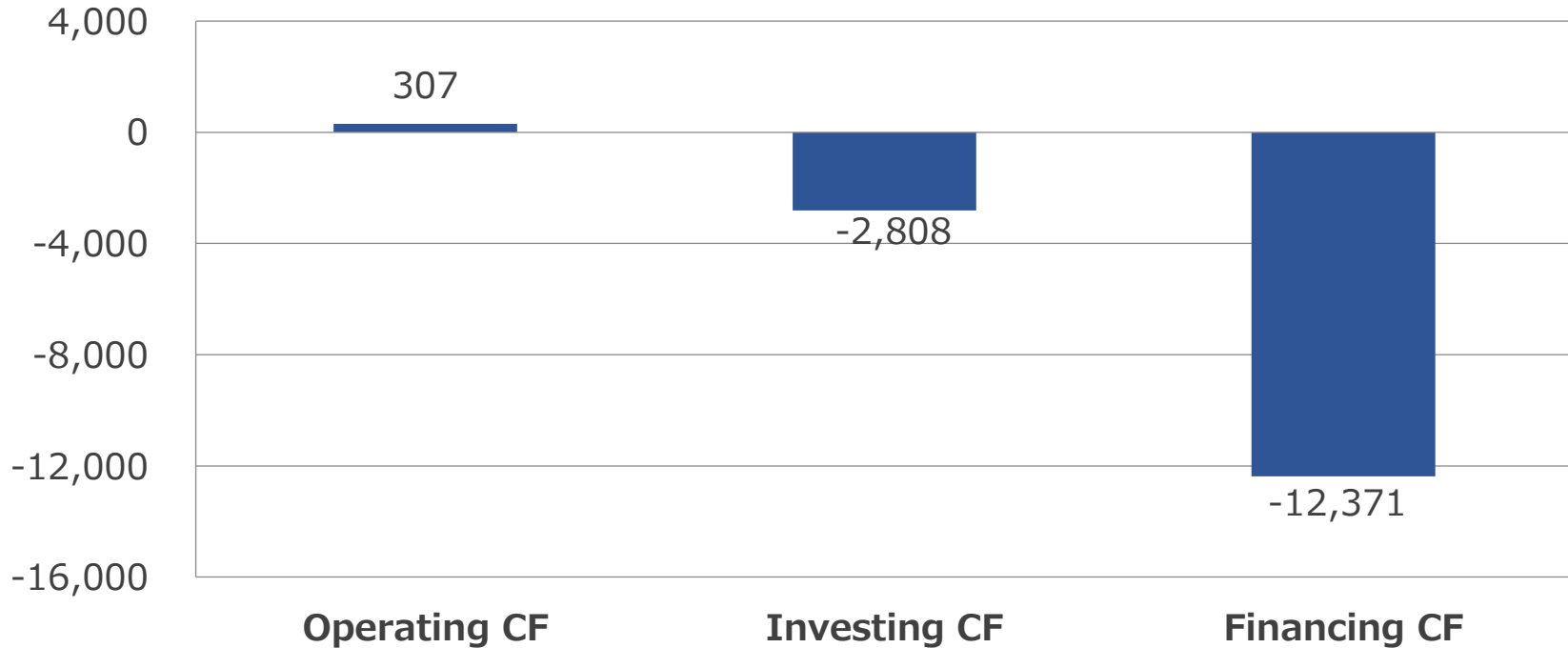
Amounts are rounded down.

The figures for the previous fiscal year and earlier have not been reclassified to reflect the new presentation method.

# Cash Flows

## Consolidated Cash flows (1<sup>st</sup> Half)

(Million Yen)



### Breakdown of major investments

- Investment to IT related
- Renovation of existing stores

### End of September 2021

Cash and cash equivalents: 24.0BY  
(End of September 2020: 34.8BY)



## **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.