

## Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

### Summary of Quick Financial Announcement of Consolidated Financial Information for the Three Months Ended June 30, 2022.

Company name: AUTOBACS SEVEN CO., LTD.

Code number: 9832

(URL <https://www.autobacs.co.jp/>)

Headquarters: Tokyo, Japan

Company Representative: Yugo Horii, Representative Director, Chief Executive Officer

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Stock exchange listing: Tokyo

Submission of Quarterly Business Report: August 5, 2022

Start of cash dividend payments: -

Supplementary quarterly materials prepared: Yes

Quarterly results information meeting held: None

### 1. Results for the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

(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	
<b>Three months ended</b>		%		%		%
<b>June 30, 2022</b>	<b>52,853</b>	<b>1.1</b>	<b>1,564</b>	<b>3.1</b>	<b>1,821</b>	<b>6.6</b>
Three months ended June 30, 2021	52,283	-	1,517	-	1,708	-

Note: Comprehensive income: **3,214 million yen for the Three months ended June 30, 2022: 124.3%**  
1,433 million yen for the Three months ended June 30, 2021: -%

	Profit attributable to owners of parent		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
<b>Three months ended</b>		%		
<b>June 30, 2022</b>	<b>1,755</b>	<b>62.8</b>	<b>22.52</b>	-
Three months ended June 30, 2021	1,078	-	13.50	-

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. had been applied since the beginning of the three months of the consolidated fiscal year ended June 30, 2021. Accordingly, the figures for the three months ended June 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)
<b>Three months ended</b>				
<b>June 30, 2022</b>	<b>183,372</b>	<b>123,774</b>	<b>67.3</b>	<b>1,583.55</b>
Fiscal year ended				
March 31, 2022	189,910	122,892	64.5	1,572.48

(Reference) Equity: **Three months ended June 30, 2022: 123,411 million Yen**

Fiscal year ended March 31, 2022: 122,549 million Yen

**2. Dividends**

	Dividends per share				(Yen)
	Three months	Second Quarter	Third Quarter	Year -end	Annual
Fiscal year ended					
March 31, 2022	-	30.00	-	30.00	60.00
Fiscal year ended					
March 31, 2023	-	-	-	-	-
Fiscal year ended					
March 31, 2023 (forecast)	-	<b>30.00</b>	-	<b>30.00</b>	<b>60.00</b>

Note: Revisions to dividend forecasts published most recently: None

**3. Forecast for the fiscal year ending March 2023 (from April 1, 2022 to March 31, 2023)**

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

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	230,000	0.6	10,000	(13.4)	10,300	(8.4)
	Profit attributable to owners of parent		Basic net income per share (Yen)			
		%				
Annual	6,900	(1.6)	88.54			

Note: Revisions to financial forecasts published most recently: None

#### 4. Other

- (1) Significant changes in scope of consolidation: None
- (2) Adoption of special accounting policies for quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimation change and restatement
  - 1. Changes due to changes in accounting standard : None
  - 2. Changes due to changes in accounting standard except (3)-1. : None
  - 3. Changes due to accounting estimation change : None
  - 4. Restatement : None
- (4) Shares outstanding (common stock)
  - 1. Number of shares outstanding (including treasury stock)  
**Three months ended June 30, 2022: 82,050,105 shares**  
Fiscal year ended March 31, 2022: 82,050,105 shares
  - 2. Number of treasury stock at the end of period  
**Three months ended June 30, 2022: 4,116,868 shares**  
Fiscal year ended March 31, 2022: 4,116,555 shares
  - 3. Average shares outstanding over quarter  
**Three months ended June 30, 2022: 77,933,409 shares**  
Three months ended June 30, 2021: 79,856,786 shares

※These financial results are not subject to quarterly review procedures by certified public accountants or auditing firms.

※Statement regarding the proper use of financial forecasts and other special remarks

(Statement regarding the proper use of financial forecasts)

These forecast performance figures are based on the information currently available to the Company's management and certain assumptions judged rational. Accordingly, there might be cases in which actual results materially differ from forecasts of this report.

## 5. Qualitative Information Concerning the Three Months Ended June 30, 2022

### Explanation of business results

During the first three months of the fiscal year under review, the Japanese economy was on path toward a moderate recovery, reflecting signs of improvements amid the easing of severe conditions attributable to the COVID-19 pandemic. On the other hand, the business outlook remained uncertain due to concern about the downward risks for the domestic economy against a backdrop of surging crude oil and raw material prices, among other factors.

Looking at trends in the domestic automotive-related industry, the number of vehicles registered decreased, reflecting a decline in the number of new cars produced due to the impact of difficult parts procurement conditions caused by the global shortage of semiconductors and the resurgence of infections in China, as well as a fall in the number of used cars for trade-in available in the distribution market. Market conditions also remained severe for automotive goods, reflecting growing signs of retail price revisions against the backdrop of surging crude oil and raw material prices in particular.

The Group made efforts to prevent the spread of COVID-19 and establish an environment enabling everyone to visit stores and engage in services without worry, giving first priority to the health and safety of its customers in local communities, business partners and employees.

Even in these circumstances, the Company is working to enhance its competitiveness in the market by responding and adapting to changes in society, automobile-related needs and people's lives ahead of other companies. Therefore, based on its 5-year rolling plan laying out the Group's direction, it will focus on high growth potential areas while striving to strengthen its networks and the foundation of its business and promote its businesses with a view toward the achievement of sustainable growth.

As a result, the Group's sales during the first three months of the consolidated fiscal year under review increased by 1.1% year on year, to 52,853 million yen, gross profit increased by 1.9% year on year, to 17,993 million yen, and selling, general, and administrative expenses increased by 1.7% year on year, to 16,428 million yen, resulting in operating income of 1,564 million yen, an increase of 3.1% from a year earlier. Ordinary income increased by 6.6% year on year, to 1,821 million yen. As a result, profit attributable to owners of parent increased by 62.8% year on year, to 1,755 million yen.

Results by business segment are as follows.

### **[Domestic AUTOBACS Business]**

Sales of the entire domestic AUTOBACS chain (including franchise outlets) increased 3.4% year on year on a same-store basis and 3.7% year on year an overall basis.

Considering the importance of cars in people's lives from the perspective of infrastructure, domestic AUTOBACS chain stores conducted sales operations by paying maximum attention to preventing COVID-19 infections through the minimization of contact between customers and employees, among other means, to aid customers in leading secure and safe lives with their cars.

Demand for vehicle maintenance parts, such as tires, oil and batteries that are essential for users to continue to drive the cars they currently own, rose and remained strong, reflecting signs of a recovery from the impact of the COVID-19 pandemic, as well as a decline in the number of new cars and used cars registered. Sales from services associated with these products also remained strong. Prices for some products were revised, however, due mainly to sharp rises in crude oil and raw material prices. Even so, sales remained solid consequently, helped by increased efforts for sales promotion.

The Company revised in-store prices for tires in May after manufacturers implemented price increases. Even so, sales rose, reflecting a strong performance, aided by the rich product lineup, sales promotion programs and solid demand for maintenance parts for existing owned cars. Oil and batteries also performed strongly due to a rise in demand for maintenance parts, as well as effective sales promotion programs, which more than offset an expected decline in sales in reaction to price revisions. Sales of car

electronics decreased, given a decline in demand due to the impact of a decrease in the number of new cars produced.

The Company enhanced the product lines of its private brand Autobacs Quality (AQ.) and GORDON MILLER, a brand that proposes an exciting garage lifestyle, to move forward the development and sales of the valuable items that it confidently recommends. In addition, the Company promoted operational reforms at its stores, while improving sales floors and renovating service pits and other facilities.

With respect to statutory safety inspection and maintenance services, the Company promoted bookings for work at service bays through the official app or via telephone in an effort to improve customer convenience and reduce face-to-face contacts. As a result, there was an increase in bookings through the official app in particular. In addition, the Company worked to comply with the automobile-specific maintenance system that was established for the maintenance of advanced safety vehicles equipped with driver assistance and automatic driving functions. Since the stores designated as shops for statutory safety inspections have received the maintenance of electronic control devices certification, the Company is now working to ensure that all stores including those not designated acquire the certification going forward. The number of vehicles that underwent statutory safety inspection and maintenance services decreased 6.7% year on year, to approximately 147,000, reflecting to severe market conditions given a decline in the number of vehicles subject to statutory safety inspections. Automobile purchases and sales were affected by a decline in new car production. However, sales for auction remained strong against the backdrop of increases in the unit prices of used cars and the number of units purchased. The total number of automobiles sold in the domestic AUTOBACS business increased by 8.1% year on year, to approximately 7,400.

The total number of stores in operation in Japan stood at 588 with no change from the end of March 2022, reflecting one store opening, one store closure and one store change of business format.

As a result, sales of the domestic AUTOBACS business increased by 1.6% year on year, to 40,562 million yen, and segment profit increased by 0.8% year on year, to 3,786 million yen.

### **[Overseas Business]**

Sales for the Overseas Business increased 22.5% year on year, to 3,171 million yen, and segment loss was 202 million yen (compared to a segment loss of 147 million yen in the same period of the previous year).

In the retail and service business, sales increased despite the impact of the Ukraine situation and the COVID-19 pandemic. Sales rose in the wholesale business as well, mainly reflecting the acquisition of new customers.

In France, sales rose year on year, more than offsetting consumer spending, which had remained sluggish due to the impact of inflation and the Ukraine situation. In Singapore, sales increased due to solid retail sales, coupled with the offering of parallel-imported products and the strong performance of work at service bays. In Malaysia, sales soared, reflecting strong wholesale sales due to growth in the number of authorized dealers. In China, sales climbed, reflecting the facilitation of wholesale to other countries, despite the difficulty of acquiring new domestic wholesale customers due to the imposition of lockdowns attributable to the COVID-19 pandemic. In Australia, sales rose due to sales activities such as the development of new wholesale customers and the introduction of new exclusive goods against the backdrop of the strong performance of car electronics goods and radio equipment.

In terms of the number of store openings and closures outside Japan, with four store openings, the number of stores increased from 62 as of the end of March 2022, to 66.

### **[Car Dealership, BtoB and Online Alliance Business]**

Sales for the Car Dealership, BtoB and Online Alliance Business decreased by 7.5% year on year, to 10,880 million yen, and segment loss was 91 million yen (45 million yen in the same period of the

previous year).

With respect to the Car Dealership Business, in which Autobacs Dealer Group Holdings Co., Ltd., a wholly owned subsidiary of the Group, operates authorized dealers that handle three brands, namely, BMW, MINI and Audi, the Company secured the year-ago level of operating income by facilitating efficient operations, although sales decreased, strongly affected by a reduction in new car production attributable to the global shortage of semiconductors. In this environment, the Company is striving to establish long-term relationships with customers in sales activities through a range of initiatives, particularly, careful customer services.

In the BtoB Business, sales remained solid against the backdrop of rising demand for maintenance parts at subsidiaries that conduct statutory safety inspection, maintenance services and tire sales. Moreover, there was an increase in the number of subscribers to the Autobacs corporate membership program, which started in November 2021, which enables companies to make lump sum payments for the purchase of items for company cars, including maintenance parts and automotive goods and services.

In the Online Alliance Business, the Company stepped up its efforts to provide information useful for car lifestyles on its e-commerce site, while simultaneously striving to enhance featured pages for dedicated parts by vehicle type. In addition, it aims to provide a comprehensive range of services, including those for purchasing and in-store installations through the e-commerce site. Moreover, to help eliminate drunk driving, the Company is in the process of expanding the ALC Cloud, a service for companies, in which drivers' alcohol levels are checked before they drive company cars and the relevant information is managed on the cloud.

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

Sales in the Other Business increased 30.1% year on year, to 1,588 million yen, and segment loss totaled 148 million yen (212 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, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	24,800	29,168
Notes and accounts receivable - trade	25,842	24,239
Merchandise	21,516	23,135
Accounts receivable - other	25,778	16,707
Other	10,033	9,603
Allowance for doubtful accounts	(54)	(57)
<b>Total current assets</b>	<b>107,917</b>	<b>102,796</b>
Non-current assets		
Property, plant and equipment		
Land	24,529	24,533
Other, net	20,738	20,738
<b>Total property, plant and equipment</b>	<b>45,268</b>	<b>45,272</b>
Intangible assets		
Goodwill	2,215	2,184
Other	6,735	7,061
<b>Total intangible assets</b>	<b>8,951</b>	<b>9,245</b>
Investments and other assets		
Guarantee deposits	12,744	12,284
Other	15,046	13,790
Allowance for doubtful accounts	(16)	(17)
<b>Total investments and other assets</b>	<b>27,773</b>	<b>26,057</b>
<b>Total non-current assets</b>	<b>81,993</b>	<b>80,576</b>
<b>Total assets</b>	<b>189,910</b>	<b>183,372</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,702	15,338
Short-term borrowings	1,724	1,787
Accounts payable - other	14,480	12,188
Income taxes payable	1,987	491
Other	10,901	12,184
<b>Total current liabilities</b>	<b>46,795</b>	<b>41,989</b>
Non-current liabilities		
Long-term borrowings	4,917	5,274
Provisions	19	19
Retirement benefit liability	3,233	330
Asset retirement obligations	2,675	2,695
Other	9,377	9,288
<b>Total non-current liabilities</b>	<b>20,223</b>	<b>17,608</b>
<b>Total liabilities</b>	<b>67,018</b>	<b>59,598</b>

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	33,998	33,998
Capital surplus	34,156	34,156
Retained earnings	59,442	58,858
Treasury shares	(7,016)	(7,016)
Total shareholders' equity	120,581	119,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,308	1,990
Foreign currency translation adjustment	1,065	1,423
Remeasurements of defined benefit plans	(1,406)	—
Total accumulated other comprehensive income	1,967	3,413
Non-controlling interests	342	363
Total net assets	122,892	123,774
Total liabilities and net assets	189,910	183,372



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

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	52,283	52,853
Cost of sales	34,619	34,859
Gross profit	17,664	17,993
Selling, general and administrative expenses	16,147	16,428
Operating profit	1,517	1,564
Non-operating income		
Interest income	13	12
Dividend income	43	42
Share of profit of entities accounted for using equity method	63	116
Lease revenue-system equipment	157	162
Other	276	282
Total non-operating income	555	617
Non-operating expenses		
Interest expenses	18	18
Lease cost-system equipment	148	154
Loss on retirement of non-current assets	3	19
Other	193	168
Total non-operating expenses	363	361
Ordinary profit	1,708	1,821
Extraordinary income		
Gain on termination of retirement benefit plan	—	891
Total extraordinary income	—	891
Profit before income taxes	1,708	2,712
Income taxes - current	506	446
Income taxes - deferred	112	515
Total income taxes	619	962
Profit	1,089	1,750
Profit attributable to		
Profit attributable to owners of parent	1,078	1,755
Profit (loss) attributable to non-controlling interests	11	(4)
Other comprehensive income		
Valuation difference on available-for-sale securities	278	(319)
Foreign currency translation adjustment	3	307
Remeasurements of defined benefit plans, net of tax	54	1,406
Share of other comprehensive income of entities accounted for using equity method	8	68
Total other comprehensive income	344	1,464
Comprehensive income	1,433	3,214
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,425	3,201
Comprehensive income attributable to non-controlling interests	7	12

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

(Notes on the Going-concern Assumption)

Not applicable.

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

Not applicable.

## 8. Segment Information

I Three months ended June 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	38,710	2,514	9,694	786	51,705	—	51,705
Other revenue	426	—	—	151	578	—	578
Revenues from external customers	39,136	2,514	9,694	937	52,283	—	52,283
Transactions with other segments	802	73	2,066	283	3,226	(3,226)	—
Net sales	39,939	2,588	11,760	1,221	55,509	(3,226)	52,283
Operating profit (loss)	3,757	(147)	(45)	(212)	3,352	(1,834)	1,517

Notes:

1. The amount (1,834) 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 Three months ended June 30, 2022

### 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	39,368	3,053	8,778	1,074	52,275	—	52,275
Other revenue	424	—	—	154	578	—	578
Revenues from external customers	39,792	3,053	8,778	1,228	52,853	—	52,853
Transactions with other segments	770	117	2,101	360	3,350	(3,350)	—
Net sales	40,562	3,171	10,880	1,588	56,203	(3,350)	52,853
Operating profit (loss)	3,786	(202)	(91)	(148)	3,344	(1,779)	1,564

#### Notes:

1. The amount (1,779) 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.