

## Consolidated Financial Results for the Six Months Ended September 30, 2022 【Japanese GAAP】

### Summary of Quick Financial Announcement of Consolidated Financial Information for the Six Months Ended September 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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Telephone: +81-3-6219-8787

Stock exchange listing: Tokyo

Submission of Quarterly Business Report: November 7, 2022

Start of cash dividend payments: November 25, 2022

Supplementary quarterly materials prepared: Yes

Quarterly results information meeting held: Yes (for securities analysts and institutional investors, etc.)

### 1. Results for the six months ended September 30, 2022 (From April 1, 2022 to September 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>Six months ended</b>		%		%		%
<b>September 30, 2022</b>	<b>107,096</b>	<b>3.4</b>	<b>3,504</b>	<b>20.2</b>	<b>3,715</b>	<b>20.5</b>
Six months ended September 30, 2021	103,551	—	2,914	—	3,083	—

Note: Comprehensive income: **4,666 million yen for the Six months ended September 30, 2022: 79.6%**  
2,598 million yen for the Six months ended September 30, 2021: —%

	Profit attributable to owners of parent		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
<b>Six months ended</b>		%		
<b>September 30, 2022</b>	<b>3,149</b>	<b>66.8</b>	<b>40.41</b>	—
Six months ended September 30, 2021	1,888	—	23.82	—

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 ended June 30, 2021. 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)
<b>Six months ended</b>				
<b>September 30, 2022</b>	<b>183,133</b>	<b>125,248</b>	<b>68.2</b>	<b>1,602.01</b>
Fiscal year ended				
March 31, 2022	189,910	122,892	64.5	1,572.48

(Reference) Equity: **Six months ended September 30, 2022: 124,875 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	—	<b>30.00</b>			
Fiscal year ended					
March 31, 2023 (forecast)			—	<b>30.00</b>	<b>60.00</b>

Note: Revisions to dividend forecasts published most recently: None

**3. Forecast for the fiscal year ending March 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)	88.52	

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)  
**Six months ended September 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  
**Six months ended September 30, 2022: 4,100,743 shares**  
Fiscal year ended March 31, 2022: 4,116,555 shares
3. Average shares outstanding over quarter  
**Six months ended September 30, 2022: 77,938,995 shares**  
Six months ended September 30, 2021: 79,304,110 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, 2022. 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, 2022

### Explanation of business results

During the first six months of the fiscal year under review, the Japanese economy was expected to normalize its activities as consumer spending continued to pick up, despite the seventh wave of the COVID-19 pandemic. Nonetheless, the business outlook remained uncertain due to concern about the downward risks for the domestic economy given rising prices of goods against a backdrop of soaring crude oil and raw material prices, as well as the rapid depreciation of the yen.

Looking at trends in the domestic automotive-related industry, the number of vehicles registered was sluggish, reflecting a fall in the number of used cars for trade-in available in the distribution market, as well as a decline in the number of new cars produced caused by the global shortage of semiconductors. Market conditions also remained severe for automotive goods, reflecting the impact of rising prices due to surging crude oil and raw material prices.

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 six months of the consolidated fiscal year under review increased by 3.4% year on year, to 107,096 million yen, gross profit increased by 4.0% year on year, to 36,250 million yen, and selling, general, and administrative expenses increased by 2.5% year on year, to 32,746 million yen, resulting in operating income of 3,504 million yen, an increase of 20.2% from a year earlier. Ordinary income increased by 20.5% year on year, to 3,715 million yen. As a result, profit attributable to owners of parent increased by 66.8% year on year, to 3,149 million yen.

Results by business segment are as follows.

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

Sales of the entire domestic AUTOBACS chain (including franchise outlets) increased 3.9% year on year on a same-store basis and on year an overall basis.

The domestic AUTOBACS chain remained firm as a result of our efforts to strengthen sales promotions following a price revision, in addition to signs of a recovery in personal consumption, despite concerns about the spread of COVID-19 and the impact of rising prices due to soaring prices of crude oil and raw materials. In particular, following growing demand for maintenance parts that are essential for users to continue to drive the cars they currently own, sales of related products and from services remained strong due to the declining number of new cars and used cars registered.

The Company revised in-store prices for tires twice in May and September after manufacturers implemented price increases. Even so, sales rose, reflecting a strong performance, aided by the rich product line-up, sales promotion programs and solid demand for maintenance parts for existing owned cars. Similarly, sales of oil and batteries, prices of which were revised, were also strong thanks to effective sales promotions and increased demand for maintenance. Sales of car electronics and car interior goods decreased, given a decline in demand due to the impact of the decreased number of new cars produced.

As for private brands, the Company developed sales of mainly "AQ. (AUTOBACS Quality)." In September 2022, the Company launched a new snow tire product, "North Trek N5." Meanwhile, the Company focused on developing and selling valuable products that meet various customer needs, such as GORDON MILLER, a brand that proposes an exciting garage lifestyle.

With respect to statutory safety inspection and maintenance services, vehicle diagnostic services, which use scan tools to electronically check the condition of vehicles, performed well against the backdrop of customers' needs for safer and more reliable driving. In addition, the Company worked to comply with the automobile-specific maintenance system that provides the maintenance of advanced safety vehicles equipped with driver assistance and automatic driving functions. Consequently, all stores designated as shops for statutory safety inspections acquired the maintenance of electronic control devices certification. The Company also promoted bookings for work at service bays through the official app or via telephone. As a result, bookings via official app increased in particular, contributing to an improvement in customer convenience.

The number of vehicles that underwent statutory safety inspection and maintenance services decreased 3.6% year on year, to approximately 312,000, 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 8.2% year on year, to approximately 15,500.

In addition, on September 16, 2022, the Company renovated its flagship store, "Super AUTOBACS Kyoto Wow Wonder City," and opened "A PIT AUTOBACS KYOTO SHIJO" as the second store of the "A PIT AUTOBACS" brand with a new store format offering a "personalized car life."

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 3.9% year on year, to 82,183 million yen, and segment profit increased by 0.8% year on year, to 7,295 million yen.

#### **[Overseas Business]**

Sales for the Overseas Business increased 26.8% year on year, to 6,818 million yen, and segment loss was 110 million yen (compared to a segment loss of 169 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 worldwide inflation. Sales rose in the wholesale business as well, mainly reflecting the acquisition of new customers.

In France, sales were higher than in the same period of the previous year due to price optimization and other measures taken, despite the impact of inflation and other factors. In Singapore, sales increased due to solid retail sales, coupled with the strong performance of work at service bays, reflecting increased demand for maintenance. In Malaysia, sales soared, reflecting strong wholesale sales due to growth in the number of authorized dealers which expanded to 92 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 in Shanghai 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 nine store openings, the number of stores increased from 62 as of the end of March 2022, to 71.

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

Sales for the Car Dealership, BtoB and Online Alliance Business decreased by 3.2% year on year, to 22,347 million yen, and segment profit was 28 million yen (compared to a segment loss of 255 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 higher level of operating income than in the same period of the previous year 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, there was a steady increase in the number of subscribers to the Autobacs corporate membership program, which enables companies to make lump sum payments for the purchase of items for company cars, including maintenance parts and automotive goods and services. At subsidiaries that conduct statutory safety inspection, maintenance services and tire sales, sales also remained solid against the backdrop of rising demand for maintenance. The Company also advances the development of private brand products exclusively for wholesale to expand wholesaling to other industries.

In the Online Alliance Business, the Company is working to enhance the environment by further shortening the time it takes to pick up products purchased on its e-commerce site at stores, aiming to improve customer convenience. Moreover, with the aim of eliminating drunk driving, the ALC Cloud, a service for companies, in which drivers' alcohol levels are checked before and after they drive company cars and the relevant information is managed on the cloud, is steadily expanding.

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

Sales in the Other Business increased 26.0% year on year, to 3,132 million yen, and segment loss totalled 226 million yen (compared to a segment loss of 392 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 September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	24,800	22,579
Notes and accounts receivable - trade	25,842	22,953
Merchandise	21,516	25,643
Accounts receivable - other	25,778	19,346
Other	10,033	10,724
Allowance for doubtful accounts	(54)	(38)
<b>Total current assets</b>	<b>107,917</b>	<b>101,208</b>
Non-current assets		
Property, plant and equipment		
Land	24,529	24,999
Other, net	20,738	21,650
<b>Total property, plant and equipment</b>	<b>45,268</b>	<b>46,649</b>
Intangible assets		
Goodwill	2,215	2,104
Other	6,735	7,359
<b>Total intangible assets</b>	<b>8,951</b>	<b>9,464</b>
Investments and other assets		
Guarantee deposits	12,744	12,217
Other	15,046	13,610
Allowance for doubtful accounts	(16)	(17)
<b>Total investments and other assets</b>	<b>27,773</b>	<b>25,810</b>
<b>Total non-current assets</b>	<b>81,993</b>	<b>81,924</b>
<b>Total assets</b>	<b>189,910</b>	<b>183,133</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,702	14,634
Short-term borrowings	1,724	937
Accounts payable - other	14,480	12,632
Income taxes payable	1,987	1,267
Other	10,901	10,578
<b>Total current liabilities</b>	<b>46,795</b>	<b>40,049</b>
Non-current liabilities		
Long-term borrowings	4,917	5,741
Provisions	19	19
Retirement benefit liability	3,233	338
Asset retirement obligations	2,675	2,701
Other	9,377	9,033
<b>Total non-current liabilities</b>	<b>20,223</b>	<b>17,835</b>
<b>Total liabilities</b>	<b>67,018</b>	<b>57,884</b>

(Millions of yen)

As of March 31, 2022 As of September 30, 2022

Net assets		
Shareholders' equity		
Share capital	33,998	33,998
Capital surplus	34,156	34,156
Retained earnings	59,442	60,247
Treasury shares	(7,016)	(6,988)
Total shareholders' equity	120,581	121,414
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,308	1,930
Foreign currency translation adjustment	1,065	1,531
Remeasurements of defined benefit plans	(1,406)	—
Total accumulated other comprehensive income	1,967	3,461
Non-controlling interests	342	372
Total net assets	122,892	125,248
Total liabilities and net assets	189,910	183,133



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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	103,551	107,096
Cost of sales	68,679	70,845
Gross profit	34,871	36,250
Selling, general and administrative expenses	31,957	32,746
Operating profit	2,914	3,504
Non-operating income		
Interest income	26	29
Dividend income	43	42
Share of profit of entities accounted for using equity method	—	49
Lease revenue-system equipment	314	324
Other	484	515
Total non-operating income	868	961
Non-operating expenses		
Interest expenses	41	36
Share of loss of entities accounted for using equity method	32	—
Lease cost-system equipment	292	297
Loss on retirement of non-current assets	18	36
Other	315	380
Total non-operating expenses	699	751
Ordinary profit	3,083	3,715
Extraordinary income		
Compensation for forced relocation	—	286
Gain on termination of retirement benefit plan	—	891
Total extraordinary income	—	1,177
Profit before income taxes	3,083	4,892
Income taxes - current	1,005	1,231
Income taxes - deferred	177	513
Total income taxes	1,182	1,744
Profit	1,900	3,148
Profit attributable to		
Profit attributable to owners of parent	1,888	3,149
Profit (loss) attributable to non-controlling interests	11	(1)
Other comprehensive income		
Valuation difference on available-for-sale securities	587	(379)
Foreign currency translation adjustment	(19)	411
Remeasurements of defined benefit plans, net of tax	109	1,406
Share of other comprehensive income of entities accounted for using equity method	20	79
Total other comprehensive income	697	1,518
Comprehensive income	2,598	4,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,595	4,643
Comprehensive income attributable to non-controlling interests	2	23

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

Not applicable.

## II Six months ended September 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	79,276	6,508	18,006	2,131	105,922	—	105,922
Other revenue	860	—	—	313	1,174	—	1,174
Revenues from external customers	80,136	6,508	18,006	2,445	107,096	—	107,096
Transactions with other segments	2,046	310	4,340	686	7,384	(7,384)	—
Net sales	82,183	6,818	22,347	3,132	114,481	(7,384)	107,096
Operating profit (loss)	7,295	(110)	28	(226)	6,986	(3,482)	3,504

Notes:

1. The amount (3,482) 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.