

Results for the Nine Months Ended December 31, 2022



AUTOBACS SEVEN CO., LTD.
January 31, 2023

Contents

Results for the Nine Months Ended December 31, 2022

- | | |
|---|---------------|
| 1. Overview of Business Results | P. 2 ~ |
| 2. Domestic AUTOBACS Business | P. 5 ~ |
| 3. Overseas Business | P. 7 ~ |
| 4. Car Dealership, BtoB and
Online Alliance Business | P. 9 ~ |

TOPICS

- | | |
|--|--------------|
| 5. TOPICS:
Five-year Rolling Plan, SDGs | P.11~ |
| 6. Other Documents | P.26~ |
-

3Q FY March 2023 Consolidated P/L

Net sales and income increased, despite the impact of a reduction in new car production and a surge in the prices of crude oil and raw materials

The Domestic AUTOBACS Business performed solidly by capturing demand for winter season items due to cold wave and snowfalls, as well as demand for maintenance parts for existing owned cars, although prices of some products were increased partly reflecting a surge in raw material prices. The Car Dealership, BtoB and Online Alliance Business returned to profitability due to efforts for efficient operations in the Car Dealership Business and steady performance of wholesale in the BtoB Business. In addition, extraordinary income was posted due to the partial abolition of the retirement benefit plan and compensation for store relocation. Both net sales and income rose on a consolidated basis.

(Billion Yen)	FY March 2023 1Q-3Q			FY March 2022 1Q-3Q	
	Actual result	% of Net sales	YoY change	Actual results	YoY change*
Net sales	178.1		+3.6%	171.9	+0.3%
Gross profit	59.8	33.6%	+4.3%	57.3	+2.2%
SG&A	50.0	28.1%	+3.0%	48.5	+6.4%
Operating income	9.8	5.5%	+11.4%	8.8	-15.9%
Non-operating income/expenses	0	0.0%	-91.0%	0.6	-21.5%
Ordinary income	9.8	5.5%	+4.5%	9.4	-16.3%
Profit attributable to owners of parent	7.0	4.0%	+14.3%	6.1	-16.5%

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

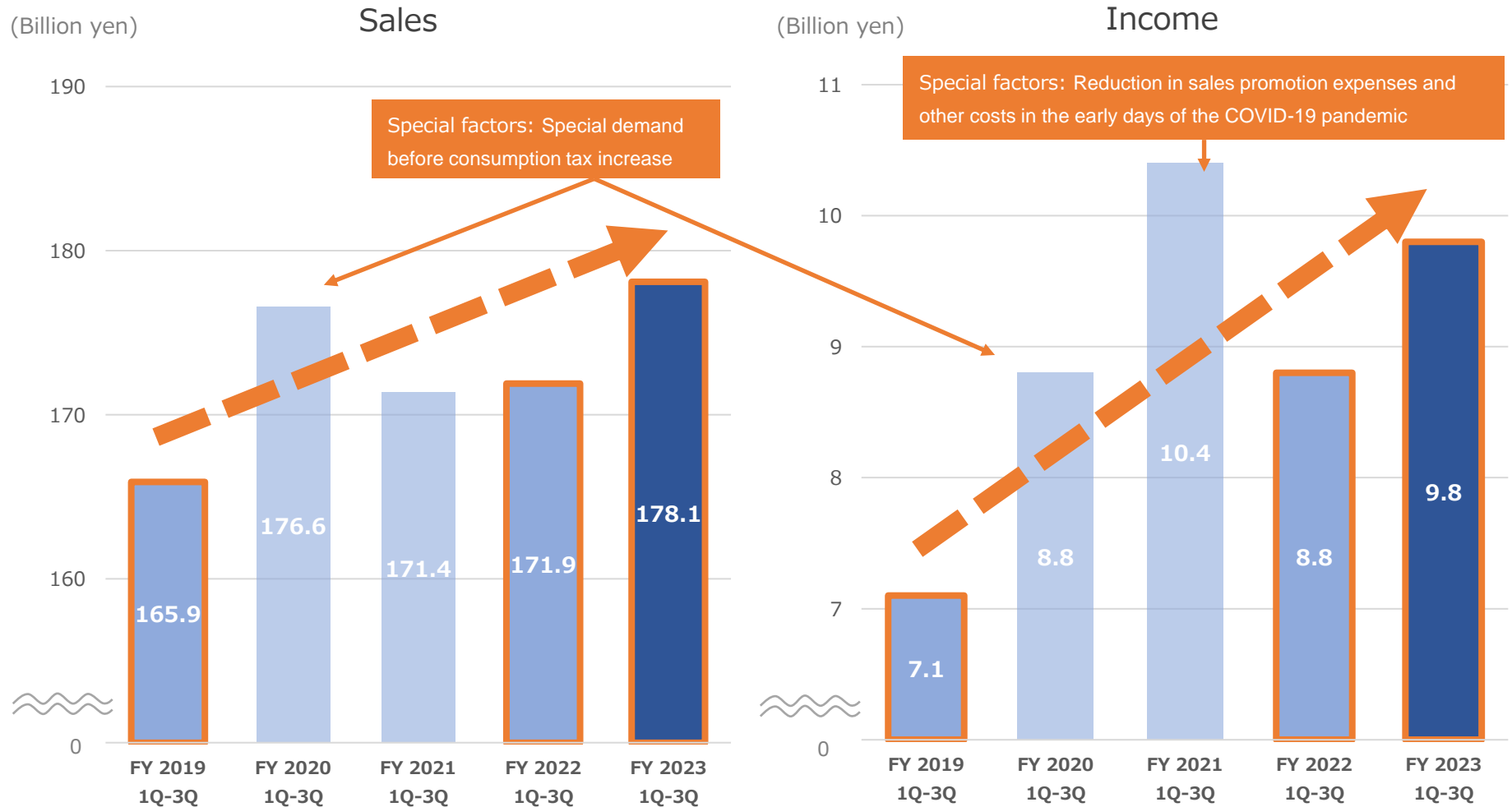
*Prior to the fiscal year ended March 31, 2021, no reclassification has been made in accordance with accounting standards for revenue recognition.

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.

3Q FY March 2023 Consolidated P/L Five Years Transition

Sales and income continued to increase compared to normal years* excluding any special factors.

*Comparison with 1Q-3Q FY March 2019 and 1Q-3Q FY March 2022



*Amounts are rounded down to the nearest hundred million yen.

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

Segment Information

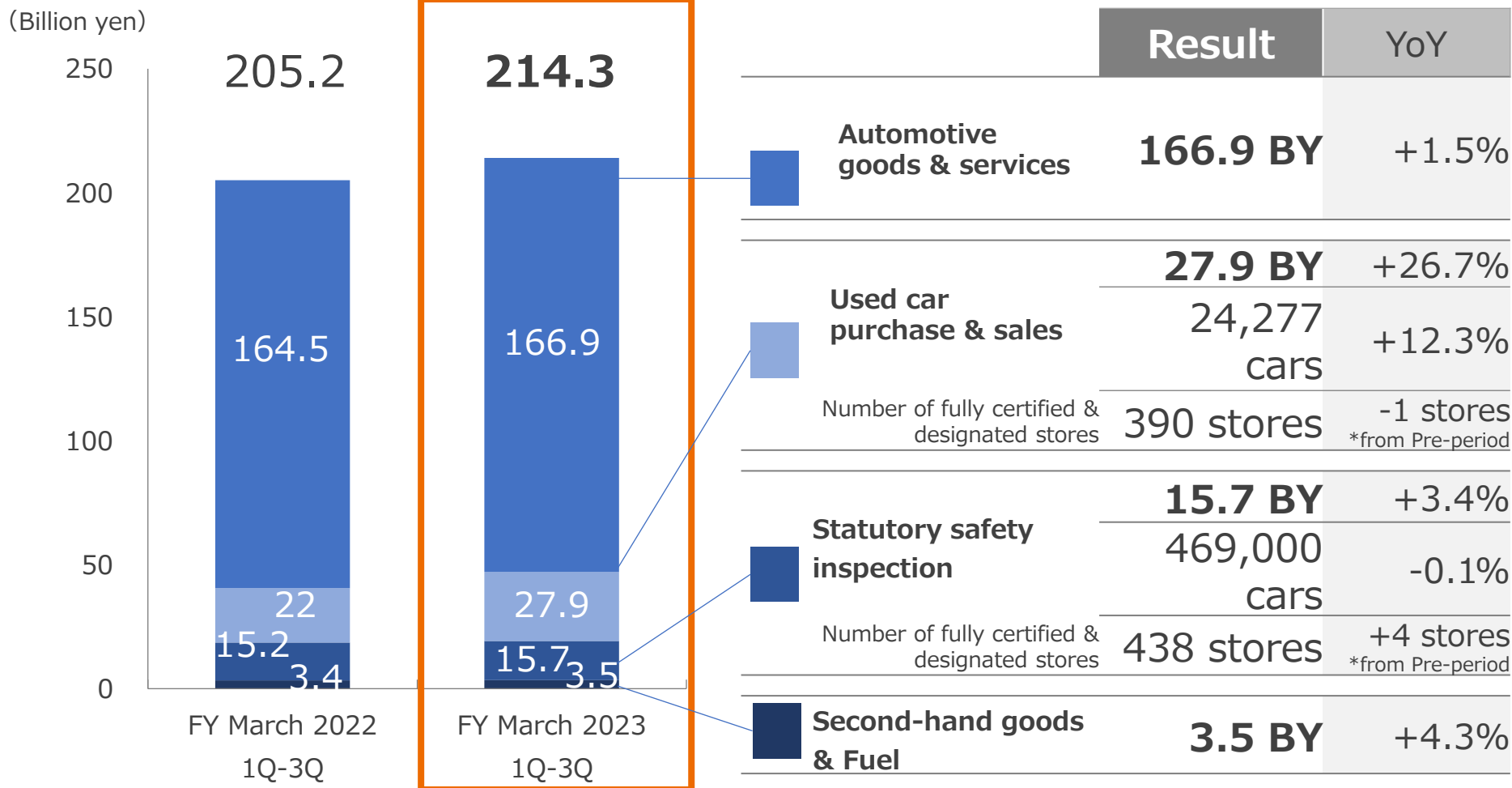
	(Million yen)	FY March 2023 1Q-3Q	FY March 2022 1Q-3Q	YoY	Summary
Domestic AUTOBACS Business	Sales	138,105	133,610	+3.4%	Demand for car electronics and car interior goods fell due to a decline in new car production. Although tire prices increased in May and September, favorable results were achieved by capturing the demand for winter season items due to cold wave and snowfalls and for maintenance parts for existing owned cars.
	Gross profit	45,689	44,512	+2.6%	
	SG&A	30,944	29,703	+4.2%	
	Operating income	14,745	14,808	-0.4%	
Overseas Business	Sales	10,246	8,297	+23.5%	Sales increased although retail was affected by the Ukraine situation and inflation. Wholesale remained solid, reflecting the acquisition of new customers mainly in Australia. This resulted in a decrease in operating loss.
	Gross profit	4,307	3,666	+17.5%	
	SG&A	4,441	3,884	+14.3%	
	Operating income	-133	-217	—	
Car Dealership, BtoB and Online Alliance Business	Sales	37,774	37,545	+0.6%	The business returned to profitability due to efforts for efficient operations and steady performance by the subsidiaries providing statutory safety inspection and maintenance services and tires in the BtoB business, as well as wheels wholesale, despite a decline in sales in the Car Dealership Business due to the impact of the reduction of new car production.
	Gross profit	8,206	7,884	+4.1%	
	SG&A	7,498	7,910	-5.2%	
	Operating income	707	-25	—	
Other Business	Sales	4,615	3,758	+22.8%	Operating loss decreased, reflecting rises in sales and gross profit due mainly to the expansion of the lifestyle business.
	Gross profit	1,617	1,288	+25.6%	
	SG&A	1,992	1,837	+8.4%	
	Operating income	-375	-549	—	
Reconciling items	Operating income	-5,131	-5,211	—	

*Amounts are rounded down.

*YoY comparisons are calculated in yen.

Retail Sales in Total AUTOBACS Group Stores

Retail Sales Including FCs: 214.3 billion yen (+4.4% YoY)



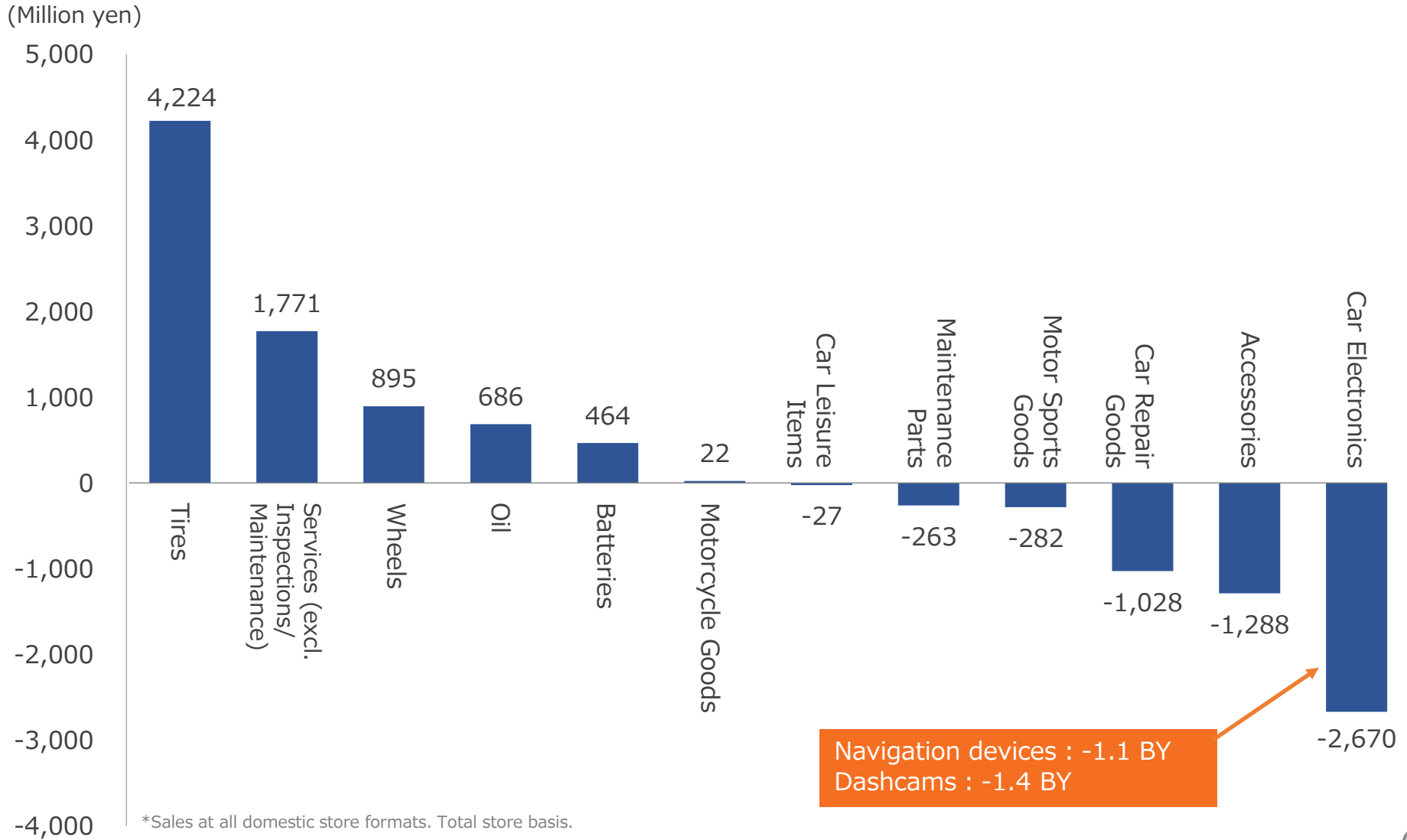
*Sales at all domestic store formats. Total store basis.

*Amounts are rounded down to the nearest hundred million yen.

*YoY comparisons are calculated in yen.

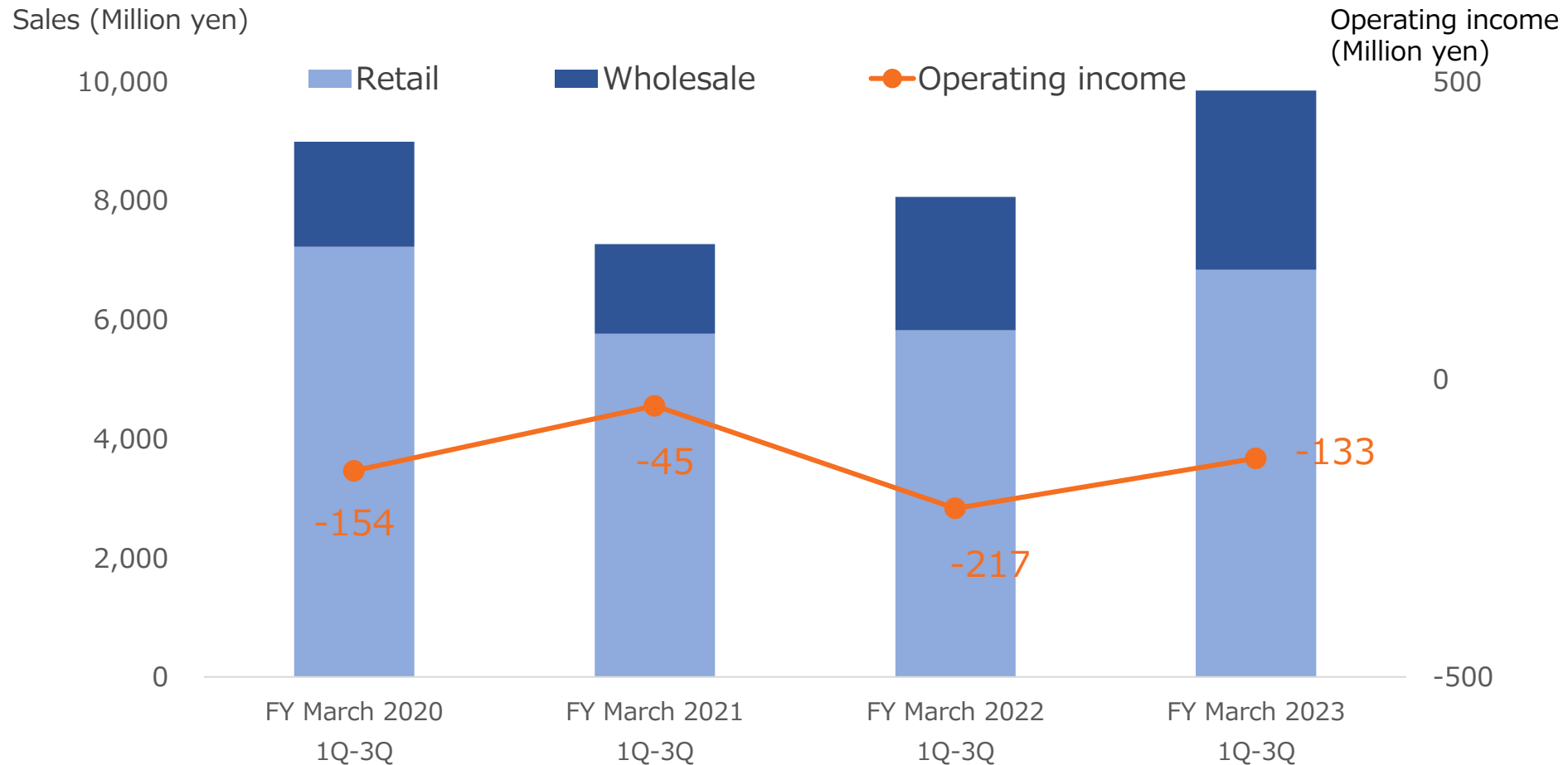
Sales Variance by Merchandise

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



Overseas Business Sales and Operating Income Changes

Sales increased and operating loss decreased due to the recovery of retail and the favorable performance of wholesale, offsetting the impact of inflation and Ukraine situation.



*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.

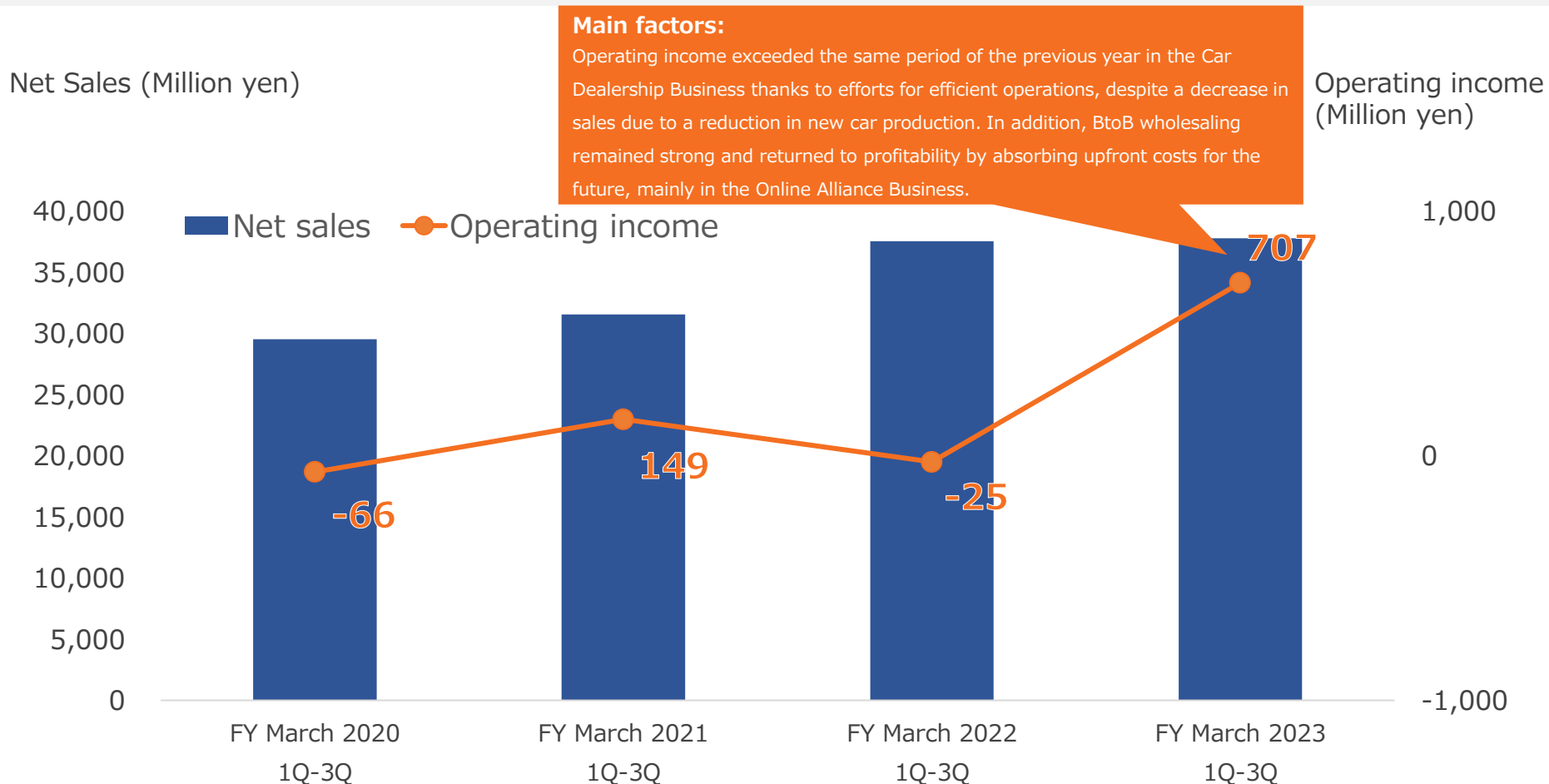
Performance by Overseas Subsidiaries

(Million yen)	France		Australia		Singapore		China		Malaysia	
Number of stores	10		0		2		0		5	
Period	23/3 1Q-3Q	22/3 1Q-3Q	23/3 1Q-3Q	22/3 1Q-3Q	23/3 1Q-3Q	22/3 1Q-3Q	23/3 1Q-3Q	22/3 1Q-3Q	23/3 1Q-3Q	22/3 1Q-3Q
Net sales	5,521	4,856	2,201	1,758	1,301	947	1,137	724	90	39
SG&A	2,902	2,522	514	404	559	395	190	179	42	25
Operating income	-55	-6	125	115	-22	-16	-115	-35	-7	-9
Business conditions	Retail sales increased mainly due to price adjustments, more than offsetting consumer spending, which remained sluggish due to inflation. SG&A expenses rose, mainly reflecting the enhancement of sales promotion initiatives.		Wholesale sales increased due to the strong performances of car electronics goods and transceivers, as well as the development of new wholesale customers and the introduction of new exclusive goods. 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 the offering of parallel-imported products and favorable performance of pit services through capturing the demand for maintenance parts due to the price increase of COE.		Acquiring new domestic wholesale customers struggled due to the impact of lockdowns in Shanghai. Wholesale to both domestic and other countries performed solid after easing Covid restrictions in December. On the other hand, valuation loss of retained stock was recorded.		Sales were trending toward recovery due to the lifting of the government's intermittent restrictions on activities. Wholesale sales to authorized dealers, whose number increased to 116 stores, were strong. SG&A expenses increased reflecting the development of wholesale.	

*Amounts are rounded down.

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

The business returned to profitability due to efforts for efficient operations in the Car Dealership Business and steady performance in the BtoB Business.



*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

- ✓ Signed dealership agreement with BYD Auto Japan Co., Ltd. in December 2022. This enabled the Company to promote four brands, adding BYD to BMW, MINI and Audi.
- ✓ Secured operating income exceeding the same period of the previous year through efforts for efficient operations, despite the impact of a decrease in the number of new cars produced attributable to the shortage of semiconductors.



BtoB Business

- ✓ AUTOBACS Corporate Membership System, which enables companies to make lump sum payments for the purchase of items for company cars, was highly acclaimed, resulting in a steady increase in the number of subscribers.
- ✓ Private brands specialized in wholesale were developed and launched one by one.
- ✓ Business performance remained solid at subsidiaries that provide statutory safety inspection and maintenance services and tire sales subsidiaries, and a subsidiary that wholesales wheels, reflecting the rising demand for maintenance parts.

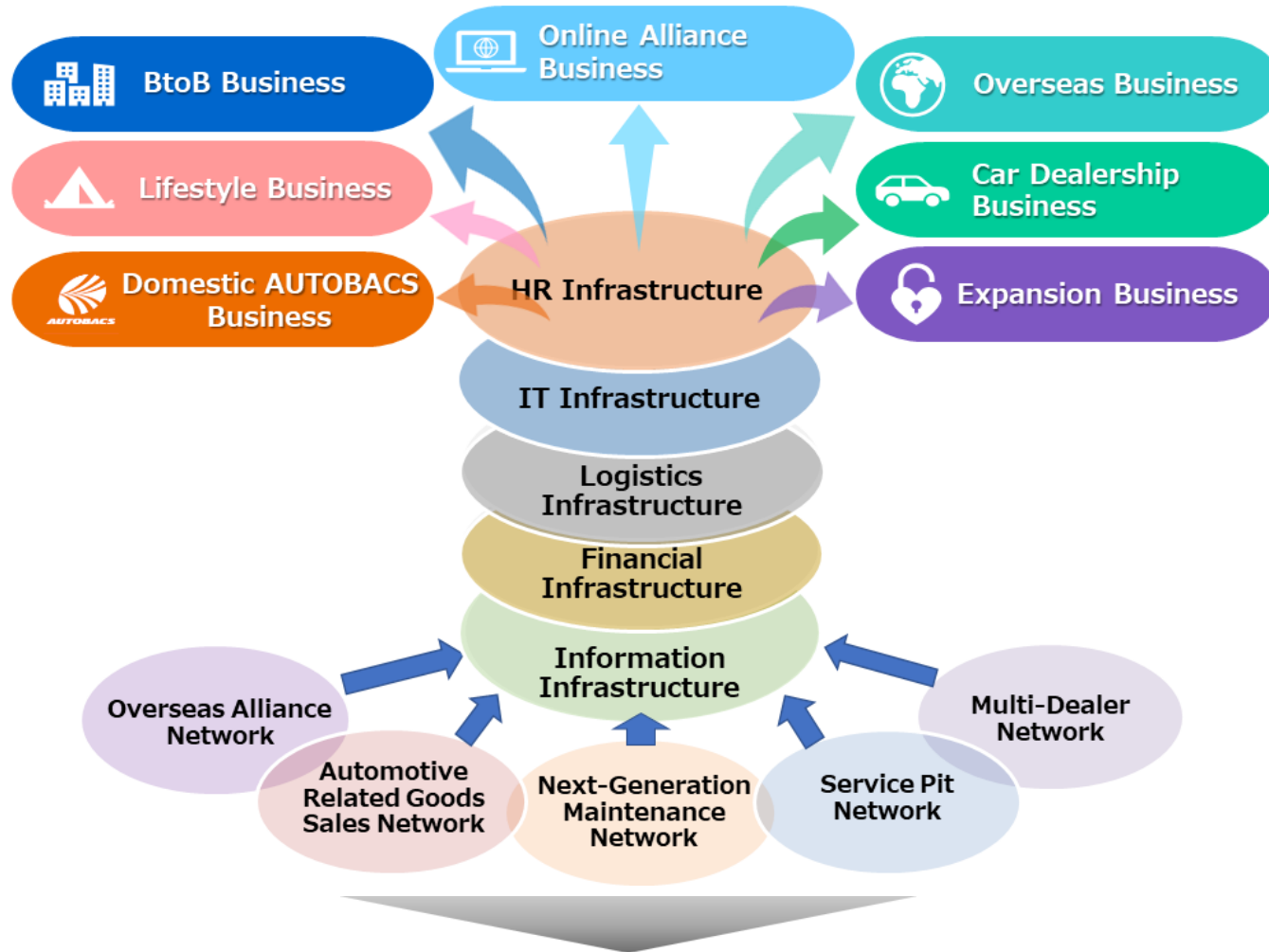


Online Alliance Business

- ✓ The Company launched AUTOBACS Rakuten Ichiba Store on Rakuten Ichiba, the e-commerce marketplace, in November 2022.
- ✓ ALC Cloud, a cloud-based service detecting drunkenness and alcohol consumption of drivers, is steadily expanding.



Our Goals through Five-year Rolling Plan



Actively promote collaboration across business boundaries to improve customer convenience

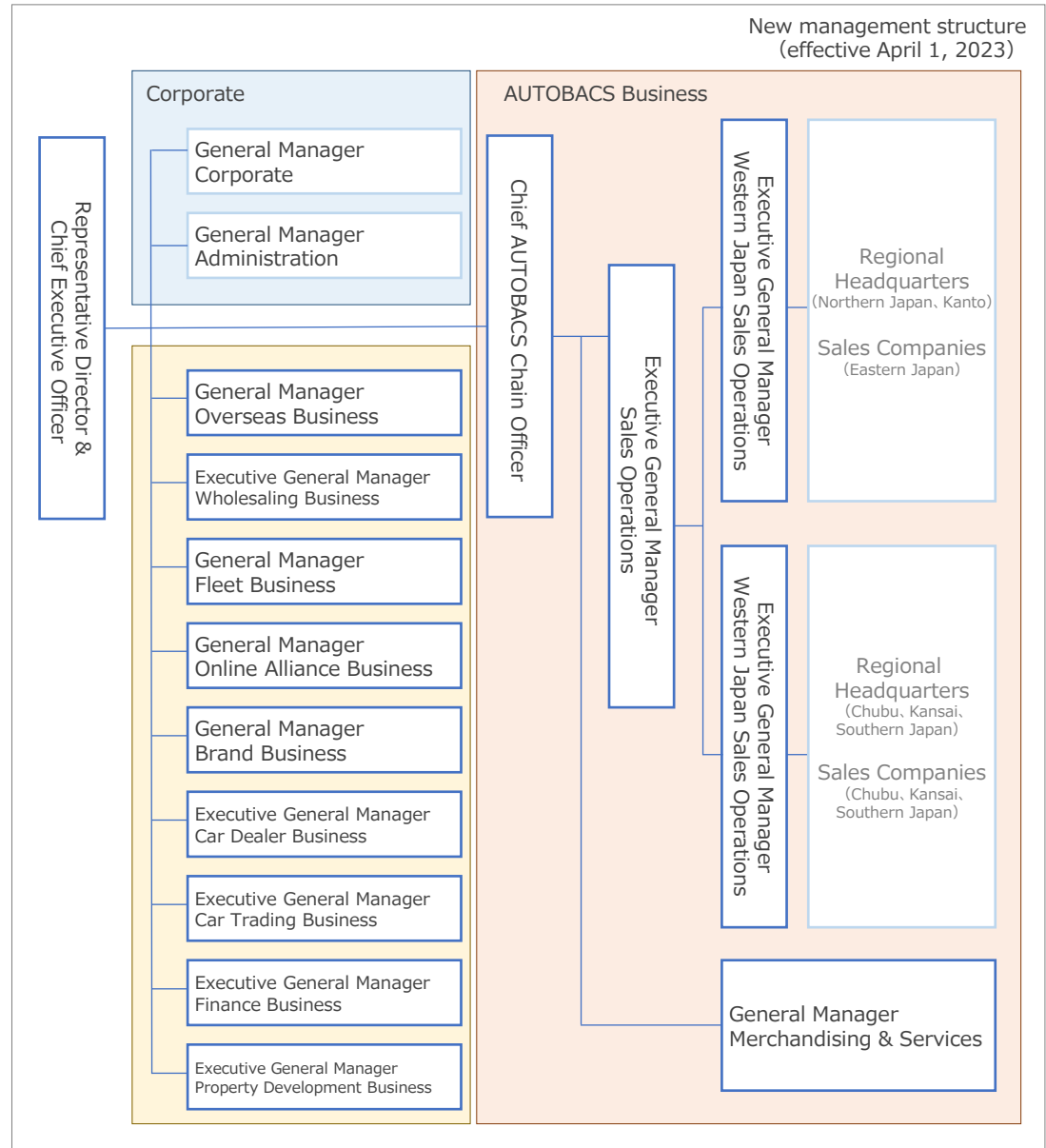
FY2023 New Management Structure

Aiming to increase speed of the decision-making and the business transformation, the Company implement following measures:

- Abolish officer system and strengthen business portfolio management.
- Establish new management positions (General Managers), which are responsible for each business.

***General Managers are assigned by each strategic business unit, expected to connect each business effectively and take a role in executing company-wide strategy.**

[2022.12.27 AUTOBACS SEVEN Announces the New Management Structure and Organizational and Personnel Changes .pdf](#)



Five-year Rolling Plan: APPENDIX

Multi-Dealer
Network

Efforts to create networks

■ Concluded a dealership agreement with BYD Auto Japan Co., Ltd.

- Concluded a dealership agreement with BYD Auto Japan, an electric vehicle manufacturer, in December 2022.
- Operates official dealerships of four brands: BMW, MINI, Audi, and BYD.
- Facilitated the visualization of management by establishing KPI common to respective dealers.
- Promotes electric vehicles and contribute to creating a zero-carbon society.

Autoplatz K.K.

BMW/MINI
authorized dealer
5 locations (Tokyo)



Motoren Tochigi Corp.

BMW
authorized dealer
5 locations (Tochigi)



BACS Advance Co., Ltd.

Audi
authorized dealer
3 locations (Chiba, Tochigi)



BACS E-Mobility Co., Ltd.

BYD
authorized dealer
Scheduled to open in
Utsunomiya city, Tochigi Prefecture



Five-year Rolling Plan: APPENDIX

Next-Generation Maintenance Network

Service Pit Network

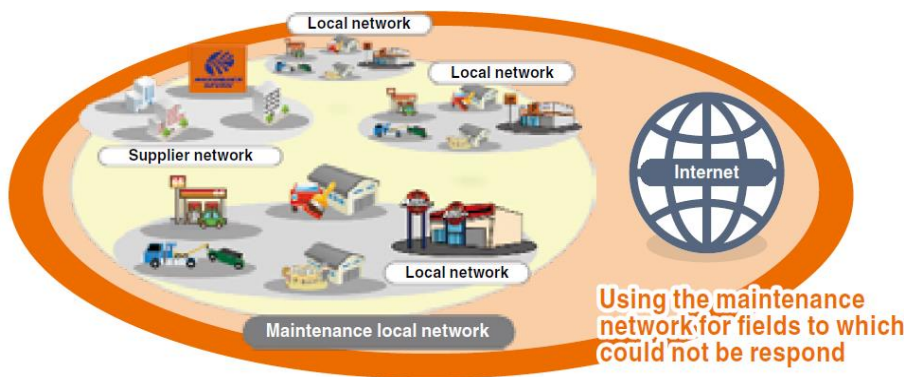
Efforts to create networks

■ Establishment of the maintenance network through a comprehensive alliance with BS-Summit Business Cooperative

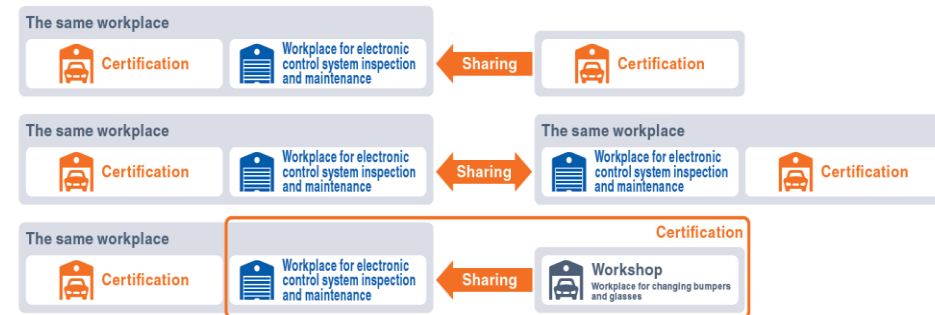
- Built local area maintenance networks by having AUTOBACS Group stores and BS-Summit Business Cooperative* members' facilities promote optimal local cooperation using each others' resources
- Providing high quality service by establishing a maintenance network to handle next-generation technologies

■ Cooperation with local dealers and maintenance shops by establishing ADAS Calibration Center

- A facility for sensor calibration (equipped with ADAS Calibration) at the Super AUTOBACS Kumamoto Higashi Bypass store 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.



■ Sharing of remote workplace and equipment



*Recently launched cars come with many features supporting safe driving, such as cameras and. Accordingly, maintenance must include calibration to ensure this advanced equipment functions normally.

*The BS-Summit Business Cooperative is a nationwide network of body shops with automotive maintenance bases all over Japan.

Five-year Rolling Plan: APPENDIX

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

Online Network

(October 2021)

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



Efforts to create networks

■ New function “Machijikan Yoyaku” (waiting time reservation) installed in AUTOBACS official app

Automotive-related Goods Sales Network

(September 2022)

“Machijikan Yoyaku” (waiting time reservation), a new function which enables customers to make an oil change appointment on the day just by one click, was added in September 2022. *As of January 1, 2023, “Machijikan Yoyaku” can be used to make reservations at 64 stores.

Online bookings for oil changes*
increased approx. 23%

App total downloads*
approx. 4.3 million DL

*Cumulative comparison from April 2022 to December 2022

*As of December 31, 2022



Five-year Rolling Plan: APPENDIX

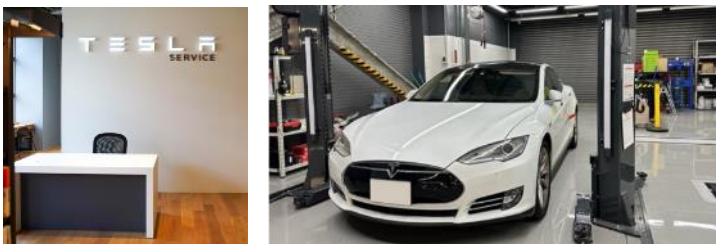


Initiatives of each business

(January 2023)

■ Tesla Express Service Center Kyoto opened in A PIT AUTOBACS KYOTO SHIJO

- This is the second Tesla Service Center in an AUTOBACS Group store. The first Tesla Service Center opened in A PIT AUTOBACS SHINONOME in May 2019.
- When the Tesla Service Center became a tenant in A PIT AUTOBACS KYOTO SHIJO, the store concluded a basic service agreement with Tesla Motors Japan to do contract work, including statutory safety inspections.



Six Tesla quick chargers (super chargers) have been installed.



Middle-range electric SUV Model Y is specially displayed.

Five-year Rolling Plan: APPENDIX



BtoB Business

Domestic AUTOBACS
Business

Initiatives of each business

(December 2022)

■ A new collaboration with Nissan Motor Co., Ltd. Dedicated items for light electric vehicle Nissan SAKURA

- Developed two items, a dedicated interior panel and a dedicated interior rubber mat for the light electric vehicle Nissan SAKURA
- The interior rubber mat is sold at two stores: A PIT AUTOBACS SHINONOME and A PIT AUTOBACS KYOTO SHIJO.



SAKURA e-share mobi KYOTO CONCEPT



interior panel



interior rubber mat

Five-year Rolling Plan: APPENDIX



Lifestyle Business

Initiatives of each business

(November 2022)

■ Announcement of light camper GMLVAN S-01 under the label of GORDON MILLER MOTORS

- Two functional models of campers have been sold under the label of GORDON MILLER MOTORS, a label for original custom cars, since 2019. The sales volume rose significantly in FY2022 from FY2021, matching the recent camping and VAN LIFE boom.
- Sales start at GORDON MILLER AUTHORIZED DEALERS from mid-February 2023.



Five-year Rolling Plan: APPENDIX



Lifestyle Business

Initiatives of each business

(January 2023)

■ Unveiling of VIGALE, the second custom car from ARTA MECHANICS

- ARTA MECHANICS, a custom car brand under the ARTA racing sports brand, unveiled VIGALE, its second custom car, at the Tokyo Auto Salon 2023.
- ARTA brand's first directly managed store, ARTA MECHANICS & INSPIRATIONS, is planned to open in Tokyo in the spring of 2023.



The external appearance of the store



ARTA MECHANICS & INSPIRATIONS

Five-year Rolling Plan: APPENDIX

IT
Infrastructure

Information
Infrastructure

**Initiatives for the establishment of
business foundations**

- **Making AB System Solutions Co., Ltd. a DX strategy subsidiary**
 - Make AB System Solutions our wholly owned subsidiary on April 1, 2023
(shareholding ratio : 14.9% → 100%)

Reason for acquisition

- Acceleration of digital transformation in our Group
- Development of digital human resources
- Cost reduction by in-house system operation

Organizational changes (effective on April 1, 2023)

Abolishment

The area of Information Technology Strategy Department and Digital Transformation Strategy Department will be transferred to AB System Solutions.

Information Technology
Strategy Department

Digital Transformation
Strategy Department



AB System Solutions Co., Ltd.
New trade name:
AUTOBACS Digital Initiative Co., Ltd.

Five-year Rolling Plan: APPENDIX

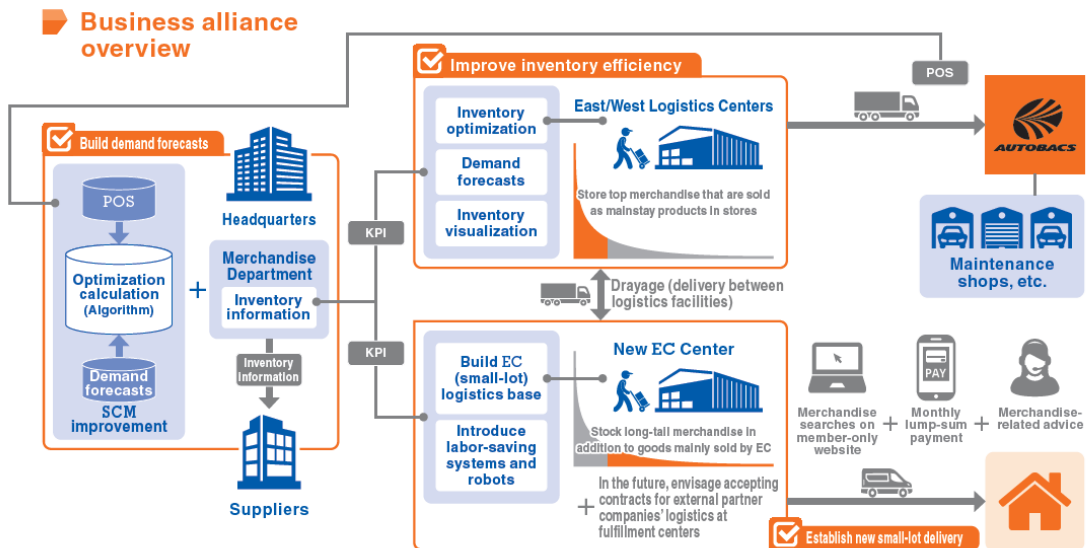
Logistics Infrastructure

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

<Initiatives for business alliances>

- Visualization and streamlining of inventories
- AI-based demand forecasting
- Share inventories and inventory data between multiple logistics facilities
- 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

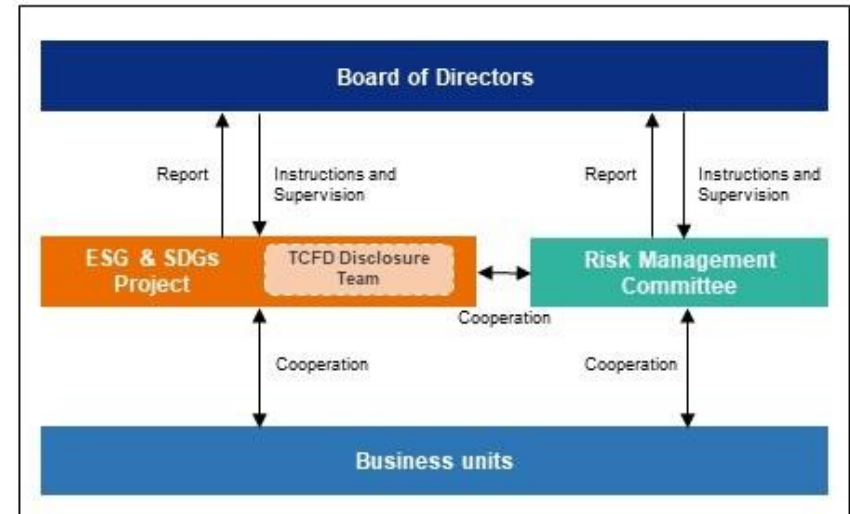
Non-financial targets and KPIs to be addressed by the Company to achieve the four Materiality's

Non-financial targets	Range	KPI	Results of 2021	Goals for 2030
Promoting efforts to achieve zero traffic accidents	Consolidated	Selling products for preventing accidents	170,000/year	230,000/year
	Consolidated	Building bases for tire check-up and emergency services	232	734
	Consolidated	Holding local traffic safety events	0/year	4/year
Improving the position of and developing certified mechanics	Consolidated	Securing and developing examining staff	185	390
	Consolidated	Securing and developing Class-2 Certified Mechanics	303	450
	Consolidated	Completing training for working on EVs	414	1,104
Promoting social contribution related to automobiles	Consolidated	Support for disaster victims provided using automobiles	27	111
Reducing CO2 emissions by installing environmentally-enhanced stores	Consolidated	Increasing the number of environmentally enhanced stores	60	140
Promoting environmentally friendly businesses/realizing a circular ecosystem	Non-consolidated	Developing environmentally friendly products	40	300
	Consolidated	Reducing oil cans (by increasing the percentage of oil sold by volume)	-	220,000/year
Promoting the dissemination of safe and secure EVs aiming for the realization of a decarbonized society	Consolidated	Installation of rapid chargers	5	43
	Consolidated	Promoting statutory safety inspections for EVs (number of inspected vehicles)	200/year	3,440/year
	Consolidated	Promoting sales of EVs (in terms of quantity)	5/year	2,500/year
Developing a corporate culture where diverse employees can demonstrate their capabilities	Consolidated	Increasing the percentage of female workers	16.7%	30.0%
	Consolidated	Increasing the percentage of female managers (section managers and higher-ranked managers)	7.8%	18.0%
	Consolidated	Encouraging male employees to take childcare leave	-	100%
Building a system to evaluate challenges	Non-consolidated	Maintaining employees' job satisfaction level	2.7	3.0
Creating a healthy and vibrant workplace	Consolidated	Promoting measures to reduce the percentage of workers that are smokers	40.3%	20.0%
Reviewing/formulating and conforming with ESG- and SDG-related policies	Non-consolidated	Developing a sustainability policy and related policies	Issue Recognition	Update
Enhancing monitoring	Non-consolidated	Reinforcing the corporate governance system and the monitoring of progress	Implementation /Maintenance	Improvement
Organizing and utilizing databases to create value	Consolidated	Pushing forward with the data utilization project	Data utilization project initiated	Data linkage /utilization
	Non-consolidated	Developing human resources who analyze data	-	320

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

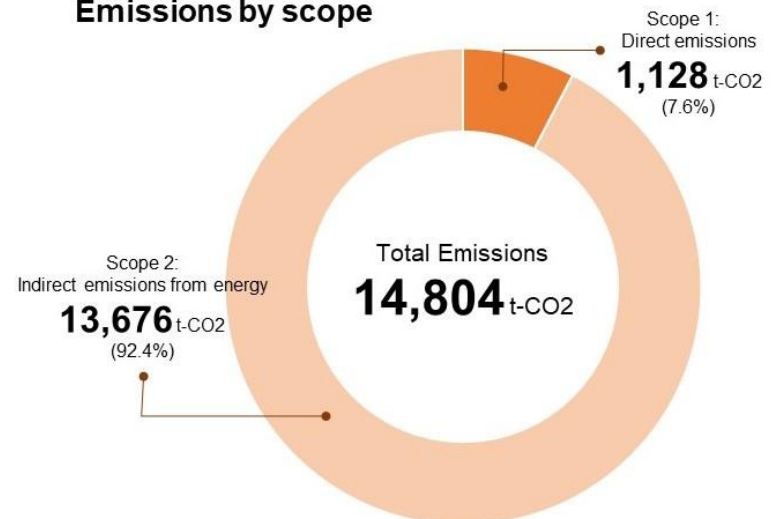
The TCFD Disclosure Team responsible for analyzing scenarios has been established to engage in the task of identifying climate-related risks and opportunities including the evaluation and analysis thereof. Findings are reported to the Board of Directors. The Board provides approvals while also giving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

Used Car Purchasing and Sales

Total **24,277** cars YoY **+12.3%**

BtoB Sales

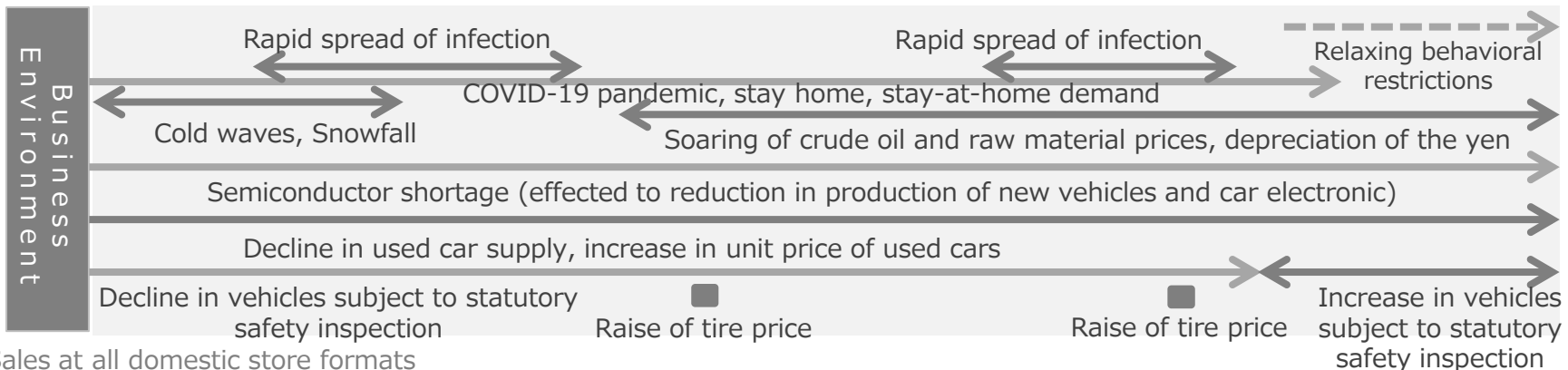
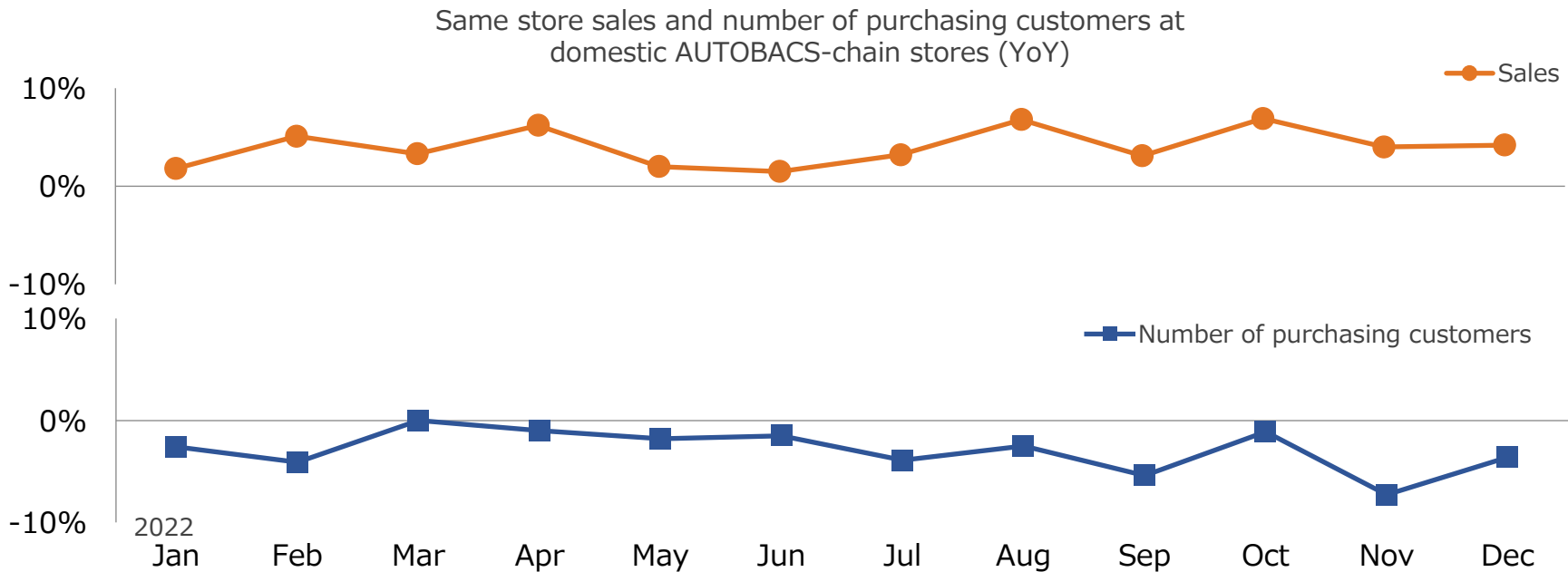
Details	No. of cars sold
Sales to Headquarters	634
Sales to AA(Auto Auction) via Headquarters	3,475
Direct sales from stores	12,656
BtoB total	16,765

Retail

Details	No. of cars sold
Used cars	4,738
New cars	2,774
Retail total	7,512

Domestic Store Sales/Number of Purchasing Customers Changes

[Same store basis (YoY)] (1Q-3Q)
Sales: +4.2%, Number of purchasing customers: -3.2%



*Sales at all domestic store formats

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-3Q (Result)			No. of stores at end of Dec 2022	4Q (Plan)			
		New	S&B R/L	Close		New	S&B R/L	Close	
AUTOBACS	494	+2	+2/-1		497			-1	496
Super AUTOBACS	74				74		+1/-1		74
AUTOBACS Secohan Ichiba	6		-1	-1	4				4
AUTOBACS EXPRESS	11				11				11
AUTOBACS CARS	3	+1		-1	3				3
Total	588	+3	+2/-2	-2	589		+1/-1	-1	588

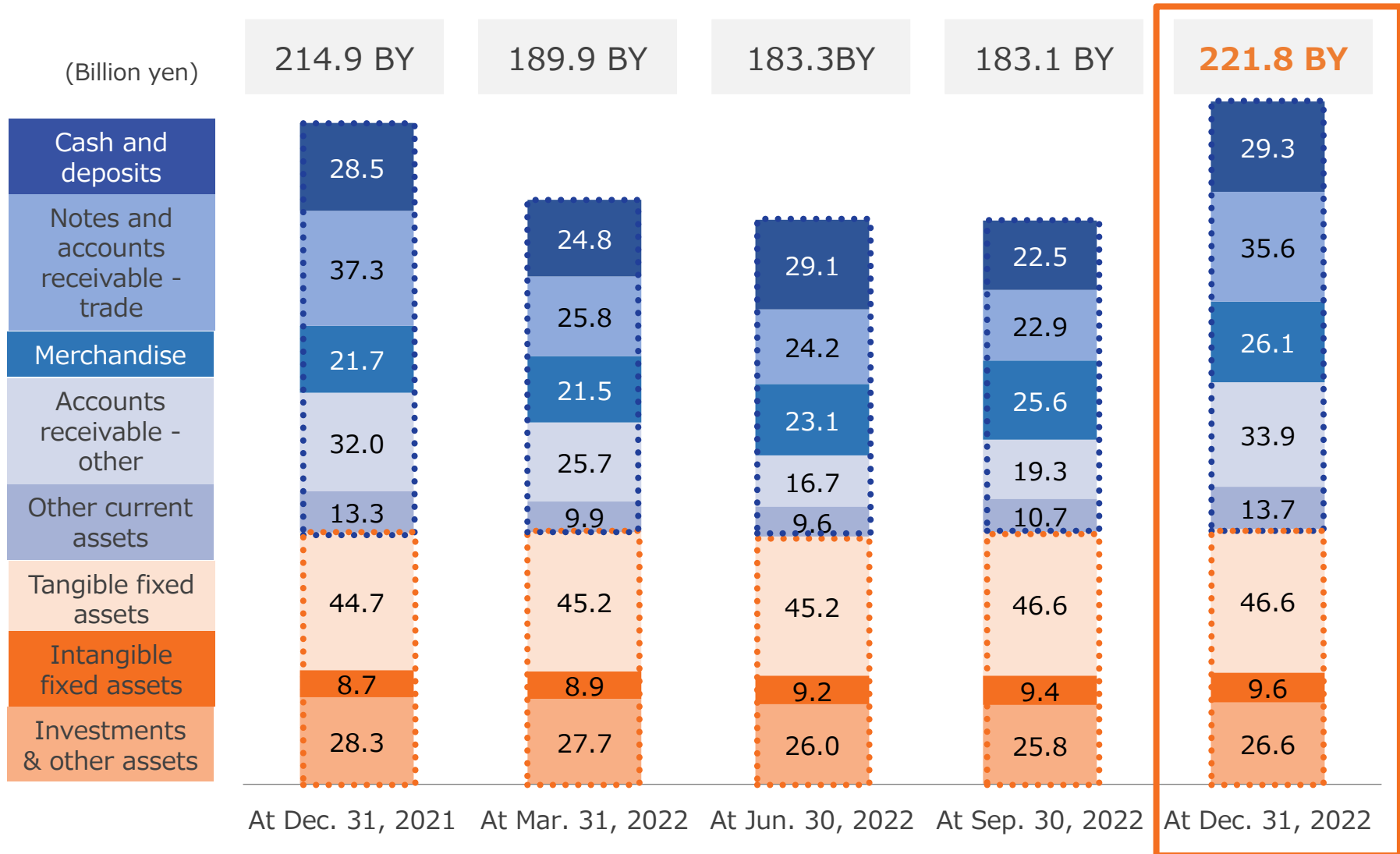
Overseas stores	No. of stores at end of March 2022	FY March 2023			No. of stores at end of March 2023
		1Q-3Q (Result)	No. of stores at end of Dec 2022	4Q (Plan)	
Taiwan	6		6		6
Singapore	2		2		2
Thailand	33	+13	46	+14	60
France	10		10		10
Malaysia	4	+1	5		5
Indonesia	4		4		4
Philippines	3		3		3
Total	62	+14	76	+14	90

*S/B=Scrap & Build

*R/L=Relocation
(including change of business format)

*Super AUTOBACS includes A PIT AUTOBACS

Balance Sheet: Assets



*Amounts are rounded down to the nearest hundred million yen.

Balance Sheet: Liabilities and Equity

(Billion yen)

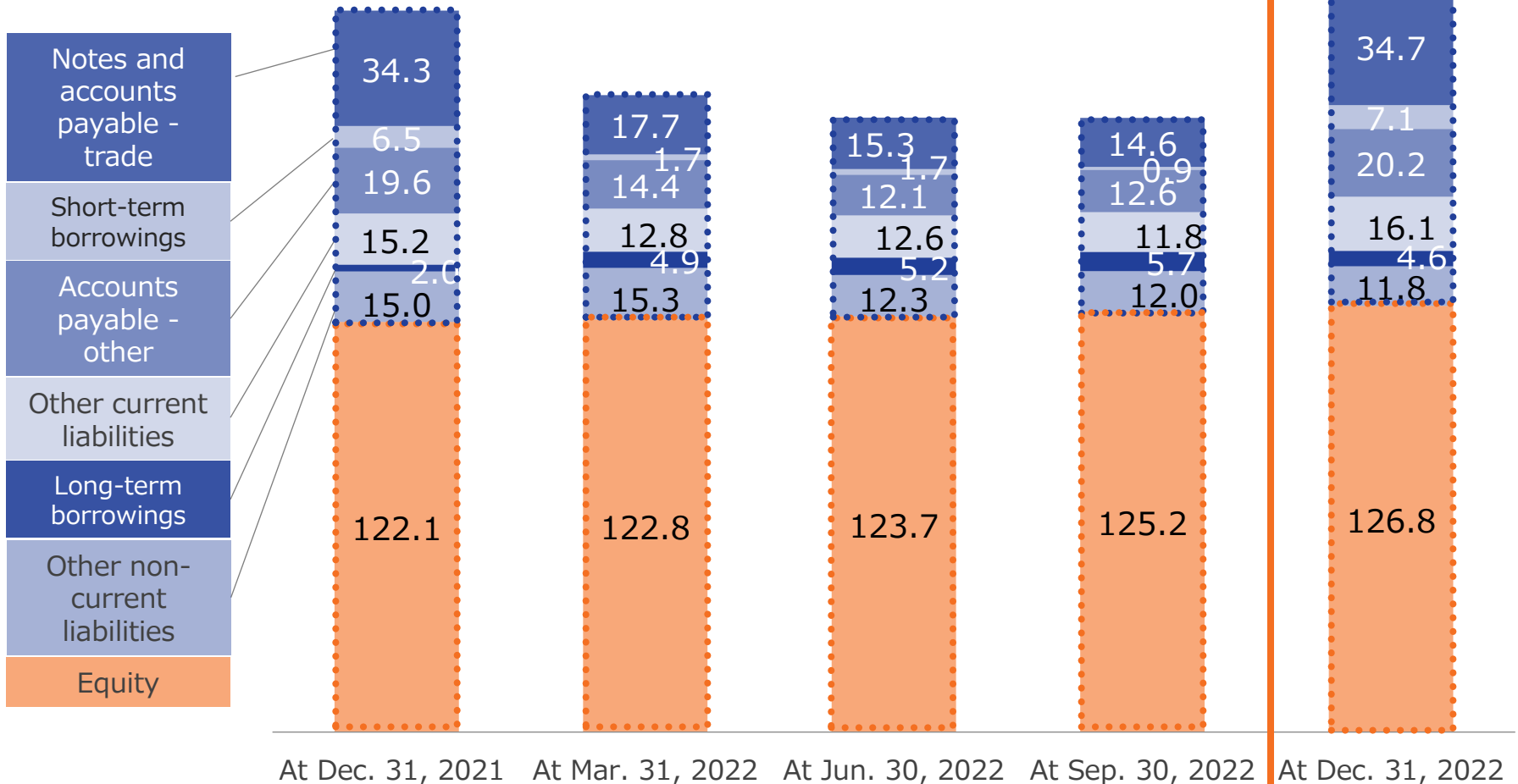
214.9 BY

189.9 BY

183.3 BY

183.1 BY

221.8 BY



*Amounts are rounded down to the nearest hundred million yen.



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.