

Consolidated Financial Results for the Year Ended March 31, 2023 【Japanese GAAP】

Summary of Quick Financial Announcement of Consolidated Financial Information For the Year Ended March 31, 2023

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

Contact for further information: Katsuhito Ohki, Department Manager, Finance & Accounting Department

Telephone: +81-3-6219-8787

Stock exchange listing: Tokyo

Annual meeting of shareholders: June 23, 2023

Start of cash dividend payments: June 26, 2023

Submission of Annual Securities Report: June 26, 2023

Supplementary materials prepared: Yes

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

1. Results for the year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(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	
Fiscal year ended		%		%		%
March 31, 2023	236,235	3.3	11,722	1.5	11,574	2.9
Fiscal year ended						
March 31, 2022	228,586	—	11,552	—	11,246	—
Note: Comprehensive income:	8,730 million yen for the year ended March 31, 2023: 13.0%					
	7,725 million yen for the year ended March 31, 2022: —%					
	Profit attributable to		Basic net income		Basic net income	
Fiscal year ended	owners of parent		per share (Yen)		per share - diluted (Yen)	
March 31, 2023	7,239	3.3	92.87		—	
Fiscal year ended						
March 31, 2022	7,010	—	89.17		—	

	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended			
March 31, 2023	5.8	6.0	5.0
Fiscal year ended			
March 31, 2022	5.7	5.9	5.1

Reference: Equity income on a affiliates:

For the year ended March 31, 2023: (509)million Yen

For the year ended March 31, 2022: (672)million Yen

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. were applied from the beginning of the previous consolidated fiscal year. Accordingly, the figures for the Year Ended March 31, 2022 reflect said accounting standard, etc., and increase or decrease rates from 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)
Fiscal year ended				%
March 31, 2023	194,327	126,963	65.2	1,624.44
Fiscal year ended				%
March 31, 2022	189,910	122,892	64.5	1,572.48

(Reference) Equity: For the year ended March 31, 2023: 126,622 million Yen

For the year ended March 31, 2022: 122,549 million Yen

(3) Statements of cash flows:

(Unit: Millions of Yen)

	Operating activities	Investing activities	Financing activities	Ending balances of cash and cash equivalents
Fiscal year ended				
March 31, 2023	10,687	(7,652)	(3,495)	24,503
Fiscal year ended				
March 31, 2022	5,712	(7,710)	(12,300)	24,751

2. Dividends

	Dividends per share				(Yen)
	First Quarter	Second Quarter	Third Quarter	Year-end	Full Year
Fiscal year ended March 31, 2022	—	30.00	—	30.00	60.00
Fiscal year ended March 31, 2023	—	30.00	—	30.00	60.00
Fiscal year ended March 31, 2024 (forecast)	—	30.00	—	30.00	60.00
	Total Dividends Paid (Full Year) (Millions of Yen)		Payout Ratio (Consolidated)		Dividends paid/Net Assets (Consolidated)
Fiscal year ended March 31, 2022	4,678		67.3		3.9
Fiscal year ended March 31, 2023	4,679		64.6		3.8
Fiscal year ended March 31, 2024 (forecast)	—		63.2		—

3. Forecast for the fiscal year ending March 2024 (from April 1, 2023 to March 31, 2024)

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

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	243,000	2.9	12,300	4.9	12,000	3.7
	Profit attributable to owners of parent		Basic net income per share (Yen)			
Annual	7,400	2.2	94.93			

4. Other

- (1) Significant changes in subsidiaries during the year ended: None
- (2) 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 (2)-1. | : None |
| 3. Changes due to accounting estimation change | : None |
| 4. Restatement | : None |
- (3) Shares outstanding (common stock)
1. Number of shares outstanding (including treasury stock)
- Fiscal year ended March 31, 2023: 82,050,105 shares
Fiscal year ended March 31, 2022: 82,050,105 shares
2. Number of treasury stock at the end of period
- Fiscal year ended March 31, 2023: 4,102,004 shares
Fiscal year ended March 31, 2022: 4,116,555 shares
3. Average shares outstanding over period
- Fiscal year ended March 31, 2023: 77,943,867 shares
Fiscal year ended March 31, 2022: 78,620,991 shares

※These financial results are not subject to audit 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. For assumptions used in forecasting business results and precautions regarding the use of business results forecasts, please refer to "5. Analysis of Business Results and Financial Position (1) Explanation of Business Results, (2) Outlook".

(For supplementary material of financial results)

Autobacs Seven Co., Ltd. will be held the Analysts Meeting online on May 11, 2023. The presentation material of the meeting will be uploaded on the Company's website.

5. Analysis of Business Results and Financial Position

Explanation of Business Results

-Business Results

During the consolidated fiscal year under review, social and economic activities in Japan, which had been restricted under the COVID-19 pandemic, were gradually normalizing, with a moderate recovery in consumer spending. However, the outlook for the Japanese economy remained uncertain, given soaring of raw material and energy cost, and rising prices of goods caused by the rapid depreciation of Japanese Yen.

Looking at trends in the domestic automotive-related industry, the number of new cars produced, which had declined due to the global shortage of semiconductors, began to recover. Meanwhile, the war in Ukraine and China's zero-COVID policy led to shortages of parts and disruptions to logistics, which continued to have prolonged effects. The number of used cars for trade-in available in the distribution market fell due to a decline in new car production, and the number of used cars registered was lower than the year-ago level. Market conditions for automotive goods were affected by rising prices, but demand for winter goods increased due to cold snaps and snowfalls.

In these circumstances, the Company is working to enhance its competitiveness in the market by responding and adapting to changes of the society, automobile-related needs, and people's lifestyle. Therefore, based on its Five-year Rolling Plan laying out the Group's direction, it will focus on high growth potential areas while striving to strengthen its networks and business infrastructures, and promote its businesses for sustainable growth.

Consolidated profit and loss results are as follows.

[Net sales and gross profit]

The Group's consolidated net sales during the fiscal year under review increased by 3.3% year on year, to 236,235 million yen, and gross profit rose by 3.0% year on year, to 79,462 million yen.

[Selling, general, and administrative expenses and operating income]

Selling, general, and administrative expenses increased by 3.3% year on year, to 67,739 million yen, resulting in operating income of 11,722 million yen, an increase of 1.5% from a year earlier. Expenses increased due to digital marketing activities, the development of information infrastructures and the rise in electricity prices due to high crude oil prices.

[Non-operating income, non-operating expenses, and ordinary income]

Non-operating income declined by 1.3% year on year, to 1,854 million yen. Non-operating expenses decreased by 8.3% year on year, to 2,002 million yen. Due to the decline in profitability of the equity method affiliate, an impairment loss equivalent to goodwill was posted as non-operating expenses as "investment loss by equity method". Consequently, ordinary income rose by 2.9% year on year, to 11,574 million yen.

[Extraordinary income and losses]

As extraordinary income, gain on termination of retirement benefit plan worth 891 million yen and compensation for forced relocation were posted. As extraordinary losses, an impairment loss of fixed assets worth 897 million yen was posted.

[Income taxes]

Income taxes increased by 650 million yen from the previous fiscal year to 4,640 million yen.

[Profit attributable to owners of parent]

Profit attributable to owners of parent increased by 3.3% year on year, to 7,239 million yen.

[Domestic AUTOBACS Business]

The Domestic AUTOBACS Business remained firm as a result of our efforts to strengthen sales promotions, in addition to signs of a recovery in personal consumption, despite concerns about the impact of the COVID-19 pandemic and rising prices. As a result, net sales in this segment increased by 2.7% year on year, to 183,107 million yen. Gross profit increased by 1.4% year on year, to 61,189 million yen. Selling, general, and administrative expenses increased by 3.7% year on year, to 41,500 million yen, reflecting an increase in utility expenses. As a result, segment profit decreased by 3.2% year on year, to 19,689 million yen. For the fiscal year under review, total sales for the Domestic AUTOBACS chain (including franchise stores) increased by 4.0% year on year on a same-store basis and by 4.2% on an overall-store basis.

In the domestic AUTOBACS chain, demand for automotive maintenance increased given that the number of new cars produced was lower than pre-COVID levels. Sales of tires, oil, batteries, among other goods, which are essential for users to continue to drive the cars they currently own, remained strong. Sales remained strong due to a spike in demand before price revisions as well as a strategic product lineup and enhanced sales promotion programs to tap into increasing demand for winter goods associated with cold snaps and snowfalls.

The Company revised in-store prices for tires in May and September after manufacturers implemented price increases. Even so, sales increased since snow tires performed well due to cold snaps and snowfalls in December, in addition to the rich product line-up and strategic sales promotion. Sales of car electronics decreased, affected by a reduction of new car production attributable to the continued global shortage of semiconductors.

As for private brands, the Company developed sales of mainly “AQ. (AUTOBACS Quality).” Sales of AQ. snow tire product, “North Trek N5,” which the Company launched in September 2022, performed well. 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.

As for statutory safety inspection and maintenance services, vehicle diagnostic service, 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 to provide maintenance of advanced safety vehicles equipped with driver assistance and autonomous driving functions. Consequently, all stores designated as shops for statutory safety inspections acquired specific maintenance certification (electronic control unit maintenance). Moreover, the Company has been taking measures to improve customer convenience, such as making it possible to promptly reserve pit services by expanding functions on official app. The number of vehicles that underwent statutory safety inspection and maintenance services increased 1.9% year on year, to approximately 665,000, reflecting an increase in the number of vehicles subject to statutory safety inspections in the second half.

As for automobile purchases and sales, 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 17.2% year on year, to approximately 35,000.

The total number of stores in operation in Japan stood at 588 at the end of March 2023, reflecting three stores opening, three stores closure and one store change of business format.

[Overseas Business]

Sales for the Overseas Business increased 22.1% year on year, to 13,531 million yen, and segment loss was 207 million yen (compared to a segment loss of 321 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 increased due to optimization of price and sales activities, despite the impact of inflation and other factors. In Singapore, sales increased due to the strong performance of pit services, 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 125 dealers. In China, sales climbed, reflecting the solid performance in wholesale to both domestic and other countries after easing Covid restrictions in December, despite the strong impact of the zero-COVID policy by the Chinese government implemented. 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.

The total number of stores outside Japan became 78, with 17 new store openings and 1 store closure, including the opening of 16 franchise stores in Thailand.

[Car Dealership, BtoB and Online Alliance Business]

Sales for the Car Dealership, BtoB and Online Alliance Business increased by 1.4% year on year, to 49,196 million yen, and segment profit was 281 million yen (compared to a segment loss of 339 million yen in the same period of the previous year).

As for the Car Dealership Business, the Company secured higher level of operating income than in the same period of the previous year by facilitating efficient operations, strongly affected by a reduction in new car production attributable to the shortage of semiconductors. The Company signed an authorized dealership agreement with BYD Auto Japan Co. Ltd., the Japanese subsidiary of BYD, an electric vehicle manufacturer. Consequently, authorized dealerships that AUTOBACS DEALER GROUP HOLDINGS Co., Ltd. operates became four brands, adding BYD to BMW, MINI and Audi. Moreover, the Company established an operation planning office for opening BYD Auto Utsunomiya and BYD Auto Nerima. It also started test drives of BYD ATTO 3, an e-SUV, and began to take pre-orders.

In the BtoB Business, there was a steady increase in the number of subscribers to the AUTOBACS Corporate Membership System, 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, and one that wholesales wheels, sales also remained solid against the backdrop of rising demand for maintenance and cold snaps and snow falls in December. 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 changing its logistics by establishing its own e-commerce logistics center and managing inventory reservation. The Company launched AUTOBACS Rakuten Ichiba Store in the online marketplace in November 2022 to increase the number of sales channels and expanded services on the official online shopping website, AUTOBACS.COM. As a result, sales increased. 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 21.2% year on year, to 6,063 million yen, and segment loss totalled 716 million yen (compared to a segment loss of 795 million yen in the same period of the previous year).

-Outlook

The Japanese economy, particularly domestic demand, is recovering on the back of the normalization of social and economic activities, which were restricted due to the COVID-19 pandemic. A recovery in inbound tourism demand is also contributing to the economic recovery. Overall, the Japanese economy is on a moderate recovery trend. However, the economic outlook remains uncertain due to soaring raw materials and energy costs caused by geopolitical uncertainties as well as the weakening of the yen, which has led to higher prices. Looking at trends in the domestic automotive-related industry, the number of new cars sold is recovering as global semiconductor shortages are gradually being mitigated. However, the industry is expected to remain unstable due to disruptions to supply chains and logistics.

Meanwhile, the automotive industry has entered a once-in-a-century transition period. Technological innovations, including electrification and autonomous driving, are advancing steadily. As awareness of sustainability is increasing, many companies are taking steps to achieve carbon neutrality. A transition to zero emission vehicles (ZEV), particularly electric vehicles (EV), is accelerating worldwide.

Looking at the domestic car aftermarket, where the Group is strong, new entries into the car aftermarket and its peripheral businesses, which involve new business models, such as car sharing and subscription services, have started. Customers' purchasing behavior is changing, and online sales are expected to account for a larger percentage of sales. Due to this change, competition beyond industry boundaries is expected to intensify. Moreover, there will be significant and rapid changes in the business environment for the Group, including changes in the customer mix due to the declining birthrate and aging population and diversifying customer needs.

To respond to rapid changes in the environment, determine customer needs accurately, and examine and take initiatives to respond to needs promptly, the Company has developed the Five-year Rolling Plan, which lays out the Group's direction and strategies for five years. The Company has been updating the plan every year since the fiscal year ended March 31, 2020. The fiscal year ending March 31, 2024 is the fifth year of the Rolling Plan. Since the first year, the Company has built partnerships beyond industry boundaries and strengthened its business foundations. The Company will continue to produce results and expand earnings.

To achieve sustainable growth under these circumstances, the Company has defined its purpose as "promoting traffic safety in society and enriching customers' lives" and has created a long-term vision, Beyond AUTOBACS Vision 2032, that lays out where the Company should be in ten years to surpass AUTOBACS as it is now. The Company will seek to evolve into an entity that consistently proposes the enjoyment of going out. The Company aims to post consolidated net sales of 500.0 billion yen in the fiscal year ending March 31, 2033.

The Group's forecasts for the next fiscal year includes a year-on-year increase in net sales of 2.9% to 243.0 billion yen, a year-on-year increase in operating income of 4.9% to 12.3 billion yen, a year-on-year increase in ordinary income of 3.7% to 12.0 billion yen, and a year-on-year increase in profit attributable to owners of parent of 2.2% to 7.4 billion yen.

6. Basic Concept for the Selection of Accounting Standards

The Group will continue to prepare its consolidated financial statements under Japanese standards for the foreseeable future, taking into account the comparability of the terms of consolidated financial statements and the comparability among companies.

Going forward, the Group will examine the possibility of applying international accounting standards considering progress in the development of overseas business and trends in the adoption of international accounting standards among other Japanese companies in the same industry.

7. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	24,800	24,570
Notes receivable - trade	410	409
Accounts receivable - trade	25,432	25,740
Investments in leases	4,270	3,645
Merchandise	21,516	23,899
Short-term loans receivable	263	100
Accounts receivable - other	25,778	27,102
Other	5,500	5,957
Allowance for doubtful accounts	(54)	(83)
Total current assets	107,917	111,341
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,079	46,054
Accumulated depreciation	(32,493)	(33,185)
Buildings and structures, net	12,585	12,868
Machinery, equipment and vehicles	8,332	8,653
Accumulated depreciation	(5,145)	(5,550)
Machinery, equipment and vehicles, net	3,187	3,102
Tools, furniture and fixtures	11,527	12,607
Accumulated depreciation	(9,710)	(10,285)
Tools, furniture and fixtures, net	1,816	2,321
Land	24,529	24,735
Leased assets	857	913
Accumulated depreciation	(231)	(278)
Leased assets, net	626	635
Right-of-use assets	3,577	3,716
Accumulated depreciation of Right-of-use assets	(1,253)	(1,654)
Right-of-use assets, net	2,323	2,062
Construction in progress	199	1,032
Total property, plant and equipment	45,268	46,757
Intangible assets		
Goodwill	2,215	1,386
Software	4,080	5,494
Other	2,654	2,511
Total intangible assets	8,951	9,392
Investments and other assets		
Investment securities	8,710	9,078
Long-term loans receivable	44	46
Deferred tax assets	5,238	4,594
Guarantee deposits	12,744	12,128
Other	1,053	1,005
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	27,773	26,836
Total non-current assets	81,993	82,986
Total assets	189,910	194,327

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,702	17,629
Short-term borrowings	1,724	1,847
Lease liabilities	692	701
Accounts payable - other	14,480	15,746
Income taxes payable	1,987	2,726
Contract liabilities	1,389	1,273
Other	8,818	8,980
Total current liabilities	46,795	48,906
Non-current liabilities		
Long-term borrowings	4,917	6,699
Lease liabilities	3,429	2,946
Deferred tax liabilities	562	516
Provision for retirement benefits for directors (and other officers)	19	7
Retirement benefit liability	3,233	341
Asset retirement obligations	2,675	2,741
Other	5,385	5,204
Total non-current liabilities	20,223	18,458
Total liabilities	67,018	67,364
Net assets		
Shareholders' equity		
Share capital	33,998	33,998
Capital surplus	34,156	34,156
Retained earnings	59,442	61,997
Treasury shares	(7,016)	(6,990)
Total shareholders' equity	120,581	123,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,308	2,077
Foreign currency translation adjustment	1,065	1,382
Remeasurements of defined benefit plans	(1,406)	—
Total accumulated other comprehensive income	1,967	3,460
Non-controlling interests	342	340
Total net assets	122,892	126,963
Total liabilities and net assets	189,910	194,327

(2) Consolidated Statement of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	228,586	236,235
Cost of sales	151,436	156,773
Gross profit	77,150	79,462
Selling, general and administrative expenses	65,598	67,739
Operating profit	11,552	11,722
Non-operating income		
Interest income	52	69
Dividend income	78	78
Commission income	56	61
Lease revenue-system equipment	643	674
Other	1,047	969
Total non-operating income	1,878	1,854
Non-operating expenses		
Interest expenses	76	69
Share of loss of entities accounted for using equity method	672	509
Lease cost-system equipment	578	597
Loss on retirement of non-current assets	130	133
Other	726	692
Total non-operating expenses	2,184	2,002
Ordinary profit	11,246	11,574
Extraordinary income		
Compensation for forced relocation	—	286
Gain on termination of retirement benefit plan	—	891
Total extraordinary income	—	1,177
Extraordinary losses		
Impairment losses	238	897
Total extraordinary losses	238	897
Profit before income taxes	11,008	11,854
Income taxes - current	4,224	4,555
Income taxes - deferred	(234)	84
Total income taxes	3,990	4,640
Profit	7,018	7,214
Profit attributable to		
Profit attributable to owners of parent	7,010	7,239
Profit (loss) attributable to non-controlling interests	7	(24)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Other comprehensive income		
Valuation difference on available-for-sale securities	(54)	(234)
Foreign currency translation adjustment	456	317
Remeasurements of defined benefit plans, net of tax	184	1,406
Share of other comprehensive income of entities accounted for using equity method	121	25
Total other comprehensive income	706	1,515
Comprehensive income	7,725	8,730
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,694	8,731
Comprehensive income attributable to non-controlling interests	30	(1)

(3) Consolidated Statement of Changes in equity
Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,998	34,286	61,359	(7,747)	121,897
Cumulative effects of changes in accounting policies			(479)		(479)
Restated balance	33,998	34,286	60,879	(7,747)	121,417
Changes during period					
Dividends of surplus			(4,736)		(4,736)
Profit attributable to owners of parent			7,010		7,010
Purchase of treasury shares				(3,003)	(3,003)
Cancellation of treasury shares			(3,707)	3,707	—
Disposal of treasury shares			(4)	27	23
Change in ownership interest of parent due to transactions with non-controlling interests		(129)			(129)
Net changes in items other than shareholders' equity					
Total changes during period	—	(129)	(1,437)	731	(835)
Balance at end of period	33,998	34,156	59,442	(7,016)	120,581

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,367	505	(1,590)	1,283	653	123,833
Cumulative effects of changes in accounting policies					(0)	(479)
Restated balance	2,367	505	(1,590)	1,283	653	123,353
Changes during period						
Dividends of surplus						(4,736)
Profit attributable to owners of parent						7,010
Purchase of treasury shares						(3,003)
Cancellation of treasury shares						—
Disposal of treasury shares						23
Change in ownership interest of parent due to transactions with non-controlling interests						(129)
Net changes in items other than shareholders' equity	(59)	559	184	684	(310)	373
Total changes during period	(59)	559	184	684	(310)	(461)
Balance at end of period	2,308	1,065	(1,406)	1,967	342	122,892

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,998	34,156	59,442	(7,016)	120,581
Changes during period					
Dividends of surplus			(4,678)		(4,678)
Profit attributable to owners of parent			7,239		7,239
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares			(5)	28	23
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	2,554	25	2,580
Balance at end of period	33,998	34,156	61,997	(6,990)	123,162

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,308	1,065	(1,406)	1,967	342	122,892
Changes during period						
Dividends of surplus						(4,678)
Profit attributable to owners of parent						7,239
Purchase of treasury shares						(3)
Disposal of treasury shares						23
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Change in ownership interest of parent due to transactions with non-controlling interests						(0)
Net changes in items other than shareholders' equity	(230)	317	1,406	1,492	(1)	1,491
Total changes during period	(230)	317	1,406	1,492	(1)	4,071
Balance at end of period	2,077	1,382	—	3,460	340	126,963

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	11,008	11,854
Depreciation	4,160	4,305
Impairment losses	238	897
Amortization of goodwill	394	381
Increase (decrease) in allowance for doubtful accounts	(43)	44
Increase (decrease) in retirement benefit liability	324	19
Interest and dividend income	(130)	(148)
Interest expenses	76	69
Share of loss (profit) of entities accounted for using equity method	672	509
Loss (gain) on sale and retirement of non-current assets	101	68
Loss (gain) on valuation of investment securities	8	4
Gain on termination of retirement benefit plan	—	(891)
Decrease (increase) in trade receivables	(5,652)	(1,529)
Decrease (increase) in investments in leases	497	506
Decrease (increase) in inventories	(2,311)	(2,286)
Increase (decrease) in trade payables	3,440	(186)
Other, net	(1,571)	789
Subtotal	11,212	14,408
Interest and dividends received	145	206
Interest paid	(80)	(70)
Income taxes paid	(5,565)	(3,856)
Net cash provided by (used in) operating activities	5,712	10,687
Cash flows from investing activities		
Payments into time deposits	(12)	(13)
Purchase of property, plant and equipment and intangible assets	(6,300)	(7,182)
Proceeds from sale of property, plant and equipment and intangible assets	65	334
Purchase of investment securities	(403)	(1,303)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,078)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	51
Purchase of shares of subsidiaries and associates	(24)	—
Loan advances	(100)	(0)
Proceeds from collection of loans receivable	163	164
Payments of guarantee deposits	(288)	(209)
Proceeds from refund of guarantee deposits	321	572
Other, net	(51)	(67)
Net cash provided by (used in) investing activities	(7,710)	(7,652)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,356)	(119)
Proceeds from long-term borrowings	3,206	3,000
Repayments of long-term borrowings	(1,161)	(1,078)
Purchase of treasury shares	(3,000)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(690)	(7)
Dividends paid	(4,734)	(4,674)
Other, net	(563)	(615)
Net cash provided by (used in) financing activities	(12,300)	(3,495)
Effect of exchange rate change on cash and cash equivalents	145	212
Net increase (decrease) in cash and cash equivalents	(14,152)	(247)
Cash and cash equivalents at beginning of period	38,903	24,751
Cash and cash equivalents at end of period	24,751	24,503

8. Notes on the consolidated financial statements

(Notes on the Going-concern Assumption)

Not applicable.

9. Segment Information

(1) Outlines reportable segment

The reporting segments of Autobacs Seven Co., Ltd. (the “Company”) are the components of the Company about which separate financial information is available. These segments are subject to periodic examination to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The companies are engaged in wholesale, retail sales and internet sales of automotive goods and services both in Japan and overseas; automobile purchase and sales; statutory safety inspection and maintenance services; imported car dealership. The companies also provide the AUTOBACS chain with store leasing service and credit related business. The Group has four reporting segments: “Domestic AUTOBACS Business,” “Overseas Business,” “Car Dealership, BtoB and Online Alliance Business” and “Other Business.”

“Domestic AUTOBACS Business” is engaged in wholesale of automotive goods such as Tires and Wheels, Car Electronics to its franchise companies in Japan. It also provides the AUTOBACS chain with store leasing service. Furthermore, it is engaged in sale and installation services of automotive goods, maintenance services, statutory safety inspection, automobile purchase from and sales to domestic customers.

“Overseas Business” is engaged in sale and installation services of automotive goods, maintenance services and operating a sheet metal painting to overseas customers. It also wholesales and exports automotive goods to overseas franchise companies and other retail companies.

“Car Dealership, BtoB and Online Alliance Business” is engaged in retail sale and service of imported car to domestic customers. It is also engaged in wholesale of automotive goods to domestic DIY stores. Moreover, it is engaged in providing automotive goods through the official online shop and the official app cooperated with real stores. It is engaged in statutory safety inspection, maintenance services and operating a sheet metal painting as well.

“Other Business” is engaged in credit related business, insurance agent, individual credit purchase mediation at franchise companies in Japan and issuing alliance card. It also provides the AUTOBACS chain with store equipment leasing service. Moreover, it is engaged in developing lifestyle brand goods suggesting unique worldview inspired by cars, opening internet and real stores and selling car, etc.

(2) Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting treatment methods for the Company's reporting segments have been prepared in accordance with accounting policies used for preparation of the consolidated financial statements.

(3) Segment sales, breakdown of sales, income(loss), assets and others

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments					Reconciling items (Note 1)	Per 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	173,167	10,763	39,042	3,267	226,241	—	226,241
Other revenue	1,726	—	—	618	2,344	—	2,344
Revenues from external customers	174,894	10,763	39,042	3,886	228,586	—	228,586
Transactions with other segments	3,379	321	9,484	1,117	14,302	(14,302)	—
Net sales	178,274	11,084	48,527	5,003	242,889	(14,302)	228,586
Operating profit (loss)	20,343	(321)	(339)	(795)	18,886	(7,333)	11,552
Assets	107,721	13,395	21,924	29,289	172,331	17,579	189,910
Other items							
Depreciation	2,188	627	659	318	3,794	320	4,114
Amortization of goodwill	72	160	161	—	394	—	394
Investments in entities accounted for using equity method	2,369	1,225	763	—	4,358	92	4,450
Increase in property, plant and equipment and intangible assets	4,957	218	726	186	6,088	211	6,300

Notes:

1. The details of “Reconciling items” are as follows:

- (1) The amount (7,333) million yen of “Reconciling items” of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
- (2) The amount 17,579 million yen of “Reconciling items” of Assets is the corporate administrative assets such as cash and deposits which are not belong to each reportable segment.
- (3) At Other items, the amount 320 million yen of “Reconciling items” of Depreciation is the depreciation for the corporate administrative assets. The amount 92 million yen of “Reconciling items” of Investments in entities accounted for using equity method is the investment amount to the affiliated company which is not belong to each reportable segment. The amount 211 million yen of “Reconciling items” of Increase in property, plant and equipment and intangible assets is the mainly amount of capital investment for the corporate administrative assets.

2. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments					Reconciling items (Note 1)	Per 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	176,877	12,972	39,820	4,175	233,846	—	233,846
Other revenue	1,693	79	—	615	2,388	—	2,388
Revenues from external customers	178,570	13,052	39,820	4,791	236,235	—	236,235
Transactions with other segments	4,536	479	9,375	1,272	15,664	(15,664)	—
Net sales	183,107	13,531	49,196	6,063	251,899	(15,664)	236,235
Operating profit (loss)	19,689	(207)	281	(716)	19,046	(7,324)	11,722
Assets	108,846	12,256	22,572	30,497	174,171	20,156	194,327
Other items							
Depreciation	2,259	651	675	348	3,935	319	4,255
Amortization of goodwill	72	147	161	—	381	—	381
Investments in entities accounted for using equity method	2,456	1,281	52	—	3,790	66	3,856
Increase in property, plant and equipment and intangible assets	4,607	622	1,138	224	6,592	589	7,182

Notes:

1. The details of “Reconciling items” are as follows:

- (1) The amount (7,324) million yen of “Reconciling items” of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
- (2) The amount 20,156 million yen of “Reconciling items” of Assets is the corporate administrative assets such as cash and deposits which are not belong to each reportable segment.
- (3) At Other items, the amount 319 million yen of “Reconciling items” of Depreciation is the depreciation for the corporate administrative assets. The amount 66 million yen of “Reconciling items” of Investments in entities accounted for using equity method is the investment amount to the affiliated company which is not belong to each reportable segment. The amount 589 million yen of “Reconciling items” of Increase in property, plant and equipment and intangible assets is the mainly amount of capital investment for the corporate administrative assets.

2. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

(4) Impairment loss by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments					Reconciling items	Total
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and Online Alliance business	Other business	Total Reportable segments		
Impairment loss	—	78	159	—	238	—	238

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments					Reconciling items	Total
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and Online Alliance business	Other business	Total Reportable segments		
Impairment loss	—	897	—	—	897	—	897

(5) Amortization and balance of goodwill by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments					Reconciling items	Total
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and Online Alliance business	Other business	Total Reportable segments		
Amortization of goodwill	72	160	161	—	394	—	394
Goodwill	305	1,133	776	—	2,215	—	2,215

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments					Reconciling items	Total
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and Online Alliance business	Other business	Total Reportable segments		
Amortization of goodwill	72	147	161	—	381	—	381
Goodwill	233	538	615	—	1,386	—	1,386

(6) Gain on negative goodwill by reportable segment

Fiscal year ended March 31, 2022

Not applicable.

Fiscal year ended March 31, 2023

Not applicable.

10. Per share information

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	1,572.48 yen	1,624.44 yen
Basic net income per share	89.17 yen	92.87 yen

Notes:

1. Basic net income per share - diluted was not presented because there was no dilution for the fiscal year.

2. The basis of calculating net income per share is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basic net income per share		
Profit attributable to owners of parent (Millions of yen)	7,010	7,239
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	7,010	7,239
Average shares related to common shares outstanding over period (Thousand shares)	78,620	77,943

11. Subsequent Events

Not applicable.