

## Consolidated Financial Results for the Three Months Ended June 30, 2023 【Japanese GAAP】

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

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Stock exchange listing: Tokyo

Submission of Quarterly Business Report: August 7, 2023

Start of cash dividend payments: -

Supplementary quarterly materials prepared: Yes

Quarterly results information meeting held: None

### 1. Results for the three months ended June 30, 2023 (From April 1, 2023 to June 30, 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	
<b>Three months ended</b>		%		%		%
<b>June 30, 2023</b>	<b>57,668</b>	<b>9.1</b>	<b>2,031</b>	<b>29.8</b>	<b>2,050</b>	<b>12.6</b>
Three months ended June 30, 2022	52,853	1.1	1,564	3.1	1,821	6.6

Note: Comprehensive income: **1,449 million yen for the Three months ended June 30, 2023: (54.9%)**  
3,214 million yen for the Three months ended June 30, 2022: 124.3%

	Profit attributable to owners of parent		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
<b>Three months ended</b>		%		
<b>June 30, 2023</b>	<b>1,345</b>	<b>(23.4)</b>	<b>17.26</b>	<b>-</b>
Three months ended June 30, 2022	1,755	62.8	22.52	-

(2) Financial position:

(Unit: Millions of Yen except for per share information)

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
<b>Three months ended</b>			%	
<b>June 30, 2023</b>	<b>191,004</b>	<b>126,067</b>	<b>65.8</b>	<b>1,612.91</b>
Fiscal year ended				
March 31, 2023	194,327	126,963	65.2	1,624.44

(Reference) Equity: **Three months ended June 30, 2023: 125,722 million Yen**

Fiscal year ended March 31, 2023: 126,622 million Yen

## 2. Dividends

	Dividends per share				(Yen)
	Three months	Second Quarter	Third Quarter	Year -end	Annual
Fiscal year ended					
March 31, 2023	-	30.00	-	30.00	60.00
Fiscal year ended					
March 31, 2024	-				
Fiscal year ending					
March 31, 2024 (forecast)		<b>30.00</b>	-	<b>30.00</b>	<b>60.00</b>

Note: Revisions to dividend forecasts published most recently: None

## 3. Forecast for the fiscal year ending March 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	234,200	(0.9)	11,900	1.5	11,600	0.2
	Profit attributable to owners of parent		Basic net income per share (Yen)			
		%				
Annual	9,900	36.8	127.01			

Note: Revisions to financial forecasts published most recently: Yes

For Revisions to financial forecasts, please refer to "Transfer of Shares of Sub-subsidiaries and Revisions to Financial Results Forecasts" which was announced today (July 31, 2023).

#### 4. Other

- (1) Significant changes in scope of consolidation: None
- (2) Adoption of special accounting policies for quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimation change and restatement
  - 1. Changes due to changes in accounting standard : None
  - 2. Changes due to changes in accounting standard except (3)-1. : None
  - 3. Changes due to accounting estimation change : None
  - 4. Restatement : None
- (4) Shares outstanding (common stock)
  - 1. Number of shares outstanding (including treasury stock)  
**Three months ended June 30, 2023: 82,050,105 shares**  
Fiscal year ended March 31, 2023: 82,050,105 shares
  - 2. Number of treasury stock at the end of period  
**Three months ended June 30, 2023: 4,102,276 shares**  
Fiscal year ended March 31, 2023: 4,102,004 shares
  - 3. Average shares outstanding over quarter  
**Three months ended June 30, 2023: 77,947,985 shares**  
Three months ended June 30, 2022: 77,933,409 shares

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

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

(Statement regarding the proper use of financial forecasts)

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

## 5. Qualitative Information Concerning the Three Months Ended June 30, 2023

### Explanation of business results

During the first three months of the fiscal year under review, the Japanese economy showed signs of improvement in consumer spending due to the normalization of social and economic activity with the easing of activity restrictions under the COVID-19 pandemic. However, the outlook for the Japanese economy remained uncertain, given rising prices of goods caused by the prolonged conflict in Ukraine and soaring raw material and energy costs, as well as concerns about an economic slowdown due to exchange rate fluctuations.

Looking at trends in the domestic automotive-related industry, the number of new cars produced, which had been sluggish with the global shortage of semiconductors, recovered to a level higher than the previous year thanks to improved semiconductor supply. In addition, the number of used cars for trade-in available in the distribution market increased due to the recovery of new car production, and the number of used car transactions was on the rise. Market conditions still remained severe for automotive goods, reflecting the impact of rising prices due to surging raw material and energy costs.

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.

As a result, the Group's sales during the first three months of the consolidated fiscal year under review increased by 9.1% year on year, to 57,668 million yen, gross profit increased by 7.4% year on year, to 19,322 million yen, and selling, general, and administrative expenses increased by 5.3% year on year, to 17,291 million yen, resulting in operating income of 2,031 million yen, an increase of 29.8% from a year earlier. Ordinary income increased by 12.6% year on year, to 2,050 million yen. As a result, profit attributable to owners of parent decreased by 23.4% year on year, to 1,345 million yen.

Results by business segment are as follows.

From the first quarter of the current fiscal year, the Company changed the classification of reporting segments. With respect to comparisons with results for the same period of the previous year, comparisons and analyses were made based on figures for the three-month period a year before reclassified into revised segments.

#### [Domestic AUTOBACS Business]

Sales of the entire domestic AUTOBACS chain (including franchise stores) increased 2.7% year on year on a same-store basis and 3.0% year on year on an overall basis.

As for AUTOBACS chain stores, tires, oil and batteries performed well due to maintenance demand for existing cars. Sales from services associated with these products also remained strong.

The Company revised in-store prices for tires in May after manufacturers implemented price increases, but sales remained solid, reflecting growth in sales of low-priced products such as private brand tires and tires exclusively sold by the AUTOBACS Group. Oil and batteries also performed firmly, despite price revisions, thanks to a stronger product lineup and more effective sales promotion programs against a backdrop of solid demand for maintenance parts for existing owned cars.

As for private brands, the Company has been focusing on developing and selling valuable products that meet various customer needs, such as "AQ. (AUTOBACS Quality.)", and "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, bookings through the app increased 16.0% year on year due to improved customer convenience as a result of enhanced functions of the official app and easier bookings for work at service pits. The number of vehicles that underwent statutory safety inspection and maintenance services increased 7.5% year on year, to approximately 158,000, reflecting an increase in the number of vehicles subject to statutory safety inspections.

As for automobile sales, sales for auction performed 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 26.8% year on year, to approximately 7,800.

The total number of stores in operation in Japan, stood at 588 at the end of June 2023, unchanged from the end of March 2023.

As a result, sales of the Domestic AUTOBACS Business increased by 9.0% year on year, to 42,007 million yen, and segment profit increased by 5.0% year on year, to 4,243 million yen.

#### [Overseas Business]

Sales for the Overseas Business increased 17.8% year on year, to 3,735 million yen, and segment loss was 33 million yen (compared to a segment loss of 202 million yen in the same period of the previous year).

In the retail and service business, sales increased despite the impact of the conflict in Ukraine and worldwide inflation. In the wholesale business, sales rose, mainly reflecting stepped up sales and marketing to existing customers.

In France, sales increased due to the pass-on of increases in raw material costs to the price, but labor expenses increased due to a rise in the legal minimum wage. In Singapore, sales decreased due to the sluggish performance of services for corporate customers who mainly provide maintenance services, despite the strong performance of works at service pits by capturing demand for maintenance parts for vehicles. In Malaysia and Australia, sales decreased mainly due to a decline in consumer appetite against the backdrop of inflation and a sharp rise in interest rates by the central bank. In China, sales declined due to falling exports to Japan.

The total number of stores outside Japan, with five new store openings and one store closure, increased from 78 as of the end of March 2023, to 82.

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

Sales for the Car Dealership, BtoB and Online Alliance Business increased by 13.2% year on year, to 12,320 million yen, and segment profit was 32 million yen (compared to a segment loss of 91 million yen in the same period of the previous year).

In the Car Dealership Business, sales increased as both the number of new cars sold and the number of used cars sold increased on the back of a recovery in the number of new cars produced and the number of used cars registered. In addition, BACS E-Mobility Co., Ltd., a consolidated subsidiary, has also begun selling ZEVs (zero emission vehicles), including electric vehicles, through measures such as establishing a preparatory office for opening BYD AUTO Utsunomiya and BYD AUTO Nerima, authorized BYD dealers.

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. Further, against the backdrop of solid demand for maintenance parts for vehicles, subsidiaries engaged in statutory safety inspection, maintenance services, and tire sales, as well as those engaged in the wholesale of automotive goods and services, engine oil, and other products, performed well. 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 continues to promote logistics reforms and the integration of online and physical stores. In addition, in April 2023, the Company opened MOBILA, a comprehensive car lifestyle information site. The Company will provide the latest car news, information that makes people want to go out in their cars for driving and outdoor activities, and will provide safety, security, and excitement to all drivers.

[Other Business]

Sales in the Other Business decreased 8.7% year on year, to 4,128 million yen, and segment loss totalled 169 million yen (compared to a segment loss of 179 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, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	24,570	25,375
Notes and accounts receivable - trade	26,149	26,058
Merchandise	23,899	25,804
Accounts receivable - other	27,102	18,974
Other	9,703	10,377
Allowance for doubtful accounts	(83)	(85)
Total current assets	111,341	106,504
Non-current assets		
Property, plant and equipment		
Land	24,735	24,757
Other, net	22,022	23,437
Total property, plant and equipment	46,757	48,194
Intangible assets		
Goodwill	1,386	1,342
Other	8,005	8,096
Total intangible assets	9,392	9,439
Investments and other assets		
Guarantee deposits	12,128	12,127
Other	14,724	14,755
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	26,836	26,865
Total non-current assets	82,986	84,500
<b>Total assets</b>	<b>194,327</b>	<b>191,004</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,629	19,126
Short-term borrowings	1,847	1,904
Accounts payable - other	15,746	12,927
Income taxes payable	2,726	557
Other	10,954	12,170
Total current liabilities	48,906	46,685
Non-current liabilities		
Long-term borrowings	6,699	6,527
Provisions	7	7
Retirement benefit liability	341	350
Asset retirement obligations	2,741	2,747
Other	8,667	8,617
Total non-current liabilities	18,458	18,251
<b>Total liabilities</b>	<b>67,364</b>	<b>64,937</b>

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	33,998	33,998
Capital surplus	34,156	34,156
Retained earnings	61,997	61,002
Treasury shares	(6,990)	(6,991)
Total shareholders' equity	123,162	122,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,077	1,914
Foreign currency translation adjustment	1,382	1,641
Total accumulated other comprehensive income	3,460	3,555
Non-controlling interests	340	344
Total net assets	126,963	126,067
Total liabilities and net assets	194,327	191,004

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	52,853	57,668
Cost of sales	34,859	38,345
Gross profit	17,993	19,322
Selling, general and administrative expenses	16,428	17,291
Operating profit	1,564	2,031
Non-operating income		
Interest income	12	21
Dividend income	42	58
Share of profit of entities accounted for using equity method	116	162
Lease revenue-system equipment	162	263
Other	282	291
Total non-operating income	617	798
Non-operating expenses		
Interest expenses	18	19
Lease cost-system equipment	154	660
Loss on retirement of non-current assets	19	12
Other	168	86
Total non-operating expenses	361	778
Ordinary profit	1,821	2,050
Extraordinary income		
Gain on termination of retirement benefit plan	891	—
Total extraordinary income	891	—
Profit before income taxes	2,712	2,050
Income taxes - current	446	637
Income taxes - deferred	515	71
Total income taxes	962	709
Profit	1,750	1,341
Profit attributable to		
Profit attributable to owners of parent	1,755	1,345
Loss attributable to non-controlling interests	(4)	(3)
Other comprehensive income		
Valuation difference on available-for-sale securities	(319)	(166)
Foreign currency translation adjustment	307	228
Remeasurements of defined benefit plans, net of tax	1,406	—
Share of other comprehensive income of entities accounted for using equity method	68	46
Total other comprehensive income	1,464	107
Comprehensive income	3,214	1,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,201	1,440
Comprehensive income attributable to non-controlling interests	12	8

**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. Significant subsequent Events)

### Business divestiture

At a meeting of the Board of Directors held on July 31, 2023, we passed a resolution regarding the transfer of all shares of Autoplatz K.K. (hereinafter, “Autoplatz”) and Motoren Tochigi Corp. (hereinafter, “Motoren Tochigi”) held by AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., one of our subsidiaries, to Sojitz Corporation and Ibanichi Holding Co., Ltd., respectively (hereinafter the “Transfer”).

Based on this resolution, we plan to transfer the relevant shares on September 1, 2023.

As the result of the Transfer, Autoplatz and Motoren Tochigi will be excluded from the scope of consolidation.

### 1. Outline of the business divestiture

#### (1) Name of successor enterprise

(i) Autoplatz K.K. will be transferred to Sojitz Corporation.

(ii) Motoren Tochigi Corp. will be transferred to Ibanichi Holding Co., Ltd.

#### (2) Details of divested business

Sale of new BMW and MINI cars, provision of services and sale of certified used cars

#### (3) Main reason for conducting business divestiture

The Company acquired Autoplatz and Motoren, making them subsidiaries in 2015 and 2017, respectively, (and converted them into second-tier subsidiaries in 2019). It continued to conduct the BMW and MINI official dealership business through the two companies.

As a result of a series of discussions between BMW Japan Corp. and the Company regarding the development of the BMW and MINI official dealership business, the Company has decided to transfer the shares of Autoplatz and Motoren Tochigi to cooperate with BMW Japan Corp. in its area restructuring efforts.

As stated in our Long-Term Vision, the AUTOBACS Group will continue to strengthen the car dealership business by including zero emission vehicles in its product range while simultaneously working to optimize the management of resources and enhance its corporate value.

#### (4) Date of business divestiture (plan)

September 1, 2023

#### (5) Outline of the transaction including its legal form

Share transfer, etc., where consideration received is only cash and other tangible assets

### 2. Overview of accounting procedures implemented

The Group plans to account for the transaction in accordance with “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and “Guidance for Accounting Standard for Business Combinations and Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

Regarding the consolidated results for the first six months of the fiscal year ending March 31, 2024, we expect to post an extraordinary profit of approximately 3.9 billion yen to reflect gains on sale of stock and Facility and Other Support Grants in conjunction with the divestiture.

### 3. Name of the reportable segment in which the divested business is included

Car Dealership, BtoB and Online Alliance business

## 9. Segment Information

I Three months ended June 30, 2022

### 1. Information about sales and profit (loss) and breakdown of sales

(Millions of yen)

	Reportable segments					Reconciling items (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Domestic AUTOBACS business	Overseas business	Car Dealership, BtoB and Online Alliance business	Other business	Total Reportable segments		
Sales							
Revenue from contracts with customers	37,788	3,053	8,778	2,653	52,275	—	52,275
Other revenue	—	—	—	578	578	—	578
Revenues from external customers	37,788	3,053	8,778	3,231	52,853	—	52,853
Transactions with other segments	762	117	2,101	1,291	4,273	(4,273)	—
Net sales	38,551	3,171	10,880	4,522	57,126	(4,273)	52,853
Operating profit (loss)	4,042	(202)	(91)	(179)	3,569	(2,004)	1,564

Notes:

1. The amount (2,004) million yen of “Reconciling items” of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
2. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

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

Not applicable.

## II Three months ended June 30, 2023

### 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	40,923	3,625	10,218	2,283	57,051	—	57,051
Other revenue	—	21	—	596	617	—	617
Revenues from external customers	40,923	3,646	10,218	2,879	57,668	—	57,668
Transactions with other segments	1,084	88	2,101	1,248	4,523	(4,523)	—
Net sales	42,007	3,735	12,320	4,128	62,192	(4,523)	57,668
Operating profit (loss)	4,243	(33)	32	(169)	4,072	(2,041)	2,031

#### Notes:

1. The amount (2,041) 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. Matters concerning change in reportable segments

Starting from the first quarter ended June 30, 2023, due to the revision of our business portfolio, the department with functions to promote and manage car purchase and sales has been transferred to the newly established "Car Trading Business" with the aim of expanding its business. Similarly, the department with functions of property development and location development related to store openings, etc. has been transferred to the newly established “Property Development Business” for the purpose of accelerating store openings and making effective use of real estate within the Group. Accordingly, the reportable segment of both functions, which used to be included in the “Domestic AUTOBACS business,” is reviewed and transferred to the “Other business.”

In addition, indirect costs for customer support and logistics facilities, which used to be included in the “Domestic AUTOBACS Business,” are reviewed as company-wide expenses that are not allocable to each reportable segment.

There are no changes in the names of the reportable segments “Domestic AUTOBACS business,” “Overseas business,” “Car Dealership, BtoB and Online Alliance business,” and “Other business.”

Please note that the disclosed segment information during the previous first three months of the consolidated fiscal year were prepared based on the classification of the reportable segments after change.

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

Not applicable.