

# Results for the Nine Months Ended December 31, 2020



January 29, 2021

**AUTOBACS SEVEN CO., LTD.**

# Table of Contents

## Results for the Nine Months Ended December 31, 2020

- |  |             |
|--|-------------|
| <b>1. Overview of Business Results</b>                   | <b>P. 3</b> |
| <b>2. Domestic AUTOBACS Business</b>                     | <b>P. 6</b> |
| <b>3. Overseas Business</b>                              | <b>P. 9</b> |
| <b>4. Car dealership ,BtoB and<br/>Internet Business</b> | <b>P.10</b> |

## Response to COVID-19 and Five-year Rolling Plan 2020

- |                                |             |
|--------------------------------|-------------|
| <b>5. Response to COVID-19</b> | <b>P.11</b> |
| <b>6. TOPICS</b>               | <b>P.15</b> |
- 
- |                           |             |
|---------------------------|-------------|
| <b>7. Other Documents</b> | <b>P.20</b> |
|---------------------------|-------------|

# 3Q FY March 2021 Consolidated P/L

**A smaller decrease in sales due to a recovery in sales and income increased due to a rise in income ratio and a reduction in SG&A.**

In the Domestic AUTOBACS Business, sales fell in April and May due to the COVID-19 pandemic. From June, sales recovered due to an improvement in the frequency of use of cars, and the decrease shrank. In December, demand for winter season items rose thanks to cold waves. Overseas sales declined due to the spread of COVID-19, but its operating loss decreased year on year due to a reduction in SG&A. Consolidated operating income stood at 10.4 billion yen (up by 1.5 billion yen year on year), reflecting a rise in the operating income ratio and a reduction in SG&A.

(Billion Yen)	Nine months ended Dec. 31, 2020			3Q FY March 2021	
	Actual results	% of Sales	YoY change	Actual results	YoY change
Net sales	171.4		-2.9%	176.6	+6.5%
Gross profit	56.1	32.7%	-0.2%	56.2	+8.4%
Gross profit ratio	32.7%			31.8%	
SG&A	45.6	26.6%	-3.6%	47.3	+5.9%
Operating income	10.4	6.1%	+18.0%	8.8	+24.2%
Operating income ratio	6.1%			5.0%	
Ordinary income	0.8	0.5%	+34.8%	0.6	-23.5%
Net profit	11.2	6.6%	+19.1%	9.4	+19.5%
Net sales	7.3	4.3%	+18.2%	6.2	+33.7%

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

※% of Net Sales and YoY comparisons are calculated in yen.

## 3Q FY March 2021 Consolidated P/L five years transition

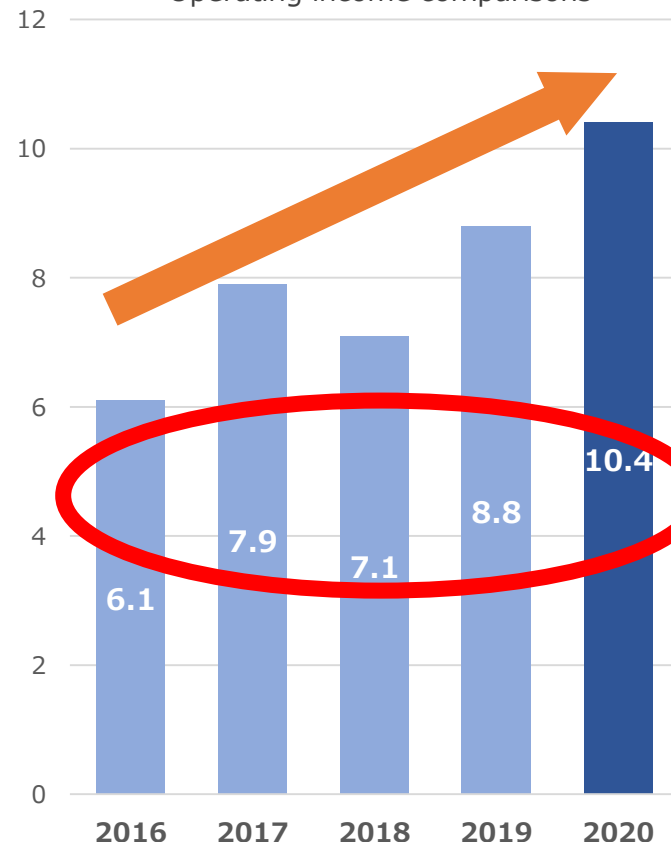
### Highest income in the past five years

#### ■ Comparison to FY March 2019

※Not comparing with last year when there were special factors such as consumption tax hike and tire price increase

(Billion Yen)	Nine months ended Dec. 31, 2020			
	FY March 2019	FY March 2021	Change from 2 years ago (ratio)	Change from 2 years ago (amount)
<b>Net sales</b>	<b>165.9</b>	<b>171.4</b>	+3.3%	+5.5
<b>Gross profit</b>	<b>51.8</b>	<b>56.1</b>	+8.2%	+4.2
<b>Gross profit ratio</b>	<b>31.2%</b>	<b>32.7%</b>		
<b>SG&amp;A</b>	<b>44.6</b>	<b>45.6</b>	+2.1%	+0.9
<b>Operating income</b>	<b>7.1</b>	<b>10.4</b>	+46.6%	+3.3
<b>Operating income ratio</b>	<b>4.3%</b>	<b>6.1%</b>		
<b>Ordinary income</b>	<b>7.9</b>	<b>11.2</b>	+42.2%	+3.3
<b>Net profit</b>	<b>4.6</b>	<b>7.3</b>	+58.0%	+2.7

(Billion Yen) Nine months ended Dec,31,2020  
Operating income comparisons



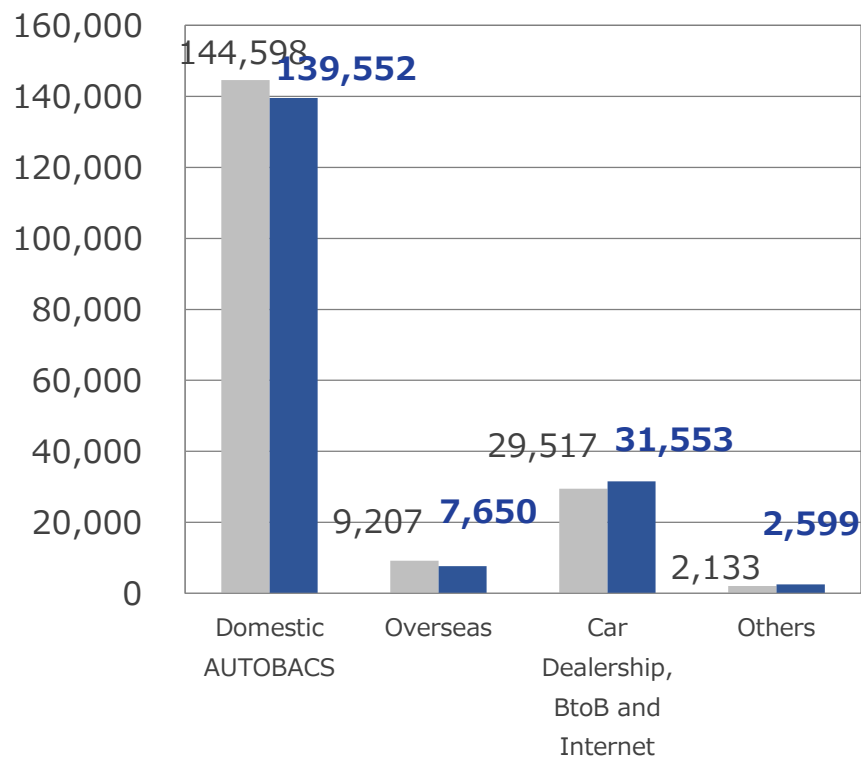
※Amounts are rounded down to the nearest hundred million yen.

※% of Net Sales and Change from 2 years ago comparisons are calculated in yen

# 3Q FY March 2021 Sales and profits by Reporting Segments

## Sales

(Million Yen)



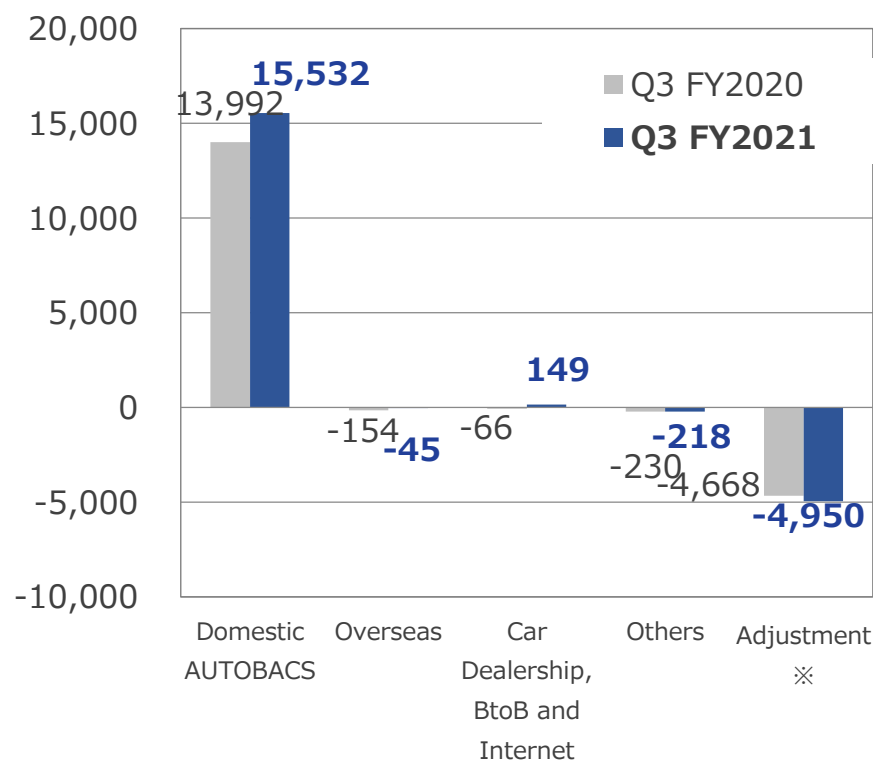
【Partial Change in Reporting Segment】

The department that promotes and manages ICT platform, which was formerly part of the "Domestic Autobacs Business", has been transferred to the "Dealership, BtoB and Internet Business", while departments that promote and manage the lifestyle business and other businesses, as well as some consolidated subsidiaries, which were formerly part of the "Domestic Autobacs Business", have been transferred to the "Other Businesses".

※Round down to the nearest million Yen  
Before elimination of transaction between segments

## Profits

(Million Yen)



※ Before elimination of transaction between segments

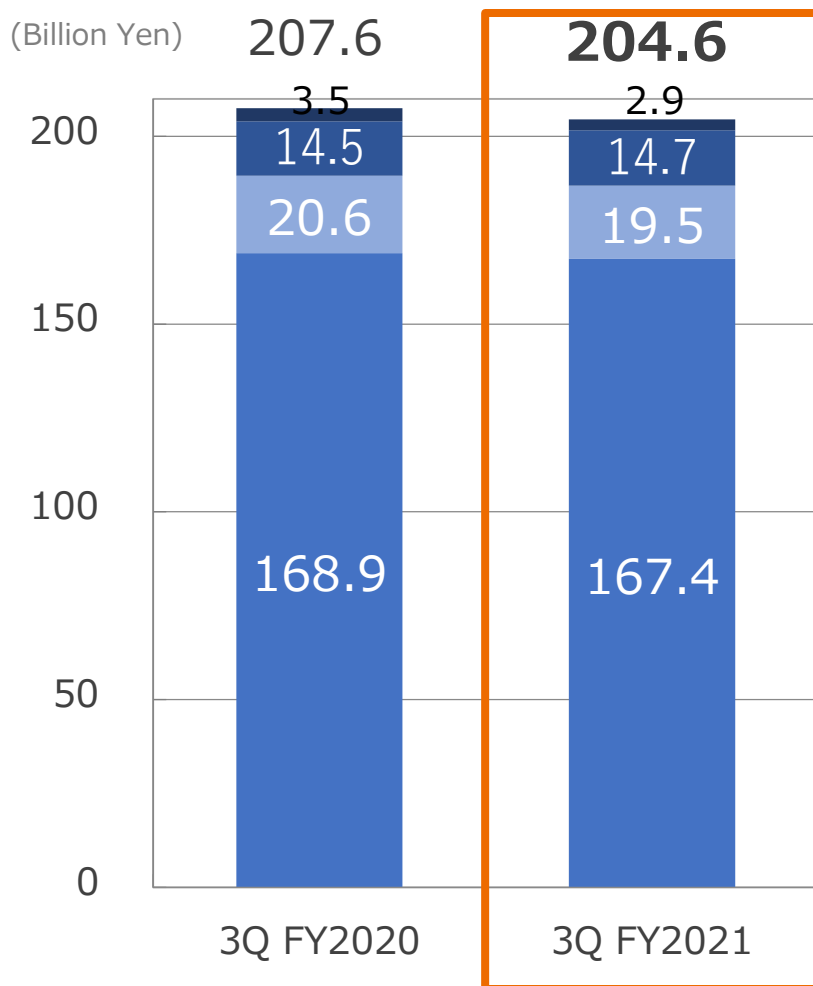
# Segment Information

	(Million Yen)	Nine months ended Dec. 31, 2020	Nine months ended Dec. 31, 2019	YoY	Summary
<b>Domestic AUTOBACS Business</b>	Sales	139,552	144,598	-3.5%	From June, sales recovered due to an improvement in the frequency of use of cars, and the decrease was reduced. In December, demand for winter season items rose thanks to cold waves. Income rose, reflecting a reduction in SG&A.
	Gross profit	45,148	45,180	-0.1%	
	SG&A	29,615	31,187	-5.0%	
	Operating income	15,532	13,992	+11.0%	
<b>Overseas Business</b>	Sales	7,650	9,207	-16.9%	The business struggled, primarily in France, where infections expanded again in October. The segment loss was smaller than last year, with a fall in sales partially offset by a reduction in expenses due to negotiations to reduce rents.
	Gross profit	3,531	4,288	-17.6%	
	SG&A	3,577	4,442	-19.5%	
	Operating income	-45	-154	—	
<b>Car dealership, BtoB and Internet Business</b>	Sales	31,553	29,517	+6.9%	Sales fell in April and May due to a decrease in new car sales and a fall in orders from wholesale customers. From June, chiefly due to a recovery in the number of customers, demand for new cars, and demand from wholesale customers, as well as the resumption of sales activities, operating income moved into positive territory.
	Gross profit	6,463	6,009	+7.6%	
	SG&A	6,314	6,076	+3.9%	
	Operating income	149	-66	—	
<b>Other Business</b>	Sales	2,599	2,133	+21.8%	Sales and SG&A increased chiefly due to store openings in the lifestyle business. Operating loss was reduced.
	Gross profit	969	731	+32.6%	
	SG&A	1,187	961	+23.5%	
	Operating income	-218	-230	—	
<b>Reconciling items</b>	Operating income	-4,950	-4,668	—	

Amounts are rounded down to the nearest million yen.  
YoY comparisons are calculated in yen.

# 3Q FY March 2021 Retail Sales in Total AUTOBACS Group Stores

## RETAIL SALES INCLUDING FCs: 204.6 billion yen (-1.5% YoY)

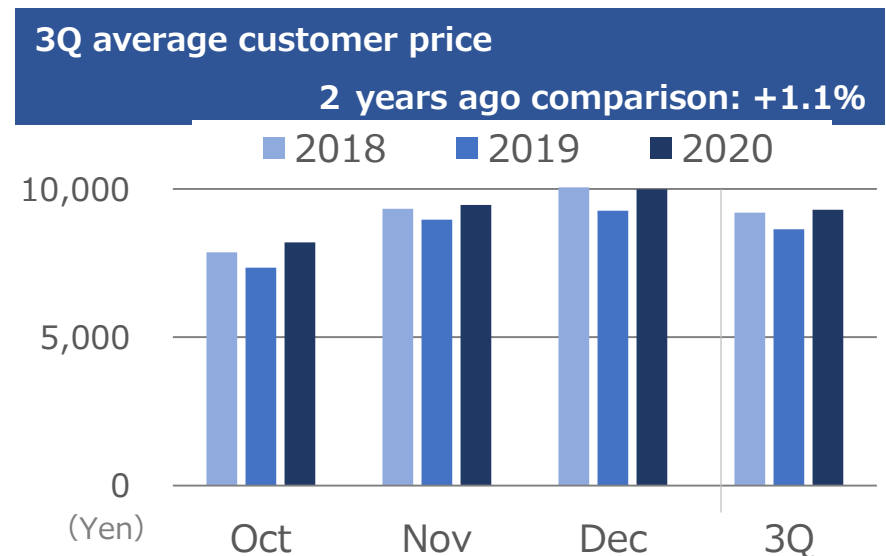
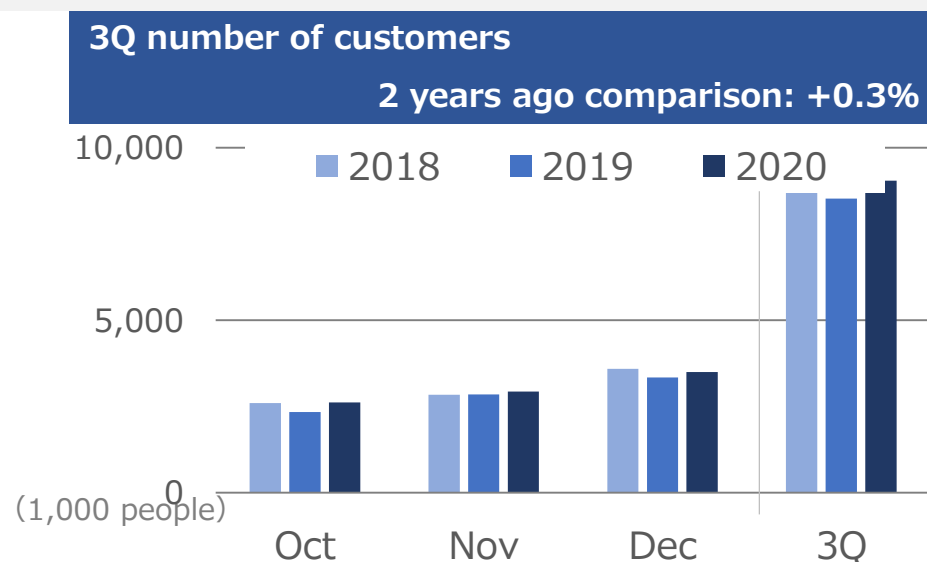
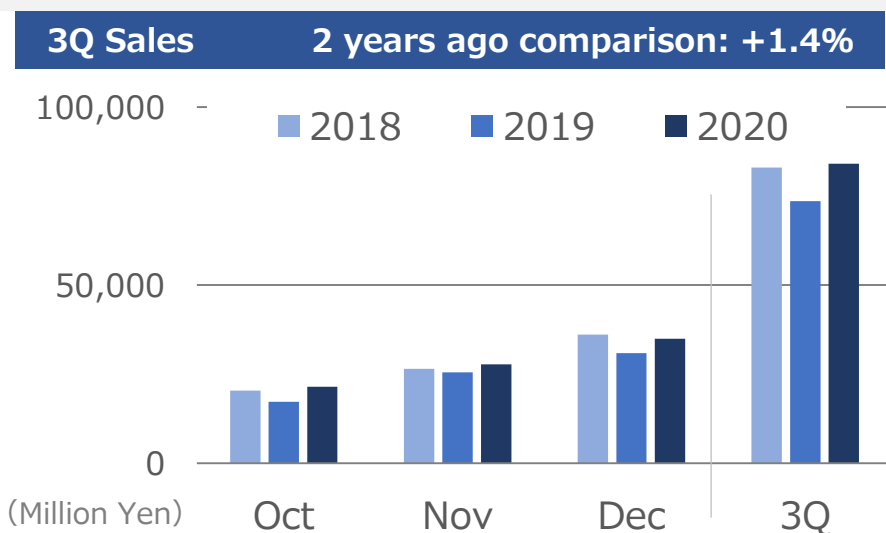


	Result	YoY
Second hand goods & Fuel	2.9BY	-17.6%
Statutory safety inspection	14.7BY	+1.2%
	455,000 cars	-0.6%
Number of fully certified & designated stores	430 stores	423 stores at March 31, 2020
Car purchase & sales	19.5BY	-5.3%
	21,052 cars	-8.8%
Number of fully certified & designated stores	402 stores	400 stores at March 31, 2020
Car related goods & services	167.4BY	-0.9%

※Sales at all domestic store formats (AUTOBACS, Super AUTOBACS,  
 ※AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

# 3Q FY March 2021 Domestic Store Sales (Three-Year Comparison)

**Retail sales including FCs: +1.4% from 2 years ago**



(Reference)

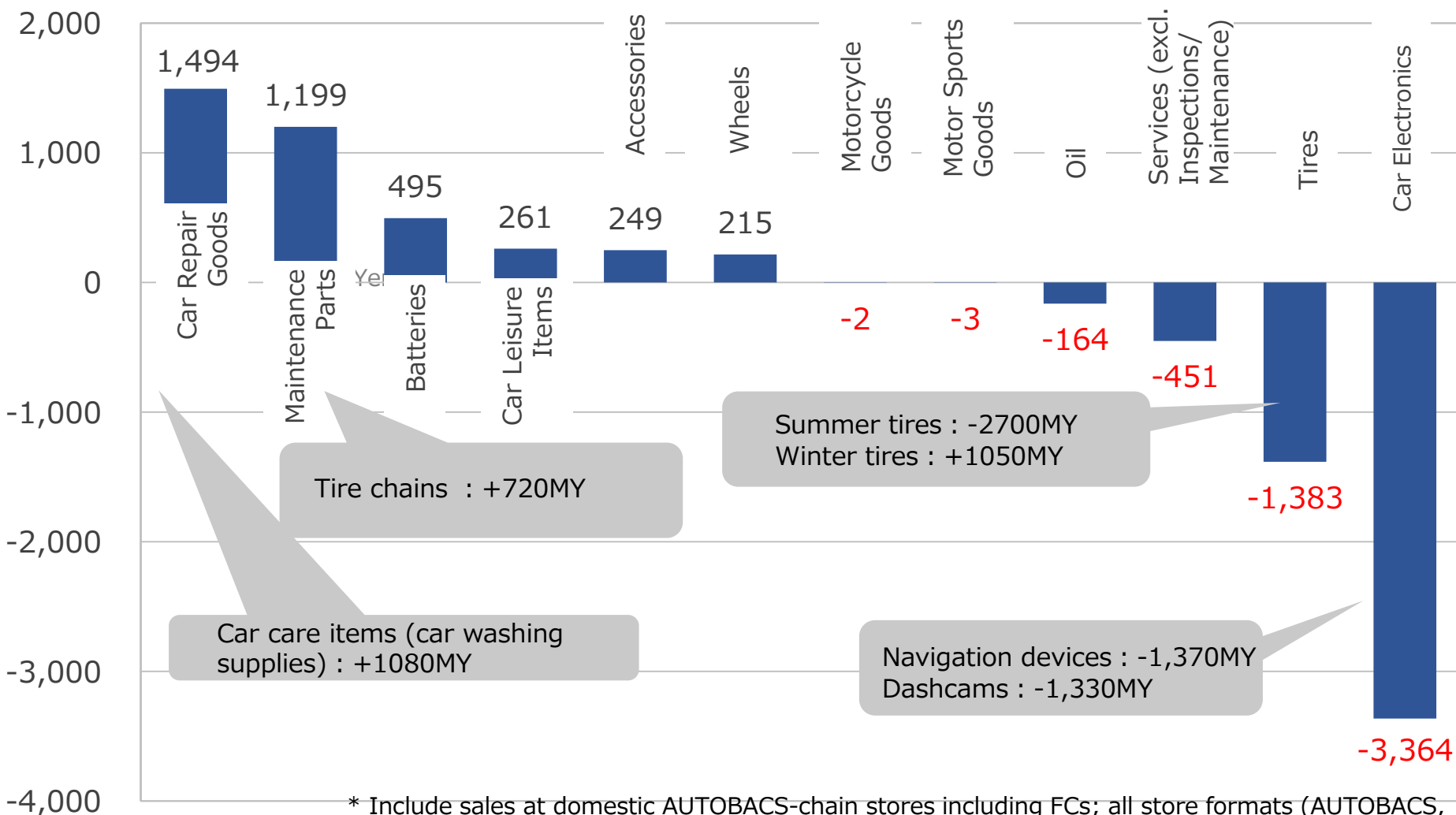
**Nine months ended Dec. 31, 2020  
Domestic Store Sales +11.3 % YoY**

- Sales fell in October in reaction to special demand before the consumption tax hike and increases in the price of tires in September.
- Sales decreased in November and December due to a record-setting warm winter.

\* Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

# Sales Variance by Merchandise (3Q FY2021)

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



\* Include sales at domestic AUTOBACS-chain stores including FCs; all store formats (AUTOBACS, Super AUTOBACS, CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

## 3Q FY March 2021 Performance by Overseas Subsidiaries

(Million Yen)	France		Thailand		Singapore		China		Malaysia		Australia	
Number of stores*	<b>10</b>		<b>16</b>		<b>2</b>		<b>0</b>		<b>5</b>		<b>0</b>	
Period	21/3 3Q	20/3 3Q	21/3 3Q	20/3 3Q	21/3 3Q	20/3 3Q	21/3 3Q	20/3 3Q	21/3 3Q	20/3 3Q	21/3 3Q	20/3 3Q
Net sales	<b>4,350</b>	5,412	<b>326</b>	592	<b>1,154</b>	1,217	<b>626</b>	853	<b>25</b>	47	<b>1,243</b>	1,047
SG&A	<b>2,393</b>	2,841	<b>136</b>	251	<b>350</b>	439	<b>138</b>	152	<b>26</b>	31	<b>322</b>	317
Operating income	<b>-85</b>	30	<b>-32</b>	-70	<b>187</b>	116	<b>17</b>	26	<b>-14</b>	-14	<b>52</b>	16
Business conditions	<p>Business was suspended from March to May due to the lockdown. From June, business recovered due to a rebound in demand. From mid-October, sales fell again due to restrictions on going out and the lockdown. SG&amp;A fell as a result of negotiations to reduce rents.</p>		<p>The figures above are results for the period up to October 2020.</p> <p>To focus on the wholesale business, the Company transferred part of its shares in SAB to PTG in October and acquired shares held by minority shareholders of SAB in December. SAB became an equity method affiliate.</p>		<p>Due to a slowdown in economic activity, demand for car accessories, which are luxury items, fell. Demand for tires also fell reflecting reduced traveling distance.</p>		<p>New contract acquisitions became difficult partly due to restrictions on going out, but sales are recovering gradually following the resumption of sales activities. In October, China's first authorized dealer opened in Shanghai. Additional authorized dealers are planned to open.</p>		<p>All stores suspended business in April in response to an order to restrict activities. Consumer confidence was low and sales remained slow as a result of the continued strict restrictions on going out. SG&amp;A expenses were reduced mainly through a reduction in selling expenses and negotiations for rent reduction.</p>		<p>Sales declined significantly because of restrictions on, and avoidance of, leaving home, but exceeded the year-ago level from July. Rear-view cameras for heavy machines in the mining industry and private brand AV equipment and radios sold well.</p>	

※Amounts are rounded down to the nearest million yen.

3Q FY March 2021

## Overview of Business results(Car dealership ,BtoB and Internet Business)

### Car Dealership Business

- ✓ A subsidiary that supervises the car dealer business was established, and it enhanced the sales operations at each base.
- ✓ Not only new and used car sales but also services were promoted.
- ✓ Sales fell significantly due to the COVID-19 pandemic, but from June, the number of customers recovered and the number of business negotiations increased. As a result, sales were recovering.



### BtoB Business

- ✓ Profit improved due to the optimization of sales activities at wholesale subsidiaries, which were reorganized in 2018.
- ✓ Partners' business activities were restricted and sales declined. However, business negotiations resumed gradually and sales were on a recovery trend.
- ✓ Sales and profits at two subsidiaries that provide statutory safety inspections, maintenance services and auto body repairs were firm and in line with the plans.



### Internet Business

- ✓ The assortment of merchandise and promotions were changed.
- ✓ Upgraded the Company EC website in August. Convenience and usability has improved.



# Response to COVID-19

**Protect the health of customers,  
business partners, and employees**

~Don't get infected and don't infect others~

**Support the franchisees' operation**

~from financial and operational aspects~

# Efforts to Prevent the Spread of COVID-19

## Response of the AUTOBACS Group to the nationwide efforts to prevent the spread of COVID-19

- ✓ **Protect the health of customers, business partners, and employees: Full enforcement of activities to avoid developing an infection.**
- ✓ **Protect the safety and security of vehicles, which are important moving infrastructures in life.**

	Stores	Offices
At the time of the declaration of a state of emergency	<p>Limited business mainly for maintenance</p> <p><b>Shorter business hours</b> (Excluding certain stores)</p> <p><b>Regular update of business information on the website</b></p> <p><b>Implementation of temperature taking, hand washing and gargling</b></p> <p><b>Efforts to minimize contact opportunities</b></p>	<p><b>Prohibition of coming to the office (working from home)</b></p> <p>If it is unavoidable for employees to come to work for business continuation or store support, they give the utmost consideration to the prevention of infection by fully enforcing temperature taking and sterilization before coming to work.</p> <p>Reference: Attendance rate: 17% (April and May)</p>
At present (ongoing)	<p><b>Implementation of temperature taking, hand washing and gargling</b></p> <p><b>Efforts to minimize contact opportunities</b> Refer to the next page.</p>	<p><b>Working from home and remote work recommended</b></p> <p>Reference: Attendance rate: 31% (from June to December)</p> <p>Change in work styles (Introduction of flextime) In stages from November 2020</p>

# Efforts to Prevent the Spread of COVID-19

## Hygiene control at stores and service pits in AUTOBACS (examples)



Encouraging customers to leave a space when they stand in line



Reducing contacts with customers at the register



Carefully sterilizing waiting rooms, handrails, displays and shopping baskets with alcoholic antiseptic solution. Rooms are humidified as needed.



Using steering wheel covers, floor covers and seat covers when moving vehicles by store staffs



Sterilizing touched parts after completing work

# COVID-19-Related Support for Franchisees

**Support measures for franchisees  
(exemption from fees, deferment of payments, loans)**

## Support for franchisees

### **Reduction or exemption of expenses for sales promotion**

- Exempting merchants from paying a portion of the cost of national sales promotion expenses

### **Establishment of a deferred payment system**

- Defer payment of merchandise bills for a fixed period of time

### **Establishment of a short-term loan system**

- Support by switching payment deferment to short-term loans

## Support for stores

### **Store guidance**

Effective use of online meetings

### **Dispatching office staff**

Support for disinfecting store facilities and vehicles and measuring customers' temperatures

### **Helping answer phones**

Helping respond to inquiries and calls for making reservations

# ① Domestic AUTOBACS Business

## ■ Status of preparations for a maintenance system adapted to next-generation technologies

- ✓ A sensor calibration training system completed at a subsidiary, Shaken-Bankin DEPOT Inc.. Stores began receiving specified maintenance certification.
- ✓ All designated stores aim to achieve specified maintenance certification by the end of September 2021.
- ✓ Concluded a comprehensive business partnership with BS Summit, a national network for automobile maintenance※ (Aug 20,2020)
  - About 600 AUTOBACS stores + 370 BS-summit companies
  - One-stop maintenance shops for customers
  - Experimental verification began in Kyushu, Kanto and Tohoku



\*A nationwide body shop network with about 370 members

# ① Domestic AUTOBACS Business

## ■ Improving AUTOBACS application performance to Enhance Relationships with Customers

- ✓ Application updated on October 19, 2020.
- ✓ More than 60% of online bookings for oil changes were made via the app.



### 【Key points of improvements】

Start-up speed and operability improvements make bookings easy. Customers can register vehicle information simply by scanning the QR code on the inspection sheet.

# ① Domestic AUTOBACS Business

## ■ Adding new service menus to AUTOBACS Group Maintenance Pack (Dec 14, 2020) -to extend our services to car dealers and car leasing companies-



URL for AUTOBACS car maintenance service packages

[https://www.autobacs.com/static\\_html/shp/maintenance\\_pack/index.html](https://www.autobacs.com/static_html/shp/maintenance_pack/index.html)

- ✓ Provide AUTOBACS' car maintenance service packages to used car dealers and car leasing companies who have problems with their own maintenance services.
- ✓ Service available at nationwide AUTOBACS stores.

## 【Business model of AUTOBACS Group Maintenance Pack to external businesses】



## ②Overseas Business

### ■ Switching business from retail to wholesale

- ✓ A subsidiary SAB in Thailand became an equity method affiliate. The Company focuses on the wholesale business. The stores are now operated by local partners.

### ■ Adding wholesale customers

- A) Myanmar (batteries) B) Philippines (batteries)  
C) Taiwan (batteries) D) Bangladesh (oil etc.)
- ✓ Staff working remotely to actively conduct sales activities during the COVID-19 pandemic to develop new wholesale customers.

### ■ Changing sales destination

- ✓ Sales through JD Worldwide, the cross-border EC site for China, grew. The EC site tapped into demand from inbound tourists, which fell due to COVID-19.

### ■ Development of wholesale method

#### Opening Authorized Dealerships experimentally

- A) Malaysia (starting with stores of Tayaria, an alliance partner)
- B) China (China's first store opened in Shanghai on October 2020)



### ③Internet Business

#### ■ Strategic alliance with Car Frontier Co., Ltd., a company affiliated with Mitsubishi Corporation (May 1, 2020)

- ✓ Established a network leveraging more than 4,700 locations of TIREHOOD nationwide, where tires are installed.
- ✓ Started sending customers to AUTOBACS stores. Thirty percent of users have chosen AUTOBACS to install their tires
- ✓ Started sending customers from our EC site “AUTOBACS.com” to TIREHOOD. AUTOBACS and TIREHOOD send customers to each other.



# Development of Business Infrastructures

## 1) Human Resources Infrastructure

### Human resources system, human resources development

- Appoint 3 female managers from this year
- Changing existing training to online training

### Changing work styles

- Reducing office working employees to 30%
- Promoting office reform that allows employees to choose the space they work
- Full-scale introduction of flextime
- Holding interactive online meetings

## 2) IT Infrastructure

- Review IT investment allocation for future growth
- Use IT systems to help change work styles



# Non-Consolidated and Domestic Store Subsidiaries

**Non-Consolidated : decline in revenue and profit**  
**Domestic Store Subsidiaries : decline in revenue and profit**

	Non-consolidated	
(Million Yen)	Results	YoY
<b>Net Sales</b>	<b>123,355</b>	-5,579
<b>Gross Profit(%)</b>	<b>27,419</b> <b>(22.2%)</b>	-111 (+0.8pt)
<b>SG&amp;A</b>	<b>20,568</b>	-609
<b>Operating Income</b>	<b>6,851</b>	498

Sales decreased mainly in car electronics. However, sales of batteries and car washing supplies were strong. Gross profit margin rose by 0.8 pt. associated with a fall in sales of merchandise with a low gross profit margin. SG&A expenses were reduced.

	Domestic Store Subsidiaries	
	Results	YoY
	<b>44,184</b>	835
	<b>18,979</b> <b>(43.0%)</b>	363 (0.1pt)
	<b>16,947</b>	+121
	<b>2,032</b>	242

Sales decreased mainly in car electronics. However, sales of car washing supplies and maintenance services increased, reflecting an increase in the frequency of use of vehicles. Sales of winter items also rose thanks to cold weather in December. Overall, both sales and income increased.

# Automobile purchase and sales business

Total **21,052** cars YoY **-8.8%**

## BtoB Sales

Details	No. of cars sold
To AUTOBACS SEVEN	702
Sales to AA via AUTOBACS SEVEN	3,103
Direct sales from stores	9,355
<b>BtoB total</b>	<b>13,160</b>

## Retail

Details	No. of cars sold
Used cars	5,378
New cars	2,514
<b>Retail total</b>	<b>7,892</b>

※Include sales at all domestic AUTOBACS CARS stores

# Sales Trend: Retail & Wholesale and Number of customers & Average customer price

YoY monthly retail sales, wholesale sales, number of customers and average customer price

(%)	Jan 2020	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Wholesale</b>	-12.2	-6.4	-24.6	-18.9	-14.1	-0.7	4.3	-21.6	-23.9	20.1	-1.1	4.5
<b>Retail</b>	-6.9	-2.2	-10.9	-18.7	-10.0	-1.0	0.6	0.5	-26.9	24.6	8.6	13.2
number of customers	-6.9	3.1	-6.1	-11.9	0.4	-0.2	6.8	4.5	-10.8	12.0	3.2	5.2
average customer price	-0.1	-5.3	-5.4	-8.0	-10.5	-0.9	-5.7	-3.7	-17.9	11.5	5.3	7.7
<b>Positive factor</b>							Sales increase due to more frequent use of cars				Winter item demand hike due to cold weather	
<b>Negative factor</b>	Decline in demand for winter items due to mild winter weather		Consumption drop due to the spread of new corona virus					Effects of consumption tax hike and tire price increase in October last year				

Sales at all AUTOBACS chain stores

Wholesale sales are wholesale sales to domestic AUTOBACS (non-consolidated) stores

# Store Openings and Closings

## Domestic stores

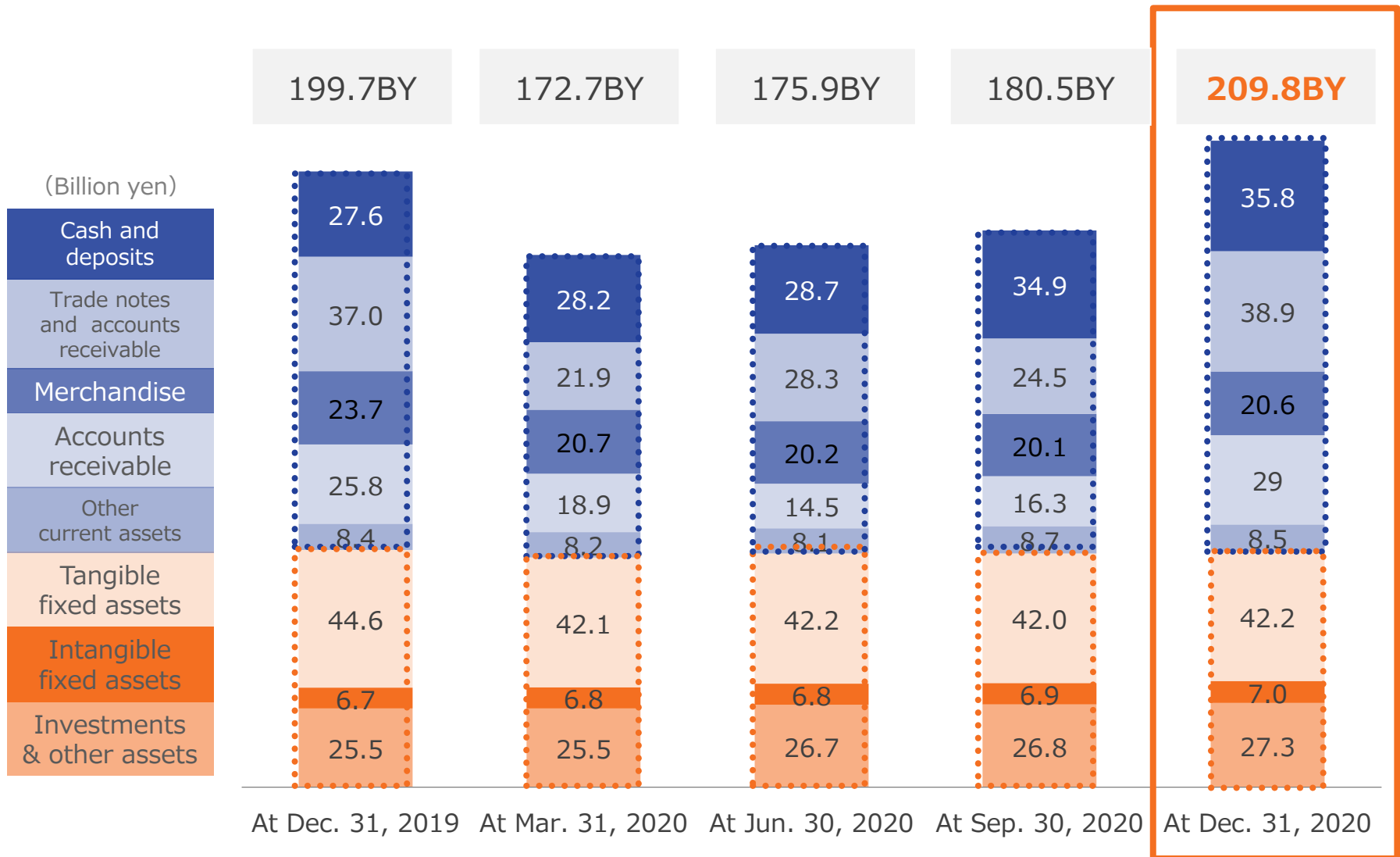
No. of stores at March 31, 2020	FY March 2021							No. of stores at March 31, 2021
	1 Q-3Q (Results)			No. of stores at Sep 30, 2020	4Q (Plan)			
	New	S&B R/L	Close		New	S&B R/L	Close	
490	+2	+2/-2	-3	489	+1			490
74				74				74
7			-1	6				6
11				11				11
3				3				3
585	+2	+2/-2	-4	583	+1			584

## Overseas stores

Overseas stores	No. of stores at March 31, 2020	FY March 2021			No. of stores at March 31, 2021
		1 Q-3Q (Results)	No. of stores at Dec 31, 2020	4Q (Forecasts)	
France	11	-1	10		10
Thailand	17	-1	16	+5	21
Singapore	2		2		2
Taiwan	6		6		6
Malaysia	5		5		5
Indonesia	1	+2	3		3
Philippines	3		3		3
Total	45		45	+5	50

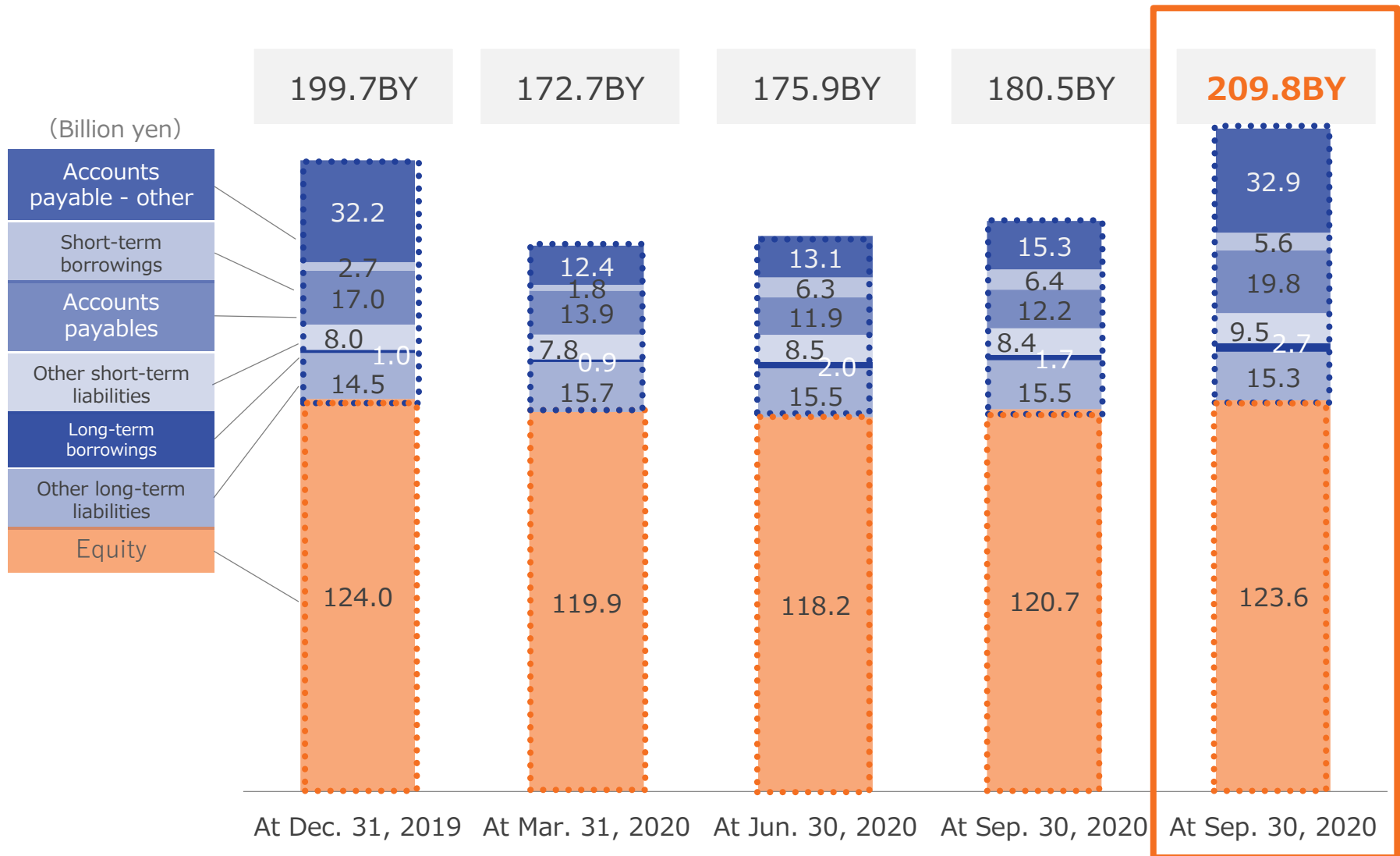
※S/B=Scrap & Build  
 ※R/L=Relocation

# Balance Sheet: Assets



※Amounts are rounded down.

# Balance Sheets: Liabilities and Equity



※Amounts are rounded down.



### **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.