

Please note that this document is a translation of the official Japanese notice of convocation of the 75th ordinary general meeting of shareholders of AUTOBACS SEVEN Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights, for reference purposes only.

(Securities code 9832)
June 7, 2022

To Our Shareholders

Kiomi Kobayashi
Representative Director
AUTOBACS SEVEN CO., LTD.
6-52, Toyosu 5-chome, Koto-ku, Tokyo

NOTICE OF CONVOCATION OF THE 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you that the 75th ordinary general meeting of shareholders of AUTOBACS SEVEN Co., Ltd. (the “Company”) will be held as described below.

In lieu of attending the meeting, you can exercise your voting rights in writing (by postal mail) or via the Internet, etc. (please see page 3). Please review the Reference Documents for the General Meeting of Shareholders (starting from page 4), and then exercise your voting rights by 6:00 p.m., Wednesday, June 22, 2022.

Particulars

1. Date and time: June 23, 2022 (Thursday) at 10:00 a.m.
*The reception area opens at 9:00 a.m.
2. Venue: Hotel East 21 Tokyo, 3rd floor, EITAI Hall
3-3, Toyo 6-chome, Koto-ku, Tokyo
3. Agenda of the meeting:
Matters to be reported:
 1. Reports on the business report, consolidated financial statements and audit results of the consolidated financial statements by the independent auditor and the Audit and Supervisory Committee for the 75th fiscal term (from April 1, 2021 to March 31, 2022)
 2. Report on the non-consolidated financial statements for the 75th fiscal term (from April 1, 2021 to March 31, 2022)Matters to be resolved:
 - Agenda Item No. 1: Appropriation of surplus
 - Agenda Item No. 2: Partial Amendments to the Articles of Incorporation
 - Agenda Item No. 3: Election of seven (7) directors (excluding directors who are audit and supervisory committee members)

<<Disclosure via the Internet>>

- Based on the provisions of laws and regulations and Article 18 of the Company’s Articles of Incorporation, the following matters are posted on the Company website (<https://www.autobacs.co.jp/en/>) and therefore are not included in the documents accompanying this Notice of Convocation:
“Basic Policy Concerning the Internal Control System and Overview of its Development and Operation of the Systems” and “Policy Concerning Company Control” of the Business Report; and “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements.”
- The documents accompanying this Notice of Convocation and those posted on the website above are documents audited by the independent auditor and the Audit and Supervisory Committee at the time of preparation of the Independent Auditors’ Report and Audit Report, respectively.

- If any modifications are made to the reference documents for the general meeting of shareholders, as well as to the business report, consolidated financial statements or non-consolidated financial statements, such modifications will be posted on the Company website (<https://www.autobacs.co.jp/en/>).

You are requested to exercise your voting rights, the rights of shareholders to make decisions.

Guide for the exercise of voting rights

Please review the reference documents for the general meeting of shareholders and exercise your voting rights. You may exercise your voting rights by the following three methods.

Exercise of voting rights by postal mail

Indicate in the enclosed Exercise of Voting Rights form approval/disapproval for the respective proposals, and send the completed form to the Company.

Deadline: Must arrive by 6:00 p.m. on June 22, 2022 (Wednesday)

Exercise of voting rights via the Internet, etc.

You can conveniently access the website for exercising voting rights by reading the “QR code” with your mobile device. Please enter approval/disapproval for the respective proposal.

Deadline: Must be received by 6:00 p.m. on June 22, 2022 (Wednesday)

Exercise of voting rights by attendance at the meeting

When attending the meeting in person, bring this NOTICE OF CONVOCATION OF THE 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and submit the enclosed Exercise of Voting Rights form to the receptionist.

Date and time: June 23, 2022 (Thursday) at 10:00 a.m.

- In the case of exercising voting rights by postal mail, no indication of approval or disapproval for the respective proposals in the Exercise of Voting Rights form shall be deemed as approval for such proposals.
- If you have exercised your voting rights both by sending the Exercise of Voting Rights form and via the Internet, etc., the vote made via the Internet, etc. shall be deemed effective.
- If you have exercised your voting rights several times via the Internet, etc. and there is a discrepancy among your votes for the same proposal, only the final execution shall be deemed effective.
- Please be advised that your attendance at the meeting shall be deemed a rescission of the prior exercise of your voting rights.
- If a proxy attends the meeting on your behalf, please note that, only another shareholder of the Company with voting rights may serve as a proxy in accordance with the Company’s Articles of Incorporation. In this event, please submit the principal’s Exercise of Voting Rights form and written proof of proxy to the reception.

To disclose details on the reports, etc. on the matters to be reported on the date of the meeting, the Company plans to release videos on its website on the date following the meeting.

<https://www.autobacs.co.jp/ja/ir/stock/meeting.html>

Agenda Item No. 1 and Reference Matters

Agenda Item No. 1: Appropriation of surplus

The Company defines returning profits to its shareholders as one of its most important management tasks, and makes it a basic policy to work for stable and flexible shareholder returns with the aim of achieving an accumulated return to shareholders ratio of 100% during the planned period of five years in the Five-year Rolling Plan.

With regard to the Appropriation of surplus, based on the above policy and to increase returns to shareholders, the Company requests the following proposal:

Matters concerning year-end dividends

(1) Type of assets to be distributed

Cash

(2) Matters concerning the allotment of assets to be distributed to the shareholders and the aggregate amount thereof

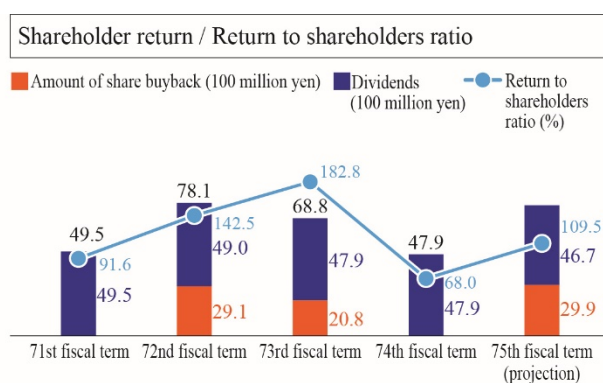
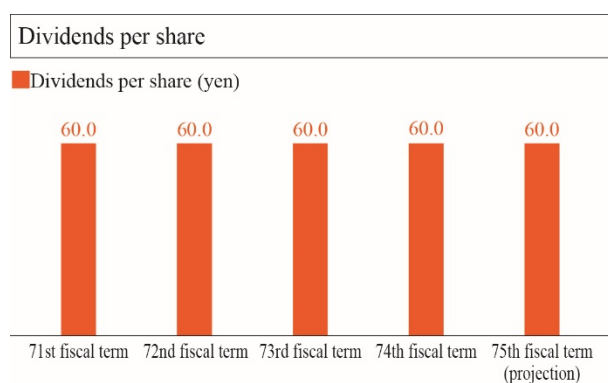
30 yen per ordinary share of the Company

Total amounting to 2,339,203,320 yen

Since the Company has paid interim dividends at the rate of 30 yen per share, the total annual dividends for this fiscal term shall be 60 yen per share.

(3) Effective date of dividends from surplus

June 24, 2022



Agenda Item No. 2 and Reference Matters

Agenda Item No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for proposal

(1) Introduction of a system for electronic provision of reference documents, etc. for general meetings of shareholders

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- 1) The purpose of newly establishing the proposed Article 18 (Measures for Electronic Provision, etc.), Paragraph 1 is to respond to mandatory implementation of measures for electronic provision of information contained in the reference documents for the general meeting of shareholders, etc.
- 2) The purpose of newly establishing the proposed Article 18 (Measures for Electronic Provision, etc.), Paragraph 2 is to set a limit to the scope of matters to be included in the paper copy to be sent to shareholders who have requested it to be within the scope stipulated in the Ministry of Justice Order, of the matters for which measures for electronic provision of information contained in the reference documents for the general meeting of shareholders, etc. will be implemented.
- 3) Once the system for electronic provision of reference documents, etc. for general meetings of shareholders is introduced, the provision of Article 18 of the current Articles of Incorporation (Internet Disclosure of Reference Documents, etc.) will become unnecessary and will therefore be deleted.
- 4) In line with the above establishment and deletion of the provisions, supplementary provisions related to effectiveness of the provisions shall be established. These supplementary provisions will be deleted after the expiration date.

(2) Convener of meetings of the Board of Directors and Chairman

For the purpose of enabling flexible operation of the Board of Directors and improving the objectivity and transparency of decision-making, the Company proposes to make the necessary changes to allow a director other than the Representative Director to serve as the Chairman of the Board of Directors.

2. Details of amendments

The details of the amendments are as follows.

The resolution on this proposal will become effective at the conclusion of this general meeting of shareholders.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 3. GENERAL MEETINGS OF SHAREHOLDERS <u>(Internet Disclosure of Reference Documents, etc.)</u> <u>Article 18.</u> <u>Pursuant to Article 94, Paragraph 1 of the Regulations for Enforcement of the Companies Act, the Company may disclose information pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements through the Internet.</u></p> <p style="text-align: center;"><Newly established></p>	<p>Chapter 3. GENERAL MEETINGS OF SHAREHOLDERS <Deleted></p> <p><u>(Measures for Electronic Provision, etc.)</u> <u>Article 18.</u> <u>The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u> 2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ministry of Justice Order in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>
<p>Chapter 4. DIRECTORS AND BOARD OF DIRECTORS (Convener of Meetings of the Board of Directors and Chairman) Article 24. Unless otherwise specified by laws and regulations, the <u>Representative Director</u> shall convene a meeting of the Board of Directors and serve as chairman thereof. <u>In the event that there are two or more Representative Directors or the Representative Director is vacant or unavailable, another Director, in accordance with the order of priority predetermined by the Board of Directors, shall serve as convener and chairman.</u></p>	<p>Chapter 4. DIRECTORS AND BOARD OF DIRECTORS (Convener of Meetings of the Board of Directors and Chairman) Article 24. Unless otherwise specified by laws and regulations, the Director <u>predetermined by the Board of Directors</u> shall convene a meeting of the Board of Directors and serve as chairman thereof. 2. <u>In the event that the Director determined by the preceding paragraph is unavailable, another Director, in accordance with the order of priority predetermined by the Board of Directors, shall convene a meeting of the Board of Directors and serve as chairman thereof.</u></p>
<p>(Supplementary Provisions) <Newly established></p>	<p>(Supplementary Provisions) <u>(Transitional Measures concerning Electronic Provision of Materials for General Meetings of Shareholders)</u> <u>Article 2.</u> <u>The deletion of Article 18 (Internet Disclosure of Reference Documents, etc.) of the Articles of Incorporation prior to</u></p>

the amendment and the establishment of Article 18 (Measures for Electronic Provision, etc.) in the amended Articles of Incorporation shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).

2. Notwithstanding the provisions of the preceding paragraph, Article 18 (Internet Disclosure of Reference Documents, etc.) of the Articles of Incorporation prior to the amendment shall remain in force with respect to a general meeting of shareholders to be held by February 28, 2023.
3. These supplementary provisions shall be deleted on March 1, 2023 or after the lapse of three (3) months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.

Agenda Item No. 3 and Reference Matters

Agenda Item No. 3: Election of seven (7) directors (excluding directors who are audit and supervisory committee members)

At the conclusion of this general meeting of shareholders, the terms of office of all the directors (five (5) in number; excluding directors who are audit and supervisory committee members) will expire. Accordingly, in order to strengthen the management structure and to further strengthen governance, the Company requests the shareholders' approval for the election as directors (excluding directors who are audit and supervisory committee members) of the seven (7) candidates (including two (2) outside directors) of whom two (2) are new candidates.

The Audit and Supervisory Committee has expressed its opinion that each candidate is appropriate as a candidate to become a director of the Company, as a result of the deliberation of the Corporate Governance Committee, a body in which two outside directors who are audit and supervisory committee members participate, based on determination policies that consider the talent and eligibility of each candidate as a director and other factors, the status of nomination procedures, and the status of each candidate's execution of duties and contribution to performance for the fiscal year under review.

Candidates for directors (excluding directors who are audit and supervisory committee members) are as follows. Information on the candidates for directors (excluding directors who are audit and supervisory committee members) is provided on pages 8 through 21.

1. Candidates list for directors (excluding directors who are audit and supervisory committee members)

Candidate No.	Name		Career position and assignment in the Company	Attendance at Board of Directors' meetings
1	Kiomi Kobayashi	Re-nomination	Representative Director and Chief Executive Officer Chief AUTOBACS Chain Officer	100% (15 of 15 meetings)
2	Yugo Horii	Re-nomination	Representative Director and Senior Managing Executive Officer CEO Office / Business Planning	100% (15 of 15 meetings)
3	Eiichi Kumakura	Re-nomination	Director and Senior Managing Executive Officer Head of Merchandising & Services Wholesaling Business	100% (15 of 15 meetings)
4	Shinichi Fujiwara	Re-nomination	Director and Senior Managing Executive Officer Head of Operations Kanto Regional Headquarters	100% (12 of 12 meetings)
5	Tomoaki Ikeda	New candidate	—	—
6	Yoshiko Takayama	Re-nomination Outside Director Independent Officer	Outside Director	100% (15 of 15 meetings)
7	Takayoshi Mimura	New candidate Outside Director Independent Officer	—	—

(Notes) 1. Ms. Yoshiko Takayama and Mr. Takayoshi Mimura are candidates for outside director as defined in Article 2, Paragraph 3, Item 7, of the Companies Act Enforcement Regulations. In addition, they satisfy the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo

Stock Exchange, as well as other requirements for independence stipulated by the Company. Therefore, the Company has registered Ms. Yoshiko Takayama with the Tokyo Stock Exchange as an independent officer. If Ms. Yoshiko Takayama is elected as originally proposed, the Company plans to reappoint her as an independent officer. If Mr. Takayoshi Mimura is elected as originally proposed, the Company plans to register him with the said exchange as an independent officer.

2. Ms. Yoshiko Takayama, a candidate for outside director and who currently serves as the Company's outside director, has entered into an agreement with the Company that defines her limitations of liability as defined in Article 423, Paragraph 1, of the Companies Act. The liability limit is an amount set forth in Article 425, Paragraph 1, of the Companies Act. In the event of her re-election as an outside director, said agreement will be continued. The Company intends to enter into the said agreement with Mr. Takayoshi Mimura, a new candidate for director, after his election.

Reference Matters for Agenda Item No. 3: Election of seven (7) directors (excluding directors who are audit and supervisory committee members)

Candidate No. 1:

Kiomi Kobayashi

Re-nomination

Career position and assignment in the Company:

Representative Director and Chief Executive Officer, Chief AUTOBACS Chain Officer

- Date of birth: February 11, 1956 (age 66)
- Term of office as a director at the conclusion of this general meeting: 12 years
- Number of Company shares owned: 36,500
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

Mr. Kobayashi has served as Representative Director and Chief Executive Officer since 2016 and has continued to take on challenges in various fields the Company has never experienced before, by placing emphasis on creating new markets and the sense of speed of an organization. He has led the AUTOBACS Group by focusing on the development of human resources and the cultivation of its culture. Mr. Kobayashi has decided important issues after presenting adequate and appropriate explanations at the Board of Directors' meetings, addressing risks in order to achieve further growth, and has fully demonstrated the role of business execution, while supervising the execution of duties by the other directors.

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, with his extensive experience and achievements, he is an appropriate candidate that the Company needs for the purpose of improving the effectiveness of the decision-making and supervisory functions of the Board of Directors.

Dear Shareholders,

Since assuming office as Chief Executive Officer, I have continued to take on challenges in various fields with the aim of realizing Vision 2050 – Creating Our Future Together. In order to translate these challenges into solid growth in today's drastically changing business environment, we need to further improve our ability to execute and speed up the process of transformation. Upon approval of Agenda Item No. 2 to amend the Articles of Incorporation and Agenda Item No. 3 to elect directors at the 75th Ordinary General Meeting of Shareholders and the subsequent extraordinary meeting of the Board of Directors, I will be elected as Director and Chairman and assume the position of Chairman of the Board and will be in a position to support business promotion and transformation. In such capacity, as well as supervision, I will provide support for identification of issues for execution, and strive to further enhance corporate value, and thereby meet the expectations of our shareholders.

Special relationship between the candidate and the Company

Mr. Kobayashi has no special interests in the Company.

Brief professional background including major posts held

March 1978: Joined Daiho Sangyo Co., Ltd.
(currently AUTOBACS SEVEN Co., Ltd.)

April 1995: General Manager of Tire Department

June 2002: Operating Officer, Overseas Store Support Division

April 2005: Officer, General Manager of Northern Kanto Region

April 2007: Officer, Car Goods & Services

June 2008: Officer, General Manager of Kansai Region

April 2010: Executive Officer, Head of Sales Operation and Area Strategy & Planning

June 2010: Director and Executive Officer, Head of Sales Operation and Area Strategy & Planning

April 2012: Director and Senior Executive Officer, Head of Sales Operation and Area Strategy & Planning

April 2014: Director and Vice Chief Executive Officer, Vice Chief AUTOBACS Chain Officer, Head of Chain Store Planning and Store Subsidiary Strategy

April 2015: Director and Vice Chief Executive Officer, Chief AUTOBACS Chain Officer

April 2016: Representative Director and Vice Chief Executive Officer, Chief AUTOBACS Chain Officer

May 2016: Chairman, Auto-Parts & Accessories Retail Association (current position)
June 2016: Representative Director and Chief Executive Officer, Chief AUTOBACS Chain Officer
(current position)

Candidate No. 2:**Yugo Horii**

Re-nomination

Career position and assignment in the Company:

Representative Director and Senior Managing Executive Officer, CEO Office / Business Planning

- Date of birth: June 24, 1972 (age 49)
- Term of office as a director at the conclusion of this general meeting: 6 years
- Number of Company shares owned: 20,600
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

Mr. Horii has contributed to the re-establishment of the foundations for business administration and promotion of the strategy of each business. In recent years he has played a role as a hub for the entire Company in promoting the Five-year Rolling Plan and has supported the Company in taking on various challenges.

Capitalizing on such extensive experience and profound insight, addressing risks for further growth, Mr. Horii has vigorously provided his opinions and suggestions at meetings of the Board of Directors and has fully achieved his role in deciding important issues, supervising the execution of duties by the other Directors.

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before by promoting further transformation at a speed exceeding the change in the drastically changing business environment, it is in the best interest of the Group that he leads management.

Dear Shareholders,

The environment surrounding the automotive industry is undergoing unprecedented change. Seeing this as a business opportunity, and, through rapid and decisive decision-making, we are stepping up our initiatives in the various business fields we have been promoting to achieve steady growth. By doing so, we are determined to contribute to the development of a society where people and mobility coexist in harmony.

Even in the midst of a drastically changing business environment, always placing our first priority on providing safety and security to our customers, the management team and all employees will work together to outperform the competition and enhance our corporate value over the long term on a sustainable basis, thereby responding to the expectations of our stakeholders.

Special relationship between the candidate and the Company

Mr. Horii has no special interests in the Company.

Brief professional background including major posts held

March 1995: Joined AUTOBACS SEVEN Co., Ltd.
April 2010: General Manager of Legal Department
April 2012: Officer, Internal Control
April 2013: Officer, Internal Control and Legal
April 2015: Officer, Legal, General Affairs and Internal Control
April 2016: Senior Executive Officer, Overseas Business
June 2016: Director and Senior Executive Officer, Overseas Business
April 2017: Director and Senior Executive Officer, Office of the President and Overseas Business Planning
April 2018: Director and Senior Executive Officer, Office of the President and Business Planning, and AUTOBACS Business Planning
June 2019: Representative Director and President, ABT Marketing Co., Ltd.
April 2020: Director and Senior Managing Executive Officer, Head of AUTOBACS Business Planning & Operations and CEO Office / Business Planning
April 2022: Representative Director and Senior Managing Executive Officer, CEO Office / Business Planning (current position)

Candidate No. 3:**Eiichi Kumakura**

Re-nomination

Career position and assignment in the Company:

Director and Senior Managing Executive Officer, Head of Merchandising & Services and Wholesaling Business

- Date of birth: February 8, 1962 (age 60)
- Term of office as a director at the conclusion of this general meeting: 6 years
- Number of Company shares owned: 9,300
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

Mr. Kumakura has significant achievements in the fields of merchandising and marketing in the Domestic AUTOBACS Business, and has contributed to building relationships with franchisee corporations. Based on such extensive experience and achievements, Mr. Kumakura has fully achieved his role as a Director in deciding important issues, supervising the execution of duties by the other Directors.

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, he is an appropriate candidate that the Company needs for the purpose of improving the effectiveness of the decision-making and supervisory functions of the Board of Directors.

Dear Shareholders,

There are concerns about the impact of the situation in Ukraine on the global economy and a ripple effect of the protracted COVID-19 pandemic and uncertainty about its abatement on business activities and consumer behavior.

Amid these drastic changes in circumstances, we intend to powerfully promote the development of networks within the Group so that automobiles can be used as a core infrastructure in people's lives without anxiety and with more convenience.

We will also respond to ESG and SDGs on a groupwide basis, thereby fulfilling our corporate social responsibility and promoting the steady execution of our growth strategy for the future.

I will fulfill my duties in a way that meets our stakeholders' expectations by decisively forging ahead with our proactive responses to the changes we face and swift decision-making at all times.

Special relationship between the candidate and the Company

Mr. Kumakura has no special interests in the Company.

Brief professional background including major posts held

March 1984:	Joined AUTOBACS SEVEN Co., Ltd.
April 2001:	General Manager of Car Electronics Merchandise Department
April 2009:	Officer, Car Goods & Services
April 2011:	Officer, General Manager of Kanto Region
April 2015:	Officer, Western Japan Region Headquarters
April 2016:	Senior Executive Officer, Head of Western Japan Region Headquarters
June 2016:	Director and Senior Executive Officer, Head of Western Japan Region Headquarters
April 2018:	Director and Senior Executive Officer, Western Japan Region Headquarters
April 2020:	Director and Senior Managing Executive Officer, Head of Merchandising & Services and Car Parts & Accessories
April 2022:	Director and Senior Managing Executive Officer, Head of Merchandising & Services and Wholesaling Business (current position)

Candidate No. 4:
Shinichi Fujiwara
Re-nomination

Career position and assignment in the Company:

Director and Senior Managing Executive Officer, Head of Operations and Kanto Regional Headquarters

- Date of birth: September 23, 1965 (age 56)
- Term of office as a director at the conclusion of this general meeting: 1 year
- Number of Company shares owned: 8,500
- Attendance at Board of Directors' meetings: 100% (12 of 12 meetings)

Reasons for nomination and expected role

Mr. Fujiwara is well versed in the Domestic AUTOBACS Business, has significant achievements in marketing and area strategies even while performing a pivotal role in the field of sales operation, and has also made efforts to build relationships with franchisees.

The Company believes that, in achieving sustainable growth and creating new markets as the AUTOBACS Group, the leadership of Mr. Fujiwara, who is familiar with the AUTOBACS business, will be indispensable, and that it is in the best interest of the Company that the AUTOBACS Group benefit from his rich experience. Therefore, the Company proposes his election as a director.

Dear Shareholders,

With the COVID-19 pandemic still unabated in fiscal 2021, shortages of semiconductors caused significant delays in the delivery of new cars, and the supply of our main merchandise, such as car navigation devices, greatly decreased. Furthermore, the fifth wave of the COVID-19 pandemic raged in the summer, resulting in a significant drop in the number of customers visiting our stores, and we faced an uphill battle in the first half of the year.

On the other hand, the used car market was active against the backdrop of shortages of new cars, and used car purchasing and sales were strong. In addition, we did our utmost to provide safe and secure car lifestyles, centering on tires and maintenance.

What we have reaffirmed during the two years of the COVID-19 pandemic is how to respond to the dramatically changing environment, consumer values and lifestyles, and meet their needs. We are in the business of responding to changes in the times. In addition to the COVID-19 issue, the environment surrounding us will become even more challenging in fiscal 2022 due to the increasing political instability overseas, the depreciation of the yen, and rising commodity prices. In these circumstances, by quickly responding to the environment, we will propose the optimum car lifestyles to our customers and are resolved to do our utmost to create new markets.

Special relationship between the candidate and the Company

Mr. Fujiwara has no special interests in the Company.

Brief professional background including major posts held

March 1984:	Joined AUTOBACS SEVEN Co., Ltd.
September 2007:	Officer, Area Dominant Strategy
June 2008:	Officer, Area Strategy
April 2009:	Officer, Chain Strategy
September 2009:	Officer, Advanced Store Prototype Development Project
April 2010:	Officer, Advanced Store Prototype Development
April 2011:	Officer, Marketing & Sales Strategy Planning
April 2013:	Officer, Marketing
April 2014:	Officer, Chain Store Planning and Marketing
April 2015:	Officer, Marketing
April 2016:	Officer, Chain Store Planning
April 2017:	Senior Executive Officer, Head of Eastern Japan Region Headquarters
April 2018:	Senior Executive Officer, Eastern Japan Regional Headquarters
April 2020:	Senior Managing Executive Officer, Northern Japan Regional Headquarters and Kanto Regional Headquarters
October 2020:	Senior Managing Executive Officer, Kanto Regional Headquarters
June 2021:	Director and Senior Managing Executive Officer, Kanto Regional Headquarters

April 2022: Director and Senior Managing Executive Officer, Head of Operations and Kanto Regional Headquarters (current position)

Candidate No. 5:**Tomoaki Ikeda**

New candidate

Career position and assignment in the Company: -

- Date of birth: February 13, 1962 (age 60)
- Term of office as a director at the conclusion of this general meeting: -
- Number of Company shares owned: 700
- Attendance at Board of Directors' meetings: -

Reasons for nomination and expected role

Mr. Ikeda has a high level of knowledge and experience in finance, public relations and investor relations, as well as in-depth knowledge of sustainability. He has a discerning eye for capital cost management and investment decisions, and is contributing to the Company's decision-making process, in which identifying investments in businesses at the development stage and in future business platforms is becoming increasingly important. He is also contributing to the Company's public relations and investor relations activities by focusing on proactive communication with shareholders and is leading the Company-wide efforts in the area of sustainability.

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, with his extensive experience and profound insight, he is an appropriate candidate that the Company needs for the purpose of improving the effectiveness of the decision-making and supervisory functions of the Board of Directors. Therefore, the Company proposes his election as a new director.

Dear Shareholders,

The economic environment remains uncertain due to the prolonged impact of the COVID-19 pandemic, as well as rising commodity prices and increasing geopolitical risks. In addition, the automotive industry is facing a period of major change that is said to occur only once every 100 years.

In this drastically changing environment, I intend to make use of my experience, including experience in an industry different from that of the Company, in the Company's management and supervision to achieve sustainable growth and increase corporate value, and at the same time, to achieve sincere and reliable dialogues with our shareholders, investors, and other stakeholders.

We have launched the ESG & SDGs Project in 2021 and identified our materiality. Going forward, we will set non-financial targets and KPIs and accelerate these efforts.

I ask for the continued support of our shareholders.

Special relationship between the candidate and the Company

Mr. Ikeda has no special interests in the Company.

Brief professional background including major posts held

- | | |
|-----------------|--|
| April 1986: | Joined The Hokkaido Takushoku Bank, Ltd. |
| August 1998: | Joined FamilyMart Co., Ltd. |
| March 2007: | General Manager of IR Office, PR & IR Department, FamilyMart Co., Ltd. |
| March 2011: | Executive Officer and General Manager of PR & IR Department, FamilyMart Co., Ltd. |
| March 2015: | Executive Officer and General Manager of Finance and IR Department, FamilyMart Co., Ltd. |
| September 2016: | Executive Officer and General Manager of Finance Department, Finance Division, FamilyMart UNY Holdings Co., Ltd.
Senior Officer and General Manager of Finance Department, Finance Division, FamilyMart Co., Ltd. |
| April 2019: | Joined AUTOBACS SEVEN Co., Ltd. |
| April 2020: | Officer, Finance & Accounting / PR & IR (current position) |

Candidate No. 6:**Yoshiko Takayama**

Re-nomination, Outside Director (Independent Officer)

Career position and assignment in the Company: Outside Director

- Date of birth: August 9, 1956 (age 65)
- Term of office as a director at the conclusion of this general meeting: 7 years
- Number of Company shares owned: 4,200
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

Ms. Takayama has experience in providing advisory services in finance and M&As, and is also familiar with the fields of IR and corporate governance. She has played a leading role in the reinforcement of corporate governance of the Company, including advisory based on such extensive insight. She has also actively provided comments as an outside director and independent officer from the viewpoint of general shareholder protection.

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, she is an appropriate candidate that the Company needs for the purpose of improving the effectiveness of the decision-making and supervisory functions of the Board of Directors.

Dear Shareholders,

Over the past year, the Company has made significant progress in its ESG efforts. On the execution side, under the ESG & SDGs Project led by the Chief Executive Officer, the Company has identified key issues that need to be resolved and is working to integrate ESG and business.

The Board of Directors examines and discusses management's approach to these issues and the status of their efforts. In order to meet the expectations of investors and shareholders who wish to see that the addressing of sustainability issues leads to an increase in corporate value, I will continue to fulfill my role as an outside director by conducting thorough and appropriate discussions and supervision at Board of Directors' meetings and other occasions with respect to the important measures to achieve such goals, and supporting the management.

Special relationship between the candidate and the Company

Ms. Takayama has no special interests in the Company.

Independence of the candidate

Ms. Takayama satisfies the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company. Therefore, the Company has registered her with the Exchange as an independent officer.

Brief professional background including major posts held

April 1980:	Joined Bank of America N.A. Tokyo Branch
June 1987:	Joined Merrill Lynch & Co., Inc. New York Headquarters office
December 1990:	Vice President, Merrill Lynch & Co., Inc. Tokyo Branch
December 1998:	Asia-Pacific Regional Director, Thomson Financial Investor Relations Tokyo Branch
June 2001:	Managing Director, J-Eurus IR Co., Ltd.
March 2003:	Managing Director/Board Member, J-Eurus IR Co., Ltd. (current position)
June 2010:	Board Governor, International Corporate Governance Network
October 2010:	Director, Japan Corporate Governance Network (current position)
June 2015:	Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)
September 2015:	Member of the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code, Financial Services Agency and Tokyo Stock Exchange, Inc. (current position)
October 2015:	Representative Director, Japan Board Review Co., Ltd. (current position)
January 2022:	Member representing Japan, International Organization for Standardization (ISO) Project Committee (PC) 337, Guidelines for the promotion and implementation of gender equality, Cabinet Office and Ministry of Economy, Trade and Industry (current position)

Candidate No. 7:**Takayoshi Mimura**

New candidate, Outside Director (Independent Officer)

Career position and assignment in the Company: -

- Date of birth: June 18, 1953 (age 69)
- Term of office as a director at the conclusion of this general meeting: -
- Number of Company shares owned: -
- Attendance at Board of Directors' meetings: -

Reasons for nomination and expected role

As described in his biography, Mr. Mimura has many years of experience in corporate management at business corporations and has achievements in leading the development and growth of a company in the global market. He also has experience as chairman of the board of directors and knowledge of corporate governance.

The Company expects him to utilize his extensive business experience and profound insight in the Company's management and supervise the Company's management as an outside director and independent officer from the perspective of protecting general shareholders. The Company believes that having him fulfill such role is necessary for the purpose of improving the effectiveness of the decision-making and supervisory functions of the Board of Directors. Therefore, the Company proposes his election as a new outside director.

Dear Shareholders,

In my previous career in the healthcare industry, I have been engaged in management as a director for 18 years and strived to expand the company's business and enhance governance.

Coming from a totally different field, I will be serving as an outside director of the Company upon resolution of Agenda Item No. 3 on candidates for director at the 75th ordinary general meeting of shareholders. I have been interested in business directly related to consumers for a long time. With my long years of experience in management and a completely new perspective, I would like to contribute to the improvement of the Company's business performance and resolution of issues from the standpoint of an outside director.

Special relationship between the candidate and the Company

Mr. Mimura has no special interests in the Company.

Independence of the candidate

Mr. Mimura satisfies the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company. Therefore, if he is elected as originally proposed, the Company plans to register him with the Exchange as an independent officer.

Brief professional background including major posts held

April 1977:	Joined Terumo Corporation
June 2002:	Executive Officer, Terumo Corporation
June 2003:	Director and Executive Officer, Terumo Corporation
June 2004:	Director and Senior Executive Officer, Terumo Corporation
June 2007:	Director and Managing Executive Officer, Terumo Corporation
April 2008:	Director and Managing Executive Officer, Group President of General Hospital Business Group Responsible for Domestic Sales Dept., Terumo Corporation
June 2009:	Director and Managing Executive Officer, Regional Representative, China and Asia, Terumo Corporation
April 2010:	Director and Managing Executive Officer, Regional Representative, China, Terumo Corporation
June 2010:	Director and Senior Managing Executive Officer, Terumo Corporation
August 2011:	President and CEO, Terumo (China) Holding Co., Ltd.
April 2017:	Chairman of the Board, Terumo Corporation
June 2017:	President, TERUMO LIFE SCIENCE FOUNDATION (current position)
June 2017:	Councilor, The Japan China Medical Association (current position)
June 2021:	Chairman, The Japan Federation of Medical Devices Associations (current position)
April 2022:	Director and Corporate Advisor, Terumo Corporation (current position)

2. Outline of the Contents of the Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement with an insurance company as set forth in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers damages that may arise when a director or officer insured under the agreement assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. The Company plans to renew the agreement in December 2022. From among the director candidates to be proposed in this Agenda Item, the candidates for re-nomination are already insured under the insurance agreement and are to remain insured after their election. Meanwhile, new candidates are to be insured after their election. For an outline of the contents of the agreement, please see the Business Report on page 44.

Reference Matters for Agenda Item No. 3

(Policy and Procedures for Appointment of Candidates for Director)

The Company's Board of Directors is made up of individuals who understand the importance of mutual trust among franchise stores, clients, employees and other parties concerned in the AUTOBACS franchise chain, and who are willing and able to improve the medium- and long-term corporate values and shareholders' common profit. A candidate for inside director shall be familiar with the Company's business, and a candidate for outside director shall have experience in corporate management, or experience and expertise in laws and regulations, finance and accounting, governance, risk management, etc. and also satisfy the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company.

The Company has established the Corporate Governance Committee as a consultative body for the Board of Directors, chaired by an outside director and comprised of all the outside directors and a representative director. When selecting candidates for director, the Board of Directors selects candidates after seeking consultation with the Corporate Governance Committee and receiving its recommendation.

Requirements for the Outside Directors' Independency

The independent officers of the Company shall be the outside director who satisfies the following requirements for independency.

At the time when any event has occurred to the person which results in infringement of the following requirements for independency, he/she shall lose the independency.

1. The Company's Outside Directors shall not have had any interest in the Company and its affiliates (hereinafter collectively the "AUTOBACS SEVEN Group") or specified corporations or entities in any of the following ways:
 - (i) Receiving remuneration (excluding the remuneration for the duty of an officer from the Company) or other assets from the AUTOBACS SEVEN Group in an amount exceeding ten (10) million yen per fiscal term within the past three years including the fiscal term under review
 - (ii) Belonging to an audit firm that conducted audits on the AUTOBACS SEVEN Group within the past three years, including the fiscal term under review
 - (iii) Serving any of the following corporations or entities (including holding companies) as a director, an executive officer, a general manager or in any other executive or managerial capacity (hereinafter referred to as executive directors, etc.):
 - a. AUTOBACS SEVEN Group customer or business partner^{Note 1} whose amount per fiscal term of operation or trade with, or the amount paid to or received by, the AUTOBACS SEVEN Group accounts for 2% or more of the sales^{Note 2} of either party in any fiscal term within the past three years, including the fiscal term under review
 - b. Financial institution or other large creditor that is indispensable to the AUTOBACS SEVEN Group's fund procurement and on which the Group depends to the extent that such a financial institution or large creditor is irreplaceable, within the past three years, including the fiscal term under review
 - c. Any major shareholder of the Company (owning 10% or more of outstanding shares), within the past five years, including the fiscal term under review
 - d. Any corporation which currently includes the AUTOBACS SEVEN Group as major shareholder (owning more than 10% of outstanding shares)

- e. Any corporation that currently shares mutually appointed directors with the AUTOBACS SEVEN Group (mutual exchange of directors through cross-holding of shares)
2. The Company's outside officers shall not have been a spouse of said executive directors, etc., of the AUTOBACS SEVEN Group or a relative within the second degree of kinship, or have shared means of livelihood in the past five years, including the fiscal term under review.
3. The Company's outside officers shall not be a spouse of, a relative within the second degree of kinship or share means of livelihood with any person corresponding to the description of Paragraph 1 above.
4. The Company's outside officers shall not be in any situation that may hinder them from performing their duties as the Company's independent officers.

(Note 1) Includes accounting firms, law offices and consulting companies other than those listed in 1. (ii) above.

(Note 2) Includes line items falling under net sales, such as "operating profit." Consolidated net sales come from companies within the scope of consolidated accounting.

[Reference]

Insight and experience of the Board of Directors as a whole and each Director (Skills Matrix)

The Board of Directors believes that, in order to perform its obligations, it is important that it consists of Directors who have accumulated appropriate insight and experience.

The Group believes that insight and experience in the fields described in the table below, such as “management experience,” “group management,” “business diversification,” “personnel, labor, organization,” and “capital cost management, financial strategy,” are important to the Group’s efforts to continue to create a rich and healthy automobile society by responding to the ever-changing environment and providing new value unbounded by the existing businesses.

The following lists the types of insight and experience possessed by the Board of Directors as a whole and by each director.

Requirements	Directors who are not audit and supervisory board members							Directors who are audit and supervisory board members		
	Kiomi Kobayashi Re- nomination	Yugo Horii Re- nomination	Eiichi Kumakura Re- nomination	Shinichi Fujiwara Re- nomination	Tomoaki Ikeda New candidate	Yoshiko Takayama Re- nomination Outside	Takayoshi Mimura New candidate Outside	Kozo Sumino Incumbent	Masami Koizumi Incumbent Outside	Minesaburo Miyake Incumbent Outside
Management experience	●	●	●				●	●	●	●
Group management	●	●	●		●		●	●	●	●
Business diversification	●	●		●		●	●			●
Personnel, labor, organization			●	●				●		
Capital cost management, financial strategy					●	●			●	
Insight and experience in the Company’s business fields	Wholesale / retail	Distribution / global	Wholesale / retail	Retail / marketing	Wholesale / retail	Global	Manufacturing / distribution / global	Wholesale / distribution	Wholesale / retail	Wholesale / manufacturing / marketing
Accounting, finance, taxation	●			●	●			●	●	
Auditing			●					●	●	●
Law		●								
ESG / sustainability	●		●	●	●	●	●			●
Gender, international perspective, etc.		●				●	●			

- (Note) 1. The above table shows the areas in which the relevant Director can contribute to the Board of Directors more remarkably based on his/her insight, experience, etc. and does not represent all of his/her insight and experience.
2. The areas of insight and experience required for the Board of Directors as a whole and each Director may be reviewed and revised according to strategies and priority issues in the management plan of the Company.

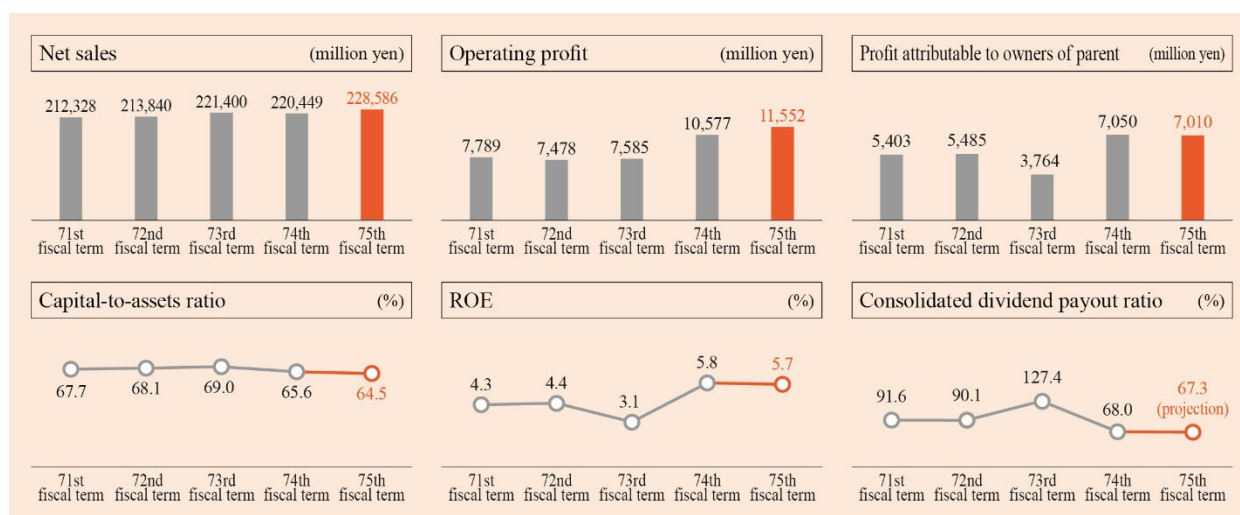
Business Report (from April 1, 2021 to March 31, 2022)

1. Current Status of the Group

(1) Assets and Operating Results

Classification	71st fiscal term Apr. 1, 2017- Mar. 31, 2018	72nd fiscal term Apr. 1, 2018- Mar. 31, 2019	73rd fiscal term Apr. 1, 2019- Mar. 31, 2020	74th fiscal term Apr. 1, 2020- Mar. 31, 2021	75th fiscal term Apr. 1, 2021- Mar. 31, 2022
Net sales (million yen)	212,328	213,840	221,400	220,449	228,586
Operating profit (million yen)	7,789	7,478	7,585	10,577	11,552
Ordinary profit (million yen)	8,226	8,203	8,059	11,219	11,246
Profit attributable to owners of parent (million yen)	5,403	5,485	3,764	7,050	7,010
Net income per share (yen)	65.49	66.58	47.10	88.28	89.17
Total assets (million yen)	187,354	181,391	172,799	187,914	189,910
Net assets (million yen)	127,352	124,187	119,966	123,833	122,892
Capital-to-assets ratio (%)	67.7	68.1	69.0	65.6	64.5
ROE (%)	4.3	4.4	3.1	5.8	5.7
Consolidated dividend payout ratio (%)	91.6	90.1	127.4	68.0	67.3 (projection)

- (Notes)
1. Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been applied effective from the beginning of the 72nd consolidated fiscal term. With respect to the figures for the total assets and the capital-to-assets ratio in the 71st consolidated fiscal term, figures and ratios to which the accounting standard is retrospectively applied are used.
 2. Earnings and expenses of the credit-related businesses, items that were previously presented under non-operating income and non-operating expenses are included in and presented under net sales, cost of sales, and selling, general and administrative expenses, effective from the 72nd consolidated fiscal term. Accordingly, with respect to net sales and operating profit in the 71st consolidated fiscal term, figures reclassified after reflecting the abovementioned change in the presentation method are used.
 3. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied effective from the beginning of the current fiscal term. The amounts and the ratios for the current fiscal term presented are the amounts and the ratios after application of the said standard and other standards.



(2) Management policy, business environment, and targets to be achieved

(i) Management policy

The Company continues to help create a sustainable automobile-enriched society in which automobiles can be a source of additional convenience, comfort, safety, and joy in everyone's lives, aiming for proposing and providing optimal car lifestyles that suit the needs of individual customers. That is the mission of the AUTOBACS chain, including the Company and its franchisee corporations. This philosophy is encapsulated in the AUTOBACS Chain Management Mission, and the whole AUTOBACS chain use it to continually provide value to customers, franchisees, employees, business partners, shareholders, society, and other stakeholders.

AUTOBACS Chain Management Mission
AUTOBACS has always been committed to providing customers with the best solutions for their car lifestyles and creating a rich and healthy automotive society.

The Company announced the Vision - 2050 Creating Our Future Together as a long-term vision with the aim of becoming a "100-Year Enterprise." For over 70 years, since the Company was first founded, it has always worked to further the advancement of automobile society and enrich the customers' car lifestyles. Also in the future, by grasping the advances of society and automotive technologies and changes in peoples' values, the Company will continue to stay close to people's lives and propose values reflecting the trends in the world. The AUTOBACS SEVEN vision reflects the Company's dedication to combining the strengths of all Group employees to achieve the above and creating a richer, healthy automobile society in the years leading up to 2050.

Vision
2050 Creating Our Future Together
We face the issues of society, automobiles, and peoples' lives and
create a brighter, more vigorous future.
Our energy comes from our customers.
We will steadily grow, day by day, as individuals and as a company, as we continue to shine.

(ii) Business environment

The overall consumption environment remained severe, aggravated by the ongoing stagnation of economic activity due to the prolonged declaration of a state of emergency and a quasi-state of emergency to prevent the spread of COVID-19. In addition, supply constraints due to soaring crude oil and raw material prices, combined with the uncertainty of the international situation due to the situation in Ukraine, have further increased the sense of uncertainty about the future.

In the automotive-related market, there is an accelerating trend toward electrification of powertrains to achieve carbon neutrality. Moreover, advanced safety technologies such as autonomous driving and driver assistance functions have been developed and widely adopted. It will therefore be essential for the Company to equip itself with maintenance technologies that can cater to these next-generation automobiles as well. As the automotive industry enters a period of major change, the Company believes that competition beyond the boundaries of business types and categories will intensify not only in the Japanese auto parts and accessories market (automotive aftermarket), which the Group has its strength in, but also in the areas of automobile maintenance, statutory safety inspections, and used car sales. In addition, the shortage of automobile mechanics has also become evident as an issue.

According to figures from an announcement by the Auto-Parts & Accessories Retail Association (APARA), an organization to which the Company belongs, total store net sales of four association members between April 2021 and March 2022 were ¥397,384 million, a decrease of 1.1% year on year. In addition, the number of registered passenger used cars (standard-sized vehicles and compact passenger cars) ^{*1} for the same period was approximately 3.16 million vehicles (a 5.8% decrease year on year). Total automobile maintenance (market) ^{*2} sales for the period from January through December 2021 were ¥5,551.0 billion (a 1.9% decrease year on year), the first decrease in five years.

*1 Japan Automobile Dealers Association (JADA)

*2 Announced by Japan Automobile Service Promotion Association (JASPA)

New services such as car-sharing services and subscription services are rapidly expanding, and improved IT platforms in line with that rapid expansion will be required, in addition to response to maintenance for next-

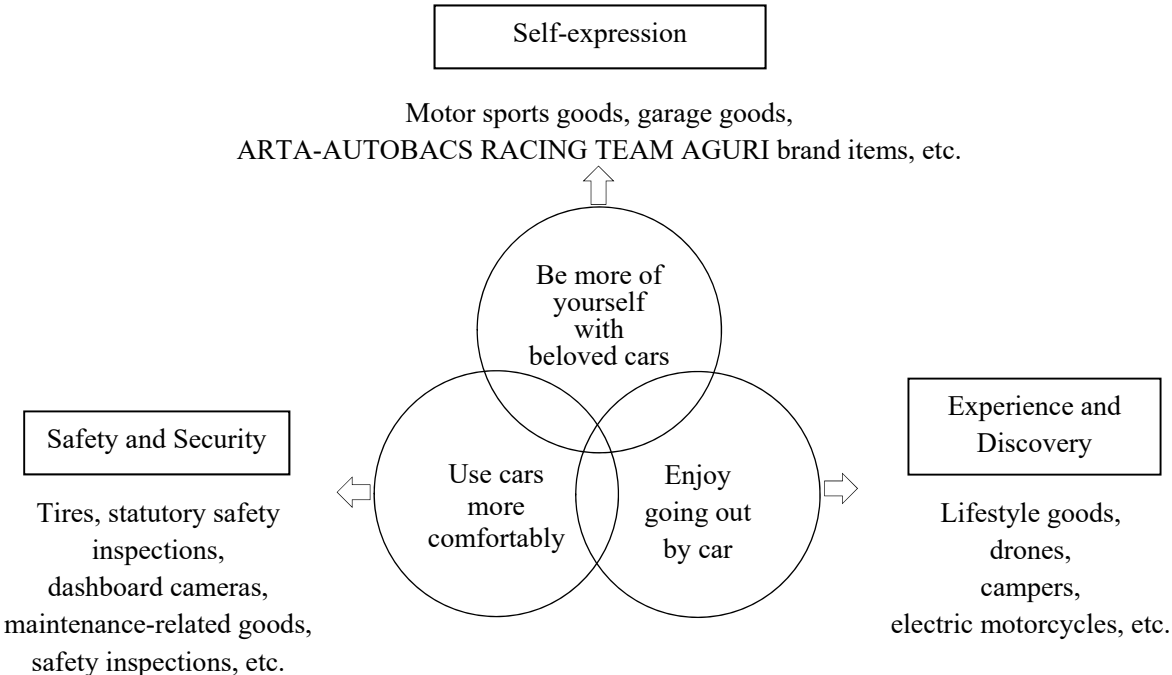
generation vehicles. Furthermore, not only competition with other companies and other business categories, such as car dealers and e-commerce companies, will be intensified, but also the scope of transaction types, including trades between individuals, will be expanding. The market is furthermore expected to see even greater and more rapid changes in the future, such as changes in customer composition resulting from the declining birthrate and aging population, and needs diversification.

(iii) Targets to be achieved

With the aim of enhancing market competitiveness by swiftly grasping and adapting to rapid and dramatic changes in society, automobiles, and people’s lives, the Company formulated the Five-year Rolling Plan in 2019 to plot out the future direction of the Group. In the fiscal term ending March 31, 2023, the fourth year of the Plan, as well as sharpening its focus on the fields with greater growth potential, the Company will work to strengthen the Networks and the Business Infrastructures and promote Business to achieve sustainable growth, responding to the greatly changing social environment.

In the **Domestic AUTOBACS Business**, the Company will strengthen procurement capabilities in collaboration with suppliers and tackle supply chain reform in the highly uncertain business environment, and strive to differentiate itself from competitors in the increasingly mature car parts and accessories market by actively and swiftly responding to such an environment with a view to the future. In order to further develop the young adult and family segments, the Company will provide three forms of value: “Self-expression” to meet the needs for being more of themselves with beloved cars, “Safety and Security” to meet the customer needs for more comfortable car use, and “Experience and Discovery” to meet the needs for enjoying going out by car. Specifically, the Company will strengthen its market competitiveness in collaboration with its franchisees by promoting the development of new products and services and new store formats while continuously making concentrated efforts to improve store operations, and to develop human resources, including automobile mechanics.

The value provided to our customers



In addition to the Domestic AUTOBACS Business, the Company will promote six businesses: “Overseas Business,” “Car Dealership Business,” “BtoB Business,” “Online Alliance Business,” “Lifestyle Business,” and “Expansion Business.”

In the **Overseas Business**, the Company will identify the countries and regions to be focused on by monitoring the international situation. With regard to the retail business, the Company will carefully examine the business model in view of market and consumer characteristics according to countries and regions in an effort to improve profitability. Regarding the wholesale business, centering on the countries that the Company has already entered, while strengthening partnerships with local companies, the Company will supply private-brand products and expand its profitability with speedy business development.

In the **Car Dealership Business**, the Company will further increase profits by expanding its service configuration ratio to net sales and improving its asset efficiency through collaborative arrangements between

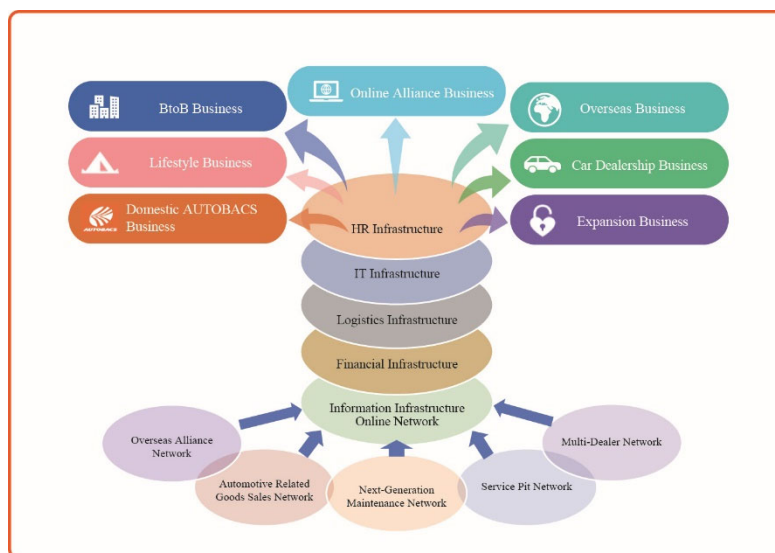
each sales base, while promoting operational improvement and human resources development at operating companies.

In the **BtoB Business**, the Company will promote expansion of the goods wholesaling business through the development of new clients and create new revenue opportunities by proposing more efficient corporate fleet management operations through a corporate membership system and providing on-site installation services.

In the **Online Alliance Business**, the Company will strengthen its existing EC business while not only utilizing assets within the Group but also collaborating with companies outside the Group. By promoting integration of online shopping with physical stores, the Company will offer new value to customers.

In the **Lifestyle Business**, by raising the recognition of its private brands, such as “JACK & MARIE,” which centers on a lifestyle that combines cars and outdoor style, and “GORDON MILLER,” whose concept is a garage lifestyle, the Company will provide customers with a unique worldview and lifestyles centering on automobiles, and create a new market based on both on-line sales and store development. At the same time, by being attentive to each and every customer and identifying the best car lifestyle for each and every customer, we seek opportunities to create a new lifestyle business.

In the **Expansion Business**, the Company aims to expand profits by offering financial services through its insurance business and loans and credit business. Led by the Sustainability Transformation Department established in April 2022, in order to achieve long-term and sustainable enhancement of corporate value in response to the drastically changing social environment and the growing demand for a sustainable society, the Company will promote sustainability transformation. In this regard, in addition to taking on the challenge of entering new mobility markets, such as the maintenance and sale of electric vehicles and drones, and the exploration of a business for electrifying existing vehicles, the Company will work to resolve social issues related to transportation in local communities.



As regards our business infrastructures, the Company will continue investment focused on strengthening its Five Business Infrastructures, as they play an important role in making the new value produced by the Networks with other companies, with which the Company has partnerships and collaborates, and contributing to the Seven Businesses and developing them further.

In the **Human Resources Infrastructure**, based on the conviction that the development of human resources is the most important issue for sustainable growth and enhancement of corporate value, the Company will promote creation of a system to become an organization that takes on challenges through human resources development and work style reform, so as to improve profitability and achieve sustainable development.

In the **IT Infrastructure**, the Company will establish flexible and robust IT systems responding to rapid changes in the business environment so as to enhance competitiveness and strengthen risk management. Moreover, in order to create new value from customers’ viewpoints, the Company will promote business model transformation through the IT strategy and the digital transformation strategy.

In the **Logistics Infrastructure**, while further improving the efficiency of the logistics structure for the Domestic AUTOBACS Business, in order to build new logistics functions to accommodate the expansion of other businesses, including the EC business, the Company will work to resolve logistics issues through logistics digital transformation and promote implementation of future-oriented initiatives, including collaboration with external parties.

In the **Financial Infrastructure**, as well as working to strengthen investment income management, the Company will improve its capital efficiency by continuing the review of its business portfolio and promoting management and visualization of its individual businesses. For shareholder returns, the Company will work for stable dividend and flexible shareholder returns with the aim of achieving a cumulative total shareholder return ratio of 100% during the five years of the Plan.

In the **Information Infrastructure**, the Company collects and maintains all kinds of information obtained through its business activities and is striving to build the infrastructure for utilizing such information. In order to provide better services to its customers, the Company will further promote information sharing and collaboration within and outside the Company by analyzing and utilizing the information obtained through the Information Infrastructure, and create new businesses and services.

Furthermore, in order to promote and strengthen the Five Business Infrastructures and the Seven Businesses, the Company will also continue to make efforts to introduce and establish schemes/systems for improving the effectiveness and speed in promoting strategies through measures such as system arrangements for business impetus enhancement and the reinforcement of monitoring, thereby realizing sustainable growth of the Company, consolidated subsidiaries, and the AUTOBACS franchise chain.

(3) Business progress and results

(i) Overview of management results for the fiscal term under review

As for trends in the domestic automobile-related industry, difficulties in parts procurement mainly due to the global shortage of semiconductors led to production cuts in new car production, resulting in a severe market environment with declines in the numbers of new and used car registrations. Sales related to automotive goods and services were affected by activity restrictions and stay-at-home requests due to the spread of COVID-19, but the cold waves and snowfalls boosted demand for winter goods. On the other hand, sales of car electronics goods were affected by the shortage of semiconductors, resulting in a decline in sales.

The Group worked to prevent the spread of COVID-19 and endeavored to develop an environment where customers can visit and employees can work with peace of mind, by placing the utmost priority on the health and security of the visiting customers in the region, clients, and employees involved in the business. Despite the impact of the semiconductor shortage and the spread of COVID-19, the Group strived to improve performance through strategic capturing of demand for winter goods and activities of individual segments that attend closely to customers.

Even in such circumstances, the Company is striving to enhance its market competitiveness by swiftly grasping and adapting to changes in society, automobiles, and people's lives. With the Five-year Rolling Plan that plots out the future direction of the Group, the Company is working to strengthen the Networks and the Business Infrastructures and to promote its Businesses in an effort to achieve sustainable growth, while sharpening its focus on fields with greater growth potential.

The operating results of the Group on a consolidated basis are as follows:

Net sales and gross profit

Group net sales for the consolidated fiscal term under review were ¥228,586 million (¥220,449 million for the previous fiscal term), and gross profit was ¥77,150 million (¥73,288 million for the previous fiscal term).

Selling, general and administrative expenses and operating profit

Selling, general and administrative expenses were ¥65,598 million (¥62,711 million for the previous fiscal term), and operating profit was ¥11,552 million (¥10,577 million for the previous fiscal term).

Selling expenses increased due to increased sales promotion activities. Other factors included increases in personnel expenses and equipment cost due to the business transfer of business companies that operate car dealerships in Japan and other business companies that conduct statutory safety inspection and maintenance services and sell tires.

Non-operating income, non-operating expenses and ordinary profit

Non-operating income was ¥1,878 million (¥2,283 million for the previous fiscal term). Non-operating expenses were ¥2,184 million (¥1,640 million for the previous fiscal term).

Since a decline in profitability was recognized for entities accounted for using equity method, impairment loss corresponding to goodwill was recorded as "Share of loss of entities accounted for using equity method" under non-operating expenses.

As a result, ordinary profit was ¥11,246 million (¥11,219 million for the previous fiscal term).

Extraordinary income and extraordinary loss

Extraordinary loss consisted of ¥238 million of impairment loss on non-current assets.

Income taxes in total

Income taxes in total were ¥3,990 million (¥3,490 million for the previous fiscal term).

Profit attributable to owners of parent

Profit attributable to owners of parent was ¥7,010 million (¥7,050 million for the previous fiscal term).

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal term under review, and thus, year-on-year changes from the previous fiscal term are not indicated. When the results for the current fiscal term are simply compared to the results for the previous fiscal term, net sales increased by 3.7%, gross profit increased by 5.3%, selling, general and administrative expenses increased by 4.6%, operating profit increased by 9.2%, ordinary profit increased by 0.2%, and profit attributable to owners of parent decreased by 0.6% from the previous fiscal term.

(ii) Management results by segment**a. Matters concerning changes to reportable segments**

(Change of segment name)

In order to present the nature of business more appropriately, the segment name of the “Car Dealership, BtoB and Internet Businesses” was changed to “Car Dealership, BtoB and Online Alliance Business.”

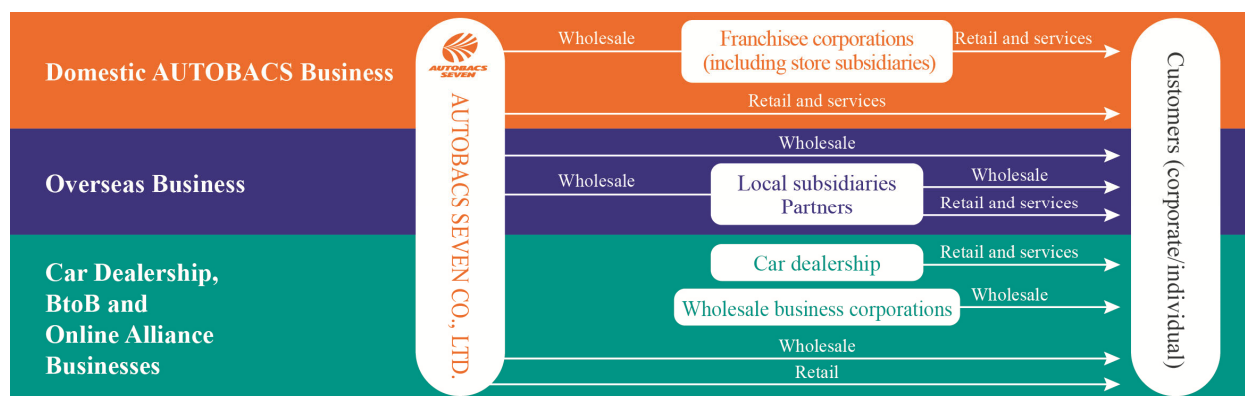
This change is a change in segment name and has no impact on segment information.

(Application of Accounting Standard for Revenue Recognition and other standards)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal term under review and changed the accounting method for revenue recognition. Accordingly, the Company also changed the method for calculating segment profit or loss for operating segments.

As a result of this change, compared with the previous method, net sales decreased by ¥4,305 million and segment profit increased by ¥101 million in the Domestic AUTOBACS Business and net sales decreased by ¥882 million and segment profit decreased by ¥7 million in the Car Dealership, BtoB and Online Alliance Business.

b. Management results by segment



c. Net sales and income by segment

(Unit: million yen)

	Reportable segments					Reconciling items	Amount recognized in consolidated statement of income
	Domestic AUTOBACS Business	Overseas Business	Car Dealership, BtoB and Online Alliance Business	Other Business	Total reportable segments		
Net 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
Net sales to outside customers	174,894	10,763	39,042	3,886	228,586	–	228,586
YoY (%)	–	–	–	–	–	–	–
Internal sales and transfers between segments	3,379	321	9,484	1,117	14,302	(14,302)	–
Total	178,274	11,084	48,527	5,003	242,889	(14,302)	228,586
YoY (%)	–	–	–	–	–	–	–
Segment profit (loss)	20,343	(321)	(339)	(795)	18,886	(7,333)	11,552
YoY (%)	–	–	–	–	–	–	–

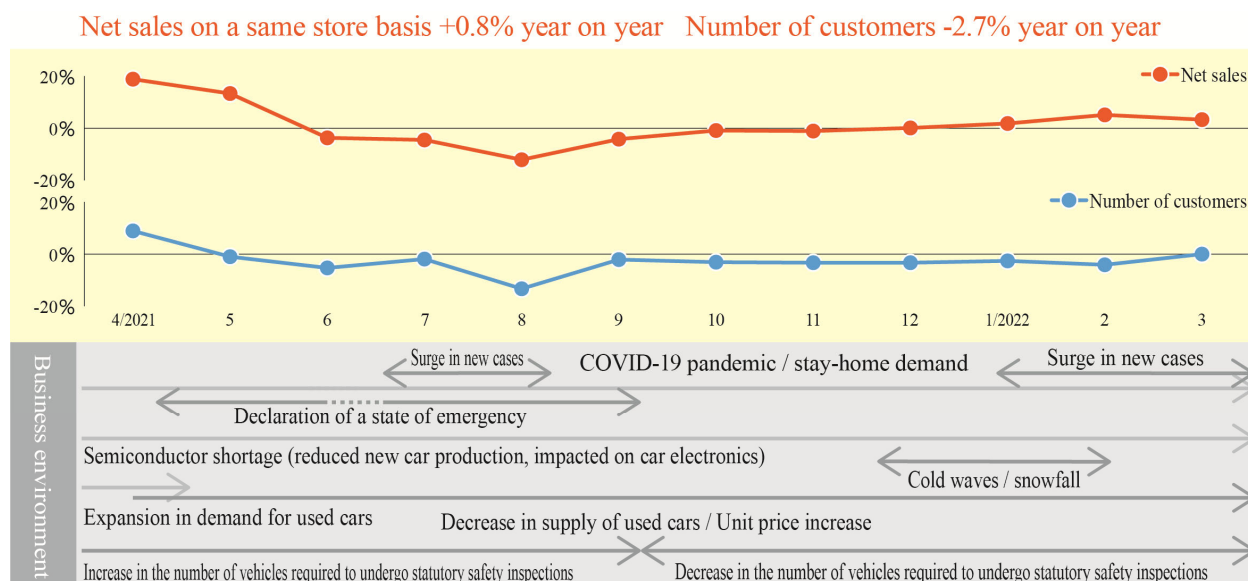
- (Notes)
1. The business descriptions of the segments are as described on page 35.
 2. Because of the application of the Accounting Standard for Revenue Recognition and other standards from the beginning of the fiscal term under review, YoY changes are not indicated.

■ Domestic AUTOBACS Business

The Domestic AUTOBACS Business was impacted by the effects of voluntary restraint on going out and returning home due to the spread of COVID-19 in the first half of the year, but was buoyant in the second half of the year partly due to expanded demand for winter goods spurred by the cold waves and snowfalls. As a result, net sales for the consolidated fiscal term under review amounted to ¥178,274 million (compared to ¥177,937 million in the same period of the previous fiscal term). Gross profit amounted to ¥60,343 million (compared to ¥58,891 million in the same period of the previous fiscal term), due in part to a rise in the sales configuration ratio of high-margin items and services. Selling, general, and administrative expenses amounted to ¥40,000 million (compared to ¥40,134 million in the same period of the previous fiscal term). As a result, segment profit amounted to ¥20,343 million (compared to ¥18,756 million in the same period of the previous fiscal term).

Domestic AUTOBACS chain (including stores of franchisee corporations) net sales for all store formats during the consolidated fiscal term under review rose by 0.8% on a same store basis and rose by 1.0% on a total store basis compared to the previous fiscal term.

AUTOBACS chain store net sales and the number of customers (on a same store basis, versus the same month of the previous year)



* Groupwide (all domestic AUTOBACS chain stores)

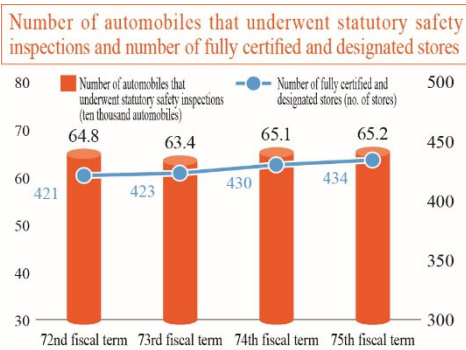
The domestic AUTOBACS chain operated its business by paying maximum attention to measures to prevent the spread of COVID-19, such as minimizing opportunities for physical contact between customers and employees, in order to protect the safe and secure car lives of customers, in the belief that automobiles are an important infrastructure in their daily living.

The number of customers decreased affected by voluntary restraint on going out and returning home due to the surge of infections during the first half. However, during the second half, in line with the decrease of new cases of infection, both net sales and the number of customers tended to recover, with net sales remaining strong centering on winter goods from December onwards.

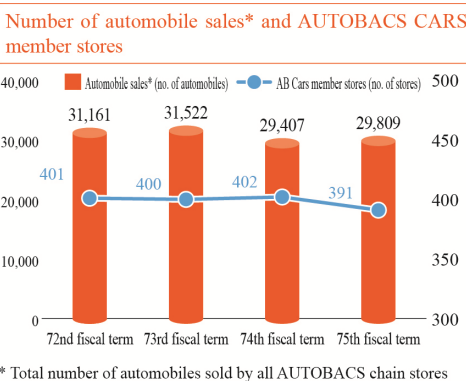
Regarding tire sales, there was a tendency to avoid long drive due to voluntary restraint on outings. However, from October onward, sales increased because sales of summer tires and all-season tires were brisk due to the strengthening of the lineups and sales promotion and the Company strategically captured the demand for snow tires owing to the cold waves and snowfalls. Moreover, sales of winter goods such as tire chains were also brisk. Regarding car electronics, the protracted worldwide shortage of semiconductors caused a decrease in demand due to reductions in new car production and affected product supply, resulting in a decrease in sales.

The Company promoted development and sales of products delivering value that we can recommend with confidence by increasing the merchandise lineups of the private label brand, “AQ. (AUTOBACS QUALITY.)” and of the “GORDON MILLER” brand that propose exciting garage lifestyles. In addition, the Company implemented operation improvements at stores and hardware renovations, including sales floors and service pits.

For statutory safety inspection and maintenance, the Company promoted online and telephone reservations in an effort to lessen the opportunities for physical contact with customers and to enhance customers’ convenience. Moreover, the Company upgraded the AUTOBACS official app with the addition of a new function to notify the timing for car maintenance to enhance convenience of customers. Furthermore, the Company promoted responses to the Automobile Specific Maintenance System, a system for maintenance of advanced safety vehicles equipped with advanced driver assistance systems (ADAS) and autonomous driving functions. All 434 stores fully certified and designated to perform statutory safety inspections gained the Specific Maintenance Certification (maintenance of electronically controlled devices). The number of automobiles that underwent the statutory safety inspection increased by 0.1% year on year to roughly 652,000 vehicles.



With regard to automobile purchase and sales, despite the impact of the reduction in new car production, sales to auctions were brisk against the backdrop of an increase in the unit price of used cars and a higher purchase volume. As a result, the total number of automobiles sold in the Domestic AUTOBACS Business increased by 1.3% year on year to approximately 29,800 cars.



Regarding store openings and closings in Japan, 4 stores opened, making the total number of domestic stores 588 as of March 31, 2022.

Store openings and closings in Japan

(Unit: stores)

	No. of stores as of March 31, 2021	Opened	Closed	No. of stores as of March 31, 2022
AUTOBACS	490	4	–	494
Super AUTOBACS	74	–	–	74
AUTOBACS <i>Secohan Ichiba</i>	6	–	–	6
AUTOBACS EXPRESS	11	–	–	11
AUTOBACS CARS	3	–	–	3
Total	584	4	0	588

(Notes) 1. AUTOBACS includes “Smart+1” independent stores and “AUTOBACS GARAGE” store.

2. Super AUTOBACS includes “A PIT AUTOBACS” store.

■ Overseas Business

Net sales of the Overseas Business were ¥11,084 million (compared to ¥10,077 million in the same period of the previous fiscal term), and segment loss was ¥321 million (compared to ¥172 million of segment loss in the same period of the previous fiscal term).

In retail and service business, sales decreased, affected by temporary store closures and voluntary restraint on outings due to lockdowns. On the other hand, in the wholesale business, sales grew mainly because of cultivation of new customers. Sales in France gradually tended to recover despite unstable conditions because the government repeated imposing and lifting of restrictions on outings in view of the spread of COVID-19. In Singapore, the rate of spread of COVID-19 was particularly high from September onward and sales decreased, affected by voluntary restraint on outings and restrictions on activities. In Malaysia, the Company increased the number of authorized dealers, resulting in an increase in sales. In China, although the Company struggled to find new wholesale customers within China, sales increased by cultivating wholesaling in other countries. In Australia, sales increased owing to sales and marketing activities, such as cultivation of new wholesale customers and introduction of new OEM products, in addition to steady sales of car electronics devices and transceivers, which offset the impact of lockdowns in certain regions.

Regarding store openings and closings overseas, due to factors such as the opening of 16 franchisee stores in Thailand, 18 stores opened and 1 store closed, making the total number of overseas stores 62.

Number of stores overseas (as of March 31, 2022)

(Unit: stores)

France	Thailand	Singapore	Taiwan	Malaysia	Indonesia	Philippines	Total
10	33	2	6	4	4	3	62

■ Car Dealership, BtoB and Online Alliance Business (Formerly Car Dealership, BtoB and Internet Businesses)

Net sales of the Car Dealership, BtoB and Online Alliance Business were ¥48,527 million (¥41,408 million compared to the same period of the previous fiscal term) and segment loss was ¥339 million (compared to ¥287 million of segment loss in the previous fiscal term).

In the Car Dealership Business, the Company secured higher revenues than for the previous fiscal term due to the optimization of sales activities despite the impact of reduced production of new cars owing to semiconductor shortages. In April 2021, AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., a wholly owned subsidiary of the Company, acquired all shares in TA Import Co., Ltd., which operates three authorized dealers of Audi in Tochigi Prefecture and the northern part of Chiba Prefecture, and made it a subsidiary (second-tier subsidiary of the Company) and started its operation as BACS Advance Co., Ltd., bringing three brands to the business with the addition of Audi to BMW and MINI.

In the BtoB Business, in April 2021, the Company acquired all shares in Joyful Shaken & Tire Center Co., Ltd, which operates six facilities for statutory safety inspection, maintenance, and tire sales. Subsequently, having changed its name to BACS Boots Co., Ltd., it has started operation of its stores under the name AUTO IN Shaken & Tire Center. In April 2021, the Company formed a business alliance with Nissan Motor Co., Ltd. Automotive goods supplied by the Company were presented in catalogs for Nissan's new model. Also, the Company engaged in planning and development of car interior items for a special edition car of Nissan. Besides, the Company launched the AUTOBACS Corporate Membership System for corporate customers. The new system enables corporate customers to make lump-sum payments at the end of each month, eliminating the need to process payments for company car maintenance, car accessories, etc., which were previously settled on a case-by-case basis at each sales office.

In the Online Alliance Business (formerly Internet Businesses), the Company strengthened the merchandise lineups on its EC website by starting handling of national brand tires and NISSAN/NISMO brand items. In addition, the Company improved the EC website platform, such as by expansion of search functions, to enhance convenience for customers. Moreover, with the aim of eradicating drunk driving, the Company launched an enterprise version of ALC Cloud, a cloud-based service detecting drunkenness and alcohol consumption of drivers before they drive company vehicles and manages this information in the cloud. Other business development initiatives included efforts for regional revitalization and resolution of regional issues in collaboration with local governments.

■Other Business

Net sales of the Other Business were ¥5,003 million (¥3,471 million in the same period the previous year) and segment loss was ¥795 million (compared to ¥518 million of segment loss in the same period of the previous fiscal term).

(iii) Overview of financial conditions for the fiscal term under review

Status of assets, liabilities and net assets

Current assets

Current assets decreased by ¥2,660 million from the end of the previous fiscal term to ¥107,917 million due mainly to a decrease in cash and deposits, despite an increase in accounts receivable-other mainly resulting from an increase in rebate on purchases.

Property, plant and equipment and intangible assets

Property, plant and equipment increased by ¥3,181 million from the end of the previous fiscal term to ¥45,268 million due mainly to the acquisition of land.

Intangible assets rose by ¥1,793 million from the end of the previous fiscal term to ¥8,951 million. This was due primarily to the acquisition of software.

Investments and other assets

Investments and other assets decreased by ¥318 million from the end of the previous fiscal term to ¥27,773 million.

Current liabilities

Current liabilities rose by ¥218 million from the end of the previous fiscal term to ¥46,795 million. This was due primarily to increases in notes and accounts payable-trade despite a decrease in short-term loans payable attributable to repayments to the banks.

Non-current liabilities

Non-current liabilities rose by ¥2,719 million from the end of the previous fiscal term to ¥20,223 million. This was primarily due to an increase in long-term loans payable attributable to borrowings from banks.

Total net assets

Total net assets decreased by ¥941 million from the end of the previous fiscal term to ¥122,892 million. This was due primarily to purchase of treasury shares and dividends of surplus despite an increase in profit attributable to owners of parent.

Total assets/total liabilities and net assets

Total assets and total liabilities and net assets rose by ¥1,996 million from the end of the previous fiscal term to ¥189,910 million.

(4) Status of Capital Investment

During the consolidated fiscal term under review, the Group conducted capital investment in a total amount of ¥6,300 million. The main components were acquisition of land for new store opening as well as IT system investment for establishing next-generation information infrastructure.

(Unit: million yen)

Segment	Fiscal term under review
Domestic AUTOBACS Business	4,957
Overseas Business	218
Car Dealership, BtoB and Online Alliance Business	726
Other Business	186
Company-wide (common)	211

(5) Status of Fund Procurement

During the consolidated fiscal term under review, the Group procured the funds for business operations mainly through refinancing as the entire AUTOBACS Group. The main reason for the decrease in the balance of short-term loans payable and long-term loans payable at the end of the consolidated fiscal term under review of ¥1,812 million was refinancing considering the appropriate level of working capital.

(6) The Group's Major Business Line (as of March 31, 2022)

The Group is engaged in wholesale and retail sales of automotive goods and services both in Japan and overseas; online sales; automobile purchase and sales; statutory safety inspection and maintenance services; and the imported car dealership business. It also provides the AUTOBACS Group with store equipment leasing services and conducts credit-related businesses, etc.

The Group's lines of business and the positioning of its segments are as follows.

Segment	Description of business
Domestic AUTOBACS Business	Wholesaling of automotive goods such as tires, wheels, and car electronics to domestic franchisee corporations, and leasing of store equipment. Sale and installation services of automotive goods, maintenance services, statutory safety inspection, automobile purchase and sales mainly to domestic general consumers. Major store brands: AUTOBACS, Super AUTOBACS, AUTOBACS <i>Secohan Ichiba</i> and AUTOBACS CARS, etc.
Overseas Business	Sale and installation services of automotive goods, maintenance services, and body work and painting mainly to overseas general consumers. Also wholesaling and export sales of automotive goods and services mainly to overseas franchisee corporations and retailers.
Car Dealership, BtoB and Online Alliance Business	Sale of imported cars and services mainly to domestic general consumers. Wholesaling of automotive goods, etc. to domestic hardware stores and the provision of automotive goods and services, etc. through the Company's website and official apps in collaboration with brick-and-mortar stores. In addition, statutory safety inspections, maintenance services and body work and painting businesses, etc.
Other Business	Business mainly conducted by subsidiaries, such as credit-related business, insurance agency, intermediation of individual credit purchases at the stores of domestic franchisee corporations, the issuance of affiliated credit cards, and the leasing of equipment, etc. to domestic franchisee corporations. In addition, the development of products relating to lifestyle brands that propose a unique car-oriented worldview, Internet and real store development, and sale of vehicles, etc.

(7) Major Business Locations of the Group (as of March 31, 2022)

Headquarters	6-52, Toyosu 5-chome, Koto-ku, Tokyo	
Kanto Regional Headquarters	Ichikawa City, Chiba	
Kansai Regional Headquarters	Kita-ku, Osaka City	
Distribution centers	Eastern Japan Logistics Center	Ichikawa City, Chiba
	Western Japan Logistics Center	Miki City, Hyogo

(8) Key Subsidiaries (as of March 31, 2022)

Company name	Capital	The Company's investment ratio	Line of business
AUTOBACS Kanto Sales Ltd.	¥100 million	100.0%	Automotive goods retail business
AUTOBACS Minami-Nihon Sales Ltd.	¥100 million	100.0%	Automotive goods retail business
AUTOBACS FRANCE S.A.S.	EUR 35,300 thousand	100.0%	Automotive goods retail business
AUTOBACS Financial Service Co., Ltd.	¥15 million	100.0%	Leasing business
Autoplatz K.K.	¥100 million	(100.0%)	Imported car sales
CAP Style Co., Ltd.	¥100 million	100.0%	Automotive goods wholesaling business
HOT STUFF CORPORATION	¥47 million	100.0%	Import and export of automotive goods; wholesaling and retail business

- (Notes) 1. The Company's indirect investment ratio is shown in parentheses.
2. AUTOBACS Keiyo Ltd. was absorbed and merged with AUTOBACS Kanto Sales Ltd. in April 2021.

(9) Key Affiliate Companies (as of March 31, 2022)

Company name	Capital	The Company's investment ratio	Line of business
Puma Ltd.	¥33 million	32.5%	Automotive goods retail business
Buffalo CO., LTD.	¥614 million	21.9%	Automotive goods retail business
NORTHERN JAPAN AUTOBACS Co., Ltd.	¥100 million	34.0%	Automotive goods retail business

(10) Employment Situation (as of March 31, 2022)**The Group's employment status**

Segment	No. of employees in 74th fiscal term	No. of employees in 75th fiscal term	Increase/decrease from the previous consolidated fiscal term
Domestic AUTOBACS Business	2,835 (768)	2,842 (706)	7 (-62)
Overseas Business	563 (27)	548 (20)	-15 (-7)
Car Dealership, BtoB and Online Alliance Business	545 (19)	670 (22)	125 (3)
Other Business	138 (7)	136 (3)	-2 (-4)
Total reportable segments	4,081 (821)	4,196 (751)	115 (-70)
Company-wide (common)	198 (32)	192 (28)	-6 (-4)
Total	4,279 (853)	4,388 (779)	109 (-74)

- (Notes) 1. The number of employees indicates the number of persons actually working for the AUTOBACS SEVEN Group and does not include those who are working on loan for other companies.
2. The yearly average number of temporary employees is shown in parentheses.
3. The number of employees shown in "Company-wide (common)" indicates that of people belonging to the administration divisions.

(11) Major Lenders and Loan Amount (as of March 31, 2022)

(Unit: million yen)

Lenders	Balance of loans
MUFG Bank, Ltd.	2,000
Sumitomo Mitsui Banking Corporation	1,650
Sumitomo Mitsui Trust Bank, Limited	1,000

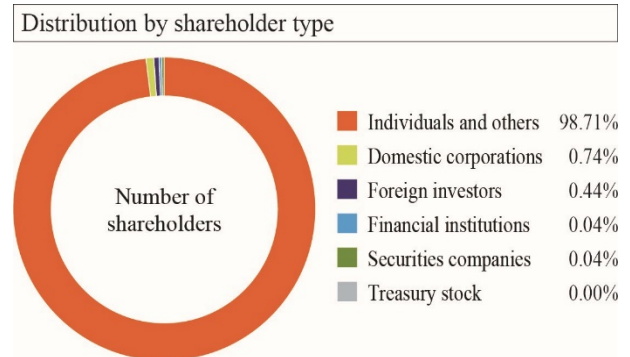
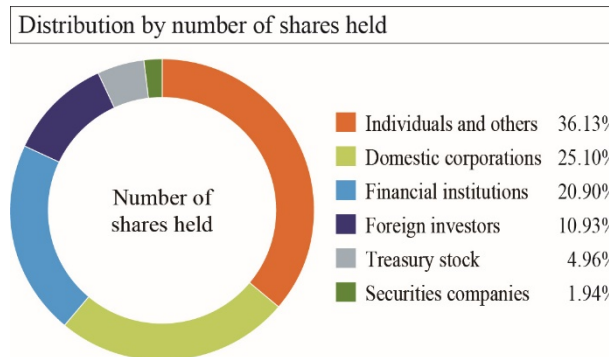
(12) Other Significant Matters Concerning Current Status of the Group

Not applicable

2. Status of the Company

(1) Status of Shares (as of March 31, 2022)

- (i) Total number of authorized shares:** 328,206,900 shares
- (ii) Total number of shares issued:** 82,050,105 shares (including 4,076,661 treasury stock)
- (iii) Number of shareholders:** 64,309



Percentages of Distribution by number of shares held and Distribution by shareholder type are rounded down to the second decimal place.

(iv) Major shareholders (Top 10 shareholders)

Name	Status of contribution to the Company	
	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,316	11.94
Sumino Holdings, Ltd.	4,243	5.44
The Yuumi Memorial Foundation for Home Health Care	3,990	5.11
K Holdings, Ltd.	2,750	3.52
Custody Bank of Japan, Ltd. (Trust Account)	2,699	3.46
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079252)	1,800	2.30
Foreman Kyoei, Ltd.	1,560	2.00
Hiroshi Sumino	1,384	1.77
STATE STREET BANK WEST CLIENT-TREATY 505234	1,194	1.53
Live Field Co., Ltd.	1,000	1.28

- (Notes) 1. Shareholding ratio is calculated by deducting treasury stock from the total number of shares with voting rights.
2. Holdings of less than 1,000 shares have been omitted from the number of shares owned, and the shareholding ratio is rounded down to two decimal places.

(v) Shares issued to the Company's directors as consideration for their execution of duties during the fiscal term under review

	Type and number of shares	Number of persons to whom shares were issued
Directors (excluding outside directors and directors who are audit and supervisory committee members)	10,600 shares	4

(vi) Other significant matters concerning shares**Acquisition, disposal, etc. of treasury stock and the holding thereof** (Unit: shares)

Treasury stock held at the end of the previous fiscal term		4,149,069 ... (i)
Acquired shares	Acquisition through purchase of shares constituting less than one unit	592 ... (ii) (Aggregate acquisition value: ¥887 thousand)
	Acquisition of its own shares, under Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the same act	1,942,500 ... (iii) (Aggregate acquisition value: ¥2,999,900 thousand)
Canceled shares	Cancellation of its own shares in accordance with Article 178 of the Companies Act	2,000,000 ... (iv) (Aggregate cancellation value: ¥3,707,793 thousand)
Disposed shares	Disposal of treasury stock as remuneration for granting restricted stock	15,500 ... (v) (Aggregate disposal value: ¥27,233 thousand)
Treasury stock held at the end of the current fiscal term		4,076,661 (i)+(ii)+(iii)-(iv)-(v)

(vii) Matters concerning stock acquisition rights, etc.

Not applicable

(2) Status of the Company's Directors

(i) Status of directors, significant concurrent positions and relationship with the Company

Position	Name	Responsibility and significant concurrent positions held in other organization	Concurrently held positions
Representative Director	Kiomi Kobayashi	Chief Executive Officer Chief AUTOBACS Chain Officer Auto-Parts & Accessories Retail Association	Chairman
Director	Yugo Horii	Senior Managing Executive Officer Head of AUTOBACS Business Planning & Operations and CEO Office / Business Planning ABT Marketing Co., Ltd.	— Representative Director and President
Director	Eiichi Kumakura	Senior Managing Executive Officer Head of Merchandising & Services and Car Parts & Accessories	—
Director	Shinichi Fujiwara	Senior Managing Executive Officer Kanto Regional Headquarters	—
Director (Outside)	Yoshiko Takayama	J-Eurus IR Co., Ltd.	Managing Director/Board Member
		Japan Corporate Governance Network	Director
		Financial Services Agency / Tokyo Stock Exchange, Inc. The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code	Council Member
		Japan Board Review Co., Ltd.	Representative Director
		Cabinet Office and Ministry of Economy, Trade and Industry International Organization for Standardization (ISO) Project Committee (PC) 337, Guidelines for the promotion and implementation of gender equality	Member representing Japan
Director (Full-time Audit and Supervisory Committee Member)	Kozo Sumino	The Yuumi Memorial Foundation for Home Health Care	Chairman
Director (Full-time Audit and Supervisory Committee Member) (Outside)	Masami Koizumi	—	—
Director (Audit and Supervisory Committee Member) (Outside)	Minesaburo Miyake	Fuji Pharma Co., Ltd.	Outside Director
		KAMEDA SEIKA CO., LTD.	Outside Director
		Cabinet Office Council for Utilization of Dormant Deposits	Expert Committee Member
		FOOD & LIFE COMPANIES LTD.	External Director

(Notes) 1. Change in directors during the fiscal term under review was as follows.

Director (Audit and Supervisory Committee Member)

Mr. Yukio Kakegai retired from the office of Director (Audit and Supervisory Committee Member) at the conclusion of the 74th ordinary general meeting of shareholders held on June 23, 2021 due to the expiration of his term of office.

- Three (3) directors, Ms. Yoshiko Takayama, Mr. Masami Koizumi and Mr. Minesaburo Miyake, are outside directors, as provided for in Article 2, Item 15, of the Companies Act.
- There is no special relationship between the Company and the other companies and organizations mentioned above in which the outside directors hold concurrent positions.
- Three (3) officers, namely directors Ms. Yoshiko Takayama, Mr. Masami Koizumi and Mr. Minesaburo Miyake, are independent directors registered with the Tokyo Stock Exchange.
- Two (2) directors have profound insights into finance and accounting. Director (full-time audit

and supervisory committee member) Mr. Kozo Sumino served as a director and was engaged in finance & accounting as an executive officer at the Company. Outside director (full-time audit and supervisory committee member) Mr. Masami Koizumi has many years of extensive experience in finance and accounting at a business corporation.

6. Mr. Yugo Horii retired from the office of Representative Director of ABT Marketing Co., Ltd. on March 31, 2022 and assumed the office of Director on April 1, 2022.

(ii) Attendance to the meetings of Board of Directors and Audit and Supervisory Committee

Name	Classification	Board of Directors		Audit and Supervisory Committee	
		Meetings to be attended	Meetings attended	Meetings to be attended	Meetings attended
Kiomi Kobayashi	Director	15 times	15 times	—	—
Yugo Horii	Director	15 times	15 times	—	—
Eiichi Kumakura	Director	15 times	15 times	—	—
Shinichi Fujiwara	Director	12 times	12 times	—	—
Yoshiko Takayama *	Director	15 times	15 times	—	—
Kozo Sumino	Director (Audit and Supervisory Committee Member)	15 times	15 times	14 times	14 times
Masami Koizumi *	Director (Audit and Supervisory Committee Member)	12 times	12 times	10 times	10 times
Minesaburo Miyake *	Director (Audit and Supervisory Committee Member)	15 times	15 times	14 times	14 times

- (Notes)
1. Outside directors are indicated by an asterisk (*) to the right of the name.
 2. Director Shinichi Fujiwara and Director (Audit and Supervisory Committee Member) Masami Koizumi assumed office on June 23, 2021, and therefore, the meetings held on or before June 22 are excluded from the meetings to be attended for them.
 3. Mr. Yukio Kakegai retired from the office of Director (Audit and Supervisory Committee Member) at the conclusion of the 74th ordinary general meeting of shareholders held on June 23, 2021 due to the expiration of his term of office, and therefore, his attendance is not indicated.

(iii) Appointment or non-appointment of full-time audit and supervisory committee members, and reasons therefor

The Company has appointed Mr. Kozo Sumino and Mr. Masami Koizumi as full-time audit and supervisory committee members, in order to strengthen the auditing and supervisory functions of the Audit and Supervisory Committee, collect information from directors (excluding directors who are audit and supervisory committee members), executive officers, etc., share information at important internal meetings, and enable the Audit and Supervisory Committee to fully cooperate with the Internal Audit Department, the internal control department, etc.

(iv) Remuneration, etc. paid to directors**a. Directors' Remuneration Policy**

The basic policy for determining directors' remuneration has the criteria of maintaining and increasing the corporate value of the AUTOBACS Group, which comprises a franchise system, and securing human resources capable of effectively supervising the Company's business operations as directors of the Company.

b. Remuneration standard

The remuneration standard is based on the results of third-party surveys on executive compensation and takes into account such factors as the Company's position in the industry, the difficulty of achieving targets, and responsibilities.

c. Composition and basic policy of remuneration

Remuneration for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) and officers consists of fixed basic remuneration, an annual incentive that is determined in accordance with the degree of achievement for a single year, and a medium- to long-term incentive. For outside directors and audit and supervisory

committee members, only fixed remuneration set for each role is paid. The percentages set for basic remuneration, an annual incentive, and a medium- to long-term incentive for the Company's directors are roughly 48%, 47%, and 5%, respectively, in the case of Representative Director and Chief Executive Officer. The percentage of incentives will become higher in proportion to the ranks of officers.

i. Basic remuneration

The scope of control and responsibility, degree of influence on the management of the consolidated Group, and achievement in the previous year are considered to determine basic remuneration from the remuneration table.

ii. Annual incentive

The achievement of a single-year consolidated operating profit target is set as a payment condition common to all executive directors and officers. An ordinary profit target in all businesses, financial performance figures for each area of execution and responsibility, and an individual assignment based on the degree of achievement of a strategic target, which cannot be measured by financial performance figures alone, are set as the standard of evaluation, with the annual incentive fluctuating within 0-180% of the performance based remuneration standard.

iii. Medium- to long-term incentive

To improve performance and corporate value over the medium and long term and better share value with shareholders, shares with restrictions on transfer will be issued in advance by way of disposal of treasury stock in accordance with the amount set for each remuneration table, as an incentive to management based on a medium- to long-term perspective and as an incentive linked with the achievement of a single-year consolidated operating profit target.

d. Process of determining remuneration

i. The Company ensures the objectivity and transparency of its remuneration system for directors (excluding directors who are audit and supervisory committee members) and officers, and the remuneration amounts through consultation with the Corporate Governance Committee.

ii. Incentives for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) and officers are calculated in accordance with the remuneration system resolved at the Board of Directors meeting following consultation with the Corporate Governance Committee.

iii. The Company received the opinion from the Audit and Supervisory Committee that, as a result of deliberations at the Committee, the contents of remuneration, etc. payable to directors (excluding directors who are audit and supervisory committee members) are considered to be reasonable because the procedure for determining the remuneration, etc. has been appropriately conducted and the amounts of remuneration, etc. payable to each director are consistent with the roles, duties, and achievements of each director.

iv. Remuneration for the Company's audit and supervisory committee members is decided at the audit and supervisory committee, within the limit of the amount of remuneration resolved in advance at a general meeting of shareholders.

e. Total amount of remuneration, etc. paid to directors and audit and supervisory board members in the fiscal term under review

Classification	Basic remuneration		Incentive				Total amount of remuneration, etc. (million yen)
	Fixed remuneration		Annual		Medium- to long-term (stock remuneration)		
	Number of persons paid	Amount of payment (million yen)	Number of persons paid	Estimated amount to be paid (million yen)	Number of persons paid	Amount of payment (million yen)	
Directors who are not audit and supervisory committee members (excluding outside directors)	4	142	4	155	4	15	312
Directors who are not audit and supervisory committee members (outside directors)	1	12	—	—	—	—	12
Total of directors who are not audit and supervisory committee members	5	154	4	155	4	15	324
Directors who are audit and supervisory committee members (excluding outside directors)	1	25	—	—	—	—	25
Directors who are audit and supervisory committee members (outside directors)	3	35	—	—	—	—	35
Total of directors who are audit and supervisory committee members	4	60	—	—	—	—	60

- (Notes) 1. Stock remuneration is stated at an amount posted as expenses for the fiscal year under review.
2. Remuneration for directors (excluding audit and supervisory committee members) was resolved in the amount of ¥480 million or less per year (including ¥50 million or less per year for outside directors) with the number of eligible directors being seven or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.
3. Remuneration for directors (audit and supervisory committee members) was resolved in the amount of ¥120 million or less per year with the number of eligible directors being five or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.
4. Remuneration for granting shares with restrictions on transfer for directors (excluding non-executive directors) was resolved in the amount of ¥100 million or less per year with the number of eligible directors being seven or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.
5. The above table includes one director who was an audit and supervisory committee member (outside director) and retired at the conclusion of the 74th ordinary general meeting of shareholders held on June 23, 2021.

(v) Outline of the contents of the liability limitation agreement

The Company has entered into an agreement with four (4) directors, who are not executive directors, etc., which limits the liability set forth in Article 423, Paragraph 1, of the Companies Act, pursuant to Article 30, Paragraph 2 of the Company's Articles of Incorporation, established pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.

The liability limit pursuant to such agreement shall be the total amount of a. and b. described below, which are set forth in Article 425, Paragraph 1, of the Companies Act.

- a. The amount obtained by multiplying by two (2) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual property benefits received or to be received from the Company as consideration for the execution of a director's duties while he or she is in office.
- b. In the cases where he or she has subscribed for the Company's stock acquisition rights as set forth in Article 2, Item 21, of the Companies Act (limited to the cases listed in each Item in Article 238, Paragraph 3, of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the property benefits concerning such stock acquisition rights.

(vi) Outline of the contents of the directors and officers liability agreement

The Company has entered into a directors and officers liability insurance agreement with an insurance company (contents outlined below), as set forth in Article 430-3, Paragraph 1 of the Companies Act. The Company plans to renew the agreement in December 2022. From among the director candidates to be proposed in the Agenda Item of the election of directors at the 75th ordinary general meeting of shareholders, the candidates for re-nomination are already insured under the insurance agreement and are to remain insured after their election. Meanwhile, new candidates are to be insured after their election. Both of the above require resolution by the Board of Directors.

* Actual ratio of premiums borne by the insured

The premiums are paid by the Company, including premiums for riders. Therefore, the insured do not bear the actual premiums.

* Outline of events indemnified

The policy, together with the riders, covers damages that may arise when a director or officer insured under the agreement assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. However, there are certain exemptions, such as in cases when actions are taken with the knowledge that such actions are in violation of laws and regulations.

* Measures taken so as not to damage the appropriateness of directors' and officers' duties

There are grounds for exemptions under the policy. For example, liability for willful misconduct, illegal offering of private benefits, criminal offense, etc. of the insured will not be covered.

* Scope of the insured

Directors, audit and supervisory board members, and officers of the Company and its subsidiaries, as well as directors and officers who are dispatched from the Company to companies other than the subsidiaries of the Company (franchisees and other associated companies).

(vii) Matters concerning outside directors

a. Major activities during the fiscal term under review

Classification	Name	Activities
Directors	Yoshiko Takayama	Fulfilled a supervisory function over the Company's management by making appropriate and timely comments focusing on investors' and shareholders' viewpoints, based on her ample experience and profound knowledge of corporate governance and investor relations, etc. Also contributed to promoting and reinforcing the Company's corporate governance mainly by giving advice on response to the Corporate Governance Code as member of the Corporate Governance Committee. In addition, as the Chief Independent Outside Director, convened Independent Outside Directors Liaison Meeting consisting of outside directors several times a year and contributed to strengthening mutual information sharing and communication.
	Masami Koizumi	Fulfilled a supervisory function over the Company's management by participating in the Company's management from an independent position, requesting explanations from the personnel in charge of business execution as needed, and making appropriate and timely comments based on his insight into business administration, investor relations, and corporate governance, compliance, as well as experience and insight related to SPA gained through his involvement in administrative practices at business corporations. Also contributed to promoting and reinforcing the Company's corporate governance mainly by expressing opinions toward the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency as a member of the Corporate Governance Committee.
	Minesaburo Miyake	Fulfilled a supervisory function over the Company's management by giving proactive advice to the executive departments and making appropriate and timely comments focusing on realization of security and safety from the perspective of customers and addressing managerial issues in consideration of the environment based on his extensive and ample experience in corporate management at business corporations. Also contributed to promoting and reinforcing the Company's corporate governance mainly by expressing opinions toward the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency as chairman of the Corporate Governance Committee.

b. Relationship with special related business partners such as major clients

Not applicable

c. The total amount of remuneration, etc. received as an officer for the fiscal term under review from the subsidiaries of the Company

Not applicable

(3) Status of the Independent Auditor

(i) Name: Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc.

	Amount of remuneration, etc. (million yen)
Amount of remuneration, etc. of the fiscal term under audit for the independent auditor	83
Total amount of money and other property benefits payable to the independent auditor from the Company and its subsidiaries	89

(Note) Since the amount of audit remuneration, etc. of the audit based on the Companies Act and that based on the Financial Instruments and Exchange Act are not clearly distinguished under the audit agreement between the Company and the independent auditor and may not be distinguished substantially, the amount of remuneration, etc. of the fiscal term under audit for the independent auditor include the aggregate amount of such remunerations.

(iii) Content of services other than auditing

Not applicable

(iv) Reason for the Audit and Supervisory Committee's consent to the amount of remuneration, etc. for the independent auditor

The Audit and Supervisory Committee, based on the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association ("JASBA"), checks and examines the analysis and assessment of auditing performance for the previous fiscal term, the status of execution of duties by the independent auditor, the auditing time and staff allocation plan concerning the audit plan, and reasonableness of the remuneration estimates and other matters by obtaining necessary documents and receiving reports from directors, internal relevant departments and the independent auditor, and then gives consent to the remuneration amount for the independent auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(v) Policy concerning dismissal or non-reappointment of the independent auditor

The Audit and Supervisory Committee shall determine the details of an agenda item concerning dismissal or non-reappointment of an independent auditor to be presented to the general meeting of shareholders when deemed appropriate, including a case where the execution of his or her duties is disrupted.

In addition, audit and supervisory committee members shall dismiss an independent auditor when he or she is deemed to fall under the cases set forth in each item of Article 340, Paragraph 1, of the Companies Act, subject to consent of all audit and supervisory committee members. In such cases, an audit and supervisory committee member appointed by the Audit and Supervisory Committee shall report that the independent auditor was dismissed and the reasons for his or her dismissal at the first general meeting of shareholders following such dismissal.

(4) Corporate Governance of the Company

(i) Basic concept of Corporate Governance

Based on the “AUTOBACS SEVEN Vision”, “AUTOBACS Chain Management Mission” and “AUTOBACS Code of Conduct and Guidelines for Action”, we operate our business with consideration to all stakeholders. As a corporate citizen, will achieve sustainable growth and improve corporate value over the medium and long terms, and will continue striving to strengthen corporate governance to contribute to society.

Based on this fundamental philosophy, we will build a system to achieve fair and transparent management including separation of the execution of operation and supervision, together with swift, bold decision making and proper monitoring, trying to make the system function practically and sufficiently.

<AUTOBACS SEVEN Vision>

2050 Creating Our Future Together

We face the issues of society, automobiles, and people’s lives and create a brighter, more vigorous future.

Our energy comes from our customers.

We will steadily grow, day by day, as individuals and as a company, as we continue to shine.

<AUTOBACS Chain Management Mission>

AUTOBACS has always been committed to providing customers with the best solutions for their car lifestyles and creating a rich and healthy automotive society.

(ii) Corporate Governance System

With the aim of further enhancement of corporate governance and the achievement of sustainable growth and the further improvement of the medium- to long-term corporate value; separating business execution and supervision to pursue both effective and swift decision-making and appropriate monitoring of the management of the Company, the Company further reinforces its corporate governance system through the following measures, while taking advantage of its feature as a company with an Audit and Supervisory Committee.

- a. Appointment of one third or more of independent outside directors: enhancement of the supervisory function, protection of general shareholders’ interest
- b. Establishment of committees as consultative bodies to the Board of Directors: ensuring of transparency, objectivity and appropriateness
- c. Selection of full-time audit and supervisory committee member and selected members of Audit and Supervisory Committee: ensuring of effectiveness of the activities of Audit and Supervisory Committee, enhancement of the audit function
- d. Adoption of an officer system: Separation of business execution and supervision, clarification of management responsibilities
- e. Regular meetings with officers by audit and supervisory committee members: enhancement and reinforcement of monitoring

Management and Business Execution

1) Board of Directors

The Board of Directors is chaired by the representative director and is composed of eight (8) directors (including three (3) directors who are audit and supervisory committee members), of whom three (3) are independent outside directors (including two (2) directors who are audit and supervisory committee members). It meets once every month, in principle.

With the aim of achieving sustainable growth and improving the medium- to long-term corporate value in consideration of fiduciary duties and accountability to shareholders, the Board of Directors decides the medium- to long-term course of action and annual business plans, as well as matters specified in laws and regulations or in the Articles of Incorporation, and important matters concerning the Company’s business activities, and supervises the execution of duties of directors.

2) Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of three (3) directors who are audit and supervisory committee members (including two (2) independent outside directors). With the aim of ensuring the soundness of management toward the achievement of sustainable growth and the improvement of the medium- to long-term corporate value of the Company in consideration of fiduciary duties to shareholders, the Audit and Supervisory Committee audits the execution of duties of directors through supervision and assessment using audits via selected audit and supervisory committee members and

internal control systems via audits performed by the Corporate Audit Department.

Audit and supervisory committee members attend important meetings and meetings with the Independent Auditor, and full-time audit and supervisory committee members improve the auditing environment, gather internal information mainly by perusing important documents, and share important matters with other audit and supervisory committee members.

3) Corporate Governance Committee

The Corporate Governance Committee is chaired by an outside director and is composed of all of the outside directors and the representative director. It meets once every month, in principle.

The Corporate Governance Committee provides reports and suggestions to the Board of Directors on the matters listed below and thereby enhances the Board of Directors' supervisory functions by strengthening the functional independence, objectivity and accountability of the Board of Directors to further deepen corporate governance.

- a. Election and dismissal of candidates for directors (including directors who are audit and supervisory committee members)
- b. Election, dismissal and succession planning for the representative director
- c. Election of executive officers
- d. Remuneration system for directors (excluding directors who are audit and supervisory committee members) and officers
- e. Other matters relating to corporate governance

4) Risk Management Committee

The Risk Management Committee is chaired by the representative director and chief executive officer and is composed of executive directors and officer in charge of internal control functions.

It meets once every year, in principle, formulates annual risk management policies, and strives to promote risk management in a smooth and appropriate manner.

5) Executive Committee

The Executive Committee is chaired by the representative director and is composed of directors. It meets once every month, in principle. The Executive Committee is positioned as a place to deliberate and form consensus on matters for discussion related to execution, deliberates in advance on risks underlying the matters to be resolved at Board of Directors meetings and measures to manage them, reports the processes and results of its deliberations to the Board of Directors, and formulates company-wide policies and plans.

6) Monitoring Committee

The Monitoring Committee is chaired by the chief executive officer and is composed of executive officers. It meets once every month, in principle, and hold discussions to promote business execution by confirming the status of execution and examining countermeasures in each Business and Business Infrastructure.

Outside directors and directors who are audit and supervisory committee members attend the Monitoring Committee as observers and appropriately express opinions necessary for the deliberation, etc. of agenda items.

Audit System

1) Status of audits performed by Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of three (3) audit and supervisory committee members (including two (2) independent outside directors), establishes the auditing standards, auditing policies, and auditing plans, etc., and receives reports on the status and results of audits via selected audit and supervisory committee members and internal control systems in cooperation with the Corporate Audit Department, etc. Full-time audit and supervisory committee members and other related members receive reports from the directors and independent auditors on the status of execution of their duties and requests explanations as necessary.

Audit and supervisory committee members attend the Board of Directors meetings, the Executive Committee, the Monitoring Committee and other important meetings, receive reports on important managerial matters, request explanations, as necessary, and thereby audit the execution of duties of directors and officers.

With the aim of strengthening the functions of the Audit and Supervisory Committee, the Company has selected full-time audit and supervisory committee members, audit and supervisory committee

members with insights into finance and accounting and audit and supervisory committee members with independence. The Company also assigns several employees to support the duties of the Audit and Supervisory Committee. Through these efforts, the Company has improved a system to increase the effectiveness of the audits performed by the Audit and Supervisory Committee.

The audit and supervisory committee members who have insights into finance and accounting as stated above are Mr. Kozo Sumino and Mr. Masami Koizumi (outside director). Brief details on their career histories in finance and accounting are as follows:

Mr. Kozo Sumino: he has served as a director and was engaged in finance & accounting as an officer at the Company.

Mr. Masami Koizumi: he has many years of extensive experience in finance and accounting at business corporations.

The Audit and Supervisory Committee has selected full-time audit and supervisory committee members Mr. Kozo Sumino and Mr. Masami Koizumi (outside director) as selected audit and supervisory committee members.

2) Status of internal audit

The Corporate Audit Department, which is under the direct control of the representative director and independent of business operation departments, is in charge of internal audits and performs audits in cooperation with the Audit and Supervisory Committee. The Corporate Audit Department is composed of eight (8) staff members, evaluate the internal control system and continuously perform audits to determine that the business activities of the Company and its subsidiaries are in compliance with laws and regulations, internal rules and manuals.

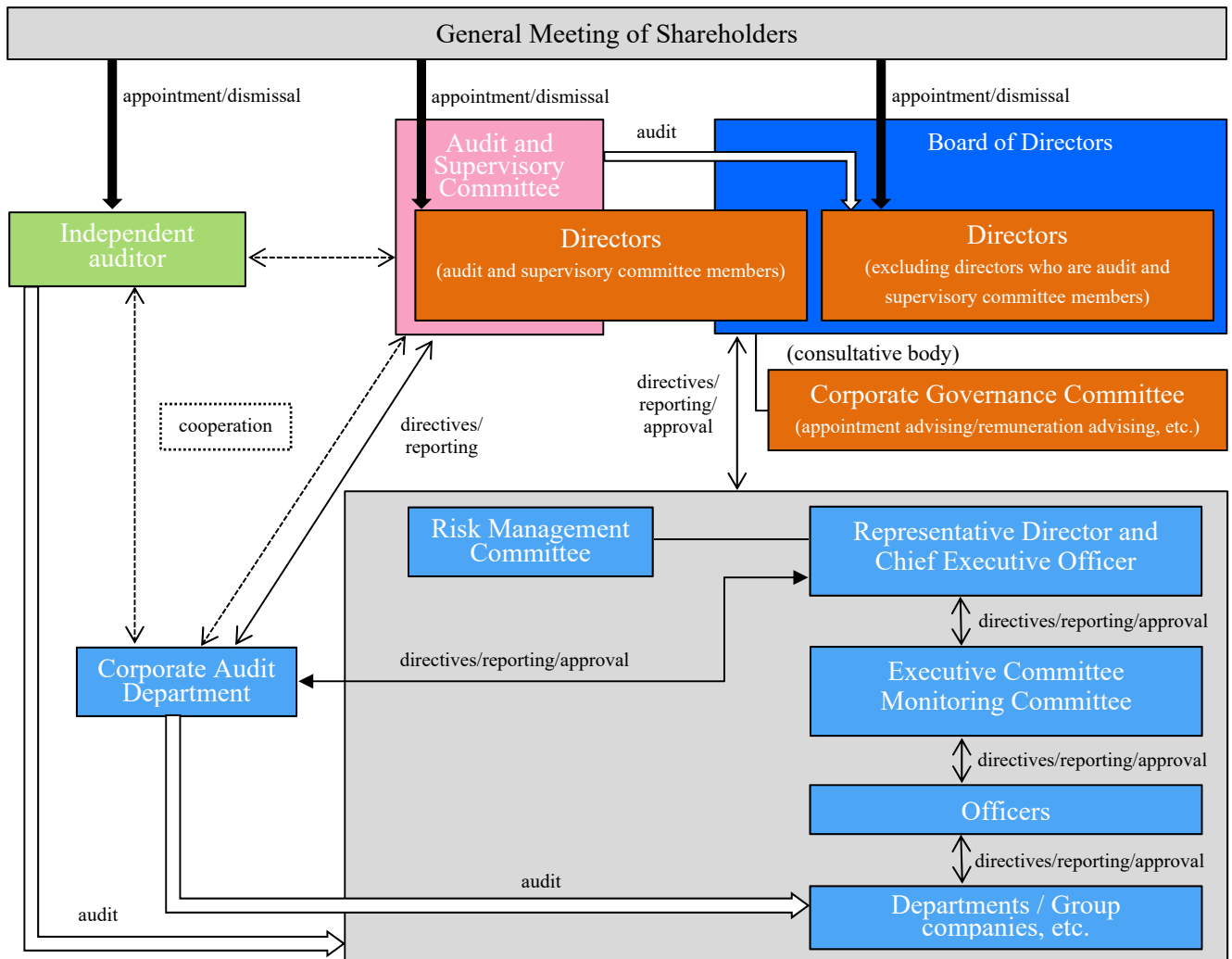
Evaluation and audit results are reported to the representative director and the Audit and Supervisory Committee, etc. as appropriate. If any deficiency is revealed, the internal audit department instructs the relevant department to correct and improve that deficiency.

An internal rule stipulates that in the event of any emergency relating to the representative director, instructions from the Audit and Supervisory Committee will have priority and the system for instructions and reporting will be changed.

As mentioned above, the Company holds meetings, either monthly or as necessary, for the reporting and exchange of opinions among the Corporate Audit Department, the Audit and Supervisory Committee, with internal control department, as well as between the Audit and Supervisory Committee and Deloitte Touche Tohmatsu LLC. The respective parties make efforts to cooperate by reporting the results of the audits and exchanging opinions at those meetings. If any deficiency is detected as a result of an audit or an evaluation of internal control systems, the Audit and Supervisory Committee and the Corporate Audit Department will issue instructions on the correction of such deficiency to each department, including the internal control department or subsidiaries, and continuously check the status of such correction.

3) Accounting audits

The Company has concluded an audit agreement with Deloitte Touche Tohmatsu LLC, which performs accounting audits of the Company.



Name	Periodic meetings	Chairman/ chairperson	Directors				Officers
			Directors who are not audit and supervisory committee members		Directors who are audit and supervisory committee members		
			Internal	External	Internal	External	
Board of Directors	Once a month in principle	Representative Director	●	●	●	●	○(in charge of Finance & Accounting / PR & IR)
Audit and Supervisory Committee	More than once a month in principle	Elected from among Outside Directors by mutual vote of members	—	—	●	●	—
Corporate Governance Committee	Once a month in principle	Elected from among Outside Directors by mutual vote of members	● (Representative Director only)	●	—	●	—
Executive Committee	Once a month in principle	Representative Director	●	●	●	●	○(in charge of Finance & Accounting / PR & IR)
Monitoring Committee	Once a month in principle	Chief Executive Officer	●	○	○	○	●Executive Officers ●(in charge of Finance & Accounting / PR & IR)
Risk Management Committee	Once a year in principle	Representative Director and Chief Executive Officer	●	○	○	○	●(in charge of internal control)

●: Members ○: Observers

(iii) Overview of the Results of Evaluation of Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors to assess whether it is appropriately performing its roles, and to identify issues in the Board of Directors in order to make continuous improvements.

1) Method of Evaluation

In evaluating effectiveness during the fiscal term under review, all directors delivered their answers to questions about “operation of meetings of the Board of Directors,” “structure of the Board of Directors,” “agenda of the Board of Directors’ meeting,” “discussion and decision-making process of the Board of Directors,” “system of assisting outside directors,” “role of and expectations for Audit and Supervisory Committee,” “operation, etc., of the Corporate Governance Committee,” “relationship with investors and shareholders” and “status of issues brought up in the evaluation conducted in the previous fiscal term” in a multiple-choice manner and in writing. The Corporate Governance Committee analyzed the answers and clarified issues, reported the results at the Board of Directors’ meeting.

2) Overview of the Results of Evaluation for the Fiscal Term Ended March 31, 2022

As a result of the evaluation for the fiscal term under review, the Company has confirmed that the current Board of Directors and Corporate Governance Committee function appropriately in general. In particular, with regard to “discussion on ESG and SDGs,” which is an important issue, the Company received many positive evaluations of the deepening of the discussion and the progress of the Group-wide initiatives.

On the other hand, the Company has confirmed that, with regard to the issues for the future, there is room for improvement in the sufficiency of knowledge related to research, examination, and arrangements of the key points to be discussed about projects overseas and in new business fields and in its arrangements and discussions regarding its vision and views from a medium-to long-term perspective.

(iv) Compliance

The Company promotes the reinforcement of the compliance system, while thoroughly notifying all the stores of the Group, including the headquarters, subsidiaries and franchise stores, of the importance of business activities conforming to laws and regulations and ethics.

Laws and regulations and corporate ethics shall be complied with, as a matter of course. On that major premise, the Company has clearly defined the “Code of Conduct” and “Guidelines for Action” that meet the reasonable expectations of all stakeholders, and ensures thorough compliance and promotes enlightening activities based on such basic principles not only within the Company but also among franchisee corporations. As a system for examining the status of compliance, an Integrated Risk Management Secretariat Council comprised of relevant departments is held on a monthly basis to check for any activities that fall outside the scope of the Code of Conduct and Guidelines for Action. A system for swiftly dealing with any activities that are deemed problematic has also been established.

3. System and Policy of the Company

Policy for Decisions on Distribution of Surpluses, etc.

The Company recognizes returning profits to shareholders as one of its most important issues, and will strive to return a steady high level of profits to shareholders by increasing Company earnings.

As for the distribution of profits, the Company makes it a basic policy to work for stable and flexible shareholder returns with the aim of achieving an accumulated return to shareholders ratio of 100% during the planned period of five years in the Five-year Rolling Plan.

With regard to the year-end dividend, the Company will pay a dividend of ¥30 per share as originally planned, resulting in an annual dividend of ¥60 per share.

In the next consolidated fiscal term, the Company plans to pay an interim dividend of ¥30 per share and a year-end dividend of ¥30 per share, for total annual dividends of ¥60 yen per share.

Dividends and acquisition of treasury stock in the latest three consolidated fiscal terms

(Note) Figures are determined on the basis of the assumption that the agenda item regarding “Appropriation of surplus” is adopted at the 75th ordinary general meeting of shareholders.

	73rd fiscal term April 1, 2019 to March 31, 2020	74th fiscal term April 1, 2020 to March 31, 2021	75th fiscal term April 1, 2021 to March 31, 2022
Dividend per share (annual)	¥60	¥60	¥60
Total amount of dividends (annual)	¥4,793 million	¥4,794 million	¥4,678 million
Consolidated dividend payout ratio	127.4%	68.0%	67.3%
Value of treasury stock acquired	¥2,088 million	—	¥2,999 million
Return to shareholders ratio	182.8%	68.0%	109.5%

Consolidated Balance Sheet (as of March 31, 2022)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	107,917	Current liabilities	46,795
Cash and deposits	24,800	Notes and accounts payable -	17,702
Notes receivable - trade	410	trade	
Accounts receivable - trade	25,432	Short-term loans payable	1,724
Lease investment assets	4,270	Lease obligations	692
Merchandise	21,516	Accounts payable - other	14,480
Short-term loans receivable	263	Income taxes payable	1,987
Accounts receivable - other	25,778	Contract liabilities	1,389
Other	5,500	Other	8,818
Allowance for doubtful accounts	(54)		
Non-current assets	81,993	Non-current liabilities	20,223
Property, plant and equipment	45,268	Long-term loans payable	4,917
Buildings and structures	12,585	Lease obligations	3,429
Machinery, equipment and	3,187	Deferred tax liabilities	562
vehicles		Provision for retirement benefit	19
Tools, furniture and fixtures	1,816	for directors (and other officers)	
Land	24,529	Retirement benefit liability	3,233
Leased assets	626	Asset retirement obligations	2,675
Right-of-use assets	2,323	Other	5,385
Construction in progress	199		
		Total Liabilities	67,018
Intangible assets	8,951	(Net Assets)	
Goodwill	2,215	Shareholders' equity	120,581
Software	4,080	Capital stock	33,998
Other	2,654	Capital surplus	34,156
Investments and other assets	27,773	Retained earnings	59,442
Investment securities	8,710	Treasury shares	(7,016)
Long-term loans receivable	44	Accumulated other comprehensive	1,967
Deferred tax assets	5,238	income	
Guarantee deposits	12,744	Valuation difference on	2,308
Other	1,053	available-for-sale securities	
Allowance for doubtful accounts	(16)	Foreign currency translation	1,065
		adjustment	
		Remeasurements of defined	(1,406)
		benefit plans	
		Non-controlling interests	342
		Total Net Assets	122,892
Total Assets	189,910	Total Liabilities and Net Assets	189,910

Consolidated Statement of Income (April 1, 2021-March 31, 2022)

(Unit: million yen)

Account Item	Amount	
Net sales		228,586
Cost of sales		151,436
Gross profit		77,150
Selling, general and administrative expenses		65,598
Operating profit		11,552
Non-operating income		
Interest income	52	
Dividend income	78	
Commission income	56	
Lease revenue - system equipment	643	
Other	1,047	1,878
Non-operating expenses		
Interest expenses	76	
Share of loss of entities accounted for using equity method	672	
Lease cost - system equipment	578	
Loss on retirement of non-current assets	130	
Other	726	2,184
Ordinary profit		11,246
Extraordinary losses		
Impairment loss	238	238
Profit before income taxes		11,008
Income taxes - current	4,224	
Income taxes - deferred	(234)	3,990
Profit		7,018
Profit attributable to non-controlling interests		7
Profit attributable to owners of parent		7,010

Consolidated Statement of Changes in Equity (April 1, 2021-March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current 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 of items 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 of items other than shareholders' equity					
Total changes of items during period	—	(129)	(1,437)	731	(835)
Balance at end of current 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 current 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 of items 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 of items other than shareholders' equity	(59)	559	184	684	(310)	373
Total changes of items during period	(59)	559	184	684	(310)	(461)
Balance at end of current period	2,308	1,065	(1,406)	1,967	342	122,892

Summary Consolidated Statement of Cash Flows (April 1, 2021-March 31, 2022) (Reference)

(Unit: million yen)

Items	Amount
Net cash provided by (used in) operating activities	5,712
Net cash provided by (used in) investing activities	(7,710)
Net cash provided by (used in) financing activities	(12,300)
Effect of exchange rate change on cash and cash equivalents	145
Net increase (decrease) in cash and cash equivalents	(14,152)
Cash and cash equivalents at beginning of period	38,903
Cash and cash equivalents at end of period	24,751

(Notes) 1. Any fractional amounts less than one million yen are discarded.

2. This statement is out of the scope of the Audit Report.

Status of cash flow

Cash and cash equivalents (hereinafter referred to as “net cash”) at end of the fiscal term under review decreased by ¥14,152 million from the end of the previous fiscal term to ¥24,751 million, owing to cash outflows, including purchase of property, plant and equipment and intangible assets, an increase in trade receivables, and income taxes paid, despite profit before income taxes amounting to ¥11,008 million and cash inflows, including an increase in trade payables and proceeds from long-term borrowings.

Status of each cash flow in the consolidated fiscal term under review and factors are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥5,712 million (net cash provided by operating activities of ¥17,163 million in the previous fiscal term). The main component of inflow was proceeds from operating transactions adjusted with non-cash profit and loss items, etc. of ¥11,212 million against income before income taxes of ¥11,008 million, while the main component of outflow was income taxes paid amounting to ¥5,565 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥7,710 million (net cash used in investing activities of ¥6,085 million in the previous fiscal term). The main component of cash inflow was proceeds from refund of guarantee deposits amounting to ¥321 million and main components of cash outflow were purchase of property, plant and equipment and intangible assets amounting to ¥6,300 million and purchase of shares of subsidiaries resulting in change in scope of consolidation amounting to ¥1,078 million.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥12,300 million (net cash used in financing activities of ¥309 million in the previous fiscal term). The main component of the inflow was proceeds from long-term borrowings amounting to ¥3,206 million and main components of the outflow were repayments of short-term borrowings (net) amounting to ¥5,356 million, dividends paid of ¥4,734 million, and purchase of treasury shares amounting to ¥3,000 million.

Non-Consolidated Balance Sheet (as of March 31, 2022)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	69,897	Current liabilities	29,985
Cash and deposits	15,978	Accounts payable - trade	15,108
Accounts receivable - trade	14,947	Short-term loans payable	750
Lease investment assets	5,704	Lease obligations	129
Merchandise	8,238	Accounts payable - other	3,510
Prepaid expenses	1,796	Accrued expenses	1,449
Short-term loans receivable	9,035	Income taxes payable	1,217
Accounts receivable - other	10,741	Contract liabilities	1,271
Other	3,462	Deposits received	4,007
Allowance for doubtful accounts	(5)	Unearned revenue	805
		Other	1,734
Non-current assets	86,487	Non-current liabilities	12,485
Property, plant and equipment	33,190	Long-term loans payable	4,000
Buildings	6,474	Lease obligations	894
Structures	714	Provision for retirement benefits	891
Machinery and equipment	2,061	Long-term guarantee deposited	5,490
Vehicles	249	Asset retirement obligations	1,201
Tools, furniture and fixtures	823	Other	8
Land	22,822		
Construction in progress	44	Total Liabilities	42,470
Intangible assets	4,095	(Net Assets)	
Leasehold right	621	Shareholders' equity	111,608
Software	3,465	Capital stock	33,998
Other	9	Capital surplus	34,278
Investments and other assets	49,202	Legal capital surplus	34,278
Investment securities	4,240	Retained earnings	50,289
Shares of subsidiaries and associates	20,395	Legal retained earnings	1,296
Long-term loans receivable from subsidiaries and associates	9,157	Other retained earnings	48,992
Long-term prepaid expenses	459	Reserve for business expansion	665
Deferred tax assets	2,762	Reserve for reduction entry of assets	797
Guarantee deposits	11,992	General reserves	36,350
Other	206	Retained earnings brought forward	11,180
Allowance for doubtful accounts	(12)	Treasury shares	(6,957)
		Valuation and translation adjustments	2,306
		Valuation difference on available-for-sale securities	2,306
		Total Net Assets	113,914
Total Assets	156,385	Total Liabilities and Net Assets	156,385

Non-Consolidated Statement of Income (April 1, 2021-March 31, 2022)

(Unit: million yen)

Account Item	Amount	
Net sales		155,957
Cost of sales		119,299
Gross profit		36,658
Selling, general and administrative expenses		28,968
Operating profit		7,689
Non-operating income		
Interest income	140	
Dividend income	1,033	
Commission income	32	
Lease revenue - system equipment	1,009	
Other	561	2,777
Non-operating expenses		
Interest expenses	11	
Lease cost - system equipment	906	
Other	510	1,428
Ordinary profit		9,038
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	62	62
Extraordinary losses		
Impairment loss	159	
Loss on valuation of shares of subsidiaries and associates	495	655
Profit before income taxes		8,444
Income taxes – current	2,650	
Income taxes – deferred	14	2,665
Profit		5,779

Non-Consolidated Statement of Changes in Equity (April 1, 2021-March 31, 2022)

(Unit: million yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings					
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					Reserve for business expansion	Reserve for reduction entry of assets	General reserves	Retained earnings brought forward	
Balance at beginning of current period	33,998	34,278	34,278	1,296	665	797	46,350	4,259	53,368
Cumulative effects of changes in accounting policies								(410)	(410)
Restated balance	33,998	34,278	34,278	1,296	665	797	46,350	3,848	52,957
Changes of items during period									
Dividends of surplus								(4,736)	(4,736)
Profit								5,779	5,779
Reversal of reserve for reduction entry of assets						(0)		0	—
Reversal of general reserves							(10,000)	10,000	—
Purchase of treasury shares									—
Cancellation of treasury shares								(3,707)	(3,707)
Disposal of treasury shares								(4)	(4)
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	—	—	(0)	(10,000)	7,331	(2,668)
Balance at end of current period	33,998	34,278	34,278	1,296	665	797	36,350	11,180	50,289

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(7,691)	113,953	2,362	2,362	116,315
Cumulative effects of changes in accounting policies		(410)			(410)
Restated balance	(7,691)	113,542	2,362	2,362	115,905
Changes of items during period					
Dividends of surplus		(4,736)			(4,736)
Profit		5,779			5,779
Reversal of reserve for reduction entry of assets		—			—
Reversal of general reserves		—			—
Purchase of treasury shares	(3,000)	(3,000)			(3,000)
Cancellation of treasury shares	3,707	—			—
Disposal of treasury shares	27	23			23
Net changes of items other than shareholders' equity			(56)	(56)	(56)
Total changes of items during period	734	(1,934)	(56)	(56)	(1,990)
Balance at end of current period	(6,957)	111,608	2,306	2,306	113,914

Independent Auditors' Report on Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 17, 2022

To the Board of Directors of
AUTOBACS SEVEN CO., LTD.:

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Seibee Kyoshima

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yuji Ujigawa

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of AUTOBACS SEVEN Co., Ltd. (the "Company") for the fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of AUTOBACS SEVEN Co., Ltd. and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the Business Report and its supplemental schedules. Management is responsible for the preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

END

Independent Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 17, 2022

To the Board of Directors of
AUTOBACS SEVEN CO., LTD.:

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Seibee Kyoshima

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yuji Ujigawa

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of AUTOBACS SEVEN Co., Ltd. (the "Company") for the 75th fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the Business Report and its supplemental schedules. Management is responsible for the preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for the other information.

Our audit opinion on the financial statements and the accompanying supplementary schedules does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

END

Audit Report by Audit and Supervisory Committee

(TRANSLATION)

AUDIT REPORT (COPY)

The Audit and Supervisory Committee has conducted audits regarding the performance of duties by the directors of AUTOBACS SEVEN Co., Ltd. (the “Company”), for the 75th fiscal term from April 1, 2021 to March 31, 2022, and hereby reports the methods and results of the audits, as follows:

1. Methods of audits and the contents thereof

With respect to the content of resolutions made by the Board of Directors and the status of such systems (internal control systems) established by such resolutions on the matters set forth in Article 399-13, Paragraphs 1, Item 1, (ii) and (iii) of the Companies Act, the Audit and Supervisory Committee has received regular reports from Directors, Officers, and other employees on the status of the establishment and operation of the systems, has requested explanations whenever necessary, has expressed opinions, and has conducted audits as follows.

- (1) Audit and Supervisory Committee Members inspected the business and financial condition of Headquarters and major business locations by attending Board of Directors’ meetings and other important meetings, receiving reports on the status of execution of duties from Directors, Officers, and other employees, requesting explanations whenever necessary, and reading documents about managerial decision and other important documents, making efficient use of telephone lines and other means via the Internet, in accordance with the Audit and Supervisory Committee’s auditing standards established by the Audit and Supervisory Committee, and in accordance with the auditing policies and division of duties for the fiscal term under review, etc., in cooperation with the Company’s internal audit department and the other departments responsible for internal control. As for the subsidiaries, individual audit and supervisory committee member have worked diligently by performing audits, including remote audits, to improve communications and information exchange with directors and audit and supervisory committee member of subsidiaries and have received reports on business operations from subsidiaries as necessary, as well as receiving audit reports from the internal audit department.

With respect to internal control related to financial reports, the Audit and Supervisory Committee has received reports on assessment and audit results from the directors, employees and other staff members of the Company as well as from Deloitte Touche Tohmatsu LLC. The Audit and Supervisory Committee requested explanations from the directors, employees, other staff members and independent auditor, when such explanations were deemed necessary.

- (2) In respect of the basic policies described in the Company’s Business Report in accordance with Article 118, Item 3, (i) of the Companies Act Enforcement Regulations, and each of the efforts in accordance with (ii) of the same Item, the Audit and Supervisory Committee has further examined the contents in consideration of the status of deliberations at the Board of Directors’ meetings and other meetings.
- (3) Audit and supervisory committee members received a prior explanation about the audit plan from independent auditor and had a discussion as well as received the audit report and exchanged opinions. In addition, the Audit and Supervisory Committee has supervised and confirmed that independent auditor maintained their independent positions and performed fair and appropriate audits. At the same time, the Audit and Supervisory Committee has received from these independent auditor reports on the status of the provided assignments and responsibilities and requested explanations, when such explanations were necessary. Each audit and supervisory committee member also received a notification from the independent auditor that they have taken steps to improve the “System to Ensure Appropriate Execution of the Duties” (as enumerated in each Item of Article 131 of the Company Calculation Regulations) in compliance with the “Quality Control Standards Relating to Auditing” (adopted by the Business Accounting Deliberation Council on October 28, 2005), etc. When deemed necessary, each audit and supervisory committee member requested explanations on such notification.

Based on the foregoing method, each audit and supervisory committee member reviewed the Company’s Business Report and the Supplementary Schedules thereto, Non-Consolidated Financial Statements (the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Equity and Notes to the Non-Consolidated Financial Statements) and the Supplementary Schedules thereto and the Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Shareholders’ Equities and Notes to the Consolidated Financial Statements) for the fiscal term under review.

2. Audit Results

(1) Results of audits of the Business Report and other documents

- 1) The Audit and Supervisory Committee hereby acknowledges that the Company's Business Report and the Supplementary Schedules thereto are in compliance with the applicable laws, acts, ordinances and the Company's articles of incorporation, and that these documents fairly present the Company's financial position and the status of the Company's business operations.
- 2) The Audit and Supervisory Committee has recognized no vital findings indicating any fraud or any breach of the applicable laws, acts, ordinances and the company's articles of incorporation that may relate to the directors' performance of the provided assignment and responsibilities.
- 3) The Audit and Supervisory Committee acknowledges that the content of the resolutions adopted by the Board of Directors' meeting regarding the internal control systems is appropriate. The Audit and Supervisory Committee has not recognized any matter that should be pointed out in this Audit Report with respect to the content of the Business Report and the Directors' performance of the assignments and responsibilities provided in relation to internal control systems.
- 4) In respect of the basic policies specifying the requirements of decision makers responsible for the company's financial position and business operation policies, which are described in the Business Report, the Audit and Supervisory Committee considers those policies to be appropriate and sufficient. Regarding the efforts taken in accordance with Article 118, Item 3, (ii) of the Companies Act Enforcement Regulations, which are described in the Business Report, the Audit and Supervisory Committee considers that those efforts have been made in accordance with the basic policies, that they do not adversely affect the common interest of the shareholders of the Company, and that they are not aimed at preserving the present status of the directors of the Company.

(2) Audit results of the Non-Consolidated Financial Statements and the Supplementary Schedules Thereto

The Audit and Supervisory Committee considers that the auditing methods adopted by Deloitte Touche Tohmatsu LLC, an independent auditor, and the results thereof to be appropriate and sufficient.

(3) Audit results of the Consolidated Financial Statements Thereto

The Audit and Supervisory Committee considers that the auditing methods adopted by Deloitte Touche Tohmatsu LLC, an independent auditor, and the results thereof to be appropriate and sufficient.

Date: May 25, 2022

The Audit and Supervisory Committee of AUTOBACS SEVEN CO., LTD.

Kozo Sumino Audit and Supervisory Committee Member (Full-time)

Masami Koizumi Outside Audit and Supervisory Committee Member (Full-time)

Minesaburo Miyake Outside Audit and Supervisory Committee Member

(Note) Mr. Masami Koizumi and Mr. Minesaburo Miyake, Audit and Supervisory Committee Members, are Outside Directors set forth in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

Notes to the Reader of the Audit Report:

The above represents a translation, for convenience only, of the original report issued in the Japanese language.