

Please note that this document is a translation of the official Japanese notice of convocation of the 76th 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, 2023

(Date of commencement of measures for electronic provision:

June 1, 2023)

To Our Shareholders

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

NOTICE OF CONVOCATION OF THE 76TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you that the 76th ordinary general meeting of shareholders of AUTOBACS SEVEN Co., Ltd. (the “Company”) will be held as described below.

In convening the general meeting of shareholders, the Company has taken measures for electronic provision of information contained in the reference documents for the general meeting of shareholders, etc. (matters to be provided electronically), and such matters to be provided electronically are posted on the Company’s website on the Internet. Please access the Company’s website indicated below and refer to the information.

The Company’s website

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

In addition to the above, matters to be provided electronically are also posted on the website indicated below.

Tokyo Stock Exchange website (TSE Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above website, enter the Company’s name “AUTOBACS SEVEN” in the “Issue name (company name)” or the Company’s securities code “9832” in the “Code” and click “Search,” select “Basic information,” then “Documents for public inspection/PR information,” and refer to the information.

If you are not attending the meeting, you can exercise your voting rights via the Internet, etc. or in writing (by postal mail). Please review the Reference Documents for the General Meeting of Shareholders, and then exercise your voting rights by 6:00 p.m., Thursday, June 22, 2023.

Particulars

1. Date and time: June 23, 2023 (Friday) at 10:00 a.m. (Reception starts 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 76th fiscal term (from April 1, 2022 to March 31, 2023)
 2. Report on the non-consolidated financial statements for the 76th fiscal term (from April 1,

2022 to March 31, 2023)

Matters to be resolved:

- Agenda Item No. 1: Appropriation of surplus
- Agenda Item No. 2: Election of six (6) directors (excluding directors who are audit and supervisory committee members)
- Agenda Item No. 3: Election of three (3) directors who are audit and supervisory committee members

4. Matters determined concerning the convocation:

- (1) If you exercise your voting rights in writing (by postal mail) and there is no indication of approval or disapproval for the respective proposals in the Exercise of Voting Rights form, this shall be deemed as approval for the Company's proposals.
- (2) If you have exercised your voting rights several times via the Internet, etc., the final execution shall be deemed effective.
- (3) If you have exercised your voting rights both via the Internet, etc. and in writing (by postal mail), the vote made via the Internet, etc. shall be deemed effective.
- (4) 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.
- (5) Please be advised that your attendance at the meeting shall be deemed a rescission of the prior exercise of your voting rights.

- This year, the Company has sent the documents with the same content to all shareholders, and therefore the documents sent to the shareholders who have requested a paper copy are the same as those for shareholders who have not requested a paper copy.
- If any modifications are made to the matters to be provided electronically, matters before modifications and matters after modifications will be posted on the Company's website and the TSE website described on the previous page.

Guide for the exercise of voting rights

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, 2023 (Thursday)

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 proposals.

Deadline: Must be received by 6:00 p.m. on June 22, 2023 (Thursday)

Exercise of voting rights by attendance at the meeting

When attending the meeting in person, bring this NOTICE OF CONVOCATION OF THE 76TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and submit the enclosed Exercise of Voting Rights form to the receptionist.

Date and time: June 23, 2023 (Friday) at 10:00 a.m.

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.

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

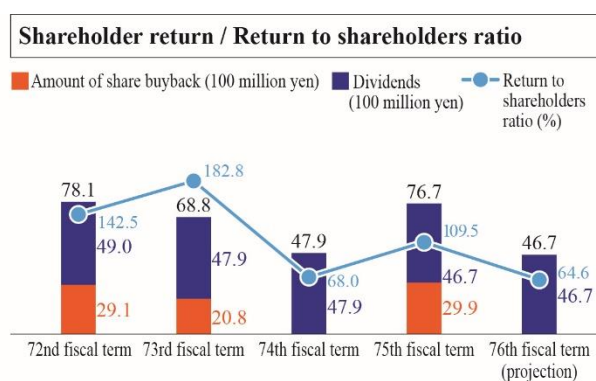
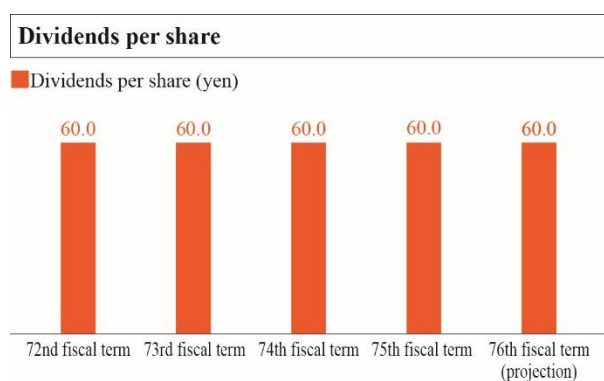
30 yen per ordinary share of the Company

Total amounting to 2,339,701,170 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 26, 2023



Agenda Item No. 2 and Reference Matters

Agenda Item No. 2: Election of six (6) 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 (seven (7) in number; excluding directors who are audit and supervisory committee members) will expire. Accordingly, the Company requests the shareholders' approval for the election as directors (excluding directors who are audit and supervisory committee members) of the six (6) candidates (including two (2) outside directors).

Regarding nomination of directors, the Corporate Governance Committee established as a consultative body for the Board of Directors and chaired by an outside director and comprised of all the outside directors, the Chairman of the Board of Directors, and the representative director, functions as a voluntary nomination and compensation committee, and is consulted in order to ensure transparency and objectivity. The Audit and Supervisory Committee has expressed its opinion that each candidate is appropriate as a candidate to become a director of the Company, in view of the determination policies that consider the talent and eligibility of each candidate as a director and other factors and the nomination procedures taken by the Corporate Governance Committee, 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 5 through 14 and pages 19 through 20.

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	Attendance at Audit and Supervisory Committee meetings
1	Yugo Horii	Re-nomination	Representative Director & Chief Executive Officer, Chief AUTOBACS Chain Officer	100% (15 of 15 meetings)	—
2	Kiomi Kobayashi	Re-nomination	Chairman of the Board	100% (15 of 15 meetings)	—
3	Eiichi Kumakura	Re-nomination	Senior Managing Director & Executive General Manager, Wholesaling Business	100% (15 of 15 meetings)	—
4	Shinichi Fujiwara	Re-nomination	Senior Managing Director & Executive General Manager, Sales Operations & Eastern Japan Sales Operations	100% (15 of 15 meetings)	—
5	Minesaburo Miyake	New candidate Outside Director Independent Officer	Outside Director and Audit and Supervisory Committee Member	100% (15 of 15 meetings)	100% (15 of 15 meetings)
6	Takayoshi Mimura	Re-nomination Outside Director Independent Officer	Outside Director	100% (12 of 12 meetings)	—

(Notes) 1. Mr. Minesaburo Miyake 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 them with the Tokyo Stock Exchange as independent officers. If they are elected as originally proposed, the Company plans to reappoint them as independent officers.

2. Currently, Mr. Minesaburo Miyake serves as the Company's outside director who is an audit and supervisory committee member and Mr. Takayoshi Mimura serves as the Company's outside director who is not an audit and supervisory committee member. They have entered into agreements with the Company that define their limitation 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. If they are elected, the said agreements will be continued.
3. For Mr. Minesaburo Miyake, attendance at the Board of Directors' meetings and attendance at the Audit and Supervisory Committee meetings as a director who is an audit and supervisory committee member are stated.
4. The ages of the candidates are as of the conclusion of this general meeting of shareholders.

Reference Matters for Agenda Item No. 2: Election of six (6) directors (excluding directors who are audit and supervisory committee members)

Candidate No. 1:

Yugo Horii

Re-nomination

Career position and assignment in the Company:

Representative Director & Chief Executive Officer, Chief AUTOBACS Chain Officer

- Date of birth: June 24, 1972 (age 50)
- Term of office as a director at the conclusion of this general meeting: 7 years
- Number of Company shares owned: 26,200
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

Mr. Horii assumed office as Representative Director of the Company in 2022 and has been demonstrating strong leadership in the reform of the management system and for growth of each business, and so on, while also strongly promoting the Five-year Rolling Plan.

Capitalizing on his extensive experience and profound insight cultivated so far, addressing risks for further growth, Mr. Horii has vigorously provided his opinions and suggestions at meetings of the Board of Directors and has fulfilled 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 by achieving 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 to further accelerate the pace.

Dear Shareholders,

Global supply chain fragmentation is having a far greater impact on nations' economies than anticipated. In the automotive industry, the use of synthetic fuels has become recognized as carbon neutral in Europe, and it is not easy to predict the future of CASE.

However, viewing this situation as a business opportunity, as a company that consistently proposes customers "the enjoyment of going out," in the post-COVID-19 era, we intend to continue contributing to development of a sustainable society where people and mobility coexist in harmony. We aim to continue acting decisively without loosening the reins of reform, outperforming our competitors, and meeting the expectations of our stakeholders through long-term and sustainable enhancement of our corporate value.

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
June 2022: Representative Director and Chief Executive Officer, Chief AUTOBACS Chain Officer
April 2023: Representative Director & Chief Executive Officer, Chief AUTOBACS Chain Officer (current position)

Candidate No. 2:
Kiomi Kobayashi
Re-nomination

Career position and assignment in the Company:

Chairman of the Board

- Date of birth: February 11, 1956 (age 67)
- Term of office as a director at the conclusion of this general meeting: 13 years
- Number of Company shares owned: 41,100
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

Mr. Kobayashi served as Representative Director and Chief Executive Officer from 2016 until the 2022 Ordinary General Meeting of Shareholders and 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.

Following the 2022 general meeting of shareholders, as the Chairman of the Board of Directors, Mr. Kobayashi has been chairing the Board of Directors, fostering sufficient and appropriate discussion and appropriately handling the Board of Directors' decision-making process for important matters, and supervising the execution of duties of the other Directors. The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, his extensive experience, knowledge, and achievements will contribute to improving the effectiveness of the decision-making and supervisory functions of the Board of Directors.

Dear Shareholders,

The environment in which the automotive industry operates is undergoing a period of unprecedented change, and society, vehicles, people's lives, and our business environment will change even more rapidly in the future.

In my position of supporting business promotion and transformation, I will provide support for identification of issues for execution, in addition to supervision, so that I can fulfill my duties for "promoting traffic safety in society and enriching customers' lives." I will strive for sustainable growth and enhancement of corporate value of the AUTOBACS Group, 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

June 2022: Chairman of the Board (current position)

Candidate No. 3:
Eiichi Kumakura
Re-nomination

Career position and assignment in the Company:

Senior Managing Director & Executive General Manager, Wholesaling Business

- Date of birth: February 8, 1962 (age 61)
- Term of office as a director at the conclusion of this general meeting: 7 years
- Number of Company shares owned: 11,900
- 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, is well versed in the Company's critical merchandising and distribution, and has contributed to expansion of a new BtoB business field. 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,

Although the three-year-long onslaught and impact of COVID-19 is abating, the impact of the situation in Ukraine on the global economy persists, and I believe it is important to recognize that the impact on business activities and consumer behavior continues to be a cause for concern amid the uncertain outlook.

In these circumstances, we intend to powerfully promote the development and operation of automobile-related networks, while enhancing the quality of the Group's sites so that automobiles can be used as a core infrastructure in people's lives with greater safety and security 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 always taking the customer's perspective and responding to the changes we face and making decisions proactively and swiftly.

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
April 2023: Senior Managing Director & Executive General Manager, Wholesaling Business (current position)

Candidate No. 4:
Shinichi Fujiwara
Re-nomination

Career position and assignment in the Company:

Senior Managing Director & Executive General Manager, Sales Operations & Eastern Japan Sales Operations

- Date of birth: September 23, 1965 (age 57)
- Term of office as a director at the conclusion of this general meeting: 2 years
- Number of Company shares owned: 13,500
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

Mr. Fujiwara is well versed in the Domestic AUTOBACS Business, has significant achievements not only in sales but also in marketing and area strategies, and has also made efforts to build relationships with franchisees.

Based on such extensive experience and achievements, Mr. Fujiwara 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, 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 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,

Although the COVID-19 pandemic gradually tended to abate in fiscal 2022, new cars were in short supply, and some of our products, such as car electronics and accessories were negatively affected. On the other hand, the used car market was active, and used car purchasing and sales grew significantly. In conjunction with this, the maintenance operation, including tires and service, performed well and is becoming a new revenue stream for franchisees.

In fiscal 2023, as the post-COVID-19 era gets into full swing, we will go on the offensive. Although the environment remains challenging due to the depreciation of the yen and rising commodity prices, we will promote a DX strategy based on communication with customers in response to consumers' psychological shift and changing purchasing behavior. Moreover, we will continue to offer new service contents, thereby contributing to society and enhancing the value of the AUTOBACS brand.

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

April 2023: Senior Managing Director & Executive General Manager, Sales Operations & Eastern Japan
Sales Operations (current position)

Candidate No. 5:
Minesaburo Miyake

New candidate, Outside Director (Independent Officer)

Career position and assignment in the Company:

Outside Director and Audit and Supervisory Committee Member

- Date of birth: July 22, 1952 (age 70)
- Term of office as a director at the conclusion of this general meeting: 5 years
- Number of Company shares owned: 3,500
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)
- Attendance at Audit and Supervisory Committee meetings: 100% (15 of 15 meetings)

Reasons for nomination as an outside director and expected role

Mr. Miyake has extensive and considerable experience and achievements in corporate management, such as strengthening group governance and driving corporate growth through active investment conscious of the business portfolio and monitoring, as a member of management of business corporations. Based on such experience and achievements, he has actively provided comments as an outside director and independent officer from the viewpoint of general shareholder protection.

The Company believes that, based on his extensive experience and insight, from a broad perspective with respect to the Company's strategies in a period of change, he will contribute to the strengthening of supervisory functions such as the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency.

Dear Shareholders,

The environment has changed greatly in the post-COVID-19 era. People in Japan have increased opportunities to go out, and many visitors are expected from abroad. This is our second year under the new management structure, and it is also an opportunity for significant growth. In addition to resolving issues, vigorous investment in growth and business development are expected. Capitalizing on my experience in management, I will contribute to sound and proactive business expansion from the perspective of stakeholders as an independent outside director.

Special relationship between the candidate and the Company

Mr. Miyake has no special interests in the Company.

Independence of the candidate

Mr. Miyake 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 him with the Exchange as an independent officer.

Brief professional background including major posts held

April 1976:	Joined Kewpie Corporation
September 1996:	General Manager, Yokohama Branch Office, Kewpie Corporation
July 2002:	General Manager, Division of Household Sales, Kewpie Corporation
February 2003:	Director, Kewpie Corporation
February 2010:	Executive Managing Director, Kewpie Corporation
February 2011:	President and Representative Director, Kewpie Corporation
February 2011:	Director, NAKASHIMATO CO., LTD.
February 2017:	Executive Corporate Adviser, Kewpie Corporation
February 2017:	Chairman and Director, NAKASHIMATO CO., LTD.
April 2017:	Director General, Kewpie Mirai Tamago Foundation
December 2017:	Outside Director, Fuji Pharma Co., Ltd. (current position)
June 2018:	Outside Director, KAMEDA SEIKA CO., LTD. (current position)
June 2018:	Outside Director, AUTOBACS SEVEN Co., Ltd.
June 2019:	Chief, Expert Committee of the Council for Utilization of Dormant Deposits, Cabinet Office
June 2019:	Outside Director and Audit and Supervisory Committee Member, AUTOBACS SEVEN Co., Ltd. (current position)
December 2020:	External Director, FOOD & LIFE COMPANIES LTD. (current position)

October 2021: Associate Member, Expert Committee of the Council for Utilization of Dormant Deposits,
Cabinet Office (current position)

Candidate No. 6:
Takayoshi Mimura

Re-nomination, Outside Director (Independent Officer)

Career position and assignment in the Company:

Outside Director

- Date of birth: June 18, 1953 (age 70)
- Term of office as a director at the conclusion of this general meeting: 1 year
- Number of Company shares owned: 200
- Attendance at Board of Directors' meetings: 100% (12 of 12 meetings)

Reasons for nomination as an outside director 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.

Dear Shareholders,

As unpredictable disruptions in society triggered by the Russo-Ukrainian situation continue, transformation of corporate management is needed. Amid drastic change of the business environment, in order to further enhance the Company's corporate value under the new management structure, I would like to make use of my accumulated experience as a business manager and make various proposals as 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, the Company has registered 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
June 2017:	Councilor, The Japan China Medical Association
June 2021:	Chairman, The Japan Federation of Medical Devices Associations (current position)
April 2022:	Director and Corporate Advisor, Terumo Corporation
June 2022:	Corporate Advisor, Terumo Corporation (current position)
June 2022:	Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)
June 2022:	Outside Director, Mitsui Chemicals, Inc. (current position)

Agenda Item No. 3 and Reference Matters

Agenda Item No. 3: Election of three (3) 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 who are audit and supervisory committee members (three (3) in number) will expire. Accordingly, in order to strengthen the management structure and further strengthen governance, the Company requests the shareholders' approval for the election as directors who are audit and supervisory committee members of the three (3) candidates (including two (2) outside directors).

The consent of the Audit and Supervisory Committee has been obtained in advance with respect to this agenda item.

Candidates for directors who are audit and supervisory committee members are as follows. Information on the candidates for directors who are audit and supervisory committee members is provided on pages 15 through 20.

Candidates list for directors who are audit and supervisory committee members

Candidate No.	Name		Career position and assignment in the Company	Attendance at Board of Directors' meetings	Attendance at Audit and Supervisory Committee meetings
1	Tomoaki Ikeda	New candidate	Director & General Manager, Administration	100% (12 of 12 meetings)	—
2	Masami Koizumi	Re-nomination Outside Director Independent Officer	Outside Director and Audit and Supervisory Committee Member (full-time)	100% (15 of 15 meetings)	100% (15 of 15 meetings)
3	Ayako Kanamaru	New candidate Outside Director Independent Officer	—	—	—

- (Notes) 1. Mr. Masami Koizumi and Ms. Ayako Kanamaru are candidates for outside directors 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 Mr. Masami Koizumi with the Tokyo Stock Exchange as an independent officer. If Mr. Masami Koizumi is elected as originally proposed, the Company plans to reappoint him as an independent officer. If Ms. Ayako Kanamaru is elected as originally proposed, the Company plans to register her with the Exchange as an independent officer.
2. Currently, Mr. Masami Koizumi serves as the Company's outside director who is an audit and supervisory committee member and has entered into an agreement with the Company that define his limitation of liability as defined in Article 423, Paragraph 1, of the Companies Act, and the liability limit is an amount set forth in Article 425, Paragraph 1, of the Companies Act. If he is elected, the said agreement will be continued. In addition, the Company intends to enter into the said agreements with Mr. Tomoaki Ikeda, a new candidate for director who is an audit and supervisory committee member, and Ms. Ayako Kanamaru, a new candidate for outside director, after their election.
3. For Mr. Tomoaki Ikeda, attendance at the Board of Directors' meetings as a director who is not an audit and supervisory committee member is stated.
4. The ages of the candidates are as of the conclusion of this general meeting of shareholders.

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

Candidate No. 1:

Tomoaki Ikeda

New candidate

Career position and assignment in the Company: Director & General Manager, Administration

- Date of birth: February 13, 1962 (age 61)
- Term of office as a director at the conclusion of this general meeting: 1 year
- Number of Company shares owned: 2,500
- Attendance at Board of Directors' meetings: 100% (12 of 12 meetings)
- Attendance at Audit and Supervisory Committee 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. He is contributing to the Company's decision-making and supervision, 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, by taking part in the Company's management from the standpoint of a director who is an audit and supervisory committee member, utilizing his discerning eye in decision-making and supervision based on his extensive experience and profound insight, he will contribute to the assurance of the effectiveness of auditing, as well as the strengthening of supervisory functions such as the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency.

Dear Shareholders,

As the environment in which the automotive industry operates is rapidly changing, including increasing diffusion of ZEV in addition to rising geopolitical risks in the international sphere, the progress of digitalization, and the trend toward decarbonization, we need faster and better management decision-making with foresight. In these circumstances, drawing on my varied experience in an industry different from that of the Company, in addition to my business experience at the Company, I will audit the overall business execution from a fair and objective perspective, so as to contribute to the Company's sustainable growth and medium- to long-term enhancement of corporate value and to establish a corporate governance system that meets the trust placed in us by society.

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
June 2022:	Director and Executive Officer, Finance & Accounting / PR & IR
April 2023:	Director & General Manager, Administration (current position)

Candidate No. 2:**Masami Koizumi**

Re-nomination, Outside Director (Independent Officer)

Career position in the Company: Outside Director and Audit and Supervisory Committee Member (full-time)

- Date of birth: July 20, 1961 (age 61)
- Term of office as a director at the conclusion of this general meeting: 2 years
- Number of Company shares owned: -
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)
- Attendance at Audit and Supervisory Committee meetings: 100% (15 of 15 meetings)

Reasons for nomination as an outside director and expected role

Mr. Koizumi has insight into business administration, investor relations, and governance, as well as experience and insight related to SPA (Specialty store retailer of Private label Apparel) gained through his involvement in administrative practices at business corporations. Based on such experience and achievements, he has vigorously expressed his opinions as an outside director and independent director from the viewpoint of protecting the interests of general shareholders. The Company believes that, by taking part in the Company's management from the standpoint of a director who is an audit and supervisory committee member, he will contribute to the assurance of the effectiveness of auditing, as well as the strengthening of supervisory functions such as the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency.

Dear Shareholders,

At a time of great change in the environment in which the automotive industry operates, we have changed our organization and management structure in order to increase the speed of decision-making and the process of corporate transformation. We are also proactively engaged in creating new businesses and reviewing our business portfolio, and I believe that we are at a major turning point heralding the next stage of growth.

In these circumstances, based on my experience, I am committed to contributing to the Company's sustainable growth and enhancement of corporate value, placing emphasis on such perspectives as capital efficiency and brand value. While giving full consideration to the soundness of the Company and the interests of its stakeholders, I will fulfill my responsibility as an outside director who is an audit and supervisory committee member.

Special relationship between the candidate and the Company

Mr. Koizumi has no special interests in the Company.

Independence of the candidate

Mr. Koizumi 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 him with the Exchange as an independent officer.

Brief professional background including major posts held

July 1995:	Joined UNITED ARROWS LTD.
April 2000:	Department Manager, Finance and Accounting Department, UNITED ARROWS LTD.
March 2001:	Executive Vice President, Prostaff Ltd.
December 2004:	Auditor, Netprice, Ltd. (current BEENOS Inc.)
June 2006:	Director, UNITED ARROWS LTD.
July 2008:	Director and Executive Managing Officer, UNITED ARROWS LTD.
April 2012:	Director and Executive Vice President, UNITED ARROWS LTD.
June 2020:	Retired as Director, UNITED ARROWS LTD.
June 2021:	Outside Director, AUTOBACS SEVEN Co., Ltd. (Full-time Audit and Supervisory Committee Member) (current position)

Candidate No. 3:**Ayako Kanamaru**

New candidate, Outside Director (Independent Officer)

Career position in the Company: -

- Date of birth: January 27, 1980 (age 43)
- Term of office as a director at the conclusion of this general meeting: -
- Number of Company shares owned: -
- Attendance at Board of Directors' meetings: -
- Attendance at Audit and Supervisory Committee meetings: -

Reasons for nomination as an outside director and expected role

Ms. Ayako Kanamaru has legal expertise as an attorney-at-law and is also familiar with companies' business operations through her engagement in corporate legal affairs as an outside auditor and outside director at other companies. Although she has never been directly involved in corporate management other than by serving as an outside officer, the Company believes that her participation in the Company's management will enhance the knowledge of law of the Board of Directors. The Company also believes that, by taking part in the Company's management from the standpoint of a director who is an audit and supervisory committee member, she will contribute to the assurance of the effectiveness of auditing, as well as the strengthening of supervisory functions such as the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency.

Dear Shareholders,

As an attorney at law, I have been involved in corporate legal affairs and have provided legal advice on reorganization, international transactions, personnel and labor matters, etc. to diverse companies. With changes in the Company's business environment and people's lifestyles, the Company's issues also change day by day and diversify. Based on my experience, I will engage in supervision of management from an independent standpoint as an outside director who is an audit and supervisory committee member, and fulfill my responsibility through enhancement of the Company's compliance and governance.

Special relationship between the candidate and the Company

Ms. Kanamaru has no special interests in the Company.

The business relationship between OH-EBASHI LPC & PARTNERS to which Ms. Kanamaru belongs and the Company is not material to either party, as the amount paid to or received by the AUTOBACS SEVEN Group for operation or trade in the most recent three years, including the fiscal term under review, was an insignificant amount, less than 2% of the sales of the Company and the other party (actually less than 1% of either party's sales), in any fiscal term, which is a requirement for outside directors' independency stipulated by the Company.

Independence of the candidate

Ms. Kanamaru 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 she is elected as originally proposed, the Company plans to register her with the Exchange as an independent officer.

Brief professional background including major posts held

October 2006:	Registered as a lawyer
October 2006:	Joined OH-EBASHI LPC & PARTNERS
January 2016	Partner, OH-EBASHI LPC & PARTNERS (current position)
June 2020:	Outside Auditor, CDG Co., Ltd. (current position)
May 2021:	Outside Director, MEDIA DO Co., Ltd. (current position)

Common Reference Matters for Agenda Items No. 2 and No. 3

1. 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 2023. From among the director candidates to be proposed in Agenda Items 2 and 3, the candidates for re-nomination and Mr. Tomoaki Ikeda and Mr. Minesaburo Miyake, who are new candidates, are already insured under the insurance agreement and are to remain insured after their election. Meanwhile, Ms. Ayako Kanamaru, a new candidate is to be insured after her election. For an outline of the contents of the agreement, please see the Business Report on page 43.

2. 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, the chairman of the board of 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 as stipulated by the Companies Act and the Regulations for Enforcement of the Companies Act, and 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 control,” “portfolio management,” “organization, human resources strategy,” and “capital cost management, financial strategy,” are important to the Group’s efforts to promote traffic safety in society and enriching customers’ lives 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 committee members						Directors who are audit and supervisory committee members		
	Yugo Horii Re-nomination	Kiomi Kobayashi Re-nomination	Eiichi Kumakura Re-nomination	Shinichi Fujiwara Re-nomination	Minesaburo Miyake New candidate Outside	Takayoshi Mimura Re-nomination Outside	Tomoaki Ikeda New candidate	Masami Koizumi Re-nomination Outside	Ayako Kanamaru New candidate Outside
Management experience	●	●	●		●	●		●	
Group control	●	●	●	●	●	●	●	●	●
Portfolio management	●	●			●	●			
Organization, human resources strategy			●	●					●
Capital cost management, financial strategy							●	●	
Insight and experience in the Company’s business fields	Distribution / global	Wholesale / retail	Wholesale / retail	Retail / marketing	Wholesale / manufacturing / marketing	Manufacturing / distribution / global	Wholesale / retail	Wholesale / retail	Global
Finance, accounting, taxation		●		●			●	●	
Risk management			●	●	●			●	
Compliance / law	●								●
ESG / sustainability		●	●		●	●	●		
Diversity	●					●			●

- (Notes) 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.

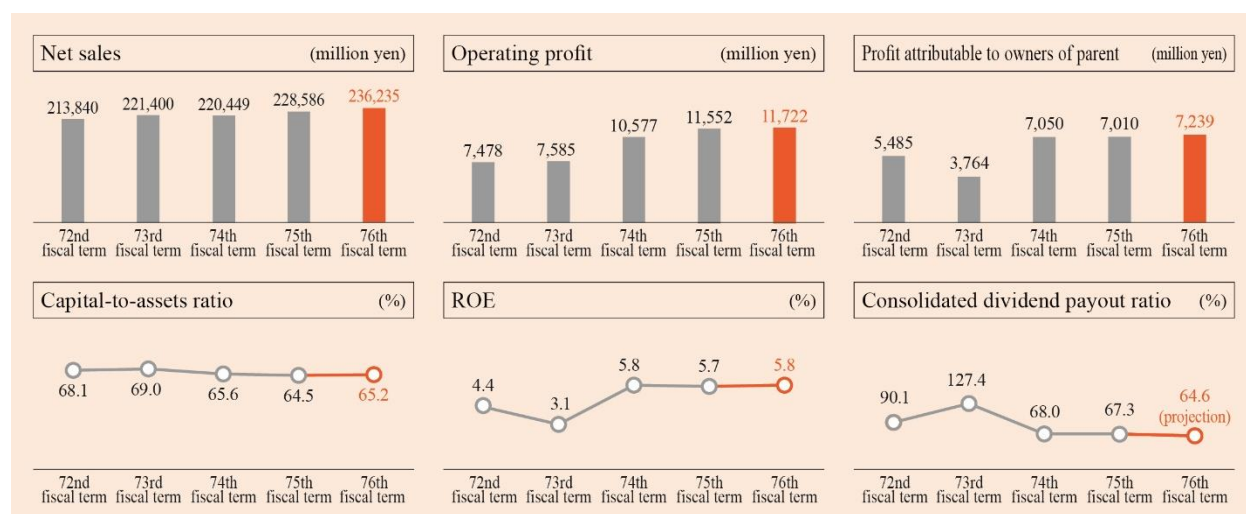
Business Report (from April 1, 2022 to March 31, 2023)

1. Current Status of the Group

(1) Assets and Operating Results

Classification	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	76th fiscal term Apr. 1, 2022- Mar. 31, 2023
Net sales (million yen)	213,840	221,400	220,449	228,586	236,235
Operating profit (million yen)	7,478	7,585	10,577	11,552	11,722
Ordinary profit (million yen)	8,203	8,059	11,219	11,246	11,574
Profit attributable to owners of parent (million yen)	5,485	3,764	7,050	7,010	7,239
Net income per share (yen)	66.58	47.10	88.28	89.17	92.87
Total assets (million yen)	181,391	172,799	187,914	189,910	194,327
Net assets (million yen)	124,187	119,966	123,833	122,892	126,963
Capital-to-assets ratio (%)	68.1	69.0	65.6	64.5	65.2
ROE (%)	4.4	3.1	5.8	5.7	5.8
Consolidated dividend payout ratio (%)	90.1	127.4	68.0	67.3	64.6 (projection)

(Note) “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied effective from the beginning of the 75th consolidated fiscal term. The amounts and the ratios for the 75th consolidated 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 environment in which the automobile industry operates is undergoing a period of change the like of which has never been experienced before. As customer needs are expected to undergo major changes, as well as society, automobiles, and people's lifestyles, accelerating transformation is required for management more than ever before.

In these circumstances, the Company introduced a new management structure to replace the previous officer system, for the purpose of increasing the speed of decision-making and the process of transformation. Under this structure, a new position, General Manager, is established. A General Manager is assigned to each strategic business unit. While the primary objective is to achieve the growth and goals of each business, the role of a General Manager is to organically link each business from the perspective of total optimization and promote company-wide strategies in order to strengthen business portfolio management.

Moreover, the Group has set the spirit of "Challenge," "Creation," and "Gratitude" as its principles of conduct. Envisaging changes in the business environment, the future automotive society, and the needs of our customers who use automobiles, such as the realization of "safety" and "rich experience," we are striving to further enhance our existing businesses and take on the challenge of new business areas, without being constrained by conventional frameworks, to create new value, so as to continue enhancing corporate value over the long term.

Today when the automobile has become an indispensable part of our lives, with the aim of resolving various social issues that the Group is expected to address, we will continue contributing to "promoting traffic safety in society and enriching customers' lives" in order to realize a sustainable society in which people and automobiles can continue to coexist as well as sustainable growth of the Group.

With this in mind, the Group has set out "Beyond AUTOBACS Vision 2032" and is advancing, through prompt and decisive decision-making, to the next growth stage toward the realization of this vision. We will continue striving to be a corporate group that is indispensable to customers and society, wishing to realize "traffic safety in society and enriching customers' lives" through automobiles.



(ii) Business environment

The Japanese economy is on a gradual recovery trend as a whole, as domestic demand is picking up and inbound demand is recovering, against the backdrop of the normalization of socioeconomic activities that had been restricted by the impact of the COVID-19 pandemic. On the other hand, the economic outlook remains uncertain in view of soaring raw material and energy costs attributable to the unstable international situation, the rapid depreciation of the yen and the accompanying inflation of commodity prices. Looking at the domestic automobile-related industry, although new vehicle sales are on the road to recovery as the global shortage of semiconductors is being gradually resolved, the industry is expected to remain unstable for some time owing to disruptions in supply chains and logistics.

In these circumstances, in the automotive industry, which is said to be undergoing a once-in-a-century transformation, technological innovations, such as electrification and autonomous driving, are steadily advancing. In addition, many companies are implementing initiatives to achieve carbon neutrality in the context of heightened awareness of sustainability, and responses to Zero Emission Vehicle (ZEV) including Electric Vehicle (EV) are accelerating worldwide.

In the automotive aftermarket, which the Group has its strength in, new services, such as car-sharing services and subscription services for vehicles, have been launched not only in this market but also in adjacent business areas. Moreover, we expect competition transcending the industry boundaries to further intensify as online purchases are expected to account for a greater proportion of business, as a result of changes in customer purchasing behavior. Furthermore, the environment in which the Company operates is expected to continue undergoing significant and rapid changes, including changes in the customer composition due to the declining birthrate and population aging, as well as diversification of customer needs.

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 2022 and March 2023 were ¥400,833 million, an increase of 1.1% year on year. In addition, new vehicle sales *1 for the same period were approximately 4.38 million vehicles (a 4.0% increase year on year), and the number of registered passenger used cars *1 for the same period was approximately 3.02 million vehicles (a 4.6% decrease year on year). Total automobile maintenance sales *3 in the market for the period from January through December 2022 were ¥5,738.8 billion (a 3.4% increase year on year), the first increase in two years.

*1 Japan Automobile Dealers Association (JADA), total for registered cars + compact passenger cars

*2 Japan Automobile Dealers Association (JADA), total for standard-sized vehicles and compact passenger cars

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

(iii) Targets to be addressed

In the automotive industry, Zero Emission Vehicle (ZEV) including Electric Vehicle (EV) have begun to spread worldwide, and demonstration tests of autonomous vehicles are also making steady progress toward practical application. In addition, society, vehicles, and people's lives are changing owing to growing awareness of sustainability and promotion of digitalization, and we believe that the Group's business environment will change even more drastically and rapidly.

We are considering formulation of a new medium-term management plan to enable us to respond swiftly to these changes in the business environment, accurately grasp customer needs, and promptly implement measures in response to those needs.

To realize sustainable growth of the Group, it is necessary not only to continue improving the efficiency of existing businesses but also to invest in growth fields and nurture new businesses. In order to continue taking on the challenge of creating new value, we will strengthen the monitoring system so that each business can be "visualized" and managed based on return on invested capital (ROIC), and continue the review and replacement of our business portfolio. For the review and replacement of the business portfolio, we take into consideration not only the profitability and growth potential of each business, but also the possibility of collaboration with other businesses and whether or not the business can contribute to resolving social issues. We will promote restructuring of the business portfolio to fully demonstrate the Group's strengths.

Under the Five-year Rolling Plan, which has entered its fifth year in the fiscal year ending March 31, 2024, we are promoting collaboration that transcends industry boundaries and strengthening the business infrastructures, and have been able to raise our performance to a certain level. Based on the "Beyond AUTOBACS Vision 2032" mentioned above and a new medium-term plan to be formulated, the Group will continue to steadily accumulate achievements, leading to solid growth.

Although the automotive aftermarket is said to be entering a mature phase, we will work to further evolve the Domestic AUTOBACS Business and continue to propose customers the "the enjoyment of going out" by also taking on the challenge of creating new markets. To this end, we believe it is important to eliminate the concerns and problems associated with owning a car and improve "convenience" to enrich people's lives with cars. As a measure, in April 2023, with the launch of "MOBILA," a car life general information site, we began

an initiative to proactively propose “incentives to go out”, in addition to efforts to eliminate the concerns and problems of car maintenance. Going forward, we will vitalize MOBILA, a car life general information site, and work with AUTOBACS stores to provide Safety and Security and excitement for everyone who drives a car.



In addition, at each AUTOBACS store, we will promote initiatives to eliminate concerns and problems that customers may experience when purchasing our products or that are associated with car ownership and improve convenience through the fusion of the Company’s online and physical presences to achieve “evolution as a retailer.” At the same time, through the implementation of the DX strategy, we are aiming at “evolution from a retailer” by connecting with customers more deeply, longer and more directly.

In the Overseas Business, we currently operate wholesale and retail businesses in nine countries and regions. For the time being, our priority is to establish the wholesale business, which is getting on track. While promoting the AUTOBACS brand, we will deepen our understanding of the countries and regions in which we operate. Then, development of the retail business will be considered based on the situation of the wholesale business. With regard to the method of market entry, we will consider flexible business development, including development through local company operations based on partnerships with local companies, without sticking to direct management.

Moreover, capitalizing on the Group’s strengths, we are sharpening our focus on Car Dealership, BtoB, and Online Alliance Business, where synergy with the Domestic AUTOBACS Business can be expected. In the Car Dealership Business, we will forecast the market trend based on the trends of automakers mainly in Europe and the United States, in addition to profitability and growth potential of the business, and make use of the forecast in transformation of the Domestic AUTOBACS Business. Furthermore, we have begun sales of Zero Emission Vehicle (ZEV) including Electric Vehicle (EV).

In the BtoB Business, we are engaged in two businesses: merchandise wholesale and fleet services. In merchandise wholesale, we are leveraging our strengths in merchandising and carefully cultivating new clients, taking into consideration the impact on franchisees. In fleet services, we are strengthening corporate sales & marketing in anticipation of an increase in the number of vehicles owned by companies as a consequence of the spread of car sharing and other services, and we will vigorously work to capture demand for maintenance and vehicle inspections for vehicles owned by companies.

In the Online Alliance Business, we will continue enhancing the systems that enable us to keep connected with customers, such as the MOBILA car life general information site mentioned above, while playing a leading role in “the fusion of online and physical presences,” which is the Group’s goal.

In April 2023, the Company changed its management structure and separated the car purchase and sales business from the Domestic AUTOBACS Business as the “Car Trading Business” in order to increase the frequency of visits to the Group’s stores by expanding the number of car purchases and sales nationwide. Furthermore, in order to make more effective use of the Group’s real estate, property-related functions were integrated into the “Property Development Business” and commercialized. Going forward, we will pursue further earnings growth and efficiency improvements through these two businesses.

To support such business development, we will continue strengthening our human resources infrastructure through strategic investment in human capital. Human resources are not merely “resources” but “capital,” and investment in human resources development is essential to maximize and enhance their value. In particular, securing certified mechanics is a matter of urgency. We will work to increase their number so that we can maintain and expand existing business fields centering on the Domestic AUTOBACS Business. Investment in human capital is important also from the perspective of sustainable management, and the Company believes that diversity is the key to corporate resilience. We will focus on fostering a group of professionals who respect the diversity of individuals, continue to produce results as a team, and can create new value through flexible thinking

without fear of change, as well as on fostering a corporate culture that will generate those kinds of people.

Furthermore, we are building information infrastructure to collect and maintain all kinds of information obtained through business activities in the business portfolio and utilize such information to evolve the business. Going forward, we will promote digitalization of specific operations and workflows by making full use of IT and DX. At the same time, we will work to achieve transformation of products, services, and business models by matching the information obtained from the information infrastructure and results of analysis of the information with the needs of our customers and society.

(3) Business progress and results

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

The Group 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 Group 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 ¥236,235 million, up 3.3% year on year, and gross profit was ¥79,462 million, up 3.0% year on year.

Selling, general and administrative expenses and operating profit

Selling, general and administrative expenses were ¥67,739 million, up 3.3% year on year, and operating profit was ¥11,722 million, up 1.5% year on year.

Expenses increased because of the promotion of digital marketing activities etc., reinforcement of the information infrastructure, and higher electricity bills caused by soaring crude oil prices and other factors.

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

Non-operating income was ¥1,854 million, down 1.3% year on year. Non-operating expenses were ¥2,002 million, down 8.3% year on year.

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 ¥11,574 million, up 2.9% year on year.

Extraordinary income and extraordinary loss

Extraordinary income consisted of ¥891 million of gain on termination of retirement benefit plan and ¥286 million of compensation for forced relocation. Extraordinary loss consisted of ¥897 million of impairment loss on non-current assets.

Income taxes in total

Income taxes in total were ¥4,640 million, an increase of ¥650 million from the previous fiscal term.

Profit attributable to owners of parent

Profit attributable to owners of parent was ¥7,239 million, up 3.3% year on year.

(ii) Management results by segment

a. Overview of the Group's reportable segments



b. Net sales and income by segment

(Unit: million yen)

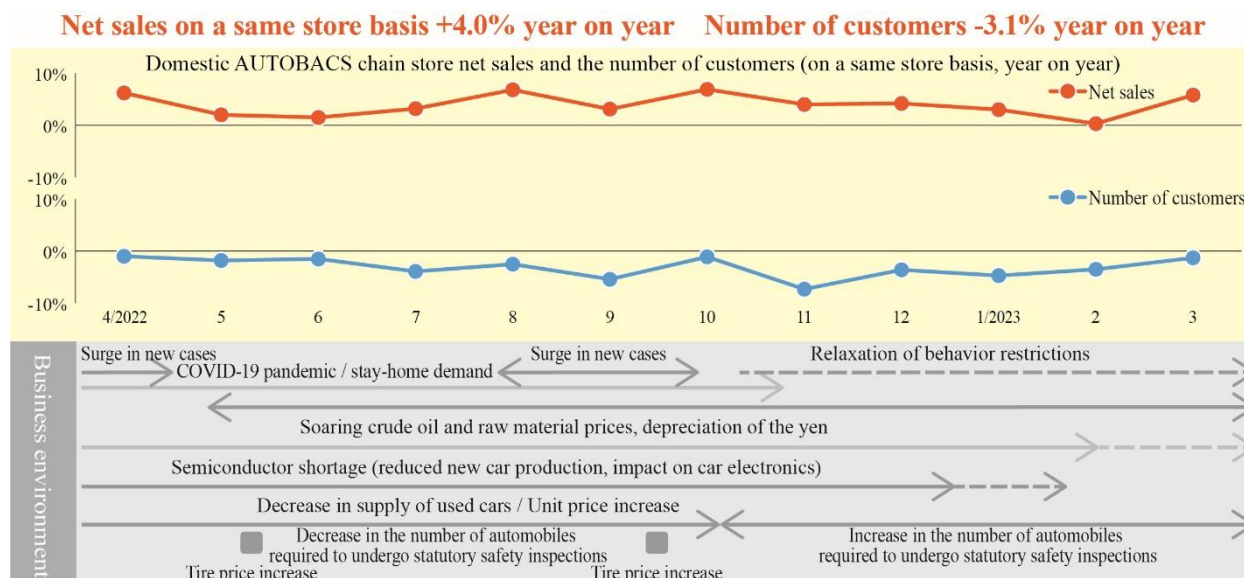
	Reportable segments					Reconciling items	Amount recognized in consolidated statement of income
	Domestic AUTOBACS Business	Overseas Business	Car Dealership, BtoB and Online Alliance Business	Other Business	Total reportable segments		
Net sales							
Revenue from contracts with customers	176,877	12,972	39,820	4,175	233,846	–	233,846
Other revenue	1,693	79	–	615	2,388	–	2,388
Net sales to outside customers	178,570	13,052	39,820	4,791	236,235	–	236,235
YoY (%)	2.1	21.3	2.0	23.3	3.3	–	3.3
Internal sales and transfers between segments	4,536	479	9,375	1,272	15,664	(15,664)	–
Total	183,107	13,531	49,196	6,063	251,899	(15,664)	236,235
YoY (%)	2.7	22.1	1.4	21.2	3.7	–	3.3
Segment profit (loss)	19,689	(207)	281	(716)	19,046	(7,324)	11,722
YoY (%)	(3.2)	–	–	–	0.9	–	1.5

(Note) 1. The business descriptions of the segments are as described on page 33.

■ Domestic AUTOBACS Business

Despite the impact of the spread of COVID-19 and rising prices, the Domestic AUTOBACS Business remained firm because of the Company’s efforts to strengthen sales promotion, in addition to the signs of a recovery in personal consumption. As a result, net sales for the consolidated fiscal term under review increased 2.7% to ¥183,107 million. Gross profit increased 1.4% to ¥61,189 million. Selling, general, and administrative expenses increased 3.7% to ¥41,500 million, reflecting an increase in utility expenses. As a result, segment profit decreased 3.2% to ¥19,689 million.

Domestic AUTOBACS chain (including stores of franchisee corporations) net sales for all store formats during the consolidated fiscal term under review rose by 4.0% on a same store basis and rose by 4.2% on a total store basis compared to the previous fiscal term.



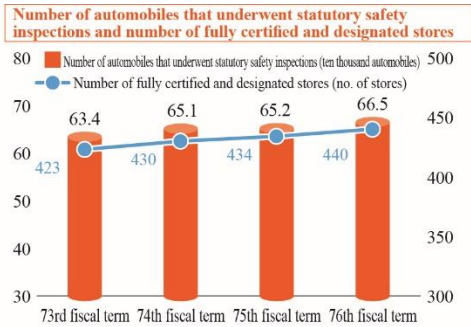
In the domestic AUTOBACS chain, demand for automotive maintenance increased given that the number of new cars produced was lower than pre-COVID levels. Therefore, sales of tires, oil, and batteries, that are essential for users to continue to drive the cars they currently own, remained strong. Moreover, sales remained strong owing to strategic merchandising and enhanced sales promotions against a backdrop of rush demand prior to price revisions and rising demand for winter goods in the wake of cold waves and snowfalls.

Regarding tire sales, the Company revised in-store prices for tires twice in May and September after manufacturers implemented price increases. However, sales of tires increased because of the strong performance of studless tires owing to cold waves and snowfalls in December, in addition to the strengthening of the lineups and sales promotion.

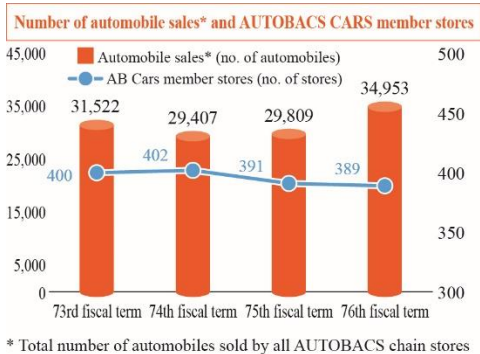
Regarding car electronics, reductions in new car production due to the worldwide shortage of semiconductors had a protracted impact, resulting in a decrease in sales.

Regarding the private label brands, the Company’s efforts are centered on “AQ. (AUTOBACS QUALITY.)” and sales of AQ. snow tire product, “North Trek N5,” which the Company launched in September 2022, were brisk. The Company is also promoting the “GORDON MILLER” brand that proposes exciting garage lifestyles. The Company is developing and selling valuable products that meet various customer needs.

For statutory safety inspection and maintenance, vehicle diagnostic services, which use scan tools to electronically check the condition of vehicles, performed well against the backdrop of customers' needs for safer and more reliable driving. Moreover, 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 stores fully certified and designated to perform statutory safety inspections gained the Specific Maintenance Certification (maintenance of electronically controlled devices). Furthermore, the Company has been taking measures to improve customer convenience, such as making it possible to promptly reserve pit services by expanding functions on the official app. The number of automobiles that underwent the statutory safety inspection increased by 1.9% year on year to roughly 665,000 vehicles, reflecting the increase in the number of vehicles subject to statutory safety inspections in the second half.



With regard to automobile purchase and sales, 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 17.2% year on year to approximately 35,000 cars.



Regarding store openings and closings in Japan, 3 stores opened, 3 stores closed, and 1 store changed the business format, making the total number of domestic stores 588 as of March 31, 2023.

Store openings and closings in Japan

(Unit: stores)

	No. of stores as of March 31, 2022	Opened	Closed	No. of stores as of March 31, 2023
AUTOBACS	494	3	1	496
Super AUTOBACS	74	–	–	74
AUTOBACS <i>Secohan Ichiba</i>	6	–	2	4
AUTOBACS EXPRESS	11	–	–	11
AUTOBACS CARS	3	1	1	3
Total	588	4	4	588

(Notes) 1. AUTOBACS includes “Smart+1” stand-alone stores and “AUTOBACS GARAGE” store.
2. Super AUTOBACS includes “A PIT AUTOBACS” store.

■ Overseas Business

Net sales of the Overseas Business increased 22.1% year on year to ¥13,531 million, and segment loss was ¥207 million (compared to ¥321 million of segment loss in the same period of the previous fiscal term). Although the retail and service business was subject to the impact of the Ukraine situation and the worldwide inflation, sales grew mainly because of cultivation of new customers in the wholesale business. Sales in France increased due to price optimization, optimization of sales and marketing activities, and other measures taken. In Singapore, sales increased due to the strong performance of pit services, reflecting increased demand for vehicle maintenance. In Malaysia, sales soared, reflecting strong wholesale sales to authorized dealers whose number of stores increased to 125. In China, sales climbed, reflecting the solid performance in wholesale both in China and in other countries after easing of restrictions in December, despite the strong impact of the Chinese government's zero-COVID policy. In Australia, sales increased owing to sales and marketing activities, such as cultivation of new wholesale customers and introduction of exclusive products, as well as strong sales of car electronics devices and transceivers.

Regarding store openings and closings overseas, due to factors such as the opening of 16 franchisee stores in Thailand, 17 stores opened and 1 store closed, making the total number of overseas stores 78.

Number of stores overseas (as of March 31, 2023)

							(Unit: stores)
Taiwan	Singapore	Thailand	France	Malaysia	Indonesia	Philippines	Total
6	2	49	10	5	3	3	78

■ Car Dealership, BtoB and Online Alliance Business

Net sales of the Car Dealership, BtoB and Online Alliance Business increased 1.4% year on year to ¥49,196 million and segment profit was ¥281 million (compared to ¥339 million of segment loss in the previous fiscal term).

In the Car Dealership Business, the Company secured higher operating profit than for the previous fiscal term because sales grew owing to efficient operation despite the impact of reduced production of new cars owing to semiconductor shortages. The Company signed an authorized dealership agreement with BYD Auto Japan Co. Ltd., the Japanese subsidiary of BYD, an electric vehicle manufacturer. Consequently, authorized dealerships that AUTOBACS DEALER GROUP HOLDINGS Co., Ltd. operates increased to four brands by the addition of BYD to BMW, MINI and Audi. Having established an opening preparation room for BYD AUTO Utsunomiya and BYD AUTO Nerima, the Company began accepting reservations for test drives and purchases of the e-SUV "BYD ATTO 3."

In the BtoB Business, there was a steady increase in the number of subscribers to the AUTOBACS Corporate Membership System, which enables corporate customers to make lump-sum payments for the purchase of items for company vehicles, including maintenance parts and automotive goods and services. At subsidiaries that conduct statutory safety inspection, maintenance services and tire sales, and one that wholesales wheels, sales also remained solid against the backdrop of rising demand for maintenance and the occurrence of cold waves and snowfalls in December. The Company is also advancing the development of private brand products exclusively for wholesale to expand wholesaling to other industries.

In the Online Alliance Business, the Company is promoting logistics reform, including the opening of its own e-commerce distribution center and setting of provision for store inventories, resulting in higher sales. Moreover, the Company launched AUTOBACS Rakuten Ichiba Store on the online marketplace in November 2022 to expand sales channels and enriched the services on the official online shopping website, AUTOBACS.COM. As a result, sales increased. Furthermore, the use of an enterprise version of ALC Cloud is steadily increasing, which is a cloud-based service the Company launched with the aim of eradicating drunk driving and detects drunkenness and alcohol consumption of drivers before they drive company vehicles and manages this information in the cloud.

■ Other Business

Net sales of the Other Business increased 21.2% year on year to ¥6,063 million and segment loss was ¥716 million (compared to ¥795 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 increased by ¥3,423 million from the end of the previous fiscal term to ¥111,341 million due mainly to increases in merchandise and accounts receivable-other.

Property, plant and equipment and intangible assets

Property, plant and equipment increased by ¥1,489 million from the end of the previous fiscal term to ¥46,757 million due mainly to an increase in construction in progress in preparation for new store openings.

Intangible assets rose by ¥441 million from the end of the previous fiscal term to ¥9,392 million.

Investments and other assets

Investments and other assets decreased by ¥937 million from the end of the previous fiscal term to ¥26,836 million.

Current liabilities

Current liabilities rose by ¥2,110 million from the end of the previous fiscal term to ¥48,906 million. This was due primarily to increases in notes and accounts payable-other and income taxes payable.

Non-current liabilities

Non-current liabilities decreased by ¥1,764 million from the end of the previous fiscal term to ¥18,458 million. Although there was an increase in long-term loans payable attributable to borrowings from banks, this was primarily due to a decrease in retirement benefit liability due to the termination of the retirement benefit plan.

Total net assets

Total net assets increased by ¥4,071 million from the end of the previous fiscal term to ¥126,963 million. This was due primarily to an increase in profit attributable to owners of parent and remeasurements of defined benefit plans in line with the termination of the retirement benefit plan.

Total assets/total liabilities and net assets

Total assets and total liabilities and net assets rose by ¥4,416 million from the end of the previous fiscal term to ¥194,327 million.

(4) Status of Capital Investment

During the consolidated fiscal term under review, the Group conducted capital investment in a total amount of ¥7,182 million. The main components were new store openings, remodeling of existing stores, and acquisition of buildings and structures for relocation of import car dealer stores as well as IT system investment for establishing next-generation information infrastructure.

(Unit: million yen)

Segment	Fiscal term under review
Domestic AUTOBACS Business	4,607
Overseas Business	622
Car Dealership, BtoB and Online Alliance Business	1,138
Other Business	224
Company-wide (common)	589

(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 increase in the balance of short-term loans payable and long-term loans payable at the end of the consolidated fiscal term under review of ¥1,906 million was execution of new borrowings in readiness for demand for working capital.

(6) The Group's Major Business Line (as of March 31, 2023)

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, 2023)

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, 2023)

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

(Note) The Company's indirect investment ratio is shown in parentheses.

(9) Key Affiliate Companies (as of March 31, 2023)

Company name	Capital	The Company's investment ratio	Line of business
Puma Ltd.	¥33 million	32.5%	Automotive goods retail business
Buffalo CO., LTD.	¥653 million	21.2%	Automotive goods retail business
NORTHERN JAPAN AUTOBACS Co., Ltd.	¥100 million	34.0%	Automotive goods retail business

(10) Employment Situation (as of March 31, 2023)**The Group's employment status**

(Unit: No. of people)

Segment	No. of employees in 75th fiscal term		No. of employees in 76th fiscal term		Increase/decrease from the previous consolidated fiscal term	
Domestic AUTOBACS Business	2,842	(706)	2,894	(757)	52	(51)
Overseas Business	548	(20)	571	(18)	23	(-2)
Car Dealership, BtoB and Online Alliance Business	670	(22)	657	(17)	-13	(-5)
Other Business	136	(3)	163	(4)	27	(1)
Total reportable segments	4,196	(751)	4,285	(796)	89	(45)
Company-wide (common)	192	(28)	192	(26)	0	(-2)
Total	4,388	(779)	4,477	(822)	89	(43)

(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, 2023)

(Unit: million yen)

Lenders	Balance of loans
MUFG Bank, Ltd.	4,000
Sumitomo Mitsui Banking Corporation	1,500
Sumitomo Mitsui Trust Bank, Limited	1,000

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

Not applicable

2. Status of the Company

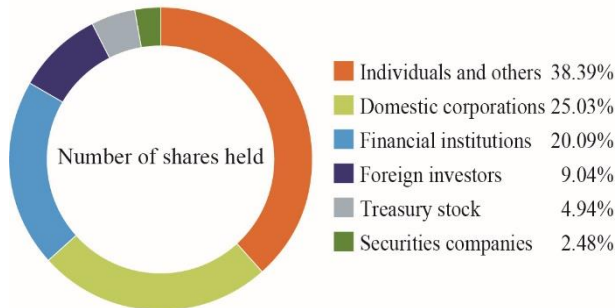
(1) Status of Shares (as of March 31, 2023)

(i) Total number of authorized shares: 328,206,900 shares

(ii) Total number of shares issued: 82,050,105 shares (including 4,060,066 treasury stock)

(iii) Number of shareholders: 68,097

Distribution by number of shares held



Distribution by shareholder type



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)	9,183	11.77
Sumino Holdings, Ltd.	4,243	5.44
The Yuumi Memorial Foundation for Home Health Care	3,990	5.11
Custody Bank of Japan, Ltd. (Trust Account)	2,919	3.74
K Holdings, Ltd.	2,750	3.52
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	1,197	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)	11,700 shares	5

(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		4,076,661 ... (i)
Acquired shares	Acquisition through purchase of shares constituting less than one unit	305 ... (ii) (Aggregate acquisition value: ¥432 thousand)
Disposed shares	Disposal of treasury stock as remuneration for granting restricted stock	16,900 ... (iii) (Aggregate disposal value: ¥28,848 thousand)
Treasury stock held at the end of the current fiscal term		4,060,066 (i)+(ii) - (iii)

(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	Yugo Horii	Chief Executive Officer Chief AUTOBACS Chain Officer	—
Director	Kiomi Kobayashi	Chairman Auto-Parts & Accessories Retail Association	Chairman
Director	Eiichi Kumakura	Senior Managing Executive Officer Head of Merchandising & Service and Wholesaling Business	—
Director	Shinichi Fujiwara	Senior Managing Executive Officer Head of Sales Operations and Kanto Regional Headquarters	—
Director	Tomoaki Ikeda	Executive Officer Finance & Accounting / PR & IR	—
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
		ISO/PC 337, Guidelines for the promotion and implementation of gender equality, Japanese Standards Association	Committee member representing Japan
Director (Outside)	Takayoshi Mimura	The Japan Federation of Medical Devices Associations	Chairman
		Terumo Corporation	Corporate Advisor
		Mitsui Chemicals, Inc.	Outside Director
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
		FOOD & LIFE COMPANIES LTD.	External Director
		Cabinet Office Council for Utilization of Dormant Deposits	Associate Member

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

Directors

Mr. Tomoaki Ikeda and Mr. Takayoshi Mimura were newly elected as director at the 75th ordinary general meeting of shareholders held on June 23, 2022 and assumed office.

- Four (4) directors, Ms. Yoshiko Takayama, Mr. Takayoshi Mimura, 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.
- Four (4) officers, namely directors Ms. Yoshiko Takayama, Mr. Takayoshi Mimura, Mr. Masami Koizumi and Mr. Minesaburo Miyake, are independent directors registered with the Tokyo Stock Exchange.
- Two (2) directors who are audit and supervisory committee members have profound insights into

finance and accounting. 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. Ms. Yoshiko Takayama retired from the office of Managing Director/Board Member of J-Eurus IR Co., Ltd. on March 31, 2023 and assumed the office of Vice Chairperson on April 1, 2023. She retired from the office of Representative Director of Japan Board Review Co., Ltd. on March 31, 2023 and became Director on April 1, 2023.

(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
Yugo Horii	Director	15 times	15 times	—	—
Kiomi Kobayashi	Director	15 times	15 times	—	—
Eiichi Kumakura	Director	15 times	15 times	—	—
Shinichi Fujiwara	Director	15 times	15 times	—	—
Tomoaki Ikeda	Director	12 times	12 times	—	—
Yoshiko Takayama *	Director	15 times	15 times	—	—
Takayoshi Mimura *	Director	12 times	12 times	—	—
Kozo Sumino	Director (Audit and Supervisory Committee Member)	15 times	15 times	15 times	15 times
Masami Koizumi *	Director (Audit and Supervisory Committee Member)	15 times	15 times	15 times	15 times
Minesaburo Miyake *	Director (Audit and Supervisory Committee Member)	15 times	15 times	15 times	15 times

- (Notes) 1. Outside directors are indicated by an asterisk (*) to the right of the name.
2. Director Tomoaki Ikeda and Director Takayoshi Mimura assumed office on June 23, 2022, and therefore, the meetings held on or before June 22 are excluded from the meetings to be attended for them.

(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 remuneration (monetary remuneration), variable remuneration (monetary remuneration) that is determined in accordance with the degree of achievement for a single year, and variable remuneration (stock remuneration) to improve performance and corporate value over the medium -to long-term and

share value with shareholders. For outside directors and audit and supervisory committee members, only fixed remuneration set for each role is paid. The percentages set for fixed remuneration (monetary remuneration), variable remuneration (monetary remuneration), and variable remuneration (stock remuneration) for the Company's directors are roughly 48%, 47%, and 5%, respectively, in the case of Representative Director & Chief Executive Officer. The percentage of variable remuneration will become higher in proportion to the ranks of officers.

i. Fixed remuneration (monetary 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 fixed remuneration from the remuneration table.

ii. Variable remuneration (monetary remuneration)

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. Variable remuneration (stock remuneration)

To improve performance and corporate value over the medium and long term and better share value with shareholders, directors (excluding outside directors and directors who are audit and supervisory committee members) are provided with stock remuneration in the amount specified according to individuals' roles. To improve performance and corporate value over the medium and long term and better share value with shareholders, officers (including officers concurrently serving as director) are provided with stock remuneration linked with the achievement of single-year performance targets in the amount specified according to individuals' roles.

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. Variable remuneration for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) and officers is 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 committee members in the fiscal term under review

Classification	Fixed remuneration		Variable remuneration				Total amount of remuneration, etc. (million yen)
	Monetary remuneration		Monetary remuneration		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)	5	168	4	120	5	16	305
Directors who are not audit and supervisory committee members (outside directors)	2	21	—	—	—	—	21
Total of directors who are not audit and supervisory committee members	7	189	4	120	5	16	326
Directors who are audit and supervisory committee members (excluding outside directors)	1	25	—	—	—	—	25
Directors who are audit and supervisory committee members (outside directors)	2	36	—	—	—	—	36
Total of directors who are audit and supervisory committee members	3	61	—	—	—	—	61

- (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.

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

The Company has entered into an agreement with five (5) 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 2023. From among the director candidates to be proposed in the Agenda Item of the election of directors at the 76th ordinary general meeting of shareholders, the candidates for re-nomination and Mr. Tomoaki Ikeda and Mr. Minesaburo Miyake, who are new candidates, are already insured under the insurance agreement and are to remain insured after their election. Meanwhile, Ms. Ayako Kanamaru, a new candidate, is to be insured after her 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 committee 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). The Company abolished the officer system on April 1, 2023 and established a new management position (General Manager) on April 1, 2023 for each strategic business unit. General managers are included in the scope of the insured.

(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.
	Takayoshi Mimura	Fulfilled a supervisory function over the Company's management by giving proactive advice to the executive departments based on his experience as the Chairman of the Board of Directors of a company and knowledge of corporate governance and making appropriate and timely comments based on his extensive experience in corporate management at business corporations and his experience and knowledge in leading the development and growth of a company in the global market. 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.
	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 Safety and Security 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	84
Total amount of money and other property benefits payable to the independent auditor from the Company and its subsidiaries	91

(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 3 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 “Purpose”, “AUTOBACS Code of Conduct and Guidelines for Action”, and “AUTOBACS SEVEN Group Sustainability Basic Policy”, 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.

<Purpose>

Promoting traffic safety in society and enriching customers’ lives

(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 Chairman of the Board and is composed of ten (10) directors (including three (3) directors who are audit and supervisory committee members), of whom four (4) 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 established as a consultative body for the Board of Directors is chaired by an outside director and is composed of all the outside directors, the chairman of the Board of 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 and dismissal of the representative director, approval of the succession plan
- c. Election of officers *only when assigning a person invited from outside the Group as an officer
- 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 & 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 establish and promote risk management in a smooth and appropriate manner.

5) Executive Committee

The Executive Committee is chaired by the Chairman of the Board 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 meetings of the Executive Committee and 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 seven (7) 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.

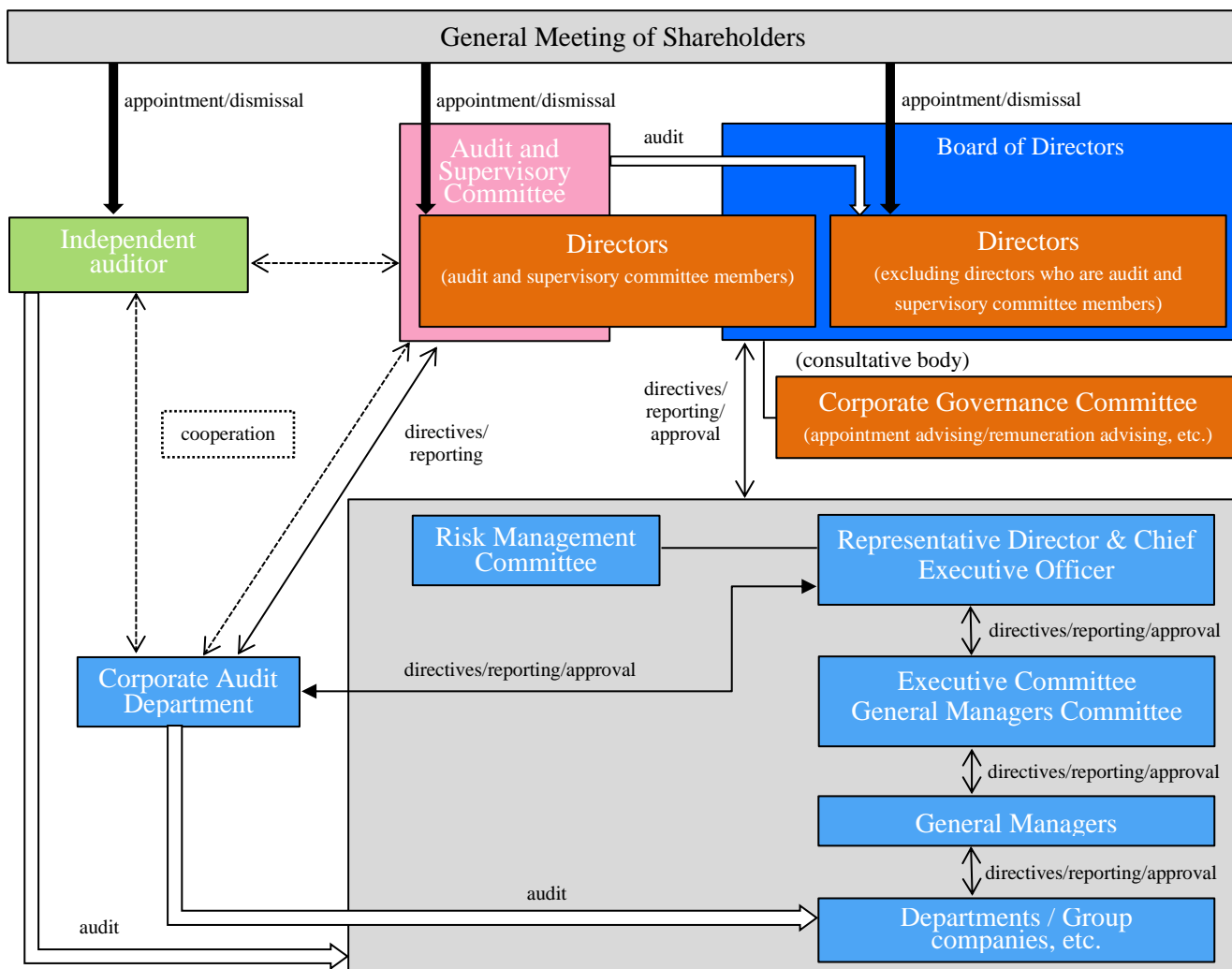
3) Accounting audits

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

[Reference] Governance System Chart

On April 1, 2023, the Company abolished the officer system for the purpose of increasing the speed of decision-making and the process of transformation and introduced a business management system under which General Managers are responsible for individual businesses in order to strengthen the business portfolio management. The corporate governance structure as of April 1, 2023 is indicated below.

As of April 1, 2023



Name	Periodic meetings	Chairman/ chairperson	Directors				General managers
			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	Chairman of the Board	●	●	●	●	○(General Manager of Corporate)
Audit and Supervisory Committee	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, chairman of the Board of Directors)	●	—	●	—
Executive Committee	Once a month in principle	Chairman of the Board	●	●	●	●	○(General Manager of Corporate)
General Managers' Committee	Once a month in principle	Chief Executive Officer	○	○	○	○	●(General managers)
Risk Management Committee	Once a year in principle	Representative Director and Chief Executive Officer	●	○	○	○	●(General Manager of Corporate)

●: Attendees ○: 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.

The evaluation for the fiscal term under review was the eighth evaluation of effectiveness of the Board of Directors. The Company contracted a third-party institution (Board Advisors Japan, Inc.) that has expertise to support evaluation of effectiveness of the Company's Board of Directors. Based on the results of analysis by the third-party institution, the Board of Directors had extensive discussion and finalized the identification of issues and measures for them.

1) Method of Evaluation

The first step of the evaluation process was a questionnaire survey in writing. All directors delivered their answers to questions about "overall evaluation of the Board of Directors," "structure," "prior preparation," "operation," "discussion," "committees," "supervision of execution," "relationship with investors and shareholders" and "response to issues brought up in the evaluation conducted in the fiscal term ended March 31, 2022" in a multiple-choice manner and in writing. Next, based on the results of the responses, the third-party institution conducted interviews with individual directors. The said institution reviewed minutes of Board of Directors meetings in advance. Then, at a meeting of the Corporate Governance Committee, the third-party institution reported on the results of analysis of the responses to the questionnaire survey and the interviews. Based on the results of evaluation by the third-party institution, the Board of Directors and the Corporate Governance Committee had multiple discussions and finalized the results of evaluation.

2) Overview of the Results of Evaluation

As a result of the evaluation for the fiscal term under review, the Company has confirmed that effectiveness of the Board of Directors, the Audit and Supervisory Committee, and the Corporate Governance Committee is secured in general. Regarding the issues identified by the evaluation in the previous fiscal term, it was confirmed that improvements are underway and continued improvements are necessary. Characteristics of the Company's Board of Directors identified included high expectations of contribution of outside directors. For example, information is shared with outside directors from the early phase of a decision-making process and an environment to facilitate outside directors' expression of their opinions is in place. Another characteristic is that the Corporate Governance Committee has open discussion on wide-ranging themes concerning corporate governance.

Issues to be addressed for further improvement of effectiveness of the Company's Board of Directors and measures for them were determined as a result of the discussion by the Board of Directors and are as follows.

Regarding discussions on medium- to long-term strategies, which was also identified by the effectiveness evaluation for the previous fiscal term, it was recognized that the discussion has been insufficient for determining a more specific orientation, although efforts have been made to enhance discussion. A countermeasure determined for this issue is to set aside time and create opportunities to enable the Board of Directors to have in-depth discussion on medium- to long-term strategies, including holding of a camp and having a session with members involved in consideration of the medium-term management plan.

Regarding the method of operation of meetings of the Board of Directors, there were several opinions requesting further improvement of the method of sharing of information materials and information. For information materials, it was decided to create a summary page that summarizes key points and issues, including matters to be reported; to further enhance information sharing at the Audit and Supervisory Committee, the Board of Directors, and among directors, centering on high-risk matters; and to report orally the agenda and key points of the Corporate Governance Committee at the Board of Directors meeting once a year in order to further deepen information sharing with the Board of Directors.

Regarding the future direction of the Company's oversight and execution, it was decided that the Board of Directors and the Corporate Governance Committee will periodically discuss and examine the Company's management stage and the Board of Directors' oversight functions corresponding to it.

By implementing the above measures based on the results of the effectiveness evaluation, the Company intends to further enhance the effectiveness of the Board of Directors and achieve sustainable

growth and enhancement of corporate value.

(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 76th ordinary general meeting of shareholders.

	74th fiscal term April 1, 2020 to March 31, 2021	75th fiscal term April 1, 2021 to March 31, 2022	76th fiscal term April 1, 2022 to March 31, 2023
Dividend per share (annual)	¥60	¥60	¥60
Total amount of dividends (annual)	¥4,794 million	¥4,678 million	¥4,679 million
Consolidated dividend payout ratio	68.0%	67.3%	64.6%
Value of treasury stock acquired	—	¥2,999 million	—
Return to shareholders ratio	68.0%	109.5%	64.6%