

Please note that this document is a translation of the official Japanese notice of convocation of the 77th 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 10, 2024

(Date of commencement of measures for electronic provision:

June 4, 2024)

To Our Shareholders

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

NOTICE OF CONVOCAION OF THE 77TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you that the 77th 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., Wednesday, June 26, 2024.

Particulars

1. Date and time: June 27, 2024 (Thursday) 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 77th fiscal term (from April 1, 2023 to March 31, 2024)
2. Report on the non-consolidated financial statements for the 77th fiscal term (from April 1,

2023 to March 31, 2024)

Matters to be resolved:

- Agenda Item No. 1: Appropriation of surplus
- Agenda Item No. 2: Election of five (5) directors (excluding directors who are audit and supervisory committee members)
- Agenda Item No. 3: Partial revision of the restricted stock remuneration plan for Directors

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 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 26, 2024 (Wednesday)

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 26, 2024 (Wednesday)

Exercise of voting rights by attendance at the meeting

When attending the meeting in person, bring this NOTICE OF CONVOCATION OF THE 77TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and submit the enclosed Exercise of Voting Rights form to the receptionist.

Date and time: June 27, 2024 (Thursday) 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 proposes to pay a commemorative dividend of 10 yen per share to commemorate the 50th anniversary of AUTOBACS in addition to an ordinary dividend of 30 yen per share.

As a result, the cumulative total shareholder return ratio for five years from the fiscal term ended March 31, 2020 will be 93.9%.

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

40 yen per ordinary share of the Company

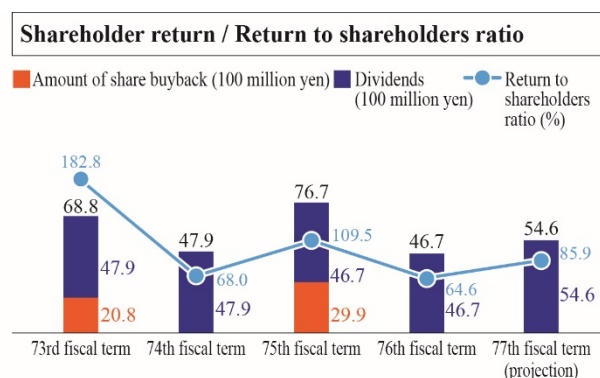
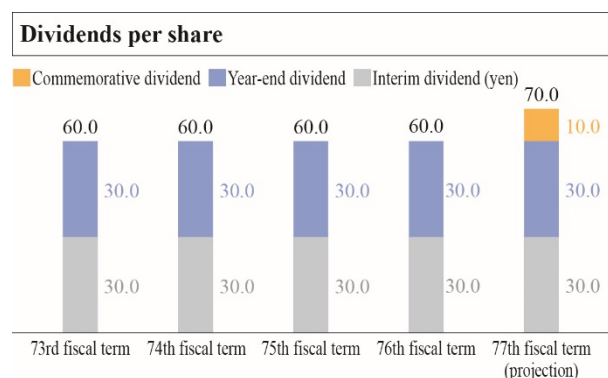
(including a commemorative dividend of 10 yen for the 50th anniversary of AUTOBACS)

Total amounting to 3,120,149,360 yen

Since the Company has paid an interim dividend at the rate of 30 yen per share, the total annual dividends for this fiscal term shall be 70 yen per share.

(3) Effective date of dividends from surplus

June 28, 2024



Agenda Item No. 2 and Reference Matters

Agenda Item No. 2: Election of five (5) 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 (six (6) 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 five (5) 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 17 through 19.

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

Candidate No.	Name		Career position and assignment in the Company	Attendance at Board of Directors' meetings
1	Yugo Horii	Re-nomination	Representative Director & Chief Executive Officer, Chief AUTOBACS Chain Officer	100% (17 of 17 meetings)
2	Shinichi Fujiwara	Re-nomination	Senior Managing Director & Executive General Manager, AUTOBACS Business Strategies	100% (17 of 17 meetings)
3	Masahiro Nishikawa	New candidate	Executive General Manager, Sales Operations	—
4	Takayoshi Mimura	Re-nomination Outside Director Independent Officer	Outside Director	100% (17 of 17 meetings)
5	Yosuke Matsuda	New candidate Outside Director Independent Officer	—	—

(Notes) 1. Mr. Takayoshi Mimura and Mr. Yosuke Matsuda are candidates for outside director as defined in Article 2, Paragraph 3, Item 7, of the Companies Act Enforcement Regulations and 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 registered Mr. Takayoshi Mimura with the Tokyo Stock Exchange as an independent officer. If Mr. Takayoshi Mimura is elected as originally proposed, the Company plans to reappoint him as an independent officer. If Mr. Yosuke Matsuda is elected as originally proposed, the

- Company plans to register him with the Tokyo Stock Exchange as an independent officer.
2. Currently, Mr. Takayoshi Mimura serves as the Company's outside director who is not an audit and supervisory committee member. He has entered into an agreement with the Company that defines his 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 he is elected, the said agreement will be continued. In addition, the Company intends to enter into the said agreement with Mr. Yosuke Matsuda, a new candidate for outside director who is not an audit and supervisory committee member, after his election.
 3. The ages of the candidates are as of June 27, 2024.

Reference Matters for Agenda Item No. 2: Election of five (5) 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 52)
- Term of office as a director at the conclusion of this general meeting: 8 years
- Number of Company shares owned: 31,800
- Attendance at Board of Directors' meetings: 100% (17 of 17 meetings)

Reasons for nomination and expected role

Mr. Horii assumed office as Representative Director of the Company in 2022. In addition to the reform of the management system, having announced the long-term vision “Beyond AUTOBACS Vision 2032” and the 2024 Medium-term Business Plan “Accelerating Towards Excellence,” he has been demonstrating strong leadership for sustainable growth and for medium- to long-term enhancement of corporate value.

Capitalizing on his extensive experience and profound insight cultivated so far, precisely identifying risks and opportunities for further growth, Mr. Horii has articulated his views 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 evolution of the AUTOBACS Group into “Mobility Lifestyle Infrastructure,” it is in the best interest of the Group that he leads management to achieve accelerated growth.

Dear Shareholders,

It is not easy to predict the future amid the ever-changing global situation, but expectations are growing that the Japanese economy will emerge from its prolonged sluggishness as there are indications that interest rates will be increased. In the automotive industry, the global trend of changes in powertrains requires continued attention, but the movement toward carbon neutrality is expected to accelerate further.

In this environment, we have formulated the 2024 Medium-term Business Plan “Accelerating Towards Excellence,” to break out of the long-term low-growth era and further promote transformation. I aim to continue acting decisively without loosening the reins of reform, outperforming our competitors and steadily implementing the Medium-term Business Plan to meet 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:
Shinichi Fujiwara
Re-nomination

Career position and assignment in the Company:

Senior Managing Director & Executive General Manager, AUTOBACS Business Strategies

- Date of birth: September 23, 1965 (age 58)
- Term of office as a director at the conclusion of this general meeting: 3 years
- Number of Company shares owned: 17,800
- Attendance at Board of Directors' meetings: 100% (17 of 17 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 implementing the franchise chain reforms in fiscal 2024 by changing the franchise chain package and other aspects of the Domestic AUTOBACS Business, the leadership of Mr. Fujiwara, who has deep relationships with franchisees, 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,

The global economy is expected to slow gradually due to the stalling Chinese economy, vulnerability of supply chains, and the multipolarity of the international community. The Japanese economy is expected to improve due to the revival of inbound tourism, improvement of consumer confidence, and recovery of personal consumption. On the other hand, the automotive industry is in a critical phase, with slowing shipments due to manufacturers' fraud and widespread distrust in the used car industry.

We have decided to change AUTOBACS franchise chain package in its 50th year, with the aim of becoming a franchise chain truly trusted by consumers as a retail business through the AUTOBACS Group's united efforts. We will continue to reform our earnings structure, centering on the vehicle inspection and maintenance business and the used car business, in order to expand our market share in the automotive aftermarket.

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

April 2024: Senior Managing Director & Executive General Manager, AUTOBACS Business Strategies
(current position)

Candidate No. 3:
Masahiro Nishikawa
New candidate

Career position and assignment in the Company:

Executive General Manager, Sales Operations

- Date of birth: November 10, 1965 (age 58)
- Term of office as a director at the conclusion of this general meeting: -
- Number of Company shares owned: 1,600
- Attendance at Board of Directors' meetings: -

Reasons for nomination and expected role

Mr. Nishikawa is well versed in the Domestic AUTOBACS Business. He exercises leadership in the field and has the ability to drive change to get out of a rut. For example, over the years, as a director of subsidiaries, he has contributed to the management turnaround of poorly performing corporations. He has also made efforts to build relationships with franchisees.

The Company believes that, in achieving sustainable growth and creating new markets as the AUTOBACS Group, Mr. Nishikawa's grasp of the front line, management perspective, and leadership will be indispensable, and that it is in the best interest of the Company that the AUTOBACS Group benefit from his rich experience. Therefore, the Company proposes his election as a director.

Dear Shareholders,

AUTOBACS is celebrating its 50th anniversary in the midst of the turbulent automotive industry. We recognize that our mission for the next 50 years is to achieve sustainable growth to become a "comprehensive mobility after-sales service provider," transcending the boundary of automobiles.

In particular, in light of the structural changes, such as labor shortages due to a shrinking workforce and rising wages and emergence of new types of customer service due to the evolution of digital technology, our priority is to greatly transform our real stores.

Based on my experience of in-depth involvement in store operations, I intend to strengthen the execution system in the field and work on diversification of business and innovation from a new management perspective, to gain the trust of our stakeholders, which will lead to further corporate growth.

Special relationship between the candidate and the Company

Mr. Nishikawa has no special interests in the Company.

Brief professional background including major posts held

March 1984:	Joined AUTOBACS SEVEN Co., Ltd.
April 1995:	Director, OPS Co., Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.)
March 1999:	Director, General Store Manager & GM of SA Higashi-Fukuoka Store, OPS Co., Ltd.
April 2004:	Director, General Manager, Sales Operations, OPS Co., Ltd.
June 2011:	Representative Director and President, AUTOBACS THREE ARROW Co., Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.)
June 2012:	Representative Director and President, Hiroshima AUTOBACS Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.)
April 2017:	Representative Director and President, AUTOBACS Yamaguchi Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.)
April 2020:	Officer, Division Manager of Southern Japan Regional Headquarters
April 2021:	Senior Executive Officer, Division Manager of Southern Japan Regional Headquarters
April 2023:	Executive General Manager, Western Japan Sales Operations
April 2024:	Executive General Manager, Sales Operations (current position)

Candidate No. 4:**Takayoshi Mimura**

Re-nomination, Outside Director (Independent Officer)

Career position and assignment in the Company:

Outside Director

- Date of birth: June 18, 1953 (age 71)
- Term of office as a director at the conclusion of this general meeting: 2 years
- Number of Company shares owned: 600
- Attendance at Board of Directors' meetings: 100% (17 of 17 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,

Although the economy is currently on a recovery trend, the automotive industry related to our business is undergoing dramatic changes, including the trend toward EVs, the shift from car ownership to sharing, and the shift away from cars among young people. In this environment, the Company must overcome medium- and long-term challenges from a new perspective to achieve development.

With the management experience I have cultivated over the years, I will support the current executive management to build a new AUTOBACS and vigorously make proposals and contribute to the Company's development from the perspective that I can offer 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, Regional Representative, China, 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
April 2022:	Director and Corporate Advisor, Terumo Corporation
June 2022:	Corporate Advisor, Terumo Corporation

June 2022: Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)
June 2022: Outside Director, Mitsui Chemicals, Inc. (current position)
June 2023: Outside Director, Niterra Co., Ltd. (current position)
June 2023: Director, JAPAN-CHINA MEDICAL COMMUNICATION CENTER (current position)

Candidate No. 5:**Yosuke Matsuda**

New candidate, Outside Director (Independent Officer)

Career position and assignment in the Company:

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- Date of birth: April 27, 1963 (age 61)
- Term of office as a director at the conclusion of this general meeting: -
- Number of Company shares owned: -
- Attendance at Board of Directors' meetings: -

Reasons for nomination as an outside director and expected role

Mr. Matsuda has many years of management experience as CFO and CEO at business corporations. He has experience and a proven track record of driving corporate growth, especially from a numerical perspective with a bird's-eye view of the actual state of a company, including improving the profitability of the entire group by introducing business portfolio management.

The Company expects him to utilize his specialty and extensive management experience and insight in management of the Company in its phase of transformation 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,

In this time of great change, when the definition of the automobile itself is about to undergo a major transformation, I am committed to contributing to the realization of a new mobility society through the Company's Purpose, "Ensuring the safety of our communities while driving and enriching customers' lives." In response to the trust placed in me by our stakeholders, I will contribute to the future growth of the Company by making various proposals from an independent standpoint based on experience as a top management.

Special relationship between the candidate and the Company

Mr. Matsuda has no special interests in the Company.

Independence of the candidate

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

Brief professional background including major posts held

April 1987:	Joined Mitsui Life Insurance Company Limited
May 1995:	Joined Actus Audit Corporation
December 1998:	Joined SQUARE CO., LTD. ^{(*)1}
February 2000:	Joined Showa Ota Ernst & Young Co., Ltd.
October 2001:	Senior Vice President, SQUARE CO., LTD. ^{(*)1}
April 2003:	Senior Vice President and General Manager, Accounting and Finance Division, SQUARE CO., LTD. ^{(*)1}
June 2004:	Director, Accounting and Finance, SQUARE ENIX CO., LTD. ^{(*)1}
February 2006:	Director, Taito Corporation ^{(*)2}
November 2006:	Director, SQUARE ENIX OF AMERICA HOLDINGS, INC.
April 2010:	Director, Taito Corporation
March 2013:	Senior Executive Managing Director and Representative Director, SQUARE ENIX HOLDINGS CO., LTD.
May 2013:	President and Representative Director, SQUARE ENIX CO., LTD.
June 2013:	President and Representative Director, SQUARE ENIX HOLDINGS CO., LTD.
June 2013:	President and Director, SQUARE ENIX OF AMERICA HOLDINGS, INC.
July 2013:	Deputy Chairman of the Board, SQUARE ENIX (China) CO., LTD.
January 2016:	Director, Taito Corporation
April 2016:	Director, SQUARE ENIX LTD.
June 2018:	Chairman of the Board, SQUARE ENIX (China) CO., LTD.
September 2023:	Outside Director, Sound Fun Corporation (current position)

*1 Currently SQUARE ENIX HOLDINGS CO., LTD.

*2 Currently SQUARE ENIX CO., LTD.

Agenda Item No. 3 and Reference Matters

Agenda Item No. 3: Partial revision of the restricted stock remuneration plan for Directors

At the 72nd Ordinary General Meeting of Shareholders held on June 21, 2019, the Company obtained approval for Agenda Item No.7 “Determination of remuneration for granting restricted stock to directors,” and introduced a restricted stock remuneration plan (hereinafter referred to as the “Plan”) to the Company’s directors excluding outside directors and directors who are audit and supervisory committee members (hereinafter referred to as the “Eligible Directors”) as a means of striving to improve the medium- to long-term performance and continuously increase the corporate value of the Company as well as to incentivize the Eligible Directors to manage the Company from a medium- to long-term perspective by promoting the further sharing of value with shareholders.

This Agenda Item is to request approval about the revision of the restriction-on-transfer period, handling at the time of retirement, and release of the restriction on transfer under the Plan. The restriction-on-transfer period for shares with transfer restrictions to be allocated under the Plan is a period of three (3) to thirty (30) years from the date on which the Eligible Director receives the allotment, as determined in advance by the Board of Directors. However, it is proposed that this be changed to a period from the date on which the Eligible Director receives the allotment to the time immediately following the leaving of office as a director of the Company and the retirement from the Company and its subsidiaries. This revision is intended to allow the Eligible Directors to own restricted shares until their retirement from the Company and its subsidiaries after the leaving of office as directors of the Company, so that they will be more motivated to contribute toward the enhancement of the Company’s corporate value and continue sharing value with shareholders for as long as possible. In line with the revision of the restriction-on-transfer period, the release of the restriction on transfer under the Plan and the handling at the time of retirement will also be partially revised. This revision will apply to future allocations under the Plan and will not affect the restriction-on-transfer period and other matters relating to allocations already made under the Plan. Moreover, there will be no changes to the Plan other than the above-mentioned revision.

If Agenda Item No. 2 “Election of five (5) directors (excluding directors who are audit and supervisory committee members)” is approved as originally proposed, the number of Eligible Directors shall be three (3). The Board of Directors has decided this Agenda Item after deliberation and report by the voluntary Corporate Governance Committee, comprehensively taking into consideration the Company’s directors’ remuneration structure and the general trend, and the content of the agenda item is deemed reasonable.

Overview of the restricted stock remuneration plan of the Company

(The underlined parts are the revisions that will be made if this Agenda Item is approved.)

For the purpose of allotment of shares of common stock as restricted stock to Eligible Directors, the Company will set the amount of a monetary remuneration claim to be paid. The total amount of the monetary remuneration claim shall be 100 million yen or less per fiscal year (excluding the portion of employee remuneration for the directors who serve concurrently as employees). Moreover, the specific timing of payment and the allotment to each Eligible Director shall be resolved by the Board of Directors.

Based on a resolution of the Board of Directors, Eligible Directors shall pay the total of the monetary remuneration claim paid under this Agenda Item as property contributed in kind, and receive the shares of common stock of the Company through issuance or disposal. The total number of shares of common stock of the Company to be issued or disposed of shall be 100,000 shares or less annually (provided, however, that in the case of a share split (including an allotment of shares of common stock of the Company without contribution) or consolidation of shares of common stock of the Company, or in the case of any other event that requires an adjustment of the total number of shares of common stock of the Company to be issued or disposed of as restricted stock, the above total number shall be adjusted in the reasonable range). The amount to be paid in per share shall be based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately prior to the date of a resolution at a meeting of the Board of Directors (or the closing price on the transaction day immediately prior thereto, if no transaction is made on such business day), and shall be resolved by the Board of Directors’ meetings within a range that will not provide an advantageous price to Eligible Directors who receive shares of common stock. Also, when issuing or disposing of shares of common stock of the Company, the Company shall enter into an agreement on allotment of the restricted stock (hereinafter referred to as the “Allotment Agreement”) with the Eligible Directors.

(1) Restriction-on-transfer period

An Eligible Director shall not transfer, pledge, or otherwise dispose of (hereinafter referred to as the “Restriction-on-Transfer”) shares of common stock of the Company that he or she receives in an allotment in accordance with the Allotment Agreement (hereinafter referred to as the “Allotted Shares”), for a period from

the date on which the Eligible Director receives the allotment in accordance with the Allotment Agreement to the time immediately following the leaving of office as a director of the Company and the retirement from the Company and its subsidiaries (hereinafter referred to as the “Restriction-on-Transfer Period”).

(2) Treatment at the time of retirement from the Company and its subsidiaries

If an Eligible Director retires as a director of the Company or retires from the Company and its subsidiaries, the Company shall acquire the Allotted Shares as a matter of course without contribution, unless the Eligible Director retires due to an expiration of term, the death of the Eligible Director, or other reasonable grounds.

(3) Release of the Restriction-on-Transfer

The Company shall release the Restriction-on-Transfer of all Allotted Shares when the expiration of the Restriction-on-Transfer Period expires, on the condition that the Eligible Director continued to be registered with the Company or its subsidiaries from the date on which the Eligible Director receives the allotment; provided, however, that if the Eligible Director retires as a director of the Company or retires from the Company and its subsidiaries due to an expiration of term, the death of the Eligible Director, or other reasonable grounds, the number of Allotted Shares whose Restriction-on-Transfer is released and the timing of the release of the Restriction-on-Transfer shall be reasonably adjusted (based on the terms and conditions provided for in (5) below, if the (5) Terms of release of the Restriction-on-Transfer by the achievement of performance below are included in the Allotted Shares) as necessary. In addition, the Company shall, as a matter of course, acquire the Allotted Shares without contribution whose Restriction-on-Transfer has still not been released immediately after the Restriction-on-Transfer is released in accordance with the above provisions.

(4) Treatment of reorganization, etc.

Notwithstanding the provisions in (1) above, if a merger agreement in which the Company is to be a non-surviving company, a share exchange agreement or share transfer plan in which the Company is to be a wholly owned subsidiary company, or any other agenda related to reorganization, etc. is approved at a general meeting of shareholders of the Company (or the Board of Directors of the Company, if the reorganization, etc. does not require the approval of a general meeting of shareholders of the Company) during the Restriction-on-Transfer Period, the Company shall, by a resolution of the Board of Directors, release the Restriction-on-Transfer for the number of the Allotted Shares that is reasonably determined based on the period from the date of commencement of the Restriction-on-Transfer Period to the date on which the reorganization, etc. is approved (the terms and conditions provided for in (5) below, if the (5) Terms of release of the Restriction-on-Transfer by the achievement of performance below are included in the Allotted Shares), prior to the effective date of the reorganization, etc. In addition, in the case provided for above, the Company shall, as a matter of course, acquire the Allotted Shares without contribution whose Restriction-on-Transfer is not released immediately after the Restriction-on-Transfer is released.

(5) Terms of release of the Restriction-on-Transfer by the achievement of performance

The Company shall determine that if the terms and conditions of performance as predetermined by the Board of Directors of the Company are achieved, the Company shall release the Restriction-on-Transfer with respect to all or part of the Allotted Shares, upon the expiration of the Restriction-on-Transfer Period.

(6) Other matters

Other matters related to the Allotment Agreement shall be resolved by the Board of Directors.

Common Reference Matters for Agenda Item No. 2

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 February 2025. From among the director candidates to be proposed in Agenda Item No. 2, the candidates for re-nomination and Mr. Masahiro Nishikawa, who is a new candidate, are already insured under the insurance agreement and are to remain insured after their election. Meanwhile, Mr. Yosuke Matsuda, a new candidate, is to be insured after his election. For an outline of the contents of the agreement, please see the Business Report.

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 a director 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 directors 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 directors 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 directors 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,” “capital cost management,” “financial strategy,” “portfolio management,” and “organization, human resources strategy,” are important to the Group’s efforts to ensure the safety of our communities while driving 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	Shinichi Fujiwara Re-nomination	Masahiro Nishikawa New candidate	Takayoshi Mimura Re-nomination Outside	Yosuke Matsuda New candidate Outside	Tomoaki Ikeda Incumbent	Masami Koizumi Incumbent Outside	Ayako Kanamaru Incumbent Outside
Management experience	●	●		●	●		●	
Capital cost management	●			●	●	●	●	
Financial strategy			●			●	●	
Portfolio management	●	●		●	●			●
Organization, human resources strategy		●	●					●
Insight and experience in the Company’s business fields	Distribution / global	Retail / marketing	Retail	Manufacturing / distribution / global	Digital / service / marketing	Wholesale / retail	Wholesale / retail	Global
Accounting, taxation		●			●	●	●	
Risk management		●	●				●	
Compliance	●							●
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.

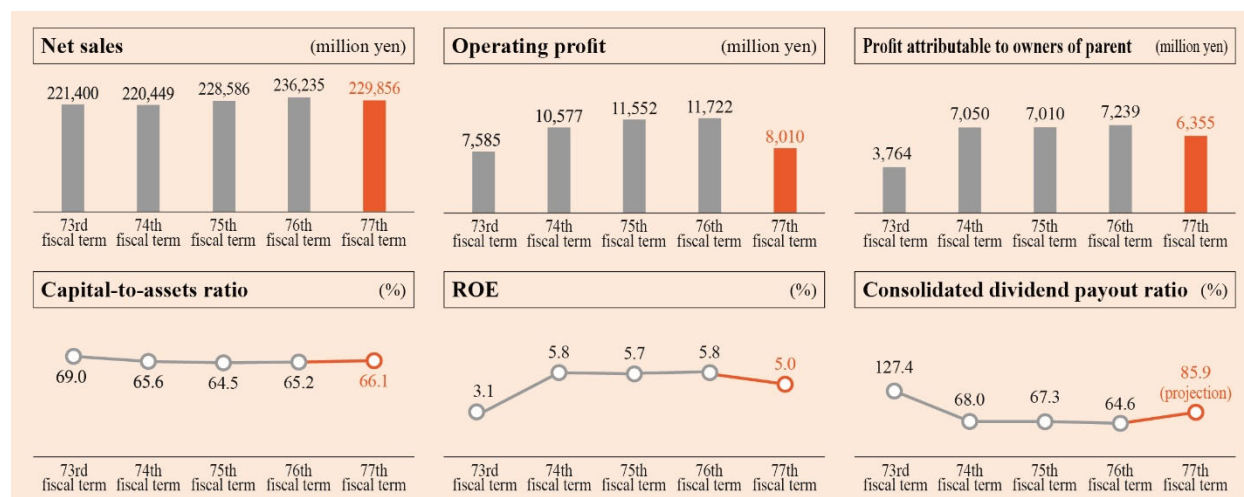
Business Report (from April 1, 2023 to March 31, 2024)

1. Current Status of the Group

(1) Assets and Operating Results

Classification	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	77th fiscal term Apr. 1, 2023- Mar. 31, 2024
Net sales (million yen)	221,400	220,449	228,586	236,235	229,856
Operating profit (million yen)	7,585	10,577	11,552	11,722	8,010
Ordinary profit (million yen)	8,059	11,219	11,246	11,574	8,093
Profit attributable to owners of parent (million yen)	3,764	7,050	7,010	7,239	6,355
Net income per share (yen)	47.10	88.28	89.17	92.87	81.52
Total assets (million yen)	172,799	187,914	189,910	194,327	194,948
Net assets (million yen)	119,966	123,833	122,892	126,963	129,152
Capital-to-assets ratio (%)	69.0	65.6	64.5	65.2	66.1
ROE (%)	3.1	5.8	5.7	5.8	5.0
Consolidated dividend payout ratio (%)	127.4	68.0	67.3	64.6	85.9 (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

■AUTOBACS SEVEN Group Purpose

Ensuring the safety of our communities while driving and enriching customers' lives

Today when the automobile has become an indispensable part of our lives, in accordance with the Group's Purpose of "Ensuring the safety of our communities while driving and enriching customers' lives," the Group aims to resolve various social issues that the Group is expected to address, in order to realize a sustainable society in which people and automobiles can continue to coexist as well as sustainable growth of the Group.

The automotive industry is undergoing a once-in-a-century transformation. With the rapid progress of technological innovations, such as electrification and autonomous driving, the Company's business environment is rapidly changing. In the automotive aftermarket, in which the Group has its strengths, competition is intensifying across industry boundaries and customer needs are diversifying. Moreover, with the spirit of "Challenge," "Creativity," and "Gratitude" as the AUTOBACS SEVEN Group Philosophy of Action, we take on the challenge of new business areas, without being constrained by conventional frameworks, create the future of mobility while adapting to changes in the business environment, and express our gratitude to all the stakeholders who support our endeavors and appreciate us. In order to become such a Group, we are striving to continue enhancing corporate value over the long term.

In our long-term vision for 2032, "Beyond AUTOBACS Vision 2032," we have set the direction of the Group's evolution in order to accomplish our transformation at a speed that exceeds change in the business and social environments and thus achieve evolution and growth "beyond AUTOBACS up until now" in an era of uncertainty and rapid change. As "a company that consistently offers the enjoyment of going out" to customers, while continually evolving our business and business models in response to change in the social environment and contributing to "ensuring the safety of our communities while driving and enriching customers' lives," we aim to be a corporate group that is indispensable to customers and society.

(ii) Business environment

The Japanese economy remained on a gradual recovery trend owing to the normalization of socioeconomic activities and an increase in inbound demand in line with the easing of activity restrictions related to the COVID-19 pandemic. On the other hand, the outlook remains uncertain in view of soaring raw material and energy costs attributable to the rapid depreciation of the yen in addition to the protracted Russia-Ukraine conflict, labor shortages mainly in the logistics industry, and other factors.

Against the backdrop of growing awareness of sustainability worldwide, many companies have started initiatives with a view to achieving carbon neutrality, resulting in the rapid spread of electric vehicles (EVs). However, EVs have temporarily reached a plateau, as evidenced by the EU's withdrawal of its policy banning the sale of new combustion-engine cars by 2035. In addition, interest in environmentally friendly vehicles other than EVs is growing, as evidenced by the announcement of plug-in fuel cell vehicles (FCVs) by Japanese manufacturers.

In the domestic automobile-related industry, although automobile production and sales are on a recovery trend as the global shortage of semiconductors has been resolved, there are concerns about the impact on the industry as a whole because issues have risen concerning trust attributable to certain automobile manufacturers, used car dealers, etc.

In the domestic automotive aftermarket, in which the Group has its strength, business activities have become more active with the expansion of peripheral business areas through M&A and the entry into business through new business models such as car-sharing and subscription services. 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 a decline in the number of automobiles owned, the emergence of car sharing and subscription services, 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 2023 and March 2024 were ¥398,225 million, a decrease of 0.5% year on year. In addition, new vehicle sales^{*1} for the same period were approximately 4.52 million vehicles (a 3.3% increase year on year), and the number of registered passenger used cars^{*2} for the same period was approximately 3.14 million vehicles (a 4.0% increase year on year). Total automobile maintenance sales^{*3} in the market for the period from July 2022 through June 2023 were ¥5,907.2 billion (a 2.9% increase year on year), an increase for two consecutive 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 Vehicles (ZEVs) including EVs have been spreading worldwide, and attempts for practical application of connected cars and autonomous vehicles are underway. In line with such moves, society, vehicles, and people's lives are also undergoing major transformation, and we believe that the Group's business environment will change even more drastically.

In order to respond to such rapid changes in the business environment, the Group formulated the "Five-year Rolling Plan" in 2019. While continuously adjusting our direction and strategy, we have achieved expansion of earnings of each business and developed the underlying business infrastructures. With a view to continuous growth and a long-term increase in corporate value, we announced our long-term vision "Beyond AUTOBACS Vision 2032" in May 2023. Under the long-term vision, we target consolidated net sales of ¥500 billion in fiscal 2032.

Through the implementation of the "Five-year Rolling Plan" over the five years, we promoted initiatives to advance each business and establish business infrastructures. To increase the speed of implementation of these initiatives, we also embarked on structural transformation of the Group, including abolition of the officer system, revision of the personnel system, and change of the franchise chain package in the Domestic AUTOBACS Business, improved profitability and laid the foundation for renewed growth. Moreover, leveraging the business infrastructures cultivated by the Domestic AUTOBACS Business, we strengthened business portfolio management. As a result, consolidated net sales other than the Domestic AUTOBACS Business increased by about ¥27 billion and consolidated operating profit improved compared to fiscal 2018 before the launch of the "Five-year Rolling Plan."

In order to achieve our long-term vision and realize growth at an accelerating pace, we have formulated and announced the Medium-term Business Plan. Since 2000, the Group has maintained the status quo due to the shrinking automotive aftermarket and has not achieved significant growth for about 20 years. Based on the management foundation we have established through the implementation of the Rolling Plan, we are taking the first step toward renewed growth.

As for the new direction of the Medium-term Business Plan, we aim to serve as "Mobility Lifestyle Infrastructure" for our customers on a global scale. By changing to a structure that concentrates on and strengthens retail and wholesale, the two businesses in which we excel, we will promote global business development. We will also take on challenges in peripheral areas in order to realize the long-term vision. While raising profit levels to new heights through these measures, we aim to achieve stable returns to shareholders.

Performance targets for fiscal 2026, the final year of the Medium-term Business Plan, are consolidated net sales of ¥280.0 billion, consolidated operating profit of ¥15.0 billion, and return on invested capital (ROIC) of 7.0%. We will implement the following three-fold strategy to achieve the new direction.

1. "Create touch points" to continue to support mobility lifestyles
2. "Develop and supply merchandise and solutions" tailored to mobility lifestyles
3. "Establish new business domains" in response to changes in mobility lifestyles

Regarding the first measure, to "create touch points" to continue to support mobility lifestyles, in addition to expansion of bases, including bases of AUTOBACS, dealers, and overseas bases, we will strive to expand channels, such as mobile sales services and establishment of online marketplaces. We will strengthen points of contact with customers in both real and digital spaces.

Regarding the second measure, to "develop and supply merchandise and solutions" tailored to mobility lifestyles, we aim to expand wholesale sales channels by developing attractive merchandise and solutions. Specifically, we will strengthen competitiveness through supply chain management and consolidation of the AUTOBACS franchise chain headquarters and strengthen external sales by packaging private brand products, services, and sales support measures. Through these initiatives, we will propose solutions that leverage value-added merchandise and services unique to AUTOBACS and aim to resolve potential issues of corporate and individual customers.

As for the last measure, to "establish new business domains" in response to changes in mobility lifestyles, we aim to develop the EV solutions business, including management of ZEV dealerships and sales and installation of EV chargers and storage batteries for residential use. Moreover, by handling sales and after-sales services for micromobility, whose market is expected to expand, and promoting making companies that have synergy with the Group's existing businesses members of the Group through horizontal and vertical integration, we aim to define new business domains in order to establish businesses and capture customers in a growth market. With these measures, we do not limit our targets to Japan alone, rather, we view business from a global

perspective and will create new markets.

Regarding the financial strategy, we have been promoting management and visualization of the performance of the entire Company and individual businesses based on return on invested capital (ROIC) step by step. From the fiscal year ending March 31, 2025, we have set the ROIC target for each business unit. While making optimal investment decisions and business evaluations by promoting ROIC-based management, we intend to invest a cumulative total of about ¥35.0 billion during the period covered by the Medium-term Business Plan and maintain annual dividends of ¥60 per share to ensure stable shareholder returns.

With regard to the organizational and human resources strategy, with the aim of maximizing human capital, we will strengthen the foundation for “development of organization and personnel,” including support for reskilling and enhancement of engagement of employees and strategic personnel allocation, in order to maximize corporate value.

Regarding initiatives to resolve environmental and social issues, we will build an ecosystem in EV-related areas and install quick chargers in order to promote the spread of EVs.

In November 2024, AUTOBACS will celebrate the 50th anniversary of the opening of its first store. With the 50th anniversary as a milestone, aiming to become a corporate group that lasts for 100 years, the AUTOBACS Group will increase customer contact points through close collaboration between its franchise chain stores and AUTOBACS franchise chain headquarters to evolve into a franchise chain that earns greater support of customers so as to further increase the market share.

In our endeavors to achieve the 2024 Medium-term Business Plan “Accelerating Towards Excellence” and the long-term vision “Beyond AUTOBACS Vision 2032,” we will contribute to sustainable development of the automotive industry.

AUTOBACS celebrates its 50th anniversary

In November 1974, AUTOBACS opened its first store in Daito City, Osaka Prefecture, as Japan’s first one-stop provider of automotive goods and services. Since then, under the AUTOBACS chain management mission, “committed to providing customers with the best solutions for their car lifestyles and creating a rich and healthy automotive society,” AUTOBACS has been partnering customers in their car lifestyles.

Committed to achieving further growth and inspired by the “BEYOND AUTOBACS” concept, we will execute various special projects for the 50th anniversary in order to convey “our gratitude to date” and communicate “the future of AUTOBACS” to our customers and all other stakeholders.

(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 has worked 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 ¥229,856 million, down by 2.7% year on year, and gross profit was ¥75,424 million, down by 5.1% year on year.

Selling, general and administrative expenses and operating profit

Selling, general and administrative expenses were ¥67,414 million, down by 0.5% year on year, and operating profit was ¥8,010 million, down by 31.7% year on year.

Although depreciation increased owing to the start of operation of the new store system, selling, general and administrative expenses decreased as a result of exclusion of two subsidiaries from the scope of consolidation during the period under review.

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

Non-operating income was ¥2,070 million, up by 11.7% year on year. Non-operating expenses were ¥1,987 million, down by 0.8% year on year.

A year-on-year increase in profitability was recognized for entities accounted for using equity method, and share of profit of entities accounted for using equity method was recorded under non-operating income. Moreover, lease cost-system equipment increased owing to the start of operation of the new store system.

As a result, ordinary profit was ¥8,093 million, down by 30.1% year on year.

Extraordinary income and extraordinary loss

Extraordinary income consisted of ¥3,971 million of gain on sale of businesses. Extraordinary loss consisted of ¥708 million of loss on arrangement of stores, ¥534 million of impairment loss on non-current assets, ¥351 million of loss on valuation of investment securities, and ¥188 million of extra payments for early retirements.

Income taxes in total

Income taxes in total were ¥3,915 million, a decrease of ¥724 million from the previous fiscal term.

Profit attributable to owners of parent

Profit attributable to owners of parent was ¥6,355 million, down by 12.2% year on year.

(ii) Management results by segment

a. Changes in reportable segments

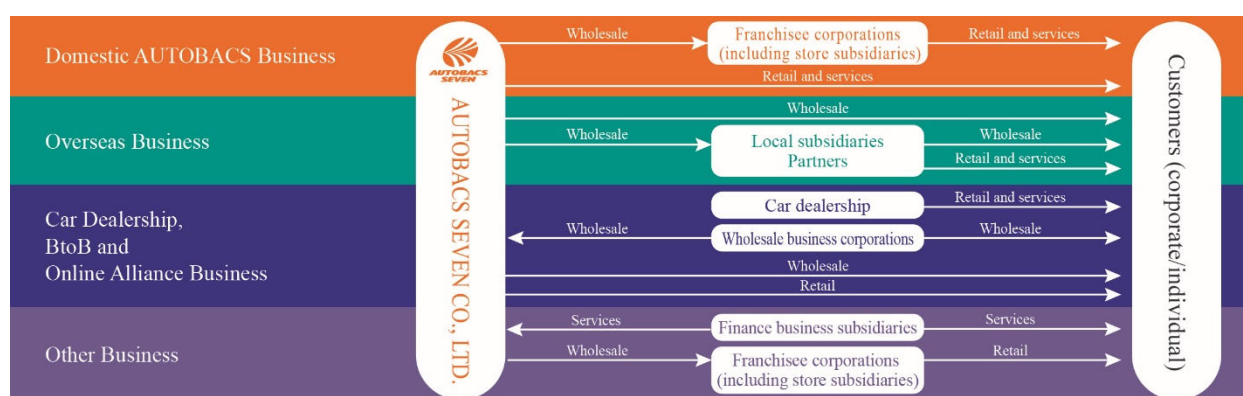
Starting from the fiscal term ended March 31, 2024, due to the revision of our business portfolio, the department with functions to promote and manage car purchase and sales has been transferred to the newly established “Car Trading Business” with the aim of expanding its business. Similarly, the department with functions of property development and location development related to store openings, etc. has been transferred to the newly established “Property Development Business” for the purpose of accelerating store openings and making effective use of real estate within the Group. Accordingly, the reportable segment of both functions, which used to be included in the “Domestic AUTOBACS Business,” has been reviewed and transferred to the “Other Business.”

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

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

Regarding the comparisons with the results of the previous term, comparisons and analyses were made based on figures for the previous term reclassified into the revised segments.

b. Overview of the Group’s reportable segments



c. Net sales and income by segment

(Unit: million yen)

	Reportable segments					Reconciling items	Amount recognized in consolidated statement of income
	Domestic AUTOBACS Business	Overseas Business	Car Dealership, BtoB and Online Alliance Business	Other Business	Total reportable segments		
Net sales							
Revenue from contracts with customers	167,038	14,673	35,144	10,542	227,398	—	227,398
Other revenue	—	26	—	2,431	2,458	—	2,458
Net sales to outside customers	167,038	14,700	35,144	12,973	229,856	—	229,856
YoY (%)	(1.8)	12.6	(11.7)	(2.8)	(2.7)	—	(2.7)
Internal sales and transfers between segments	5,075	674	9,116	5,100	19,966	(19,966)	—
Total	172,113	15,375	44,260	18,073	249,823	(19,966)	229,856
YoY (%)	(1.4)	13.6	(10.0)	(2.7)	(2.4)	—	(2.7)
Segment profit (loss)	16,721	101	(49)	(659)	16,115	(8,105)	8,010
YoY (%)	(21.3)	—	—	—	(20.4)	—	(31.7)

(Note) The business descriptions of the segments are as described on page 30.

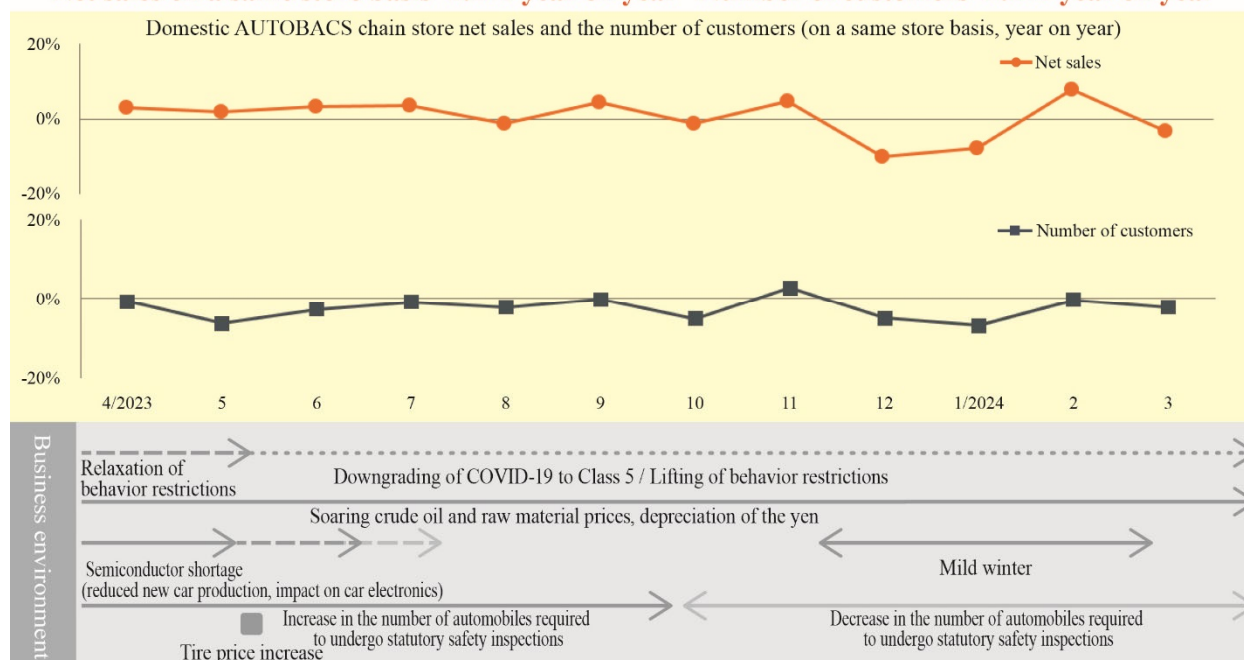
■ Domestic AUTOBACS Business

The Domestic AUTOBACS Business remained firm in the first half as a result of a mild upward trend in consumer spending and its acceleration of sales promotion despite the impact of the soaring prices. In the second half, a mild winter decreased demand at stores for seasonal goods and resulted in a decline in wholesale sales. In addition, on the occasion of a change in franchise chain packages, the Company changed the prices of items in stock at the beginning of the fiscal term ending March 31, 2025 owned by franchise stores to the level after the wholesale price reduction. As a result, net sales for the consolidated fiscal term under review decreased by 1.4% year on year to ¥172,113 million. Gross profit decreased by 6.0% year on year, to ¥56,120 million. Selling, general, and administrative expenses increased by 2.4% year on year, to ¥39,398 million, reflecting an increase in depreciation due to the operation of the new store system. As a result, segment profit decreased by 21.3% year on year, to ¥16,721 million.

Domestic AUTOBACS chain (including stores of franchisee corporations) net sales for all store formats during the consolidated fiscal term under review decreased by 0.2% on a same store basis and remained at the same level on a total store basis compared to the previous fiscal term.

AUTOBACS chain store net sales year on year on a same store basis (month by month)

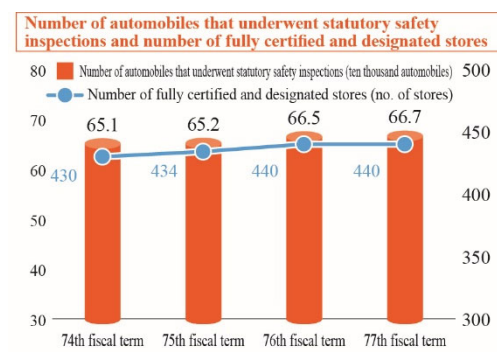
Net sales on a same store basis -0.2% year on year Number of customers -2.6% year on year



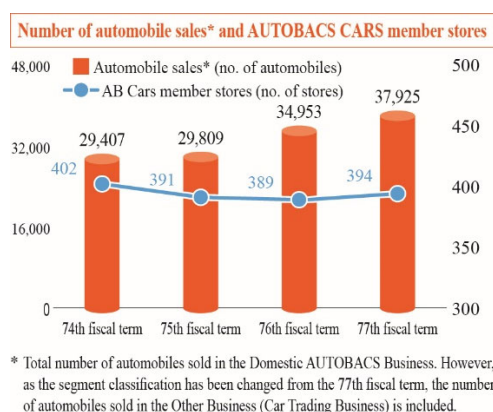
In the domestic AUTOBACS chain, engine oil and batteries performed strongly due to maintenance demand for existing owned cars. Sales from services associated with these items also remained strong. Tire sales saw a decline from a year earlier, which is attributable to the sluggish sales of snow tires due to the mild winter weather, despite growth in sales of low-priced items such as private brand tires.

As for private brands, the Company has been focusing on developing and selling valuable items that meet various customer needs, such as “AQ. (AUTOBACS Quality.),” and “GORDON MILLER,” a brand that proposes an exciting garage lifestyle. The Company is also selling and planning further items that commemorate the 50th anniversary of its foundation, including sales of commemorative items with specially increased quantities.

The Company gradually expanded its statutory safety inspection and maintenance services, integrating new features into its official app. In addition to allowing users to book work at service pits, the app informs them about the work history of major maintenance items and the timing of parts replacement. Service pit bookings via the Company's website became increasingly popular. The number of bookings via the official app increased by 24.3% year on year. The number of automobiles that underwent the statutory safety inspection increased by 0.3% year on year to approximately 667,000 vehicles, due to the efforts for improving the repeat rate for customers who have had their statutory safety inspection done at our stores, although the number of vehicles subject to statutory safety inspections began to decrease from the third quarter.



With regard to automobile purchase and sales, sales were brisk against the backdrop of a higher purchase volume of used cars. As a result, the total number of automobiles sold by the Group amounted to 37,925 cars and the number of automobiles sold in the Domestic AUTOBACS Business increased by 10.5% year on year to 31,466 cars.



Regarding store openings and closings in Japan, 3 stores opened and 1 store closed (excluding openings and closings in line with scrap & build and relocation), making the total number of domestic stores 590 as of March 31, 2024.

Store openings and closings in Japan

(Unit: stores)

	No. of stores as of March 31, 2023	Opened	Closed	No. of stores as of March 31, 2024
AUTOBACS	496	3	—	499
Super AUTOBACS	74	—	—	74
AUTOBACS Secohan Ichiba	4	—	1	3
AUTOBACS EXPRESS	11	—	—	11
AUTOBACS CARS	3	—	—	3
Total	588	3	1	590

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

■ Overseas Business

The Overseas Business achieved positive profitability, with net sales of ¥15,375 million, having increased by 13.6% year on year, and segment profit of ¥101 million (segment loss of ¥207 million in the previous fiscal term).

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

In France, sales increased due to optimization of price and sales activities, despite the decrease in the demand for seasonal summer items due to the cool summer weather and rainfall. While labor expenses increased due to a rise in the legal minimum wage, the Company has taken measures to improve profitability including closing unprofitable stores. In Singapore, business at service pits was brisk because of the capture of demand for maintenance parts for existing vehicles due to the price increase of certificate of entitlement (COE). In Malaysia and Australia, sales decreased due to a decline in consumer appetite against the backdrop of inflation and a sharp rise in interest rates. In China, operating profit and loss improved due to an increase in exports to Japan.

Regarding store openings and closings overseas, 37 stores opened and 6 stores closed, making the total number of overseas stores 109 from 78 as of March 31, 2023.

Number of stores overseas (as of March 31, 2024)

(Unit: stores)

Taiwan	Singapore	Thailand	France	Malaysia	Philippines	Total
6	2	82	8	5	6	109

■ Car Dealership, BtoB and Online Alliance Business

Net sales of the Car Dealership, BtoB and Online Alliance Business decreased by 10.0% year on year to ¥44,260 million and segment loss was ¥49 million (segment profit of ¥281 million in the previous fiscal term).

In the Car Dealership Business, sales fell due to the transfer of two subsidiaries acting as authorized BMW/MINI dealers in September 2023, despite the brisk sales of a subsidiary that is an authorized Audi dealer. Another subsidiary that is an authorized BYD Auto Japan dealer newly opened BYD AUTO Utsunomiya and BYD AUTO Nerima. With a view toward fully supporting customers' lifestyles with electric vehicles (EVs), it also started dealing in used EVs in addition to new BYD cars and offering installation services for EV chargers, storage batteries and solar panels.

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. Further, against the backdrop of solid demand for vehicle maintenance, a subsidiary engaged in the wholesale of engine oil and other items, performed well. The on-site installation service, including the installation of dashboard cameras and car navigation devices, also performed solidly. The on-site installation service of the anti-left-behind device for buses transporting children, which started in September 2023, has been used not only for vehicles transporting children to and from kindergartens, but also for vehicles transporting care recipients and other vehicles. In addition, the Company is promoting collaboration with Nissan Motor Co., Ltd. It developed and sold specific items for Nissan car models.

In the Online Alliance Business, sales expanded, chiefly by increasing the amount of goods handled on the e-commerce site. The Company is continuing logistics reforms and the integration of online and physical stores. It aims to approach potential customers on the MOBILA comprehensive website that offers information services and content necessary for car lifestyles and guide customers from this website to AUTOBACS stores. In addition, the Company launched FLEETGUIDE, a cloud-based company vehicle management system equipped with the ALC Cloud portable breath analyzer.

■ Other Business

Net sales of the Other Business decreased by 2.7% year on year to ¥18,073 million and segment loss was ¥659 million (segment loss of ¥1,066 million in 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 ¥849 million from the end of the previous fiscal term to ¥112,191 million due mainly to an increase in cash and deposits despite decreases in accounts receivable - trade, merchandise, and accounts receivable - other.

Property, plant and equipment and intangible assets

Property, plant and equipment increased by ¥1,494 million from the end of the previous fiscal term to ¥48,252 million due mainly to an increase in buildings and structures for new store openings and remodeling.

Intangible assets decreased by ¥1,628 million from the end of the previous fiscal term to ¥7,763 million.

Investments and other assets

Investments and other assets decreased by ¥94 million from the end of the previous fiscal term to ¥26,741 million.

Current liabilities

Current liabilities rose by ¥78 million from the end of the previous fiscal term to ¥48,984 million.

Non-current liabilities

Non-current liabilities decreased by ¥1,646 million from the end of the previous fiscal term to ¥16,812 million.

This was mainly attributable to a decrease in long-term loans payable because of repayment of borrowings from banks.

Total net assets

Total net assets increased by ¥2,189 million from the end of the previous fiscal term to ¥129,152 million. This was due primarily to an increase in profit attributable to owners of parent despite a decrease in retained earnings due to dividend payment.

Total assets/total liabilities and net assets

Total assets and total liabilities and net assets rose by ¥621 million from the end of the previous fiscal term to ¥194,948 million.

(4) Status of Capital Investment

During the consolidated fiscal term under review, the Group conducted capital investment in a total amount of ¥9,149 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 information infrastructure.

(Unit: million yen)

Segment	Amount
Domestic AUTOBACS Business	6,378
Overseas Business	143
Car Dealership, BtoB and Online Alliance Business	1,505
Other Business	434
Company-wide (common)	688
Total	9,149

(5) Status of Fund Procurement

During the consolidated fiscal term under review, the Group procured the funds for business operations as the entire AUTOBACS Group. The main reason for the decrease in the balance of short-term loans payable and long-term loans payable at the end of the consolidated fiscal term under review of ¥2,513 million was contractual repayment and refinancing of intra-group loans.

(6) The Group's Major Business Line (as of March 31, 2024)

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. 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 electric vehicles and services mainly to domestic general consumers. Wholesaling of automotive goods, etc. to domestic hardware stores, wholesaling and sale to corporate customers outside the AUTOBACS Group, 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 items relating to lifestyle brands that propose a unique car-oriented worldview, Internet and real store development, real-estate-related development business, and purchase and sale of vehicles, etc.

(7) Major Business Locations of the Group (as of March 31, 2024)

Headquarters	Koto-ku, Tokyo	
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

Company name	Capital	The Company's investment ratio	Line of business
AUTOBACS Higashi-Nihon 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
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
BACS Advance Co., Ltd.	¥30 million	(100.0%)	Imported car sales
AUTOBACS Financial Service Co., Ltd.	¥15 million	100.0%	Leasing business

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

(9) Key Affiliate Companies

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, 2024)**The Group's employment status**

(Unit: No. of people)

Segment	No. of employees in 76th fiscal term		No. of employees in 77th fiscal term		Increase/decrease from the previous consolidated fiscal term
Domestic AUTOBACS Business	2,698	(739)	2,700	(741)	2 (2)
Overseas Business	571	(18)	564	(17)	-7 (-1)
Car Dealership, BtoB and Online Alliance Business	657	(17)	484	(11)	-173 (-6)
Other Business	298	(21)	310	(44)	12 (23)
Total reportable segments	4,224	(795)	4,058	(813)	-166 (18)
Company-wide (common)	253	(27)	327	(2)	74 (-25)
Total	4,477	(822)	4,385	(815)	-92 (-7)

- (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.
 4. The number of employees in the 76th fiscal term is presented according to the segment classification for the 77th fiscal term.

(11) Major Lenders and Loan Amount (as of March 31, 2024)

(Unit: million yen)

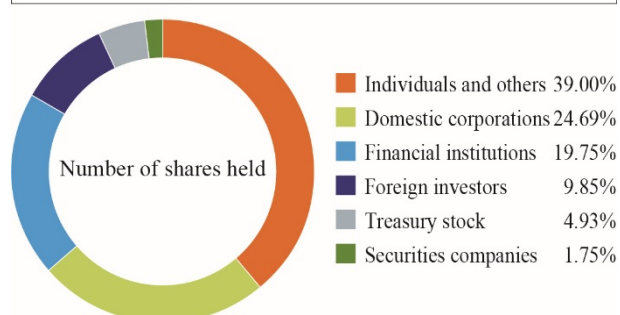
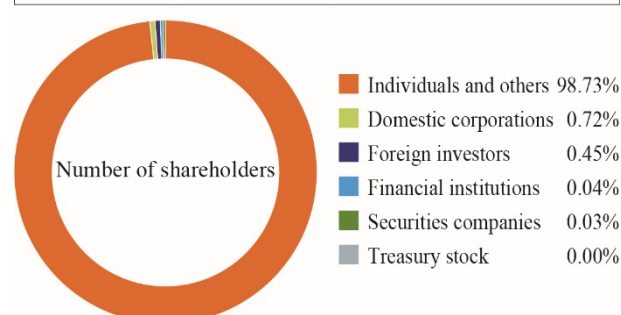
Lenders	Balance of loans
MUFG Bank, Ltd.	3,000
Sumitomo Mitsui Banking Corporation	1,500
Sumitomo Mitsui Trust Bank, Limited	1,000

(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, 2024)**

- (i) Total number of authorized shares: 328,206,900 shares
(ii) Total number of shares issued: 82,050,105 shares (including 4,046,371 treasury stock)
(iii) Number of shareholders: 69,493

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)	8,496	10.89
Sumino Holdings, Ltd.	4,243	5.43
The Yuumi Memorial Foundation for Home Health Care	3,990	5.11
Custody Bank of Japan, Ltd. (Trust Account)	3,532	4.52
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	1.99
Hiroshi Sumino	1,384	1.77
STATE STREET BANK WEST CLIENT-TREATY 505234	1,150	1.47
Live Field Co., Ltd.	1,000	1.28

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

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

	Type and number of shares	Number of persons to whom shares were issued
Directors (excluding outside directors and directors who are audit and supervisory committee members)	10,800 shares	4

(Note) Details of the Company's stock compensation are described in "2. (2) (iv) Remuneration, etc. paid to directors."

(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		4,060,066 ... (i)
Acquired shares	Acquisition through purchase of shares constituting less than one unit	575 ... (ii) (Aggregate acquisition value: ¥905 thousand)
Disposed shares	Disposal through sale of shares constituting less than one unit	70 ... (iii) (Aggregate disposal value: ¥105 thousand)
	Disposal of treasury stock as remuneration for granting restricted stock	14,200 ... (iv) (Aggregate disposal value: ¥24,239 thousand)
Treasury stock held at the end of the current fiscal term		4,046,371 (i)+(ii)−(iii)−(iv)

(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
Senior Managing Director	Eiichi Kumakura	Executive General Manager, Wholesaling Business	—
Senior Managing Director	Shinichi Fujiwara	Executive General Manager, Sales Operations & Eastern Japan Sales Operations	—
Director (Outside)	Minesaburo Miyake	Fuji Pharma Co., Ltd. KAMEDA SEIKA CO., LTD. FOOD & LIFE COMPANIES LTD.	Outside Director Outside Director External Director
Director (Outside)	Takayoshi Mimura	Mitsui Chemicals, Inc. Nitterra Co., Ltd. JAPAN-CHINA MEDICAL COMMUNICATION CENTER	Outside Director Outside Director Director
Director (Full-time Audit and Supervisory Committee Member)	Tomoaki Ikeda	—	—
Director (Full-time Audit and Supervisory Committee Member) (Outside)	Masami Koizumi	—	—
Director (Audit and Supervisory Committee Member) (Outside)	Ayako Kanamaru	OH-EBASHI LPC & PARTNERS CDG Co., Ltd. MEDIA DO Co., Ltd.	Partners Outside Auditor Outside Director

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

Directors

Mr. Minesaburo Miyake, who was previously director (audit and supervisory committee member), was elected as director, Mr. Tomoaki Ikeda, who was previously director, was elected as director (full-time audit and supervisory committee member), and Ms. Ayako Kanamaru was newly elected as director (audit and supervisory committee member) at the 76th ordinary general meeting of shareholders held on June 23, 2023 and assumed office.

Ms. Yoshiko Takayama and Mr. Kozo Sumino retired from the office of director and the office of director (full-time audit and supervisory committee member), respectively, at the conclusion of the 76th ordinary general meeting of shareholders held on June 23, 2023 due to the expiration of their terms of office.

- Four (4) directors, Mr. Minesaburo Miyake, Mr. Takayoshi Mimura, Mr. Masami Koizumi and Ms. Ayako Kanamaru, 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 Mr. Minesaburo Miyake, Mr. Takayoshi Mimura, Mr. Masami Koizumi and Ms. Ayako Kanamaru, 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. Director (full-time audit and supervisory committee member) Mr. Tomoaki Ikeda has many years of extensive experience in finance and accounting at a business corporation, and furthermore, he served as a director who is not an audit and supervisory committee member of

the Company and was engaged in finance & accounting as a general manager 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.

(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	17 times	17 times	—	—
Kiomi Kobayashi	Director	17 times	17 times	—	—
Eiichi Kumakura	Director	17 times	17 times	—	—
Shinichi Fujiwara	Director	17 times	17 times	—	—
Minesaburo Miyake *	Director	17 times	17 times	4 times	4 times
Takayoshi Mimura *	Director	17 times	17 times	—	—
Tomoaki Ikeda	Director (Audit and Supervisory Committee Member)	17 times	17 times	11 times	11 times
Masami Koizumi *	Director (Audit and Supervisory Committee Member)	17 times	17 times	15 times	15 times
Ayako Kanamaru *	Director (Audit and Supervisory Committee Member)	14 times	14 times	11 times	11 times

- (Notes)
1. Outside directors are indicated by an asterisk (*) to the right of the name.
 2. Mr. Minesaburo Miyake, who was previously director (audit and supervisory committee member), assumed office as director, and Mr. Tomoaki Ikeda, who was previously director, assumed office as director (full-time audit and supervisory committee member), on June 23, 2023, and therefore, their attendance at Board of Directors' meetings is stated for the meetings held in the full year from April 1, 2023 to March 31, 2024.
 3. Ms. Yoshiko Takayama and Mr. Kozo Sumino retired from the office of director and the office of director (full-time audit and supervisory committee member), respectively, at the conclusion of the 76th ordinary general meeting of shareholders held on June 23, 2023 due to the expiration of their terms of office.
 4. Director (audit and supervisory committee member) Ayako Kanamaru assumed office on June 23, 2023, and therefore, the meetings held on or before June 22 are excluded from the meetings to be attended for her.

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

The Company has appointed Mr. Tomoaki Ikeda 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), general managers, 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

1. Directors not concurrently serving as general managers (excluding outside directors and directors who are audit and supervisory committee members)

Remuneration for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) who do not concurrently serve as general managers consists of monetary remuneration and stock remuneration both as fixed remuneration. The ratio of monetary remuneration to stock remuneration in fixed remuneration is 2 to 1 for the representative director and 7 to 3 for directors. For outside directors and directors who are audit and supervisory committee members, monetary remuneration as fixed remuneration set for each role is paid.

i. Fixed remuneration (monetary remuneration)

Determined based on the basic remuneration as a director and the remuneration for other delegated duties set according to individual roles.

ii. Fixed remuneration (stock remuneration)

Restricted stock issued in advance at a face value set according to each individual role, with the aim of improving medium- to long-term performance and corporate value and further sharing value with shareholders.

2. Directors concurrently serving as general managers (excluding outside directors and directors who are audit and supervisory committee members)

Remuneration for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) who concurrently serve as general managers consists of the above-mentioned fixed remuneration (monetary remuneration) and fixed remuneration (stock remuneration) for directors not concurrently serving as general managers, as well as fixed remuneration (monetary remuneration), variable remuneration (monetary remuneration), and variable remuneration (stock remuneration) for general managers.

The percentages set for fixed remuneration (monetary remuneration), variable remuneration (monetary remuneration), and stock remuneration (fixed and variable remuneration) for the Company's directors who concurrently serve as general managers are roughly 48%, 46%, and 6%, respectively, in the case of Representative Director & Chief Executive Officer. The percentage of variable remuneration will become higher in proportion to the ranks of general managers.

Described below is the composition of remuneration for the Company's general managers.

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 eligible executive directors. The amount varies between 0 and 200% of the performance based remuneration standard depending on the degree of achievement of the following targets: financial performance figures such as ordinary profit targets for all businesses and each area of responsibility, and an individual assignment based on a strategic target including a medium- to long-term perspective, which cannot be measured by financial performance figures alone.

iii. Variable remuneration (stock remuneration)

To improve performance and corporate value over the medium and long term and better share value with shareholders, restricted stock (performance-based stock remuneration) is issued in advance linked with the achievement of single-year performance targets in the amount specified according to individuals' roles.

d. Process of determining remuneration

- i. Remuneration for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) is determined at the Board of Directors' meeting, within the limit of the amount of remuneration resolved in advance at a general meeting of shareholders, along with the remuneration system that ensures objectivity and transparency through consultation with the Corporate Governance Committee.
- ii. Remuneration for the Company's directors who concurrently serve as general managers is determined by the chief executive officer, based on the general managers' remuneration system determined at the Board of Directors' meeting after 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 determined 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

members in the fiscal term under review							
	Fixed remuneration		Variable remuneration				Total amount of remuneration, etc. (million yen)
Classification	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	157	—	—	4	16	174
Directors who are not audit and supervisory committee members (outside directors)	3	24	—	—	—	—	24
Total of directors who are not audit and supervisory committee members	8	181	—	—	4	16	198
Directors who are audit and supervisory committee members (excluding outside directors)	2	25	—	—	—	—	25
Directors who are audit and supervisory committee members (outside directors)	3	36	—	—	—	—	36
Total of directors who are audit and supervisory committee members	5	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 directors who are 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 outside directors and directors who are audit and supervisory committee members) 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 February 2025. From among the director candidates to be proposed in the Agenda Item of the election of directors at the 77th ordinary general meeting of shareholders, the candidates for re-nomination and Mr. Masahiro Nishikawa, who is a new candidate, are already insured under the insurance agreement and are to remain insured after their election. Meanwhile, Mr. Yosuke Matsuda, a new candidate, is to be insured after his 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, general managers, and officers of the Company and its subsidiaries, as well as directors and general managers who are dispatched from the Company to companies other than the subsidiaries of the Company (franchisees and other associated companies).

(vii) Matters concerning outside directors

a. Major activities during the fiscal term under review

Classification	Name	Activities
Directors	Minesaburo Miyake	Fulfilled a supervisory function over the Company's management by giving proactive advice on business execution 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.
	Takayoshi Mimura	Fulfilled a supervisory function over the Company's management by giving proactive advice on business execution 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.
	Ayako Kanamaru	Based on her legal expertise as an attorney-at-law, engaged in corporate legal affairs as an outside auditor and outside director at other companies and also familiar with companies' business operations. Although she has never been directly involved in corporate management other than by serving as an outside officer, her participation in the Company's management has enhanced the knowledge of law of the Board of Directors. Contributed 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, by taking part in the Company's management from the standpoint of a director who is an audit and supervisory committee member.

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

(Notes) 1. 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.

2. Statutory audit of AUTOBACS FRANCE S.A.S., an important subsidiary of the Company, is performed by an audit firm other than the independent auditor engaged in audit of the Company.

(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>

Ensuring the safety of our communities while driving 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 audit and supervisory committee members: ensuring of effectiveness of the activities of Audit and Supervisory Committee, enhancement of the audit function
- d. Appointment of general managers: strengthening of business portfolio management
- e. Regular meetings with general managers, etc. by audit and supervisory committee members: enhancement and reinforcement of monitoring

Management and Business Execution

1) Board of Directors

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.

Operation of the Board of Directors

The Board of Directors is chaired by the Chairman of the Board and is composed of nine (9) 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.

Composition of the Board of Directors

- With an emphasis on having a good balance of knowledge, experience, and skill,* the Board of Directors consists of internal directors well-versed in the Company’s business, and outside directors with diverse backgrounds, including one female director.
- Board composition is decided following the careful consideration of diversity and appropriate scale, including gender, internationality, career history, and age.

* The Group believes that insight and experience in the fields such as “management experience,” “capital cost management,” “financial strategy,” “portfolio management,” and “organization, human resources strategy,” are important to the Group’s efforts to ensure the safety of our communities while driving and enriching customers’ lives by responding to the ever-changing environment and providing new value unbounded by the existing businesses.

Major items deliberated by and reported to the Board of Directors

- Short-term and medium- to long-term business strategy formulation and progress
- Post-investment monitoring
- Significant investments and loans
- Report on sustainability-related actions
- Reporting on the status of internal control
- Evaluation of the effectiveness of the Board of Directors

Initiatives for medium- to long-term growth

The Board of Directors determines the single-year budget and the Medium-term Business Plan (Five-year Rolling Plan), and in principle, conducts rolling review of the Medium-term Business Plan once per fiscal year (updating at the end of each fiscal year and review of its contents). In addition, the Board of Directors regularly analyzes the causes of discrepancies between the single-year budget and actual results, and the results of analysis are disclosed and explained to stakeholders, including shareholders, through announcements of financial results, etc.

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, management succession planning
- c. Election of general managers *only when assigning a person invited from outside the Group as a general manager
- d. Remuneration system for directors (excluding directors who are audit and supervisory committee members) and general managers
- 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 a general manager in charge of internal control functions. Moreover, outside directors and directors who are audit and supervisory committee members participate in the Risk Management Committee as observers.

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 of Directors 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) General Managers Committee

The General Managers Committee is chaired by the chief executive officer and is composed of general managers, etc. 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 General Managers 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 General Managers 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 general managers.

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. Tomoaki Ikeda and Mr. Masami Koizumi (outside director). Brief details on their career histories in finance and accounting are as follows:

Mr. Tomoaki Ikeda: he has many years of extensive experience in finance and accounting at business corporations. Furthermore, he served as a director who is not an audit and supervisory committee member of the Company and was engaged in finance & accounting as a general manager 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. Tomoaki Ikeda 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 six (6) 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.

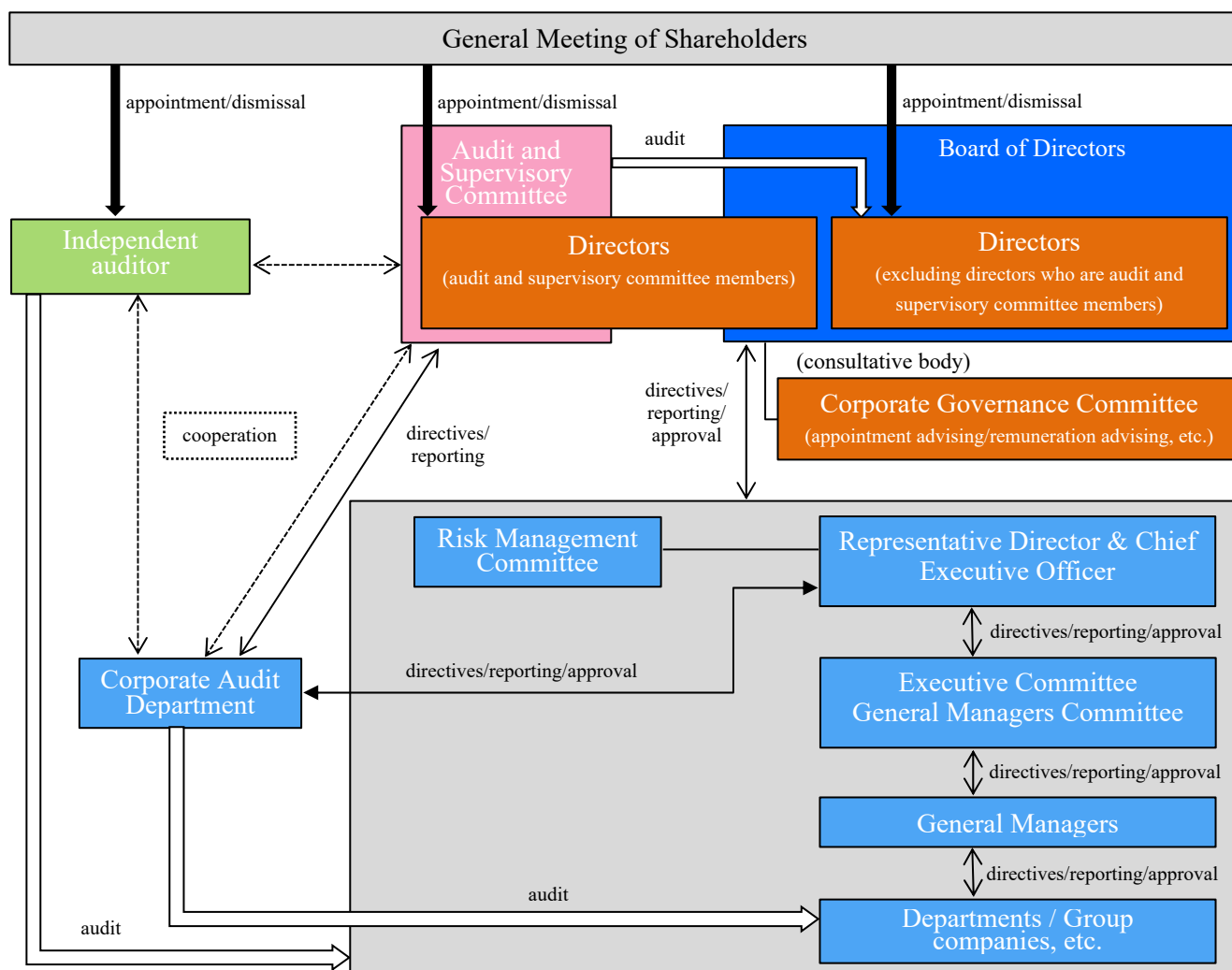
3) Accounting audits

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, 2024 is indicated below.

As of April 1, 2024



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	Elected in accordance with provisions prescribed by the Board of Directors	●	●	●	●	—
Audit and Supervisory Committee	Once a month in principle	Elected from among audit and supervisory committee members 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 only)	●	—	●	—
Executive Committee	Once a month in principle	Chairman of the Board of Directors	●	●	●	●	—
General Managers Committee	Once a month in principle	Chief Executive Officer	○	○	○	○	●
Risk Management Committee	Once a year in principle	Representative Director & Chief Executive Officer	●	○	○	○	● (in charge of internal control)
●: 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.

In the previous fiscal term (fiscal 2022), for the purpose of objective evaluation of effectiveness of the Board of Directors of the Company, 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. Regarding the issues identified, based on discussions at the Board of Directors meeting, we promoted initiatives to address them as priority issues for fiscal 2023.

1) Method of Evaluation

For evaluation of effectiveness for the fiscal term under review (fiscal 2023), all directors delivered their answers to questions about "overall evaluation of the Board of Directors," "operation of the Board of Directors," "structure of the Board of Directors," "agenda items at Board of Directors meetings," "discussion and decision-making process of the Board of Directors," "support system for outside directors," "Audit and Supervisory Committee," "Corporate Governance Committee," "relationship with investors and shareholders" and "response to issues brought up in the evaluation conducted in the fiscal term ended March 31, 2023" in a multiple-choice manner and in writing. Moreover, we continued to conduct the "gap analysis on the degree of importance of agenda items of Board of Directors meetings and the amount of discussion," which was newly introduced in the effectiveness evaluation for fiscal 2022, as a reference material for future discussion topics of the Board of Directors meetings. 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. In particular, evaluation of the operation of the Board of Directors improved, and the support system for outside directors and the operation of the Audit and Supervisory Committee and the Corporate Governance Committee received high evaluation, continuing from last year.

On the other hand, it was confirmed that there is room for improvement with regard to the further enhancement of discussions on medium- to long-term strategies and discussions and initiatives on internal control and compliance risks. Regarding the above-mentioned issues, as a result of the discussion by the Board of Directors, it was decided to implement the following measures.

First, regarding further enhancement of discussions on medium- to long-term strategies, it was decided to discuss various strategic issues, including brand strategy, business portfolio, and the ideal state of the AUTOBACS business, in order to realize the medium- to long-term strategies. It was also decided to continue to provide opportunities for communication with the members involved in consideration of the Medium-term Business Plan.

Regarding discussions and initiatives concerning internal control and compliance risks, it was decided to confirm the results of the compliance awareness survey, the subsidiary management system, the status of establishment of regulations, etc., and to discuss the improvement of group governance, including training and management of employees of companies that have become subsidiaries.

By implementing the above measures based on the results of the effectiveness evaluation, the Company intends to 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 ensure steady return of profits to shareholders by increasing Company earnings.

As for the distribution of profits, the Company has made 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 for the fiscal term ended March 31, 2024, the Company will pay a commemorative dividend of ¥10 per share for the 50th anniversary of AUTOBACS, in addition to an ordinary dividend of ¥30 per share as originally planned. As a result, total annual dividends for the fiscal term ended March 31, 2024 will be ¥70 per share, consisting of an interim dividend of ¥30 (ordinary dividend of ¥30) and a year-end dividend of ¥40 (ordinary dividend of ¥30 + commemorative dividend of ¥10). The cumulative total shareholder return ratio will be 93.9% for five years from the fiscal term ended March 31, 2020.

For the three-year planning period of the 2024 Medium-term Business Plan “Accelerating Towards Excellence” starting from the fiscal term ending March 31, 2025, the Company’s basic policy is to pay a stable annual dividend of ¥60 per share in principle, according priority to investment in growth opportunities to achieve the long-term vision “Beyond AUTOBACS Vision 2032.”

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 77th ordinary general meeting of shareholders.

	75th fiscal term April 1, 2021 to March 31, 2022	76th fiscal term April 1, 2022 to March 31, 2023	77th fiscal term April 1, 2023 to March 31, 2024
Dividend per share (annual)	¥60	¥60	¥70
Total amount of dividends (annual)	¥4,678 million	¥4,679 million	¥5,460 million
Consolidated dividend payout ratio	67.3%	64.6%	85.9%
Value of treasury stock acquired	¥2,999 million	—	—
Return to shareholders ratio	109.5%	64.6%	85.9%

Consolidated Balance Sheet (as of March 31, 2024)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	112,191	Current liabilities	48,984
Cash and deposits	31,297	Notes and accounts payable - trade	22,050
Notes receivable - trade	539	Short-term loans payable	11
Accounts receivable - trade	21,843	Lease obligations	740
Lease investment assets	3,882	Accounts payable - other	15,200
Merchandise	22,635	Income taxes payable	2,109
Short-term loans receivable	100	Contract liabilities	891
Accounts receivable - other	26,047	Other	7,979
Other	5,876		
Allowance for doubtful accounts	(31)	Non-current liabilities	16,812
Non-current assets	82,757	Long-term loans payable	6,023
Property, plant and equipment	48,252	Lease obligations	2,545
Buildings and structures	14,157	Deferred tax liabilities	225
Machinery, equipment and vehicles	2,950	Provision for retirement benefit for directors (and other officers)	7
Tools, furniture and fixtures	2,598	Retirement benefit liability	256
Land	24,576	Asset retirement obligations	2,691
Leased assets	630	Other	5,062
Right-of-use assets	1,784		
Construction in progress	1,555	Total Liabilities	65,796
Intangible assets	7,763	(Net Assets)	
Goodwill	1,080	Shareholders' equity	124,917
Software	5,217	Capital stock	33,998
Other	1,465	Capital surplus	34,218
Investments and other assets	26,741	Retained earnings	63,670
Investment securities	9,065	Treasury shares	(6,970)
Long-term loans receivable	49	Accumulated other comprehensive income	3,928
Deferred tax assets	5,008	Valuation difference on available-for-sale securities	2,124
Guarantee deposits	11,638	Foreign currency translation adjustment	1,803
Other	993		
Allowance for doubtful accounts	(13)	Non-controlling interests	307
		Total Net Assets	129,152
Total Assets	194,948	Total Liabilities and Net Assets	194,948

Consolidated Statement of Income (April 1, 2023-March 31, 2024)

(Unit: million yen)

Account Item	Amount	
Net sales		229,856
Cost of sales		154,432
Gross profit		75,424
Selling, general and administrative expenses		67,414
Operating profit		8,010
Non-operating income		
Interest income	92	
Dividend income	119	
Share of profit of entities accounted for using equity method	99	
Commission income	64	
Lease revenue - system equipment	696	
Other	999	2,070
Non-operating expenses		
Interest expenses	91	
Lease cost - system equipment	1,350	
Loss on retirement of non-current assets	50	
Other	495	1,987
Ordinary profit		8,093
Extraordinary income		
Gain on sale of businesses	3,971	3,971
Extraordinary losses		
Impairment loss	534	
Loss on valuation of investment securities	351	
Extra payments for early retirements	188	
Loss on arrangement of stores	708	1,781
Profit before income taxes		10,283
Income taxes - current	4,314	
Income taxes - deferred	(399)	3,915
Profit		6,368
Profit attributable to non-controlling interests		13
Profit attributable to owners of parent		6,355

Summary Consolidated Statement of Cash Flows (April 1, 2023-March 31, 2024) (Reference)

(Unit: million yen)

Items	Amount
Net cash provided by (used in) operating activities	14,431
Net cash provided by (used in) investing activities	(449)
Net cash provided by (used in) financing activities	(7,413)
Effect of exchange rate change on cash and cash equivalents	206
Net increase (decrease) in cash and cash equivalents	6,775
Cash and cash equivalents at beginning of period	24,503
Cash and cash equivalents at end of period	31,278

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

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

Status of cash flow

Cash and cash equivalents at end of the fiscal term under review increased by ¥6,775 million from the end of the previous fiscal term to ¥31,278 million.

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

Cash flows from operating activities

Net cash provided by operating activities was ¥14,431 million (net cash provided by operating activities of ¥10,687 million in the previous fiscal term). The main component of cash inflow was proceeds from operating transactions adjusted with non-cash profit and loss items, etc. of ¥19,303 million against income before income taxes of ¥10,283 million, while the main component of cash outflow was income taxes paid amounting to ¥5,000 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥449 million (net cash used in investing activities of ¥7,652 million in the previous fiscal term). Main components of cash inflow were proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation amounting to ¥5,098 million and proceeds from collection of loans receivable amounting to ¥3,896 million and main component of cash outflow was purchase of property, plant and equipment and intangible assets amounting to ¥9,149 million.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥7,413 million (net cash used in financing activities of ¥3,495 million in the previous fiscal term). Main components of cash outflow were dividends paid of ¥4,681 million, and repayments of long-term borrowings amounting to ¥1,958 million.

Non-Consolidated Balance Sheet (as of March 31, 2024)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	75,087	Current liabilities	39,103
Cash and deposits	24,770	Accounts payable - trade	18,969
Accounts receivable - trade	12,188	Lease obligations	97
Lease investment assets	6,086	Accounts payable - other	3,589
Merchandise	8,253	Accrued expenses	925
Prepaid expenses	1,551	Income taxes payable	865
Short-term loans receivable	7,737	Contract liabilities	792
Accounts receivable - other	10,257	Deposits received	11,985
Other	4,242	Unearned revenue	419
		Other	1,458
Non-current assets	88,096		
Property, plant and equipment	35,046	Non-current liabilities	13,095
Buildings	6,752	Long-term loans payable	6,000
Structures	757	Lease obligations	727
Machinery and equipment	1,578	Long-term guarantee deposited	5,194
Vehicles	425	Asset retirement obligations	1,169
Tools, furniture and fixtures	900	Other	3
Land	23,264		
Construction in progress	1,368	Total Liabilities	52,199
		(Net Assets)	
Intangible assets	5,458	Shareholders' equity	108,872
Leasehold right	621	Capital stock	33,998
Software	4,828	Capital surplus	34,278
Other	8	Legal capital surplus	34,278
		Retained earnings	47,501
Investments and other assets	47,591	Legal retained earnings	1,296
Investment securities	5,219	Other retained earnings	46,204
Shares of subsidiaries and associates	18,440	Reserve for business expansion	665
Long-term loans receivable from subsidiaries and associates	9,269	Reserve for reduction entry of assets	796
Long-term prepaid expenses	427	General reserves	36,350
Deferred tax assets	3,446	Retained earnings brought forward	8,392
Guarantee deposits	11,044	Treasury shares	(6,905)
Other	195		
Allowance for doubtful accounts	(452)	Valuation and translation adjustments	2,111
		Valuation difference on available-for-sale securities	2,111
		Total Net Assets	110,983
Total Assets	163,183	Total Liabilities and Net Assets	163,183

Non-Consolidated Statement of Income (April 1, 2023-March 31, 2024)

(Unit: million yen)

Account Item	Amount	
Net sales		155,489
Cost of sales		122,083
Gross profit		33,406
Selling, general and administrative expenses		29,468
Operating profit		3,937
Non-operating income		
Interest income	191	
Dividend income	1,615	
Commission income	29	
Lease revenue - system equipment	1,090	
Other	616	3,543
Non-operating expenses		
Interest expenses	25	
Provision of allowance for doubtful accounts	438	
Lease cost - system equipment	2,004	
Other	287	2,756
Ordinary profit		4,724
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	1,599	
Loss on valuation of investment securities	351	
Loss on sale of shares of subsidiaries and associates	217	
Extra payments for early retirements	188	2,355
Profit before income taxes		2,368
Income taxes – current	2,141	
Income taxes – deferred	(929)	1,212
Profit		1,156