

AUTOBACS SEVEN  
**INTEGRATED REPORT**

**2020**

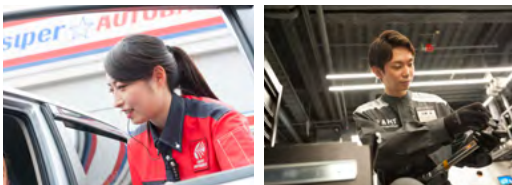
# Profile

AUTOBACS SEVEN operates the AUTOBACS retail chain, Japan's largest scale specialty retailer of goods and services for cars, and is the one-stop solution to customers' needs for everything about their car lifestyles from the purchase of cars and their goods, to daily maintenance, statutory safety inspections and maintenance, and car replacement. Buoyed by customer support over many years for its brand message "Anything about cars, you find at AUTOBACS," we maintain the biggest share of the domestic automotive goods market. We are also pursuing global expansion and new businesses, such as car dealers, BtoB, and the Internet business, by leveraging the know-how and human resources acquired through our domestic AUTOBACS business.

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### Our Goal

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#### Cautionary Note Regarding Forward-Looking Statements

Portions of this report that are not based on historical facts — areas addressing strategy, future business developments, and other topics regarding the future — reflect information available at the time this report was prepared and management's judgment.

#### Explanation of Names

Within this report, "AUTOBACS SEVEN Co., Ltd.," "AUTOBACS SEVEN" and "the Company" refer to the non-consolidated entity, while "the Company Group" refers to the consolidated entity. "AUTOBACS" is a brand name, but also refers to individual retail stores and the entire retail chain of the AUTOBACS SEVEN Group. The terms "Chain" and "AUTOBACS chain" refer to the entire franchise chain that operates AUTOBACS stores.

# Philosophy

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

# Mission

We constantly create a new car lifestyle culture

## Value Creation Strategy

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## Foundation of Value Creation

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# Vision

## Becoming a 100-year Company

Over more than 45 years, in parallel with advances in the motorization of Japan, AUTOBACS SEVEN has provided customers with the best solutions for their car lifestyles and contributed to increasing the enjoyment and convenience of living with cars. The AUTOBACS Group aims to become a “100-year company” that is indispensable to society by continuing to address issues facing society, automobiles, and people’s lives and creating a rich and healthy automotive society, in order to help resolve social issues stemming from cars.

## 2050 Creating Our Future Together

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

**Our energy comes from our customers.**

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



### **We constantly create a new car lifestyle culture**

Recent times have seen major transformations in society and people’s lives, in addition to cars, against the backdrop of changes in the global environment, increasingly complex social issues, technological innovations, and diversification of people’s values.

In particular, the spread of COVID-19 has changed what is considered “normal” around the world.

Cars are an important part of the infrastructure supporting our daily lives, so we are committed to providing the best possible services to protect the safety and security of our customers. To this end, the COVID-19 pandemic provided a valuable opportunity to rethink our raison d’être, which is to continue operating our business while giving full attention to the pandemic and thus contribute to local communities and society.

To face these environmental changes and turn them into new growth opportunities, we established the “2050 Creating Our Future Together” vision as part of our mission—“We constantly create a new car lifestyle culture.” We aim to deepen relationships of trust with all of our stakeholders, while continuing to create new value in our quest to become a “100-year company” that is always sought after by society.

AUTOBACS SEVEN is a company that fosters a culture of car enjoyment and is a professional in the car industry. In these roles, we will continue leveraging our knowledge, technological capabilities, and know-how, accumulated over 70 years since our foundation, to offer superior-quality products and services tailored to the lifestyles and life stages of customers, and thus deliver sustainable growth.

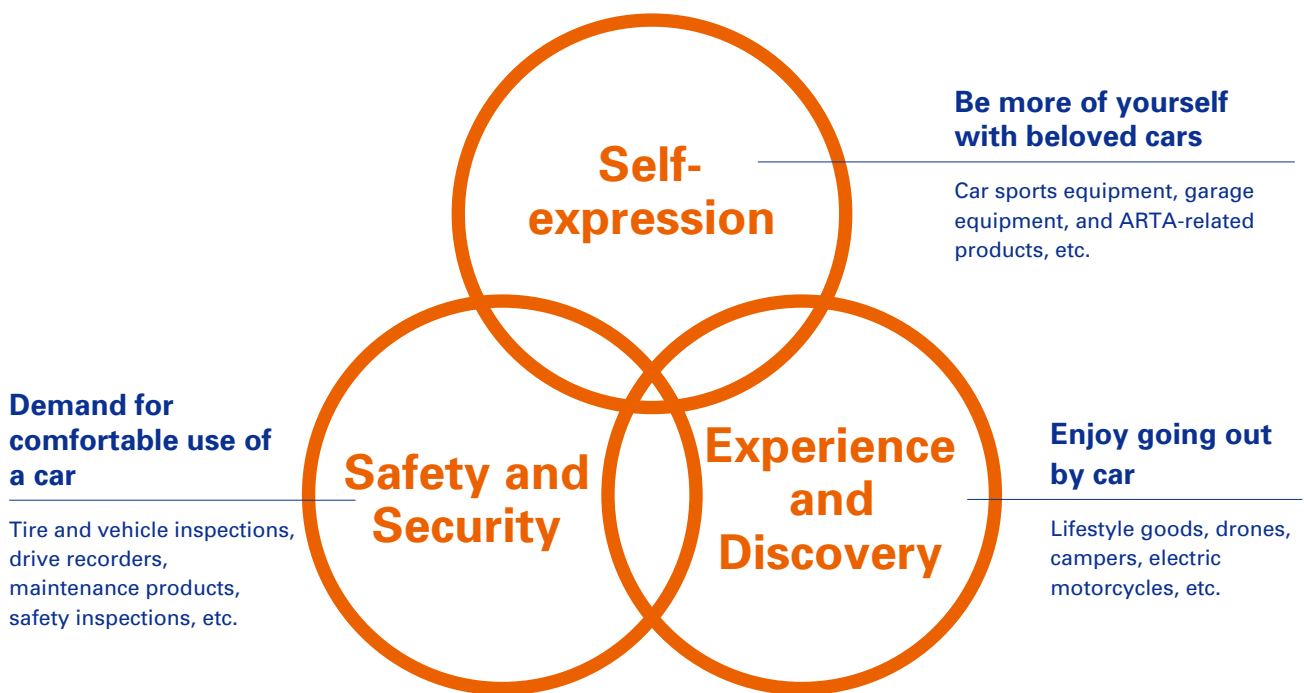
Representative Director and Chief Executive Officer

**Kiomi Kobayashi**

# Value

## Three Values Provided to Customers

The AUTOBACS Group offers their core values: the value of safety and security (to meet demand for “comfortable use of cars”), the value of experience and discovery (to meet need to “enjoy going out by car”), and the value of contribution to self-expression and satisfaction (by helping people “be more themselves with their beloved cars”). Based on these three core values, we promote the development of innovative products and services and store formats.



## Professional & Friendly

We aim to create the kind of stores that encourage customers to visit time and time again by having them feel at ease in relying on us as car professionals and always seeing our stores as a friendly place where they can freely seek advice.

# Corporate Value Creation Process

The business model for the domestic AUTOBACS business, which is our mainstay, is based on a franchise organization with 585 domestic stores operated by 78 franchisees, including 17 consolidated subsidiaries. Serving as the franchise headquarters, AUTOBACS SEVEN provides the approach for providing value to customers, while franchisees deliver a sense of security and an enriched car lifestyle through interaction with customers. Accordingly, our strengths are the franchisees and suppliers that underpin our domestic AUTOBACS business and the capabilities of each and every staff member working at our stores. These strengths are the source of our industry-leading brand power.

## Business Environment (Opportunities and Risks)

### Domestic

#### Opportunities

- Changes in automotive goods market accompanying technological advances
- Preventing accidents from aggressive driving of others and increases in safety awareness
- Stable demand for statutory safety inspections
- Growth of online shopping market

#### Risks

- Declining birthrate, aging population, reduction of working population
- Intensification of competition in automotive goods retail market
- Customer retention by manufacturers and dealers
- Rise in purchase prices and distribution costs
- Natural disasters, infectious diseases
- Abnormal weather

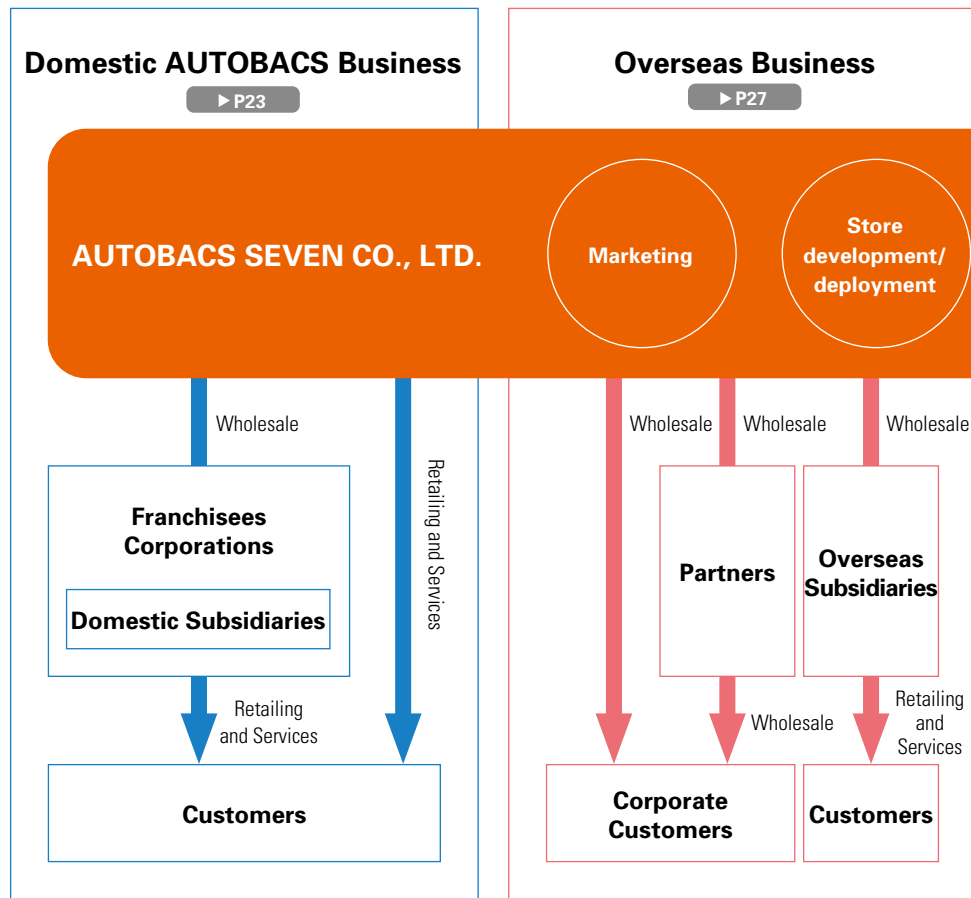
### Overseas

#### Opportunities

- Economic growth and population increase in emerging economies
- Trust in Japanese brands
- Rapid growth of online shopping market

#### Risks

- Intense price competition
- Diversified local needs
- Decarbonization movement

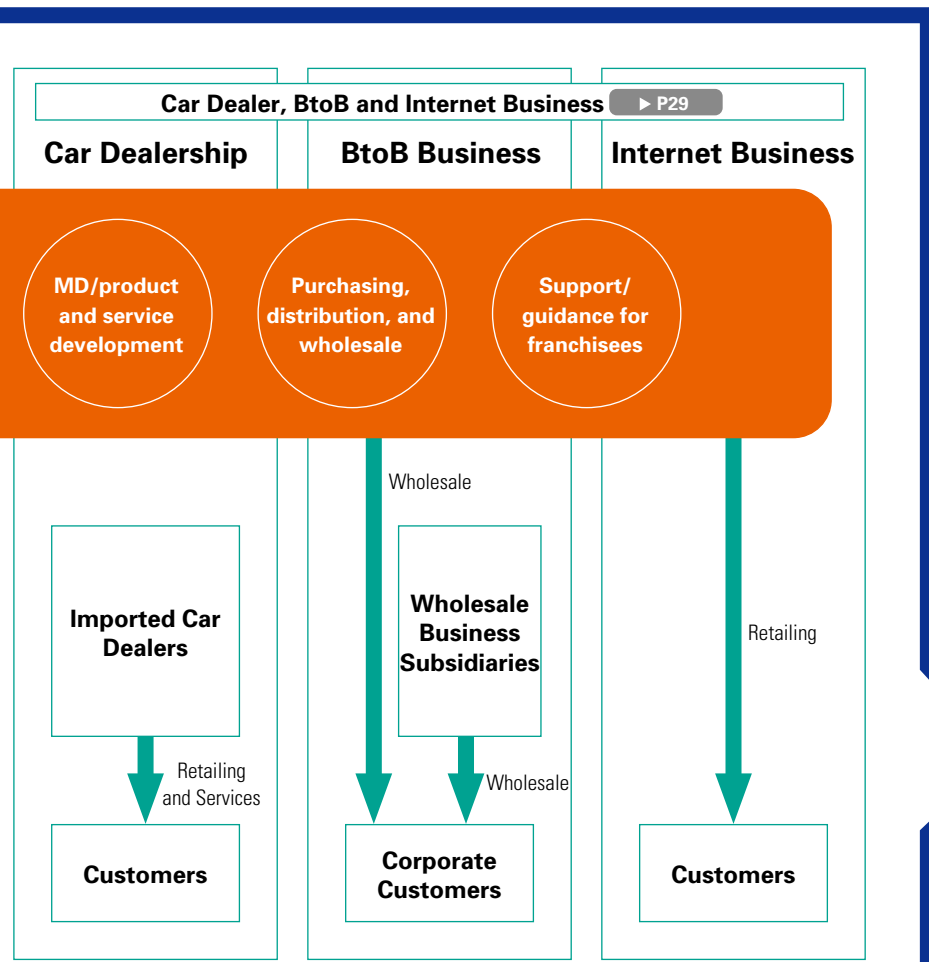


<b>Three strengths supporting AUTOBACS brand</b>	<b>1 Network of franchisees and stores with strong community ties</b>			<b>2 Group of private brand products</b>
	Total No. of Domestic Stores <b>585</b> stores	Domestic Store Sales <b>266.8</b> billion yen	Stock Keeping Units at Stores <b>10,000</b> to <b>30,000</b>	
<b>AUTOBACS by the Numbers</b>	As of March 31, 2020			Automobile Mechanics <b>3,700</b>

As of March 31, 2020

In order to constantly create a new car lifestyle culture in the future, we will closely monitor social needs and developments in automobile technology, as well as changes in people's values, and thus continue providing value that reflects the times and is close to people's lives.

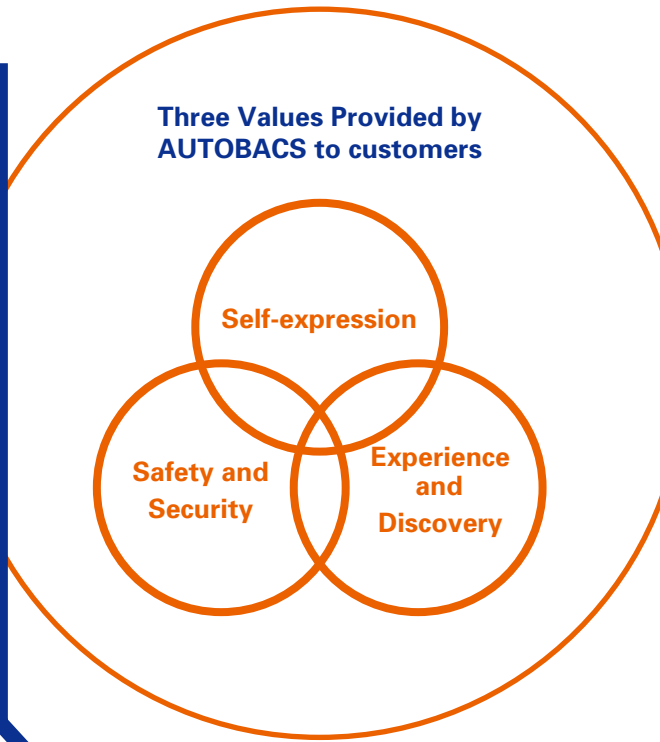
As of March 31, 2020



**3**

**No. 1 brand power in automotive goods**

Car Lifestyle Advisors	Active Members	Statutory Inspections Performed	Automobiles Sold	Share of Domestic Automotive Goods Market
<b>9,400</b>	<b>7.27 million</b>	<b>634,000</b>	<b>31,000</b>	<b>No.1</b>



- Social Responsibility in Business Processes**
- Customers**

We offer quality products and services tailored to customer lifestyles and life stages.

▶ P25-26
  - Community**

We contribute to safe and secure lives of local residents

▶ P39-40
  - Car Culture**

We actively propose enriching lifestyles in harmony with cars.

▶ P39-40
  - Environment, Human Rights, Diversity**

We contribute to creating a better, more beautiful, and sustainable society

▶ P33-38
  - Stakeholders**

We will fulfill our accountability and further increase management transparency

▶ P44-48

# Challenges and Growth Trajectory

AUTOBACS was founded in 1974 as Japan's first comprehensive specialty automotive goods store. After commencing sales of private brand (PB) tires and oil in 1977, we soon commanded a leading share of the domestic automotive goods market by responding to the diverse tastes and needs of our customers with proprietary products and services. As not only cars but also society changes over time, the AUTOBACS Group continuously shakes up business formats, products, and services.

300 (Billions of yen)

250

200

150

100

50

0

— Net sales (left axis)

■ No. of domestic stores (right axis)

1947 1974 1975 1980 1985 1990 1995

## Domestic AUTOBACS Business

1947

Toshio Sumino established the privately-run store Suehiro Shokai in Osaka's Fukushima ward for the purpose of wholesaling auto parts

1977

Launch of PB merchandise "AUTOBACS Oil," "AUTOBACS Tire," "AUTOBACS Battery"

1980

Change in Company name to AUTOBACS SEVEN Co., Ltd.

1989

Listing on the second section of the Osaka Securities Exchange market

1993

- Listing on the second section of the Tokyo Stock Exchange market
- Change in listing to the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange markets

## Overseas Business

1991

Opening of first overseas store in Taiwan

## Car Dealer, BtoB and Internet Business

## Number of Domestic Stores

1974

Opening of AUTOBACS Higashi Osaka Store, the first store operated directly by AUTOBACS

1975

Opening of AUTOBACS Hakodate Store, the first franchise store

1979

Opening of 100th domestic store

1985

Opening of 300th domestic store

1996

Opening of 500th domestic store

→1974

**AUTOBACS Begins its Development as a One-stop Provider of Automotive Goods and Services**

AUTOBACS was established in 1974, following Japan's period of rapid economic development and at a time of growing consumer interest in personal car ownership. The retail distribution of automotive goods had yet to consolidate, and consumers had to go to a different source for nearly every item they wanted to purchase for their cars. AUTOBACS provided a one-stop solution for purchasing and installing automotive products and met with strong consumer support.



→1980

**Enhanced Merchandise Offerings and Proactive Marketing Responding to Diversifying Preferences**

With the proliferation of personal car ownership came demand for ways to individualize cars and, as a result, expansion of the market for automotive goods. AUTOBACS responded by enhancing and enlarging its merchandise offerings, and taking innovative steps such as organizing product displays, and making product suggestions, based on lifestyle to more precisely respond to diversifying customer preferences.



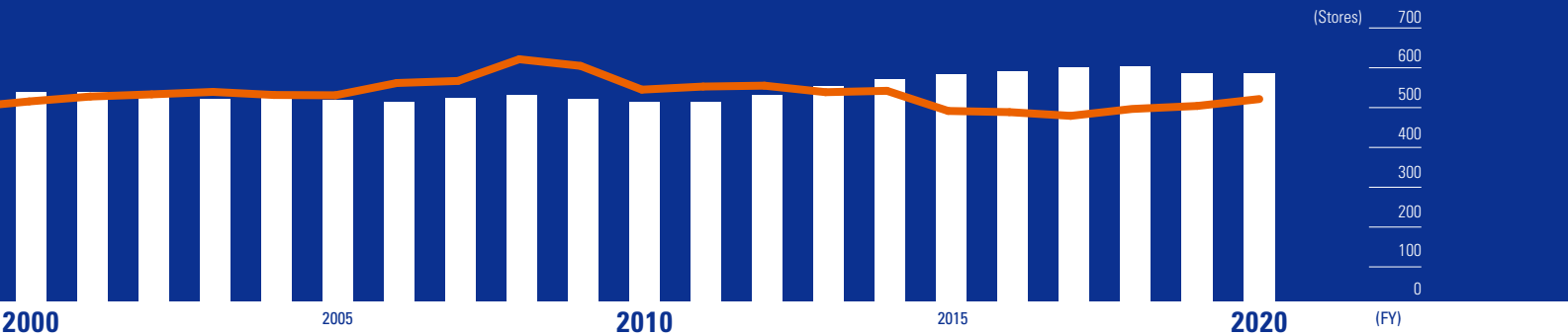
→1990

**Development of Super AUTOBACS and Full-Fledged Entry into Statutory Inspection Services**

With the transition to supersized retail stores in general, AUTOBACS created Super AUTOBACS mega-stores for car lifestyle needs. Offering expansive retail spaces, service bays for product installation and maintenance work, CDs, and even a place to get a bite, Super AUTOBACS were also developed to feature a wide variety of events and serve the needs of everyone from first-time car owners to families, and car enthusiasts. At the same time, AUTOBACS mounted a full-scale entry into the provision of statutory safety inspection services, thereby expanding its ability to support the needs of car lifestyles.







- 2001** Opening of first store in France
- 2002** Launch of "C@RS" system and start of automobile sales business
- 2012** Opening of first store in Malaysia (franchise store)
- 2014** Revamp of private brand and launch of "AQ." Brand
- 2015** Opening of first store in Indonesia
- 2017** Opening of Smart+1, store with a new business format specializing in maintenance services such as hand car wash
- 2017** Formation of capital and business alliance with a Malaysian company engaged in tire wholesale and retail
- 2018** Debut of JACK & MARIE, Japan's first car-related lifestyle brand
- 2018** Formation of capital and business alliance with PTG Energy Public Limited, Thailand's second-largest gas station operator
- 2018** Opening for business of Nerima BMW/MINI Nerima
- 2018** Conversion of Australia's AudioXtra Pty Ltd. into consolidated subsidiary Made SK Automobile Pte. Ltd. a consolidated subsidiary
- 2019** Renovation of A PIT AUTOBACS SHINONOME
- 2019** Established wholesale business company, CAP Style Co., Ltd. Made Seiya Automobile Sales Co., Ltd. a consolidated subsidiary Established AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., a consolidated subsidiary
- 2020** Made Takamori Jidousha Seibi Kogyo Co., Ltd. a consolidated subsidiary

**As of March 31, 2020**  
585 domestic stores

**2000 Comprehensive Support for Car Lifestyles through Three Core Operations →2010 Transformation and Creation for Robust Growth →2020**

Car lifestyles have changed over the years due to the growing popularity of environmentally friendly vehicles and owners keeping their cars for longer periods of time. As the age of drivers continues to increase, the Company has expanded its services to include statutory safety inspections and maintenance, car purchasing and sales, and sales of automotive goods, so that everyone can drive safely for a long time. With these three core operations, we have transformed our business model into one that supports the overall car lifestyles of our customers.



Under our 2017 Medium-term Business Plan, we focused on "developing drivers of future growth." In April 2019, we launched Five-year Rolling Plan to address the dramatically changing environment, keep pace with and adapt to changes in society, cars, and people's lifestyles, and enhance market competitiveness.



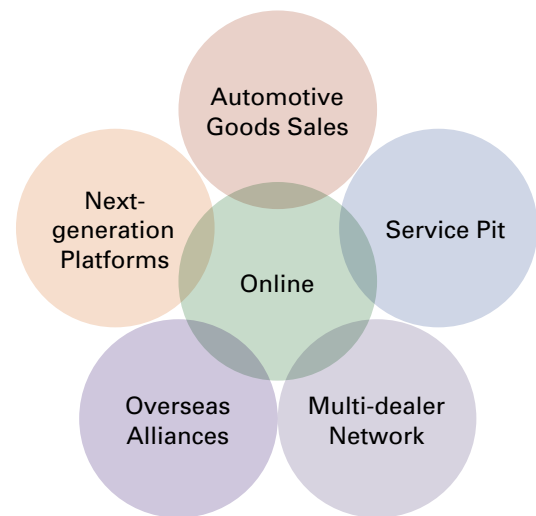
# Five-year Rolling Plan

To help each of our businesses adapt to changes in society, automobiles, and people's lifestyles, as well as to increase their market competitiveness, we are working to improve the quality of our products and services. To this end, we will establish a robust cross-business infrastructure while enhancing and linking our six networks. At the same time, we aim to transition from a company focused on car accessories and services to a platform provider that connects our six networks to create a new economic zone for car lifestyle culture creation.

## Five-year Rolling Plan Vision

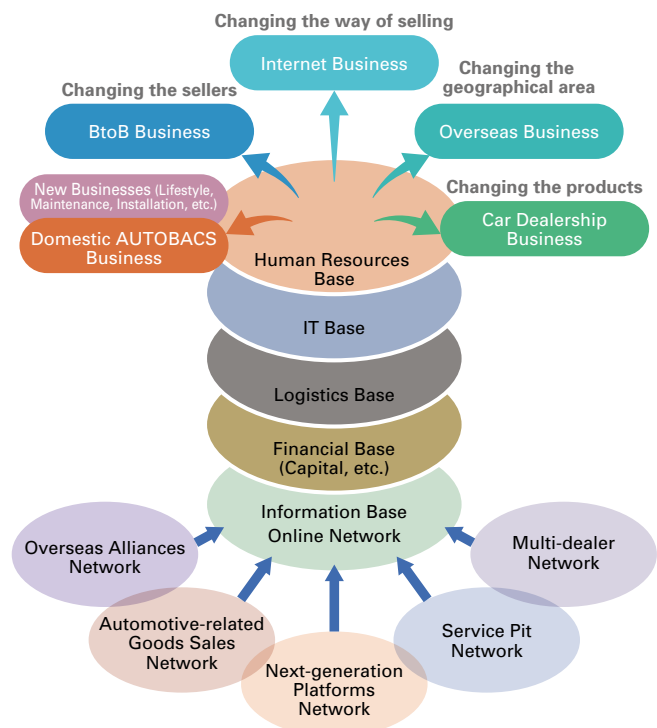
Against the backdrop of global environmental changes, ongoing technological innovation, and diversification of people's values, many things are going to change in our industry, including cars and car maintenance needs. To achieve sustainable corporate growth in the face of these challenges, we need to have systems in place enabling us to detect and respond quickly to changes.

In order to develop close ties to society, cars, and people's lives and provide customers with richer, better-quality offerings, we formulated Five-year Rolling Plan Vision as part of our mission, "We constantly create a new car lifestyle culture." Under the plan, we have set four goals aimed at enhancing and linking our six networks, and we will strive to achieve these goals while making annual reviews.



## Providing Infrastructure to Support Customer-centered Car Usage Scenarios

1. We will build networks to incorporate and consolidate cross-industry information and know-how and then integrate all kinds of information online, including customer information, held by each network.
2. By combining all kinds of data, including the latest information on cars and maintenance, customer usage information, maintenance history, and information on car purchases and sales, we will provide customers with more accurate proposals and unprecedented services.
3. In addition to wholesaling and retailing of automotive goods and related services, we aim to eliminate customer inconvenience and provide enjoyment in various customer-centered usage scenarios while building infrastructure that is close to our customers.
4. In order to achieve our goals, we will emphasize digital transformation and integration of information while making effective use of business operators, human resources, facilities, and other forms of business infrastructure and work organically with them to adapt to changes in society.



## Initiatives for Six Networks

### Automotive-related Goods Sales Network

While further strengthening the AUTOBACS Chain, we will collaborate with all forms of businesses that sell automotive goods, including home improvement stores and gas stations, and utilize each other's resources to increase our market competitiveness.



### Service Pit Network to provide the best service

To meet growing demand for installation of car accessories stemming from growth in online sales of automotive goods, we will collaborate with service providers, gas stations, and other related businesses throughout the market. This will enhance the convenience of our installation services and increase the value we provide by supplementing our services with other information via our online network.



### Maintenance network to adapt to Next-generation Technology

By collaborating with service providers that can handle maintenance of cars equipped with next-generation technologies, including support cars, we will strive to offer reliable maintenance and other services during periods of major technological innovation. Reflecting this policy, we made Seiwa Automobile Sales Co., Ltd. and Takamori Jidousha Seibi Kogyo Co., Ltd. into consolidated subsidiaries. We also formed a comprehensive business alliance with the BS-Summit Business Cooperative, a national network of automobile maintenance providers.



### Multi-dealer Network

Customers' car lifestyles begin when they purchase vehicles. As a channel that connects with such customers, we not only operate our own dealership business but also collaborate with dealers that handle other brands.

In so doing, we gather data on industry-wide trends and information on vehicles and maintenance from various manufacturers, which we use to enhance the competitiveness of our own respective businesses. Currently, we operate BMW/MINI dealerships in 12 locations, and a Tesla Service Center recently opened at A PIT AUTOBACS SHINONOME.



### Overseas Alliances Network

We are building a new business model through collaborations with companies that are competitive internationally, as well as overseas start-up companies with unique innovative technologies. We also aim to increase profits by collaborating with domestic and overseas supply chains. As part of this initiative, we made Singapore-based SK Automobile Pte. Ltd. and Australia-based AudioXtra Pty Ltd. into consolidated subsidiaries and otherwise reinforced our network.



### Online network to enhance relationships with customers

We gather and integrate cross-industry information from our other five networks related to vehicle and maintenance trends, changing customer needs, and social changes pertaining to laws and the environment. Our aim is to build an "online network" that gives us information we can leverage to strengthen the competitiveness of our respective businesses. As part of this initiative, we have a strategic alliance with Car Frontier Co., Ltd., a member of the Mitsubishi Group. Under the alliance, we took an equity stake in BEAD Co., Ltd., operator of the TIREHOOD e-commerce site, through which customers can arrange everything from tire purchases to installation reservations, all online.



# Financial & Non-financial Highlights

For more detail of financial reports (graphs and data) for the past 10 years, please visit our website.  
<https://www.autobacs.co.jp/en/ir/finance/pl.html>

AUTOBACS SEVEN Co., Ltd. and Consolidated Subsidiaries  
 Fiscal year ended on March 31 for each displayed year

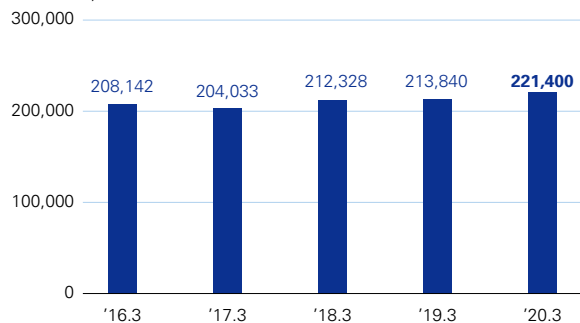
	2017	2018	2019	2020
<b>Fiscal Year (Millions of yen)</b>				
Net sales	¥ 204,033	¥ 212,328	¥ 213,840	¥ <b>221,400</b>
Wholesale	115,637	121,081	124,214	<b>125,839</b>
Retail	85,566	87,357	86,018	<b>92,004</b>
Others	2,830	3,889	3,607	<b>3,555</b>
Operating income	5,829	7,789	7,478	<b>7,585</b>
Income before income taxes and minority interests	7,120	8,226	8,203	<b>8,059</b>
Profit attributable to owners of parent	3,015	5,403	5,485	<b>3,764</b>
Net cash provided by operating activities	9,488	16,394	4,447	<b>10,603</b>
Net cash used in investing activities	(7,147)	(2,915)	(3,078)	<b>(3,370)</b>
Net cash used in financing activities	(7,457)	(5,840)	(9,876)	<b>(9,684)</b>
Free cash flows	2,341	13,479	1,369	<b>7,233</b>
Capital expenditures	4,842	3,587	4,618	<b>3,429</b>
Depreciation and amortization	4,384	4,131	4,045	<b>4,665</b>
<b>At Year-End (Millions of yen)</b>				
Total assets	¥ 176,708	¥ 187,354	¥ 181,391	¥ <b>172,799</b>
Equity	127,079	126,866	123,582	<b>119,251</b>
Interest-bearing liabilities	8,282	6,896	4,991	<b>7,303</b>
<b>Per Share Data (Yen)</b>				
Basic net income	¥ 36.00	¥ 65.49	¥ 66.58	¥ <b>47.10</b>
Cash dividends	60.00	60.00	60.00	<b>60.00</b>
Dividend payout ratio (%)	166.7	91.6	90.1	<b>127.4</b>
Dividend on equity (DOE) (%)	3.9	3.9	3.9	<b>4.0</b>
Total shareholder return ratio (%)	255.7	91.6	90.1	<b>182.8</b>
<b>Management Indicators</b>				
Operating income margin (%)	2.9	3.7	3.5	<b>3.4</b>
Return on equity (%)	2.3	4.3	4.4	<b>3.1</b>
Return on assets (%)	4.0	4.5	4.4	<b>4.6</b>
Equity ratio (%)	71.9	67.7	68.1	<b>69.0</b>
<b>Non-Financial Data</b>				
Number of domestic stores	601	603	593	<b>585</b>
Domestic stores operated by franchisees	444	468	458	<b>453</b>
Number of overseas stores	38	41	46	<b>45</b>
Overseas stores operated by franchisees	17	15	15	<b>15</b>
Active Members (1,000)	8,301	7,637	7,169	<b>7,272</b>
Number of automobile mechanics (Note 1)	3,788	3,745	3,739	<b>3,768</b>
Number of employees	4,200	4,009	4,171	<b>4,385</b>
Number of directors (of which, outside directors)	8(3)	8(3)	8(3)	<b>7(3)</b>
Number of auditors (of which, outside auditors)	—	—	—	<b>3</b>
Electricity usage (10MW)(Note 2)	707	704	677	<b>677</b>
CO <sub>2</sub> emissions (t-CO <sub>2</sub> ) (Note 2)	4,489	4,106	3,365	<b>3,439</b>

(Notes) 1. All chain employees who have obtained the Automobile Mechanic (Level 1, 2, or 3) national qualification.

2. Total for AUTOBACS SEVEN Co., Ltd.'s headquarters, regional business locations, directly managed stores, and logistics centers. (Does not include subsidiaries)

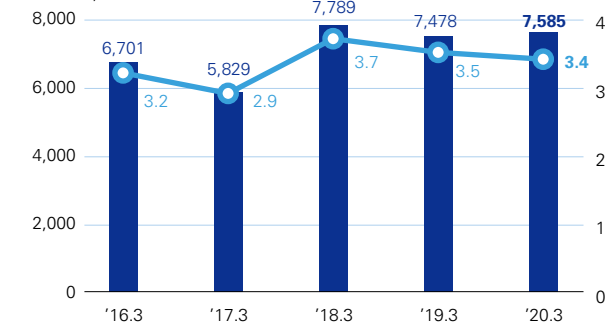
### Net sales

(Millions of yen)



### Operating income/Operating income margin

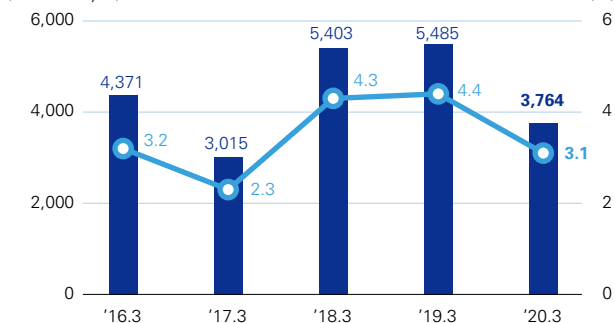
(Millions of yen)



■ Operating income (left) ○ Operating income margin (right)

### Profit attributable to owners of parent/Return on equity

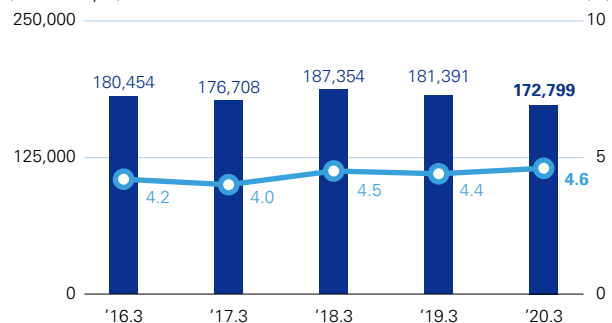
(Millions of yen)



■ Profit attributable to owners of parent (left) ○ Return on equity (right)

### Total assets/Return on assets

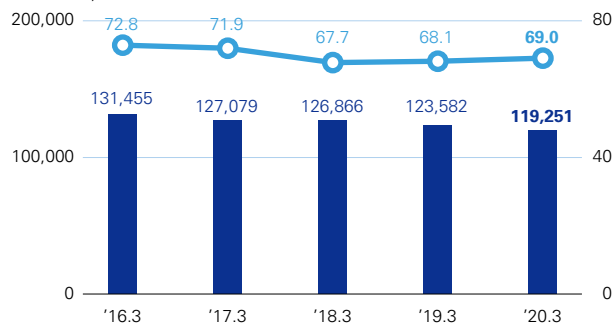
(Millions of yen)



■ Total assets (left) ○ Return on assets (right)

### Equity/Equity ratio

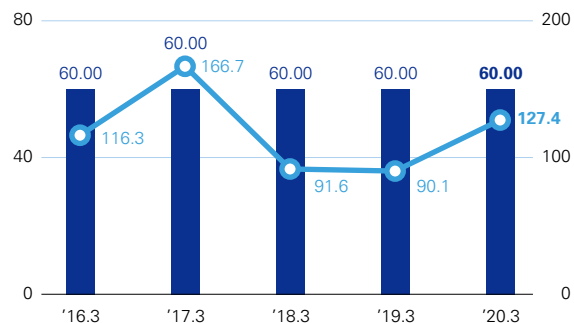
(Millions of yen)



■ Equity (left) ○ Equity ratio (right)

### Dividends per share/Dividend on equity

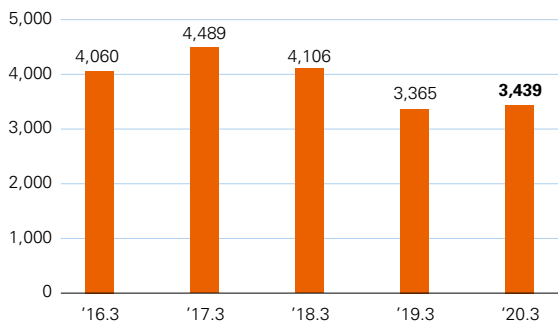
(Yen)



■ Dividends per share (left) ○ Dividend on equity (right)

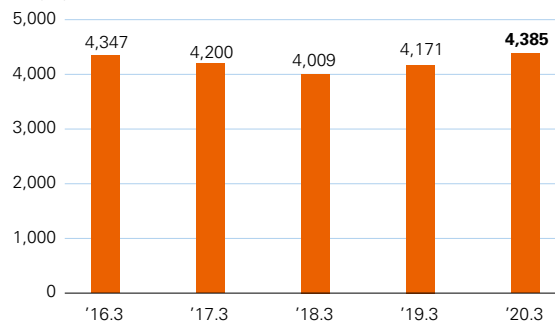
### CO<sub>2</sub> emissions

(t-CO<sub>2</sub>)



### Number of employees

(Employees)



## Top Message

**Under the mission of “We constantly create a new car lifestyle culture,” we are striving to deliver three values to our customers to sustain growth and improve corporate value.**



**Kiomi Kobayashi**

Representative Director and  
Chief Executive Officer

To fulfill the Group’s mission, which is “We constantly create a new car lifestyle culture,” we are striving to deliver three fundamental car-related values to customers: “Demand for comfortable use of a car (safety and security)”; “Enjoy going out by car (experience and discovery)”; and “Be more of yourself with beloved cars (self-expression).”

To deliver these three values, we are developing new products and new business models, remodeling our stores to make them easier for customers to use, improving our operations, and focusing on training our mechanics and other human resources to increase our competitiveness in the market.

To advance these initiatives, in 2019 the Group developed its Five-year Rolling Plan, which sets the direction of the Group over the next five years. The plan will be reviewed annually to ensure that new growth opportunities can be achieved in the event of major changes in the future and to advance the creation of a new car lifestyle culture.

Thank you for your continued support and loyalty.

## The business environment surrounding the Group

### Responding to fast-paced changes under the Five-year Rolling Plan

AUTOBACS SEVEN finds itself in a business environment that is undergoing major changes. It is imperative that we respond to major trends such as the development of driver assistance and autonomous driving technologies and the widespread use of electric vehicles, as well as to the accompanying vehicle maintenance systems being put in place. This will require the rapid expansion of new services, including sharing and subscription services, as well as the development of the IT infrastructure accompanying these services. We face intensifying competition from our industry peers as well as indirect competitors such as dealers and online shopping companies, while at the same time the market is expanding into the realm of transactions between individuals. Furthermore, the market is expected to change significantly and rapidly in the future due to factors such as changes in the customer base caused by the declining birthrate and aging population and the diversification of customer needs.

To respond to these fast-paced changes in the business environment, in 2019 the Group formulated its Five-year Rolling Plan.

The Five-year Rolling Plan, which will be reviewed annually, sets targets for the establishment and linking of our six networks. Specifically, we aim to realize medium- to long-term growth by establishing and linking the following six networks through which we provide services tailored to the scenarios in which customers use their cars: automotive goods and services sales network; pit service network to provide the best service; maintenance network to adapt to next-generation technology; multi-dealer network; the overseas alliance network; and online network to enhance relationships with customers.

## Results for the fiscal year ended March 2020

### Strong sales in Japan thanks to factors such as increased awareness of safe driving

In the fiscal year ended March 2020, the first year of the Five-year Rolling Plan, net sales were ¥221.4 billion, up 3.5% year on year, and operating income was ¥7.5 billion, up 1.4%, thanks to strong sales in the domestic AUTOBACS business against the backdrop of heightened awareness of safe driving and last-minute demand before the consumption tax hike in October 2019. Net profit attributable to owners of parent was ¥3.7 billion, down 31.4%, due mainly to the recording of an impairment loss on fixed assets.

By segment, the domestic AUTOBACS business increased net sales by 0.2% from the previous fiscal year, mainly due to the acquisition of franchisee shares and conversion to consolidated subsidiary status. In the current fiscal year, in addition to the last-minute demand before the consumption tax hike, there was also last-minute demand generated by the increase in tire prices accompanying an increase in the price charged by tire manufacturers. On the sales front, sales of dashboard cameras continued to grow, mainly in response to reports of road rage starting in August 2019, although tires were down year over year due to a record warm winter.

In our overseas business, we scaled back unprofitable retail operations and focused on the profitable wholesale business. Regionally, in addition to opening new stores in Thailand, we expanded our presence there by opening a small outlet in the gas station malls operated by the PTG Group, which ranks second in the number of gas stations in the country. In addition, we acquired a stake in SK AUTOMOBILE, an auto body repair, painting, and maintenance company in Singapore, and made it a consolidated subsidiary. Meanwhile, in France, sales were significantly affected by the impact of the transfer of directly operated stores to franchisees and the novel coronavirus pandemic, resulting in a decline in sales.

<b>Results for the Fiscal Year Ended March 31, 2020</b>			(Billions of yen)
	Fiscal March 2020	YoY Chg.	
Net sales	221.4	+3.5%	
Operating income	7.5	+1.4%	
Net profit attributable to owners of parent	3.7	(31.4%)	
ROE (%)	3.1%	(1.3Pt)	

\* From FY March 2019, net sales includes revenue from the credit business, etc.

<b>Net Sales of Domestic AUTOBACS Chain Stores (All operations)*</b>			(Billions of yen)
	Fiscal March 2020	YoY Chg.	
Automotive goods	214.7	+0.0%	
Statutory safety inspection and maintenance	19.7	+0.4%	
Used car purchasing and sales	27.6	(0.2%)	
Other	4.7	(9.6%)	
Total for all stores	266.8	(0.2%)	

\* Includes net sales attributable to franchise stores.

<b>Results by Segment</b>				(Billions of yen)
		Fiscal March 2020	YoY Chg.	
Domestic AUTOBACS business	Gross sales*	179.3	+0.2%	
	Operating income	13.5	(8.7%)	
Overseas business	Gross sales*	11.7	+4.8%	
	Operating income	(0.3)	—	
Car dealer, BtoB and internet business	Gross sales*	38.4	+28.2%	
	Operating income	0	—	
Other business	Gross sales*	2.1	(4.1%)	
	Operating income	0.4	(4.2%)	

\* Gross sales include inter-segment transactions

## Impact of the novel coronavirus pandemic

### Thorough safety measures, limited impact on this year's operations

The Group considers it our mission to support our customers' automobiles as a means of transportation and to provide them with safety and security. In response to the novel coronavirus pandemic, we prioritized the safety of our customers, suppliers, employees, and other stakeholders. In our stores, we took measures to maintain business continuity, including enforcing thorough hygiene control and, where necessary, limiting our business hours, face-to-face contact, and menu of products and services.

As a concrete measure to prevent the spread of the virus, we established a crisis response headquarters and made it our top priority to prevent store employees from becoming infected in order to prevent the spread to customers. In order to prevent transmission of the virus in our stores, we thoroughly implemented hygiene measures for our employees (hand washing, hand sanitizing, physical condition checks, wearing masks and gloves while serving customers, etc.) and asked our customers to help us by sanitizing their hands when they enter our stores. As a general rule, our employees at headquarters and offices worked from home, and when they were obliged to come to work, we did everything possible to prevent infection, including thorough temperature testing and disinfection before coming to work and staggered starting times.



The impact on the Company's operations in Japan is expected to be limited at this time, since our core business is based on automobiles, which are a critical component of the transportation infrastructure.

At the same time, we have implemented measures to support our franchisees. Specifically, we have reduced or exempted franchise stores from some of the costs of nationwide sales promotion projects, established a payment grace period for certain days for one month of billing for goods from April 2020 onwards, and established a short-term loan system, among other measures.

## Progress of Five-year Rolling Plan

### Establish networks that meet various car lifestyle needs

The Five-year Rolling Plan assembles information and expertise across various barriers, including corporate and industry barriers and national borders, and establishes six broad networks that connect to markets that will be newly created, with the aim of linking them together to provide services tailored to every automotive usage scenario. Based on this idea, we will accelerate our efforts to establish and link the six networks.

### Network of automotive goods and services sales

As we work to further strengthen the AUTOBACS chain, we are collaborating with all businesses that sell automotive goods and services, including home improvement stores, gas stations, and other car accessory retailers, to mutually leverage our resources to increase our market competitiveness. Specifically, we are expanding fleet transactions using the AUTOBACS store network and expanding direct transactions to other industries, among other initiatives. The number of companies engaged in fleet transactions more than doubled in the fiscal year ending March 2020 compared to the previous year, and the number of stores handling transactions with companies in different industries also increased in both number and results.

### Maintenance network to adapt to next-generation technology

In the face of new automotive technologies and trends such as CASE (connected, autonomous, shared, electric), it is essential that we keep up with next-generation technologies in the field of maintenance. Specifically, we need to support next-generation technologies such as the advanced safety technology of "aiming" (function adjustment) and on-board diagnostics (OBD) for statutory safety inspections. In response, the Group is working to build a maintenance network that can support next-generation technologies in an era of technological innovation by collaborating with service shops that support the maintenance of cars equipped with next-generation technologies. As part of this effort, in addition to acquiring new subsidiaries (Seiwa Automobile Sales Co., Ltd. in June 2019 and Takamori Jidousha Seibi Kogyo Co. Ltd. in May 2020), we entered into a business alliance with the BS-Summit Business Cooperative, a nationwide network of automobile mechanics. Furthermore, in the future, we plan to establish a training system to enable us to carry out specialized maintenance such as aiming, and to increase the number of centers with the specialized maintenance certification.

### Multi-dealer network

In the car buying scenario, which is the gateway to the car lifestyle, we connect with customers through our car dealerships, but that is not our only channel. We also collaborate with dealers who operate under other brands to collect vehicle and maintenance information from manufacturers, including industry-wide trends and next-generation automotive technology, thereby strengthening our business competitiveness. Currently, we have seven BMW and MINI dealers in central Tokyo and five regional locations, and we have attracted a Tesla Service Center to our A PIT AUTOBACS SHINONOME site.



### Overseas alliance network

We aim to build a network for overseas development, sales, and service provision centered around the wholesale business. By collaborating with companies that have a competitive edge in international markets and overseas start-up companies with their own innovative technologies, we will be able to build new business models and expand revenues by linking domestic and overseas supply chains. We are also aiming to contribute to our domestic value chain by developing suppliers and wholesalers. As part of this effort, in November 2019, we made Singapore's SK AUTOMOBILE a subsidiary in order to expand our auto body repair, painting, and maintenance businesses in Singapore, where demand for ongoing maintenance is expected due to the stable number of vehicle registrations.

### Online network to enhance relationships with customers

We aim to build a network that integrates information on vehicles and maintenance, changing customer needs, and changes in society, such as regulations and the environment, across the barriers between businesses, to create a source of information that will strengthen the competitiveness of each business.

#### (1) Strategic alliance with Car Frontier Co., Ltd. (Mitsubishi Group), a tire e-commerce site

Under a strategic alliance with Mitsubishi Group's Car Frontier Co., Ltd., we have invested in BEAD Co., Ltd., which operates TIREHOOD, an online tire e-commerce site that offers a full range of services from purchasing tires to making reservations for installation. With this investment, we aim to improve existing services and provide new services to drivers by fusing TIREHOOD's Internet-based business and service development with the AUTOBACS chain's store network and technological capabilities. In addition, we are working to establish a network of more than 4,000 TIREHOOD installation sites throughout Japan.

#### (2) Improvements to the official AUTOBACS app

With a wide range of services being delivered online, it is essential to stay connected digitally with your customers. AUTOBACS SEVEN is developing an app designed for easier login, faster startup, and improved usability. To enhance customer convenience, we are using location information to deliver targeted and store-specific communications.

#### (3) Renovation of the official AUTOBACS shopping site

Consumer purchasing behavior is diversifying, the e-commerce market is expanding, and price competition is intensifying. In response, AUTOBACS SEVEN has renovated its website and expanded its functionality, for example by enabling advance payment on the web, allowing customization of merchandise sale prices, and awarding T-points. By improving customer convenience, we aim to drive visits to our physical stores and increase market share.

### Business platform to promote the Five-year Rolling Plan

As we continue to implement the Five-Year Rolling Plan, we are focusing on establishing and linking together the six networks, while also improving our five business platforms: human resources, IT, logistics, finance, and information.

Above all, with respect to human resources, we are making improvements to our training system, which continues to provide training to selected younger employees, management candidates, female executives, and section chiefs. To foster the talent to lead the Group in the future, we are further expanding the scope of our future executive training to include franchisees and sales staff. In the area of work-style reforms, we have implemented a number of initiatives to provide all employees with a variety of work-style options with the goal of establishing an environment in which they can work energetically. Such options include shorter working hours, half-day paid leave, telecommuting, satellite office-based work, staggered starting times, and flex time. We are also enhancing our ICT-based communication tools to support these options.



With respect to IT and logistics, our initiatives include the development of an IT infrastructure for the purpose of providing advanced IT services and supporting work-life balance, the automation and streamlining of logistics in the AUTOBACS business, the development of our logistics infrastructure (for example, expanding the logistics capacity of our online business), the promotion of data management center projects, and the development of an information infrastructure in the Information Systems Division aimed at increasing customer satisfaction. We are also working to strengthen our financial base by strengthening cash flow management and investment income management.

In addition to these improvements to our business platforms, we are also working to improve the effectiveness and speed of strategy promotion, including the establishment of a system for strategy promotion and the enhancement of monitoring.

## Changes to the Governance System

### Transition to a company with an Audit and Supervisory Committee

Starting from the fiscal year ending March 2020, AUTOBACS SEVEN has transitioned to a company with an Audit and Supervisory Committee. Leading up to the move, the Company had aimed to establish a stronger, more effective corporate governance system by separating business execution and supervision to pursue both swift and decisive decision-making and appropriate monitoring. To achieve this goal and establish further sustainable growth and increased corporate value over the medium to long term, we made the transition to a company with an Audit and Supervisory Committee.

At the time of the transition, the 12-member system of directors and Audit and Supervisory Board members was streamlined down to seven directors (including three Audit and Supervisory Committee members). It is our judgment that this number is sufficient given the size of the Company, and that this resizing has strengthened governance to a certain extent by energizing the exchange of opinions between directors and accelerating the speed of decision-making.

## Outlook for the fiscal year ended March 2021

### Projected increases in revenue and profit

With respect to the fiscal year ending March 2021, the Group's sales in Japan (based on existing stores) struggled in April and May due to the decline in consumption associated with the novel coronavirus pandemic, but recovered in June to the same level as the previous year, and in July and August exceeded the previous year. We also anticipate increased demand for car parts and accessories and increased demand for maintenance due to increased use of vehicles and owners keeping their cars for longer periods of time. Furthermore, we anticipate that pent-up demand for winter products, suppressed by the previous year's warm winter, will result in increased demand this year.

Under this business environment, for the fiscal year ending March 2021 we anticipate net sales of ¥223.8 billion, up 1.1% year on year, operating income of ¥7.6 billion, up 0.2%, and net profit attributable to owners of parent of ¥5.5 billion, up 46.1%.

## Finance & Accounting Officer Q&A



**In addition to rigorously managing earnings, we aim to achieve 100% shareholder returns in total over the next five years.**

### **Tomoaki Ikeda**

Officer (Finance & Accounting and IR & PR)

**Q1**

**What is your financial strategy for the Five-year Rolling Plan launched in 2019?**

A major goal of the financial strategy in the Five-year Rolling Plan is to increase capital efficiency.

Specifically, in terms of shareholder returns, along with a stable and continuous dividend, the Company intends to flexibly implement the acquisition of its own shares, while ensuring financial soundness. By doing so, we aim to achieve a total shareholder return ratio of 100% over a five-year period, while taking into account future capital needs.

In terms of cash flow management, we are focused on the appropriate control of surplus funds in excess of our working capital requirements, as well as revising our business portfolio through tighter control over return on investment. While promoting aggressive investment for growth, we will continue to consider withdrawing from less profitable businesses.

**Q2**

**Could you be a little more specific about “tighter control over return on investment”?**

As part of the Group’s business investment or M&A decision-making process, we make investment decisions by setting appropriate hurdle rates based on the line of business. We also provide regular monitoring reports on investment projects to the Board of Directors. The

process involves checking whether or not our investments in Japan and overseas are generating the free cash flow (FCF) that was originally planned, and if not, the internal and external directors deliberate on whether to continue the project or withdraw.

**Q3**

**What is the financial status of your franchisees? How do you expect the coronavirus pandemic to affect the financial situation of your franchisees in the future?**

For one year only in the fiscal year ended March, 2018, the Company reduced the wholesale prices charged to franchisees as a way to fund activities related to product selection, sales promotion, and training. This led to a significant improvement in the profits of our franchisees, and they have performed well since then. In the fiscal year ended March, 2020, they maintained almost the same level despite the impact of the record warm winter and the novel coronavirus.

With respect to the current fiscal year ending March 2021, sales in Japan (based on existing stores) struggled in April and May due to the coronavirus pandemic, but recovered in June to the same level as the previous year, and in July and August exceeded the previous year. It is true that the situation is unpredictable, but I believe the entire AUTOBACS franchise chain will continue to work together as a team to overcome this challenge.

Q4

**What is your financial policy (defensive financial policy) for supporting your franchisees against the coronavirus pandemic? Also, please explain your financial base and ability to raise funds in case of an emergency.**

Even under a state of emergency, automobiles are a critical part of the infrastructure of people's daily lives. In order to protect customers' safety and peace of mind in their daily lives, which includes their cars, we have continued our maintenance-oriented operations while minimizing contact between customers and employees and prioritizing prevention of the spread of the virus.

Under these circumstances, we have implemented the necessary support policies to help our franchisees take measures to prevent the spread of the virus. The specific support policies we have implemented include: 1. reductions and exemptions from "store personality" costs\*; 2. a payment grace system; and 3. a short-term loan system.

At the same time, we have taken steps to increase our liquidity on hand to prepare for the worst-case scenario. As you know, the Company's financial base is solid, but we have been carefully examining the situation, including cases where sales have fallen much further than expected.

I believe our financial strategy in the event of an unprecedented crisis should proceed in three phases: 1. increase liquidity on hand to prepare for the worst-case scenario; 2. invest to revive sluggish sales; and 3. invest in future growth.

\* Franchise stores bear half of the cost of nationwide sales promotion projects

Q5

**Please state your shareholder returns policy and any other message you have for shareholders.**

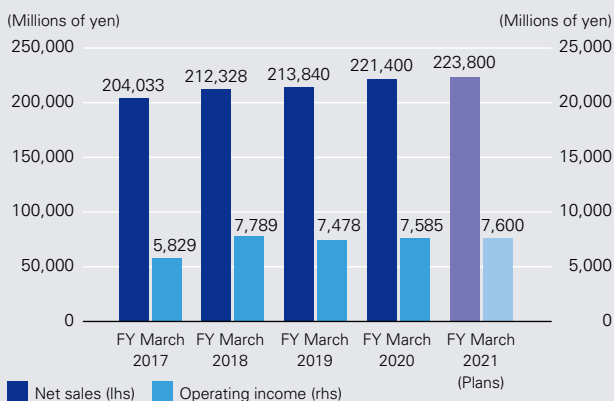
As you know, our Five-year Rolling Plan remains unchanged with the goal of a total shareholder return ratio of 100%. At the same time, the Company intends to pay stable and continuous dividends, with the goal of a consolidated dividend payout ratio of 50-100%.

For the fiscal year ended March 2020, we will pay an annual dividend of 60 yen as announced at the beginning of the fiscal year. Our policy for the current fiscal year ending March 2021 is to maintain the same dividend amount despite the coronavirus pandemic. With respect to share buybacks, we will make careful judgments based on the current situation.

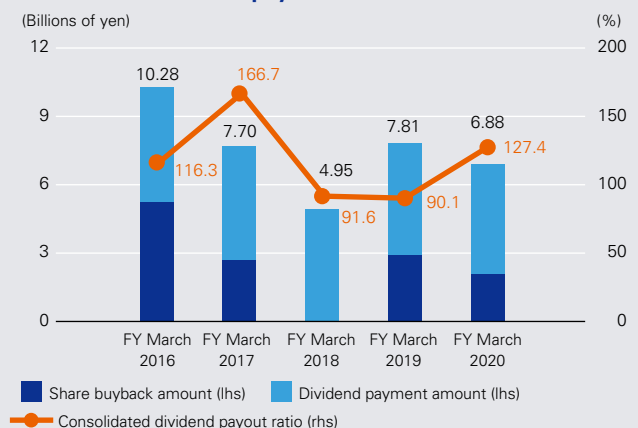
Although the impact of the novel coronavirus pandemic is still uncertain, I see this unprecedented crisis as a business opportunity. I believe that the nature of the automobile will be reconsidered in the context of this new mode of life. It is also a golden opportunity to carry out structural reforms centered on costs. I intend to take this opportunity to significantly improve our profitability and meet the expectations of our shareholders.

I would like to ask our shareholders for their continued support.

**Change in net sales and operating income**

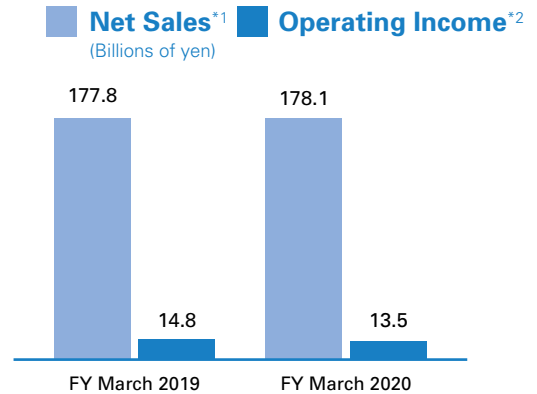
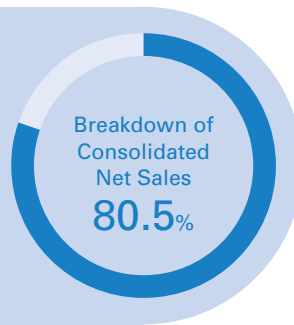


**Changes in shareholder returns and consolidated dividend payout ratio**

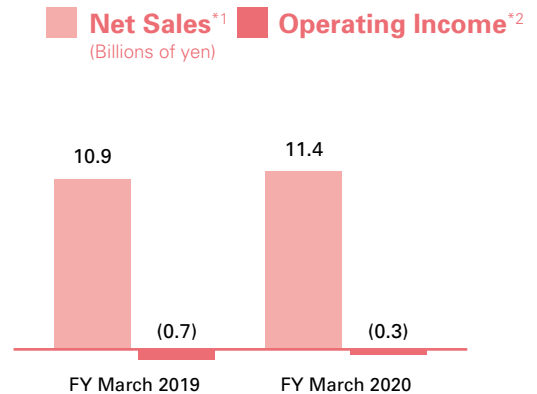
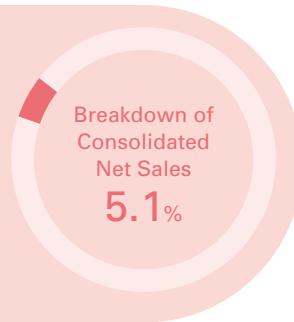


# Overview by Segment

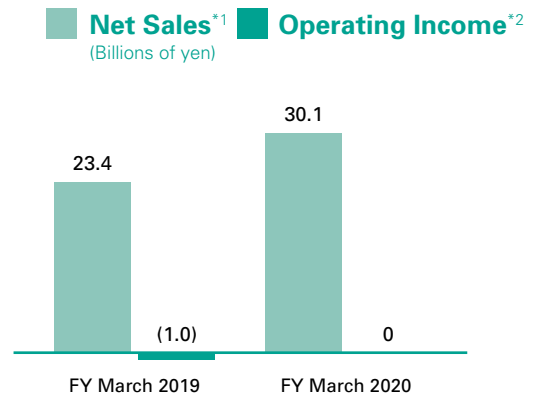
## Domestic AUTOBACS Business



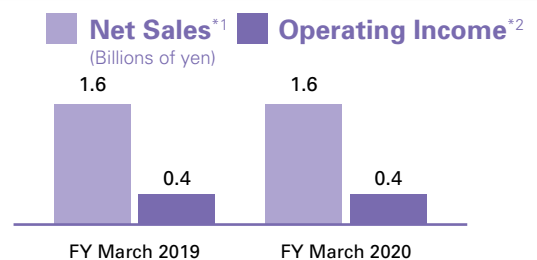
## Overseas Business



## Car Dealer, BtoB and Internet Business



## Other Business



\*1 Transactions between segments are not included. \*2 Adjustments are not included.

### Summary of Fiscal March 2020

Net sales of the domestic AUTOBACS business increased 0.2% year on year due to the effects of franchisee conversion to consolidated subsidiary status. Segment profit dipped 8.7% year on year. Groupwide net sales for the domestic AUTOBACS chain decreased 0.2% year on year on both a same store basis and total store basis. In terms of sales, tires performed well in the first half of the fiscal year due to last-minute demand before the consumption tax hike. However, the subsequent contraction in demand in the second half, plus the impact of a record warm winter, caused sales to fall below the previous year's level. Meanwhile, dashboard cameras continued to perform well over the previous year against the backdrop of increasing demand for safe driving assistance.

### Future Key Initiatives

- Boost tire sales
- Strengthen the development and sales of private brand merchandise
- Expand sales of statutory safety inspections
- Improve profitability of used car purchasing and sales business
- Improve store operations
- Renovate stores
- Improve earnings at store subsidiaries
- Expand profits in new store formats

### Summary of Fiscal March 2020

In the overseas business, operating losses narrowed due to the strengthening of highly profitable wholesale operations. Net sales increased 4.8% year on year and segment losses decreased. In the retailing and services business, sales increased in Thailand where we have made active efforts to deploy small stores to gas station malls. Meanwhile, sales in France declined due to the impact of the transfer of directly operated stores to franchisees and the COVID-19 pandemic. Sales and operating income increased in Singapore, where we acquired a stake in SK AUTOMOBILE, a local company operating a sheet metal painting and maintenance factory, and made it a consolidated subsidiary. In the wholesale business, wholesale sales to the Chinese domestic market grew significantly. In addition, in order to strengthen cooperation related to expansion of the wholesale business in China and the manufacture of private brand merchandise, Guangdong CarHouse Industrial Development Holdings Co., Ltd. (CarHouse) Group was made an equity-method company. In Australia, we worked to expand wholesale earnings in our overseas business through AudioXtra Pty Ltd., which we made a consolidated subsidiary.

### Future Key Initiatives

- Expand wholesale business
- Establish and link an overseas alliance network
- Provide new services tailored to each market

### Summary of Fiscal March 2020

Net sales of the car dealer, BtoB and internet business increased 28.2% year on year, converting the segment loss into a surplus. In the imported car dealer business, we established a presiding company to strengthen our sales structure and services. In the B-to-B business, both net sales and profits improved due to the effects of business consolidation. In addition, to expand our service business, including statutory safety inspections and maintenance services, we made Seiwa Automobile Sales Co., Ltd. a subsidiary. In the internet business, we promoted the use of AI to strengthen digital marketing.

### Future Key Initiatives

#### Car Dealer Business

- Remodel existing stores and bolster earnings
- Expand dealerships

#### BtoB Business

- Switch to best-selling products and those with high profit margins
- Secure new suppliers

#### Internet Business

- Upfront investment in platform construction
- Update existing online shopping website

### Summary of Fiscal March 2020

Net sales of other business decreased 4.1% year on year, and segment profit decreased 4.2% year on year. This is primarily due to decreased revenue from insurance-related fees.

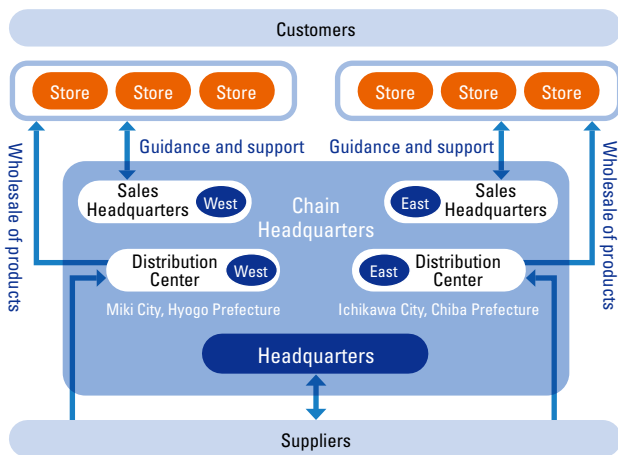
## Domestic AUTOBACS Business

To differentiate ourselves from competitors in the maturing automotive goods market and tap into new customer segments, we offer the three values of “safety and security,” “experience and discovery,” and “self-expression,” along with promoting product development and store format development.

### Value Provision Platform Centered on a Franchise System

In the domestic AUTOBACS business, the Company serves various roles as the franchise headquarters, including providing system and infrastructure related to product/service development and store operations, proposing

sales measures, and wholesaling products. As of March 31, 2020, 574 stores are operated by 78 franchisees (including 17 subsidiaries), while 11 are operated directly by AUTOBACS SEVEN all over Japan.



#### Guidance and support

##### 1. Sales/ Marketing Support

The Company helps propose and implement store reforms based on headquarters policy through store visits. This is done by assigning over 100 supervisors to sales divisions in 12 areas across Japan.

##### 2. Human Resource Training Support/Dispatch of Mechanics

The franchise headquarters provides supports for stores’ planning of on-the-job training and HR development and holds seminars for store executives. The Company also trains mechanics and dispatches them within the chain through its subsidiary, Chain Growth Co., Ltd.

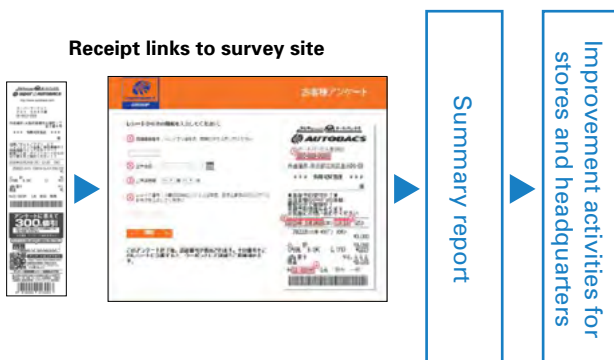
### Store Support Under Franchise System

#### Customer Voice Program (CVP)

This program collects the direct feedback of customers in questionnaire format to improve our store operations, product development, sales promotion, and facilities. It has been in full operation since the end of March 2017, and as of the end of March 2020, approximately 1.19 million opinions have been collected.

#### Operation Reform/Renovation Support

With the aim of creating attractive stores, we support store renovations and operation reform through our Customer Voice Program, drawing on the opinions of customers who visited the stores. In the fiscal year ended March 2020, 121 stores were renovated, including improving in-store navigation and beautifying service bay restrooms.







## Number One Store for Tire Sales

AUTOBACS SEVEN strives to provide a shopping experience and services tailored to the region and season to meet the wide-ranging needs of our customers. As a result of these efforts, AUTOBACS was voted the number one tire retailer for the fourth consecutive year in the "Tire Survey 2020" conducted by JMA Research Institute Inc. The survey was conducted among people who own a car/cars at home from 18 to 69 years old across Japan, and 25.9% of respondents selected AUTOBACS SEVEN as their destination for tire purchases.

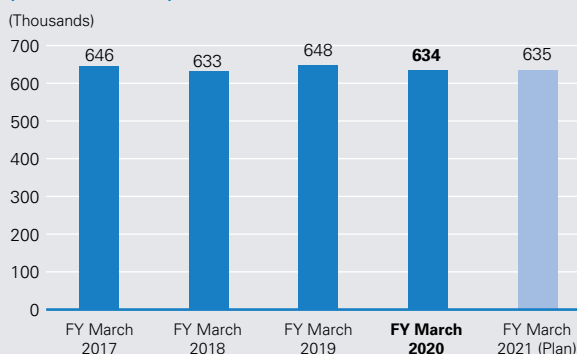


## Statutory Safety Inspections and Maintenance

**Decreased number of cars that underwent a statutory inspection as a result of reduced demand for the inspection and measures to extend the inspection expiration date**

We have stepped up our TV advertising and point-of-sale promotions and strengthened in-store initiatives such as 15-minute inspections. However, the number of statutory inspections performed fell 2.2% year on year to approximately 634,000, owing to a decline in the number of vehicles subject to inspections starting in October 2019 and the policy of extending inspection expiration dates as a response to COVID-19.

**Number of Statutory Safety Inspections Performed (all-stores basis)**

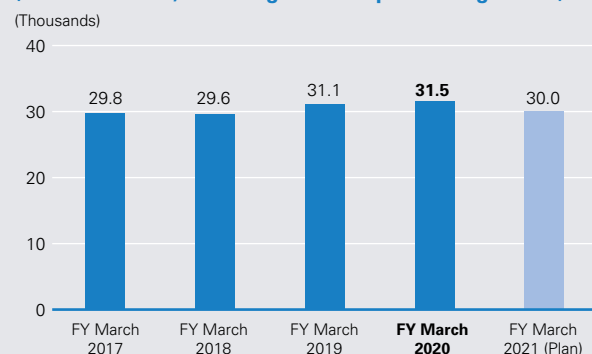


## Used Car Purchasing and Sales

**Focus on sales activities, record high number of used cars purchased and automobiles sold**

To enhance used car purchasing and reduce costs in our CARS stores, we closed five unprofitable used car purchasing stores and intensified our sales activities. As a result, approximately 31,000 vehicles were sold in the fiscal year ended March 2020. In addition, AUTOBACS CARS was ranked No. 1 in customer satisfaction among used car purchasing companies in the 2019 Oricon Customer Satisfaction Survey.

**Used Cars Purchased and Automobiles Sold (all-stores basis, including used car purchasing stores)**



## Strategy Based on Three Values

### Automotive Goods

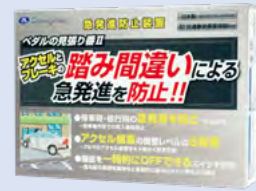
#### Enhancing the lineup of private brand merchandise and tires

To meet the safety and security needs of our customers, we are endeavoring to expand our selection of maintenance products that need replacing regularly, like tires and engine oil, centered around the development of private brand merchandise. Furthermore, the growing awareness of safe driving in recent years has led to a rise in demand for safe driving assistance products such as the "Pedal Watcher II" sudden acceleration prevention device and dashboard cameras that can record front and rear views. We are leading the way in the industry to expand our offering of such products. We are also strengthening our

lineup of tires, our mainstay product, including tires sold in sets with wheels and all-season tires.



Dashboard camera



Pedal Watcher II

Safety  
Security

#### Sales of campers for outdoor fun

To meet the needs of customers who enjoy going out by car, we sell products such as drones that offer fun not just on the trip but once customers reach their destinations, and we are working on the development of lifestyle products. Under the branding of GORDON MILLER MOTORS, our original car label, we are producing campers equipped with a state-of-the-art chassis and design linked with its unique world view on garages, and promoting the "VAN Life" concept, which integrates the vehicle into the living space.



GMLVAN V-01 (Hiace base)



Drone

Experience  
and  
Discovery

#### Promoting product development by ARTA

To meet the need for self-expression through cars, we are newly marketing ARTA (AUTOBACS RACING TEAM AGURI) as a racing sports brand and promoting the development of merchandise such as racing goods and sportswear under this label. In addition, in January 2020, we teamed up with the Swiss luxury mechanical wristwatch brand CVSTOS to launch the high-end ARTA CVSTOS series, which features a sporty yet elegant concept the two companies have in common.



ARTA CVSTOS

Self-expression

## Store Format Strategy

### Two Smart+1 stores in Osaka and Tochigi

We have continued to develop and open new store formats that offer only certain products and services and can be operated at low cost. As part of this, we operate two Maintenance Members-only "Smart+1" stores, one in Ibaraki, Osaka Prefecture, and the other in Utsunomiya, Tochigi Prefecture. The stores specialize in car maintenance services centered on hand car wash and are accessible by appointment only. The stores offer a carefully selected lineup of essential products, and customers can wait and relax in the store's cafe lounge enjoying coffee and pastries until the work is completed.



Smart+1 Ibaraki store



Kids' Space at Utsunomiya store

### Expansion of JACK & MARIE to five stores

In November 2019, JACK & MARIE, Japan's first car-oriented lifestyle shop, sought to increase its brand value by opening a new physical store at Grandberry Park in Machida, Tokyo. It is our first JACK & MARIE store in Tokyo and the one with the largest sales floor. This brings the total to five stores, with two stores in Yokohama and one each in Nagoya and Fukuoka. The brand encourages exciting outdoor uses of automobiles based on the concept of a stylish Australian lifestyle surrounded by nature.



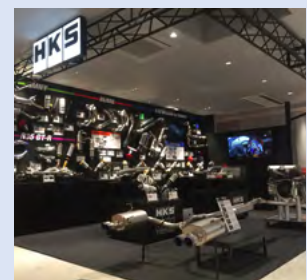
JACK & MARIE Grandberry Park

### Newly renovated A PIT AUTOBACS SHINONOME sales floor with two new tenants

A PIT AUTOBACS SHINONOME, the flagship store of the AUTOBACS Group, has gained two new tenants aimed at car and motorsports enthusiasts: Pole Position by Motorimoda and HKS GATE TOKYO BAY. As a result, we are now able to suggest even more exciting ways to spend time with your car and discuss more detailed customizations tailored to each individual vehicle.



Pole Position by Motorimoda



HKS GATE TOKYO BAY

# Overseas Business

We are engaged in wholesale and retailing and services mainly in the ASEAN region, which continues to enjoy economic growth, through capital and business tie-ups with leading local firms and joint venture operations.

## Wholesale Business

With increasing demand for the products of the Japanese brand AUTOBACS, particularly Japanese engine oil, overseas sales grew significantly. Wholesale sales to the Chinese domestic market also grew significantly. In October 2019, in order to strengthen cooperation related to the expansion of the wholesale business in China and the manufacture of private brand merchandise, additional investment was made in the Guangdong CarHouse Industrial Development Holdings Co., Ltd. (CarHouse) Group, and it was made an equity-method company. In

Singapore, we are promoting the wholesale introduction of private brand merchandise such as wipers, mainly to convenience stores and hypermarkets, and we are also working on B-to-B and online sales. In Australia, we worked to expand wholesale earnings in our overseas business through AudioXtra Pty Ltd., which we made a consolidated subsidiary in October 2018. Going forward, we will continue to focus on wholesaling as the core of our overseas business as we work to further expand our sales channels.



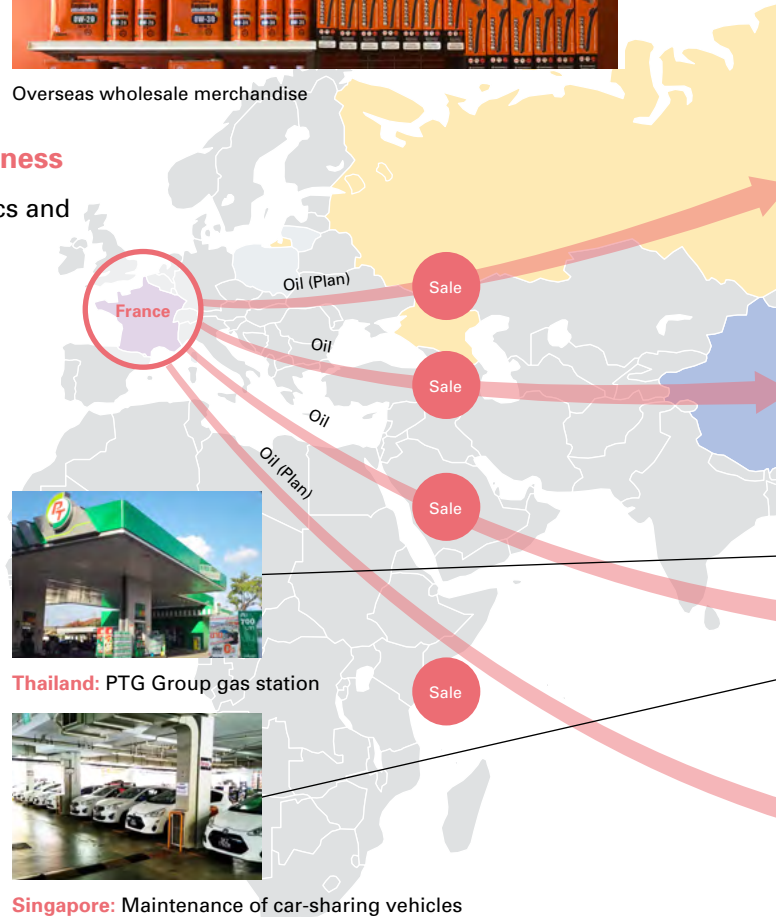
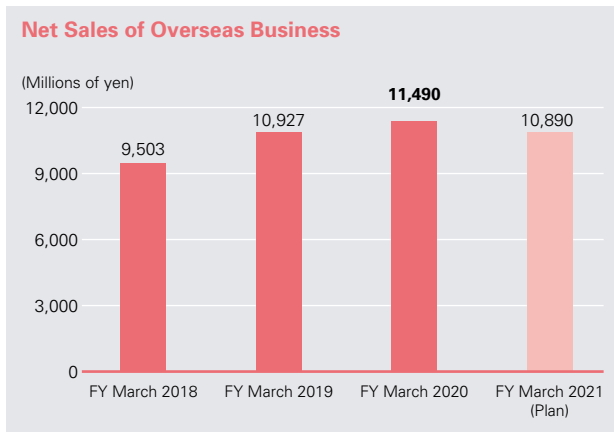
Private brand oil for overseas market



Overseas wholesale merchandise

### Strategic Elements of Overseas Wholesale Business

- Promoting businesses that harness local characteristics and quality unique to a Japanese brand
- Strengthening alliances with local partners
- Improving profitability through low cost, low risk, and diverse earnings sources
- Establishing a battery business





## Retailing and Services Business

As of March 31, 2020, the Group operates 45 stores in seven countries and regions excluding Japan, tailoring services to the car culture of each region.

We are strengthening works at service bays in France, which is seeing growth in tire sales. In Thailand, we are partnered with the PTG Group, which ranks second in the number of gas stations in the country, and operate small stores in the company's gas station malls. We

newly opened these small stores in PTG Group's gas station malls in April and November 2019. In Singapore, we acquired a stake in SK AUTOMOBILE, a local company operating a sheet metal painting and maintenance factory, in November 2019 and made it a consolidated subsidiary. This will allow us to continue to expand in the country, where demand for ongoing maintenance is expected due to the stable number of vehicle registrations.

### France

Number of stores	11 (Subsidiary: 11)
First store opened in	2001
Operating company	AUTOBACS FRANCE S.A.S.
Ownership percentage	AUTOBACS SEVEN: 100%
Operating loss	¥102 million (FY ended March 2020)



### Taiwan

Number of stores	7 (Franchise: 7)
First store opened in	1991
Operating company	Franchisee
Ownership percentage	—



### Thailand

Number of stores	15 (Subsidiary: 15)
First store opened in	2000
Operating company	SIAM AUTOBACS Co., Ltd.
Ownership percentage	AUTOBACS SEVEN: 49.87%
Operating loss	¥100 million (FY ended March 2020)



### Indonesia

Number of stores	3 (Franchise: 3)
First store opened in	2015
Operating company	PT. AUTOBACS INDOMOBIL INDONESIA
Ownership percentage	AUTOBACS SEVEN: 49%



### Singapore

Number of stores	3 (Subsidiary: 3)
First store opened in	1995
Operating company	AUTOBACS VENTURE SINGAPORE PTE, LTD.
Ownership percentage	AUTOBACS SEVEN: 93.75%
Operating income	¥204 million (FY ended March 2020)



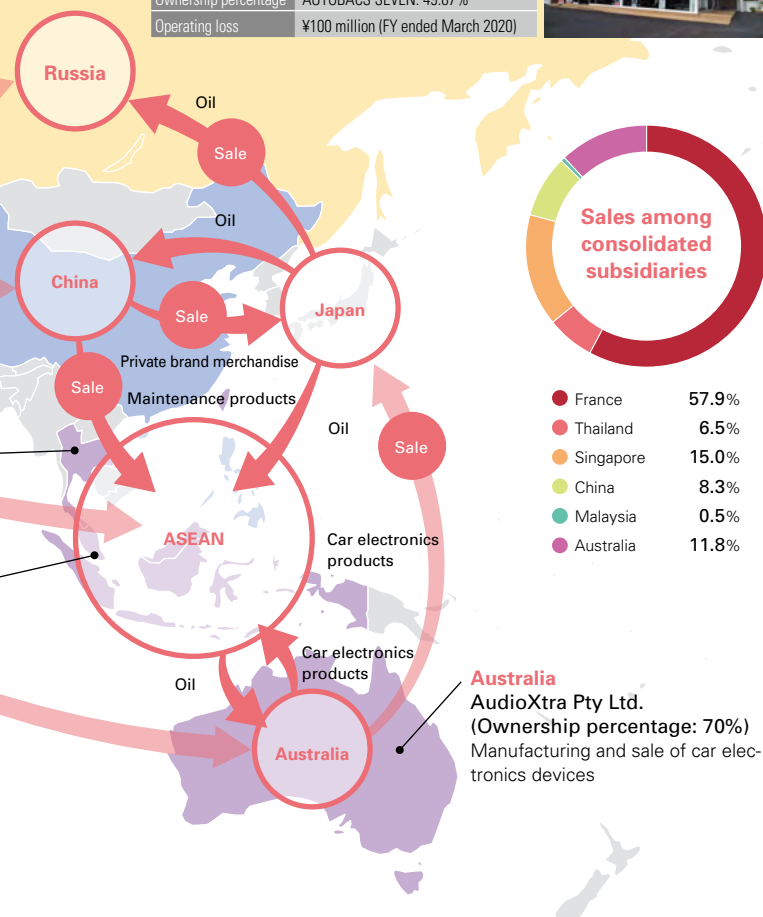
### Philippines

Number of stores	3 (Franchise: 3)
First store opened in	2017
Operating company	Magnificent7 Automotive and Franchising Company, Inc.
Ownership percentage	AUTOBACS SEVEN: 9.9%



### Malaysia

Number of stores	4 (Subsidiary: 2 Franchise: 2)
First store opened in	2012
Operating company	AUTOBACS MALAYSIA SDN. BHD.
Ownership percentage	AUTOBACS SEVEN: 100%
Operating loss	¥17 million (FY ended March 2020)



## Car Dealer, BtoB and Internet Business

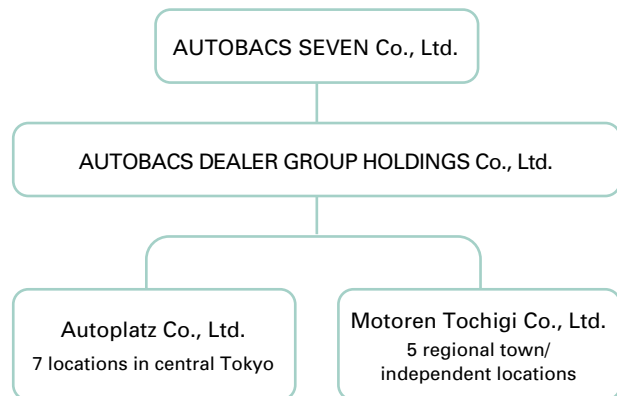
We are nurturing and strengthening our imported car dealer, BtoB and internet businesses as new growth drivers – areas in which we expect to realize synergies with the domestic AUTOBACS business in the future.

### Imported Car Dealer Business

#### Strengthen sales structure and improve services

AUTOBACS SEVEN is an official dealer of BMW/MINI in Japan with a total of 12 locations, seven of which are in Tokyo and five in Tochigi Prefecture. In April 2019, the Company established AUTOBACS DEALER GROUP HOLDINGS Co., Ltd. as an entity to manage the imported car dealership business, as part of its effort to develop a system for future expansion of earnings. We also strengthened the sales structure at each site and worked to strengthen not only sales of new and used cars but also services.

#### Organizational Structure



### Internet Business

#### Improvements to AUTOBACS website and app

In the internet business, we continued to work on rebuilding our product lineup and promotions and expanding sales through AI-based digital marketing. After much preparation, the AUTOBACS website was renovated in August.

We are also making improvements to the AUTOBACS app to enhance our relationships with customers more than ever before.

- Intuitive, user-friendly design
- Store pick-ups can be prepaid online
- Introduction of smartphone-based digital loyalty stamps



AUTOBACS.COM>



<https://shop.autobacs.com/ja>

## BtoB Business

### Improve earnings structure by expanding new sales channels

In the BtoB business, we were able to increase sales and profits at our automotive goods wholesaler CAP Style Co., Ltd. by securing sales channels outside of the AUTOBACS chain and optimizing business operations.

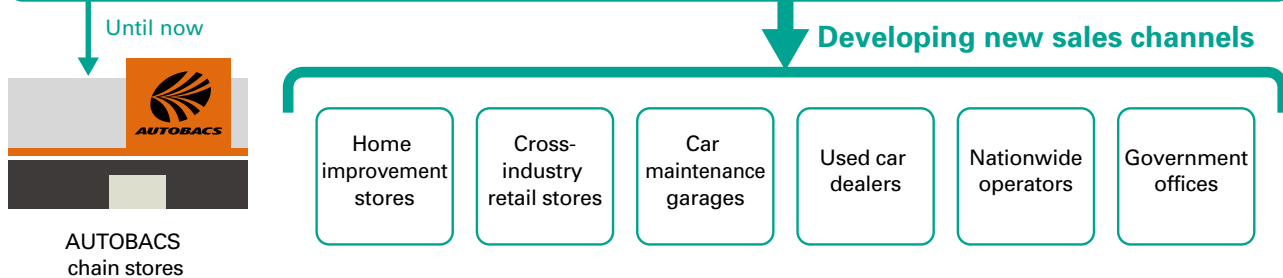
Our wholesale business, which does business directly with different industries, is gradually expanding. The numbers are increasing both in terms of the number of stores we do business with and actual sales.

In the fleet business, which we are strengthening with the aim of capturing corporate demand, transactions with nationwide operators increased, and sales increased,

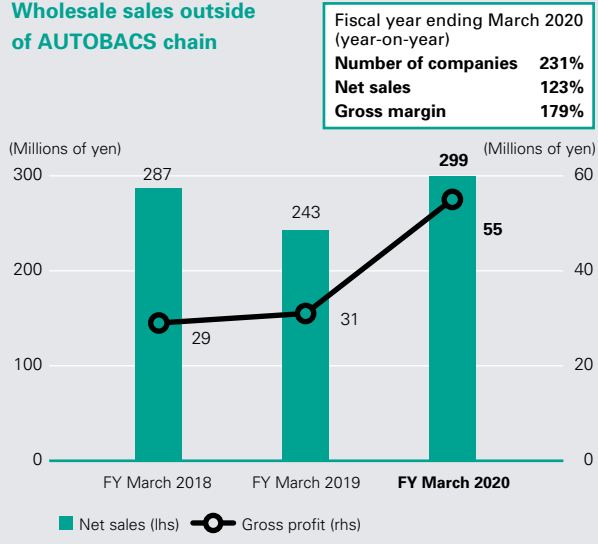
particularly of safety support merchandise such as dashboard cameras. The number of companies with whom we do business, including government agencies, grew significantly by more than 200% over the previous year.

As part of our efforts to build a maintenance network with service shops, we acquired two new wholly owned subsidiaries and began promoting revenue growth at the companies: Seiwa Automobile Sales Co., Ltd. (which conducts statutory safety inspections, maintenance services, and auto body repair in Shiga Prefecture) in June 2019, and Takamori Automobile Maintenance Industry Co., Ltd. in May 2020.

#### Merchandise (proprietary brands and merchandise purchased from suppliers)



#### Wholesale sales outside of AUTOBACS chain



#### Characteristics of corporate transactions in the fleet business

Our professional staff supports company-owned vehicles nationwide for nationwide corporations and other entities, enabling bulk transactions even across franchisees. In addition, for products such as dashboard cameras that require installation, we support installation in cooperation with AUTOBACS stores nationwide and support on-site installation at designated locations, making it convenient for corporate customers. We can even accept a wide range of corporate payment methods.

- Products and prices tailored to individual requirements
- Nationwide company-owned vehicle support by our professional staff
- Support for installation at AUTOBACS stores nationwide and on-site installation at designated locations
- Variety of payment method options including postpayment

# Our Approach to Sustainability

We take a broad view of the issues of society and constantly take into account the social impacts of our business activities. In this manner, we carry out CSR initiatives to meet society's expectations and demands for ESG (environmental, social and governance) which are changing ceaselessly. We take actions with the understanding that contributing to a sustainable society leads to our long-term growth.

External Environment	Strengths	Opportunities
<ul style="list-style-type: none"> <li>Climate change, natural disasters</li> <li>Japan's super-aging population</li> <li>Decarbonization trend</li> </ul>	<ul style="list-style-type: none"> <li>Interaction with local customers</li> <li>Product handling leading to safety and security</li> <li>Recycling method</li> </ul>	<ul style="list-style-type: none"> <li>Improving environmental performance of products and services and emergence of business opportunities</li> <li>Expansion of online market for automotive goods</li> <li>Untapped automotive goods shopping market targeting corporations</li> </ul>

## CSR Policies

As part of our business processes, we undertake various activities that deepen our relationship of trust with all our stakeholders and contribute to society in order to create an enriched and sound motorized society

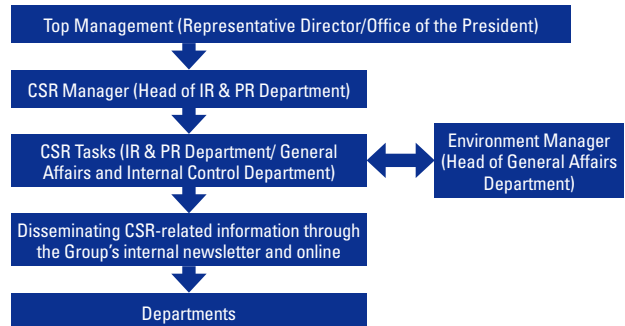


[CSR Initiatives >](https://www.autobacs.co.jp/en/sustainability/concept.html)

<https://www.autobacs.co.jp/en/sustainability/concept.html>

## CSR Management System

At the CSR Promotion Committee, we discuss on how to respond to the demands of society from ESG perspectives among its members. We are promoting CSR which is integrated with management through dialogue with top management, in addition to the initiatives focusing on both the business of the Company and its corporate social responsibility.



\* Annual compliance awareness survey to obtain feedback on CSR initiatives.

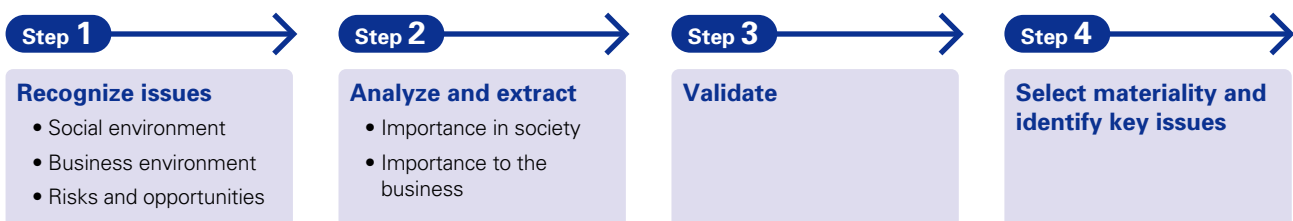


Visit the official AUTOBACS Facebook page for details of our CSR activities.



<https://www.facebook.com/autobacs.seven/>

## Selection Process for Key Issues

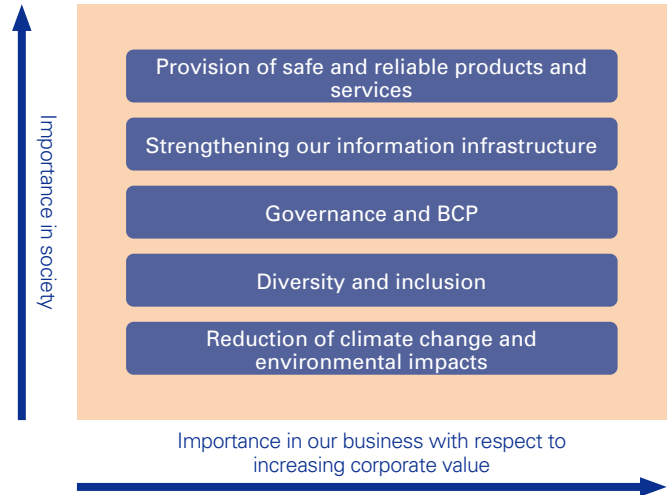




## Selection of Key Issues of the AUTOBACS Group

We selected material issues based on our recognition of the global and business environments and associated risks and opportunities, their contribution to building a sustainable society in both business and social terms, and their importance levels with respect to society and enhancing the corporate value of AUTOBACS SEVEN.

Based on these issues, we will formulate and strengthen strategies and measures. We will also consider setting specific targets for the issues, taking into account their relevance to the SDGs.



## Main Key Issues

Key Issues	Related SDG Goals and Targets
Provision of products and services contributing to safe and secure motorized society	3-6                          11-3                          12-5
Provision of enjoyable and enriching car use opportunities and car-related experiences	4-4                          4-7                          12-5
Addressing climate change and reducing the environmental impact of our business activities	7-2                          12-5                          13-1
Diversity promotion (work-style reforms, empowerment of women)	5-5                          8-5
Revitalization of franchisee store communities	3-6                          11-3

### Relationship between SDGs and Our Business

With a view to achieving the SDG goals, we identify the goals having a higher correlation with our operations as our key themes, and aim to contribute to the achievement of the SDGs.



#### SDGs (Sustainable Development Goals)

SDGs are the concrete action guidelines for developed and developing countries adopted at a UN Summit in September 2015 as “the 2030 Agenda for Sustainable Development” to succeed and build on the Millennium Development Goals that ended in 2015. The agenda comprises 17 goals and 169 targets.

## ESG: HR Development and Work-style Reforms

### Our Vision

As a company that solves the issues of local communities through our business operations, we focus on nurturing personnel that possess expert knowledge and know-how. We recognize human resources to be the source of value we provide to society and we continually seek to enrich our workplaces so each and every employee can remain healthy and safe.

### Key Themes

Fostering the corporate culture where diversified human resources can work comfortably.

### SDG Targets



Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Category	Subcategory	Evaluation Indicator	FY March 2018	FY March 2019	FY March 2020	Target Value	Target Year	Note
HR Development	In-house recruitment	Number (People)	—	3	6			Number of successful transfers
	Free agent system	Number (People)	15	9	8			Number transferred
	Recommended training	Number (People)	458	215	72			Number who completed training through internal system
Work-style Reforms	Overtime hours	Avg. no. of hours per month per person	4.7	8.3	7.6			
	Paid leave	Take-up rate (%)	48.0	49.8	64.7	50.0	2022	
	Telecommuting	Total number of days	747	1,747	10,285			Headquarters employees (introduced November 2017)
Diversity	Female managers (section manager or higher)	Ratio (%)	2.3	1.4	2.9	5.0	2022	Among section chief or higher
	Childcare leave (female)	Take-up rate (%)	100	100	100			Among those who took leave before and after childbirth
	Childcare leave (male)	Take-up rate (%)	—	—	61.5			Employees who took 5 days or more of childcare leave
	Working shorter hours for childcare	Ratio (%)	23.0	21.5	18.8			Among female full-time employees
	No. of foreigners hired	Ratio (%)	1.3	1.2	1.4			Among full-time employees
	No. of disabled persons hired	Ratio of disabled persons hired (%)	1.6	1.5	2.1	2.2	2019	Legally mandated rate: 2.2% → FY2021: 2.3%
	No. of employees re-employed after retiring at 60	Ratio (%)	3.7	4.1	4.0			Among total of full-time employees and re-employed employees
Health Management	Periodic health examination	Ratio undertaken (%)	99.8	100.0	100.0			Among those eligible for primary health examination
	Health management training	Number of meetings held (times)	—	9	9			
		No. attended	—	52	36			
	Health management seminars	No. of times held	26	17	11			Clinical psychologists, etc.
No. attended		254	276	52				
Corporate Culture Reforms	CEO dialogue session	No. of times held	21	10	6			(Started in FY2016) Changed from mandatory participation in FY2018 to applicant-based system in FY2019.
		No. attended	192	112	38			
	Value award	No. received	—	104	165			Excludes overlapping recipients, launched FY March 2019
Basic Data	Total no. of full-time employees	Total no. at end of FY	1,021	993	999			
		No. of males at end of FY	886	858	855			
		No. of females at end of FY	135	135	144			
		Ratio of females at end of FY (%)	13.2	13.5	14.4	20.0	2022	

## Activities in Fiscal March 2020

### 1 Educational Training to Enhance Strength of Human Resources at AUTOBACS Chain Stores

The AUTOBACS chain is enhancing its education and training systems in order to improve the value it provides to customers. We have established a stratified education and training system for store employees, who operate closest to our customers. We offer a multitude of different group training sessions on topics such as leadership, sales skill improvement, and product knowledge. We combine these with e-learning and other initiatives like OJT at stores in an effort to deliver significant outcomes. We also strive to enhance the quality

of in-store services by boosting staff knowledge, technical skills, and motivation, with an assessment system linked to our internal Group qualifications, such as Car Lifestyle Advisor and Car Lifestyle Consultant. In addition, we focus on training to help employees acquire public qualifications, including automobile mechanic and automobile inspector, that will become key to our services in the future. We will work to steadily increase the number of qualified employees going forward.

### 2 Career Support

Based on the concept that “employees choose and build their own careers by themselves,” we have established an educational program to help individual employees clarify their own career paths through work, and have an education program in place to back this up.

#### Career rotations and skill enhancements

To ensure that employees gain a wide range of knowledge and experience, we conduct regular personnel transfers with a view toward job rotation, especially for younger employees. We have also established an internal job posting and free agent system so that employees who meet certain conditions can apply to work in positions they desire. In addition, we offer specialist courses for employees who have diverse experiences and have established their preferences and aptitudes. In these ways, we support the development of careers that

match each employee’s abilities, aptitudes, and aspirations.

#### Personnel development program

In addition to in-house training, we have a “cafeteria plan” that offers around 160 courses, including correspondence courses from external organizations, as well as e-learning courses and public seminars. The purpose of the plan is to encourage employees’ voluntary career development efforts. Employees using the plan, which is positioned as a “system to support employees who work hard,” can receive monetary assistance with subsidies up to ¥100,000 per person per year. In addition, we have a full range of programs to encourage employees who are proactive in their self-development and skills development. For example, we provide rewards for those who have acquired official qualifications designated by the Company.

### 3 Work-style Reforms

In addition to promoting the creation of a workplace where each and every employee can work safely and remain healthy, we are working to establish an environment in which our employees can feel enriched, fulfilled, and safe at work.

#### Supporting various working styles

In light of mounting societal demands to tackle issues, such as an ageing society, need for work-life balance, and globalization, we are implementing various initiatives to provide multiple work-style options to employees with

the goal of establishing an environment in which everyone can work energetically. Such options include telecommuting, satellite office-based work, staggered starting times to avoid peak-hour commuting, half-day paid leave, and shorter working hours for those with childcare and elder care commitments. We are also enhancing our ICT-based communication tools. Going forward, we will trial a flex-time system and a system that releases employees from single-employer assignments, with the aim of establishing more diverse work-style arrangements.

#### Comments from the General Manager, Personnel Department Yumiko Sako, General Manager, Personnel Department

The Company has been proactive in supporting career development that matches the aptitudes and abilities of individual employees and in transforming the way they work. During the COVID-19 crisis, for example, employees were forced to adopt workstyles they had never experienced before, with some prohibited from visiting their workplaces.

We see this as an opportunity and are keen to embrace new ways of working in the future. In the year under review, for instance, we established the Corporate Culture Reform Project to undertake reviews of operations and promote cross-divisional consideration of mechanisms for realizing new ways of working. We will also work to re-engineer our recruiting practices and education systems in our quest to become an organization that embraces individual diversity, continues to produce results through teamwork, and is able to create new markets with flexible ideas without fear of change.



## ESG: HR Development and Work-style Reforms

### 4 Promoting Diversity and Inclusion

Based on our belief that we cannot grow as a company without diversity, we are working to create comfortable working environments for both men and women.

#### A workplace where employees can keep working after maternity and childcare leave

Our view is that “a company where women can work comfortably is a company where everyone can work comfortably.” Based on this view, we have created environments that are work-friendly, even for women experiencing major life events, such as marriage, childbirth, and childcare. As a result, our return-to-work rate for female employees after taking maternity and childcare leave is 100%. This is testament to our efforts to support

women’s careers and improve various personnel systems.

#### Encouraging men to childcare leave (work-style diversity initiative)

Although there is an uptrend in male employees taking childcare leave in Japan, the proportion remains low at just 6.16% of the male workforce, compared with 82.2% for women (according to a survey by the Ministry of Health, Labour and Welfare).

In the fiscal year ended March 31, 2020, the percentage of the Company’s male employees who took one month or more of childcare leave was 7.69%, which is higher than the national average, and some employees are even taking childcare leave for longer than one year.

#### Comment from Male Employee that Took Childcare Leave

**Takuya Nishigaki** (worker at A PIT AUTOBACS SHINONOME) Took childcare leave from April 2019

My wife, who works for the same company, was very keen to continue working in her department, which handles product development. So after consulting with both her parents and mine, we decided that I would take the childcare leave option.

I was concerned that my boss might be opposed to my taking a whole year for childcare leave, but he readily agreed and supported me.

At first I was confused because everything was new to me and I couldn’t communicate well with my child. Now I’ve gotten used to it and I’m feeling more comfortable. I’m enjoying this once-in-a-lifetime opportunity. Having experienced firsthand the difficulties of balancing childcare and work, I understand the needs of people in similar situations. So I believe that I can help the Company create more worker-friendly environments in the future.

In Japan, it is still considered unusual for men to take childcare leave, but in our rapidly changing society, an environment that allows everyone to work flexibly is essential for a company to achieve more

sustainable growth. I hope to encourage men who are thinking about taking childcare leave to go ahead and take it, so that we can become a company that is known for offering childcare leave for men as a matter of course, and hopefully this will spread throughout society.



#### Male employees taking leave or child-rearing purposes (Fiscal year ended March 2020 result)

Target number	25 persons	
Those who took 5 days of leave for child-rearing purposes	16 persons	Uptake rate: 61.5%
(Including) those who took leave for 1 month or longer	2 persons	Uptake rate: 7.7%

#### Creating a workplace full of diversity

The Company’s policy is that all people have the right to work equally, regardless of their nationality. Under this policy, we use the same recruiting standards to select people regardless of their nationality. Accordingly, we have welcomed a number of foreign nationals to the Company, including both new graduates and mid-career hires.

In the globally expanding businesses of the AUTOBACS Group, there are more and more opportunities for foreign employees, both in Japan and overseas.

As part of our hiring of disabled persons, we are also working hard to create an environment in which people with disabilities can find it easy to work by establishing a system that offers a choice of flexible working styles.



## 5 Health Initiatives

Since its founding, the Company has worked to enhance the “physical and mental health of employees,” identified as one of its three pillars of management. In order to realize our vision for the future, we must be a bright, energetic, and vibrant organization. Going forward, we will continue contributing broadly to society by raising employee awareness about the health of both “mind” and “body” and powerfully promoting “health management.”

 **Autobacs Seven Health Management >**

<https://www.autobacs.co.jp/en/company/healthycompany.html>

### External recognition

In fiscal 2019, the Company was again evaluated highly by external organizations for its initiatives related to the mental and physical health of employees. For example, we received the highest rank under the DBJ Employees' Health Management Rating, and we were certified as a 2020 Health and Productivity Management Organization.



### Health management support system spearheaded by the Health Management Promotion Committee

The Group established the Health Management Promotion Committee to spearhead its health management initiatives. The committee supports the activities of the Group's in-house health management promotion organization—consisting of health insurance union, labor union, and mutual aid association representatives—by examining specific measures to promote the health of employees. The in-house health management promotion organization also has a resident public health nurse who, together with an occupational physician and clinical psychologist, provides health counseling and support for improving lifestyle habits, including mental health. In addition, the Health Management Promotion Committee seeks to create healthy and safe work environments. In addition to priority issues related to health management, it examines occupational safety and health issues, such as the need to reduce overtime work and the risk of workplace accidents, and it communicates information on its activities throughout the Company via the Safety and Health Committee. We are confident that this initiative will help increase the vitality of our entire organization and lead to improvements in corporate value.

We are pursuing six health management initiatives.

All employees of the AUTOBACS Group are working together to address the issues listed below. These activities reflect our effort to build an organizational culture in which everyone understands that the health of each individual

employee is key to creating corporate value, and also symbolize our commitment to benefiting society in general.

1. **Anti-smoking:** With the goal of reducing the smoking rate among employees to 32%, we are encouraging workers to quit smoking and taking measures to prevent health hazards caused by passive smoking. The Company is also a member of the No Smoking Promotion Business Consortium, established jointly by the Tokyo Medical Association and the Japan Cancer Society. The consortium consists mainly of companies with headquarters and offices in Tokyo.
2. **Lifestyle-related diseases:** We are working to prevent the onset and aggravation of lifestyle-related diseases with the goal of reducing the percentage of employees with high health risks to 30% or less.
3. **Cancer:** By increasing the rate of screening and consultation among employees, we support the early detection and treatment of cancer. We are also working to help affected workers remain in employment while getting treatment.
4. **Mental health:** Committed to helping all employees perform at their best in an energetic and healthy manner, we are working to reduce the percentage of employees with high stress to 10% or less and those taking leave due to mental health problems to 1% or less. Specifically, we promote self-care, line-based care, care by in-house occupational health staff, and care utilizing external services.
5. **Health-related issues specific to women:** We are working to improve work environments and support measures to help female employees spend healthy, cheerful, fulfilling lives with independence.
6. **Workplaces that promote “health management”:** We are working to establish environments and structures to instill “health management” initiatives in the workplace.

### Specific initiatives

- Participation in No Smoking Promotion Business Consortium
- Health management training to improve lifestyles
- Meal improvement programs: “Office Okan” and “OFFICE DE YASAI”
- Mental health care and health consultations by occupational physicians
- Various health-related forums tailored to employee needs, such as seminars for those want to start exercising and those who want to learn about breast cancer



禁煙推進企業  
コンソーシアム



Stretch-ball seminar in the office



Office Okan  
OFFICE DE YASAI

# ESG: Environmental Conservation

## Our Vision

The Company takes into account the impacts our business activities have on the environment and aims to realize a sustainable society by ensuring proper waste disposal and reducing our environmental burdens at our stores and during distribution.

## Key Themes

Reduction of CO<sub>2</sub> emissions in our business processes and recycling of used products SDGs

### SDG Targets



Target 7.2: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development



Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

## AUTOBACS SEVEN Environmental Policy

In September 2011 the Company established the AUTOBACS SEVEN Environmental Policy, and promotes environmentally friendly business operations as a franchise chain headquarters.



[AUTOBACS SEVEN Environmental Policy >](https://www.autobacs.co.jp/en/sustainability/environment.html)

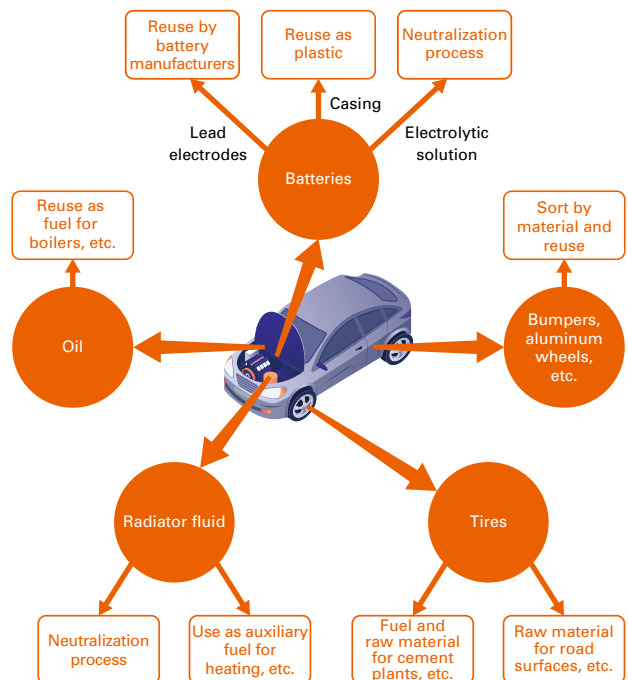
<https://www.autobacs.co.jp/en/sustainability/environment.html>

## Activities in Fiscal March 2020

### 1 Product Recycling and Proper Disposal

In Japan, approximately 100 million tires, equivalent to 1 million tons, are disposed of every year. Used tires collected from customers at AUTOBACS Group stores are pulverized and processed into chips by specialists and are recycled as a source of thermal energy. At the factories of such specialists collecting used tires from AUTOBACS Group stores in Kanto's vicinity, over 100 tons of used tires are brought in, selected, broken, and transformed into sources of energies every day. Used oils and batteries are also separated by material and processed correctly by designated operators and are then recycled.

In addition, radiator liquids, bumpers, and aluminum wheels are separated by material and reused. Through recycling them by material, approximately 90% of an entire automobile's parts are recycled. Recycling fees are used for transforming parts into different materials and for processing airbags and CFC gas that are cumbersome to process.



## 2 Reduction of CO<sub>2</sub> Emissions

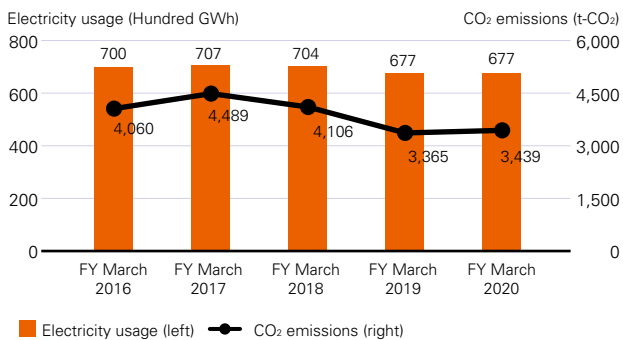
### Electric vehicle charging stations

We have installed electric vehicle charging stations at 103 AUTOBACS Group stores (as of March 31, 2020). On top of enhancing convenience for our EV and PHV customers, we promote environmental conservation activities across the entire Group.

### Initiatives in distribution

When transporting products not requiring express delivery, we make use of rail freight containers instead of trucks to reduce CO<sub>2</sub> emissions. We also utilize reusable folding containers in various sizes to deliver products to stores in an effort to reduce waste in the form of cardboard boxes.

### Electricity Usage and CO<sub>2</sub> Emissions



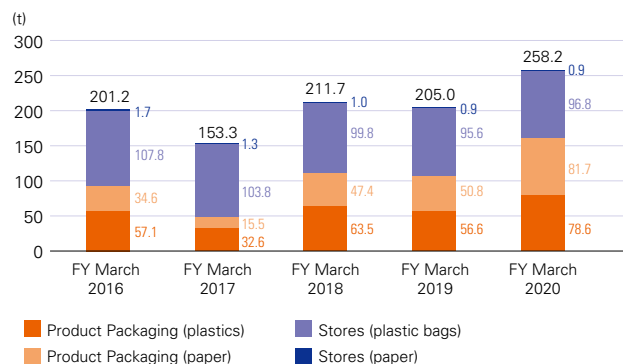
### Reducing CO<sub>2</sub> emissions with mega solar projects

In 2013 we installed solar power generation panels using areas of the roof and other unused sections of our West Japan Logistics Center (Miki City, Hyogo Prefecture). This initiative reduces our emissions of CO<sub>2</sub>. Total power generated in fiscal March 2020 was approximately 1.4 million kWh.

### Developing environmentally friendly private brand products

We are working to minimize the amount of waste generated by the packaging of our private brand products by reducing the weight and reviewing the materials of such packaging.

### Volume of Packaging Used at AUTOBACS Chains and Headquarters



## 3 Recycling Car Freshener Packaging

### Collecting and reusing

From October 2017 to March 2020, we collected empty car freshener products at AUTOBACS stores and recycled the plastic from those products to create road safety reflectors.

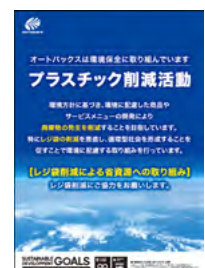
This was a joint collaboration between AUTOBACS SEVEN; Procter & Gamble Japan, maker of the Febreze brand of deodorizers; and TerraCycle Japan, which supports corporate recycling activities. The project draws on the strengths of each company. The recycled reflectors created through the project were donated to elementary schools and organizations that promote road safety.



## 4 Reducing Use of Plastic Bags

In October 2019, we stepped up efforts to reduce the use of plastic bags, including by encouraging customers to bring their own bags and displaying posters. This was before a law mandating charges on plastic bags was enacted in July 2020.

Since April 2020, we have sequentially introduced a system for charging fees on plastic bags. We also help reduce plastic waste with our own reusable bags. For customers who wish to use them, we have made the bags more durable and reusable rather than disposable. In addition to plastic shopping bags, we are looking to reduce the use of plastic bags generated in our stores, with the aim of making our stores more environmentally friendly.



## ESG: Community and Society

### Our Vision

We see cars as more than just a form of transport; they support the affluent lifestyles of people and serve as their partner providing fulfillment. Car-centric lifestyles will continue to generate safe, secure, and fun situations for everyone.

### Key Themes

Contributing to safe and secure social infrastructure and aiding the development of the next generation

### SDG Targets



Target 3.6: By 2020, halve the number of global deaths and injuries from road traffic accidents



Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development



Target 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries



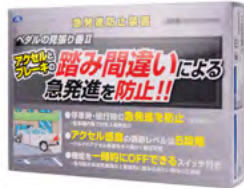
Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

## Activities in Fiscal March 2020

### 1 Community Safety and Security

#### Assisting safe driving through our products

We developed and launched a sudden acceleration prevention device aimed at preventing accidents caused by drivers who are elderly or not used to driving and mistake the accelerator for the brake. In some regions, we also provide traffic safety training in cooperation with local governments and the police.



#### Distribution of recycled road safety reflectors to around 7,000 children

From October 2017 to March 2020, we collected empty car freshener products at AUTOBACS stores for recycling into road safety reflectors. We donated the reflectors to around 7,000 elementary and daycare school children through our stores nationwide.



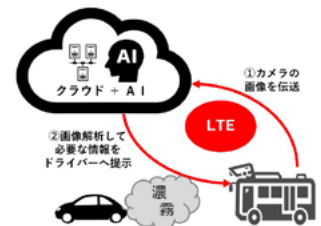
#### Monitoring AI robot: ZUKKU

We provide unobtrusive monitoring for the elderly through ZUKKU, an owl-shaped mini-robot that utilizes AI to conduct natural conversations. Equipped with interactive functionality and motion sensors, ZUKKU watches over the daily activities of people's loved ones by analyzing the frequency of conversations and certain keywords, then transmits information about the physical condition of the subject to the PCs or smartphones of family members in distant locations.



#### Driving assistance system for safe driving even in dense fog

We conducted a field test in Oita Prefecture aimed at establishing Japan's first 5G-based driving assistance system to enable safe driving even in dense fog. In Oita Prefecture, express buses are the main means of transportation between Oita Airport and Oita City, and they often encounter dense fog around the Hiji Junction at the midpoint of the journey. Our aim is to establish a driving assistance system allowing safe driving on highways affected by dense fog.





## 2 Supporting Development of the Next Generation Children

### Communicating the appeal of motorsports and the challenge to the dreams to children

In fiscal March 2020, in cooperation between the Company and ARTA (AUTOBACS RACING TEAM AGURI), a team driver and engineer visited elementary schools in Suzuka, Mie Prefecture and Haga, Tochigi Prefecture to talk about the joys, rigors, and importance of holding a dream. These interactions not only stimulate an interest in motorsports and racing cars, but they also aim to spark the first step towards realizing future dreams of children and students.



### Classroom support at Oita Prefectural High School

In December 2019, we signed a "Comprehensive Collaborative Agreement on Community Activation" with the Oita Prefectural Government. As part of this effort, we opened a laboratory on the campus of the Oita Prefectural Information Science High School in May 2020. Our employees are permanently stationed at the lab to support classes aimed at resolving regional issues through industry-academic-government collaboration.



The lab provides students with the opportunity to experience our IoT-based monitoring robots and driving assistance services, and to come into contact with the latest technologies.

### Kodomobacs: A fun way to interact with cars and develop a view of occupation

Our in-store event "Kodomobacs" gives children the chance to try their hand at a number of activities, including a working experience at service bays where they get to wear AUTOBACS overalls and change a car tire, taking souvenir photographs wearing a car racing suit, and decorating cars with drawings. The purpose of this event is to have children interact with our employees to cultivate a view of occupation, and also have them experience the appeal of making a living together with cars, the wonderful life partner.



### AUTOBACS pavilion at KidZania

As an official sponsor of KidZania, a small city where kids can have fun role-playing jobs and learning about how society works, AUTOBACS runs Car Lifestyle Support Center pavilions at both KidZania Tokyo and KidZania Koshien. Through their experiences at our pavilions, our goal is to have kids learn how fun it is to work with cars, gain an understanding of car safety and mechanisms, and contribute to a safe motorized society in the future.



## 3 Community Support for Natural Disasters

Initiatives to support victims of torrential rains in August 2019 and typhoons (No. 15 and No. 19)

### Free rental support for car-sharing service

We donated 17 vehicles to the Japan Car Sharing Association in order to give disaster-affected people and local volunteer groups a free-of-charge means of transportation.



We also serviced and replaced the tires of those cars with winter tires at AUTOBACS stores to ensure ongoing vehicle safety.

### Employee-matching fundraising donations

Immediately after the disasters, we distributed food at local evacuation centers. We also made donations to AAR Japan, a non-governmental organization (NGO) that provides supplies to welfare facilities for the elderly, special-needs schools, and other organizations without easy access to support. This was in the form of matching donations, where the Company agreed to match any donations collected from employees.

### Car maintenance consultation service

We set up a consultation service for customers who needed to maintain their vehicles after the natural disasters and sought advice on a wide range of problems.



## ESG (Feature): Business Continuity Efforts in Response to the

The novel coronavirus is spreading around the world, with significant economic and social impacts. In the future, people's lifestyles are expected to change, creating new forms of value. In response to this situation, AUTOBACS SEVEN has prepared business continuity measures based on our existing BCP and initiated a discussion of future impacts.

(Prepared based on information current as of the end of June 2020)

### Initial response

#### Establishment of a crisis response headquarters

- Organization under the leadership of the President
- Regular weekly meetings
- Review of measures based on national and local government policies

#### Composition of crisis response headquarters

- **Director:** Representative Director and Chief Executive Officer
- **Deputy directors:** Officers in charge of Human Resources, General Affairs, and Legal Affairs
- **Members:** Officer in charge of AUTOBACS Business Planning; officers in charge of IR & PR and Finance & Accounting; heads of General Affairs, Human Resources, IR & PR departments

#### Basic policies to prevent the spread of infection

- Thoroughly enforce policies to prevent customers, business partners, and employees from getting infected or spreading the virus
- Protect the safety and security of automobiles, which are a critical part of the infrastructure for transporting people in daily lives

### Details on measures and implementation

#### Ensuring the safety and security of customers and store employees

- Limited maintenance-focused operations (when a state of emergency is declared)
- Shortened business hours (when a state of emergency is declared)
- Thorough hygiene management
- Promotion of the use of the service bay reservation system

#### Support measures for franchisees

##### Reductions and exemptions from "store personality" costs

- 1 Partial exemption from franchise stores' half of bill for nationwide sales promotion projects

#### Headquarters office

##### No visits to the office (telecommuting only) in April and May

- 1 When employees were obliged to come to work, for example for reasons of business continuity or store support, thorough measures to prevent infection were enforced, including temperature checks and disinfection before entry  
Attendance rate: 17% in April-May

#### AUTOBACS Group communications

Urgent messages from top management were delivered to stores across Japan through the Group's internal newsletter. At the headquarters office, top management and executive officers recorded videos on how to handle the changing situation going forward.

# Impact of COVID-19

## From present to future



Contactless checkout



Ensuring space between customers in line



Making sure steering wheels and seats are covered when moving vehicles

### 2 Establishment of payment grace system

Limited grace period for any one month of product billing after April 2020

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

Short-term loan program to provide an additional source of deferment for payments

### 2 Encouraging telecommuting and telework

Improved teleworking tools environment



### Pursuing new safety and security needs

- Strengthen infection prevention and safety measures for store staff and customers
- Respond to emerging product needs for infectious disease control
- Promote the use of the service bay reservation system by app, website, and telephone
- Support services tailored to maintenance demands due to increased vehicle travel

### Promote flexible work styles by improving the work environment

- Investigate improving the efficiency of the headquarters office space
- Enhance online meeting tools
- Accelerate the transition to paperless offices

### Risk management

- Improve BCP
- Improve information security and information infrastructure
- Organize the impact on addressing medium- and long-term issues in terms of both risks and opportunities

An online dialogue with employees and top management on how to work in the coronavirus pandemic was also held.



# Brand Management

## Our Vision (Policy)

The AUTOBACS Group strives to offer values to society, as a strength of our corporate brand developed since its founding. At the same time, we have established systems to guard against the following critical risks which could harm the brand through business activities.

### Product Quality Management

#### 1 Product Quality Guidelines

Recognizing that the products and services we provide customers are directly linked to their safety, AUTOBACS SEVEN strives to maintain and further improve quality by establishing the AUTOBACS Group Product Quality Guidelines.



**Autobacs Group Product Quality Guidelines >**

<https://www.autobacs.co.jp/en/sustainability/society/quality.html>

#### 2 Product Quality Standards

We manage product quality according to the Product Quality Control Regulations. We carry out multifaceted quality control of the private brand products we sell, along with national brand products. This includes working with manufacturers and suppliers to ensure the legality of the products and their uses and protect consumers based on the Product Liability Act.

#### 3 AQL Standards

We outsource the production of many private brand products to overseas factories. With the aim of stabilizing quality, we conduct audits and provide advice at such manufacturing sites. In addition, private brand products are inspected based on the globally adopted Acceptable Quality Level (AQL) immediately before factory shipment or at the time of arrival at the logistics centers.

#### 4 Product Failure Hotline

Defective products may be mixed in with national brand products, albeit rarely. In such cases, we oblige our suppliers to submit a corrective action report, and review and propose preventative measures involving the quality control system and the manufacturing process. Furthermore, we have introduced a Group online bulletin board called the "Product Failure Hotline" to share information with Group stores in a timely manner.

### Service Quality Management

#### 1 Quality Management of Works at Service Bays

At the Group stores, customer safety is given foremost priority at all times when changing tires and carrying out other works. To this end, we have developed manuals on works at service bays and manuals for preventing wheel detachment. We also strive to enhance the staff's skills by establishing a mechanic certification system, and through technical training and e-learning. For statutory safety inspections, 15-minute inspections are conducted with guidance provided from the Company to the stores, in order to unify the Group's work, improve quality, and increase work efficiency.

#### 2 Certification of Hybrid Car Compatible Stores

To perform maintenance on hybrid car batteries, laws and regulations require taking a special seminar on handling low voltages. In addition to offering "hybrid training" for Group employees, the Group certifies stores as "hybrid car compatible stores" if they have the following: special seminar on handling low voltages; insulation equipment; diagnostic machinery; and hybrid training. Certified stores have signboards by their entrance. As of the end of March 2020, 382 stores have been certified.

#### 3 Personal Information Risks

For protecting personal information, the Group implements optimum measures to ensure information security and publishes its private policy to inform those inside and outside the Group. In case of personal information leakage, we have established an internal communication system to minimize the impacts on the holders of personal information and ensure that the business activities of the Group are unaffected.

#### Certified by Third Party Inspection Body, TÜV Rheinland Japan

Since July 2017, the Company has a business alliance with TÜV Rheinland Japan, a third party that excels in audits of the automobile after-sales market. Under this alliance, we have taken steps to redevelop the facility and environmental standards of service bays at automotive goods stores, while offering higher quality works at service bays. As a result, in July 2018, the "Automobile Goods Retailer Maintenance Factory Certification" was conferred in Japan for the first time to two stores of the AUTOBACS Group. As of March 2020, nine stores of the AUTOBACS Group have been conferred.

# Corporate Governance

We strive to constantly strengthen our corporate governance in order to maintain the support and trust of all our stakeholders.



Corporate Governance >

<https://www.autobacs.co.jp/en/sustainability/governance.html>

## Basic Concepts

Based on the AUTOBACS SEVEN Vision, the AUTOBACS Chain Management Mission, and the Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group, we operate our business with consideration to all stakeholders. As a public entity of society, we will achieve sustainable growth and improve corporate value over the medium-to long term, and will continue striving to

strengthen corporate governance to contribute to society.

Based on these basic concepts, we will build a system to achieve fair and transparent management, including separation of business execution and supervision, together with swift and bold decision-making and proper monitoring, and strive to make the system function practically and sufficiently.

## Changes to the Governance System

The Company has transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee, with approval received at the 72nd ordinary meeting of general shareholders held on June 21, 2019. The Company aims to have a more effective corporate governance system by separating business execution and supervision to pursue both swift and decisive decision-making and appropriate monitoring, along with sustainable growth and the further improvement of the medium-to-long-term corporate value. To this end, while harnessing the characteristics of a company with an Audit and Supervisory Committee, the Company is reinforcing the corporate governance system through the following measures:

- (1) **Appointment of one-third or more of independent outside directors:** enhancement of the supervisory function, protection of general shareholders' interest
- (2) **Establishment of committees as advisory bodies to the Board of Directors:** ensuring of transparency, objectivity, and appropriateness
- (3) **Selection of full-time Audit and Supervisory Committee members and selected Audit and Supervisory Committee members:** ensuring effectiveness of the activities of Audit and Supervisory Committee, enhancement of the audit function
- (4) **Adoption of an officer system:** separation of business execution and supervision, clarification of management responsibilities
- (5) **Regular meetings with officers by Audit and Supervisory Committee members:** enhancement and reinforcement of monitoring

## Composition of Directors



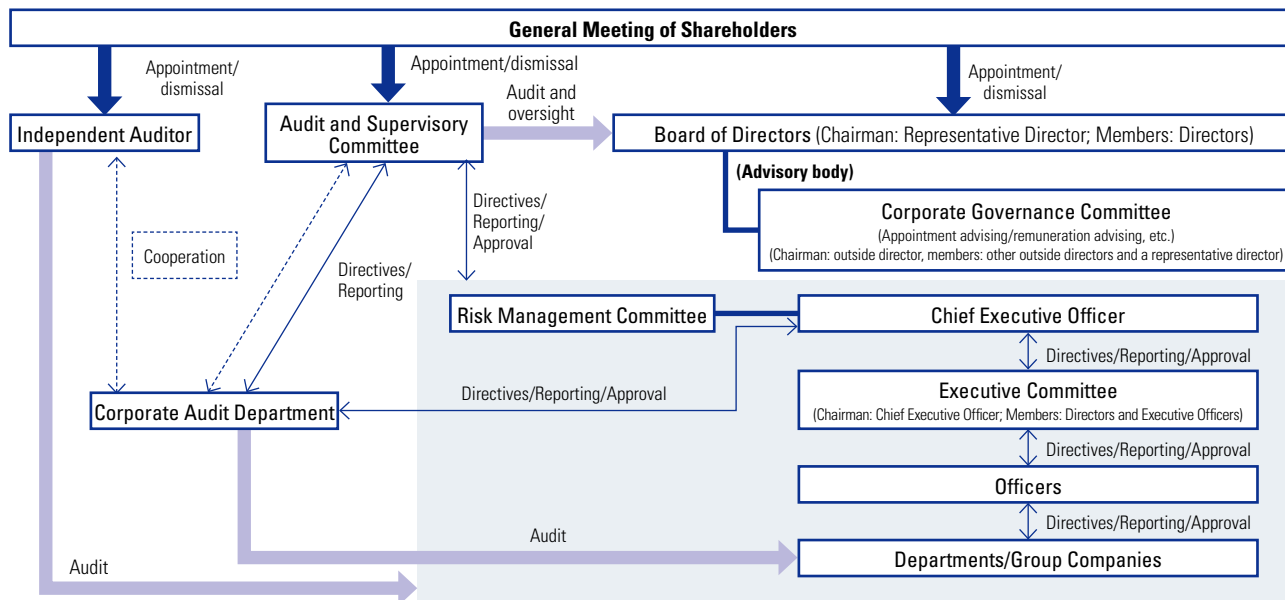
All 3 are independent outside directors



2 of 3 are independent outside directors

## Corporate Governance System

### Governance Organizational Structure



Name		Board of Directors	Audit and Supervisory Committee	Executive Committee	Risk Management Committee	Corporate Governance Committee
Held regularly		Once a month	In principle, once a month	Once a month, two-part system	In principle, once a year	In principle, once a month
Chair		Representative director	Appointed from Audit and Supervisory Committee members by mutual election	Chief Executive Officer	Representative director	Appointed from Outside Directors by mutual election
Directors (Excl. Audit and Supervisory Committee member directors)	Inside director	●	—	○	●	● (Only representative director)
	Outside director	●	—	○	○	●
Audit and Supervisory Committee member directors	Inside director	●	●	○	●	—
	Outside director	●	●	○	●	●
Officers	Executive officers	—	—	● (President, Senior Managing Directors, Managing Directors)	—	—
		○ (Accounting/ finance) ○ Others nominated by directors and authorized by chair	—	○ (Accounting/ finance) ○ (Autobacs business planning) ○ Others authorized by chair	—	—

● : Attendee ○ : Observer — : Not required to attend, not applicable

### Board of Directors

The Board of Directors is chaired by the representative director, and consists of 7 directors (3 of whom are directors who are members of the Audit and Supervisory Committee), 3 of whom are independent outside directors (2 of whom are directors who are members of the Audit and Supervisory Committee) and, in principle, meets once a month.

In light of the fiduciary responsibility and accountability to shareholders, in order to aim for the sustainable growth of the Company and medium-to-long term improvements in corporate value, the Board of Directors makes decisions on the medium-to-long term direction and fiscal year business plan, as well as matters specified in laws and regulations or in the articles of incorporation, and important matters concerning the Company's business activities. It also supervises the execution of duties of directors.

### Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three directors who are members, two of whom are independent outside

directors. In light of the fiduciary responsibility to shareholders, in order to ensure the soundness of management for the sustainable growth of the Company and medium-to-long term improvements in corporate value, the Committee carries out audits of the execution of duties of directors through audits by selected Audit and Supervisory Committee members, as well as monitoring and verifications using internal control systems.

Full-time Audit and Supervisory Committee members strive to improve the audit environment. In addition, they collect internal information by attending important meetings and other methods, and share information regarding key matters with other Audit and Supervisory Committee members.

### Corporate Governance Committee

The Corporate Governance Committee is chaired by an outside director and consists of all the outside directors and the representative director, and in principle, meets once a month. The Governance Committee makes reports and recommendations to the Board of Directors regarding the selection and dismissal of candidates for directors and remuneration for

directors and executive officers. Its role is to enhance oversight of the Board of Directors by strengthening the Board's independence, objectivity, and accountability.

### Risk Management Committee

The Risk Management Committee is chaired by the representative director and chief executive officer, and is comprised of executive directors and officers responsible for internal control functions. In principle, the Committee meets once a year to set out policies that will promote efficient, proper pursuit of risk management in the fiscal year.

### Executive Committee

## Appointment and Dismissal of Directors

In nominating directors, only those who understand the importance of trust-based relationships with franchise stores, suppliers, employees and others involved in the AUTOBACS franchise chain, and who have the will and capabilities to increase corporate value and the common benefit of shareholders over the medium-to-long term are considered.

A candidate for inside director shall be familiar with the Company's business, while a candidate for outside director shall have experience in corporate management, or expertise and experience in areas such as laws and regulations, finance, governance, and risk management, and also satisfy the conditions set forth in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., as well

The Executive Committee consists of non-executive directors, including all of our outside directors, and has two key roles. The first is to discuss in advance the risks inherent in matters to be resolved by the Board of Directors and their countermeasures, and to submit the processes and results of such discussions to the Board of Directors. The second is to engage in discussions to facilitate business execution, such as confirming the execution status of each business and examining countermeasures.

as other requirements for independence stipulated by the Company. Furthermore, efforts are made to ensure that at least one of the directors who are members of the Audit and Supervisory Committee has considerable insight on finance and accounting.

The Company has established the Corporate Governance Committee as an advisory body for the Board of Directors, chaired by an outside director and comprised of all the outside directors and a representative director. When deciding on resolutions of the general shareholders' meetings regarding selection of director candidates and dismissal of directors, the Board of Directors makes a decision after obtaining the advice and findings of the Corporate Governance Committee.

## Outside Directors

### Appointment

The Company's outside directors are comprised of individuals, including one woman, with diverse experiences. All directors meet the standards for the independence prescribed by the Tokyo Stock Exchange, Inc. and the requirements specified in the Company's own rules. Each of the outside directors possesses experience and knowledge in various fields and actively contributes to the discussions at the Board of Directors meetings, etc. from his or her own independent, objective perspectives.

### Appointment of a Leading Independent Outside Director

The Company has appointed a leading independent outside director with the aim of promoting constructive dialogue with shareholders and other investors and strengthening mutual information-sharing and communication between outside directors.

### Establishment of a Liaison Group for Independent Outside Directors

The Company holds meetings of the Liaison Group for Independent Outside Directors, which is chaired by the leading independent outside director and includes only independent outside directors among its participants.

The Liaison Group is intended to be a vehicle for outside directors to share information and enhance communication among themselves, and it is expected to be a venue for the development of a common understanding of, and information exchange on, governance and other management matters at the Company. The Liaison Group, in principle, meets several times a year.

### Independence Requirements for Outside Directors

\*Excerpted

The Company's independent directors are outside directors as defined in Japan's Companies Act and Ordinance for Enforcement of the Companies Act. They also fulfill the following requirements for independence. Independence shall be considered to have been lost at the time any of the following requirements for independence are violated.

1. No conflict of interest with the Company nor any affiliate of the Company (referred to below as "the Group" or "Group"), nor with specified companies.
2. During the most recent five fiscal years, including the current fiscal year, no marital relationship to, no relatives within the second degree of kinship of, nor person sharing a household with a Group director with executive or management responsibilities or a Group executive of similar authority.
3. No marital relationship to, no relatives within the second degree of kinship of, nor person sharing a household with someone having a conflict of interest with the Group or with specified companies.
4. No other circumstances that would prevent the fulfillment of the duties of an independent director.



Full text >

[https://www.autobacs.co.jp/en/sustainability/governance/co\\_control.html](https://www.autobacs.co.jp/en/sustainability/governance/co_control.html)

## Remuneration

### Director Remuneration

#### 1) Basic Policy

The basic policy on determining director remuneration is to secure as AUTOBACS SEVEN directors outstanding individuals who will work to maintain and increase the corporate value of the Group, which comprises a franchise system, and contribute to the effective functioning of the business supervisory function.

#### 2) Remuneration Standards

Standards for remuneration shall be set by considering third-party survey data on executive remuneration, and taking into account the Company's position in the industry and factors such as difficulty of achieving targets and specific roles of individuals.

#### 3) Composition and Basic Concept of Remuneration

Remuneration for executive directors and officers consists of fixed basic remuneration, an annual incentive that is determined in accordance with the degree of achievement such as performance in a single year, and a medium-to-long term incentive aimed at giving medium-to-long term incentives. Outside directors and directors who are Audit and Supervisory Committee members are paid only fixed remuneration which is set according to their role.

##### a. Basic remuneration

The scope of control and responsibility, degree of influence on the management of the consolidated Group, and achievement in the previous fiscal year are considered in determining

the basic remuneration from the remuneration table.

##### b. Annual incentive

Individuals' assessment items are set based on the evaluation criteria, namely, a single-year consolidated ordinary profit target which is an evaluation indicator common to all executive directors and officers, financial performance figures such as evaluation indicators tailored to an individual's area of responsibility, and the degree of achievement of a strategic target which cannot be measured by financial performance figures alone. The annual incentive is designed to fluctuate within 0-180% of the remuneration standard amount, according to the degree of target achievement.

##### c. Medium-to-long term incentive

To improve performance and corporate value over the medium-and-long term and better share values with shareholders, shares with restrictions on transfer will be issued in advance in accordance with the amount set for each remuneration table.

#### 4) Remuneration Determination Process

The objectivity and transparency of the Company's remuneration system for directors (excluding directors who are Audit and Supervisory Committee members) and officers are secured by having the Corporate Governance Committee deliberate and provide input on these matters. The remuneration of directors who are Audit and Supervisory Committee members is decided by the Audit and Supervisory Committee, within the limit of the remuneration amount resolved in advance at a general shareholders' meeting.

### Total Remuneration for the Fiscal Year ended March 2020

	Basic remuneration		Incentive				Total remuneration (Millions of yen)
	Fixed Remuneration		Annual		Medium/long-term (stock-based remuneration)		
	Recipients (Individuals)	Amount (Millions of yen)	Recipients (Individuals)	Amount (Millions of yen)	Recipients (Individuals)	Amount (Millions of yen)	
Directors who are not Audit and Supervisory Committee members (excluding outside directors)	5	120	—	—	3	7	127
Directors who are not Audit and Supervisory Committee members (outside directors)	3	18	—	—	—	—	18
<b>Directors who are not Audit and Supervisory Committee members (total)</b>	<b>8</b>	<b>138</b>	<b>—</b>	<b>—</b>	<b>3</b>	<b>7</b>	<b>145</b>
Directors who are Audit and Supervisory Committee members (excluding outside directors)	1	18	—	—	—	—	18
Directors who are Audit and Supervisory Committee members (outside directors)	2	25	—	—	—	—	25
<b>Directors who are Audit and Supervisory Committee members (total)</b>	<b>3</b>	<b>44</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>44</b>
Audit & Supervisory Board members (excluding outside members)	1	6	—	—	—	—	6
Outside Audit & Supervisory Board members	3	11	—	—	—	—	11
<b>Audit &amp; Supervisory Board members (total)</b>	<b>4</b>	<b>17</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>17</b>

(Notes) 1. The Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee, with approval received at the 72nd ordinary meeting of general shareholders held on June 21, 2019.

2. Directors who are not Audit and Supervisory Committee members include those who were directors before the aforementioned transition.

3. Remuneration for Audit and Supervisory Committee members is based on criteria established before the aforementioned transition. Remuneration for directors who are Audit and Supervisory Committee members is based on criteria established after the aforementioned transition.

4. Stock-based remuneration is recorded as an expense in each relevant fiscal year.

5. Based on approval at the 72nd ordinary meeting of general shareholders held on June 21, 2019, the maximum amount of remuneration for directors who are not Audit and Supervisory Committee members is set at ¥480 million or less per year (of which ¥50 million or less per year is allocated to outside directors).

6. Based on approval at the 72nd ordinary meeting of general shareholders held on June 21, 2019, the maximum amount of remuneration for directors who are Audit and Supervisory Committee members is set at ¥120 million or less per year.

7. Based on approval at the 59th ordinary meeting of general shareholders held on June 28, 2006, the maximum amount of remuneration for auditors is set at ¥120 million or less per year.



## Dialogue with Investors

The Company engages in constructive dialogue with shareholders through venues such as the general shareholders' meetings and financial results briefings, and discloses information in a timely, appropriate manner on the Company's corporate website. For institutional investors, the Company engages in dialogue by, for example, participating in financial results briefings arranged by investment securities firms and holding briefings when interim and full-year results are announced.



**Disclosure policy of the Company >**

[https://www.autobacs.co.jp/en/ir/policy/disclosure\\_policy.html](https://www.autobacs.co.jp/en/ir/policy/disclosure_policy.html)

### Status of Dialogue with Investors

#### For Analysts and Institutional Investors

- Regular briefings: Held after announcements of interim and year-end results
- Small group meetings and one-on-one meetings: Held basically every quarter

\* Includes presentations by the representative director



**Financial Results Briefing >**

<https://www.autobacs.co.jp/en/ir/library/analystmeeting.html>

#### For Overseas Investors

- Meetings in U.S.: Held twice during FY March 2020

\* Includes presentations by the representative director

## Compliance

The Company is moving forward with the strengthening of its compliance system and is stressing to employees of the parent company, subsidiaries, and all AUTOBACS Group stores, including franchise stores, the importance of pursuing business activities that are legally and ethically irreproachable.

Respect for the law and corporate ethics is a given. Based on this fundamental premise, the Company established its Code of Conduct and Guidelines for Action in response to the legitimate expectations of all

stakeholders. These serve as fundamental principles guiding our efforts to strengthen compliance and conduct education initiatives for employees of not only the Company but also franchisees. To monitor the status of legal compliance, we hold a monthly Compliance Secretariat Meeting, attended by members of relevant departments. The aim of the meeting is to confirm the presence/absence of acts that deviate from the Code of Conduct and Guidelines for Action. This system enables us to respond promptly when a problem is recognized.

## Risk Management

The Company, in addition to a risk management system for properly identifying and evaluating risks and implementing proper controls, has also adopted a comprehensive risk management structure integrating crisis management focused on limiting the extent of damage, and minimizing damage and losses, caused by a serious incident.

The Risk Management Committee, which is chaired by the representative director and chief executive officer, sets the risk management policies for the fiscal year and, based on the policies and provisions concerning risk management, takes steps to smoothly and appropriately advance risk management activities.

The Risk Management Committee identifies key risk-related issues for each fiscal year and monitors measures to address them. The General Affairs and Internal Control Department, Legal Department, Corporate Audit Department, and Car Lifestyle Support Center cooperate to assist monitoring by the Risk Management Committee.

In addition, the officer in charge of general affairs reports to the Board of Directors on serious incidents and responses to them, as set forth in the rules for reporting on serious incidents, and shares these reports with the Audit and Supervisory Committee and other relevant departments within the Company.

### Evaluating the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors to examine whether it is properly fulfilling its roles, find the issues at the Board of Directors, and promote its ongoing improvements.

In the fiscal 2019 effectiveness evaluation, all directors and Audit and Supervisory Committee members answered the evaluation items in the format of multiple choice or short answers. These items included "operation of Board of Directors," "agenda of Board of Directors," "composition of Board of Directors," "support system for outside directors," "expected role of Audit and Supervisory Committee members," "operation of the Corporate Governance Committee," "relations with shareholders and other investors," and "initiatives to address issues indicated in the previous fiscal year's evaluation." The Corporate

Governance Committee analyzed the responses and identified the issues, and reported its findings to the Board of Directors.

As a result of such evaluations, it was confirmed that the Company's Board of Directors and the Corporate Governance Committee are for the most part functioning properly. However, this was the first effectiveness evaluation since our transition to company with an Audit and Supervisory Committee, and we received multiple comments related to the transition.

As for current issues related to the Board of Directors, we confirmed that, as a company with an Audit and Supervisory Committee, we need to confirm our thoughts about the monitoring model we should aim for, and we need to decide on and implement methods for monitoring and verifying individual cases.

## Messages from Outside Directors



**Yukio Kakegai**

Independent Outside Director  
(Full-time Audit and Supervisory Committee Member)

### Efforts to strengthen corporate governance

The biggest change in recent years was AUTOBACS SEVEN's transition in FY2019 to a company with an Audit and Supervisory Committee. As a result, the Company's organizational audits switched from direct audits based on each individual auditor's own independence and responsibility to a system where the Audit and Supervisory Committee performs an audit after receiving reports from the Corporate Audit Department and the Audit and Supervisory Committee Office staff. However, over the past year, it was thought that there had been insufficient preparation for audits under the new system during the transition period, and therefore as an Audit and Supervisory Committee member, I assumed the roles of an executive director as well as a full-time (selected) Audit and Supervisory Committee member with the right to investigate the company's situation independently. In cases where it may be necessary to conduct an investigation, having an internal audit committee member who is familiar with the company's affairs can be very helpful.

Aside from auditing, another change in overall governance is that the number of directors decreased significantly in our transition to a company with an Audit and Supervisory Committee. As a result, I feel that our small group of select directors has become more tight-knit in our deliberations. On the other hand, I believe that with fewer members, we will need to devise ways to address the lack of people with expertise in certain areas.

### Qualities needed in an outside director

Although I am an outside director and a member of the Audit and Supervisory Committee, I think it is important for outside directors to have the perspective of being "outside the company," whether or not they are members of the Audit and Supervisory Committee. In other words, we need to always remember that our real boss is the shareholder.

Our duty to the shareholder, our boss, is to monitor and audit the execution of management, and ultimately, I think our most important quality is whether we are prepared to replace the top management when there is a problem with execution.

On the other hand, when your role is limited to being an Audit and Supervisory Committee member, your most important qualities are a desire to see what cannot be seen and a willingness to probe deeper. You won't be able to see what cannot be seen if you just accept reports on the premise that human nature is basically good. I believe it is essential to always take a strict view of monitoring and auditing.

### Risks and opportunities

In recent years, AUTOBACS SEVEN has rapidly expanded the Group, mainly overseas. For this reason, what is needed more than ever is a system and the manpower to inspect every corner of our Group companies to avoid global risks.

Fortunately, our governance transition has strengthened Group company audits by the Audit and Supervisory Committee Office staff. In addition, to strengthen our grip on governance and compliance at Group companies, we are expanding the staff of the Corporate Audit Department and assigning the Audit and Supervisory Committee Office staff to serve concurrently as auditors of major subsidiaries and affiliates to keep a close eye on them.

### Future challenges

With our transition to a company with an Audit and Supervisory Committee and a focus on organizational audits, an important issue for the future is to establish a system that can maintain and improve the quality of audits even if the people performing them change.

Even if the system is strengthened, at the end of the day, people are still involved, so it is equally important to ensure the quality of personnel involved in the audit. What kind of personnel should be involved in the audit? I believe that we need real professionals. The Chinese characters for the word "professional" are pronounced *kurouto*. In Eastern thought, this *kurouto* is a person who can see things even in the dark. This is exactly what I believe we need in auditing—to cultivate people who are able to notice things in the dark with no hints.

### Efforts to strengthen corporate governance

Starting from the fiscal year ended March 2019, AUTOBACS SEVEN transitioned to a company with an Audit and Supervisory Committee. With this transition, audits by Audit and Supervisory Committee members became focused on paperwork audits rather than physical inspections. There are general concerns about the adequacy of audits at a company with an Audit and Supervisory Committee. However, the Company has enhanced the Audit and Supervisory Committee Office, increased its staff, and enhanced the provision of information related to its audits, and I believe that at this point we have achieved adequate coverage.

Succession plans and monitoring methods, which are important to corporate governance, are currently an ongoing theme, and are now under discussion based on the company's goals and specific management strategies.

### Qualities needed in an outside director

In addition to AUTOBACS SEVEN, I serve as an outside director at other companies, including a pharmaceutical company. Taking these experiences into account, I believe that the role of the outside director is important for introducing an outside perspective, and therefore objectivity and transparency are our most important qualities.

On the other hand, if we adopt a self-righteousness outsider's perspective, we cannot contribute to the improvement of corporate value. While maintaining an outsider's perspective, I believe that outside directors must deepen their understanding of the company's history and the management philosophy and corporate culture that have emerged from it, and then offer objective opinions based on these understandings.

### Risks and opportunities

To prevent the spread of the novel coronavirus, we have consistently put the highest priority on the safety of our employees and customers. When a state of emergency was declared, we took measures to prevent the spread of the virus such as restricting the maintenance hours at our stores and having office workers work from home as a general rule. Our rapid response to prevent the spread of the virus is a credit to our ability to prepare for risk.

We are currently considering what we need to do as a company in the next phase. I believe it is time to take a hard look at what business opportunities and risks lie ahead under our new mode of life coexisting with the coronavirus, and in particular to prepare for the coming of a new era of car lifestyle.



**Minesaburo Miyake**

Independent Outside Director  
(Audit and Supervisory Committee Member)

On the other hand, it is important for employees to be aware of the true nature of their work in terms of addressing risks on a daily basis. For this reason, I believe our employees must internalize our management philosophy and Guidelines for Action on a daily basis. Currently, I am concerned that there are too few opportunities to talk about our philosophy of management in the training system and in practice as a preparation for the future.

### Social issues and AUTOBACS SEVEN

In recent years, there has been a growing trend of companies taking advantage of their strengths in their business areas to address social issues such as the SDGs, including ESG investment, while increasing corporate value. I believe these challenges require a careful and concerted approach. Specifically, it is important to do the following: (1) adopt a perspective that looks 10 years into the future; (2) adopt a narrow but deep area of expertise (or region); and (3) create an environment in which employees can work with pride. I believe that the AUTOBACS brand is already taking this approach, and I think it is particularly important to develop and strengthen this brand even more carefully than before.

To do so, it is necessary to engage in discussions and initiatives with a medium- to long-term perspective on improving brand value in relation to existing and new businesses. My previous experience is with food manufacturers and incorporated foundations, and I hope the insights I have gained in those positions will help me contribute to this goal.

# Directors and Audit and Supervisory Board Members

(As of the end of June, 2020)

## Directors



### Kiomi Kobayashi

Representative Director and Chief Executive Officer,  
Chief AUTOBACS Chain Officer

Term of office at the conclusion of this general meeting: 10 years

Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

#### Achievement in the past and whose knowledge

Mr. Kobayashi has led the AUTOBACS Group by placing emphasis on being an organization that always takes on new challenges and focusing on the development of human resources and the cultivation of its culture. Also, with the aim of becoming a 100-year company, Mr. Kobayashi, as chief executive officer, formulated the vision "2050 Creating Our Future Together". Mr. Kobayashi has decided important issues after presenting adequate and appropriate explanations at the Board of Directors' meetings and has fully demonstrated the role of business execution, while supervising the execution of duties by the other directors.



### Yugo Horii

Director and Senior Executive Officer,  
AUTOBACS Business Planning/ Head of Sales Operations  
and Office of the President and Business Planning

Term of office at the conclusion of this general meeting: 4 years

Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

#### Achievement in the past and whose knowledge

Mr. Horii has contributed to the establishment of the foundations for business administration over many years. He has also contributed to building the business foundations for operation of the retail/service business and wholesale business through partnerships with local companies in the overseas business. In recent years he has endeavored to build the business portfolio as an officer in charge of company-wide Business Planning while contributing to the promotion of business strategies as well as the development of business foundations including logistics as an officer in charge of domestic AUTOBACS Business Planning.



### Eiichi Kumakura

Director and Senior Executive Officer,  
General Manager of Products/Services and automotive goods

Term of office at the conclusion of this general meeting: 4 years

Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

#### Achievement in the past and whose knowledge

Mr. Kumakura has significant achievements in the fields of merchandising and marketing in the domestic AUTOBACS business, and has contributed to building relationships with franchisee corporations over many years. Furthermore, Mr. Kumakura has played his role as a Director in deciding important issues, supervising the execution of duties by the other Directors.



### Yoshiko Takayama

Director (Outside, Independent Officer)

Term of office at the conclusion of this general meeting: 5 years

Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

#### Achievement in the past and whose knowledge

Ms. Takayama has experience in providing consulting services in finance and M&As, and is also familiar with the fields of IR and corporate governance. Based on such extensive experience and knowledge, Ms. Takayama has actively provided comments as an outside director and independent officer from the viewpoint of general shareholder protection. She has also contributed to the reinforcement of corporate governance, including advisory on compliance with the Corporate Governance Code.

The figures in "Attendance at Board of Directors' meetings" below represent the attendance in FY March 2020.

## Directors



### Kozo Sumino

Director (Audit Committee Member)

Term of office at the conclusion of this general meeting:	1 year
Attendance at Board of Directors' meetings:	100% (12 of 12 meetings)

\* Attendance as an audit and supervisory board member

#### Achievement in the past and whose knowledge

During his many years participating in management as a director at the Company and group companies, Mr. Sumino has knowledge and experience in a wide variety of fields, including the marketing and merchandising fields of the AUTOBACS business, as well as executive management, the development of new businesses and overseas operations.



### Yukio Kakegai

Director (Audit Committee Member)  
(Independent Outside Director)

Term of office at the conclusion of this general meeting:	1 year
Attendance at Board of Directors' meetings:	92% (11 of 12 meetings)

\* Attendance as an audit and supervisory board member

#### Achievement in the past and whose knowledge

Mr. Kakegai has experience in fund procurement and financial account settlement operations at business corporations, as well as internal audit services and auditing as an audit and supervisory board member in associated companies in Japan and overseas. Based on such extensive experience and insights, he has contributed strengthening the auditing function by providing comments in a timely manner as an outside audit and supervisory board member (full-time) and independent officer from the viewpoint of general shareholder protection.



### Minesaburo Miyake

Director (Audit Committee Member)  
(Independent Outside Director)

Term of office at the conclusion of this general meeting:	2 years
Attendance at Board of Directors' meetings:	100% (12 of 12 meetings)

#### Achievement in the past and whose knowledge

Mr. Miyake has extensive and considerable experience and achievements in corporate management, such as strengthening the control function of group companies and driving corporate growth through active investment conscious of the business portfolio, as a member of management of business corporations.

## Officer

### Senior Managing Executive Officer

#### Shinichi Fujiwara

North Japan manager and Kantou manager

### Senior Executive Officer

#### Masaru Sasaki

Kansai manager

### Senior Executive Officer

#### Hiroki Yoshiyama

Dealer Business

### Senior Executive Officer

#### Shinya Kurahayashi

Statutory safety inspections / Service / C@RS

A PIT BASE Promotion Project Manager

### Officer

#### Kazushige Hojo

In charge of distribution, quality control and location development, in charge of AUTOBACS business management, and manager of location development

### Officer

#### Noritaka Hiraga

Human Resources/General Affairs/Legal Affairs and General Manager of Human Resources Planning manager

### Officer

#### Ken Ozone

In charge of Marketing, Lifestyle Business and Lifestyle Products

### Officer

#### Ryutaro Yamazoe

A PIT AUTOBACS charge and A PIT AUTOBACS SHINONOME promotion project manager

### Officer

#### Toshio Kitamura

Overseas Business

### Officer

#### Yukihiro Kitagawa

BtoB Business

### Officer

#### Nobuo Norisue

IT strategy, Internet Business

### Officer

#### Mitsuya Minatogawa

Chubu manager

### Officer

#### Masahiro Nishikawa

South Japan manager

### Officer

#### Tomoaki Ikeda

Accounting, Finance, IR, Public Relations

### Officer

#### Toshihiro Fukuhara

AUTOBACS Business Planning and AUTOBACS Business Planning Department length

# Domestic Business Formats & Major Consolidated Subsidiaries

## Domestic Business Formats (As of March 31, 2020)

### AUTOBACS



Position	Standard-type store
Annual sales per store	Approx. ¥330 million
Floor space	From 400m <sup>2</sup>
Commercial area	5 km radius

### Super AUTOBACS Type I



Position	Large format store (Flagship store)
Annual sales per store	Approx. ¥1,550 million
Floor space	From 1,650m <sup>2</sup>
Commercial area	20 km radius

### Super AUTOBACS Type II



Position	Large format store
Annual sales per store	Approx. ¥760 million
Floor space	From 990m <sup>2</sup>
Commercial area	10 km radius

### A PIT AUTOBACS SHINONOME



This facility includes a café and bookshop to help customers discover and experience all kinds of things related to cars. It can be enjoyed by people of all ages, including family and friends of car customers.

### AUTOBACS Secohan Ichiba



AUTOBACS Secohan Ichiba deals in used automotive goods, which are purchased from customers at AUTOBACS Chain stores and resold to retail customers. It also handles outlet products from manufacturers.

### AUTOBACS EXPRESS



The AUTOBACS EXPRESS is a gas station type store. The Group expects that many points of driver contact inherent to service stations will send new customers to neighboring AUTOBACS stores.

### AUTOBACS CARS



Stores that purchase used cars and sell new and used cars, and stores that specialize in appraisal and purchasing of used cars either at the store or at the customer's location. Stores specializing in the purchase of used cars are opened primarily in urban areas.

### Smart+1



Smart+1 stores provide services on a reservation- only basis, specializing in car washing and other forms of maintenance. They also have a café in which customers can relax while they wait.

### AUTOBACS GARAGE



These stores propose lifestyle goods mainly for cars and also serve as a place for customers unfamiliar with cars to easily drop in and seek advice.

### JACK & MARIE



Based on the key concepts of cafés, nature, and car life, these specialist stores are the first in Japan to offer car-centric lifestyles to people who enjoy the outdoors.

## Major Consolidated Subsidiaries (As of the end of June, 2020)

### Domestic AUTOBACS Business

AUTOBACS Kanto Sales Ltd.  
 AUTOBACS Keiyo Ltd.  
 Musashino AUTOBACS Ltd.  
 AUTOBACS Yamanashi Ltd.  
 AUTOBACS Chubu Sales Ltd.  
 AUTOBACS Aichi Ltd.  
 Kyoto AUTOBACS Ltd.  
 Hokusetsu AUTOBACS Ltd.  
 AUTOBACS Kansai Sales Ltd.  
 AUTOBACS Minami-Nihon Sales Ltd.  
 AUTOBACS FUKUOKA Co., Ltd.  
 AUTOBACS NAGASAKI Co., Ltd.  
 Kumamoto AUTOBACS Inc.

### Overseas Business

AUTOBACS VENTURE SINGAPORE PTE. LTD.  
 Head office: Singapore  
 SK AUTOMOBILE PTE. LTD.  
 Head office: Singapore  
 AUTOBACS FRANCE S.A.S.  
 Head office: France  
 AUTOBACS CAR SERVICE  
 MALAYSIA SDN. BHD  
 Head office: Malaysia  
 Mac De Bakes (China) Automotive Supplies Commercial Co., Ltd.  
 Head office: China  
 AudioXtra Pty Ltd.  
 Head office: Australia

### Car Dealer, BtoB and Internet Business

Seiwa Automobile Sales Co., Ltd.  
 Takamori Jidousha Seibi Kogyo Co., Ltd.  
 AUTOBACS DEALER GROUP HOLDINGS CO., LTD.  
 CAP Style Co., Ltd.  
 H.S.C Co., Ltd.  
 HOT STUFF Corporation  
 Shaken-Bankin DEPOT Inc.

### Other Business subsidiaries

AUTOBACS Financial Service Co., Ltd.  
 AUTOBACS Management Service Co., Ltd.  
 Chain Growth Co., Ltd.  
 ABT Marketing Co., Ltd.

# Corporate Profile/Share Information

## Corporate Profile (As of March 31, 2020)

Name	AUTOBACS SEVEN Co., Ltd.
Headquarters	6-52, Toyosu 5-chome, Koto-ku, Tokyo, Japan
Date of Foundation	August 1948
Paid-in Capital	¥33,998 million
Number of Employees (Consolidated)	4,385

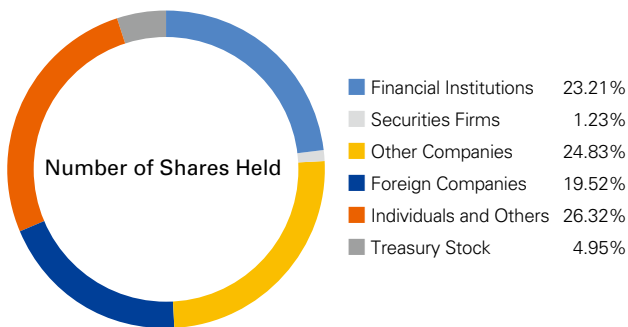
<b>Main Business Offices</b>
East Japan Sales Headquarters (Ichikawa, Chiba)
West Japan Sales Headquarters (Kita-ku, Osaka City)
East Japan Logistics Center (Ichikawa, Chiba)
West Japan Logistics Center (Miki, Hyogo)

## Share Information (As of March 31, 2020)

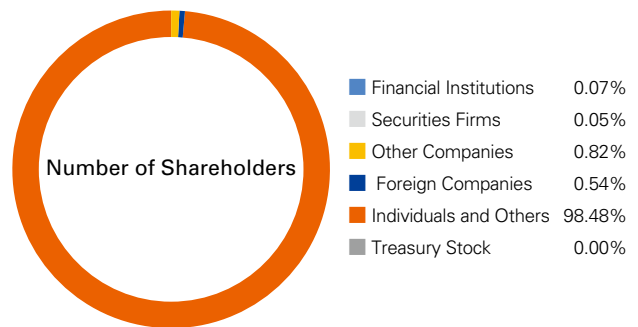
Total Number of Authorized Shares	328,206,900 shares
Common Stock Issued	84,050,105 shares (including 4,163,050 of treasury stock)
Number of Shareholders	50,686
Share Trading Unit	100 shares

Stock Listings	First Section of the Tokyo Stock Exchange
Independent Auditor	Deloitte Touche Tohmatsu LLC
Transfer Agent	The Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Breakdown of Shareholders (by Size of Shareholding)



Breakdown of Shareholders (by Type)

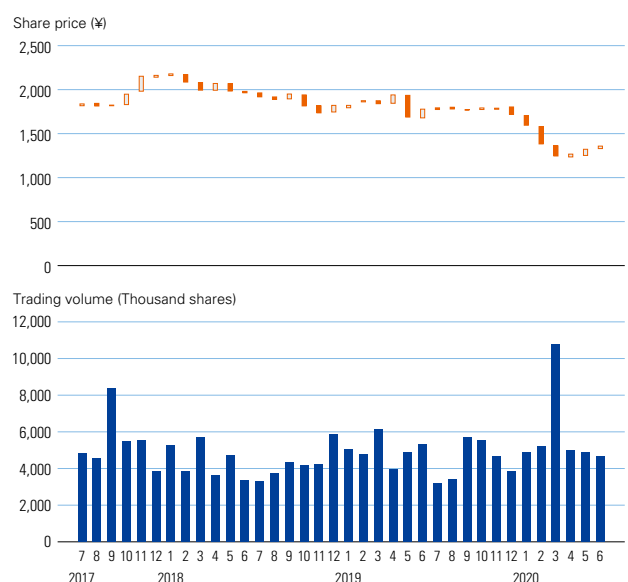


Major Shareholders

Name	Number of Shares Held (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,295	6.62
Sumino Holdings, Ltd.	4,243	5.31
The Yuumi Memorial Foundation for Home Health Care	3,990	4.99
Japan Trustee Services Bank, Ltd. (Trust Account)	3,456	4.32
Northern Trust Company (AVFC) Re Silchester International Investors International Value Equity Trust	3,263	4.08
K Holdings, Ltd.	2,750	3.44
The Master Trust Bank of Japan, Ltd. (Retail Trust account 820079252)	1,800	2.25
Northern Trust Company (AVFC) Re U.S. Tax Exempted Pension Funds	1,708	2.13
Foreman Kyoei, Ltd.	1,560	1.95
Livefield Co., Ltd.	1,500	1.87

Notes: 1. Shareholding ratio is calculated after deducting treasury stock.  
 2. The number of shares held is less than one thousand shares, and the shareholding ratio is rounded down to three decimal places.  
 3. An amendment to the substantial shareholding report was filed with the director-general of the Kanto Finance Bureau by Silchester International Investors LLP, pursuant to Article 27-25, Paragraph 1, of the Financial Instruments and Exchange Act. The Company could not, however, confirm the number of shares held by Silchester International Investors LLP as of March 31, 2020. As a result, the number of shares held by the company is not included in the list of "Major shareholders" above.

Share Price



### External Recognition

- MSCI Japan Empowering Women Index (WIN)

### Reporting Period

FY March 2020  
 As necessary, the report includes some information about the time period just before and after this fiscal period.

### Guidelines Referred to

- International Integrated Reporting Framework
- GRI Standards
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, The Ministry of Economy, Trade and Industry of Japan



***AUTOBACS SEVEN CO., LTD.***

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