

AUTOBACS SEVEN  
*Integrated Report 2021*





**AUTOBACS**

## AUTOBACS SEVEN Vision

# 2050 未来共創

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.

As of 31st January, 2018

## Philosophy

### AUTOBACS Chain Management Mission

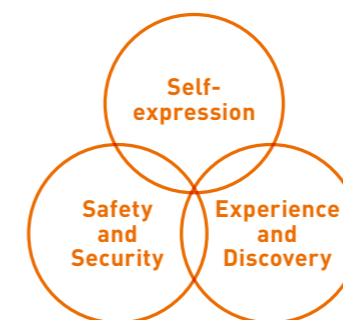
AUTOBACS has always been committed to providing customers with the best solutions for their car lifestyles and creating a rich and healthy automotive society.

### Our Ideal as a Company

## Professional & Friendly

AUTOBACS continues to contribute to communities and societies, aiming to be a trusted entity recognized as a professional and friendly organization by our stakeholders.

### The Values Provided by AUTOBACS to Customers



### AUTOBACS Code of Conduct and Guidelines for Action

All our staff members at AUTOBACS SEVEN aim to grow together while deepening relationships of trust with stakeholders through our corporate practices. To ensure this, we comply with our Code of Conduct and Guidelines for Action.

WEB

AUTOBACS Code of Conduct and Guidelines for Action  
<https://www.autobacs.co.jp/en/company/absvision.html>

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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. The "AUTOBACS Group" refers to total consolidated and franchise chain operations.

# Message from Top Management



Representative Director and  
Chief Executive Officer  
Kiomi Kobayashi

## Remaining Steadfast in Our Commitment to Challenge at the AUTOBACS Group – Creating New Car Lifestyle Values for a Future in Motion

In pursuit of our mission to inspire the continuous development of new and exciting car lifestyles, we at the AUTOBACS Group continue to uphold our Vision 2050 - Creating Our Future Together.

Today, the environment surrounding automobiles is facing a once-in-a-century transformational period. To meet this challenge, we boldly continue to act as car industry professionals, leveraging the knowledge, technological capabilities, and expertise we have cultivated over the past 70 years since our founding.

### A Year of Defining Priorities Amid a Rapidly Changing Environment Due to COVID-19

The year ended March 2021 was a year impacted deeply by the pandemic. Our priority, first and foremost, is to protect the health of our customers, business partners, and employees while we continue to take measures to prevent the spread of the virus. With the reaffirmation that cars are a vital part of the transportation infrastructure in our daily lives, this in turn impressed upon us the need to protect the safety and security of cars in times such as these.

At our retail stores and service pits, we employed and maintain strict guidelines around hygiene management while minimizing direct contact with our customers. At our offices, we required employees to work from home whenever a state of emergency was declared. We continue to promote teleworking through non-emergency months as well. While we adopted remote working some time ago, the spread of COVID-19 accelerated the process more than we had imagined. Our preparations however allowed us to implement our responses swiftly and promptly.

We also prioritized protecting the business of our AUTOBACS chain stores. To support the franchisees, we granted either reduction or exemption of payments based on individual store characteristics, payment deferral for product fees, or offered financing if needed. In terms of support for stores, we dispatched office staff to help in operations. We also aided in responding to customer inquiries,

taking reservations, and responding to other calls coming into the stores. At other times, we provided guidance to stores through online meetings.

Another major change caused by the pandemic was the increased need from customers for non-contact transactions. In response, we redesigned our official AUTOBACS.COM website in July 2020 to improve usability and allow customers to pay in advance online and pick up products in stores. In October 2020, we also released an upgraded version of our AUTOBACS app. The redesign featured improved startup speed and usability for a more comfortable booking experience. The new version of the app also provides alternative login methods, as well as the ability to self-register vehicle information conveniently by scanning the two-dimensional barcode on your vehicle inspection certificate.

At the same time, we have taken a fresh look at the value proposition at our physical stores. Consumers looking for products that are unavailable online, or who are unsure of either what the best product is for their car or its use, are likely to visit stores in person to find the right product for them and ask for advice. We also see many customers who buy tires online but prefer to leave installation to the professionals.

While we are in the current process of executing our Five-year Rolling Plan which defines the direction of our group

for the next five years, the wake of the recent COVID-19 pandemic required us to revisit the importance of responding to the changing needs of the times.

If we use a tree as an analogy to describe our entire Five-year Rolling Plan, our cross-industry network are the roots of the tree. Our historical foundation is the trunk, and the blossoms represent the touch points with our customers which we aim to see each business come into full fruition. However, simply offering everything on our own or investing to develop superior technologies and services will not be fast enough to improve customer convenience amid changing purchase behaviors and use of cars. It is therefore precisely at this time of industry turmoil where we need to collaborate with diverse partners, combining strengths and advantages to overcome these challenges. In this way, by co-creating through strong partnerships, the path to creating new markets can be paved.

As one measure in support of this approach, we entered a comprehensive business alliance with *BS-Summit Business Cooperative*, a nationwide network for automobile maintenance, in August 2020. By combining the resources of the roughly 600 AUTOBACS Group locations and the member factories of the *BS-Summit Business Cooperative*, and by strengthening the local maintenance networks, we are building a system to provide high-quality services to car users.

## Message from Top Management

### Results for the Fiscal Year Ended March 2021

[Billion Yen]

	FY March 2021	YoY Change
Net sales	220.4	-0.4%
Operating income	10.5	+39.4%
Net profit attributable to owners of parent	7.0	+87.3%
ROE (%)	5.8%	+2.7pt

### Results by Segment

[Billion Yen]

	FY March 2021	YoY Change	
Domestic AUTOBACS Business	Gross sales*	177.9	-0.7%
	Operating income	18.7	+28.3%
Overseas Business	Gross sales*	10.0	-14.3%
	Operating income	-0.1	-
Car Dealership, BtoB and Online Alliance Business	Gross sales*	41.4	+7.2%
	Operating income	-0.2	-
Other Businesses	Gross sales*	3.4	+24.0%
	Operating income	-0.5	-

\*“Gross Sales” includes the transactions with other segments.

### Domestic AUTOBACS Chain Store Net Sales (All domestic stores)\*

[Billion Yen]

	FY March 2021	YoY Change
Automotive goods	215.5	+0.3%
Statutory safety inspection and maintenance	20.4	+3.5%
Used car purchasing and sales	27.1	-2.1%
Other	4.0	-15.8%
Total for all stores	267.0	+0.0%

\*Includes net sales attributable to franchise stores

## Supporting and Expanding the Ever-Evolving Value of Cars Through Products and Services

The environment surrounding cars is changing dramatically. Autonomous driving is progressing toward practical use, and electric vehicles are becoming more popular. Many overseas startups are emerging to challenge the traditional automaker giants in creating and bringing inexpensive electric vehicles to market.

New concepts are changing the way we view the value of vehicles, including CASE (Connected, Autonomous, Shared & Services, Electric) and MaaS (Mobility as a Service). Car-sharing and subscription car models, rather than purchase and ownership, are becoming more common. And these changes directly affect the way

we view our car lifestyles.

But no matter how widespread new values and services become, we must maintain cars mechanically to keep them safe and secure. The number of electronically controlled devices installed in cars is on the rise. These devices require not only conventional maintenance but also new technologies that can be considered as “electronic wrenches.” Furthermore, clear evidence of maintenance and mechanical adjustment must be retained in historical logs to clarify responsibility in the event of an accident. We see many cases of emerging companies who do not have global sales networks or dealer-

based sales channels and functions. Because of this, they are unable to offer extensive support to their customers. This means that the aftermarket will become more important than ever. The AUTOBACS Group is in a definitive position to meet these needs through our trove of experiences in the services and dealership business.

At the same time, we must continue to respond sincerely to social issues surrounding cars. One example of this effort is the Pedal Watcher II, a device we sell exclusively at AUTOBACS designed to prevent accidents caused by elderly or inexperienced drivers accidentally

stepping on the gas pedal rather than the brake. This device is now compatible with more than 200 car models and can be retrofitted to a wide range of models from various manufacturers. Pedal Watcher II was certified by the Ministry of Land, Infrastructure, Transport and Tourism as eligible for the Subsidies for Safety Support Cars. We also conducted a campaign to reduce the financial burden on customers by offering an additional discount to encourage installations.

The way we enjoy our cars is also changing over time. The spread of COVID-19 has led to people redefining cars as a space in which they can move freely and in peace. Interest in auto camping and outdoor activities has increased as leisure events that can be enjoyed while avoiding the risk of crowds. Since its renovation in 2018, our flagship store, A PIT AUTOBACS SHINONOME, has showcased sales floor displays that reflect the lifestyle of cars and culture, travel, sports, nature, and family. We will continue to propose new ways for consumers to enjoy cars, as our desire is for AUTOBACS stores to function as places in which customers experience and discover the excitement of AUTOBACS as the ultimate space for finding new and interesting things.

At the same time, we also support customers who are interested in our more traditional motorsports and car

customization services and store offers, helping them realize their own desires to enjoy their favorite cars in their own unique way.

To provide value in this way in meeting the diversifying needs of our customers, we must be trustworthy professionals who offer friendly spaces where customers feel free and safe to seek advice. Our commitment to challenge and improve ourselves constantly, so that we can confidently propose the best possible car lifestyle for every customer, is therefore essential in our journey.

It is my belief that our technologies and profound knowledge related to cars, which we have cultivated over the years, are valuable resources that have a critical role to be played in creating new markets and lifestyles beyond the traditional framework of cars. For example, the use of drones for delivery services and logistics is one initiative we have worked on as part of a comprehensive cooperation agreement on regional revitalization we signed with Oita Prefecture in 2019. In February 2021, we started proof-of-concept testing for the delivery of pharmaceuticals via drones. The prompt delivery of necessary medicines using drones will help to reduce unanticipated shortages of supplies during in-home medical treatments. Drones can also shorten the time required to treat

symptoms outside of chronic cases. Our aim is to contribute to the improvement of local medical care and relax the burden on healthcare providers in remote areas.

Changes in the automobile environment do not always provide momentum for us. We may sometimes encounter situations in which conventional methods do not work. In new territories there may be no right answer, where we must repeat a cycle of taking on challenges and making mistakes to learn and determine our next move. It is my desire to foster a new corporate culture in which our group sees these changes in the environment as new opportunities to take bold action. We intend to expand the scope of our expertise as cars evolve, leveraging partnerships and searching for the next market from a customer-focused and friendly perspective. Because there is no single right answer, this provides an opportunity for co-creation and working collaboratively to create the future.

Our job as a franchise headquarters is to create markets. Looking out into the future, we show the direction for which our franchisees should aim, presenting a better model for partnership and opening new paths. We believe our franchisees will build stronger ties with their local communities by embodying the direction we show to them.



A PIT AUTOBACS SHINONOME

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Pharmaceutical Delivery via Drone

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## Message from Top Management

### Reexamining Our Organization and Talent to Survive as a 100-Year Enterprise

Under our Vision 2050 - Creation Our Future Together, the AUTOBACS Group aims to become a 100-year enterprise that continues to be indispensable to society. To this end we believe that we must engage in initiatives related to ESG and the SDGs, and in January 2021 we launched a project toward this goal, led by myself as chief executive officer.

Through our project activities, we reconfirmed social issues and reexamined materialities, defining our ideal image of society as a *safe, secure, gentle society in which people, cars, and the environment exist in harmony*. In addition to clarifying social issues for us to solve, we intend to further analyze the risks and opportunities these issues present, incorporating these into future management strategies. In addition, we will establish KPIs to monitor our activities.

For us to create new businesses by solving social issues requires every one of our 15,000 AUTOBACS Group employees to shine in their abilities and individuality. Our hope is for every employee to feel joy and pride in their work. With this in mind, we have focused on diversity-related initiatives. As one example, we incorporated measures to increase the ratio of female employees in our company. We also hold dialogues to listen directly to the opinions and concerns of female employees. I have personally learned what it feels to be in a minority position by going in alone amongst female employees. Only by participating in that manner, I was able to absorb many valuable lessons. And we have changed certain company programs based on ideas from these initiatives.

Another important topic is the training of mechanics. As mentioned earlier, the devices and technologies installed in cars are becoming more advanced.

Conventional skills alone will not be enough to cope with this trend. In the past, mechanic repair was sometimes categorized as hazardous work. Today, the AUTOBACS Group strives to further develop highly trained, human-centered, and friendly professionals who contribute to the business as well as the safety and security of the company and our customers. We will continue to focus on training for official qualifications, as well as selecting *AUTOBACS GUYS* every year to serve as role models for mechanics and

to communicate our activities to society at large.

We will also focus on developing the next generation of talent who will represent the future management of the group. Given the many subsidiaries we operate in Japan and overseas, we also intend to place emphasis on developing a large pool of business professionals and providing them with opportunities to play active roles in central management positions.



Car Dealership Business

P30



AUTOBACS GUYS for FY March 2021

P16



### Taking on Challenges and Creating the Future Together with Our Stakeholders

Since our founding more than 70 years ago, the demands placed on cars have changed with the times. Different needs have emerged from different objectives, including driving to look good, driving to spend time with friends and family, and driving as a means of secure and safe transportation during the global pandemic.

As a leader in retail and distribution, the AUTOBACS Group mission is to search for

what comes next, and what needs must be filled beyond change. We must search for ways to improve our products, services, and sales floors. We must think of how to propose and implement new ideas. To achieve these goals, it is essential that we foster a corporate culture and pool of human resources who are not afraid to take on new challenges, and to do so with a sense of urgency.

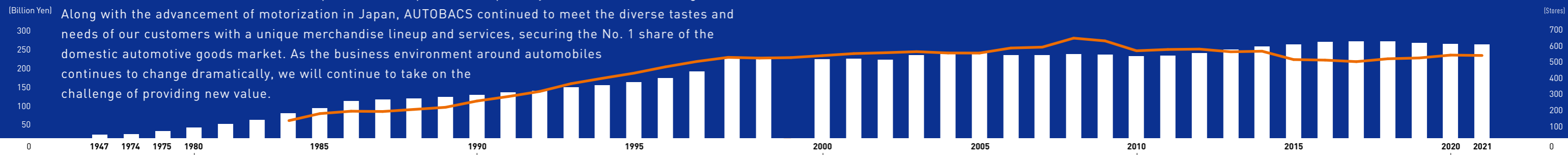
And in today's unpredictable social

environment, we must be quick to detect changes and turn emerging risks into opportunities. As a company that contributes to sustainable societies through our businesses, we will create a variety of values to realize societies which are safe, secure, and friendly.

It is my hope that our stakeholders will continue to look to us as a vital partner in taking on challenges and creating the future together.

# A History of Value Creation

AUTOBACS was established in 1974 as Japan's first comprehensive specialty retailer of automotive goods. Along with the advancement of motorization in Japan, AUTOBACS continued to meet the diverse tastes and needs of our customers with a unique merchandise lineup and services, securing the No. 1 share of the domestic automotive goods market. As the business environment around automobiles continues to change dramatically, we will continue to take on the challenge of providing new value.



<b>Domestic AUTOBACS Business</b>	<p><b>1947</b> Toshio Sumino established the privately-run store Suehiro Shokai in Osaka's Fukushima ward for the purpose of wholesaling auto parts</p> <p><b>1977</b> Launch of PB merchandise "AUTOBACS Oil," "AUTOBACS Tire," "AUTOBACS Battery"</p> <p><b>1980</b> Change in Company name to AUTOBACS SEVEN Co., Ltd.</p> <p><b>1989</b> Listing on the second section of the Osaka Securities Exchange market</p> <p><b>1993</b> Listing on the second section of the Tokyo Stock Exchange market                  • Change in listing to the first section of the Tokyo Stock Exchange and Osaka Securities Exchange markets</p> <p><b>2002</b> Launch of AUTOBACS CARS system and start of automobile sales business</p> <p><b>2014</b> Revamp of private brand and launch of "AQ." Brand</p> <p><b>2017</b> Opening of Smart+1, a store with a new business format specializing in maintenance services such as hand car wash</p> <p><b>2018</b> Debut of JACK &amp; MARIE, Japan's first car-related lifestyle brand</p> <p><b>2019</b> Renovation of A PIT AUTOBACS SHINONOME</p> <p><b>2020</b> Establishment of comprehensive business alliance with BS-Summit Business Cooperative, a nationwide network of automobile maintenance providers</p>
<b>Overseas Business</b>	<p><b>1991</b> Opening of first overseas store in Taiwan</p> <p><b>2001</b> Opening of first store in France</p> <p><b>2012</b> Opening of first store in Malaysia (franchise store)</p> <p><b>2015</b> Opening of first store in Indonesia</p> <p><b>2017</b> Formation of capital and business alliance with a Malaysian company engaged in tire wholesale and retail</p> <p><b>2018</b> Formation of capital and business alliance with PTG Energy Public Limited, Thailand's second-largest gas station operator</p> <p><b>2019</b> Conversion of Australia's AudioXtra Pty Ltd. into consolidated subsidiary                  • Made SK Automobile Pte. Ltd. a consolidated subsidiary</p> <p><b>2020</b> Transfer of a portion of shares of Thailand SIAM AUTOBACS Co., Ltd. to PTG and converted the company to an equity method affiliate.</p>
<b>Car Dealership, BtoB and Online Alliance Business</b>	<p><b>2015</b> Launch of official BMW/MINI dealership Business</p> <p><b>2018</b> Opening for business of Nerima BMW/MINI Nerima</p> <p><b>2019</b> Established wholesale business company, CAP Style Co., Ltd.                  • Made Seiwa Automobile Sales Co., Ltd. a consolidated subsidiary                  • Established AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., a consolidated subsidiary</p> <p><b>2020</b> Made Takamori Jidousha Seibi Kogyo Co., Ltd. a consolidated subsidiary                  • Formed strategic alliance with Car Frontier Co., Ltd.                  • Formed comprehensive business alliance with BS-Summit Business Cooperative</p> <p><b>2021</b> Launched Audi authorized dealer business                  • Acquired all shares of Joyful Shaken &amp; Tire Center Co., Ltd.                  • Signed business alliance with Nissan Motor Co., Ltd.</p>
<b>Number of Domestic Stores</b>	<p><b>1974</b> Opening of AUTOBACS Higashi Osaka Store, the first store operated directly by AUTOBACS</p> <p><b>1975</b> Opening of 100th domestic store                  Opening of AUTOBACS Hakodate Store, the first franchise store</p> <p><b>1979</b> Opening of 300th domestic store</p> <p><b>1985</b> Opening of 500th domestic store</p> <p><b>1996</b> Opening of 500th domestic store</p> <p style="text-align: right;"><b>As of March 31, 2021</b> 584 domestic stores</p>

<b>1974</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2020 ~</b>
AUTOBACS Begins its Development as a One-stop Provider of Automotive Goods and Services	Enhanced Merchandise Offerings and Proactive Marketing Responding to Diversifying Preferences	Development of Super AUTOBACS and Full-Fledged Entry Into Statutory Inspection Services	Comprehensive Support for Car Lifestyles Through Three Core Operations	Transformation and Creation for Robust Growth	Built a Network With Maintenance Companies, Strengthened Support for Next-generation Maintenance 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.

First directly managed AUTOBACS store

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.

Launched sales of private brand products

With the transition to supersized retail stores in general, AUTOBACS created Super AUTOBACS megastores 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.

First Super AUTOBACS store

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.

Began installing electrical vehicle charging stations

Under our 2017 Medium-term Business Plan, we focused on "developing drivers of future growth." In April 2019, we launched the 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.

A PIT AUTOBACS SHINONOME

To respond quickly to evolutions in automobiles and major changes in the environment surrounding the maintenance industry, we are accelerating the creation of local maintenance networks and sharing our expertise. In so doing, we aim to provide customers with higher-quality maintenance services.

ADAS Calibration Center

# Our Value Creation Process

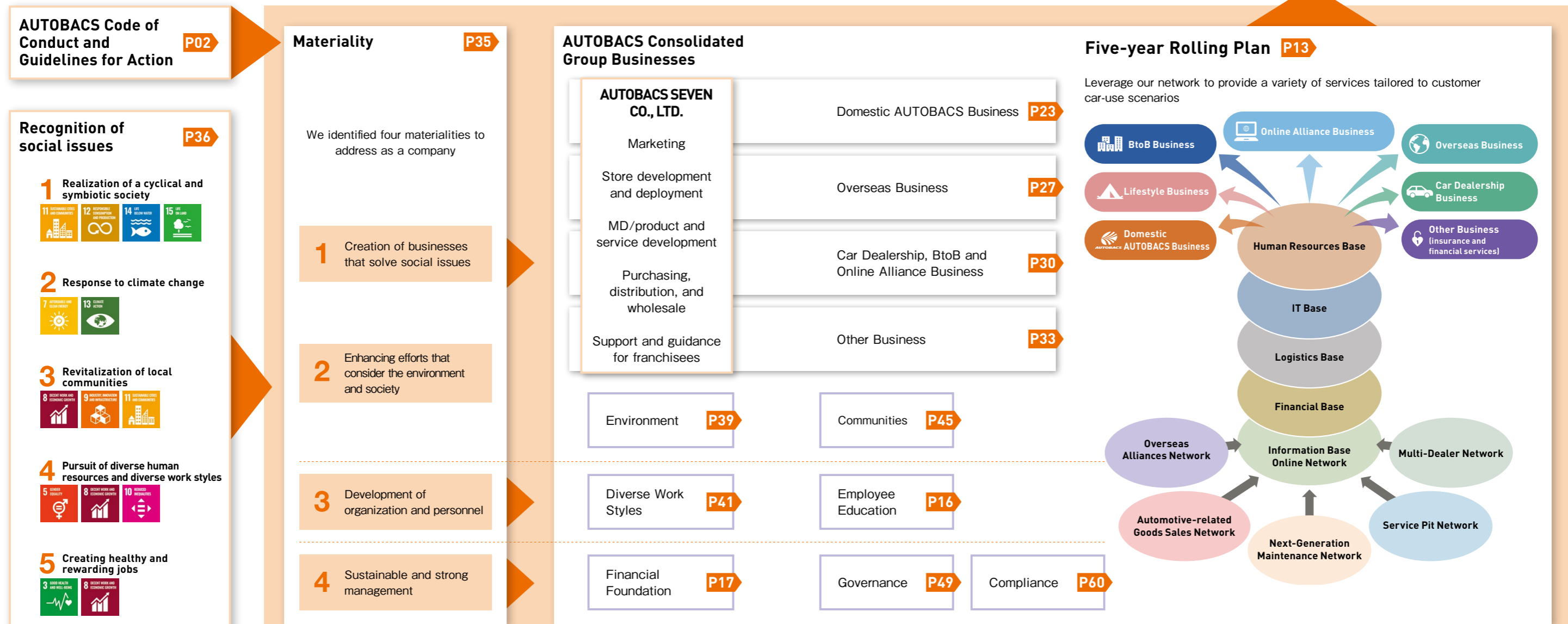
To continue creating new car lifestyle culture, we must stay abreast of developments in society and automobile technology, as well as the changes in consumer values. Our vision is for a safe, secure, and gentle society in which people and cars exist in harmony. To this end, we identified four materialities for which we will continue to investigate issues, act, evaluate our actions, and revise our approaches as we grow sustainably in the midst of various changes.

**Our Ideal Society**

A safe, secure, and gentle society in which people, cars, and the environment exist in harmony

**Our Ideal as a Company**

Professional & Friendly



**Analysis of Risks and Opportunities** P36

We analyze the impact of social issues on our businesses from the perspectives of the environment, communities, and human rights

### The Source of Our Value

Network of franchisees and stores with strong community ties

No. 1 brand power in automotive goods and services

Group of professionals

Total No. of Domestic Stores <b>584</b>	Stock Keeping Units at Stores <b>10,000 to 30,000</b>	Automobiles Sold <b>29,000</b>	Share of Domestic Car Parts and Accessories Market <b>No.1</b>	Active Members <b>7.30million</b>	Automobile Mechanics <b>3,700</b>	Domestic BtoB Customers <b>180</b>
Domestic Store Sales <b>267.0billion yen</b>	Weighting of Private Brand Products <b>14.1%</b>	Statutory Safety Inspections Performed <b>651,000</b>	Tire Dealerships <b>No.1</b>	Employees (Consolidated) <b>4,279</b>	Car Lifestyle Advisors <b>9,700</b>	Overseas Trading Countries <b>16</b>

As of the end of March, 2021

# Five-year Rolling Plan

The Company has formulated a Five-year Rolling Plan that indicates the direction and strategy of the Group for the next five years. We created this plan due to changes in the external environment and the diversification of customer needs. CASE is causing the automotive industry to undergo a once-in-a-century period of change, with the development of self-driving cars and the spread of electric vehicles. In addition to these changes, we will continuously review our direction and strategies for the next five years in line with current trends to establish a system that can quickly respond to the changing needs of our customers. We will also announce our numerical targets on a single yearly basis.

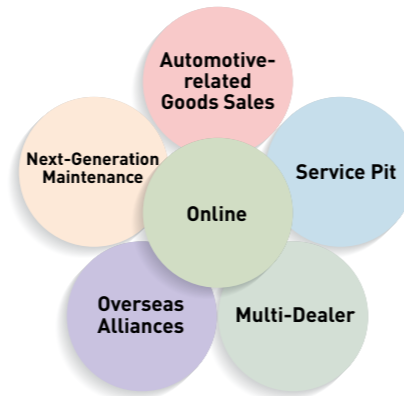
## Goals of the Five-year Rolling Plan

The external environment in which the Group operates is constantly changing, and the needs and values of our customers are diversifying.

To achieve sustainable growth under such circumstances, we need a Group specific system that can grasp changes and respond quickly. However, it is not possible for us to provide all automotive products and services right now.

The foundation of our Rolling Plan is to therefore establish six networks in cooperation with businesses that have strengths in their respective areas, and to increase customer convenience.

In doing so, we aim to continue to create a new car lifestyle culture to provide better quality and richer services to our customers by staying close to society, cars, and people's lives.



## Fulfilling the Role of Infrastructure That Supports the Scenes in Which Cars are Used

The six networks in the Five-year Rolling Plan are systems that connect customers and businesses, or businesses to each other.

The information and expertise generated from these networks will be organized and integrated in an online network that is placed at the center of the six networks, thereby strengthening the information infrastructure.

By utilizing this information infrastructure and incorporating a variety of information into their businesses, the seven businesses will be able to more accurately offer services and suggestions to their customers, thereby increasing their value as a company.

We will also continue to work on the introduction of mechanisms and the establishment of systems which increase the effectiveness and speed of strategy promotion, including the development of a promotion system and the strengthening of monitoring.

## Six Networks, Five Infrastructures, Seven Businesses



## Major Initiatives of the Six Networks

### Multi-Dealer Network

In addition to operating dealerships, by acquiring major brands, both domestic and international, we will be able to acquire vehicle and maintenance information and dealership business expertise across brands, thereby strengthening the market competitiveness of AUTOBACS chain.

In April 2021, we acquired all the shares of TA Import Co., Ltd. which operates authorized Audi dealerships (making it our sub-subsidiary), thereby strengthening our contacts with premium car users.



### Service Pit Network

Due to the expansion of the online market, there is a growing demand for installation of car accessories. To meet this demand, we will also collaborate with auto maintenance companies, gas station operators, and other car accessory dealers outside of the AUTOBACS chain.

Since December 2020, we have begun offering maintenance packs for external sales to used car dealers and automobile leasing companies that are facing challenges in maintaining their own vehicles.

**WEB**  
**AUTOBACS Car Maintenance Service Package**  
[https://www.autobacs.com/static\\_html/shp/maintenance\\_pack/index.html](https://www.autobacs.com/static_html/shp/maintenance_pack/index.html)  
 (This site is only available in Japanese.)



### Next-Generation Maintenance Network

We will collaborate with automobile maintenance companies that can handle the maintenance of vehicles that require next-generation technology. We will consolidate information on maintenance and equipment, as well as expertise on maintenance operations. We will then strive to provide stable maintenance and services.

In August 2020, we entered into a comprehensive business alliance agreement with BS-summit Business Cooperative. In April 2021, we acquired all shares of Joyful Shaken & Tire Center Co., Ltd. We are building a collaborative partnership.

We are expanding our statutory safety inspection and maintenance business and creating synergies with the sale of automotive goods.



### Automotive-related Goods Sales Network

While striving to further strengthen the AUTOBACS chain, we will collaborate with all types of businesses, including DIY stores, gas stations and other automotive goods retailers. By mutually utilizing the resources of each company, we will enhance our market competitiveness.

In April 2021, we formed a business alliance with Nissan Motor Co., Ltd. We are considering the joint development of automotive goods and NISSAN/NISMO brand goods. We are working to build a broader and stronger network.



### Overseas Alliance Network

We are building new business models by collaborating with companies that have a competitive edge in their respective countries and regions, as well as with start-up companies that have their own innovative technologies. We will also work to expand our earnings by collaborating with supply chains in Japan and overseas.

We have added SK AUTOMOBILE in Singapore and AudioXtra in Australia to our subsidiaries. We have also acquired a new distributor for JVCKENWOOD in Australia and we are working on building our network.



### Online Network

We are transcending the barriers between businesses through the other five networks and are integrating information on vehicles, maintenance, changing customer needs, and changes in society, such as laws and regulations and the environment. We are developing and consolidating information that will be the source of strengthening the competitiveness of each business.

Under a strategic alliance with Car Frontier Corporation, a member of the Mitsubishi Corporation Group, we have invested in and are jointly operating BEAD Corporation, which operates the tire-related website TIREHOOD.





## Five-year Rolling Plan

### Next Generation Maintenance Support and Maintenance Local Network

Service Pit Network

Next-generation Maintenance Network

The revised Road Trucking Vehicle Law came into effect on April 1, 2020. Accordingly, in addition to the conventional overhaul, the scope expanded to include electronic control system maintenance for ADAS (Advanced Driver Assistance Systems). These include collision damage mitigation brakes, which are now standard equipment in automobiles, and accelerator/brake mis-step prevention systems. The Automobile Specific Maintenance System has started. Given these circumstances, we are promoting a variety of measures as part of the establishment of the Next Generation Technology Development Network in our Five-year Rolling Plan.

#### Signing of a Comprehensive Business Partnership with BS-summit Business Cooperative

On August 20, 2020, we entered a comprehensive business alliance with BS-summit Business Cooperative. Through this alliance, AUTOBACS stores, which number approximately 600 nationwide, will deepen their relationships with neighboring BS-summit Business Cooperative member factories to promote the establishment of a local maintenance network in the region.

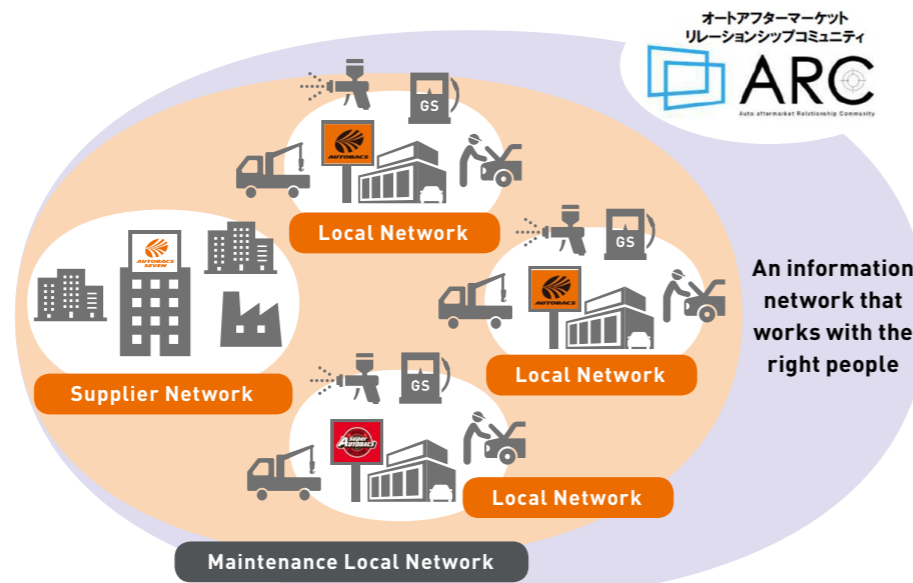
#### Collaborate with Local Partners with Superior Technology

The environment surrounding the maintenance industry is changing drastically due to the evolution of automobiles. In the automobile maintenance business, there is a pressing need to introduce places, people, and specialized equipment to perform maintenance. And in addition to the lack of skills for the maintenance of electronic control systems, the shortage of successors is also an issue.

To respond quickly to these changes, we are building a network with new partners across industries to provide high quality services to our customers.

#### Newly Established ADAS Calibration Center

As the AUTOBACS Group's first shared contract factory, a new ADAS Calibration Center has been established at the Super AUTOBACS Kumamoto Higashi Bypass store in Kumamoto Prefecture. It undertakes subcontracted work from local dealers and maintenance shops, and also shares equipment. This is part of the Next Generation



\* The BS-summit Business Cooperative is a nationwide network of professional groups in the field of auto body maintenance that pursues triple profits for customers, non-life insurance companies and assistance companies, and member factories.

#### Building networks with new partners



AUTO IN Shaken and Tire Center



Seiwa Automobile Sales Co., Ltd.



Takamori Jidousha Seibi Kogyo Co., Ltd.

Technology Development Network, one of the six networks in the Five-year Rolling Plan, and is an effort to serve as a model for building local networks in the region.

In this way, we bring together management resources, including people, to not only improve management efficiency, but also to improve customer convenience.



### Human Capital and Human Resource Development to Support Business

Human Resources Base

We believe that people's growth maximizes corporate value. By maximizing people's performance, we will improve our productivity, support the security of our communities, and strive to be a group that continues to connect with our customers.

#### Strengthening on-Site Capabilities to Support Community Safety and Security

##### Training of Mechanics

At AUTOBACS, we have established and are operating an education and training system to strengthen the development of professional staff with the technical skills essential for statutory safety inspection and maintenance services. We are also providing various types of pit services and are training nationally certified mechanics and inspectors. We also provide support with the acquisition of qualifications for automobile mechanics through our subsidiary Chain Growth Co., Ltd.

##### AUTOBACS AWARD

To shine a light on the hard-working staff at the AUTOBACS Group, we hold

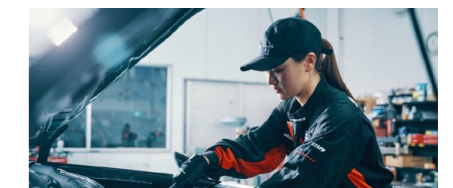
the AUTOBACS AWARD to recognize outstanding staff from among the approximately 15,000 employees at our stores nationwide. We give Best Pit of the Year award and Customer Experience Award in terms of customer evaluation and connection with our customers.

##### Training of Foreign Technical Interns

As part of our efforts to foster foreign human resources to acquire skills, we are passing on Japan's advanced automobile maintenance techniques to foreign technical trainees in the Philippines. Our goal is that they will use their skills to contribute to the development of motorization in their countries and to the safety and security of their communities.

##### AUTOBACS GUYS

The work of an automobile mechanic is an important job that is directly related to the safety and security of our customers. To spotlight our mechanics' work and convey the professional and friendly side of the Autobacs Group to our customers, role models called *AUTOBACS GUYS* have been selected five times from stores nationwide since 2017.



#### Developing Human Resources to Support and Sustain Business Development

##### Development of Young Management Personnel

Our company has adopted an in-house company system, and the managers of each company are responsible for making high-level decisions regarding strategy, allocation of human resources, and investment, which inevitably requires a management perspective. We believe that the development of human resources with a management perspective will lead to the enhancement of the organizational strength of the entire group.

##### Employee Good Value Awards

In making our Vision 2050 - Creating Our Future Together a reality, we have been implementing the Employee Good Value Awards since FY March 2019 to reward

employee behavior. Including categories such as Mood Makers, Connectors, Challengers, there are seven categories in total. In FY March 2021, 226 people were selected, and a total of 391 employees have now received the award since 2018.

##### AUTOBACS Knowledge Club

As remote work styles continue to advance, we are implementing the AUTOBACS Knowledge Club to create opportunities for employees to communicate with each other and to share and learn from each other's specialties, knowledge, and skills. As employees actively engage in dialogue as teachers and participants, their interest in other departments increases and autonomous interaction becomes more active.

##### Challenge 2050

Under our Vision 2050 - Creating Our Future Together, we are inviting business plans from within the company to foster an abundant spirit of challenge and entrepreneurship for the creation of next-generation businesses. We are providing a place where employees can feel free to propose ideas and business seeds. This initiative has led to specific new services, such as the proposal of premium garage houses and the *Kurashi to Kuruma* information website for people who are not familiar with cars.



# Message from the Officer in charge of Finance



**We will meet the expectations of our shareholders, investors, and other stakeholders by improving profitability and proactively returning profits to shareholders.**

Officer  
Finance & Accounting / PR & IR  
Tomoaki Ikeda

## Q Please summarize the business results for the fiscal year ended March 2021.

Due to the spread of the COVID-19 pandemic, the outlook was extremely uncertain at the beginning of the fiscal year but as a result, consolidated operating income exceeded 10 billion yen for the first time in seven years since the fiscal year ended March 2014. Considering the current societal situation, we believe this was a good result.

Against this backdrop, and despite the impact of the COVID-19 pandemic, the Domestic AUTOBACS Business performed well, especially from the second quarter onward, and Overseas Business was on a gradual recovery track, with *AudioXtra* in Australia performing well. In the Domestic AUTOBACS Business, which was particularly strong, this reflects the fact

that we were able to respond appropriately to factors such as increased demand for snow tires due to snowfall and increased demand for car wash products and DIY products when the state of emergency was declared. We also took this opportunity to make company-wide efforts to further reduce sales and general administrative expenses, which was successful.

## Q What impact did the spread of the COVID-19 pandemic have on business results for the fiscal year ended March 2021?

From the early stages of the pandemic, one of the major tenets of the countermeasures taken by our group has been "not infecting or becoming infected by" our customers, business partners, or employees. Based on pessimistic assumptions about the external environment, such as consumption, and the overall economy, we carefully considered measures to be taken regarding our cash flow when the first state of emergency was declared in April

2020. At that time, we made estimates to ensure that we could provide maximum support to our partner franchise corporations. As a result, I believe we ended the year in a comparatively favorable situation despite the difficult environment. This was partly due to rethinking how we use our cars, such as avoiding the use of public transportation.

There is, however, no prospect of an end to the spread of the COVID-19

pandemic in the fiscal year ending March 2022, and emergency declarations are being issued intermittently. While people tend to refrain from traveling long distances by car, they also tend to avoid public transportation and use cars frequently for short distances. In the future, we will need to carefully assess how this will affect the maintenance of our cars, such as tire wear and battery drainage.

## Q Were there any special factors that affected the performance of the Domestic AUTOBACS Business?

With the enforcement of the revised Road Traffic Law in June 2020, penalties for so-called "tailgating" have been established. At the same time, demand for car electronics surged due to subsidies and grants for the installation of dashboard cameras. This has since changed, and car navigation devices and dashboard cameras

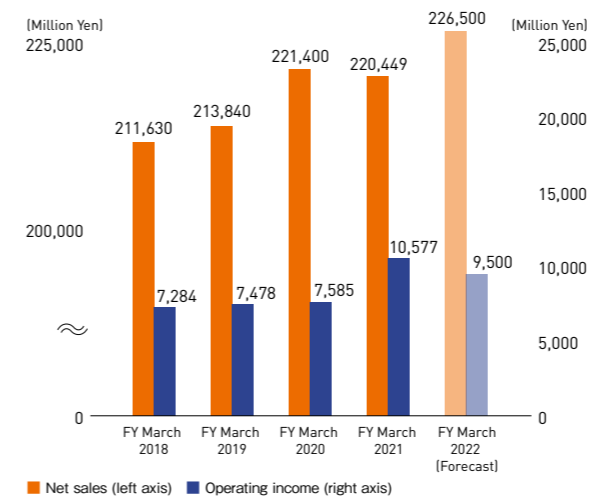
have been on a downward trend due to sluggish new car sales. In addition, the recent global shortage of semiconductors has affected the production of new cars and car electronics, and we are closely monitoring the impact of this on our future business performance.

## Q What is the progress of the Five-year Rolling Plan that started in 2019?

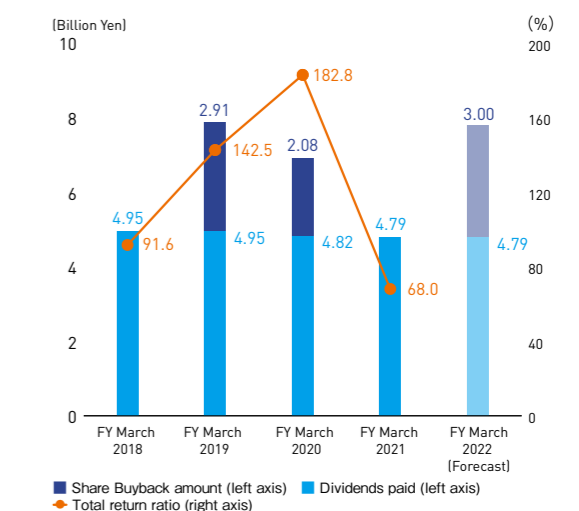
Under the Five-year Rolling Plan, we aim to establish and collaborate with six networks to provide services tailored to the situations in which our customers use their cars, and . We have begun to see steady results. For example, in the Next-Generation Maintenance Network, we are collaborating on various services through a comprehensive business alliance with the BS Summit Business Cooperative. We are strengthening our response to specific maintenance certifications through regional

cooperation between approximately 600 of our group stores nationwide and 380 of the BS-Summit Cooperative member stores nearby. In the Multi-Dealer Network, in addition to BMW and MINI, we have started conducting business with an authorized Audi dealer as a subsidiary beginning in April 2021. As we steadily absorb Europe's leading-edge automotive expertise, we are also seeing strong revenue growth. Going forward, we will further increase the speed of implementation.

### Trends in Net Sales and Operating Income



### Trends in Dividends, Share Buybacks, and Total Return Ratio



## Message from the Officer in charge of Finance

### Q How do you see the challenges in future financial strategies?

Our biggest challenge will be to improve the return on investment and efficiency. Our ROE is 5.8% for the fiscal year ended March 2021, and we are not satisfied with this. We will further enhance our earning power, especially in the Domestic AUTOBACS Business. At the same time, we need to make a company-wide effort to review our cost structure. During the fiscal year ended March 2021, in response to the spread of the COVID-19 pandemic, we thoroughly reduced various expenses within the

company. These included travel and transportation expenses, entertainment expenses and conference expenses. We will continue to do so in the fiscal year ending March 2022 and beyond. We believe that continuing to do so is necessary to change the mindset of each employee and become a more robust company. In addition, from the fiscal year ending March 2022, to further improve investment efficiency, the evaluation items for executive officers will also focus on improving ROA. We also need

to further promote cash flow management, a program which is currently underway. We will also enhance the appropriate control of surplus funds in excess of required working capital and the review of our business portfolio by strengthening investment income management.

While actively investing for future growth, we will consider with-drawing from businesses that show low returns on investment.

### Q How do you define the direction of your investment strategy?

We discuss investments extensively at meetings of the Board of Directors, the Executive Management Committee, and the Investment Review Committee. Along with that, we regularly conduct reviews at monitoring meetings after making investments. Starting with PMI reporting, the PDCA cycle has been firmly established company wide. We are building a system that can solve issues on

a company-wide basis rather than leaving it to the departments.

As an area of investment, we still see many opportunities in the Domestic AUTOBACS Business. As the automotive industry changes drastically, having approximately 600 physical stores in 47 prefectures nationwide is a great advantage. We intend to continue opening new stores while focusing on profitability.

We also believe that we need to invest in next-generation store systems to meet the changing needs of our customers, such as contactless payment systems, and make other investments that are in line with the internet age.

### Q What is your policy on shareholder returns and what is your target dividend payout ratio?

As for shareholder returns, we have set a total return ratio of 100% over the five-year period that is included in our Five-year Rolling Plan. In terms of results, we have achieved 108% for two-year total of the fiscal year ended March 2020, which is the first year of the Five-year Rolling Plan,

and the fiscal year ended March 2021. Our goal is to pay stable and continuous dividends, aiming for a consolidated dividend payout ratio of 50-100%. We intend to implement share buybacks in a flexible manner while ensuring financial soundness. Based on these policies, we

conducted a share buyback of up to 2 million shares and 3 billion yen in value during the period from May to September 2021. At the same time, we retired 2 million shares of treasury stock (2.4% of the total shares outstanding) in May 2021.

### Q What do you think about communication with shareholders and investors?

We place great importance on meetings with analysts and investors who have a deep understanding of our company. The wide range of questions and comments we receive at our meetings are very helpful and valuable. We regularly report these questions and opinions to the Board of Directors so that they can be reflected in our management.

At a meeting with institutional investors held in the fiscal year ended March 2021, we had the opportunity to receive specific

and detailed questions and comments from ESG experts about our ESG approach and our efforts to address the SDGs. This led us to think that we needed to take a more serious approach to tackling ESG and SDGs than ever before. And so, in January 2021, we launched ESG & SDGs Project, headed by Chief Executive Officer. We made this a company-wide project starting in September 2021, and will further expand and accelerate its promotion. We hope that our ESG and SDGs initiatives will ultimately

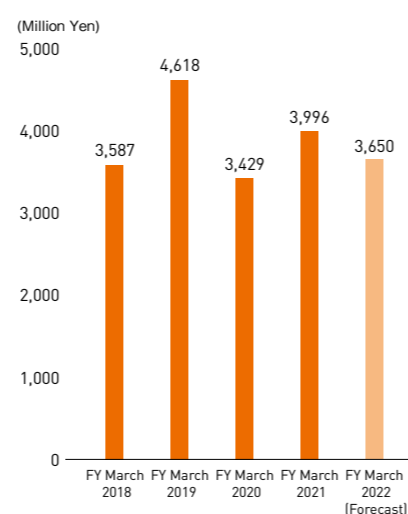
lead to an increase in corporate value.

We always want to be honest, sincere, and fair in our communications. We will take even the harshest opinions seriously. Corporate performance and reform cannot be achieved overnight; but rather with the support provided by steady, daily activities. We would like to continue to proactively deepen our communication with the market so that people can understand this.

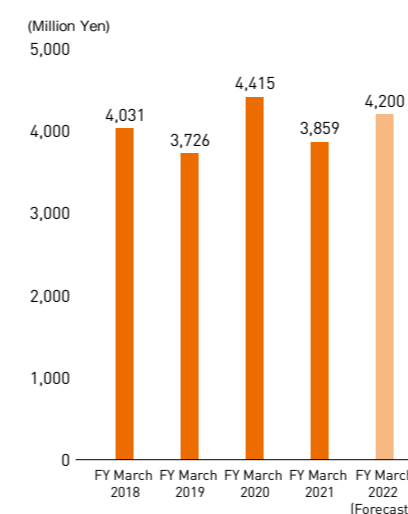
## Measures to be taken in each business segment in the fiscal year ending March 2022

Business	Measures
Domestic AUTOBACS Business	<ul style="list-style-type: none"> <li>Continued to promote the company system and strengthen on-site capabilities (human resources)</li> <li>Promoted opening, remodeling and renovating of stores</li> <li>Expansion of business trip assessment (car purchase)</li> <li>Online maintenance booking (oil change by application)</li> <li>Early response to next-generation maintenance, etc.</li> </ul>
Overseas Business	<ul style="list-style-type: none"> <li>Expansion of wholesale business (product development, development of new business partners)</li> </ul>
Car Dealership Business	<ul style="list-style-type: none"> <li>Retaining and training human resources to improve brand</li> </ul>
Car Dealership, BtoB and Online Alliance Business	<ul style="list-style-type: none"> <li>Development of original products</li> <li>Capture new demand through tire-wheel built-in service</li> </ul>
Online Alliance Business	<ul style="list-style-type: none"> <li>Strengthened cooperation between e-commerce and real stores</li> </ul>
Lifestyle Business	<ul style="list-style-type: none"> <li>Strengthen online sales, strengthen sales of GML MOTORS</li> </ul>
Other Business	<ul style="list-style-type: none"> <li>Expansion of car sales in corporate with CARS (loan / credit business)</li> </ul>

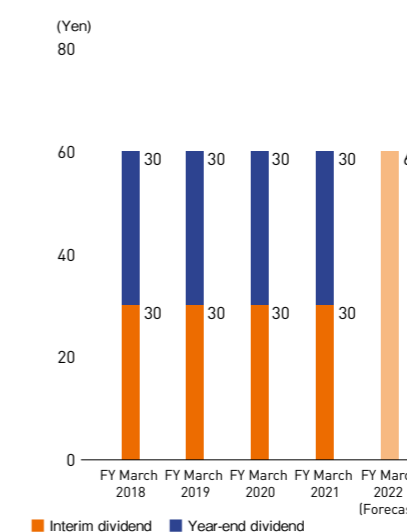
### Trends in Capital Investment



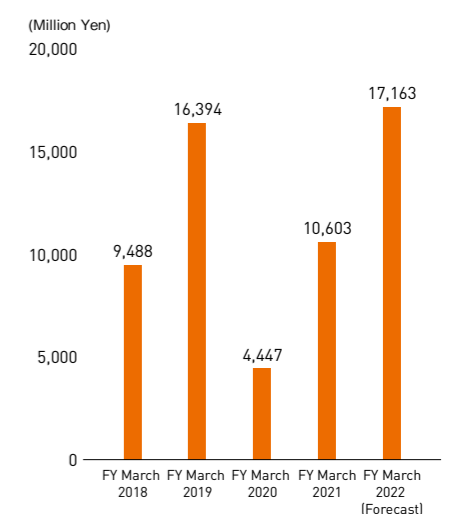
### Trends in Depreciation and Amortization



### Trends in Dividend per share



### Cash Flows from Operating Activities



## Topic Business Continuity Initiatives in response to COVID-19

In response to the spread of the COVID-19 pandemic, our group's top priority is to protect the health of our customers, business partners, and employees. Since fiscal year ended March 2021, we have been implementing measures so that we do not become infected or spread the infection to others.

### Group Measures and Systems

#### Basic Policy on Response to COVID-19

Based on the Business Continuity Plan (BCP) that our group has de-signed and implemented up until now, we have set up a Crisis Man-agement HeadquartersCrisis Response Headquarters to implement measures to ensure business continuity and to study future actions. Because cars constitute an important transportation infrastructure in our daily lives, we give maximum consideration to preventing the spread of COVID-19 in order to protect the safety and security our customers feel when shopping for automotive goods. In stores, to prevent infections we have implemented thorough employee hygiene measures (hand washing, mouthwash, hand disinfection,

physical condition monitoring, as well as wearing masks and gloves while serving customers). We have also im-plemented various initiatives to minimize points of contact with customers. In principle, we worked from home during the state of emergency. When we had to work in the office, we took all possible measures to prevent infection, including thorough body temperature checks, disinfection before work, and staggered attendance. Even though the declaration of the state of emergency has been lifted, we are working to establish new ways of working that are not restricted to office work in a certain location and we are promoting

telework from home and shared offices. We also focused on protecting the management of the franchise d chain corporations and implemented support measures for both corporate and store support. In addition, in response to the increased need for non-contact services for customers due to the spread of the COVID-19 pandemic, we updated the Autobacs application in October 2020 to improve the convenience of web-based reservations and other services. We will continue to implement thorough infection prevention measures to prevent the spread of COVID-19.

#### Franchisee Support Measures (fee reduction/exemption, payment de-ferment, financing, store operation support)

Corporate Support	Store Operation Support
<ul style="list-style-type: none"> <li>Partial reduction or exemption of nationwide sales promotion costs borne by franchisees</li> <li>Deferment of payment for goods                             <ul style="list-style-type: none"> <li>Postponement of payment for goods for a certain period</li> </ul> </li> <li>Switch to short-term loans                             <ul style="list-style-type: none"> <li>Support for switching deferred payments to loans</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Guidance to stores                             <ul style="list-style-type: none"> <li>Use of online meetings, etc.</li> </ul> </li> <li>Use of dispatch workers support for office staff                             <ul style="list-style-type: none"> <li>Support for sterilization of store equipment and vehicles and temperature inspection</li> </ul> </li> <li>Support for the stores' telephone call service                             <ul style="list-style-type: none"> <li>Assist in handling inquiries, reservations, etc.</li> </ul> </li> </ul>

#### Our Group's Response Measures Regarding the Prevention of the Spread of Infectious Diseases

	Store	Head Office
<b>State of emergency period</b> April 7, 2020 - May 25, 2020	<ul style="list-style-type: none"> <li>Limited operations with a focus on maintenance</li> <li>Revision of business hours (excluding some stores)</li> <li>Updating business information on the WEB as needed</li> <li>Monitoring body temperature, washing hands, and using mouthwash</li> <li>Efforts to minimize customer contacts</li> </ul>	<ul style="list-style-type: none"> <li>Prohibition of reporting to the office (telecommuting)</li> <li>*When reporting for work is unavoidable from the perspective of business continuity or supporting a store, we should check and disinfect before going to work, and give our utmost consideration to preventing the spread of infection.</li> <li>(Reference) Attendance rate: 17% (April to May)</li> </ul>
<b>Ongoing as of September 30, 2021</b>	<ul style="list-style-type: none"> <li>Monitoring body temperature, washing hands, and using mouthwash</li> <li>Efforts to minimize direct contacts</li> <li>*See next page</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Telecommuting and remote work.</li> <li>(Reference) Attendance rate: 31% (June to December)</li> <li>Work style reform (introduction of flextime) Sequentially from November 2020</li> </ul>
<b>Establishment of Crisis Management Headquarters</b>	<b>Composition of Crisis Management Headquarters</b>	
<ul style="list-style-type: none"> <li>Organization under CEO's command</li> <li>Conducting regular weekly meetings</li> <li>Timely and appropriate internal and external dissemination of information</li> </ul>	<ul style="list-style-type: none"> <li>General Manager: Representative Director and Chief Executive Officer</li> <li>Deputy General Manager: Officer Human Resources / General Affairs / Legal</li> <li>Members: Officer AUTOBACS Business Planning, Officer Finance &amp; Accounting / PR &amp; IR, General Manager of General Affairs Department, General Manager of Personnel Department, General Manager of PR &amp; IR Department</li> </ul>	

### Present Status and Future Initiatives

#### Hygiene Control in the Store and Pit at AUTOBACS (example)

In order to prevent ourselves from becoming infected or spreading the infection to others, we deployed hygiene products such as masks and gloves in our stores. In addition, we ensured that employees monitored their body temperature, washed their hands, used mouthwash and maintained good hygiene in the store.



Make sure that customers leave an appropriate amount of space between each other when lining up. Ensure that we use steering wheel covers, floor covers, and seat covers when staff move. Sanitize the area that has been touched after the work is completed.

#### Promote the use of contactless booking for maintenance appointments

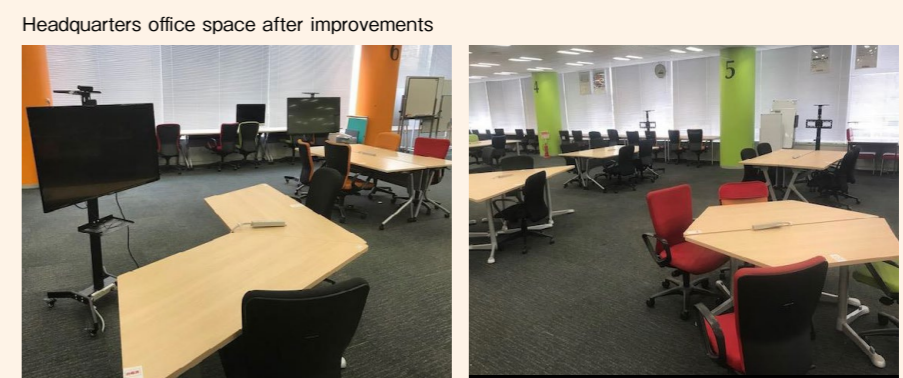
In an effort to minimize direct contacts with customers, we have updated our WEB-based and app-based advance reservation systems. By increasing convenience, we are reducing time spent in stores and promoting non-contact. As a result of the update of the AUTOBACS app in October 2020, more than 60% of the oil change web bookings in November-December 2020 were made via the app, a significant increase over the previous year.



- #### Points of Renewal
- Improved startup speed and operability for an easier reservation experience
  - Vehicle information can be registered by simply scanning the two-dimensional code of the vehicle inspection certificate

#### Reduction of Attendance Rate by Reviewing the Work Style of the Headquarters Office

Since we had been working for several years already to review our working environment systems and to improve the IT infrastructure, we were able to respond quickly to the spread of COVID-19. Afterward, the understanding and use of telework accelerated at a rapid pace, leading to changes in work styles such as allowing employees to choose where they would like to work from and flex-time. This has reduced travel time and improved the efficiency of meetings. In addition, we are implementing more efficient use of headquarters office space, electronic settlement, and online meetings to further streamline operations and improve the way we work.

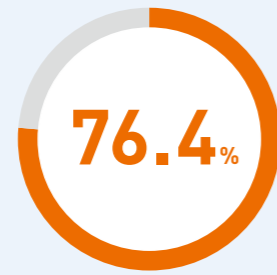


Overview by Segment

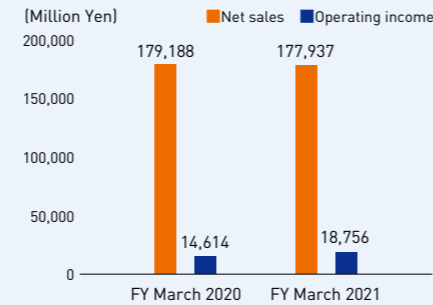
# Domestic AUTOBACS Business



Breakdown of Consolidated Net Sales



Net Sales / Operating Income



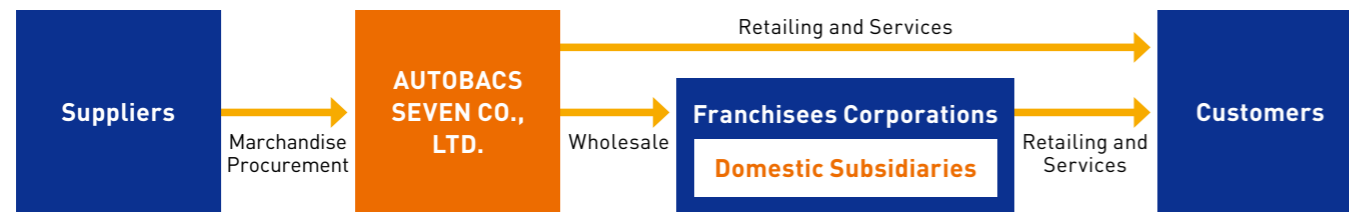
## Business Model

In the Domestic AUTOBACS Business, we operate AUTOBACS stores as a franchise chain which is a general automotive specialty store that boasts Japan's largest sales as a franchised chain (FC) headquarters.

We always aim to operate our

business from the customer's perspective by researching the latest trends and performing the following three functions: Product Procurement to purchase various products including car accessories from around the world, Sales Promotion to increase the awareness and value of

AUTOBACS stores to end users, and Consulting to support sales by providing management and store operation consulting and headquarters planning to approximately 600 franchise stores.



## Fiscal Year Ended March 2021 Results

Sales in the Domestic AUTOBACS Business were lower in the first half of the fiscal year than in the same period of the previous year due to COVID-19 and other factors. However, in the second half of the fiscal year, cold weather caused an increased demand for winter goods which firmed sales. As a result, net sales for the current fiscal year decreased by 0.7% year on year to 177,937 million yen.

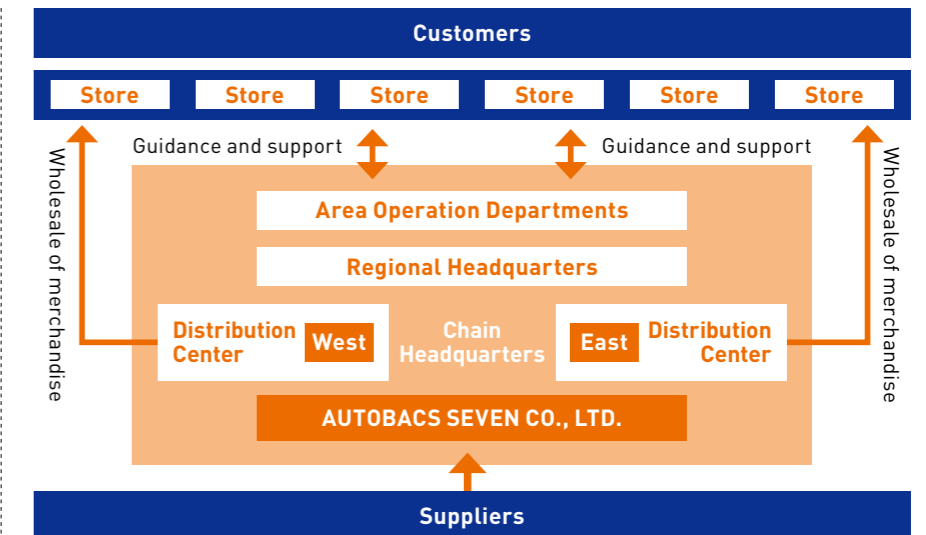
Gross profit increased 4.7% year on year to 58,891 million yen, mainly due to a higher sales composition of high-margin batteries, car wash merchandise, and car interior goods. Selling and general and administrative expenses decreased by 3.6% year on year to 40,134 million yen due to a decrease in costs related to sales promotion, etc., as well as transportation expenses associated with business trips

and commuting. As a result, segment profit increased 28.3% year on year to 18,756 million yen.

In terms of sales, for the current fiscal year, sales of all categories of domestic AUTOBACS chain stores (including corporate stores affiliated with franchised chain stores) increased by 0.2% for existing stores and 0.0% for all stores compared to the same period last year.

## Value Provision Platform Centered on a Franchise System

In the Domestic AUTOBACS Business, the Company, as the Franchise Chain (FC) headquarters, has five regional headquarters and 12 area operation departments. These play a variety of roles, including the development of products and services, the provision of systems and infrastructure for store operations, the formulation of sales policies, and the wholesale of products. As of the end of March 2021, 78 franchise corporations (including 17 subsidiaries) operate a total of 584 stores throughout Japan, including 573 stores plus 11 directly managed stores.



### Sales and Marketing Support

We have assigned more than 100 counselors (supervisors) to sales departments in 12 areas nationwide to support the planning and implementation of store reforms based on headquarters policies through store visits.

### Human Resources Training Support / Mechanic Dispatch

As the FC headquarters, we provide support for on-the-job training and human resource development plans at stores, as well as hold training sessions for store executives. Through our subsidiary, Chain Growth Co., Ltd, we train mechanics and dispatch them within the chain.

## Store Support within the FC System

### Customer Voice Program (CVP)

Since fiscal year ended March 2017, we have begun full-scale operation of a program to collect feedback from customers who use our stores in the form of questionnaires, and link it to improvements in customer service, product assortment, operations, product development, sales promotion, and facilities at each store. As of the end of March 2021, we have collected approximately 135,000 opinions.

### CVP and Operations Management



### AUTOBACS AWARDS

Our company implements the AUTOBACS AWARD which is an internal award system within the Group that recognizes stores and staff for their outstanding customer service. Based on CVP results this system analyzes items that have a high correlation with customer satisfaction common to all stores, such as accurate waiting time

information and courteous greeting and sending off, and uses them as evaluation criteria to award stores and staff with outstanding performance. We will continue this initiative as one of our efforts to nurture the workplaces and people who support the AUTOBACS brand.



## Domestic AUTOBACS Business

### Automotive Goods and Services

#### Strengthening Private Brand (PB) Products and Tire selection

AUTOBACS has been selling private brand (PB) products for over 40 years since 1977. The lineup includes more than 1,000 items, including tires, wheels, engine oil, batteries, and other accessories for both interior and exterior of cars. We promote product development and the creation of a sales environment to provide high-

quality products at reasonable prices. In the tire business, we are strengthening our product lineup and were selected as the number one tire dealer in a survey conducted by a third-party organization. Taking advantage of this, we are expanding our tire sales by enhancing our PB and exclusive products in collaboration with leading domestic manufacturers.



For the fourth consecutive year, we have been selected as the best place to purchase tires in a 2020 survey on tires conducted by the Japan Management Association Research Institute.



Private Brand Merchandise, A.Q. (AUTOBACS QUALITY)



Private Brand Tire, Maxrun Efficia

#### Providing Safety Driving Support Devices

With the recent increase in safe driving awareness, we are seeing an increased demand for safety driving support devices such as sudden acceleration prevention devices and dashboard cameras. We are leading the industry in providing a full range of products in this field.



Dashboard camera



Pedal Watcher II



Doze watcher, Hitomi-chan mini

#### Operation Reform/Renovation Support

We support store renovations and operational improvements by referring to CVP collected customer feedback.

A total of 286 stores have been renovated since FY March 2019, with each store improving in-store navigation, beautifying service bays and restrooms, and improving waiting areas.

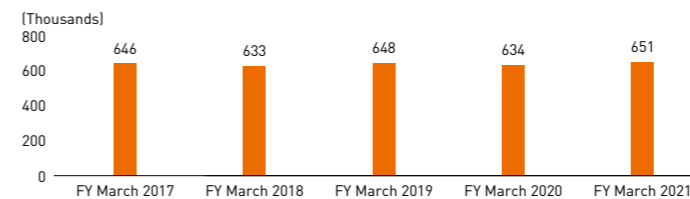


### Statutory Safety Inspections and Maintenance

In fiscal year ended March 2021, we implemented a web and phone-based reservation system for car servicing as an initiative to improve customer convenience in response to decreased customer contact due to the spread of COVID-19.

We also focused on acquiring certification for specific maintenance as car makers improve vehicle functionality. As a result of these activities, the number of inspected vehicles increased by 2.7% year-on-year to approximately 651,000 units.

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

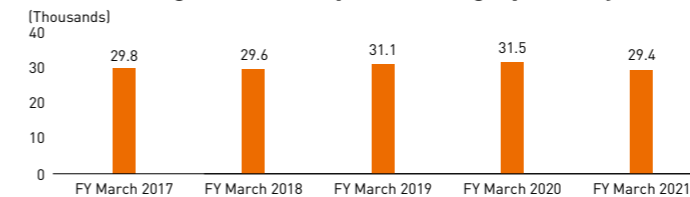


### Used Car Purchasing and Sales

In the car purchase and sales business, sales declined significantly in the first half due to the spread of COVID-19. However, sales recovered to the same level as the previous year from October. As a result, total sales volume in the domestic AUTOBACS business decreased by 6.7% year-on-year to approximately 29,000 units.

a service to support the private sale and purchase of used cars through the C to C used car sale and purchase flea market app, *Kuruma no En*. By connecting buyers and sellers of cars and supporting a series of transactions, we create an environment where people can buy and sell with peace of mind.

#### Changes in the Number of Cars Purchased and Sold (based on all stores including used car- purchasing specialty stores)



### Embodying the New AUTOBACS, A PIT AUTOBACS SHINONOME

A PIT AUTOBACS SHINONOME is the flagship store of the AUTOBACS Group, which was renovated in 2018 as the embodiment of the new AUTOBACS, a one-stop shop for everything related to cars that has evolved from the conventional AUTOBACS. In collaboration with Culture Convenience Club Co.,Ltd. which operates

Tsutaya bookstores and other stores, we are providing a sales space where customers who are not usually involved with cars can enjoy them comfortably. Even after the renovation, to deliver car lifestyle suggestions that meet the diverse needs of our customers, we have opened new tenants to provide enhanced spaces.



#### Mechanic Training

The work of a mechanic is an important job that is directly related to the safety and security of customers. However, in Japan, the shortage of mechanics has become an issue for the entire automobile industry. In response to this situation, we are making various efforts to increase the number of personnel with advanced maintenance skills.

In addition, in Japan, AUTOBACS GUYS are selected from auto mechanics working at AUTOBACS stores as professional and friendly role models. We spotlight their work and promote them on our website and in our stores.

#### Transfer of Maintenance Technology

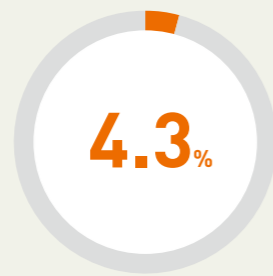
In July 2006, the Group established the Auto Service International Cooperative (ASIC) with 10 volunteer franchise corporations, utilizing the foreigner technical training system. At that time, the foreign technical internship system did not allow for automobile maintenance jobs, so we accepted foreign technical interns in the field of metal painting (body repairing & painting). Following the addition of automobile maintenance as an occupation for technical training in April 2016, the number of technical trainees accepted increased, and the number of franchise corporations participating in ASIC is now at more than 20. In April 2019, the Specified Skilled Worker System was launched. In September of the same year, the AUTOBACS Group produced Japan's first qualified person with Specified Skilled Worker (i) in the automobile maintenance occupation. Since then, there have been many more graduates of the technical training program who have gone on to become Specified Skilled Worker (i) qualifiers. And they continue to hone their skills to an even higher level at AUTOBACS stores.

We have also established a mechanics training course for engineering students at our partner in the Philippines, Perpetual Help University. We are promoting the development of human resources with Japanese language skills and advanced automobile maintenance techniques.

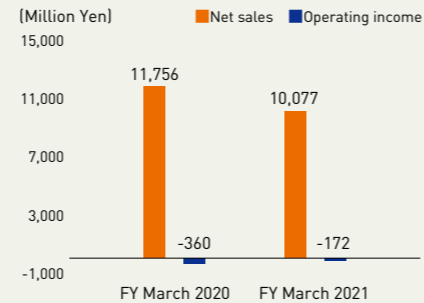
# Overview by Segment Overseas Business



### Breakdown of Consolidated Net Sales



### Net Sales / Operating Income



## Fiscal Year Ended March 2021 Results

In the Overseas Business, there was a decrease in sales due to lockdown restrictions due to COVID-19. Meanwhile, we worked to develop new private brand (PB) products and expand our wholesale business by developing new sales channels.

In France, sales declined due to the lockdown between March and May and

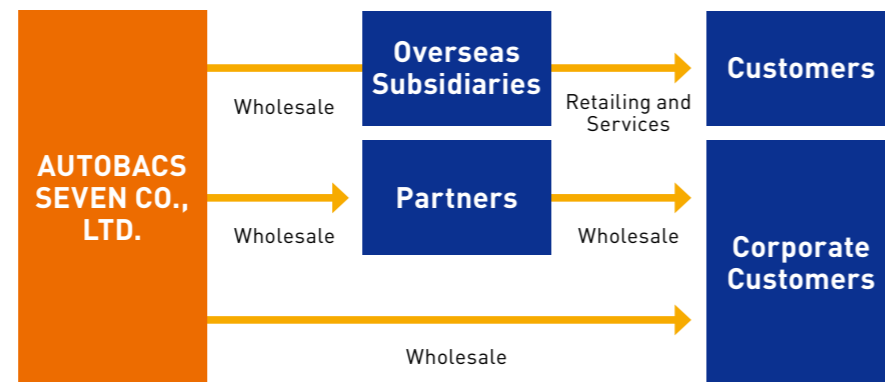
intermittent curfews since October. In Singapore, sales declined due to sluggish domestic economic activity, but we maintain profits by reducing SG&A expenses. In China, we have been gradually recovering since the resumption of sales activities, and in October, we opened our first Authorized Dealer China in Shanghai. In Malaysia, with severe

lockdown restrictions, sales continue to be sluggish due to weak consumer confidence. Since July, our performance has been higher than the previous year in Australia. We have had strong sales of rear-view cameras for heavy mining equipment and own-brand audio-visual equipment and transceivers.

## Business Model

In the overseas business, we are expanding our wholesale operations through capital and business alliances with leading local companies and joint ventures. We are operating AUTOBACS stores to sell automotive goods and other merchandise, provide installation services, car maintenance services, and body repairing & painting.

We are scrutinizing our retail business model in accordance with the market and focusing on the highly profitable wholesale business. At the same time, we will strengthen our partnerships with local companies and expand our earnings through speedy business development.



## Wholesale Business

In the overseas wholesale business operations, we are developing and manufacturing original products under the AUTOBACS brand. We are promoting the development of private brand (PB) products and cultivating new customers so that people in countries and regions where we have yet to open a store can experience Japanese quality and service (Japan Quality). We supply products to 16 countries and regions globally.

We also offer Consultant Wholesales, wholesaling on a shelf-by-shelf basis to customers in various countries and regions. With AUTOBACS designed shelf planograms, we propose both merchandise and sales space creation so that customers can easily and happily select automotive goods. The system has been adopted not only by automotive goods and services store but also by convenience stores, supermarkets, and hypermarkets in Singapore, Indonesia, and Thailand.

As for initiatives for fiscal March 2021, we are moving forward with the development of authorized dealers in Malaysia and China, who will act as our authorized distributors and wholesale our products to automotive goods stores and service shops operated by other companies. In Australia, we are a wholesaler of car electronics products and have become a new distributor of JVCKENWOOD.



private brand (PB) products



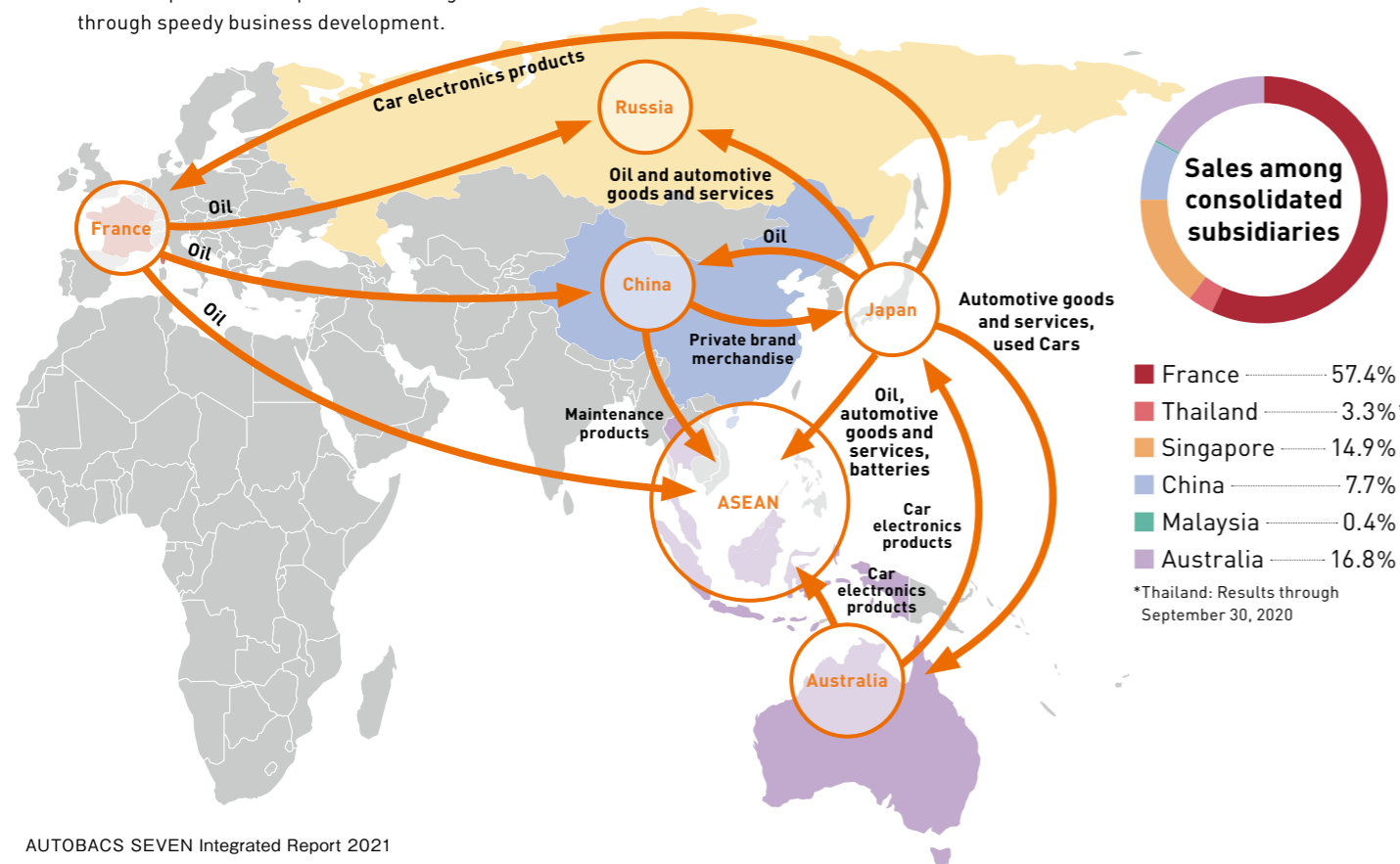
JVCKENWOOD Distributor acquisition



Authorized dealer stores



Consultant Wholesales (AUTOBACS designed shelf planograms)



### Strategic Points for Overseas Wholesale Business

- Promote businesses that take advantage of regional characteristics and Japan Quality
- Strengthen alliances with local partners
- Improve profitability through low cost, low risk, and diversification of revenue sources
- Establish a battery business

Overseas Business

Retailing and Service Business

As of the end of March 2021, excluding Japan, the Group operates 45 stores in seven countries and regions globally. We operate our stores in a way that reflects the car culture of each region.

Each country and region has different circumstances and needs for automotive goods and maintenance services. In addition to providing merchandise and services that meet local customer needs,

we are working with partner companies in each region to secure profits.


In France, where tire sales are expanding, we are working to improve customer convenience by offering a pit reservation service, just as we do in Japan. In Thailand, we continue to open new stores together with PTG Group, the second largest gas station operator in Thailand. From 2021, SIAM AUTOBACS Co., Ltd. who

we have Thailand franchise agreement with, is aggressively expanding its store network. In Indonesia, PT. AUTOBACS INDOMOBIL INDONESIA, a joint venture with Indomobil Group, operates three stores in the country.

In the Philippines, we supply products to the Motech Group, which operates a local automotive goods and maintenance store.


**France**

Number of stores	10 (Subsidiary: 8, Franchise: 2)
First store opened in	2001
Operating Company	AUTOBACS FRANCE S.A.S.
Operating percentage	AUTOBACS SEVEN: 100%
Operating loss	183 million yen (FY March 2021)




**Philippines**

Number of stores	3 (Franchise: 3)
First store opened in	2017
Operating company	Magnificent'7 Automotive and Franchising Company Inc.
Operating percentage	AUTOBACS SEVEN: 9.9%




**Thailand**

Number of stores	17 (Franchises: 17)
First store opened in	2000
Operating company	SIAM AUTOBACS Co., Ltd.
Operating percentage	AUTOBACS SEVEN: 23.4%




**Taiwan**

Number of stores	6 (Franchise: 6)
First store opened in	1991
Operating company	Koshida Taiwan Automotive Service Co., Ltd.
Operating percentage	-




**Singapore**

Number of stores	2 (Subsidiary: 2)
First store opened in	1995
Operating company	AUTOBACS VENTURE SINGAPORE Pte Ltd.
Operating percentage	AUTOBACS SEVEN: 93.8%
Operating income	189 million yen (FY March 2021)




**Indonesia**

Number of stores	3 (Franchise: 3)
First store opened in	2015
Operating company	PT. AUTOBACS INDOMOBIL INDONESIA
Operating percentage	AUTOBACS SEVEN: 49.0%



**Malaysia**

Number of stores	4 (Subsidiary: 2, Franchise: 2)
First store opened in	2008
Operating company	① AUTOBACS CAR SERVICE MALAYSIA Sdn. Bhd. ② G7 RETAIL MALAYSIA SDN. BHD.
Operating percentage	① AUTOBACS SEVEN:100% ②-
Operating loss	17 million yen (FY March 2021)



Overview by Segment

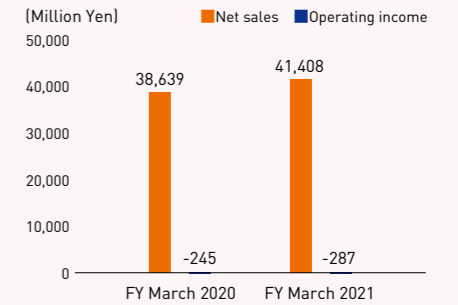
Car Dealership, BtoB and Online Alliance Business



Breakdown of Consolidated Net Sales



Net Sales / Operating Income



Car Dealership Business

Business Model / Achievements

In the car dealership business, we sell and service new vehicles primarily to the general public in Japan. In fiscal year ended March 2021, the number of customers visiting our stores decreased due to COVID-19, but from June, the number of business negotiations increased as the number of customers recovered, and sales also showed a trend towards recovery.

Strengthening our Sales Structure

In April 2019, we established AUTOBACS DEALER GROUP HOLDINGS Co., Ltd. as a subsidiary to oversee our dealership business, and have been working to operate BMW and MINI dealerships and expand earnings.

In June 2020, we revamped the management structure of our subsidiary, Motoren Tochigi Corp. to further improve the organization. In April 2021, we acquired all shares of TA Import Co., Ltd. which operates three Audi authorized dealerships (making it a sub-subsidiary of the Company) and changed its name to Bacs Advance Co., Ltd. With this, we are now operating our third brand following BMW and MINI.

As of the end of May 2021, we operate 13 locations and are striving to strengthen our services in addition to selling new and used cars.



Organization Chart



Ikebukuro BMW, Tochigi BMW Utsunomiya Main Branch, Audi Kashiwanoha. \*As of May 31, 2021



## Car Dealership, BtoB and Online Alliance Business

### BtoB Business

#### Business Model / Achievements

In the BtoB business, through subsidiaries CAP Style Co., Ltd. and HOT STUFF CORPORATION, we promote sales of wholesale car accessories to home improvement stores and car maintenance garages, wholesale sales to corporate customers outside the Group, and sales of safety support products such as drive recorders for company cars owned by corporate customers. We also promote transactions that include the installation of safety driving support devices, such as dashboard cameras, in company cars owned by corporate customers.

We are also gradually expanding our wholesale business, which deals directly with other industries. We have been able

to increase both the number of stores we handle and our results. The company is also promoting the strengthening of its fleet business with the aim of capturing corporate demand. In addition, we are strengthening our activities to build a maintenance network that is compatible with next-generation technology, including creating subsidiaries that perform statutory safety inspections,

maintenance, and body repairing.

In fiscal year ended March 2021, sales declined at the beginning given restrictions of our suppliers' business activities due to COVID-19. However, a recovery in wholesale demand, the resumption of sales activities to acquire new businesses, and the strong performance of online wholesale of supplies led to a trend in recovery.



#### Network Building Efforts

As part of our efforts to build a network of car maintenance garages, following the acquisition of Seiwa Automobile Sales Co., we made Takamori Jidosha Seibi Kogyo Co., Ltd., a company engaged in vehicle inspection, maintenance, and sheet metal business in Mie Prefecture, a wholly owned subsidiary in May 2020

In April 2021, Joyful Shaken & Tire Center Co., Ltd., a home improvement store with car inspection services, tire sales, and other services at six locations mainly in the northern Kanto region,

became a wholly owned subsidiary and changed its name to BACS Boots Co., Ltd. In September 2021, we launched operations under the new trade name AUTO IN Shaken and Tire Center. In April 2021, we also announced a business alliance with Nissan Motor Co., Ltd.

We supply car accessories to Nissan Motor Co., Ltd. and jointly plan and develop NISSAN/NISMO brand goods. In addition, we are considering selling these products at collaborative customer events, aiming to create new value through collaboration that transcends industry boundaries.



AUTO IN Shaken and Tire Center



Business alliance with Nissan Motor Co., Ltd.

#### Developing New Sales Channels



#### Characteristics of Corporate Transactions in the Fleet Business

Within the Group, transactions with nationwide corporations, even transactions across franchised corporations can be carried out in a single transaction, with specialized staff supporting company vehicles nationwide. In addition, for the convenience of corporate customers, we offer installation services in cooperation with AUTOBACS stores nationwide and on-site installation at designated locations for products that require installation such as dashboard cameras. We also support payment methods unique to corporations.

### Online Alliance Business

#### Business Model / Achievements

In our online alliance business (formerly known as the network business), we are promoting the construction of platforms that will lead to the expansion of both BtoC and BtoB businesses. AUTOBACS.COM, AUTOBACS app, and actual stores work together to provide customers with car accessories and other products. We are also collaborating with various companies and organizations, both within and outside the group, to increase the speed of our

entry into the ever-expanding Internet market.

In fiscal year ended March 2021, we have strengthened our existing e-commerce business by restructuring our product lineup and promotions. In addition, the August relaunch of our e-commerce site has improved convenience and usability.



#### Network Building Efforts

In April 2020, under a strategic alliance with the Mitsubishi Corporation Group's Car Frontier Co., Ltd., we invested in BEAD Inc., which operates the TIREFOOD, e-commerce site for tires. Based on TIREHOOD's more than 4,800 installation sites nationwide, customers can now reserve the complete process from purchasing to installation online and can also select AUTOBACS Group stores as their installation sites.

About 30% of customers who use TIREHOOD choose AUTOBACS as their installation site, and together with customers sent from the company's own e-commerce site, we have created a circulation of customers.

This will enable us to analyze information on customers who use stores other than AUTOBACS so we can make efforts to improve convenience for our customers.

#### AUTOBACS App

At AUTOBACS stores, the number of customers who use our app or the website to make pit work reservations is increasing annually, and in the first half of fiscal year ended 2021, the number of web-based oil change reservations grew significantly compared to the previous year by approximately 150%. The number of users of the AUTOBACS app which allows users to make pit reservations has also continued to increase with the number of downloads exceeding 1.4 million as of the end of September 2020.

Furthermore, to make it easier and more convenient to use our services, we renewed the AUTOBACS app in October 2020. This has resulted in an easier reservation experience with improved operability and the ability to register vehicle information simply by scanning the two-dimensional code on a vehicle inspection certificate.

#### Business Creation in Collaboration with Local Communities

Through IoT and AI, we are also working on businesses that solve local community problems. In March 2019, we concluded a Comprehensive Cooperation Agreement with Oita Prefecture in eight areas related to regional revitalization.

In April 2020, we opened an ICT-related laboratory on the Oita Prefectural Information Science High School campus to support high school students throughout the year with local issue-solving classes. We are also providing driving assistance services using in-vehicle IoT functions and ZUKKU, a robot equipped with interactive AI in regions outside of Oita Prefecture. Going forward, we will continue to develop safe and secure services for various fields such as nursing care and welfare, community disaster prevention, agricultural support, and environmental conservation.



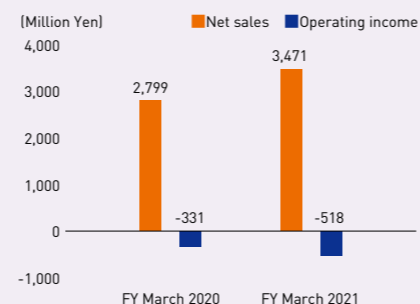
# Overview by Segment Other Business



Breakdown of Consolidated Net Sales



Net Sales / Operating Income



## Lifestyle Business

### JACK & MARIE

JACK & MARIE is a select shop that focuses on cars, outdoor activities, and style. Using the surf culture of Byron Bay, Australia as a background we are offering a lifestyle centering on cars with a wide range of fashion, outdoor, interior, and car accessories.

Starting with the opening of a store on ZOZOTOWN in June 2017, we have developed four stores in Tokyo, Kanagawa and Aichi as of the end of September 2021.

By diversifying the experience of cars, we are working to enhance our brand value by proposing a new car experience which is different from the conventional AUTOBACS brand through our lifestyle-oriented brands JACK & MARIE and GORDON MILLER.

Number of stores ..... **4 stores**  
(as of the end of September 2021)  
Number of products handled ..... **About 9,300 SKU**

### GORDON MILLER

GORDON MILLER proposes a lifestyle that expands from the garage with beloved cars through a variety of products such as garage wear, furniture, outdoor gear, tools, car interiors, and car washes with a functional design based on garage use and car lifestyle.

Also, in 2019, we launched GORDON

MILLER MOTORS, an original car label that condenses the essence of GORDON MILLER. In keeping with the world view of GORDON MILLER, we create cars with functionality and body facilities based on new TOYOTA and NISSAN cars. We offer vehicles that make van life a reality, allowing you to go on road trips as an extension of your garage life.



# ESG



## Expansion Business

In the Expansion Business (insurance and finance services), we are developing ourselves in the financial business of insurance, loans and credit, and leasing through our operating subsidiaries. In the insurance business, we are taking advantage of the economies of scale to review our cost structure and improve the extended warranty of our products and services. In this way, we are strengthening our structure for business expansion and further profitability of the entire group. In the loan and credit business, we are working to develop new services in conjunction with the data linkage

with AUTOBACS CARS. In addition, we are working to maximize earnings for the consolidated group by responding to diversifying payment systems. In the leasing business, we are providing services mainly to the AUTOBACS Group.

This way, for the Expansion Business (insurance and finance services), we are working to further increase profitability for the AUTOBACS Group as a whole through the insurance, loans and credit, and leasing businesses. At the same time, we are also aiming to create new customers outside the group by utilizing the know-how accumulated through these

businesses.

The term "Expansion Business" expresses our intention to expand our business scope and grow through new initiatives, not only in finance and insurance but also in new businesses related to automobiles.

35 Sustainability at AUTOBACS SEVEN

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# Sustainability at AUTOBACS SEVEN

We act as a professional and friendly presence in people's lives, and will continue to promote values that help create a safe, secure, and gentle society in which people, cars, and the environment exist in harmony.

## Identifying Materiality

As the importance of sustainability increases worldwide, we have identified four materiality issues that we need to resolve so that we, as a company that is recognized as being professional and friendly, can help create a safe, secure, and gentle society in which people, cars, and the environment exist in harmony. We identified these issues by considering international frameworks such as the SDGs, ISO 26000, and GRI standards, as well as exchanging opinions with external experts and obtaining the approval of the Board of Directors.



## Materiality Identification Process and Materiality Assessment



## Important Social Issues/Risks and Opportunity Analysis

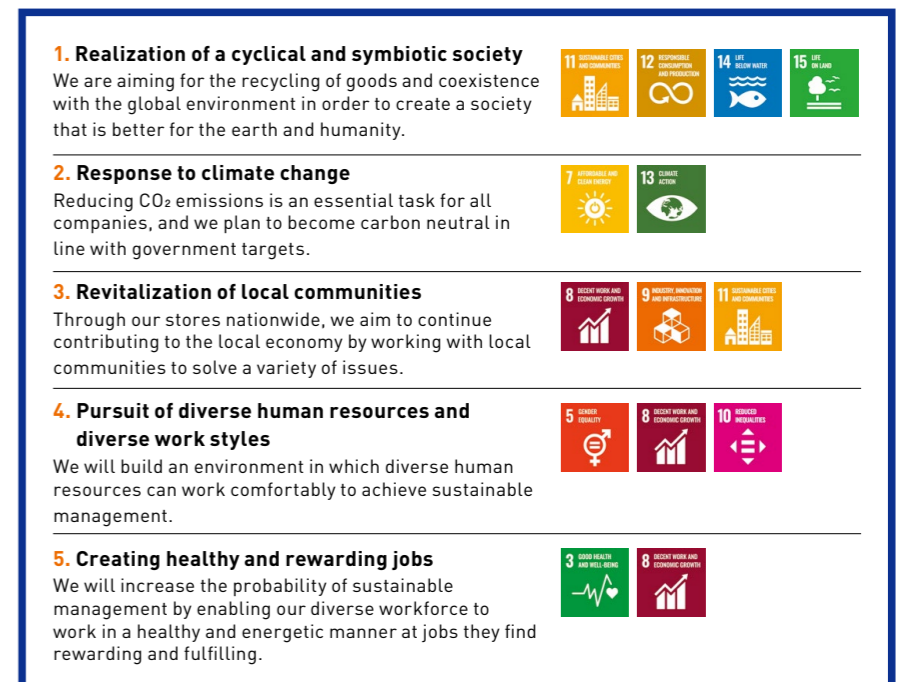
We identified important social issues that we need to proactively solve, analyzed what risks and opportunities these social issues present for our company, and examined them as management issues.

### Some of the Risks and Opportunities Discussed in Step 2

Risk	Opportunity
<b>Environmental</b> <ul style="list-style-type: none"> <li>● Environmental destruction such as river and soil pollution by industrial waste</li> <li>● Decrease in demand for winter goods due to global warming</li> <li>● Accelerated shake-out of the maintenance industry with the development of advanced technology for vehicles</li> <li>● Decline in sales of engine-related parts due to increase in EV, delay in response to EV maintenance</li> <li>● Decline in personally owned vehicles due to increase in car sharing and subscription services</li> <li>● Restrictions on business activities and higher costs due to climate change regulations, etc.</li> </ul> <b>Regional</b> <ul style="list-style-type: none"> <li>● Super-aging society in Japan</li> <li>● A trend towards young people turning away from driving</li> </ul> <b>Human resources</b> <ul style="list-style-type: none"> <li>● Shortage of automobile mechanics</li> <li>● Human rights violations</li> <li>● Decreasing birthrate and aging population in Japan</li> </ul> <b>Others</b> <ul style="list-style-type: none"> <li>● Cyber risks</li> <li>● Risks related to demographic change (fewer people using cars)</li> </ul>	<b>Environmental</b> <ul style="list-style-type: none"> <li>● Development of new materials and recycled products</li> <li>● Recycling of waste materials as a resource due to increased demand for recycling</li> <li>● Increasing need for safe and secure products</li> <li>● Increase in new vehicle sales and maintenance opportunities due to the rise of emerging EV manufacturers</li> <li>● Cooperation in the maintenance industry accelerating with the development of advanced technology for vehicles</li> <li>● Expansion of BtoB Business due to increase in car sharing and subscription services</li> <li>● Reduction of environmental impact and costs by reviewing logistics</li> </ul> <b>Regional</b> <ul style="list-style-type: none"> <li>● Provision of new services for people lacking access to transportation</li> <li>● Community support through the provision of vehicles during times of disaster</li> <li>● Creation of businesses that solve social issues in the region</li> <li>● Increase in the number of people in the middle-class seeking access to services and accessories for their cars due to economic growth in emerging countries</li> </ul> <b>Human resources</b> <ul style="list-style-type: none"> <li>● Fostering the next generation of human resources and attracting outstanding human resources</li> <li>● Improvement of corporate strength and creation of new ideas through the activities of a diverse human workforce</li> <li>● Improvement of employee health and creation of employment opportunities for people with disabilities by promoting work style reforms</li> </ul> <b>Others</b> <ul style="list-style-type: none"> <li>● Promotion of digital transformation</li> <li>● Creation of e-motorsports</li> </ul>

### Important Social Issues That Our Company Should Proactively Address

With the changing global environment, further technological innovation, and diversification of people's values, the environment surrounding our industry will change in the future. Under these circumstances, to help create a sustainable society and achieve sustainable growth as a company, we need to clearly understand the social issues related to our business. We identified five important social issues that we need to proactively resolve. We analyzed the impact of these social issues on our business from the perspectives of risk and opportunity and examined them as management issues.



## Sustainability at AUTOBACS SEVEN

### ESG and SDGs Promotion System

We have always taken into consideration the impact of our business activities on society and have promoted initiatives in the form of CSR management. In FY March 2021, to further respond to society's ever-changing expectations regarding various ESG issues, we launched a new

ESG & SDGs Project to promote ESG and SDGs initiatives that are integrated with management, including the exchange of opinions between outside experts and directors.

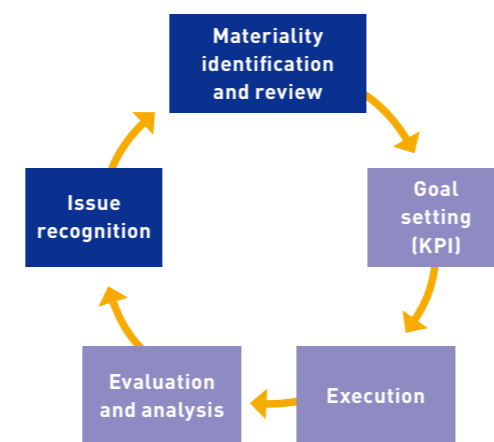
In addition, to transform the promotion of ESG and the attainment of the SDGs into

more concrete action, we are promoting them through a company-wide cross-sectional project in cooperation with the relevant divisions starting in FY March 2022. We are moving forward with the aim of setting non-financial items and KPIs by the end of March 2023.

### ESG & SDGs Project Organization Chart



### ESG and SDGs Promotion Cycle



### Comments from external experts



**Mitsuru Omori**  
Senior Manager Sustainable Strategy & Operation Group Research Consulting Division The Japan Research Institute, Limited

**Through the Vision 2050 – Creating Our Future Together, we are aiming for a safe, secure, and gentle society in which people, cars, and the environment exist in harmony**

AUTOBACS SEVEN has been developing its business mainly in the aftermarket market to continue creating a new car-lifestyle culture. On the other hand, the emergence of social issues represented by the SDGs is becoming more serious. In recent years, the spread of the COVID-19 pandemic has combined to make the business environment uncertain and the future extremely difficult to predict.

Under these circumstances, the company is shifting to become a company that is recognized as being professional and friendly, and to help create a safe, secure, and gentle society in which people, cars, and the environment exist in harmony. Based on a recognition of which social issues are relevant to the company's business domain, we have identified the social issues that we should proactively solve. We have also specified four materialities relevant to solving these social issues through corporate management, and are incorporating them into management through such things as the Five-year Rolling Plan. In addition, based on the long-term Vision 2050 – Creating Our Future Together, we are reviewing our organization and human resources, and expanding our partnerships to become a company that will be needed by society and last for 100 years.

The SDGs are goals for solving social issues that were promised by about 200 countries around the world in 2015 under the slogan, Transforming Our World. It uses the more impactful word Transform instead of Change to describe this revolution.

As climate change becomes more serious, the company's vision and value creation story expresses our strong will to transform into a company that can help create a society that needs cars as safe and secure products that harmonize with people, nature, and the environment, not a society that has no need for cars.

I have high hopes that the company will continue to take on the challenge of creating new value for car lifestyle and help to create a safe, secure, and gentle society in which people, cars, and the environment exist in harmony.

## Stable Supply of Products and Services

The AUTOBACS Group strives to provide value to society based on the strength of its corporate brand.

To this end, we have established a system to prevent important risks that may damage the brand through our business activities.

### Product Quality Control

#### Product Quality Guidelines

Recognizing that the products and services we provide to our customers are directly related to their safety, we have established the AUTOBACS Group Product Quality Guidelines and strive to maintain and improve their quality.

#### WEB

**AUTOBACS Group Product Quality Guidelines**  
<https://www.autobacs.co.jp/en/sustainability/society/quality.html>

#### Product Quality Standards

We control the quality of our products in accordance with our Quality Control Regulations. In addition to the private brand products that we sell, we also work with manufacturers and suppliers of national brand products to manage products from multiple perspectives, including the

legality of the products themselves and their use, and consumer protection based on the Product Liability Law.

#### Acceptable Quality Level (AQL)

As we outsource the manufacturing of many of our private brand products to overseas factories, we audit and advise them at their production sites to ensure consistent quality. In addition, just before shipment from the factory or upon arrival at the logistics center, we inspect the products based on the Acceptable Quality Level (AQL), which is widely adopted globally.

#### Product Defect Hotline

In rare cases, national brand products also contain defective products. When this happens, we require our suppliers to submit a written countermeasure, and

study and propose measures to prevent recurrence that extend to quality control systems and manufacturing processes. We have also introduced the Product Defect Hotline, an internal bulletin board, to share information with each group store in a timely manner.

#### Buyer Development Training

To provide safe, reliable and high-quality products to our customers, we conduct buyer training every year. We explain the role of buyers and the knowledge and skills they need. We train buyers not only in profit and loss management and cost structure, but also to be flexible and strategic buyers who can respond to the future environmental changes. This enhances the brand power of AUTOBACS and creates a product lineup and sales floor.

### Quality Control of Services

#### Quality Control for Pit Services

At our stores, we have prepared pit service manuals and wheel drop prevention manuals to ensure that our operations always put customer safety first. We have also established mechanic qualifications and work to improve the skills of our workers through technical training and e-learning. In the area of statutory safety vehicle inspections, we unify the work within the group to improve quality and work efficiency.

#### Hybrid Car Work Store Certification System

To service hybrid car batteries, etc., Japanese law requires all relevant employees to take the Special Course for Handling Low Voltage Electricity. We conduct hybrid car training for Group employees and certify stores equipped with the following four items as stores

handling hybrid car work: special training for maintenance of electric vehicles, insulated tools, diagnostic equipment, and hybrid car training. The certified stores place this certification near the store entrance. As of the end of March 2021, 363 stores have been certified.

#### Risks to Personal Information

To protect personal information, the Group takes the best possible measures for information security which is outlined in our privacy policy. Our policy is disclosed both internally and externally. In the unlikely event of a leak of personal information, we have established an internal communication system to minimize the damage to the owner of the personal information and to prevent it from affecting the business activities of our group.

#### Obtaining Third-party Certification

We have entered a business partnership with TÜV Rheinland Japan, which has strengths in auditing the automotive aftermarket since 2017. In 2018, we became the first company in Japan to obtain Maintenance Factory Certification with Automobile Accessory Mass Merchandiser. As of the end of March 2021, 10 stores have obtained this certification.

#### Car Lifestyle Support Center

There are a variety of inquiries from customers, such as product inquiries, opinions about store support, reservations for oil and tire change work, and inquiries to stores. To respond to these inquiries, we have put call centers in the Toyosu head office and in Yamagata to support our customers car lifestyle.

# The Environment

AUTOBACS SEVEN considers the impact of our business activities on the environment. We dispose of waste properly and reduce the environmental footprint of our logistics and stores, aiming to create sustainable, mutually prosperous societies.

## AUTOBACS SEVEN Environmental Policy

In September 2011, we established the AUTOBACS SEVEN Environmental Policy. Under this policy, we identify the impact of our business in automotive goods, statutory safety inspection and maintenance service, and car sales on

the environment, striving to engage in low-environmental-impact business management as a franchise chain headquarters.

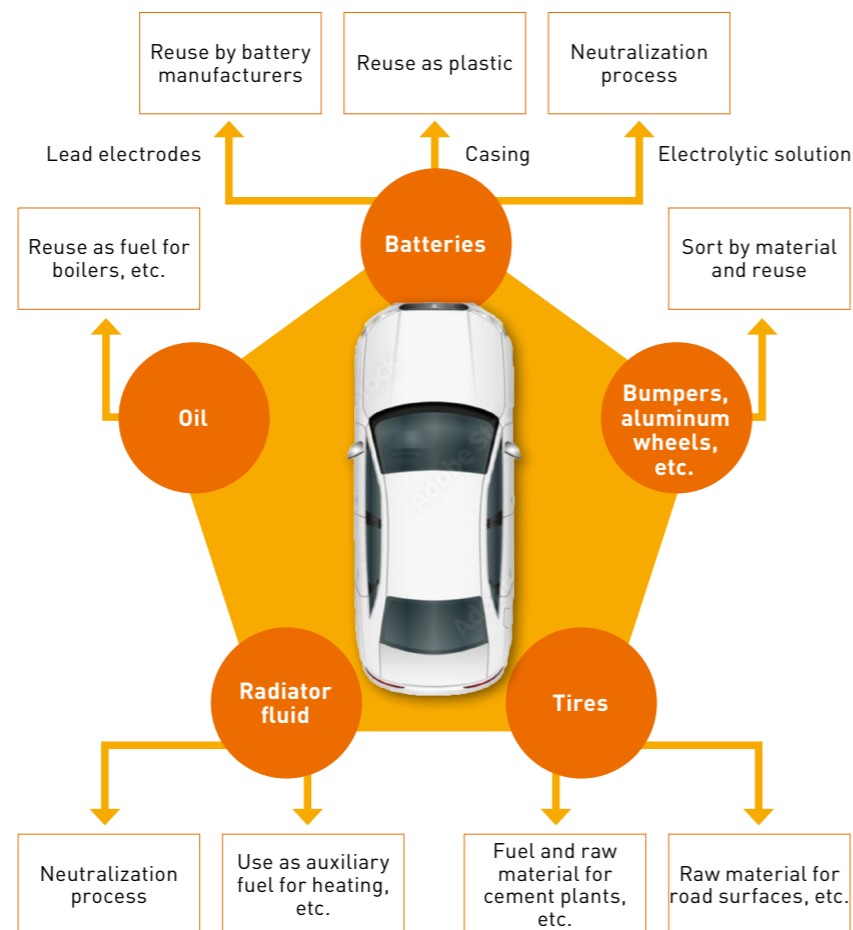
**WEB**  
**AUTOBACS SEVEN Environmental Policy**  
<https://www.autobacs.co.jp/en/sustainability/environment.html>

## Activity Results for the Fiscal Year Ended March 2021

### 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.



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

#### Electric vehicle charging stations

We have installed electric vehicle charging stations at roughly 100 AUTOBACS Group stores (as of March 31, 2021). On top of enhancing convenience for our EV and PHV customers, we promote environmental conservation activities across the entire Group.

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

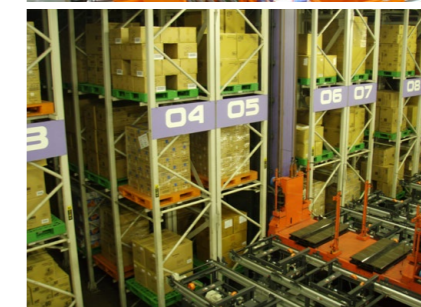
In 2013 we installed solar power generation panels using areas of the roof and other unused sections of our West Japan Logistics Center (Miki City, Hyogo Prefecture). This initiative reduces our emissions of CO<sub>2</sub>. Total power generated during the fiscal year ended March 2021 was approximately 1.31 Million kWh.

#### Recycling used car air fresheners

Between October 2017 and March 2021, AUTOBACS stores collected used car air fresheners to recycle as traffic safety reflectors. Through July 2021, we have donated reflectors to approximately 7,300 elementary and nursery schools through our nationwide network of AUTOBACS stores.

#### 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.



#### 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.



Simplified packaging

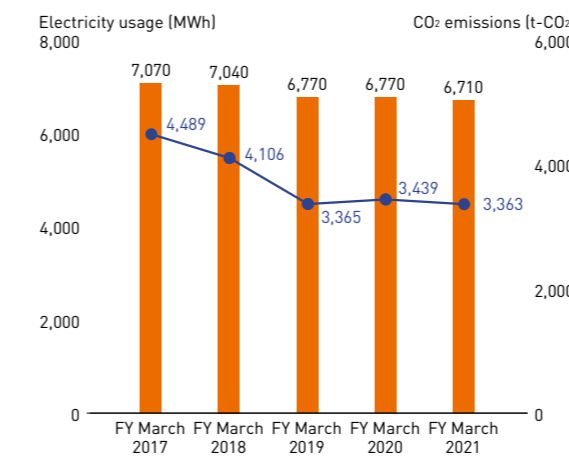


Packaging material reduction



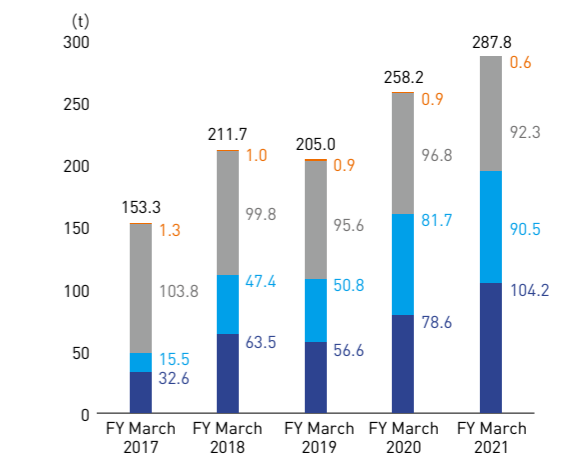
Biodegradable plastics used in products; FSC-certified package materials

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



Electricity usage (left) CO<sub>2</sub> emissions (right)

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



Product packaging (plastics) Product packaging (paper) Stores (plastic bags) Stores (paper)

# Human Rights and Diversity

As a company that solves problems in local communities through its business, we are focused on developing human resources with specialized knowledge and skills. We recognize that the source of our ability to provide value to society lies in our human resources, and we will continue building a healthy workplace environment in which all of our employees can work with peace of mind.

## 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 of these efforts, we have maintained a 100% return-to-work rate following maternity or childcare leave. This is testament to our efforts to support women's careers and improve various personnel systems.

### Encouraging men to childcare leave (workstyle diversity initiative)

Although the rate of men taking childcare

leave is on the rise in Japan, the rate is still 7.5% for men compared to 83.0% for women (Ministry of Health, Labor and Welfare survey). Against this backdrop, more than 70% of our male employees have taken five or more days of leave for childcare purposes, and 4.3% have taken childcare leave of one month or more. Some of our male employees have even taken childcare leave of longer than one year.

## Work-Life Balance

### Appropriate Working Hours

We work to curb long working hours and promote the use of annual paid leave so that employees can work energetically and maintain good physical and mental health.

The average overtime worked in FY March 2021 was 5.5 hours, a decrease from FY March 2020. We have also introduced a system that can accommodate diverse work styles, such as flextime and telework. As a result, for FY March 2021, the percentage of employees taking paid leave was 62.2%, exceeding the target figure of 50.0%.

### 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.

**Paid leave utilization rate: 62.2%**

**Number of foreign nationals hired: 16**

**Number of disabled persons hired: 22**

**Rehired after retirement at age 60: 30**

Only for AUTOBACS SEVEN CO., LTD.  
[As of the end of March, 2021]

## Objectives and current status based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace

Planning period: Three years from April 1, 2019, to March 31, 2022

Goals	FY March 2021
Goal 1: Increase the percentage of female employees to 20.0% or more.	15.2%
Goal 2: Increase the ratio of female employees to manager-level and above to 5.0% or more. (At least one general manager or store manager and six group manager positions will be filled by women.)	5.6%

Only for AUTOBACS SEVEN CO., LTD.

Category	Subcategory	Evaluation Indicator	Unit	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021	Target Value	Target Year*	Note
HR Development	In-house recruitment	No.	People	4	12	3	6	6			No. of successful transfers
	Free agent system	No.	People	5	15	9	8	13			No. transferred
	Recommended training	No.	People	280	458	215	72	107			Total no. of students who have completed Manabu-kun Navi!
Work-style Reforms	Overtime hours	Avg. no. of hours per month per person	Time	4.6	4.7	8.4	7.6	5.5			
	Paid leave	Take-up rate	Percentage	-	48.0	49.8	64.7	62.2	50.0	2022	
	Telecommuting	Total no. of days	Day	-	747	1,747	10,285	105,915			Introduced November 2017
Diversity	Female managers	No. of employees at end of term	People	2	3	2	4	8	7	2022	Group manager and above
		Ratio	Percentage	1.6	2.3	1.4	2.9	5.6	5.0	2022	Of group manager and above
	Maternity and childcare leave	No. of employees at end of term	People	11	6	9	12	8			
		Acquisition rate	Percentage	100	100	100	100	100			Childcare leave recipients of those who took maternity leave before and after childbirth
	Shortened working hours for childcare (of female full-time employees)	No. of employees at end of term	People	26	31	29	27	27			
		Ratio	Percentage	20.6	23.0	21.5	18.8	17.6			
	(of regular employees)	No. of employees at end of term	People	26	31	29	27	28			
		Ratio	Percentage	2.6	3.0	2.9	2.7	2.8			
	No. of foreigners hired	No. of employees at end of term	People	13	13	12	14	16			
		Ratio	Percentage	1.3	1.3	1.2	1.4	1.6			Of regular employees
	Employment rate of persons with disabilities	No. of employees at end of term	People	16	15	14	19	22			
		Ratio of disabled persons hired	Percentage	1.82	1.61	1.53	2.18	2.47	2.20	2019	Legal employment rate: 2.2% ⇒FY March 2022~2.3%
No. of employees re-employed after retiring at 60	No. of employees at end of term	People	33	39	42	42	30				
	Ratio	Percentage	3.2	3.7	4.1	4.0	2.9			Of the total no. of regular employees and rehired employees	
Another Step Program*1	No. of employees exercising authority	People	-	8	24	20	17			(Implemented in FY March 2018)	
Another Option Program*2	No. of employees exercising authority	People	-	-	6	0	1			(Implemented in FY March 2019)	
Children's visits*3	No. of participants	People	27	51	27	24	0				
										No. of children In FY March 2021, the event was cancelled as part of measures taken to prevent the spread of the COVID-19 pandemic.	
Health Management	Periodic health examination	No. of patients examined	People	1,173	1,210	1,243	1,274	1,320			Primary health checkup
		Ratio of patients examined	Percentage	100.0	99.8	100.0	100.0	99.8			Of those eligible for primary health checkup
	Health management training	No. of examinations	Times	21	21	9	9	11			Including online sessions
		No. of participants	People	194	152	52	36	75			
	Health management seminars	No. of examinations	Times	2	5	17	11	3			Including online sessions
		No. of participants	People	75	102	276	52	191			
Investment related to health management	Amount	Million Yen	-	8	26	19	32				
Smoking rate	Ratio	Percentage	-	36.8	36.8	34.0	29.9	Less than 20.0	2024		
Corporate Culture Reforms	CEO dialogue session	No. of examinations	Times	17	21	10	6	3			(Started in FY March 2017) Held online in FY March 2021 as part of measures taken to prevent the spread of the COVID-19 pandemic
		No. of participants	People	682	192	112	38	18			
Employee Good Value Awards	No. received		People	-	-	104	165	391			Total no. of recipients (started in FY March 2019)
Basic Data	Total no. of full-time employees	Total no. at end of FY	People	1,007	1,021	993	999	1,007			
		No. of males at end of FY	People	881	886	858	855	854			
		No. of females at end of FY	People	126	135	135	144	153			
		Ratio of females at end of FY	Percentage	12.5	13.2	13.5	14.4	15.2	20.0	2022	

\*Target year: example) 2019 means fiscal year ended March 2019

\*1 Another Step Program: A program to pay a certain amount of support to regular employees who are 45 years old or older and wish to retire.

\*2 Another Option Program: A program to pay a certain amount of support to regular employees who meet certain conditions and transfer to an AUTOBACS Group company.

\*3 Children's visits: Workplace visits for employees' children

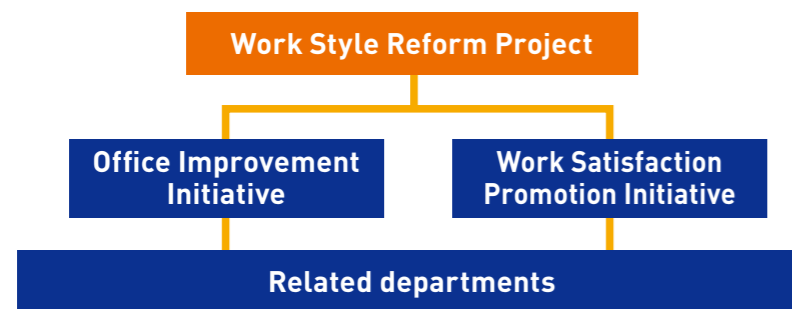
## Human Rights and Diversity

### Work-style Reforms

We have been proactively implementing measures to reform the way we work. The COVID-19 pandemic is forcing us to work in ways that we have never experienced before, such as essentially being prohibited from working in the office. However, we see this as an

opportunity to find new ways to work.

In May 2021, we launched the Work Style Reform Project. Operational reform and work systems are being studied across departments under two initiatives, the *Office Improvement Initiative* and the *Work Satisfaction Promotion Initiative*.



#### Specific Initiatives for Discovering New Ways to Work

1. Introduction of electronic approval system for a paperless society
2. Consideration of the company-wide deployment of a flextime system which makes working hours more flexible
3. Promotion of online recruitment and education
4. Elimination of postings that require employees to work away from their families in an effort to improve work-life balance

### 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.

#### Employee Good Value Awards

To realize our Vision 2050 – Creating Our Future Together, we have been conducting the Employee Good Value Awards since FY March 2019 to reward employees for their behavioral reforms. There are seven categories, including Mood Makers, Connectors, Challengers, Good Listeners, Unsung Heroes, Health Promoters, and Team Awards. We selected 226 employees in FY March 2021, with a total of 391 employees receiving awards.



### 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.”

#### WEB

**AUTOBACS SEVEN Health Management**  
<https://www.autobacs.co.jp/en/company/healthycompany.html>

#### External recognition

In FY March 2020, we were selected for the DBJ Health Rating, and in FY March 2021, we were recognized as a corporation with Certified Health and Productivity Management Enterprise. Our efforts to improve the mental and physical health of our employees have been highly acclaimed.



#### 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.

#### Six Health Management Initiatives

##### 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 who 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

# Community and Society, Car Culture

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.

## Efforts to Prevent Traffic Accidents

### Products supporting Safe Driving

In recent years, there have been a number of accidents caused by the misuse of the accelerator and brake pedals by the elderly or people who are not used to driving. According to the Institute for Traffic Accident Research and Data Analysis (ITARDA), more than



4,000 accidents due to wrong pedal use occur annually. The percentage of these accidents by age group is high for drivers under 24 and over 65, and especially for elderly drivers over 75. This is thought to be due to inexperience in driving techniques and a decline in driving ability due to aging. To prevent these types of accidents, we are developing and selling products that prevent sudden acceleration.

### In-store Traffic Safety Awareness Activities

Our stores conduct a variety of traffic safety activities. We conduct traffic

safety awareness activities together with local government officials, encouraging local residents to drive safely, and hold traffic safety workshops using Pedal Watcher II in cooperation with the local police station.



## Community Support for Natural Disasters

### Disaster Return Home Support Station

In the event of a large-scale disaster, it is highly likely that public transportation will be disrupted. Therefore, it is expected that many people who are out commuting to work, school, shopping, etc. will return home on foot. We have concluded agreements with local governments to use our stores as support stations for people who have difficulty returning home after a disaster, and to provide them with water, toilets, maps and other road information, as well as information obtained from radio and other sources.

Stores that can provide support will display a Disaster Return Home Support Station Sticker next to the entrance.



Stores that can provide support will display a Disaster Return Home Support Station Sticker next to the entrance.

### Participation in the Mobility Resilience Alliance

In cooperation with the Japan Car Sharing Association, we have been donating cars to affected areas and providing support such as transportation and maintenance. However, in response to the recent increase in the frequency and severity of natural disasters, we believe that we need to further strengthen our support system. In July 2021, we concluded an agreement with Japan Car Sharing Association to provide vehicle support in the event of a disaster, and joined the Mobility Resilience Alliance, which was established with this organization as its secretariat.



### Support for Areas Affected by Heavy Rains in August 2021

As part of our support activities for the areas affected by heavy rains in August 2021, we donated five vehicles to Takeo City, Saga Prefecture, and transported eight vehicles to Kurume City, Fukuoka Prefecture, in cooperation with the Japan Car Sharing Association. We are also lending our vehicles free of charge to disaster victims until the end of November 2021. In addition, we matched donations collected from AUTOBACS SEVEN employees at all locations. Donations were made to the Association for Aid and Relief, Japan (NGO AAR Japan), a non-profit organization that was conducting emergency relief activities in the affected areas. AUTOBACS stores nationwide conducted donation campaigns, and the collected relief funds were donated to the Japanese Red Cross Society.

## Creating a Car Culture

### ARTA (AUTOBACS RACING TEAM AGURI)

We have established the ARTA Project (AUTOBACS RACING TEAM AGURI) and are now fully engaged in motor sports activities. This project was started by our company together with former F1 driver Aguri Suzuki to develop Japanese drivers who can compete on the world stage. We have been discovering young people with the potential to become racing drivers and have been involved in various races and activities in Japan and overseas since 1998.



### Challenge to SUPER GT

We have also continued to challenge the SUPER GT, the highest level of racing in Japan. We have entered the GT300 class in the GT championship since 2003 with a car based on our original sports car *Garaiya*, which we were involved in from the design of the car. The team, the support staff, and the customers unite to share the excitement and thrill of the race and create a love of racing and love of cars.

### Aiming to Develop e-Motorsports

To encourage more people to love cars, we supported the e-Motorsports JeGT GRAND PRIX as a tournament sponsor and held the AUTOBACS JeGT GRAND PRIX 2020 series as an official series with the largest prize money in Japan. This is the largest official series in Japan. We will continue to provide opportunities for various people to participate in e-Motorsports competitions, with the aim of expanding the base of the competition.



## Supporting Development of the Next Generation Children

### Exhibiting a Pavilion at KidZania

As an official sponsor, we are exhibiting the Car Lifestyle Support Center pavilion at KidZania Tokyo and KidZania Koshien. Through these activities, we aim to convey to children the joy of experiencing automobiles, promote understanding of their mechanisms and safety, and contribute to the building of a safe automotive society in the future.

In addition, we want to nurture the next generation of car enthusiasts and encourage them to think, "When I grow

up, I want to drive a car by myself!" or "I want to repair cars by myself!" Our goal is to encourage children to have dreams for the future.



### Nurturing a Future Profession: Kodomobacs

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.





Topic

# Solving Social Issues with a Focus on Safety and Security: Cooperation with Oita Prefecture



## Working with local governments to enrich people's lives

We develop various services, not only related to automobiles, that enrich people's lives and are based on our philosophy of "We face the issues of society, automobiles, and people's lives and create a brighter, more vigorous future."

In March 2019, we entered into a comprehensive cooperation agreement with Oita Prefecture on regional revitalization. We provide services based on the needs of prefectural residents in eight areas, including traffic safety and regional transportation, mobility and lifestyle support in the field of nursing care and welfare, tourism promotion, regional disaster prevention, and promotion of women's empowerment and youth development.

Under this comprehensive cooperation agreement, we are verifying the services planned to be developed by *WEAR+i*, a brand that provides services to connect smiles with technology under the theme of safety and security, while collaborating with Oita Prefecture and working to improve services for both parties.

For example, in the area of traffic safety and regional transportation, we conducted a proof-of-concept demonstration to establish a driving assistance system for safe driving using 5G to address issues caused by dense fog on the road connecting Oita Airport and Oita City. Furthermore, in the area of mobility and lifestyle support in the field of nursing care and welfare, we are

promoting initiatives to solve community issues, such as conducting a proof-of-concept demonstration for a device that allows elderly people who do not own their own cars or cell phones to request a cab dispatch simply by pressing an IoT button. In FY March 2022, we also began new initiatives such as supporting the education of prefectural government employees to promote digital transformation.

Based on the idea of our Vision 2050 – Creating Our Future Together, we will provide safety and security to the local community by solving problems and issues facing the region while strengthening mutual cooperation with Oita Prefecture.

### Demonstration of drone delivery of medical supplies in the Miyado district of Taketa City

[February 2020]



### Proof-of-concept demonstration for a device that can call a taxi at the touch of a button in the Notsuharu district of Oita City

[February 2020]



## Results to date from the comprehensive cooperation agreement with Oita Prefecture

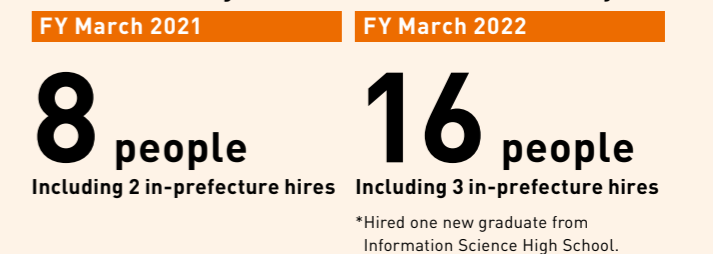
Areas of cooperation and collaboration	Overview
<b>Traffic safety and community transportation</b>	
Dense fog proof-of-concept demonstration (February 2020)	In Oita Prefecture, we conducted Japan's first proof-of-concept demonstration to establish a driving assistance system that can drive safely even in dense fog by recognizing images of surrounding vehicles, guardrails, and other objects while driving and displaying them on the car's display in real time using 5G.
<b>Mobility and daily life support in the field of nursing care and welfare</b>	
Pharmaceutical drone delivery demonstration (February 2020)	A proof-of-concept demonstration for drone delivery of prescription drugs was conducted in the Miyado district of Taketa City. The goal is to reduce the burden on local medical care by simplifying the delivery of medicine during home visits in depopulated areas.
IoT cab dispatching demonstration (February 2020)	We conducted a proof-of-concept demonstration with a device that allows people to call a cab with the touch of a button in the Notsuharu district of Oita City. As the most suitable means of transportation for an aging population, the device will help increase opportunities for the elderly to go out and also keep them safe in the community.
<b>Agricultural support</b>	
IoT trap installation at Hutagosan Mountain (June 2019)	We installed a trap for trapping birds and animals in Kunisaki City. The system aims to reduce the burden of trap management by sending a notification to the manager's smartphone when a bird or animal is caught in the trap. [Visualizing the capture of birds and animals]
<b>Community disaster prevention and crime prevention measures</b>	
Demonstration of sharing a prefecture-owned vehicle (November 2019)	Worked with the Utsukushi Operation Promotion Division of Oita Prefecture. Demonstration of sharing a prefecture-owned vehicle
<b>Promotion of women's empowerment and youth development</b>	
Setting up a lab at Information Science High School (April 2020)	We set up a lab at Information Science High School and assigned staff who provided classroom support. In FY March 2022, we also began providing classroom support at Kujukogen Agricultural High School.
<b>Sports promotion, support for club activities, health promotion</b>	
Support for club activities at Information Science High School (May 2020)	Support for club activities (drone soccer club) at Information Science High School. Currently, there are nine members in the club, and they hold 2-hour practice sessions three times a week.
Opening of Japan's first drone arena (July 2020)	We set up a drone soccer field in Beppu City that meets international standards, the first of its kind in Japan. We launched initiatives to expand the scope of the new drone competition.
<b>Other matters related to the revitalization of local communities and the improvement of services for prefectural residents</b>	
Conclusion of comprehensive cooperation agreements with municipalities in the prefecture (March 2019-July 2020)	We worked with Kunisaki City, Yufu City, Usa City, and Taketa City to further revitalize the region and improve citizen services by resolving regional issues.
Strengthening the framework for activities within the prefecture (April 2020)	We have significantly increased our workforce since FY March 2022 (from 8 to 16 people, including 3 in-prefecture hires). Not only provided resident employees but also contributed to job creation in the community.
Support for the adoption of design thinking among prefectural government employees (From FY March 2022)	As part of our efforts to develop DX human resources who can transform government services and systems, we have conducted classes about design thinking where we utilize the expertise we have cultivated in developing products from the customer's perspective.
Promotion of Data Utilization (From FY March 2022)	We create new projects using data collaboration infrastructure, etc., and create employment opportunities for people with disabilities by implementing data cleansing.

### Opening of Japan's first drone soccer stadium in Beppu City

[July 2020]



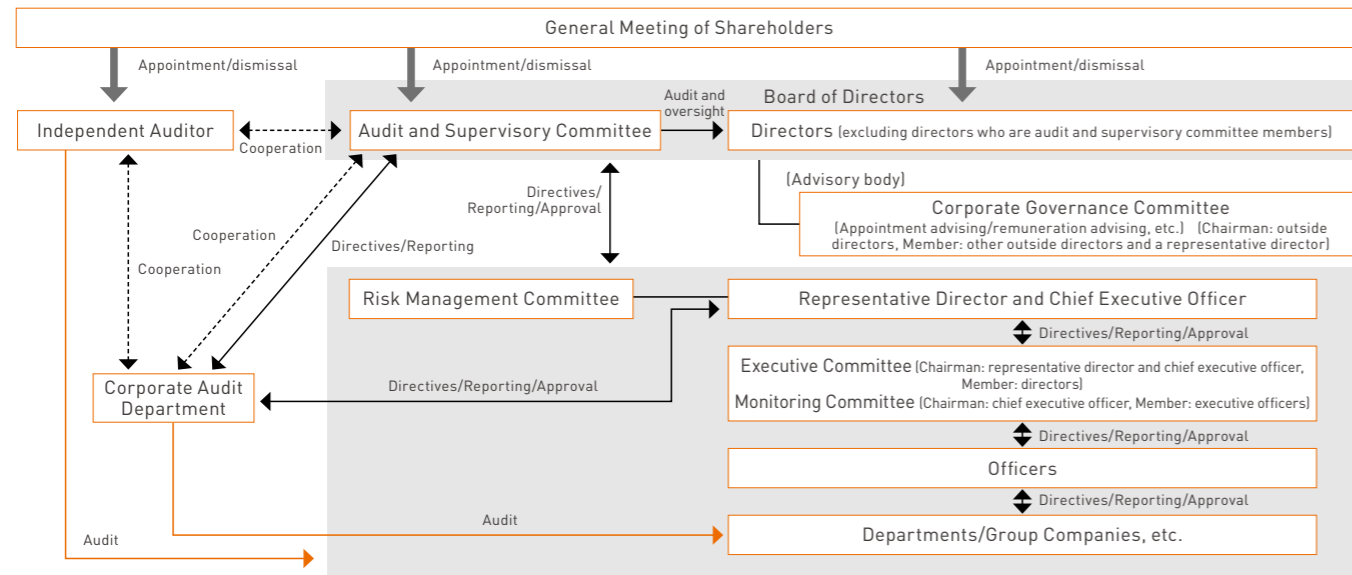
### Substantial increase in personnel from FY March 2022 Not only provided resident employees but also contributed to job creation in the community.



# Governance

## Corporate Governance System

### Corporate Governance Structure



Name	Regular meeting	Chairperson/ Committee Chairperson	Directors (excluding Directors who are members of the Audit and Supervisory Committee)		Directors who are members of the Audit and Supervisory Committee		Executive Officers	
			Internal Directors	Outside Directors	Internal Directors	Outside Directors	Executive Officers	Observers
Board of Directors	In principle, once every month	Representative Director	●	●	●	●	—	○ (In charge of accounting and finance) ○ Other persons nominated by Directors and authorized by the chairperson
Audit and Supervisory Committee	At least once every month in principle	Appointed from Audit and Supervisory Committee members by mutual election	—	—	●	●	—	—
Corporate Governance Committee	In principle, once every month	Outside Directors	● (Representative Director only)	●	—	●	—	○ (in charge of the CEO Office)
Risk Management Committee	In principle, once every year	Representative Director and Chief Executive Officer	●	○	○	○	—	● (in charge of internal control)
Executive Committee	Once every month in principle	Representative Director	●	●	●	●	—	○ (in charge of Finance & Accounting) ○ Other persons authorized by the chairperson
Monitoring Committee	Once every month in principle	Chief Executive Officer	●	○	○	○	●	—

● : Participants ○ : Observer attendance — : Attendance not required/not applicable

With the aim of further enhancement of corporate governance and the achievement of sustainable growth and the further improvement of the medium- to long-term corporate value; separating business execution and supervision to pursue both effective and swift decision-making and appropriate monitoring of the management of the Company, the Company further reinforces its corporate governance system through the following measures, while

- taking advantage of its feature as a company with an Audit and Supervisory Committee.
- (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 consultative bodies to the Board of Directors: ensuring of transparency, objectivity and appropriateness

- (3) Selection of full-time audit and supervisory committee member and selected members of Audit and Supervisory Committee: ensuring of effectiveness of the activities of Audit and Supervisory Committee, enhancement of the audit function
- (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

#### Board of Directors

The Board of Directors, chaired by the Representative Director, consists of eight Directors (including three Audit and Supervisory Committee members), three of whom are independent Outside Directors (including two Audits and Supervisory Committee members), and meets in principle once every month, either remotely or in another format.

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

#### Audit and Supervisory Committee

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

shareholders, the Audit and Supervisory Committee audits the execution of duties of directors through supervision and assessment using audits via selected audit and supervisory committee members and internal control systems via audits performed by the Corporate Audit Department.

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

#### Corporate Governance Committee

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

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

- a. Election and dismissal of candidates for directors (including directors who are audit and supervisory committee members)
- b. Election, dismissal and succession planning for the representative director

- c. Election of executive officers
- d. Remuneration system for directors (excluding directors who are audit and supervisory committee members) and officers

#### Risk Management Committee

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

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

#### Executive Committee

The Management Committee, chaired by the Representative Director and composed of Directors, generally meets remotely once a month.

The Management Committee deliberates in advance the risks inherent in the matters to be resolved by the Board of Directors, as well as the countermeasures to be taken, and presents the process and results to the Board of Directors.

#### Monitoring Committee

The Monitoring Committee, chaired by the Representative Director and Chief Executive Officer and consist of Executive Officers, meets in principle once a month, either remotely or in another format. The Monitoring Committee is held to discuss the progress of business execution by confirming the implementation status of each business and business base and considering countermeasures.

## Selection and Dismissal of Directors

Our Directors are individuals who understand the importance of the relationship of mutual trust we have with franchisees, business partners, employees, and others in the AUTOBACS franchise chain, and who have the will and ability to improve corporate value and common shareholder interests over the medium to long term.

Candidates for Internal Directors are individuals who are familiar with the Company's business. Candidates for Outside Directors shall have corporate management experience, and expertise

and experience with laws and regulations, finance, governance, risk management, etc. They shall also meet the requirements for independence stipulated in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. and the requirements for independence stipulated by the Company. In addition, we strive to ensure that one or more of the Directors who are members of the Audit and Supervisory Committee have considerable expertise in finance and accounting.

We established the Corporate Governance Committee, chaired by an

Outside Director, and consisting of all Outside Directors and Representative Directors, as an advisory body to the Board of Directors. When making decisions on the general meeting of shareholders regarding the selection of Director candidates and the dismissal of Directors, the Board of Directors makes decisions after consulting and reporting to this committee.

In addition, the Audit and Supervisory Committee expresses its opinion as to whether the Audit and Supervisory Committee members are suitable for the

## Governance

position after considering the following at the Corporate Governance Committee, in which Outside Directors who are Audit and Supervisory Committee members

participate. The status of decision-making policies and nomination procedures that consider the qualifications of each candidate and his or her eligibility

as a Director. For Executive Director candidates, the status of business execution and contribution to business performance in each fiscal year.

### Outside Directors

#### Status of Appointment

Our company's Outside Directors consist of personnel with diverse backgrounds, including one female. All Outside Directors meet the criteria for independence set forth by the Tokyo Stock Exchange, Inc. and the independence requirements set forth by the Company. Outside Directors with experience and knowledge in a variety of fields actively contribute to discussions, such as at meetings of the Board of Directors, from an independent and objective standpoint.

#### Appointment of a Chief Independent Outside Director and Holding of the Independent Outside Directors Liaison Meeting

The Company has appointed a Chief Independent Outside Director.

In addition, the Independent Outside Directors Liaison Meeting, consisting of three Independent Outside Directors and hosted by the Chief Independent Outside Director, meets several times a year to strengthen mutual information sharing

and communication among Outside Directors. In fiscal year ended March 2021, the meeting was held three times and the recommendations that resulted therefrom were reported to the Representative Director.

#### Support System for Outside Directors

Regarding the Board of Directors and the Management Committee, we send materials and minutes via e-mail or paper documents, and the secretariat or the department in charge of agenda items provides necessary information as appropriate, as well as explanations in advance as necessary.

In addition, so that Outside Directors make appropriate judgments based on sufficient information, we have established the Management Committee, which consists of Directors, as a forum for prior deliberations on matters to be resolved by the Board of Directors. It conducts prior deliberations on business profitability, risks, and other aspects of

matters to be resolved. Furthermore, from fiscal year ended March 2021, Outside Directors have been participating as observers in the Monitoring Committee, which consists of Executive Officers with operational responsibilities and above, and the Executive Officers Meeting, which consists of all Executive Officers. We have introduced a system that enables them to confirm the status of execution, consider countermeasures for each business and business base, and monitor the progress of business execution. By participating in these meetings, Outside Directors are able to gain a deeper understanding of the matters to be resolved and the issues facing the company and are able to fully discuss them at Board of Directors meetings.

As for support services for the Audit and Supervisory Committee, the Audit and Supervisory Committee Office, which is independent from business execution, is responsible for the auditing of subsidiaries and other auditing operations.

### Independence Requirements for the Outside Directors (excerpt)

The independent officers of the Company shall be the outside director who satisfies the following requirements for independency. At the time when any event has occurred to the person which results in infringement of the following requirements for independency, he/she shall lose the independency.

1. The Company's Outside Directors shall not have had any interest in the Company and its affiliates (hereinafter collectively the "AUTOBACS SEVEN Group") or specified corporations or entities in any of the following ways:
2. The Company's outside officers shall not have been a spouse of said executive directors, etc., of the AUTOBACS SEVEN Group or a relative within the second degree of kinship, or have shared means of livelihood in the past five years, including the fiscal term under review.
3. The Company's outside officers shall not be a spouse of, a relative within the second degree of kinship or share means of livelihood with any person corresponding to the description of Paragraph 1 above.
4. The Company's outside officers shall not be in any situation that may hinder them from performing their duties as the Company's independent officers.

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

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

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

The Group believes that insight and experience in the fields described in

the table below, such as "management experience," "group management," "business diversification," "personnel, labor, organization," and "capital cost management, financial strategy," are important to the Group's efforts to continue to create a rich and healthy

automobile society by responding to the ever-changing environment and providing new value unbounded by the existing businesses.

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

	Directors who are not audit and supervisory board members					Directors who are audit and supervisory board members		
	Kiomi Kobayashi	Yugo Horii	Eiichi Kumakura	Shinichi Fujiwara	Yoshiko Takayama	Kozo Sumino	Masami Koizumi	Minesaburo Miyake
					Outside		Outside	Outside
Management experience	●	●	●			●	●	●
Group management	●		●			●	●	●
Business diversification	●	●		●	●			●
Personnel, labor, organization			●	●		●		
Capital cost management, Financial strategy		●			●		●	
Insight and experience in the Company's business fields	Wholesale/Retail	Distribution/Global	Wholesale/Retail	Retail/Marketing	Global	Wholesale/Distribution	Wholesale/Retailing	Wholesale/Manufacturing/Marketing
Accounting, finance, taxation	●			●		●	●	
Auditing			●			●	●	●
Law		●						
ESG/Sustainability	●		●	●	●			●
Gender, international perspective, etc.		●			●			

\* The above table shows the areas in which the relevant Director can contribute to the Board of Directors more remarkably based on his/her insight, experience, etc. and does not represent all of his/her insight and experience.

\* The areas of insight and experience required for the Board of Directors as a whole and each Director may be reviewed and revised according to strategies and priority issues in the management plan of the Company.

## Governance

### Evaluation of the Board of Directors

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

#### Method of Evaluation

In the effectiveness evaluation conducted for fiscal year ended March 2021, all directors delivered their answers to questions about “operation of meetings of the Board of Directors,” “agenda of the Board of Directors’ meeting,” “structure of the Board of Directors,” “system of assisting outside directors,” “role of and expectations for Audit and Supervisory Committee,” “operation, etc., of the Corporate Governance Committee,” “relationship with investors and shareholders” and “status of issues brought up in the evaluation conducted in the previous fiscal term” in a multiple-choice manner and in writing. After the Corporate Governance Committee analyzed the responses and identified the issues, the results were reported to the Board of Directors’ meeting.

The results of this evaluation confirmed that our current Board of

Directors and Corporate Governance Committee are generally functioning appropriately. In particular, with regard to the operation of the Board of Directors’ meeting, the Company received many positive evaluations of the improvements made to its system. On the other hand, the Company has confirmed that, with regard to the issues for the future, there is room for improvement in its non-financial initiatives such as ESG and SDGs, in its ongoing arguments regarding the current state of governance, and in its arrangements and arguments regarding its vision and views from a medium- to long-term perspective.

#### Addressing the Issues

Regarding the above issues, we intend to enhance the effectiveness of the Board of Directors and corporate governance, and to sustainably improve corporate value, mainly by implementing the following initiatives.

#### (1) Non-financial initiatives such as ESG and SDGs

• We will discuss the ESG and SDGs on the executive side of the initiatives, and formulate priority issues and specific measures.

• We will set up a forum for regular reporting and ongoing discussion regarding human resource strategies and corporate culture.  
• We will increase opportunities for dialogue with investors through the enhancement of integrated reports and ESG meetings, etc.

#### (2) Ongoing discussions on the state of governance

• Through continuous discussions at the Corporate Governance Committee and the Board of Directors, we will work towards transforming our governance structure to achieve sustainable growth and enhance corporate value over the medium to long term.

#### (3) Organization and discussion of visions and ideas from a medium- to long-term perspective

• In addition to clarifying the image our networks, we will try to solidify the image of the Company’s potential when the networks are organically connected.  
• We will deepen the discussion regarding our vision for connecting the Five-year Rolling Plan and the long-term Vision 2050 – Creating Our Future Together plan.

### Monitoring Committee Functions

The Monitoring Committee, chaired by the Chief Executive Officer, and consisting of Executive Officers, meets once every month. Outside Directors and Directors who are members of the Audit and Supervisory Committee attend the meeting as observers. Each month, one or two of the seven businesses and five business bases in the Five-year Rolling Plan, which expresses our group’s direction and strategy, are chosen as agenda items for reporting and discussion. Specifically, we receive reports on the progress and challenges of each business and business infrastructure, as well as future initiatives, and exchange opinions from various perspectives on the following issues: whether the initiatives for individual businesses and business bases are in line with the direction of the Five-year Rolling Plan; whether issues and risks have been recognized and appropriate measures taken; and, whether it is possible to create new value through collaboration with other businesses and business bases.

We also check the progress of individual investment projects once or twice a year, both in Japan and overseas. At these meetings, we not only report upon the progress of the business in light of the original plan, but also reconfirm the purpose of the investment

and discuss the significance of continuing the investment. For M&A projects, we regularly check the progress of the post-acquisition management integration process and discuss matters such as efforts to create value and measures to mitigate risks.

In this way, the Monitoring Committee includes not only our main businesses and business bases, but also investment projects, including M&A, in the discussions. By carefully explaining the purpose and content of the initiatives and aiming for a shared understanding among the participants, it is possible to constructively exchange opinions on the progress, issues, and risks. Outside Directors and Directors who are members of the Audit and Supervisory Committee also make active comments based on their expertise in their respective fields.

In addition, Outside Directors and Directors who are members of the Audit and Supervisory Committee also participate as observers in the monthly Executive Officers Meeting, which is attended by all executive officers. Through their attendance at both meetings, we have established a system that enables them to deepen discussions at the Management Committee and Board of Directors meetings based on their full understanding of the Company’s issues.

## Director Remuneration

### Basic Policy

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

### Remuneration Standard

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

### Composition and basic policy of remuneration

Remuneration for the Company’s directors (excluding outside directors and directors who are audit and supervisory committee members) and officers consists of fixed basic remuneration, an annual incentive that is determined in accordance with the degree of achievement for a single year, and a medium- to long-term incentive. For outside directors and audit and supervisory committee members, only fixed remuneration set for each role is paid. The percentages set for basic remuneration, an annual incentive, and a medium- to long-term incentive for the Company’s directors are roughly 48%, 47%, and 5%, respectively, in the case of Representative Director and Chief Executive Officer. The percentage of incentives will become higher in proportion to the ranks of officers.

#### a. Basic remuneration

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

#### b. Annual incentive

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

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

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

### Process of Determining Remuneration

a. The Company ensures the objectivity and transparency of its remuneration system for directors (excluding directors who are

audit and supervisory committee members) and officers, and the remuneration amounts through consultation with the Corporate Governance Committee. In addition, incentives for the Company’s directors (excluding outside directors and directors who are audit and supervisory committee members) and officers are calculated in accordance with the remuneration system resolved at the Board of Directors meeting following consultation with the Corporate Governance Committee.

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

The Company ensures the objectivity and transparency of its remuneration system for directors and the remuneration amounts through consultation with the Corporate Governance Committee, a body that is chaired by an outside director and composed of all of the outside directors and the representative director.

In addition, the Company received the opinion from the Audit and Supervisory Committee that, as a result of deliberations at the Committee, the contents of remuneration, etc. payable to directors are considered to be reasonable because the procedure for determining the remuneration, etc. has been appropriately conducted and the amounts of remuneration, etc. payable to each director are consistent with the roles, duties, and achievements of each director.

### Total Amount of Remuneration, etc. for Fiscal Year Ended March 2021

Classification	Basic remuneration		Incentive		Medium- to long-term (stock-based remuneration)	Total amount of remuneration, etc. (Million Yen)	
	Fixed remuneration	Annual	Number of persons paid	Amount paid (Million Yen)			
Directors who are not members of the Audit and Supervisory Committee (excluding Outside Directors)	3	117	3	111	3	240	
Directors who are not members of the Audit and Supervisory Committee (Outside Directors)	1	12	—	—	—	12	
Directors who are not members of the Audit and Supervisory Committee	Total	4	129	3	111	3	252
Directors who are members of the Audit and Supervisory Committee (excluding Outside Directors)	1	25	—	—	—	25	
Directors who are members of the Audit and Supervisory Committee (Outside Directors)	2	34	—	—	—	34	
Directors who are members of the Audit and Supervisory Committee	Total	3	59	—	—	—	59

- Pursuant to the resolution of the 72nd ordinary general meeting of shareholders held on June 21, 2019, the Company has transitioned from a company with an audit and supervisory board to a company with an audit and supervisory committee at the conclusion of the meeting.
- Stock remuneration is stated at an amount posted as expenses for the fiscal year under review.
- Remuneration for directors (excluding audit and supervisory committee members) was resolved in the amount of ¥480 million or less per year (including ¥50 million or less per year for outside directors) with the number of eligible directors being seven or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.
- Remuneration for directors (audit and supervisory committee members) was resolved in the amount of ¥120 million or less per year with the number of eligible directors being five or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.
- Remuneration for granting shares with restrictions on transfer for directors (excluding non-executive directors) was resolved in the amount of ¥100 million or less per year with the number of eligible directors being seven or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.

# Message from Outside Directors



Independent Outside Director  
(Audit and Supervisory Committee Member)

Minesaburo Miyake

## The Strengths and Appeal of the AUTOBACS SEVEN Group

One of the major strengths of the AUTOBACS SEVEN Group is an infrastructure of nearly 600 stores nationwide, as well as the fact that the group interacts much more closely with customers than can be done by manufacturers. This allows the group to offer a wide selection of merchandise by listening to customers. Since the group consists of both directly managed stores and many franchise chain stores, I feel there is room for improvement in terms of consistency of intent and brand value improvement. But if the company takes the time to talk with franchisees, get their buy-in, and move forward in one major leap, I think the company can further highlight the best points the AUTOBACS.

I also feel that the company has a generous, personable, and open corporate culture. This quality comes across in board of director meetings, where there is a good balance between opinions from inside and outside the company and a very active exchange of views. I appreciate the fact that the attendance of outside directors at various meetings makes it easier to understand the actual situation at the company and to obtain sufficient information to identify issues.

## Responsibilities as a Member of the Audit and Supervisory Committee

Being an outside director serving on the Audit and Supervisory Committee has been beneficial in the increased amount of

internal information provided to us. Audit and Supervisory Committee members do not conduct on-the-ground audits, but rather conduct audits via reports received from the Corporate Audit Department. However, had there been no spread in COVID-19 infections, I would have been able to visit the front lines of the business and participate in activities with the younger team members, engaging in discussions. I was not able to see the situation for myself and confirm whether there was any sense of discomfort, which was a bit of a disappointment.

In the past, we received monthly reports about the *Orange Hotline*, the Group's internal reporting system, and serious incidents occurred in the Group regarded as *key risk-related issues*. It may be a single incident among many others, but it can be a serious one to the person involved. We believe the Company needs to raise the level of awareness in terms of safety and security and quality control. To this end, we endeavor to identify the essence of the problem by having employees report trends over a certain period of time, monitoring the rise or fall of the trend in question. In the future, it will be necessary not only to report cases, but to also pursue the underlying causes, establishing a system to roll out improvements nationwide.

## Response to COVID-19

I was relieved to see that, despite the risk of infection, every front-line worker engaged conscientiously in maximum measures against the spread of COVID-19

when dealing with customers in the store. It appears that store staff are well-aware of their role in protecting lives. I am sure this experience will be put to good use in the future when the company is called upon to respond to a natural disaster.

COVID-19 also provided an opportunity for the Group to rethink what it offers to customers, as the value of cars has been reconfirmed in the wake of the pandemic. Although the customers experienced a decline in customer traffic initially, sales of car wash goods and car interior goods began to pick up gradually in June. On the other hand, the Company still has issues with its online sales capabilities. Based on this experience, I think the Company should give more consideration to the potential of virtual stores for customers to shop online from the comfort of their homes.

## AUTOBACS SEVEN Group Issues and Vision for the Future

The AUTOBACS SEVEN Group is pursuing several projects related to the SDGs. While the Group has been working on ESG for quite some time, I think this is now the stage to clarify the ideal image for stores to foster an understanding among customers. As a franchise business, it is difficult to convert all stores to barrier-free access at the same time. But the Company does need to show the direction of its attitude toward society. I think the Company should consider the possibility for new initiatives, including an environmentally friendly merchandise section, proposals for the reuse of tires,

and reducing the disposal of oil drums by using the bulk method. Under this method, oil is transported by tanker truck and refilled into tanks at the store for customers bringing their cars to the store for oil changes. In addition, AUTOBACS is a strong brand that includes not only stores and products, but also people. It is not easy—but very important—to develop human resources based on management mission and to share the management mission with every corner of the franchisee organization.

Also, while the Company is working on new businesses such as overseas and online, the PDCA cycle itself needs to be carefully considered. The Company confirms profits versus plan after the fact, but I think there is little discussion regarding why things happen and what needs to be changed. It is sometimes necessary to revise concepts drastically or scrap & build. Therefore, I hope that the Company will be able to make appropriate evaluations and bold decisions in light of its management philosophy going forward.

The Five-year Rolling Plan is one very good way to respond to change. However, the question remains as to whether management can share with employees the vision of the world that awaits when the company reaches the end of the plan. The AUTOBACS business makes a strong impression as it is. Therefore, I believe the Company should focus on showing employees the big picture without being overly concerned about practicability.

## Message from Outside Directors



Independent Outside Director

Yoshiko Takayama

### The Strengths and Appeal of the AUTOBACS SEVEN Group

I think the strength of the AUTOBACS SEVEN Group is the clear concept of providing comprehensive merchandise and services related to automobiles through a nationwide network of stores, combined with strong brand recognition related to automotive goods. In addition, the Company is financially stable, which is another strength. On the other hand, the Company faces a challenge to establish new growth drivers. The Company is making various forays through its Overseas Business and Online Alliance Business. However, investors expect even faster and more profitable growth. In response, the Company will need to make even greater efforts for growth in the coming years.

Currently, the business environment is changing in dramatic ways as companies attempt to respond to the demands of the SDGs and the TCFD, all while climate

change issues become increasingly important. But this is also an opportunity for growth. The Company must identify trends related to automobiles, including electric vehicles and autonomous driving. From there, the Company will have to pursue management from a medium- to long-term perspective. Identifying social issues and materialities, which the Company began doing in the previous fiscal year, is a prerequisite for long-term growth. The Chief Executive Officer and other members of the management team are clearly committed to these issues, which is extremely important.

### Effectiveness of Corporate Governance

AUTOBACS SEVEN has continued to endeavor to improve the effectiveness of the Board of Directors for many years. When I was appointed to the Board of Directors in 2015, there were three outside directors. The Governance

forwarded to management for a response.

In addition to Board of Director meetings, outside directors also attend Executive Committee and Monitoring Committee. One of the greatest characteristics of AUTOBACS SEVEN is that outside directors identify and dig into important management issues through discussions at these meetings. These issues are then added to the agenda for decisions at Board of Director meetings.

### Response to COVID-19

In the midst of the spread of COVID-19, the AUTOBACS SEVEN Group felt their way through an unfamiliar situation. I believe the Company took appropriate measures at stores and offices, always keeping in mind the utmost importance of protecting the health, safety, and security of customers, employees, and store staff above all. The Company quickly built a system to overcome the crisis by considering human, managerial, and financial support for franchisees, launching a response in the early stages of the pandemic.

I believe that AUTOBACS SEVEN coped with this unexpected crisis due to the leadership of the Chief Executive Officer and a company-wide attitude of thinking about the customer and identifying with

the customer in terms of their cars.

### AUTOBACS SEVEN Group Issues and Vision for the Future

The Group is following a Five-year Rolling Plan based on our long-term vision, Vision 2050 – Creating Our Future Together. To achieve these medium- to long-term goals, I believe it is necessary to build a corporate culture that aims to grow by taking on challenges in new fields, rather than staying with the status quo. In this way, the Company will continue to create a culture related to cars no matter how the environment changes. This is not an easy task. But I think AUTOBACS SEVEN is moving steadily in a direction where the younger generation of staff is more active and the Company as a whole welcomes new changes.

On the other hand, the Company needs to make further efforts to empower women. For a company to grow in the midst of change, it is essential to promote diversity, especially gender diversity. AUTOBACS SEVEN has a system in place that allows female employees to enjoy a lengthy career work regardless of lifestyle changes. However, the fact remains that the number of women in certain positions is low. With few role models within the

Company, many issues remain to be addressed. These issues include how to motivate female employees and build their careers, how to create a system that raises female employees to important positions, etc. Although the Company has made some progress, such as setting targets for the percentage of women at group manager or above, the current situation is far from satisfactory and the Company must make further efforts.

AUTOBACS SEVEN is tackling these and other issues. One task of the outside directors in this context is to review the progress of these issues at Board of Director meetings, continuing to encourage the executive management team in their efforts. An independent outside director may be able to see more clearly what a company must do over the long term in light of major global trends, and what investors look for from a medium- to long-term perspective. As outside directors, we will continue to provide feedback to management on the viewpoints of these key external stakeholders, striving to link corporate governance reforms in progress to concrete improvements in corporate value.



## Topic Dialogue with Shareholders and Investors

We are striving to improve transparency by disseminating timely and appropriate information to our shareholders, investors, and other stakeholders. At the same time, we take advantage of various opportunities to facilitate communication and provide a better understanding of our group. We regularly report your opinions to our management team.

### Policy on Dialogue

#### Corporate Governance Report Principle 5-1: Policy on Constructive Dialogue with Shareholders

To recognize the importance of dialogue with shareholders and to promote constructive dialogue, we actively engage in dialogue at the general meeting of shareholders, financial results briefings, and other occasions. At the same time, we have established a disclosure policy to proactively disclose information in a fair and timely manner on our corporate website.

The Representative Director and Chief Executive Officer leads the dialogue with shareholders and investors, and other directors and executive officers participate as necessary.

To broaden the scope of the dialogue with shareholders and investors, we have established the position of chief independent outside director.

### Dialogue Opportunities and Achievements

#### General Meeting of Shareholders

At the 74th Ordinary General Meeting of Shareholders held in June 2021, we placed the highest priority on your health and safety and implemented thorough measures to prevent the spread of the COVID-19 pandemic.

Specifically, we considered asking people to refrain from attending the meeting, and to exercise their voting rights in advance, in writing or via the Internet using smartphones, etc. In addition, we published the contents of the meeting report in video form on our corporate website the day after the meeting.

#### Financial Results Briefing

In order to help prevent the spread of the COVID-19 pandemic, we held the financial results briefings for the second quarter of the fiscal year ended March 2021 online, as we did in the previous quarter.

On the day of the briefings, while presenting explanatory slides, we explained the consolidated business results and plans for the next fiscal year, the measures we took in response to the COVID-19 pandemic, and the Five-year Rolling Plan. We also set aside time for a Q&A session, where we directly answered questions from the participants.

#### Investor Meeting

For some time now, we have been proactively providing opportunities to voice your opinions and expectations directly during our investor meetings.

In the fiscal year ended March 2021, to prevent the spread of the COVID-19 pandemic, we prepared more diverse options than ever before, including not only face-to-face meetings but also teleconferences and online meetings. As a result, we were able to create opportunities for dialogue with a larger number of investors.

### Reflecting Your Opinions and Requests in Specific Initiatives

#### Investor Meeting on ESG

We held a meeting with domestic institutional investors on the theme of ESG to hear their opinions regarding our ESG-related issues. We used the feedback we received to improve our integrated reports and financial presentation materials, and to strengthen our internal systems for ESG initiatives.

#### Launch of the ESG & SDGs Project

Using feedback from meetings held with investors regarding ESG as a starting

point, we became more aware of ESG issues than ever before. We subsequently launched the ESG & SDGs Project consisting of members from multiple divisions, with Representative Director and Chief Executive Officer as the project leader. Based on the discussions at the Executive Officers' and Board of Directors' meetings, we reviewed our recognition of social issues and materialities. In addition, to foster sustainability awareness among our employees, we disseminate information about once a week and hold study sessions on an irregular basis.

#### Feedback to Executives

We prepare internal IR reports to facilitate constructive dialogue concerning questions and opinions received at investor meetings. To apply this report to our management strategies, we provided feedback to directors and executive officers twice in the fiscal year ended March 2021.

## Compliance

### Compliance System

Our Group has been strengthening its compliance system. At the same time, we are making sure that all AUTOBACS Group stores, including the head office, subsidiaries, and franchisees, are fully aware of the importance of conducting business activities in compliance with laws and ethics.

Compliance with laws and regulations and corporate ethics is

looked upon as a matter of course.

Based on this premise, we have clearly defined our Code of Conduct and Guidelines for Action to meet the legitimate expectations of all stakeholders. With these as our basic principles, we promote thorough compliance and education and training activities not only within our company, but also for our franchise chain member

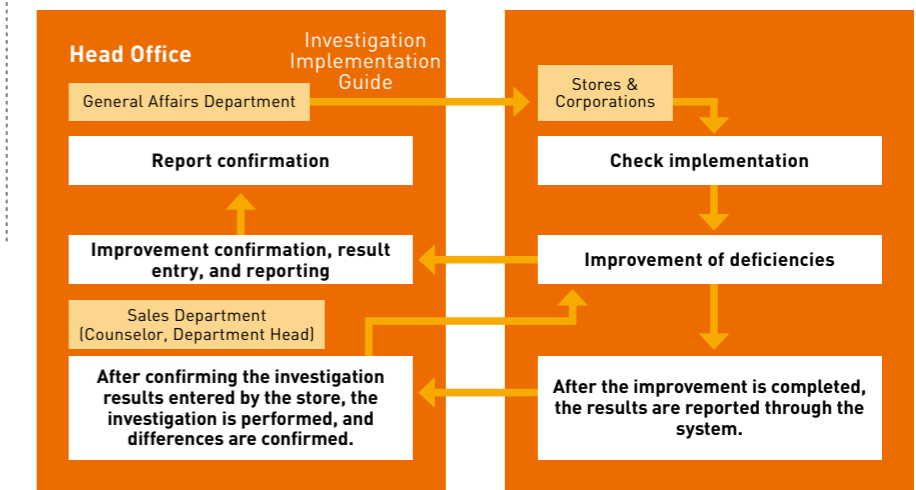
corporations. As a means to monitor the status of compliance, we hold monthly Integrated Risk Management Secretariat Committee that consist of relevant departments. We have established a system to check for any deviation from the Code of Conduct and Action Guidelines, and take prompt action if a problem is identified.

### Compliance Check at Stores

AUTOBACS Group stores nationwide conduct annual compliance checks to continuously identify risks and implement improvements.

Of the 114 items, including laws and regulations related to our business, we checked 23 priority items in FY March 2021. We implement improvement activities for any deficiencies found and report them to the head office.

#### Compliance investigation operational flow

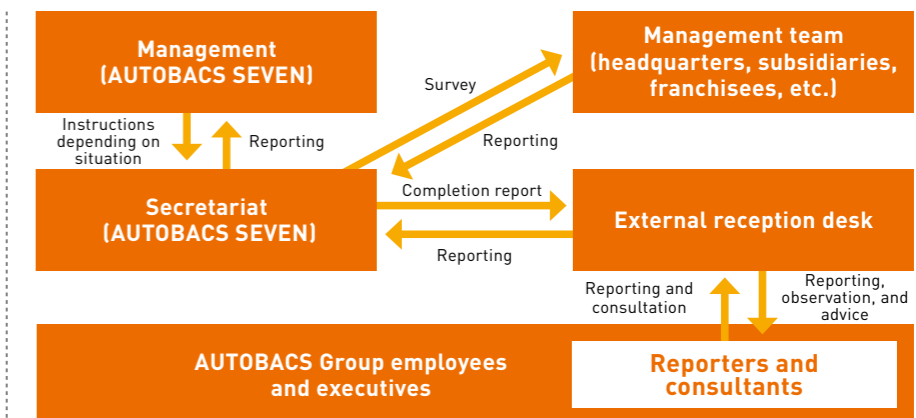


### Orange Hotline

In accordance with the Code of Conduct, we operate the Orange Hotline, an internal reporting system for the Group. Internal reporting is handled through an external hotline, not only for internal reporting within the Group but also throughout the AUTOBACS franchise chain, including member companies.

In addition, we have established a system to promptly report any reported cases to the Audit and Supervisory Committee Members through the Audit and Supervisory Committee Office.

\*If the reporters wish to remain anonymous, the report will be made anonymously.



# Risk Management

## Approach to Integrated Risk Management

Through the AUTOBACS franchise system, we provide a variety of merchandise and services to numerous customers. We recognize that our most important management task is to continue working to maintain and improve the AUTOBACS brand - an effort which will win even greater support and trust from all stakeholders.

To this end, we not only respond to the daily changes in the environment surrounding the Group, but also accurately identify, evaluate, and appropriately control various risks that may hinder the achievement of our goals. In addition, we strive to fulfill our corporate social responsibility by establishing a system that enables us to minimize damage and

loss in the event of a serious incident and prevent the spread of such damage.

We believe that it is our corporate social responsibility to establish an integrated risk management system that combines the risk management system we employ during normal times with the crisis management system we employ during emergencies, and continuously working to improve upon our integrated risk management. We have established the principles of integrated risk management in our Integrated Risk Management Policy. We will continuously work on improving integrated risk management throughout our Group and aim to become a corporate group that has gained the trust of its stakeholders.

### Ongoing Educational Initiatives Regarding Integrated Risk Management

The Risk Management Committee continues to educate directors, executive officers, and employees on integrated risk management to ensure that the integrated risk management system functions properly during both normal times and emergencies.

## Integrated Risk Management System

The Risk Management Committee, chaired by the Representative Director and Chief Executive Officer, formulates the annual risk management policy to accurately identify and assess various risks and control them appropriately. Based on these policy and risk management regulations, the system promotes the smooth and appropriate implementation of risk management activities.

The Risk Management Committee identifies risk issues on an annual basis and monitors the status of their implementation. In addition, the General Affairs Department, Legal Department, Corporate Audit Department, and Car Lifestyle Support Center work together to assist the Risk Management Committee in

its monitoring and other activities. Moreover, the executive officer in charge of general affairs reports to the Board of Directors on the status of serious incidents and measures taken in accordance with the rules for key risk-related issues. They also share information with the Audit Committee and other related departments.

If an unforeseen event causing a serious impact occurs or is likely to occur, the Representative Director and Chief Executive Officer, who is the Chairman of the Risk Management Committee, will establish a Crisis Management Headquarters. He will then take command himself and strive for a quick and appropriate response and recovery.

### BCP (Business Continuity Plan)

To respond to major crises, such as large-scale disasters, we have set up a Crisis Management Headquarters based on our Crisis Management Rules and BCP (Business Continuity Plan) Manual to ensure a system that can deliver a quick response. In the fiscal year ended March 2021, we established separate Crisis Response Headquarters for both earthquake damage and COVID-19, respectively.

## Integrated Risk Management System Chart

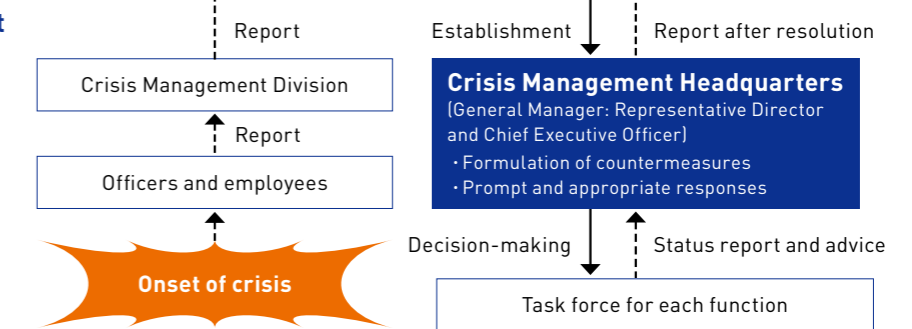
### Risk Management System

- Risk Management Rules
- Risk Management Activity Manual



### Crisis Management Arrangement

- Crisis Management Rules, etc.
- Serious Incident Reporting Manual



## Risks That May Affect the Business

Competition	In addition to competition from franchisees and other companies in the same industry, the full-scale entry of automobile manufacturers and dealers, and the status of competitors in the automotive goods market, such as tire specialty stores, used accessory stores, and outlet stores, may affect our business performance.
Impact of extreme weather	With respect to seasonal merchandise whose sales volume is greatly influenced by weather conditions, there is a risk that abnormal weather conditions, such as cold summers and warm winters, may cause a drop in demand, or an increase/decrease in sales due to shifts in sales timing.
Overseas expansion	In China, Europe, and other Asian countries where we do business, there is a risk of the following: different cultural attitudes toward automobiles and automotive goods; competition from existing local retailers; economic conditions; availability of information infrastructure; lack of intellectual property protection; an unstable international situation; epidemics, etc.
Regulations on store openings	Although it is our policy to fully consider the local environment from the store opening planning stage, and to open new stores while coordinating with residents and local governments, there is a risk that we may not be able to open new stores as planned due to regulations under the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment.
Compliance with laws and regulations	<ul style="list-style-type: none"> <li>• There is a risk that a violation of laws and regulations may occur due to the intentional or negligent actions of officers and employees, and that a case may arise in which compensation is sought for damages that may affect business performance.</li> <li>• There is a risk that customer information may be leaked to outside parties due to fraudulent activities.</li> </ul>
Fluctuations in the prices of merchandise for sale or purchased goods and raw materials	There is a risk that sales prices may rise or fall unexpectedly due to price fluctuations of purchased goods and raw materials or changes in the market environment caused by various factors.
Natural disaster	There is a risk that earthquakes, typhoons or other natural disasters may occur in regions where we operate stores or owns business-related facilities, resulting in damage to such facilities or vacancies due to the death or injury of officers and employees.
Franchise corporations	There is a risk of violations of contractual provisions or laws and regulations by franchise corporations that have entered into AUTOBACS franchise agreement to operate stores.
Store operations	There is a risk of accidents occurring in the disposal of waste, handling of hazardous materials, and pit operations associated with store operations, as well as other accidents occurring on store premises.
Exchange rate fluctuations	Due to the existence of foreign currency-denominated loans to overseas subsidiaries, exchange rate fluctuations may affect our business performance.

\* The Integrated Risk Management Structure includes a risk management system and a crisis management system.

\* The term crisis refers to an event that has or could have a significant impact on the management or business continuity of the AUTOBACS SEVEN Group.

\* In addition to the systems which are already part of our organization, the term structure includes a sense of preparation and readiness.



# Directors and Audit and Supervisory

# Committee Members [As of the end of June, 2021]

## Directors



### Kiomi Kobayashi

Representative Director and Chief Executive Officer  
Chief AUTOBACS Chain Officer

**Term of office as a director at the conclusion of this general meeting: 11 years**  
**Attendance at Board of Directors' meetings: 100%**  
**(15 of 15 meetings)**

#### Past Achievements and Expertise

Mr. Kobayashi has served as Representative Director and Chief Executive Officer since 2016 and has led the AUTOBACS Group by placing emphasis on being an organization that always takes on new challenges to create new markets and focusing on the development of human resources and the cultivation of its culture. Mr. Kobayashi has decided important issues after presenting adequate and appropriate explanations at the Board of Directors' meetings and has fully demonstrated the role of business execution, while supervising the execution of duties by the other directors.



### Yugo Horii

Director and Senior Managing Executive Officer  
Head of AUTOBACS Business Planning & Operations  
CEO Office / Business Planning

**Term of office as a director at the conclusion of this general meeting: 5 years**  
**Attendance at Board of Directors' meetings: 100%**  
**(15 of 15 meetings)**

#### Past Achievements and Expertise

Mr. Horii has contributed to the establishment of the foundations for business administration and promotion of the Overseas Business of the Company. In recent years he has rebuilt the company-wide business portfolio and has played a role as a hub in promoting the Five-Year Rolling Plan, while contributing to the promotion of business strategies as well as the development of business infrastructures including logistics as an officer in charge of Domestic AUTOBACS Business Planning. In addition, based on such experience, he has fully achieved his role as a Director in deciding important issues, supervising the execution of duties by the other Directors.



### Eiichi Kumakura

Director and Senior Managing Executive Officer  
Head of Merchandising & Services  
Car Parts & Accessories

**Term of office as a director at the conclusion of this general meeting: 5 years**  
**Attendance at Board of Directors' meetings: 100%**  
**(15 of 15 meetings)**

#### Past Achievements and Expertise

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



### Shinichi Fujiwara

Director and Senior Managing Executive Officer  
Kanto Regional Headquarters

**Term of office as a director at the conclusion of this general meeting: - years**  
**Attendance at Board of Directors' meetings: -**

#### Past Achievements and Expertise

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



### Yoshiko Takayama

Independent Outside Director

**Term of office as a director at the conclusion of this general meeting: 6 years**  
**Attendance at Board of Directors' meetings: 100%**  
**(15 of 15 meetings)**

#### Past Achievements and Expertise

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

## Directors



### Kozo Sumino

Director [Full-time Audit and Supervisory Committee Member]

**Term of office as a director at the conclusion of this general meeting: 2 years**  
**Attendance at Board of Directors' meetings: 100%**  
**(15 of 15 meetings)**  
**Attendance at Audit and Supervisory Committee meetings: 100%**  
**(14 of 14 meetings)**

#### Past Achievements and Expertise

Mr. Sumino has taken part in management as a director of the Company and of its Group companies over the years. He has also accumulated experience and achievements in a wide range of areas such as AUTOBACS business, business administration, new business, and overseas business. In addition, he has endeavored to improve auditing functions as an audit and supervisory board member since 2016.



### Masami Koizumi

Independent Outside Director [Full-time Audit and Supervisory Committee Member]

**Term of office as a director at the conclusion of this general meeting: - years**  
**Attendance at Board of Directors' meetings: -**  
**Attendance at Audit and Supervisory Committee meetings: -**

#### Past Achievements and Expertise

Mr. Koizumi has insight into business administration, investor relations, and governance, as well as experience and insight related to SPA gained through his involvement in administrative practices at business corporations. The Company believes that, by taking part in the Company's management from the standpoint of a director who is an audit and supervisory committee member, he will contribute to the assurance of the effectiveness of auditing, as well as the strengthening of supervisory functions such as the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency. Therefore, the Company proposes his election as a director who is an audit and supervisory committee member.



### Minesaburo Miyake

Independent Outside Director [Audit and Supervisory Committee Member]

**Term of office as a director at the conclusion of this general meeting: 3 years**  
**Attendance at Board of Directors' meetings: 100%**  
**(15 of 15 meetings)**  
**Attendance at Audit and Supervisory Committee meetings: 100%**  
**(14 of 14 meetings)**

#### Past Achievements and Expertise

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

## Officer

### Kiomi Kobayashi

Chief Executive Officer  
Chief AUTOBACS Chain Officer

### Yugo Horii

Senior Managing Executive Officer  
Head of AUTOBACS Business Planning & Operations  
CEO Office / Business Planning

### Eiichi Kumakura

Senior Managing Executive Officer  
Head of Merchandising & Services  
Car Parts & Accessories

### Shinichi Fujiwara

Senior Managing Executive Officer  
Kanto Regional Headquarters

### Masaru Sasaki

Senior Executive Officer  
Kansai Regional Headquarters

### Hiroki Yoshiyama

Senior Executive Officer  
Car Dealer Business

### Shinya Kurahayashi

Senior Executive Officer  
Statutory Safety Inspection & Services / CARS  
Business

### Masahiro Nishikawa

Senior Executive Officer  
Southern Japan Regional Headquarters

### Kazushige Hojo

Officer  
Distribution / Product Quality Control / Land Use & Development  
AUTOBACS Business Management  
General Manager of Land Use & Development  
Department

### Noritaka Hiraga

Officer  
Human Resources / General Affairs / Legal  
General Manager of Personnel Planning Department

### Ken Ozone

Officer  
Marketing  
Lifestyle Business

### Ryotaro Yamazoe

Officer  
A PIT AUTOBACS

### Toshio Kitamura

Officer  
Overseas Business

### Yukihiro Kitagawa

Officer  
BtoB Business  
General Manager of Wholesale Business  
Department

### Nobuo Norisue

Officer  
IT Strategy  
Online Alliance Business

### Mitsuya Minatogawa

Officer  
Chubu Regional Headquarters

### Tomoaki Ikeda

Officer  
Finance & Accounting / PR & IR

### Toshihiro Fukuhara

Officer  
AUTOBACS Business Planning  
General Manager of AUTOBACS Business Planning  
Department

### Hiroyuki Furuta

Officer  
Northern Japan Regional Headquarters

# Financial & Non-financial Highlights

## AUTOBACS SEVEN CO., LTD. and Consolidated Subsidiaries Fiscal year ended on March 31 for each displayed year

	2018	2019	2020	2021
<b>Fiscal Year (Million Yen)</b>				
Net sales	¥211,630	¥213,840	¥221,400	¥220,449
Wholesale	121,081	124,214	126,931	124,763
Retail	87,357	86,018	90,762	90,971
Others	3,889	3,607	3,705	4,713
Operating income	7,284	7,478	7,585	10,577
Ordinary income	8,226	8,203	8,059	11,219
Profit attributable to owners of parent	5,403	5,485	3,764	7,050
Cash flows from operating activities	16,394	4,447	10,603	17,163
Cash flows from investing activities	(2,915)	(3,078)	(3,370)	(6,085)
Cash flows from financing activities	(5,840)	(9,876)	(9,684)	(309)
Free cash flows	13,479	1,369	7,233	11,078
Capital expenditures	3,587	4,618	3,429	3,996
Depreciation and amortization	4,131	4,045	4,665	4,154
<b>At Year-End (Million Yen)</b>				
Total assets	¥187,405	¥181,391	¥172,799	¥187,914
Equity	126,866	123,582	119,251	123,833
Interest-bearing liabilities	6,896	4,991	7,303	12,667
<b>Per Share Data (Yen)</b>				
Basic net income	¥65.49	¥66.58	¥47.10	¥88.28
Cash dividends	60	60	60	60
Dividend payout ratio (%)	91.6	90.1	127.4	68.0
Dividend on equity (DOE) (%)	3.9	3.9	4.0	4.0
Total shareholder return ratio (%)	91.6	142.5	182.8	68.0
<b>Management Indicators</b>				
Operating income margin (%)	3.7	3.5	3.4	4.8
Return on equity (%)	4.3	4.4	3.1	5.8
Return on assets (%)	4.5	4.4	4.6	6.2
Equity ratio (%)	67.7	68.1	69.0	65.6
<b>Non-Financial Data</b>				
Number of domestic stores	603	593	585	584
Domestic stores operated by franchisees	468	458	453	451
Number of overseas stores	41	46	45	45
Overseas stores operated by franchisees	15	15	15	33
Active Members (1,000)	7,637	7,169	7,272	7,303
Number of automobile mechanics <sup>(*)1</sup>	3,745	3,739	3,768	3,721
Number of employees	4,009	4,171	4,385	4,279
Number of directors (of which, outside directors)	8 (3)	8 (3)	7 (3)	7 (3)
Number of auditors (of which, outside auditors)	—	—	3	3
Electricity usage (MWh) <sup>(*)2</sup>	7,040	6,770	6,770	6,710
CO <sub>2</sub> emissions (t-CO <sub>2</sub> ) <sup>(*)2</sup>	4,106	3,365	3,439	3,363

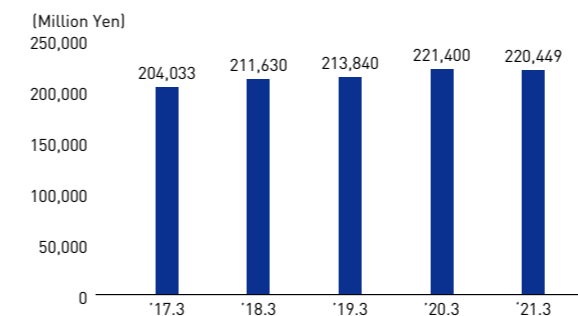
\*1 All chain employees who have obtained the Automobile Mechanic (Level 1, 2, or 3) national qualification.

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

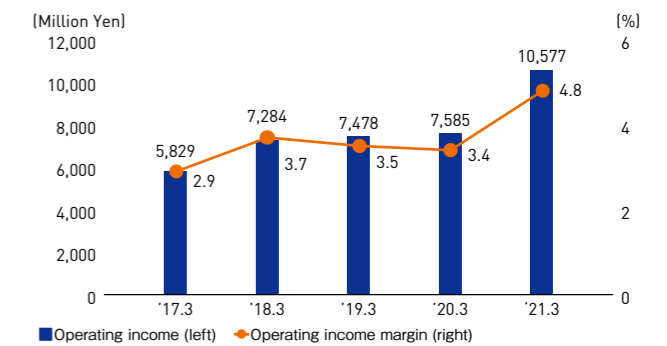
**WEB** For more detail of financial reports (graphs and data) for the past 10 years, please visit our website.

<https://www.autobacs.co.jp/en/ir/finance/pl.html>

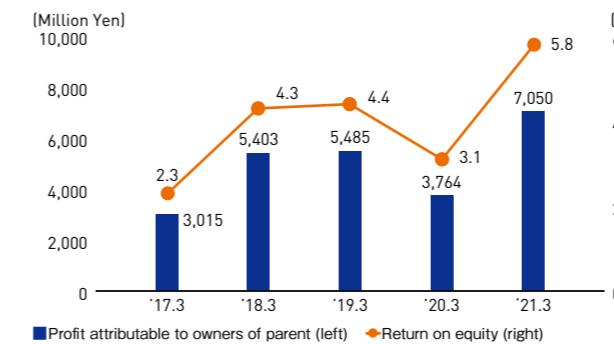
### Net sales



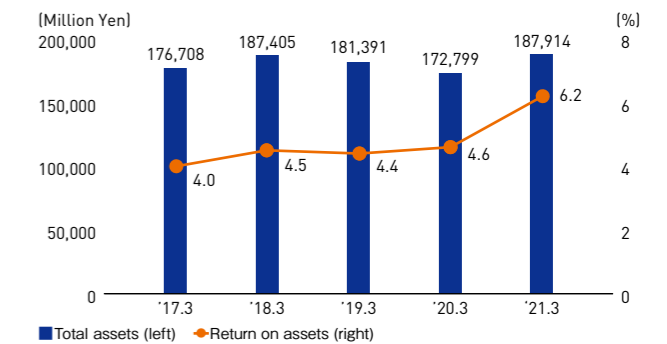
### Operating income/Operating income margin



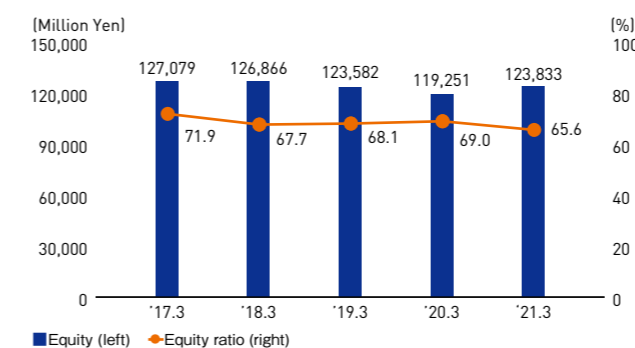
### Profit attributable to owners of parent/Return on equity



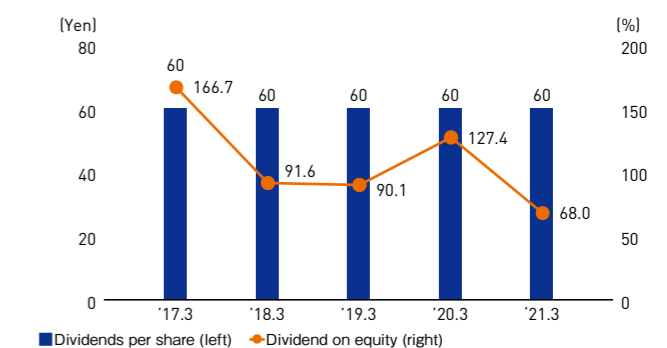
### Total assets/Return on assets



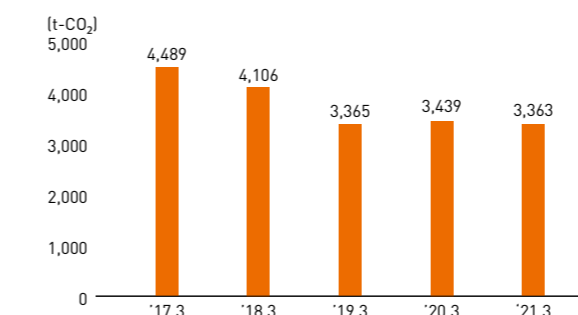
### Equity/Equity ratio



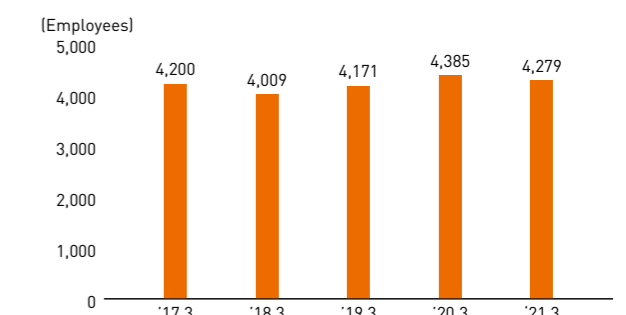
### Dividends per share/Dividend on equity



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



### Number of Employees (Consolidated)



# Domestic Business Formats & Major Consolidated Subsidiaries

## Domestic Business Formats

(As of March 31, 2021)

### 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



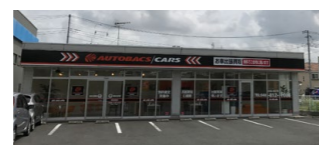
AUTOBACS Secohan Ichiba deals in used automotive goods, which are purchased from customers at AUTOBACS Chain stores and resold to retail customers. It also handles out-let products from manufacturers.

### 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



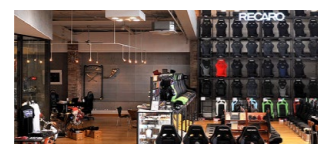
Smart+1 stores provide services on a reservation-only basis, specializing in car washing and other forms of maintenance. They also have a café in which customers can relax while they wait.

### AUTOBACS GARAGE



The store proposes lifestyle goods mainly for cars and also serve as a place for customers unfamiliar with cars to easily drop in and seek advice.

### RECARO Specialty Store ASM



AUTOBACS store specializing in the German RECARO automobile seat. The store features the original Ruby model series, available only through ASM.

### JACK & MARIE



Based on the key concepts of cafés, nature, and car lifestyle, 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, 2021)

### Domestic AUTOBACS Business

AUTOBACS Kanto Sales Ltd.  
AUTOBACS Yamanashi Ltd.  
AUTOBACS Chubu Sales Ltd.  
Hokusei AUTOBACS Ltd.  
AUTOBACS Kansai Sales Ltd.  
AUTOBACS Minami-Nihon Sales Ltd.  
Kumamoto AUTOBACS Inc.  
Chain Growth Co., Ltd.  
Shaken-Bankin DEPOT 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  
AUTOBACS (CHINA) AUTOGOODS COMMERCE Co., Ltd.  
Head office: China  
AudioXtra Pty Ltd.  
Head office: Australia

### Car Dealership, BtoB and Online Alliance Business

Seiwa Automobile Sales Co., Ltd.  
Takamori Jidousha Seibi Kogyo Co., Ltd.  
AUTOBACS DEALER GROUP HOLDINGS CO., LTD.  
CAP Style Co., Ltd.  
HOT STUFF Corporation  
ADE Co. Ltd.  
BACS Boots Co., Ltd.

### Other subsidiaries

AUTOBACS Financial Service Co., Ltd.  
AUTOBACS Management Service Co., Ltd.  
ABT Marketing Co., Ltd.  
VEEMO, Inc.

# Corporate Profile/Stock Information

## Corporate Profile

(As of March 31, 2021)

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) — 4,279

Main Business Offices — Northern Japan Regional Headquarters (Sendai, Miyagi)  
Kanto Regional Headquarters (Ichikawa, Chiba)  
Chubu Regional Headquarters (Nagoya, Aichi)  
Kansai Regional Headquarters (Osaka, Osaka)  
Southern Japan Regional Headquarters (Fukuoka, Fukuoka)  
East Japan Logistics Center (Ichikawa, Chiba)  
West Japan Logistics Center (Miki, Hyogo)

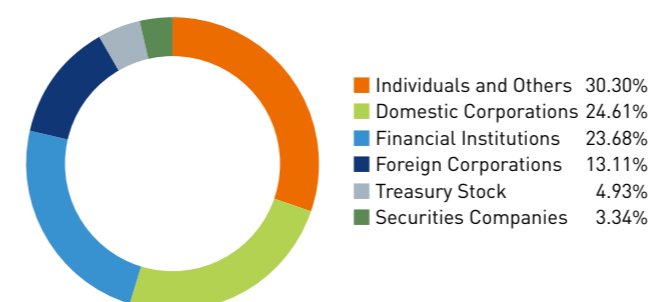
## Stock Information

(As of March 31, 2021)

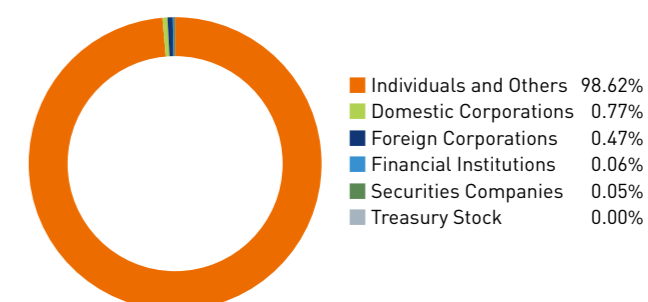
Total Number of Authorized Shares — 328,206,900 shares  
Common Stock Issued — 84,050,105 shares (including 4,149,069 of treasury stock)  
Number of Shareholders — 60,633  
Share Trading Unit — 100 shares

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

### Distribution by number of shares held



### Distribution by shareholder type



\*Number of shares held by size of shareholding and ownership ratios by type are rounded to the nearest hundredth.

### Major Shareholders

Name	Number of Shares Held (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,779	7.23
Sumino Holdings, Ltd.	4,243	5.31
The Yuumi Memorial Foundation for Home Health Care	3,990	4.99
Custody Bank of Japan, Ltd. (Trust account)	3,978	4.97
K Holdings, Ltd.	2,750	3.44
The Master Trust Bank of Japan, Ltd. (Retail Trust account 820079252)	1,800	2.25
Foreman Kyoei, Ltd.	1,560	1.95
Live Field Co., Ltd.	1,500	1.87
Hiroshi Sumino	1,384	1.73
Custody Bank of Japan, Ltd. (Trust Account 5)	1,127	1.41

### External Recognition

- MSCI Japan Empowering Women Index (WIN)

### 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

### Reporting Period

FY March 2021

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



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