

Challenges



INTEGRATED REPORT 2022

AUTOBACS SEVEN INTEGRATED REPORT 2022

Approach to 2050 Creating Our Future Together

AUTOBACS SEVEN's Approach to Creating Our Future Together — For Long-term and Sustainable Growth —

Awareness of Business Environment P15

- CASE
- Social issues surrounding cars
- Diversifying car lifestyle
- COVID-19
- Climate change

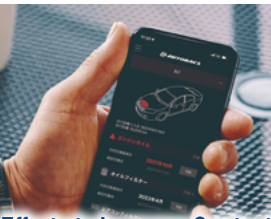
Five-year Rolling Plan

Leverage our network to provide a variety of services tailored to customer car-use situation

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Key Points to Promoting the Rolling Plan

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Efforts to Increase Contact Points with Customers

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Active Response to Environmental Changes

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Efforts to Develop People

P10

AUTOBACS SEVEN Vision

2050 未来共創

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

As of January 31, 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 to Customers

Safety and Security

Experience and Discovery

Self-expression

Code of Conduct and Guidelines for Action

All our staff members at AUTOBACS SEVEN Group 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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Explanation of Names Within this report, "AUTOBACS SEVEN CO., LTD." and "AUTOBACS SEVEN" refer to the non-consolidated entity, while "AUTOBACS SEVEN Group" and "the Group" refer to the consolidated entity. The "AUTOBACS chain" refers to consolidated Domestic AUTOBACS Business and franchisees. The "AUTOBACS Group" refers to consolidated and franchisees.

Message from Top Management

Cherishing “challenge,” the AUTOBACS Group will continue toward its goal to be a corporate group that will last for 100 years, one that continues to provide new value and that is indispensable to customers and society

Yugo Horii

Representative Director and Chief Executive Officer

I am honored to have been appointed as Representative Director and Chief Executive Officer in June 2022. I look forward to serving in this role.

Since its foundation in 1947, amid the rapid development of motorization in Japan, AUTOBACS SEVEN has continued to provide automotive-related merchandise and services with the mission of “realizing traffic safety in society and the prosperous lives of our customers.”

The environment surrounding the automobile industry is undergoing a period of change such as has never been seen before. We view this as a business opportunity, and in addition to further advancing the AUTOBACS business, we will evolve our initiatives in various business areas through swift and bold decision-making and connect them to solid growth.

The AUTOBACS chain has already set “Evolution as a retail company, evolution from a retail company” as its vision, and the AUTOBACS SEVEN Group has begun to accelerate its actions with the spirit of “Challenge,” “Creation,” and “Gratitude” as its philosophy for action. Through untiring

challenge and creation, we aim to be a corporate group that will last for 100 years and that is indispensable to our customers and society. It is my hope that our stakeholders will look forward to our evolution into the future.

Review of the Fiscal Year Ended March 31, 2022

In the fiscal year ended March 31, 2022, as in the previous fiscal year, the business environment was a harsh one, due to the impact of COVID-19, reduced production of new automobiles resulting from the global shortage of semiconductors, and difficulties in procuring components for car electronics merchandise. Under such circumstance, the AUTOBACS SEVEN Group has placed our top priority on the health and safety of customers, suppliers, and staff, and we have been working to improve business performance by promoting business activities that are close to customers and by reducing costs.

In the Domestic AUTOBACS Business, the number of customers visiting our stores was



Message from Top Management

down in the first half of the fiscal year due to the increase in COVID-19 cases, but in the second half of the fiscal year, it was able to strategically capture demand for winter goods caused by cold snaps and snowfalls. Overseas, business in Asia was affected by the pandemic, but the retail business in France has been recovering gradually, while the wholesale business in Australia continued its steady performance. In the Car Dealership, BtoB and Online Alliance Business, although advance investments were made for the future, the existing businesses recorded a steady performance. As a result of these business activities, overall sales and operating income increased in the fiscal year ended March 31, 2022.

In anticipation of the future, we have also been focusing our efforts on (1) increasing contact points with customers, (2) actively responding to environmental changes, and (3) developing our people.

Specifically, following on from our BMW and MINI dealerships, we started operating three Audi authorized dealerships in April 2021. We also began operating six AUTO IN Shaken & Tire Centers adjacent to home improvement stores. In this way, we have been strengthening our efforts to increase customer contact points. The Group has also been working on its active responses to environmental changes. For instance, to accommodate next-generation maintenance, all 434 stores designated to provide statutory safety inspections completed the acquisition of their Specific Maintenance Certifications in March 2022. Another example is its investment in HW ELECTRO Co., Ltd. in October 2021, with the objectives of the joint development of new services and the sale and maintenance of electric vehicles. Moreover, we have pursued various efforts to develop our people, such as strengthening initiatives for the recruitment, development, and retention of certified mechanics, as well as the development of management personnel.

We aim to achieve sustainable growth by swiftly responding to environmental changes and precisely identifying customer needs.

Today, the environment surrounding automobiles has entered a once-in-a-century period of transformation, such as the development of autonomous cars and the emergence of electric vehicles. We established a Five-year Rolling Plan to indicate the direction and strategies of the AUTOBACS SEVEN Group for the subsequent five years. The contents of this Plan are updated every year to enable the Group to identify these changes in the external environment and diversifying customer needs and to promptly consider and implement measures accordingly.

Although automobiles, maintenance, and the environment surrounding our industry are expected to change in various ways in the future, we view this situation as a tremendous business opportunity. On the other hand, one thing that will never change is the existence of customers who use cars. Amid such major changes in the environment, we must not only continue to offer merchandise and services to customers as we always have, but we must also envisage the kinds of situations in which our customers, both individuals and corporations, use their cars and offer new forms of value to suit those situations. However, it would not be realistic for us to provide all the merchandise and services that support the situations in which our customers use their cars on our own. Our Five-year Rolling Plan is, therefore, founded on the concept of increasing convenience from the customer's perspective, in cooperation with other business operators that have strengths in areas where we are not strong.

My view of the key themes for the Group in the fiscal year ending March 31, 2023 are logistics reform and the promotion of digital

transformation (DX). In the past, the Company has emphasized sales and pursued the enhancement of our product lineup. Although our extensive product lineup has been a major strength of the Company, on the other hand, it has adversely affected cash flow, such as inventory and storage costs, and contributed to the delays in the reform of store operations and logistics. As customers' behavior has changed with the emergence of e-commerce operators and other factors, the way the market looks is also changing accordingly. The AUTOBACS SEVEN Group strives to be a company that continues to be supported and chosen by our customers, by providing them with merchandise and services that meet the needs of the times, while continuing to take on new challenges, unconstrained by past practices.

Acceleration of digital transformation. In the fiscal year ending March 31, 2024, we will update our core systems and strengthen the reform of our business model and the competitiveness.

Setting logistics reform and promotion of DX as key themes in the fiscal year ending March 31, 2023, in January 2022, we concluded a capital participation and business alliance agreement with GROUND Inc., with the aim of speeding up the progress of logistics reform. Leveraging the GROUND Warehouse Execution System (GWES), an integrated management and optimization system for logistics facilities developed by GROUND, and sharing logistics expertise, we began implementing various initiatives that focus on the visualization of inventory at logistics bases and the optimization of merchandise procurement. In doing so, we aim to improve the efficiency of business assets by reducing inventory by around 20% from current levels by the fiscal year ending March 31, 2027.

As a first step in the promotion of DX, in the fiscal year ending March 31, 2024, we will upgrade our core systems, including the POS system and checkout registers to analyze individual inventory data and generate synergy with logistics reform. Starting with the introduction of digitalization to specific tasks and workflow, such as semi-self-checkout registers and online customer service tools, we will work to improve customer convenience and staff productivity. With these measures, we will further improve the profitability of stores and strengthen their competitiveness.

Regarding DX strategy, we will promote the vision of "realizing CDE with a digital ecosystem," by executing the three strategies of (1) new marketplace, (2) new customer composition, and (3) building the infrastructure for new E2E. Short for "Customer Deep Engagement," CDE means making connections with customers that are deeper, longer, and more direct through the use of digital technology.

In many industries, the percentage of merchandise sold through EC is growing every year. In the automotive aftermarket to which the Company belongs, the percentage of net sales accounted for by goods sales and the frequency of customer visits to stores are expected to decline in the future. Amid such predictions, our network of stores as places where we can meet customers face-to-face and the opportunities to do so are invaluable. We are implementing various communication measures, including apps, and other measures to promote the digital ecosystem. This is a way to maintain contact points and connections with customers through those invaluable opportunities to meet them through our store network, including franchisees, which is a strength of the AUTOBACS Group. If we can gain our customers' trust and maintain our connections with them through such measures, we believe it is possible that customers will entrust us with their car-related problems and

Message from Top Management

concerns. This will be more convenient and carefree for customers, as they will not need to use different business operators according to their specific use situations. It will also help us to increase life-long value for customers. In this way, we believe that we will be able to achieve further growth even in an increasingly mature market.

Until now, the Company's structure has been optimized for the Domestic AUTOBACS Business with its very strong business base, which is the core business of the Company. This has made it difficult to make bold changes in response to the recent rapid environmental changes and diversifying customer needs. To overcome these challenges, we will actively deploy people with knowledge and interest in IT

and DX, both from within the Company and from outside. In terms of logistics as well, due to the extremely large number of many items we handle and the consequent need to hold considerably large quantities of inventory, we certainly do have problems with efficiency, compared with other retail businesses. In this regard, we see efforts to improve efficiency while meeting customers' needs through the use of IT and DX as an extremely important theme that is worth taking on as a challenge. While holding on to what works, we will shift away from legacy operations toward DX. In doing so, we will change our very business model by promoting digitalization in specific tasks and workflows.

By also concentrating on investment in growth areas and business development, we will rebuild a business portfolio that will allow the Group to demonstrate its strengths to the full.

To achieve sustainable growth, we will need to update our business portfolio. This will involve not only continuing with our current business operations while improving their efficiency, but also actively and positively reviewing and replacing businesses in the portfolio. In doing so, we will need to make decisions based on a variety of perspectives, not least of which will be the profitability and growth potential of the target businesses themselves. We will also need to gauge the target businesses' potential for collaboration with other businesses, as well as their ability to contribute to solutions to social issues in the future.

Regarding the Overseas Business, in addition to exporting from Japan, we are developing wholesale and retail businesses in nine countries and regions. Immediate priority will be given to firmly establishing the wholesale business, which is nearly on track. In doing so, we will strive for the penetration of the AUTOBACS brand, and, once we gain a deeper understanding of the target country's and region's markets, we will start considering the development of the retail business. We believe that it would be efficient to develop retail businesses by entering into partnerships with local companies and leaving operations to them. In fact, we have entrusted our retail store operations in Thailand, Indonesia and other countries to local leading companies, and the number of stores in Thailand in particular has grown significantly in recent years. In any event, we will not categorize our retail business into "Japan" and "other countries" as we have done in the past. Instead, we will develop our retail business in a more refined manner that is

tailored to individual countries and markets. Given the massive changes in the environment surrounding automobiles on a global scale, even in the automotive aftermarket to which we belong, startups are creating new merchandise, services and businesses one after the other around the world. We want to take on the bold challenge that these kinds of new businesses represent, including through collaboration with those startups.

The Car Dealership, BtoB and Online Alliance Business has great potential to take advantage of the Group's strengths and generate synergy with the Domestic AUTOBACS Business in the future. Firstly, our aim in entering Car Dealership Business was to forecast future market trends based on the trends of automobile manufacturers, especially in Europe and the United States, and use those forecasts to help transform Domestic AUTOBACS Business. Of course, the profitability and growth potential of this business itself are important, but we are confident that promoting this business will also improve the competitiveness of our core Domestic AUTOBACS Business.

The BtoB Business has two aspects, namely, merchandise wholesale and fleet services. In the merchandise wholesale area, we are leveraging our merchandising strengths in the expansion of our sales channels to corporate customers other than our franchisees and other members of the Group. We will also consider the impact on franchisees in the careful development of our sales areas and the merchandise we handle. The fleet service is one of our strategic moves to ensure the future of our business. With the growing popularity of car-sharing services, we expect the number of vehicles owned by corporations to increase in the future. Our goal is to actively capture the demand for maintenance and statutory safety inspections of these corporate fleets.

We will also promote investment in growth



Message from Top Management

areas to create the future. However, given that investment in growth areas involves a relatively higher risk than current business areas, we will exercise caution in making these kinds of decisions. We will map our business portfolio based on growth and earning capacity, and consider and implement the necessary measures for each business to ensure that the total cash flow of the entire company generated by each business is large and stable. We will allocate limited business assets wisely through the appropriate management of our business portfolio.

The entire AUTOBACS chain will work together to promote sustainability initiatives.

Awareness of sustainability in society is growing every year at an ever faster pace. In particular, action on climate change is a matter of urgency, and efforts to achieve carbon neutrality in 2050 are being made at a rapid rate around the world. The AUTOBACS Group, including our franchisees, considers that, in addition to continuing to provide merchandise and services to satisfy our customers, solving environmental and social problems through our business activities is both our *raison d'être* and our mission.

In January 2021, we launched the ESG & SDGs Project, led by the Chief Executive Officer, and we announced our materiality issues in May 2021. Subsequently, we also established non-financial targets in May 2022 and KPIs for those targets in October 2022, and entire Group is now working to achieve them. Since my predecessor's time, all Officers have taken the initiative in leading discussions on non-financial targets, KPIs, and measures as a company-wide project, and thorough discussions have been held, involving General

Managers, Group Managers and other members. In order to accelerate our initiatives for sustainability management and the SDGs across the AUTOBACS Group, including franchisees, an e-learning program on sustainability and the SDGs was also conducted in September 2022 for the Group's approximately 15,000 Officers and staff members in Japan, including part-time workers.

To create businesses that solve social issues and to enhance initiatives that are considerate of the environment and society, sustainable and strong management base and an organization and human resources to support it are essential. To this end, we will also emphasize diversity. While I believe that diversity is the key to corporate resilience, the ratio of female Group Managers and above in the Company is still not high compared with other companies.

I recognize, therefore, that it is an important role of management to improve such gaps.

At AUTOBACS SEVEN, the term "Develop humanity through work" has been handed down since its foundation. Believing people who will promote the individual materiality issues to be key, we will nurture outstanding human resources and foster a corporate culture that will generate those kinds of people. We plan to set out non-financial targets for the AUTOBACS chain in the fiscal year ending March 31, 2024. We are currently in the process of discussing these targets under the themes of "safety and security," "CO₂ reduction," and "staff health."

Our greatest challenge is to increase the speed of management. We will narrow down the targets and aim to be an organization that can swiftly accommodate any changes.

In the Analyst Meeting in May 2022, we announced our priority initiatives for the fiscal

year ending March 31, 2023. They are (1) improve execution and increase speed, (2) strengthen initiatives for sustainable growth, and (3) continue human resource development initiatives.

While we have concentrated our efforts on the Domestic AUTOBACS Business until now, we will need to narrow down the targets of those efforts to accelerate them further. As the scale of what needs to be narrowed down varies, we will speed up these efforts by clarifying the points to focus on for each target and sharing them throughout the Company.

We also believe that strategic investment in human capital is crucial both for the improvement of corporate productivity and from a sustainability management perspective. Our people are not merely "resources." They are "capital," and as such, investment in their development is essential for the maximization and enhancement of their value. In particular, securing certified mechanics is a matter of urgency. We will work to increase their number so we may realize the business scale that we aspire to.

In addition, the Company has been working on the promotion of health management for some time. We have long been considerate of the health of our staff, including joining the No Smoking Promotion Business Consortium. Going forward, we want to embark on initiatives to improve the working environment for our certified mechanics. AUTOBACS maintenance shops have an "open service pit," where customers can watch the work being done. However, these areas are not well air-conditioned and are exposed to the sun, wind and snow, which makes them quite a harsh working environment for the certified mechanics. While we want to keep these open service pits as a valued feature of our shops, we also see the need to review them from the perspective of health management.

To our stakeholders

The Company has been promoting the Five-year Rolling Plan since the fiscal year ended March 31, 2020. The fiscal year ending March 31, 2023 marks the fourth year of the Five-year Rolling Plan, and I believe we have steadily achieved results, such as collaboration that transcends industry boundaries and the strengthening of our business foundation. On the other hand, there is still room for improvement of the speed of our reforms. We have received feedback from stakeholders, including shareholders and investors, that they find it difficult to recognize our growth strategies and the numerical plans based on those strategies. We will examine the content and methods of our communications to give our stakeholders a deeper understanding of the Company.

While there is a view that the automotive aftermarket is reaching maturity, society, automobiles, and people's lives are constantly changing, and the environment surrounding the Company is also expected to change even more dramatically and at an ever-growing pace. Under such circumstances, AUTOBACS SEVEN remains committed to providing customers with the best solutions for their car lifestyles and to creating a rich and healthy automotive society.

The Group will once again transform itself into a group that is rich in the spirit of enterprise, as it was when it was first founded. We will continue to enhance the corporate value of the Group over the long term by creating new forms of value, unconstrained by existing frameworks.

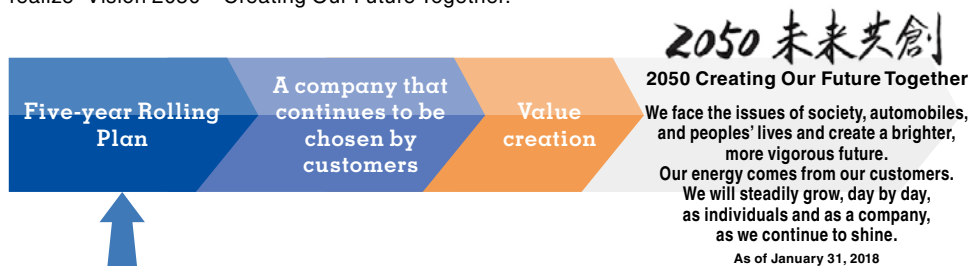
We look forward to the continued understanding and support of our stakeholders.

Key Points to Promoting the Five-year Rolling Plan/Efforts to Increase Contact Points with Customers

Approach to Realize “2050 Creating Our Future Together”

Today, the environment surrounding automobiles is entering a period of major, unprecedented transformation. Just as society, automobiles, and people’s lives are constantly changing, the environment surrounding the Company is also expected to change even more dramatically and at an ever-growing pace. Under these circumstances, we believe that, to respond to the evolution of society and automotive technologies and to the changes in peoples’ values, stay close to people’s lives, and propose value that reflects global trends, increasing the speed of management will be our greatest challenge.

With the aim of enhancing market competitiveness by swiftly grasping and adapting to rapid and dramatic changes in society, automobiles, and people’s lives, the Company formulated the Five-year Rolling Plan to plot out the future direction of the Group. In the fiscal year ended March 31, 2022, we set “Efforts to increase contact points with customers,” “Active response to environmental changes,” and “Efforts to develop people” as key points to promoting the Rolling Plan, in our aim to achieve sustainable growth and realize “Vision 2050 – Creating Our Future Together.”



Key points to promoting the Five-year Rolling Plan



Efforts to increase contact points with customers

AUTOBACS has always been committed to providing customers with the best solutions for their car lifestyles by increasing contact points with customers, accurately grasping customers’ needs, and improving convenience.



Active response to environmental changes

Viewing changes in the environment surrounding our industry, such as advances in autonomous-driving technology and the popularization of electric vehicles, as well as diverse social issues, as business opportunities, the Company is taking the lead in responding to these changes.



Efforts to develop people

With the recognition of the growth of our people as our most important challenge in maximizing corporate value, we are working on a variety of initiatives, including the development of human resources such as certified mechanics and the improvement of working environments.

Enhancing Corporate Value through Efforts to Increase Contact Points with Customers

Our goal is to be a company that continues to be chosen by customers by providing merchandise and services that suit the situations in which our customers use their cars, even as their needs are changing due to the impacts of COVID-19. To this end, we are promoting various measures to increase contact points with customers through the approaches of “expanding bases,” “identifying needs,” and “enhancing convenience.”

Through the provision of three forms of value to satisfy customers’ desire to use their cars in comfort, to enjoy going out by car, and to be more of themselves with their beloved cars, we will strive to differentiate ourselves from our competitors in the increasingly mature car parts and accessories market, which will help to enhance the corporate value of the Company.



List of Efforts to Increase Contact Points with Customers

Approach	Measures	Overview
Expanding bases	Opening of first “GORDON MILLER” (GORDON MILLER KURAMAE) store	Garage lifestyle brand, “GORDON MILLER,” opened its first store. This is the only shop in Japan that sells goods in all categories of the “GORDON MILLER” brand. It has also rolled out the original customized car label, “GORDON MILLER MOTORS.”
	Launch of AUTO IN Shaken & Tire Centers P07	Operations began at AUTO IN, a new store format that specializes in car maintenance services. All six stores are fully certified and designated to perform statutory vehicle safety inspections. Going forward, we aim to open more of these stores in and adjacent to shopping malls and large-scale home improvement stores.
	Launch of three authorized Audi dealerships, joining BMW and MINI dealerships	With the acquisition of all shares in TA Import Co., Ltd. which operates three Audi authorized dealerships, we started operation of dealerships for a third brand, following on from BMW and MINI.
Identifying needs	Full-scale launch of AUTOBACS corporate membership system	The Company launched a new service that gives corporate customers the added convenience of making lump-sum payments for company car maintenance and other automotive goods and services.
	Launch of sales of alcohol testers for corporate customers P07	With the aim of eradicating drunk driving, the Company launched an enterprise version of ALC Cloud, a cloud-based service that detects intoxication and alcohol consumption in drivers before they get behind the wheel of company cars, official vehicles of government offices and municipalities, or their own vehicles for business purposes.
	Presenting our automotive goods and services in catalogs for new-model Nissan vehicles and holding collaboration events under business alliance with Nissan Motor Co., Ltd.	Leveraging the two companies’ merchandise, expertise, and sales networks in both Japan and overseas, we are planning and promoting various collaborations with the aim of providing new added value tailored to customers’ lifestyles.
Enhancing convenience	New functions added to AUTOBACS official app Car maintenance charts introduced	App users can check maintenance information in seven major categories, such as engine oil, tires, and windscreen wipers, for vehicles registered with the app and receive push notifications regarding the timing of replacement, to prevent delays or oversight in maintenance.
	Demonstration experiment of online customer service provided by specialized staff	With the aim of eliminating customers’ hassles related to their car lifestyle, we started a demonstration experiment towards full-scale introduction of online customer service in store and on our e-commerce sites.

FOCUS 1

Expanding Bases

Launch of AUTO IN Shaken & Tire Centers

Provide an abundance of quality services to more customers

Regular vehicle maintenance is essential to keeping cars on the roads safe and secure. With the rapid progress in the introduction of next-generation technologies such as electric vehicles (EVs) and autonomous driving, car maintenance, including statutory safety inspections and tire replacement, will take on increasing importance. The Group strives to provide a greater abundance of better-quality services to our customers, so they can drive their cars in safety and with peace of mind.

Against such a backdrop, in April 2021, the Group acquired all shares in Joyful Shaken & Tire Center Co., Ltd., a company that provided statutory vehicle safety inspections (*shaken*), tire replacement, and other services at six “Joyful Shaken & Tire Center” locations. This newly acquired company became a wholly owned subsidiary and changed its name to BACS Boots Co., Ltd. Subsequently in September 2021, we launched operations under the new trading name of “AUTO IN Shaken & Tire Center.” Factors considered in devising the new name included ease of recognition as a car-related store for customers and ease of pronunciation for employees.

Contribute to customer convenience through synergy with home improvement stores

All six AUTO IN Shaken & Tire Centers are designated stores that are permitted to perform maintenance and statutory safety inspections internally. Located next to home improvement stores, which makes them convenient for customers to drop into, AUTO IN Shaken & Tire Centers specialize in car maintenance services, such as the sale and replacement of engine oil, batteries, and tires, as well as statutory safety inspections and servicing. Customers can use their time effectively by shopping, for example, at the home improvement store next door while their car is being serviced or undergoing a statutory safety inspection. In addition, customers can have automotive goods sold at home improvement stores fitted at an AUTO IN Shaken & Tire Center, contributing to customers' convenience through synergies with home improvement stores.



An AUTO IN Shaken & Tire Center adjacent to a home improvement store

Expanding stores to become your town's car clinic

Looking ahead, we plan to expand “AUTO IN,” a new business format specializing in statutory safety inspections and maintenance, by jointly opening new branches at complexes such as shopping malls and home improvement stores. Our aim is for AUTO IN Shaken & Tire Centers to be seen as familiar, trusted stores by customers and as “your town's car clinic.”

FOCUS 2

Identifying Needs

Launch of Sales of Alcohol Testers for Corporate Customers

Solving social issues related to drunk-driving

In September 2021, the National Police Agency (NPA) announced a proposed amendment to the Enforcement Regulations of the Road Traffic Act that would make it mandatory for business operators with more than a certain number of white license-plate vehicles to conduct roll calls and alcohol testing before and after driving. As a result, since April 1, 2022, business operators are now required to conduct strict driver management to prevent drunk-driving.

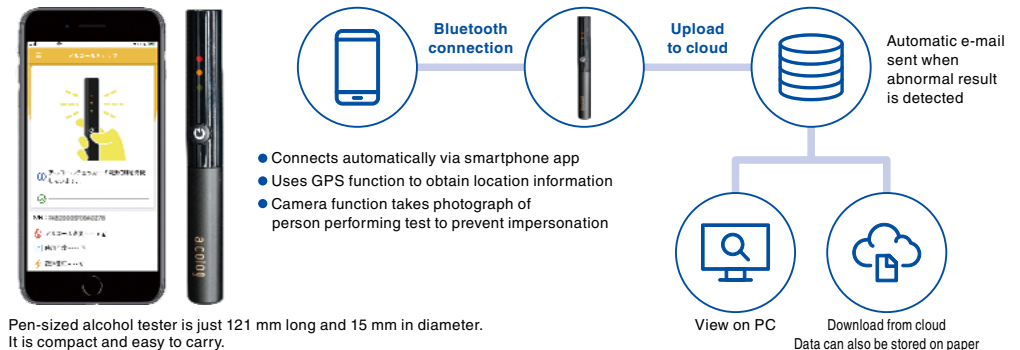
Reacting swiftly to social issues related to drunk-driving, the Company conducted a survey of business operators that use vehicles for business. We analyzed the patterns of use of company cars, which changed due to COVID-19, such as more drivers driving company cars directly between worksites and home, without calling into the company, and issues related to alcohol testing device needs. We then considered new services for business operators, including companies, government offices and municipalities, that use company/official vehicles and employees' personal vehicles for operational purposes.

Cloud-based management for detection of intoxication and alcohol consumption in drivers before and after they drive

Against this backdrop, the Company worked together with TripodWorks CO., LTD. and launched “ALC Cloud,” a cloud-based service for the detection of intoxication and alcohol consumption in drivers, in October 2021. ALC Cloud is a cloud-based service that enables measurements to be checked simply by blowing into a pen-sized alcohol tester that is connected to the cloud via a smartphone app. These results can be stored on the cloud for remote monitoring by managers. When an abnormal result is detected, a notification will be sent automatically to the designated manager, enabling provision of prompt direction to drivers. The smartphone's camera is also activated to prevent impersonation of the driver during testing, and other services are provided that are tailored to environmental changes.

Propose new lifestyles by solving social issues surrounding automobiles

As a company that forms part of the automotive industry, AUTOBACS SEVEN will strive to eradicate drunk driving, which is a problem in a transportation society, through solution-oriented businesses and to contribute to workstyle reform that responds to changes in the times.



Pen-sized alcohol tester is just 121 mm long and 15 mm in diameter. It is compact and easy to carry.

Active Response to Environmental Changes

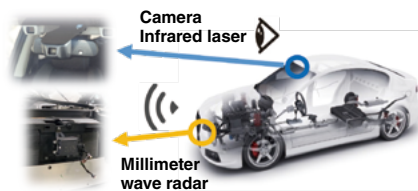
Changes in the Environment Surrounding the Automobile Industry

The environment surrounding the automobile industry has been in a period of a once-in-a-century drastic change with issues of climate changes and technological innovations including CASE. In the era where electric vehicles and advanced safety vehicles equipped with systems to support driver's safety driving are a mainstream, we believe safety and security of vehicles is more deeply related to automobile maintenance and it is important to respond to the changes.

In addition to the disassembly maintenance of conventional automobile's basic performances, i.e., driving, curving, and stopping, the adjustment of cameras and radars to monitor forward which are used for automatic brakes and the maintenance of automatic operation systems are positioned as electronic control system maintenance. In order to carry out such maintenance, it is necessary to have workplaces for inspection and maintenance of electronic control systems and specific tools such as scan tools for maintenance, and to develop employees.

Explanation of Advanced Automobile Technology

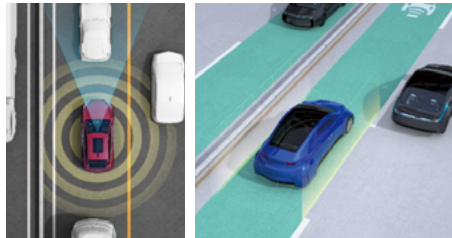
ASV



Advanced Safety Vehicle (ASV) is an automobile equipped with systems to support driver's safety driving by using advanced technology. The ASV technology supports driver's driving safely, respecting driver's will. On the assumption that the driver is voluntarily responsible for driving, as support for safety driving, various safety systems have been developed and put into practical application, including a lane keeping assist control system, a cruise control system for automatically adjusting and maintaining speed, and keeping a safe following distance from the car in front of the vehicle, and a collision damage mitigation brake.

Example of ASV (Lane Keeping Assist Control System)

The lane keeping assist control system is a system to control manipulating force so as to keep on driving along the center of a driving lane. In order to reduce burdens of keeping on driving along the center of a driving lane, the system recognizes the driving lane and mitigate driver's manipulating force necessary for lane keeping. When a vehicle is likely to deviate from the lane for some reason, the system would warn a driver to conduct an operation to go back to the center of lane.



Toward Next-Generation Maintenance in the CASE Era

Under the environment where the revolutionary change has been underway, it is essential to educate and develop automobile mechanics, and have scan tools for maintenance, as well as workplaces for electronic control system inspections and maintenance to maintain changing vehicles. In expectation of such needs, AUTOBACS Group is pushing ahead with collaboration beyond industrial borders and establishment of systems, leveraging our strengths.

Measures	Overview/Objectives
Acquisition of Specific Maintenance Certifications by all 434 stores designated for statutory safety inspections	All AUTOBACS chain stores designated for performing statutory safety inspection (434 stores as of March 29, 2022) fulfilled three certification criteria (facility, workers, machine) for the specific automobile maintenance business, and acquired Specific Maintenance Certifications (electronic control unit maintenance). This allows these stores to provide, in addition to disassembly maintenance, the maintenance of electronic control units such as automatic brakes and the lane keeping function.
Establishment of the maintenance network through a comprehensive alliance with BS-Summit Business Cooperative	We entered a comprehensive business alliance with BS-Summit Business Cooperative, a nationwide car body shop network with automobile maintenance bases throughout Japan. We will establish the maintenance network capable of responding to next-generation technologies, by allowing AUTOBACS stores and BS-Summit Business Cooperative member factories in each area to share information on maintenance and facilities and expertise on maintenance operations, and cooperate with each other.
Cooperation with local dealers and maintenance shops by establishing ADAS Calibration Center	We have established ADAS Calibration Center at AUTOBACS stores to conduct aiming of sensors of Advanced Safety Vehicles. We will create new opportunities for earning profits through mutual cooperation between AUTOBACS stores and local car-related business operators, for example, undertaking subcontracted work from local dealers and maintenance shops, and sharing equipment.
Development of NANO-BT, an original scanning tool	NANO-BT, a uniform scanning tool in AUTOBACS chain, was introduced in order to respond to complicated aiming. By using the equipment common to the stores, we will equalize Group's ability to respond and support the aiming operation.



Active Response to Environmental Changes

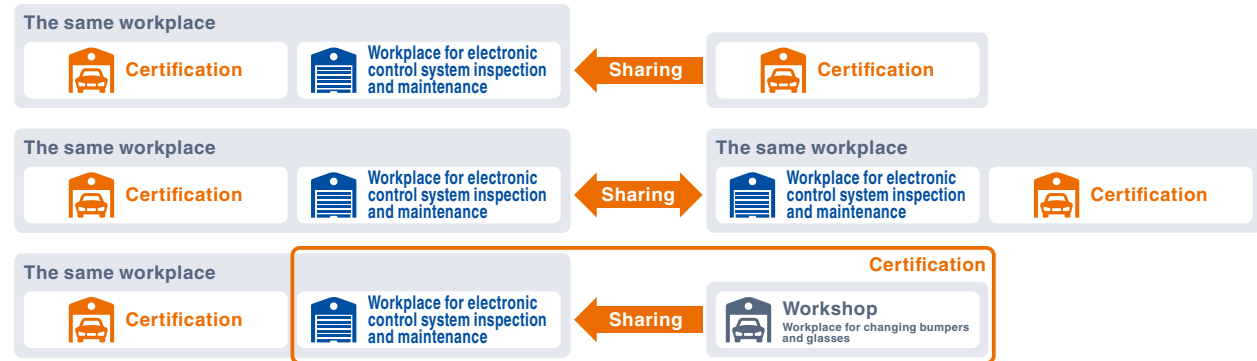
FOCUS 1

Cooperation with Local Dealers and Maintenance Shops by Establishing ADAS Calibration Center

AUTOBACS Group has been establishing systems for demounting and function adjustment (aiming operations) of cameras, etc. for sensing ahead which are used for automatic brakes and a lane keeping function subject to the electronic control system maintenance.

For example, AUTOBACS Group's first ADAS Calibration Center was established at the Super AUTOBACS Kumamoto Higashi Bypass store in July 2021. For local dealers and maintenance shops without the equipment, it started to undertake subcontracted work and also share facilities and equipment. This is an initiative using new rules that it is allowed to share with other business operators a workplace for electronic control system inspection and maintenance of stores with Specific Maintenance Certifications (electronic control system maintenance) in the specific maintenance system. We will create new opportunities for earning profits by collecting usage fees and undertaking more subcontracted work, associated with sharing of equipment related to operations subject to the electronic control system maintenance.

Sharing of remote workplace and equipment



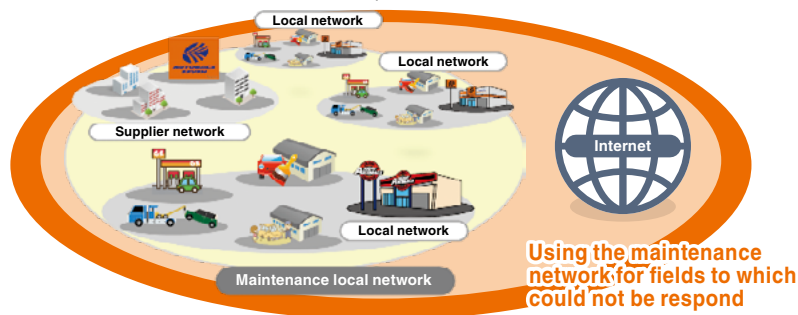
FOCUS 2

Establishment of the Maintenance Network through a Comprehensive Alliance with BS-Summit Business Cooperative

In August 2020, the Company entered a comprehensive business alliance with BS-Summit Business Cooperative, a nationwide network for automobile maintenance. This is an initiative to realize provision of stable maintenance and services by collaborating with car maintenance garages that can handle the maintenance of vehicles that require next-generation technology, and consolidating information on maintenance and facilities, as well as expertise on maintenance operations.

Through this alliance, AUTOBACS stores, which number approximately 600 nationwide, have been deepening their relationships with neighboring BS-Summit Business Cooperative member factories, and promoting the establishment of a local maintenance network in the region.

With cooperation between AUTOBACS stores and BS-Summit Business Cooperative member factories, it became possible to deal with replacement of glasses and other work which used to be turned down depending on vehicles. Like this, we have been establishing systems for providing broader and higher quality services.



FOCUS 3

Strengthening On-site Capabilities to Support Community Safety and Security

The work of an automobile mechanic is an important job that is directly related to the safety and security of our customers. In Japan, a shortage of automobile mechanics has surfaced as an issue of the entire automobile industry. AUTOBACS Group has put emphasis on development of automobile mechanics in order to increase its competitiveness in the market, together with franchisees.

For the franchisees, Chain Growth Co., Ltd., a subsidiary, provides services such as assistance for fostering automobile mechanics, recruitment support for personnel suitable to the automobile industry, as well as assistance for settling down after joining a company, fostering leaders, and establishing an evaluation system. The training facility of Chain Growth Co., Ltd. in Chiba City, Chiba Prefecture has been certified as Naganuma Branch School, a technical institute of Chiba Automobile Service Promotion Association. Accordingly, it became able to provide technical courses which should be conducted by automobile service promotion association in each prefecture, and supports acquisition of the automobile mechanic qualification for AUTOBACS Group. Naganuma Branch School offers a variety of educational materials for learning knowledge and skills as an automobile mechanic, as well as experienced teachers. The school will fulfill roles to solve the urgent issue of a shortage of automobile mechanics in the automobile industry, and develop AUTOBACS Group.



Efforts to Develop People

Continue to Make Efforts to Develop People and Maximize Our Corporate Value

In order to improve effectiveness of Vision 2050 – Creating Our Future Together and the Five-year Rolling Plan, human resources who promote them are important. Believing the corporate value is maximized through the growth of people, the Company has put emphasis on various efforts to develop people, including promotion of health management and expansion of opportunities for human resource development, in addition to recruitment, development, and retention of maintenance personnel. Through these efforts, we will realize the “development of organization and personnel” and aim to increase productivity of the entire AUTOBACS Group including the Group and franchisees.

Our Efforts to Develop People



AUTOBACS GUYS

AUTOBACS GUYS, a role model of professional and friendly certified mechanics

P38



Certified mechanic training

Efforts by AUTOBACS Group to recruit, develop, and retain certified mechanics

P38



Development of management personnel

Development of personnel with management perspective through the in-house company system

P40



Employee Good Value Awards

Fostering culture of complimenting and recognizing each other

P37



Health management

Creating healthy and active workplaces

P37



FY2021 AUTOBACS AWARDS

Commending staff and stores that offered excellent customer services, sincerely facing customers

P37



Foreign technical interns

Passing on automobile maintenance techniques to foreign human resources

P38



Selective training

Selective educational training for young personnel under 30 years old

P40



Management training Gender training

Promoting diversity and autonomous career formation

P36



Work-Style Reform Project

Creating a comfortable workplace for diverse personnel

P36

Message from the Director and Officer in Charge of Finance



Tomoaki Ikeda

Director and Officer, Finance & Accounting / PR & IR

We will carefully consider and implement investment for sustainable growth, while striving for the improvement of profitability.

Summary of business results for the fiscal year ended March 31, 2022

Although the strong impact of the COVID-19 pandemic continued from the previous fiscal year into the fiscal year ended March 31, 2022, the final results were consolidated net sales of 228.5 billion yen, an increase of 8.1 billion yen from the previous year, consolidated operating income of 11.5 billion yen, up 900 million yen from the previous year, and profit attributable to owners of parent of 7 billion yen, a decrease of less than 50 million yen. As the results at all levels exceeded our plans announced at the beginning of the fiscal year, we recognize this as a good result, given the current societal situation. (Year-on-year comparisons are simple comparisons with the actual results for the previous fiscal year prior to application of the Accounting Standard for Revenue Recognition and other standards.)

Allow me to explain the results for each segment in slightly more detail. In the Domestic AUTOBACS Business, customer numbers trended downward in the first half of the fiscal year due to the effects of voluntary restraint on going out due to COVID-19. On the other hand, in the second half of the fiscal year, as COVID-19 case numbers fell, net sales and customer numbers started to recover. In addition, the Company's strategy of capturing demand for winter merchandise (studless tires, tire chains, etc.) owing to cold snaps and snowfalls proved successful, resulting in a significant increase in profit. By merchandise, both summer and winter tires performed well, as did maintenance parts and wheels, while car electronics (dashboard cameras, car navigation devices, etc.) struggled, affected by the prolonged shortage of semiconductors and reduced production of new cars.

The Overseas Business was strongly affected by the COVID-19 pandemic, particularly in the Asian region, but AUTOBACS AUSTRALIA PTY LTD, which operates a wholesale business, recorded increases in both sales and profits, thanks to firm sales of car electronics merchandise and transceivers, in addition to developing new suppliers and introducing new OEM merchandise. Sales in France gradually recovered, despite continued unstable conditions caused by the government repeatedly imposing and lifting restrictions on outings in view of the spread of COVID-19, and operating loss was reduced. As a result of the above, despite an increase in sales, operating loss in the Overseas Business expanded due to increases in selling, general and administrative expenses, which had been curtailed in the previous fiscal year.

In the Car Dealership, BtoB and Online Alliance Business, car dealerships and BtoB performed well, but due to advance investments for the future of the online alliance business, operating loss increased slightly.

As I mentioned in the beginning, although business results exceeded the plans announced at the beginning of the fiscal year for both sales and profits, even with the pandemic, when viewed by segment, there are issues that remain to be addressed. We recognize the need to step up the pace of improvements in those segments and businesses that recorded losses, while at the same time undertaking an even more in-depth review of our cost structures.

Message from the Director and Officer in Charge of Finance

Promotion of the Five-year Rolling Plan and financial strategy

AUTOBACS SEVEN has declared as its corporate vision "Vision 2050 – Creating Our Future Together." This is the Company's ultra long-term vision. The Five-year Rolling Plan, which has served as our medium-term plan to achieve that vision, began in the fiscal year ended March 31, 2020.

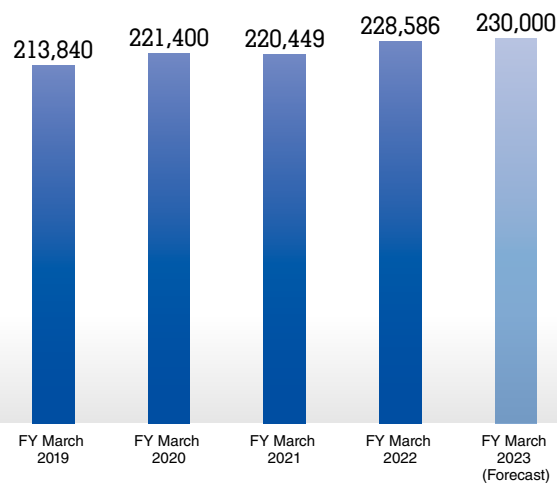
The emphasis of our financial strategy in this Five-year Rolling Plan is to review our business portfolio to strengthen the management of the individual businesses, and also to work on strengthening investment returns management, resulting in the improvement of capital efficiency.

Naturally, we have always been conscious of balance sheet and cash flow control at a management and executive level. In particular, ROE, ROA, and other indicators that are a focus for shareholders and investors are the subject of lively discussion in the Five-year Rolling Plan. On the other hand, awareness of these indicators has not sufficiently penetrated across the entire company.

In the past three years, we have completed preparations for ROA management for the individual businesses, and ROA indicators have already been adopted as criteria for the evaluation of our Officers. Next, we will go one step further than ROA and give consideration to management using ROIC. In cash flow management, which is currently underway, we are promoting

Trends in net sales

(Millions of yen)



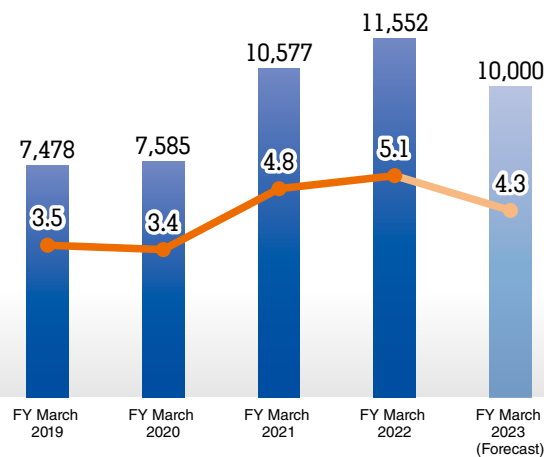
improvements in the use of funds on a consolidated basis. At this point in time, we believe that a net cash level of around 20 billion yen on a consolidated basis is appropriate for the Company. In May 2020, in the early stages of the COVID-19 pandemic, due to the need to provide cash flow support for our franchisees in those unprecedented circumstances, we urgently secured short-term finance of 5 billion yen, which we repaid in full in one year. Meanwhile, in March 2022, we procured long-term finance of 3 billion yen in consideration of our immediate need for investments in next-generation store systems. We will continue to give flexible consideration to the procurement of finance as required.

In addition, it goes without saying that we are constantly aware of ROE. Our ROE was 5.8% for the fiscal year ended March 31, 2021 and 5.7% for the fiscal year ended March 31, 2022, and we need to aim for an even higher figure. Three years have passed since the Five-year Rolling Plan began, and I feel strongly that we need to move on from the seed-sowing that we have been doing so far to a stage of selection and concentration, and then on to the harvesting stage.

Specifically, we will further enhance our earning power, especially in the Domestic AUTOBACS Business, our core business. At the same time, we need to step up our efforts to review our company-wide cost structure. While actively making investments for future growth, with a focus on online alliances,

Trends in operating income/operating income ratio

■ Operating income (millions of yen) ■ Operating income ratio (%)



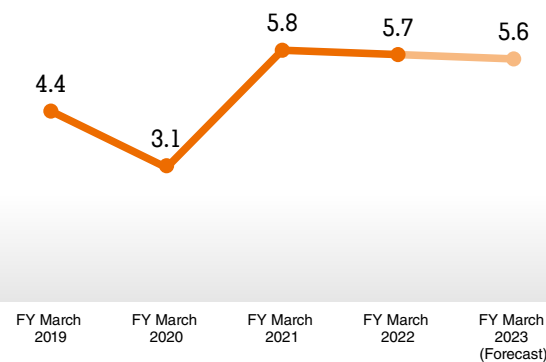
DX, next-generation maintenance, and climate change action, we will consider withdrawing from businesses that show low returns on investment. In our decision-making processes for businesses and M&As, we establish appropriate hurdle rates, depending on the nature of the business activities, and assess the investments by giving them careful consideration repeatedly in forums including the Board of Directors, Executive Committee, and Investment Review Committee.

ESG and SDGs promotion

In January 2021, the Group launched the ESG & SDG Project, with the Chief Executive Officer as project leader. This project began when, in the course of dialogues with analysts and institutional investors, I realized that our efforts toward ESG and the SDGs were inadequate, and I proposed the launch of this project with a desire to enhance our efforts. My feelings on this point have not changed, but I have lately been sensing a change across the Company. That is, I have noticed momentum building toward CSV (Creating Shared Value), that is, based on the understanding that companies must solve social issues to be needed by society, to aim to solve social issues and generate economic value at the same time. Declaring our "Vision 2050 - Creating Our Future Together," we aim "to create a safe, secure,

Return on equity

(%)



*The Accounting Standard for Revenue Recognition began to be applied in FY March 2022.

Message from the Director and Officer in Charge of Finance

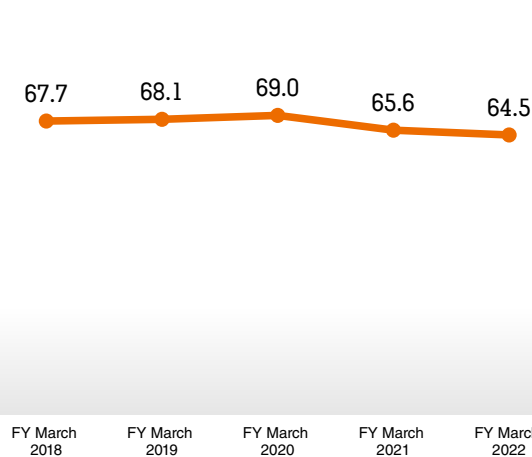
and gentle society in which people, cars, and the environment exist in harmony” as “Our Ideal Society.” In the process of realizing that goal, we are also devoting serious discussion across the entire company to the creation of economic value.

Just under two years have passed since this project was launched, and in that time, our four materiality (priority) issues were approved by the Board of Directors. We announced them in May 2021. Subsequently, the project was transitioned to a company-wide project in September 2021. The 15 Officers without director responsibilities, alongside 44 General Managers and Group Managers, have separated into teams for each materiality issue. After exhaustive discussions as task forces over a period of six months, they formulated proposals for 12 non-financial targets and KPIs for those targets.

The non-financial targets were announced publicly in May 2022 after deliberation and approval in the Board of Directors. Subsequently, the promotion leaders and Officers in charge were decided, and after exhaustive discussions, the KPIs were finalized in October 2022. At the same time, there has been ongoing discussion about targets not only for AUTOBACS SEVEN, the Company itself, but also for the AUTOBACS chain, including franchisees. Common targets for the entire AUTOBACS chain, including franchisees, will be set from the fiscal year ending March 31, 2024, and we will unite as a chain to work toward the achievement of those targets.

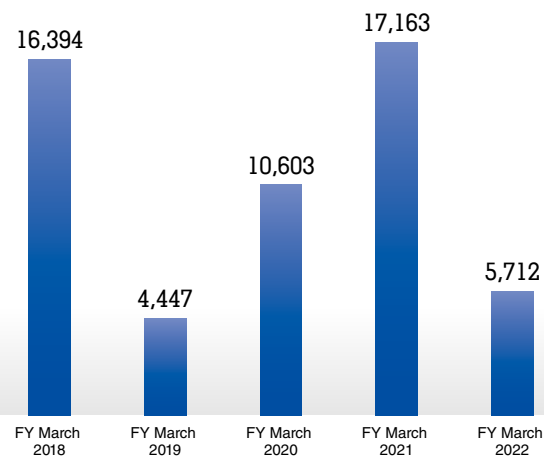
Capital-to-assets ratio

(%)



Cash flows from operating activities

(Millions of yen)



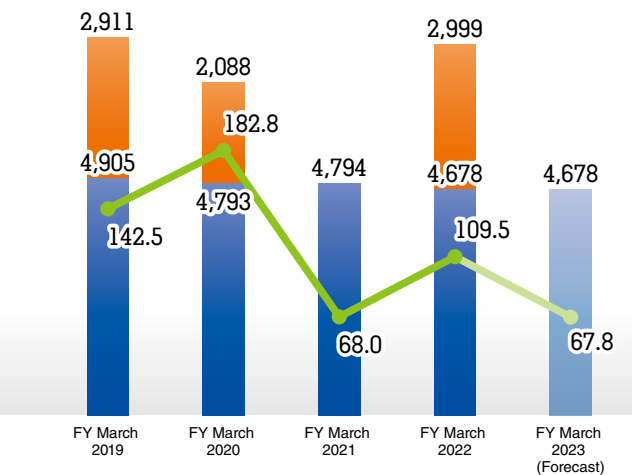
Shareholder return policy

As the Company recognizes the return of profits to our shareholders as an important policy, we have made it our basic policy to work for stable and flexible shareholder returns. Our aim under this policy is to achieve a cumulative total shareholder return ratio of 100% during the period of five years of the Five-year Rolling Plan from the fiscal year ended March 31, 2020. In the fiscal year ended March 31, 2022, interim and year-end dividends of 30 yen per share each were paid, for an annual dividend of 60 yen per share. In addition to acquisition of 2 million treasury shares worth 3 billion yen during the period from May to September 2021, we retired 2 million shares of treasury stock (2.4% of the total number of shares issued and outstanding) in May 2021. As a result, the consolidated dividend payout ratio for the fiscal year ended March 31, 2022 was 67.3%, and the cumulative total shareholder return ratio for the three years since the fiscal year ended March 31, 2020, when the Five-year Rolling Plan began, reached 108.6%.

We place great importance on constructive dialogue with our shareholders and investors. The IR Department takes the feedback it receives from shareholders and investors in these dialogues and passes it onto Directors and Officers on a regular basis. We are committed to continuing to engage in sincere and reliable dialogue going forward. We appreciate shareholders and investors for their continued support and guidance.

Trends in dividends, share buybacks, and total return ratio

■ Amount of dividend payment (millions of yen) ■ Share buyback amount (millions of yen) ■ Total return ratio (%)

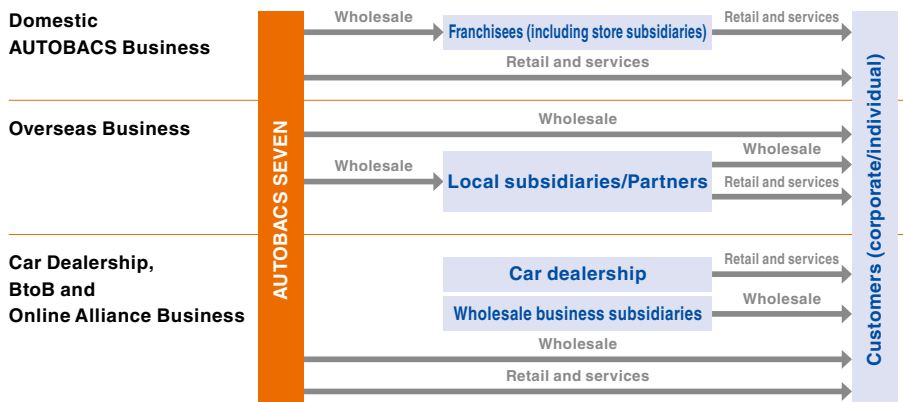


At a glance

Business Activities

We operate mainly the Domestic AUTOBACS Business where we serve as the franchise headquarters for the AUTOBACS chain which sells automotive goods and provides the service of installing and replacing them, performs statutory safety inspections and maintenance services, and purchases and sells used cars. We also operate wide-ranging businesses related cars, including overseas wholesale and retail operations of automotive goods and services, operation of car dealerships, and wholesale of automotive goods and services targeting corporate customers, including home improvement stores and car maintenance garages.

AUTOBACS SEVEN's Business Model



Fiscal year ended March 31, 2022

Consolidated Net Sales

228.5 billion yen

Operating Income

11.5 billion yen

Profit Attributable to Owners of Parent

7.0 billion yen

ROE

5.7%

Number of Stores and Locations of Operations



Competitive Advantages of AUTOBACS Which Support Our Business Model

Brand recognition		Store and logistics network			Professional and friendly human resources	
Franchise system	Share of domestic automotive goods and services stores market No. 1	Domestic store sales 269.9 billion yen	Number of domestic stores 588 stores	Number of active members About 7.6 million	Number of AUTOBACS chain employees About 15,000	
Tire shops No.1	Weighting of private brand products 14.7%	Network linking 47 prefectures	Designated stores (Private statutory safety inspection stores) 434 stores	Overseas operations 62 stores in 9 countries/regions	Number of automobile mechanics About 3,700	Number of car lifestyle advisors About 9,000

Awareness of Business Environment

CASE
 Social issues surrounding cars
 Diversifying car lifestyle
 COVID-19
 Climate change

*CASE: A word made by stringing together capital letters of "Connected," "Autonomous," "Shared & Services," and "Electric" which are key words indicating directionality of automotive evolution

Macro Trend

✓ **CHANCE**

- ▶ Increased frequency of using cars in the wake of non-contact lifestyle resulting from the COVID-19 pandemic, and changing awareness of automobiles as "private space"
- ▶ Solid demand for statutory safety inspections and vehicle maintenance, etc. with the trend toward longer ownership of cars
- ▶ With the spread of advanced safety technology, it is essential to respond to electronic control unit maintenance

— **NEUTRAL**

- ▶ Penetration of new services such as car sharing and subscription
- ▶ Acceleration of the electrification of vehicles toward carbon-neutral
- ▶ As online purchase became commonplace, the boundary between real and online got vague
- ▶ Resolution of traffic issues of local communities

✗ **RISK**

- ▶ Decline in demands for car electronics, etc. due to a decrease in production of new cars owing in part to a shortage of semiconductors caused by the COVID-19 pandemic, and a decrease in the number of used cars registered
- ▶ A shortage of automobile mechanics in the entire industry
- ▶ Fiercer competition beyond business types and store formats, including emerging EV manufacturers and advanced safety technologies
- ▶ The number of automobiles held in Japan will be on a gradual downward trend
- ▶ Surging prices due to skyrocketing prices of crude oil and raw materials

AUTOBACS SEVEN

	Five-year Rolling Plan P17, P18	Materiality P32-P38
Maximization of strengths	Use information and expertise through a network beyond industrial boundaries, and obtain demand for maintenance	Accelerate development of new materials and recycled products, in response to demand for environmental friendliness with a backdrop of increasing awareness of carbon-neutral
Overcoming of weak points	Enhance and utilize information infrastructure	Promote management reform with DX
Positive risks	In response to the spread of EVs and evolution of automobiles, create new customer value based on establishment of networks and organic cooperation	Foster corporate culture that can bring about innovation by creating culture which respects diverse human resources and senses of value.
Negative risks	Incompetent organizational governance arising from overgrown and more complicated networks with business operators and suppliers	Damage to corporate value caused by insufficient response to ESG issues such as human rights violations in a supply chain

Value Creation Model

Reinvestment



Source of value creation P14

Brand recognition

Franchise system **No.1**

Tire shops **No.1**

Weighting of private brand products **14.7%**

Store and logistics network

Domestic store sales **269.9 billion yen**

Number of domestic stores **588 stores**

Number of active members **About 7.6 million**

Network linking **47 prefectures**

Designated stores (Private statutory safety inspection stores) **434 stores**

Overseas operations **62 stores in 9 countries/regions**

Professional and friendly human resources

Number of AUTOBACS chain employees **About 15,000**

Number of automobile mechanics **About 3,700**

Number of car lifestyle advisors **About 9,000**

Five Business Infrastructures P17-18

HR Infrastructure

IT Infrastructure

Information Infrastructure

Logistics Infrastructure

Financial Infrastructure

Seven Businesses P25-31

Lifestyle Business

Expansion Business

Car Dealership Business

Online Alliance Business

Overseas Business

BtoB Business

Domestic AUTOBACS Business

Six Networks P17-18

Automotive-related Goods Sales

Service Pit

Next-Generation Maintenance

Online

Multi-Dealer

Overseas Alliances

Multi-Dealer

Three values provided P06

Self-expression

Be more of yourself with beloved cars

Safety and security

Use cars more comfortably

Experience and discovery

Enjoy going out by car

Achievement of financial targets

Achievement of non-financial targets P33

2050 未来共創

2050 Creating Our Future Together

Economic value

Maximization of cash flows

Social value

Realization of purposes

Important social issues that need to be proactively resolved

1. Realization of a cyclical and symbiotic society
2. Response to climate change
3. Revitalization of local communities
4. Pursuit of diverse human resources and diverse work styles
5. Creating healthy and rewarding jobs

Materiality P32-38

Creation of businesses that solve social issues

Enhancing efforts that consider the environment and society

Development of organization and personnel

Sustainable and strong management base

Provision of merchandise and services suitable for customer's purpose of use

AUTOBACS SEVEN's Strategy to Realize "2050 Creating Our Future Together"

AUTOBACS SEVEN Vision
for long-term and sustainable growth

2050 Creating Our Future Together P01

"Leverage our network to provide a variety of services tailored to customer car-use situation"

Strategy from business model perspective Five-year Rolling Plan

Aim of the Five-year Rolling Plan

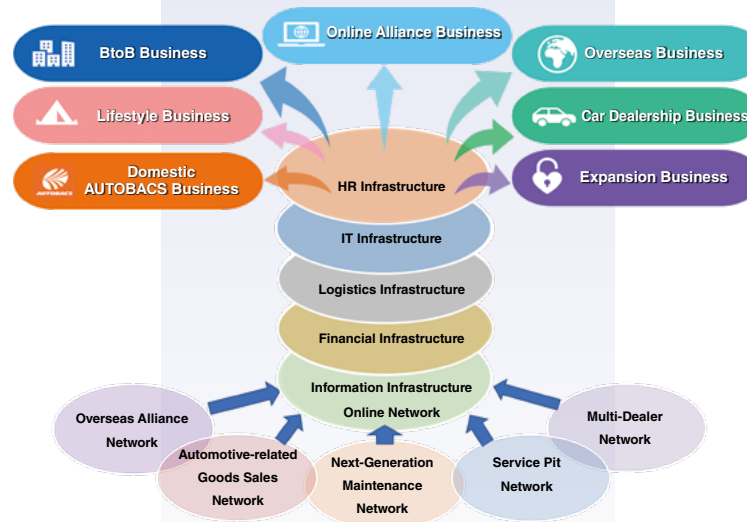
Promote active collaboration that transcends industry boundaries to improve customer convenience

The external environment in which the Group operates is constantly changing, and the needs and values of our customers are becoming increasingly diverse. P15 As represented by the word "CASE" an acronym coined to describe "Connected, Autonomous, Shared, and Electric" mobility, the automotive industry has entered a once-in-a-century period of change, with the development of autonomous cars and the spread of electric vehicles. To achieve sustainable growth under such circumstances, we believe that a Group-specific system that can grasp changes and respond to them quickly is necessary. To this end, our aim is to continue offering merchandise and services that are tailored to the situations in which our customers use their cars, by establishing Six Networks in cooperation with businesses that have strengths in their respective areas.

Approach

Through collaboration that transcends industry boundaries, we are promoting the establishment of and collaboration among the Six Networks by integrating all information owned by each network into an online network. We are also building Five Business Infrastructures that will enable the new value produced by the networks with other companies to contribute to our Seven Businesses and develop them further. We will use digital transformation (DX) to further develop organic collaboration of information, business operators, human resources, and facilities through these networks and business infrastructures. We will generate proposals tailored to customers' car-use situations and lifestyles that transcend the boundaries of automotive goods and services sales, for the realization of unprecedented new products and services.

In this way, we will create, in a sustainable way, three forms of value for customers, namely "Safety and Security," "Experience and Discovery," and "Self-expression," and provide a variety of services tailored to specific situations in which our customers use their cars through the networks.



Strategy from ESG perspective Materiality

Society is witnessing the emergence of a variety of issues, including climate change. With a focus on ESG, AUTOBACS SEVEN is considering a wide range of social issues and is working to establish a sustainable society by leveraging our business strengths.

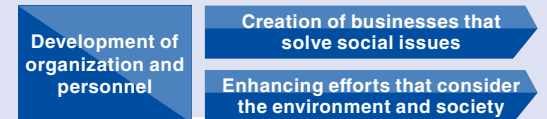
Important social issues that need to be proactively resolved

1. Realization of a cyclical and symbiotic society
2. Response to climate change
3. Revitalization of local communities
4. Pursuit of diverse human resources and diverse work styles
5. Creating healthy and rewarding jobs



The Company has 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.

Materiality



Sustainable and strong management base

Five-year Rolling Plan - Overview

Network/infrastructure	Plan overview
Automotive-related Goods Sales Network	▶ While striving to further strengthen the AUTOBACS chain, we will collaborate with all types of businesses, including home improvement stores and other automotive goods and service retailers. By mutually utilizing the resources of each company, we will enhance our market competitiveness.
Service Pit Network	▶ With EC website, AUTOBACS.COM, as a starting point, in addition to collaborating with installation businesses, we will also fit and provide merchandise and services purchased through other websites or channels.
Next-Generation Maintenance Network	▶ We will provide maintenance and services most suited to the customer by consolidating maintenance information on next-generation automobiles and customer information held by car maintenance companies and the Company, as well as through mutual coordination of equipment and operational expertise.
Multi-Dealer Network	▶ As a contact point with automobile manufacturers, we will acquire information and trends regarding cutting-edge automotive technologies and strengthen the market competitiveness of each business.
Overseas Alliance Network	▶ We will incorporate new technologies, services, and business models from overseas alliances and utilize them in the advancement of our existing businesses and the creation of new businesses. We will also develop channels for international procurement and wholesale to contribute to the improvement and strengthening of the domestic value chain.
Online Network [Strategy for building Information Infrastructure]	▶ We will digitalize and utilize all customer contacts obtained from individual networks to enhance customer relations tailored to customers' car-use situations and lifestyles, transcending the boundaries of automotive goods and services sales. This will directly contribute to the individual businesses.
Strategy for building HR Infrastructure	▶ We will increase our earning capacity by reforming our organization to create innovation and by maximizing human capital value, based on "creating rewarding workplaces," "creating mechanisms and systems that encourage challenges," and "strategic placements based on human resource data."
Strategy for building IT Infrastructure	▶ We will create value from the customer's perspective and establish competitive advantage, as well as conducting operational reforms and improving labor productivity, by realizing IT and DX that can respond swiftly to changes in business models and environmental changes.
Strategy for building Logistics Infrastructure	▶ We will strive to promote digital transformation in logistics, including collaboration with external parties, to improve the efficiency of the logistics structure for the Domestic AUTOBACS Business, and to build logistics functions to accommodate the expansion of EC business and other small-lot delivery services. In this way, we will work to resolve various logistics issues and promote the implementation of future-oriented initiatives.
Strategy for building Financial Infrastructure	▶ We will work to strengthen investment returns management of individual businesses and to improve their capital efficiency by reviewing their business portfolios and cost structures and improving their profitability. We will conduct shareholder returns with the aim of a cumulative total return ratio of 100% over the five-year period.

Five-year Rolling Plan - Focus Topics

Logistics Reform with AI-based Logistics DX

Recognition of issues for realization of 2050 Creating Our Future Together

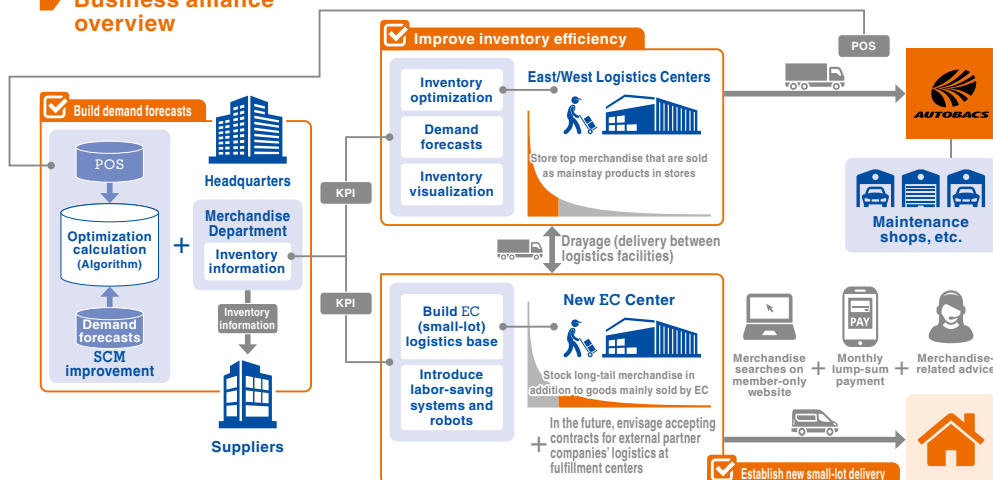
AUTOBACS SEVEN positions the provision of automotive goods and services as our core business. For this reason, the reform of our logistics systems to achieve the optimization of delivery by leveling shipping volumes and improving the efficiency in the use of funds through efficient inventory management is a matter of urgency. To build the Logistics Infrastructure, one of the Five Business Infrastructures outlined in the Five-year Rolling Plan, we are working on logistics reform using cutting-edge technology.

Medium-to long-term strategy for building Logistics Infrastructure

In January 2022, AUTOBACS SEVEN concluded a capital participation and business alliance agreement with GROUND Inc. (GROUND) and, leveraging the GROUND Warehouse Execution System (GWES) and sharing logistics expertise, we began implementing various initiatives that focus on the visualization of inventory at logistics bases and the optimization of merchandise procurement. GWES is an integrated management and optimization system for logistics facilities developed by GROUND.

Our aim is to reduce inventory by around 20% from current levels by fiscal 2026. We hope to achieve this through the visualization of inventory at our Eastern Japan Logistics Center and Western Japan Logistics Center, where automotive goods are stored for shipping to around 600 AUTOBACS stores nationwide. Taking item-specific storage costs into account, as well as the quantity and duration of merchandise stored in the logistics facilities, we will work to optimize delivery and achieve efficient inventory management based on prompt decision-making achieved through appropriate operation of logistics facilities and merchandise procurement.

Business alliance overview



Specific initiatives for logistics reform

1. Visualization of inventory, improvement and optimization of inventory efficiency
2. Building of data-based demand forecasts
3. Sharing of inventory and inventory information between logistics facilities
4. Building of small-lot delivery logistics

Specifically, for the improvement of inventory efficiency, we will plan and build a demand forecasting system that uses inventory information and various market data (sales planning information, seasonal factors, etc.), including POS data from AUTOBACS stores, and implement initiatives that aim to optimize procurement and receipt at logistics facilities.

By sharing inventory and inventory information between logistics facilities, such as the Eastern Japan Logistics Center and the Western Japan Logistics Center, we will strive to realize inventory optimization and smart deliveries.

Going forward, we also plan to build an EC logistics function that will specialize in small-lot deliveries, with the aim of expanding our EC business.

AUTOBACS SEVEN's logistics reforms

Business alliance overview

Build new logistics infrastructure using cutting-edge technology (GROUND's GWES, expertise and knowledge)
Work to improve and optimize inventory efficiency through visualization of inventory

Based on expertise and technology cultivated in the construction of new Logistics Infrastructure

Plan and build demand forecasting system and optimize procurement and receipt at logistics facilities
Share inventory and inventory information between facilities to realize inventory optimization and smart deliveries

Plan EC logistics center specializing in new small-lot delivery services and build small-lot delivery logistics

TOPICS

Certified as DX Business Operator by METI

AUTOBACS SEVEN has been certified as a DX business operator under the DX Certification established by the Ministry of Economy, Trade and Industry of Japan. To respond flexibly to business model reforms and environmental changes, we declared a goal of "building business models and organizations by utilizing digital technology" in our Five-year Rolling Plan and are working to promote DX.

In addition to logistics reforms, we have conducted a demonstration experiment of online customer service to eliminate labor shortages in stores and to meet the needs of EC site customers who want to be served by expert staff. In this way, we are promoting the visualization of customer service contents and collaboration with external parties. We are also engaging in various demonstration experiments to accommodate the environment, such as remote support for service pits, sharing of service pit knowledge, task leveling, and improvement of efficiency of human resource development.



Leaders Who Drive Efforts to Realize “2050 Creating Our Future Together”



Yugo Horii

Representative Director and Chief Executive Officer

Kiomi Kobayashi

Director and Chairman

Kozo Sumino

Director
Full-time Audit and Supervisory Committee Member

Tomoaki Ikeda

Director and Officer

Shinichi Fujiwara

Director and Senior Managing Executive Officer

Eiichi Kumakura

Director and Senior Managing Executive Officer

Yoshiko Takayama

Outside Director

Takayoshi Mimura

Outside Director











Masami Koizumi

Outside Director
Full-time Audit and Supervisory Committee Member

Minesaburo Miyake

Outside Director
Audit and Supervisory Committee Member

Leaders Who Drive Efforts to Realize “2050 Creating Our Future Together”

Name	Position	Expected roles	Skills												
			Management experience	Group management	Business diversification	Personnel, labor, organization	Capital cost management, financial strategy	Insight and experience in the Company's business fields	Accounting, finance, taxation	Auditing	Law	ESG/ Sustainability	Gender, international perspective, etc.		
	Director and Chairman	To improve effectiveness of decision making and supervisory functions of the Company's Board of Directors meetings, taking advantage of a wealth of experience gained in his past role as Representative Director and Chief Executive Officer	○	○	○				Wholesale/ Retail	○				○	
	Representative Director and Chief Executive Officer	To contribute, as the leader of management, to a sustainable growth and improvement in corporate value of the AUTOBACS Group in a drastically changing business environment by driving further reforms at a speed that exceeds the pace of change	○	○	○				Distribution/ Global				○		○
	Director and Senior Managing Executive Officer	To make decisions on important matters and supervise other Directors' performance of duties, drawing on his abundant experience and track record in the fields of merchandising and sales operation in the Domestic AUTOBACS Business and relationship building with franchisees	○	○					Wholesale/ Retail		○			○	
	Director and Senior Managing Executive Officer	To drive sustainable growth of the AUTOBACS Group, drawing on his significant track record in sales, marketing, and area strategies in the Domestic AUTOBACS Business				○	○		Retail/ Marketing		○			○	
	Director and Officer	To promote capital cost management, make accurate investment decision, and conduct constructive communication activity with shareholders, investors, and other stakeholders, drawing on his deep knowledge about finance, PR, investor relations, and sustainability		○				○	Wholesale/ Retail		○			○	
	Outside Director	To drive the effort to enhance the Company's corporate governance, drawing on her experience in providing advisory services in finance and M&As and expertise in investor relations and corporate governance						○	Global					○	○
	Outside Director	To supervise the Company's operation as an Outside Director and an Independent Director, from the viewpoint of general shareholder protection, drawing on the track record of driving development and growth of business corporations in the global market	○	○	○				Manufacturing/ Distribution/ Global					○	○
	Director (Full-time Audit and Supervisory Committee Member)	To contribute to ensuring effectiveness of audits, as well as securing soundness and appropriateness and improving transparency of the Company's decision-making, drawing on his experience and achievements in a wide range of areas such as AUTOBACS business, business administration, new business, and overseas business	○	○					Wholesale/ Distribution		○	○			
	Outside Director (Full-time Audit and Supervisory Committee Member)	To contribute to ensuring effectiveness of audits, as well as securing soundness and appropriateness and improving transparency of the Company's decision-making, drawing on his experience and expertise on business administration, investor relations, governance, and SPA gained through his involvement in administrative practices at business corporations	○	○				○	Wholesale/ Retail		○	○			
	Outside Director (Audit and Supervisory Committee Member)	To actively offer inputs as an Outside Director and an independent audit and supervisory board member from the viewpoint of general shareholder protection, drawing on his extensive and considerable experience in corporate management, which includes strengthening of group governance, active investment conscious of the business portfolio and monitoring	○	○	○				Wholesale/ Manufacturing/ Marketing			○		○	

Round-table Talk by the Outside Directors

“Pursue reform toward an aggressive mindset to suit the times, while cherishing the sincere corporate culture.”

“Review of the business portfolio will be a challenge going forward.”

A sincere corporate culture of putting customers first is a major asset.

High expectations of the leadership of CEO Horii and his spirit of challenge.



Minesaburo Miyake

Outside Director
Audit and
Supervisory Committee Member

Yoshiko Takayama

Outside Director

Masami Koizumi

Outside Director
Full-time Audit and
Supervisory Committee Member

—What are your impressions of the Company and the Board of Directors?

Takayama: I believe that the corporate culture of this company can be described as serious and sincere. This may be because the Company achieved growth under the strong leadership of the founder and because, for many years, everybody worked together as one to manage the Company in line with the founder’s policies. Rather than expressing their own opinions and taking on challenges boldly, there seems to be a strong culture of accomplishing things in a steady but sure way. However, in the past few years, I have noticed a shift in the corporate culture toward a tendency to take on various challenges in a more aggressive manner. It seems to me that the Company is now in a transitional period.

Miyake: I agree. Everyone here seems very mild-mannered and kind. On the other hand, it seems to me that there is little tendency among the Company’s internal members to actively debate or argue with each other in forums such as Board of Directors meetings or Officers Committee. For example, when a new business is not progressing well, it can sometimes be a good idea to consider changing course toward a better direction. In the Company’s core Domestic AUTOBACS Business, as well, I sense a certain weakness when it comes to discussing further improvement in profitability and growth more thoroughly. I feel that, while the Company does have a sense of cohesion and unity, it could be made even better if there were more lively debate in the Board of Directors meetings.

I have very high expectations that Mr. Horii is taking the current situation of the Company seriously. It may have seemed at times that the Company, being the biggest player in the industry, could afford to rest on its laurels, but I have noticed a determination in Mr. Horii to demonstrate his leadership with a strong sense of crisis.

Koizumi: My impression of the Company is that it has a very clear philosophy and vision. Its DNA as a retail business, including its attitude toward customers, has strong roots in the Company. As it has been more than 70 years since it was founded, it will remain important to ensure that its founding philosophy remains embedded in the Company and never fades.

My impression is that discussions between the internal Directors who also serve as Officers, the Outside Directors, and

the Audit and Supervisory Committee Members are very lively. I also feel strongly that the Company is ahead of other listed companies in terms of its evaluation of the effectiveness of the Board of Directors.

“The Five-year Rolling Plan is an excellent achievement that indicates the path that the Company should take. On the other hand, a review of the business portfolio will also be needed.”

—What is your assessment of the Five-year Rolling Plan?

Takayama: The previous CEO, Mr. Kobayashi, did an excellent job in 2019 creating the framework for the Five-year Rolling Plan, namely the Six Networks, the Five Business Infrastructures, and the Seven Businesses generated from them. In Board of Directors meetings and other meetings, our discussions were always based on the concept of the Five-year Rolling Plan, and it is my impression that the contents of the Plan have been sufficiently shared throughout the entire Company. Going forward, I do believe that, in the course of executing the Five-year Rolling Plan, the Company will also need to optimize its overall business portfolio.

Miyake: Starting various discussions based on the Five-year Rolling Plan is an efficient way of doing things. It has also made it easier to clarify the timing for reviewing the individual businesses. It may be a good idea to communicate the benefits of the Five-year Rolling Plan to stakeholders in more specific detail. I also feel that the Company could do more to take advantage of the strength that the approximately 600 AUTOBACS stores represent.

Koizumi: My impression is that the Five-year Rolling Plan has been extremely well considered within the value creation process of the Company. Digital transformation (DX) is one factor that is critical to the success of the Plan, and I look forward to the fusion between physical stores, which are an absolute strength of the Company, and DX. Having such a large number of physical stores, including franchisees, gives the Company an overwhelming competitive advantage. As information obtained at the point of sale at physical stores has considerable value, combining that with DX to make it more effective will become a very strong strategy for the Company going forward.

“The participation of Outside Directors in internal meetings at an early stage enables the Board of Directors to maintain a high standard of effectiveness.”

—I would like to ask you about the effectiveness of the Board of Directors. What kinds of discussions have been held at the Board of Directors meetings?

Takayama: There are certain prerequisites that the Board of Directors must satisfy to ensure that it maintains effectiveness and demonstrates a supervisory function. Firstly, the members of the Board, and the Outside Directors in particular, need to have a full understanding of the state of the Company's business and management. Secondly, matters that are truly important for the Company must be raised on the agendas of Board of Directors meetings. Thirdly, ample time must be devoted to exhaustive discussion of those matters. If these prerequisites are met, even if the conclusion is that the Outside Directors and the executive side are of the same opinion, we can say that the supervisory function has been fully demonstrated.

At AUTOBACS SEVEN, there are three meetings before discussion takes place in the Board of Directors. They are the Officers Committee, the Monitoring Committee, and the Executive Committee. The Outside Directors also attend all of these meetings, either as observers or as regular members. A considerable amount of time is allocated for each of these meetings, and matters are discussed thoroughly from different perspectives.

This process means that the three prerequisites I mentioned are satisfied. These meetings help the Outside Directors to gain a full understanding of the Company's business and management. In addition, in the process, the important themes are narrowed down naturally. Companies rarely take this process this far, and I do believe that the Company has ample infrastructure for the Outside Directors to fulfill their supervisory function.

Having said that, whether such efforts are truly effective or not can only be determined by the outcomes, such as whether corporate value has risen, or whether business performance and share price have grown. We are not yet at a satisfactory stage in this regard, so I feel strongly that we need to work hard even further.

—What is your assessment of the previous CEO, Mr. Kobayashi, and what are your expectations of his successor, Mr. Horii?

Koizumi: In an increasingly mature automotive aftermarket, Mr. Kobayashi developed the Five-year Rolling Plan and indicated future growth strategies. These have been major accomplishments. Even in the current severe business environment, net sales and ROE have been on a steady upward trend in recent years. I view this as evidence of the extremely steady hand of the previous CEO in the Company's management. I believe that investors hold high expectations for the Company to aim for revenue growth and that they want the Company to be a growth company. Meeting those expectations will be one of the key missions of the new CEO, Mr. Horii, going forward.

Miyake: Mr. Kobayashi has extensive business experience and has led the AUTOBACS Group, including the franchisees, with his strong leadership and wonderful personality. I believe that he has accomplished steady, albeit modest growth. In particular, Mr. Kobayashi worked with great passion to explore and nurture new businesses that will shoulder the future of the Domestic AUTOBACS Business. I believe that he has firmly planted the seeds for the next generation during his tenure.

My first expectation for the new CEO, Mr. Horii, is that he will create more opportunities for dialogue with employees of the AUTOBACS chain. To foster a better corporate culture, I believe it will be important to listen as much as possible to the voices of employees from all over the country. In particular, I hope that Mr. Horii will listen more to the certified mechanics, who are said to be understaffed, and implement reforms that will help improve their status and raise their motivation.

As Mr. Kobayashi and Mr. Horii have worked together in the past, I do not envisage any major changes in policy, but I do hope that Mr. Horii will act even more quickly and boldly and that he will make firm decisions on how to implement new measures in business, including making choices of which to adopt and reject. Mr. Horii has also indicated his intention to focus on profits, and I envisage changes in the organizational structure going forward.

Round-table Talk by the Outside Directors



Minesaburo Miyake

As a management executive of business corporations, Mr. Miyake has driven corporate growth by strengthening governance and through active investment conscious of the business portfolio and monitoring. He has extensive experience and considerable achievements in corporate management. Director of the Company since June 2018.

Takayama: As I mentioned earlier, Mr. Kobayashi, the previous CEO, indicated a broad blueprint for how we should move forward in the form of the Five-year Rolling Plan. As an Outside Director, I highly commend that move. In setting forth long-term visions, such as Vision 2050 – Creating Our Future Together and the Five-year Rolling Plan, he indicated goals for us all to focus on, and this has brought about a change in the atmosphere and culture of the Company.

Having inherited these achievements of his predecessor, the current CEO has cited as his priority initiatives the improvement of effectiveness, acceleration of pace, and review of the business portfolio through strengthening of revenue management. We are now starting to see the results of the various seeds that have been sown to date. I believe that the next year or two will be a time for us to pause and reflect so we can strengthen the portfolio review and see where we should direct our efforts going forward. At the same time, Mr. Horii is very conscious of growth. Although many difficult issues lie ahead, such as the fusion of the Company's online and physical presences and its response to the EV market, I believe that Mr. Horii will address these issues as the leader who will take the Company into the next generation. As an Outside Director, I will extend my strong support for such initiatives.



Yoshiko Takayama

Ms. Takayama has experience in providing advisory services in finance and M&As, and is also familiar with the fields of investor relations and corporate governance. Director of the Company since June 2015.

“I hope that Mr. Horii will continue to lead the industry with strong growth, by maximizing the strong value of the AUTOBACS brand.”

—Which direction should AUTOBACS SEVEN aim toward going forward?

Koizumi: I hope the Group will engage in ESG and SDGs initiatives. One thing I hope will happen is that the Group will unite as one, involving all employees to pursue such initiatives and that it will become an industry leader in these areas. My impression is that priority is currently on making various advance investments, but I would really like to see Mr. Horii forge a path for the Group to continue to grow into the future, including revenue growth. Another direction I would like to see is the further reinforcement of brand strength. Mr. Horii says that it is not there yet, but I do believe that the AUTOBACS brand is No. 1 in this industry. I want it to continue to be an industry-leading brand, and I would also like to see the strength of the brand enhanced even further.

Miyake: I believe that initiatives that take advantage of the 600 or so store nationwide will be best. The ideal is to have a network of stores that offers the peace of mind that, wherever you go, you can be reassured that there will be an AUTOBACS store nearby. Another thing I would like to see is that each individual store is



Masami Koizumi

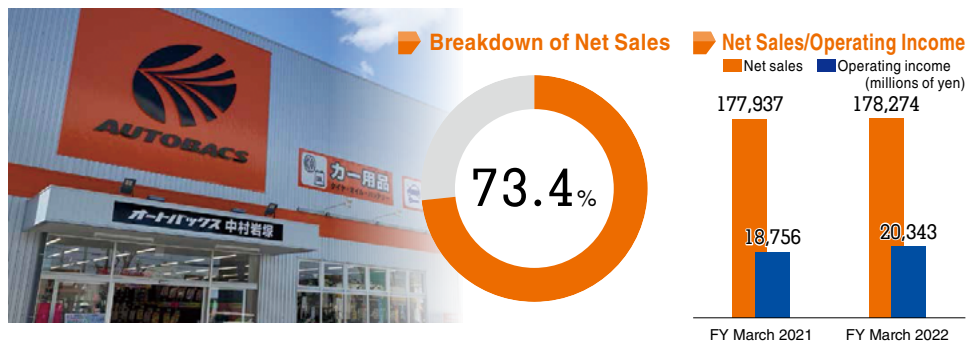
Mr. Koizumi has insight into business administration, investor relations, and governance, as well as experience and insight related to SPA gained through his involvement in administrative practices at business corporations. Director of the Company since June 2021.

depended on in its own community and that it continues to be a valued presence in that community. If this happens, new services and proposals originating from the stores will emerge, which will, I believe, ultimately lead to the improvement of business performance. There is still so much more potential for new businesses to be created not only at headquarters instigation, but also in the course of expansion that takes advantage of the stores.

Takayama: Amidst the drastically changing environment, I would like to see the Company take those changes as opportunities for growth, while at the same time cherishing what it has built up to date. One area is, as Mr. Koizumi mentioned, the brand. The AUTOBACS brand, which has been nurtured over many years of providing value in various forms to customers who own cars, is tremendously valuable. While the nature of the business may change more and more going forward, I hope that this brand value will continue to be protected long into the future. Also, as I mentioned at the start, this company possesses a serious and sincere corporate culture. That culture of giving serious thought to what is good for the customers and offering various forms of value, as well as this mindset toward customers will, I hope, continue to be upheld without change, no matter how the environment changes.

Overview by Segment

Domestic AUTOBACS Business



*The Accounting Standard for Revenue Recognition began to be applied in fiscal year ended March 31, 2022.

Fiscal Year Ended March 31, 2022 Results

The Domestic AUTOBACS Business was impacted by the effects of voluntary restraint on going out and returning home due to the spread of COVID-19 in the first half of the year, but was buoyant in the second half of the year partly due to expanded demand for winter goods such as studless tires and tire chains, spurred by the cold waves and snowfalls.

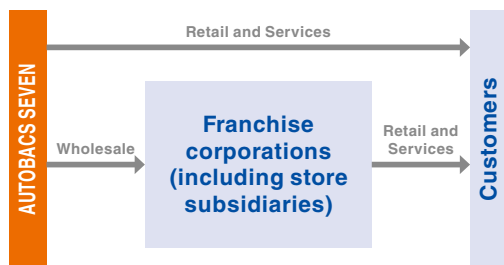
By merchandise, while demand for car electronics decreased, influenced by the reduced production of new cars due to a worldwide shortage of semiconductors, demand for automotive maintenance including tires expanded, and thus sales grew.

As a result, net sales for the fiscal year ended March 31, 2022 amounted to 178,274 million yen (compared to 177,937 million yen in the same period of the previous fiscal year). Gross profit amounted to 60,343 million yen (compared to 58,891 million yen in the same period of the previous fiscal year) due in part to a rise in the sales configuration ratio of high-margin merchandise and services. Segment profit amounted to 20,343 million yen (compared to 18,756 million yen in the same period of the previous fiscal year.)

Business Model

In the Domestic AUTOBACS Business, we operate stores including AUTOBACS which is a comprehensive specialty retailer of automotive goods and services that boasts Japan's largest sales as a franchise chain (FC). As of March 31, 2022, we operate 588 stores (including 12 directly managed stores) nationwide.

The Company always aim to operate our business from the customer's perspective by performing the following three functions: Merchandise Procurement to purchase various merchandise including automotive goods and services from around the world as AUTOBACS franchise chain headquarters, Sales Promotion to increase the awareness and value of AUTOBACS to end users, and Consulting to support sales by providing management and store operation consulting and headquarters planning.



Overview by Segment

Automotive Goods and Services

Attractive Private Brand (PB) Products

AUTOBACS has been selling private brand (PB) products for over 40 years since 1977. The Company has been promoting development and sales of products delivering value that we can recommend to customers with confidence by increasing the merchandise lineups of AQ. (AUTOBACS QUALITY.) with a motto of “customer first!” and of the GORDON MILLER brand that propose exciting garage lifestyles.

Selected as No.1 Tire Shops for Consecutive Six Years

In the tire business, we strengthened our product lineup and sales promotion activities, and were selected as the number one tire dealer in a survey conducted by a third-party organization* for consecutive six years. Taking advantage of this, we are expanding our tire sales by enhancing our PB and exclusive products in collaboration with leading domestic manufacturers.

*The result of the 2022 survey on tires conducted by the JMA Research Institute, Inc.



For the six consecutive year, we have been selected as the best place to purchase tires in a 2022 survey on tires conducted by the JMA Research Institute, Inc.



Dashboard camera

Pedal Watcher II

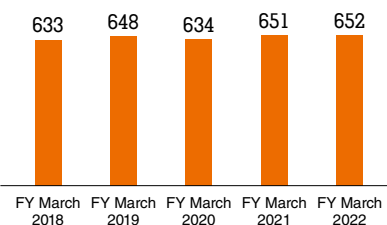
Providing Safety Driving Support Devices

Demand for merchandise which supports safe driving, for example, Pedal Watcher II, a device to restrain sudden starting caused by accidentally stepping on the gas pedal rather than the brake, and dashboard cameras, has been increasing. We are leading the industry in providing a full range of merchandise in this field, and intends to promote traffic safety through such merchandise.

Statutory Safety Inspections and Maintenance

The Company promoted online and telephone reservations in an effort to lessen the opportunities for physical contact with customers in the COVID-19 pandemic and to enhance customers' convenience. Moreover, the Company upgraded the AUTOBACS official app with the addition of a new function to notify the timing for car maintenance. Furthermore, the Company promoted responses to the Automobile Specific Maintenance System, a system for maintenance of advanced safety vehicles equipped with advanced driver assistance systems (ADAS) and autonomous driving functions. All stores fully certified and designated to perform statutory safety inspections gained the Specific Maintenance Certification (electronic control unit maintenance). The number of automobiles that underwent the statutory safety inspection increased by 0.1% year on year to roughly 652,000 vehicles.

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



All of 434 Stores* Designated for Performing Statutory Safety Inspections in AUTOBACS Group Acquired Specific Maintenance Certifications (Electronic Control Unit Maintenance)

All of 434 AUTOBACS Group stores designated for performing statutory safety inspection* fulfilled three certification criteria (facility, workers, machine) for the specific automobile maintenance business, and completed the acquisition of Specific Maintenance Certifications (electronic control unit maintenance). The acquisition of Specific Maintenance Certifications allows the Group to provide, in addition to existing disassembly maintenance, the maintenance of electronic control units such as automatic brakes and the lane keeping function of advanced safety vehicles subject to electronic control unit maintenance.

*All relevant stores as of March 29, 2022

More Convenient AUTOBACS Official App

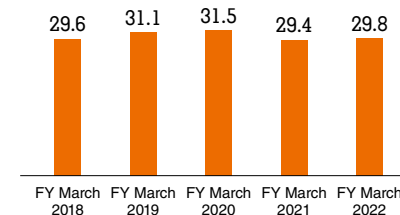
As the reservation system for pit services is being established, the number of online reservations for oil work increased 45% year-on-year. In October 2021, AUTOBACS official app which has been downloaded over 3.6 million times in total (as of August 31, 2022) was newly equipped with features of service history of main maintenance items (engine oil, oil filters, tires, batteries, wipers, etc.) and notification of upcoming replacement, in addition to the pit service reservation feature. We are also striving to improve customer convenience by, for example, making it possible to promptly confirm inspection results with the app.



Used Car Purchasing and Sales

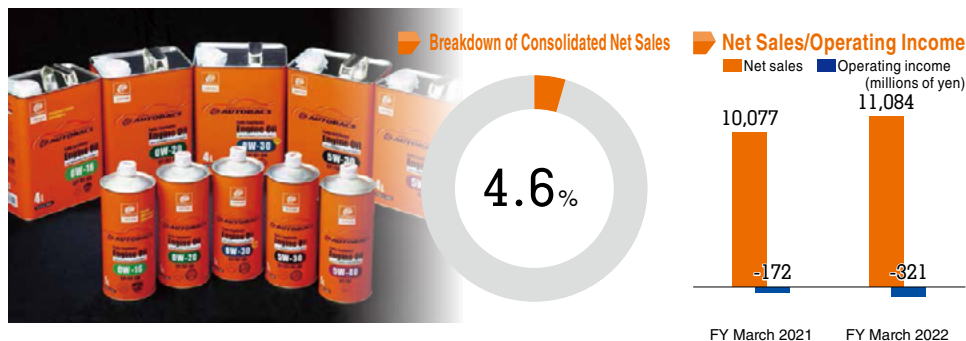
Despite the strong impact of the reduction in new car production due to the shortage of semiconductors worldwide, sales to auctions were brisk against the backdrop of an increase in the unit price of used cars and a higher purchase volume. With regard to purchasing, appraisals are implemented with the patented “Dr. Appraisal” to offer uniform appraisal prices throughout the nation. The total number of automobiles sold increased by 1.3% year on year to approximately 29,800 cars.

Changes in the Number of Cars Purchased and Sold (Thousands) (based on all stores including used car purchase stores)



Overview by Segment

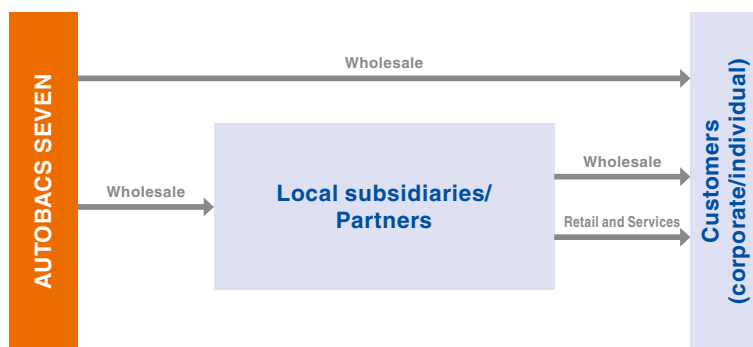
Overseas Business



*The Accounting Standard for Revenue Recognition began to be applied in fiscal year ended March 31, 2022.

Business Model

In the Overseas Business, we have been putting emphasis on wholesale, in addition to operation of AUTOBACS stores mainly in ASEAN countries that continue to grow. In the wholesale business, we aim to expand revenue by developing the business with a sense of speed, enhancing partnerships through capital and business alliances with local major companies. In the retail and service business, we operate 62 stores in seven countries and regions (as of March 31, 2022), which sell automotive goods and services and provide maintenance services. Depending on the development status of automotive culture which is different in each country and region, we are operating the business, meeting customer needs, for example, a size of stores and merchandise lineup.

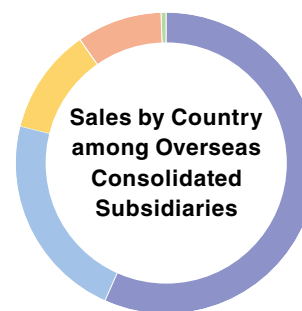


Fiscal Year Ended March 31, 2022 Results

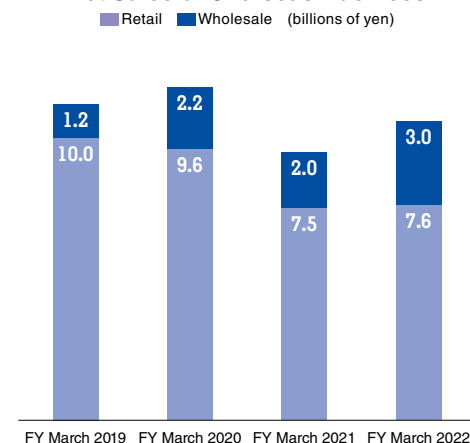
In the Overseas Business, sales from the retail and service business decreased, considerably affected by temporary store closures and voluntary restraint on outings due to lockdowns. On the other hand, in the wholesale business, sales grew mainly because of cultivation of new customers. As a result, net sales were 11,084 million yen (compared to 10,077 million yen in the same period of the previous fiscal year), and segment loss was 321 million yen (compared to 172 million yen of segment loss in the same period of the previous fiscal year).

Status of Overseas Consolidated Subsidiaries

- France** Sales are on a gradual recovery trend, despite repeated restrains on outings and lifting thereof.
- Australia** Sales increased owing to sales and marketing activities, such as cultivation of new wholesale customers and introduction of new OEM products, in addition to steady sales of car electronics merchandise and transceivers.
- Singapore** Sales decreased, affected by a decline in the number of repairs at the subsidiaries mainly engaged in body repairing and maintenance caused by a fall in traffic volume due to the impact of voluntary restraints on outings.
- China** Although the Company struggled to find new wholesale customers within China, sales increased by cultivating wholesaling in other countries.
- Malaysia** The Company increased the number of authorized dealers to 66, resulting in an increase in sales.



Net Sales of Overseas Business



Overview by Segment

Wholesale Business

We develop and sell original products that take advantage of regional characteristics and Japan Quality. Centering on AUTOBACS designed shelf planograms which combine strengths of wholesale and retail and the countries that the Company has already entered, while strengthening partnerships with local companies, the Company is promoting the diffusion of private brand products by authorized dealers, and expanding wholesale customers with speedy business development.

Development and Sale of Overseas Original Products

The Company develops and sell high-quality but reasonable merchandise for overseas, which can be created because of continuing to face customers over 50 years in Japan. We will gradually expand the lineups, especially for maintenance merchandise.

Authorized Dealers

Mainly in Malaysia and China, the Company has had our authorized dealers promote wholesale of merchandise.

AUTOBACS Designed Shelf Planograms (Consultant Wholesales)

Based on expertise on making selling floors which has been accumulated in domestic AUTOBACS business, we provide merchandise with AUTOBACS designed shelf planograms including display and POP for overseas hypermarkets.

Expansion of Wholesale in Australia

In October 2018, AUTOBACS AUSTRALIA PTY LTD became our consolidated subsidiary, which is engaged in wholesale of automotive and marine wireless devices, and manufacturing and wholesale business of car electronics devices, etc. In addition to existing business going well, thanks to acquisition of Australian major chain stores as wholesale customers and acquisition of corporate transactions to supply OEM merchandise to navigation system makers, sales drastically expanded.

An Increase in Authorized Dealers in Malaysia

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 and services stores and car maintenance garages operated by other companies. Especially in Malaysia, the number of authorized dealers drastically increased to 66 (as of March 31, 2022).


Retail and Service Business

As of March 31, 2022, excluding Japan, the Group operates 62 stores in seven countries and regions globally.

Depending on the development status of automotive culture in each country and region, needs of automotive goods and maintenance services and business demanded are varying. The Company is striving to secure profits from the retail and service business by providing merchandise and services suitable for each country and region in cooperation with local partners.

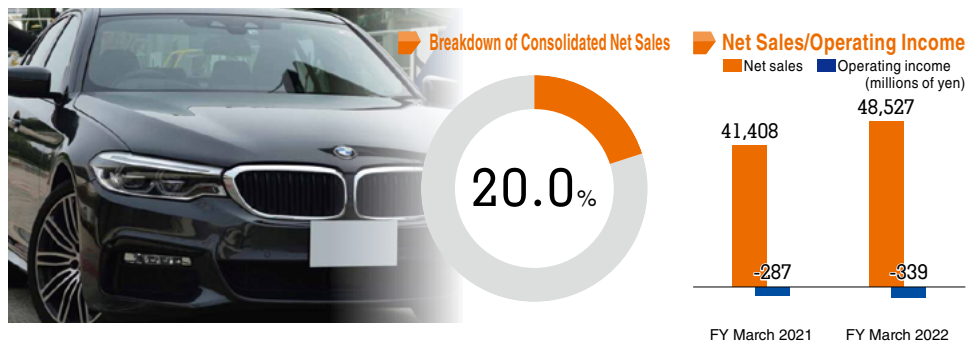
In France, where tire sales are expanding, we are working to improve customer convenience by promoting a pit reservation service, just as we do in Japan. In Thailand, SIAM AUTOBACS Co., Ltd., a major shareholder of which is PTG Group ranking second in the number of gas stations, and which is our equity-method affiliate, is actively expanding its store network. In Indonesia, PT. AUTOBACS INDOMOBIL INDONESIA, a joint venture with IndoMobil Group, operates four stores in the country.

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

Country	Number of stores	First store opened in	Operating company
 Taiwan	6 (Franchise: 6)	1991	Koshida Taiwan Automotive Service Co., Ltd.
 Singapore	2 (Subsidiary: 2)	1995	AUTOBACS VENTURE SINGAPORE Pte Ltd.
 Thailand	33 (Franchise: 33)	2000	SIAM AUTOBACS Co., Ltd.
 France	10 (Subsidiary: 8, Franchise: 2)	2001	AUTOBACS FRANCE S.A.S.
 Malaysia	4 (Subsidiary: 2, Franchise: 2)	2008	1) AUTOBACS CAR SERVICE MALAYSIA Sdn. Bhd. 2) G7 RETAIL MALAYSIA SDN. BHD.
 Indonesia	4 (Franchise: 4)	2015	PT. AUTOBACS INDOMOBIL INDONESIA
 Philippines	3 (Franchise: 3)	2017	Magnificent'7 Automotive and Franchising Company Inc.

Overview by Segment

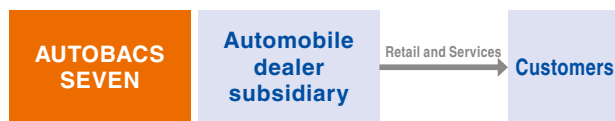
Car Dealership, BtoB and Online Alliance Business



*The Accounting Standard for Revenue Recognition began to be applied in fiscal year ended March 31, 2022.

Car Dealership Business Business Model/Achievements

In the Car Dealership Business, we sell new vehicles and provide services primarily to the general public in Japan. AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., our subsidiary to oversee Car Dealership Business, deals three brands, BMW, MINI, and Audi. AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., established as a company to oversee the business in April 2019, deals three brands and operates 14 bases including Autoplatz K.K., our sub-subsidiary, and Motoren Tochigi Corp., as well as BACS Advance Co., Ltd. from April 2021 (as of March 31, 2022). In fiscal year ended March 31, 2022, the Company secured higher revenues than for the previous fiscal year due to the optimization of sales activities and the establishment of relationship with customers over long period of time through careful response to customers, despite the strong impact of reduced production of new cars owing to semiconductor shortages.



BtoB Business Business Model/Achievements

BtoB Business has roughly two aspects, the fleet business of BtoB and the wholesale business of BtoBtoC.



In the fleet business, we promote wholesale sales to corporate customers outside AUTOBACS Group with the aim of capturing corporate demand, and sales and installation of safe driving support devices such as dashboard cameras for company cars owned by corporate customers.

In addition, we are strengthening our activities to build a maintenance network that is compatible with next-generation technology, by, for example, creating subsidiaries that perform statutory safety inspections, maintenance, and body repairing.

In the wholesale business, through subsidiaries CAP Style Co., Ltd. and HOT STUFF CORPORATION, we promote sales of wholesale automotive goods and services to home improvement stores and car maintenance garages. 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.

Production of Collaboration Items with Nissan Motor

In April 2021, the Company and Nissan Motor Co., Ltd. formed a business alliance in areas related to automotive goods and services as well as NISSAN/NISMO brand goods. In July, we started to supply automotive goods and services such as car interior goods and car wash goods we handle to Nissan Motor. As a specific example of the collaboration, we planned and developed interior items for Kicks Columbia edition*. We have developed items suitable for a concept of the vehicle, using our expertise on product development, for example, "luggage seat" on which luggage, even if it is dirty, can be loaded without worry, and a back pocket of which can store small articles.



Seat back pockets (driver seat/passenger seat)

*Special model jointly planned by Nissan Motor and Columbia Sportswear Japan, a comprehensive outdoor maker

Overview by Segment

Operation of AUTO IN Shaken & Tire Centers P07

In April 2021, the Company acquired all shares in Joyful Shaken & Tire Center Co., Ltd., which operates six facilities for statutory safety inspection, maintenance, and tire sales in Chiba, Tokyo, Gunma, Tochigi, and Ibaraki. Having changed its name to BACS Boots Co., Ltd., it has started operation of its stores under the name AUTO IN Shaken & Tire Center.



Full-scale Launch of “AUTOBACS Corporate Membership System”

The Company launched the AUTOBACS Corporate Membership System for corporate customers in full swing to acquire new corporate customers. The new system enabled corporate customers to make lump-sum payments at the end of each month, eliminating the need to process payments for company car maintenance, automotive goods and services, etc., which were previously settled on a case-by-case basis at each sales office.

Started Wholesale of Dedicated Merchandise to Car Maintenance Garages

The Company began to experimentally sell dedicated merchandise for some business operators, especially car maintenance garages, in January 2022. With a lineup of dedicated merchandise including tires, oil, and batteries, car maintenance garages became able to procure items which need to be replaced at time of statutory safety inspections and periodic maintenance of customer's cars from AUTOBACS SEVEN at low price in a stable manner. Accordingly, this would lead to improvements in quality of merchandise they handle and profitability.



Online Alliance Business **Business Model/Achievements**

In our Online Alliance Business, we are promoting the construction of platforms that will lead to the expansion of both BtoC and BtoB businesses, using the internet. AUTOBACS.COM, AUTOBACS official app, and brick-and-mortar stores work together to provide customers with automotive goods and services, etc. We are also collaborating with various companies and organizations, both within and outside AUTOBACS Group, to increase the speed of our entry into the ever-expanding EC market.



Customer Convenience Improvement with Platform Maintenance

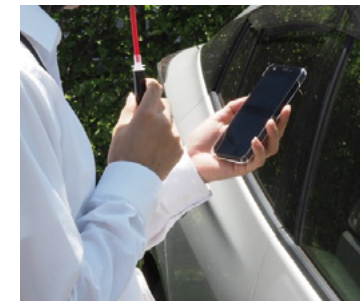
The Company strengthened the merchandise lineups on its EC website by starting handling of national brand tires and NISSAN/NISMO brand items. In addition, the Company has improved the EC website platform, such as by expansion of search functions, to enhance convenience for customers.

Network Building Efforts

On TIREHOOD, an EC website in which we invested in April 2020, about 30% of customers who use TIREHOOD choose AUTOBACS as their installation site, and together with customers sent from the Company's own EC website, we have created a circulation of customers.

Started Alcohol Testers of Cloud-based Service for Corporate Customers P07

With the aim of eradicating drunk driving, in October 2021, the Company launched ALC Cloud, a cloud-based service detecting intoxication and alcohol consumption of drivers for official cars of companies and government offices, as well as customers using private cars in business who are recently increasing. This is a service to detect intoxication and alcohol consumption of drivers before and after they drive vehicles and manage such information on the cloud. Ahead of the enforcement of the revised Road Traffic Act that requires those who drive a company car to have checked the influence of alcohol on them, the Company launched the solution business, aiming to solve traffic and social issues.



Overview by Segment

Other Business



*The Accounting Standard for Revenue Recognition began to be applied in fiscal year ended March 31, 2022.

Lifestyle Business

In the Lifestyle Business, as the experience of cars is diversifying, 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.

JACK & MARIE

JACK & MARIE is a select shop that focuses on a lifestyle that combines cars and outdoor 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 automotive goods and services. Starting with the opening of a store on ZOZOTOWN in June 2017, we have developed three physical stores in Tokyo, Kanagawa and Aichi as of the end of March 2022.



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.



GORDON MILLER KURAMAE Opened

The garage lifestyle brand GORDON MILLER opened its first store GORDON MILLER KURAMAE in Sumidaku, Tokyo in November 2021. The store also handles a lot of merchandise which were available only online, and some units of GORDON MILLER MOTORS which are original customized cars of the brand are exhibited there. With a service pit for maintenance of GORDON MILLER MOTORS cars attached to the store, and dedicated car mechanics stationed, the after-purchase support system has been in place.



GMLVAN V-01,
a popular model based on TOYOTA Hiace

Expansion Business

In the Expansion Business, we are developing the financial business of insurance, loans and credit, and leasing, respectively through our subsidiaries for car goods supply and other. 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 merchandise 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 AUTOBACS Group by responding to diversifying payment systems. In the leasing business, we are providing services mainly to the AUTOBACS Group.

Materiality at AUTOBACS SEVEN

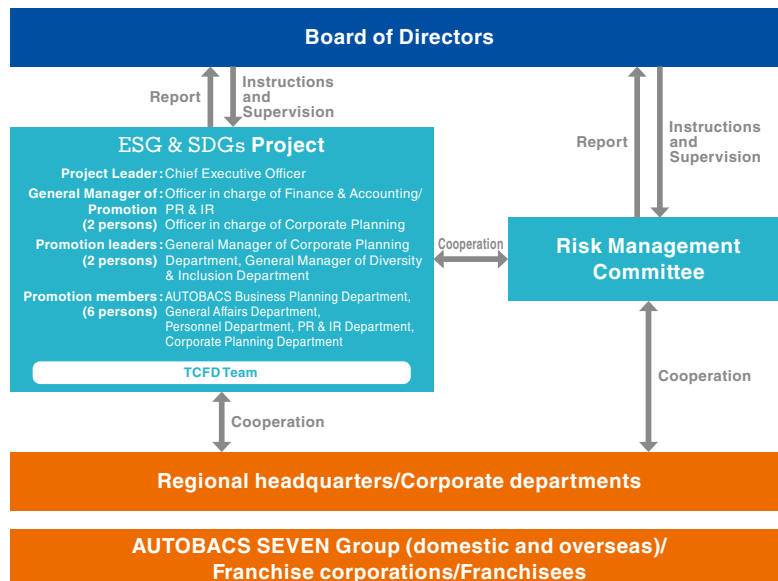
Concept of Sustainability

In accordance with its Management Mission “AUTOBACS has always been committed to providing customers with the best solutions for their car lifestyles and creating a rich and healthy automotive society,” the Group desires to create a sustainable society with merchandise and services we provide. We also believe the Group can contribute to the achievement of Sustainable Development Goals (SDGs) with its employees working all together to address and promote the resolution of social issues through business activities. Accordingly, the Group will pursue both its continuous growth and sustainable development of a society.

Promotion System

AUTOBACS SEVEN has been promoting the company-wide initiative to become a company that will be needed by society and last for 100 years toward the realization of the long-term Vision – 2050 Creating Our Future Together. In January 2021, the Company established the ESG & SDGs Project, led by Chief Executive Officer, aiming at management which integrates initiatives for environmental consideration, resolution of social issues, and governance with business as a whole. In the project, we are aiming to become a company that is recognized as being professional and friendly, toward creation of a society that we desire to realize, i.e., a safe, secure, and gentle society in which people, cars, and the environment exist in harmony. To the end, the Company has worked to instill the understanding about sustainability, enhance systems to address issues, organize business models, consider risks and opportunities, and identify materiality.

We also established company-wide cross-sectional task forces with 44 task members consisting of General Managers and Group Managers related to the issues, led by 15 Officers including four Senior Executive Officers, and set non-financial targets in May 2022.



Materiality Identification Process and Materiality Assessment

Step 1 Understanding social issues

We created a list of social issues gathered from the SDGs, ISO 26000, GRI standards, etc. Based on the list, the ESG & SDGs Project members discussed and held workshops to select the social issues to be addressed.

1. Realization of a cyclical and symbiotic society
2. Response to climate change
3. Revitalization of local communities
4. Pursuit of diverse human resources and diverse work styles
5. Creating healthy and rewarding jobs

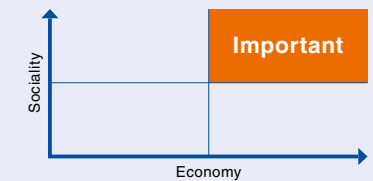


Step 2 Assessing the importance of social issues

We analyzed the risks and opportunities associated with the social issues we identified and assessed their importance to our company.

Step 3 Creating materiality proposals

We positioned social issues of high importance as those that we should proactively solve and set out what we should do to solve these social issues through our business and governance as candidate management issues. We evaluated the issues based on the two axes of economy and sociality, and organized them as materiality proposals.



Step 4 Evaluating the validity of the materiality proposals

We invited outside experts to exchange opinions on the materiality proposals with Chief Executive Officer, Directors and Officers to verify its appropriateness. Based on the results, we scrutinized the materiality.

Step 5 Identifying materiality

After discussion and approval by our Board of Directors, we identified four material issues.

Non-financial Targets and KPIs to Achieve the Materiality

The Company established task forces for each of four material issues, repeatedly discussed specific efforts and targets toward resolution of issues, and set non-financial targets in May 2022. Then, in October 2022, KPIs were set. Sixteen Officers without director responsibilities will be responsible for from setting to achievement of them.

Materiality	Non-financial Targets and KPIs				
	Non-financial targets	Scope	KPI	FY2021 results	FY2030 goals
Creation of businesses that solve social issues	Promotion of efforts to eliminate traffic accidents	Consolidated	Sale of merchandise for curbing accidents	170,000 units/year	230,000 units/year
		Consolidated	Building of bases for checking tires and emergency (including bases of partner companies)	232 bases	734 bases
	Improving status of certified mechanics and fostering them	Consolidated	Holding regional traffic safety events	0 time/year	4 times/year
		Consolidated	Ensuring and fostering inspectors	185 persons	390 persons
Enhancing efforts that consider the environment and society	Promoting social contribution related to automobiles	Consolidated	Ensuring and fostering Level-2 mechanics	303 persons	450 persons
		Consolidated	Completing education for supporting EVs	414 persons	1,104 persons
Development of organization and personnel	Reducing CO ₂ by establishing environmentally-enhanced stores	Consolidated	Disaster assistance using automobiles	27 units	111 units
		Consolidated	Promoting environmentally-enhanced stores	60 stores	140 stores
	Promoting environmentally conscious business/ Realizing circular ecosystem	AUTOBACS SEVEN	Developing eco-friendly products	40 products	300 products
		Consolidated	Reducing oil cans (increasing ratio of oil sale by measure)	—	220,000 cans/year
Sustainable and strong management base	Promoting spread of safe and secure EVs toward realization of a zero-carbon society	Consolidated	Installing fast chargers	5 stores	43 stores
		Consolidated	Promoting statutory safety inspections of EVs (No. of EVs inspected)	200 units/year	3,440 units/year
	Creating corporate culture full of diversity	Consolidated	Promoting sale of EVs (No. of EVs sold)	5 units/year	2,500 units/year
		Consolidated	Increasing ratio of females	16.7%	30.0%
Establishing mechanism for evaluating challenges	Consolidated	Increasing ratio of female Group Managers and above	7.8%	18.0%	
	Consolidated	Promoting acquisition of childcare leave by male employees	—	100.0%	
Creating healthy and active workplaces	AUTOBACS SEVEN	Keeping employees energetic	2.7	3.0	
	Consolidated	Reducing ratio of smokers	40.3%	20.0%	
Reviewing and formulating ESG/SDGs-related policies, and complying with them	AUTOBACS SEVEN	Enhancing sustainability policy and related policies	Issue recognition	Renewal	
	AUTOBACS SEVEN	Further monitoring corporate governance system and progress status	Implementation/Maintenance	Improvement	
Further strengthening monitoring	Consolidated	Promoting data utilization project	Starting data utilization project	Collaboration/utilization of data	
	AUTOBACS SEVEN	Development of personnel for data analysis	—	320 persons	

Enhancing Efforts that Consider the Environment and Society



Disclosures Based on the TCFD Recommendations

Our Basic Policy on Climate Change Risk

The Company believes that responding to climate change is an important management issue and expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022. Based on the TCFD recommendations that require disclosure of information regarding financial impact of risks and opportunities brought about by climate change, the Company will proactively disclose information on governance, risk management, strategy, and metrics and targets. Through the increased disclosure of information related to climate change, it will facilitate a dialogue with stakeholders and aim at enhancing its corporate value in the future.

The Group's Response Measures Regarding the TCFD Recommendations

Supervisory Structure of the Board of Directors for Climate-related Risks and Opportunities Governance

Addressing overall sustainability issues as an important theme, the Company established the ESG & SDGs Project in January 2021, led by the Chief Executive Officer, and has been promoting it as a company-wide project. The contents of relevant discussions and decisions are reported to the Board of Directors, and the Board provides approval on the Company's initiatives, issues instructions and conducts supervision, as necessary.

FY2022 was the first business year for analyzing climate-related risks and opportunities. For scenario analysis, the TCFD Team was established, mainly consisting of the Finance & Accounting Department, Corporate Planning Department, PR & IR Department, and General Affairs Department, to engage in the identification of climate-related risks and opportunities, evaluation, and analysis. Findings are reported to the Board of Directors.

Going forward, the Company will take an approach to promote the above as part of its efforts to "enhance initiatives that emphasize the environment and society," which is one of the key issues of sustainability (materiality).

In the ESG & SDGs Project, progress in the Company's sustainability initiatives, including its response to climate change, will be reported to the Board of Directors, as needed. In addition, in cooperation with the Risk Management Committee, the above risks will be integrated into risks that are reviewed by the Committee as those requiring response over the medium- to long-term.

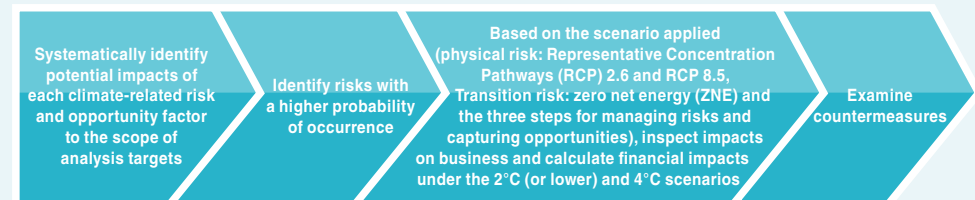
Management Process for Climate-related Risks and Opportunities Risk Management

As an organization to centrally manage company-wide risks, the Company has established the Risk Management Committee, chaired by Representative Director and Chief Executive Officer, for identifying important risks through periodic reviews of latent risks in business activities and the enhancement of risk control systems.

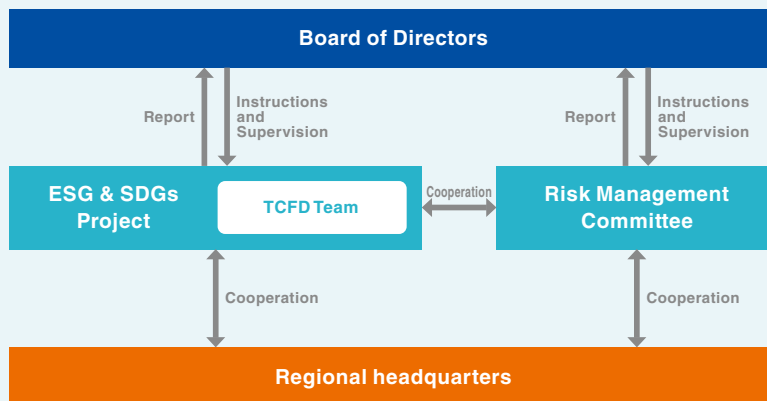
The Committee analyzes and evaluates the risk exposure of the Company's business, frequency of risk occurrence, etc., discusses countermeasures against risks, from the greatest risks to the smallest, and implements control in advance of risks' occurring. Moreover, it reports on important risks to the Board of Directors and provides support to each department in addressing risks in a concrete manner.

Regarding climate-related risks, ESG & SDGs Project plays the central role in collecting risk information from each business segment and identifies and evaluates risks. By sharing the identified risks and progress in response with the Risk Management Committee, risks are integrated into a risk control list of the entire organization.

Process of Analysis of Climate-related Risks and Opportunities



Subject of analysis	[Business] Domestic AUTOBACS Business
[Scope]	In Japan (Business locations, directly managed stores and stores of subsidiaries, logistics bases)
[Period]	Present until 2050 (short term: no more than one year; medium-term: until 2030; long-term: until 2050)



Enhancing Efforts that Consider the Environment and Society

Identify Risks and Opportunities Associated with Climate Change

Strategy

Please refer to our website for more details.

The Company views risks and opportunities associated with climate change as one of the important perspectives to be considered when formulating its business strategy.

Depending on the status of global warming, there could be various scenarios of climate change, and the TCFD Disclosure Team of the Company has been conducting reviews regarding the most typical 4°C scenario and 2°C (or lower) scenario. The period subject to the review will end in 2050 in line with Vision 2050 – Creating Our Future Together.

Under the 4°C scenario, the Company’s business may be significantly affected by increases in drought, heavy rain and other extreme weather events, and there may be a suspension of operation of disaster-stricken logistics centers and stores due to the impact of the rapid emergence of physical risks, and decreases in the demand for goods and services in winter. Regarding logistics and data centers, the Company has already been minimizing physical risks by means such as the extension of geographical regions and development of backup systems. The Company also considers that physical risks regarding stores may be minimized through measures against water immersion risks, such as the selection of store location and development of store structures, from business continuity plan (BCP) perspectives. For its products, the Company is striving to minimize opportunity loss associated with decreases in demand for merchandise and services in winter by introducing merchandise and services that match changes in temperature zones and consumer behavior.

Under the 2°C (or lower) scenario, as there will likely be changes in society with advances in technological innovation and stricter regulations toward the containment of global warming, the Company considers that there will be a more direct impact from transition risks. Although stores and logistics centers may face increases in costs, including carbon tax and other taxes, stricter regulations and higher electricity costs, the Company is working to minimize risks by promoting energy-saving initiatives. Moreover, while it is assumed that the number of vehicles powered by engines shipped will rapidly decrease, to be replaced by zero-emission vehicles (ZEV), with the introduction of carbon tax and emissions trading, preference policies for ZEV manufacturers, stricter regulations on internal-combustion vehicles, etc., the Company believes that the impact from transition risks may be minimized by proactively working to develop an infrastructure for the promotion of ZEVs and expand relevant services.

Classification	Items	Risks and opportunities	Impact on business	Period/impact		Countermeasures
				Medium-term	Long-term	
Physical risks (4°C)	Increasingly serious natural disasters	Risks	<ul style="list-style-type: none"> Loss of sales opportunities caused by the suspension of operation of disaster-stricken logistics centers and stores Depreciation and early withdrawal of existing assets with high disaster (exposure) risk based on valuation adjustments 	Large	Large	<ul style="list-style-type: none"> Extension of the geographical region of logistics bases and data centers Dispersal of suppliers Selection of store-opening locations from BCP perspectives, and improvements in store structures
		Opportunities	<ul style="list-style-type: none"> Difficulty in procuring raw materials due to disruptions in supply chains and increases in raw materials cost 	Small	Small	<ul style="list-style-type: none"> Early recovery of sales functions through support services to disaster-stricken areas
	Rise in average temperatures	Risks	<ul style="list-style-type: none"> Loss of sales opportunities due to suspension of business caused by damages from inundation, etc. of stores Decreases in demand for goods and services in winter 	Large	Large	<ul style="list-style-type: none"> Post-disaster protection through insurance coverage Expansion of merchandise lineup, excluding seasonal merchandise

As impacts of climate change may manifest themselves over the medium- to long-term, the Company will periodically examine the analysis and evaluation of risks and opportunities and develop specific measures in light of changes in external trends, among other things, and incorporate the results into medium- to long-term management strategies, in order to push forward corporate activities for the realization of Vision 2050 – Creating Our Future Together.

Metrics and Targets Associated with the Mitigation of Greenhouse Gas Emissions

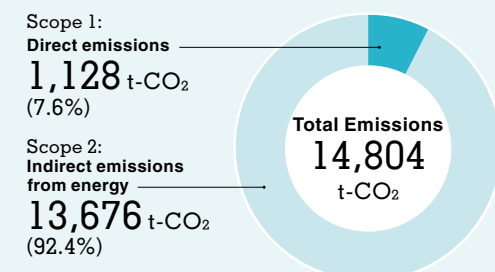
Metrics and Targets

Seeking “to create a safe, secure, and gentle society in which people, cars, and the environment exist in harmony,” the Company works to mitigate greenhouse gas emissions.

Based on the declaration of the Japanese government, the Company will promote initiatives for the emission reduction target of achieving carbon neutrality (effective elimination of CO₂) in FY2050.

Specifically, the Company will review initiatives for the development of eco-friendly functional products that achieve emissions reduction during product use by customers, energy-saving stores, resource recycling, etc. and for the disclosure of target values.

Emissions by scope



Scope of calculation: [Business] Domestic AUTOBACS Business [Target] In Japan (147 sites including business locations, directly managed stores and stores of subsidiaries, logistics bases)

Computation period: From April 1, 2021 to March 31, 2022

Scope 1: All direct greenhouse gas emissions from fuel combustion, industrial processes and other emissions generated by businesses themselves.

Scope 2: Indirect emissions resulting from the use of electric power, heat and steam supplied by other companies

Classification	Items	Risks and opportunities	Impact on business	Period/impact		Countermeasures
				Medium-term	Long-term	
Transition risks (2°C (and lower))	Introduction of carbon pricing	Risks	<ul style="list-style-type: none"> Increases in costs associated with rising burden of carbon tax 	Small	Small	<ul style="list-style-type: none"> Proactive introduction of LED lighting in stores Promotion of energy savings in stores
		Opportunities	<ul style="list-style-type: none"> Increase in capital investment in plant and equipment associated with the introduction of energy-saving technologies 	Medium	Medium	
	Promotion of recycling-oriented business	Risks	<ul style="list-style-type: none"> Reduction of energy costs through the introduction of energy-saving technologies 	Small	Small	<ul style="list-style-type: none"> Expansion of disposal costs associated with growing demand for waste treatment Expansion of second-hand automotive goods purchase and sale business
		Opportunities	<ul style="list-style-type: none"> Increases in disposal costs associated with growing demand for waste treatment 	Small	Small	
	Enhancement of plastics regulation, etc.	Risks	<ul style="list-style-type: none"> Expansion of second-hand automotive goods purchase and sale business 	Small	Small	<ul style="list-style-type: none"> Rises in packaging prices due to restrictions on petroleum-derived raw materials Expansion of handling of eco-friendly merchandise and changeover from plastic products Enhancing brand image through communication to customers
		Opportunities	<ul style="list-style-type: none"> Increases in packaging prices due to restrictions on petroleum-derived raw materials 	Small	Small	
	Increases in demand for ZEVs	Risks	<ul style="list-style-type: none"> Decrease in sales of engine-related parts (merchandise) associated with increases in parts for zero emission vehicles (ZEVs) 	Small	Large	<ul style="list-style-type: none"> Promotion of simplified packages Increase in the number of electric vehicle (EV) maintenance locations and improvement of relevant facilities Provision of EV chargers
		Opportunities	<ul style="list-style-type: none"> Decrease in sales of engine-related parts (merchandise) associated with increases in parts for zero emission vehicles (ZEVs) 	Small	Large	

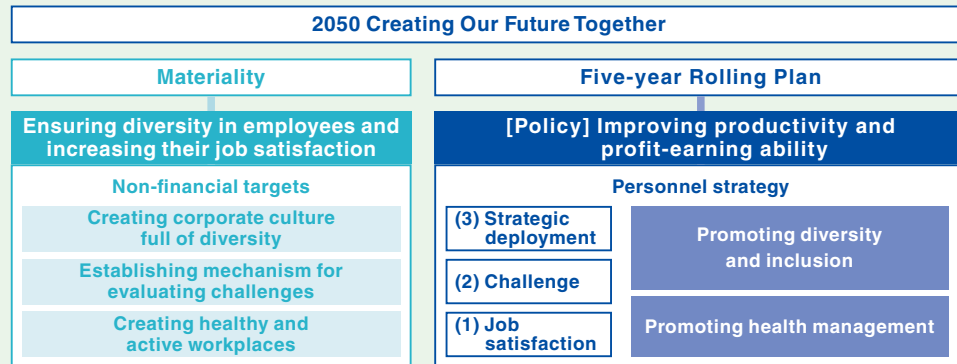
Development of Organization and Personnel

Personnel Strategy Toward Realization of 2050 Creating Our Future Together

Entire Image of Personnel Strategy

To solve various social issues through corporate management, it is important that the organizations and human resources that will be the main solution providers engage in their work in a sustainable, healthy, and prosperous condition and continue to grow. Furthermore, to realize the Vision 2050 – Creating Our Future Together, we will aim to improve productivity of AUTOBACS Group with the development of organization and personnel.

As non-financial targets, three targets were set: Creating corporate culture full of diversity; Establishing mechanism for evaluating challenges; and Creating healthy and active workplaces. With them, we are making various efforts that would lead to ensuring of diversity in employees and an increase in job satisfaction.



Creating Corporate Culture Full of Diversity

Objectives and Specific Efforts Therefor Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

The Company has implemented various initiatives for creating corporate culture in which diverse personnel can be active. We achieved each of the goals set in the General Employer Action Plan for the three years from April 1, 2019 to March 31, 2022 based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

Goals (from April 1, 2019 to March 31, 2022)	FY March 2022 Results
Goal 1: Increase the percentage of female employees (including part-time workers) to 20.0% or more.	21.9%
Goal 2: Increase the ratio of females to group manager-level positions 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.)	6.4%


POINT

Support for Diversity Conception and Career Formation through Training

Management Training

Under the rapidly changing environment, for the purpose of fostering a next-generation management who can respond to more complicated management and diversity in subordinates, the Company provides management training for all department heads. As main themes, "management training for creating a highly productive team" and "gender training for fostering conception of diversity" were conducted.

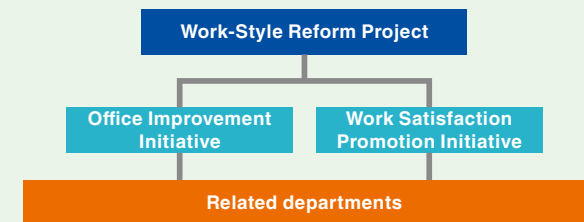
For female employees, female career training was conducted under the theme of "reviewing your own career when going through a life-stage event." In addition, career training by generation was provided for the purpose of enabling employees in a generation reaching a milestone in career to autonomously shape their own career.



Work-Style Reform Project

In order to allow diverse personnel to be active, the environment where diverse work styles can be accepted is important, as well. The Company has been proactively promoting initiatives for work-style reforms. While the COVID-19 pandemic is forcing us to work in ways that we have never experienced before, we see this as an opportunity to find new ways to work.

In May 2021, we launched the Work-Style Reform Project. Two task teams, including 12 members of the Office Improvement Initiative and 11 members of the Work Satisfaction Promotion Initiative who were adopted through internal job posting, are conducting activities to consider operational reform and work systems across departments.



Office Improvement Initiative
1 Optimization of business bases
2 Improvement of office environment
3 More efficient back-office operations

Work Satisfaction Promotion Initiative
1 Review of opportunity and place
2 Improvement of communication quality
3 More efficient communication
4 Systems and mechanisms

Development of Organization and Personnel

Establishing Mechanism for Evaluating Challenges

FY2021 AUTOBACS AWARDS

AUTOBACS chain holds contests, Customer Experience Award and Best Pit of the Year Award, in which stores and staff who provided customers moving experience are commended.

The awarding ceremony of FY2021 AUTOBACS AWARDS was held at Tokyo DisneySea Hotel MiraCosta. About 160 people in total from the headquarters and franchisees gathered face-to-face, praised award winners, and cultivated relationship. From FY2021, the Company gave the title of “Excellent” to professional staff who won the individual award three times, and commended them.

We have made efforts for further offering moving experience to customers, by giving special name plates and emblems to staff of award-winning stores in their honor.



2021 Employee Good Value Awards/CEO Award

Aiming to develop culture of complimenting and recognizing each other, the Company has held Employee Good Value Awards since FY2018, which is in its fourth year. There are six individual awards, Mood Makers, Connectors, Challengers, Good Listeners, Unsung Heroes, and Health Promoters, in addition to the Team Awards category. In FY2021, a total of 261 employees, recommended by 103 people, complimented each other.

Six members of the online customer service building team won the CEO Award, which is newly selected from among winners of the Team Awards from FY2021. In relation to responses to customers seeking dashboard cameras, an experimental initiative for directly contacting customers through a monitor screen set at a store from Car Lifestyle Support Center of the headquarters was appreciated.



Winner of the CEO Award, online customer service building team

Creating Healthy and Active Workplaces

With our goals of health management and efforts therefor organized as the health management strategy chart, the Company has been working on six priority issues based on the strategy. Consequently, all employees with the same vision are further promoting health, as implementing the PDCA cycle.

Priority Issues to Be Addressed Based on Health Management Strategy Chart

1 Anti-smoking	2 Lifestyle-related diseases
3 Cancer	4 Mental health
5 Health-related issues specific to women	6 Workplaces that promote health management

Promotion of Anti-Smoking Activities

It is generally known that smoking has negative impacts on prevention of serious lifestyle-related diseases and cancer. However, the smoking rate of AUTOBACS SEVEN Group is still higher than the average in a society. In order to keep and improve employee's physical health, we think this is an issue to be addressed first.

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, and has striven to collect cases of other companies and provide our successful cases. Letters to promote anti-smoking are sent by CEO to smokers and their families, and expenses for quit-smoking programs at hospital are subsidized. As a result, the smoking rate of AUTOBACS SEVEN was 27.0% as of the end of FY2021, still higher than a percentage of the entire society. So, the Company will continuously work to create culture toward quitting smoking and take anti-smoking assistance measures.

Health Management: External Recognition

Recognized as 2022 Certified Health and Productivity Management Outstanding Organization (White 500)

The Company has been recognized as 2022 Certified Health and Productivity Management Outstanding Organization (White 500) hosted by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, as was the case in 2017 and 2019. Based on initiatives suitable for regional health issues and ones for health promotion conducted by the Nippon Kenko Kaigi, companies which have implemented especially excellent health management are certified. The Company was recognized for efforts for its employee's mental and physical health.



Ranked Highest in DBJ Employees' Health Management Ratings for Four Consecutive Years

Employee's Health Management Rated Loan Program by Development Bank of Japan Inc. is the world's first loan program which introduced a professional method of “employee's health management rating” to assess and select excellent companies in initiatives for considering employee's health.

The Company was rated at the highest level for consecutive four years as was the case in 2015, 2017, and 2019, deemed to be especially excellent in initiatives for considering employee's health.



Development of Organization and Personnel

Improving Status of Certified Mechanics and Fostering Them

Ensuring and fostering certified mechanics is one of urgent issues in the entire automobile industry including the Company. As with development and diffusion of advanced safety technologies such as autonomous driving and driver assistance systems, the Company considers that recruitment, development, and retention of personnel to maintain them are also essential. Regarding automobile mechanics as essential human resources for creation of businesses that solve social issues, the Company has been improving status of certified mechanics and fostering them.

In cooperation with its subsidiary, Chain Growth Co., Ltd., the Company is continuing and expanding recruitment activities as AUTOBACS Group, targeting graduates of mechanic schools and other qualified individuals. Moreover, the Company has proactively supported acquisition of mechanic qualifications. To improve the work environment of service pits, the Company is also working to allow a simultaneous breaks of all service pit employees, and update service pit equipment that facilitates efficient work, etc.

Efforts to Increase the Number of Certified Mechanics

The number of people working as automobile mechanics is about 350,000 in Japan, including about 3,700 certified mechanics of AUTOBACS chain.

In Japan, the number of automobile mechanics has slightly decreased over the last five years, and the average age is said to be on an upward trend, around 46 years old. One of the factors is that the number of young people who graduate from mechanic school and are employed has been decreasing. As an activity for increasing the number of certified mechanics in the medium- and long-term, AUTOBACS Group has continued to support the acquisition of mechanic qualification for those who graduated from general course of high school and who aim to acquire the qualification after employment through the Group's subsidiary.



Activity to Support Acquisition of Mechanic Qualifications

Through a subsidiary Chain Growth Co., Ltd., the Group has foster automobile mechanics and inspectors who need national qualifications, including personnel for various pit services. With fulfilled education and training systems built and operated, a certified mechanic development program with a high examination pass rate is available.

In cooperation with each prefecture's automobile service promotion association, "Short-term seminar for Fukuoka Level-3 mechanics" and "Short-term seminar for Chiba Level-3 mechanics" are implemented. The Company offers a variety of educational materials for learning knowledge and skills as certified mechanics, as well as experienced teachers. We will fulfill a role to resolve the urgent issue of a shortage of certified mechanics in the automobile industry, and develop AUTOBACS Group.

Acquisition of Certification for Branch School

In October 2021, Service Training Academy (STA) Chiba Naganuma, a training facility of Chain Growth Co., Ltd. in Chiba City, Chiba Prefecture acquired a certification as Naganuma Branch School, a technical institute of Chiba Automobile Service Promotion Association.

A branch school is a facility where technical training (Class II capacity-building seminar) of each prefecture's automobile service promotion association can be implemented.



Foreign Technical Interns

Through our subsidiary, Chain Growth Co., Ltd., we foster foreign human resources who aim to acquire skills. Assigning Philippine technical interns to stores in Japan, we are passing on Japan's advanced automobile maintenance techniques to them.

In FY2021, two Philippine interns passed the Level 3 automobile mechanic examination.

Our goal is that they will use skills they learned to contribute to the development of motorization in their countries and to the safety and security of their communities.



POINT

Role Model of Certified Mechanics AUTOBACS GUYS

AUTOBACS GUYS, a role model of certified mechanics fulfilling the criteria of being professional, friendly, and enthusiastic, have been selected every year from among automobile mechanics working at AUTOBACS stores nationwide since FY2017. The work of an automobile mechanic is an important job that is directly related to the safety and security of our customers. We will spotlight our certified mechanics' work and convey the professional and friendly side of the AUTOBACS Group to our customers.



Five AUTOBACS GUYS for FY2021

Realization of a Cyclical and Symbiotic Society



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 a sustainable cyclical and symbiotic society.

Non-financial Data

P54

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 and services, statutory safety inspection and maintenance services, and car sales on the environment, striving to engage in low-environmental-impact business management as a franchise headquarters.

Product Recycling and Proper Disposal

Used tires collected from customers at AUTOBACS stores are sorted and pulverized by specialists and are recycled as a source of thermal energy.

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 received from customers are used for transforming parts into different materials and for processing airbags and CFC gas, which are cumbersome to process.

Product	Recycling and proper disposal	
Batteries	Lead electrodes	● Reuse by battery manufacturers
	Casing	● Reuse as plastic
	Electrolytic solution	● Neutralization process
Oil		● Reuse as fuel for boilers, etc.
Bumpers, aluminum wheels, etc.		● Sort by material and reuse
Radiator liquid		● Neutralization process ● Use as auxiliary fuel for heating, etc.
Tires		● Fuel and raw material for cement plants, etc. ● Raw material for road surfaces, etc.

Reduction of CO₂ Emissions

Electric vehicle charging stations

We have installed electric vehicle charging stations at 103 AUTOBACS chain stores (as of July 31, 2022). On top of enhancing convenience for our EV and PHV customers, we promote environmental conservation activities across the entire Group.

Reducing CO₂ 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) to reduce our emissions of CO₂. Total power generated during the fiscal year ended March 31, 2022 was 1.22 million kWh.

Initiatives in distribution

When transporting merchandise not requiring express delivery, we make use of rail freight containers instead of trucks to reduce CO₂ emissions. We also utilize reusable folding containers of various sizes when delivering merchandise to stores in an effort to reduce cardboard box waste.

Developing environmentally friendly private brand products

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

Change in packaging



Before change



After change



Biodegradable plastics used in merchandise;
FSC-certified package materials

Pursuit of Diverse Human Resources and Diverse Work Styles



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.

Non-financial Data

P54

Promoting Diversity and Inclusion

Goals and current status

We achieved each of the goals set in the General Employer Action Plan for the three years from April 1, 2019, to March 31, 2022, based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We have also established a new plan for the period from April 1, 2022, to March 31, 2025. We will continue promoting various measures to achieve the goals while working on initiatives such as improvement of the working environment and provision of support for employees' self-motivated career path development on an ongoing basis over the medium to long term. Through these efforts, we will increase the number of female employees involved in the Group's management decision-making.

Goals (from April 1, 2022, to March 31, 2025)	As of March 31, 2022
Goal 1: Increase the percentage of female employees (excluding part-time workers) to 20.0% or more	18.0%
Goal 2: Increase the percentage of females in group manager-level positions and above to 10.0% or more	6.4%
Goal 3: Increase the percentage of eligible male employees who take childcare leave to 90% or more	22.7%

*Female employees covered by the goal were changed from those including part-time workers, which applied to the goal up through March 31, 2022, to those excluding part-time workers.

Workplace where both male and female employees can balance childcare and work

By establishing environments that are work-friendly even for women experiencing major life events such as marriage, childbirth, and childcare, we have maintained a 100% return-to-work rate for female employees after maternity and childcare leave. We also encourage male employees to take childcare leave, and work to improve systems to accommodate flexible work styles that take life events into account.

Diversity in recruitment, etc.

Each year, the Group hires diverse human resources regardless of their nationality through new graduate and mid-career recruitment, acceptance of foreign technical interns at stores, and other means.

Mid-career hires account for 20.0% of the full-time employees who joined the Company during the fiscal year ended March 31, 2022. In addition, the Company has 19 employees of foreign nationality (as of March 31, 2022).

We will continue strengthening efforts including those to supplement our human resource pool of specialists and management candidates and to ensure diversity of knowledge and experience.

Development and Education of Human Resources

Establishment of education systems

We have established an educational program to help individual employees clarify their own career paths through work and to support them in pursuing those paths. In addition, we have established the AUTOBACS Chain Education System as a business-specific training system for the Domestic AUTOBACS Business. Going forward, we will consider establishing training systems tailored to other businesses from the perspective of the AUTOBACS SEVEN Group.

Selective training

We started conducting selective training for the development of younger employees in FY2017. The training is for employees under 30 years of age who will be serving in manager-level positions in the future, and is designed to develop human resources to take charge of the Group's management over the medium to long term.

Development of young management personnel

Our domestic store subsidiaries have 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 train human resources to have a management perspective by strategically allocating them, and thereby work to enhance the organizational strength of the entire AUTOBACS SEVEN Group.

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. 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. We also offer specialist courses for employees who desire to further pursue their specialization. In these ways, we support the development of careers that match each employee's abilities, aptitudes, and aspirations.

Personnel development programs

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. We provide subsidies of up to 100,000 yen a year per person to encourage employees' voluntary career development efforts.

In addition, we have a full range of programs to encourage employees who are proactive in their self-development and skills enhancement. For example, we provide rewards for those who have acquired official qualifications designated by the Company.

Work Styles for Achieving Work-Life Balance

Work styles not requiring employees to be posted away from home

As part of our efforts in line with the spread of telecommuting to promote work styles that are location independent, we have put a system in place in which employees can apply to adopt work styles that combine telecommuting from home, etc. and long-distance commuting to their assigned site, even if they are transferred or assigned to a job in an area that requires them to live away from home.

Holding of AUTOBACS Knowledge Club sessions

Amid the continued spread of remote work, we have created opportunities for employees to communicate with each other across the boundaries of departments and duties. AUTOBACS Knowledge Club sessions are held as a venue for employees to become instructors and share and learn from each other's specialties, knowledge, and skills. As employees actively participate in these sessions and engage in dialogue, their interest in other departments increases and autonomous interaction becomes more active.

Appropriate working hours and flexible work styles

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. We have also introduced a system that can accommodate diverse work styles, such as flextime and telecommuting.

Creating Healthy and Rewarding Jobs

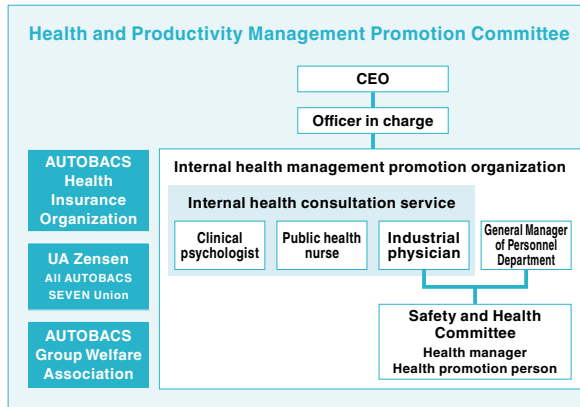
Promoting Health Management

Since its founding, the Company has identified the “physical and mental health of employees” as one of its three pillars of management. We are currently raising awareness of health among employees and promoting health management in the belief that this is connected to Goal 3 of the SDGs: Good Health and Well-Being, and that employees’ mental and physical health is fundamental to realizing Vision 2050 – Creating Our Future Together.

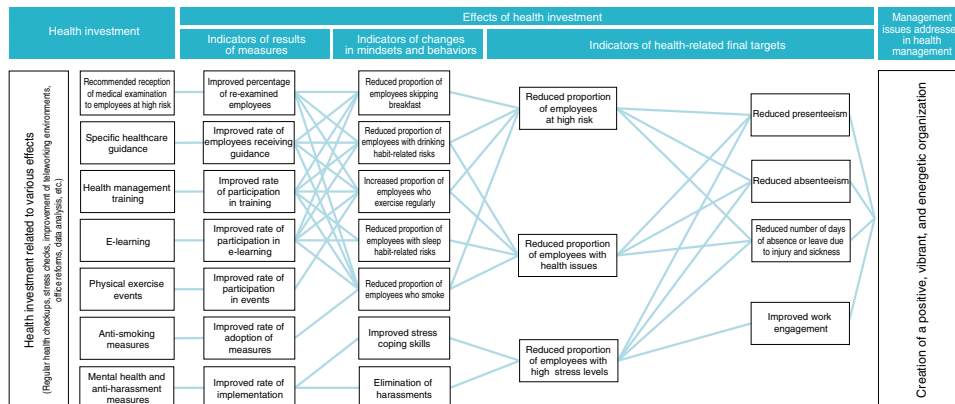
As a result of such efforts, we were recognized as a Certified Health & Productivity Management Outstanding Organization (White 500) and was certified under the Development Bank of Japan Inc.’s DBJ Employees’ Health Management Rating.

Health management organization

We have established the Health and Productivity Management Promotion Committee comprising internal parties and related organizations to examine not only priority issues related to health management but also occupational safety and health issues such as reduction of overtime work and mitigation of industrial accident risks. The Company’s health management promotion organization headed by the CEO has set up the Safety and Health Committee and an internal health consultation service. In addition, an external professional organization may be contacted for third-party consultation services.



Health management strategy map



With the objective of increasing the productivity of our employees through health management, we will work toward improvement with the following KPIs: reduced presenteeism, reduced absenteeism, reduced number of days of absence and leave due to injuries and diseases, and improved work engagement of our employees. We have disclosed these health management targets and measures as our health management strategy map, and are promoting them together with all employees through a PDCA cycle.

Priority issues to be addressed

All employees of the AUTOBACS SEVEN Group will work together to address the priority issues listed below. These activities based on the health management strategy map reflect our effort to build an organizational culture in which everyone understands that the health of each individual employee is key to creating corporate value, and also symbolize our commitment to benefiting society in general.

1. Anti-smoking	We create non-smoking environments, support individuals' efforts to quit smoking, and take measures to eliminate health hazards due to passive smoking within individual plants and offices.
2. Lifestyle-related diseases	We work to prevent the onset and aggravation of lifestyle-related diseases.
3. Cancer	By increasing the rate of screening and consultation among employees, we support the early detection and treatment of cancer. We also work 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 support self-care and line-based care, and promote care by in-house occupational health staff and care utilizing external services.
5. Health-related issues specific to women	We strive to improve work environments and support measures to help female employees spend healthy, positive, fulfilling lives with independence.
6. Workplaces that promote health management	We work to establish environments and structures to instill health management initiatives in the workplace.

Health management and occupational health & safety indicators

To maintain and improve the mental and physical health of each of our employees, we are pursuing specific measures based on the priority issues to be addressed. We are also evaluating the efficacy of these measures and setting new KPI targets accordingly as part of the PDCA cycle of our overall health management.

- We provide enhanced, specific health guidance and health management training to employees at high risk of lifestyle-related diseases. Those receiving specific health guidance showed a greater improvement in their body mass index (BMI) and their exercise habits compared to other employees. Of eligible employees, 58.1% received health management training, and improvements were seen in their drinking habits, consumption of breakfast, and physical exercise habits.
- In the area of mental health, an e-learning program on the key points of self-care and management supervised by a clinical psychologist has been created and made available. The percentage of high-stress employees in FY2021 was 10.7%, an improvement from the previous fiscal year.

Revitalization of Local Communities



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. With this belief in mind, we will continue to create safe, secure, and enjoyable situations for people's car-centric lifestyles.

Theme	Activity	Activity overview
Efforts to prevent traffic accidents	Merchandise supporting safe driving	To prevent accidents caused by the misuse of pedals, we are developing and selling merchandise that prevent sudden acceleration.
	In-store traffic safety awareness activities	We conduct traffic safety awareness activities and hold traffic safety workshops using Pedal Watcher II in cooperation with the local police station.
Community support for natural disasters	Support station for returning home during disasters	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 maps and other road information, as well as information obtained from radio and other sources.
	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 the transportation and maintenance of those cars. In July 2021, we concluded an agreement with the 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	In cooperation with the Japan Car Sharing Association we donated five vehicles to Takeo City, Saga Prefecture, and transported eight vehicles to Kurume City, Fukuoka Prefecture. Up through November 30, 2021, the latter eight vehicles were rented out free of charge to people whose cars were damaged.
Creating an automotive culture	ARTA (AUTOBACS RACING TEAM AGURI)	We have established the ARTA Project (AUTOBACS RACING TEAM AGURI) together with former F1 driver Aguri Suzuki with the aim of training Japanese drivers who can compete on the world stage, and have been discovering young people with the potential to become racing drivers.
	The SUPER GT challenge	ARTA participated in SUPER GT, the highest-level race in Japan, and the Company supported the race as a special sponsor. Through these activities, we contributed to the revitalization of motorsports overall and to the transformation of drivers across the world into car fans. We promote the creation of race lovers and car lovers.
	Aiming to develop e-motorsports	We supported the e-motorsports JEGT GRAND PRIX as a tournament sponsor and held the AUTOBACS JEGT GRAND PRIX 2021 series as an official series with the largest prize money in Japan.
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, KidZania Koshien, and KidZania Fukuoka.
	Supporting the development of children, who are our future: Kodomobacs	We give children the chance to try their hand at a number of activities, including working in service pits where they change a car tire wearing AUTOBACS overalls, taking souvenir photographs in a racing suit, and decorating cars with drawings.

FOCUS Contributing to the spread of home health care, for which demand is increasing

— Dividends paid by the Company used in public benefit services provided by the Yuumi Memorial Foundation for Home Health Care

In July 2000, Isamu Sumino, a co-founder of the Company, contributed all of the Company's shares he held to incorporate the Yuumi Memorial Foundation for Home Health Care. Behind the incorporation lies the fact that home health care will become indispensable in the future in Japan, which will have a super-aged society* and where advances in medical technologies will lead to lower infant mortality rates and an increase in the number of children requiring constant medical care. Since its establishment, the Foundation has proactively worked on projects to promote home health care, such as surveys and research on home health care, holding of training sessions and seminars, and dissemination and awareness-raising activities, with the aim of promoting wider use and improvement of the quality of home health care.

The Foundation's activities have been funded entirely by dividends paid by the Company, and the Foundation celebrated its 22nd anniversary in July 2022. Project expenses related to home health care incurred during the 21 years up through the end of the previous fiscal year amounted to 2,817 million yen (of which, 1,729 million yen was provided as grants to projects selected through open application), with 2,521 projects receiving grants.

*According to the website of the Ministry of Health, Labour and Welfare (https://www.mhlw.go.jp/stf/newpage_21481.html; in Japanese). The population aged 65 years and above is estimated to account for about 35% of the entire population in 2040.



A letter of appreciation was presented by the Foundation to the Company at the ceremony commemorating the Foundation's 20th anniversary

Stable Supply of Merchandise 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.

Merchandise Quality Control

☑ Quality assurance

Merchandise quality guidelines

Recognizing that the merchandise and services we provide to our customers are directly related to their safety, we have established the [AUTOBACS Group Product Quality Guidelines](#) and are striving to maintain and improve quality.

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) standards, which is widely adopted globally.

Merchandise quality standards

We control the quality of our merchandise in accordance with our Product Quality Control Regulations. In addition to the private brand products that we sell, we also work with manufacturers and suppliers of national brand merchandise to manage merchandise from multiple perspectives, including the legality of the merchandise themselves and their use, and consumer protection based on the Product Liability Act.

☑ Quality Verification

Product defect hotline

In rare cases, defective items are found among national brand merchandise. When this happens, we require our suppliers to submit a corrective action report, and we study and propose measures to prevent recurrence that extend to quality assurance systems and manufacturing. We have also introduced the Product Defect Hotline, an internal online bulletin board, to share information with each group store in a timely manner.

☑ Quality improvement

Buyer development training

To provide safe, reliable, and high-quality merchandise to our customers, we conduct buyer training every year. The role of buyers and the knowledge and skills they need are explained to participants in a structured manner. They are trained not only in profit and loss management and cost structure, but also to be flexible and strategic buyers who can respond to future changes in the environment. Such buyers enhance the strength of the AUTOBACS brand as they develop product lineups and sales floors.

Quality Control of Services

☑ Safety and security assurance

Quality control for pit services

At our Group 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 are working to improve the skills of our pit staff through technical training and e-learning. In the area of statutory safety vehicle inspections, we ensure the consistency of work procedures across the group to improve quality.

Obtaining third-party certification

Since 2017, we have maintained a business partnership with TÜV Rheinland Japan, which has strengths in auditing the automotive aftermarket. In 2018, we became the first company in Japan to obtain Maintenance Factory Certification with Automobile Accessory Mass Merchandiser. As of March 31, 2022, five stores have obtained this certification.

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. We have established an internal communication system to minimize the damage to the owner of the personal information in the unlikely event of a leak of personal information, and to prevent the incident from affecting the business activities of our group.

☑ Improving convenience

HVs Work Handling Store certification system

To service hybrid car batteries, etc., Japanese laws and regulations require all relevant employees to take the special training for maintenance of electric vehicles.

We conduct hybrid car training for Group employees and certify stores equipped with the following four items as HVs Work Handling Stores: special training for maintenance of electric vehicles, insulation tools, diagnostic machines, and hybrid car training. The certified stores place this certification near the store entrance. As of March 31, 2022, 366 stores have been certified.

Car Lifestyle Support Center

There are a variety of inquiries from customers, such as merchandise inquiries, opinions about in-store service, reservations for oil and tire change work, and inquiries to stores. To respond to these inquiries, we have established call centers in the Toyosu headquarters and in Yamagata to support our customers' car lifestyles.

Corporate Governance

Basic concept of corporate governance

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

Based on this fundamental philosophy, we will build a system to achieve fair and transparent management including separation of the execution of operation and supervision, together with swift, bold decision making and proper monitoring, and will endeavor to make the system fully functional in substance.

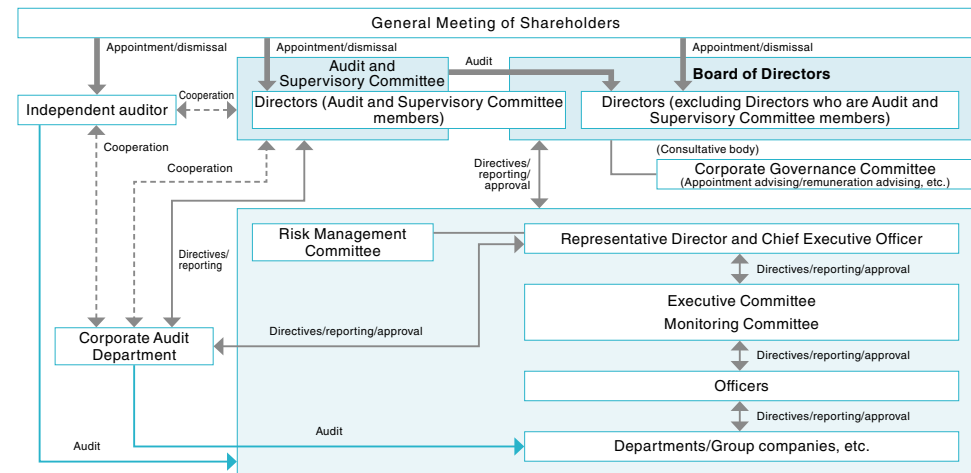
Features of the Company's corporate governance

The Company aims to achieve continued sustainable growth and to further improve its medium- to long-term corporate value by establishing a more effective corporate governance system that separates business execution and supervision and enables the pursuit of both effective and swift decision-making and appropriate monitoring of its management. To this end, the Company is further reinforcing 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 and selected members of the 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, holding of Monitoring Committee meetings, and clarification of management responsibilities
- 5. Regular meetings with Officers by Audit and Supervisory Committee members:** enhancement and reinforcement of monitoring

Governance system chart

As of April 1, 2022



Name	Regular meeting	Chairperson	Members	Directors (excluding Directors who are Audit and Supervisory Committee members)		Directors who are Audit and Supervisory Committee members		Officers	Main roles
				Internal	Outside	Internal	Outside		
Board of Directors	Once every month in principle	Appointed in accordance with provisions prescribed by the Board of Directors	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	At least once every month in principle	Appointed from among Audit and Supervisory Committee members by mutual election	Directors who are Audit and Supervisory Committee members	—	—	●	●	—	<ul style="list-style-type: none"> 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. Members attend important meetings and meetings with the Independent Auditor; 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 Reports on and explains audit policies and audit results of the Audit and Supervisory Committee regularly at meetings of the Board of Directors
Corporate Governance Committee	Once every month in principle	Appointed from among Outside Directors through mutual election by committee members	Independent Outside Directors, Representative Director, and Chairperson of the Board	● (Representative Director and Chairperson of the Board only)	●	—	●	—	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 <ol style="list-style-type: none"> Election and dismissal of candidates for Directors (including Directors who are Audit and Supervisory Committee members) Selection, dismissal, and succession planning for the Representative Director Appointment of Officers (Limited to cases where an Officer is recruited from the outside the Group) Remuneration system for Directors (excluding Directors who are Audit and Supervisory Committee members) and Officers Other matters relating to corporate governance
Executive Committee	Once every month in principle	Chairperson of the Board	Directors	●	●	●	●	—	Positioned as a place to deliberate and form consensus on matters for discussion related to execution, deliberates in advance on risks underlying the matters to be resolved at Board of Directors meetings and measures to manage them, reports the processes and results of its deliberations to the Board of Directors, and formulates company-wide policies and plans
Monitoring Committee	Once every month in principle	Chief Executive Officer	Executive Officers, etc.	●	○	○	○	●	Holds discussions to promote business execution by confirming the status of execution and examining countermeasures in each business and business infrastructure
Risk Management Committee	Once every year in principle	Representative Director and Chief Executive Officer	Executive Directors and Officer in charge of internal control functions	●	○	○	○	● (in charge of internal control)	Formulates annual risk management policies and strives to promote risk management in a smooth and appropriate manner

Corporate Governance

Appointment and Dismissal of Directors

Our Directors are individuals who understand the importance of the relationship of mutual trust we have with franchisees, suppliers, employees, and others in the AUTOBACS chain that includes franchise corporations, 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 shall be 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 Audit and Supervisory Committee members have considerable expertise in finance and accounting.

We established the Corporate Governance Committee, chaired by an Outside Director, and composed of all of the Outside Directors, Chairperson of the Board, and Representative Director,

as an advisory body to the Board of Directors. Decisions on proposals to be submitted to the General Meeting of Shareholders regarding the selection of Director candidates and the dismissal of Directors are made by the Board of Directors after consulting and receiving reports from this Committee. When appointing Directors who are Audit and Supervisory Committee members, the Representative Director and the Audit and Supervisory Committee discuss the required human resource qualifications at the time of Director candidate selection.

In addition, the Audit and Supervisory Committee discusses and expresses its opinion as to whether the Director candidates selected by the Corporate Governance Committee, in which Outside Directors who are Audit and Supervisory Committee members participate, are suitable for the position. In doing so, the Audit and Supervisory Committee considers the following: the selection policies that take into account such matters as the qualifications of each candidate and his or her eligibility as a Director, the status of nomination procedures, and for Executive Director candidates, the status of their business execution and contribution to business performance in each fiscal year.

Outside Directors

Status of appointment

The 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.

Independent Outside Directors Liaison Meeting

The Company has appointed a Chief Independent Outside Director. In addition, the Independent Outside Directors Liaison Meeting, consisting of four Independent Outside Directors (since June 23, 2022) and hosted by the Chief Independent Outside Director, meets several times a year to strengthen mutual information sharing and communication among Outside Directors. In the fiscal year ended March 31, 2022, 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 Executive 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, we have established the Management Committee, which consists of Directors, to ensure that Outside Directors can make appropriate judgments based on sufficient information. As a forum for deliberating in advance the matters to be resolved by the Board of Directors, it examines business profitability, risks, and other aspects of the matters for resolution. 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.

POINT

Requirements for the Outside Directors' Independency (excerpt)

The Independent Directors of the Company shall be Outside Directors as set forth in the Companies Act and the Regulations for Enforcement of the Companies Act who satisfy 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 Independent Directors shall not have had any interest in the Company and its affiliates (hereinafter collectively "the AUTOBACS SEVEN Group") or specified corporations or entities.
2. The Company's Independent Directors shall not have been a spouse of any of the 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 year under review.
3. The Company's Independent Directors shall not be a spouse of, a relative within the second degree of kinship, or share means of livelihood with any person corresponding to the description of Paragraph 1 above.
4. The Company's Independent Directors shall not be in any situation that may hinder them from performing their duties as the Company's Independent Directors.

Please refer to our website for more details.



Corporate Governance

POINT

Strengthening of the effectiveness of corporate governance by Outside Directors

From fiscal year ended March 31, 2021, Outside Directors have been participating as observers in the Monitoring Committee, which consists of Executive Officers, etc., and the Officers Committee, which consists of all Officers. We have introduced a system that enables them to confirm the status of execution, consider countermeasures for each business and business infrastructure, 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.

Evaluation of the Board of Directors' Effectiveness

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 the 75th term (from April 1, 2021, to March 31, 2022), all Directors submitted their response to the multiple-choice and free-response questions about "operation of meetings of the Board of Directors," "structure of the Board of Directors," "agenda of the Board of Directors meeting," "processes of discussions and decision-making by 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 year." The Corporate Governance Committee analyzed the answers received, organized issues, and reported the results to the Board of Directors.

Overview of results of evaluation for the fiscal year ended March 31, 2022

The results of the evaluation for the fiscal year under review confirmed that our current Board of Directors and Corporate Governance Committee are generally functioning appropriately. With respect to the priority issue of discussions about ESG and SDGs in particular, many Directors indicated their approval of the deepening of discussions and the progress of company-wide efforts in their responses. On the other hand, the Company has confirmed that, as issues that need to be addressed going forward, there is room for improvement in the amount of knowledge it has relating to the investigation, examination, and sorting out of issues in projects overseas and in new business domains, as well as in its issue identification and discussion regarding its vision and mindset from a medium-to-long-term perspective.

▶Future initiatives

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) Enhancement of knowledge relating to the investigation, examination, and sorting out of issues for projects overseas and in new business domains
- (2) Enhancement of issue identification and discussion regarding its vision and mindset from a medium-to long-term perspective

POINT

Monitoring Committee functions

The Monitoring Committee, chaired by the Chief Executive Officer and consisting of Executive Officers and others, meets once every month. Outside Directors and Directors who are Audit and Supervisory Committee members attend the meeting as observers. Each month, one or two of the Seven Businesses and Five Business Infrastructures in the Five-year Rolling Plan, which expresses our Group's direction and strategy, are chosen as agenda items for reporting and discussion. Specifically, the Committee receives 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 infrastructures 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 infrastructures.

The Committee also checks the progress of individual investment projects in both Japan and overseas once or twice a year. At these meetings, in addition to sharing information on the progress of projects in light of original plans, the Committee also reconfirms the purposes of the investments and discusses the significance of continuing those investments.

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 infrastructures, 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, risks, and other matters. Outside Directors and Directors who are Audit and Supervisory Committee members also actively make comments based on their expertise in their respective fields.

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

Executive Committee functions

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

Corporate Governance

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 remuneration for Directors and Officers 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 Directors who are Audit and Supervisory Committee members, only fixed remuneration set for each role is paid. The percentages set for basic remuneration, the annual incentive, and the 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.

▶ Basic remuneration

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

▶ Annual incentive

The achievement of a single-year consolidated ordinary profit and 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.

▶ 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 shares in accordance with the amount set for each remuneration table, as an incentive to management based on a medium- to long-term perspective and as an incentive linked with the achievement of a single-year consolidated operating profit target.

Process of determining remuneration

- 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. 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.
- Remuneration for the Company's audit and Directors who are 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 Director remuneration system 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, the Representative Director, and Chairperson of the Board.
- 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 31, 2022

Classification	Basic remuneration		Incentive				Total amount of remuneration, etc. (millions of yen)
	Fixed remuneration		Annual		Medium to long term (stock-based remuneration)		
	Number of persons paid	Payment amount (millions of yen)	Number of persons paid	Payment amount (millions of yen) *Expected	Number of persons paid	Payment amount (millions of yen)	
Directors who are not Audit and Supervisory Committee members (excluding Outside Directors)	4	142	4	155	4	15	312
Directors who are not Audit and Supervisory Committee members (Outside Directors)	1	12	—	—	—	—	12
Directors who are not Audit and Supervisory Committee members Total	5	154	4	155	4	15	324
Directors who are Audit and Supervisory Committee members (excluding Outside Directors)	1	25	—	—	—	—	25
Directors who are Audit and Supervisory Committee members (Outside Directors)	3	35	—	—	—	—	35
Directors who are Audit and Supervisory Committee members Total	4	60	—	—	—	—	60

1. Stock remuneration is stated at an amount posted as expenses for the fiscal year under review.
2. Remuneration for Directors (excluding Audit and Supervisory Committee members) was resolved in the amount of 480 million yen or less per year (including 50 million yen or less per year for Outside Directors) with the number of eligible Directors being seven or less at the 72nd Ordinary General Meeting of Shareholders held on June 21, 2019.
3. Remuneration for Directors (Audit and Supervisory Committee members) was resolved in the amount of 120 million yen or less per year with the number of eligible Directors being five or less at the 72nd Ordinary General Meeting of Shareholders held on June 21, 2019.
4. Remuneration for granting shares with restrictions on transfer for Directors (excluding non-executive Directors) was resolved in the amount of 100 million yen or less per year with the number of eligible Directors being seven or less at the 72nd Ordinary General Meeting of Shareholders held on June 21, 2019.
5. The above table includes one Director who was an Audit and Supervisory Committee member (Outside Director) and retired at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 23, 2021.

Compliance

Compliance System

The Company has been strengthening its compliance system. At the same time, we are making sure that everyone at headquarters, subsidiaries, and all AUTOBACS Group stores, including those of franchisees, are fully aware of the importance of conducting business activities in compliance with laws and regulations 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 the Company, but also for our franchise corporations. As a means to monitor the status of compliance, we hold monthly meetings of the Integrated Risk Management Secretariat Council, which consists of relevant departments. We have established a system to check for any deviation from the Code of Conduct and Guidelines for Action and take prompt action if a problem is identified.

Compliance Check at Stores

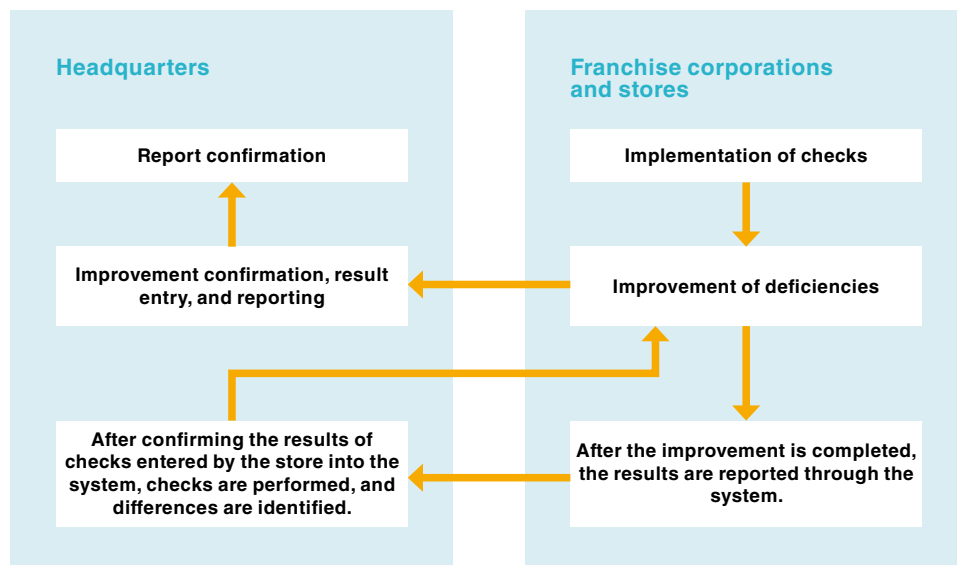
AUTOBACS stores nationwide conduct annual compliance checks to continuously identify risks and implement improvements. We conducted a compliance check consisting of 82 items including those on laws and regulations related to our business such as the Fire Service Act and the Act on Recycling of End-of-Life Automobiles, as well as on labor management, franchise management for store safety, and other matters (in FY2022). We implement improvement activities for any deficiencies found and report them to the headquarters.

Orange Hotline

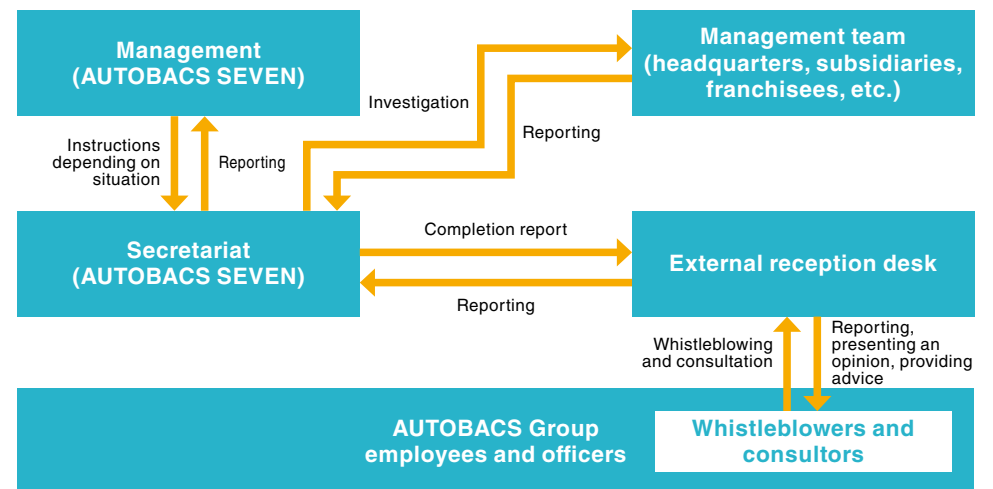
In accordance with the Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group, we operate the Orange Hotline, an internal reporting system for the Group. Internal reporting is handled through an external hotline, not only for internal reporting within the Group but also throughout the AUTOBACS Group, including franchisees. In addition, we have established a system to promptly report all cases of whistleblowing to the Audit and Supervisory Committee through the Audit and Supervisory Committee Office.

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

Compliance investigation operational flow



Orange Hotline operational flow



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 arrangements we employ during emergencies, and continuously work 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 the Group and aim to become a corporate group that is trusted by its stakeholders.

Ongoing educational initiatives regarding integrated risk management

The Risk Management Committee continues to educate Directors, 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 this 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 cooperation with the General Affairs Department, Legal Department, Corporate Audit Department, and Car Lifestyle Support Center. In addition, the Risk Management Committee reassesses enterprise risks, ensures that these risks reflect changes in the business environment, and selects critical risks that need to be addressed.

The Board of Directors receives reports on these matters from the Risk Management Committee and examines them as appropriate.

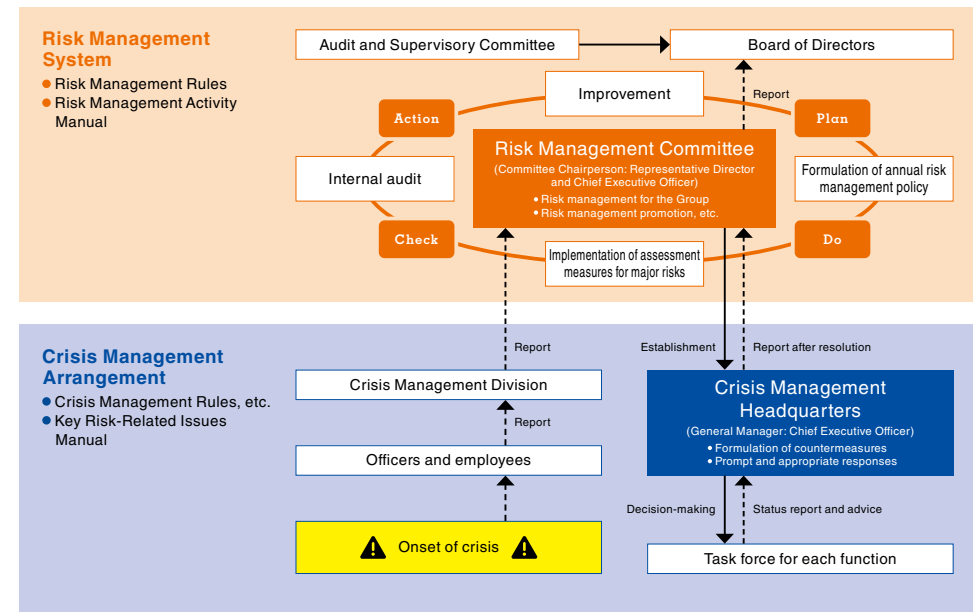
Moreover, the Officer in charge of general affairs reports to the Board of Directors on the status of serious incidents and measures taken in accordance with the rules for key risk-related issues. They also share information with the Audit and Supervisory Committee and other related departments.

If an unforeseen event causing a serious impact occurs or is likely to occur, the Chief Executive Officer, who is the Chairperson of the Risk Management Committee, will establish a Crisis Management Headquarters. The Chief Executive Officer will then take command 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 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 31, 2021, we established separate Crisis Management Headquarters for both earthquake damage and COVID-19.

Integrated risk management system conceptual diagram



Major Risks that may Significantly Affect Financial Position, Operating Results and Cash Flows

Business and Other Risks

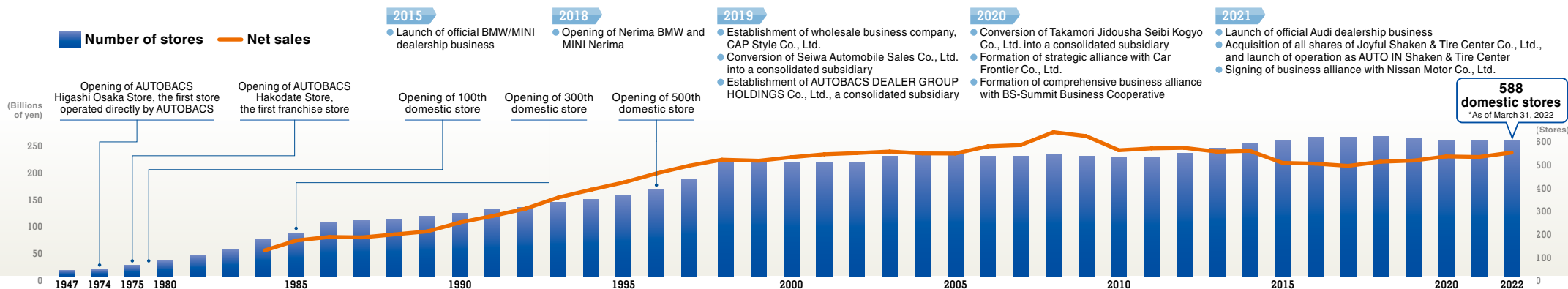
Major risks	Overview of risks
Risks associated with store operation	The Group operates retail stores selling automotive goods and services, providing statutory safety inspection and maintenance services, and purchasing and selling used cars. Associated risks include the disposal of waste discharged from store operations, the handling of toxic substances, accidents in service pits activities, and other accidents occurring on the premises of stores. These may affect the financial performance of the Group directly or indirectly through, for instance, a decrease in customers visiting stores of the Group due to the deterioration of customers' impressions about the Group.
Risk of a steep rise in purchase prices of merchandise procured	The merchandise sold by the Group are procured in Japan and abroad. Difficulty in the procurement due to geopolitical conditions, natural disasters, economic conditions, and other factors may affect the financial performance of the Group. A fall in demand for merchandise and services due to a rise in retail prices caused by a surge in purchase prices may affect the financial performance of the Group.
Risks associated with a franchise system	Damage to the brand image caused by a scandal of a franchisee may affect the financial performance of the Group. Cancellation of a contract or a lawsuit resulting from a problem between the Group and any of its franchisees may affect the financial performance of the Group.
Risks associated with competition, etc.	The full-fledged entry of a company in the same industry, an automobile manufacturer, or an auto dealer in the automotive aftermarket and the conditions of competitors such as tire specialty stores, used goods stores, outlet goods stores, and online retailers may affect the financial performance of the Group.
Risks associated with overseas activities	The Group operates businesses around the world with a focus on Europe and Asia. In these regions, an inability to change to accommodate various problems and risks, including differences in cultures as they relate to automobiles and associated products, competition with local companies, economic conditions, progress in information infrastructure, insufficient protection of intellectual property, unstable international conditions, and the outbreak of an infectious disease may affect the businesses and financial performance of the Group.
Regulations for store opening	The Group is subject to the following regulations when opening a store pursuant to the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment (Large Store Environmental Act). The Large Store Environmental Act requires that prefectural and municipal governments protect the living environment of residents in areas around the location of a scheduled store opening, including the regulation of noise, traffic congestion, waste disposal, and other issues associated with the opening of a new store with sales floor space larger than 1,000 sq. meters or the extension of an existing store. The Group's policy for opening a new large store with an area of more than 1,000 sq. meters is to fully consider the local environment from the stage of planning the store opening and make adjustments with local residents and municipalities. Should the above regulations and other restrictions prevent the Group from opening a store as planned, this may affect its financial performance.
Risks associated with securing human resources	For the growth and maintenance of the Group's business, it is essential that the Group secures and develops human resources specializing in next-generation maintenance such as automobile maintenance and inspections and human resources with diverse knowledge, skills, and values enabling innovation. Difficulties in the continuous recruiting of appropriate human resources due to future social conditions or changes in the employment environment, causing problems in the securing of sales of existing business or the implementation of growth strategies, may affect the financial performance of the Group.
Risk of violations of laws and regulations	The Group develops internal control to address problems related to legal compliance. It has established a division that leads company-wide internal control in order to establish a better internal control system, and a Code of Conduct and Guidelines for Action to guide Officers and employees in the implementation of corporate activities based on a high ethical perspective. However, Officer or employee misconduct may not be completely prevented in all cases. Misconduct may cause a decline in the trust the Group has earned from society, parties may claim a large amount of compensation for damages, and other consequences may affect the financial performance, financial position, or other conditions of the Group.
Risks associated with information management	The Group possesses private information and confidential information in the course of its business. If this information held by the Group is leaked or other accidents occur, a decline in the trust the Group has earned from society may affect the Group's financial performance, financial condition, or other conditions.
Risks related to systems	Many of the Group's business activities rely on information systems and communication networks. The Group takes security measures such as maintaining multiple data centers and taking periodical data backups. However, unexpected incidents causing a system failure, the malfunction of a data center, or other problems and serious damage to the Group's business activities may affect the Group's financial performance.
Fluctuations of foreign exchange rates	The Group operates foreign-currency-denominated loans provided to its overseas subsidiaries. Foreign exchange fluctuations in the calculation for the preparation of financial statements may affect the Group's financial performance.
Impairment of non-current assets	The Group has adopted the Accounting Standard for Impairment of Fixed Assets. Newly posting an impairment loss due to such factors as a fall in profitability of stores may affect the financial performance and financial condition of the Group.
Risks associated with corporate acquisition and business transfer	The Group develops new businesses and reorganizes existing businesses through the acquisition of other corporations, having other corporations transfer businesses to the Group, and entering business alliances with other corporations. Strategic investments failing to achieve the initial purposes and expected effects may affect the financial performance and financial condition of the Group, including the impairment of goodwill.
Evolution of automotive technologies and changes in the method of use	Automobile-related technologies change every day, and the development of driving-support features and autonomous driving technology and the increasingly common use of electric vehicles may change the size of the market or the demand for replacement parts sold by the Group. Failing to flexibly respond to diverse customer needs associated with the advance of technology may affect the Group's financial performance and financial condition.
Impact of climate change	The number of units of some merchandise sold by the AUTOBACS Group, including studless snow tires and tire chains, is significantly affected by weather. Abnormal weather such as cool summers and mild winters may cause a fall in demand for seasonal merchandise or a decrease in sales due to a shift in the timing of sales. The introduction of carbon taxes or other public dues as climate change measures or an increase in various regulations constraining business activities, increasing operation or facility costs, or otherwise impeding business may affect the financial performance of the Group.
Natural disasters	An earthquake, typhoon, or other natural disaster in an area in which the Group operates stores or owns business-related facilities, damaging these facilities or causing positions to be vacant due to the death or injury of the Group's Officers or employees and decreasing sales or increasing expenses for rebuilding, reinforcing human resources, and other recovery measures may affect the Group's financial performance.
Virulent infectious diseases	The Group, centered on the AUTOBACS business, plays a part in traffic infrastructure. In preparation for the spread of infectious diseases such as COVID-19, the Group takes measures to enable it to continue operating during an infectious disease outbreak by prioritizing the safety of its customers, suppliers, and employees to protect customers' safe and secure use of automobiles. However, the Group may take measures such as the suspension of store operations or reduced hours of operation depending on conditions such as outbreaks of infection or the increase of infections. In such cases, there is a possibility of an impact on the Group's financial performance and financial condition.
Reputational risk	Inappropriate comments or images related to the Group or related persons posted on the internet causing reputational damage resulting in the decline of brand image and the trust of society, regardless of the authenticity of the comments or images, may affect the business and financial performance of the Group.
Risk of lawsuits	The Group's continuing business activities in Japan and abroad are exposed to risks related to a variety of lawsuits. It is not possible to completely eliminate these risks even by improving internal control and establishing an internal control system, and the Group may become involved in a lawsuit. The results of a lawsuit filed against the Group may affect the financial performance of the Group.

A History of Value Creation

AUTOBACS was established in 1974 as Japan's first comprehensive specialty retailer of automotive goods and services. 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 aftermarket. As the business environment around automobiles continues to change dramatically, we will continue to take on the challenge of providing new value.

▶ Domestic AUTOBACS Business
 ▶ Overseas Business
 ▶ Car Dealership, BtoB and Online Alliance Business

- 1947**
 - Toshio Sumino establishes the privately-run store Suehiro Shokai in Osaka's Fukushima ward for the purpose of wholesaling auto parts
- 1977**
 - Launch of PB products AUTOBACS Oil, AUTOBACS Tire, and AUTOBACS Battery
- 1980**
 - Change in Company name to AUTOBACS SEVEN CO., LTD.
- 1991**
 - Opening of first overseas store in Taiwan
- 2002**
 - Launch of AUTOBACS CARS system and start of automobile sales business
- 2001**
 - Opening of first store in France
- 2014**
 - Revamp of private brand and launch of AQ. Brand
- 2012**
 - Opening of first store in Malaysia (franchise store)
- 2017**
 - Opening of Smart+1, a store with a new business format specializing in maintenance services such as professional hand car wash
- 2015**
 - Opening of first store in Indonesia
- 2018**
 - Debut of JACK & MARIE, Japan's first car-related lifestyle brand
- 2017**
 - Formation of capital and business alliance with a Malaysian company engaged in tire wholesale and retail
- 2019**
 - Renovation of A PIT AUTOBACS SHINONOME Store
- 2018**
 - Formation of capital and business alliance with PTG Energy Public Limited, Thailand's second-largest gas station operator
- 2020**
 - Establishment of comprehensive business alliance with BS-Summit Business Cooperative, a nationwide network of automobile maintenance providers
- 2019**
 - Conversion of Australia's AudioXtra Pty Ltd. (currently AUTOBACS AUSTRALIA PTY LTD) into consolidated subsidiary
 - Conversion of SK Automobile Pte Ltd (currently AUTOBACS CAR CARE (SINGAPORE) PTE. LTD.) into a consolidated subsidiary
- 2021**
 - Entry into the EV market
 - New establishment of ADAS Calibration Center
- 2020**
 - Transfer of a portion of shares of Thailand SIAM AUTOBACS Co., Ltd. to PTG to convert the company into an equity-method affiliate



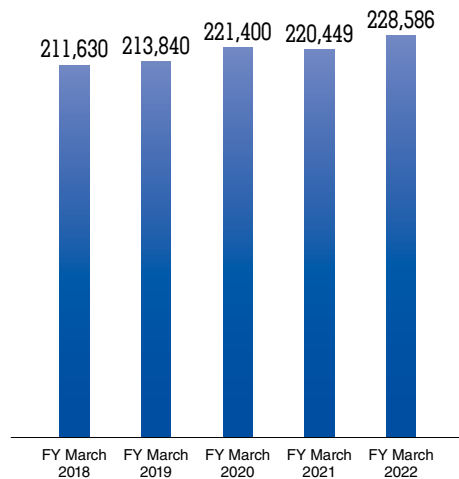
<p>1974</p> <p>AUTOBACS's development as a one-stop provider of automotive goods and services</p> <p>AUTOBACS was established in 1974, at a time of growing consumer interest in personal car ownership. The retail distribution of automotive goods had yet to consolidate, and consumers had to go to a different source for nearly every merchandise they wanted to purchase for their cars. AUTOBACS's one-stop store format for purchasing and installing automotive goods and services and met with strong consumer support.</p>	<p>1980</p> <p>Enhancement of merchandise offerings and proactive marketing in response to diversifying preferences</p> <p>AUTOBACS responded to demand for ways to individualize cars by taking innovative steps such as organizing merchandise displays and making recommendations based on lifestyle categories to more precisely respond to diversifying customer preferences.</p>	<p>1990</p> <p>Development of Super AUTOBACS and full-fledged entry into statutory safety inspection services</p> <p>Offering expansive retail spaces, service pits for product installation and maintenance work, CDs, and even a place to get a bite, Super AUTOBACS stores were developed to feature a wide variety of events. AUTOBACS also made a full-fledged entry into statutory safety inspection services.</p>	<p>2000</p> <p>Comprehensive support for car lifestyles through three core operations</p> <p>AUTOBACS transformed its business model to support the overall car lifestyles of our customers based on the three core operations of sales of automotive goods and services, statutory safety inspections and maintenance, and used car purchasing and sales, so that everyone can drive safely over the long term.</p>	<p>2010</p> <p>Transformation and creation for robust growth</p> <p>We launched the Five-year Rolling Plan in April 2019 to enhance our market competitiveness by addressing the dramatically changing environment and keeping pace with and adapting to changes in society, cars, and people's lifestyles.</p>	<p>2020~</p> <p>Building of a network with car maintenance garages, strengthening of support for next-generation maintenance services</p> <p>To respond to changes in the environment surrounding the industry, we are creating local maintenance networks and sharing our expertise. Through these efforts, we aim to provide customers with more advanced, higher-quality maintenance services.</p>
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 <p>First directly managed AUTOBACS store</p>	 <p>Launched sales of private brand products</p>	 <p>First Super AUTOBACS store</p>	 <p>Began installing electric vehicle charging stations</p>	 <p>A PIT AUTOBACS SHINONOME Store</p>	 <p>ADAS Calibration Center</p>
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Financial & Non-financial Highlights

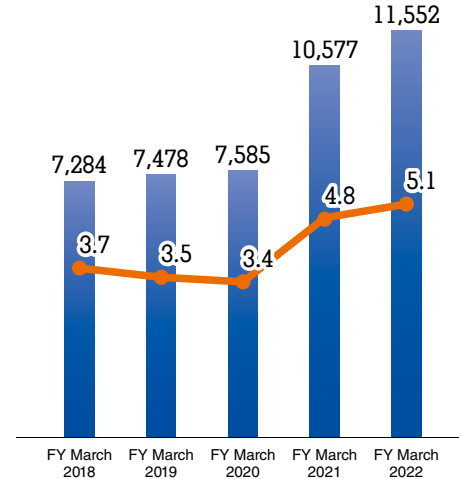
Net sales

(Millions of yen)



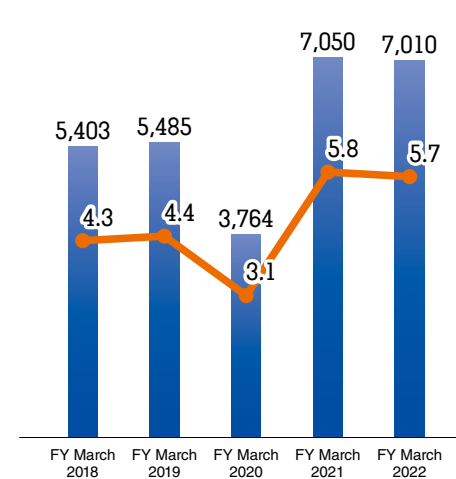
Operating profit/ Net sales operating income ratio

Operating profit (millions of yen)
Net sales operating income ratio (%)



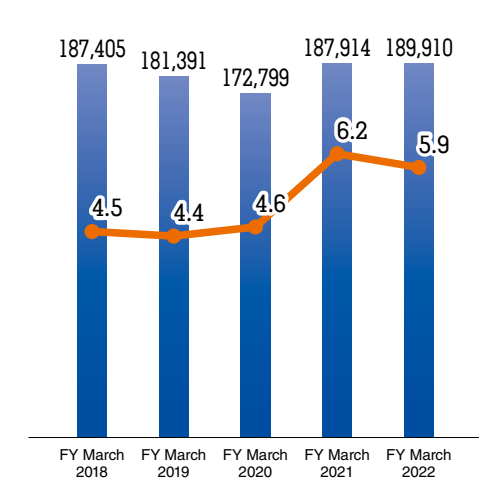
Profit attributable to owners of parent/ Return on equity

Profit attributable to owners of parent (millions of yen)
Return on equity (%)



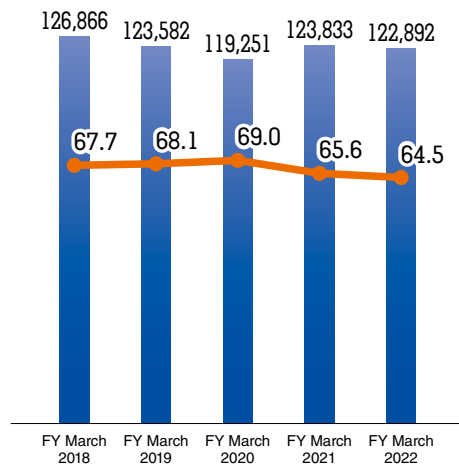
Total assets/Return on assets

Total assets (millions of yen) Return on assets (%)



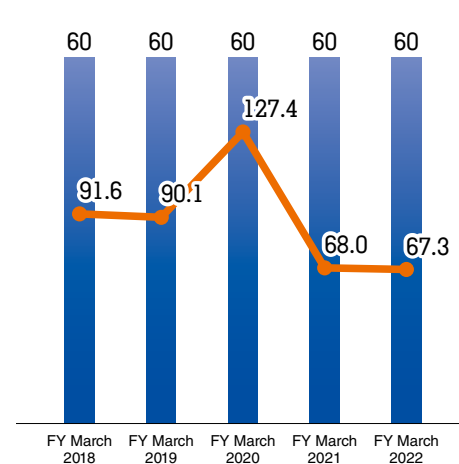
Equity/Capital-to-assets ratio

Equity (millions of yen)
Capital-to-assets ratio (%)



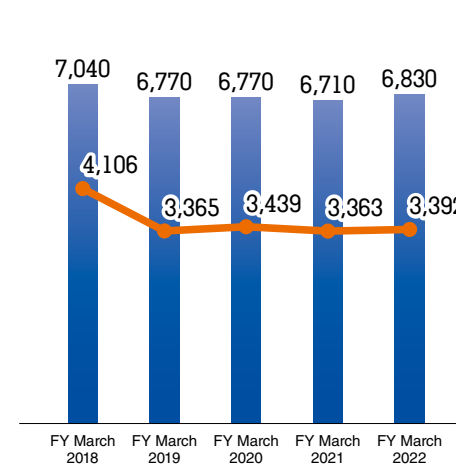
Dividends per share/ Dividend payout ratio

Dividends per share (yen) Dividend payout ratio (%)



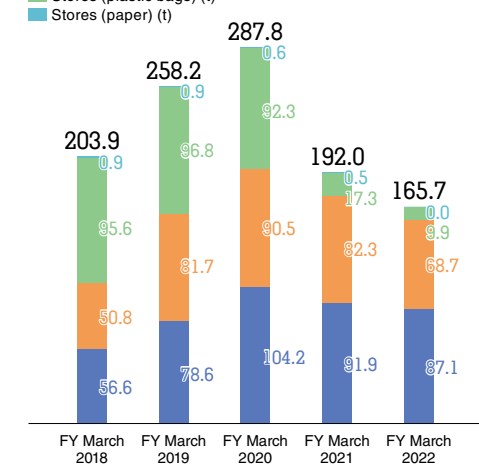
Electricity usage/CO2 emissions

Electricity usage (MWh) CO2 emissions (t-CO2)



Volume of packaging used at AUTOBACS chain and headquarters

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



*The Accounting Standard for Revenue Recognition began to be applied in the fiscal year ended March 31, 2022. The standard was not applied on figures for up to the fiscal year ended March 31, 2021.

*Total for headquarters of AUTOBACS SEVEN CO., LTD. regional business locations, directly managed stores, and logistics centers.

Financial Data

	FY March 2013	FY March 2014	FY March 2015	FY March 2016	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Profit and Loss Situation (millions of yen)										
Net sales	230,168	231,697	209,454	208,142	204,033	211,630	213,840	221,400	220,449	228,586
Wholesale	131,858	132,733	124,279	117,848	115,637	121,081	124,214	126,931	124,763	126,430
Retail	94,770	95,540	82,039	87,310	85,566	87,357	86,018	90,762	90,971	96,405
Others	3,538	3,422	3,136	2,983	2,830	3,889	3,607	3,705	4,713	5,751
Operating profit	12,745	13,944	6,403	6,701	5,829	7,284	7,478	7,585	10,577	11,552
Ordinary profit	14,472	16,421	8,250	7,780	7,120	8,226	8,203	8,059	11,219	11,246
Profit attributable to owners of parent	7,590	9,786	4,609	4,371	3,015	5,403	5,485	3,764	7,050	7,010
Cash flows from operating activities	10,741	12,072	11,829	10,564	9,488	16,394	4,447	10,603	17,163	5,712
Cash flows from investing activities	(4,522)	1,519	(2,403)	(4,984)	(7,147)	(2,915)	(3,078)	(3,370)	(6,085)	(7,710)
Cash flows from financing activities	(14,861)	(11,166)	(12,617)	(11,154)	(7,457)	(5,840)	(9,876)	(9,684)	(309)	(12,300)
Free cash flows	6,219	13,591	9,426	5,580	2,341	13,479	1,369	7,233	11,078	(1,998)
Capital investment	6,248	4,819	6,127	5,895	4,842	3,587	4,618	3,429	3,996	6,300
Depreciation and amortization of goodwill	5,193	4,550	4,804	4,012	4,384	4,131	4,045	4,665	4,154	4,554
Financial Situation (millions of yen)										
Total assets	205,526	201,481	186,531	180,454	176,708	187,405	181,391	172,799	187,914	189,910
Equity	143,301	144,363	138,553	131,747	127,392	126,866	123,582	119,251	123,833	122,892
Interest-bearing debt	9,720	8,124	6,844	6,297	8,284	6,896	4,991	7,303	12,667	10,763
Per Share Data (yen)										
Profit	243.66	107.71	52.83	51.60	36.00	65.49	66.58	47.10	88.28	89.17
Dividends	156	64	60	60	60	60	60	60	60	60
Dividend payout ratio (%)	64.0	59.4	113.6	116.3	166.7	91.6	90.1	127.4	68.0	67.3
Dividend on equity (DOE) (%)	3.4	4.1	3.7	3.8	3.9	3.9	3.9	4.0	4.0	3.9
Total shareholder return ratio (%)	158.2	105.8	222.2	235.4	255.7	91.6	142.5	182.8	68.0	109.5
Management Indicators										
Net sales operating income ratio (%)	5.5	6.0	3.1	3.2	2.9	3.7	3.5	3.4	4.8	5.1
Return on equity (%)	5.3	6.8	3.3	3.2	2.3	4.3	4.4	3.1	5.8	5.7
Return on assets (%)	3.5	8.1	4.3	4.2	4.0	4.5	4.4	4.6	6.2	5.9
Capital-to-assets ratio (%)	69.5	71.5	74.2	72.8	71.9	67.7	68.1	69.0	65.6	64.5

*The Accounting Standard for Revenue Recognition began to be applied in the fiscal year ended March 31, 2022. The standard was not applied on figures for up to the fiscal year ended March 31, 2021.

Non-financial Data

Key Non-financial Data

Items	Unit	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Stores/Franchise					
Number of domestic stores	(Store)	593	585	584	588
Domestic stores operated by franchisees	(Store)	458	453	451	453
Number of overseas stores	(Store)	46	45	45	62
Overseas stores operated by franchisees	(Store)	15	15	33	50
Number of active members	(1,000 people)	7,169	7,272	7,303	7,578
Number of automobile mechanics* ¹	(People)	3,739	3,768	3,721	3,746
Number of employees (consolidated)	(People)	4,171	4,385	4,279	4,388
Number of Directors	(People)	8	7	7	8
Of which, Outside Directors	(People)	3	3	3	3
Of which, Audit and Supervisory Committee Members	(People)	—	3	3	3

Environmental and Social Data

Items	Unit	FY March 2019	FY March 2020	FY March 2021	FY March 2022	Target Value [Deadline]
Environment						
Electricity usage (non-consolidated)* ²	(MWh)	6,770	6,770	6,710	6,830	
CO ₂ emissions (non-consolidated)* ²	(t-CO ₂)	3,365	3,439	3,363	3,392	
Electricity usage (consolidated)* ³	(MWh)	—	—	—	31,650	
Scope 1 CO ₂ emissions (consolidated)* ³	(t-CO ₂)	—	—	—	1,128	
Scope 2 CO ₂ emissions (consolidated)* ³	(t-CO ₂)	—	—	—	13,676	
Diversity						
Ratio of female employees (including part-time workers)* ⁴	(%)	19.5	20.9	20.9	21.9	At least 20% [March 2022]
Ratio of female employees (excluding part-time workers)	(%)	—	—	—	18.0	At least 20% [March 2025]
Number of female managers (Group Manager and above)	(People)	2	4	8	9	
Ratio of female managers (Group Manager and above)	(%)	1.4	2.9	5.6	6.4	At least 10% [March 2025]
Acquisition rate of childcare leave by female employees	(%)	100.0	100.0	100.0	100.0	
Acquisition rate of childcare leave by male employees	(%)	8.0	7.1	4.8	22.7	At least 90% [March 2025]
Number of employees working shortened hours for childcare	(People)	29	27	28	28	
Number of foreign employees	(People)	12	14	16	19	
Number of employees with disabilities	(People)	14	19	22	20	
Employment rate of persons with disabilities* ⁵	(%)	1.53	2.18	2.47	2.24	
Number of employees re-employed after retiring at 60	(People)	42	42	30	36	
(Ratio in the total no. of full-time employees and rehired employees)	(%)	4.1	4.0	2.9	3.5	

Items	Unit	FY March 2019	FY March 2020	FY March 2021	FY March 2022	Target Value [Deadline]
HR Development						
Number of successful transfers on internal job posting	(People)	3	6	6	9	
Number of individuals who used free agent system	(People)	9	8	13	9	
Number of participants in recommended training	(Total count)	215	72	107	135	
Corporate Culture Reforms/Work-style Reforms						
Monthly average overtime hours* ⁶	(Hours)	6.9	6.8	4.8	5.5	
Annual paid leave take-up rate	(%)	49.8	64.7	62.2	52.2	
Number of days working remotely* ⁷	(Total count)	1,747	10,285	105,915	131,276	
Number of Employee Good Value Awards recipients	(Total count)	104	165	391	336	
Health Management						
Ratio of individuals who underwent periodic health examination* ⁸	(%)	100.0	100.0	99.9	100.0	
Implementation ratio of specific health guidance	(%)	49.8	55.0	46.9	—	At least 70% [March 2024]
Ratio of attendance in health management training	(%)	—	64.4	75.5	58.1	
Health management seminars* ⁹	(Number of times)	17	11	3	8	
	(Number of people)	276	52	191	71	
Number of walking campaign participants	(Total count)	—	254	179	407	
Smoking rate	(%)	36.8	34.0	29.9	27.0	Less than 20% [March 2024]
Work engagement (individual)* ¹⁰	(Point)	—	2.6	2.7	2.6	3.0 points [March 2023]
Presenteeism* ¹¹	(%)	—	—	87	87	90% [March 2023]
Investment related to health management	(Millions of yen)	26	19	32	43	
Employment						
Total number of full-time employees	(People)	993	999	1,007	990	
Of which, male	(People)	858	855	854	831	
Of which, female	(People)	135	144	153	159	

Information for AUTOBACS SEVEN alone at the end of the fiscal year indicated or the fiscal year ended March 31, 2022 unless otherwise noted.

- *1 All AUTOBACS 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.
 *3 Total figures for domestic business locations, directly managed stores, subsidiary stores, and logistics bases related to the Domestic AUTOBACS Business.
 *4 Information as of the end of the fiscal year (April 1) indicated.
 *5 The legal employment rate is 2.2% from 2018 and 2.3% from March 2021.

- *6 Figures including legal overtime working hours.
 *7 Introduced for headquarters employees in November 2017, with scope expanded in phases from April 2020, and applied to 71% of all AUTOBACS SEVEN employees.
 *8 Ratio of individuals who underwent primary health checkups in all who were eligible.
 *9 Including online sessions.
 *10 Average of ratings on a scale from 1 to 4, with a higher rating representing a better status.
 *11 Results of employee surveys using the University of Tokyo's Single-Item Presenteeism Question.

Domestic Store Formats & Major Subsidiaries

Domestic Store Formats (as of September 30, 2022)

AUTOBACS



Position Standard-type store
 Annual sales per store Approx. 330 million yen
 Sales floor space From 400 m²
 Commercial area 5 km radius

Super AUTOBACS Type I



Position Large format store (Flagship store)
 Annual sales per store Approx. 1,550 million yen
 Sales floor space From 1,650 m²
 Commercial area 20 km radius

Super AUTOBACS Type II



Position Large format store
 Annual sales per store Approx. 760 million yen
 Sales floor space From 990 m²
 Commercial area 10 km radius

A PIT AUTOBACS



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 second-hand automotive goods, which are purchased from customers at AUTOBACS stores and resold to retail customers. It also handles outlet products from manufacturers.

AUTOBACS EXPRESS



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

AUTOBACS CARS



Store formats that purchase used cars and sell new and used cars, and store formats 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



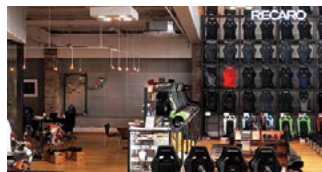
Smart+1 stores provide services on a reservation-only basis, specializing in car washing and other forms of maintenance. They also have a café in which customers can relax while they wait.

AUTOBACS GARAGE



The store proposes lifestyle goods mainly for cars and also serves 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



JACK & MARIE is Japan's first select shop that proposes a lifestyle that combines cars and outdoor style.

GORDON MILLER



GORDON MILLER was launched on the theme of an "exciting garage lifestyles." It proposes a lifestyle that expands from the garage with beloved cars through a variety of products such as garage wear, car interiors, and car washes.

Major Consolidated Subsidiaries (As of September 30, 2022)

Domestic AUTOBACS Business

AUTOBACS Kanto Sales Ltd.
 AUTOBACS Yamanashi Ltd.
 AUTOBACS Chubu Sales Ltd.
 AUTOBACS Kansai Sales Ltd.
 AUTOBACS Minami-Nihon Sales Ltd.
 AUTOBACS Tsukuba Co., Ltd.
 Chain Growth Co., Ltd.
 Shaken-Bankin DEPOT Inc.

Overseas Business

AUTOBACS VENTURE SINGAPORE Pte Ltd.
 Head office: Singapore
 AUTOBACS CAR CARE (SINGAPORE) 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
 AUTOBACS AUSTRALIA 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
 BACS Boots Co., Ltd.
 VEEMO, Inc.

Other Subsidiaries

AUTOBACS Financial Service Co., Ltd.
 AUTOBACS Management Service Ltd.
 ABT Marketing Co., Ltd.
 ADE Co., Ltd.
 FATRASTYLING Inc.

Corporate Profile/Stock Information

Corporate Profile (As of March 31, 2022)

Name	AUTOBACS SEVEN CO., LTD.
Headquarters	6-52, Toyosu 5-chome, Koto-ku, Tokyo, Japan
Date of Foundation	February 1947
Capital Stock	33,998 million yen
Number of Employees (Consolidated)	4,388
Main Business Offices	<p>Northern Japan Regional Headquarters (Sendai, Miyagi)</p> <p>Kanto Regional Headquarters (Ichikawa, Chiba)</p> <p>Chubu Regional Headquarters (Nagoya, Aichi)</p> <p>Kansai Regional Headquarters (Osaka, Osaka)</p> <p>Southern Japan Regional Headquarters (Fukuoka, Fukuoka)</p> <p>Eastern Japan Logistics Center (Ichikawa, Chiba)</p> <p>Western Japan Logistics Center (Miki, Hyogo)</p>

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.

Reporting Period

Fiscal year ended March 31, 2022

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

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards began to be applied in the fiscal year ended March 31, 2022.

The standard was not applied on figures for up to the fiscal year ended March 31, 2021.

Guidelines Referred to

- International Integrated Reporting Framework
- GRI Standards
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry of Japan
- Task Force on Climate-related Financial Disclosures

Contact Us

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FAX: +81-3-6219-8762

E-mail: investors@autobacs.com

URL: <https://www.autobacs.co.jp/en/>

Stock Information (As of March 31, 2022)

Number of Authorized Shares	328,206,900 shares
Number of Shares Issued	82,050,105 shares (including 4,076,661 of treasury share)
Number of Shareholders	64,309
One Unit	100 shares
Stock Listings	Tokyo Stock Exchange
Independent Auditor	Deloitte Touche Tohmatsu LLC
Administrator of the Register of Shareholders	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited

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

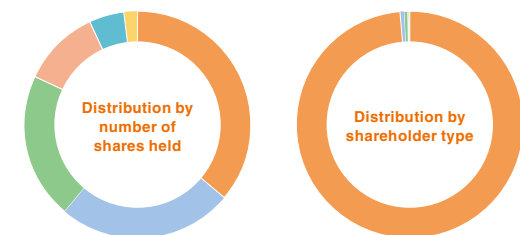
(Notes) 1. The number of treasury shares are excluded in the calculation of shareholding ratios.

2. The numbers of shares held are rounded down to the nearest thousand. The shareholding ratios are rounded down to the second decimal place.

External Recognition • MSCI Japan Empowering Women Index (WIN)

• 2022 Certified Health & Productivity Management Outstanding Organization (White 500)

• DBJ Employees' Health Management Ratings



Distribution by number of shares held		Distribution by shareholder type	
Individuals and Others	36.13%	Individuals and Others	98.71%
Other domestic corporations	25.10%	Other domestic corporations	0.74%
Financial Institutions	20.90%	Foreign investors	0.44%
Foreign investors	10.93%	Financial Institutions	0.04%
Treasury Stock	4.96%	Securities Companies	0.04%
Securities Companies	1.94%	Treasury Stock	0.00%

*Figures for the distribution by number of shares held and distribution by shareholder type are rounded off to two decimal places.



INTEGRATED REPORT 2022