

# INTEGRATED REPORT 2024

AUTOBACS SEVEN CO., LTD.



BEYOND AUTOBACS



An aerial photograph of a two-lane asphalt road with white dashed lane markings. A single white car is driving away from the viewer in the right lane. The road is flanked by green trees and bushes. In the background, a body of water is visible under a clear sky.

Purpose

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

Our story began in 1947 as a private auto parts store.

As motorization has progressed, people's lives and car lifestyles have continued to change at a rapid pace, and the automotive industry has entered a once-in-a-century period of great change.

Even during this period of tumultuous change, we have kept our eternally unwavering, heartfelt commitment to the traffic safety of our customers and richly individual car lifestyles.

With this commitment reengraved in our hearts, we vow to evolve even further.



### Corporate Motto

## Realize Your Dreams

Our corporate motto, “realize your dreams,” has been passed down from our founding as part of the AUTOBACS SEVEN Group’s DNA. Embedded in this motto is the belief that you can achieve the dreams and future that you envision in your heart if you aspire to them fervently, believe strongly in them, and act upon them. Our purpose, “ensuring the safety of our communities while driving and enriching customers’ lives,” has always been and will always remain our dream. Even in times of uncertainty, as long as cars and mobility remain at the center of our business, we will aim to achieve our purpose with the conviction and enthusiasm of consistently offering customers the joy of going out.

### 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.

### Philosophy of Action

#### AUTOBACS SEVEN Group Philosophy of Action

## Challenge Creativity Gratitude

By challenging ourselves with new business areas beyond the confines of existing frameworks, we will build the future of mobility and consistently offer customers the joy of going out.

Furthermore, we will continue to feel gratitude for all of the stakeholders that support us, while at the same time aiming to be a corporate group that customers can rely on and be thankful for.



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## Editorial Policy

This report contains a comprehensive overview of AUTOBACS SEVEN Group businesses, our initiatives aimed at improving corporate value, and non-financial information, and it was created for the purpose of deepening our stakeholders' understanding of the Group.

Based on the Group's purpose of “ensuring the safety of our communities while driving and enriching customers' lives” and our long-term vision through FY2032 called “Beyond AUTOBACS Vision 2032,” we are undergoing transformation to achieve evolution and growth that surpasses our own progress so far.

In May 2024, we announced our Medium-term Business Plan as a mid-term milestone aimed at achieving our long-term vision. The main story of this report is how, in line with the scenarios of this Medium-term Business Plan, we can turn changes into chances and achieve growth for our existing businesses as well as new business creation amidst the rapidly changing business environment.

Furthermore, the sustainability pages provide an easy-to-understand explanation of the affinity between ESG and our long-term vision, and how each individual ESG initiative will lead to improved corporate value in the medium to long term, with an emphasis on ensuring that the reader is convinced.

## Reporting Period

from April 1, 2023 to March 31, 2024  
(We have included some information for FY2024 regarding organizational structure and policies.)

## Reporting Scope

AUTOBACS SEVEN CO., LTD. and consolidated subsidiaries

## Guidelines Referred to

We have referenced the International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation.

## Forward-Looking Statements

The forward-looking statements such as earnings forecasts contained in this report are based on the information currently available and represent the current outlook or expectations. These forward-looking statements have intrinsic risks and uncertainties and do not guarantee future performance. Actual results may significantly differ from these statements due to various factors.

## 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.



## AUTOBACS 50th Anniversary

AUTOBACS which is a comprehensive specialty retailer of automotive goods and services celebrates its 50th anniversary in 2024. Since opening our first store in November 1974 in Daito City, Osaka as Japan's first one-stop shop for automotive goods and services, we have been committed to our corporate philosophy of “providing customers with the best solutions for their car lifestyles and creating a rich and healthy automotive society.” We have continued to closely support our customers' car lifestyles, resulting in our growth into a leading company in the automotive goods and services industry.

With a pledge to achieve further growth over the next 50 years that surpasses our own progress thus far, we undertook a variety of special projects based on the concept of “BEYOND AUTOBACS” in order to convey our “gratitude for the past” and “the future of AUTOBACS” to our customers and other stakeholders.



### 50th Anniversary Events

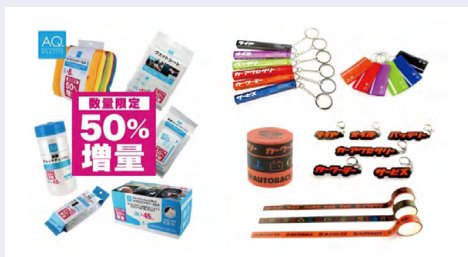
#### Special Website

We launched a commemorative website that introduces our 50 years of history, nostalgic commercials, 50th anniversary campaigns, sale of original goods, car lifestyle events, and more.



#### Commemorative Products and Campaigns

There were special deals on private-brand products to convey our gratitude for 50 years, as well as sales of logo goods printed with the nostalgic original font. We also held a variety of commemorative campaigns for customers of a wide range of ages including contests, collaboration projects, and equal point distribution campaigns.



#### Future Forecast

As a guidepost for AUTOBACS Group to follow envisioning what AUTOBACS would look like 50 years in the future, we created the “AUTOBACS Future Forecast.”



#### Commemorative Events

In addition to running a 50th anniversary booth at TOKYO AUTO SALON 2024, we held a special 50th anniversary event called “Car Life Festa” at OSAKA AUTO MESSE 2024, SUPER GT, and SUPER FORMULA, in which children could experience the fun of a car lifestyle. AUTOBACS 50th anniversary ceremonies and parties were also held in our birthplace of Osaka.



CAR LIFE FESTA (OSAKA AUTO MESSE 2024)



The Garaia EV, an EV-converted Garaia sports car independently developed by AUTOBACS, was exhibited.

#### Opening of “AUTOBACS Museum”

Two co-creation spaces were opened: Toshio Sumino Memorial Hall, where visitors can learn about the philosophy and history of AUTOBACS's founder, and the AUTOBACS History & Future Museum, which conveys the future of AUTOBACS.





## 50th Anniversary History

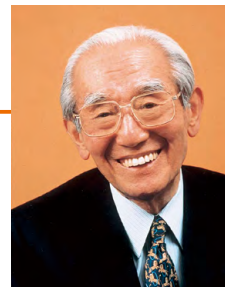
AUTOBACS was established in 1974 as Japan's first comprehensive specialty retailer of automotive goods and services. Along with the advancement of motorization in Japan, AUTOBACS continued to meet the diverse tastes and needs of our customers with a unique merchandise lineup and services, securing the No. 1 share of the automotive goods market.

As the business environment surrounding automobiles continues to change dramatically, we are focusing on overseas expansion, launching new services, and developing new business formats as we expand our business. We will continue to take on the challenge of providing new value.

### 1947

#### Founded in Osaka as a privately-run store for auto parts

Toshio Sumino led the establishment of the privately-run store Suehiro Shokai in Osaka City for the purpose of wholesaling auto parts. The following year (1948), he established Fuji-Shokai Co., Ltd., which can be considered the predecessor to AUTOBACS. The company was named after Mt. Fuji, the highest mountain in Japan, with the aim of becoming the top automotive goods and services retailer in Japan. It reflected the founder's determination to become number one.



Toshio Sumino, the founder

### 1974

#### Opened the first AUTOBACS store and development as a one-stop provider of automotive goods and services

AUTOBACS was established in 1974, at a time of growing consumer interest in personal car ownership after a period of rapid economic growth. At that time, when distribution channels varied by product, the one-stop store format for purchasing and installing automotive goods and services gained strong consumer support, and we expanded our business nationwide through franchise development.

In addition, we quickly initiated the development of private-brand products and established our current position by responding to the diverse tastes and needs of our customers with a unique merchandise lineup and services, including tires and oils that we began selling in 1977.



First directly managed AUTOBACS store, Higashi Osaka store

### 1990s

#### Development of Super AUTOBACS and full-fledged entry into statutory safety inspection services

Amid the trend toward larger retail stores, we developed the car life-style mega-store Super AUTOBACS. Hosting various events at stores equipped with vast sales floors and service pits for product installation and maintenance work, as well as CD sales and light refreshment corners, we proposed the appeal of car lifestyle to everyone from novice drivers to families and enthusiasts.

We also fully entered the statutory safety inspection business, expanding the scope of support for car lifestyle. In 1991, AUTOBACS opened its first overseas store in Taiwan. This was the first of several stores opened in Asia, including Singapore, Thailand, and Malaysia. As of the end of July 2024, we have a total of 122 stores in operation.



The first overseas store opened in Taiwan in 1991

#### Column

#### "Realize Your Dreams": Passing Down AUTOBACS Culture

In order to serve our customers and create richly individual car lifestyles, we strongly believe and act upon the dreams and future that we envision for ourselves. Our corporate motto, "realize your dreams," which was established by our founder with the goal of becoming the world's top retailer, has been continuously passed down as part of the DNA of AUTOBACS SEVEN, no matter how times or lifestyles have changed.

#### Birth of the First Franchise: A Relationship of Trust Connecting 1,400 km

Our first franchise was established a mere 5 months after the opening of the original directly managed Higashi Osaka Store. It was located in Hakodate, roughly 1,400 km from Osaka. Bonded by the enthusiasm of the franchisee candidate in a time when few examples of franchises existed, the founder and the franchisee candidate worked together to complete preparations such as land scouting and sales space creation, leading to the opening of the first franchise, the AUTOBACS Hakodate Nakamichi Store. On the day of opening, the founder rushed to the scene to offer his support, customers lined the street before opening, and the store had a very successful start with more than 4.6 million yen in sales on the first day.

The idea of having a relationship of trust between the franchisee and the franchise chain headquarters as the foundation of franchise management has been passed down through the generations, and is still the root of chain management today.

#### The "Top Store Business Method": Our Foundation since the Beginning

Since the days when many of its stores were still small, AUTOBACS has worked toward the goal of becoming number one. It even aimed to surpass the automotive goods and services retail division of U.S. company Sears, Roebuck and Company, which was the top retailer in the world, less than two years after its founding. Believing that a bigger goal would draw out more capability, AUTOBACS aimed to surpass all other stores and gain the support of customers. This is known as the "top store business method."

The stance of working together as a company to become number one is one of the major factors behind the development of AUTOBACS.



## 50th Anniversary History

### 2000s

### Setting sales of automotive goods and services, statutory safety inspections and maintenance, and used car purchasing and sales as the three core operations

AUTOBACS has grown into a format that supports 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 as the way of car lifestyle changes with the spread of eco-friendly cars and longer periods of time cars are used, as well as the aging of drivers.

### 2010s

### Transformation and creation for robust growth

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. We have steadily built up a track record by expanding business through the acquisition of shares in Japanese and overseas companies, promoting collaboration across industry boundaries, and strengthening our business infrastructures.

### 2021

### Promoting sustainable initiatives

We entered the EV market in 2021 amidst the anticipated transition from gasoline cars to EVs in response to the global trend of decarbonization. Aiming for a major dealer of ZEVs (zero-emission vehicles), we are also taking on the challenge of creating new markets.

In May 2023, we announced "Beyond AUTOBACS Vision 2032," our long-term vision through FY2032. We are undertaking initiatives aimed at sustainable growth through the resolution of social issues.



Hyundai's IONIQ 5 EV on display at  
A PIT AUTOBACS KYOTO SHIJO

### 2024

### The 50th anniversary of AUTOBACS



#### Column

#### Aiming to Go above and beyond Customer Expectations

After the economic bubble burst in the 1990s, Japan's economy entered a sluggish era in which a drop in consumer spending led to a period of poor sales. Amidst this, AUTOBACS focused its efforts on customer satisfaction (CS). Since its founding, AUTOBACS has had a deeply rooted corporate culture of "selling customers a good impression, which will have them coming back again." If customers are satisfied, they will become AUTOBACS fans, which will result in them visiting the store and making purchases. In order to once again spread this concept throughout the Group, a CS campaign was promoted under the basic policy of store management strategy in 1997, and group-wide CS improvement initiatives were launched.

In 2016, we began collecting customer feedback through questionnaires, and launched the Customer Voice Program (CVP), which is used to improve customer service and operations in stores.

AUTOBACS aimed to go above and beyond customers' expectations. Our goal was for customers to think, "I didn't think they would do this much" in regards to both customer service and maintenance, and to provide an experience that exceeded their imaginations.



## At a Glance

### Business Overview of AUTOBACS SEVEN Group



#### Domestic AUTOBACS Business

Sales of merchandise include wholesaling and retail sales of automotive goods, etc. to domestic customers, as well as used car purchasing and sales. Provision of services includes statutory safety inspection and maintenance services, and body work and painting services.



#### Overseas Business

Sales of merchandise include wholesaling and retail sales of automotive goods, etc. to overseas customers. Provision of services includes maintenance services, body work and painting services.



#### Car Dealership, BtoB and Online Alliance Business

Provision of online sales, operation of car dealerships, and wholesale of automotive goods targeting corporate customers, including DIY stores and car maintenance garages.



#### Other Business

In addition to finance business, our subsidiaries conduct lifestyle brand development, real estate-related development business, purchase and sale of cars, etc.

### Number of Stores and Locations of Operations



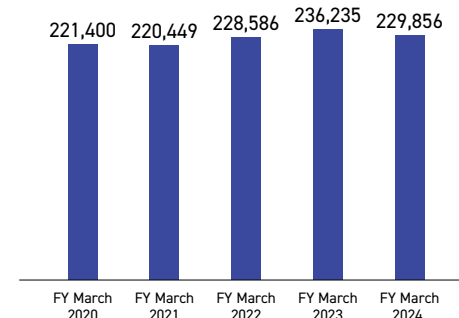
\*As of the end of March 2024

\*The number of stores in Japan includes attached stores and shop-in-shop stores.

## Financial Highlights

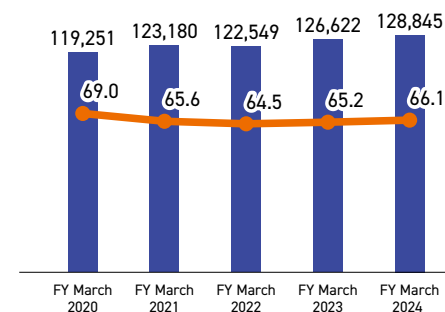
### Net sales

(millions of yen)



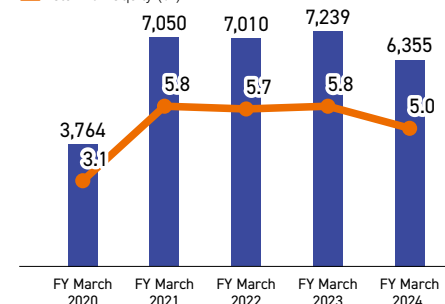
### Equity/Capital-to-assets ratio

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



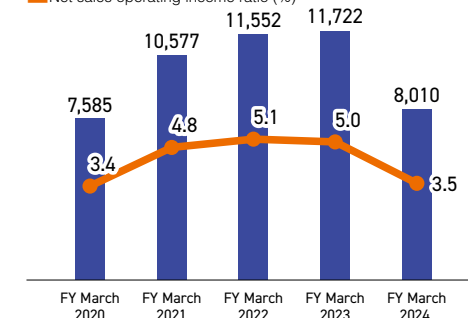
### Profit attributable to owners of parent/Return on equity

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



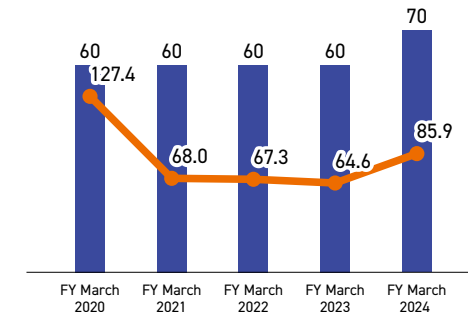
### Operating income/Net sales operating income ratio

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



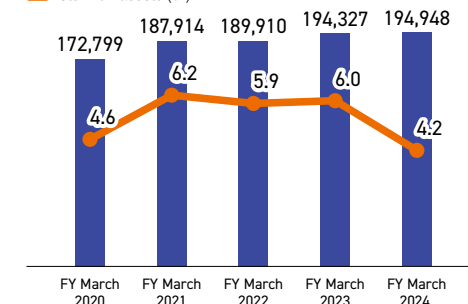
### Dividends per share/Dividend payout ratio

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



### Total assets/Return on assets

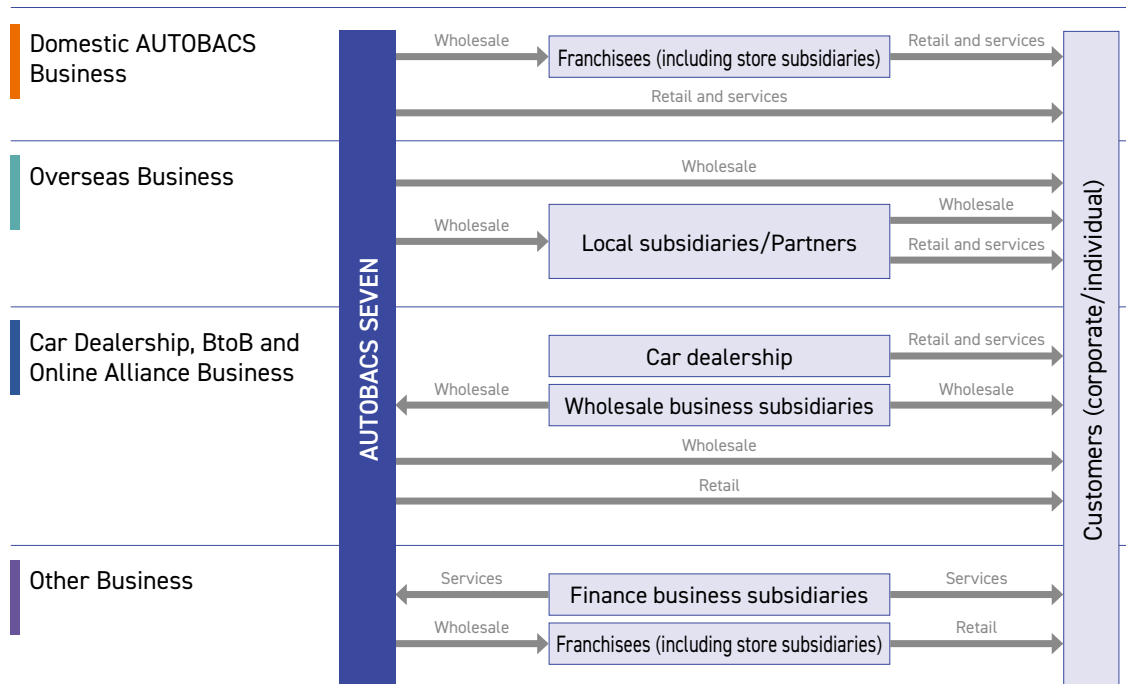
Total assets (millions of yen) Return on assets (%)



\*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.



## Business Model of AUTOBACS SEVEN Group



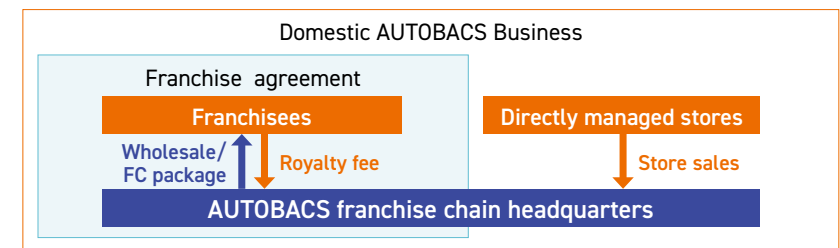
### AUTOBACS Franchise System

Stores in the Domestic AUTOBACS Business are made up of directly managed stores and franchisees. Roughly 98%\* of all domestic stores are franchisees.

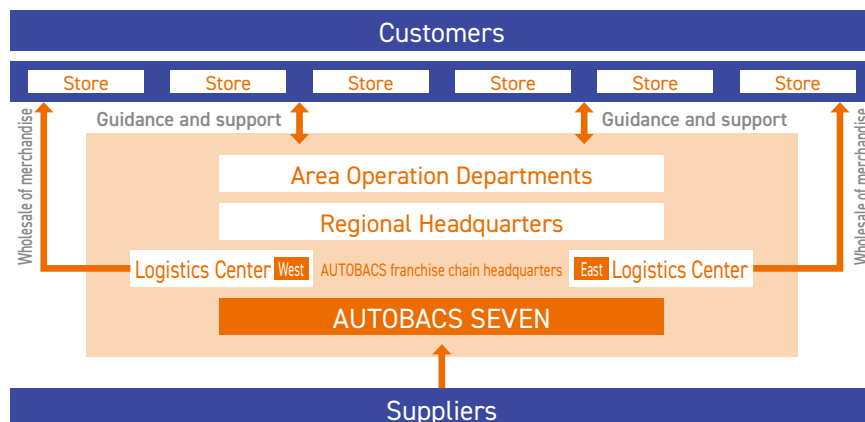
In addition to wholesaling goods to franchisees, the Company, which serves as the AUTOBACS franchise chain headquarters, acquires operating revenue from royalties, etc. from franchisees. The total net sales for all domestic AUTOBACS chain store formats in the fiscal year ended March 31, 2024 was 281.5 billion yen.

Beginning in April 2024, as part of franchise chain reforms, we reduced wholesale prices from the Company to franchisees and changed the royalty rate from 1% to 9%, allowing franchisees and the AUTOBACS franchise chain headquarters to work together to further promote retail-focused management.

\*Including stores operated by consolidated subsidiaries (roughly 21%)



### Store Support within the FC System



#### ► Sales and marketing support

We have assigned more than 100 store supervisors to area operation departments in 12 areas nationwide to support the planning and implementation of store reforms.

#### ► Human resources training support/certified mechanic dispatch

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

#### ► Customer Voice Program (CVP)

Since fiscal year ended March 31, 2017, we have begun full-scale operation of a program to collect feedback from customers who use our stores in the form of questionnaires, and link it to improvements in customer service, merchandise assortment, operations, product development, sales promotion, and facilities at each store. In the fiscal year ended March 31, 2024, we collected over 530,000 opinions from customers.



## Business Environment Analysis

### Changes in the Business Environment



#### Automotive industry

- Rapid technological innovations, such as electrification and autonomous driving
- Emergence of new services, such as car subscription services
- "2024 problem" in logistics
- EV promotion measures
- Increase in demand for hybrid cars



#### Society

- Changes in customer purchasing behavior
- Further intensification of competition across industry boundaries
- Changes in customer composition due to low birthrate and aging population
- Diversification of customer needs



#### Capital markets

- Request for securing profitability exceeding capital costs
- Request for strengthening governance functions



#### Employees

- Labor shortages
- Diversity
- Low birthrate and aging population
- Requests for consideration of human rights



#### Environment

- Trends toward achieving carbon neutrality
- Various countries' measures to promote the shift to EVs

### Risks and Opportunities

#### ⊗Risks

- Delay in responding to technological advances
- Increase in logistics costs
- Loss of EV/hybrid vehicle sales opportunities
- Soaring costs of raw materials
- Ongoing yen depreciation and rising prices
- Decline in purchase appetite due to rising prices



#### ⊙Opportunities

- Entry to new market
- Capturing demand for new products
- Establishing a position as a major dealer of ZEVs
- Evolution of content and expansion of points of contact with customers by leveraging DX
- Creation of new points of contact with customers through collaboration with other industries
- Increased maintenance demand due to the longevity of vehicles
- Establishment of a competitive edge through early response to advances in automobile maintenance
- Improvement of efficiency of production and logistics processes

#### ⊗Risks

- Damage to corporate value due to failure to respond to the market pressure for improvement
- Dysfunctional governance



#### ⊙Opportunities

- Enhancement of corporate governance and risk management
- Enhancement of corporate value by practicing management conscious of capital costs and return on invested capital

#### ⊗Risks

- Difficulty in hiring personnel
- Increase in employee turnover
- Increase in overtime
- Increase in personnel costs



#### ⊙Opportunities

- Building a sustainable organization that simultaneously achieves growth for the company and employees
- Hiring of diverse human resources
- Improvement of operational efficiency using DX

#### ⊗Risks

- Physical risks due to natural disasters, etc.
- Transition risks such as stricter environmental regulations, etc.



#### ⊙Opportunities

- Increase in demand for eco-friendly products
- Entry to ZEV-related markets

### Measures of AUTOBACS SEVEN Group

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- Strengthening Human Capital
- Creating Corporate Culture Full of Diversity
- Improving Status of Certified Mechanics and Fostering Them

**P53** Development of personnel

**P47** Response to Climate Change

**P48** Enhancing Efforts That Consider the  
Environment and Society



## Strategy and Plan for Achieving our Purpose

Our long-term vision “Beyond AUTOBACS Vision 2032” describes the direction of AUTOBACS SEVEN Group’s evolution through the target year of FY2032.

With a view to achieving further accelerated growth in order to attain this long-term vision, we formulated our 2024 Medium-term Business Plan, “Accelerating Towards Excellence,” which ends with FY2026.

In addition to promoting initiatives aimed at our purpose of “ensuring the safety of our communities while driving and enriching customers’ lives” through quick and decisive decision-making, we aim to become a corporate group that is indispensable to customers and society.

### 2024 Medium-term Business Plan

### Long-term Vision

### Purpose

#### Accelerating Towards Excellence

**Aim to provide  
“Mobility Lifestyle Infrastructure”  
for our customers on a global scale**

Strategy Outline

- 1 Changing to a structure that focuses on and enhancing retail and wholesale operations, two areas in which the AUTOBACS SEVEN Group excels
- 2 Taking on challenges in peripheral areas in order to realize our long-term vision
- 3 Achieving stable returns for stakeholders while further increasing profit levels

#### FY2026 Performance Targets

Consolidated net sales **280.0** billion yen

Consolidated operating income **15.0** billion yen

ROIC **7.0%**

#### Beyond AUTOBACS Vision 2032

##### Awareness of Issues

Changes in the Business Environment

- Greater interest in the environment
- Diversification of customer needs and purchasing behavior
- Advancement in automobile maintenance and shortage of certified mechanics
- Increase in connected cars
- Popularization of autonomous vehicles
- Shift from car ownership to car sharing
- Shift to carbon neutrality

##### Growth Target

Consolidated net sales  
**¥500 billion in FY2032**

Directions of Evolution



Sustainable society



New value creation



Connections with customers



Goods and services



DX innovation



Diversification of channels

##### Purpose

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

##### Direction of the AUTOBACS SEVEN Evolution

Dedicated towards providing you the joy of going out



## Message from Top Management

We aim to become a corporate group that further delights customers by reducing their mobility-related concerns and consistently offering them the “joy of going out.”

**Yugo Horii** Representative Director & Chief Executive Officer

### A look back at the 50 years since our founding and the background of our current situation

“Realize Your Dreams”—This phrase was passed down as AUTOBACS SEVEN’s corporate motto by our founder, Toshio Sumino, and it remains a part of our DNA to this day. These words contain the belief that you can achieve the dreams and future that you envision in your heart if you aspire to them fervently, believe strongly in them, and act upon them.

AUTOBACS, the one-stop shop conceived by our founder where customers can purchase automotive goods and parts in one location, was born in November 1974 and celebrated its 50th anniversary in 2024. It grew significantly under the franchise system, which was still rare at the time, and achieved 100 stores in a mere five years against the backdrop of Japan’s growing motorization market.

We began developing and selling private-brand products in 1977 and made our overseas debut in 1986. Today, AUTOBACS has expanded to roughly 100 stores in Taiwan, Thailand, Singapore, France, Malaysia, and the Philippines, and we do business as a wholesaler of oil, audio, etc. in China and Australia.

In 2002, we began offering statutory safety inspection and maintenance services as well as purchasing and selling used cars as AUTOBACS CARS.

Today, we have established sales of automotive goods and services, statutory safety inspection and maintenance services, and used car purchasing and sales as the three business pillars at our stores, and the group as a whole has nearly 1,000 stores throughout Japan and the world.

On the other hand, when the first store was opened, we were supported by the increasing working population, the idea at the time that cars





## Message from Top Management

were equivalent to status, the popularity of car air conditioners, audio, and customization, and the demand for the installation of car navigation devices. The automotive aftermarket was in full swing. However, its momentum began to wane in 2000, and the automotive goods and services market has been gradually shrinking since then.

Against this backdrop, we were able to secure new sales by beginning to purchase and sell used cars and offer statutory safety inspection and maintenance services. However, due to the shrinking automotive goods and services market, the status quo has remained stagnant, leaving us unable to achieve significant growth for about 20 years.

Amidst increasing environmental changes, we have repeatedly formulated medium-term business plans and challenged ourselves, but we have ultimately been continually unable to fulfill these plans. In order to break out of this situation, the “Five-year Rolling Plan” was announced in FY2019.

### Review of the Five-year Rolling Plan

We formulated the Five-year Rolling Plan with the objective of adjusting the five-year vision each year. To this end, we did not publicize our five-year numerical targets, only publicizing our quantitative plan for the current fiscal year, so that we could respond flexibly to changes in the business environment.

However, since FY2019 when the rolling plan was formulated, the business environment did not merely change, but entered a state of unpredictable turbulence. There was an onslaught of significant changes, such as a change in working style due to the COVID-19 pandemic, increasing prices due to Russia's attack on Ukraine, and the sudden depreciation of the yen, leading us to review the plan based on current trends.

As a result, we expanded the area surrounding our main AUTOBACS business, expanding our business bases through the Car Dealership Business, BtoB Business, Online Alliance Business, and Lifestyle Business, and increased conve-

nience through the establishment of a customer information platform and app development. Additionally, we shifted our overseas business from retail to wholesale in an attempt to increase sales.

Furthermore, in order to accelerate the implementation of these efforts, we implemented a variety of reforms to lay the groundwork for regrowth, including initiating structural transformation such as abolishing the officer system, restructuring Head Office operations, revising our personnel system, and developing executive candidates. As a result, we succeeded in bringing profit levels a step higher than they were before.

Among these efforts, the change of the franchise chain package made in the previous fiscal year—the first such attempt in 50 years of franchise operation—was the most challenging for AUTOBACS Group as a whole, not only for the Company but for its franchisees as well.

I promoted this change based on the determination that it is essential for stores and headquarters to work together in order for us to continue evolving at a speed that surpasses the changes in the business environment.

Specifically, starting on April 1, 2024, we lowered wholesale prices from the Company to stores and raised the retail royalty rate. This changed the mechanism so that store sales are now directly connected to AUTOBACS franchise chain headquarters sales, which allows stores and the headquarters to work together to develop and offer products and services from a customer-oriented perspective.

These measures are aimed not only at fostering a sense of unity, but also at promoting a previously lacking unification of the AUTOBACS brand. In order to make the most of the merits of franchises, there are many things that we should address as franchises overall, such as strengthening brand appeal. However, there have been



some measures that each individual franchisee has determined whether or not to implement, and there were many areas in which everyone was not fully aligned. An example of this is DX solutions to improve customer convenience. Going forward, by using a part of royalties for DX promotion and other such medium- to long-term investments in growth, we will be able to introduce these measures at all stores early on, allowing us to further accelerate the evolution of AUTOBACS.

While the results of the changes of the franchise chain package are yet to be seen, under the Five-year Rolling Plan, we were able to utilize the business infrastructure cultivated through the Domestic AUTOBACS Business, including these changes, to increase consolidated net sales by 27.0 billion yen outside the AUTOBACS business.

## Results of the Five-year Rolling Plan (FY2019 to FY2023)

Initiatives for businesses and business infrastructure	<b>Strengthening of points of contact with customers</b> <ul style="list-style-type: none"> <li>• Increase in the number of business bases</li> <li>• Establishment of a customer information platform</li> <li>• Greater convenience</li> </ul>	Structural transformation
	<b>Active response to changes in the environment</b> <ul style="list-style-type: none"> <li>• All stores capable of performing statutory safety inspections acquired Specific Maintenance Certifications</li> </ul>	
	<b>Human resource development initiatives</b> <ul style="list-style-type: none"> <li>• Promotion of reskilling</li> </ul>	
	<b>Reform of the management structure</b> <ul style="list-style-type: none"> <li>• Restructuring Head Office operations</li> <li>• Abolition of the officer system</li> <li>• Development of executive candidates</li> <li>• Promotion of DX strategy</li> <li>• Revision of the personnel system</li> </ul>	
	<b>Strengthening of the earnings base</b> <ul style="list-style-type: none"> <li>• Review of the business portfolio</li> <li>• Change of the franchise chain package</li> <li>• Promotion of management using ROIC</li> </ul>	



## Message from Top Management

I also announced a policy of a five-year cumulative total return ratio of 100%, and, when excluding the temporary profits from the sale of the official BMW/MINI dealership business in September 2023, the five-year cumulative total return ratio was 102.9%.

### Toward formulation and achievement of a new Medium-term Business Plan

In May 2023, we announced a Long-term Management Plan that established a consolidated net sales target of 500.0 billion yen for FY2032.

This is growth of double the net sales of FY2022, through the evolution of existing businesses as well as the creation of new businesses such as micromobility. In other words, it is a goal that we cannot reach if we continue as we were, so I think it is important to see how we can manifest the challenge as “realize your dreams” and put it into practice with a sense of speed.

Furthermore, during the Five-year Rolling Plan period, we were able to move ahead with laying the groundwork despite intense environmental changes such as the COVID-19 pandemic. Accordingly, in order to further accelerate

regrowth and raise profit levels a step higher, we formulated the 2024 Medium-term Business Plan, “Accelerating Towards Excellence,” and announced it in May 2024.

The 2024 Medium-term Business Plan focuses our future direction on the two axes of retail and wholesale, which are our greatest strengths, and establishes the expansion of these on a global scale as our core strategy.

Furthermore, its strategy outline consists of three parts: “creating touch points,” “developing and supplying products and solutions,” and “establishing new business domains.”

In terms of creating points of contact, we are turning past preconceived notions in our heads, aiming for low-cost, high-profit store operation by using fully equipped vacant properties and exploring flexible store forms. In terms of developing and supplying products and solutions, we will promote digitalization and DX by reexamining our supply chain in order to accelerate the development of attractive products and services, and provide them to customers through digital means as well. In terms of establishing new business domains, we will flexibly change our business direction in line with mobility trends that are changing from moment to moment, while challenging ourselves to take on new businesses using existing assets as well as new business domains surrounding EVs and mobility.

When putting together the 2024 Medium-term Business Plan, I selected members mainly from among department managers and managers who will likely be responsible for our medium-term future as the next executives, and held repeated discussions with the Board of Directors. This is because I believe that, in human capital management, which is set forth as a source of value creation, it is important to make use of diversity in discussions when formulating a plan. I believe that it is my duty to work with them to

advance the plan from formulation to implementation, utilizing their individuality and diversity, and that this will lead to our next evolution and creation of innovation.

Upholding the concept BEYOND AUTOBACS as a milestone of these 50 years, in order to ensure the safety of our communities while driving and enriching customers' lives, I will continue to promote business structure reforms from the dual perspectives of “evolution” and “growth.”

### Conclusion

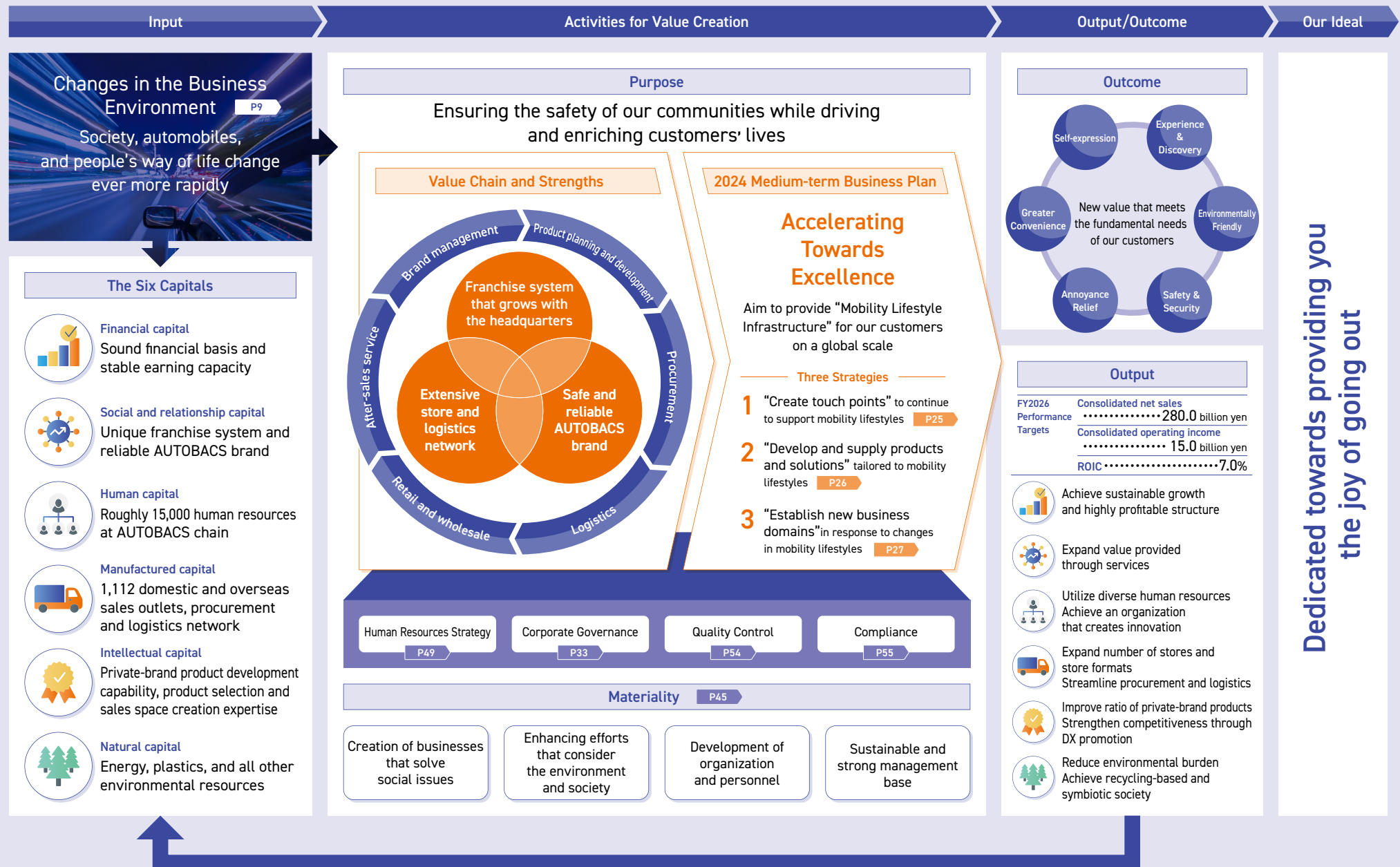
Going forward, the environment surrounding mobility is sure to continue to undergo significant changes at a dizzying speed. No matter how the environment surrounding mobility may change, I will continue striving to reduce mobility-related hassles for customers and consistently offer them the “joy of going out,” both in and out of Japan. Furthermore, I will aim to evolve into a corporate group that is more highly favored by customers, and to turn us into a presence that serves as the foundation for their lifestyles by providing a “mobility lifestyle infrastructure.”

It has been 50 years since AUTOBACS was born. We have made it these 50 years thanks to the support of our franchisees, as well as all of the AUTOBACS Group staff, customers, business partners, shareholders, and other stakeholders. With this report, I would like to once again express my appreciation and deep gratitude.

Going forward, I want to engage in dialogue with everyone even more actively than before and utilize it in management. We are stepping up to a very big challenge. However, I have no hesitations. I want to carry out our next evolution alongside all of our stakeholders. I appreciate your continued support going forward.



## Value Creation Model



### Outcome

### Output

FY2026 Performance Targets	Consolidated net sales	Consolidated operating income	ROIC
	280.0 billion yen	15.0 billion yen	7.0%

- Achieve sustainable growth and highly profitable structure
- Expand value provided through services
- Utilize diverse human resources  
Achieve an organization that creates innovation
- Expand number of stores and store formats  
Streamline procurement and logistics
- Improve ratio of private-brand products  
Strengthen competitiveness through DX promotion
- Reduce environmental burden  
Achieve recycling-based and symbiotic society

Dedicated towards providing you the joy of going out



# Explanation of the Value Creation Model

\*Figures are for the fiscal year ended March 2024 or as of the end of March 2024.

## Input



### Financial capital

The Company maintains a sound financial basis that allows us to invest in growth areas aimed at creating new value. We also aim to improve capital efficiency by promoting the strengthening of investment income management and business portfolio review.

- Net assets ..... 129.1 billion yen
- Operating income ... 8 billion yen
- Operating cash flow .. 14.4 billion yen



### Social and relationship capital

We have expanded the number of stores by franchising automotive goods and services stores and used car dealers. Furthermore, providing products and services that satisfy customers has resulted in our brand strength being highly rated by external assessment organizations.

- No. of stores ..... 1,112 stores
- Private statutory safety inspection stores ..... 440 stores
- No. of AUTOBACS members ..... 8.23 million people
- Share of domestic automotive goods and services stores market ..... No.1



### Human capital

Based on the belief that organizations and human resources that continue to grow will lead to improved profitability for a company, we promote the creation of environments in which diverse human resources can thrive and each individual can grow. We also promote the securing and development of certified mechanics as well as DX reskilling, in order to develop human resources who will enhance corporate value.

- No. of AUTOBACS chain employees ..... About 15,000 people
- No. of automobile mechanics ..... About 3,800 people
- No. of car lifestyle advisors ..... About 9,000 people
- Female manager ratio ..... 7.9%



### Manufactured capital

Rather than being restricted to Japan, we procure goods and conduct wholesale and retail sales around the globe. We also develop and sell private-brand products, and our nationwide and global collection of manufacturing, procurement, and sales sites as well as our logistics network are an important part of our capital.

- Regions of operation ..... Japan and 8 other countries/regions
- Logistics network ..... 47 prefectures in Japan
- Capital investment ..... 9.1 billion yen



### Intellectual capital

We created a unique business in Japan's first one-stop shop for automotive goods and services, and we have accumulated expertise as well as franchising knowledge as an industry-leading company. By strengthening the development of private-brand products and accelerating DX, we are expanding the unique value provided by AUTOBACS.

- Accumulated knowledge and expertise
  - Product selection, sales space creation
  - Store opening strategy, franchise operation
  - Private-brand product development



### Natural capital

While our business activities consume all sorts of environmental resources such as energy and plastic, we work to conserve the environment by promoting sustainability management, based on the belief that companies have a responsibility to use environmental resources wisely and solve environmental issues.

- CO<sub>2</sub> emissions ..... 16,808t-CO<sub>2</sub>
- Electricity usage ..... 32,000MWh

## Value Chain and Strengths

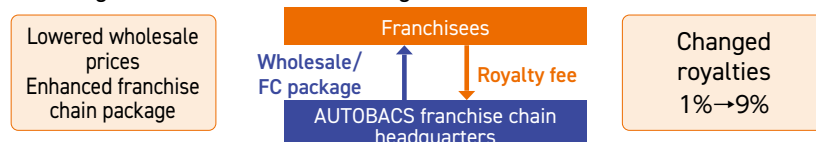
The Group conducts corporate activities centered around our purpose of “ensuring the safety of our communities while driving and enriching customers’ lives.” With mobility at the center of our business, we aim to achieve our purpose while allowing our business model to evolve in line with changes in the social environment. In our value chain of “product planning and development,” “procurement,” “logistics,” “retail and wholesale,” “after-sales service,” and “brand management,” which serves as our foundation for growth, we have three core strengths.

### 1 Franchise system that grows with the headquarters

The first AUTOBACS store was opened in November 1974, followed by the first franchise the following year. Subsequently, as motorization progressed rapidly, we continued to expand through the franchise system, which was rare in the automotive industry at the time. Today, we have roughly 1,003 stores in Japan, 766 of which are franchisees.

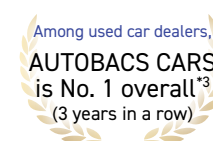
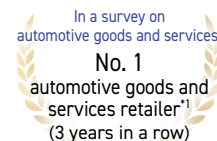
Beginning in April 2024, we made changes to our franchise chain package, including lowering wholesale prices for franchisees. At the same time, we increased the royalties collected from franchisees after sales, shifting to a mechanism through which store sales would lead directly to sales for the AUTOBACS franchise chain headquarters. We plan to strengthen DX promotion and the like so that we can provide high-quality services on an equal scale nationwide with our franchise package. Thus, we are promoting management that better allows the headquarters and franchisees to grow together.

#### Change of Franchise Chain Package



### 2 Safe and reliable AUTOBACS brand

By offering quality products and services that allow customers to use their cars safely with a sense of security, the Company has aimed to provide value exceeding customer expectations. This has been successful, leading to high ratings in brand strength by external organizations. Over the last few years, society as a whole has undergone a shift in values from products to services. In order to enrich and increase the convenience of all the experiences that customers can get from the relationship with their car, we are expanding our business areas to evolve into a company that offers total support of customers' car lifestyles, while further enhancing our brand strength.



\*1 The result of the 2024 survey on automotive goods conducted by the JMA Research Institute, Inc.

\*2 The result of the 2024 survey on tires conducted by the JMA Research Institute, Inc.

\*3 The result of the 2023 Orion Customer Satisfaction® Survey Used Car Purchaser Ranking and 2024 Orion Customer Satisfaction® Survey Used Car Seller Ranking conducted by Orion ME Inc.

### 3 Extensive store and logistics network

The Company has franchised automotive goods and services stores and used car dealers in Japan and overseas, and now has 1,112 stores worldwide. We procure diverse products from around the world beyond the confines of Japan, and we conduct wholesale and retail sales in Japan and eight other countries and regions. We also purchase goods from our subsidiaries. This extensive sales network and ability to procure products from a wide range of stakeholders gives us our competitive advantage. Going forward, we will strive to enhance and streamline our supply chain by strengthening supply chain management.

# Explanation of the Value Creation Model

## Direction and Strategy for Evolution

### 2024 Medium-term Business Plan

In order for the Group to become a sustainable presence, we believe that it is important to pursue our purpose of “ensuring the safety of our communities while driving and enriching customers’ lives” and to integrate this purpose with management. The environment surrounding the Group is facing rapid changes such as a decrease in the number of automobiles held, the rise of car sharing and subscription services, and the diversification of people’s needs and purchasing behavior.

Under these circumstances, we have established a new direction in our Medium-term Business Plan to “aim to provide mobility lifestyle infrastructure for our customers on a global scale.” This expresses the idea that we will exist as an infrastructure that protects lives with cars, even in regional areas where cars are an essential part of life. In addition, we will integrate our physical and digital stores to reduce hassles and annoyances for customers and offer them new value—the joy of going out.

As a company that is dedicated towards providing customers the joy of going out, we will develop and supply products and solutions both inside and outside of Japan, and we will evolve into a franchise chain that is more highly favored by customers. In order for AUTOBACS to become an indispensable presence for customers that serves as the foundation for their lifestyles, we must further increase our share by creating points of contact with customers. In addition, in order to continue growing sustainably amidst changes in the form of mobility ownership and the state of mobility itself, we must create new business domains. Considering these, we have established the following three items as the strategy outline in our Medium-term Business Plan.

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

## Output (FY2023 Results)

### Strengthening of financial basis through business portfolio review

- Net assets … 229.8 billion yen
- Operating income … 8 billion yen
- ROIC … 4.1%
- Operating cash flow … 14.4 billion yen

### Reduction of environmental burden

- Installing fast chargers … 6 stores
- No. of EVs inspected … 516 units/year
- No. of EVs sold … 324 units/year
- Environmentally-enhanced stores … 73 stores
- Developing eco-friendly products … 124 products
- Reducing oil cans … 30,000 cans/year

### Change of franchise chain package

Changed to a business model that will contribute to the sustainable growth of franchisees and the headquarters (the Company) by changing the franchise chain package

### Expansion of non-financial capital

- Personnel for data analysis … 72 trainees
- Level-2 mechanics … 726 people
- Ratio of female managers … 7.9%
- Ratio of female employees … 18.4%
- Acquisition rate of paternity leave … 52.0%
- Employee engagement … 2.7

### Materiality

We created a list of social issues that we should address, gathered from the SDGs, ISO 26000, GRI standards, etc. We then assessed their importance from both an economic and social standpoint, and evaluated their validity. Then, we identified the following four material issues: “creation of businesses that solve social issues,” “enhancing efforts that consider the environment and society,” “development of organization and personnel,” and “sustainable and strong management base.”

Every year, there is an increasing social demand for companies to adopt sustainability management that takes the natural environment and human rights into consideration. With issues such as the growing labor shortage and the progression of digital technology, the environment surrounding the Company is undergoing rapid changes and becoming increasingly severe. In light of this business environment, we have organized and identified a list of pressing issues that we must address in order to become a company that is “dedicated towards providing you the joy of going out,” as well as established a list of non-financial issues on which we must focus in our Medium-term Business Plan, including “enhancement of efforts that consider the environment and society,” “maximization of human capital,” “transformation into an organization that creates innovation,” and “strategic allocation of human resources.”

### Priority Issues to Be Promoted in our Current Medium-term Business Plan

Materiality	Contribution to society (Non-financial targets)	Creation of economic value/KPIs	(FY2030 goals)
Enhancing efforts that consider the environment and society	Promoting spread of safe and secure EVs toward realization of a zero-carbon society	Installing fast chargers	43 stores
		Promoting statutory safety inspections of EVs (No. of EVs inspected)	3,440 units/year
		Promoting sale of EVs (No. of EVs sold)	2,500 units/year
	Reducing CO <sub>2</sub> by establishing environmentally-friendly stores	Promoting environmentally-friendly stores	140 stores
	Promoting environmentally conscious business	Developing environmentally-friendly products	300 products
	Realizing circular ecosystem	Reducing oil cans (increasing ratio of oil sale by measure)	Reduction of 220,000 cans
Medium-term HR policies	Priority fields of investment in human capital	KPIs	(FY2030 goals)
Maximize human capital	Human resource development/reskilling	Development of personnel for data analysis	320 persons
	Diversity & inclusion	Ensuring and fostering Level-2 mechanics	1,100 persons
Transformation into an organization that creates innovation	Resource/talent management	Increasing ratio of women in managerial positions (manager or higher)	18.0%
		Ratio of female employees	30.0%
Strategic allocation of human resources	Enhancement of engagement	Promoting paternity leave	100.0%
		Employee engagement (previously called “employee energetic level”)	3.0

## Outcome

In order to become a company that is “dedicated towards providing you the joy of going out,” we have positioned our impact on society (outcome) as the provision of new value in response to customers’ fundamental needs through our business activities. In light of societal expectations and demands on the Group, whose business is centered on mobility, we will aim to provide value in the six areas of “experience & discovery,” “environmentally friendly,” “safety & security,” “annoyance relief,” “greater convenience,” and “self-expression.”



## Action Plan for Value Creation Review of the Five-year Rolling Plan

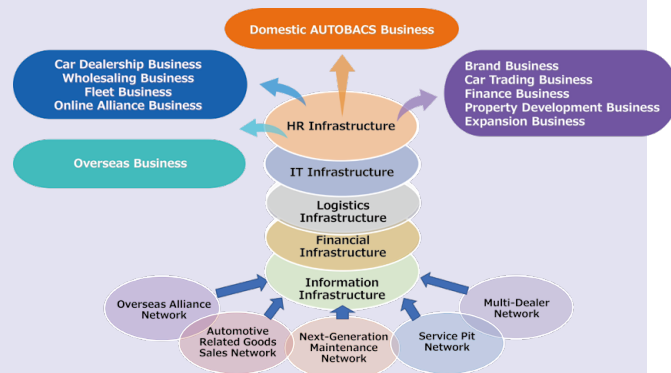
Based on the belief that, in order to achieve sustainable growth amidst the rapidly changing external environment, we must establish structures that can anticipate and quickly respond to customers' changing needs, we formulated the "Five-year Rolling Plan" in 2019 to continuously adjust our direction and strategy for the next five years in light of current trends.

In addition to having AUTOBACS Group provide all of the products and services that support car-use scenarios, we defined cross-barrier coordination between business operators with varying strengths as the "Six Networks," as well as promoted the establishment of the Five Business Infrastructures and the strengthening of businesses.

### Five-year Rolling Plan (FY2019-FY2023)

<b>Mission</b>	Continue to develop new car lifestyle cultures
<b>Method</b>	Continuously adjust our direction and strategy for the next five years in light of current trends
<b>Vision</b>	Establish and connect six networks designed to offer a variety of services tailored to customers' car-use needs
<b>Targets</b>	Announce specific numerical targets for each year

### Overall Picture: Five-year Rolling Plan 2023



In addition to undertaking efforts aimed at promoting each business and building business infrastructures, we initiated internal structural transformation to accelerate the implementation of these efforts, and laid the groundwork for regrowth

#### Initiatives for businesses and business infrastructures

##### Strengthening of points of contact with customers

- Increase in the number of business bases
- Establishment of a customer information platform
- Greater convenience

##### Active response to changes in the environment

- All stores capable of performing statutory safety inspections in the AUTOBACS Group acquired Specific Maintenance Certifications

##### Human resource development initiatives

- Promoting of reskilling

#### Structural transformation

##### Reform of the management structure

- Restructuring Head Office operations
- Abolition of the officer system
- Development of executive candidates
- Promotion of DX strategy
- Revision of the personnel system

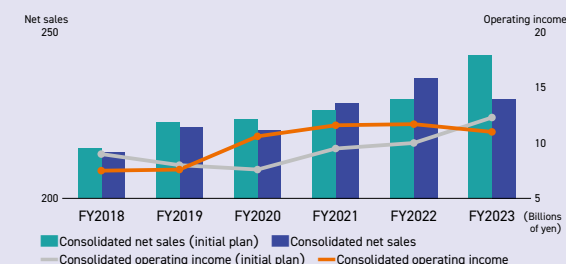
##### Strengthening of the earnings base

- Review of the business portfolio
- Change of the franchise chain package
- Promotion of management using ROIC

### Progress since the introduction of the Five-year Rolling Plan

	FY2019 results	FY2022 results	FY2023 results
Net sales	221.4 billion yen	236.2 billion yen	229.8 billion yen
Operating income	7.5 billion yen	11.7 billion yen	8.0 billion yen
Ordinary profit	8.0 billion yen	11.5 billion yen	8.0 billion yen
Profit attributable to owners of parent	3.7 billion yen	7.2 billion yen	6.3 billion yen
ROE	3.1%	5.8%	5.0%

Leveraging the business infrastructure cultivated by the Domestic AUTOBACS Business, consolidated net sales other than the Domestic AUTOBACS Business increased by about 27 billion yen. Consolidated operating income improved\* compared to FY2018 before the launch of the Five-year Rolling Plan.



For shareholder returns, see the "Message from the General Manager of Corporate Management" (p. 28)

\*Operating income in FY2023: excluding the temporary decrease (about 3.0 billion yen) due to the change in FC chain package

## Action Plan for Value Creation 2024 Medium-term Business Plan

Our 2024 Medium-term Business Plan, “Accelerating Towards Excellence,” was formulated from the dual perspectives of backcasting what we must do in the three years beginning with FY2024 in order to achieve our long-term vision “Beyond AUTOBACS Vision 2032,” and forecasting based on a review of the Five-year Rolling Plan.

### New Direction

Aim to provide  
“Mobility Lifestyle Infrastructure”  
for our customers on a global scale

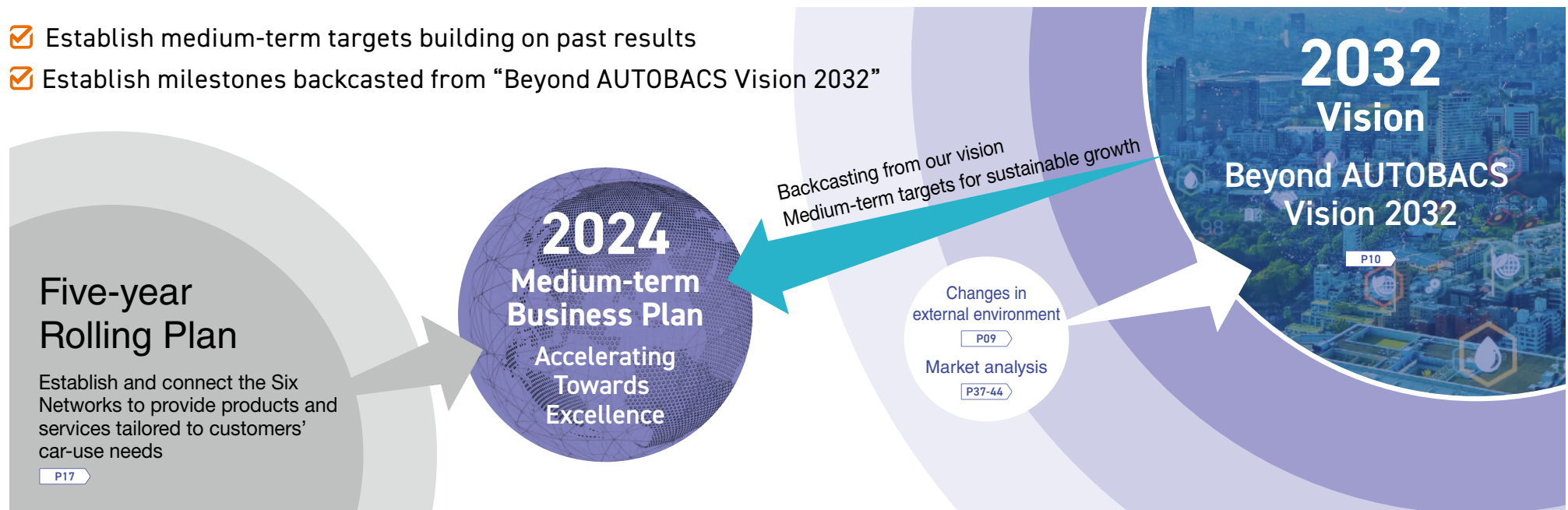
1. Changing to a structure that focuses on and enhancing retail and wholesale operations, two areas in which the AUTOBACS SEVEN Group excels\*
2. Taking on challenges in peripheral areas in order to realize our long-term vision
3. Achieving stable returns for stakeholders while further increasing profit levels

\*Multinational strategy for retail, transnational strategy for wholesale.

### Strategy to Achieve the New Direction



- Establish medium-term targets building on past results
- Establish milestones backcasted from “Beyond AUTOBACS Vision 2032”



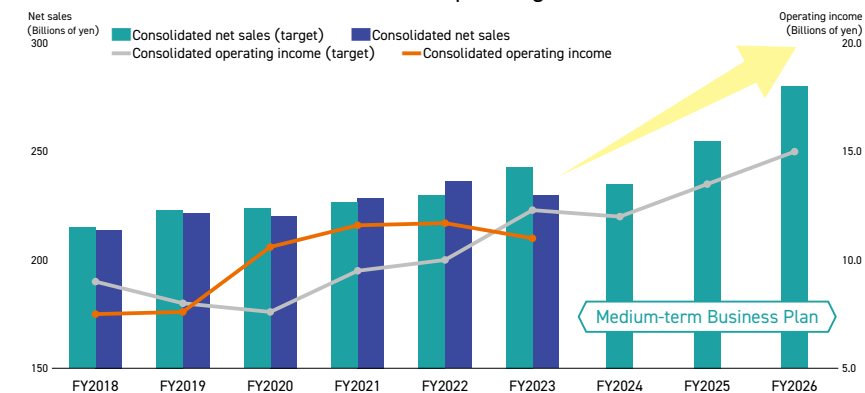


## Action Plan for Value Creation 2024 Medium-term Business Plan

### Management Goals and Overview of the 2024 Medium-term Business Plan

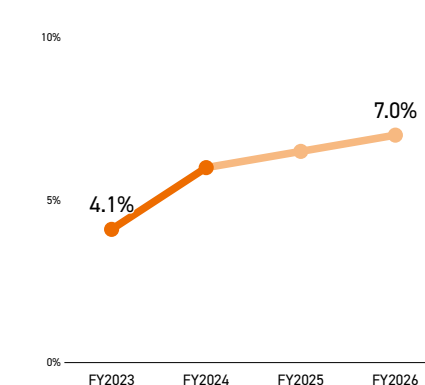
	FY2026 performance targets	FY2023 results
Consolidated net sales	280.0 billion yen	229.8 billion yen
Consolidated operating income	15.0 billion yen	8.0 billion yen
ROIC	7.0%	4.1%

#### Consolidated net sales/consolidated operating income



\*Operating income in FY2023: excluding the temporary decrease (about 3.0 billion yen) due to the change in FC chain package

#### ROIC

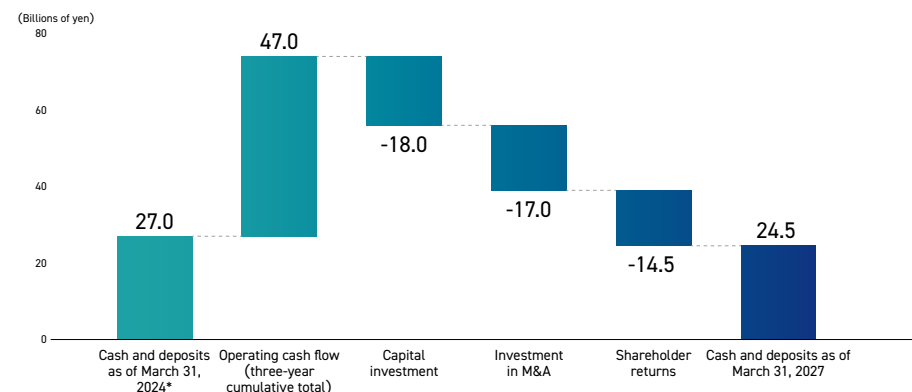


### Capital Allocation

In the three years beginning with FY2024, we plan to invest a total of roughly 35.0 billion yen through M&A-based investment aimed at capital investment and business expansion.

With regard to shareholder returns, we have established a basic policy of prioritizing investment in growth opportunities aimed at achieving our long-term vision, and providing stable annual dividends of 60 yen per share as a general rule. Additionally, we plan to allocate the increase in operating cash flow to investment.

#### Capital allocation plan



\*Actual balance after taking into account the effect of the bank holiday

### Initiatives to Realize the Visio (sustainability initiatives)

- Realize a safe, secure, and gentle society in which people, cars, and the environment exist in harmony.
- Set priority issues to achieve both social value and economic value.

#### Social and Environmental

Materiality	Contribution to society (Non-financial targets)
Enhancing efforts that consider the environment and society	Promoting spread of safe and secure EVs toward realization of a zero-carbon society
	Reducing CO <sub>2</sub> by establishing environmentally-friendly stores
	Promoting environmentally conscious business
	Realizing circular ecosystem

#### Human capital

Medium-term HR policies	Priority fields of investment in human capital
Maximize human capital	Human resource development/reskilling
	Diversity & inclusion
Transformation into an organization that creates innovation	Resource/talent management
Strategic allocation of human resources	Enhancement of engagement

## Round-table Talk by the Outside Directors

To achieve our 2024 Medium-term Business Plan, we will support sustainable growth by achieving highly effective management oversight and pushing for further business selection and concentration.





## Round-table Talk by the Outside Directors

**Q. It has been just over two years since Mr. Horii has taken over the post of Chief Executive Officer. How do you feel that the corporate culture has changed?**

**Koizumi:** I have served as an Outside Director since the term of the previous Chief Executive Officer, Mr. Kobayashi, and since that time, I have had the impression that we can speak very freely and openly at this company. I don't feel that this positive corporate culture changed much after Mr. Horii took over the post of Chief Executive Officer. The sense of unity between the AUTOBACS franchise chain headquarters and franchisees, which has been our strength since founding, has been firmly passed down. Mr. Horii also works actively on organizational reform. I look forward to seeing him adding his own spin to further improve the organization's culture going forward.

**Matsuda:** I was just appointed this June, so I cannot speak to differences from the previous administration, but my impression is that Mr. Horii's style involves absorbing everyone's opinions and focusing on consensus-building. Even from the perspective of meetings, etc., I get the impression that the Company is very open



**Yosuke Matsuda**

He has management experience at business corporations, and has successfully improved profitability through the introduction of business portfolio management. Director of the Company since June 2024.

and allows everyone to actively speak out. I look forward to seeing how Mr. Horii's style impacts the Company going forward.

**Kanamaru:** It's difficult for me to compare with the previous administration as well, but I feel that Mr. Horii strongly expresses his desire to "change" and "transform the company," but takes the stance of listening attentively to the opinions of those around him rather than simply proceeding with force. Even as Chairperson of the Board of Directors, his style is to solicit everyone's opinion before proceeding. I don't feel that it is difficult to speak out at this company. Going forward, I look forward to seeing how he responds when the time comes that we have to push for reforms.

**Mimura:** As everyone has said, I don't think that Mr. Horii has held back in putting his own spin on things out of respect for Chairman, Mr. Kobayashi. Generally, Mr. Horii's style is to let everyone voice their candid opinions and take the time to listen to them carefully, even to an overly cautious extent. He is the type to move things along carefully and steadily. The same was true of Mr. Kobayashi, but I think that attitude has gotten stronger under Mr. Horii. For precisely this reason, as an Outside Director, I look forward to seeing how Mr. Horii materializes his own ideas going forward. As he initiates various new efforts, he appears to be struggling with whether they properly make sense in the field, what the opinions of next-generation leaders are, and whether there is a way to better adopt them.

**Q. What is your assessment of the results of the Five-year Rolling Plan, the business plan that concluded in FY2023?**

**Mimura:** Unfortunately, we were not able to reach the target numbers in the Five-year Rolling Plan. However, this plan was put in motion under the initiative of the previous Chief Executive Officer, Mr. Kobayashi, and Mr. Horii's success will be determined based on the results of the next Medium-term Business Plan. I hope that Mr. Horii will use the results of this plan as a point of reflection, carefully reflect this in the implementation plan on site, and push forward as a leader in his own right. Convincing the employees is an important part in achieving a plan, and will test whether there is an organizational infrastructure to support it. I hope that he will incorporate the reforms that are currently underway, such as



**Takayoshi Mimura**

He has many years of experience in corporate management at business corporations and has a track record of driving the development and growth of business corporations in the global market. He has supervised the Company's management from the viewpoint of general shareholder protection. Director of the Company since June 2022.

changing the organizational structure from a vertically-divided one to a business-based one and establishing retail and wholesale as axes, on a group-wide level so that we can achieve results as soon as possible.

**Kanamaru:** Changing the franchise chain package meant making fundamental changes to the method we had been using for years, and it was one of the biggest initiatives. Raising the royalty rate for franchisees is a situation that not only calls for reexamining the business structure itself, but calls into question whether we can provide value to franchisees commensurate with those royalties. Convincing each franchisee and changing the franchise chain package is an extremely difficult task. There were times I was afraid that things would go poorly, but Mr. Horii and everyone involved explained things carefully, resulting in a smoother-than-expected transition. It is important not to stop with wholesaling the products to the franchisees, but to ensure that the franchisee and headquarters consistently move in the same direction until the products are ultimately delivered to customers. I think the franchisees' resistance was gradually chipped away by the message

## Round-table Talk by the Outside Directors



**Masami Koizumi**

He 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.

that “The headquarters will not receive royalties until the product is retailed to a customer. Until then, let’s think in unison and look in the same direction.”

**Matsuda:** I think a key point will be how to achieve the next Medium-term Business Plan, considering that we did not achieve the numbers of the Five-year Rolling Plan. On top of that, there is a quite challenging aspect to the next Medium-term Business Plan, in that we are aiming for something that is not an extension of previous efforts. We do have the knowledge gained through the Five-year Rolling Plan, so in light of that, I would like to focus on how to achieve non-consecutive growth. For example, DX will require the use of completely different muscles and completely different ideas from our past retail and wholesale businesses. I look forward to seeing how Mr. Horii exhibits leadership.

**Koizumi:** The majority of our profits come from the Domestic AUTOBACS Business, but the Domestic AUTOBACS Business itself is facing severe conditions under which it is not continuing to grow in the same manner as before. Although we are challenging ourselves with the launch of various brands, I have the impression that, with each brand and business being operated individually,

the expected amount of horizontal synergy is not being generated. Additionally, in the domestic market, which is not expected to expand going forward, I don’t think we could have envisioned an idea of what axes to develop our businesses around, even based on the failure to meet the initial quantitative targets of the Five-year Rolling Plan. On the other hand, the Six Networks and Five Business Infrastructures established in the Five-year Rolling Plan are the basis for achieving the long-term vision and the next Medium-term Business Plan set forth by Mr. Horii. This is what I consider to be the results of the Five-year Rolling Plan.

### Q. What is your impression of the 2024 Medium-term Business Plan, “Accelerating Towards Excellence”?

**Mimura:** Car ownership has changed in Japan along with the declining birthrate. The domestic market does not have a tailwind. Considering this, we must create a “new AUTOBACS” in the medium to long term. We must work from various angles to figure out how to materialize a market that has been completely invisible thus far. We are now in the middle of such a period, so the consolidated net sales target of 280 billion yen set forth in the 2024 Medium-term Business Plan might seem like a bit of a stretch. However, compared to the target of 500 billion yen established in the long-term vision, this number is still in the preparatory stage.

Going forward, market conditions may change or an unexpected rival may appear. It is important to prepare ahead of time for those possibilities. For example, the shift to EVs is taking longer than expected due to factors such as delays in infrastructure establishment. However, the shift will eventually happen, and conversion to electric power is likely to accelerate in the domain of commercial vehicles, which have higher operating ratios than privately owned vehicles. Moreover, with regard to EVs, it is important to create businesses not only for vehicles, but also for surrounding areas. Where to place our priorities is an important question for us. Now is the time when we must carefully discuss what preparations to make for the eventual full-fledged spread of EVs.

**Kanamaru:** When new technology and businesses like EVs and autonomous driving come out, they are followed a bit later by legal issues, particularly legal restrictions. Troubles may come up in the future that could not be foreseen, but that is the risk borne by all

those involved in that business. It’s not just a risk borne by us, or one unique to us. As we proactively venture into new businesses, in order to stick to our convictions in “supporting the mobility lifestyles of customers,” we must constantly be on the lookout for information and firmly clarify our own position.

**Matsuda:** With regard to DX, people are saying that as the shift to EVs progresses, the inside of cars will become entertainment spaces. I think there is something interesting in the question of how to design in-vehicle user interfaces (UIs). However, as it was said earlier, DX requires us to use completely different muscles than wholesale and retail, and we must significantly change our way of thinking, so I think a key point will be how Mr. Horii wants to change the Company’s culture. Mr. Horii has a strong desire to “change the company,” which I think requires me to provide the perspective of a completely different industry, that of games and entertainment. Having a diverse range of perspectives from various angles will be our strength as a company. Businesses will not expand if we keep thinking in the same way.

**Koizumi:** When formulating the Medium-term Business Plan, the opinion that we should actively move forward with “selection and



**Ayako Kanamaru**

She has legal expertise as an attorney-at-law and is also familiar with companies’ business operations through her engagement in corporate legal affairs as an outside auditor and outside director at other companies. Director of the Company since June 2023.



## Round-table Talk by the Outside Directors

concentration" and "portfolio restructuring" was mainly expressed by Outside Directors. This is relatively easy to understand for businesses with a high affinity with the Domestic AUTOBACS Business, but there are also some businesses that do not have that. We should conduct selection and concentration. The strategy outline of the Medium-term Business Plan consists of "increasing touch points with customers," "developing attractive products and solutions," and "establishing new business domains." I think that "increasing points of contact with customers" is important. We have opened dealerships and repair shops based on the idea of creating as many points of contact as we can during the car life cycle of "purchasing," "repairing," and "replacing," but, ultimately, we must connect each of these points. Furthermore, with the intense changes occurring in the automotive aftermarket, I think we should carefully examine our businesses, particularly those that are unprofitable, in the lead-up to our next Medium-term Business Plan and determine whether or not to continue each one.

**Mimura:** We cannot conduct business transformation by continuing our current businesses as usual. In order to change our portfolio, we must change the shape of our organization and methods of personnel assignment. I have previously proposed such ideas as an Outside Director, but from the standpoint of an officer, some proposals are accepted and some are not. However, in order for the company to undergo great change, we cannot avoid making significant changes to our way of thinking.

**Kanamaru:** In order to make big leaps, how we allocate our limited resources is important, which requires "selection and concentration." Establishing a brand new structure may also lead to negative effects within the Company, and I think there were many struggles in the process of putting together the Medium-term Business Plan.

### Q. What are your thoughts on the impact of the fraud problem in the used car industry and your assessment of the Company's compliance?

**Mimura:** The widely reported fraud by a major used car seller has undeniably raised suspicions about the nature of the industry as a whole. There were even apparently cases at our stores where mistrust from customers arose, which were reported to the Board of Directors. However, we are the polar opposite of companies like

that, to the point that we are earnest to a fault. Our departments that handle used cars in particular have received the high praise that "AUTOBACS can be trusted." I hope to strengthen this area going forward by being even more honest to a fault.

However, as the number of group companies and franchisees further increases going forward, ensuring that compliance permeates every corner will be very hard work. It is difficult enough within the Company, but we must ensure that it spreads throughout new companies that join the group through M&As. With regard to this work, I think the only thing we can do is learn the methods of leading companies and thoroughly implement them. Furthermore, speed will be required. Even beyond the current used car problem, it only takes an instant for brand value to be damaged.

**Kanamaru:** I think we were able to learn a big lesson from this problem. We already have a compliance checking function in place as well as a mechanism for how to structure the reporting line when a problem occurs, but we were able to use this problem as an opportunity to reexamine them. It is important to regularly review whether such mechanisms are functioning in an effective manner. We confirmed whether fraud was occurring in our departments that conduct businesses related to insurance companies, and we found no problems. Moreover, we continuously confirm what problems would be conceivable and whether compliance is widespread. As for franchisees, although they are difficult to completely control since they are basically different companies than us, we are working with an awareness of the issue of how to ensure the permeation of AUTOBACS chain's compliance policy.

**Matsuda:** Compliance is the core of products and services. It can be considered a part of the quality that our products and services have. When providing a service, we must raise its quality. Compliance goes without saying; it is the bare minimum required, and the lowest level of fulfilling quality. This is the same for every industry. When providing a service, it must meet the expectations of the customer.

**Koizumi:** I think the fraud problem caused a loss of trust in the automotive industry as a whole. We have a lot of honest employees and a full infrastructure in place to support them such as internal control, compliance, risk management, and other systems, as well as the Code of Conduct and Guidelines for Action. While all publicly listed companies have such mechanisms, the important thing

is their "effectiveness," or, in other words, whether they function properly. I think that fraud occurs when systems and manuals are in place, but they are taken for granted and not executed properly. It is important to constantly reexamine this and increase their effectiveness.

I think there are difficulties in increasing effectiveness as an overall group including franchisees, but Mr. Horii is highly aware of the issue of fraud, and has expressed a policy of working to prevent fraud across the group through the Franchise Manager Committee and other channels. We must ensure that the same level of compliance permeates directly managed stores and franchisees.

### Q. What is your assessment of the Company's ESG and SDG efforts?

**Matsuda:** I am actually right in the middle of studying our "ESG & SDGs Project." I see the ingenuity in replacing the members every term, and in establishing a team to laterally promote each KPI and having the project and regional headquarters work together to promote KPIs. I look forward to closely listening to future reports on what specific initiatives are implemented and what results they yield.

**Mimura:** Once every three months, the leaders of each team have an opportunity to report their progress at the General Managers Committee meeting. I am always amazed by the candid way the reports are given. However, we cannot forget the ultimate goal of ESG, or, in other words, why we are doing it. I think that ESG must be something that ultimately leads to a company's performance and growth. Otherwise, it will not take root, and there will be no shared sense of achievement. Various KPIs have been established, but I think that before they are implemented, we should ensure that each person understands that the ultimate goal is the company's performance and growth.

**Kanamaru:** I make sure to focus on diversity initiatives, particularly those relating to women's advancement, for example, the ratio of female managers. There are some categories that struggle and do not meet the KPIs, but each department takes responsibility and makes a report, so I look forward to monitoring the continued progress.

**Koizumi:** I appreciate that we created a project team at an early stage, involved the General Managers in charge of the actual

## Round-table Talk by the Outside Directors

businesses, and moved forward in association with the businesses. ESG is connected to our vision and long-term strategy, and it leads to corporate earnings and contributes to profits for all stakeholders. My perception is that, going forward, we will create a cycle of continuously increasing corporate value.

### **Q. What are the issues that the Company must overcome in order to continue growing, and what are your expectations?**

**Mimura:** We must further promote the “determination to quit businesses.” In order to grow a big tree, it is necessary to cut the weeds underneath it. It is important to firmly establish a corporate culture of deciding to quit, and once that decision is made, creating milestones and following through on implementation.

Backcasting means creating implementation milestones based on a specifically established future plan and moving forward with them until the plan is achieved. While we have the numbers, there is no clear implementation plan like this in sight. I look forward to creating business plans based on newer ideas.

We cannot build a strategy with an extension of our current efforts. Additionally, since human resources cannot be developed instantaneously, for a time, we may need to bring in people with experience in creating such plans in order to strengthen our strategic foundation.

**Kanamaru:** When conducting preliminary consideration of new businesses and initiatives, rather than the department concerned working solo, I think it is important to cooperate laterally on a company-wide level. Without lateral cooperation, the big picture cannot be drawn. I think we can grow more by developing skills and human resources that can do this.

**Matsuda:** This might be a harsh way of putting this, but the Medium-term Business Plan appears to be a bit all-encompassing. Ideally, there should be a clear strategy, and the plan should be executed in accordance with that policy, leading to numbers. I would like the essential strategy to be outlined more clearly. For example, with regard to how M&A cases are addressed, there is a big picture, and each case of M&A is implemented to achieve this big picture. However, the current handling method of “we have this M&A case, so we will stick it here” is suboptimal. It appears that



Before non-financial KPIs are implemented, we should ensure that each person understands that they ultimately lead to the company's performance and growth

each case is being thought about separately, making it impossible to paint a picture of the company's overall equity story. I believe that it may appear that way to our investors, too. I think that it would deepen investors' understanding if, in our future disclosures and financial results explanatory materials, we actively communicated whether the M&As create an equity story with clear strategic intent.

**Koizumi:** In offensive governance, I make sure that I can support the decision-making of the Executive Directors as an Outside Director. On the other hand, in M&A cases for which it is not clear whether they will contribute to shareholder profits, I give my opinion after confirming the true motive of aims and objectives and the rationality of investment recovery. In defensive governance,

there is the concern that beginning something new such as M&A will increase compliance risk, which will lead to more work for the accounting department and other increased management costs, thereby increasing the risk of a major scandal. I am keeping a close eye on this, too, as an Outside Director. It is necessary to balance the offensive maneuver of advancing business strategy with the defensive maneuver of strengthening governance, and to connect this to improving corporate value through healthy risk-taking.



## Feature Key Measures of the 2024 Medium-term Business Plan Retail

Strategy to Achieve the New Direction:

### 1. “Create Touch Points” to Continue to Support Mobility Lifestyles

#### Key measures

- ☑ Expand new bases, including new store openings, and expand channels (100 bases)
- ☑ Establish new online marketplaces
- ☑ Develop new services that solve social issues

### Creating new points of contact with customers to solve concerns and problems

Key measures	Activities
Expand new bases, including new store openings, and expand channels (100 bases)	<ul style="list-style-type: none"> <li>☑ Increase in the number of AUTOBACS bases</li> <li>☑ Increase in the number of maintenance bases through the opening of AUTO IN stores, etc.</li> <li>☑ Expansion of the AUTOBACS CARS franchise chain outside AUTOBACS Group</li> <li>☑ Aggressive implementation of M&amp;A</li> </ul>
Establish new online marketplaces	<ul style="list-style-type: none"> <li>☑ Establishment of an online marketplace in the mobility area</li> </ul>
Develop new services that solve social issues	<ul style="list-style-type: none"> <li>☑ Opening of stores in areas where they are needed as social infrastructure</li> <li>☑ Development of temporary stores and on-site sales</li> </ul>

#### Focus1

### Opening stores in areas where they are needed as social infrastructure

In areas with declining and aging populations, the number of retail stores is decreasing; however, they are expected to play a role in lifestyle infrastructure. As a provider of car-related services that are necessary to people's lifestyles, we are strategically opening more stores in remote areas while taking profitability into account, in order to continue being a presence that is needed by society. In April 2024, we opened four new stores in the Tohoku area. These are all next-generation stores that offer online customer service and store congestion notification systems. We strive to increase operational efficiency and improve service, aimed at operating stores in a way that fully supports regional customers.



Online customer service

#### Focus2

### Increasing business bases and points of contact through M&A

We are proactively working to increase our business bases using M&A. In August 2024, as part of the “expand new bases, including new store openings, and expand channels (100 bases),” a key measure in the Medium-term Business Plan, Otoron Co., Ltd. was made into a wholly-owned subsidiary. Otoron operates “Otoron,” a used car dealership that specializes in providing in-house loans using independent screening. The company has 16 stores in 12 prefectures, mainly in the Kanto area.

Additionally, in the automobile maintenance industry, business succession problems are becoming more severe due to aging populations and a lack of successors. We are investigating M&A as a way to solve such problems. Furthermore, we are proactively investigating the acquisition of domestic and foreign dealer brands, taking advantage of the benefit of M&A of allowing us to efficiently acquire necessary assets and expertise.

## Feature Key Measures of the 2024 Medium-term Business Plan Wholesale

Strategy to Achieve the New Direction:

### 2. “Develop and Supply Products and Solutions” Tailored to Mobility Lifestyles

#### Key measures

- ☑ Expand wholesale channels by developing attractive products and solutions
- ☑ Strengthen competitiveness through supply chain management and consolidation of the AUTOBACS franchise chain headquarters
- ☑ Strengthen external sales by packaging private brand products, services, and sales support measures

Further enhancing the development and supply of products and services and the provision of information in order to solve customers’ fundamental needs

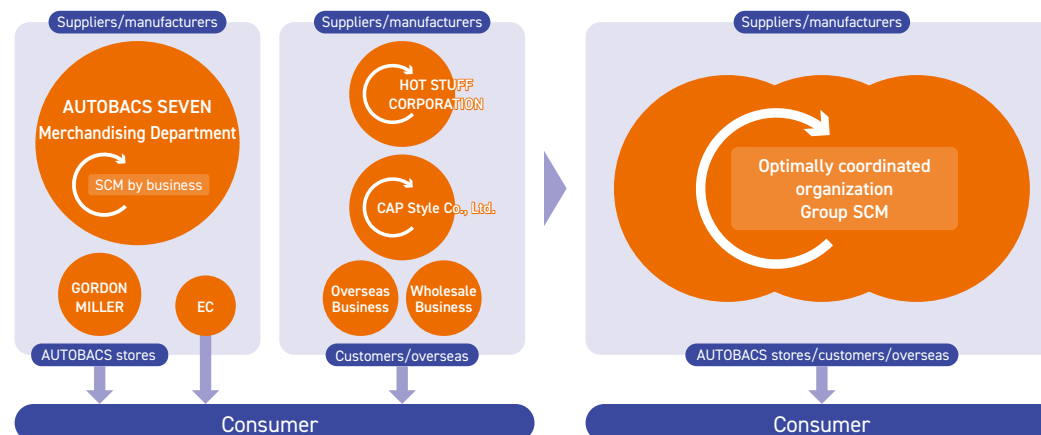
Key measures	Activities
Expand wholesale channels by developing attractive products and solutions	<ul style="list-style-type: none"> <li>☑ Development of private brand products that directly translate customer needs into product development</li> <li>☑ Improvement of UX through IT and DX</li> <li>☑ Expansion of wholesale sales channels to franchise chain, maintenance subsidiaries, alliance maintenance bases, and overseas bases</li> </ul>
Strengthen competitiveness through supply chain management and consolidation of the AUTOBACS franchise chain headquarters	<ul style="list-style-type: none"> <li>☑ Acceleration of implementation and cost rationalization through functional integration with operating subsidiaries</li> <li>☑ Consolidation and rationalization of headquarters functions</li> </ul>
Strengthen external sales by packaging private brand products, services, and sales support measures	<ul style="list-style-type: none"> <li>☑ Provide total solutions by offering products, services, and provision methods as a package</li> </ul>

#### Focus1

### Promoting supply chain management

Because we conduct product development, purchasing, sales, logistics, etc. individually at each department and subsidiary, our distribution channels faced the problems of excessive costs and reduced coordination speed. Accordingly, we launched the SCM Project with the objective of streamlining our distribution channels to improve speed, reduce costs, and supply products stably.

With the three goals of consolidating product procurement and development functions, consolidating logistics functions, and consolidating sales functions, this project establishes a new business infrastructure by reorganizing the functions of product development, purchasing, sales, and distribution, which were previously conducted separately by each department and subsidiary, from the perspective of group-wide optimization. In terms of consolidating product procurement and development functions, we aim to develop high-quality products efficiently at a low cost through joint product development and procurement within the Group. In terms of consolidating distribution functions, we plan to reduce distribution costs by streamlining distribution. In terms of consolidating sales functions, we plan to utilize assets such as vehicle data and improve our sales strength.





## Feature Key Measures of the 2024 Medium-term Business Plan New Business

Strategy to Achieve the New Direction:

### 3. “Establish New Business Domains” in Response to Changes in Mobility Lifestyles

#### Key measures

- ✓ Develop EV solutions business, whose market is expected to expand
- ✓ Handle sales and after-sales services for micromobility, etc.
- ✓ Form group subsidiaries with companies that have synergy with the Group’s existing businesses through horizontal and vertical integration

## Establishing new business domains in anticipation of changes in mobility in order to create future growth businesses

Key measures	Activities
Develop EV solutions business, whose market is expected to expand	<ul style="list-style-type: none"> <li>✓ Management of ZEV dealership, development of EV solution business</li> <li>✓ Expansion of sales of new and used EVs and sales and installations of chargers and storage batteries</li> <li>✓ Development of charging/discharging stations</li> </ul>
Handle sales and after-sales services for micromobility, etc.	<ul style="list-style-type: none"> <li>✓ Micromobility sales and maintenance</li> <li>✓ Development of a new business model centered around mobility sales that can offer a complete proposal including insurance, maintenance, and products/services</li> </ul>
Form group subsidiaries with companies that have synergy with the Group’s existing businesses through horizontal and vertical integration	<ul style="list-style-type: none"> <li>✓ Expansion of peripheral business areas through M&amp;A</li> <li>✓ Strengthening of business portfolio management</li> </ul>

#### Focus1

### Managing ZEV dealership and establishing EV charging infrastructure

Based on the judgement that EVs will continue to be one of the core technologies in the fight against global warming, we believe that the “shift to EVs” is inevitable in the medium to long term. We operate an authorized EV dealership business so that we can demonstrate an advantage when EVs reach the stage of full-scale dissemination.

The widespread use of EVs is obstructed by the problems of lack of charging infrastructure and charging speed. To counter such problems, we are promoting an initiative to install fast and ultra-fast chargers in the parking lots of our stores. Furthermore, in anticipation of the future widespread use of EVs, we have also begun selling home EV chargers.



#### Focus2

### Entering the micromobility area

The need for the utilization of electric micromobility is increasing as a counter to the “last-mile problem” and as a method of transportation for elderly and mobility-impaired persons. In addition to sequentially expanding our micromobility handling stores and product lineup, we are also promoting the establishment of after-sales service systems such as servicing and maintenance. Additionally, at handling stores, trained staff carefully explain everything from operation methods and traffic rules to vehicle registration and enrollment in automobile liability insurance.



## Message from the General Manager of Corporate Management

We will make management decisions that anticipate the future and fully consider cash flow management, maintenance of a sound financial structure, and non-financial capital.

### Establishing a foundation for growth and achieving improved profitability with the “Five-year Rolling Plan”

During the Five-year Rolling Plan period that spanned from FY2019 to FY2023, the unprecedented worldwide spread of COVID-19 caused economic stagnation and disrupted logistics, forcing us to change our values and ways of life. The automotive industry has entered a once-in-a-century period of change, with rapid advances in car-related technological innovations, such as the shift to electric vehicles and automated driving. Under these circumstances, in order to respond to radical changes in the business environment, we continuously revised our direction and strategy under the Five-year Rolling Plan while promoting increased revenue for each business and the establishment of business infrastructures to support this. As a result, consolidated net sales outside the Domestic AUTOBACS Business increased by approximately 27.0 billion yen, allowing us to establish a foundation for growth in areas outside of automotive goods and services sales. In addition, in FY2023, while there was a decrease in sales and profits due to transferring the shares of two consolidated subsidiaries in our Car Dealership Business, net sales operating income ratio increased from 3.4% (FY2019) to 5.0% (FY2022), and I recognize that we also achieved a certain degree of success in improving profitability. On the other hand, the fact that we were unable to achieve sufficient growth in the Domestic AUTOBACS Business and are highly dependent on the sale of winter goods such as studless snow tires, is an ongoing problem.

### Noritaka Hiraga

General Manager  
Corporate Management



From a financial standpoint, while we achieved the initial plan of keeping cash flow at the level of required working capital through shareholder returns, etc., ROE is still not satisfactory at 5.8% (FY2022) and 5.0% (FY2023). Going forward, we will aggressively invest in the future while remaining aware of ROE that exceeds capital costs and considering measures such as withdrawing from businesses with low investment returns. In this way, we will continue to strengthen investment return management and review our business portfolio.

Our performance in FY2023 fell short of the plan, with consolidated net sales of 229,856 million yen, a 2.7% year-on-year decline, and consolidated profit of 6,355 million yen, a 12.2%

year-on-year decline. This decrease in sales and profits was caused largely by a significant slump in tire sales due to a mild winter, as well as the fact that, with the changes in the franchise chain package, we took measures against the initial inventory held by franchisees at the beginning of FY2024 in order to maintain the same price level after the reduction in wholesale prices, which caused us to record a loss of approximately 3.0 billion yen in sales and profits as a temporary accounting process.

Beginning in April 2024, we made changes to the franchise chain package including lowering wholesale prices from the Company to franchisees and raising the retail royalty rate, in order to achieve a management style in which franchisees and the franchise chain



## Message from the General Manager of Corporate Management

headquarters work together to place a greater emphasis on retail. This allowed us to change from a mechanism in which we acquire profits in advance through wholesale to one in which we earn profit from royalties from retail sales. Beginning in FY2024, we anticipate that pit service labor sales at franchisees, which previously did not result in profits for the headquarters, will be added to headquarters earnings as royalties. Additionally, we also plan to gradually incorporate the cost of DX promotion at stores into royalties so that all stores can offer the same high-quality services.

### Investing in accelerated growth through the 2024 Medium-term Business Plan

In May 2024, we announced the Medium-term Business Plan, "Accelerating Towards Excellence." Behind the formulation of this plan is the fact that we have not achieved significant growth since 2000 due to the shrinking of the automotive goods and services market. Based on the recognition that the key to our regrowth lies in becoming indispensable to customers' mobility usage and establishing a presence in the global market beyond the shrinking domestic market, we established a new direction in which we aim to provide "mobility lifestyle infrastructure" for customers, in order

to recover sales of the Domestic AUTOBACS Business and achieve accelerated growth of peripheral businesses from a fully customer-centric perspective.

When formulating the plan, we decided to use consolidated net sales, operating income, and ROIC as indicators, aiming for consolidated net sales of 280.0 billion yen, consolidated operating income of 15.0 billion yen, and an ROIC of 7.0% in FY2026. These targets were firmly embedded with preparatory measures for continued growth even after the plan period ends, and were calculated by backcasting from the 500.0 billion yen net sales target for FY2032 established in the long-term vision. We will work with determination to meet them, recognizing that they are the minimum targets for which we should aim.

During the Medium-term Business Plan period, we plan to invest 35.0 billion yen cumulatively, with a focus on the Car Dealership Business, Internet Business, and M&A-related investments. The investment amount will be gradually increased over the three-year period, with a cumulative total of 17.0 billion yen in M&A investments anticipated in particular, as we explore and investigate investment opportunities aimed at discontinuous growth. With regard to M&A, the Board of Directors conducts deliberations at the initial investigation stage, gives PMI progress reports, and conducts discussions and monitoring aimed at demonstrating

synergy at an early stage. Going forward, we will continue to make investment decisions while testing effectiveness with a view to demonstrating a strong return on investment.

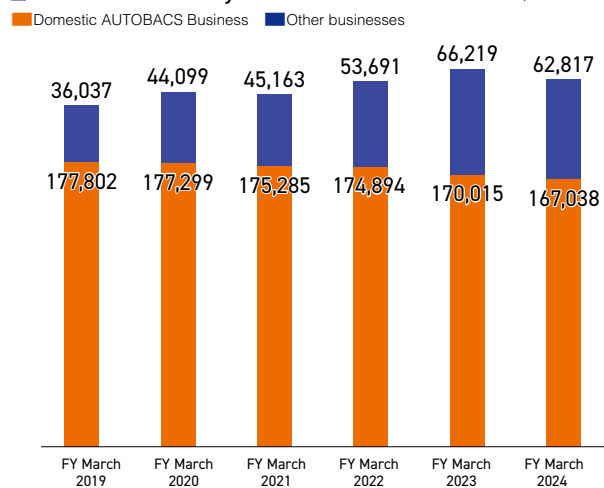
The consolidated performance plan for FY2024 forecasts net sales of 240.3 billion yen, a 4.5% year-on-year increase, and profit of 7.7 billion yen, a 21.2% year-on-year increase. In addition to the market conditions of increased demand for statutory safety inspections, servicing, and maintenance due to lengthened vehicle life and the expansion of the used car purchasing and sales market, this forecast anticipates a slight increase in tire sales in reaction to last year's mild winter. Since vehicles subject to statutory safety inspections will increase in the second half of the fiscal year, statutory safety inspections, maintenance, oil, batteries, etc. are expected to remain steady. On the other hand, we expect the downward trend in car electronics to continue.

### Initiatives aimed at improving return on capital

We reviewed our business portfolio with a view to improving capital efficiency, and have concentrated our management resources on competitive areas. In FY2023, in our Overseas Business, we improved profitability by closing unprofitable stores of AUTOBACS

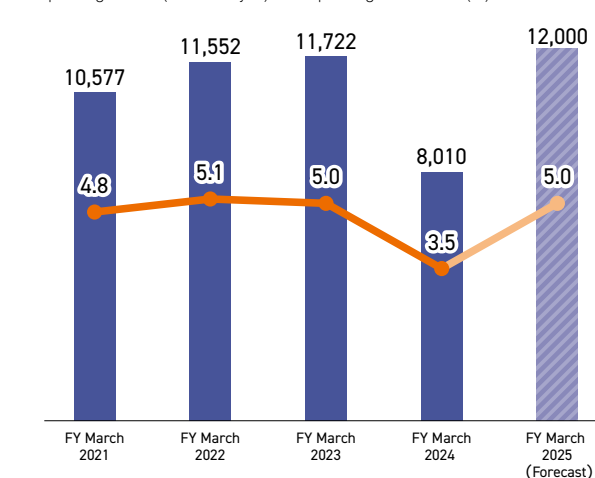
#### Trends in sales by business

(Millions of yen)



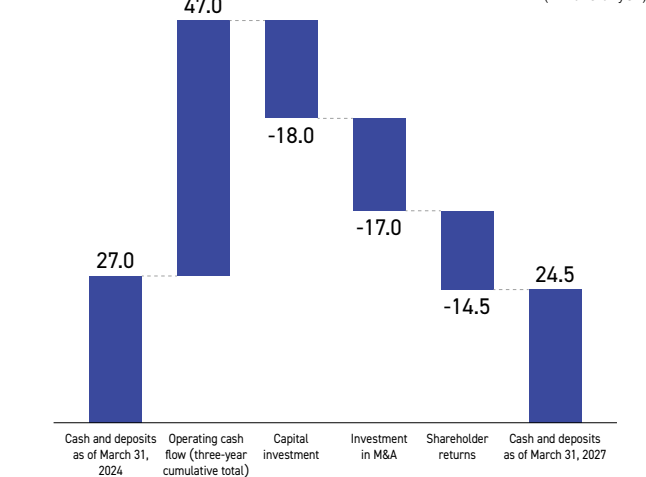
#### Trends in operating income/operating income ratio

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



#### Capital allocation plan

(Billions of yen)



## Message from the General Manager of Corporate Management

FRANCE S.A.S. and dissolving our joint venture, PT AUTOBACS INDOMOBIL INDONESIA. As a result, operating income of the Overseas Business as a whole returned to the black.

In order for the Group to keep growing continuously as the automotive goods and services market shrinks, I think that, in addition to improving the efficiency of existing businesses and promoting regeneration, investment in growth areas and the development of new businesses will become even more important themes, and therefore, we are promoting business management that focuses on capital costs with ROIC as an indicator. In FY2023, we established an ROIC-based management infrastructure by visualizing ROIC by segment. Beginning in FY2024, since target ROICs have been established for each segment, we will use ROIC by segment as a means of decision-making in business portfolio review going forward, leading to the improvement of company-wide ROIC.

As part of efforts to spread ROIC internally, we are also promoting the incorporation of ROIC as a personnel evaluation indicator, such as making ROIC by segment an indicator for the performance evaluation of General Managers. Going forward, I hope to encourage each employee to change their behavior with a view to spread-

ing the use of ROIC internally through ROIC trees, etc.

The company-wide ROIC target was set as 7.0% for FY2026. In addition, to achieve the goal of maintaining or increasing ROIC so that it exceeds capital costs (WACC), we will improve the ROIC of each business and control WACC by using borrowed capital when making growth investments.

The Company's PBR remains steady at around 1.0 times, most likely due to the Group's inability to demonstrate future growth. In this regard, it is critical that we steadily amass revenue in each business and achieve the income targets and investments in growth established in our Medium-term Business Plan. I think that it will be even more important at the next stage to properly ascertain whether each business area can secure investment return and withdraw from those that cannot.

### Shareholder return policy

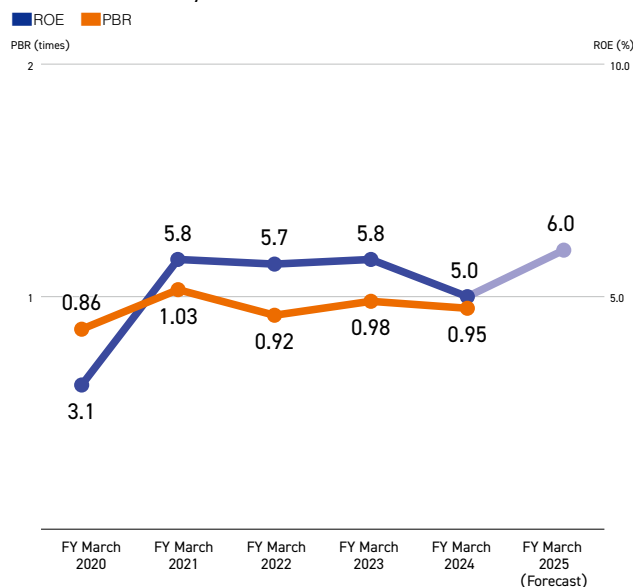
With regard to shareholder returns, we position returning profits to our shareholders as an important management priority. During the

Five-year Rolling Plan period, we established a basic policy of a five-year cumulative total shareholder return ratio of 100%, but the cumulative total shareholder return ratio for said period was 93.9%. When excluding the temporary profits from the sale of the official BMW/MINI dealership business in FY2024, the five-year cumulative total shareholder return ratio was 102.9%.

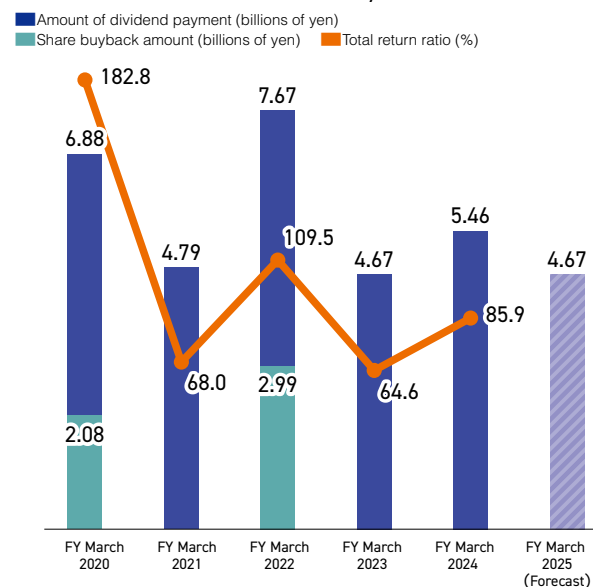
Concerning three-year shareholder returns for the Medium-term Business Plan period beginning in FY2024, we have established a basic policy of prioritizing investment in growth opportunities aimed at achieving our long-term vision, and providing stable annual dividends of 60 yen per share as a general rule. Additionally, we plan to allocate the increase in operating cash flow to investment.

We are also aware of expectations that we will strengthen shareholder returns by establishing a target payout ratio and increasing dividends, but in the current plan period, we ask that our shareholders and investors trust in our ability to achieve medium- to long-term growth by prioritizing investments in regrowth and ensuring that we reach our medium-term targets.

### Trends in PBR/ROE



### Trends in shareholder returns/total return ratio



### Toward the improvement of corporate value

As the General Manager in charge of Corporate Management, in addition to cash flow management that increases capital efficiency and maintenance of a sound financial structure, I think that it is also important to make future-oriented management decisions that sufficiently consider non-financial capital as well. The newly announced Medium-term Business Plan establishes a policy of creating further economic value through the resolution of social and environmental issues by AUTOBACS Group as a whole and the focusing of investments in human capital.

Beginning in FY2024, I have had increased opportunities to communicate directly with investors as part of IR activities. Although I sometimes receive harsh words, I feel that learning what the stock market wants now and deepening our mutual understanding is essential to improving corporate value. Going forward, I will continue to engage in even more sincere and credible dialogue with stakeholders through financial and non-financial disclosures, briefings, and other opportunities, in order to ensure that they have a deep understanding of the Group's vision and strategy.



## Directors



**Yosuke  
Matsuda**  
Outside Director

**Takayoshi  
Mimura**  
Outside Director

**Shinichi  
Fujiwara**  
Senior Managing Director

**Yugo Horii**  
Representative  
Director &  
Chief Executive Officer

**Masahiro  
Nishikawa**  
Director

**Ayako  
Kanamaru**  
Outside Director

**Tomoaki  
Ikeda**  
Director

**Masami  
Koizumi**  
Outside Director

## Succession Plan

We recognize that securing talented human resources is essential to the sustainable growth of the consolidated Group. To this end, the Company has formulated a "Succession Plan" aimed at conducting talent management of personnel in the consolidated Group, including subsidiaries, and developing personnel that can take on important posts from a medium- to long-term perspective. Under this plan, we are systematically developing CEOs and executives as well as consolidated Group executives, top management, CFO, CLO, and other specialized personnel. In addition, the Corporate Governance Committee, chaired by an Outside Director, and composed of all of the Outside Directors, the Chairperson of the Board, and the Representative Director, holds discussions for regular review and revision of the plan to ensure its objectivity and transparency.

In the development of potential successors, we are strategically enhancing candidates' skills and careers by giving them access to management experience at subsidiaries, etc. and different positions within the Company according to each rank.

The elements required of the consolidated Group executives are "experience, knowledge, and skills," "capability," "qualification," and "values, personality, and ethics." The level of each element required is different for each position within executive management. The higher the position, the higher the relative weight of "qualification" and "values, personality, and ethics."

## Knowledge and Experience of Directors/Skills Matrix

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

The Group believes that insight and experience in the fields described in the table below, such as "management experience," "capital cost management," "financial strategy," "portfolio management," and "organization, human resources strategy," are important to the Group's efforts to ensure the safety of our communities while driving and enriching customers' lives by responding to the ever-changing environment and providing new value unbounded by the existing businesses. The following lists the types of insight and experience possessed by the Board of Directors as a whole and by each director.

Name	Position		Skills										
			Management experience	Capital cost management	Financial strategy	Portfolio management	Organization, human resources strategy	Insight and experience in the Company's business fields	Accounting, taxation	Risk management	Compliance	ESG/ sustainability	Diversity
Yugo Horii	Directors who are not Audit and Supervisory Committee Members	Representative Director & Chief Executive Officer	○	○		○		Distribution/ global			○		○
Shinichi Fujiwara		Senior Managing Director	○			○	○	Retail/marketing	○	○			
Masahiro Nishikawa		Director			○		○	Retail		○		○	
Takayoshi Mimura		Outside Director	○	○		○		Manufacturing/ distribution/global				○	○
Yosuke Matsuda		Outside Director	○	○		○		Digital/service/ marketing	○			○	
Tomoaki Ikeda	Directors who are Audit and Supervisory Committee Members	Director		○	○			Wholesale/retail	○			○	
Masami Koizumi		Outside Director	○	○	○			Wholesale/retail	○	○			
Ayako Kanamaru		Outside Director				○	○	Global			○		○



# Corporate Governance

## Basic concept of corporate governance

Based on the AUTOBACS SEVEN Group Purpose, AUTOBACS SEVEN Group Code of Conduct and Guidelines for Action, and AUTOBACS SEVEN Group Sustainability Basic Policy, we operate our business with consideration to all stakeholders. As a public institution of society, 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.

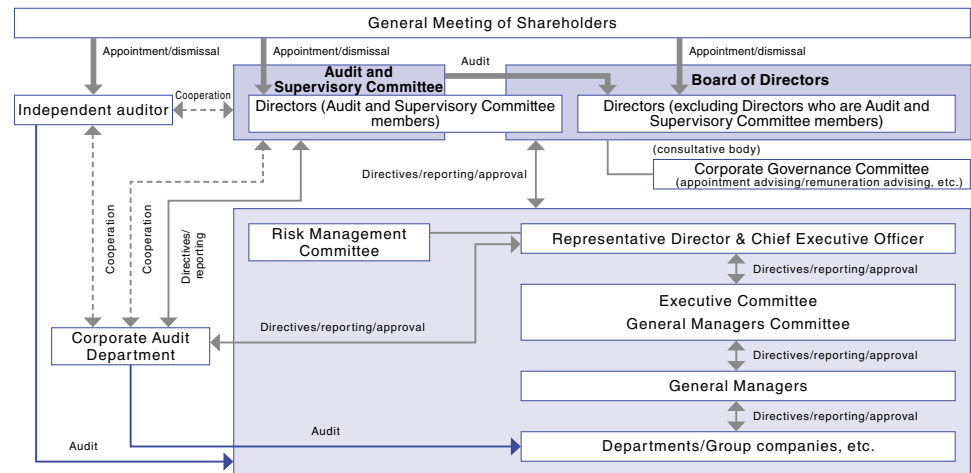
## Features of the Company's corporate governance

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. **Allocation of General Managers:** strengthening of business portfolio management
5. **Regular meetings with General Managers by Audit and Supervisory Committee members:** enhancement and reinforcement of monitoring

## Corporate governance system chart

(As of April 1, 2024)



On April 1, 2023, the Company abolished the officer system for the purpose of increasing the speed of decision-making and the process of transformation and introduced a business management system under which general managers are responsible for individual businesses in order to strengthen the business portfolio management.

Name	Regular meeting	Chairperson	Members	Directors (excluding Directors who are Audit and Supervisory Committee members)		Directors who are Audit and Supervisory Committee members		General Managers	Main roles
				Internal	Outside	Internal	Outside		
<b>Board of Directors</b>	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.
<b>Audit and Supervisory Committee</b>	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"> <li>• Audits the execution of duties of Directors through supervision and assessment using audits via full-time and selected Audit and Supervisory Committee members and internal control systems via audits performed by the Corporate Audit Department.</li> <li>• 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</li> <li>• Reports on and explains audit policies and audit results of the Audit and Supervisory Committee regularly at meetings of the Board of Directors</li> </ul>
<b>Corporate Governance Committee</b>	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"> <li>Election and dismissal of candidates for Directors (including Directors who are Audit and Supervisory Committee members)</li> <li>Election, dismissal, and succession planning for the Representative Director</li> <li>Appointment of General Managers (Limited to cases where a General Manager is recruited from the outside the Group)</li> <li>Remuneration system for Directors (excluding Directors who are Audit and Supervisory Committee members) and General Managers</li> <li>Other matters relating to corporate governance</li> </ol>
<b>Executive Committee</b>	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
<b>General Managers Committee</b>	Once every month in principle	Chief Executive Officer	General Managers	○	○	○	○	●	Holds discussions to promote business execution by confirming the status of execution and examining countermeasures in each business and business infrastructure
<b>Risk Management Committee</b>	Once every year in principle	Representative Director & Chief Executive Officer	Executive Directors and General Managers in charge of internal control functions	●	○	○	○	● (in charge of internal control)	<ul style="list-style-type: none"> <li>• Formulates annual management policies</li> <li>• Promotes smooth and appropriate risk management</li> </ul>

●: Attendees ○: Observers

As of July 23, 2024

# Corporate Governance

## Board of Directors

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

### Best efforts to achieve the Medium-term Business Plan

In order to achieve our long-term vision as well as accelerated growth, the Board of Directors formulated the 2024 Medium-term Business Plan, "Accelerating Towards Excellence," and announced it in May 2024.

The Medium-term Business Plan established a new direction of aiming to provide a "mobility lifestyle infrastructure" for our customers on a global scale. By shifting to a system that focuses on and strengthens the two axes of "retail" and "wholesale," which are our greatest strengths, and challenging ourselves with peripheral areas in order to expand globally and achieve our long-term vision, we will raise profit levels a step higher and achieve stable returns.

We regularly analyze the causes of discrepancies between the single-year budget and results for each fiscal year, and disclose and explain our findings to shareholders and other stakeholders through the announcements of business results and other means.

### Composition of the Board of Directors

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

\*To ensure the safety of our communities while driving and enriching customers' lives, the Group has placed importance on knowledge and experience, including "management experience," "capital cost management," "financial strategy," "portfolio management," and "organization, human resources strategy."

## Policies and Procedures for the Appointment and Dismissal of Management Team Executives and the Nomination of the Candidates for 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 franchise chain, and who have the will and ability to improve corporate value and common shareholder interests over the medium to long term.

Candidates for internal Directors 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 a consultative 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, in order to ensure the timely and fair appointment and dismissal of Representative Director, beginning in the fiscal year ended March 31, 2024, the Corporate Governance Committee evaluates their performance and verifies whether they are fulfilling their role appropriately.

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 took 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 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, 2024, the meeting was held five times and the recommendations that resulted therefrom were reported to the Representative Director.

### Support system for Outside Directors

When Outside Directors assume their positions, they are given explanations of the Company's management philosophy, strategies, and line of business, and are also given tours of our core business bases.

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. In addition, they have been participating as observers in the General Managers Committee, which consists of all General Managers. We have thus introduced a system that enables them to confirm the status of execution of each business and business infrastructure, consider countermeasures, and monitor the progress of business execution. By participating in these meetings, Outside Directors will be able to gain a deeper understanding of the matters to be resolved and the issues facing the Company and be able to fully discuss them at the Board of Directors meetings.

## Corporate Governance

### Evaluation of the Board of Directors' Effectiveness

The Company analyzes and evaluates the effectiveness of the Board of Directors every year since fiscal year 2015 to assess whether it is appropriately performing its roles, and to identify issues in the Board of Directors in order to make continuous improvements.

The effectiveness evaluation for the fiscal year ended March 31, 2024 was answered by all Directors with multiple choice and free-form responses. In addition, the "gap analysis on the level of importance and amount of discussion of Board of Directors proposals," which was newly incorporated into the effectiveness evaluation in the fiscal year ended March 31, 2023, was conducted again as a reference material for future Board of Directors discussion themes. Based on the results, the Board of Directors and the Corporate Governance Committee conducted multiple discussions before finalizing the evaluation results.

<b>Evaluation items</b>	Overall Board evaluation, Board operation, Board composition, Board agenda, Board discussion and decision-making process, support system for Outside Directors, Audit and Supervisory Committee, Corporate Governance Committee, relationship with investors and shareholders, response to issues pointed out in FY2022, etc.
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#### Evaluation results for the fiscal year ended March 31, 2024

<b>Positive feedback</b>	<ul style="list-style-type: none"> <li>The Board of Directors, Audit and Supervisory Committee, and Corporate Governance Committee are generally effective.</li> <li>In addition to improved operation of the Board of Directors, the support system for Outside Directors and the operation of the Audit and Supervisory Committee and the Corporate Governance Committee continued to be rated highly as in the previous year</li> </ul>
<b>Expected improvements</b>	<ul style="list-style-type: none"> <li>There is room for improvement in "further enhancement of discussions on medium- to long-term strategies" and "discussions and initiatives related to internal controls and compliance risks"</li> <li>With regard to issues pointed out, as a result of discussions by the Board of Directors, it was decided to focus on the following initiatives</li> </ul>

#### Countermeasures

##### [Further enhancement of discussions on medium- to long-term strategies]

- To achieve our medium- to long-term strategies, hold discussions on various strategy items, including brand strategy as well as our business portfolio, the future of AUTOBACS businesses, etc.
- Continuously provide an opportunity for communication with members investigating the Medium-term Business Plan

##### [Discussions and initiatives related to internal controls and compliance risk]

- Confirm the results of the compliance awareness survey, the state of subsidiary management systems and regulations, etc.
- Discuss the improvement of group governance, such as the education and management of employees at companies that have been made subsidiaries

### Monitoring Sustainability Activities

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.

#### TOPICS

#### Key matters to be discussed and reported at Board of Directors meetings (FY March 2024)

<b>Management strategy</b>	<ul style="list-style-type: none"> <li>Medium-term Business Plan</li> <li>Changes to the franchise chain package in line with the strategy for increasing customers and store sales</li> <li>Additional acquisitions of subsidiary shares</li> <li>Whether or not to continue holding cross-shareholdings</li> <li>Sale of BMW dealer business</li> <li>Post-investment monitoring/PMI</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Response to the CDP climate change questionnaire</li> <li>ESG and SDGs Project KPI progress</li> <li>Social demands related to sustainability and the Company's response</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Issues related to the effectiveness of the Board of Directors</li> <li>Evaluation of the Board of Directors' effectiveness for the fiscal year ended March 31, 2024</li> </ul>

#### Results of the activities of the Audit and Supervisory Committee and the Corporate Governance Committee (FY March 2024)

<b>Audit and Supervisory Committee (held 15 times)</b>	<ul style="list-style-type: none"> <li>Consideration and deliberation of audit matters, including audits by the Corporate Audit Department, etc.</li> <li>Held interviews with the Chief Executive Officer, General Managers in charge of each business department, and departments related to matters brought to light during the operational audit process, and made recommendations on matters that should be improved</li> <li>For subsidiary audits, information was collected at the Management Report Meeting, at which all subsidiaries that operate stores are to provide reports. Audits for the operating subsidiaries were conducted on-site and remotely at six operating subsidiaries (including two overseas subsidiaries).</li> <li>Meetings with the departments in charge of subsidiary audits were held once a month to exchange information and opinions on the status of audits and internal controls at subsidiaries.</li> </ul>
<b>Corporate Governance Committee (held 14 times)</b>	<ul style="list-style-type: none"> <li>Deliberation on candidates for Directors (including Directors who are Audit and Supervisory Committee members)</li> <li>Deliberation on remuneration system for Directors (excluding Directors who are Audit and Supervisory Committee members) and General Managers</li> <li>Evaluation of CEO performance</li> <li>Confirmation of the status of the Company's overall governance response and investigation into the response</li> </ul>



## Corporate Governance

### Policy and Procedures for Determining Remuneration for Management Team Executives and Directors

The Company has established a policy for determining remuneration to maintain and increase the corporate value of the AUTOBACS SEVEN Group. The Company ensures the objectivity and transparency of a remuneration system for its Directors (excluding Directors who are Audit and Supervisory Committee members) through consultation with the Corporate Governance Committee, a body that is chaired by an Outside Director and composed of all of the Outside Directors, Chairperson of the Board, and the Representative Director.

### Directors' 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

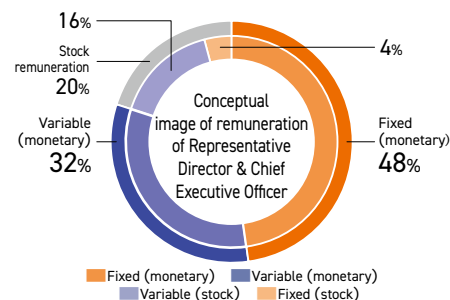
##### Remuneration for the Company's Directors

Remuneration for the Company's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) consists of fixed remuneration (monetary remuneration and stock remuneration). The ratio of monetary remuneration to stock remuneration in fixed remuneration is 2 to 1 for the Representative Director and 7 to 3 for Directors. For Outside Directors and Directors who are Audit and Supervisory Committee members, fixed remuneration (monetary remuneration) set for each role is paid.

<b>Fixed remuneration (monetary remuneration)</b>	Determined based on the basic remuneration as a Director and the remuneration for other delegated duties set according to individual roles.
<b>Fixed remuneration (stock remuneration)</b>	Restricted stock issued in advance at a face value set according to each individual role, with the aim of improving medium- to long-term performance and corporate value and further sharing value with shareholders.

##### Remuneration for Directors for business execution

Remuneration for the Company's directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) who concurrently serve as Chief Executive Officer or General Manager consist of fixed remuneration for Directors, and fixed remuneration (monetary remuneration) and variable remuneration (monetary and stock remuneration) for business execution. The percentages set for fixed remuneration (monetary remuneration), variable remuneration (monetary remuneration), and stock remuneration (fixed and variable remuneration) for the Company's directors who concurrently serve as Chief Executive Officer or General Managers are roughly 48%, 32%, and 20%, respectively, in the case of Representative Director & Chief Executive Officer. The percentage of variable remuneration will become higher in proportion to the ranks of General Managers.



<b>Fixed remuneration (monetary remuneration)</b>	The scope of control and responsibility, degree of influence on the management of the AUTOBACS SEVEN Group, and achievements in the previous fiscal year are considered to determine fixed remuneration from the remuneration table.
<b>Variable remuneration (monetary remuneration)</b>	The achievement of a single-year consolidated operating income and ROE target is set as a payment condition. The amount varies between 0 and 150% of the performance based remuneration standard depending on the degree of achievement of the following targets: financial performance figures such as ordinary profit targets for all businesses and each area of responsibility, and an individual assignment based on a strategic target including a medium- to long-term perspective, which cannot be measured by financial performance figures alone.
<b>Variable remuneration (stock remuneration)</b>	To improve performance and corporate value over the medium and long term and better share value with shareholders, restricted stock (performance-based stock remuneration) is issued in advance linked with the achievement of single-year performance targets in the amount specified according to individuals' roles.

### Process of determining remuneration

<b>Remuneration for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members)</b>	Remuneration is determined at the Board of Directors' meeting, along with the remuneration system that ensures objectivity and transparency through consultation with the Corporate Governance Committee.
<b>Remuneration for Directors who concurrently serve as Chief Executive Officer or General Managers</b>	Remuneration is determined by the Chief Executive Officer, based on the General Managers' remuneration system determined at the Board of Directors' meeting after consultation with the Corporate Governance Committee.
<b>Remuneration for Audit and Supervisory Committee members</b>	Remuneration is determined at the Audit and Supervisory Committee, within the limit of the amount of remuneration resolved in advance at a General Meeting of Shareholders.

Based on the scope of control and responsibilities, the Company's "variable remuneration (monetary remuneration)" system sets financial performance figures such as a single-year consolidated operating income target as a shared evaluation indicator, as well as targets for ordinary income and ROIC based on the area of executive responsibility. In addition, ESG and SDG KPIs are set as non-financial targets. Remuneration is calculated based on the remuneration system determined by the Board of Directors with the advice of the Corporate Governance Committee.

### Total amount of remuneration, etc. for fiscal year ended March 31, 2024

Classification	Fixed remuneration		業績連動報酬		譲渡制限付株式報酬		Total amount of remuneration, etc. (millions of yen)
	Number of persons paid	Payment amount (millions of yen)	Number of persons paid	Payment amount (millions of yen)	Number of persons paid	Payment amount (millions of yen)	
Directors who are not Audit and Supervisory Committee members (excluding Outside Directors)	5	157	—	—	4	16	174
Directors who are not Audit and Supervisory Committee members (Outside Directors)	3	24	—	—	—	—	24
<b>Directors who are not Audit and Supervisory Committee members Total</b>	<b>8</b>	<b>181</b>	<b>—</b>	<b>—</b>	<b>4</b>	<b>16</b>	<b>198</b>
Directors who are Audit and Supervisory Committee members (excluding Outside Directors)	2	25	—	—	—	—	25
Directors who are Audit and Supervisory Committee members (Outside Directors)	3	36	—	—	—	—	36
<b>Directors who are Audit and Supervisory Committee members Total</b>	<b>5</b>	<b>61</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>61</b>

- Stock remuneration is stated at an amount posted as expenses for the fiscal year under review.
- Remuneration for Directors (excluding Audit and Supervisory Committee members) was resolved in the amount of 480 million 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.
- 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.
- 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.

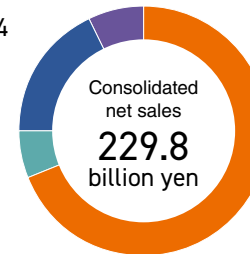
## Overview by Segment: Highlight

With the Domestic AUTOBACS Business as our core business, we operate as a franchise chain (FC) headquarters composed of retail stores that offer automotive goods sales, installation and replacement services, and statutory safety inspections and maintenance.

Additionally, with the expertise and human resources acquired in the Domestic AUTOBACS Business as a strength, we also promote the Car Dealership, BtoB, and Online Alliance Business as growth drivers, as well as global operations.

### Fiscal year ended March 2024

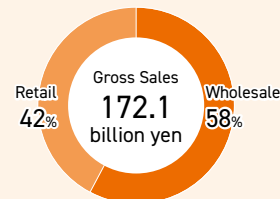
Consolidated net sales	229.8 billion yen
Consolidated operating income	8.0 billion yen
Operating income ratio	3.5%



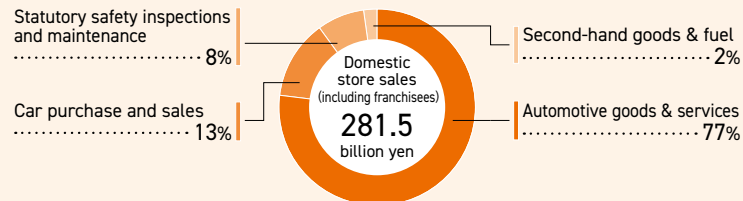
Domestic AUTOBACS Business	69%
Overseas Business	6%
Car Dealership, BtoB and Online Alliance Business	18%
Other Business	7%

### Domestic AUTOBACS Business

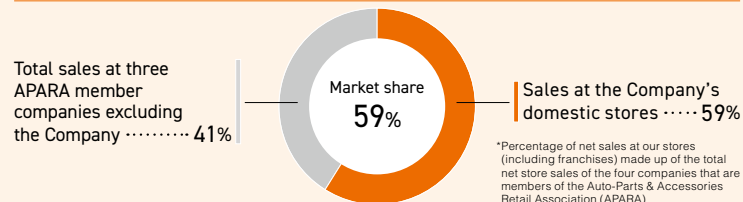
- Wholesale of automotive goods such as tires, wheels, and car electronics to domestic franchisees, etc.
- Sale of automotive goods, etc. and provision of installation services, car maintenance, and statutory safety inspections to domestic general consumers, as well as used car purchasing and sales



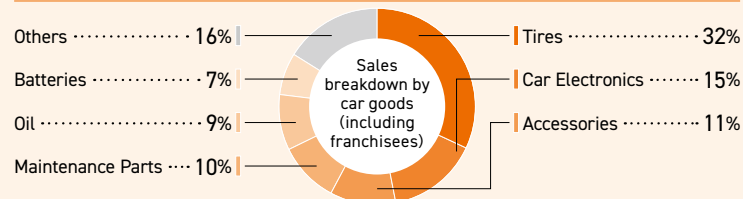
#### Domestic Store Sales Breakdown by Product



#### Market Share

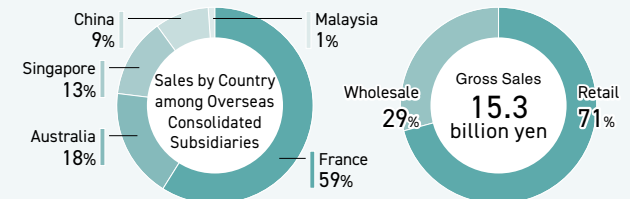


#### Sales Breakdown by Car Goods



### Overseas Business

- Wholesale** Wholesale and export sale of automotive goods with a focus on original goods for overseas consumption to overseas franchisees and retailers
- Retail and service business** Operation of stores that sell automotive goods and provide maintenance services



### Car Dealership, BtoB and Online Alliance Business

- Car Dealership Business** Sale of imported vehicles and EVs and provision of services mainly to domestic general consumers
- BtoB Business** Operation of two businesses including a Wholesale Business that wholesales automotive goods to DIY stores, etc. and a Fleet Business that provides services for company vehicles
- Online Alliance Business** Establishment of platforms that use the internet to expand both BtoC and BtoB businesses

Gross Sales	44.2 billion yen
Number of stores	Audi dealership ..... 2
	BYD AUTO dealership ..... 3
	AUTO IN ..... 7

### Other Business

- Brand Business** Development of brands such as the lifestyle-oriented brand GORDON MILLER
- Car Trading Business** Promotion and management of used car purchasing and sales
- Finance Business** Credit-related business, insurance agency, issuance of co-branded credit cards, lease of fixtures, etc. to domestic franchisees
- Property Development Business** Store development, distribution and location development
- Expansion Business** Sustainability Transformation (SX) business, micromobility handling

Gross Sales	18.0 billion yen
Number of stores	Original brand store ..... 2
	Concept store ..... 1

\*1 Figures are for the fiscal year ended March 2024 or as of the end of March 2024.

\*2 Gross sales include intersegment transactions.

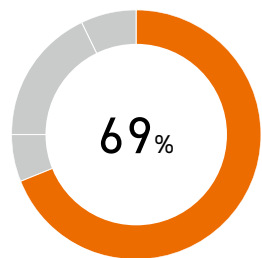
## Overview by Segment

### Domestic AUTOBACS Business

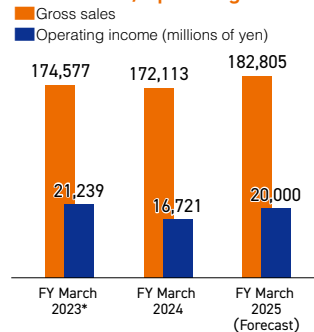


#### Overview for the Fiscal Year Ended March 2024

##### Breakdown of Gross Sales



##### Gross Sales/Operating Income



\*The figures have been restated to reflect the new segment classifications according to the change in reporting segments from the fiscal year ended March 31, 2024.

##### Points

- ☑ Sales of winter goods such as winter tires and tire chains fell significantly from the previous year due to the mild winter
- ☑ Statutory safety inspections and maintenance, oil, and batteries were strong due to the demand for maintenance on existing vehicles
- ☑ Used car purchasing and sales were strong due to the strengthening of used car purchases
- ☑ Profits dropped due to price reduction measures of store inventories associated with changes of the franchise chain package

## A Comprehensive Specialty Retailer of Automotive Goods and Services That Boasts Japan's Largest Sales

### Business Overview

- Franchising of AUTOBACS comprehensive specialty retailer of automotive goods and services and other stores
- Sale of automotive goods, etc., provision of installation services, vehicle maintenance, and statutory safety inspections, and used car purchasing and sales at stores
- Wholesale of automotive goods, etc. to domestic franchisees as the AUTOBACS franchise chain headquarters

#### Strengths

- Brand strength and sales strength as the No. 1 automotive goods and services retailer<sup>\*1</sup> and No. 1 tire retailer<sup>\*2</sup>
- No. 1 in customer satisfaction among used car dealers<sup>\*3</sup>
- Product development and procurement strength that is enhanced through Group collaboration
- High technical strength and quality of pit service

#### Opportunities

- Increased demand for maintenance due to lengthened vehicle life
- Increased demand for used cars due to the rising price of new vehicles
- Creation of new points of contact with customers through DX and collaboration with other industries
- Establishment of superiority through early adoption of advanced maintenance technology
- Increased opportunities through M&A

#### Threats

- Reduction in number of automobiles owned
- Rising costs due to the increased price of raw materials, depreciation of the yen, etc.
- Reduced demand for oil, etc. due to the shift to EVs
- Shortage of certified mechanics
- Difficulty keeping up with advancements in maintenance technology
- Intensified competition due to the shrinking domestic market
- Reduced demand for winter goods due to mild winters
- Loss of customers to dealers and e-commerce

### Growth Strategy

Over the last five years, while businesses outside the Domestic AUTOBACS Business have seen significant growth, the growth of the Domestic AUTOBACS Business has stagnated due to the shrinking automotive goods and services market. Furthermore, the percentage of automotive goods purchased online has increased, and competition has intensified beyond industry boundaries.

In light of the business environment like this, in our Medium-term Business Plan, we will increase the number of AUTOBACS bases and further increase the appeal and brand strength of our stores with competitive products and measures to improve convenience. In addition, we will use our strength of having physical stores throughout Japan to strengthen both physical and digital points of contact with customers by integrating our online and physical stores, as we aim for the regrowth of the Domestic AUTOBACS Business.

With regard to the purchase and sale of used cars, the rising price of new cars is causing an upward trend in the demand for relatively inexpensive used cars. In regrowing the Domestic AUTOBACS Business, we will focus on expanding used car purchasing and sales, and also aim for the growth of associated statutory safety inspections and maintenance.

\*1 The result of the 2024 survey on automotive goods conducted by the JMA Research Institute, Inc.

\*2 The result of the 2024 survey on tires conducted by the JMA Research Institute, Inc.

\*3 The result of the 2023 Oricon Customer Satisfaction® Survey Used Car Purchaser Ranking and 2024 Oricon Customer Satisfaction® Survey Used Car Seller Ranking conducted by oricon ME inc.



## Overview by Segment

### Domestic AUTOBACS Business

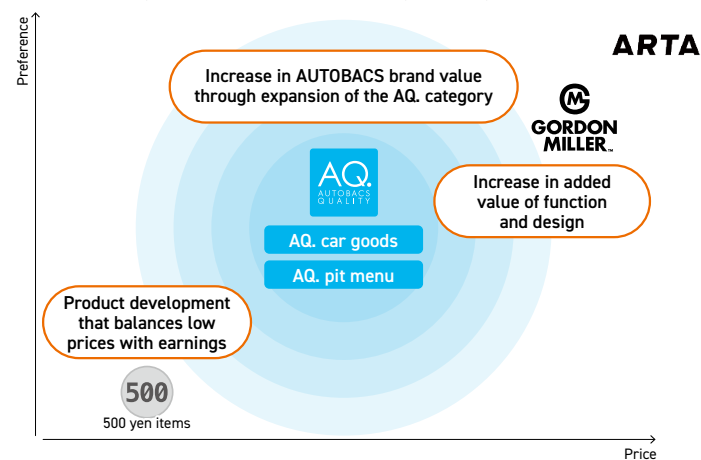
#### Automotive Goods and Services

##### Expanding Sales of Private-brand Products and Services

As vehicle standards advance and prices continue to rise, as part of measures to enhance the appeal of our stores, we are working to increase our market share through the development of high-added-value products and services and inexpensive products. Specifically, by expanding the product category of AQ., a private brand (PB) that offers reliable products at reasonable prices, we aim to enhance AUTOBACS's unique product lineup and increase the percentage of net sales from private-brand products.

In FY2023, we launched the "AQ. pit menu," a selection of original low-cost, high-quality pit services from AQ. Going forward, we will aim to increase our earnings and brand recognition by selling AUTOBACS private-brand products to DIY stores, drug stores, etc.

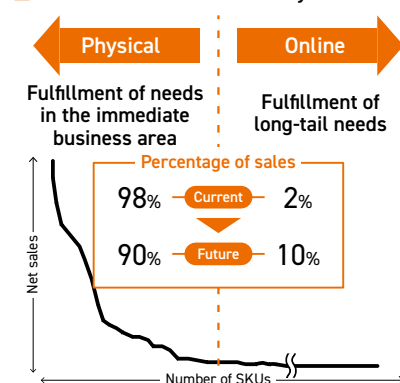
#### Expanding the AQ. Area and Strengthening Our Product Lineup



##### Sending Customers to Stores by Integrating Online and Physical Stores

In order to increase points of contact with customers and compete online, we are working to integrate our online (e-commerce website) and physical (store) services. Since the number of products that can be stocked in stores is limited, we have adopted a long-tail strategy on our e-commerce website. As a mechanism to seamlessly connect online and physical purchasing channels, we have implemented a Buy Online Pick-up In Store (BOPIS) service that uses store inventories to supply online orders, allowing products to be picked up from a store right away. Over 90% of BOPIS orders are tires and car electronics, which require installation and replacement, so this system is sending customers to physical stores and also contributing to store sales. Going forward, we plan to further increase store earnings and customer visits to stores by adding new functions, and reduce distribution costs by introducing tire logistics reforms.

#### Roles of Online and Physical Stores



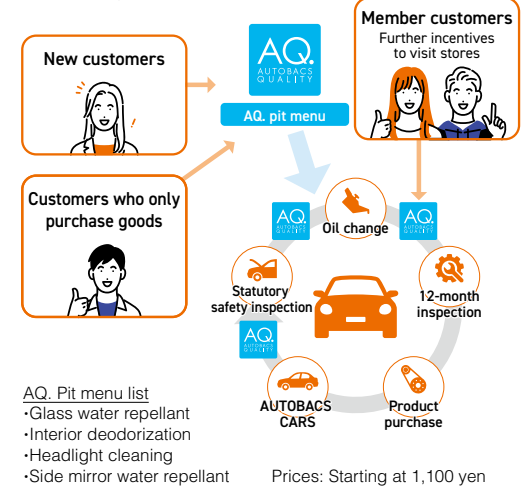
#### Statutory Safety Inspections and Maintenance

##### Aiming to Increase Customers by Further Revitalizing Pit Services

Amidst the decreasing number of customers visiting physical stores, the usage rate of pit services is constantly increasing due to the demand for vehicle maintenance. We are working to increase opportunities for customers to visit stores, using the low-cost, high-quality AQ. pit menu as a chance for door-knocking and return visits as part of the vehicle maintenance cycle, including 12-month inspections and statutory safety inspections.

In addition, since there are advances every year in vehicle maintenance technology, such as the handling of EV statutory safety inspections and next-generation maintenance, we have established a technical support center for all stores and taken measures to improve the quality of pit services. Furthermore, we offer remote support for electrical work using wearable cameras, sharing of technology and expertise across the Group, etc. Going forward, we will promote the visualization of pit services through the installation of AI cameras in the pit to offer better safety and security to customers.

#### Creating Incentives to Visit Stores through the AQ. Pit Menu

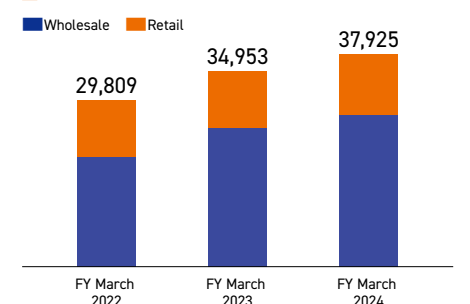


#### Used Car Sales

##### Expanding the Business by Increasing the Number of Car Transactions with a Focus on Purchasing

As the market for automotive goods such as car electronics shrinks, it is imperative that we expand our AUTOBACS CARS Business of used car purchasing and sales. Sales are increasing every year, as is the percentage of gross store sales composed of AUTOBACS CARS sales. Since we operate our used car purchasing and sales business with limited resources of automotive goods and services, the AUTOBACS CARS Business focuses mainly on the purchase of vehicles. Going forward, by increasing on-site appraisals at our chain stores, we will further increase the number of cars purchased and increase profitability through direct and spot sales of purchased vehicles.

#### Number of Cars Sold



For more information on the franchising of AUTOBACS CARS (Car Trading Business) outside the Group, see p. 44.

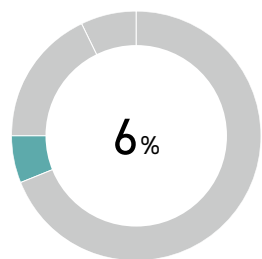
## Overview by Segment

### Overseas Business

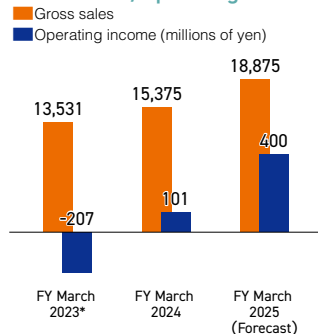


#### Overview for the Fiscal Year Ended March 2024

##### Breakdown of Gross Sales



##### Gross Sales/Operating Income



\*The figures have been restated to reflect the new segment classifications according to the change in reporting segments from the fiscal year ended March 31, 2024.

##### Points

- ✓ In the Wholesale Business, factors such as the strengthening of sales to existing business partners led to a significant increase in sales and gross profit, resulting in the achievement of profitability
- ✓ Business portfolio review was implemented

## Improving Earnings Through a Strategic Shift from Retail to Wholesale Expanding the Wholesale and Retail Businesses With a Focus on Southeast Asia

### Business Overview

- Developing and manufacturing high-quality original goods at a reasonable price for overseas consumers under the theme of “Japan quality,” and wholesaling them to distributors and retailers in various countries
- Operating AUTOBACS stores that sell automotive goods and provide maintenance services with a focus on Southeast Asia

#### Strengths

- AUTOBACS quality that is No. 1 among automotive goods and services retailers in Japan\*
- Product procurement function that is enhanced through Group collaboration
- Sales strength and relationship of trust with local partners

#### Opportunities

- Increased automotive-related demands due to increased populations
- Onset of new demands due to the spread of EVs
- High growth potential in South-east Asia

#### Threats

- Strengthening of various regulations such as vehicle environmental regulations
- Direct setbacks to the global economy due to the Ukraine situation and financial instability
- Various rising costs due to inflation, etc.
- Supply chain disruption due to changes to the external environment

### Growth Strategy

In our Overseas Business, while we have opened AUTOBACS retail stores in various countries, due to cultural differences and the low appeal of AUTOBACS brand to overseas users, there were some countries in which it was difficult to recover investments. In light of this, for the time being, we will prioritize establishing our wholesale business, working to deepen the understanding of those countries and regions with a view to spreading the AUTOBACS brand. In particular, we will work to expand sales channels and strengthen the development of private-brand products with a focus on oil and batteries.

In the retail business, we will investigate expansion based on the state of our wholesale business. With regard to the expansion method, we will consider flexible expansion options beyond direct management, such as operations by local companies based on partnerships with local companies.

\*The result of the 2024 survey on automotive goods conducted by the JMA Research Institute, Inc.

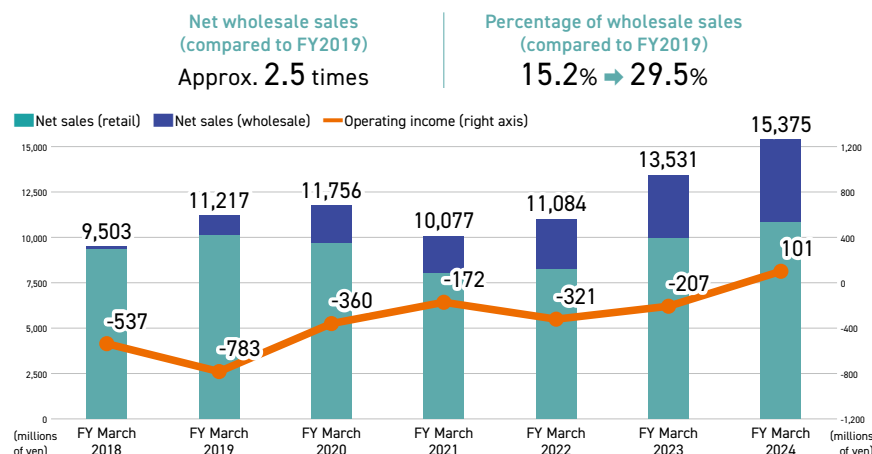
## Overview by Segment

### Overseas Business

#### Strategic Shift from Retail to Wholesale

The first phase is transitioning from a method that starts with retail to one that starts with wholesale and expands from there, learning the country's market and establishing a local infrastructure. The next phase involves a strategy of building relationships with hard-working local partners and investigating expansion methods that will facilitate success as a retailer. In addition, we will also focus our efforts on increasing global procurement strength with a focus on wholesaling and establishing product superiority.

#### Performance of Overseas Business



#### Strengthening the Wholesale Business

In FY2023, reforms at the Toyosu headquarters contributed greatly to bringing us into the black. While we are currently focusing on our wholesale business in Southeast Asia, we aim to increase sales of private-brand products, mainly oil and batteries, on a global, borderless scale. Since there are currently deviations in trading volume, we must expand in a balanced manner while also considering country risk. Furthermore, in addition to local distributors and partners, we expanded our wholesale operations in Malaysia, where we have uniquely increased the number of authorized dealer stores to over 200. We will increase such successful formats and acquire new customers and business opportunities.

Furthermore, in addition to expanding the domestically-sold private brand GORDON MILLER into overseas markets, we will aim to expand sales channels to new countries going forward by further strengthening our product development and procurement strength.

#### Improving Earnings in the Retail and Service Business

To improve profitability in the retail and service business, we are promoting the selection and concentration of management resources. In FY2023, we closed unprofitable stores in France and Indonesia. Going forward, we will conduct selection and concentration based on the growth potential and profitability of each store, aiming to improve our earnings rate.

Thailand is achieving notable business expansion in the retail sector. Stores were opened one after the other even during the pandemic, resulting in a total of 95 stores currently in operation (as of July 31, 2024). Going forward, we plan to increase profitability by introducing AUTOBACS private-brand oil. Thailand stepped up to the major challenge of transferring its majority management rights as an area master franchiser to a local company. Going forward, we will continue to strengthen such partnerships with local companies and consider expansion through operations by local companies.

#### Initiatives Aimed at Expanding Retail, Services, and Wholesale and Creating New Value

Category	Examples of Activities
Strengthening support for retail and service bases	<ul style="list-style-type: none"> <li>Pit Meister Certification</li> <li>Management training</li> <li>Merchandising (sales space creation) training</li> </ul>
Expanding the wholesale business	<ul style="list-style-type: none"> <li>Product development</li> <li>Sales channel expansion</li> <li>Supply chain reform</li> </ul>
Taking on the challenge of new value creation	<ul style="list-style-type: none"> <li>Taking up the challenge of innovation through M&amp;A and business alliances with startups</li> </ul>

#### Status of Overseas Consolidated Subsidiaries

<b>France</b>	Sales increased due to optimization of price and sales activities, despite the decrease in the demand for summer season items due to the cool summer and rainfall. Labor expenses increased due to a rise in the legal minimum wage. The Company closed two unprofitable stores.
<b>Australia</b>	Sales declined due to a decrease in consumer purchasing appetite against a backdrop of inflation and rising central bank interest rates.
<b>Singapore</b>	Works at service pits performed well by capturing demand for maintenance parts for existing vehicles due to the price increase of Certificates of Entitlement (COE).
<b>China</b>	Operating profit improved due to an increase in exports to Japan.
<b>Malaysia</b>	Although the number of Authorized Dealer stores increased for expanding wholesale, repeat orders from existing customers are an issue.



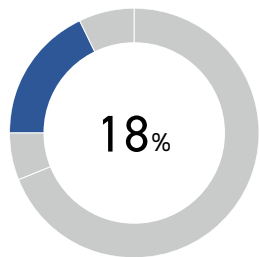
## Overview by Segment

### Car Dealership, BtoB and Online Alliance Business

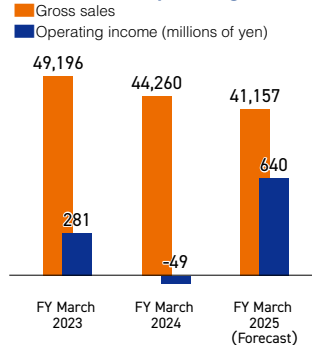


#### Overview for the Fiscal Year Ended March 2024

##### Breakdown of Gross Sales



##### Gross Sales/Operating Income



#### Points

- ☑ In the Car Dealership Business, while subsidiaries operating Audi authorized dealership were strong, the transfer of two subsidiaries operating BMW/MINI authorized dealership business resulted in decreased sales and profits
- ☑ In the BtoB Business, subsidiaries under our control contributed to increased sales and profits due to the demand for vehicle maintenance
- ☑ The Online Alliance Business saw increased sales and profits due to strengthened efforts such as increasing the number of items on the Company's e-commerce website

### Demonstrating Synergy with the Domestic AUTOBACS Business While Developing Future Pillars of Revenue

#### Business Overview

##### Car Dealership Business

- Sale and service of imported Audi vehicles and BYD EVs
- EV solutions businesses such as home charger installation services

##### BtoB Business

- Wholesale of automotive goods to corporate customers
- Sale of automotive goods and provision of on-site installation services for company/official cars of corporations and government offices
- Operation of AUTO IN stores, a store format specializing in statutory safety inspections and minor maintenance
- Collaborative business with alliance partners

##### Online Alliance Business

- Sale of automotive goods, etc. through the official shopping site and e-commerce malls
- Provision of car lifestyle information through the official app
- Provision of company/official vehicle management services

#### Strengths

- AUTOBACS brand strength as the No. 1 automotive goods and services retailer<sup>\*1</sup>
- Low-cost, high-quality private-brand products
- No. 1 in customer satisfaction among used car dealers<sup>\*2</sup>
- Network of AUTOBACS stores, subsidiary bases, logistics network, etc.

#### Opportunities

- Increased demand for maintenance due to lengthened vehicle life
- Increased number of corporate-owned vehicles due to changes in the form of vehicle ownership
- Increased demand for environmentally friendly mobility such as EVs
- Creation of new points of contact with customers through online means
- Increased demand for used vehicles due to the rising prices of new vehicles
- Increased opportunities through M&A

#### Threats

- Reduction in number of automobiles owned
- Rising costs due to the increased price of raw materials, depreciation of the yen, etc.
- Aging of maintenance providers and lack of successors
- Shortage of certified mechanics
- Difficulty keeping up with advancements in maintenance technology

#### Growth Strategy

In the Car Dealership Business, we will acquire domestic and foreign brands through aggressive M&A, aiming to expand our dealership bases and businesses. In addition, we will predict the future direction of the market based on the trends of automobile manufacturers across brands, which will strengthen our market competitiveness.

In the Wholesale Business, we will aim to strengthen external sales by expanding sales channels with domestic and overseas manufacturers, companies, and business operators, and make optimal use of group assets through SCM to expand our business area and significantly improve productivity. In the Fleet Business, we will strengthen the creation of points of contact with customers, such as alliances with and acquisitions of maintenance providers, expansion of AUTO IN bases, and nationwide on-site installation services.

In the Online Alliance Business, we will promote the establishment of a business model that increases our social value by establishing an OMO platform linked to physical stores.

<sup>\*1</sup> The result of the 2024 survey on automotive goods conducted by the JMA Research Institute, Inc.

<sup>\*2</sup> The result of the 2023 Oricon Customer Satisfaction\* Survey Used Car Purchaser Ranking and 2024 Oricon Customer Satisfaction\* Survey Used Car Seller Ranking conducted by oricon ME inc.

## Overview by Segment

### Car Dealership, BtoB and Online Alliance Business

#### Car Dealership Business

##### Expanding the Car Dealership Business Infrastructure and Developing EV-related Businesses

Our Car Dealership Business is a multi-dealer that handles new and used cars from multiple manufacturers of imported cars. We started with BMW and expanded the brands we handle to include Audi and BYD. Although we sold our BMW business in FY2023, we will aim to recover our business infrastructure by strengthening our relationship with the Volkswagen Group with a view to expanding our Audi business. Furthermore, while we have only handled imported cars thus far, we will investigate partnerships with various domestic and foreign vehicle brands going forward and aim to acquire new brands.



BYD AUTO Nerima

While there is a sense of deceleration in the spread of EVs at the moment, based on the judgement that EVs will continue to be one of the core technologies in the fight against global warming, we believe that the shift to EVs is inevitable in the medium to long term. In order to ensure that we can respond quickly and demonstrate an advantage when EVs reach the stage of full-scale dissemination, in addition to the sale of new BYD vehicles through our subsidiary BACS e-Mobility, we also purchase and sell used EVs from a wide variety of manufacturers, as well as sell EV facilities such as home charging systems, solar power generation systems, etc. required for EVs. In this way, we are promoting a one-stop provision of EVs and associated solutions.

#### BtoB Business

##### Strengthening Ties with Alliance Partners

As the growth of the Domestic AUTOBACS Business slows, we aim to promote external sales outside AUTOBACS Group in our BtoB Business in order to contribute to the Group's overall sales and profits as well as expand brand recognition among customers who are unfamiliar with AUTOBACS. Specifically, we are conducting initiatives such as developing model-specific products through an alliance with Nissan Motor and selling products at major convenience stores and DIY stores. Going forward, we will work to further strengthen our relationship with alliance partners and increase new sales channels.



Interior items for Nissan Serena

##### Expanding Statutory Safety Inspection and Maintenance Bases

While the demand for maintenance is increasing due to advances in vehicle technology, the number of sole proprietors of maintenance business is decreasing due to business succession problems and a decline of certified mechanics. In addition to proactively considering the M&A of maintenance providers to increase our bases, we will expand our operations with an eye to cooperation with other industries, aiming at increasing our AUTO IN stores, a store format that specializes in statutory safety inspections and minor maintenance without carrying automotive goods.

**Automobile Maintenance Market**  
Market size:

**Approx. 5.9 trillion yen**  
Compound annual growth rate (CAGR):  
1.2%

Source: "Summary of results of the FY2023 survey on the automobile specific maintenance industry," Japan Automobile Service Promotion Association (JASPA)  
\*Market size is for FY2023, CAGR is for the period from FY2019 to FY2023

##### Increasing the Number of Companies Participating in the Corporate Membership Program

While the number of automobiles owned is decreasing every year, the spread of car sharing and leasing is leading to an upward trend in the number of vehicles owned by companies. Our Fleet Business contracts the sale, installation, and maintenance of automotive goods for company/official cars owned by corporations and government offices, roughly 90% of which send customers to AUTOBACS stores. We also conduct on-site installations at the request of customers. Going forward, we will strengthen sales in order to increase participation in the AUTOBACS Corporate Membership Program.

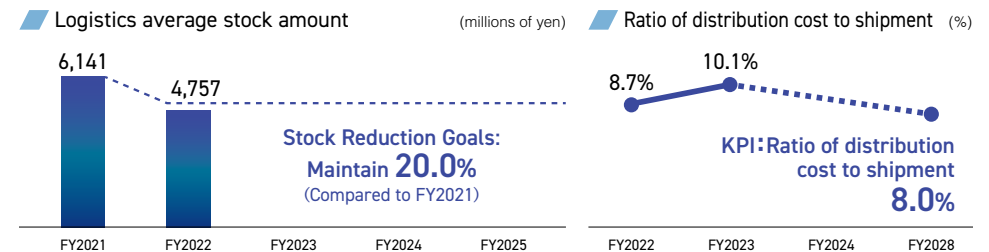
#### Online Alliance Business

##### Seamlessly Coordinating our Online and Physical Stores to Create a New Economic Zone

In our Online Alliance Business, we established the three areas of (i) new customer acquisition through the MOBILA car lifestyle comprehensive information site, (ii) provision of greater convenience using customer information, and (iii) online business expansion focused on existing products and services. We aim to seamlessly link these to create an economic zone.

##### Reducing Costs through Logistics Reforms

The greatest challenge in our Online Alliance Business is reducing logistics costs. In order to reduce freight and storage costs, we are shifting to an in-house warehousing system and working to establish a sales system that uses a Buy Online Pick-up In Store (BOPIS) scheme. In this way, we are promoting cash flow-conscious inventory management from the dual perspectives of inventory turnover period and management costs. In leveling inventory, we have set a limit on the delivery slots for logistics, and deliveries will be carried over to the next delivery if that limit is exceeded, with the aim of reducing the number of trucks. Through these measures, we plan to reduce the ratio of distribution cost to shipment for FY2028 to 8.0%.



\*The logistics average stock amount and the ratio of distribution cost to shipment include businesses other than the Online Alliance Business.

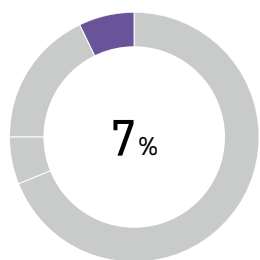
## Overview by Segment

### Other Business

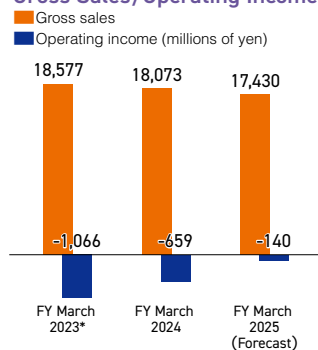


Overview for the Fiscal Year Ended March 2024

#### Breakdown of Gross Sales



#### Gross Sales/Operating Income



\*The figures have been restated to reflect the new segment classifications according to the change in reporting segments from the fiscal year ended March 31, 2024.

#### Points

- ☑ In the Brand Business, the deficit was reduced through withdrawal from some businesses
- ☑ In the Finance Business, lease transactions were strong

## Proposing a New Car Experience and Developing New Markets

### Business Overview

**Brand Business** Private-brand product development, online and physical store operation

**Car Trading Business** Operation of AUTOBACS CARS as a used car purchasing and sales franchise

**Finance Business** Insurance business, loan and credit business

**Property Development Business** Store opening development, development of environmentally-friendly stores and fixtures, real estate rental business

**Expansion Business** Sustainability Transformation (SX) business, micromobility sales

#### Strengths

- AUTOBACS brand strength
- Sales and procurement network, including AUTOBACS stores nationwide, subsidiary bases, etc.

#### Opportunities

- Entering new mobility services such as micromobility area
- Increased demand for used cars due to the rising price of new vehicles

#### Threats

- Laws and regulations for new mobilities
- Rising costs due to the increased price of raw materials, depreciation of the yen, etc.

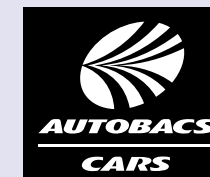
### CASE

#### Expansion of franchisees of the AUTOBACS CARS used car purchasing and sales business outside the Group

The Company conducts used car purchasing and sales within AUTOBACS Group as AUTOBACS CARS, which currently has 393 stores nationwide (as of June 30, 2024).

Since its launch, the business has held the philosophy of “honest business” and has been praised for its stance of interacting with customers with sincerity. It was selected as No. 1 for five years in a row in the “sales representative customer service skills, used car purchaser” category of the 2023 Oricon Customer Satisfaction Survey.

In the used car sales industry, there is no small amount of mistrust in the air due to scandals perpetrated by certain companies. To fulfill our mission of “promoting the health of the used car industry and providing new value to the future automotive industry and automotive society” and better meet customer expectations, we began taking applications for franchisees from outside AUTOBACS Group in April 2024. We will work to further expand and develop AUTOBACS CARS.



#### Establishment of private brands with added value appeal —the announcement of the new GORDON MILLER WORKS UTILITY label

In the Brand Business, we offer the GORDON MILLER garage lifestyle brand and the ARTA racing sports brand. Both brands have product designs that do not infringe on existing AUTOBACS product families or markets, and have the ultimate purpose of sending new customers to AUTOBACS stores.

In August 2024, GORDON MILLER launched the new GORDON MILLER WORKS UTILITY label, which is based on the concept of “working cool,” and began sales of the GMLWU T-01 lightweight truck-based vehicle.

The sales of customized cars released by GORDON MILLER MOTORS are growing every year, and, going forward, we plan to focus on the sale of cars under both the GORDON MILLER and ARTA brands.





## Concept of Sustainability

In its Sustainability Basic Policy, the Group has set “Creation of businesses that solve social issues” and “Enhancing efforts that consider the environment and society” as goals and, through the products and services it provides, the Group aims to create a sustainable society in which people and cars continue to live in harmony. The Group believes that the concerted efforts of its employees towards the realization of such a society will meet society's expectations of the Group by solving various social issues and also helping achieve the Sustainable Development Goals (SDGs).

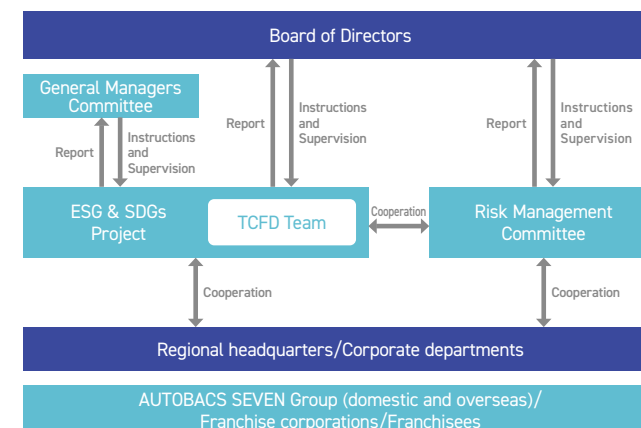
[WEB/Sustainability Basic Policy](#)

### Promotion System

Addressing overall sustainability issues as an important theme, the Company established the ESG & SDGs Project, led by the Representative Director & 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. The Board of Directors also makes reports to the General Managers Committee and provides necessary instructions and supervision.

The Group set non-financial targets in May 2022 and also established KPIs for FY2030. General Managers who do not concurrently serve as Directors are responsible for execution until these KPIs are achieved, and they work to do so in collaboration with each regional headquarters and corporate departments. The progress of non-financial KPIs is discussed four times a year at the General Managers Committee, at which all General Managers and Directors are present, where each General Manager presents their initiatives and shares their progress. Furthermore, any changes to KPIs are deliberated and decided on at these meetings.

Under this system, the Group will continue monitoring the progress of each of the measures implemented, thereby increasing the likelihood of achievement of “a safe, secure, and gentle society in which people, cars, and the environment exist in harmony.”



### Four material issues

 <p><b>Creation of businesses that solve social issues</b></p> <p>We will develop businesses that contribute to the SDGs, such as response to EVs and create our business structures using an open innovation model.</p>	 <p><b>Enhancing efforts that consider the environment and society</b></p> <p>We are striving to reduce CO<sub>2</sub> emissions through energy conservation and other means, reduce our environmental impact, and coexist with local communities.</p>	 <p><b>Development of organization and personnel</b></p> <p>We are working to develop the next generation of human resources and mechanics, to reform the way we work, to promote health management, and to achieve diversity and inclusion.</p>	 <p><b>Sustainable and strong management base</b></p> <p>We will promote management reform through digital transformation and build a solid management foundation by practicing ESG-centered management.</p>
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### Materiality Identification Process

In May 2021, the Company identified its materiality. In identifying materiality, 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 by the Company. Then, we evaluated the importance of social issues based on the two axes of economy and sociality, and organized them as materiality proposals. The Chief Executive Officer, Directors, and General Managers exchanged opinions with outside experts on the materiality proposals to verify their appropriateness. Then, after holding discussions at the Board of Directors and gaining its approval, we identified four material issues: creation of businesses that solve social issues, enhancing efforts that consider the environment and society, development of organization and personnel, and sustainable and strong management base.

Going forward, we will review the materiality to reflect changes in the social environment and business conditions, while also incorporating ESG perspectives into various Group policies. Through these efforts, we will strive to carry out business activities that contribute to realizing a sustainable society.

<b>January 2021</b>	Launched the ESG & SDGs Project
<b>May 2021</b>	Identified materiality by holding discussions among project members, exchanging opinions with outside experts, and then gaining approval from the Board of Directors
<b>May 2022</b>	Set non-financial targets
<b>June 2022</b>	Expressed support for TCFD recommendations
<b>April 2023</b>	Established the Sustainability Basic Policy, Human Rights Policy, Diversity Policy, and Procurement Policy. Revised our Environmental Policy
<b>July 2023</b>	Responded to the CDP climate change questionnaire
<b>Through 2030</b>	Promoting initiatives to achieve KPIs and review materiality in accordance with changes in the business environment

## Non-financial Targets and KPIs to Achieve the Materiality

The Group established initiatives it will focus on for each theme as non-financial targets and set metric and targets for each of these. By clarifying the direction the Group should move in and accurately managing progress, the Group will steadily implement initiatives. Progress made on each metric is monitored via meetings and the level of achievement is reflected in the evaluation of all General Managers in FY2023.

Materiality

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

Non-financial Targets and KPIs

Non-financial targets	Scope	KPI	FY2023 results	FY2030 goals	Page
Promotion of efforts to eliminate traffic accidents	Consolidated	Sale of merchandise for curbing accidents	190,000 units/year	230,000 units/year	
	Consolidated	Building of bases for checking tires and emergency (including bases of partner companies)	250 bases	734 bases	P52
	Consolidated	Holding regional traffic safety events	9 times/year	25 times/year*	
Improving status of certified mechanics and fostering them	Consolidated	Ensuring and fostering inspectors	510 persons	1,000 persons	
	Consolidated	Ensuring and fostering Level-2 mechanics	726 persons	1,100 persons	P51
	Consolidated	Completing education for supporting EVs	586 persons	1,096 persons	
Promoting social contribution related to automobiles	Consolidated	Disaster assistance using automobiles	45 units	111 units	P52
Reducing CO <sub>2</sub> by establishing environmentally-enhanced stores	Consolidated	Promoting environmentally-enhanced stores	73 stores	140 stores	
Promoting environmentally conscious business	AUTOBACS SEVEN	Developing eco-friendly products	124 products	300 products	
Realizing circular ecosystem	Consolidated	Reducing oil cans (increasing ratio of oil sale by measure)	30,000 cans/year	220,000 cans/year	P48
Promoting spread of safe and secure EVs toward realization of a zero-carbon society	Consolidated	Installing fast chargers	6 stores	43 stores	
	Consolidated	Promoting statutory safety inspections of EVs (No. of EVs inspected)	516 units/year	3,440 units/year	
	Consolidated	Promoting sale of EVs (No. of EVs sold)	324 units/year	2,500 units/year	
Creating corporate culture full of diversity	Consolidated	Increasing ratio of female employees	18.4%	30.0%	
	Consolidated	Increasing ratio of female managers	7.9%	18.0%	P49
	Consolidated	Promoting acquisition of childcare leave by male employees	52.0%	100.0%	
Establishing mechanism for evaluating challenges	AUTOBACS SEVEN	Keeping employees energetic	2.7	3.0	P50
Creating healthy and active workplaces	Consolidated	Reducing ratio of smokers	34.3%	20.0%	
Reviewing and formulating ESG/SDGs-related policies, and complying with them	AUTOBACS SEVEN	Enhancing sustainability policy and related policies	Implemented fixed-point checks of existing policies, established and disclosed Policies	Renewal	P45
Further strengthening monitoring	AUTOBACS SEVEN	Further monitoring corporate governance system and progress status	Internal distribution and appropriate disclosure	Improvement	P35
Developing and utilizing data infrastructures toward value creation	Consolidated	Promoting data utilization project	Constructed customer data base. Promoting utilization	Collaboration/ utilization of data	P53
	AUTOBACS SEVEN	Development of personnel for data analysis	training participants: 72 persons	320 persons	

\*Since the FY2023 result exceeded the FY2030 target, it was adjusted upwardly

\*Since the FY2023 result exceeded the FY2030 target, it was adjusted upwardly

# Response to Climate Change

## Disclosures Based on the TCFD Recommendations

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.



### Governance

Governance related to climate change is promoted by the ESG & SDGs Project, led by the Representative Director & Chief Executive Officer as the Project Leader. 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. They are also reported to the General Managers Committee and provides necessary instructions and supervision.

### Strategy

The Company views risks and opportunities associated with climate change as one of the important perspectives to be considered when formulating its business strategy. With 2050 as the timeframe, the Group assumed two scenarios: the 1.5 / 2 scenario, assumes that governments "work to limit the global average temperature increase to well below 2 in comparison with pre-industrial revolution levels, preferably to 1.5," in line with the overarching goal of the Paris Agreement, and the 4 scenario, which assumes that greenhouse gas emissions continue to increase at the current pace. Based on these two scenarios, the Company identified climate-related risks and opportunities and then identified the transition risks and physical risks created by climate change and the opportunities arising from adaptation to climate change, in line with the TCFD recommendations.

### Risk management

As an organization to centrally manage company-wide risks, the Company has established the Risk Management Committee, chaired by Representative Director & 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 sustainability-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.

### Metrics and targets

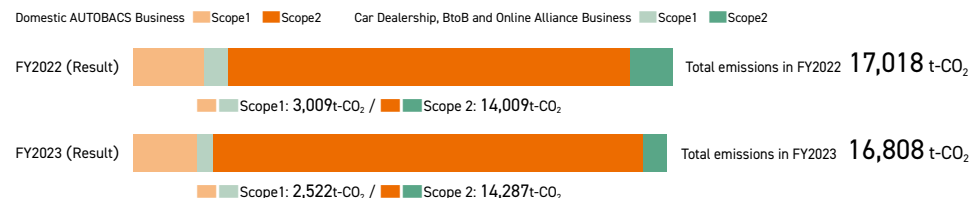
Aiming to help create a "safe, secure, and gentle society in which people, cars, and the environment exist in harmony," we are working to reduce greenhouse gas emissions. Based on the declaration of the Japanese government, we will promote initiatives for the emission reduction target of achieving carbon neutrality (effective elimination of CO<sub>2</sub>) in FY2050.

## Examples of climate change risks and countermeasures

	Climate change factors	Countermeasures
Physical risks (4°C)	Increasingly serious natural disasters	<ul style="list-style-type: none"> <li>Extension of the geographical region of logistics bases and data centers</li> <li>Dispersal of suppliers</li> <li>Selection of store-opening locations from BCP perspectives, and improvements in store structures</li> <li>Early recovery of sales functions through store restoration support</li> </ul>
	Rise in average temperatures	<ul style="list-style-type: none"> <li>Post-disaster protection through insurance coverage</li> <li>Expansion of merchandise lineup, excluding seasonal merchandise</li> </ul>
Transition risks (Less than 1.5°C/2°C)	Introduction of carbon pricing	<ul style="list-style-type: none"> <li>Proactive introduction of LED lighting in stores</li> <li>Promotion of energy savings in stores</li> </ul>
	Stricter CO <sub>2</sub> emission regulations	<ul style="list-style-type: none"> <li>Use of government subsidies</li> </ul>
	Promotion of recycling-oriented business	<ul style="list-style-type: none"> <li>Expansion of sale of merchandise by measure</li> <li>Expansion of purchase and sale of second-hand automotive goods</li> </ul>
	Enhancement of plastics regulation, etc.	<ul style="list-style-type: none"> <li>Promotion of simplified packages</li> </ul>
	Increases in demand for ZEVs	<ul style="list-style-type: none"> <li>Increase in the number of electric vehicle (EV) maintenance locations and improvement of relevant facilities</li> <li>Provision of EV chargers</li> </ul>

WEB/Detailed disclosure of the analyses of climate change risks and opportunities, the impact on our business, the timing of impact, and countermeasures

## Emissions by scope



FY2050 (Target) **Aim to achieve total emissions of 0t-CO<sub>2</sub>**

FY2022 Scope of calculation: [Business] Domestic AUTOBACS Business, and Car Dealership, BtoB and Online Alliance Business  
[Target] In Japan (196 sites including business locations, directly managed stores and stores of subsidiaries, logistics bases)

Computation period: From April 1, 2022 to March 31, 2023

FY2023 Scope of calculation: [Business] Domestic AUTOBACS Business, Car Dealership, BtoB and Online Alliance Business, and Other Business  
[Target] In Japan (204 sites including business locations, directly managed stores and stores of subsidiaries, logistics bases)

Computation period: From April 1, 2023 to March 31, 2024

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.



## Materiality: Enhancing Efforts That Consider the Environment and Society

WEB/AUTOBACS SEVEN Group Environmental Policy

### Promoting Spread of Safe and Secure EVs toward Realization of a Zercarbon Society

By promoting the spread of environmentally friendly EVs and establishing EV charging infrastructure, we aim to contribute to carbon neutrality and turn AUTOBACS into a company that is favored by customers who recognize that “anything about EVs, you find at AUTOBACS.”

#### EV-related goals and progress

	FY2021	FY2022	FY2023		FY2030 goals
Stores installed with fast chargers	5 stores	7 stores	6 stores	➡	43 stores
Number of EVs inspected	200 units/year	363 units/year	516 units/year	➡	3,440 units/year
Number of EVs sold	5 units/year	115 units/year	324 units/year	➡	2,500 units/year

\*Subject to: AUTOBACS SEVEN Group (AUTOBACS stores managed directly or by subsidiaries, car dealerships, etc.)

#### Establishing EV Charging Stations

While EVs are becoming popular as an effective means of countering climate change, the lack of charging infrastructure and the low output of chargers are issues. The Company has promoted the establishment of charging infrastructure through efforts such as installing EV charging stations at 105 AUTOBACS Group stores (as of March 31, 2024).

In FY2023, fast chargers were newly introduced at three AUTOBACS stores, one of which was a 150-kW ultra-fast charger. In FY2024, we plan to introduce ultra-fast EV chargers at seven stores, with an eventual goal of installing fast and ultra-fast EV chargers at 72 SUPER AUTOBACS stores nationwide.



SUPER AUTOBACS Hiroshima Kanonshinmachi began the operation of the city of Hiroshima's first charging station to allow ultra-fast charging. It supports ultra-fast charging of up to two EVs.

#### Expanding EV Sales and Statutory Safety Inspections

With regard to EV sales, in the Car Dealership Business, we sell EVs as an authorized dealership of both BYD and Audi. We focus not only on new cars, but used cars as well, and BACS e-Mobility EV stores were opened in Utsunomiya and Nerima. These are used car dealerships that specialize in EVs from all manufacturers, including Tesla. In addition, we provide installation of home chargers, which are required for EVs. Through these initiatives, we have established a system that allows us to handle any EV-related issues.

As EVs become more popular, the demand for associated statutory safety inspections and maintenance will also increase. To ensure that customers can trust us with the statutory safety inspections of their EVs, we are strengthening our EV maintenance system by creating manuals and videos related to EV statutory safety inspections and maintenance, holding online study groups, establishing technical support centers for stores, and more.

### Reducing CO<sub>2</sub> by Establishing Environmentally-friendly Stores

We are working to reduce our energy consumption through the promotion of environmentally-friendly stores that comply with standards such as the installation of LED lights and energy-efficient air conditioners, the use of heat-resistant paint, and greening, as well as the use of renewable energy.

In April 2024, we opened a new store constructed of wood with 56% reduced energy consumption.



AUTOBACS Saga Yamato Inter Store, the Group's first store constructed of wood



Tires sales building

#### CASE

##### Conclusion of the “Agreement to Promote the Use of Timber in the Construction of New Stores” with the Ministry of Agriculture, Forestry and Fisheries

In June 2024, we entered into the “Agreement to Promote the Use of Timber in the Construction of New Stores” with the Ministry of Agriculture, Forestry and Fisheries. By using timber in the structure, exterior, and interior of our own stores that will be constructed going forward, and proactively using a certain amount of local timber, the Company aims to achieve carbon neutrality by 2050 and contribute to the revitalization of mountain villages.



### Promoting Environmentally Conscious Business / Realizing Circular Ecosystem

#### Developing eco-friendly products

We define “eco-friendly products” as resource-saving and plastic-free products, products that use environmentally-friendly materials, products with features such as being long-lasting, refillable, or sold by volume, and products whose containers can be broken down or sorted for recycling. We plan for the entire lineup of AQ. private-brand products to be eco-friendly products.



Examples of AQ. products

#### Reducing Oil Cans by Improving the Ratio of Oil Sale by Measure

While the sale of oil by measure in 200-liter drums has a lower unit price than oil sold in 4-liter pails, the reduction of cans can reduce our environmental burden and will also improve gross profits.

The Company is also conducting a campaign on the app to promote oil changes using oil by measure.



Sale of oil by measure with 200-liter drums on display

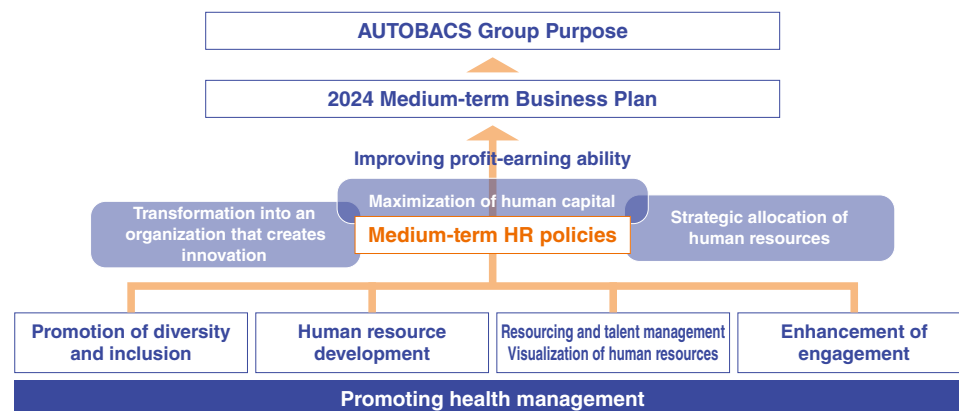
## Materiality: Development of Organization and Personnel

[WEB/AUTOBACS SEVEN Group Diversity Policy](#)

### Strengthening Human Capital

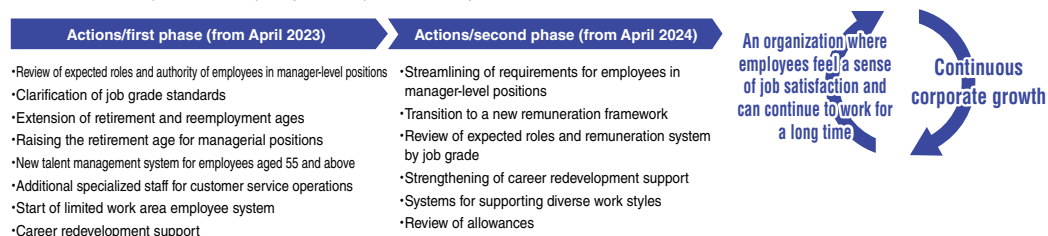
#### Human Resources Strategy

In order to achieve the 2024 Medium-term Business Plan and improve the Group's earning power with the foundation of a continuously growing organization and human resources, we have established the priority issues of "promotion of diversity and inclusion," "human resource development," "resourcing and talent management, visualization of human resources," and "enhancement of engagement," based on the three human resource policies of "maximization of human capital," "transformation into an organization that creates innovation," and "strategic allocation of human resources."



#### Progress of Personnel System Revision

Based on the understanding that we must improve our profit-earning ability on a company-wide scale in order to achieve sustainable growth for the Company, since FY2023, we have been promoting the revision of the personnel system into a system that creates a workplace with an increased sense of job satisfaction. In the first phase of the personnel system revision, we took measures against the future decline in the workforce and offered support for career redevelopment. In the second phase, we are promoting system revisions to improve company-wide productivity.



### Creating Corporate Culture Full of Diversity

#### Personnel-related Targets and Progress

	FY2021	FY2022	FY2023		FY2030 goals
Ratio of female employees	16.7%	17.9%	18.4%	➡	30.0%
Ratio of female managers	7.8%	8.6%	7.9%	➡	18.0%
Acquisition rate of childcare leave by men	—	37.1%	52.0%	➡	100.0%

\*Applicable to: AUTOBACS SEVEN Group

#### Diversity & Inclusion

Based on the belief that diverse human resources taking an active role and bringing different perspectives to the organization provides a source of innovation, thereby enhancing corporate value further, we are actively utilizing diverse human resources and promoting them to core positions for diversification of knowledge and experience, such as recruiting personnel with various career histories and experience regardless of gender, accepting foreign technical interns at our stores, and strategically deploying core personnel from consolidated subsidiaries. We are also working to create a work-friendly environment where employees can achieve a work-life balance even after major life events such as marriage, childbirth, childcare, and nursing care, by introducing remote work and flextime systems, expanding the scope of shortened working hours, and promoting the acquisition of childcare leave by male employees.

[WEB/General Action Plans Based on the Act on Promotion of Women's Participation and Advancement in the Workplace](#)

#### CASE

##### Initiatives with Japan Sun Industries

Through our subsidiary AUTOBACS Management Service Co., Ltd., we outsource various jobs to Japan Sun Industries, a social welfare organization in Beppu that provides employment and employment support to persons with disabilities. Outsourced jobs include creating and shipping business cards to be used in the Group, and kitting work such as the installation of applications on tablets used for customer service and product management at AUTOBACS stores.



Going forward, we will continue to actively outsource work from AUTOBACS Group companies to Japan Sun Industries to provide work opportunities to persons with disabilities and work to solve social issues.

## Materiality: Development of Organization and Personnel

### Creating Corporate Culture Full of Diversity

#### Human Resource Development / Resourcing and Talent Management

We develop and implement various training programs by rank, age, and business in order for each and every one of our diverse human resources to develop their careers and maximize their potential. We also encourage employees to be proactive in their skill development by offering career training, setting up consultation services inside and outside the Company to support career autonomy, and providing a selfdevelopment subsidy system (cafeteria plan). In addition, we promote reskilling in the form of developing data utilization personnel and acquiring sales skills, etc. that can be utilized at AUTOBACS stores.

Furthermore, we maintain data on human resources in the consolidated Group to visualize human resources for the purpose of human resource development and strategic personnel allocation.

<b>Selective training of younger employees</b>	As the future holders of management and executive positions, younger employees under the age of 30 are sent to external training. We develop human resources with a view to a wide range of business development such as management strategy, marketing, and accounting.
<b>Development of young management personnel</b>	In order to develop the next generation of management personnel for store subsidiaries who will play an important role in the Domestic AUTOBACS Business, which is the Group's core business, we conduct training for store subsidiary company executives, headquarters Sales Department managers, etc.
<b>Career rotations and skill enhancements</b>	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.
<b>Personnel development programs</b>	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. We also offer rewards to those who acquire official qualifications designated by the Company.

### Establishing Mechanism for Evaluating Challenges

#### Employee Energetic Level (Engagement Survey)

We have raised mental health as a priority issue to be addressed, and are thus conducting stress checks on all employees at AUTOBACS SEVEN once a year. We measure employee Energetic Levels based on questions regarding work engagement such as the feeling proud of the job, and have set the level as a KPI. We aim to achieve a score of 3.0 points by FY2030. (2.7 points in FY2023; 4.0 points represent full marks; industry average is 2.6 points)

#### CASE

##### AUTOBACS AWARDS

In order to increase the value of the AUTOBACS Group and customer numbers, the AUTOBACS chain is making efforts to improve the quality of our customer service and technology. As part of these efforts, it introduced an evaluation system and rolled out the Customer

Voice Program (CVP). Based on customer feedback, stores and staff who provided customers moving experience are commended for the Customer Experience Award. The AUTOBACS chain gives awards not only to individuals but also to stores, such as the Best Pit of the Year Award and the Tire Grand Championship, with the expectation that this will lead to further improvement and motivation of our franchisees.



### Creating Healthy and Active Workplaces

#### 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. Even today, we are promoting health management based on the idea that employees' physical and mental health is fundamental to our operations. With our goals of health management and efforts therefor organized as the health management strategy chart, we have been working on six priority issues based on the strategy. Consequently, all employees with the same vision are further promoting health, while implementing the PDCA cycle.

[WEB/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 and has striven to collect cases of other companies and provide our successful cases. In addition, we send information to smokers regarding assistance for remote quit-smoking programs at hospitals to promote anti-smoking. As a result, the smoking rate of AUTOBACS SEVEN Group was 34.3% as of the end of FY2022. The Company will continuously work to create a culture toward quitting smoking and take anti-smoking assistance measures.



## Materiality: 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.

#### ■ Certified Mechanic-related Targets and Progress

	FY2021	FY2022	FY2023		FY2030 goals
Ensuring and fostering inspectors	185 persons	467 persons	510 persons	➡	1,000 persons
Ensuring and fostering Level-2 mechanics	303 persons	683 persons	726 persons	➡	1,100 persons
Completing education for supporting EVs	414 persons	528 persons	586 persons	➡	1,096 persons

\*Applicable to: AUTOBACS SEVEN Group

#### Efforts to Increase the Number of Certified Mechanics

The number of people working as automobile mechanics is about 330,000 in Japan, including about 3,800 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 47 years old. 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.

The Company is also working to improve the working environment of service pits, such as allowing simultaneous breaks of all service pit employees and updating service pit equipment that facilitates efficient work.

#### Activity to Support Acquisition of Mechanic Qualifications

Through a subsidiary Chain Growth Co., Ltd., the Group has fostered 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.



As part of the program, we offer a "Short-term seminar for Level-3 mechanics" and a "Short-term seminar for Level-2 mechanics" in cooperation with the Fukuoka Automobile Service Promotion Association and the Chiba Automobile Service Promotion Association. In addition, in FY2024, we will also offer a one-month intensive "Short-term seminar for Level-3 mechanics for foreigners," aimed at foreign personnel. The Company offers a variety of educational materials for learning knowledge and skills as certified mechanics, as well as experienced teachers. We provide high-quality training to ensure that personnel aiming to become automobile mechanics can acquire their qualifications.

Going forward, through the development of automobile mechanics and inspectors, we will contribute to the resolution of the urgent issue of the shortage of certified mechanics in the automotive industry and the overall development of the automobile maintenance industry.

#### EV Service Training

As automobiles change, we must be able to handle advancing technology and EV maintenance. The Company conducts special training related to maintenance work on EVs, etc. that teaches basic knowledge on the high-voltage areas of EVs and HVs. This training offers an opportunity to acquire skills and knowledge specific to EVs, from EV structure and safe work practices to troubleshooting, providing a system through which we can safely and efficiently conduct maintenance on EVs.

#### Foreign Technical Intern

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

Since beginning these efforts in 2006, AUTOBACS Group has accepted 526 foreign technical interns so far (as of October 31, 2023). In addition, with the launch of the Specified Skilled Worker System as a residency qualification in 2019, 103 individuals with Specified Skilled Worker (i)\* status are employed at AUTOBACS Group stores as of October 31, 2023.

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

\*Specified Skilled Worker (i): A residency status for foreign nationals engaged in work requiring skills that need a considerable degree of knowledge or experience belonging to the specified industrial field

## Materiality: Creation of Businesses That Solve Social Issues

### Promoting Social Contribution Related to Automobiles

We conduct disaster relief activities in cooperation with regional areas and NPOs, striving to prevent and mitigate disasters in emergency situations.

#### Disaster Assistance Using Automobiles

In July 2021, the Company 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.\* In disaster-stricken areas, cars play a major role in taking the first step toward reconstruction. As such, we have been providing support to lifelines after the occurrence of disasters, such as donating vehicles and providing free maintenance services for rental cars to the areas affected by natural disasters. In FY2023, we began making regular donations to the Japan Car Sharing Association so that we could quickly deliver vehicles to affected areas in the event of a disaster. In addition, in order to ensure the safety of loaned vehicles, we provide servicing and maintenance to some of the association's loaner cars.

Going forward, since power outages and the securing of private space become problems in the event of a disaster, we will consider a mechanism of loaning campers free of charge during disasters and conducting a camper rental business during normal times.

\*The Mobility Resilience Alliance is a disaster relief network composed of corporations and local governments, with the Japan Car Sharing Association acting as its secretariat.



### Creating an Automotive Culture

As a company that contributes to the growth of car enjoyment culture, we will proactively provide enriched lifestyles with cars.

#### Promoting Motorsports Activities

To promote the overall revitalization of motorsports activities, we sponsor the SUPER GT series car race. We conduct a wide array of activities from the scouting and development of world-class Japanese drivers to entry into domestic and overseas races, and continuously promote the creation of fans through the excitement of racing.

In addition, with a view to creating a new motorsports culture, we are working to boost excitement for e-motorsports through efforts such as hosting the JEGT e-motorsports tournament.



### Promotion of Efforts to Eliminate Traffic Accidents

With our purpose of "ensuring the safety of our communities while driving and enriching customers' lives," contributing to traffic safety is our mission as a company that provides maintenance, sells tires, etc. for cars to operate safely. With this understanding, we will promote initiatives aimed at eliminating traffic accidents.

#### Holding Regional Traffic Safety Events

We conduct long-term, ongoing awareness activities and traffic safety events, aiming to give each and every person who rides in a car a constant awareness of traffic safety.

In FY2023, in conjunction with the nationwide campaign for traffic safety held in spring and autumn, we conducted a nationwide awareness campaign at our stores to promote "ensuring pedestrian safety and wearing seatbelts correctly." In addition, we collaborated with prefectural police departments to hold joint community-based events promoting efforts to eliminate traffic accidents. The tie-up event of Kodomobacs and local police departments received high praise for demonstrating synergy, and we held a total of 21 events, greatly exceeding our initial target of the number of events held, four. Kodomobacs is an event held at AUTOBACS stores, at which children and parents can enjoy participating in various car-related experiences together, leading to future points of contact with customers.



#### Sale of Merchandise for Curbing Accidents

Recently, there is attention on social problems that endanger people's safety and security, such as accidents caused by elderly drivers stepping on the wrong pedal, children being left in cars alone, and road rage. In response to such problems, we are implementing measures such as the development and sale of sudden acceleration prevention devices that prevent accidents by stepping on the wrong pedal and devices that prevent the abandonment of children in cars. In addition, in June 2024, as a measure to prevent road rage incidents and accidents, we formed basic agreements aimed at developing and servicing communication-capable dashboard cameras with COMTEC, which was No. 1 in dashboard camera sales\*, and three other companies. We will aim to provide new solutions for existing cars, such as the utilization of dashboard camera driving support system functions and quick responses in the case of an accident or road rage incident.



\*Received the Award of Excellence in the dashboard camera category of the BCN AWARD 2018 / 2019 / 2020 / 2021 / 2022 / 2023 / 2024. No. 1 sales according to BCN, a sales performance statistical survey company (aggregate covered period: January 2017 to December 2023).

## Materiality: Sustainable and Strong Management Base

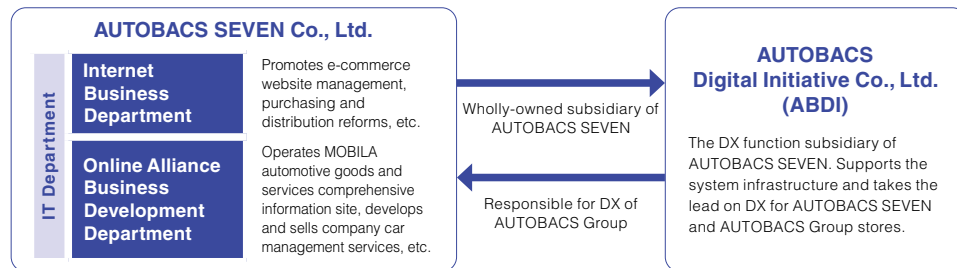
### Developing and Utilizing Data Infrastructures toward Value Creation

By analyzing data from a consumer perspective and conducting product development and marketing based on customer needs, we will increase customer satisfaction and contribute to society.

#### Data Management Center Project

The Data Management Center Project is a project spearheaded by ABDI, a DX subsidiary of AUTOBACS SEVEN, in which we investigate how to utilize data collected from various places such as the e-commerce website and stores. By utilizing data such as e-mail addresses and vehicle information to offer customers personalized product and service suggestions, we aim to increase customers' experience value. In addition, it is also expected to reduce CO<sub>2</sub> as the project promotes digital marketing and paperless operations.

#### AUTOBACS SEVEN Group IT and DX System Diagram



#### CASE

##### “Evolution as a Retailer” by Integrating Online and Physical Stores

We are undertaking various measures to achieve “evolution as a retailer” by seamlessly integrating our online and physical stores. For example, we can provide “online customer services” in which a dedicated staff familiar with a specific product such as a dashboard camera provides remote customer service online based on the needs of each individual customer. By integrating our online and physical stores in this way, we are focusing our efforts on improving customer experience (CX). Even as customer needs change, we will provide products and services suited to usage scenarios, aiming to be a presence that is consistently chosen by customers.

**Examples of IT and DX Solutions** In the retail industry, as the labor shortage intensifies, we aim to provide a buying experience tailored to the increasingly complex needs of customers and reduce the burden on store staff. To this end, ABDI began a trial run of providing store customer service through RACHEL, a humanoid AI assistant.



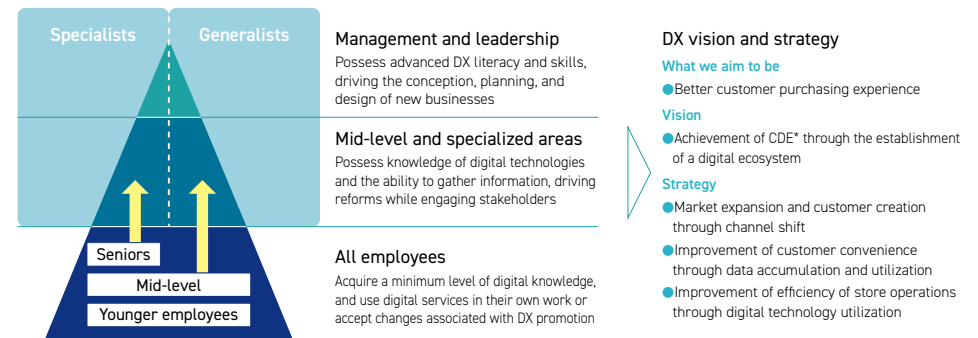
#### Development of Personnel for Data Analysis

In order to achieve evolution into a company that is “dedicated towards providing you the joy of going out” as established in our long-term vision, we must increase “human resources who can provide customer satisfaction” and “human resources with high digital literacy” going forward. In addition, we believe that strengthening our digital infrastructure and developing human resources are essential to differentiate us from the competition. With a view to using data and digital technology to improve work and create new businesses, we provide reskilling and skill development opportunities to all employees, and provide practical training and education programs to develop specialists such as data scientists.

In FY2024, ABDI conducted training using Tableau for employees of the Company to learn how to utilize various data held by the Company in future businesses and how to use it to streamline and improve operations.



#### Image of DX human resource development



\*Customer Deep Engagement: A strategy to engage with customers more deeply, longer, and more directly



## Quality Control of Products and Services

### 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.

1. We will comply with laws and regulations related to our products.
2. We will provide products that meet the product quality standards defined by the AUTOBACS Group.
3. We will strive to improve our quality control skills with the aim of maintaining and further improving the quality of the products.
4. We will actively engage in the purchase and provision of environmentally friendly products.

##### 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 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 and operational efficiency.

#### Information security

Recognizing that the appropriate management and protection of personal information obtained from customers and the Group's information assets is an important management issue, the Group has established an "Information Security Policy" and is promoting its initiatives. With cybersecurity risk on the rise in recent years, in addition to implementing entrance and exit controls such as firewalls, we are taking measures to protect information with all access subject to verification, and we have established regulations concerning information security such as the "IT Governance Regulations" and "Information Security Regulations." In addition, we are providing thorough information security education and training to all officers and employees through e-learning, targeted e-mail attack drills, etc.

Furthermore, we have established standards for information security measures for the AUTOBACS chain, clarifying the information security measures that must be observed by franchise stores and franchise corporations.

[WEB/AUTOBACS SEVEN Group Information Security Policy](#)

#### Personal information protection

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 the Group.

[WEB/Privacy Policy](#)

#### 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, 2024, 392 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.

# Compliance

## Compliance System

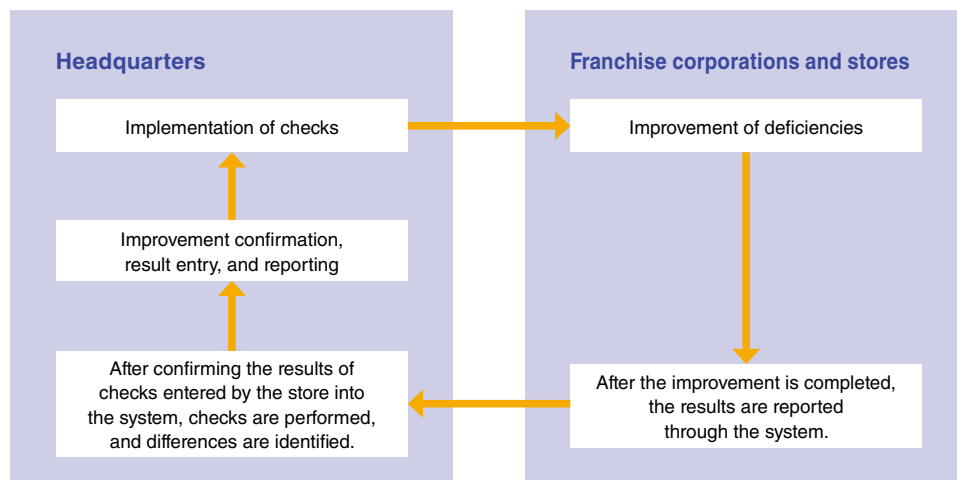
The Company has been strengthening its compliance system. At the same time, we are making sure that everyone at headquarters, subsidiaries, and all AUTOBACS Group stores, including those of franchisees, are fully aware of the importance of conducting business activities in compliance with laws and regulations 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. Our Code of Conduct and Guidelines for Action include matters related to anti-corruption, the prohibition of insider trading, and the prohibition of business with antisocial forces.

## 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 58 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 FY2024). We implement improvement activities for any deficiencies found and report them to the headquarters.

### Compliance investigation operational flow



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.

### Ongoing educational initiatives regarding compliance

In accordance with our Basic Rules on Compliance, we provide compliance education on insider trading and security for all employees.

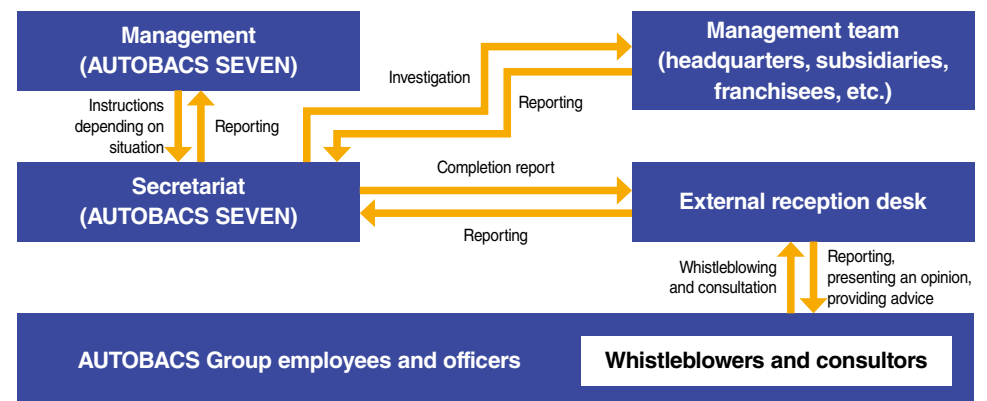
[WEB/Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group](#)

## Orange Hotline

In accordance with the Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group, we operate the Orange Hotline, a group whistleblowing system. 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. There were 42 whistleblowing cases in FY2023, none of which were serious compliance violations.

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

### 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, General Managers, 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 & 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.

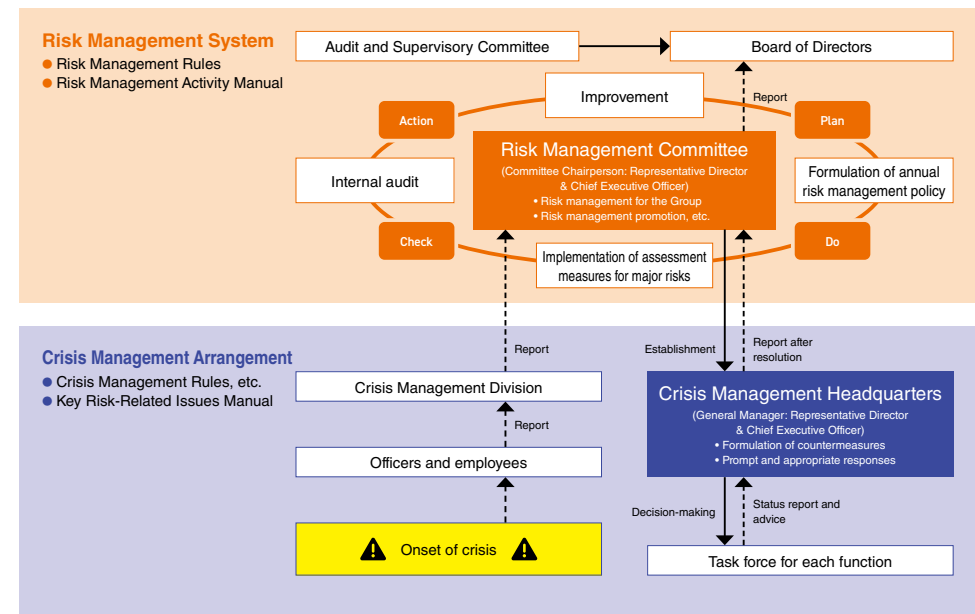
Moreover, the department in charge of the compliance function reports to the Board of Directors on the status of serious incidents and measures taken in accordance with the rules for key risk-related issues. They also share that information with the Audit and Supervisory Committee and other related departments.

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 a Crisis Management Headquarters based on our Crisis Management Rules and BCP (Business Continuity Plan) Manual to ensure a system that can deliver a quick response. Following on from the previous fiscal year, in FY2023, we also conducted drills twice a year. In addition, we upgraded the safety check system and implemented improvements to make it more effective.

#### Integrated risk management system conceptual diagram





## Major Risks

Items	Major risks	Main countermeasures
<b>Risks related to domestic market environment</b>	<ul style="list-style-type: none"> <li>Our operating results and financial condition could be negatively affected by the impact of changes in domestic and overseas situations on product procurement, the worsening of Japan's economy due to exchange rate fluctuation, sluggish consumer spending, changes in our competitive advantage, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Mitigated risk by identifying important risks through risk assessment by the Risk Management Committee and external organizations, and taking action against them</li> </ul>
<b>Risks associated with store operation</b>	<ul style="list-style-type: none"> <li>Accidents could occur in association with store operations such as waste processing, handling of toxic substances, and pit work, reducing the number of customers due to a worsened impression of stores</li> </ul>	<ul style="list-style-type: none"> <li>Provided training and instructional education on pit work accidents, etc.</li> <li>Thoroughly disseminated work manuals</li> <li>Continuously inspected and improved a compliance check program</li> </ul>
<b>Risks associated with securing and developing human resources</b>	<ul style="list-style-type: none"> <li>If changes in social attitudes and the employment environment make it difficult for us to continuously hire adequate human resources, it will keep us from securing sales in existing businesses and advancing our growth strategy</li> </ul>	<ul style="list-style-type: none"> <li>Bulk recruitment including the Group and franchisees</li> <li>Strengthened efforts to secure certified mechanics</li> <li>Established a personnel system and work environment that accommodate diverse working styles and values</li> <li>Implemented a human resource development program inclusive of the Group and franchisees</li> <li>Provided a support system for certified mechanic qualification and various other qualifications</li> <li>Established in-group qualifications</li> </ul>
<b>Risks associated with technological innovations</b>	<ul style="list-style-type: none"> <li>Technological developments in driving support functions and automated driving, the spread of EVs, etc., will bring about a change in market size and the demand of replacement parts sold by the Group</li> <li>If customer needs diversify with technological advances and we are unable to flexibly respond to customer needs, sales will decrease</li> </ul>	<ul style="list-style-type: none"> <li>Collaborated with domestic and foreign automobile manufacturers</li> <li>Entered the EV market</li> <li>Acquired Specific Maintenance Certifications (electronic control unit maintenance) at all stores designated for performing statutory safety inspections</li> <li>Promoted efforts to acquire expertise regarding technological innovations</li> </ul>
<b>Risks associated with the development and procurement of products</b>	<ul style="list-style-type: none"> <li>If an accident, etc. occurs caused by private-brand products or other products, customers will lose trust and the brand will be damaged</li> <li>If product procurement becomes difficult due to the domestic or overseas situation, sales will decrease</li> <li>Rising retail costs associated with a steep increase in purchasing prices will cause the demand for products and services to recede</li> </ul>	<ul style="list-style-type: none"> <li>Established "AUTOBACS Group Product Quality Guidelines" to maintain and improve quality</li> <li>Conducted product inspections in accordance with AQL standards</li> <li>Managed quality in accordance with the "Product Quality Control Regulations"</li> </ul>
<b>Risks associated with information security</b>	<ul style="list-style-type: none"> <li>If a disaster, cyberattack, etc., causes the shutdown of the data center function, system failure, or an external leak of personal information or confidential corporate information, it will worsen the Group's social credibility, lead to the payment of damages, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented entrance and exit controls such as firewalls</li> <li>Implemented information protection measures with all access subject to verification</li> <li>Established regulations on information security</li> <li>Provided information security e-learning and targeted e-mail attack drills to all AUTOBACS SEVEN Group employees</li> <li>Established data centers that can provide 24-hour response</li> <li>Diversified risk by establishing data centers at multiple locations</li> <li>Backed up data regularly and established a system that allows the system to be restarted promptly</li> </ul>
<b>Risks associated with climate change</b>	<ul style="list-style-type: none"> <li>Climate change such as cool summers and mild winters will lead to decreased demand for seasonal products and decreased net sales due to a shift in sales timing</li> <li>If increased environment-related legal restrictions and social demands lead to the introduction of a carbon tax and an increase in various restrictions, it will restrict our business activities and increase operation and equipment costs</li> </ul>	<ul style="list-style-type: none"> <li>Utilized renewable energy</li> <li>Promoted environmentally-friendly stores</li> <li>Implemented decarbonization efforts such as the sale and maintenance of EVs</li> <li>Promoted energy conservation</li> <li>Flexibly reviewed our portfolio in order to balance the climate change issue with business promotion</li> </ul>
<b>Risks associated with natural disasters</b>	<ul style="list-style-type: none"> <li>If an earthquake, typhoon, or other natural disaster causes physical damage to a facility or vacant positions due to the death or injury of officers or employees, it will lead to product loss, a decrease in net sales, and the incurrence of costs associated with restoration to the original state, replenishment of personnel, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Formulated a BCP (Business Continuity Plan)</li> <li>Identified issues and mitigated risk by envisioning various disaster cases and executing them in biannual drills</li> </ul>
<b>Risks associated with virulent infectious diseases</b>	<ul style="list-style-type: none"> <li>The outbreak of an infectious disease such as COVID-19 will lead to store closings and shortened business hours</li> </ul>	<ul style="list-style-type: none"> <li>Distributed countermeasure equipment and stored it in reserve</li> <li>Minimized the risk of infection by introducing teleworking for back office jobs</li> </ul>
<b>Risks associated with compliance</b>	<ul style="list-style-type: none"> <li>If an officer or employee commits fraud, it will decrease the Group's social credibility and lead to large claims for damages</li> </ul>	<ul style="list-style-type: none"> <li>Promoted awareness and thorough compliance with the Code of Conduct and Guidelines for Action</li> <li>Executed a compliance check program in store operation</li> <li>Implemented a serious incident reporting system and whistleblowing system</li> </ul>
<b>Risks associated with management of private and confidential information</b>	<ul style="list-style-type: none"> <li>If there is a leak of personal or confidential information held by the Company, it will decrease the Group's social credibility</li> </ul>	<ul style="list-style-type: none"> <li>Implemented regulations and restrictions on document handling</li> <li>Implemented strict measures for managing important electronic data, such as setting access permissions, passwords, and time limits</li> </ul>

## Financial Data

	FY March 2015	FY March 2016	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023	FY March 2024
<b>Profit and Loss Situation (millions of yen)</b>										
Net sales	209,454	208,142	204,033	211,630	213,840	221,400	220,449	228,586	236,235	229,856
Wholesale	124,279	117,848	115,637	121,081	124,214	126,931	124,763	126,430	127,364	121,749
Retail	82,039	87,310	85,566	87,357	86,018	90,762	90,971	96,405	102,239	94,994
Others	3,136	2,983	2,830	3,190	3,607	3,705	4,713	5,751	6,631	13,112
Operating income	6,403	6,701	5,829	7,284	7,478	7,585	10,577	11,552	11,722	8,010
Ordinary profit	8,250	7,780	7,120	8,226	8,203	8,059	11,219	11,246	11,574	8,093
Profit attributable to owners of parent	4,609	4,371	3,015	5,403	5,485	3,764	7,050	7,010	7,239	6,355
Cash flows from operating activities	11,829	10,564	9,488	16,394	4,447	10,603	17,163	5,712	10,687	14,431
Cash flows from investing activities	(2,403)	(4,984)	(7,147)	(2,915)	(3,078)	(3,370)	(6,085)	(7,710)	(7,652)	(449)
Cash flows from financing activities	(12,617)	(11,154)	(7,457)	(5,840)	(9,876)	(9,684)	(309)	(12,300)	(3,495)	(7,413)
Free cash flows	9,426	5,580	2,341	13,479	1,369	7,233	11,078	(1,998)	3,035	13,982
Capital investment	6,127	5,895	4,842	3,587	4,618	3,429	3,996	6,300	7,182	9,149
Depreciation and amortization of goodwill	4,804	4,012	4,384	4,131	4,045	4,665	4,154	4,554	4,686	5,283
<b>Financial Situation (millions of yen)</b>										
Total assets	186,531	180,454	176,708	187,405	181,391	172,799	187,914	189,910	194,327	194,948
Equity	138,337	131,455	127,078	126,866	123,582	119,251	123,180	122,549	126,622	128,845
Interest-bearing debt	6,844	6,297	8,284	6,896	4,991	7,303	12,667	10,763	12,195	9,319
<b>Per Share Data (yen)</b>										
Profit	52.83	51.60	36.00	65.49	66.58	47.10	88.28	89.17	92.87	81.52
Dividends	60	60	60	60	60	60	60	60	60	70
Dividend payout ratio (%)	113.6	116.3	166.7	91.6	90.1	127.4	68.0	67.3	64.6	85.9
Dividend on equity (DOE) (%)	3.7	3.8	3.9	3.9	3.9	4.0	4.0	3.9	3.8	4.3
Total shareholder return ratio (%)	222.2	235.4	255.7	91.6	142.5	182.8	68.0	109.5	64.6	85.9
<b>Management Indicators</b>										
Net sales operating income ratio (%)	3.1	3.2	2.9	3.7	3.5	3.4	4.8	5.1	5.0	3.5
Return on equity (%)	3.3	3.2	2.3	4.3	4.4	3.1	5.8	5.7	5.8	5.0
Return on assets (%)	4.3	4.2	4.0	4.5	4.4	4.6	6.2	5.9	6.0	4.2
Capital-to-assets ratio (%)	74.2	72.8	71.9	67.7	68.1	69.0	65.6	64.5	65.2	66.1

\*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

### Environment

Items	Unit	FY March 2021	FY March 2022	FY March 2023	FY March 2024	Target Value [Deadline]
CO <sub>2</sub> emissions (consolidated) <sup>*1</sup>	t-CO <sub>2</sub>	—	14,804	17,018	16,808	Carbon Neutrality [March 2051]
Scope1	t-CO <sub>2</sub>	—	1,128	3,009	2,522	
Scope2	t-CO <sub>2</sub>	—	13,676	14,009	14,287	
CO <sub>2</sub> emissions (non-consolidated) <sup>*2</sup>	t-CO <sub>2</sub>	3,363	3,392	3,356	3,560	
Electricity usage (consolidated)	MWh	—	31,650	33,230	32,000	
Electricity usage (non-consolidated)	MWh	6,710	6,830	6,170	6,390	

### Social

Items	Unit	FY March 2021	FY March 2022	FY March 2023	FY March 2024	Target Value [Deadline]
<b>Personnel Data</b>						
Number of employees (consolidated)	People	4,279	4,388	4,477	4,385	
Number of employees (non-consolidated)	People	1,094	1,050	1,057	997	
Male	People	903	842	840	798	
Female	People	191	208	217	199	
Ratio of female employees <sup>*3</sup>	%	—	16.7	17.9	18.4	30.0% [March 2031]
Ratio of female managers <sup>*3</sup>	%	—	7.8	8.6	7.9	18.0% [March 2031]
Employment rate of persons with disabilities	%	2.47	2.24	2.25	2.46	
Number of employees re-employed after retiring at 60	People	30	36	44	23	
Number of foreign employees	People	16	19	17	22	
Acquisition rate of childcare leave by men <sup>*3</sup>	%	—	—	37.1	52.0	100.0% [March 2031]
Acquisition rate of childcare leave by women	%	100.0	100.0	100.0	100.0	
Return-to-work rate after childcare leave	%	100.0	100.0	100.0	100.0	
Number of new graduates hired	People	20	18	23	24	
Number of mid-career hires	People	38	40	54	27	
<b>Human Resources Development</b>						
Average cost of training per employee	Thousands of yen	13.0	23.1	24.2	48.5	
Average training hours per employee	Hours	4.00	9.61	10.51	21.79	
Number of participants in recommended training (Total count)	People	110	139	115	184	
Number of successful transfers on internal job posting	People	6	9	5	17	
Number of individuals who used free agent system	People	13	9	7	6	

The information for AUTOBACS SEVEN alone indicated unless otherwise noted.

\*1 The scope of calculation for the fiscal year ended March 31, 2022 covers domestic business locations, directly managed stores, subsidiary stores, and logistics bases (147 bases) related to the Domestic AUTOBACS Business. The scope of calculation for the fiscal year ended March 31, 2023 covers domestic business locations, directly managed stores, subsidiary stores, and logistics bases (196 bases) related to the Domestic AUTOBACS Business and the Car Dealership, BtoB, and Online Alliance Business. The scope of calculation for the fiscal year ended March 31, 2024 covers domestic business locations, directly managed stores, subsidiary stores, and logistics bases (204 bases) related to the Domestic AUTOBACS Business, the Car Dealership, BtoB, and Online Alliance Business, and the Other Business.

\*2 The scope of calculation covers AUTOBACS SEVEN Co., Ltd.'s headquarters, regional business locations, directly managed stores, and logistics centers.

Items	Unit	FY March 2021	FY March 2022	FY March 2023	FY March 2024	Target Value [Deadline]
<b>Work-style Reforms</b>						
Monthly average overtime hours	Hours	4.8	5.5	7.3	6.9	
Annual paid leave take-up rate	%	62.2	52.2	52.4	62.9	
<b>Health Management</b>						
Ratio of individuals who underwent periodic health examination	%	99.9	100.0	100.0	100.0	
Implementation ratio of specific health guidance	%	46.9	50.7	49.0	—	60% and more [March 2025]
Checkup rate of stress check	%	96.3	95.1	95.6	95.3	
Smoking rate	%	29.9	27.0	24.5	25.0	Less than 20% [March 2025]
Work engagement (individual) <sup>*4</sup>	pt	2.7	2.6	2.7	2.6	3.0 points and more [March 2025]
Presenteeism <sup>*5</sup>	%	87	87	87	86	90% and more [March 2025]
Investment related to health management	Thousands of yen	32	43	54	57	
<b>Number of Members/Automobile Mechanics</b>						
Number of AUTOBACS members <sup>*6</sup>	1,000 people	7,303	7,578	7,765	8,237	
Number of automobile mechanics <sup>*7</sup>	People	3,721	3,746	3,690	3,813	

### Governance

Items	Unit	As of July 2021	As of July 2022	As of July 2023	As of July 2024
Number of Directors	People	8	10	9	8
Outside Directors	People	3	4	4	4
Female Directors	People	1	1	1	1
Audit and Supervisory Committee Members	People	3	3	3	3

### Number of stores

Items	Unit	FY March 2021	FY March 2022	FY March 2023	FY March 2024
Number of domestic stores <sup>*8</sup>	Store	990	993	997	1,003
Domestic stores operated by franchisees	Store	768	764	760	766
Number of overseas stores	Store	45	62	78	109
Overseas stores operated by franchisees	Store	33	50	64	95
Designated stores (Private statutory safety inspection stores)	Store	430	434	440	440

\*3 Figures are for the AUTOBACS SEVEN Group on a consolidated basis.

\*4 Average of ratings on a scale from 1 to 4, with a higher rating representing a better status.

\*5 An indicator to measure the impact of mental and physical health on performance, with a higher score indicating better performance.

\*6 Starting in the fiscal year ended March 31, 2024, the definition of an active member was changed from "made a purchase within the past year" to "made a purchase or visited a store within the past year."

\*7 All AUTOBACS chain employees who have obtained the automobile mechanic (Level 1, 2, or 3) national qualification.

\*8 The number of stores includes adjoining stores and store-within-a-store locations.



## Store Brands/Major Subsidiaries

### Store Brands (As of August 31, 2024)

#### AUTOBACS



Position ..... Standard-type store  
Sales floor space ..... From 400 m<sup>2</sup>  
Commercial area ..... 5 km radius

#### Super AUTOBACS Type I



Position ..... Large format store (Flagship store)  
Sales floor space ..... From 1,650 m<sup>2</sup>  
Commercial area ..... 20 km radius

#### Super AUTOBACS Type II



Position ..... Large format store  
Sales floor space ..... From 990 m<sup>2</sup>  
Commercial area ..... 10 km radius

#### A PIT AUTOBACS



This facility sells not only automotive goods but also outdoor goods and miscellaneous items. It features a bookstore and café, where people of all ages, ranging from car enthusiasts to students and families, can enjoy the store together.

#### 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.

#### AUTOBACS CARS



Stores that handle the purchase and sale of used cars as well as new cars. They also offer various types of loans, guarantees, and Marunori car leases.

#### AUTOBACS EXPRESS



The AUTOBACS EXPRESS stores are self-service gas stations and car wash stores adjacent to AUTOBACS.

#### 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 Secohan Ichiba



AUTOBACS Secohan Ichiba is a specialty store that purchases second-hand automotive goods, and sells trade-in automotive goods from AUTOBACS Group stores nationwide, as well as outlet products.

#### 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.

#### AUTO IN Shaken & Tire Center



Stores specializing in car maintenance including statutory safety inspections, oil changes, and tire replacements.

#### 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.

#### JACK & MARIE



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

### Major Consolidated Subsidiaries (As of August 31, 2024)

#### Domestic AUTOBACS Business

- AUTOBACS Higashi-Nihon Sales Ltd. • AUTOBACS Tsukuba Co., Ltd.
- YUEI Co., Ltd. • AUTOBACS Chubu Sales Ltd.
- Puma Ltd. • AUTOBACS Kansai Sales Ltd.
- AUTOBACS Minami-Nihon Sales 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

- CAP Style Co., Ltd. • HOT STUFF CORPORATION
- Seiya Automobile Sales Co., Ltd. • Takamori Jidousha Seibi Kogyo Co., Ltd.
- Kondo Automotive Industry Co., Ltd. • BACS Boots Co., Ltd.
- AUTOBACS DEALER GROUP HOLDINGS Co., Ltd.

#### Other Subsidiaries

- FATRASTYLING Inc. • VEEMO, Inc.
- AUTOBACS Financial Service Co., Ltd. • ABT Marketing Co., Ltd.
- AUTOBACS Management Service Co., Ltd. • Otoron Co., Ltd.
- AUTOBACS Digital Initiative Co., Ltd. • Chain Growth Co., Ltd.

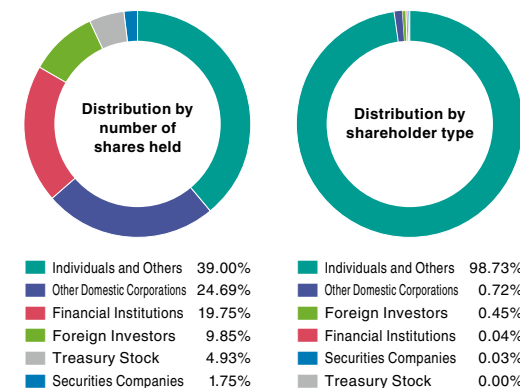
## Corporate Profile/Stock Information

### Corporate Profile (As of March 31, 2024)

<b>Name</b>	AUTOBACS SEVEN CO., LTD.
<b>Headquarters</b>	6-52, Toyosu 5-chome, Koto-ku, Tokyo, Japan
<b>Date of Foundation</b>	February 1947
<b>Capital Stock</b>	33,998 million yen
<b>Number of Employees (Consolidated)</b>	4,385
<b>Main Business Offices</b>	Head Office (Koto-ku, Tokyo) Kansai Regional Headquarters (Osaka, Osaka) Eastern Japan Logistics Center (Ichikawa, Chiba) Western Japan Logistics Center (Miki, Hyogo)

### Stock Information (As of March 31, 2024)

<b>Number of Authorized Shares</b>	328,206,900 shares
<b>Number of Shares Issued</b>	82,050,105 shares (including 4,046,371 of treasury share)
<b>Number of Shareholders</b>	69,493
<b>One Unit</b>	100 shares
<b>Stock Listings</b>	Tokyo Stock Exchange
<b>Independent Auditor</b>	Deloitte Touche Tohmatsu LLC
<b>Administrator of the Register of Shareholders</b>	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited



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

### External Evaluation and Initiatives (As of July 31, 2023)



**FTSE Blossom  
Japan Sector  
Relative Index**

**2024 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX**



\*THE INCLUSION OF AUTOBACS SEVEN CO., LTD IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF AUTOBACS SEVEN CO., LTD BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Major Shareholders	Name	Number of Shares Held (Thousands)	Shareholding Ratio (%)
	The Master Trust Bank of Japan, Ltd. (Trust Account)	8,496	10.89
	Sumino Holdings, Ltd.	4,243	5.43
	The Yuumi Memorial Foundation for Home Health Care	3,990	5.11
	Custody Bank of Japan, Ltd. (Trust Account)	3,532	4.52
	K Holdings, Ltd.	2,750	3.52
	The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079252)	1,800	2.30
	Foreman Kyoei, Ltd.	1,560	1.99
	Hiroshi Sumino	1,384	1.77
	STATE STREET BANK WEST CLIENT-TREATY 505234	1,150	1.47
	Live Field Co., Ltd.	1,000	1.28

(Notes) 1. 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.



INTEGRATED REPORT 2024

PR & IR Department, AUTOBACS SEVEN CO., LTD.

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AUTOBACS celebrates its 50th anniversary in 2024