Annual Securities Report

Fiscal year	From: April 1, 2024
(The 78th term)	To: March 31, 2025

AUTOBACS SEVEN CO., LTD.

(E03138)

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【Document title】	Annual Securities Report
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【Company name】	Kabushiki Kaisha AUTOBACS SEVEN
【Company name in English】	AUTOBACS SEVEN CO., LTD.
【Title and name of representative】	Yugo Horii, Representative Director & Chief Executive Officer
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【Telephone number】	+81-3-6219-8829
【Name of contact person】	Noritaka Hiraga, General Manager, Corporate Management
【Place for public inspection】	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

PART I: COMPANY INFORMATION
I. OVERVIEW OF COMPANY
1. Summary of Business Results
(1) Consolidated Financial Summary

Term		74th fiscal term	75th fiscal term	76th fiscal term	77th fiscal term	78th fiscal term
Accounting Period		Year ended Mar. 31, 2021	Year ended Mar. 31, 2022	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Net sales	(Million yen)	220,449	228,586	236,235	229,856	249,525
Ordinary profit	(Million yen)	11,219	11,246	11,574	8,093	12,516
Net income attributable to owners of parent	(Million yen)	7,050	7,010	7,239	6,355	8,132
Comprehensive income	(Million yen)	9,039	7,725	8,730	6,857	7,705
Net assets	(Million yen)	123,833	122,892	126,963	129,152	131,963
Total assets	(Million yen)	187,914	189,910	194,327	194,948	228,170
Net assets per share	(Yen)	1,542.40	1,572.48	1,624.44	1,652.71	1,679.29
Net income per share	(Yen)	88.28	89.17	92.87	81.52	103.89
Diluted net income per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	65.6	64.5	65.2	66.1	57.8
Return on equity	(%)	5.8	5.7	5.8	5.0	6.2
Price-to-earnings ratio	(Times)	17.0	15.1	15.6	19.7	14.5
Cash flows from operating activities	(Million Yen)	17,163	5,712	10,687	14,431	3,944
Cash flows from investing activities	(Million yen)	(6,085)	(7,710)	(7,652)	(449)	(18,020)
Cash flows from financing activities	(Million yen)	(309)	(12,300)	(3,495)	(7,413)	13,973
Cash and cash equivalents at end of period	(Million yen)	38,903	24,751	24,503	31,278	31,181
Number of employees [Separate, average number of temporary employees]	(Persons)	4,279 [853]	4,388 [779]	4,477 [822]	4,385 [815]	5,201 [1,123]

(Notes) 1. Diluted earnings per share was not presented because there was no dilution for the fiscal year.

2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been adopted since the beginning of the fiscal year ended March 31, 2022, and the accounting standard, etc. is applied to major management indicators, etc. since the fiscal year ended March 31, 2022.

(2) Non-Consolidated Financial Summary

Term		74th fiscal term	75th fiscal term	76th fiscal term	77th fiscal term	78th fiscal term
Accounting Period		Year ended Mar. 31, 2021	Year ended Mar. 31, 2022	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Net sales	(Million yen)	155,082	155,957	158,807	155,489	165,218
Ordinary profit	(Million yen)	7,965	9,038	9,529	4,724	10,054
Net income	(Million yen)	5,086	5,779	5,421	1,156	6,548
Capital stock	(Million yen)	33,998	33,998	33,998	33,998	33,998
Total number of shares issued	(Shares)	84,050,105	82,050,105	82,050,105	82,050,105	82,050,105
Net assets	(Million yen)	116,315	113,914	114,447	110,983	112,443
Total assets	(Million yen)	161,384	156,385	160,054	163,183	175,995
Net assets per share	(Yen)	1,455.75	1,460.94	1,467.46	1,422.80	1,432.57
Dividend per share [Of which, interim dividend per share]	(Yen)	60.00 [30.00]	60.00 [30.00]	60.00 [30.00]	70.00 [30.00]	60.00 [30.00]
Net income per share	(Yen)	63.67	73.48	69.52	14.83	83.64
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	72.1	72.8	71.5	68.0	63.9
Return on equity	(%)	4.4	5.0	4.7	1.0	5.9
Price-to-earnings ratio	(Times)	23.6	18.3	20.8	108.1	18.0
Dividend payout ratio	(%)	94.2	81.7	86.3	472.0	71.7
Number of employees [Separate, average number of temporary employees]	(Persons)	1,094 [55]	1,050 [49]	1,057 [62]	997 [85]	884 [82]
Total shareholder return [Compared with TOPIX Total Return Index]	(%) (%)	125.2 [142.1]	117.6 [145.0]	130.4 [153.4]	148.8 [216.8]	146.0 [213.4]
Highest share price	(Yen)	1,581	1,644	1,509	1,681	1,662
Lowest share price	(Yen)	1,138	1,292	1,312	1,431	1,381

(Notes) 1. The dividend per share for the 77th fiscal year includes a commemorative dividend of ¥10 per share for the 50th anniversary of AUTOBACS.

2. Of the dividend of ¥60 per share for the 78th fiscal year, the year-end dividend of ¥30 per share is scheduled to be a matter for resolution at the Annual General Meeting of Shareholders to be held on June 24, 2025.

3. Diluted earnings per share was not presented because there was no dilution for the fiscal year.

4. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been adopted since the beginning of the fiscal year ended March 31, 2022, and the accounting standard, etc. is applied to major management indicators, etc. since the fiscal year ended March 31, 2022.

5. The stock price high and stock price low are stock prices on the Prime Market of the Tokyo Stock Exchange from April 4, 2022 and on the First Section of the Tokyo Stock Exchange prior to that.

2. History

Month/Year	Overview
Feb./1947	The late Toshio Sumino founded Suehiro Shokai as a privately owned wholesaler of automobile parts in Osaka.
Aug./1948	Suehiro Shokai was reorganized into a joint-stock company named Fuji-Shokai Co., Ltd. in Osaka. It began wholesale of automobile parts.
Jan./1958	Independent wholesale department, established Daiho Sangyo Co., Ltd.
Nov./1974	Opened AUTOBACS Higashi Osaka store as the Company's first directly managed one-stop specialty store for automotive goods and services which is the first in Japan.
Apr./1975	Started the franchise business system and opened AUTOBACS Hakodate Nakamichi store as the first franchise store.
Nov./1977	Released tires, oil and batteries under our own private brand.
Aug./1979	Opened AUTOBACS 100th store.
Mar./1980	Changed the company name to AUTOBACS SEVEN Co., Ltd.
Mar./1989	Listed on the second section of the Osaka Securities Exchange.
May/1991	Opened first overseas store in Taiwan, beginning AUTOBACS store's expansion to the overseas market.
Aug./1993	Listed on the Second Section of the Tokyo Stock Exchange.
Sep./1993	Changed listings to the first sections of the Tokyo Stock Exchange and the Osaka Securities Exchange.
Jan./1995	Established AUTOBACS VENTURE SINGAPORE PTE LTD In May of the same year, the first store in Singapore opened.
Mar./1995	Listed on the London Stock Exchange.
Mar./1996	Opened AUTOBACS 500th store.
Mar./1997	Opened the first Super AUTOBACS store in Chiba prefecture as a new store format which covers larger marketing areas than an AUTOBACS store.
Aug./1999	Established a joint venture, AUTOBACS SEVEN Europe S.A.S. (currently AUTOBACS FRANCE S.A.S.), in partnership with France Renault. (In June 2001, opened first store in France.)
Jun./2000	Opened the first AUTOBACS Hashiriya Tengoku Secohan Ichiba (currently AUTOBACS Secohan Ichiba) for sales and purchases of used automotive goods in Kanagawa prefecture.
Dec./2001	Released an original sports car named GARAIYA of which AUTOBACS led the design and production.
Apr./2002	Opened the first AUTOBACS EXPRESS store in Kanagawa prefecture which combined a gas station and a store for automotive goods.
Jun./2002	Introduced CARS system for used car sales.
Oct./2004	Moved the headquarters of AUTOBACS SEVEN Co., Ltd. to Koto-ku, Tokyo.
Mar./2007	Delisted from the London Stock Exchange.
Feb./2012	Acquisition of ISO14001 certification at the Toyosu main store. (The continuation of certification was cancelled in 2017)
Jul./2014	Revamped the AUTOBACS Group Private Brand and launched AQ. brand.
Apr./2015	Official BMW/MINI dealership business started operation in Toshima-ku, Tokyo.
Mar./2016	Opened first AUTOBACS Used Car Purchase Store that specializes in purchasing cars in Setagaya-ku, Tokyo.
Feb./2017	Started running Chain Growth Co., Ltd. mainly to recruit, supply and retain mechanic personnel.
Mar./2017	Established ABT Marketing Co., Ltd., a joint venture with CCC Marketing Co., Ltd.
Jun./2017	Launched JACK & MARIE brand that provides original lifestyle goods.
Nov./2018	Opened A PIT AUTOBACS SHINONOME as a new concept store for AUTOBACS.
Nov./2021	Opened the first store of the garage lifestyle brand "GORDON MILLER" (GORDON MILLER KURAMAE)
Apr./2022	Transferred from the First Section to the Prime Market of the Tokyo Stock Exchange following a review of the market classification of the Tokyo Stock Exchange.
Dec./2022	Established BACS E-Mobility Co., Ltd. (currently BACS e-Mobility Co., Ltd.) Concluded a dealership agreement with BYD Auto Japan Co., Ltd., the Japanese corporation of electric vehicle manufacturer BYD Co., Ltd.
Aug./2024	Acquired Otoron Co., Ltd., which operates “Otoron,” a used car dealership specializing in in-house financing based on its own credit screening, and made it a subsidiary.
Oct./2024	Acquired Tokatsu Holdings Co., Ltd., which operates authorized Honda dealerships, and made it a subsidiary.

Month/Year	Overview
Jan./2025	Acquired BEE LINE Corporation, which operates primarily in the Kyushu region, and made it a subsidiary.
Mar./2025	Number of brand stores: 1,177 (including 1,029 in Japan and 148 overseas) / Including co-located stores and in-shop stores *Effective April 1, 2024, the count has been changed to include co-located stores and in-shop stores.

3. Description of Business

The Group consists of the Company, 40 subsidiaries, and 12 associated companies and operates businesses involved in the wholesale and retail automotive goods businesses in and outside Japan, online sales, the purchase and sale of automobiles, statutory safety inspection and maintenance services, body repair, coating, painting, imported automobile dealerships, the leasing of store facilities and credit-related businesses provided to the AUTOBACS Group companies.

The Group's business activities and their relationships with other business divisions are described below.

The following four divisions are the same as the segments in the section, V. FINANCIAL INFORMATION, 1. Consolidated Financial Statements etc., (1) Notes to consolidated financial statements (Segment information etc.).

(1) AUTOBACS Business

Wholesaling of automotive goods such as tires, wheels, and car electronics to domestic franchise corporations. Sale and installation services of automotive goods, maintenance services, statutory safety inspection, automobile purchase and sale, bodywork and painting services mainly to domestic and overseas general consumers. Major store brands: AUTOBACS, Super AUTOBACS, AUTOBACS Secohan Ichiba and AUTOBACS CARS, etc.

(2) Consumer Business

Purchase and sales of new cars and used cars to general consumers as a retailer other than for AUTOBACS business. Provision of automotive goods through sales to corporate customers and in collaboration with offline stores through our corporate website and official app. Statutory safety inspections, maintenance and sheet metal services.

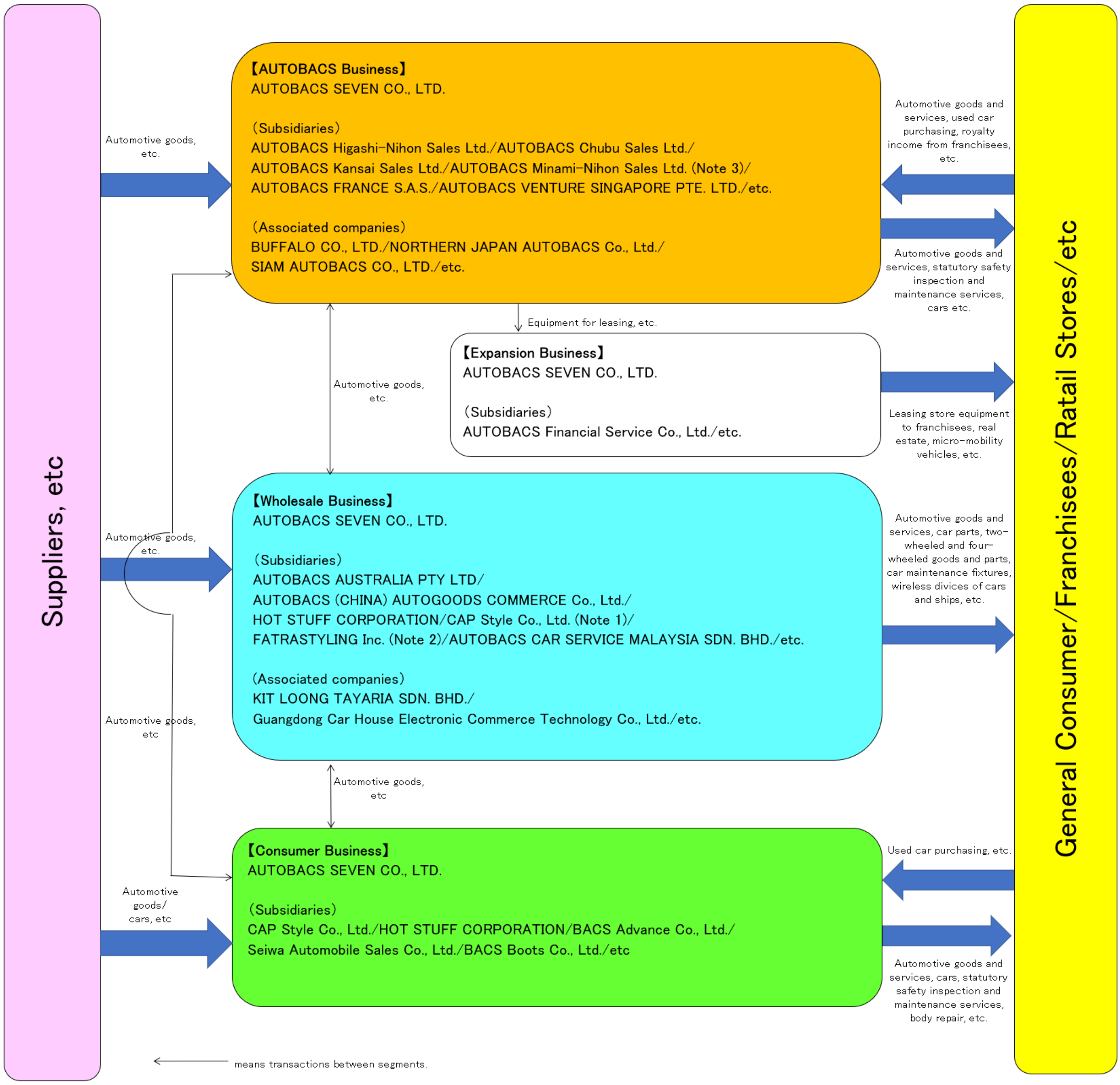
(3) Wholesale Business

In addition to wholesaling of automotive goods and other items mainly to domestic hardware stores, wholesaling and exporting of automotive goods and other items to domestic and overseas franchisee corporations and retailers. In addition, the wholesaling of private brand items such as lifestyle brand goods.

(4) Expansion Business

Business mainly conducted by subsidiaries, such as credit-related business, insurance agency, intermediation of individual credit purchases at the stores of domestic franchisee corporations, the issuance of affiliated credit cards, and the leasing of equipment, etc. to domestic franchisee corporations. In addition, real estate development business and next-generation micro-mobility services such as for specified motorized bicycles.

[Organization Chart]
The Group’s organization is as illustrated below.



(Notes) 1. In April 2025, CAP Style Co., Ltd. changed its trade name to CAP Co., Ltd.
2. In April 2025, FATRASTYLING Inc. changed its trade name to GORDON MILLER INC.
3. In April 2025, AUTOBACS Minami-Nihon Sales Ltd. changed its trade name to AUTOBACS Nishi-Nihon Sales Ltd.

4. Subsidiaries and Associates

Company name	Location	Share capital (Millions of yen)	Principal business	Holding ratio of voting rights (%)	Relationship			
					Officers serving concurrent positions, etc.	Financial support	Business transaction	Leasing of facilities
(Consolidated Subsidiaries)								
AUTOBACS Higashi-Nihon Sales Ltd.	Ichikawa City, Chiba	100	AUTOBACS Business	100.0	Officers holding concurrent positions: 8 (of which 8 are the Company's employees)	—	Sale and purchase of products	Store equipment leasing
AUTOBACS Chubu Sales Ltd.	Iida City, Nagano	50	AUTOBACS Business	100.0	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	Loans	Sale and purchase of products	Store equipment leasing
YUEI CO., LTD.	Koshigaya City, Saitama	96	AUTOBACS Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	Loans	Sale of products	Store equipment leasing
AUTOBACS Tsukuba Co., Ltd.	Koto-ku, Tokyo	50	AUTOBACS Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	Loans	Sale of products	Store equipment leasing
Puma Ltd.	Imizu City, Toyama	33	AUTOBACS Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	Sale of products	Store equipment leasing
AUTOBACS Kansai Sales Ltd.	Shijonawate City, Osaka	100	AUTOBACS Business	100.0	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	—	Sale and purchase of products	Store equipment leasing
AUTOBACS Minami-Nihon Sales Ltd. (Note 6)	Minami-ku, Hiroshima City	100	AUTOBACS Business	100.0	Officers holding concurrent positions: 9 (of which 9 are the Company's employees)	Loans	Sale and purchase of products	Store equipment leasing
AUTOBACS VENTURE SINGAPORE PTE LTD	Singapore, Singapore	6,400 (Thousands of S$)	AUTOBACS Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	Sale and purchase of products	—
AUTOBACS FRANCE S.A.S. (Note 5)	Pierrelaye, France	35,300 (Thousands of EUR)	AUTOBACS Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	Sale of products	—
AUTOBACS CAR CARE (SINGAPORE) PTE. LTD.	Singapore, Singapore	500 (Thousands of S$)	AUTOBACS Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	—	—
Shaken-Bankin DEPOT Inc.	Urayasu City, Chiba	100	AUTOBACS Business	100.0	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	Loans	Sale of products, Outsourcing of body repair	Office leasing
UTAM ENTERPRISE Co., Ltd.	Shibuya-ku, Tokyo	10	AUTOBACS Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	—	—

Company name	Location	Share capital (Millions of yen)	Principal business	Holding ratio of voting rights (%)	Relationship			
					Officers serving concurrent positions, etc.	Financial support	Business transaction	Leasing of facilities
AUTOBACS DEALER GROUP HOLDINGS Co., Ltd.	Nerima-ku, Tokyo	—	Consumer Business	100.0	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	Loans	Sale of products	—
Seiwa Automobile Sales Co., Ltd.	Ritto City, Shiga	10	Consumer Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	Sale of products	Office leasing
Takamori Jidousha Seibi Kogyo Co., Ltd.	Tsu City, Mie	10	Consumer Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	Loans	Sale of products	—
BACS Boots Co., Ltd.	Inzai City, Chiba	100	Consumer Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	Loans	Sale of products	Store equipment leasing
Bacs Advance Co., Ltd. (Note 2)	Utsunomiya City, Tochigi	30	Consumer Business	100.0 (100.0)	Officers holding concurrent positions: 2 (of which 2 are the Company's employees)	Loans	—	—
BACS e-Mobility Co., Ltd. (Note 2)	Nerima-ku, Tokyo	100	Consumer Business	100.0 (100.0)	Officers holding concurrent positions: 2 (of which 2 are the Company's employees)	Loans	Sale of products	Store equipment leasing
Kondo Automotive Industry Co., Ltd.	Kumiyama-cho, Kuse-gun, Kyoto	10	Consumer Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	Sale of products	—
Otoron Co., Ltd.	Chuo-ku, Chiba	50	Consumer Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	Loans	Sale of products	—
Tokatsu Holdings Co., Ltd. (Note 2)	Matsudo City, Chiba	211	Consumer Business	100.0 (100.0)	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	—	—
HONDA CARS TOKATSU CO., LTD. (Note 2, 10)	Matsudo City, Chiba	50	Consumer Business	100.0 (100.0)	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	—	—
TOKATSU PLANNING CO., LTD. (Note 2)	Matsudo City, Chiba	50	Consumer Business	100.0 (100.0)	—	—	—	—
TOKATSU BODY FACTORY CO., LTD. (Note 2, 10)	Matsudo City, Chiba	50	Consumer Business	100.0 (100.0)	—	—	—	—
Power Control Technique Co., Ltd. (Note 2)	Kiryu City, Gunma	20	Consumer Business	100.0 (100.0)	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	—	—

Company name	Location	Share capital (Millions of yen)	Principal business	Holding ratio of voting rights (%)	Relationship			
					Officers serving concurrent positions, etc.	Financial support	Business transaction	Leasing of facilities
C6-2 Holdings Co., Ltd.,	Koto-ku, Tokyo	10	Consumer Business	100.0	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	Loans	purchase of products	—
BEE LINE Corporation (Note 2)	Miyazaki City, Miyazaki	10	Consumer Business	100.0 (100.0)	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	—	—	—
TIRE.COM Ltd. (Note 2)	Chuo-ku, Fukuoka	1	Consumer Business	100.0 (100.0)	Officers holding concurrent positions: 2 (of which 2 are the Company's employees)	—	—	—
CAP Style Co., Ltd. (Note 7)	Ota-ku, Tokyo	100	Wholesale Business	100.0	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	Loans	Sale and purchase of products	—
HOT STUFF CORPORATION	Onojo City, Fukuoka	47	Wholesale Business	100.0	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	—	Sale and purchase of products	—
FATRASTYLING Inc. (Note 8)	Gotemba City, Shizuoka	5	Wholesale Business	70.0	Officers holding concurrent positions: 2 (of which 2 are the Company's employees)	Loans	Sale and purchase of products	—
AUTOBACS (CHINA) AUTOGOODS COMMERCE Co., Ltd.	Beijing, China	98,922 (Thousands of RMB)	Wholesale Business	96.6	Officers holding concurrent positions: 5 (of which 5 are the Company's employees)	Loans	Sale and purchase of products	—
AUTOBACS CAR SERVICE MALAYSIA SDN. BHD.	Kuala Lumpur, Malaysia	14,680 (Thousands of MYR)	Wholesale Business	100.0	Officers holding concurrent positions: 2 (of which 2 are the Company's employees)	—	Sale of products	—
AUTOBACS AUSTRALIA PTY LTD	New South Wales, Australia	9,338 (Thousands of AU$)	Wholesale Business	100.0	Officers holding concurrent positions: 2 (of which 2 are the Company's employees)	Loans	Sale of products	—
AUTOBACS Management Service Co., Ltd.	Kita-ku, Osaka	90	Expansion Business	100.0	Officers holding concurrent positions: 2 (of which 2 are the Company's employees)	—	Outsourcing of administrative tasks	Office leasing
AUTOBACS Financial Service Co., Ltd.	Chuo-ku, Tokyo	15	Expansion Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	Loans	Sale of lease assets, purchase of guaranteed products	Office leasing
ABT Marketing Co., Ltd.	Koto-ku, Tokyo	50	Expansion Business	51.0	Officers holding concurrent positions: 4 (of which 4 are the Company's employees)	—	Outsourcing of marketing analysis	Office leasing

Company name	Location	Share capital (Millions of yen)	Principal business	Holding ratio of voting rights (%)	Relationship			
					Officers serving concurrent positions, etc.	Financial support	Business transaction	Leasing of facilities
VEEMO, Inc.	Koto-ku, Tokyo	30	Expansion Business	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	Sale of products	Office leasing
AUTOBACS Digital Initiative Co., Ltd.	Koto-ku, Tokyo	95	Company-wide	100.0	Officers holding concurrent positions: 4 (of which 3 are the Company's employees)	—	Support for information processing services	Office leasing
Chain Growth Co., Ltd.	Koto-ku, Tokyo	45	Company-wide	100.0	Officers holding concurrent positions: 3 (of which 3 are the Company's employees)	—	Acceptance of personnel from staffing agencies	Office leasing

Company name	Location	Share capital (Millions of yen)	Principal business	Holding ratio of voting rights (%)	Relationship			
					Officers serving concurrent positions, etc.	Financial support	Business transaction	Leasing of facilities
(Entities accounted for using equity method) NORTHERN JAPAN AUTOBACS Co., Ltd.	Toyohira-ku, Sapporo City	100	(AUTOBACS Business)	34.0	Officers holding concurrent positions: 1 (of which none is the Company's employee)	—	Sale of products	Store equipment leasing
Hokuei Shoji Ltd. (Note 3)	Morioka City, Iwate	50	(AUTOBACS Business)	18.6	—	—	Sale of products	Store equipment leasing
IA AUTOBACS Co., Ltd.	Totsuka-ku, Yokohama City	98	(AUTOBACS Business)	34.0	Officers holding concurrent positions: 1 (of which 1 is the Company's employee)	—	Sale of products	Store equipment leasing
BUFFALO CO., LTD. (Note 4)	Kawaguchi City, Saitama	653	(AUTOBACS Business)	21.3	—	—	Sale of products	Store equipment leasing
BLUE OCEAN Ltd. (Note 3)	Kumagaya City, Saitama	50	(AUTOBACS Business)	17.1	—	—	Sale of products	Store equipment leasing
FUNUS Corporation	Minato-ku, Tokyo	100	(AUTOBACS Business)	25.0	—	—	Sale of products	Store equipment leasing
Total Ace Ltd.	Sakai City, Osaka	95	(AUTOBACS Business)	20.0	—	—	Sale of products	Store equipment leasing
SIAM AUTOBACS CO., LTD.	Bangkok, Thailand	169,900 (Thousands of THB)	(AUTOBACS Business)	23.4	Officers holding concurrent positions: 1 (of which 1 is the Company's employee)	Loans	Royalty income	—
BEAD Co., Ltd.	Chuo-ku, Tokyo	100	(Consumer Business)	50.0	Officers holding concurrent positions: 1 (of which 1 is the Company's employee)	Loans	Sale of products	—

Company name	Location	Share capital (Millions of yen)	Principal business	Holding ratio of voting rights (%)	Relationship			
					Officers serving concurrent positions, etc.	Financial support	Business transaction	Leasing of facilities
FLEET PITLOCK Co., Ltd. (Note 3)	Chiyoda-ku, Tokyo	73	(Consumer Business)	18.2	Officers holding concurrent positions: 1 (of which 1 is the Company's employee)	—	—	—
Kit Loong Tayaria Sdn.Bhd.	Kuala Lumpur, Malaysia	2,250 (Thousands of MYR)	(Wholesale Business)	20.0	Officers holding concurrent positions: 1 (of which 1 is the Company's employee)	—	—	—
Guangdong Car House Electronic Commerce Technology Co., Ltd.	Guangdong, China	47,814 (Thousands of RMB)	(Wholesale Business)	20.0	Officers holding concurrent positions: 1 (of which 1 is the Company's employee)	—	—	—

(Notes) 1. In the "Principal business" column, segment names are entered.
2. The numbers in the parentheses below Holding ratio of voting rights are indirect ownership ratios included in the ownership ratios.
3. Listed as an associated company due to its substantial influence despite its voting rights ratio being less than 20/100.
4. Securities Report has been submitted.
5. They are specified subsidiaries.
6. In April 2025, AUTOBACS Minami-Nihon Sales Ltd. changed its trade name to AUTOBACS Nishi-Nihon Sales Ltd.
7. In April 2025, CAP Style Co., Ltd. changed its trade name to CAP Co., Ltd.
8. In April 2025, FATRASTYLING Inc. changed its trade name to GORDON MILLER INC.
9. In April 2025, Shaken-Bankin DEPOT Inc. changed its trade name to AUTOBACS Next-Generation Vehicle Laboratory Inc.
10. In April 2025, TOKATSU BODY FACTORY CO., LTD. was absorbed by HONDA CARS TOKATSU CO., LTD.

5. Employees

(1) Consolidated basis

As of March 31, 2025

Name of segment	Number of employees (Persons)
AUTOBACS Business	3,362 (1,001)
Consumer Business	911 (82)
Wholesale Business	395 (11)
Expansion Business	150 (23)
Total reportable segments	4,818 (1,117)
Company-wide (common)	383 (6)
Total	5,201 (1,123)

(Notes) 1. The number of employees indicates the number of persons working for the AUTOBACS SEVEN Group.
The yearly average number of temporary employees is shown in parentheses.
2. The number of employees in the Company-wide (common) category includes employees who belong to the administration division.
3. The number of employees has increased by 816 compared to the end of the previous consolidated fiscal year. The main reason for this increase is the consolidation of multiple subsidiaries during the current consolidated fiscal year.

(2) Non-consolidated basis

As of March 31, 2025

Number of employees (Persons)	Average age (Years old)	Average years of service (Years)	Average annual wages (Thousand yen)
884 (82)	45.7	16.6	7,014

Name of segment	Number of employees (Persons)
AUTOBACS Business	480 (50)
Consumer Business	116 (20)
Wholesale Business	16 (2)
Expansion Business	49 (4)
Total reportable segments	661 (76)
Company-wide (common)	223 (6)
Total	884 (82)

(Notes) 1. The number of employees indicates the number of persons working for the Company.
The yearly average number of temporary employees is shown in parentheses.
2. Figures for average annual wages include bonuses and other non-standard payments.
3. The number of employees in the Company-wide (common) category includes employees who belong to the administration division.

(3) Labor unions

1. Name UA Zensen All AUTOBACS SEVEN Union
2. Upper group UA Zensen
3. Labor relations Management-labor relations have been sound.

(4) Percentage of female managers, percentage of eligible male employees who take childcare leave, and gender pay gap

i. The reporting company

As of March 31, 2025

Fiscal year under review				
Percentage of female managers (%) (Note 1)	Percentage of eligible male employees who take childcare leave (%) (Note 2)	Gender pay gap (%) (Note 3)		
		All employees	Full-time employees	Part-time and fixed-term employees
7.5	50.0	59.5	75.4	54.9

(Notes) 1. Calculated based on the provisions of the Act on the Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015)
Percentage of female managers indicates the proportion of women at the group manager level or higher, excluding officers.
Manager-level positions are defined as group manager level or higher at headquarters and store manager level or higher at stores.
2. Percentage of eligible male employees who take childcare leave under Article 71-4 (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor, No. 25 of 1991) based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
Percentage of eligible male employees who take childcare leave is percentage of all directly employed eligible male employees regardless of type or term of employment.
3. Gender pay gap is the average pay of female employees as a percentage of the average pay of male employees.

ii. Consolidated subsidiaries

As of March 31, 2025

Company name	Fiscal year under review				
	Percentage of female managers (%) (Note 1)	Percentage of eligible male employees who take childcare leave (%) (Note 2)	Gender pay gap (%) (Note 3)		
			All employees	Full-time employees	Part-time and fixed-term employees
AUTOBACS Digital Initiative Co., Ltd.	4.8	100.0	55.5	54.0	80.5
CAP Style Co., Ltd.	—	—	51.7	77.3	31.0
Tokatsu Holdings Co., Ltd (Note 4)	—	—	60.7	65.8	70.8
Otoron Co., Ltd.	8.0	60.0	68.1	78.7	101.3
C6-2 Holdings Co., Ltd., (Note 4)	—	25.0	64.2	94.6	100.4
AUTOBACS Higashi-Nihon Sales Ltd.	—	28.6	53.4	69.6	79.9
AUTOBACS Chubu Sales Ltd.	—	—	49.7	63.3	75.6
YUEI CO., LTD.	5.9	—	47.3	77.3	116.0
Puma Ltd.	3.8	100.0	63.1	76.0	71.5
AUTOBACS Kansai Sales Ltd.	—	66.7	46.0	62.6	93.7
AUTOBACS Minami-Nihon Sales Ltd.	1.3	20.0	56.6	67.0	65.4

(Notes) 1. Calculated based on the provisions of the Act on the Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015)

Percentage of female managers indicates the proportion of women at the group manager level or higher, excluding officers.

Manager-level positions are defined as group manager level or higher at headquarters and store manager level or higher at stores.

2. Percentage of eligible male employees who take childcare leave under Article 71-4 (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor, No. 25 of 1991) based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

   Percentage of eligible male employees who take childcare leave is percentage of all directly employed eligible male employees regardless of type or term of employment.
3. Gender pay gap is the average pay of female employees as a percentage of the average pay of male employees.
4. Tokatsu Holdings Co., Ltd. and C6-2 Holdings Co., Ltd. indicate ratios for the entire group, including subsidiaries.

II. BUSINESS OVERVIEW

1. Management Policies, Management Environment, and Issues to Be Addressed

Management policies, management environment, and issues to be addressed of the Group are as follows.

Forward-looking statements in this document are based on the judgment of the Group at the end of the fiscal year under review.

(1) Management policy

- 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

In accordance with the Group's Purpose of "Ensuring the safety of our communities while driving and enriching customers' lives," the Group aims to resolve various social issues in mobility life, in order to realize a sustainable society in which people and mobility exist in harmony as well as sustainable growth of the Group.

In 2023, we announced our long-term vision "Beyond AUTOBACS Vision 2032" in which we target consolidated net sales of ¥500 billion in fiscal 2032, and presented what we aim to be, namely, the direction for AUTOBACS SEVEN's evolution, "dedicated towards providing you the joy of going out."

In May 2024, we announced the 2024 Medium-term Business Plan "Accelerating Towards Excellence" running until fiscal 2026 in order to grow even faster towards achieving the long-term vision. As a new direction for evolution, we aim to globally build a mobility life infrastructure for customers, and both in Japan and overseas, we will continue to suggest to customers the enjoyment of going out by lowering their mobility inconvenience. We aim to become an indispensable part of society as an infrastructure player that underpins the mobility society by evolving into a corporate group that gains more support from customers.

(2) Business environment

The Japanese economy has been trending moderately toward a recovery with an improvement in the employment environment and an increase in inbound demand. On the other hand, the economic outlook remains uncertain, largely reflecting the slowdown in consumer spending due to a decline in the working population, continued increases in prices, and concerns regarding the policies of the United States.

In the automotive industry, demand for electric vehicles (EVs), which had been increasing on the back of growing awareness of sustainability around the world, has slowed and the EV market is temporarily stagnant. In Japan, signs of unprecedented change are beginning to emerge, such as discussions about the potential merger of two automakers. In addition, in the automotive aftermarket, an expansion into peripheral business and M&A deals involving companies in different industries are accelerating, resulting in the intensification of the competition for customers.

The relationships that people have with cars are changing, reflecting the technological innovation of the cars themselves coupled with the diversification of consumers' values and purchasing behaviors as society matures. As a result of these changes, while it was once common to own a car, the number of consumers who don't spend time or money on a car is increasing following the changes in what people value regarding transportation, specifically, people who think that a car is an item that should be used instead of owned. On the other hand, the number of choices supplanting car ownership, such as car sharing and subscription services, has been increasing in recent years.

With the environment surrounding the car rapidly changing as described, it continues to be difficult to predict the direction and speed of change. Taking the change as an opportunity, not as threat, we will continue to provide value to customers in a sustained manner by taking action flexibly and nimbly while rightly identifying the changing needs and lifestyles of customers.

According to figures from an announcement by the Auto-Parts & Accessories Retail Association (APARA), an organization to which the Company belongs, total store net sales of four association members between April 2024 and March 2025 were ¥418,426 million, an increase of 5.1% year on year. In addition, new vehicle sales*1 for the same period were approximately 4.57 million vehicles (a 1.0% increase year on year), and the number of registered used cars*2 for the same period was approximately 3.17 million vehicles (a 0.8% increase year on year). Total automobile maintenance sales*3 in the market for the period from July 2023 through June 2024 were ¥6,256.1 billion (a 5.9% increase year on year), an increase for three consecutive years.

*1 Japan Automobile Dealers Association (JADA), total for registered cars + compact passenger cars
*2 Japan Automobile Dealers Association (JADA), total for standard-sized vehicles and compact passenger cars
*3 Announced by Japan Automobile Service Promotion Association (JASPA)

(3) Priority business and financial issues to be addressed

i. Operational issues

We formulated a long-term vision “Beyond AUTOBACS Vision 2032,” under which we aim to achieve consolidated net sales of ¥500 billion in fiscal 2032. We have steadily proceeded with various measures from both a near-term perspective and a medium- to long-term perspective by announcing our quantitative domestic targets of 1,300 group stores, 1 million officially-inspected vehicles and 150,000 purchased or sold vehicles. Since the net sales target of ¥500 billion is approximately double the current level, we think it is an essential element to create new business lines in addition to further growing our existing businesses. As this is a goal unable to be attained as an extension of the past, we are much required to take on a challenge for changing anew fundamentally and to have a drive to do so swiftly.

Against this background, in May 2024, we formulated and released the 2024 Medium-term Business Plan “Accelerating Towards Excellence” in order to grow faster towards achieving the long-term vision. In the Medium-term Business Plan, we will allocate our corporate resources to retail and wholesale in a concentrated manner and develop the businesses globally and expand operations in neighboring and peripheral areas as a strategic focus. We announced performance targets for fiscal 2026, the final year of the Medium-term Business Plan, namely, consolidated net sales of ¥280 billion, consolidated operating profit of ¥15 billion, and return on invested capital (ROIC) of 7.0%. We set three priority measures to: i) create touch points; ii) develop and supply products and solutions; and iii) establish new business domains.

In conducting the Medium-term Business Plan, we have put in place a system to seamlessly carry out activities from planning to execution under the leadership of young personnel who would play a key role in running the company in the future. Moreover, we seek to maximize the execution-engagement capabilities of the whole company by setting up a taskforce going beyond unit and group company boundaries. In fiscal 2025, in order to make business decisions swiftly and streamline our operational efficiency, we abolished executive officer position and will continue to conduct business spin-offs.

With regard to “create touch points,” the first priority measure, we have been expanding bases and wholesale customers with economies of scale in mind, opening AUTOBACS stores at an accelerated pace. During fiscal 2024, we opened 13 such stores and expanded through M&A activities the network of a total of 101 stores* comprising used car retailer Otoron, regular Honda dealers and tire retailer BEE LINE. Moreover, we opened three stores under new brands such as AUTO IN and AUTOBACS CARS, sending the number of new branches to 117 for fiscal 2024.

*Number of stores at the time of M&A

As for “develop and supply products and solutions,” the second priority measure, we have been promoting structural reform from a supply chain management (SCM) perspective for the purpose of group optimization concerning three aspects composed of product procurement and development functions, logistics function, and sales function. In Phase 1, we are now working to consolidate our product procurement and development functions, thereby aiming to become more competitive through jointly developing and procuring products within the Group and developing high-quality and low-cost products. Going forward, we will also proceed with consolidating our logistics and sales functions.

Moreover, through revising our franchise chain package, we have been striving to amend royalty rates, create unified tools for across Japan and enhance staff education programs. Specifically, we have been working to install at all the stores Safety Pit Camera enabling work to be viewed via the smartphone and stepping up basic training and specialty training such as for servicing and maintenance. Through these endeavors, we will make our stores more price-competitive and enhance store operations, thereby delivering an increased customer satisfaction.

As for “establish new business domains,” the third priority measure, through announcing VEEMO Welfare, a solution for prior reservation of the parking space for physically-handicapped persons, we have been rectifying the inappropriate use, a social challenge. At the same time, we have been operating ZEV dealers and developing an EV charging infrastructure. Our aim is to install EV quick chargers at 100 AUTOBACS Group stores by 2030.

By the end of fiscal 2024, we have introduced them at 16 stores. We pursued these initiatives ahead of time as they might become sources of revenue for the Company in the future.

As the effects of these measures materialized, both net sales and profits grew for fiscal 2024 and we achieved our operating profit target as planned. We will continue to execute the Medium-term Business Plan securely during fiscal 2025, the second year of the Medium-term Business Plan and speed up the initiatives to achieve the target of ¥15,000 million in operating profit for the final year of the plan period.

ii. Financial issues

As for capital allocation during the Medium-term Business Plan period, we intend to invest capital of ¥35 billion cumulatively. Our policy is to stably pay an annual dividend of ¥60 per share while prioritizing investments in growth opportunities. We carried out active capital investment and M&A activities in the first year of the Medium-term Business Plan, already attaining over 50% of the 3-year investment plan. The subsidiaries grouped through M&A activities began to contribute to the Group's financial results, helping expand its consolidated group profit.

(4) Objective indicators, etc. used to determine the achievement of business objectives

Objective indicators used to assess the achievement level of management targets of the Group include net sales, operating income, profit attributable to owners of parent and ROE.

The targets for the fiscal year ending March 31, 2026, include net sales of 276.0 billion yen, operating income of 13.5 billion yen, profit attributable to owners of parent of 8.2 billion yen and ROE of 6.2%.

2. Approach and Initiatives Regarding Sustainability

The details of approach and initiatives regarding sustainability are as follows.

Matters concerning the future stated below are based on assessments as of the end of the fiscal year under review.

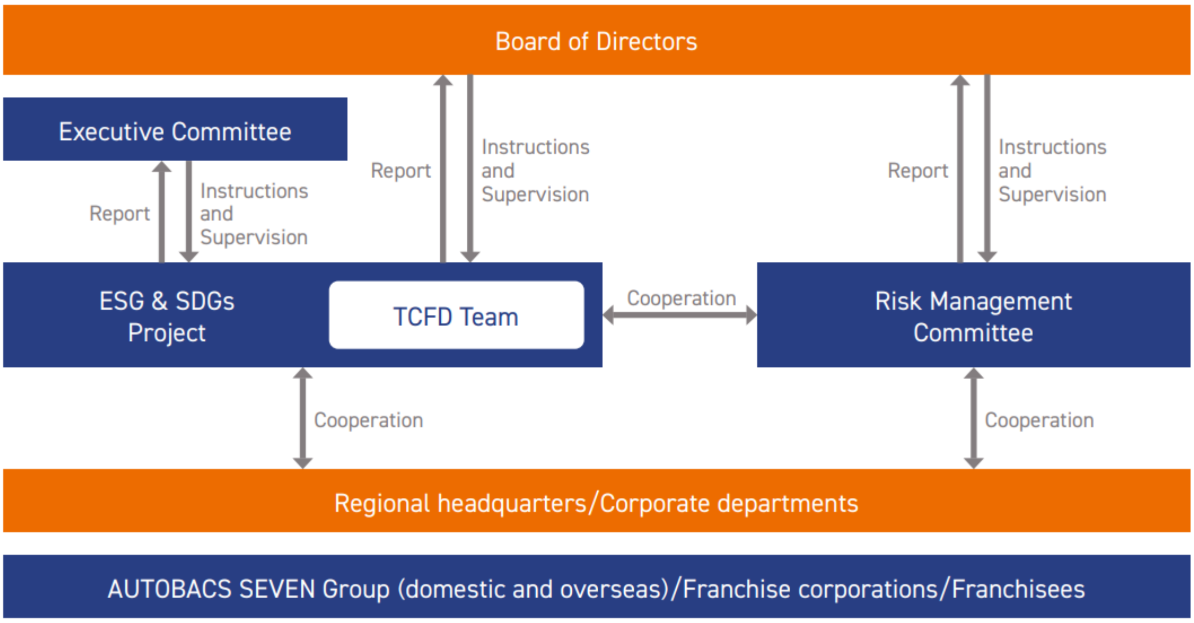
(1) Our Approach to Sustainability

In April 2023, we established our Sustainability Basic Policy, setting forth two key goals: “Creation of businesses that solve social issues” and “Enhancing efforts that consider the environment and society.” Based on this policy, we aim to create a safe, secure, and gentle society in which people, cars, and the environment exist in harmony. Through the products and services we provide, we are committed to building a sustainable society where people and cars can coexist. Furthermore, we believe that the concerted efforts of our employees to address social issues will contribute to achieving the Sustainable Development Goals (SDGs).

i. Governance

In January 2021, the Company launched the ESG & SDGs Promotion Project, led by the Representative Director & Chief Executive Officer, to promote company-wide management that integrates initiatives for environmental considerations, resolution of social issues, and governance with overall business operations. The discussions and decisions made within this project are reported to the Board of Directors, which provides approval, issues necessary instructions, and conducts supervision.The progress of KPIs set as non-financial targets is reported and shared four times a year at Executive Meetings or meetings of the Board of Directors. When a review or change to KPIs is required, deliberation and decision-making are carried out at the appropriate meeting.

In April 2023, the Group established the Sustainability Basic Policy and related policies, and has been working to ensure compliance and to maintain and strengthen a robust governance system. Furthermore, by incorporating ESG perspectives into these policies, the Group promotes business activities aimed at realizing a sustainable society.



ii. Strategy

With the approval of the Board of Directors, in 2021, the Group identified four material issues (materiality) which it needs to solve, to implement initiatives for achieving both enhancement of corporate value in the long term and the sustainable development of society. These issues are “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.” For each material issue, the Group organized task forces and, led by Executive Officers who were not Directors at the time, set non-financial targets and KPIs for FY2030. Since FY2023, General Managers who were not Directors at the time have been responsible for driving these initiatives in collaboration with each business division and corporate department. In FY2024, the Group established a structure to transfer responsibility for implementation to Department Managers. 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.”

In addition, each General Manager (at the time) utilizes the Intranet to communicate the importance of each KPI, the details of actions, the progress of initiatives and the issues faced, aiming to embed these efforts internally.

iii. Risk management

As an organization to centrally manage company-wide risks, the Company has established the Risk Management Committee, chaired by the Representative Director & Chief Executive Officer, to periodically identify latent risks in business activities, determine important risks, and strengthen the risk control framework.

The Committee analyzes and evaluates the potential impact and frequency of risks, discusses countermeasures starting with the highest-risk items, and aims to prevent risks before they occur. Moreover, it reports important risks to the Board of Directors and provides concrete support to each department in implementing countermeasures.

Regarding sustainability-related risks and opportunities, the ESG & SDGs Project takes the lead in collecting information from each business segment, identifying risks and opportunities, and promoting appropriate responses. In addition, for climate change-related risks and opportunities, a dedicated TCFD team evaluates them, including calculating potential financial impacts. Identified risks and corresponding measures are shared with the Risk Management Committee and integrated into the organization-wide risk management framework.

iv. Metrics and targets

The Group has set important themes as non-financial targets and established KPIs for each theme. By clarifying the direction the Group should take and ensuring accurate progress management, it aims to achieve these targets steadily.

Progress on each KPI is regularly monitored through meetings and, in FY2024, was incorporated into the evaluation criteria for the President and all General Managers (at the time), thereby sharing responsibility for achieving the targets across the organization and reinforcing progress management.

Non-financial targets	Scope	KPI	FY2024 results	FY2030 goals
Promotion of efforts to eliminate traffic accidents	Consolidated	Sale of merchandise for curbing accidents	190,000 units/year	230,000 units/year
	AUTOBACS Chain	Tire safety inspection*1	7.62 million inspections	8.6 million inspections
	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	680 persons	1,000 persons*2
	Consolidated	Ensuring and fostering Level-2 mechanics	1,059 persons	1,100 persons*2
	Consolidated	Completing education for supporting EVs	698 persons	1,069 persons
Promoting social contribution related to automobiles	Consolidated	Disaster assistance using automobiles	59 units	111 units
Reducing CO_2 by establishing environmentally-enhanced stores	Consolidated	Promoting environmentally-enhanced stores	103 stores	140 stores
Promoting environmentally conscious business Realizing circular ecosystem	AUTOBACS SEVEN	Developing eco-friendly products	298 products	300 products
	Consolidated	Reducing oil cans (increasing ratio of oil sale by measure)	50,000 cans/year	260,000 cans/year*3
Promoting spread of safe and secure EVs toward realization of a zero-carbon society	Consolidated	Installing fast chargers	13 stores	43 stores
	Consolidated	Promoting statutory safety inspections of EVs (No. of EVs inspected)	1,136 units/year	3,440 units/year
	Consolidated	Promoting sale of EVs (No. of EVs sold)	302 units/year	2,500 units/year
Creating corporate culture full of diversity	Consolidated	Increasing ratio of female employees	18.1%	30.0%
	Consolidated	Increasing ratio of female managers	7.5%	18.0%
	Consolidated	Promoting acquisition of childcare leave by male employees	51.7%	100.0%
Establishing mechanism for evaluating challenges	AUTOBACS SEVEN	Keeping employees energetic	2.6	3.0
Creating healthy and active workplaces	Consolidated	Reducing ratio of smokers	36.4%	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
Further strengthening monitoring	AUTOBACS SEVEN	Further monitoring corporate governance system and progress status	Internal distribution and appropriate disclosure	Improvement
Developing and utilizing data infrastructures toward value creation	Consolidated	Promoting data utilization project	Constructed customer data base. Promoting utilization	Collaboration/ utilization of data
	AUTOBACS SEVEN	Development of personnel for data analysis	training participants: 183 persons	320 persons

(*1) The Company initially set the KPI as “Building of bases for checking tires and emergency (including bases of partner companies),” but this was revised in FY2024 to “Tire safety inspection.”

(*2) Due to an increase in consolidated subsidiaries, actual result has increased. The FY2030 goal is scheduled to be reviewed in FY2025.

(*3) Due to an increase in consolidated subsidiaries, the FY2030 goal has been revised.

(Note) For “Promoting measures to reduce the percentage of workers that are smokers,” the FY2030 target is lower than the FY2024 result as the goal is to reduce the ratio. For “Keeping employees energetic,” we measure employee Energetic Levels (the Stress Check Program) based on questions regarding work engagement and the feeling of unity in the workplace. (4.0 points represent full marks; industry average is 2.5 points)

(2) Response to climate change

The Company considers responding to climate change an important management priority and expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022. In line with the TCFD recommendations, which call for disclosure of information on the financial impacts of climate-related risks and opportunities, the Company proactively provides information on governance, strategy, risk management, and metrics and targets.

Since fiscal year 2023, all domestic subsidiaries have been collecting data on Scope 1 and Scope 2 emissions in accordance with TCFD recommendations*, and preparations are underway to disclose Scope 3 figures by fiscal year 2025. In addition, we are working to visualize CO2 emissions while streamlining operations through system implementation. We have also begun responding to CDP, and going forward, we will continue to enhance and disclose climate-related information to facilitate constructive dialogue with stakeholders and further improve corporate value.

*Subsidiaries acquired through M&A during the fiscal year will begin data collection from the following year.

i. Governance

Governance relating to climate change is part of "Our Approach to Sustainability." For further details, please refer to (1) Our Approach to Sustainability i. Governance.

ii. 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°C/2°C scenario, assumes that governments "work to limit the global average temperature increase to well below 2°C in comparison with pre-industrial revolution levels, preferably to 1.5°C," in line with the overarching goal of the Paris Agreement, and the 4°C scenario, which assumes that greenhouse gas emissions continue to increase at the current pace. Based on these two scenarios, the Group 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.

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

Under the 1.5°C /2°C (or lower) scenario, as there will likely be changes in society with advances in technological innovation and stricter regulations toward the containment of global warming, the Company considers that there will be a more direct impact from transition risks. Moreover, while, with developments such as the introduction of carbon tax and emissions trading, incentives for ZEV manufacturers, and stricter regulations on internal-combustion vehicles, it is assumed that the number of vehicles powered by engines shipped will rapidly decrease, to be replaced by zero-emission vehicles (ZEV), the Company expects increased sales as a result of sales expansion of ZEV and will also endeavor to expand sales opportunities by proactively working to develop an infrastructure for the promotion of ZEVs.

As impacts of climate change may manifest themselves over the medium- to long-term, the Company periodically examines the analysis and evaluation of risks and opportunities and develop specific measures in light of changes in external trends, among other things, and incorporates the results into medium- to long-term management strategies.

-Scope of calculation:
[Business] Domestic AUTOBACS Business, Car Dealership, BtoB and Online Alliance Business, and Other Business
[Scope] In Japan (Business locations, directly managed stores and stores of subsidiaries, logistics bases)
[Period] April 2023 until 2050 (short term: no more than one year; medium-term: until 2030; long-term: until 2050)
*As these are FY2023 actual results, they are based on the previous business segments.
-Steps in analysis
(1) Systematically identify potential impacts of each climate-related risk and opportunity factor to the scope of analysis targets.
(2) Take a bird's eye view of results of (1) and identify risks with higher probability of occurrence
(3) Based on a scenario applied (physical risk: Representative Concentration Pathways (RCP) 2.6 and RCP8.5, Transition risk: net zero energy (ZNE) and the Stated Policy Scenario (STEPS)), inspect impacts on business and calculate financial impacts under the 1.5°C /2°C (or lower) and 4°C scenarios.
(4) Examine measures to respond to results of (3).
- Reference documents
Climate change monitoring report 2020 (Japan Meteorological Agency (JMA)); Climate change in Japan 2020 (Ministry of Education, Culture, Sports, Science and Technology and JMA); MLT Hazard Map Portal Site (Ministry of Land, Infrastructure, Transport and Tourism); Global Hybrid & Electric Vehicle Forecast (LMC Automotive); IPCC (Intergovernmental Panel on Climate Change)'s Sixth Assessment Report (AR6) and Working Group 1 (WG1) Report; International Energy Agency, World Energy Outlook 2021; Outlook for Vehicle Electrification (Bureau of Taxation, Tokyo Metropolitan Government), etc.

Classification	Climate change factor	Risks and opportunities	Impact on business	Period/impact		Countermeasures
				Medium-term	Long-term	
Physical risks (4°C)	Increasingly serious natural disasters	Risks	・Loss of sales opportunities caused by the suspension of operation of disaster-stricken logistics centers and stores ・Depreciation and early withdrawal of existing assets with high disaster (exposure) risk based on valuation adjustments	Large	Large	・Extension of the geographical region of logistics bases and data centers ・Dispersal of suppliers ・Selection of store-opening locations from BCP perspectives, and improvements in store structures ・Early recovery of sales functions through store restoration support
			・Difficulty in procuring raw materials due to disruptions in supply chains and increases in raw materials cost	Small	Small	
		Opportunities	・Creation of sales opportunities through early recovery of sales functions ・Development of new demand through support services to disaster-stricken areas	Small	Small	
	Rise in average temperatures	Risks	・Loss of sales opportunities due to suspension of business caused by damages from inundation, etc. of stores ・Decreases in demand for goods and services in winter	Large	Large	・Post-disaster protection through insurance coverage ・Expansion of merchandise lineup, excluding seasonal merchandise
Transition risks (1.5℃/2°C and lower)	Introduction of carbon pricing	Risks	・Increases in costs associated with rising burden of carbon tax	Small	Small	・Proactive introduction of LED lighting in stores ・Promotion of energy savings in stores
			・Increase in capital investment in plant and equipment associated with the introduction of energy saving technologies	Medium	Medium	
		Opportunities	・Reduction of energy costs through the introduction of energy-saving technologies	Small	Small	
			・Creation of financing opportunities for capital investment to promote the introduction of energy-saving technologies	Small	Small	
	Enhancement of CO2 emission regulations	Risks	・Increase in investment costs of renovating stores due to obligatory use of ZEB(Zero Energy Building) standard specifications	Small	Medium	・Utilization of government subsidies
			・Increase in procurement costs (electricity and water charges)	Small	Small	
	Promotion of recycling-oriented business	Risks	・Increases in disposal costs associated with growing demand for waste treatment	Small	Small	・Expansion of sale of merchandise by measure
		Opportunities	・Expansion of second-hand automotive goods purchase and sale business	Small	Small	・Expansion of purchase and sale of second-hand Opportunities automotive goods
	Enhancement of plastics regulation, etc.	Risks	・Rises in packaging prices due to restrictions on petroleum-derived raw materials	Small	Small	・Promotion of simplified packages
		Opportunities	・Expansion of handling of eco-friendly merchandise and changeover from plastic products ・Enhancing brand image through communication to customers	Small	Small	
	Increases in demand for ZEVs	Risks	・Decrease in sales of engine related parts (merchandise) associated with increases in parts for zero emission vehicles (ZEVs)	Small	Medium	・Increase in the number of electric vehicle (EV) maintenance locations and improvement of relevant facilities ・Provision of EV chargers
			・Increase in investment for charging/vehicle maintenance facilities due to spread of EVs	Medium	Medium	
		Opportunities	・Increases in new business opportunities, including opportunities for selling ZEVs-related services and merchandise	Small	Medium	
			・Increase in sales due to increased ZEV lineup	Small	Medium	
			・Improvement of ability to attract customers by providing EV stations	Medium	Medium	

Physical risks: Risks caused by climate change, such as intensification of climate-related disasters.
Transition risks: Risks caused by transition to low-carbon economy associated with regulations concerning greenhouse gas emissions, etc.

iii. Risk management

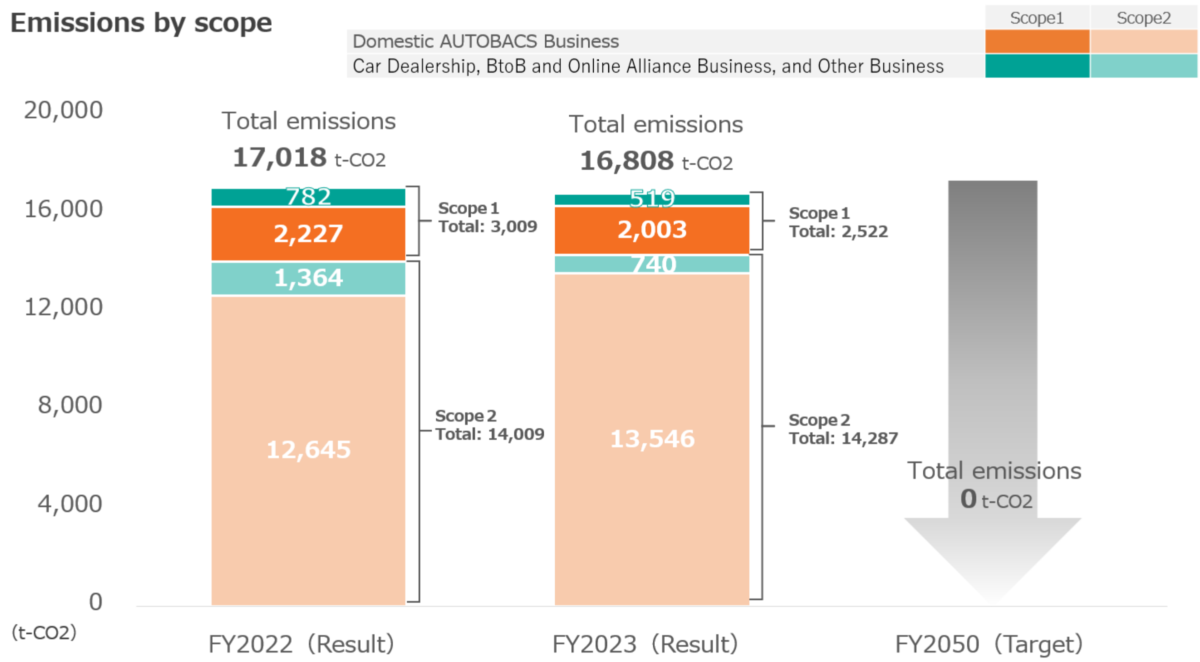
Risk management relating to climate change is part of “Our Approach to Sustainability.” For further details, please refer to (1) Our Approach to Sustainability iii. Risk management.

iv. Metrics and targets

Seeking “to create a safe, secure, and gentle society in which people, cars, and the environment exist in harmony,” the Company works to mitigate greenhouse gas emissions. Based on the declaration of the Japanese government, the Company will promote initiatives for the emission reduction target of achieving carbon neutrality (effective elimination of CO_2) in FY2050.

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

*As these are FY2023 actual results, they are based on the previous business segments.



Scope of calculation for FY2022:

[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

Scope of calculation for FY2023:

[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.

Results for FY2024 are still to be determined. For the latest information, please refer to “Response to climate change” on the Company’s website. (The website is due to be updated in early June 2025.)

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

(3) Response to human capital

i. Governance

Governance relating to human capital is part of “Our Approach to Sustainability.” For further details, please refer to (1) Our Approach to Sustainability i. Governance.

ii. 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.”

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.

Regarding the human resource development, to ensure that diverse human resources can advance their careers and fulfill their potential, the Group develops and provides diverse training according to rank, age, business and other requirements, based on a human resources development policy of “providing career-stage and life-stage appropriate training.” It also actively promotes skills development through career development training and the establishment of internal and external career consultation desks to support autonomous career development, and a subsidized self-development 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.

Regarding the “resourcing and talent management, visualization of human resources,” 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.

Regarding the “enhancement of engagement,” we will develop measures to revitalize the organization through identifying issues by conducting the work engagement survey.

We have set KPIs and target values to be achieved in fiscal year 2027 to confirm the results of these initiatives. For specific KPIs and target values see section iv. Metrics and Targets.

iii. Risk management

Risk management relating to human capital is part of “Our Approach to Sustainability.” For further details, please refer to (1) Our Approach to Sustainability iii. Risk management.

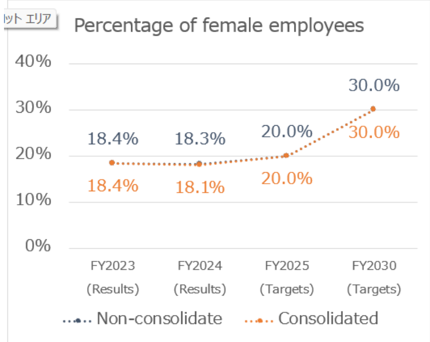
iv. Metrics and targets

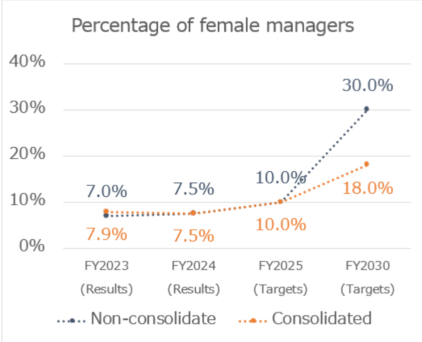
The Group has established KPIs and targets for realizing the non-financial targets aligned with ESG & SDGs of “developing a corporate culture where diverse employees can demonstrate their capabilities,” and is working on measures to achieve them. In addition, we have set the following KPIs and targets for human capital in the 2024 Medium-term Business Plan.

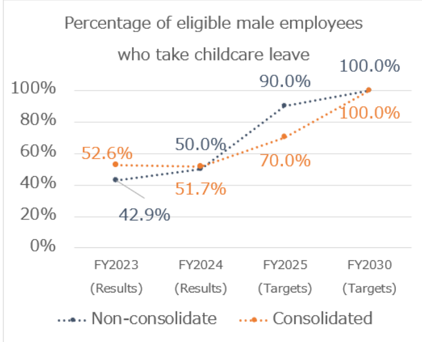
Regarding the metrics and targets for ESG& SDGs, please refer to (1) Our Approach to Sustainability iv. Metrics and Targets.

Key Investment Areas	KPI	FY2024 Results	FY2030 Target
Human resource development/reskilling	Development of data analysis personnel	183 educational participants	320 persons
	Ensuring and fostering Level-2 mechanics	1,804 persons	1,100 persons
Diversity & inclusion	Increasing ratio of women in managerial positions (manager or higher)	7.5%	18.0%
Resource/talent management	Ratio of female employees	18.1%	30.0%
	Promoting paternity leave	51.7%	100.0%
Enhancement of engagement	Employee engagement (previously called "employee energetic level")	2.6	3.0

〔As of March 31, 2025 Human resources related data (Consolidated)〕







* Percentage of female employees is percentage excluding part-time workers.

* Percentage of female managers indicates women's representation at the group manager level or higher (excluding director-level).

Manager-level positions are defined as follows.

- AUTOBACS SEVEN: Group manager or higher at headquarters and store manager or higher at stores
- Domestics subsidiaries: Group manager or higher at headquarters and store manager or higher at stores
- Overseas subsidiaries: Manager or higher at headquarters and store manager or higher at stores

* Percentage of eligible male employees who take childcare leave is percentage of all directly employed eligible male employees regardless of type or term of employment.

3. Business and Other Risks

Major risks that are related to what is stated primarily in the Business Overview and Financial Status chapters of this Securities Report, which management thinks could significantly affect the financial position, operating results and cash flows of the consolidated companies are as follows.

The forward-looking statements in this document are based on the judgment of the Group as of the end of the consolidated fiscal year under review.

(1) Risk Management

Through the AUTOBACS franchise system, we provide a variety of merchandise and services to numerous customers, aiming to establish Mobility Lifestyle Infrastructure. We recognize that our most important management task is to continue working to maintain and improve the AUTOBACS brand—an effort aimed at securing even greater support and trust from all stakeholders.

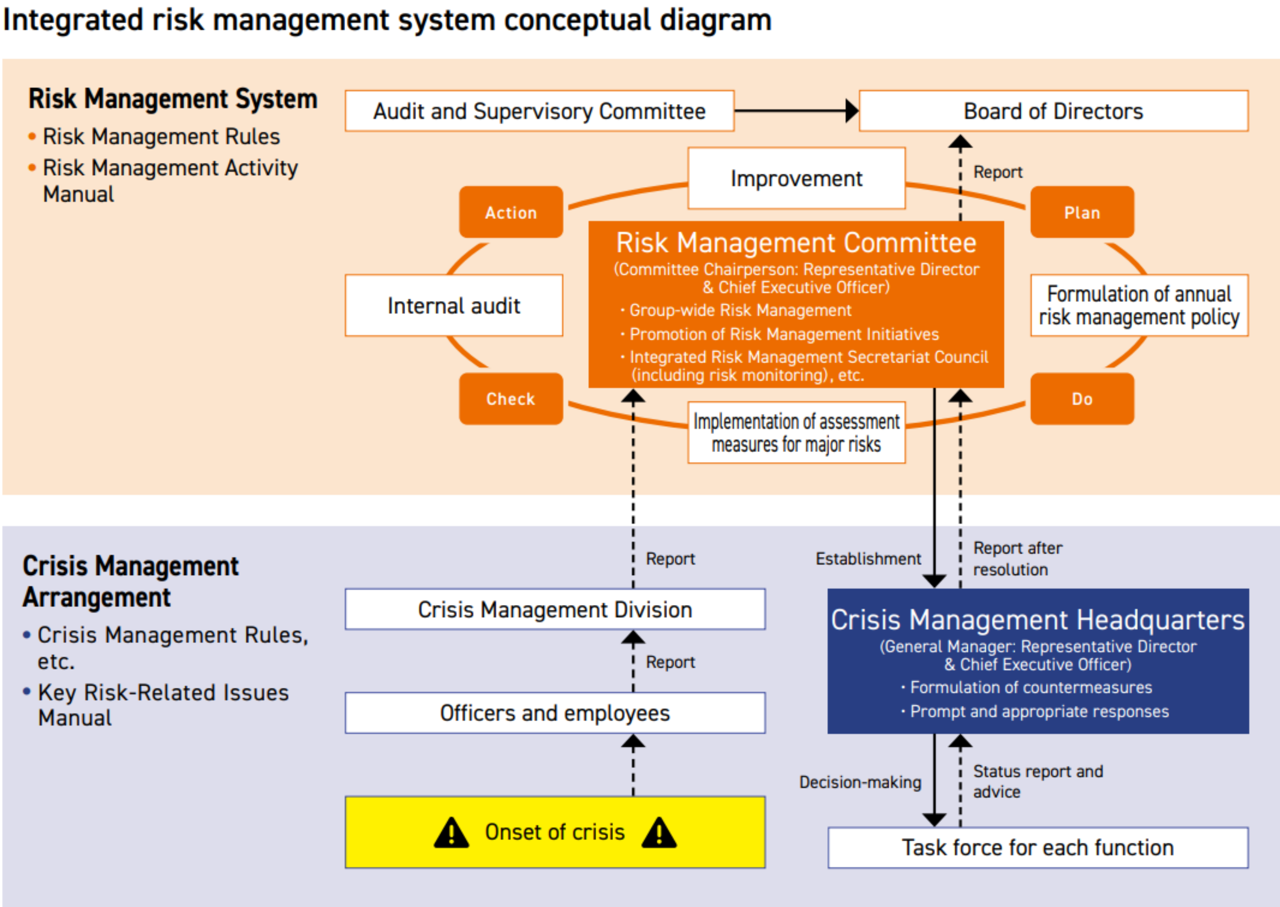
To this end, we not only respond to the daily changes in the environment surrounding the Group, but also accurately identify and evaluate various risks that may hinder the achievement of our goals, and implement specific risk mitigation measures to appropriately control them. In addition, we strive to fulfill our corporate social responsibility by establishing a system that minimizes damage and loss in the event of a serious incident and prevents the spread of such damage.

We continuously work on improving integrated risk management throughout the Group and aim to become a corporate group that is trusted by its stakeholders.

Integrated Risk Management System

The Company has established a Risk Management Committee, which is chaired by the Representative Director & Chief Executive Officer and made up of executive directors and a general manager in charge of internal control, to manage risk across the AUTOBACS SEVEN Group and develop and implement an enterprise risk management system.

In an emergency, the Representative Director & Chief Executive Officer sets up a Crisis Management Headquarters and leads efforts to take prompt and appropriate action and recovery efforts.



(Notes) 1. The Integrated Risk Management System includes a risk management structure and a crisis management system.
2. The term crisis refers to an event that has or could have a significant impact on the management or business continuity of the AUTOBACS SEVEN Group.

(2) Major risks

i. Risks related to domestic market environment / Impact: Very Large / Likelihood: Occasional / Risk Map: ③

The Group's business activities in Japan include the wholesale and retail of automotive goods and services, statutory safety inspection and maintenance services, and used car dealership. Accordingly, economic downturn in Japan, the stagnation of personal consumption, or a shift in competitive advantage caused by volatility in product procurement or exchange rates or other consequences of a change in the situation in Japan or overseas could negatively affect the Group's operating results and its financial position. The Group established the Risk Management Committee, chaired by the Representative Director & Chief Executive Officer, to mitigate such risks, entrusts an outside organization to carry out a risk assessment, selects and addresses material risks which need tackling, and constantly seeks to mitigate risks.

ii. Risks associated with store operation / Impact: Very Large / Likelihood: Occasional / Risk Map: ③

The Group operates retail stores selling automotive goods, providing statutory safety inspection and maintenance services, and purchasing and selling used cars. Associated risks include the disposal of waste discharged from store operations, the handling of toxic substances, accidents in service pits activities, and other accidents occurring on the premises of stores. These may affect the financial performance of the Group directly or indirectly through, for instance, a decrease in customers visiting stores of the Group due to the deterioration of customers' impressions about the Group.

Recognizing accidents in service pits activities as serious risk, the Group continues to provide instruction and education through training, thoroughly inform work manuals, and conduct inspections and improvements through a compliance check program.

iii. Risks associated with technological innovations / Impact: Very Large / Likelihood: Occasional / Risk Map: ③

Automobile-related technologies change every day, and the development of driving-support features and autonomous driving technology and the increasingly common use of electric vehicles may change the size of the market or the demand for replacement parts sold by the Group. Failing to flexibly respond to diverse customer needs associated with the advance of technology may affect the Group's financial performance and financial condition.

To address such risks, the Group continuously implements initiatives to acquire knowhow about technological innovations, including collaborating with automakers both in Japan and overseas, entering the electric vehicle market, and obtaining special maintenance authorization (electronic control unit maintenance) at all stores designated for performing statutory safety inspection.

iv. Risks associated with information security / Impact: Very Large / Likelihood: Occasional / Risk Map: ③

Many of the Group's business activities rely on information systems and communication networks. If unforeseen circumstances such as a disaster or cyber-attack caused data centers to stop functioning or systems to fail, and IT systems were no longer able to function normally for a prolonged period, the Group's operations may be significantly held up, which could affect the Group's financial performance. Moreover, any leakage of personal information, corporate trade secrets or other confidential information could undermine public confidence in the Group or necessitate compensation of damages, adversely affecting the Group's financial performance.

To address such risks, the Group implements measures at the entry and exit points of networks such as firewalls as well as information protection measures to verify access. The Group has also laid down information security regulations (IT Governance Regulations, Information Security Regulations, etc.) and seeks to thoroughly implement education and training including providing information security e-learning and training on how to counter targeted attack emails to all employees in AUTOBACS SEVEN Group. In addition, the Group has data centers that are available 24 hours a day, taking into consideration resilience to natural disasters, power outages, fires and other disasters and security concerns and uses multiple data centers to achieve risk decentralization. It also implements risk control measures, regularly backing up data and developing systems to recover data and resume services as quickly as possible in the event of emergency.

v. Risks associated with climate change / Impact: Very Large / Likelihood: Occasional / Risk Map: ③

The number of units of some merchandise sold by the Group, including snow tires and tire chains, is significantly affected by weather. Abnormal weather such as cool summers and mild winters may cause a fall in demand for seasonal merchandise or a decrease in sales due to a shift in the timing of sales. Environmental legislation and growing social pressure could lead to the introduction of carbon taxes and other measures and wider-reaching regulation, putting constraints on business activities and pushing up operation or facility costs, and this could affect the financial performance of the Group.

To address such risks, the Group aims to achieve carbon neutrality by 2050 and, in line with a target of reducing greenhouse gas emissions across its store operations to zero, is focusing on using renewable energy and promoting energy conservation through decarbonization initiatives such as environmentally enhanced stores and the sale and maintenance of EVs. In addition, the Group flexibly reviews its business portfolio, aiming to strike a balance between climate change issues and business and to mitigate risks at every level, from senior management to shop floor.

vi. Risks associated with securing and developing human resources / Impact: Large / Likelihood: Infrequent / Risk Map: ⑥

For the growth and maintenance of the Group's business, it is essential that the Group secures and develops human resources specializing in next-generation maintenance such as automobile maintenance and inspections and human resources with diverse knowledge, skills, and values enabling innovation. Difficulties in the continuous recruiting of appropriate human resources due to future social conditions or changes in the employment environment, causing problems in the securing of sales of existing business or the implementation of growth strategies, may affect the financial performance of the Group.

To secure human resources, the Group is stepping up initiatives to support the recruitment and hiring of human resources and secure certified mechanics across the AUTOBACS chain, including consolidated and franchise chain operations. The Group also attaches importance to work-life balance and is working to develop personnel systems and work environments in response to the diversification of work styles and values.

The Group is focusing on developing human resources by working to enhance human resource development programs which cover consolidated and franchise chain operations and also by encouraging executives and employees to improve their own knowledge and skills through the establishment of a system to support employees in gaining mechanic and other qualifications and the development of its own in-house qualifications.

vii. Risks associated with the development and procurement of products / Impact: Large / Likelihood: Occasional / Risk Map: ⑦

The Group is engaged in the development of Private Brand (PB) goods. While the Group implements a range of initiatives to address risks in the development process, such as establishing strict standards and carrying out quality inspections, any accident caused by PB goods or other products could lead to a loss of customer trust and the damage to the brand could affect the Group's financial performance and financial position.

The PB goods and other products sold by the Group are procured in Japan and abroad. Difficulty in the procurement due to geopolitical conditions, natural disasters, economic conditions, and various other factors may affect the financial performance of the Group. A fall in demand for products and services due to a rise in retail prices caused by a surge in purchase prices may affect the financial performance of the Group.

viii. Risks associated with compliance / Impact: Large / Likelihood: Occasional / Risk Map: ⑦

The Group develops internal control to address problems related to legal compliance. It has established a division that leads company-wide internal control in order to establish a better internal control system, and a Code of Conduct and Guidelines for Action to guide officers and employees in the implementation of corporate activities based on a high ethical perspective. However, officer or employee misconduct may not be completely prevented in all cases. Misconduct may cause a decline in the trust the Group has earned from society, parties may claim a large amount of compensation for damages, and other consequences may affect the financial performance, financial position, or other conditions of the Group.

The Group implements various measures to address such risks including raising awareness about the AUTOBACS Code of Conduct and Guidelines for Action, implementing a program to check compliance within store operations, and establishing a major incident reporting system and whistleblowing system, to minimize risks.

ix. Risks associated with natural disasters / Impact: Very Large / Likelihood: Rare / Risk Map: ⑨

An earthquake, typhoon, or other natural disaster in an area in which the Group operates stores or owns business-related facilities, damaging these facilities physically or causing positions to be vacant due to the death or injury of the Group's officers or employees and damaging merchandise or decreasing sales or increasing expenses for rebuilding, reinforcing human resources, and other recovery measures may affect the Group's financial performance.

To address such risks, the Group formulates business continuity plans (BCP) and carries out drills twice a year based on the assumption of various disaster scenarios in an attempt to identify any issues and mitigate risks.

x. Risks associated with changes in laws and regulations / Impact: Small / Likelihood: Occasional / Risk Map: ⑪

When opening a store, the Group is subject to various laws, ordinances and other regulations governing the living environment and other matters, including the regulation of noise, traffic congestion, waste disposal and other issues associated with the opening of a new store with floor space larger than 1,000 sq. meters or the extension of an existing store pursuant to the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment. The Group's policy for opening a new large store with an area of more than 1,000 sq. meters is to fully consider the local environment from the stage of planning the store opening and make adjustments with local residents and municipalities. However, if the regulations change and the Group is affected by new legislation, it may not be able to open stores as planned and this may affect the Group's financial performance

xi. Risks associated with virulent infectious diseases / Impact: Small / Likelihood: Occasional / Risk Map: ⑪

The Group, centered on the AUTOBACS business, plays a part in traffic infrastructure. In preparation for the spread of infectious diseases such as COVID-19, the Group takes measures such as securing human resources during an infectious disease outbreak to enable it to continue operating by prioritizing the safety of its customers, suppliers, and employees to protect customers' safe and secure use of automobiles. However, the Group may take measures such as the suspension of store operations or reduced hours of operation depending on conditions such as outbreaks of infection or the increase of infections. In such cases, there is a possibility of an impact on the Group's business performance and finances.

The Group also endeavors to minimize the impact of outbreaks by distributing and stockpiling emergency supplies and introducing remote work for back-office staff.

xii. Risks associated with management of private and confidential information / Impact: Large / Likelihood: Rare / Risk Map: ⑫

The Group possesses private information and confidential information during its business. If this information held by the Group is leaked or other accidents occur, a decline in the trust the Group has earned from society may affect the Group's financial performance, financial position, or other conditions.

The Group has introduced regulations and restrictions on the handling of materials to address such risks. For very important electronic data, the Group has introduced strict control measures including establishing access permissions, passwords and time limits.

xiii. Risks associated with impairment of non-current assets / Impact: Large / Likelihood: Rare / Risk Map: ⑫

The Group has adopted the Accounting Standard for Impairment of Fixed Assets. Newly posting an impairment loss due to such factors as a fall in profitability of stores may affect the financial performance and financial condition of the Group.

(3) Risk Assessment Process

Our risk assessment involves analyzing and evaluating 177 risk items across 18 risk categories based on the risk map, conducted by senior management and managers. Each year, the results of this assessment, along with monitoring results of key risk items from previous years, are reviewed by the Risk Management Committee. Based on this review, key risk items for the following fiscal year are selected, and risk management initiatives are implemented.

i. Risk Categories

A. Industry Characteristics, Surrounding Environment, and Innovative Changes (External Factors)	J. ESG/SDGs Compliance (Internal Factors)
B. Criminal Acts (External Factors)	K. Human Rights Issues (Internal Factors)
C. Man-made Incidents (External Factors)	L. Safety and Health Management (Internal Factors)
D. Extreme Weather/Natural Disasters (External Factors)	M. Labor Management (Internal Factors)
E. Accidental Events (External Factors)	N. Risks Related to Authority Structure (Internal Factors)
F. Accumulation of Minor Losses (Losses under ¥200,000) (External Factor)	O. Information Processing/Technology Risks (Internal Factors)
G. Financial Risks (External Factor)	P. Legal, Compliance, and Ethics Risks (Internal Factors)
H. Strategic Risks (Internal Factors)	Q. Internal Violations/Illegal Acts (Internal Factors)
I. Risks Related to Business Processes (Internal Factors)	R. Risks Related to Accounting and Finance (Internal Factors)

ii. Risk Map

Red	: Response Priority [High] ①–④
Yellow	: Response Priority [Medium] ⑤–⑫
Blue	: Response Priority [Low] ⑬–⑯

Maximum Potential Damage Amount If Occurring	Occurrence Frequency (Likelihood of Future Occurrence)			
	d. Rare Once every 25 years or more	c. Occasional Once every 5 to 25 years	b. Infrequent Every few months to once every 5 years	a. Frequent Once every few months or more
4. Very Large Over 35% of consolidated ordinary income ¥2.5 billion or more	⑨	③	②	①
3. Large Consolidated Ordinary Profit 15–35% ¥1 billion or more, less than ¥2.5 billion	⑫	⑦	⑥	④
2. Small 2% to 15% of consolidated ordinary income ¥100 million or more, less than ¥1 billion	⑭	⑪	⑧	⑤
1. Minimal Consolidated ordinary profit 2% Less than ¥100 million	⑯	⑮	⑬	⑩

(Note) The reference values for the maximum potential loss and occurrence frequency in the risk map are set as guidelines for analysis and evaluation purposes and do not reflect actual conditions.

4. Management's Analysis on the Company's Financial Condition, Results of Operations and Cash Flow

(1) Summary of operating results, etc.

A summary of the financial position, operating results, and cash flows ("operating results, etc.") of the Company and its consolidated subsidiaries entities accounted for using equity method (the "Group") in the fiscal year under review is as follows.

During the consolidated fiscal year under review, the Japanese economy showed a gradual recovery trend against the backdrop of improved employment and increased inbound demand. Nonetheless, the economic outlook remained uncertain due to the sluggish consumer spending attributable to high consumer prices.

As a trend in the domestic automotive-related industry, the number of new cars sold, which had declined due to the suspension of production and shipping by some automakers, recovered to a level higher than the previous year in the second half of the year. In the used car market, demand for reasonably priced used cars remained robust, and the number of used car registrations also exceeded that of the previous year due to an increase in the distribution of trade-in vehicles.

In this environment, the Group aims to provide "Mobility Lifestyle Infrastructure" for customers on a global scale and is pursuing initiatives with key strategies, including the creation of touch points, the development and supply of products and solutions, and the establishment of new business domains, based on its 2024 Medium-term Business Plan, "Accelerating Towards Excellence."

The Company has changed the classification of its reporting segments from the current fiscal year. Regarding the comparisons with the results of the same period of the previous year, comparisons and analyses were made based on figures for the same period of the previous year reclassified into the revised segments.

i. Consolidated statement of income

Net sales and gross profit

Group net sales for the consolidated fiscal term under review were 249,525 million yen, up by 8.6% year on year, and gross profit was 88,373 million yen, up by 17.2% year on year.

Net sales by segment of the current fiscal year are as follows.

(Millions of yen)

Name of segment	77th fiscal term Apr. 1, 2023- Mar. 31, 2024	78th fiscal term Apr. 1, 2024- Mar. 31, 2025
AUTOBACS Business	177,326	192,130
Consumer Business	23,695	29,039
Wholesale Business	25,061	24,494
Expansion Business	3,773	3,861
Total reportable segments	229,856	249,525

(Note) Inter-segment transactions are offset and eliminated.

Selling, general and administrative expenses and operating profit

Selling, general and administrative expenses were 76,247 million yen, up by 13.1% year on year, and operating profit was 12,126 million yen, up by 51.4% year on year.

Due to an increase in consolidated subsidiaries, selling, general and administrative expenses increased.

The Group’s employment status

(Persons)

Name of segment	77th fiscal term Apr. 1, 2023-Mar. 31, 2024		78th fiscal term Apr. 1, 2024-Mar. 31, 2025		Increase/decrease from the previous fiscal term	
AUTOBACS Business	3,138	[740]	3,362	[1,001]	224	[261]
Consumer Business	337	[25]	911	[82]	574	[57]
Wholesale Business	380	[21]	395	[11]	15	[(10)]
Expansion Business	159	[26]	150	[23]	(9)	[(3)]
Company-wide (common)	371	[3]	383	[6]	12	[3]
Total	4,385	[815]	5,201	[1,123]	816	[308]

(Note) The number of employees indicates the number of persons working for the AUTOBACS SEVEN Group. The yearly average number of temporary employees is shown in brackets (“[ ]”). The number of employees in the Company-wide (common) category includes employees who belong to the administration division. The numbers of employees for the 77th fiscal term were prepared in accordance with the reportable segments for the 78th fiscal term.

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

Non-operating income increased 5.0% to 2,174 million yen. Non-operating expenses decreased 10.2% from the same period of the previous year to 1,784 million yen.

Mainly, equity in earnings of affiliated companies improved from the previous year, resulting in an increase in equity in earnings of affiliated companies. In addition, information equipment rental expenses for the new store system, which started operation in the previous year, decreased.

As a result, ordinary profit increased 54.6% year-on-year to 12,516 million yen.

Extraordinary income and extraordinary loss

Extraordinary income included a gain on negative goodwill of 1,030 million yen. Extraordinary losses included an impairment loss of 462 million yen on fixed assets and a loss on step acquisitions of 132 million yen.

Income taxes in total

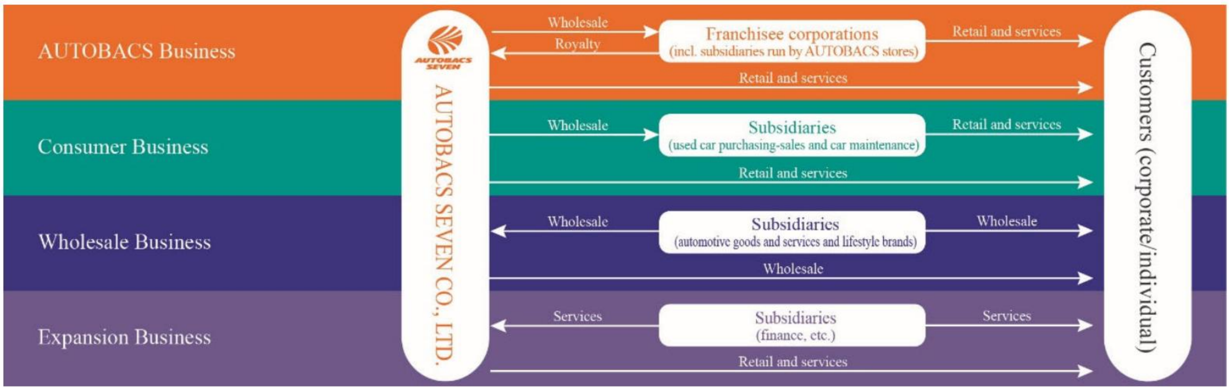
Income taxes in total were 4,803 million yen, an increase of 887 million yen from the previous fiscal term.

Profit attributable to owners of parent

Profit attributable to owners of parent was 8,132 million yen, up by 28.0% year on year.

ii. Management results by segment

Outline of reporting segments



Net sales and income by segment

(Millions of yen)

	Reportable segments					Reconciling items	Amount recognized in consolidated statement of income
	AUTOBACS Business	Consumer Business	Wholesale Business	Expansion Business	Total reportable segments		
Net sales							
Revenue from contracts with customers	192,130	29,039	24,494	1,458	247,123	―	247,123
Other revenue	―	―	―	2,402	2,402	―	2,402
Net sales to outside customers	192,130	29,039	24,494	3,861	249,525	―	249,525
Year-on-year change	8.3%	22.6%	(2.3%)	2.3%	8.6%	―	8.6%
Internal sales and transfers between segments	4,970	269	11,053	5,246	21,540	(21,540)	―
Total	197,100	29,308	35,548	9,108	271,065	(21,540)	249,525
Year-on-year change	8.1%	22.9%	0.5%	9.8%	8.5%	―	8.6%
Segment profit (loss)	22,050	(847)	517	476	22,196	(10,070)	12,126
Year-on-year change	33.1%	―	(17.4%)	112.2%	37.7%	―	51.4%

[AUTOBACS Business]

In the AUTOBACS Business, net sales increased by 8.1% year on year, to 197,100 million yen, and the segment profit increased by 33.1%, to 22,050 million yen.

Sales of the entire domestic AUTOBACS chain (including franchise stores) increased 4.4% year on year on a same-store basis and 5.1% year on year on an overall basis.

In the domestic AUTOBACS chain, maintenance-related products such as tires, oil, and batteries grew on the back of demand for vehicle maintenance and outings demand during the year-end and New Year period. Sales from services associated with these products also remained strong. In addition, sales of winter goods such as snow tires and tire chains increased due to snowfall.

AUTOBACS chain store net sales and the number of customers (on a same store basis, versus the same month of the previous year)

As for private brands, the Company has been focusing on developing and selling valuable products that meet various customer needs. Regarding “AUTOBACS Quality. (AQ.),” we have expanded the lineup of car accessories dedicated to specific vehicle models and launched the "AQ. Pit Menu," a low priced and high-quality original pit service.

As for statutory safety inspection and maintenance services, service pit bookings via the Web became increasingly popular. The number of bookings via the official app increased 17.2% year on year. The number of vehicles that underwent statutory safety inspection and maintenance services increased 0.4% year on year, to approximately 670,000, since the number of vehicles subject to statutory safety inspections began to increase in the second half of the fiscal year.

As for automobile sales, sales for auction performed strong against the backdrop of an increase in the unit prices of used cars, while the retail sales of new and used car fell below the number in the previous year. As a result, the total number of automobiles sold in the Domestic AUTOBACS Business decreased by 3.7% year on year, to approximately 30,000, while total sales amount increased by 5.5% year on year, to 35,959 million yen.

As for domestic store openings and closures, 20 new stores opened and three stores closed, and the number of stores increased from 1,003 (including 414 annex stores and in-store shops) at the end of March 2024 to 1,020 (including 417 annex stores and in-store shops). The stated number of stores began to include annex stores and in-store shops at the beginning of the fiscal year ending March 2025.

Sales by product in the AUTOBACS Business segment (adjusted for consolidation)

(Millions of yen)

	77th fiscal term Apr. 1, 2023-Mar. 31, 2024	78th fiscal term Apr. 1, 2024-Mar. 31, 2025	Increase/decrease from the previous fiscal term
Tires and wheels	51,384	52,228	843
Car electronics	20,788	19,062	(1,726)
Oil and batteries	17,475	18,547	1,072
Accessories and maintenance	38,805	38,392	(413)
Statutory safety inspections and services	18,301	21,363	3,061
Car sales	8,751	10,969	2,218
Other	21,818	31,565	9,746
Total	177,326	192,130	14,804

Store openings and closings in Japan

(Stores)

	No. of stores as of March 31, 2024	Opened	Closed	No. of stores as of March 31, 2025
AUTOBACS	496	13	―	509
AUTOBACS GARAGE	1	―	―	1
Super AUTOBACS	72	―	1	71
A PIT AUTOBACS	2	―	―	2
AUTOBACS Secohan Ichiba (Note 1)	18(15)	1	1	18(15)
Smart+1 (Note 2)	10(8)	4	―	14(11)
AUTOBACS EXPRESS	11	―	―	11
AUTOBACS CARS (Note 1)	393(391)	2	1	394(391)
Total	1,003(414)	20	3	1,020(417)

(Notes) 1. Starting from the beginning of the fiscal term ended March 31, 2025, the number of stores presented includes annex stores and in-store shops.

2. *1: Any number in parenthesis denotes the number of annex stores

*2: Any number in parenthesis denotes the number of in-store shops

Details of store in Japan

(Stores)

	No. of stores as of March 31, 2024	No. of stores as of March 31, 2025
Directly managed	11	14
Consolidated subsidiaries	226	278
Non-consolidated companies*	766	728
Total	1,003	1,020

*Including associated companies

As for the overseas business, sales decreased year on year affected by the closure of two stores in France in the previous fiscal term. In Singapore, business at service pits was brisk as we captured maintenance demand, which grew due to rising certificate of entitlement (COE) prices, and demand for replacing onboard equipment in response to a change made to the Electric Road Pricing (ERP) system.

With regard to store openings and closings overseas, 40 stores opened and 1 store closed, putting the total number of stores at 148 as of March 31, 2025 compared to 109 stores as of March 31, 2024.

Number of stores overseas

(Stores)

	No. of stores as of March 31, 2024	Opened	Closed	No. of stores as of March 31, 2025
France	8	－	－	8
Singapore	2	－	－	2
Thailand	82	40	－	122
Taiwan	6	－	－	6
Malaysia	5	－	1	4
Philippines	6	－	－	6
Total	109	40	1	148

Detail of stores overseas

(Stores)

	77th fiscal term Apr. 1, 2023-Mar. 31, 2024	78th fiscal term Apr. 1, 2024-Mar. 31, 2025
Consolidated subsidiaries	12	12
Non-consolidated companies*	97	136
Total	109	148

*Including associated companies

[Consumer Business]

Net sales of the Consumer Business increased by 22.9% year on year to ¥29,308 million and segment loss was ¥847 million (segment loss of ¥1,297 million in the previous fiscal term).

In the car dealership, on October 1, 2024, AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., a consolidated subsidiary of the Company, converted a company operating Honda authorized dealerships into a consolidated subsidiary of it. As a result, authorized dealerships run by AUTOBACS DEALER GROUP HOLDINGS Co., Ltd. currently comprise three brands of Audi, BYD and Honda. In addition, on October 1, 2024, the said company converted a company that engages in electrical facility work and management into its consolidated subsidiary. Two subsidiaries engaged in BMW/MINI authorized car dealership business were sold in September 2023.

(Stores)

Name of company	No. of stores as of March31, 2024	No. of stores as of March31, 2025
Bacs Advance Co., Ltd.	4	4
BACS e-Mobility Co., Ltd.	5	4
HONDA CARS TOKATSU CO., LTD.	－	12

In the car purchase and sales, in October 2024, we opened AUTOBACS CARS Kashiwa Oi, the first-ever large store under the car purchase and sales store AUTOBACS CARS. Furthermore, on August 30, 2024, we converted a company that operates an in-store loan-based used car sales business into our consolidated subsidiary.

In the online sales, sales increased as a result of the renewal of the official online sales website and the expansion of its merchandise lineup, both done in the previous fiscal term, in addition to sales promotion measures.

In the statutory safety inspection and maintenance, maintenance service subsidiaries performed strongly, supported by vehicle maintenance demand. Moreover, in March 2025, we opened the AUTO IN Vehicle Inspection & Tire Center Kumamoto Tamana, a new model store centered on car maintenance and low-priced tires.

[Wholesale Business]

In the Wholesale Business, net sales increased by 0.5% year on year to ¥35,548 million and segment profit decreased by 17.4% year on year to ¥517 million.

Wholesale of wheels and engine oil performed strongly against the backdrop of snowfalls and growing demand for vehicle maintenance. While sales of items dedicated to Nissan Motor vehicle models increased, we began to deploy private brand AQ. at Seven-Eleven stores located along major roads in December 2024.

In the overseas wholesale business, sales decreased as exports from Japan declined significantly. In Malaysia, sales increased due to an increase in the number of authorized dealerships. In Australia, sales declined as local consumers became less eager to buy goods, among other factors, against the backdrop of inflation and climbing interest rates. In China, sales increased as exports to Japan expanded.

[Expansion Business]

In the Expansion Business, net sales increased by 9.8% year on year to ¥9,108 million and segment profit grew by 112.2% year on year to ¥476 million.

iii. Analysis of financial conditions

a. Status of consolidated balance sheet items

Current assets

Current assets increased by ¥14,837 million from the end of the previous fiscal term to ¥127,028 million due mainly to an increase in accounts receivable - trade, merchandise, and accounts receivable - other.

Property, plant and equipment and intangible assets

Property, plant and equipment increased by ¥8,505 million from the end of the previous fiscal term to ¥56,757 million due mainly to new consolidated subsidiaries and an increase in land, buildings and structures owing to purchasing land for new store openings.

Intangible assets increased by ¥9,606 million from the end of the previous fiscal term to ¥17,370 million due mainly to an increase in goodwill on newly consolidated subsidiaries.

Investments and other assets

Investments and other assets increased by ¥272 million from the end of the previous fiscal term to ¥27,014 million.

Current liabilities

Current liabilities rose by ¥9,447 million from the end of the previous fiscal term to ¥58,432 million mainly due to an increase in short-term loans payable from banks and a decrease in notes and accounts payable-trade.

Non-current liabilities

Non-current liabilities increased by ¥20,962 million from the end of the previous fiscal term to ¥37,774 million. This was mainly attributable to an increase in long-term loans payable from banks.

Total net assets

Total net assets increased by ¥2,811 million from the end of the previous fiscal term to ¥131,963 million. This was due primarily to a decrease in retained earnings due to dividend payment despite an increase in profit attributable to owners of parent.

Assets by segment

(Millions of yen)

Name of segment	77th fiscal term Apr. 1, 2023- Mar. 31, 2024	78th fiscal term Apr. 1, 2024- Mar. 31, 2025	Increase/decrease from the previous consolidated fiscal term
AUTOBACS Business	101,293	106,506	5,212
Consumer Business	10,168	43,309	33,140
Wholesale Business	15,084	17,424	2,340
Expansion Business	33,728	33,097	(631)
Company-wide (common)	34,673	27,832	(6,840)
Total	194,948	228,170	33,221

Total assets/total liabilities and net assets

Total assets and total liabilities and net assets rose by 33,221 million yen from the end of the previous fiscal term to 228,170 million yen.

b. Consolidated Cash Flows

Cash and cash equivalents at end of the fiscal term under review decreased by ¥96 million from the end of the previous fiscal term to ¥31,181 million.

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

(Cash flows from operating activities)

Net cash provided by operating activities was ¥3,944 million (net cash provided by operating activities of ¥14,431 million in the previous fiscal term). The main components of cash inflows were proceeds from operating transactions adjusted with non-cash profit and loss items, etc. of ¥7,872 million against profit before income taxes of ¥12,951 million, while the main component of cash outflow was income taxes paid amounting to ¥4,077 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥18,020 million (net cash used in investing activities of ¥449 million in the previous fiscal term). Main components of cash inflows were proceeds from acquisition of shares of subsidiaries resulting in change in scope of consolidation amounting to ¥966 million and proceeds from refunds of time deposits amounting to ¥513 million and main components of cash outflows were purchase of property, plant and equipment and intangible assets amounting to ¥8,926 million, purchase of shares of subsidiaries resulting in change in scope of consolidation amounting to ¥5,929 million and loan advances amounting to ¥3,369 million.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥13,973 million (net cash used in financing activities of ¥7,413 million in the previous fiscal term). Main components of cash inflows were, proceeds from long-term loans payable amounting to ¥22,470 million and proceeds from sale of treasury shares amounting to ¥205 million and main components of cash outflows were dividends paid of ¥5,471 million, repayments of long-term loans payable amounting to ¥1,360 million and repayments of short-term loans payable amounting to ¥698 million (net).

c. Status of Capital Investment

During the consolidated fiscal term under review, the Group conducted capital investment in a total amount of ¥8,926 million. The main components were acquisitions of buildings and structures for new store openings and remodeling of existing stores, and acquisitions of office spaces and store land as well as IT system investment.

Details of capital expenditures

(Millions of yen)

	77th fiscal term Apr. 1, 2023-Mar. 31, 2024	78th fiscal term Apr. 1, 2024-Mar. 31, 2025
New Store Openings (include store renewals)	2,260	2,583
Store Remodeling & Repair	2,439	340
Land	561	2,429
IT Systems	1,780	1,224
Other	2,107	2,347
Total	9,149	8,926

Amount of capital expenditures by segments

(Millions of yen)

	77th fiscal term Apr. 1, 2023-Mar. 31, 2024	78th fiscal term Apr. 1, 2024-Mar. 31, 2025
AUTOBACS Business	6,451	5,797
Consumer Business	1,427	892
Wholesale Business	116	893
Expansion Business	462	489
Company-wide (common)	691	852
Total	9,149	8,926

iv. Status of Fund Procurement

During the consolidated fiscal term under review, the Group procured long-term loans payable of ¥22,470 million for the purpose of funding M&A investments and capital investments.

(2) Details of analysis and examination concerning the state of operating results, etc. from the perspective of the management

The details of understanding, analysis and examination concerning the state of operating results, etc. for the Group from the perspective of the management are as follows.

Matters concerning the future stated below are based on assessments of the Group as of the end of the fiscal year under review.

i. Details of understanding, analysis and examination concerning the state of operating results and the like for the fiscal year under review

During the consolidated fiscal year under review, the Japanese economy showed a gradual recovery trend, supported by improved employment and increased inbound demand. However, challenges such as sluggish consumer spending due to rising prices and uncertainty about the economic outlook persisted.

In the domestic automotive-related industry, the number of new cars sold recovered to a level exceeding the previous year in the second half of the year, while demand in the used car market remained solid, indicating some improvement in market conditions.

Against this backdrop, the Group formulated its long-term vision, “Beyond AUTOBACS Vision 2032,” under which we aim to achieve consolidated net sales of ¥500 billion in fiscal 2032 through expansion of business domains and creation of new businesses.

The Medium-term Business Plan for fiscal years 2024 through 2026, titled “Accelerating Towards Excellence,” was developed using a backcasting approach to realize the long-term vision. This plan sets a new direction of aiming to provide a “mobility lifestyle infrastructure” for our customers on a global scale. By shifting to a structure that focuses on and strengthens our two core axes of “retail” and “wholesale,” and by taking on challenges in peripheral areas to expand globally and achieve the long-term vision, we will raise profit levels and deliver stable returns.

We have announced performance targets for fiscal 2026, the final year of the Medium-term Business Plan: consolidated net sales of ¥280 billion, consolidated operating profit of ¥15 billion, and return on invested capital (ROIC) of 7.0%. To achieve these targets, we have set three priority measures: (i) creating customer touchpoints; (ii) developing and supplying products and solutions; and (iii) establishing new business domains.

Regarding the business performance for fiscal 2024, the first year of the Medium-term Business Plan, consolidated net sales amounted to ¥249.5 billion (up 8.6% year on year), operating profit was ¥12.1 billion (up 51.4% year on year), and profit attributable to owners of parent was ¥8.1 billion (up 28.0% year on year). Although one-time expenses related to M&A were incurred, consolidated net sales increased due to the addition of 14 newly consolidated subsidiaries, and significant improvements in profitability in existing businesses, including the AUTOBACS business, also contributed. As a result, we achieved both higher revenue and profit, delivering strong performance that exceeded our initial plan.

Progress on the three strategic pillars of the Medium-term Business Plan is as follows:

Creating customer touchpoints: We actively pursued M&A to expand our network of locations that serve as the foundation for customer engagement. Specifically, we added a total of 117 new locations, including 13 AUTOBACS stores, 3 new store brand locations, and 101 sites through M&A. From the second year onward, we will further accelerate initiatives to maximize M&A opportunities.

Developing and supplying products and solutions: We are working to strengthen price competitiveness and establish a competitive edge through cost reduction and operational efficiency. Specifically, over the past two years, we have reassigned 176 employees from cost-focused departments to profit-focused departments, steadily advancing cost reduction and efficiency. In addition, we are consolidating and reorganizing headquarters functions, including product procurement, to further enhance price competitiveness. We have also revamped our franchise chain package, introduced standardized tools nationwide, and improved training systems to enhance customer satisfaction.

Establishing new business domains: Leveraging our strengths, we aim to achieve both continuous growth and disruptive innovation by actively entering new areas. Specifically, we are promoting initiatives such as operating ZEV dealerships, expanding EV charging infrastructure, and selling micro-mobility products. These efforts are being advanced as part of our new business domains, which we intend to develop into a major source of revenue in the future.

For the past 50 years since our founding, we have worked hard to assist customers’ car lifestyles through selling automotive goods by using AUTOBACS stores as the basic platform. For the next five decades, while remaining focused on the AUTOBACS Business, we will aim to expand into a business operator engaged in domains covering the entire mobility after-sales market, rather than being limited to automotive goods wholesale and retail businesses.

To realize our envisioned future, we will steadily execute the Medium-term Business Plan while flexibly adjusting our approach in response to changes in the environment, striving to achieve its goals.

ii. Information about the analysis and discussion of the status of cash flow, capital resources and fund liquidity

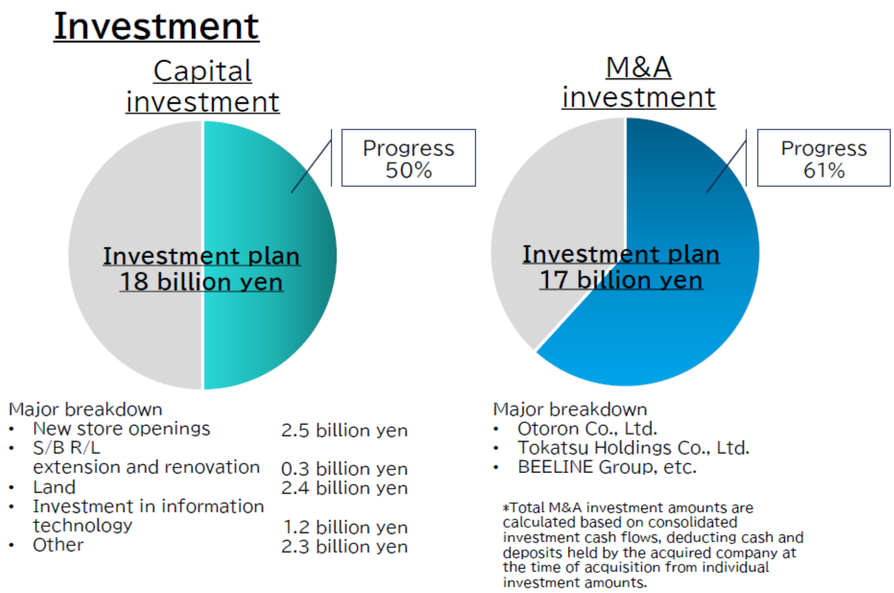
The analysis of cash flows in the fiscal year under review is described in the section, b. Consolidated cash flows, iii. Analysis of financial conditions, in (1) Summary of operating results, etc.

Status of capital resources and the liquidity of funds

The working capital required by the Group primarily includes expenses for the purchase of merchandise such as automotive goods and the payment of the costs for operating systems, etc. At the same time, since the Group operates a wholesale business targeting franchisees and a retail business targeting general customers, who are mostly individuals, the collection of accounts receivable-trade tends to precede the payment of accounts payable-trade. Therefore, funds provided by the cash flow from operating activities and short-term borrowings are, in general, allocated to working capital requirement and investment, which fluctuate seasonally.

Over the three years of our new Medium-term Business Plan which will start in the fiscal year ending March 31, 2025, we plan to invest a cumulative 35 billion yen in capital expenditures and business expansion through M&A, and over the period of our long-term vision which extends to 2032, we will make cumulative investments on the order of 100 billion yen.

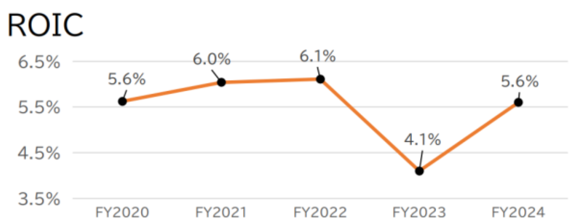
FY2026, the final year of the Medium-term Business Plan, will be a critical phase for harvesting profits. Accordingly, in FY2024, the first year of the plan, we made proactive investments and achieved progress of over 50% against the three-year investment plan of ¥35 billion. Going forward, we will continue to execute the remaining investments effectively while focusing on capturing returns and driving profit growth.

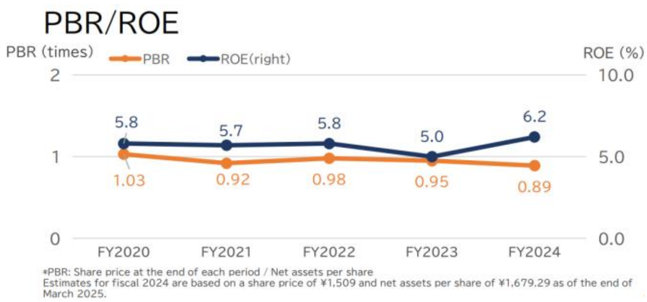


Shareholder return policy / Capital efficiency indicators

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.

As for capital efficiency indicators, both ROIC and ROE improved; however, the PBR as of the end of March 2025 remained below 1.0, indicating that challenges persist. Going forward, we will continue to pursue management practices with a strong focus on capital efficiency.





iii. Significant accounting estimates and the assumptions used for in making such estimates

The Group's consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles in Japan (Japanese GAAP). The Group made various estimates and decisions regarding the recognition of assets, liabilities, revenue, and expenses in the preparation of the consolidated financial statements. Actual results may differ from these estimates due to uncertainties peculiar to estimation.

The important accounting estimates used by the Group in its consolidated financial statements are stated in (1) Consolidated Financial Statements (significant matters that serve as the basis for the preparation of consolidated financial statements) and (important accounting estimates), 1. Consolidated Financial Statements, etc., in V. FINANCIAL INFORMATION.

5. Important Business Contracts

Franchise agreement

The Company signs franchise agreements under a basic policy of existing and prospering together with existing retailers.

The following outlines the key provisions in the agreements.

(1) Overview of AUTOBACS franchise agreement

Purpose of agreement	AUTOBACS SEVEN Co., Ltd. (headquarters) permits franchisees to use of its trade name and provides management expertise, etc. and the right to operate a business giving the impression that it is the same company as the headquarters. The franchisee pays a certain consideration for the license and continuously operates a business with the guidance and aid of the headquarters, aiming to achieve mutual prosperity.
Royalty	The franchisee pays an amount equivalent to a certain rate applied to monthly operating revenue.
Purchase and sale	Products to be sold by a franchisee are purchased primarily from the headquarters, which are sold to consumers based on expertise provided by the headquarters.
Term of contract	AUTOBACS franchise agreement Five years from the date of signing the agreement. It is automatically renewed for another three years unless either party requests a termination no later than six months prior to the expiration of the agreement. Super AUTOBACS franchise agreement Five years from the date of signing the agreement. It is automatically renewed for another three years unless either party requests a termination no later than six months prior to the expiration of the agreement. AUTOBACS Secohan Ichiba franchise agreement Five years from the date of signing the agreement. It is automatically renewed for another three years unless either party requests a termination no later than six months prior to the expiration of the agreement.

(2) Overview of AUTOBACS CARS franchise agreement

Purpose of agreement	AUTOBACS SEVEN Co., Ltd. (headquarters) permits franchisees to use its trade name and provides management expertise, etc. and the right to operate a business giving the impression that it is the same company as the headquarters. The franchisee pays a certain consideration for the license and continuously operates a business with the guidance and aid of the headquarters, aiming to achieve mutual prosperity.
Royalty	The franchisee pays an amount equivalent to a certain rate applied to the selling price of each automobile sold.
Purchase and sale	The franchisee conducts the following automobile transactions based on the expertise provided by the headquarters. - Purchase, trade-in, and sale of automobiles from/to general consumers - Purchase and sale of automobiles from/to other automobile sellers and the purchase of automobiles from the headquarters - Buy and sell automobiles at auctions
Term of contract	Three years from the date of signing the agreement. It is automatically renewed for another three years unless either party requests a termination no later than six months prior to the expiration of the agreement.

6. Research and Development Activities

Not applicable.

III. EQUIPMENT AND FACILITIES

1. Overview of Capital Investments, etc.

During the consolidated fiscal term under review, the Group conducted capital investment in a total amount of 8,926 million yen. The main components were new store openings, remodeling of existing stores, and acquisition of buildings and structures for relocation of import car dealer stores as well as IT system investment for establishing store information infrastructure.

The breakdown of capital investments (including intangible assets) is as presented below.

(Capital investment by segment)

Name of segment	77th fiscal term Apr. 1, 2023-Mar. 31, 2024	78h fiscal term Apr. 1, 2024-Mar. 31, 2025
	Millions of yen	Millions of yen
AUTOBACS Business	6,451	5,797
Consumer Business	1,427	892
Wholesale Business	116	893
Expansion Business	462	489
Company-wide (common)	691	852
Total	9,149	8,926

The Group invested 4,303 million yen primarily in the new store opening and the renovation of existing stores.

2. Major Facilities

(1) Company submitting the report

As of March 31, 2025

Branch name (location)	Segment	Facilities	Land		Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Tools, furniture and fixtures (Millions of yen)	Total (Millions of yen)	Number of employees (persons)
			Area (m²)	Amount (Millions of yen)					
Western Japan Logistics Center (Miki City, Hyogo)	Company-wide	Distribution warehouse	43,889.9	2,646	939	465	52	4,103	7
Eastern Japan Logistics Center (Ichikawa City, Chiba)	Company-wide	Distribution warehouse	―	―	41	800	47	889	16 [2]
A PIT AUTOBACS KYOTO SHIJO Store (Ukyo-ku, Kyoto)	AUTOBACS Business	Super AUTOBACS	10,298.8	2,557	530	65	167	3,320	62 [58]
A PIT AUTOBACS SHINONOME Store (Koto-ku, Tokyo)	AUTOBACS Business	Super AUTOBACS	―	―	520	79	44	644	83 [20]
SA SAPPORO Store (Nishi-ku, Sapporo City)	AUTOBACS Business	Leased store (Super AUTOBACS)	6,047.0	1,181	0	―	0	1,182	―
SA SENDAI-IZUMIKAMO Store (Izumi-ku, Sendai City)	AUTOBACS Business	Leased store (Super AUTOBACS)	7,172.4	735	0	―	0	736	―
SA SUNSHINE KOBE Store (Higashi Nada-ku, Kobe City)	AUTOBACS Business	Leased store (Super AUTOBACS)	―	―	298	1	13	312	7
Shizuoka-Ryutsu Store (Aoi-ku, Shizuoka City)	AUTOBACS Business	Leased store (AUTOBACS)	4,410.0	1,166	2	―	0	1,169	―
Zao Store (Fukuyama City, Hiroshima)	AUTOBACS Business	Leased store (AUTOBACS)	3,862.3	839	0	―	0	839	―
Nara-Daianji (Nara City, Nara)	AUTOBACS Business	Leased store (AUTOBACS)	4,932.4	620	50	―	0	671	―
Fujinomiya Store (Fujinomiya City, Shizuoka)	AUTOBACS Business	Leased store (AUTOBACS)	5,337.4	531	0	―	0	532	―
Kansai Regional Headquarters (Kita-ku, Osaka City)	AUTOBACS Business	Office	440.3	403	316	12	18	750	69 [8]
Land for new store openings (Narita City, Chiba)	AUTOBACS Business	Land scheduled for lease	8,102.5	1,549	―	―	―	1,549	―

(Notes) 1. Amounts are book values and do not include construction in progress.

2. The number of employees in [ ] is the number of temporary employees.

3. "Super AUTOBACS" of Facilities is a store with a site area of 5,610m² (1,700 tsubo) or more and a sales floor area of 990m² (300 tsubo) or more.

4. Of the facilities, "Leased store" is a store leased to a franchisee, and the location in the parentheses under the store name is

the lessee’s location.

5. In addition to the above, the Company has software valued at 4,214 million yen.

(2) Domestic subsidiaries

As of March 31, 2025

Branch name (location)	Segment	Facilities	Land		Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Tools, furniture and fixtures (Millions of yen)	Total (Millions of yen)	Number of employees (persons)
			Area (m²)	Amount (Millions of yen)					
AUTOBACS Minami-Nihon Sales Ltd. SA Hiroshima Kanon-Shinmachi Store (Nishi-ku,Hiroshima)	AUTOBACS Business	Super AUTOBACS	5,604.0 (5,604.0)	1,982 (1,982)	720 (716)	51 (51)	6 (1)	2,761 (2,752)	25 [13]
AUTOBACS Minami-Nihon Sales Ltd. SA Onojo-Mikasagawa Store (Onojo City, Fukuoka)	AUTOBACS Business	Super AUTOBACS	8,307.1 (8,307.1)	1,078 (1,078)	48 (33)	20 (10)	4 (0)	1,151 (1,122)	26 [11]
AUTOBACS Higashi-Nihon Sales Ltd. SA Utsunomya Store (Utsunomiya City, Tochigi)	AUTOBACS Business	Super AUTOBACS	4,035.7 (3,627.0)	559 (515)	13 (10)	10 (10)	0 (0)	584 (537)	20 [6]
AUTOBACS Higashi-Nihon Sales Ltd. SA Kashiwa Shonan Store (Kashiwa City, Chiba)	AUTOBACS Business	Super AUTOBACS	—	—	110 (103)	17 (5)	7 (0)	135 (109)	57 [16]
AUTOBACS Higashi-Nihon Sales Ltd. SA Chiba Naganuma Store (Inage, Chiba City)	AUTOBACS Business	Super AUTOBACS	—	—	23 (11)	39 (1)	7 (0)	70 (12)	41 [11]
AUTOBACS Chubu Sales Ltd. SA NAGOYA BAY Store (Minato-ku, Nagoya City)	AUTOBACS Business	Super AUTOBACS	—	—	23 (15)	18 (13)	0 (0)	43 (28)	50 [25]
AUTOBACS Higashi-Nihon Sales Ltd. AUTOBACS GARAGE Fuchu Store (Fuchu City, Tokyo)	AUTOBACS Business	AUTOBACS	4,118.1 (4,118.1)	842 (842)	69 (66)	11 (11)	0 (0)	923 (920)	19 [2]
AUTOBACS Minami-Nihon Sales Ltd. Shinonome Store (Minami-ku, Hiroshima City)	AUTOBACS Business	AUTOBACS	2,920.0 (2,920.0)	715 (715)	155 (154)	0 (0)	1 (0)	872 (870)	18 [7]
AUTOBACS Minami-Nihon Sales Ltd. Tobe Store (Iyo-gun, Ehime)	AUTOBACS Business	AUTOBACS	3,234.3 (3,234.3)	552 (552)	9 (8)	0 (—)	0 (0)	561 (560)	13 [5]
AUTOBACS Minami-Nihon Sales Ltd. Midorii Store (Asaminami-ku, Hiroshima City)	AUTOBACS Business	AUTOBACS	1,607.1 (1,607.1)	516 (516)	35 (35)	— (—)	1 (0)	553 (552)	18 [7]
Bacs Advance Co., Ltd. Audi Utsunomiya Store (Utsunomiya City, Tochigi)	Consumer Business	Dealership	5,166.0 (—)	219 (—)	476 (—)	19 (—)	7 (—)	723 (—)	42
HONDA CARS TOKATSU CO., LTD. (Kashiwa City, Chiba)	Consumer Business	New car dealership and maintenance facility	3,107.9 (—)	376 (—)	117 (—)	27 (—)	0 (—)	521 (—)	11

(Notes) 1. Amounts are book values and do not include construction in progress.

2. The number of employees in [ ] is the number of temporary employees.

3. Facilities "Super AUTOBACS" is a store with a site area of 5,610m² (1,700 tsubo) or more and a sales floor area of 990m² (300 tsubo) or more.

4. The facilities include assets leased from the Company, and the amounts in parentheses under the amounts indicate the portions belonging to the Company.

5. In April 2025, AUTOBACS Minami-Nihon Sales Ltd. changed its trade name to AUTOBACS Nishi-Nihon Sales Ltd.

(3) Overseas subsidiaries

As of March 31, 2025

Branch name (location)	Segment	Facilities	Land		Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Tools, furniture and fixtures (Millions of yen)	Total (Millions of yen)	Number of employees (persons)
			Area (m²)	Amount (Millions of yen)					
AUTOBACS AUSTRALIA PTY LTD (New South Wales, Australia)	Wholesale Business	Head office and warehouse	3,835.0	563	136	5	1	707	23 [2]

(Notes) Amounts are book values and do not include construction in progress.

3. Plans for New Additions or Disposals, etc. of Facilities

Not applicable.

IV. CORPORATE INFORMATION

1. Information on the Company's Shares, etc.

(1) Total number of shares, etc.

i. Total number of shares

Class of shares	Number of authorized shares (Shares)
Common stock	328,206,900
Total	328,206,900

ii. Shares issued

Type	Number of shares issued at the end of the fiscal year (shares) (As of March 31, 2025)	Number of shares issued as of the filing date (shares) (As of June 23, 2025)	Stock exchange where the Company is listed	Description
Common stock	82,050,105	82,050,105	Tokyo Stock Exchange Prime Market	One unit: 100 shares
Total	82,050,105	82,050,105	—	—

(2) Information on the stock acquisition rights, etc.

i. Details of stock option plans

Not applicable.

ii. Details of rights plans

Not applicable.

iii. Other stock acquisition rights, etc.

Not applicable.

(3) Exercise status of bonds with stock acquisition rights containing a clause for exercise price adjustment, etc.

Not applicable.

(4) Changes in number of shares issued and capital, etc.

Date	Change in the total number of issued shares	Balance of the total number of issued shares	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
May 17, 2021 (Note)	(2,000,000)	82,050,105	—	33,998	—	34,278

(Note) A decrease due to cancellation of treasury shares.

(5) Status by shareholder classification

As of March 31, 2025

Classification	Status of shares (1 unit = 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Japanese financial instruments business operators	Other corporations	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	—	27	20	421	165	168	59,066	59,867	—
Number of shares held (Units)	—	166,605	13,015	198,687	87,233	653	353,366	819,559	94,205
Shareholding ratio (%)	—	20.32	1.58	24.24	10.64	0.07	43.11	100.00	—

(Notes) 1. Of 4,046,371 treasury shares, 35,594 units are included in the “Individuals and other” column under “Status of shares” and 43 shares are included in the “Shares less than one unit” column.
2. “Other corporations” includes 9 units of shares under the name Japan Securities Depository Center, Inc. and “Shares less than one unit” includes 60 units of shares under the name Japan Securities Depository Center, Inc.

(6) Major shareholders

As of March 31, 2025

Name	Address	Number of shares held (Thousands of shares)	Number of shares held to total number of shares issued and outstanding (Excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	8,516	10.84
Sumino Holdings, Ltd.	5-10-10 Seijyo, Setagaya-ku, Tokyo	4,243	5.40
The Yuumi Memorial Foundation for Home Health Care	Zenkyoren Bldg. Kojimachikan, 3-5-1 Kojimachi, Chiyoda-ku, Tokyo	3,990	5.08
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	3,804	4.84
K Holdings, Ltd.	2-6-404 Yamatecho, Ashiya-shi, Hyogo	2,750	3.50
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079252)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	1,800	2.29
Foreman Kyoei, Ltd.	1-1-2-3406, Shinsenri-Higashimachi, Toyonaka-shi, Osaka	1,560	1.98
Hiroshi Sumino	Shibuya-ku, Tokyo	1,384	1.76
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A. (2-15-1 Konan, Minato-ku, Tokyo)	1,172	1.49
Live Field Co., Ltd.	4-1-18-510 Hiro-o, Shibuya-ku, Tokyo	1,000	1.27
Total	—	30,220	38.50

(Notes) 1. The number of shares held is rounded down to the nearest thousand.
2. The ratio of the number of shares held to the number of shares outstanding (excluding treasury shares) is rounded down to the second decimal place.

(7) Voting rights

i. Shares issued and outstanding

As of March 31, 2025

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Non-voting shares	—	—	—
Shares with restricted voting rights (Treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares) Common stock 3,559,400	—	—
Shares with full voting rights (other)	Common stock 78,396,500	783,965	—
Shares less than one unit	Common stock 94,205	—	Shares less than one unit (100 shares)
Total number of shares issued and outstanding	82,050,105	—	—
Total voting rights held by all shareholders	—	783,965	—

(Note) Shares with full voting rights (other) include 900 shares held under the name Japan Securities Depository Center, Inc. Number of voting rights includes 9 voting rights of shares with full voting rights under the name Japan Securities Depository Center, Inc.

ii. Treasury shares, etc.

As of March 31, 2025

Shareholder name	Shareholder address	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Number of shares held to total number of shares issued and outstanding (%)
AUTOBACS SEVEN CO., LTD.	6-52, Toyosu 5-chome, Koto-ku, Tokyo, Japan	3,559,400	—	3,559,400	4.33
Total	—	3,559,400	—	3,559,400	4.33

(Note) The ratio of the number of shares held to the number of shares outstanding (excluding treasury shares) is rounded down to the second decimal place.

2. Acquisition of Treasury Shares, etc.

Class of shares, etc.: Acquisition of common stock under Article 155 (vii) of the Companies Act

(1) Acquisition resolved by a general meeting of shareholders

Not applicable

(2) Acquisition resolved by the Board of Directors

Not applicable

(3) Acquisition not resolved by the general meeting of the shareholders or the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year under review	9,768	486,080
Treasury shares acquired during the period	1,150	—

(Note) 1. The treasury shares acquired during the fiscal year under review consist of 318 shares purchased upon requests for the purchase of shares less than one unit and 9,450 shares acquired without consideration due to the forfeiture of restricted stock.

2. The treasury shares acquired during this period do not include shares purchased upon requests for the purchase of shares less than one unit or shares acquired without consideration due to the forfeiture of restricted stock from June 1, 2025, to the date of submission of this securities report.

(4) Status of disposal and ownership of treasury shares acquired

Classification	Fiscal year under review		Period	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total disposal amount (Yen)
Treasury shares acquired offered for subscription	—	—	—	—
Treasury shares acquired that were canceled	—	—	—	—
Treasury shares acquired that were transferred for merger, share exchange, share issuance, or company split	358,396	610,706,784	—	—
Other (disposition of treasury shares through restricted stock compensation)	138,300	235,586,900	—	—
Number of treasury shares held	3,559,443	—	3,560,593	—

(Notes) 1. Treasury shares disposed of during the period does not include shares disposed of through the sale of shares less than one unit and shares disposed of for the exercise of stock acquisition rights from June 1, 2025 to the filing date of this securities report.

2. The number of treasury shares held during the period under review does not include shares purchased or sold upon requests for the purchase or sale of shares less than one unit, or shares acquired without consideration due to the forfeiture of restricted stock from June 1, 2025, to the date of submission of this securities report.

3. Dividend Policy

The Company recognizes returning profits to shareholders as one of its most important priorities and strives to expand earnings to enable stable returns to shareholders.

For shareholder returns during the three-year period starting with the fiscal year ending March 31, 2025, under the Medium-term Business Plan “Accelerating Towards Excellence,” the Company’s basic policy is to prioritize investment in growth opportunities aimed at achieving its long-term vision “Beyond AUTOBACS Vision 2032,” while, in principle, providing stable annual dividends of 60 yen per share.

The Company’s basic policy is to distribute surplus dividends twice a year, as interim and year-end dividends.

Decisions on year-end dividends are made at the General Meeting of Shareholders, and decisions on interim dividends are made by the Board of Directors.

The year-end dividend per share for the fiscal year ending March 31, 2025 is scheduled to be 30 yen, based on the above policy. As a result, the annual dividend per share is expected to be 60 yen.

Internal reserves will be allocated to the expansion and streamlining of domestic store networks, improvement of infrastructure within the Group, development of new businesses, and various capital policies, in order to further strengthen profitability and financial position and enhance overall shareholder value.

The Company’s Articles of Incorporation stipulate that it may pay interim dividends to shareholders with a record date of September 30 each year, upon a resolution by the Board of Directors.

Dividends of surplus for the fiscal year under review are as follows:

Date of resolution	Total dividend amount (Millions of yen)	Dividend per share (Yen)
October 31, 2024 Resolution by the Board of Directors	2,351	30
June 24, 2025 Resolution by the Ordinary General Meeting of Shareholders	2,354	30

4. Corporate Governance

(1) Overview of corporate governance

Corporate governance system and reasons for adopting the system

(I) Basic concept of corporate governance

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

Based on this fundamental philosophy, we will build a system to achieve fair and transparent management including separation of the execution of operation and supervision, together with swift, bold decision making and proper monitoring, trying to make the system function practically and sufficiently.

《Purpose》

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

(II) Corporate governance system

With the aim of further enhancing corporate governance and achieving sustainable growth and medium- to long-term improvement of corporate value, the Company, by separating business execution and supervision and adopting decisive and swift decision-making together with appropriate monitoring as two pillars, further reinforces its corporate governance system through the following measures, while leveraging the characteristics of a company with an Audit and Supervisory Committee.

a. Appointment of one-third or more independent outside directors: enhancement of the supervisory function and protection of general shareholders' interests

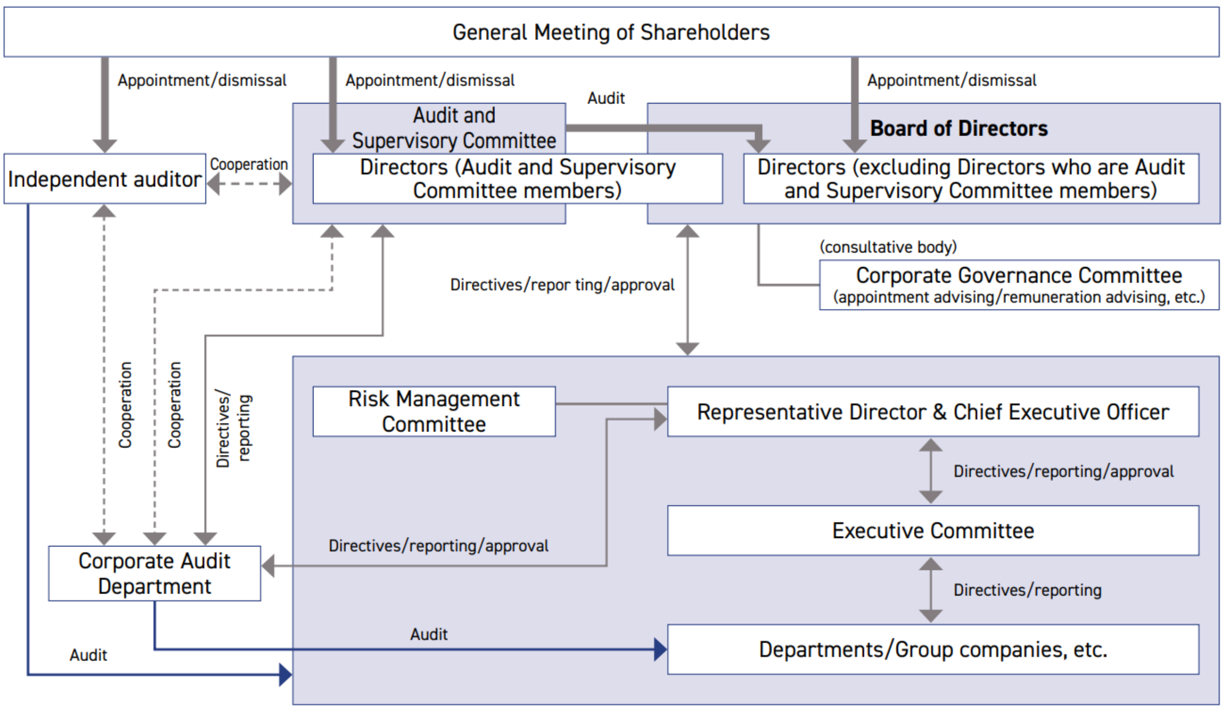
b. Establishment of committees as consultative bodies to the Board of Directors: ensuring transparency, objectivity, and appropriateness

c. Selection of full-time Audit and Supervisory Committee members and designated members: ensuring effectiveness of the Committee's activities and strengthening the audit function

d. Reporting segments centered on retail and wholesale: optimization of the portfolio

e. Regular meetings between Audit and Supervisory Committee members and business unit heads and prospective executive officers: reinforcement of monitoring

Corporate Governance System Chart



As of the date of submission of this securities report (June 23, 2025), the Board of Directors is composed of eight (8) directors, including three (3) directors who are Audit and Supervisory Committee members, of whom four (4) are independent outside directors, including two (2) directors who are Audit and Supervisory Committee members.

At the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025, the Company has proposed the election of five (5) directors excluding directors who are Audit and Supervisory Committee members and the election of three (3) directors who are Audit and Supervisory Committee members. If these proposals are approved, the Board of Directors will continue to be composed of eight (8) directors, including three (3) directors who are Audit and Supervisory Committee members, of whom four (4) are independent outside directors, including two (2) directors who are Audit and Supervisory Committee members.

(III) Reasons for choosing the system

The Company ensures appropriate supervision of corporate management by internal directors with extensive knowledge of the automobile-related franchise business and independent outside directors with diverse backgrounds. Effective April 1, 2025, the Company eliminated the position of General Manager with the aim of focusing on retail and wholesale operations and accelerating decision-making for further evolution under the strategic policy of the 2024 Medium-term Business Plan "Accelerating Towards Excellence."

(IV) Descriptions of organizations within the Company

i. Board of Directors

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

《Operation of the Board of Directors》

The Board of Directors is chaired by the representative director and is composed of all directors. It meets once every month, in principle.

《Composition of the Board of Directors》

•With an emphasis on having a good balance of knowledge, experience, and skill,* the Board of Directors consists of internal directors well-versed in the Company's business, and outside directors with diverse backgrounds, including one female director.

•Board composition is decided following the careful consideration of diversity and appropriate scale, including gender, international experience, career history, and age.

*We think it is important that the Board of Directors that plays a central role for supporting the growth aimed for by the Group in the Medium-term Business Plan and for enhancing its corporate value over the medium to long term by sustainable means should be composed of directors equipped with appropriate insight and experience in order to fulfill the responsibility of the Board.

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 particularly important.

《Composition of the Board of Directors as of the date of submission of this report》

Chairperson: Yugo Horii

Director (excluding directors who are Audit and Supervisory Committee member): Yugo Horii, Shinichi Fujiwara, Masahiro Nishikawa, Takayoshi Mimura*, Yosuke Matsuda*

Director (Audit and Supervisory Committee Member): Tomoaki Ikeda, Masami Koizumi*, Ayako Kanamaru*

*: Independent Outside Director

《Composition of the Board of Directors after the Annual General Meeting of Shareholders》 (planned)

Chairperson: Yugo Horii

Director (excluding directors who are Audit and Supervisory Committee member): Yugo Horii, Shinichi Fujiwara, Masahiro Nishikawa, Yosuke Matsuda*, Tatsuya Kamoi*

Director (Audit and Supervisory Committee Member): Tomoaki Ikeda, Masami Koizumi*, Ayako Kanamaru*

*: Independent Outside Director

《Major items deliberated by and reported to the Board of Directors 》

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

《Initiatives for medium- to long-term growth》

In an effort to grow faster towards achieving our long-term vision, we formulated the 2024 Medium term Business Plan "Accelerating Towards Excellence" while doing periodic monitoring intended to stimulate steady execution. In addition, the Board of Directors regularly analyzes the causes of discrepancies between the single-year budget and actual results, and the results of analysis are disclosed and explained to stakeholders, including shareholders, through announcements of financial results, etc.

Status of activities of the Board of Directors

In the fiscal year ended March 31, 2025, the Board of Directors met once a month, in principle, and the status of attendance of individual Directors was as follows.

Name	Classification	Meetings to be attended	Meetings attended
Yugo Horii	Director	14 times	14 times
Shinichi Fujiwara	Director	14 times	14 times
Masahiro Nishikawa	Director	11 times	11 times
Takayoshi Mimura*	Director	14 times	13 times
Yosuke Matsuda*	Director	11 times	10 times
Tomoaki Ikeda	Director (Audit and Supervisory Committee Member)	14 times	14 times
Masami Koizumi*	Director (Audit and Supervisory Committee Member)	14 times	14 times
Ayako Kanamaru*	Director (Audit and Supervisory Committee Member)	14 times	14 times

(Notes) 1. * is added to the right of the names of Outside Directors.
2. Kiomi Kobayashi, Eiichi Kumakura, and Minesaburo Miyake retired upon the expiration of their terms of office at the conclusion of the 77th Ordinary General Meeting of Shareholders held on June 27, 2024.
3. Since Masahiro Nishikawa and Yosuke Matsuda assumed office on June 27, 2024, any meetings held on or before June 26 have been excluded.

ii. Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of directors who serve as Audit and Supervisory Committee members and, taking into account its fiduciary responsibilities to shareholders, audits the execution of duties by directors with the aim of ensuring sound management and achieving sustainable growth and medium- to long-term improvement of corporate value. This is accomplished through audits conducted by designated Audit and Supervisory Committee members and monitoring and verification of internal control systems through audits performed by the Corporate Audit Department.

Audit and Supervisory Committee members attend important meetings and meetings with the accounting auditor, while full-time Audit and Supervisory Committee members work to improve the auditing environment, collect internal information by reviewing important documents and other relevant materials, and share significant matters with other committee members. The audit policies and results of the Audit and Supervisory Committee are regularly reported and explained at meetings of the Board of Directors.

《Composition of the Audit and Supervisory Committee as of the date of submission of this report》

Chairperson: Tomoaki Ikeda
Full-time Audit and Supervisory Committee Member: Tomoaki Ikeda, Masami Koizumi*
Audit and Supervisory Committee Member: Ayako Kanamaru*
Selected Audit and Supervisory Committee Member: Tomoaki Ikeda, Masami Koizumi*

*: Independent Outside Director

《Composition of the Audit and Supervisory Committee after the Annual General Meeting of Shareholders》 (planned)

Chairperson: Tomoaki Ikeda
Full-time Audit and Supervisory Committee Member: Tomoaki Ikeda, Masami Koizumi*
Audit and Supervisory Committee Member: Ayako Kanamaru*
Selected Audit and Supervisory Committee Member: Tomoaki Ikeda, Masami Koizumi*

*: Independent Outside Director

iii. Corporate Governance Committee

The Corporate Governance Committee established as a consultative body for the Board of Directors is chaired by an outside director and is composed of all the outside directors and the representative director. It meets once every month, in principle.

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

a. Election and dismissal of candidates for directors (including directors who are audit and supervisory committee members)
*including those with specific titles
b. Election and dismissal of the representative director, approval of the succession plan
c. Remuneration system for directors (excluding directors who are audit and supervisory committee members)
d. Other matters relating to corporate governance

《Composition of the Corporate Governance Committee as of the date of submission of this report》

Chairperson: Masami Koizumi (*1,2)
(Appointed at the meeting of the Corporate Governance Committee held on June 30, 2025).
Committee Member: Takayoshi Mimura (*1), Yosuke Matsuda (*1), Masami Koizumi (*1,2), Ayako Kanamaru (*1,2),
Yugo Horii (Representative Director & Chief Executive Officer)

(*1): Independent Outside Director, (*2): Director (Audit and Supervisory Committee Member)

《Composition of the Corporate Governance Committee after the Annual General Meeting of Shareholders》 (planned)

Chairperson: Members vote to elect a chairperson from among the Outside Directors
(Appointed at the meeting of the Corporate Governance Committee held on June 30, 2025).
Committee Member: Yosuke Matsuda (*1), Tatsuya Kamoi (*1), Masami Koizumi (*1,2), Ayako Kanamaru (*1,2),
Yugo Horii (Representative Director & Chief Executive Officer)

(*1): Independent Outside Director, (*2): Director (Audit and Supervisory Committee Member)

iv. Risk Management Committee

The Risk Management Committee is chaired by the Representative Director & Chief Executive Officer and is composed of executive directors. Outside Directors and Directors who are an Audit and Supervisory Committee members have been participating as observers.

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

《Composition of the Risk Management Committee as of the date of submission of this report》

Chairperson: Yugo Horii (Representative Director & Chief Executive Officer)

Committee Members: Yugo Horii, Shinichi Fujiwara, Masahiro Nishikawa

Observers: Takayoshi Mimura (*1), Yosuke Matsuda (*1), Tomoaki Ikeda (*2), Masami Koizumi (*1,2), Ayako Kanamaru (*1,2)

(*1): Independent Outside Director, (*2): Director (Audit and Supervisory Committee Member)

《Composition of the Risk Management Committee after the Annual General Meeting of Shareholders》 (planned)

Chairperson: Yugo Horii (Representative Director & Chief Executive Officer)

Committee Members: Yugo Horii, Shinichi Fujiwara, Masahiro Nishikawa

Observers: Yosuke Matsuda (*1), Tatsuya Kamoi (*1), Tomoaki Ikeda (*2), Masami Koizumi (*1,2), Ayako Kanamaru (*1,2)

(*1): Independent Outside Director, (*2): Director (Audit and Supervisory Committee Member)

v. Executive Committee

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

《Composition of the Executive Committee as of the date of submission of this report》

Chairperson: Yugo Horii (Chairperson of the Board)

Director (excluding directors who are audit and supervisory committee members): Yugo Horii, Shinichi Fujiwara, Masahiro Nishikawa, Takayoshi Mimura *, Yosuke Matsuda *

Director (Audit and Supervisory Committee Member): Tomoaki Ikeda, Masami Koizumi*, Ayako Kanamaru*

*: Independent Outside Director

《Composition of the Executive Committee after the Annual General Meeting of Shareholders》 (planned)

Chairperson: Yugo Horii (Chairperson of the Board)

Director (excluding directors who are audit and supervisory committee members): Yugo Horii, Shinichi Fujiwara, Masahiro Nishikawa, Yosuke Matsuda*, Tatsuya Kamoi*

Director (Audit and Supervisory Committee Member): Tomoaki Ikeda, Masami Koizumi*, Ayako Kanamaru*

*: Independent Outside Director

(V) Status of maintenance of the internal control system and risk management system

In accordance with the “Basic Policy for the Establishment of Internal Control System” defined by the Board of Directors, the Company, with the internal control department playing the central role, is working to develop and properly operate systems.

The latest Basic Policy for the Establishment of Internal Control System of the Group can be found on the web page linked below.

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

The overview of the status of maintenance and operation in fiscal year 2024 is presented in the following.

(i) Systems that ensure directors and employees comply with laws and regulations and the Company’s Articles of Incorporation in executing their duties

a. Held fourteen Corporate Governance Committee meetings during the fiscal term under review to discuss the remuneration system for directors (excluding directors who are audit and supervisory committee members) and General Managers, candidates for directors (including directors who are audit and supervisory committee members), institutional design, etc.
b. Two outside directors who are not an audit and supervisory committee members and all two outside audit and supervisory committee members held five Independent Outside Directors Liaison Meeting during the year to give suggestions to the representative director.
c. Based on the Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group, operated a contact point for the "Orange Hot Line," the Group's reporting system, which covered not only the Group but also the entire chain stores including franchisees, to receive whistleblowing via the externally placed contact point. During the fiscal term under review, introduced initial screening upon receipt of whistleblowing and established a system to ensure accuracy and appropriateness of the response.
d. The Corporate Audit Department conducted audits as to the appropriateness and effectiveness of operations.
e. Pursuant to the Basic Rules on Compliance, provided compliance education on insider trading and security for all employees and conducted a compliance awareness survey.
f. The General Manager in charge of internal control functions reported to the Board of Directors about serious incidents and reports made through the Orange Hot Line including the situation of their occurrence, etc. based on the "Crisis Management rules" and the "Orange Hot Line rules," and shared such information with the Audit and Supervisory Committee and other related departments. Promoted awareness, as necessary, of matters requiring chain-wide efforts among the serious incidents reported and reports made through the Orange Hot Line, to call for action in the entire AUTOBACS chain.

(ii) Rules and other systems concerning the control of risks of loss
a. The Risk Management Committee monitored the status of addressing of risk issues, which were set on an annual basis. The General Affairs Department, Legal Department, Car Lifestyle Support Center, and Corporate Audit Department cooperated to help the Risk Management Committee monitor risks and grasp the status of addressing the annual risk issues.
b. Ensure the system to set up the Crisis Management Headquarters and take a prompt response in accordance with the "Crisis Management rules" and "BCP (Business Continuity Plan) Manual" in the event of a serious crisis such as a large-scale disaster. Following the previous fiscal term, the Company conducted a drill twice during the fiscal term under review. The safety confirmation system, which was redesigned in the previous fiscal term, was expanded to all Group companies and through promotion of cooperation, we are continuing to improve the system to make it more effective.

(iii) Systems for ensuring the efficient execution of directors' duties
a. Held fourteen Board of Directors' meetings during the fiscal year under review to deliberate on and determine important matters. In addition, received reports on the execution of duties from directors in charge of each field, based on the long-term vision, Beyond AUTOBACS Vision 2032, and annual business plan.
b. Held twelve Executive Committee meetings during the fiscal year under review to discuss about business profitability and various risks with respect to matters to be addressed at the Board of Directors' meetings and make preliminary deliberations so that directors could make decision based on sufficient information. In addition, held five General Managers' Committee meetings during the fiscal year under review to check the status of execution at each business and business infrastructure and deliberate on the monitoring and assessment of risks related to individual investment matters.

(iv) Systems that ensure appropriateness of business operations by the Group

The Corporate Audit Department conducted audits as to the appropriateness and effectiveness of business operations by the Group and assessed internal controls related to the reliability of the financial reports. Employees of the Company mainly from the Corporate Audit Department and the Audit and Supervisory Committee Office were appointed as subsidiary audit and supervisory board members to conduct audits as to the appropriateness of the execution of operations and the accounting and financial status of subsidiaries. The Corporate Audit Department provided detailed reports to the Full-time Audit and Supervisory Committee Members and provided summary reports to the Audit and Supervisory Committee of the Company about their respective activities on a monthly basis.

(v) System that ensure effective auditing by the Audit and Supervisory Committee
a. Established the Audit and Supervisory Committee Office as an organization to assist the Audit and Supervisory Committee, assigned several independent dedicated employees who possess knowledge on the establishment and operation of internal control systems, and appointed them as audit and supervisory board members of subsidiaries to ensure the

effectiveness of auditing by the Audit and Supervisory Committee.

b. The Audit and Supervisory Committee reviewed and deliberated on audit matters, and also received reporting from the representative director & chief executive officer and general managers in charge of respective departments, as well as relevant departments regarding matters discovered in the course of an audit of operations, to offer recommendations on matters to be amended. All audit and supervisory committee members attended Board of Directors' meetings, Executive Committee meetings, and General Managers Committee meetings to ask questions or express opinions as appropriate. Outside audit and supervisory committee members attended all Corporate Governance Committee meetings and reported and made suggestions on matters related to nomination, remuneration, and other governance.

c. The Audit and Supervisory Committee held a meeting for exchanging information with the independent auditor on a monthly basis.

d. During the fiscal term under review, the Audit and Supervisory Committee held a meeting once a month with departments responsible for auditing subsidiaries, and also held two (2) Subsidiary Auditor Liaison Meetings attended by auditors of subsidiaries to exchange information and opinions about the status of auditing and internal controls of subsidiaries, in an effort to ensure effective auditing by the Audit and Supervisory Committee. In addition, in order to check the effectiveness of internal control system, the Audit and Supervisory Committee conducted on-site audits, including remote audits, of thirteen (13) subsidiaries, of which four (4) are overseas subsidiaries.

The status of the establishment and operation of the internal control system has been appropriately reported to the Board of Directors. The Audit and Supervisory Committee and the Corporate Audit Department continuously audit the effectiveness of the internal control system through auditing business operations and evaluating the internal controls, require that corrective actions be taken regarding flaws in the internal control system and check the progress of the corrective actions.

(VI) Outline of the contents of the liability limitation agreement

The Company has entered into an agreement with five directors, who are not executive directors, etc., which limits the liability set forth in Article 423, Paragraph 1, of the Companies Act, pursuant to Article 30, Paragraph 2 of the Company's Articles of Incorporation, established pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.

The liability limit pursuant to such agreement shall be the total amount of a. and b. described below, which are set forth in Article 425, Paragraph 1, of the Companies Act.

i. The amount obtained by multiplying by two the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual property benefits received or to be received from the Company as consideration for the execution of a director's duties while he or she is in office.

ii. In the cases where he or she has subscribed for the Company's stock acquisition rights as set forth in Article 2, Item 21, of the Companies Act (limited to the cases listed in each Item in Article 238, Paragraph 3, of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the property benefits concerning such stock acquisition rights.

(VII) Outline of the contents of the directors and officers liability agreement

The Group has entered into a liability insurance agreement for executive officers, etc. as outlined below with an insurance company as stipulated in paragraph 1, Article 430-3 of the Companies Act, and intends to renew this agreement in February 2026. The insured executive officers are those identified in the following paragraph iv, all of whom are officers appointed during the term of the insurance policy.

i. Actual ratio of premiums borne by the insured

The premiums are paid by the Company, including premiums for riders. Therefore, the insured do not bear the actual premiums.

ii. Outline of events indemnified

The policy, together with the riders, covers damages that may arise when a director or officer insured under the agreement assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. However, there are certain exemptions, such as in cases when actions are taken with the knowledge that such actions are in violation of laws and regulations.

iii. Measures taken so as not to damage the appropriateness of directors' and officers' duties

There are grounds for exemptions under the policy. For example, liability for willful misconduct, illegal offering of private benefits, criminal offense, etc. of the insured will not be covered.

iv. Scope of the insured

Directors, audit and supervisory board members, and officers of the Company and its subsidiaries, as well as directors who are dispatched from the Company to companies other than the subsidiaries of the Company (franchisees and other associated companies).

(VIII) Provisions of the Articles of Incorporation of the Company

i. The fixed number of Directors and provisions of the Articles of Incorporation for requirements for resolutions of appointment

a. Number of Directors

Article 20 of the Articles of Incorporation of the Company stipulates that the Company shall have not more than seven Directors (excluding Audit and Supervisory Committee members) and that it shall have not more than five Directors who are Audit and Supervisory Committee members.

b. Requirements for resolution regarding appointment of Directors

Article 21, Paragraph 2 of the Articles of Incorporation of the Company stipulates that resolutions for the election of the Directors shall be made by a majority of voting rights of the shareholders in attendance at a General Meeting of Shareholders, who hold one-third or more of the total voting rights of the shareholders who can exercise such rights. Paragraph 3 of said Article stipulates that no cumulative voting shall be used to elect the Directors. The Articles of Incorporation do not have provisions that differ from the Companies Act regarding the dismissal of Directors.

ii. Provisions of the Articles of Incorporation concerning matters to be resolved at the General Meeting of Shareholders, which can be resolved by the Board of Directors

a. Interim dividends

The Articles of Incorporation of the Company provide that the Company may pay dividends of surplus (interim dividends) in paragraph 5, Article 454 of the Companies Act by resolution of the Board of Directors in addition to the payment of dividends of surplus by resolution of the General Meeting of Shareholders. The purpose of this provision is to return profit to shareholders in a flexible manner.

b. Stock buybacks

Pursuant to the provisions of paragraph 2, Article 165 of the Companies Act, Article 36 of the Articles of Incorporation stipulates that the Company may purchase treasury shares by resolution of the Board of Directors. This is done for the purpose of flexibly implementing capital policies.

c. Exemption from liability of Directors

Paragraph 1, Article 30 of the Articles of Incorporation and Article 1 of Supplementary Provisions stipulate that the Company may exempt the liability for compensation stipulated in paragraph 1, Article 423 of the Companies Act by resolution of the Board of Directors and within the range specified by laws and regulations to allow Directors (including former Directors) to fully fulfill their roles expected in the performance of their duties.

iii. Requirement for special resolutions of General Meetings of Shareholders

In order to facilitate the smooth operation of Shareholders’ Meetings by relaxing the quorum for special resolutions at Shareholders’ Meetings, Paragraph 2, Article 17 of the Articles of Incorporation stipulates that a special resolution of a Shareholders Meeting specified in Paragraph 2, Article 309 of the Companies Act requires shareholders in attendance, who hold one-third or more of the voting rights of shareholders who can exercise their voting rights, and by majority vote, which is more than two thirds of such voting rights.

(IX) Policy Concerning Company Control

Since the opening of the first AUTOBACS store in 1974, the Company has been striving to contribute to enriching its customers' car lifestyles by developing and expanding the AUTOBACS franchise chain, comprising AUTOBACS headquarters, the Company's directly operated stores, and its domestic and foreign franchise stores.

While maintaining its founding management principle, the Group set its Purpose, "Ensuring the safety of our communities while driving and enriching customers' lives," in fiscal 2023, and clarified the direction of the evolution, namely, "Dedicated towards providing you the joy of going out," for which fiscal 2032 is the target year. The Group is promoting initiatives to contribute to the Purpose through swift and decisive decision-making and is striving to become a corporate group indispensable for its customers and society.

In the years ahead, the Group is determined to further develop its business by building an optimum portfolio while positioning the AUTOBACS franchise chain as its core business, continuously enhance its corporate governance and investor relations, and ensure greater transparency of the Group's management. These steps, the Group believes, will contribute toward maximizing profits for all the stakeholders, particularly the shareholders.

In this context, the Company is convinced that the people who make decisions on the Company's financial and business policies must be those who understand the importance of mutual trust among franchise stores, clients, business partners in the new business area, their employees and other parties concerned in the AUTOBACS franchise chain and who are willing and able to improve the medium- and long-term corporate values and the common interests of shareholders.

(2) Directors and Audit & Supervisory Board Members

a. Directors and Audit & Supervisory Board Members as of the date of submission of the Annual Securities Report

As of June 23, 2025 (the date of submission of the Annual Securities Report), the status of directors is as follows.

7 men, 1 woman (female ratio: 12.5%)

Position	Name	Date of birth	Career History	Term of office	Shares held (Thousands)
Representative Director & Chief Executive Officer, Chief AUTOBACS Chain Officer	Yugo Horii	June 24, 1972	March 1995: Joined AUTOBACS SEVEN Co., Ltd. April 2010: General Manager of Legal Department April 2012: Officer, Internal Control April 2013: Officer, Internal Control and Legal April 2015: Officer, Legal, General Affairs and Internal Control April 2016: Senior Executive Officer, Overseas Business June 2016: Director and Senior Executive Officer, Overseas Business April 2017: Director and Senior Executive Officer, Office of the President and Overseas Business Planning April 2018: Director and Senior Executive Officer, Office of the President and Business Planning, and AUTOBACS Business Planning June 2019: Representative Director and President, ABT Marketing Co., Ltd. April 2020: Director and Senior Managing Executive Officer, Head of AUTOBACS Business Planning & Operations and CEO Office / Business Planning April 2022: Representative Director and Senior Managing Executive Officer, CEO Office / Business Planning June 2022: Representative Director and Chief Executive Officer, Chief AUTOBACS Chain Officer April 2023: Representative Director & Chief Executive Officer, Chief AUTOBACS Chain Officer (current position)	(Note 2)	46

Position	Name	Date of birth	Career History	Term of office	Shares held (Thousands)
Senior Managing Director & General Manager, Marketing, and Department Manager, Marketing	Shinichi Fujiwara	September 23, 1965	March 1984: Joined AUTOBACS SEVEN Co., Ltd. September 2007: Officer, Area Dominant Strategy June 2008: Officer, Area Strategy April 2009: Officer, Chain Strategy September 2009: Officer, Advanced Store Prototype Development Project April 2010: Officer, Advanced Store Prototype Development April 2011: Officer, Marketing & Sales Strategy Planning April 2013: Officer, Marketing April 2014: Officer, Chain Store Planning and Marketing April 2015: Officer, Marketing April 2016: Officer, Chain Store Planning April 2017: Senior Executive Officer, Head of Eastern Japan Region Headquarters April 2018: Senior Executive Officer, Eastern Japan Regional Headquarters April 2020: Senior Managing Executive Officer, Northern Japan Regional Headquarters and Kanto Regional Headquarters October 2020: Senior Managing Executive Officer, Kanto Regional Headquarters June 2021: Director and Senior Managing Executive Officer, Kanto Regional Headquarters April 2022: Director and Senior Managing Executive Officer, Head of Operations and Kanto Regional Headquarters April 2023: Senior Managing Director & Executive General Manager, Sales Operations & Eastern Japan Sales Operations April 2024: Senior Managing Director & Executive General Manager, AUTOBACS Business Strategies August 2024: Senior Managing Director & Executive General Manager, AUTOBACS Business Strategies, and Department Manager, Marketing April 2025: Senior Managing Director & General Manager, Marketing, and Department Manager, Marketing (current position)	(Note 2)	23

Position	Name	Date of birth	Career History	Term of office	Shares held (Thousands)
Director & General Manager, Sales Operations	Masahiro Nishikawa	November 10, 1965	March 1984: Joined AUTOBACS SEVEN Co., Ltd. April 1995: Director, OPS Co., Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.) March 1999: Director, General Store Manager & GM of SA Higashi-Fukuoka Store, OPS Co., Ltd. April 2004: Director, General Manager, Sales Operations, OPS Co., Ltd. June 2011: Representative Director and President, AUTOBACS THREE ARROW Co., Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.) June 2012: Representative Director and President, Hiroshima AUTOBACS Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.) April 2017: Representative Director and President, AUTOBACS Yamaguchi Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.) April 2020: Officer, Division Manager of Southern Japan Regional Headquarters April 2021: Senior Executive Officer, Division Manager of Southern Japan Regional Headquarters April 2023: Executive General Manager, Western Japan Sales Operations April 2024: Executive General Manager, Sales Operations June 2024: Director & Executive General Manager, Sales Operations April 2025: Director & General Manager, Domestic Sales Operations (current position)	(Note 2)	4

Position	Name	Date of birth	Career History	Term of office	Shares held (Thousands)
Director	Takayoshi Mimura	June 18, 1953	April 1977: Joined Terumo Corporation June 2002: Executive Officer, Terumo Corporation June 2003: Director and Executive Officer, Terumo Corporation June 2004: Director and Senior Executive Officer, Terumo Corporation June 2007: Director and Managing Executive Officer, Terumo Corporation April 2008: Director and Managing Executive Officer, Group President of General Hospital Business Group Responsible for Domestic Sales Dept., Terumo Corporation June 2009: Director and Managing Executive Officer, Regional Representative, China and Asia, Terumo Corporation April 2010: Director and Managing Executive Officer, Regional Representative, China, Terumo Corporation June 2010: Director and Senior Managing Executive Officer, Terumo Corporation August 2011: President and CEO, Terumo (China) Holding Co., Ltd. April 2017: Chairman of the Board, Terumo Corporation June 2017: President, TERUMO LIFE SCIENCE FOUNDATION June 2017: Councilor, The Japan China Medical Association June 2021: Chairman, The Japan Federation of Medical Devices Associations April 2022: Director and Corporate Advisor, Terumo Corporation June 2022: Corporate Advisor, Terumo Corporation June 2022: Outside Director, AUTOBACS SEVEN Co., Ltd. (current position) June 2022: Outside Director, Mitsui Chemicals, Inc. (current position) June 2023: Outside Director, Niterra Co., Ltd. (current position) June 2023: Director, JAPAN-CHINA MEDICAL COMMUNICATION CENTER (current position)	(Note 2)	0

Position	Name	Date of birth	Career History	Term of office	Shares held (Thousands)
Outside Director	Yosuke Matsuda	April 27, 1963	April 1987: Joined Mitsui Life Insurance Company Limited May 1995: Joined Actus Audit Corporation December 1998: Joined SQUARE CO., LTD. (*1) February 2000: Joined Showa Ota Ernst & Young Co., Ltd. October 2001: Senior Vice President, SQUARE CO., LTD. (*1) April 2003: Senior Vice President and General Manager, Accounting and Finance Division, SQUARE CO., LTD. (*1) June 2004: Director, Accounting and Finance, SQUARE ENIX CO., LTD. (*1) February 2006: Director, Taito Corporation (*2) November 2006: Director, SQUARE ENIX OF AMERICA HOLDINGS, INC. April 2010: Director, Taito Corporation March 2013: Senior Executive Managing Director and Representative Director, SQUARE ENIX HOLDINGS CO., LTD. May 2013: President and Representative Director, SQUARE ENIX CO., LTD. June 2013: President and Representative Director, SQUARE ENIX HOLDINGS CO., LTD. June 2013: President and Director, SQUARE ENIX OF AMERICA HOLDINGS, INC. July 2013: Deputy Chairman of the Board, SQUARE ENIX (China) CO., LTD. January 2016: Director, Taito Corporation April 2016: Director, SQUARE ENIX LTD. June 2018: Chairman of the Board, SQUARE ENIX (China) CO., LTD. September 2023: Outside Director, Sound Fun Corporation (current position) June 2024: Outside Director, AUTOBACS SEVEN Co., Ltd. (current position) *1 Currently SQUARE ENIX HOLDINGS CO., LTD. *2 Currently SQUARE ENIX CO., LTD.	(Note 2)	0

Position	Name	Date of birth	Career History	Term of office	Shares held (Thousands)
Director Full-time Audit and Supervisory Committee Member	Tomoaki Ikeda	February 13, 1962	April 1986: Joined The Hokkaido Takushoku Bank, Ltd. August 1998: Joined FamilyMart Co., Ltd. March 2007: General Manager of IR Office, PR & IR Department, FamilyMart Co., Ltd. March 2011: Executive Officer and General Manager of PR & IR Department, FamilyMart Co., Ltd. March 2015: Executive Officer and General Manager of Finance and IR Department, FamilyMart Co., Ltd. September 2016: Executive Officer and General Manager of Finance Department, Finance Division, FamilyMart UNY Holdings Co., Ltd. Senior Officer and General Manager of Finance Department, Finance Division, FamilyMart Co., Ltd. April 2019: Joined AUTOBACS SEVEN Co., Ltd. April 2020: Officer, Finance & Accounting / PR & IR June 2022: Director and Executive Officer, Finance & Accounting / PR & IR April 2023: Director & General Manager, Administration June 2023: Director and Full-time Audit and Supervisory Committee Member (current position)	(Note 3)	3
Outside Director Full-time Audit and Supervisory Committee Member	Masami Koizumi	July 20, 1961	July 1995: Joined UNITED ARROWS LTD. April 2000: Department Manager, Finance and Accounting Department, UNITED ARROWS LTD. March 2001: Executive Vice President, Prostaff Ltd. December 2004: Auditor, Netprice, Ltd. (current BEENOS Inc.) June 2006: Director, UNITED ARROWS LTD. July 2008: Director and Executive Managing Officer, UNITED ARROWS LTD. April 2012: Director and Executive Vice President, UNITED ARROWS LTD. June 2020: Retired as Director, UNITED ARROWS LTD. June 2021: Outside Director, AUTOBACS SEVEN Co., Ltd. (Full-time Audit and Supervisory Committee Member) (current position)	(Note 3)	0
Outside Director Audit and Supervisory Committee Member	Ayako Kanamaru	January 27, 1980	October 2006: Registered as a lawyer October 2006: Joined OH-EBASHI LPC & PARTNERS January 2016: Partner, OH-EBASHI LPC & PARTNERS (current position) June 2020: Outside Auditor, CDG Co., Ltd. May 2021: Outside Director, MEDIA DO Co., Ltd. (current position) June 2023: Outside Director, AUTOBACS SEVEN Co., Ltd. (Audit and Supervisory Committee Member) (current position) June 2025: External Director, Mitsui Matsushima Holdings Co., Ltd. (current position)	(Note 3)	-
Total					81

(Notes) 1. Takayoshi Mimura, Yosuke Matsuda, Masami Koizumi, and Ayako Kanamaru are Outside Directors.

2. One year from the close of the Ordinary General Meeting of Shareholders held on June 27, 2024.
3. Two years from the close of the Ordinary General Meeting of Shareholders held on June 23, 2023.

b. Directors and Audit & Supervisory Board Members after the Annual General Meeting of Shareholders

As agenda items (matters for resolution) for the 78th Annual General Meeting of Shareholders scheduled to be held on June 24, 2025, the Company has proposed "Election of five Directors (excluding Directors who are Audit and Supervisory Committee Members)" and "Election of three Directors who are Audit and Supervisory Committee Members." If these resolutions are approved, the status of directors and their terms of office will be as follows. The positions of directors include those to be determined by resolution of the Board of Directors scheduled to be held immediately after the Annual General Meeting of Shareholders.

7 men, 1 woman (female ratio: 12.5%)

Position	Name	Date of birth	Career History	Term of office	Shares held (Thousands)
Representative Director & Chief Executive Officer, Chief AUTOBACS Chain Officer	Yugo Horii	June 24, 1972	As stated in a.	(Note 2)	46
Senior Managing Director & General Manager, Marketing, and Department Manager, Marketing	Shinichi Fujiwara	September 23, 1965	As stated in a.	(Note 2)	23
Managing Director & General Manager, Domestic Sales Operations	Masahiro Nishikawa	November 10, 1965	March 1984: Joined AUTOBACS SEVEN Co., Ltd. April 1995: Director, OPS Co., Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.) March 1999: Director, General Store Manager & GM of SA Higashi-Fukuoka Store, OPS Co., Ltd. April 2004: Director, General Manager, Sales Operations, OPS Co., Ltd. June 2011: Representative Director and President, AUTOBACS THREE ARROW Co., Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.) June 2012: Representative Director and President, Hiroshima AUTOBACS Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.) April 2017: Representative Director and President, AUTOBACS Yamaguchi Ltd. (currently AUTOBACS Minami-Nihon Sales Ltd.) April 2020: Officer, Division Manager of Southern Japan Regional Headquarters April 2021: Senior Executive Officer, Division Manager of Southern Japan Regional Headquarters April 2023: Executive General Manager, Western Japan Sales Operations April 2024: Executive General Manager, Sales Operations June 2024: Director & Executive General Manager, Sales Operations April 2025: Director & General Manager, Domestic Sales Operations June 2025: Managing Director & General Manager, Domestic Sales Operations (current position)	(Note 2)	4
Director	Yosuke Matsuda	April 27, 1963	As stated in a.	(Note 2)	0

Director	Tatsuya Kamoi	February 10, 1961	1983: Joined Epson Corp. January 2000: Joined PricewaterhouseCoopers Consulting January 2006: Executive Officer, IBM Japan, Ltd. January 2012: Managing Executive Officer, IBM Japan, Ltd. August 2014: President and Representative Director and Far East Market Representative, Mercer Japan Ltd. October 2019: Senior Corporate Executive, NEC Corporation April 2020: President and Chief Executive Officer, ABeam Consulting Ltd. April 2023: Vice Chairman and Director, ABeam Consulting Ltd. September 2023: Outside Director, Paiza, Inc. (current position) September 2023: Outside Director, AVANT GROUP CORPORATION (current position) April 2024: Director, ABeam Consulting Ltd. June 2025: Director, Executive Chairman, Audit & Supervisory Committee Member, FUJI SOFT INCORPORATED (current position) June 2025: Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)	(Note 2)	-

Position	Name	Date of birth	Career History	Term of office	Shares held (Thousands)
Outside Director Full-time Audit and Supervisory Committee Member	Tomoaki Ikeda	February 13, 1962	As stated in a.	(Note 3)	3
Outside Director Full-time Audit and Supervisory Committee Member	Masami Koizumi	July 20, 1961	As stated in a.	(Note 3)	0
Outside Director Audit and Supervisory Committee Member	Ayako Kanamaru	January 27, 1980	As stated in a.	(Note 3)	-
Total					80

(Notes) 1. Yosuke Matsuda, Tatsuya Kamoi, Masami Koizumi, and Ayako Kanamaru are Outside Directors.
2. One year from the close of the Ordinary General Meeting of Shareholders held on June 24, 2025.
3. Two years from the close of the Ordinary General Meeting of Shareholders held on June 24, 2025.

ii. Status of Outside Directors, etc.

a. Relationships between the Group and Outside Directors

The Group has four Outside Directors: Takayoshi Mimura, Yosuke Matsuda, Masami Koizumi, and Ayako Kanamaru (Masami Koizumi and Ayako Kanamaru are Directors who concurrently serve as Audit and Supervisory Committee members). They also satisfy the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as the independence requirements stipulated by the Company.

While Takayoshi Mimura, Yosuke Matsuda, Masami Koizumi, hold shares of the Company’s stock as indicated in section i. Directors and Audit & Supervisory Board Members, (2) Directors and Audit & Supervisory Board Members, they will not cause conflicts of interests with general shareholders in personal, capital or business relationships. The Company has designated and reported all four Outside Directors as Independent Directors to the Tokyo Stock Exchange(TSE) pursuant to its regulations.

Furthermore, as agenda items (matters for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025, the Company has proposed “Election of five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)” and “Election of three (3) Directors who are Audit and Supervisory Committee Members.” If these proposals are approved, the Outside Directors will be Yosuke Matsuda, Tatsuya Kamoi, Masami Koizumi, and Ayako Kanamaru (Masami Koizumi and Ayako Kanamaru concurrently serve as Audit and Supervisory

Committee Members). Among them, the newly appointed Outside Director, Tatsuya Kamoi, satisfies the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as the independence requirements stipulated by the Company. Therefore, if he is elected as originally proposed, the Company plans to register him with the Exchange as an Independent Officer.

b. Functions, roles, etc. of Outside Directors in corporate governance

Outside Directors hold important positions in the Group for the improvement of its supervising and auditing functions. Remarks made by Outside Directors during deliberations and about resolutions of the Board of Directors contribute to ensuring the transparency, objectivity and appropriateness of management. The Company appoints a Lead Independent Outside Director, who chairs a Liaison Committee for Independent Outside Directors and Audit and Supervisory Board Members to share their understandings of business issues, etc. and exchange information, thereby strengthening the cooperation of Outside Directors who are and who are not Audit and Supervisory Committee members.

c. Consideration of the status of the appointment of Outside Directors

To strengthen the functions of the Outside Directors and protect the interests of general shareholders, the Corporate Governance Policy provides that at least one third of the total number of Directors on the Board of Director should be independent Outside Directors.

Independent Outside Directors must meet the standards for independence specified by the TSE and the requirements for the independence of Outside Directors established by the Board of Directors of the Company. The Company reports all Outside Directors meeting the requirements to the TSE.

《Requirements for the Outside Directors' Independency》

The independent officers of the Company shall be the Outside Director who satisfies the following requirements for independency.

At the time when any event has occurred to the person which results in infringement of the following requirements for independency, he/she shall lose the independency.

1. The Company's Outside Directors shall not have had any interest in the Company and its affiliates (hereinafter collectively the "AUTOBACS SEVEN Group") or specified corporations or entities in any of the following ways:
   a. Receiving remuneration (excluding the remuneration for the duty of an officer from the Company) or other assets from the AUTOBACS SEVEN Group in an amount exceeding ten million yen per fiscal term within the past three years including the fiscal year under review
   b. Belonging to an audit firm that conducted audits on the AUTOBACS SEVEN Group within the past three years, including the fiscal year under review
   c. Serving any of the following corporations or entities (including holding companies) as a director, an executive officer, a general manager or in any other executive or managerial capacity (hereinafter referred to as executive directors, etc.):
      - AUTOBACS SEVEN Group customer or business partner [Note 2] whose amount per fiscal term of operation or trade with, or the amount paid to or received by, the AUTOBACS SEVEN Group accounts for 2% or more of the sales [Note 1] of either party in any fiscal term within the past three years, including the fiscal year under review
      - Financial institution or other large creditor that is indispensable to the AUTOBACS SEVEN Group's fund procurement and on which the Group depends to the extent that such a financial institution or large creditor is irreplaceable, within the past three years, including the fiscal year under review
      - Any major shareholder of the Company (owning 10% or more of outstanding shares), within the past five years, including the fiscal year under review d. Any corporation which currently includes the AUTOBACS SEVEN Group as major shareholder (owning more than 10% of outstanding shares)
      - Any corporation that currently shares mutually appointed directors with the AUTOBACS SEVEN Group (mutual exchange of directors through cross-holding of shares)
2. The Company's Outside Directors shall not have been a spouse of said executive directors, etc., of the AUTOBACS SEVEN Group or a relative within the second degree of kinship, or have shared means of livelihood in the past five years, including the fiscal year under review.
3. The Company's Outside Directors shall not be a spouse of, a relative within the second degree of kinship or share means of livelihood with any person corresponding to the description of Paragraph 1 above.
4. The Company's Outside Directors shall not be in any situation that may hinder them from performing their duties as the Company's independent officers.

(Note 1) Includes line items falling under net sales, such as "operating revenue." Consolidated net sales come from companies within the scope of consolidated accounting.

(Note 2) Includes accounting firms, law offices and consulting companies other than those listed in 1. (b.) above.

iii. Relationships between supervision or audits by Outside Directors and internal audits, audits by the Audit and Supervisory Committee and accounting audits, and relationships between Outside Directors and the internal control division

As of the date of submission of this report (June 23, 2025), there are a total of eight Directors including four Outside Directors. The structure with all Outside Directors being independent Outside Directors facilitates the improvement of the Company's supervising and auditing functions.

Meetings for reporting the results of audits and exchanging opinions are held monthly or as needed by the Audit and Supervisory Committee, the Corporate Audit Department and the General Affairs Department, which oversees internal control, and by the Audit and Supervisory Committee and Deloitte Touche Tohmatsu LLC to improve cooperation.

If any inadequacy has been discovered in the evaluation of audits or the internal control system, the Audit and Supervisory Committee and Corporate Audit Department give instructions to internal control and other departments or subsidiaries to take corrective actions and continuously monitor the progress.

Furthermore, as agenda items (matters for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025, the Company has proposed "Election of five (5) Directors (excluding Directors who are Audit and

Supervisory Committee Members)" and "Election of three (3) Directors who are Audit and Supervisory Committee Members." If these proposals are approved, the Board of Directors will consist of eight (8) members in total, including four (4) Outside Directors.

(3) Audit System

i. Status of audits performed by Audit and Supervisory Committee

a. Organization, personnel, procedures for audits by the Audit and Supervisory Committee

As of June 23, 2025, the date of submission of the Annual Securities Report, the Company's Audit and Supervisory Committee consists of three Directors serving as Audit and Supervisory Committee members, including two Independent Outside Directors. Two are full-time Audit and Supervisory Committee members (one internal director serving as an Audit and Supervisory Committee member and one Independent Outside Director serving as an Audit and Supervisory Committee member) and the other is a part-time Audit and Supervisory Committee member (independent Outside Director serving as an Audit and Supervisory Committee member).

The organization including selected Audit and Supervisory Committee members oversees and audits the Directors', who are not Audit and Supervisory Committee members, performance of their duties and monitors and examines activities based on an internal control system to ensure the soundness of corporate management for the achievement of the Group's sustainable growth and the medium- to long-term increase of corporate value in light of the Company's fiduciary responsibility to shareholders. Two full-time Audit and Supervisory Committee members have been selected for the selected members for the Audit and Supervisory Committee.

The Audit and Supervisory Committee establishes the auditing standards, policies, and role allocations for the fiscal year, etc., and receives reports on the status and results of audits via selected audit and supervisory committee members and internal control systems in cooperation with the Corporate Audit Department, etc. Full-time audit and supervisory committee members and other related members receive reports from the directors and independent auditors on the status of execution of their duties and requests explanations as necessary. Audit and supervisory committee members attend the Board of Directors meetings, the Executive Committee and other important meetings, receive reports on important managerial matters, request explanations, as necessary, and thereby audit the execution of duties of directors and general managers.

Audit procedures and the division of the roles of the Audit and Supervisory Committee including attendance at the Board of Directors' meetings and other important meetings based on the audit policy established at the beginning of a fiscal year and cooperation through regular meetings with the Internal Audit Department, Internal Control Department, and independent auditor. The selected Audit and Supervisory Committee members attend major meetings, examine important documents, investigate the operations and asset status of departments and subsidiaries, audit fiscal year-end settlements of accounts and take on other roles. Part-time Audit and Supervisory Committee members attend important meetings such as the advisory council meetings of the Corporate Governance Committee and regularly share audit methods and reports on results with the selected Audit and Supervisory Committee members at meetings of the Audit and Supervisory Committee. In addition, two Outside Directors and Audit and Supervisory Committee members also assume roles as members of the Corporate Governance Committee.

The Audit and Supervisory Committee includes two members who have considerable knowledge of financial affairs and accounting. Tomoaki Ikeda, a director and full-time Audit and Supervisory Committee member, has participated in the management of the Group as a Director since June 2022, after working for many years in financial affairs and accounting at companies, and he has been in charge of accounting, financial affairs, PR and IR as an Officer since April 2020. Masami Koizumi, an Outside Director and full-time Audit and Supervisory Committee member, has been involved in practical administration for many years at companies and has extensive experience in financial affairs and accounting. Ayako Kanamaru, an Outside Director and part-time Audit and Supervisory Committee member, contributed to the promotion and improvement of the Group's corporate governance mainly from a legal perspective based on her extensive experience and knowledge of corporate legal affairs as a lawyer.

The Audit and Supervisory Committee Office has been established as an organization assisting the duties of the Audit and Supervisory Committee. The Office has three employees who independently and exclusively work for the office supporting the operations of the Audit and Supervisory Committee. The employees of the Audit and Supervisory Committee Office concurrently serve as Senior Corporate Auditors at important subsidiaries.

As agenda items (matters for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025, the Company has proposed "Election of three (3) Directors who are Audit and Supervisory Committee Members." If this proposal is approved, the Audit and Supervisory Committee will consist of three Directors serving as Audit and Supervisory Committee members, including two Independent Outside Directors. Of these, two will be full-time Audit and Supervisory Committee members (one internal Director serving as an Audit and Supervisory Committee member and one Independent

Outside Director serving as an Audit and Supervisory Committee member), and one will be a part-time Audit and Supervisory Committee member (an Independent Outside Director serving as an Audit and Supervisory Committee member).

b. Audits by the Audit and Supervisory Committee

b-1. The Audit and Supervisory Committee meets generally one or more times a month in the fiscal year ended March 31, 2025. The attendance of each Audit and Supervisory Committee member is shown below.

Position	Name	Number of meetings	Number of attendances
Full-time Audit and Supervisory Committee Member	Tomoaki Ikeda	17 times	17 times (100%)
Full-time Audit and Supervisory Committee Member (Outside Director)	Masami Koizumi	17 times	17 times (100%)
Audit and Supervisory Committee Member (Outside Director)	Ayako Kanamaru	17 times	17 times (100%)

* Tomoaki Ikeda and Masami Koizumi have been selected as selected Audit and Supervisory Committee members.

b-2. Specific items discussed by the Audit and Supervisory Committee

- Decision-making process and implementation of decisions made throughout the corporate group
  Adequate monitoring of implementation after management decision
  Verification of sustainability initiatives
- Examination of the operation of the internal control system in a corporate group specified in the Companies Act and Financial Instruments and Exchange Act
  Verification of the appropriateness of resolutions and reports at important meetings such as those of the Board of Directors and Executive Committee
  Examination of the operation of the internal control system at subsidiaries
  Examination of compliance with Japan’s Corporate Governance Code
  Verification of appropriateness of responses to significant risks specified by the Risk Management Committee
- Responses to key audit matters concerning auditors’ audit reports in the Financial Instruments and Exchange Act
  Consultation with independent auditors and the Accounting Department

b-3. Activities of full-time and part-time Audit and Supervisory Committee members

- Interviews with Representative Director and Directors
  Conducted about twice a year by all Audit and Supervisory Committee members.
- Attendance at important meetings
  Attendance at the Board of Directors, Executive Committee, General Managers’ Committee, Franchise Leaders Conference, etc. (all Audit and Supervisory Committee members)
  Corporate Governance Committee, Independent Outside Directors Liaison Meeting (outside Audit and Supervisory Committee members)
- Interviews with General Managers
  Held about once a year by full-time and selected Audit and Supervisory Committee members
- Cooperation with independent auditor
  Monthly information exchange meetings on audits based on the Companies Act and Financial Instruments and Exchange Act participated by all Audit and Supervisory Committee members
- Cooperation between the Internal Audit Department and the Internal Control Department
- Monthly meetings that all Audit and Supervisory Committee members participate in
- Review of important approval documents
  Full-time and selected Audit and Supervisory Committee members review, as necessary, round robin decisions made by General Managers and higher executives and share to the Audit and Supervisory Committee.
- On-site audits of offices and subsidiaries
  Generally, full-time and selected Audit and Supervisory Committee members perform on-site or remote audits.

ii. Internal audits

The Group’s internal audits are performed by the Corporate Audit Department, an organization under the direct control of the Representative Director that is independent of the business departments, which performs audits in coordination with the Audit and Supervisory Committee.

a. Internal audit personnel and procedures

The Corporate Audit Department has eight employees and audits the operations of the Company and its subsidiaries, which are the scope of its audits, based on an audit plan formulated using a risk-based approach to check that operations are being performed appropriately in each business from the viewpoints of compliance with laws and regulations to mitigate risks and prevent misconduct, improvement of the effectiveness and efficiency of operations, the reliability of financial reporting, and the preservation of assets. The Corporate Audit Department provides periodic reports to the Board of Directors on the results of internal audit activities, audit plans, and the status of internal control on an annual basis. The department also assesses the internal control system specified in the Financial Instruments and Exchange Act. Internal auditors also serve concurrently as statutory auditors at subsidiaries.

b. Mutual cooperation over internal audits, audits by the Audit and Supervisory Committee and accounting audits, and relationship with internal control divisions

The results of audits and assessments are reported to the Representative Director, the Audit and Supervisory Committee and other parties as appropriate. The Group orders that the department in which any misconduct or inadequacy has been discovered takes corrective action and improvements and conducts follow-up audits. Internal audit activities are also regularly reported to the Representative Director and opinions are exchanged with the Audit and Supervisory Committee on a monthly basis.

The internal rules specify that, in an emergency involving the Representative Director, the instructions of Audit and Supervisory Committee are prioritized and the instruction and reporting systems will be changed.

Regarding the cooperation of related departments, meetings are held monthly or as necessary between the Audit and Supervisory Committee and the General Affairs Department, which oversees internal control, and between the Audit and Supervisory Committee and Deloitte Touche Tohmatsu LLC. to report and exchange opinions about the results of audits and the status of internal control to improve cooperation between them. If any inadequacy is found in the results of an investigation or assessment of the internal control system, the Audit and Supervisory Committee and the Corporate Audit Department provide instructions to departments including internal control departments or subsidiaries to take corrective actions and continuously monitor the status.

iii. Accounting audits

a. Name of auditing firm

Deloitte Touche Tohmatsu LLC.

b. Number of years of continuous audit

34 years

c. The Certified Public Accountants engaged in the audit

Seibei Kyoshima

Toru Ikeda

d. Assistants to the audit

Certified Public Accountants:12

Others:45

e. Policy and reason for selecting the auditing firm

The Group received an explanation about the system of Deloitte Touche Tohmatsu LLC., considered its independence, specialization, understanding of the Group’s business and compensation for audits and decided that it was appropriate to continue to select the audit firm as the Group’s independent auditor and certified public accountant.

If found necessary, such as when the independent auditor has a problem in the performance of its duties, the Audit and Supervisory Committee determines the details of proposals concerning the appointment or dismissal of the independent auditor to be submitted to the General Meeting of Shareholders according to the Audit and Supervisory Committee’s policy for dismissing or not reappointing an independent auditor and the standards for re-nominating or not re-nominating an independent auditor. The Auditor and Supervisory Committee will dismiss the independent auditor with the consent of all the committee members if the independent auditor falls under any item of Article 340, Paragraph 1 of the Companies Act. In this case, an Audit and Supervisory Committee member elected by the Audit and Supervisory Committee will report the dismissal of the independent auditor and the reason for dismissal at the first General Meeting of Shareholders convened after dismissal.

(Decisions are made appropriately based on the guidelines for the responses of a corporate auditor concerning the exercise of the right to determine the details of a proposal for the appointment or dismissal of an independent auditor and the practical guidelines for the creation of standards for the evaluation and selection of an independent auditor issued by Japan Audit & Supervisory Board Members Association.)

f. Evaluation of the auditing firm by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Group's Audit and Supervisory Committee evaluates Deloitte Touche Tohmatsu LLC. based on the Committee's policy for dismissing or not reappointing an independent auditor and the standards for re-nominating and not re-nominating independent auditors. This evaluation was performed by monitoring and verifying whether the independent auditor maintained its independence and carried out its audits appropriately, receiving reports, at monthly meeting, etc. from the independent auditor regarding the execution of its duties and, where necessary, requesting explanations. Also, the Audit and Supervisory Committee received notification from the independent auditor to the effect that "systems to ensure that duties are executed appropriately" (the matters listed in each item of Article 131 of the Regulation on Corporate Accounting) had been established in accordance with "Quality Control Standards for Auditing" (Business Accounting Council) and where necessary requested explanations. The Group also interviewed the Accounting Department subject to auditing and the Corporate Audit Department assessing internal control.

As a result, the Group determined that the financial audits performed by its independent auditor were functioning effectively and operated appropriately, and the system was properly maintained and operating.

The standards for the evaluation of the independent auditor are the comprehensive assessment of the independence, level of specialization, reliability and performance of other duties of the independent auditor.

iv. Audit fees

a. Fees to certified public accountants for audits, etc. (Millions of yen)

Category	Previous fiscal year		Fiscal year under review	
	Compensation for audit attestation work	Remuneration for non-audit services	Compensation for audit attestation work	Remuneration for non-audit services
The Company	84	-	99	-
Consolidated subsidiaries	6	-	7	-
Total	91	-	106	-

(Details of non-audit operations)

(Previous fiscal year)

Not applicable

(Fiscal year under review)

The Group's non-audit operations concern compensation for advisory services regarding investigation of the current status and analysis on the impact of introducing the Accounting Standard for Leases (ASBJ Statement No. 34).

b. Other significant compensation

Not applicable

c. Policy on determining the audit fee

The Group determines audit fees paid to auditing certified public accountants, etc., considering the size of the Group's business, characteristics of operations, the number of days taken for audits, etc.

d. Reason for the Audit & Supervisory Board's consent of the compensation, etc. to the Accounting Auditor

The Audit and Supervisory Committee considers the practical guidelines for cooperation with an independent auditor published by the Japan Audit & Supervisory Board Members Association, obtains necessary materials from Directors, relevant internal departments and the independent auditor, listens to reports, analyzes and evaluates the results of audits of the previous fiscal year, the progress of the independent auditor's performance of their duties, checks and examines audit time, personnel plans, and appropriateness of compensation estimates in the audit plan, and agrees to the amount of compensation for the independent auditor pursuant to paragraph, Article 399, Paragraph 3 of the Companies Act.

(4) Directors' compensation, etc.

i. Policy for determining amounts of compensation, etc. for directors or method for calculating them, and how to determine them

The Group's Director remuneration is determined based on the following policy for Director remuneration. The Corporate Governance Committee considers the remuneration system, level of remuneration, etc. and reports to the Board of Directors for finalization.

《Directors' Remuneration Policy》

The basic policy for determining directors' remuneration has the criteria of maintaining and increasing the corporate value of the AUTOBACS Group and securing human resources capable of effectively supervising the Company's business operations as directors of the Company.

a. Remuneration standard

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

b. Composition and basic policy of remuneration

Remuneration for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) consists of monetary remuneration and stock remuneration both as fixed remuneration. The ratio of monetary remuneration to stock remuneration in fixed remuneration is 2 to 1 for the Representative Director and 7 to 3 for directors. For outside directors and directors who are audit and supervisory committee members, monetary remuneration as fixed remuneration set for each role is paid.

i. Fixed remuneration (monetary remuneration)

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

ii. Fixed remuneration (stock remuneration)

Restricted stock is 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 in charge of the execution of duties among the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) consists of fixed remuneration (items i and ii above) for directors as well as of fixed remuneration (monetary remuneration), variable remuneration (monetary remuneration) and variable remuneration (stock remuneration) as types of remuneration for the execution of duties.

The percentages set for fixed remuneration (monetary remuneration), variable remuneration (monetary remuneration), and stock remuneration (fixed and variable remuneration) for the Company's directors are roughly 42%, 28%, 30%, respectively, in the case of Representative Director & Chief Executive Officer. The percentage of variable remuneration will become higher in proportion to the ranks of executive directors.

iii. Fixed remuneration (monetary remuneration)

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

iv. Variable remuneration (monetary remuneration)

The achievement of a single-year consolidated operating profit target is set as a payment condition common to all eligible executive directors. The amount varies between 0 and 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.

v. Variable remuneration (stock remuneration)

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

c. Process of Determining Remuneration

i. Remuneration for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) is determined at the Board of Directors' meeting, along with the remuneration system that ensures objectivity and transparency through consultation with the Corporate Governance Committee.

ii. Remuneration for the execution of duties by the Company's directors is determined by the chief executive officer, based on the remuneration system for the execution of duties determined at the Board of Directors' meeting after consultation with the Corporate Governance Committee and is in conformity to the remuneration policy decided by the Board of Directors.

iii. The Company received the opinion from the Audit and Supervisory Committee that the contents of remuneration, etc. payable to directors (excluding directors who are audit and supervisory committee members) are considered to be reasonable because the director remuneration policy, the system profile and the procedure for determining the remuneration, etc. were appropriate and the amounts of remuneration, etc. payable to each director are consistent with the roles, duties, and achievements of each director.

iv. Remuneration for the Company's directors who are audit and supervisory committee members is determined following deliberations by audit and supervisory committee members at a meeting of the Audit and Supervisory Committee within the limit of the amount of remuneration resolved in advance at a general meeting of shareholders.

ii. Total compensation by director classification and compensation type, and number of recipients

Director classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)			Numbers of recipients
		Basic compensation	Performance-linked bonuses	Stock compensation	
Directors (Excluding Outside Directors and Audit and Supervisory Committee Members)	247	122	89	35	5
Directors (Audit and Supervisory Committee Members) (Excluding Outside Directors)	25	25	—	—	1
Outside Directors	60	60	—	—	5

(Notes) 1. Stock remuneration is stated at an amount posted as expenses for the fiscal year under review.

2. Remuneration for directors (excluding directors who are audit and supervisory committee members) was resolved in the amount of 480 million 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. At the conclusion of the ordinary general meeting of shareholders for the said term, the number of directors (excluding directors who are audit and supervisory committee members) was four (including one outside director).

3. Remuneration for directors (audit and supervisory committee members) was resolved in the amount of 120 million yen or less per year with the number of eligible directors being five or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.

4. Remuneration for granting shares with restrictions on transfer for directors (excluding outside directors and directors who are audit and supervisory committee members) 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.

iii. Evaluation indicators and results of variable remuneration in recent fiscal years

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 profit 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. The target for consolidated ordinary profit (not adjusted for consolidation), the indicator used for all Directors for the variable remuneration (monetary remuneration) for the fiscal year under review, was 12.50 billion yen, and the result was 12.51 billion yen. The medium- to long-term incentive is provided in advance in the form of restricted stock according to the amount set for each remuneration table to achieve a medium- to long-term increase in financial results and corporate value and increase value sharing between the Group and its shareholders.

With the objective of continuing to improve its corporate value and share value with shareholders in line with the medium- to long-term performance targets under its business strategies and the Medium-term Business Plan, the Company introduced a medium to long-term performance-linked remuneration system with payment being premised on achieving the operating profit target in the 2024 Medium-term Business Plan.

iv. Activities of the Board of Directors and the Corporate Governance Committee in the process of determining the amount of remuneration, etc.

The Corporate Governance Committee deliberated four times on the remuneration system for Directors for the fiscal year under review and reported the result to the Board of Directors, and the Board of Directors passed the resolution.

(5) Status of shares held

i. Standards and approach for the classification of shares for investment

The Group separates a portion of designated investment shares considered to contribute to an increase in corporate value in view of business partnerships and strengthening or maintaining trade relationship, etc. in business activities as investments in equity securities held for reasons other than pure investment (strategic shareholding). Shares held for other purposes are categorized as investments in equity securities held for pure investment.

ii. Shares for investment held for purposes other than pure investment

a. Policy on shareholdings, method for verifying reasonableness of shareholdings, and details of verification of appropriateness of shareholdings for each stock conducted by the Board of Directors, etc.

The Group comprehensively considers the necessity of strategic shareholding in business activities such as alliances and improving transactions and holds those shares when they are considered to contribute to an increase in corporate value from a medium- to long-term perspective.

At the annual meeting of the Board of Directors, the Group compares and analyzes the cost and return of holding these shares in view of the level of their contribution to the Group’s profit, including the purpose of holding, annual transaction value, and dividend income. The Group reduces its holding if it does not consider the shares to be contributing to an increase in its corporate value.

b. Number of issues held and their balance sheet amount

	Number of issues	Total balance sheet amount (Millions of yen)
Unlisted shares	19	530
Other shares	5	4,144

(Issues with increased number of shares in the fiscal year under review)

	Number of issues	Total balance sheet amount (Millions of yen)	Reason for increase in number of shares
Unlisted shares	－	－	－
Other shares	－	－	－

(Issues with decreased number of shares in the fiscal year under review)

	Number of issues	Total balance sheet amount (Millions of yen)
Unlisted shares	1	0
Other shares	－	－

c. Information on the number of shares, balance sheet amounts, etc. of each issue of specified shares for investment and deemed shareholdings

Issue	Fiscal year under review	Previous fiscal year	Purpose, outline of business alliance, etc., quantitative effect of shareholding and reason for an increase in the number of shares	Shares of the Company held
	Number of shares (Thousands)	Number of shares (Thousands)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
G-7 HOLDINGS Inc.	2,203	2,203	The company is a franchisee, and its shares are held for the purpose of expanding the domestic AUTOBACS business. While the quantitative effect of the shareholding is a trade secret and is not stated here, the Group believes that there is an adequate effect based on its shareholding policy.	Yes
	2,912	3,177		
KOITO MANUFACTURING CO., LTD.	426	426	The company is a supplier of the Group and its shares are held for the purpose of facilitating the domestic AUTOBACS Business, including enhancing the lineup of instore merchandise, primarily lighting products, and ensuring their stable supply. While the quantitative effect of the shareholding is a trade secret and is not stated here, the Group believes that there is an adequate effect based on its shareholding policy.	Yes
	782	1,079		
SOFT99 corporation	187	187	The company is a supplier of the Group and its shares are held for the purpose of facilitating the domestic AUTOBACS Business, including enhancing the lineup of instore merchandise, primarily car repair products, and ensuring their stable supply. While the quantitative effect of the shareholding is a trade secret and is not stated here, the Group believes that there is an adequate effect based on its shareholding policy.	Yes
	310	283		
I.A GROUP CORPORATION	36	36	The company is a franchisee and its shares are held for the purpose of expanding the domestic AUTOBACS business. While the quantitative effect of the shareholding is a trade secret and is not stated here, the Group believes that there is an adequate effect based on its shareholding policy.	Yes
	118	128		
CAR MATE MFG. CO., LTD.	22	22	The company is a supplier of the Group and its shares are held for the purpose of facilitating the domestic AUTOBACS Business, including enhancing the lineup of instore merchandise, primarily products displayed on central gondola shelves (in-vehicle accessories), and ensuring their stable supply. While the quantitative effect of the shareholding is a trade secret and is not stated here, the Group believes that there is an adequate effect based on its shareholding policy.	Yes
	19	20		

Deemed shareholdings

Not applicable.

iii. Investment shares held for purely investment purposes

Not applicable.

V. FINANCIAL INFORMATION

1. Method of Preparation of Consolidated and Non-Consolidated Financial Statements

(1) The Company prepares its consolidated financial statements in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976; hereinafter the “Regulation on Consolidated Financial Statements”).

(2) The Company prepares its non-consolidated financial statements in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulation on Financial Statements”).

Additionally, as a special company submitting financial statements, the Company prepares its non-consolidated financial statements based on Article 127 of the Regulation on Financial Statements.

2. Audit Certification

Pursuant to the provisions set forth in Article 193-2(1) of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements in Japanese for the fiscal year (from April 1, 2024 to March 31, 2025) and non-consolidated financial statements in Japanese for the fiscal year (from April 1, 2024 to March 31, 2025) have been audited by Deloitte Touche Tohmatsu LLC.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

The Company has undertaken specific measures to secure the appropriateness of its consolidated financial statements, etc. Specifically, the Group has become a member of the Financial Accounting Standards Foundation (FASF) and participates in seminars held by the Accounting Standards Board of Japan (ASBJ) to accurately understand accounting standards, etc. and develop systems that enable it to respond appropriately to changes in accounting standards.

1. Consolidated Financial Statements, etc.

(1) Consolidated financial statements

i. Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	31,297	31,292
Notes receivable - trade	539	*2 1,018
Accounts receivable - trade	21,843	28,583
Investments in leases	3,882	3,056
Merchandise	*2 22,635	*2 27,649
Short-term loans receivable	100	346
Accounts receivable - other	26,047	27,902
Other	5,876	7,243
Allowance for doubtful accounts	(31)	(64)
Total current assets	112,191	127,028
Non-current assets		
Property, plant and equipment		
Buildings and structures	48,238	57,617
Accumulated depreciation	(34,080)	(39,423)
Buildings and structures, net	14,157	*2 18,193
Machinery, equipment and vehicles	8,846	10,329
Accumulated depreciation	(5,896)	(6,919)
Machinery, equipment and vehicles, net	2,950	*2 3,410
Tools, furniture and fixtures	13,309	14,678
Accumulated depreciation	(10,710)	(11,659)
Tools, furniture and fixtures, net	2,598	3,018
Land	24,576	*2 29,421
Leased assets	962	1,096
Accumulated depreciation	(332)	(436)
Leased assets, net	630	660
Right-of-use assets	4,017	4,029
Accumulated depreciation of Right-of-use assets	(2,233)	(2,675)
Right-of-use assets, net	1,784	1,354
Construction in progress	1,555	698
Total property, plant and equipment	48,252	56,757
Intangible assets		
Goodwill	1,080	8,694
Software	5,217	4,870
Other	1,465	3,805
Total intangible assets	7,763	17,370
Investments and other assets		
Investment securities	*1 9,065	*1 9,145
Long-term loans receivable	49	18
Deferred tax assets	5,008	4,639
Guarantee deposits	11,638	11,998
Other	993	1,241
Allowance for doubtful accounts	(13)	(28)
Total investments and other assets	26,741	27,014
Total non-current assets	82,757	101,142
Total assets	194,948	228,170

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	*2 22,050	*2 16,157
Short-term borrowings	11	*2 8,514
Lease liabilities	740	739
Accounts payable - other	15,200	18,015
Income taxes payable	2,109	2,781
Contract liabilities	891	2,040
Other	7,979	10,182
Total current liabilities	48,984	58,432
Non-current liabilities		
Bonds payable	—	200
Long-term borrowings	6,023	*2 26,263
Lease liabilities	2,545	2,102
Deferred tax liabilities	225	707
Provision for retirement benefits for directors (and other officers)	7	7
Retirement benefit liability	256	266
Asset retirement obligations	2,691	3,398
Other	5,062	4,828
Total non-current liabilities	16,812	37,774
Total liabilities	65,796	96,206
Net assets		
Shareholders' equity		
Share capital	33,998	33,998
Capital surplus	34,218	34,138
Retained earnings	63,670	66,246
Treasury shares	(6,970)	(6,060)
Total shareholders' equity	124,917	128,323
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,124	1,736
Foreign currency translation adjustment	1,803	1,748
Total accumulated other comprehensive income	3,928	3,484
Non-controlling interests	307	155
Total net assets	129,152	131,963
Total liabilities and net assets	194,948	228,170

ii. Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	*1 229,856	*1 249,525
Cost of sales	154,432	161,152
Gross profit	75,424	88,373
Selling, general and administrative expenses	*2 67,414	*2 76,247
Operating profit	8,010	12,126
Non-operating income		
Interest income	92	118
Dividend income	119	134
Share of profit of entities accounted for using equity method	99	433
Commission income	64	48
Lease revenue-system equipment	696	616
Other	999	824
Total non-operating income	2,070	2,174
Non-operating expenses		
Interest expenses	91	168
Lease cost-system equipment	1,350	794
Loss on retirement of non-current assets	50	70
Other	495	750
Total non-operating expenses	1,987	1,784
Ordinary profit	8,093	12,516
Extraordinary income		
Gain on sale of businesses	*3 3,971	—
Gain on bargain purchase	—	*4 1,030
Total extraordinary income	3,971	1,030
Extraordinary losses		
Impairment losses	*5 534	*5 462
Loss on valuation of investment securities	351	—
Extra payments for early retirements	*6 188	—
Loss on arrangement of stores	*7 708	—
Loss on step acquisitions	—	*8 132
Total extraordinary losses	1,781	594
Profit before income taxes	10,283	12,951
Income taxes - current	4,314	4,193
Income taxes - deferred	(399)	609
Total income taxes	3,915	4,803
Profit	6,368	8,148
Profit attributable to		
Profit attributable to owners of parent	6,355	8,132
Profit (loss) attributable to non-controlling interests	13	16

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Other comprehensive income		
Valuation difference on available-for-sale securities	39	(387)
Foreign currency translation adjustment	357	(57)
Share of other comprehensive income of entities accounted for using equity method	92	2
Total other comprehensive income	*9 488	*9 (443)
Comprehensive income	6,857	7,705
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,823	7,689
Comprehensive income attributable to non-controlling interests	33	16

iii. Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,998	34,156	61,997	(6,990)	123,162
Changes during period					
Dividends of surplus			(4,679)		(4,679)
Profit attributable to owners of parent			6,355		6,355
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares			(2)	24	21
Change in ownership interest of parent due to transactions with non-controlling interests		61			61
Net changes in items other than shareholders' equity					
Total changes during period	—	61	1,673	20	1,755
Balance at end of period	33,998	34,218	63,670	(6,970)	124,917

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,077	1,382	3,460	340	126,963
Changes during period					
Dividends of surplus					(4,679)
Profit attributable to owners of parent					6,355
Purchase of treasury shares					(3)
Disposal of treasury shares					21
Change in ownership interest of parent due to transactions with non-controlling interests					61
Net changes in items other than shareholders' equity	46	421	467	(33)	433
Total changes during period	46	421	467	(33)	2,189
Balance at end of period	2,124	1,803	3,928	307	129,152

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,998	34,218	63,670	(6,970)	124,917
Changes during period					
Dividends of surplus			(5,471)		(5,471)
Profit attributable to owners of parent			8,132		8,132
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		14	(84)	1,031	960
Change in ownership interest of parent due to transactions with non-controlling interests		(93)			(93)
Increase of treasury shares by increasing of consolidated subsidiary				(120)	(120)
Net changes in items other than shareholders' equity					
Total changes during period	–	(79)	2,576	909	3,406
Balance at end of period	33,998	34,138	66,246	(6,060)	128,323

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,124	1,803	3,928	307	129,152
Changes during period					
Dividends of surplus					(5,471)
Profit attributable to owners of parent					8,132
Purchase of treasury shares					(0)
Disposal of treasury shares					960
Change in ownership interest of parent due to transactions with non-controlling interests					(93)
Increase of treasury shares by increasing of consolidated subsidiary					(120)
Net changes in items other than shareholders' equity	(388)	(55)	(443)	(151)	(594)
Total changes during period	(388)	(55)	(443)	(151)	2,811
Balance at end of period	1,736	1,748	3,484	155	131,963

iv. Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	10,283	12,951
Depreciation	4,962	5,648
Impairment losses	534	462
Amortization of goodwill	321	366
Increase (decrease) in allowance for doubtful accounts	(57)	10
Increase (decrease) in retirement benefit liability	16	0
Interest and dividend income	(211)	(252)
Interest expenses	91	168
Share of loss (profit) of entities accounted for using equity method	(99)	(433)
Loss (gain) on sale and retirement of non-current assets	2	30
Loss (gain) on valuation of investment securities	351	9
Loss on arrangement of stores	708	—
Loss (gain) on step acquisitions	—	132
Gain on bargain purchase	—	(1,030)
Loss (gain) on sale of businesses	(3,971)	—
Extra payments for early retirements	188	—
Decrease (increase) in trade receivables	5,743	(3,402)
Decrease (increase) in investments in leases	(346)	756
Decrease (increase) in inventories	(1,280)	(1,745)
Increase (decrease) in trade payables	4,090	(7,375)
Other, net	(2,022)	1,575
Subtotal	19,303	7,872
Interest and dividends received	227	304
Interest paid	(97)	(155)
Income taxes paid	(5,000)	(4,077)
Net cash provided by (used in) operating activities	14,431	3,944
Cash flows from investing activities		
Payments into time deposits	(24)	(504)
Proceeds from withdrawal of time deposits	72	513
Purchase of property, plant and equipment and intangible assets	(9,149)	(8,926)
Proceeds from sale of property, plant and equipment and intangible assets	102	161
Purchase of investment securities	(310)	(0)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(43)	*3 (5,929)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	*2 5,098	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	*3 966
Proceeds from purchase of shares of subsidiaries and associates	—	(447)
Proceeds from sale of shares of subsidiaries and associates	71	—
Loan advances	—	(3,369)
Proceeds from collection of loans receivable	3,896	—
Payments of guarantee deposits	(324)	(531)
Proceeds from refund of guarantee deposits	300	186
Other, net	(138)	(139)
Net cash provided by (used in) investing activities	(449)	(18,020)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(126)	(698)
Proceeds from long-term borrowings	－	22,470
Repayments of long-term borrowings	(1,958)	(1,360)
Purchase of treasury shares	(0)	(0)
Sale of treasury shares	0	205
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(247)
Dividends paid	(4,681)	(5,471)
Other, net	(645)	(923)
Net cash provided by (used in) financing activities	(7,413)	13,973
Effect of exchange rate change on cash and cash equivalents	206	5
Net increase (decrease) in cash and cash equivalents	6,775	(96)
Cash and cash equivalents at beginning of period	24,503	31,278
Cash and cash equivalents at end of period	*1 31,278	*1 31,181

Notes to consolidated financial statements

(Notes relating to Material Matters as the Basis for Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

Number of subsidiaries subject to consolidation accounting 40 companies

Names of major consolidated subsidiaries are omitted as they are listed in the section 4. Subsidiaries and Associates under I. OVERVIEW OF COMPANY.

YUEI CO., LTD., Kondo Automotive Industry Co., Ltd., Otoron Co., Ltd., and UTAM ENTERPRISE Co., LTD. have been included in the scope of consolidation for the fiscal year under review as a result of acquiring their shares.

Puma Ltd., which had previously been an equity-method affiliate, has been included in the scope of consolidation for the fiscal year under review following the additional acquisition of its shares.

Tokatsu Holdings Co., Ltd. has been included in the scope of consolidation for the fiscal year under review after AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., a consolidated subsidiary, acquired its shares. This includes its subsidiaries: HONDA CARS TOKATSU CO., LTD., TOKATSU PLANNING CO., LTD., and Tokatsu Body Factory Co., Ltd.

PCT Holdings Co., Ltd. (currently Power Control Technique Co., Ltd.) has been included in the scope of consolidation for the fiscal year under review after AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., a consolidated subsidiary, acquired its shares. PCT Holdings Co., Ltd. was absorbed and merged into its subsidiary, Power Control Technique Co., Ltd., on March 1, 2025, and was subsequently dissolved.

C6-2 Holdings Co., Ltd. has been included in the scope of consolidation for the fiscal year under review after acquiring shares, including its subsidiaries BEE LINE Corporation and TIRE.COM Ltd.

ADE Co., Ltd., which had been a consolidated subsidiary, has been excluded from the scope of consolidation following its absorption and merger into AUTOBACS Management Service Co., Ltd., another consolidated subsidiary.

2. Application of equity method

(1) Number of associate companies subject to equity method 12 companies

Names of major consolidated subsidiaries are listing in the section 4. Subsidiaries and Associates under I. OVERVIEW OF COMPANY.

Puma Ltd. was excluded from the scope of application of the equity method due to its inclusion in the scope of consolidation as a result of an additional acquisition of shares in the fiscal year under review.

FLEET PITLOCK Co., Ltd. has been included in the scope of application of the equity method for the fiscal year under review as a result of acquiring its shares.

(2) The financial statements used for equity-method companies having a closing date different from the consolidated closing date are mainly based on the business years of the respective companies.

3. Fiscal years of consolidated subsidiaries

Consolidated subsidiaries whose account closing dates are different from the consolidated closing date are as follows.

Company name	Closing date
AUTOBACS (CHINA) AUTOGOODS COMMERCE CO., LTD.	December 31 *1
UTAM ENTERPRISE Co., LTD	June 30 *1
C6-2 Holdings Co., Ltd.,	February 28 *2
BEE LINE Corporation	February 28 *2
TIRE.COM Ltd.	February 28 *2

*1 Based on the financial statements calculated as provisional accounting treatment as of the consolidated closing date in accordance with the consolidated financial statements.

*2 The financial statements as of each subsidiary's closing date are used. However, necessary adjustments have been made in the consolidated financial statements for significant transactions that occurred between the date of their respective financial statements and of the consolidated financial statements.

4. Significant accounting standards

(1) Valuation standards and methods applied to important assets

(i) Valuation standards and methods applied to securities

a. Held-to-maturity securities

Amortized cost method (straight line method)

b. Other securities

Securities other than shares, etc. without market prices

Market price method (All differences between the market and book values have been processed and recognized in a separate account of net assets, and the amount of the sales cost has been determined under the moving average approach)

Shares, etc. without market prices

Costing method under the moving average approach

(ii) Valuation standard and method applied to derivative instruments

Derivative instruments

Market price method

(iii) Valuation standards and methods applied to inventories

a. Automotive goods

Principally, costing method under the moving average approach (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

b. Vehicles

Costing method based on the specific cost method (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

(2) Amortization and depreciation methods applied to major items of depreciable assets

(i) Property, plant and equipment, excluding leased assets and right-of-use assets

Straight line method

a. The followings are major types of such property, plant and equipment and lengths of their respective useful lives.

Store buildings and structures

Principally, the lengths of their useful economic lives independently estimated and determined by the Group. With respect to the buildings and structures located on the leased land lots legally furnished with fixed-term leasehold interest for commercial use, the Group has applied the number of years set forth in the respective contracts as the useful lives of such store buildings and structures.

Buildings and structures	3-20 years

b. Property, plant and equipment, excluding those mentioned above

Buildings and structures	3-45 years
Machinery, equipment and vehicles	2-22 years
Tools, furniture and fixtures	2-20 years

(ii) Intangible assets, excluding leased assets

Straight line method

With respect to the software products used by the Group subject to consolidation accounting, each product's book value has been determined as a result of applying straight line method based on the fact that the useful economic life in the Group is usually within 5 years.

(iii) Leased assets

Straight line method, in which each asset item's useful economic life is deemed equivalent to the respective lease period and its residual value is reduced to nil at the end of the period. The non-ownership-transfer finance lease transactions in which the Group is a lessee and which started before March 31, 2008 are accounted for using a method similar to that for normal lease transactions.

(iv) Right-of-use assets

The right-of-use assets recorded as a result of the application of IFRS 16 "Leases" by overseas consolidated subsidiaries are amortized using the straight line method.

(3) Accounting standards for significant allowances

(i) Allowance for doubtful accounts

In the event of any loss incurred from bad loans, the Group provides an allowance for doubtful accounts with the estimated uncollectible amount by applying historical rate of default as for general receivables and by respectively examining the collectability as for specific debts including doubtful accounts.

(ii) Provision for retirement benefits for directors (and other officers)

In order to prepare for payment of retirement benefits to directors, some of the subsidiaries subject to consolidation accounting provide a provision for retirement benefits for directors (and other officers) with an amount payable at the end of the consolidated fiscal term in accordance with the regulations of retirement benefits to directors.

(4) Accounting treatment method for retirement benefits

Application of simplified method at small-sized enterprises

Some of the subsidiaries subject to consolidation accounting apply the simplified method for calculation of liabilities for retirement benefit and retirement benefit expense, and use the amount to be required at the year-end for voluntary termination as projected benefit obligation.

(5) Accounting standards for significant revenue and expenses

(i) Recording standards of revenue relating to the non-ownership-transfer finance lease transactions

The net sales and the cost of goods sold are recorded at the time of the receipt of the lease payment.

(ii) Recording standards for revenue arising from contracts with customers

The details of the main performance obligations in the major businesses related to revenue from contracts with customers of the Group and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

The Group conducts the following businesses by segment.

-AUTOBACS Business: Wholesaling of automotive goods, etc. to domestic franchisees. The Group also sells automotive goods, etc. to consumers in Japan and overseas, provide installation services, perform maintenance, statutory safety inspections, as well as purchase and sell cars, offer body work, and painting services for cars.

-Consumer Business: Other than the AUTOBACS Business, the Group purchases and sells new and used cars to general consumers. Additionally, the Group also sells to corporate customers and provide automotive goods, etc. in conjunction with physical stores through our website and official app. We also provide statutory safety inspections, maintenance, and body work services.

-Wholesale Business: In addition to wholesaling automotive goods, etc. primarily to hardware stores and other locations in Japan, we also wholesale and export automotive goods, etc. to franchisees and retailers overseas.

-Expansion Business: In addition to the provision of credit-related businesses, insurance agency services, individual credit purchase facilitation at domestic franchisees, and issuance of affiliated cards, the Group also leases equipment and other items to affiliated companies and other entities.

For these transactions, the Group has performance obligations to deliver merchandise for sales of merchandise and to provide services for provision of services. Revenue is recognized at the time of delivery of the merchandise or at the time of completion of the provision of services, as it is deemed that the customer obtains control over the merchandise or services and the performance obligation is satisfied at the time the merchandise is delivered or the provision of the services is completed.

Revenue is measured at the amount of the consideration promised in the contract with the customer, net of returns and expected returns, discounts and rebates.

The consideration for a transaction is received generally within one month of satisfaction of the performance obligation and does not include a significant financial component.

(6) Principles of conversion of significant assets or liabilities in foreign currency into yen

Claim or obligation in foreign currency is converted into yen at the spot exchange rate on the closing date for consolidation accounting, and variances arising from such conversion are calculated as income or loss. Assets and liabilities of overseas subsidiaries are converted into yen at the spot exchange rate on the closing date for consolidation accounting, and profits and expenses of such subsidiaries are converted into yen at the average exchange rate during the fiscal term. Variances arising from such conversion are shown as “foreign currency translation adjustment” and “non-controlling interests” in the net assets.

(7) Accounting for significant hedging activities

(i) Hedge accounting method

Designate accounting has been adopted.

(ii) Hedging instruments and items hedged

Hedging instruments: Currency swap

Items hedged: Accounts payable trade in foreign currency

(iii) Hedging policy and method of evaluating the efficacy of hedging activities

The Company's policy is to hedge in the range of the balance and the provisional amount of transactions of accounts payable-trade in foreign currencies in order to hedge against the risk of fluctuations in the exchange rate in the future relating to the transactions in foreign currencies, and the Company also evaluates the efficacy thereof and has it checked by the accounting department.

(8) Amortization method and amortization period of goodwill

Goodwill is amortized on a straight line based on a reasonable period not exceeding 20 years.

(9) Scope of cash in the consolidated statements of cash flows

Cash and cash equivalents are composed of cash on hand, deposits that can be withdrawn at any time and short-term investments that are readily convertible into cash and face only slight risks of fluctuation in value with redemption due dates arriving within three months from the acquisition date.

(Significant accounting estimates)

Impairment of property, plant and equipment and intangible assets

The Company has changed the classification of its reporting segments from the fiscal year under review. The details of the change are as described in "Note on consolidated financial statements (Segment information, etc.)."

As a result, a portion of the tangible fixed assets and goodwill from the "Overseas Business" has been transferred to the "AUTOBACS Business."

In addition, the figures for the previous consolidated fiscal year are disclosed based on the revised reporting segment classifications.

(1) Impairment valuation of property, plant and equipment at stores related to the AUTOBACS Business

i. Amounts recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	For the previous consolidated fiscal year	For the consolidated fiscal year under review
Property, plant and equipment	35,480	37,929

ii. Other information that may help the users of consolidated financial statements better understand the details of accounting estimates

The AUTOBACS Business, which develops stores that sell automotive goods and services and provide automotive maintenance and other services to customers who come to the stores, is a major business of the Group. The outstanding balance of property, plant and equipment related to the said business is 37,929 million yen and comprises 16.6% of total assets.

The Group holds principal assets such as buildings necessary for operating stores and assets such as tools and appliances used for providing automotive maintenance parts and other services in the AUTOBACS Business.

For a group of assets related to the AUTOBACS Business, the Group regards each store as the minimum unit generating cash flows. For stores of which the market value of land has declined significantly, or those recording continuous operating losses, the Group identifies whether there is an indication of impairment. In Japan, among the stores for which an indication of impairment was identified, for such stores whose total of pre-discounted future cash flows was below their book values, the book values were reduced to the recoverable values, and the relevant decreases were recognized as an impairment loss. Overseas, among the stores for which an indication of impairment was identified, for such stores whose total of discounted future cash flows was below their book values, the book values were reduced to the recoverable values, and the relevant decreases were recognized as an impairment loss. The recoverable value of such group of assets is the value in use or the net sales value, whichever is higher, and the discount rate used is calculated based on the weighted average cost of capital.

The future cash flow used to determine whether to recognize impairment loss and for calculating the value in use is reasonably estimated in consideration of the current status of use, reasonable use plan, and other factors of a group of assets, by comprehensively assessing information on external factors such as the past results and trends, the business environment, and internal information such as budget of the Group. Assumptions of particular importance include future revenue forecasts and operating profit forecasts.

The future revenue forecast and operating profit forecast at each store are estimated based on actual results such as the unit price of customers and the number of customers in the latest fiscal term, so as to reflect factors including the recovery and increase in revenue in consideration of the growth rate in the market, and the individual situation of each store.

Based on the said estimate, the Group regards the number of economically remaining service years of major assets such as buildings as an estimation period for forecasting the said future cash flow, and reasonably makes an estimate based on the assumption of a growth rate reflecting trends of previous periods.

The management considers that the said estimate and said assumption are reasonable. However, if the said estimate and said assumption require review mainly due to changes in the condition of uncertainty for the future economy, a factor decreasing future cash flow will be taken into consideration and additional impairment loss (extraordinary losses) may be accrued as a result in the consolidated financial statements for the next consolidated fiscal term or thereafter.

(2) Valuation of goodwill, etc. of businesses other than the AUTOBACS Business

i. Amounts recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	For the previous consolidated fiscal year	For the consolidated fiscal year under review
Intangible assets	7,763	17,370
of which, goodwill	679	8,406
of which, other	786	3,104
Investment securities	9,065	9,145
of which, amount equivalent to goodwill included in investment securities	113	222

ii. Other information that may help the users of consolidated financial statements better understand the details of accounting estimates

Based on the Company’s 2024 Medium-term Business Plan, “Accelerating Towards Excellence,” we are promoting investment in businesses other than the AUTOBACS Business, such as the Consumer Business and Wholesale Business.

The book values of goodwill included in individual investment, other intangible assets, and an amount equivalent to goodwill included in investment securities are 8,406 million yen, 3,104 million yen, and 222 million yen, respectively, and the total of 11,733 million yen comprises 5.1% of total assets.

The Company acquires companies that are developing businesses other than the AUTOBACS Business at prices reflecting excess earning power, and the resulting goodwill and other intangible assets are recorded. For a group of assets under goodwill and other intangible assets, the Company allocates the said assets to a related group of assets such as the entire company or stores at a reasonable standard and deems the said assets as a group of assets.

For groups of assets recording continuous operating losses, the Company identifies whether there is an indication of impairment. From among groups of assets for which an indication of impairment was identified, for such groups of assets whose total of pre-discounted future cash flow was below their book values, the book values were reduced to the recoverable values, and the relevant decreases were recognized as an impairment loss.

The recoverable value of such group of assets is the net sales value or the value in use, whichever is higher, and the discount rate used is calculated based on the weighted average cost of capital. The future cash flow used to determine whether to recognize impairment loss and for calculating the value in use is reasonably estimated in consideration of the current status of use, reasonable use plan, and other factors of a group of assets, by comprehensively assessing information on external factors such as the past results and trends, the business environment, and internal information such as budget of the Group. Assumptions of particular importance include the future cash flow forecast.

Future cash flow forecast for each group of assets is estimated based on the actual results such as performance of the latest fiscal term, so as to reflect factors including the sales growth forecasted at the end of the fiscal term, and the recovery and increase in revenue in consideration of the individual situation of each group of assets. The Company regards estimation periods as the economically remaining service years for the goodwill, other intangible assets, and major assets included in a group of assets to which the said assets are allocated.

The management considers that the said estimate and the said assumption are reasonable. However, if the said estimate and the said assumption require review mainly due to changes in the condition of uncertainty for the future economy, a factor decreasing future cash flow will be taken into consideration and additional impairment loss (extraordinary losses) may be accrued as a result in the consolidated financial statements for the next consolidated fiscal term or thereafter.

(Unapplied Accounting Standards)
"Accounting Standard for Leases" (Accounting Standards Board of Japan Statement No. 34, September 13, 2024, ASBJ)
"Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024, ASBJ), etc.

(1) Overview

As part of the Accounting Standards Board of Japan's efforts to align Japanese standards with international standards, deliberations were conducted based on international accounting standards to develop an accounting standard for leases that requires lessees to recognize assets and liabilities for all leases. The basic policy is to adopt a single accounting model based on IFRS 16, while not incorporating all provisions of IFRS 16, but only the key provisions, thereby aiming for a simplified and practical standard. This approach ensures that when IFRS 16 is applied to separate financial statements, essentially no adjustments will be required.

For lessee accounting, the method of expense allocation for leases will follow IFRS 16, applying a single accounting model under which depreciation of right-of-use assets and interest on lease liabilities are recognized for all leases, regardless of whether they are finance leases or operating leases.

(2) Scheduled Date of Application

The standard will be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of Applying the Standard

The impact of applying the "Accounting Standard for Leases" and related guidance on the consolidated financial statements is currently under evaluation.

(Notes to consolidated balance sheet)

*1. The item concerning the associated companies is the following. (Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Investment securities (stock)	3,827	4,422

*2. Assets pledged as collateral and secured debt.

Assets pledged as collateral are as follows: (Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	—	610
Merchandise	312	357
Buildings and structures	—	517
Machinery, equipment and vehicles	—	26
Land	—	864
Total	312	2,376

Secured debt is as follows. (Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Accounts payable - trade	287	221
Short-term borrowings	—	665
Long-term borrowings	—	597
Total	287	1,484

(Notes to consolidated financial results and statements of comprehensive income)

*1. Revenue from contracts with customers

Regarding net sales, the Group does not disaggregate revenues from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in "Note on consolidated financial statements (Segment information, etc.)."

*2. The major items of selling, general and administrative expenses and the amounts are as follows. (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employees' salaries	24,841	28,134
Retirement benefit expenses	539	695
Rent expenses on land and buildings	4,781	5,184
Depreciation	4,403	5,134

*3. Gain on sale of businesses

Fiscal year ended March 31, 2024

This is a gain on transfer due to the business transfers of Autoplatz K.K. and Motoren Tochigi Corp. carried out by the Group's consolidated subsidiary Autobacs Dealer Group Holdings Co., Ltd. We have recorded the difference between the sales price of shares in Autoplatz K.K. and Motoren Tochigi Corp. combined with support funds for facilities, etc., and their consolidated book value.

*4. Gain on bargain purchase

Fiscal year ended March 31, 2025

This is due to the consolidation of Puma Ltd. as a consolidated subsidiary of the Company, and the consolidation of Tokatsu Holdings Co., Ltd. as a consolidated subsidiary of AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., which is a consolidated subsidiary of the Company.

*5. Impairment losses
The Group posted an impairment loss in the asset groups below.
Fiscal year ended March 31, 2024
i. AUTOBACS Business

Use	Type	Place	Number of bases	Amount (Millions of yen)
Store	Right-of-use assets; buildings and structures; machinery, equipment and vehicles, etc.	France	5	312
	Total		5	312

ii. Expansion Business

Use	Type	Place	Number of bases	Amount (Millions of yen)
Development of business software	Software; tools, furniture and fixtures	Kanto	1	221
	Total		1	221

The Group regards each store, etc. as a basic unit for the minimum unit generating cash flows, while assets to be disposed of are grouped as a separate group of assets. For stores, etc. recording continuous operating losses and assets to be disposed of, the book values of such group of assets and assets to be disposed of for which the total future cash flow was below their respective book values were reduced to the recoverable values, and the corresponding decreases were recorded as an “Impairment loss” in the amount of 534 million yen in extraordinary losses.

Impairment loss consisted of 221 million yen for software, 199 million yen for right-of-use assets, 85 million yen for buildings and structures, 19 million yen for machinery, equipment and vehicles, 5 million yen for Tools, furniture and fixtures, and 3 million yen for Leasehold right.

The recoverable amount of the cash-generating unit in France was determined based on its fair value in accordance with the International Financial Reporting Standards. The said fair value was measured using the income approach, with a discount rate of 8.19%.

Fiscal year ended March 31, 2025
i. AUTOBACS Business

Use	Type	Place	Number of bases	Amount (Millions of yen)
Store	Right-of-use assets; goodwill; buildings and structures; Software, etc.	France	5	387
	Total		5	387

ii. Wholesale Business

Use	Type	Place	Number of bases	Amount (Millions of yen)
Store	Buildings and structures; tools, furniture and fixtures	Kanto	1	74
	Total		1	74

The Group regards each store, etc. as the basic cash-generating unit.

For stores and business sites that have recorded continuous operating losses, and stores scheduled for closure, the book value of asset groups whose total future cash flows fall below their carrying amount has been reduced to the recoverable amount, and the decrease of 462 million yen was recorded as an impairment loss under extraordinary losses.

The impairment loss consisted of 217 million yen for right-of-use assets, 143 million yen for goodwill, 82 million yen for buildings and structures, 10 million yen for software, and 7 million yen for tools, furniture, and fixtures.

In principle, the recoverable amount of an asset group is the higher of its net selling price or value in use. For asset groups related to the Wholesale Business, the recoverable amount was determined based on net selling price, which was calculated by assuming a recoverable amount of zero.

The recoverable amount of the cash-generating unit in France was determined based on fair value in accordance with IFRS, measured using the income approach (discounted cash flow method) with a discount rate of 9.09% applied.

*6 Extra payments for early retirements

Fiscal year ended March 31, 2024

This item includes the amount of the support for early retirees and outplacement expenses related to the implementation of the early retirement incentive plan as part of the Company's personnel system reforms.

*7. Loss on arrangement of stores

Fiscal year ended March 31, 2024

The Group recognized a loss on arrangement of stores as a result of the closings of two stores of consolidated subsidiaries.

Location	Details	Loss on store closings (Millions of yen)
France	Employment termination expenses, disposal of merchandise, and other expenses related to store closings	708

*8. Loss on step acquisition

Fiscal year ended March 31, 2025

This is due to the consolidation of Puma Ltd. as a consolidated subsidiary.

*9. Reclassification adjustments related to other comprehensive income, corporate income taxes, and tax effect amounts

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities:		
Amount that occurred in the fiscal year under review	56	(557)
Reclassification adjustment	—	—
Before tax effect adjustment	56	(557)
Corporate income taxes and tax effect amounts	(17)	170
Valuation difference on available-for-sale securities	39	(387)
Foreign currency translation adjustment:		
Amount that occurred in the fiscal year under review	357	(57)
Reclassification adjustment	—	—
Before tax effect adjustment	357	(57)
Corporate income taxes and tax effect amounts	—	—
Foreign currency translation adjustment	357	(57)
Share of other comprehensive income of entities accounted for using equity method:		
Amount that occurred in the fiscal year under review	92	2
Reclassification adjustment	—	—
Share of other comprehensive income of entities accounted for using equity method	92	2

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Other comprehensive income	488	(443)

(Notes to consolidated statement of changes in equity)

Fiscal year ended March 31, 2024

1. Class and number of issued shares and class and number of treasury shares

	Number of shares at beginning of period	Increase during period (thousand shares)	Decrease during period (thousand shares)	As of the end of the period (thousand shares)
Number of shares issued				
Common stock	82,050	—	—	82,050
Total	82,050	—	—	82,050
Treasury shares				
Common stock (Notes 1,2)	4,102	2	14	4,090
Total	4,102	2	14	4,090

(Notes) 1. The 2,000-share increase in the total number of shares of common stock outstanding was a result of an increase of 0 thousand shares through the purchase of odd-lot shares, and an increase of 1,000 shares held by equity method companies.

2. The 14,000-share decrease in the number of treasury shares of common stock resulted from a 14,000-share decrease due to the disposal of treasury shares by resolution of the Board of Directors and a 0 thousand shares through the purchase of odd-lot shares.

2. Dividends

(1) Amount of dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 23, 2023	Common stock	2,339	30	March 31, 2023	June 26, 2023
Meeting of Board of Directors on October 31, 2023	Common stock	2,340	30	September 30, 2023	November 27, 2023

(2) The dividends of shares having a record date that is during the consolidated fiscal year under review and an effective date that is during the following consolidated fiscal term

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2024	Common stock	3,120	Retained earnings	40	March 31, 2024	June 28, 2024

(Note) The dividend per share includes a commemorative dividend of 10 yen to mark the 50th anniversary of the founding of AUTOBACS.

Fiscal year ended March 31, 2025

1. Class and number of issued shares and class and number of treasury shares

	Beginning of fiscal year under review Number of shares (thousand shares)	Increase during period (thousand shares)	Decrease during period (thousand shares)	As of the end of the period (thousand shares)
Number of shares issued				
Common stock	82,050	—	—	82,050
Total	82,050	—	—	82,050
Treasury shares				
Common stock (Notes 1, 2)	4,090	108	638	3,559
Total	4,090	108	638	3,559

(Notes) 1. The 108,000-share increase in the number of treasury shares of common stock was a result of the gratuitous acquisition of 9,000 shares of treasury stock for restricted stock compensation, the purchase of 0 thousand odd-lot shares, an increase of 0 thousand shares held by equity-method affiliates, and 98,000 shares of parent company stock held at the time of subsidiary acquisition.

2. The 638,000-share decrease in the number of treasury shares of common stock resulted from the disposal of 138,000 shares of treasury stock for restricted stock compensation, 358,000 shares through a share exchange, and the sale of 142,000 shares of parent company stock held by subsidiaries.

2. Dividends

(1) Amount of dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2024	Common stock	3,120	40*	March 31, 2024	June 28, 2024
Meeting of Board of Directors on October 31, 2024	Common stock	2,351	30	September 30, 2024	November 25, 2024

(Note) The dividend per share determined by resolution of the Ordinary General Meeting of Shareholders held on June 27, 2024 includes the ¥10 commemorative dividend marking the 50th anniversary of AUTOBACS.

(2) The dividends of shares having a record date that is during the consolidated fiscal year under review and an effective date that is during the following consolidated fiscal term

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2025	Common stock	2,354	Retained earnings	30	March 31, 2025	June 25, 2025

(Notes to consolidated statement of cash flows)

*1. Cash and cash equivalents at end of period and their relationships with items in the consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposits	31,297	31,292
Time deposits whose deposit term exceeds 3 months	(19)	(111)
Cash and cash equivalents	31,278	31,181

*2. Breakdown of the assets and liabilities of a company that is no longer a consolidated subsidiary through the sale of shares

Fiscal year ended March 31, 2024

The table below lists the components of assets and liabilities at the time of the sale of Autoplatz K.K. and Motoren Tochigi Corp., which are no longer consolidated subsidiaries, due to the sale of their shares, as well as the sale price and the net proceeds from the sale of shares of Autoplatz K.K. and Motoren Tochigi Corp.

	(Millions of yen)
Current assets	4,070
Non-current assets	3,940
Current liabilities	(4,207)
Non-current liabilities	(1,841)
Gain on sale of businesses	3,971
Sale prices of the shares of Autoplatz K.K. and Motoren Tochigi Corp.	5,932
Unpaid sales proceeds	(165)
Cash and cash equivalents held by Autoplatz K.K. and Motoren Tochigi Corp.	(667)
Less: proceeds from	5,098

*3. Breakdown of the assets and liabilities of companies that became consolidated subsidiaries through the acquisition of shares

Fiscal year ended March 31, 2025

The breakdown of assets and liabilities at the commencement of consolidation associated with the acquisition of shares and the resulting consolidation of Tokatsu Holdings Co., Ltd., as well as the relationship between the acquisition cost of Tokatsu Holdings Co., Ltd. shares and the net expenditure for the acquisition of Tokatsu Holdings Co., Ltd., is as follows.

	(Millions of yen)
Current assets	4,634
Non-current assets	2,974
Gain on bargain purchase	(568)
Current liabilities	(2,780)
Non-current liabilities	(588)
Acquisition cost of Tokatsu Holdings Co., Ltd. shares	3,671
Cash and cash equivalents of Tokatsu Holdings Co., Ltd.	(2,891)
Less: Net expenditure for the acquisition of Tokatsu Holdings Co., Ltd	779

The breakdown of assets and liabilities at the commencement of consolidation associated with the acquisition of shares and the resulting consolidation of Puma Ltd., as well as the relationship between the acquisition cost of Puma Ltd. shares and the net proceeds from the acquisition of Puma Ltd., is as follows.

	(Millions of yen)
Current assets	1,800
Non-current assets	920
Gain on bargain purchase	(461)
Current liabilities	(1,316)
Non-current liabilities	(130)
Shares of subsidiaries and associates	(396)
Loss on step acquisitions	132

Additional acquisition cost of Puma Ltd. shares	547
Value of shares of our company delivered through share exchange	(547)
Cash and cash equivalents of Puma Ltd.	(430)
Less: Net proceeds from the acquisition of Puma Ltd.	430

The breakdown of assets and liabilities at the commencement of consolidation associated with the acquisition of shares and the resulting consolidation of Otoron Co., Ltd., as well as the relationship between the acquisition cost of Otoron Co., Ltd. shares and the net proceeds from the acquisition of Otoron Co., Ltd., is as follows.

Non-current liabilities include borrowings from our company made prior to the deemed acquisition date.

	(Millions of yen)
Current assets	8,049
Non-current assets	2,169
Goodwill	2,127
Current liabilities	(7,385)
Non-current liabilities	(1,600)
Acquisition cost of shares of Otoron Co., Ltd.	3,360
Accounts payable and long-term accounts payable	(670)
Cash and cash equivalents of Otoron Cars Co., Ltd.	(3,051)
Less: Net proceeds for the acquisition of Otoron Cars Co., Ltd.	362

The breakdown of assets and liabilities at the commencement of consolidation, along with the reconciliation between the acquisition cost of shares of Power Control Technique Co., Ltd. and the net expenditure for the acquisition of Power Control Technique Co., Ltd., is as follows.

	(Millions of yen)
Current assets	274
Non-current assets	45
Goodwill	785
Current liabilities	(100)
Non-current liabilities	(5)
Acquisition cost of shares of Power Control Technique Co., Ltd.	1,000
Cash and cash equivalents of Power Control Technique Co., Ltd.	(176)
Less: Net expenditure for the acquisition of Power Control Technique Co., Ltd.	823

The breakdown of assets and liabilities at the commencement of consolidation, resulting from the consolidation of C6-2 Holdings Co., Ltd. through the acquisition of its shares, along with the reconciliation between the acquisition cost of shares of C6-2 Holdings Co., Ltd. and the net expenditure for the acquisition of C6-2 Holdings Co., Ltd., is as follows. In addition, current liabilities and non-current liabilities include borrowings from our company made prior to the deemed acquisition date.

	(Millions of yen)
Current assets	2,299
Non-current assets	1,804
Goodwill	5,025
Current liabilities	(884)
Non-current liabilities	(2,595)
Acquisition cost of shares of C6-2 Holdings Co., Ltd.	5,650
Cash and cash equivalents of C6-2 Holdings Co., Ltd.	(1,427)
Less: Net expenditure for the acquisition of C6-2 Holdings Co., Ltd.	4,222

(Lease transactions)

(Lessee)

1. Finance lease transactions

Non-ownership-transfer finance lease transactions

i. Leased assets

Major components include land for stores of overseas subsidiaries, buildings (land and buildings) for stores of domestic subsidiaries, and store equipment.

ii. Method of depreciation/amortization of leased assets

The method is described in 4. Significant accounting standards, (2) Amortization and depreciation methods applied to major items of depreciable assets in (Notes relating to Material Matters as the Basis for Preparation of the Consolidated Financial Statements).

Of financing lease transactions that do not involve a transfer of ownership, lease transactions that started on or before March 31, 2008, use the accounting method for normal lease transactions. The details are provided in the table below.

(1) Amounts equivalent to purchase prices of lease properties, amounts equivalent to accumulated depreciation, and amounts equivalent to balance at end of period

(Millions of yen)

	As of March 31, 2024		
	Amount equivalent to purchase price	Amount equivalent to accumulated depreciation	Amount equivalent to balance at end of period
Buildings and land (Note)	1,480	1,189	291
Total	1,480	1,189	291

(Millions of yen)

	As of March 31, 2025		
	Amount equivalent to purchase price	Amount equivalent to accumulated depreciation	Amount equivalent to balance at end of period
Buildings and land (Note)	1,480	1,248	231
Total	1,480	1,248	231

(Note) Buildings and land are combined above due to their inseparability in real estate lease transactions.

(2) Amount equivalent to balance of prepaid lease expenses at end of period, etc.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Amount equivalent to balance of prepaid lease expenses at end of period		
Within 1 year	75	78
More than 1 year	312	233
Total	387	312

(3) Amount equivalent to lease expenses paid and depreciation and amount equivalent to interest expenses

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Lease payments	90	90
Amount equivalent to depreciation	59	59
Amount equivalent to interest expenses	17	14

(4) Method of calculating amount equivalent to depreciation and amount equivalent to interest

Method of calculating amount equivalent to depreciation

The straight-line method on the assumption that the lease term is the useful life and residual value is zero.

Method of calculating amount equivalent to interest

Distribution of the difference between the total amount of lease expenses and the amount equivalent to the purchase prices of lease properties to each period is based on the interest method.

2. Operating lease transactions

Noncancelable future operating lease payments

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Within 1 year	3,186	3,743
More than 1 year	19,515	22,058
Total	22,701	25,802

3. Right-of-use assets

i. Components of right-of-use assets

Key components are store facilities (land, buildings, etc.).

ii. Method of depreciating right-of-use assets

The method is described in 4. Significant accounting standards, (2) Amortization and depreciation methods applied to major items of depreciable assets in (Notes relating to Material Matters as the Basis for Preparation of the Consolidated Financial Statements).

(Lessor)

1. Finance lease transactions

(1) Breakdown of investments in leases

Current assets (Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Portion of lease payments receivable	4,257	3,412
Amount equivalent to interest income	(376)	(357)
Amount equivalent to asset retirement obligations	2	1
Investments in leases	3,882	3,056

(2) Amount of the portion of lease payments receivable from investments in leases to be collected after consolidated closing date

Current assets (Millions of yen)

	As of March 31, 2024					
	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years
Investments in leases	1,073	978	742	577	306	578

(Millions of yen)

	As of March 31, 2025					
	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years
Investments in leases	929	741	575	328	218	619

2. Operating lease transactions

Noncancelable future operating lease payments

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Within 1 year	4,216	4,244
More than 1 year	26,420	27,130
Total	30,637	31,375

(Notes to financial instruments)

1. Status of financial instruments

(1) Basic policies applied to financial instruments

It is the Group's basic policy to borrow fund mainly from banks in accordance with the Group's capital investment plan, when such borrowing is deemed necessary. The Group applies the method of managing the fund pooled temporarily for next investment opportunities mainly in the forms of relatively safe financial assets.

(2) Content of, and risks involved in, financial instruments

Notes receivable - trade, accounts receivable - trade and accounts receivable - other arising from business operations expose the Group to credit risks inherent in customers including corporations.

Investment securities, which mainly consist of listed company shares and other securities, involve market price fluctuation risks.

Short-term loans receivable and long-term loans receivable are offered to AUTOBACS franchisees and associated companies, etc. and expose the Group to credit risks of the individual franchisees and associated companies, etc.

The Group's store buildings, mostly constructed based on AUTOBACS original specifications, are rented from their respective owners for sub-let to the franchisees. Guarantee deposits, most of which have been placed on the building owners under the respective rental or lease contracts, involve these owners' credit risks.

Given the fact that major lease investment assets consist of assets that are the aforementioned store buildings and are owned by the Company and leased to the franchisees, the Group is exposed to the individual franchisees' credit risks.

Most of the notes and accounts payable - trade and accounts payable-other arising from business operations are due within one month.

Short-term borrowings, long-term borrowings, and lease obligations under finance leases are primarily for funding M&A investments and capital expenditures, with the longest maturity being 27 years after the fiscal year-end.

(3) System for controlling and managing risks arising from financial instruments

(i) Credit risk management (Risk of default by business partners)

In the Company, individual divisions are, in compliance with the credit and loan management regulations, assigned to control and manage maturity dates and outstanding balance of each business partner or customer respectively regarding trade receivables and loans receivable and attempt to obtain, at an earliest possible date, information on any doubtful accounts that may arise from deteriorating financial and/or business performance of the business partners or customers and reduce such doubtful accounts, by monitoring the status of each major business partner or customer at a regular interval. This is the same with the subsidiaries subject to consolidation accounting, where their credit and loan transactions are dealt with in accordance with the Company's credit and loan management regulations.

(ii) Market-related risks management (exchange and interest rate fluctuation risks)

In respect of investment securities, the Group employs the method of examining their market prices, together with the financial positions and other performance of individual issuers (transacting parties), at a regular interval. Efforts continue to be made to review the Group's portfolio, based on consideration to each issuer's financial performance, market trends and other related factors.

Exchange and interest rate risks are immaterial and therefore omitted from disclosure.

(iii) Liquidity risks management associated with fund procurement (Risks of the Company's possible failure in payment according to the provided schedule)

As the Company's standard practice, the department in charge of financing is assigned to produce and revise the Company's funding plan based on the reports received from individual departments and hold necessary fund in hand and implement other necessary action with a view to controlling and managing liquidity risks. The Group's subsidiaries subject to consolidation accounting apply the method of procuring necessary fund from the Company by utilizing the Group financing system.

(4) Supplementary explanations on market values and other aspects of financial instruments

In calculating market values of financial instruments, the Group has taken account of fluctuating factors. For this reason, these calculated amounts may vary based on different assumptions or other conditions.

2. Market values and other conditions of financial instruments

Consolidated balance sheet amounts, fair values and their differences are as follows. “Cash and deposits,” “notes receivable – trade,” “short-term loans receivable,” “accounts receivable - other,” “notes and accounts payable - trade,” “short-term loans payable,” “accounts payable - other,” and “income taxes payable” are omitted because they comprise cash and short-term instruments whose carrying amount approximates their market value.

As of March 31, 2024 (Millions of yen)

	Value Recognized in Consolidated Balance Sheet	Market Value	Difference
(1) Accounts receivable - trade	21,843		
Allowance for doubtful accounts *1	(9)		
	21,833	21,746	(87)
(2) Lease investment assets *2	3,880	4,234	353
(3) Investment securities *3	5,928	5,386	(541)
(4) Long-term loans receivable	49	52	3
(5) Guarantee deposits	11,638	11,121	(517)
Total assets	43,330	42,540	(789)
(1) Long-term loans payable*4	6,034	6,016	(18)
(2) Lease obligations*5	3,285	3,177	(108)
Total liabilities	9,320	9,193	(126)

*1 Specific allowance for doubtful accounts provided for notes and accounts receivable-trade is subtracted.

*2 The difference between the lease investment assets under the value recognized in the Consolidated Balance Sheet and the lease investment assets on the Consolidated Balance Sheet is 2 million yen, which is equivalent to the amount included in the total amount of asset retirement obligations.

*3 Shares, etc. without market prices are not included in “(3) Investment securities.” The value of such financial instruments recognized in the Consolidated Balance Sheet is as follows.

Category	Value Recognized in the Consolidated Balance Sheet (Unit: million yen)
Unlisted shares	3,136

*4 Current portion of long-term loans payable is included.

*5 Current portion of lease obligations is included.

As of March 31, 2025 (Millions of yen)

	Value Recognized in Consolidated Balance Sheet	Market Value	Difference
(1) Accounts receivable - trade	28,583		
Allowance for doubtful accounts *1	(48)		
	28,534	28,211	(323)
(2) Lease investment assets *2	3,054	3,271	216
(3) Investment securities *3	5,477	4,841	(636)
(4) Long-term loans receivable *4	54	59	5
(5) Guarantee deposits	11,998	11,011	(987)
Total assets	49,120	47,394	(1,725)
(1) Bonds payable	200	196	(3)

	Value Recognized in Consolidated Balance Sheet	Market Value	Difference
(2) Long-term loans payable *5	29,583	29,288	(294)
(3) Lease obligations *6	2,841	2,739	(102)
Total liabilities	32,624	32,224	(400)

*1 Specific allowance for doubtful accounts provided for notes and accounts receivable-trade is subtracted.
*2 The difference between the lease investment assets under the value recognized in the Consolidated Balance Sheet and the lease investment assets on the Consolidated Balance Sheet is 1 million yen, which is equivalent to the amount included in the total amount of asset retirement obligations.
*3 Shares, etc. without market prices are not included in "(3) Investment securities." The value of such financial instruments recognized in the Consolidated Balance Sheet is as follows.

Category	Value Recognized in the Consolidated Balance Sheet (Unit: million yen)
Unlisted shares	3,667

*4 Current portion of long-term loans receivable is included.
*5 Current portion of long-term loans payable is included.
*6 Current portion of lease obligations is included.

(Note 1) Monetary claims and securities with maturity periods to be redeemed after the consolidated closing date

As of March 31, 2024 (Millions of yen)

	Within 1 year	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Cash and deposits	31,297	—	—	—
Notes receivable - trade	539	—	—	—
Accounts receivable - trade	14,948	5,688	1,206	—
Investments in leases	949	2,397	489	43
Short-term loans receivable	100	—	—	—
Accounts receivable - other	26,047	—	—	—
Long-term loans receivable	—	49	—	—
Guarantee deposits	1,906	5,097	3,149	1,485
Total	75,788	13,232	4,845	1,528

As of March 31, 2025 (Millions of yen)

	Within 1 year	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Cash and deposits	31,292	—	—	—
Notes receivable - trade	1,018	—	—	—
Accounts receivable - trade	19,356	8,248	979	—
Investments in leases	826	1,687	401	138
Short-term loans receivable	310	—	—	—
Accounts receivable - other	27,902	—	—	—
Long-term loans receivable	36	18	—	—
Guarantee deposits	2,372	4,594	3,365	1,665

	Within 1 year	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Total	83,597	14,549	4,745	1,804

(Note 2) Redemption schedule for lease obligations and other interest-bearing debt

As of March 31, 2024 (Millions of yen)

	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years
Long-term borrowings	11	3,012	3,010	0	—	—
Lease liabilities	740	559	537	501	384	562
Total	752	3,571	3,548	501	384	562

As of March 31, 2025 (Millions of yen)

	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years
Short-term borrowings	5,194	—	—	—	—	—
Bonds payable	—	100	100	—	—	—
Long-term borrowings	3,319	3,329	112	1,611	20,803	407
Lease liabilities	739	604	524	392	148	431
Total	9,253	4,033	736	2,004	20,951	838

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial assets and financial liabilities measured at fair value

As of March 31, 2024

Category	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	4,707	―	―	4,707
Total assets	4,707	―	―	4,707

As of March 31, 2025

Category	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	4,191	―	―	4,191
Total assets	4,191	―	―	4,191

(2) Financial assets and financial liabilities other than those measured at fair value

As of March 31, 2024

Category	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	—	21,746	—	21,746
Lease investment assets	—	4,234	—	4,234
Investment securities				
Shares of subsidiaries and associates	679	—	—	679
Long-term loans receivable	—	52	—	52
Guarantee deposits	—	11,121	—	11,121
Total assets	679	37,153	—	37,833
Long-term loans payable	—	6,016	—	6,016
Lease obligations	—	3,177	—	3,177
Total liabilities	—	9,193	—	9,193

As of March 31, 2025

Category	Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	—	28,211	—	28,211
Lease investment assets	—	3,271	—	3,271
Investment securities				
Shares of subsidiaries and associates	649	—	—	649
Long-term loans receivable	—	59	—	59
Guarantee deposits	—	11,011	—	11,011
Total assets	649	42,553	—	43,203
Bonds payable	—	196	—	196
Long-term loans payable	—	29,288	—	29,288
Lease obligations	—	2,739	—	2,739
Total liabilities	—	32,224	—	32,224

(Note) A description of the valuation technique(s) and inputs used in the fair value measurement

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair values are classified as Level 1.

Accounts receivable - trade, lease investment assets, long-term loans receivable, and guarantee deposits

These financial instruments are categorized by the lengths of periods and their fair values are measured using the discounted cash flow method based on future cash flows and government bond interest rates and other appropriate index and are classified as Level 2.

Bonds payable, long-term loans payable, and lease obligations

Fair values of these financial instruments are measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities and an interest rate reflecting credit risk, and are classified as Level 2.

(Notes to securities)

1. Available-for-sale securities

As of March 31, 2024 (Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Difference
Other securities whose book carrying amount on the consolidated balance sheets exceed the acquisition cost	(1) Stocks	4,707	1,774	2,932
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	4,707	1,774	2,932
Other securities whose book carrying amount on the consolidated balance sheets do not exceed the acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	—	—	—
Total		4,707	1,774	2,932

(Note) Unlisted stocks (whose amount recorded in the consolidated balance sheet is 530 million yen) do not have market prices. They are thus not included in the available-for-sale securities in the table above.

As of March 31, 2025 (Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Difference
Other securities whose book carrying amount on the consolidated balance sheets exceed the acquisition cost	(1) Stocks	4,168	1,777	2,390
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	4,168	1,777	2,390
Other securities whose book carrying amount on the consolidated balance sheets do not exceed the acquisition cost	(1) Stocks	23	24	(1)
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	23	24	(1)
Total		4,191	1,802	2,389

(Note) Unlisted stocks (whose amount recorded in the consolidated balance sheet is 531 million yen) do not have market prices. They are thus not included in the available-for-sale securities in the table above.

2. Available-for-sale securities that were sold

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

3. Securities on which impairment losses were posted

Fiscal year ended March 31, 2024

In the fiscal year under review an impairment loss of 351 million yen on available-for-sale securities was posted.

Note that in processing impairment losses, if the financial condition of the company issuing the shares has significantly deteriorated causing the actual value to drop considerably, the impairment loss is made for the amount deemed necessary in consideration of recoverability and other factors

(Notes to retirement benefits)

1. Outline of the retirement benefits system

The Company and its consolidated subsidiaries have adopted unfunded defined benefit plans and defined contribution plans for employees' retirement benefits.

Certain consolidated subsidiaries provide lump-sum retirement benefit plans (unfunded), for which retirement benefit obligations and expenses are calculated using a simplified method.

Defined contribution plans are adopted by the Company and certain consolidated subsidiaries.

The Company participates in the Benefit-One Corporate Pension Fund, a corporate pension fund under the Defined Benefit Corporate Pension Act, which is a multiemployer employees' pension fund plan. For plans where the amount of pension assets corresponding to the Company's contributions cannot be reasonably calculated, accounting treatment is applied in the same manner as defined contribution plans.

2. Defined benefit plans

(1) Adjustments of balance of retirement benefit liabilities at the beginning and end of fiscal year in a plan using the simplified method

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Retirement benefit liabilities at beginning of fiscal year	341	256
Retirement benefit expenses	42	30
Retirement benefits paid	(26)	(29)
Increase due to newly consolidated subsidiaries	—	9
Decrease due to exclusion from consolidation	(108)	—
Other	6	(0)
Retirement benefit liabilities at end of fiscal year	256	266

(2) Reconciliation of retirement benefit obligation and pension assets with net retirement benefit liability and asset reflected on the consolidated balance sheets (Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Defined benefit obligation for unfunded plan	256	266
Net amount of retirement benefit liability and asset on the consolidated balance sheets	256	266
Retirement benefit liability	256	266
Net amount of retirement benefit liability and asset on the consolidated balance sheets	256	266

(3) Breakdown of retirement benefit expenses (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Retirement benefit expenses calculated using the simplified method	42	30
Other	156	326
Net periodic benefit cost of defined benefit plan	199	356

(Note) During the fiscal year under review, in addition to the above, an extra payment for early retirements of 188 million yen is recorded as an extraordinary loss.

3. Defined contribution plan

The amount of contribution required for the defined contribution plans of the Group and its subsidiaries totaled 282 million yen for the previous fiscal year (from April 1, 2023, through March 31, 2024) and 285 million yen for the fiscal year under review (from April 1, 2024, through March 31, 2025).

4. Multiemployer plan

Benefit-One Corporate Pension Fund

The amount of contribution required for the corporate pension fund plan, a multiemployer plan treated in the same manner as the defined contribution plan, totaled 57 million yen in the previous fiscal year (April 1, 2023, through March 31, 2024) and 53 million yen in the fiscal year under review (April 1, 2024, through March 31, 2025).

(1) Funding status of multiemployer pension plans (Millions of yen)

	As of June 30, 2023	As of June 30, 2024
Plan assets	93,049	111,073
Actuarial liabilities for pension financing calculation	90,531	107,875
Difference	2,517	3,197

(2) Percentage of the Group in the premiums for the entire multiemployer plan

Fiscal year ended March 31, 2024 0.2%

Fiscal year ended March 31, 2025 0.2%

(3) Supplementary explanation

Major factors of the above (1) include general reserves (2,008 million yen in the previous fiscal year and 2,517 million yen in the fiscal year under review) and yearly surplus funds (509 million yen for the previous fiscal year and 679 million yen for the fiscal year under review).

The percentages in the above (2) are not consistent with the actual portions paid by the Group.

(Notes to tax effect accounting)

1. Breakdown of key factors contributing to deferred tax assets and deferred tax liabilities

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Elimination of unrealized profits	651	454
Non-deductible accounts payable	252	406
Non-deductible accrued bonuses	368	494
Unpaid enterprise taxes	212	209
Valuation loss on goods currently not deductible	237	227
Non-deductible purchase rebate allocation	196	234
Non-deductible allowance for doubtful accounts	5	21
Sales allowance	819	7
Non-deductible lease cost	1,811	1,719
Non-deductible depreciation expenses	271	426
Impairment losses	3,329	3,377
Non-deductible loss on valuation of investment securities	230	235
Non-deductible provision for directors' retirement benefits	5	58
Retirement benefit liability	60	63
Non-deductible asset retirement obligations	820	1,036
Difference in revenue recognition for tax purposes	566	703
Tax losses carried forward (Note2)	2,775	2,954
Other	542	479
Subtotal of deferred tax assets	13,157	13,111
Valuation allowance related to tax losses carried forward (Note2)	(2,564)	(2,811)
Valuation allowance related to deductible temporary differences	(3,213)	(3,029)
Valuation allowance subtotal (Note1)	(5,778)	(5,841)
Total deferred tax assets	7,379	7,269
Deferred tax liabilities		
Removal expenses for asset retirement obligations	(0)	(0)
Reserve for tax purpose reduction entry of assets	(349)	(349)
Retained earnings of equity-method companies	(588)	(584)
Valuation difference on available-for-sale securities	(820)	(654)
Difference in revenue recognition for tax purposes	(450)	(355)
Intangible assets identified through business combination	(192)	(912)
Other	(193)	(482)
Total deferred tax liabilities	(2,596)	(3,338)
Net deferred tax assets	4,783	3,931

(Note 1) The valuation allowance increased by 250 million yen. The increase was mainly a result of an increase in the valuation allowance related to tax loss carryforwards at consolidated subsidiaries.

(Note 2) Tax losses carried forward and the related deferred tax assets allocated to each fiscal year when carryforwards expired.

As of March 31, 2024 (Millions of yen)

	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years	Total
Tax losses carried forward (*1)	31	71	35	98	81	2,457	2,775
Valuation allowance	—	(16)	(28)	(98)	(66)	(2,354)	(2,564)
Deferred tax assets	31	54	6	—	14	103	(*2) 211

(*1) The tax losses carried forward is an amount obtained by multiplying the effective statutory tax rate.

(*2) Deferred tax assets of 211 million yen is posted for tax losses carried forward of 2,775 million yen (amount multiplied by normal effective statutory tax rate). Valuation allowance for a portion of the tax losses carried forward deemed recoverable based on expected future taxable income, etc. is not recognized.

As of March 31, 2025 (Millions of yen)

	Within 1 year	More than 1 year and within 2 years	More than 2 years and within 3 years	More than 3 years and within 4 years	More than 4 years and within 5 years	More than 5 years	Total
Tax losses carried forward (*1)	-	14	61	46	93	2,738	2,954
Valuation allowance	-	(0)	(61)	(26)	(73)	(2, 649)	(2,811)
Deferred tax assets	-	14	-	19	20	88	(*2) 142

(*1) The tax losses carried forward is an amount obtained by multiplying the effective statutory tax rate.
(*2) Deferred tax assets of 142 million yen is posted for tax losses carried forward of 2,954 million yen (amount multiplied by normal effective statutory tax rate). Valuation allowance for a portion of the tax losses carried forward deemed recoverable based on expected future taxable income, etc. is not recognized.

(Change in Presentation Method)

In the previous consolidated fiscal year, “Intangible assets identified through business combination” was included under “Other.” Since its materiality has increased, starting from the current consolidated fiscal year, it is presented separately. To reflect this change in presentation, the amount of (386 million yen) previously presented under “Other” in the prior consolidated fiscal year has been reclassified as (192 million yen) under “Intangible assets identified through business combination” and (193 million yen) under “Other.”

2. Breakdown of major items that caused a significant difference between an effective statutory tax rate and a percentage of income taxes after the application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory tax rate	30.5%	30.5%
(Adjustment)		
Items that are not permanently deductible, such as entertainment expenses	1.8	2.3
Items that are not permanently included in profits, such as dividend income	(0.0)	(0.0)
Inhabitant tax on per capita basis, etc.	1.1	1.0
Valuation allowance	3.5	2.6
Amortization of goodwill	1.0	0.9
Costs related to acquisition of shares of consolidated subsidiaries	0.0	1.7
Gain on bargain purchase	-	(2.4)
Other	0.2	0.5
Percentage of effective income tax rate after the application of tax effect accounting	38.1	37.1

(Change in Presentation Method)

In the previous consolidated fiscal year, “Costs related to acquisition of shares of consolidated subsidiaries” was included under “Other.” Since its materiality has increased, starting from the current consolidated fiscal year, it is presented separately. To reflect this change in presentation, the amount of 0.2% previously presented under “Other” in the prior consolidated fiscal year has been reclassified as 0.0% under “Costs related to acquisition of shares of consolidated subsidiaries” and 0.2% under “Other.”

3. Revision of Deferred Tax Assets and Deferred Tax Liabilities Due to Change in Statutory Tax Rate

Following the enactment of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) by the National Diet on March 31, 2025, the “Special Defense Corporation Tax” will be imposed starting from consolidated fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in consolidated fiscal years beginning on or after April 1, 2026, the statutory effective tax rate has been changed from 30.5% to 31.4% for calculation purposes.

The impact of this change is immaterial.

(Notes on Business Combination, etc.)

Business combination by acquisition

1. Outline of the business combination

(1) Name of the acquired company and its business description

Name of the acquired company: Puma Ltd.

Description of its business: Retail of automotive goods, statutory safety inspections, car wash, non-life insurance agent, body repairing and painting, sales of vehicles and petrol station

(2) Main reason for carrying out the business combination

The Group is implementing a variety of measures with the aim of expanding the earnings of AUTOBACS Business in the 2024 Medium-term Business Plan “Accelerating Towards Excellence.” This time around, the Company turned Puma Ltd. to a wholly-owned subsidiary for the purpose of not only strengthening competitiveness in the car after-sales market but also further enhancing earning power through the synergy from the Company’s capital strength and Puma’s business expansion capability.

(3) Business combination date

August 1, 2024 (deemed acquisition date: July 1, 2024)

(4) Legal form of the business combination

Share exchange

(5) Name of the Company after the business combination

No change

(6) Percentage of voting rights acquired

Percentage of voting rights held immediately before the business combination	32.54%
Percentage of voting rights additionally acquired on the date of business combination	67.46%
Percentage of voting rights after acquisition	100.00%

(7) Main grounds for determining the acquired company

The Company’s acquisition through a share exchange between treasury shares held by the Company and shares of the acquired company

2. Period of the acquired company’s financial results included in the consolidated statement of income

From July 1, 2024 to March 31, 2025

As the acquired company was an associate company subject to equity method, its financial results from April 1, 2024 to June 30, 2024 were recorded as share of profit or loss of entities accounted for using equity method.

3. Acquisition cost of the acquired company and the breakdown by type of consideration

Fair value of common stock held immediately before the business combination	264 million yen
Consideration for additional acquisition: Common stock of the Company	547 million yen
Acquisition cost	812 million yen

4. Exchange ratio by class of shares, calculation method thereof, and number of shares delivered

(1) Exchange ratio by class of shares

One share of common stock of Puma Ltd.: 450.247 shares of common stock of the Company

(2) Calculation method of the share exchange ratio

In calculating the share exchange ratio, the stock value of the Company, which is a listed company, and of Puma Ltd., which is an unlisted company, adopts the average market price method and the EV/EBITA multiple, respectively. Based on the calculation results by these market approaches, the ratio was determined through negotiations between the parties.

(3) Number of shares delivered

358,396 shares

5. Difference between the acquisition cost of the acquired company and the total of the acquisition costs of individual transactions leading to the acquisition

Loss on step acquisition 132 million yen

6. Amount of gain on bargain purchase and the cause of the gain

(1) Amount of gain on bargain purchase

461 million yen

(2) Cause of occurrence

As the fair value of net assets at the time of the business combination exceeded the acquisition cost, the difference is recognized as gain on bargain purchase.

7. Amounts of assets acquired and liabilities assumed on the date of the business combination and the major breakdown thereof

(Unit: million yen)

Current assets	1,800
Non-current assets	920
Assets (total)	2,720
Current liabilities	1,316
Non-current liabilities	130
Liabilities (total)	1,446

Business combination by acquisition

1. Outline of the business combination

(1) Name of the acquired company and its business description

Name of the acquired company: Otoron Co., Ltd.

Description of its business: Used car sales through in-house loans

(2) Main reason for carrying out the business combination

Holding up "Ensuring the safety of our communities while driving and enriching customers' lives," as its Purpose, the Group aims to realize a sustainable society in which people and vehicles continue to coexist. In May 2024, the Group announced the 2024 Medium-term Business Plan "Accelerating Towards Excellence" with the aim of enhancing long-term and sustainable corporate value and realizing further accelerating growth. This transaction is part of the key measure "Expansion of new sites, including store openings, and channels (100 sites)" in "Create touch points to continue to support mobility lifestyles," which is a strategy of the Medium-term Business Plan.

The Company has judged that the joining of Otoron Co., Ltd. to the Group will generate various synergies to the existing businesses of the Group and help boost the competitiveness of the used car sales business, positioned as the crucial business domain.

(3) Business combination date

August 30, 2024 (deemed acquisition date: September 30, 2024)

(4) Legal form of the business combination

Acquisition of shares using cash as consideration

(5) Name of the Company after the business combination

No change

(6) Percentage of voting rights acquired

100%

(7) Main grounds for determining the acquired company

The Company acquired their shares using cash as consideration.

2. Period of the acquired company's financial results included in the consolidated statement of income

From October 1, 2024 to March 31, 2025

3. Acquisition cost of the acquired company and the breakdown by type of consideration

Consideration for acquisition: Cash	3,360 million yen
Acquisition cost	3,360 million yen

4. Description and amount of main expenses related to the acquisition

Advisory fees, commissions, etc.: 248 million yen

5. Amount of goodwill that occurred, the cause of the occurrence, the amortization method, and the amortization period

(1) Amount of goodwill that occurred
2,127 million yen

(2) Cause of occurrence
This is mainly due to the excess earning power expected from the future business development of Otoron Co., Ltd.

(3) Amortization method and amortization period
Straight-line depreciation over 15 years

6. Amounts of assets acquired and liabilities assumed on the date of the business combination and the major breakdown thereof

	(Unit: million yen)
Current assets	8,049
Non-current assets	2,169
Assets (total)	10,219
Current liabilities	7,385
Non-current liabilities	1,600
Liabilities (total)	8,986

7. Amount allocated to intangible assets other than goodwill, the breakdown thereof by major type, and the weighted average amortization period for the entirety thereof and that by major type

Type	Amount	Amortization period
Trademark right	890 million yen	10 years

Business combination by acquisition (a tender offer to Tokatsu Holdings Co., Ltd)

1. Outline of the business combination

(1) Name of the acquired company and its business description
Name of the acquired company: Tokatsu Holdings Co., Ltd (including its three subsidiaries)
Description of its business: Vehicle sales-related business, business related to life and non-life insurance agent, body repairing and painting, etc.

(2) Main reason for carrying out the business combination
In May 2023, the Group announced “Beyond AUTOBACS Vision 2032,” the long-term vision toward achieving the consolidated net sales of 500 billion yen for the fiscal year ending March 31, 2033, and in May 2024, in order to fulfill said long-term vision, the Group declared “Accelerating Towards Excellence,” the 2024 Medium-term Business Plan for three years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027.

The Group challenges itself in a variety of business domains, and is expanding the deader business that offers car sale and services to individual consumers in Japan.

With said business placed as a key to its business strategy, the Group positions this business as a business domain in which the Group should aim to expand business by continuing investments actively. By the joining of Tokatsu Holdings Co., Ltd to the Group, the Group has judged said company will generate various synergies with existing businesses in the Group.

(3) Business combination date
October 1, 2024

(4) Legal form of the business combination
Acquisition of shares using cash as consideration

(5) Name of the Company after the business combination
No change

(6) Percentage of voting rights acquired

October 1, 2024	89.02%
December 30, 2024	10.98%
	100.00%

As the Company did not hold all shares of Tokatsu Holdings Co., Ltd. (excluding treasury shares), following the completion of the tender offer settlement, the Company implemented a share consolidation effective December 30, 2024, as a squeeze-out measure to make Tokatsu Holdings Co., Ltd. a wholly owned subsidiary of the Company.

Pursuant to Article 182-4, Paragraph 1 of the Companies Act, Tokatsu Holdings Co., Ltd. acquired any fractional shares resulting from the share consolidation, thereby becoming a wholly owned subsidiary of the Company.

(7) Main grounds for determining the acquired company
AUTOBACS DEALER GROUP HOLDINGS Co., Ltd. acquired their shares using cash as consideration.

2. Period of the acquired company's financial results included in the consolidated statement of income
From October 1, 2024 to March 31, 2025

3. Acquisition cost of the acquired company and the breakdown by type of consideration

Consideration for acquisition: Cash	3,671 million yen
Acquisition cost	3,671 million yen

4. Description and amount of main expenses related to the acquisition

Advisory fees, commissions, etc.	124 million yen

5. Amount of gain on bargain purchase and the cause of the gain
(1) Amount of gain on bargain purchase
568 million yen

(2) Cause of occurrence
As the fair value of net assets at the time of the business combination exceeded the acquisition cost, the difference is recognized as gain on bargain purchase.

6. Amounts of assets acquired and liabilities assumed on the date of the business combination and the major breakdown thereof

	(Unit: million yen)
Current assets	4,634
Non-current assets	2,974
Assets (total)	7,608
Current liabilities	2,780
Non-current liabilities	588
Liabilities (total)	3,369

Business combination by acquisition
1. Outline of the business combination
(1) Name of the acquired company and its business description
Name of the acquired company: PCT Holdings Co., Ltd. (currently Power Control Technique Co., Ltd.)
Description of its business: Electrical work

(2) Main reason for carrying out the business combination
Holding up "Ensuring the safety of our communities while driving and enriching customers' lives," as its Purpose, the Group aims to realize a sustainable society in which people and vehicles continue to coexist. In May 2024, the Group announced the 2024 Medium-term Business Plan "Accelerating Towards Excellence" with the aim of enhancing long-term and sustainable corporate value and realizing further accelerating growth.
The Company has judged that this acquisition of shares will help boost the competitiveness of the EV solution business as part of "The setting of a new business domain in response to changes to mobility life," one of strategies in the Medium-term Business Plan. Power Control Technique Co., Ltd. has established a service system that can provide electrical equipment, installation and management on a one-stop-shop basis and is expanding business mainly in Gunma Prefecture. Down the road, the Company intends to generate various synergies in the AUTOBACS Group and leverage the expertise in electrical equipment, installation and management that Power Control Technique Co., Ltd. has, thereby driving the EV solution business to provide customers with a greater sense of security and better services.
The Group will endeavor to contribute to the sustainable advancement of the automotive industry by playing a role in solving environmental and social issues while keeping engaged in bettering customers' safety, security and convenience through a variety of businesses.

(3) Business combination date
October 1, 2024

(4) Legal form of the business combination
Acquisition of shares using cash as consideration

(5) Name of the Company after the business combination
PCT Holdings Co., Ltd. merged with Power Control Technique Co., Ltd., which was a subsidiary of PCT Holdings Co., Ltd., in

an absorption-type merger on March 1, 2025, and became a disappearing company.

(6) Percentage of voting rights acquired
100%

(7) Main grounds for determining the acquired company
AUTOBACS DEALER GROUP HOLDINGS Co., Ltd. acquired their shares using cash as consideration.

2. Period of the acquired company's financial results included in the consolidated statement of income
From October 1, 2024 to March 31, 2025

3. Acquisition cost of the acquired company and the breakdown by type of consideration

Consideration for acquisition:	Cash	1,000 million yen
Acquisition cost		1,000 million yen

4. Description and amount of main expenses related to the acquisition
Advisory fees, commissions, etc. 84 million yen

5. Amount of goodwill that occurred, the cause of the occurrence, the amortization method, and the amortization period
(1) Amount of goodwill that occurred
785 million yen

(2) Cause of occurrence
This is mainly due to the excess earning power expected from the future business development of Power Control Technique Co., Ltd.

(3) Amortization method and amortization period
Straight-line depreciation over 15 years

6. Amounts of assets acquired and liabilities assumed on the date of the business combination and the major breakdown thereof

	(Unit: million yen)
Current assets	274
Non-current assets	45
Assets (total)	319
Current liabilities	100
Non-current liabilities	5
Liabilities (total)	105

Business combination by acquisition
1. Outline of the business combination
(1) Name of the acquired company and its business description
Name of the acquired company: C6-2 Holdings Co., Ltd. (including its two subsidiaries including BEE LINE Corporation)
Business description: As the holding company of the BEE LINE Group, which runs the business of sale of automobile tires and wheels

(2) Main reason for carrying out the business combination
Holding up "Ensuring the safety of our communities while driving and enriching customers' lives," as its Purpose, the Group aims to realize a sustainable society in which people and vehicles continue to coexist. In May 2024, the Group announced the 2024 Medium-term Business Plan "Accelerating Towards Excellence" with the aim of enhancing long-term and sustainable corporate value and realizing further accelerating growth.
The Company will execute this transaction as part of the key measure "Expansion of new sites, including store openings, and channels (100 sites)" in "Creation of touch points that keep supporting mobility life," which is a strategy of said Medium-term Business Plan. Bee Line Corp. has operated retail shops mainly in the Kyushu area since its founding in 1999 and has kept growing by fulfilling customers' needs in the area as a tire specialty store. The Company has judged that the joining of Bee Line Corp in the Group can help boost the competitiveness of the tire sales business, positioned as a key business domain.
The Group will endeavor to contribute to the sustainable advancement of the automotive industry by playing a role in solving environmental and social issues while keeping engaged in bettering customers' safety, security and convenience through a variety of businesses.

(3) Business combination date

January 29, 2025 (deemed acquisition date: February 28, 2025)

(4) Legal form of the business combination
Acquisition of shares using cash as consideration

(5) Name of the Company after the business combination
No change

(6) Percentage of voting rights acquired
100%

(7) Main grounds for determining the acquired company
The Company acquired their shares using cash as consideration.

2. Period of the acquired company's financial results included in the consolidated statement of income
As only the balance sheet is consolidated in the consolidated fiscal term under review, the financial results of the acquired company is not included.

3. Acquisition cost of the acquired company and the breakdown by type of consideration

Consideration for acquisition:	Cash	5,650 million yen
Acquisition cost		5,650 million yen

4. Description and amount of main expenses related to the acquisition
Advisory fees, commissions, etc.: 243 million yen

5. Amount of goodwill that occurred, the cause of the occurrence, the amortization method, and the amortization period

(1) Amount of goodwill that occurred
5,025 million yen

(2) Cause of occurrence
This is mainly due to the excess earning power expected from the future business development of C6-2 Holdings Co., Ltd. (including two subsidiaries).

(3) Amortization method and amortization period
Straight-line depreciation over 15 years

6. Amounts of assets acquired and liabilities assumed on the date of the business combination and the major breakdown thereof

	(Unit: million yen)
Current assets	2,299
Non-current assets	1,804
Assets (total)	4,103
Current liabilities	884
Non-current liabilities	2,595
Liabilities (total)	3,479

7. Amount allocated to intangible assets other than goodwill, the breakdown thereof by major type, and the weighted average amortization period for the entirety thereof and that by major type

Type	Amount	Amortization period
Trademark right	1,550 million yen	20 years

(Notes to asset retirement obligations)

Asset retirement obligations posted in the consolidated balance sheets

(1) Outline of the asset retirement obligations

Major obligations include restoration to the original condition under real estate lease contracts for land for stores.

(2) Method of calculating asset retirement obligations

Asset retirement obligations are calculated by assuming that the expected period of use is the real estate lease contract period or the useful life of a property, plant and equipment and using the yield on Japanese government bonds according to the applicable period as of the date of calculation for the discount rate.

(3) Increase/decrease in the asset retirement obligations (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at beginning of fiscal year	2,741	2,752
Increase due to purchases of property, plant and equipment	126	263
Adjustment due to passage of time	22	26
Change due to fulfillment of asset retirement obligations	(76)	(87)
Increase due to the acquisition of a new consolidated subsidiary	15	444
Increase (decrease) in other items	(76)	(0)
Balance at end of fiscal year	2,752	3,398

(Change in Presentation Method)

In the previous consolidated fiscal year, the amount of increase resulting from the acquisition of a new consolidated subsidiary was included under “Increase (decrease) in other items.”

As its materiality has increased, starting from the current consolidated fiscal year, we have decided to present it separately. To reflect this change in presentation, the amount of 60 million yen previously shown under “Increase (decrease) in other items” in the prior consolidated fiscal year has been reclassified as 15 million yen under “Increase due to the acquisition of a new consolidated subsidiary” and 76 million yen under “Increase (decrease) in other items.”

(Notes to revenue recognition)

1. Information on the breakdown of revenue from contracts with customers

Information breaking down revenue from contracts with customers is provided in “Note on consolidated financial statements (Segment information, etc.).”

2. Basic information for understanding revenue from contracts with customers

Information that becomes the basis of understanding revenue from contracts with customers is provided in ii. Recording standards for recognition of revenue from contracts with customers, under (5) Accounting standards for significant revenue and expenses, under 4. Significant accounting standards, in (Notes relating to Material Matters as the Basis for Preparation of the Consolidated Financial Statements)

3. Information on the relationship between the fulfillment of performance obligations under contracts with customers and the cash flows arising from those contracts, as well as the amount and timing of revenue expected to be recognized from contracts with customers existing at the end of the current consolidated fiscal year in subsequent consolidated fiscal years

(1) Balance of contract liabilities

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Contract liabilities (beginning balance)	1,273	891
Contract liabilities (ending balance)	891	2,040

Contract liabilities relate to the provision of compensation and other services for goods sold to customers and installment collection fees for loans of the Company over a certain period of time.

Full payment is received from the customer or in-house loan agreement is concluded at the time the contract is entered into. The main transactions include sale of used vehicles through in-house financing, 6-month, 12-month, or 18-month flat tire repair coverage after the purchase of tires, 3- or 5-year extended warranty repair for car navigation systems, etc., and 2- to 7-year car maintenance services such as oil changes, etc.

The Company is obligated to provide loan agreements for a certain period of time for in-house loans, and for maintenance service transactions, the Group has performance obligations to provide services, such as tire and oil changes at a point in time and warranty repair over time. The timing at which the Group typically satisfies the performance obligation is as follows. With respect to the performance obligations to provide services, such as tire and oil changes at a point in time, revenue is recognized at the time of completion of the provision of the services. With respect to the obligation to provide loans or performance obligations to provide repair warranty for a specified period of time, revenue is recognized on a straight-line basis over the term of the loan or the warranty contract and the contract liabilities are reversed at that time.

The amount of revenue recognized in the previous consolidated fiscal year that was included in the contract liability balance at the beginning of the term was 728 million yen.

The amount of revenue recognized in the consolidated fiscal term under review that was included in the contract liability balance at the beginning of the term was 551 million yen.

In addition, the increase in contract liabilities for the fiscal year under review was mainly due to increases resulting from business combinations.

(2) Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the time frame in which the Group expects to recognize the amount as revenue are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Within one year	557	984
Over one year and within two years	196	594
Over two years and within three years	65	295
Over three years	72	166
Total	891	2,040

(Segment information, etc.)

Segment information

1. Outlines reportable segment

The Company’s reportable segments are those units of the Company for which separate financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions on the allocation of managerial resources to the segments and assessing the segments’ performance.

The Group operates wholesale and retail of automotive goods in Japan and overseas, online sale, purchase and sale of automobiles, statutory safety inspection and maintenance services, dealership of imported automobiles, and leasing of store facilities and credit-related businesses provided to the AUTOBACS Group. The businesses are divided into four reportable segments, including AUTOBACS Business, Consumer Business, Wholesale Business, and Expansion Business.

The AUTOBACS business is engaged in the wholesale of car accessories, such as tires, wheels, and car electronics, to franchisees in Japan. The AUTOBACS business also sells car accessories, installation services, vehicle maintenance, vehicle inspections, and purchases and sells vehicles mainly to general consumers in Japan and overseas.

The Consumer Business is engaged in the online sale of car accessories and the purchase and sale of new and used cars as a retail business other than the AUTOBACS business.

The Wholesale Business is engaged in the wholesaling of lifestyle brands and other private brands, etc., as wholesale businesses other than the AUTOBACS business.

The Expansion Business is engaged in peripheral businesses such as financing, property and location development, and EV solutions.

In the 2024 Medium-term Business Plan "Accelerating Towards Excellence" announced in May 2024, we have set a new direction to become a "Mobility Life Infrastructure" for our customers on a global scale, and are changing to a structure that concentrates on and strengthens the two axes: retail and wholesale. In order to promptly launch initiatives in line with this direction and accelerate the speed of strategy implementation, from the current consolidated fiscal year, the Company has changed its reporting segments, which were previously divided into "Domestic AUTOBACS Business," "Overseas Business," "Car Dealership, B to B, Online Alliance Business," and "Other Business," into the reportable segments based on retail and wholesale.

The segment information of the previous consolidated fiscal year is disclosed based on the revised reportable segments.

2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting method of the reportable segments are generally the same as those stated in (Notes relating to Material Matters as the Basis for Preparation of the Consolidated Financial Statements).

3. Reportable segment sales, profit or loss, assets, and other information and revenue breakdown information

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments					Reconciling items (Note 1)	Per consolidated financial statements (Note 2)
	AUTOBACS Business	Consumer Business	Wholesale Business	Expansion Business	Total		
Net Sales							
Revenues from external customers	177,299	23,695	25,061	1,342	227,398	—	227,398
Transactions with other segments	26	—	—	2,431	2,458	—	2,458
Net sales to outside customers	177,326	23,695	25,061	3,773	229,856	—	229,856
Internal sales and transfers between segments	5,076	149	10,300	4,520	20,046	(20,046)	—
Total	182,402	23,844	35,361	8,293	249,902	(20,046)	229,856
Segment profit (loss)	16,560	(1,297)	627	224	16,115	(8,105)	8,010
Assets	101,293	10,168	15,084	33,728	160,275	34,673	194,948
Other items							
Depreciation	2,209	645	289	768	3,913	812	4,725
Amortization of goodwill	149	101	70	—	321	—	321
Investments in entities accounted for using equity method	2,651	60	1,116	—	3,827	—	3,827
Increase in property, plant and equipment and intangible assets	6,507	1,515	84	353	8,461	688	9,149

(Notes) 1. The details of “Reconciling items” are as follows:

(1) The amount (8,105) million yen of “Reconciling items” of Segment profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.

(2) The amount 34,673 million yen of “Reconciling items” of Assets is the corporate administrative assets such as cash and deposits and logistics related assets which are not belong to each reportable segment.

(3) At Other items, the amount 812 million yen of “Reconciling items” of Depreciation is the depreciation for the corporate administrative assets. The amount 688 million yen of “Reconciling items” of Increase in property, plant and equipment and intangible assets is the mainly amount of capital investment for the corporate administrative assets.

2. Segment profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments					Reconciling items (Note1)	Amount recognized in consolidated statement of income (Note2)
	AUTOBACS Business	Consumer Business	Wholesale Business	Expansion Business	Total reportable segments		
Net Sales							
Revenue from contracts with customers	192,130	29,039	24,494	1,458	247,123	—	247,123
Other revenue	—	—	—	2,402	2,402	—	2,402
Net sales to outside customers	192,130	29,039	24,494	3,861	249,525	—	249,525
Internal sales and transfers between segments	4,970	269	11,053	5,246	21,540	(21,540)	—
Total	197,100	29,308	35,548	9,108	271,065	(21,540)	249,525
Segment profit (loss)	22,050	(847)	517	476	22,196	(10,070)	12,126
Assets	106,506	43,309	17,424	33,097	200,337	27,832	228,170
Other items							
Depreciation	3,153	752	251	523	4,680	784	5,464
Amortization of goodwill	148	179	37	—	366	—	366
Investments in entities accounted for using equity method	2,630	515	1,277	—	4,422	—	4,422
Increase in property, plant and equipment and intangible assets	5,797	892	893	489	8,073	852	8,926

(Notes) 1. The details of “Reconciling items” are as follows:

(1) The amount (10,070) million yen of “Reconciling items” of Segment profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.

(2) The amount 27,832 million yen of “Reconciling items” of Assets is the corporate administrative assets such as cash and deposits and logistics related assets which are not belong to each reportable segment.

(3) At Other items, the amount 784 million yen of “Reconciling items” of Depreciation is the depreciation for the corporate administrative assets. The amount 852 million yen of “Reconciling items” of Increase in property, plant and equipment and intangible assets is the mainly amount of capital investment for the corporate administrative assets.

2. Segment profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

Related information

Fiscal year ended March 31, 2024

1. Information by product/service

The Group's principal business is the sale of automotive goods and services. Because net sales from automotive goods and services to external customers exceed 90% of net sales in the consolidated financial results and statement of comprehensive income, the disclosure of information by product/service is omitted.

2. Information by region

(1) Net sales

The information is omitted because sales to external customers in Japan exceeded 90% of net sales in the Consolidated Statements of Income and Comprehensive Income.

(2) Property, plant and equipment

The amount of property, plant and equipment in Japan is more than 90% of the amount of property, plant and equipment in the consolidated balance sheets, and information on property, plant and equipment is omitted.

3. Information by major customer

Because net sales to specific customers among external customers is less than 10% of net sales in the consolidated financial results and statement of comprehensive income, disclosure of information by major customer is omitted.

Fiscal year ended March 31, 2025

1. Information by product/service

The Group's principal business is the sale of automotive goods and services. Because net sales from automotive goods and services to external customers exceed 90% of net sales in the consolidated financial results and statement of comprehensive income, the disclosure of information by product/service is omitted.

2. Information by region

(1) Net sales

The information is omitted because sales to external customers in Japan exceeded 90% of net sales in the Consolidated Statements of Income and Comprehensive Income.

(2) Property, plant and equipment

The amount of property, plant and equipment in Japan is more than 90% of the amount of property, plant and equipment in the consolidated balance sheets, and information on property, plant and equipment is omitted.

3. Information by major customer

Because net sales to specific customers among external customers is less than 10% of net sales in the consolidated financial results and statement of comprehensive income, disclosure of information by major customer is omitted.

Impairment loss by reportable segment

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments					Reconciling items	Total
	AUTOBACS Business	Consumer Business	Wholesale Business	Expansion Business	Total		
Impairment losses	312	—	—	221	534	—	534

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments					Reconciling items	Total
	AUTOBACS Business	Consumer Business	Wholesale Business	Expansion Business	Total		
Impairment losses	387	—	74	—	462	—	462

Amortization and balance of goodwill by reportable segment

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments					Reconciling items	Total
	AUTOBACS Business	Consumer Business	Wholesale Business	Expansion Business	Total		
Amortization of goodwill	149	101	70	—	321	—	321
Balance at end of period	401	416	262	—	1,080	—	1,080

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments					Reconciling items	Total
	AUTOBACS Business	Consumer Business	Wholesale Business	Expansion Business	Total		
Amortization of goodwill	148	179	37	—	366	—	366
Balance at end of period	287	8,192	213	—	8,694	—	8,694

Gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

In the Autobacs Business, Puma Ltd., which was an equity-method affiliate, was included in the scope of consolidation due to the additional acquisition of its shares. The amount of gain on bargain purchase resulting from this event was 461 million yen. In the Consumer Business, Tokatsu Holdings Co., Ltd. was included in the scope of consolidation due to the acquisition of its shares. The amount of gain on bargain purchase resulting from this event was 568 million yen. The gain on bargain purchase is not included in segment income (loss) because it is an extraordinary gain.

Related party information

Transactions between the Company’s consolidated subsidiaries and related parties

Non-consolidated subsidiaries, affiliates, etc. of the company submitting consolidated financial statements

For the fiscal year ended March 31, 2024

Not applicable.

For the fiscal year ended March 31, 2025

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Book value per share	¥1,652.71	¥1,679.29
Earnings per share	¥81.52	¥103.89

(Notes) 1. Diluted earnings per share was not presented because there was no dilution for the fiscal year.
2. The basis of calculating net income per share is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	6,355	8,132
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	6,355	8,132
Average number of common stock (Thousands of shares)	77,956	78,277

(Significant subsequent events)

Not applicable.

v. Consolidated Supplementary Schedules

Schedule of bonds payable

Company name	Issue name	Issue date	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Interest rate (%)	Collateral	Maturity date
Yuei Co., Ltd.	8th Unsecured Qualified Institutional Investor Private Placement Bond (Note 1)	Mar. 30, 2022	–	100	0.21	None	Mar. 30, 2027
Yuei Co., Ltd.	9th Unsecured Qualified Institutional Investor Private Placement Bond (Note 1)	2022.9.30	–	100	0.21	None	Sep. 30, 2027
Total	–	–	–	200	–	–	–

(Notes) 1. This amount arose as a result of the acquisition of shares of Yuei Co., Ltd., the issuer of the bonds, on April 1, 2024, which made the company a consolidated subsidiary.

2. The scheduled redemption amounts for the five years following the consolidated closing date are as follows.

(Millions of yen)

Within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
–	100	100	–	–

Schedule of borrowings (Millions of yen)

	Balance at beginning of period	Balance at end of period	Average interest rate (%)	Maturity date
Short-term borrowings	–	5,194	1.26	–
Current portion of long-term borrowings	11	3,319	0.65	–
Current portion of lease liabilities	740	739	1.32	–
Long-term borrowings (excluding current portion of long-term borrowings)	6,023	26,263	1.02	From 2026 to 2030
Lease liabilities (excluding the current portion of Lease liabilities)	2,545	2,102	1.48	From 2026 to 2052
Other interest-bearing debt	–	–	–	–
Total	9,320	37,619	–	–

(Notes) 1. The average interest rate is the weighted average interest rate for the balance at the end of the period.

2. Long-term loans payable and lease liabilities (excluding the current portion of them) scheduled to be repaid within five years of the end of the fiscal year are as shown below.

(Millions of yen)

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term borrowings	3,329	112	1,611	20,803
Lease obligations	604	524	392	148

Schedule of asset retirement obligations

The disclosure of this schedule has been omitted because the matters to be stated in this schedule are disclosed as notes prescribed in Article 15-23 of the Regulation on Consolidated Financial Statements.

(2) Other

Semiannual information for the fiscal year ended March 31, 2025

	Interim consolidated period	Current consolidated fiscal year
Net sales (millions of yen)	110,299	249,525
Net income before income taxes for the interim (current period) (millions of yen)	2,961	12,951
Net income attributable to owners of parent for the interim (current period) (millions of yen)	1,638	8,132
Net income per share for the interim (current period) (yen)	20.98	103.89

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated financial statements

i. Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
(Assets)		
Current assets		
Cash and deposits	24,770	18,602
Accounts receivable - trade	12,188	13,243
Lease investment assets	6,086	5,850
Merchandise	8,253	8,547
Prepaid expenses	1,551	1,395
Short-term loans receivable	7,737	11,882
Accounts receivable - other	10,257	10,149
Other	4,242	4,182
Total Current assets	*1 75,087	*1 73,855
Non-current assets		
Property, plant and equipment		
Buildings	6,752	8,494
Structures	757	1,043
Machinery and equipment	1,578	1,556
Vehicles	425	305
Tools, furniture and fixtures	900	854
Land	23,264	25,130
Construction in progress	1,368	413
Total Property, plant and equipment	35,046	37,798
Intangible assets		
Leasehold right	621	621
Software	4,828	4,214
Other	8	9
Total Intangible assets	5,458	4,845
Investments and other assets		
Investment securities	5,219	4,674
Shares of subsidiaries and associates	18,440	30,338
Long-term loans receivable from subsidiaries and associates	9,269	11,146
Long-term prepaid expenses	427	503
Deferred tax assets	3,446	2,533
Guarantee deposits	11,044	10,926
Other	195	238
Allowance for doubtful accounts	(452)	(866)
Total Investments and other assets	47,591	59,496
Total Non-current assets	*1 88,096	*1 102,140
Total Assets	163,183	175,995

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
(Liabilities)		
Current liabilities		
Accounts payable - trade	18,969	12,248
Short-term loans payable	—	3,000
Lease obligations	97	80
Accounts payable - other	3,589	5,647
Accrued expenses	925	1,502
Income taxes payable	865	1,445
Contract liabilities	792	474
Deposits received	11,985	4,998
Unearned revenue	419	864
Other	1,458	1,426
Total Current liabilities	*1 39,103	*1 31,689
Non-current liabilities		
Long-term loans payable	6,000	25,200
Lease obligations	727	682
Guarantee deposit received	5,194	4,662
Asset retirement obligations	1,169	1,199
Other	3	119
Total Non-current liabilities	*1 13,095	*1 31,863
Total Liabilities	52,199	63,552
(Net Assets)		
Shareholders' equity		
Capital stock	33,998	33,998
Capital surplus		
Legal capital surplus	34,278	34,278
Total Capital surplus	34,278	34,278
Retained earnings		
Legal retained earnings	1,296	1,296
Other retained earnings		
Reserve for business expansion	665	665
Reserve for reduction entry of assets	796	796
General reserves	36,350	36,350
Retained earnings brought forward	8,392	9,384
Total Retained earnings	47,501	48,493
Treasury shares	(6,905)	(6,060)
Total Shareholders' equity	108,872	110,710
Valuation and translation adjustments		
Valuation and translation adjustments	2,111	1,732
Valuation difference on available-for-sale securities	2,111	1,732
Total Net Assets	110,983	112,443
Total Liabilities and Net Assets	163,183	175,995

ii. Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net Sales	*1 155,489	*1 165,218
Cost of sales	*1 122,083	*1 125,042
Gross profit	33,406	40,175
Selling, general and administrative expenses	*1,*2 29,468	*1,*2 30,861
Operating profit	3,937	9,314
Non-operating income		
Interest income	191	229
Dividend income	1,615	1,287
Commission income	29	16
Lease revenue - system equipment	1,090	1,068
Other	616	353
Total non-operating income	*1 3,543	*1 2,956
Non-operating expenses		
Interest expenses	25	86
Provision of allowance for doubtful accounts	438	413
Lease cost - system equipment	2,004	1,378
Other	287	338
Total Non-operating expenses	*1 2,756	*1 2,216
Ordinary profit	4,724	10,054
Extraordinary losses		
Impairment loss	—	*3 74
Loss on valuation of shares of subsidiaries and associates	1,599	234
Loss on valuation of investment securities	351	—
Loss on sale of shares of affiliates	217	—
Extra payments for early retirements	*4 188	—
Total extraordinary losses	2,355	309
Profit before income taxes	2,368	9,745
Income taxes – current	2,141	2,117
Income taxes – deferred	(929)	1,078
Total Income taxes	1,212	3,196
Profit	1,156	6,548

iii. Non-consolidated statement of changes in equity

Fiscal year ended March 31, 2024 (April 1, 2023-March 31, 2024)

(Millions of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for business expansion	Reserve for reduction entry of assets	General reserves	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	33,998	34,278	34,278	1,296	665	796	36,350	11,918	51,026
Changes of items during period									
Dividends of surplus								(4,679)	(4,679)
Profit								1,156	1,156
Reversal of reserve for reduction entry of assets						(0)		0	–
Purchase of treasury shares									
Disposal of treasury shares								(2)	(2)
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	–	–	–	(0)	–	(3,525)	(3,525)
Balance at end of current period	33,998	34,278	34,278	1,296	665	796	36,350	8,392	47,501

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(6,929)	112,374	2,072	2,072	114,447
Changes of items during period					
Dividends of surplus		(4,679)			(4,679)
Profit		1,156			1,156
Reversal of reserve for reduction entry of assets		–			–
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	24	21			21
Net changes of items other than shareholders' equity			39	39	39
Total changes of items during period	23	(3,502)	39	39	(3,463)
Balance at end of current period	(6,905)	108,872	2,111	2,111	110,983

Fiscal year ended March 31, 2025 (April 1, 2024-March 31, 2025)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings					
					Other retained earnings				
		Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for business expansion	Reserve for reduction entry of assets	General reserves	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	33,998	34,278	34,278	1,296	665	796	36,350	8,392	47,501
Changes of items during period									
Dividends of surplus								(5,471)	(5,471)
Profit								6,548	6,548
Reversal of reserve for reduction entry of assets						(0)		0	—
Purchase of treasury shares									
Disposal of treasury shares								(84)	(84)
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	—	—	(0)	—	992	992
Balance at end of current period	33,998	34,278	34,278	1,296	665	796	36,350	9,384	48,493

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(6,905)	108,872	2,111	2,111	110,983
Changes of items during period					
Dividends of surplus		(5,471)			(5,471)
Profit		6,548			6,548
Reversal of reserve for reduction entry of assets		—			—
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	846	761			761
Net changes of items other than shareholders' equity			(378)	(378)	(378)
Total changes of items during period	845	1,837	(378)	(378)	1,459
Balance at end of current period	(6,060)	110,710	1,732	1,732	112,443

Notes to Non-consolidated Financial Statements

(Notes relating to Matters Concerning Significant Accounting Policy)

1. Valuation standards and methods applied to assets

(1) Valuation standards and methods applied to securities:

i. Held-to-maturity securities

Amortized cost method (straight line method)

ii. Shares of subsidiaries and associates

Costing method under the moving average approach

iii. Other securities

Securities other than shares, etc. without market prices

Market price method (All differences between the market and book values have been processed and recognized in a separate account of net assets, and the amount of the sales cost has been determined under the moving average approach)

Shares, etc. without market prices

Costing method under the moving average approach

(2) Valuation standard and method applied to derivative instruments

Derivative instrument

Market price method

(3) Valuation standards and methods applied to inventories

i. Automotive goods

Principally, costing method under the moving average approach (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

ii. Vehicles

Costing method based on the specific cost method (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

2. Amortization and depreciation methods applied to non-current assets

(1) Property, plant and equipment, excluding leased assets

Straight line method

The followings are major types of such property, plant and equipment and lengths of their respective useful lives.

i. Store buildings and structures

Principally, the lengths of their useful economic lives independently estimated and determined by the Company.

With respect to the buildings and structures located on the leased land lots legally furnished with fixed-term leasehold interest for commercial use, the Company has applied the number of years set forth in the respective contracts as the useful lives of the store buildings and structures.

Buildings	3-20 years
Structures	3-20 years

ii. Property, plant and equipment, excluding those mentioned above

Buildings	3-45 years
Structures	3-30 years
Machinery and equipment	5-22 years
Tools, furniture and fixtures	2-20 years

(2) Intangible assets, excluding leased assets

Straight line method

With respect to the software products used by the Company, each product’s book value has been determined as a result of applying straight line method based on the fact that its useful economic life in the Company is usually within 5 years.

(3) Leased assets

Straight line method, in which each asset item’s useful life is deemed equivalent to the respective lease period and its residual value is reduced to nil at the end of the period. The non-ownership-transfer finance lease transactions in which the Company is a lessee and which started before March 31, 2008 are accounted for using a method similar to that for normal lease transactions.

3. Accounting standards for allowances

Allowance for doubtful accounts

In the event of any loss incurred from bad loans, the Company provides an allowance for doubtful accounts with the estimated uncollectible amount by applying historical rate of default as for general receivables and by respectively examining the collectability as for specific debts including doubtful accounts.

4. Accounting standards for revenue and expenses

(1) Recording standards of revenue relating to the non-ownership-transfer finance lease transactions

The net sales and the cost of goods sold are recorded at the time of the receipt of the lease payment.

(2) Recording standards for revenue arising from contracts with customers

The details of the main performance obligations in the major businesses related to revenue from contracts with the Company's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

The Company conduct the following businesses by segment.

- AUTOBACS Business: Wholesaling of automotive goods, etc. to domestic franchisees. The Company also sells automotive goods and other products to consumers mainly in Japan, provides installation services, performs maintenance, statutory safety inspections as well as purchases and sells cars, and offers body repairing and painting for cars.
- Consumer business: As a retailer other than the AUTOBACS business, we provide automotive goods, etc. through our own website and official app in cooperation with physical stores.
- Wholesale Business: As a wholesaler other than the AUTOBACS Business, we wholesale private brands, etc. including lifestyle brands.
- Expansion Business: We run peripheral businesses such as property and location development and EV solutions.

For these transactions, the Company has performance obligations to deliver merchandise for sales of merchandise and to provide services for provision of services. Revenue is recognized at the time of delivery of the merchandise or at the time of completion of the provision of services, as it is deemed that the customer obtains control over the merchandise or services and the performance obligation is satisfied at the time the merchandise is delivered or the provision of the services is completed, as the case may be.

Revenue is measured at the amount of the consideration promised in the contract with the customer, net of returns and expected returns, discounts and rebates.

The consideration for a transaction is received generally within one month of satisfaction of the performance obligation and does not include a significant financial component.

5. Principles of conversion of assets and liabilities in foreign currency into yen

Claim or obligation in foreign currency is converted into yen at the spot exchange rate on the closing date, and variances arising from such conversion are calculated as income or loss.

(Notes on Accounting Estimates)

The Company has changed the classification of its reporting segments from the fiscal year under review. The details of the change are as described in “Note on consolidated financial statements (Segment information, etc.).”

As a result, part of the shares of subsidiaries and associates which used to be included in the “Overseas business,” has been transferred to the “AUTOBACS Business.”

The amounts of the previous consolidated fiscal year are disclosed based on the revised reportable segments.

1. Impairment valuation of property, plant and equipment at stores related to the AUTOBACS Business

i. Amounts recorded on the non-consolidated financial statements for the fiscal year under review

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Non-current assets	27,054	32,559

ii. Other information that may help the users of non-consolidated financial statements better understand the details of accounting estimates

The AUTOBACS Business, which develops stores that sell automotive goods and services and provide automotive maintenance and other services to customers who come to the stores, is a major business of the Company. The outstanding balance of property, plant and equipment related to the said business is 32,559 million yen and comprises 18.4% of total assets.

The Company holds principal assets such as buildings necessary for operating stores and assets such as tools and appliances used for providing automotive maintenance parts and other services in the AUTOBACS Business.

For a group of assets related to the AUTOBACS Business, the Company regards each store as the minimum unit generating cash flows. For stores of which the market value of land has declined significantly, or those recording continuous operating losses, the Company identifies whether there is an indication of impairment. Among the stores for which an indication of impairment was identified, for such stores whose total of pre-discounted future cash flows was below their book values, the book values were reduced to the recoverable values, and the relevant decreases were recognized as an impairment loss.

The recoverable value is determined as the higher of the value in use or the net selling price.

The future cash flow used to determine whether to recognize impairment loss is reasonably estimated in consideration of the current status of use, reasonable use plan, and other factors of a group of assets, by comprehensively assessing information on external factors such as the past results and trends, the business environment, and internal information such as budget of the Company. Assumptions of particular importance include future revenue forecasts and operating profit forecasts.

The future revenue forecast and operating profit forecast at each store are estimated based on actual results such as the unit price of customers and the number of customers in the latest fiscal term, so as to reflect factors including the recovery and increase in revenue in consideration of the growth rate in the market, and the individual situation of each store.

Based on the said estimate, the Company regards the number of economically remaining service years of major assets such as buildings as an estimation period for forecasting the said future cash flow, and reasonably makes an estimate based on the assumption of a growth rate reflecting trends of previous periods.

The management considers that said estimate and the said assumption are reasonable. However, if said estimate and the said assumption require review mainly due to changes in the condition of uncertainty for the future economy, a factor decreasing future cash flow will be taken into consideration and additional impairment loss (extraordinary losses) may be accrued as a result in the financial statements for the next fiscal term or thereafter.

2. Valuation of shares of subsidiaries and associates other than the AUTOBACS Business

i. Amounts recorded on the non-consolidated financial statements for the fiscal year under review

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Shares of subsidiaries and associates	11,787	22,604

ii. Other information that may help the users of consolidated financial statements better understand the details of accounting estimates

Based on the Company’s 2024 Medium-term Business Plan, “Accelerating Towards Excellence,” we are promoting investment in businesses other than the AUTOBACS Business such as the Consumer Business and Wholesale Business.

The book value of shares of subsidiaries and associates in businesses other than the AUTOBACS Business such as the Consumer Business and the Wholesale Business is 22,604 million yen and comprises 12.8% of total assets.

The Company acquires businesses other than the AUTOBACS Business at prices reflecting excess earning power, and the acquired shares are recorded as shares of subsidiaries and associates.

When reviewing the necessity for recognition of impairment, the Company compares acquisition costs with real values reflecting excess earning power. If the real values decline significantly and recoverability is not supported by sufficient evidence, the book value is reduced to the real values and the corresponding decrease is recognized as loss on valuation of shares of subsidiaries and associates.

The factors for estimating the said real values are identical to those described in the Notes to Consolidated Financial Statements, Notes on Significant Accounting Estimates, Impairment of property, plant and equipment and intangible assets, (2) Valuation of goodwill, etc. of businesses other than the AUTOBACS Business.

(Matters related to balance sheet)

*1 Monetary claims and debt related to Group companies (except specified separately) (Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Short-term Monetary claims	17,727	21,587
Long-term Monetary claims	1	1
Short-term Monetary debt	13,854	7,173
Long-term Monetary debt	1,129	920

2 Guarantee obligation

The Company has guarantee obligations for debt owned by the following subsidiaries (Millions of yen)

As of March 31, 2024		As of March 31, 2025	
CAP Style Co., Ltd. (Accounts payable)	41	CAP Style Co., Ltd. (Accounts payable)	239
BACS Advance Co., Ltd. (Accounts payable)	287	BACS Advance Co., Ltd. (Accounts payable)	221
Total	328		461

3 Lending commitment

Unexecuted balance of lending commitment is as follows (Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Total lending commitment	27,320	30,730
Executed balance	12,234	12,480
Balance	15,085	18,249

Note that, the total lending commitment is not necessarily executed because the above lending commitment agreement is based on screening related to financial status of borrower.

(Matters related to income statement)

*1 Volume of business with subsidiaries and associates (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Amount of business transactions		
Net Sales	61,391	66,419
Purchase	10,085	11,499
Other business transactions	3,505	3,530
Amount of non-business transactions	3,908	2,524

*2 Selling expenses accounted for approximately 24.4% and 32.2% of total selling, general and administrative expenses in fiscal 2024 and fiscal 2025 respectively while the share of general and administrative expenses was 75.6% in fiscal 2024 and 67.8% in fiscal 2025.

The major items of selling, general and administrative expenses and the amounts are as follows. (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employees' salaries	8,153	7,827
Advertising expenses	2,222	2,025
Freight/storage fees paid	3,503	3,541
Supplies expenses for sales promotion	1,019	1,151
Rent expenses on land and buildings	1,185	1,176
Depreciation	2,122	2,299
Information processing expenses	2,386	2,730
Commission expenses	3,170	3,335

*3 Impairment loss

Fiscal year ended March 31, 2025

The impairment losses of the following groups of assets have been reported for the fiscal term under review.

Use	Type	Location	Number of bases	Amount (million yen)
Store	Buildings and structures, tools, furniture and fixtures	Kanto	1	74
Total			1	74

The Company regards each store, etc. as a basic unit for the minimum unit generating cash flows and group assets.

For stores whose closure has been decided, the book values were reduced to the recoverable values, and the corresponding decreases were recorded as an "Impairment loss" in the amount of 74 million yen in extraordinary losses.

The recoverable amount of the asset group is stated as the net selling price.

The net selling price is calculated by setting the recoverable amount as zero.

*4 Extra payments for early retirements

Fiscal year ended March 31, 2024

This item includes the amount of the support for early retirees and outplacement expenses related to the implementation of the early retirement incentive plan as part of the Company's personnel system reforms.

(Notes to securities)

Shares of subsidiaries and associates

As of March 31, 2024 (Millions of yen)

Classification	Balance sheet amount	Fair value	Difference
Shares in subsidiaries	—	—	—
Shares in associated companies	364	679	314
Total	364	679	314

As of March 31, 2025 (Millions of yen)

Classification	Balance sheet amount	Fair value	Difference
Shares in subsidiaries	—	—	—
Shares in associated companies	364	649	284
Total	364	649	284

(Note) Balance sheet amount of shares, etc. whose fair values are very difficult to estimate not included in the above.

Classification	Fiscal year ended March 31, 2024 (Millions of yen)	As of March 31, 2025 (Millions of yen)
Shares in subsidiaries	16,750	28,232
Shares in associated companies	1,325	1,741

(Notes relating to tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by cause

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Non-deductible accrued expenses	187	306
Accrued enterprise tax	105	121
Non-deductible valuation loss on merchandise	159	129
Excess allowance for doubtful accounts	138	264
Non-deductible allocation of purchase rebates	19	21
Sales discounts	1,119	7
Excess lease cost	1,419	1,406
Excess depreciation	482	489
Impairment loss	1,886	1,867
Non-deductible valuation loss on shares of affiliates	5,078	5,302
Non-deductible valuation loss on investment securities	230	239
Non-deductible loss on transfer of receivables	973	1,002
Non-deductible asset retirement obligations	356	365
Difference in revenue recognition for tax purposes	650	545
Others	193	168
Sub-total deferred tax assets	13,001	12,238
Valuation allowance	(7,764)	(8,151)
Total deferred tax assets	5,237	4,087
Deferred tax liabilities		
Reserve for reduction entry of assets	(349)	(349)
Valuation difference on available-for-sale securities	(818)	(651)
Difference in revenue recognition for tax purposes	(542)	(461)
Others	(80)	(90)
Total deferred tax liabilities	(1,791)	(1,553)
Net deferred tax assets	3,446	2,533

2. Breakdown of major items that caused a significant difference between an effective statutory tax rate and a percentage of income taxes after the application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory tax rate	30.5%	30.5%
(Adjustment)		
Items that are not permanently deductible, such as entertainment expenses	7.5	3.53
Items that are not permanently included in profits, such as dividend income	(19.3)	(3.63)
Inhabitant tax on per capita basis, etc.	1.9	0.43
Valuation allowance	30.7	2.06
Other	(0.1)	(0.09)
Percentage of effective income tax rate after the application of tax effect accounting	51.2	32.8

3. Adjustment of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

Following the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) by the National Diet on March 31, 2025, the “Defense Special Corporate Tax” will be imposed starting from fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate has been changed from 30.5% to 31.4% for calculation purposes.

The impact of this change is immaterial.

(Notes to revenue recognition)

Basic information for understanding revenue from contracts with customers is the same as the information in the Notes (revenue recognition) to Consolidated Financial Statements and is therefore omitted.

(Notes on significant subsequent events)

Not applicable.

iv. Supplementary schedules

Itemized account of property, plant and equipment, etc.

(Millions of yen)

Classification	Asset type	Balance at beginning of period	Increase during period	Decrease during period	Amortization of goodwill	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	21,299	2,697	202 (68)	839	23,793	15,299
	Structures	3,667	438	61 (0)	141	4,044	3,001
	Machinery and equipment	4,901	322	11	340	5,212	3,656
	Vehicles	767	137	277	112	626	321
	Tools, furniture and fixtures	3,303	277	323 (5)	263	3,256	2,402
	Land	23,264	1,866	—	—	25,130	—
	Construction in progress	1,368	410	1,366	—	413	—
	Total	58,571	6,148	2,242 (74)	1,697	62,477	24,679
Intangible assets	Leasehold interests in land	621	—	—	—	621	—
	Software	21,218	909	20	1,523	22,108	17,893
	Other	57	2	0	1	59	49
	Total	21,897	912	21	1,524	22,788	17,943

(Notes) 1. The balance at the beginning of period and the balance at the end of period are stated based on the acquisition value.

2. The figures in parentheses in the “Decrease during period” column represent the amount of impairment losses recognized.

3. Major factors of increase and decrease in the current period are as follows:

Asset type		Description	Amount (Millions of yen)
Buildings	Increased amount	Opening of new stores and interior renovation (45 stores)	1,362
		Increase due to replacement of internal infrastructure	69
Structures	Increased amount	Opening of new stores and interior renovation (29 stores)	438
Machinery and equipment	Increased amount	Renewal of logistics equipment	183
Vehicles	Decreased amount	Sale due to business transfer	164
Tools, furniture and fixtures	Increased amount	Increase due to replacement of internal infrastructure	134

	Decreased amount	Disposal and sale due to renovation (4 stores)	109
		Sale due to business transfer	167
Land	Increased amount	Purchase of a new property (3 properties)	1,866
Construction in progress	Increased amount	New store opening planned (1 stores)	250
Software	Increased amount	Increase due to replacement of the internal infrastructure system	908

Provision schedule

(Millions of yen)

Account	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	452	413	—	866

(2) Details of major assets and liabilities

The presentation of this information is omitted due to the ongoing preparation of consolidated financial statements.

(3) Other

Not applicable.

VI. STOCK INFORMATION OF THE REPORTING COMPANY

<table>
<tr><td>Fiscal year</td><td>From April 1 to March 31</td></tr>
<tr><td>Annual general meeting of shareholders</td><td>During June</td></tr>
<tr><td>Record date</td><td>March 31</td></tr>
<tr><td>Record date for distribution of dividends of surplus</td><td>September 30
March 31</td></tr>
<tr><td>Number of shares constituting one unit</td><td>100 shares</td></tr>
<tr><td>Purchase and sale of odd-lot shares</td><td></td></tr>
<tr><td>Handling office</td><td>(Special account)
1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited</td></tr>
<tr><td>Administrator of the register of shareholders</td><td>(Special account)
1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Sumitomo Mitsui Trust Bank, Limited</td></tr>
<tr><td>Forward office</td><td>――――</td></tr>
<tr><td>Fees for purchase and sale</td><td>Amount specified separately as the amount equivalent to fees for outsourcing stock trading</td></tr>
<tr><td>Method of public notice</td><td>Public notices are made electronically. However, if the Company is unable to issue its public notices electronically due to accidents or for any other unavoidable reasons, it shall issue such public notices in the Nihon Keizai Shimbun.
The Company posts electronic public notices on the website below.
https://www.autobacs.co.jp</td></tr>
<tr><td>Special benefit for shareholders</td><td>AUTOBACS Group Limited V Points are provided to shareholders listed in the share register as of March 31 and September 30 according to the number of shares held and the number of years of continuous ownership.
<table>
<tr><th>Number of shares held</th><th>AUTOBACS Group Limited V Points
(All points expire one year after they are earned.)</th></tr>
<tr><td>100 shares to 299 shares</td><td>Held for one year or longer : 1,000 points</td></tr>
<tr><td>300 shares to 699 shares</td><td>Held for one year or longer : 3,000 points</td></tr>
<tr><td>700 shares to 999 shares</td><td>Held for between one and three years : 7,000 points
Held for three years or longer : 8,000 points</td></tr>
<tr><td>1,000 shares and more</td><td>Held for between one and three years : 10,000 points
Held for three years or longer : 13,000 points</td></tr>
</table></td></tr>
</table>

(Note) Pursuant to the provisions of the Articles of Association of the Company, shareholders holding odd-lot shares do not hold the rights provided for in paragraph 2, Article 189 of Companies Act, the right to receive allotments of shares for subscription and share options through allotments to shareholders, and rights other than the right to claim the sale of odd-lot shares.

VII. REFERENCE INFORMATION ON THE REPORTING COMPANY

1. Information on Parent Entities of the Reporting Company

The Company does not have a Parent Company, etc. as specified in Article 24-7 (1) of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company submitted the following documents between the first day of the fiscal year under review and the day of submitting the securities report.

(1) Annual Securities Report and documents attached, and Confirmation Letter
77th fiscal year (from April 1, 2023 to March 31, 2024) Submitted to the Director-General of Kanto Local Finance Bureau on June 28, 2024

(2) Internal Control Report and accompanying documents
77th fiscal year (from April 1, 2023 to March 31, 2024) Submitted to the Director-General of Kanto Local Finance Bureau on June 28, 2024

(3) Semiannual Report and Confirmation Letter
For the first half of the 78th fiscal year (April 1, 2024 to September 30, 2024) Submitted to the Director-General of Kanto Local Finance Bureau on November 7, 2024

(4) Extraordinary Report
Submitted to the Director-General of Kanto Local Finance Bureau on May 10, 2024
Extraordinary report based on Article 19-2-2 (2) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs
(Disposal of treasury shares as a restricted stock incentive for employee shareholding associations).

Submitted to the Director-General of Kanto Local Finance Bureau on June 11, 2024
Extraordinary report based on Article 19-2-6 (2) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs
(Share exchange in which the filing company becomes the wholly owning parent company as a result of the exchange).

Submitted to the Director-General of Kanto Local Finance Bureau on June 28, 2024
Extraordinary report based on Article 19-2-9 (2) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs
(Results of voting rights exercised at the shareholders’ meeting).

Submitted to the Director-General of Kanto Local Finance Bureau on December 26, 2024
Extraordinary report based on Article 19-2-7 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs
(Absorption-type company split in which the filing company becomes the successor company and a wholly owned subsidiary becomes the split company).

Submitted to the Director-General of Kanto Local Finance Bureau on March 14, 2025
Extraordinary report based on Article 19-2-7 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs
(Simplified absorption-type company split in which the filing company becomes the split company and a newly established subsidiary becomes the successor company).

(5) Corrected Extraordinary Report
Submitted to the Director-General of Kanto Local Finance Bureau on May 17, 2024
Corrected extraordinary report related to the extraordinary report submitted on May 10, 2024
(Disposal of treasury shares as a restricted stock incentive for employee shareholding associations).

Submitted to the Director-General of Kanto Local Finance Bureau on June 19, 2024
Corrected extraordinary report related to the extraordinary report submitted on June 11, 2024
(Share exchange in which the filing company becomes the wholly owning parent company as a result of the exchange).

Submitted to the Director-General of Kanto Local Finance Bureau on July 1, 2024
Corrected extraordinary report related to the extraordinary report submitted on June 11, 2024
(Share exchange in which the filing company becomes the wholly owning parent company as a result of the exchange).

PART II. INFORMATION CONCERNING GUARANTORS OF THE REPORTING COMPANY

Not applicable.