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The Matters not Included in the Documents Sent to Shareholders on the Occasion of the 78th Ordinary General Meeting of Shareholders

From April 1, 2024
To March 31, 2025

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The items listed above are offered to our shareholders by posting them on the Company’s website
(<https://www.autobacs.co.jp/en/ir/stock/meeting.html>) pursuant to laws and regulations and
the provisions of Article 18 of the Articles of Incorporation of the Company.

AUTOBACS SEVEN CO., LTD.

■ Basic Policy Concerning Internal Control System and Overview of the Status of Development and Operation of the Systems

1. Systems Ensuring Directors' Compliance with Laws and Regulations and the Company's Articles of Incorporation in Executing Their Duties, and Other Systems Ensuring the Appropriateness of Operations of Corporations of the Stock Company

To ensure effective and efficient operations, the reliability of financial statements, compliance with laws and regulations, and the protection of assets, the Company determined the "Basic Policy for the Establishment of Internal Control System" by resolution of the Board of Directors' meeting, in accordance with the provisions of Article 362, Paragraph 5, of the Companies Act and Article 362, Paragraph 4, Item 6, of the said Act and Article 100, Paragraph 1 and Paragraph 3, of the Ordinance for Enforcement of the Companies Act as follows.

Basic Policy for the Establishment of Internal Control System

- (1) Systems that ensure directors and employees comply with laws and regulations and the Company's Articles of Incorporation in executing their duties
 - a. The Company will, to maintain and improve the supervisory function with respect to the execution of duties by directors, separate the execution and supervisory functions by adopting a general manager system and continuously elect independent outside directors.
 - b. The Company will, to strengthen the audit and supervisory function over executives, establish an effective and efficient audit and supervisory system for the Audit and Supervisory Committee.
 - c. The Corporate Governance Committee, a consultative body for the Board of Directors chaired by an outside director, shall be established to consult on the election and dismissal and the remuneration system of directors, etc. and other matters concerning governance, in order to enhance the transparency and objectivity of decision-making processes.
 - d. Directors, general managers and employees will pursue lawful and fair business activities that accommodate social needs in accordance with "The Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group."
 - e. Compliance rules will be established and the general manager in charge will be appointed to be responsible for controlling all compliance-related matters. Under the control of the general manager, a compliance department will be established to control all compliance-related matters.
 - f. The Company will develop the foundations for complying with legal requirements by identifying laws and regulations, etc., applicable to the Company's business and providing education and enlightening activities as needed.
 - g. To promote early detection and correction of legal violations and other problems concerning compliance, the "Orange Hot Line" (the Group's reporting system) will be established for reporting legal violations and compliance issues directly to an outside commissioned company.
 - h. The Audit and Supervisory Committee will audit and supervise the execution of directors' duties from an independent standpoint, including the development and implementation status of the internal control system.
 - i. The internal audit department will assess internal controls and audit the appropriateness and effectiveness of operations and periodically report the results of auditing to the representative director & chief executive officer and the Audit and Supervisory Committee.
 - j. Rules concerning measures against antisocial forces will be established and a system will be implemented to cut off any relationships with antisocial forces and reject any unlawful demands.
- (2) Systems for storing and managing information related to the execution of directors' duties
 - a. Information concerning the execution of directors' duties will be stored and managed in reliable and searchable conditions that suit relevant storage media pursuant to internal rules concerning document management, confidential information management, etc.
 - b. Directors and the Audit and Supervisory Committee may browse these documents, etc. whenever necessary for the purpose of auditing and supervising the execution of directors' duties.
- (3) Rules and other systems concerning the control of risks of loss
 - a. The Company will develop a risk management system designed to accurately identify and evaluate risks, and appropriately control them. The Company will also put in place a crisis management arrangement that prevents and minimizes damage and loss in the event of serious incidents. Combining these two systems, the Company will establish an integrated risk management system.

- b. The Risk Management Committee, chaired by the representative director & chief executive officer, will formulate annual risk management policies. In accordance with said annual policies and risk management rules, the Committee will promote risk management activities in a smooth and appropriate manner.
 - c. The effectiveness and validity of the Company's integrated risk management system will be audited through internal audit and be periodically reported to the Board of Directors and the Audit and Supervisory Committee.
 - d. In the event of a serious crisis, the representative director & chief executive officer, who serves as the chairperson of the Risk Management Committee, will set up the Crisis Management Headquarters in accordance with the crisis management rules and other rules, and take the lead in ensuring a prompt and appropriate response and early recovery.
- (4) Systems for ensuring the efficient execution of directors' duties
- a. To ensure improved quality of discussions and prompt decision making at Board of Directors' meetings, an appropriate number of directors will be maintained.
 - b. The Board of Directors will establish the Executive Committee as a forum for forming a consensus on matters for discussion related to business execution. The Executive Committee will hold preliminary discussions on matters to be resolved at the Board of Directors' meeting and provide adequate information for decision making, including the results of preliminary discussions, to the Board of Directors.
 - c. The Board of Directors formulates the medium- and long-term business plan and the annual business plan, and periodically verifies the status of progress, etc., of business strategies and various measures pursued on the basis of business plans.
 - d. The Board of Directors delegates the execution of duties to the representative director, executive directors and general managers based on the management structure and segregation of roles.
 - e. The representative director, as the person in charge of business management, controls the execution of duties of the executive directors and general managers, aiming at achieving the Group's goals. Executive directors and general managers decide on specific goals in the areas for which they are responsible and develop an efficient business execution system.
- (5) Systems including those listed below that ensure appropriateness of business operations by the Group, comprising the Company and its subsidiaries (hereinafter the "Group")
- a. Systems for reporting matters related to the execution of duties by directors, etc., of the Company's subsidiaries to the Company
 - Based on the affiliates' management rules stipulated by the Company and the subsidiaries' operational standards based on these rules, the Company shall request submission of necessary related documents to understand its subsidiaries' business management accurately.
 - The Company shall request that the Company's general managers or employees attend a board of directors' meeting or other important meetings by each subsidiary so that each subsidiary can report to the Company the results of operation, financial position and other important information of the subsidiary.
 - b. Rules and other systems concerning the control of risks of loss at the Company's subsidiaries
 - The Company shall formulate rules concerning risk management of the entire Group, request that its subsidiaries conduct risk management based on these rules and control the risks of the entire Group comprehensively and in an integrated manner.
 - The Company shall establish the Risk Management Committee in charge of the risk management of the Group, including the subsidiaries of the Company, and deliberate on issues related to the promotion of risk management of the entire Group to formulate measures to address such issues.
 - c. Systems that ensure the efficient execution of duties by directors, etc., of the Company's subsidiaries
 - While paying respect to the autonomy and independence of the management of its subsidiaries, the Company shall draw up basic policies and operational policies for managing subsidiaries to contribute to the appropriate and efficient operation of Group management.
 - The Company stipulates organizational standards for its subsidiaries related to chain of command, authority, decision making, etc., and has the subsidiaries establish their own system in line with these standards. For example, based on the scope and scale of each subsidiary's business, the subsidiaries are allowed to choose whether to install a system without a board of directors or an officer system.
 - d. Systems that ensure subsidiaries' directors, etc., and employees comply with laws and regulations and the Company's Articles of Incorporation in executing their duties
 - The Company shall have its subsidiaries establish a system in which directors, audit and supervisory board members, officers and employees pursue lawful and fair business activities that accommodate social needs in accordance with "The Code of Conduct and Guidelines for Action of the AUTOBACS

SEVEN Group.”

- The Company shall have its subsidiaries establish a system to deploy an appropriate number of audit and supervisory board members and persons in charge of promotion of compliance in accordance with the scope and scale of each subsidiary’s business. The Company shall also dispatch a person to subsidiaries to serve as an audit and supervisory board member, as may be necessary.
 - The Company shall have its subsidiaries establish a system whereby their audit and supervisory board members audit the execution of duties by their directors, including the establishment and operation of internal control systems.
 - The Company shall have its subsidiaries establish a system to use the Orange Hot Line, which was established for early detection and correction of legal violations and other issues concerning compliance.
 - e. Other systems to ensure the appropriateness of business operations by the Group
 - The Company will ensure the appropriate and effective use of information technology within the relevant range of information communication and business operations of the Company and its subsidiaries.
 - The Company’s Audit and Supervisory Committee and internal audit department will investigate the appropriateness of the business operations of its subsidiaries.
- (6) Matters pertaining to employees assisting with the duties of the Audit and Supervisory Committee
The Company will assign employees dedicated to supporting the duties of the Audit and Supervisory Committee. With respect to the number of employees, the selection of employees, and other matters, the consent of the Audit and Supervisory Committee shall be obtained in advance.
- (7) Matters pertaining to the independence of the employees from the directors who are not audit and supervisory committee members mentioned in the preceding paragraph
Employees who assist with the duties of the Audit and Supervisory Committee shall perform their duties under the leadership and instructions of the Audit and Supervisory Committee only. The chairperson of the Audit and Supervisory Committee shall evaluate the performance of those employees, and directors who are audit and supervisory committee members and the representative director shall consult each other with respect to the transfer and treatment of said employees.
- (8) Matters pertaining to ensuring the effectiveness of the instructions given to employees who assist with the duties of the Audit and Supervisory Committee
The Company shall notify all the directors, general managers and employees of the Company that the employees who assist with the duties of the Audit and Supervisory Committee must comply with directions and instructions from the Audit and Supervisory Committee.
- (9) Systems including those listed below concerning reporting to the Company’s Audit and Supervisory Committee
- a. System that allows the Company’s directors, employees, etc. to report to the Audit and Supervisory Committee
 - Directors and general managers will periodically report to the Audit and Supervisory Committee through important meetings such as the Board of Directors’ meetings and other opportunities, on the status of the execution of their duties, including matters pertaining to subsidiaries, and also provide supplementary reports as needed without delay.
 - Directors, general managers, and employees will promptly and accurately respond when they are requested by the Audit and Supervisory Committee to report on business, or when the Audit and Supervisory Committee conducts research on business and asset status of the Group.
 - Directors and general managers will immediately report to the Audit and Supervisory Committee if they discover anything that has caused or may cause substantial damage to the Company, such as any legal violations.
 - b. System that allows persons who received reports from directors, audit and supervisory board members and employees of the Company’s subsidiaries to report to the Company’s Audit and Supervisory Committee
 - Directors, audit and supervisory board members, officers, and employees of the Company’s subsidiaries shall promptly make an appropriate report on business operations when they are requested by the Audit and Supervisory Committee of the Company to do so.
 - In an incident that could cause substantial damage to the Company or its subsidiaries, such as legal violations, the directors, audit and supervisory board members, officers, and employees of the Company’s subsidiaries shall immediately report the circumstances in an appropriate manner within the subsidiaries, and also report to the department in charge of managing the Company’s subsidiaries or use the Orange

Hot Line.

- The Company's internal audit department and internal control department shall hold a meeting regularly to report to the Company's Audit and Supervisory Committee on the actual status of internal audits, compliance, risk management, etc., at the subsidiaries.
- The department in charge of the Orange Hot Line shall report the status of internal reporting from the Group's directors, audit and supervisory board members, officers and employees on a regular basis to the Board of Directors and the Audit and Supervisory Committee, while ensuring the anonymity of the report's source.

- (10) System to ensure the persons who reported to the Audit and Supervisory Committee are not treated unreasonably because of such reporting

The Company prohibits the Group's directors, officers and employees who reported to the Audit and Supervisory Committee from being treated unreasonably because of such reporting. This directive shall be thoroughly disseminated to the Group's directors, officers and employees.

- (11) Matters pertaining to the policies concerning prepayment or redemption procedures for expenses incurred by the execution of duties by the Audit and Supervisory Committee or other handling procedures for expenses or liabilities incurred by the execution of such duties

- a. In cases when the Audit and Supervisory Committee bills the Company for prepaid expenses incurred through the execution of their duties, the department handling such matters shall deliberate on said bills and pay the expenses or liabilities without delay, except in cases when it was determined and verified that such expenses or liabilities were unnecessary for the execution of the duties.
- b. To pay expenses incurred by the execution of duties by the Audit and Supervisory Committee, a certain amount of budget shall be set aside each year.

- (12) Other systems that ensure effective auditing by the Audit and Supervisory Committee

- a. To enhance the audit function of the Audit and Supervisory Committee, the Company will take into account their expertise as well as independence when electing outside audit and supervisory board members.
- b. The Audit and Supervisory Committee, the independent auditor, the internal audit department and other parties will hold regular meetings to exchange information and opinions and promote close cooperation.
- c. The representative director will hold regular meetings with the Audit and Supervisory Committee to audit the execution of duties by directors and further improve the audit system.
- d. The Company shall establish a system that allows the Audit and Supervisory Committee to promote cooperation with lawyers, certified public accountants, and other experts outside the Company when the Audit and Supervisory Committee believe it necessary to do so in executing its duties.

Established on May 19, 2006

Last revised on May 21, 2024

2. Overview of the Status of Operation of the Systems Ensuring the Appropriateness of Operations

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 overview of the status of operation during the fiscal term under review

- (1) 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 (14) 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. All two (2) outside directors who are not audit and supervisory committee members and two (2) outside audit and supervisory committee members held five (5) Independent Outside Directors Liaison Meetings 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 whistle-blowing via the externally placed contact point.
 - 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 regulations and information security for all employees.
 - f. The general manager in charge of each function 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.
- (2) 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.
- (3) Systems for ensuring the efficient execution of directors’ duties
 - a. Held fourteen (14) 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,” the 2024 Medium-term Business Plan, “Accelerating Towards Excellence,” and the annual business plan.
 - b. Held twelve (12) Executive Committee meetings during the fiscal year under review to discuss 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 decisions based on sufficient information. In addition, held six (6) 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.
- (4) 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.

- (5) 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.

■ Policy Concerning Company Control

At the Board of Directors' meeting held on March 27, 2024, the Company decided the following with respect to the "Basic 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 shareholders' common profit.

Consolidated Statement of Changes in Equity (April 1, 2024–March 31, 2025)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,998	34,218	63,670	(6,970)	124,917
Changes of items 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 of items other than shareholders' equity					
Total changes of items during period	–	(79)	2,576	909	3,406
Balance at end of current 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 current period	2,124	1,803	3,928	307	129,152
Changes of items 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 of items other than shareholders' equity	(388)	(55)	(443)	(151)	(594)
Total changes of items during period	(388)	(55)	(443)	(151)	2,811
Balance at end of current period	1,736	1,748	3,484	155	131,963

■ Notes to Consolidated Financial Statements

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

1. Scope of consolidation

(1) Number of subsidiaries subject to consolidation accounting

40 companies (14 newly included; two excluded)

(2) Names of major subsidiaries subject to consolidation accounting

AUTOBACS Higashi-Nihon Sales Ltd., AUTOBACS Minami-Nihon Sales Ltd., AUTOBACS FRANCE S.A.S., Tokatsu Holdings Co., Ltd., Otoron Co., Ltd., CAP Style Co., Ltd., HOT STUFF CORPORATION, AUTOBACS Financial Service Co., Ltd.

2. Application of equity method

(1) Number of associate companies subject to equity method

12 companies (one newly included; one excluded)

(2) Names of major associate companies subject to equity method

BUFFALO CO., LTD., NORTHERN JAPAN AUTOBACS Co., Ltd.

3. Fiscal periods of subsidiaries subject to consolidation accounting

The following subsidiaries have accounting closing dates that differ from the consolidated closing date.

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:

Held-to-maturity securities

Amortized cost method (straight line method)

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

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)

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

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

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

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

From the fiscal term under review, the classification of reporting segments has been changed. The details of the change are presented in “Notes on Revenue Recognition, (1) Information on disaggregation of revenue.”

- 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 are 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.

(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.

Notes on Accounting Estimates

Impairment of property, plant and equipment and intangible assets

(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 term under review

(Unit: million yen)

Property, plant and equipment	37,929
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(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 moving average capital cost.

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 term under review

Intangible assets	17,370 million yen	
of which, goodwill	8,406 million yen	
of which, other	3,104 million yen	
Investment securities	9,145 million yen	
of which, amount equivalent to goodwill included in investment securities		222 million yen

(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 moving average capital cost. 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.

Notes to Consolidated Balance Sheet

1. Pledged assets

Notes receivable - trade	610million yen
Merchandise	357million yen
Buildings and structures	517million yen
Machinery, equipment and vehicles	26million yen
Land	864million yen
Total	2,376million yen

Secured debts

Accounts payable-trade	221million yen
Short-term loans payable	665million yen
Long-term loans payable	597million yen
Total	1,484million yen

2. Accumulated depreciation amount of property, plant and equipment

61,113 million yen

3. Any fractional amounts less than one million yen are discarded.

Notes to Consolidated Statement of Income

1. Impairment loss

The impairment losses of the following groups of assets have been reported for the consolidated fiscal term under review.

(1) AUTOBACS Business

Use	Type	Location	Number of bases	Amount (Unit: million yen)
Store	Right-of-use assets, goodwill, buildings and structures, software, etc.	France	5	387
Total			5	387

(2) Wholesale Business

Use	Type	Location	Number of bases	Amount (Unit: million yen)
Store	Buildings and structures, tools, furniture and fixtures	Kanto	1	74
Total			1	74

The Group regards each store, etc. as a basic unit for the minimum unit generating cash flows.

For stores and business sites which have recorded continuous operating losses, and stores whose closure has been decided, the book values of such group of assets 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 462 million yen in extraordinary losses.

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 the asset group is the higher of net selling price or value in use. The recoverable amount of the relevant asset group is stated as the net selling price. The net selling price is calculated by setting the recoverable amount as zero.

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 9.09%.

2. 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 “Notes on Revenue Recognition, (1) Information on disaggregation of revenue.”

3. Gain on negative goodwill

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.

4. Loss on step acquisition

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

5. Any fractional amounts less than one million yen are discarded.

Notes to Consolidated Statement of Changes in Equity

1. Type and number of company shares issued and outstanding at the end of the consolidated fiscal term under review

Common stock 82,050,105 shares

2. Dividends

(1) Amount of dividend payment

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

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

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

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

Notes on Financial Instruments

1. Status of financial instruments

(1) Basic policies applied to financial instruments

It is the Group's basic policy to borrow funds mainly from banks in accordance with the Group's capital investment plan, when such borrowings are deemed necessary. The Group applies the method of managing the funds 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 loans payable, long-term loans payable, and lease obligations related to finance lease transactions are principally aimed at procuring necessary funds for M&A investments and capital investments and the farthest redemption date is scheduled in 27 years after the consolidation accounting closing date.

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

(i) Credit risk management (Risks involved in default or other breach of contracts on the part of the Company's business partners and customers)

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 fluctuations risks, which tend to bring about differences of relatively small amounts and have limited impact on the Group's financial results, have been excluded from disclosures.

(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 funds 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 funds 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

In relation to the individual types of financial instruments employed by the Group, the followings are their values recognized in the Consolidated Balance Sheet as of March 31, 2025, their market values and differences between the two types of figures.

"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.

(Unit: million 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)
(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.

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

Category	Fair Value (Unit: million 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

Category	Fair Value (Unit: million 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 measurements

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 on Revenue Recognition

(1) Information on disaggregation of revenue

(Unit: million yen)

	Reportable segments					Reconciling items	Amount recognized in the consolidated statement of income
	AUTOBACS Business	Consumer Business	Wholesale Business	Expansion Business	Total		
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
Total	192,130	29,039	24,494	3,861	249,525	-	249,525

Note: In the 2024 Medium-term Business Plan, “Accelerating Towards Excellence” announced in May 2024, the Company established a new direction in which we aim to provide “mobility lifestyle infrastructure” for customers on a global basis, and are proceeding with changes to a structure that will focus management resources on our two core areas of retail and wholesale and strengthen them. In order to swiftly start initiatives in line with this direction and accelerate the execution of our strategy, from the fiscal year under review, we have changed the segments previously classified as “Domestic AUTOBACS Business,” “Overseas Business,” “Car Dealership, BtoB and Online Alliance Business,” and “Other Business” to reporting segments centered on retail and wholesale.

(2) Useful information in understanding revenue

Useful information in understanding revenue from contracts with customers is as presented in “Notes relating to Material Matters as the Basis for Preparation of the Consolidated Financial Statements, 4. Significant accounting standards, (5) Accounting standards for significant revenue and expenses, (ii) Recording standards for revenue arising from contracts with customers.”

(3) Balance of contract liabilities and the transaction price allocated to the remaining performance obligations

(i) Balance of contract liabilities

(Unit: million yen)

	Consolidated fiscal term under review
Contract liabilities (beginning balance)	891
Contract liabilities (ending balance)	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 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.

(ii) 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.

(Unit: million yen)

	Consolidated fiscal term under review
Within one year	984
Over one year and within two years	594
Over two years and within three years	295
Over three years	166
Total	2,040

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 negative goodwill and the cause of the gain

(1) Amount of gain on negative goodwill

401 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 negative goodwill.

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 dealer 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%
	<u>100.00%</u>

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 negative goodwill and the cause of the gain

- (1) Amount of gain on negative goodwill
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 negative goodwill.

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
<u>Assets (total)</u>	<u>7,608</u>
Current liabilities	2,780
Non-current liabilities	588
<u>Liabilities (total)</u>	<u>3,369</u>

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
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Acquisition cost	1,000 million yen
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4. Description and amount of main expenses related to the acquisition

Advisory fees, commissions, etc.	84 million yen
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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 Per-Share Information)

1. Net asset per share	1,679.29 yen
2. Net income per share	103.89 yen

Non-Consolidated Statement of Changes in Equity (April 1, 2024–March 31, 2025)

(Unit: million yen)

(Unit: million yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings					
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					Reserve for business expansion	Reserve for reduction entry of assets	General reserves	Retained earnings brought forward	
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)
Net income								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)
Net income		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 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, etc.

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
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Structures	3–20 years
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(ii) Property, plant and equipment, excluding those mentioned above

Buildings	3–45 years
-----------	------------

Structures	3–30 years
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Machinery and equipment	5–22 years
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Tools, furniture and fixtures	2–20 years
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(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:

In the 2024 Medium-term Business Plan, "Accelerating Towards Excellence" announced in May 2024, the Company established a new direction in which we aim to provide "mobility lifestyle infrastructure" for customers on a global basis, and are proceeding with changes to a structure that will focus management resources on our two core areas of retail and wholesale and strengthen them. In order to swiftly start initiatives in line with this direction and accelerate the execution of our strategy, from the fiscal year under review, we have changed the segments previously classified as "Domestic AUTOBACS Business," "Overseas Business," "Car Dealership, BtoB and Online Alliance Business," and "Other Business" to reporting segments centered on retail and wholesale.

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 are 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

(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 term under review

	(Unit: million yen)
Property, plant and equipment	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 term under review

Shares of subsidiaries and associates 22,604 million yen

(ii) Other information that may help the users of non-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.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation amount of property, plant and equipment 24,679 million yen

2. Guaranteed obligations

(1) The Company guarantees the following subsidiaries' obligations to their suppliers:

CAP Style Co., Ltd.	239 million yen
BACS Advance Co., Ltd.	221 million yen
Total	461 million yen

3. Monetary claim and obligations to affiliated companies

(1) Short-term monetary claim	21,587 million yen
(2) Long-term monetary claim	1 million yen
(3) Short-term monetary obligations	7,173 million yen
(4) Long-term monetary obligations	920 million yen

4. Loan commitment

The unused portion of the committed credit lines established in accordance with loan commitment agreements are as follows:

Total amount of committed credit lines	30,730 million yen
<u>Outstanding loan balance</u>	<u>12,480 million yen</u>
Balance	18,249 million yen

Given the fact that some of the loan commitment agreements mentioned above require the borrowers' creditability to be assessed and/or other conditions to be satisfied before proceeding to execution of loans, the entire part of the committed credit lines are not always in use.

5. Any fractional amounts less than one million yen are discarded.

Notes to Non-Consolidated Statement of Income

1. Transactions with affiliated companies

(1) Amount of business transactions

Net sales	66,419 million yen
Purchases	11,499 million yen
Other business transactions	3,530 million yen

(2) Non-business transactions 2,524 million yen

2. Impairment loss

The impairment losses of the following groups of assets have been reported for the fiscal term under review.

Wholesale Business

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.

3. Any fractional amounts less than one million yen are discarded.

Notes to Non-Consolidated Statement of Changes in Equity

Type and number of treasury stock at the end of the fiscal term under review

Common stock	3,559,443 stores
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Notes Relating to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by cause

(Unit: million yen)

Deferred tax assets

Rejection of accounts payable-other	306
Enterprise tax payable	121
Rejection of valuation losses of merchandise	129
Excess of loss entries from allowance for doubtful accounts	264
Rejection of allocation of rebates on merchandise	21
Sales allowance	7
Excess of the allowable limit of deductible lease costs	1,406
Excess of loss entries from allowance for depreciation	489
Impairment loss	1,867
Rejection of loss on valuation of shares of subsidiaries and associates	5,302
Rejection of valuation losses of investment securities	239
Rejection of credit transfer losses	1,002
Rejection of asset retirement obligations	365
Difference in revenue recognition for tax purposes	545
Others	168
Sub-total deferred tax assets	12,238
Valuation-related provision	(8,151)
Total deferred tax assets	4,087

Deferred tax liabilities

Reserve for reduction entry of assets	(349)
Valuation difference on available-for-sale securities	(651)
Difference in revenue recognition for tax purposes	(461)
Others	(90)
Total deferred tax liabilities	(1,553)
Net deferred tax assets	2,533

Notes Relating to Non-current Assets Used on a Leasing Basis

In addition to the non-current assets accounted for on the balance sheet, some office equipment and devices are used under the non-ownership-transfer finance lease agreements.

Notes Relating to Business Transactions with Related Parties

Subsidiaries and affiliates, etc.

(Unit: million yen)

Attribution	Name of Company, etc.	Holding (held) ratio of voting rights, etc.	Relationship with related parties	Content of transaction	Transacted amount	Account item	Balance as of the end of the fiscal term
Subsidiary	AUTOBACS Financial Service Co., Ltd.	Holding ratio Direct 100%	Fund transaction	Loans (Note 2)	3,542	Short-term loans receivable Long-term loans receivable from subsidiaries and associates	4,405 6,500
Subsidiary	C6-2 Holdings Co., Ltd.,	Holding ratio Direct 100%	Fund transaction	Loans (Note 2)	2,359	Short-term loans receivable Long-term loans receivable from subsidiaries and associates	337 2,022
Subsidiary	AUTOBACS DEALER GROUP HOLDINGS, Co., Ltd.	Holding ratio Direct 100%	Fund transaction	Loans (Note 2)	1,800	Short-term loans receivable	1,800
Subsidiary	AUTOBACS Minami-Nippon Sales Ltd.	Holding ratio Direct 100%	Real estate transaction	Real estate leasing	-	Investments in leases	1,858

Conditions of transactions and policies for decision on conditions of transactions, etc.

- (Note)
1. The interest rate of the loans receivable and the deposits received was determined reasonably in consideration of market rates and other factors.
 2. For the efficient procurement of operational funds, the Company concluded loan commitment agreements (ceiling amount of committed credit line: 18,000 million yen).

Notes on Revenue Recognition

(Useful information in understanding revenue)

The details are as described in “Notes relating to Matters Concerning Significant Accounting Policy,” “Accounting standards for revenue and expenses.”

Notes on Per-Share Information

1. Net asset per share 1,432.57 yen
2. Net income per share 83.64 yen

Independent Auditor's Report on Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 16, 2025

To the Board of Directors of
AUTOBACS SEVEN CO., LTD.

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Seibee Kyoshima

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Toru Ikeda

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of AUTOBACS SEVEN Co., Ltd. (the "Company") for the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of AUTOBACS SEVEN Co., Ltd. and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the Business Report and its supplemental schedules. Management is responsible for the preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Plan and conduct the audit for the consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries that will be the basis for expressing an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and inspection relating to the audit for the consolidated financial statements. The auditor remains solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures to eliminate obstacles or any safeguards that are in place to reduce obstacles to the acceptable level.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

END

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Independent Auditor's Report

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 16, 2025

To the Board of Directors of
AUTOBACS SEVEN CO., LTD.

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Seibee Kyoshima

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Toru Ikeda

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of AUTOBACS SEVEN Co., Ltd. (the "Company") for the 78th fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period covered by the financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the Business Report and its supplemental schedules. Management is responsible for the preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for the other information.

Our audit opinion on the financial statements and the accompanying supplementary schedules does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures to eliminate obstacles or any safeguards that are in place to reduce obstacles to the acceptable level.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

END

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Audit Report by Audit and Supervisory Committee

(TRANSLATION)

AUDIT REPORT (COPY)

The Audit and Supervisory Committee has conducted audits regarding the performance of duties by the directors of AUTOBACS SEVEN Co., Ltd. (the “Company”), for the 78th fiscal term from April 1, 2024 to March 31, 2025, and hereby reports the methods and results of the audits, as follows:

1. Methods of audits and the contents thereof

With respect to the content of resolutions made by the Board of Directors and the status of such systems (internal control systems) established by such resolutions on the matters set forth in Article 399-13, Paragraphs 1, Item 1, (ii) and (iii) of the Companies Act, the Audit and Supervisory Committee has received regular reports from Directors, General Managers, and other employees on the status of the establishment and operation of the systems, has requested explanations whenever necessary, has expressed opinions, and has conducted audits as follows.

- (1) Audit and Supervisory Committee Members inspected the business and financial condition of Headquarters and major business locations by attending Board of Directors’ meetings and other important meetings, receiving reports on the status of execution of duties from Directors, General Managers, and other employees, requesting explanations whenever necessary, and reading documents about managerial decision and other important documents, making efficient use of telephone lines and other means via the Internet, in accordance with the Audit and Supervisory Committee’s auditing standards established by the Audit and Supervisory Committee, and in accordance with the auditing policies and division of duties for the fiscal term under review, etc., in cooperation with the Company’s internal audit department and the other departments responsible for internal control. As for the subsidiaries, individual audit and supervisory committee member have worked diligently by performing audits to improve communications and information exchange with directors and audit and supervisory committee member of subsidiaries and have received reports on business operations from subsidiaries as necessary, as well as receiving audit reports from the internal audit department.

With respect to internal control related to financial reports, the Audit and Supervisory Committee has received reports on assessment and audit results from the directors, employees and other staff members of the Company as well as from Deloitte Touche Tohmatsu LLC. The Audit and Supervisory Committee requested explanations from the directors, employees, other staff members and independent auditor, when such explanations were deemed necessary.

- (2) In respect of the basic policies described in the Company’s Business Report in accordance with Article 118, Item 3, (i) of the Companies Act Enforcement Regulations, and each of the efforts in accordance with (ii) of the same Item, the Audit and Supervisory Committee has further examined the contents in consideration of the status of deliberations at the Board of Directors’ meetings and other meetings.
- (3) Audit and supervisory committee members received a prior explanation about the audit plan from independent auditor and had a discussion as well as received the audit report and exchanged opinions. In addition, the Audit and Supervisory Committee has supervised and confirmed that independent auditor maintained their independent positions and performed fair and appropriate audits. At the same time, the Audit and Supervisory Committee has received from these independent auditor reports on the status of the provided assignments and responsibilities and requested explanations, when such explanations were necessary. Each audit and supervisory committee member also received a notification from the independent auditor that they have taken steps to improve the “System to Ensure Appropriate Execution of the Duties” (as enumerated in each Item of Article 131 of the Company Calculation Regulations) in compliance with the “Quality Control Standards Relating to Auditing” (adopted by the Business Accounting Deliberation Council), etc. When deemed necessary, each audit and supervisory committee member requested explanations on such notification.

Based on the foregoing method, each audit and supervisory committee member reviewed the Company’s Business Report and the Supplementary Schedules thereto, Non-Consolidated Financial Statements (the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Equity and Notes to the Non-Consolidated Financial Statements) and the Supplementary Schedules thereto and the Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Shareholders’ Equities and Notes to the Consolidated Financial Statements) for the fiscal term under review.

2. Audit Results

(1) Results of audits of the Business Report and other documents

- 1) The Audit and Supervisory Committee hereby acknowledges that the Company's Business Report and the Supplementary Schedules thereto are in compliance with the applicable laws, acts, ordinances and the Company's articles of incorporation, and that these documents fairly present the Company's financial position and the status of the Company's business operations.
- 2) The Audit and Supervisory Committee has recognized no vital findings indicating any fraud or any breach of the applicable laws, acts, ordinances and the company's articles of incorporation that may relate to the directors' performance of the provided assignment and responsibilities.
- 3) The Audit and Supervisory Committee acknowledges that the content of the resolutions adopted by the Board of Directors' meeting regarding the internal control systems is appropriate. The Audit and Supervisory Committee has not recognized any matter that should be pointed out in this Audit Report with respect to the content of the Business Report and the Directors' performance of the assignments and responsibilities provided in relation to internal control systems.
- 4) In respect of the basic policies specifying the requirements of decision makers responsible for the company's financial position and business operation policies, which are described in the Business Report, the Audit and Supervisory Committee considers those policies to be appropriate and sufficient. Regarding the efforts taken in accordance with Article 118, Item 3, (ii) of the Companies Act Enforcement Regulations, which are described in the Business Report, the Audit and Supervisory Committee considers that those efforts have been made in accordance with the basic policies, that they do not adversely affect the common interest of the shareholders of the Company, and that they are not aimed at preserving the present status of the directors of the Company.

(2) Audit results of the Non-Consolidated Financial Statements and the Supplementary Schedules Thereto
The Audit and Supervisory Committee considers that the auditing methods adopted by Deloitte Touche Tohmatsu LLC, an independent auditor, and the results thereof to be appropriate and sufficient.

(3) Audit results of the Consolidated Financial Statements Thereto
The Audit and Supervisory Committee considers that the auditing methods adopted by Deloitte Touche Tohmatsu LLC, an independent auditor, and the results thereof to be appropriate and sufficient.

Date: May 26, 2025

The Audit and Supervisory Committee of AUTOBACS SEVEN CO., LTD.

Tomoaki Ikeda	Audit and Supervisory Committee Member (Full-time)
Masami Koizumi	Outside Audit and Supervisory Committee Member (Full-time)
Ayako Kanamaru	Outside Audit and Supervisory Committee Member

(Note) Mr. Masami Koizumi and Ms. Ayako Kanamaru, Audit and Supervisory Committee Members, are Outside Directors set forth in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

Notes to the Reader of the Audit Report:

The above represents a translation, for convenience only, of the original report issued in the Japanese language.