

Please note that this document is a translation of the official Japanese notice of convocation of the 74th ordinary general meeting of shareholders of AUTOBACS SEVEN Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights, for reference purposes only.

(Securities code 9832)
June 7, 2021

To Our Shareholders

Kiomi Kobayashi
Representative Director
AUTOBACS SEVEN Co., Ltd.
6-52, Toyosu 5-chome, Koto-ku, Tokyo

NOTICE OF CONVOCATION OF THE 74TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you that the 74th ordinary general meeting of shareholders of AUTOBACS SEVEN Co., Ltd. (the “Company”) will be held as described below.

In lieu of attending the meeting, you can exercise your voting rights in writing (by postal mail) or via the Internet, etc. (please see page 3). Please review the Reference Documents for the General Meeting of Shareholders (starting from page 4), and then exercise your voting rights by 6:00 p.m., Tuesday, June 22, 2021.

Particulars

1. Date and time: June 23, 2021 (Wednesday) at 10:00 a.m.
*The reception area opens at 9:00 a.m.
2. Venue: Hotel East 21 Tokyo, 3rd floor, EITAI Hall
3-3, Toyo 6-chome, Koto-ku, Tokyo
3. Agenda of the meeting:
Matters to be reported:
 1. Reports on the business report, consolidated financial statements and audit results of the consolidated financial statements by the independent auditor and the Audit and Supervisory Committee for the 74th fiscal term (from April 1, 2020 to March 31, 2021)
 2. Report on the non-consolidated financial statements for the 74th fiscal term (from April 1, 2020 to March 31, 2021)Matters to be resolved:
 - Agenda Item No. 1: Appropriation of surplus
 - Agenda Item No. 2: Election of five (5) directors (excluding directors who are audit and supervisory committee members)
 - Agenda Item No. 3: Election of three (3) directors who are audit and supervisory committee members

<<Disclosure via the Internet>>

- Based on the provisions of laws and regulations and Article 18 of the Company’s Articles of Incorporation, the following matters are posted on the Company website (<https://www.autobacs.co.jp/en/>) and therefore are not included in the documents accompanying this Notice of Convocation:
“Basic Policy Concerning the Internal Control System and Overview of its Development and Operation of the Systems” and “Policy Concerning Company Control” of the Business Report; and “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements.”
- The documents accompanying this Notice of Convocation and those posted on the website above are documents audited by the independent auditor and the Audit and Supervisory Committee at the time of preparation of the Independent Auditors’ Report and Audit Report, respectively.

- If any modifications are made to the reference documents for the general meeting of shareholders, as well as to the business report, consolidated financial statements or non-consolidated financial statements, such modifications will be posted on the Company website (<https://www.autobacs.co.jp/en/>).

You are requested to exercise your voting rights, the rights of shareholders to make decisions.

Guide for the exercise of voting rights

Please review the reference documents for the general meeting of shareholders and exercise your voting rights. You may exercise your voting rights by the following three methods.

Exercise of voting rights by postal mail

Indicate in the enclosed Exercise of Voting Rights form approval/disapproval for the respective proposals, and send the completed form to the Company.

Deadline: Must arrive by 6:00 p.m. on June 22, 2021 (Tuesday)

Exercise of voting rights via the Internet, etc.

You can conveniently access the website for exercising voting rights by reading the “QR code” with your mobile device. Please enter approval/disapproval for the respective proposal.

Deadline: Must be received by 6:00 p.m. on June 22, 2021 (Tuesday)

Exercise of voting rights by attendance at the meeting

When attending the meeting in person, bring this NOTICE OF CONVOCATION OF THE 74TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and submit the enclosed Exercise of Voting Rights form to the receptionist.

Date and time: June 23, 2021 (Wednesday) at 10:00 a.m.

- In the case of exercising voting rights by postal mail, no indication of approval or disapproval for the respective proposals in the Exercise of Voting Rights form shall be deemed as approval for such proposals.
- If you have exercised your voting rights both by sending the Exercise of Voting Rights form and via the Internet, etc., the vote made via the Internet, etc. shall be deemed effective.
- If you have exercised your voting rights several times via the Internet, etc. and there is a discrepancy among your votes for the same proposal, only the final execution shall be deemed effective.
- Please be advised that your attendance at the meeting shall be deemed a rescission of the prior exercise of your voting rights.
- If a proxy attends the meeting on your behalf, please note that, only another shareholder of the Company with voting rights may serve as a proxy in accordance with the Company’s Articles of Incorporation. In this event, please submit the principal’s Exercise of Voting Rights form and written proof of proxy to the reception.

To disclose details on the reports, etc. on the matters to be reported on the date of the meeting, the Company plans to release videos on its website on the date following the meeting.

Agenda Item No. 1 and Reference Matters

Agenda Item No. 1: Appropriation of surplus

The Company defines returning profits to its shareholders as one of its most important management tasks, and makes it a basic policy to work for stable and flexible shareholder returns with the aim of achieving an accumulated return to shareholders ratio of 100% during the planned period of five years in the Five-Year Rolling Plan.

With regard to the Appropriation of surplus, based on the above policy and to increase returns to shareholders, the Company requests the following proposal:

1. Matters concerning year-end dividends

(1) Type of assets to be distributed

Cash

(2) Matters concerning the allotment of assets to be distributed to the shareholders and the aggregate amount thereof

30 yen per ordinary share of the Company

Total amounting to 2,397,031,080 yen

Since the Company has paid interim dividends at the rate of 30 yen per share, the total annual dividends for this fiscal term shall be 60 yen per share.

(3) Effective date of dividends from surplus

June 24, 2021

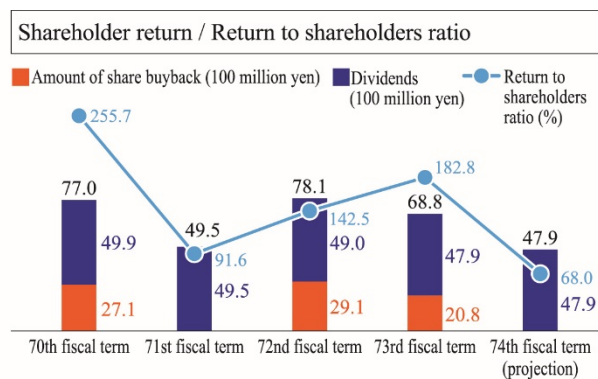
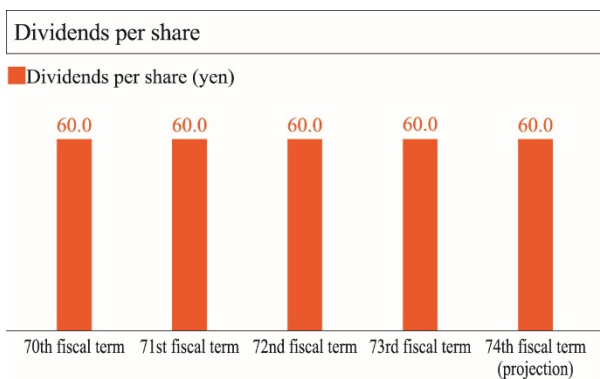
2. Other matters concerning appropriation of surplus

Item of surplus to decrease and the amount thereof:

General reserves 10,000,000,000 yen

Item of surplus to increase and the amount thereof:

Retained earnings brought forward 10,000,000,000 yen



Agenda Item No. 2 and Reference Matters

Agenda Item No. 2: Election of five (5) directors (excluding directors who are audit and supervisory committee members)

At the conclusion of this general meeting of shareholders, the terms of office of all the directors (four (4) in number; excluding directors who are audit and supervisory committee members) will expire. Accordingly, the Company requests the shareholders' approval for the election as directors (excluding directors who are audit and supervisory committee members) of the five (5) candidates (including one (1) outside director).

The Audit and Supervisory Committee has expressed its opinion that each candidate is appropriate as a candidate to become a director of the Company, as a result of the deliberation of the Corporate Governance Committee, a body in which two outside directors who are audit and supervisory committee members participate, based on determination policies that consider the talent and eligibility of each candidate as a director and other factors, the status of nomination procedures, and the status of each candidate's execution of duties and contribution to performance for the fiscal year under review.

Candidates for directors (excluding directors who are audit and supervisory committee members) are as follows. Information on the candidates for directors (excluding directors who are audit and supervisory committee members) is provided on pages 5 through 10 and 15 through 17.

Candidates list for directors (excluding directors who are audit and supervisory committee members)

Candidate No.	Name		Career position and assignment in the Company	Attendance at Board of Directors' meetings
1	Kiomi Kobayashi	Re-nomination	Representative Director and Chief Executive Officer Chief AUTOBACS Chain Officer	100% (15 of 15 meetings)
2	Yugo Horii	Re-nomination	Director and Senior Managing Executive Officer Head of AUTOBACS Business Planning & Operations CEO Office / Business Planning	100% (15 of 15 meetings)
3	Eiichi Kumakura	Re-nomination	Director and Senior Managing Executive Officer Head of Merchandising & Services Car Parts & Accessories	100% (15 of 15 meetings)
4	Shinichi Fujiwara	New candidate	Senior Managing Executive Officer Kanto Regional Headquarters	—
5	Yoshiko Takayama	Re-nomination Outside Director Independent Officer	Outside Director	100% (15 of 15 meetings)

- (Notes) 1. Ms. Yoshiko Takayama is a candidate for outside director as defined in Article 2, Paragraph 3, Item 7, of the Companies Act Enforcement Regulations. In addition, she satisfies the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company. Therefore, the Company has registered her with the Tokyo Stock Exchange as an independent officer. If she is elected as originally proposed, the Company plans for her reappointment as an independent officer.
2. Ms. Yoshiko Takayama, a candidate for outside director and who currently serves as the Company's outside director, has entered into an agreement with the Company that defines her limitations of liability as defined in Article 423, Paragraph 1, of the Companies Act. The liability limit is an amount set forth in Article 425, Paragraph 1, of the Companies Act. In the event of her re-election as an outside director, said agreement will be continued.

Reference Matters for Agenda Item No. 2: Election of five (5) directors (excluding directors who are audit and supervisory committee members)

Candidate No. 1:

Kiomi Kobayashi

Re-nomination

Career position and assignment in the Company:

Representative Director and Chief Executive Officer, Chief AUTOBACS Chain Officer

- Date of birth: February 11, 1956 (age 65)
- Term of office as a director at the conclusion of this general meeting: 11 years
- Number of Company shares owned: 28,500
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

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

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, it is in the best interest of the Group that he continues to lead the management team.

Dear Shareholders,

Since assuming office as Chief Executive Officer, I have promoted our business based on our mission of "continuing to create markets."

In 2019, the Company set out its medium- and long-term business strategy called the Five-Year Rolling Plan and has since made efforts to develop networks beyond the boundaries of companies in order to increase satisfaction from the perspective of customers.

In today's drastically changing environment, we must henceforth grasp market needs faster than ever before and provide our customers with new value. To this end, I will continue to make swift and correct decisions and take on challenges to create new value, and thereby meet the expectations of our customers and shareholders.

Special relationship between the candidate and the Company

Mr. Kobayashi has no special interests in the Company.

Brief professional background including major posts held

March 1978: Joined Daiho Sangyo Co., Ltd.
(currently AUTOBACS SEVEN Co., Ltd.)

April 1995: General Manager of Tire Department

June 2002: Operating Officer, Overseas Store Support Division

April 2005: Officer, General Manager of Northern Kanto Region

April 2007: Officer, Car Goods & Services

June 2008: Officer, General Manager of Kansai Region

April 2010: Executive Officer, Head of Sales Operation and Area Strategy & Planning

June 2010: Director and Executive Officer, Head of Sales Operation and Area Strategy & Planning

April 2012: Director and Senior Executive Officer, Head of Sales Operation and Area Strategy & Planning

April 2014: Director and Vice Chief Executive Officer, Vice Chief AUTOBACS Chain Officer, Head of Chain Store Planning and Store Subsidiary Strategy

April 2015: Director and Vice Chief Executive Officer, Chief AUTOBACS Chain Officer

April 2016: Representative Director and Vice Chief Executive Officer, Chief AUTOBACS Chain Officer

June 2016: Representative Director and Chief Executive Officer, Chief AUTOBACS Chain Officer (current position)

Candidate No. 2:**Yugo Horii**

Re-nomination

Career position and assignment in the Company:

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

- Date of birth: June 24, 1972 (age 48)
- Term of office as a director at the conclusion of this general meeting: 5 years
- Number of Company shares owned: 16,700
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

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

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, he is an appropriate candidate that the Company needs for the purpose of improving the effectiveness of the decision-making and supervisory functions of the Board of Directors.

Dear Shareholders,

As the impact of the COVID-19 pandemic on the global economy becomes even more severe, I feel that companies in the automotive industry, which is experiencing accelerated evolution and conversion, are required than ever before to play a greater role in addressing the serious issues faced by society.

In an effort to flexibly respond to today's ever changing situations, the Company has positioned environment, society, governance, and sustainable development goals at the center of the Five-Year Rolling Plan, which has reached its third year in the current fiscal term, and I am determined to strenuously work on these themes.

Moreover, without loosening the reins of reform, I will contribute to the creation of new value in the lives surrounding customers and automobiles through rapid and decisive decision-making, and thereby respond to the expectations of our stakeholders.

Special relationship between the candidate and the Company

Mr. Horii has no special interests in the Company.

Brief professional background including major posts held

March 1995: Joined AUTOBACS SEVEN Co., Ltd.
April 2010: General Manager of Legal Department
April 2012: Officer, Internal Control
April 2013: Officer, Internal Control and Legal
April 2015: Officer, Legal, General Affairs and Internal Control
April 2016: Senior Executive Officer, Overseas Business
June 2016: Director and Senior Executive Officer, Overseas Business
April 2017: Director and Senior Executive Officer, Office of the President and Overseas Business Planning
April 2018: Director and Senior Executive Officer, Office of the President and Business Planning, and AUTOBACS Business Planning
June 2019: Representative Director and President, ABT Marketing Co., Ltd. (current position)
April 2020: Director and Senior Managing Executive Officer, Head of AUTOBACS Business Planning & Operations and CEO Office / Business Planning (current position)

Candidate No. 3:**Eiichi Kumakura**

Re-nomination

Career position and assignment in the Company:

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

- Date of birth: February 8, 1962 (age 59)
- Term of office as a director at the conclusion of this general meeting: 5 years
- Number of Company shares owned: 6,700
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

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

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, he is an appropriate candidate that the Company needs for the purpose of improving the effectiveness of the decision-making and supervisory functions of the Board of Directors.

Dear Shareholders,

The worldwide spread of COVID-19 over the long term has had serious impact on the economy and resulted in significant changes in our consumption behavior and lifestyles.

Amid these changes in circumstances, we intend to powerfully promote the development of networks within the Group so that automobiles can be used as a core infrastructure in people's lives without anxiety and with more convenience.

We will also respond to ESG and SDGs on a groupwide basis, thereby fulfilling our corporate social responsibility and promoting the steady execution of our growth strategy for the future. I will fulfill my duties in a way that meets our stakeholders' expectations by decisively forging ahead with our responses to the changes we face and swift decision-making at all times.

Special relationship between the candidate and the Company

Mr. Kumakura has no special interests in the Company.

Brief professional background including major posts held

March 1984: Joined AUTOBACS SEVEN Co., Ltd.
April 2001: General Manager of Car Electronics Merchandise Department
April 2009: Officer, Car Goods & Services
April 2011: Officer, General Manager of Kanto Region
April 2015: Officer, Western Japan Region Headquarters
April 2016: Senior Executive Officer, Head of Western Japan Region Headquarters
June 2016: Director and Senior Executive Officer, Head of Western Japan Region Headquarters
April 2018: Director and Senior Executive Officer, Western Japan Region Headquarters
April 2020: Director and Senior Managing Executive Officer, Head of Merchandising & Services and Car Parts & Accessories (current position)

Candidate No. 4:**Shinichi Fujiwara**

New-candidate

Career position and assignment in the Company:

Senior Managing Executive Officer, Kanto Regional Headquarters

- Date of birth: September 23, 1965 (age 55)
- Term of office as a director at the conclusion of this general meeting: —
- Number of Company shares owned: 3,500
- Attendance at Board of Directors' meetings: —

Reasons for nomination and expected role

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

The Company believes that, in achieving sustainable growth and creating new markets as the AUTOBACS Group, the leadership of Mr. Fujiwara as an officer familiar with the AUTOBACS business will be indispensable, and that it is in the best interest of the Company that the AUTOBACS Group benefit from his rich experience. Therefore, the Company proposes his election as a director.

Dear Shareholders,

This year, from the very beginning of the fiscal year in April 2020, was a year unlike any other buffeted by the COVID-19 pandemic. The values of the times have changed significantly, as have the lifestyles of consumers, including work styles and how they spend their leisure time.

Likewise at our Group, not only have I recognized the negative sides brought about by the pandemic, such as the trends of staying at home and refraining from outing, but also positive developments, such as the rising number of people turning to cars as a safe form of transportation and the renewed awareness of the value of automobiles as a personal space. Despite the uncertainty of the future economy, the Company will establish its position as a traffic infrastructure company by further demonstrating the strength of real stores while advancing connections with customers and promoting digital transformation (DX) of our store operations. Through these efforts, I will respond to the expectations of all our stakeholders.

Special relationship between the candidate and the Company

Mr. Fujiwara has no special interests in the Company.

Brief professional background including major posts held

March 1984:	Joined AUTOBACS SEVEN Co., Ltd.
September 2007:	Officer, Area Dominant Strategy
June 2008:	Officer, Area Strategy
April 2009:	Officer, Chain Strategy
September 2009:	Officer, Advanced Store Prototype Development Project
April 2010:	Officer, Advanced Store Prototype Development
April 2011:	Officer, Marketing & Sales Strategy Planning
April 2013:	Officer, Marketing
April 2014:	Officer, Chain Store Planning and Marketing
April 2015:	Officer, Marketing
April 2016:	Officer, Chain Store Planning
April 2017:	Senior Executive Officer, Head of Eastern Japan Region Headquarters
April 2018:	Senior Executive Officer, Eastern Japan Regional Headquarters
April 2020:	Senior Managing Executive Officer, Northern Japan Regional Headquarters and Kanto Regional Headquarters
October 2020:	Senior Managing Executive Officer, Kanto Regional Headquarters (current position)

Candidate No. 5:**Yoshiko Takayama**

Re-nomination, Outside Director (Independent Officer)

Career position and assignment in the Company: Outside Director

- Date of birth: August 9, 1956 (age 64)
- Term of office as a director at the conclusion of this general meeting: 6 years
- Number of Company shares owned: 3,400
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)

Reasons for nomination and expected role

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

The Company believes that, when aiming for sustainable growth and increased corporate value of the AUTOBACS Group as before, she is an appropriate candidate that the Company needs for the purpose of improving the effectiveness of the decision-making and supervisory functions of the Board of Directors.

Dear Shareholders,

The social changes caused by COVID-19 have renewed our recognition of the importance of automobiles and, going forward, the environment surrounding automobiles will change even more significantly.

Under these circumstances, the Company aims to develop six networks by solving social issues. I will fulfill my role as an outside director by conducting thorough and appropriate discussions, verifications, and supervision at Board of Directors' meetings and many other occasions with respect to the important measures to achieve such goals, and supporting the management that addresses these manifold issues.

Special relationship between the candidate and the Company

Ms. Takayama has no special interests in the Company.

Independence of the candidate

Ms. Takayama satisfies the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company. Therefore, the Company has registered her with the Exchange as an independent officer.

Brief professional background including major posts held

April 1980:	Joined Bank of America N.A. Tokyo Branch
June 1987:	Joined Merrill Lynch & Co., Inc. New York Headquarters office
December 1990:	Vice President, Merrill Lynch & Co., Inc. Tokyo Branch
December 1998:	Asia-Pacific Regional Director, Thomson Financial Investor Relations Tokyo Branch
June 2001:	Managing Director, J-Eurus IR Co., Ltd.
March 2003:	Managing Director/Board Member, J-Eurus IR Co., Ltd. (current position)
June 2010:	Board Governor, International Corporate Governance Network
October 2010:	Director, Japan Corporate Governance Network (current position)
June 2015:	Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)
September 2015:	Member of the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code, Financial Services Agency and Tokyo Stock Exchange, Inc. (current position)
October 2015:	President, Japan Board Review Co., Ltd. (current position)

Agenda Item No. 3 and Reference Matters

Agenda Item No. 3: Election of three (3) directors who are audit and supervisory committee members

At the conclusion of this general meeting of shareholders, the terms of office of all the directors who are audit and supervisory committee members (three (3) in number) will expire. Accordingly, the Company requests the shareholders' approval for the election as directors who are audit and supervisory committee members of the three (3) candidates (including two (2) outside directors).

The consent of the Audit and Supervisory Committee has been obtained in advance with respect to this agenda item.

Candidates for directors who are audit and supervisory committee members are as follows. Information on the candidates for directors who are audit and supervisory committee members is provided on pages 11 through 17.

Candidates list for directors who are audit and supervisory committee members

Candidate No.	Name		Career position and assignment in the Company	Attendance at Board of Directors' meetings	Attendance at Audit and Supervisory Committee meetings
1	Kozo Sumino	Re-nomination	Director and Audit and Supervisory Committee Member (full-time)	100% (15 of 15 meetings)	100% (14 of 14 meetings)
2	Masami Koizumi	New candidate Outside Director Independent Officer	—	—	—
3	Minesaburo Miyake	Re-nomination Outside Director Independent Officer	Outside Director and Audit and Supervisory Committee Member	100% (15 of 15 meetings)	100% (14 of 14 meetings)

(Notes) 1. Mr. Masami Koizumi and Mr. Minesaburo Miyake are candidates for outside directors as defined in Article 2, Paragraph 3, Item 7, of the Companies Act Enforcement Regulations. In addition, they satisfy the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company. Therefore, the Company has registered Mr. Minesaburo Miyake with the Tokyo Stock Exchange as an independent officer. If Mr. Masami Koizumi and Mr. Minesaburo Miyake are elected as originally proposed, the Company plans to register them as independent officers respectively.

2. Mr. Kozo Sumino, a candidate for director, currently serves as the Company's director and Mr. Minesaburo Miyake, a candidate for outside director, currently serves as the Company's outside director. They have entered into agreements with the Company that define their limitation of liability as defined in Article 423, Paragraph 1, of the Companies Act, and the liability limit is an amount set forth in Article 425, Paragraph 1, of the Companies Act. If they are reelected as proposed, they are scheduled to continue the same agreement with the Company. In addition, Mr. Masami Koizumi, a new candidate for outside director, will enter into the same agreement with the Company upon his election.

3. For Mr. Kozo Sumino and Mr. Minesaburo Miyake, attendance at the Board of Directors' meetings as directors and attendance at the Audit and Supervisory Committee meetings as audit and supervisory committee members are stated.

Reference Matters for Agenda Item No. 3: Election of three (3) directors who are audit and supervisory committee members

Candidate No. 1:

Kozo Sumino

Re-nomination

Career position in the Company: Director and Audit and Supervisory Committee Member (full-time)

- Date of birth: October 1, 1957 (age 63)
- Term of office as a director at the conclusion of this general meeting: 2 years
- Number of Company shares owned: 46,799
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)
- Attendance at Audit and Supervisory Committee meetings: 100% (14 of 14 meetings)

Reasons for nomination and expected role

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

The Company believes that, by taking part in the Company's management from the standpoint of a director who is an audit and supervisory committee member, he will contribute to the assurance of the effectiveness of auditing, as well as the strengthening of supervisory functions such as the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency. Therefore, the Company proposes his election as a director who is an audit and supervisory committee member.

Dear Shareholders,

Advances in automobiles and their peripheral technologies, together with the worldwide spread of COVID-19, have significantly changed the business environment surrounding the Company.

Amid this environment, in order to exercise proactive and flexible management under appropriate internal control, I will contribute to the Company's sustainable growth and the improvement of the medium- to long-term corporate value by leveraging not only the sales, including overseas sales, administrative, and new business worksite experience I have cultivated over the years in the Company, but also my wide-ranging business experience as an audit and supervisory board member, as a member of management at subsidiaries, etc., and ultimately will make efforts to meet the expectations of the shareholders and other stakeholders.

Special relationship between the candidate and the Company

Mr. Sumino has no special interests in the Company.

Brief professional background including major posts held

April 1984:	Joined IBM Japan, Ltd.
June 1985:	Joined AUTOBACS SEVEN Co., Ltd.
February 1995:	General Manager of Merchandise Development Department
June 2000:	Director, General Manager of General Services Department
June 2002:	Director and Executive Officer, Personnel, General Services, Legal, and Information System
October 2003:	Director and Executive Officer, Business Development
April 2005:	Director and Officer, Overseas Business Strategy
April 2007:	Officer, Accounting and Information Systems
May 2007:	Representative Director, AB System Solutions Limited
June 2008:	Officer, Car Aftermarket Business and Merchandising Strategy Planning
April 2009:	Executive Officer, Head of Merchandising & Services
April 2010:	Executive Officer, Internal Control
April 2011:	Representative Director, Palstar K.K.
June 2014:	Director and Senior Executive Officer, Merchandise Development
April 2015:	Director and Senior Executive Officer, Head of Merchandising, and Statutory Safety Inspections & Services, and Merchandise Development
October 2015:	Director and Senior Executive Officer, Head of Merchandising, and Car Parts & Accessories, and Merchandise Development
April 2016:	Director and Senior Executive Officer
June 2016:	Audit and Supervisory Board Member
June 2019	Director and Audit and Supervisory Committee Member (current position)

Candidate No. 2:

Masami Koizumi

New candidate, Outside Director (Independent Officer)

Career position in the Company: —

- Date of birth: July 20, 1961 (age 59)
- Term of office as a director at the conclusion of this general meeting: —
- Number of Company shares owned: —
- Attendance at Board of Directors' meetings: —
- Attendance at Audit and Supervisory Committee meetings: —

Reasons for nomination and expected role

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

Dear Shareholders,

I have previously engaged in IPOs from the preparation stages as a person responsible for accounting, developed structures for appropriate financial reporting, supervised departments responsible for the execution of operations such as finance, legal affairs and investor relations to strengthen the foundations for business administration as a director, and also made efforts to improve corporate governance and compliance at business corporations.

Based on such experience, I will fulfill my role as an outside director who is an audit and supervisory committee member with an emphasis on independence and fairness, and thereby contribute to the Company's sustainable growth, the improvement of the medium- to long-term corporate value and the creation of value for all stakeholders.

Special relationship between the candidate and the Company

Mr. Koizumi has no special interests in the Company.

Independence of the candidate

Mr. Koizumi satisfies the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company. Therefore, if he is elected as originally proposed, the Company plans to register him with the Exchange as an independent officer.

Brief professional background including major posts held

July 1995:	Joined UNITED ARROWS LTD.
April 2000:	Department Manager, Finance and Accounting Department, UNITED ARROWS LTD.
March 2001:	Executive Vice President, Prostaff Ltd.
December 2004:	Auditor, Netprice, Ltd. (current BEENOS Inc.)
June 2006:	Director, UNITED ARROWS LTD.
July 2008:	Director and Executive Managing Officer, UNITED ARROWS LTD.
April 2012:	Director and Executive Vice President, UNITED ARROWS LTD.
April 2020:	Retired as Director, UNITED ARROWS LTD.

Candidate No. 3:**Minesaburo Miyake**

Re-nomination, Outside Director (Independent Officer)

Career position and assignment in the Company: Outside Director and Audit and Supervisory Committee Member

- Date of birth: July 22, 1952 (age 68)
- Term of office as a director at the conclusion of this general meeting: 3 years
- Number of Company shares owned: 1,800
- Attendance at Board of Directors' meetings: 100% (15 of 15 meetings)
- Attendance at Audit and Supervisory Committee meetings: 100% (14 of 14 meetings)

Reasons for nomination and expected role

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

The Company believes that, by taking part in the Company's management from the standpoint of a director who is an audit and supervisory committee member, he will contribute to the assurance of the effectiveness of auditing, as well as the strengthening of supervisory functions such as the assurance of the soundness and appropriateness of the decision-making of the Company's management, and enhanced transparency. Therefore, the Company proposes his election as a director who is an audit and supervisory committee member.

Dear Shareholders,

In addition to the environmental changes related to automobiles, we have seen rapid changes in the roles of automobiles and people's awareness of car lifestyles during the COVID-19 pandemic. The roles and the stance of the Group must adapt to such changes as well. We must work to realize security and safety from the perspective of customers and address managerial issues in consideration of the environment by utilizing our networks more effectively than ever. I intend to concentrate on arguments centered on solving these issues and will seek out growth opportunities. To these ends, I will proactively express opinions at the meeting of the Board of Directors, the Audit and Supervisory Committee, and the Corporate Governance Committee.

Special relationship between the candidate and the Company

Mr. Miyake has no special interests in the Company.

Independence of the candidate

Mr. Miyake satisfies the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company. Therefore, the Company has registered him with the Exchange as an independent officer.

Brief professional background including major posts held

April 1976:	Joined Kewpie Corporation
September 1996:	General Manager, Yokohama Branch Office, Kewpie Corporation
July 2002:	General Manager, Division of Household Sales, Kewpie Corporation
February 2003:	Director, Kewpie Corporation
February 2010:	Executive Managing Director, Kewpie Corporation
February 2011:	President and Representative Director, Kewpie Corporation Director, NAKASHIMATO CO., LTD.
February 2017:	Executive Corporate Adviser, Kewpie Corporation Chairman and Director, NAKASHIMATO CO., LTD.
April 2017:	Director General, Kewpie Mirai Tamago Foundation
December 2017:	Outside Director, Fuji Pharma Co., Ltd. (current position)
June 2018:	Outside Director, KAMEDA SEIKA CO., LTD. (current position)
June 2018:	Outside Director, AUTOBACS SEVEN Co., Ltd.
June 2019:	Chief, Expert Committee of the Council for Utilization of Dormant Deposits, Cabinet Office (current position)
June 2019:	Outside Director and Audit and Supervisory Committee Member, AUTOBACS SEVEN Co., Ltd. (current position)
December 2020	External Director, Sushiro Global Holdings Co., Ltd. (currently FOOD & LIFE COMPANIES LTD.) (current position)

Common Reference Matters for Agenda Items No. 2 and No. 3

(Policy and Procedures for Appointment of Candidates for Director)

The Company's Board of Directors is made up of individuals who understand the importance of mutual trust among franchise stores, clients, 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. A candidate for inside director shall be familiar with the Company's business, and a candidate for outside director shall have experience in corporate management, or experience and expertise in laws and regulations, finance and accounting, governance, risk management, etc. and also satisfy the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company.

The Company has established the Corporate Governance Committee as a consultative body for the Board of Directors, chaired by an outside director and comprised of all the outside directors and a representative director. When selecting candidates for director, the Board of Directors selects candidates after seeking consultation with the Corporate Governance Committee and receiving its recommendation.

(Outline of the Contents of the Directors and Officers Liability Insurance Agreement)

The Company has entered into a directors and officers liability insurance agreement with an insurance company as set forth in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers damages that may arise when a director or officer insured under the agreement assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. The Company plans to renew the agreement in December 2021. From among the director candidates for to be proposed in this Agenda Item, the candidates for re-nomination are already insured under the insurance agreement and are to remain insured after their election. Meanwhile, new candidates are to be insured after their election. For an outline of the agreement, please see the Business Report on page 39.

Requirements for the Outside Directors' Independency

The independent officers of the Company shall be the outside director who satisfies the following requirements for independency.

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

1. The Company's Outside Directors shall not have had any interest in the Company and its affiliates (hereinafter collectively the "AUTOBACS SEVEN Group") or specified corporations or entities in any of the following ways:
 - (i) Receiving remuneration (excluding the remuneration for the duty of an officer from the Company) or other assets from the AUTOBACS SEVEN Group in an amount exceeding ten (10) million yen per fiscal term within the past three years including the fiscal term under review
 - (ii) Belonging to an audit firm that conducted audits on the AUTOBACS SEVEN Group within the past three years, including the fiscal term under review
 - (iii) Serving any of the following corporations or entities (including holding companies) as a director, an executive officer, a general manager or in any other executive or managerial capacity (hereinafter referred to as executive directors, etc.):
 - a. AUTOBACS SEVEN Group customer or business partner^{Note 1} whose amount per fiscal term of operation or trade with, or the amount paid to or received by, the AUTOBACS SEVEN Group accounts for 2% or more of the sales^{Note 2} of either party in any fiscal term within the past three years, including the fiscal term under review
 - b. Financial institution or other large creditor that is indispensable to the AUTOBACS SEVEN Group's fund procurement and on which the Group depends to the extent that such a financial institution or large creditor is irreplaceable, within the past three years, including the fiscal term under review
 - c. Any major shareholder of the Company (owning 10% or more of outstanding shares), within the past five years, including the fiscal term under review
 - d. Any corporation which currently includes the AUTOBACS SEVEN Group as major shareholder (owning more than 10% of outstanding shares)
 - e. Any corporation that currently shares mutually appointed directors with the AUTOBACS SEVEN Group (mutual exchange of directors through cross-holding of shares)

2. The Company's outside officers shall not have been a spouse of said executive directors, etc., of the AUTOBACS SEVEN Group or a relative within the second degree of kinship, or have shared means of livelihood in the past five years, including the fiscal term under review.
3. The Company's outside officers shall not be a spouse of, a relative within the second degree of kinship or share means of livelihood with any person corresponding to the description of Paragraph 1 above.
4. The Company's outside officers shall not be in any situation that may hinder them from performing their duties as the Company's independent officers.

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

(Note 2) Includes line items falling under net sales, such as "operating profit." Consolidated net sales come from companies within the scope of consolidated accounting.

[Reference]

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

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

The Group believes that insight and experience in the fields described in the table below, such as “management experience,” “group management,” “business diversification,” “personnel, labor, organization,” and “capital cost management, financial strategy,” are important to the Group’s efforts to continue to create a rich and healthy automobile society by responding to the ever-changing environment and providing new value unbounded by the existing businesses.

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

Candidates Requirements	Directors who are not audit and supervisory board members					Directors who are audit and supervisory board members		
	Kiomi Kobayashi Re- nomination	Yugo Horii Re- nomination	Eiichi Kumakura Re- nomination	Shinichi Fujiwara New candidate	Yoshiko Takayama Re- nomination Outside	Kozo Sumino Re- nomination	Masami Koizumi New candidate Outside	Minesaburo Miyake Re- nomination Outside
Management experience	●	●	●			●	●	●
Group management	●		●			●	●	●
Business diversification	●	●		●	●			●
Personnel, labor, organization			●	●		●		
Capital cost management, financial strategy		●			●		●	
Insight and experience in the Company’s business fields	Wholesale / retail	Distribution / global	Wholesale / retail	Retail / marketing	Global	Wholesale / distribution	Wholesale / retail	Wholesale / manufacturing / marketing
Accounting, finance, taxation	●			●		●	●	
Auditing			●			●	●	●
Law		●						
ESG / sustainability	●		●	●	●			●
Gender, international perspective, etc.		●			●			

- (Note) 1. The above table shows the areas in which the relevant Director can contribute to the Board of Directors more remarkably based on his/her insight, experience, etc. and does not represent all of his/her insight and experience.
2. The areas of insight and experience required for the Board of Directors as a whole and each Director may be reviewed and revised according to strategies and priority issues in the management plan of the Company.

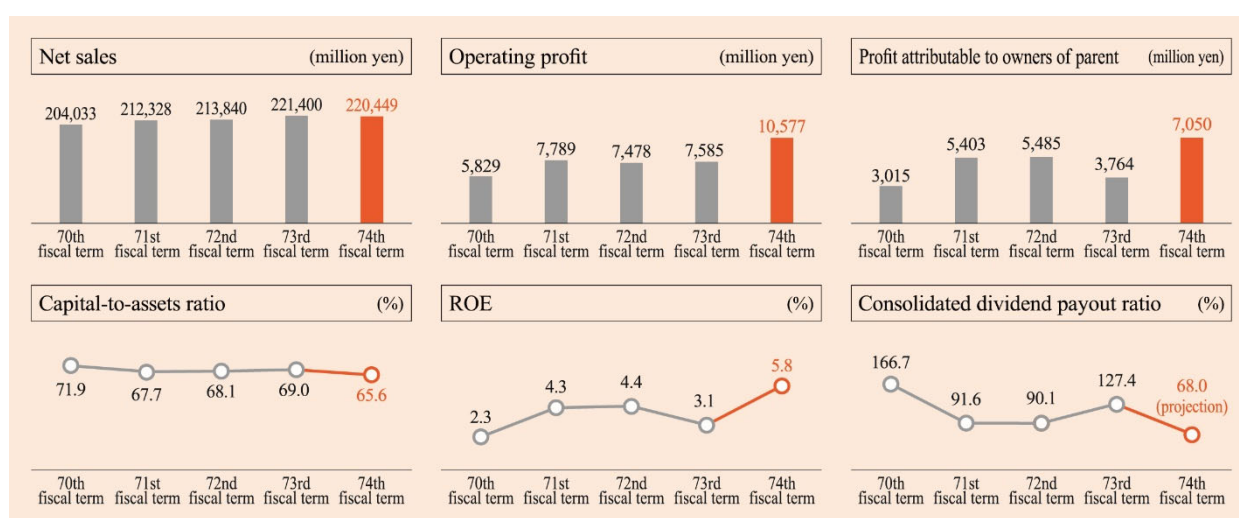
Business Report (from April 1, 2020 to March 31, 2021)

1. Current Status of the Group

(1) Assets and Operating Results

Classification	70th fiscal term Apr. 1, 2016- Mar. 31, 2017	71st fiscal term Apr. 1, 2017- Mar. 31, 2018	72nd fiscal term Apr. 1, 2018- Mar. 31, 2019	73rd fiscal term Apr. 1, 2019- Mar. 31, 2020	74th fiscal term Apr. 1, 2020- Mar. 31, 2021
Net sales (million yen)	204,033	212,328	213,840	221,400	220,449
Operating profit (million yen)	5,829	7,789	7,478	7,585	10,577
Ordinary profit (million yen)	7,120	8,226	8,203	8,059	11,219
Profit attributable to owners of parent (million yen)	3,015	5,403	5,485	3,764	7,050
Net income per share (yen)	36.00	65.49	66.58	47.10	88.28
Total assets (million yen)	176,708	187,354	181,391	172,799	187,914
Net assets (million yen)	127,392	127,352	124,187	119,966	123,833
Capital-to-assets ratio (%)	71.9	67.7	68.1	69.0	65.6
ROE (%)	2.3	4.3	4.4	3.1	5.8
Consolidated dividend payout ratio	166.7	91.6	90.1	127.4	68.0 (projection)

- (Notes)
1. Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been applied effective from the beginning of the 72nd consolidated fiscal term. With respect to the figures for the total assets and the capital-to-assets ratios in the 71st consolidated fiscal term, figures and ratios to which the accounting standard is retrospectively applied are used.
 2. Earnings and expenses of the credit-related businesses, items that were previously presented under non-operating income and non-operating expenses are included in and presented under net sales, cost of sales, and selling, general and administrative expenses, effective from the 72nd consolidated fiscal term. Accordingly, with respect to net sales and operating profit in the 71st consolidated fiscal term, figures reclassified after reflecting the abovementioned change in the presentation method are used.



(2) Management policy, business environment, and targets to be achieved

(i) Management policy

The Company continues to help create a sustainable automobile-enriched society in which automobiles can be a source of additional convenience, comfort, safety, and joy in everyone's lives, aiming for proposing and providing optimal car lifestyles that suit the needs of individual customers. That is the mission of the AUTOBACS chain, including the Company and its franchisee corporations. This philosophy is encapsulated in the AUTOBACS Chain Management Mission, and the whole AUTOBACS chain use it to continually provide value to customers, franchisees, employees, business partners, shareholders, society, and other stakeholders.

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

The Company announced the "2050 Creating Our Future Together" as a long-term vision with the aim of becoming a "100-year company." For over 70 years, since the Company was first founded, it has always worked to further the advancement of automobile society and enrich the customers' car lifestyles. Also in the future, by grasping the advances of society and automotive technologies and changes in peoples' values, the Company will continue to stay close to people's lives and propose values reflecting the trends in the world. The AUTOBACS SEVEN vision reflects the Company's dedication to combining the strengths of all Group employees to achieve the above and creating a richer, healthy automobile society in the years leading up to 2050.

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

(ii) Business environment

The outlook for the overall consumption environment was severe, aggravated by the ongoing stagnation of economic activity and sluggish consumer spending due to the impact of the spread of COVID-19. While the economy is expected to recover primarily due to the effect of various policy measures, the future economy still remains uncertain, mainly due to concerns about the resurgence of infections.

In the automotive-related market, environmental regulations for gasoline cars toward decarbonization have been tightened, the interest in next-generation automobiles has grown, and advanced safety technologies such as autonomous driving and driver assistance functions have been developed and widely adopted. It will therefore be essential for the Company to equip itself with maintenance technologies that can cater to such trends. In addition, the Company believes that as the automotive industry enters a period of major change, competition beyond the boundaries of business types and categories will intensify not only in the Japanese auto parts and accessories market (automotive aftermarket), which the Group has its strength in, but also in the areas of automobile maintenance, statutory safety inspections, and used car sales. According to figures from an announcement by the Auto-Parts & Accessories Retail Association (APARA), an organization to which the Company belongs, total store net sales of four association members between April 2020 and March 2021 were ¥402,175 million, an increase of 0.4% year on year. In addition, the number of registered passenger used cars (standard-sized vehicles and compact passenger cars) *1 for the same period was approximately 3.36 million vehicles (a 0.9% increase year on year). Total automobile maintenance (market) *2 sales for the period from January through December 2020 were ¥5,656.1 billion (a 0.6% increase year on year), marking a slight increase, but recording four consecutive years of rising sales.

*1 Japan Automobile Dealers Association (JADA)

*2 Announced by Japan Automobile Service Promotion Association (JASPA)

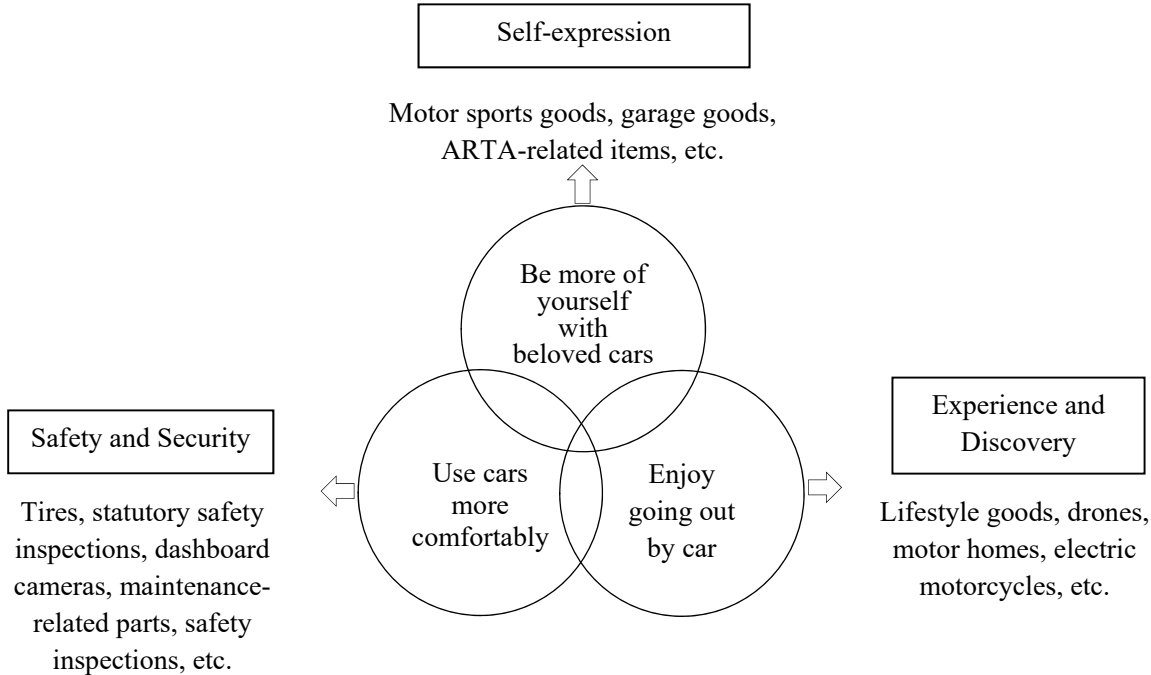
New services such as car-sharing services and subscription services are rapidly expanding, and improved IT platforms in line with that rapid expansion will be required, in addition to response to maintenance systems for next-generation vehicles. Furthermore, not only competition with other companies and other business categories, such as car dealers and e-commerce companies, will be intensified, but also the scope of transaction types,

including trades between individuals, will be expanding. The market is furthermore expected to see even greater and more rapid changes in the future, such as changes in customer composition resulting from the declining birthrate and aging population, and needs diversification.

(iii) Targets to be achieved

In the Domestic AUTOBACS Business, the Company will differentiate itself from competitors in the mature car parts and accessories market by actively responding to the highly uncertain business environment. In order to develop the young adult and family segments, the Company will provide three forms of value: “Self-expression” to meet the needs for being more of themselves with beloved cars, “Safety and Security” to meet the customer needs for more comfortable car use, and “Experience and Discovery” to meet the needs for enjoying going out by car. Specifically, the Company will strengthen its market competitiveness by promoting the development of new products and new store formats while continuously making concentrated efforts to renovate stores to make them more comfortable for customers, to improve store operations, and to develop human resources, including automobile mechanics.

The value provided to our customers



For businesses other than the Domestic AUTOBACS Business, the Company will promote both the “Lifestyle Business” and “Expansion Business (insurance and financial services),” in addition to the “Overseas Business,” “Car Dealership Business,” “BtoB Business,” and “Online Alliance Business (formerly the “Networking Business”)” that the Company has been developing up to now.

In the Overseas Business, the Company will carefully examine the retail business model of each market and focus on the highly profitable wholesaling business, while strengthening partnerships with local companies. Through these efforts, the Company will expand its profitability with speedy business development.

In the Car Dealership Business, the Company will further increase profits by expanding its service configuration ratio and improving its asset efficiency through collaborative arrangements between each sales base, while promoting business improvement and human resources development at operating companies.

In the BtoB Business, the Company will expand earnings from the goods wholesaling business through the development of new clients and promote the provision of new services, such as early response to next-generation maintenance services.

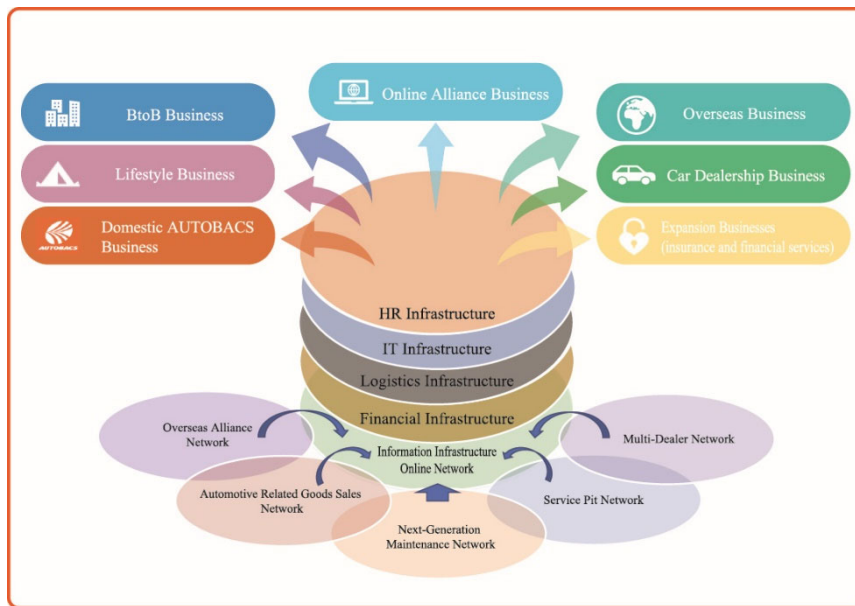
In the Online Alliance Business, the Company will strengthen its existing EC business while collaborating with various entities and organizations, both inside and outside the group, and thereby speed up its entry into the rapidly expanding Internet market.

In the Lifestyle Business, the Company will work to further raise the recognition of its lifestyle brands, “JACK & MARIE” and “GORDON MILLER,” establish a unique worldview and lifestyle proposals centering on automobiles, and create a new market based on store development.

In the Expansion Business (insurance and financial services), the Company aims to keep contact with existing customers by providing services within the AUTOBACS Group through its insurance business and loans and

credit business, and to further acquire new customers by providing services outside of the Group as well.

With the aim of enhancing market competitiveness by swiftly grasping and adapting to changes in society, automobiles, and people’s lives, the Company formulated the Five-Year Rolling Plan to plot out the future direction of the Group and will continue to promote the construction of the Six Networks and coordination among the Networks.



In the “Multi-Dealer Network,” the Company will operate a dealership business of its own with an aim to connect with customers through “car-purchasing” as an entry point into car lifestyle, while acquiring major brands at home and abroad to obtain information and know-how regarding vehicles, maintenance, and car dealership business across brands. The Company believes that these efforts will contribute to the strengthening of the market competitiveness of the AUTOBACS chain.

In the “Service Pit Network,” the Company will collaborate with non-AUTOBACS chain automobile maintenance companies, gas station operators, and other auto-parts retailers, in order to cope with the rising need for installation generated by the expanding online sales market for automotive goods and services.

In the “Next-Generation Maintenance Network,” the Company will endeavor to provide stable maintenance and service by cooperating with the automobile maintenance companies that are capable of performing maintenance on vehicles requiring next-generation technologies, and aggregating information on maintenance and facilities as well as knowhow on maintenance operations.

In the “Automotive Related Goods Sales Network,” the Company will cooperate with various companies, including auto-parts retailers such as home centers and gas stations, and promote the mutual use of resources owned by those respective companies while endeavoring to further strengthen the AUTOBACS chain, and will thereby enhance market competitiveness.

In the “Overseas Alliance Network,” the Company will expand its earnings by constructing new business models through cooperation with companies competitive in each country and region and companies owning unique innovation technologies, while linking those companies with supply chains both at home and abroad.

Through these Networks, the Company will integrate information on vehicles, maintenance, changing customer needs, and changes in societal factors such as laws, regulations, and the environment, across the barriers separating companies, with the aim of constructing the “Online Network” to develop and aggregate information that will help strengthen the competitiveness of the respective Businesses.

While focusing on the construction of the Six Networks and coordination among the Networks, the Company will also work to develop its Five Business Infrastructures. The Company will aim to introduce the new value produced by the Networks into the Business Infrastructures, and to have such value contribute to the Seven Businesses, thereby enabling the respective Businesses to develop further. Specifically, the Company will reconstruct infrastructures for IT and logistics, and strengthen the Human Resources Infrastructure with a focus on human resource development.

The Company will also continue to make efforts to introduce and establish schemes/systems for improving effectiveness and speeding up in promoting strategies through measures such as system arrangements for business impetus enhancement and the reinforcement of monitoring.

For financial strategy, the Company will improve its capital efficiency by strengthening investment income

management, reviewing its business portfolio, and visualizing its individual businesses. For shareholder returns, the Company will work for stable dividend and flexible shareholder returns with the aim of achieving an accumulated return to shareholders ratio of 100% during the five years of the Plan.

(3) Business progress and results

(i) Overview of management results for the fiscal term under review

The Japanese economy in the consolidated fiscal term under review faced harsh conditions, such as an ongoing slowdown of economic activities and sluggish consumer spending, due to the spread of COVID-19.

The trend of the domestic automotive-related industry was affected largely by the spread of COVID-19, as seen in the significant decline in the number of new cars sold. The number of registered used cars declined in the first quarter but picked up in the second quarter, surpassing the number recorded in the same period of the previous fiscal term.

Sales related to automotive goods and services in the first quarter fell below those of the same period of the previous fiscal term but then recovered from the second quarter, ultimately remaining at the same level as the same period of the previous consolidated fiscal term on a full-year basis.

The Group worked to prevent the spread of COVID-19 and endeavored to develop an environment where customers can visit and employees can work with a peace of mind, by placing the utmost priority on the health and security of the visiting customers in the region, clients, and employees involved in the business. Sales declined significantly in April and May due to the impact of the spread of COVID-19, but subsequently turned to a recovery from June, although the degree of recovery varied among segments. The Group also strived to reduce selling, general and administrative expenses while continuing to conduct necessary investment.

Even in such circumstances, in order to respond to change in demand and continue to attend closely to the customers of the region and contribute to regional communities, the Company has implemented various measures for the construction and coordination of the Six Networks intended to provide services that suit the various situations of car lifestyles for customers, based on the Five-Year Rolling Plan that plots out the future direction of the Group, and strives to achieve further growth of its business.

The operating results of the Group on a consolidated basis are as follows:

Net sales and gross profit

Group net sales for the consolidated fiscal term under review decreased by 0.4% year on year to ¥220,449 million, gross profit increased by 3.6% year on year to ¥73,288 million.

Selling, general and administrative expenses and operating profit

Selling, general and administrative expenses decreased by 0.7% year on year to ¥62,711 million, and operating profit increased by 39.4% year on year to ¥10,577 million.

Selling, general and administrative expenses decreased due to the curtailment of sales promotion and business trips, etc. due to the impact of the spread of COVID-19. Other factors included an increase in personnel expenses mainly due to the business transfer of franchisee corporations that operate domestic AUTOBACS stores and business companies that conduct statutory safety inspection and maintenance services, as well as performance-based incentive remuneration.

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

Non-operating income decreased by 5.8% year on year to ¥2,283 million. Non-operating expenses fell by 15.9% year on year to ¥1,640 million.

As a result, ordinary profit rose by 39.2% year on year to ¥11,219 million.

Extraordinary income and extraordinary loss

Extraordinary loss consisted of ¥418 million of impairment loss on non-current assets.

Income taxes in total

Income taxes for the consolidated fiscal term under review rose by ¥1,406 million from the previous fiscal term to ¥3,490 million.

Profit attributable to owners of parent

Profit attributable to owners of parent increased by 87.3% year on year to ¥7,050 million.

The net income per share was ¥88.28. The ratio of net income to net sales rose year on year from 1.7% to 3.2%, and return on equity (ROE) rose year on year from 3.1% to 5.8%.

(ii) Management results by segment

a. Matters concerning changes to reportable segments

In order to enhance its market competitiveness by adapting to changes in society, automobiles, and people’s lives, under the Five-Year Rolling Plan that plots out the future direction of the Group, the Company is promoting the construction and coordination of its Six Networks, “Multi-Dealer Network,” “Service Pit Network,” “Next-Generation Maintenance Network,” “Automotive Related Goods Sales Network,” “Overseas Alliance Network,” and “Online Network”), with a view to becoming a platformer in the automotive goods and services aftermarket.

With a view to realizing the Five-Year Rolling Plan, the Company has further reformed its system to develop and promote new businesses in the consolidated fiscal term under review. Accordingly, the departments responsible for promoting and administering the ICT platforms, which previously belonged to the “Domestic AUTOBACS business,” have been transferred to the “Car Dealership, BtoB and Internet businesses,” while the departments and certain consolidated subsidiaries responsible for promoting and administering the Lifestyle Business, etc. have been transferred to the “Other business.”

In the following comparisons with the results of the same period of the previous fiscal term, comparisons and analysis were made based on figures for the same period of the previous fiscal term reclassified under the revised segment classification.

b. Management results by segment



c. Net sales and income by segment

(Unit: million yen)

	Reportable segments					Reconciling items	Amount recognized in consolidated statement of income
	Domestic AUTOBACS business	Overseas business	Car dealership, BtoB and Internet businesses	Other business	Total Reportable segments		
Net sales							
Net sales to outside customers	175,285	9,625	32,683	2,855	220,449	–	220,449
YoY (%)	-1.1%	-16.2%	7.8%	24.1%	-0.4%	–	-0.4%
Internal sales and transfers between segments	2,652	452	8,724	616	12,445	(12,445)	–
Total	177,937	10,077	41,408	3,471	232,894	(12,445)	220,449
YoY (%)	-0.7%	-14.3%	7.2%	24.0%	0.2%	–	-0.4%
Segment profit (loss)	18,756	(172)	(287)	(518)	17,779	(7,201)	10,577
YoY (%)	28.3%	–	–	–	30.0%	–	39.4%

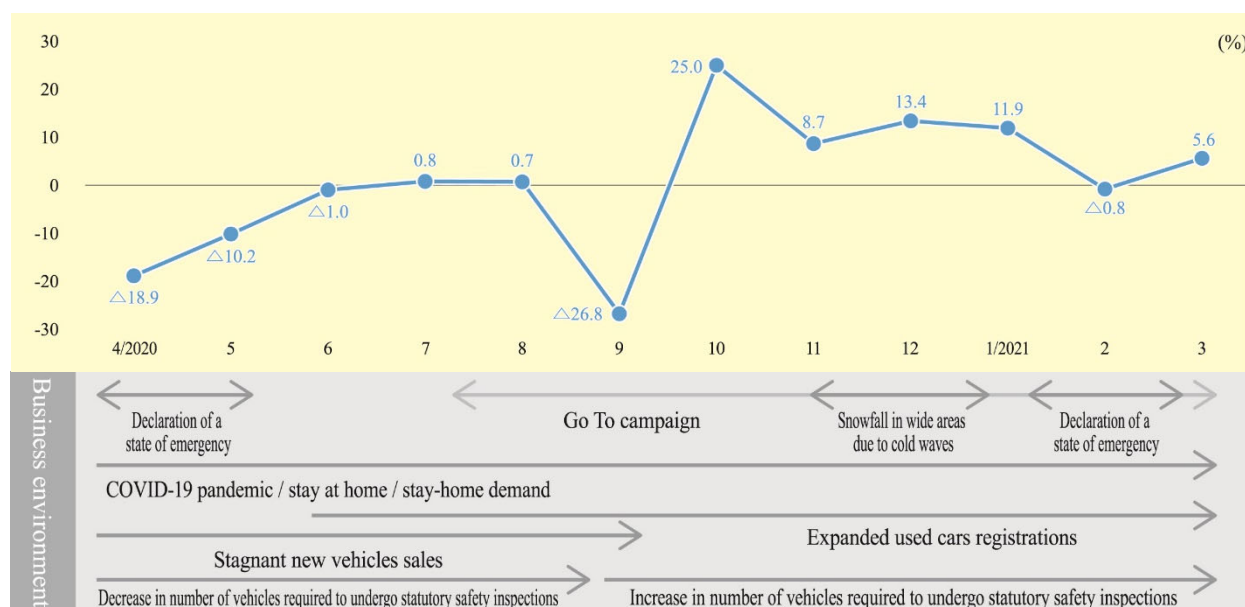
Note: The business descriptions of the segments are as described on page 30.

■ Domestic AUTOBACS business

Net sales of the Domestic AUTOBACS business in the first half of the year fell below those of the same period of the previous fiscal term due to COVID-19, but were steady in the second half of the year partly due to expanded demand for winter goods spurred by the cold wave. As a result, net sales for the consolidated fiscal term under review decreased by 0.7% year on year to ¥177,937 million. Gross profit rose by 4.7% year on year to ¥58,891 million, due in part to a rise in the sales configuration ratio of high-margin items such as batteries, car washing goods, and car interior goods. Selling, general, and administrative expenses decreased by 3.6% year on year to ¥40,134 million due to factors such as decreases in expenses related to sales promotions and transportation expenses for business trips and commuting. As a result, segment profit rose by 28.3% year on year to ¥18,756 million.

Domestic AUTOBACS chain (including stores of franchisee corporations) net sales for all store formats during the consolidated fiscal term under review rose by 0.2% on a same store basis and remained almost unchanged (0.0%) on a total store basis compared to the previous fiscal term.

AUTOBACS chain store net sales on a same store basis versus the previous year (monthly basis)



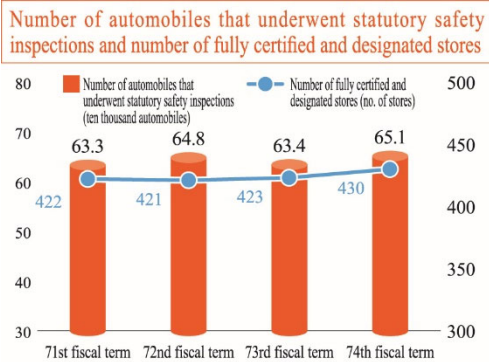
The domestic AUTOBACS chain operated its business by paying maximum attention to measures to prevent the spread of COVID-19, such as minimizing opportunities for physical contact between customers and employees, in order to protect the safe and secure car lives of customers, in the belief that automobiles are an important infrastructure in their daily living.

Sales decreased largely due to the stay-at-home requests associated with the declaration of a state of emergency during the period between April and May. From June onwards however, against a backdrop of increased usage of cars, the number of customers and sales turned to a recovery, centering on goods and services related to vehicle maintenance such as car washing goods, car interior goods, and batteries. In addition, sales increased between December and January largely due to increased demand for winter goods spurred by the cold wave, surpassing sales in the previous year which experienced a record warm winter.

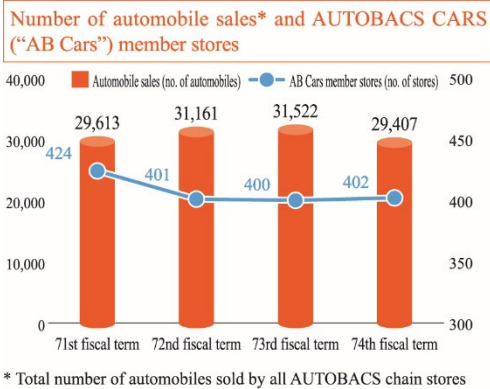
Regarding tire sales, the declaration of a state of emergency sharply curtailed the sales of summer tires in April and May. Although the decline was narrowed from June, sales remained sluggish due to the tendency to avoid long drives in compliance with government directives to refrain from outings. Meanwhile, sales of snow tires grew, spurred by the widespread snowfall caused by the cold wave in December and January. Regarding car electronics, sales of car navigation devices and dashboard cameras declined, due in part to the sluggish sales of new cars. Sales of batteries centered on those for idling stop vehicles grew, thanks to the replacement demand of cars which experienced solid sales three years ago. Additionally, sales of car-washing goods, car scratch repair kits, and car interior goods were favorable against a backdrop of increased usage of cars and other factors. Sales of winter goods such as tire chains and windshield wipers for snow also increased due to the widespread snowfall in December.

The Company also endeavored to improve the attractiveness of merchandise by increasing the merchandise lineups of the private label brand, “AQ. (AUTOBACS QUALITY.)” and of the “GORDON MILLER” brand that propose car-related lifestyles. In addition, the Company implemented operation improvements at stores and hardware renovations, including sales floors and service pits.

For statutory safety inspection and maintenance, the Company carried out online and in-store advertising activities by selecting the “AUTOBACS GUYS” as a symbol of “professional & friendly presence” from among the mechanic personnel working at the actual AUTOBACS Group stores. The Company also promoted online and telephone reservations in an effort to lessen the opportunities for physical contact with customers and to enhance customers’ convenience. As a result, the number of automobiles that underwent the statutory safety inspection increased by 2.7% year on year to roughly 651,000 vehicles.



With regard to automobile purchase and sales, sales decreased significantly in the first half of the year due to the spread of COVID-19, but recovered from October, reaching the same level recorded in the previous fiscal term. As a result, the total number of automobiles sold in the Domestic AUTOBACS business decreased by 6.7% year on year to approximately 29,000 cars.



Regarding store openings and closings in Japan, 3 stores opened and 4 stores closed, making the total number of domestic stores 584 as of March 31, 2021.

Store openings and closings in Japan

(Unit: stores)

	No. of stores as of March 31, 2020	Opened	Closed	No. of stores as of March 31, 2021
AUTOBACS	490	3	-3	490
Super AUTOBACS	74	-	-	74
AUTOBACS <i>Secohan Ichiba</i>	7	-	-1	6
AUTOBACS EXPRESS	11	-	-	11
AUTOBACS CARS	3	-	-	3
Total	585	3	-4	584

- (Notes)
1. AUTOBACS includes “Smart+1” independent stores and “AUTOBACS Garage” stores.
 2. Super AUTOBACS includes “A PIT AUTOBACS” stores.
 3. In addition to the above, there are five JACK & MARIE stores.

Store formats of the AUTOBACS Chain

Logo and images, specs (10 store formats)

AUTOBACS, Super AUTOBACS Type I, Super AUTOBACS Type II, AUTOBACS *Secohan Ichiba*, AUTOBACS EXPRESS, AUTOBACS CARS, Smart+1, AUTOBACS GARAGE, JACK & MARIE, A PIT AUTOBACS SHINONOME

■ Overseas business

Overseas business net sales were ¥10,077 million (a 14.3% decrease year on year), and segment loss was ¥172 million (compared to ¥360 million of segment loss in the same period of the previous fiscal term).

In retail and service business, as well as the wholesaling business, sales were suppressed by temporary store closures, restricted operations and stay-at-home orders associated with the imposition of government restrictions across the globe due to the worldwide spread of COVID-19. However, segment loss decreased from the same period of the previous fiscal term as the Company strived to reduce selling, general and administrative expenses primarily by constraining selling expense and reducing rents.

In retail and service business, sales in France decreased due to restrictions on night time outings and lockdowns imposed intermittently by the government. In Singapore, sales decreased due in part to decreased demand for tires resulting from decreased travel distances, but sales were steady at SK AUTOMOBILE Pte. Ltd., a consolidated subsidiary of the Company engaged in body repair, painting and maintenance business. In Thailand, the Company made its consolidated subsidiary SIAM AUTOBACS Co., Ltd. (“SAB”) a company accounted for by the equity method, by transferring a part of SAB’s shares to PTG Energy Public Company Limited in October 2020 and acquiring shares held by SAB’s minor shareholders in December 2020. Accordingly, the store operation of SAB was transferred to a local partner.

In the wholesaling business, the Company worked to further expand its sales channels in the future with a focus on battery and windshield wipers, in addition to engine oil for overseas markets. In Australia, sales decreased temporarily due to stay-at-home orders, but overall sales exceeded those recorded in the same period of the previous fiscal term primarily owing to a rise in sales of car electronics and walkie-talkies. In China, sales decreased partly due to stay-at-home orders that restricted sales activities for acquiring new deals, but the Company launched a new wholesaling business by opening its first Chinese store as an authorized dealer in Shanghai, in October. Further development in China is planned going forward. The Company also made a foray into the Philippines, Bangladesh, and Taiwan as new wholesaling targets.

Regarding store openings and closings overseas, 3 stores opened and 3 stores closed, making the total number of overseas stores 45.

Number of stores overseas (as of March 31, 2021)

(Unit: stores)

France	Thailand	Singapore	Taiwan	Malaysia	Indonesia	Philippines	Total
10	17	2	6	4	3	3	45

■ Car Dealership, BtoB and Internet businesses

Net sales of Car Dealership, BtoB and Internet businesses were ¥41,408 million (a 7.2% increase year on year) and segment loss was ¥287 million (compared to ¥245 million of segment loss in the same period of the previous fiscal term).

In the Car Dealership business, store traffic volume decreased due to the stay-at-home requests associated with the spread of COVID-19, but sales turned to a recovery in line with a rise in the number of business negotiations that resulted from the recovery in store traffic volume from June. In addition, in June, the Company reformed its management structure of Motoren Tochigi Corp., a subsidiary of AUTOBACS DEALER GROUP HOLDINGS Co., Ltd., which was established in April 2019 to oversee the Car Dealership business, and thereby proceeded with the further streamlining of its structure.

In the BtoB business, sales declined due to restricted business activities of suppliers and business partners following the issuance of stay-at-home requests at the beginning of the fiscal term, but subsequently turned to a recovery with the improvement of demand in the wholesaling business and gradual resumption of sales activities to acquire new deals. Sales of the two consolidated subsidiaries of the Company engaged mainly in the wholesaling business also turned to a recovery, and the Internet sales operated by the subsidiaries saw favorable progress. In the course of establishing network with automobile maintenance companies in the BtoB business, the Company made Takamori Jidousha Seibi Kogyo Co., Ltd., a company mainly engaged in statutory safety inspections, maintenance services and body repair and painting businesses, etc. in Mie Prefecture, a wholly owned subsidiary in May 2020 to promote earnings expansion.

In the Internet business, sales centered on merchandise that require installation decreased, partly due to the suspension of store pick-up services during the period of the state of emergency in April and May, but subsequently recovered from June when the service was resumed. The Company also renewed its EC website in August and developed an environment for expanding functions to tailor its merchandise to vehicle types.

■Other business

Net sales of the other business were ¥3,471 million (a 24.0% increase year on year) and segment loss was ¥518 million (compared to ¥331 million of segment loss in the same period of the previous fiscal term).

(iii) Overview of financial conditions for the fiscal term under review

Status of assets, liabilities and net assets

Current assets

Current assets rose by ¥12,351 million from the end of the previous fiscal term to ¥110,578 million due to an increase in cash and deposits, despite a decrease in merchandise, etc. attributable to reinforced merchandise management.

Property, plant and equipment and intangible assets

Property, plant and equipment fell by ¥38 million from the end of the previous fiscal term to ¥42,086 million. Intangible assets rose by ¥301 million from the end of the previous fiscal term to ¥7,157 million. This was due primarily to the acquisition of software.

Investments and other assets

Investments and other assets rose by ¥2,500 million from the end of the previous fiscal term to ¥28,092 million. This was primarily due to an increase in shares of associates included in investment securities.

Current liabilities

Current liabilities rose by ¥10,445 million from the end of the previous fiscal term to ¥46,577 million. This was due primarily to increases in short-term loans payable borrowed from banks and income taxes payable.

Non-current liabilities

Non-current liabilities rose by ¥802 million from the end of the previous fiscal term to ¥17,503 million. This was primarily due to an increase in long-term loans payable attributable to borrowings from banks.

Total net assets

Total net assets rose by ¥3,867 million from the end of the previous fiscal term to ¥123,833 million. This was due primarily to an increase in profit attributable to owners of parent.

Total assets/total liabilities and net assets

Total assets and total liabilities and net assets rose by ¥15,115 million from the end of the previous fiscal term to ¥187,914 million.

(4) Status of Capital Investment

During the consolidated fiscal term under review, the Group conducted capital investment in a total amount of ¥3,996 million. The main components were new store opening, store renovation, and acquisition of buildings and structures related to relocation of imported car dealership stores, as well as IT system for establishing next-generation information base.

(5) Status of Fund Procurement

During the consolidated fiscal term under review, the Group procured the funds for business operations mainly through refinancing as the entire AUTOBACS chain. The main reason for the increase in the balance of short-term loans payable and long-term loans payable at the end of the consolidated fiscal term under review of ¥5,639 million was execution of new loans mainly to meet the demand for working capital.

(6) The Group's Major Business Line (as of March 31, 2021)

The Group is engaged in wholesale and retail sales of automotive goods and services both in Japan and overseas; online sales; automobile purchase and sales; statutory safety inspection and maintenance services; and the imported car dealership business. It also provides the AUTOBACS chain with store equipment leasing services and conducts credit-related businesses, etc.

The Group's lines of business and the positioning of its segments are as follows.

Segment	Description of business
Domestic AUTOBACS business	Wholesaling of automotive goods such as tires, wheels, and car electronics to domestic franchisee corporations, and leasing of store equipment. Sale and installation services of automotive goods, maintenance services, statutory safety inspection, automobile purchase and sales mainly to domestic general consumers. Major store brands: AUTOBACS, Super AUTOBACS, AUTOBACS <i>Secohan Ichiba</i> and AUTOBACS CARS ("AB Cars"), etc.
Overseas business	Sale and installation services of automotive goods, maintenance services, and body work and painting mainly to overseas general consumers. Also export sales of automotive goods and services mainly to overseas franchisee corporations and retailers.
Car Dealership, BtoB and Internet businesses	Sale of imported cars and services mainly to domestic general consumers. Wholesaling of automotive goods, etc. to domestic hardware stores and the provision of automotive goods and services, etc. through the Company's website and official apps in collaboration with brick-and-mortar stores. In addition, statutory safety inspections, maintenance services and body work and painting businesses, etc.
Other business	Business mainly conducted by subsidiaries, such as credit-related business, insurance agency, intermediation of individual credit purchases at the stores of domestic franchisee corporations, the issuance of affiliated credit cards, and the leasing of equipment, etc. to domestic franchisee corporations. In addition, the development of products relating to lifestyle brands that propose a unique car-oriented worldview, Internet and real store development, and sale of vehicles, etc.

(7) Major Business Locations of the Company (as of March 31, 2021)

Headquarters	6-52, Toyosu 5-chome, Koto-ku, Tokyo	
Eastern Japan Region Headquarters	Ichikawa City, Chiba	
Western Japan Region Headquarters	Kita-ku, Osaka City	
Distribution centers	Eastern Japan Logistics Center	Ichikawa City, Chiba
	Western Japan Logistics Center	Miki City, Hyogo

(8) Key Subsidiaries

Company name	Capital	The Company's investment ratio	Line of business
AUTOBACS Keiyo Ltd.	¥100 million	100.0%	Automotive goods retail business
AUTOBACS Minami-Nihon Sales Ltd.	¥100 million	100.0%	Automotive goods retail business
AUTOBACS FRANCE S.A.S.	EUR 35,300 thousand	100.0%	Automotive goods retail business
AUTOBACS Financial Service Co., Ltd.	¥15 million	100.0%	Leasing business
Autoplatz K.K.	¥100 million	(100.0%)	Imported car sales
CAP Style Co., Ltd.	¥100 million	100.0%	Automotive goods wholesaling business
HOT STUFF CORPORATION	¥47 million	100.0%	Import and export of automotive goods; wholesaling and retail business

- (Notes) 1. The Company's indirect investment ratio is shown in parentheses.
2. Hiroshima AUTOBACS Ltd., which absorbed four subsidiaries of the Company in May 2020, changed its trade name to AUTOBACS Minami-Nihon Sales Ltd.

(9) Key Affiliate Companies

Company name	Capital	The Company's investment ratio	Line of business
Puma Ltd.	¥33 million	32.5%	Automotive goods retail business
Buffalo CO., LTD.	¥614 million	21.9%	Automotive goods retail business
NORTHERN JAPAN AUTOBACS Co., Ltd.	¥100 million	34.0%	Automotive goods retail business

(10) Employment Situation (as of March 31, 2021)**The Group's employment status**

Segment	No. of employees in 73rd fiscal term	No. of employees in 74th fiscal term	Increase/decrease from the previous consolidated fiscal term
Domestic AUTOBACS business	2,856 (731)	2,835 (768)	-21 (37)
Overseas business	735 (26)	563 (27)	-172 (1)
Car Dealership, BtoB and Internet businesses	517 (36)	545 (19)	28 (-17)
Other business	98 (6)	138 (7)	40 (1)
Total Reportable segments	4,206 (799)	4,081 (821)	-125 (22)
Company-wide (common)	179 (29)	198 (32)	19 (3)
Total	4,385 (828)	4,279 (853)	-106 (25)

- (Notes) 1. The number of employees indicates the number of persons actually working for the AUTOBACS SEVEN Group and does not include those who are working on loan for other companies.
2. The yearly average number of temporary employees is shown in parentheses.
3. The number of employees shown in "Company-wide (common)" indicates that of people belonging to the administration divisions.
4. The number of employees in the previous consolidated fiscal term was prepared based on the segment classification for the consolidated fiscal term under review.

(11) Major Lenders and Loan Amount (as of March 31, 2021)

(Unit: million yen)

Lenders	Balance of loans
MUFG Bank, Ltd.	3,000
Sumitomo Mitsui Banking Corporation	2,500
BNP PARIBAS	1,103

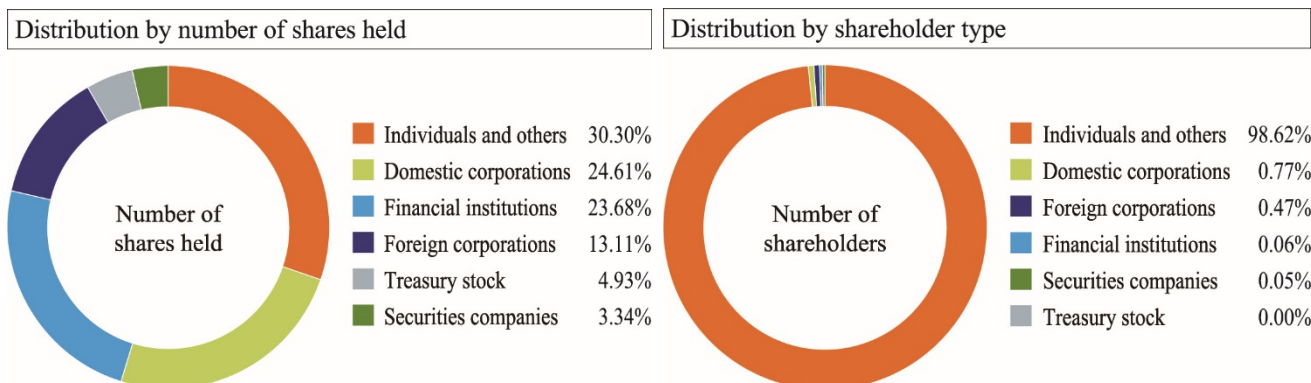
(12) Other Significant Matters Concerning Current Status of the Group

Not applicable

2. Status of the Company

(1) Status of Shares

- (i) Total number of authorized shares: 328,206,900 shares
(ii) Total number of shares issued: 84,050,105 shares (including 4,149,069 treasury stock)
(iii) Number of shareholders: 60,633



Percentages of Distribution by number of shares held and Distribution by shareholder type are rounded down to the second decimal place.

(iv) Major shareholders (Top 10 shareholders)

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

(Notes) 1. Shareholding ratio is calculated by deducting treasury stock from the total number of shares with voting rights.

2. Holdings of less than 1,000 shares have been omitted from the number of shares owned, and the shareholding ratio is rounded down to two decimal places.

(v) Shares issued to the Company's directors as consideration for their execution of duties during the fiscal term under review

	Type and number of shares	Number of persons to whom shares were issued
Directors (excluding outside directors and directors who are audit and supervisory committee members)	9,200 shares	3

(vi) Other significant matters concerning shares**Acquisition, disposal, etc. of treasury stock and the holding thereof** (Unit: shares)

Treasury stock held at the end of the previous fiscal term		4,163,050 ... (i)
Acquired shares	Acquisition through purchase of shares constituting less than one unit	719 ... (ii) (Aggregate acquisition value: ¥999 thousand)
Disposed shares	Disposal of treasury stock as remuneration for granting restricted stock	14,700 ... (iii) (Aggregate disposal value: ¥27,253 thousand)
Treasury stock held at the end of the current fiscal term		4,149,069 (i)+(ii) - (iii)

(vii) Matters concerning stock acquisition rights, etc.

Not applicable

(2) Status of the Company's Directors

(i) Status of directors, significant concurrent positions and relationship with the Company

Position	Name	Responsibility and significant concurrent positions held in other organization	Concurrently held positions
Representative Director	Kiomi Kobayashi	Chief Executive Officer Chief AUTOBACS Chain Officer	—
Director	Yugo Horii	Director and Senior Managing Executive Officer Head of AUTOBACS Business Planning & Operations CEO Office / Business Planning ABT Marketing Co., Ltd.	— Representative Director
Director	Eiichi Kumakura	Director and Senior Managing Executive Officer Head of Merchandise & Services Car Parts & Accessories	—
Director (Outside)	Yoshiko Takayama	J-Eurus IR Co., Ltd.	Managing Director/Board Member
		Japan Corporate Governance Network	Director
		Financial Services Agency / Tokyo Stock Exchange, Inc. The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code	Council Member
		Japan Board Review Co., Ltd.	Representative Director
Director (Full-time Audit and Supervisory Committee Member)	Kozo Sumino	—	—
Director (Full-time Audit and Supervisory Committee Member) (Outside)	Yukio Kakegai	—	—
Director (Audit and Supervisory Committee Member) (Outside)	Minesaburo Miyake	Kewpie Mirai Tamago Foundation	Director General
		Fuji Pharma Co., Ltd.	Outside Director
		KAMEDA SEIKA CO., LTD.	Outside Director
		Cabinet Office Council for Utilization of Dormant Deposits	Expert Committee Chief
		Sushiro Global Holdings Co., Ltd. (current FOOD & LIFE COMPANIES LTD.)	External Director

- (Notes)
- Three (3) directors, Ms. Yoshiko Takayama, Mr. Yukio Kakegai and Mr. Minesaburo Miyake, are outside directors, as provided for in Article 2, Item 15, of the Companies Act.
 - There is no special relationship between the Company and the other companies and organizations mentioned above in which the outside directors hold concurrent positions.
 - Three (3) officers, namely directors Ms. Yoshiko Takayama, Mr. Yukio Kakegai and Mr. Minesaburo Miyake, are independent directors registered with the Tokyo Stock Exchange.
 - Two (2) directors have profound insights into finance and accounting. Director (full-time audit and supervisory committee member) Mr. Kozo Sumino served as a director and was engaged in finance & accounting as an executive officer at the Company. Outside director (full-time audit and supervisory committee member) Mr. Yukio Kakegai has many years of extensive experience in finance and accounting at a business corporation.
 - J-Eurus IR Co., Ltd., a company in which Ms. Yoshiko Takayama assumed the position of Managing Director/Board Member, became a wholly owned subsidiary of Sumitomo Mitsui Trust Bank, Limited, effective April 1, 2020.
 - Mr. Minesaburo Miyake retired from the office of Chairman and Director of NAKASHIMATO CO., LTD. on February 16, 2021 and from the office of Director General of Kewpie Mirai Tamago Foundation on May 26, 2021. He assumed the position of External Director of Sushiro Global Holdings Co., Ltd. (currently FOOD & LIFE COMPANIES LTD.) on December 24, 2020.

(ii) Attendance to the meetings of Board of Directors and Audit and Supervisory Committee

Name	Classification	Board of Directors		Audit and Supervisory Committee	
		Meetings to be attended	Meetings attended	Meetings to be attended	Meetings attended
Kiomi Kobayashi	Director	15 times	15 times		
Yugo Horii	Director	15 times	15 times		
Eiichi Kumakura	Director	15 times	15 times		
Yoshiko Takayama *	Director	15 times	15 times		
Kozo Sumino	Director (Audit and Supervisory Committee Member)	15 times	15 times	14 times	14 times
Yukio Kakegai *	Director (Audit and Supervisory Committee Member)	15 times	15 times	14 times	14 times
Minesaburo Miyake *	Director (Audit and Supervisory Committee Member)	15 times	15 times	14 times	14 times

(Note) Outside directors are indicated by an asterisk (*) to the right of the name.

(iii) Appointment or non-appointment of full-time audit and supervisory committee members, and reasons therefor

The Company has appointed Mr. Kozo Sumino and Mr. Yukio Kakegai as full-time audit and supervisory committee members, in order to strengthen the auditing and supervisory functions of the Audit and Supervisory Committee, collect information from directors (excluding directors who are audit and supervisory committee members), executive officers, etc., share information at important internal meetings, and enable the Audit and Supervisory Committee to fully cooperate with the Internal Audit Department, the internal control department, etc.

(iv) Remuneration, etc. paid to directors**a. Directors' Remuneration Policy**

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

b. Remuneration standard

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

c. Composition and basic policy of remuneration

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

i. Basic remuneration

The scope of control and responsibility, degree of influence on the management of the

consolidated Group, and achievement in the previous year are considered to determine basic remuneration from the remuneration table.

ii. Annual incentive

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

iii. Medium- to long-term incentive

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

d. Process of determining remuneration

- i.** The Company ensures the objectivity and transparency of its remuneration system for directors (excluding directors who are audit and supervisory committee members) and officers, and the remuneration amounts through consultation with the Corporate Governance Committee. In addition, incentives for the Company's directors (excluding outside directors and directors who are audit and supervisory committee members) and officers are calculated in accordance with the remuneration system resolved at the Board of Directors meeting following consultation with the Corporate Governance Committee.
- ii.** Remuneration for the Company's audit and supervisory committee members is decided at the audit and supervisory committee, within the limit of the amount of remuneration resolved in advance at a general meeting of shareholders.

e. Total amount of remuneration, etc. paid to directors and audit and supervisory board members in the fiscal term under review

Classification	Basic remuneration		Incentive				Total amount of remuneration, etc. (million yen)
	Fixed remuneration		Annual		Medium- to long-term (stock remuneration)		
	Number of persons paid	Amount of payment (million yen)	Number of persons paid	Estimated amount to be paid (million yen)	Number of persons paid	Amount of payment (million yen)	
Directors who are not audit and supervisory committee members (excluding outside directors)	3	117	3	111	3	12	240
Directors who are not audit and supervisory committee members (outside directors)	1	12	—	—	—	—	12
Total of directors who are not audit and supervisory committee members	4	129	3	111	3	12	252
Directors who are audit and supervisory committee members (excluding outside directors)	1	25	—	—	—	—	25
Directors who are audit and supervisory committee members (outside directors)	2	34	—	—	—	—	34
Total of directors who are audit and supervisory committee members	3	59	—	—	—	—	59

- (Notes) 1. Pursuant to the resolution of the 72nd ordinary general meeting of shareholders held on June 21, 2019, the Company has transitioned from a company with an audit and supervisory board to a company with an audit and supervisory committee at the conclusion of the meeting.
2. Stock remuneration is stated at an amount posted as expenses for the fiscal year under review.
3. Remuneration for directors (excluding audit and supervisory committee members) was resolved in the amount of ¥480 million or less per year (including ¥50 million or less per year for outside directors) with the number of eligible directors being seven or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.
4. Remuneration for directors (audit and supervisory committee members) was resolved in the amount of ¥120 million or less per year with the number of eligible directors being five or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.
5. Remuneration for granting shares with restrictions on transfer for directors (excluding non-executive directors) was resolved in the amount of ¥100 million or less per year with the number of eligible directors being seven or less at the 72nd ordinary general meeting of shareholders held on June 21, 2019.

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

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

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

The Company has entered into an agreement with four (4) directors which limits the liability set forth in Article 423, Paragraph 1, of the Companies Act, and the liability limit pursuant to such agreement shall be the total amount of a. and b. described below, which are set forth in Article 425, Paragraph 1, of the Companies Act.

- a. The amount obtained by multiplying by two (2) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual property benefits received or to be received from the Company as consideration for the execution of a director's duties while he or she is in office.
- b. In the cases where he or she has subscribed for the Company's stock acquisition rights as set forth in Article 2, Item 21, of the Companies Act (limited to the cases listed in each Item in Article 238, Paragraph 3, of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the property benefits concerning such stock acquisition rights.

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

The Company has entered into a directors and officers liability insurance agreement with an insurance company (contents outlined below), as set forth in Article 430-3, Paragraph 1 of the Companies Act. The Company plans to renew the agreement in December 2021. From among the director candidates to be proposed in the Agenda Item of the election of directors at the 74th ordinary general meeting of shareholders, the candidates for re-nomination are already insured under the insurance agreement and are to remain insured after their election. Meanwhile, new candidates are to be insured after their election.

- * Actual ratio of premiums borne by the insured
The premiums are paid by the Company, including premiums for riders. Therefore, the insured do not bear the actual premiums.
- * Outline of events indemnified
The policy, together with the riders, covers damages that may arise when a director or officer insured under the agreement assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. However, there are certain exemptions, such as in cases when actions are taken with the knowledge that such actions are in violation of laws and regulations.
- * Measures taken so as not to damage the appropriateness of directors' and officers' duties
There are grounds for exemptions under the policy. For example, liability for willful misconduct, illegal offering of private benefits, criminal offense, etc. of the insured will not be covered.
- * Scope of the insured
Directors, audit and supervisory board members, and officers of the Company and its subsidiaries, as well as directors and officers who are dispatched from the Company to companies other than the subsidiaries of the Company (franchisees and other associated companies).

(vii) Matters concerning outside directors

a. Major activities during the fiscal term under review

Classification	Name	Activities
Directors	Yoshiko Takayama	Fulfilled a supervisory function over the Company's management by making appropriate and timely comments focusing on investors' and shareholders' viewpoints, based on her ample experience and profound knowledge of corporate governance and investor relations, etc. Also contributed to promoting and reinforcing the Company's corporate governance mainly by giving advice on response to the Corporate Governance Code as member of the Corporate Governance Committee.
	Yukio Kakegai	Functioned as an audit and supervisory committee member by overseeing the Company's management from an independent position, requesting explanations from the personnel in charge of business execution as needed, and making appropriate and timely comments based on his multiple viewpoints of finance, accounting, and internal audit and ample experience at business corporations. Also contributed to promoting and reinforcing the Company's corporate governance mainly by expressing opinions based on his experience in monitoring and verification through the internal control system as member of the Corporate Governance Committee.
	Minesaburo Miyake	Fulfilled a supervisory function over the Company's management by giving proactive advice to the executive departments and making appropriate and timely comments based on his extensive and ample experience in corporate management at business corporations. Also contributed to promoting and reinforcing the Company's corporate governance as chairman of the Corporate Governance Committee.

b. Relationship with special related business partners such as major clients

Not applicable

c. The total amount of remuneration, etc. received as an officer for the fiscal term under review from the subsidiaries of the Company

Not applicable

(3) Status of the Independent Auditor

(i) Name: Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc.

	Amount of remuneration, etc. (million yen)
Amount of remuneration, etc. of the fiscal term under audit for the independent auditor	83
Total amount of money and other property benefits payable to the independent auditor from the Company and its subsidiaries	90

(Notes) 1. Since the amount of audit remuneration, etc. of the audit based on the Companies Act and that based on the Financial Instruments and Exchange Act are not clearly distinguished under the audit agreement between the Company and the independent auditor and may not be distinguished substantially, the amount of remuneration, etc. of the fiscal term under audit for the independent auditor include the aggregate amount of such remunerations.

2. AUTOBACS FRANCE S.A.S., a subsidiary of the Company, is audited by an audit corporation other than the independent auditor of the Company.

(iii) Content of services other than auditing

The Company paid to Deloitte Touche Tohmatsu LLC a consideration for advice and instruction offered to the Company for examining the Company's accounting policy in response to the adoption of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29).

(iv) Reason for the Audit and Supervisory Committee's consent to the amount of remuneration, etc. for the independent auditor

The Audit and Supervisory Committee, based on the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association ("JASBA"), checks and examines the analysis and assessment of auditing performance for the previous fiscal term, the status of execution of duties by the independent auditor, the auditing time and staff allocation plan concerning the audit plan, and reasonableness of the remuneration estimates and other matters by obtaining necessary documents and receiving reports from directors, internal relevant departments and the independent auditor, and then gives consent to the remuneration amount for the independent auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(v) Policy concerning dismissal or non-reappointment of the independent auditor

The Audit and Supervisory Committee shall determine the details of an agenda item concerning dismissal or non-reappointment of an independent auditor to be presented to the general meeting of shareholders when deemed appropriate, including a case where the execution of his or her duties is disrupted.

In addition, audit and supervisory committee members shall dismiss an independent auditor when he or she is deemed to fall under the cases set forth in each item of Article 340, Paragraph 1, of the Companies Act, subject to consent of all audit and supervisory committee members. In such cases, an audit and supervisory committee member appointed by the Audit and Supervisory Committee shall report that the independent auditor was dismissed and the reasons for his or her dismissal at the first general meeting of shareholders following such dismissal.

(4) Corporate Governance of the Company

(i) Basic concept of Corporate Governance

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

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

<AUTOBACS SEVEN Vision>

2050 Creating Our Future Together

We face the issues of society, automobiles, and people's lives and create a brighter, more vigorous future.

Our energy comes from our customers.

We will steadily grow, day by day, as individuals and as a company, as we continue to shine.

<AUTOBACS Chain Management Mission>

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

(ii) Corporate Governance System

With the aim of further enhancement of corporate governance and the achievement of sustainable growth and the further improvement of the medium- to long-term corporate value; separating business execution and supervision to pursue both effective and swift decision-making and appropriate monitoring of the management of the Company, the Company further reinforces its corporate governance system through the following measures, while taking advantage of its feature as a company with an Audit and Supervisory Committee.

- a. Appointment of one third or more of independent outside directors: enhancement of the supervisory function, protection of general shareholders' interest
- b. Establishment of committees as consultative bodies to the Board of Directors: ensuring of transparency, objectivity and appropriateness
- c. Selection of full-time audit and supervisory committee member and selected members of Audit and Supervisory Committee: ensuring of effectiveness of the activities of Audit and Supervisory Committee, enhancement of the audit function
- d. Adoption of an officer system: Separation of business execution and supervision, clarification of management responsibilities
- e. Regular meetings with officers by audit and supervisory committee members: enhancement and reinforcement of monitoring

Management and Business Execution

1) Board of Directors

The Board of Directors is chaired by the representative director and is composed of seven (7) directors (including three (3) directors who are audit and supervisory committee members), of whom three (3) are independent outside directors (including two (2) directors who are audit and supervisory committee members). It meets once every month, in principle.

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

2) Audit and Supervisory Committee

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

internal control systems via audits performed by the Corporate Audit Department.

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

3) Corporate Governance Committee

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

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

- a. Election and dismissal of candidates for directors (including directors who are audit and supervisory committee members)
- b. Election, dismissal and succession planning for the representative director
- c. Election of executive officers
- d. Remuneration system for directors (excluding directors who are audit and supervisory committee members) and officers
- e. Other matters relating to corporate governance

4) Risk Management Committee

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

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

5) Executive Committee

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

6) Monitoring Committee

The Monitoring Committee is chaired by the chief executive officer and is composed of executive officers. It meets once every month, in principle, and hold discussions to promote business execution by confirming the status of execution and examining countermeasures in each business and business infrastructure.

Outside directors and directors who are audit and supervisory committee members attend the Monitoring Committee as observers and appropriately express opinions necessary for the deliberation, etc. of agenda items.

Audit System

1) Status of audits performed by Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of three (3) audit and supervisory committee members (including two (2) independent outside directors), establishes the auditing standards, auditing policies, and auditing plans, etc., and receives reports on the status and results of audits via selected audit and supervisory committee members and internal control systems in cooperation with the Corporate Audit Department, etc. Full-time audit and supervisory committee members and other related members receive reports from the directors and independent auditors on the status of execution of their duties and requests explanations as necessary.

Audit and supervisory committee members attend the Board of Directors meetings, the Executive Committee, the Monitoring Committee and other important meetings, receive reports on important managerial matters, request explanations, as necessary, and thereby audit the execution of duties of directors and officers.

With the aim of strengthening the functions of the Audit and Supervisory Committee, the Company has selected full-time audit and supervisory committee members, audit and supervisory committee

members with insights into finance and accounting and audit and supervisory committee members with independence. The Company also assigns several employees to support the duties of the Audit and Supervisory Committee. Through these efforts, the Company has improved a system to increase the effectiveness of the audits performed by the Audit and Supervisory Committee.

The audit and supervisory committee members who have insights into finance and accounting as stated above are Mr. Kozo Sumino and Mr. Yukio Kakegai. Brief details on their career histories in finance and accounting are as follows:

Mr. Kozo Sumino: he has served as a director and was engaged in finance & accounting as an officer at the Company.

Mr. Yukio Kakegai: he has many years of extensive experience in finance and accounting at a business corporation.

The Audit and Supervisory Committee has selected full-time audit and supervisory committee members Mr. Kozo Sumino and Mr. Yukio Kakegai (outside director) as selected audit and supervisory committee members.

2) Status of internal audit

The Corporate Audit Department, which is under the direct control of the representative director and independent of business operation departments, is in charge of internal audits and performs audits in cooperation with the Audit and Supervisory Committee. The Corporate Audit Department is composed of eight (8) staff members, evaluate the internal control system and continuously perform audits to determine that the business activities of the Company and its subsidiaries are in compliance with laws and regulations, internal rules and manuals.

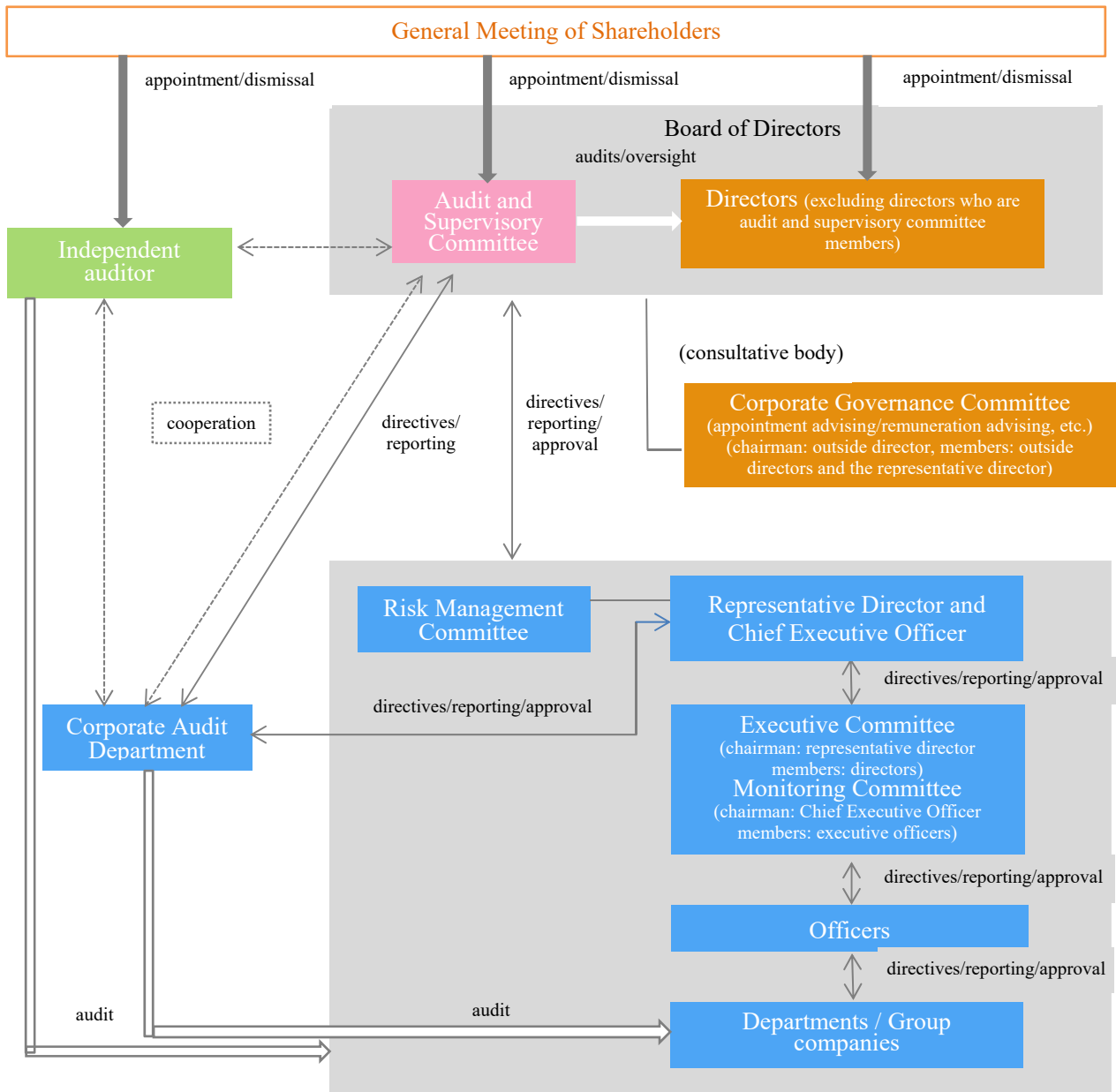
Evaluation and audit results are reported to the representative director and the Audit and Supervisory Committee, etc. as appropriate. If any deficiency is revealed, the internal audit department instructs the relevant department to correct and improve that deficiency.

An internal rule stipulates that in the event of any emergency relating to the representative director, instructions from the Audit and Supervisory Committee will have priority and the system for instructions and reporting will be changed.

As mentioned above, the Company holds meetings, either monthly or as necessary, for the reporting and exchange of opinions among the Corporate Audit Department, the Audit and Supervisory Committee, with internal control department, as well as between the Audit and Supervisory Committee and Deloitte Touche Tohmatsu LLC. The respective parties make efforts to cooperate by reporting the results of the audits and exchanging opinions at those meetings. If any deficiency is detected as a result of an audit or an evaluation of internal control systems, the Audit and Supervisory Committee and the Corporate Audit Department will issue instructions on the correction of such deficiency to each department, including the internal control department or subsidiaries, and continuously check the status of such correction.

3) Accounting audits

The Company has concluded an audit agreement with Deloitte Touche Tohmatsu LLC, which performs accounting audits of the Company.



(iii) Overview of the Results of Evaluation of Effectiveness of the Board of Directors

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

1) Method of Evaluation

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

2) Overview of the Results of Evaluation for the Fiscal Term Ended March 31, 2021

As a result of the evaluation for the fiscal term under review, the Company has confirmed that the current Board of Directors and Corporate Governance Committee function appropriately in general. In particular, with regard to the operation of the Board of Directors’ meeting, the Company received many positive evaluations of the improvements made to its system.

On the other hand, the Company has confirmed that, with regard to the issues for the future, there is room for improvement in its non-financial initiatives such as ESG and SDGs, in its ongoing arguments regarding the current state of governance, and in its arrangements and arguments regarding its vision and views from a medium-to long-term perspective.

(iv) Compliance

The Company promotes the reinforcement of the compliance system, while thoroughly notifying all the stores of the Group, including the headquarters, subsidiaries and franchise stores, of the importance of business activities conforming to laws and regulations and ethics.

Laws and regulations and corporate ethics shall be complied with, as a matter of course. On that major premise, the Company has clearly defined the “Code of Conduct” and “Guidelines for Action” that meet the reasonable expectations of all stakeholders, and ensures thorough compliance and promotes enlightening activities based on such basic principles not only within the Company but also among franchisee corporations. As a system for examining the status of compliance, an Integrated Risk Management Secretariat Council comprised of relevant departments is held on a monthly basis to check for any activities that fall outside the scope of the Code of Conduct and Guidelines for Action. A system for swiftly dealing with any activities that are deemed problematic has also been established.

3. System and Policy of the Company

Policy for Decisions on Distribution of Surpluses, etc.

The Company recognizes returning profits to shareholders as one of its most important issues, and will strive to return a steady high level of profits to shareholders by increasing Company earnings.

As for the distribution of profits, the Company makes it a basic policy to work for stable and flexible shareholder returns with the aim of achieving an accumulated return to shareholders ratio of 100% during the planned period of five years in the Five-Year Rolling Plan.

With regard to the year-end dividend, the Company will pay a dividend of ¥30 per share as originally planned, resulting in an annual dividend of ¥60 per share.

In the next consolidated fiscal term, the Company plans to pay an interim dividend of ¥30 per share and a year-end dividend of ¥30 per share, for total annual dividends of ¥60 yen per share.

Dividends and acquisition of treasury stock in the latest three consolidated fiscal terms

(Note) Figures are determined on the basis of the assumption that the agenda item regarding “Appropriation of surplus” is adopted at the 74th ordinary general meeting of shareholders.

	72nd fiscal term April 1, 2018 to March 31, 2019	73rd fiscal term April 1, 2019 to March 31, 2020	74th fiscal term April 1, 2020 to March 31, 2021
Dividend per share (annual)	¥60	¥60	¥60
Total amount of dividends (annual)	¥4,905 million	¥4,793 million	¥4,794 million
Consolidated dividend payout ratio	90.1%	127.4%	68.0%
Value of treasury stock acquired	¥2,911 million	¥2,088 million	—
Return to shareholders ratio	142.5%	182.8%	68.0%

Consolidated Balance Sheet (as of March 31, 2021)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	110,578	Current liabilities	46,577
Cash and deposits	38,940	Notes and accounts payable - trade	13,845
Notes and accounts receivable - trade	23,580	Short-term loans payable	5,885
Lease investment assets	4,912	Lease obligations	694
Merchandise	18,327	Accounts payable - other	15,104
Short-term loans receivable	163	Income taxes payable	3,462
Accounts receivable - other	21,954	Other	7,584
Income taxes receivable	10	Non-current liabilities	17,503
Other	2,779	Long-term loans payable	2,567
Allowance for doubtful accounts	(90)	Lease obligations	3,519
Non-current assets	77,336	Deferred tax liabilities	389
Property, plant and equipment	42,086	Provision for retirement benefit for directors (and other officers)	57
Buildings and structures	11,960	Retirement benefit liability	3,151
Machinery, equipment and vehicles	3,435	Asset retirement obligations	2,320
Tools, furniture and fixtures	1,553	Other	5,499
Land	21,992	Total Liabilities	64,081
Leased assets	352	(Net Assets)	
Right-of-use assets	2,534	Shareholders' equity	121,897
Construction in progress	257	Capital stock	33,998
Intangible assets	7,157	Capital surplus	34,286
Goodwill	1,697	Retained earnings	61,359
Software	3,400	Treasury shares	(7,747)
Other	2,058	Accumulated other comprehensive income	1,283
Investments and other assets	28,092	Valuation difference on available-for-sale securities	2,367
Investment securities	8,970	Foreign currency translation adjustment	505
Long-term loans receivable	204	Remeasurements of defined benefit plans	(1,590)
Deferred tax assets	4,861	Non-controlling interests	653
Guarantee deposits	13,008	Total Net Assets	123,833
Other	1,065	Total Liabilities and Net Assets	187,914
Allowance for doubtful accounts	(18)		
Total Assets	187,914		

Consolidated Statement of Income (April 1, 2020-March 31, 2021)

(Unit: million yen)

Account Item	Amount	
Net sales		220,449
Cost of sales		147,160
Gross profit		73,288
Selling, general and administrative expenses		62,711
Operating profit		10,577
Non-operating income		
Interest income	52	
Dividend income	55	
Share of profit of entities accounted for using equity method	70	
Commission income	47	
Lease revenue - system equipment	692	
Other	1,364	2,283
Non-operating expenses		
Interest expenses	65	
Lease cost - system equipment	638	
Loss on retirement of non-current assets	119	
Other	817	1,640
Ordinary profit		11,219
Extraordinary losses		
Impairment loss	418	418
Profit before income taxes		10,801
Income taxes - current	4,238	
Income taxes - deferred	(747)	3,490
Profit		7,311
Profit attributable to non-controlling interests		260
Profit attributable to owners of parent		7,050

Consolidated Statement of Changes in Equity (April 1, 2020-March 31, 2021)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,998	34,297	59,110	(7,771)	119,635
Changes of items during period					
Dividends of surplus			(4,793)		(4,793)
Profit attributable to owners of parent			7,050		7,050
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares			(7)	27	20
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(11)			(11)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(11)	2,249	23	2,261
Balance at end of current period	33,998	34,286	61,359	(7,747)	121,897

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,550	(16)	(1,917)	(383)	714	119,966
Changes of items during period						
Dividends of surplus						(4,793)
Profit attributable to owners of parent						7,050
Purchase of treasury shares						(3)
Disposal of treasury shares						20
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Change in ownership interest of parent due to transactions with non-controlling interests						(11)
Net changes of items other than shareholders' equity	817	522	326	1,666	(61)	1,605
Total changes of items during period	817	522	326	1,666	(61)	3,867
Balance at end of current period	2,367	505	(1,590)	1,283	653	123,833

Summary Consolidated Statement of Cash Flows (April 1, 2020-March 31, 2021) (Reference)

(Unit: million yen)

Items	Amount
Net cash provided by (used in) operating activities	17,163
Net cash provided by (used in) investing activities	(6,085)
Net cash provided by (used in) financing activities	(309)
Effect of exchange rate change on cash and cash equivalents	82
Net increase (decrease) in cash and cash equivalents	10,851
Cash and cash equivalents at beginning of period	28,051
Cash and cash equivalents at end of period	38,903

(Note) Any fractional amounts less than one million yen are discarded.

(Note) This statement is out of the scope of the Audit Report.

Status of cash flow

Cash and cash equivalents (hereinafter referred to as “funds”) at end of the fiscal term under review increased by ¥10,851 million from the end of the previous fiscal term to ¥38,903 million, due to an inflow of funds from operating activities in the amount of ¥17,163 million, an outflow of funds from investing activities in the amount of ¥6,085 million, and an outflow of funds from financing activities in the amount of ¥309 million.

Status of each cash flow and factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥17,163 million (net cash provided by operating activities of ¥10,603 in the same period of the previous fiscal term). Major components of inflow were profit before income taxes of ¥10,801 million and proceeds from operating transactions adjusted with non-cash profit and loss items, etc. of ¥19,408 million. Major components of outflow were payment of income taxes of ¥2,319 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥6,085 million (net cash used in investing activities of ¥3,370 million in the same period of the previous fiscal term). Major components of inflow were proceeds from refund of guarantee deposits of ¥233 million. Major components of outflow were purchase of property, plant and equipment and intangible assets of ¥3,996 million and purchase of shares of subsidiaries and associates of ¥1,079 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥309 million (net cash used in financial activities of ¥9,684 million in the same period of the previous fiscal term). Major components of inflow were proceeds from short-term borrowings (net) of ¥4,830 million and proceeds from long-term borrowings of ¥2,064 million. Major components of outflow were dividends paid of ¥4,793 million and repayments of long-term borrowings of ¥1,473 million.

Non-Consolidated Balance Sheet (as of March 31, 2021)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	78,897	Current liabilities	35,310
Cash and deposits	31,139	Accounts payable - trade	11,755
Accounts receivable - trade	12,769	Short-term loans payable	5,000
Lease investment assets	6,312	Lease obligations	144
Merchandise	6,783	Accounts payable - other	4,224
Prepaid expenses	1,050	Accrued expenses	1,712
Short-term loans receivable	11,601	Income taxes payable	2,440
Accounts receivable - other	8,053	Deposits received	9,152
Other	1,202	Unearned revenue	797
Allowance for doubtful accounts	(14)	Other	82
Non-current assets	82,486	Non-current liabilities	9,757
Property, plant and equipment	31,477	Long-term loans payable	1,600
Buildings	6,672	Lease obligations	773
Structures	760	Provision for retirement benefits	613
Machinery and equipment	2,379	Long-term guarantee deposited	5,643
Vehicles	254	Asset retirement obligations	1,118
Tools, furniture and fixtures	715	Other	10
Land	20,504	Total Liabilities	45,068
Construction in progress	190	(Net Assets)	
Intangible assets	3,524	Shareholders' equity	113,953
Leasehold right	641	Capital stock	33,998
Software	2,870	Capital surplus	34,278
Other	13	Legal capital surplus	34,278
Investments and other assets	47,484	Retained earnings	53,368
Investment securities	3,919	Legal retained earnings	1,296
Shares of subsidiaries and associates	20,466	Other retained earnings	52,071
Long-term loans receivable from subsidiaries and associates	7,507	Reserve for business expansion	665
Long-term prepaid expenses	516	Reserve for reduction entry of assets	797
Deferred tax assets	2,572	General reserves	46,350
Guarantee deposits	12,301	Retained earnings brought forward	4,259
Other	213	Treasury shares	(7,691)
Allowance for doubtful accounts	(12)	Valuation and translation adjustments	2,362
		Valuation difference on available-for-sale securities	2,362
		Total Net Assets	116,315
Total Assets	161,384	Total Liabilities and Net Assets	161,384

Non-Consolidated Statement of Income (April 1, 2020-March 31, 2021)

(Unit: million yen)

Account Item	Amount	
Net sales		155,082
Cost of sales		120,063
Gross profit		35,018
Selling, general and administrative expenses		28,313
Operating profit		6,704
Non-operating income		
Interest income	133	
Dividend income	753	
Commission income	21	
Lease revenue - system equipment	1,068	
Other	729	2,705
Non-operating expenses		
Interest expenses	17	
Lease cost - system equipment	983	
Other	444	1,444
Ordinary profit		7,965
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	66	66
Extraordinary losses		
Impairment loss	60	
Loss on valuation of shares of subsidiaries and associates	267	
Loss on liquidation of subsidiaries and associates	322	650
Profit before income taxes		7,381
Income taxes – current	2,747	
Income taxes – deferred	(452)	2,295
Profit		5,086

Non-Consolidated Statement of Changes in Equity (April 1, 2020-March 31, 2021)

(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	Reserve for special depreciation	General reserves	Retained earnings brought forward	
Balance at beginning of current period	33,998	34,278	34,278	1,296	665	797	25	46,350	3,947	53,082
Changes of items during period										
Dividends of surplus									(4,793)	(4,793)
Profit									5,086	5,086
Reversal of reserve for reduction entry of assets						(0)			0	—
Reversal of reserve for special depreciation							(25)		25	—
Purchase of treasury shares										—
Disposal of treasury shares									(7)	(7)
Net changes of items other than shareholders' equity										
Total changes of items during period	—	—	—	—	—	(0)	(25)	—	311	285
Balance at end of current period	33,998	34,278	34,278	1,296	665	797	—	46,350	4,259	53,368

	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	(7,718)	113,641	1,553	1,553	115,194
Changes of items during period					
Dividends of surplus		(4,793)			(4,793)
Profit		5,086			5,086
Reversal of reserve for reduction entry of assets		—			—
Reversal of reserve for special depreciation		—			—
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	27	20			20
Net changes of items other than shareholders' equity			809	809	809
Total changes of items during period	26	312	809	809	1,121
Balance at end of current period	(7,691)	113,953	2,362	2,362	116,315

Independent Auditors' Report on Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 18, 2021

To the Board of Directors of
AUTOBACS SEVEN Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo Office

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

Masahiro Ide

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

Yuji Ujigawa

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, 2020 to March 31, 2021.

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.

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 presentation 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is 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 safeguards that are in place to reduce or eliminate obstacles.

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.

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

END

Independent Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 18, 2021

To the Board of Directors of
AUTOBACS SEVEN Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo Office

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

Masahiro Ide

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

Yuji Ujigawa

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 74th fiscal year from April 1, 2020 to March 31, 2021.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations for the year then ended 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.

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 safeguards that are in place to reduce or eliminate obstacles.

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.

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

END

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 74th fiscal term from April 1, 2020 to March 31, 2021, 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, Officers, 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, Officers, 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, including remote 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 on October 28, 2005), 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, 2021

The Audit and Supervisory Committee of AUTOBACS SEVEN Co., Ltd.

Kozo Sumino Audit and Supervisory Committee Member (Full-time)

Yukio Kakegai Outside Audit and Supervisory Committee Member (Full-time)

Minesaburo Miyake Outside Audit and Supervisory Committee Member

(Note) Mr. Yukio Kakegai and Mr. Minesaburo Miyake, 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.