

Please note that this document is a translation of the official Japanese notice of convocation of the 72nd 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.

You are requested to attend the Ordinary General Meeting of Shareholders

(Securities code 9832)
June 3, 2019

To Our Shareholders

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

**NOTICE OF CONVOCATION OF
THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 72nd ordinary general meeting of shareholders of AUTOBACS SEVEN Co., Ltd. (the “Company”).

The meeting will be held as described below. When attending the meeting in person, due to environmental considerations, please bring this NOTICE OF CONVOCATION OF THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS and submit the enclosed Exercise of Voting Rights form to the receptionist.

Particulars

1. Date and time: June 21, 2019 (Friday) 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 Board for the 72nd fiscal term (from April 1, 2018 to March 31, 2019)
 2. Report on the non-consolidated financial statements for the 72nd fiscal term (from April 1, 2018 to March 31, 2019)Matters to be resolved:
 - Agenda Item No. 1: Appropriation of surplus
 - Agenda Item No. 2: Partial amendment to the Articles of Incorporation
 - Agenda Item No. 3: Election of four (4) directors (excluding directors who are audit and supervisory committee members)
 - Agenda Item No. 4: Election of three (3) directors who are audit and supervisory committee members
 - Agenda Item No. 5: Determination of remuneration for directors (excluding directors who are audit and supervisory committee members)
 - Agenda Item No. 6: Determination of remuneration for directors who are audit and supervisory committee members
 - Agenda Item No. 7: Determination of remuneration for granting restricted stock to directors

- If you are unable to attend the meeting, you can exercise your voting rights by postal mail or via the Internet.

<<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” 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 audit and supervisory board members 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

The voting rights at the general meeting of shareholders are important rights for decision-making granted to shareholders. 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 attendance at the meeting

When attending the meeting in person, bring this NOTICE OF CONVOCATION OF THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS and submit the enclosed Exercise of Voting Rights form to the receptionist.

Date and time: June 21, 2019 (Friday) at 10:00 a.m.

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 5:50 p.m. on June 20, 2019 (Thursday)

Exercise of voting rights via the Internet

Access the website for exercising voting rights (<https://www.web54.net>) and follow the instructions on the screen to enter approval/disapproval for the respective proposal.

Deadline: Must be received by 5:50 p.m. on June 20, 2019 (Thursday)

- 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, the vote made via the Internet shall be deemed effective.
- If you have exercised your voting rights several times via the Internet 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.

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 during the 2017 Medium-term Business Plan period, the Company's basic policy will be to maintain a consolidated payout ratio of 50% to 100% in principle, and provide appropriate returns to shareholders based on business results.

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

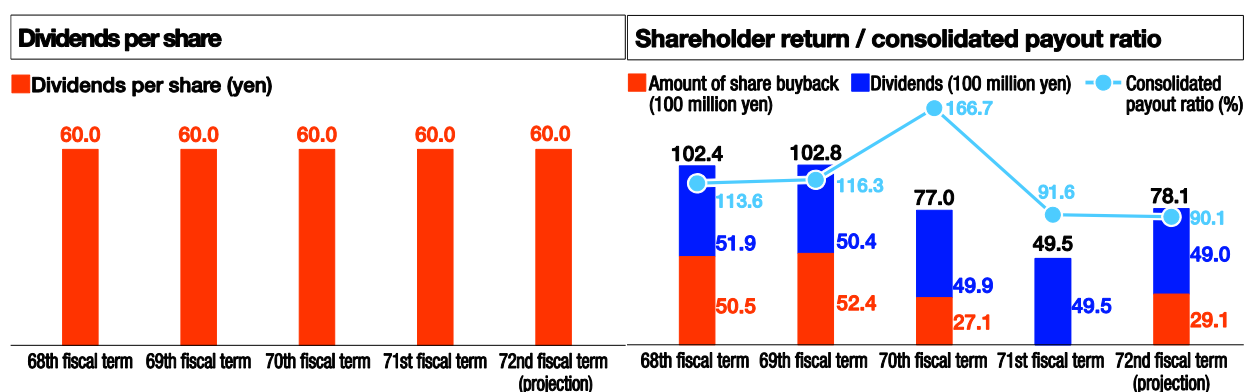
30 yen per ordinary share of the Company

Total amounting to 2,429,628,390 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, 2019



Agenda Item No. 2 and Reference Matters

Agenda Item No. 2: Partial amendment to the Articles of Incorporation

1. Reasons for proposals

The Company requests the shareholders' approval for necessary amendments to and deletions of the provisions of the current Articles of Incorporation of the Company, for the following reasons.

If approved as originally proposed, the amendments to the Articles of Incorporation in the present Agenda Item shall take effect at the conclusion of this general meeting of shareholders.

(1) Amendments related to a shift to a company with an Audit and Supervisory Committee

With the aim of the further enhancement of corporate governance and the achievement of sustainable growth and the further improvement of the medium- to long-term corporate value, the Company will transition from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. Accordingly, the Company proposes the following amendments.

- 1) The Company will newly establish provisions concerning directors who are audit and supervisory committee members and the Audit and Supervisory Committee, and delete the provisions concerning audit and supervisory board members and the Audit and Supervisory Board, in accordance with the requirements for a transition to a company with an Audit and Supervisory Committee.
- 2) The Company will newly establish provisions to allow the Board of Directors to delegate, in whole or in part, decisions on the execution of important business operations (excluding matters specified in the items of Article 399-13, Paragraph 5, of the Companies Act) to directors, by resolutions of the Board of Directors.
- 3) In conjunction with the transition to a company with an Audit and Supervisory Committee, the Company will make other necessary amendments to the text of the provisions.

(2) Other overall amendments

As a result of the new establishment and deletion of the provisions, the Company will renumber several articles and make necessary amendments and arrangements as a whole, such as adjustments of the expressions and corrections of the wording.

2. Contents of the amendments to the Articles of Incorporation

The proposed amendments are as follows.

(Underlined parts to be amended)

Present Articles	Proposed Amendment
<p>CHAPTER 1. GENERAL PROVISIONS</p> <p>Article 1-3: <Omitted></p> <p>(Establishment of Organs)</p> <p>Article 4: The Company shall have the Board of Directors, <u>the audit and supervisory board members, the Audit and Supervisory Board</u> and the independent auditor, in addition to the general meeting of shareholders and directors.</p> <p>Article 5: <Omitted></p>	<p>CHAPTER 1. GENERAL PROVISIONS</p> <p>Article 1-3: <Unchanged></p> <p>(Establishment of Organs)</p> <p>Article 4: The Company shall have the Board of Directors, <u>the Audit and Supervisory Committee</u> and the independent auditor, in addition to the general meeting of shareholders and directors.</p> <p>Article 5: <Unchanged></p>
<p>CHAPTER 2. SHARES</p> <p>Article 6-10: (Omitted)</p> <p>(Shareholder Register Administrator)</p> <p>Article 11: <Omitted></p> <p>2. The shareholder register administrator and its workplace shall be designated by <u>a resolution of the Board of Directors</u> and announced publicly.</p> <p>3. <Omitted></p> <p>Article 12: <Omitted></p>	<p>CHAPTER 2. SHARES</p> <p>Article 6-10: <Unchanged></p> <p>(Shareholder Register Administrator)</p> <p>Article 11: <Unchanged></p> <p>2. The shareholder register administrator and its workplace shall be designated by a resolution of the Board of Directors <u>or a director authorized by a resolution of the Board of Directors</u> and announced publicly.</p> <p>3. <Unchanged></p> <p>Article 12: <Unchanged></p>
<p>CHAPTER 3. GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 13-19: <Omitted></p>	<p>CHAPTER 3. GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 13-19: <Unchanged></p>
<p>CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors)</p> <p>Article 20: <u>The number of directors of the Company shall be twelve (12) or less.</u></p> <p><New establishment></p> <p>(Election of Directors)</p> <p><New establishment></p> <p><u>Article 21: <Omitted></u></p> <p><u>2. <Omitted></u></p> <p>(Term of Office of Directors)</p> <p>Article 22: The term of office of directors shall expire at the end of the ordinary general meeting of shareholders held with respect to the last business year that end within one (1) year after their appointment.</p> <p><New establishment></p>	<p>CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors)</p> <p>Article 20: <u>The number of directors of the Company (excluding directors who are audit and supervisory committee members) shall be seven (7) or less.</u></p> <p><u>2. The number of directors of the Company who are audit and supervisory committee members shall be five (5) or less.</u></p> <p>(Election of Directors)</p> <p><u>Article 21: Directors shall be elected at the general meeting of shareholders by distinguishing directors who are audit and supervisory committee members and other directors.</u></p> <p><u>2. <Unchanged></u></p> <p><u>3. <Unchanged></u></p> <p>(Term of Office of Directors)</p> <p>Article 22: The term of office of directors <u>(excluding directors who are audit and supervisory committee members)</u> shall expire at the end of the ordinary general meeting of shareholders held with respect to the last business year that end within one (1) year after their appointment.</p> <p><u>2. The term of office of directors who are audit and supervisory committee members shall expire at the</u></p>

Present Articles	Proposed Amendment
<p>2. The term of office of a director who was elected due to <u>an increase in the number of directors or as a substitute for a director who resigned prior to the expiration of his/her term of office shall expire at the time of expiration of the term of office of other serving directors.</u></p> <p>(Representative director) Article 23: The Board of Directors shall appoint a representative director by its resolution.</p> <p>Article 24: <Omitted></p> <p>(Convocation of Board of Directors Meeting) Article 25: Convocation notices for Board of Directors meetings shall be issued to the respective directors <u>and audit and supervisory board members</u> at least three (3) days prior to the date of such meeting. Provided, however, that this period may be shortened in case of emergency. Board of Directors meetings may be convened without notice in the presence of the consent of all directors <u>and audit and supervisory board members.</u></p> <p>Article 26: <Omitted></p> <p><New establishment></p> <p>(Board of Directors Regulations) Article 27: Board of Directors regulations decided by the Board of Directors shall govern matters relating to the Board of Directors.</p> <p>(Remuneration, etc. of Directors) Article 28: Remuneration, bonus and other property benefits received from the Company as compensation for execution of duties (<u>hereinafter referred to as "Remuneration, etc."</u>) of directors shall be determined by a resolution of general meeting of shareholders.</p> <p>(Exemption from Liability of Directors) Article 29: The Company may, by resolution of</p>	<p><u>end of the ordinary general meeting of shareholders held with respect to the last business year that end within two (2) years after their appointment.</u></p> <p>3. The term of office of a director who <u>is an audit and supervisory committee member and</u> was elected as a substitute for <u>such director</u> who resigned prior to the expiration of his/her term of office shall expire at the time of expiration of the term of office <u>of the resigned director who was an audit and supervisory committee member.</u></p> <p>(Representative director) Article 23: The Board of Directors shall appoint a representative director <u>from among the directors (excluding directors who are audit and supervisory committee members)</u> by its resolution.</p> <p>Article 24: <Unchanged></p> <p>(Convocation of Board of Directors Meeting) Article 25: Convocation notices for Board of Directors meetings shall be issued to the respective directors at least three (3) days prior to the date of such meeting. Provided, however, that this period may be shortened in case of emergency. Board of Directors meetings may be convened without notice in the presence of the consent of all directors.</p> <p>Article 26: <Unchanged></p> <p><u>(Delegation of Decisions on the Execution of Important Business)</u> <u>Article 27: The Company may delegate, in whole or in part, decisions on the execution of important business (excluding items stated in Article 399-13, Paragraph 5 of the Companies Act) to directors by resolutions of Board of Directors pursuant to Article 399-13, Paragraph 6 of the said Act.</u></p> <p>(Board of Directors Regulations) Article 28: Board of Directors regulations decided by the Board of Directors shall govern matters relating to the Board of Directors, <u>in addition to laws and regulations or the Articles of Incorporation.</u></p> <p>(Remuneration, etc. of Directors) Article 29: Remuneration, bonus and other property benefits received from the Company as compensation for execution of duties of directors shall be determined by a resolution of general meeting of shareholders <u>by distinguishing such benefits for directors who are audit and supervisory committee members from such benefits for other directors.</u></p> <p>(Exemption from Liability of Directors) Article 30: The Company may, <u>pursuant to the</u></p>

Present Articles	Proposed Amendment
<p>Board of Directors, give exemption to directors (including persons who have served as directors) from liability for damages to the Company within the amount of limit stipulated by laws and regulations.</p> <p>2 The Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into agreements with directors (excluding directors with executive duties) <u>regarding</u> their liability for damages to the Company; however, the amount of limit of liability for damages under such agreement shall be the amount of limit stipulated by laws and regulations.</p>	<p><u>provisions of Article 426, Paragraph 1 of the Companies Act, by resolution of Board of Directors,</u> give exemption to directors (including persons who have served as directors) from liability for damages to the Company <u>caused by negligence of their duties</u> within the amount of limit stipulated by laws and regulations.</p> <p>2 The Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into agreements with directors (excluding directors with executive duties) <u>to limit their liability for damages to the Company caused by negligence of their duties;</u> however, the amount of limit of liability for damages under such agreement shall be the amount of limit stipulated by laws and regulations.</p>
<p><u>CHAPTER 5. AUDIT AND SUPERVISORY BOARD MEMBERS AND THE AUDIT AND SUPERVISORY BOARD</u></p> <p><u>(Number of Audit and Supervisory Board Members)</u> <u>Article 30: The number of audit and supervisory board members of the Company shall be five (5) or less.</u></p> <p><u>(Election of Audit and Supervisory Board Members)</u> <u>Article 31: A resolution for the election of audit and supervisory board members shall be adopted by a majority vote of the shareholders in attendance having one-third (1/3) or more of voting rights exercisable at the general meeting of shareholders.</u></p> <p><u>(Term of Office of Audit and Supervisory Board Members)</u> <u>Article 32: The term of office of audit and supervisory board members shall expire at the end of the ordinary general meeting of shareholders held with respect to the last business year that end within four (4) years after their appointment.</u></p> <p><u>(Full-time audit and supervisory board member)</u> <u>Article 33: The Audit and Supervisory Board shall select full-time audit and supervisory board members by its resolutions.</u></p> <p><u>(Convocation of Audit and Supervisory Board Meetings)</u> <u>Article 34: Convocation notices for Audit and Supervisory Board meetings shall be issued to the respective audit and supervisory board members at least three (3) days before the date of such meeting. Provided, however, that this period may be shortened in case of emergency. Audit and Supervisory Board meetings may be convened without notice in the presence of the consent of all audit and supervisory board members.</u></p> <p><u>(Audit and Supervisory Board Regulations)</u></p>	<p><Deleted></p> <p>< Deleted ></p> <p>< Deleted ></p> <p>< Deleted ></p> <p>< Deleted ></p> <p>< Deleted ></p> <p>< Deleted ></p> <p>< Deleted ></p>

Present Articles	Proposed Amendment
<p><u>Article 35: Audit and Supervisory Board regulations decided by the Audit and Supervisory Board shall govern matters relating to the Audit and Supervisory Board.</u></p> <p><u>(Remuneration, etc. of Audit and Supervisory Board Members)</u> <u>Article 36: Remuneration, etc. for audit and supervisory board members shall be determined by a resolution of general meeting of shareholders.</u></p> <p><u>(Exemption from Liability of Audit and Supervisory Board Members)</u> <u>Article 37: The Company may give exemption to audit and supervisory board members (including persons who have served as audit and supervisory board members) from liability within the amount of limit stipulated by laws and regulations, by a resolution of Board of Directors meeting.</u> <u>2. The Company may conclude an agreement with audit and supervisory board members to limit their liabilities under Article 427, Paragraph 1 of the Companies Act. The amount of limit of liability for damages under such agreement shall be the minimum amount of limit of liability stipulated by laws and regulations.</u></p>	<p>< Deleted ></p> <p>< Deleted ></p>
<p>< New establishment ></p> <p>< New establishment ></p> <p>< New establishment ></p> <p>< New establishment ></p> <p>< New establishment ></p>	<p><u>CHAPTER 5. AUDIT AND SUPERVISORY COMMITTEE</u> <u>(Convocation of Audit and Supervisory Committee Meetings)</u> <u>Article 31: Convocation notices for Audit and Supervisory Committee Meetings shall be issued to the respective audit and supervisory committee members at least three (3) days before the dates of such meeting. Provided, however, that this period may be shortened in case of emergency. Audit and supervisory committee meetings may be convened without notice in the presence of the consent of all audit and supervisory committee members.</u></p> <p><u>(Full-time audit and supervisory committee member)</u> <u>Article 32: The Audit and Supervisory Committee may select full-time audit and supervisory committee members by its resolutions.</u></p> <p><u>(Audit and Supervisory Committee Regulations)</u> <u>Article 33: The Audit and Supervisory Committee regulations decided by the Audit and Supervisory Committee shall govern matters relating to the Audit and Supervisory Committee in addition to laws or the Articles of Incorporation.</u></p>
<p>CHAPTER 6. ACCOUNTS Article <u>38-42</u>: < Omitted ></p>	<p>CHAPTER 6. ACCOUNTS Article <u>34-38</u>: < Unchanged ></p>
<p>< New establishment ></p> <p>< New establishment ></p>	<p><u>SUPPLEMENTARY PROVISIONS</u> <u>(Interim Measure Relating to the Exemption of Audit and Supervisory Board Members from Liability)</u></p>

Present Articles	Proposed Amendment
	<p><u>Article 1: With respect to acts prior to the effectuation of the partial amendment of the Articles of Incorporation resolved at the 72nd Ordinary General Meeting of Shareholders, the Company may, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, by resolution of Board of Directors, give exemption to audit and supervisory board members from liability for damages to the Company caused by negligence of their duties within the amount of limit stipulated by laws and regulations.</u></p>

Agenda Item No. 3 and Reference Matters

Agenda Item No. 3: Election of four (4) directors (excluding directors who are audit and supervisory committee members)

If Agenda Item No. 2: Partial amendment to the Articles of Incorporation is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee. At the conclusion of this general meeting of shareholders, the terms of office of all the directors (eight (8) in number) 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 four (4) candidates, separately from the directors who are audit and supervisory committee members.

A resolution on the present Agenda Item shall become effective subject to the effectuation of the amendment to the Articles of Incorporation under Agenda Item No. 2: Partial amendment to the Articles of Incorporation. Candidates for directors (excluding directors who are audit and supervisory committee members) are as listed below.

Candidates list

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% (16 of 16 meetings)
2	Yugo Horii	Re-nomination	Director and Senior Executive Officer, Office of the President and Business Planning, and AUTOBACS Business Planning	100% (16 of 16 meetings)
3	Eiichi Kumakura	Re-nomination	Director and Senior Executive Officer, Western Japan Region Headquarters	100% (16 of 16 meetings)
4	Yoshiko Takayama	Re-nomination Outside Director Independent Officer	Outside Director	100% (16 of 16 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. 3: Election of four (4) 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 63)
- Term of office as a director at the conclusion of this general meeting: 9 years
- Number of Company shares owned: 14,000
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Reasons for nomination

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 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 steadily tackled new challenges beyond our business domain by practicing the spirit of our Company's foundation of "continuing to create markets." At the same time, I have focused on developing human resources and cultivating culture with a view to making the Company an organization that continuously takes on new challenges.

The Company has upheld its vision "2050 Creating Our Future Together" since last year with an aim to become a company that will grow for over 100 years. This year, the 45th year since the first opening of an "AUTOBACS" store, marks a turning point for the Company. I will lay the groundwork for our future growth by taking a hard look at what things will be like in the coming half century and steadily taking on new challenges, as before.

I appreciate your ongoing support for the Company.

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 Executive Officer, Office of the President and Business Planning, and AUTOBACS Business Planning

- Date of birth: June 24, 1972 (age 46)
- Term of office as a director at the conclusion of this general meeting: 3 years
- Number of Company shares owned: 6,800
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Reasons for nomination

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 endeavored to build the business portfolio as an officer in charge of company-wide Business Planning while contributing to the promotion of business strategies as well as the development of business foundations including logistics as an officer in charge of domestic AUTOBACS Business Planning.

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 environment surrounding us continues to change at a speed significantly faster than expected, even after environmental changes were expressed as CASE and MaaS.

The Company has decided to transition to a company with an Audit and Supervisory Committee as a means of reforming its decision-making processes and launched the Five-year Rolling Plan 2019 to swiftly respond to the speed of the changes. The Company will focus on not only the automotive goods and services industry, but the automotive-related industry as a whole, as before, and overcome this major turning point in the industrial structure by establishing powerful alliances and networks.

When promoting the Plan, I will advance reform through rapid and decisive decision-making toward the anticipated future and contribute to the creation of new value in the life surrounding customers and automobiles. Through these efforts, I will respond to the expectations of customers and shareholders.

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 (current position)

Candidate No. 3:
Eiichi Kumakura
Re-nomination

Career position and assignment in the Company:

Director and Senior Executive Officer, Western Japan Region Headquarters

- Date of birth: February 8, 1962 (age 57)
- Term of office as a director at the conclusion of this general meeting: 3 years
- Number of Company shares owned: 2,300
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Reasons for nomination

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,

I believe that how we implement the business growth strategy for the future and the concentration and selection of the existing businesses will be the most important issue for the Company amid rapid changes in the environment surrounding automobiles and customers' values, purchasing behaviors, and lifestyles, among other things.

In the domestic AUTOBACS business, our core business, I intend to venture into and verify new business categories while pushing forward the creation of new markets, customer development, and the renovation of existing stores.

The goals I pursue will create more convenient stores loved by local customers.

I will fulfill my duties in a way that meets our stakeholders' expectations by decisively forging ahead with swift decision-making and enhanced action 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, Senior Executive Officer, Head of Western Japan Region Headquarters
April 2018: Director and Senior Executive Officer, Western Japan Region Headquarters (current position)

Candidate No. 4:
Yoshiko Takayama

Re-nomination, Outside Director (Independent Officer)

Career position and assignment in the Company: Outside Director

- Date of birth: August 9, 1956 (age 62)
- Term of office as a director at the conclusion of this general meeting: 4 years
- Number of Company shares owned: 1,800
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Reasons for nomination

Ms. Takayama has experience in providing consulting 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 on compliance with the Corporate Governance Code. 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 environment surrounding automobiles has been significantly changed. Under this environment, the Company has been striving to rebuild AUTOBACS business while at the same time creating markets that enable the Company to provide new value in response to the rapidly changing management environment.

I will fulfill my role as outside director through thorough verifications and discussions at Board of Directors' meetings and other occasions, as well as appropriate monitoring of the management team that executes the many measures necessary to achieve these goals.

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. 4 and Reference Matters

Agenda Item No. 4: Election of three (3) directors who are audit and supervisory committee members

If Agenda Item No. 2: Partial amendment to the Articles of Incorporation is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee.

Accordingly, the Company requests the shareholders' approval for the election as directors who are audit and supervisory committee members of the three candidates, separately from the directors (excluding directors who are audit and supervisory committee members).

A resolution on the present Agenda Item shall become effective subject to the effectuation of the amendments to the Articles of Incorporation under Agenda Item No. 2: Partial amendment to the Articles of Incorporation.

Candidates for directors who are audit and supervisory committee members are as listed below.

Candidates list

Candidate No.	Name		Career position and assignment in the Company	Attendance at Board of Directors' meetings
1	Kozo Sumino	New-candidate	Audit and Supervisory Board Member (Full-time)	100% (16 of 16 meetings)
2	Yukio Kakegai	New-candidate Outside Director Independent Officer	Outside Audit and Supervisory Board Member (Full-time)	100% (12 of 12 meetings)
3	Minesaburo Miyake	New-candidate Outside Director Independent Officer	Outside Director	100% (12 of 12 meetings)

- (Notes) 1. Mr. Yukio Kakegai 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 them with the Tokyo Stock Exchange as independent officers. If each candidate is elected as a director who is an audit and supervisory committee member as originally proposed, the Company plans to register him as an independent officer respectively.
2. If Mr. Kozo Sumino, Mr. Yukio Kakegai and Mr. Minesaburo Miyake are elected as proposed, they will be scheduled to enter into agreements with the Company that define their 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.
3. For Mr. Kozo Sumino and Mr. Yukio Kakegai, attendance at the Board of Directors' meetings as audit and supervisory board members is stated. For Mr. Minesaburo Miyake, attendance at the Board of Directors' meetings as a director is stated. The above-listed Board of Directors' meetings attended by Mr. Yukio Kakegai and Mr. Minesaburo Miyake include only meetings held after they assumed office on June 21, 2018.

Reference Matters for Agenda Item No. 4: Election of three (3) directors who are audit and supervisory committee members

Candidate No. 1:

Kozo Sumino

New-candidate

Career position in the Company: Audit and Supervisory Board Member (Full-time)

- Date of birth: October 1, 1957 (age 61)
- Term of office as a director at the conclusion of this general meeting: —
- Number of Company shares owned: 44,399
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)
* Attendance as an audit and supervisory board member

Reasons for nomination

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 fully demonstrated his competence in executing auditing functions as an audit and supervisory board member since 2016.

The Company believes that, by taking part in the Company's management, he will contribute to the assurance of the effectiveness of auditing, 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,

Technical advancement and development 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 as a board member by leveraging not only the sales and administrative 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 Systems
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 (Full-time) (current position)

Candidate No. 2:

Yukio Kakegai

New-candidate, Outside Director (Independent Officer)

Career position in the Company: Outside Audit and Supervisory Board Member (Full-time)

- Date of birth: June 27, 1954 (age 64)
- Term of office as a director at the conclusion of this general meeting: —
- Number of Company shares owned: 400
- Attendance at Board of Directors' meetings: 100% (12 of 12 meetings)
 - * Attendance as an audit and supervisory board member

Reasons for nomination

Mr. Kakegai has experience in fund procurement and financial account settlement operations at business corporations, as well as internal audit services and auditing as an audit and supervisory board member in companies in Japan and overseas. Based on such extensive experience and insights, he has provided comments in a timely manner as an outside audit and supervisory board member (full-time) and independent officer from the viewpoint of general shareholder protection.

The Company believes that, by taking part in the Company's management, he will contribute to the assurance of the effectiveness of auditing, 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,

One year has passed since I assumed office as an outside audit and supervisory board member (full-time). During that time, I have engaged in auditing activities focused on grasping the Company's actual conditions, including interviews with directors, officers, and key employees, and visiting audits at group companies in Japan and overseas. Furthermore, I expressed necessary opinions in a timely manner at the Board of Directors' meetings and other occasions.

I intend to continuously contribute to the improvement of the Company's corporate value based on insights and experience I have cultivated heretofore.

Special relationship between the candidate and the Company

Mr. Kakegai has no special interests in the Company.

Independence of the candidate

Mr. Kakegai 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 1979:	Joined Komatsu International Manufacturing Co., Ltd. (currently Komatsu Ltd.)
December 1987:	Joined ASAHI BREWERIES, LTD.
April 2007:	Senior Officer, Deputy General Manager, Finance Department of ASAHI BREWERIES, LTD.
September 2008:	Senior Officer, General Manager, Audit Department of ASAHI BREWERIES, LTD.
March 2010:	Corporate Officer, General Manager, Audit Department of ASAHI BREWERIES, LTD.
March 2011:	Standing Audit & Supervisory Board Member, ASAHI BREWERIES, LTD.
July 2011:	Standing Audit & Supervisory Board Member, Asahi Group Holdings, Ltd.
March 2015:	Standing Audit & Supervisory Board Member, Calpis Co., Ltd.
January 2016:	Standing Audit & Supervisory Board Member, Asahi Soft Drinks Co., Ltd.
June 2018:	Outside Audit and Supervisory Board Member (Full-time), AUTOBACS SEVEN Co., Ltd. (current position)

Candidate No. 3:
Minesaburo Miyake

New-candidate, Outside Director (Independent Officer)

Career position and assignment in the Company: Outside Director

- Date of birth: July 22, 1952 (age 66)
- Term of office as a director at the conclusion of this general meeting: 1 year
- Number of Company shares owned: 300
- Attendance at Board of Directors' meetings: 100% (12 of 12 meetings)

Reasons for nomination

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 an outside director who is an audit and supervisory committee member, he will contribute to the assurance of the effectiveness of auditing, 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,

Amid drastically changing automobile societies, I will give advice to ensure the validity and appropriateness of decision-making by the Board of Directors from a viewpoint of adaptability to technical advancement and environmental changes and the improved quality of overall corporate management according to the AUTOBACS Chain Management Mission.

Furthermore, I have begun to understand to some extent the merits of AUTOBACS Group and the issues to be addressed, based on my experience in my first year as an outside director. I will discuss these issues with the management team to fulfill my role with an outside perspective.

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. (current position)
April 2017:	Director General, Kewpie Mirai Tamago Foundation (current position)
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. (current position)

Common Reference Matters for Agenda Items No. 3 and No. 4

(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, 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.

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 line items falling under net sales, such as “operating profit.” Consolidated net sales come from companies within the scope of consolidated accounting.

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

Agenda Item No. 5: Determination of remuneration for directors (excluding directors who are audit and supervisory committee members)

If Agenda Item No. 2: Partial amendment to the Articles of Incorporation is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee. Accordingly, the Company requests that the current limit of remuneration for directors be revised and that the amount of remuneration for directors (excluding directors who are audit and supervisory committee members) be set pursuant to the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act as proposed in the present Agenda Item.

Remuneration for directors of the Company in the amount of 480 million yen or less per year (excluding the portion of employee remuneration for the directors who serve concurrently as employees) was approved at the 59th Ordinary General Meeting of Shareholders held on June 28, 2006, and the amounts so determined have remained unchanged up to the present date. Thereafter, the number of directors was reduced as a part of the measures taken to strengthen the corporate governance system, and the small number of inside directors were forced to shoulder the authority and responsibilities for the execution of business in a concentrated fashion as a result of the growth in the business domains and expansions in the execution of duties. Accordingly, their duties became heavy.

Consequently, the Company reviewed its remuneration system by raising the percentage of the performance-based remuneration and increasing the range within which the provision rate fluctuated according to the degree of target achievement, in order to give due rewards when targets were achieved, out of the monetary remuneration for inside directors consisting of fixed remuneration and performance-based remuneration.

In addition, because management risks are expected to increase and diversify as the Company reestablishes its business portfolio, ventures into new business domains, and expands the scale of business, the inside directors will be required to make higher management decisions. Accordingly, the Company requests that it provide the appropriate level of performance-based remuneration according to the target achievement in the future business plan, in order to further enhance the motivation of the inside directors to contribute to improved performance.

Meanwhile, the Company will provide the outside directors fixed remuneration only, as before, in consideration of the level of remuneration of other companies and other factors.

Accordingly, the Company requests that the upper limit of monetary remuneration for directors (excluding directors who are audit and supervisory committee members) be set in the amount of 480 million yen or less per year (including 50 million yen or less per year for outside directors) as before, based on the current upper limit of remuneration and in consideration of the recent economic situation and other various conditions, in addition to the above conditions.

The amount of remuneration for directors shall not include the employee portion of remuneration for the directors who serve concurrently as employees.

Remuneration for each director shall be resolved by the Board of Directors' meeting through deliberations and recommendations from the Corporate Governance Committee (chaired by an outside director and consisting of all outside directors and the representative director), an advisory organ of the Board of Directors, within the above amount of remuneration.

The current number of directors is eight (8) (including three (3) outside directors) at a company with an Audit and Supervisory Board. If Agenda Items No. 2 and No. 3 are approved as originally proposed, the number of directors (excluding directors who are audit and supervisory committee members) relevant to the present Agenda Item shall be four (4) (including one (1) outside director).

A resolution on the present Agenda Item shall become effective subject to the effectuation of the amendment to the Articles of Incorporation under Agenda Item No. 2: Partial amendment to the Articles of Incorporation. In addition, stock remuneration for directors is separately addressed in Agenda Item No. 7.

Agenda Item No. 6: Determination of remuneration for directors who are audit and supervisory committee members

If Agenda Item No. 2: Partial amendment to the Articles of Incorporation is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee. Accordingly, pursuant to the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, the Company requests that the amount of remuneration for directors who are audit and supervisory committee members be set as proposed in the present Agenda Item.

Directors who are audit and supervisory committee members shall render the audit services, participate in resolutions of the Board of Directors' meetings as directors, and take charge of other duties such as the supervision of the execution of business by directors. Therefore, the Company requests that the remuneration be set at a level appropriate for their duties.

Accordingly, the Company requests that the upper limit of monetary remuneration for directors who are audit and supervisory committee members be set at 120 million yen or less per year.

If Agenda Items No. 2 and No. 4 are approved as originally proposed, the number of directors who are audit and supervisory committee members will be three (3) after the conclusion of this general meeting of shareholders.

A resolution on the present Agenda Item shall become effective subject to the effectuation of the amendment to the Articles of Incorporation under Agenda Item No. 2: Partial amendment to the Articles of Incorporation.

Agenda Item No. 7: Determination of remuneration for granting restricted stock to directors

Currently, remuneration for the Company's directors (excluding non-executive directors) consists of fixed remuneration as basic remuneration, and performance-based remuneration as an annual incentive. The Company will in general succeed this basic policy after the transition to a company with an Audit and Supervisory Committee, and the upper limit of monetary remuneration for directors (excluding directors who are audit and supervisory committee members) is as proposed in Agenda Item No. 5.

The Company proposes to pay remuneration for the granting of restricted stock to the Company's directors (excluding outside directors and directors who are audit and supervisory committee members; hereinafter referred to as "Eligible Directors"), separately from the previous remuneration. This remuneration is proposed as a means of striving to improve the medium- to long-term performance and continuously increase the corporate value of the Company by encouraging Eligible Directors to hold the Company's shares over long periods, and to incentivize the Eligible Directors to manage the Company from a medium- to long-term perspective by promoting the further sharing of value with shareholders.

The remuneration to be paid to the Eligible Directors for the purpose of granting restricted stock shall take the form of a monetary claim (hereinafter referred to as the "Monetary Remuneration Claim") based on this Agenda Item. The total amount of the Monetary Remuneration Claim shall be 100 million yen or less per year (excluding the portion of employee remuneration for the directors who serve concurrently as employees), an amount that is deemed to be reasonable in light of the above purposes. Moreover, the specific timing of payment and the allotment to each Eligible Director shall be resolved by the Board of Directors.

The current number of directors in the Company as a company with an Audit and Supervisory board is eight (8) (including three (3) outside directors). If Agenda Items No. 2 and No. 3 are approved as originally proposed, the number of directors (excluding directors who are audit and supervisory committee members) shall be four (4) (including one (1) outside director).

In addition, based on a resolution of the Board of Directors, Eligible Directors shall pay the total of the Monetary Remuneration Claim paid under this Agenda Item as property contributed in kind, and receive the shares of common stock of the Company through issuance or disposal. The total number of common stock of the Company to be issued or disposed shall be 100,000 shares or less annually (provided, however, that in the case of a share split (including an allotment of shares of common stock of the Company without contribution) or consolidation of shares of common stock of the Company after the date of approval of this Agenda Item, or in the case of any other event that requires an adjustment of the total number of shares of common stock of the Company to be issued or disposed as restricted stock, the above total number shall be adjusted in the reasonable range).

The amount to be paid in per share shall be based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately prior to the date of a resolution at a meeting of the Board of Directors (or the closing price on the transaction day immediately prior thereto, if no transaction is made on such business day), and shall be resolved by the Board of Directors' meetings within a range that will not provide an advantageous price to Eligible Directors who receive shares of common stock. Also, when issuing or disposing of shares of common stock of the Company, the Company shall enter into an agreement on allotment of the restricted stock (hereinafter referred to as the "Allotment Agreement") with the Eligible Directors.

(1) Restriction-on-transfer period

An Eligible Director shall not transfer, pledge, or otherwise dispose of (hereinafter referred to as the "Restriction-on-Transfer") shares of common stock of the Company that he or she receives in an allotment in accordance with the Allotment Agreement (hereinafter referred to as the "Allotted Shares"), for a period of three (3) to thirty (30) years from the date on which the Eligible Director receives the allotment in accordance with the Allotment Agreement, as determined in advance by the Board of Directors (hereinafter referred to as the "Restriction-on-Transfer Period").

(2) Treatment at the time of retirement

If an Eligible Director retires as a director of the Company before the expiration of the Restriction-on-Transfer Period, the Company shall acquire the Allotted Shares as a matter of course without contribution, unless the Eligible Director retires due to an expiration of term, the death of the Eligible Director, or other reasonable grounds.

(3) Release of the Restriction-on-Transfer

Notwithstanding the provisions in (1) above, the Company shall release the Restriction-on-Transfer of all Allotted Shares when the expiration of the Restriction-on-Transfer Period expires, on the condition that the Eligible Director continued to serve as a director of the Company during the Restriction-on-Transfer Period;

provided, however, that if the Eligible Director retires from a position provided for in (2) above before the expiration of the Restriction-on-Transfer Period due to an expiration of term, the death of the Eligible Director, or other reasonable grounds, the number of Allotted Shares whose Restriction-on-Transfer is released and the timing of the release of the Restriction-on-Transfer shall be reasonably adjusted (based on the terms and conditions provided for in (5) below, if the (5) Terms of release of the Restriction-on-Transfer by the achievement of performance below are included in the Allotted Shares) as necessary. In addition, the Company shall, as a matter of course, acquire the Allotted Shares without contribution whose Restriction-on-Transfer has still not been released immediately after the Restriction-on-Transfer is released in accordance with the above provisions.

(4) Treatment of reorganization, etc.

Notwithstanding the provisions in (1) above, if a merger agreement in which the Company is to be a non-surviving company, a share exchange agreement or share transfer plan in which the Company is to be a wholly owned subsidiary company, or any other agenda related to reorganization, etc. is approved at a general meeting of shareholders of the Company (or the Board of Directors of the Company, if the reorganization, etc. does not require the approval of a general meeting of shareholders of the Company) during the Restriction-on-Transfer Period, the Company shall, by a resolution of the Board of Directors, release the Restriction-on-Transfer for the number of the Allotted Shares that is reasonably determined based on the period from the date of commencement of the Restriction-on-Transfer Period to the date on which the reorganization, etc. is approved (the terms and conditions provided for in (5) below, if the (5) Terms of release of the Restriction-on-Transfer by the achievement of performance below are included in the Allotted Shares), prior to the effective date of the reorganization, etc. In addition, in the case provided for above, the Company shall, as a matter of course, acquire the Allotted Shares without contribution whose Restriction-on-Transfer is not released immediately after the Restriction-on-Transfer is released.

(5) Terms of release of the Restriction-on-Transfer by the achievement of performance

The Company shall determine, as required, that if the terms and conditions of performance as predetermined by the Board of Directors of the Company are achieved, the Company shall release the Restriction-on-Transfer with respect to all or part of the Allotted Shares, upon the expiration of the Restriction-on-Transfer Period.

(6) Other matters

Other matters related to the Allotment Agreement shall be resolved by the Board of Directors.

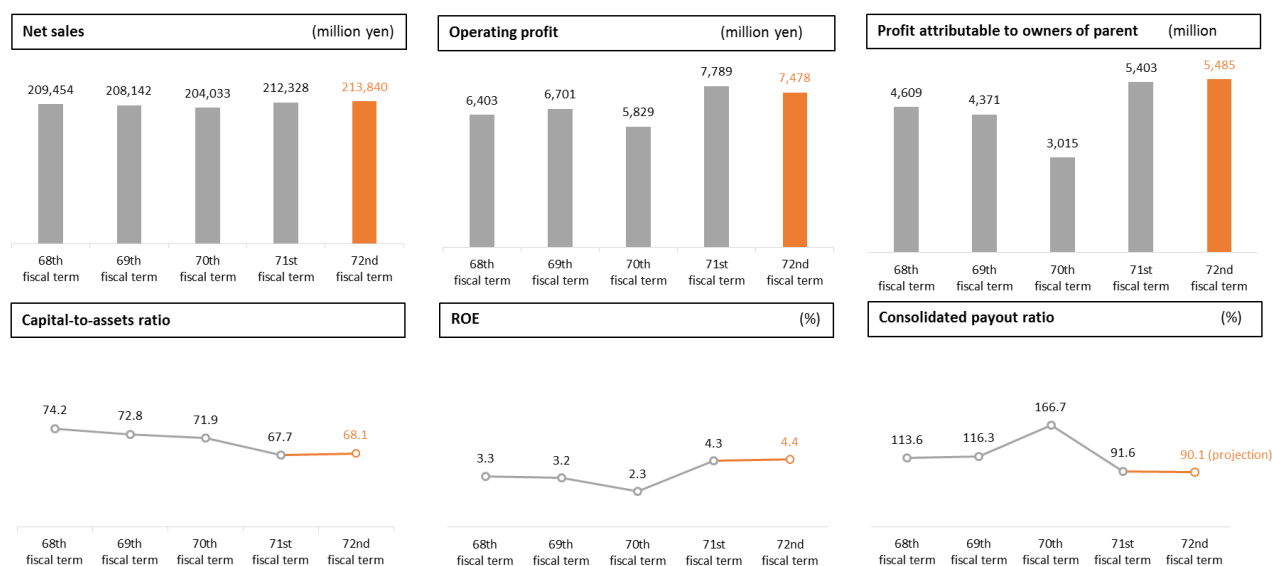
Business Report (from April 1, 2018 to March 31, 2019)

1. Current Status of the Group

(1) Assets and Operating Results

Classification	68th fiscal term Apr. 1, 2014- Mar. 31, 2015	69th fiscal term Apr. 1, 2015- Mar. 31, 2016	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
Net sales (million yen)	209,454	208,142	204,033	212,328	213,840
Operating profit (million yen)	6,403	6,701	5,829	7,789	7,478
Ordinary profit (million yen)	8,250	7,780	7,120	8,226	8,203
Profit attributable to owners of parent (million yen)	4,609	4,371	3,015	5,403	5,485
Net income per share (yen)	52.83	51.60	36.00	65.49	66.58
Total assets (million yen)	186,531	180,454	176,708	187,354	181,391
Net assets (million yen)	138,553	131,747	127,392	127,352	124,187
Capital-to-assets ratio (%)	74.2	72.8	71.9	67.7	68.1
ROE (%)	3.3	3.2	2.3	4.3	4.4
Dividend payout ratio (%)	113.6	116.3	166.7	91.6	90.1 (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 consolidated fiscal term under review. With respect to the figures for the total assets and the capital-to-assets ratios in the previous consolidated fiscal terms, 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 now included in and presented under net sales, cost of sales, and selling, general and administrative expenses, effective from the consolidated fiscal term under review. Accordingly, with respect to net sales and operating profit in the previous consolidated fiscal terms, 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 mission of the AUTOBACS chain including the Company and franchisee corporations is to help create a sustainable automobile-enriched society by constantly proposing new methods of enjoying automobiles that are convenient, comfortable, safe, and fun, optimally providing merchandise that suits the needs of individual customers. 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.

In January 2018, the Company announced the AUTOBACS SEVEN Co., Ltd. “2050 Creating Our Future Together” vision. 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. In the future, technological advances and changes in peoples’ values will bring about changes not only to automobiles but to society and people’s lives as well. The AUTOBACS SEVEN vision reflects the Company’s dedication to combining the strengths of all Group employees and continuing to create a rich, healthy automobile society in the years leading up to 2050.

AUTOBACS SEVEN 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 Group conducts sales, and services such as installation/maintenance of auto parts and accessories in Japan and overseas, and sells used and new cars. The Japanese auto parts and accessories market (automotive aftermarket) peaked in the late 1990s, and has been contracting since then. This ongoing market decline is due to factors such as the following.

- * Automotive goods and services increasingly being included as standard features in new automobiles
- * Longer-term automotive goods replacement periods and unit price decreases due to downsizing of automobiles and performance improvements
- * The use of smartphone apps as replacements for car navigation devices
- * The contraction of the motor sports goods market resulting from diversifying consumer tastes

The market is expected to see even greater and rapid changes in the future, such as megatrends like the electrification of automobiles, the growth of new markets such as car sharing services, greater popularization of electric vehicles, and autonomous driving development, as well as intensified competition with other companies and other business categories, such as car dealers and e-commerce companies, changes in customer composition resulting from the declining birthrate and aging population, and needs diversification.

According to figures from an announcement by the Auto-Parts & Accessories Retail Association (APARA), total store net sales of four association members between April 2018 and March 2019 were ¥401,644 million, an increase of 0.2% year on year.

Total automobile maintenance (market)^{*1} sales for 2018 were ¥5,529,500 million (an 0.8% increase year on year) and the number of registered passenger used cars (standard-sized vehicles, compact passenger cars and mini vehicles)^{*2} was approximately 5.80 million vehicles, remaining almost unchanged from the previous year. These figures are relatively stable, and their market scales are greater than that of the car parts and accessories market.

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

*2 Announced by Japan Automobile Dealers Association (JADA,) and Japan Light Motor Vehicle and Motorcycle Association

(iii) Targets to be achieved

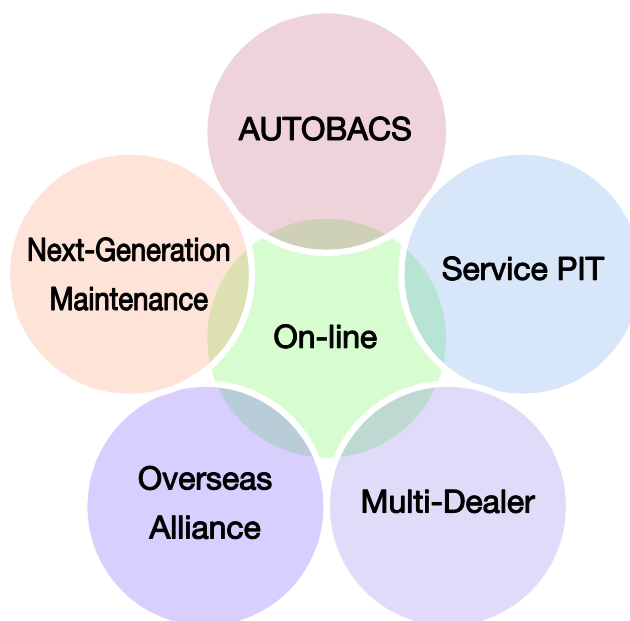
In May 2017, the Company formulated the 2017 Medium-term Business Plan, targeting a consolidated ROE of 7% and a consolidated operating profit of ¥12,000 million, and has focused on the turnaround of the domestic AUTOBACS business and the development of new business. During the past two years, the Company has promoted products development and experimentation of new store formats, and have realized improvements in the profitability of AUTOBACS stores. In consideration of the future business environment, however, the Company considered that it would be difficult to raise earnings continually in the future under the present plan. Consequently, the Company has discontinued the 2017 Medium-term Business Plan and newly formulated the Five-year Rolling Plan 2019 plotting out the direction of the Group for the five years to come.

The Company will realize growth for the medium- to long-term through the construction and coordination of the following six networks, in order to provide services that suit situations of car lifestyles for customers: AUTOBACS Chain Network, Overseas Alliance Network, Multi-Dealer Network, Pit Network (to provide optimal services), Maintenance Network (to respond to next-generation technologies), and On-line Network (to deepen relationships with customers).

While focusing on the construction of the six networks and coordination among the networks, the Company will endeavor to develop its business foundation by making efforts to optimize the management resources in the domestic AUTOBACS business, expand retail earnings, review the pilot format stores, contract overseas retail business, and reconstruct foundations for IT and logistics.

The Company will also make further efforts to introduce and establish schemes/systems for improving effectiveness and speeding up in promoting strategies through measures such as system improvements for business impetus enhancement and the reinforcement of monitoring through the transition to a company with an Audit and Supervisory Committee and the introduction of a stock remuneration plan.

For financial strategy, the Company will expand operating cash flow by promoting its growth strategy and further conduct proactive investment and sufficiently strengthen shareholder returns. For shareholder returns, the Company will work for stable dividend and flexible shareholder returns with an accumulated return to shareholders ratio of 100% during the five years of the Plan.



(3) Management analysis of financial conditions, management results, and cash flow

Business progress and results

With regard to management resource allocation and business result evaluation, the Group has reorganized its business categories into five core businesses, starting from the consolidated fiscal term under review. These five categories have also been classified into three reportable segments, namely, the “domestic AUTOBACS business,” “overseas business,” and “car dealership, BtoB and Internet businesses,” in consideration of the nature and size of each business.

Earnings and expenses of the credit business, etc., items that were presented under non-operating income and non-operating expenses in the previous consolidated fiscal term, are now presented under net sales, cost of sales and selling, general and administrative expenses due to the expansion of business activities, and included in the business category that has been presented as “Others.” That category is now added to the reportable segments as “Other business,” making the number of segments four.

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 consolidated fiscal term under review.

The figures, year-on-year comparisons, and comparison with the previous year-end in the following text are reported based on these changes.

(i) Consolidated operating results

Net sales and gross profit

Group net sales for the consolidated fiscal term under review increased by 0.7% year on year to ¥213,840 million, gross profit decreased by 0.6% year on year to ¥67,581 million.

Selling, general and administrative expenses and operating profit

Selling, general and administrative expenses decreased by 0.1% year on year to ¥60,102 million, and operating profit decreased by 4.0% year on year to ¥7,478 million.

Selling, general, and administrative expenses fell as a whole due to the business transfer of consolidated subsidiaries that operate domestic AUTOBACS chain stores. The selling, general, and administrative expenses of the subsidiaries subject to this business transfer amounted to ¥1,689 million in total for the previous consolidated fiscal term. Other factors included increased expenses for advertisement related to tire and statutory safety inspection and for store renovation, as well as reduced depreciation expenses related to AUTOBACS chain IT systems.

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

Non-operating income rose by 4.2% year on year to ¥2,390 million. Non-operating expenses fell by 10.2% year on year to ¥1,665 million due mainly to the absence of loss on retirement of non-current assets related to logistics center facilities incurred in the previous consolidated fiscal term.

As a result, ordinary profit fell by 0.3% year on year to ¥8,203 million.

Extraordinary income and extraordinary loss

Extraordinary income consisted of ¥929 million of insurance income related to disaster and ¥474 million in gain on sales of investment securities. Extraordinary loss was ¥1,852 million, consisting of loss on disaster, special retirement expenses due to integration of subsidiaries, and impairment loss at imported car dealers.

Income taxes in total

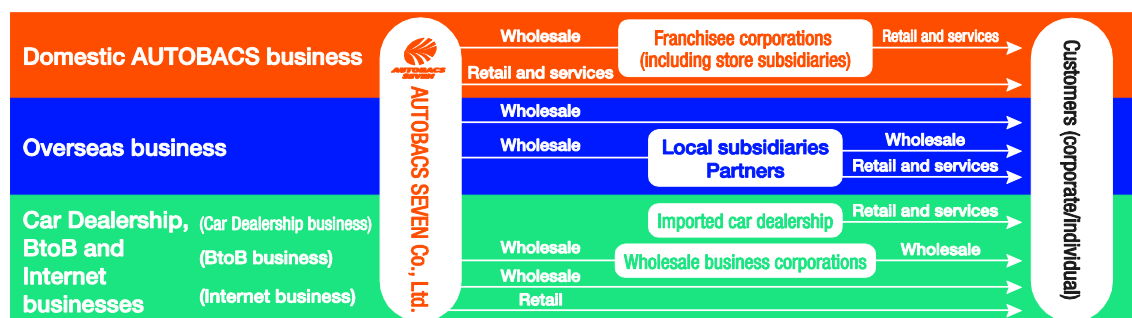
Income taxes for the consolidated fiscal term under review fell by ¥579 million from the previous fiscal term to ¥2,289 million. This was due to the decreased income taxes - current resulting from decreased profit before income taxes.

Profit attributable to owners of parent

Profit attributable to owners of parent increased by 1.5% year on year to ¥5,485 million. The net income per share was ¥66.58. The ratio of net income to net sales rose year on year from 2.5% to 2.6%, and return on equity (ROE) rose year on year from 4.3% to 4.4%.

(ii) Management results by segment

Outline of the Group's reported segments



Net sales and income by segment

(Unit: million yen)

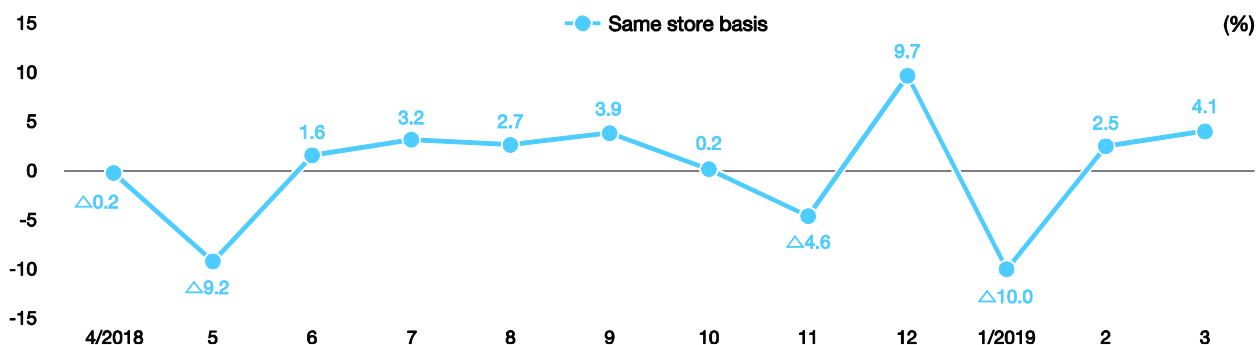
	Reportable segments					Reconciling items	Amount recognized in consolidated statement of income
	Domestic AUTOBACS business	Overseas business	Car dealership, BtoB and Internet businesses	Other	Total		
Net sales							
Net sales to outside customers	177,802	10,927	23,451	1,659	213,840	–	213,840
YoY (%)	-0.9%	19.3%	6.3%	-1.5%	0.7%	–	0.7%
Internal sales and transfers between segments	1,258	290	6,577	548	8,674	(8,674)	–
Total	179,060	11,217	30,028	2,207	222,514	(8,674)	213,840
YoY (%)	-1.2%	18.0%	5.6%	-6.1%	0.5%	–	0.7%
Segment profit (loss)	14,869	(783)	(1,076)	428	13,437	(5,958)	7,478
YoY (%)	-6.2%	–	–	-1.4%	-9.9%	–	-4.0%

■ Domestic AUTOBACS business

Net sales of domestic AUTOBACS business declined by 1.2% year on year to ¥179,060 million, due in part to the business transfer of consolidated subsidiaries that operate AUTOBACS chain stores to franchisee corporations executed in the previous consolidated fiscal term. Gross profit fell by 2.7% year on year to ¥55,433 million, due in part to the reductions associated with the business transfer of consolidated subsidiaries. Selling, general, and administrative expenses declined by 1.3% year on year to ¥40,564 million due to factors such as the increased expenses related to store renovation and sales promotions, and the reductions associated with the business transfer of consolidated subsidiaries. As a result, segment profit fell by 6.2% year on year to ¥14,869 million.

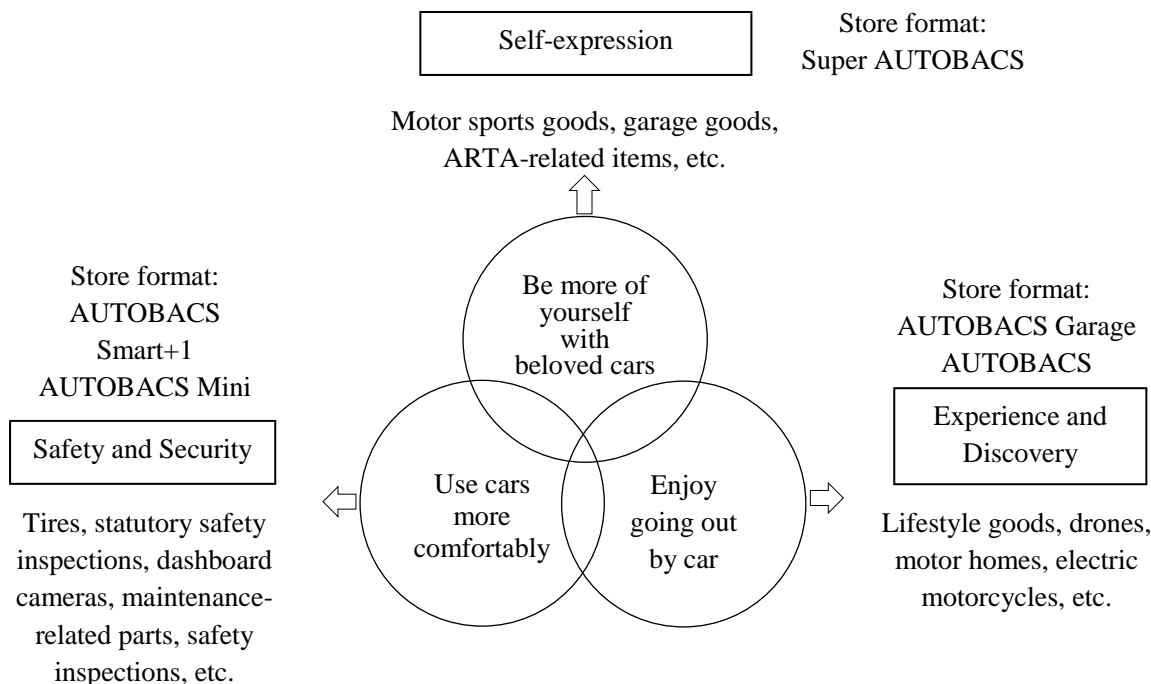
Domestic AUTOBACS chain (including stores of franchisee corporations) net sales for all store formats during the consolidated fiscal term under review rose by 0.5% compared to the previous fiscal term both on a same store basis and on a total store basis.

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



For the purpose of becoming a “professional & friendly” presence for customers under the 2017 Medium-term Business Plan, the domestic AUTOBACS chain has focused on creating a new automobile-related market. The Company has provided the values of safety and security to meet the customer needs for more comfortable car use, provided the values of experience and discovery of activities such as vehicle use for outdoor enjoyment in order to meet the needs for enjoying going out by car, and provided merchandise and services that enable customers to express themselves through their cars and increase their satisfaction in order to meet the needs for being more of themselves with beloved cars.

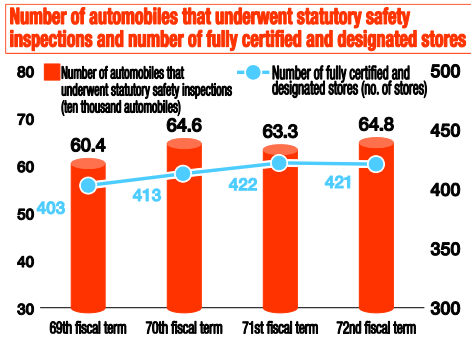
The value provided by AUTOBACS to customers



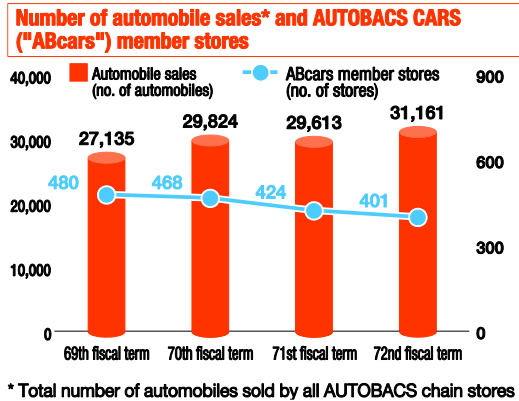
Tire sales, despite the successful sales of low-priced merchandise centering on the private label brand and the increased demand for snow tires by the nationwide cold weather, decreased year on year mainly due to the snowfall centering around the Kanto region in January 2018. Meanwhile, for car electronics, sales of dashboard cameras were strong due to reinforcement of merchandise lineups and sales systems at stores according to the rise of recognition and awareness of customers for security in driving. Furthermore, the Company endeavored to improve the attractiveness of merchandise at stores by expanding the merchandise lineups of the private label brand, “AQ. (Autobacs Quality.)” and of the “JKM” and “GORDON MILLER” brands that propose car-related lifestyles.

The Company implemented operation improvements in store personnel allocation, employee time management, and the like based on an analysis of customer services at stores, and renovated existing stores, including their sales floors and service pits.

For statutory safety inspection and maintenance, the Company has differentiated itself from its competitors by rolling out “Anshin Mitsuboshi Hoshō (3 compensation packages),” a compensation service provided only to customers whose statutory safety inspections have been conducted at AUTOBACS Group stores, promoted reservations for next statutory safety inspection, and improved pit operations, including the “15-minutes acceptance test” for statutory safety inspections. By selecting the “AUTOBACS GUYS 2018” as a symbol of “professional & friendly presence” from among the maintenance personnel working at the actual AUTOBACS Group stores, the Company carried out television commercials and in-store advertising activities. Partly due to the favorable turn of the business environment, in which the number of automobiles subject to the statutory safety inspection in Japan, which had been smaller up to August 2018, began to increase from September 2018, the number of automobiles that underwent the statutory safety inspection increased by 2.3% year on year to roughly 648,000 vehicles.



With regard to automobile purchase and sales, the Company reviewed the contents of the CARS franchise chain agreements at the end of March 2018, in order to reinforce the purchase of used cars and to reduce the cost of CARS member stores. The Company closed five unprofitable stores to strengthen the concentration of sales activities. From the fiscal term under review, the automobile purchase business has shifted to this segment. As a result, the total number of automobiles sold by the domestic AUTOBACS business increased by 5.2% year on year to approximately 31,000.



The Company opened “JACK & MARIE LaLaport NAGOYA minato AQUUS” in September 2018 as the second shop of “JACK & MARIE,” Japan’s first automobile lifestyle shop brand, and in November 2018, opened “JACK & MARIE Yokohama Landmark Plaza” and “JACK & MARIE MARK IS fukuoka-momochi,” raising the number of real stores to four in total.

Further, the Company renewed “Super AUTOBACS Tokyo Bay Shinonome,” the flagship store of the AUTOBACS Group, into “A PIT AUTOBACS SHINONOME,” an innovative site opened in November 2018 where customers can enjoy new discoveries and experiences by spending time in a comfortable space with their cars and proposals for various lifestyles.

Store openings and closings in Japan

(Unit: stores)

	No. of stores as of March 31, 2018	Opened	Closed	No. of stores as of March 31, 2019
AUTOBACS	497	2	-6	493
Super AUTOBACS	74	-	-	74
AUTOBACS <i>Secohan Ichiba</i>	8	-	-1	7
AUTOBACS EXPRESS	11	-	-	11
AUTOBACS CARS	13	-	-5	8
Total	603	2	-12	593

Store formats of the AUTOBACS Chain

Logo and images, specs (6 store formats)

AUTOBACS, Super AUTOBACS Type I, Super AUTOBACS Type II, AUTOBACS *Secohan Ichiba*, AUTOBACS EXPRESS, AUTOBACS CARS

New store formats

A PIT AUTOBACS SHINONOME

Reopened after renovation in November 23, 2018. Under the concept of “people and cars get together at the service pit,” this new store provides not only vehicle-related safety and security, but also a comfortably arranged space where customers can spend time with their cars. Car lovers visiting the site receive more thrills and enjoyment at store floors where they can discover and experience every type of event related to cars, as well as new BOOK & CAFE style spaces where family members and friends of wide-ranging generations can enjoy quality time together.

JACK & MARIE LaLaport NAGOYA minato AQUUS

Opened on September 28, 2018

JACK & MARIE Yokohama Landmark Plaza

Opened on November 8, 2018

JACK & MARIE MARK IS fukuoka-momochi

Opened on November 21, 2018

Smart+1 UTSUNOMIYA Store

Opened on September 7, 2018

Super AUTOBACS TOYAMA-MINAMI

Reopened after renovation on September 1, 2018

Super AUTOBACS MORIOKA-MINAMI

Reopened after renovation on October 19, 2018

■ Overseas business

Overseas business net sales were ¥11,217 million (a 18.0% increase year on year), and segment losses were ¥783 million (compared to ¥537 million of segment loss in the previous fiscal term).

In retail and service business, sales in France increased through the direct ownership of the stores of franchisee corporations by local subsidiaries, but bad weather and political instability (e.g., the yellow vest demonstrations) drove down the earnings of existing stores, resulting in an expansion of operating loss. In Thailand, positive efforts ongoing from the previous fiscal term to open small stores in the gas station malls of the PTG Group helped increase sales. In Singapore, maintenance service for car sharing vehicles developed steadily, but earnings decreased due in part to the weak sales of services at stores.

In the wholesaling business, the Company is proceeding with product development in various regions while developing sales channels across borders. Expenses for business expansion increased in China, but the expanded wholesaling of automotive goods and services in China and overseas improved operating profit, moving it into the black. Further, in addition to the sales of private brand oil for overseas regions to Russia, the wholesaling of automotive goods and services to local hypermarkets in the ASEAN region increased. In October 2018 the Company made AudioXtra Pty Ltd. into a new consolidated subsidiary in Australia through a share acquisition, in an effort to further expand earnings from the overseas wholesaling business.

Regarding store openings and closings overseas, 9 stores opened and 4 stores closed, making the total number of overseas stores 46.

Number of stores overseas (as of the end of March 2019)

(Unit: stores)

France	Thailand	Singapore	Taiwan	Malaysia	Indonesia	Philippines	Total
11	15	3	7	4	3	3	46

■Car dealership, BtoB and Internet businesses

Net sales of car dealership, BtoB and Internet businesses were ¥30,028 million (a 5.6% increase year on year) and segment losses were ¥1,076 million (compared to ¥842 million of segment loss in the previous fiscal term).

The imported car dealership business focused on operating activities by strengthening the sales system of each sales position. While the number of sales positions increased by two in Nerima-ku, Tokyo, in November 2017 and by one in Suginami-ku, Tokyo in August 2018, leading to a rise in sales. In April 2019 the Company newly established AUTOBACS DEALER GROUP HOLDINGS CO., LTD. as an entity to manage the imported car dealership business, as part of its effort to develop a system for future expansion of earnings.

In the BtoB business, although the Company faced a persistently severe environment such as rising oil prices and logistics costs, the earnings structure has been improved through a price hike in the wholesaling of oil and through the improvement in lineups of private label brand goods by CAP Style Co., Ltd., a company established by management integration in the 2nd quarter.

In the Internet business, a segment in which the Company is reconstructing its merchandise lineups, channels, promotions, etc., the Company promoted efficiency by concentrating its outside malls from 3 channels to 1 channel and continued preparations toward the renewal of the Company's website. In addition, the Company has constructed a platform for selling goods and services via the Internet for the BtoB business, and commenced steps for the launch of new BtoB business.

■Other business

Net sales of the other business were ¥2,207 million (a 6.1% decrease year on year) and segment profit was ¥428 million (a 1.4% decrease year on year). These results were mainly attributable to the decrease of insurance commission income.

(iii) Status of individual consolidated balance sheet items

Current assets

Current assets fell by ¥3,837 million from the end of the previous fiscal term to ¥107,857 million. Cash and deposits decreased due mainly to expenditure for purchase of treasury shares.

Property, plant and equipment and intangible assets

Property, plant and equipment fell by ¥136 million from the end of the previous fiscal term to ¥41,090 million. This decrease was primarily attributable to sales of land related to the business transfer of domestic store subsidiaries.

Intangible assets fell by ¥13 million from the end of the previous fiscal term to ¥6,036 million. This was due primarily to the amortization of software.

Investments and other assets

Investments and other assets fell by ¥1,975 million from the end of the previous fiscal term to ¥26,405 million. This was primarily due to decrease in line with sales of investment securities, while shares of subsidiaries and associates increased in line with business investment.

Current liabilities

Current liabilities fell by ¥2,021 million from the end of the previous fiscal term to ¥44,404 million. This was due primarily to reduced income taxes payable.

Non-current liabilities

Non-current liabilities fell by ¥776 million from the end of the previous fiscal term to ¥12,799 million. This was due primarily to decreased long-term loans payable resulting from loans from banks.

Total net assets

Total net assets fell by ¥3,165 million from the end of the previous fiscal term to ¥124,187 million. This was due primarily to decrease by purchase of treasury shares.

Total assets/total liabilities and net assets

Total assets and total liabilities and net assets fell by ¥5,963 million from the end of the previous fiscal term to ¥181,391 million.

(iv) Status of consolidated cash flow

Cash and cash equivalents (hereinafter referred to as “funds”) at end of the fiscal term under review decreased by ¥8,518 million from the end of the previous fiscal term to ¥30,531 million, due to an inflow of funds from operating activities in the amount of ¥4,447 million, an outflow of funds from investing activities in the amount of ¥3,078 million, and an outflow of funds from financing activities in the amount of ¥9,876 million.

Status of each cash flow and major factors for increase and decrease are as follows:

Net cash provided by operating activities decreased by ¥11,947 million year on year to ¥4,447 million due primarily to profit before income taxes decreasing by ¥500 million year on year and payment of income taxes increasing by ¥3,788 million.

Net cash used in investing activities increased by ¥162 million year on year to ¥3,078 million due to purchase of shares of subsidiaries and associates falling by ¥1,907 million and proceeds from sales of investment securities decreasing by ¥1,829 million.

Net cash used in financing activities increased by ¥4,035 million year on year to ¥9,876 million due to factors such as a ¥2,914 million increase in purchase of treasury shares.

Dividends

With regard to dividends for the end of the consolidated fiscal term under review, in accordance with the policy of returning profits to shareholders, the Company plans to pay dividends of 30 yen per share. As a result, the Company plans to pay total annual dividends of 60 yen per share. The consolidated dividend payout ratio will be 90.1%.

Next fiscal year the Company plans to pay interim dividends of 30 yen per share and year-end dividends of 30 yen per share, for total annual dividends of 60 yen per share.

(4) Status of Capital Investment

During the consolidated fiscal term under review, the Group conducted capital investment in a total amount of ¥4,618 million. The main components were renovation of A PIT AUTOBACS SHINONOME, relocation of imported car dealership stores, and acquisition of buildings and structures related to the opening of new stores such as JACK & MARIE, as well as IT system investment 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 decrease in the balance of short-term loans payable and long-term loans payable at the end of the consolidated fiscal term under review of ¥1,730 million was the refinancing of loans within the Group.

(6) The Group's Major Business Line (as of March 31, 2019)

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 ("ABcars"), etc.
Overseas business	Sale and installation services of automotive goods and maintenance services 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.
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.

(7) Major Business Locations of the Company (as of March 31, 2019)

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	Location	Capital	The Company's investment ratio	Line of business
AUTOBACS Keiyo Ltd.	Ichikawa City, Chiba	¥100 million	90.0%	Automotive goods retail business
AUTOBACS FRANCE S.A.S.	Pierrelaye, France	EUR 35,300 thousand	100.0%	Automotive goods retail business
AUTOBACS Financial Service Co., Ltd.	Koto-ku, Tokyo	¥15 million	100.0%	Leasing business
Autoplatz K.K.	Toshima-ku, Tokyo	¥100 million	100.0%	Imported car sales
CAP Style Co., Ltd.	Ota-ku, Tokyo	¥100 million	100.0%	Automotive goods wholesaling business

(Note) Autoplatz K.K. has become a wholly-owned subsidiary of AUTOBACS DEALER GROUP HOLDINGS CO., LTD., a wholly-owned subsidiary established as of April 1, 2019.

(9) Key Affiliate Companies

Company name	Location	Capital	The Company's investment ratio	Line of business
Puma Ltd.	Imizu City, Toyama	¥33 million	32.5%	Automotive goods retail business
Buffalo CO., LTD.	Kawaguchi City, Saitama	¥586 million	22.3%	Automotive goods retail business
NORTHERN JAPAN AUTOBACS Co., Ltd.	Toyohira-ku, Sapporo City	¥100 million	34.0%	Automotive goods retail business

(10) Employment Situation (as of March 31, 2019)**The Group's employment status**

Segment	No. of employees in 71st fiscal term		No. of employees in 72nd fiscal term		Increase/decrease from the previous consolidated fiscal term	
Domestic AUTOBACS business	2,711	(610)	2,844	(648)	133	(38)
Overseas business	697	(1)	751	(28)	54	(27)
Car dealership, BtoB and Internet businesses	397	(41)	375	(44)	-22	(3)
Other business	32	(0)	37	(0)	5	(0)
Reporting segment total	3,837	(652)	4,007	(720)	170	(68)
Company-wide (common)	172	(25)	164	(27)	-8	(2)
Total	4,009	(677)	4,171	(747)	162	(70)

- (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 management divisions.

(11) Major Lenders and Loan Amount (as of March 31, 2019)

(Unit: million yen)

Lenders	Balance of loans
BMW Japan Finance Corporation	1,772
MUFG Bank, Ltd.	1,000
Sumitomo Mitsui Banking Corporation	500

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

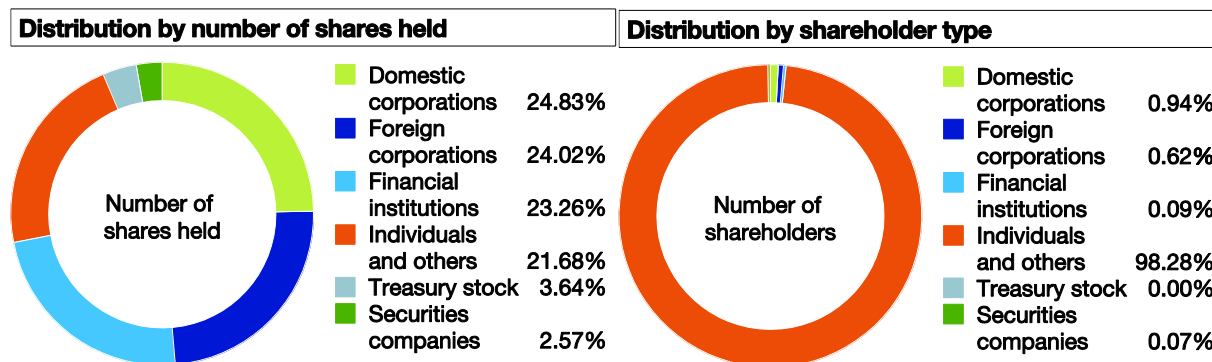
Not applicable

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 3,062,492 treasury stock)
(iii) Number of shareholders: 43,033

	Distribution by number of shares held (Number of shares held)	Distribution by shareholder type (Number of shareholders)
Domestic corporations	24.83%	0.94%
Foreign corporations	24.02%	0.62%
Financial institutions	23.26%	0.09%
Individuals and others	21.68%	98.28%
Treasury stock	3.64%	0.00%
Securities companies	2.57%	0.07%



(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)	4,731	5.84
Northern Trust Company (AVFC) Re Silchester International Investors International Value Equity Trust	4,374	5.40
Sumino Holdings, Ltd.	4,243	5.23
The Yuumi Memorial Foundation for Home Health Care	3,990	4.92
Japan Trustee Service Bank, Ltd. (Trust Account)	3,266	4.03
K Holdings, Ltd.	2,750	3.39
Northern Trust Company AVFC Re U.S. Tax Exempted Pension Funds	2,316	2.86
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079252)	1,800	2.22
Foreman Kyoei, Ltd.	1,560	1.92
Japan Trustee Service Bank, Ltd. (Trust Account 5)	1,533	1.89

- (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.
3. An amendment to the substantial shareholding report was filed with the director-general of the Kanto Local Finance Bureau by Silchester International Investors LLP, as shown in the table below, pursuant to Article 27-25, Paragraph 1, of the Financial Instruments and Exchange Act. The Company could not, however, confirm the number of shares held by Silchester International Investors LLP as of March 31, 2019. As a result, the number of shares held by the company is not included in the list of “Major shareholders” above.

Outline of an amendment to the substantial shareholding report

Amendments to the substantial shareholding report	Date of submission	Number of shares held (thousands)	Holding ratio (%)
No. 21	February 13, 2019	11,681	13.90
No. 22	March 8, 2019	10,817	12.87
No. 23	March 28, 2019	9,968	11.86

- (Notes) 1. The shareholding ratio for each report number uses the total number of shares outstanding at the date of submission as the denominator in the calculation.
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) Other significant matters concerning shares

a. Acquisition, disposal, etc. of treasury stock and the holding thereof

(Unit: shares)

Treasury stock held at the end of the previous fiscal term		1,506,659 ... (i)
Acquired shares	Acquisition through purchase of shares constituting less than one unit	833 ... (ii) (Aggregate acquisition value: ¥1,559 thousand)
	Acquisition of treasury stock pursuant to the provisions of Article 156 of the Companies Act applied with replacement in accordance with the provision of Article 165, Paragraph 3 of the same Act	1,555,000 ... (iii) (Aggregate acquisition value: ¥2,911,869 thousand)
Treasury stock held at the end of the current fiscal term		3,062,492 (i)+(ii)+(iii)

b. Major shareholders

As described above, an amendment to the substantial shareholding report No. 12 was filed with the director-general of the Kanto Local Finance Bureau by Silchester International Investors LLP on April 17, 2014. Based on that report, Silchester International Investors LLP became the Company's major shareholder, which has not yet been confirmed on the Company's register of shareholders. According to the report, Silchester International Investors LLP has virtually become the largest shareholder of the Company, therefore the Company made a timely disclosure of a change in the major shareholders of the Company. Pursuant to Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and the provision of Article 19, Paragraph 2, Item 4, of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., the Company submitted an extraordinary report related to the change of the major shareholders of the Company.

(vi) Matters concerning stock acquisition rights, etc.

Not applicable

(2) Status of the Company's Directors and Audit and Supervisory Board Members

(i) Status of directors and audit and supervisory board members, 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	Teruyuki Matsumura	Senior Managing Executive Officer, BtoB Business and Car Dealer Business	—
Director	Isao Hirata	Senior Managing Executive Officer, Corporate Administration	—
Director	Eiichi Kumakura	Senior Executive Officer, Western Japan Region Headquarters	—
Director	Yugo Horii	Senior Executive Officer, Office of the President and Business Planning, and AUTOBACS Business Planning	—
Director (Outside)	Hatsuo Odamura	TAITO CORPORATION	Advisor
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 (Outside)	Minesaburo Miyake	NAKASHIMATO CO., LTD.	Chairman and Director
		Kewpie Mirai Tamago Foundation	Director General
		Fuji Pharma Co., Ltd.	Outside Director
		KAMEDA SEIKA CO., LTD.	Outside Director
Audit and Supervisory Board Member (Full-time)	Kozo Sumino	—	—
Audit and Supervisory Board Member (Full-time) (Outside)	Yukio Kakegai	—	—
Audit and Supervisory Board Member (Outside)	Tomoaki Ikenaga	Anderson Mori & Tomotsune	Partner
		Moody's Japan K.K.	Independent Member of the Oversight Committee
		Moody's SF Japan K.K.	Independent Member of the Oversight Committee
		Japan Payment Service Association	Director
		Mizuho Securities Co., Ltd.	External Member of the Internal Audit Committee
Audit and Supervisory Board Member (Outside)	Yuji Sakakura	Relations Japan Corporation	Representative Director
		UKC Holdings Corporation	Outside Audit and Supervisory Committee Member

(Notes) 1. Changes to directors and audit and supervisory board members during the fiscal term under review are as follows:

(1) Director

Mr. Noriaki Shimazaki retired from the position of director due to the expiration of term of office at the conclusion of the 71st ordinary general meeting of shareholders held on June 21, 2018.

(2) Audit and supervisory board member

Mr. Toshiki Kiyohara resigned from the position of audit and supervisory board member at the

conclusion of the 71st ordinary general meeting of shareholders held on June 21, 2018.

2. Three (3) directors, Mr. Hatsuo Odamura, Ms. Yoshiko Takayama and Mr. Minesaburo Miyake, are outside directors, as provided for in Article 2, Item 15, of the Companies Act.
3. Three (3) audit and supervisory board members, Mr. Yukio Kakegai, Mr. Tomoaki Ikenaga and Mr. Yuji Sakakura, are outside audit and supervisory board members, as provided for in Article 2, Item 16, of the Companies Act.
4. There is no special relationship between the Company and the other companies and organizations mentioned above in which the outside directors and outside audit and supervisory board members hold concurrent positions.
5. Six (6) officers, namely directors Mr. Hatsuo Odamura, Ms. Yoshiko Takayama and Mr. Minesaburo Miyake and audit and supervisory board members Mr. Yukio Kakegai, Mr. Tomoaki Ikenaga and Mr. Yuji Sakakura, are independent directors and audit and supervisory board members registered with the Tokyo Stock Exchange.
6. Three (3) audit and supervisory board members have profound insights into finance and accounting. Audit and supervisory board member Mr. Kozo Sumino served as a director and was engaged in finance & accounting as an executive officer at the Company. Outside audit and supervisory board member Mr. Yukio Kakegai has many years of extensive experience in finance and accounting at a business corporation. Outside audit and supervisory board member Mr. Yuji Sakakura has many years of extensive experience in financial operations, particularly in international finance and capital markets, at a general trading company.
7. Effective April 1, 2019, due to the expiration of his term of office as an Officer effective March 31, 2019, Mr. Teruyuki Matsumura has changed position from Director and Senior Managing Executive Officer of BtoB Business and Car Dealer Business to Director. Moreover, effective April 1, 2019, he has assumed the position of Director and Chairman of CAP Style Co., Ltd., a subsidiary of the Company.
8. Effective April 1, 2019, due to the expiration of his term of office as an Officer effective March 31, 2019, Mr. Isao Hirata has changed position from Director and Senior Managing Executive Officer of Corporate Administration to Director. Moreover, effective April 1, 2019, he has assumed the position of Representative Director of AUTOBACS Financial Service Co., Ltd., a subsidiary of the Company.
9. Effective April 1, 2019, the Mirai Tamago Foundation, the entity at which Mr. Minesaburo Miyake has assumed the position of Director General, has been transferred from a general incorporated foundation to a public interest incorporated foundation.
10. Effective April 1, 2019, UKC Holdings Corporation, the entity at which Mr. Yuji Sakakura has assumed the position of Outside Audit and Supervisory Committee Member, merged with VITEC HOLDINGS CO., LTD. and changed its trade name to Restar Holdings Corporation. Accordingly, he has assumed the position of Outside Audit and Supervisory Committee Member of Restar Holdings Corporation.

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

Classification	Name	Board of Directors			Audit and Supervisory Board		
		Meetings to be attended	Meetings attended	Attendance rate (%)	Meetings to be attended	Meetings attended	Attendance rate (%)
Directors	Kiomi Kobayashi	16 times	16 times	100.0%			
	Teruyuki Matsumura	16 times	16 times	100.0%			
	Isao Hirata	16 times	16 times	100.0%			
	Eiichi Kumakura	16 times	16 times	100.0%			
	Yugo Horii	16 times	16 times	100.0%			
	Hatsuo Odamura *	16 times	16 times	100.0%			
	Yoshiko Takayama *	16 times	16 times	100.0%			
	Minesaburo Miyake *	12 times	12 times	100.0%			
Audit and Supervisory Board Members	Kozo Sumino	16 times	16 times	100.0%	18 times	18 times	100.0%
	Yukio Kakegai *	12 times	12 times	100.0%	12 times	12 times	100.0%
	Tomoaki Ikenaga *	16 times	14 times	87.5%	18 times	17 times	94.4%
	Yuji Sakakura *	16 times	15 times	93.8%	18 times	17 times	94.4%

- (Notes)
1. Outside directors are indicated by an asterisk (*) to the right of the name.
 2. Director Mr. Minesaburo Miyake and audit and supervisory board member Mr. Yukio Kakegai assumed office effective June 21, 2018, so meetings held on or before June 20, 2018 are excluded.

(iii) Remuneration, etc. paid to directors and audit and supervisory board members**a. Remuneration, etc. paid to directors****i. Policy on directors' remuneration**

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

ii. 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.

iii. Composition and basic policy of remuneration

The remuneration of the Company's directors and officers comprises "fixed remuneration," which is basic remuneration, and "performance-based remuneration," which fluctuates based on the achievement rate of the plans of multiple evaluation indicators including numerical targets.

The performance-based remuneration varies within 0-180% of the performance-based remuneration standard amount that is predetermined for each remuneration table, designed such that, assuming target achievement of 100%, the ratio of performance-based remuneration to total remuneration stands at 40% in the case of a representative director and chief executive officer.

However, performance-based remuneration, in light of its nature, is not applied to outside directors who are independent of the Company's business operations and receive only fixed remuneration.

In addition, the introduction of a medium- to long-term incentive is under consideration that incentivize management focused on the results and stock prices from not only a short-term

but also a medium- to long-term perspective.

iv. Process of determining remuneration

The Company ensures the objectivity and transparency of its remuneration system for directors and officers and the remuneration amounts through consultation with the Corporate Governance Committee.

b. Remuneration, etc. paid to audit and supervisory board members

Remuneration for the Company's audit and supervisory board members is decided through discussion among the audit and supervisory board members, and within the limit of the amount of remuneration resolved in advance at a general meeting of shareholders.

Remuneration for the audit and supervisory board members is fixed taking into consideration their independent status and their having the power to audit the directors' execution of business.

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

Classification	Fixed remuneration		Performance-based remuneration		Total amount of remuneration, etc. (million yen)
	Number of persons paid	Amount of payment (million yen)	Number of persons paid	Estimated amount to be paid (million yen)	
Directors	9	205	—	—	205
Outside Directors	4	36	—	—	36
Audit and Supervisory Board Members	5	71	—	—	71
Outside Audit and Supervisory Board Members	4	46	—	—	46
Total	14	276	—	—	276

(Notes) 1. Director's remuneration limit: ¥480 million or less per year (based on a resolution at the ordinary general meeting of shareholders held on June 28, 2006)

2. Audit and supervisory board members' remuneration limit: ¥120 million or less per year (based on a resolution at the ordinary general meeting of shareholders held on June 28, 2006)

3. The above includes one (1) outside director and one (1) outside audit and supervisory board member who retired at the conclusion of the 71st ordinary general meeting of shareholders held on June 21, 2018

4. In addition to the above, inside directors were paid ¥124 million as performance-based remuneration in the 71st fiscal term.

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

The Company has entered into an agreement with three (3) outside directors and four (4) outside audit and supervisory board members 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.

(v) Matters concerning outside directors and audit and supervisory board members

a. Major activities during the fiscal term under review

Classification	Name	Activities
Directors	Hatsuo Odamura	Fulfilled a supervisory function over the Company's management by making appropriate and timely comments based on his ample experience and knowledge of risk management and crisis management, including measures to eliminate involvement with antisocial forces, as well as issues related to road traffic. Also contributed to promoting and reinforcing the Company's corporate governance as chairman of the Corporate Governance Committee.
	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.
	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.
Audit and Supervisory Board Members	Yukio Kakegai	Functioned as an audit and supervisory board 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.
	Tomoaki Ikenaga	Functioned as an audit and supervisory board 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 extensive knowledge and ample experience as a lawyer.
	Yuji Sakakura	Functioned as an audit and supervisory board 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 profound financial, fiscal and accounting knowledge and ample experience in corporate management.

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	78
Total amount of money and other property benefits payable to the independent auditor from the Company and its subsidiaries	78

(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 Company's subsidiary is audited by Deloitte and Associates.

(iii) Content of services other than auditing

Not applicable

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

The Audit and Supervisory Board, 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 Board 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 board 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 board members. In such cases, an audit and supervisory board member appointed by the Audit and Supervisory Board 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.

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.

The focus of the Company's basic policy for the distribution of profits will be to maintain a consolidated dividend payout ratio of 50% to 100% during the 2017 Medium-term Business Plan period and provide appropriate returns to shareholders based on business results.

With regard to the year-end dividend, the Company plans to pay a dividend of ¥30 per share as initially planned, resulting in an annual dividend of ¥60 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 72nd ordinary general meeting of shareholders.

	70th fiscal term April 1, 2016 to March 31, 2017	71st fiscal term April 1, 2017 to March 31, 2018	72nd fiscal term April 1, 2018 to March 31, 2019
Dividend per share (annual)	¥60	¥60	¥60
Total amount of dividends (annual)	¥4,997 million	¥4,952 million	¥4,905 million
Consolidated dividend payout ratio	166.7%	91.6%	90.1%
Value of treasury stock acquired	¥2,712 million	–	¥2,911 million
Return to shareholders ratio	255.7%	91.6%	142.5%

Consolidated Balance Sheet (as of March 31, 2019)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	107,857	Current liabilities	44,404
Cash and deposits	30,679	Accounts payable - trade	21,298
Notes and accounts receivable - trade	25,159	Short-term loans payable	2,412
Lease investment assets	6,808	Lease obligations	159
Merchandise	19,639	Accounts payable - other	13,564
Short-term loans receivable	20	Income taxes payable	757
Accounts receivable - other	22,676	Provision for point card certificates	72
Income taxes receivable	365	Other	6,139
Other	2,615	Non-current liabilities	12,799
Allowance for doubtful accounts	(107)	Long-term loans payable	1,300
Non-current assets	73,533	Lease obligations	1,120
Property, plant and equipment	41,090	Deferred tax liabilities	414
Buildings and structures	13,404	Provision for retirement benefit for directors (and other officers)	34
Machinery, equipment and vehicles	3,986	Retirement benefit liability	1,479
Tools, furniture and fixtures	1,698	Asset retirement obligations	2,184
Land	21,566	Other	6,266
Leased assets	401		
Construction in progress	33	Total Liabilities	57,203
Intangible assets	6,036	(Net Assets)	
Goodwill	1,344	Shareholders' equity	122,780
Software	2,412	Capital stock	33,998
Other	2,279	Capital surplus	34,298
Investments and other assets	26,405	Retained earnings	60,172
Investment securities	7,708	Treasury shares	(5,689)
Long-term loans receivable	3	Accumulated other comprehensive income	801
Deferred tax assets	3,952	Valuation difference on available-for-sale securities	1,462
Guarantee deposits	13,731	Foreign currency translation adjustment	381
Other	1,039	Remeasurements of defined benefit plans	(1,042)
Allowance for doubtful accounts	(30)	Non-controlling interests	604
		Total Net Assets	124,187
Total Assets	181,391	Total Liabilities and Net Assets	181,391

Consolidated Statement of Income (April 1, 2018-March 31, 2019)

(Unit: million yen)

Account Item	Amount	
Net sales		213,840
Cost of sales		146,259
Gross profit		67,581
Selling, general and administrative expenses		60,102
Operating profit		7,478
Non-operating income		
Interest income	63	
Dividend income	78	
Share of profit of entities accounted for using equity method	365	
Commission income	62	
Lease revenue - system equipment	733	
Insurance income	158	
Other	927	2,390
Non-operating expenses		
Interest expenses	27	
Lease cost - system equipment	805	
Loss on retirement of non-current assets	103	
Other	729	1,665
Ordinary profit		8,203
Extraordinary income		
Gain on sales of investment securities	474	
Insurance income	929	1,403
Extraordinary losses		
Impairment loss	215	
Amortization of goodwill	190	
Special retirement expenses	272	
Loss on disaster	973	
Loss on arrangement of stores	201	1,852
Profit before income taxes		7,754
Income taxes - current	1,944	
Income taxes - deferred	345	2,289
Profit		5,464
Loss attributable to non-controlling interests		20
Profit attributable to owners of parent		5,485

Consolidated Statement of Changes in Equity (April 1, 2018-March 31, 2019)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,998	34,298	59,639	(2,773)	125,163
Changes of items during period					
Dividends of surplus			(4,952)		(4,952)
Profit attributable to owners of parent			5,485		5,485
Purchase of treasury shares				(2,916)	(2,916)
Disposal of treasury shares		0		0	0
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	532	(2,915)	(2,383)
Balance at end of current period	33,998	34,298	60,172	(5,689)	122,780

	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	1,924	470	(692)	1,703	486	127,352
Changes of items during period						
Dividends of surplus						(4,952)
Profit attributable to owners of parent						5,485
Purchase of treasury shares						(2,916)
Disposal of treasury shares						0
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Net changes of items other than shareholders' equity	(462)	(89)	(349)	(901)	118	(782)
Total changes of items during period	(462)	(89)	(349)	(901)	118	(3,165)
Balance at end of current period	1,462	381	(1,042)	801	604	124,187

Summary Consolidated Statement of Cash Flows (April 1, 2018-March 31, 2019) (Reference)

(Unit: million yen)

Items	Amount
Net cash provided by (used in) operating activities	4,447
Net cash provided by (used in) investing activities	(3,078)
Net cash provided by (used in) financing activities	(9,876)
Effect of exchange rate change on cash and cash equivalents	(11)
Net increase (decrease) in cash and cash equivalents	(8,518)
Cash and cash equivalents at beginning of period	39,050
Cash and cash equivalents at end of period	30,531

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

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

Non-Consolidated Balance Sheet (as of March 31, 2019)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	80,180	Current liabilities	29,947
Cash and deposits	24,740	Accounts payable - trade	19,089
Accounts receivable - trade	16,396	Short-term loans payable	600
Lease investment assets	8,638	Lease obligations	135
Merchandise	6,546	Accounts payable - other	3,397
Prepaid expenses	1,038	Accrued expenses	1,030
Short-term loans receivable	12,243	Income taxes payable	229
Accounts receivable - other	9,459	Deposits received	5,035
Income taxes receivable	291	Unearned revenue	377
Other	1,039	Provision for point card certificates	3
Allowance for doubtful accounts	(214)	Other	49
Non-current assets	79,743	Non-current liabilities	9,567
Property, plant and equipment	33,466	Long-term loans payable	1,000
Buildings	7,964	Lease obligations	1,045
Structures	913	Long-term guarantee deposited	6,386
Machinery and equipment	3,059	Asset retirement obligations	1,121
Vehicles	306	Other	14
Tools, furniture and fixtures	833	Total Liabilities	39,514
Land	20,366	(Net Assets)	
Construction in progress	22	Shareholders' equity	118,959
Intangible assets	2,772	Capital stock	33,998
Leasehold right	641	Capital surplus	34,278
Software	2,117	Legal capital surplus	34,278
Other	14	Retained earnings	56,321
Investments and other assets	43,505	Legal retained earnings	1,296
Investment securities	3,234	Other retained earnings	55,024
Shares of subsidiaries and associates	15,903	Reserve for business expansion	665
Long-term loans receivable	3	Reserve for reduction entry of assets	797
Long-term loans receivable from subsidiaries and associates	6,984	Reserve for special depreciation	51
Long-term prepaid expenses	581	General reserves	46,350
Deferred tax assets	2,488	Retained earnings brought forward	7,160
Guarantee deposits	13,062	Treasury shares	(5,638)
Other	2,095	Valuation and translation adjustments	1,449
Allowance for doubtful accounts	(848)	Valuation difference on available-for-sale securities	1,449
Total Assets	159,923	Total Net Assets	120,409
		Total Liabilities and Net Assets	159,923

Non-Consolidated Statement of Income (April 1, 2018-March 31, 2019)

(Unit: million yen)

Account Item	Amount	
Net sales		156,621
Cost of sales		123,481
Gross profit		33,140
Selling, general and administrative expenses		26,930
Operating profit		6,210
Non-operating income		
Interest income	132	
Dividend income	786	
Commission income	16	
Lease revenue - system equipment	1,092	
Insurance income	79	
Other	463	2,571
Non-operating expenses		
Interest expenses	6	
Lease cost - system equipment	1,188	
Other	453	1,647
Ordinary profit		7,133
Extraordinary Income		
Gain on sales of investment securities	474	
Insurance income	848	1,323
Extraordinary losses		
Impairment loss	42	
Loss on valuation of shares of subsidiaries and associates	1,949	
Loss on disaster	896	
Loss on liquidation of subsidiaries and associates	477	3,366
Profit before income taxes		5,089
Income taxes – current	1,102	
Income taxes – deferred	417	1,519
Profit		3,570

Non-Consolidated Statement of Changes in Equity (April 1, 2018-March 31, 2019)

(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 brought forward	Total retained earnings
					Reserve for business expansion	Reserve for reduction entry of assets	Reserve for special depreciation	General reserves			
Balance at beginning of current period	33,998	34,278	34,278	1,296	665	797	77	46,350	8,517	57,703	
Changes of items during period											
Dividends of surplus									(4,952)	(4,952)	
Profit									3,570	3,570	
Reversal of reserve for reduction entry of assets						(0)			0	—	
Reversal of reserve for special depreciation							(25)		25	—	
Purchase of treasury shares										—	
Net changes of items other than shareholders' equity											
Total changes of items during period	—	—	—	—	—	(0)	(25)	—	(1,356)	(1,382)	
Balance at end of current period	33,998	34,278	34,278	1,296	665	797	51	46,350	7,160	56,321	

	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	(2,725)	123,255	1,897	1,897	125,153
Changes of items during period					
Dividends of surplus		(4,952)			(4,952)
Profit		3,570			3,570
Reversal of reserve for reduction entry of assets		—			—
Reversal of reserve for special depreciation		—			—
Purchase of treasury shares	(2,913)	(2,913)			(2,913)
Net changes of items other than shareholders' equity			(448)	(448)	(448)
Total changes of items during period	(2,913)	(4,295)	(448)	(448)	(4,744)
Balance at end of current period	(5,638)	118,959	1,449	1,449	120,409

Independent Auditors' Report on Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 14, 2019

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

Deloitte Touche Tohmatsu LLC

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

Masahiro Ide

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

Yuji Ujigawa

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely the consolidated balance sheet as of March 31, 2019 of AUTOBACS SEVEN Co., Ltd. (the "Company"), and its subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from April 1, 2018 to March 31, 2019, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2019, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

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 14, 2019

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

Deloitte Touche Tohmatsu LLC

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

Masahiro Ide

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

Yuji Ujigawa

Pursuant to the first item, second Paragraph Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2019 of AUTOBACS SEVEN Co., Ltd. (the "Company"), and the related statements of income and changes in equity for the 72nd fiscal year from April 1, 2018 to March 31, 2019, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2019, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

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

END

Audit Report by Audit and Supervisory Board

(TRANSLATION)

AUDIT REPORT (COPY)

The Audit and Supervisory Board has prepared this audit report regarding the performance of duties by the directors of AUTOBACS SEVEN Co., Ltd. (the “Company”), for the 72nd fiscal term from April 1, 2018 to March 31, 2019 upon deliberation based on the audit reports prepared by each audit and supervisory board member, and hereby reports as follows:

1. Methods of audits performed by individual audit and supervisory board members and the Audit and Supervisory Board and the contents thereof

(1) The Audit and Supervisory Board which established the auditing policies and audit plan, etc., and has received reports on the status and results of audits from these individual audit and supervisory board members. In addition, the Audit and Supervisory Board has received reports from the directors, etc. and the independent auditor regarding the status of performance of their duties, and requested explanations as necessary.

(2) In accordance with the audit and supervisory board members’ auditing standards established by the Audit and Supervisory Board, and in accordance with the auditing policies and audit plan, etc., individual audit and supervisory board members have taken steps to communicate with the directors and the internal audit department as well as other employees, etc. for the purpose of obtaining necessary information and developing a favorable environment for audits, and have conducted audits as follows.

1) Audit and supervisory board 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. As for the subsidiaries, individual audit and supervisory board member have worked diligently to improve communications and information exchange with directors and audit and supervisory board 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.

2) Each audit and supervisory board member expressed his opinion about the content of resolutions made by the Board of Directors concerning the establishment of systems to ensure that the performance of duties by the directors will be in compliance with laws and regulations, the Company’s articles of incorporation and other systems set forth in Article 100, Paragraphs 1 and 3, of the Companies Act Enforcement Regulations, as systems necessary to ensure that the operation by the Company, comprising the Company and its subsidiaries will be conducted appropriately; and about the status of such systems (internal control systems) established by such resolutions, by receiving regular reports from the directors and officers as well as from other employees, etc. on the status of the establishment and operation of the systems, and by requesting explanations whenever necessary.

With respect to internal control related to financial reports, the Audit and Supervisory Board 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 Board requested explanations from the directors, employees, other staff members and independent auditor, when such explanations were deemed necessary.

3) 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, the Audit and Supervisory Board has further examined the contents.

4) Audit and supervisory board 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 Board 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 Board 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 board 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 board member requested explanations on such notification.

Based on the foregoing method, each audit and supervisory board 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 Board 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 Board 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 Board 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 Board 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 contained in the Business Report, the Audit and Supervisory Board has not recognized any matter requiring corrections or improvements.

(2) Audit results of the Non-Consolidated Financial Statements and the Supplementary Schedules Thereto

The Audit and Supervisory Board 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 Board 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 22, 2019

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

Kozo Sumino	Audit and Supervisory Board Member (Full-time)
Yukio Kakegai	Outside Audit and Supervisory Board Member (Full-time)
Tomoaki Ikenaga	Outside Audit and Supervisory Board Member
Yuji Sakakura	Outside Audit and Supervisory Board Member

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.