

June 30, 2023

**AUTOBACS SEVEN Announces
 Disposal of Treasury Shares as Restricted Stock Remuneration**

(Translation of major points of Japanese release)

June 30, 2023 (Tokyo, Japan) — AUTOBACS SEVEN Co., Ltd. (“the Company,” Representative Director & Chief Executive Officer: Yugo Horii) announces that its Board of Directors resolved at the meeting held today to dispose treasury shares (the “Disposal of Treasury Shares” or “Disposal”) as follows.

1. Overview of the Disposal of Treasury Shares

(1)	Disposal date	July 28, 2023
(2)	Class and number of shares to be disposed	14,200 shares of the Company’s common stock
(3)	Disposal price	JPY 1,535 per share
(4)	Total value of shares to be disposed	JPY 21,797,000
(5)	Recipients of shares to be disposed, number of recipients and number of shares to be disposed	Directors of the Company (excluding outside directors and directors who are audit and supervisory committee members): 4 directors, 10,800 shares General Managers not concurrently holding the positions of director: 10 persons, 3,400 shares
(6)	Other	The Disposal of Treasury Shares is conditioned on the written notice of securities filed in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason for the Disposal

The Company resolved at a meeting of the Board of Directors held on April 26, 2019, to introduce a Restricted Stock Remuneration Plan (the “Plan”) for the Company’s directors (excluding outside directors and directors who are audit and supervisory committee members; “Eligible Directors”) for the purpose of further enhancing value sharing with shareholders. Subsequently, at the 72nd Ordinary General Meeting of Shareholders held on June 21, 2019, it was approved that, pursuant to the Plan, monetary remuneration claims not exceeding ¥100 million per year shall be paid to the Eligible Directors as monetary remuneration as properties contributed to acquire restricted stocks (the “Restricted Stock Remuneration”), and that the transfer restriction period for restricted shares shall be the period specified by the Board of Directors of the Company, which is a period between three to thirty years from the day on which such shares are allotted.

An overview of the Plan and other relevant details are shown below.

[Outline of the Plan]

Under the Plan, the Eligible Directors shall pay in all monetary remuneration claims provided by the Company as properties contributed in kind and receive the issuance or Disposal of the Company’s common stock. Under the Plan, the total number of shares of common stock of the Company that the Eligible Directors receive by issuance or Disposal by the Company shall be no more than 100,000 shares per year. The paid-in amount per share shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors (or the closing price on the trading day immediately prior thereto if no transaction is made on such business day) within the extent that the amount will not be particularly advantageous to Eligible Directors who will subscribe the Company’s common stock under the Plan.

Furthermore, the issuance or Disposal of the Company’s common stock under the Plan shall be subject to a restricted share allotment agreement to be entered into by and between the Company and each Eligible Director. The agreement shall include (1) a provision prohibiting Eligible Directors from transferring, creating any security interest on, or otherwise disposing of shares of the Company’s common stock that have been received by allotment under the restricted share allotment agreement for a specified period, and (2) a provision that the Company shall acquire the said shares without contribution in the case where specified events happen.

In addition, the Company has decided, performance-contingent restricted shares be allotted to the Company's General Managers in an effort to further promote value sharing with shareholders over the medium- and long-terms, which is the purpose of the introduction of the Plan, and that the transfer restriction period of the restricted shares allotted to the Eligible Directors concurrently holding the position of General Manager and General Managers not concurrently holding the position of Director ("Eligible General Managers") be three years. Additionally, the Company has decided, restricted shares with transfer restriction period of thirty years to be allotted to Eligible Directors. Considering the purpose of the Plan, the Company's current business results, the scope of duties of Eligible Directors and Eligible General Managers ("Eligible Directors & General Managers"), and other factors, the Company has decided to grant a total of 21,797,000 yen as the monetary remuneration claim (the "Monetary Remuneration Claim") and 14,200 shares of the Company's common stock to Eligible Directors & General Managers.

With the Disposal of Treasury Shares, 14 Eligible Directors & General Managers, the planned allottees of shares, shall pay in all of the Monetary Remuneration Claim, which are claims against the Company, in the form of property contributed in kind for acquisition of the restricted shares, and shall receive the shares of the Company's common stock (the "Allotted Shares") pursuant to the Plan. With the Disposal of Treasury Shares, the overview of the restricted share allotment agreement (the "Allotment Agreement") to be entered into by and between the Company and Eligible Directors & General Managers is shown in the following item 3.

The application of Eligible Directors & General Managers for the subscription of the Allotted Shares is arbitrary and only those Eligible Directors & General Managers who apply for the subscription shall receive the Allotted Shares. The Company plans to sign an agreement conforming to the Allotment Agreement with such Eligible Directors & General Managers.

3. Overview of the Allotment Agreement

Eligible Directors

(1) Transfer restriction period: July 28, 2023, to July 27, 2053

(2) Condition for releasing transfer restrictions

The Company shall release transfer restriction on all of the Allotted Shares at the expiry of the transfer restriction period on the condition that the Eligible Directors continued to be the Company's Board member during the transfer restriction period.

(3) Treatment when an Eligible Director retires from its position during the transfer restriction period due to the expiry of term of office, reaching retirement age, or other justifiable reason

i. Time of releasing transfer restrictions

In the event that an Eligible Director retires from the position of the Company's Member of the Board due to the expiry of term of office, reaching retirement age, or other justifiable reason (excluding retirement by death), the transfer restrictions shall be released at the time immediately after the retirement. In the case of retirement by death, the transfer restriction will be released at a time decided separately by the Board of Directors after the death.

ii. Number of shares subject to release

The number of shares of the Eligible Director whose transfer restrictions are released shall be calculated by multiplying the number of Allotted Shares held at the time of retirement by the number obtained (if such number exceeds 1, the number shall be rounded down to 1) by dividing the term of office (by month) subject to the transfer restriction period by 12 (provided, however, fractional shares less than 100 shares will be dropped from the number of shares obtained by the calculation).

(4) Acquisition without cost by the Company

The Company shall take back all the Allotted Shares without cost after expiration of the transfer restriction period or the time of releasing transfer restrictions prescribed in (3) above, if transfer restrictions on Allotted Shares in question are still to be released.

(5) Management of shares

The Allotted Shares shall be managed in dedicated accounts at Nomura Securities Co., Ltd. opened by Eligible Directors to ensure it is not possible to transfer, create any security interest on, or otherwise dispose of the shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. concerning management of the accounts of the Allotted Shares that are held by Eligible Directors to ensure the effectiveness of the transfer restrictions, etc. relating to the Allotted Shares. In addition, Eligible Directors shall agree to the details of the management of the accounts.

(6) Treatment during reorganization, etc.

If an agenda item regarding a merger agreement, in which the Company is to be the non-surviving company, a share exchange agreement or share transfer plan, in which the Company is to become a wholly owned

subsidiary of another company, or other matters concerning reorganization, etc. is approved at the Company's General Meeting of Shareholders (or by Company's Board of Directors if the reorganization, etc. does not require the approval of a general meeting of shareholders of the Company) during the transfer restriction period, the transfer restriction shall be lifted, subject to resolution of the Board of Directors, as of the time immediately before the business day prior to the effective date of said organizational restructuring, etc., in respect of the number of the Allotted Shares calculated by multiplying the number of the Allotted Shares held at said time by the number obtained (if such number exceeds 1, the number shall be rounded down to 1) by dividing the number of months between the month when the transfer restriction period started and the month to which the date of said approval belongs by 12 (provided, however, that if any fraction, less than 100 shares, arises as a result of the above calculation, the fraction shall be rounded off to the nearest hundred). In addition, the Company shall take back all the Allotted Shares without cost immediately after the transfer restrictions are lifted if transfer restrictions on Allotted Shares in question are still to be released.

Eligible General Managers

(1) Transfer restriction period:

July 28, 2023, to July 27, 2026

(2) Condition for releasing transfer restrictions

The Company shall release transfer restriction on all of the Allotted Shares at the expiry of the transfer restriction period on the condition that the Eligible General Managers continued to hold the position of General Manager (including General Managers concurrently holding the position of Director) at the Company during the period from the first day of the 77th business year ending March 31, 2024 (April 1, 2023), and the last day of said business period (March 31, 2024), ("Service Provision Period") and that the consolidated operating profit for said business year indicated in the Company's financial statements for the business year ending March 31, 2024 is 12,300,000,000 yen or more (the "Financial Target"). However, in terms of appointment of a General Manager (including General Managers concurrently holding the position of Directors) during the Service Provision Period, shares shall be granted without delay according to the period in which the said General Manager is scheduled to serve (dividing by the number of months in office, and the part less than one month to be cut off), and the Company shall release transfer restriction under the same conditions to other Eligible General Managers.

(3) Treatment when an Eligible General Manager retires from its position during the transfer restriction period due to the expiry of term of office, reaching retirement age, or other justifiable reason (including retirement by death and excluding retirement for personal reasons)

i. Retirement of an Eligible General Manager during the period of service

Transfer restrictions on none of the Allotted Shares shall be lifted for any reason whatsoever.

ii. Retirement of an Eligible General Manager during the period between the expiry of the period of service and the date of submission of financial statements for the business year ending March 31, 2024

On the condition that the Financial Target is reached, transfer restrictions on all Allotted Shares shall be lifted on the day following the date of submission of financial statements for the business year ending March 31, 2024.

iii. Retirement of an Eligible General Managers after the day following the date of submission of financial statements for the business year ending March 31, 2024

On the condition that the Financial Target is reached, transfer restrictions on all Allotted Shares shall be lifted immediately after the retirement of an Eligible General Manager.

(4) Acquisition without cost by the Company

The Company shall take back all the Allotted Shares without cost immediately after the time of releasing transfer restrictions prescribed in (3) above (or, at the time of retirement in the case of i. under (3) above, in which transfer restrictions are not lifted) if the transfer restrictions on Allotted Shares in question are still to be released.

(5) Management of shares

The Allotted Shares shall be managed in dedicated accounts at Nomura Securities Co., Ltd. opened by Eligible General Managers to ensure it is not possible to transfer, create any security interest on, or otherwise dispose of the shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. concerning management of the accounts of the Allotted Shares that are held by Eligible General Managers to ensure the effectiveness of the transfer restrictions, etc. relating to the Allotted Shares. In addition, Eligible General Managers shall agree to the details of the management of the accounts.

(6) Treatment during reorganization, etc.

If an agenda item regarding a merger agreement, in which the Company is to be the non-surviving company, a share exchange agreement or share transfer plan, in which the Company is to become a wholly owned subsidiary of another company, or other matters concerning reorganization, etc. is approved at the Company's General Meeting of Shareholders (or by Company's Board of Directors if the reorganization, etc. does not require the approval of a general meeting of shareholders of the Company) during the transfer restriction period, the transfer restrictions on all Allotted Shares held at the time shall be lifted, subject to resolution of the Board of Directors, as of the time immediately before the business day prior to the effective date of said organizational restructuring, etc. on the condition that the financial statements submitted after the last day of the business year ending March 31, 2024 and before the date of said approval indicate that the Financial Target has been reached. Regardless of the above provisions, however, the Company shall take back all Allotted Shares without cost immediately before the business day prior to the effective date of reorganization, etc. if the date immediately before the business day preceding the effective date of the reorganization, etc. is before the date immediately preceding the day following the date of the submission of financial statements for the business year ending March 31, 2024.

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