



June 20, 2023

To All Stakeholders:

Company	USS Co., Ltd.
Representative	Yukihiro Ando Chairman and Representative Director
Stock Code	4732
Listings	Prime Market, Tokyo Stock Exchange Premier Market, Nagoya Stock Exchange
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Sale of Treasury Stock Using a Third-party Allotment

The Board of Directors of USS Co., Ltd. approved a resolution on June 20, 2023 to sell treasury stock by using a third-party allotment as follows.

1. Summary

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| (1) Date of sale | July 20, 2023 |
| (2) Number of shares | 369,200 shares |
| (3) Price | 2,383 yen per share |
| (4) Proceeds | 879,803,600.0 yen |
| (5) Buyer | The Nomura Trust and Banking Co., Ltd. (USS Employee Stock Ownership Plan Trust Account) |
| (6) Other information | This sale of treasury stock will require the submission of a valid notice in accordance with the Financial Instruments and Exchange Act. |

2. Purpose of the sale and reason

Today, the USS Board of Directors approved a resolution to reestablish a trust employee stock ownership incentive plan (E-Ship®) (“the Plan”). The purpose of the Plan is to build a sound base for sustained growth by providing an incentive for employees to contribute to the growth of corporate value over the medium to long term and increasing the motivation of employees by enabling them to benefit from the growth of equity as shareholders.

Information about the Plan is in a release dated today titled “USS Reestablishes Trust Employee Stock Ownership Incentive Plan (E-Ship®).” The treasury stock will be purchased by a USS Employee Stock Ownership Trust Account at Nomura Trust and Banking.

To determine the number of shares of treasury stock sold, the planned annual monetary amount of treasury stock to be purchased is calculated by using actual purchases of USS stock by the employee stock ownership plan (purchases of treasury stock, purchases for bonuses and purchases using dividend reinvestments) converted to an annualized basis. Next, this annualized amount is used to determine planned purchases by the employee stock ownership plan during the entire trust period, which is about two years and nine months. This amount is then divided by the price per share to obtain the number of shares.

Although this sale of treasury stock will result in dilution of existing shares, the treasury stock will be transferred from the E-Ship Trust, which is the buyer of the treasury stock through this third-party allotment, in small amounts every month. Consequently, the effect of this sale of treasury stock will be negligible and the amount of dilution (rates are rounded to two decimal places), which is as follows, is believed to be reasonable.

Shares issued (March 31, 2023)	257,000,000 shares	0.14%
Voting rights (March 31, 2023)	2,445,607	0.15%

Profile of E-Ship Trust

Trustor:	USS Co., Ltd.
Trustee:	The Nomura Trust and Banking Co., Ltd.
Beneficiaries:	Individuals who meet the requirements to be beneficiaries (individuals must complete the designated procedure once confirmed as eligible to be beneficiaries)
Trust administrator:	Selected by employees of USS
Trust period:	June 20, 2023 to April 2, 2026
Trust objectives:	The objectives are to provide a stable and consistent supply of stock to the USS Employee Stock Ownership Plan and to distribute trust assets to qualified beneficiaries
Voting rights:	The trustee will exercise the voting rights of USS stock in the trust in accordance with instructions of the trust administrator.

3. Basis for calculation of payment and specific items

The purpose of this sale of treasury stock is the reestablishment of the Plan, which is an employee stock ownership plan. To determine a sale price with no arbitrary aspects, the price is the closing price of USS stock on June 19, 2023 (the business day before the resolution of the Board of Directors to sell this stock) on the Tokyo Stock Exchange, which is 2,383.0 yen. USS believes that the market price on this day is a reasonable sale price and is not particularly advantageous to the buyer of this stock. The method for determining this payment complies with the “Guidelines for Capital Increase Using Third-party Allocations” of the Japan Securities Dealers Association. The differences between this price and the average closing prices of USS stock on the Tokyo stock exchange are as follows, rounded to the second decimal place.

Period Average closing price (fractions of yen omitted)	Difference
2,334 yen :1 month (May 22-June 19, 2023)	2.10%
2,291 yen :3 months (March 20-June 19, 2023)	4.02%
2,225 yen :6 months (Dec. 20, 2022-June 19, 2023)	7.10%

All corporate auditors (including three outside auditors) of USS have stated the opinion that the judgment of USS that the price of treasury stock is not particularly advantageous for the buyer of this stock and that the process used to determine this price is reasonable are both in compliance with laws and regulations. This opinion is based on the purpose of the sale of treasury stock, which is the reestablishment of an employee stock ownership plan, and on the decision to use the closing price of USS stock on the business day prior to the Board of Directors resolution to sell this stock.

4. Procedure concerning corporate code of conduct

This third-party allotment will result in dilution of less than 25% and will not result in a change in a controlling shareholder (no change expected in a controlling shareholder even if all stock options or stock acquisition rights are exercised). As a result, in accordance with Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, this third-party allotment does not require the opinion of an independent third party or a procedure to confirm the stance of shareholders regarding this action.