

The following statement is prepared based on the original Japanese-language document as an English-language translation and is provided for your convenience puupose only. In the event there is any discrepancy between the Japanese and English versions, the Japanese version prevails.



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
Contact	Masafumi Yamanaka Executive Vice President, Officer, Supervisory Office (Tel +81-52-689-1129)

**Notice regarding Share Repurchase through the Off-Auction Own Share Repurchase Trading  
(ToSTNeT-3) System**  
**(Share Repurchase through a Facility Share Repurchase (Japanese ASR))**

USS Co., Ltd (the “Company”) hereby announces that it has passed a resolution at the Board of Directors’ meeting held on June 20, 2023 establishing that it will execute a share repurchase (the “Share Repurchase”) in accordance with Article 156 of the Companies Act, which will be applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act. The resolution also identifies that the Company will implement this repurchase through a facility share repurchase as described in “I. Share Repurchase” below.

**I. Share Repurchase**

**1. Reason for Share Repurchase**

In an effort to further enhance its corporate value, the Company aims to maintain the return on equity (ROE) at 15% or higher in the medium term by successfully combining business expansion through investment and capital policies including shareholder returns.

As for shareholder returns, the Company has gradually raised the Consolidated dividend payout ratio to over 55% from FY2019. The Company also has worked on company operation that considers the total return ratio by combining stable dividends and a continuous share repurchase.

Taking into account various factors such as the Company’s financial condition, future capital investment plan, and the market environment, the Company has determined that the Share Repurchase through a facility share repurchase, which ensures execution of the Share Repurchase of a certain size (as detailed below), will further reinforce its commitment to shareholder returns and eventually contribute to the cycle of the enhancement of its corporate value, and the Company, thus, resolved to execute the Share Repurchase to enhance its capital efficiency and shareholder returns.

This document is a press release of public announcement regarding the Company’s share repurchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system  
This document does not constitute an offer of securities for sale in the United States. The securities referred herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States.

## 2. Repurchase method (Share Repurchase (ToSTNeT-3))

The Company will commission the purchase through the Tokyo Stock Exchange's off-auction own share repurchase trading (ToSTNet-3) system at 8:45AM on June 21, 2023, at the closing price (including the final special quote) as of today (June 20, 2023), ¥2,363.5 to repurchase 5,000,000 shares (the "Anticipated Number of Shares Repurchased") worth of ¥11,818 million (no other trading system will be used, and there will be no change to the trading time). This purchase order will be valid only during the relevant trading time.

SMBC Nikko Securities Co., Ltd. ("SMBC Nikko") is scheduled to place a sell order of 5,000,000 shares for the Share Repurchase (ToSTNeT-3), but the Company and SMBC Nikko will conduct an adjustment transaction (the "Adjustment Transaction") using the warrants so that the actual purchase price of all or some of the shares repurchased by SMBC Nikko in the Share Repurchase (ToSTNeT-3) will be equal to the average of the volume-weighted average price ("VWAP") of the Company stock in ordinary tradings on the Tokyo Stock Exchange over a certain period after the Share Repurchase (ToSTNeT-3) multiplied by 99.90%. As such, the final total repurchase price or the final number of shares repurchased may vary depending on the Adjustment Transaction. For details of the Adjustment Transaction, please see "4. Facility Share Repurchase" below.

## 3. Details of the repurchase (Share Repurchase (ToSTNeT-3))

(1) Class of shares to be repurchased	Common stock of the Company
(2) Total number of shares to be repurchased	5,000,000 shares (2.04% of all outstanding shares (excluding treasury shares))
(3) Total purchase price of shares	¥11,817,500,000
(4) Announcement of results	The results of the transaction will be announced following the completion of the transaction at 8:45AM on June 21, 2023.

(Note 1) The number of shares will not be changed. Depending on market trend and other factors, the Company may not go through with some or all of the repurchase.

(Note 2) The purchase will be executed for sell orders that correspond to the Anticipated Number of Shares Repurchased.

(Reference) Details of the resolution on matters related to Share Repurchase (released on June 20, 2023)

(1) Class of shares to be repurchased	Common stock of the Company
(2) Total number of shares to be repurchased	5,000,000 shares (maximum) (2.04% of all outstanding shares (excluding treasury shares))
(3) Total purchase price of shares	¥12,500,000,000 (maximum)
(4) Period of repurchase	June 21, 2023
(5) Method of repurchase	Purchase through the off-auction own share repurchase trading (ToSTNeT-3) system on the Tokyo Stock Exchange

## 4. Facility Share Repurchase (Japanese ASR)

In order to repurchase its own shares, the Company has concluded for the reasons below that the facility share repurchase proposed by SMBC Nikko (the Share Repurchase (ToSTNeT-3) and share repurchase through a series of transactions in the Adjustment Transaction are collectively hereinafter referred to as the "Scheme")

This document is a press release of public announcement regarding the Company's share repurchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system  
This document does not constitute an offer of securities for sale in the United States. The securities referred herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States.

is the best option for satisfying the Company's need to ensure execution of share repurchase of such a size as stated above for shareholder returns.

Among the methods of repurchasing own shares through market purchases, there are various schemes to repurchase own shares through regular trading sessions, such as the Company placing individual orders, the use of discretionary account transactions by securities companies, and the use of trust companies. When the Company repurchases its own shares at the size anticipated herein through these schemes, given the Company's trading volume in the stock market, it would require a certain period of time to complete the share repurchase. Unlike the above method, when purchase is entrusted under ToSTNeT-3, the transaction is completed in a day, but depending on the volume of sell orders placed by shareholders, the Company may not be able to repurchase the desired number of own shares.

On the other hand, as described below, employing the Scheme will make it possible to complete the share repurchase in a day. Furthermore, since SMBC Nikko will place sell orders for the total number of shares to be repurchased in the Share Repurchase (ToSTNeT-3) on its own account, the Company will be able to repurchase the total Anticipated Number of Shares Repurchased with a high probability even if the sell orders placed by general shareholders are not enough. Although whether sell orders will actually be placed by SMBC Nikko or not has not been determined yet at present, SMBC Nikko has confirmed that it would be able to place sell orders for the total Anticipated Number of Shares Repurchased by borrowing the Company's stock from the market. In addition, the Company believes that the demand and supply of the Company shares are also expected to increase as a result of the Market Purchase Transaction (as defined below) executed by SMBC Nikko after the Share Repurchase (ToSTNeT-3).

While there have been similar transactions in the United States, the Scheme is new in the Japanese market. Therefore, you are encouraged to fully understand the details of the Scheme and determine the effect that the Scheme may have on the market.

For more information regarding SMBC Nikko's sell order, please refer to an announcement that is scheduled to be published on the Tokyo Stock Exchange website (<https://www.jpx.co.jp/markets/public/short-selling/index.html>).

#### < Outline of the Scheme (facility share repurchase) >

Below is the outline of the Scheme:

- On June 21, 2023, the Company, at first, will execute the Share Repurchase (ToSTNeT-3) for the Anticipated Number of Shares Repurchased (5,000,000 shares) worth of the anticipated purchase price (approximately ¥11,818 million) at a per-share purchase price (¥2,363.5) by way of purchase through ToSTNeT-3. In the Share Repurchase (ToSTNeT-3), SMBC Nikko will borrow shares from the market to place the same number of sell orders as the Anticipated Number of Shares Repurchased and responds to the Share Repurchase (ToSTNeT-3).

This should enable the Company to repurchase the Anticipated Number of Shares Repurchased in the Share Repurchase (ToSTNeT-3) even if the general shareholders do not place sell orders. Because ToSTNeT-3 prioritizes general shareholders' sell orders over that of SMBC Nikko, which is a financial instruments firm, SMBC Nikko's sell-order execution amount will be reduced by the amount sold by general shareholders. Thus, if sell orders from the general shareholders reach the Anticipated Number of Shares Repurchased, the Share Repurchase (ToSTNeT-3) will not be executed with respect to sell orders from SMBC Nikko, and the warrants will not be exercised.

- SMBC Nikko has indicated that following the Share Repurchase (ToSTNeT-3), it will repurchase, at its own

<p>This document is a press release of public announcement regarding the Company's share repurchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system</p> <p>This document does not constitute an offer of securities for sale in the United States. The securities referred herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States.</p>
--

discretion and on its account, the Company's shares in the securities market (such transactions are hereinafter referred to as the "Market Purchase Transaction") in order to return the number of shares it has borrowed and actually sold to the Company in the Share Repurchase (ToSTNeT-3) (such number of shares is hereinafter referred to as the "Number of Shares Sold (Nikko)").

- With respect to the shares that the Company will repurchase from SMBC Nikko, the Scheme is designed in such a way that the Company's actual per-share purchase price will be equal to the arithmetic average of the VWAP of the Company's stock in ordinary trading on the Tokyo Stock Exchange for each trading day ("trading day" means days on which trading sessions are held on the Tokyo Stock Exchange) over a set period after the Share Repurchase (ToSTNeT-3) (from June 22, 2023 to the trading day prior to the exercise date of the warrants) multiplied by 99.90% (the "Average VWAP"). Specifically, the Company will allot two types of the warrants to SMBC Nikko for the Adjustment Transaction, which will be conducted by SMBC Nikko exercising one of these warrants depending on the Average VWAP. Details of the mechanism of the Adjustment Transaction are as follows:

1. When the Average VWAP after the Share Repurchase (ToSTNeT-3) is higher than the per-share purchase price in the Share Repurchase (ToSTNeT-3)
  - In this case, assuming that SMBC Nikko repurchases shares at the Average VWAP in the Market Purchase Transaction, SMBC Nikko will not be able to purchase the sufficient number of shares to return the borrowed shares even if it uses all the amount it received from the Company in the Share Repurchase (ToSTNeT-3) ("Received Amount (Nikko)") (the number of shares that can be purchased under such assumption is hereinafter referred to as the "Number of Purchasable Shares (Average VWAP)"). As such, SMBC Nikko will exercise the warrants to repurchase the number of shares that falls short. The amount of contribution at the time of exercise of the warrants shall be ¥1 and the number of shares to be issued to SMBC Nikko as a result of the exercise shall be calculated by the following formula:  
Number of Shares issued upon exercise of the warrants  
= Number of Shares Sold (Nikko) - Number of Purchasable Shares (Average VWAP)  
(Number of Purchasable Shares (Average VWAP) = Received Amount (Nikko) / Average VWAP)  
\*The number of share issued is capped at the Number of Shares Sold (Nikko) (up to 5,000,000 shares).
  - The substantive number of own shares that the Company will repurchase in the Scheme as a result of the issuance of Company shares due to the exercise of the warrants above will be the number of shares that the Company purchased through ToSTNeT-3 less the number of shares issued from the exercise of the warrants.
2. Assuming that the general shareholders do not place sell orders in the Share Repurchase (ToSTNeT-3) (the Share Repurchase (ToSTNeT-3) is thoroughly executed by sale from the SMBC Nikko on its own account), the result will, by combining the Share Repurchase (ToSTNeT-3) and such Adjustment Transaction, be the same as the case where the Company purchases shares at the Average VWAP using approximately ¥11,818 million (this does not take into account the amount of contribution (¥1) at the times of exercise of the warrants). When general shareholders place sell orders, the number of Company shares that SMBC Nikko sells on its account will be reduced by the number of such sell orders, resulting in a decrease in the number of repurchased own shares subject to the Adjustment

This document is a press release of public announcement regarding the Company's share repurchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system  
This document does not constitute an offer of securities for sale in the United States. The securities referred herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States.

Transaction and a lower ceiling on the number of shares issued with respect to the warrants. When the Average VWAP after the Share Repurchase (ToSTNeT-3) is lower than the per-share purchase price in the Share Repurchase (ToSTNeT-3)

- In this case, assuming that SMBC Nikko repurchases shares at the Average VWAP in the Market Purchase Transaction, SMBC Nikko will be able to purchase the number of shares required to return the borrowed shares without using all the amount it received from the Company in the Share Repurchase (ToSTNeT-3) (Received Amount (Nikko)) (the amount of money that is required to return the shares borrowed by SMBC Nikko under such assumption is hereinafter referred to as the “Required Amount for Purchase (Average VWAP)”). As such, SMBC Nikko will exercise the warrants and pay to the Company an amount equivalent to the surplus as consideration for the exercise. The number of shares to be issued upon exercise of the warrants shall be 100 shares and amount of money delivered to the Company as a result of such exercise (exercise value) shall be calculated by the following formula:

Exercise value per 100 shares from the warrants

= Received Amount (Nikko) – Required Amount for Purchase (Average VWAP)

(Required Amount for Purchase (Average VWAP) = Number of Shares Sold (Nikko) x Average VWAP)

\*Exercise value is capped at the Received Amount (Nikko) (up to ¥11,817,500,000)

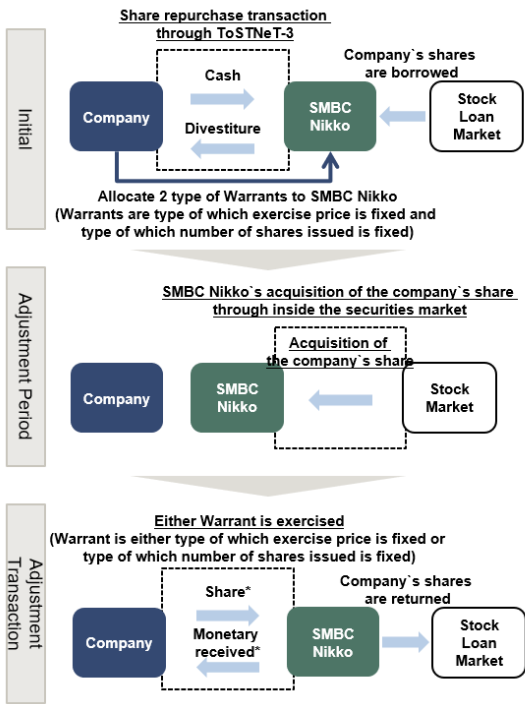
- The substantive total purchase price of own shares that the Company will repurchase in the Scheme as a result of payment of the exercise value for the exercise of the warrants above will be the total amount of purchase price that the Company paid in ToSTNeT-3 transactions less the exercise value of the warrants.
- Assuming that the general shareholders do not place sell orders in the Share Repurchase (ToSTNeT-3) (the Share Repurchase (ToSTNeT-3) is thoroughly executed by sale from the SMBC Nikko on its own account), the result will, by combining the Share Repurchase (ToSTNeT-3) and such Adjustment Transaction, be the same as the case where the Company purchases 5,000,000 shares at the Average VWAP (this does not take into account the 100 shares to be delivered at the times of exercise of the warrants). When general shareholders place sell orders, the number of Company shares that SMBC Nikko sells on its account will be reduced by the number of such sell orders, resulting in a decrease in the number of repurchased own shares subject to the Adjustment Transaction and a lower ceiling on the exercise value of the warrants.

The warrants will be exercised during the period from September 22, 2023 to December 25, 2023 which is the exercise period of both warrants. The final results of the Adjustment Transaction will be separately released, but the final total purchase price or the final number of shares repurchased may vary depending on the Adjustment Transaction. If the Average VWAP after the Share Repurchase (ToSTNeT-3) equals to the per-share purchase price in the Share Repurchase (ToSTNeT-3), SMBC Nikko shall waive all the warrants.

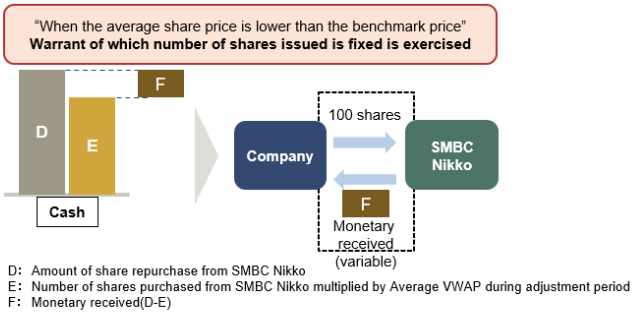
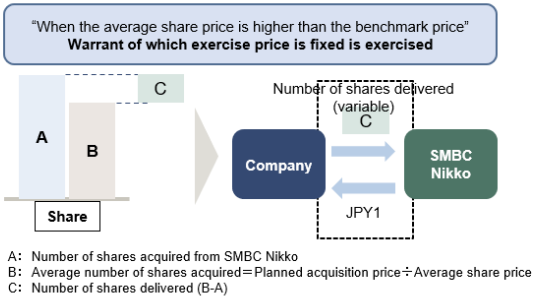
<Overview of the Scheme>

This document is a press release of public announcement regarding the Company's share repurchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system

This document does not constitute an offer of securities for sale in the United States. The securities referred herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States.



**\*Overview of Adjustment Transaction**



This document is a press release of public announcement regarding the Company's share repurchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system

This document does not constitute an offer of securities for sale in the United States. The securities referred herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States.

<Reference Information: Adjustment Transaction Table>

Deviation rate of average VWAP from per-share purchase price	Average VWAP (JPY)	Amount of share repurchase from SMBC Nikko (JPY million)	Number of share repurchase from SMBC Nikko	Adjustment Transaction by warrants when average VWAP is higher than per-share purchase price in the Share Repurchase (ToSTNeT-3)			Adjustment Transaction by warrants when average VWAP is lower than per-share purchase price in the Share Repurchase (ToSTNeT-3)		
				Number of shares purchased at average VWAP	Number of shares delivered	Substantive total number of share repurchase	Amount of share repurchase at average VWAP (JPY million)	Exercise Price (JPY million)	Substantive total amount of share repurchase (JPY million)
20%	2,836.2	11,818	5,000,000	4,166,700	833,300	4,166,700			
18%	2,788.9	11,818	5,000,000	4,237,300	762,700	4,237,300			
16%	2,741.7	11,818	5,000,000	4,310,400	689,600	4,310,400			
14%	2,694.4	11,818	5,000,000	4,386,000	614,000	4,386,000			
12%	2,647.1	11,818	5,000,000	4,464,300	535,700	4,464,300			
10%	2,599.9	11,818	5,000,000	4,545,500	454,500	4,545,500			
8%	2,552.6	11,818	5,000,000	4,629,700	370,300	4,629,700			
6%	2,505.3	11,818	5,000,000	4,717,000	283,000	4,717,000			
4%	2,458.0	11,818	5,000,000	4,807,700	192,300	4,807,700			
2%	2,410.8	11,818	5,000,000	4,902,000	98,000	4,902,000			
0%	2,363.5	11,818	5,000,000	No warrant is exercised			No warrant is exercised		
-2%	2,316.2	11,818	5,000,000				11,581	236	11,581
-4%	2,269.0	11,818	5,000,000				11,345	473	11,345
-6%	2,221.7	11,818	5,000,000				11,108	709	11,108
-8%	2,174.4	11,818	5,000,000				10,872	945	10,872
-10%	2,127.2	11,818	5,000,000				10,636	1,182	10,636
-12%	2,079.9	11,818	5,000,000				10,399	1,418	10,399
-14%	2,032.6	11,818	5,000,000				10,163	1,654	10,163
-16%	1,985.3	11,818	5,000,000				9,927	1,891	9,927
-18%	1,938.1	11,818	5,000,000				9,690	2,127	9,690
-20%	1,890.8	11,818	5,000,000				9,454	2,364	9,454

\*This is an example that assumes that there were no sell orders from general shareholders and that all of the Share Repurchase (ToSTNeT-3) were executed by sale based on SMBC Nikko's own calculation. This does not take into account the amount of contribution at the time of exercise of the warrants which is ¥1 (in case where the Average VWAP is higher than the per-share purchase price in the Share Repurchase (ToSTNeT-3)), and the number of shares issued at the time of exercise of the warrants which is 100 shares (in case where the Average VWAP is lower than the per-share purchase price in the Share Repurchase (ToSTNeT-3)).

This document is a press release of public announcement regarding the Company's share repurchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system  
This document does not constitute an offer of securities for sale in the United States. The securities referred herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States.