



Consolidated Results of Operations

The First Quarter, Fiscal Year Ending March 31, 2018

USS Co., Ltd.
August 2017

- This document has been translated from the original Japanese as a guide for non-Japanese investors.
- Forward-looking statements in this material are based on information available to management at the time this material was prepared and assumptions that management believes are reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons.
- The information provided in this material may include unaudited figures.
- The amounts less than the units shown are discarded.
- Percentages are rounded to the hundredths place.

Reference materials

Japan Automobile Dealers Association, Japan Light Motor Vehicle and Motorcycle Association, USED CAR Co., Ltd., Trade Statistics of Japan Ministry of Finance

Results of Operations First Quarter Fiscal Year Ending March 2018

- Results of operations: Sales increased 6.4% YoY to ¥17.63 billion, Operating profit was up 6.3% to ¥8.63 billion, and profit attributable to owners of parent increased 5.5% to ¥5.99 billion.
- Sales and earnings increased despite a decline in the contract completion rate mainly because of growth in vehicles consigned and contracts completed.

(Million yen)

	1Q FY3/2016	1Q FY3/2017	1Q FY3/2018	Year on year
Net sales	17,004	16,584	17,638	106.4%
Cost of sales (Per sales)	6,420 (37.8%)	6,422 (38.7%)	6,957 (39.4%)	108.3%
Gross profit (Per sales)	10,584 (62.2%)	10,162 (61.3%)	10,681 (60.6%)	105.1%
Selling, general and administrative expenses (Per sales)	1,962 (11.5%)	2,031 (12.2%)	2,041 (11.6%)	100.5%
Operating profit (Per sales)	8,621 (50.7%)	8,130 (49.0%)	8,639 (49.0%)	106.3%
Ordinary profit (Per sales)	8,788 (51.7%)	8,273 (49.9%)	8,776 (49.8%)	106.1%
Profit attributable to owners of parent (Per sales)	5,788 (34.0%)	5,684 (34.3%)	5,995 (34.0%)	105.5%

1Q FY3/2018 – Reasons for Change in Operating Income (Actual)

Net sales

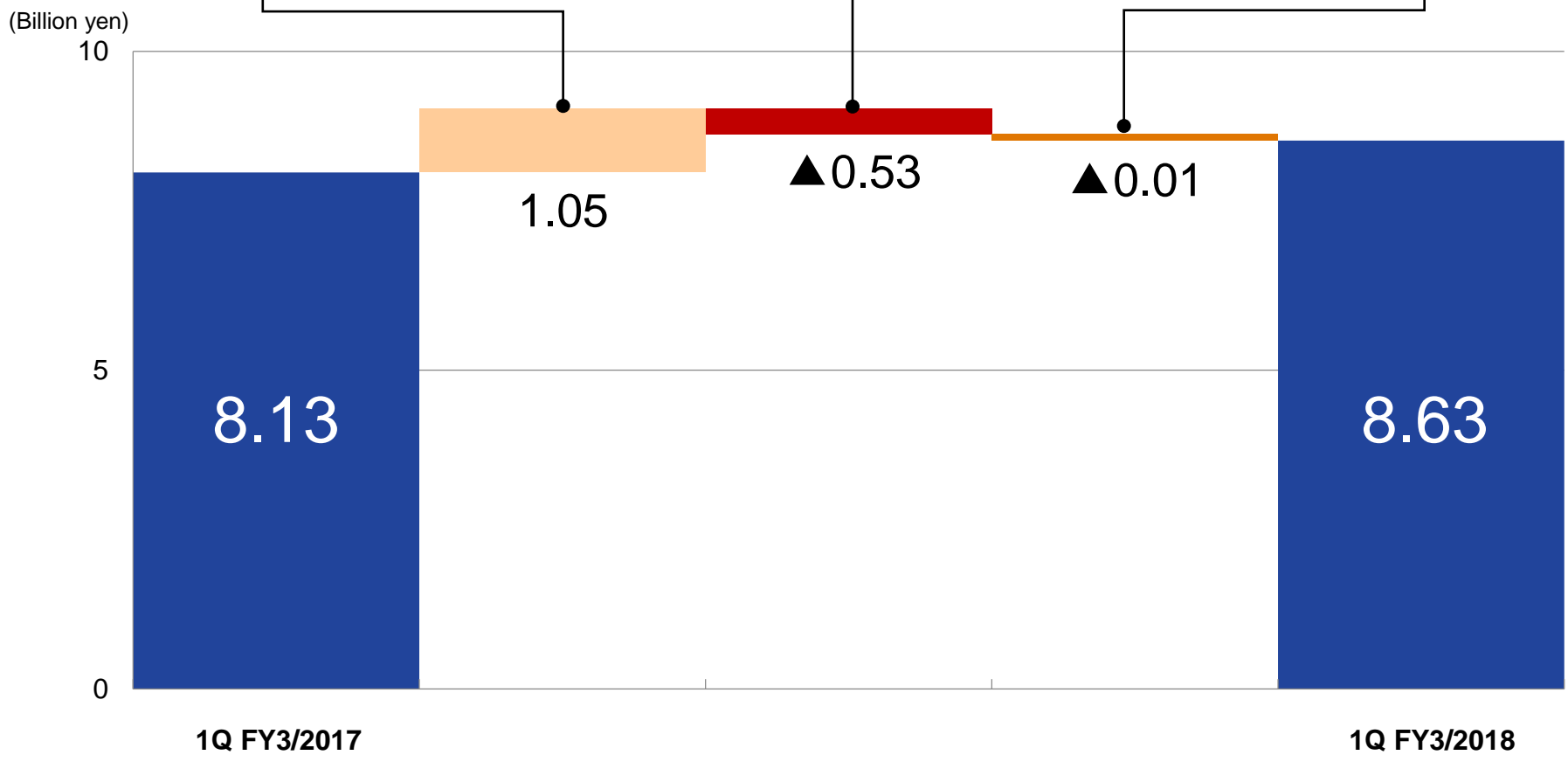
Increase in vehicles consigned	0.76bn
Increase in vehicles, etc. recycling	0.20bn
Increase in CIS (Internet)	0.16bn
Increase in sales of accident-damaged vehicles	0.09bn
Decrease in contract completion rate	▲0.21bn

Cost of sales

Increase in cost of goods sold	▲0.25bn
Increase in depreciation	▲0.16bn
Increase in cost of materials purchased	▲0.07bn
Increase in outsourcing expenses	▲0.05bn

SG&A expenses

Increase in share-based compensation expenses	▲0.06bn
Decrease in employee salaries and bonuses	0.03bn



Net Sales and Operating Profit by Business Segment

(Million yen)

Net sales	1Q FY3/2016	1Q FY3/2017	1Q FY3/2018	Year on year
Auto auction	12,852	13,104	13,898	106.1%
Used vehicle purchasing and selling	2,421	2,250	2,294	101.9%
Other	1,730	1,228	1,445	117.7%
Total	17,004	16,584	17,638	106.4%
Operating profit (operating margin)	1Q FY3/2016	1Q FY3/2017	1Q FY3/2018	Year on year
Auto auction	8,273 (63.5%)	7,936 (60.0%)	8,414 (59.9%)	106.0%
Used vehicle purchasing and selling	137 (5.7%)	65 (2.9%)	39 (1.7%)	60.7%
Other	153 (8.8%)	73 (6.0%)	159 (11.0%)	216.9%
Elimination of inter-segment transactions	57	55	25	46.5%
Total	8,621 (50.7%)	8,130 (49.0%)	8,639 (49.0%)	106.3%

*Net sales are sales to external customers and operating profit is based on business segment earnings.
Operating margins (shown % in parenthesis) are calculated by Segment profit divided by Segment sales.

- Equity ratio: 81.9%。
- Free cash flow: 19.7 billion yen, due mainly to period shortening of time deposits

Consolidated Balance Sheets (Summary)

	FY3/2017	1Q FY3/2018
Current assets	91,462	85,949
Cash and deposits	74,778	69,463
Receivables due from member dealers at auction, etc.	16,683	16,486
Non-current assets	105,911	107,041
Property, plant and equipment	96,868	98,084
Other	9,043	8,956
Total assets	197,374	192,991

(Million yen)

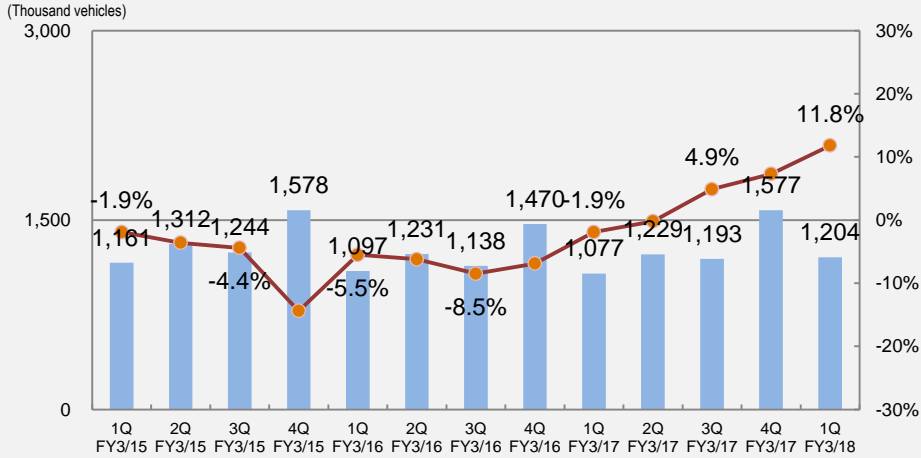
	FY3/2017	1Q FY3/2018
Current liabilities	28,801	24,282
Payables due to member dealers at auction	15,051	14,886
Other	13,749	9,395
Non-current liabilities	9,375	9,359
Total liabilities	38,176	33,641
Total net assets	159,197	159,349
Total liabilities and net assets	197,374	192,991

Consolidated Statements of Cash Flows (Summary)

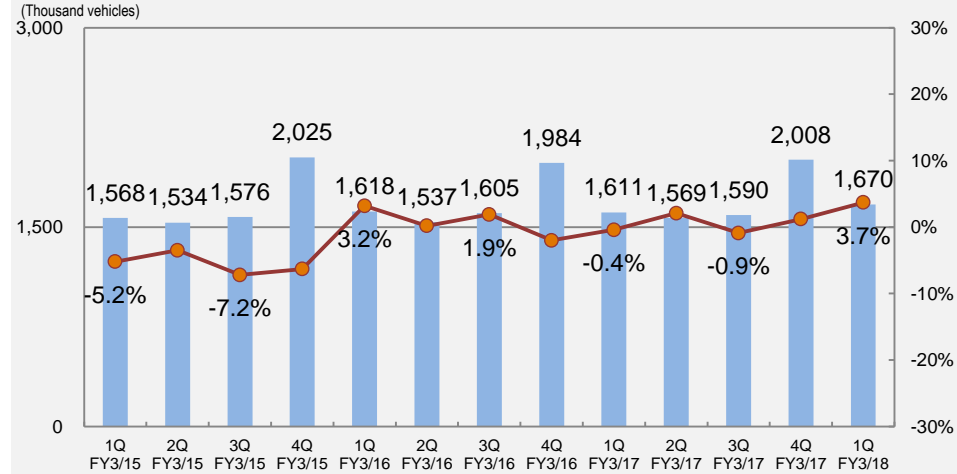
(Million yen)

	1Q FY3/2016	1Q FY3/2017	1Q FY3/2018	Changes
Net cash provided by (used in) operating activities	790	3,004	3,532	527
Net cash provided by (used in) investing activities	▲484	▲6,929	16,168	23,097
Free cash flow	305	▲3,925	19,700	23,625
Net cash provided by (used in) financing activities	▲5,059	▲12,027	▲6,016	6,011
Capital expenditures (Terms of cash flows)	484	2,435	2,864	429
Depreciation	761	970	1,131	160

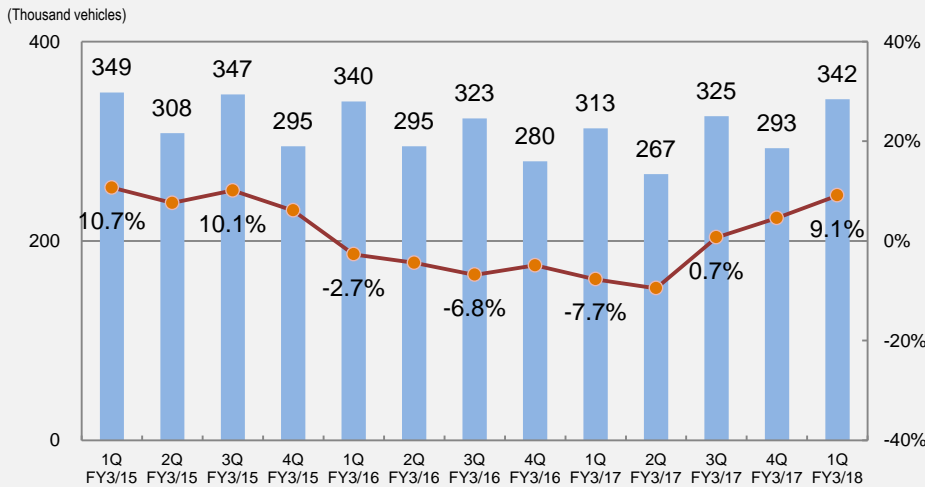
New Car Registrations and YoY Changes



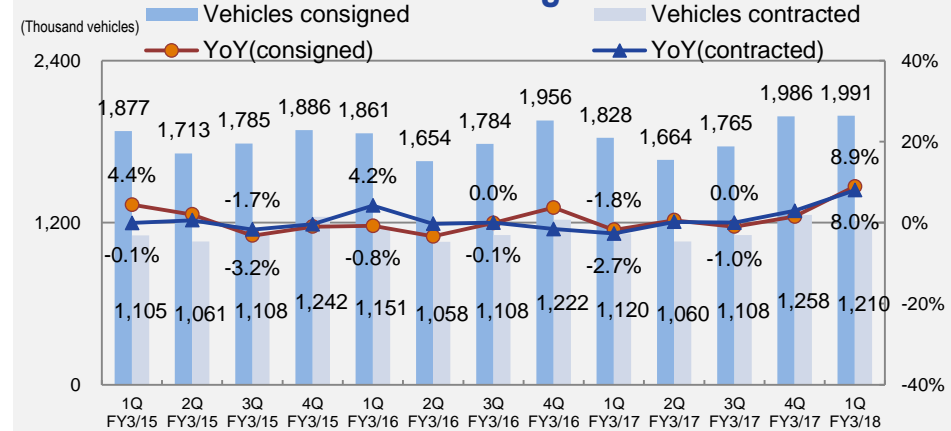
Used Car Registrations and YoY Changes



Used Car Exports and YoY Changes



AA Market: Vehicles Consigned and Contracted and YoY Changes



Auto Auction Segment (1)

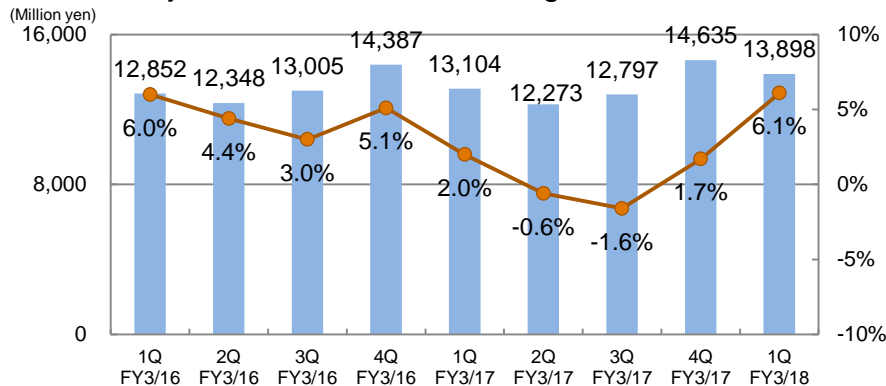
- Vehicles consigned increased 7.3% YoY to 636 thousand; contract completions increased 4.4% YoY to 393 thousand (contract completion rate: 61.8% against 63.5% in the previous fiscal year)
- Although depreciation and taxes and dues were higher and outsourcing expenses increased, sales and earnings increased mainly because of growth in vehicles consigned and contracts completed.

Auto Auction Segment Performance in 1Q

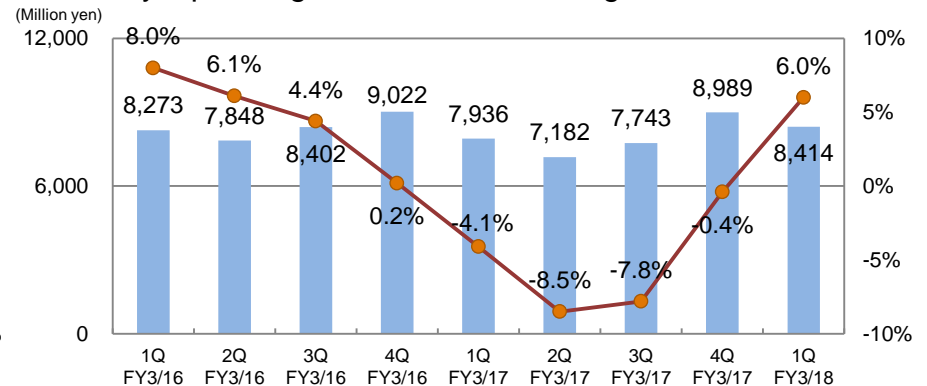
(Million yen)

	1Q FY3/2016	1Q FY3/2017	1Q FY3/2018	Year on year
Net sales	12,852	13,104	13,898	106.1%
Consignment fees	3,218	3,120	3,308	106.0%
Contract completion fees	3,059	2,973	3,159	106.2%
Successful bid fees	4,292	4,442	4,658	104.9%
Other	2,281	2,568	2,773	108.0%
Operating profit	8,273	7,936	8,414	106.0%
Operating margin	63.5%	60.0%	59.9%	-

Quarterly Net Sales and YoY Changes

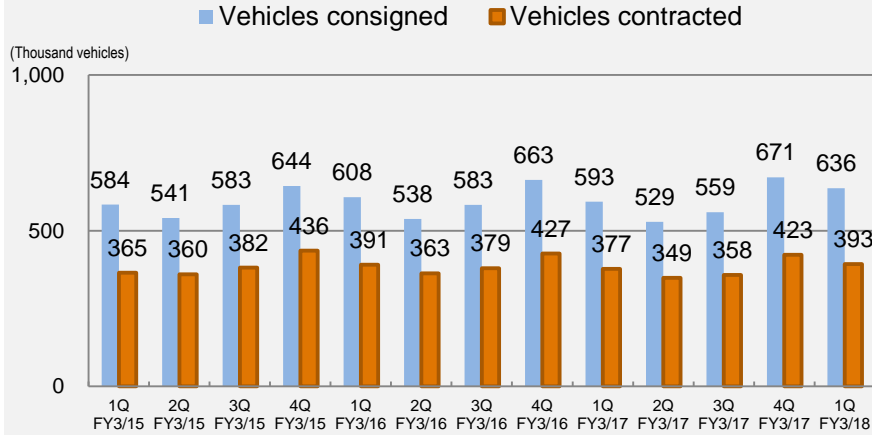


Quarterly Operating Profit and YoY Changes

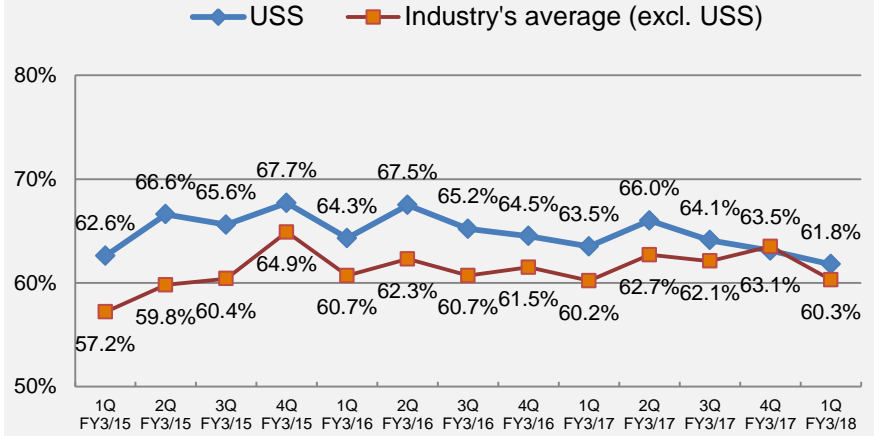


* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by Segment profit divided by Segment sales.

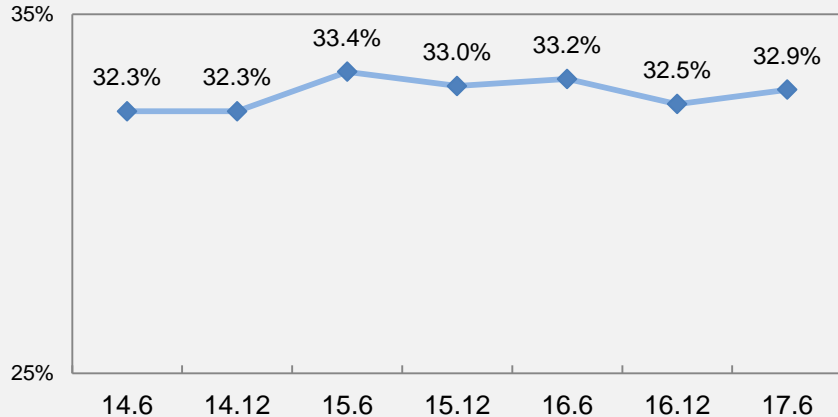
No. of Vehicles Consigned and Vehicles Contracted



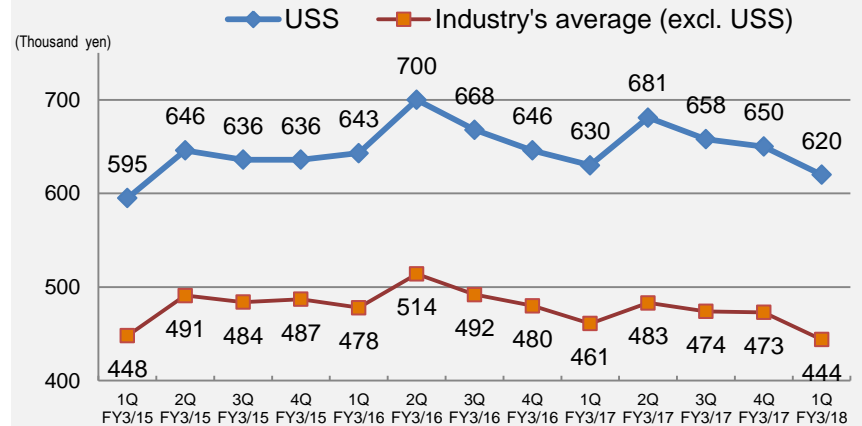
Contract Completion Rate



Market Share

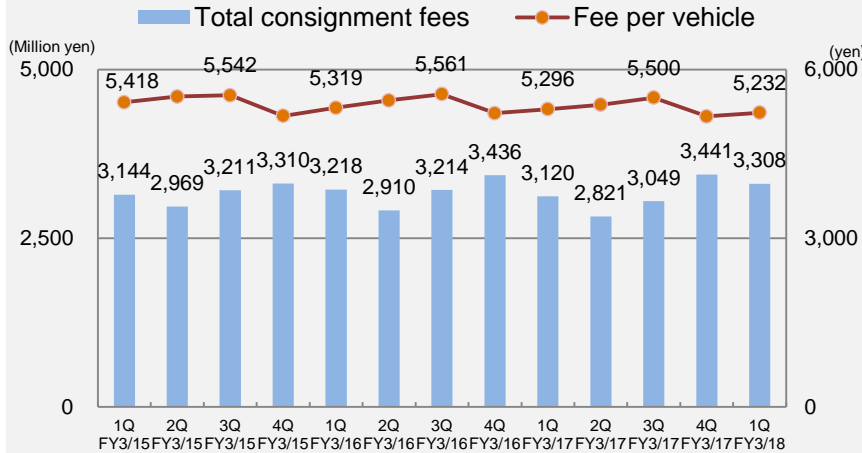


Average Price of Vehicle Contracted

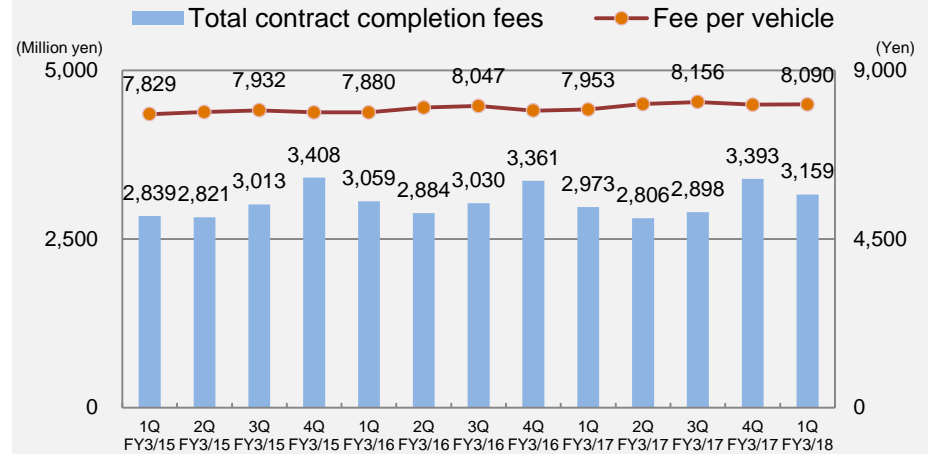


* Period ending in December: 12-month data; Period ending in June: 6-month data.
 * The figures in this slide do not include JBA data.

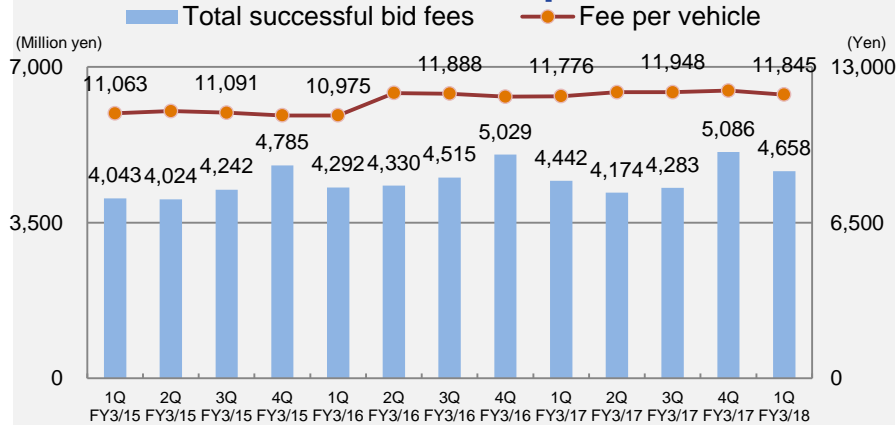
Total Consignment Fees and Consignment Fee per Vehicle



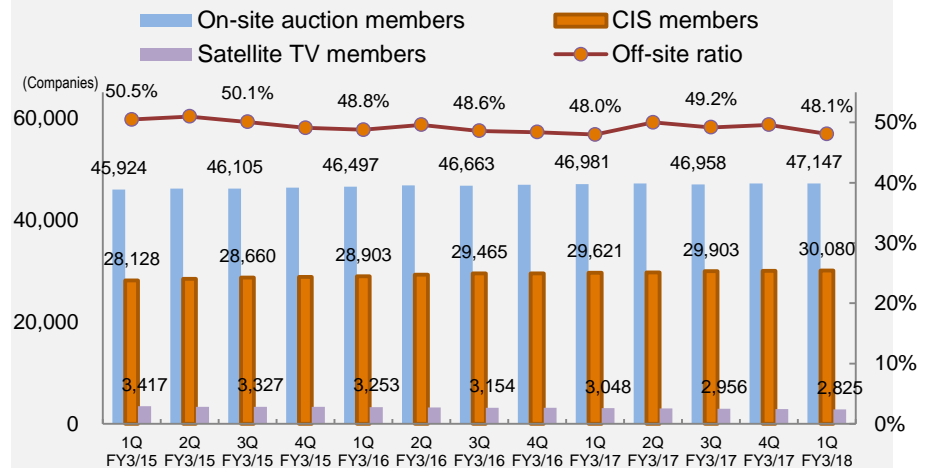
Total Contract Completion Fees and Contract Completion Fee per Vehicle



Total Successful Bid Fees and Successful Bid Fee per Vehicle



No. of Members and Off-site Ratio



* Fee per vehicle is calculated before eliminations for consolidation.

* The figures in this slide do not include JBA data.

Auto Auction Segment (4)

From April 1, 2017 to June 30, 2017

(Number of auctions held, Vehicles)

	Number of auctions		Number of consigned vehicles			Number of contract completions			Contract completion rate	
	1Q FY3/17	1Q FY3/18	1Q FY3/17	1Q FY3/18	YoY change	1Q FY3/17	1Q FY3/18	YoY change	1Q FY3/17	1Q FY3/18
Tokyo	12	12	163,106	164,394	100.8%	112,609	110,726	98.3%	69.0%	67.4%
Nagoya	12	12	116,329	129,686	111.5%	68,044	71,094	104.5%	58.5%	54.8%
Kyushu	12	12	43,427	47,479	109.3%	25,655	27,793	108.3%	59.1%	58.5%
Yokohama	12	12	47,822	46,717	97.7%	32,847	30,102	91.6%	68.7%	64.4%
Sapporo	12	12	35,309	39,042	110.6%	19,490	24,169	124.0%	55.2%	61.9%
R-Nagoya	12	12	32,489	38,410	118.2%	26,596	30,346	114.1%	81.9%	79.0%
Osaka	12	12	29,241	34,962	119.6%	17,176	19,339	112.6%	58.7%	55.3%
Shizuoka	12	12	19,292	22,452	116.4%	11,062	13,238	119.7%	57.3%	59.0%
Okayama	12	12	15,752	18,379	116.7%	10,296	11,585	112.5%	65.4%	63.0%
Kobe	12	12	14,993	17,755	118.4%	8,865	10,463	118.0%	59.1%	58.9%
Gunma	12	12	15,708	17,671	112.5%	9,943	10,813	108.7%	63.3%	61.2%
Tohoku	12	12	18,517	16,924	91.4%	13,320	11,638	87.4%	71.9%	68.8%
Saitama	12	12	15,203	16,167	106.3%	8,743	9,056	103.6%	57.5%	56.0%
Niigata	12	12	12,293	11,691	95.1%	5,402	5,098	94.4%	43.9%	43.6%
Fukuoka	12	12	10,647	10,950	102.8%	4,906	5,750	117.2%	46.1%	52.5%
Hokuriku	12	12	3,742	4,256	113.7%	2,336	2,514	107.6%	62.4%	59.1%
Total	192	192	593,870	636,935	107.3%	377,290	393,724	104.4%	63.5%	61.8%

* The figures in this slide do not include JBA data.

Auto Auction Segment (5)

(Vehicles, %)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	First Half	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Second Half	Fiscal Year
No. of Vehicles Consigned	FY3/16	240,027	180,560	188,060	198,744	143,557	196,546	1,147,494	221,602	188,116	173,302	179,967	208,405	275,123	1,246,515	2,394,009
	YoY Change	6.7	▲0.4	5.7	2.6	▲8.6	2.8	1.9	0.3	▲3.6	3.7	1.6	1.1	5.5	1.6	1.7
	FY3/17	233,303	165,327	195,240	186,899	141,275	201,229	1,123,273	186,409	197,643	174,983	172,609	209,027	289,592	1,230,263	2,353,536
	YoY Change	▲2.8	▲8.4	3.8	▲6.0	▲1.6	2.4	▲2.1	▲15.9	5.1	1.0	▲4.1	0.3	5.3	▲1.3	▲1.7
	FY3/18	234,454	183,593	218,888	195,997			832,932							-	832,932
	YoY Change	0.5	11.0	12.1	4.9			-							-	-
No. of Vehicles Contracted	FY3/16	146,183	116,850	128,131	134,479	99,117	129,929	754,689	146,362	122,078	111,421	118,004	135,810	174,035	807,710	1,562,399
	YoY Change	8.5	1.1	11.1	6.9	▲4.8	▲0.8	3.9	0.1	▲4.5	2.5	▲3.0	▲4.7	1.2	▲1.4	1.1
	FY3/17	140,412	109,067	127,811	122,962	93,386	133,187	726,825	121,245	126,888	110,392	109,986	135,605	177,902	782,018	1,508,843
	YoY Change	▲3.9	▲6.7	▲0.2	▲8.6	▲5.8	2.5	▲3.7	▲17.2	3.9	▲0.9	▲6.8	▲0.2	2.2	▲3.2	▲3.4
	FY3/18	138,362	116,398	138,964	127,444			521,168							-	521,168
	YoY Change	▲1.5	6.7	8.7	3.6			-							-	-
Contract Completion Rate	FY3/16	60.9	64.7	68.1	67.7	69.0	66.1	65.8	66.0	64.9	64.3	65.6	65.2	63.3	64.8	65.3
	FY3/17	60.2	66.0	65.5	65.8	66.1	66.2	64.7	65.0	64.2	63.1	63.7	64.9	61.4	63.6	64.1
	FY3/18	59.0	63.4	63.5	65.0			-							-	-

* The figures in this slide do not include JBA data.

Used Vehicle Purchasing and Selling Segment

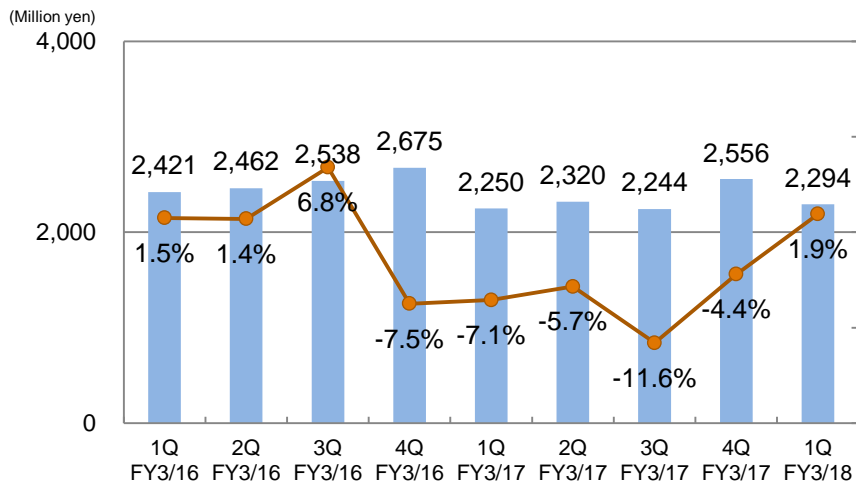
- Sales and earnings declined at the Rabbit used vehicle purchasing business primarily because of declined gross profit per vehicle. (Net sales declined 3.6% YoY to ¥1,374 million, Operating profit declined 30.2% to ¥41 million)
- In the accident-damaged vehicle purchasing business, there was an operating loss primarily due to a decline in the number of vehicles handled. (Net sales increased 11.5% YoY ¥919 million, operating loss ¥1 million (operating profit of ¥6 million in 1Q FY3/17))

Used Vehicle Purchasing and Selling Segment Performance in 1Q

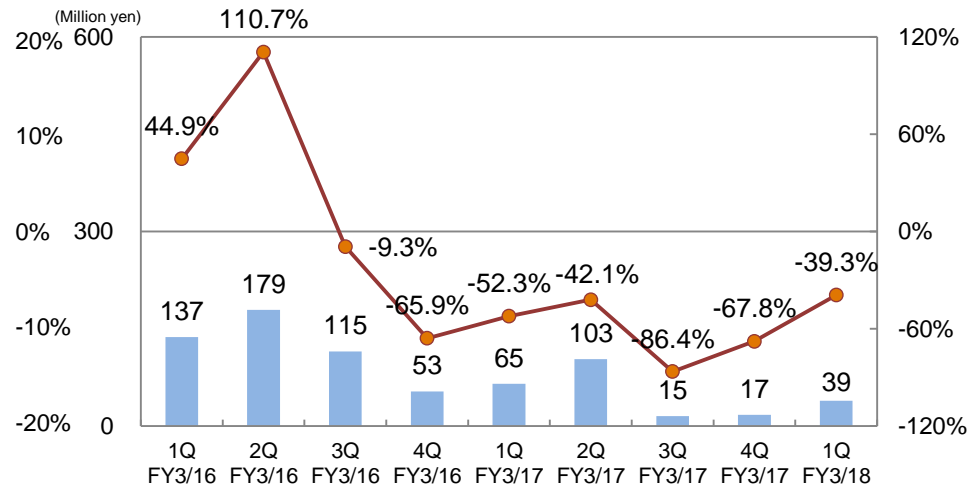
(Million yen)

	1Q FY3/2016	1Q FY3/2017	1Q FY3/2018	Year on year
Net sales	2,421	2,250	2,294	101.9%
Operating profit	137	65	39	60.7%
Operating margin	5.7%	2.9%	1.7%	-

Quarterly Net Sales and YoY Changes



Quarterly Operating Profit and YoY Changes



* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by Segment profit divided by Segment sales.

Other Segment

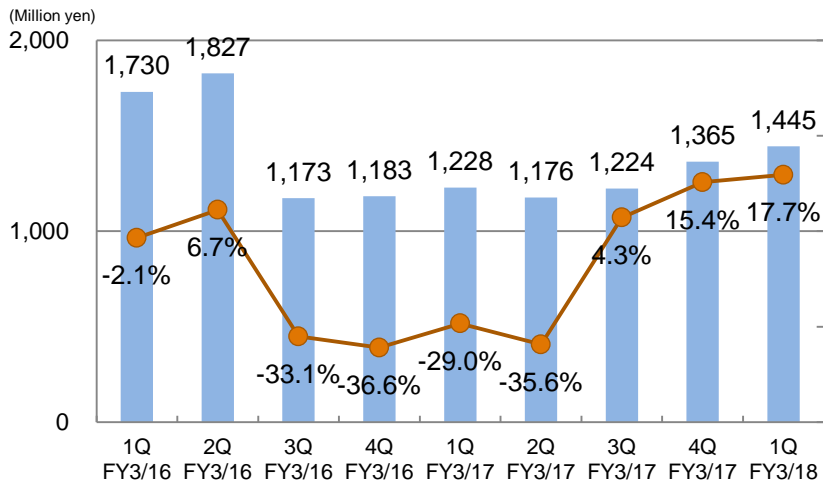
- In the vehicle recycling business, sales and earnings increased because of growth in the volume of materials recycled and high prices for metallic scrap. (Net sales increased 18.8% YoY to ¥1,301 million, Operating profit increased 113.1% to ¥140 million)
- In the used vehicle export clearing service, higher vehicle ground transport revenue was responsible for growth in sales and earnings. (Net sales increased 7.4% YoY to ¥116 million, Operating profit increased 160.4% to ¥8 million)

Other Segment Performance in 1Q

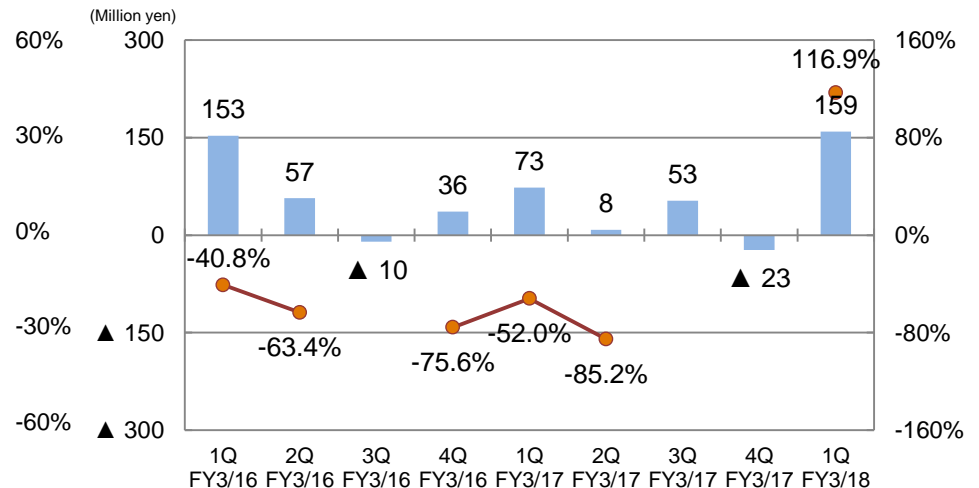
(Million yen)

	1Q FY3/2016	1Q FY3/2017	1Q FY3/2018	Year on year
Net sales	1,730	1,228	1,445	117.7%
Operating profit	153	73	159	216.9%
Operating margin	8.8%	6.0%	11.0%	-

Quarterly Net Sales and YoY Changes



Quarterly Operating Profit and YoY Changes



* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by Segment profit divided by Segment sales.

Consolidated Forecast for FY3/2018

(Million yen)

	FY3/16 (Actual)	FY3/17 (Actual)	FY3/18 (Forecast)	VS. previous year
Net sales	68,607	67,179	68,800	102.4%
Gross profit (Per sales)	42,740 (62.3%)	40,765 (60.7%)	41,932 (60.9%)	102.9%
Operating profit (Per sales)	34,491 (50.3%)	32,396 (48.2%)	33,400 (48.5%)	103.1%
Ordinary profit (Per sales)	35,218 (51.3%)	32,999 (49.1%)	33,900 (49.3%)	102.7%
Profit attributable to owners of parent (Per sales)	22,477 (32.8%)	22,909 (34.1%)	23,200 (33.7%)	101.3%
Profit per share (Yen)	86.92	90.02	91.34	101.5%
Capital expenditures (Terms of cash flows)	8,731	5,878	5,100	86.8%
Depreciation	3,325	4,596	4,627	100.7%
Auto Auction Business (excl. JBA)				
Auto Auction Business (excl. JBA)	FY3/16 (Actual)	FY3/17 (Actual)	FY3/18 (Forecast)	VS. previous year
No. of vehicles consigned (Thousands)	2,394	2,353	2,400	102.0%
No. of vehicles contracted (Thousands)	1,562	1,508	1,520	100.7%
Contract completion rate	65.3%	64.1%	63.3%	-

FY3/2018 – Reasons for Change in Operating Profit (Forecast)

Net sales

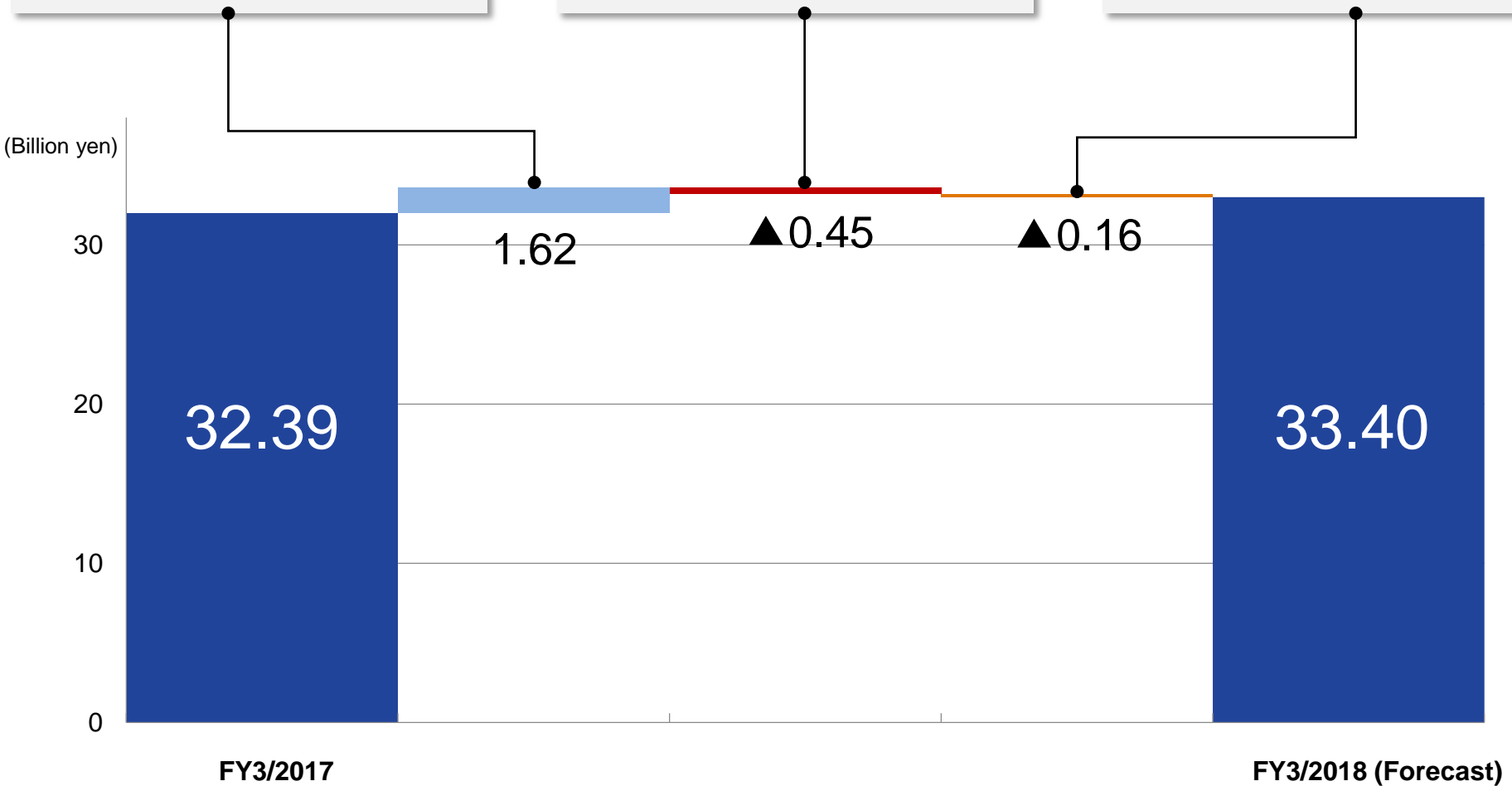
Increase in vehicles consigned	0.83bn
Increase in vehicles, etc. recycling	0.52bn
Increase in CIS (Internet)	0.32bn
Increase in fee rates (excl. JBA)	0.25bn
Decrease in contract completion rate	▲0.37bn

Cost of sales

Increase in cost of materials purchase	▲0.35bn
Increase in employee salaries and bonuses	▲0.11bn
Increase in outsourcing expenses	▲0.10bn
Decrease in expenses for supplies	0.13bn

SG&A expenses

Increase in sales promotion expenses	▲0.11bn
Increase in employee salaries and bonuses	▲0.08bn
Increase in advertising expenses	▲0.04bn
Decrease in taxes and dues	0.07bn

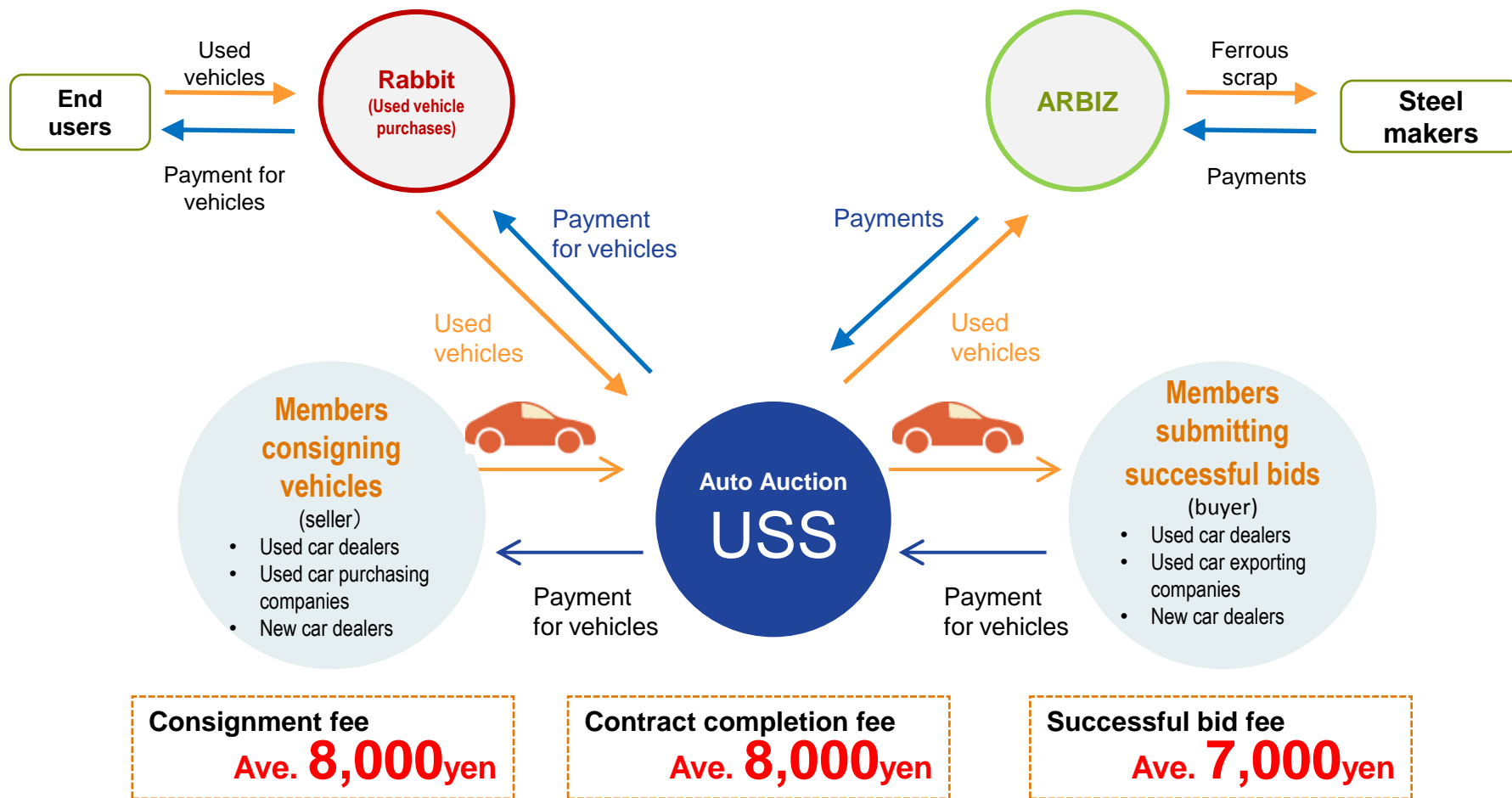


(Million yen)

	FY3/16 (Actual)	FY3/17 (Actual)	FY3/18 (Forecast)	VS. previous year
Net sales				
Auto auction	52,594	52,811	53,747	101.8%
Used vehicle purchasing and selling	10,097	9,373	9,496	101.3%
Other	5,915	4,995	5,555	111.2%
Total	68,607	67,179	68,800	102.4%
Operating profit (Per sales)	34,491 (50.3%)	32,396 (48.2%)	33,400 (48.5%)	103.1%

Market Overview

Strategy for Creating Value Over the Medium Term



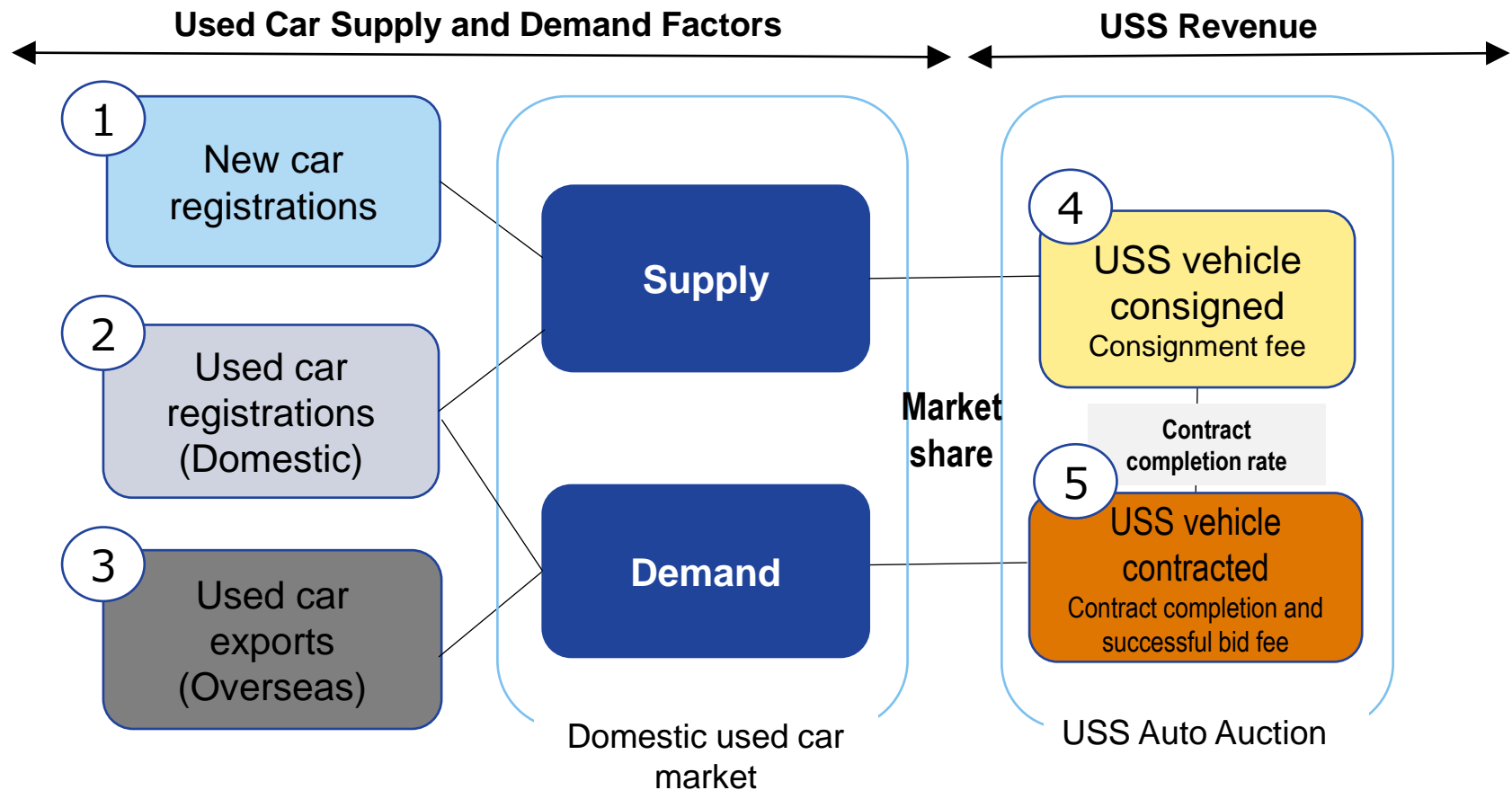
Vehicles consigned
2.35 million units(FY3/2017)

USS's fee per unit
 Ave. **23,000**yen

Contract completion rate
64.1%(FY3/2017)

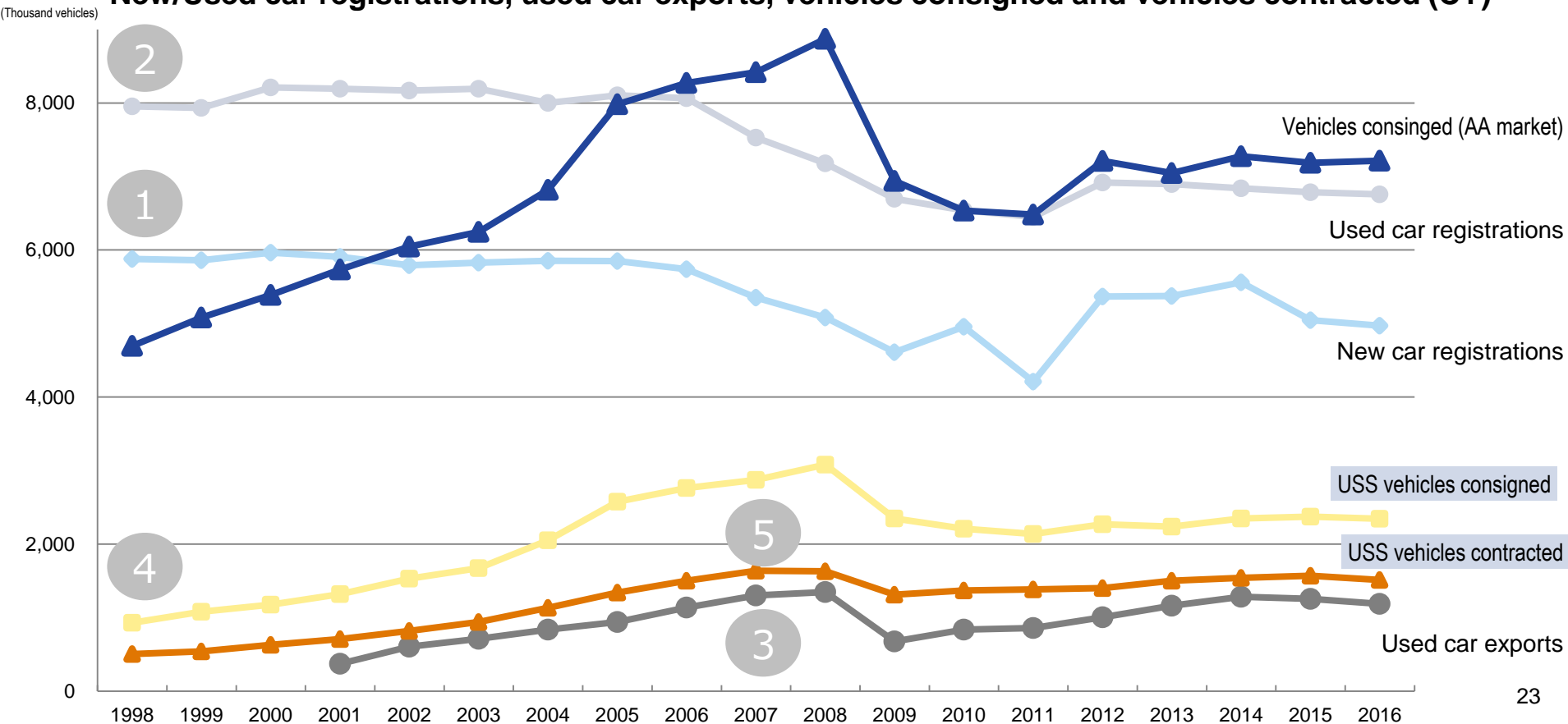
Automobile Market and USS Revenue

- The number of vehicles consigned is correlated through trade-ins to (1) New car registrations and (2) Used car registrations
- Total demand comprises domestic demand (2) and overseas demand (3). In recent years, total demand has been driven mainly by overseas demand.
- In addition to the above, share of the used car auction market and contract ratio have an important bearing on USS auto auction profits.



- The auction market continued to expand till 2000 as the share of used vehicles sold through the auction market increased as a share of the total used vehicle market. Starting in the mid-2000s, older vehicles and vehicles with high mileage which would normally have been scrapped started flowing into auto auction sites and steadily drove up the number of vehicles consigned.
- After the financial crisis of late 2008 the auto auction market was largely correlated to new car registrations (supply) and exports (demand). ➔ **Both are on the decline from 2014**

New/Used car registrations, used car exports, vehicles consigned and vehicles contracted (CY)



■Largest in the auction market

(Share of vehicles consigned: 32.9% (1H CY2017))

- A nationwide network of 17 auction sites; 47,000 members

■Tokyo Auction Site (Largest in Japan) and Nagoya Auction Sites (Second) particularly competitive

■Has a comprehensive satellite TV and Internet off-site bidding facility

■**Solid financial base** capable of withstanding the need for continuing investment in new equipment (Equity ratio: 81.9%)

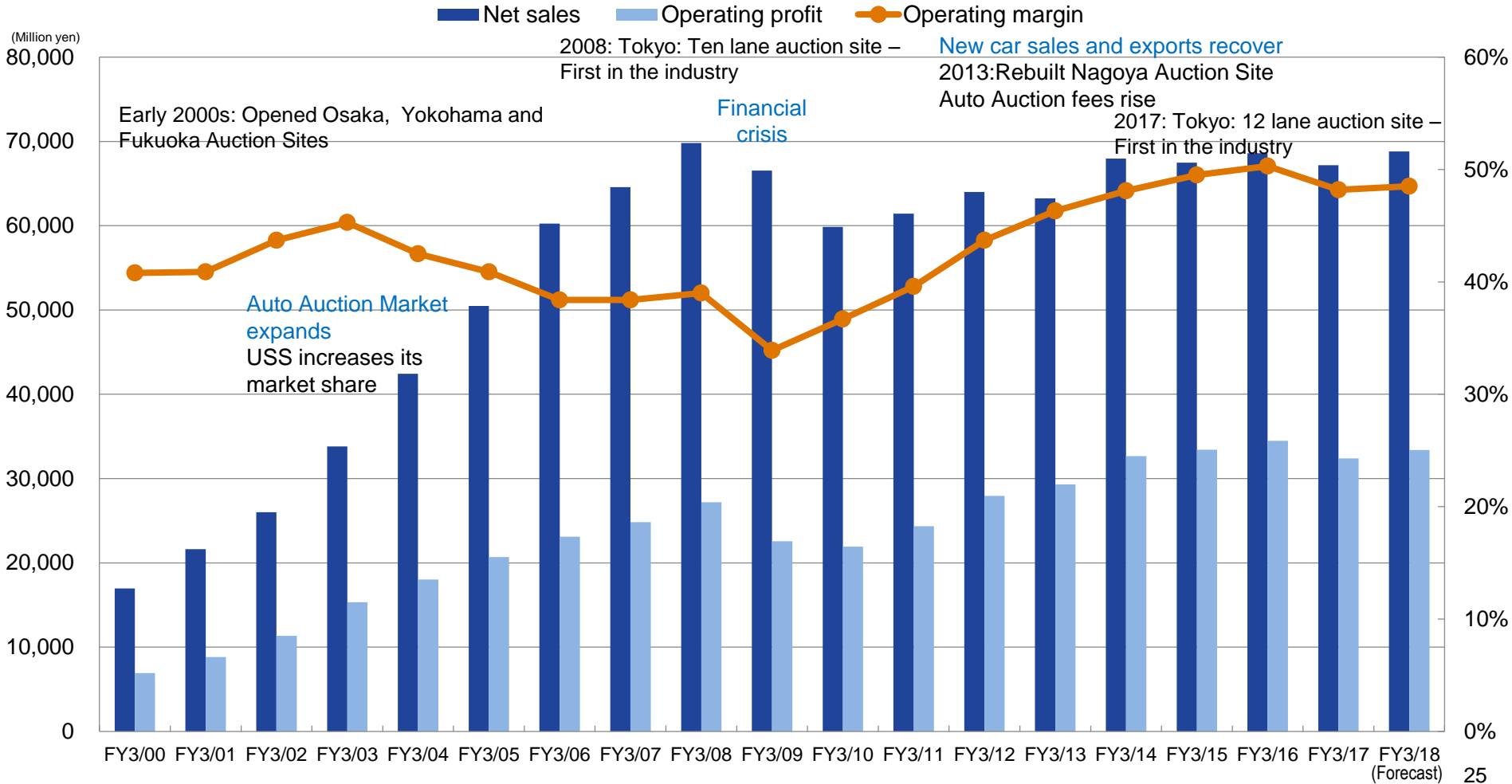


High quality used cars concentrate at USS
→Average price of vehicle contracted is above
industry average
(USS Average price of vehicle contracted: 620,000 yen)
(Average price at competitors: 444,000 yen) (1Q FY3/2018)

History of USS Long-term Growth

Before 2000

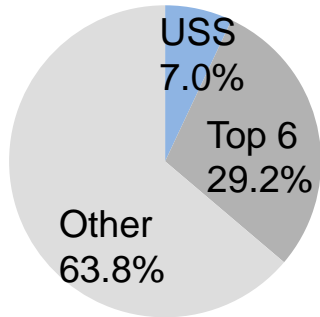
1982: Held the first auction with only 255 vehicles consigned
 1988: Expanded the Nagoya Auction Site. The number of POS seats was 570 (the largest in Japan).
 Early nineties: Opened Kyushu and Tokyo Auction Sites
 Late nineties: Opened Okayama, Shizuoka, Sapporo and West Tokyo (currently the Saitama auction site) Auction Sites



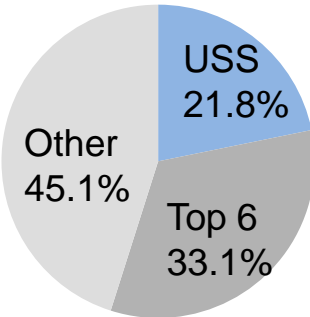
Used Car Auction Market and USS Market Share

■ Maintained high market shares and increased profit in the period of sluggish markets following the financial crisis of 2008-2009.

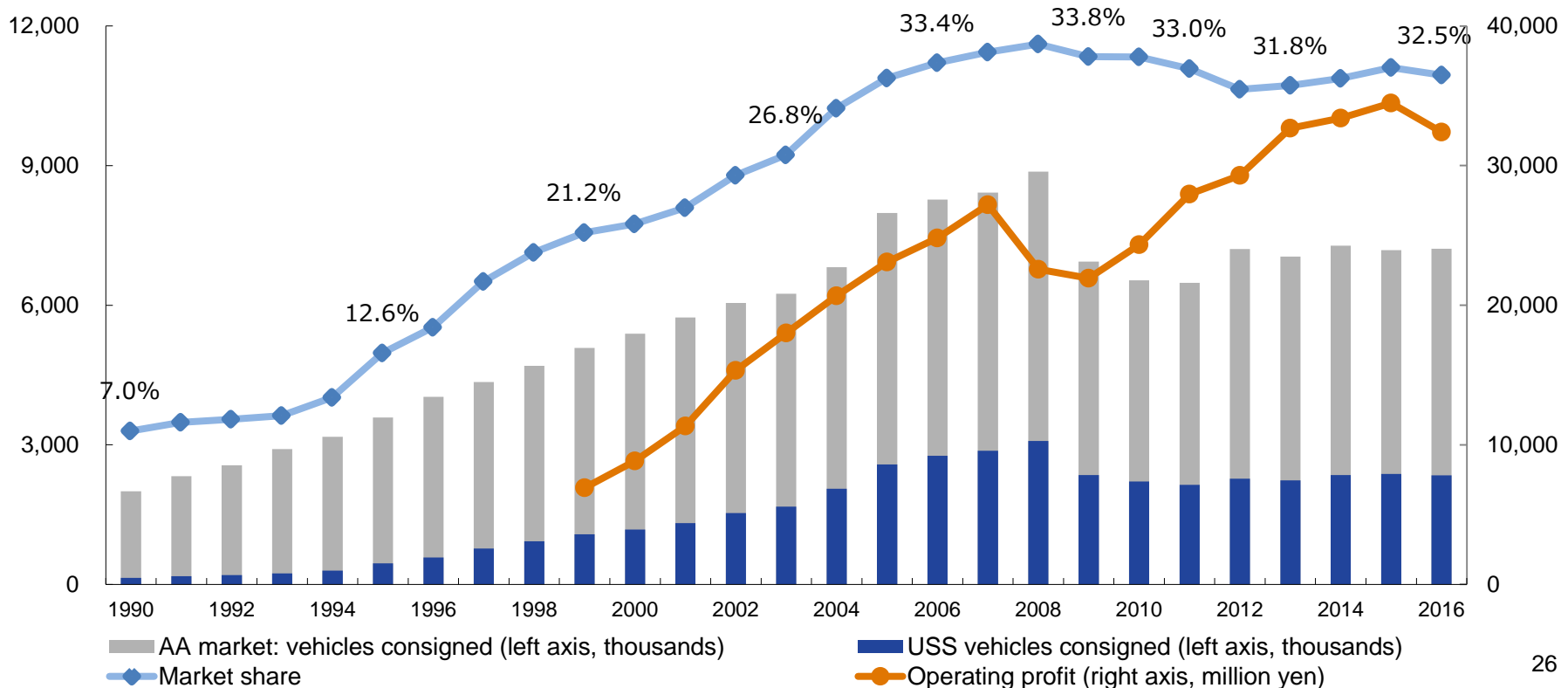
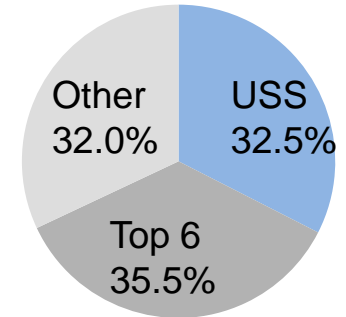
1990(CY) market share



2000(CY) market share



2016(CY) market share

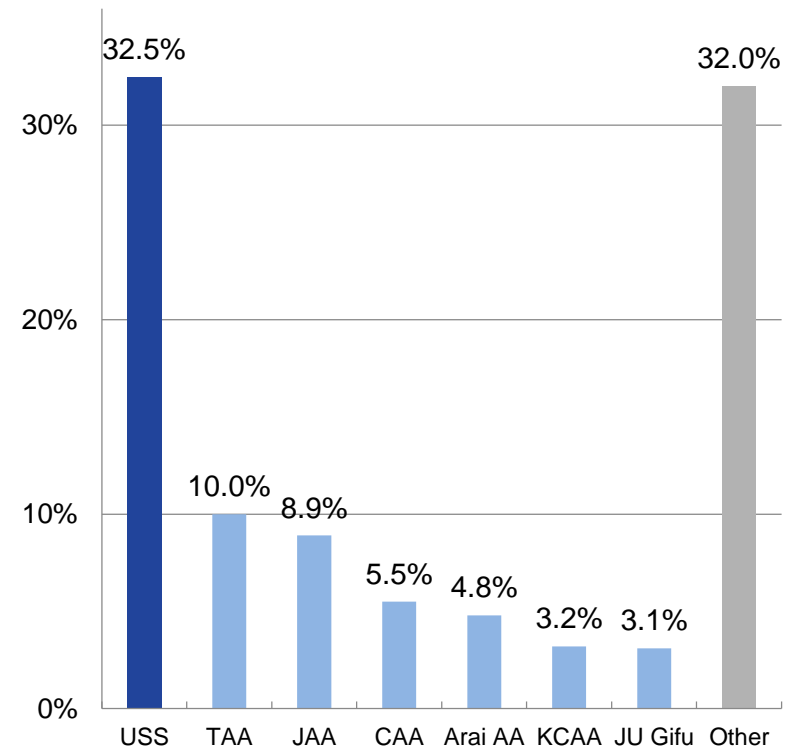


- Increase competitiveness of major auction sites, reorganize the auction site network with the goal of further increasing market share.

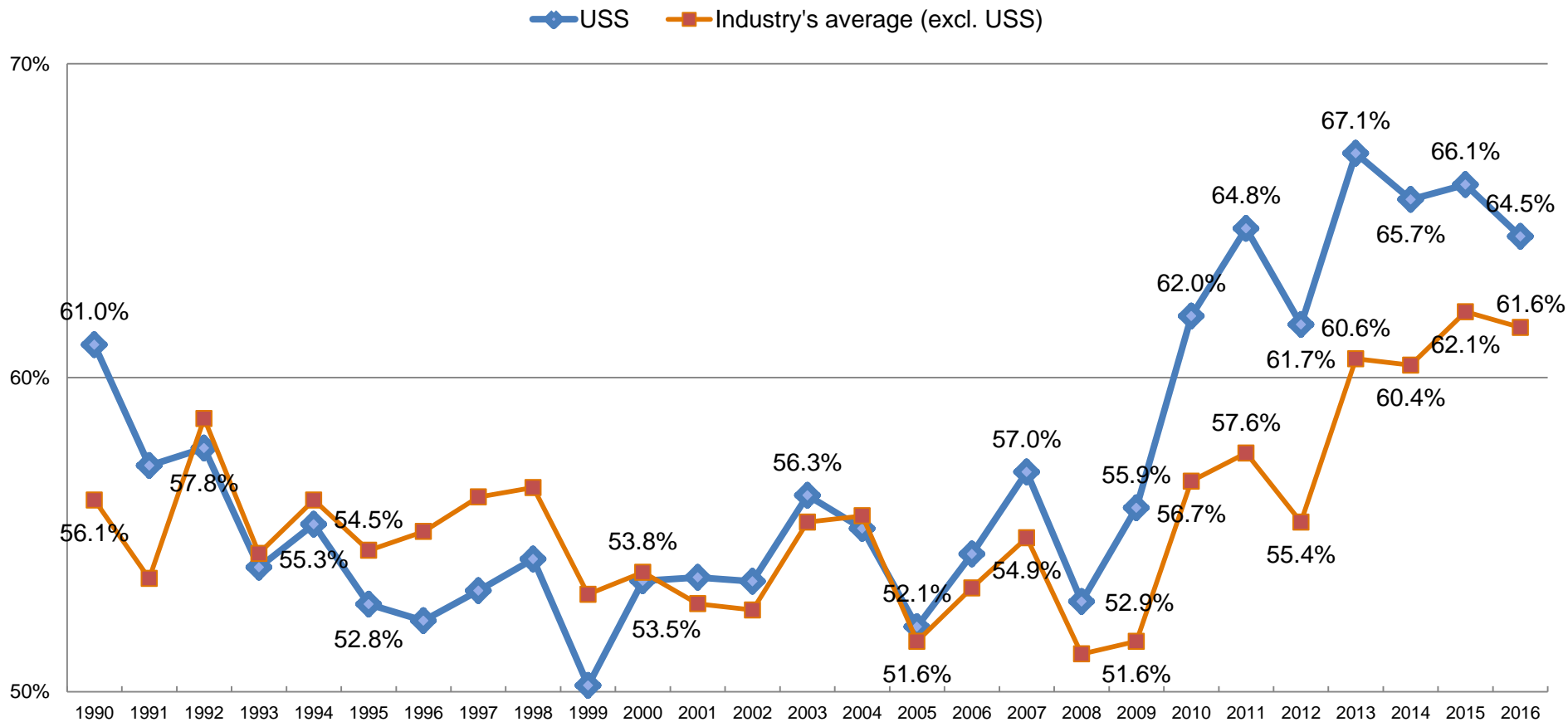
Overview of major players

Group	No. of auction site	Overview
TAA	10	Operated by Toyota UZEC, a wholly owned subsidiary of Toyota Motor Corporation. Vehicles are consigned largely by Toyota dealers. Operates 10 auction sites and three yards at remote locations throughout Japan.
JAA	2	JAA operates two auction sites: JAA Tokyo Auction site and HAA Kobe Auction site (Operated by JAA subsidiary HAA)
CAA	4	Capital alliance with Toyota UZEC. Operates auction sites in Aichi, Chiba, Gifu and Iwate prefectures. Shares systems with TAA.
Arai AA	4	Arai Shoji (headquartered at Hiratsuka City, Kanagawa Prefecture) operates auction sites in Miyagi, Kanagawa and Fukuoka prefectures.
KCAA	4	Kyushu Chuo Auto Auction (Koga city, Fukuoka prefecture) operates auction sites in Miyazaki, Fukuoka, Yamaguchi and Kyoto prefectures.
JU Gifu	1	JU Gifu Hashima Auto Auction (Hashima City, Gifu prefecture) operates one auction site.
Other	-	Operates 70 auctions nationwide (JU affiliate, company, manufacturer, dealer affiliated). Has a market share of 32.0% (CY2016)

Market share in 2016(CY)



- Increase in off-site auction members due to expansion of the CIS (Internet) system
- Realized contract completion rates surpassing the industry average since the financial crisis of 2008. This is a result of a policy of deemphasizing the volume of vehicles consigned and instead focusing on the contract completion rate and the vehicle price.



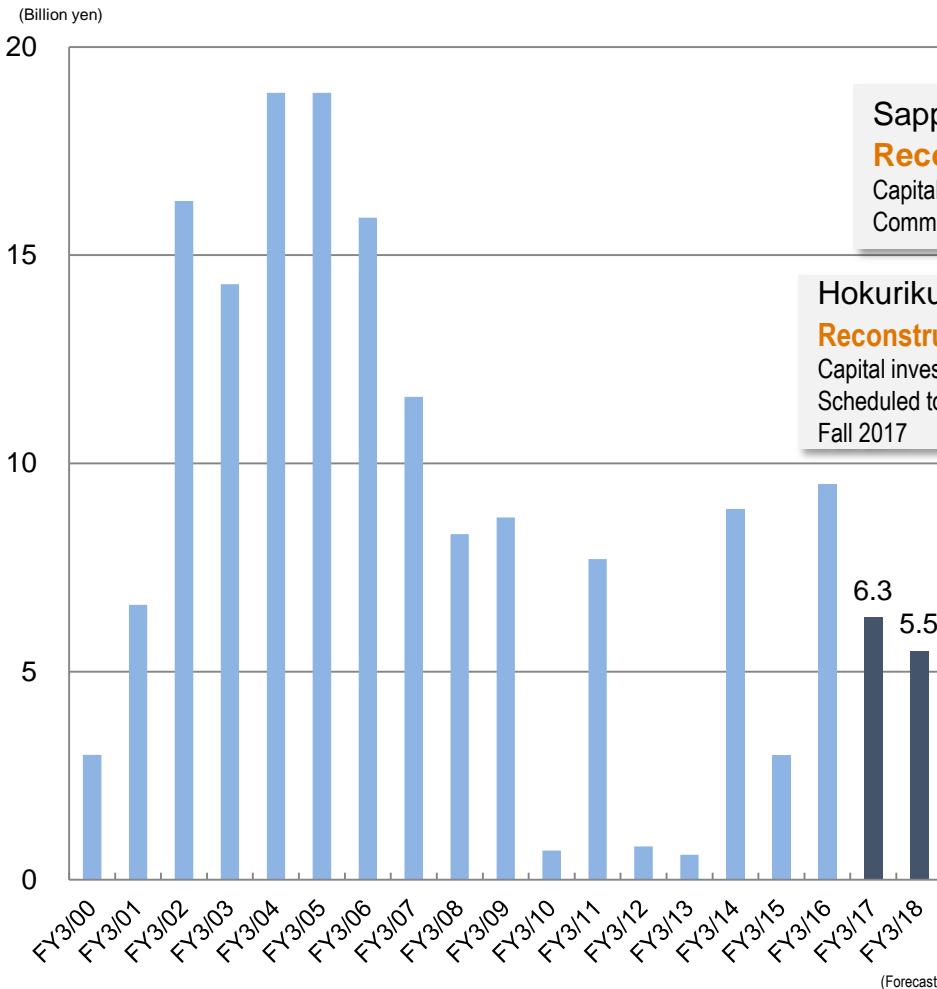
- Domestic new car sales: Unlikely to see significant growth over the medium term
 - USS's Strategy
 - 1) A total of about 20 billion yen invested for plant and equipment over the past two years.
 - ➡ Improve member convenience at all auto auction sites to increase auction participation rates
 - ➡ Concentrate management resources on large auction sites (Tokyo and Nagoya) to raise contract completion rate and market shares
 - 2) Continue the strategy of prioritizing contract completion rate

- Used car exports: Exports will slow in the short-term, environment will be difficult due to slowing economic growth in emerging countries, import regulations and other factors
 - USS's Strategy
 - 1) Over the medium-term, there is strong potential for population increase and economic growth in Central and South Asia, Africa, Russia and other regions.
 - ➡ Expectations of growth in high-quality used Japanese cars as Japan has a mandatory inspection (Shaken) system.

Capital investment (project completion basis)

Capital investment plan

Capital investment to the tune of 20 billion yen over two years to further strengthen competitive power



Sapporo Auction Site

Reconstruction

Capital investment: Approximately ¥3.0 billion
Commenced operations in May 10, 2017

Hokuriku Auction Site

Reconstruction and moving

Capital investment: Approximately ¥0.5 billion
Scheduled to commence operations in or after Fall 2017

Shizuoka Auction Site

Reconstruction

Capital investment: Approximately ¥1.6 billion
Commenced operations in May 14, 2016

Installed state-of-the-art auction system

at Tokyo and Yokohama Auction Site.

Capital investment: Approximately ¥2.0 billion

Tokyo: Commenced operations in Feb. 2017

(12 lane auction site – 1st in the industry)

Yokohama: Commenced operations in Aug. 2016

Nagoya Multi-level stock house

Capital investment: Approximately ¥7.7 billion

Commenced operations in Feb. 15, 2016

R-Nagoya Reconstruction and moving

Capital investment: Approximately ¥1.6 billion

Commenced operations in Jul. 26, 2016

- The USS board of directors approved a resolution on January 18, 2017 to purchase 66.04% of the stock of Japan Automobile Auction (JAA). Approval of the Fair Trade Commission must be received before this stock can be purchased.

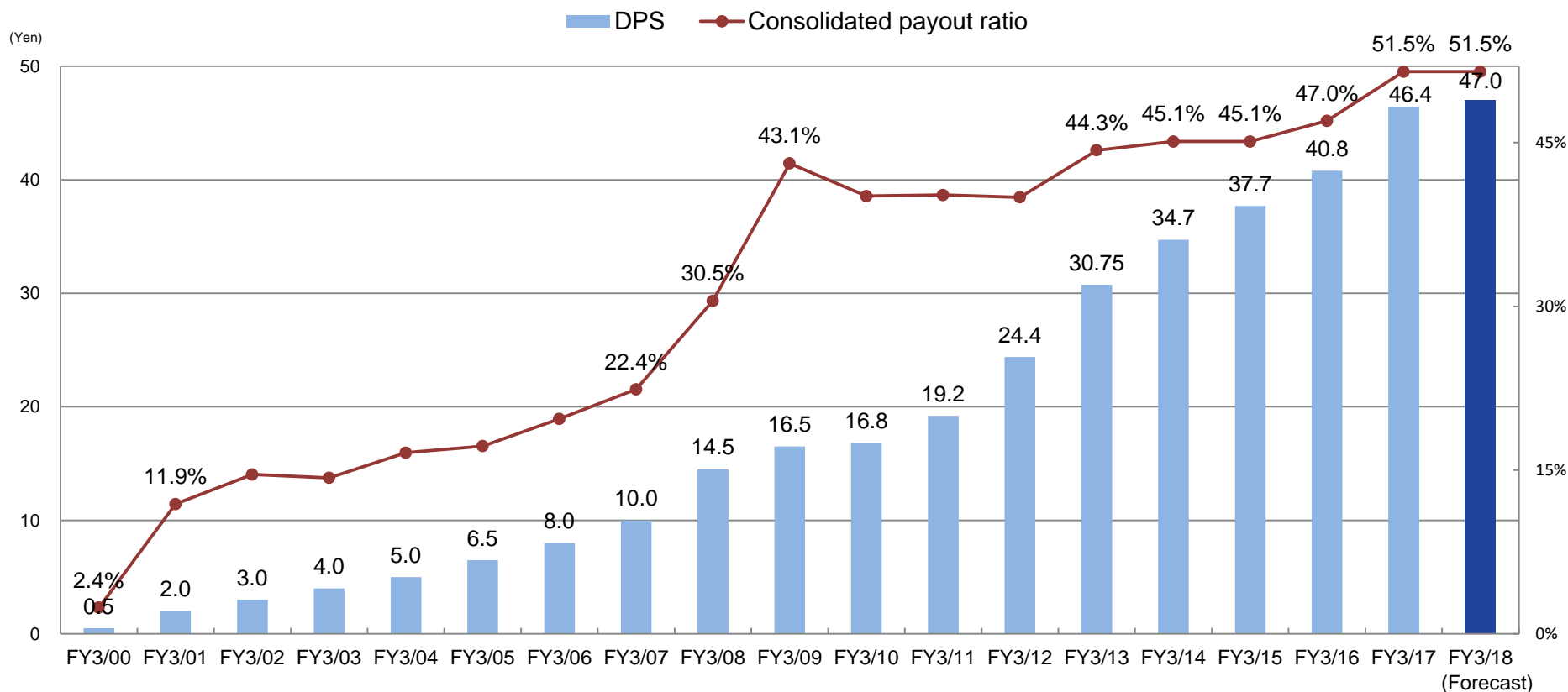
Profile of JAA

Name	Japan Automobile Auction Inc.
Address	3-2-1 Rinkai-cho, Edogawa-ku, Tokyo
Representative	Toshihiko Tabata, Representative Director, President and Chief Executive Officer
Business activities	Used car auctions and associated activities
Net sales	9,615 million yen (FY3/2016)
Auction sites	JAA Tokyo site : 3-2-1 Rinkai-cho, Edogawa-ku, Tokyo HAA Kobe (HAA Kobe Inc.) : 21-1 Onohama-cho, Chuo-ku, Kobe , Hyogo
Market share (CY2016)	JAA : 8.9% (USS : 32.5%)

Increase shareholder distributions while continuing investment for growth

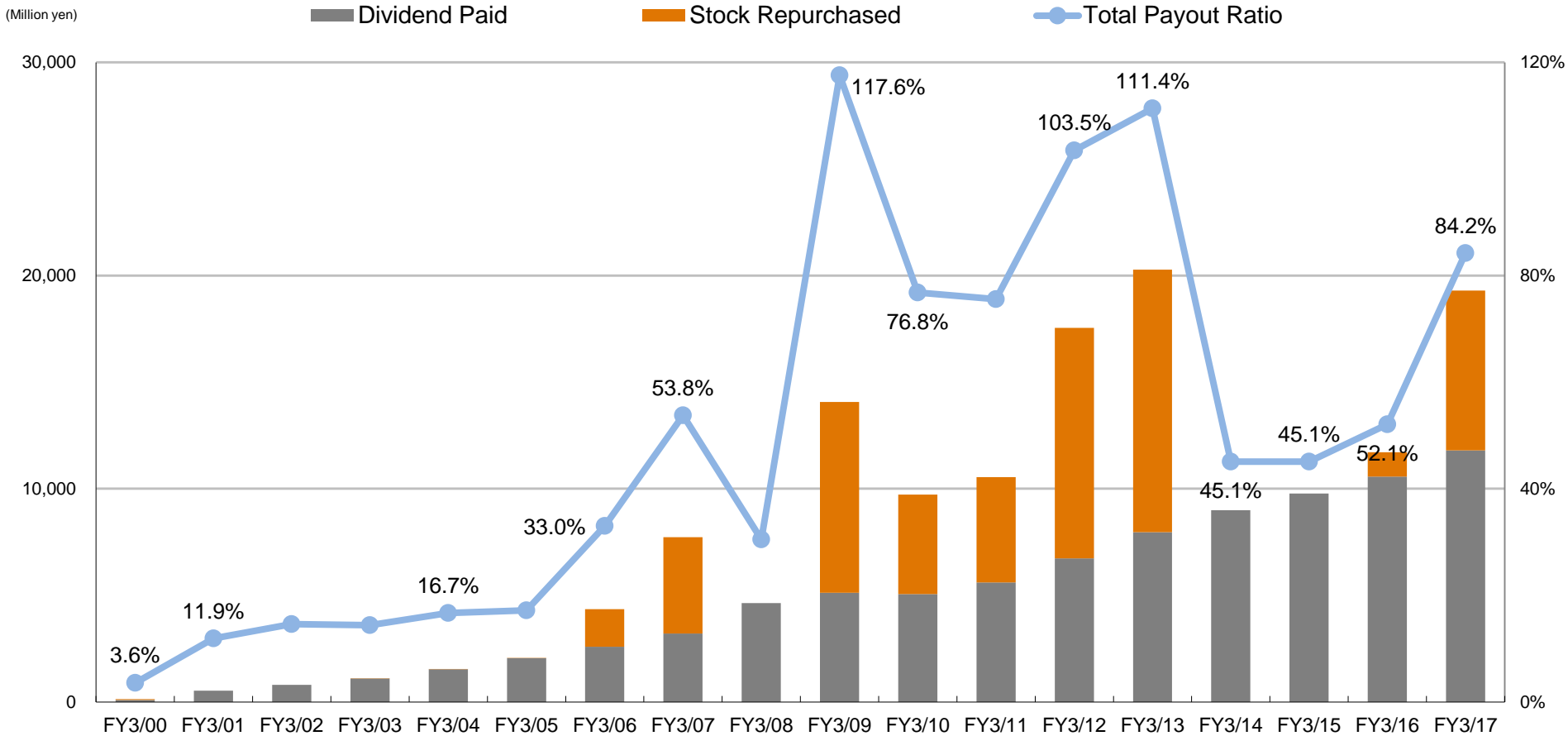
- Consolidated dividend payout ratio: Over **50%** starting in FY3/2017
- Stock repurchases: Buy back stock with flexibility, with due consideration to cash flows, capital investment plans and the market environment
- Return on equity (ROE): Medium-term goal is at least 15%

- Plan to pay **47.0 yen** dividend per share for FY3/18 (up 0.6 yen)
- **18 consecutive years** of dividend growth since listing

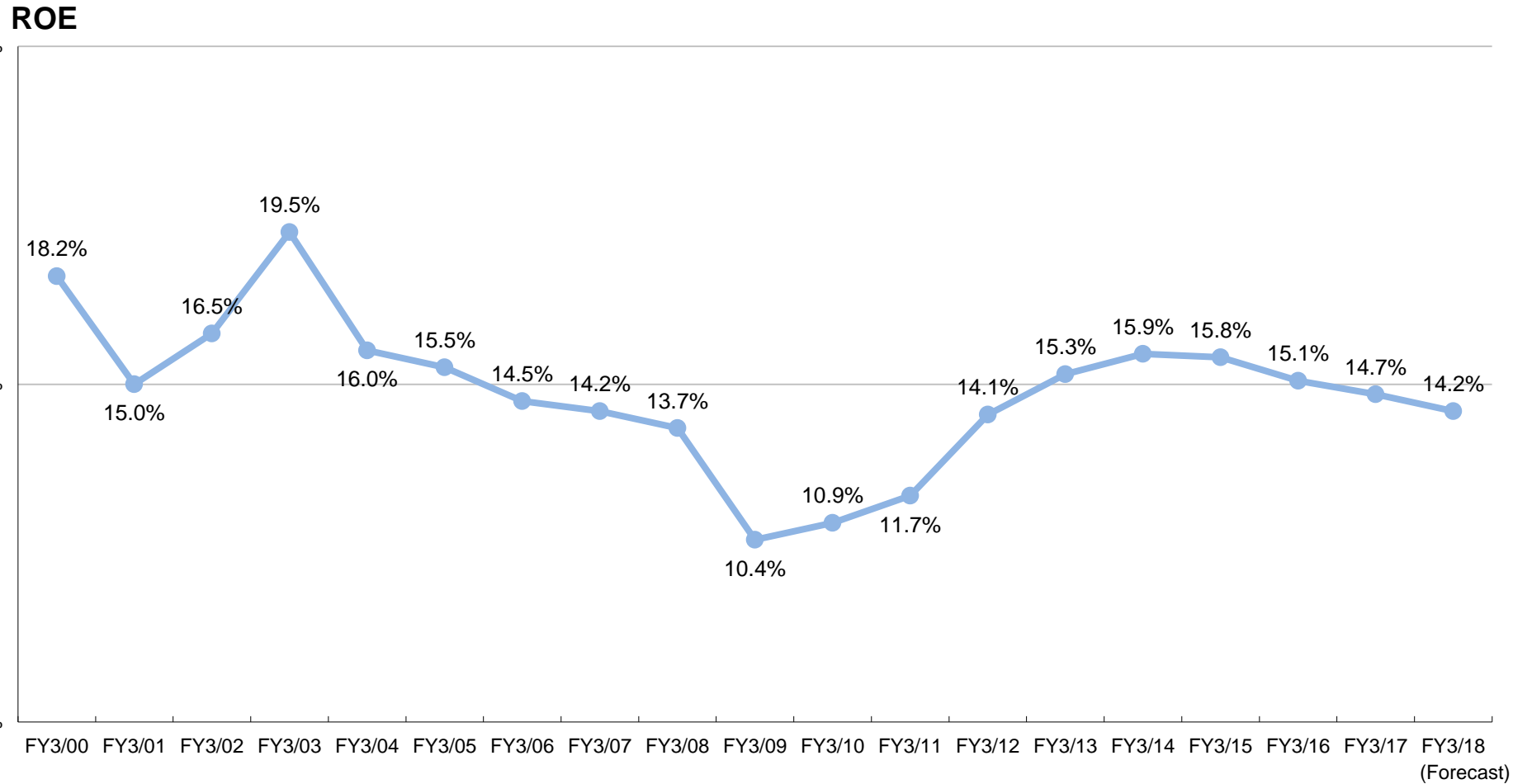


*Dividend per share is retroactively adjusted to the number of shares outstanding as of the effective date (October 1, 2013) of the stock split.

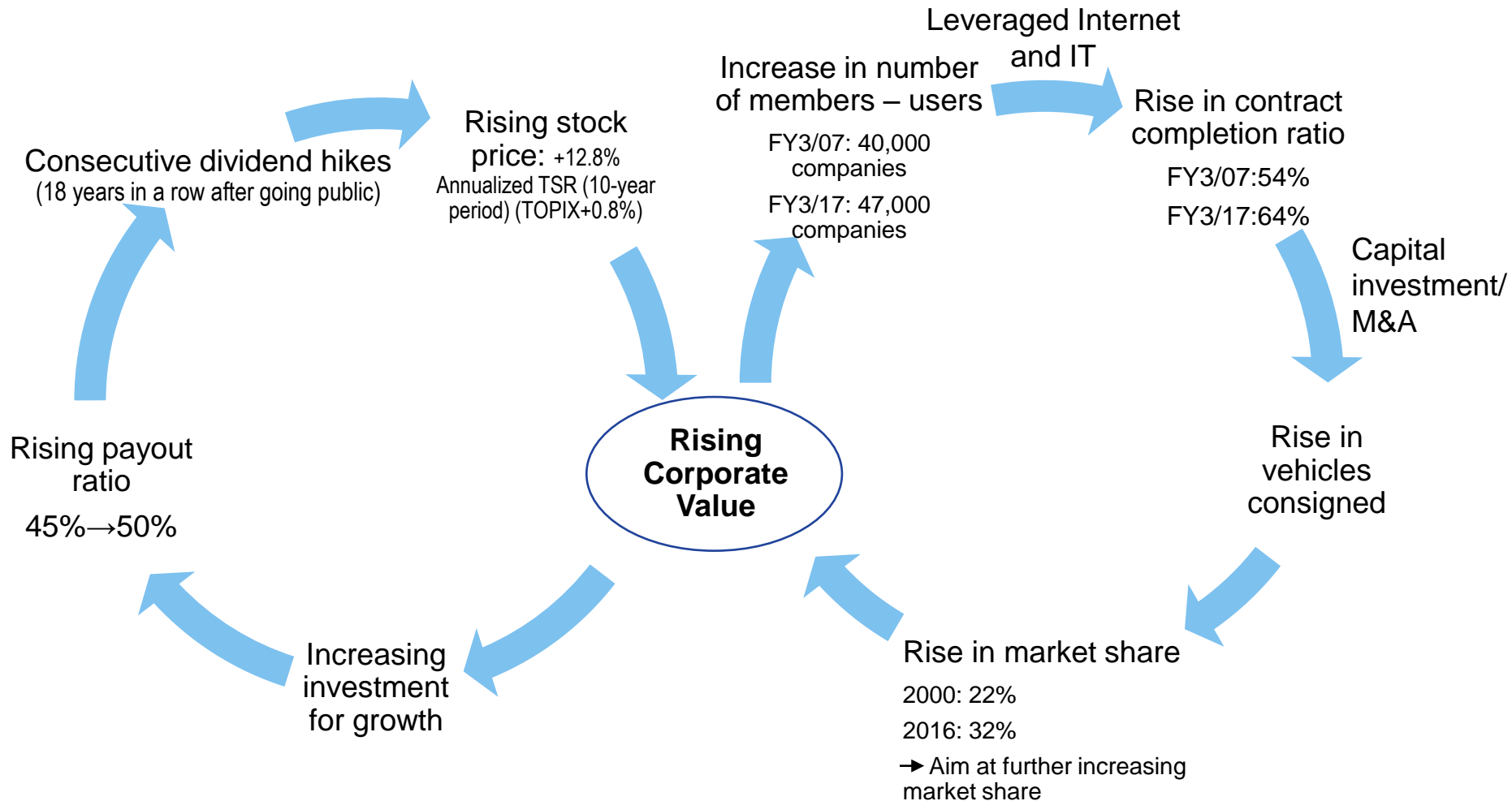
■ Flexible stock repurchases while maintaining stable dividend.

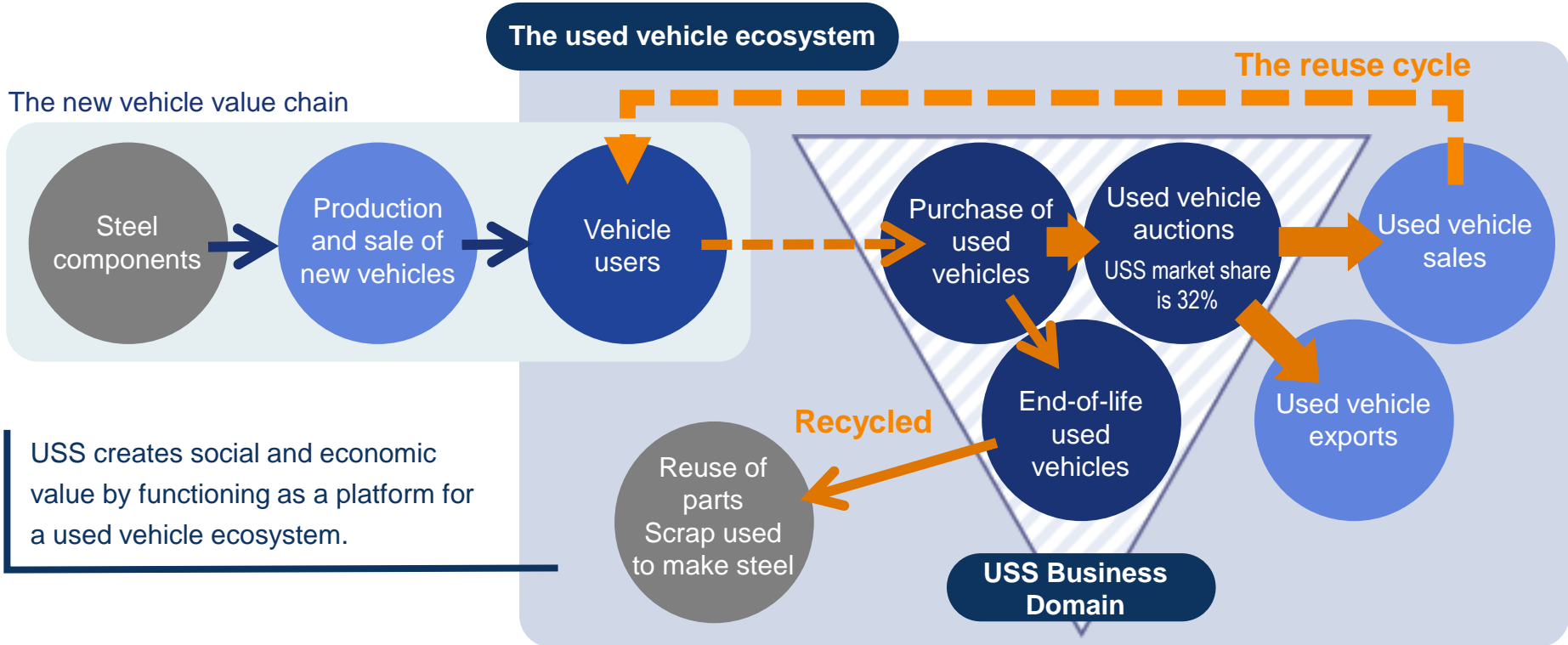


■ No change in the medium-term ROE target of above 15%.



■ Aim at increasing shareholder value by a two-pronged strategy of solid investments in growth and active shareholder distributions





Social value

- ◆ Contribution to the recycling ecosystem (helps protect the environment)
- ◆ Contribution to efficient economic activity by determining fair prices for used vehicles
- ◆ Contribution to offering people more ways to enjoy their vehicles
- ◆ Contribution to the economies of emerging countries

All activities support the used vehicle ecosystem

Economic value

- ◆ USS operates a price determination system that is fair and efficient while also generating fee income from both buyers and sellers. The result is:
- ◆ A high operating margin (48.2% in FY3/17)
- ◆ A high return on equity (14.7% in FY3/17)

Entity	Operating Margin (FY3/17)
USS	48.2%
Avg. for TSE 1st section	Approx. 7%

- The company's governance organization has been expanded in order to work toward the goal of increasing corporate value through continuing business growth
- Strengthened the executive officer system in FY3/2013
- Established nomination and compensation committees in FY3/2016
- Introduced a stock option system for directors and executive officers.

FY	2005	2007	...	2013	...	2018
Directors	12	18	→	12	→	10
(of which external directors)		4	→	4	→	3

Adopted the outside director system

Strengthened the executive officer system

Established nomination and compensation committees

As of August 2017
 Directors 10 (of which outside directors: 3)
 Auditors: 3 (of which outside auditors: 2)
 Executive officers: 5