



Consolidated Results of Operations

The First Quarter, Fiscal Year Ending March 31, 2019

USS Co., Ltd.
August 2018

- USS acquired 66.0% of the voting rights of Japan Automobile Auction Inc. (JAA) on August 24, 2017. As a result, auction sites operated by JAA and the HAA Kobe Auction Site HAA Kobe (JAA's wholly owned subsidiary) became USS Group auction sites. On March 1, 2018 the USS acquired additional stock of JAA and made this company a wholly owned subsidiary.

- 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 2019

1Q FY3/2019 – Summary of Consolidated Results of Operations

- Results of operations: Sales increased 13.3% YoY to ¥19.98 billion, Operating profit was up 10.8% to ¥9.57 billion, and Profit attributable to owners of parent increased 7.4% to ¥6.43 billion.
- The number of vehicles handled increased significantly because of the acquisition of JAA.
- The results of JAA, and of HAA Kobe Inc. and AUCTION TRANSPORT Inc. are included in the consolidated income statement from 3Q FY3/2018.

(Million yen)

| | 1Q FY3/2017 | 1Q FY3/2018 | 1Q FY3/2019 | Year on year |
|--|-------------------|-------------------|-------------------|--------------|
| Net sales | 16,584 | 17,638 | 19,987 | 113.3% |
| Cost of sales (Per sales) | 6,422 (38.7%) | 6,957 (39.4%) | 7,627 (38.2%) | 109.6% |
| Gross profit (Per sales) | 10,162 (61.3%) | 10,681 (60.6%) | 12,359 (61.8%) | 115.7% |
| Selling, general and administrative expenses (Per sales) | 2,031 (12.2%) | 2,041 (11.6%) | 2,786 (13.9%) | 136.5% |
| Operating profit (Per sales) | 8,130 (49.0%) | 8,639 (49.0%) | 9,573 (47.9%) | 110.8% |
| Ordinary profit (Per sales) | 8,273 (49.9%) | 8,776 (49.8%) | 9,716 (48.6%) | 110.7% |
| Profit attributable to owners of parent (Per sales) | 5,684 (34.3%) | 5,995 (34.0%) | 6,438 (32.2%) | 107.4% |

1Q FY3/2019 – Reasons for Change in Operating Profit (Actual)

Net sales

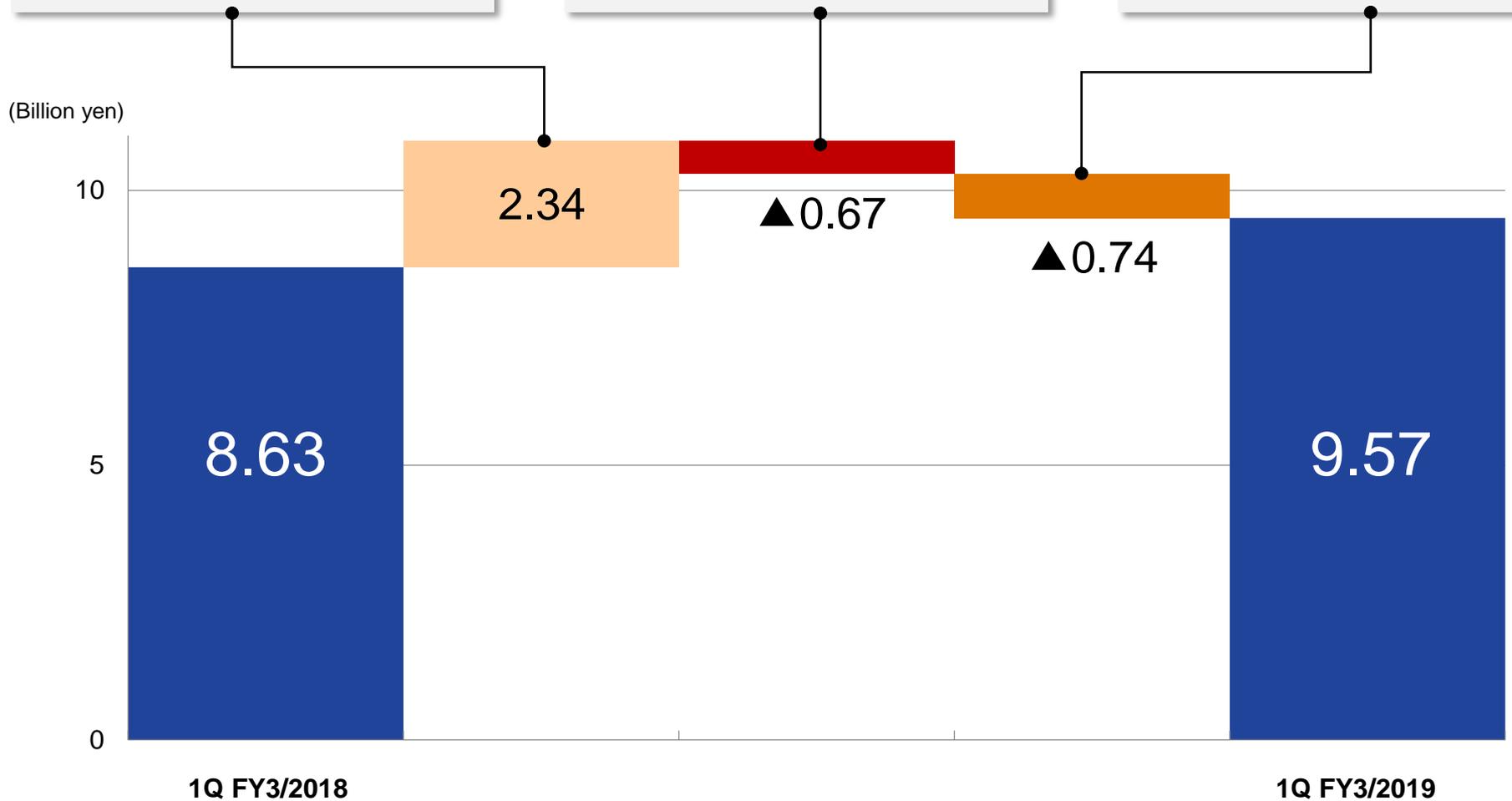
| | |
|--|---------|
| Increase in fee rates | 0.22bn |
| Increase in contract completion rate | 0.22bn |
| Decrease in vehicles consigned | ▲0.15bn |
| Decrease in sales of accident-damaged vehicles | ▲0.09bn |
| Impact of JAA | 2.07bn |

Cost of sales

| | |
|--------------------------------|---------|
| Decrease in cost of goods sold | 0.16bn |
| Decrease in depreciation | 0.16bn |
| Impact of JAA | ▲0.92bn |

SG&A expenses

| | |
|--|----------|
| Decrease in taxes and dues | 0.04bn |
| Impact of JAA | ▲0.86bn |
| (of which goodwill amortization) | ▲0.47bn) |
| (of which amortization of customer-related assets) | ▲0.09bn) |



1Q FY3/2018

1Q FY3/2019

* The change due to the JAA acquisition includes JAA, HAA Kobe Inc. and AUCTION TRANSPORT Inc. All other components of changes do not include "impact of JAA".

Net Sales and Operating Profit by Business Segment

(Million yen)

| Net sales | 1Q FY3/2017 | 1Q FY3/2018 | 1Q FY3/2019 | Year on year |
|---|--------------------------|--------------------------|--------------------------|---------------|
| Auto auction | 13,104 | 13,898 | 16,356 | 117.7% |
| Used vehicle purchasing and selling | 2,250 | 2,294 | 2,254 | 98.2% |
| Other | 1,228 | 1,445 | 1,377 | 95.3% |
| Total | 16,584 | 17,638 | 19,987 | 113.3% |
| Operating profit (operating margin) | 1Q FY3/2017 | 1Q FY3/2018 | 1Q FY3/2019 | Year on year |
| Auto auction | 7,936 (60.0%) | 8,414 (59.9%) | 9,305 (56.5%) | 110.6% |
| Used vehicle purchasing and selling | 65 (2.9%) | 39 (1.7%) | 48 (2.2%) | 122.1% |
| Other | 73 (6.0%) | 159 (11.0%) | 194 (14.1%) | 122.2% |
| Elimination of inter-segment transactions | 55 | 25 | 24 | 96.3% |
| Total | 8,130 (49.0%) | 8,639 (49.0%) | 9,573 (47.9%) | 110.8% |

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

Consolidated Balance Sheet and Statement of Cash Flows

- Cash and deposits decreased because of dividend and income tax payments.
- Other current liabilities decreased because income tax payments reduced amounts payable
- Equity ratio: 79.2%

Consolidated Balance Sheet (Summary)

| | FY/2018 | 1Q FY3/2019 |
|--|---------|-------------|
| Current assets | 62,777 | 57,998 |
| Cash and deposits | 39,622 | 36,266 |
| Receivables due from member dealers at auction, etc. | 23,154 | 21,731 |
| Non-current assets | 159,514 | 157,920 |
| Property, plant and equipment | 106,508 | 105,715 |
| Other | 53,005 | 52,205 |
| Total assets | 222,292 | 215,918 |

(Million yen)

| | FY/2018 | 1Q FY3/2019 |
|---|---------|-------------|
| Current liabilities | 37,373 | 30,789 |
| Payables due to member dealers at auction | 22,339 | 19,933 |
| Other | 15,033 | 10,855 |
| Non-current liabilities | 12,728 | 12,649 |
| Total liabilities | 50,102 | 43,438 |
| Total net assets | 172,190 | 172,480 |
| Total liabilities and net assets | 222,292 | 215,918 |

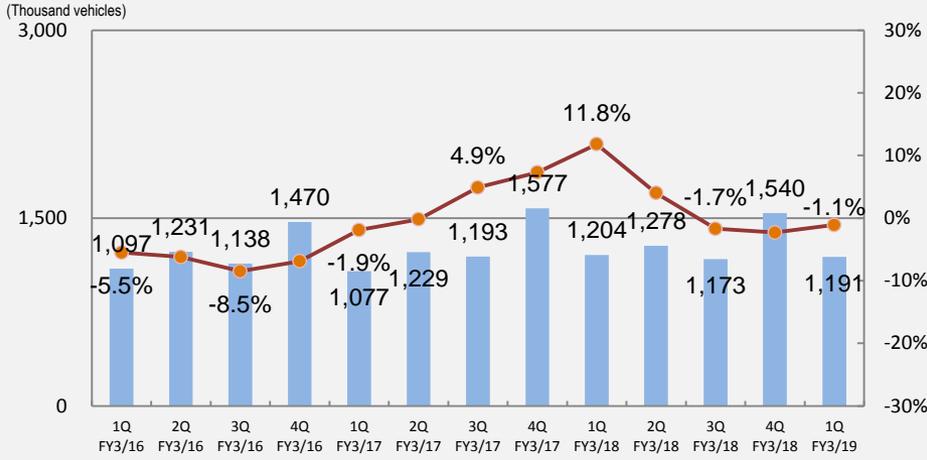
Consolidated Statement of Cash Flows (Summary)

(Million yen)

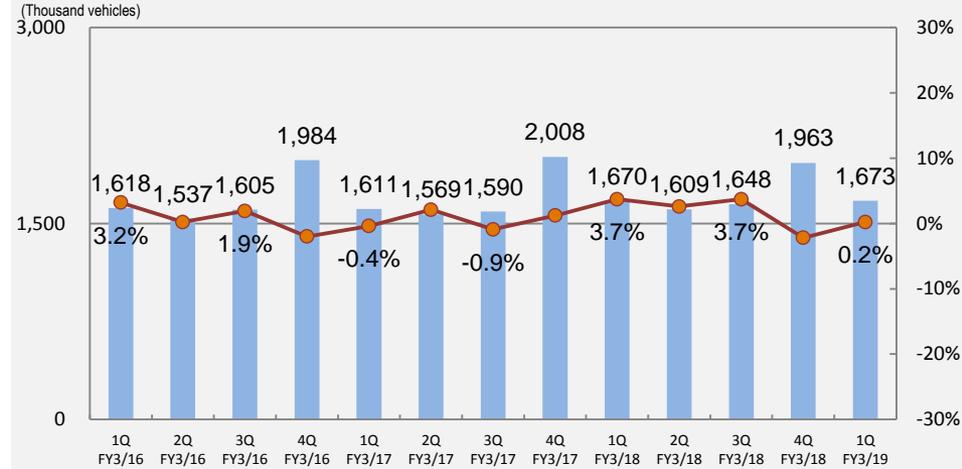
| | 1Q FY3/2017 | 1Q FY3/2018 | 1Q FY3/2019 | Changes |
|---|-------------|-------------|-------------|---------|
| Net cash provided by (used in) operating activities | 3,004 | 3,532 | 3,223 | ▲308 |
| Net cash provided by (used in) investing activities | ▲6,929 | 16,168 | ▲360 | ▲16,529 |
| Free cash flow | ▲3,925 | 19,700 | 2,862 | ▲16,837 |
| Net cash provided by (used in) financing activities | ▲12,027 | ▲6,016 | ▲6,219 | ▲203 |
| Capital expenditures (Terms of cash flows) | 2,435 | 2,864 | 422 | ▲2,441 |
| Depreciation | 970 | 1,131 | 1,267 | 136 |

* Balance sheet figures at the end of FY3/18 have been retroactively adjusted for consistency with partial amendments to the standard for tax effect accounting.

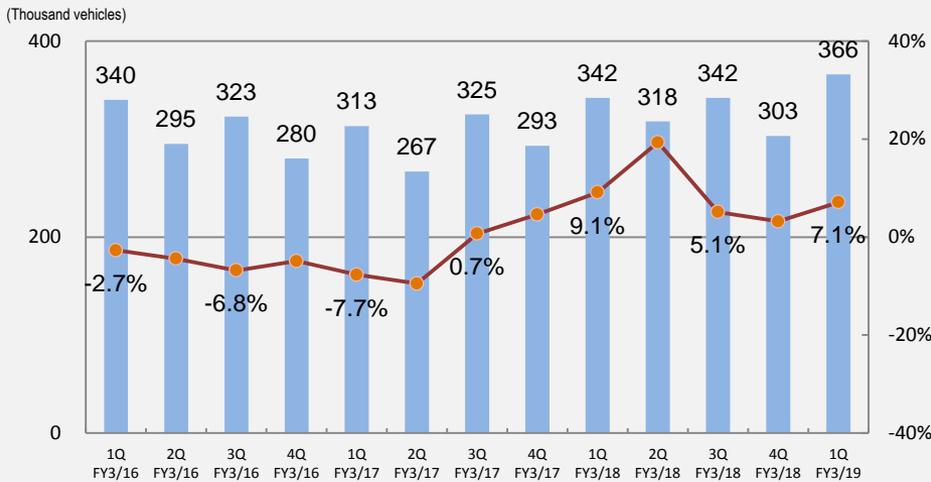
New Car Registrations and YoY Changes



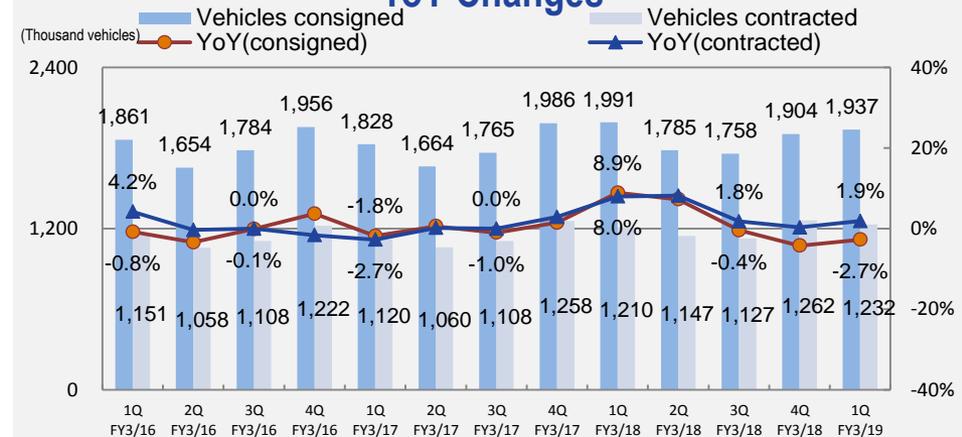
Used Car Registrations and YoY Changes



Used Car Exports and YoY Changes



AA Market: Vehicles Consigned and Contracted and YoY Changes



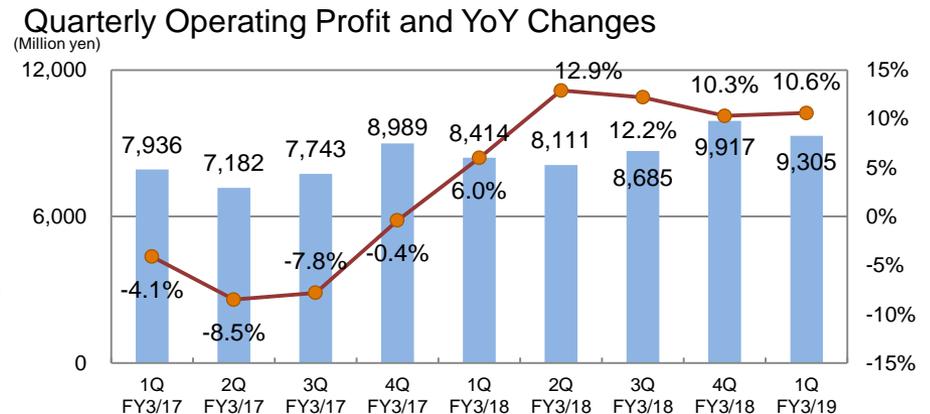
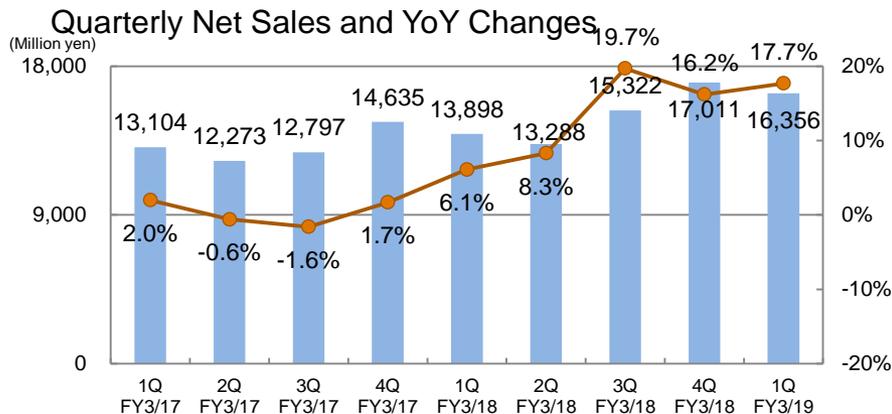
Auto Auction Segment (1)

- Vehicles consigned increased 18.1% YoY to 752 thousand; contract completions increased 18.1% YoY to 465 thousand (contract completion rate: 61.8% same as one year earlier) (628 thousand vehicles consigned (a decrease of 1.4% YoY) at USS's 17 existing auction sites (excluding JAA auction site and HAA auction site), and 399 thousand contract completions (an increase of 1.5% YoY))
- The business results of JAA Inc., which has been made a subsidiary, are included in the consolidated income statement from 3Q FY3/2018

Auto Auction Segment Performance in 1Q

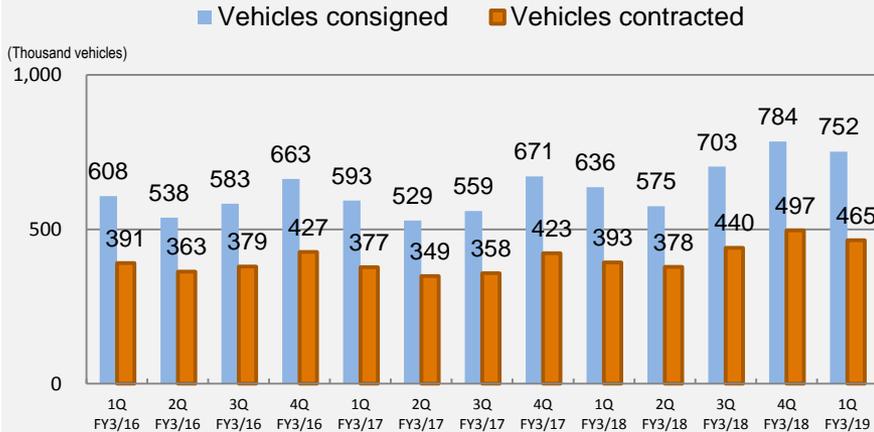
(Million yen)

| | 1Q FY3/17 | 1Q FY3/18 | 1Q FY3/19 | Year on year |
|--------------------------|-----------|-----------|-----------|--------------|
| Net sales | 13,104 | 13,898 | 16,356 | 117.7% |
| Consignment fees | 3,120 | 3,308 | 3,923 | 118.6% |
| Contract completion fees | 2,973 | 3,159 | 3,792 | 120.0% |
| Successful bid fees | 4,442 | 4,658 | 5,565 | 119.5% |
| Other | 2,568 | 2,773 | 3,074 | 110.9% |
| Operating profit | 7,936 | 8,414 | 9,305 | 110.6% |
| Operating margin | 60.0% | 59.9% | 56.5% | - |

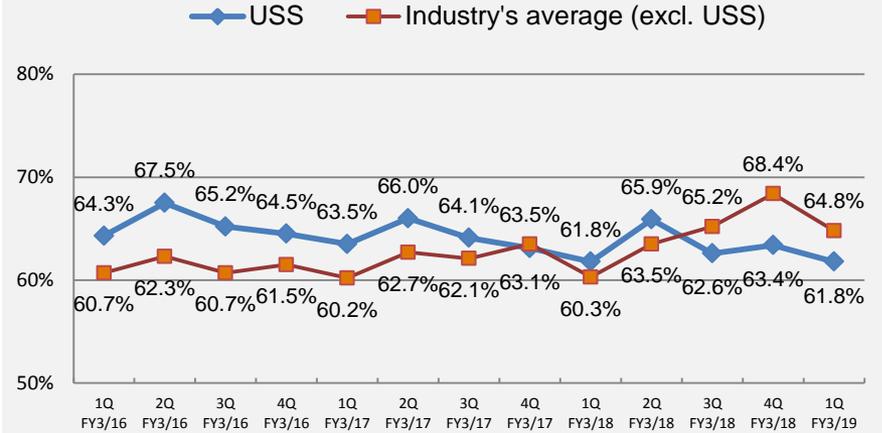


* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by dividing segment profit by segment sales.

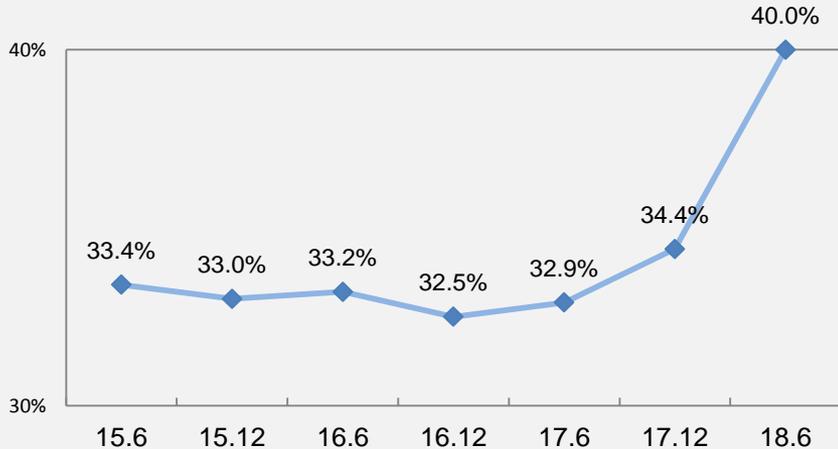
No. of Vehicles Consigned and Vehicles Contracted



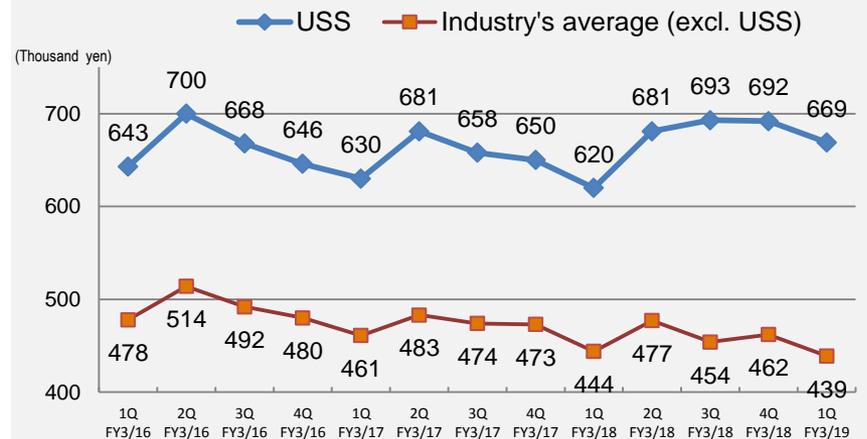
Contract Completion Rate



Market Share



Average Price of Vehicle Contracted

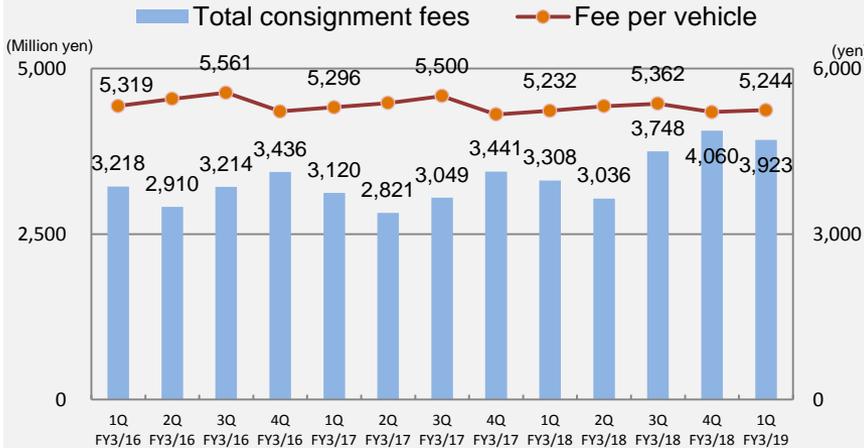


* Period ending in December: 12-month data; Period ending in June: 6-month data.

* The results of JAA, and of HAA are included from October 2017.

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

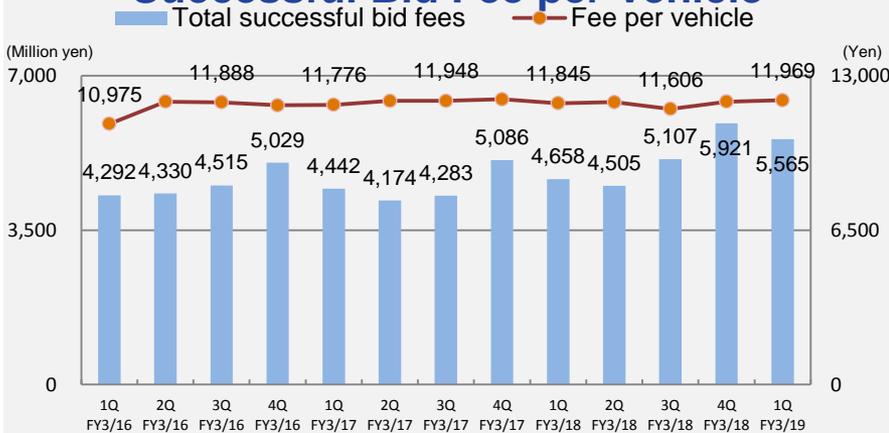
Total Consignment Fees and Consignment Fee per Vehicle



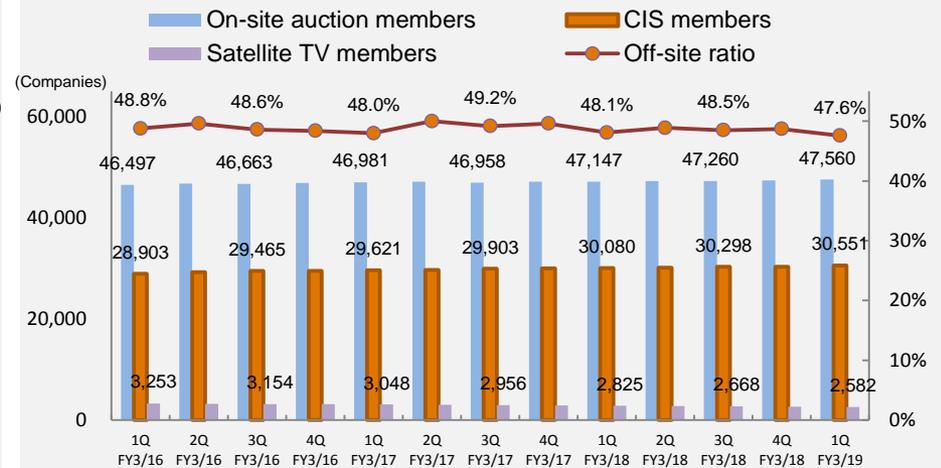
Total Contract Completion Fees and Contract Completion Fee per Vehicle



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 results of JAA, and of HAA are included from October 2017 onward.
 * The figures in this slide do not include JBA data.

* The number of members does not include JAA members.
 * HAA members for whom examinations have been completed are included in the number of members starting with 1Q FY3/19.

Auto Auction Segment (4)

From April 1, 2018 to June 30, 2018

(Number of auctions held, Vehicles)

| | Number of auctions | | Number of consigned vehicles | | | Number of contract completions | | | Contract completion rate | |
|--------------|--------------------|------------|------------------------------|----------------|---------------|--------------------------------|----------------|---------------|--------------------------|--------------|
| | 1Q FY3/18 | 1Q FY3/19 | 1Q FY3/18 | 1Q FY3/19 | YoY change | 1Q FY3/18 | 1Q FY3/19 | YoY change | 1Q FY3/18 | 1Q FY3/19 |
| Tokyo | 12 | 12 | 164,394 | 163,869 | 99.7% | 110,726 | 112,316 | 101.4% | 67.4% | 68.5% |
| Nagoya | 12 | 12 | 129,686 | 127,328 | 98.2% | 71,094 | 69,364 | 97.6% | 54.8% | 54.5% |
| Yokohama | 12 | 12 | 46,717 | 46,317 | 99.1% | 30,102 | 30,331 | 100.8% | 64.4% | 65.5% |
| Kyushu | 12 | 12 | 47,479 | 43,492 | 91.6% | 27,793 | 26,218 | 94.3% | 58.5% | 60.3% |
| Osaka | 12 | 12 | 34,962 | 41,681 | 119.2% | 19,339 | 23,266 | 120.3% | 55.3% | 55.8% |
| Sapporo | 12 | 12 | 39,042 | 39,291 | 100.6% | 24,169 | 25,921 | 107.2% | 61.9% | 66.0% |
| R-Nagoya | 12 | 12 | 38,410 | 37,768 | 98.3% | 30,346 | 31,448 | 103.6% | 79.0% | 83.3% |
| Shizuoka | 12 | 12 | 22,452 | 22,373 | 99.6% | 13,238 | 14,234 | 107.5% | 59.0% | 63.6% |
| Kobe | 12 | 12 | 17,755 | 21,029 | 118.4% | 10,463 | 11,973 | 114.4% | 58.9% | 56.9% |
| Okayama | 12 | 12 | 18,379 | 17,203 | 93.6% | 11,585 | 11,641 | 100.5% | 63.0% | 67.7% |
| Tohoku | 12 | 12 | 16,924 | 15,215 | 89.9% | 11,638 | 11,333 | 97.4% | 68.8% | 74.5% |
| Gunma | 12 | 12 | 17,671 | 14,331 | 81.1% | 10,813 | 9,902 | 91.6% | 61.2% | 69.1% |
| Saitama | 12 | 12 | 16,167 | 12,943 | 80.1% | 9,056 | 7,715 | 85.2% | 56.0% | 59.6% |
| Niigata | 12 | 12 | 11,691 | 11,165 | 95.5% | 5,098 | 5,222 | 102.4% | 43.6% | 46.8% |
| Fukuoka | 12 | 12 | 10,950 | 10,128 | 92.5% | 5,750 | 6,234 | 108.4% | 52.5% | 61.6% |
| Hokuriku | 12 | 12 | 4,256 | 4,156 | 97.7% | 2,514 | 2,529 | 100.6% | 59.1% | 60.9% |
| JAA | - | 12 | - | 31,992 | - | - | 19,578 | - | - | 61.2% |
| HAA | - | 12 | - | 91,954 | - | - | 45,950 | - | - | 50.0% |
| Total | 192 | 216 | 636,935 | 752,235 | 118.1% | 393,724 | 465,175 | 118.1% | 61.8% | 61.8% |

* The figures in this slide include JAA and HAA from October 2017 onward.

* 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 | FY3/17 | 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 | 169,623 | 209,872 | 1,212,427 | 238,322 | 250,552 | 214,426 | 201,672 | 244,650 | 337,961 | 1,487,583 | 2,700,010 |
| | YoY Change | 0.5 | 11.0 | 12.1 | 4.9 | 20.1 | 4.3 | 7.9 | 27.8 | 26.8 | 22.5 | 16.8 | 17.0 | 16.7 | 20.9 | 14.7 |
| | FY3/19 | 266,046 | 232,114 | 254,075 | 224,212 | | | 976,447 | | | | | | | - | 976,447 |
| | YoY Change | 13.5 | 26.4 | 16.1 | 14.4 | | | - | | | | | | | - | - |
| No. of Vehicles Contracted | 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 | 112,434 | 139,118 | 772,720 | 152,222 | 157,094 | 130,815 | 129,500 | 157,319 | 210,328 | 937,278 | 1,709,998 |
| | YoY Change | ▲1.5 | 6.7 | 8.7 | 3.6 | 20.4 | 4.5 | 6.3 | 25.5 | 23.8 | 18.5 | 17.7 | 16.0 | 18.2 | 19.9 | 13.3 |
| | FY3/19 | 159,017 | 147,501 | 158,657 | 143,599 | | | 608,774 | | | | | | | - | 608,774 |
| | YoY Change | 14.9 | 26.7 | 14.2 | 12.7 | | | - | | | | | | | - | - |
| Contract Completion Rate | 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 | 66.3 | 66.3 | 63.7 | 63.9 | 62.7 | 61.0 | 64.2 | 64.3 | 62.2 | 63.0 | 63.3 |
| | FY3/19 | 59.8 | 63.5 | 62.4 | 64.0 | | | - | | | | | | | - | - |

* The figures in this slide include JAA and HAA from October 2017 onward.

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

Used Vehicle Purchasing and Selling Segment

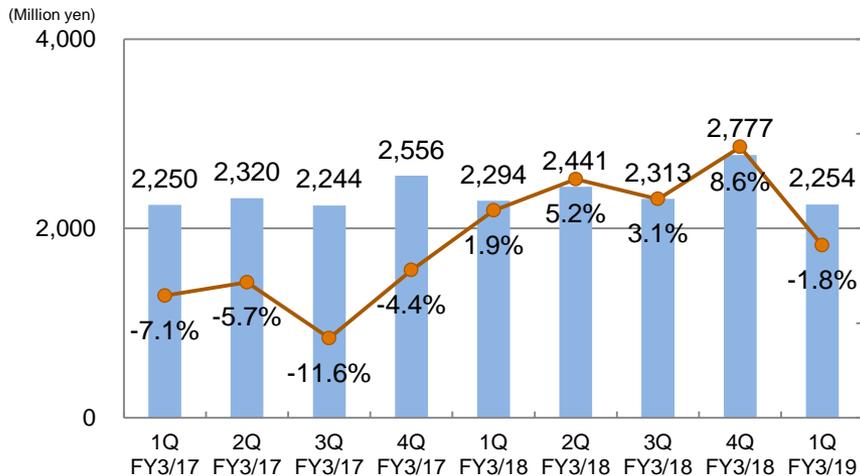
- Although the number of vehicles sold by used vehicle purchasing subsidiary Rabbit decreased as unprofitable stores were closed, earnings were higher. (Net sales decreased 2.7% YoY to ¥1,337 million, Operating profit increased 22.4% to ¥50 million)
- There was an operating loss in the accident-damaged vehicle purchasing business because of a decrease in the number of vehicles sold. (Net sales decreased 0.3% YoY ¥916 million, operating loss ¥2 million (operating loss of ¥1 million in 1Q FY3/18))

Used Vehicle Purchasing and Selling Segment Performance in 1Q

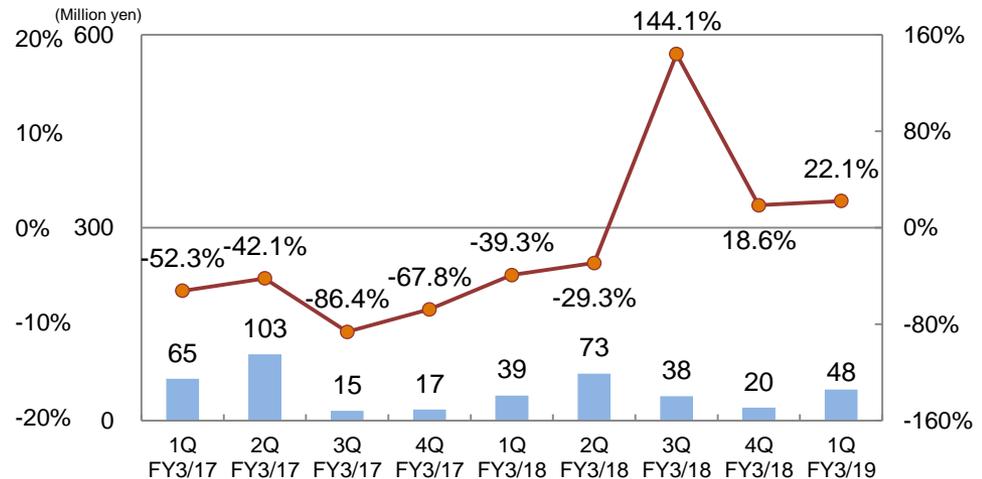
(Million yen)

| | 1Q FY3/17 | 1Q FY3/18 | 1Q FY3/19 | Year on year |
|------------------|-----------|-----------|-----------|--------------|
| Net sales | 2,250 | 2,294 | 2,254 | 98.2% |
| Operating profit | 65 | 39 | 48 | 122.1% |
| Operating margin | 2.9% | 1.7% | 2.2% | - |

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 dividing segment profit by segment sales.

Other Segment

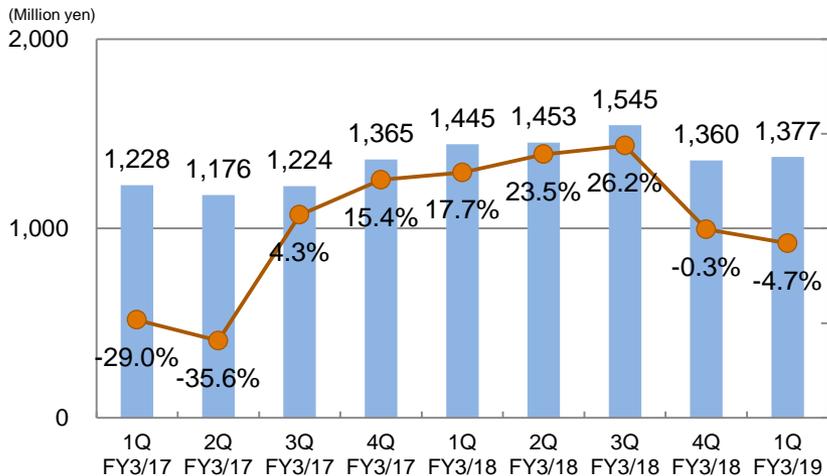
- In the recycling business, the decision to stop selling low-margin products reduced sales but earnings increased because of high prices for metallic scrap. (Net sales decreased 7.5% YoY to ¥1,203 million, Operating profit increased 14.0% to ¥159 million)
- In the used vehicle export clearing service business, sales and earnings increased due to growth in the volume of orders received. (Net sales increased 26.0% YoY to ¥147 million, Operating profit increased 187.5% to ¥25 million)

Other Segment Performance in 1Q

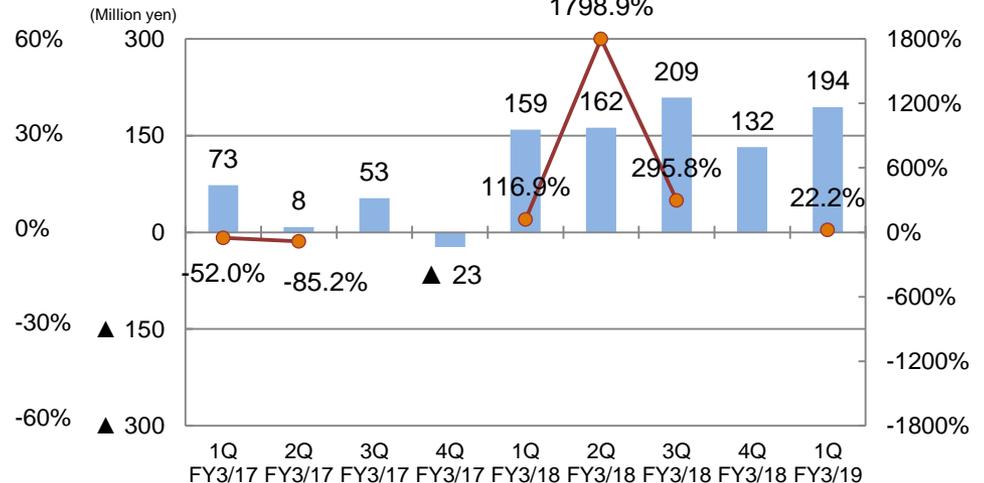
(Million yen)

| | 1Q FY3/17 | 1Q FY3/18 | 1Q FY3/19 | Year on year |
|------------------|-----------|-----------|-----------|--------------|
| Net sales | 1,228 | 1,445 | 1,377 | 95.3% |
| Operating profit | 73 | 159 | 194 | 122.2% |
| Operating margin | 6.0% | 11.0% | 14.1% | - |

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 dividing segment profit by segment sales.

Consolidated Forecast for FY3/2019

- New car registrations are expected to remain flat from the previous fiscal year.

(Million yen)

| | FY3/17 (Actual) | FY3/18 (Actual) | FY3/19 (Forecast) | VS. previous year |
|--|-------------------|-------------------|-------------------|-------------------|
| Net sales | 67,179 | 75,153 | 80,000 | 106.4% |
| Gross profit (Per sales) | 40,765 (60.7%) | 45,979 (61.2%) | 49,137 (61.4%) | 106.9% |
| Operating profit (Per sales) | 32,396 (48.2%) | 36,071 (48.0%) | 37,300 (46.6%) | 103.4% |
| Ordinary profit (Per sales) | 32,999 (49.1%) | 36,676 (48.8%) | 37,800 (47.3%) | 103.1% |
| Profit attributable to owners of parent (Per sales) | 22,909 (34.1%) | 24,285 (32.3%) | 25,000 (31.3%) | 102.9% |
| Profit per share (Yen) | 90.02 | 95.59 | 98.37 | 102.9% |
| Capital expenditures (Terms of cash flows) | 5,878 | 4,447 | 5,100 | 114.7% |
| Depreciation | 4,596 | 4,983 | 5,669 | 113.8% |
| Auto Auction Business (excl. JBA) | | | | |
| Auto Auction Business (excl. JBA) | FY3/17 (Actual) | FY3/18 (Actual) | FY3/19 (Forecast) | VS. previous year |
| No. of vehicles consigned (Thousands) | 2,353 | 2,700 | 2,960 | 109.6% |
| No. of vehicles contracted (Thousands) | 1,508 | 1,709 | 1,840 | 107.6% |
| Contract completion rate | 64.1% | 63.3% | 62.2% | - |

* No revisions to the FY3/19 forecast announced on May 8, 2018.

FY3/2019 – Reasons for Change in Operating Profit (Forecast)

Net sales

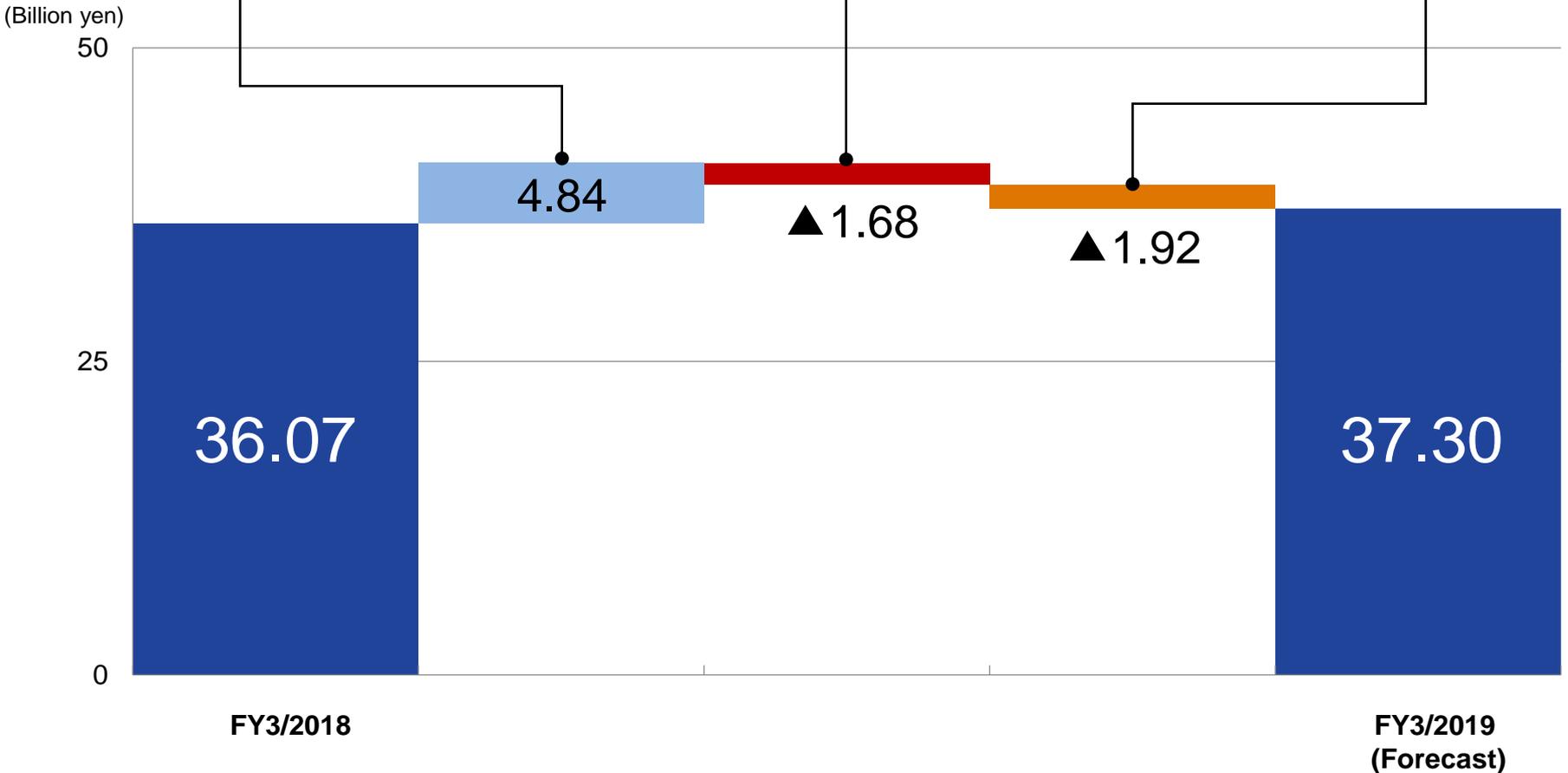
| | |
|--------------------------------------|---------|
| Increase in fee rates | 0.82bn |
| Increase in vehicles consigned | 0.59bn |
| Decrease in contract completion rate | ▲0.40bn |
| Used vehicle sales/purchases | ▲0.49bn |
| Impact of JAA | 4.26bn |

Cost of sales

| | |
|--------------------------------|---------|
| Increase in cost of goods sold | 0.99bn |
| Impact of JAA | ▲2.72bn |

SG&A expenses

| | |
|--|----------|
| Increase in employee salaries and bonuses | ▲0.11bn |
| Increase in sales promotion expenses | ▲0.11bn |
| Impact of JAA | ▲1.58bn |
| (of which goodwill amortization) | ▲0.95bn) |
| (of which amortization of customer-related assets) | ▲0.18bn) |



* The change due to the JAA acquisition includes JAA, HAA Kobe Inc. and AUCTION TRANSPORT Inc. All other components of changes do not include "impact of JAA".

(Million yen)

| | FY3/17 (Actual) | FY3/18 (Actual) | FY3/19 (Forecast) | VS. previous year |
|---|---------------------------|---------------------------|---------------------------|----------------------|
| Net sales | | | | |
| Auto auction | 52,811 | 59,521 | 65,048 | 109.3% |
| Used vehicle purchasing and selling | 9,373 | 9,827 | 9,393 | 95.6% |
| Other | 4,995 | 5,805 | 5,558 | 95.7% |
| Total | 67,179 | 75,153 | 80,000 | 106.4% |
| Operating profit (Per sales) | 32,396 (48.2%) | 36,071 (48.0%) | 37,300 (46.6%) | 103.4% |

Market Overview

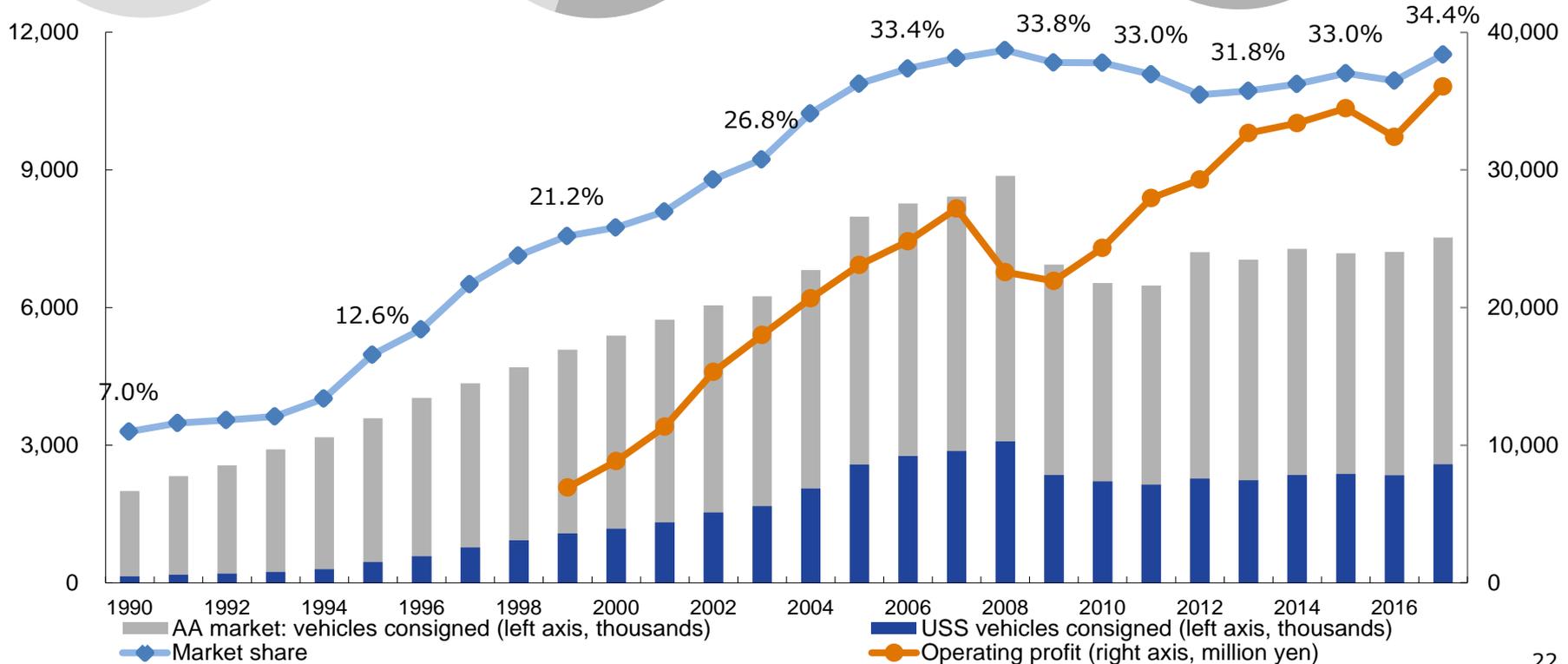
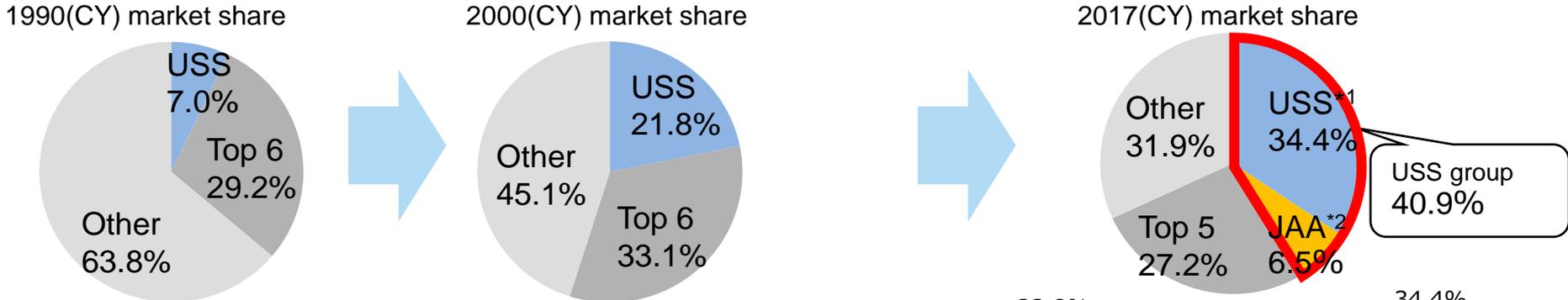
Strategy for Creating Value Over the Medium Term

- New car sales in Japan: Unlikely to see significant growth over the medium term
 - USS's Strategy
 - 1) The JAA acquisition significantly raised the Osaka area market share. The goal is to increase the Tokyo area market share in order to have a market share of more than 40% in all three of Japan's major markets: the Tokyo, Nagoya and Osaka areas.
 - 2) Plan to make additional capital expenditures in the JAA Group to make operations more competitive
 - May 2019: Reconstruction of the JAA auction site
- Used car exports: Foresee steady medium-term growth, although there will be short-term effects on exports from economic conditions in overseas markets, import restrictions, exchange rate movements and other factors
 - USS's Strategy
 - 1) Operate used vehicle auctions in all areas of Japan that attract high-quality vehicles in order to continue increasing market share

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.

■ The JAA acquisition significantly raised the USS Group's market share



*1 Include the results of JAA and HAA from October to December 2017.

*2 JAA and HAA results for the period from January to September 2017.

Impact of the acquisition of JAA shares on profit/loss

(Million yen)

| | USS Group Before JAA Acquisition | | JAA | | USS Consolidated | |
|---|----------------------------------|--------|----------|-----|------------------|--------|
| | FY3/2018 | YoY | FY3/2018 | YoY | FY3/2018 | YoY |
| Net sales | 70,460 | 104.9% | 4,693 | - | 75,153 | 111.9% |
| Operating expenses (incl. amortization of the goodwill and customer-related assets) | 35,571 | 102.3% | 3,510 | - | 39,082 | 112.4% |
| Operating profit | 34,888 | 107.7% | 1,182 | - | 36,071 | 111.3% |
| Operating margin | 49.5% | - | 25.2% | - | 48.0% | - |

*JAA data includes the total amount of JAA, HAA Kobe and Auction Transport for the six-month period from October 2017 to March 2018.

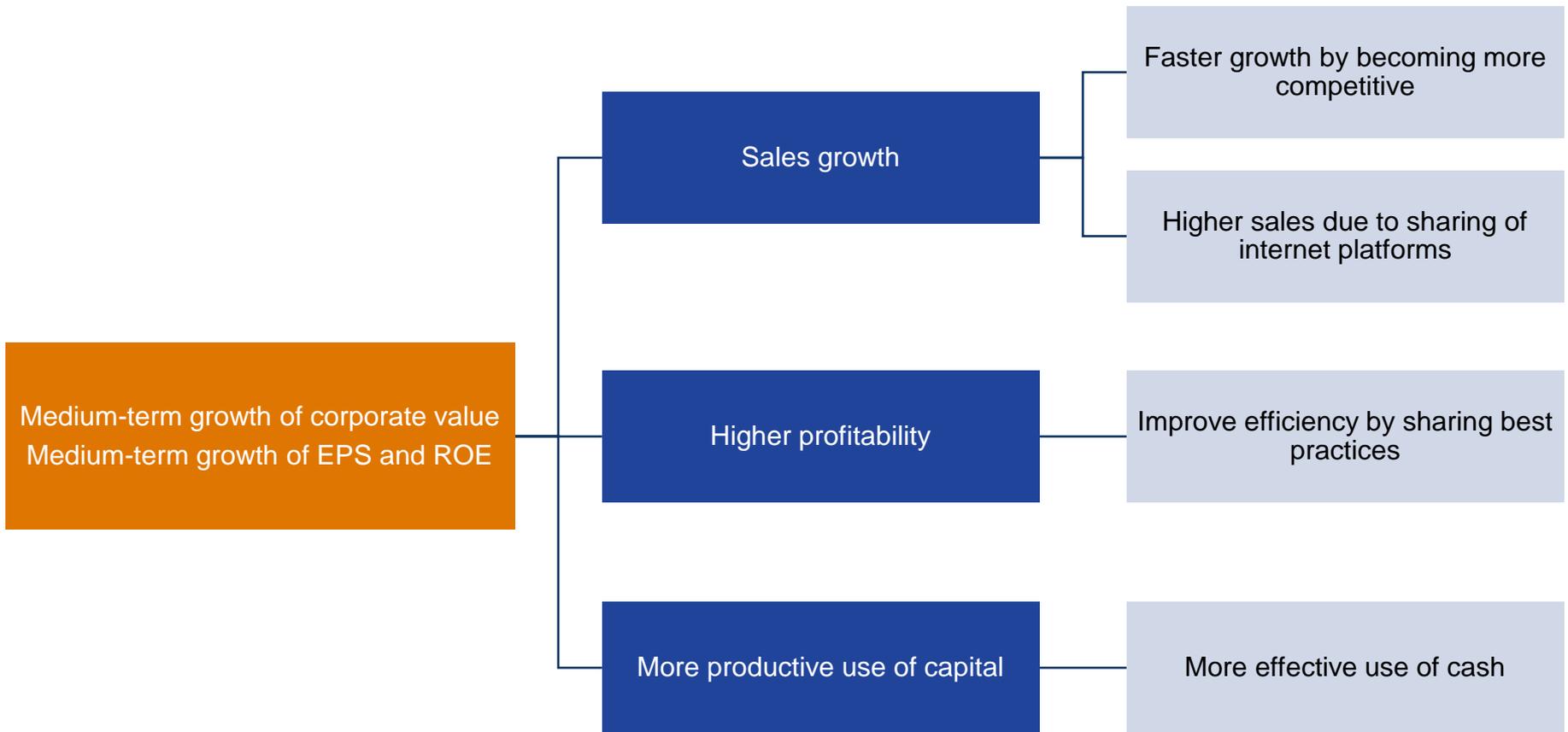
*USS Group Before JAA Acquisition and JAA figures are included in the USS Consolidated figures.

<Reference> Impact excluding the amortization of the goodwill and customer-related assets

(Million yen)

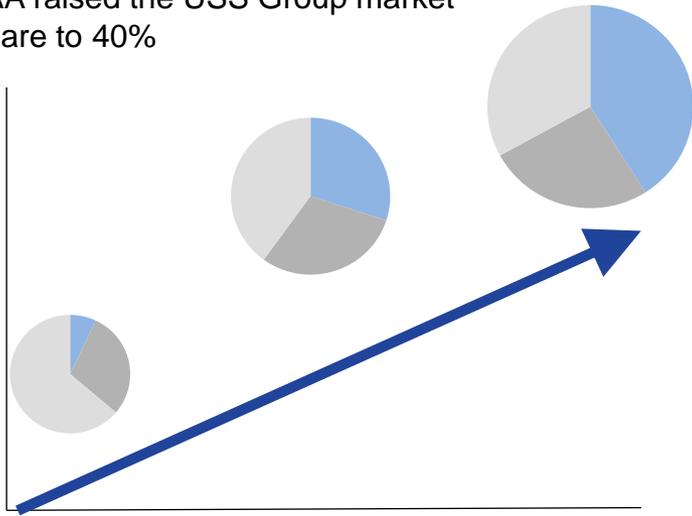
| | USS Group Before JAA Acquisition | | JAA | |
|--------------------|----------------------------------|--------|----------|-----|
| | FY3/2018 | YoY | FY3/2018 | YoY |
| Net sales | 70,460 | 104.9% | 4,693 | - |
| Operating expenses | 35,571 | 102.3% | 2,372 | - |
| Operating profit | 34,888 | 107.7% | 2,321 | - |
| Operating margin | 49.5% | - | 49.5% | - |

*Excluded 950 million yen of amortization of the goodwill and 188 million yen of amortization of customer-related assets associated with the acquisition of JAA shares.



JAA Acquisition Raised Market Share, Making USS More Competitive

JAA raised the USS Group market share to 40%



As auto auction is a platform business, scaling up contributes to strengthening competitiveness

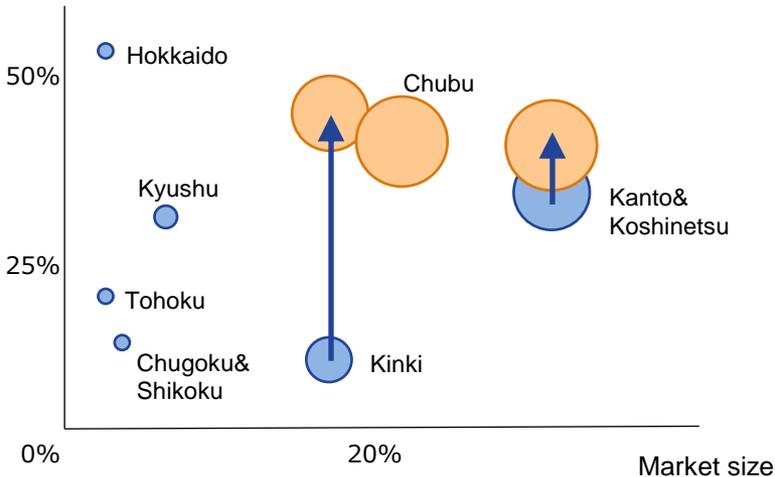
- Market share in Japan: **32.9%→40.0%**
- Market share in Osaka area, which had been low: **17.1%→46.3%**
- Market share in Japan's three major markets (Tokyo, Nagoya and Osaka areas) is now more than **40%**

Adding JAA to the USS Group raised the group's market share in the Osaka, Tokyo and Koshinetsu (Yamanashi, Nagano, Niigata) regions.

Market share of more than 40% in Japan's three largest markets

| | Market composition | Market share | | |
|------------------|--------------------|--------------|-------|-------|
| | | USS | JAA | Total |
| Hokkaido | 3.4% | 54.4% | - | 54.4% |
| Tohoku | 4.3% | 18.9% | - | 18.9% |
| Kanto&Koshinetsu | 34.9% | 37.5% | 4.9% | 42.4% |
| Chubu | 23.0% | 43.7% | - | 43.7% |
| Kinki | 18.4% | 17.1% | 29.1% | 46.3% |
| Chugoku&Shikoku | 6.0% | 16.1% | - | 16.1% |
| Kyushu&Okinawa | 9.1% | 32.6% | - | 32.6% |
| TV | 0.9% | - | - | - |
| | 100.0% | 32.9% | 7.1% | 40.0% |

Market share



* January to June 2018

* The USS figures exclude JAA or HAA.

<Kinki region>

17.1% → **46.3%**

| Site Name | Vehicles consigned | Share |
|---------------------|--------------------|-------|
| HAA | 205,987 | 29.1% |
| USS Osaka | 79,639 | 11.3% |
| TAA Kinki | 64,541 | 9.1% |
| Kansai Matsubara AA | 62,098 | 8.8% |
| BAYAUC | 56,633 | 8.0% |
| LAA Kansai | 44,806 | 6.3% |
| USS Kobe | 41,325 | 5.8% |
| IMA Kobe | 34,151 | 4.8% |
| Honda AA Kansai | 29,185 | 4.1% |
| IAA | 27,002 | 3.8% |

- Larger auction sites tend to attract more number of vehicles.
- The HAA Kobe auction site of the JAA Group has a dominant market share in the Osaka area. This auction site makes USS much more competitive in this region of Japan.

<Chubu region>

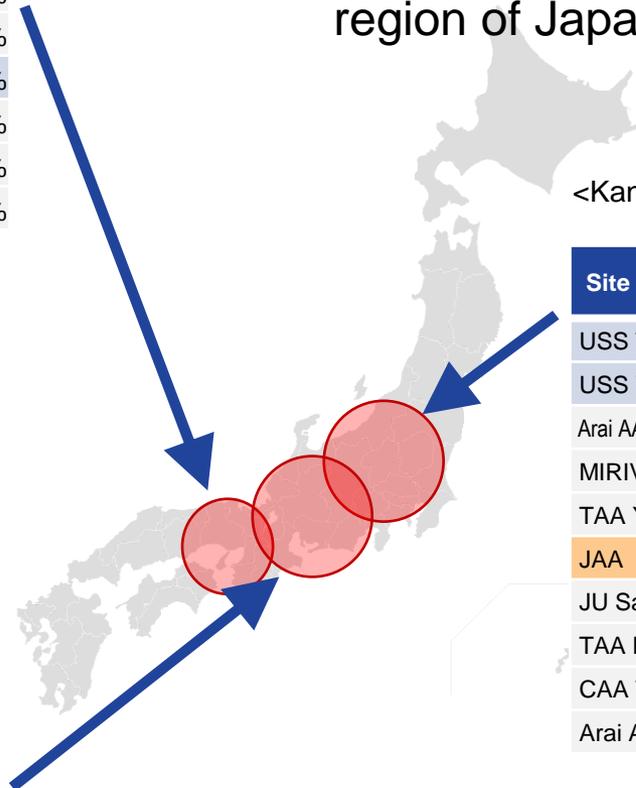
43.7% → 43.7%

| Site Name | Vehicles consigned | Share |
|-----------------|--------------------|-------|
| USS Nagoya | 262,270 | 29.6% |
| JU Gifu | 120,312 | 13.6% |
| CAA Chubu | 102,838 | 11.6% |
| USS-R Nagoya | 71,975 | 8.1% |
| JU Aichi | 71,800 | 8.1% |
| TAA Chubu | 51,406 | 5.8% |
| USS Shizuoka | 44,980 | 5.1% |
| CAA Gifu | 42,198 | 4.8% |
| JU Shizuoka | 22,557 | 2.5% |
| Honda AA Nagoya | 17,228 | 1.9% |

<Kanto&Koshinetsu region>

37.5% → **42.4%**

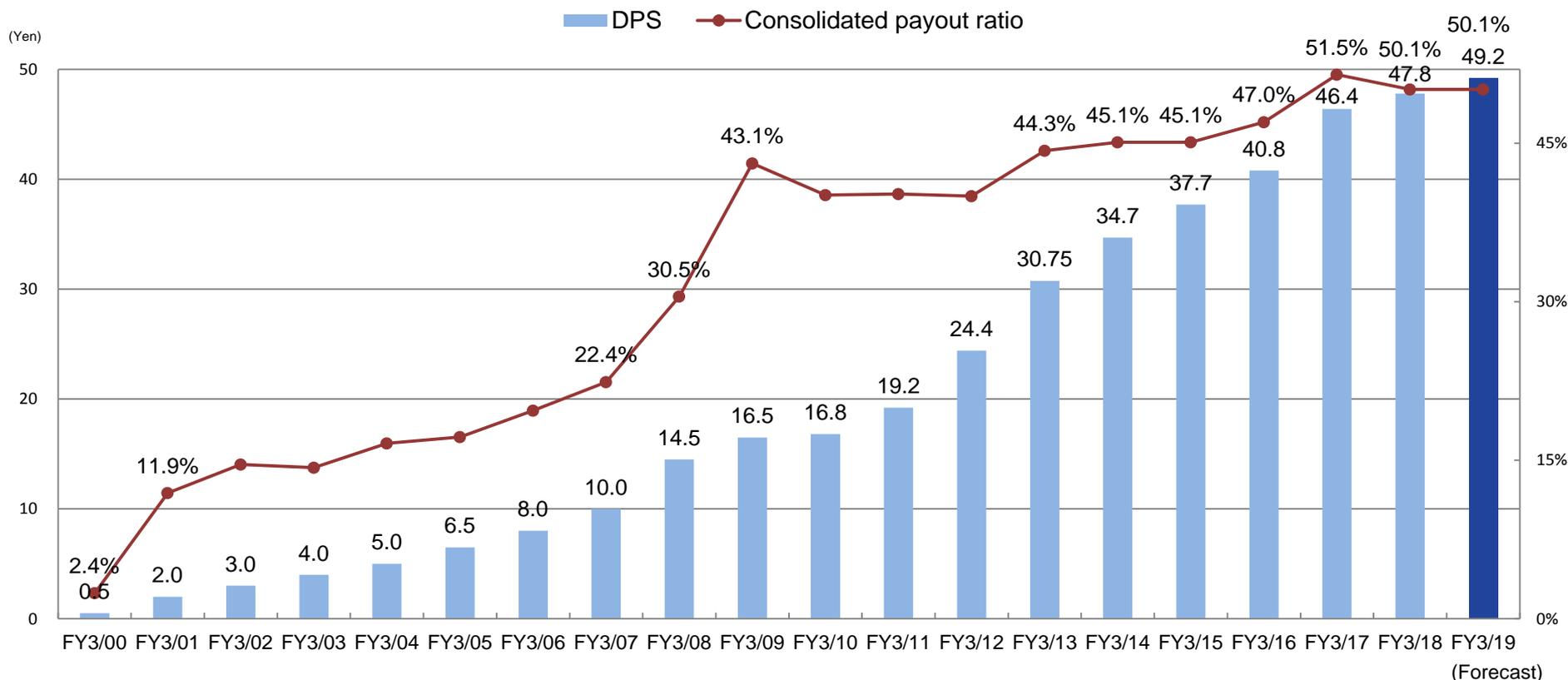
| Site Name | Vehicles consigned | Share |
|-------------------------------|--------------------|-------|
| USS Tokyo | 330,376 | 24.7% |
| USS Yokohama | 95,546 | 7.1% |
| Arai AA Oyama (Vans & Trucks) | 94,853 | 7.1% |
| MIRIVE | 87,183 | 6.5% |
| TAA Yokohama | 76,703 | 5.7% |
| JAA | 65,346 | 4.9% |
| JU Saitama | 56,886 | 4.2% |
| TAA Kanto | 53,775 | 4.0% |
| CAA Tokyo | 52,456 | 3.9% |
| Arai AA Bayside | 52,313 | 3.9% |



Increase shareholder distributions while continuing investment for growth

- Consolidated dividend payout ratio: Over **50%** starting in FY3/2017
The JAA acquisition will have no effect on the USS dividend policy of maintaining a consolidated payout ratio of at least 50%.
- 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%

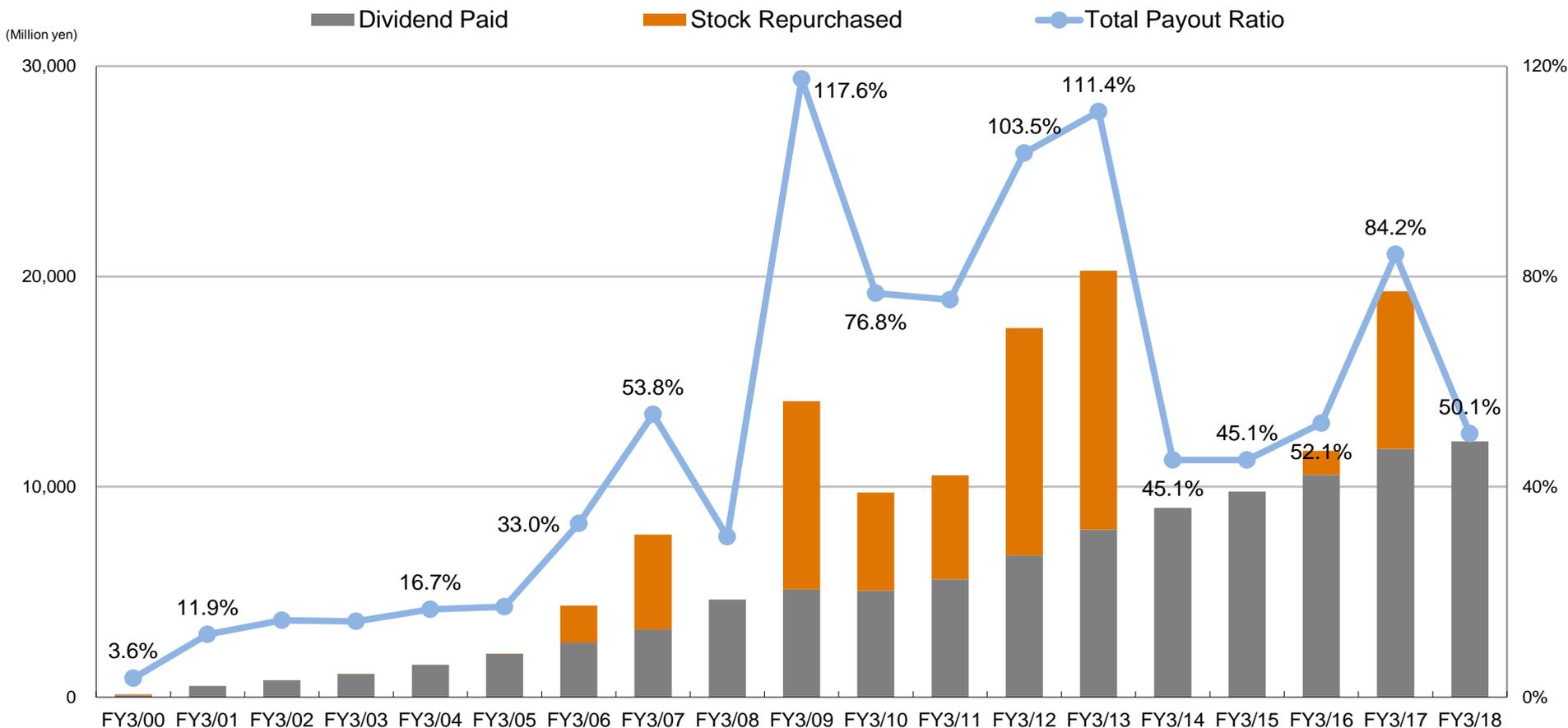
- Plan to pay **49.2 yen** dividend per share for FY3/19 (up 1.4 yen)
- **19 consecutive years** of dividend growth since listing



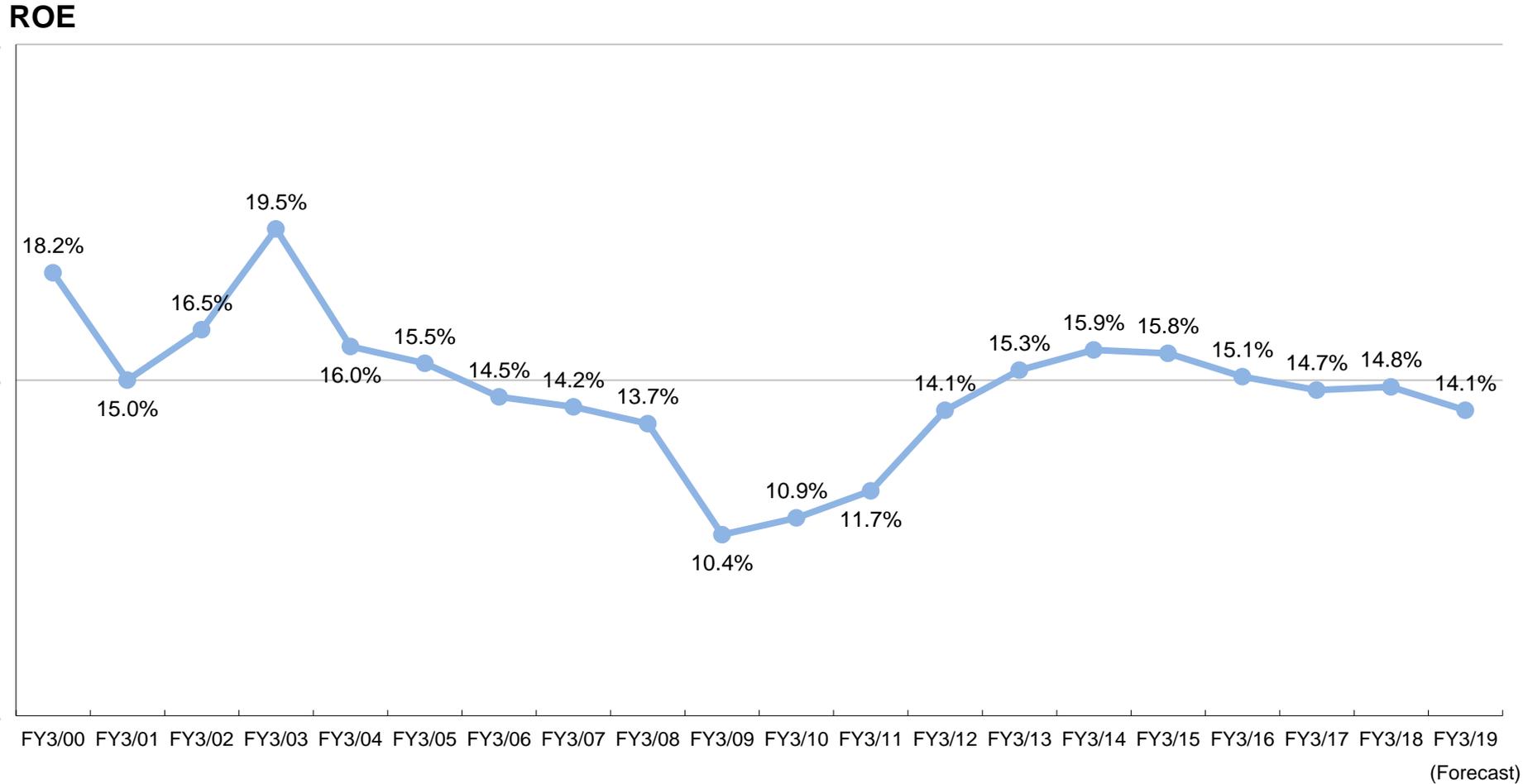
*Dividend per share is retroactively adjusted to the number of shares outstanding as of the effective date (October 1, 2013) of the stock split.

Earnings Distributions – Total Payout Ratio

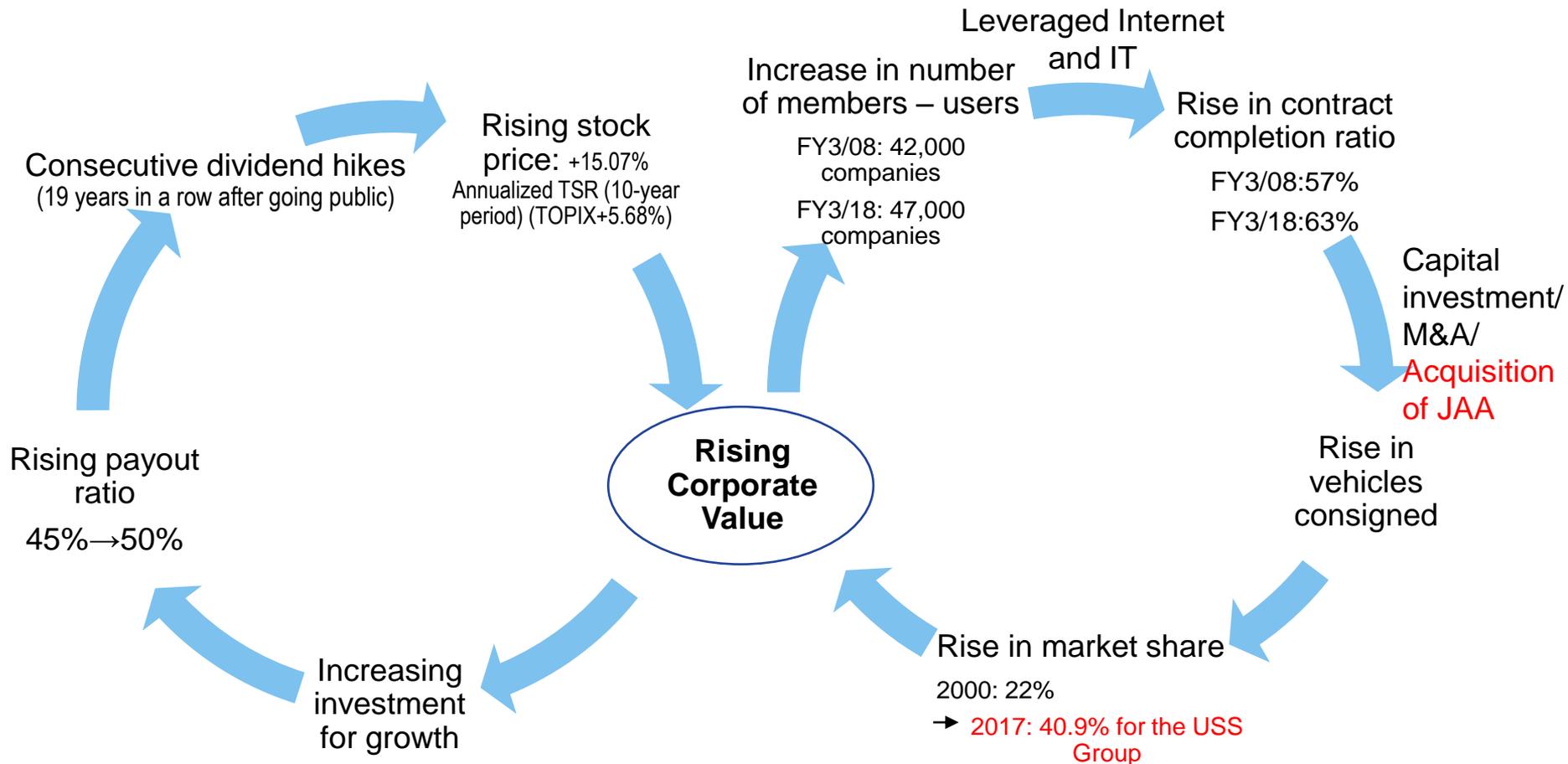
- Flexible stock repurchases while maintaining stable dividend.
- Draw up capital investment plans for JAA and HAA.



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

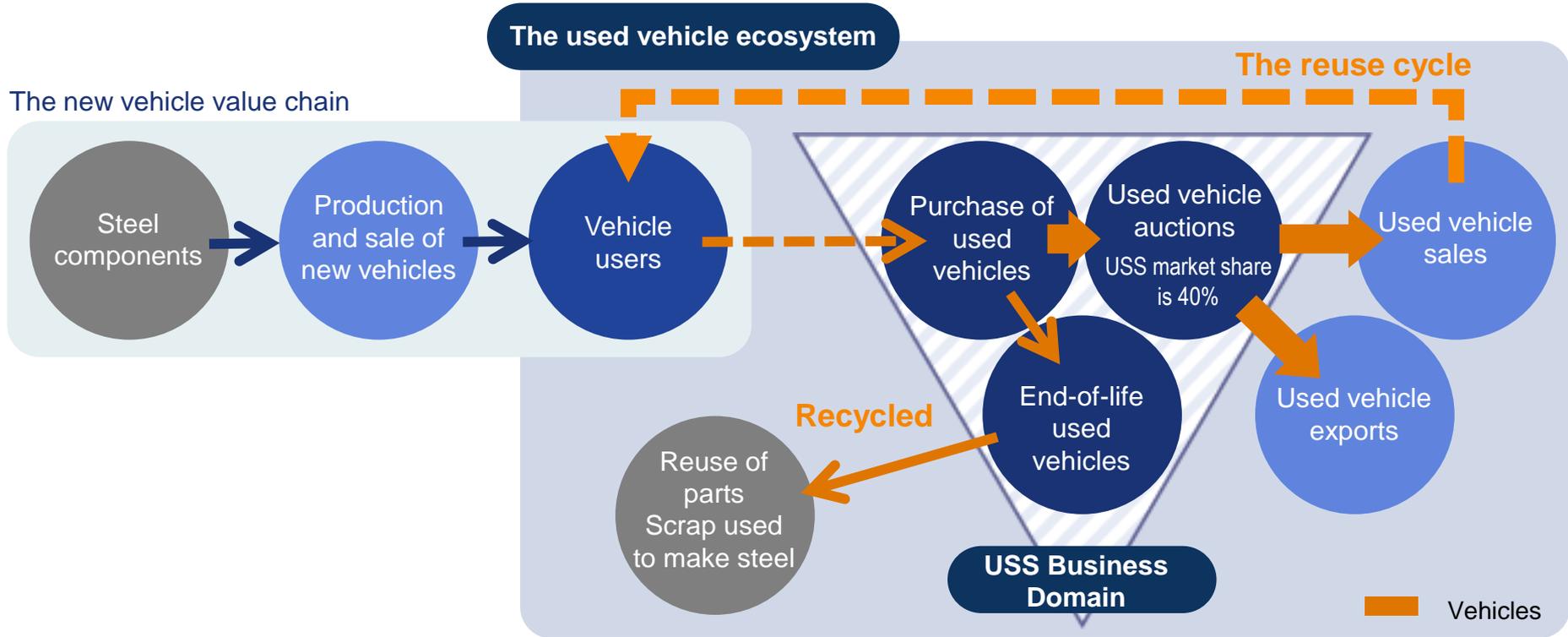


■ Aim at increasing shareholder value by a two-pronged strategy of solid investments in growth and active shareholder distributions



How USS Creates Social and Economic Value

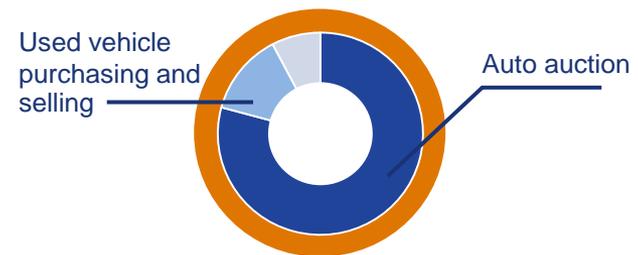
■ USS creates social and economic value by functioning as a platform for a used vehicle ecosystem.



Social and economic 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



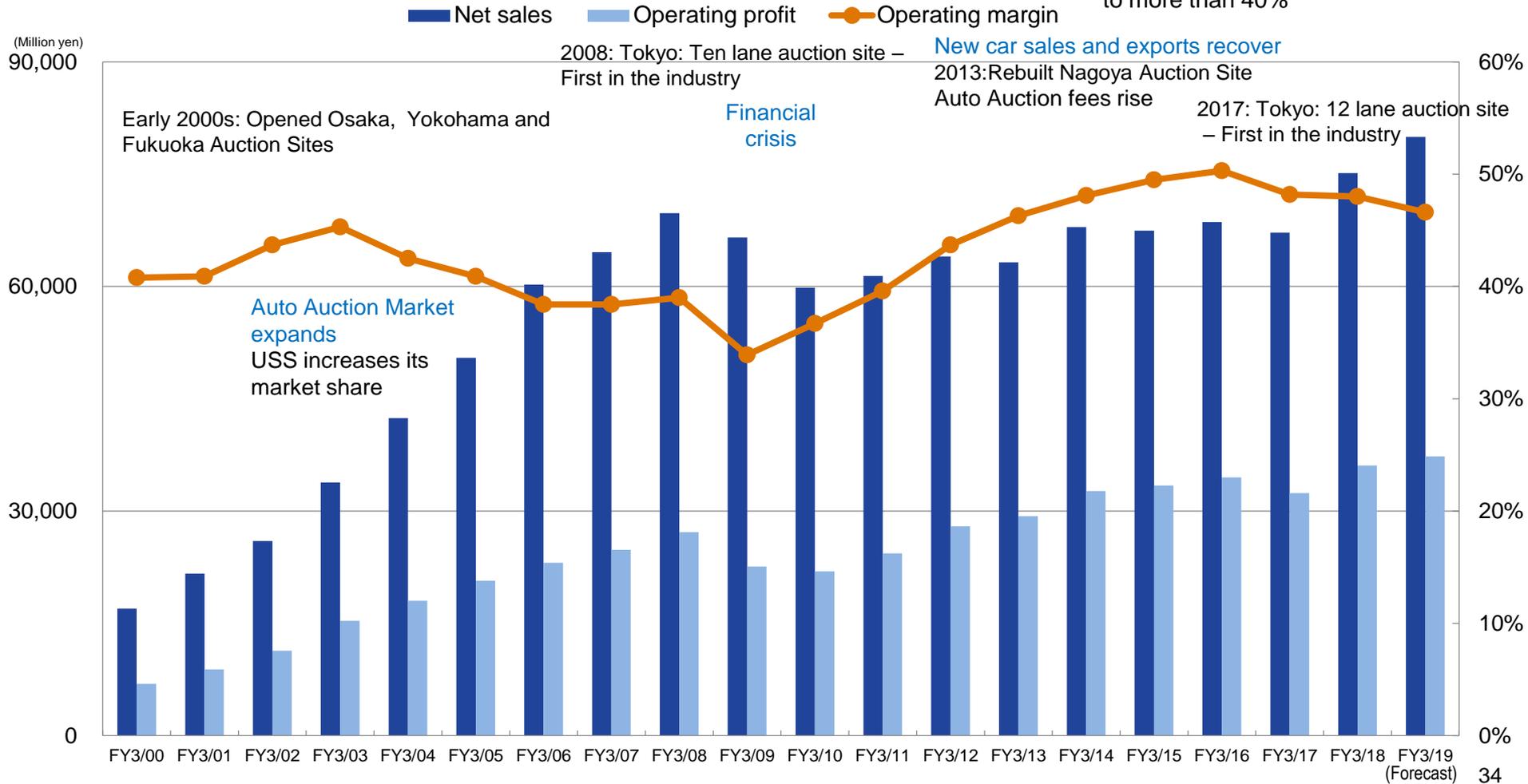
Reference

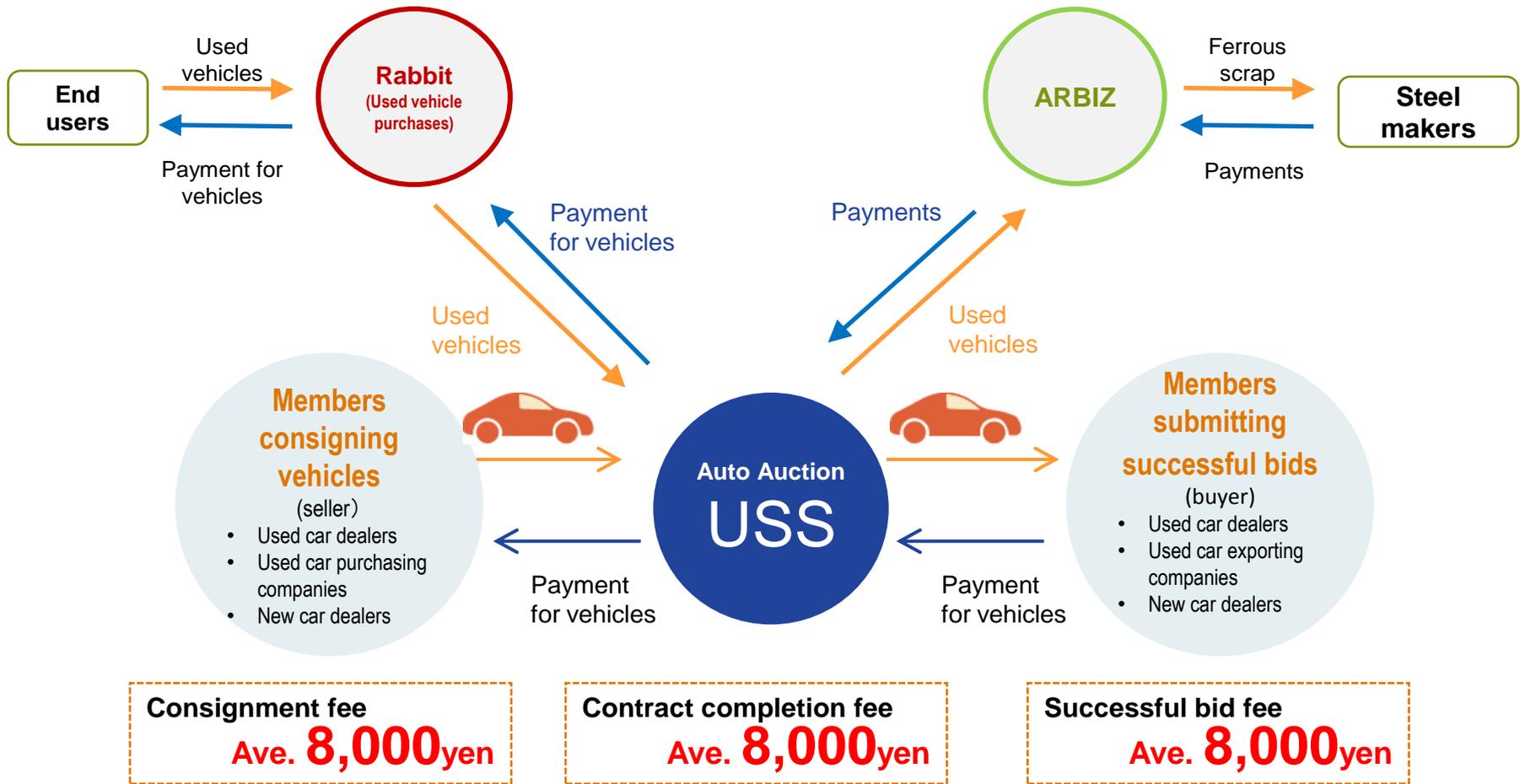
History of USS Long-term Growth

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

2017:
 JAA acquisition raises
 Tokyo/Nagoya/Osaka area market share
 to more than 40%





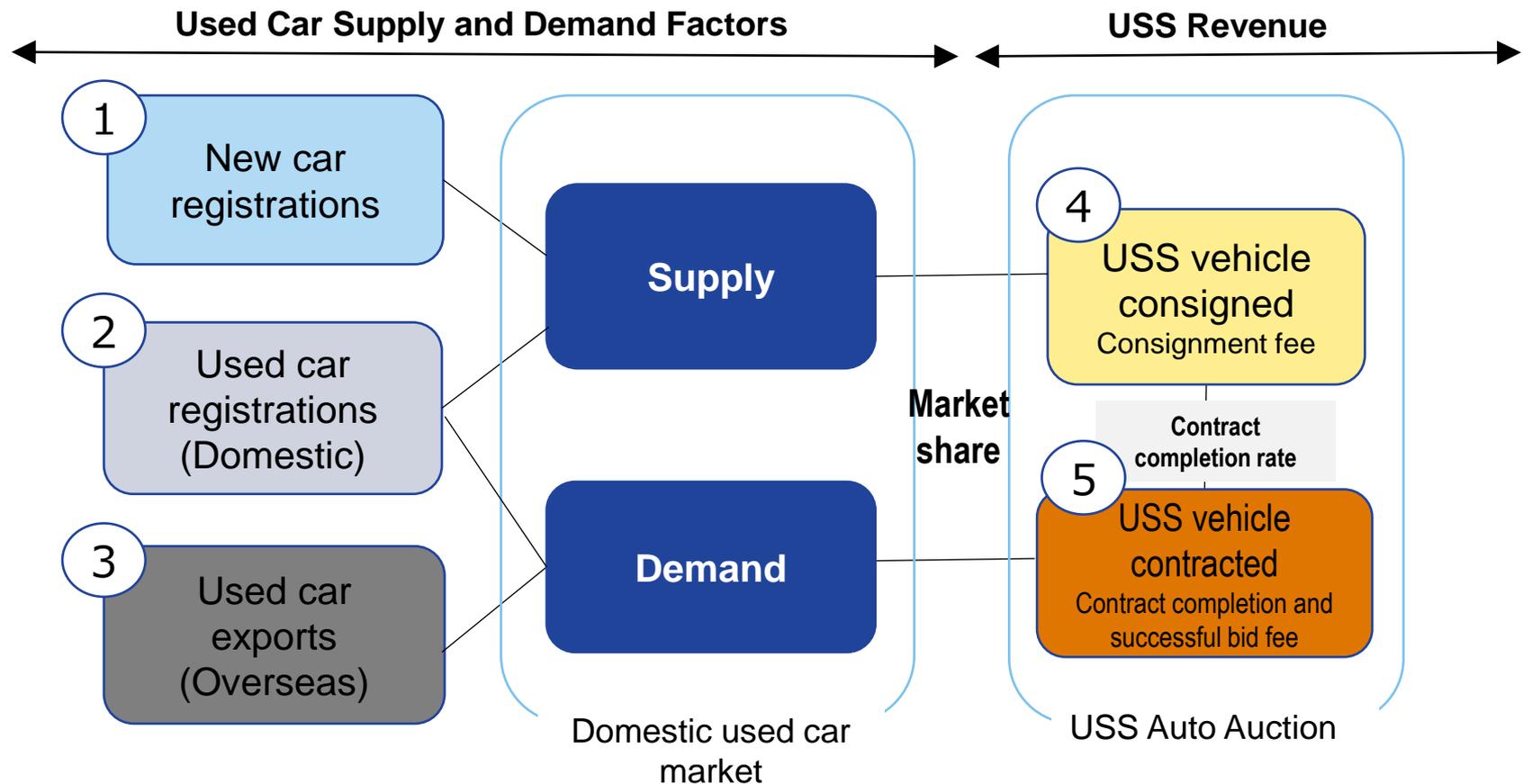
Vehicles consigned
2.70 million units (FY3/2018)

USS's fee per unit
 Ave. **24,000**yen

Contract completion rate
63.3% (FY3/2018)

Automobile Market and USS Revenue

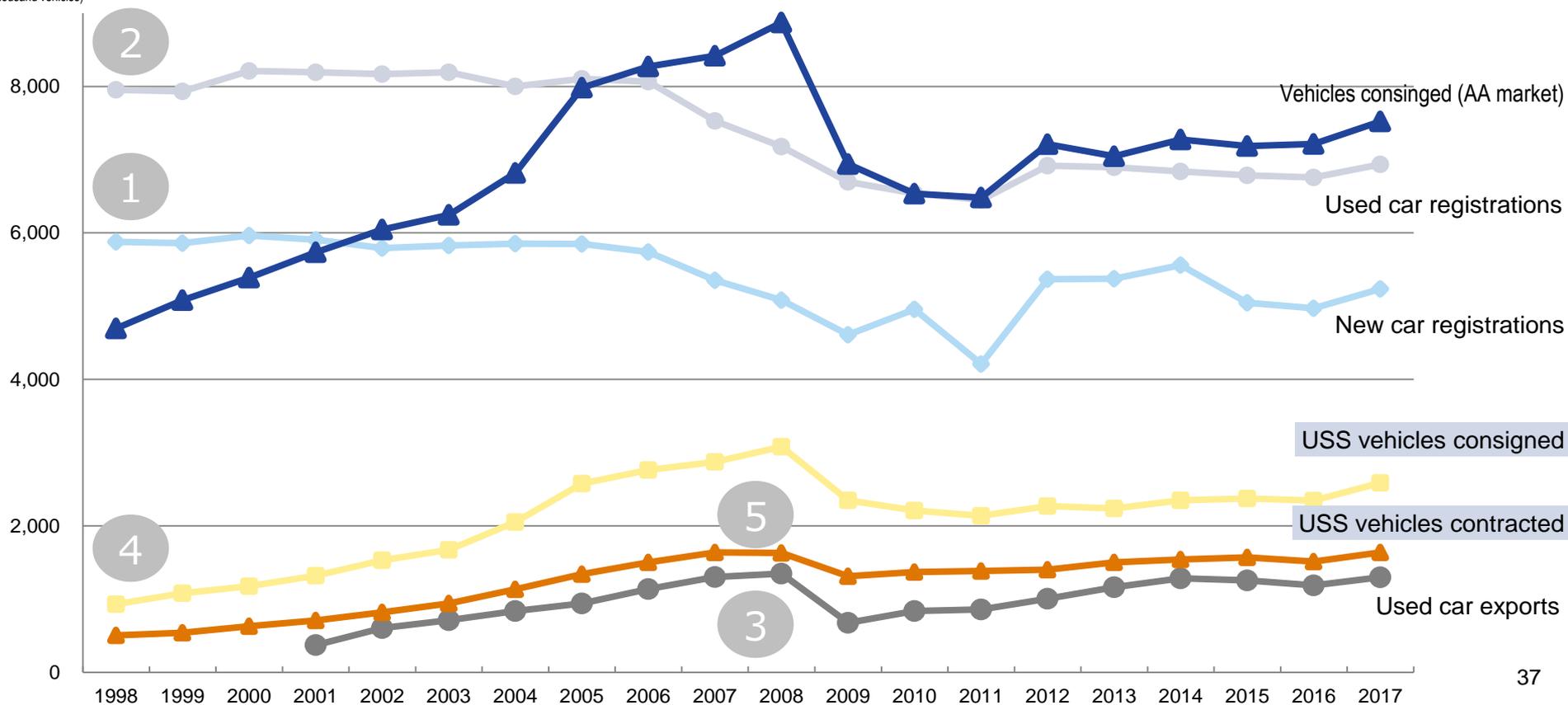
- The number of vehicles consigned is correlated through trade-ins to (1) New car registrations and (2) Used car registrations
- Total demand comprises domestic demand (2) and overseas demand (3). In recent years, total demand has been driven mainly by overseas demand.
- In addition to the above, share 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).

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

(Thousand vehicles)



- The company's governance organization has been improved in order to work toward the goal of increasing corporate value through continuing business growth
- Adopted the outside director system in FY3/2007
- Strengthened the executive officer system in FY3/2013
- Established nomination and compensation committees in FY3/2016
- Aiming the diversified membership of the Board of Directors to enhance management transparency and reinforce management functions from FY3/2019, Nobuko Takagi, a Certified Public Accountant, and a specialized M&A advisory, elected as an outside director

| FY | 2005 | 2007 | ... | 2013 | ... | 2019 |
|-------------------------------|------|------|-----|------|-----|------|
| 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 2018
 Directors: 10 (of which independent outside directors: 3)
 Auditors: 3 (of which independent outside auditors: 2)
 Executive officers: 3