



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

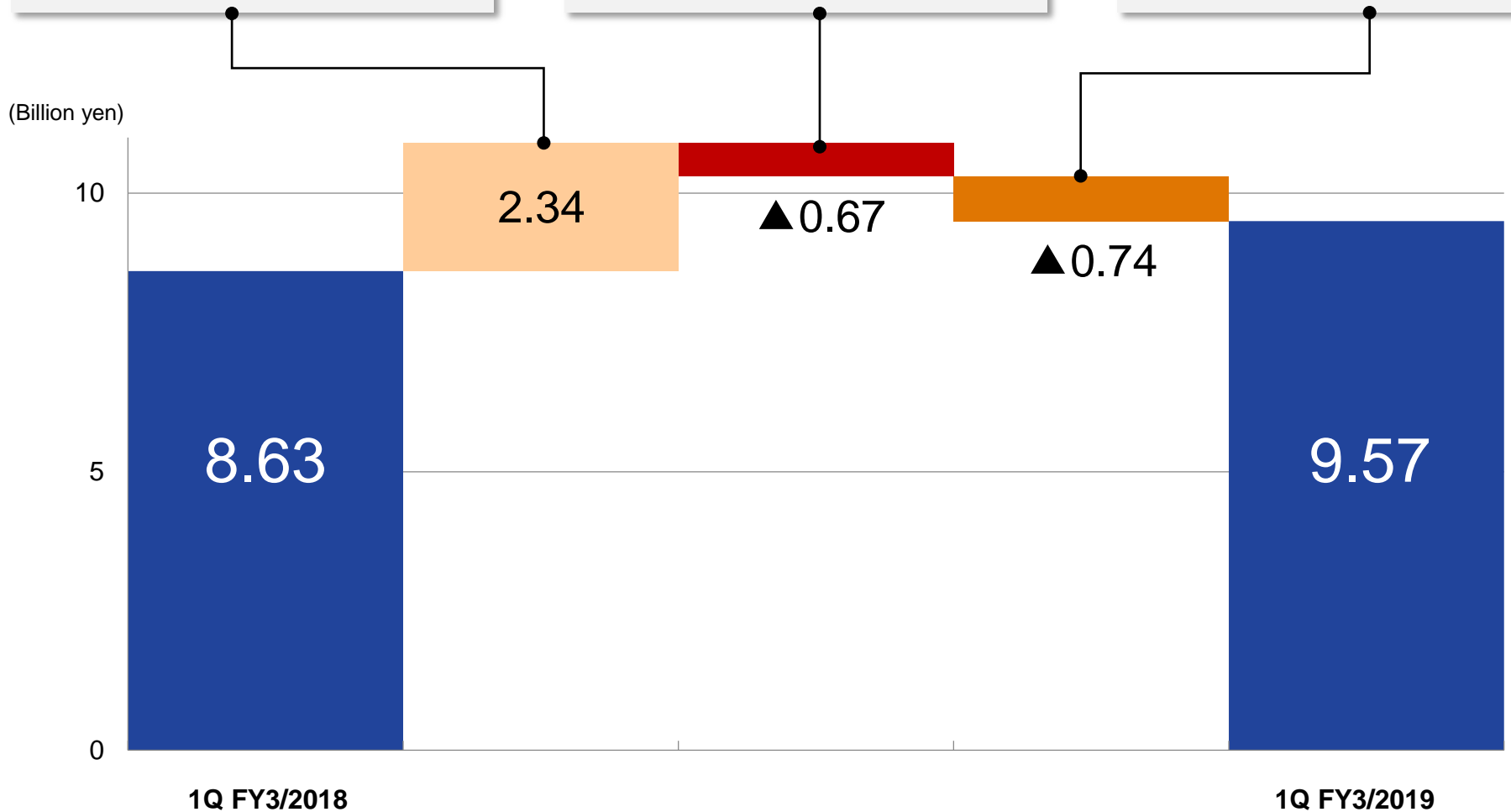
Increase in fee rates	0.22bn
Increase in contract completion rate	0.22bn
Decrease in vehicles consigned	▲0.15bn
Decrease in sales of accident-damaged vehicles	▲0.09bn
Impact of JAA	2.07bn

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)

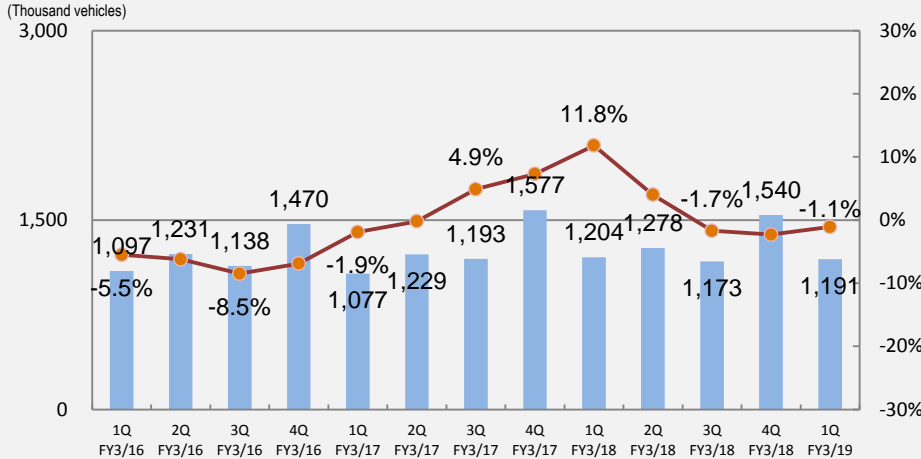
	FY/2018	1Q FY3/2019
Current liabilities	37,373	30,789
Payables due to member dealers at auction	22,339	19,933
Other	15,033	10,855
Non-current liabilities	12,728	12,649
Total liabilities	50,102	43,438
Total net assets	172,190	172,480
Total liabilities and net assets	222,292	215,918

Consolidated Statement of Cash Flows (Summary)

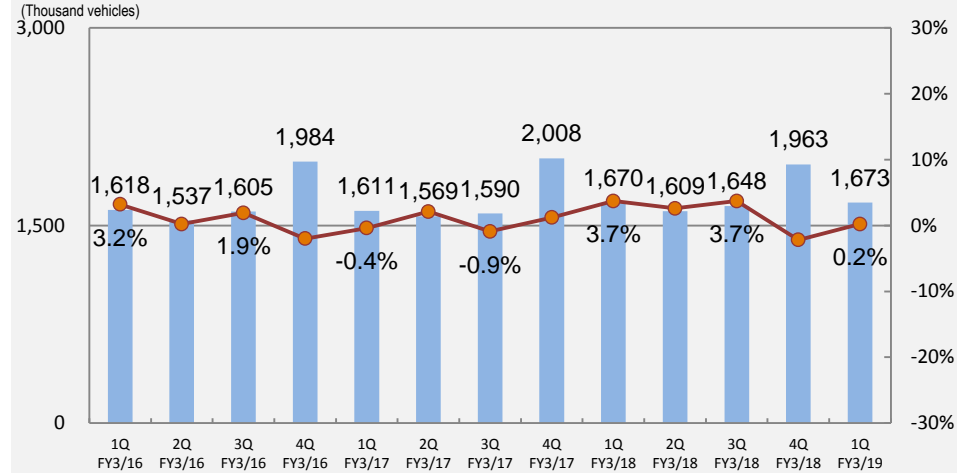
	1Q FY3/2017	1Q FY3/2018	1Q FY3/2019	Changes
Net cash provided by (used in) operating activities	3,004	3,532	3,223	▲308
Net cash provided by (used in) investing activities	▲6,929	16,168	▲360	▲16,529
Free cash flow	▲3,925	19,700	2,862	▲16,837
Net cash provided by (used in) financing activities	▲12,027	▲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.

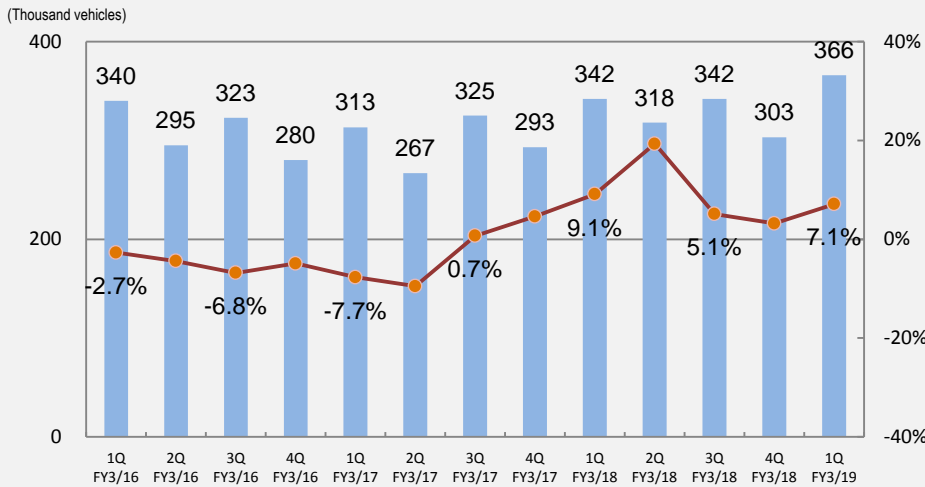
New Car Registrations and YoY Changes



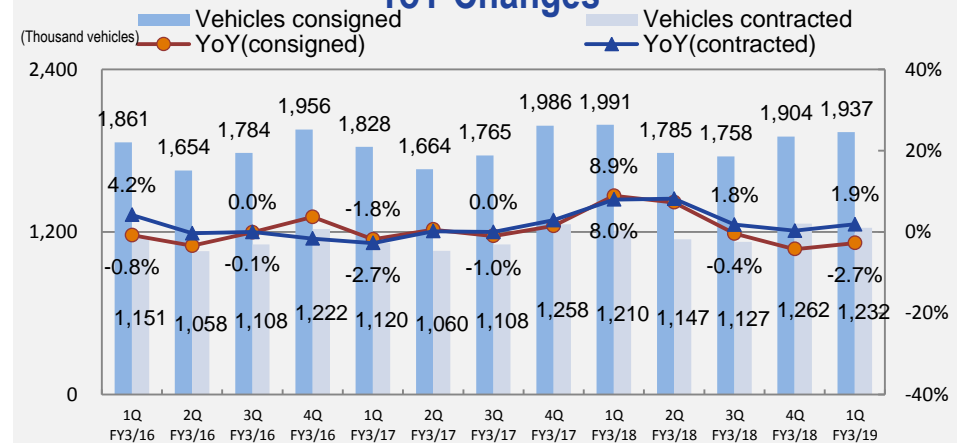
Used Car Registrations and YoY Changes



Used Car Exports and YoY Changes



AA Market: Vehicles Consigned and Contracted and YoY Changes



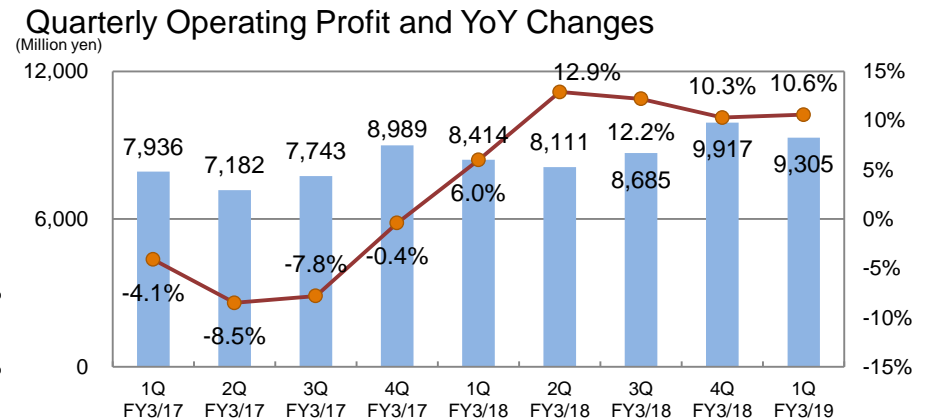
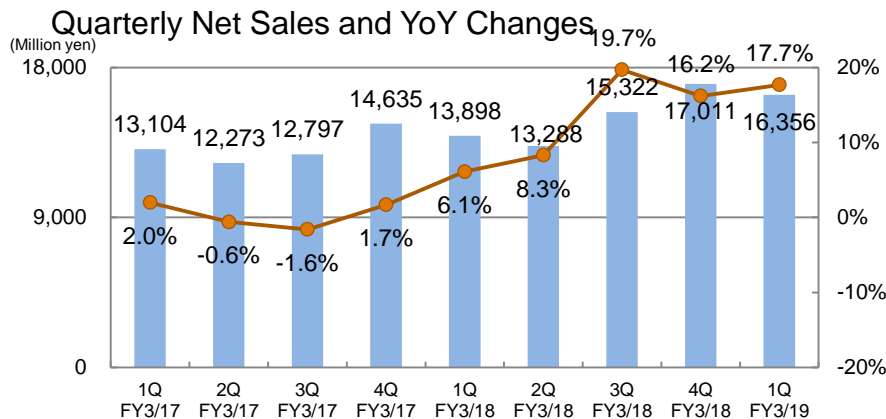
Auto Auction Segment (1)

- 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

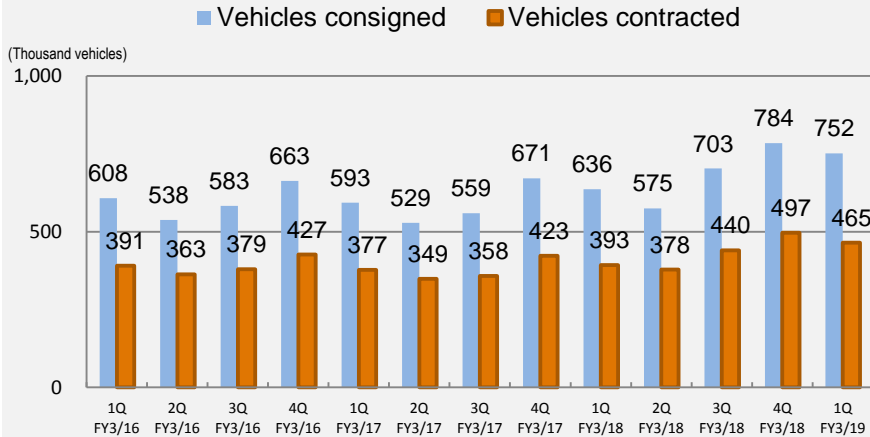
(Million yen)

	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%	-

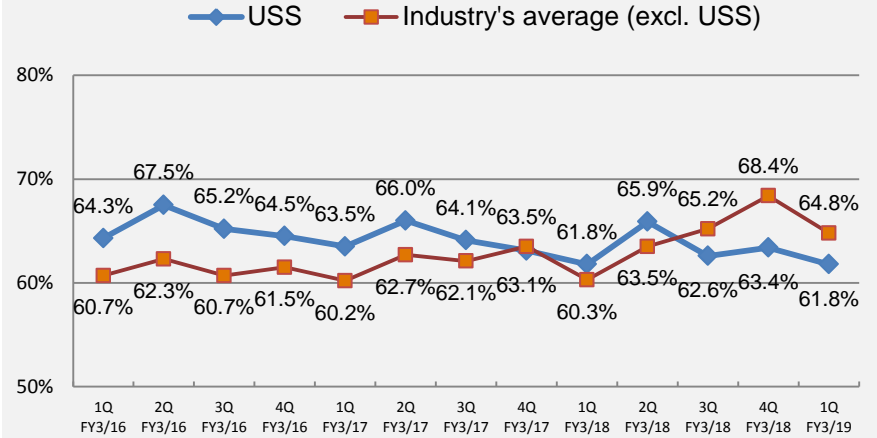


* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by dividing segment profit by segment sales.

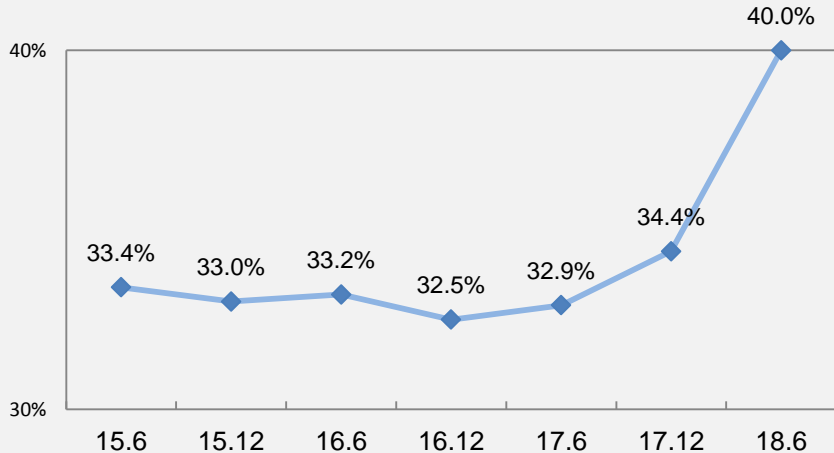
No. of Vehicles Consigned and Vehicles Contracted



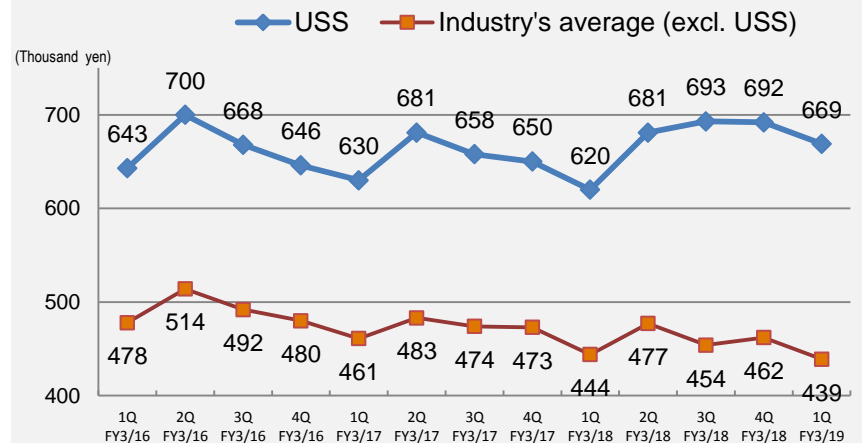
Contract Completion Rate



Market Share



Average Price of Vehicle Contracted

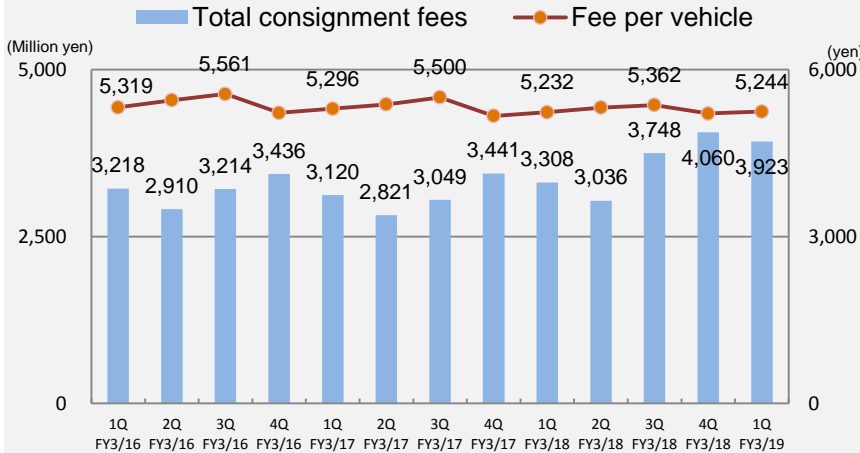


* Period ending in December: 12-month data; Period ending in June: 6-month data.

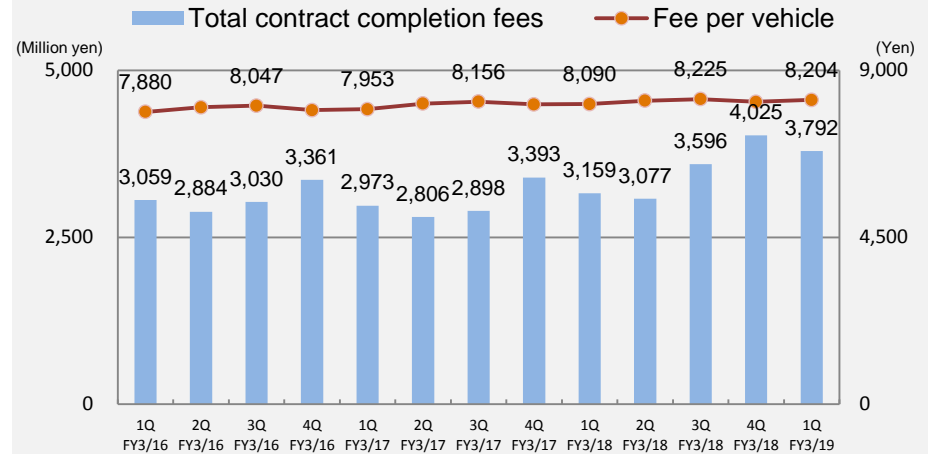
* The results of JAA, and of HAA are included from October 2017.

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

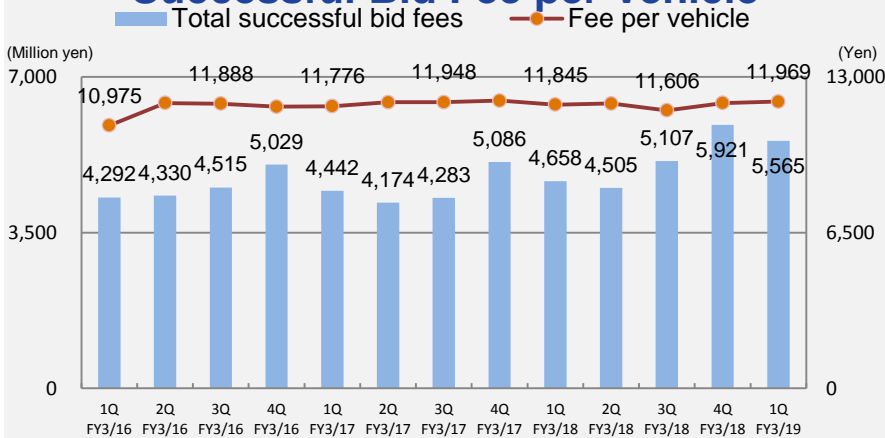
Total Consignment Fees and Consignment Fee per Vehicle



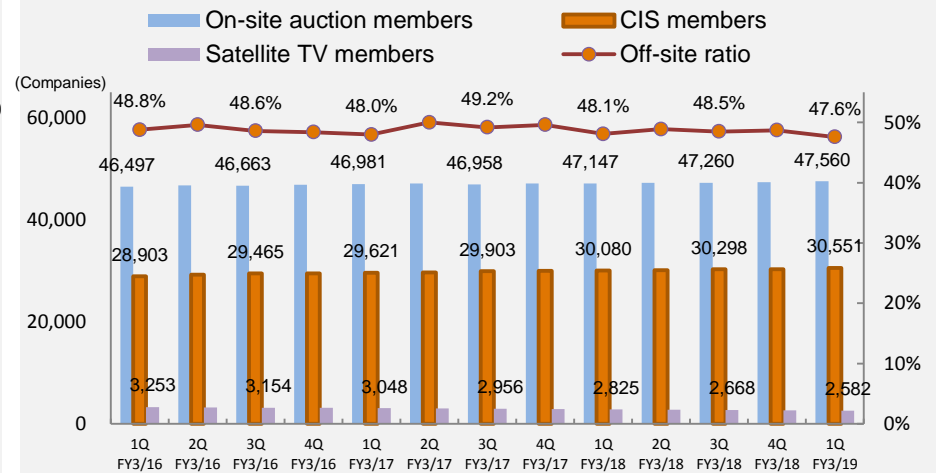
Total Contract Completion Fees and Contract Completion Fee per Vehicle



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

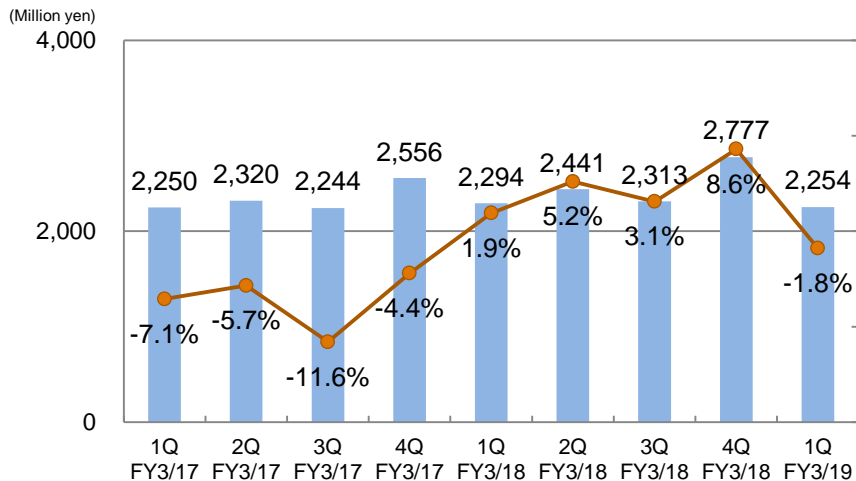
- Although the number of vehicles sold by used vehicle purchasing subsidiary Rabbit decreased as unprofitable stores were closed, earnings were higher. (Net sales decreased 2.7% YoY to ¥1,337 million, Operating profit increased 22.4% to ¥50 million)
- There was an operating loss in the accident-damaged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

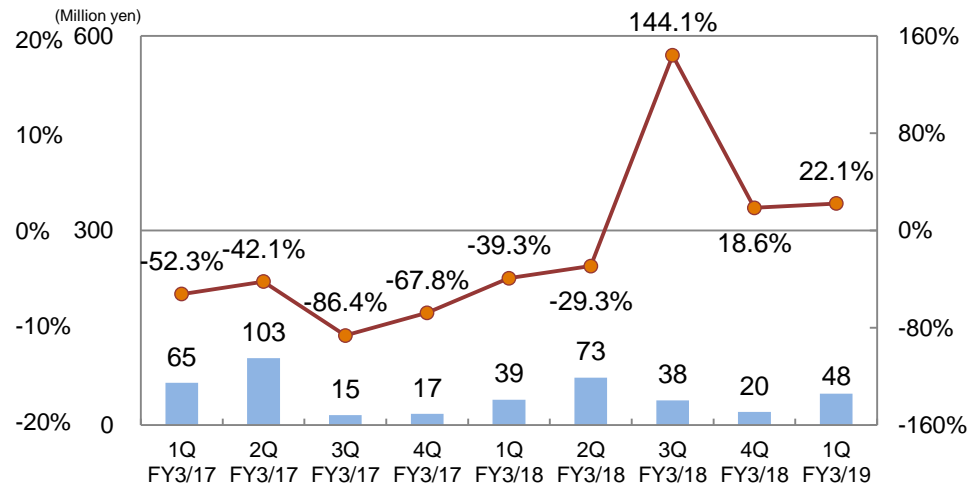
(Million yen)

	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

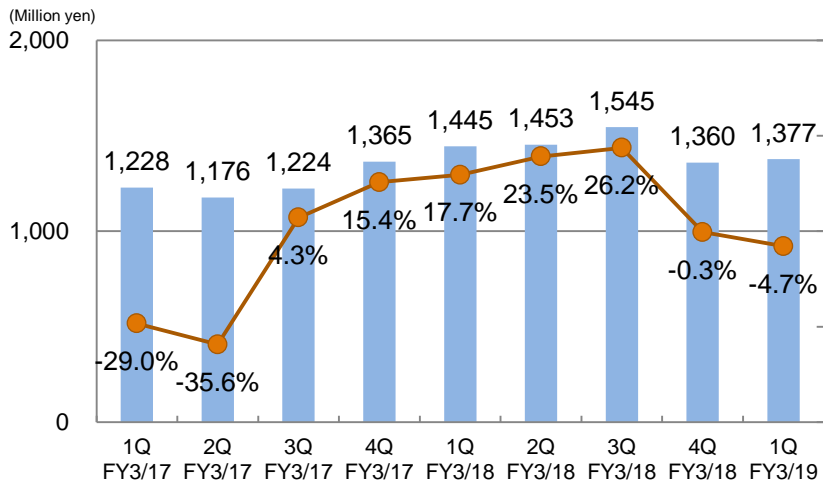
- In the recycling business, the decision to stop selling low-margin products reduced sales but earnings increased because of high prices for metallic scrap. (Net sales decreased 7.5% YoY to ¥1,203 million, Operating profit increased 14.0% to ¥159 million)
- In the used vehicle export clearing service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

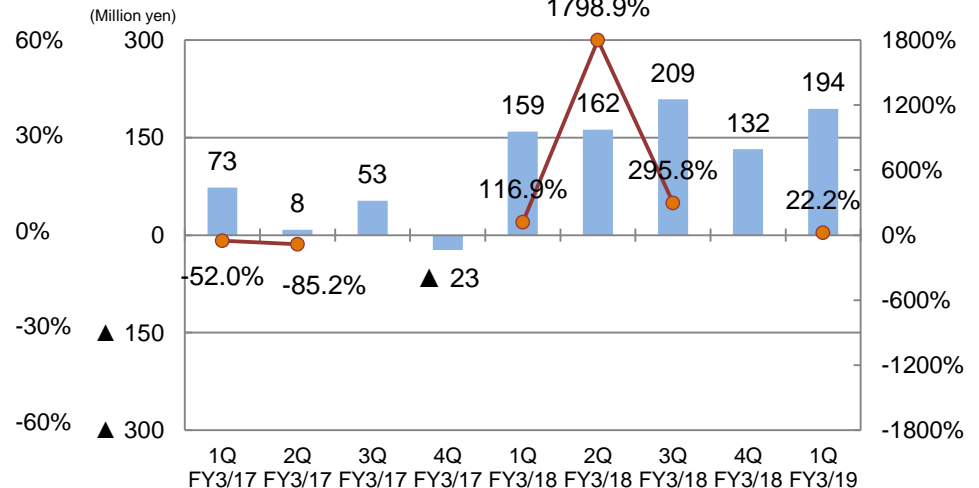
(Million yen)

	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

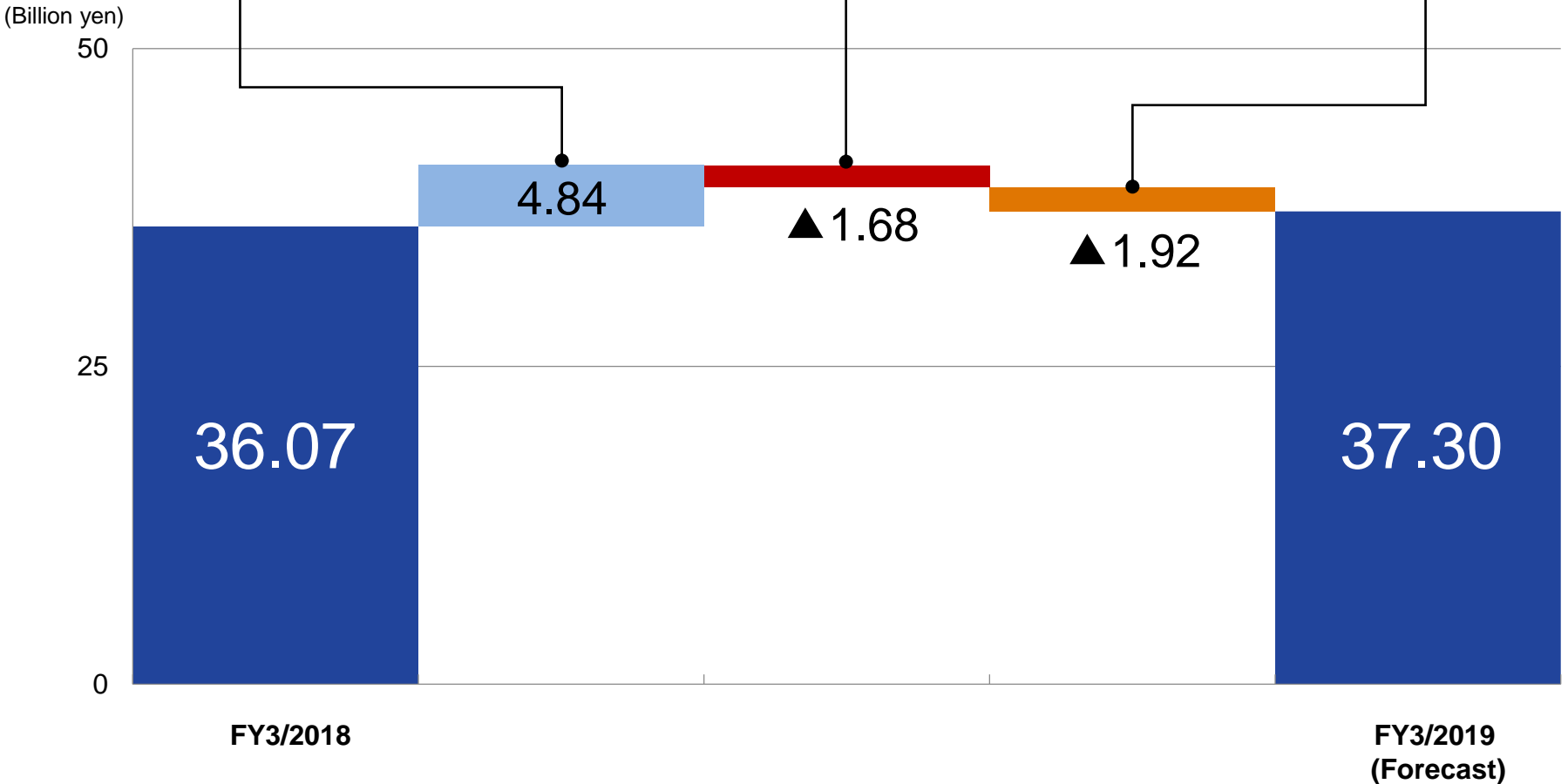
Increase in fee rates	0.82bn
Increase in vehicles consigned	0.59bn
Decrease in contract completion rate	▲0.40bn
Used vehicle sales/purchases	▲0.49bn
Impact of JAA	4.26bn

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%

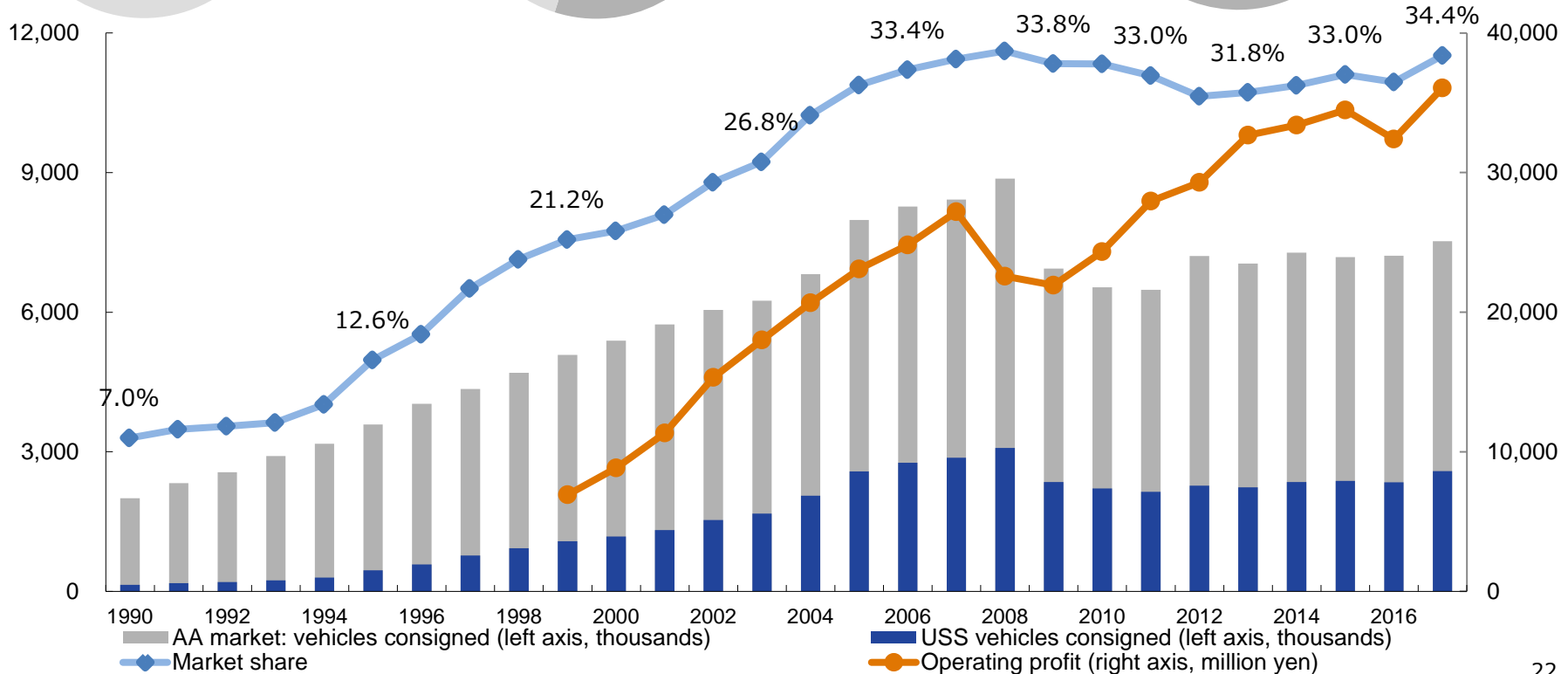
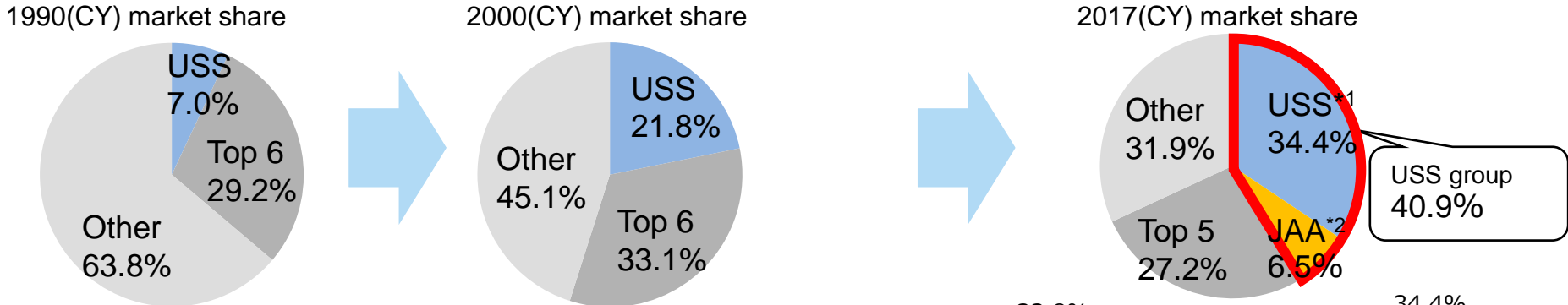
Market Overview

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.

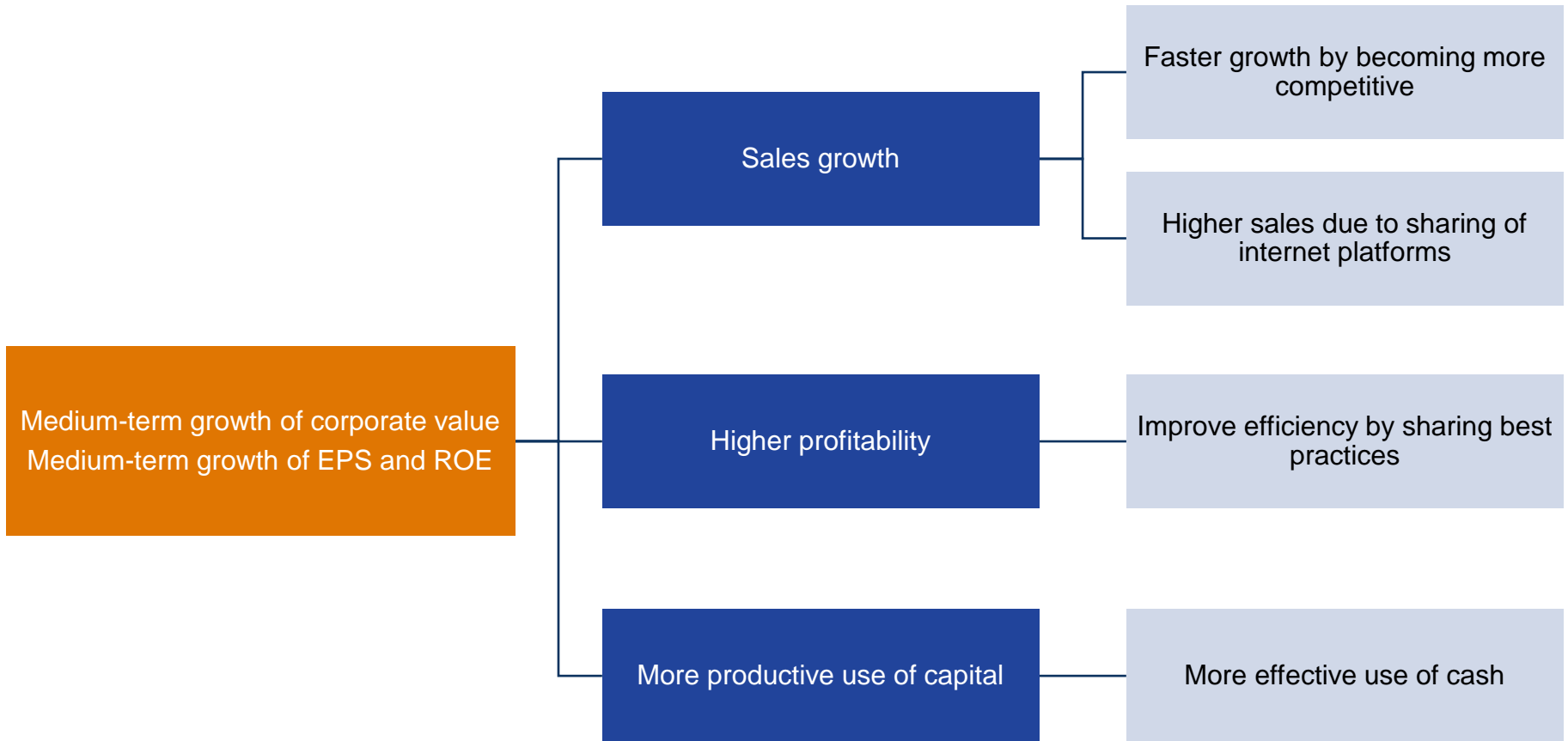
*USS Group Before JAA Acquisition and JAA figures are included in the USS Consolidated figures.

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

(Million yen)

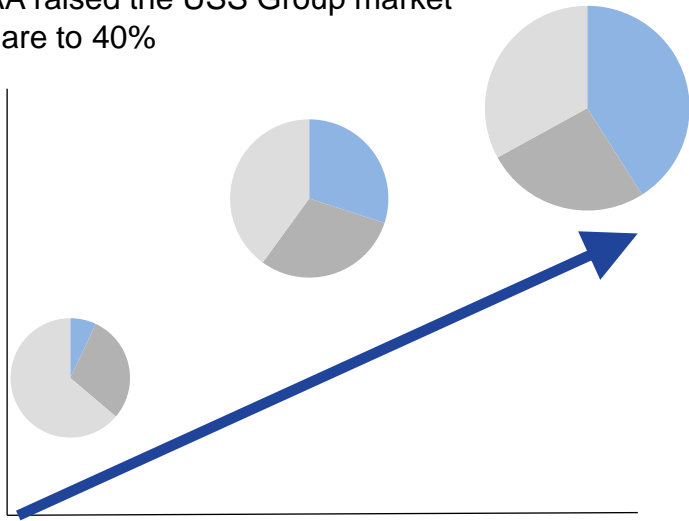
	USS Group Before JAA Acquisition		JAA	
	FY3/2018	YoY	FY3/2018	YoY
Net sales	70,460	104.9%	4,693	-
Operating expenses	35,571	102.3%	2,372	-
Operating profit	34,888	107.7%	2,321	-
Operating margin	49.5%	-	49.5%	-

*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

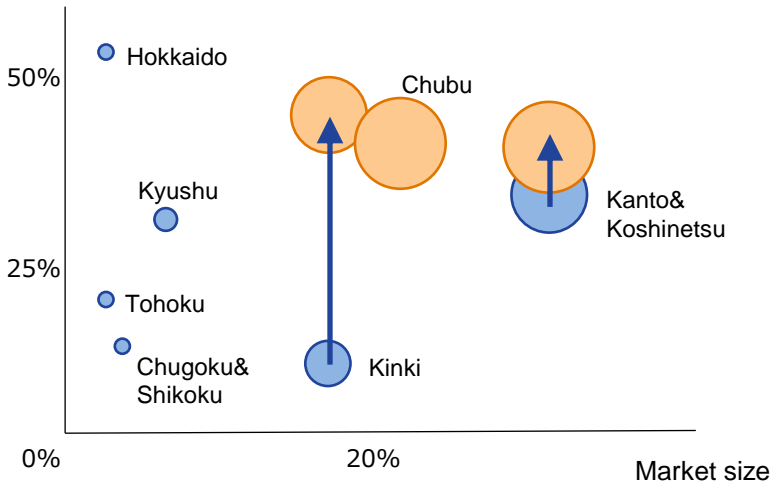
- Market share in Japan: **32.9%→40.0%**
- Market share in Osaka area, which had been low: **17.1%→46.3%**
- Market share in Japan's three major markets (Tokyo, Nagoya and Osaka areas) is now more than **40%**

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%**

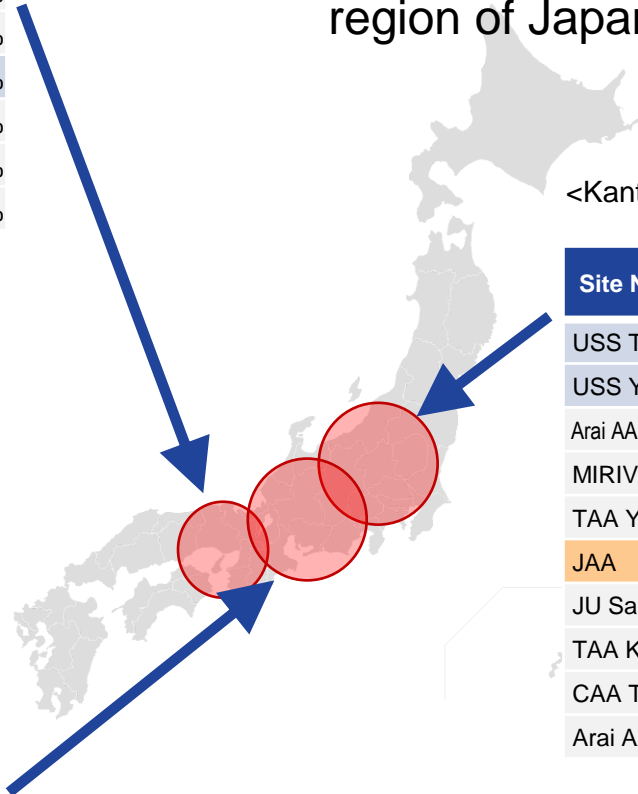
Site Name	Vehicles consigned	Share
HAA	205,987	29.1%
USS Osaka	79,639	11.3%
TAA Kinki	64,541	9.1%
Kansai Matsubara AA	62,098	8.8%
BAYAUC	56,633	8.0%
LAA Kansai	44,806	6.3%
USS Kobe	41,325	5.8%
IMA Kobe	34,151	4.8%
Honda AA Kansai	29,185	4.1%
IAA	27,002	3.8%

<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%

- 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.



<Kanto&Koshinetsu region>

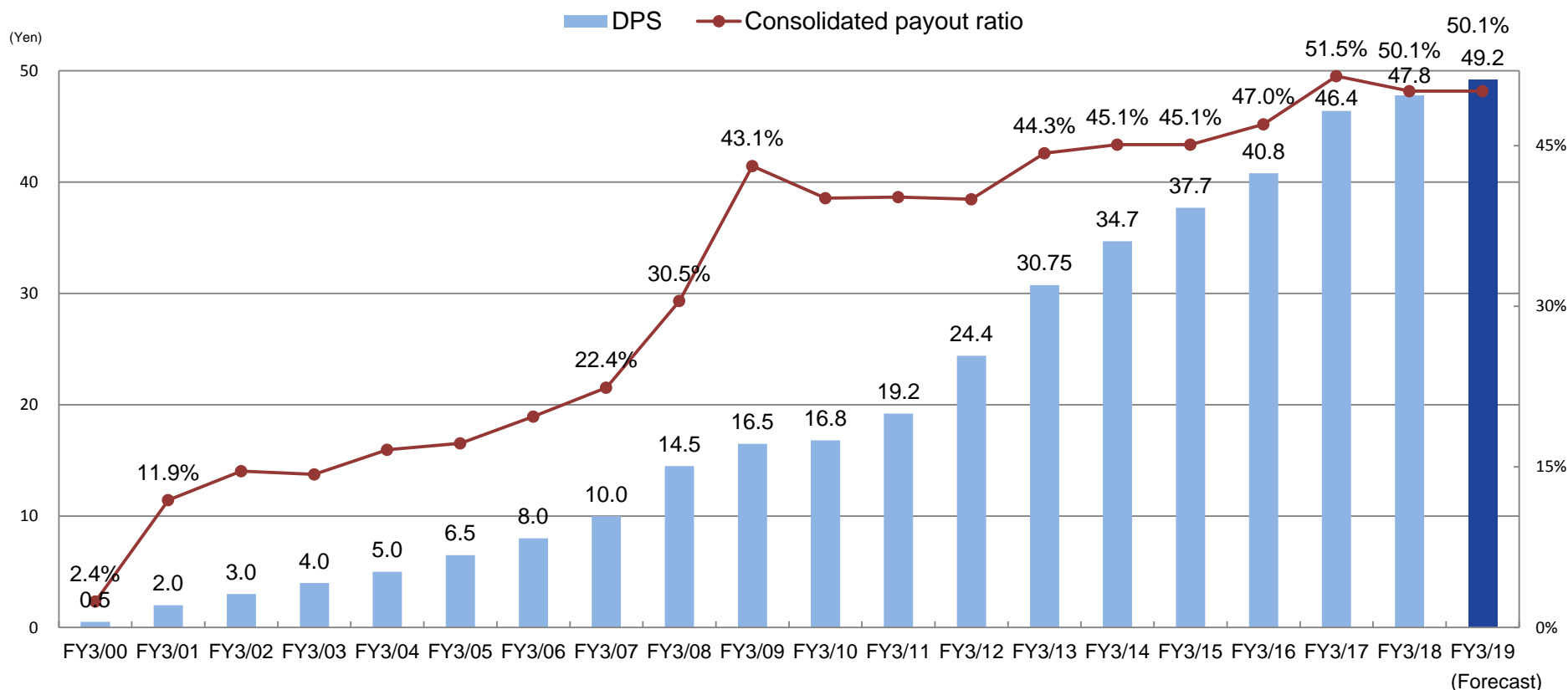
37.5% → **42.4%**

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%

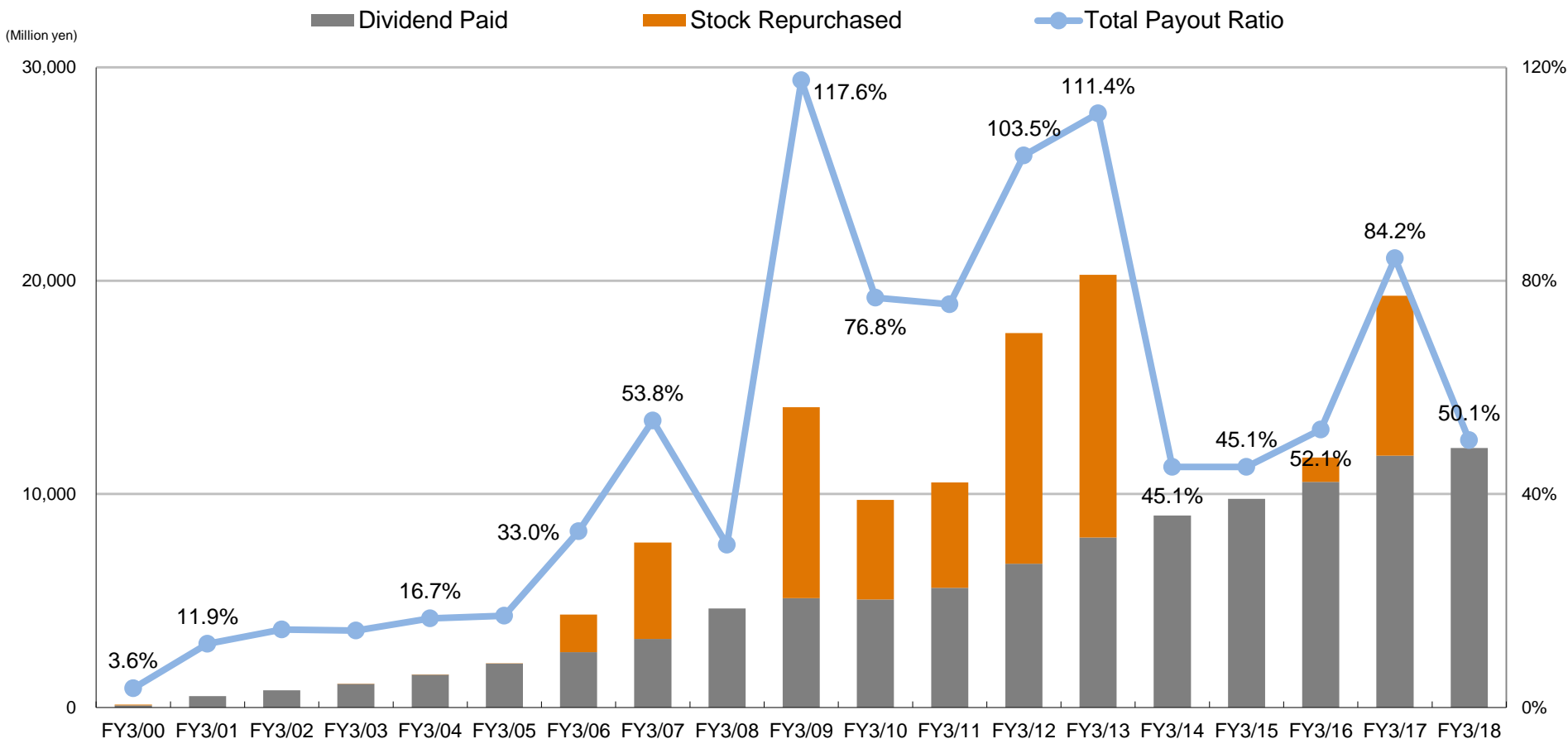
- Plan to pay **49.2 yen** dividend per share for FY3/19 (up 1.4 yen)
- **19 consecutive years** of dividend growth since listing



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

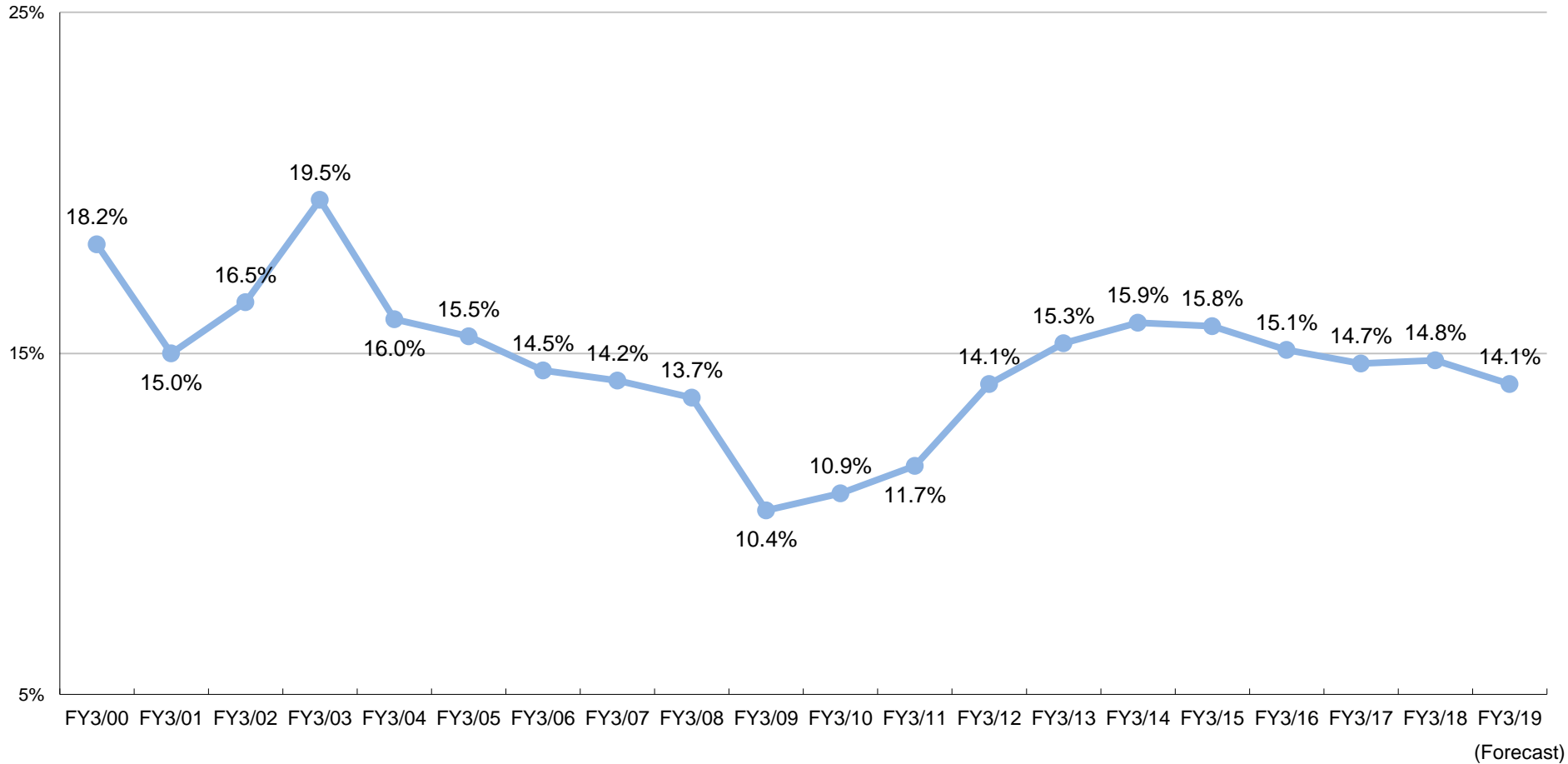
Earnings Distributions – Total Payout Ratio

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

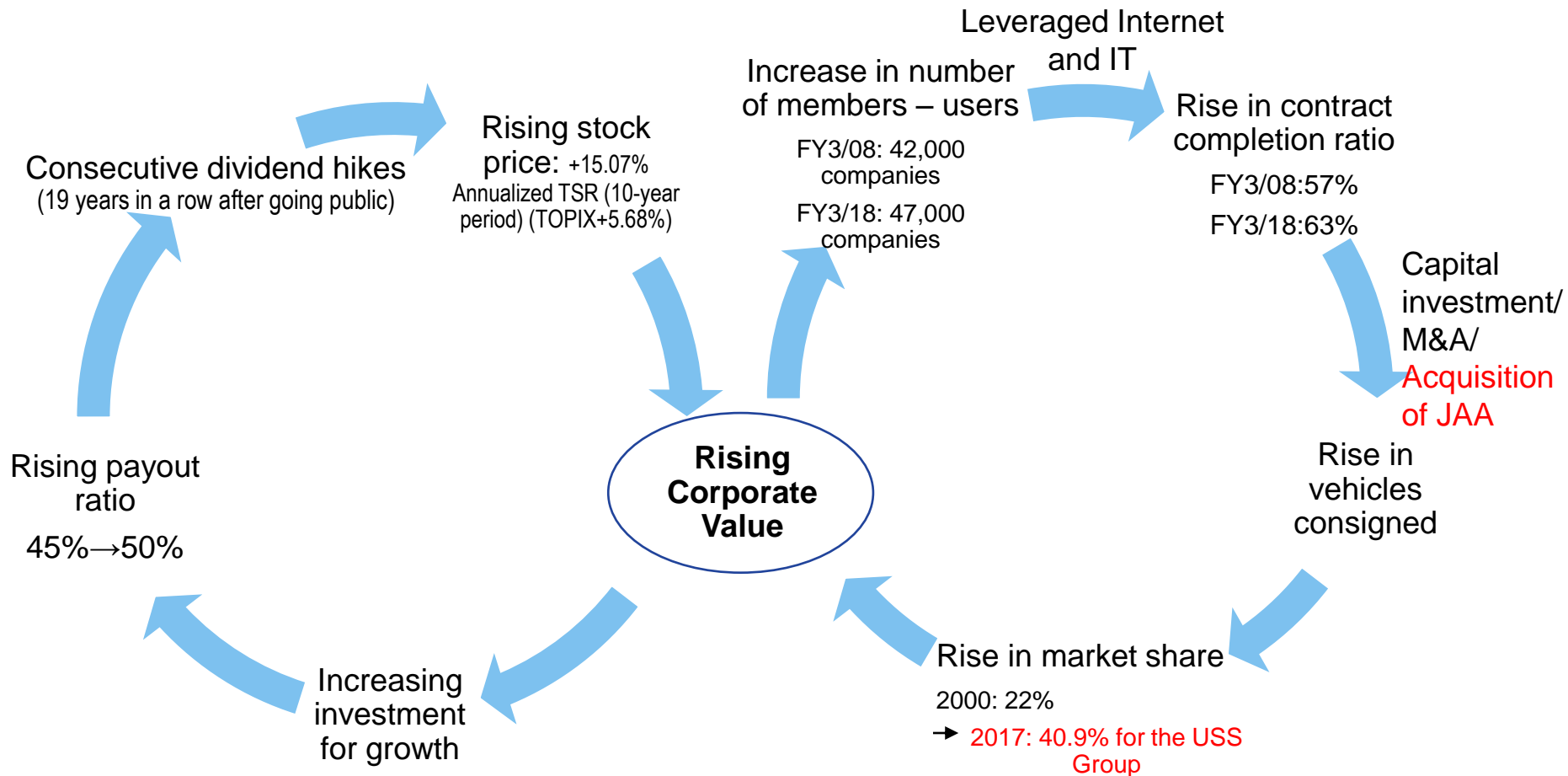


■ No change in the medium-term ROE target of above 15%.

ROE

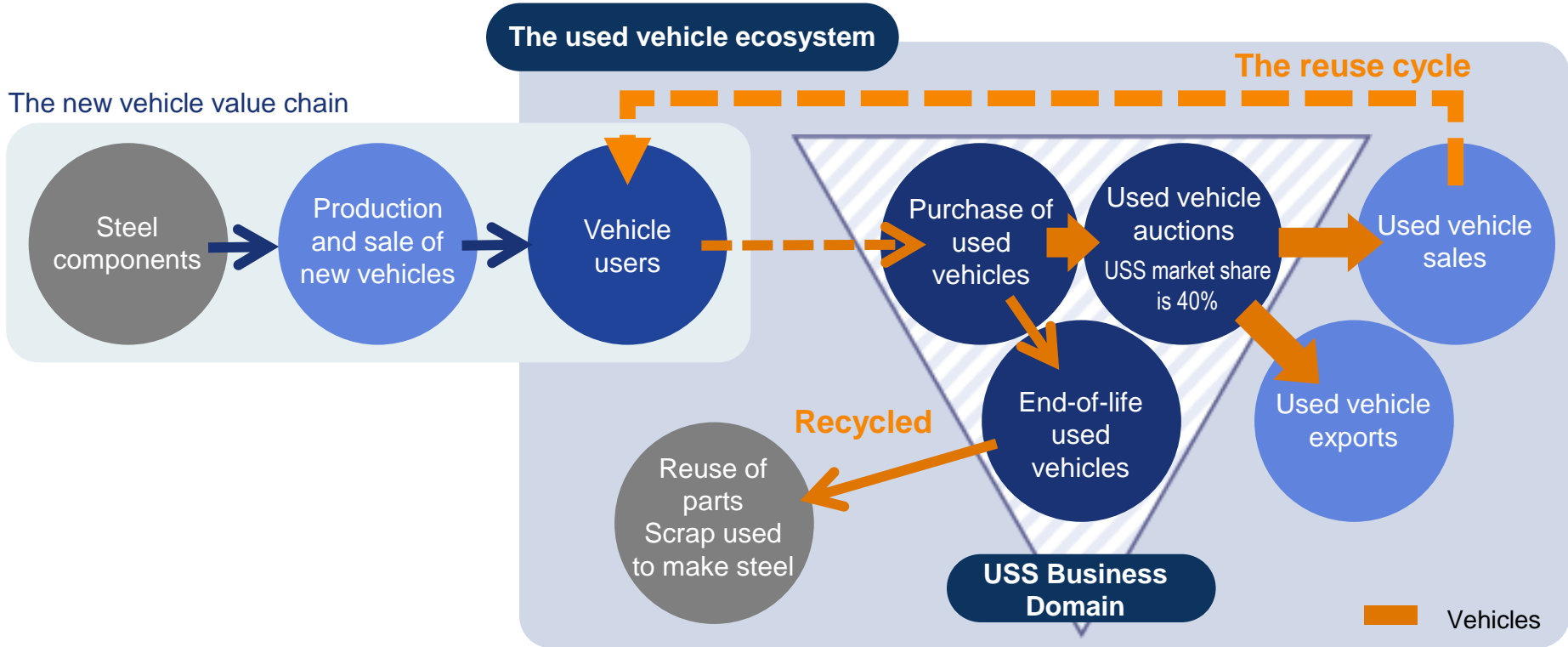


■ Aim at increasing shareholder value by a two-pronged strategy of solid investments in growth and active shareholder distributions



How USS Creates Social and Economic Value

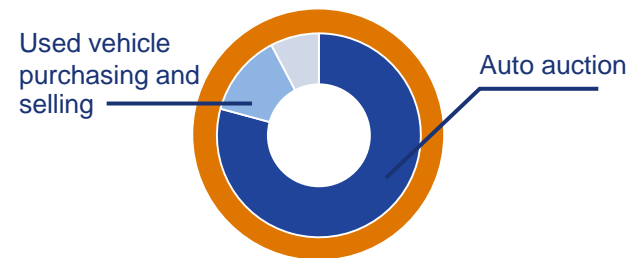
■ USS creates social and economic value by functioning as a platform for a used vehicle ecosystem.



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



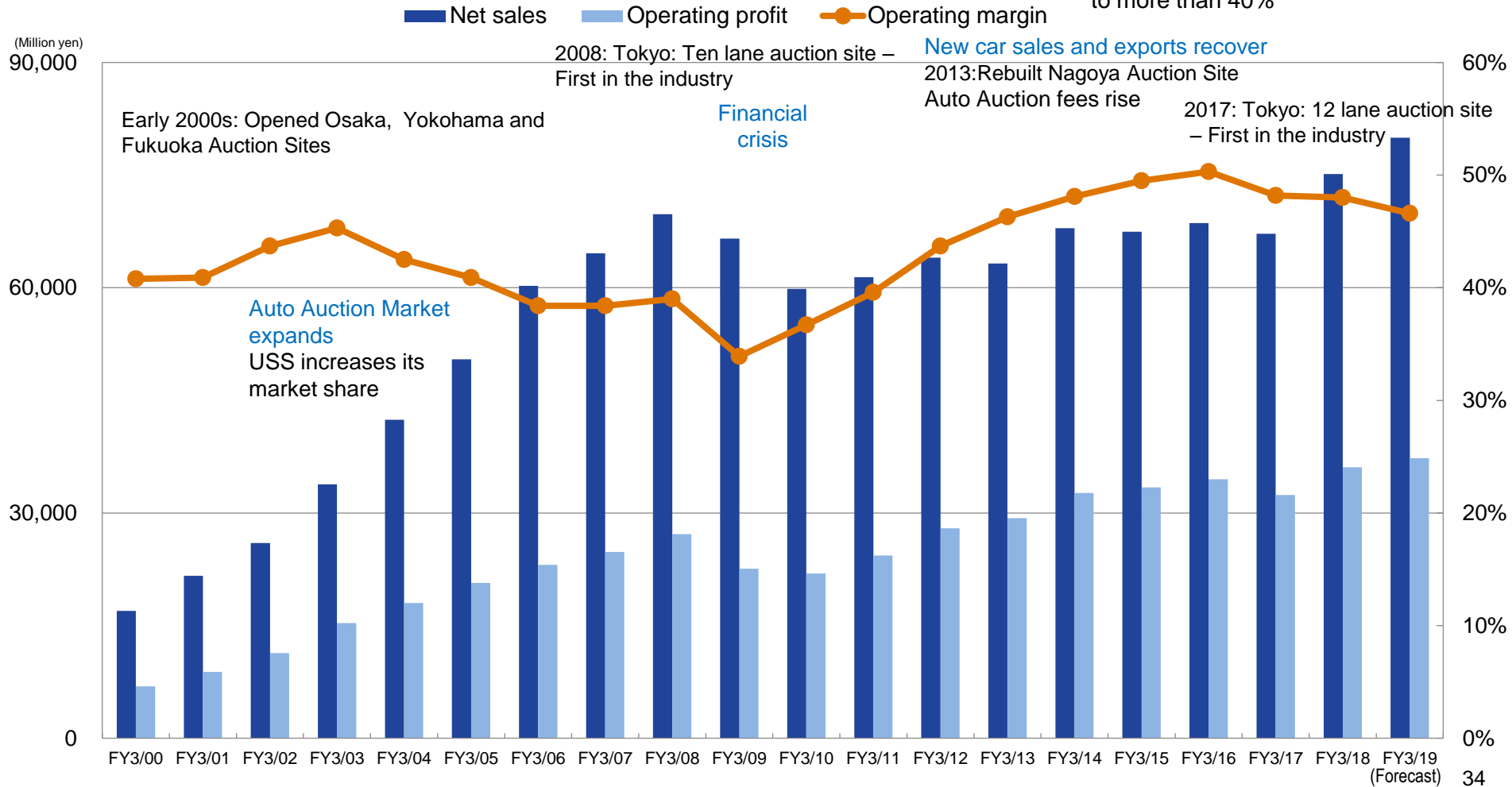
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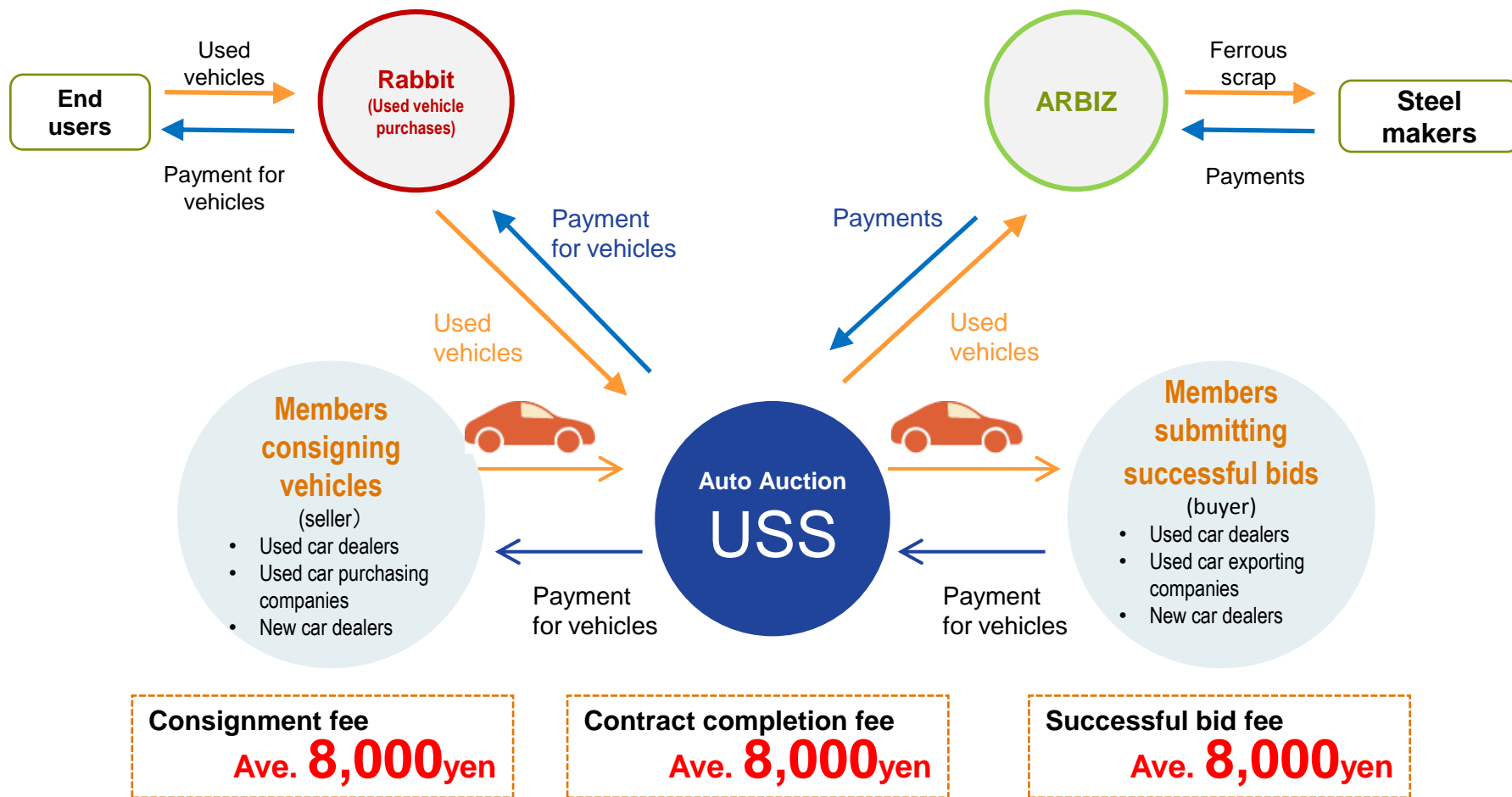
History of USS Long-term Growth

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%





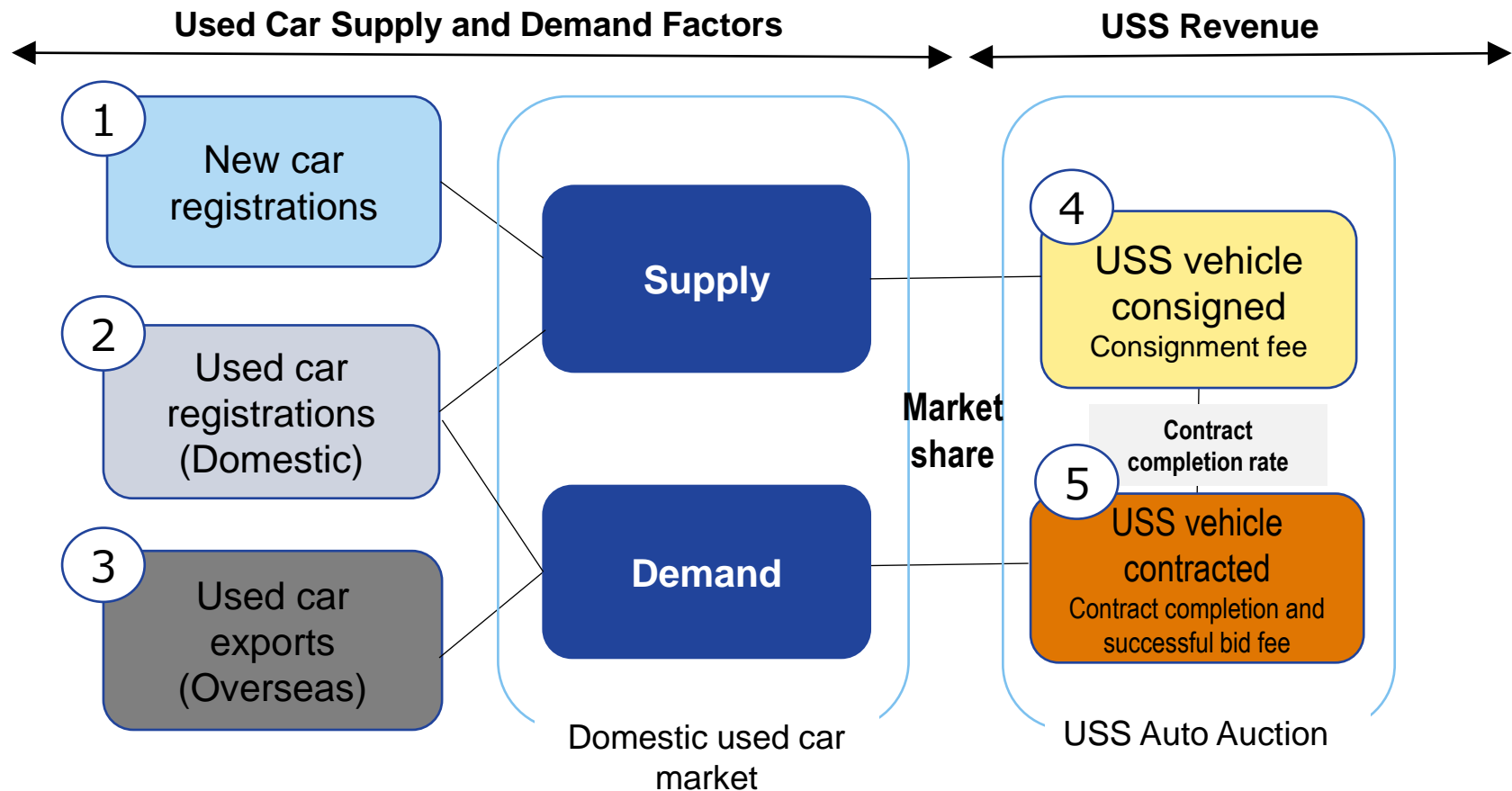
Vehicles consigned
2.70 million units (FY3/2018)

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

Contract completion rate
63.3% (FY3/2018)

Automobile Market and USS Revenue

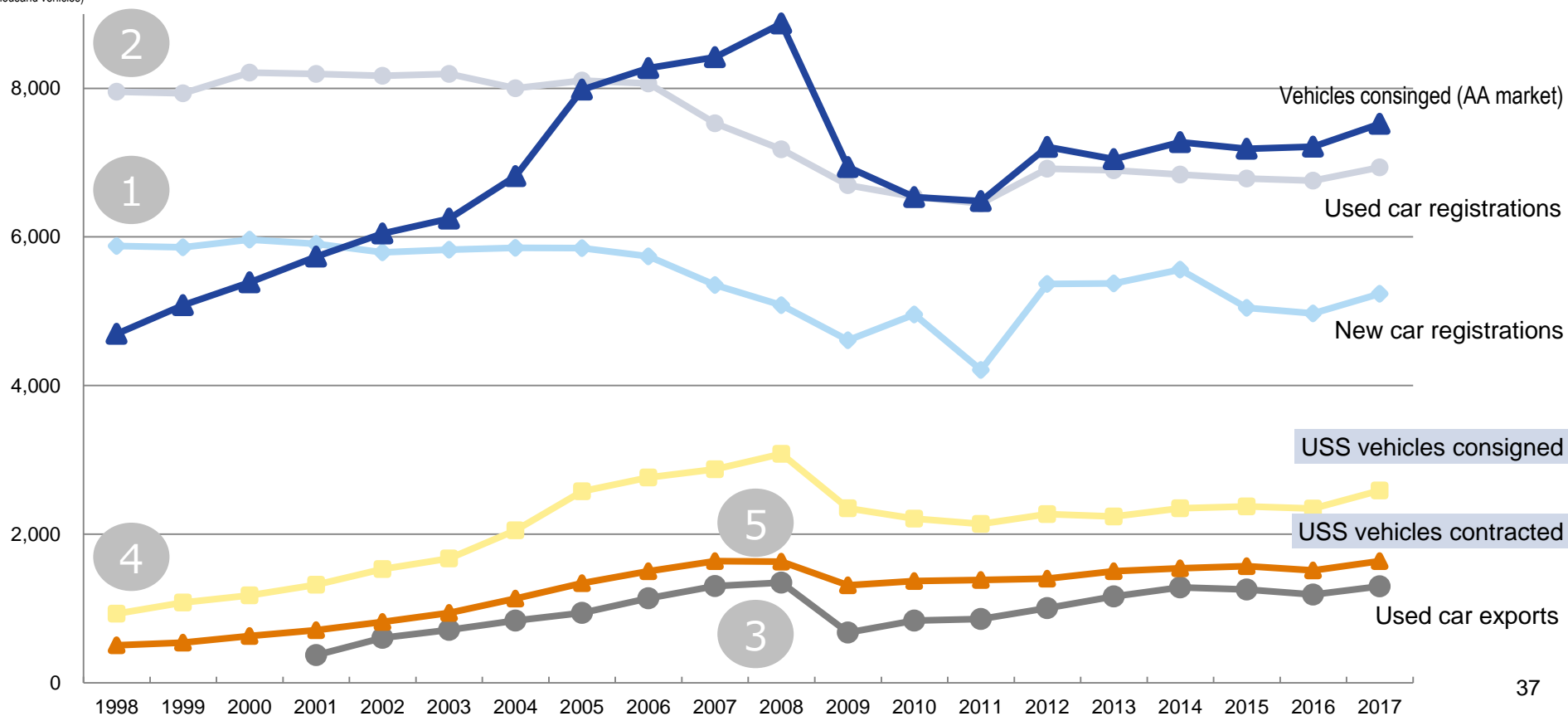
- The number of vehicles consigned is correlated through trade-ins to (1) New car registrations and (2) Used car registrations
- Total demand comprises domestic demand (2) and overseas demand (3). In recent years, total demand has been driven mainly by overseas demand.
- In addition to the above, share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