

# Consolidated Financial Results for the Third Quarter ended December 31, 2021

February 7, 2022

Name of Company: USS Co., Ltd.  
 Stock Exchanges Listing: Tokyo Stock Exchange, First Section, Nagoya Stock Exchange, First section  
 Stock Code: 4732 URL: <https://www.ussnet.co.jp/en/>  
 Representative: Title: Chairman and Representative Name: Yukihiro Ando  
 Director  
 Contact Person: Title: Executive Vice President and Name: Masafumi Yamanaka  
 Officer of Supervisory Office  
 Tel: +81-52-689-1129  
 Scheduled date of filing of quarterly securities report February 9, 2022  
 Scheduled date of commencement of dividend payment -  
 Supplementary materials for quarterly financial results Yes  
 Information meeting for quarterly financial results None

## 1. Consolidated Results for the Third Quarter ended December 31, 2021 (April 1, 2021 – December 31, 2021)

### (1) Consolidated Operating Results (year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2021	59,623	10.5	30,462	18.3	31,080	17.9
Nine months ended December 31, 2020	53,964	(7.3)	25,758	(3.7)	26,370	(3.2)

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Nine months ended December 31, 2021	22,218	25.4	89.21	89.04
Nine months ended December 31, 2020	17,715	(3.0)	71.05	70.92

Note: Comprehensive income (million yen): Nine months ended December 31, 2021: 23,407 29.6%  
 Nine months ended December 31, 2020: 18,060 - 2.3%

### (2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)
As of December 31, 2021	207,146	179,114	85.1
As of March 31, 2021	210,699	173,524	81.3

Note: Equity capital (million yen): As of December 31, 2021: 176,211  
 As of March 31, 2021 : 171,394

## 2. Dividends

(Reference date)	Dividend per share (yen)				
	First quarter - end	Second quarter - end	Third quarter - end	Fiscal year - end	Total
Year ended March 31, 2021		27.75		27.75	55.50
Year ending March 31, 2022		29.20			
Year ending March 31, 2022 (Forecast)				29.20	58.40

Note: Revision of dividend forecast of this period: None

## 3. Forecast of Consolidated Financial Results for the year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the year	77,600	3.6	38,400	6.0	39,100	5.7	26,500	558.8	106.58

Note: Revision of financial forecast for this period: None

**\*Notes**

(1) Changes in significant subsidiaries during the term (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

(2) Use of simplified accounting method and special accounting policy for quarterly financial reporting: Yes

Calculation of tax expenses

Taxes are calculated by determining a reasonable estimate of the effective tax rate, after the application of tax effect accounting, for income before income taxes in the current fiscal year (including the third quarter). Quarterly income before income taxes is then multiplied by this estimated effective tax rate to calculate taxes.

(3) Changes in accounting principles, estimates and retrospective restatement

1) Changes due to revision of accounting standards: Yes

Change in accounting policy

(Application of accounting standard for revenue recognition, etc.)

USS started applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related items in the first quarter of the fiscal year ending in March 2022. In accordance with this standard, revenue expected to be received in exchange for goods or services is recognized when control of the promised item or service is transferred to a customer.

The application of the revenue recognition standard uses the transitional measures in the proviso to paragraph 84 of this standard. As a result, the cumulative effect of the retrospective application of the new accounting standard, if it is applied to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

However, the new accounting standard had no effect on retained earnings at the beginning of the current fiscal year.

Furthermore, the new accounting standard had no effect on the quarterly consolidated financial statements.

Due to the application of the new revenue recognition standard, "Notes and accounts receivable-trade," which was included in current assets in the previous fiscal year's consolidated balance sheet, is now included in "Notes and accounts receivable-trade, and contract assets." In accordance with the transitional measures in paragraph 89-2 of the new revenue recognition standard, the presentation of financial statements for the previous fiscal year has not been revised to match the new presentation method.

(Application of Accounting Standard for Fair Value Measurement, etc.)

USS started applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and related items in the first quarter of the fiscal year ending in March 2022. In accordance with the transitional measures of paragraph 19 of this standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new fair value measurement method stipulated in the new standard, etc. is used for fair values in the future. As a result, the application of this standard had no effect on the consolidated quarterly financial statements.

2) Changes other than in 1) : None

3) Changes in accounting estimates : None

4) Retrospective restatement : None

(4) Number of shares outstanding (common shares)

1) Shares outstanding (including treasury shares)

As of December 31, 2021 : 313,250,000 shares

As of March 31, 2021 : 313,250,000 shares

2) Treasury shares

As of December 31, 2021 : 65,991,486 shares

As of March 31, 2021 : 63,943,259 shares

3) Average number of shares outstanding for each period (cumulative term)

As of December 31, 2021 : 249,047,384 shares

As of December 31, 2020 : 249,318,461 shares

Note: Treasury shares includes 213,100 shares as of December 31, 2021 and 357,000 shares as of March 31, 2021 held by the USS employee stock ownership plan trust.

\* This quarterly financial results is not subject to the audit procedure.

\* Cautionary statement regarding forecasts of operating results and special notes  
(Note regarding the forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report 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.

(Supplementary explanatory documents)

Supplementary explanatory documents will be posted on the Company's website on February 7, 2022.

#### 4. Quarterly Consolidated Financial Statements

##### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY 2020 (As of March 31, 2021)	FY 2021 Third Quarter (As of December 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	67,770	67,554
Receivables due from member dealers at auction	6,596	2,762
Notes and accounts receivable-trade	2,215	-
Notes and accounts receivable-trade, and contract assets	-	2,040
Securities	3,000	3,000
Inventories	1,028	1,041
Other	940	4,620
Allowance for doubtful accounts	(23)	(20)
<b>Total current assets</b>	<b>81,528</b>	<b>80,998</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	35,548	34,009
Land	63,686	63,601
Construction in progress	30	81
Other, net	4,037	3,249
<b>Total property, plant and equipment</b>	<b>103,302</b>	<b>100,941</b>
<b>Intangible assets</b>		
Goodwill	8,906	8,501
Other	6,281	5,988
<b>Total intangible assets</b>	<b>15,188</b>	<b>14,490</b>
<b>Investments and other assets</b>		
Investments and other assets	10,823	10,848
Allowance for doubtful accounts	(143)	(132)
<b>Total investments and other assets</b>	<b>10,680</b>	<b>10,716</b>
<b>Total non-current assets</b>	<b>129,171</b>	<b>126,148</b>
<b>Total assets</b>	<b>210,699</b>	<b>207,146</b>

(Million yen)

	FY 2020 (As of March 31, 2021)	FY 2021 Third Quarter (As of December 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables due to member dealers at auction	11,788	8,581
Notes and accounts payable-trade	707	420
Short-term borrowings	-	301
Current portion of long-term borrowings	220	220
Income taxes payable	7,408	4,224
Provisions	767	411
Other	6,030	4,702
Total current liabilities	26,922	18,860
<b>Non-current liabilities</b>		
Long-term borrowings	2,911	2,579
Retirement benefit liability	776	854
Asset retirement obligations	617	624
Other	5,947	5,113
Total non-current liabilities	10,253	9,172
<b>Total liabilities</b>	<b>37,175</b>	<b>28,032</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	18,881	18,881
Capital surplus	18,911	18,911
Retained earnings	196,315	204,315
Treasury shares	(57,435)	(61,043)
Total shareholders' equity	176,673	181,064
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	378	802
Revaluation reserve for land	(5,636)	(5,636)
Remeasurements of defined benefit plans	(21)	(19)
Total accumulated other comprehensive income	(5,278)	(4,853)
<b>Share acquisition rights</b>	432	501
<b>Non-controlling interests</b>	1,697	2,400
<b>Total net assets</b>	<b>173,524</b>	<b>179,114</b>
<b>Total liabilities and net assets</b>	<b>210,699</b>	<b>207,146</b>

**(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****(Quarterly Consolidated Statements of Income)**

(Million yen)

	FY 2020 Third Quarter (April 1, 2020 to December 31, 2020)	FY 2021 Third Quarter (April 1, 2021 to December 31, 2021)
<b>Net sales</b>	53,964	59,623
<b>Cost of sales</b>	20,567	22,336
<b>Gross profit</b>	33,397	37,286
<b>Selling, general and administrative expenses</b>	7,639	6,824
<b>Operating profit</b>	25,758	30,462
<b>Non-operating income</b>		
Interest income	5	4
Rental income from real estate	470	559
Miscellaneous income	274	195
Total non-operating income	750	759
<b>Non-operating expenses</b>		
Interest expenses	10	9
Rental costs on real estate	115	124
Miscellaneous losses	12	7
Total non-operating expenses	138	141
<b>Ordinary profit</b>	26,370	31,080
<b>Extraordinary income</b>		
Gain on sale of non-current assets	50	17
Gain on sale of shares of subsidiaries and associates	0	1,627
Total extraordinary income	51	1,645
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	56	20
Other	8	0
Total extraordinary losses	65	20
<b>Profit before income taxes</b>	26,356	32,705
<b>Income taxes</b>	8,493	9,724
<b>Profit</b>	17,862	22,981
<b>Profit attributable to non-controlling interests</b>	147	763
<b>Profit attributable to owners of parent</b>	17,715	22,218

**(Quarterly Consolidated Statement of Comprehensive Income)**

(Million yen)

	FY 2020 Third Quarter (April 1, 2020 to December 31, 2020)	FY 2021 Third Quarter (April 1, 2021 to December 31, 2021)
<b>Profit</b>	17,862	22,981
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	196	423
Remeasurements of defined benefit plans, net of tax	1	2
<b>Total other comprehensive income</b>	<b>197</b>	<b>425</b>
<b>Comprehensive income</b>	<b>18,060</b>	<b>23,407</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,913	22,643
Comprehensive income attributable to non-controlling interests	147	763

**(3) Quarterly Consolidated Statement of Cash Flows**

(Million yen)

	FY 2020 Third Quarter (April 1, 2020 to December 31, 2020)	FY 2021 Third Quarter (April 1, 2021 to December 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	26,356	32,705
Depreciation and amortization	3,917	3,794
Amortization of goodwill	1,322	404
Increase (decrease) in allowance for doubtful accounts	(25)	(13)
Increase (decrease) in provision for bonuses	(372)	(355)
Increase (decrease) in retirement benefit liability	(88)	80
Interest and dividend income	(69)	(17)
Interest expenses	10	9
Loss (gain) on sale of shares of subsidiaries and associates	(0)	(1,627)
Loss (gain) on sale and retirement of property, plant and equipment	1	1
Net change in due from/to member dealers at auction	1,393	626
Decrease (increase) in trade receivables	1,030	175
Increase (decrease) in trade payables	5	(286)
Increase (decrease) in accounts payable-other	(25)	(213)
Increase (decrease) in deposits received	(1,065)	(1,099)
Other, net	145	(459)
Subtotal	32,534	33,724
Interest and dividends received	83	37
Interest paid	(11)	(10)
Income taxes paid	(9,552)	(13,206)
Net cash provided by (used in) operating activities	23,054	20,544
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,145)	(896)
Proceeds from sale of property, plant and equipment	81	28
Purchase of intangible assets	(3,265)	(483)
Proceeds from sale of shares of subsidiaries and associates	0	1,670
Other, net	(39)	(22)
Net cash provided by (used in) investing activities	(8,367)	297
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	16	301
Proceeds from long-term borrowings	980	-
Repayments of long-term borrowings	(264)	(332)
Guarantee deposits received from member dealers	106	134
Refund of guarantee deposits received from member dealers	(104)	(101)
Purchase of treasury shares	(978)	(3,886)
Proceeds from sale of treasury shares	194	242
Decrease (increase) in money trust to acquire treasury stock	-	(3,113)
Dividends paid	(14,364)	(14,218)
Dividends paid to non-controlling interests	(51)	(60)
Repayments of finance lease obligations	(82)	(23)
Other, net	(28)	-
Net cash provided by (used in) financing activities	(14,575)	(21,057)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>111</b>	<b>(215)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>50,829</b>	<b>64,870</b>
<b>Cash and cash equivalents at end of period</b>	<b>50,940</b>	<b>64,654</b>