

Consolidated Financial Results for the Fiscal Year ended March 31, 2022

May 10, 2022

Name of Company: USS Co., Ltd.
 Stock Exchanges Listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Stock Code: 4732 URL: <https://www.ussnet.co.jp/en/>
 Representative: Title: Chairman and Representative Director Name: Yukihiro Ando
 Contact Person: Title: Executive Vice President and Officer of Supervisory Office Name: Masafumi Yamanaka
 Tel: +81-52-689-1129
 Scheduled date of annual general meeting of shareholders June 21, 2022
 Scheduled date of commencement of dividend payment June 22, 2022
 Scheduled date of filing of securities report June 22, 2022
 Supplementary materials for financial results Yes
 Information meeting for financial results Yes (For institutional investors and securities analysts)

1. Consolidated Financial Results for the Fiscal Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated Operating Results

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2022	81,482	8.8	41,574	14.8	42,374	14.5
Year ended March 31, 2021	74,874	(4.2)	36,227	0.6	36,996	0.8

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Year ended March 31, 2022	29,745	639.5	119.80	119.58
Year ended March 31, 2021	4,022	(80.5)	16.13	16.10

Note: Comprehensive income (million yen): Year ended March 31, 2022: 31,187 573.8%
 Year ended March 31, 2021: 4,628 - 77.7%

	ROE(%)	ROA(%)	Operating margin(%)
Year ended March 31, 2022	16.9	19.3	51.0
Year ended March 31, 2021	2.3	17.2	48.4

(2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (yen)
As of March 31, 2022	229,354	182,473	78.4	733.61
As of March 31, 2021	210,699	173,524	81.3	687.48

Note: Equity capital (million yen): As of March 31, 2022 : 179,880
 As of March 31, 2021 : 171,394

(3) Consolidated Statement of Cash Flows

	Cash flows from operating activities (Million yen)	Cash flows from investing activities (Million yen)	Cash flows from financing activities (Million yen)	Cash and cash equivalents at end of period (Million yen)
Year ended March 31, 2022	36,630	(1,339)	(24,680)	75,480
Year ended March 31, 2021	38,407	(9,330)	(15,035)	64,870

2. Dividends

	Dividend per share (yen)					Total dividends (million yen)	Dividend payout ratio (consolidated) (%)	Dividend rate for net assets (consolidated) (%)
	First quarter - end	Second quarter - end	Third quarter - end	Fiscal year - end	Total			
Year ended March 31, 2021	-	27.75	-	27.75	55.50	13,856	344.5	7.8
Year ended March 31, 2022	-	29.20	-	37.00	66.20	16,369	55.0	9.3
Year ending March 31, 2023(Forecast)	-	33.70	-	33.70	67.40		55.1	

Notes:1. Total dividends paid for the fiscal year ended March 2021 and for the fiscal year ended March 2022 include payments of 22 million yen and 15 million yen each for shares held by the USS employee stock ownership plan trust.

2. Dividend payout ratio (consolidated) is calculated by dividing total dividends paid by profit attributable to owners of parent.

3. Forecast of Consolidated Financial Results for the Fiscal Year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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
First half	41,000	3.1	20,860	1.4	21,210	1.3	14,700	3.4	59.95
For the year	84,100	3.2	43,100	3.7	43,800	3.4	30,000	0.9	122.34

*Notes

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

(2) 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 effective from the beginning of the current fiscal year. 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. Accordingly, if the accounting standard is applied prior to the beginning of the current fiscal year, the cumulative effect of the retrospective application of the new accounting standard is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new standard is then applied from this initial balance. 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 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 included in “Notes and accounts receivable-trade, and contract assets” from the beginning of the current fiscal year. In accordance with the transitional measures in paragraph 89-2 of the new revenue recognition standard, the financial statements for the previous fiscal year have not been restated to (to comply with the new accounting standard) match the new presentation method.

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

Effective from the beginning of the current fiscal year, the company applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and related items.

Accordingly, the new fair value measurement policy stipulated in 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), is applied for fair value measurement. Application of this standard has no impact on consolidated financial statements.

- 2) Changes other than in 1) : None
 3) Changes in accounting estimates : None
 4) Retrospective restatement : None

(3) Number of shares outstanding (common shares)

- 1) Shares outstanding (including treasury shares)
 As of March 31, 2022 : 313,250,000 shares
 As of March 31, 2021 : 313,250,000 shares
- 2) Treasury shares
 As of March 31, 2022 : 68,051,786 shares
 As of March 31, 2021 : 63,943,259 shares
- 3) Average number of shares
 As of March 31, 2022 : 248,284,230 shares
 As of March 31, 2021 : 249,313,925 shares

Note: Treasury shares includes 187,200 shares as of March 31, 2022 and 357,000 shares as of March 31, 2021 held by the USS employee stock ownership plan trust.

Reference: Non-consolidated Results

Non-consolidated Financial Results for the Fiscal Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated Operating Results

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2022	61,295	10.9	38,743	10.6	40,811	12.6
Year ended March 31, 2021	55,287	(2.8)	35,035	(0.1)	36,251	(7.1)

	Profit		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Year ended March 31, 2022	29,360	-	118.25	118.03
Year ended March 31, 2021	(5,227)	-	(20.96)	-

(2) Non-consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (yen)
As of March 31, 2022	217,028	176,145	81.0	716.51
As of March 31, 2021	196,897	168,025	85.1	672.23

Note: Equity capital (million yen): As of March 31, 2022: 175,687

As of March 31, 2021: 167,593

(Reason for the difference of the non-consolidated business results of current and previous fiscal year)

The difference between the financial results of the current and previous fiscal years is due to the extraordinary losses on revaluation of Affiliated company stock and other factors recorded in the previous fiscal year.

* This 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 May 11, 2022.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	FY 2020 (As of March 31, 2021)	FY 2021 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	67,770	79,380
Receivables due from member dealers at auction	6,596	14,572
Notes and accounts receivable-trade	2,215	-
Notes and accounts receivable-trade, and contract assets	-	2,425
Securities	3,000	3,000
Inventories	1,028	1,206
Prepaid expenses	161	167
Other	778	3,137
Allowance for doubtful accounts	(23)	(18)
Total current assets	81,528	103,872
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,548	33,426
Machinery, equipment and vehicles, net	872	709
Tools, furniture and fixtures, net	3,043	2,286
Land	63,686	63,577
Leased assets, net	121	134
Construction in progress	30	245
Total property, plant and equipment	103,302	100,379
Intangible assets		
Goodwill	8,906	8,366
Other	6,281	6,209
Total intangible assets	15,188	14,575
Investments and other assets		
Investment securities	1,248	1,918
Long-term loans receivable	44	30
Long-term prepaid expenses	484	383
Deferred tax assets	1,615	843
Deferred tax assets for land revaluation	2,456	2,456
Retirement benefit asset	45	43
Investment property, net	4,166	4,248
Other	760	708
Allowance for doubtful accounts	(143)	(106)
Total investments and other assets	10,680	10,526
Total non-current assets	129,171	125,481
Total assets	210,699	229,354

(Million yen)

	FY 2020 (As of March 31, 2021)	FY 2021 (As of March 31, 2022)
Liabilities		
Current liabilities		
Payables due to member dealers at auction	11,788	21,213
Notes and accounts payable-trade	707	698
Short-term borrowings	-	186
Current portion of long-term borrowings	220	220
Lease liabilities	7	36
Income taxes payable	7,408	7,578
Deposits received	1,893	2,054
Provision for bonuses	767	782
Other	4,128	5,113
Total current liabilities	26,922	37,884
Non-current liabilities		
Long-term borrowings	2,911	2,356
Lease liabilities	35	28
Long-term accounts payable-other	278	241
Deferred tax liabilities	747	-
Retirement benefit liability	776	872
Long-term guarantee deposits	4,886	4,869
Asset retirement obligations	617	623
Other	-	3
Total non-current liabilities	10,253	8,996
Total liabilities	37,175	46,880
Net assets		
Shareholders' equity		
Share capital	18,881	18,881
Capital surplus	18,911	18,915
Retained earnings	196,315	211,843
Treasury shares	(57,435)	(65,039)
Total shareholders' equity	176,673	184,600
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	378	930
Revaluation reserve for land	(5,636)	(5,636)
Remeasurements of defined benefit plans	(21)	(14)
Total accumulated other comprehensive income	(5,278)	(4,719)
Share acquisition rights	432	457
Non-controlling interests	1,697	2,136
Total net assets	173,524	182,473
Total liabilities and net assets	210,699	229,354

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

(Million yen)

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Net sales	74,874	81,482
Cost of sales	28,341	30,710
Gross profit	46,533	50,772
Selling, general and administrative expenses	10,306	9,197
Operating profit	36,227	41,574
Non-operating income		
Interest income	6	5
Rental income from real estate	636	743
Miscellaneous income	306	235
Total non-operating income	950	984
Non-operating expenses		
Interest expenses	13	12
Rental costs on real estate	155	162
Miscellaneous losses	12	9
Total non-operating expenses	181	185
Ordinary profit	36,996	42,374
Extraordinary income		
Gain on sale of non-current assets	56	20
Gain on sale of shares of subsidiaries and associates	0	1,627
Other	-	1
Total extraordinary income	57	1,650
Extraordinary losses		
Loss on sale of non-current assets	14	7
Loss on retirement of non-current assets	2,995	33
Impairment losses	18,812	-
Loss on valuation of investment securities	-	80
Loss on cancellation of rental contracts	-	27
Other	9	0
Total extraordinary losses	21,832	149
Profit before income taxes	15,220	43,874
Income taxes-current	12,141	13,465
Income taxes-deferred	(1,179)	(218)
Income taxes	10,962	13,246
Profit	4,258	30,627
Profit attributable to non-controlling interests	235	882
Profit attributable to owners of parent	4,022	29,745

(Consolidated Statement of Comprehensive Income)**(Million yen)**

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Profit	4,258	30,627
Other comprehensive income		
Valuation difference on available-for-sale securities	376	552
Remeasurements of defined benefit plans, net of tax	(6)	7
Total other comprehensive income	370	559
Comprehensive income	4,628	31,187
Profit attributable to		
Comprehensive income attributable to owners of parent	4,392	30,304
Comprehensive income attributable to non-controlling interests	235	882

(3) Consolidated Statement of Changes in Equity

Fiscal Year ended March 31, 2021 (April 1, 2020 - March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,881	18,911	206,654	(56,861)	187,585
Changes during period					
Dividends of surplus			(14,364)		(14,364)
Profit attributable to owners of parent			4,022		4,022
Purchase of treasury shares				(978)	(978)
Disposal of treasury shares		(0)		404	404
Reversal of revaluation reserve for land			2		2
Net changes in items other than shareholders' equity					-
Total changes during period	-	(0)	(10,338)	(573)	(10,912)
Balance at end of period	18,881	18,911	196,315	(57,435)	176,673

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2	(5,633)	(15)	(5,646)	494	1,546	183,980
Changes during period							
Dividends of surplus							(14,364)
Profit attributable to owners of parent							4,022
Purchase of treasury shares							(978)
Disposal of treasury shares							404
Reversal of revaluation reserve for land							2
Net changes in items other than shareholders' equity	376	(2)	(6)	367	(61)	150	456
Total changes during period	376	(2)	(6)	367	(61)	150	(10,456)
Balance at end of period	378	(5,636)	(21)	(5,278)	432	1,697	173,524

Fiscal Year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,881	18,911	196,315	(57,435)	176,673
Changes during period					
Dividends of surplus			(14,218)		(14,218)
Profit attributable to owners of parent			29,745		29,745
Purchase of treasury shares				(7,973)	(7,973)
Disposal of treasury shares		3		369	372
Reversal of revaluation reserve for land					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	3	15,527	(7,603)	7,927
Balance at end of period	18,881	18,915	211,843	(65,039)	184,600

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	378	(5,636)	(21)	(5,278)	432	1,697	173,524
Changes during period							
Dividends of surplus							(14,218)
Profit attributable to owners of parent							29,745
Purchase of treasury shares							(7,973)
Disposal of treasury shares							372
Reversal of revaluation reserve for land							-
Net changes in items other than shareholders' equity	552	-	7	559	25	438	1,022
Total changes during period	552	-	7	559	25	438	8,949
Balance at end of period	930	(5,636)	(14)	(4,719)	457	2,136	182,473

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY 2020 (April 1, 2020 to March 31, 2021)	FY 2021 (April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	15,220	43,874
Depreciation and amortization	5,372	5,090
Impairment losses	18,812	-
Amortization of goodwill	1,741	539
Increase (decrease) in allowance for doubtful accounts	(28)	(41)
Increase (decrease) in provision for bonuses	53	15
Increase (decrease) in retirement benefit liability	(66)	105
Decrease (increase) in retirement benefit asset	0	2
Interest and dividend income	(75)	(26)
Interest expenses	13	12
Loss (gain) on valuation of investment securities	-	80
Loss (gain) on sale of shares of subsidiaries and associates	(0)	(1,627)
Loss (gain) on sale and retirement of property, plant and equipment	18	19
Loss (gain) on sale and retirement of intangible assets	2,935	0
Net change in due from/to member dealers at auction	2,074	1,449
Decrease (increase) in trade receivables	679	(209)
Increase (decrease) in trade payables	330	(8)
Increase (decrease) in deposits received	121	160
Other	683	524
Subtotal	47,888	49,962
Interest and dividends received	87	45
Interest paid	(14)	(13)
Income taxes paid	(9,553)	(13,363)
Cash flows from operating activities	38,407	36,630
Cash flows from investing activities		
Net decrease (increase) in time deposits	-	(1,000)
Purchase of property, plant and equipment	(5,241)	(1,127)
Proceeds from sale of property, plant and equipment	92	55
Purchase of intangible assets	(3,744)	(909)
Proceeds from sale of shares of subsidiaries and associates	0	1,670
Other	(438)	(28)
Cash flows from investing activities	(9,330)	(1,339)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(300)	186
Proceeds from long-term borrowings	980	-
Repayments of long-term borrowings	(488)	(554)
Guarantee deposits received from member dealers	153	182
Refund of guarantee deposits received from member dealers	(137)	(117)
Purchase of treasury shares	(978)	(7,973)
Proceeds from sale of treasury shares	268	319
Decrease (increase) in money trust to acquire treasury stock	-	(2,026)
Dividends paid	(14,364)	(14,218)
Dividends paid to non-controlling interests	(51)	(443)
Repayments of finance lease liabilities	(83)	(34)
Other	(33)	0
Cash flows from financing activities	(15,035)	(24,680)
Net increase (decrease) in cash and cash equivalents	14,041	10,610
Cash and cash equivalents at beginning of period	50,829	64,870
Cash and cash equivalents at end of period	64,870	75,480