

Consolidated Financial Results for the First Quarter ended June 30, 2022

August 2, 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 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 August 4, 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 First Quarter ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(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 | % |
| Three months ended June 30, 2022 | 21,136 | 3.8 | 10,820 | 1.6 | 10,996 | 1.4 |
| Three months ended June 30, 2021 | 20,370 | 26.9 | 10,648 | 58.1 | 10,842 | 57.2 |

| | Profit attributable to owners of parent | | Profit per share | Diluted profit per share |
|----------------------------------|---|------|------------------|--------------------------|
| | Million yen | % | Yen | Yen |
| Three months ended June 30, 2022 | 7,437 | 1.2 | 30.39 | 30.34 |
| Three months ended June 30, 2021 | 7,348 | 59.1 | 29.47 | 29.42 |

Note: Comprehensive income (million yen): Three months ended June 30, 2022: 7,498 - 1.9%
 Three months ended June 30, 2021: 7,646 64.0%

(2) Consolidated Financial Position

| | Total assets (Million yen) | Net assets (Million yen) | Equity ratio (%) |
|----------------------|-------------------------------|-----------------------------|---------------------|
| As of June 30, 2022 | 222,304 | 179,219 | 79.4 |
| As of March 31, 2022 | 229,354 | 182,473 | 78.4 |

Note: Equity capital (million yen): As of June 30, 2022 : 176,585
 As of March 31, 2022 : 179,880

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, 2022 | | 29.20 | | 37.00 | 66.20 |
| Year ending March 31, 2023 | | | | | |
| Year ending March 31, 2023(Forecast) | | 33.70 | | 33.70 | 67.40 |

Note: Revision of dividend forecast of this period: None

3. Forecast of Consolidated Financial Results for the 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 | 60.10 |
| For the year | 84,100 | 3.2 | 43,100 | 3.7 | 43,800 | 3.4 | 30,000 | 0.9 | 122.68 |

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 First 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 Implementation Guidance on Accounting Standard for Fair Value Measurement)

USS started applying the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 of June 17, 2021) in the first quarter of the fiscal year ending in March 2023. In accordance with the transitional measures of Paragraph 27-2 of the Implementation Guidance on the Accounting Standard for Fair Value Measurement, the new fair value measurement method stipulated in the new implementation guidance 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 June 30, 2022 : 257,000,000 shares

As of March 31, 2022 : 313,250,000 shares

2) Treasury shares

As of June 30, 2022 : 12,541,386 shares

As of March 31, 2022 : 68,051,786 shares

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

As of June 30, 2022 : 244,683,814 shares

As of June 30, 2021 : 249,322,691 shares

Note: Treasury shares includes 151,100 shares as of June 30, 2022 and 187,200 shares as of March 31, 2022 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 August 2, 2022.

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

| | FY 2021 (As of March 31, 2022) | FY 2022 First Quarter (As of June 30, 2022) |
|--|-----------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 79,380 | 71,705 |
| Receivables due from member dealers at auction | 14,572 | 16,267 |
| Notes and accounts receivable-trade, and contract assets | 2,425 | 1,744 |
| Securities | 3,000 | 3,000 |
| Inventories | 1,206 | 956 |
| Other | 3,305 | 3,270 |
| Allowance for doubtful accounts | (18) | (22) |
| Total current assets | 103,872 | 96,921 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 33,426 | 32,972 |
| Land | 63,577 | 63,577 |
| Construction in progress | 245 | 90 |
| Other, net | 3,130 | 3,057 |
| Total property, plant and equipment | 100,379 | 99,698 |
| Intangible assets | | |
| Goodwill | 8,366 | 8,231 |
| Other | 6,209 | 6,052 |
| Total intangible assets | 14,575 | 14,283 |
| Investments and other assets | | |
| Investments and other assets | 10,632 | 11,501 |
| Allowance for doubtful accounts | (106) | (101) |
| Total investments and other assets | 10,526 | 11,400 |
| Total non-current assets | 125,481 | 125,383 |
| Total assets | 229,354 | 222,304 |

(Million yen)

| | FY 2021 (As of March 31, 2022) | FY 2022 First Quarter (As of June 30, 2022) |
|---|-----------------------------------|--|
| Liabilities | | |
| Current liabilities | | |
| Payables due to member dealers at auction | 21,213 | 22,417 |
| Notes and accounts payable-trade | 698 | 589 |
| Short-term borrowings | 186 | - |
| Current portion of long-term borrowings | 220 | 220 |
| Income taxes payable | 7,578 | 3,589 |
| Provisions | 782 | 1,195 |
| Other | 7,203 | 6,074 |
| Total current liabilities | 37,884 | 34,085 |
| Non-current liabilities | | |
| Long-term borrowings | 2,356 | 2,301 |
| Retirement benefit liability | 872 | 905 |
| Asset retirement obligations | 623 | 626 |
| Other | 5,142 | 5,166 |
| Total non-current liabilities | 8,996 | 9,000 |
| Total liabilities | 46,880 | 43,085 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 18,881 | 18,881 |
| Capital surplus | 18,915 | 8,992 |
| Retained earnings | 211,843 | 165,786 |
| Treasury shares | (65,039) | (12,263) |
| Total shareholders' equity | 184,600 | 181,395 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 930 | 839 |
| Revaluation reserve for land | (5,636) | (5,636) |
| Remeasurements of defined benefit plans | (14) | (13) |
| Total accumulated other comprehensive income | (4,719) | (4,810) |
| Share acquisition rights | 457 | 457 |
| Non-controlling interests | 2,136 | 2,176 |
| Total net assets | 182,473 | 179,219 |
| Total liabilities and net assets | 229,354 | 222,304 |

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

(Million yen)

| | FY 2021 First Quarter (April 1, 2021 to June 30, 2021) | FY 2022 First Quarter (April 1, 2022 to June 30, 2022) |
|---|--|--|
| Net sales | 20,370 | 21,136 |
| Cost of sales | 7,521 | 8,026 |
| Gross profit | 12,848 | 13,109 |
| Selling, general and administrative expenses | 2,200 | 2,288 |
| Operating profit | 10,648 | 10,820 |
| Non-operating income | | |
| Interest income | 1 | 1 |
| Rental income from real estate | 189 | 182 |
| Miscellaneous income | 51 | 41 |
| Total non-operating income | 242 | 225 |
| Non-operating expenses | | |
| Interest expenses | 3 | 2 |
| Rental costs on real estate | 42 | 42 |
| Miscellaneous losses | 2 | 4 |
| Total non-operating expenses | 48 | 49 |
| Ordinary profit | 10,842 | 10,996 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 4 | 11 |
| Total extraordinary income | 4 | 11 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 1 |
| Other | - | 0 |
| Total extraordinary losses | 0 | 2 |
| Profit before income taxes | 10,846 | 11,005 |
| Income taxes | 3,353 | 3,416 |
| Profit | 7,492 | 7,588 |
| Profit attributable to non-controlling interests | 144 | 151 |
| Profit attributable to owners of parent | 7,348 | 7,437 |

(Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

| | FY 2021 First Quarter (April 1, 2021 to June 30, 2021) | FY 2022 First Quarter (April 1, 2022 to June 30, 2022) |
|--|--|--|
| Profit | 7,492 | 7,588 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 153 | (91) |
| Remeasurements of defined benefit plans, net of tax | 0 | 0 |
| Total other comprehensive income | 154 | (90) |
| Comprehensive income | 7,646 | 7,498 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,502 | 7,346 |
| Comprehensive income attributable to non-controlling interests | 144 | 151 |

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

| | FY 2021 First Quarter (April 1, 2021 to June 30, 2021) | FY 2022 First Quarter (April 1, 2022 to June 30, 2022) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 10,846 | 11,005 |
| Depreciation and amortization | 1,251 | 1,152 |
| Amortization of goodwill | 134 | 134 |
| Increase (decrease) in allowance for doubtful accounts | (8) | (1) |
| Increase (decrease) in provision for bonuses | 434 | 412 |
| Increase (decrease) in retirement benefit liability | 34 | 33 |
| Interest and dividend income | (1) | (1) |
| Interest expenses | 3 | 2 |
| Loss (gain) on sale and retirement of property, plant and equipment | (3) | (9) |
| Net change in due from/to member dealers at auction | (1,131) | (491) |
| Decrease (increase) in trade receivables | (119) | 680 |
| Increase (decrease) in trade payables | (128) | (109) |
| Increase (decrease) in accounts payable-other | (224) | (245) |
| Increase (decrease) in deposits received | (364) | (526) |
| Other, net | (1,011) | (1,517) |
| Subtotal | 9,710 | 10,520 |
| Interest and dividends received | 10 | 8 |
| Interest paid | (3) | (2) |
| Income taxes paid | (7,188) | (7,221) |
| Cash flows from operating activities | 2,529 | 3,304 |
| Cash flows from investing activities | | |
| Net decrease (increase) in time deposits | - | (1,000) |
| Purchase of property, plant and equipment | (370) | (493) |
| Proceeds from sale of property, plant and equipment | 4 | 6 |
| Purchase of intangible assets | (192) | (106) |
| Purchase of investment securities | - | (1,001) |
| Other, net | (1) | (4) |
| Cash flows from investing activities | (559) | (2,599) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 826 | (186) |
| Repayments of long-term borrowings | (55) | (55) |
| Guarantee deposits received from member dealers | 44 | 82 |
| Refund of guarantee deposits received from member dealers | (35) | (66) |
| Purchase of treasury shares | - | (1,632) |
| Proceeds from sale of treasury shares | 50 | 50 |
| Decrease (increase) in money trust to acquire treasury stock | - | 1,632 |
| Dividends paid | (6,928) | (9,079) |
| Dividends paid to non-controlling interests | (60) | (111) |
| Repayments of finance lease liabilities | (1) | (14) |
| Cash flows from financing activities | (6,158) | (9,380) |
| Net increase (decrease) in cash and cash equivalents | (4,188) | (8,675) |
| Cash and cash equivalents at beginning of period | 64,870 | 75,480 |
| Cash and cash equivalents at end of period | 60,681 | 66,805 |