

Consolidated Financial Results for the Fiscal Year ended March 31, 2023

May 9, 2023

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 annual general meeting of shareholders June 20, 2023
 Scheduled date of commencement of dividend payment June 21, 2023
 Scheduled date of filing of securities report June 21, 2023
 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, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	88,778	9.0	43,778	5.3	44,491	5.0
Year ended March 31, 2022	81,482	8.8	41,574	14.8	42,374	14.5

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Year ended March 31, 2023	30,008	0.9	122.69	122.47
Year ended March 31, 2022	29,745	639.5	119.80	119.58

Note: Comprehensive income (million yen): Year ended March 31, 2023 : 30,458 - 2.3%
 Year ended March 31, 2022 : 31,187 573.8%

	ROE(%)	ROA(%)	Operating margin(%)
Year ended March 31, 2023	16.2	18.9	49.3
Year ended March 31, 2022	16.9	19.3	51.0

(2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
As of March 31, 2023	242,352	194,154	78.8	780.90
As of March 31, 2022	229,354	182,473	78.4	733.61

Note: Equity capital (million yen): As of March 31, 2023 : 190,997
 As of March 31, 2022 : 179,880

(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, 2023	36,907	(9,074)	(17,121)	86,192
Year ended March 31, 2022	36,630	(1,339)	(24,680)	75,480

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, 2022	-	29.20	-	37.00	66.20	16,369	55.0	9.3
Year ended March 31, 2023	-	33.70	-	33.80	67.50	16,512	55.0	8.9
Year ending March 31, 2024(Forecast)	-	34.70	-	34.70	69.40		55.1	

Notes:1. Total dividends paid for the fiscal year ended March 2022 and for the fiscal year ended March 2023 include payments of 15 million yen and 5 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, 2024 (April 1, 2023 – March 31, 2024)

(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	45,100	6.3	22,200	4.6	22,540	4.4	15,200	4.0	62.14
For the year	92,400	4.1	45,300	3.5	46,000	3.4	30,800	2.6	125.92

*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 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 fiscal year ended 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 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, 2023 : 257,000,000 shares

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

2) Treasury shares

As of March 31, 2023 : 12,414,086 shares

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

3) Average number of shares

As of March 31, 2023 : 244,583,452 shares

As of March 31, 2022 : 248,284,230 shares

Note: Treasury shares includes 41,100 shares as of March 31, 2023 and 187,200 shares as of March 31, 2022 held by the USS employee stock ownership plan trust.

Reference: Non-consolidated Results**Non-consolidated Financial Results for the Fiscal Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)****(1) Non-consolidated Operating Results**

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2023	67,894	10.8	41,227	6.4	42,470	4.1
Year ended March 31, 2022	61,295	10.9	38,743	10.6	40,811	12.6

	Profit		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Year ended March 31, 2023	29,437	0.3	120.35	120.14
Year ended March 31, 2022	29,360	-	118.25	118.03

(2) Non-consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
As of March 31, 2023	229,329	186,679	81.2	761.37
As of March 31, 2022	217,028	176,145	81.0	716.51

Note: Equity capital (million yen): As of March 31, 2023 : 186,221

As of March 31, 2022 : 175,687

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

There is a difference between performance in the fiscal year that ended in March 31, 2023 and in the previous fiscal year. This was due to the merger of Japan Automobile Auction Inc. and HAA Kobe Inc., a stable number of vehicles on consignment, and higher auction fees and commissions than in the previous 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 10, 2023.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	FY 2021 (As of March 31, 2022)	FY 2022 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	79,380	92,692
Receivables due from member dealers at auction	14,572	13,314
Notes and accounts receivable-trade, and contract assets	2,425	2,982
Securities	3,000	3,000
Inventories	1,206	1,843
Prepaid expenses	167	163
Other	3,137	2,096
Allowance for doubtful accounts	(18)	(35)
Total current assets	103,872	116,057
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,426	34,313
Machinery, equipment and vehicles, net	709	653
Tools, furniture and fixtures, net	2,286	1,800
Land	63,577	63,577
Leased assets, net	134	132
Construction in progress	245	126
Total property, plant and equipment	100,379	100,604
Intangible assets		
Goodwill	8,366	7,826
Other	6,209	5,718
Total intangible assets	14,575	13,545
Investments and other assets		
Investment securities	1,918	2,530
Long-term loans receivable	30	29
Long-term prepaid expenses	383	270
Deferred tax assets	843	1,097
Deferred tax assets for land revaluation	2,456	2,456
Retirement benefit asset	43	-
Investment property, net	4,248	4,225
Other	708	1,678
Allowance for doubtful accounts	(106)	(143)
Total investments and other assets	10,526	12,144
Total non-current assets	125,481	126,295
Total assets	229,354	242,352

(Million yen)

	FY 2021 (As of March 31, 2022)	FY 2022 (As of March 31, 2023)
Liabilities		
Current liabilities		
Payables due to member dealers at auction	21,213	22,595
Notes and accounts payable-trade	698	855
Short-term borrowings	186	340
Current portion of long-term borrowings	220	220
Lease liabilities	36	34
Income taxes payable	7,578	7,864
Deposits received	2,054	2,099
Provision for bonuses	782	824
Provision for bonuses for directors (and other officers)	-	65
Other	5,113	4,374
Total current liabilities	37,884	39,273
Non-current liabilities		
Long-term borrowings	2,356	1,794
Lease liabilities	28	31
Long-term accounts payable-other	241	210
Provision for share-based payments	-	40
Retirement benefit liability	872	927
Long-term guarantee deposits	4,869	4,916
Asset retirement obligations	623	633
Other	3	370
Total non-current liabilities	8,996	8,925
Total liabilities	46,880	48,198
Net assets		
Shareholders' equity		
Share capital	18,881	18,881
Capital surplus	18,915	8,992
Retained earnings	211,843	180,137
Treasury shares	(65,039)	(12,034)
Total shareholders' equity	184,600	195,976
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	930	660
Revaluation reserve for land	(5,636)	(5,636)
Remeasurements of defined benefit plans	(14)	(3)
Total accumulated other comprehensive income	(4,719)	(4,979)
Share acquisition rights	457	457
Non-controlling interests	2,136	2,699
Total net assets	182,473	194,154
Total liabilities and net assets	229,354	242,352

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

(Million yen)

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Net sales	81,482	88,778
Cost of sales	30,710	35,135
Gross profit	50,772	53,642
Selling, general and administrative expenses	9,197	9,864
Operating profit	41,574	43,778
Non-operating income		
Interest income	5	8
Rental income from real estate	743	696
Miscellaneous income	235	210
Total non-operating income	984	915
Non-operating expenses		
Interest expenses	12	11
Rental costs on real estate	162	172
Miscellaneous losses	9	17
Total non-operating expenses	185	201
Ordinary profit	42,374	44,491
Extraordinary income		
Gain on sale of non-current assets	20	68
Gain on sale of shares of subsidiaries and associates	1,627	-
Other	1	3
Total extraordinary income	1,650	72
Extraordinary losses		
Loss on sale of non-current assets	7	-
Loss on retirement of non-current assets	33	22
Loss on valuation of investment securities	80	-
Loss on cancellation of rental contracts	27	27
Loss on disaster	-	12
Other	0	0
Total extraordinary losses	149	62
Profit before income taxes	43,874	44,501
Income taxes-current	13,465	13,924
Income taxes-deferred	(218)	(140)
Income taxes	13,246	13,784
Profit	30,627	30,717
Profit attributable to non-controlling interests	882	708
Profit attributable to owners of parent	29,745	30,008

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

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Profit	30,627	30,717
Other comprehensive income		
Valuation difference on available-for-sale securities	552	(270)
Remeasurements of defined benefit plans, net of tax	7	10
Total other comprehensive income	559	(259)
Comprehensive income	31,187	30,458
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,304	29,749
Comprehensive income attributable to non-controlling interests	882	708

(3) Consolidated Statement of Changes in Equity

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
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
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
Cancellation of treasury shares							-
Transfer from retained earnings to capital surplus							-
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

Fiscal Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,881	18,915	211,843	(65,039)	184,600
Changes during period					
Dividends of surplus			(17,323)		(17,323)
Profit attributable to owners of parent			30,008		30,008
Purchase of treasury shares				(1,632)	(1,632)
Disposal of treasury shares		23		299	322
Cancellation of treasury shares		(54,337)		54,337	-
Transfer from retained earnings to capital surplus		44,391	(44,391)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	(9,922)	(31,705)	53,004	11,376
Balance at end of period	18,881	8,992	180,137	(12,034)	195,976

	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	930	(5,636)	(14)	(4,719)	457	2,136	182,473
Changes during period							
Dividends of surplus							(17,323)
Profit attributable to owners of parent							30,008
Purchase of treasury shares							(1,632)
Disposal of treasury shares							322
Cancellation of treasury shares							-
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity	(270)	-	10	(259)	-	563	303
Total changes during period	(270)	-	10	(259)	-	563	11,680
Balance at end of period	660	(5,636)	(3)	(4,979)	457	2,699	194,154

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY 2021 (April 1, 2021 to March 31, 2022)	FY 2022 (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	43,874	44,501
Depreciation and amortization	5,090	4,754
Amortization of goodwill	539	539
Increase (decrease) in allowance for doubtful accounts	(41)	53
Increase (decrease) in provision for bonuses	15	41
Increase (decrease) in provision for bonuses for directors (and other officers)	-	65
Increase (decrease) in retirement benefit liability	105	71
Decrease (increase) in retirement benefit asset	2	43
Increase (decrease) in provision for share-based payments	-	40
Interest and dividend income	(26)	(48)
Interest expenses	12	11
Loss (gain) on valuation of investment securities	80	-
Loss (gain) on sale of shares of subsidiaries and associates	(1,627)	-
Loss (gain) on sale and retirement of property, plant and equipment	19	(46)
Loss (gain) on sale and retirement of intangible assets	0	0
Net change in due from/to member dealers at auction	1,449	2,639
Decrease (increase) in trade receivables	(209)	(557)
Increase (decrease) in trade payables	(8)	156
Increase (decrease) in deposits received	160	45
Other, net	524	(1,635)
Subtotal	49,962	50,678
Interest and dividends received	45	57
Interest paid	(13)	(12)
Income taxes paid	(13,363)	(13,816)
Net cash provided by (used in) operating activities	36,630	36,907
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,000)	(3,600)
Purchase of property, plant and equipment	(1,127)	(4,100)
Proceeds from sale of property, plant and equipment	55	79
Purchase of intangible assets	(909)	(466)
Purchase of investment securities	-	(1,001)
Proceeds from sale of shares of subsidiaries and associates	1,670	-
Other, net	(28)	14
Net cash provided by (used in) investing activities	(1,339)	(9,074)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	186	153
Repayments of long-term borrowings	(554)	(562)
Guarantee deposits received from member dealers	182	207
Refund of guarantee deposits received from member dealers	(117)	(126)
Purchase of treasury shares	(7,973)	(1,632)
Proceeds from sale of treasury shares	319	333
Decrease (increase) in money trust to acquire treasury stock	(2,026)	2,026
Dividends paid	(14,218)	(17,323)
Dividends paid to non-controlling interests	(443)	(111)
Repayments of finance lease liabilities	(34)	(51)
Other, net	0	(33)
Net cash provided by (used in) financing activities	(24,680)	(17,121)
Net increase (decrease) in cash and cash equivalents	10,610	10,711
Cash and cash equivalents at beginning of period	64,870	75,480
Cash and cash equivalents at end of period	75,480	86,192