

Consolidated Financial Results for the First Quarter ended June 30, 2023

August 8, 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 filing of quarterly securities report August 10, 2023
 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, 2023 (April 1, 2023 – June 30, 2023)

(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, 2023	23,929	13.2	11,971	10.6	12,130	10.3
Three months ended June 30, 2022	21,136	3.8	10,820	1.6	10,996	1.4

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Three months ended June 30, 2023	8,102	8.9	33.29	33.23
Three months ended June 30, 2022	7,437	1.2	30.39	30.34

Note: Comprehensive income (million yen): Three months ended June 30, 2023: 8,208 9.5%
 Three months ended June 30, 2022: 7,498 - 1.9%

(2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)
As of June 30, 2023	231,542	182,058	77.3
As of March 31, 2023	242,352	194,154	78.8

Note: Equity capital (million yen): As of June 30, 2023 : 178,942
 As of March 31, 2023: 190,997

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, 2023		33.70		33.80	67.50
Year ending March 31, 2024					
Year ending March 31, 2024(Forecast)		34.70		34.70	69.40

Note: Revision of dividend forecast of this period: None

3. Forecast of Consolidated Financial Results for the 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	62.87
For the year	92,400	4.1	45,300	3.5	46,000	3.4	30,800	2.6	127.92

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: None
- 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, 2023 : 257,000,000 shares
 - As of March 31, 2023 : 257,000,000 shares
- 2) Treasury shares
 - As of June 30, 2023 : 17,372,986 shares
 - As of March 31, 2023 : 12,414,086 shares
- 3) Average number of shares outstanding for each period (cumulative term)
 - As of June 30, 2023 : 243,351,714 shares
 - As of June 30, 2022 : 244,683,814 shares

Note: Treasury shares includes 41,100 shares as of March 31, 2023 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 8, 2023.

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY 2022 (As of March 31, 2023)	FY 2023 First Quarter (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	92,692	79,426
Receivables due from member dealers at auction	13,314	15,920
Notes and accounts receivable-trade, and contract assets	2,982	2,870
Securities	3,000	3,000
Inventories	1,843	1,248
Other	2,260	3,633
Allowance for doubtful accounts	(35)	(42)
Total current assets	116,057	106,057
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,313	33,787
Land	63,577	63,577
Construction in progress	126	218
Other, net	2,586	2,668
Total property, plant and equipment	100,604	100,253
Intangible assets		
Goodwill	7,826	7,691
Other	5,718	5,566
Total intangible assets	13,545	13,258
Investments and other assets		
Investments and other assets	12,288	12,120
Allowance for doubtful accounts	(143)	(147)
Total investments and other assets	12,144	11,973
Total non-current assets	126,295	125,485
Total assets	242,352	231,542

(Million yen)

	FY 2022 (As of March 31, 2023)	FY 2023 First Quarter (As of June 30, 2023)
Liabilities		
Current liabilities		
Payables due to member dealers at auction	22,595	26,859
Notes and accounts payable-trade	855	898
Short-term borrowings	340	900
Current portion of long-term borrowings	220	220
Income taxes payable	7,864	3,844
Provisions	889	1,337
Other	6,507	6,537
Total current liabilities	39,273	40,598
Non-current liabilities		
Long-term borrowings	1,794	1,705
Provisions	40	54
Retirement benefit liability	927	957
Asset retirement obligations	633	635
Other	5,529	5,532
Total non-current liabilities	8,925	8,885
Total liabilities	48,198	49,484
Net assets		
Shareholders' equity		
Share capital	18,881	18,881
Capital surplus	8,992	8,992
Retained earnings	180,137	179,971
Treasury shares	(12,034)	(23,772)
Total shareholders' equity	195,976	184,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	660	509
Revaluation reserve for land	(5,636)	(5,636)
Remeasurements of defined benefit plans	(3)	(2)
Total accumulated other comprehensive income	(4,979)	(5,129)
Share acquisition rights	457	457
Non-controlling interests	2,699	2,658
Total net assets	194,154	182,058
Total liabilities and net assets	242,352	231,542

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

(Million yen)

	FY 2022 First Quarter (April 1, 2022 to June 30, 2022)	FY 2023 First Quarter (April 1, 2023 to June 30, 2023)
Net sales	21,136	23,929
Cost of sales	8,026	9,464
Gross profit	13,109	14,465
Selling, general and administrative expenses	2,288	2,493
Operating profit	10,820	11,971
Non-operating income		
Interest income	1	2
Rental income from real estate	182	175
Miscellaneous income	41	34
Total non-operating income	225	212
Non-operating expenses		
Interest expenses	2	2
Rental costs on real estate	42	45
Miscellaneous losses	4	5
Total non-operating expenses	49	53
Ordinary profit	10,996	12,130
Extraordinary income		
Gain on sale of non-current assets	11	12
Total extraordinary income	11	12
Extraordinary losses		
Loss on retirement of non-current assets	1	4
Other	0	-
Total extraordinary losses	2	4
Profit before income taxes	11,005	12,138
Income taxes	3,416	3,779
Profit	7,588	8,358
Profit attributable to non-controlling interests	151	256
Profit attributable to owners of parent	7,437	8,102

(Quarterly Consolidated Statement of Comprehensive Income)

(Million yen)

	FY 2022 First Quarter (April 1, 2022 to June 30, 2022)	FY 2023 First Quarter (April 1, 2023 to June 30, 2023)
Profit	7,588	8,358
Other comprehensive income		
Valuation difference on available-for-sale securities	(91)	(150)
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	(90)	(150)
Comprehensive income	7,498	8,208
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,346	7,951
Comprehensive income attributable to non-controlling interests	151	256

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	FY 2022 First Quarter (April 1, 2022 to June 30, 2022)	FY 2023 First Quarter (April 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	11,005	12,138
Depreciation and amortization	1,152	1,126
Amortization of goodwill	134	134
Increase (decrease) in allowance for doubtful accounts	(1)	10
Increase (decrease) in provision for bonuses	412	425
Increase (decrease) in retirement benefit liability	33	30
Interest and dividend income	(1)	(2)
Interest expenses	2	2
Loss (gain) on sale and retirement of property, plant and equipment	(9)	(7)
Net change in due from/to member dealers at auction	(491)	1,657
Decrease (increase) in trade receivables	680	111
Increase (decrease) in trade payables	(109)	43
Increase (decrease) in accounts payable-other	(245)	280
Increase (decrease) in deposits received	(526)	(285)
Other, net	(1,517)	(811)
Subtotal	10,520	14,855
Interest and dividends received	8	4
Interest paid	(2)	(2)
Income taxes paid	(7,221)	(7,646)
Net cash provided by (used in) operating activities	3,304	7,210
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,000)	-
Purchase of property, plant and equipment	(493)	(575)
Proceeds from sale of property, plant and equipment	6	13
Purchase of intangible assets	(106)	(92)
Purchase of investment securities	(1,001)	-
Other, net	(4)	(14)
Net cash provided by (used in) investing activities	(2,599)	(669)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(186)	560
Repayments of long-term borrowings	(55)	(89)
Guarantee deposits received from member dealers	82	50
Refund of guarantee deposits received from member dealers	(66)	(44)
Purchase of treasury shares	(1,632)	(11,817)
Proceeds from sale of treasury shares	50	111
Decrease (increase) in money trust to acquire treasury stock	1,632	-
Dividends paid	(9,079)	(8,268)
Dividends paid to non-controlling interests	(111)	(297)
Repayments of finance lease liabilities	(14)	(11)
Net cash provided by (used in) financing activities	(9,380)	(19,806)
Net increase (decrease) in cash and cash equivalents	(8,675)	(13,265)
Cash and cash equivalents at beginning of period	75,480	86,192
Cash and cash equivalents at end of period	66,805	72,926