

Consolidated Financial Results for the Second Quarter ended September 30, 2023

November 7, 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 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 filing of quarterly securities report: November 9, 2023
 Scheduled date of commencement of dividend payment: December 8, 2023
 Supplementary materials for quarterly financial results: Yes
 Information meeting for quarterly financial results: Yes

1. Consolidated Results for the Second Quarter ended September 30, 2023 (April 1, 2023 – September 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	%
Six months ended September 30, 2023	48,093	13.3	23,779	12.1	24,131	11.8
Six months ended September 30, 2022	42,429	6.6	21,220	3.2	21,586	3.1

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Six months ended September 30, 2023	16,164	10.6	66.85	66.71
Six months ended September 30, 2022	14,614	2.7	59.74	59.64

Note: Comprehensive income (million yen): Six months ended September 30, 2023: 16,480 12.0%
 Six months ended September 30, 2022: 14,712 - 3.1%

(2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)
As of September 30, 2023	250,126	190,422	74.8
As of March 31, 2023	242,352	194,154	78.8

Note: Equity capital (million yen): As of September 30, 2023: 187,120
 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		34.70			
Year ending March 31, 2024(Forecast)				38.40	73.10

Note: Revision of dividend forecast of this period: Yes

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
For the year	95,400	7.5	47,100	7.6	47,810	7.5	31,900	6.3	132.47

Note: Revision of financial forecast for this period: Yes

***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 second 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 September 30, 2023 : 257,000,000 shares
 - As of March 31, 2023 : 257,000,000 shares
- 2) Treasury shares
 - As of September 30, 2023 : 17,334,386 shares
 - As of March 31, 2023 : 12,414,086 shares
- 3) Average number of shares outstanding for each period (cumulative term)
 - As of September 30, 2023 : 241,768,828 shares
 - As of September 30, 2022 : 244,606,256 shares

Note: Treasury shares includes 348,700 shares as of September 30, 2023 and 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 November 8, 2023.

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY 2022 (As of March 31, 2023)	FY 2023 Second Quarter (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	92,692	93,086
Receivables due from member dealers at auction	13,314	20,161
Notes and accounts receivable-trade, and contract assets	2,982	2,960
Securities	3,000	3,000
Inventories	1,843	1,354
Other	2,260	4,680
Allowance for doubtful accounts	(35)	(57)
Total current assets	116,057	125,185
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,313	33,339
Land	63,577	63,577
Construction in progress	126	410
Other, net	2,586	2,610
Total property, plant and equipment	100,604	99,938
Intangible assets		
Goodwill	7,826	7,556
Other	5,718	5,471
Total intangible assets	13,545	13,028
Investments and other assets		
Investments and other assets	12,288	12,131
Allowance for doubtful accounts	(143)	(157)
Total investments and other assets	12,144	11,973
Total non-current assets	126,295	124,940
Total assets	242,352	250,126

(Million yen)

	FY 2022 (As of March 31, 2023)	FY 2023 Second Quarter (As of September 30, 2023)
Liabilities		
Current liabilities		
Payables due to member dealers at auction	22,595	33,651
Notes and accounts payable-trade	855	1,026
Short-term borrowings	340	200
Current portion of long-term borrowings	220	220
Income taxes payable	7,864	7,767
Provisions	889	917
Other	6,507	6,196
Total current liabilities	39,273	49,979
Non-current liabilities		
Long-term borrowings	1,794	2,504
Provisions	40	67
Retirement benefit liability	927	975
Asset retirement obligations	633	637
Other	5,529	5,537
Total non-current liabilities	8,925	9,724
Total liabilities	48,198	59,704
Net assets		
Shareholders' equity		
Share capital	18,881	18,881
Capital surplus	8,992	9,385
Retained earnings	180,137	188,033
Treasury shares	(12,034)	(24,073)
Total shareholders' equity	195,976	192,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	660	533
Revaluation reserve for land	(5,636)	(5,636)
Remeasurements of defined benefit plans	(3)	(2)
Total accumulated other comprehensive income	(4,979)	(5,105)
Share acquisition rights	457	457
Non-controlling interests	2,699	2,844
Total net assets	194,154	190,422
Total liabilities and net assets	242,352	250,126

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

(Million yen)

	FY 2022 Second Quarter (April 1, 2022 to September 30, 2022)	FY 2023 Second Quarter (April 1, 2023 to September 30, 2023)
Net sales	42,429	48,093
Cost of sales	16,467	19,115
Gross profit	25,962	28,978
Selling, general and administrative expenses	4,741	5,198
Operating profit	21,220	23,779
Non-operating income		
Interest income	3	5
Rental income from real estate	360	354
Miscellaneous income	98	96
Total non-operating income	463	456
Non-operating expenses		
Interest expenses	5	5
Rental costs on real estate	85	91
Miscellaneous losses	6	7
Total non-operating expenses	97	104
Ordinary profit	21,586	24,131
Extraordinary income		
Gain on sale of non-current assets	50	30
Other	3	1
Total extraordinary income	54	31
Extraordinary losses		
Loss on retirement of non-current assets	5	33
Loss on disaster	11	-
Other	0	-
Total extraordinary losses	17	33
Profit before income taxes	21,623	24,128
Income taxes	6,735	7,522
Profit	14,887	16,606
Profit attributable to non-controlling interests	273	442
Profit attributable to owners of parent	14,614	16,164

(Quarterly Consolidated Statement of Comprehensive Income)	(Million yen)	
	FY 2022 Second Quarter (April 1, 2022 to September 30, 2022)	FY 2023 Second Quarter (April 1, 2023 to September 30, 2023)
Profit	14,887	16,606
Other comprehensive income		
Valuation difference on available-for-sale securities	(176)	(127)
Remeasurements of defined benefit plans, net of tax	1	0
Total other comprehensive income	(175)	(126)
Comprehensive income	14,712	16,480
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	14,438	16,037
Comprehensive income attributable to non-controlling interests	273	442

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	FY 2022 Second Quarter (April 1, 2022 to September 30, 2022)	FY 2023 Second Quarter (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	21,623	24,128
Depreciation and amortization	2,318	2,290
Amortization of goodwill	269	269
Increase (decrease) in allowance for doubtful accounts	(3)	35
Increase (decrease) in provision for bonuses	(11)	2
Increase (decrease) in retirement benefit liability	63	49
Interest and dividend income	(32)	(28)
Interest expenses	5	5
Loss (gain) on sale and retirement of property, plant and equipment	(45)	2
Net change in due from/to member dealers at auction	5,684	4,209
Decrease (increase) in trade receivables	100	21
Increase (decrease) in trade payables	179	170
Increase (decrease) in accounts payable-other	(532)	168
Increase (decrease) in deposits received	(757)	(677)
Other, net	(1,627)	(1,924)
Subtotal	27,233	28,724
Interest and dividends received	40	31
Interest paid	(5)	(5)
Income taxes paid	(7,217)	(7,425)
Net cash provided by (used in) operating activities	20,051	21,324
Cash flows from investing activities		
Net decrease (increase) in time deposits	(2,000)	-
Purchase of property, plant and equipment	(960)	(1,098)
Proceeds from sale of property, plant and equipment	52	42
Purchase of intangible assets	(241)	(161)
Purchase of investment securities	(1,001)	-
Other, net	(0)	(36)
Net cash provided by (used in) investing activities	(4,150)	(1,254)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	253	(140)
Proceeds from long-term borrowings	-	880
Repayments of long-term borrowings	(283)	(169)
Guarantee deposits received from member dealers	119	93
Refund of guarantee deposits received from member dealers	(87)	(79)
Purchase of treasury shares	(1,632)	(12,697)
Proceeds from sale of treasury shares	167	1,024
Decrease (increase) in money trust to acquire treasury stock	2,026	-
Dividends paid	(9,079)	(8,268)
Dividends paid to non-controlling interests	(111)	(297)
Repayments of finance lease liabilities	(26)	(23)
Net cash provided by (used in) financing activities	(8,653)	(19,676)
Net increase (decrease) in cash and cash equivalents	7,247	394
Cash and cash equivalents at beginning of period	75,480	86,192
Cash and cash equivalents at end of period	82,728	86,586