

Consolidated Financial Results for the Third Quarter ended December 31, 2023

February 6, 2024

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 February 8, 2024
 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 Third Quarter ended December 31, 2023 (April 1, 2023 – December 31, 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	%
Nine months ended December 31, 2023	71,514	11.0	35,744	12.3	36,288	12.1
Nine months ended December 31, 2022	64,408	8.0	31,833	4.5	32,373	4.2

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Nine months ended December 31, 2023	24,465	11.9	101.43	101.13
Nine months ended December 31, 2022	21,871	(1.6)	89.42	89.26

Note: Comprehensive income (million yen): Nine months ended December 31, 2023: 24,709 12.0%
 Nine months ended December 31, 2022: 22,058 - 5.8%

(2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)
As of December 31, 2023	222,057	190,421	84.2
As of March 31, 2023	242,352	194,154	78.8

Note: Equity capital (million yen): As of December 31, 2023: 187,069
 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: 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
For the year	95,400	7.5	47,100	7.6	47,810	7.5	31,900	6.3	132.38

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 third 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 December 31, 2023 : 257,000,000 shares
 - As of March 31, 2023 : 257,000,000 shares
- 2) Treasury shares
 - As of December 31, 2023 : 16,832,633 shares
 - As of March 31, 2023 : 12,414,086 shares
- 3) Average number of shares outstanding for each period (cumulative term)
 - As of December 31, 2023 : 241,191,584 shares
 - As of December 31, 2022 : 244,584,944 shares

Note: Treasury shares includes 306,800 shares as of December 31, 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 February 6, 2024.

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY 2022 (As of March 31, 2023)	FY 2023 Third Quarter (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	92,692	80,943
Receivables due from member dealers at auction	13,314	4,172
Notes and accounts receivable-trade, and contract assets	2,982	2,052
Securities	3,000	3,000
Inventories	1,843	1,418
Other	2,260	6,429
Allowance for doubtful accounts	(35)	(96)
Total current assets	116,057	97,920
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,313	32,824
Land	63,577	63,577
Construction in progress	126	514
Other, net	2,586	2,470
Total property, plant and equipment	100,604	99,386
Intangible assets		
Goodwill	7,826	7,421
Other	5,718	5,512
Total intangible assets	13,545	12,934
Investments and other assets		
Investments and other assets	12,288	12,009
Allowance for doubtful accounts	(143)	(192)
Total investments and other assets	12,144	11,816
Total non-current assets	126,295	124,137
Total assets	242,352	222,057

(Million yen)

	FY 2022 (As of March 31, 2023)	FY 2023 Third Quarter (As of December 31, 2023)
Liabilities		
Current liabilities		
Payables due to member dealers at auction	22,595	10,879
Notes and accounts payable-trade	855	434
Short-term borrowings	340	100
Current portion of long-term borrowings	220	220
Income taxes payable	7,864	4,460
Provisions	889	524
Other	6,507	5,337
Total current liabilities	39,273	21,956
Non-current liabilities		
Long-term borrowings	1,794	2,449
Provisions	40	76
Retirement benefit liability	927	1,004
Asset retirement obligations	633	640
Other	5,529	5,507
Total non-current liabilities	8,925	9,679
Total liabilities	48,198	31,635
Net assets		
Shareholders' equity		
Share capital	18,881	18,881
Capital surplus	8,992	8,992
Retained earnings	180,137	187,783
Treasury shares	(12,034)	(23,344)
Total shareholders' equity	195,976	192,312
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	660	395
Revaluation reserve for land	(5,636)	(5,636)
Remeasurements of defined benefit plans	(3)	(2)
Total accumulated other comprehensive income	(4,979)	(5,242)
Share acquisition rights	457	442
Non-controlling interests	2,699	2,909
Total net assets	194,154	190,421
Total liabilities and net assets	242,352	222,057

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

(Million yen)

	FY 2022 Third Quarter (April 1, 2022 to December 31, 2022)	FY 2023 Third Quarter (April 1, 2023 to December 31, 2023)
Net sales	64,408	71,514
Cost of sales	25,376	28,221
Gross profit	39,031	43,292
Selling, general and administrative expenses	7,198	7,548
Operating profit	31,833	35,744
Non-operating income		
Interest income	6	9
Rental income from real estate	524	527
Miscellaneous income	160	162
Total non-operating income	691	700
Non-operating expenses		
Interest expenses	8	7
Rental costs on real estate	128	136
Miscellaneous losses	14	11
Total non-operating expenses	150	155
Ordinary profit	32,373	36,288
Extraordinary income		
Gain on sale of non-current assets	61	34
Other	3	1
Total extraordinary income	64	36
Extraordinary losses		
Loss on sale of non-current assets	-	0
Loss on retirement of non-current assets	18	52
Loss on cancellation of rental contracts	26	1
Loss on disaster	12	-
Other	0	-
Total extraordinary losses	57	53
Profit before income taxes	32,380	36,271
Income taxes	10,090	11,298
Profit	22,289	24,972
Profit attributable to non-controlling interests	418	507
Profit attributable to owners of parent	21,871	24,465

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

	FY 2022 Third Quarter (April 1, 2022 to December 31, 2022)	FY 2023 Third Quarter (April 1, 2023 to December 31, 2023)
Profit	22,289	24,972
Other comprehensive income		
Valuation difference on available-for-sale securities	(232)	(264)
Remeasurements of defined benefit plans, net of tax	1	1
Total other comprehensive income	(230)	(263)
Comprehensive income	22,058	24,709
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	21,640	24,201
Comprehensive income attributable to non-controlling interests	418	507

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	FY 2022 Third Quarter (April 1, 2022 to December 31, 2022)	FY 2023 Third Quarter (April 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	32,380	36,271
Depreciation and amortization	3,508	3,484
Amortization of goodwill	404	404
Increase (decrease) in allowance for doubtful accounts	(2)	109
Increase (decrease) in provision for bonuses	(386)	(389)
Increase (decrease) in retirement benefit liability	85	78
Interest and dividend income	(34)	(31)
Interest expenses	8	7
Loss (gain) on sale and retirement of property, plant and equipment	(42)	13
Net change in due from/to member dealers at auction	(971)	(2,574)
Decrease (increase) in trade receivables	(126)	929
Increase (decrease) in trade payables	(102)	(420)
Increase (decrease) in accounts payable-other	(690)	(143)
Increase (decrease) in deposits received	(1,226)	(1,159)
Other, net	(1,189)	(4,098)
Subtotal	31,615	32,480
Interest and dividends received	46	45
Interest paid	(8)	(8)
Income taxes paid	(13,814)	(14,360)
Net cash provided by (used in) operating activities	17,837	18,158
Cash flows from investing activities		
Net decrease (increase) in time deposits	(2,600)	-
Purchase of property, plant and equipment	(1,414)	(1,460)
Proceeds from sale of property, plant and equipment	67	47
Purchase of intangible assets	(331)	(388)
Purchase of investment securities	(1,001)	-
Other, net	(42)	(53)
Net cash provided by (used in) investing activities	(5,322)	(1,854)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	553	(240)
Proceeds from long-term borrowings	-	880
Repayments of long-term borrowings	(338)	(224)
Guarantee deposits received from member dealers	164	159
Refund of guarantee deposits received from member dealers	(107)	(111)
Purchase of treasury shares	(1,632)	(12,697)
Proceeds from sale of treasury shares	251	1,108
Decrease (increase) in money trust to acquire treasury stock	2,026	-
Dividends paid	(17,323)	(16,596)
Dividends paid to non-controlling interests	(111)	(297)
Repayments of finance lease liabilities	(37)	(33)
Other, net	(33)	0
Net cash provided by (used in) financing activities	(16,589)	(28,052)
Net increase (decrease) in cash and cash equivalents	(4,073)	(11,749)
Cash and cash equivalents at beginning of period	75,480	86,192
Cash and cash equivalents at end of period	71,406	74,443