



August 3, 2021

To All Stakeholders:

USS Co., Ltd.  
Chairman and Representative Director: Yukihiro Ando  
Stock code: 4732  
Stock exchange listings: Tokyo and Nagoya (first sections)  
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Executive Vice President, Officer, Supervisory Office

### **Notice of Direct Ownership of HAA Kobe and Absorption of Japan Automobile Auction and HAA Kobe Using Simple and Short-form Mergers**

The Board of Directors of USS Co., Ltd. approved a resolution to take the following actions. First, USS will acquire all of the shares of HAA Kobe Inc., which is a wholly owned subsidiary of Japan Automobile Auction Inc. (JAA), which is a wholly owned subsidiary of USS. All shares of HAA Kobe will be transferred to USS in the form of a dividend in kind. After HAA Kobe becomes a wholly owned subsidiary, an absorption-type merger of USS and JAA and HAA Kobe will take place on October 1, 2021.

The payment of this dividend in kind to USS was approved at an extraordinary shareholders meeting of JAA that was held on August 3, 2021. This dividend will result in the acquisition by USS of all shares of HAA Kobe, making this company a wholly owned subsidiary.

Some information concerning these activities are not disclosed because this is a simple absorption and merger by USS of wholly owned subsidiaries.

#### **I. Dividend in kind and change in HAA Kobe ownership**

##### **1. Reason for these measures**

Prior to the absorption by USS of JAA and HAA Kobe, JAA, which is a wholly owned subsidiary of USS, held an extraordinary shareholders meeting on August 3, 2021 where a resolution was approved to transfer to USS on September 30, 2021 as a dividend in kind all shares of HAA Kobe, which is a wholly owned subsidiary of JAA. The purpose is to simplify the procedure required for the merger with JAA and HAA Kobe and to enable the automobile auction business of the USS Group to operate more efficiently. The transfer of JAA's holding of all of the stock of HAA Kobe stock to USS will make HAA Kobe a direct wholly owned subsidiary of USS.

##### **2. Type of dividend assets and book value**

Assets other than cash	Number of shares	Book value
Common stock of HAA Kobe Inc.	61,300	3,138 million yen

##### **3. Information concerning allocation of dividend assets to USS**

On the payment date for the dividend in kind, all dividend assets will be allocated to USS, which owns all shares of JAA.

4. Date of effectiveness of the dividend in kind  
September 30, 2021

5. Profile of the company paying the dividend in kind

Name	Japan Automobile Auction Inc.
Head Office	3-2-1 Rinkai-cho, Edogawa-ku, Tokyo
Representative and title	Yukihiro Ando, President and Representative Director
Activities	Automobile auctions
Capital	100,000,000 yen
Established	May 14, 2009
Total assets	12,450 million yen (March 31, 2021)
Net assets	11,692 million yen (March 31, 2021)
Shareholder (ownership)	USS Co., Ltd. (100%)

## II. Merger of USS and JAA and HAA Kobe

1. Purpose of merger

USS will absorb and merge with JAA and HAA Kobe for the purpose of increasing the efficiency of the automobile auction business of the USS Group.

2. Summary of the merger

- (1) Timetable

Board of directors resolutions	August 3, 2021 (by USS and JAA, USS and HAA Kobe)
Signing of merger contract	August 3, 2021 (by all three companies)
Date of the merger	October 1, 2021 (tentative)

\*For USS, the mergers with JAA and USS and HAA Kobe are simple mergers as prescribed in Article 796, Paragraph 2 of the Companies Act. For JAA and HAA Kobe, the mergers are short-form mergers as prescribed in Article 784, Paragraph 1 of the Companies Act. Consequently, there is no need to hold shareholders meetings for the approval of the merger contracts.

- (2) Method used for the mergers

This is an absorption-type merger. USS will be the surviving company and JAA and HAA Kobe will be dissolved.

- (3) Allocations involving the mergers

There are no allocations of stock, cash or other assets because both of the mergers are between USS and a wholly owned subsidiary.

- (4) Handling of stock acquisition rights and bonds with stock acquisition rights regarding the mergers

Not applicable

3. Profiles of the companies to merge with USS (as of March 31, 2021)

(1) Absorption-type merger of USS and JAA

	Surviving company	Company dissolved
Name	USS Co., Ltd.	Japan Automobile Auction Inc.
Head office	507-20 Shinpo-machi, Tokai, Aichi	3-2-1 Rinkai-cho, Edogawa-ku, Tokyo
Representative and title	Yukihiro Ando, Chairman and Representative Director Dai Seta, President and Representative Director	Yukihiro Ando, President and Representative Director
Activities	Used automobile auctions	Used automobile auctions
Capital	18,881 million yen	100 million yen
Established	November 13, 1969	May 14, 2009
Shares issued	313,250,000	1,596
Fiscal year end	March 31	March 31
Major shareholders and ownership	<ol style="list-style-type: none"> <li>1. The Master Trust Bank of Japan, Ltd. (Trust Account) 8.61%</li> <li>2. SSBTC CLIENT OMNIBUS ACCOUNT 5.58%</li> <li>3. Custody Bank of Japan Ltd. (Trust Account) 5.05%</li> <li>4. Dai Seta 3.76%</li> <li>5. Mamoru Seta 3.68%</li> </ol>	USS Co., Ltd. 100%
<b>Financial Highlights</b>		
Fiscal year ended	March 31, 2021 (consolidated)	March 31, 2021 (non-consolidated)
Net assets	173,524 million yen	11,629 million yen
Total assets	210,699 million yen	12,450 million yen
Net assets per share	687.48 yen	7,286,623.50 yen
Net sales	74,874 million yen	1,252 million yen
Operating profit	36,227 million yen	△175 million yen
Ordinary profit	36,996 million yen	△166 million yen
Profit attributable to owners of parent	4,022 million yen	△181 million yen
Net income per share	16.13 yen	△113,515.89 yen

Note: The 63,586,259 shares of treasury stock held by USS are not included in the list of major shareholders or in the ownership percentages.

## (2) Absorption-type merger of USS and HAA Kobe

	Surviving company	Company dissolved
Name	USS Co., Ltd.	HAA Kobe Inc.
Head office	507-20 Shinpo-machi, Tokai, Aichi	21-1 Onohama-cho, Chuo-ku, Kobe, Hyogo
Representative and title	Yukihiro Ando, Chairman and Representative Director Dai Seta, President and Representative Director	Yukihiro Ando, President and Representative Director
Activities	Used automobile auctions	Used automobile auctions
Capital	18,881 million yen	480 million yen
Established	November 13, 1969	August 31, 1994
Shares issued	313,250,000	61,300
Fiscal year end	March 31	March 31
Major shareholders and ownership	1. The Master Trust Bank of Japan, Ltd. (Trust Account) 8.61% 2. SSBTC CLIENT OMNIBUS ACCOUNT 5.58% 3. Custody Bank of Japan Ltd. (Trust Account) 5.05% 4. Dai Seta 3.76% 5. Mamoru Seta 3.68%	JAA Inc. 100%
Financial Highlights		
Fiscal year ended	March 31, 2021 (consolidated)	March 31, 2021 (non-consolidated)
Net assets	173,524 million yen	6,652 million yen
Total assets	210,699 million yen	9,667 million yen
Net assets per share	687.48 yen	108,527.52 yen
Net sales	74,874 million yen	3,758 million yen
Operating profit	36,227 million yen	1,531 million yen
Ordinary profit	36,996 million yen	1,534 million yen
Profit attributable to owners of parent	4,022 million yen	1,061 million yen
Net income per share	16.13 yen	17,317.51 yen

Notes: 1. The 63,586,259 shares of treasury stock held by USS are not included in the list of major shareholders or in the ownership percentages.

2. JAA owns all of the stock of HAA Kobe and plans to transfer this stock to USS as a dividend in kind on September 30, 2021. As of March 31, 2021, HAA Kobe was a wholly owned subsidiary of JAA.

## 4. Changes at USS following the mergers

These mergers will not change the name, head office, representatives, business activities, capital or fiscal year of USS.

## 5. Outlook

These mergers will have only a negligible effect on the consolidated sales and earnings of USS.