



Consolidated Results of Operations

The Second Quarter, Fiscal Year Ending March 31, 2018

USS Co., Ltd.
November 2017

- USS acquired 66.04% of the voting rights of Japan Automobile Auction Inc. on August 24, 2017. As a result, auction sites operated by JAA and the HAA Kobe Auction Site HAA Kobe (JAA's wholly owned subsidiary) became USS Group auction sites.

- This document has been translated from the original Japanese as a guide for non-Japanese investors.
- Forward-looking statements in this material are based on information available to management at the time this material 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.
- The information provided in this material may include unaudited figures.
- The amounts less than the units shown are discarded.
- Percentages are rounded to the hundredths place.

Reference materials

Japan Automobile Dealers Association, Japan Light Motor Vehicle and Motorcycle Association, USED CAR Co., Ltd., Trade Statistics of Japan Ministry of Finance

Results of Operations Second Quarter Fiscal Year Ending March 2018

2Q FY3/2018 – Summary of Consolidated Results of Operations

- Results of operations: Sales increased 7.6% YoY to ¥34.82 billion, Operating profit was up 9.8% to ¥17.01 billion, and Profit attributable to owners of parent increased 8.8% to ¥11.79 billion.
- Sales and earnings increased because of growth in vehicles consigned and contracts completed.
- USS purchased 66.04% of the stock of JAA on Aug. 24, 2017; JAA will be included in the consolidated financial statements beginning with the third quarter of FY3/18.

(Million yen)

	1H FY3/17	1H FY3/18	Year on year	1H FY3/18 Initial plan (May 11, 2017)	Vs. plan
Net sales	32,355	34,822	107.6%	33,700	103.3%
Cost of sales (Per sales)	12,809 (39.6%)	13,761 (39.5%)	107.4%	13,332 (39.6%)	103.2%
Gross profit (Per sales)	19,546 (60.4%)	21,061 (60.5%)	107.7%	20,367 (60.4%)	103.4%
Selling, general and administrative expenses (Per sales)	4,056 (12.5%)	4,048 (11.6%)	99.8%	4,217 (12.5%)	96.0%
Operating profit (Per sales)	15,490 (47.9%)	17,013 (48.9%)	109.8%	16,150 (47.9%)	105.3%
Ordinary profit (Per sales)	15,805 (48.8%)	17,275 (49.6%)	109.3%	16,400 (48.7%)	105.3%
Profit attributable to owners of parent (Per sales)	10,840 (33.5%)	11,799 (33.9%)	108.8%	11,250 (33.4%)	104.9%

2Q FY3/2018 – Reasons for Change in Operating Income (Actual)

Net sales

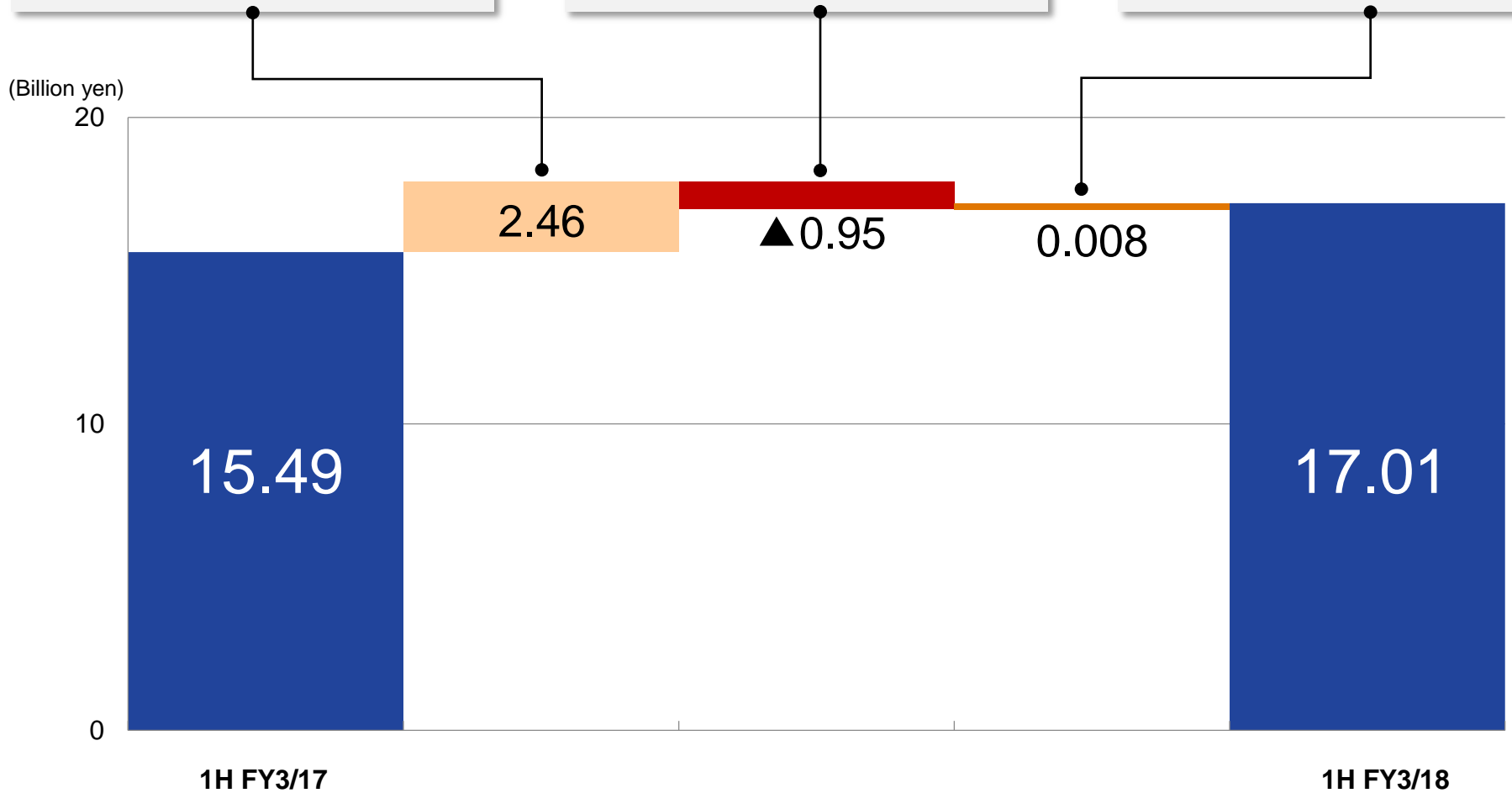
Increase in vehicles consigned	1.61bn
Increase in vehicles, etc. recycling	0.46bn
Increase in CIS (Internet)	0.28bn
Increase in sales of accident-damaged vehicles	0.21bn
Decrease in contract completion rate	▲0.23bn

Cost of sales

Increase in cost of goods sold	▲0.49bn
Increase in cost of materials purchased	▲0.21bn
Increase in depreciation	▲0.18bn
Increase in outsourcing expenses	▲0.08bn

SG&A expenses

Decrease in employee salaries and bonuses	0.05bn
Increase in taxes and dues	▲0.04bn



Net Sales and Operating Profit by Business Segment

(Million yen)

Net sales	1H FY3/16	1H FY3/17	1H FY3/18	Year on year
Auto auction	25,201	25,378	27,186	107.1%
Used vehicle purchasing and selling	4,883	4,571	4,736	103.6%
Other	3,558	2,405	2,899	120.5%
Total	33,643	32,355	34,822	107.6%
Operating profit (operating margin)	1H FY3/16	1H FY3/17	1H FY3/18	Year on year
Auto auction	16,124 (63.2%)	15,129 (59.1%)	16,527 (60.2%)	109.2%
Used vehicle purchasing and selling	316 (6.5%)	169 (3.7%)	113 (2.4%)	66.8%
Other	211 (5.9%)	82 (3.4%)	321 (11.1%)	392.0%
Elimination of inter-segment transactions	112	109	51	46.7%
Total	16,763 (49.8%)	15,490 (47.9%)	17,013 (48.9%)	109.8%

*Net sales are sales to external customers and operating profit is based on business segment earnings.
Operating margins (shown % in parenthesis) are calculated by Segment profit divided by Segment sales.

- Cash used in investing activities was ¥18.9 billion, including the JAA acquisition and decrease in time deposits
- Due to the JAA acquisition, some cash and deposits became business assets with a high return
- Equity ratio: 75.9%

Consolidated Balance Sheets (Summary)

	FY3/17	1H FY3/18
Current assets	91,462	70,879
Cash and deposits	74,778	47,637
Receivables due from member dealers at auction, etc.	16,683	23,242
Non-current assets	105,911	145,296
Property, plant and equipment	96,868	107,068
Other	9,043	38,227
Total assets	197,374	216,176

(Million yen)

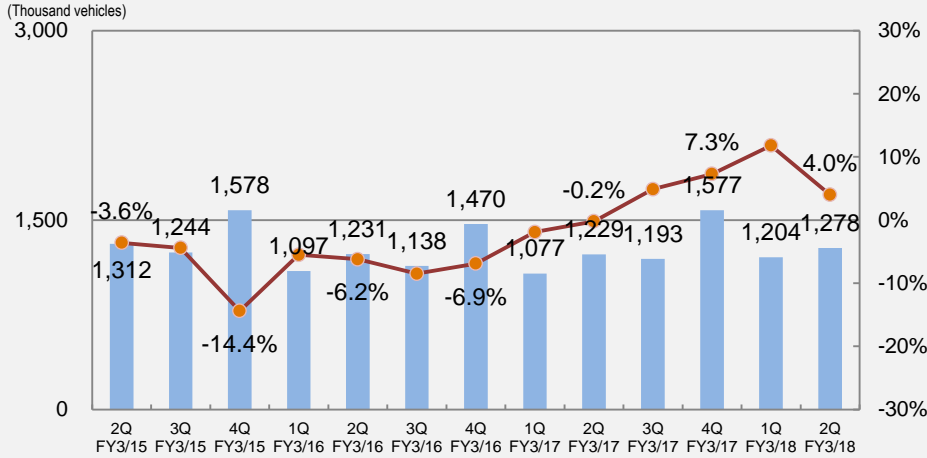
	FY3/17	1H FY3/18
Current liabilities	28,801	35,241
Payables due to member dealers at auction	15,051	21,968
Other	13,749	13,273
Non-current liabilities	9,375	11,114
Total liabilities	38,176	46,355
Total net assets	159,197	169,820
Total liabilities and net assets	197,374	216,176

Consolidated Statements of Cash Flows (Summary)

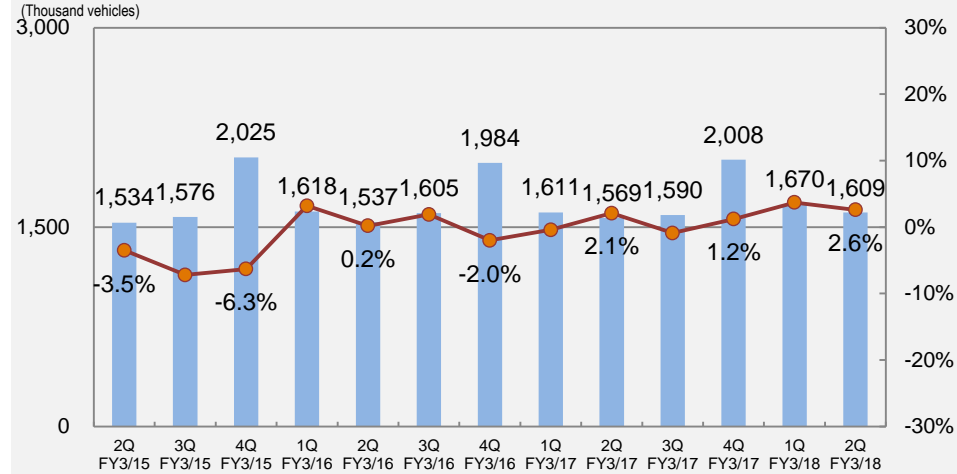
(Million yen)

	1H FY3/16	1H FY3/17	1H FY3/18	Changes
Net cash provided by (used in) operating activities	9,556	12,535	13,909	1,374
Net cash provided by (used in) investing activities	▲8,252	▲7,967	▲18,942	▲10,974
Free cash flow	1,303	4,568	▲5,032	▲9,600
Net cash provided by (used in) financing activities	▲5,083	▲11,943	▲6,108	5,834
Capital expenditures (Terms of cash flows)	3,248	3,914	3,567	▲347
Depreciation	1,565	2,108	2,277	169

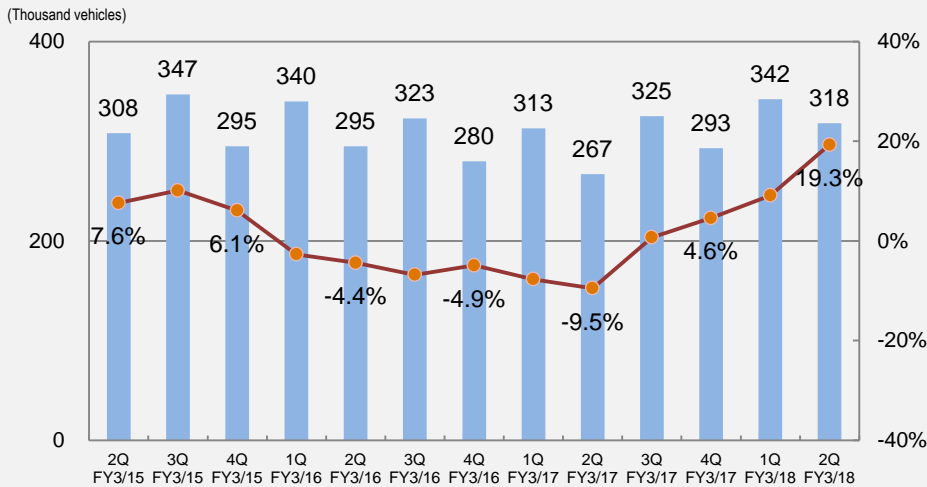
New Car Registrations and YoY Changes



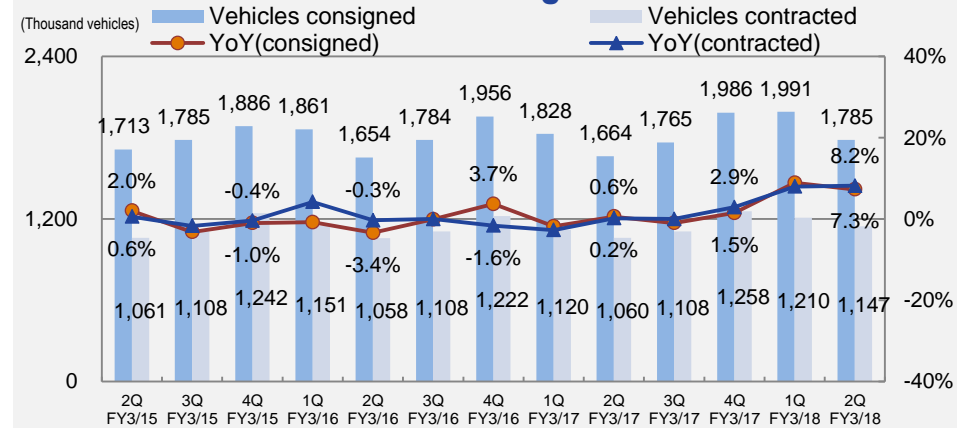
Used Car Registrations and YoY Changes



Used Car Exports and YoY Changes



AA Market: Vehicles Consigned and Contracted and YoY Changes



Auto Auction Segment (1)

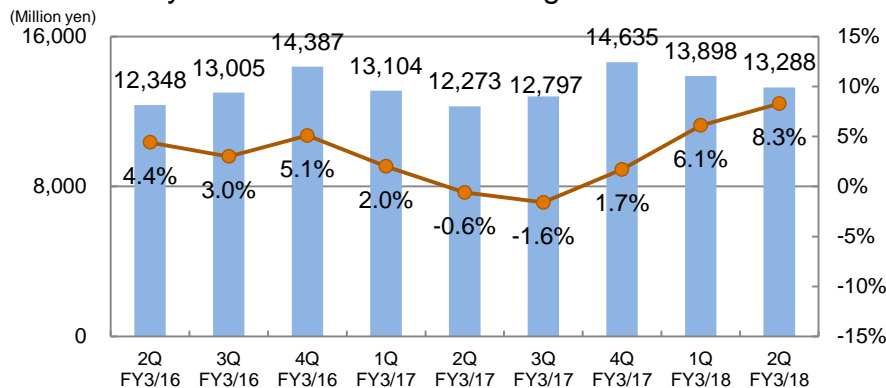
- 1H vehicles consigned increased 7.9% YoY to 1.212 million; contract completions increased 6.3% YoY to 0.772 million (contract completion rate: 63.7% against 64.7% in the previous fiscal year)
- Although depreciation and outsourcing expenses increased, sales and earnings increased mainly because of growth in vehicles consigned and contracts completed.

Auto Auction Segment Performance in 1H

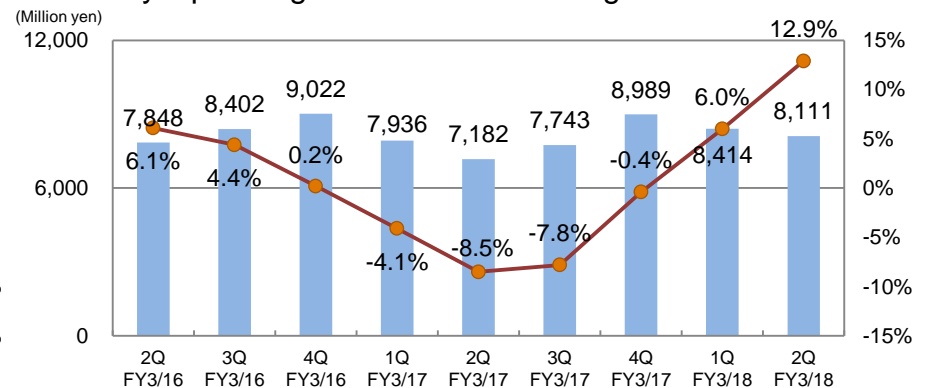
(Million yen)

	1H FY3/16	1H FY3/17	1H FY3/18	Year on year
Net sales	25,201	25,378	27,186	107.1%
Consignment fees	6,129	5,941	6,344	106.8%
Contract completion fees	5,944	5,780	6,236	107.9%
Successful bid fees	8,623	8,616	9,163	106.3%
Other	4,504	5,039	5,441	108.0%
Operating profit	16,124	15,129	16,527	109.2%
Operating margin	63.2%	59.1%	60.2%	-

Quarterly Net Sales and YoY Changes

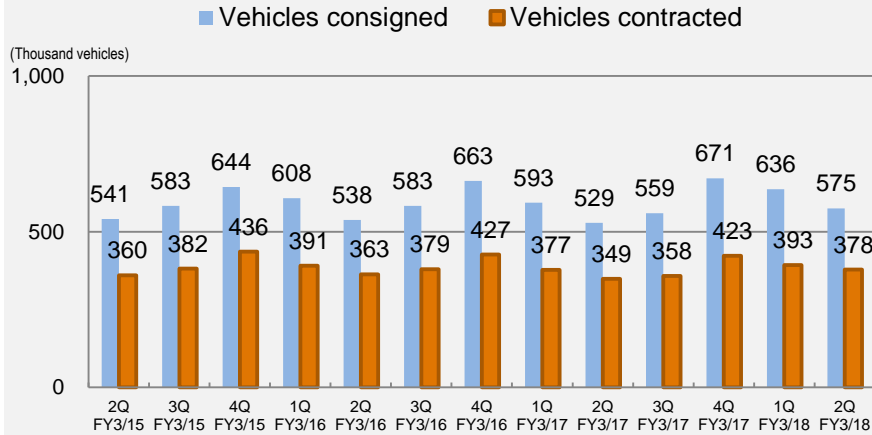


Quarterly Operating Profit and YoY Changes

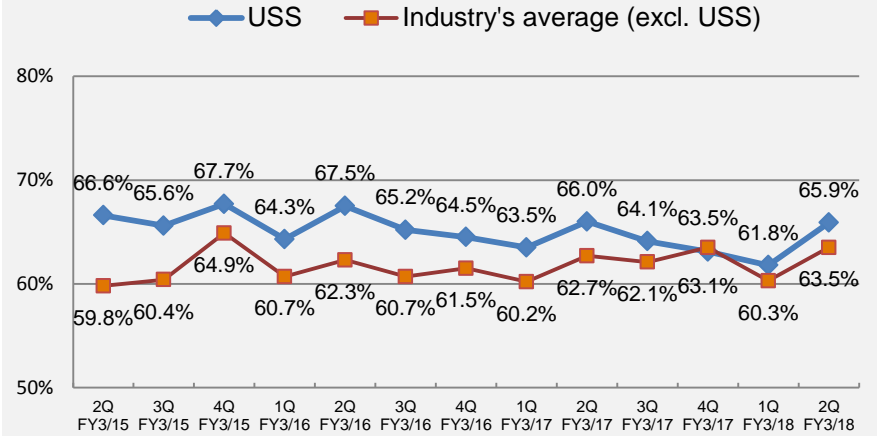


* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by Segment profit divided by Segment sales.

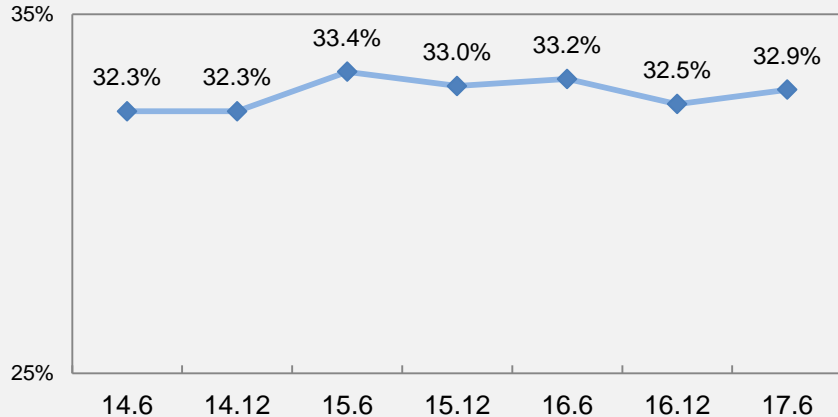
No. of Vehicles Consigned and Vehicles Contracted



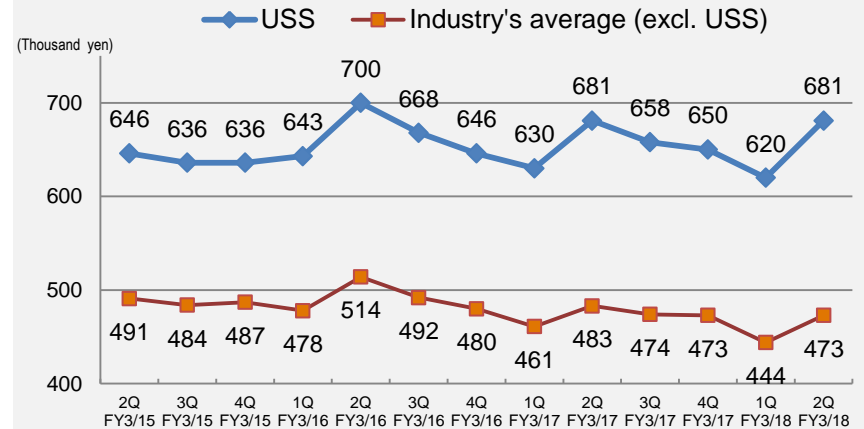
Contract Completion Rate



Market Share

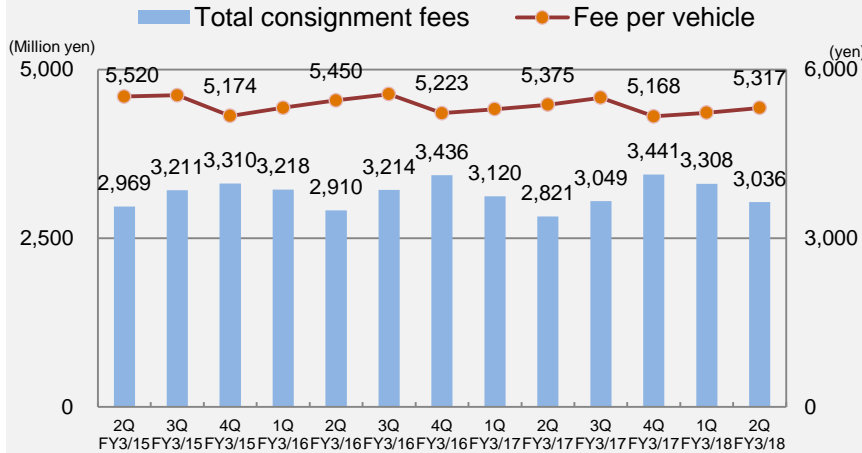


Average Price of Vehicle Contracted

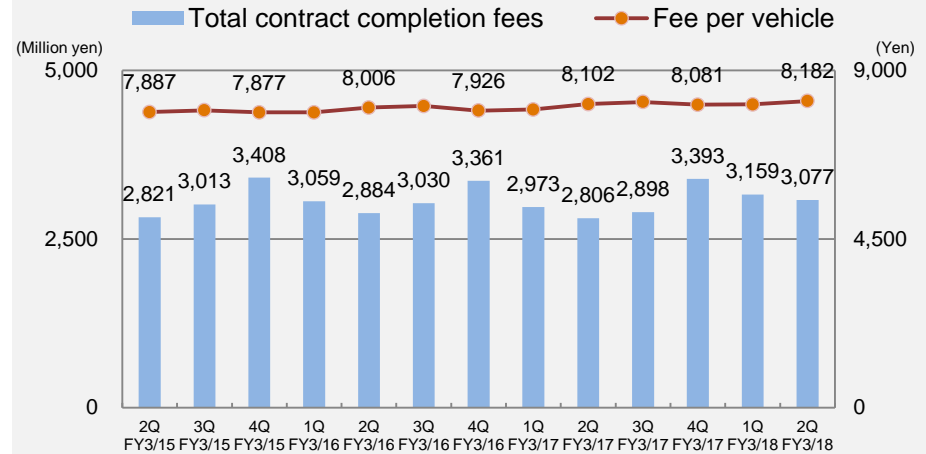


* Period ending in December: 12-month data; Period ending in June: 6-month data.
 * The figures in this slide do not include JBA data.

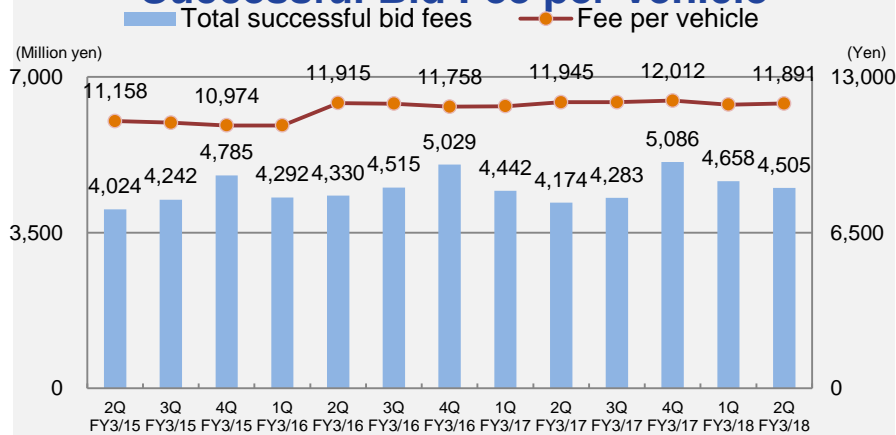
Total Consignment Fees and Consignment Fee per Vehicle



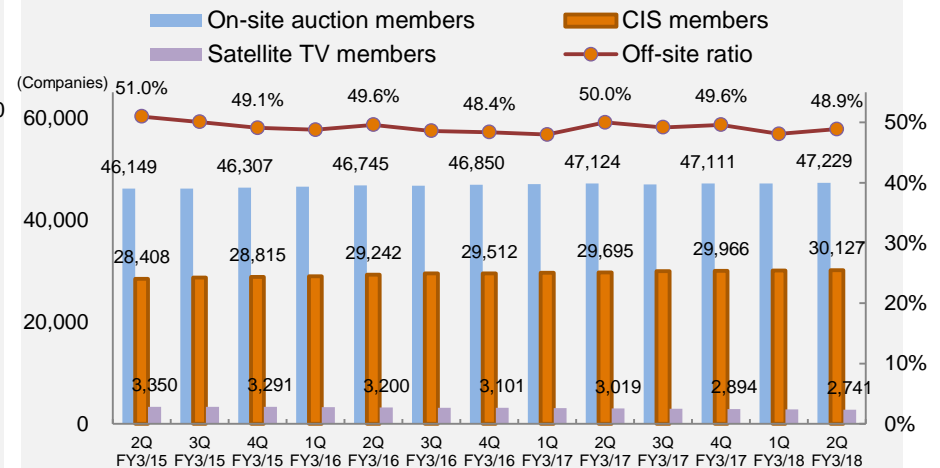
Total Contract Completion Fees and Contract Completion Fee per Vehicle



Total Successful Bid Fees and Successful Bid Fee per Vehicle



No. of Members and Off-site Ratio



* Fee per vehicle is calculated before eliminations for consolidation.

* The figures in this slide do not include JBA data.

Auto Auction Segment (4)

From April 1, 2017 to September 30, 2017

(Number of auctions held, Vehicles)

	Number of auctions		Number of consigned vehicles			Number of contract completions			Contract completion rate	
	1H FY3/17	1H FY3/18	1H FY3/17	1H FY3/18	YoY change	1H FY3/17	1H FY3/18	YoY change	1H FY3/17	1H FY3/18
Tokyo	24	24	305,204	313,375	102.7%	213,836	218,735	102.3%	70.1%	69.8%
Nagoya	25	25	235,304	252,153	107.2%	138,431	141,634	102.3%	58.8%	56.2%
Kyushu	24	25	76,857	92,066	119.8%	48,005	55,878	116.4%	62.5%	60.7%
Yokohama	24	24	88,282	87,255	98.8%	60,792	58,053	95.5%	68.9%	66.5%
Sapporo	24	24	66,691	73,095	109.6%	39,020	46,148	118.3%	58.5%	63.1%
R-Nagoya	24	24	62,740	70,799	112.8%	51,636	57,668	111.7%	82.3%	81.5%
Osaka	25	25	55,861	64,671	115.8%	33,509	37,094	110.7%	60.0%	57.4%
Shizuoka	24	25	34,575	42,905	124.1%	20,800	26,791	128.8%	60.2%	62.4%
Okayama	24	25	31,728	37,942	119.6%	21,173	24,783	117.1%	66.7%	65.3%
Kobe	25	24	30,748	35,428	115.2%	17,428	20,366	116.9%	56.7%	57.5%
Gunma	24	25	28,280	32,878	116.3%	18,298	21,104	115.3%	64.7%	64.2%
Tohoku	24	24	33,128	31,954	96.5%	24,444	22,661	92.7%	73.8%	70.9%
Saitama	25	25	26,074	28,654	109.9%	15,393	16,729	108.7%	59.0%	58.4%
Niigata	24	24	22,404	22,448	100.2%	10,362	9,968	96.2%	46.3%	44.4%
Fukuoka	24	24	18,579	19,632	105.7%	9,328	10,650	114.2%	50.2%	54.2%
Hokuriku	25	24	6,818	7,172	105.2%	4,370	4,458	102.0%	64.1%	62.2%
Total	389	391	1,123,273	1,212,427	107.9%	726,825	772,720	106.3%	64.7%	63.7%

* The figures in this slide do not include JBA data.

* JAA and HAA are not included in April-September 2017 data.

Auto Auction Segment (5)

(Vehicles, %)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	First Half	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Second Half	Fiscal Year
No. of Vehicles Consigned	FY3/16	240,027	180,560	188,060	198,744	143,557	196,546	1,147,494	221,602	188,116	173,302	179,967	208,405	275,123	1,246,515	2,394,009
	YoY Change	6.7	▲0.4	5.7	2.6	▲8.6	2.8	1.9	0.3	▲3.6	3.7	1.6	1.1	5.5	1.6	1.7
	FY3/17	233,303	165,327	195,240	186,899	141,275	201,229	1,123,273	186,409	197,643	174,983	172,609	209,027	289,592	1,230,263	2,353,536
	YoY Change	▲2.8	▲8.4	3.8	▲6.0	▲1.6	2.4	▲2.1	▲15.9	5.1	1.0	▲4.1	0.3	5.3	▲1.3	▲1.7
	FY3/18	234,454	183,593	218,888	195,997	169,623	209,872	1,212,427	238,322						238,322	1,450,749
	YoY Change	0.5	11.0	12.1	4.9	20.1	4.3	7.9	27.8						-	-
No. of Vehicles Contracted	FY3/16	146,183	116,850	128,131	134,479	99,117	129,929	754,689	146,362	122,078	111,421	118,004	135,810	174,035	807,710	1,562,399
	YoY Change	8.5	1.1	11.1	6.9	▲4.8	▲0.8	3.9	0.1	▲4.5	2.5	▲3.0	▲4.7	1.2	▲1.4	1.1
	FY3/17	140,412	109,067	127,811	122,962	93,386	133,187	726,825	121,245	126,888	110,392	109,986	135,605	177,902	782,018	1,508,843
	YoY Change	▲3.9	▲6.7	▲0.2	▲8.6	▲5.8	2.5	▲3.7	▲17.2	3.9	▲0.9	▲6.8	▲0.2	2.2	▲3.2	▲3.4
	FY3/18	138,362	116,398	138,964	127,444	112,434	139,118	772,720	152,222						152,222	924,942
	YoY Change	▲1.5	6.7	8.7	3.6	20.4	4.5	6.3	25.5						-	-
Contract Completion Rate	FY3/16	60.9	64.7	68.1	67.7	69.0	66.1	65.8	66.0	64.9	64.3	65.6	65.2	63.3	64.8	65.3
	FY3/17	60.2	66.0	65.5	65.8	66.1	66.2	64.7	65.0	64.2	63.1	63.7	64.9	61.4	63.6	64.1
	FY3/18	59.0	63.4	63.5	65.0	66.3	66.3	63.7	63.9						-	-

* The figures in this slide do not include JBA data.

* The figures in this slide include JAA and HAA starting in October 2017

Used Vehicle Purchasing and Selling Segment

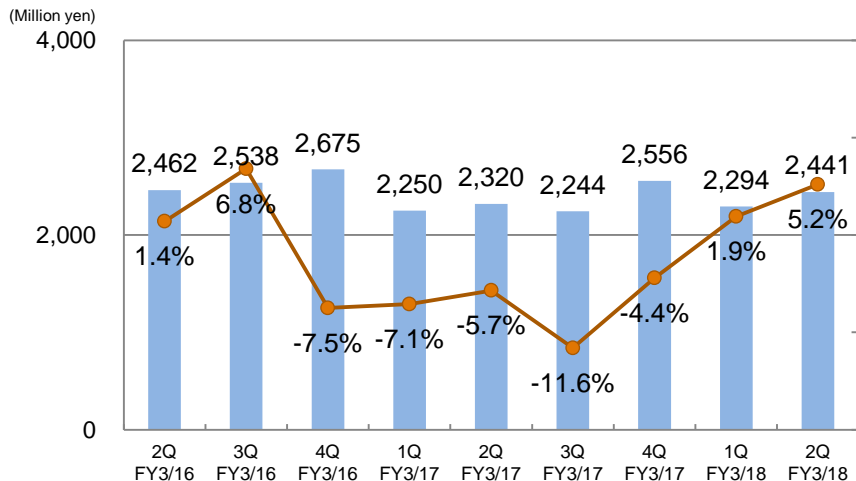
- Sales and earnings declined at the Rabbit used vehicle purchasing business primarily because of declined gross profit per vehicle. (Net sales declined 1.9% YoY to ¥2,839 million, Operating profit declined 39.2% to ¥80 million)
- Earnings were down in the accident-damaged vehicle purchasing business mainly because of a decrease in the number of vehicles sold. (Net sales increased 13.1% YoY to ¥1,896 million, Operating profit decreased 11.1% to ¥32 million)

Used Vehicle Purchasing and Selling Segment Performance in 1H

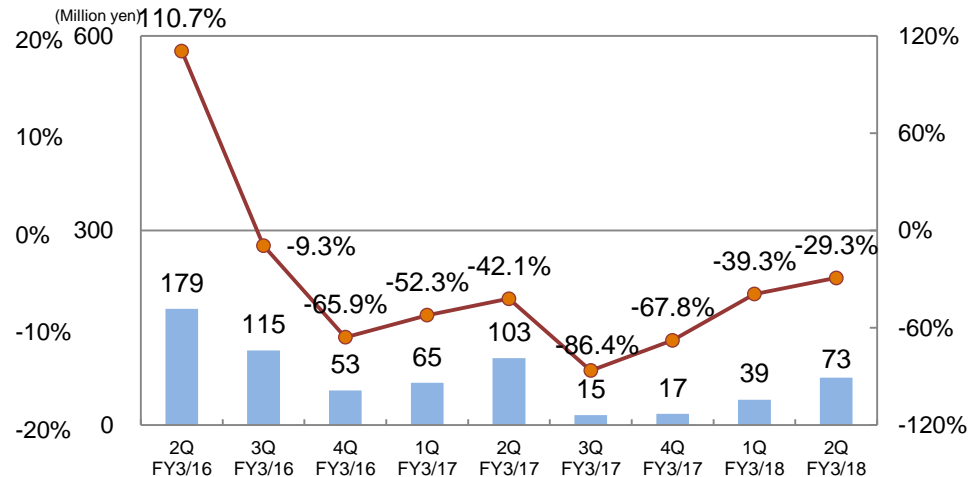
(Million yen)

	1H FY3/16	1H FY3/17	1H FY3/18	Year on year
Net sales	4,883	4,571	4,736	103.6%
Operating profit	316	169	113	66.8%
Operating margin	6.5%	3.7%	2.4%	-

Quarterly Net Sales and YoY Changes



Quarterly Operating Profit and YoY Changes



* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by Segment profit divided by Segment sales.

Other Segment

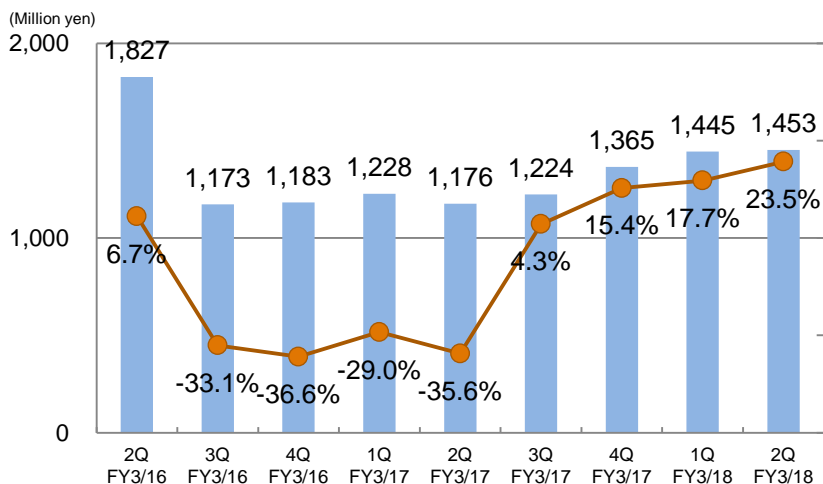
- In the recycling business, sales and earnings increased because of growth in the volume of materials recycled and high prices for metallic scrap. (Net sales increased 21.6% YoY to ¥2,621 million, Operating profit increased 276.7% to ¥289 million)
- In the used vehicle export clearing service, sales and earnings increased. (Net sales increased 13.2% YoY ¥225 million, operating profit ¥14 million (operating loss of ¥5 million in 1H FY3/17))

Other Segment Performance in 1H

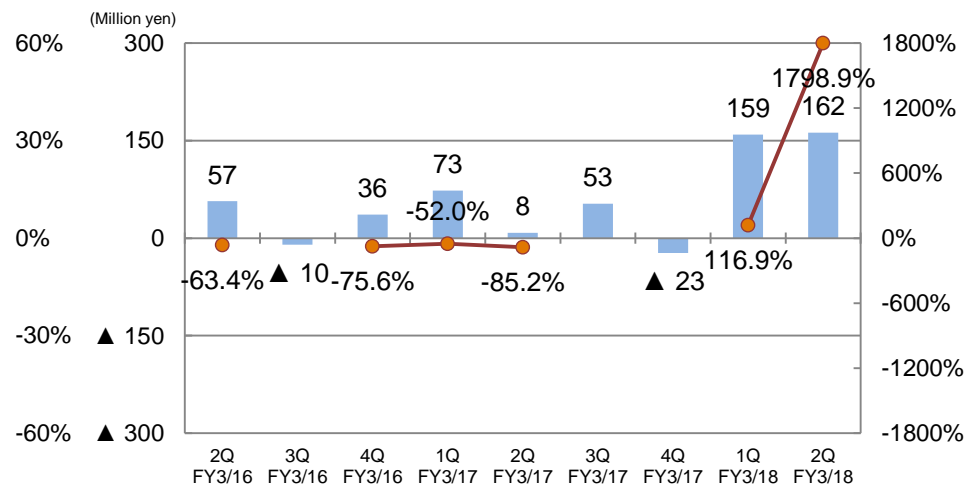
(Million yen)

	1H FY3/16	1H FY3/17	1H FY3/18	Year on year
Net sales	3,558	2,405	2,899	120.5%
Operating profit	211	82	321	392.0%
Operating margin	5.9%	3.4%	11.1%	-

Quarterly Net Sales and YoY Changes



Quarterly Operating Profit and YoY Changes



* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by Segment profit divided by Segment sales.

Consolidated Forecast for FY3/2018

- The forecast of FY3/2018 revised upward because of acquisition of JAA stock.

(Million yen)

	FY3/17 (Actual)	FY3/18 Initial plan (May 11, 2017)	Change	FY3/18 Revised plan (Nov. 6, 2017)	Revised plan vs FY3/17
Net sales	67,179	68,800	5,900	74,700	111.2%
Gross profit (Per sales)	40,765 (60.7%)	41,932 (60.9%)	3,810	45,742 (61.2%)	112.2%
Operating profit (Per sales)	32,396 (48.2%)	33,400 (48.5%)	2,400	35,800 (47.9%)	110.5%
Ordinary profit (Per sales)	32,999 (49.1%)	33,900 (49.3%)	2,500	36,400 (48.7%)	110.3%
Profit attributable to owners of parent (Per sales)	22,909 (34.1%)	23,200 (33.7%)	800	24,000 (32.1%)	104.8%
Profit per share (Yen)	90.02	91.34	3.14	94.48	105.0%
Capital expenditures (Terms of cash flows)	5,878	5,100	▲400	4,700	80.0%
Depreciation	4,596	4,627	200	4,827	105.0%

Auto Auction Business (excl. JBA)	FY3/17 (Actual)	FY3/18 Initial plan (May 11, 2017)	Change	FY3/18 Revised plan (Nov. 6, 2017)	Revised plan vs FY3/17
No. of vehicles consigned (Thousands)	2,353	2,400	360	2,760	117.3%
No. of vehicles contracted (Thousands)	1,508	1,520	200	1,720	114.0%
Contract completion rate	64.1%	63.3%	-	62.3%	-

* The revised plan for the fiscal year ending in March 2018 is drawn up based on the assumption that goodwill will be amortized over period of 20 years following the inclusion of JAA in the consolidation.

2H FY3/2018 – Reasons for Change in Operating Income (Forecast)

Net sales

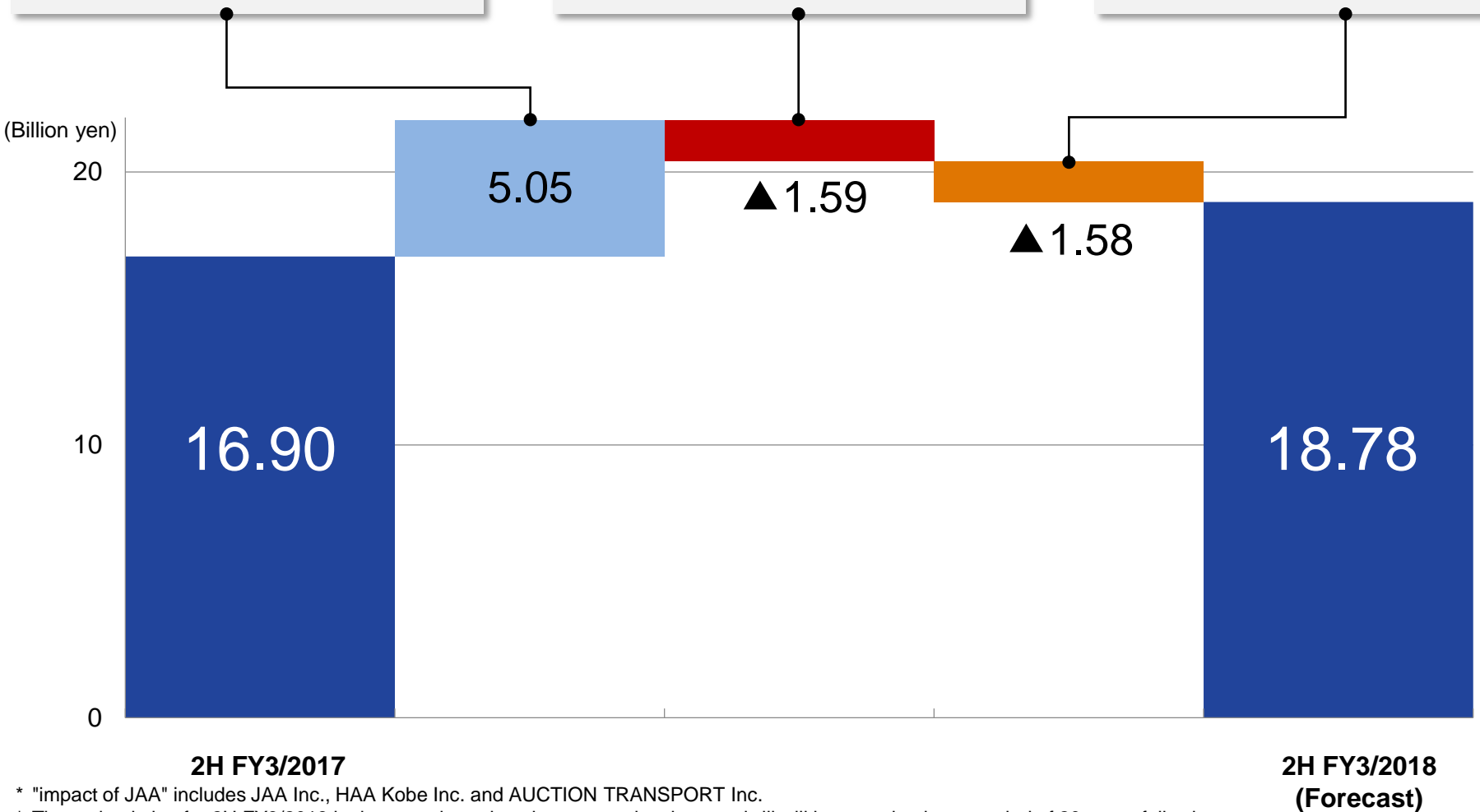
Increase in vehicles, etc. recycling	0.24bn
Used vehicle sales/purchases	▲0.10bn
Decrease in fee rates(excl. JAA)	▲0.07bn
Impact of JAA	4.97bn

Cost of sales

Increase in cost of materials purchase	▲0.14bn
Decrease in cost of goods sold	0.16bn
Decrease in expenses for supplies	0.14bn
Impact of JAA	▲1.67bn

SG&A expenses

Decrease in taxes and dues	0.15bn
Increase in employee salaries and bonuses	▲0.13bn
Impact of JAA	▲1.64bn
(of which goodwill amortization)	▲0.67bn)



2H FY3/2017

2H FY3/2018
(Forecast)

* "impact of JAA" includes JAA Inc., HAA Kobe Inc. and AUCTION TRANSPORT Inc.

* The revised plan for 2H FY3/2018 is drawn up based on the assumption that goodwill will be amortized over period of 20 years following the inclusion of JAA in the consolidation.

FY3/2018 – Reasons for Change in Operating Profit (Forecast)

Net sales

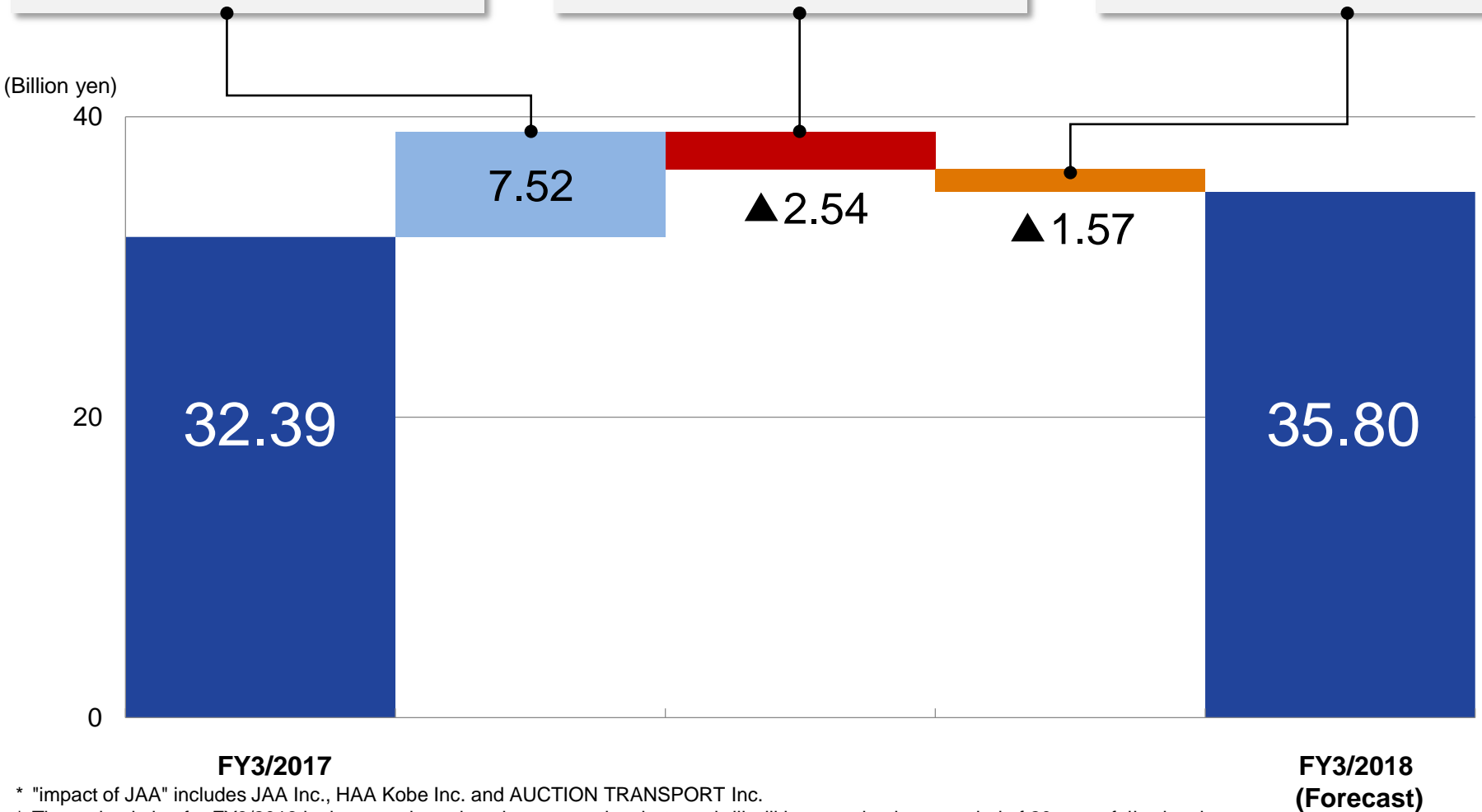
Increase in vehicles consigned(excl. JAA)	1.54bn
Increase in vehicles, etc. recycling	0.71bn
Increase in CIS (Internet)	0.31bn
Impact of JAA	4.97bn

Cost of sales

Increase in cost of materials purchase	▲0.36bn
Increase in cost of goods sold	▲0.33bn
Increase in outsourcing expenses	▲0.12bn
Decrease in expenses for supplies	0.14bn
Impact of JAA	▲1.67bn

SG&A expenses

Decrease in taxes and dues	0.11bn
Impact of JAA (of which goodwill amortization	▲1.64bn ▲0.67bn)



FY3/2017

**FY3/2018
(Forecast)**

* "impact of JAA" includes JAA Inc., HAA Kobe Inc. and AUCTION TRANSPORT Inc.

* The revised plan for FY3/2018 is drawn up based on the assumption that goodwill will be amortized over period of 20 years following the inclusion of JAA in the consolidation.

(Million yen)

	FY3/17 (Actual)	FY3/18 Initial plan (May 11, 2017)	Change	FY3/18 Revised plan (Nov. 6, 2017)	Revised plan vs FY3/17
Net sales					
Auto auction	52,811	53,747	5,721	59,469	112.6%
Used vehicle purchasing and selling	9,373	9,496	▲36	9,460	100.9%
Other	4,995	5,555	214	5,769	115.5%
Total	67,179	68,800	5,900	74,700	111.2%
Operating profit (Per sales)	32,396 (48.2%)	33,400 (48.5%)	2,400	35,800	110.5%

* The revised plan for the fiscal year ending in March 2018 is drawn up based on the assumption that goodwill will be amortized over period of 20 years following the inclusion of JAA in the consolidation.

Market Overview

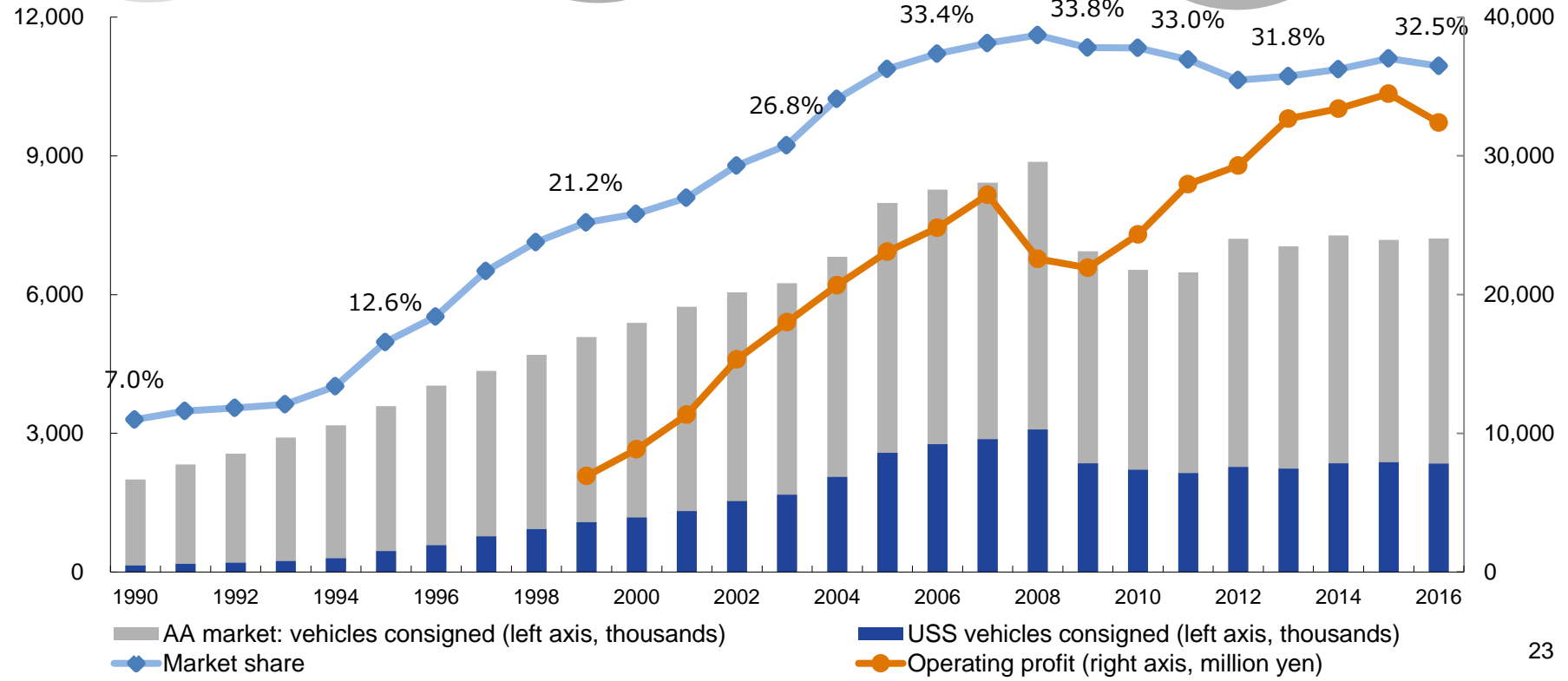
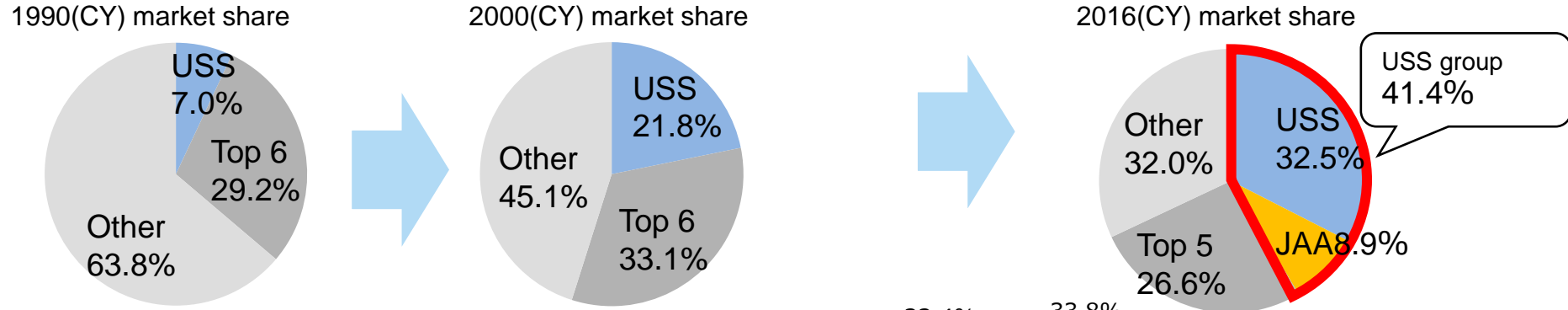
Strategy for Creating Value Over the Medium Term

- New car sales in Japan: Unlikely to see significant growth over the medium term
 - USS's Strategy
 - 1) The JAA acquisition significantly raised the Osaka area market share. The goal is to increase the Tokyo area market share in order to have a market share of more than 40% in all three of Japan's major markets: the Tokyo, Nagoya and Osaka areas.
 - 2) Plan to make additional capital expenditures in the JAA Group to make operations more competitive
 - a) August 2018 Replacement of the HAA Kobe auction system
 - b) Early 2019 Reconstruction of the JAA auction site
- Used car exports: Foresee steady medium-term growth, although there will be short-term effects on exports from economic conditions in overseas markets, import restrictions, exchange rate movements and other factors
 - USS's Strategy
 - 1) Operate used vehicle auctions in all areas of Japan that attract high-quality vehicles in order to continue increasing market share

Used Car Auction Market and USS Market Share

■ Maintained high market shares and increased profit in the period of sluggish markets following the financial crisis of 2008-2009.

■ The JAA acquisition significantly raised the USS Group's market share



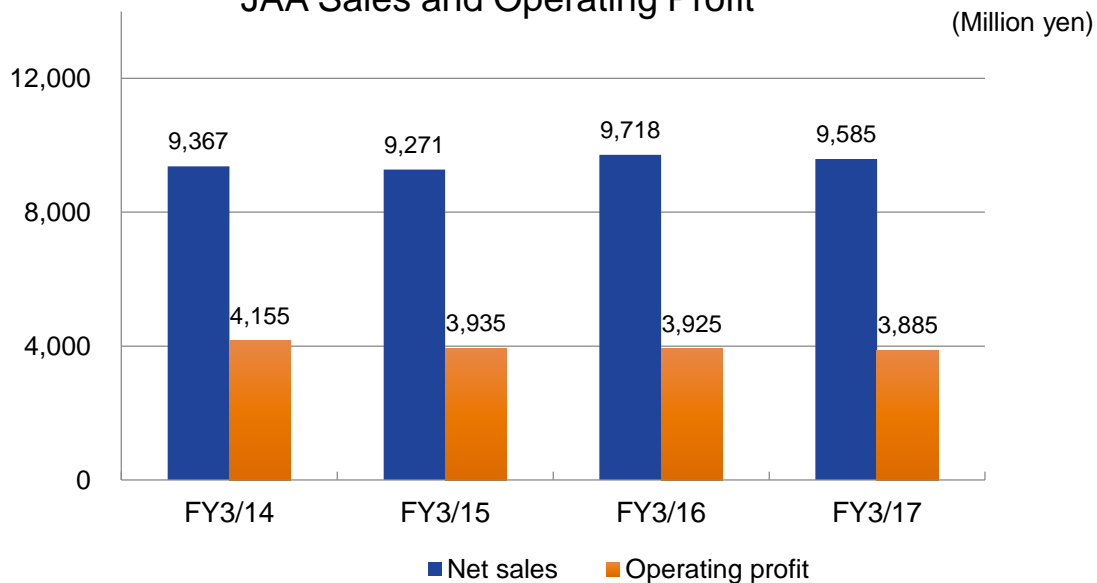
Acquisition of JAA

- USS purchased 66.04% of JAA stock on Aug. 24 following an examination by the Japan Fair Trade Commission
- The price was ¥36.3 billion
- Discussions are under way to make JAA a wholly owned subsidiary

Effect on results of operations

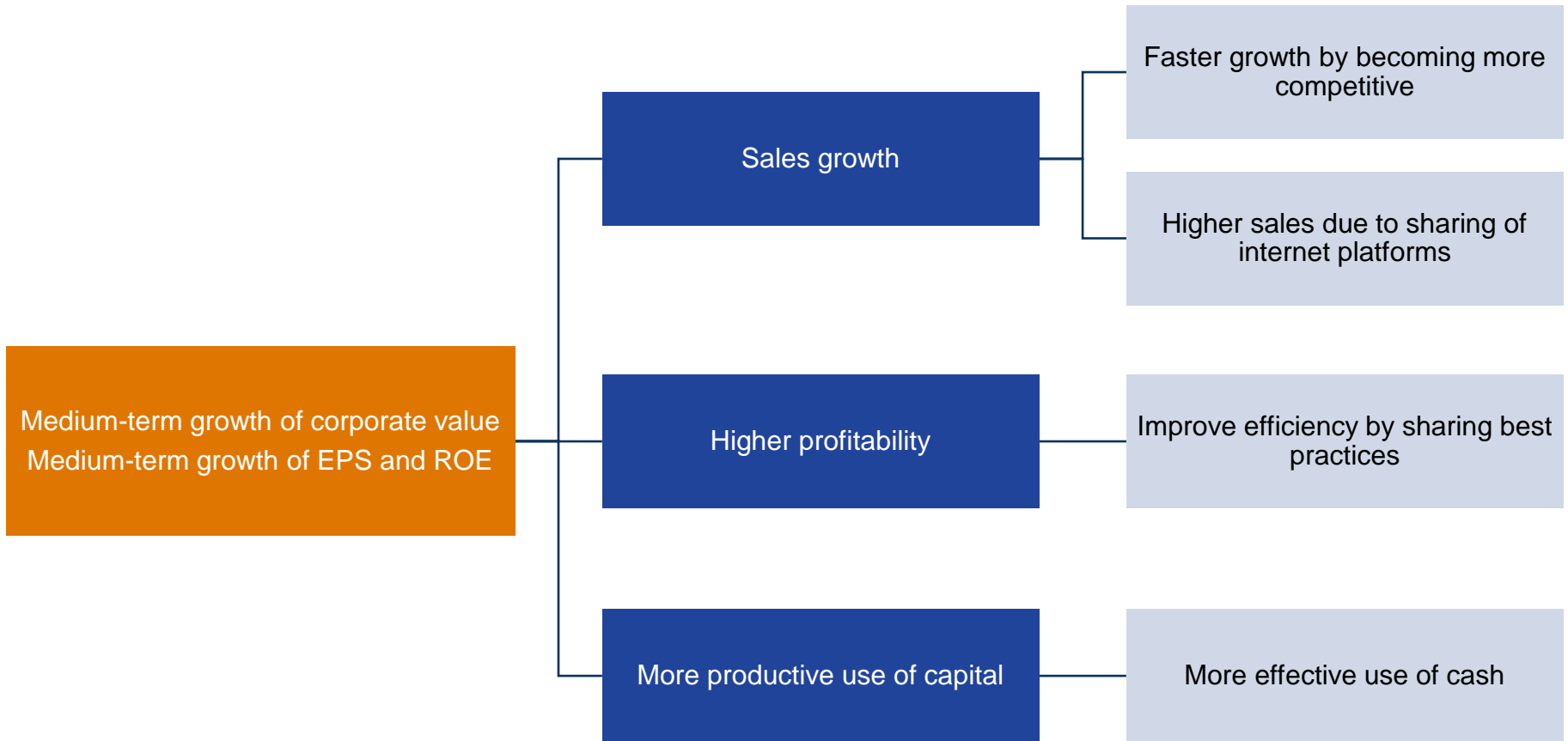
- For ongoing businesses of JAA, sales are about ¥9.5 billion, the operating margin is almost 40%.
- Assumed that the goodwill amortization period will be 20 years and the amount of the amortization will be 1.35billion yen/year
- JAA will raise FY3/18 consolidated EBITDA by about 12% before goodwill amortization

JAA Sales and Operating Profit



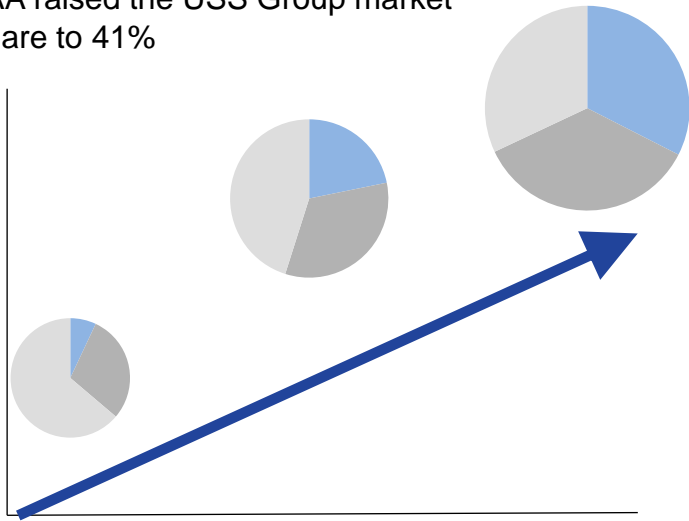
(Million yen)

FY3/17 Financial Highlights	JAA	USS (ref.)
Net sales	9,585	67,179
Operating profit	3,885	32,396
Operating margin	40.5%	48.2%
Net profit	2,574	22,909
Net assets	12,680	159,197
ROE	22.7%	14.7%
Market share	8.9%	32.5%
NAV per market share	6,179	22,187



JAA Acquisition Raised Market Share, Making USS More Competitive

JAA raised the USS Group market share to 41%



As auto auction is a platform business, scaling up contributes to strengthening competitiveness

- Market share in Japan: **32.9%→41.4%**
- Market share in Osaka area, which had been low: **14.2%→48.5%**
- Market share in Japan's three major markets (Tokyo, Nagoya and Osaka areas) is now more than 40%

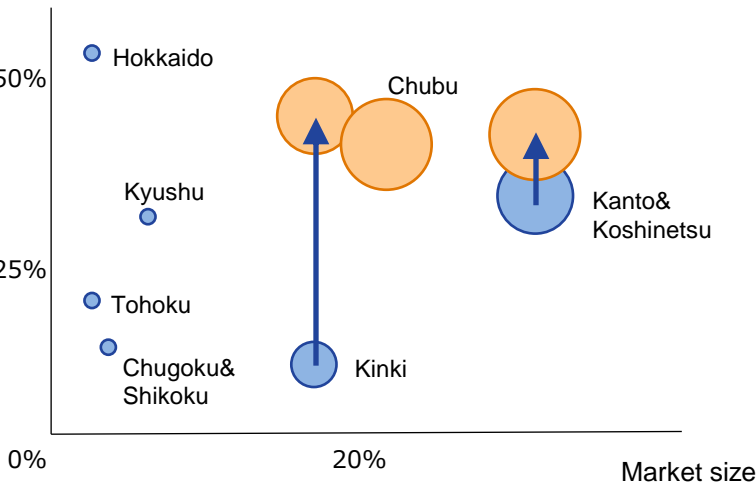
Adding JAA to the USS Group raised the group's market share in the Osaka, Tokyo and Koshinetsu (Yamanashi, Nagano, Niigata) regions.

Market share of more than 40% in Japan's three largest markets

	Market composition	Market share		
		USS	JAA	Total
Hokkaido	3.4%	54.9%	0.0%	54.9%
Tohoku	4.4%	20.0%	0.0%	20.0%
Kanto&Koshinetsu	35.1%	38.5%	6.2%	44.7%
Chubu	22.8%	44.5%	0.0%	44.5%
Kinki	18.5%	14.2%	34.3%	48.5%
Chugoku&Shikoku	5.8%	16.4%	0.0%	16.4%
Kyushu&Okinawa	9.4%	31.2%	0.0%	31.2%
TV	0.6%	-	-	-
	100.0%	32.9%	8.5%	41.4%

*January to June, 2017

Market share



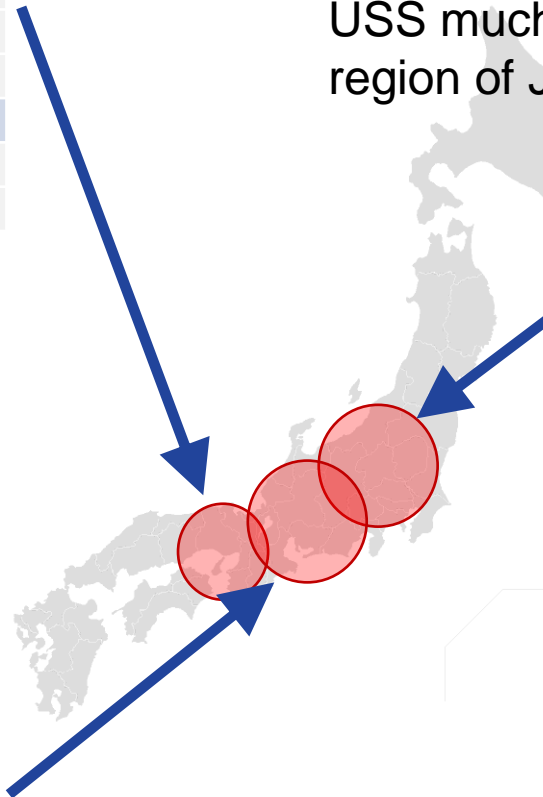
<Kinki region>

Site Name	Vehicles consigned	Share
HAA Kobe	252,166	34.3%
USS Osaka	70,785	9.6%
TAA Kinki	64,563	8.8%
Hanaten AA	61,728	8.4%
BAYAUC	58,542	8.0%
LAA Kansai	40,984	5.6%
IMA Kobe	33,945	4.6%
USS Kobe	33,617	4.6%
Honda AA Kansai	29,692	4.0%
IAA	26,727	3.6%

<Chubu region>

Site Name	Vehicles consigned	Share
USS Nagoya	277,594	30.6%
JU Gifu	119,544	13.2%
CAA Chubu	100,731	11.1%
USS-R Nagoya	74,099	8.2%
JU Aichi	72,124	8.0%
TAA Chubu	52,220	5.8%
CAA Gifu	44,316	4.9%
USS Shizuoka	44,057	4.9%
JU Shizuoka	23,393	2.6%
NAA Nagoya	19,194	2.1%

- Large auction sites are attracting an increasing share of vehicles at used vehicle auctions in Japan.
- The HAA Kobe auction site of the JAA Group has a dominant market share in the Osaka area. This auction site makes USS much more competitive in this region of Japan.



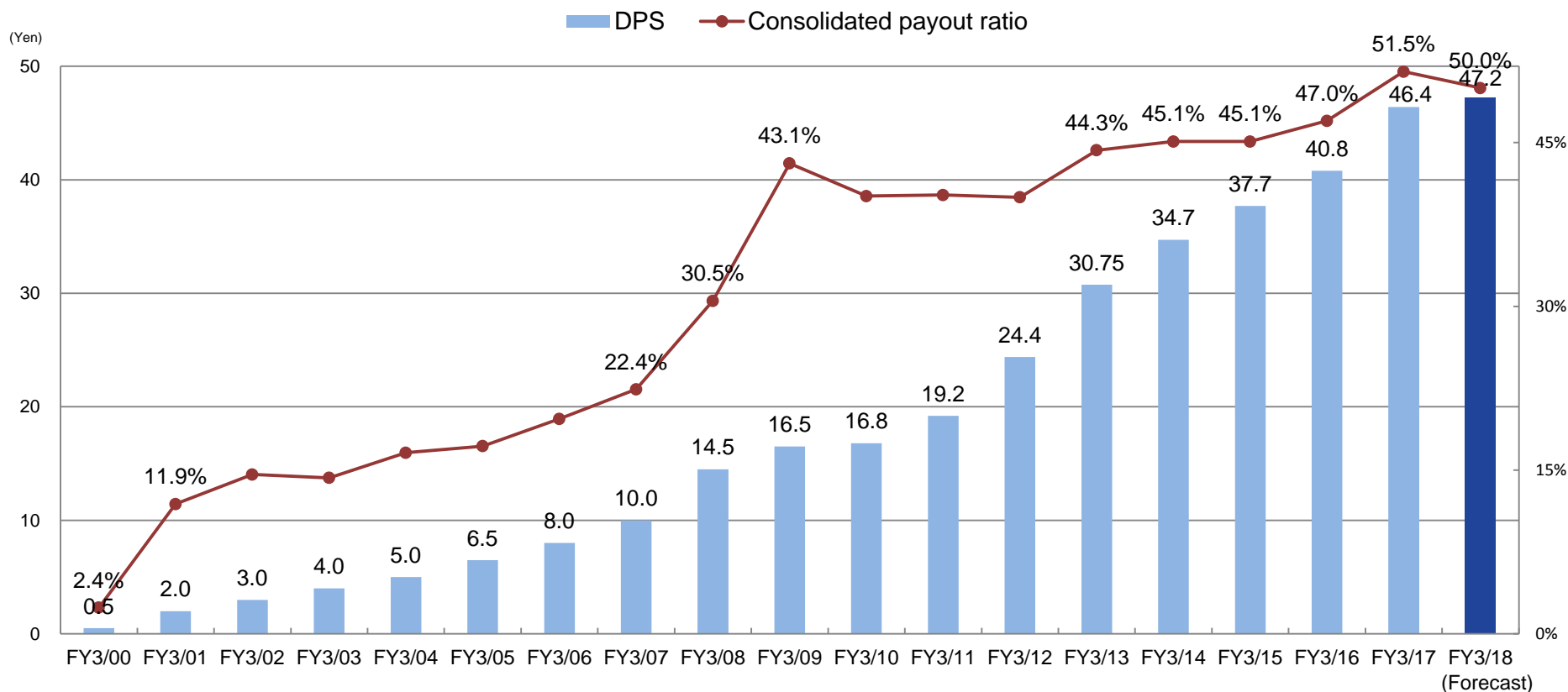
<Kanto&Koshinetsu region>

Site Name	Vehicles consigned	Share
USS Tokyo	347,323	24.9%
USS Yokohama	100,288	7.2%
Arai AA Oyama (Vans & Trucks)	94,613	6.8%
JAA	86,847	6.2%
MIRIVE	78,028	5.6%
TAA Yokohama	71,442	5.1%
JU Saitama	57,414	4.1%
CAA Tokyo	57,209	4.1%
Arai AA Bayside	54,262	3.9%
TAA Kanto	53,715	3.9%

Increase shareholder distributions while continuing investment for growth

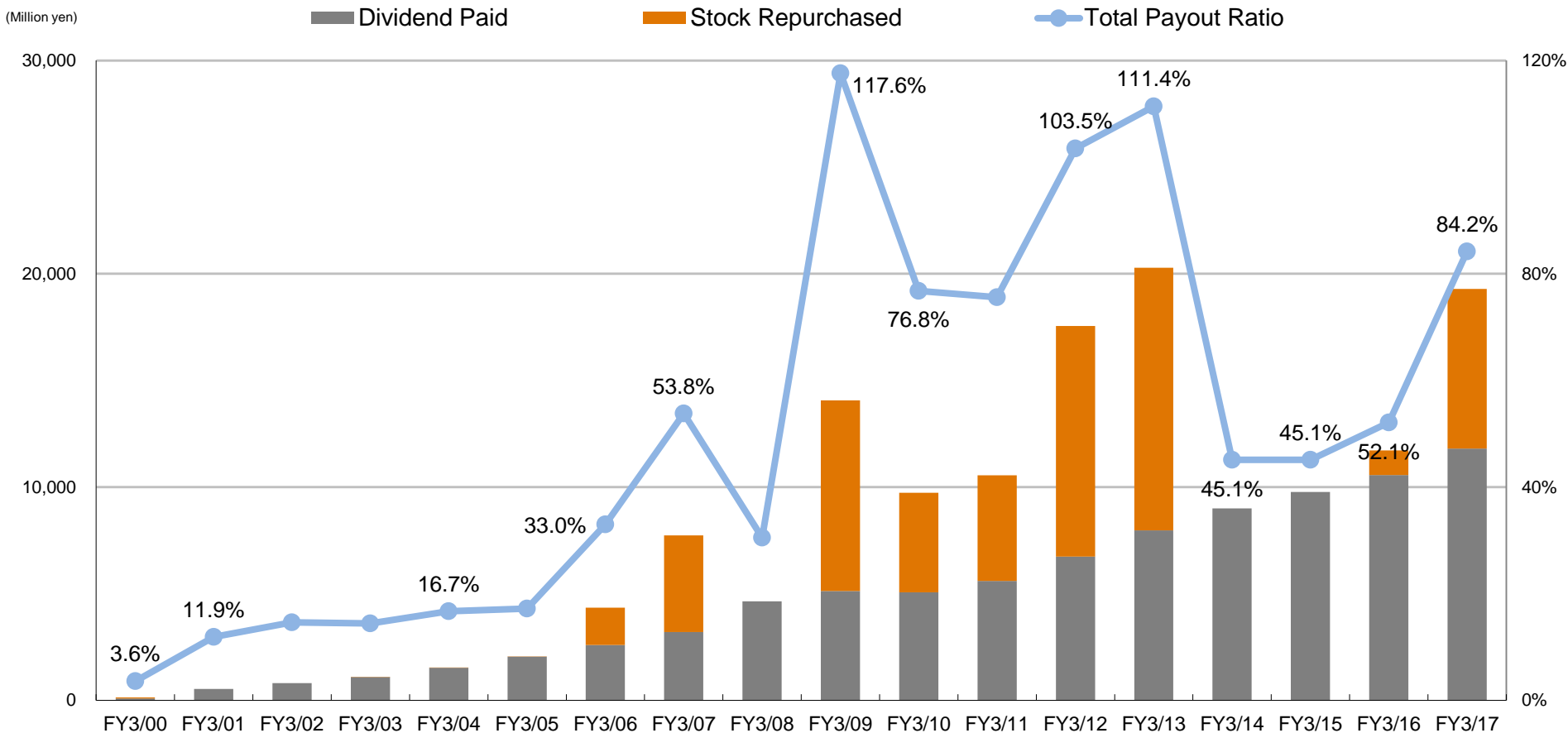
- Consolidated dividend payout ratio: Over **50%** starting in FY3/2017
The JAA acquisition will have no effect on the USS dividend policy of maintaining a consolidated payout ratio of at least 50%.
- Stock repurchases: Buy back stock with flexibility, with due consideration to cash flows, capital investment plans and the market environment
- Return on equity (ROE): Medium-term goal is at least 15%

- Dividend per share for FY3/18 **Revised to 47.2 yen** from 47.0 yen (0.8 yen higher than FY3/17 dividend)
- **18 consecutive years** of dividend growth since listing



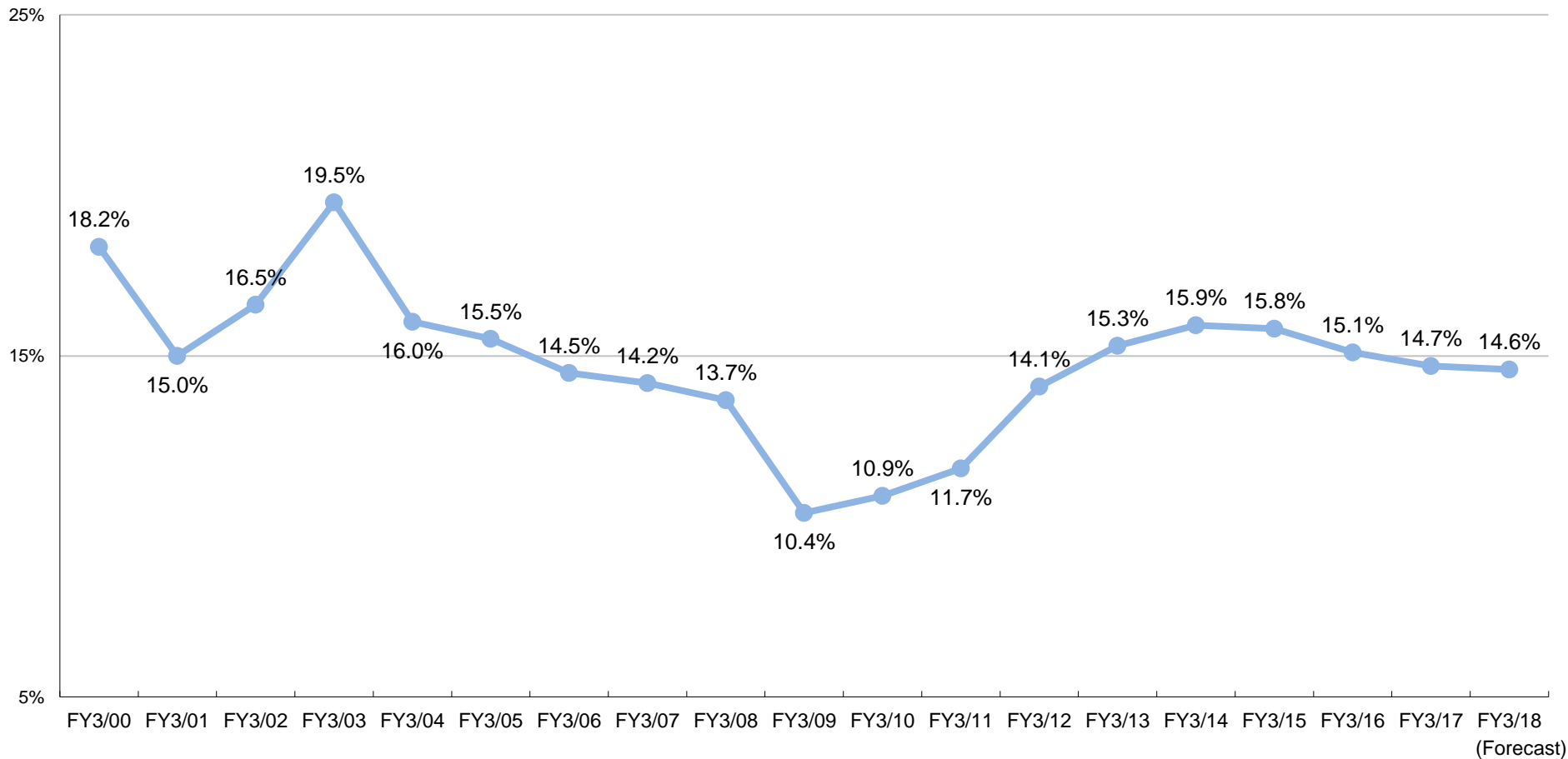
*Dividend per share is retroactively adjusted to the number of shares outstanding as of the effective date (October 1, 2013) of the stock split.

- Flexible stock repurchases while maintaining stable dividend.
- Acquire additional JAA voting rights and draw up capital investment plans for HAA Kobe and JAA.

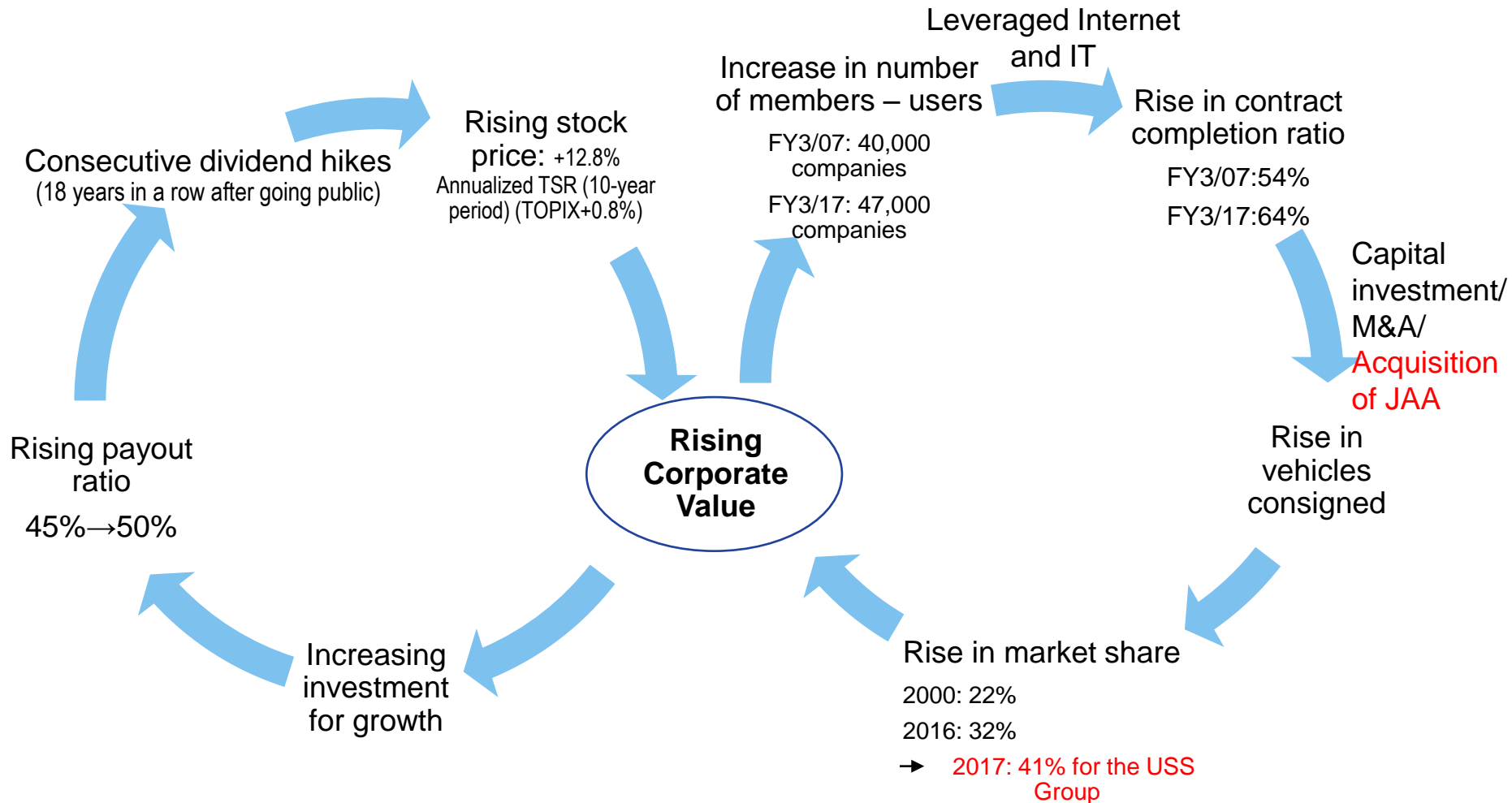


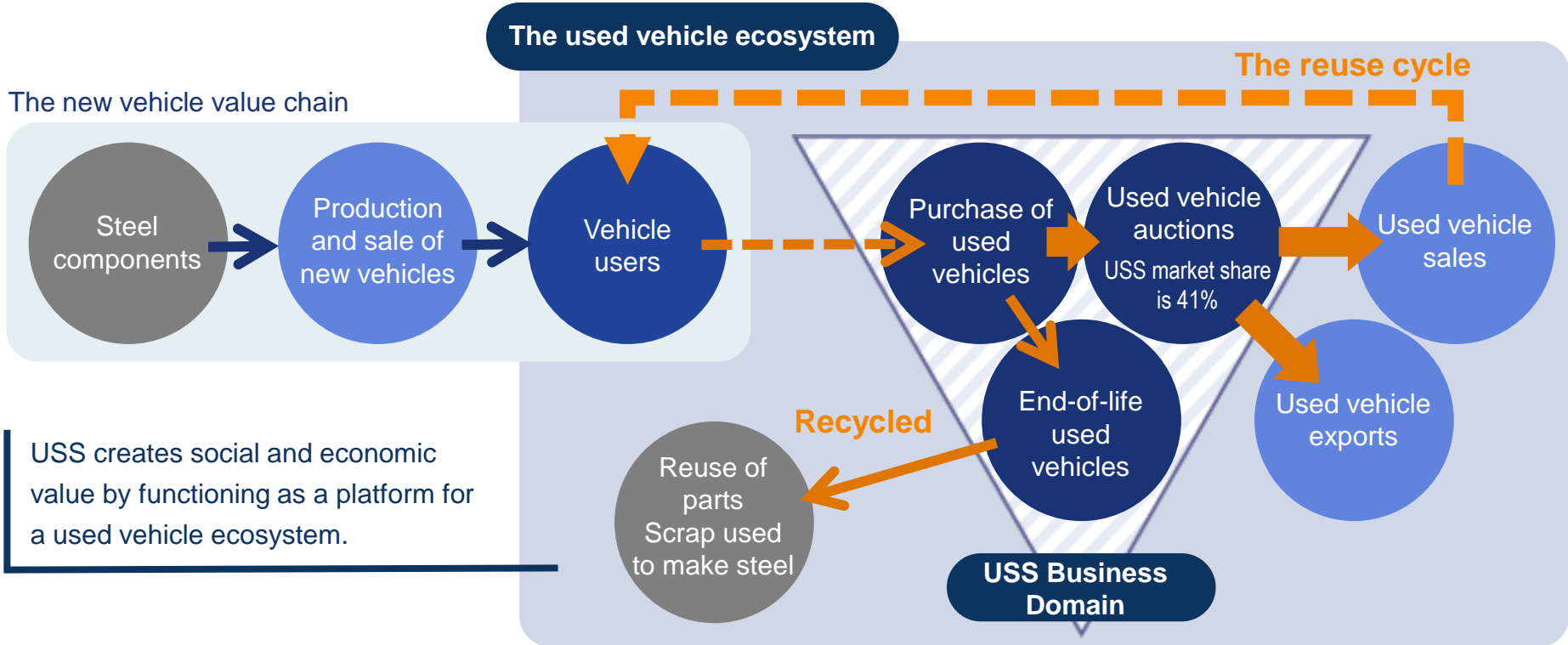
- No change in the medium-term ROE target of above 15%.
- Due to the JAA acquisition, the FY3/18 ROE forecast has been raised from 14.2% to 14.6%.

ROE



■ Aim at increasing shareholder value by a two-pronged strategy of solid investments in growth and active shareholder distributions



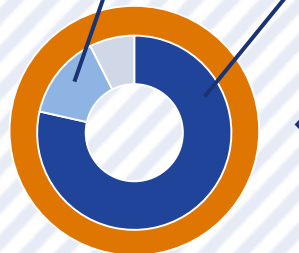


Social value

- ◆ Contribution to the recycling ecosystem (helps protect the environment)
- ◆ Contribution to efficient economic activity by determining fair prices for used vehicles
- ◆ Contribution to offering people more ways to enjoy their vehicles
- ◆ Contribution to the economies of emerging countries

Used vehicle purchasing and selling

Auto auction

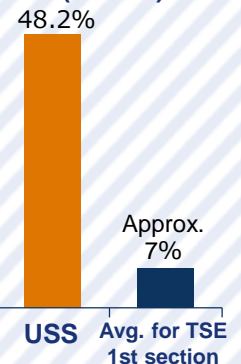


All activities support the used vehicle ecosystem

Economic value

- ◆ USS operates a price determination system that is fair and efficient while also generating fee income from both buyers and sellers. The result is:
- ◆ A high operating margin (48.2% in FY3/17)
- ◆ A high return on equity (14.7% in FY3/17)

Operating Margin (FY3/17)



Reference

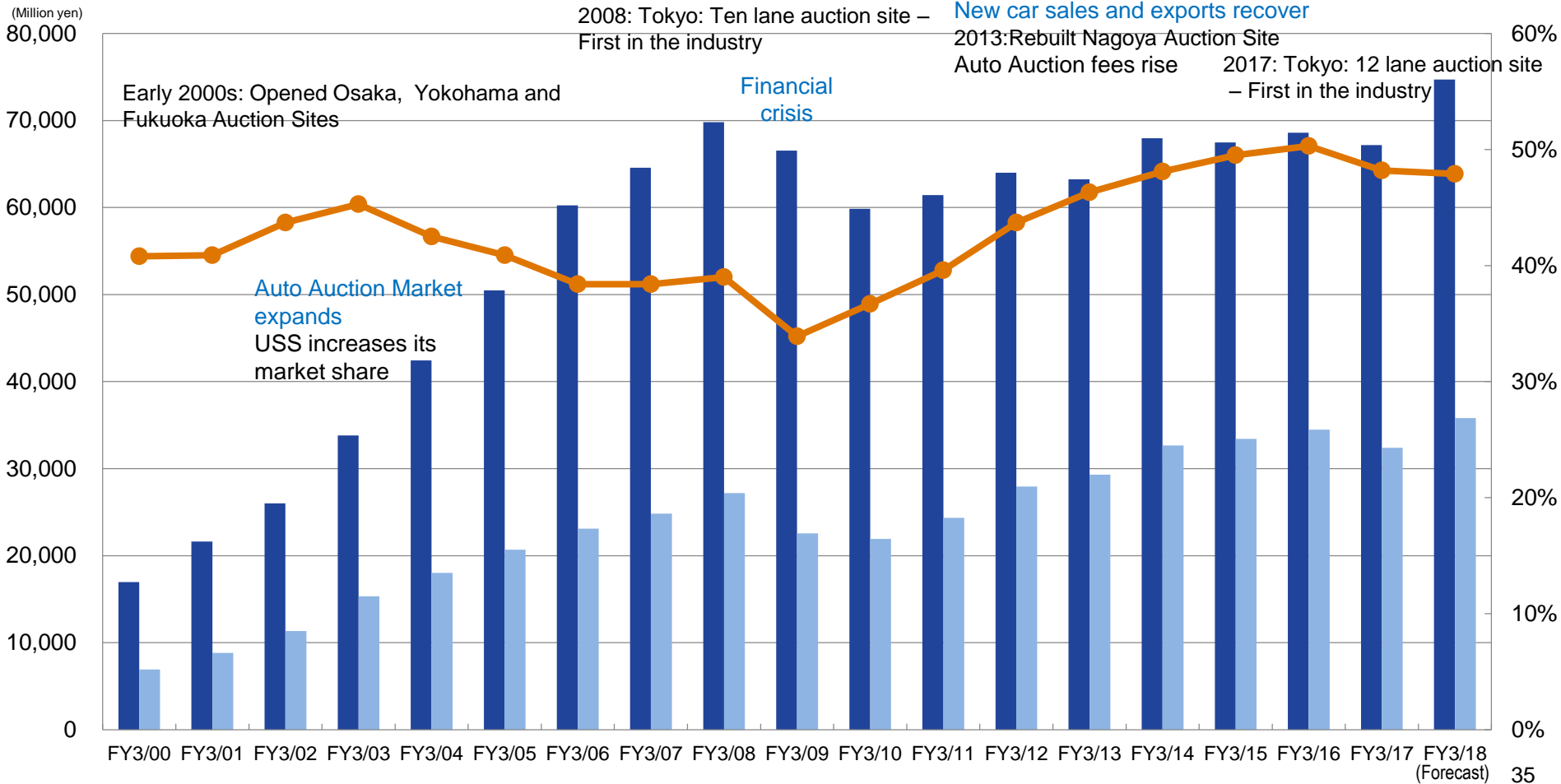
History of USS Long-term Growth

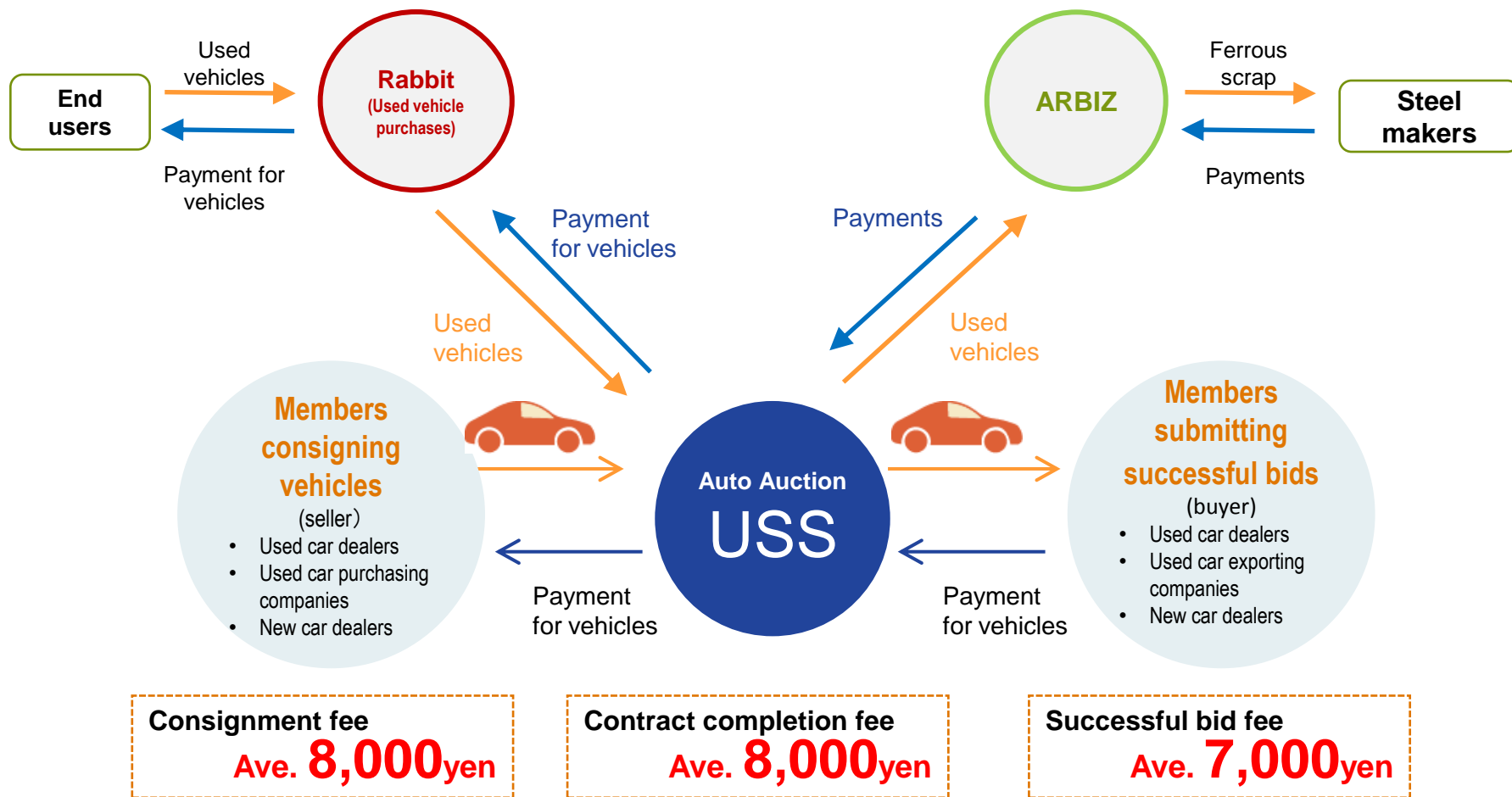
Before 2000

1982: Held the first auction with only 255 vehicles consigned
 1988: Expanded the Nagoya Auction Site. The number of POS seats was 570 (the largest in Japan).
 Early nineties: Opened Kyushu and Tokyo Auction Sites
 Late nineties: Opened Okayama, Shizuoka, Sapporo and West Tokyo (currently the Saitama auction site) Auction Sites

JAA acquisition raises Tokyo/Nagoya/Osaka area market share to more than 40%

■ Net sales ■ Operating profit ● Operating margin





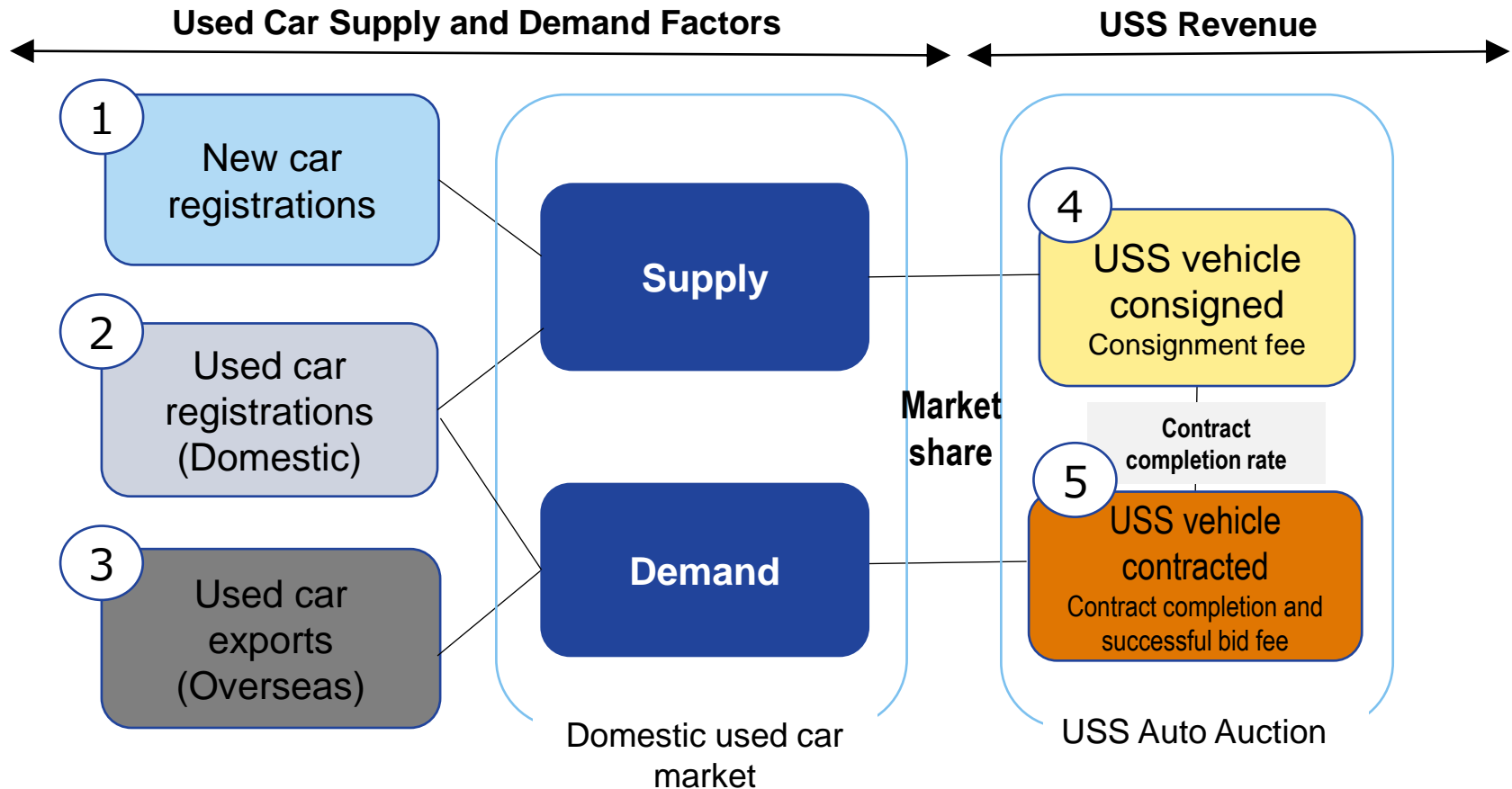
Vehicles consigned
2.35 million units (FY3/2017)

USS's fee per unit
 Ave. **23,000**yen

Contract completion rate
64.1% (FY3/2017)

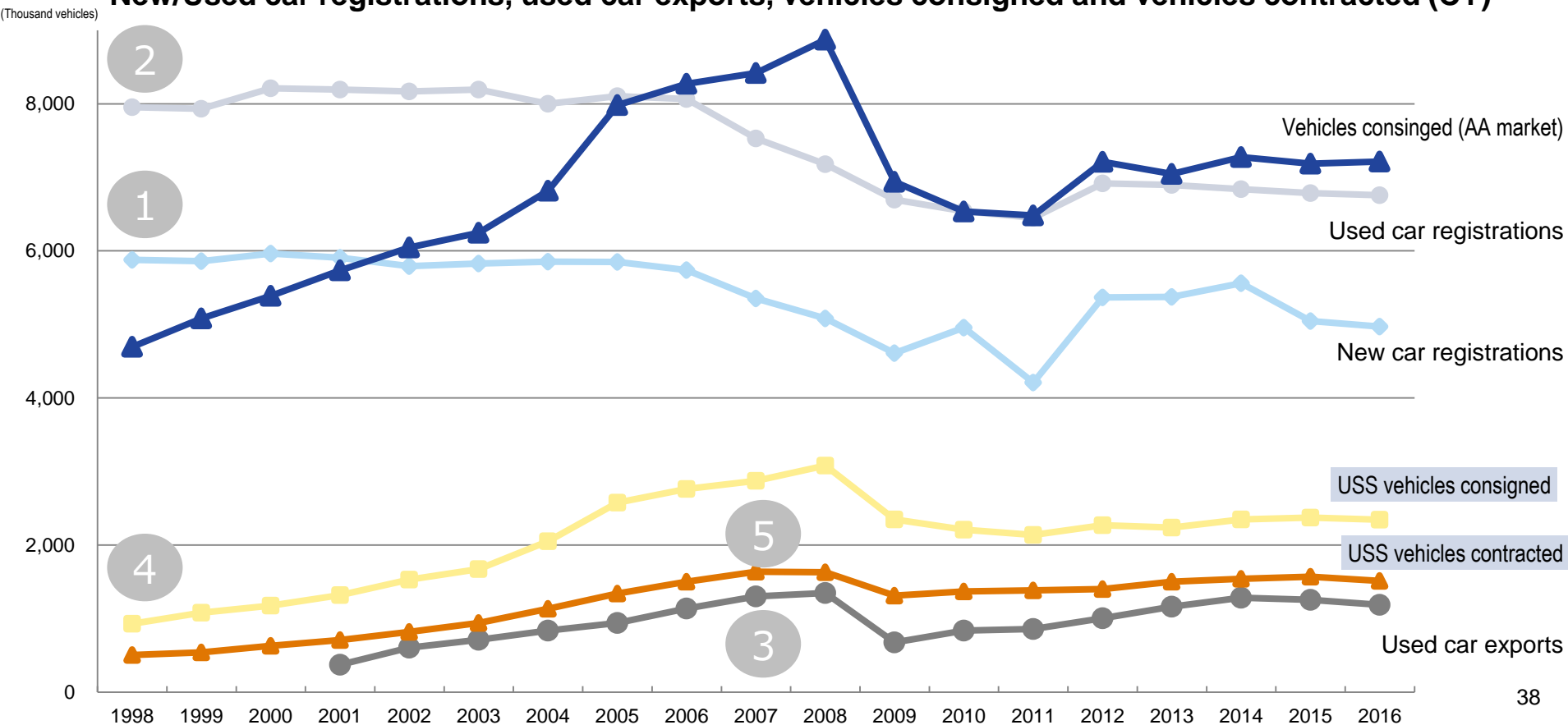
Automobile Market and USS Revenue

- The number of vehicles consigned is correlated through trade-ins to (1) New car registrations and (2) Used car registrations
- Total demand comprises domestic demand (2) and overseas demand (3). In recent years, total demand has been driven mainly by overseas demand.
- In addition to the above, share of the used car auction market and contract ratio have an important bearing on USS auto auction profits.



- The auction market continued to expand till 2000 as the share of used vehicles sold through the auction market increased as a share of the total used vehicle market. Starting in the mid-2000s, older vehicles and vehicles with high mileage which would normally have been scrapped started flowing into auto auction sites and steadily drove up the number of vehicles consigned.
- After the financial crisis of late 2008 the auto auction market was largely correlated to new car registrations (supply) and exports (demand). ➔ **Both are on the decline from 2014**

New/Used car registrations, used car exports, vehicles consigned and vehicles contracted (CY)



- The company's governance organization has been improved in order to work toward the goal of increasing corporate value through continuing business growth
- Strengthened the executive officer system in FY3/2013
- Established nomination and compensation committees in FY3/2016
- Introduced a stock option system for directors and executive officers.

FY	2005	2007	...	2013	...	2018
Directors	12	18	→	12	→	10
(of which external directors)		4	→	4	→	3

Adopted the outside director system

Strengthened the executive officer system

Established nomination and compensation committees

As of November 2017
 Directors: 10 (of which independent outside directors: 3)
 Auditors: 3 (of which independent outside auditors: 2)
 Executive officers: 5