

# Consolidated Financial Results for the Fiscal Year ended March 31, 2019

May 13, 2019

Name of Company: USS Co., Ltd.  
 Stock Exchanges Listing: Tokyo Stock Exchange, First Section, Nagoya Stock Exchange, First Section  
 Stock Code: 4732 URL: <https://www.ussnet.co.jp/eng/>  
 Representative: Title: President and Representative Director Name: Yukihiro Ando  
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 Tel: +81-52-689-1129  
 Scheduled date of annual general meeting of shareholders June 18, 2019  
 Scheduled date of commencement of dividend payment June 19, 2019  
 Scheduled date of filing of securities report June 19, 2019  
 Supplementary materials for financial results Yes  
 Information meeting for financial results Yes

## 1. Consolidated Financial Results for the Fiscal Year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

### (1) Consolidated Operating Results

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2019	79,908	6.3	37,123	2.9	38,039	3.7
Year ended March 31, 2018	75,153	11.9	36,071	11.3	36,676	11.1

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Year ended March 31, 2019	25,543	5.2	100.54	100.35
Year ended March 31, 2018	24,285	6.0	95.59	95.42

Note: Comprehensive income (million yen): Year ended March 31, 2019: 25,848 +2.9%  
 Year ended March 31, 2018: 25,132 +9.8%

	ROE (%)	ROA (%)	Operating margin (%)
Year ended March 31, 2019	14.5	16.7	46.5
Year ended March 31, 2018	14.8	17.5	48.0

### (2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (yen)
As of March 31, 2019	232,703	183,535	78.1	717.96
As of March 31, 2018	222,292	172,190	76.8	672.03

Reference: Equity capital (million yen): As of March 31, 2019: 181,698  
 As of March 31, 2018: 170,767

### (3) Consolidated Statement of Cash Flows

	Cash flows from operating activities (Million yen)	Cash flows from investing activities (Million yen)	Cash flows from financing activities (Million yen)	Cash and cash equivalents at end of period (Million yen)
Year ended March 31, 2019	32,894	(1,496)	(19,668)	45,452
Year ended March 31, 2018	32,505	(34,498)	(12,162)	33,722

## 2. Dividends

	Dividend per share (yen)					Total dividends (million yen)	Dividend payout ratio (consolidated) (%)	Dividend rate for net assets (consolidated) (%)
	First quarter -end	Second quarter -end	Third quarter -end	Fiscal year- end	Total			
Year ended March 31, 2018	-	23.50	-	24.30	47.80	12,158	50.1	7.4
Year ended March 31, 2019	-	24.60	-	25.80	50.40	12,789	50.1	7.3
Year ending March 31, 2020 (Forecast)	-	25.60	-	25.60	51.20		50.1	

Notes: 1. Total dividends paid for the fiscal year ended March 2018 and for the fiscal year ended March 2019 include payments of 13 million yen and 8 million yen each for shares held by the USS employee stock ownership plan trust.

2. Dividend payout ratio (consolidated) is calculated by dividing total dividends paid by profit attributable to owners of parent.

## 3. Forecast of Consolidated Financial Results to the Fiscal Year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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	39,500	1.7	18,600	2.6	18,840	2.3	12,560	1.8	49.73
For the year	80,800	1.1	38,200	2.9	38,700	1.7	25,800	1.0	102.18

\* **Notes**

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation):  
None

(2) 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: Yes

(Change in useful life of assets)

In the current fiscal year, consolidated subsidiary Japan Automobile Auction Inc. decided to rebuild its auction site and replace its auction system and HAA Kobe Inc. decided to replace its auction system. As a result, the useful lives of the assets that will be demolished or no longer used have been changed to the periods ending on the planned replacement dates for these assets.

This change caused depreciation expenses of the current fiscal year to be 609 million yen higher than these expenses would have been based on the previous useful lives. As a result, operating profit, ordinary profit and profit before income taxes each declined by the same amount.

4) Retrospective restatement: None

(3) Number of shares outstanding (common shares)

1) Shares outstanding (including treasury shares)

As of March 31, 2019: 313,250,000 shares                      As of March 31, 2018: 313,250,000 shares

2) Treasury shares

As of March 31, 2019: 60,174,839 shares                      As of March 31, 2018: 59,144,794 shares

3) Average number of shares

As of March 31, 2019: 254,055,369 shares                      As of March 31, 2018: 254,039,756 shares

Note: Treasury shares includes 115,100 shares as of March 31, 2019 and 255,900 shares as of March 31, 2018 held by the USS employee stock ownership plan trust.

\* This 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)

The company plans to hold an information meeting on May 14, 2019. Supplementary explanatory documents to be handed out at the meeting will be posted on the Company's website immediately after the meeting.

**Additional information**

**Application of Partial Amendments to Accounting Standard for Tax Effect Accounting**

The Company started using Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018), etc. at the beginning of the current fiscal year. As a result, deferred tax assets are classified as investments and other assets and deferred tax liabilities are classified as non-current liabilities.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheet

(Million yen)

	FY 2017 (As of March 31, 2018)	FY 2018 (As of March 31, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	39,622	51,352
Receivables due from member dealers at auction	18,846	16,502
Notes and accounts receivable-trade	2,720	3,154
Inventories	829	1,038
Prepaid expenses	154	173
Other	665	5,255
Allowance for doubtful accounts	(61)	(44)
Total current assets	62,777	77,431
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	37,555	34,972
Machinery, equipment and vehicles, net	785	966
Tools, furniture and fixtures, net	2,426	2,194
Land	65,623	65,027
Leased assets, net	83	116
Construction in progress	33	1,610
Total property, plant and equipment	106,508	104,887
Intangible assets		
Goodwill	37,280	35,297
Other	7,536	7,061
Total intangible assets	44,817	42,358
Investments and other assets		
Investment securities	637	500
Long-term loans receivable	443	43
Long-term prepaid expenses	154	104
Deferred tax assets	1,442	1,487
Deferred tax assets for land revaluation	2,455	2,455
Retirement benefit asset	34	40
Investment property, net	2,810	2,787
Other	703	1,142
Allowance for doubtful accounts	(493)	(535)
Total investments and other assets	8,188	8,025
Total non-current assets	159,514	155,271
<b>Total assets</b>	<b>222,292</b>	<b>232,703</b>

(Million yen)

	FY 2017 (As of March 31, 2018)	FY 2018 (As of March 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables due to member dealers at auction	22,339	22,209
Notes and accounts payable-trade	436	520
Current portion of long-term borrowings	220	397
Lease obligations	12	41
Income taxes payable	6,954	6,783
Deposits received	2,610	2,223
Provision for bonuses	685	722
Other	4,113	5,178
<b>Total current liabilities</b>	<b>37,373</b>	<b>38,077</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,330	2,640
Lease obligations	7	33
Long-term accounts payable - other	204	196
Deferred tax liabilities	1,827	1,752
Retirement benefit liability	695	771
Long-term guarantee deposits	6,065	5,096
Asset retirement obligations	598	600
<b>Total non-current liabilities</b>	<b>12,728</b>	<b>11,090</b>
<b>Total liabilities</b>	<b>50,102</b>	<b>49,168</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	18,881	18,881
Capital surplus	18,914	18,913
Retained earnings	185,835	198,940
Treasury shares	(47,365)	(49,448)
<b>Total shareholders' equity</b>	<b>176,266</b>	<b>187,287</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	141	60
Revaluation reserve for land	(5,633)	(5,633)
Remeasurements of defined benefit plans	(6)	(15)
<b>Total accumulated other comprehensive income</b>	<b>(5,498)</b>	<b>(5,588)</b>
<b>Share acquisition rights</b>	<b>364</b>	<b>423</b>
<b>Non-controlling interests</b>	<b>1,058</b>	<b>1,412</b>
<b>Total net assets</b>	<b>172,190</b>	<b>183,535</b>
<b>Total liabilities and net assets</b>	<b>222,292</b>	<b>232,703</b>

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

(Million yen)

	FY 2017 (April 1, 2017 to March 31, 2018)	FY 2018 (April 1, 2018 to March 31, 2019)
<b>Net sales</b>	75,153	79,908
<b>Cost of sales</b>	29,174	31,391
<b>Gross profit</b>	45,979	48,516
<b>Selling, general and administrative expenses</b>	9,907	11,393
<b>Operating profit</b>	36,071	37,123
<b>Non-operating income</b>		
Interest income	13	8
Dividend income	10	310
Rental income from real estate	425	450
Miscellaneous income	232	220
Total non-operating income	681	990
<b>Non-operating expenses</b>		
Interest expenses	10	11
Rental cost on real estate	47	47
Miscellaneous loss	18	15
Total non-operating expenses	76	74
<b>Ordinary profit</b>	36,676	38,039
<b>Extraordinary income</b>		
Gain on sales of non-current assets	32	151
Gain on sales of investment securities	77	-
Gain on sales of shares of subsidiaries and associates	-	319
Other	-	1
Total extraordinary income	109	472
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	7	131
Loss on retirement of non-current assets	83	26
Other	37	23
Total extraordinary losses	128	181
<b>Profit before income taxes</b>	36,657	38,330
<b>Income taxes-current</b>	11,377	12,472
<b>Income taxes-deferred</b>	239	(81)
<b>Total income taxes</b>	11,617	12,391
<b>Profit</b>	25,039	25,938
<b>Profit attributable to non-controlling interests</b>	753	395
<b>Profit attributable to owners of parent</b>	24,285	25,543

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

	FY 2017 (April 1, 2017 to March 31, 2018)	FY 2018 (April 1, 2018 to March 31, 2019)
<b>Profit</b>	25,039	25,938
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	94	(80)
Remeasurements of defined benefit plans, net of tax	(2)	(9)
<b>Total other comprehensive income</b>	<b>92</b>	<b>(90)</b>
<b>Comprehensive income</b>	<b>25,132</b>	<b>25,848</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,378	25,453
Comprehensive income attributable to non-controlling interests	753	395

**(3) Consolidated Statement of Changes in Equity**

Fiscal Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,881	18,913	173,488	(47,602)	163,681
Changes in items during period					
Dividends of surplus			(11,878)		(11,878)
Profit attributable to owners of parent			24,285		24,285
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		236	238
Reversal of revaluation reserve for land			(61)		(61)
Net changes in items other than shareholders' equity					-
Total changes in items during period	-	1	12,346	236	12,584
Balance at end of period	18,881	18,914	185,835	(47,365)	176,266

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	46	(5,694)	(3)	(5,652)	306	861	159,197
Changes in items during period							
Dividends of surplus							(11,878)
Profit attributable to owners of parent							24,285
Purchase of treasury shares							(0)
Disposal of treasury shares							238
Reversal of revaluation reserve for land							(61)
Net changes in items other than shareholders' equity	94	61	(2)	153	57	196	407
Total changes in items during period	94	61	(2)	153	57	196	12,992
Balance at end of period	141	(5,633)	(6)	(5,498)	364	1,058	172,190



Fiscal Year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,881	18,914	185,835	(47,365)	176,266
Changes in items during period					
Dividends of surplus			(12,438)		(12,438)
Profit attributable to owners of parent			25,543		25,543
Purchase of treasury shares				(2,359)	(2,359)
Disposal of treasury shares		(1)		276	275
Reversal of revaluation reserve for land					-
Net changes in items other than shareholders' equity					-
Total changes in items during period	-	(1)	13,105	(2,082)	11,021
Balance at end of period	18,881	18,913	198,940	(49,448)	187,287

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	141	(5,633)	(6)	(5,498)	364	1,058	172,190
Changes in items during period							
Dividends of surplus							(12,438)
Profit attributable to owners of parent							25,543
Purchase of treasury shares							(2,359)
Disposal of treasury shares							275
Reversal of revaluation reserve for land							-
Net changes in items other than shareholders' equity	(80)	-	(9)	(90)	59	354	323
Total changes in items during period	(80)	-	(9)	(90)	59	354	11,344
Balance at end of period	60	(5,633)	(15)	(5,588)	423	1,412	183,535

**(3) Consolidated Statement of Cash Flows**

(Million yen)

	FY 2017 (April 1, 2017 to March 31, 2018)	FY 2018 (April 1, 2018 to March 31, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	36,657	38,330
Depreciation and amortization	5,066	5,372
Amortization of goodwill	1,033	1,983
Increase (decrease) in allowance for doubtful accounts	(62)	25
Increase (decrease) in provision for bonuses	5	36
Increase (decrease) in retirement benefit liability	110	63
Decrease (increase) in retirement benefit asset	(0)	(5)
Interest and dividend income	(23)	(319)
Interest expenses	10	11
Loss (gain) on sales of investment securities	(77)	-
Loss (gain) on sales of shares of subsidiaries and associates	-	(319)
Loss (gain) on sales and retirement of property, plant and equipment	58	6
Loss (gain) on sales and retirement of intangible assets	0	0
Net change in due from/to member dealers at auction	603	2,214
Decrease (increase) in trade receivables	(87)	(433)
Increase (decrease) in trade payables	37	83
Increase (decrease) in deposits received	235	(387)
Other, net	(838)	(760)
Subtotal	42,730	45,900
Interest and dividends received	47	330
Interest paid	(11)	(11)
Income taxes paid	(10,261)	(13,324)
Net cash provided by (used in) operating activities	32,505	32,894
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	21,000	-
Purchase of property, plant and equipment	(3,988)	(1,837)
Proceeds from sales of property, plant and equipment	56	633
Purchase of intangible assets	(459)	(590)
Proceeds from sales of shares of subsidiaries and associates	-	339
Proceeds from sales of investment securities	86	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(51,071)	-
Purchase of long-term prepaid expenses	(67)	(22)
Other, net	(54)	(18)
Net cash provided by (used in) investing activities	(34,498)	(1,496)

(Million yen)

	FY 2017 (April 1, 2017 to March 31, 2018)	FY 2018 (April 1, 2018 to March 31, 2019)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(30)	-
Repayments of long-term borrowings	(489)	(512)
Guarantee deposits received from member dealers	146	302
Refund of guarantee deposits received from member dealers	(75)	(1,230)
Purchase of treasury shares	(0)	(2,359)
Proceeds from sales of treasury shares	265	284
Decrease (increase) in money trust to acquire treasury stock	-	(3,640)
Dividends paid	(11,878)	(12,438)
Dividends paid to non-controlling interests	(75)	(40)
Repayment of finance lease obligations	(5)	(32)
Other, net	(19)	0
Net cash provided by (used in) financing activities	(12,162)	(19,668)
<b>Net increase (decrease) in cash and cash equivalents</b>	(14,155)	11,729
<b>Cash and cash equivalents at beginning of period</b>	47,878	33,722
<b>Cash and cash equivalents at end of period</b>	33,722	45,452