

Consolidated Financial Results for the Fiscal Year ended March 31, 2020

May 12, 2020

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: 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 annual general meeting of shareholders June 23, 2020
 Scheduled date of commencement of dividend payment June 24, 2020
 Scheduled date of filing of securities report June 24, 2020
 Supplementary materials for financial results Yes
 Information meeting for financial results Yes

1. Consolidated Financial Results for the Fiscal Year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	78,143	(2.2)	36,009	(3.0)	36,710	(3.5)
Year ended March 31, 2019	79,908	6.3	37,123	2.9	38,039	3.7

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Year ended March 31, 2020	20,634	(19.2)	82.44	82.28
Year ended March 31, 2019	25,543	5.2	100.54	100.35

Note: Comprehensive income (million yen): Year ended March 31, 2020: 20,764 – 19.7%
 Year ended March 31, 2019: 25,848 + 2.9%

	ROE(%)	ROA(%)	Operating margin(%)
Year ended March 31, 2020	11.3	16.2	46.1
Year ended March 31, 2019	14.5	16.7	46.5

(2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (yen)
As of March 31, 2020	219,133	183,980	83.0	729.12
As of March 31, 2019	232,703	183,535	78.1	717.96

Note: Equity capital (million yen): As of March 31, 2020: 181,939
 As of March 31, 2019: 181,698

(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 of period (Million yen)
Year ended March 31, 2020	27,245	(4,906)	(16,963)	50,829
Year ended March 31, 2019	32,894	(1,496)	(19,668)	45,452

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, 2019	—	24.60	—	25.80	50.40	12,789	50.1	7.3
Year ended March 31, 2020	—	25.60	—	29.80	55.40	13,824	67.0	7.7
Year ending March 31, 2021(Forecast)	—	—	—	—	—		—	

Notes: 1. Total dividends paid for the fiscal year ended March 2019 and for the fiscal year ended March 2020 include payments of 8 million yen and 1 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. There is no dividend forecast for the fiscal year ending in March 2021 because earnings forecast for the year has not been published.

3. Forecast of Consolidated Financial Results to the year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

The consolidated business forecast for the fiscal year ending March 2021 is not established at this time because it is difficult to reasonably predict the impact of the spread of the COVID-19 pandemic. The company will promptly announce the forecast when it becomes possible.

*** 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: None
 - 4) Retrospective restatement : None

- (3) Number of shares outstanding (common shares)
 - 1) Shares outstanding (including treasury shares)
As of March 31, 2020: 313,250,000 shares
As of March 31, 2019: 313,250,000 shares
 - 2) Treasury shares
As of March 31, 2020: 63,717,259 shares
As of March 31, 2019: 60,174,839 shares
 - 3) Average number of shares
As of March 31, 2020: 250,269,847 shares
As of March 31, 2019: 254,055,369 shares

Note: Treasury shares includes 115,100 shares as of March 31, 2019 held by the USS employee stock ownership plan trust.
All shares in the trust have been sold in the fiscal year ended March 31, 2020.

* 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)

The consolidated business forecast for the fiscal year ending March 2021 is not established at this time because it is difficult to reasonably predict the impact of the spread of the COVID-19 pandemic. The company will promptly announce the forecast when it becomes possible.

(Supplementary explanatory documents)

We will promptly deliver the video of the financial results briefing on our website.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	FY 2018 (As of March 31, 2019)	FY 2019 (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	51,352	50,729
Receivables due from member dealers at auction	16,502	5,603
Notes and accounts receivable-trade	3,154	2,894
Securities	-	6,000
Inventories	1,038	1,052
Prepaid expenses	173	171
Other	5,255	1,684
Allowance for doubtful accounts	(44)	(38)
Total current assets	77,431	68,096
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,972	36,573
Machinery, equipment and vehicles, net	966	759
Tools, furniture and fixtures, net	2,194	2,536
Land	65,027	65,031
Leased assets, net	116	173
Construction in progress	1,610	1,673
Total property, plant and equipment	104,887	106,747
Intangible assets		
Goodwill	35,297	29,449
Other	7,061	6,671
Total intangible assets	42,358	36,120
Investments and other assets		
Investment securities	500	627
Long-term loans receivable	43	48
Long-term prepaid expenses	104	73
Deferred tax assets	1,487	1,507
Deferred tax assets for land revaluation	2,455	2,455
Retirement benefit asset	40	45
Investment property, net	2,787	2,775
Other	1,142	790
Allowance for doubtful accounts	(535)	(157)
Total investments and other assets	8,025	8,168
Total non-current assets	155,271	151,037
Total assets	232,703	219,133

(Million yen)

	FY 2018 (As of March 31, 2019)	FY 2019 (As of March 31, 2020)
Liabilities		
Current liabilities		
Payables due to member dealers at auction	22,209	8,721
Notes and accounts payable-trade	520	376
Short-term borrowings	-	300
Current portion of long-term borrowings	397	220
Lease obligations	41	78
Income taxes payable	6,783	5,623
Deposits received	2,223	1,771
Provision for bonuses	722	713
Other	5,178	6,691
Total current liabilities	38,077	24,497
Non-current liabilities		
Long-term borrowings	2,640	2,420
Lease obligations	33	41
Long-term accounts payable-other	196	187
Deferred tax liabilities	1,752	1,655
Retirement benefit liability	771	834
Long-term guarantee deposits	5,096	4,907
Asset retirement obligations	600	609
Total non-current liabilities	11,090	10,656
Total liabilities	49,168	35,153
Net assets		
Shareholders' equity		
Share capital	18,881	18,881
Capital surplus	18,913	18,911
Retained earnings	198,940	206,654
Treasury shares	(49,448)	(56,861)
Total shareholders' equity	187,287	187,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60	2
Revaluation reserve for land	(5,633)	(5,633)
Remeasurements of defined benefit plans	(15)	(15)
Total accumulated other comprehensive income	(5,588)	(5,646)
Share acquisition rights	423	494
Non-controlling interests	1,412	1,546
Total net assets	183,535	183,980
Total liabilities and net assets	232,703	219,133

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

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Net sales	79,908	78,143
Cost of sales	31,391	30,954
Gross profit	48,516	47,188
Selling, general and administrative expenses	11,393	11,179
Operating profit	37,123	36,009
Non-operating income		
Interest income	8	6
Dividend income	310	11
Rental income from real estate	450	594
Gain on adjustment of guarantee deposits received from member dealers	43	114
Miscellaneous income	177	139
Total non-operating income	990	866
Non-operating expenses		
Interest expenses	11	13
Rental costs on real estate	47	135
Miscellaneous loss	15	15
Total non-operating expenses	74	165
Ordinary profit	38,039	36,710
Extraordinary income		
Gain on sales of non-current assets	151	38
Gain on sales of shares of subsidiaries and associates	319	-
Other	1	-
Total extraordinary income	472	38
Extraordinary losses		
Loss on sales of non-current assets	131	0
Loss on retirement of non-current assets	26	126
Impairment loss	3	3,873
Other	20	12
Total extraordinary losses	181	4,013
Profit before income taxes	38,330	32,736
Income taxes-current	12,472	12,006
Income taxes-deferred	(81)	(91)
Total Income taxes	12,391	11,914
Profit	25,938	20,821
Profit attributable to non-controlling interests	395	187
Profit attributable to owners of parent	25,543	20,634

(Consolidated Statement of Comprehensive Income)

(Million yen)

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Profit	25,938	20,821
Other comprehensive income		
Valuation difference on available-for-sale securities	(80)	(57)
Remeasurements of defined benefit plans, net of tax	(9)	0
Total other comprehensive income	(90)	(57)
Comprehensive income	25,848	20,764
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,453	20,577
Comprehensive income attributable to non-controlling interests	395	187

(3) Consolidated Statement of Changes in Equity

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 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
Net changes in items other than shareholders' equity					-
Total changes 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 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
Net changes in items other than shareholders' equity	(80)	-	(9)	(90)	59	354	323
Total changes 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

Fiscal Year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,881	18,913	198,940	(49,448)	187,287
Changes during period					
Dividends of surplus			(12,920)		(12,920)
Profit attributable to owners of parent			20,634		20,634
Purchase of treasury shares				(7,641)	(7,641)
Disposal of treasury shares		(1)		227	225
Net changes in items other than shareholders' equity					-
Total changes during period	-	(1)	7,714	(7,413)	298
Balance at end of period	18,881	18,911	206,654	(56,861)	187,585

	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	60	(5,633)	(15)	(5,588)	423	1,412	183,535
Changes during period							
Dividends of surplus							(12,920)
Profit attributable to owners of parent							20,634
Purchase of treasury shares							(7,641)
Disposal of treasury shares							225
Net changes in items other than shareholders' equity	(57)	-	0	(57)	70	133	146
Total changes during period	(57)	-	0	(57)	70	133	445
Balance at end of period	2	(5,633)	(15)	(5,646)	494	1,546	183,980

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY 2018 (April 1, 2018 to March 31, 2019)	FY 2019 (April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	38,330	32,736
Depreciation and amortization	5,372	5,099
Impairment loss	3	3,873
Amortization of goodwill	1,983	1,983
Increase (decrease) in allowance for doubtful accounts	25	(383)
Increase (decrease) in provision for bonuses	36	(8)
Increase (decrease) in retirement benefit liability	63	63
Decrease (increase) in retirement benefit asset	(5)	(5)
Interest and dividend income	(319)	(17)
Interest expenses	11	13
Loss (gain) on sales of shares of subsidiaries and associates	(319)	-
Loss (gain) on sales and retirement of property, plant and equipment	6	71
Loss (gain) on sales and retirement of intangible assets	0	16
Net change in due from/to member dealers at auction	2,214	(2,589)
Decrease (increase) in trade receivables	(433)	259
Increase (decrease) in trade payables	83	(144)
Increase (decrease) in deposits received	(387)	(451)
Other, net	(763)	(3)
Subtotal	45,900	40,513
Interest and dividends received	330	22
Interest paid	(11)	(14)
Income taxes paid	(13,324)	(13,276)
Net cash provided by (used in) operating activities	32,894	27,245
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,837)	(3,913)
Proceeds from sales of property, plant and equipment	633	46
Purchase of intangible assets	(590)	(606)
Purchase of shares of subsidiaries and associates	-	(221)
Proceeds from sales of shares of subsidiaries and associates	339	-
Other, net	(41)	(210)
Net cash provided by (used in) investing activities	(1,496)	(4,906)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	300
Repayments of long-term borrowings	(512)	(397)
Guarantee deposits received from member dealers	302	163
Refund of guarantee deposits received from member dealers	(1,230)	(239)
Purchase of treasury shares	(2,359)	(7,641)
Proceeds from sales of treasury shares	284	259
Decrease (increase) in money trust to acquire treasury stock	(3,640)	3,640
Proceeds from share issuance to non-controlling shareholders	-	49
Dividends paid	(12,438)	(12,920)
Dividends paid to non-controlling interests	(40)	(68)
Repayments of finance lease obligations	(32)	(76)
Other, net	0	(34)
Net cash provided by (used in) financing activities	(19,668)	(16,963)
Net increase (decrease) in cash and cash equivalents	11,729	5,376
Cash and cash equivalents at beginning of period	33,722	45,452
Cash and cash equivalents at end of period	45,452	50,829