

# Consolidated Financial Results for the First Quarter ended June 30, 2020

August 3, 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 filing of quarterly securities report August 6, 2020  
 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 First Quarter ended June 30, 2020 (April 1, 2020 – June 30, 2020)

### (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	%
Three months ended June 30, 2020	16,056	(19.2)	6,734	(26.7)	6,895	(26.1)
Three months ended June 30, 2019	19,861	(0.6)	9,184	(4.1)	9,331	(4.0)

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Three months ended June 30, 2020	4,618	(26.2)	18.51	18.47
Three months ended June 30, 2019	6,258	(2.8)	24.84	24.79

Note: Comprehensive income (million yen): Three months ended June 30, 2020: 4,662 –26.1%  
 Three months ended June 30, 2019: 6,307 –2.3%

### (2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)
As of June 30, 2020	214,311	180,222	83.2
As of March 31, 2020	219,133	183,980	83.0

Note: Equity capital (million yen): As of June 30, 2020 : 178,340  
 As of March 31, 2020: 181,939

## 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, 2020	—	25.60	—	29.80	55.40
Year ending March 31, 2021	—				
Year ending March 31, 2021(Forecast)		27.75	—	27.75	55.50

Note: Revision of dividend forecast for this period: Yes

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

(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	32,450	(16.4)	13,300	(25.7)	13,600	(25.3)	9,100	(25.6)	36.49
For the year	67,300	(13.9)	27,200	(24.5)	27,800	(24.3)	18,400	(10.8)	73.81

Note: Revision of financial forecast for this period: Yes

\* **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 First 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 June 30, 2020 : 313,250,000 shares  
As of March 31, 2020: 313,250,000 shares
  - 2) Treasury shares  
As of June 30, 2020 : 64,072,959 shares  
As of March 31, 2020: 63,717,259 shares
  - 3) Average number of shares outstanding for each period (cumulative term)  
As of June 30, 2020 : 249,443,816 shares  
As of June 30, 2019 : 251,889,041 shares

Note: Treasury shares includes 482,400 shares as of June 30, 2020 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 August 3,2020.

#### 4. Quarterly Consolidated Financial Statements

##### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY 2019 (As of March 31, 2020)	FY 2020 First Quarter (As of June 30, 2020)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	50,729	45,371
Receivables due from member dealers at auction	5,603	5,087
Notes and accounts receivable-trade	2,894	2,364
Securities	6,000	4,000
Inventories	1,052	646
Other	1,855	2,636
Allowance for doubtful accounts	(38)	(32)
Total current assets	68,096	60,074
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	36,573	37,305
Land	65,031	65,031
Construction in progress	1,673	1,805
Other, net	3,469	3,601
Total property, plant and equipment	106,747	107,742
Intangible assets		
Goodwill	29,449	29,009
Other	6,671	9,258
Total intangible assets	36,120	38,267
Investments and other assets		
Investments and other assets	8,325	8,379
Allowance for doubtful accounts	(157)	(152)
Total investments and other assets	8,168	8,226
Total non-current assets	151,037	154,236
<b>Total assets</b>	219,133	214,311

(Million yen)

	FY 2019 (As of March 31, 2020)	FY 2020 First Quarter (As of June 30, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables due to member dealers at auction	8,721	9,281
Notes and accounts payable-trade	376	287
Short-term borrowings	300	468
Current portion of long-term borrowings	220	220
Income taxes payable	5,623	2,424
Provisions	713	1,064
Other	8,542	8,819
Total current liabilities	24,497	22,565
<b>Non-current liabilities</b>		
Long-term borrowings	2,420	3,345
Retirement benefit liability	834	855
Asset retirement obligations	609	611
Other	6,792	6,711
Total non-current liabilities	10,656	11,523
<b>Total liabilities</b>	35,153	34,089
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	18,881	18,881
Capital surplus	18,911	18,909
Retained earnings	206,654	203,836
Treasury shares	(56,861)	(57,681)
Total shareholders' equity	187,585	183,945
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2	42
Revaluation reserve for land	(5,633)	(5,633)
Remeasurements of defined benefit plans	(15)	(14)
Total accumulated other comprehensive income	(5,646)	(5,605)
<b>Share acquisition rights</b>	494	383
<b>Non-controlling interests</b>	1,546	1,498
<b>Total net assets</b>	183,980	180,222
<b>Total liabilities and net assets</b>	219,133	214,311

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

(Million yen)

	FY 2019 First Quarter (April 1, 2019 to June 30, 2019)	FY 2020 First Quarter (April 1, 2020 to June 30, 2020)
<b>Net sales</b>	19,861	16,056
<b>Cost of sales</b>	7,929	6,808
<b>Gross profit</b>	11,931	9,247
<b>Selling, general and administrative expenses</b>	2,747	2,513
<b>Operating profit</b>	9,184	6,734
<b>Non-operating income</b>		
Interest income	1	1
Rental income from real estate	141	156
Miscellaneous income	40	51
Total non-operating income	183	209
<b>Non-operating expenses</b>		
Interest expenses	3	3
Rental costs on real estate	26	38
Miscellaneous loss	6	5
Total non-operating expenses	36	47
<b>Ordinary profit</b>	9,331	6,895
<b>Extraordinary income</b>		
Gain on sales of non-current assets	1	1
Gain on sales of shares of subsidiaries and associates	-	0
Total extraordinary income	1	2
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	7	26
Total extraordinary losses	7	26
<b>Profit before income taxes</b>	9,325	6,872
<b>Income taxes</b>	3,003	2,251
<b>Profit</b>	6,322	4,621
<b>Profit attributable to non-controlling interests</b>	63	3
<b>Profit attributable to owners of parent</b>	6,258	4,618

**(Quarterly Consolidated Statement of Comprehensive Income)**

(Million yen)

	FY 2019 First Quarter (April 1, 2019 to June 30, 2019)	FY 2020 First Quarter (April 1, 2020 to June 30, 2020)
<b>Profit</b>	6,322	4,621
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(15)	40
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	(14)	41
<b>Comprehensive income</b>	6,307	4,662
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,243	4,659
Comprehensive income attributable to non-controlling interests	63	3

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

(Million yen)

	FY 2019 First Quarter (April 1, 2019 to June 30, 2019)	FY 2020 First Quarter (April 1, 2020 to June 30, 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	9,325	6,872
Depreciation and amortization	1,225	1,282
Amortization of goodwill	495	440
Increase (decrease) in allowance for doubtful accounts	1	(10)
Increase (decrease) in provision for bonuses	346	350
Increase (decrease) in retirement benefit liability	37	21
Interest and dividend income	(3)	(1)
Interest expenses	3	3
Loss (gain) on sales and retirement of property, plant and equipment	5	19
Net change in due from/to member dealers at auction	204	1,076
Decrease (increase) in trade receivables	201	530
Increase (decrease) in trade payables	(142)	(89)
Increase (decrease) in accounts payable - other	(363)	(236)
Increase (decrease) in deposits received	757	(452)
Other, net	(375)	(400)
Subtotal	11,719	9,406
Interest and dividends received	6	0
Interest paid	(3)	(3)
Income taxes paid	(7,770)	(5,339)
Net cash provided by (used in) operating activities	3,952	4,063
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,511)	(3,753)
Proceeds from sales of property, plant and equipment	3	6
Purchase of intangible assets	(111)	(200)
Purchase of shares of subsidiaries and associates	(272)	-
Other, net	(7)	(52)
Net cash provided by (used in) investing activities	(1,899)	(4,001)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	300	168
Proceeds from long-term borrowings	-	980
Repayments of long-term borrowings	(55)	(55)
Guarantee deposits received from member dealers	43	27
Refund of guarantee deposits received from member dealers	(73)	(47)
Purchase of treasury shares	(5,024)	(978)
Proceeds from sales of treasury shares	47	-
Decrease (increase) in money trust to acquire treasury stock	1,023	-
Dividends paid	(6,532)	(7,436)
Dividends paid to non-controlling interests	(68)	(51)
Repayments of finance lease obligations	(15)	(28)
Other, net	-	0
Net cash provided by (used in) financing activities	(10,353)	(7,420)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(8,300)</b>	<b>(7,357)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>45,452</b>	<b>50,829</b>
<b>Cash and cash equivalents at end of period</b>	<b>37,151</b>	<b>43,471</b>