

# Consolidated Financial Results for the First Quarter ended June 30, 2021

August 3, 2021

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  
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 Scheduled date of filing of quarterly securities report August 5, 2021  
 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, 2021 (April 1, 2021 – June 30, 2021)

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2021	20,370	26.9	10,648	58.1	10,842	57.2
Three months ended June 30, 2020	16,056	(19.2)	6,734	(26.7)	6,895	(26.1)

	Profit attributable to owners of parent		Profit per share	Diluted profit per share
	Million yen	%	Yen	Yen
Three months ended June 30, 2021	7,348	59.1	29.47	29.42
Three months ended June 30, 2020	4,618	(26.2)	18.51	18.47

Note: Comprehensive income (million yen): Three months ended June 30, 2021: 7,646 64.0%  
 Three months ended June 30, 2020: 4,662 - 26.1%

## (2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)
As of June 30, 2021	205,920	174,256	83.5
As of March 31, 2021	210,699	173,524	81.3

Note: Equity capital (million yen): As of June 30, 2021 : 172,042  
 As of March 31, 2021: 171,394

## 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, 2021		27.75		27.75	55.50
Year ending March 31, 2022					
Year ending March 31, 2022(Forecast)		29.20		29.20	58.40

Note: Revision of dividend forecast of this period : None

## 3. Forecast of Consolidated Financial Results for the year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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	38,260	11.6	18,460	16.1	18,800	15.2	12,700	16.0	50.93
For the year	77,600	3.6	38,400	6.0	39,100	5.7	26,500	558.8	106.28

Note: Revision of financial forecast for this period: None

**\*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: Yes

Change in accounting policy

(Application of accounting standard for revenue recognition, etc.)

USS started applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related items in the first quarter of the fiscal year ending in March 2022. In accordance with this standard, revenue expected to be received in exchange for goods or services is recognized when control of the promised item or service is transferred to a customer.

The application of the revenue recognition standard uses the transitional measures in the proviso to paragraph 84 of this standard. As a result, the cumulative effect of the retrospective application of the new accounting standard, if it is applied to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

However, the new accounting standard had no effect on retained earnings at the beginning of the current fiscal year.

Furthermore, the new accounting standard had no effect on the quarterly consolidated financial statements.

Due to the application of the new revenue recognition standard, "Notes and accounts receivable-trade," which was included in current assets in the previous fiscal year's consolidated balance sheet, is now included in "Notes and accounts receivable-trade, and contract assets." In accordance with the transitional measures in paragraph 89-2 of the new revenue recognition standard, the presentation of financial statements for the previous fiscal year has not been revised to match the new presentation method. Furthermore, in accordance with the transitional measures in paragraph 28-15 of Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), no information is provided concerning the analysis of revenue from contracts with customers concerning the first quarter of the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement, etc.)

USS started applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and related items in the first quarter of the fiscal year ending in March 2022. In accordance with the transitional measures of paragraph 19 of this standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new fair value measurement method stipulated in the new standard, etc. is used for fair values in the future. As a result, the application of this standard had no effect on the consolidated quarterly financial statements.

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, 2021 : 313,250,000 shares

As of March 31, 2021 : 313,250,000 shares

2) Treasury shares

As of June 30, 2021 : 63,905,159 shares

As of March 31, 2021 : 63,943,259 shares

3) Average number of shares outstanding for each period (cumulative term)

As of June 30, 2021 : 249,322,691 shares

As of June 30, 2020 : 249,443,816 shares

Note: Treasury shares includes 318,900 shares as of June 30, 2021 and 357,000 shares as of March 31, 2021 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, 2021.

#### 4. Quarterly Consolidated Financial Statements

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

(Million yen)

	FY 2020 (As of March 31, 2021)	FY 2021 First Quarter (As of June 30, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	67,770	63,581
Receivables due from member dealers at auction	6,596	5,827
Notes and accounts receivable-trade	2,215	-
Notes and accounts receivable-trade, and contract assets	-	2,335
Securities	3,000	3,000
Inventories	1,028	908
Other	940	2,079
Allowance for doubtful accounts	(23)	(19)
<b>Total current assets</b>	<b>81,528</b>	<b>77,713</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	35,548	34,975
Land	63,686	63,686
Construction in progress	30	105
Other, net	4,037	3,732
<b>Total property, plant and equipment</b>	<b>103,302</b>	<b>102,499</b>
<b>Intangible assets</b>		
Goodwill	8,906	8,771
Other	6,281	6,140
<b>Total intangible assets</b>	<b>15,188</b>	<b>14,911</b>
<b>Investments and other assets</b>		
Investments and other assets	10,823	10,934
Allowance for doubtful accounts	(143)	(139)
<b>Total investments and other assets</b>	<b>10,680</b>	<b>10,795</b>
<b>Total non-current assets</b>	<b>129,171</b>	<b>128,206</b>
<b>Total assets</b>	<b>210,699</b>	<b>205,920</b>

(Million yen)

	FY 2020 (As of March 31, 2021)	FY 2021 First Quarter (As of June 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables due to member dealers at auction	11,788	9,887
Notes and accounts payable-trade	707	578
Short-term borrowings	-	826
Current portion of long-term borrowings	220	220
Income taxes payable	7,408	3,499
Provisions	767	1,202
Other	6,030	5,221
Total current liabilities	26,922	21,436
<b>Non-current liabilities</b>		
Long-term borrowings	2,911	2,856
Retirement benefit liability	776	809
Asset retirement obligations	617	620
Other	5,947	5,941
Total non-current liabilities	10,253	10,228
<b>Total liabilities</b>	<b>37,175</b>	<b>31,664</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	18,881	18,881
Capital surplus	18,911	18,911
Retained earnings	196,315	196,735
Treasury shares	(57,435)	(57,361)
Total shareholders' equity	176,673	177,166
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	378	532
Revaluation reserve for land	(5,636)	(5,636)
Remeasurements of defined benefit plans	(21)	(20)
Total accumulated other comprehensive income	(5,278)	(5,124)
<b>Share acquisition rights</b>	432	432
<b>Non-controlling interests</b>	1,697	1,781
<b>Total net assets</b>	<b>173,524</b>	<b>174,256</b>
<b>Total liabilities and net assets</b>	<b>210,699</b>	<b>205,920</b>

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

(Million yen)

	FY 2020 First Quarter (April 1, 2020 to June 30, 2020)	FY 2021 First Quarter (April 1, 2021 to June 30, 2021)
<b>Net sales</b>	16,056	20,370
<b>Cost of sales</b>	6,808	7,521
<b>Gross profit</b>	9,247	12,848
<b>Selling, general and administrative expenses</b>	2,513	2,200
<b>Operating profit</b>	6,734	10,648
<b>Non-operating income</b>		
Interest income	1	1
Rental income from real estate	156	189
Miscellaneous income	51	51
Total non-operating income	209	242
<b>Non-operating expenses</b>		
Interest expenses	3	3
Rental costs on real estate	38	42
Miscellaneous losses	5	2
Total non-operating expenses	47	48
<b>Ordinary profit</b>	6,895	10,842
<b>Extraordinary income</b>		
Gain on sale of non-current assets	1	4
Other	0	-
Total extraordinary income	2	4
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	26	0
Total extraordinary losses	26	0
<b>Profit before income taxes</b>	6,872	10,846
<b>Income taxes</b>	2,251	3,353
<b>Profit</b>	4,621	7,492
<b>Profit attributable to non-controlling interests</b>	3	144
<b>Profit attributable to owners of parent</b>	4,618	7,348

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

(Million yen)

	FY 2020 First Quarter (April 1, 2020 to June 30, 2020)	FY 2021 First Quarter (April 1, 2021 to June 30, 2021)
<b>Profit</b>	4,621	7,492
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	40	153
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	41	154
<b>Comprehensive income</b>	4,662	7,646
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,659	7,502
Comprehensive income attributable to non-controlling interests	3	144

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

(Million yen)

	FY 2020 First Quarter (April 1, 2020 to June 30, 2020)	FY 2021 First Quarter (April 1, 2021 to June 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,872	10,846
Depreciation and amortization	1,282	1,251
Amortization of goodwill	440	134
Increase (decrease) in allowance for doubtful accounts	(10)	(8)
Increase (decrease) in provision for bonuses	350	434
Increase (decrease) in retirement benefit liability	21	34
Interest and dividend income	(1)	(1)
Interest expenses	3	3
Loss (gain) on sale and retirement of property, plant and equipment	19	(3)
Net change in due from/to member dealers at auction	1,076	(1,131)
Decrease (increase) in trade receivables	530	(119)
Increase (decrease) in trade payables	(89)	(128)
Increase (decrease) in accounts payable-other	(236)	(224)
Increase (decrease) in deposits received	(452)	(364)
Other, net	(400)	(1,011)
Subtotal	9,406	9,710
Interest and dividends received	0	10
Interest paid	(3)	(3)
Income taxes paid	(5,339)	(7,183)
Net cash provided by (used in) operating activities	4,063	2,529
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,753)	(370)
Proceeds from sale of property, plant and equipment	6	4
Purchase of intangible assets	(200)	(192)
Other, net	(52)	(1)
Net cash provided by (used in) investing activities	(4,001)	(559)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	168	826
Proceeds from long-term borrowings	980	-
Repayments of long-term borrowings	(55)	(55)
Guarantee deposits received from member dealers	27	44
Refund of guarantee deposits received from member dealers	(47)	(35)
Purchase of treasury shares	(978)	-
Proceeds from sale of treasury shares	-	50
Dividends paid	(7,436)	(6,928)
Dividends paid to non-controlling interests	(51)	(60)
Repayments of finance lease obligations	(28)	(1)
Other, net	0	-
Net cash provided by (used in) financing activities	(7,420)	(6,158)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,357)</b>	<b>(4,188)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>50,829</b>	<b>64,870</b>
<b>Cash and cash equivalents at end of period</b>	<b>43,471</b>	<b>60,681</b>