



Consolidated Results of Operations

Fiscal Year Ended March 31, 2019

USS Co., Ltd.
May 2019

- USS acquired 66.0% of the voting rights of Japan Automobile Auction Inc. (JAA) 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. On March 1, 2018 the USS acquired additional stock of JAA and made this company a wholly owned subsidiary.

- 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

Fiscal Year Ended March 2019

FY3/2019 – Summary of Consolidated Results of Operations

- Sales increased 6.3% YoY to ¥79.90 billion, operating profit was up 2.9% to ¥37.12 billion, and profit attributable to owners of parent increased 5.2% to ¥25.54 billion.
- The number of vehicles handled increased because of the acquisition of JAA.
- The results of JAA, and of HAA Kobe Inc. and AUCTION TRANSPORT Inc. were included in the consolidated income statement from 3Q FY3/2018.

(Million yen)

	FY3/2018	FY3/2019	Year on year	Plan (As of Nov. 12,2018)	VS. plan
Net sales	75,153	79,908	106.3%	79,200	100.9%
Cost of sales (Per sales)	29,174 (38.8%)	31,391 (39.3%)	107.6%	30,387 (38.4%)	103.3%
Gross profit (Per sales)	45,979 (61.2%)	48,516 (60.7%)	105.5%	48,812 (61.6%)	99.4%
Selling, general and administrative expenses (Per sales)	9,907 (13.2%)	11,393 (14.3%)	115.0%	11,512 (14.5%)	99.0%
Operating profit (Per sales)	36,071 (48.0%)	37,123 (46.5%)	102.9%	37,300 (47.1%)	99.5%
Ordinary profit (Per sales)	36,676 (48.8%)	38,039 (47.6%)	103.7%	37,800 (47.7%)	100.6%
Profit attributable to owners of parent (Per sales)	24,285 (32.3%)	25,543 (32.0%)	105.2%	25,000 (31.6%)	102.2%

FY3/2019 – Reasons for Change in Operating Profit (Actual)

Net sales

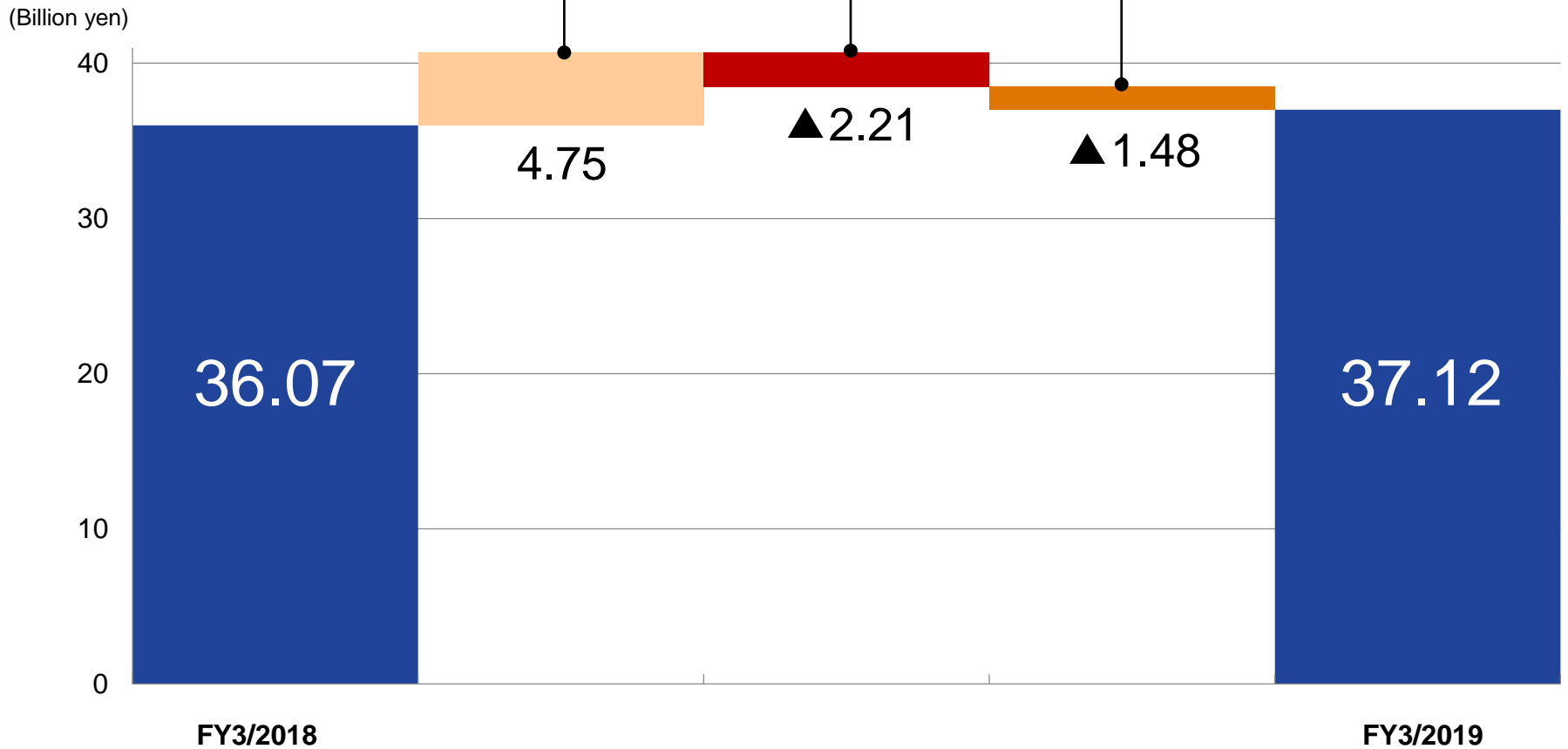
Increase in fee rates	0.87bn
Increase in vehicles consigned	0.25bn
Decrease in sales of accident-damaged vehicles	▲0.33bn
Impact of JAA(1H)	3.72bn

Cost of sales

Decrease in depreciation	0.41bn
Increase in outsourcing expense	▲0.18bn
Increase in the cost of demolition	▲0.15bn
Increase in repair expenses	▲0.11bn
Impact of JAA(1H)	▲1.87bn

SG&A expenses

Decline in sales commission	0.07bn
Decrease in taxes and dues	0.05bn
Impact of JAA(1H)	▲1.71bn
(of which goodwill amortization)	▲0.95bn
(of which amortization of customer-related assets)	▲0.18bn



* "Impact of JAA includes actual JAA data, HAA Kobe and Auction Transport (First half; April-September) data (no YoY comparable data is applicable).

Net Sales and Operating Profit by Business Segment

(Million yen)

Net sales	FY3/2017	FY3/2018	FY3/2019	Year on year
Auto auction	52,811	59,521	64,684	108.7%
Used vehicle purchasing and selling	9,373	9,827	9,701	98.7%
Other	4,995	5,805	5,522	95.1%
Total	67,179	75,153	79,908	106.3%
Operating profit (operating margin)	FY3/2017	FY3/2018	FY3/2019	Year on year
Auto auction	31,869 (59.8%)	35,131 (58.5%)	36,323 (55.8%)	103.4%
Used vehicle purchasing and selling	202 (2.2%)	171 (1.7%)	116 (1.2%)	67.8%
Other	111 (2.2%)	665 (11.4%)	583 (10.5%)	87.7%
Elimination of inter-segment transactions	213	103	99	96.6%
Total	32,396 (48.2%)	36,071 (48.0%)	37,123 (46.5%)	102.9%

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

Consolidated Balance Sheets and Statements of Cash Flows

- Cash and deposits increased due mainly to the significant increase of auction fees
- Free cash flows increased because there were no major capital expenditures.
- Equity ratio: 78.1%

Consolidated Balance Sheets (Summary)

(Million yen)

	FY3/18	FY3/19
Current assets	62,777	77,431
Cash and deposits	39,622	51,352
Receivables due from member dealers at auction, etc.	23,154	26,078
Non-current assets	159,514	155,271
Property, plant and equipment	106,508	104,887
Other	53,005	50,384
Total assets	222,292	232,703

	FY3/18	FY3/19
Current liabilities	37,373	38,077
Payables due to member dealers at auction	22,339	22,209
Other	15,033	15,867
Non-current liabilities	12,728	11,090
Total liabilities	50,102	49,168
Total net assets	172,190	183,535
Total liabilities and net assets	222,292	232,703

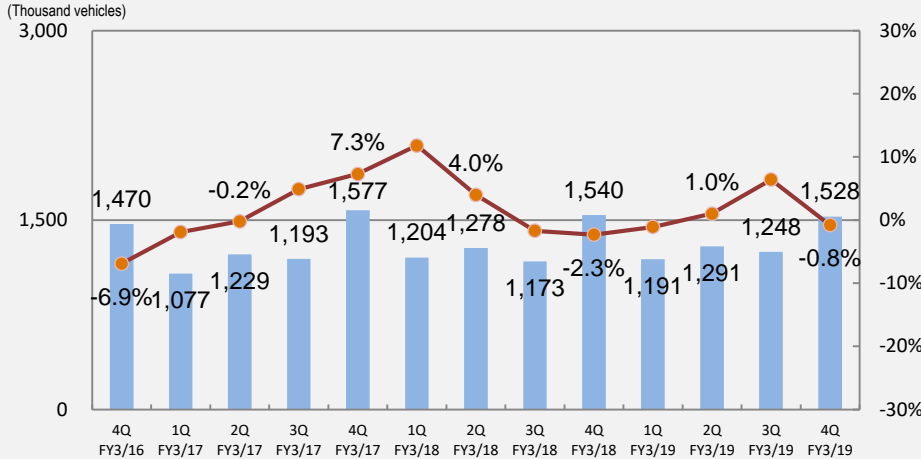
Consolidated Statements of Cash Flows (Summary)

(Million yen)

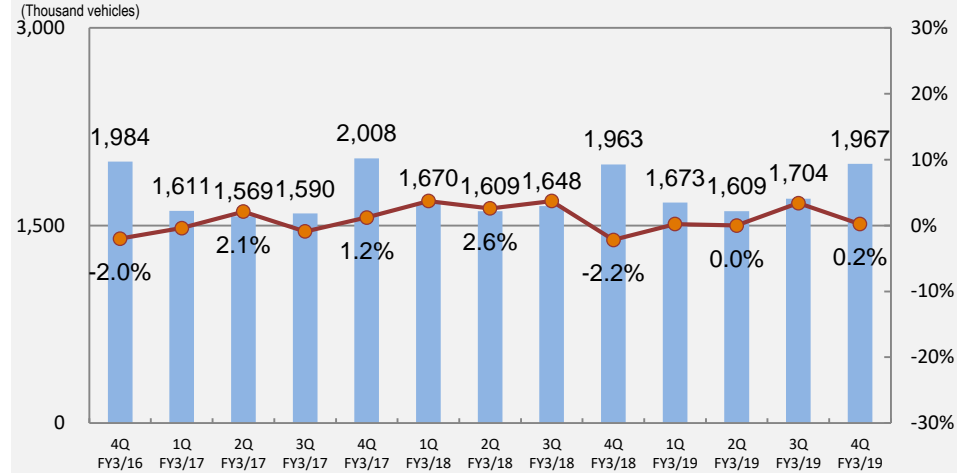
	FY3/17	FY3/18	FY3/19	Changes
Net cash provided by (used in) operating activities	28,882	32,505	32,894	389
Net cash provided by (used in) investing activities	▲4,823	▲34,498	▲1,496	33,001
Free cash flow	24,058	▲1,993	31,398	33,391
Net cash provided by (used in) financing activities	▲13,550	▲12,162	▲19,668	▲7,505
Capital expenditures (Terms of cash flows)	5,878	4,447	2,428	▲2,019
Depreciation	4,596	4,983	5,299	316

* Balance sheet figures at the end of FY3/18 have been retroactively adjusted for consistency with partial amendments to the standard for tax effect accounting.

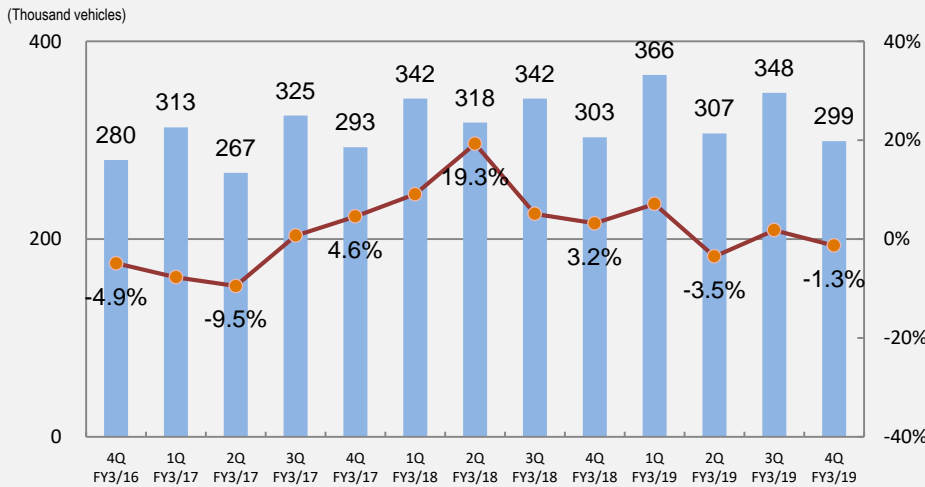
New Car Registrations and YoY Changes



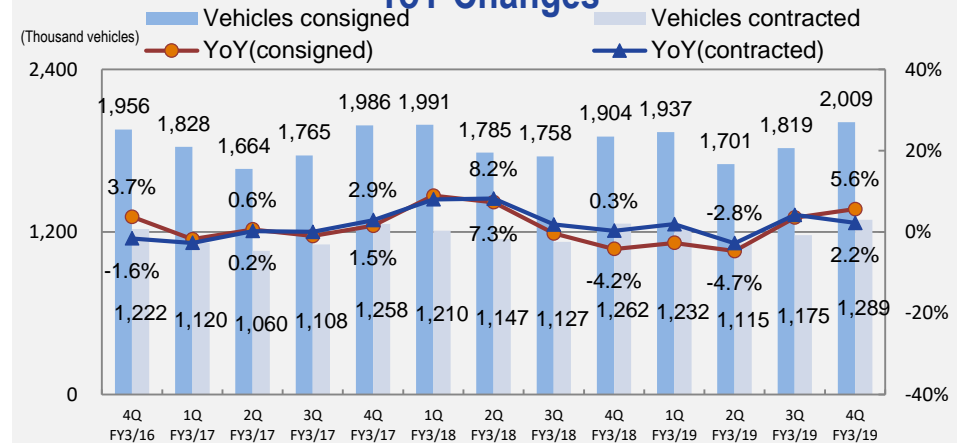
Used Car Registrations and YoY Changes



Used Car Exports and YoY Changes



AA Market: Vehicles Consigned and Contracted and YoY Changes



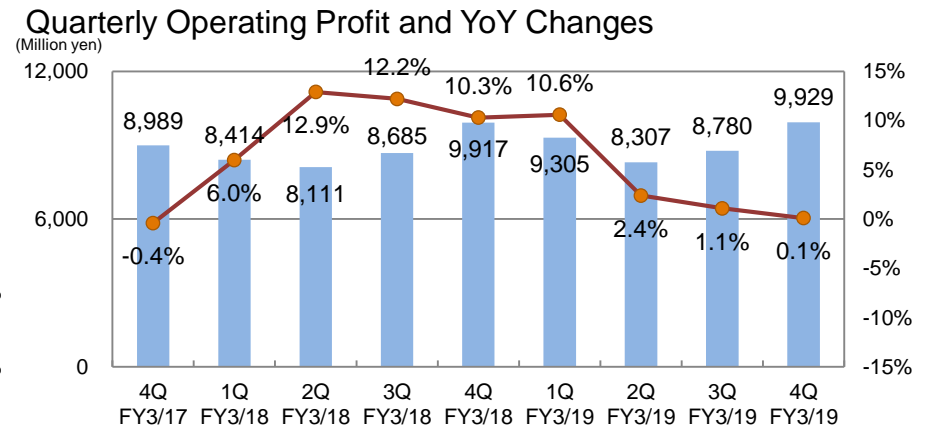
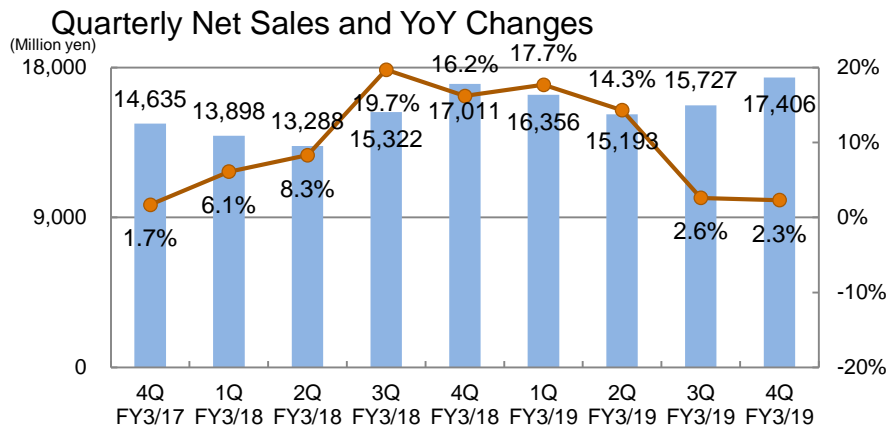
Auto Auction Segment (1)

- Vehicles consigned increased 8.5% YoY to 2,930 thousand; contract completions increased 6.8% YoY to 1,825 thousand (contract completion rate: 62.3% against 63.3% in the previous fiscal year) (2,512 thousand vehicles consigned (an increase of 4.1% YoY) at USS's 17 auction sites (excluding JAA and HAA Kobe auction site), and 1,602 thousand contract completions (an increase of 3.0% YoY))
- The business results of JAA Inc., which has been made a subsidiary, are included in the consolidated income statement from 3Q FY3/2018

Auto Auction Segment Performance

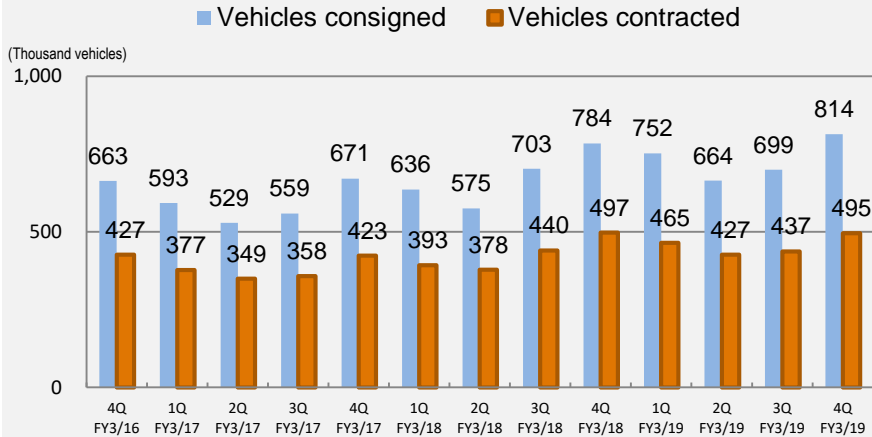
(Million yen)

	FY3/2017	FY3/2018	FY3/2019	Year on year
Net sales	52,811	59,521	64,684	108.7%
Consignment fees	12,432	14,153	15,269	107.9%
Contract completion fees	12,073	13,858	14,898	107.5%
Successful bid fees	17,986	20,192	22,313	110.5%
Other	10,319	11,317	12,203	107.8%
Operating profit	31,869	35,131	36,323	103.4%
Operating margin	59.8%	58.5%	55.8%	-

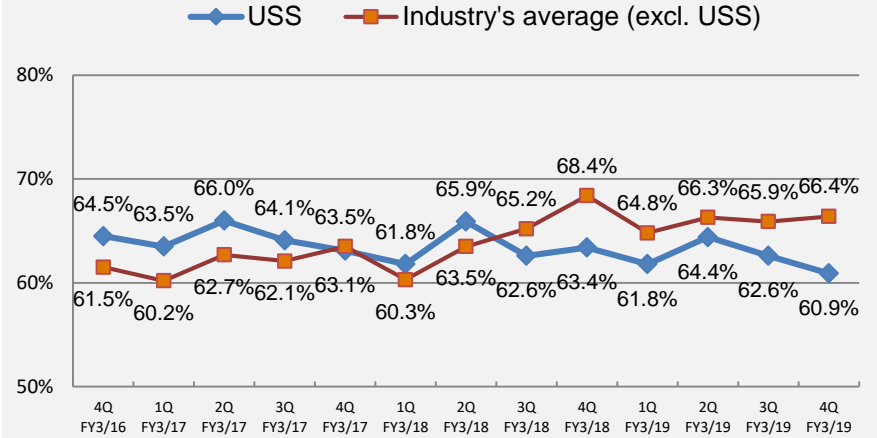


* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by dividing segment profit by segment sales.

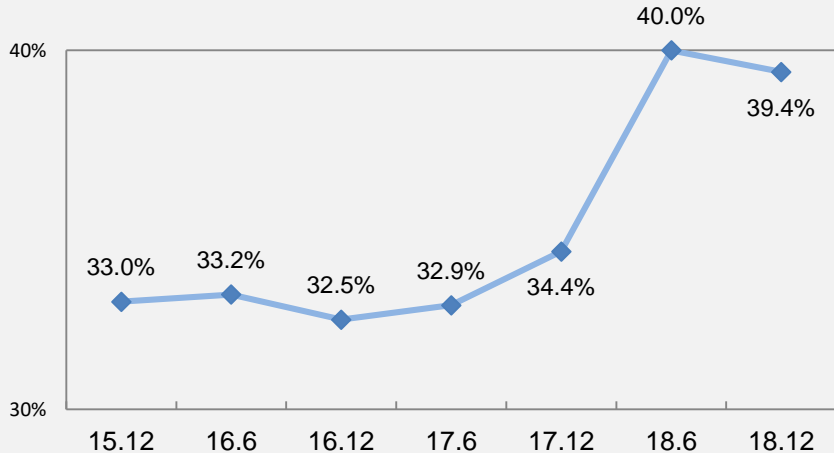
No. of Vehicles Consigned and Vehicles Contracted



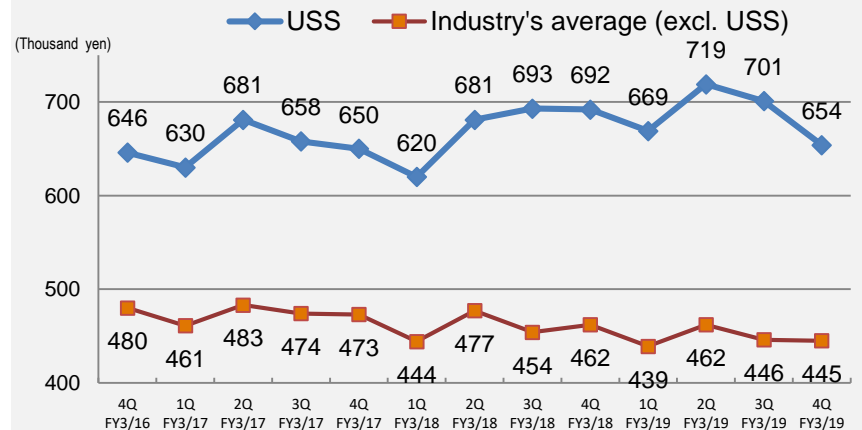
Contract Completion Rate



Market Share



Average Price of Vehicle Contracted

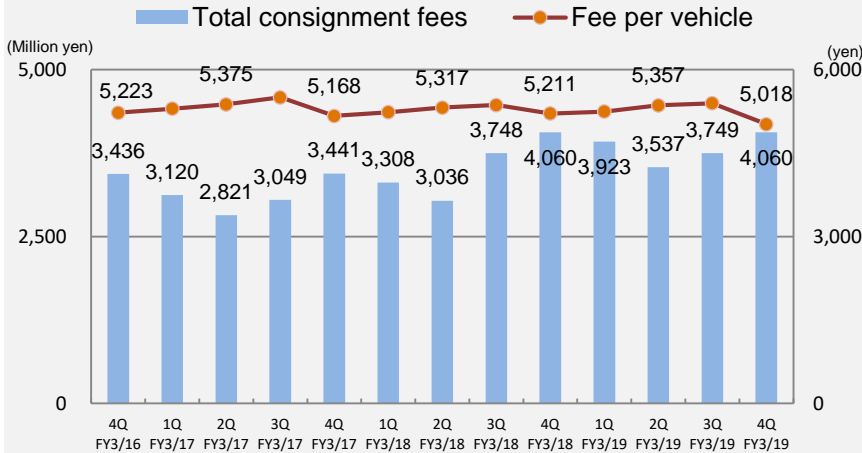


* Period ending in December: 12-month data; Period ending in June: 6-month data.

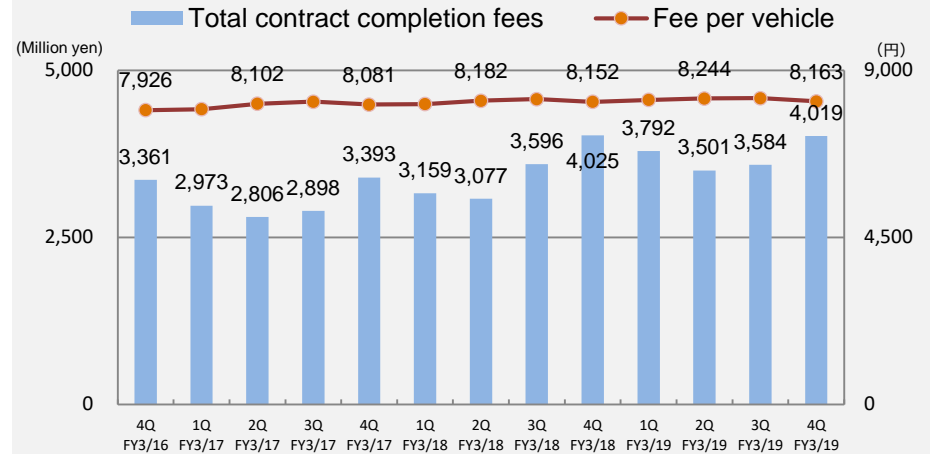
* The results of JAA, and of HAA Kobe are included from October 2017.

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

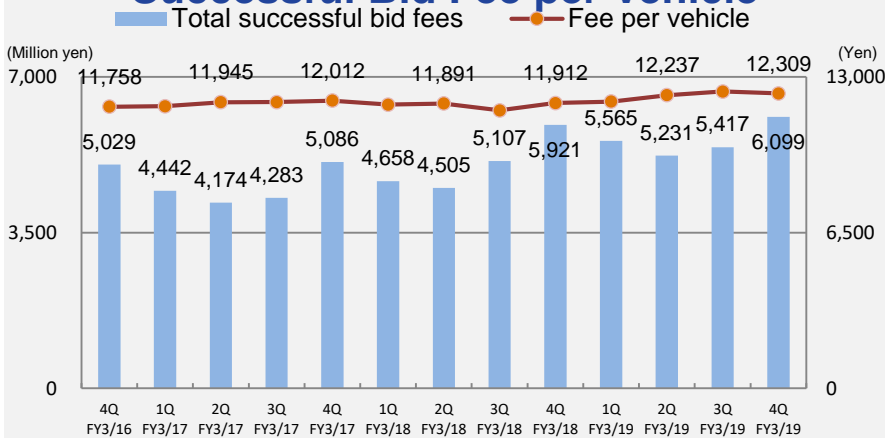
Total Consignment Fees and Consignment Fee per Vehicle



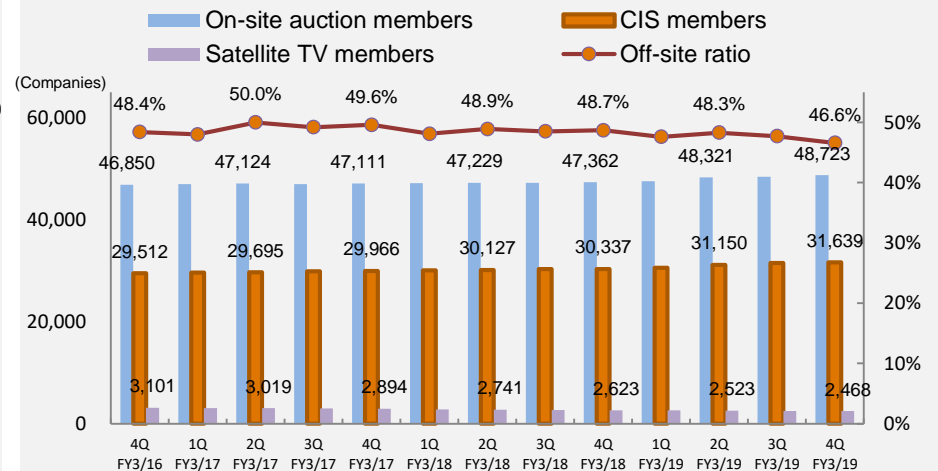
Total Contract Completion Fees and Contract Completion Fee per Vehicle



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 results of JAA, and of HAA Kobe are included from October 2017 onward.
 * The figures in this slide do not include JBA data.

Auto Auction Segment (4)

From April 1, 2018 to March 31, 2019

(Number of auctions held, Vehicles)

	Number of auctions		Number of consigned vehicles			Number of contract completions			Contract completion rate	
	FY3/19	FY3/18	FY3/19	FY3/18	YoY change	FY3/19	FY3/18	YoY change	FY3/19	FY3/18
Tokyo	49	49	658,344	633,408	103.9%	454,142	439,960	103.2%	69.0%	69.5%
Nagoya	49	49	498,213	500,172	99.6%	273,082	280,275	97.4%	54.8%	56.0%
Yokohama	49	49	184,752	181,838	101.6%	120,197	121,416	99.0%	65.1%	66.8%
Kyushu	49	49	181,153	183,811	98.6%	109,144	114,034	95.7%	60.2%	62.0%
Osaka	49	49	177,167	130,519	135.7%	97,655	77,435	126.1%	55.1%	59.3%
Sapporo	49	49	148,218	139,886	106.0%	97,557	91,779	106.3%	65.8%	65.6%
R-Nagoya	49	49	143,056	137,263	104.2%	120,027	114,571	104.8%	83.9%	83.5%
Shizuoka	49	49	89,485	84,321	106.1%	59,943	55,469	108.1%	67.0%	65.8%
Kobe	49	49	84,203	73,410	114.7%	48,773	41,855	116.5%	57.9%	57.0%
Okayama	49	49	76,131	73,024	104.3%	51,401	49,872	103.1%	67.5%	68.3%
Tohoku	49	49	62,537	62,753	99.7%	45,616	45,763	99.7%	72.9%	72.9%
Gunma	49	49	57,520	63,216	91.0%	38,838	42,290	91.8%	67.5%	66.9%
Saitama	49	49	49,518	53,960	91.8%	29,232	31,360	93.2%	59.0%	58.1%
Niigata	49	49	43,358	42,454	102.1%	19,687	19,123	102.9%	45.4%	45.0%
Fukuoka	49	49	42,234	39,361	107.3%	26,670	21,971	121.4%	63.1%	55.8%
Hokuriku	49	49	16,505	14,220	116.1%	10,488	8,853	118.5%	63.5%	62.3%
JAA	49	25	108,980	68,925	-	65,359	41,145	-	60.0%	-
HAA	48	25	308,753	217,469	-	158,180	112,827	-	51.2%	-
Total	881	834	2,930,127	2,700,010	108.5%	1,825,991	1,709,998	106.8%	62.3%	63.3%

* The figures in this slide include JAA and HAA Kobe from October 2017 onward.

* The figures in this slide do not include JBA 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	FY3/17	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	250,552	214,426	201,672	244,650	337,961	1,487,583	2,700,010
	YoY Change	0.5	11.0	12.1	4.9	20.1	4.3	7.9	27.8	26.8	22.5	16.8	17.0	16.7	20.9	14.7
	FY3/19	266,046	232,114	254,075	224,212	206,245	234,019	1,416,711	234,741	257,451	207,046	224,051	262,464	327,663	1,513,416	2,930,127
	YoY Change	13.5	26.4	16.1	14.4	21.6	11.5	16.8	▲1.5	2.8	▲3.4	11.1	7.3	▲3.0	1.7	8.5
No. of Vehicles Contracted	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	157,094	130,815	129,500	157,319	210,328	937,278	1,709,998
	YoY Change	▲1.5	6.7	8.7	3.6	20.4	4.5	6.3	25.5	23.8	18.5	17.7	16.0	18.2	19.9	13.3
	FY3/19	159,017	147,501	158,657	143,599	131,988	152,066	892,828	152,009	161,603	123,834	136,324	161,389	198,004	933,163	1,825,991
	YoY Change	14.9	26.7	14.2	12.7	17.4	9.3	15.5	▲0.1	2.9	▲5.3	5.3	2.6	▲5.9	▲0.4	6.8
Contract Completion Rate	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	62.7	61.0	64.2	64.3	62.2	63.0	63.3
	FY3/19	59.8	63.5	62.4	64.0	64.0	65.0	63.0	64.8	62.8	59.8	60.8	61.5	60.4	61.7	62.3

* The figures in this slide include JAA and HAA Kobe from October 2017 onward.

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

Used Vehicle Purchasing and Selling Segment

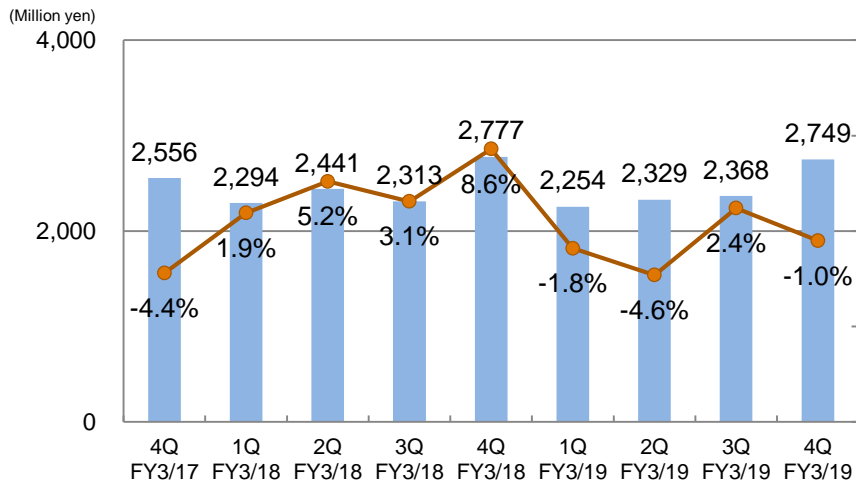
- At the used vehicle purchasing subsidiary (Rabbit) posted lower sales and earnings due to higher advertising and sales promotion expenses, and lower number of vehicles sold due to a reorganization of unprofitable stores. (Net sales decreased 2.8% YoY to ¥5,702 million, Operating profit decreased 42.7% to ¥65 million)
- In the accident-damaged vehicle purchasing and selling business, the number of expensive vehicles handled increased. Although sales increased as a result, earnings were lower due to a decrease in gross profit per vehicle. (Net sales increased 1.0% YoY to ¥3,998 million, Operating profit decreased 11.9% to ¥51 million)

Used Vehicle Purchasing and Selling Segment Performance

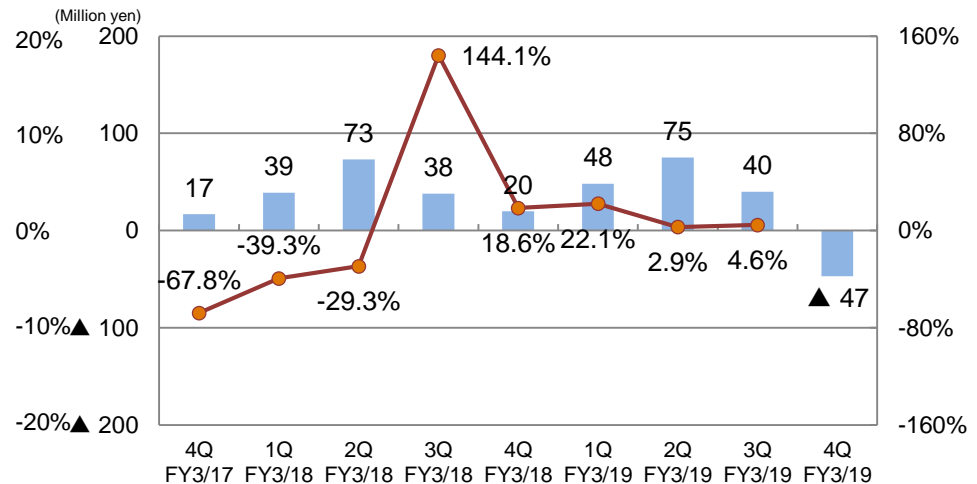
(Million yen)

	FY3/2017	FY3/2018	FY3/2019	Year on year
Net sales	9,373	9,827	9,701	98.7%
Operating profit	202	171	116	67.8%
Operating margin	2.2%	1.7%	1.2%	-

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 dividing segment profit by segment sales.

Other Segment

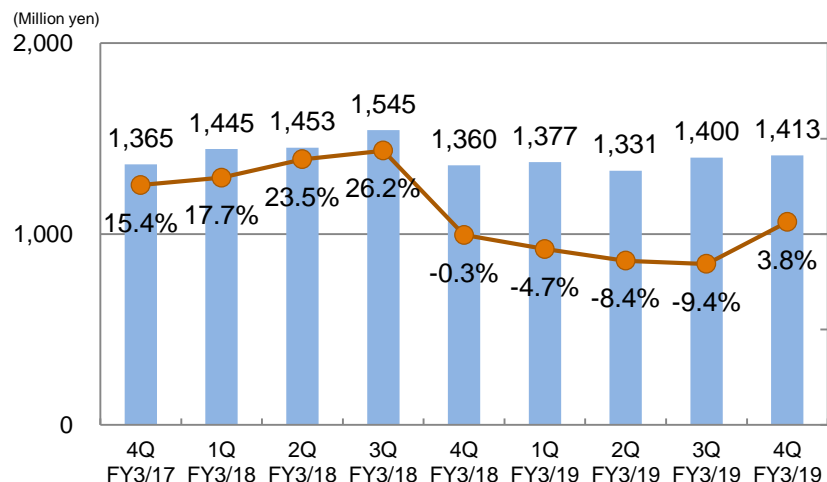
- Recycle business posted lower sales and earnings due to the discontinuing some of the auto part sales business and a lower metal scrap market. (Net sales decreased 6.3% YoY to ¥4,910 million, Operating profit decreased 20.4% to ¥481 million)
- In the used vehicle export clearing service business, sales and earnings increased due to growth in the volume of orders received. (Net sales increased 8.9% YoY to ¥518 million, Operating profit increased 82.2% to ¥74 million)

Other Segment Performance

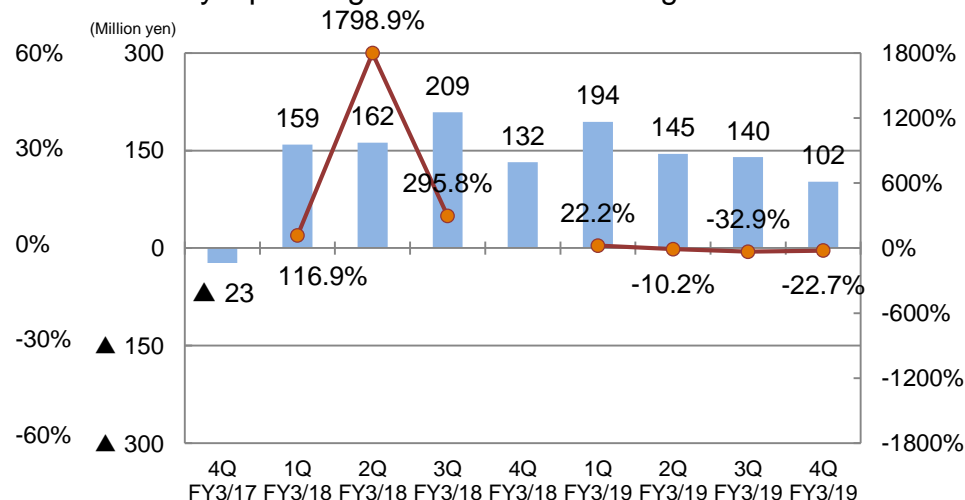
(Million yen)

	FY3/2017	FY3/2018	FY3/2019	Year on year
Net sales	4,995	5,805	5,522	95.1%
Operating profit	111	665	583	87.7%
Operating margin	2.2%	11.4%	10.5%	-

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 dividing segment profit by segment sales.

Consolidated Forecast for FY3/2020

- New car registrations are expected to remain flat from FY3/2019.
- Replacement of auction systems, including renewal of auction sites, planned.

(Million yen)

	FY3/18 (Actual)	FY3/19 (Actual)	FY3/20 (Forecast)	VS. previous year
Net sales	75,153	79,908	80,800	101.1%
Gross profit (Per sales)	45,979 (61.2%)	48,516 (60.7%)	49,570 (61.3%)	102.2%
Operating profit (Per sales)	36,071 (48.0%)	37,123 (46.5%)	38,200 (47.3%)	102.9%
Ordinary profit (Per sales)	36,676 (48.8%)	38,039 (47.6%)	38,700 (47.9%)	101.7%
Profit attributable to owners of parent (Per sales)	24,285 (32.3%)	25,543 (32.0%)	25,800 (31.9%)	101.0%
Profit per share (Yen)	95.59	100.54	102.18	101.6%
Capital expenditures (Terms of cash flows)	4,447	2,428	7,400	304.7%
Depreciation	4,983	5,299	5,114	96.5%
(
Auto Auction Business (excl. JBA)	FY3/18 (Actual)	FY3/19 (Actual)	FY3/20 (Forecast)	VS. previous year
No. of vehicles consigned (Thousands)	2,700	2,930	3,000	102.4%
No. of vehicles contracted (Thousands)	1,709	1,825	1,870	102.4%
Contract completion rate	63.3%	62.3%	62.3%	-

FY3/2020 – Reasons for Change in Operating Profit (Forecast)

Net sales

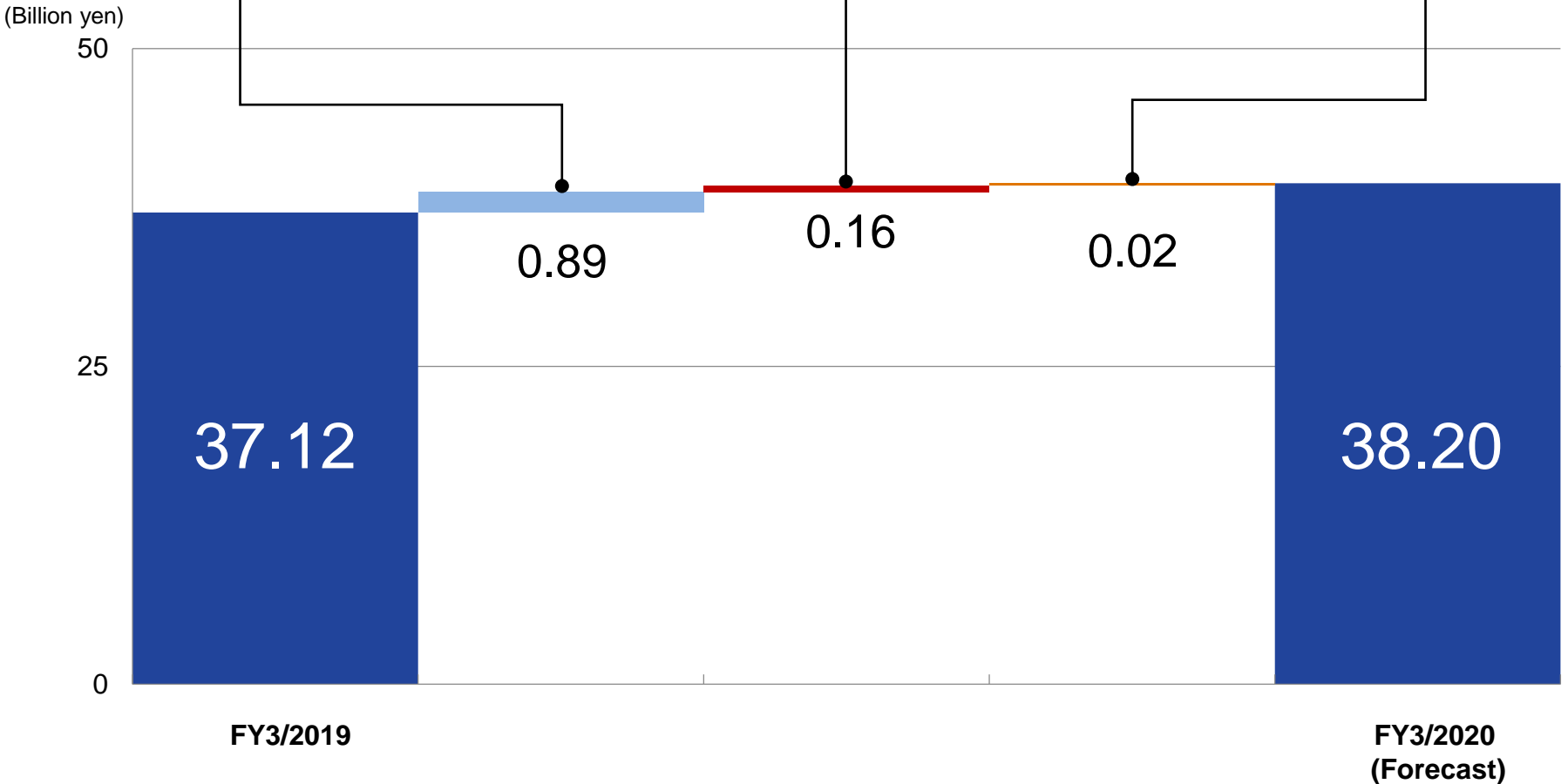
Increase in vehicles consigned 1.25bn
 Used vehicle sales/purchases ▲0.41bn

Cost of sales

Decrease in depreciation 0.21bn
 Decrease in the cost of demolition 0.18bn
 Increase in expenses for supplies ▲0.21bn

SG&A expenses

Decline in sales commission 0.11bn
 Decrease in advertising expenses 0.05bn
 Increase in sales promotion expenses ▲0.10bn
 Increase in enterprise tax ▲0.03bn



(Million yen)

	FY3/18 (Actual)	FY3/19 (Actual)	FY3/20 (Forecast)	VS. previous year
Net sales				
Auto auction	59,521	64,684	65,892	101.9%
Used vehicle purchasing and selling	9,827	9,701	9,472	97.6%
Other	5,805	5,522	5,435	98.4%
Total	75,153	79,908	80,800	101.1%
Operating profit (Per sales)	36,071 (48.0%)	37,123 (46.5%)	38,200 (47.3%)	102.9%

Market Overview

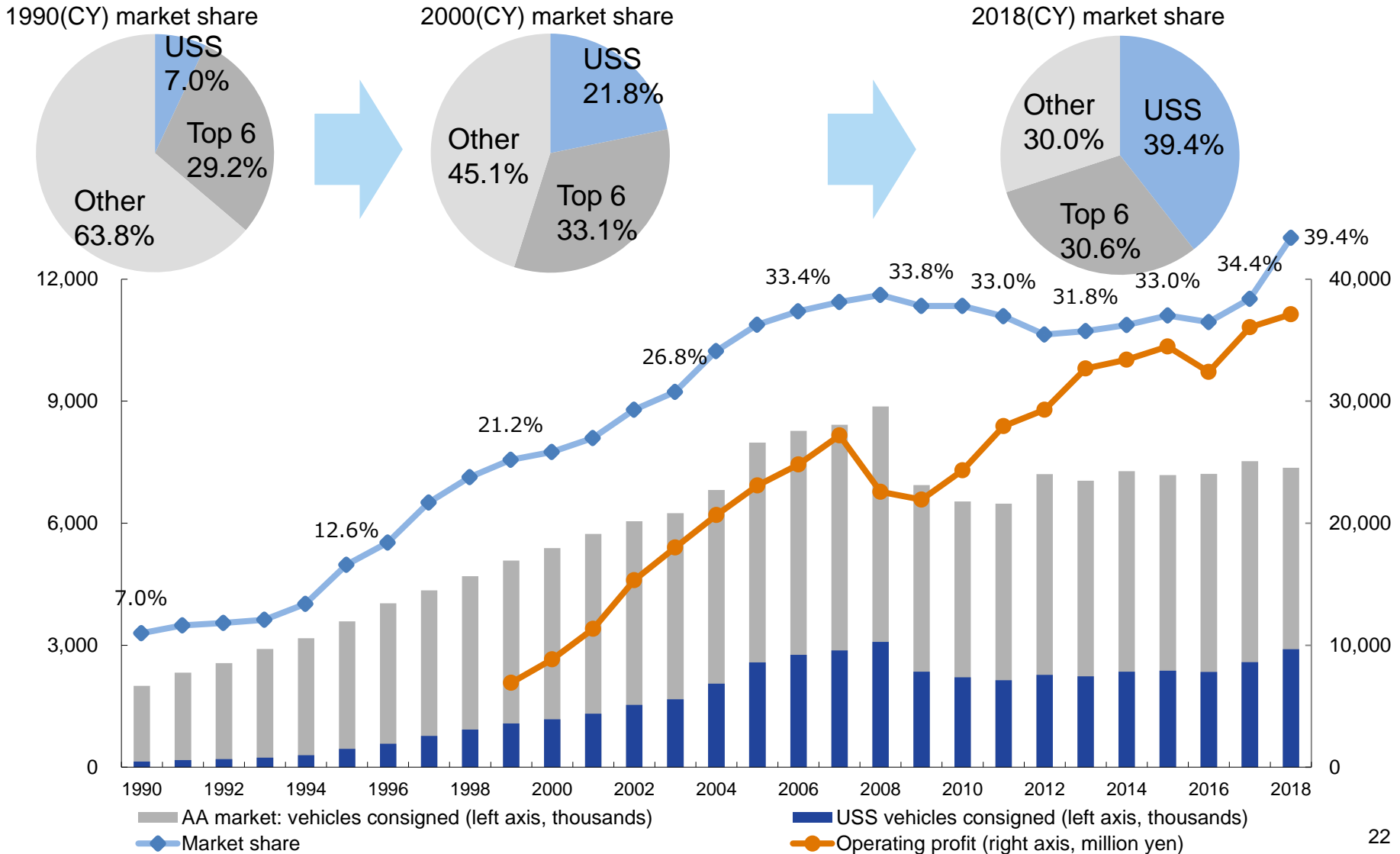
Strategy for Creating Value Over the Medium Term

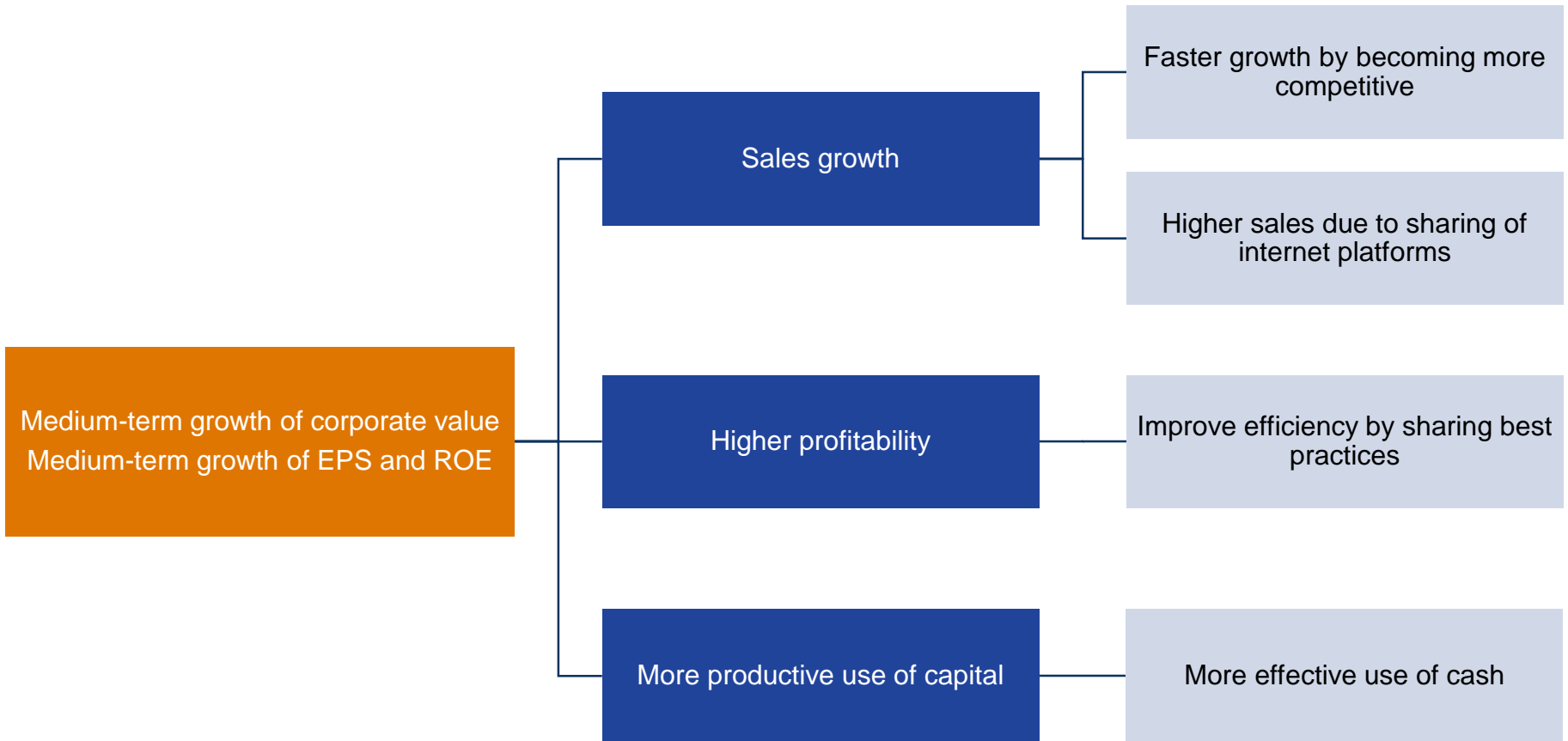
- New car sales in Japan: Unlikely to see significant growth over the medium term
 - USS's Strategy
 - 1) The JAA acquisition significantly raised the Osaka area market share. The goal is to increase the Tokyo area market share in order to have a market share of more than 40% in all three of Japan's major markets: the Tokyo, Nagoya and Osaka areas.
 - 2) Additional capital expenditures in the JAA to make operations more competitive
 - May 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 higher market shares and profit in the period of sluggish markets following the financial crisis of 2008-2009.

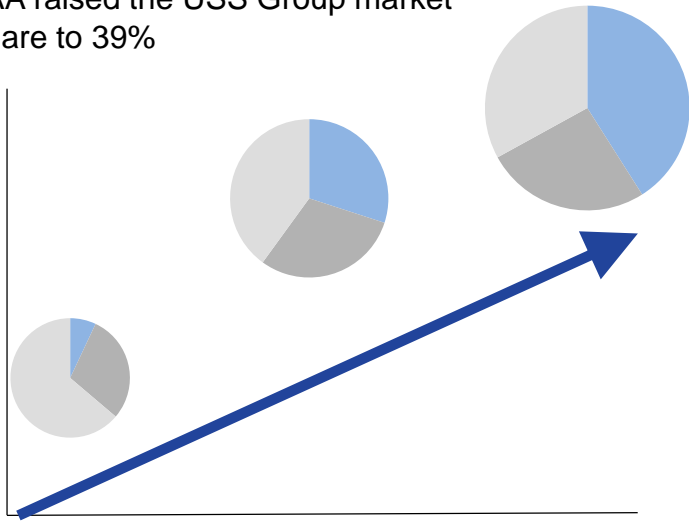
■ The JAA acquisition significantly raised the USS Group's market share





JAA Acquisition Raised Market Share, Making USS More Competitive

JAA raised the USS Group market share to 39%



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

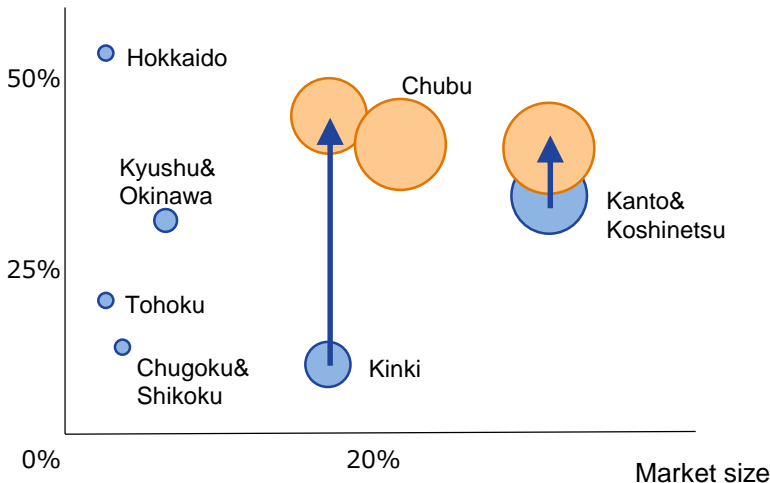
- Market share in Japan: **33.1%→39.4%**
- Market share in Osaka area, which had been low: **19.0%→45.5%**
- Market share in Japan's three major markets (Tokyo, Nagoya and Osaka areas) is now more than **40%**

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	3.6%	54.6%	-	54.6%
Tohoku	4.5%	18.5%	-	18.5%
Kanto&Koshinetsu	35.3%	37.2%	4.6%	41.7%
Chubu	23.1%	43.2%	-	43.2%
Kinki	17.5%	19.0%	26.6%	45.5%
Chugoku&Shikoku	5.9%	16.7%	-	16.7%
Kyushu&Okinawa	9.3%	31.7%	-	31.7%
TV	0.8%	-	-	-
	100.0%	33.1%	6.3%	39.4%

Market share



* January to December 2018

* The USS figures exclude JAA or HAA Kobe.

<Kinki region>

19.0% → **45.5%**

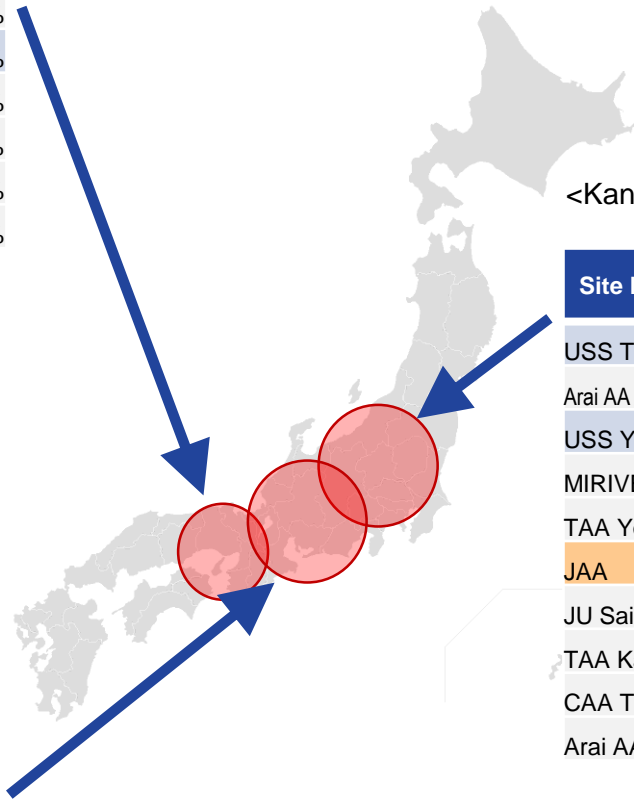
Site Name	Vehicles consigned	Share
HAA Kobe	341,374	26.6%
USS Osaka	162,894	12.7%
TAA Kinki	127,328	9.9%
Kansai Matsubara AA	122,393	9.5%
BAYAUC	105,138	8.2%
USS Kobe	80,955	6.3%
IMA Kobe	65,808	5.1%
LAA Kansai	57,857	4.5%
Honda AA Kansai	55,262	4.3%
IAA	46,782	3.6%

<Chubu region>

43.2% → 43.2%

Site Name	Vehicles consigned	Share
USS Nagoya	496,916	29.2%
JU Gifu	238,709	14.0%
CAA Chubu	193,766	11.4%
JU Aichi	138,644	8.2%
USS-R Nagoya	137,793	8.1%
TAA Chubu	94,818	5.6%
USS Shizuoka	85,609	5.0%
CAA Gifu	79,845	4.7%
JU Shizuoka	44,027	2.6%
Honda AA Nagoya	34,195	2.0%

- Larger auction sites tend to attract more number of vehicles.
- The HAA Kobe auction site has a dominant market share in the Osaka area, makes USS much more competitive in this region.



<Kanto&Koshinetsu region>

37.2% → **41.7%**

Site Name	Vehicles consigned	Share
USS Tokyo	638,750	24.6%
Arai AA Oyama (Vans & Trucks)	190,119	7.3%
USS Yokohama	180,965	7.0%
MIRIVE	167,938	6.5%
TAA Yokohama	146,167	5.6%
JAA	118,897	4.6%
JU Saitama	112,590	4.3%
TAA Kanto	103,651	4.0%
CAA Tokyo	103,233	4.0%
Arai AA Bayside	98,251	3.8%

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

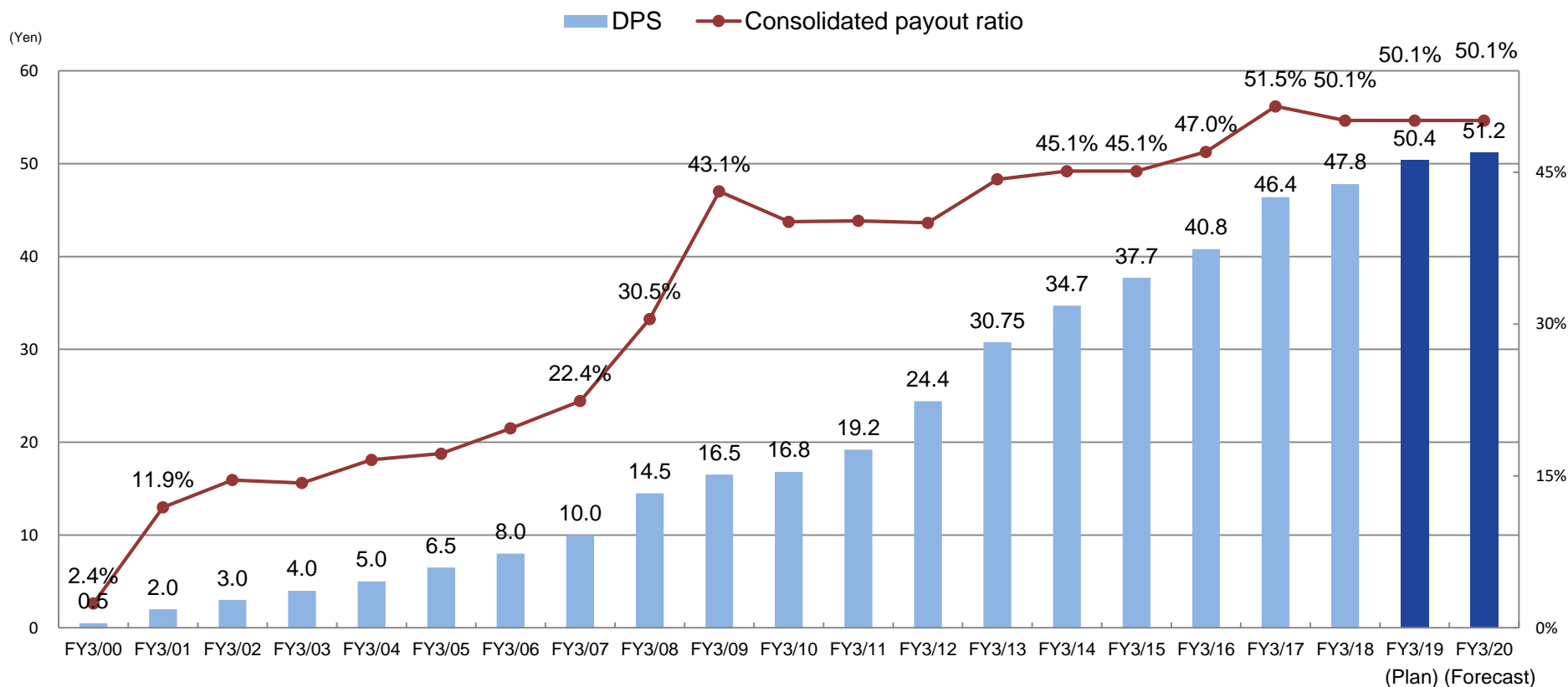
Stock Repurchase Data (latest figures) (trade date basis)

Type of shares	Common shares
Period of repurchase	From February 13, 2019 to April 30, 2019
Aggregate number of shares repurchased	1,824,300 shares
Aggregate value of shares repurchased	3,722,946,900 yen
Method of repurchase	Purchased on the Tokyo Stock Exchange

(Scheduled to repurchase 5 million shares for 10 billion yen (maximum) in the period from February 13, 2019 to September 20, 2019.)

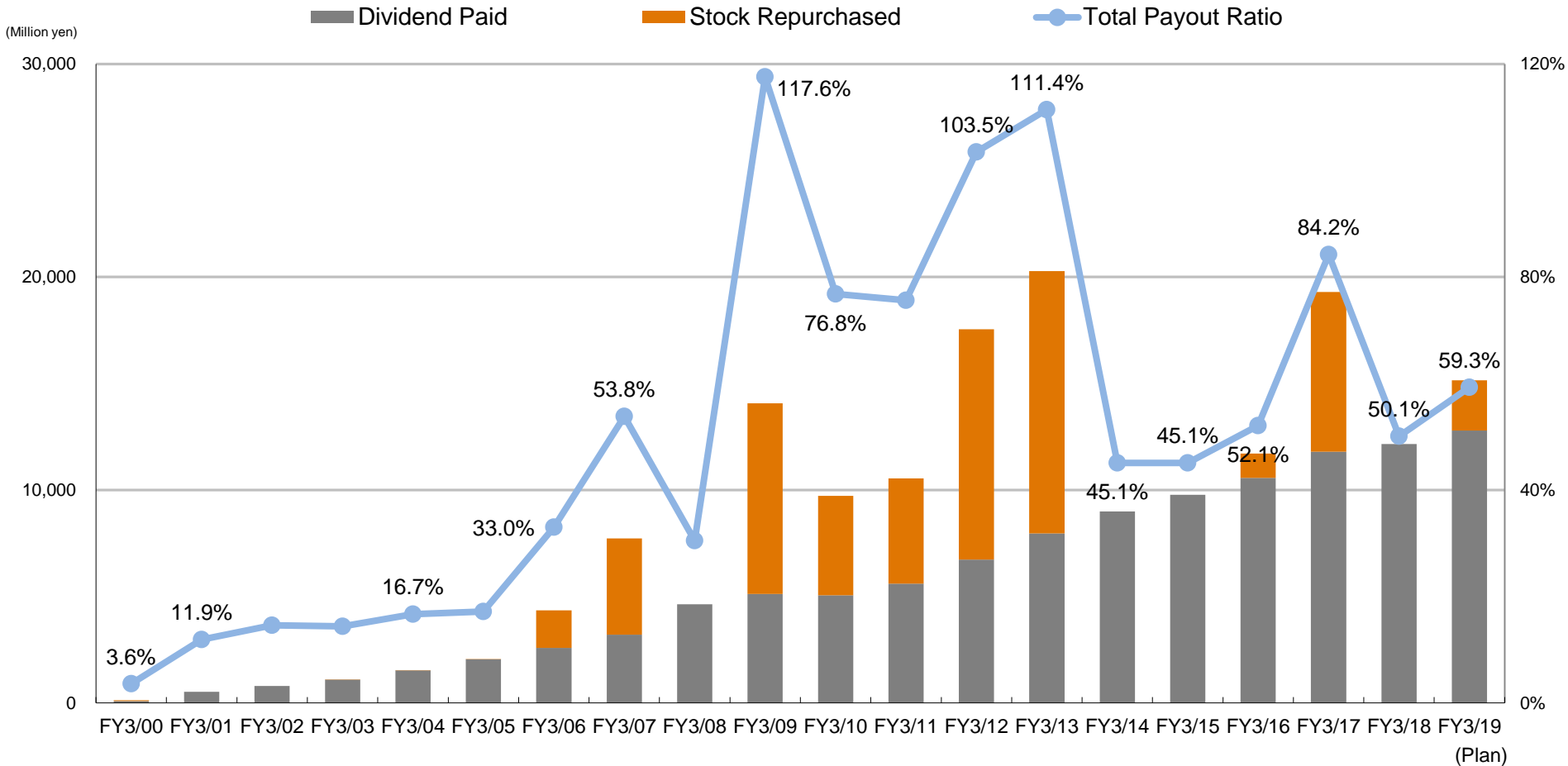
- Return on equity (ROE): Medium-term goal is at least 15%

- Plan to pay **50.4 yen** dividend per share for FY3/19 (up 2.6 yen)
- Plan to pay **51.2 yen** dividend per share for FY3/20 (up 0.8 yen)
- **20 consecutive years** of dividend growth since listing

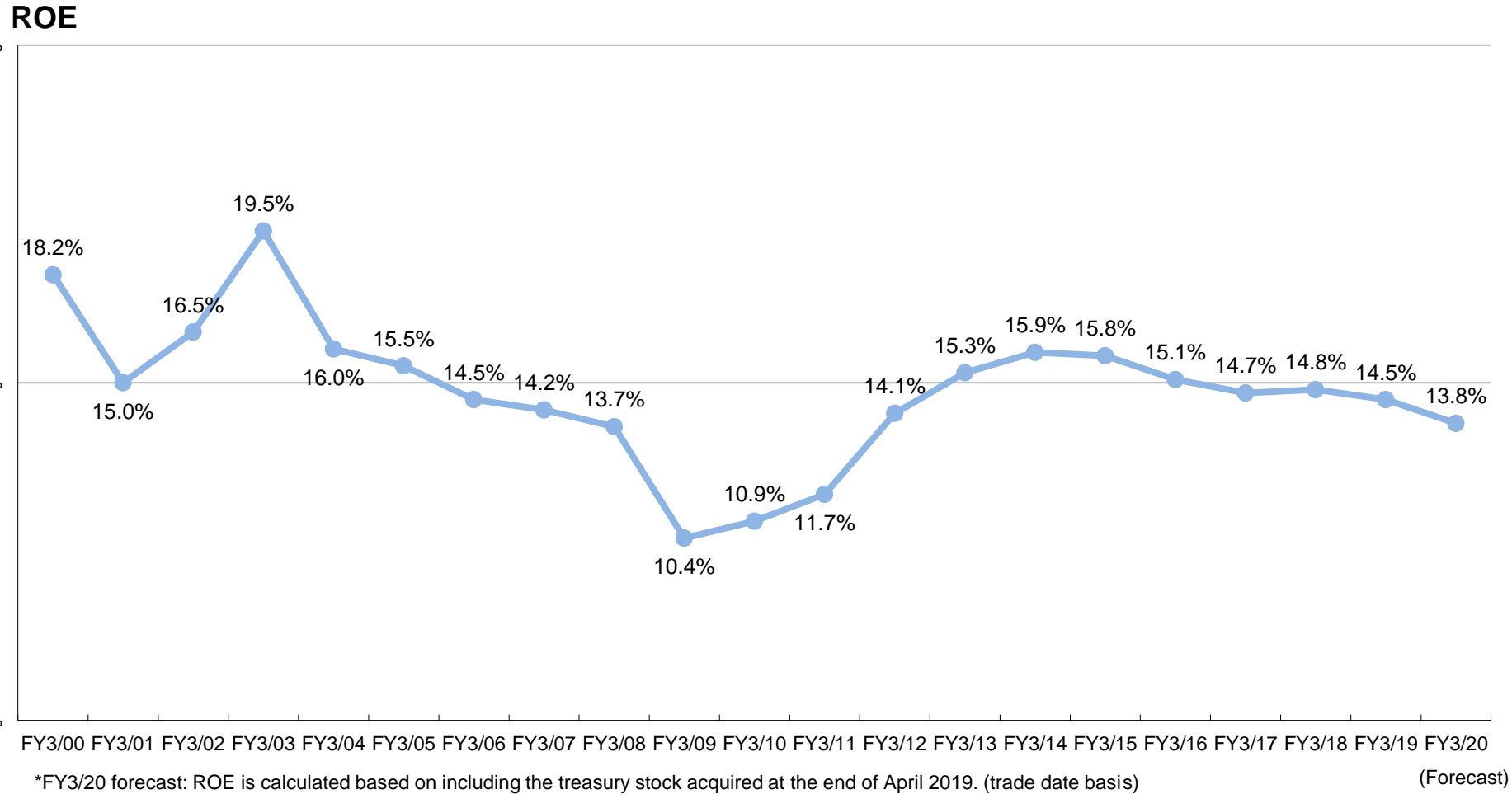


*Dividend per share is retroactively adjusted to the number of shares outstanding as of the effective date (October 1, 2013) of the stock split.

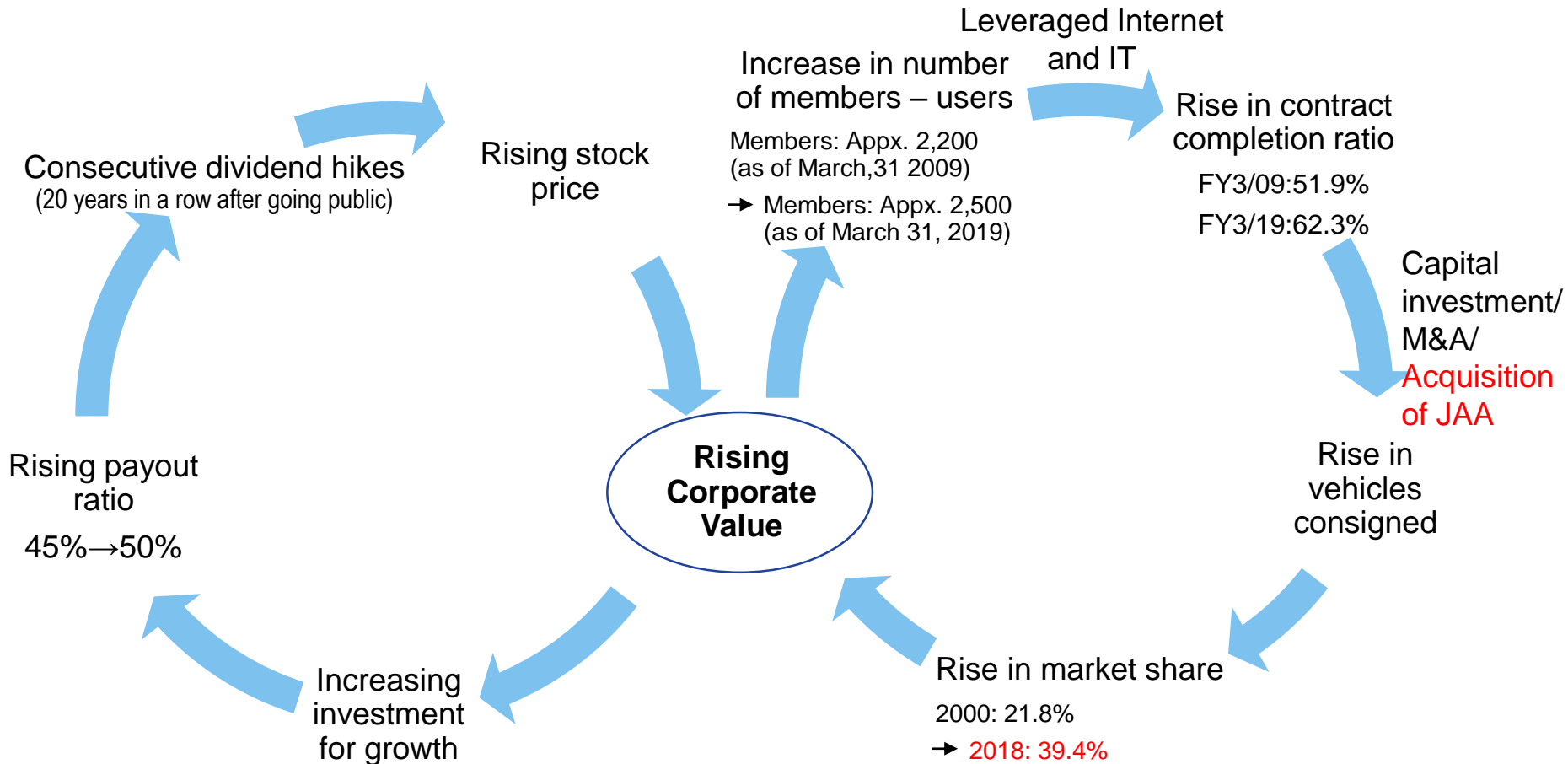
■ Flexible stock repurchases while maintaining stable dividend.
 (Scheduled to repurchase 5 million shares for 10 billion yen (maximum) in the period from February 13, 2019 to September 20, 2019.)



■ No change in the medium-term ROE target of above 15%.

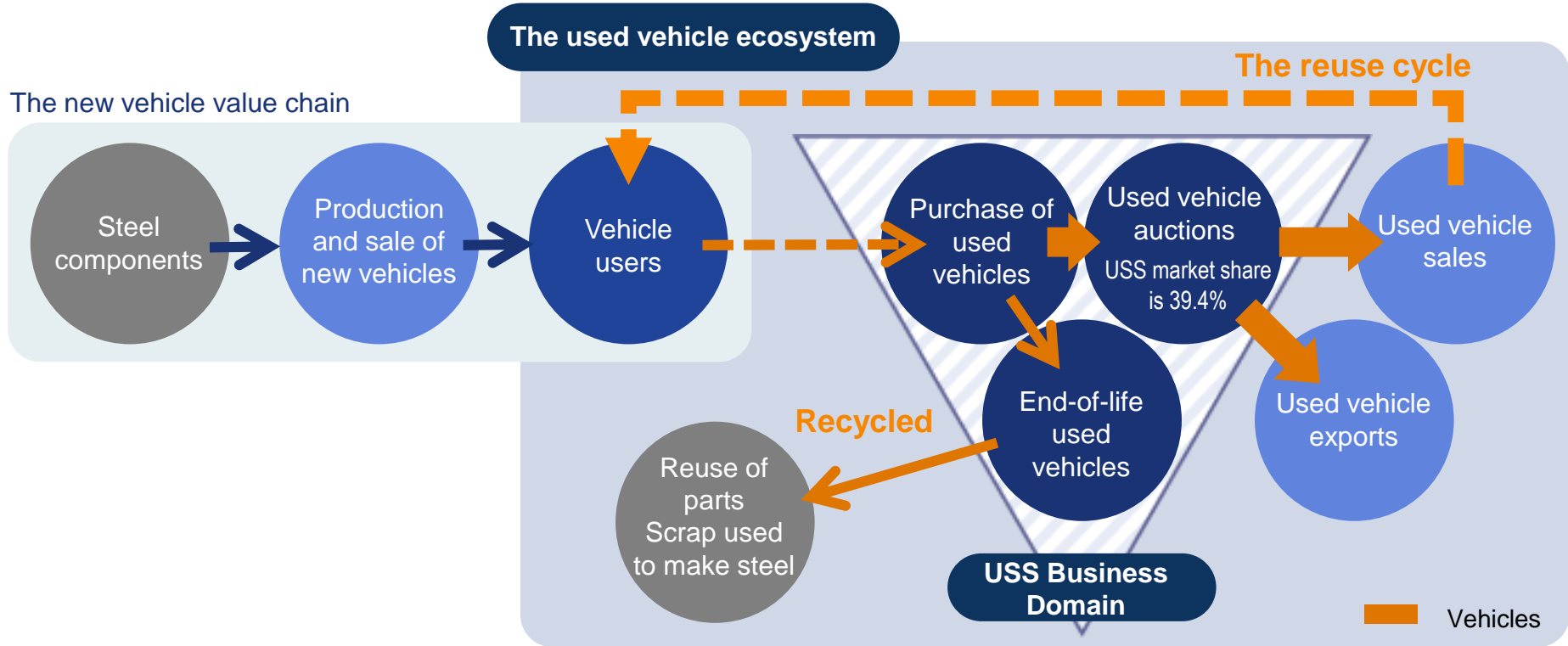


■ Aim at increasing shareholder value by a two-pronged strategy of solid investments in growth and active shareholder distributions



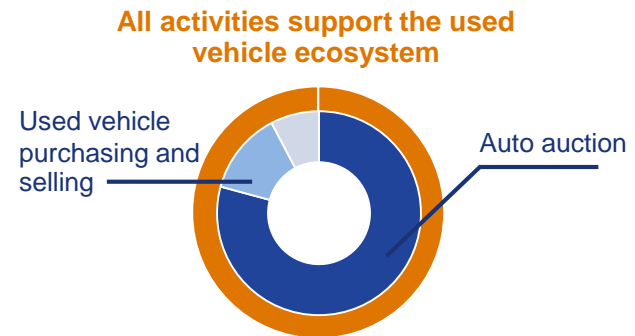
How USS Creates Social and Economic Value

■ USS creates social and economic value by functioning as a platform for a used vehicle ecosystem.



Social and economic 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



Reference

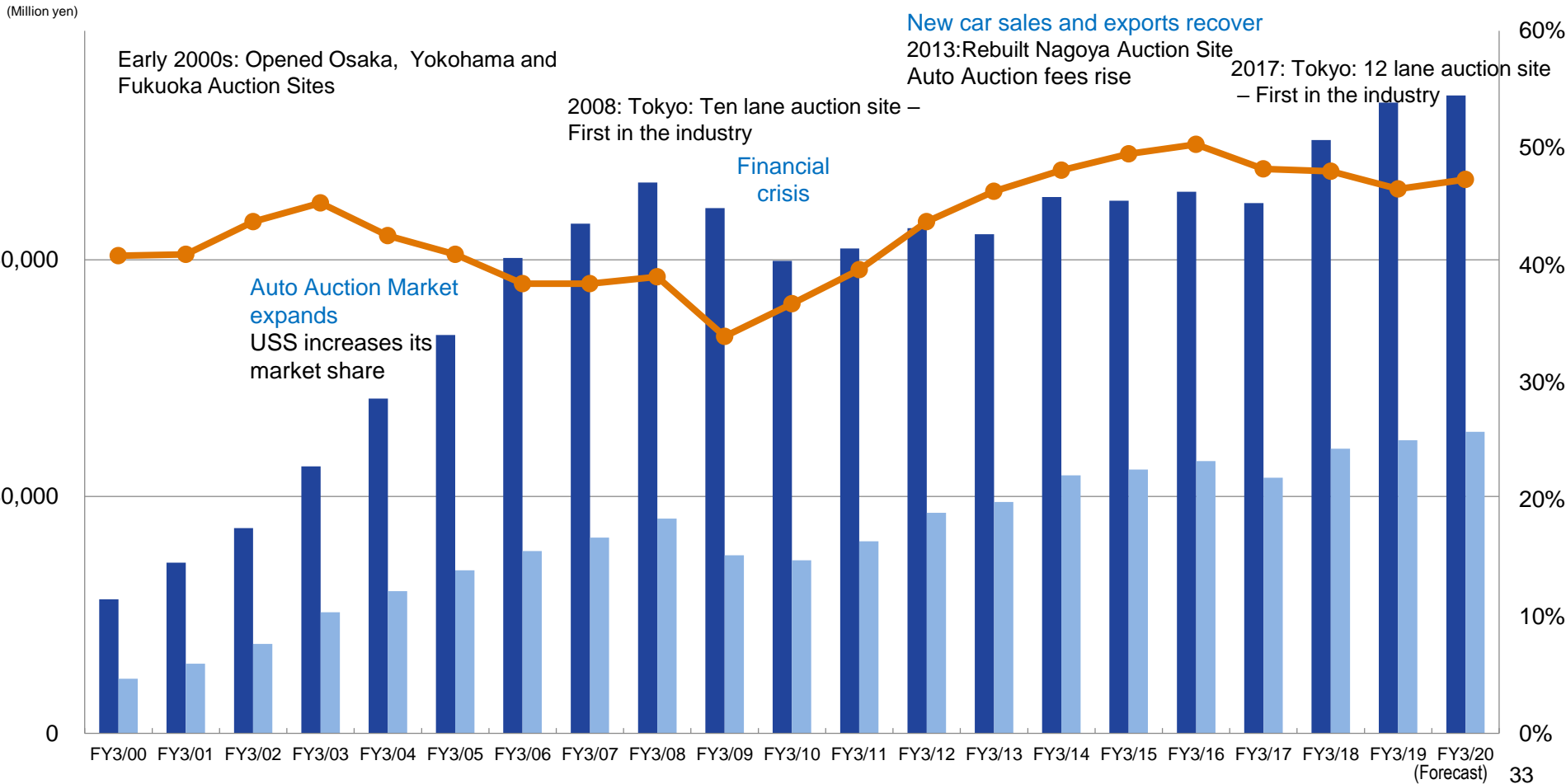
History of USS Long-term Growth

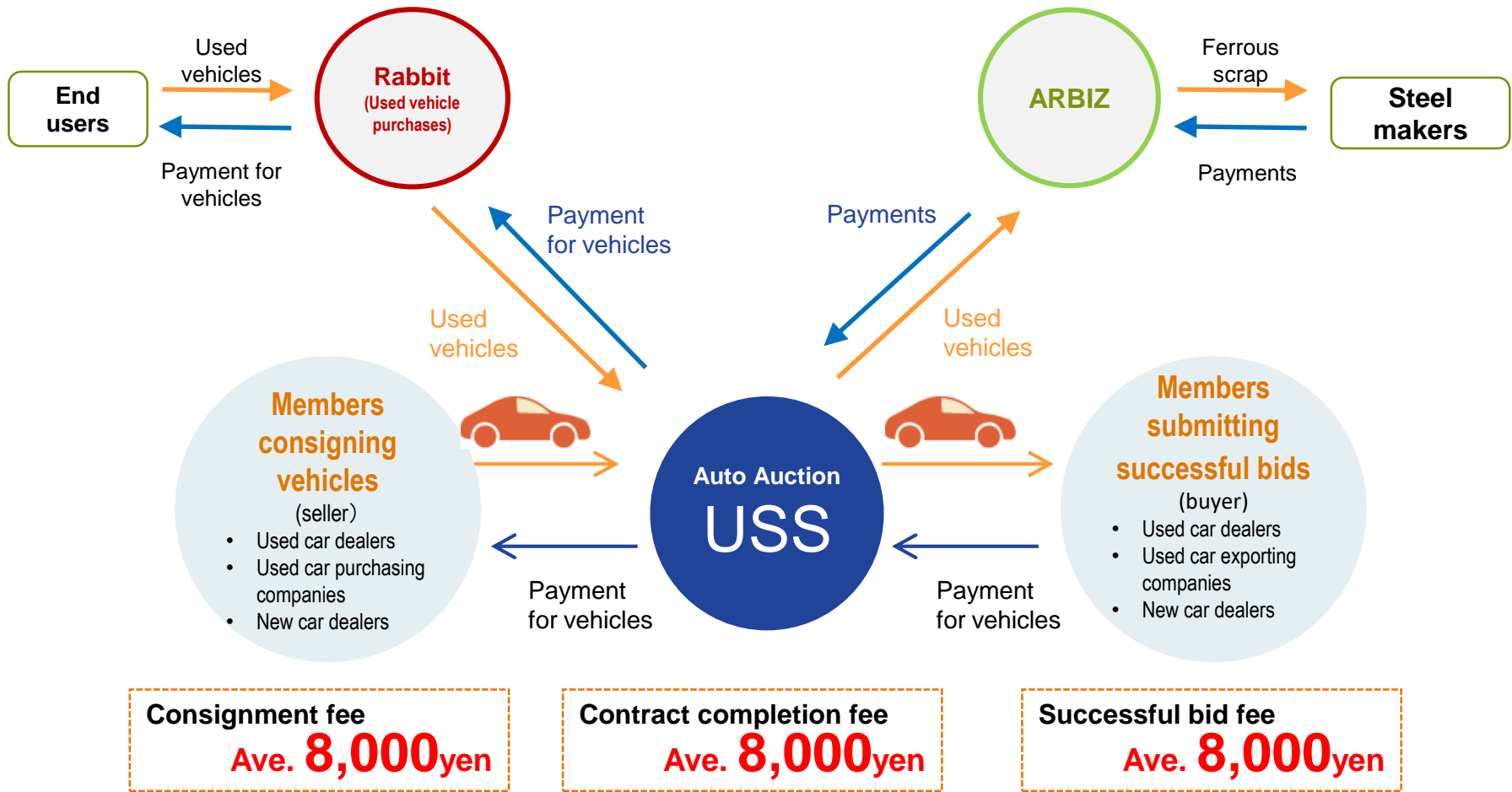
Before 2000

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

2017:
 JAA acquisition raises
 Tokyo/Nagoya/Osaka area market share
 to more than 40%

■ Net sales ■ Operating profit ● Operating margin



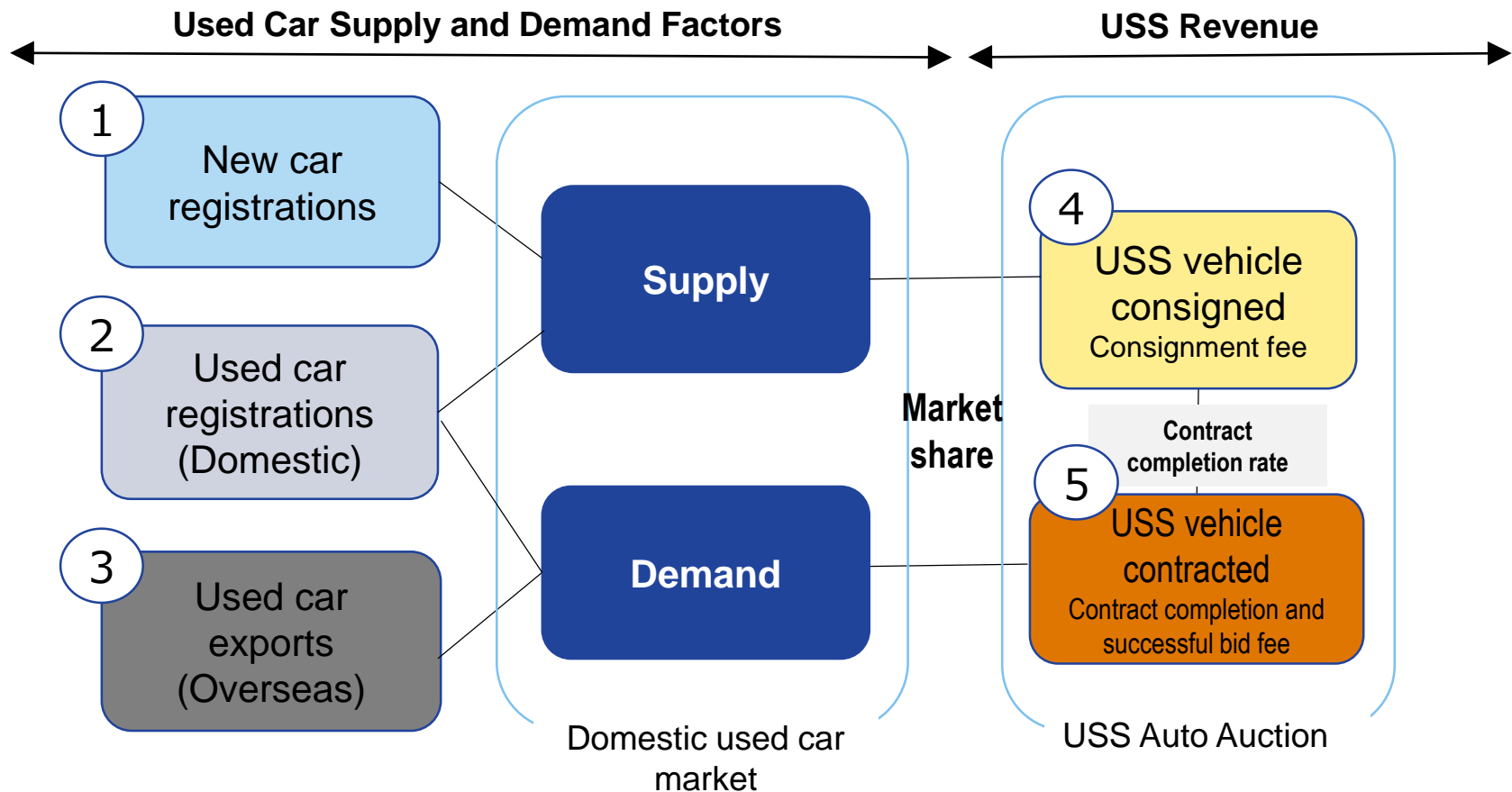


Vehicles consigned
2.93 million units/year
 (FY3/2019)

USS's fee per unit
 Ave. **24,000**yen

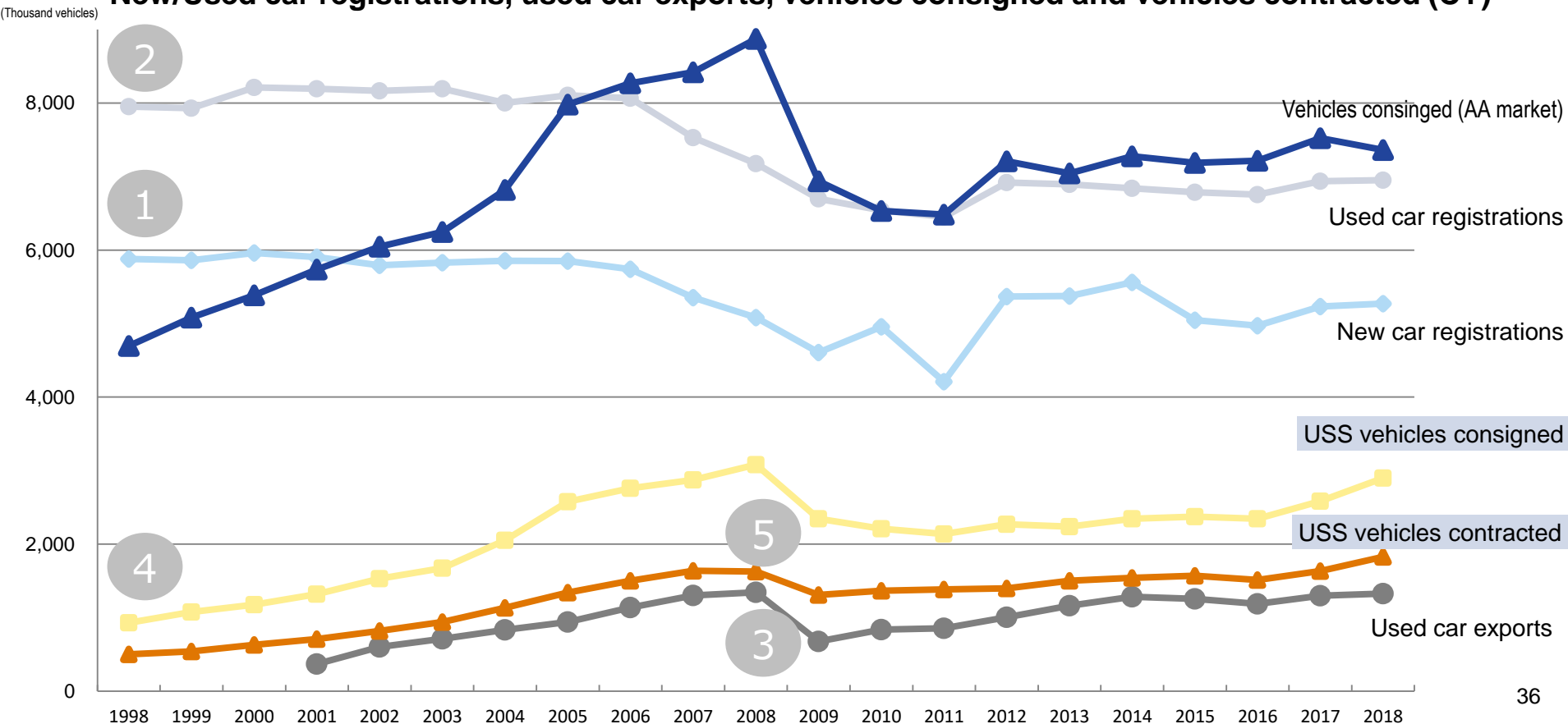
Contract completion rate
62.3% (FY3/2019)

- 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).

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
- Adopted the outside director system in FY3/2007
- Strengthened the executive officer system in FY3/2013
- Established voluntarily nomination and compensation committees in FY3/2016
- To enhance management transparency and reinforce management functions the company diversified membership of the Board of Directors from FY2018. Nobuko Takagi, a Certified Public Accountant and a specialized M&A advisory, has been elected as an outside director as a part of this strategy

FY	2005	2007	...	2013	...	2020
Directors	12	18 →		12 →		10
(of which external directors)		4 →		4 →		3

Adopted the outside director system

Strengthened the executive officer system

Established voluntarily nomination and compensation committees

As of May 2019
 Directors: 10 (of which independent outside directors: 3)
 Auditors: 3 (of which independent outside auditors: 2)
 Executive officers: 3