



# Consolidated Results of Operations

## The Third Quarter, Fiscal Year Ending March 31, 2021

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USS Co., Ltd.  
February 2021

# Results of Operations Third Quarter Fiscal Year Ending March 2021

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## 1-3Q FY3/21 Results

- Net sales ¥53.9 billion (down 7.3% YoY)  
Operating profit ¥25.7 billion (down 3.7% YoY)
  - The downturn in auto auctions ended in 1Q and performance started recovering in 2Q.
  - The number of used car exports decreased due to COVID-19.
  - Supported by high auction prices, the used vehicle purchase and selling segment saw a significant increase in profits despite a decline in number of cars sold.
  - In the recycling business, both earnings and profits declined due to a decrease in the volume handled

## FY3/2021 (Forecast)

- Net sales ¥71.2 billion
  - FY3/2021 plan is 2.53 million vehicles consigned, 1.60 million vehicles contracted and a contract completion ratio of 63.2%.
- Operating profit ¥32.6 billion

## Earnings Distributions

- Dividend forecast: 55.5 yen per share \* **aiming for the 21st consecutive year of dividend increases**
  - Dividend policy: Increased the consolidated payout ratio to at least 55% starting in FY3/2020

- Sales decreased 7.3% YoY to ¥53.96 billion, operating profit was down 3.7% to ¥25.75 billion, and profit attributable to owners of parent decreased 3.0% to ¥17.71 billion.
- Although COVID-19 reduced the number of vehicles consigned, a recovery started after the state of emergency ended.

(Million yen)

	1-3Q FY3/19	1-3Q FY3/20	1-3Q FY3/21	Year on year
Net sales	58,339	58,184	53,964	92.7%
Cost of sales (Per sales)	22,818 (39.1%)	23,136 (39.8%)	20,567 (38.1%)	88.9%
Gross profit (Per sales)	35,520 (60.9%)	35,047 (60.2%)	33,397 (61.9%)	95.3%
Selling, general and administrative expenses (Per sales)	8,406 (14.4%)	8,298 (14.3%)	7,639 (14.2%)	92.0%
Operating profit (Per sales)	27,114 (46.5%)	26,748 (46.0%)	25,758 (47.7%)	96.3%
Ordinary profit (Per sales)	27,586 (47.3%)	27,233 (46.8%)	26,370 (48.9%)	96.8%
Profit attributable to owners of parent (Per sales)	18,476 (31.7%)	18,270 (31.4%)	17,715 (32.8%)	97.0%

- Record-high net sales, operating profit, ordinary profit and profit attributable to owners of parent in the 3Q (Oct.- Dec.)

(Million yen)

	3Q FY3/19	3Q FY3/20	3Q FY3/21	Year on year
Net sales	19,496	19,391	19,686	101.5%
Cost of sales (Per sales)	7,710 (39.5%)	7,799 (40.2%)	7,255 (36.9%)	93.0%
Gross profit (Per sales)	11,786 (60.5%)	11,592 (59.8%)	12,431 (63.1%)	107.2%
Selling, general and administrative expenses (Per sales)	2,799 (14.4%)	2,750 (14.2%)	2,574 (13.1%)	93.6%
Operating profit (Per sales)	8,986 (46.1%)	8,841 (45.6%)	9,856 (50.1%)	111.5%
Ordinary profit (Per sales)	9,171 (47.0%)	9,017 (46.5%)	10,056 (51.1%)	111.5%
Profit attributable to owners of parent (Per sales)	6,142 (31.5%)	6,038 (31.1%)	6,770 (34.4%)	112.1%

# 1-3Q FY3/2021 – Reasons for Change in Operating Profit (Actual)

## Net sales

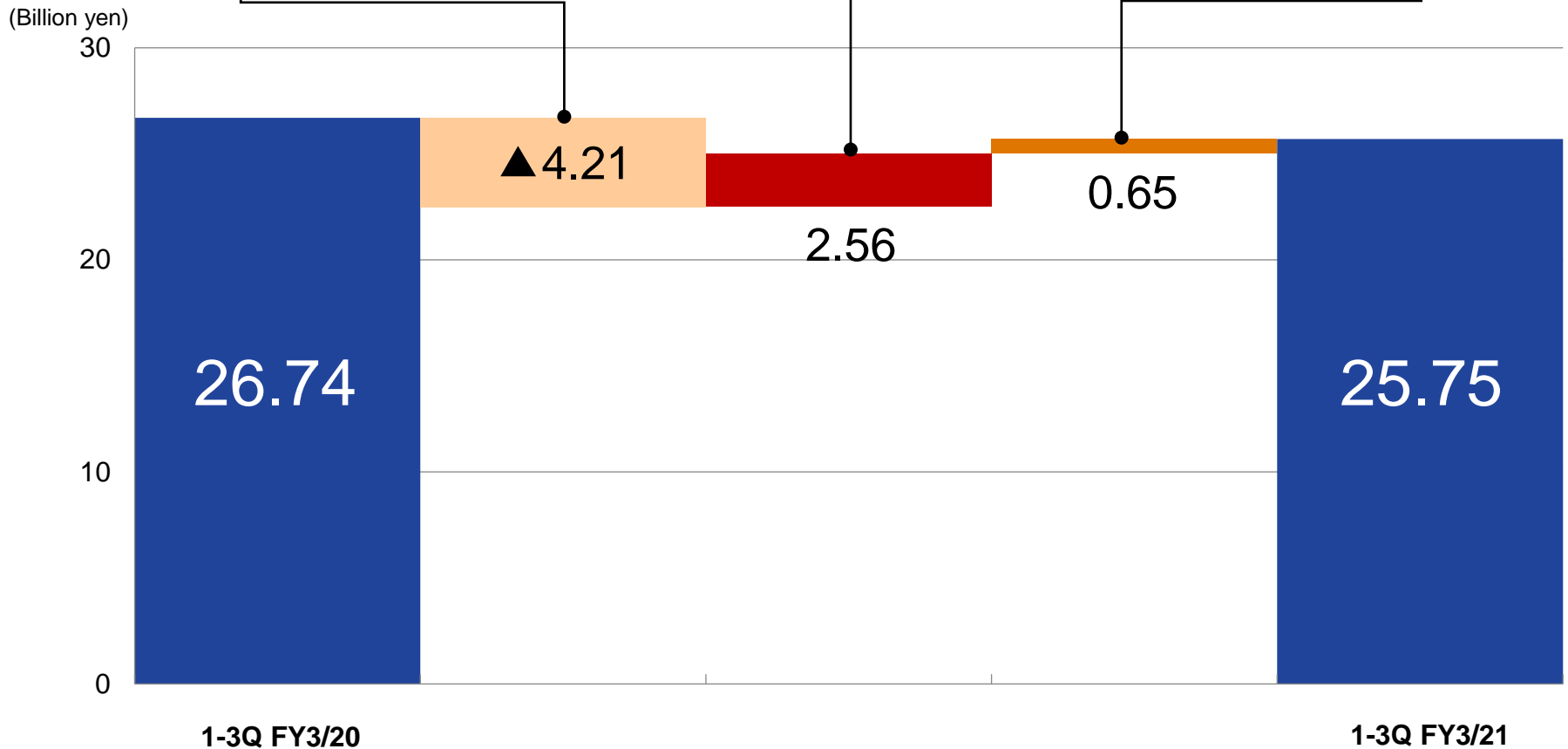
Increase in fee rates	1.30bn
Decrease in vehicles consigned	▲4.28bn
Used vehicle sales/purchases	▲0.66bn
Decrease in recycling	▲0.42bn

## Cost of sales

Decrease in cost of goods sold	1.69bn
Decrease in employee salaries and bonuses	0.21bn
Decrease in rent	0.20bn
Decrease in outsourcing expense	0.10bn

## SG&A expenses

Decrease in goodwill amortization	0.16bn
Decrease in employee salaries and bonuses	0.09bn
Decrease in sales promotion expenses	0.08bn
Decrease in advertising expenses	0.06bn
Decrease in cost of transportation	0.05bn



# 3Q FY3/2021 – Reasons for Change in Operating Profit (Actual)

## Net sales

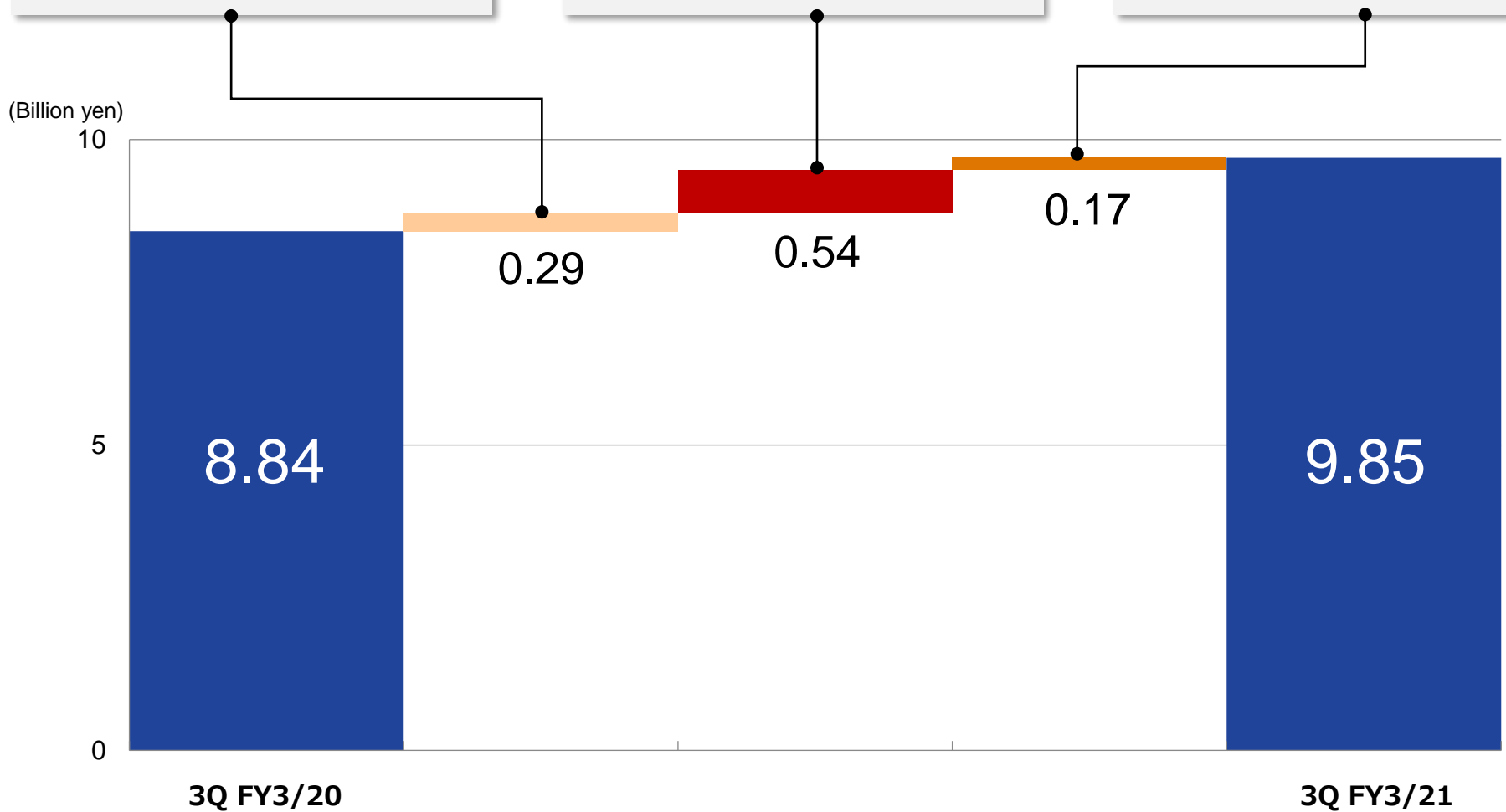
Increase in contract completion rate	0.59bn
Increase in fee rates	0.42bn
Decrease in vehicles consigned	▲0.36bn
Decrease in recycling	▲0.25bn

## Cost of sales

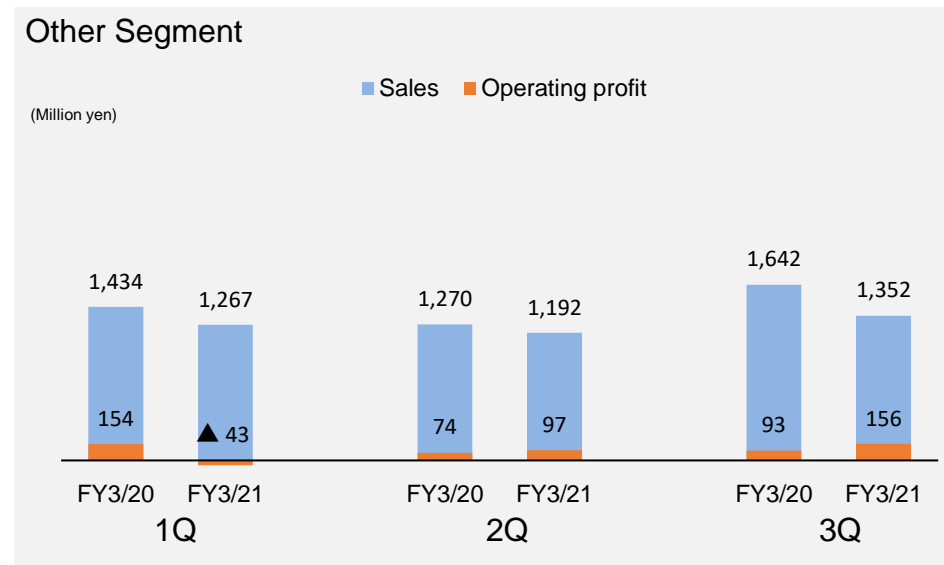
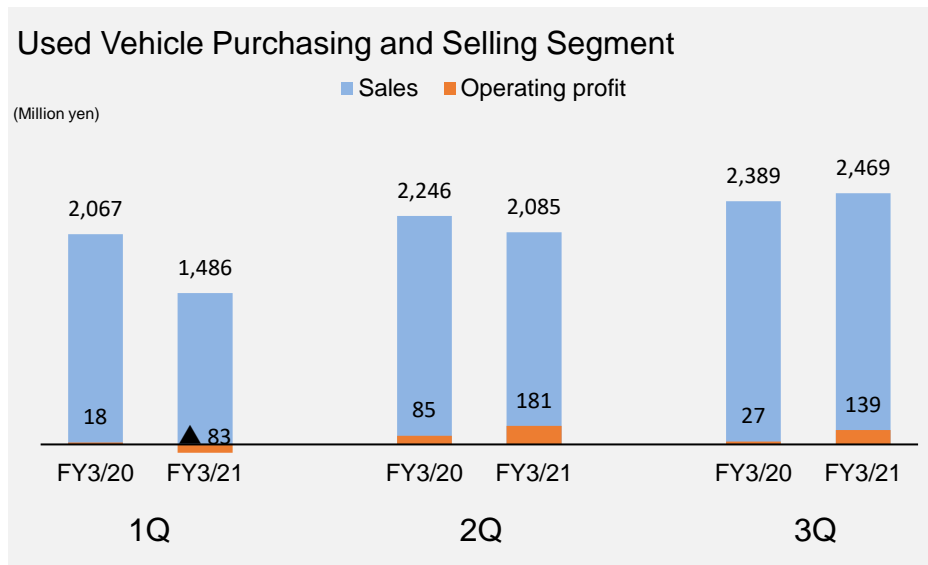
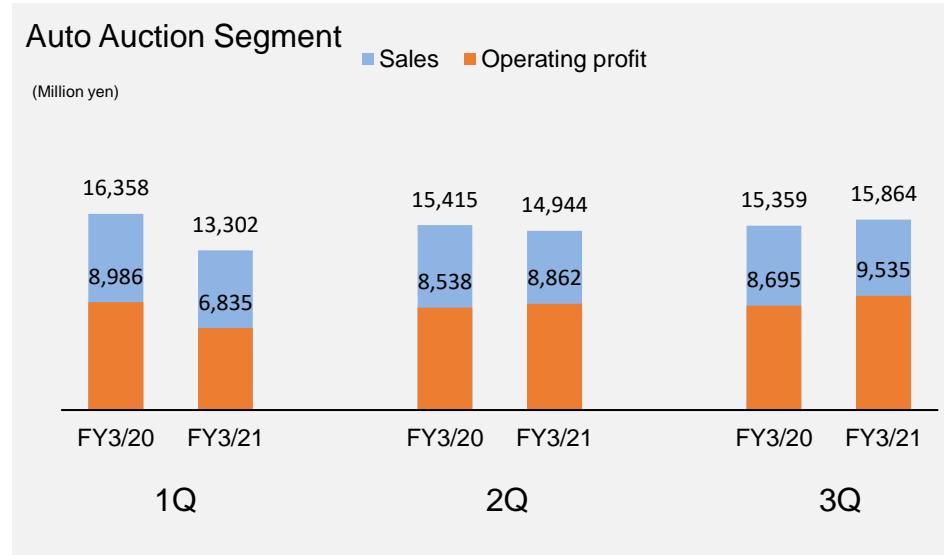
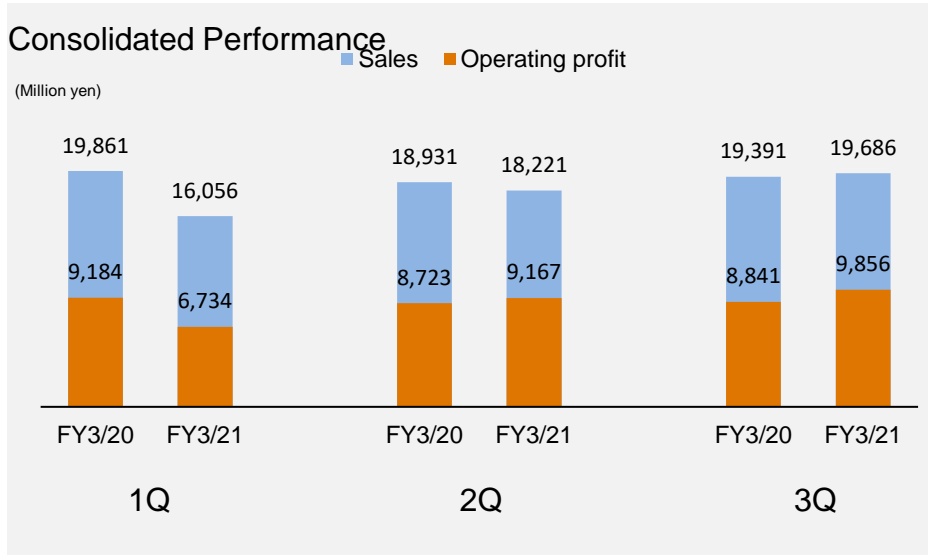
Decrease in purchases	0.21bn
Decrease in cost of goods sold	0.21bn
Decrease in employee salaries and bonuses	0.10bn

## SG&A expenses

Decrease in goodwill amortization	0.05bn
Decrease in employee salaries and bonuses	0.04bn
Decrease in advertising expenses	0.02bn



# FY3/2021 – Business Segment Quarterly Performance (Year-on-year change)



\* Net sales are sales to external customers and operating profit is based on business segment earnings.



- Cash used in investing activities increased due to the construction of a multi-level parking structure at the R-Nagoya auction site and other projects.
- The primary use of cash in financing activities was dividends paid.
- Equity ratio: 85.8%

## Consolidated Balance Sheets (Summary)

	FY3/20	1-3Q FY3/21
Current assets	68,096	63,625
Cash and deposits	50,729	53,840
Receivables due from member dealers at auction, etc.	17,367	9,784
Non-current assets	151,037	151,844
Property, plant and equipment	106,747	106,219
Other	44,289	45,625
<b>Total assets</b>	<b>219,133</b>	<b>215,470</b>

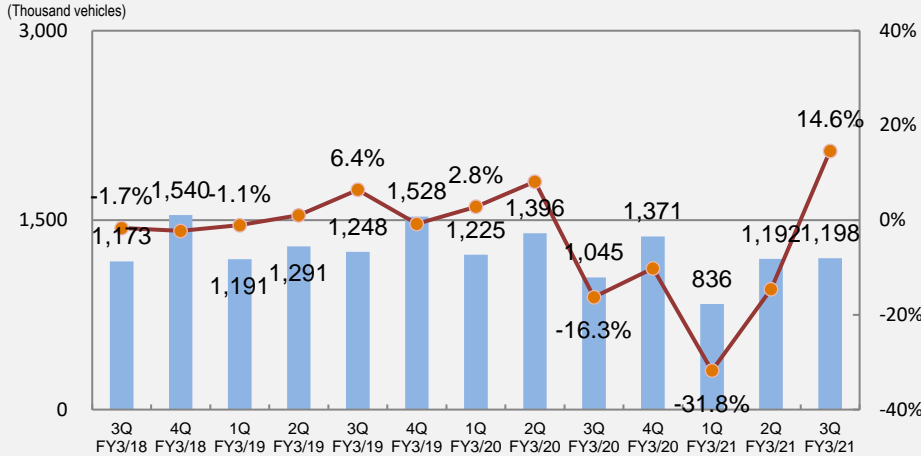
(Million yen)

	FY3/20	1-3Q FY3/21
Current liabilities	24,497	17,292
Payables due to member dealers at auction	8,721	7,504
Other	15,776	9,787
Non-current liabilities	10,656	11,268
<b>Total liabilities</b>	<b>35,153</b>	<b>28,560</b>
<b>Total net assets</b>	<b>183,980</b>	<b>186,909</b>
<b>Total liabilities and net assets</b>	<b>219,133</b>	<b>215,470</b>

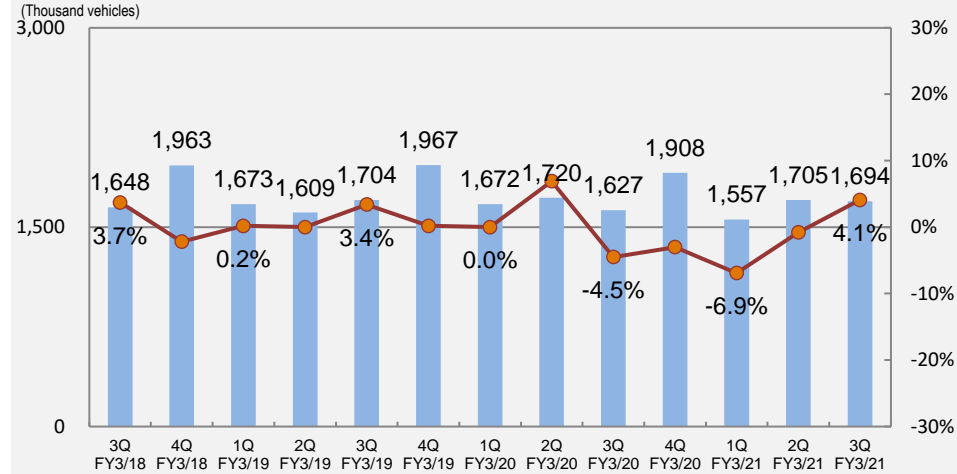
## Consolidated Statements of Cash Flows (Summary)

	1-3Q FY3/19	1-3Q FY3/20	1-3Q FY3/21	Changes
Net cash provided by (used in) operating activities	15,836	12,223	23,054	10,831
Net cash provided by (used in) investing activities	▲924	▲3,711	▲8,367	▲4,655
Free cash flow	14,911	8,511	14,686	6,175
Net cash provided by (used in) financing activities	▲12,819	▲16,602	▲14,575	2,027
Capital expenditures (Terms of cash flows)	1,518	3,471	8,410	4,939
Depreciation	3,984	3,605	3,886	281

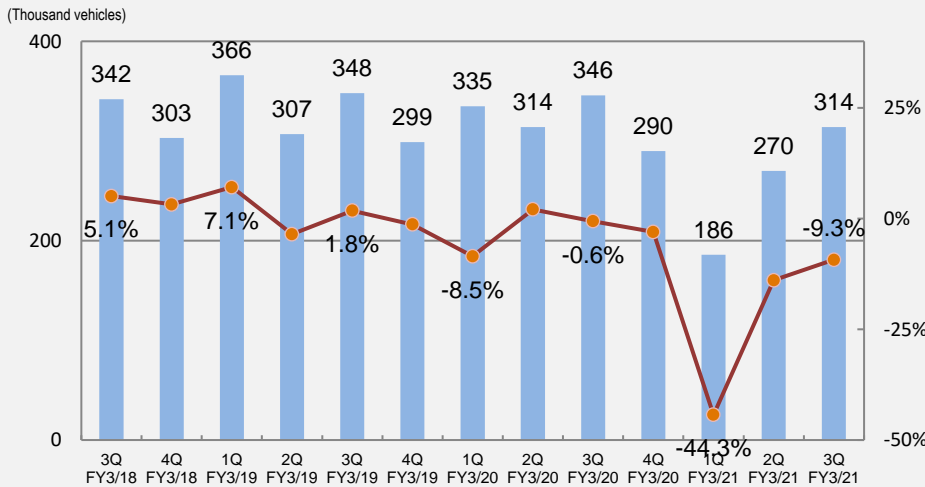
## New Car Registrations and YoY Changes



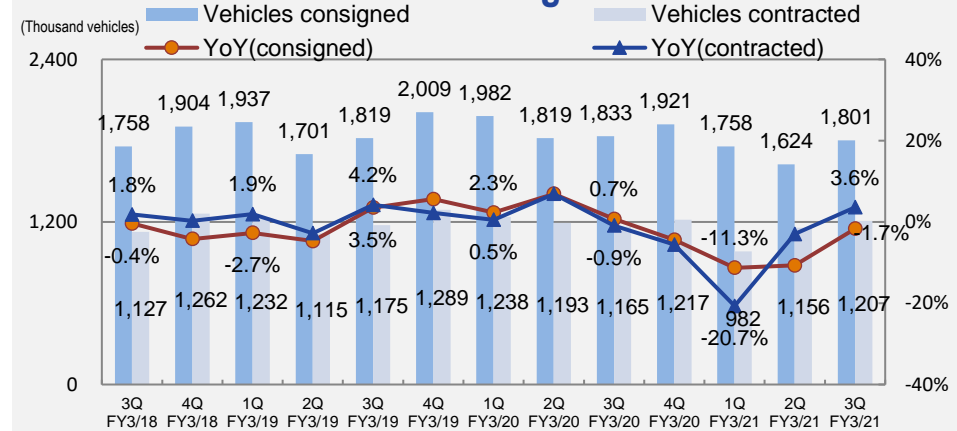
## Used Car Registrations and YoY Changes



## Used Car Exports and YoY Changes



## AA Market: Vehicles Consigned and Contracted and YoY Changes



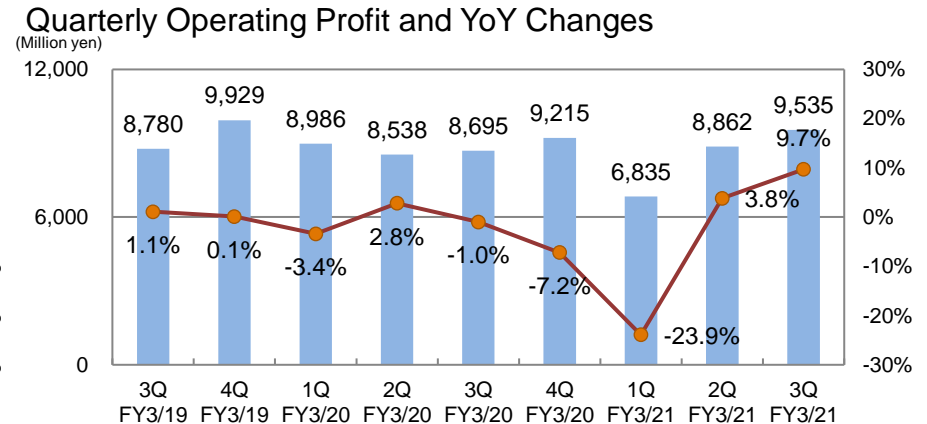
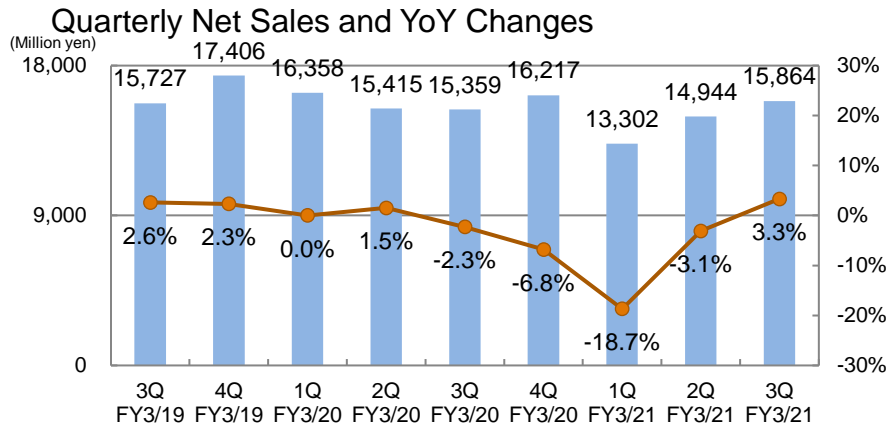
# Auto Auction Segment (1)

- Vehicles consigned decreased 11.3% YoY to 1,923 thousand; contract completions decreased 8.7% YoY to 1,204 thousand (contract completion rate: 62.6% against 60.9% in the previous fiscal year)
- Auction fees decreased primarily because of decreases in vehicles consigned.

## Auto Auction Segment Performance in 1-3Q

(Million yen)

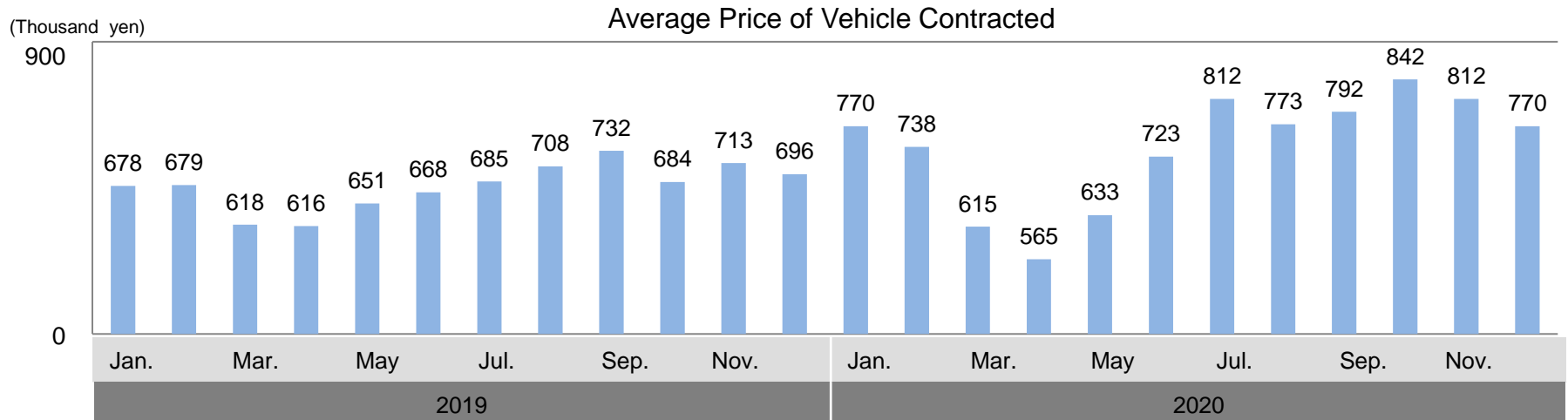
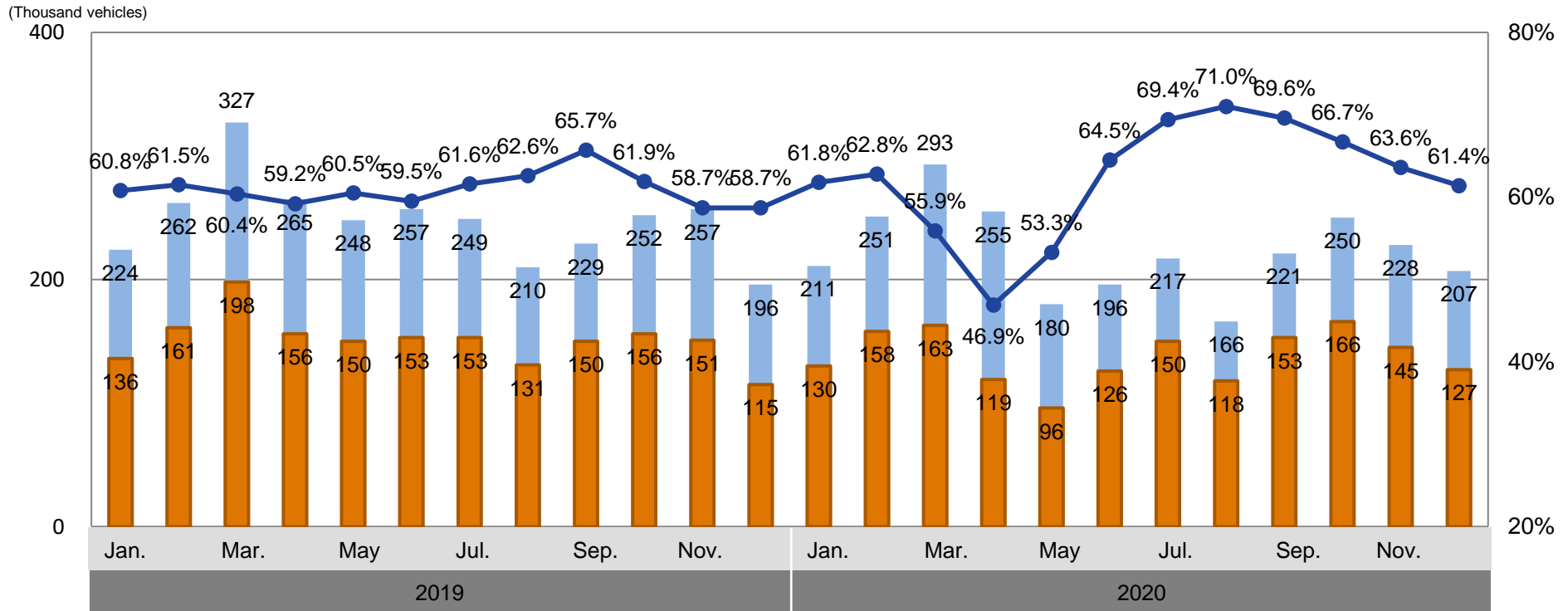
	1-3Q FY3/19	1-3Q FY3/20	1-3Q FY3/21	Year on year
Net sales	47,277	47,133	44,111	93.6%
Consignment fees	11,209	11,118	10,179	91.6%
Contract completion fees	10,879	10,751	10,072	93.7%
Successful bid fees	16,214	16,128	15,455	95.8%
Other	8,975	9,134	8,402	92.0%
Operating profit	26,394	26,220	25,233	96.2%
Operating margin	55.4%	55.3%	56.8%	-



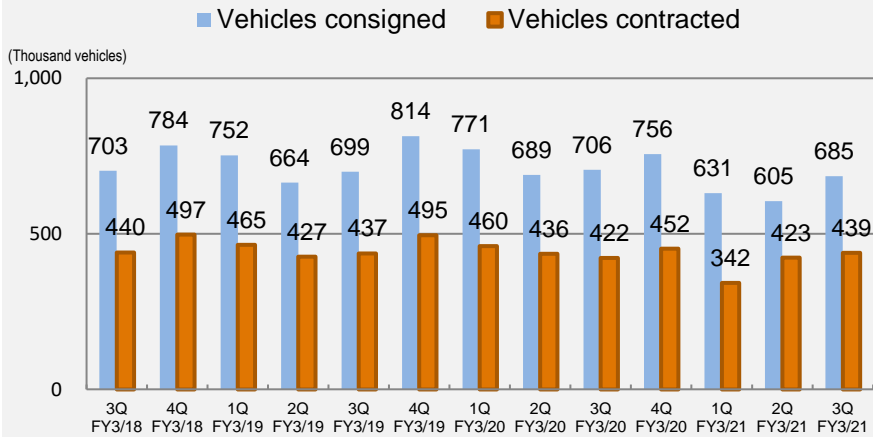
\* Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins are calculated by dividing segment profit by segment sales.

# Auto Auction Segment (2) Monthly Data

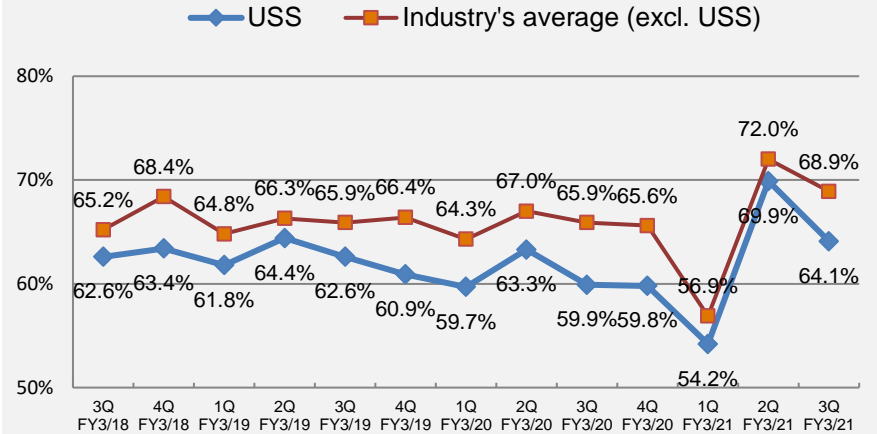
■ Vehicles consigned   
 ■ Vehicles contracted   
 ● Contract completion rate



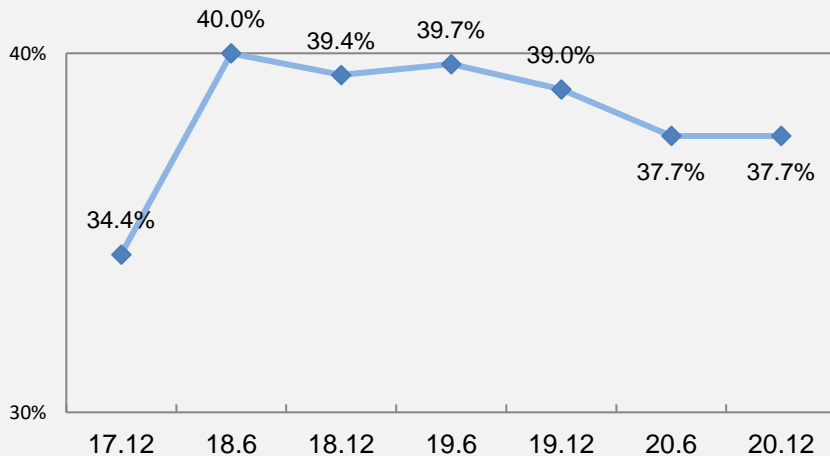
## No. of Vehicles Consigned and Vehicles Contracted



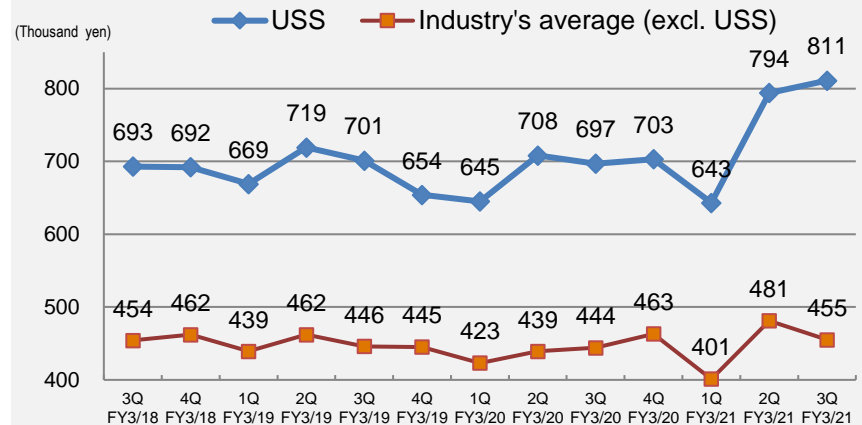
## Contract Completion Rate



## Market Share



## Average Price of Vehicle Contracted

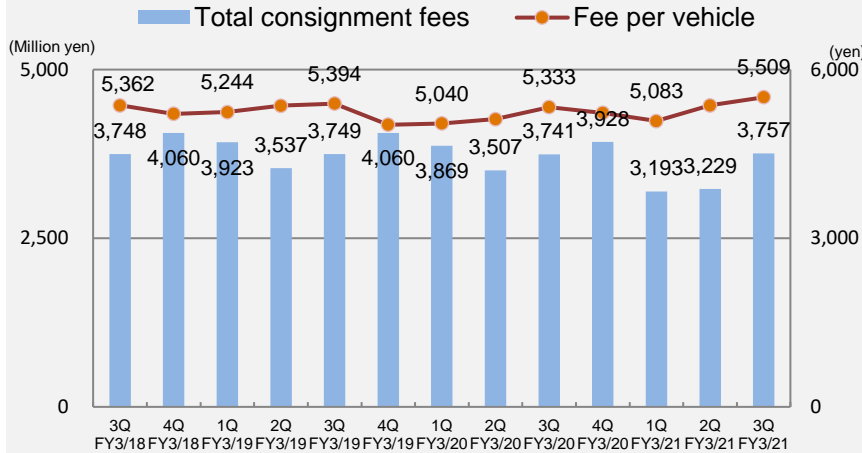


\* Period ending in December: 12-month data; Period ending in June: 6-month data.

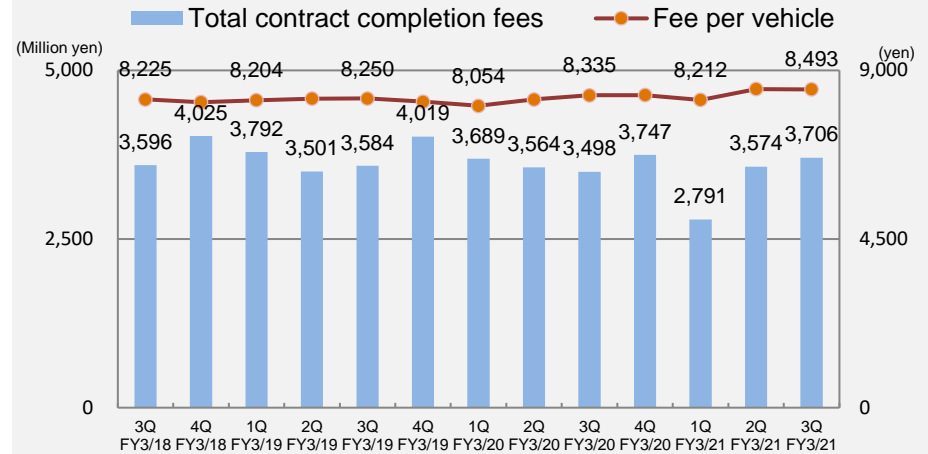
\* The results of JAA, and of HAA Kobe are included from October 2017.

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

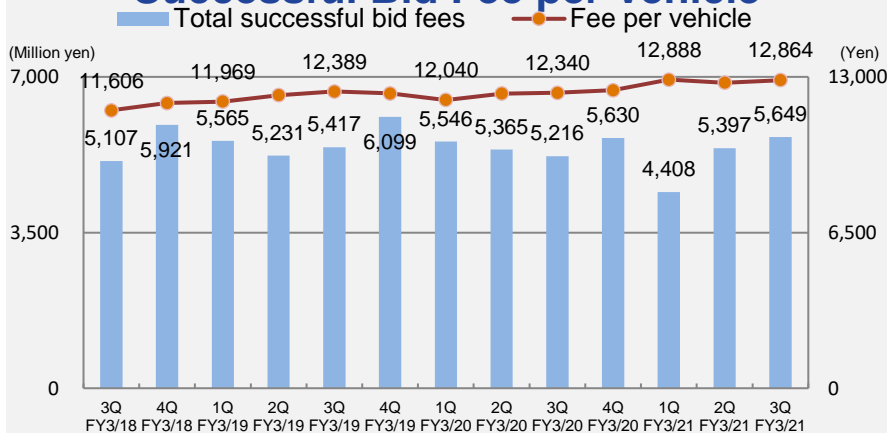
## Total Consignment Fees and Consignment Fee per Vehicle



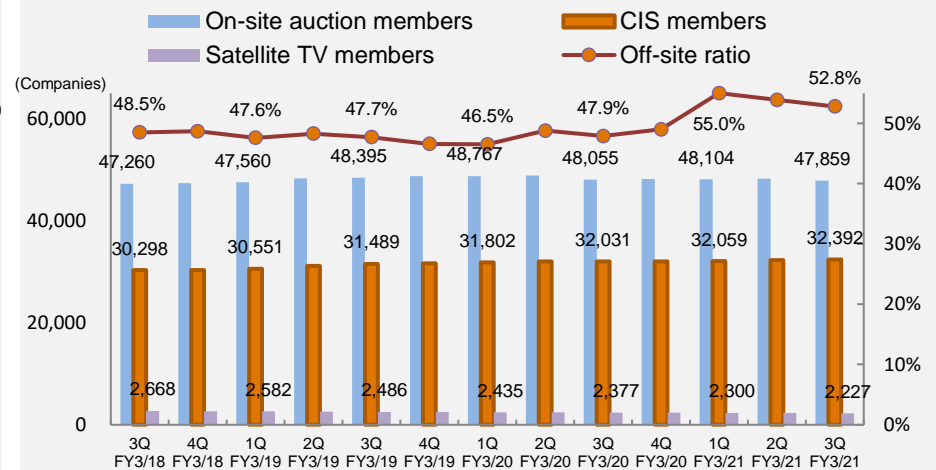
## Total Contract Completion Fees and Contract Completion Fee per Vehicle



## 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.

\*The method used for calculating the off-site ratio was revised in April 2019.

From April 1, 2020 to December 31, 2020

(Number of auctions held, Vehicles)

	Number of auctions		Number of consigned vehicles			Number of contract completions			Contract completion rate	
	1-3Q FY3/21	1-3Q FY3/20	1-3Q FY3/21	1-3Q FY3/20	YoY change	1-3Q FY3/21	1-3Q FY3/20	YoY change	1-3Q FY3/21	1-3Q FY3/20
Tokyo	37	37	443,965	487,485	91.1%	300,420	328,092	91.6%	67.7%	67.3%
Nagoya	37	37	320,398	370,688	86.4%	181,647	195,281	93.0%	56.7%	52.7%
Osaka	37	37	147,009	150,645	97.6%	79,342	78,827	100.7%	54.0%	52.3%
Kyushu	37	36	133,070	137,534	96.8%	80,179	78,707	101.9%	60.3%	57.2%
Yokohama	36	37	125,088	143,429	87.2%	81,461	90,386	90.1%	65.1%	63.0%
Sapporo	37	37	99,183	110,605	89.7%	67,799	70,600	96.0%	68.4%	63.8%
R-Nagoya	36	37	85,305	109,686	77.8%	69,255	89,550	77.3%	81.2%	81.6%
Shizuoka	37	36	72,910	70,191	103.9%	44,792	45,374	98.7%	61.4%	64.6%
Kobe	37	37	50,666	63,671	79.6%	29,422	37,254	79.0%	58.1%	58.5%
Okayama	37	36	48,197	55,034	87.6%	34,345	36,266	94.7%	71.3%	65.9%
Gunma	37	36	38,252	42,332	90.4%	25,366	27,367	92.7%	66.3%	64.6%
Tohoku	37	37	36,146	42,539	85.0%	26,436	30,152	87.7%	73.1%	70.9%
Niigata	37	37	34,970	32,754	106.8%	18,224	15,938	114.3%	52.1%	48.7%
Saitama	36	37	32,826	37,425	87.7%	18,250	21,938	83.2%	55.6%	58.6%
Fukuoka	37	37	29,300	35,236	83.2%	18,257	22,845	79.9%	62.3%	64.8%
Hokuriku	37	36	13,492	13,387	100.8%	9,251	8,955	103.3%	68.6%	66.9%
JAA	37	37	54,405	63,891	85.2%	29,875	35,161	85.0%	54.9%	55.0%
HAA	37	36	157,868	200,984	78.5%	90,392	107,050	84.4%	57.3%	53.3%
<b>Total</b>	<b>663</b>	<b>660</b>	<b>1,923,050</b>	<b>2,167,516</b>	<b>88.7%</b>	<b>1,204,713</b>	<b>1,319,743</b>	<b>91.3%</b>	<b>62.6%</b>	<b>60.9%</b>

\* Data of the Shikoku auction site that was included in the Okayama auction site data is included in the HAA Kobe auction site data from January 2020.

\* One auction was canceled at the Saitama Auction Site due to a lightning strike in August 2020.

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

# Auto Auction Segment (6)

(Vehicles, %)

		Apr.	May	Jun.	Jul.	Aug.	Sep.	First Half	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Second Half	Fiscal Year
No. of Vehicles Consigned	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
	FY3/20	265,360	248,623	257,709	249,936	210,323	229,142	1,461,093	252,790	257,226	196,407	211,406	251,864	293,266	1,462,959	2,924,052
	YoY Change	▲0.3	7.1	1.4	11.5	2.0	▲2.1	3.1	7.7	▲0.1	▲5.1	▲5.6	▲4.0	▲10.5	▲3.3	▲0.2
	FY3/21	255,293	180,384	196,014	217,449	166,982	221,001	1,237,123	250,352	228,129	207,446	207,691			893,618	2,130,741
	YoY Change	▲3.8	▲27.4	▲23.9	▲13.0	▲20.6	▲3.6	▲15.3	▲1.0	▲11.3	5.6	▲1.8			-	-
No. of Vehicles Contracted	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
	FY3/20	156,986	150,529	153,217	153,889	131,750	150,541	896,912	156,496	151,044	115,291	130,627	158,104	163,969	875,531	1,772,443
	YoY Change	▲1.3	2.1	▲3.4	7.2	▲0.2	▲1.0	0.5	3.0	▲6.5	▲6.9	▲4.2	▲2.0	▲17.2	▲6.2	▲2.9
	FY3/21	119,644	96,174	126,384	150,887	118,526	153,725	765,340	166,954	145,090	127,329	132,226			571,599	1,336,939
	YoY Change	▲23.8	▲36.1	▲17.5	▲2.0	▲10.0	2.1	▲14.7	6.7	▲3.9	10.4	1.2			-	-
Contract Completion Rate	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
	FY3/20	59.2	60.5	59.5	61.6	62.6	65.7	61.4	61.9	58.7	58.7	61.8	62.8	55.9	59.8	60.6
	FY3/21	46.9	53.3	64.5	69.4	71.0	69.6	61.9	66.7	63.6	61.4	63.7			-	-

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



# Used Vehicle Purchasing and Selling Segment

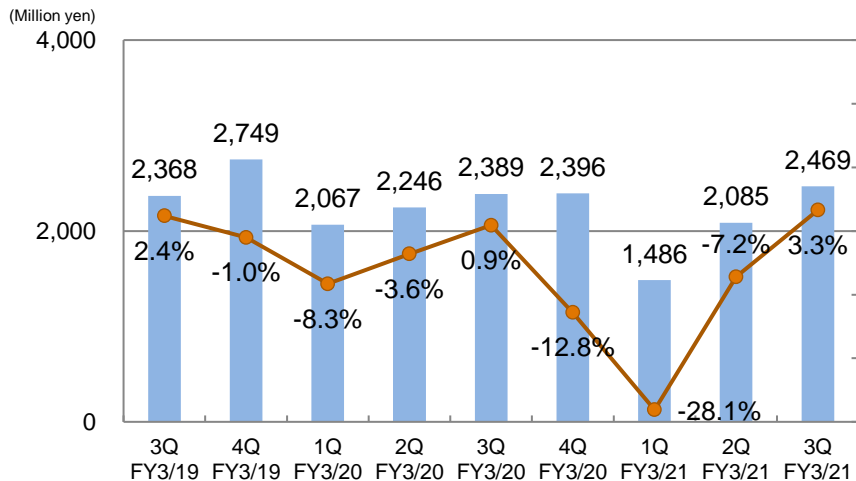
- At Rabbit, which purchases used vehicles, the sales volume decreased, but after the declaration of a state of emergency was lifted, gross profit per vehicle improved due to higher auction prices, resulted lower sales but higher profits. (Net sales decreased 8.0% YoY to ¥3,419 million, Operating profit increased 50.0% to ¥129 million)
- In the accident-damaged vehicle purchasing and selling business, the sales volume decreased, but after the emergency declaration was lifted, the gross profit per vehicle improved, as a result, sales were down but profits were higher. (Net sales decreased 12.2% YoY to ¥2,621 million, Operating profit increased 142.7% to ¥108 million)

## Used Vehicle Purchasing and Selling Segment Performance in 1-3Q

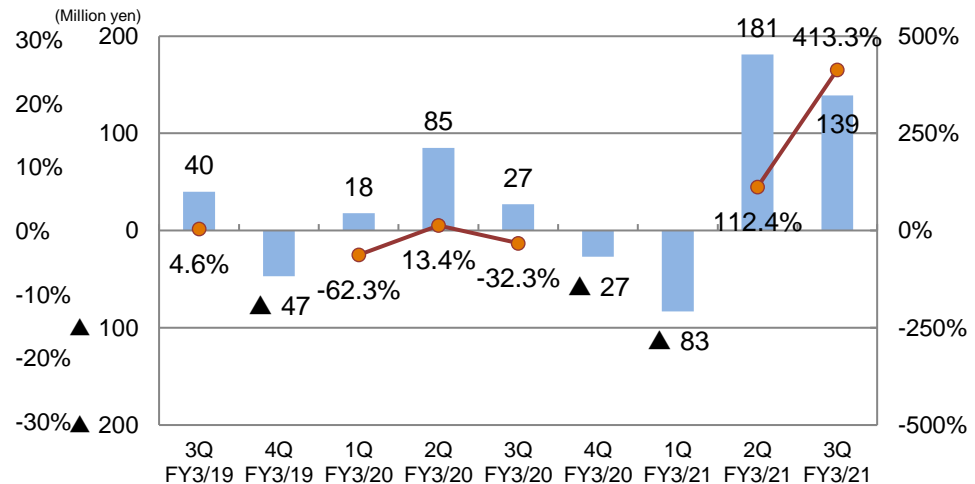
(Million yen)

	1-3Q FY3/19	1-3Q FY3/20	1-3Q FY3/21	Year on year
Net sales	6,951	6,703	6,040	90.1%
Operating profit	164	131	237	181.6%
Operating margin	2.4%	2.0%	3.9%	-

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.

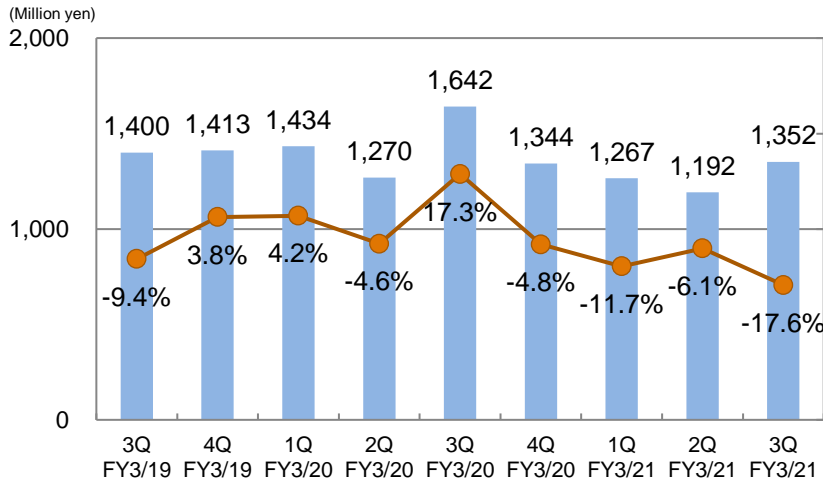
- In the recycle business, sales and earnings were down as the negative effect of a lower volume of materials handled outweighed the benefit of a recovery in the price of ferrous scrap. (Net sales decreased 10.9% YoY to ¥3,504 million, Operating profit decreased 30.1% to ¥186 million)
- Operating loss in the used vehicle export clearing service business because of a smaller volume of orders received caused by a big downturn in the number of used vehicles exported. (Net sales decreased 31.2% YoY to ¥240 million, Operating loss ¥15 million (operating profit of ¥29 million in 1-3Q FY3/20))

## Other Segment Performance in 1-3Q

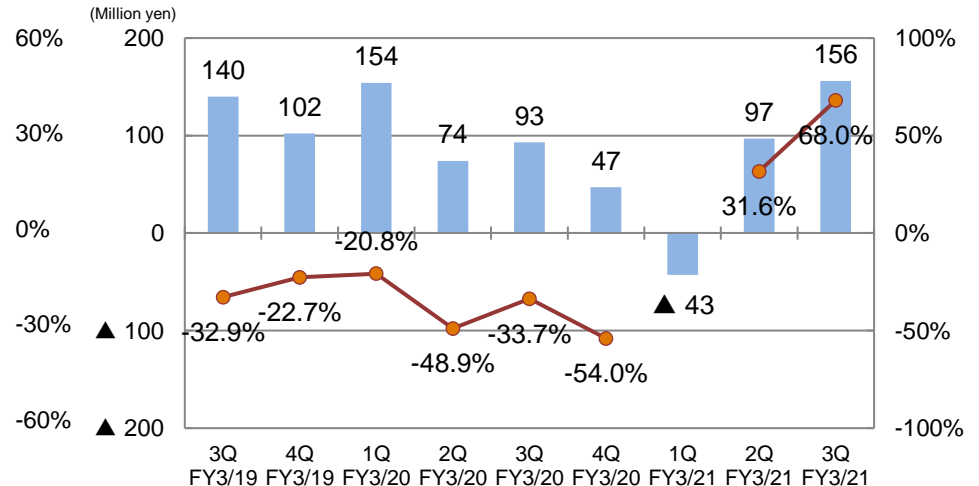
(Million yen)

	1-3Q FY3/19	1-3Q FY3/20	1-3Q FY3/21	Year on year
Net sales	4,109	4,347	3,812	87.7%
Operating profit	481	322	211	65.7%
Operating margin	11.6%	7.3%	5.5%	-

## 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 FY3/2021

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- No revisions to the FY3/21 forecast announced on November 9, 2020.

(Million yen)

	FY3/20 (Actual)	FY3/21 Initial plan (Aug 3, 2020)	Change	FY3/21 Revised plan (Nov. 9, 2020)	Revised plan vs FY3/20
Net sales	78,143	67,300	3,900	71,200	91.1%
Gross profit (Per sales)	47,188 (60.4%)	37,870 (56.3%)	5,019	42,889 (60.2%)	90.9%
Operating profit (Per sales)	36,009 (46.1%)	27,200 (40.4%)	5,400	32,600 (45.8%)	90.5%
Ordinary profit (Per sales)	36,710 (47.0%)	27,800 (41.3%)	5,500	33,300 (46.8%)	90.7%
Profit attributable to owners of parent (Per sales)	20,634 (26.4%)	18,400 (27.3%)	3,700	22,100 (31.0%)	107.1%
Profit per share (Yen)	82.44	73.81	-	88.65	-
Capital expenditures (Terms of cash flows)	4,523	10,500	▲ 1,100	9,400	207.8%
Depreciation	5,037	5,576	▲ 192	5,383	106.9%

Auto Auction Business (excl. JBA)	FY3/20 (Actual)	FY3/21 Initial plan (Aug 3, 2020)	Change	FY3/21 Revised plan (Nov. 9, 2020)	Revised plan vs FY3/20
No. of vehicles consigned (Thousands)	2,924	2,340	190	2,530	86.5%
No. of vehicles contracted (Thousands)	1,772	1,420	180	1,600	90.3%
Contract completion rate	60.6%	60.7%	-	63.2%	-

# 2H FY3/2021 – Reasons for Change in Operating Profit (Forecast)

## Net sales

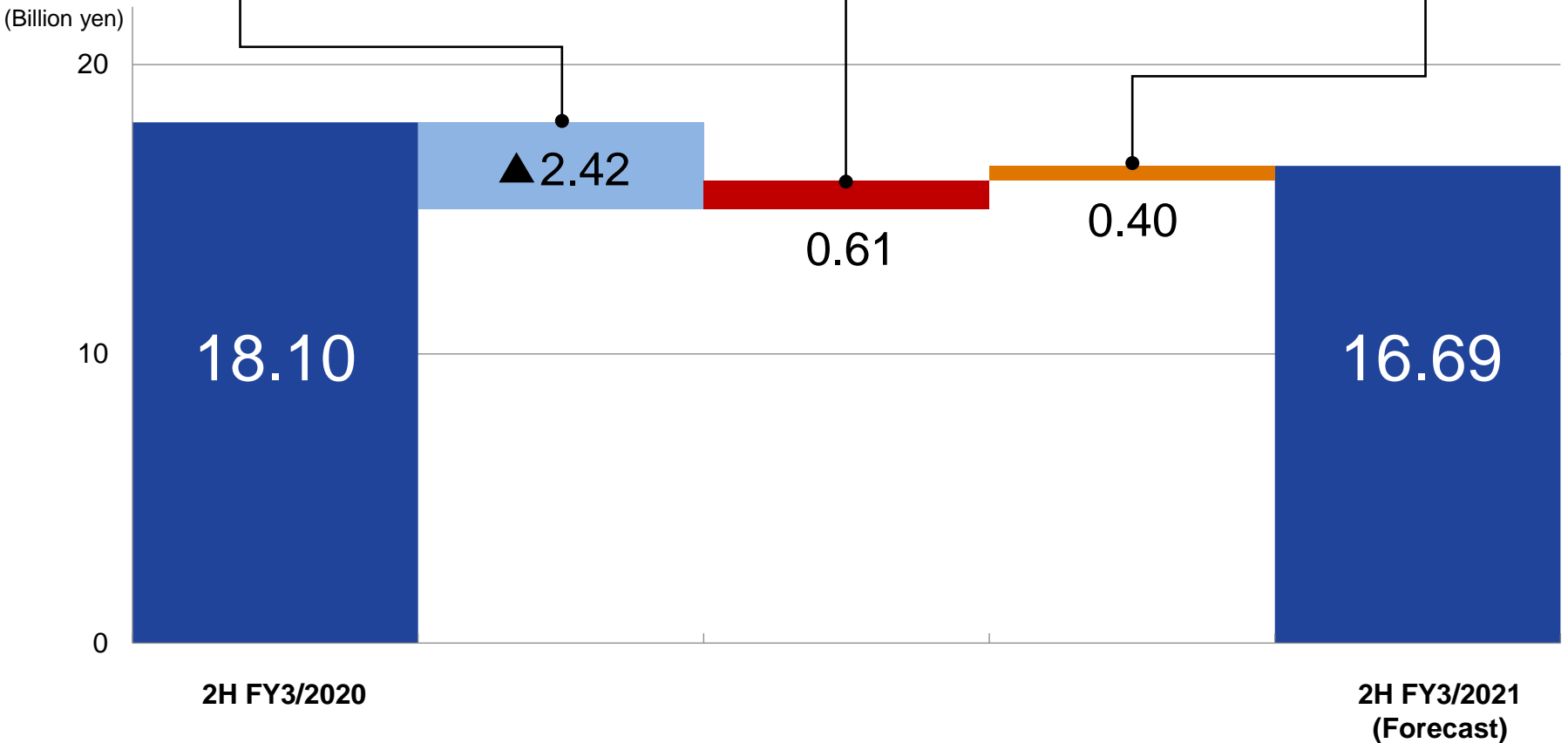
Increase in contract completion rate 1.25bn  
 Decrease in vehicles consigned ▲2.99bn  
 Used vehicle sales/purchases ▲0.46bn

## Cost of sales

Decrease in cost of goods sold 0.45bn  
 Decrease in purchases 0.23bn

## SG&A expenses

Decrease in goodwill amortization 0.13bn  
 Decrease in employee salaries and bonuses 0.07bn  
 Decrease in advertising expenses 0.04bn  
 Decrease in cost of transportation 0.04bn



# FY3/2021 – Reasons for Change in Operating Profit (Forecast)

## Net sales

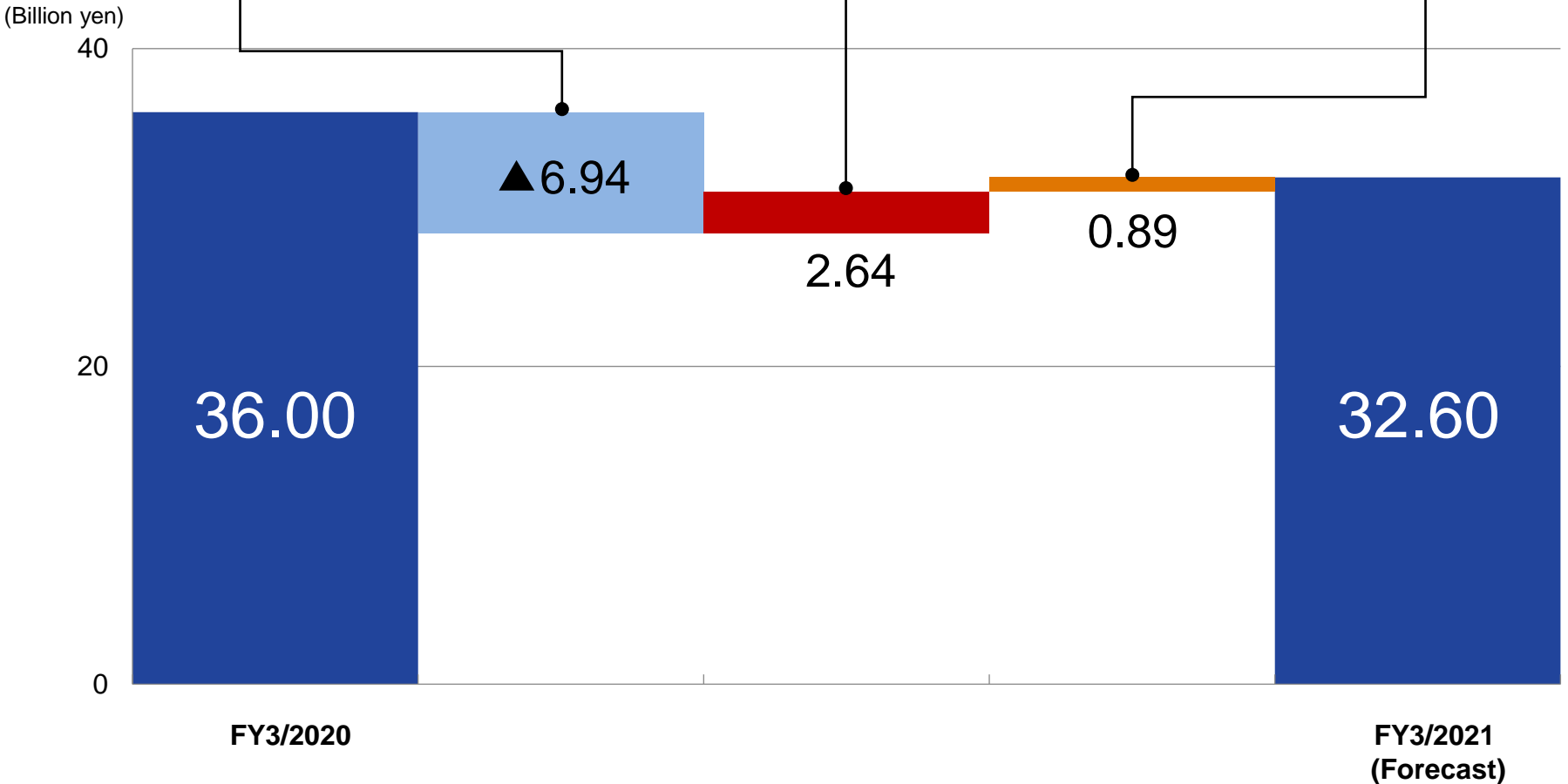
Increase in contract completion rate 1.35bn  
 Decrease in vehicles consigned ▲6.91bn  
 Used vehicle sales/purchases ▲1.20bn

## Cost of sales

Decrease in cost of goods sold 1.93bn  
 Decrease in outsourcing expense 0.29bn  
 Decrease in employee salaries and bonuses 0.23bn

## SG&A expenses

Decrease in goodwill amortization 0.24bn  
 Decrease in employee salaries and bonuses 0.12bn  
 Decrease in advertising expenses 0.08bn  
 Decrease in cost of transportation 0.07bn



(Million yen)

	FY3/20 (Actual)	FY3/21 Initial plan (Aug 3, 2020)	Change	FY3/21 Revised plan (Nov. 9, 2020)	Revised plan vs FY3/20
<b>Net sales</b>					
Auto auction	63,350	54,020	4,097	58,117	91.7%
Used vehicle purchasing and selling	9,099	7,821	70	7,892	86.7%
Other	5,692	5,457	▲267	5,190	91.2%
<b>Total</b>	<b>78,143</b>	<b>67,300</b>	<b>3,900</b>	<b>71,200</b>	<b>91.1%</b>
<b>Operating profit (Per sales)</b>	<b>36,009 (46.1%)</b>	<b>27,200 (40.4%)</b>	<b>5,400</b>	<b>32,600 (45.8%)</b>	<b>90.5%</b>

# Market Overview

## Strategy for Creating Value Over the Medium Term

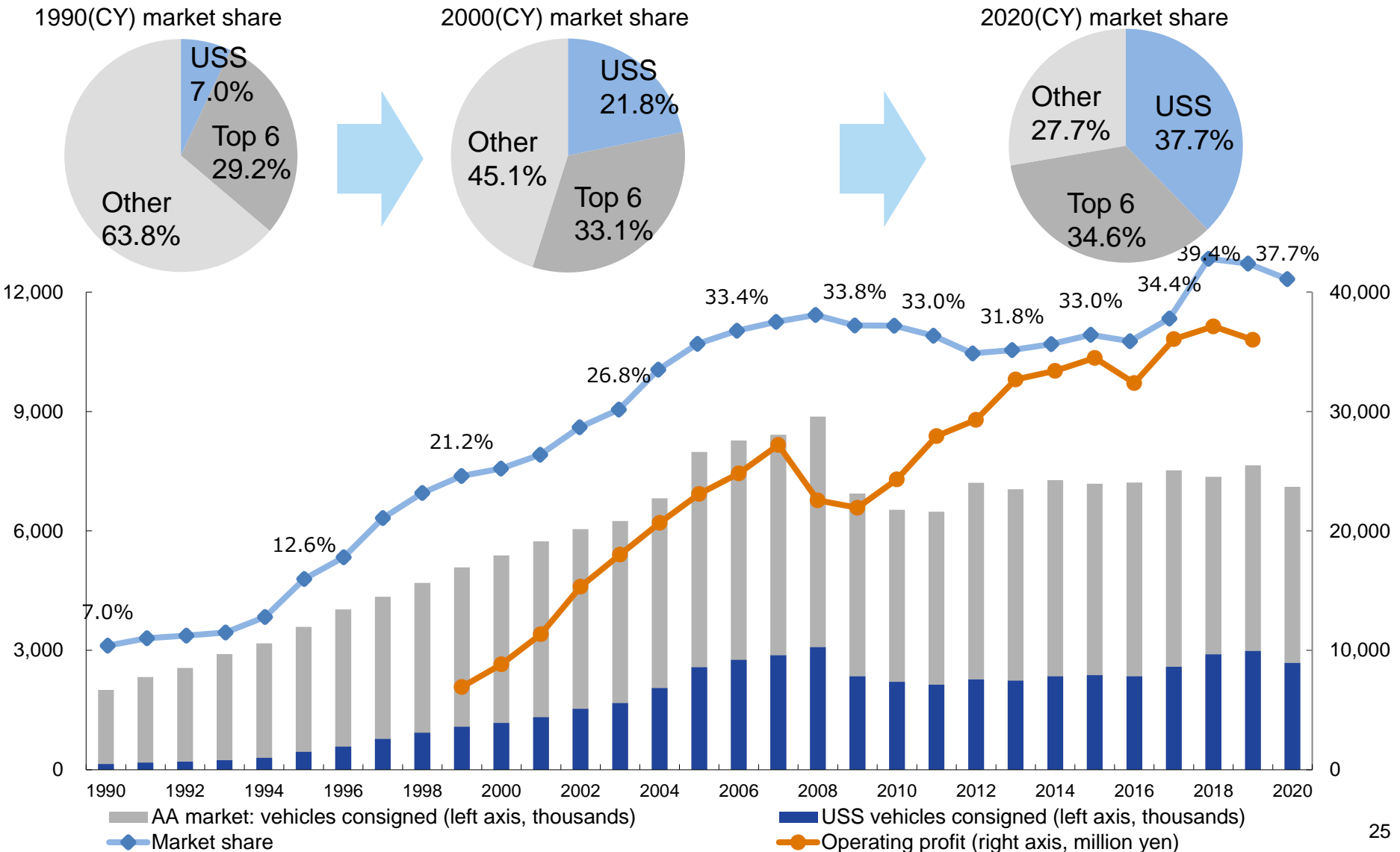
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# Used Car Auction Market and USS Market Share

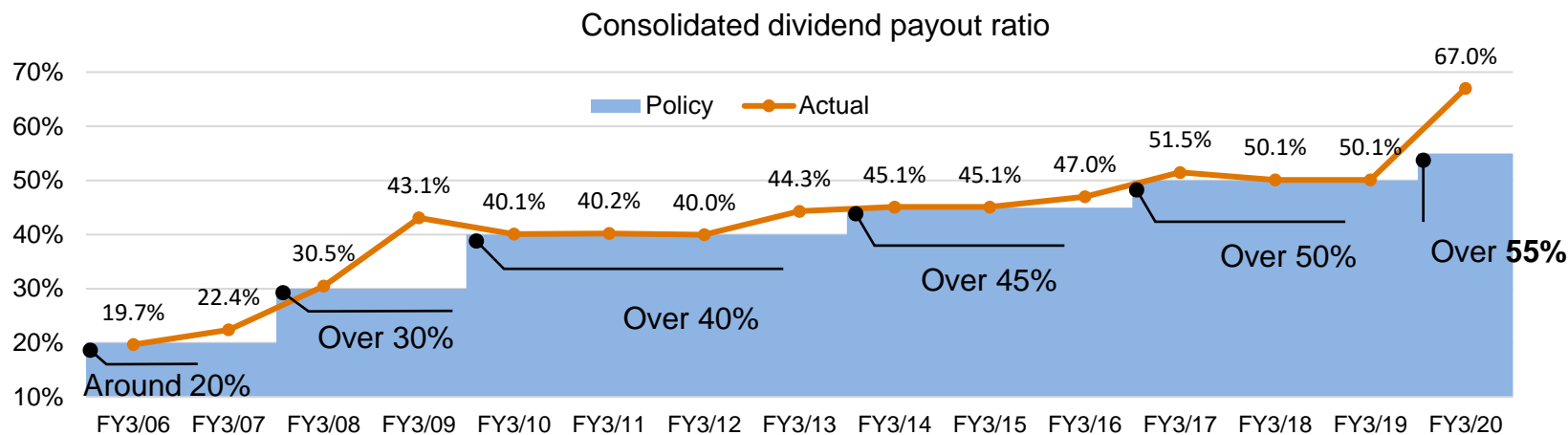
■ Maintained higher market shares and profit in the period of sluggish markets following the financial crisis of 2008-2009.

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



## Increase shareholder distributions while continuing investment for growth

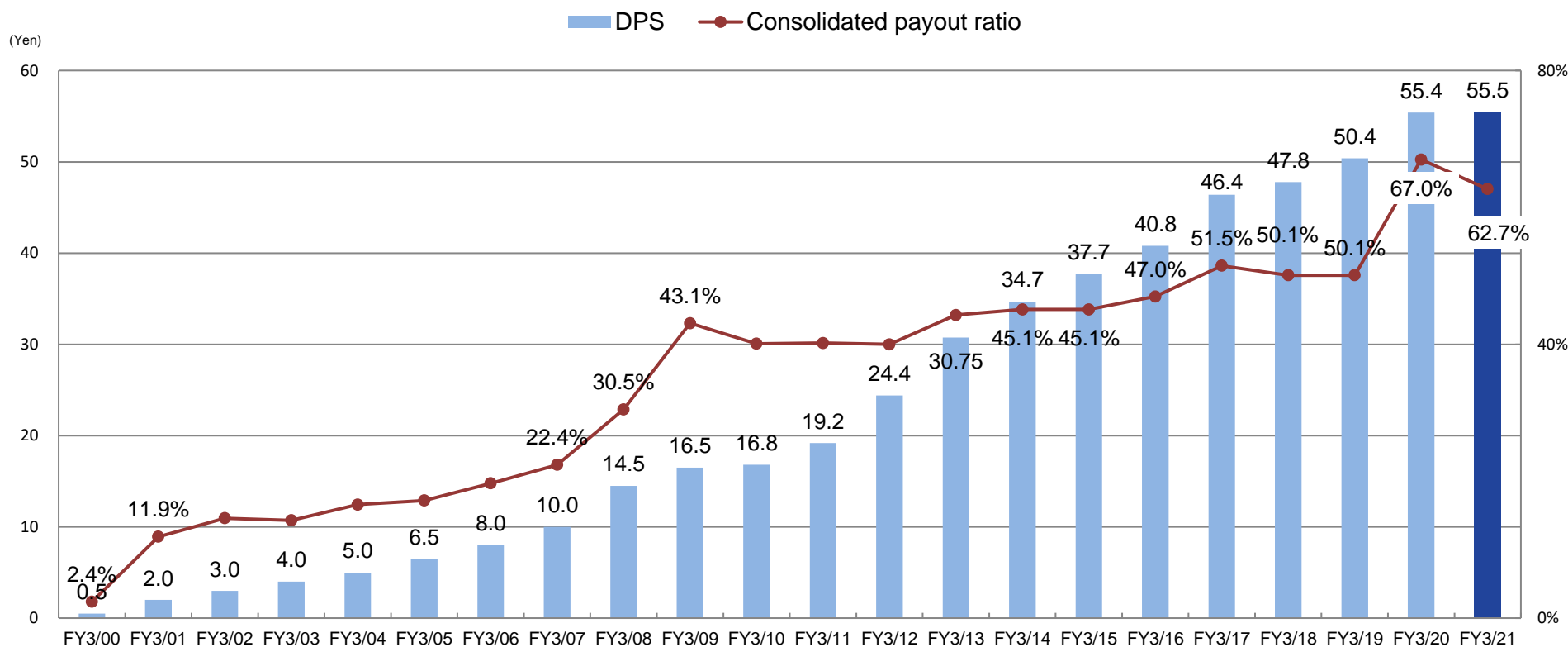
■ Consolidated dividend payout ratio: Over **55%** from FY3/2020



■ Stock repurchases: Buy back stock with flexibility, with due consideration to cash flows, capital investment plans and the market environment

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

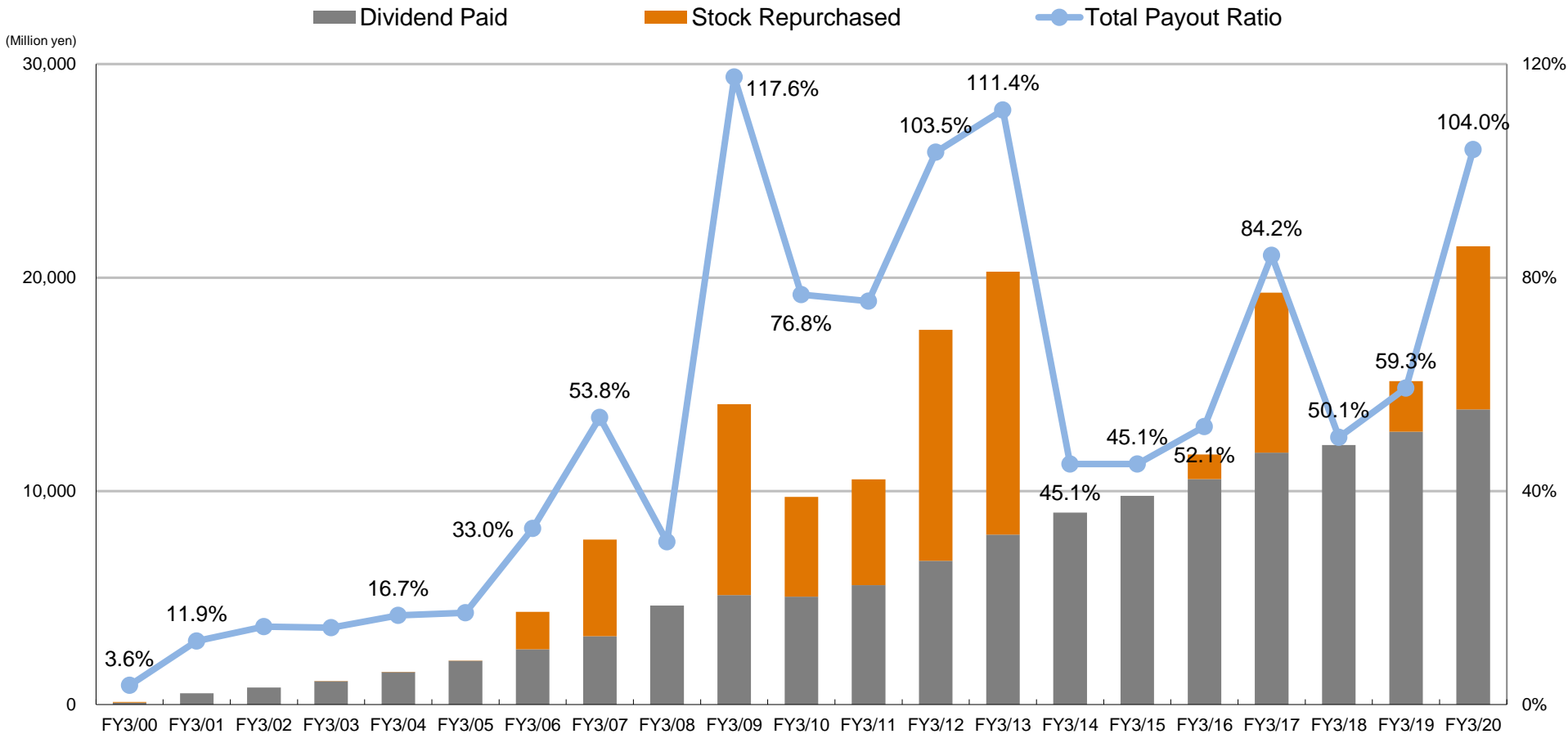
- Increased the consolidated payout ratio (50% to 55%) from FY3/2020
- Plan to pay **55.5 yen** dividend per share for FY3/2021 (up 0.1 yen)
- Forecasting **21 consecutive years** of dividend growth since listing



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

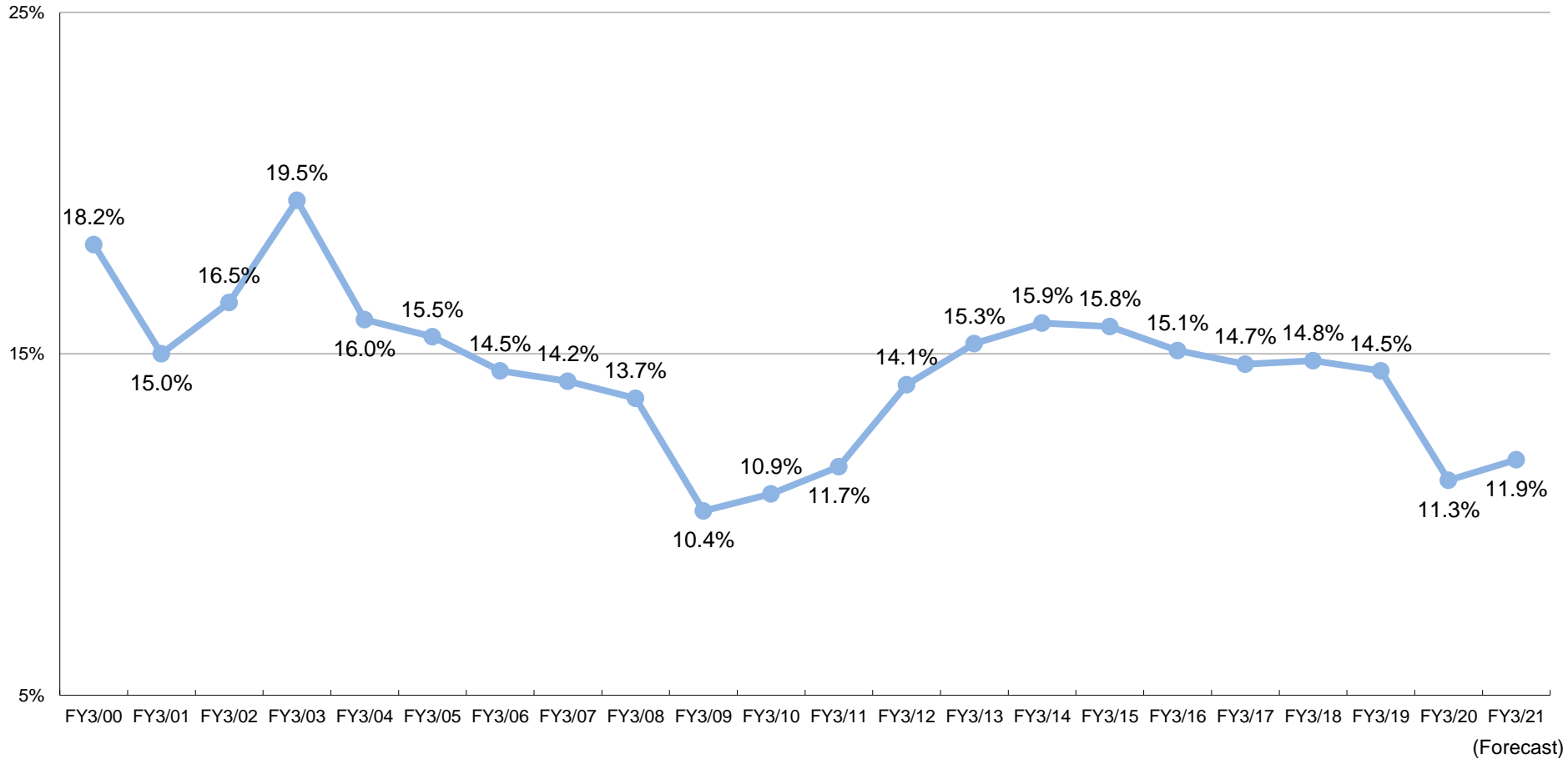
(Forecast)

■ Flexible stock repurchases while maintaining stable dividend.

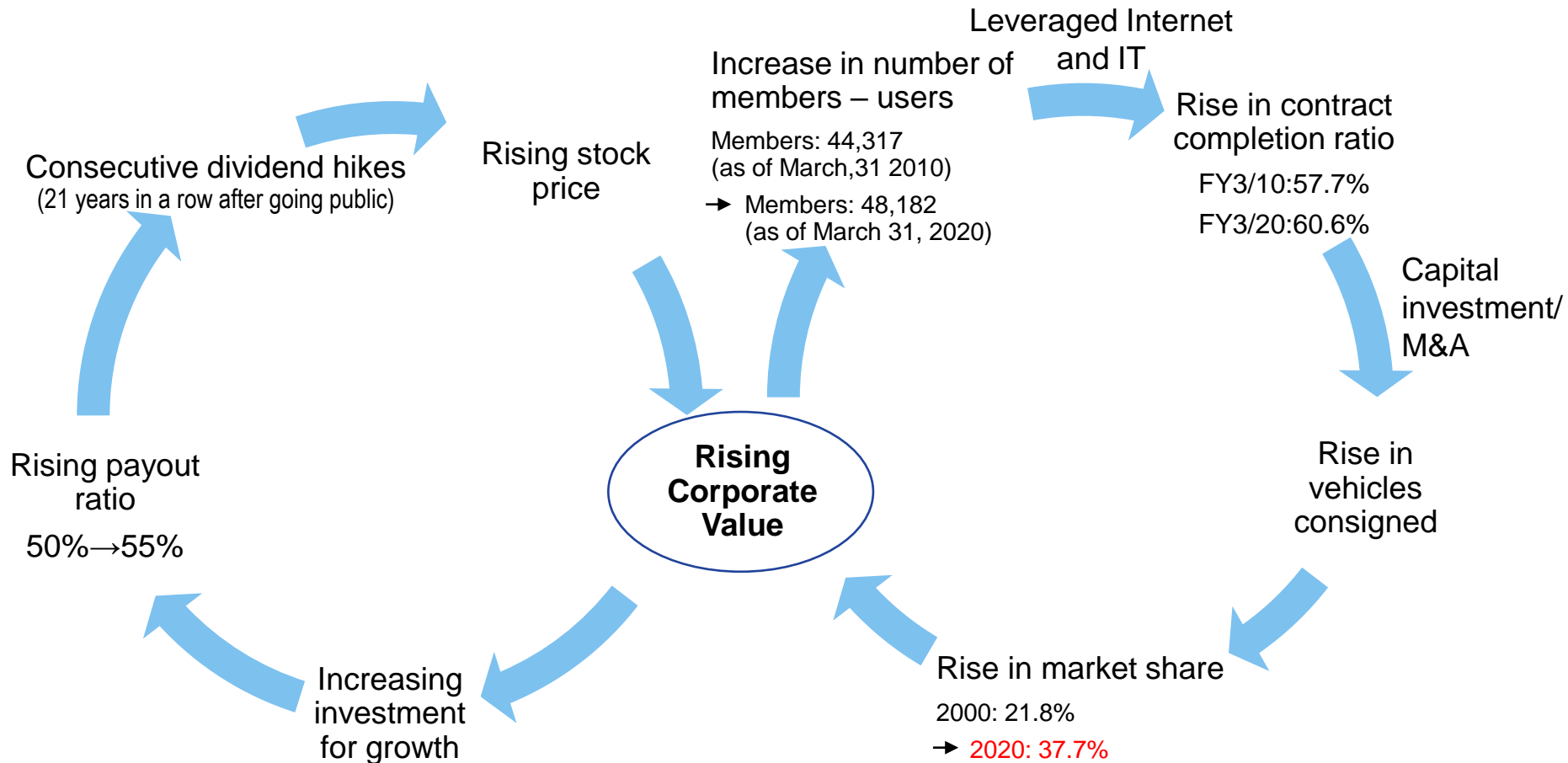


■ No change in the medium-term ROE target of at least 15%.

## ROE



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

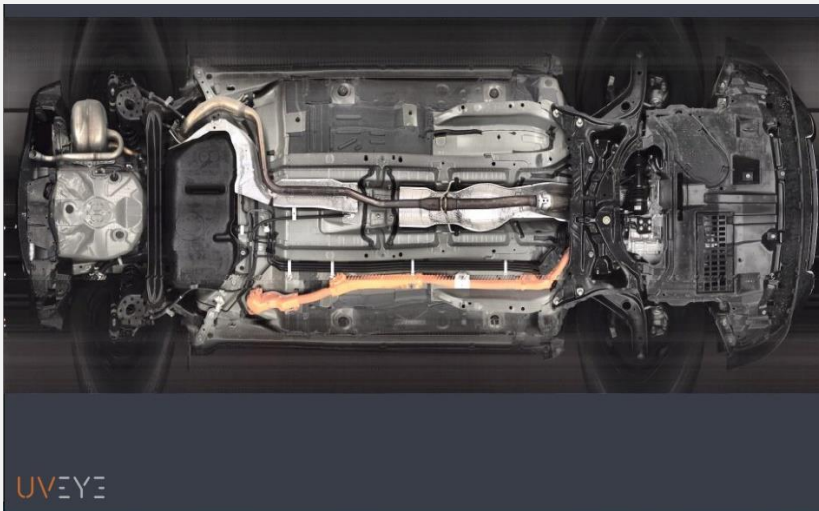


# Auto Auction Segment – New initiatives (1)

- Started using new systems for vehicle inspections in order to find defects that are not readily visible

## Underbody imaging system

This system is used to inspect underneath vehicles, including tires and wheels. A specialized unit takes pictures that allow finding tiny scratches, dents and other external defects under a vehicle and sides of tires & wheels that are overlooked by a conventional visual inspection.



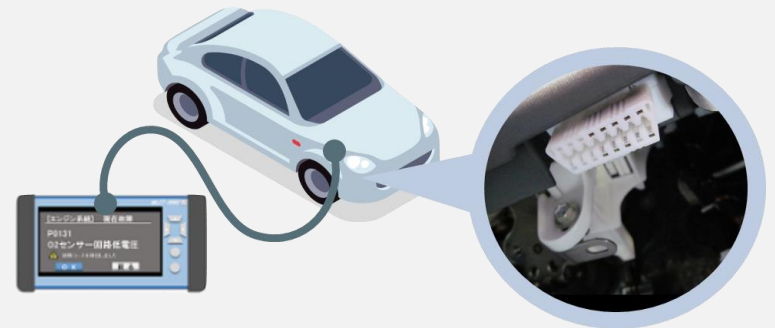
UVEYE

**A picture of the underbody of a car**

\*Accessible only to USS Internet auction members

## Inspections using on-board diagnostic system scans

USS has become the first auto auction company to use on-board diagnostic system scanners for vehicle inspections. These inspections cover brakes, engines, safety devices and other components. Auction sites use a special section for the sale of vehicles that pass this inspection.



**How a diagnostic scanner detects problems**

# Auto Auction Segment – New initiatives (2)

- Started work on the digitalization of the auction sheet (entry form). Commenced test operations at the Nagoya and other sites with the aim of launching full-scale operations by the close of the fiscal year ending in March 2022.  
Digitization will lead to more efficient auction operations, improve member convenience and expand the range of its applications.

## Now

Members write vehicle information on a paper auction sheet and submit it to USS.  
→ A USS inspector inspects the vehicle and writes the evaluation by hand on the auction sheet.

## Introduction of digital entry sheet

The member willing to consign a vehicle reads a QR code on the vehicle inspection certificate from a dedicated website, vehicle information can be easily digitized.  
The vehicle information will be reflected on the USS inspector's inspection tablet, and the inspector will then enter\* the inspection results on the tablet.

\* The expressions in the inspection result are unified, as the system employs a selective format for the degrees of scratches and dents.



Inspection tablet



## Contact Information

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## Notes

- 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

# Reference

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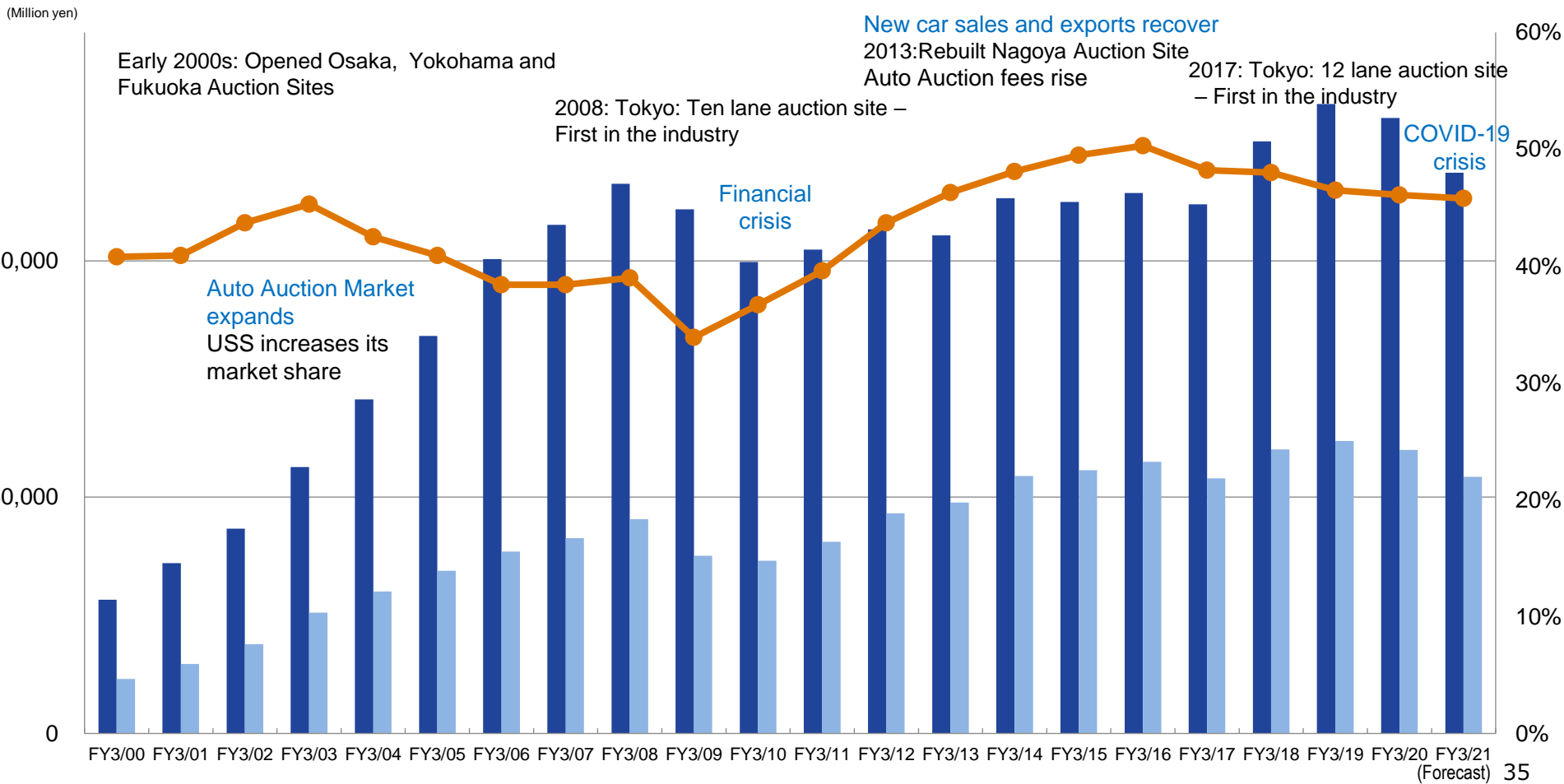
# History of USS Long-term Growth

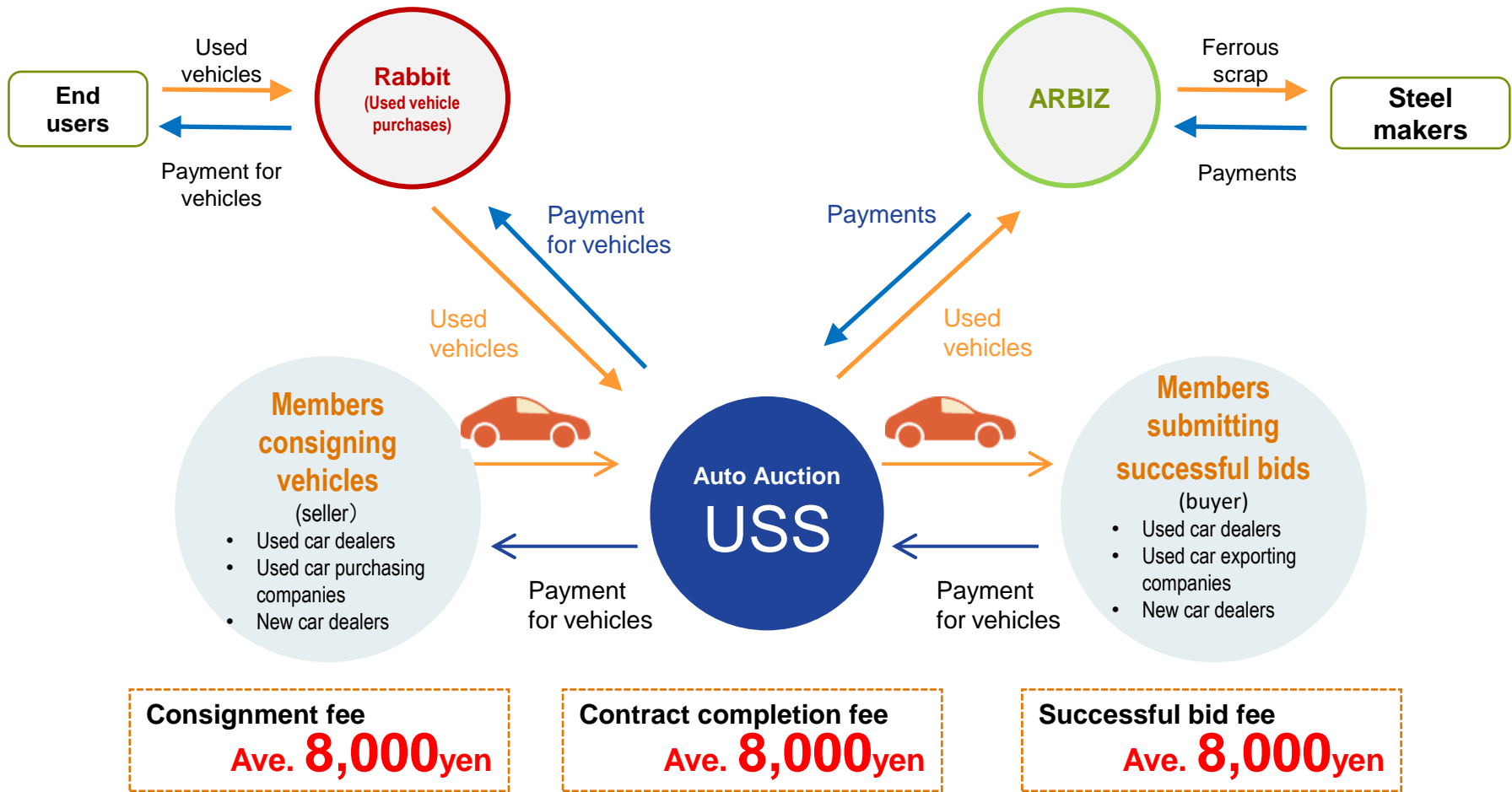
## Before 2000

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



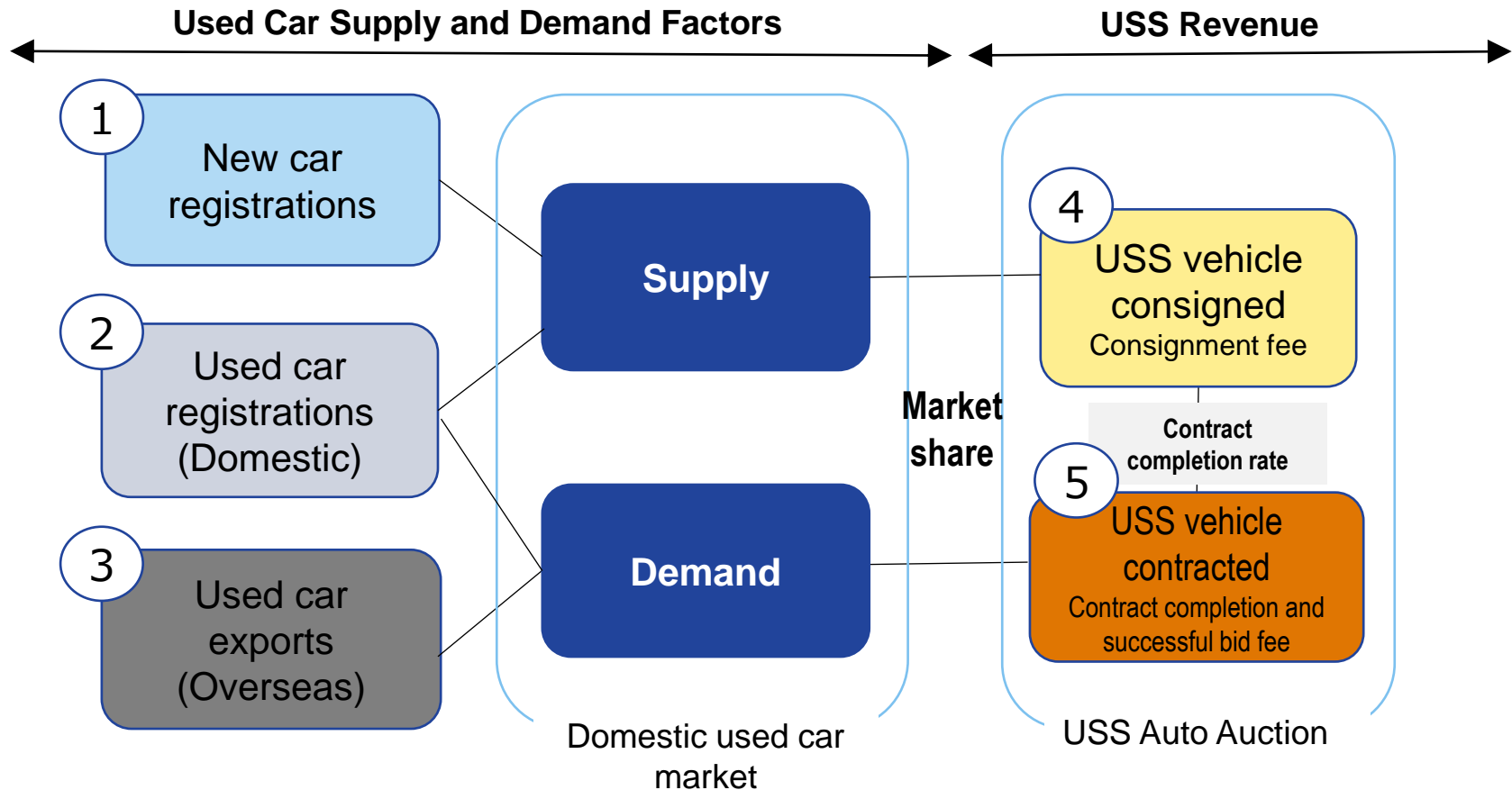


Vehicles consigned  
**2.92** million units/year  
 (FY3/2020)

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

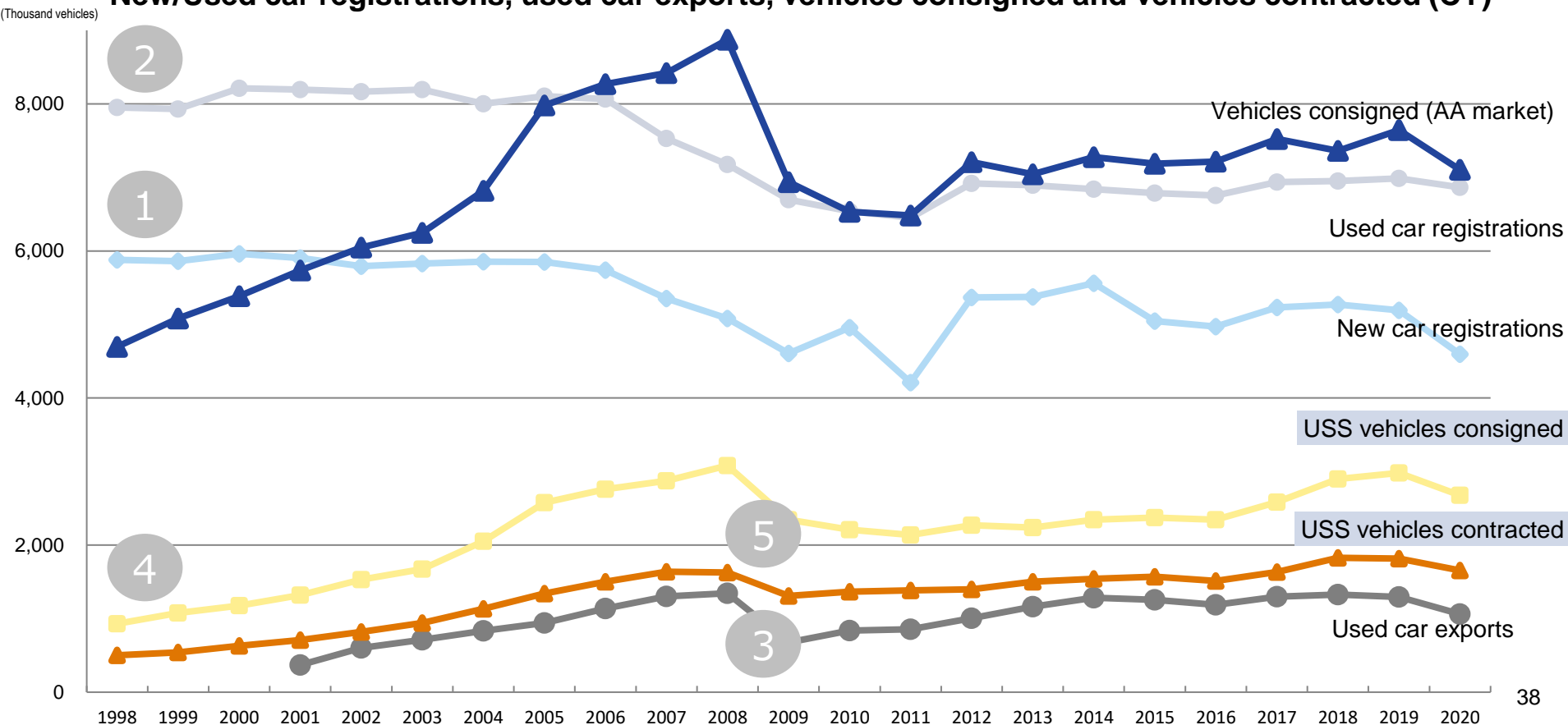
Contract completion rate  
**60.6%** (FY3/2020)

- 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 FY3/2019. As a part of this strategy, the company elected Nobuko Takagi, a Certified Public Accountant and a specialized M&A advisory as an outside director.
- Reduced the number of directors from 10 to 8 to speed-up decision-making and strengthen functions involving the operation of business activities in FY3/2021.

FY	2005	2007	...	2013	...	2020	2021
Directors	12	18	→	12	→	10	8
(of which external directors)		4	→	4	→	3	3

Adopted the outside director system

Strengthened the executive officer system

Established voluntarily nomination and compensation committees

As of February 2021  
 Directors: 8 (of which independent outside directors: 3)  
 Auditors: 3 (of which independent outside auditors: 2)  
 Executive officers: 2