



Consolidated Results of Operations

The Second Quarter, Fiscal Year Ending March 31, 2022

USS Co., Ltd.
November 2021

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Thank you for taking the time to attend today's presentation about our results of operations for the first half of the fiscal year ending in March 2022. I am Yukihiro Ando, the Chairman and CEO of USS. Dai Seta, the President of USS, and Masafumi Yamanaka, the Executive Vice President of USS, are also here today.

I will begin with a presentation about our results of operations. This will be followed time for your questions. We will answer as many questions as time allows.

First is slide three of the presentation materials, which shows highlights of the first half.

Results of Operations
Second Quarter
Fiscal Year Ending March 2022

Highlights of 1H FY3/2022		USS <small>Used Car Solutions</small>
1H FY3/22 Results	<ul style="list-style-type: none"> ■ Net sales ¥39.78 billion (up 16.1% YoY) ■ Operating profit ¥20.57 billion (up 29.4% YoY) <ul style="list-style-type: none"> • Number of vehicles contracted increased as used car demand rose due to delays in new car deliveries and other reasons • Used car exports were up 42.3% year-on-year and up 0.1% compared to 2019 (pre-pandemic) • In the used vehicle purchasing and selling segment, sales increased but earnings were down because of a decline in the gross profit per vehicle despite high prices at used vehicle auctions. • In the recycle business, sales and earnings increased as higher prices of metal scrap raised sales and gross increased 	
FY3/2022 (Forecast)	<ul style="list-style-type: none"> ■ Revised FY3/2022 forecast for vehicles consigned at auctions but no change in sales and earnings forecasts ■ Net sales ¥77.6 billion <ul style="list-style-type: none"> • Forecast 2,680,000 vehicles consigned in FY3/2022, down 4.3% from the previous forecast. Increased the forecast for vehicles contracted 0.7% to 1,720,000 with a contract completion rate of 64.2% (the previous forecast was 61.0%). ■ Operating profit ¥38.4 billion 	
Earnings Distribution	<ul style="list-style-type: none"> ■ Plan to pay ¥58.4 for FY3/2022 *aiming for the 22nd consecutive year of dividend increases <ul style="list-style-type: none"> • Dividend policy: Increased the consolidated payout ratio to at least 55% starting in FY3/2020 ■ Resolution on acquisition of treasury shares and policy on retirement of treasury shares <ul style="list-style-type: none"> • Scheduled to repurchase 6 million shares for 10 billion yen (maximum) • Company plans to promptly retire all the treasury shares leaving shares equivalent to 5% of the total number of issued shares. 	3

My presentation about our performance has three main subjects.

First is our first half sales and earnings. As you know, new car registrations in Japan are down because of the semiconductor shortage. As a result, the number of used vehicles traded in or sold has declined, which has reduced the supply of used vehicles.

In addition, delays in new car deliveries are making people shift their purchases to used vehicles. Due to this situation, used car prices have steadily increasing at auctions. During the first half of this fiscal year, the number of vehicles consigned at all used car auctions in Japan was 2% higher than one year earlier. The number of vehicles sold at auctions was 10% higher and the percentage of vehicles consigned that were sold was high at 68.1%.

At USS, vehicles consigned were 10% higher than one year earlier, vehicles contracted increased 14% and the percentage of consigned vehicles contracted was 64.4%. Our sales and earnings at all levels rose to all-time highs.

Second is our forecast for the fiscal year ending in March 2022. We posted record-high sales and earnings in the first half. However, the drop in new vehicle registrations in September and October indicates that we can expect a short downturn in the number of vehicles consigned. We are therefore making no changes to the forecast announced in May.

The third subject is shareholder distributions. We plan to pay a fiscal year dividend of 58.40 yen as originally forecast, which is a payout ratio of more than 55%. This will be the 22nd consecutive annual dividend increase, which is every year since our stock was listed. In addition, we have started to repurchase our stock with an authorization of 10 billion yen and 6 million shares. We have decided to retire this stock, which is a point I will discuss later. Please turn to page 4.

1H FY3/2022 – Summary of Consolidated Results of Operations



■ Sales was up 16.1% YoY to ¥39.78 billion, operating profit was up 29.4% to ¥20.57 billion, and profit attributable to owners of parent up 30.0% to ¥14.22 billion.

■ Record-high first half sales, operating profit, ordinary profit and profit attributable to owners of parent

(Million yen)

	1H FY3/21	1H FY3/22	Year on year	1H FY3/22 Initial plan (May 11, 2021)	VS. plan
Net sales	34,277	39,784	116.1%	38,260	104.0%
Cost of sales (Per sales)	13,311 (38.8%)	14,746 (37.1%)	110.8%	15,254 (39.9%)	96.7%
Gross profit (Per sales)	20,966 (61.2%)	25,038 (62.9%)	119.4%	23,005 (60.1%)	108.8%
Selling, general and administrative expenses (Per sales)	5,064 (14.8%)	4,467 (11.2%)	88.2%	4,545 (11.9%)	98.3%
Operating profit (Per sales)	15,901 (46.4%)	20,570 (51.7%)	129.4%	18,460 (48.2%)	111.4%
Ordinary profit (Per sales)	16,314 (47.6%)	20,945 (52.6%)	128.4%	18,800 (49.1%)	111.4%
Profit attributable to owners of parent (Per sales)	10,945 (31.9%)	14,223 (35.8%)	130.0%	12,700 (33.2%)	112.0%

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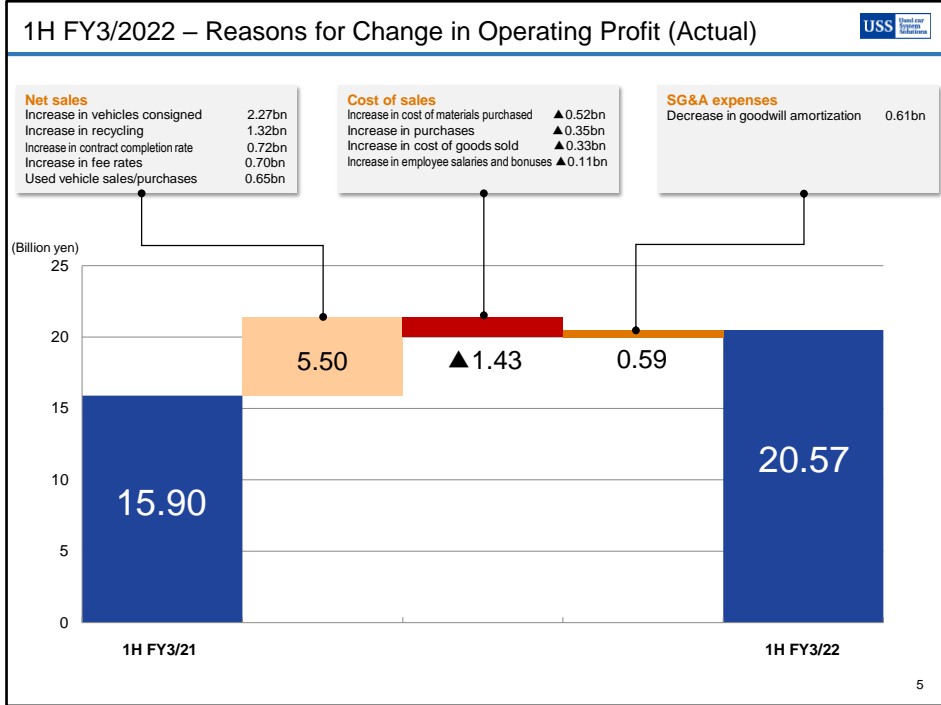
This slide is a summary of our first half sales and earnings.

Sales increased 16% to 39.7 billion yen, which is 4% higher than our plan.

Operating profit increased 29% to 20.5 billion yen, 11% higher than our plan.

Ordinary profit increased 28% to 20.9 billion yen, 11% higher than our plan.

Profit attributable to owners of parent increased 30% to 14.2 billion yen, 12% higher than our plan.



Slide 5 is an analysis of the change in operating profit. As you can see, increases in the number of vehicles consigned and higher recycling sales raised operating profit by 4.6 billion yen.

Net Sales and Operating Profit by Business Segment



(Million yen)

Net sales	1H FY3/20	1H FY3/21	1H FY3/22	Year on year
Auto auction	31,773	28,246	31,929	113.0%
Used vehicle purchasing and selling	4,313	3,571	4,229	118.4%
Other	2,705	2,459	3,625	147.4%
Total	38,792	34,277	39,784	116.1%
Operating profit (operating margin)	1H FY3/20	1H FY3/21	1H FY3/22	Year on year
Auto auction	17,524 (54.8%)	15,698 (55.2%)	19,852 (61.9%)	126.5%
Used vehicle purchasing and selling	103 (2.4%)	98 (2.8%)	85 (2.0%)	86.8%
Other	228 (8.4%)	54 (2.2%)	622 (17.2%)	1,138.7%
Elimination of inter-segment transactions	50	50	9	19.4%
Total	17,907 (46.2%)	15,901 (46.4%)	20,570 (51.7%)	129.4%

* 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.

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Business segment sales and earnings are in slide 6.

Consolidated Balance Sheets and Statements of Cash Flows



- The primary use of cash in investing activities was the purchase of property, plant and equipment.
- The primary use of cash in financing activities was dividends paid.
- Equity ratio: 80.1%

Consolidated Balance Sheets (Summary)

(Million yen)

	FY3/2021	1H FY3/2022		FY3/2021	1H FY3/2022
Current assets	81,528	96,292	Current liabilities	26,922	32,223
Cash and deposits	67,770	75,384	Payables due to member dealers at auction	11,788	17,853
Receivables due from member dealers at auction, etc.	13,757	20,908	Other	15,133	14,369
Non-current assets	129,171	127,920	Non-current liabilities	10,253	10,034
Property, plant and equipment	103,302	101,846	Total liabilities	37,175	42,257
Other	25,869	26,074	Total net assets	173,524	181,956
Total assets	210,699	224,213	Total liabilities and net assets	210,699	224,213

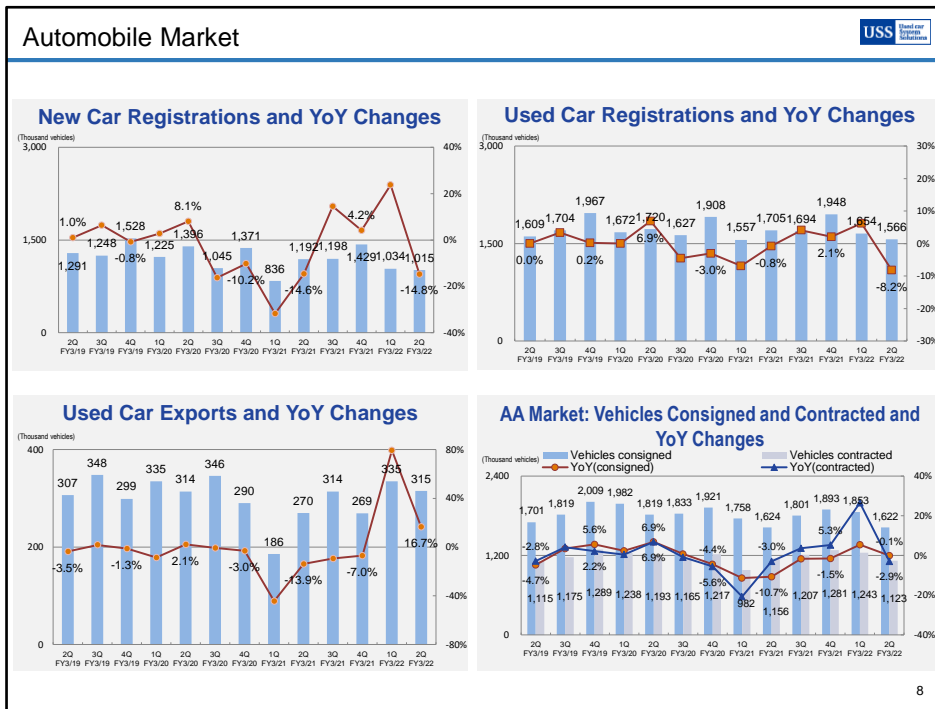
Consolidated Statements of Cash Flows (Summary)

(Million yen)

	1H FY3/2020	1H FY3/2021	1H FY3/2022	Changes
Net cash provided by (used in) operating activities	14,522	16,644	14,982	▲1,662
Net cash provided by (used in) investing activities	▲2,937	▲8,067	▲914	7,152
Free cash flow	11,585	8,577	14,067	5,489
Net cash provided by (used in) financing activities	▲10,746	▲7,525	▲6,453	1,071
Capital expenditures (Terms of cash flows)	2,701	8,058	927	▲7,131
Depreciation	2,396	2,572	2,446	▲125

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The balance sheet shows that we are maintaining a high level of financial soundness, including an equity ratio of 80%.



This slide has data about Japan’s automobile market.

Figures in the graphs are for three-month intervals, but I will compare figures for the April to September periods of 2021 and 2020.

New car registrations were impacted by lower automobile production caused by the semiconductor shortage and other reasons. However, there were 2.05 million registrations, which is 1% higher than one year earlier when car sales fell sharply because of the pandemic.

Used car registrations decreased 2% to 3.22 million because lower automobile production reduced the number of trade-ins and other sources of used vehicles for sale declined.

Exports of used cars are a major factor that determines the demand for these vehicles. These exports are recovering following the pandemic downturn. Between April and September 2021, exports were up 42% from one year earlier to about 650,000 vehicles. However, this was only 0.1% higher than in the same period of 2019 when this market was not affected by the pandemic. The business climate for used car exports will probably remain uncertain because of the high prices paid for used cars at auctions, the rising cost of transporting used cars and other reasons.

In Japan’s auto auction market, vehicles consigned increased 2% to 3.47 million and vehicles sold increased 10% to 2.36 million, which was 68.1% of vehicles consigned.

Auto Auction Segment (1)



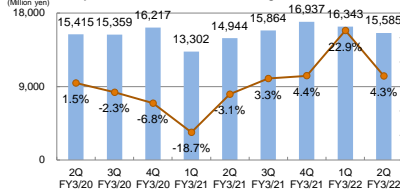
- Vehicles consigned increased 10.1% YoY to 1,361 thousand; contract completions increased 14.5% YoY to 876 thousand (contract completion rate: 64.4% against 61.9% in the previous fiscal year)
- Sales and earnings increased because of the larger number of vehicles handled, the higher contract completion rate and other reasons.

Auto Auction Segment Performance in 1H

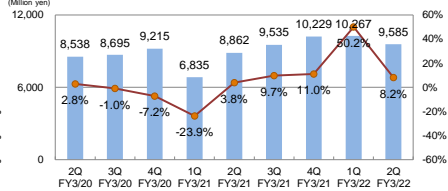
(Million yen)

	1H FY3/20	1H FY3/21	1H FY3/22	Year on year
Net sales	31,773	28,246	31,929	113.0%
Consignment fees	7,377	6,422	7,538	117.4%
Contract completion fees	7,253	6,365	7,394	116.2%
Successful bid fees	10,911	9,806	11,367	115.9%
Other	6,231	5,651	5,629	99.6%
Operating profit	17,524	15,698	19,852	126.5%
Operating margin	54.8%	55.2%	61.9%	-

Quarterly Net Sales and YoY Changes



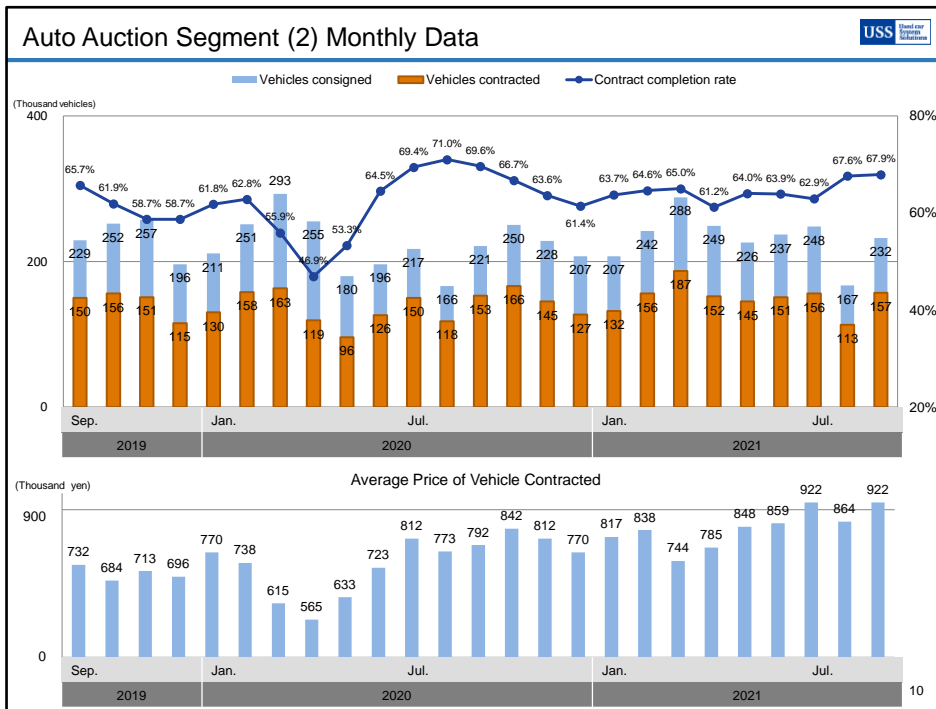
Quarterly Operating Profit and YoY Changes



* 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.

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This slide is a summary of the auto auction segment.

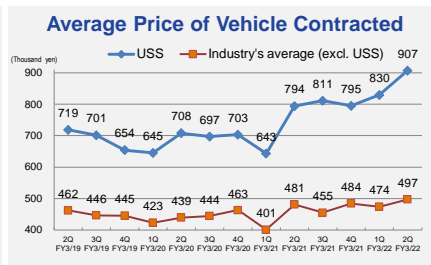
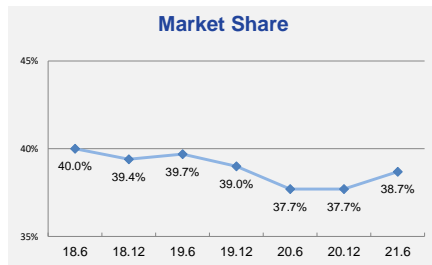
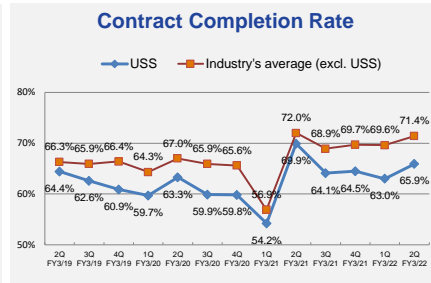
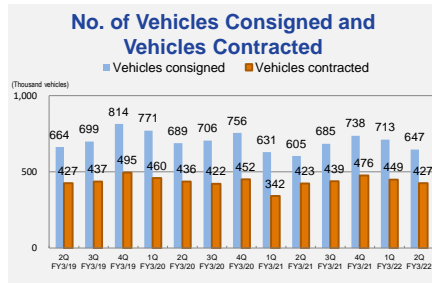


The top graph shows the monthly number of vehicles consigned at USS auctions between September 2019 and September 2021. The lower graph is the average price of vehicles contracted.

The pandemic impacted our auctions starting in March 2020, but the downturn ended in May 2020.

The average price of vehicles contracted stopped falling in April 2020 and started to recover. This price has been higher than one year earlier for 16 consecutive months as of September 2021. Prices paid for used cars remains high because of the smaller number of used cars for sale, partly due to fewer cars traded in as the semiconductor shortage holds down the number of new cars, and to the recovery in used car exports.

Auto Auction Segment (3)



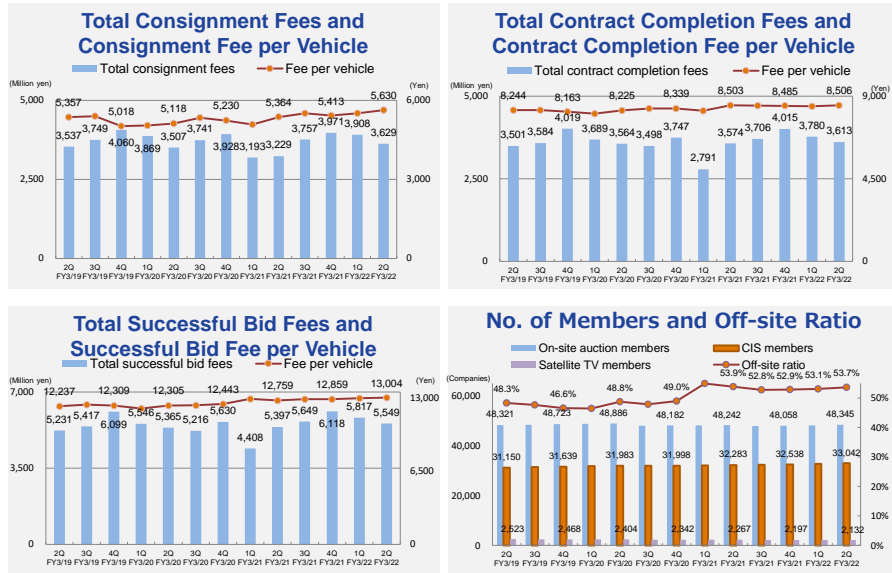
* Period ending in December: 12-month data; Period ending in June: 6-month data.
 * The figures in this slide do not include JBA data.

Slide 11 shows performance indicators of the auto auction segment.

Since the second quarter of the previous fiscal year, our average price per vehicle contracted has been higher than the industry average. Our price per used vehicle has been well above the industry average and this gap has increased in the past few quarters as used car prices continued to climb.

I believe that the higher prices of cars at our auctions demonstrate our ability to attract more high-quality used cars than our competitors can as retail demand for these vehicles remains strong in Japan.

Auto Auction Segment (4)



* Fee per vehicle is calculated before eliminations for consolidation.
* The figures in this slide do not include JBA data.

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

Slide 12 shows data about our fees. Again, my explanation will cover the period from April to September.

The consignment fee per vehicle increased 344 yen to 5,565 yen. One reason for the increase is the smaller percentage of vehicles auctioned using a category with lower fees at the Tokyo and other auction sites.

The contract completion fee per vehicle increased 110 yen to 8,483 yen. The primary reasons are the smaller percentage of vehicles auctioned using a low-fee category and a revision in fees for some categories.

The successful bid fee increased 164 yen to 12,981 yen. The primary reasons are revisions in fees for some categories at several auction sites and an increase in the percentage of vehicles sold at categories with high fees. The off-site successful bid ratio has been consistently high since the start of the pandemic. Please turn to slide 15.

Auto Auction Segment (5)



From April 1, 2021 to September 30, 2021

(Number of auctions held, Vehicles)

	Number of auctions		Number of consigned vehicles			Number of contract completions			Contract completion rate	
	1H FY3/22	1H FY3/21	1H FY3/22	1H FY3/21	YoY change	1H FY3/22	1H FY3/21	YoY change	1H FY3/22	1H FY3/21
Tokyo	25	24	332,389	280,366	118.6%	226,495	187,040	121.1%	68.1%	66.7%
Nagoya	24	24	227,874	204,095	111.7%	130,801	114,381	114.4%	57.4%	56.0%
Osaka	24	24	102,062	92,896	109.9%	56,853	49,290	115.3%	55.7%	53.1%
Kyushu	24	24	94,295	82,361	114.5%	60,160	48,962	122.9%	63.8%	59.4%
Yokohama	24	24	87,824	82,365	106.6%	59,282	52,778	112.3%	67.5%	64.1%
Sapporo	24	25	68,064	65,010	104.7%	47,407	44,433	106.7%	69.7%	68.3%
Shizuoka	24	24	51,844	45,401	114.2%	32,650	28,201	115.8%	63.0%	62.1%
R-Nagoya	24	24	50,850	58,412	87.1%	43,479	46,793	92.9%	85.5%	80.1%
Kobe	24	25	40,903	33,844	120.9%	23,974	19,333	124.0%	58.6%	57.1%
Okayama	24	24	32,224	30,600	105.3%	25,007	21,220	117.8%	77.6%	69.3%
Niigata	24	25	27,112	24,272	111.7%	15,507	12,250	126.6%	57.2%	50.5%
Tohoku	24	25	25,687	23,967	107.2%	20,548	17,207	119.4%	80.0%	71.8%
Gunma	24	24	25,008	24,781	100.9%	17,678	16,088	109.9%	70.7%	64.9%
Saitama	24	23	22,942	21,491	106.8%	13,444	11,781	114.1%	58.6%	54.8%
Fukuoka	24	25	18,590	20,297	91.6%	12,168	12,527	97.1%	65.5%	61.7%
Hokuriku	24	24	9,393	8,609	109.1%	6,671	5,732	116.4%	71.0%	66.6%
JAA	24	25	36,474	36,747	99.3%	20,351	20,092	101.3%	55.8%	54.7%
HAA Kobe	24	24	108,007	101,609	106.3%	64,124	57,232	112.0%	59.4%	56.3%
Total	433	437	1,361,542	1,237,123	110.1%	876,599	765,340	114.5%	64.4%	61.9%

* In the previous fiscal term, one auction was canceled as 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	FY3/20	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	242,073	288,270	1,423,961	2,661,084
	YoY Change	▲3.8	▲27.4	▲23.9	▲13.0	▲20.6	▲3.6	▲15.3	▲1.0	▲11.3	5.6	▲1.8	▲3.9	▲1.7	▲2.7	▲9.0
	FY3/22	249,661	226,767	237,143	248,298	167,498	232,175	1,361,542	225,057						225,057	1,586,599
	YoY Change	▲2.2	25.7	21.0	14.2	0.3	5.1	10.1	▲10.1						-	-
No. of Vehicles Contracted	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	156,459	187,412	915,470	1,680,810
	YoY Change	▲23.8	▲36.1	▲17.5	▲2.0	▲10.0	2.1	▲14.7	6.7	▲3.9	10.4	1.2	▲1.0	14.3	4.6	▲5.2
	FY3/22	152,866	145,088	151,456	156,301	113,210	157,678	876,599	153,735						153,735	1,030,334
YoY Change	27.8	50.9	19.8	3.6	▲4.5	2.6	14.5	▲7.9						-	-	
Contract Completion Rate	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	64.6	65.0	64.3	63.2
	FY3/22	61.2	64.0	63.9	62.9	67.6	67.9	64.4	68.3						-	-

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

Used Vehicle Purchasing and Selling Segment

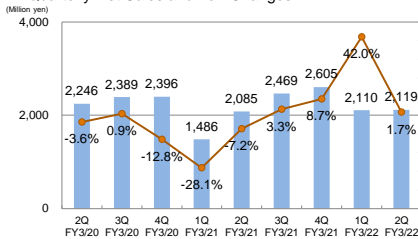


- At Rabbit, which purchases used vehicles, sales and earnings increased because of high prices at used vehicle auctions and an increase in the number of vehicles sold. (Net sales increased 17.3% YoY to ¥2,372 million, Operating profit increased 28.5% YoY to ¥70 million)
- In the accident-damaged vehicle purchasing and selling business, sales increased but earnings were down because of a decline in the gross profit per vehicle despite high prices at used vehicle auctions. (Net sales increased 19.8% YoY to ¥1,856 million, Operating profit decreased 65.4% to ¥15 million)

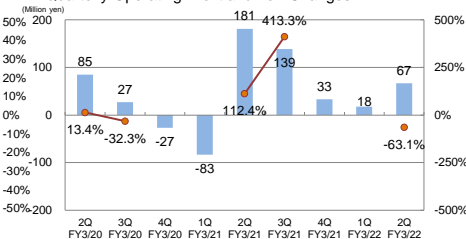
Used Vehicle Purchasing and Selling Segment Performance in 1H (Million yen)

	1H FY3/20	1H FY3/21	1H FY3/22	Year on year
Net sales	4,313	3,571	4,229	118.4%
Operating profit	103	98	85	86.8%
Operating margin	2.4%	2.8%	2.0%	-

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.

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This slide is a summary of the used vehicle purchasing and selling segment.

At Rabbit, sales increased 17% to 2.3 billion yen and operating profit was up 28% to 70 million yen. High prices at used car auctions and an increase in the number of vehicles sold were the main reasons for the growth in sales and earnings.

In the accident-damaged vehicle purchasing and selling business, the gross profit per vehicle decreased even though prices at auto auctions were high. Overall, segment sales increased 19% to 1.8 billion yen and operating profit was down 66% to 10 million yen.

Other Segment



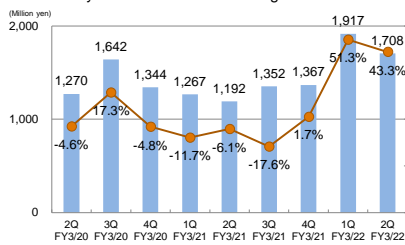
- In the recycle business, sales and earnings increased because high prices of metal scrap raised sales and gross profit and there was a large number and volume of industrial plant demolition projects. (Net sales increased 58.7% YoY to ¥3,579 million, Operating profit ¥589 million (operating profit of ¥38 million in 1H FY3/21))

Other Segment Performance in 1H

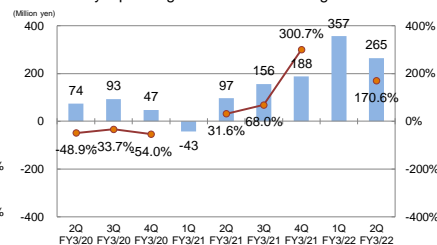
(Million yen)

	1H FY3/20	1H FY3/21	1H FY3/22	Year on year
Net sales	2,705	2,459	3,625	147.4%
Operating profit	228	54	622	1,138.7%
Operating margin	8.4%	2.2%	17.2%	-

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.

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In the other segment, sales and gross profit increased in the recycle business because of the high prices of metal scrap. In the demolition business, the volume of industrial plant projects increased. As a result, there were big increases in sales and earnings, with segment sales up 58% to 3.5 billion yen and operating profit up from 38 million yen to 0.5 billion yen.

Consolidated Forecast for FY3/2022

FY3/2022 – Consolidated Forecast



- FY3/2022 forecast for vehicles consigned at auctions reduced 4.3% to 2,680,000 and forecast for vehicles contracted raised 0.7% to 1,720,000
- No change in the current sales and earnings forecasts because the contract completion rate is consistently high and fees per vehicle consigned are higher than the initial forecast

(Million yen)

	FY3/21 (Actual)	FY3/22 Initial plan (May 11, 2021)	Change	FY3/22 Revised plan (Nov. 8, 2021)	Revised plan vs FY3/21
Net sales	74,874	77,600	-	77,600	103.6%
Gross profit (Per sales)	46,533 (62.1%)	47,620 (61.4%)	-	47,620 (61.4%)	102.3%
Operating profit (Per sales)	36,227 (48.4%)	38,400 (49.5%)	-	38,400 (49.5%)	106.0%
Ordinary profit (Per sales)	36,996 (49.4%)	39,100 (50.4%)	-	39,100 (50.4%)	105.7%
Profit attributable to owners of parent (Per sales)	4,022 (5.4%)	26,500 (34.1%)	-	26,500 (34.1%)	658.8%
Profit per share (Yen)	16.13	106.29	▲0.03	106.26	658.8%
Capital expenditures (Terms of cash flows)	8,985	4,400	100	4,500	50.1%
Depreciation	5,334	4,909	54	4,963	93.0%

* Profit per share is restated to reflect the changes in treasury shares up to the end of September 2021.

Auto Auction Business (excl. JBA)	FY3/21 (Actual)	FY3/22 Initial plan (May 11, 2021)	Change	FY3/22 Revised plan (Nov. 8, 2021)	Revised plan vs FY3/21
No. of vehicles consigned (Thousands)	2,661	2,800	▲120	2,680	100.7%
No. of vehicles contracted (Thousands)	1,680	1,708	12	1,720	102.3%
Contract completion rate	63.2%	61.0%	-	64.2%	-

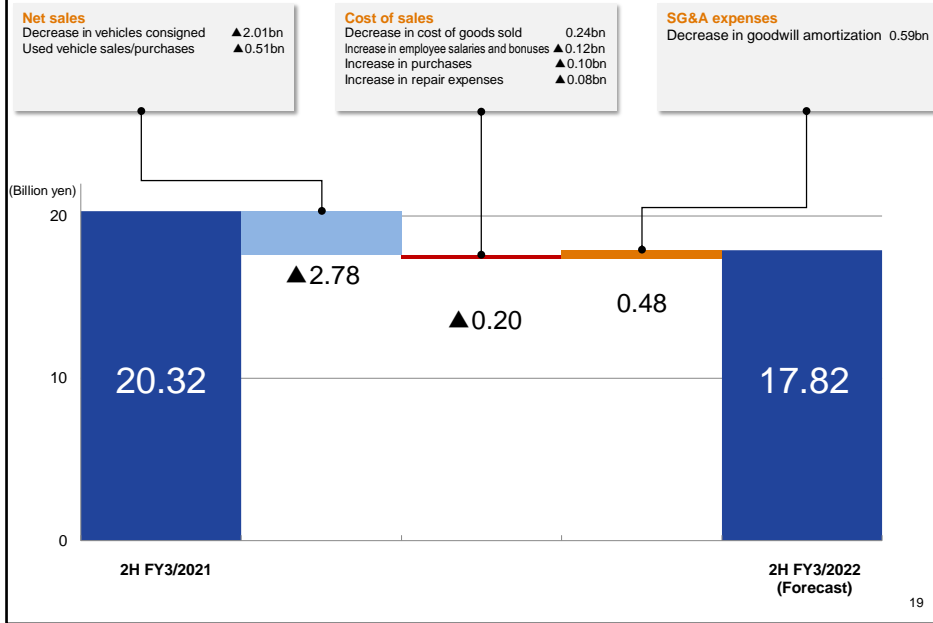
18

In our forecast for the current fiscal year, we have reduced the outlook for the number of vehicles consigned that was announced last May. We believe that the low level of new car sales caused by the global semiconductor shortage and other reasons will hold down the number of vehicles at auctions.

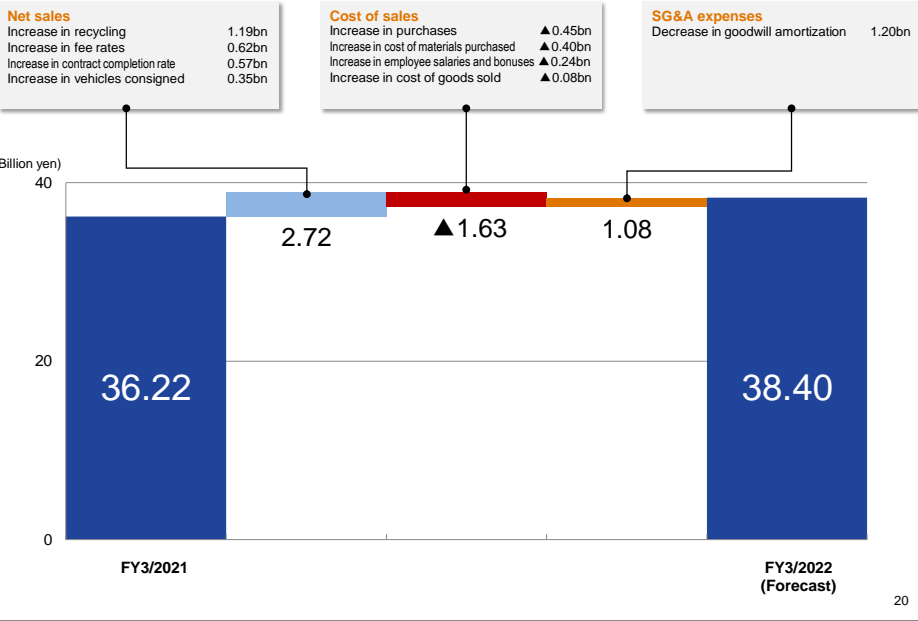
We have reduced the forecast for vehicles consigned but expect demand for used cars to remain firm and forecast a consistently high contract completion rate. Based on this outlook, we have not revised the current fiscal year forecast.

Please turn to slide 23.

2H FY3/2022 – Reasons for Change in Operating Profit (Forecast)



FY3/2022 – Reasons for Change in Operating Profit (Forecast)



FY3/2022 – Forecast by Business Segment

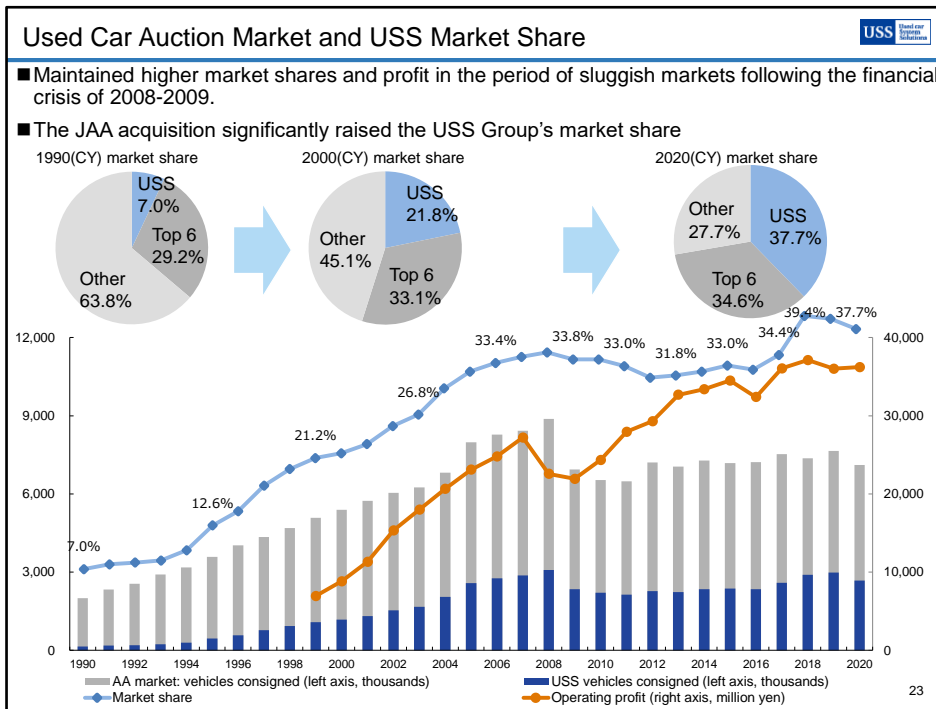


- Due a revision of the FY3/2022 plan, the outlook for the composition of sales based on business segments has changed but there is no change in the sales forecast.

(Million yen)

	FY3/20 (Actual)	FY3/21 (Actual)	FY3/22 (Forecast)	VS. previous year
Net sales				
Auto auction	63,350	61,048	62,699	102.7%
Used vehicle purchasing and selling	9,099	8,646	8,790	101.7%
Other	5,692	5,180	6,109	117.9%
Total	78,143	74,874	77,600	103.6%
Operating profit (Per sales)	36,009 (46.1%)	36,227 (48.4%)	38,400 (49.5%)	106.0%

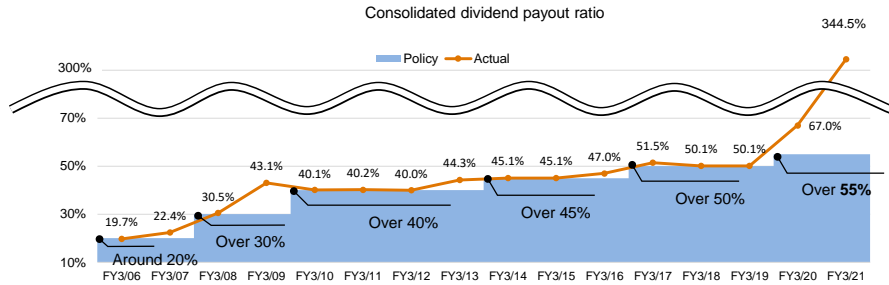
Market Overview Strategy for Creating Value Over the Medium Term



This slide covers the business climate and some of our major actions. First, this graph shows that our market share has been increasing steadily for about 30 years. The automobile industry is now undergoing changes of a magnitude that occur only once every century. Examples include electric cars, self-driving cars and car sharing services. My goal is to continue this steady growth as we adapt to these shifts in market conditions.

Increase shareholder distributions while continuing investment for growth

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



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

Our policy for dividends was to raise our consolidated payout ratio gradually starting from about 20% in 2006 and 2007. Our policy now is to maintain a payout ratio of at least 55%, which is the level we reached in the fiscal year that ended in March 2020.

- The Board of Directors of USS Co., Ltd. approved a resolution on acquisition of treasury shares and policy on retirement of treasury shares on November 8, 2021.

Details of acquisition

Type of shares	Common shares
Period of acquisition	From November 9, 2021 to May 31, 2022
Number of shares to be acquired	6 million shares (upper limit)
Value of shares to be acquired	10 billion yen (upper limit)
Method of acquisition	On the market

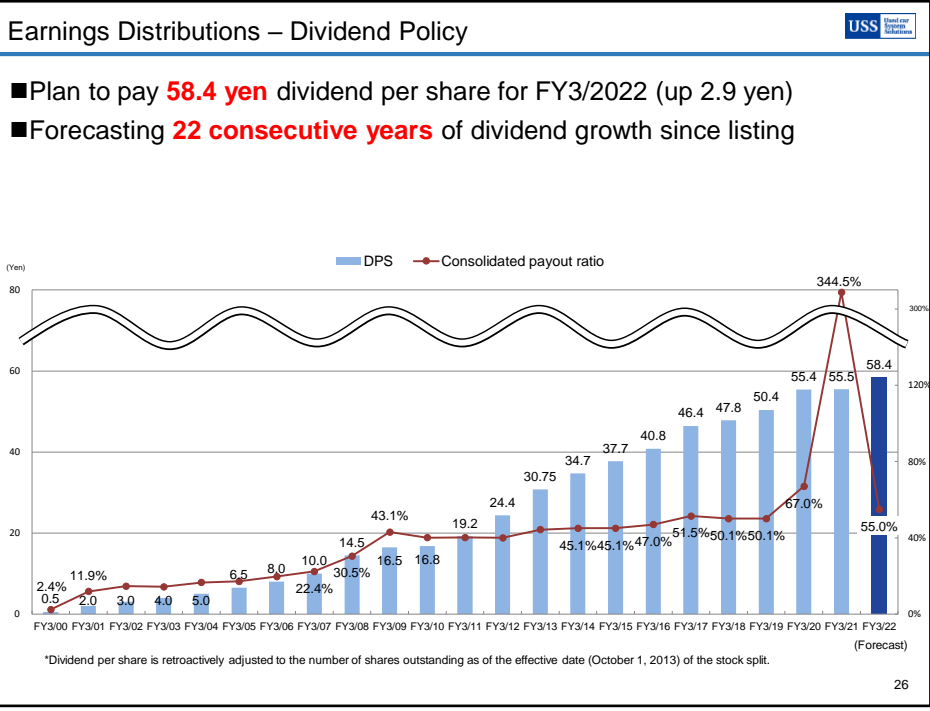
Policy on retirement of treasury shares

As of September 30, 2021, the Company held 20.3% of the total number of issued shares as treasury stock. After completing the acquisition of treasury shares the Company plans to promptly retire all the treasury shares leaving shares equivalent to 5% of the total number of issued shares.

The Company will disclose further information when the total number of shares to be retired and the scheduled retirement date have been decided.

On November 8, we announced the beginning of the purchase of treasury stock with an authorization of 10 billion yen and 6 million shares.

When we have finished repurchasing our stock, we will retire a sufficient amount of treasury stock to lower the remaining treasury stock to 5% (about 15 million shares) of all shares issued. If we repurchase 6 million shares, we will retire about 54 million shares of treasury stock.

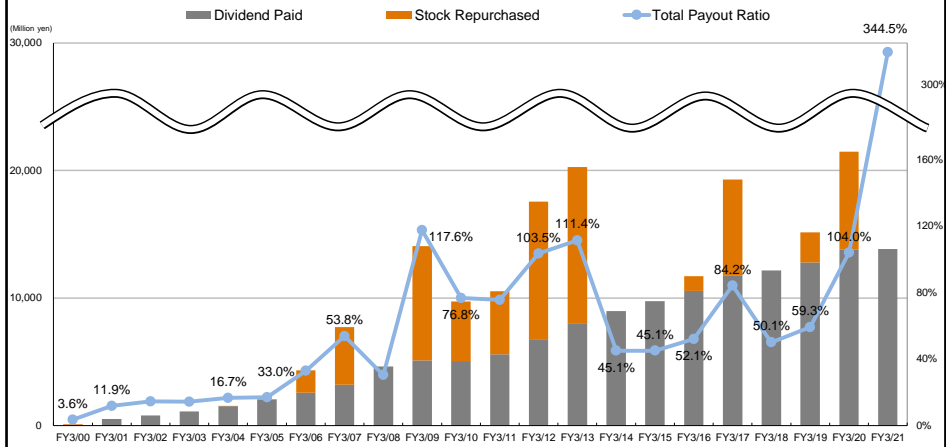


As was announced in May, we plan to pay a dividend per share of 58.40 yen for the current fiscal year. As a result, we forecast 22 consecutive years of dividend growth since our listing. Please turn to slide 30.

Earnings Distributions – Total Payout Ratio



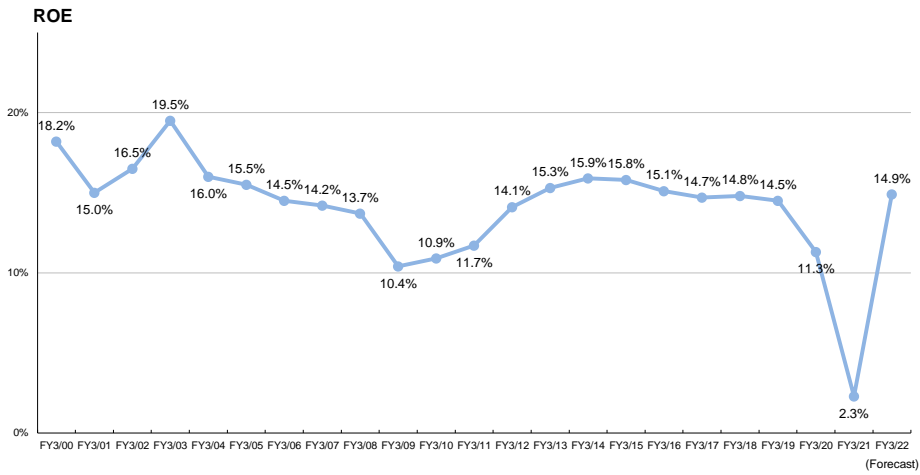
■ Flexible stock repurchases while maintaining stable dividend.



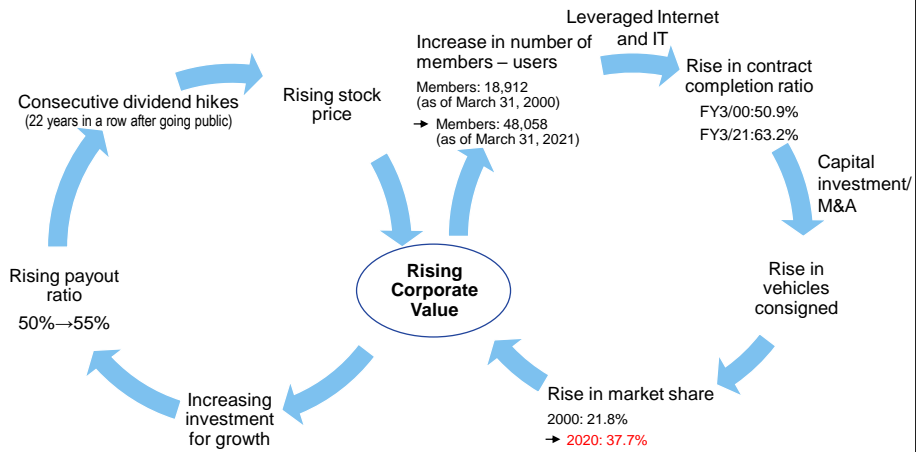
Earnings Distributions – Return on Equity (ROE)



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



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



- Announced Scope 1 and 2 emissions and currently working on Scope 3 emissions
* Scope 1: Greenhouse gases emitted directly by a business (resulting from fuel and industrial processes); Scope 2: Greenhouse gases emitted indirectly in association with electricity, steam and other sources of energy supplied by other companies; Scope 3: Indirect greenhouse gas emissions other than Scope 1 and 2 emissions (emissions of other companies involving the activities of a business)
- Plan to disclose information in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) that will be required in the corporate governance report that will be submitted in June 2022
- Activities
 - Aim to Eliminate the use of paper by switching auction consignment forms for more than 3 million vehicles every year to a digital format
 - Started many activities, such as measures to reduce electricity and gas use at auction sites and to increase the use of renewable energy

Information about the USS policies and activities concerning ESG is in the Integrated Report that was issued in 2021.
Integrated Report 2021 <https://www.ussnet.co.jp/en/ir/library/annual/>

We have many ESG and SDG activities and this information is in our Integrated Report that we issued early this year.

As part of our measures to combat change, we started announcing Scope 1 and 2 greenhouse gas emissions and are currently calculating our Scope 3 emissions. In addition, we are making preparations to disclose information in accordance with the Task Force on Climate-Related Financial Disclosures and plan to announce this information in June 2022.

In a step to lower our greenhouse gas emissions, we are switching from paper to a digital format for auction consignment forms. We plan to take even more actions to further reduce the use of paper. At auction sites, we have started to take actions aimed at consuming less energy and using energy from renewable sources. Regarding the revised corporate governance code and other matters involving ESG, we will continue to take actions promptly as needed.

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

Questions about this presentation about our results of operations can be submitted by e-mail or telephone as shown here.
This completes my presentation. Thank you again for attending this meeting.

Reference

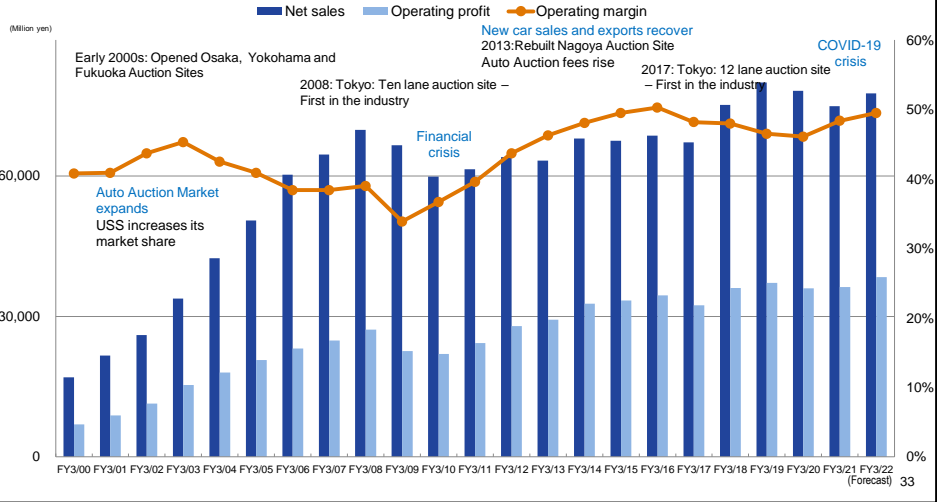
History of USS Long-term Growth



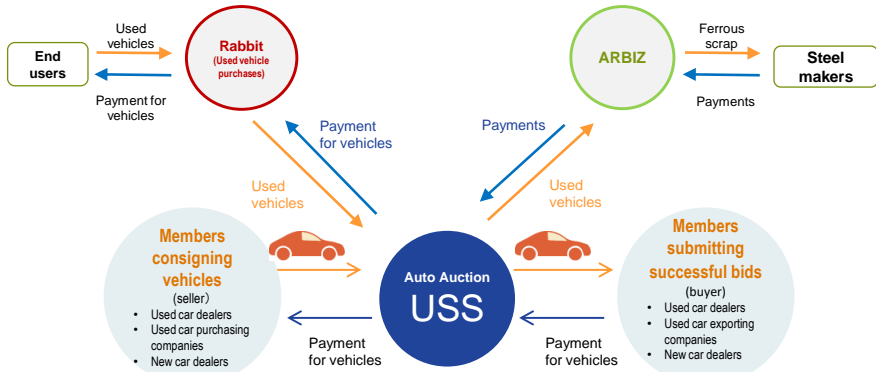
Before 2000

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%



Business Models for USS



Consignment fee
Ave. **8,000yen**

Contract completion fee
Ave. **8,000yen**

Successful bid fee
Ave. **8,000yen**

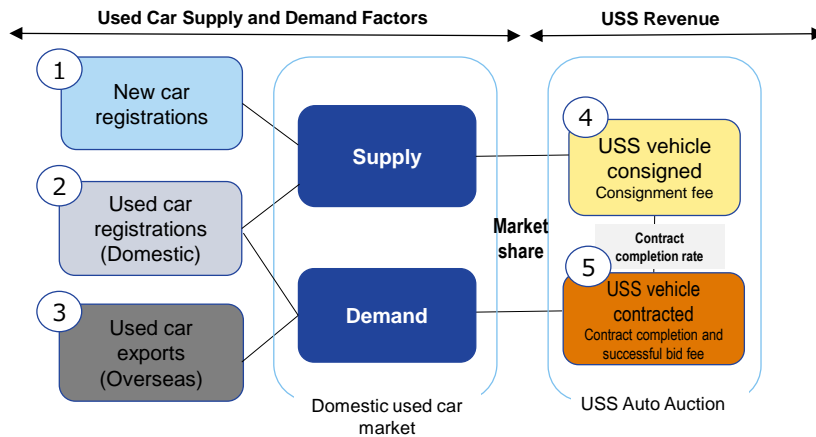
Vehicles consigned
2.66 million units/year
(FY3/2021)

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

Contract completion rate
63.2% (FY3/2021)

Automobile Market and USS Revenue

- 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.



New/Used Car Registrations and Auto Auction Market

- 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)

