



Consolidated Results of Operations

Fiscal Year Ended March 31, 2022

USS Co., Ltd.
May 2022

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I am Yukihiro Ando, the Chairman and CEO of USS.

Thank you for taking the time to attend today's presentation about our results of operations for the fiscal year ended in March 2022.

First is slide three of the presentation materials, which shows highlights of the fiscal year.

Results of Operations Fiscal Year Ended March 2022

Highlights of FY3/2022	
FY3/2022 Results	<ul style="list-style-type: none"> ■ Net sales ¥81.4 billion (up 8.8% YoY) Operating profit ¥41.5 billion (up 14.8% YoY) <ul style="list-style-type: none"> • The number of vehicles traded in decreased because of the downturn in new car sales. The number of vehicles handled and the contract completion ratio increased due to the strong demand for used cars. • Used car exports were up 17.3% year-on-year and down 5.0% 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 number of vehicles purchased despite high prices at used vehicle auctions. • 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.
FY3/2023 (Forecast)	<ul style="list-style-type: none"> ■ Net sales ¥84.1 billion <ul style="list-style-type: none"> • FY3/2023 plan is 2,860 thousand vehicles consigned, 1,850 thousand vehicles contracted and a contract completion ratio of 64.7%. ■ Operating profit ¥43.1 billion
Earnings Distributions	<ul style="list-style-type: none"> ■ Plan to pay ¥66.2 for FY3/22 ■ Plan to pay ¥67.4 for FY3/23 * Aiming for 23 consecutive years growth <ul style="list-style-type: none"> • Dividend policy: the consolidated payout ratio is at least 55% ■ Acquisition of treasury stock in progress <ul style="list-style-type: none"> • Repurchased shares with an authorization of ¥10 billion/6 million shares (progress by April: 91% (in terms of value)) • Company plans to promptly retire all the treasury shares leaving shares equivalent to 5% of the total number of issued shares.

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My presentation about our performance has three main subjects.

The first subject is our results of operations in the fiscal year that ended in March 2022.

The number of vehicles consigned at auctions in Japan was down about 5% from the previous year because of the decline in new car registrations caused by shortages of semiconductors and other parts. Demand was very strong for used vehicles as an alternative to a new car. As a result, the number of vehicles contracted was about the same as in the previous year, the contract completion rate was 68.8% and the average price of vehicles contracted was up 15% to ¥657,000.

USS used its competitive advantage as the leader in Japan's car auction market to focus on the consignment of high-quality used vehicles. These activities resulted in a 2% increase in vehicles consigned, a 6% increase in vehicles contracted, a contract completion rate of 65.4% and an average price of ¥909,000, up 18% and far above the average for all used car auctions in Japan. Due to this performance, our sales and earnings at all levels rose to new all-time highs.

My second subject is our forecast for the fiscal year ending in March 2023. Based on the outlook for a slow improvement in the supply of new cars, we expect recovery in the used car market. Our plan is for a 3% increase in sales to ¥84.1 billion and a 3% increase in operating profit to ¥43.1 billion.

My third subject is the distribution of earnings to shareholders. For the fiscal year that ended in March 2022, we plan to pay a dividend per share of ¥66.20, which is ¥10.70 higher than in the previous fiscal year and is 22 consecutive years of dividend growth since listing.

This dividend increase is the result of higher than planned earnings and our basic policy of maintaining a consolidated dividend payout ratio of 55%.

For the fiscal year ending in March 2023, we forecast an increase of ¥1.20 to ¥67.40.

FY3/2022 – Summary of Consolidated Results of Operations



■ Sales was up 8.8% YoY to ¥81.48 billion, operating profit was up 14.8% to ¥41.57 billion, and profit attributable to owners of parent up 639.5% to ¥29.74 billion.

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

(Million yen)

	FY3/2021	FY3/2022	Year on year	Plan (as of Nov. 8, 2021)	VS. plan
Net sales	74,874	81,482	108.8%	77,600	105.0%
Cost of sales (Per sales)	28,341 (37.9%)	30,710 (37.7%)	108.4%	29,979 (38.6%)	102.4%
Gross profit (Per sales)	46,533 (62.1%)	50,772 (62.3%)	109.1%	47,620 (61.4%)	106.6%
Selling, general and administrative expenses (Per sales)	10,306 (13.8%)	9,197 (11.3%)	89.2%	9,220 (11.9%)	99.8%
Operating profit (Per sales)	36,227 (48.4%)	41,574 (51.0%)	114.8%	38,400 (49.5%)	108.3%
Ordinary profit (Per sales)	36,996 (49.4%)	42,374 (52.0%)	114.5%	39,100 (50.4%)	108.4%
Profit attributable to owners of parent (Per sales)	4,022 (5.4%)	29,745 (36.5%)	739.5%	26,500 (34.1%)	112.2%

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This slide summarizes our results of operations in the past fiscal year, which I briefly discussed earlier.

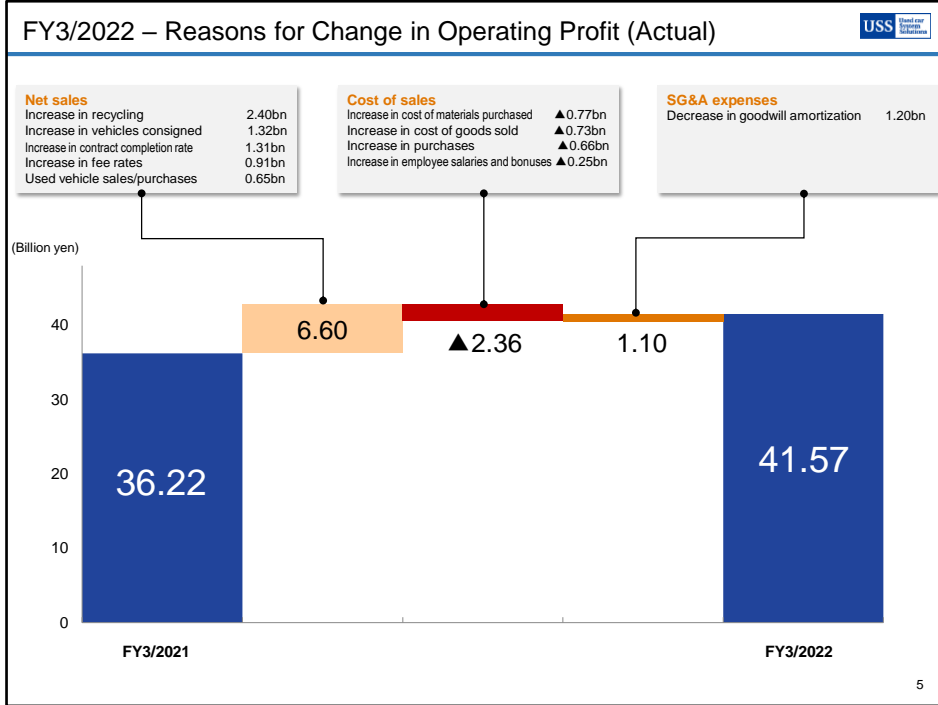
Sales increased 8% to ¥81.4 billion, 5% above our plan.

Operating profit increased 14% to ¥41.5 billion, 8% above our plan.

Ordinary profit increased 14% to ¥42.3 billion, 8% above our plan.

Profit attributable to owners of parent was ¥29.7 billion, 12% above our plan and 639% higher than in the previous fiscal year when we recorded an extraordinary loss.

As I said earlier, sales and earnings at all levels rose to new record highs.



Slide 5 is an analysis of the change in operating profit.

As you can see, operating profit increased ¥5.3 billion because of increases in recycling sales and the number of vehicles consigned at auctions.

Net Sales and Operating Profit by Business Segment



(Million yen)

Net sales	FY3/2020	FY3/2021	FY3/2022	Year on year
Auto auction	63,350	61,048	64,858	106.2%
Used vehicle purchasing and selling	9,099	8,646	9,300	107.6%
Other	5,692	5,180	7,323	141.4%
Total	78,143	74,874	81,482	108.8%
Operating profit (operating margin)	FY3/2020	FY3/2021	FY3/2022	Year on year
Auto auction	35,436 (55.6%)	35,463 (57.7%)	40,217 (61.7%)	113.4%
Used vehicle purchasing and selling	103 (1.1%)	271 (3.1%)	136 (1.5%)	50.2%
Other	369 (6.4%)	400 (7.7%)	1,200 (16.4%)	300.1%
Elimination of inter-segment transactions	100	91	19	21.2%
Total	36,009 (46.1%)	36,227 (48.4%)	41,574 (51.0%)	114.8%

* 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



- Proceeds from the sale of shares of subsidiaries and associates and the purchase of property, plant and equipment were the main source of cash from investing activities
- The primary use of cash in financing activities was dividends paid and acquisition of treasury shares.
- Equity ratio: 78.4%

Consolidated Balance Sheets (Summary)

(Million yen)

	FY3/21	FY3/22		FY3/21	FY3/22
Current assets	81,528	103,872	Current liabilities	26,922	37,884
Cash and deposits	67,770	79,380	Payables due to member dealers at auction	11,788	21,213
Receivables due from member dealers at auction, etc.	13,757	24,491	Other	15,133	16,670
Non-current assets	129,171	125,481	Non-current liabilities	10,253	8,996
Property, plant and equipment	103,302	100,379	Total liabilities	37,175	46,880
Other	25,869	25,102	Total net assets	173,524	182,473
Current assets	210,699	229,354	Total liabilities and net assets	210,699	229,354

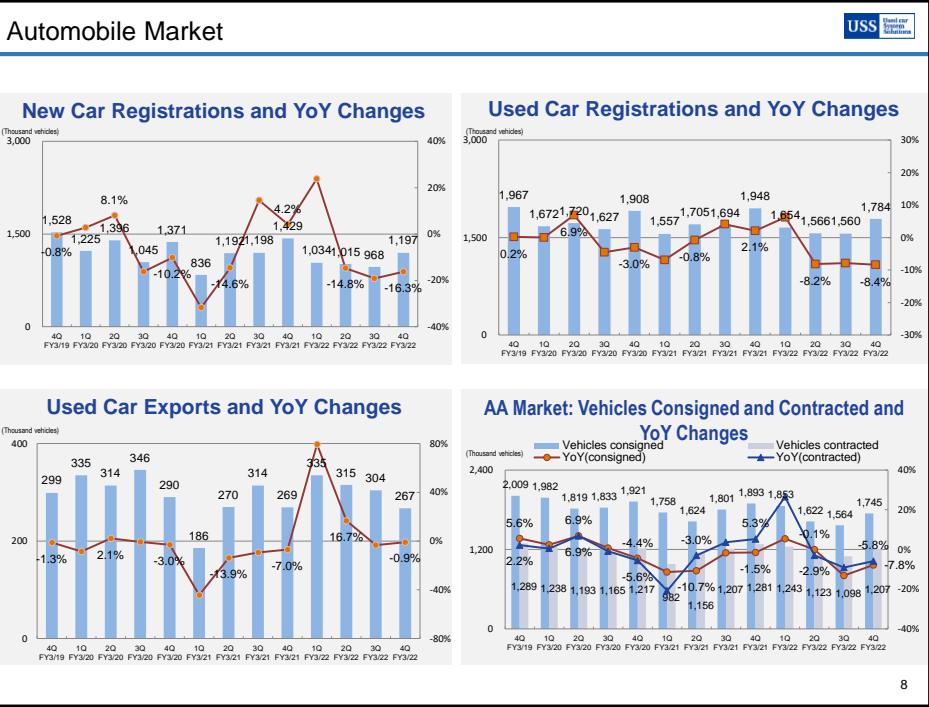
Consolidated Statements of Cash Flows (Summary)

(Million yen)

	FY3/20	FY3/21	FY3/22	Changes
Net cash provided by (used in) operating activities	27,245	38,407	36,630	▲1,777
Net cash provided by (used in) investing activities	▲4,906	▲9,330	▲1,339	7,990
Free cash flow	22,339	29,076	35,290	6,213
Net cash provided by (used in) financing activities	▲16,963	▲15,035	▲24,680	▲9,644
Capital expenditures (Terms of cash flows)	4,523	8,985	2,036	▲6,949
Depreciation	5,037	5,334	4,959	▲374

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The balance sheet shows that we are maintaining a high level of financial soundness, including an equity ratio of 78%



This slide has data about Japan’s automobile market.

These graphs show quarterly performance, but I will base my explanation on comparisons of the past two fiscal years. New car registrations were down 10% to 4.21 million because of the downturn in automobile production caused by shortages of semiconductors and other parts. Used car registrations decreased 5% to 6.56 million as the number of used cars for sale declined. The main reason was fewer cars traded in because of the lower production of new cars. The number of used cars exported from Japan, which significantly affects the demand for used cars, has started recovering from the pandemic downturn. In the past fiscal year, exports were up 17% to 1.22 million and only 5% below exports in the March 2020 fiscal year, which was before the pandemic started. Russia is the main destination for used cars exported from Japan with an annual volume of about 160,000 vehicles. Demand for these used cars has plummeted since March because of Russia’s invasion of Ukraine. However, exporters are working on offsetting this decline by shifting to countries in Africa and the Middle East and taking other actions. Overall, the number of vehicles consigned auctions in Japan decreased 5% to 6.78 million, contract completions were unchanged at 4.67 million and the contract completion rate was 68.8%.

Auto Auction Segment (1)



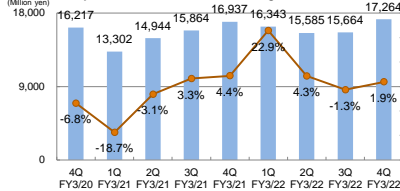
- Vehicles consigned increased 2.7% YoY to 2,731 thousand; contract completions increased 6.3% YoY to 1,787 thousand (contract completion rate: 65.4% against 63.2% in the previous fiscal year)
- Sales and earnings increased because of the larger number of vehicles handled, the higher contract completion rate and other reasons.

Auto Auction Segment Performance

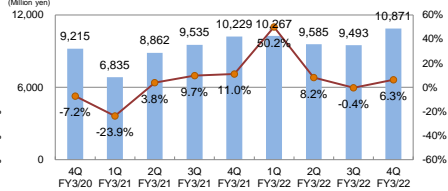
(Million yen)

	FY3/2020	FY3/2021	FY3/2022	Year on year
Net sales	63,350	61,048	64,858	106.2%
Consignment fees	15,047	14,151	15,198	107.4%
Contract completion fees	14,499	14,088	15,088	107.1%
Successful bid fees	21,758	21,573	23,076	107.0%
Other	12,044	11,234	11,494	102.3%
Operating profit	35,436	35,463	40,217	113.4%
Operating margin	55.6%	57.7%	61.7%	-

Quarterly Net Sales and YoY Changes



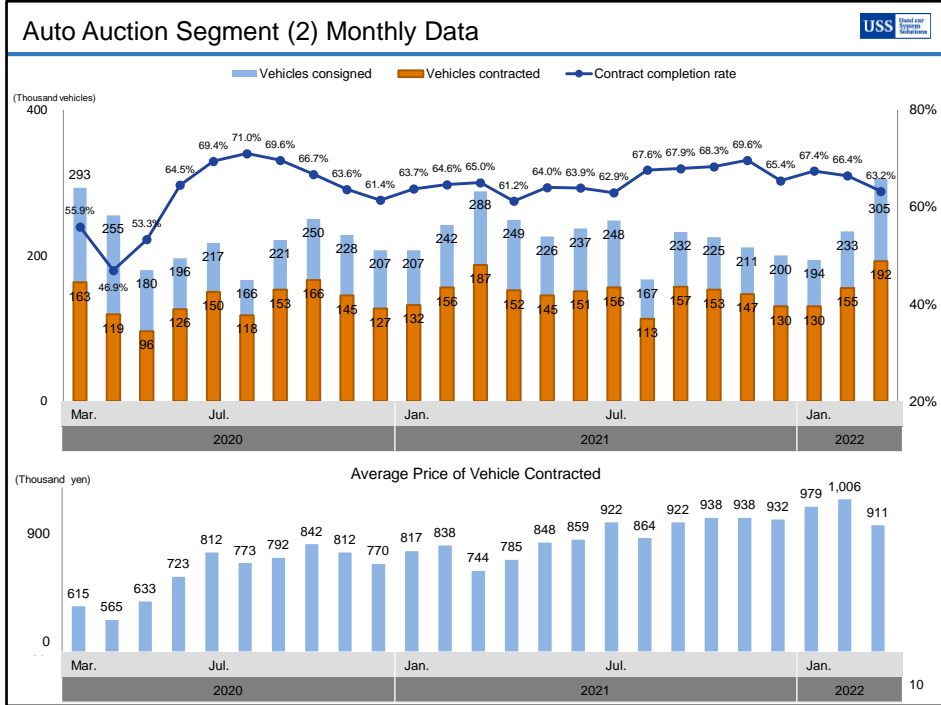
Quarterly Operating Profit and YoY Changes



* 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.



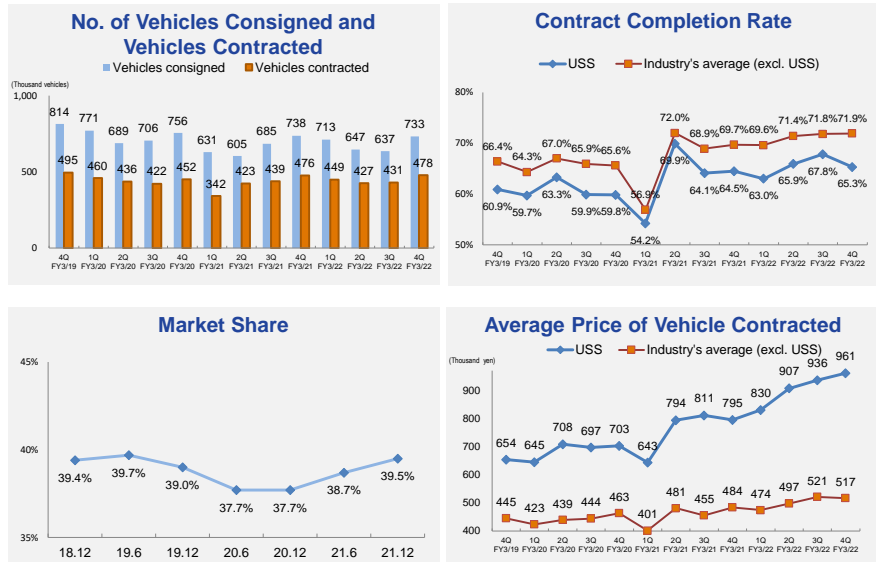
The upper graph shows the monthly number of vehicles at USS auctions between March 2020 and March 2022. The lower graph shows the monthly average price of vehicles that were sold at these auctions.

Although our auctions were affected by the pandemic beginning in March 2020, vehicles consigned and contracted stopped declining in May 2020.

The average price of contracted vehicles stopped decreasing in April 2020 and has subsequently increased year-on-year for 22 consecutive months as of March 2022. The main reasons are the demand for buying a used car as a substitute for a new car, where supplies are limited, and the recovery in used car exports.

The average price was above ¥1 million in February 2022 for the first time but then fell to ¥910,000 in March. Some people say that the Ukraine crisis is responsible. However, the number of vehicles is normally highest in March every year, which causes the average price to be lower than in February. Therefore, this decline is largely due to this seasonal variation.

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.

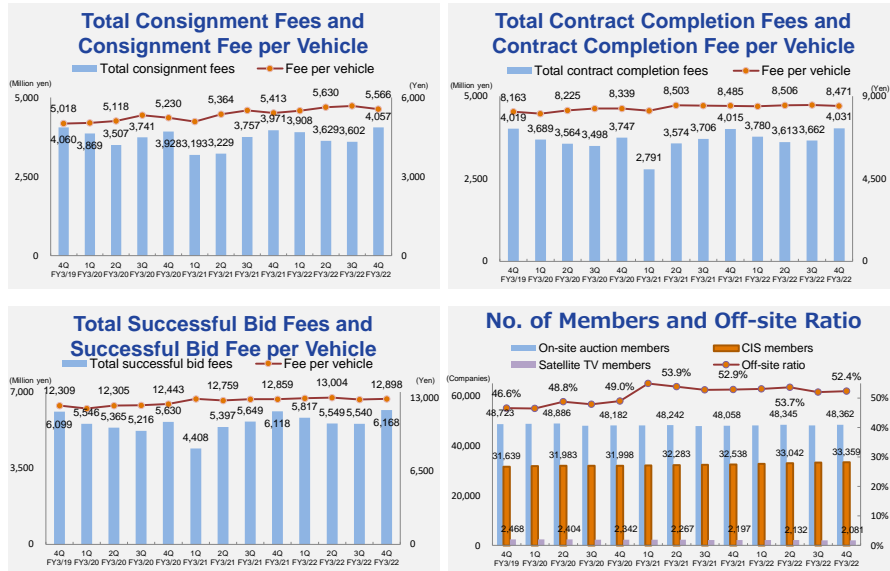
The graph on the lower right shows that our average price per vehicle contracted has been increasing steadily since the second quarter of the March 2021 fiscal year.

Our average price has been above the industry average for a long time because of the ability of our auction sites to attract quality used vehicles.

Furthermore, we have moved even farther above the industry average in 2021 and 2022 as prices of used cars increased.

We believe this widening lead over competitors demonstrates our competitive superiority as we use our leading market share to attract quality used vehicles during this period of strong retail demand for used cars.

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.

I will base my discussion of our fee income on fiscal years rather than the quarterly figures shown in these graphs.

The consignment fee per vehicle increased ¥245 from the previous fiscal year to ¥5,593. One reason is the smaller percentage of vehicles at the Tokyo and other auction sites that were auctioned using a category with lower fees.

The contract completion fee per vehicle increased ¥55 to ¥8,491, which was also the result of a smaller percentage of vehicles sold in the lower-fee section of auction sites.

The successful bid fee per vehicle increased ¥83 to ¥12,924, the result of a higher percentage of vehicles sold in a category with higher fees at the Tokyo and other auction sites.

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 March 31, 2022

(Number of auctions held, Vehicles)

	Number of auctions		Number of consigned vehicles			Number of contract completions			Contract completion rate	
	FY3/22	FY3/21	FY3/22	FY3/21	YoY change	FY3/22	FY3/21	YoY change	FY3/22	FY3/21
Tokyo	49	49	666,861	617,968	107.9%	459,229	418,525	109.7%	68.9%	67.7%
Nagoya	49	49	453,432	442,949	102.4%	266,162	251,495	105.8%	58.7%	56.8%
Kyushu	49	49	201,249	187,467	107.4%	132,213	114,398	115.6%	65.7%	61.0%
Osaka	49	49	196,185	203,665	96.3%	113,646	110,658	102.7%	57.9%	54.3%
Yokohama	49	48	178,895	175,997	101.6%	121,518	115,310	105.4%	67.9%	65.5%
Sapporo	48	49	130,874	132,298	98.9%	93,079	90,973	102.3%	71.1%	68.8%
Shizuoka	49	49	108,780	99,829	109.0%	67,204	62,839	106.9%	61.8%	62.9%
R-Nagoya	49	48	100,577	115,941	86.7%	86,660	96,276	90.0%	86.2%	83.0%
Kobe	48	49	81,851	72,663	112.6%	48,244	42,697	113.0%	58.9%	58.8%
Okayama	49	49	64,490	68,261	94.5%	50,556	49,648	101.8%	78.4%	72.7%
Tohoku	48	49	52,666	50,410	104.5%	42,371	37,384	113.3%	80.5%	74.2%
Gunma	49	49	51,384	52,040	98.7%	35,841	35,207	101.8%	69.8%	67.7%
Niigata	48	49	48,081	47,168	101.9%	28,413	25,575	111.1%	59.1%	54.2%
Saitama	49	48	46,379	45,263	102.5%	28,565	25,675	111.3%	61.6%	56.7%
Fukuoka	48	49	35,007	40,942	85.5%	22,476	25,379	88.6%	64.2%	62.0%
Hokuriku	49	49	17,874	18,352	97.4%	12,863	12,963	99.2%	72.0%	70.6%
JAA	48	49	72,381	73,581	98.4%	38,960	40,796	95.5%	53.8%	55.4%
HAA Kobe	49	49	224,703	216,290	103.9%	139,302	125,012	111.4%	62.0%	57.8%
Total	876	879	2,731,669	2,661,084	102.7%	1,787,302	1,680,810	106.3%	65.4%	63.2%

* 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	211,642	200,338	194,069	233,948	305,073	1,370,127	2,731,669
	YoY Change	▲2.2	25.7	21.0	14.2	0.3	5.1	10.1	▲10.1	▲7.2	▲3.4	▲6.6	▲3.4	5.8	▲3.8	2.7
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
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	69.6	65.4	67.4	66.4	63.2	66.5	65.4

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

Used Vehicle Purchasing and Selling Segment USS Used Car Sales

- At Rabbit, which purchases used vehicles, sales increased but earnings were lower. Auction prices of used vehicles were high but the cost of buying used vehicles increased and the number of vehicles purchased decreased. (Net sales increased 7.1% YoY to ¥5,296 million, Operating profit decreased 46.8% YoY to ¥75 million)
- In the accident-damaged vehicle purchasing and selling business, sales increased but earnings were down as the number of high-priced vehicles handled increased, but the number of vehicles sold decreased. (Net sales increased 8.2% YoY to ¥4,004 million, Operating profit decreased 53.2% YoY to ¥60 million)

Used Vehicle Purchasing and Selling Segment Performance (Million yen)

	FY3/2020	FY3/2021	FY3/2022	Year on year
Net sales	9,099	8,646	9,300	107.6%
Operating profit	103	271	136	50.2%
Operating margin	1.1%	3.1%	1.5%	-

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.

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

Rabbit benefited from high prices of used cars at auctions but the number of vehicles purchased decreased because competition with other companies raised the cost of purchasing vehicles. In addition, the number of vehicles purchased decreased. As a result, although sales increased 7% to ¥5.2 billion, operating profit fell 46% to ¥70 million.

In the accident-damaged vehicle purchasing and selling business, the number of high-priced vehicles increased but the total number of vehicles sold decreased. The result was an 8% increase in sales to ¥4.0 billion and a 53% decline in operating profit to ¥60 million.

Other Segment



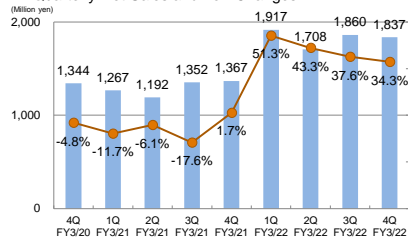
- In the recycle business, sales and earnings increased because high prices of metal scrap raised sales and gross profit and there was a large number and volume of industrial plant demolition projects. (Net sales increased 49.9% YoY to ¥7,238 million, Operating profit increased 203.6% to ¥1,142 million)

Other Segment Performance

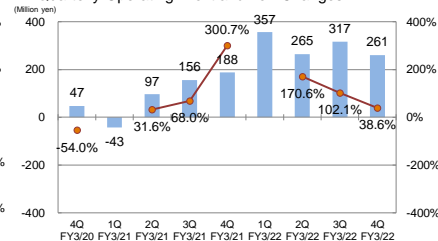
(Million yen)

	FY3/2020	FY3/2021	FY3/2022	Year on year
Net sales	5,692	5,180	7,323	141.4%
Operating profit	369	400	1,200	300.1%
Operating margin	6.4%	7.7%	16.4%	-

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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Next, I will discuss the performance of the other segment.

In the recycle business, sales and gross profit increased because of high prices of scrap metal. A higher volume of industrial plant demolition projects handled by subsidiary SMART, which was established in 2019, also contributed to sales and earnings.

As a result, sales increased 41% to ¥7.3 billion and operating profit improved significantly from ¥400 million to ¥1.2 billion.

Consolidated Forecast for FY3/2023

FY3/2023 – Consolidated Forecast



- USS takes steps to further upgrade convenience and services for members and maintain a large number of vehicles consigned in order to raise its share of Japan's auto auction market.

	(Million yen)			
	FY3/21 (Actual)	FY3/22 (Actual)	FY3/23 (Forecast)	VS. previous year
Net sales	74,874	81,482	84,100	103.2%
Gross profit (Per sales)	46,533 (62.1%)	50,772 (62.3%)	52,685 (62.6%)	103.8%
Operating profit (Per sales)	36,227 (48.4%)	41,574 (51.0%)	43,100 (51.2%)	103.7%
Ordinary profit (Per sales)	36,996 (49.4%)	42,374 (52.0%)	43,800 (52.1%)	103.4%
Profit attributable to owners of parent (Per sales)	4,022 (5.4%)	29,745 (36.5%)	30,000 (35.7%)	100.9%
Profit per share (Yen)	16.13	119.80	122.34	102.1%
Capital expenditures (Terms of cash flows)	8,985	2,036	6,800	333.9%
Depreciation	5,334	4,959	4,770	96.2%
Auto Auction Business (excl. JBA)	FY3/21 (Actual)	FY3/22 (Actual)	FY3/23 (Forecast)	VS. previous year
No. of vehicles consigned (Thousands)	2,661	2,731	2,860	104.7%
No. of vehicles contracted (Thousands)	1,680	1,787	1,850	103.5%
Contract completion rate	63.2%	65.4%	64.7%	-

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The section about our forecast for the fiscal year ending in March 2023 begins on this page.

Our goal is to maintain a large volume of vehicles consigned and raise our share of the automobile auction market by upgrading services for members, such as by taking steps to provide even more convenience. As part of measures to make our services even easier to use, we will construct a multi-level parking structure at the Tokyo Auction Site. This structure will be used for parking by our members on auction days and on other days will be used as an indoor vehicle inspection area. Completion of this structure is scheduled for January 2023.

For the fiscal year ending in March 2023, we have established the following forecast.

Sales up 3% to ¥84.1 billion

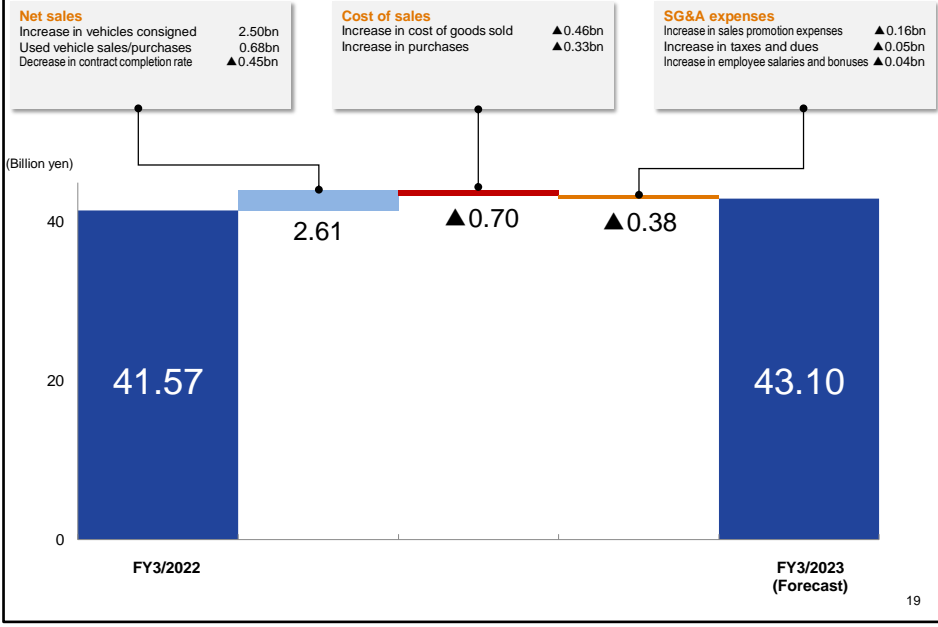
Operating profit up 3% to ¥43.1 billion

Ordinary profit up 3% to ¥43.8 billion

Profit attributable to owners of parent unchanged at ¥30.0 billion.

Please turn to slide 22.

FY3/2023 – Reasons for Change in Operating Profit (Forecast)



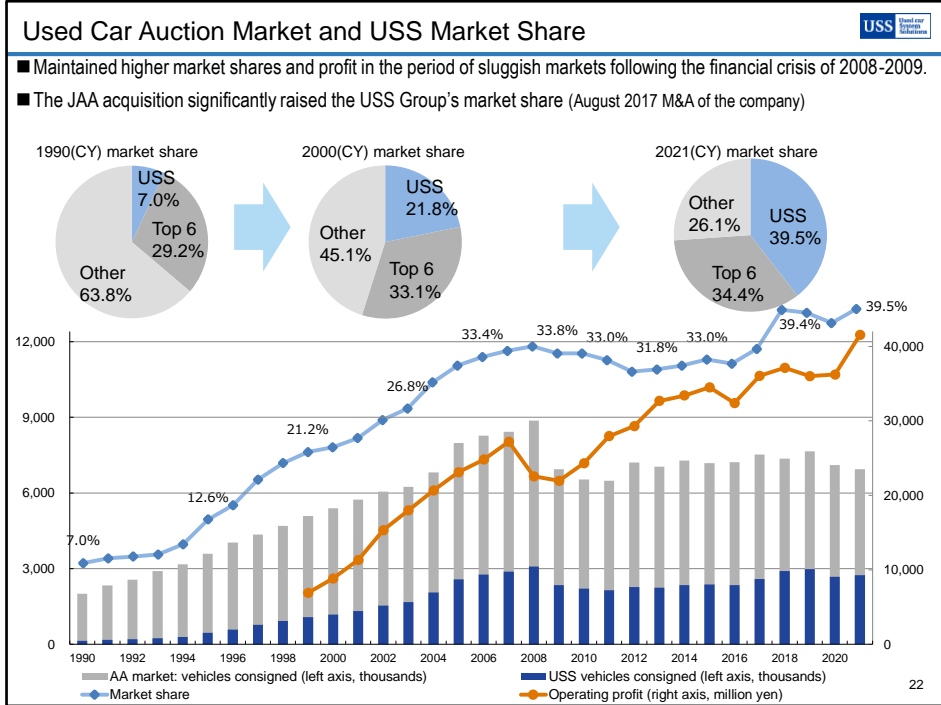
FY3/2023 – Forecast by Business Segment



(Million yen)

	FY3/21 (Actual)	FY3/22 (Actual)	FY3/23 (Forecast)	VS. previous year
Net sales				
Auto auction	61,048	64,858	67,035	103.4%
Used vehicle purchasing and selling	8,646	9,300	9,989	107.4%
Other	5,180	7,323	7,074	96.6%
Total	74,874	81,482	84,100	103.2%
Operating profit (Per sales)	36,227 (48.4%)	41,574 (51.0%)	43,100 (51.2%)	103.7%

Market Overview Strategy for Creating Value Over the Medium Term

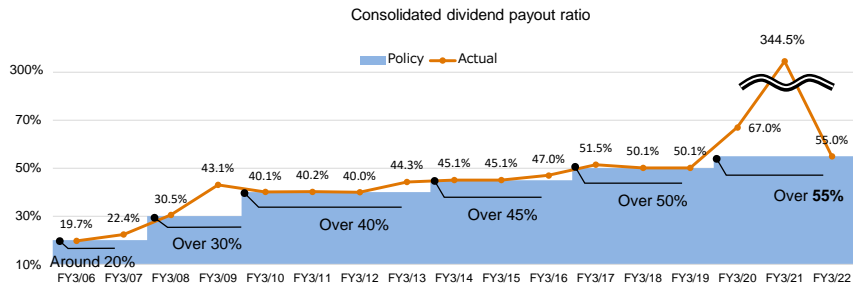


This slide covers the business climate and some of our major actions.

Our share of Japan's auto auction market has been increasing steadily since 1990. Today, the automobile industry is undergoing changes of a magnitude that many people happens only once in 100 years. We are determined to continue growing steadily by raising our market share as we take actions that reflect increasing sales of electric vehicles, the emergence of self-driving vehicles and other events that are reshaping the automobile market.

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%

This section covers our policies for distributing earnings to shareholders. For the dividend, we have been raising our consolidated dividend payout ratio in steps for many years. This payout ratio goal has been at least 55% since the March 2020 fiscal year.

- 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 acquisition	From November 9, 2021 to April 30, 2022
Aggregate number of shares repurchased	4,887,600 shares
Aggregate value of shares repurchased	9,146,554,100 yen
Method of acquisition	On the market

(Scheduled to repurchase 6 million shares for 10 billion yen (maximum) in the period from November 9, 2021 to May 31, 2022.)

Policy on retirement of treasury shares

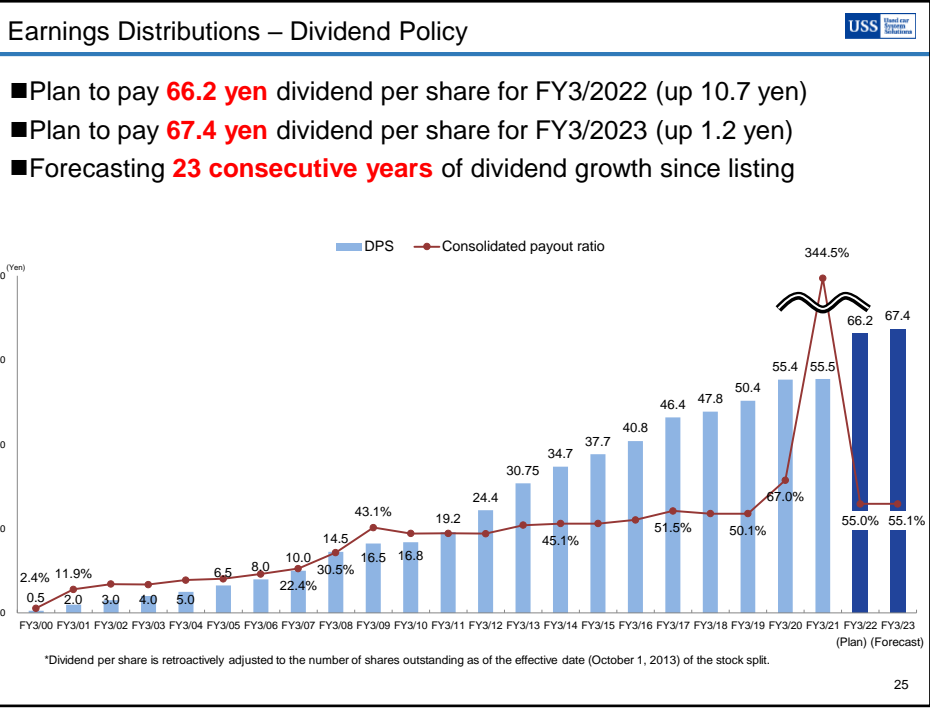
As of September 30, 2021, the Company held 20.3% of the total number of issued shares as treasury stock. After completing the acquisition of treasury shares the Company plans to promptly retire all the treasury shares leaving shares equivalent to 5% of the total number of issued shares.

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

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We are currently repurchasing our stock based on an authorization of 6 million shares and ¥10 billion. As of the end of April, we had purchased 4.88 million shares at a cost of ¥9.1 billion.

When this stock buyback has been completed, we plan to retire an amount of treasury stock that will leave treasury shares equal to 5% of all shares issued.



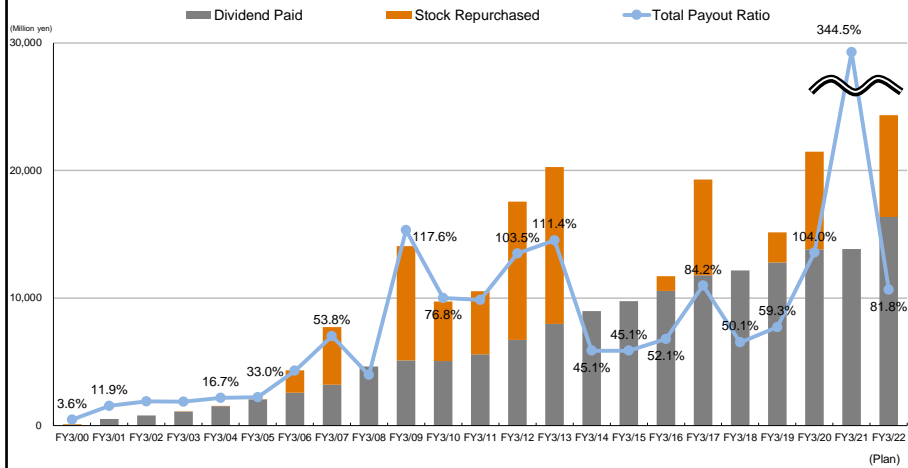
We plan to increase the dividend for the March 2022 fiscal year by ¥10.70 to ¥66.20. This will be the 22nd consecutive fiscal year with a dividend increase. For the March 2023 fiscal year, we plan to raise the dividend by ¥1.20 to ¥67.40, which will make this the 23rd consecutive fiscal year dividend increase.

Please turn to slide 29.

Earnings Distributions – Total Payout Ratio



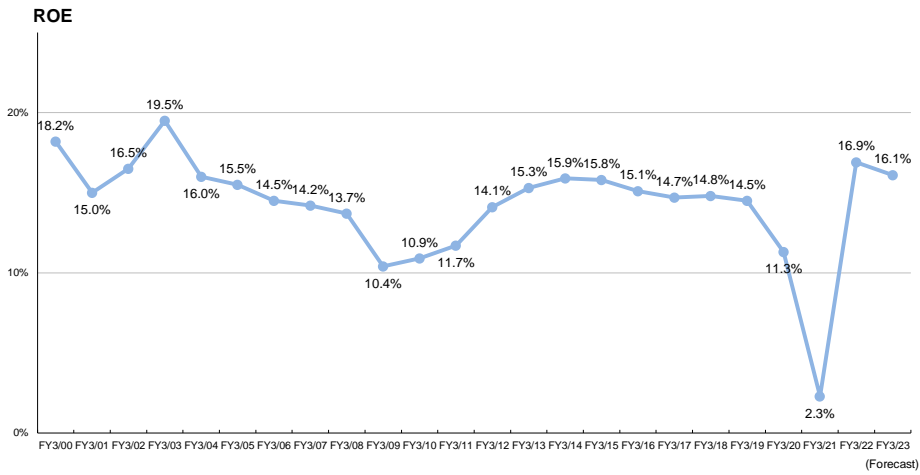
■ Flexible stock repurchases while maintaining stable dividend.



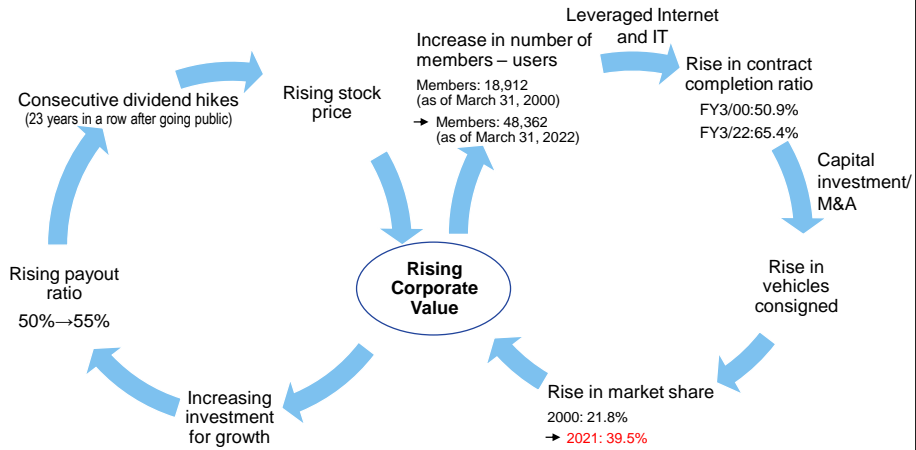
Earnings Distributions – Return on Equity (ROE)




■ 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



Activities to Combat Climate Change 

- USS plans to begin disclosing information based on the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022.
 - USS plans to begin announcing its Scope 1, 2 and 3 CO₂ emissions and medium-term target for lowering CO₂ emissions.

* Scope 1: Greenhouse gas emissions directly from business operations (burning fuel, industrial processes) Scope 2: Indirect greenhouse gas emissions due to the use of electricity, heat and steam supplied by other companies Scope 3: Indirect greenhouse gas emissions from sources other than those in Scope 1 and 2 (emissions of other companies associated with the activities of USS)
- Activities
 - Increase the use of renewable energy (solar electricity) at auction sites
- On May 10, 2022, the board of directors approved a resolution to start using external ESG evaluations* as part of the evaluation indicators used to determine the remuneration of directors and executive officers.

* External ESG evaluations are the ESG ratings of MSCI and CDP.
- USS received a “C” score in the climate change category based on a survey of companies conducted by the CDP, a non-profit charity that runs a global disclosure system for environmental impacts. 

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/>

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My last subject is our measures involving climate change. One step is the start of disclosing information required in the June 2022 corporate governance report based on the Task Force on Climate-Related Financial Disclosures (TCFD).

To reduce CO₂ emissions, we plan to install solar power systems at our auction sites. During the current fiscal year, we will install these systems at the Nagoya Auction Site and R-Nagoya Auction Site. In addition, we plan to switch to purchasing exclusively CO₂-free electricity.

Another step concerns our revised remuneration system for directors and other officers, as we have already announced. The evaluation coefficient for stock remuneration linked to results of operations will include an external ESG evaluation.

We will retain a firm commitment to making meaningful contributions to sustainability.

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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

This completes my presentation. We will now answer your questions.
Thank you for taking the time to attend this event.

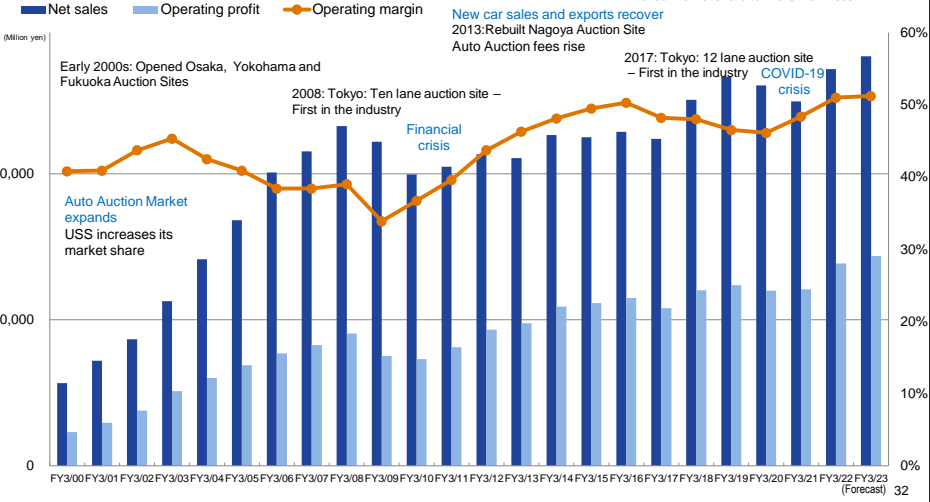
Reference

History of USS Long-term Growth

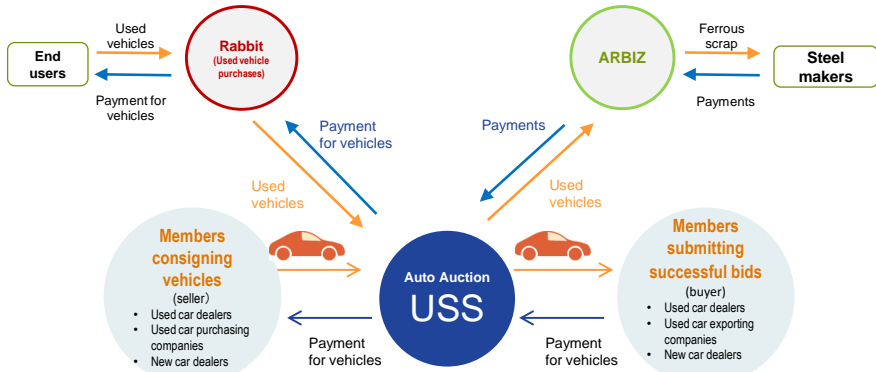


Before 2000

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



Business Models for USS



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

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

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

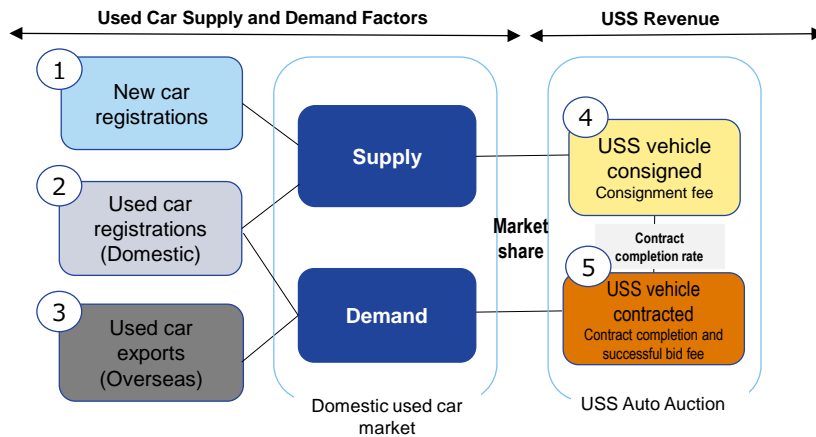
Vehicles consigned
2.73 million units/year
(FY3/2022)

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

Contract completion rate
65.4% (FY3/2022)

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)

