



USS Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2023

May 10, 2023

Event Summary

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[Participants]	
[Number of Speakers]	3
	Yukihiro Ando Chairman and Representative Director, Chief Executive Officer
	Dai Seta President and Representative Director, Chief Operating Officer
	Masafumi Yamanaka Director, Executive Vice President, Officer of the Supervisory Office

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Presentation

Moderator: Thank you very much for taking time out of your busy schedules today to participate in the financial results briefing for the fiscal year ended March 31, 2023, of USS Co., Ltd.

In attendance today are Mr. Ando, Chairman and Representative Director, Chief Executive Officer; Mr. Seta, President and Representative Director, Chief Operating Officer; and Mr. Yamanaka, Director, Executive Vice President, Officer of the Supervisory Office. First, CEO Ando will explain the financial results, followed by a Q&A session. The entire meeting will last approximately one hour.

Now, Mr. Ando will give an explanation. Thank you, CEO.

Ando: Yes. Hello everyone. My name is Ando, and I am the CEO. Thank you very much for taking time out of your busy schedules today to participate in the FY2022 financial results briefing. As the secretariat has just informed you, the system allows for a question-and-answer session and interactive communication with all of you.

I will begin with an explanation of the financial results according to the presentation materials, followed by a question-and-answer session. We would like to take as many questions as time permits, so please do not hesitate to contact us.

Highlights of FY2022



FY22 Results	FY23 Forecast	Earnings Distributions
<ul style="list-style-type: none">■ Net sales ¥88.7 billion (up 9.0% YoY)■ Operating profit ¥43.7 billion (up 5.3% YoY)• USS Auto Auction result in FY2022: vehicles consigned was 2.95 million (up 8.3% YoY), contract completions was 1.86 million (up 4.3% YoY), contract completion rate was 63.0%• In the used vehicle purchasing and selling segment, sales increased and earnings were down as the number of vehicles sold increased but the gross profit was lower.• In the recycle segment, sales and earning increased because of higher number of demolition orders.	<ul style="list-style-type: none">■ Net sales ¥92.4 billion<ul style="list-style-type: none">• Plans for FY2023 is 3.00 million vehicles consigned at auctions, 1.88 million contracted vehicles, and a contract completion ratio of 62.7%■ Operating profit ¥45.3 billion	<ul style="list-style-type: none">■ FY2022 dividend is ¥67.5 (plan)■ FY2023 dividend forecast is ¥69.4 <i>This will be the 24th consecutive year of dividend increases.</i>• In FY2019, the basic policy for dividends was revised as consolidated payout ratio guideline increased to at least 55%.■ Repurchase of stock<ul style="list-style-type: none">• USS repurchased 5.09 million shares of stock at a cost of ¥9.6 billion between November 2021 and May 2022.

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Please see page four of the document. There are three key points in today's explanation.

The first is the consolidated financial results for the full year. Since the fall of 2022, the shortage of new vehicles due to semiconductor and parts shortages has improved and the backlog of orders, or so-called back orders, has been eliminated. As the number of used cars in circulation increased, the used car market began to decline. The auction market as a whole saw a 5% increase in the number of units consigned and a 2% increase in the number of units contracted compared to the previous year. In this environment, the number

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of units consigned by the Company was 108% of the previous year's total, and the number of units contracted was 104% YoY. Consolidated results reached record highs in all sales and profit categories.

The second point is the full-year forecast. With the expected recovery in the number of new car registrations, sales are expected to reach JPY92.4 billion, 104% of the previous year's level. Operating income is projected to be JPY45.3 billion, 103% of the previous year's level.

The third point is about shareholder returns. The annual dividend per share for FY2022 will be JPY67.5, as announced in November, marking the 23rd consecutive fiscal year of dividend increase since the Company was listed on the stock exchange. In addition, we forecast an increase of JPY1.9 to JPY69.4 in dividends for FY2023, aiming to increase dividends for 24 consecutive fiscal years.

FY2022 Summary of Consolidated Results of Operations



- Sales was up 9.0% YoY to ¥88.77 billion, operating profit was up 5.3% to ¥43.77 billion, and profit attributable to owners of parent up 0.9% to ¥30.00 billion.
- Record-high sales, operating profit, ordinary profit and Profit attributable to owners of parent

(Million yen)

	FY2021	(per sales)	FY2022	(Per sales)	Year on year	Revised plan (Nov. 8, 2022)	(per sales)	VS. plan
Net sales	81,482		88,778		109.0%	85,529		103.8%
Cost of sales	30,710	37.7%	35,135	39.6%	114.4%	32,459	38.0%	108.2%
Gross profit	50,772	62.3%	53,642	60.4%	105.7%	53,070	62.0%	101.1%
Selling, general and administrative expenses	9,197	11.3%	9,864	11.1%	107.3%	9,609	11.2%	102.7%
Operating profit	41,574	51.0%	43,778	49.3%	105.3%	43,460	50.8%	100.7%
Ordinary profit	42,374	52.0%	44,491	50.1%	105.0%	44,176	51.7%	100.7%
Profit attributable to owners of parent	29,745	36.5%	30,008	33.8%	100.9%	30,000	35.1%	100.0%

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The slide you are looking at is the consolidated financial results for FY2022, as explained in the key points of the financial results.

As I mentioned earlier, we recorded record highs in sales and all profit categories.

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Net Sales and Operating Profit by Business Segment



(Million yen)

Net sales	FY2020	FY2021	FY2022	Year on year
Auto auction	61,048	64,858	69,304	106.9%
Used vehicle purchasing and selling	8,646	9,300	10,391	111.7%
Recycling	4,829	7,238	8,982	124.1%
Other	351	85	99	116.3%
Total	74,874	81,482	88,778	109.0%
Operating profit (operating margin)	FY2020	FY2021	FY2022	Year on year
Auto auction	35,463 (57.7%)	40,217 (61.7%)	42,267 (60.7%)	105.1%
Used vehicle purchasing and selling	271 (3.1%)	136 (1.5%)	130 (1.3%)	95.4%
Recycling	376 (7.8%)	1,142 (15.8%)	1,333 (14.8%)	116.7%
Other	23 (6.8%)	58 (68.0%)	27 (28.0%)	47.9%
Adjustment	91 (-)	19 (-)	18 (-)	94.9%
Total	36,227 (48.4%)	41,574 (51.0%)	43,778 (49.3%)	105.3%

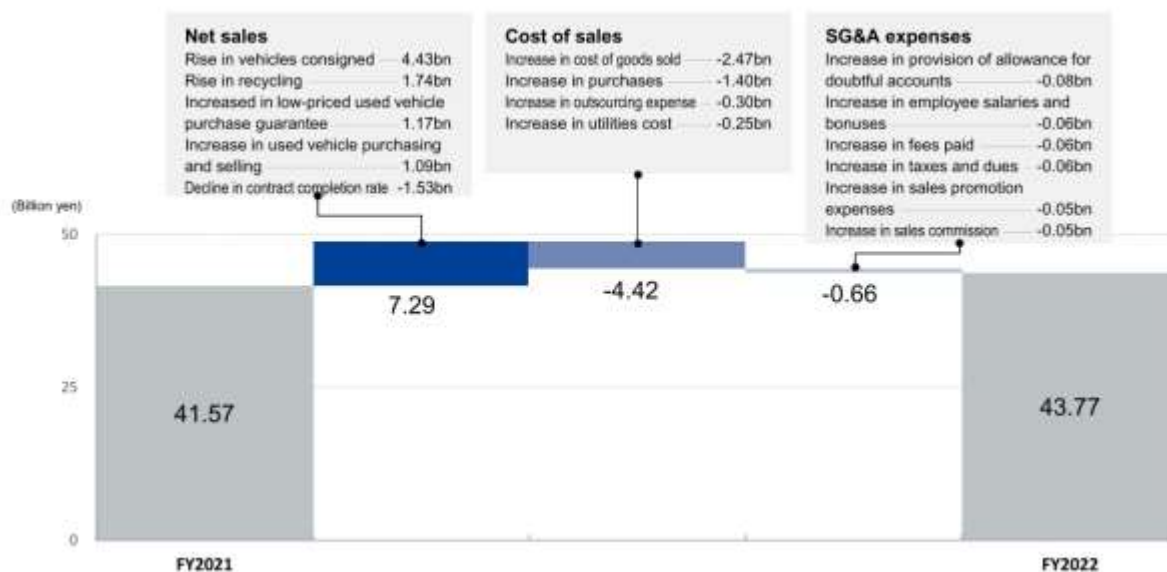
*1 Net sales are sales to external customers and operating profit is based on business segment earnings. Operating margins (shown % in parenthesis) are calculated by dividing segment profit by segment sales.
 *2 Beginning with FY2022, the recycle business, which was previously included in 'other,' is a reportable segment. Figures for 'recycling' and 'other' have been revised to conform with this change.

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The following table shows sales and operating income by segment.

The details of each segment will be explained later.

FY2022 Reasons for Change in Operating Profit (Actual)



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This chart shows the change in operating income compared to the previous year.

The first factor behind the increase in net sales was an increase in commissions due to an increase in the number of units consigned, as well as an increase in the number of orders for large-scale demolition projects in the plant recycling business.

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Continuing on with the increase in guaranteed purchase of low value vehicles, USS has placed some low value vehicles that are older in age and have high mileage in some corners and is auctioning them with a guaranteed purchase price. Due to the impact of higher scrap market prices, the guaranteed purchase unit price for low value vehicles also increased.

The increase in cost of goods sold in the cost of sales factor is due to an increase in the number of vehicles sold in the low value car purchase and used car purchase and sales businesses. The increase in purchase amount was due to an increase in transaction volume related to large-scale demolition work in the plant recycling business. The increase in outsourcing costs can be attributed to higher labor costs, as some of the auction operations on the premises are outsourced.

In addition, the allowance for doubtful accounts, which is a factor in selling, general and administrative expenses, was increased in the finance business.

Consolidated Balance Sheets and Statements of Cash Flows

- Increase in purchase of property, plant and equipment and time deposits were the primary uses of cash for investing activities.
- The primary use of cash in financing activities was dividends paid.
- Equity ratio : 78.8%

Consolidated balance sheets (summary)

(Million yen)

	FY21	FY22		FY21	FY22
Current assets	103,872	116,057	Current liabilities	37,884	39,273
Cash and deposits	79,380	92,692	Payables due to member dealers at auction	21,213	22,595
Other	24,491	23,365	Other	16,670	16,678
Non-current assets	125,481	126,295	Non-current liabilities	8,996	8,925
Property, plant and equipment	100,379	100,604	Total liabilities	46,880	48,198
Other	25,102	25,690	Total net assets	182,473	194,154
Total assets	229,354	242,352	Total liabilities and net assets	229,354	242,352

Consolidated statements of cash flows (summary)

(Million yen)

	FY20	FY21	FY22	Changes
Net cash provided by (used in) operating activities	38,467	36,630	36,907	277
Net cash provided by (used in) investing activities	-9,330	-1,339	-9,074	-7,735
Free cash flow	29,076	35,290	27,832	-7,457
Net cash provided by (used in) financing activities	-15,035	-24,680	-17,121	-7,558
Capital expenditures (Terms of cash flows)	8,985	2,036	4,567	2,531
Depreciation	5,334	4,959	4,626	-333

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Next, the consolidated balance sheet shows that the equity ratio was 78.8%, maintaining a high level of financial security.

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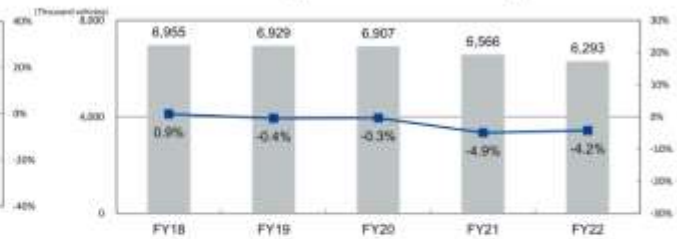
Automobile Market



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



* Vehicles consigned and contracted in FY21 have been revised to reflect revisions to data announced by USED CAR Co., Ltd.

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From here, we will explain the trends in automobile distribution.

Trends in new and used cars are as explained at the beginning of this report. The number of used vehicles exported has a significant impact on the overall demand in the auto auction market.

Looking at the current fiscal year, the export volume has recovered to 1.29 million units, the level before the coronavirus disaster, as the container shortage has been resolved and marine transportation costs have fallen.

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Auto Auction Segment (1) Overview



- Higher sales and earnings with larger number of vehicles consigned and contracted

No. of vehicles consigned
2.958 million
up 8.3% YoY

No. of contract completions
1.863 million
up 4.3% YoY

Contract completion rate
63.0%
65.4% (in FY21)

Auto auction segment performance

	FY20	FY21	FY22	Year on year
Net sales	61,048	64,858	69,304	106.9%
Consignment fees	14,151	15,198	16,570	109.0%
Contract completion fees	14,088	15,088	15,721	104.2%
Successful bid fees	21,573	23,076	23,985	103.9%
Other	11,234	11,494	13,027	113.3%
Operating profit	35,463	40,217	42,267	105.1%
Operating margin	57.7%	61.7%	60.7%	-



* 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.

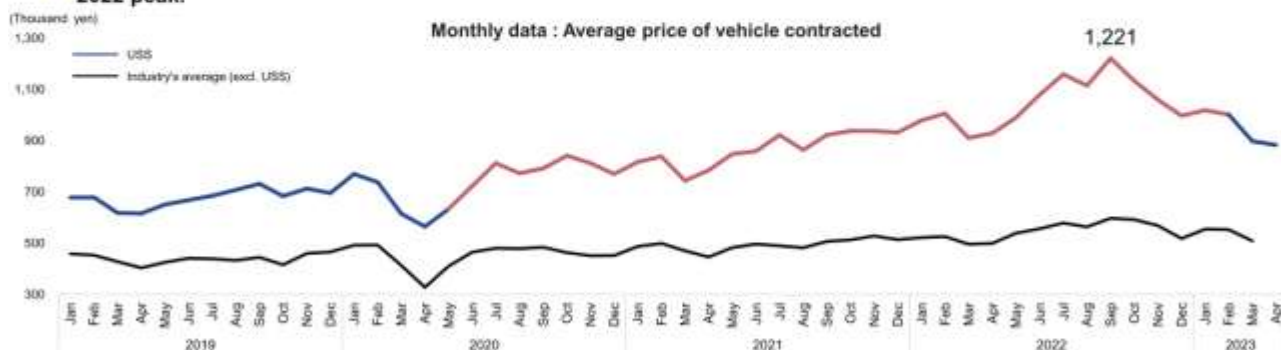
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Auto Auction Segment (2) Average Price of Vehicle Contracted



- Lower supply of new cars because of shortage of auto parts → Decline in trade-in vehicles
→ Decline in the number of used cars on the market → Tight supply-demand balance
→ Spike in auction prices
- The average prices were higher compared to the same month in the previous year from June 2020 to Jan. 2023.
- The average price of vehicles contracted remains high, although it has been declining since the September 2022 peak.



* In auto auctions in Japan, notwithstanding the vehicle contract price, consignment fees, contract completion fees and successful bid fees are fixed for each category. Therefore, commission does not fluctuate with the amount of the contracted price of a vehicle.

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We would now like to explain the auction segment.

The slide you see shows the changes in the unit price per contracted vehicle for USS and the industry as a whole, excluding USS, since January 2019.

From around May 2020, the demand for used vehicles as a means of transportation increased due to the coronavirus disaster, and the global shortage of semiconductors caused the auction market price to soar and the per-vehicle value to rise due to a shortage of supply of used vehicles as a result of reduced production of new vehicles. Vehicle unit prices have exceeded the previous year each year between June 2020 and January

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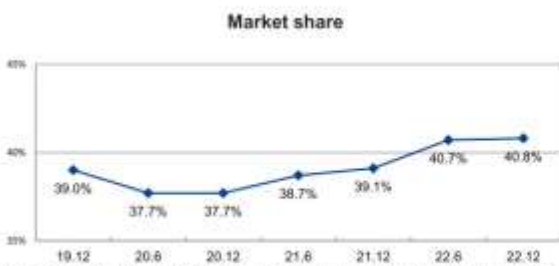
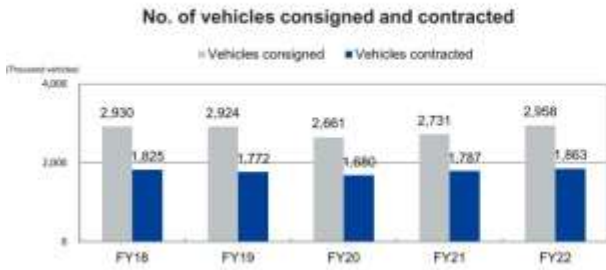


2023. Although the unit price of contracted vehicles is lower than in the same month of the previous year, it is still at a high level compared to the pre-coronavirus period.

As you can see, the difference between USS and the industry as a whole, excluding USS, was about JPY200,000 around January 2019, but has widened to about JPY400,000 in March 2023. Looking at the average price difference between USS and the industry, USS is considered to be overwhelmingly competitive in the listing of used vehicles with relatively high unit prices that are three or five years old, which are considered to be retail-oriented in Japan.

Auto Auction Segment (3)

No. of Vehicles Consigned and Contracted, etc.



* Period ending in December: 12-month data. Period ending in June: 6-month data. * The figures in this slide do not include JBA data. * Market share in Dec. 2021 and Jun. 2022 have been revised to reflect revisions to data announced by USED CAR Co., Ltd. * The figure for "Industry's average (excl. USS)" in FY21 has been revised to reflect revisions to data announced by USED CAR Co., Ltd.

This slide shows an explanation of the changes in auction results. The market share transition in the lower left-hand corner shows that the share for FY2022 was 40%. There are three factors contributing to the increase in market share.

The first is the growing demand for late model, relatively high unit-price used cars as a replacement business for new cars, and this price range is the area in which USS has the greatest expertise.

Second, the decline in new car sales is likely to have reduced the share of automaker-affiliated auction houses.

Third, compared to the previous year, the distribution of low value vehicles decreased, and the number of auctioned items at cooperative auctions, which mainly deal with low value vehicles, declined.

If new car sales recover in the future, the number of vehicles auctioned by automaker-affiliated auctions will recover and the USS market share may decline, but the number of used cars in circulation will increase, and as a result, USS will also see an increase in the number of vehicles auctioned.

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Auto Auction Segment (4) Fees, etc.



* 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 FY2019.

We will continue with an explanation of changes in the unit price of commissions.

In January, we raised contract and successful bidding fees in almost all sections at our Tokyo and Nagoya venues. All other venues also implemented price increases in April.

The listing fee per unit was JPY5,629, an increase of JPY36 from the previous period. The main positive factor was an increase in the percentage of exhibits in the high commission unit price area at the Nagoya site, while the percentage of exhibits in the low unit price area at the Tokyo site and other sites decreased.

Next, the contracted commission per unit was JPY8,483, a decrease of JPY8 from the previous period. This was mainly due to an increase in rebates to large retailers.

Next, the bidding fee per unit was JPY12,880, a decrease of JPY44 from the previous period. The main reason for this was a decrease in the ratio of off-site bids.

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Used Vehicle Purchasing and Selling Segment



In the Rabbit used vehicle purchasing business, sales and earnings were higher because of the larger number of vehicles sold and an increase in the number of higher-priced vehicles sold.

Net sales ¥6,187 million
(up 16.8% YoY)

Operating profit ¥110 million
(up 45.5% YoY)

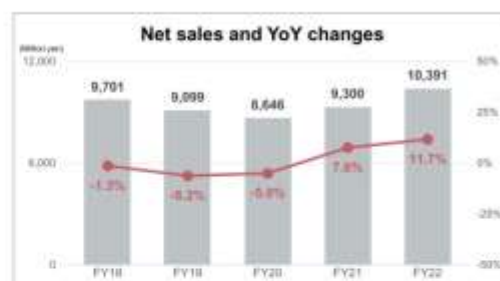
In the accident-damaged vehicle purchasing and selling business, sales were higher but earnings were down. This was the result of higher prices and a larger number of vehicles sold and a decline in the gross profit caused by lower prices of vehicles sold at auctions.

Net sales ¥4,204 million
(up 5.0% YoY)

Operating profit ¥19 million
(down 67.6% YoY)

Used vehicle purchasing and selling segment performance

	FY20	FY21	FY22	Year on year
Net sales	8,646	9,300	10,391	111.7%
Operating profit	271	136	130	95.4%
Operating margin	3.1%	1.5%	1.3%	-



* 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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The following section describes the segment of used vehicle purchasing and selling.

As for Rabbit, sales volume increased, and the handling of high-value vehicles also increased. As a result, net sales increased 16% from the previous year to JPY6.1 billion, and operating income increased 45% from the previous year to JPY110 million.

In the accident-damaged vehicle purchasing and selling business, although unit sales prices and sales volume increased, gross profit decreased due to the decline in auction prices since October, resulting in sales of JPY4.2 billion, 105% of the previous year's level, and operating profit of JPY19 million, 32% of the previous year's level.

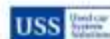
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Recycling Segment



Sales and profit declined in the recycling business because of a decline in the number of end-of-life vehicles consigned and sluggish scrap iron markets.

Net sales **¥5,056** million
(down 5.5% YoY)

Operating profit **¥532** million
(down 42.8% YoY)

In the industrial plant recycle business, sales and earnings increased because of the larger number of orders for large demolition projects.

Net sales **¥3,925** million
(up 108.2% YoY)

Operating profit **¥801** million
(up 278.5% YoY)

Recycling segment performance

	FY20	FY21	FY22	Year on year
Net sales	4,829	7,238	8,982	124.1%
Operating profit	376	1,142	1,333	116.7%
Operating margin	7.8%	15.8%	14.8%	-



* 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.

I will continue with the recycling segment.

The resource recycling business, operated by subsidiary ARBIZ, posted lower sales and profits, with net sales of JPY5 billion, 94% of the previous year's level, and operating income of JPY500 million, 57% of the previous year's level, due to a decline in the number of end-of-life vehicles handled and a drop in scrap metal market prices.

The plant recycling business, operated by SMART, saw an increase in the number of orders for large-scale demolition work. As a result, net sales increased 108% from the previous year to JPY3.9 billion and operating income increased 278% from the previous year to JPY0.8 billion.

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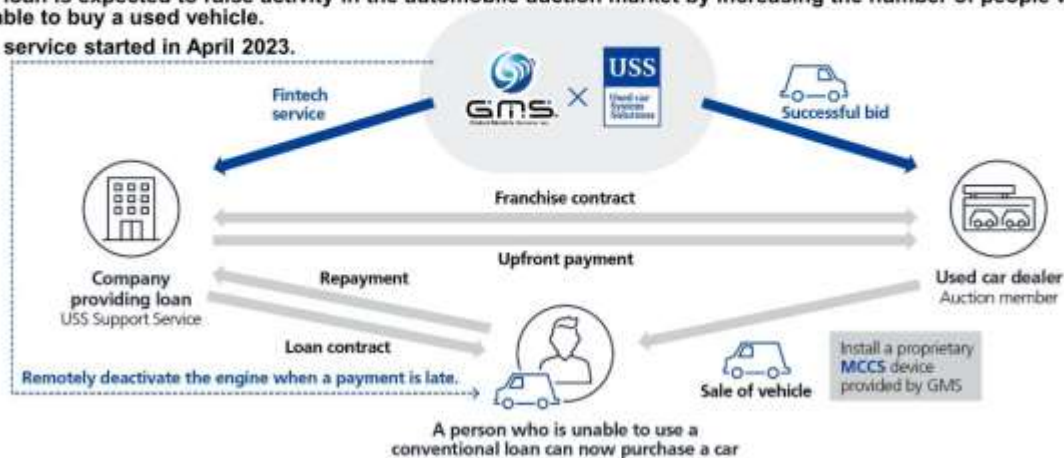
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TOPICS A New Automobile Loan Product Using a Tie-up with GMS



- USS established an equity and business alliance with Global Mobility Service, which is a provider of a diverse lineup of fintech services.
- The launch of this new automobile loan will enable people who previously were unable to obtain a loan for a variety of reasons to finally own a vehicle.
- This loan is expected to raise activity in the automobile auction market by increasing the number of people who are able to buy a used vehicle.
- This service started in April 2023.



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Next, I would like to explain the progress of the capital and business alliance with Global Mobility Service.

First, the content of the business alliance is to provide auto loans to freelancers who have difficulty in being approved for auto loans, those who have been with the company for only a few years, those with a history of past delinquency, and foreign nationals resident in Japan, by using used car dealers who are members of USS auctions as their agents. If you default on your loan, you will not be able to start the engine. Once the delinquency is cleared, yes, the engine will be restarted. GMS provides the fintech service.

We have invested JPY1 billion in GMS to obtain the exclusive rights to sell MCCS in Japan, and both companies are currently working together to recruit agents for the USS auction venues. Last month, in April 2023, we began full-fledged auto loan applications, and in April alone, we had 150 member stores and over 200 auto loan applications, and we are confident that our products and services met the potential needs of our customers.

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FY2023 Consolidated Forecast



- New car sales are expected to recover
- 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)			
	FY21 (Actual)	FY22 (Actual)	FY23 (Forecast)	VS. previous year
Net sales	81,482	88,778	92,400	104.1%
Gross profit (Per sales)	50,772 (62.3%)	53,642 (60.4%)	55,230 (59.8%)	103.0%
Operating profit (Per sales)	41,574 (51.0%)	43,778 (49.3%)	45,300 (49.0%)	103.5%
Ordinary profit (Per sales)	42,374 (52.0%)	44,491 (50.1%)	46,000 (49.8%)	103.4%
Profit attributable to owners of parent (Per sales)	29,745 (36.5%)	30,008 (33.8%)	30,800 (33.3%)	102.6%
Profit per share (Yen)	119.80	122.69	125.92	102.6%
Capital expenditures (Terms of cash flows)	2,036	4,567	4,400	96.3%
Depreciation	4,959	4,626	4,701	101.6%
Auto Auction Business (excl. JBA)				
	FY21 (Actual)	FY22 (Actual)	FY23 (Forecast)	VS. previous year
No. of vehicles consigned (Thousands)	2,731	2,958	3,000	101.4%
No. of vehicles contracted (Thousands)	1,787	1,863	1,880	100.9%
Contract completion rate	65.4%	63.0%	62.7%	-

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We will now explain our full-year forecasts.

The Company believes that its basic strategy for growth is to secure the number of units on display and increase its share in the auction industry by strengthening services for its members.

For FY2023, we forecast net sales of JPY92.4 billion, 104% of the previous year's level; operating income of JPY45.3 billion, 103% of the previous year's level; ordinary income of JPY46 billion, 103% of the previous year's level; and net income attributable to owners of the parent of JPY30.8 billion, 102% of the previous year's level.

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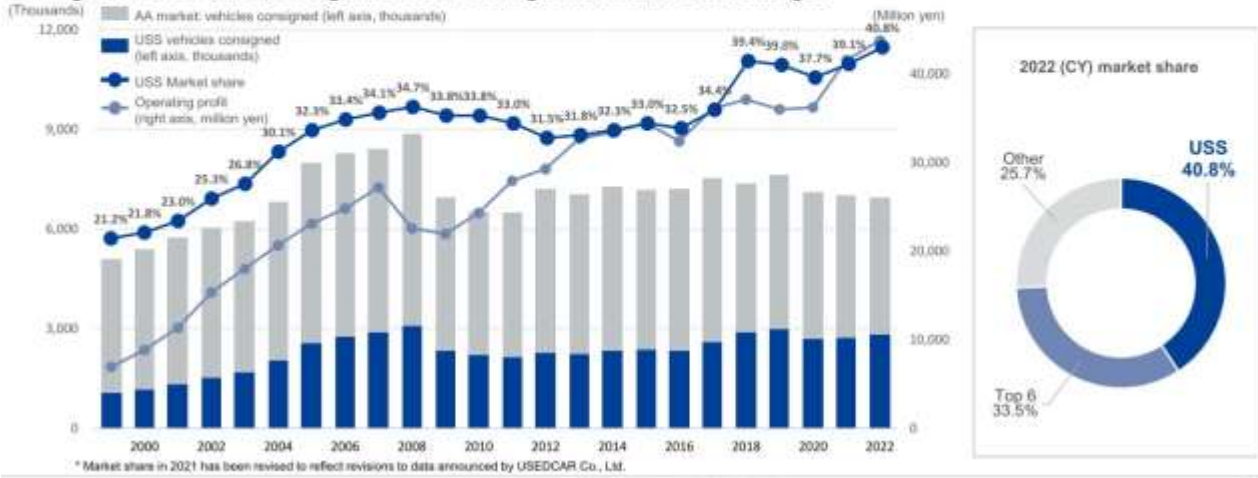
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Used Car Auction Market and USS Market Share



- Maintained higher market shares and profit in the period of sluggish markets following the financial crisis of 2008-2009.
- The goal is an even larger market share by using opportunities involving the growth of EV sales, emergence of self-driving vehicles and other changes



* Market share in 2021 has been revised to reflect revisions to data announced by USED CAR Co., Ltd.

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From here, we will explain the market environment and our medium-term initiatives.

First, here are the changes in market share from 1990 to the present. Over the long term, you can see that USS's market share has grown steadily. The automotive industry is said to be in a period of once-in-a-century change, and USS hopes to achieve stable growth by responding to the spread of electric vehicles and automated driving, and by further expanding its market share.

We will be ready for the widespread use of EV vehicles in the future. In order to evaluate EV vehicles, it is important to diagnose battery degradation. To this end, we will work with other companies to develop equipment and devices.

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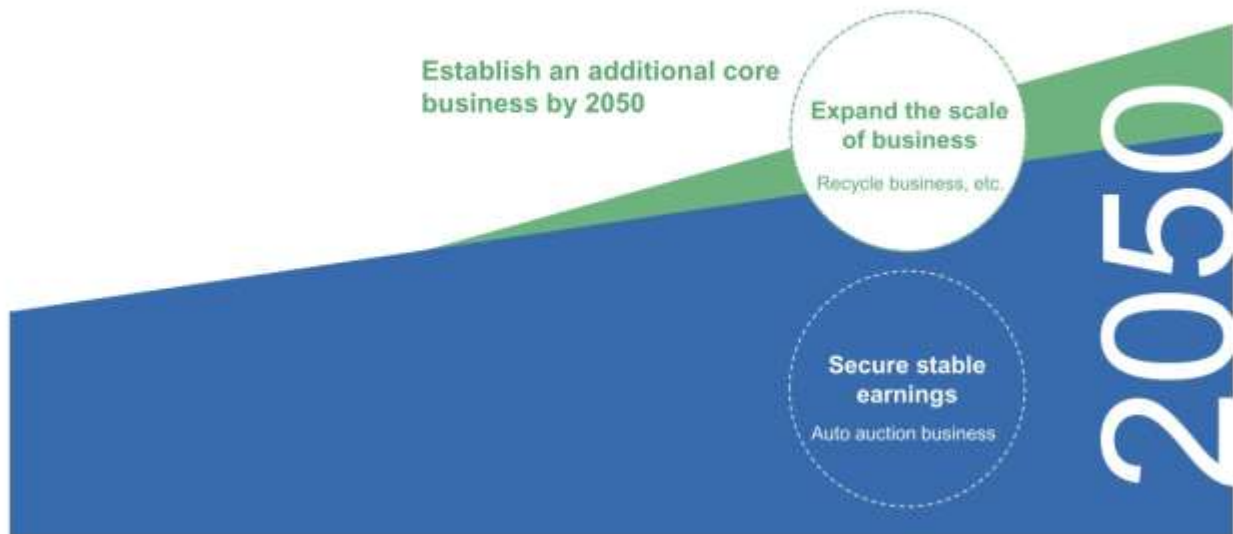
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Long-term Growth Vision



- Greater contributions to a circular economy and business expansion



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The slide you see is an image of our long-term growth.

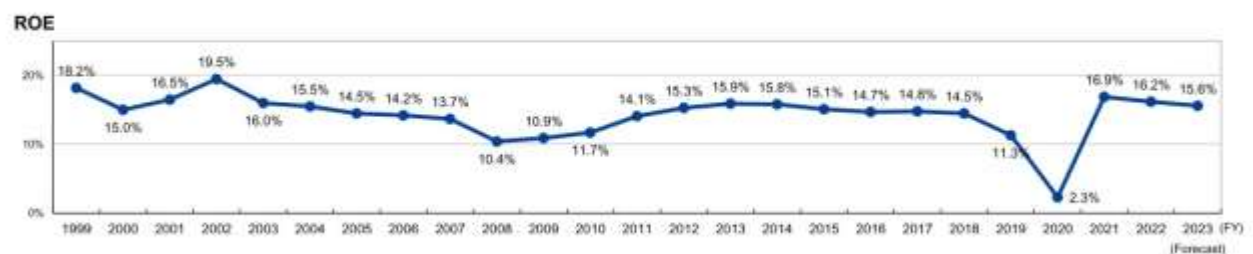
With the auction business, a stable source of income, at the core, we will work to expand the scale of our business, including the recycling business.

Medium-term Business Plan and Raising the ROE



- The medium-term goal for the ROE is at least 15%.

Higher ROE and action in the medium-term business plan



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The slides you see describe USS's business expansion and capital policy, including themes and medium-term plans to achieve a medium-term ROE of 15% or more.

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In addition, the executive compensation system, which was revised last year, has been revised to link bonuses for executives for a single year to medium-term stock-based compensation with a 100% achievement rate of 15% ROE as one of the performance-linked indexes. This is the management's commitment to ROE of 15% or more, a figure we intend to stick to.

Basic Policy on Finance and Shareholder Distributions (1)



- Increase shareholder distributions while continuing investment for growth
- Consolidated dividend payout ratio: Over 55% from FY2019

Consolidated dividend payout ratio



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I would like to explain our basic policy on shareholder returns.

First, regarding our basic policy on dividends, we have been raising the consolidated dividend payout ratio in stages, and starting in FY2019, the ratio has been 55% or higher.

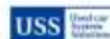
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Basic Policy on Finance and Shareholder Distributions (2)



- Stock repurchases: Buy back stock with flexibility, with due consideration to cash flows, capital investment plans and the market environment
- Repurchased stock between November 2021 and May 2022
- USS retired 56.25 million shares of treasury stock on June 30, 2022.
Ratio of treasury stock to total number of shares issued : 4.81%(as March 31, 2023)

Stock Repurchase Data (latest figures)

Type of shares	Common shares
Period of acquisition	From November 9, 2021 to May 31, 2022
Aggregate number of shares repurchased	5,098,500 shares
Aggregate value of shares repurchased	9,605,031,800 yen
Method of acquisition	On the market

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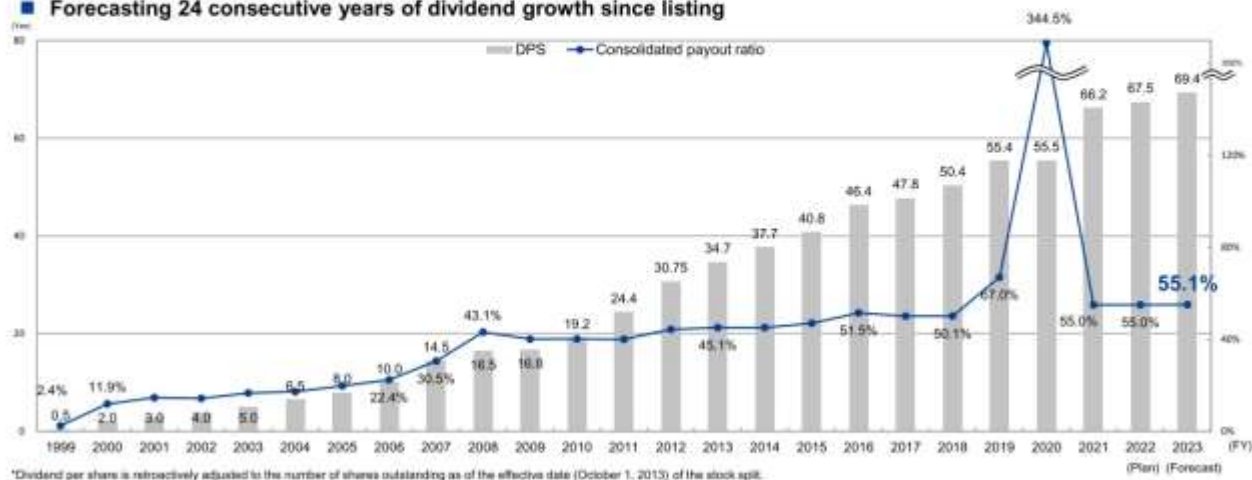
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From November 2021 to May 2022, the Company repurchased 5.09 million shares for JPY9.6 billion.

Earnings Distributions – Dividend Policy



- Plan to pay 67.5 yen dividend per share for FY2022 (up 1.3 yen)
- Plan to pay 69.4 yen dividend per share for FY2023 (up 1.9 yen)
- Forecasting 24 consecutive years of dividend growth since listing



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This slide shows the change in dividends since the stock was listed.

As explained at the beginning of this document, the dividend per share for FY2022 is planned to be JPY67.50, an increase of JPY1.3 from the previous fiscal year, which will be the 23rd consecutive fiscal year of dividend increase.

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The annual dividend for FY2023 is planned to be JPY69.4 per share, an increase of JPY1.9 from the previous year. We will aim to increase dividends for 24 consecutive fiscal years.

Cycle of Rising Corporate Value Driven by Business Growth and Shareholder Distributions



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



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This is an image of our growth and shareholder returns. We would like to work on improving the USS corporate value by turning not one but two wheels.

ESG Activities



- Steady progress with numerous ESG initiatives to maintain a sound base for sustained growth

Environment	Social	Governance						
<ul style="list-style-type: none"> ■ Support for the TCFD In accordance with the Task Force on Climate-Related Financial Disclosure (TCFD), USS discloses information about climate change. FY30 CO₂ Reduction Target (vs. FY21) Scope 1 & 2 emissions (t CO₂) 42% reduction Scope 3 emissions (t CO₂) 25% reduction *An application for approval of science-based targets through the Science Based Targets (SBT) initiative has been submitted. 	<ul style="list-style-type: none"> ■ Training for the advancement of women For managers and female employees, there are separate training programs concerning the establishment of organizations and implementation of working style reforms. The goal is to raise pct. of female managers to 5% in FY25 and 10% in FY30. Training programs <table border="1"> <thead> <tr> <th>Participants</th> <th>No. of participants</th> </tr> </thead> <tbody> <tr> <td>Managers</td> <td>About 60</td> </tr> <tr> <td>Female employees (manager candidates)</td> <td>About 50</td> </tr> </tbody> </table> 	Participants	No. of participants	Managers	About 60	Female employees (manager candidates)	About 50	<ul style="list-style-type: none"> ■ Revisions to compensation USS has revised compensation to ensure that everyone at the USS Group has a sound incentive for contributing to sustained growth. There is stock compensation linked to results of operations, compensation linked to the TSR (total shareholder return) and ROE, and compensation linked to external assessments of the USS Group's ESG activities. ■ Compliance with the revised Corporate Governance Code A commitment to all of the principles of this code
Participants	No. of participants							
Managers	About 60							
Female employees (manager candidates)	About 50							

More information about ESG activities is in the Integrated Report. <https://www.ussnet.co.jp/en/ir/library/annual/>

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Finally, I would like to discuss our ESG initiatives.

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As you can see, our 2030 CO2 reduction target is currently in the process of applying for certification under the SBT Initiative. In addition, we will continue to strive to strengthen ESG for sustainable growth by revising our personnel system to encourage female advancement and operating a highly transparent compensation system to strengthen corporate governance.



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

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Last but not least, if you have any questions, please contact us.

That is all I have to say today. Thank you very much.

[END]

Document Notes

1. Portions of the document where the audio is unclear are marked with [Inaudible].
2. Portions of the document where the audio is obscured by technical difficulty are marked with [TD].
3. Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.
4. This document has been translated by SCRIPTS Asia.

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