

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

February 4, 2025

Name of Company: USS Co., Ltd.
 Stock Exchanges Listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Stock Code: 4732 URL: <https://www.ussnet.co.jp/en/>
 Representative: Title: Chairman and Representative Name: Yukihiro Ando
 Director
 Contact Person: Title: Executive Vice President and Officer Name: Masafumi Yamanaka
 of Supervisory Office
 Tel: +81-52-689-1129
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (year-to-date)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2024	76,652	7.2	39,825	11.4	40,365	11.2
Nine months ended December 31, 2023	71,514	11.0	35,744	12.3	36,288	12.1

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Million yen	%	Yen	Yen
Nine months ended December 31, 2024	27,610	12.9	57.54	57.44
Nine months ended December 31, 2023	24,465	11.9	50.71	50.56

Notes: 1. Comprehensive income (million yen): Nine months ended December 31, 2024: 27,705 12.1%
 Nine months ended December 31, 2023: 24,709 12.0%

2. There was a 2-for-1 stock split on April 1, 2024. Basic earnings per share and diluted earnings per share are based on the number of shares if this stock split was instead at the beginning of previous fiscal year.

(2) Consolidated Financial Position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)
As of December 31, 2024	236,594	201,913	83.9
As of March 31, 2024	271,557	199,021	72.0

Note: Equity capital (million yen): As of December 31, 2024: 198,476
 As of March 31, 2024 : 195,558

2. Dividends

(Reference date)	Dividend per share (Yen)				
	First quarter - end	Second quarter - end	Third quarter - end	Fiscal year - end	Total
Year ended March 31, 2024		34.70		40.70	75.40
Year ending March 31, 2025		20.60			
Year ending March 31, 2025 (Forecast)				21.50	42.10

Notes: 1. Revision of dividend forecast of this period: Yes

2. There was a 2-for-1 stock split on April 1, 2024. The dividends for the fiscal year that ended on March 31, 2024 is the actual dividends without reflecting this stock split.

3. Forecast of Consolidated Financial Results for the year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the year	102,900	5.4	53,170	8.6	53,860	8.5	36,650	11.4	76.49

Note: Revision of financial forecast for this period: Yes

*Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Calculation of tax expenses

Taxes are calculated by determining a reasonable estimate of the effective tax rate, after the application of tax effect accounting, for profit before income taxes in the current fiscal year (including the third quarter). Quarterly profit before income taxes is then multiplied by this estimated effective tax rate to calculate taxes.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Change in accounting policy

(Application of Accounting Standard for Current Income Taxes, etc)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the "2022 Revised Accounting Standards"), have been applied from the beginning of the fiscal year ending in March 2025.

Regarding the amendments to the classification of corporate taxes (taxation on other comprehensive income), we are adhering to the transitional treatment specified in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standards and the transitional treatment outlined in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Implementation Guidelines"). This has no impact on the consolidated financial statements.

In addition, concerning the amendments related to the review of the treatment in consolidated financial statements, where profits or losses arising from the sale of subsidiary shares between consolidated companies are deferred for tax purposes, the "2022 Revised Implementation Guidelines" have been applied from the beginning of the fiscal year ending in March 2025. This change in accounting policy has been applied retroactively. Accordingly, the consolidated quarterly and fiscal year financial statements for the previous fiscal year have been restated. This retroactive application has no impact on these consolidated financial statements for the previous fiscal year.

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates : Yes

(Revision of Useful Life)

During the first half of this fiscal year, the decision was made to rebuild the Yokohama auction site. As a result, the useful lives of assets at this location that will no longer be used were reduced to the period ending with the start of reconstruction.

Compared with the previous depreciation method, this revision increased depreciation expenses by 104 million yen and lowered operating profit, ordinary profit and profit before income taxes by the same amount during the period under review.

4) Restatement : None

(4) Number of shares outstanding (common shares)

1) Shares outstanding (including treasury shares)

As of December 31, 2024 : 514,000,000 shares

As of March 31, 2024 : 514,000,000 shares

2) Treasury shares

As of December 31, 2024 : 37,202,522 shares

As of March 31, 2024 : 33,626,010 shares

3) Average number of shares outstanding for each period (cumulative term)

Nine months ended December 31, 2024 : 479,790,959 shares

Nine months ended December 30, 2023 : 482,383,169 shares

Notes: 1. There was a 2-for-1 stock split on April 1, 2024. Shares outstanding (including treasury shares), treasury shares, and average number of shares outstanding for each period (cumulative term) figures represent the number of shares that would have existed if this stock split had occurred at the beginning of the previous fiscal year.

2. Treasury shares includes 345,300 shares as of December 31, 2024 and 574,300 shares as of March 31, 2024 held by the USS employee stock ownership plan trust.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

(Note regarding the forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report 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.

(Supplementary explanatory documents)

Supplementary explanatory documents will be posted on the Company's website on February 4, 2025.

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	109,009	87,278
Receivables due from member dealers at auction	24,519	8,221
Notes and accounts receivable-trade, and contract assets	2,710	1,954
Securities	3,000	3,000
Inventories	1,651	1,461
Other	7,604	12,135
Allowance for doubtful accounts	(124)	(189)
Total current assets	148,371	113,861
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,680	31,214
Land	63,577	63,577
Construction in progress	327	1,455
Other, net	2,410	2,292
Total property, plant and equipment	98,996	98,540
Intangible assets		
Goodwill	7,287	6,882
Other	5,499	5,978
Total intangible assets	12,786	12,861
Investments and other assets		
Investments and other assets	11,594	11,689
Allowance for doubtful accounts	(191)	(358)
Total investments and other assets	11,402	11,331
Total non-current assets	123,186	122,733
Total assets	271,557	236,594

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Payables due to member dealers at auction	43,749	12,770
Notes and accounts payable-trade	991	791
Short-term borrowings	150	330
Current portion of long-term borrowings	220	220
Income taxes payable	9,128	5,184
Provisions	1,010	596
Other	7,879	5,647
Total current liabilities	63,130	25,540
Non-current liabilities		
Long-term borrowings	2,215	1,863
Provisions	99	145
Retirement benefit liability	974	1,057
Asset retirement obligations	642	645
Other	5,472	5,427
Total non-current liabilities	9,404	9,139
Total liabilities	72,535	34,680
Net assets		
Shareholders' equity		
Share capital	18,881	18,881
Capital surplus	8,992	9,012
Retained earnings	196,225	204,140
Treasury shares	(23,298)	(28,151)
Total shareholders' equity	200,800	203,882
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	370	207
Revaluation reserve for land	(5,636)	(5,636)
Remeasurements of defined benefit plans	23	22
Total accumulated other comprehensive income	(5,242)	(5,405)
Share acquisition rights	442	442
Non-controlling interests	3,021	2,994
Total net assets	199,021	201,913
Total liabilities and net assets	271,557	236,594

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	71,514	76,652
Cost of sales	28,221	29,035
Gross profit	43,292	47,616
Selling, general and administrative expenses	7,548	7,791
Operating profit	35,744	39,825
Non-operating income		
Interest income	9	20
Rental income from real estate	527	496
Miscellaneous income	162	179
Total non-operating income	700	696
Non-operating expenses		
Interest expenses	7	7
Rental costs on real estate	136	130
Miscellaneous losses	11	19
Total non-operating expenses	155	156
Ordinary profit	36,288	40,365
Extraordinary income		
Gain on sale of non-current assets	34	129
Gain on sale of investment securities	-	80
Other	1	3
Total extraordinary income	36	213
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	52	135
Other	1	-
Total extraordinary losses	53	135
Profit before income taxes	36,271	40,442
Income taxes	11,298	12,574
Profit	24,972	27,868
Profit attributable to non-controlling interests	507	257
Profit attributable to owners of parent	24,465	27,610

(Quarterly Consolidated Statements of Comprehensive Income)		(Million yen)
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	24,972	27,868
Other comprehensive income		
Valuation difference on available-for-sale securities	(264)	(162)
Remeasurements of defined benefit plans, net of tax	1	(0)
Total other comprehensive income	(263)	(163)
Comprehensive income	24,709	27,705
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	24,201	27,447
Comprehensive income attributable to non-controlling interests	507	257

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	36,271	40,442
Depreciation and amortization	3,484	3,450
Amortization of goodwill	404	404
Increase (decrease) in allowance for doubtful accounts	109	232
Increase (decrease) in provision for bonuses	(389)	(419)
Increase (decrease) in retirement benefit liability	78	81
Interest and dividend income	(31)	(30)
Interest expenses	7	7
Loss (gain) on sale of investment securities	-	(80)
Loss (gain) on sale and retirement of property, plant and equipment	13	6
Net change in due from/to member dealers at auction	(2,574)	(14,681)
Decrease (increase) in trade receivables	929	756
Increase (decrease) in trade payables	(420)	(200)
Increase (decrease) in accounts payable-other	(143)	(757)
Increase (decrease) in deposits received	(1,159)	(1,599)
Other, net	(4,098)	(2,765)
Subtotal	32,480	24,845
Interest and dividends received	45	44
Interest paid	(8)	(8)
Income taxes paid	(14,360)	(16,463)
Net cash provided by (used in) operating activities	18,158	8,419
Cash flows from investing activities		
Net decrease (increase) in time deposits	-	(2,000)
Purchase of property, plant and equipment	(1,460)	(2,189)
Proceeds from sale of property, plant and equipment	47	226
Purchase of intangible assets	(388)	(1,216)
Proceeds from sale of investment securities	-	146
Other, net	(53)	(173)
Net cash provided by (used in) investing activities	(1,854)	(5,206)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(240)	180
Proceeds from long-term borrowings	880	-
Repayments of long-term borrowings	(224)	(351)
Guarantee deposits received from member dealers	159	125
Refund of guarantee deposits received from member dealers	(111)	(101)
Purchase of treasury shares	(12,697)	(5,148)
Proceeds from sale of treasury shares	1,108	265
Decrease (increase) in money trust to acquire treasury stock	-	(1,851)
Dividends paid	(16,596)	(19,695)
Dividends paid to non-controlling interests	(297)	(283)
Repayments of finance lease liabilities	(33)	(82)
Other, net	0	-
Net cash provided by (used in) financing activities	(28,052)	(26,944)
Net increase (decrease) in cash and cash equivalents	(11,749)	(23,731)
Cash and cash equivalents at beginning of period	86,192	102,509
Cash and cash equivalents at end of period	74,443	78,778