

## Highlights and Analysis of FY3/2021 Performance

<b>Net sales</b> <b>¥74.8 billion yen</b> (-4.2% yoy)	<b>Operating profit</b> <b>¥36.2 billion yen</b> (+0.6% yoy)	<b>Ordinary profit</b> <b>¥36.9 billion yen</b> (+0.8% yoy)	<b>Profit attributable to owners of parent</b> <b>¥4.0 billion yen</b> (-80.5% yoy)
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During the fiscal year that ended in March 2021, new car registrations in Japan (including minicars) were 2,028 thousand in the fiscal year's first half, down 22.6% from one year earlier because of COVID-19. In the second half, new car registrations were up 8.7% to 2,628 thousand, which was attributable in part to lower sales after the October 2019 consumption tax hike but nevertheless higher than one year earlier.

Used car registration (including minicars) decreased 3.8% from one year earlier in the first half to 3,263 thousand and increased 3.0% in the second half to 3,643 thousand. For the fiscal year, new car registrations (including minicars) decreased 7.6% to 4,656 thousand and used car registrations (including minicars) decreased 0.3% to 6,907 thousand. (Source: Japan Automobile Dealers Association, Japan Light Motor Vehicle and Motorcycle Association) Japan's exports of used cars, which have a significant effect on the demand for used cars, were down significantly because of COVID-19, falling 19.0% to 1,041 thousand. (Source: Trade Statistics of Japan Ministry of Finance)

In Japan's auto auction market, the number of vehicles consigned decreased 6.3% to 7,077 thousand and the number of contracted vehicles decreased 3.9% to 4,628 thousand, resulting in a contract completion rate of 65.4% compared with 63.7% in the previous fiscal year. (Source: USEDCAR Co., Ltd.)

Consolidated net sales decreased 4.2% to 74,874 million yen, operating profit increased 0.6% to 36,227 million yen and ordinary profit increased 0.8% to 36,996 million yen.

In August 2017, USS acquired JAA, which operates the JAA auction site (Edogawa-ku, Tokyo), and its subsidiary HAA Kobe, which operates the HAA Kobe auction site

(Kobe, Hyogo prefecture). After joining the USS Group, the operations of these two auction sites were shifted to the same membership standards, auction rules, fee structure and other aspects of other USS auction sites. The purpose was to establish the same highly profitable operating structure as at these other USS auction sites. However, revising standards for the operation of the JAA and HAA auction sites made it difficult to differentiate these sites from other USS auction sites. As a result, there were decreases in the number of people using these two sites as well as in the number of vehicles handled.

In the fiscal year that ended in March 2020, USS posted an extraordinary loss of 3,863 million yen for the impairment of goodwill associated with the JAA auction site. As the external environment has deteriorated further due to the length of the pandemic, we reviewed our original plans. This process led to the conclusion that the HAA Kobe auction site can no longer be expected to generate the level of earnings that was initially forecast. Consequently, an extraordinary loss of 18,801 million yen was posted in the fiscal year that ended in March 2021 for the impairment of goodwill associated with the HAA Kobe auction site.

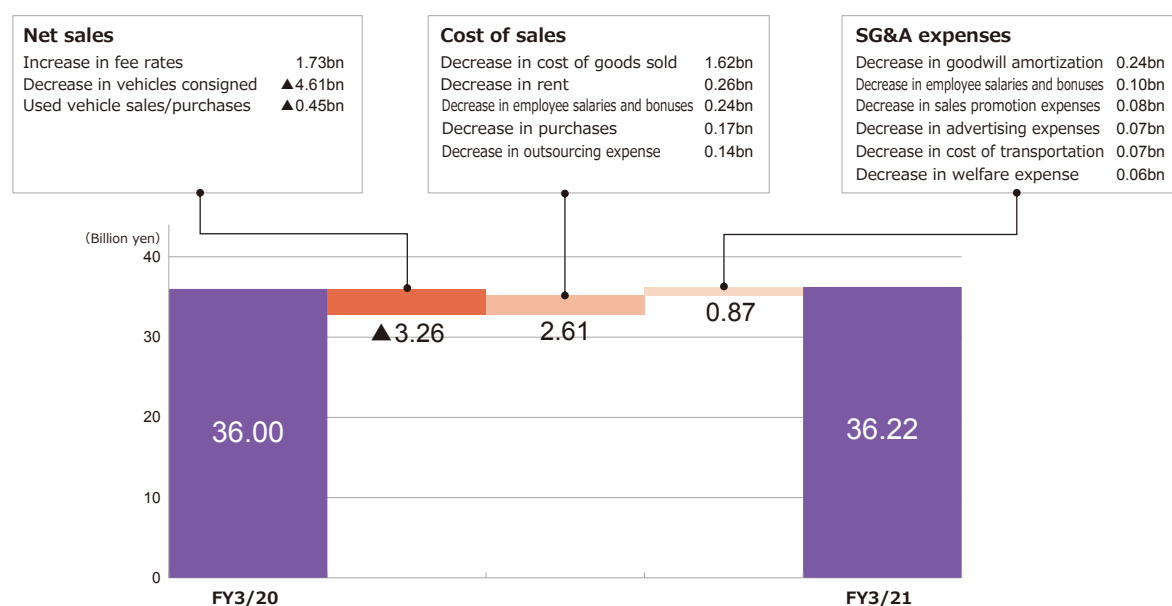
In addition, an assessment of customer-related assets at the JAA auction site and HAA Kobe auction site revealed that more than half of the current members at both of these sites do not meet USS standards for becoming members and are therefore unable to become USS members. This resulted in an extraordinary loss of 2,923 million yen for the disposal of non-current assets. After these extraordinary losses, there was an 80.5% decrease in profit attributable to owners of parent to 4,022 million yen.

### Dividend Policy and Dividend Payments

USS uses the consolidated dividend payout ratio as the basis for a policy of paying dividends that reflect results of operations. The goals are dividend stability and the distribution to shareholders of a suitable amount of earnings. The guideline for the dividend payout ratio has been raised in stages in prior years and was increased to at

least 55% beginning with the fiscal year that ended in March 2020. For the fiscal year ending in March 2022, USS plans to pay a dividend per share of 58.40 yen. USS has raised the dividend every year since the initial public offering and this will be the 22nd consecutive fiscal year dividend increase.

## Analysis of Change in Operating Profit



## Summary of Consolidated Results of Operations

### ● Consolidated Balance Sheets

(Million yen)

	FY3/20	FY3/21
<b>Current assets</b>	68,096	81,528
Cash and deposits	50,729	67,770
Receivables due from member dealers at auction, etc.	17,367	13,757
<b>Non-current assets</b>	151,037	129,171
Property, plant and equipment	106,747	103,302
Other	44,289	25,869
<b>Total assets</b>	<b>219,133</b>	<b>210,699</b>
<b>Current liabilities</b>	24,497	26,922
Payables due to member dealers at auction	8,721	11,788
Other	15,776	15,133
<b>Non-current liabilities</b>	10,656	10,253
<b>Total liabilities</b>	<b>35,153</b>	<b>37,175</b>
<b>Total net assets</b>	<b>183,980</b>	<b>173,524</b>
<b>Total liabilities and net assets</b>	<b>219,133</b>	<b>210,699</b>

### ● Consolidated Statements of Income

(Million yen)

	FY3/20	FY3/21
Net sales	78,143	74,874
Cost of sales	30,954	28,341
<b>Gross profit</b>	<b>47,188</b>	<b>46,533</b>
Selling, general and administrative expenses	11,179	10,306
<b>Operating profit</b>	<b>36,009</b>	<b>36,227</b>
Non-operating income	866	950
Non-operating expenses	165	181
<b>Ordinary profit</b>	<b>36,710</b>	<b>36,996</b>
Extraordinary income	38	57
Extraordinary losses	4,013	21,832
<b>Profit before income taxes</b>	<b>32,736</b>	<b>15,220</b>
Income taxes	11,914	10,962
<b>Profit</b>	<b>20,821</b>	<b>4,258</b>
Profit attributable to non-controlling interests	187	235
<b>Profit attributable to owners of parent</b>	<b>20,634</b>	<b>4,022</b>

### ● Consolidated Statements of Cash Flows

(Million yen)

	FY3/19	FY3/20	FY3/21	Changes
Net cash provided by (used in) operating activities	32,894	27,245	38,407	11,161
Net cash provided by (used in) investing activities	▲1,496	▲4,906	▲9,330	▲4,424
<b>Free cash flow</b>	<b>31,398</b>	<b>22,339</b>	<b>29,076</b>	<b>6,736</b>
Net cash provided by (used in) financing activities	▲19,668	▲16,963	▲15,035	1,927
Capital expenditures (Terms of cash flows)	2,428	4,523	8,985	4,461
Depreciation	5,299	5,037	5,334	297

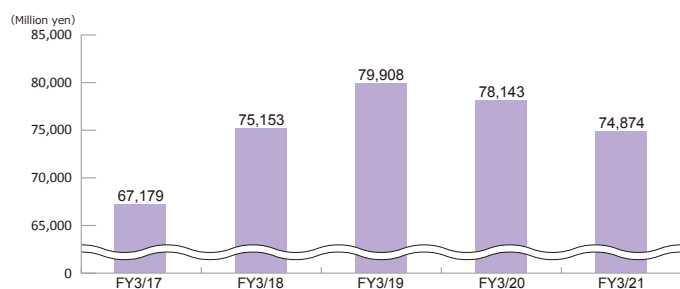
## Major Consolidated Financial Data

	FY3/12	FY3/13	FY3/14
<b>Consolidated Operating Results</b>			
Net sales	64,009	63,243	67,949
Operating profit	27,952	29,304	32,680
Ordinary profit	28,588	29,884	33,275
Profit attributable to owners of parent	17,054	18,346	19,966
Comprehensive income	16,752	18,453	20,204
<b>Consolidated Financial Position</b>			
Assets	154,639	154,543	164,182
Cash and deposits	36,840	37,033	46,318
Liabilities	33,541	34,866	32,080
Interest-bearing debt	1,746	1,148	670
Net assets	121,097	119,676	132,102
Equity capital	120,582	119,112	131,348
<b>Per Share Data</b>			
EPS (yen)	60.92	69.35	77.29
Dividends (yen)	24.40	30.75	34.70
<b>Other</b>			
Operating margin (%)	43.7	46.3	48.1
ROE (%)	14.1	15.3	15.9
ROA (%)	18.7	19.3	20.9
Dividend payout ratio (%)	40.0	44.3	45.1
Equity ratio (%)	78.0	77.1	80.0
Number of shares outstanding (excl. treasury shares) (thousand shares)	271,969	258,182	258,421
Treasury shares (thousand shares)	41,280	55,067	54,828
On-site auction members (excl. JBA)	44,796	45,139	45,712
CIS (Internet) auction members	25,957	27,072	28,007
Satellite TV auction members	3,921	3,651	3,486
Number of auction sites (excl. JBA)	17	17	17
Number of employees	1,374	1,377	1,348

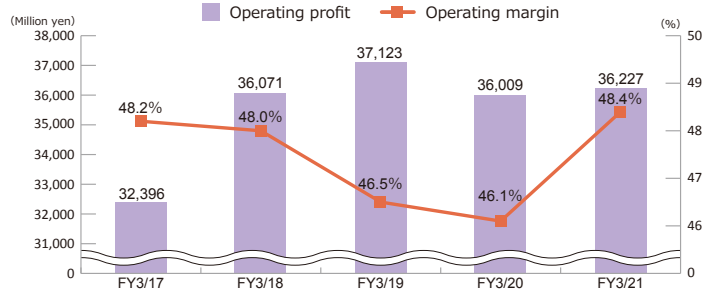
\* All CIS (Internet) and TV (satellite) members are also on-site members because on-site membership is prerequisite for CIS (Internet) or TV (satellite) membership. \* Number of treasury shares includes the shares owned by the USS employee stock ownership plan trust.

\* The Company started using Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018), etc. at the beginning of the fiscal year ended March 2019. Assets and liabilities for the fiscal year ended March 2018 are retroactively revised.

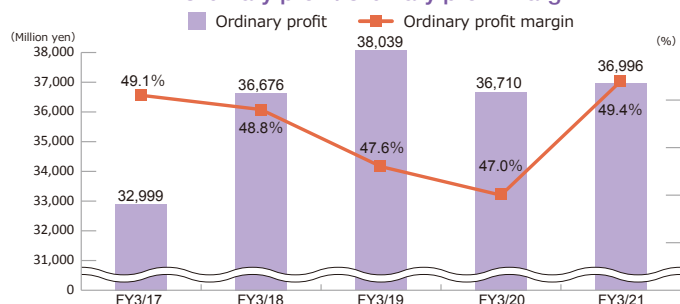
### Net sales



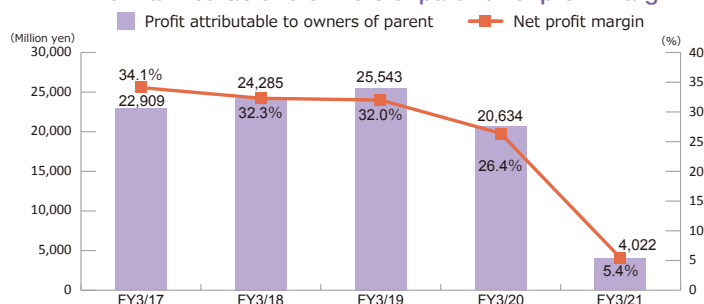
### Operating profit/Operating margin



### Ordinary profit/Ordinary profit margin



### Profit attributable to owners of parent/Net profit margin

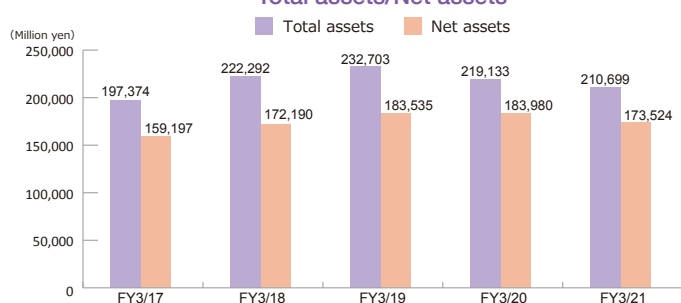


(Million yen)

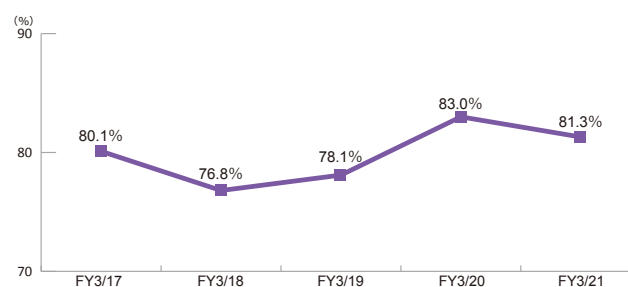
FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
67,466	68,607	67,179	75,153	79,908	78,143	74,874
33,411	34,491	32,396	36,071	37,123	36,009	36,227
34,027	35,218	32,999	36,676	38,039	36,710	36,996
21,661	22,477	22,909	24,285	25,543	20,634	4,022
21,454	22,473	22,895	25,132	25,848	20,764	4,628
174,106	186,831	197,374	222,292	232,703	219,133	210,699
49,862	62,290	74,778	39,622	51,352	50,729	67,770
30,067	31,647	38,176	50,102	49,168	35,153	37,175
360	255	4,092	3,569	3,112	3,060	3,174
144,039	155,183	159,197	172,190	183,535	183,980	173,524
143,098	154,155	158,029	170,767	181,698	181,939	171,394
83.79	86.92	90.02	95.59	100.54	82.44	16.13
37.70	40.80	46.40	47.80	50.40	55.40	55.50
49.5	50.3	48.2	48.0	46.5	46.1	48.4
15.8	15.1	14.7	14.8	14.5	11.3	2.3
20.1	19.5	17.2	17.5	16.7	16.2	17.2
45.1	47.0	51.5	50.1	50.1	67.0	344.5
82.2	82.5	80.1	76.8	78.1	83.0	81.3
258,558	258,147	253,977	254,105	253,075	249,532	249,306
54,691	55,102	59,272	59,144	60,174	63,717	63,943
46,307	46,850	47,111	47,362	48,723	48,182	48,058
28,815	29,512	29,966	30,337	31,639	31,998	32,538
3,291	3,101	2,894	2,623	2,468	2,342	2,197
17	17	17	19	19	19	19
1,325	1,252	1,220	1,369	1,295	1,260	1,268

\* The data per share, the number of shares outstanding (excl. treasury shares) and the number of treasury shares are retroactively adjusted for the stock split effective October 1, 2013. ※Up to fiscal 2014, net income is presented as profit attributable to owners of parent.

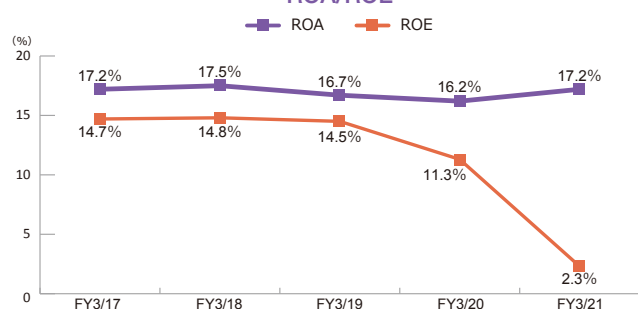
## Total assets/Net assets



## Equity ratio



## ROA/ROE



## EPS

