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(Securities code: 4732)

May 29, 2023

(Start date of the electronic provision measure: May 26, 2023)

Dear Shareholders:

Yukihiro Ando
Chairman and Representative Director
USS Co., Ltd.
507-20 Shinpo-machi, Tokai, Aichi, Japan

Notice of the 43rd Annual General Meeting of Shareholders

You are cordially invited to attend the 43rd Annual General Meeting of the Shareholders of USS Co., Ltd. (the "Company"), which will be held as per the schedule below.

In the course of holding this Annual General Meeting of Shareholders ("the Meeting"), USS will appropriately take action to prevent the spread of COVID-19.

In convening the Meeting, the Company has taken measures to provide the information including the reference materials for the Meeting ("Matters to be Provided in an Electronic Format") in an electronic format and uploaded them on each of the following websites on the Internet.

The Company's website: <https://www.ussnet.co.jp/ir/stock/meeting/index.html>

The website for General Meeting of Shareholders Materials: <https://d.sokai.jp/4732/teiji>

TSE website: <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

*Access the TSE website by using the internet address shown above, enter "USS" in "Issue name (company name)" or the Company's securities code "4732" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting.")

If you are unable to attend the Meeting, you may exercise your voting rights by mail or via the Internet, etc. We kindly request that you exercise your voting rights no later than **5:00 p.m. on Monday, June 19, 2023.**

1. Date and Time	Tuesday, June 20, 2023, at 11:00 a.m. (reception opens at 10:00 am)
2. Venue	507-20, Shinpo-machi, Tokai, Aichi Head Office of the Company (the Nagoya Auction Site of the Company) (Please refer to the access information on the last page)
3. Meeting Agenda	<p>Items to be reported:</p> <ol style="list-style-type: none"> 1. The contents of the Business Report, the contents of the consolidated financial statements, and the results of the audit of consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the Company's 43rd business period (from April 1, 2022 to March 31, 2023) 2. The financial reports for the Company's 43rd business period (from April 1, 2022 to March 31, 2023) <p>Items to be resolved:</p> <p>Item 1: Appropriation of retained earnings</p> <p>Item 2: Election of seven (7) directors</p>

- Notes:
1. Under the revised Companies Act, a system that enables electronic provision of relevant reference documents for General Meetings of Shareholders has been implemented. Under this system, as a general rule, documents for the General Meeting of Shareholders will be sent in writing only to shareholders who have requested the delivery of documents in accordance with the prescribed method by the record date for voting right. However, to prevent confusion and inconveniences among shareholders, we are distributing materials on paper documents to all shareholders regardless of if a request was made to receive these documents.
 2. If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the each website above.

Guide to Exercising Voting Rights

Exercising voting rights by attendance at the General Meeting of Shareholders

Please submit the Form for Exercising Voting Rights at the venue reception. (Seal is not needed.)

- **Please inform us of your means of transportation with the enclosed postcard by June 6, 2023.**

Date & Time:	11:00 am, Tuesday, June 20, 2023 (reception opens at 10:00 am)
Location:	Head Office of the Company (USS Nagoya Auction Site) (Please refer to the access information on the last page)

Exercising voting rights by mail

Please indicate your approval or disapproval on the enclosed Form for Exercising Voting Rights and mail this form (no postage is needed).

Proxy deadline:	We will accept only proxies that are received by 5:00 pm, Monday, June 19, 2023
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<p>< Guide to filling in the voting form ></p> <p>Please indicate your "For" or "Against" with respect to each proposal.</p> <p>Proposals 1</p> <p>If you consent: Mark a ○ in the box marked "賛"</p> <p>If you dissent: Mark a ○ in the box marked "否"</p> <p>Proposals 2</p> <p>If you consent for all candidates: Mark a ○ in the box marked "賛"</p> <p>If you dissent for all candidates: Mark a ○ in the box marked "否"</p> <p>If you selectively veto certain candidates: Mark a ○ in the box marked "賛" and write the number of each candidate you choose to veto.</p> <p>[Handling of voting rights]</p> <p>If you indicate neither your "For" nor "Against" with respect to each proposal on the voting form, your answer will be deemed to be "For."</p>

Exercising voting rights by the Internet, etc.

Proxy deadline	5:00 pm, Monday, June 19, 2023
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(i) By scanning QR Code (Smart Vote)

You can exercise your voting rights without entering your voting right exercise code and password by smartphone.

1. Scan the QR code indicated at the lower right of the voting form.
* "QR code" is a registered trademark of DENSO WAVE INCORPORATED.
2. Follow the subsequent input instructions on screen to register your approval or disapproval.

Note that you can exercise your voting rights only once by using "Smart vote"

If you need to change your votes after exercising your voting rights, please exercise your voting rights again in accordance with (ii) below.

If you rescan the QR code, you will be taken to the voting rights exercise website described in (ii) below.

The agendas for the General Meeting of Shareholders are available for reference on the Smart Vote page.

(ii) By entering your voting right exercise code and password

Website for the exercise of voting rights: <https://www.web54.net>

1. Please access the website for the exercise of voting rights.
2. Enter your voting rights exercise code printed on the Exercise Voting Rights Form.
3. Enter your password printed on the Exercise Voting Rights Form.
4. Indicate your approval or disapproval by following the instructions on the screen.
*Any fees to internet service providers and telecommunication carriers (such as access fees, etc.) shall be borne by the shareholders.

If you need assistance to operate your PC, mobile phone or smartphone to exercise your voting rights via our website, please call the following number.

Sumitomo Mitsui Trust Bank, Ltd., Stock Transfer Agency Web Support Hotline *The service is available in Japanese only.
Telephone: **0120-652-031** (*Toll free)
(Business hours: 9:00 to 21:00)

- If a shareholder submits votes by both sending the proxy form by postal mail and voting online, the online votes will be used regardless of whether these votes were received before or after the postal mail proxy form. If votes are submitted several times using the internet or by using both a personal computer and smartphone, only the votes that were received last will be valid.
- Accessing the voting website may not be possible when using certain personal computer or smartphone internet connections or settings.

For institutional investors

* Institutional investors may exercise their voting rights electronically from the Web-based voting platform operated by ICJ Inc.

Information concerning the Live Webcast of the 43rd Annual General Meeting of Shareholders

USS will webcast the shareholders meeting to enable a large number of shareholders to view the meeting at home, etc. For more information, please refer to pages 6.

Participation in this webcast will be a hybrid virtual shareholders meeting at which shareholders can only watch the proceedings. Shareholders will not be able to vote during the webcast. Shareholders who participate in the webcast are asked to submit their voting instructions by using electronic means (Internet, etc.) or in writing prior to the meeting. Furthermore, we regret that there will be no opportunities for shareholders to submit motions (and for motions to be accepted) or questions during the meeting.

Although we will be unable to receive questions during the webcast, we will accept questions submitted prior to the shareholders meeting. These questions will be answered during the shareholders meeting. To ensure the efficiency of the shareholders meeting, each shareholder is limited to 2 questions. We plan to answer all questions from shareholders during the shareholders meeting. However, it may not be possible to reply to some questions due to circumstances involving the operation of this meeting. Thank you for your understanding.

Date and time	June 20, 2023 (Tuesday), 11:00 AM to the end of the meeting
Submission of questions	Questions will be accepted from 9:00 AM on May 29, 2023 (Monday) <u>until 5:00 PM on June 18, 2023 (Sunday)</u>

- Notes:
1. The webcast may be interrupted depending on the type of internet connection and hardware and software used. USS accepts no responsibility whatsoever for any inconvenience caused by a webcast interruption.
 2. Shareholders are responsible for the cost of the internet connection used to watch the webcast.
 3. The webcast will show the shareholders meeting from the back of the room in order to protect the privacy of shareholders attending the meeting and for other reasons. Although care will be exercised to avoid showing shareholders attending the meeting, one or more of these shareholders may appear in the webcast due to unavoidable circumstances. Thank you for your understanding.

How to Watch the Live Webcast of the Shareholders Meeting

1. Log in

Please access the following USS virtual shareholders meeting website by entering the following URL directly on your computer or smartphone, or by reading the QR code.



Website for the live webcast: <https://ussnet-vsm.ir-navi.jp>

Required user information to log in	
(1) Shareholder number	Shareholder number is the 9-digit number printed on the enclosed Form for Exercising Voting Rights. Please enter your own Shareholder number.
(2) Postal code	Please enter the postal code as of March 31, 2023, which was recorded in the last register of shareholders. Please enter your own postal code.

2. Submission of questions in advance and watching the webcast

Step 1	Each shareholder is allowed to enter 2 questions in the question submission section. Questions must be submitted <u>between 9:00 AM on May 29, 2023 (Monday) and 5:00 PM on June 18, 2023 (Sunday).</u>
Step 2	This website will switch to a live webcast of the shareholders meeting <u>at 11:00 AM on June 20, 2023 (Tuesday).</u>

Contact for questions about this question and webcast system:	Support Hotline *The service is available in Japanese only. Telephone: 0120-980-965 (toll free in Japan) Hours: 9:00 AM to 5:00 PM (closed weekends and national holidays)
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REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Item 1: Appropriation of retained earnings

The Company proposes to appropriate retained earnings as follows:

Matters related to year-end dividends

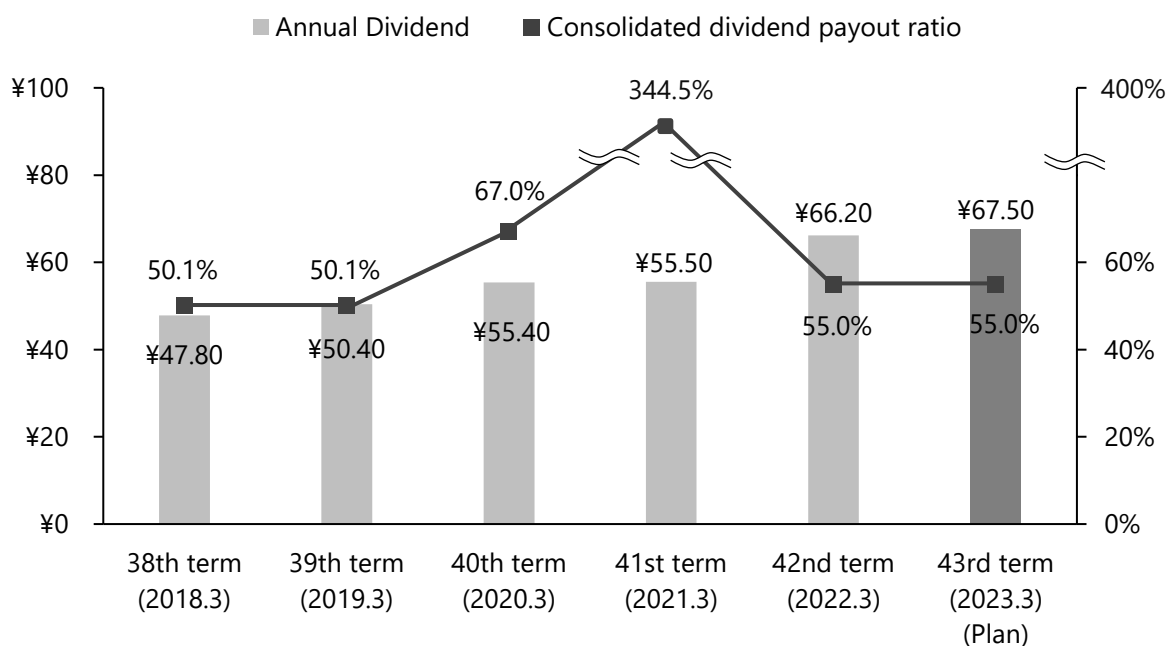
In order to maintain the stability of dividends and the appropriate distribution of earnings to shareholders, USS has established a consolidated dividend payout ratio target as a policy for paying a dividend that reflects results of operations. Currently, the basic policy is to pay a dividend that results in a consolidated payout ratio of at least 55%.

USS proposes to pay the following year-end dividend based on the basic policy above.

Type of dividend property	Cash
Matters concerning allotment of dividend property and the total amount	<p>Amount per common share 33.80 yen</p> <p>Total Amount 8,268,393,073 yen</p> <p>Since the Company paid an interim dividend of 33.70 yen per share, the final annual dividend will total 67.50 yen per share for the fiscal year under review.</p>
Date when the dividends from retained earnings take effect	June 21, 2023

(Reference)

Dividend and consolidated dividend payout ratio



Item 2: Election of seven (7) directors

The Company places importance on the managerial responsibilities of Directors and therefore it is provided in the Articles of Incorporation that the term of office of Director is one year to ensure its shareholders indicate their confidence in its directors every year. In addition, to downsize the Board Meeting, it is also provided in the Articles of Incorporation that the number of Directors shall not exceed 12.


The terms of office of all other seven (7) Directors will expire at the close of the 43rd Annual General Meeting of Shareholders ("the current Annual General Meeting of Shareholders").


Shareholders are asked to approve the election of the following 7 director candidates, including 3 outside directors in accordance with the provisions of the Articles of Incorporation in order to promote an agile management capable of responding appropriately to changes in management environment.


Brief information on the candidates is as follows:

No.	Name				Current Position and Duties at USS	Nominations and Remuneration Committee	Number of years in office
1	<input type="checkbox"/> Reelection	Yukihiro Ando	76 years old	<input type="checkbox"/> Male	Chairman and Representative Director, Chief Executive Officer (CEO)	<input checked="" type="radio"/>	41
2	<input type="checkbox"/> Reelection	Dai Seta	56 years old	<input type="checkbox"/> Male	President and Representative Director, Chief Operating Officer (COO)	<input type="radio"/>	19
3	<input type="checkbox"/> Reelection	Masafumi Yamanaka	68 years old	<input type="checkbox"/> Male	Executive Vice President and Officer of the Supervisory Office		19
4	<input type="checkbox"/> Reelection	Hiroimitsu Ikeda	62 years old	<input type="checkbox"/> Male	Junior Managing Director and Officer of the Auction Operation Office		19
5	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Nobuko Takagi	45 years old	<input type="checkbox"/> Female	Outside Director	<input type="radio"/>	5
6	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Shinji Honda	65 years old	<input type="checkbox"/> Male	Outside Director	<input type="radio"/>	1
7	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Yoshiko Sasao	63 years old	<input type="checkbox"/> Female	Outside Director	<input type="radio"/>	1

- Notes: 1. Ages and number of years in office are as of the close of this shareholders meeting.
2. A is committee members and is the chairperson. If the candidates are reelected, they will remain members of the Nominations and Remuneration Committee.

1	Yukihiro Ando	Reelection	
Date of Birth	Dec. 2, 1946 (76 years old)		
Number of Shares of the Company Owned by the Candidate	7,502,900		
FY 2022 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	41		
The chair of Nominations and Remuneration Committee			
Brief Profile and Position and Duties at USS			
July 1982	Director of the Company		
Nov. 1989	Senior Managing Director of the Company		
June 1995	Executive Vice President of the Company		
June 2000	Executive Vice President of the Company and Officer of the Nagoya Office		
June 2006	President and Representative Director of the Company President and Representative Director of US Butsuryu Co., Ltd. (Concurrent Post) (at present)		
June 2007	President and Representative Director and Chief Executive Officer (CEO) of the Company		
June 2012	Chairman and President and Representative Director of the Company		
June 2014	President and Representative Director of the Company		
Feb. 2018	President and Representative Director of Japan Automobile Auction Inc. President and Representative Director of HAA Kobe Inc.		
June 2019	Chairman and Representative Director, Chief Executive Officer of the Company (at present)		
Significant Concurrent Posts			
President and Representative Director of US Butsuryu Co., Ltd.			
Reasons for selection as Director candidate			
<p>Following his election as a Director in July 1982, Mr. Yukihiro Ando was involved as a senior executive in the opening of new auto auction sites and the development of auto auction systems and was the Manager of the Nagoya Office. He became President and Representative Director in June 2006 and was named Chairman, Representative Director and Chief Executive Officer in June 2019. In this position, Mr. Ando has used strong leadership and decision-making backed by many years of experience and accomplishments to oversee large capital expenditures and M&A deals in order to achieve consistent medium to long-term growth of earnings and corporate value. For these reasons, Mr. Ando is a candidate for Director and, if he is elected, we plan to have him remain Chairman, Representative Director and Chief Executive Officer and a chairperson of the Nominations and Remuneration Committee.</p>			

2	Dai Seta	Reelection	
Date of Birth	Dec. 23, 1966 (56 years old)		
Number of Shares of the Company Owned by the Candidate	7,677,200		
FY 2022 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	19		
Member of Nominations and Remuneration Committee			
Brief Profile and Position and Duties at USS			
Jan. 2004	Executive Officer of the Company and Vice Officer of the Nagoya Office		
June 2004	Director of the Company and Vice Officer of the Nagoya Office		
Mar. 2006	President and Representative Director of USS Support Service Co., Ltd. (Concurrent Post) (at present)		
June 2006	Vice President and Representative Director of the Company and Officer of the Auction Operation Office and Officer of the Nagoya Office		
June 2008	President and Representative Director of ARBIZ Co., Ltd. (Concurrent Post) (at present)		
June 2012	Vice President and Representative Director of the Company and Officer of Auction Operation Office		
June 2015	Vice President and Representative Director of the Company		
June 2019	President and Representative Director, Chief Operating Officer (at present)		
Significant Concurrent Posts			
President and Representative Director of USS Support Service Co., Ltd.			
President and Representative Director of ARBIZ Co., Ltd.			
Reasons for selection as Director candidate			
<p>Mr. Dai Seta has outstanding knowledge and accomplishments concerning the operation of auction sites and was the Manager of the Auction Operations Department. He has also served as the president of consolidated subsidiaries, ARBIZ Co., Ltd. that operates a recycling business, and USS Support Service Co., Ltd. that operates a finance business. To utilize Mr. Seta's outstanding management skills, he was named President, Representative Director and Chief Operating Officer in June 2019. Since then, he has performed the roles of decision-making and supervising business operations very well. For these reasons, Mr. Seta is a candidate for Director and, if he is elected, we plan to have him remain President, Representative Director and Chief Operating Officer and a member of the Nominations and Remuneration Committee.</p>			

3	Masafumi Yamanaka	Reelection	
Date of Birth	Dec. 16, 1954 (68 years old)		
Number of Shares of the Company Owned by the Candidate	34,400		
FY 2022 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	19		

Brief Profile and Position and Duties at USS


Jan. 2000	General Manager of the Finance Dept., Supervisory Office of the Company
Jan. 2004	Executive Officer and General Manager of the Finance Dept., Supervisory Office of the Company
June 2004	Director of the Company and General Manager of the Finance Dept., Supervisory Office
June 2006	Junior Managing Director of the Company and Officer of the Supervisory Office
June 2012	Senior Managing Director of the Company and Officer of the Supervisory Office
June 2016	Executive Vice President of the Company and Officer of the Supervisory Office (at present)
June 2020	President and Representative Director of Reproworld Co., Ltd. (Concurrent Post) (at present)

Significant Concurrent Posts

President and Representative Director of Reproworld Co., Ltd.

Reasons for selection as Director candidate

Mr. Masafumi Yamanaka has expertise in the fields of accounting and finance and acquired outstanding management skills as Manager of the Finance Department and was elected a Director in June 2004 to utilize these skills. Mr. Yamanaka is currently Executive Vice President and Manager of the Supervisory Office. He supervises all administrative operations and uses his thorough knowledge of USS business operations for management activities. In June 2020, Mr. Yamanaka was named president of Reproworld Co., Ltd., which buys and sells accident-damaged vehicles. He is a candidate for Director in order to use his experience and knowledge for decisions and business oversight by the Board of Directors. If he is elected, we plan to have him remain Executive Vice President.

4	Hiromitsu Ikeda	Reelection	
Date of Birth	May 3, 1961 (62 years old)		
Number of Shares of the Company Owned by the Candidate	42,100		
FY 2022 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	19		

Brief Profile and Position and Duties at USS


Jan. 2001	General Manager of the System Planning & Business Relations Service Dept., Nagoya Office of the Company
Jan. 2004	Executive Officer of the Company and General Manager of the System Planning & Business Relations Service Dept., Nagoya Office
June 2004	Director of the Company and General Manager of the System Planning & Business Relations Service Dept., Nagoya Office
June 2006	Junior Managing Director of the Company and Officer of the System Office
Oct. 2010	Junior Managing Director of the Company and Officer of the System Office and in charge of Tohoku Auction Site
June 2012	Junior Managing Director of the Company and Manager of Tohoku Auction Site
Apr. 2015	Junior Managing Director of the Company and Manager of Osaka Auction Site and Kobe Auction Site
Apr. 2018	Junior Managing Director of the Company Junior Managing Director of HAA Kobe
Oct. 2019	Junior Managing Director of the Company and Manager of Shikoku Auction Site
Apr. 2021	Junior Managing Director of the Company and Manager of Nagoya and R-Nagoya Auction Site
Jan. 2022	Junior Managing Director of the Company and Officer of the Auction Operation Office (at present)


Significant Concurrent Posts

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Reasons for selection as Director candidate

Mr. Hiromitsu Ikeda has experience with the opening of new auction sites and the development of auction systems. He has considerable knowledge and accomplishments involving these systems and he acquired outstanding management skills at the Nagoya Office. He was elected a director in June 2004 to utilize these skills. As a Director, Mr. Ikeda was Manager of the Systems Office, Manager of the Tohoku Auction Site, Manager of the Osaka and Kobe Auction Sites, Manager of the Shikoku Auction Site, Manager of Nagoya and R-Nagoya Auction Site and Junior Managing Director of HAA Kobe which was a consolidated subsidiary. He is currently Junior Managing Director and Manager of the Auction Operations Department, where he oversees the entire auto auction business. In these roles, he oversees the entire auto auction business and uses his thorough knowledge of USS business operations for management activities. He is a candidate for Director in order to use his experience and knowledge for decisions and business oversight by the Board of Directors. If he is elected, we plan to have him remain a Junior Managing Director.

5	Nobuko Takagi (Name on the family register: Nobuko Teraoka)	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	
Date of Birth	Oct. 22, 1977 (45 years old)		
Number of Shares of the Company Owned by the Candidate	2,700		
FY 2022 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	5		
Member of Nominations and Remuneration Committee			
Brief Profile and Position and Duties at USS Oct. 2002 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) May 2006 Registered as a Certified Public Accountant Aug. 2006 Joined Tohmatsu Tax Co. (currently Deloitte Tohmatsu Tax Co.) Nov. 2007 Joined GCA Corporation (Houlihan Lokey Corporation) Mar. 2011 Joined NEC Corporation July 2017 Representative, Nobuko Takagi Certified Public Accountants' Office (at present) Outside corporate auditor, I-ne CO., LTD. Apr. 2018 Representative Director, COEING AND COMPANY Inc. (at present) June 2018 Director of the Company (at present) June 2022 Outside Director of SMS Co., Ltd. (at present)			
Significant Concurrent Posts Representative Director, COEING AND COMPANY Inc. Representative, Nobuko Takagi Certified Public Accountants' Office Outside Director of SMS Co., Ltd.			
Reasons for selection as Director candidate & Overview of the expected roles Ms. Nobuko Takagi is a certified public accountant who started her career performing auditing work at an auditing firm. She subsequently acquired experience at an M&A advisory firm and operating company involving the determination and implementation of M&A strategies. She is currently an independent management consultant where she provides advisory and other services for new business development for accomplishing long-term strategic goals, investment decisions and other matters. Since being elected as an Outside Director in June 2018, she has taken advantage of this knowledge in giving advice on various issues in management in general, and thereby contributed to the enhancement of corporate value. Based on the above, we have submitted her as a candidate for Outside Director and we would like her to continue to perform her duties as Outside Director. If Ms. Takagi is reelected, we expect that she will use her knowledge of finance and accounting as well as her experience as a management consultant, outside officer of a publicly owned company and in other posts in order to oversee the management of USS from a new perspective that differs from that of directors who have specialized knowledge of USS business operations. In addition, we plan to have her participate from an independent standpoint in decisions concerning director candidates, director remuneration and other matters as a member of the Nominations and Remuneration Committee. Ms. Takagi has no experience with corporate management from a position other than outside director; however, for the reasons above, we are confident that he will duly perform his duties as outside director.			

6	Shinji Honda	Reelection	
		Outside	
Independent			
Date of Birth	May 26, 1958 (65 years old)		
Number of Shares of the Company Owned by the Candidate	300		
FY 2022 Board Meetings Attendance Record	100% (Attended all 7 meetings)		
Number of years in office	1		
Member of Nominations and Remuneration Committee			

Brief Profile and Position and Duties at USS

Apr. 1981	Joined Takeda Pharmaceutical Company Limited.
Jan. 2001	Vice president of TAP Pharmaceutical Products Inc.
Oct. 2005	U.S. operations executive for Takeda Pharmaceutical
June 2008	General manager of Overseas Business Dept., Takeda Pharmaceutical
Apr. 2009	President and CEO of Takeda Pharmaceuticals North America Inc.
June 2011	Corporate officer of Takeda Pharmaceutical Chief integration officer of Takeda Pharmaceuticals International Inc.
Apr. 2012	Senior Vice President, Corporate Strategy Department of Takeda Pharmaceutical
June 2013	Director and general manager of Corporate Planning Dept., Takeda Pharmaceutical
June 2014	Senior managing director and general manager of Corporate Planning Dept., Takeda Pharmaceutical
Oct. 2014	Senior managing director and Corporate Strategy Officer (CSO), Takeda Pharmaceutical
Jan. 2018	Corporate officer for corporate planning, Nisshin Foods Holdings Co., Ltd.
Feb. 2018	Managing Executive Officer and Chief Strategy Officer (group strategic planning), Nisshin Foods Holdings
Mar. 2018	External director of Premier Foods plc (British food manufacturer)
June 2018	Managing Executive Officers and Chief Strategy Officer, Nisshin Foods Holdings
July 2021	Executive adviser of Nisshin Foods Holdings (at present)
June 2022	Director of the Company (at present)

Significant Concurrent Posts

Executive adviser, Nisshin Foods Holdings Co., Ltd.

Reasons for selection as Director candidate & Overview of the expected roles

Mr. Shinji Honda has many years of experience and extensive knowledge concerning corporate management. At a company with global operations, he was involved as a manager and director with management and the oversight of management, group management, medium and long-term growth strategies, ESG/SDGs, corporate planning and overseas operations.

After his election in June 2022 as an Outside Director, Mr. Honda has played an important role concerning the suitability of management decisions and the oversight of management. He used his extensive knowledge of corporate management and professional skills to provide extremely valuable advice and suggestions concerning the determination of business strategies and plans, the supervision of progress involving these strategies and plans, and other matters.

Mr. Honda is a candidate for reelection as an Outside Director because he is expected to continue to perform these roles and because his extensive knowledge of management is required. If Mr. Honda is reelected, he will remain a member of the Nominations and Remuneration Committee.

7	Yoshiko Sasao	Reelection	
		Outside	
Independent			
Date of Birth	Apr. 2, 1960 (63 years old)		
Number of Shares of the Company Owned by the Candidate	200		
FY 2022 Board Meetings Attendance Record	100% (Attended all 7 meetings)		
Number of years in office	1		
Member of Nominations and Remuneration Committee			
Brief Profile and Position and Duties at USS			
Apr. 1984	Joined Recruit Co., Ltd.		
Apr. 2000	Assigned to Recruit Staffing Co., Ltd.		
Apr. 2004	General manager of Marketing Support 1 st Dept., Recruit Staffing		
Apr. 2006	Joined Tokyo Electric Power		
Nov. 2007	Managing director, Tepco Partners Co., Inc.		
June 2012	President, Tepco Partners Co., Inc.		
June 2015	Outside director of Leopalace21 Corp. President, Shidax Beauty Care Management Corp.		
Apr. 2017	Executive officer, Hasegawa Holdings Inc. (now HITOWA Holdings) President, Hasegawa Social Works Co., Ltd. (now HITOWA Social Works Co., Ltd.)		
May 2018	Executive officer, manager of Working Style Reform Office, JDC Corp.		
June 2019	Managing officer, manager of Working Style Reform Office, JDC Corp.		
Aug. 2019	Outside director of Sanki Service Corp. (at present)		
Apr. 2020	Managing officer, personnel strategy manager of Executive Composition Reform Office and manager of Working Style Reform Office, JDC Corp.		
Apr. 2021	Member of Advisory Board, Japan Corporate Governance Research Institute (at present)		
June 2021	Managing officer, deputy manager (for personnel strategy) of Strategy Division and manager of Working Style Reform Office, JDC Corp. (at present)		
June 2022	Outside director of Hiramatsu Inc. (at present) Director of the Company (at present)		
Significant Concurrent Posts			
Managing officer, deputy manager (for personnel strategy) of Strategy Division and manager of Working Style Reform Office, JDC Corp.			
Outside director of Sanki Service Corp.			
Outside director of Hiramatsu Inc.			
Reasons for selection as Director candidate & Overview of the expected roles			
Ms. Yoshiko Sasao successfully revitalized a company by using her own personnel development system as a managing director of Tepco Partners and subsequently acquired corporate management experience as a representative director. She has knowledge and experience as a manager in many industries with particular expertise involving the empowerment of women, working style reforms, diversity and human resource development.			
After her election in June 2022 as an Outside Director, Ms. Sasao has played an important role concerning the suitability of management decisions and the oversight of management. She used her diverse experience and professional skills involving corporate management and human resources to provide extremely valuable advice and suggestions.			
Ms. Sasao is a candidate for reelection as an Outside Director because she is expected to continue to perform these roles and because her professional knowledge of companies and human resources is required. If Ms. Sasao is reelected, she will remain a member of the Nominations and Remuneration Committee.			

- Notes:
1. There are no special interests between the Company and each of the candidates.
 2. USS has agreements with an insurance company concerning director, etc. liability insurance policies stipulated in Article 430-3-1 of the Companies Act. In the event that a director or other insured individual, as a result of activities (including oversight) performed as a director or other officer of USS, is required to pay damages, the insurance policy will pay these damages, litigation expenses and other expenses. However, the policy does not cover certain activities of an individual, such as bribery or other criminal acts or an intentionally illegal act. USS plans to renew these insurance policies during the term of office of the directors with policies having similar terms. Premiums for these policies are paid entirely by USS.
 3. Matters related to candidates for outside directors are as follows:
 - (1) Nobuko Takagi, Shinji Honda and Yoshiko Sasao are candidates for outside directors. The Company has designated Ms. Takagi, Mr. Honda and Ms. Sasao as independent directors in accordance with rules of the Tokyo Stock Exchange and Nagoya Stock Exchange and has notified these stock exchanges that they are independent directors. If they are elected as directors by shareholders, the Company plans to designate them as independent directors.
 - (2) Period in office of incumbent outside directors who are candidates for outside directors
 The period in office of incumbent outside director Nobuko Takagi will be 5 years upon closure of the current Annual General Meeting of Shareholders.
 The period in office of incumbent outside director Shinji Honda and Yoshiko Sasao will be 1 year upon closure of the current Annual General Meeting of Shareholders.
 - (3) Outline of liability limitation agreement
 Nobuko Takagi, Shinji Honda and Yoshiko Sasao are currently outside directors of the Company. In order to assure that outside directors can carry out their expected duties satisfactorily, the Company has a liability limitation agreement with Ms. Takagi, Mr. Honda and Ms. Sasao in accordance with the provisions of Article 427, Paragraph 1, of the Companies Act and Article 27 of the Articles of Incorporation of the Company.
 This agreement limits liability to the higher of 4 million yen or the amount designated by laws and regulations.
 If Nobuko Takagi, Shinji Honda and Yoshiko Sasao are reelected as directors by shareholders, the Company plans to renew this liability agreement.

(Reference) Directors and corporate auditors if proposals 2 is approved (Planned)

If Proposal 2 is approved, the expected skills of the directors and corporate auditors will be as follows.

Skill	Definition
Corporate management	The ability to identify changes in the business climate and use senior executive experience and knowledge about corporate management for making proper management decisions.
Finance and Accounting	The ability to use knowledge about financial strategy, capital markets, accounting and finance to perform proper financial activities and maintain financial soundness.
Business strategy/Marketing	The ability to accurately assess the business climate of the USS Group, establish strategies that anticipate changes and maintain the group's superiority in its business sectors.
DX	The ability to examine the benefits of using new auction systems for achieving more progress and growth of business activities.
Legal affairs/Risk management	The ability to use professional knowledge about corporate law, laws and regulations and other matters and knowledge about compliance to strengthen risk management and build a foundation for sustained growth.
Personnel/Human resources development	The ability to effectively use a broad range of people and develop an organization that supports the activities of these people in order to achieve sustained growth.
ESG	The ability to incorporate ESG in the management of business operations to achieve the stable and long-term growth of the USS Group.

Skill	Directors							Corporate Auditors		
	Yukihiro Ando	Dai Seta	Masafumi Yamanaka	Hiroimitsu Ikeda	Nobuko Takagi	Shinji Honda	Yoshiko Sasao	Kenichi Goto	Keiji Miyake	Jun Ogawa
					Outside Independent	Outside Independent	Outside Independent	Outside Independent	Outside Independent	Outside Independent
Corporate management	●	●				●	●			
Finance and Accounting			●		●			●	●	
Business strategy/ Marketing	●	●		●	●	●				
DX				●						
Legal affairs/Risk management			●	●						●
Personnel/ Human resources development			●				●			
ESG	●	●			●	●	●	●	●	●

- Notes: 1. This table shows up to three skills for each director and corporate auditor where the expectations of USS are highest based on their experience and other characteristics.
2. The full-time corporate auditor will be selected by the Board of Corporate Auditors following this shareholders' meeting and the Board of Directors will then determine the job positions of directors who are also USS executives.

(Reference) Selection of director candidates and executive officers

When selecting candidates for election as directors and selecting executive officers, the standard is that these individuals must have the experience, knowledge and professional skills required to be a director or executive officer. Proposed selections are submitted for consideration to the Nominations and Remuneration Committee, where the majority of members are independent outside directors, and final selections are made by the Board of Directors based on the recommendations of this committee. When an individual has violated a law or regulation or when there is a serious problem involving business operations, the matter is submitted to the Nominations and Remuneration Committee and, based on the recommendation of this committee, a decision is made concerning the termination of the director or executive officer responsible for the incident or the reassignment of a director who is a USS executive. In addition, when candidates for election as a corporate auditor are selected, individuals who have the experience, knowledge and professional skills required to be a corporate auditor are selected and, after receiving the consent of the Board of Corporate Auditors, final selections are made by the Board of Directors.

In accordance with USS rules, the maximum term of office for outside directors and outside corporate auditors is 8 years.

(Reference) Evaluation of the Effectiveness of the Board of Directors

1. Evaluation process

Time: March 2023

Participants: All directors and corporate auditors (including outside directors and corporate auditors)

Method: Self-assessment using a questionnaire

(1) All directors and corporate auditors complete a self-evaluation questionnaire

(2) Responses to the questionnaire are compiled and analyzed by the secretariat of the Board of Directors

(3) Results and issues are reported to the Board of Directors, which then discusses these subjects

2. Items evaluated

(1) Evaluation of the activities regarding major issues of the fiscal 2022

(2) Composition of the Board of Directors - Size and composition (diversity, professional knowledge)

(3) Operation of the Board of Directors - Frequency of meetings, length of discussions of agenda items, materials provided to directors

(4) Support for the Board of Directors - Training programs, information provided to outside directors and corporate auditors

(5) Discussions by directors - Topics to be discussed at the Board of Directors

(6) Board of Directors risk management - Risk management, activities concerning social and environmental problems

3. Summary of evaluation results

The use of this evaluation process confirmed that all questionnaire items are generally appropriate and that the Board of Directors is effective. The evaluation also showed that there were activities to deal with the two issues identified by the last year's evaluation and that improvements have been made.

<Major issues identified by the last fiscal year's questionnaire and subsequent actions>

(1) More thorough discussions at meetings of the Board of Directors about medium to long-term management strategies

The questionnaire showed that the Integrated Report provided adequate information about the determination of materiality and the value creation process. However, the evaluation revealed that there is still room for improvements in order to conduct more thorough discussions about medium and long-term business strategies.

(2) The need to provide directors with opportunities for training about ESG, SDGs and sustainability and upgrade these training programs

Several external training services are used to provide opportunities for learning about ESG, SDGs and sustainability. There are primarily opportunities for participating in online seminars and in-person presentations. The Board of Directors discussed climate change and other ESG subjects seven times. As a result, the evaluation confirmed that improvements have been made.

4. Upcoming activities

Based on the results of this effectiveness survey, the following actions will be used to further upgrade discussions at the Board of Directors and make the board more effective.

< Goals for the next fiscal year based on the results of this questionnaire >

(1) More thorough discussions by the Board of Directors about medium and long-term business strategies

(2) More thorough discussions about activities involving sustainability, particularly carbon neutrality and strengthening the Company's human resources

Business Report

(From April 1, 2022 to March 31, 2023)

1. Matters relating to the current state of the USS Group

(1) Business Progress and Results of Operations

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
88,778 million yen Up 9.0%	43,778 million yen Up 5.3%	44,491 million yen Up 5.0%	30,008 million yen Up 0.9%

In Japan, new car registrations (including mini cars) increased 4.0% from the previous fiscal year to 4,385 thousand as problems involving shortages of semiconductors decreased. However, registrations were still less than before the pandemic.

Used car registrations (including mini cars) decreased 4.2% to 6,293 thousand. This was due to a decrease in the number of used vehicles generated by trade-ins, reflecting the impact of a significant decline in new vehicle sales in the first half of the fiscal year ended March 31, 2023. (Source: Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association)

Exports of used vehicles continued to be strong from the previous year with 1,290 thousand units (up 5.6% from the previous year). (Source: Trade Statistics of Ministry of Finance)

In Japan's automobile auction market, the number of vehicles consigned increased 5.6% to 7,275 thousand, the number of contracted vehicles increased 2.2% to 4,821 thousand and the contract completion rate was 66.3% compared with 68.5% in the previous fiscal year. (Source: USED CAR Co., Ltd.)

At the USS Group, consolidated net sales increased 9.0% to 88,778 million yen, operating profit increased 5.3% to 43,778 million yen, ordinary profit increased 5.0% to 44,491 million yen and profit attributable to owners of parent increased 0.9% to 30,008 million yen.

Beginning with the fiscal year that ended in March 2023, the recycling business that was included in Other Businesses in prior years is a separate business segment due to the increasing importance of this business in terms of its scale of operations. Business segment information in the previous fiscal year has been revised for consistency with this change to facilitate year-to-year comparisons.

Auto Auction Business

The number of vehicles consigned increased 8.3% to 2,958 thousand and the number of contracted vehicles increased 4.3% to 1,863 thousand. The contract completion rate was 63.0% compared with 65.4% in the previous fiscal year. Sales and earnings were higher mainly because of the larger number of vehicles handled.

As a result, sales to external customers increased 6.9% to 69,304 million yen and operating profit increased 5.1% to 42,267 million yen.

Used Car Purchasing and Selling Business

At the Rabbit used car purchasing business, sales and earnings increased because of the larger number of vehicles sold and an increase in the number of higher-priced vehicles handled.

In the accident-damaged vehicle purchasing business, sales were higher because of increases in prices of vehicles sold and the number of vehicles sold. Earnings were lower due to a decline in the gross profit caused by a downturn in the auction market that started in October.

As a result, sales to external customers increased 11.7% to 10,391 million yen and operating profit decreased 4.6% to 130 million yen.

Recycling Business

In the resource recycling business, sales and earnings decreased due to a smaller number of vehicles for disposal handled and narrower profit margins than in the previous fiscal year when scrap metal prices were high.

In the industrial plant recycling business, sales and earnings increased because of a higher number of orders for large-scale factory demolition projects.

As a result, sales to external customers increased 24.1% to 8,982 million yen and operating profit increased 16.7% to 1,333 million yen.

Other businesses

In the other business, sales increased 16.3% to 99 million yen and operating profit fell 52.1% to 27 million yen.

(2) Capital Expenditures

Consolidated capital expenditures totaled 4,531 million yen on an end-of-manufacturing basis in the fiscal year ended March 31, 2023.

1) Major facilities completed during the fiscal year

Category	Office name	Description of site	Completion
Auto Auction Business	Tokyo Auction Site	New multi-level parking	Jan. 2023

2) Ongoing establishment, extension and improvement of major facilities at the end of the fiscal year

Not applicable

(3) Financing

Not applicable

(4) Important Issues

Although the number of new car registrations is still low, these registrations are expected to slowly recover due to the increasing supply of semiconductors and other reasons. The USS Group has the goals of maintaining a large number of vehicles consigned by improving services for members, such as by providing greater convenience, and capturing a larger share of Japan's automobile auction market. From a longer perspective, R&D activities are under way to prepare for the widespread ownership of electric vehicles. These activities are for establishing standards for determining the value of used electric vehicles, creating a framework for inspecting electric vehicles and other purposes. We will also create new business models, such as further growth in the recycling business, which is expanding in scale, and the auto loan business, which we have newly entered.

Our medium-term business strategy is as follows.

- 1) Increase convenience for auction members in Auto auction business
We will prioritize capital expenditures that will improve the level of convenience for members, thus increasing their overall satisfaction. In particular, we will speed up digital investments in order to achieve the digital transformation of our operations.
In addition, we will perform R&D activities in order to establish evaluation standards and a vehicle inspection system for electric vehicles.
- 2) Conduct effective mergers and acquisitions for business expansion
Positioning mergers and acquisitions as ways to capitalize on opportunities for growth, the USS Group plans to invest aggressively in deals that can lead to growth in our future cash flows.
- 3) Collaborate with companies in various business fields
We will forge alliances with companies in different business fields where business and/or capital alliances have the potential to produce synergies.
- 4) Steady growth of Used car purchasing and selling business
By consigning used cars purchased directly from consumers into auto auctions organized by the Company, the Company aims to achieve steady profit growth while aiming to revitalize the auction.
- 5) Expansion of Recycling business
With regard to the recycling business, which continues to grow through the creation of new business models, we aim to expand the business in terms of both environmental contribution and profit growth.

In addition, to maintain financial soundness and conduct operations with emphasis on the efficient use of capital, we position the return on equity (ROE) as an important performance indicator. Our medium-term goal is an ROE of at least 15%.

In the 44th period (April 1, 2023 to March 31, 2024), we forecast consolidated sales of 92,400 million yen, 4.1% higher than in the previous fiscal year, and increases of 3.5% in operating profit to 45,300 million yen, 3.4% in ordinary profit to 46,000 million yen and 2.6% in profit attributable to owners of parent to 30,800 million yen. This forecast assumes that vehicles consigned at our auto auctions will increase 1.4% to 3,000 thousand, vehicles contracted will increase 0.9% to 1,880 thousand, and the contract completion rate will decrease from 63.0% to 62.7%.

For earnings distributions, from the standpoint of maintaining dividend stability and returning a suitable amount of earnings to shareholders, we place emphasis on the consolidated dividend payout ratio as a policy for linking the dividend to results of operations. We are raising this payout ratio in stages. Beginning with the fiscal year that ended in March 2020, the target is a payout ratio of at least 55%.

We plan to pay a dividend of 69.40 yen per share for the fiscal year ending in March 2024. We have increased the dividend for 24 consecutive years, including every year since we became a publicly owned company.

We ask our shareholders for your continued support.

(5) Financial Highlights

1) USS Group selected financial data

Item	39th term (Year ended March 31, 2019)	40th term (Year ended March 31, 2020)	41st term (Year ended March 31, 2021)	42nd term (Year ended March 31, 2022)	43rd term (Year ended March 31, 2023 (Consolidated fiscal year under current review))
Net sales (million yen)	79,908	78,143	74,874	81,482	88,778
Ordinary profit (million yen)	38,039	36,710	36,996	42,374	44,491
Profit attributable to owners of parent (million yen)	25,543	20,634	4,022	29,745	30,008
Profit per Share (yen)	100	82	16	119	122
Total assets (million yen)	232,703	219,133	210,699	229,354	242,352
Net assets (million yen)	183,535	183,980	173,524	182,473	194,154
Net assets per share (yen)	717	729	687	733	780

2) Business segment sales, income and assets

(Millions of yen)

Business segment	Item	39th term (Year ended March 31, 2019)	40th term (Year ended March 31, 2020)	41st term (Year ended March 31, 2021)	42nd term (Year ended March 31, 2022)	43rd term Year ended March 31, 2023 (Consolidated fiscal year under current review)
Auto auction business	Net sales	64,684	63,350	61,048	64,858	69,304
	Operating profit	36,323	35,436	35,463	40,217	42,267
	Total assets	225,269	211,517	202,889	220,146	232,388
Used car purchasing and selling business	Net sales	9,701	9,099	8,646	9,300	10,391
	Operating profit	116	103	271	136	130
	Total assets	2,145	1,696	1,978	2,188	2,422
Recycling Business	Net sales	4,910	5,161	4,829	7,238	8,982
	Operating profit	481	309	376	1,142	1,333
	Total assets	5,746	6,040	5,877	7,537	8,097
Other businesses	Net sales	611	531	351	85	99
	Operating profit	102	59	23	58	27
	Total assets	1,058	1,019	826	552	671

Note: Segment sales based on external customer sales.

(6) Major Business Activities (as of March 31, 2023)

Auto auction business, used car purchasing and selling business and recycling business

(7) Major Parent Company and Subsidiaries

1) Parent company
Not applicable.

2) Major subsidiaries
The Company has 7 consolidated subsidiaries and no equity-method affiliate.

Company	Capital outlay (million yen)	Percentage by equity participation (%)	Primary businesses
US Butsuryu Co., Ltd.	30	100.0	Arrangement of freight transport and consignment business relating to operation of auctions
USS Support Service Co., Ltd.	45	100.0	Financial services business, etc.
Reproworld Co., Ltd.	63	100.0	Purchase and sale of accident-damaged vehicles
Rabbit Car Network Co., Ltd.	50	100.0	Purchase and sale of used vehicles
ARBIZ Co., Ltd.	270	51.0	Recycling of end-of-life automobiles and metal scraps
Japan Bike Auction Co., Ltd.	212	66.2	Operation of motorcycle auctions
SMART Inc.	100	26.0 (26.0)	Disposal of equipment and industrial plants

Notes: 1. The figures in parentheses in the Percentage by equity participation column indicate the indirect investment ratio.

2. The indirect ownership of USS of SMART Inc. is 26.0% because this company is 51.0% owned by USS consolidated subsidiary ARBIZ Co., Ltd., which is 51.0% owned by USS.

3) Specified Wholly Owned Subsidiary as of End of Fiscal Year
Not applicable.

(8) Other Significant Items Concerning the Status of the USS Group

Not applicable.

(9) Principal business sites (as of March 31, 2023)

	Business segment	Site or company	Location	Note
USS	Auto auction business	Nagoya Auction Site	Tokai, Aichi	Head office
		Kyushu Auction Site	Tosu, Saga	Branch
		Fukuoka Auction Site	Chikushino, Fukuoka	Branch
		Tokyo Auction Site	Noda, Chiba	Branch
		Okayama Auction Site	Akaiwa, Okayama	Branch
		Shizuoka Auction Site	Fukuroi, Shizuoka	Branch
		Sapporo Auction Site	Ebetsu, Hokkaido	Branch
		Saitama Auction Site	Iruma, Saitama	Branch
		Gunma Auction Site	Fujioka, Gunma	Branch
		Tohoku Auction Site	Murata-machi, Shibata, Miyagi	Branch
		Osaka Auction Site	Osaka, Osaka	Branch
		Yokohama Auction Site	Yokohama, Kanagawa	Branch
		R - Nagoya Auction Site	Tokai, Aichi	Branch
		Kobe Auction Site	Kobe, Hyogo	Branch
		Hokuriku Auction Site	Hakusan, Ishikawa	Branch
		Niigata Auction Site	Mitsuke, Niigata	Branch
		Shikoku Auction Site	Matsuyama, Ehime	Branch
		JAA	Edogawa, Tokyo	Branch
		HAA Kobe	Kobe, Hyogo	Branch
	System Office	Edogawa, Tokyo	Development of auction system Operation of web services for members	
Subsidiaries	Auto auction business	US Butsuryu Co., Ltd.	Tokai, Aichi	17 branch offices in Japan
		USS Support Service Co., Ltd.	Tokai, Aichi	Finance services business, etc.
		Japan Bike Auction Co., Ltd.	Yokohama, Kanagawa	Operation of motorcycle auction 2 auction sites in Japan
	Used car purchasing and selling business	Reproworld Co., Ltd.	Noda, Chiba	14 shops in Japan in the purchase and sales of accident-damaged vehicles business
		Rabbit Car Network Co., Ltd.	Edogawa, Tokyo	Used car purchase and sales shop Rabbit; 15 direct shops, 132 franchise shops.
	Recycling business	ARBIZ Co., Ltd.	Nagoya, Aichi	Recycling plant for end-of-life automobiles and metal scraps
		SMART Inc.	Nagoya, Aichi	Disposal of equipment and industrial plants

(10) Employees (as of March 31, 2023)

1) Employees of the USS Group

Business segment	Numbers of employees		Change since end of previous fiscal year	
Auto auction business	789	(118)	up 7	(up 1)
Used car purchasing and selling business	154	(8)	down 4	(up 2)
Recycling business	144	(37)	up 10	(—)
Head office and others	31	(1)	up 3	(—)
Total	1,118	(164)	up 16	(up 3)

Notes: 1. Numbers of employees is including employees seconded to Group companies from outside of the Group and excluding those from Group companies to outside of Group companies.
2. The average number of temporary employees for the year is shown in parentheses.
3. Since the business segments were changed from the current consolidated fiscal year, the figures for the previous consolidated fiscal year are compared with the figures for the previous consolidated fiscal year after reclassifying the business segments.

2) Employees of the Company

Number of employees	Change since end of previous fiscal year	Mean age	Mean service years
684 (102)	up 3 (up 1)	39.7	13.0

Notes: 1. Numbers of employees is including employees seconded to Group companies from outside of the Group and excluding those from Group companies to outside of Group companies.
2. The average number of temporary employees for the year is shown in parentheses.

(11) Major creditors (as of March 31, 2023)

Lender	Loan (million yen)
Sumitomo Mitsui Banking Corporation	2,320
MUFG Bank, Ltd.	34

Notes: 1. 1,980 million yen of the amount borrowed from Sumitomo Mitsui Banking Corporation was due to the borrowing of 3,300 million yen in March 2017 by ARBIZ, a consolidated subsidiary of the Company, as a source of funds for the acquisition of business land and other assets from the Company.
2. 340 million yen out of the loan from Sumitomo Mitsui Banking Corporation is for working capital of subsidiary SMART Inc.
3. The USS Employee Stock Ownership Plan Trust, which was established for the Trust Employee Shareholding Incentive Plan, has borrowed money from MUFG Bank, Ltd. as a source of funds to purchase the Company's shares. For more information about this plan, refer to "2. Matters relating to shares of the Company, (6) Other Important Items related to Shares, 3) Overview of the Employee Stock Ownership Plan.

(12) Update on Our Significant Reorganizations

Not applicable.

2. Matters relating to shares of the Company (as of March 31, 2023)

(1) Total number of shares authorized to be issued: 1,200,000,000 shares

(2) Total number of shares issued: 257,000,000 shares
(including 12,372,986 shares of treasury shares)

(3) Total number of shareholders: 18,540

(4) Major shareholders (Top 10)

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	40,609	16.60
Custody Bank of Japan, Ltd. (Trust Account)	10,870	4.44
SSBTC CLIENT OMNIBUS ACCOUNT	9,488	3.87
Mamoru Seta	9,200	3.76
The Nomura Trust and Banking Co., Ltd. (retirement benefit trust MUFG Bank, Ltd. account)	8,400	3.43
Dai Seta	7,677	3.13
Yukihiro Ando	7,502	3.06
Hattori Motors Co., Ltd.	7,280	2.97
Hattori International Scholarship Foundation	7,200	2.94
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	6,243	2.55

- Notes: 1. The list of major shareholders does not include 12,372,986 shares of treasury shares.
2. The number of shares used to calculate shareholding ratios does not include treasury shares.
3. The number of shares when less than one thousand is truncated. Shareholding ratios are truncated to the hundredth decimal point.
4. In addition to the above shareholders, the following shareholdings have been reported by the large shareholding report (the amendment report).

(1) An amendment report submitted by Massachusetts Financial Services Company and one other company, in their joint names on December 4, 2020, stated that the following shares are held as of November 30, 2020. Since USS is unable to confirm the valid number of shares owned by these firms as of March 31, 2023, these firms are not included in the above list of major shareholders.

Name	Address	Shares (thousands of shares)	Shareholding ratio (%)
Massachusetts Financial Services Company	111 Huntington Avenue, Boston, Massachusetts 02199, USA	11,569	4.72
MFS Investment Management K.K.	Daido Seimei Kasumigaseki Bldg., 1-4-2, Kasumigaseki, Chiyoda Ward, Tokyo	837	0.34
Total		12,407	5.07

(2) An amendment report submitted by FMR LLC and one other company on March 22, 2021 stated that the following shares are held as of March 15, 2021. Since USS is unable to confirm the valid number of shares owned as of March 31, 2023, this shareholder is not included in the above list of major shareholders.

Name	Address	Shares (thousands of shares)	Shareholding ratio (%)
FMR LLC	245 Summer Street, Boston, Massachusetts 02210, USA	14,936	6.10
National Financial Services LLC	200 Seaport Blvd, Boston, Massachusetts 02210, USA	0	0.00
Total		14,937	6.10

(3) An amendment report submitted by BlackRock Japan Co., Ltd. and 6 other companies on July 6, 2022 stated that the following shares are held as of June 30, 2022. Since USS is unable to confirm the valid number of shares owned as of March 31, 2023, this shareholder is not included in the above list of major shareholders.

Name	Address	Shares (thousands of shares)	Shareholding ratio (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	3,503	1.43
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	511	0.20
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, UK	546	0.22
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	1,708	0.69
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, USA	5,716	2.33
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, USA	4,009	1.63
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	381	0.15
Total		16,377	6.69

(4) A large shareholding report submitted by Sumitomo Mitsui Trust Bank, Limited and 2 other companies on August 4, 2022 stated that the following shares are held as of July 29, 2022. Since USS is unable to confirm the valid number of shares owned as of March 31, 2023, this shareholder is not included in the above list of major shareholders.

Name	Address	Shares (thousands of shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	450	0.18
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	8,909	3.64
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	3,502	1.43
Total		12,861	5.25

(5) An amendment report submitted by MUFG Bank, Ltd. and 2 other companies on September 20, 2022 stated that the following shares are held as of September 12, 2022. Since USS is unable to confirm the valid number of shares owned as of March 31, 2023, this shareholder is not included in the above list of major shareholders.

Name	Address	Shares (thousands of shares)	Shareholding ratio (%)
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	8,400	3.43
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	5,877	2.40
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1, Yurakucho, Chiyoda-ku, Tokyo	1,888	0.77
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	1,093	0.44
Total		17,259	7.05

(6) An amendment report submitted by Invesco Asset Management (Japan) Limited and 2 other companies on October 24, 2022 stated that the following shares are held as of October 17, 2022. Since USS is unable to confirm the valid number of shares owned as of March 31, 2023, this shareholder is not included in the above list of major shareholders.

Name	Address	Shares (thousands of shares)	Shareholding ratio (%)
Invesco Asset Management (Japan) Limited	Roppongi Hills Mori Tower 14F, 6-10-1 Roppongi, Minato-ku, Tokyo	21,563	8.81
Invesco Advisers, Inc.	Two Peachtree Pointe 1555 Peachtree Street, N.E. Suite 1800 Atlanta, Georgia 30309, U.S.A	1,347	0.55
Invesco Hong Kong Limited	41/F, Champion Tower, 3 Garden Road, Central, Hong Kong	442	0.18
Total		23,353	9.54

(5) Distribution of stock to officers as remuneration for duties performed during the fiscal year

Disposal of treasury stock for use as restricted stock remuneration

In accordance with a resolution approved at the shareholders meeting held on June 21, 2022, USS started a restricted stock remuneration system. On the same day, the Board of Directors approved a resolution for the disposal of treasury stock for use as restricted stock remuneration. The disposal of 15,700 shares of treasury stock to four directors (excluding outside directors), and 1,600 shares of treasury stock to two executive officers took place on July 20, 2022.

(6) Other Important Items related to Shares

1) Purchase of treasury stock

On November 8, 2021, the USS Board of Directors approved a resolution to purchase treasury stock (USS common stock) for the purposes of taking actions involving equity in response to changes in the business climate, raising the equity ratio and distributing earnings to shareholders. The resolution authorizes the purchase of up to 6 million shares at a cost of no more than ¥10,000 million between November 9, 2021 and May 31, 2022, and the Company purchased treasury stock as below.

	FY2021	FY2022	Total
Type of shares	Common shares	Common shares	—
Shares purchased	4,322,800 shares	775,700 shares	5,098,500 shares
Cost of shares purchased	¥7,972,969,300	¥1,632,062,500	¥9,605,031,800
Period of repurchase	From November 9, 2021 to March 31, 2022	From April 1, 2022 to May 31, 2022	—

2) Purchase of treasury stock

The Company has retired 56,250,000 shares of treasury stock on June 30, 2022, in accordance with the resolution of the Board of Directors meeting held on May 31, 2022. (Ratio of total shares issued before retirement: 17.95%)

3) Overview of the Employee Stock Ownership Plan

Effective as of the fiscal year that ended on March 31, 2021, the Company has reintroduced a trust employee shareholding incentive plan (the "Plan") for the purpose of providing an incentive to employees of Group companies toward the improvement of medium and long term corporate values.

According to the Plan, the Company shall establish the USS Employee Stock Ownership Plan Trust (the "ESOP Trust") in a bank trust and the ESOP Trust shall purchase the Company's shares in advance, which are expected to be purchased via the USS employee stock ownership plan (the "Employee Stock Ownership Plan"), over three years after its establishment and then continuously sell the Company's shares to the Employee Stock Ownership Plan every month until the trust is built. To procure funds to purchase the Company's shares, the ESOP Trust will take bank loans against which the Company will provide security.

If an amount corresponding to the gain on a sale of stock is accumulated in the ESOP Trust at the completion of the trust through the sales of the Company's shares to the Employee Stock Ownership Plan, then an amount corresponding to the gain on the sale of the Company's shares shall be distributed as residual property to certain eligible persons who satisfy the qualification for beneficiaries. Meanwhile, in case an amount corresponding to a loss on the sale of stock is accumulated in the ESOP Trust at the completion of the trust due to a decline in the Company's stock price, the Company shall repay the outstanding balance on bank loans corresponding to this loss on sales of the shares per the nonrecourse promissory note.

The Company's shares held by the ESOP Trust that are recorded on the Company's consolidated balance sheet at the term end were 79 million yen (41 thousand shares) for the current consolidated fiscal year. The ESOP Trust's bank loans were 34 million yen for the current consolidated fiscal year.

3. Matters relating to Stock Acquisition Rights, etc. of the Company

(1) Stock Acquisition Rights held by officers of the Company as of the end of term (as of March 31, 2023)

Name		5th Stock Acquisition Rights	6th Stock Acquisition Rights	7th Stock Acquisition Rights
Resolution date for issuance		August 28, 2007 (Board Meeting)	June 25, 2008 (Board Meeting)	June 24, 2009 (Board Meeting)
Number of Stock Acquisition Rights		228	260	449
Number of shares subject to Stock Acquisition Rights		22,800 shares of common stock (100 shares per Stock Acquisition Right)	26,000 shares of common stock (100 shares per Stock Acquisition Right)	44,900 shares of common stock (100 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		64,560 yen per right	49,760 yen per right	32,620 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		100 yen per right	100 yen per right	100 yen per right
Exercise period for Stock Acquisition Rights		From September 15, 2007 to June 30, 2032	From July 11, 2008 to June 30, 2033	From July 10, 2009 to June 30, 2034
Major conditions for the exercise of Stock Acquisition Rights		(Note) 1	(Note) 1	(Note) 1
Shares held by officers	Directors (excluding outside directors)	Number of holders 4 Number of rights 228 Number of shares subject to Stock Acquisition Rights 22,800	Number of holders 4 Number of rights 260 Number of shares subject to Stock Acquisition Rights 26,000	Number of holders 4 Number of rights 449 Number of shares subject to Stock Acquisition Rights 44,900
	Outside directors	-	-	-
	Corporate auditors	-	-	-

Name		8th Stock Acquisition Rights	9th Stock Acquisition Rights	10th Stock Acquisition Rights
Resolution date for issuance		June 29, 2010 (Board Meeting)	June 28, 2011 (Board Meeting)	June 26, 2012 (Board Meeting)
Number of Stock Acquisition Rights		314	380	343
Number of shares subject to Stock Acquisition Rights		31,400 shares of common stock (100 shares per Stock Acquisition Right)	38,000 shares of common stock (100 shares per Stock Acquisition Right)	34,300 shares of common stock (100 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		45,900 yen per right	43,600 yen per right	58,600 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		100 yen per right	100 yen per right	100 yen per right
Exercise period for Stock Acquisition Rights		From July 16, 2010 to June 30, 2035	From July 15, 2011 to June 30, 2036	From July 13, 2012 to June 30, 2037
Major conditions for the exercise of Stock Acquisition Rights		(Note) 1	(Note) 1	(Note) 1
Shares held by officers	Directors (excluding outside directors)	Number of holders 4 Number of rights 314 Number of shares subject to Stock Acquisition Rights 31,400	Number of holders 4 Number of rights 380 Number of shares subject to Stock Acquisition Rights 38,000	Number of holders 4 Number of rights 343 Number of shares subject to Stock Acquisition Rights 34,300
	Outside directors	-	-	-
	Corporate auditors	-	-	-

Name		11th Stock Acquisition Rights	12th Stock Acquisition Rights	13th Stock Acquisition Rights
Resolution date for issuance		June 25, 2013 (Board Meeting)	June 17, 2014 (Board Meeting)	June 16, 2015 (Board Meeting)
Number of Stock Acquisition Rights		242	159	152
Number of shares subject to Stock Acquisition Rights		24,200 shares of common stock (100 shares per Stock Acquisition Right)	15,900 shares of common stock (100 shares per Stock Acquisition Right)	15,200 shares of common stock (100 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		93,540 yen per right	137,400 yen per right	179,500 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		100 yen per right	100 yen per right	100 yen per right
Exercise period for Stock Acquisition Rights		From July 13, 2013 to June 30, 2038	From July 5, 2014 to June 30, 2039	From July 4, 2015 to June 30, 2040
Major conditions for the exercise of Stock Acquisition Rights		(Note) 1	(Note) 1	(Note) 1
Shares held by officers	Directors (excluding outside directors)	Number of holders 4 Number of rights 234 Number of shares subject to Stock Acquisition Rights 23,400	Number of holders 4 Number of rights 153 Number of shares subject to Stock Acquisition Rights 15,300	Number of holders 4 Number of rights 145 Number of shares subject to Stock Acquisition Rights 14,500
	Outside directors	-	-	-
	Corporate auditors	-	-	-

Name		14th Stock Acquisition Rights	15th Stock Acquisition Rights	16th Stock Acquisition Rights
Resolution date for issuance		June 14, 2016 (Board Meeting)	June 13, 2017 (Board Meeting)	June 12, 2018 (Board Meeting)
Number of Stock Acquisition Rights		220	235	245
Number of shares subject to Stock Acquisition Rights		22,000 shares of common stock (100 shares per Stock Acquisition Right)	23,500 shares of common stock (100 shares per Stock Acquisition Right)	24,500 shares of common stock (100 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		146,500 yen per right	199,500 yen per right	178,500 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		100 yen per right	100 yen per right	100 yen per right
Exercise period for Stock Acquisition Rights		From July 2, 2016 to June 30, 2041	From July 1, 2017 to June 29, 2042	From July 6, 2018 to June 30, 2043
Major conditions for the exercise of Stock Acquisition Rights		(Note) 1	(Note) 1	(Note) 1
Shares held by officers	Directors (excluding outside directors)	Number of holders 4 Number of rights 196 Number of shares subject to Stock Acquisition Rights 19,600	Number of holders 4 Number of rights 210 Number of shares subject to Stock Acquisition Rights 21,000	Number of holders 4 Number of rights 219 Number of shares subject to Stock Acquisition Rights 21,900
	Outside directors	-	-	-
	Corporate auditors	-	-	-

Name		17th Stock Acquisition Rights	18th Stock Acquisition Rights	19th Stock Acquisition Rights
Resolution date for issuance		June 18, 2019 (Board Meeting)	June 23, 2020 (Board Meeting)	June 15, 2021 (Board Meeting)
Number of Stock Acquisition Rights		279	370	405
Number of shares subject to Stock Acquisition Rights		27,900 shares of common stock (100 shares per Stock Acquisition Right)	37,000 shares of common stock (100 shares per Stock Acquisition Right)	40,500 shares of common stock (100 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		192,100 yen per right	133,500 yen per right	163,600 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		100 yen per right	100 yen per right	100 yen per right
Exercise period for Stock Acquisition Rights		From July 11, 2019 to June 30, 2044	From July 11, 2020 to June 30, 2045	From July 2, 2021 to June 30, 2046
Major conditions for the exercise of Stock Acquisition Rights		(Note) 1	(Note) 1	(Note) 1
Shares held by officers	Directors (excluding outside directors)	Number of holders 4 Number of rights 252 Number of shares subject to Stock Acquisition Rights 25,200	Number of holders 4 Number of rights 334 Number of shares subject to Stock Acquisition Rights 33,400	Number of holders 4 Number of rights 377 Number of shares subject to Stock Acquisition Rights 37,700
	Outside directors	-	-	-
	Corporate auditors	-	-	-

- Notes:
- Main conditions for the exercise of Stock Acquisition Rights are as follows:
 - A Stock Acquisition Right holder may exercise the Stock Acquisition Right only if the Stock Acquisition Right holder loses any and all statuses as a director of the Company (including executive officers in the case of a company with committees), or as an auditor or executive director. However, in that case, the Stock Acquisition Right holder may exercise the Stock Acquisition Right for subscription only during the period from the date following the date on which the holder loses any and all of the above statuses (the "Exercise Period Commencement Date") for ten (10) days after the Exercisable Period Commencement Date.
 - If a Stock Acquisition Right holder waives the Stock Acquisition Right for subscription, the Stock Acquisition Right holder may not exercise the Stock Acquisition Right for the waived subscription.
 - On February 15, 2017, USS revised the Stock Acquisition Rights allocation contracts for the 5th through the 14th issues of Stock Acquisition Rights with all directors and executive officers (except directors and executive officers who have resigned or retired) who hold any of these rights. The condition for the exercise of these Stock Acquisition Rights was revised. Previously, the rights could be exercised during the five-year period starting on the Exercise Period Commencement Date. Now, as stated in the preceding note 1. (1), the rights can be exercised for ten (10) days after the Exercise Period Commencement Date.
 - As a result of the 10-for-one stock split for common stock which was conducted on October 1, 2013, "Number of shares subject to Stock Acquisition Rights" and "Amount of assets paid upon exercise of Stock Acquisition Rights" were adjusted.

4. Matters relating to Officers of the Company

(1) Directors and corporate auditors (as of March 31, 2023)

Title	Name	Duties and Affiliation to Other Companies, etc.
Chairman and Representative Director, Chief Executive Officer	Yukihiro Ando	President and Representative Director of US Butsuryu Co., Ltd.
President and Representative Director, Chief Operating Officer	Dai Seta	President and Representative Director of USS Support Service Co., Ltd. President and Representative Director of ARBIZ Co., Ltd.
Executive Vice President	Masafumi Yamanaka	Officer of the Supervisory Office President and Representative Director of Reproworld Co., Ltd.
Junior Managing Director	Hikomitsu Ikeda	Officer of the Auction Operation Office
Director	Nobuko Takagi	Representative Director, COEING AND COMPANY Inc. Representative, Nobuko Takagi Certified Public Accountants' Office Outside Director of SMS Co., Ltd.
Director	Shinji Honda	Executive adviser of Nisshin Foods Holdings
Director	Yoshiko Sasao	Managing officer, deputy manager (for personnel strategy) of Strategy Division and manager of Working Style Reform Office, JDC Corp. Outside director of Sanki Service Corp. Outside director of Hiramatsu Inc.
Full-time Corporate Auditor	Kenichi Goto	President, Kenichi Goto Certified Public Tax Accountant office
Corporate Auditor	Keiji Miyake	President, Keiji Miyake Certified Public Accountant Office
Corporate Auditor	Jun Ogawa	Tomishima Ogawa Mori Law Office, Attorney

- Notes:
1. Directors: Nobuko Takagi, Shinji Honda and Yoshiko Sasao are outside directors.
 2. Corporate auditors: Kenichi Goto, Keiji Miyake and Jun Ogawa are outside corporate auditors.
 3. Full-time corporate auditor Kenichi Goto has considerable knowledge of finance and accounting as a certified tax accountant.
 4. Corporate auditor: Mr. Keiji Miyake is well versed in corporate accounting matters as a certified public accountant, and has considerable knowledge of finance and accounting.
 5. USS designates the following officers as independent officers as prescribed by the Tokyo Stock Exchange and Nagoya Stock Exchange and has submitted notices to these stock exchanges: Directors Nobuko Takagi, Shinji Honda and Yoshiko Sasao and corporate auditors Kenichi Goto, Keiji Miyake and Jun Ogawa.
 6. There are no special relationships between the Company and any significant companies associated with concurrent posts of outside directors and outside corporate auditors.
 7. Changes of titles, duties and affiliation to other companies of the Directors in the current fiscal year are as follows:
 - (1) On June 21, 2022, Shinji Honda and Yoshiko Sasao became directors of the company.
 - (2) On June 21, 2022, Hitoshi Tamura and Akihiko Kato retired from the position as directors of the company.
 - (3) On June 24, 2022, Nobuko Takagi became outside director of SMS Co., Ltd.
 - (4) On December 7, 2022, Jun Ogawa retired from the position as directors of the company.

8. Each of the outside directors and outside corporate auditors has entered into a liability limitation agreement with the Company that limits the liability for damage pursuant to provisions under Article 427, Paragraph 1, of the Companies Act and Articles 27 and 37 of the Articles of Incorporation of the Company. This agreement limits liability to the higher of 4 million yen or the amount designated by laws and regulations.
9. USS has agreements with an insurance company concerning director, etc. liability insurance policies stipulated in Article 430-3-1 of the Companies Act. In the event that a director or other insured individual, as a result of activities (including oversight) performed as a director or other officer of USS, is required to pay damages, the insurance policy will pay these damages, litigation expenses and other expenses. However, the policy does not cover certain activities of an individual, such as bribery or other criminal acts or an intentionally illegal act. USS plans to renew these insurance policies during the term of office of the directors with policies having similar terms. Premiums for these policies are paid entirely by USS.

(2) Remuneration, etc. for directors and company auditors

1) Item concerning the policy for determining remuneration, etc. for individual directors

On May 10, 2022, the USS Board of Directors approved a resolution to revise the process for determining remuneration, etc. for directors with regard to the policy for determining remuneration, etc. for individual directors. Before this resolution was approved, the proposed revision was submitted to the Nominations and Remuneration Committee, where the majority of members are independent outside directors, and the committee submitted its position regarding the revision to the directors.

The following is a summary of the policy for determining remuneration, etc. for individual directors following this revision.

(I) Basic policy for remuneration of officers

USS will maintain a competitive level of remuneration for the purpose of attracting and retaining talented managers with the skills needed for the sustained growth of the USS Group and medium to long-term growth of corporate value.

In addition to receiving fixed remuneration, officers receive as performance-linked remuneration bonuses as a short-term incentive, performance-linked stock remuneration (performance share units) as a medium-term incentive, and restricted stock remuneration as a long-term incentive. The policy is to properly determine percentages of total remuneration for each of these remuneration categories with the aim of having these remuneration plans function as sound incentives for achieving sustained growth.

(II) Explanation of remuneration for officers

Based on the basic policy in the preceding section, USS plans to use the following remuneration plans for directors and corporate auditors. A black circle indicates eligibility for each category of remuneration.

Remuneration category			Eligibility		
			Executive Officer Directors (Note 1)	Outside Directors (Note 2)	Corporate Auditors (Note 3)
Fixed	Cash	Basic remuneration	●	●	●
		Bonus	●	—	—
Variable	Stock	Performance-linked stock	●	—	—
		Restricted stock	●	—	—

Notes: 1. Executive officer directors are all directors other than outside directors and receive all four categories of remuneration as their remuneration as executive officer directors.

2. Outside directors receive only basic remuneration for the purpose of ensuring that these directors supervise management with objectivity and independence.

3. Remuneration for corporate auditors is decided by the mutual agreement of the corporate auditors. This composition is solely basic remuneration to ensure that corporate auditors perform audits of management with objectivity and independence.

Composition of remuneration for executive officer directors

Remuneration category	Percentage
Basic	60%
Bonus	20%
Performance-linked stock	10%
Restricted stock	10%

Note: Composition when the performance-based evaluation coefficient is all 100% for all KPIs.

(III) Basic remuneration

Basic remuneration is paid in fixed amounts every month and is based on the roles, responsibilities and other characteristics of each director's executive position at USS.

(IV) Bonus

Bonuses are performance-linked remuneration that is paid in cash as a short-term incentive. The bonus for each fiscal year is linked to results of operations and calculated as follows.

The basic amount used to calculate bonuses (i) and bonus payment ratio (ii) are multiplied to obtain the bonus paid to each individual.

$\text{Bonus} = \text{Basic bonus calculation amount (i)} \times \text{Bonus payment ratio (ii)}$

(i) Basic bonus calculation amount

This figure is determined by the Nominations and Remuneration Committee, where the majority of members are independent outside directors, which has been authorized by the board of directors to perform this task.

(ii) Bonus payment ratio

This ratio is calculated by using the sales evaluation coefficient, operating profit evaluation coefficient, net income evaluation coefficient (using profit attributable to owners of parent, same hereafter) and ROE evaluation coefficient, which are financial indicator evaluation coefficients (all using consolidated financial data, same hereafter), and applying the applicable weighting (20% for the sales coefficient, 40% for the operating profit coefficient, 20% for the net income coefficient and 20% for the ROE coefficient).

These financial indicator evaluation coefficients are between 0% and 200% depending on the degree to which performance targets for the applicable fiscal year were achieved. The initial forecast for the fiscal year is used as the targets for determining the sales, operating profit and net income coefficients. For the ROE coefficient, 15% is used because this is one of the medium-term targets of USS.

$\begin{aligned} \text{Bonus payment ratio} = & \\ & \text{Sales evaluation coefficient} \times 20\% + \text{Operating profit evaluation coefficient} \times 40\% \\ & + \text{Net income evaluation coefficient} \times 20\% + \text{ROE evaluation coefficient} \times 20\% \end{aligned}$

(Financial indicators and evaluation coefficients in the bonus payment ratio)

	KPI	Basis for evaluation	Weight	Achievement ratio		Evaluation coefficient
Financial indicators	Sales	Degree of achievement of target	20%	Minimum	50%	0%
				Target	100%	100%
				Maximum	150%	200%
	Operating profit	Same	40%	Minimum	50%	0%
				Target	100%	100%
				Maximum	150%	200%
	Net income	Same	20%	Minimum	50%	0%
				Target	100%	100%
				Maximum	150%	200%
	ROE	Same	20%	Minimum	Below 11%	0%
				Target	15%	100%
				Maximum	20%+	200%

(V) Performance-linked stock remuneration

The purpose of this stock remuneration is to increase the medium-term incentive for executive officer directors to achieve the consistent growth of USS's corporate value. This remuneration accomplishes this by further clarifying the link between each director's remuneration and results of operation and the value of USS stock. For the period beginning after an annual shareholders' meeting and ending with the annual shareholders meeting in the following year, this remuneration distributes to eligible directors a number of shares of USS common stock based on the degree to which performance targets have been achieved for the applicable period of three consecutive fiscal year. Shares are distributed at the end of this three-year period.

The number of shares of USS common stock an eligible director receives is calculated by multiplying the number of stock units (i) and the stock distribution ratio (ii).

Shares distributed = Number of stock units (i) x Stock distribution ratio (ii)

(i) Number of stock units

This number is calculated by dividing the standard amount of performance-linked stock remuneration (a) for each executive officer director by the stock price for the stock unit formula (b).

Number of stock units	=	$\frac{\text{Standard amount of performance-linked stock remuneration for individual directors (a)}}{\text{Stock price for stock unit formula (b)}}$
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(a) Standard amount of performance-linked stock remuneration for individual directors

The standard amount for each director is determined by the Nominations and Remuneration Committee, where the majority of members are independent outside directors, as authorized by the board of directors.

(b) Stock price for stock unit formula

The stock price in this formula is the higher of the closing price of USS stock on the final day of the fiscal year prior to the first fiscal year of the applicable three-year performance evaluation period (or the most recent prior closing price if USS stock was not traded on that day) or the average stock price for the entire fiscal year prior to the first fiscal year of the applicable evaluation period.

(ii) Stock distribution ratio

This ratio is calculated by using the TSR* evaluation coefficient and ROE evaluation coefficient, which are financial coefficients, with the applicable weighting (50% for TSR evaluation coefficient and 50% for ROE evaluation coefficient) and then making an adjustment to reflect the ESG evaluation coefficient, which is a non-financial coefficient. If this calculation results in a negative figure, the result is revised to 0%.

The TSR evaluation coefficient and ROE evaluation coefficient are figures between 0% and 200% depending on the degree to which performance targets established for each performance evaluation period were achieved.

The ESG evaluation coefficient, which is a non-financial performance indicator, is a figure between -10% and +10% and is linked to MSCI and CDP ratings of USS during the performance evaluation period.

$$\text{Stock distribution ratio} = \text{TSR evaluation coefficient} \times 50\% + \text{ROE evaluation coefficient} \times 50\% \pm \text{ESG evaluation coefficient}$$

(Financial indicators and evaluation coefficients in the stock distribution ratio)

	KPI	Basis for evaluation	Weight	Achievement ratio		Evaluation coefficient
Financial indicators	TSR (vs. index)	USS TSR vs. TOPIX 500 stock growth ratio (relative stock growth ratio)	50%	Relative stock growth ratio is below 70%		0%
				Relative stock growth ratio is 70% to 130%		Same as relative stock growth ratio
				Relative stock growth ratio is over 130%		200%
	ROE	Degree of achieving target	50%	Minimum	Under 11%	0%
				Target	15%	100%
				Maximum	20%+	200%

(VI) Restricted stock remuneration

This remuneration is a long-term incentive for executive officer directors. Enabling these directors to constantly hold USS common stock means that these directors have the same potential benefits and risks involving stock price movements as all other shareholders do. The purpose of this long-term incentive is to increase the motivation of these directors to contribute to raising the price of USS stock and increasing the corporate value of USS. As a rule, USS will distribute restricted stock to eligible executive officer directors every year. Each director will be restricted from transferring ownership of this USS common stock from the day the stock is received until the day the individual is no longer a director of USS.

The total monetary amount of restricted stock remuneration in every year is determined by the Nominations and Remuneration Committee, where the majority of members are independent outside directors, as authorized by the board of directors. The maximum number of shares of restricted stock that can be distributed every year is 300,000.

(VII) Level and composition of remuneration for executive officer directors

USS believes that the level of remuneration and composition of this composition are appropriate. This judgment is based on comparisons of the level of remuneration, remuneration composition, labor's share of income and salaries of USS employees with the same figures for TOPIX 500 companies and companies with a market capitalization and sales similar to those of USS.

The level, format, composition and other aspects of remuneration for executive officer directors

is determined with the purpose of further increasing motivation to contribute to medium to long-term growth of sales and earnings and corporate value by more clearly linking remuneration with results of operations. All aspects of this remuneration are reexamined periodically. The percentages of each category of remuneration for executive officer directors are in the preceding item (2).

(VIII) Return of remuneration (malus and clawback provisions)

USS has a system (malus and clawback) for the return of performance-linked stock remuneration and restricted stock remuneration distributed to executive officer directors. These actions may be taken when the board of directors determines that an executive officer director has committed an illegal act or a serious violation of internal rules or been involved with some other improper activity, including serious fraudulent accounting or an act causing a significant loss. In this event, USS can refuse to distribute USS common stock to a director, require a director to pay the market value of all or part of the USS common stock that was distributed as remuneration, demand the return of this stock, or take some other action. Terms for a demand for the return of stock or other action will be determined by a resolution of the board of directors.

(IX) Process for determination of remuneration for directors

The policy for determining the composition of remuneration for directors and the specific remuneration for individual directors are determined by the Nominations and Remuneration Committee, where the majority of members are independent outside directors, as authorized by the board of directors, by using objective discussions.

As needed, members of the Nominations and Remuneration Committee ask external companies and other organizations for advice while holding discussions about remuneration for the purpose of obtaining an objective perspective and incorporating professional knowledge and information in discussions about remuneration.

(X) Policy for determining remuneration of executive officers

The policy for the determination of remuneration for executive officers of USS is based on the policy for the determination of remuneration for directors of USS and this remuneration consists of basic remuneration, bonuses, performance-linked stock remuneration and restricted stock remuneration.

2) Item concerning delegation of authority for determining remuneration, etc. of individual directors

Based on the resolution on May 11, 2021, the USS Board of Directors delegated of authority for the determination of remuneration for individual directors to the Nominations and Remuneration Committee. Based on the policy for determining remuneration, etc. for individual directors, this committee makes decisions by taking into consideration the executive position, responsibilities and contribution to results of operations of each director. Remuneration does not exceed the limit established by resolutions approved at shareholders meetings. The Nominations and Remuneration Committee has five members and is chaired by USS Chairman, Representative Director and Chief Executive Officer Yukihiro Ando. The other members are USS President and Representative Director, Chief Operating Officer Dai Seta and outside directors Nobuko Takagi, Shinji Honda and Yoshiko Sasao.

The Board of Directors gives the Nominations and Remuneration Committee authority to make decisions about the remuneration, etc. of individual directors. The reason is that the use of discussions and decisions by this committee, where outside directors independent of management are the majority of the members, ensures the transparency, objectivity and fairness of the procedure for determining remuneration, etc. Consequently, this committee is

believed to be suitable for performing this role.

To ensure that the authority to determine remuneration, etc. of individual directors for the fiscal year that ended in March 2023 has been properly exercised, decisions are made by the Nominations and Remuneration Committee, where the majority of members are Independent Outside Directors, by taking into account all applicable factors including consistency with the remuneration determination policy in the preceding item 1). The Board of Directors also confirms that the determination policy for remuneration and the remuneration, etc. that was approved is consistent with the remuneration determination policy. Consequently, USS believes that this remuneration was determined in accordance with the applicable policy.

3) Total amount of remuneration, etc. for directors and corporate auditors

Category	Total amount of remuneration, etc. (million yen)	Breakdown (million yen)				Number of officers
		Fixed	Variable			
		Cash		Stock		
		Basic remuneration	Performance-linked bonus	Performance-linked stock	Restricted stock	
Directors	418	286	58	36	36	9
(Outside directors out of all directors)	(14)	(14)	(-)	(-)	(-)	(5)
Corporate auditors	15	15	-	-	-	3
(Outside corporate auditors out of all corporate auditors)	(15)	(15)	(-)	(-)	(-)	(3)
Total	434	302	58	36	36	12
(Outside officers out of all officers)	(30)	(30)	(-)	(-)	(-)	(8)

- Notes:
1. The above include 2 Directors who retired at the close of the 42nd Annual General Meeting of Shareholders on June 21, 2022.
 2. There are no directors who also are employees.
 3. Bonuses (performance-linked remuneration) for directors (other than outside directors) are monetary remuneration based on the degree to which fiscal year performance targets were achieved. The composition of these bonuses is explained in section (4) of "(1) Item concerning the policy for determining remuneration, etc. for individual directors (IV)."
 4. Directors (other than outside directors) receive restricted stock remuneration. The composition of this remuneration is explained in "(1) Item concerning the policy for determining remuneration, etc. for individual directors (VI)."
 5. Performance-linked stock remuneration in this table is the amount of expenses for performance-linked stock remuneration for four directors (other than outside directors) that was recognized as an expense in the fiscal year that ended in March 2023. The composition of this remuneration is explained in "(1) Item concerning the policy for determining remuneration, etc. for individual directors (V)."

4) Shareholders meeting resolutions concerning remuneration, etc. for directors and company auditors

The maximum amounts of remuneration, etc. for USS directors and company auditors in accordance with resolutions approved by shareholders are as follows.

Category	Type of remuneration, etc.	Maximum	Approval at shareholders meeting	Number of applicable individuals at the close of this shareholders meeting
Directors (including outside directors)	Cash	¥500 million per year	26th Annual General Meeting of Shareholders (June 28, 2006)	18 (including 4 outside directors)
Directors (excluding outside directors)	Performance-linked Stock Remuneration	¥150 million per year	42nd Annual General Meeting of Shareholders (June 21, 2022)	4 (excluding outside directors)
Directors (excluding outside directors)	Restricted Stock Remuneration	¥150 million per year	42nd Annual General Meeting of Shareholders (June 21, 2022)	4 (excluding outside directors)
Corporate Auditors	Cash	¥50 million per year	26th Annual General Meeting of Shareholders (June 28, 2006)	3

5) Performance-linked remuneration, etc.

Items concerning performance-linked remuneration, etc. for the Company's Directors are as follows.

<Bonus (performance-based monetary compensation)>

KPI	Range of fluctuation	Weight	Target	Result	Achievement ratio	Bonus payment ratio
Sales	0% - 200%	20%	¥84,100 million	¥88,778 million	105.6%	107.4%
Operating profit	0% - 200%	40%	¥43,100 million	¥43,778 million	101.6%	
Net income	0% - 200%	20%	¥30,000 million	¥30,008 million	100.0%	
ROE	0% - 200%	20%	15%	16.2%	107.8%	

<Reasons for selecting these key performance indicators (KPI)>

Forecasts for sales, operating profit and profit attributable to owners of parent are announced at the beginning each fiscal period and used as KPI from the standpoint of determining the degree to which fiscal year goals were reached. The return on equity is a KPI because this is one of the medium-term performance indicators and has the goal of maintaining a return of at least 15%.

<Targets of Performance-linked Stock Remuneration (PSU), etc.>

KPI	Range of fluctuation	Weight	Target	
			Minimum	Maximum
TSR	0% - 200%	50%	70%	100%
			130%	
ROE	0% - 200%	50%	11%	15%
			20%	
ESG	-10% to +10%	-		

Note: Stock remuneration linked to results of operations (performance share unit plan) started in 2022. There are no performance indicators for the fiscal year that ended in March 2023 because the end of the first period for evaluating results of operations is the fiscal year ending in March 2025.

<Reasons for selecting these key performance indicators (KPI)>

The total shareholder return was selected as a link with the medium to long-term growth rate of the value of USS stock and ESG was selected from the standpoint of achieving the consistent growth of corporate value. The return on equity is a KPI because this is one of the medium-term performance indicators and has the goal of maintaining a return of at least 15%.

(3) Matters concerning outside directors

- 1) Update on significant concurrent posts at other corporations and the relationship between the Company and corporations at the locations are as shown under “(1) Directors and corporate auditors”, which is on pages 34-35.

2) Update on principal activities in the current fiscal year

Position	Name	Board Meetings Attendance Record	Board of Auditors meetings Attendance Record	Major activities
Director	Nobuko Takagi	9 / 9 (100%)	-	Use of expertise and experience involving finance, accounting and M&A for participation in discussions of proposals and other matters. Attended all 2 fiscal year meetings of the Nominations and Remuneration Committee as a member, stating opinions from an objective and neutral standpoint concerning the selection of officer candidates, remuneration and other matters, thereby performing the oversight function for these decisions.
Director	Shinji Honda	7 / 7 (100%)	-	Use of extensive experience and professional skills concerning corporate management to participate in discussions of proposals and other matters. Attended both meetings of the Nominations and Remuneration Committee during the fiscal year, performing the oversight function from an objective and neutral standpoint concerning the selection of officer candidates and determination of officer remuneration, etc.
Director	Yoshiko Sasao	7 / 7 (100%)	-	Use of extensive experience and professional skills concerning employee skill development, the advancement of women, diversity and other areas to participate in discussions of proposals and other matters. Attended both meetings of the Nominations and Remuneration Committee during the fiscal year, performing the oversight function from an objective and neutral standpoint concerning the selection of officer candidates and determination of officer remuneration, etc.
Corporate Auditor	Kenichi Goto	9 / 9 (100%)	10 / 10 (100%)	Accounting and business process audits, use of expertise as a certified tax accountant to participate in discussions of proposals and other matters. Also attended a meeting to exchange opinions with the representative directors and provided various suggestions and advice from his professional perspective.
Corporate Auditor	Keiji Miyake	9 / 9 (100%)	10 / 10 (100%)	Accounting and business process audits, use of expertise as a certified public accountant to participate in discussions of proposals and other matters. Also attended a meeting to exchange opinions with the representative directors and provided various suggestions and advice from his professional perspective.
Corporate Auditor	Jun Ogawa	9 / 9 (100%)	10 / 10 (100%)	Accounting and business process audits, use of expertise as an attorney to participate in discussions of proposals and other matters. Also attended a meeting to exchange opinions with the representative directors and provided various suggestions and advice from his professional perspective.

5. Matters relating to Independent Auditors

(1) Name of corporate auditor

KPMG AZSA LLC

(2) Amount of remuneration, etc.

Classification	Amount
Total amount of remuneration, etc. of accounting auditors during the term	35 million yen
Total amount of monies and other properties which the Company and its subsidiaries should pay in remuneration of accounting auditors for their services to the Company and its subsidiaries during the term	35 million yen

Notes: 1. The "total amount of remuneration, etc. of accounting auditors during the term" indicates the total amount of remuneration for audits as defined under the Companies Act and as defined under the Financial Instrument and Exchange Law, because the amounts of remuneration for those two definitions of audits are not distinguished in the audit contracts between the Company and the accounting auditors and such distinction is not possible.

2. Board of Auditors agreed to the figures including the compensation package for accounting auditors after a review of needed materials and reports from and interviews with accounting auditors, Directors, Internal Audit Office and other concerned departments to confirm among other things the state of performance of duties in the current and previous fiscal years and the computation basis for a general estimate of auditor compensation.

(3) Overview of the contents of the liability limitation agreement and the Indemnity agreement

Not applicable.

(4) Description of services other than audits

Not applicable.

(5) Policies on determination of removal or denial of reappointment of accounting auditors

The Board of Corporate Auditors determine whether to reappoint accounting auditors, taking their independence, reliability and other situations related to their performance of duties into account comprehensively.

The Board of Corporate Auditors will, if it deems it necessary to remove or deny reappointment of any of the accounting auditors due to an issue in the performance of their duties or any other reason, decide the contents of the agenda of an Annual General Meeting of Shareholders regarding the removal or denial of reappointment of an accounting auditor. If the Board of Corporate Auditors recognizes that any of the items prescribed in Article 340, Paragraph 1, of the Companies Act apply to any of the accounting auditors, the Board of Corporate Auditors will remove this accounting auditor, subject to a unanimous agreement by the corporate auditors. In such a case, a corporate auditor elected by the Board of Corporate Auditors will report the facts on the removal of the accounting auditor and the reasons at the first General Meeting of Shareholders that is held following the removal.

Note: Numbers in this Business Report are truncated. Percentages are, however, rounded off to the nearest tenth decimal except the shareholding ratio numbers written in "2. Matters relating to shares of the Company".

6. Management Shall Ensure Sound Business Practices and Update on Implementation of this Management

Basic policy on internal control systems

- (1) Management shall ensure compliance by directors and such of USS and its subsidiaries (These members shall include directors of USS and our subsidiaries. Hereafter, the same shall apply.), and to enable their professional duties to be performed in compliance with laws, ordinances, and the Articles of Incorporation.
 - 1) USS Group shall create a compliance manual that includes USS Code of Conduct & Ethics to comply with the laws and ordinances and improve areas including the Directors' and employees' understanding of ethical conduct at our corporation, and shall disseminate and implement this manual.
 - 2) USS Group shall uncover swiftly and prevent any activities in violation of laws and ordinances; shall utilize "The USS Group Internal Reporting System" to rectify such breaches; and shall implement a roll-out of our mindset on ethical conduct to the employees and Directors of the USS Group.
 - 3) USS Group shall appoint Outside Directors and Outside Auditors to ensure sensible decision-making at Board meetings and improve oversight in the functions of Management, and shall utilize independent experts including but not limited to legal counsel.
 - 4) USS Group shall implement a central accounting system at the head offices to ensure sensible financial reporting; shall centrally manage the financial information and such of the USS Group; and shall comply with accounting standards and other various, related laws and ordinances.
 - 5) USS Group shall not be associated in any way with antisocial forces and shall resolutely stand against such organizations. In the event of demands including but not limited to unlawful requests, concerned departments shall work together under close partnership with expert bodies including but not limited to police, and we shall never work to benefit the assets of such organizations.
- (2) Management of retention and organization of information relating to performance of duties by Directors
 - 1) Management of information concerning the performance of duties by Directors shall sensibly retain and control (including disposals) such information in line with rules including but not limited to USS Group's company rules, and when needs arise all rules shall be reviewed and how the rules are enforced shall be checked.
 - 2) Responsible departments shall be established based on information type and on division and organization of roles by job duty of Directors; then this information shall be recorded and saved in document form or on electromagnetic media. Specifically, access privileges, security measures, backup systems, and other controls for electromagnetic information shall be upgraded.
 - 3) For information that requires certain controls under the laws and ordinances on insider information, personal information, and customer information, the method of control that is required under relevant laws and ordinances shall be disseminated fully to the Directors and employees.
 - 4) A Risk and Information Manager shall be appointed at each office and the subsidiaries; a company management structure shall be established where critical information of the USS Group are reported in a timely and sensible manner to the General Affairs Department of the Supervisory Office of Head Office and reported to and reviewed at the Board meetings or by Directors in charge when necessitated; and a system shall be implemented by which company information that should be disclosed is disclosed sensibly and in a timely manner in line with the rules on disclosure.

- 5) Internal Audit Office shall monitor whether controls are implemented that are in line with the risk and information management rules and division and organization of roles by job duty, and the status shall be reported to the Directors in charge and the Auditors.
- (3) Regulations on risk management at USS and its subsidiaries concerning damages and such management systems
 - 1) We shall create a risk management structure for the USS Group as a whole including but not limited to instructions, orders, and code of conduct in the event of critical risks, review of countermeasures and avoidance of critical risks, analysis of size in the event of occurrence of risks including but not limited to predictable catastrophes, environment, compliance, business management, and business strategies, and frequency of such risks.
 - 2) Risks shall largely be categorized into (i) risks in business management; (ii) risks in daily business processes; (iii) crisis risks; such risks shall be avoided and business efficiency shall be increased.
 - 3) Risks in business management, about which the company is aware and understands, shall be disclosed to stakeholders as risk information in documentation such as security reports, and such information shall be considered fully at important decision-making at events including but not limited to debated items at Board meetings.
 - 4) Risk and Information Managers at all offices and the subsidiaries shall report necessary information in a timely manner and sensibly to the General Affairs Department of the Supervisory Office of Head Office, and the Auditors and Internal Audit Office shall monitor the risk management systems as part of any audit.
 - (4) Management shall ensure professional duties by directors and such of USS and its subsidiaries are efficiently performed
 - 1) All offices and subsidiaries shall devise specific plans for the objectives of the USS Group as a whole, including but not limited to medium-term plans and annual budgets; these objectives shall be disseminated to persons including employees; and a management system shall be established to perform these objectives to fulfillment.
 - 2) The Finance Department of the Supervisory Office of Head Office will analyze elements that inhibit the objectives from being achieved and efficiency at all of our offices and subsidiaries based on reports to the Board, comparative analysis of budget against results, and central management of monthly results of all of our offices and subsidiaries, and implement necessary measures.
 - 3) Clearly define the professional duties and the division and organization of roles by job duty of the Directors, executive officers, and site managers who perform the job duties, and establish an efficient and effective business management system in response to business expansion.
 - 4) Auditors shall also perform monitoring of any excessive pressure for efficiency in the performance of jobs by Directors.
 - (5) Management shall ensure compliance by staff of USS and its subsidiaries in compliance with the laws, ordinances, and company charter when professional duties are performed
 - 1) The Finance Department of the Supervisory Office of Head Office has appointed managers at all offices and subsidiaries and is providing guidance and streamlining activities based principally on the monthly finance reports. In addition, the General Affairs Department and the Management Department of the Supervisory Office of Head Office shall cover general affairs and human resources, Auction Operation Office of Head Office shall cover auction businesses, System Office of Head Office shall cover information management businesses, the management of subsidiaries not including auction businesses shall be performed by appointing a Director in charge, and all shall coordinate to perform management and provide guidance for sensible business operations.

- 2) In addition to disseminating the Compliance Manual to all persons under the employ of the USS Group, a compliance mindset shall be reared through usage of "The USS Group Internal Reporting System" that uses an independent and outside organization.
- 3) For compliance at all offices and subsidiaries, management shall ensure efficiency when responding to business expansions of the USS Group, while ensuring full compliance. Management shall continually maintain the company's Internal controls systems for documents including but not limited to (i) work rules, accounting rules, and other business management rulebooks, and (ii) information processing and controls for the information processing system on which many business processes are dependent.
- 4) For monitoring, management shall utilize self-audit reports of all offices and subsidiaries and ensure effectiveness of monitoring by way of audits by the Internal Audit Office and Auditors.

(6) Management of reports to USS on matters relating to performance of professional duties by directors and such of its subsidiaries

Management shall hold meetings and provide guidance on strategies for each subsidiary based on budget administration and monthly business reports, and establish an internal control system that covers all subsidiaries of the consolidated group.

(7) Management shall ensure proper operations at corporation groups formed of USS and its subsidiaries

- 1) The Company shall respect the autonomy of all of its subsidiaries under the master policy, which covers all subsidiaries on the consolidated statement, and all subsidiaries as members of the USS Group shall share the mission statement and compliance mindset, and streamline operations including but not limited to our workforce, human resource, accounting, and treasury management.
- 2) The Company shall ensure consistency between policy and such of all subsidiaries and the management strategy, management policy and such, and a Director in charge shall be appointed at the Company to provide necessary support and adjustments that are needed for sound advancement and growth at all subsidiaries.
- 3) Auditors shall coordinate with the Internal Audit Office and Accounting experts, and provide advice and warnings when they believe such are necessary.

(8) Management shall ensure sensible financial reporting

- 1) As described in (1) through (7) and (11), the Company shall create and implement company controls for all of the USS Group including the consolidated subsidiaries.
- 2) The Company shall take under consideration not only the purpose that is Credibility of the Financial Reports but also the other purposes of Internal controls (How Valid and Effective are the Businesses; Compliance of Items including but not limited to Laws and Ordinances relating to Business Activities; Protection of Assets).
- 3) Because Company Controls for Settlement and Financial Reporting Processes are linked directly to financial reporting and these are processes that can have important impact, these controls shall be created such that the controls common to the group are also common to the consolidated subsidiaries.

(9) Items concerning employees when Auditors request said employees to be placed to support their work

In the event auditors make this request, the necessary auditing staff shall be appointed, and they shall be put to provide support for auditing work.

(10) Items on ensuring the performance of instructions by employees and independence of employees in the above paragraph from Directors

- 1) Auditor staffs in the above paragraph shall not take instructions and orders from Directors and employees when such individuals receive orders necessary for audit work from Auditors.
- 2) In the event staff dedicated to auditing will be named, any instructions, transfer orders, personnel review, and disciplinary action concerning this person shall be cleared in advance by the Auditors.

(11) Management of reports to auditors by directors and such and staff of USS and its subsidiaries (Auditors shall be included in the case of its subsidiaries.), management to ensure that persons who make said report will not be treated unfairly for making such reports, and management of reports to auditors.

- 1) The Company has adopted a system at the Supervisory Office of Head Office (Finance Department, General Affairs Department, and Management Department) by which the management of treasury, accounting, general affairs, and human resources for all offices and subsidiaries are streamlined, and all important information of the USS Group are controlled by the Supervisory Office of Head Office and reported to the Auditors.
- 2) The Company shall establish "The USS Group Internal Reporting System", by which information about consultations and reports that could be a significant risk are reported to the Auditors and Internal Audit Office. Also, there is a separate contact for reports concerning matters that may involve a USS director or executive officer. When a report is received using this separate channel, it will be notified to the full-time corporate auditor.
- 3) The mechanism is such that USS and its subsidiaries shall improve internal management to prevent any individuals who make a report to auditors from receiving unfair treatment for making such reports, and auditors will check whether said management is properly functioning. This mechanism further functions in such a way that any individuals who make a report or seek guidance about violation of laws and ordinances or about improper activity to not be treated unfairly for whistleblowing or seeking guidance about such matters.
- 4) The Company shall reinforce the system by which the systems in (1) , (2) and (3) above are implemented effectively and safely.

(12) Items on prepayment or disbursement of cost incurred by performance of professional duties by auditors and cost incurred by other such professional duties and the policy on repayment procedure

Auditors Board may prepare in advance a budget to cost what it believes is needed to perform the professional duties. Emergency and unscheduled expenditures by auditors may be reimbursed ex post facto by the company.

(13) Management shall ensure that audits by auditors are effectively performed

- 1) Conduct audits in line with Auditing Criteria for Auditors and with Auditing Criteria on Internal Controls, set by the Board of Auditors. In addition, persons holding auditor posts shall attend Board meetings and other important meetings and submit remarks.
- 2) Reconfirm the division of duties among the auditors for more effective audit work and confirm this understanding with the Board of Auditors.
- 3) Hold briefings with the Representative Director, Outside Director, Internal Audit Office, and accounting auditors periodically.

Overview of the State of Our Operations

(1) Framework on compliance

The Board shall set forth the USS Code of Conduct & Ethics as our basic rules on behavior of all officers and persons under our employ; shall disseminate these rules to all officers and persons under our employ within the USS Group, and shall work to achieve this dissemination through in-house training whenever appropriate.

The USS Group Internal Reporting System enables employees to report illegal activities and other information that poses a risk. The system is managed by an external organization. Information about consultations and reports that could be a significant risk are reported to the Board of Directors. The USS representative director checks the status of this system's operations on a regular basis.

Attorneys and other external professionals may be asked for assistance, as directed by the USS representative director, as needed depending on the type of information received through the reporting system. Reports may be verified by an objective examination by an individual appointed by the USS representative director or by using other appropriate methods. Suitable activities are then taken for improvements and preventive measures regarding the illegal or improper behavior. There is a separate contact for reports concerning matters that may involve a USS director or executive officer. When a report is received using this separate channel, it will be notified to the full-time corporate auditor. And upon appointment by the Examination Committee consisting of USS external directors and USS corporate auditors, the full-time corporate auditor will handle the matter in principle.

When the external organization that manages the USS Group Internal Reporting System notifies USS that a report has been received, the individual at USS who is responsible for handling these reports passes on to others only information in a format that does not reveal the identity of the person who submitted the report, unless the individual asked for the report to be submitted with his or her name. Furthermore, the USS Group's Rules for the Internal Reporting System clearly state that the submission of a report will not be used as a reason for any negative consequences for individuals who submit reports using this system.

(2) Assurance of efficiency and sensibility in the professional actions of Directors

We maintain a proper number of Directors. We also have third parties on our Board and have an executive officer system in order to improve Director oversight and make decisions faster.

9 Board meetings were held in the current term. Items to be deliberated by the Board were distributed in advance so that participants had sufficient time to make preparations. The Board then made decisions on important items relating to management such as budgets, decisions on direction of Management, and items to be discussed as required under laws and ordinances. The Board then analyzed, evaluated, and devised strategies on budget performance by monthly business results, and deliberated on all tabled items with compliance to laws, regulations, articles of incorporation and such, and from the perspective of sensible business practice.

(3) Preparation of controls at our subsidiaries

Our directors and executive officers are appointed as officers to our subsidiaries, and they audit the performance of duties by Directors of our subsidiaries and others to make certain that those duties are efficiently performed. In addition, we have set forth Rules on Management of Affiliates as our rules on subsidiaries management, and implemented, among other things, pre-approvals

on matters that require pre-approval such as important decision-making for subsidiary's business management to perform efficient monitoring of business performance at our company group.

(4) Guaranty that audits by auditors are effectively performed

Employees of the Internal Audit Office support the duties of the auditors, and we have opportunities where opinions are exchanged regularly between auditors and the accounting auditors, the Internal Audit Office, the Management, and all Directors including Representative Directors.

(5) State of performance of internal audits

We perform audits under our audit plan prepared by the Internal Audit Office based on our internal audit rules. Audits check whether our and our subsidiaries' corporate activities are proper under our company rules, code of conduct, articles of incorporation, and laws & ordinances, and whether proper controls are functioning in the business operation streams by using an audit method that includes review of documentation and investigations with the support and cooperation of the Board of Auditors.

7. Master policy on corporation management

(1) Master policy

USS believes that persons who control the policy decisions over USS's finances and businesses must above all possess the abilities to ensure and advance USS's corporate value and the interests of our shareholders.

The mission statement of the USS Group is (1) Creating a fair market; (2) Serving members better; (3) Providing services for consumers; (4) Passing profit on to shareholders; (5) Respecting employees; (6) Contributing to local communities. Our belief is that conducting our businesses under these missions will contribute to USS's corporate value and interests of our shareholders.

Moreover, as a publicly owned company with shares that are freely bought and sold, shareholders should ultimately make decisions about selling shares because of large share purchasing activity. In the event of an action for buying a large amount of our shares, we should not unilaterally oppose the action if it will be beneficial to our corporate value and the interests of our shareholders.

However, there may be a proposal or other action to purchase a large amount of our shares that are inconsistent with our corporate value and the interests of our shareholders. There may be insufficient time and information for the Company and shareholders to examine the proposal and to determine a proposal in response to the offer to buy Company shares. Or a proposed purchase may negatively impact the Company's corporate value and interests of shareholders with respect to management policies after the acquisition and the objective of the acquisition. There may also be proposals that force shareholders to sell their shares or have terms for buying Company stock that are inadequate or inappropriate in relation to our corporate value and the interests of our shareholders.

USS believes that any party that proposes or conducts large-scale purchasing activities like these are not suitable for controlling decisions about the Company's finances and business operations.

(2) Work to put the master policy into force

In addition to working on our businesses, USS will continue to work on the fulfillment of corporate governance duties outlined below under our mission statement so that we may implement the above master policy.

Our group believes that the principal mission of management is to ensure sound and sustainable growth and to fulfill what our stakeholders, including but not limited to our shareholders, have entrusted to us. We will continue to work on the fulfillment of our corporate governance duties because this is the vehicle by which we can accomplish this mission.

Our Board continues to work on swifter decision-making and increased transparency through liaison and coordination between our outside directors, who are highly independent from our organization, and directors who are very knowledgeable about the USS Group's businesses. Furthermore, by using audits by auditors including outside corporate auditors, we continue to work on the fulfillment of our audit functions. We will oversee management by stringent monitoring and the confirmation of items including but not limited to legal compliance, efficiency, and justifiability of duties performed by directors and suitability of decision-making processes.

Our group has established basic rules of compliance, which we call the USS Code of Conduct & Ethics, and our directors lead the program on dissemination of and compliance with the company's rulebook on ethics. Furthermore, we also have established rules on ensuring the credibility of our financial reports and ensuring the appropriateness of our decision-making, which we call the USS Group Internal Governance System. This is an internal governance system to ensure that the operations of our group are performed properly and efficiently.

For the validity of our internal governance system, important items are reported to our board and auditors by our internal audit unit, which performs internal audits based on our annual plan.

(3) Activities in the master policy to prevent decisions about financial and business policies from being controlled by unsuitable persons

USS adopted the proposal to implement countermeasures in the event of a large purchasing activity involving our shares (acquisition defense plan) at the Board meeting of May 16, 2006. The purpose is to prevent any negative impact on the joint interests of our shareholders and the Company's value from a large purchasing activity. This is part of our framework to ensure and improve the joint interests of our shareholders and our corporate value. Thereafter, this acquisition defense plan was approved by our shareholders at the 29th Period General Shareholders Meeting on June 24, 2009, and 32nd Period General Shareholders Meeting on June 26, 2012, under the term that this plan will continue after certain revisions were approved at these meetings (The plan that was approved by our shareholders at the 32nd Period General Shareholders Meeting on June 26, 2012, will hereafter be referred to as the "Plan").

After a review of the management of the Plan expiring on June 30, 2015, in view of the current business environment we have made the determination that it is not essential to continue this Plan. A resolution not to continue the Plan upon its expiration was approved at the Board meeting on May 13, 2015.

USS however shall continue to take proper and appropriate actions, including but not limited to continuing to seek, even after the Plan expires, under the relevant laws and ordinances, the necessary and full disclosure of information from persons who attempt to make large purchase and acquisition proposals concerning our company shares, as needed by our shareholders to make appropriate decisions, and continuing to disclose the views of our Board, and secure the time and information that are needed to conduct a review by our shareholders.

(4) Decision of the Board on implementation of the master policy

USS believes that performing the activities in (2) and (3) above as the measures to implement the master policy will lead to ensuring and advancing the joint interests of our shareholders and our company value. USS also believes that this will make it difficult for persons to conduct large purchase activities and acquisition proposals that do not benefit the joint interests of our shareholders and our company value. Furthermore, we will continue to implement appropriate actions, including but not limited to working to ensure that the sufficient time and information necessary for our shareholders to make appropriate decisions are provided in the event of large purchase activities and acquisition proposals. Therefore, we have determined that the measures in (2) and (3) above are in line with the master policy, and these measures are not for the purpose of enabling our officers to maintain their positions.

Consolidated Balance Sheet
(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	116,057	Current liabilities	39,273
Cash and deposits	92,692	Payables due to member dealers at auctions	22,595
Receivables due from member dealers at auctions	13,314	Notes and accounts payable – trade	855
Notes and accounts receivable – trade, and contract assets	2,982	Short-term borrowings	340
Securities	3,000	Current portion of long-term borrowings	220
Inventories	1,843	Lease obligations	34
Prepaid expenses	163	Income taxes payable	7,864
Other	2,096	Deposits received	2,099
Allowance for doubtful accounts	△35	Provision for bonuses	824
Non-current assets	126,295	Provision for bonuses for directors (and other officers)	65
Property, plant and equipment	100,604	Other	4,374
Buildings and structures	34,313	Non-current liabilities	8,925
Machinery, equipment and vehicles	653	Long-term borrowings	1,794
Furniture and fixtures	1,800	Lease obligations	31
Land	63,577	Long-term accounts payable – other	210
Lease assets	132	Provision for share-based payments	40
Construction in progress	126	Retirement benefit liability	927
Intangible assets	13,545	Guarantee deposits received	4,916
Goodwill	7,826	Asset retirement obligations	633
Other	5,718	Other	370
Investments and other assets	12,144	Total liabilities	48,198
Investment securities	2,530	(Net assets)	
Long-term loans receivable	29	Shareholders' equity	195,976
Long-term prepaid expenses	270	Share capital	18,881
Deferred tax assets	1,097	Capital surplus	8,992
Deferred tax assets for land revaluation	2,456	Retained earnings	180,137
Investment property	4,225	Treasury shares	△12,034
Other	1,678	Accumulated other comprehensive income	△4,979
Allowance for doubtful accounts	△143	Valuation difference on available-for-sale securities	660
		Revaluation reserve for land	△5,636
		Remeasurements of defined benefit plans	△3
		Share acquisition rights	457
		Non-controlling interests	2,699
		Total net assets	194,154
Total assets	242,352	Total liabilities and net assets	242,352

Consolidated Statement of Income
(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		88,778
Cost of sales		35,135
Gross profit		53,642
Selling, general and administrative expenses		9,864
Operating profit		43,778
Non-operating income		
Interest and dividends income	48	
Rental income from real estate	696	
Other	170	915
Non-operating expenses		
Interest expenses	11	
Rental cost on real estate	172	
Other	17	201
Ordinary profit		44,491
Extraordinary income		
Gain on sale of non-current assets	68	
Other	3	72
Extraordinary losses		
Loss on sale and retirement of non-current assets	22	
Loss on cancellation of rental contracts	27	
Loss on disaster	12	
Other	0	62
Profit before income taxes		44,501
Income taxes – current	13,924	
Income taxes – deferred	△140	13,784
Profit		30,717
Profit attributable to non-controlling interests		708
Profit attributable to owners of parent		30,008

Consolidated Statement of Changes in Equity
(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	18,881	18,915	211,843	△65,039	184,600
Changes of items during the period					
Dividends of surplus			△17,323		△17,323
Profit attributable to owners of parent			30,008		30,008
Purchase of treasury shares				△1,632	△1,632
Disposal of treasury shares		23		299	322
Cancellation of treasury shares		△54,337		54,337	—
Transfer from retained earnings to capital surplus		44,391	△44,391		—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	△9,922	△31,705	53,004	11,376
Balance at the end of current period	18,881	8,992	180,137	△12,034	195,976

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	930	△5,636	△14	△4,719	457	2,136	182,473
Changes of items during the period							
Dividends of surplus							△17,323
Profit attributable to owners of parent							30,008
Purchase of treasury shares							△1,632
Disposal of treasury shares							322
Cancellation of treasury shares							—
Transfer from retained earnings to capital surplus							—
Net changes of items other than shareholders' equity	△270	—	10	△259	—	563	303
Total changes of items during the period	△270	—	10	△259	—	563	11,680
Balance at the end of current period	660	△5,636	△3	△4,979	457	2,699	194,154

Notes on consolidated financial statements

I. Basis for preparation of consolidated financial statements

1. Matters related to the scope of consolidation
 - (1) Number of consolidated subsidiaries: 7
The main consolidated subsidiaries are listed in "Business Report: 1. Matters relating to the current state of the USS Group: (7) Major parent company and subsidiaries: 2) Major subsidiaries" of "Notice of the 43rd Annual General Meeting of Shareholders".
2. Items concerning application of the equity method
 - (1) There is no nonconsolidated subsidiary or affiliate to which the equity method will be applied.
 - (2) Number of affiliates to which the equity method is not applied: 2
JBA Philippines, Inc., and SBI AutoSupport Co., Ltd.
These 2 companies were removed from the companies to which the equity method will be applied because they do not materially affect the consolidated financial statements.
USS sold its entire holding of the stock of affiliate PT. JBA Indonesia on November 26, 2021.
3. Matters related to the fiscal years of consolidated subsidiaries, etc.
The fiscal year-end of all consolidated subsidiaries is the same as the one used in the consolidated financial statements.
4. Matters related to accounting policies
 - (1) Standards and methods of valuation of material assets
 - (i) Securities
 - Other securities
 - Other than stocks with no market prices, etc. Market value method (Valuation differences are included directly in net assets, and sales costs are calculated based on the moving average method.)
 - Stocks with no market prices, etc. Cost method based on the moving average method
 - (ii) Inventories
Cost method based on the gross average method (in which book value is reduced to reflect declines in profitability)
However, the cost method based on specific-identification method (in which book value is reduced to reflect declines in profitability) is used for vehicles, and cost percentage method (in which book value is reduced to reflect declines in profitability) is used for products in the recycling business.
 - (2) Depreciation methods for important depreciable assets
 - (i) Property, plant and equipment and investment property (excluding lease assets)
Declining-balance method
However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016.
 - (ii) Intangible assets (excluding lease assets)
Depreciation is based on the straight-line method for software used internally over the period the software can be used (five years), for leased land utilization rights over the period that the land can be used (31 to 34 years), and for customer-related intangible assets over the period that there is a benefit (14 to 15 years).
 - (iii) Lease assets
Depreciation is based on the straight-line method with the lease term as the useful life and a residual value of zero.

- (3) Standards of accounting for important allowances and reserves
- | | |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Allowance for doubtful accounts | To prepare for bad debt losses, the following methods are used. |
| General claims | Method based on actual bad debt rates |
| Possible bad debts and claims in bankruptcy proceedings | Method of evaluating financial conditions |
| (ii) Provision for bonuses | To prepare for the payment of bonuses to employees, the Company posts the current year's portion of estimated bonuses. |
| (iii) Provision for bonuses for directors (and other officers) | To prepare for the payment of bonuses to directors and executive officers, the Company posts the current year's portion of estimated bonuses. |
| (iv) Provision for share-based payments | To prepare for the distribution of USS stock to directors and executive officers, the Company posts the current year's portion expenses for stock expected to be distributed. |
- (4) Accounting method relative to retirement benefits
- (i) Method of attributing expected retirement benefits payment to periods
With regard to calculation of retirement benefits obligation, the benefit formula basis has been adopted to attribute expected retirement benefits payment to the period up to the end of the consolidated fiscal year under current review.
- (ii) Amortization method for actuarial gains and losses
Actuarial gains or losses are evenly amortized using the straight-line method, over a certain number of years (10 years) within the average remaining service years of employees, at the time of occurrence in each consolidated fiscal year, from the fiscal year following the year of occurrence.
- (iii) Accounting method for unrecognized actuarial gains and losses
Unrecognized actuarial gains and losses are recorded in "Remeasurements of defined benefit plans" in "Accumulated other comprehensive income" under Net assets after being adjusted for tax-effects.
- (iv) Adoption of the simplified method for small businesses
Some consolidated subsidiaries adopt the simplified method, according to which the amount that would be required to be paid if all eligible employees voluntarily terminated their employment at the end of the corresponding fiscal year shall be deemed retirement benefits obligations in calculating "Retirement benefit liability" and "Retirement benefits expenses."
- (5) Matters related to goodwill amortization
Goodwill is amortized using the straight-line method over a period of 20 years based on a reasonable estimate of the number of years that there will be benefits associated with the goodwill.
- (6) Standards for recognition of significant revenue and expenses
For revenue in major businesses at USS and its consolidated subsidiaries from contracts with customers, the primary obligations to customers and the normal time these obligations are fulfilled (normal time of revenue recognition) are as follows.
- (a) Auto auctions
Auto auction revenue is mainly consignment fees, contract completion fees and successful bid fees. For consignment fees, the obligation is fulfilled when a consigned vehicle is submitted at a USS auction. As a result, these fees are recognized as revenue on the auction dates. For contract completion and successful bid fees, the obligation is fulfilled when a vehicle consigned at a USS auction is purchased. As a result, these fees are recognized as revenue at the time winning bids are submitted.

(b) Used vehicle purchasing and selling

For revenue involving purchases and sales of used vehicles and accident-damaged vehicles, the obligation is fulfilled when vehicles are delivered to a customer because control of the vehicle is transferred to the customer at that time. As a result, revenue is recognized when vehicles are delivered to customers.

(c) Recycling

In the resource recycling business, revenue from discarded automobiles, metal scrap and other items is recognized when control of the product or service is transferred to the customer.

In the industrial plant recycling business, revenue from the industrial plant demolition contracting business is recognized over a designated period as the obligation to transfer the products or services to the customer is fulfilled. Progress concerning the fulfillment of this obligation is estimated primarily by using the input method based on cost.

II. Notes concerning change in accounting policy

(Application of Accounting Standard for Fair Value Measurement)

USS has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021) and associated guidelines from the beginning of the fiscal year ended March 2023. In accordance with the transitional treatment in Article 27-2 of the Accounting Standard for Financial Instruments, USS has decided to apply the new accounting policies of the Accounting Standard for Fair Value Measurement into the future. This has no effect on the consolidated financial statements.

III. Notes on the consolidated balance sheet

1. Assets pledged as collateral and liabilities secured by collateral

(1) Assets pledged

Buildings and structures	565 million yen
Land	2,456 million yen
Total	<u>3,021 million yen</u>

(2) Liabilities secured

Current portion of long-term borrowings	220 million yen
Long-term borrowings	1,760 million yen
Total	<u>1,980 million yen</u>

Note: Loans are bank loans of consolidated subsidiary ARBIZ Co., Ltd.

2. Cumulative depreciation for property, plant and equipment	58,022 million yen
Cumulative depreciation for investment property	559 million yen

3. Revaluation of land

We have revaluated the land for business usage per the Law on Revaluation of Land (Law No. 34 Enacted on March 31, 1998). We have posted the tax for the valuation difference under Assets as Deferred Tax Asset from Revaluation, and posted the amount less this tax under Net Assets as Land Revaluation Difference Amount.

Method of revaluation of land

The Company revalued the land for business use by making a reasonable adjustment to the valuation in the land tax ledger, as specified by Clause 10, Article 341 of the Local Tax Law, as outlined in Clause 3, Article 2 of the Order for Enforcement of the Act on Revaluation of Land (Ordinance No. 119 promulgated on March 31, 1998).

Date of revaluation: March 31, 2002

Difference between current market value at year-end and book value following revaluation: Δ 333 million yen

4. National government subsidies

In conjunction with application of reduction entries for fixed assets acquired using national government subsidies, the total reduction entry amounts that were deducted directly from the acquisition cost of fixed assets were 10 million yen for buildings and structures, 3 million yen for furniture and fixtures and 161 million yen for land.

IV. Notes on the consolidated statement of changes in equity

1. Matters related to the number of outstanding shares

Class of shares	Number of shares at the beginning of the current consolidated fiscal year	Increase in the number of shares during the current consolidated fiscal year	Decrease in the number of shares during the current consolidated fiscal year	Number of shares at the end of current consolidated fiscal year
Common stock	313,250,000	-	56,250,000	257,000,000

Note: Decrease in the number of shares (56,250,000 shares) is due to the retirement of treasury shares.

2. Matters related to dividends from surplus

(1) Dividend payments and others

(i) Dividend based on the resolution at the 42nd Annual General Shareholders' Meeting on June 21, 2022

Total dividends	9,079 million yen
Dividend per share	37.00 yen
Date of record	March 31, 2022
Effective date	June 22, 2022
Dividend resource	Retained earnings

Note: Total dividends include dividends of 7 million yen for 195,000 shares of the Company on the shareholder register held by the ESOP Trust.

(ii) Dividend based on the resolution at the Board of Directors' meeting on November 8, 2022

Total dividends	8,243 million yen
Dividend per share	33.70 yen
Date of record	September 30, 2022
Effective date	December 9, 2022

Note: Total dividends include dividends of 4 million yen for 124,000 shares of the Company on the shareholder register held by the USS Employee Stock Ownership Plan Trust (ESOP Trust).

(2) Dividends that become effective in the following fiscal year with a record date within the current fiscal year

Total dividends	8,268 million yen
Dividend per share	33.80 yen
Date of record	March 31, 2023
Effective date	June 21, 2023
Dividend resource	Retained earnings

Note: Total dividends include dividends of 1 million yen for 48,000 shares of the Company on the shareholder register held by the ESOP Trust.

3. Matters related to share warrants as of March 31, 2023

	Type and number of stock	Date of grant
5th Stock Acquisition Rights	Common stock 22,800 shares	September 14, 2007
6th Stock Acquisition Rights	Common stock 26,000 shares	July 10, 2008
7th Stock Acquisition Rights	Common stock 44,900 shares	July 9, 2009
8th Stock Acquisition Rights	Common stock 31,400 shares	July 15, 2010
9th Stock Acquisition Rights	Common stock 38,000 shares	July 14, 2011
10th Stock Acquisition Rights	Common stock 34,300 shares	July 12, 2012
11th Stock Acquisition Rights	Common stock 24,200 shares	July 12, 2013
12th Stock Acquisition Rights	Common stock 15,900 shares	July 4, 2014
13th Stock Acquisition Rights	Common stock 15,200 shares	July 3, 2015
14th Stock Acquisition Rights	Common stock 22,000 shares	July 1, 2016
15th Stock Acquisition Rights	Common stock 23,500 shares	June 30, 2017
16th Stock Acquisition Rights	Common stock 24,500 shares	July 5, 2018
17th Stock Acquisition Rights	Common stock 27,900 shares	July 10, 2019
18th Stock Acquisition Rights	Common stock 37,000 shares	July 10, 2020
19th Stock Acquisition Rights	Common stock 40,500 shares	July 1, 2021

V. Notes on Financial instruments

1. Status of financial instruments

The USS Group invests funds on a sensible scale and purchases financial assets that are very sound. In addition, bank loans are used to procure funds as required by our capital expenditure plans. Derivatives are used solely for the purpose of shielding the Company from risks associated with interest rate and other volatilities associated with fund procurement and investment activities. Derivatives are never used for speculative activities.

Receivables due from member dealers at auctions, which are a type of trade receivable, are vulnerable to credit risks associated with customers. The Company manages deadlines and balances for each member and takes steps to quickly identify and reduce concerns about collecting the amounts due because of a decline in a member's financial condition or for some other reason.

Securities are held in joint management specified money trusts that are used for the management of short-term surplus funds. Investment securities, which are stocks, are held for the purpose of pure investment or business promotion. Such securities are subject to credit risk associated with their issuers, risks of interest rate fluctuation, and risk of market price fluctuation. The Company periodically examines market prices, the state of issuers and other items, and regularly reviews its holdings.

Payable due to member dealers at the auctions, which are a type of trades payable, are all due within a short term.

Since Fair values of financial instruments calculations incorporate variables, the resulting fair values may vary when different assumptions are used.

2. Fair values of financial instruments

Information about amounts on the consolidated balance sheet, fair values and the differences between these two amounts as of March 31, 2023 are as follows. Notes concerning immaterial items are omitted. Stocks, etc. with no market price (¥1,281 million on the balance sheet) are not included in "short-term and long-term investment securities." A note concerning cash is omitted. Also, there is no note concerning deposits, money held in designated joint operating money trust, receivables due from member dealers at auctions and payables due to member dealers at auctions because all of these items are settled within

a short time and therefore have fair values that are basically equivalent to their book values.

(Millions of yen)

	Book value	Fair value	Difference
Securities and investment securities			
Other securities	1,249	1,249	-
Total assets	1,249	1,249	-

3. Item concerning appropriate grouping of fair values of financial instruments

The fair values of financial instruments are divided into the following three levels based on the observability and materiality of inputs used to calculate the fair values.

Level 1 fair value: Of the inputs used for calculating observable fair value, fair values calculated using market prices for assets and liabilities subject to the calculation of fair values determined by markets with significant trading volume.

Level 2 fair value: Of the inputs used for calculating observable fair value, fair values calculated using inputs concerning the calculation of fair value other than the inputs used for level 1 fair value.

Level 3 fair value: Fair value calculated by using inputs concerning the calculation of fair values that cannot be observed.

When more than one input that has a significant effect on the calculation of fair value is used, the resulting fair value is categorized as the lowest level for fair value calculation from among the levels of the inputs used.

Financial instruments shown at fair value on the consolidated balance sheet

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Other securities				
Shares	1,249	—	—	1,249
Total	1,249	—	—	1,249

Note: Explanation of evaluation method used for the calculation of fair values and inputs for the calculation of fair value

Short-term and long-term investment securities

Market prices are used for the valuation of listed shares. The fair value is categorized as level 1 because listed shares are traded in markets with significant trading volume.

VI. Notes on rental real estate

There are no notes on rental real estate because the total value of such real estate is not considerable.

VII. Note concerning Revenue Recognition

1. Components of revenue from contracts with customers

The following table shows revenue categorized based on major products and services.

(Millions of yen)

	Reportable segments				Others (Note 2)	Total
	Auto auction	Used car purchasing and selling	Recycling (Note 1)	Total		
Consignment fees	16,570	—	—	16,570	—	16,570
Contract completion fees	15,721	—	—	15,721	—	15,721
Successful bid fees	23,985	—	—	23,985	—	23,985
Motorcycle auction fees	1,014	—	—	1,014	—	1,014
Merchandise sales	2,659	—	—	2,659	—	2,659
Used car purchasing and selling	—	6,187	—	6,187	—	6,187
Accident-damaged vehicle purchasing and selling	—	4,204	—	4,204	—	4,204
Resource recycling	—	—	5,056	5,056	—	5,056
Plant recycling	—	—	3,925	3,925	—	3,925
Others	9,224	—	—	9,224	99	9,324
Revenue from contracts with customers	69,175	10,391	8,982	88,549	99	88,648
Other revenue (Note 3)	129	—	—	129	—	129
Sales to external customers	69,304	10,391	8,982	88,678	99	88,778

Notes: 1. Beginning with the fiscal year that ended in March 2023, the recycling business that was included in Other Businesses in prior years is a separate business segment due to the increasing importance of this business in terms of its scale of operations.

2. Others is not included in reportable segments and consists mainly of the sale of electricity produced by solar panels.

3. Other revenue is revenue recognized in accordance with the Accounting Standard for Financial Instruments (ASBJ Statement No. 10) and the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

2. Information for understanding revenue from contracts with customers

This information is in consolidated financial statement note "1. Note concerning Important Items Used as the Basis for Preparation of the Consolidated Financial Statements (4) Item concerning Accounting Policies 6) Standards for recognition of significant revenue and expenses."

3. Information for understanding revenue in the fiscal year ended March 2023 and following years
 (1) Balance of receivables from contracts with customers
 The balance of receivables from contracts with customers is as follows.

(Millions of yen)

	Fiscal year ended March 2023	
	Beginning of fiscal year	End of fiscal year
Receivables due from member dealers at auctions	14,572	13,314
Accounts receivable - trade	2,281	2,579

- Notes: 1. Receivables due from member dealers at auctions are amounts due from members involving auction operations, consignment fees receivable, contract completion fees receivable, successful bid fees receivable, advances and payments for vehicles held for member dealers.
 2. Information about contractual assets and liabilities of USS and its consolidated subsidiaries is omitted because the balances are negligible and there have been no significant changes. In addition, there is no significant revenue in the fiscal year ended March 2023 derived from obligations fulfilled (or partially fulfilled) in prior fiscal years.

(2) Transaction prices allocated to residual obligations

Information about the allocation of transaction prices to residual obligations at USS and its consolidated subsidiaries is omitted because a simplified method is used due to the absence of any significant contracts with an initially expected contract period of more than one year.

VIII. Notes on per share data

1. Net asset per share 780.90 yen
 2. Profit per share 122.69 yen

Note: Net assets per share is calculated by including USS stock held by the ESOP Trust in treasury stock, which was deducted from the number of shares issued. (41 thousand shares in fiscal year ended March 2023) Profit per share is calculated by including USS stock held by the ESOP Trust in treasury stock, which was deducted from the number of shares issued for the calculation of the average number of shares during the fiscal year. (114 thousand shares in fiscal year ended March 2023)

IX. Significant Subsequent Events

Not applicable.

X. Other Notes

(Supplementary information)

1. Accounting procedure for the Trust Employee Shareholding Incentive Plan

The Company has been conducting transactions to allot its own shares to Employee Stock Ownership Plan through the ESOP Trust for the purposes of improving welfare benefits for employees and granting an incentive to employees to improve the Company's corporate value.

(i) Outline of the transaction

In June 2020, the Company reestablished the Trust Employee Shareholding Incentive Plan for the purpose of granting an incentive to employees of the Group companies to improve the Company's medium and long-term corporate values.

According to the Plan, the Company shall establish ESOP Trust at a trust bank and ESOP Trust shall purchase the Company's shares in advance. These shares are to be purchased through the USS employee stock ownership plan over a period of three years after the ESOP Trust's establishment. Thereafter, the ESOP Trust will continuously sell the Company's shares to the Employee Stock Ownership Plan every month until the ESOP Trust reaches its completion. To procure funds to purchase the Company's shares, the ESOP Trust uses bank loans that are guaranteed by the Company.

If the amount corresponding to the gain on sales of stocks through the sales of the Company's shares to the Employee Stock Ownership Plan is accumulated in the ESOP Trust at the completion of the trust, the amount corresponding to the gain on sales of the Company's shares shall be distributed as residual property to eligible persons who fulfill the qualification requirements of beneficiaries.

Also, in the case the amount corresponding to the loss on sales of stocks due to decline in the Company's stock price is accumulated in ESOP Trust at the completion of the trust, the Company shall repay the outstanding balance on the bank loans corresponding to the loss on sales of shares in accordance with the nonrecourse promissory note.

(ii) The Company's shares remaining in ESOP Trust at the end of the term

The number of the Company's shares owned by the ESOP Trust as of March 31, 2023 is included at their book value in treasury stock under Net Assets in ESOP Trust (excluding associated expenses). The book value of these shares of treasury stock was 79 million yen and the number of shares was 41,000.

(iii) Book value of the bank loans accounted for by the gross method: 34 million yen

2. Figures are rounded down to the nearest whole unit.

Non-Consolidated Balance Sheet
(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	105,926	Current liabilities	36,391
Cash and deposits	86,748	Payables due to member dealers at auctions	22,791
Receivables due from member dealers at auctions	12,950	Accounts payable – trade	124
Accounts receivable – trade	272	Accounts payable – other	3,000
Securities	3,000	Accrued expenses	103
Merchandise	336	Income taxes payable	7,500
Supplies	125	Deposits received	2,083
Prepaid expenses	71	Provision for bonuses	608
Short-term loans receivable from subsidiaries and associates	1,600	Provision for bonuses for directors (and other officers)	65
Other	824	Other	114
Allowance for doubtful accounts	△3	Non-current liabilities	6,258
Non-current assets	123,402	Long-term borrowings	34
Property, plant and equipment	95,401	Long-term accounts payable – other	137
Buildings	27,057	Provision for share-based payments	40
Structures	6,107	Provision for retirement benefits	839
Machinery and equipment	135	Guarantee deposits received from member dealers	4,669
Vehicles	58	Asset retirement obligations	537
Furniture and fixtures	1,747	Total liabilities	42,650
Land	60,275	(Net assets)	
Construction in progress	19	Shareholders' equity	191,197
Intangible assets	13,452	Share capital	18,881
Leasehold right	3,173	Capital surplus	4,583
Software	1,535	Legal capital surplus	4,583
Goodwill	7,826	Retained earnings	179,767
Other	915	Legal retained earnings	370
Investments and other assets	14,548	Other retained earnings	179,397
Investment securities	2,293	Retained earnings brought forward	179,397
Shares of subsidiaries and associates	1,789	Treasury shares	△12,034
Claims provable in bankruptcy, claims provable in rehabilitation and other	24	Valuation and translation adjustments	△4,975
Long-term prepaid expenses	259	Valuation difference on available - for-sale securities	660
Deferred tax assets	771	Revaluation reserve for land	△5,636
Deferred tax assets for land revaluation	2,456	Share acquisition rights	457
Insurance funds	59		
Investment property	5,525		
Other	1,392		
Allowance for doubtful accounts	△24	Total net assets	186,679
Total assets	229,329	Total liabilities and net assets	229,329

Non-Consolidated Statement of Income
(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		67,894
Cost of sales		20,258
Gross profit		47,636
Selling, general and administrative expenses		6,409
Operating profit		41,227
Non-operating income		
Interest and dividends income	385	
Rental income from real estate	947	
Other	146	1,479
Non-operating expenses		
Rental cost on real estate	219	
Other	15	235
Ordinary profit		42,470
Extraordinary income		
Gain on sale of non-current assets	24	
Gain on liquidation of subsidiaries	27	
Other	3	55
Extraordinary losses		
Loss on sale and retirement of non-current assets	17	
Loss on cancellation of rental contracts	22	
Loss on disaster	12	
Other	0	52
Profit before income taxes		42,474
Income taxes – current	13,182	
Income taxes – deferred	△145	13,036
Profit		29,437

Non-Consolidated Statement of Changes in Equity
(From April 1, 2023 to March 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total Shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of current period	18,881	4,583	9,922	14,506	370	211,674	212,044	△65,039	180,393
Changes of items during the period									
Dividends of surplus						△17,323	△17,323		△17,323
Profit attributable to owners of parent						29,437	29,437		29,437
Purchase of treasury shares								△1,632	△1,632
Disposal of treasury shares			23	23				299	322
Cancellation of treasury shares			△54,337	△54,337				54,337	—
Transfer from retained earnings to capital surplus			44,391	44,391		△44,391	△44,391		—
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	△9,922	△9,922	—	△32,277	△32,277	53,004	10,804
Balance at the end of current period	18,881	4,583	—	4,583	370	179,397	179,767	△12,034	191,197

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of current period	930	△5,636	△4,705	457	176,145
Changes of items during the period					
Dividends of surplus					△17,323
Profit attributable to owners of parent					29,437
Purchase of treasury shares					△1,632
Disposal of treasury shares					322
Cancellation of treasury shares					—
Transfer from retained earnings to capital surplus					—
Net changes of items other than shareholders' equity	△270	—	△270	—	△270
Total changes of items during the period	△270	—	△270	—	10,534
Balance at the end of current period	660	△5,636	△4,975	457	186,679

Notes on non-consolidated financial statements

I. Notes on matters related to important accounting policies

1. Standards and methods of valuation of assets
 - (1) Standards and methods of valuation of securities

Stocks of subsidiaries	Cost method based on the moving average method
Other securities	
Other than stocks with no market prices, etc.	Market value method (Valuation differences are included directly in net assets, and sales costs are calculated based on the moving average method)
Stocks with no market prices, etc.	Cost method based on the moving average method
 - (2) Inventories

Merchandise	Cost method based on the moving average method (by which book value is reduced to reflect declines in profitability) However, the cost method based on the specific-identification method (by which book value is reduced to reflect declines in profitability) is used for vehicles.
Supplies	Cost method based on the last cost method However, the cost method based on the specific identification method is used for vehicles.
2. Depreciation methods for depreciable assets
 - (1) Property, plant and equipment and investment property
Declining-balance method
However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016.
 - (2) Intangible assets
The straight-line method is used for software used internally over the period the software can be used (5 years), for leased land utilization rights over the period that the land can be used (31 - 34 years) and for Customer-related assets over its effective period (14 - 15 years).
3. Standards of accounting for allowances and reserves
 - (1) Allowance for doubtful accounts
To prepare for bad debt losses, the following methods are used.

General claims	Method based on actual bad debt rates
Possible bad debts and claims in bankruptcy proceedings etc.	Method of evaluating financial conditions
 - (2) Provision for bonuses
To prepare for the payment of bonuses to employees, the Company posts the current year's portion of the estimated bonuses.
 - (3) Provision for bonuses for directors (and other officers)
To prepare for the payment of bonuses to directors and executive officers, the Company posts the current year's portion of estimated bonuses.
 - (4) Provision for share-based payments
To prepare for the distribution of USS stock to directors and executive officers, the Company posts the current year's portion expenses for stock expected to be distributed.
 - (5) Provision for retirement benefits
To prepare for payments of retirement benefits to employees, estimated amounts of the Company's retirement benefits obligation at the end of the fiscal year was provided.
For calculation of retirement benefits obligation, to attribute expected retirement benefits payments for the period up to the end of the fiscal year under current review, the retirement benefits formula basis was adopted.
The actuarial gains and losses are evenly amortized using the straight-line method, over a specific number of years (10 years) to be within the average remaining service years of employees, at the

time of occurrence in each consolidated fiscal year, from the fiscal year following the year of occurrence.

4. Matters related to goodwill amortization

Goodwill is amortized using the straight-line method over a period of 20 years based on a reasonable estimate of the number of years that there will be benefits associated with the goodwill.

5. Standards for recognition of revenue and expenses

For revenue in major businesses at USS and its consolidated subsidiaries from contracts with customers, the primary obligations to customers and the normal time these obligations are fulfilled (normal time of revenue recognition) are as follows.

Auto auction revenue is mainly consignment fees, contract completion fees and successful bid fees. For consignment fees, the obligation is fulfilled when a consigned vehicle is submitted at a USS auction. As a result, these fees are recognized as revenue on the auction dates. For contract completion and successful bid fees, the obligation is fulfilled when a vehicle consigned at a USS auction is purchased. As a result, these fees are recognized as revenue at the time winning bids are submitted.

II. Note concerning changes in accounting policies

(Application of Accounting Standard for Fair Value Measurement)

USS has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021) and associated guidelines from the beginning of the fiscal year ended March 2023. In accordance with the transitional treatment in Article 27-2 of the Accounting Standard for Financial Instruments, USS has decided to apply the new accounting policies of the Accounting Standard for Fair Value Measurement into the future. This has no effect on the consolidated financial statements.

III. Notes on the balance sheet

1. Cumulative depreciation for property, plant and equipment	52,398 million yen
Cumulative depreciation for investment property	1,076 million yen
2. Receivables from, and payables to subsidiaries (excluding independently categorized items)	
Short-term receivables	145 million yen
Short-term payables	1,030 million yen
Long-term payables	18 million yen

3. Revaluation of land

For the 22nd term (Year ended March 31, 2002), land for business used was revalued based on the law related to the revaluation of land (Law No. 34 promulgated on March 31, 1998). Tax on the revaluation difference was recognized as "deferred tax assets for land revaluation" under assets and the margin was recognized as "revaluation reserves for land" under net assets.

Method of revaluation of land

The Company revalued land for business use by making reasonable adjustments to the valuation in the land tax ledger, as specified by Clause 10, Article 341 of the Local Tax Law, and outlined in Clause 3, Article 2 of the Order for Enforcement of the Act on Revaluation of Land (Ordinance No. 119 promulgated on March 31, 1998).

Date of revaluation: March 31, 2002

Difference between current market value at year-end and book value following revaluation: Δ 333 million yen

4. National government subsidies, etc.

In conjunction with the application of reduction entries for fixed assets acquired using national government subsidies and such, the reduction entry amounts that were deducted directly from the fixed assets acquisition value were 10 million yen for buildings and structures, 3 million yen in furniture and fixtures, 161 million yen for real estate for investment (land).

IV. Notes on the statement of income

Transactions with affiliated companies	
Net sales	313 million yen
Operating expenses	2,817 million yen
Transactions other than business transactions	701 million yen

V. Notes on the statement of changes in equity

The class and number of treasury shares at the end of the fiscal year

Class of shares	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of current fiscal year
Common stock	68,051,786	775,700	56,413,400	12,414,086

- Notes:
1. The number of shares at the beginning of the current fiscal year includes 41,100 shares held by the ESOP Trust.
 2. Breakdown of the increase of 775,700 shares in treasury shares (common stock) is as follows:
Acquisition of treasury shares by a Board resolution 775,700 shares
 3. Breakdown of the decrease of 56,413,400 shares in treasury shares (common stock) is as follows:
Decrease due to retirement of treasury stock 56,250,000 shares
Sale of Company stock by the ESOP Trust to the holding company 146,100 shares
Decrease due to disposal of treasury stock as restricted stock compensation 17,300 shares

VI. Notes on tax effect accounting

1. Main reasons for deferred tax assets and deferred tax liabilities

Deferred tax assets

Provision for bonus	184 million yen
Accrued enterprise tax	359 million yen
Payables	75 million yen
Share-based payment expenses	152 million yen
Excess of depreciation	257 million yen
Impairment losses	228 million yen
Asset Retirement Obligations	163 million yen
Provision for retirement benefits	254 million yen
Valuation difference in the market price	233 million yen
Others	107 million yen
Total deferred tax assets	2,016 million yen
Netting with deferred tax liabilities	<u>△1,244 million yen</u>
Net deferred tax assets	771 million yen

Deferred tax liabilities

Valuation difference on available-for-sale securities	287 million yen
Asset Retirement Obligations	33 million yen
Valuation difference in the market price	624 million yen
Customer-related assets	265 million yen
Others	33 million yen
Total deferred tax liabilities	1,244 million yen
Netting with deferred tax assets	<u>△1,244 million yen</u>
Net deferred tax liabilities	- million yen

VII. Notes on transactions with related parties

Subsidiaries, etc.

(Millions of yen)

Category	Name of company or individual	Location	Capital	Description of business or occupation	Voting rights ratio	Business links	Details of transaction	Transaction amount	Account item	Balance at year-end
Subsidiary	US Butsuryu Co., Ltd.	Tokai, Aichi	30	Automobile transportation service	100% (Direct)	Outsourced services directors serving both companies	Outsourced business activities	2,695	Payable	372

Note: Prices paid to US Butsuryu for outsourced services are determined by negotiations that reflect market prices.

XIII. Note concerning Revenue Recognition

Information for understanding revenue from contracts with customers is in non-consolidated financial statement note "1. Note concerning Important Accounting Policies (5) Standards for recognition of significant revenue and expenses."

IX. Notes on per share data

1. Net asset per share 761.37 yen
2. Profit per share 120.35 yen

Note: Net assets per share is calculated by including USS stock held by the ESOP Trust in treasury stock, which was deducted from the number of shares issued. (41 thousand shares in fiscal year ended March 2023) Profit per share is calculated by including USS stock held by the ESOP Trust in treasury stock, which was deducted from the number of shares issued for the calculation of the average number of shares during the fiscal year. (114 thousand shares in fiscal year ended March 2023)

X. Notes on significant subsequent events

Not applicable.

XI. Other Notes

Supplementary information

1. Accounting procedure for the Trust Employee Shareholding Incentive Plan
This is the same as the content in "Notes on Consolidated Financial Statements, X. Other Notes, (Supplementary information) 1. Accounting procedure for the Trust Employee Shareholding Incentive Plan."
2. Figures are rounded down to the nearest whole unit.

Shareholder Information

Fiscal year	April 1 to March 31 of the following year
Shareholders meeting	June
Year-end dividend record date	March 31
Interim dividend record date	September 30
Shareholders meeting record date	March 31 (other record dates will be announced for extraordinary shareholders meetings)
Stock listings	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Location	Stock Transfer Agency Business Department Sumitomo Mitsui Trust Bank, Limited 3-15-33 Sakae, Naka-ku, Nagoya 460-8685
Mailing address (Telephone contact)	Stock Transfer Agency Business Department 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 0120-782-031 (toll free) All Sumitomo Mitsui Trust Bank branches in Japan provide shareholder services.
Public notices	Notices are made electronically However, notices are placed in the Nihon Keizai Shimbun when an electronic notice is not possible.
URL	https://www.ussnet.co.jp/
Securities code	4732

Shareholder procedures

Procedure	Contact information	
	Account of securities company	Special account
<ul style="list-style-type: none"> • Change name/address in shareholder register • Request to buy fractional shares less than the trading unit • Change dividend payment method • Change account used to receive dividends • Questions about government ID number • Other procedures 	Please submit requests to the securities company holding the stock	Stock Transfer Agency Business Department Sumitomo Mitsui Trust Bank, Limited 0120-782-031 (toll free)
<ul style="list-style-type: none"> • Transfer of stock from a special account to a securities company account • Special account balance confirmation 		
<ul style="list-style-type: none"> • Dividend payment after end of payment period 	Stock Transfer Agency Business Department Sumitomo Mitsui Trust Bank, Limited 0120-782-031 (toll free)	

E-mail service for shareholder documents

In response to requests of shareholders, USS provides a service for receiving by e-mail the information that is distributed using the notification methods explained in this section. Shareholders using this service will also receive press releases and notices of company information meetings. Please visit the USS website to register for this e-mail service.

USS website >> <https://www.ussnet.co.jp/>

The Venue of the Annual General Meeting of Shareholders

Venue	<p>Head Office of USS Co., Ltd. (USS Nagoya Auction Site) 507-20 Shinpo-machi, Tokai, Aichi</p> <p>Instructions for entering the location in a navigation system Input "507-20 Shinpo-machi, Tokai-shi, Aichi-ken"</p>
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Access Information	<ul style="list-style-type: none"> • By train: Approximately 10 minutes by taxi from Daidocho Station on the Meitetsu Tokoname Line. <u>In addition, there will be a bus pickup service at 10:00 a.m. and 10:30 a.m. at Daidocho Station.</u> <u>There are no buses to the shareholders meeting site from JR Odaka Station or from Meitetsu Nawa Station.</u> <li style="text-align: center;"><Additional information> The following train provides direct service to Daidocho Station with no need for a transfer to a second train. Meitetsu Tokoname Line, Semi-express (for Chubu International Airport) Meitetsu Nagoya Station 9:45, arriving at Daidocho Station 9:58 Meitetsu Nagoya Station 10:15, arriving at Daidocho Station 10:28 • By car: Approximately 5 minutes from the Funami IC Exit of the Nagoya Expressway Route 4. Approximately 10 minutes from the Tokai IC Exit of the Isewangan Expressway. <u>If you come by car, please use our parking area.</u>
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Contact Information
 General Affairs Department, Supervisory Office, USS Co., Ltd. Telephone: +81-52-689-1129