

The following documents are English translations of the USS Co., Ltd. Notice of the 42nd Annual General Meeting of Shareholders (for the fiscal year ended March 31, 2022) as well as the Business Report, Consolidated Financial Statements, voting instructions, and information about the location of the shareholders meeting. Of the items that should be disclosed in the Business Report, the original Japanese text is accessible only via the Internet on the USS Web site (<https://www.ussnet.co.jp/>) for the following items: "Matters relating to Stock Acquisition Rights, etc. of the Company", "Management shall ensure sound business practices and update on implementation of this management", "Master policy on corporation management", "Consolidated Statement of Changes in Equity", "Notes on Consolidated Financial Statements", "Non-Consolidated Statement of Changes in Equity" and "Notes on Non-consolidated Financial Statements". USS is providing this translation solely for your convenience and does not make any guarantee that this document is accurate.

(Securities code: 4732)

May 30, 2022

Dear Shareholders:

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

Notice of the 42nd Annual General Meeting of Shareholders

You are cordially invited to attend the 42nd Annual General Meeting of the Shareholders of USS Co., Ltd. (the "Company"), which will be held as per the schedule below.

USS asks shareholders to submit voting instructions in advance by using electronic means (Internet, etc.) or in writing in order to prevent the spread of COVID-19. We strongly ask that shareholders refrain from attending this meeting in person regardless of your current health. To submit your voting instructions in advance, please read the Reference Materials for the General Meeting of Shareholders and exercise your voting rights by no later than 5:00 p.m. on Monday, June 20, 2022.

1. Date and Time:	Tuesday, June 21, 2022, 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"> 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 42nd business period (from April 1, 2021 to March 31, 2022) The financial reports for the Company's 42nd business period (from April 1, 2021 to March 31, 2022) <p>Items to be resolved:</p> <ol style="list-style-type: none"> Item 1: Appropriation of retained earnings Item 2: Partial Amendment to the Articles of Incorporation (1) Item 3: Partial Amendment to the Articles of Incorporation (2) Item 4: Election of seven (7) directors Item 5: Determination of amount and details of Restricted Stock Remuneration and Performance-linked Stock Remuneration for Directors

Note: Any change in the Reference Materials for the General Meeting of Shareholders, business report, financial statements or consolidated financial statements will be posted on our website. Please visit our site for updates.

Exercising voting rights and other topics

Voting rights may be exercised by one of the three methods below.

Recommended ways to exercise voting rights		If you will attend the General Shareholders Meeting
If you will be exercising your voting rights online	If voting rights will be exercised by mail	Please submit the Form for Exercising Voting Rights at the venue reception. (Seal is not needed.) <u>By June 7, 2022, please inform us of your means of transportation with the enclosed postcard.</u>
Please see "Internet Voting Instructions" (on page 3) for instructions on voting online.	Please indicate your approval or disapproval on the enclosed Form for Exercising Voting Rights and mail this form (no postage is needed).	Date & Time
Proxy deadline	Proxy deadline	11:00 am, Tuesday, June 21, 2022 (reception opens at 10:00 am)
5:00 pm, Monday, June 20, 2022	We will accept only proxies that are received by 5:00 pm, Monday, June 20, 2022	Location
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.		Head Office of the Company (USS Nagoya Auction Site) (Please refer to the access information on the last page)

Any change in the Reference Materials for the General Meeting of Shareholders, business report, financial statements or consolidated financial statements will be posted on our website. Please visit our site for updates.

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

Internet Voting Instructions

Scanning QR Code: "Smart Vote"

Please scan the QR code located on the bottom right of the Exercise Voting Rights Form.

You can simply login to the website for the exercise of voting rights without entering your voting rights exercise code and password.

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

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

If you want to change your votes after exercising your voting rights, please access the PC site, log in with the voting rights exercise code and password on the Exercise Voting Rights Form, and exercise your voting rights again.

*It is possible to access the PC site by re-reading the QR code.

* "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

Method of Entering the Code

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.

- Notes:
1. Shareholders can submit their votes until 5:00 PM on June 20, 2022 (Monday). Please submit your votes as soon as possible.
 2. 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.
 3. When using the internet to vote, there may be Internet service provider or telephone company service fee or other expenses. Shareholders are responsible for all of these expenses.
 4. Accessing the voting website may not be possible when using certain personal computer or smartphone internet connections or settings.

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)

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

COVID-19 Safety Measures

1. Actions by USS

To prevent the spread of COVID-19, there has been no party after the shareholders meeting and no gift since 2020.

If necessary, depending on the situation on the day, USS personnel may run a check on their health, including body temperatures, and wear masks. Hand sanitizer will be placed at the entrance for the use of shareholders and shareholders will be asked not to sit close together and take other preventive measures.

To shorten the meeting in order to prevent the spread of COVID-19, there will be no explanations of the details of items to be reported (including the audit report) and items to be resolved.

Shareholders are asked to read this information in this shareholders meeting notice in advance.

Shareholders can use the Internet to view a live webcast of the shareholders meeting starting at 11:00 a.m. For more information, please refer to "Information concerning the Live Webcast of the 42nd Annual General Meeting of Shareholders" (on pages 5-6).

2. Requests to shareholders

USS may revise the actions explained in the preceding section depending on upcoming changes in the severity of COVID-19 outbreak, government orders and directives, and other events. Please check the USS website (<https://www.ussnet.co.jp/>) for the latest information.

Submitting voting instructions by using the Form for Exercising Voting Rights creates a new COVID-19 infection risk associated with sending this form and the subsequent processing of these forms. When submitting voting instructions in advance, shareholders are asked to vote by using electronic means (Internet, etc.) as much as possible.

3. Request to shareholders who plan to attend the meeting

Shareholders plan to attend the meeting are asked to bring masks to wear at the meeting.

USS personnel will check the temperatures of shareholders at the entrance and individuals with an elevated temperature, individuals with a health problem may not be allowed to attend the meeting.

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

Information concerning the Live Webcast of the 42nd Annual General Meeting of Shareholders

USS is asking shareholders not to attend in person the annual meeting of shareholders to be held on June 21, 2022 in order to help prevent the spread of COVID-19. Due to the importance of this meeting as a means of interacting with shareholders, USS will webcast the shareholders meeting to enable a large number of shareholders to view the meeting.

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 21, 2022 (Tuesday), 11:00 AM to the end of the meeting
Submission of questions	Questions will be accepted from 9:00 AM on May 30, 2022 (Monday) <u>until 5:00 PM on June 19, 2022 (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 nine-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, 2022, 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	To submit a question, each shareholder is allowed to enter 2 questions in the question submission section. Questions must be submitted <u>between 9:00 AM on May 30, 2022 (Monday) and 5:00 PM on June 19, 2022 (Sunday).</u>
Step 2	This website will switch to a live webcast of the shareholders meeting <u>at 11:00 AM on June 21, 2022 (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)
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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

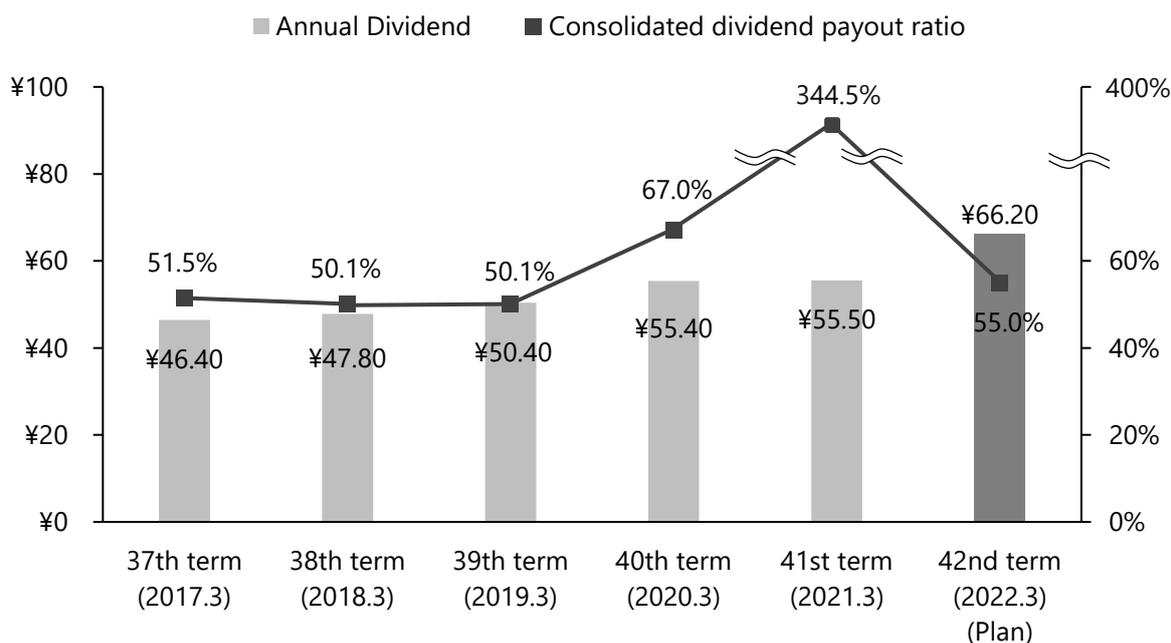
In order to maintain the stability of dividends and the appropriate distribution of earnings to shareholders, USS has established a consolidated dividend payout ratio target as a policy for paying a dividend that reflects results of operations. Currently, the basic policy is to pay a dividend that results 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	Amount per common share 37.00 yen Total Amount 9,079,260,318 yen Since the Company paid an interim dividend of 29.20 yen per share, the final annual dividend will total 66.20 yen per share for the fiscal year under review.
Date when the dividends from retained earnings take effect	June 22, 2022 (proposed)

(Reference)

Dividend and consolidated dividend payout ratio



Item 2: Partial Amendment to the Articles of Incorporation (1)

1. Reason for the proposal

The enforcement of the “Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts” (Act No. 70 of 2021) and the “Ministerial Order Concerning Shareholders Meetings with no specified location under the Industrial Competitiveness Enhancement Act” (Order of the Ministry of Justice and the Ministry of Economy, Trade and Industry No. 1 of 2021) on June 16, 2021 has allowed listed companies, based on certain conditions prescribed in the Articles of Incorporation, to hold shareholders meetings with no specified location (virtual-only shareholders meetings). USS believes that allowing many shareholders who are in distant locations to attend shareholders meetings will increase the levels of activity and efficiency of these meetings. Virtual-only shareholders meetings will also reduce risk associated with pandemics, natural disasters and other events. As a result, USS is asking shareholders to amend the Articles of Incorporation as follows to allow holding shareholders meetings with no specified location.

This amendment will become effective following approval by shareholders and the receipt of confirmations by the Minister of Economy, Trade and Industry and the Minister of Justice that the use of shareholders meetings with no specified location by USS will protect the interests of shareholders and contribute to making industries more competitive.

2. Proposed amendments

The proposed amendment is as follows.

(Revised sections are underlined)

Current Articles of Incorporation	Proposed amendment
(Convocation) Article 12 Ordinary shareholders meetings are held every year in June and extraordinary shareholders meetings are held at any time as needed. (New)	(Convocation) Article 12 Ordinary shareholders meetings are held every year in June and extraordinary shareholders meetings are held at any time as needed. <u>2 USS can hold shareholders meetings with no specified location.</u>

Item 3: Partial Amendment to the Articles of Incorporation (2)

1. Reason for the proposal

Revised regulations prescribed in the proviso to Supplementary Rules Article 1 of the Act Partially Amending the Companies Act (Act No. 70 of 2019) became effective on September 1, 2022. USS is asking shareholders to amend the Articles of Incorporation as follows to prepare for the start of the electronic distribution of shareholder meeting documents.

- (1) The revised Article 15, Paragraph 1 provides for measures for the electronic distribution of shareholders meeting reference documents and other related information.
- (2) The revised Article 15, Paragraph 2 establishes rules that limit the scope of items that will be provided to shareholders in writing when a shareholder asks for information in writing.
- (3) The current Article 15 will be deleted because there will no longer be a need for an article concerning the Internet disclosure and deemed distribution of shareholders meeting reference documents and other related information.
- (4) Supplementary rules, such as the date of effectiveness, will be established in association with these new and deleted sections of the Articles of Incorporation.

2. Proposed amendments

The proposed amendments are as follows.

(Revised sections are underlined)

Current Articles of Incorporation	Proposed amendment
<p><u>(Internet disclosure and deemed distribution of shareholders meeting reference documents, etc.)</u></p> <p><u>Article 15</u> <u>When a shareholders meeting is called, information in the shareholders meeting reference documents, business report, financial reports and consolidated financial statements that should be provided by USS are deemed to have been distributed to shareholders when the Internet is used for disclosure in accordance with laws and regulations.</u></p>	<p>(Deleted)</p>
<p>(New)</p>	<p><u>(Electronic distribution measures, etc.)</u></p> <p><u>Article 15</u> <u>When a shareholders meeting is called, USS will use electronic distribution measures for the information in shareholders meeting reference documents and other related information.</u></p> <p><u>2 When USS distributes written documents to shareholders who requested written documents by no later than the record date for voting at a shareholders meeting, USS can omit from these documents all of part of the items specified by laws and regulations.</u></p>

Current Articles of Incorporation	Proposed amendment
(New)	<p><u>(Supplementary rules)</u></p> <ol style="list-style-type: none"> <li data-bbox="810 293 1390 640">1. <u>Deletion of the current Article 15 (Internet disclosure and deemed distribution of shareholders meeting reference documents, etc.) and the establishment of new Article 15 (Electronic distribution measures, etc.) will become effective on September 1, 2022, which is the date of effectiveness of the revised provisions of the proviso to Supplementary Rules Article 1 of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u> <li data-bbox="810 669 1390 875">2. <u>Irrespective of the provisions of the preceding paragraph, for shareholders meetings held during the period ending on February 28, 2023, the current Article 15 ((Internet disclosure and deemed distribution of shareholders meeting reference documents, etc.) will remain in effect.</u> <li data-bbox="810 904 1390 1070">3. <u>These supplementary rules will be deleted six months after September 1, 2022 or three months after the date of the shareholders meeting in the preceding paragraph, whichever is later.</u>

Item 4: 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.

Among the eight (8) Directors of the Board elected at the 41st Annual General Meeting of Shareholders of the Company held in June 2021, Masayuki Akase resigned as Director on December 31, 2021, and the terms of office of all other seven (7) Directors will expire at the close of the 42nd 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	Reelection	Yukihiro Ando	75 years old Male	Chairman and Representative Director, Chief Executive Officer (CEO)	◎	40
2	Reelection	Dai Seta	55 years old Male	President and Representative Director, Chief Operating Officer (COO)	○	18
3	Reelection	Masafumi Yamanaka	67 years old Male	Executive Vice President and Officer of the Supervisory Office		18
4	Reelection	Hiromitsu Ikeda	61 years old Male	Junior Managing Director and Officer of the Auction Operation Office		18
5	Reelection Outside Independent	Nobuko Takagi	44 years old Female	Outside Director	○	4
6	New Outside Independent	Shinji Honda	64 years old Male	—	○	
7	New Outside Independent	Yoshiko Sasao	62 years old Female	—	○	

- 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.
 3. Composition of the Nominations and Remuneration Committee is planned composition after this Annual General Meeting of the Shareholders.

1	Yukihiro Ando	Reelection	
Date of Birth		Dec. 2, 1946 (75 years old)	
Number of Shares of the Company Owned by the Candidate		9,176,000	
Fiscal 2021 Board Meetings Attendance Record		100% (Attended all 9 meetings)	
Number of years in office		40	
The chairman 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. (Concurrent Post, Retired in Sep. 2021) President and Representative Director of HAA Kobe Inc. (Concurrent Post, Retired in Sep. 2021)			
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.</p>			

2	Dai Seta	Reelection	
Date of Birth	Dec. 23, 1966 (55 years old)		
Number of Shares of the Company Owned by the Candidate	9,391,600		
Fiscal 2021 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	18		
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.</p>			

3	Masafumi Yamanaka	Reelection	
Date of Birth	Dec. 16, 1954 (67 years old)		
Number of Shares of the Company Owned by the Candidate	31,500		
Fiscal 2021 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	18		

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 (61 years old)		
Number of Shares of the Company Owned by the Candidate	40,100		
Fiscal 2021 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	18		

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 (Concurrent Post, Retired in Mar. 2021)
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)	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent	
Date of Birth	Oct. 22, 1977 (44 years old)		
Number of Shares of the Company Owned by the Candidate	2,200		
Fiscal 2021 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	4		
Member of Nominations and Remuneration Committee			
<p>Brief Profile and Position and Duties at USS</p> <p>Oct. 2002 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>May 2006 Registered as a Certified Public Accountant</p> <p>Aug. 2006 Joined Tohmatsu Tax Co. (currently Deloitte Tohmatsu Tax Co.)</p> <p>Nov. 2007 Joined GCA Corporation</p> <p>Mar. 2011 Joined NEC Corporation</p> <p>Oct. 2016 Partner, Guardian Advisors Inc.</p> <p>July 2017 Representative, Nobuko Takagi Certified Public Accountants' Office (at present) Outside corporate auditor, I-ne CO., LTD.</p> <p>Apr. 2018 Representative Director, COING AND COMPANY Inc. (at present)</p> <p>June 2018 Director of the Company (at present)</p> <p>June 2022 Outside Director of SMS Co., Ltd. (planned)</p>			
<p>Significant Concurrent Posts</p> <p>Representative Director, COING AND COMPANY Inc.</p> <p>Representative, Nobuko Takagi Certified Public Accountants' Office</p>			
<p>Reasons for selection as Director candidate & Overview of the expected roles</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>			

6	Shinji Honda <div style="text-align: right;"> New Outside Independent </div>	
Date of Birth	May 26, 1958 (64 years old)	
Number of Shares of the Company Owned by the Candidate	—	
Number of years in office	—	
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	
Apr. 2012	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) (Retired in Jun. 2017), 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)	
Significant Concurrent Posts		
Executive adviser, Nisshin Foods Holdings Co., Ltd.		
Reasons for selection as Director candidate & Overview of the expected roles		
<p>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. Mr. Honda is a candidate for election as a new outside director for receiving accurate advice concerning business strategies and corporate planning and the oversight of progress from an objective viewpoint based on his experience and knowledge. If Mr. Honda is elected, USS plans to have him serve as a member of the Nominations and Remuneration Committee.</p>		

7	Yoshiko Sasao	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New</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	Apr. 2, 1960 (62 years old)
				Number of Shares of the Company Owned by the Candidate	—
				Number of years in office	—

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 1st 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)
Apr. 2017 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)

Significant Concurrent Posts

Managing officer, deputy manager (for personnel strategy) of Strategy Division and manager of Working Style Reform Office
Outside director of Sanki Service Corp.

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. As a managing executive officer of JDC Corp., she is currently overseeing business strategies, personnel strategies and working style reforms. Ms. Sasao is a candidate for election as a new outside director because USS believes she can provide advice and other support involving human resource development, including the advancement of women, working style reforms, diversity and other fields. If Ms. Sasao is elected, she is expected to become a member of the Nominations and Remuneration Committee.

- Notes:
1. There are no special interests between the Company and each of the candidates.
 2. As of October 1, 2021, USS absorbed Japan Automobile Auction Inc.(JAA), a wholly-owned subsidiary of USS, and HAA Kobe Inc., a wholly-owned subsidiary of JAA.
 3. 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.
 4. 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 as an independent director in accordance with rules of the Tokyo Stock Exchange and Nagoya Stock Exchange and has notified these stock exchanges that she is an independent director. If Ms. Takagi is reelected as a director by shareholders, the Company plans to designate her as an independent director. If Mr. Honda and Ms. Sasao are elected as directors by shareholders, the Company plans to designate them as independent directors in accordance with rules of the Tokyo Stock Exchange and Nagoya Stock Exchange and notify these exchanges that they are 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 4 year upon closure of the current Annual General Meeting of Shareholders.
 - (3) Outline of liability limitation agreement
Nobuko Takagi is currently an outside director 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 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 is reelected as a director by shareholders, the Company plans to renew this liability agreement. Furthermore, the Company plans to establish the same liability agreements with Shinji Honda and Yoshiko Sasao if they are elected as directors by shareholders.

(Reference) Directors and corporate auditors if proposals 4 is approved (Planned)

If Proposal 4 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	Hiromitsu 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 eight years.

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

1. Evaluation process

Time: March 2022

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

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

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

(4) Discussions by directors - Discussions concerning management strategies and equity policies and actions

(5) 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 fiscal 2020 questionnaire and subsequent actions>

(1) Discussions concerning medium to long-term business plans will be upgraded and directors will be provided with the necessary information.

Although there have been discussions concerning medium to long-term strategies, there is still more room for improving the thoroughness of these discussions. This is an issue that still requires more actions.

(2) Opportunities will be increased for the directors to hold discussions and receive reports concerning ESG, the SDGs, and other social and environmental issues.

The directors held several discussions about measures to comply with the revised corporate governance code and decided on disclosing a target for the percentage of female managers and other items. For environmental activities, the directors took the first step regarding actions for reducing CO2 emissions by approving the installation of solar power systems at the Nagoya and R Nagoya auction sites.

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.

<Major issues identified by the fiscal 2021 questionnaire>

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

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

Item 5: Determination of amount and details of Restricted Stock Remuneration and Performance-linked Stock Remuneration for Directors

The annual remuneration of all directors is a maximum of ¥500 million as approved at the shareholders meeting held on June 28, 2006. At the shareholders meeting held on June 26, 2007, approved a separate maximum of ¥150 million for remuneration-type stock options for directors (except outside directors). USS has decided to revise the remuneration of its officers by establishing two new forms of remuneration. One remuneration program is restricted stock remuneration, which involves the allocation to eligible directors of USS common stock with a transfer restriction period and a provision for acquisition by USS at no cost. The objectives are (1) to have directors (other than outside directors) continue to hold USS common stock in order to be exposed to the same risk and potential gains resulting from stock price movements as all other shareholders and (2) to provide a long-term incentive that further motivates these officers to contribute to a higher stock price and the growth of corporate value. The other remuneration program is performance-linked stock remuneration, which involves the distribution to eligible directors of a number of shares of USS common stock based on the degree to which performance targets were achieved. The objective is to create a clear link between remuneration and results of operations and the stock price in order to provide a stronger medium-term incentive to eligible directors to achieve the sustained growth of corporate value.

Based on a comprehensive assessment of the contributions and other aspects of the performance of eligible directors, USS is asking shareholders to approve separate remuneration provisions of a maximum of ¥150 million each for monetary remuneration claims for restricted stock remuneration for eligible directors and for performance-linked stock remuneration for eligible directors in each applicable period (defined in 2. (1)). If shareholders approve this proposal, the stock option remuneration provision will be terminated and USS will no longer allocate stock options based on the amount provided for this remuneration. USS believes that the terms for the allocation of USS common stock for restricted stock remuneration and performance-linked stock remuneration are proper because the terms were determined by taking into consideration the contributions and other aspects of the performance of the eligible directors.

The Board of Directors of USS has established a policy for determining the remuneration of individual directors. This policy is explained on pages 50 and 51 of the business report. On May 10, 2022, the Board of Directors approved a resolution to revise this policy, if the proposal for the two new remuneration programs is approved by shareholders, as explained in "Reference: Revised policy for determining the remuneration of individual directors" at the end of the proposal.

USS currently has seven directors, including three outside directors, and composition of the Board of Directors will remain unchanged if shareholders approve Proposal 4.

1. Summary of restricted stock remuneration

(1) Distribution of restricted stock and payments

In accordance with a resolution approved by the USS board of directors, USS plans to distribute restricted stock to eligible directors by providing these directors with monetary remuneration claims within the annual limit explained in the preceding section. All of these directors will receive these claims in the form of a payment in kind.

The amount paid for the restricted stock is based on the closing price of USS common stock on the Tokyo Stock Exchange on the trading day prior to the USS board of directors resolution to issue or distribute this stock (or the most recent prior closing price if USS stock was not traded on that day). The USS board of directors will determine the price of restricted stock within a range that is not particularly advantageous for eligible directors receiving this stock.

The monetary remuneration claims will be distributed only to eligible directors who agree to the payment in kind and who sign a restricted stock allocation contract that includes the terms in the

following item (3).

(2) Number of shares of restricted stock

The limit in each fiscal year for the number of shares of restricted stock distributed to eligible directors is 300,000.

However, after the day of the resolution approving the new stock remuneration plans, if there is a split of USS common stock (including a gratis stock distribution, same hereafter), stock consolidation or some other similar event that requires an adjustment of the number of shares of restricted stock distributed, the total number of these shares can be adjusted in a reasonable manner.

(3) Terms of the restricted stock allocation contract

Based on a resolution approved by the USS board of directors, contracts signed by eligible directors with USS for receipt of restricted stock must include the following terms.

i. Restriction on sale or other transfer of ownership

Eligible directors who receive restricted stock are not allowed to sell to a third party, submit as collateral, use as a mortgage, give as a gift prior to death, transfer upon death or dispose of this stock in any other way during the period starting on the day the restricted stock is received and ending on the day the individual loses the position as either director or executive officer of USS.

ii. Acquisition of restricted stock with no payment

If a director who has received restricted stock loses the position as either director or executive officer of USS for a reason other than a reason determined to be legitimate by the director between the beginning of the stock transfer restriction period and the day before the first annual shareholders meeting after that day, USS can acquire that director's restricted stock with no payment.

In addition, if at the completion of the stock transfer restriction period specified in the preceding section i an eligible director holds restricted stock that is still restricted due to the restriction ending provisions in the following section iii, USS can acquire the stock that is still restricted with no payment.

iii. End of stock transfer restriction

The restriction on the transfer of restricted stock ends at the completion of the stock transfer restriction period for all stock received by eligible directors who were either directors or executive officers of USS continuously during the period beginning on the first day of the stock transfer restriction period and ending on the day of the first annual shareholders meeting after the first day of the restriction period.

However, if an eligible director loses the position as either director or executive officer of USS during this period for a reason determined to be legitimate by the board of directors, there can be reasonable adjustments as needed in the number of shares of restricted stock that are no longer restricted and when the restriction ends.

iv. Reorganization or other event

During the stock transfer restriction period, if a resolution for a merger in which USS is dissolved, an exchange of stock or stock transfer plan where USS becomes a wholly owned subsidiary, or some other reorganization is approved at a shareholders meeting (or the board of directors if the proposed reorganization does not require shareholder approval), the USS board of directors

may approve a resolution to end this restriction period prior to the date of the reorganization for a reasonable number of shares of restricted stock based on the length of time between the start of the restriction period and the reorganization approval date.

If this action is taken by the USS board of directors, in accordance with the preceding provisions, USS will immediately after the end of the transfer restriction acquire all restricted stock for which the transfer restriction is still in effect with no payment.

2. Summary of performance-linked stock remuneration

(1) Structure of performance-linked stock remuneration

Performance-linked stock remuneration is for the period beginning at the end of an annual shareholders meeting and ending on the day of the following annual shareholders meeting. The first period for this remuneration begins at the end of the June 2022 shareholders meeting and ends on the day of the annual shareholders meeting in 2023. Remuneration is based on the degree to which performance targets are achieved during three consecutive fiscal years. The first performance evaluation period is the three fiscal years ending in March 2023, 2024 and 2025. Subsequent evaluation periods are the three-year periods beginning with the fiscal year ending in March 2024, March 2025 and so on within the limit approved by shareholders. A number of shares of USS common stock is calculated based on the degree to which targets were achieved and stock remuneration (so-called performance share units) is distributed after the completion of the three-year period used for the evaluation of performance.

The following calculation method is used for the distribution of stock. Following the completion of a three-year evaluation period, eligible directors receive monetary remuneration claims. Then newly issued or existing USS stock is used as a payment in kind for all of these monetary remuneration claims in order to distribute this stock.

(2) Total amount of monetary remuneration claims for performance-linked stock remuneration and maximum number of shares

The total amount of monetary remuneration claims that can be distributed to eligible directors cannot exceed 150 million yen for each three-year performance evaluation period. In addition, an eligible director can receive no more than 300,000 shares of USS stock for each three-year performance evaluation period. If the number of shares of stock issued by USS changes because of a stock consolidation or split, the maximum number of shares will be adjusted proportionally. In addition, if the calculation in the following section c may result in the distribution of a number of shares of USS stock that exceeds the limit for monetary remuneration claims or for the number of shares of stock, the USS board of directors will use a suitable method, such as a proportional reduction of shares distributed, in order to remain below these limits.

(3) Calculation of number of shares and amount of monetary remuneration claims

Based on the degree to which performance targets were achieved in each performance valuation period, the number of shares and amount of monetary remuneration claims are calculated as follows and distributed to the eligible directors.

(Formula for monetary remuneration claims)

Monetary remuneration claims for eligible directors = Number of shares distributed (i) x Closing price of USS stock (ii)

i. Number of shares distributed to each director

The number of shares distributed to each director is calculated as follows. Any fraction of one

share resulting from this calculation is discarded.

(Formula for the number of shares distributed to each director)

$$\text{Number of shares} = \text{Number of stock units (A)} \times \text{Stock distribution ratio (B)}$$

(A) Number of stock units

The number of stock units is calculated as follows.

(Formula for the number of stock units)

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

(a) Standard amount of performance-linked stock remuneration

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.

(B) Stock distribution ratio

This ratio is calculated by using the TSR* evaluation coefficient and ROE evaluation coefficient, which are financial coefficients, and 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 is a figure between -10% and +10%.

The TSR is a figure calculated as follows for each performance evaluation period.

$$\text{TSR} = \frac{\text{Average closing price of USS stock during last 3 months prior to end of performance evaluation period} + \text{Total dividends paid during performance evaluation period}}{\text{Average closing price of USS stock during last 3 months prior to start of performance evaluation period}} - 1$$

ii. Closing price of USS stock

The closing price of USS stock is the closing price of USS common stock on the Tokyo Stock Exchange on the trading day prior to the day of the board of directors resolution for the issuance or use of treasury stock for the distribution of USS stock (or the most recent prior closing price if USS stock was not traded on that day), which must be within two months after the end of the applicable performance evaluation period.

(4) Requirements for distributing stock to individual eligible directors

Once all of the following requirements for distributing stock have been fulfilled following the end

of a performance evaluation period, monetary remuneration claims are distributed to individual eligible directors and payments in kind are made for all claims in order to distribute USS stock to these directors.

- a. The eligible director must be either a director or an executive officer continuously during the applicable performance evaluation period.
- b. The eligible director must not have engaged in any illegal activities as prescribed by the board of directors.
- c. Fulfillment of other requirements designated by the board of directors that are necessary for the accomplishment of the goals of the performance-linked stock remuneration plan.

However, if there is an eligible director who was elected a director or who changed to a different executive position at USS during the applicable performance evaluation period, the number of shares of USS stock distributed to this individual will be adjusted in a reasonable manner.

If a director loses the position as either director or executive officer of USS during the performance evaluation period due to death or some other legitimate reason, the board of directors can decide to make a cash payment (including a payment to a designated beneficiary in the event of a director's death) calculated in a reasonable manner during an appropriate period following the time the individual ceased to be a director.

(5) Reorganization or other event

During the performance evaluation period, if a resolution for a merger in which USS is dissolved, an exchange of stock or stock transfer plan where USS becomes a wholly owned subsidiary, a divestiture of a USS business to establish a new company, an absorption divestiture (only divestiture-type spin-off), a stock consolidation where USS becomes controlled by a specified shareholder, or for the acquisition of a class of stock (requiring acquisition of all stock) or request for the sale of stock (collectively reorganization or other event) is approved at a shareholders meeting (or the board of directors if the proposed reorganization does not require shareholder approval), and if the reorganization or other event is to become effective prior to the stock distribution date designated by the performance-linked stock remuneration plan, then prior to this date of effectiveness, USS can make cash payments as calculated in a reasonable manner by the board of directors prior to the date of the reorganization or other event. These cash payments are made in lieu of the distribution of stock and are an equivalent monetary amount while remaining within the limits explained in the preceding item b for monetary remuneration claims and the number of shares of stock distributed.

3. Malus and clawback provisions

As part of the establishment of these remuneration plans, USS plans to establish a system for the denial of distribution of USS common stock to a director, the acquisition with no payment of all or part of USS common stock distributed as remuneration to a director, or requiring a director to pay the market price for remuneration stock received. These actions may be taken when the board of directors determines that an eligible 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.

Reference – Revised Policy for determination of remuneration for individual directors

(1) 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.

(2) Explanation of remuneration for officers

Based on the basic policy in the preceding section, USS plans to use the following remuneration plans for directors. 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	●	●	●
		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.

(3) 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.

(4) 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%

(5) 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).

$$\text{Shares distributed} = \text{Number of stock units (i)} \times \text{Stock distribution ratio (ii)}$$

(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).

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

(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.

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

The TSR is a figure calculated as follows for each performance evaluation period.

$$\text{TSR} = \frac{\text{Average closing price of USS stock during last 3 months prior to end of performance evaluation period} + \text{Total dividends paid during performance evaluation period}}{\text{Average closing price of USS stock during last 3 months prior to start of performance evaluation period}} - 1$$

(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%

(6) 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.

(7) 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).

(8) 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.

(9) 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.

(10) 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.

(Attached document)

Business Report

(From April 1, 2021 to March 31, 2022)

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
81,482 million yen Up 8.8%	41,574 million yen Up 14.8%	42,374 million yen Up 14.5%	29,745 million yen Up 639.5%

There were signs of the start of a recovery in economic activity in Japan during the fiscal year that ended in March 2022 as pandemic restrictions ended due to progress with vaccinations. However, the outlook for the Japanese economy remained uncertain because of the semiconductor shortage, high prices of raw materials, the Ukraine crisis and other events.

In Japan, new car registrations (including mini cars) were down 9.5% from the previous fiscal year to 4,215 thousand as production declined because of shortages of semiconductors and other parts. Used car registrations (including mini cars) decreased 4.9% to 6,566 thousand. The main reason was the decline in the number of used vehicles traded in when new cars are purchased because of the downturn in new car sales. (Source: Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association)

Japan's exports of used cars, which have a significant effect on the demand for used cars, recovered to about the same level as before the pandemic started by increasing 17.3% to 1,222 thousand. Vehicles exported to Russia, the largest destination for Japan's used car exports, increased 29.8% to 167 thousand. Although Russia's invasion of Ukraine is expected to affect used car exports to Russia, the overall impact on these exports is expected to be small due to the strength of demand worldwide for Japan's used cars. (Source: Trade Statistics of Ministry of Finance)

In Japan's automobile auction market, the number of vehicles consigned decreased 4.1% to 6,786 thousand because of the smaller number of new car registrations. Due in part to demand for used cars as an alternative to a new car because of the limited supply of new cars, the number of contracted vehicles increased 0.9% to 4,671 thousand and the contract completion rate was 68.8% compared with 65.4% in the previous fiscal year. Furthermore, the average price per vehicle sold at auctions increased 15.2% to 657 thousand yen as the supply of cars remained tight. (Source: USED CAR Co., Ltd.)

At the USS Group, the average price per vehicle sold at auctions increased 18.4% to 909 thousand yen, which is far above the average for all auctioned vehicles in Japan. In addition, the number of vehicles handled was higher than in the previous fiscal year. This is the result of the ability of USS to utilize its competitive superiority as the automobile auction leader in Japan to conduct sales activities aimed at attracting quality used vehicles. In the recycle business, sales and earnings increased in part because of an increase in the volume of vehicles that were recycled. As a result, sales and earnings at all levels increased to new all-time highs. Consolidated net sales increased 8.8% to 81,482 million yen, operating profit increased 14.8% to 41,574 million yen, ordinary profit increased 14.5% to 42,374 million yen and profit attributable to owners of parent was up 639.5% to 29,745 million yen.

Business segment performance is as follows.

Auto Auction Business

The number of vehicles consigned increased 2.7% to 2,731 thousand and the number of contracted vehicles increased 6.3% to 1,787 thousand. The contract completion rate was 65.4% compared with 63.2% in the previous fiscal year.

Sales in this business increased because of the larger number of vehicles consigned and contracted and the higher contract completion rate.

Operating expenses decreased due mainly to declines in goodwill amortization and depreciation.

As a result, sales to external customers increased 6.2% to 64,858 million yen and operating profit increased 13.4% to 40,217 million yen.

Used Car Purchasing and Selling Business

At the Rabbit used car purchasing business, sales increased because of high prices of used cars at auctions. Earnings were lower because of the higher cost of purchasing cars caused by competition with other used car companies and a decrease in the number of vehicles purchased.

In the accident-damaged vehicle purchasing business, sales were higher as the number of higher-priced vehicles handled increased. Earnings decreased because of a decline in the number of vehicles sold.

As a result, sales to external customers increased 7.6% to 9,300 million yen and operating profit fell 49.8% to 136 million yen.

Other Businesses

In the vehicle recycling business, sales and the gross profit increased because of high prices of scrap metals. There were also higher sales and earnings in the of industrial plant demolition projects because of a larger volume of business.

As a result, sales to external customers increased 41.4% to 7,323 million yen and operating profit was up 200.1% to 1,200 million yen.

(2) Capital Expenditures

Consolidated capital expenditures totaled 1,785 million yen on an end-of-manufacturing basis in the fiscal year ended March 31, 2022.

1) Major facilities completed during the fiscal year

Category	Office name	Description of site	Completion
Auto Auction Business	HAA Kobe	Expanding the site for parking	Mar. 2022
	HAA Kobe	New auction system equipment	Mar. 2022
	Nagoya Auction Site	New auction system equipment	Mar. 2022

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

Category	Office name	Description of site	Completion (Planned)
Auto Auction Business	Tokyo Auction Site	New multi-level parking	Jan. 2023 (Construction started in Mar. 2022)

(3) Financing

Not applicable

(4) Important Issues

The number of new cars sold has been low because of the pandemic, the global semiconductor shortage and other reasons. The supply of new cars is expected to slowly improve as the governments of countries worldwide take actions aimed at the resumption of economic activity. To support purchases and sales of used cars in Japan, the USS Group is taking actions involving the following issues while placing priority on the health and safety of auction members and employees and using numerous pandemic safety measures as needed for continuing business operations. From a longer-term perspective, USS will perform R&D activities, such as for the establishment of evaluation standards and a vehicle inspection system, involving used electric vehicles in anticipation of these vehicles becoming a large share of the automobile market.

1) Increase convenience for auction members

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

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) Reinforce the used car purchasing and selling business and other businesses

The USS Group aims to become an integrated organization that will lead Japan's used car distribution market by expanding the used car purchasing and selling business and recycling businesses around our core auto auction business.

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 43rd period (April 1, 2022 to March 31, 2023), we forecast consolidated sales of 84,100 million yen, 3.2% higher than in the previous fiscal year, and increases of 3.7% in operating profit to 43,100 million yen, 3.4% in ordinary profit to 43,800 million yen and 0.9% in profit attributable

to owners of parent to 30,000 million yen. This forecast assumes that vehicles consigned at our auto auctions will increase 4.7% to 2,860 thousand, vehicles contracted will increase 3.5% to 1,850 thousand, and the contract completion rate will decrease from 65.4% to 64.7%.

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 67.40 yen per share for the fiscal year ending in March 2023. We have increased the dividend for 23 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	38th term (Year ended March 31, 2018)	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 (Consolidated fiscal year under current review))
Net sales (million yen)	75,153	79,908	78,143	74,874	81,482
Ordinary profit (million yen)	36,676	38,039	36,710	36,996	42,374
Profit attributable to owners of parent (million yen)	24,285	25,543	20,634	4,022	29,745
Profit per Share (yen)	95	100	82	16	119
Total assets (million yen)	222,292	232,703	219,133	210,699	229,354
Net assets (million yen)	172,190	183,535	183,980	173,524	182,473
Net assets per share (yen)	672	717	729	687	733

Note: The Company started using the Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) at the beginning of the fiscal year that ended in March 2019 and these amendments have been applied retroactively to the fiscal year that ended in March 2018.

2) Business segment sales, income and assets

(Millions of yen)

Business segment	Item	38th term (Year ended March 31, 2018)	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) (Consolidated fiscal year under current review)
Auto auction business	Net sales	59,521	64,684	63,350	61,048	64,858
	Operating profit	35,131	36,323	35,436	35,463	40,217
	Total assets	215,021	225,269	211,517	202,889	220,146
Used car purchasing and selling business	Net sales	9,827	9,701	9,099	8,646	9,300
	Operating profit	171	116	103	271	136
	Total assets	2,081	2,145	1,696	1,978	2,188
Other businesses	Net sales	5,805	5,522	5,692	5,180	7,323
	Operating profit	665	583	369	400	1,200
	Total assets	6,781	6,805	7,059	6,704	8,090

- Notes: 1. Segment sales based on external customer sales.
2. The Company started using the Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) at the beginning of the fiscal year that ended in March 2019 and these amendments have been applied retroactively to the fiscal year that ended in March 2018.

(6) Update on Our Significant Reorganizations

As of October 1, 2021, USS absorbed Japan Automobile Auction Inc. (JAA), a wholly-owned subsidiary of USS, and HAA Kobe Inc., a wholly-owned subsidiary of JAA.

As of December 9, 2021, USS Logistics International Service Co., Ltd., a wholly-owned subsidiary of USS, completed its liquidation.

(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 sales 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 other goods
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% owned by USS consolidated subsidiary ARBIZ Co., Ltd., which is 51% owned by USS.
 3. As of October 1, 2021, USS absorbed Japan Automobile Auction Inc. (JAA), a wholly-owned subsidiary of USS, and HAA Kobe Inc., a wholly-owned subsidiary of JAA.
 4. As of December 9, 2021, USS Logistics International Service Co., Ltd., a wholly-owned subsidiary of USS, completed its liquidation.

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

(8) Major Business Activities (as of March 31, 2022)

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

(9) Principal business sites (as of March 31, 2021)

	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
	Internet Division	Chuo, Tokyo	Provides used car information via the Internet	
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.	Chiyoda, Tokyo	Used car purchase and sales shop Rabbit; 15 direct shops, 129 franchise shops.
	Other business	ARBIZ Co., Ltd.	Nagoya, Aichi	Recycling plant for end-of-life automobiles and other goods
SMART Inc.		Nagoya, Aichi	Disposal of equipment and industrial plants	

(10) Employees (as of March 31, 2022)

1) Employees of the USS Group

Business segment	Numbers of employees		Change since end of previous fiscal year	
Auto auction business	782	(117)	down 12	(up 3)
Used car purchasing and selling business	158	(6)	up 1	(down 1)
Other businesses	134	(37)	up 6	(—)
Corporate (for all business segments)	28	(1)	down 2	(—)
Total	1,102	(161)	down 7	(up 2)

Notes: 1. Numbers of employees refers to employees on payroll (including employees seconded to Group companies from outside of the Group and excluding those from Group companies to outside of Group companies). The figures in parentheses, which are not included in the immediately preceding figures, indicate the average numbers of temporary employees (including Shokutaku employees [a Japanese type of full-time contract employee], contract employees, part-timers and dispatched employees) for the fiscal year that ended in March 2022 (converted at 7.5 work hours per day).

2. Employees in the corporate (common to all business segments) category are individuals assigned to administrative departments who cannot be allocated to a particular business segment.

2) Employees of the Company

Number of employees	Change since end of previous fiscal year	Mean age	Mean service years
681 (101)	up 57 (up 3)	39.6	13.4

Note: Numbers of employees refers to employees on payroll (including employees seconded to the Company from outside of the Company and excluding those from the Company to outside of the Company). The figures in parentheses, which are not included in the immediately preceding figures, indicate the average numbers of temporary employees (including Shokutaku employees [a Japanese type of full-time contract employee], contract employees, part-timers and dispatched employees) for the fiscal year that ended in March 2022 (converted at 7.5 work hours per day).

(11) Major creditors (as of March 31, 2022)

Lender	Loan (million yen)
Sumitomo Mitsui Banking Corporation	2,386
MUFG Bank, Ltd.	376

Notes: 1. 2,200 million yen out of the loan from Sumitomo Mitsui Banking Corporation is for the purpose of funding the acquisition by subsidiary ARBIZ of a business site and other assets that were owned by USS in March 2017.

2. 186 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, (5) Other Important Items related to Shares, 2) Overview of the Employee Stock Ownership Plan.

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

Not applicable.

2. Matters relating to shares of the Company (as of March 31, 2022)

- (1) Total number of shares authorized to be issued: 1,200,000,000 shares
 (2) Total number of shares issued: 313,250,000 shares
 (including 67,864,586 shares of treasury shares)
 (3) Total number of shareholders: 17,253
 (4) Major shareholders (Top 10)

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	42,204	17.19
SSBTC CLIENT OMNIBUS ACCOUNT	12,944	5.27
Custody Bank of Japan, Ltd. (Trust Account)	11,612	4.73
Dai Seta	9,391	3.82
Mamoru Seta	9,200	3.74
Yukihiro Ando	9,176	3.73
The Nomura Trust and Banking Co., Ltd. (retirement benefit trust MUFG Bank, Ltd. account)	8,400	3.42
Hattori Motors Co., Ltd.	7,280	2.96
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	7,218	2.94
Hattori International Scholarship Foundation	7,200	2.93

Notes: 1. The list of major shareholders does not include 67,864,586 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 MUFG Bank, Ltd. and 2 other companies on April 16, 2018 stated that the following shares are held as of April 9, 2018. Since USS is unable to confirm the valid number of shares owned as of March 31, 2022, 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	3.42
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	8,196	3.34
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1, Yurakucho, Chiyoda-ku, Tokyo	1,139	0.46
Total		17,736	7.22

(2) 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, 2022, 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	4.71
MFS Investment Management K.K.	Daido Seimei Kasumigaseki Bldg., 1-4-2, Kasumigaseki, Chiyoda Ward, Tokyo	837	0.34
Total		12,407	5.05

(3) 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, 2022, 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	6.08
National Financial Services LLC	200 Seaport Blvd, Boston, Massachusetts 02210, USA	0	0.00
Total		14,937	6.08

(4) An amendment report submitted by Invesco Asset Management (Japan) Limited and 2 other companies on January 20, 2022 stated that the following shares are held as of January 14, 2022. Since USS is unable to confirm the valid number of shares owned as of March 31, 2022, 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	22,537	9.18
Invesco Advisers, Inc.	Two Peachtree Pointe 1555 Peachtree Street, N.E. Suite 1800 Atlanta, Georgia 30309, U.S.A	4,161	1.69
Invesco Hong Kong Limited	41/F, Champion Tower, 3 Garden Road, Central, Hong Kong	402	0.16
Total		27,101	11.04

(5) 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.

Status of purchases of treasury stock (as of March 31, 2022)

Shares purchased: 4,322,800

Cost of shares purchased: ¥7,972,969,300

2) 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 362 million yen (187 thousand shares) for the current consolidated fiscal year. The ESOP Trust's bank loans were 376 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, 2022)

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:
1. Main conditions for the exercise of Stock Acquisition Rights are as follows:
 - (1) 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.
 - (2) 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.
 2. 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.
 3. 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.

(2) Details of the Stock Acquisition Rights granted to executive officers of the Company as consideration for performance of duties during the fiscal year that ended in March 2022

Name	19th Stock Acquisition Rights
Resolution date for issuance	June 15, 2021 (Board Meeting)
Number of Stock Acquisition Rights	28
Number of shares subject to Stock Acquisition Rights	2,800 shares of common stock (100 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights	163,600 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights	100 yen per right
Exercise period for Stock Acquisition Rights	From July 2, 2021 to June 30, 2046
Main conditions for the exercise of Stock Acquisition Rights	(Note) 1
Number of recipients	2

Notes: 1. Regarding the main conditions for the exercise of Stock Acquisition Rights, please refer to (1) Stock Acquisition Rights held by officers of the Company as of the end of term (Note) 1.
2. There were no Stock Acquisition Rights granted as consideration for performance of duties to officers and/or employees of any subsidiaries of the Company.

4. Matters relating to Officers of the Company

(1) Directors and corporate auditors (as of March 31, 2022)

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	Hiromitsu Ikeda	Officer of the Auction Operation Office
Director	Hitoshi Tamura	President, Customer Satisfaction Research Institute
Director	Akihiko Kato	
Director	Nobuko Takagi	Representative Director, COEING AND COMPANY Inc. Representative, Nobuko Takagi Certified Public Accountants' Office
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 Corporate Auditor, Dairei Kogyo Co., Ltd.

- Notes:
1. Directors: Hitoshi Tamura, Akihiko Kato and Nobuko Takagi 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 Hitoshi Tamura, Akihiko Kato and Nobuko Takagi 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 January 1, 2022, Junior Managing Director Hiromitsu Ikeda's position was changed from Manager of Nagoya and R-Nagoya Auction Site to Officer of the Auction Operation Office.
 - (2) On December 31, 2021, Senior Managing Director and Officer of the Auction Operation Office Masayuki Akase resigned.
 - (3) On June 15, 2021, Kenichi Goto, Keiji Miyake and Jun Ogawa became Corporate Auditors of the company.
 - (4) On June 15, 2021, Shinji Ozaki retired from the position as Full-time Corporate Auditor of the company.
 - (5) On June 15, 2021, Toru Niwa and Ryoichi Miyazaki retired from the position as Corporate Auditors.
 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) Total amount of remuneration, etc. for directors and corporate auditors

Position	Total amount of remuneration, etc. (million yen)	Breakdown (million yen)			Number of officers
		Monthly remuneration	Performance-linked remuneration	Stock options	
Directors (Outside directors out of all directors)	301 (14)	233 (14)	- (-)	68 (-)	8 (3)
Corporate auditors (Outside corporate auditors out of all corporate auditors)	15 (14)	15 (14)	- (-)	- (-)	6 (5)
Total (Outside officers out of all officers)	316 (28)	248 (28)	- (-)	68 (-)	14 (8)

- Notes:
- The above include 1 Full-time Corporate Auditor and 2 Outside Corporate Auditors who retired at the close of the 41st Annual General Meeting of Shareholders on June 15, 2021 and 1 Director who resigned on December 31, 2021.
 - There are no directors who also are employees.
 - Stock option compensation is the amount of expenses recorded in the fiscal year ended in March 31, 2022 for all stock acquisition rights listed under "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 the term" on pages 43-46 of this report.

2) 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)	Stock-remuneration type stock options	¥150 million per year	27th Annual General Meeting of Shareholders (June 26, 2007)	14 (excluding outside directors)
Corporate Auditors	Cash	¥50 million per year	26th Annual General Meeting of Shareholders (June 28, 2006)	3

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

On May 11, 2021, 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 directors and corporate auditors

The USS Group provides competitive remuneration in order to attract and retain the talented managers who can contribute to the group's sustained growth and the medium to long-term growth of corporate value.

Remuneration is divided in a suitable manner between fixed (basic) remuneration and variable remuneration (stock options used as remuneration linked to medium to long-term results of operations) for the purpose of using remuneration as a sound incentive for achieving sustained growth.

(ii) Remuneration of directors and corporate auditors (● indicates eligibility)

Type of remuneration, etc.		Category		
		Internal Directors (Note. 1)	Outside Directors (Note. 2)	Auditors (Note. 3)
Fixed	Basic Remuneration	●	●	●
Variable	Stock-remuneration type stock options	●	-	-

- Notes: 1. Internal directors receive basic remuneration and stock option remuneration. Basic remuneration is a fixed monthly payment based on the roles and responsibilities of each individual's executive position. Stock option remuneration is based mainly on points granted to individuals in accordance with the number of years as a director and contributions to results of operations and other accomplishments. The stock options can be exercised only after an individual is no longer a director, corporate auditor or executive officer.
2. Remuneration for outside directors is only basic remuneration that is a fixed monthly payment because these directors oversee management from a highly objective and independent perspective.
3. Remuneration for corporate auditors is determined by mutual agreement of the corporate auditors. This remuneration is only basic remuneration that is a fixed monthly payment because the corporate auditors oversee management and perform audits from a highly objective and independent perspective.

(iii) Level and composition of remuneration of internal directors

A suitable level and composition of remuneration is established based on the business environment for the USS Group and on business and personnel strategies. In addition, objective remuneration market survey data from external organizations specializing in this field (Sumitomo Mitsui Trust Bank and Deloitte Tohmatsu Consulting) is used for reference when determining the level and composition of remuneration.

For internal directors, the level, format and composition of remuneration are determined with the objective of further clarifying the link between remuneration and results of operations and of further increasing motivation to contribute to the medium to long-term

growth of sales and earnings and corporate value. The level, format and composition of remuneration are reexamined periodically.

Composition of remuneration of internal directors

Type of remuneration	Composition
Basic Remuneration	70% - 90%
Stock-remuneration type stock options	10% - 30%

(iv) Process for determining remuneration for directors

To further increase the transparency and objectivity of decisions concerning remuneration for directors, these decisions are entrusted to the Nominations and Remuneration Committee by a resolution of the Board of Directors. More than half of committee members are independent outside directors. This committee makes decisions based on all applicable factors, including an individual's title, responsibilities and contribution to results of operations, and within the limit established by a resolution approved by shareholders.

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

In the fiscal year that ended in March 2022, the USS Board of Directors approved a resolution on May 11, 2021 for the delegation of authority for the determination of remuneration for individual directors to the Nominations and Remuneration Committee, where the majority of members are independent outside directors. In accordance with this resolution, this committee determined this remuneration, etc.

This authority was delegated to the Nominations and Remuneration Committee based on the belief that this committee is capable of further increasing the transparency and objectivity of decisions about the remuneration of individual directors. 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 Hitoshi Tamura, Akihiko Kato and Nobuko Takagi.

To ensure that the authority to determine remuneration, etc. of individual directors for the fiscal year that ended in March 2022 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 3). 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.

Part of the remuneration of individual directors for the fiscal year that ended in March 2022 was determined by using the individual director remuneration determination policy prior to the revision made by the Board of Directors on May 11, 2021. This remuneration was determined by Representative Director and Chairman Yukihiro Ando, who was authorized to make these decisions. Decisions about remuneration of individual directors by the Chairman

must be based on the recommendations for individual remuneration of the Nominations and Remuneration Committee, which is an advisory body to the Board of Directors. The purpose is to ensure the suitability of the amount of remuneration and the transparency of evaluations of the performance of directors. In addition, this remuneration does not exceed the limit established by resolutions approved at shareholders meetings. To determine recommendations about the remuneration of individual directors, the Nominations and Remuneration Committee performed a comprehensive study that included consistency with the policy prior to the revision. The Board of Directors also confirmed recommendations and other input of this committee. Consequently, USS believes that remuneration for individual directors that was determined in accordance with the policy prior to the revision is consistent with the applicable policy.

Note: If "Proposal 5: Remuneration and terms concerning restricted stock remuneration and performance-linked stock remuneration for directors," which is explained from pages 22 to 31, is approved by shareholders with no revisions, USS plans to replace the preceding "Item concerning policy for decisions concerning remuneration, etc. for individual directors" with the policy on pages 27 to 31.

(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 48-49.

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	Hitoshi Tamura	9 / 9 (100%)	-	Use of customer satisfaction management experience for participation in discussions of proposals and other matters. Attended all three 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	Akihiko Kato	9 / 9 (100%)	-	Use of expertise and experience in financial institution management for participation in discussions of proposals and other matters. Attended all three 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	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 three 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.
Corporate Auditor	Kenichi Goto	7 / 7 (100%)	7 / 7 (100%)	Accounting and business process audits, use of expertise as a certified tax accountant to participate in discussions of proposals and other matters.
Corporate Auditor	Keiji Miyake	7 / 7 (100%)	7 / 7 (100%)	Accounting and business process audits, use of expertise as a certified public accountant to participate in discussions of proposals and other matters.
Corporate Auditor	Jun Ogawa	7 / 7 (100%)	7 / 7 (100%)	Accounting and business process audits, use of expertise as an attorney to participate in discussions of proposals and other matters.

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	32 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	32 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 directors, executive officers, officers, and others at our subsidiaries who shall bear the professional duties under Article 598 Paragraph 1 of the Companies Act and other similar persons. 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 Helpline on Ethical Conduct, which is USS's internal whistleblowing 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 (Board of 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 Helpline on Ethical Conduct, which is USS's internal whistleblowing 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 (Board of 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 and Internal Audit Office.
- 2) The Company shall establish a USS Helpline on Ethical Conduct, which is company's whistleblowing system, by which reports are made to the Auditors and Internal Audit Office via the Supervisory Office of Head Office.
- 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) and (2) 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.

We have established USS Helpline on Ethical Conduct, which is run by a third party, to serve as our whistleblower interface in the event persons under our employ obtain information on risk of illegal activity and such. The Board will receive reports on important risk information that are reported and brought to the attention of the USS Helpline on Ethical Conduct, and the state of this Helpline's operation will be regularly checked. Furthermore, USS's internal whistleblowing system guarantees that the persons under our employ will not suffer negative consequences from making a report to this Helpline.

(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, 2022)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	103,872	Current liabilities	37,884
Cash and deposits	79,380	Payables due to member dealers at auctions	21,213
Receivables due from member dealers at auctions	14,572	Notes and accounts payable – trade	698
Notes and accounts receivable – trade, and contract assets	2,425	Short-term borrowings	186
Securities	3,000	Current portion of long-term borrowings	220
Inventories	1,206	Lease obligations	36
Prepaid expenses	167	Income taxes payable	7,578
Other	3,137	Deposits received	2,054
Allowance for doubtful accounts	△18	Provision for bonuses	782
Non-current assets	125,481	Other	5,113
Property, plant and equipment	100,379	Non-current liabilities	8,996
Buildings and structures	33,426	Long-term borrowings	2,356
Machinery, equipment and vehicles	709	Lease obligations	28
Furniture and fixtures	2,286	Long-term accounts payable – other	241
Land	63,577	Retirement benefit liability	872
Lease assets	134	Guarantee deposits received	4,869
Construction in progress	245	Asset retirement obligations	623
Intangible assets	14,575	Other	3
Goodwill	8,366	Total liabilities	46,880
Other	6,209	(Net assets)	
Investments and other assets	10,526	Shareholders' equity	184,600
Investment securities	1,918	Share capital	18,881
Long-term loans receivable	30	Capital surplus	18,915
Long-term prepaid expenses	383	Retained earnings	211,843
Deferred tax assets	843	Treasury shares	△65,039
Deferred tax assets for land revaluation	2,456	Accumulated other comprehensive income	△4,719
Retirement benefit asset	43	Valuation difference on available-for-sale securities	930
Investment property	4,248	Revaluation reserve for land	△5,636
Other	708	Remeasurements of defined benefit plans	△14
Allowance for doubtful accounts	△106	Share acquisition rights	457
		Non-controlling interests	2,136
		Total net assets	182,473
Total assets	229,354	Total liabilities and net assets	229,354

Consolidated Statement of Income
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Amount	
Net sales		81,482
Cost of sales		30,710
Gross profit		50,772
Selling, general and administrative expenses		9,197
Operating profit		41,574
Non-operating income		
Interest and dividends income	26	
Rental income from real estate	743	
Other	213	984
Non-operating expenses		
Interest expenses	12	
Rental cost on real estate	162	
Other	9	185
Ordinary profit		42,374
Extraordinary income		
Gain on sale of non-current assets	20	
Gain on sale of shares of subsidiaries and associates	1,627	
Other	1	1,650
Extraordinary losses		
Loss on sale and retirement of non-current assets	41	
Loss on valuation of investment securities	80	
Loss on cancellation of rental contracts	27	
Other	0	149
Profit before income taxes		43,874
Income taxes – current	13,465	
Income taxes – deferred	△218	13,246
Profit		30,627
Profit attributable to non-controlling interests		882
Profit attributable to owners of parent		29,745

Consolidated Statement of Changes in Equity
(From April 1, 2021 to March 31, 2022)

(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	18,911	196,315	△57,435	176,673
Changes of items during the period					
Dividends of surplus	—	—	△14,218	—	△14,218
Profit attributable to owners of parent	—	—	29,745	—	29,745
Purchase of treasury shares	—	—	—	△7,973	△7,973
Disposal of treasury shares	—	3	—	369	372
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	3	15,527	△7,603	7,927
Balance at the end of current period	18,881	18,915	211,843	△65,039	184,600

	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	378	△5,636	△21	△5,278	432	1,697	173,524
Changes of items during the period							
Dividends of surplus	—	—	—	—	—	—	△14,218
Profit attributable to owners of parent	—	—	—	—	—	—	29,745
Purchase of treasury shares	—	—	—	—	—	—	△7,973
Disposal of treasury shares	—	—	—	—	—	—	372
Net changes of items other than shareholders' equity	552	—	7	559	25	438	1,022
Total changes of items during the period	552	—	7	559	25	438	8,949
Balance at the end of current period	930	△5,636	△14	△4,719	457	2,136	182,473

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 42nd 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. |
- (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.

II. Notes concerning change in accounting policy

(Application of accounting standard for revenue recognition)

USS has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and associated guidelines from the beginning of the fiscal year ended March 2022. Based on this standard, the amount expected to be received in exchange for the provision of the promised product or service is recognized as revenue when control of the product or service is transferred to the customer.

In applying the Accounting Standard for Revenue Recognition and associated guidelines, USS has used the transitional treatment in the paragraph 84 proviso of the standard. As a result, the cumulative effect of retroactively applying the new accounting policy prior to the start of the fiscal year ended March 2022 has been added to or subtracted from retained earnings at the beginning of the fiscal year and the application of the new accounting policy starts from that point. This transitional treatment had no effect on retained earnings at the beginning of the fiscal year and the application of this new standard had no effect on the consolidated statement of income.

(Application of Accounting Standard for Fair Value Measurement)

USS has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and associated guidelines from the beginning of the fiscal year ended March 2022. In accordance with the transitional treatment in Paragraph 19 of this standard and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), 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. Note concerning Revision to Presentation Method

(Consolidated Statement of Income)

"Gain on sale of shares of subsidiaries and associates," which was included in other extraordinary income in the fiscal year that ended in March 2021, is a separate item in the fiscal year that ended in March 2022 because it is more than one-tenth of total extraordinary income.

In the previous fiscal year, "Gain on sale of shares of subsidiaries and associates" was ¥0 million.

IV. Notes on the consolidated balance sheet

1. Assets pledged as collateral and liabilities secured by collateral

(1) Assets pledged

Buildings and structures	526 million yen
Land	2,456 million yen
Total	2,982 million yen

(2) Liabilities secured

Current portion of long-term borrowings	220 million yen
Long-term borrowings	1,980 million yen
Total	2,200 million yen

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

2. Cumulative depreciation for property, plant and equipment	54,697 million yen
Cumulative depreciation for investment property	536 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 311 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.

V. 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	-	-	313,250,000

2. Matters related to dividends from surplus

(1) Dividend payments and others

(i) Dividend based on the resolution at the 41st Annual General Shareholders' Meeting on June 15, 2021

Total dividends	6,928 million yen
Dividend per share	27.75 yen
Date of record	March 31, 2021
Effective date	June 16, 2021
Dividend resource	Retained earnings

Note: Total dividends include dividends of 10 million yen for 364,000 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, 2021

Total dividends	7,290 million yen
Dividend per share	29.20 yen
Date of record	September 30, 2021
Effective date	December 10, 2021

Note: Total dividends include dividends of 8 million yen for 283,000 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	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.

3. Matters related to share warrants as of March 31, 2022

	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

VI. 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.

Fair values of financial instruments are based on market and, if there is no market value, it is based on a value determined using reasonable calculations. Since these 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, 2022 are as follows. Notes concerning immaterial items are omitted. Stocks, etc. with no market price (¥280 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	1,638	1,638	-
Total assets	1,638	1,638	-

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	1,638	—	—	1,638
Total	1,638	—	—	1,638

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.

VII. Notes on rental real estate

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

VIII. 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 1)	Total
	Auto auction	Used car purchasing and selling	Total		
Consignment fees	15,198	—	15,198	—	15,198
Contract completion fees	15,088	—	15,088	—	15,088
Successful bid fees	23,076	—	23,076	—	23,076
Motorcycle auction fees	888	—	888	—	888
Merchandise sales	1,491	—	1,491	—	1,491
Used car purchasing and selling	—	5,296	5,296	—	5,296
Accident-damaged vehicle purchasing and selling	—	4,004	4,004	—	4,004
Recycling	—	—	—	7,238	7,238
Others	8,990	—	8,990	85	9,075
Revenue from contracts with customers	64,734	9,300	74,034	7,323	81,358
Other revenue (Note 2)	123	—	123	—	123
Sales to external customers	64,858	9,300	74,158	7,323	81,482

Notes: 1. Others is the recycling business and other activities not included in the reportable segments.
2. 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 2022 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 2022	
	Beginning of fiscal year	End of fiscal year
Receivables due from member dealers at auctions	6,596	14,572
Accounts receivable - trade	2,055	2,281

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 2022 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.

IX. Notes on per share data

- | | |
|------------------------|------------|
| 1. Net asset per share | 733.61 yen |
| 2. Profit per share | 119.80 yen |

Note: Net assets per share were calculated by including Company's shares held by ESOP Trust in treasury shares, which was deducted from the total number of shares issued. The number of shares of the Company held by ESOP Trust at end of the fiscal year under current review was 187,000, and the average during the year was 271,000.

X. Significant Subsequent Events

Not applicable.

XI. 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.

The Trust Employee Shareholding Incentive Plan

(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, 2022 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 362 million yen

and the number of shares was 187,000.

(iii) Book value of the bank loans accounted for by the gross method: 376 million yen

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

Non-Consolidated Balance Sheet
(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	94,522	Current liabilities	34,424
Cash and deposits	72,078	Payables due to member dealers at auctions	21,698
Receivables due from member dealers at auctions	14,499	Accounts payable – trade	83
Accounts receivable – trade	213	Accounts payable – other	3,283
Securities	3,000	Accrued expenses	100
Merchandise	150	Income taxes payable	6,583
Supplies	111	Deposits received	2,028
Prepaid expenses	75	Provision for bonuses	579
Short-term loans receivable from subsidiaries and associates	1,500	Other	66
Other	2,902	Non-current liabilities	6,459
Allowance for doubtful accounts	△9	Long-term borrowings	376
Non-current assets	122,506	Long-term accounts payable – other	137
Property, plant and equipment	95,267	Provision for retirement benefits	785
Buildings	28,335	Guarantee deposits received from member dealers	4,631
Structures	4,097	Asset retirement obligations	529
Machinery and equipment	153	Total liabilities	40,883
Vehicles	45	(Net assets)	
Furniture and fixtures	2,233	Shareholders' equity	180,393
Land	60,327	Share capital	18,881
Construction in progress	75	Capital surplus	14,506
Intangible assets	14,487	Legal capital surplus	4,583
Leasehold right	3,400	Other capital surplus	9,922
Software	1,703	Retained earnings	212,044
Goodwill	8,366	Legal retained earnings	370
Other	1,017	Other retained earnings	211,674
Investments and other assets	12,751	Retained earnings brought forward	211,674
Investment securities	1,681	Treasury shares	△65,039
Shares of subsidiaries and associates	1,828	Valuation and translation adjustments	△4,705
Claims provable in bankruptcy, claims provable in rehabilitation and other	30	Valuation difference on available - for-sale securities	930
Long-term prepaid expenses	369	Revaluation reserve for land	△5,636
Retirement benefit asset	43	Share acquisition rights	457
Deferred tax assets	508		
Deferred tax assets for land revaluation	2,456		
Insurance funds	59		
Investment property	5,368		
Other	434		
Allowance for doubtful accounts	△30	Total net assets	176,145
Total assets	217,028	Total liabilities and net assets	217,028

Non-Consolidated Statement of Income
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Amount	
Net sales		61,295
Cost of sales		17,031
Gross profit		44,263
Selling, general and administrative expenses		5,519
Operating profit		38,743
Non-operating income		
Interest and dividends income	1,135	
Rental income from real estate	961	
Other	169	2,265
Non-operating expenses		
Rental cost on real estate	189	
Other	8	198
Ordinary profit		40,811
Extraordinary income		
Gain on extinguishment of tie-in shares	317	
Gain on sale of non-current assets	10	
Gain on liquidation of subsidiaries	197	
Other	1	527
Extraordinary losses		
Loss on sale and retirement of non-current assets	28	
Loss on valuation of investment securities	80	
Loss on cancellation of rental contracts	27	
Other	0	136
Profit before income taxes		41,201
Income taxes – current	11,981	
Income taxes – deferred	△140	11,841
Profit		29,360

Non-Consolidated Statement of Changes in Equity
(From April 1, 2021 to March 31, 2022)

(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	9,919	14,502	370	196,532	196,902	△57,435	172,851
Changes of items during the period									
Dividends of surplus	—	—	—	—	—	△14,218	△14,218	—	△14,218
Profit	—	—	—	—	—	29,360	29,360	—	29,360
Purchase of treasury shares	—	—	—	—	—	—	—	△7,973	△7,973
Disposal of treasury shares	—	—	3	3	—	—	—	369	372
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	3	3	—	15,142	15,142	△7,603	7,542
Balance at the end of current period	18,881	4,583	9,922	14,506	370	211,674	212,044	△65,039	180,393

	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	378	△5,636	△5,257	432	168,025
Changes of items during the period					
Dividends of surplus	—	—	—	—	△14,218
Profit	—	—	—	—	29,360
Purchase of treasury shares	—	—	—	—	△7,973
Disposal of treasury shares	—	—	—	—	372
Net changes of items other than shareholders' equity	552	—	552	25	577
Total changes of items during the period	552	—	552	25	8,119
Balance at the end of current period	930	△5,636	△4,705	457	176,145

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 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 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.
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 revenue recognition)

USS has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and associated guidelines from the beginning of the fiscal year ended March 2022. Based on this standard, the amount expected to be received in exchange for the provision of the promised product or service is recognized as revenue when control of the product or service is transferred to the customer.

In applying the Accounting Standard for Revenue Recognition and associated guidelines, USS has used the transitional treatment in the paragraph 84 proviso of the standard. As a result, the cumulative effect of retroactively applying the new accounting policy prior to the start of the fiscal year ended March 2022 has been added to or subtracted from retained earnings at the beginning of the fiscal year and the application of the new accounting policy starts from that point. This transitional treatment had no effect on retained earnings at the beginning of the fiscal year and the application of this new standard had no effect on the statement of income.

(Application of Accounting Standard for Fair Value Measurement)

USS has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and associated guidelines from the beginning of the fiscal year ended March 2022. In accordance with the transitional treatment in Paragraph 19 of this standard and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), 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 financial statements.

III. Notes on the balance sheet

- | | |
|---|--------------------|
| 1. Cumulative depreciation for property, plant and equipment | 49,371 million yen |
| Cumulative depreciation for investment property | 1,023 million yen |
| 2. Receivables from, and payables to subsidiaries (excluding independently categorized items) | |
| Short-term receivables | 118 million yen |
| Short-term payables | 971 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:	△311 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	570 million yen
Operating expenses	2,413 million yen
Transactions other than business transactions	1,425 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	63,943,259	4,322,827	214,300	68,051,786

- Notes:
- The number of shares at the beginning of the current fiscal year includes 187,200 shares held by the ESOP Trust.
 - Breakdown of the increase of 4,322,827 shares in treasury shares (common stock) is as follows.

Acquisition of treasury shares by a Board resolution	4,322,800 shares
Increase due to purchase of shares less than one unit	27 shares
 - Breakdown of the decrease of 214,300 shares in treasury shares (common stock) is as follows.

Sale of Company stock by the ESOP Trust to the holding company	169,800 shares
Decrease due to exercise of stock options	44,500 shares

VI. Notes on tax effect accounting

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

Deferred tax assets

Amount above limit for deductible in addition to provision for bonus	175 million yen
Accrued enterprise tax denied	336 million yen
Payables denied	49 million yen
Share-based compensation expenses denied	138 million yen
Denial of impairment losses	228 million yen
Asset Retirement Obligations	160 million yen
Provision for retirement benefits denied	238 million yen
Valuation difference in the market price	246 million yen
Over-depreciation	190 million yen
Others	130 million yen
Total deferred tax assets	1,894 million yen
Netting with deferred tax liabilities	<u>△1,385 million yen</u>
Net deferred tax assets	508 million yen

Deferred tax liabilities

Valuation difference on available-for-sale securities	405 million yen
Asset Retirement Obligations	36 million yen
Valuation difference in the market price	624 million yen
Customer-related assets	296 million yen
Others	23 million yen
Total deferred tax liabilities	1,385 million yen
Netting with deferred tax assets	<u>△1,385 million yen</u>
Net deferred tax liabilities	- million yen

2. Major components of significant differences between the statutory tax rate and the corporate income and other effective tax rate after the application of tax effect accounting

Statutory tax rate	30.3%
(Adjustments)	
Expenses not deductible permanently, such as entertainment	0.2
Income not taxable permanently, such as dividend income	△1.0
Amortization of goodwill	0.2
Gain on Extinguishment of Tie-In Share	△0.2
Uniform allocation of residents tax	0.1
Tax rate change	△0.2
Others	△0.6
Effective corporate income tax, etc. rate after adjusting for tax effect accounting	28.7

VII. Notes on transactions with related parties

1. 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	2,310	Payable	301
Subsidiary	Japan Automobile Auction Inc.	Edogawa, Tokyo	100	Auto Auction	100% (Direct)	directors serving both companies	Dividend in kind	3,138	-	-

- Notes:
- Prices paid to US Butsuryu for outsourced services are determined by negotiations that reflect market prices.
 - USS received a dividend in kind from Japan Automobile Auction Inc. on September 30, 2021, which was prior to the October 1, 2021 absorption and merger of Japan Automobile Auction Inc. and HAA Kobe Inc. This dividend consisted of all shares of HAA Kobe that were held by Japan Automobile Auction.
 - The amount of transactions does not include consumption tax and the balance at year end does include consumption tax.

2. Officers, main individual shareholders and others (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
USS Representative Director Yukihiro Ando holds a majority of voting rights	Showa Co., Ltd.	Midori Ward, Nagoya, Aichi	10	Auto sales	-	Auction business	Auction related transaction	13	Receivables due from member dealers at auctions	0

- Notes:
- Business terms and business term determination method
Under the Company's automobile auction-related regulations, auction transactions are made based on business terms designed for general member dealers.
 - In the "Details of transactions", "Auction related transaction" includes listing fees, contract completion fees, successful bid fees and other auction transactions.
 - Transaction amounts do not include consumption tax and others, but the balances at year-end do include consumption tax and others.

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 | 716.51 yen |
| 2. Profit per share | 118.25 yen |

Note: Net assets per share were calculated by including the Company's shares held by the ESOP Trust in treasury shares, which was deducted from the total number of shares issued. The number of shares of the Company held by the ESOP Trust at end of the fiscal year was 187,000 and the average during the year was 271,000.

X. Note concerning Business Combinations

(Transaction under common control)

(Absorption and merger of consolidated subsidiary)

On August 3, 2021, the USS Board of Directors approved a resolution for wholly owned subsidiary Japan Automobile Auction to acquire all stock issued by HAA Kobe, which is a subsidiary of Japan Automobile Auction, by using a dividend in kind and, after HAA Kobe becomes a wholly owned subsidiary of USS, to conduct an absorption and merger by USS of Japan Automobile Auction and HAA Kobe. A contract for this merger was signed on the same day and the absorption and merger took place on October 1, 2021.

1. Summary of the business combination

1) Names of companies and business activities

Companies merged and dissolved

Japan Automobile Auction Inc.

HAA Kobe Inc.

Activities Operation of auto auctions

2) Date of business combination

October 1, 2021

3) Legal structure of business combination

An absorption and merger with USS the surviving company and Japan Auto Auction and HAA Kobe the companies that are dissolved

4) Name after the business combination

USS Co., Ltd.

5) Other information about the business combination

The purpose of this business combination is to increase the efficiency of the USS Group's auto auction business.

2. Summary of accounting treatment of the business combination

This business combination was treated as a transaction under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

The difference between the book value of the stock of the two subsidiaries and the amount of net assets received due to this merger is recognized as a gain on extinguishment of tie-in shares of ¥317 million and classified as extraordinary income in the statement of income.

XI. Notes on significant subsequent events

Not applicable.

XII. 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, XI. Other Notes, (Supplementary information) 1. Accounting procedure for the Trust Employee Shareholding Incentive Plan."

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

Notice of Termination of the Fiscal Year End Shareholders Report

USS will no longer issue the Shareholder Report that was sent to shareholders in previous years after the end of the annual shareholders meeting. One reason is that information in this report is similar in several places to the information in the notice of the shareholders meeting. Another reason is the availability of important information about USS on the company's website. USS plans to continue to issue a Shareholders Report at the end of the first half of every fiscal year.

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	Head Office of USS Co., Ltd. (USS Nagoya Auction Site) 507-20 Shinpo-machi, Tokai, Aichi Instructions for entering the location in a navigation system Input "507-20 Shinpo-machi, Tokai-shi, Aichi-ken"
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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 at Daidocho Station.</u> <u>There are no buses to the shareholders meeting site from JR Odaka Station or from Meitetsu Nawa Station.</u> <p 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</p> <ul style="list-style-type: none">• 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

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