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(Securities code: 4732)

June 3, 2024

(Start date of the electronic provision measure: May 31, 2024)

Dear Shareholders:

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

## Notice of the 44<sup>th</sup> Annual General Meeting of Shareholders

You are cordially invited to attend the 44<sup>th</sup> Annual General Meeting of the Shareholders of USS Co., Ltd. (the "Company"), which will be held as per the schedule below.

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

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

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

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

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

If you are unable to attend the Meeting, you may exercise your voting rights by mail or via the Internet, etc. We kindly request that you exercise your voting rights no later than **5:00 p.m. on Monday, June 24, 2024.**

<b>1. Date and Time</b>	<b>Tuesday, June 25, 2024, at 11:00 a.m.</b> (reception opens at 10:00 am)
<b>2. Venue</b>	507-20, Shinpo-machi, Tokai, Aichi <b>Head Office of the Company (USS Nagoya Auction Site)</b> (Please refer to the access information on the last page)
<b>3. Meeting Agenda</b>	<p><b>Items to be reported:</b></p> <ol style="list-style-type: none"> <li>1. The contents of the Business Report, the contents of the consolidated financial statements, and the results of the audit of consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the Company's 44th business period (from April 1, 2023 to March 31, 2024)</li> <li>2. The financial reports for the Company's 44th business period (from April 1, 2023 to March 31, 2024)</li> </ol> <p><b>Items to be resolved:</b></p> <p>Item 1: Appropriation of retained earnings</p> <p>Item 2: Election of seven (7) directors</p>

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

# Guide to Exercising Voting Rights

## Exercising voting rights by attendance at the General Meeting of Shareholders

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

- **Please inform us of your means of transportation with the enclosed postcard by June 11, 2024.**

<b>Date &amp; Time:</b>	<b>11:00 am, Tuesday, June 25, 2024</b> (reception opens at 10:00 am)
<b>Location:</b>	<b>Head Office of the Company</b> (USS Nagoya Auction Site) (Please refer to the access information on the last page)

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## Exercising voting rights by mail

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

<b>Proxy deadline:</b>	<b>We will accept only proxies that are received by 5:00 pm, Monday, June 24, 2024</b>
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<p>&lt; <b>Guide to filling in the voting form</b> &gt;</p> <p>Please indicate your "For" or "Against" with respect to each proposal.</p> <p>Proposals 1</p> <p>If you consent: Mark a ○ in the box marked "賛"</p> <p>If you dissent: Mark a ○ in the box marked "否"</p> <p>Proposals 2</p> <p>If you consent for all candidates: Mark a ○ in the box marked "賛"</p> <p>If you dissent for all candidates: Mark a ○ in the box marked "否"</p> <p>If you selectively veto certain candidates: Mark a ○ in the box marked "賛" and write the number of each candidate you choose to veto.</p> <p><b>[Handling of voting rights]</b></p> <p>If you indicate neither your "For" nor "Against" with respect to each proposal on the voting form, your answer will be deemed to be "For."</p>
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## Exercising voting rights by the Internet, etc.

<b>Proxy deadline</b>	<b>5:00 pm, Monday, June 24, 2024</b>
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### **(i) By scanning QR Code (Smart Vote)**

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

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

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

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

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

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

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

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

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

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

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

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

### **For institutional investors**

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

## Submission of questions in advance

In addition to questions to be asked at the venue on the day of the Annual General Meeting of Shareholders, questions regarding the agenda for the General Meeting of Shareholders and the management of the Company will be accepted on the dedicated website.

Among questions submitted in advance, we will answer those that are of significant interest to shareholders on the day of the meeting.

Please note that we will not be able to provide individual answers to shareholders.

<b>Submission Period</b>	<b>Between 9:00 AM on June 3, 2024 (Monday) and 5:00 PM on June 23, 2024 (Sunday)</b> Each shareholder may submit up to two questions.
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<b>How to submit</b>	Please access the following website by entering the following URL directly on your computer or smartphone, or by reading the QR code. <b>Website for the live webcast: <a href="https://ussnet-vsm.ir-navi.jp">https://ussnet-vsm.ir-navi.jp</a></b>
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Required user information to log in	
<b>(1) Shareholder number</b>	Shareholder number is the 9-digit number printed on the enclosed Form for Exercising Voting Rights. Please enter your own Shareholder number.
<b>(2) Postal code</b>	Please enter the postal code as of March 31, 2024, which was recorded in the last register of shareholders. Please enter your own postal code.

Contact for questions about this system:	Support Hotline *The service is available in Japanese only. Telephone: 0120-980-965 (toll free in Japan) Hours: 9:00 AM to 5:00 PM (closed weekends and national holidays)
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## On-demand delivery (post-delivery)

A portion of the meeting will be distributed on demand (post-event distribution) after the close of this Ordinary General Meeting of Shareholders. Information on the on-demand distribution will be posted on the Company's website.

<https://www.ussnet.co.jp/ir/stock/meeting/index.html>

\*If the on-demand delivery becomes unavailable for some reason, an announcement will be made on the Company's website.

\*In consideration of the privacy of the shareholders in attendance, the Q&A session will be edited.

\*Please note that the Company will not be able to transmit the adjourned or continuing meetings.

\*Communication and other charges associated with viewing are the responsibility of the shareholders.

\*The "Live Internet Broadcast" that has been available since 2020 will be canceled this year.

# 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%.

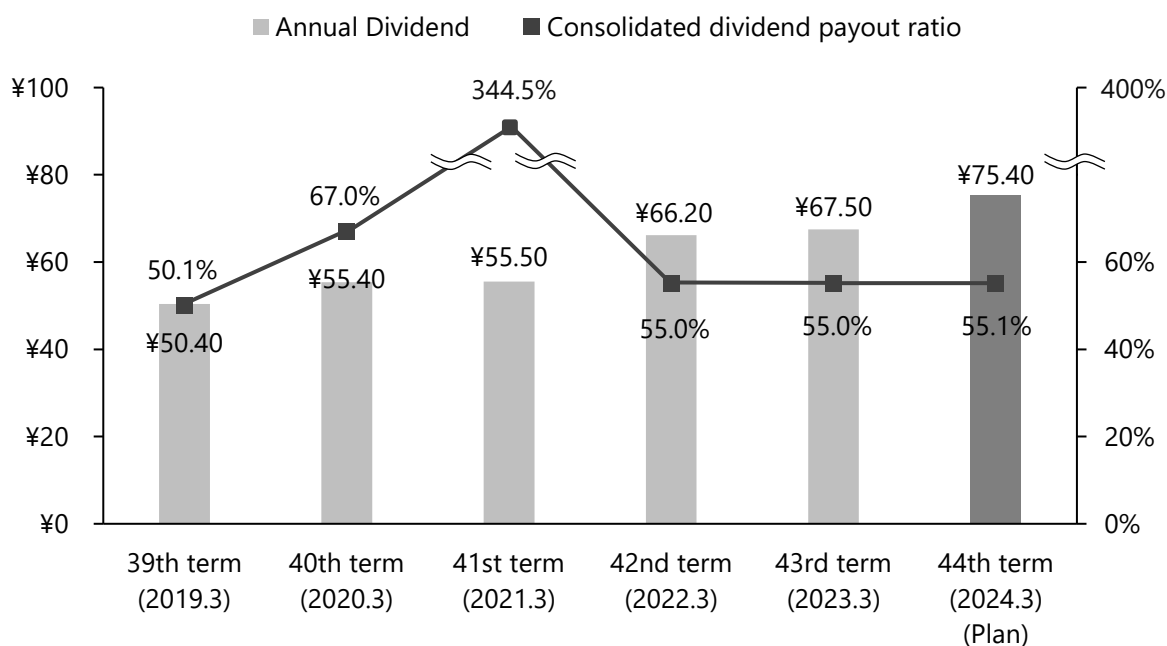
USS proposes to pay the following year-end dividend based on the basic policy above.

<b>Type of dividend property</b>	Cash
<b>Matters concerning allotment of dividend property and the total amount</b>	<p>Amount per common share 40.70 yen                  Total Amount 9,787,297,701 yen                  Since the Company paid an interim dividend of 34.70 yen per share, the final annual dividend will total 75.40 yen per share for the fiscal year under review.</p>
<b>Date when the dividends from retained earnings take effect</b>	June 26, 2024

Note: There was a two-for-one split of USS stock on April 1, 2024.  
 The year-end dividend for the fiscal year ended March 31, 2024 is based on the number of shares prior to the said stock split, as the record date for dividends is March 31, 2024.

(Reference)

### Dividend and consolidated dividend payout ratio



## Item 2: Election of seven (7) directors

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

The terms of office of all other seven (7) Directors will expire at the close of the 44th Annual General Meeting of Shareholders ("the current Annual General Meeting of Shareholders").

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


Brief information on the candidates is as follows:


No.	Name				Current Position and Duties at USS	Nominations and Remuneration Committee	Number of years in office
1	<input type="checkbox"/> Reelection	Yukihiro Ando	77 years old	<input type="checkbox"/> Male	Chairman and Representative Director, Chief Executive Officer (CEO)	◎	42
2	<input type="checkbox"/> Reelection	Dai Seta	57 years old	<input type="checkbox"/> Male	President and Representative Director, Chief Operating Officer (COO)	○	20
3	<input type="checkbox"/> Reelection	Masafumi Yamanaka	69 years old	<input type="checkbox"/> Male	Executive Vice President and Officer of the Supervisory Office		20
4	<input type="checkbox"/> Reelection	Hikomitsu Ikeda	63 years old	<input type="checkbox"/> Male	Junior Managing		20
5	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Nobuko Takagi	46 years old	<input type="checkbox"/> Female	Outside Director	○	6
6	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Shinji Honda	66 years old	<input type="checkbox"/> Male	Outside Director	○	2
7	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Yoshiko Sasao	64 years old	<input type="checkbox"/> Female	Outside Director	○	2


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


1	Yukihiro Ando	Reelection	
Date of Birth	Dec. 2, 1946 (77 years old)		
Number of Shares of the Company Owned by the Candidate	15,019,200		
FY 2023 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	42		
The chair of Nominations and Remuneration Committee			
<b>Brief Profile and Position and Duties at USS</b>			
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.			
June 2007 President and Representative Director and Chief Executive Officer (CEO) of the Company			
June 2012 Chairman and President and Representative Director of the Company			
June 2014 President and Representative Director of the Company			
Feb. 2018 President and Representative Director of Japan Automobile Auction Inc. President and Representative Director of HAA Kobe Inc.			
June 2019 Chairman and Representative Director, Chief Executive Officer of the Company (at present)			
<b>Significant Concurrent Posts</b>			
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<b>Reasons for selection as Director candidate</b>			
<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&amp;A deals in order to achieve consistent medium to long-term growth of earnings and corporate value. For these reasons, Mr. Ando is a candidate for Director and, if he is elected, we plan to have him remain Chairman, Representative Director and Chief Executive Officer and a chairperson of the Nominations and Remuneration Committee.</p>			




2	Dai Seta	Reelection	
Date of Birth	Dec. 23, 1966 (57 years old)		
Number of Shares of the Company Owned by the Candidate	15,365,400		
FY 2023 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	20		
Member of Nominations and Remuneration Committee			
<b>Brief Profile and Position and Duties at USS</b>			
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)		
<b>Significant Concurrent Posts</b>			
President and Representative Director of USS Support Service Co., Ltd.			
President and Representative Director of ARBIZ Co., Ltd.			
<b>Reasons for selection as Director candidate</b>			
<p>Mr. Dai Seta has outstanding knowledge and accomplishments concerning the operation of auction sites and was the Manager of the Auction Operations Department. He has also served as the president of consolidated subsidiaries, ARBIZ Co., Ltd. that operates a recycling business, and USS Support Service Co., Ltd. that operates a finance business. To utilize Mr. Seta's outstanding management skills, he was named President, Representative Director and Chief Operating Officer in June 2019. Since then, he has performed the roles of decision-making and supervising business operations very well. For these reasons, Mr. Seta is a candidate for Director and, if he is elected, we plan to have him remain President, Representative Director and Chief Operating Officer and a member of the Nominations and Remuneration Committee.</p>			

3	<b>Masafumi Yamanaka</b> <span style="border: 1px solid black; padding: 2px; margin-left: 10px;">Reelection</span>	
Date of Birth	Dec. 16, 1954 (69 years old)	
Number of Shares of the Company Owned by the Candidate	64,000	
FY 2023 Board Meetings Attendance Record	100% (Attended all 9 meetings)	
Number of years in office	20	
<b>Brief Profile and Position and Duties at USS</b>		
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)	
Oct. 2023	President and Representative Director of Rabbit Car Network Co., Ltd. (Concurrent Post) (at present)	
<b>Significant Concurrent Posts</b>		
President and Representative Director of Reproworld Co., Ltd.		
President and Representative Director of Rabbit Car Network Co., Ltd.		
<b>Reasons for selection as Director candidate</b>		
<p>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. And in October 2023, He was named president of Rabbit Car Network Co., Ltd., which buys and sells used 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.</p>		

4	Hiromitsu Ikeda	<span style="border: 1px solid black; padding: 2px;">Reelection</span>	
Date of Birth	May 3, 1961 (63 years old)		
Number of Shares of the Company Owned by the Candidate	65,800		
FY 2023 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	20		
<b>Brief Profile and Position and Duties at USS</b>			
Jan. 2001	General Manager of the System Planning & Business Relations Service Dept., Nagoya Office of the Company		
Jan. 2004	Executive Officer of the Company and General Manager of the System Planning & Business Relations Service Dept., Nagoya Office		
June 2004	Director of the Company and General Manager of the System Planning & Business Relations Service Dept., Nagoya Office		
June 2006	Junior Managing Director of the Company and Officer of the System Office		
Oct. 2010	Junior Managing Director of the Company and Officer of the System Office and in charge of Tohoku Auction Site		
June 2012	Junior Managing Director of the Company and Manager of Tohoku Auction Site		
Apr. 2015	Junior Managing Director of the Company and Manager of Osaka Auction Site and Kobe Auction Site		
Apr. 2018	Junior Managing Director of the Company Junior Managing Director of HAA Kobe		
Oct. 2019	Junior Managing Director of the Company and Manager of Shikoku Auction Site		
Apr. 2021	Junior Managing Director of the Company and Manager of Nagoya and R-Nagoya Auction Site		
Jan. 2022	Junior Managing Director of the Company and Officer of the Auction Operation Office		
Jan. 2024	Junior Managing Director of the Company and President and Representative Director of US Butsuryu Co., Ltd. (Concurrent Post) (at present)		
<b>Significant Concurrent Posts</b>			
President and Representative Director of US Butsuryu Co., Ltd.			
<b>Reasons for selection as Director candidate</b>			
<p>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, Junior Managing Director of HAA Kobe which was a consolidated subsidiary and Officer of the Auction Operation Office. He is currently Junior Managing Director he uses his thorough knowledge of USS business operations for management activities. In January 2024, he was named president of US Butsuryu Co., Ltd. which operates arrangement of freight transport and consignment business relating to operation of auctions. 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.</p>			

5	<b>Nobuko Takagi</b> (Name on the family register: Nobuko Teraoka)	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	
Date of Birth	Oct. 22, 1977 (46 years old)		
Number of Shares of the Company Owned by the Candidate	6,400		
FY 2023 Board Meetings Attendance Record	100% (Attended all 9 meetings)		
Number of years in office	6		
Member of Nominations and Remuneration Committee			
<b>Brief Profile and Position and Duties at USS</b> Oct. 2002      Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) May 2006      Registered as a Certified Public Accountant Aug. 2006      Joined Tohmatsu Tax Co. (currently Deloitte Tohmatsu Tax Co.) Nov. 2007      Joined GCA Corporation (Houlihan Lokey Corporation) Mar. 2011      Joined NEC Corporation July 2017      Representative, Nobuko Takagi Certified Public Accountants' Office (at present) Outside corporate auditor, I-ne CO., LTD. Apr. 2018      Representative Director, COEING AND COMPANY Inc. (at present) June 2018      Director of the Company (at present) June 2022      Outside Director of SMS Co., Ltd. (at present) Mar. 2024      Outside Director of KOSÉ Corporation (at present)			
<b>Significant Concurrent Posts</b> Representative Director, COEING AND COMPANY Inc. Representative, Nobuko Takagi Certified Public Accountants' Office Outside Director of SMS Co., Ltd. Outside Director of KOSÉ Corporation			
<b>Reasons for selection as Director candidate &amp; Overview of the expected roles</b> Ms. Nobuko Takagi is a certified public accountant who started her career performing auditing work at an auditing firm. She subsequently acquired experience at an M&A advisory firm and operating company involving the determination and implementation of M&A strategies. She is currently an independent management consultant where she provides advisory and other services for new business development for accomplishing long-term strategic goals, investment decisions and other matters. Since being elected as an Outside Director in June 2018, she has taken advantage of this knowledge in giving advice on various issues in management in general, and thereby contributed to the enhancement of corporate value. Based on the above, we have submitted her as a candidate for Outside Director and we would like her to continue to perform her duties as Outside Director. If Ms. Takagi is reelected, we expect that she will use her knowledge of finance and accounting as well as her experience as a management consultant, outside officer of a publicly owned company and in other posts in order to oversee the management of USS from a new perspective that differs from that of directors who have specialized knowledge of USS business operations. In addition, we plan to have her participate from an independent standpoint in decisions concerning director candidates, director remuneration and other matters as a member of the Nominations and Remuneration Committee. Ms. Takagi has no experience with corporate management from a position other than outside director; however, for the reasons above, we are confident that he will duly perform his duties as outside director.			

6	Shinji Honda	Reelection		
		Outside		
		Independent		
		Date of Birth		May 26, 1958 (66 years old)
		Number of Shares of the Company Owned by the Candidate		1,600
		FY 2023 Board Meetings Attendance Record		100% (Attended all 9 meetings)
Number of years in office	2			
Member of Nominations and Remuneration Committee				
<b>Brief Profile and Position and Duties at USS</b>				
Apr. 1981      Joined Takeda Pharmaceutical Company Limited.				
Jan. 2001      Vice president of TAP Pharmaceutical Products Inc.				
Oct. 2005      U.S. operations executive for Takeda Pharmaceutical				
June 2008      General manager of Overseas Business Dept., Takeda Pharmaceutical				
Apr. 2009      President and CEO of Takeda Pharmaceuticals North America Inc.				
June 2011      Corporate officer of Takeda Pharmaceutical				
Chief integration officer of Takeda Pharmaceuticals International Inc.				
Apr. 2012      Senior Vice President, Corporate Strategy Department of Takeda Pharmaceutical				
June 2013      Director and general manager of Corporate Planning Dept., Takeda Pharmaceutical				
June 2014      Senior managing director and general manager of Corporate Planning Dept., Takeda Pharmaceutical				
Oct. 2014      Senior managing director and Corporate Strategy Officer (CSO), Takeda Pharmaceutical				
Jan. 2018      Corporate officer for corporate planning, Nisshin Foods Holdings Co., Ltd.				
Feb. 2018      Managing Executive Officer and Chief Strategy Officer (group strategic planning), Nisshin Foods Holdings				
Mar. 2018      External director of Premier Foods plc (British food manufacturer)				
June 2018      Managing Executive Officers and Chief Strategy Officer, Nisshin Foods Holdings				
July 2021      Executive adviser of Nisshin Foods Holdings				
June 2022      Director of the Company (at present)				
June 2023      Outside Director of CYBERDYNE Inc.				
Dec. 2023      Executive Director and Chief Operating Officer (COO) of CYBERDYNE Inc. (at present)				
President and Representative Director of CEJ Capital Co., Ltd. (at present)				
<b>Significant Concurrent Posts</b>				
Executive Director and Chief Operating Officer (COO) of CYBERDYNE Inc.				
President and Representative Director of CEJ Capital Co., Ltd.				
<b>Reasons for selection as Director candidate &amp; Overview of the expected roles</b>				
Mr. Shinji Honda has many years of experience and extensive knowledge concerning corporate management. At a company with global operations, he was involved as a manager and director with management and the oversight of management, group management, medium and long-term growth strategies, ESG/SDGs, corporate planning and overseas operations.				
After his election in June 2022 as an Outside Director, Mr. Honda has played an important role concerning the suitability of management decisions and the oversight of management. He used his extensive knowledge of corporate management and professional skills to provide extremely valuable advice and suggestions concerning the determination of business strategies and plans, the supervision of progress involving these strategies and plans, and other matters.				
Mr. Honda is a candidate for reelection as an Outside Director because he is expected to continue to perform these roles and because his extensive knowledge of management is required. If Mr. Honda is reelected, he will remain a member of the Nominations and Remuneration Committee.				

7	Yoshiko Sasao	Reelection		
		Outside		
		Independent		
		Date of Birth		Apr. 2, 1960 (64 years old)
		Number of Shares of the Company Owned by the Candidate		1,200
		FY 2023 Board Meetings Attendance Record		100% (Attended all 9 meetings)
Number of years in office	2			
Member of Nominations and Remuneration Committee				
<b>Brief Profile and Position and Duties at USS</b>				
Apr. 1984      Joined Recruit Co., Ltd.				
Apr. 2000      Assigned to Recruit Staffing Co., Ltd.				
Apr. 2004      General manager of Marketing Support 1 <sup>st</sup> Dept., Recruit Staffing				
Apr. 2006      Joined Tokyo Electric Power				
Nov. 2007      Managing director, Tepco Partners Co., Inc.				
June 2012      President, Tepco Partners Co., Inc.				
June 2015      Outside director of Leopalace21 Corp. President, Shidax Beauty Care Management Corp.				
Apr. 2017      Executive officer, Hasegawa Holdings Inc. (now HITOWA Holdings) President, Hasegawa Social Works Co., Ltd. (now HITOWA Social Works Co., Ltd.)				
May 2018      Executive officer, manager of Working Style Reform Office, JDC Corp.				
June 2019      Managing officer, manager of Working Style Reform Office, JDC Corp.				
Aug. 2019      Outside director of Sanki Service Corp.				
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.				
June 2022      Outside director of Hiramatsu Inc. (at present) Director of the Company (at present)				
June 2023      President and Representative Director of Career & Life Supporters, Inc. (at present)				
<b>Significant Concurrent Posts</b>				
Outside director of Hiramatsu Inc.				
President and Representative Director of Career & Life Supporters, Inc.				
<b>Reasons for selection as Director candidate &amp; Overview of the expected roles</b>				
<p>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.</p> <p>After her election in June 2022 as an Outside Director, Ms. Sasao has played an important role concerning the suitability of management decisions and the oversight of management. She used her diverse experience and professional skills involving corporate management and human resources to provide extremely valuable advice and suggestions.</p> <p>Ms. Sasao is a candidate for reelection as an Outside Director because she is expected to continue to perform these roles and because her professional knowledge of companies and human resources is required. If Ms. Sasao is reelected, she will remain a member of the Nominations and Remuneration Committee.</p>				

- Notes:
1. There are no special interests between the Company and each of the candidates.
  2. USS has agreements with an insurance company concerning director, etc. liability insurance policies stipulated in Article 430-3-1 of the Companies Act. In the event that a director or other insured individual, as a result of activities (including oversight) performed as a director or other officer of USS, is required to pay damages, the insurance policy will pay these damages, litigation expenses and other expenses. However, the policy does not cover certain activities of an individual, such as bribery or other criminal acts or an intentionally illegal act. USS plans to renew these insurance policies during the term of office of the directors with policies having similar terms. Premiums for these policies are paid entirely by USS.
  3. Matters related to candidates for outside directors are as follows:
    - (1) Nobuko Takagi, Shinji Honda and Yoshiko Sasao are candidates for outside directors. The Company has designated Ms. Takagi, Mr. Honda and Ms. Sasao as independent directors in accordance with rules of the Tokyo Stock Exchange and Nagoya Stock Exchange and has notified these stock exchanges that they are independent directors. If they are elected as directors by shareholders, the Company plans to designate them as independent directors.
    - (2) Period in office of incumbent outside directors who are candidates for outside directors  
 The period in office of incumbent outside director Nobuko Takagi will be 6 years upon closure of the current Annual General Meeting of Shareholders.  
 The period in office of incumbent outside director Shinji Honda and Yoshiko Sasao will be 2 years upon closure of the current Annual General Meeting of Shareholders.
    - (3) Outline of liability limitation agreement  
 Nobuko Takagi, Shinji Honda and Yoshiko Sasao are currently outside directors of the Company. In order to assure that outside directors can carry out their expected duties satisfactorily, the Company has a liability limitation agreement with Ms. Takagi, Mr. Honda and Ms. Sasao in accordance with the provisions of Article 427, Paragraph 1, of the Companies Act and Article 27 of the Articles of Incorporation of the Company.  
 This agreement limits liability to the higher of 4 million yen or the amount designated by laws and regulations.  
 If Nobuko Takagi, Shinji Honda and Yoshiko Sasao are reelected as directors by shareholders, the Company plans to renew this liability agreement.
    - (4) On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. The number of shares of the Company held by each director candidate is the number of shares after the stock split.

### **(Reference) Skills Matrix of directors and corporate auditors**

The skills the Company expects its directors and corporate auditors are as follows.

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

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

Notes: 1. This table shows up to three skills for each director and corporate auditor where the expectations of USS are highest based on their experience and other characteristics.

2. The full-time corporate auditor will be selected by the Board of Corporate Auditors following this shareholders' meeting and the Board of Directors will then determine the job positions of directors who are also USS executives.

### **(Reference) Selection of director candidates and executive officers**

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

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



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

### 1. Evaluation process

Time: February 2024

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) Role, function and composition of the Board of Directors

(2) Operation and Discussion of the Board of Directors

(3) Evaluation of Nominations and Remuneration Committee

(4) Evaluation of the activities regarding major issues of the previous fiscal

(5) Relationship with Investors and Shareholders

(6) Self-evaluation

### 3. Summary of evaluation results

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

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

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

While the fact that numerical targets for business strategy were set out in the integrated report was evaluated to a certain degree, there is room for improvement in terms of enhancing the discussion on the growth strategy story, and this is an issue that needs to be continued.

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

In the area of sustainability, the acquisition of SBT certification and third-party assurance of GHG emissions (Scope 1, 2, and 3) for climate change led to improvements in external evaluations such as CDP. On the other hand, the need to accelerate discussions on medium- and long-term visions and strategies for strengthening human capital is an issue that we must continue to address. We have decided to continue to work on this issue.

### 4. Upcoming activities

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

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

(2) More thorough discussions about human resources strategy and human resources development policy to ensure diversity

Based on the results of the effectiveness evaluation in FY2023, we have decided on issues to be addressed in FY2024 and established a project team to study medium- to long-term management strategies in order to accelerate specific initiatives.

In FY2024, we will focus on the activities of the project team to further enhance the effectiveness of discussions at the Board of Directors meetings.

## Business Report (From April 1, 2023 to March 31, 2024)

### 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
97,606 million yen Up 9.9%	48,937 million yen Up 11.8%	49,654 million yen Up 11.6%	32,906 million yen Up 9.7%

In the domestic automobile distribution market during the fiscal year that ended on March 31, 2024, although the shortage of semiconductors eased and new car sales were strong, production and shipments were halted due to certification problems by some new car manufacturers that occurred after January, resulting in new car registrations (including mini cars) of 4,528 thousand (increased 3.3% year-on-year).

Used car registrations including mini cars increased 2.5% to 6,451 thousand mainly because of an increase of cars traded in as sales of new cars recovered. (Source: Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association)

Exports of used vehicles were up 24.3% to 1,603 thousand mainly because of increases in cars exported to the United Arab Emirates, Mongolia and New Zealand. (Source: Trade Statistics of Ministry of Finance) In Japan's automobile auction market, the number of vehicles consigned increased 6.8% to 7,771 thousand, the number of contracted vehicles increased 8.5% to 5,232 thousand and the contract completion rate increased to 67.3% from 66.3% in the previous fiscal year. (Source: USED CAR Co., Ltd.)

At the USS Group, consolidated net sales increased 9.9% to 97,606 million yen, operating profit increased 11.8% to 48,937 million yen, ordinary profit increased 11.6% to 49,654 million yen and profit attributable to owners of parent increased 9.7% to 32,906 million yen.

#### Auto Auction Business

The number of vehicles consigned increased 4.3% to 3,084 thousand, the number of contracted vehicles increased 6.6% to 1,986 thousand and the contract completion rate increased to 64.4% from 63.0% in the previous fiscal year. Sales and earnings in this business increased due to the larger number of vehicles consigned and the contribution of fee revisions to the increase in auction fee income. As a result, sales to external customers increased 8.3% to 75,066 million yen and operating profit increased 12.2% to 47,414 million yen.

#### Used Car Purchasing and Selling Business

At the Rabbit used car purchasing business, sales and earnings increased because of the larger number of customers and vehicles sold resulting from continuing improvements in the reputation of Rabbit regarding its stores and the quality of customer services. In the accident-damaged vehicle purchasing business, sales and earnings increased due to a larger number of vehicles sold and the strength of the auction market for these vehicles. As a result, sales to external customers increased 10.0% to 11,431 million yen and operating profit increased 154.9% to 331 million yen.

#### Recycling Business

In the resource recycling business, sales increased and earnings decreased. The number of vehicles for disposal handled increased but higher depreciation expenses held down earnings. In the industrial plant recycling business, sales increased and earnings decreased. There was an increase in the number of orders for large demolition projects but earnings were lower mainly because of increases in outsourcing

and personnel expenses. As a result, sales to external customers increased 17.2% to 10,526 million yen and operating profit decreased 12.7% to 1,164 million yen.

### **Other businesses**

In the other business, sales increased 483.6% to 580 million yen and there was an operating loss of 18 million yen compared with an operating profit of 27 million yen in the previous fiscal year. This was mainly due to operating losses incurred from sales and initial investments in the auto loan business, which began in April 2023.

## **(2) Capital Expenditures**

Consolidated capital expenditures totaled 2,517 million yen on an end-of-manufacturing basis which was mainly for Auto auction business.

- 1) Major facilities completed during the fiscal year  
Not applicable
- 2) Ongoing establishment, extension and improvement of major facilities at the end of the fiscal year  
Not applicable

## **(3) Financing**

Not applicable

## **(4) Important Issues**

During the next three fiscal years, USS plans to make an investment for growth totaling more than 20 billion yen. This investment is for achieving the medium- to long-term goal to increase the share of the automobile auction market in Japan to 50% (39.6% in 2023). In addition, in association with a reexamination of the importance of using capital efficiently, USS has established a shareholder distribution policy for the three fiscal years ending with the fiscal year ending in March 2027 that consists of a consolidated payout ratio of at least 55% and a total earnings payout ratio of at least 80%, together with our medium-term goal, which is an ROE of at least 15%.

Our medium-term business strategy is as follows.

- 1) Investment for Growth in Auto auction business  
Our Auto auction market share target is 50%. To achieve this, we will make capital investments for new auction sites, renewal to state-of-the-art auction system, new building to accommodate an even larger number of vehicles in Yokohama, HAA Kobe, Tokyo Auction site, where we expect to increase the number of vehicles consigned.  
In order to achieve the digital transformation, we will improve the level of convenience for auction members and improve operational efficiency, by advancing the digitization of consignment procedures and vehicle inspections.  
In addition, we will perform R&D activities in order to establish evaluation standards and a vehicle inspection system for electric vehicles.
- 2) Steady growth of Used car purchasing and selling business  
The Company aims to achieve steady profit growth, by creating synergies through consigning used cars purchased directly from consumers into auto auctions organized by USS, by improving customer satisfaction by creating attractive stores, and by expanding the number of both directly managed and franchise stores.
- 3) Expansion of Recycling business  
In the resource recycling business, we aim to achieve sales of 10 billion yen in FY2027, by the low-carbon circular economy demonstration of aluminum in automobile recycling, which was selected as a FY2024 grant project by JAPAN FOUNDATION FOR ADVANCED AUTO RECYCLING,

and by new initiatives such as the recycling of solar panels, which are expected to be generated in large quantities in the future.

In the plant recycling business, we aim to achieve sales of 10 billion yen in FY2026. Although the competitive environment is getting tougher, there is still a lot of demand for the closure, relocation, and reconstruction of factories and plant facilities in Japan, and we will continue to develop human resources to increase the number of orders.

#### 4) Expansion of Automobile Loan

April 2023, the company has launched a new auto loan business, which targets customers who cannot use auto loans from financial institutions or consumer credit companies, such as young people, freelancers, and foreigners. This loan is conditional on the installation of a device that can control engine startup due to payment delays. As of March 31, 2024, there are about 650 member stores and about 4,000 auto loans totaling about ¥5.7 billion.

#### 5) Conduct effective mergers and acquisitions for business expansion

Positioning mergers and acquisitions as ways to capitalize on opportunities for growth, the USS Group plans to invest aggressively in deals that can lead to growth in our future cash flows.

#### 6) 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.

In the 45th period (April 1, 2024 to March 31, 2025), we forecast consolidated sales of 101,900 million yen, 4.4% higher than in the previous fiscal year, and increases of 5.2% in operating profit to 51,500 million yen, 5.1% in ordinary profit to 52,200 million yen and 6.4% in profit attributable to owners of parent to 35,000 million yen. This forecast assumes that vehicles consigned at our auto auctions will increase 0.5% to 3,100 thousand, vehicles contracted will increase 0.7% to 2,000 thousand, and the contract completion rate will increase from 64.4% to 64.5%.

We ask our shareholders for your continued support.

## (5) Financial Highlights

### 1) USS Group selected financial data

Item	40th term Year ended March 31, 2020	41st term Year ended March 31, 2021	42nd term Year ended March 31, 2022	43rd term Year ended March 31, 2023	44th term Year ended March 31, 2024 (Consolidated fiscal year under current review)
Net sales (million yen)	78,143	74,874	81,482	88,778	97,606
Ordinary profit (million yen)	36,710	36,996	42,374	44,491	49,654
Profit attributable to owners of parent (million yen)	20,634	4,022	29,745	30,008	32,906
Profit per Share (yen)	41	8	59	61	68
Total assets (million yen)	219,133	210,699	229,354	242,352	271,557
Net assets (million yen)	183,980	173,524	182,473	194,154	199,021
Net assets per share (yen)	364	343	366	390	407

Note: On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. Therefore, " Profit per Share" and " Net assets per share" are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2020.

## 2) Business segment sales, income and assets

(Millions of yen)

Business segment	Item	40th term (Year ended March 31, 2020)	41st term (Year ended March 31, 2021)	42nd term (Year ended March 31, 2022)	43rd term (Year ended March 31, 2023)	44th term (Year ended March 31, 2024) (Consolidated fiscal year under current review)
Auto auction business	Net sales	63,350	61,048	64,858	69,304	75,066
	Operating profit	35,436	35,463	40,217	42,267	47,414
	Total assets	211,517	202,889	220,146	232,388	261,034
Used car purchasing and selling business	Net sales	9,099	8,646	9,300	10,391	11,431
	Operating profit	103	271	136	130	331
	Total assets	1,696	1,978	2,188	2,422	2,860
Recycling business	Net sales	5,161	4,829	7,238	8,982	10,526
	Operating profit	309	376	1,142	1,333	1,164
	Total assets	6,040	5,877	7,537	8,097	8,228
Other businesses	Net sales	531	351	85	99	580
	Operating profit	59	23	58	27	△18
	Total assets	1,019	826	552	671	8,281

Note: Segment sales based on external customer sales.

**(6) Major Business Activities (as of March 31, 2024)**

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

**(7) Major Parent Company and Subsidiaries**1) Parent company  
Not applicable.2) Major subsidiaries  
The Company has 7 consolidated subsidiaries and no equity-method affiliate.

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

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

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

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

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

Not applicable.

**(9) Principal business sites (as of March 31, 2024)**

	Business segment	Site or company	Location	Note
USS	Auto auction business	Nagoya Auction Site	Tokai, Aichi	Head office
		Kyushu Auction Site	Tosu, Saga	Branch
		Fukuoka Auction Site	Chikushino, Fukuoka	Branch
		Tokyo Auction Site	Noda, Chiba	Branch
		Okayama Auction Site	Akaiwa, Okayama	Branch
		Shizuoka Auction Site	Fukuroi, Shizuoka	Branch
		Sapporo Auction Site	Ebetsu, Hokkaido	Branch
		Saitama Auction Site	Iruma, Saitama	Branch
		Gunma Auction Site	Fujioka, Gunma	Branch
		Tohoku Auction Site	Murata-machi, Shibata, Miyagi	Branch
		Osaka Auction Site	Osaka, Osaka	Branch
		Yokohama Auction Site	Yokohama, Kanagawa	Branch
		R - Nagoya Auction Site	Tokai, Aichi	Branch
		Kobe Auction Site	Kobe, Hyogo	Branch
		Hokuriku Auction Site	Hakusan, Ishikawa	Branch
		Niigata Auction Site	Mitsuke, Niigata	Branch
		Shikoku Auction Site	Matsuyama, Ehime	Branch
		JAA	Edogawa, Tokyo	Branch
		HAA Kobe	Kobe, Hyogo	Branch
		System Office	Edogawa, Tokyo	Development of auction system Operation of web services for members
Subsidiaries	Auto auction business	US Butsuryu Co., Ltd.	Tokai, Aichi	17 branch offices in Japan
		USS Support Service Co., Ltd.	Tokai, Aichi	Finance services business, etc.
		Japan Bike Auction Co., Ltd.	Yokohama, Kanagawa	Operation of motorcycle auction 2 auction sites in Japan
	Used car purchasing and selling business	Reproworld Co., Ltd.	Noda, Chiba	14 shops in Japan in the purchase and sales of accident-damaged vehicles business
		Rabbit Car Network Co., Ltd.	Edogawa, Tokyo	Used car purchase and sales shop Rabbit; 15 direct shops, 123 franchise shops.
	Recycling business	ARBIZ Co., Ltd.	Nagoya, Aichi	Recycling plant for end-of-life automobiles and metal scraps
		SMART Inc.	Nagoya, Aichi	Disposal of equipment and industrial plants

## (10) Employees (as of March 31, 2024)

### 1) Employees of the USS Group

Business segment	Numbers of employees		Change since end of previous fiscal year	
Auto auction business	782	(137)	down 7	(up 19)
Used car purchasing and selling business	150	(14)	down 4	(up 6)
Recycling business	162	(38)	up 18	(up 1)
Head office and others	36	(1)	up 5	(—)
Total	1,130	(190)	up 12	(up 26)

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

### 2) Employees of the Company

Number of employees	Change since end of previous fiscal year	Mean age	Mean service years
677 (106)	down 7 (up 4)	39.8	13.2

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

## (11) Major creditors (as of March 31, 2024)

Lender	Loan (million yen)
Sumitomo Mitsui Banking Corporation	1,910
MUFG Bank, Ltd.	675

Notes: 1. 1,760 million yen of the amount borrowed from Sumitomo Mitsui Banking Corporation was due to the borrowing of 3,300 million yen in March 2017 by ARBIZ, a consolidated subsidiary of the Company, as a source of funds for the acquisition of business land and other assets from the Company.  
2. 150 million yen out of the loan from Sumitomo Mitsui Banking Corporation is for working capital of subsidiary SMART Inc.  
3. The USS Employee Stock Ownership Plan Trust, which was established for the Trust Employee Shareholding Incentive Plan, has borrowed money from MUFG Bank, Ltd. as a source of funds to purchase the Company's shares. For more information about this plan, refer to "2. Matters relating to shares of the Company, (6) Other Important Items related to Shares, 2) Overview of the Employee Stock Ownership Plan".

## (12) Update on Our Significant Reorganizations

Not applicable.



## 2. Matters relating to shares of the Company (as of March 31, 2024)

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

**(2) Total number of shares issued:** 257,000,000 shares

(including 16,525,855 shares of treasury shares)

Notes: 1. Pursuant to Article 184, Paragraph 2 of the Companies Act, Article 6 of the Company's Articles of Incorporation was amended on April 1, 2024, increasing the total number of authorized shares by 800,000,000 shares to 2,000,000,000 shares.

2. On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. As a result, the total number of shares issued increased by 257,000,000 to 514,000,000.

**(3) Total number of shareholders:** 23,639

### **(4) Major shareholders (Top 10)**

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,517	16.43
Custody Bank of Japan, Ltd. (Trust Account)	11,304	4.70
Mamoru Seta	9,200	3.82
SSBTC CLIENT OMNIBUS ACCOUNT	8,888	3.69
The Nomura Trust and Banking Co., Ltd. (retirement benefit trust MUFG Bank, Ltd. account)	8,400	3.49
Dai Seta	7,682	3.19
Yukihiro Ando	7,509	3.12
Hattori International Scholarship Foundation	7,200	2.99
STATE STREET BANK WEST CLIENT - TREATY 505234	6,154	2.55
EIGHTEEN Inc.	5,745	2.38

Notes: 1. The list of major shareholders does not include 16,525,855 shares of treasury shares.  
2. The number of shares used to calculate shareholding ratios does not include treasury shares.  
3. The number of shares when less than one thousand is truncated. Shareholding ratios are truncated to the hundredth decimal point.

4. In addition to the above shareholders, the following shareholdings have been reported by the large shareholding report (the amendment report).

(1) An amendment report submitted by Massachusetts Financial Services Company and one other company, in their joint names on December 4, 2020, stated that the following shares are held as of November 30, 2020. Since USS is unable to confirm the valid number of shares owned by these firms as of March 31, 2024, 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	4.81
MFS Investment Management K.K.	Daido Seimei Kasumigaseki Bldg., 1-4-2, Kasumigaseki, Chiyoda Ward, Tokyo	837	0.34
Total		12,407	5.15

(2) An amendment report submitted by FMR LLC and one other company on March 22, 2021 stated that the following shares are held as of March 15, 2021. Since USS is unable to confirm the valid number of shares owned as of March 31, 2024, 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	6.21
National Financial Services LLC	200 Seaport Blvd, Boston, Massachusetts 02210, USA	0	0.00
Total		14,937	6.21

(3) An amendment report submitted by BlackRock Japan Co., Ltd. and 6 other companies on July 6, 2022 stated that the following shares are held as of June 30, 2022. Since USS is unable to confirm the valid number of shares owned as of March 31, 2024, this shareholder is not included in the above list of major shareholders.

Name	Address	Shares (thousands of shares)	Shareholding ratio (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	3,503	1.45
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	511	0.21
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, UK	546	0.22
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	1,708	0.71
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, USA	5,716	2.37
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, USA	4,009	1.66
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	381	0.15
Total		16,377	6.81

(4) A large shareholding report submitted by Sumitomo Mitsui Trust Bank, Limited and 2 other companies on August 4, 2022 stated that the following shares are held as of July 29, 2022. Since USS is unable to confirm the valid number of shares owned as of March 31, 2024, this shareholder is not included in the above list of major shareholders.

Name	Address	Shares (thousands of shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	450	0.18
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	8,909	3.70
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	3,502	1.45
Total		12,861	5.34

(5) An amendment report submitted by MUFG Bank, Ltd. and 2 other companies on September 20, 2022 stated that the following shares are held as of September 12, 2022. Since USS is unable to confirm the valid number of shares owned as of March 31, 2024, 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	3.49
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	5,877	2.44
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1, Yurakucho, Chiyoda-ku, Tokyo	1,888	0.78
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	1,093	0.45
Total		17,259	7.17

(6) An amendment report submitted by Invesco Asset Management (Japan) Limited and 3 other companies on March 22, 2024 stated that the following shares are held as of March 15, 2024. Since USS is unable to confirm the valid number of shares owned as of March 31, 2024, 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	13,451	5.59
Invesco Advisers, Inc.	1331 Spring Street NW, Suite 2500, Atlanta, GA 30309, U.S.A.	2,242	0.93
Invesco Hong Kong Limited	45th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong	377	0.15
Invesco Capital Management LLC	3500 Lacey Road, Suite 700, Downers Grove IL 60515, USA	311	0.12
Total		16,382	6.81

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

### Disposal of treasury stock for use as restricted stock remuneration

In accordance with a resolution approved at the shareholders meeting held on June 21, 2022, USS started a restricted stock remuneration system. On June 20, 2023, the Board of Directors approved a resolution for the disposal of treasury stock for use as restricted stock remuneration. The disposal of 13,900 shares of treasury stock to four directors (excluding outside directors), and 2,900 shares of treasury stock to 4 executive officers took place on July 19, 2023 and 1,300 shares of treasury stock to 1 director (excluding outside directors) on August 10, 2023.

## **(6) Other Important Items related to Shares**

### **1) Purchase of treasury stock**

On June 20, 2023, 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 5 million shares at a cost of no more than ¥12,500 million, and the Company purchased treasury stock as below.

Type of shares and Shares purchased	Common shares	5,000,000 shares
Cost of shares purchased	¥	11,817,500,000
Date of shares purchased		June 21, 2023

### **2) Overview of the Employee Stock Ownership Plan**

Effective as of the fiscal year that ended on March 31, 2024, 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. The Plan is an incentive plan for all employees who belong to the USS employee stock ownership plan.

USS establishes a USS employee stock ownership plan trust ("the ESOP Trust") at a trust bank. Using loans from financial institutions, the ESOP Trust will use a third party allotment from USS to purchase in advance a number of shares of USS stock expected to be sufficient for the expected purchases of this stock by the employee stock ownership plan during the trust period, which is about two years and nine months.

Subsequently, the ESOP Trust will continuously sell USS stock to the employee stock ownership plan. When this trust ends, an amount equal to the cumulative gains on sales of this stock by the trust, if any, will be distributed as residual trust assets to qualified beneficiaries of the trust.

USS will guarantee the loans received by the ESOP Trust to fund purchases of USS stock. As a result, if there is a cumulative loss on sales of USS stock at the ESOP Trust due to a decline in the price of USS stock and, at the end of the trust, there is an outstanding loan at the trust equal to this cumulative loss, USS will repay the remaining loan in this amount.

In association with the establishment of the Plan, the Company sold to the ESOP Trust 369,200 shares (proceeds of 879,803,600 yen) of USS stock currently held as treasury stock.

The Company's shares held by the ESOP Trust that are recorded on the Company's consolidated balance sheet at the term end were 684 million yen (287 thousand shares) for the current consolidated fiscal year. The ESOP Trust's bank loans were 675 million yen for the current consolidated fiscal year. On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. The number of shares shown above is the number of shares before the stock split.

### **3) Overview of the stock split**

Based on the resolution of director's meeting on March 5, 2024, the Company executed a 2-for-1 stock split of its common stock on April 1, 2024 and article 6 of the Company's Articles of Incorporation was amended. As a result, the total number of authorized shares to 2,000,000,000 shares and the total number of shares issued increased to 514,000,000.

### 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, 2024)

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		207	221	231
Number of shares subject to Stock Acquisition Rights		20,700 shares of common stock (100 shares per Stock Acquisition Right)	22,100 shares of common stock (100 shares per Stock Acquisition Right)	23,100 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		265	351	390
Number of shares subject to Stock Acquisition Rights		26,500 shares of common stock (100 shares per Stock Acquisition Right)	35,100 shares of common stock (100 shares per Stock Acquisition Right)	39,000 shares of common stock (100 shares per Stock Acquisition Right)
Amount paid of Stock Acquisition Rights		192,100 yen per right	133,500 yen per right	163,600 yen per right
Amount of assets paid upon exercise of Stock Acquisition Rights		100 yen per right	100 yen per right	100 yen per right
Exercise period for Stock Acquisition Rights		From July 11, 2019 to June 30, 2044	From July 11, 2020 to June 30, 2045	From July 2, 2021 to June 30, 2046
Major conditions for the exercise of Stock Acquisition Rights		(Note) 1	(Note) 1	(Note) 1
Shares held by officers	Directors (excluding outside directors)	Number of holders 4 Number of rights 252 Number of shares subject to Stock Acquisition Rights 25,200	Number of holders 4 Number of rights 334 Number of shares subject to Stock Acquisition Rights 33,400	Number of holders 4 Number of rights 377 Number of shares subject to Stock Acquisition Rights 37,700
	Outside directors	-	-	-
	Corporate auditors	-	-	-

- Notes:
- Main conditions for the exercise of Stock Acquisition Rights are as follows:
    - A Stock Acquisition Right holder may exercise the Stock Acquisition Right only if the Stock Acquisition Right holder loses any and all statuses as a director of the Company (including executive officers in the case of a company with committees), or as an auditor or executive director. However, in that case, the Stock Acquisition Right holder may exercise the Stock Acquisition Right for subscription only during the period from the date following the date on which the holder loses any and all of the above statuses (the "Exercise Period Commencement Date") for ten (10) days after the Exercisable Period Commencement Date.
    - If a Stock Acquisition Right holder waives the Stock Acquisition Right for subscription, the Stock Acquisition Right holder may not exercise the Stock Acquisition Right for the waived subscription.
  - On February 15, 2017, USS revised the Stock Acquisition Rights allocation contracts for the 5<sup>th</sup> through the 14<sup>th</sup> issues of Stock Acquisition Rights with all directors and executive officers (except directors and executive officers who have resigned or retired) who hold any of these rights. The condition for the exercise of these Stock Acquisition Rights was revised. Previously, the rights could be exercised during the five-year period starting on the Exercise Period Commencement Date. Now, as stated in the preceding note 1. (1), the rights can be exercised for ten (10) days after the Exercise Period Commencement Date.
  - As a result of the 10-for-one stock split for common stock which was conducted on October 1, 2013, "Number of shares subject to Stock Acquisition Rights" and "Amount of assets paid upon exercise of Stock Acquisition Rights" were adjusted.
  - The Company conducted a 2-for-1 stock split of shares of common stock, effective April 1, 2024. The above figures represent the number of shares and prices as of March 31, 2024, before the stock split.

## 4. Matters relating to Officers of the Company

### (1) Directors and corporate auditors (as of March 31, 2024)

Title	Name	Duties and Affiliation to Other Companies, etc.
Chairman and Representative Director, Chief Executive Officer	Yukihiro Ando	
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. President and Representative Director of Rabbit Car Network Co., Ltd.
Junior Managing Director	Hiromitsu Ikeda	President and Representative Director of US Butsuryu Co., Ltd.
Director	Nobuko Takagi	Representative Director, COEING AND COMPANY Inc. Representative, Nobuko Takagi Certified Public Accountants' Office Outside Director of SMS Co., Ltd. Outside Director of KOSÉ Corporation
Director	Shinji Honda	Executive Director and Chief Operating Officer (COO) of CYBERDYNE Inc. President and Representative Director of CEJ Capital Co., Ltd.
Director	Yoshiko Sasao	Outside director of Hiramatsu Inc. President and Representative Director of Career & Life Supporters, Inc.
Full-time Corporate Auditor	Kenichi Goto	President, Kenichi Goto Certified Public Tax Accountant office
Corporate Auditor	Keiji Miyake	President, Keiji Miyake Certified Public Accountant Office Partner, Hokushin Tax accountant corporation
Corporate Auditor	Jun Ogawa	Tomishima Ogawa Mori Law Office, Attorney Vice President of Japan Federation of Bar Associations President of Aichi Bar Association

- Notes:
1. Directors: Nobuko Takagi, Shinji Honda and Yoshiko Sasao are outside directors.
  2. Corporate auditors: Kenichi Goto, Keiji Miyake and Jun Ogawa are outside corporate auditors.
  3. Full-time corporate auditor: Kenichi Goto has considerable knowledge of finance and accounting as a certified tax accountant.
  4. Corporate auditor: Mr. Keiji Miyake is well versed in corporate accounting matters as a certified public accountant, and has considerable knowledge of finance and accounting.
  5. USS designates the following officers as independent officers as prescribed by the Tokyo Stock Exchange and Nagoya Stock Exchange and has submitted notices to these stock exchanges: Directors Nobuko Takagi, Shinji Honda and Yoshiko Sasao and corporate auditors Kenichi Goto, Keiji Miyake and Jun Ogawa.
  6. There are no special relationships between the Company and any significant companies associated with concurrent posts of outside directors and outside corporate auditors.
  7. Changes of titles, duties and affiliation to other companies of the Directors in the current fiscal year are as follows:
    - (1) On December 31, 2023, Yukihiro Ando retired from the position as President and Representative Director of US Butsuryu Co., Ltd.
    - (2) On October 1, 2023, Masafumi Yamanaka became President and Representative Director of Rabbit Car Network Co., Ltd.



- (3) On January 1, 2024, Hiromitsu Ikeda became Junior Managing Director of the Company from Junior Managing Director of the Company and Officer of the Auction Operation Office. And on the same day, he became President and Representative Director of US Butsuryu Co., Ltd.
- (4) On March 28, 2024, Nobuko Takagi became Outside Director of KOSÉ Corporation.
- (5) On July 1, 2023, Shinji Honda retired from the position as Executive adviser of Nisshin Foods Holdings. And on June 22 2023, he became outside director of CYBERDYNE Inc., on December 18, he became Executive Director and Chief Operating Officer (COO) of CYBERDYNE Inc.. On December 25, 2023, he became President and Representative Director of CEJ Capital Co., Ltd..
- (6) On May 31, 2023, Yoshiko Sasao retired from the position as Managing officer, deputy manager (for personnel strategy) of Strategy Division and manager of Working Style Reform Office, JDC Corp. On August 25, 2023, she retired from the position as Outside director of Sanki Service Corp. On June 1, 2023, she became President and Representative Director of Career & Life Supporters, Inc..
- (7) On July 1, 2023, Keiji Miyake became a Partner, Hokushin Tax accountant corporation.
- (8) On April 1, 2023, Jun Ogawa became Vice President of Japan Federation of Bar Associations and President of Aichi Bar Association, and he retired from these positions on March 31, 2024.
- 8. Each of the outside directors and outside corporate auditors has entered into a liability limitation agreement with the Company that limits the liability for damage pursuant to provisions under Article 427, Paragraph 1, of the Companies Act and Articles 27 and 37 of the Articles of Incorporation of the Company. This agreement limits liability to the higher of 4 million yen or the amount designated by laws and regulations.
- 9. USS has agreements with an insurance company concerning director, etc. liability insurance policies stipulated in Article 430-3-1 of the Companies Act. In the event that a director or other insured individual, as a result of activities (including oversight) performed as a director or other officer of USS, is required to pay damages, the insurance policy will pay these damages, litigation expenses and other expenses. However, the policy does not cover certain activities of an individual, such as bribery or other criminal acts or an intentionally illegal act. USS plans to renew these insurance policies during the term of office of the directors with policies having similar terms. Premiums for these policies are paid entirely by USS.

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

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

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

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

#### **(I) Basic policy for remuneration of officers**

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

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

(II) Explanation of remuneration for officers

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

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

Notes: 1. Executive officer directors are all directors other than outside directors and receive all four categories of remuneration as their remuneration as executive officer directors.  
 2. Outside directors receive only basic remuneration for the purpose of ensuring that these directors supervise management with objectivity and independence.  
 3. Remuneration for corporate auditors is decided by the mutual agreement of the corporate auditors. This composition is solely basic remuneration to ensure that corporate auditors perform audits of management with objectivity and independence.

Composition of remuneration for executive officer directors

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

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

(III) Basic remuneration

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

(IV) Bonus

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

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

Bonus = Basic bonus calculation amount (i) x Bonus payment ratio (ii)
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(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.

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

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

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

(V) Performance-linked stock remuneration

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

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

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

(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.

$\text{Stock distribution ratio} = \text{TSR evaluation coefficient} \times 50\% + \text{ROE evaluation coefficient} \times 50\% \pm \text{ESG evaluation coefficient}$
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(Financial indicators and evaluation coefficients in the stock distribution ratio)

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

(VI) Restricted stock remuneration

This remuneration is a long-term incentive for executive officer directors. Enabling these directors to constantly hold USS common stock means that these directors have the same potential benefits and risks involving stock price movements as all other shareholders do. The purpose of this long-term incentive is to increase the motivation of these directors to contribute to raising the price of USS stock and increasing the corporate value of USS. As a rule, USS will distribute restricted stock to eligible executive officer directors every year. Each director will be restricted from transferring ownership of this USS common stock from the day the stock is received until the day the individual

is no longer a director of USS.

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

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

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

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

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

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

(IX) Process for determination of remuneration for directors

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

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

(X) Policy for determining remuneration of executive officers

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

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

Based on the resolution on May 11, 2021, the USS Board of Directors delegated of authority for the determination of remuneration for individual directors to the Nominations and Remuneration Committee. Based on the policy for determining remuneration, etc. for individual

directors, this committee makes decisions by taking into consideration the executive position, responsibilities and contribution to results of operations of each director. Remuneration does not exceed the limit established by resolutions approved at shareholders meetings. The Nominations and Remuneration Committee has five members and is chaired by USS Chairman, Representative Director and Chief Executive Officer Yukihiro Ando. The other members are USS President and Representative Director, Chief Operating Officer Dai Seta and outside directors Nobuko Takagi, Shinji Honda and Yoshiko Sasao.

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

To ensure that the authority to determine remuneration, etc. of individual directors for the fiscal year that ended in March 2024 has been properly exercised, decisions are made by the Nominations and Remuneration Committee, where the majority of members are Independent Outside Directors, by taking into account all applicable factors including consistency with the remuneration determination policy in the preceding item 1). The Board of Directors also confirms that the determination policy for remuneration and the remuneration, etc. that was approved is consistent with the remuneration determination policy. Consequently, USS believes that this remuneration was determined in accordance with the applicable policy.

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

Category	Total amount of remuneration, etc. (million yen)	Breakdown (million yen)				Number of officers
		Fixed	Variable			
		Cash		Stock		
		Basic remuneration	Performance-linked bonus	Performance-linked stock	Restricted stock	
Directors	429	252	85	54	36	7
(Outside directors out of all directors)	(14)	(14)	(-)	(-)	(-)	(3)
Corporate auditors	15	15	-	-	-	3
(Outside corporate auditors out of all corporate auditors)	(15)	(15)	(-)	(-)	(-)	(3)
Total	445	268	85	54	36	10
(Outside officers out of all officers)	(30)	(30)	(-)	(-)	(-)	(6)

- Notes:
1. There are no directors who also are employees.
  2. Bonuses (performance-linked remuneration) for directors (other than outside directors) are monetary remuneration based on the degree to which fiscal year performance targets were achieved. The composition of these bonuses is explained in section (4) of "(1) Item concerning the policy for determining remuneration, etc. for individual directors (IV)."
  3. Directors (other than outside directors) receive restricted stock remuneration. The composition of this remuneration is explained in "(1) Item concerning the policy for determining remuneration, etc. for individual directors (VI)."
- 42nd Annual General Meeting of Shareholders (June 21, 2022) approved the resolution to set the maximum number of shares of restricted stock that can be distributed every year as 300,000. On April 1, 2024, the Company executed a 2-for-1 stock split of its common stock. As a result, the maximum number of shares of restricted stock that can be distributed every year was adjusted to 600,000.

4. Performance-linked stock remuneration in this table is the amount of expenses for performance-linked stock remuneration for four directors (other than outside directors) that was recognized as an expense in the fiscal year that ended in March 2024. The composition of this remuneration is explained in "1) Item concerning the policy for determining remuneration, etc. for individual directors (V)."

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

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

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

#### 5) Performance-linked remuneration, etc.

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

<Bonus (performance-based monetary compensation)>

KPI	Range of fluctuation	Weight	Target	Result	Achievement ratio	Bonus payment ratio
Sales	0% - 200%	20%	¥ 92,400 million	¥ 97,606 million	105.6%	119.4%
Operating profit	0% - 200%	40%	¥ 45,300 million	¥ 48,937 million	108.0%	
Net income	0% - 200%	20%	¥ 30,800 million	¥ 32,906 million	106.8%	
ROE	0% - 200%	20%	15.0%	17.0%	113.5%	

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

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

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

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

Note: Stock remuneration linked to results of operations (performance share unit plan) started in 2022. There are no performance indicators for the fiscal year that ended in March 2024 because the end of the first period for evaluating results of operations is the fiscal year ending in March 2025.

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

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

**(3) Matters concerning outside directors**

- 1) Update on significant concurrent posts at other corporations and the relationship between the Company and corporations at the locations are as shown under "(1) Directors and corporate auditors", which is on pages 32-33.



2) Update on principal activities in the current fiscal year

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

## 5. Matters relating to Independent Auditors

### (1) Name of corporate auditor

KPMG AZSA LLC

### (2) Amount of remuneration, etc.

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

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

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

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

Not applicable.

### (4) Description of services other than audits

Not applicable.

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

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

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

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

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

### **Basic policy on internal control systems**

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

status shall be reported to the Directors in charge and the Auditors.

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

Management shall continually maintain the company's Internal controls systems for documents including but not limited to (i) work rules, accounting rules, and other business management rulebooks, and (ii) information processing and controls for the information processing system on which many business processes are dependent.

- 4) For monitoring, management shall utilize self-audit reports of all offices and subsidiaries and ensure effectiveness of monitoring by way of audits by the Internal Audit Office and Auditors.

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

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

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

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

- (8) Management shall ensure sensible financial reporting

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

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

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

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

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

- (11) Management of reports to auditors by directors and such and staff of USS and its subsidiaries (Auditors shall be included in the case of its subsidiaries.), management to ensure that persons who make said report will not be treated unfairly for making such reports, and management of reports to auditors.
- 1) The Company has adopted a system at the Supervisory Office of Head Office (Finance Department, General Affairs Department, and Management Department) by which the management of treasury, accounting, general affairs, and human resources for all offices and subsidiaries are streamlined, and all important information of the USS Group are controlled by the Supervisory Office of Head Office and reported to the Auditors.
  - 2) The Company shall establish "The USS Group Internal Reporting System", by which information about consultations and reports that could be a significant risk are reported to the Auditors and Internal Audit Office. Also, there is a separate contact for reports concerning matters that may involve a USS director or executive officer. When a report is received using this separate channel, it will be notified to the full-time corporate auditor.
  - 3) The mechanism is such that USS and its subsidiaries shall improve internal management to prevent any individuals who make a report to auditors from receiving unfair treatment for making such reports, and auditors will check whether said management is properly functioning. This mechanism further functions in such a way that any individuals who make a report or seek guidance about violation of laws and ordinances or about improper activity to not be treated unfairly for whistleblowing or seeking guidance about such matters.
  - 4) The Company shall reinforce the system by which the systems in (1) , (2) and (3) above are implemented effectively and safely.
- (12) Items on prepayment or disbursement of cost incurred by performance of professional duties by auditors and cost incurred by other such professional duties and the policy on repayment procedure  
Auditors Board may prepare in advance a budget to cost what it believes is needed to perform the professional duties. Emergency and unscheduled expenditures by auditors may be reimbursed ex post facto by the company.
- (13) Management shall ensure that audits by auditors are effectively performed
- 1) Conduct audits in line with Auditing Criteria for Auditors and with Auditing Criteria on Internal Controls, set by the Board of Auditors. In addition, persons holding auditor posts shall attend Board meetings and other important meetings and submit remarks.
  - 2) Reconfirm the division of duties among the auditors for more effective audit work and confirm this understanding with the Board of Auditors.
  - 3) Hold briefings with the Representative Director, Outside Director, Internal Audit Office, and accounting auditors periodically.

### **Overview of the State of Our Operations**

#### (1) Framework on compliance

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

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

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

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

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

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

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

(3) Preparation of controls at our subsidiaries

Our directors and executive officers are appointed as officers to our subsidiaries, and they audit the performance of duties by Directors of our subsidiaries and others to make certain that those duties are efficiently performed. In addition, we have set forth Rules on Management of Affiliates as our rules on subsidiaries management, and implemented, among other things, pre-approvals on matters that require pre-approval such as important decision-making for subsidiary's business management to perform efficient monitoring of business performance at our company group.

(4) Guaranty that audits by auditors are effectively performed

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

(5) State of performance of internal audits

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

## **7. Master policy on corporation management**

### **(1) Master policy**

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

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

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

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

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

### **(2) Work to put the master policy into force**

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

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

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

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

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



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

USS adopted the proposal to implement countermeasures in the event of a large purchasing activity involving our shares (acquisition defense plan) at the Board meeting of May 16, 2006. The purpose is to prevent any negative impact on the joint interests of our shareholders and the Company's value from a large purchasing activity. This is part of our framework to ensure and improve the joint interests of our shareholders and our corporate value. Thereafter, this acquisition defense plan was approved by our shareholders at the 29<sup>th</sup> Period General Shareholders Meeting on June 24, 2009, and 32<sup>nd</sup> 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 32<sup>nd</sup> 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, 2024)**

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<b>Current assets</b>	<b>148,371</b>	<b>Current liabilities</b>	<b>63,130</b>
Cash and deposits	109,009	Payables due to member dealers at auctions	43,749
Receivables due from member dealers at auctions	24,519	Notes and accounts payable – trade	991
Notes and accounts receivable – trade, and contract assets	2,710	Short-term borrowings	150
Securities	3,000	Current portion of long-term borrowings	220
Inventories	1,651	Lease obligations	55
Prepaid expenses	182	Income taxes payable	9,128
Other	7,422	Deposits received	2,569
Allowance for doubtful accounts	△124	Provision for bonuses	915
<b>Non-current assets</b>	<b>123,186</b>	Provision for bonuses for directors (and other officers)	95
<b>Property, plant and equipment</b>	<b>98,996</b>	Other	5,253
Buildings and structures	32,680	<b>Non-current liabilities</b>	<b>9,404</b>
Machinery, equipment and vehicles	715	Long-term borrowings	2,215
Furniture and fixtures	1,559	Lease obligations	24
Land	63,577	Long-term accounts payable – other	183
Lease assets	135	Provision for share-based payments	99
Construction in progress	327	Retirement benefit liability	974
<b>Intangible assets</b>	<b>12,786</b>	Guarantee deposits received	4,893
Goodwill	7,287	Asset retirement obligations	642
Other	5,499	Other	370
<b>Investments and other assets</b>	<b>11,402</b>	<b>Total liabilities</b>	<b>72,535</b>
Investment securities	1,112	(Net assets)	
Long-term loans receivable	23	<b>Shareholders' equity</b>	<b>200,800</b>
Long-term prepaid expenses	205	Share capital	18,881
Deferred tax assets	1,856	Capital surplus	8,992
Deferred tax assets for land revaluation	2,456	Retained earnings	196,225
Investment property	4,204	Treasury shares	△23,298
Other	1,735	<b>Accumulated other comprehensive income</b>	<b>△5,242</b>
Allowance for doubtful accounts	△191	Valuation difference on available-for-sale securities	370
		Revaluation reserve for land	△5,636
		Remeasurements of defined benefit plans	23
		<b>Share acquisition rights</b>	<b>442</b>
		<b>Non-controlling interests</b>	<b>3,021</b>
		<b>Total net assets</b>	<b>199,021</b>
<b>Total assets</b>	<b>271,557</b>	<b>Total liabilities and net assets</b>	<b>271,557</b>

**Consolidated Statement of Income**  
**(From April 1, 2023 to March 31, 2024)**

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>97,606</b>
<b>Cost of sales</b>		<b>38,571</b>
<b>Gross profit</b>		<b>59,034</b>
<b>Selling, general and administrative expenses</b>		<b>10,097</b>
<b>Operating profit</b>		<b>48,937</b>
<b>Non-operating income</b>		
Interest and dividends income	47	
Rental income from real estate	700	
Other	175	922
<b>Non-operating expenses</b>		
Interest expenses	10	
Rental cost on real estate	180	
Other	15	205
<b>Ordinary profit</b>		<b>49,654</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	72	
Other	2	74
<b>Extraordinary losses</b>		
Loss on sale and retirement of non-current assets	68	
Loss on valuation of investment securities	1,001	
Other	1	1,071
<b>Profit before income taxes</b>		<b>48,658</b>
Income taxes – current	15,777	
Income taxes – deferred	△644	15,133
<b>Profit</b>		<b>33,525</b>
Profit attributable to non-controlling interests		618
<b>Profit attributable to owners of parent</b>		<b>32,906</b>

**Consolidated Statement of Changes in Equity**  
**(From April 1, 2023 to March 31, 2024)**

(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	8,992	180,137	△12,034	195,976
Changes of items during the period					
Dividends of surplus			△16,596		△16,596
Profit attributable to owners of parent			32,906		32,906
Purchase of treasury shares				△12,698	△12,698
Disposal of treasury shares		△221		1,434	1,212
Transfer from retained earnings to capital surplus		221	△221		—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	16,087	△11,263	4,824
Balance at the end of current period	18,881	8,992	196,225	△23,298	200,800

	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	660	△5,636	△3	△4,979	457	2,699	194,154
Changes of items during the period							
Dividends of surplus							△16,596
Profit attributable to owners of parent							32,906
Purchase of treasury shares							△12,698
Disposal of treasury shares							1,212
Transfer from retained earnings to capital surplus							—
Net changes of items other than shareholders' equity	△290	—	27	△263	△14	321	43
Total changes of items during the period	△290	—	27	△263	△14	321	4,867
Balance at the end of current period	370	△5,636	23	△5,242	442	3,021	199,021

## 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 44th 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.
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)  
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).
      - (iii) Lease assets  
Depreciation is based on the straight-line method with the lease term as the useful life and a residual value of zero.
    - (3) Standards of accounting for important allowances and reserves
      - (i) Allowance for doubtful accounts  
To prepare for bad debt losses, the following methods are used.

General claims	Method based on actual bad debt rates
Possible bad debts and claims in bankruptcy proceedings	Method of evaluating financial conditions
(ii) Provision for bonuses	To prepare for the payment of bonuses to employees, the Company posts the current year's portion of estimated bonuses.
(iii) Provision for bonuses for directors (and other officers)	To prepare for the payment of bonuses to directors and executive officers, the Company posts the current year's portion of estimated bonuses.
(iv) Provision for share-based payments	To prepare for the distribution of USS stock to directors and executive officers, the Company posts the current year's portion expenses for stock expected to be distributed.

(4) Accounting method relative to retirement benefits

(i) Method of attributing expected retirement benefits payment to periods

With regard to calculation of retirement benefits obligation, the benefit formula basis has been adopted to attribute expected retirement benefits payment to the period up to the end of the consolidated fiscal year under current review.

(ii) Amortization method for actuarial gains and losses

Actuarial gains or losses are evenly amortized using the straight-line method, over a certain number of years (10 years) within the average remaining service years of employees, at the time of occurrence in each consolidated fiscal year, from the fiscal year following the year of occurrence.

(iii) Accounting method for unrecognized actuarial gains and losses

Unrecognized actuarial gains and losses are recorded in "Remeasurements of defined benefit plans" in "Accumulated other comprehensive income" under Net assets after being adjusted for tax-effects.

(iv) Adoption of the simplified method for small businesses

Some consolidated subsidiaries adopt the simplified method, according to which the amount that would be required to be paid if all eligible employees voluntarily terminated their employment at the end of the corresponding fiscal year shall be deemed retirement benefits obligations in calculating "Retirement benefit liability" and "Retirement benefits expenses."

(5) Matters related to goodwill amortization

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

(6) Standards for recognition of significant revenue and expenses

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

(a) Auto auctions

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

(b) Used vehicle purchasing and selling

For revenue involving purchases and sales of used vehicles and accident-damaged vehicles, the obligation is fulfilled when vehicles are delivered to a customer because control of the

vehicle is transferred to the customer at that time. As a result, revenue is recognized when vehicles are delivered to customers.

(c) Recycling

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

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

(7) Other important items concerning preparation of the consolidated financial statements

Accounting principles and procedures used when there are no clearly defined accounting standards and other guidelines

(Share repurchase)

On June 20, 2023, the USS Board of Directors approved a resolution to repurchase shares pursuant to Article 156 of the Companies Act, as applied by replacing terms in accordance with Article 165, Paragraph 3 of this act. The repurchase of stock in accordance with this resolution was completed on June 21, 2023.

USS used the facility share repurchase method for repurchasing this stock. As a result, on June 20, 2023, the USS Board of Directors approved a resolution to issue and sell to SMBC Nikko Securities Co., Ltd. (SMBC Nikko), using a third-party allotment, the 20th Series Warrants (the right to purchase stock at a fixed price) and 21st Series Warrants (the right to receive a fixed number of shares) and the issuance of these warrants was completed on July 7, 2023, in accordance with this resolution. These two series of warrants are individually and collectively called "the Warrants" in this note.

On December 25, 2023, an adjustment transaction for the facility share repurchase was executed in association with the exercise by SMBC of the 20th Series Warrants. The following accounting treatment was used because there is no clearly designated accounting standard for a facility share repurchase.

Note: On April 1, 2024, there was a two-for-one split of USS common stock. All of the following figures in this note are based on the number of shares issued before this stock split.

(a) Summary of the facility share repurchase

In accordance with a contract signed on June 20, 2023, with SMBC Nikko concerning the facility share repurchase, USS repurchased 5,000,000 shares at a cost of 11,817 million yen using the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) on June 21, 2023. When this repurchase was made, SMBC Nikko submitted a sell order for the 5,000,000 shares of USS stock that this company had borrowed on the stock market. On ToSTNeT-3, the sell orders of general shareholders have precedence over the sell orders of financial service companies like SMBC Nikko that are selling securities on their own accounts. Although general shareholders have precedence, the sale of 5,000,000 shares of USS stock by SMBC Nikko using the ToSTNeT-3 for the repurchase of this stock by USS was completed.

Following the repurchase of shares by USS using ToSTNeT-3, SMBC Nikko, using its own discretion and calculations, purchased USS stock on the stock market (the USS stock purchase (Nikko) hereafter) for the purpose of returning the USS stock that this company had borrowed (the 5,000,000 shares that SMBC Nikko sold to USS using ToSTNeT-3; number of shares sold (Nikko) hereafter).

For this facility share repurchase, USS repurchasing stock by using ToSTNeT-3 for the acquisition of USS stock from SMBC Nikko. The effective price of the stock purchased (the average VWAP) is structured to be equal to 99.90% of the simple average of the volume weighted average price (VWAP) of USS common stock, based on closing prices, on the Tokyo Stock Exchange on every trading day during the designated period (June 22, 2023

until the last trading day before the exercise date of the Warrants). USS allocated the Warrants to SMBC Nikko in order to conduct an adjustment transaction between USS and SMBC Nikko that uses the Warrants. Based on the level of the average VWAP, SMBC Nikko can exercise any of the Warrants in order to perform the adjustment transaction. The following section explains the adjustment transaction.

- (i) When the average VWAP following the share repurchase using ToSTNeT-3 is higher than the price of this share repurchase (adjustment transaction by exercising the 20th Series Warrants (fixed price))

Assuming that the USS stock purchase (Nikko) was at the average VWAP, then even the entire payment for the repurchase of shares using ToSTNeT-3 received by SMBC Nikko from USS (amount received (Nikko)) would not be sufficient to purchase enough USS stock to return all of the USS stock borrowed by SMBC Nikko. The number of shares of USS stock that can be purchased using this assumption is defined as the number of shares that can be purchased (average VWAP) hereafter in this note. Consequently, SMBC Nikko will exercise the 20th Series Warrants as needed to acquire the number of shares needed to cover this shortage. The payment when exercising these warrants is one yen and the number of shares delivered to SMBC Nikko is calculated as follows.

Shares received due to exercise of 20th Series Warrants =  
 Number of shares sold (Nikko) – Number of shares that can be purchased (average VWAP)

(Number of shares that can be purchased (average VWAP) =  
 Amount received (Nikko) ÷ Average VWAP)

The effective number of shares repurchased by USS by using this facility share repurchase following the delivery of USS stock due to the exercise of the 20th Series Warrants is the number of shares purchased by USS using ToSTNeT-3 minus the number of shares delivered due to the exercise of the 20th Series Warrants.

Combining the repurchase of shares using ToSTNeT-3 and the above adjustment transaction is equivalent to the purchase at the average VWAP of 5,000,000 shares of stock by USS. However, this does not take into consideration the payment of one yen when the 20th Series Warrants are exercised as explained above.

In this case, the 21st Series Warrants are not exercised and will be canceled.

- (ii) When the average VWAP following the share repurchase using ToSTNeT-3 is lower than the price of this share repurchase (adjustment transaction by exercising the 21st Series Warrants (fixed number of shares))

Assuming that the USS stock purchase (Nikko) was at the average VWAP, SMBC Nikko will be able to purchase the necessary number of shares to return the USS shares it borrowed without using the entire amount received (Nikko). The amount required to purchase the number of shares of USS stock needed by SMBC Nikko to return the USS stock that was borrowed using this assumption is defined as the amount required to purchase USS stock (average VWAP) hereafter in this note. Consequently, SMBC Nikko will exercise the 21st Series Warrants and, as the payment, will pay USS an amount equal to the surplus (the portion of the payment for the repurchase of shares using ToSTNeT-3 received by SMBC Nikko from USS that was not needed to purchase stock for the return of borrowed stock). The number of shares delivered when the 21st Series Warrants are exercised is 100. The payment (exercise price) received by USS when these warrants are exercised is calculated as follows.

21st Series Warrant exercise price =  
 Amount received (Nikko) – Amount required to purchase USS stock (average VWAP)  
 (Amount required to purchase USS stock (average VWAP) = Number of shares sold (Nikko) x Average VWAP)



The effective total amount paid by USS for the facility share repurchase when the exercise price of the 21st Series Warrants has been paid as explained above is the amount paid by USS to purchase stock using ToSTNeT-3 minus the exercise price paid for the 21st Series Warrants.

Combining the repurchase of shares using ToSTNeT-3 and the above adjustment transaction is equivalent to the purchase at the average VWAP of 5,000,000 shares of stock by USS. However, this does not take into consideration the delivery of 100 shares of USS stock when the 21st Series Warrants are exercised as explained above.

In this case, the 20th Series Warrants are not exercised and will be canceled.

The 20th Series Warrants were exercised on December 25, 2023, and the adjustment transaction between SMBC Nikko and USS was performed as a result. For this transaction, the average VWAP was 2,598.2109 yen (rounded to the fourth decimal place) following the repurchase of shares using ToSTNeT-3, which is higher than the purchase price of 2,363.5 yen for this repurchase. Therefore, USS gave to SMBC Nikko 451,600 shares of USS stock. This figure was obtained by deducting from the number of shares sold (Nikko), which is 5,000,000, the number of shares that can be purchased (average VWAP), which is 4,548,400 (any amount of fewer than 100 shares resulting from the calculation is discarded). After the adjustment transaction, USS effectively acquired 4,548,400 shares of its stock by using the facility share repurchase transactions. Due to the exercise of the 20th Series Warrants, the 21st Series Warrants were canceled.

(b) Accounting principles and procedures

USS stock acquired by using ToSTNeT-3 is included in the net assets section of the consolidated balance sheet as treasury stock at the acquisition price. Treasury stock given to SMBC Nikko due to the exercise of the 20th Series Warrants is deducted from treasury stock in net assets in the consolidated balance sheet at the book value of the stock provided. The difference between the deduction of this treasury stock book value and the payment received due to the exercise of the warrants is deducted from the capital surplus. USS stock that was acquired by repurchasing shares using ToSTNeT-3 is included in treasury stock that is excluded from the average number of shares during each period for the calculation of net income per share and diluted net income per share.

In accordance with this accounting method, in the fiscal year that ended in March 2024, USS added to the balance sheet treasury stock with a value of 11,199 million yen (11,817 million yen of USS stock purchased from SMBC Nikko on June 21, 2023, minus the book value (617 million yen) of USS stock provided to SMBC Nikko on December 25, 2023). In addition, due to the associated adjustment transaction, there was a deduction of 617 million yen from capital surplus in net assets in the consolidated balance sheet.

## II. Notes on the consolidated balance sheet

1. Assets pledged as collateral and liabilities secured by collateral

(1) Assets pledged

Buildings and structures	557 million yen
Land	2,456 million yen
Total	3,014 million yen

(2) Liabilities secured

Current portion of long-term borrowings	220 million yen
Long-term borrowings	1,540 million yen
Total	1,760 million yen

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

2. Cumulative depreciation for property, plant and equipment	61,099 million yen
Cumulative depreciation for investment property	580 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: 726 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, 2 million yen for furniture and fixtures and 161 million yen for land.

## III. 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	257,000,000	-	-	257,000,000

Note: On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. The number of shares above is the number of shares before the stock split.

### 2. Matters related to dividends from surplus

#### (1) Dividend payments and others

##### (i) Dividend based on the resolution at the 43rd Annual General Shareholders' Meeting on June 20, 2023

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

Note: Total dividends include dividends of 1 million yen for 48 thousand shares of the Company on the shareholder register held by the USS Employee Stock Ownership Plan Trust (the ESOP Trust).

##### (ii) Dividend based on the resolution at the Board of Directors' meeting on November 7 2023

Total dividends	8,328 million yen
Dividend per share	34.70 yen
Date of record	September 30, 2023
Effective date	December 8, 2023

Note: Total dividends include dividends of 12 million yen for 355 thousand shares of the Company on the shareholder register held by the ESOP Trust.

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

Total dividends	9,787 million yen
Dividend per share	40.70 yen
Date of record	March 31, 2024
Effective date	June 26, 2024
Dividend resource	Retained earnings

Note: Total dividends include dividends of 11 million yen for 294 thousand shares of the Company on the shareholder register held by the ESOP Trust.

### 3. Matters related to share warrants as of March 31, 2024

	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 20,700 shares	July 1, 2016
15th Stock Acquisition Rights	Common stock 22,100 shares	June 30, 2017
16th Stock Acquisition Rights	Common stock 23,100 shares	July 5, 2018
17th Stock Acquisition Rights	Common stock 26,500 shares	July 10, 2019
18th Stock Acquisition Rights	Common stock 35,100 shares	July 10, 2020
19th Stock Acquisition Rights	Common stock 39,000 shares	July 1, 2021

## IV. Notes on Financial instruments

### 1. Status of financial instruments

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

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

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

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

Since Fair values of financial instruments calculations incorporate variables, the resulting fair

values may vary when different assumptions are used.

2. Fair values of financial instruments

Information about amounts on the consolidated balance sheet, fair values and the differences between these two amounts as of March 31, 2024 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	832	832	-
Total assets	832	832	-

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: 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: 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 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	832	—	—	832
Total	832	—	—	832

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.

**V. Notes on rental real estate**

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

## VI. Notes 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	Recycling	Total		
Consignment fees	17,501	—	—	17,501	—	17,501
Contract completion fees	17,436	—	—	17,436	—	17,436
Successful bid fees	26,501	—	—	26,501	—	26,501
Motorcycle auction fees	1,098	—	—	1,098	—	1,098
Merchandise sales	2,530	—	—	2,530	—	2,530
Used car purchasing and selling	—	6,865	—	6,865	—	6,865
Accident-damaged vehicle purchasing and selling	—	4,566	—	4,566	—	4,566
Resource recycling	—	—	5,345	5,345	—	5,345
Plant recycling	—	—	5,181	5,181	—	5,181
Others	9,861	—	—	9,861	395	10,256
Revenue from contracts with customers	74,930	11,431	10,526	96,889	395	97,284
Other revenue (Note 2)	136	—	—	136	185	321
Sales to external customers	75,066	11,431	10,526	97,025	580	97,606

Notes: 1. Others is not included in reportable segments and consists mainly of the sale of auto loan business and electricity produced by solar panels.

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 2024 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 2024	
	Beginning of fiscal year	End of fiscal year
Receivables due from member dealers at auctions	13,314	24,519
Accounts receivable - trade	2,579	2,014

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 2024 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.

## VII. Notes on per share data

1. Net asset per share 407.09 yen
2. Profit per share 68.28 yen

Note: 1. On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. Therefore, "Net asset per share" and "Profit per share" are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.  
2. Net assets per share is calculated by including USS stock held by the ESOP Trust in treasury stock, which was deducted from the number of shares issued. (574 thousand shares in fiscal year ended March 2024). Profit per share is calculated by including USS stock held by the ESOP Trust in treasury stock, which was deducted from the number of shares issued for the calculation of the average number of shares during the fiscal year. (466 thousand shares in fiscal year ended March 2024)

## VIII. Significant Subsequent Events

(Stock Split and Partial Amendment of the Articles of Incorporation)

Based on the board resolution on March 5, 2024, the company conducted a stock split, and made a corresponding partial amendment of its articles of incorporation with the record date of April 1, 2024.

### 1. Purpose of stock split

By lowering the cost of purchasing one investment unit of USS stock, the split is expected to make this stock accessible to an even broader range of investors by increasing the liquidity of USS stock and making an investment in this stock easier.

### 2. Summary of the stock split

#### (1) Method

USS common stock will be split 2-for-1 with a record date of Sunday, March 31, 2024 (Since this day falls on a non-business day of the shareholder registry administrator, the substantial record date will be Friday, March 29, 2024.).

#### (2) Increase in the number of shares

- 1) Shares issued before the split 257,000,000
- 2) Increase due to the split 257,000,000
- 3) Shares issued after the split 514,000,000
- 4) Authorized number of shares 2,000,000,000

#### (3) Schedule

- 1) Record date announcement March 15, 2024

- 2) Record date March 31, 2024
- 3) Date of stock split April 1, 2024
- (4) Influence on per share data  
Refer to Notes on consolidated financial statements, VII. Notes on per share data.

3. Partial Amendment of the Articles of Incorporation

- (1) Reason for the Amendment  
Effective April 1, 2024, the total number of authorized shares of the Company set forth in Article 6 will be revised as a result of the stock split, pursuant to Article 184 Paragraph 2 of the Companies Act.
- (2) Details of the Amendment  
The proposed amendment is as follows.

(Amended portion underlined)

Current Articles of Incorporation	Articles of Incorporation after Amendment
(Total number of authorized shares) Article 6. The Company is authorized to issue up to <u>1,200,000,000</u> shares.	(Total number of authorized shares) Article 6. The Company is authorized to issue up to <u>2,000,000,000</u> shares.

- (3) Schedule
  - 1) Board resolution date March 5, 2024
  - 2) Effective date April 1, 2024

4. Other items

- (1) Changes in share capital  
There are no changes in share capital due to this stock split.
- (2) Dividend  
The year-end dividend for the fiscal year ended March 31, 2024 is based on the number of shares prior to the stock split.

**IX . Other Notes**

(Supplementary information)

1. Accounting procedure for the Trust Employee Shareholding Incentive Plan

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

(i) Outline of the transaction

In June 2023, the Company reestablished the Trust Employee Shareholding Incentive Plan for the purpose of giving employees an incentive to contribute to the medium to long term growth of corporate value, increasing benefits for employees, and increasing motivation by giving employees to receive potential benefits as owners of USS just as for other shareholders. These measures are expected to further strengthen the company's foundation for sustained growth.

The Plan is an incentive plan for all employees who belong to the USS employee stock ownership plan. USS will establish a USS employee stock ownership plan trust ("the ESOP Trust") at a trust bank. Using loans from financial institutions, the ESOP Trust will use a third party allotment from USS to purchase in advance a number of shares of USS stock expected to be sufficient for the expected purchases of this stock by the employee stock ownership plan during the trust period, which is about two years and nine months. Subsequently, the ESOP Trust will continuously sell USS stock to the employee stock ownership plan. When this trust ends, an amount equal to the cumulative gains on sales of this stock by the trust, if any, will be distributed as residual trust assets to qualified beneficiaries of the trust. USS will guarantee the loans received by the ESOP Trust to fund purchases of USS stock. As a

result, if there is a cumulative loss on sales of USS stock at the ESOP Trust due to a decline in the price of USS stock and, at the end of the trust, there is an outstanding loan at the trust equal to this cumulative loss, USS will repay the remaining loan in this amount.

(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, 2024 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 684 million yen and the number of shares was 287 thousand.

On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. The number of shares above is the number of shares before the stock split.

(iii) Book value of the bank loans accounted for by the gross method: 675 million yen

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



**Non-Consolidated Balance Sheet**  
**(As of March 31, 2024)**

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<b>Current assets</b>	<b>129,581</b>	<b>Current liabilities</b>	<b>59,801</b>
Cash and deposits	100,335	Payables due to member dealers at auctions	43,995
Receivables due from member dealers at auctions	24,204	Accounts payable – trade	178
Accounts receivable – trade	353	Accounts payable – other	3,591
Securities	3,000	Accrued expenses	104
Merchandise	258	Income taxes payable	8,573
Supplies	135	Deposits received	2,505
Prepaid expenses	84	Provision for bonuses	670
Short-term loans receivable from subsidiaries and associates	150	Provision for bonuses for directors (and other officers)	95
Other	1,062	Other	85
Allowance for doubtful accounts	△2	<b>Non-current liabilities</b>	<b>7,022</b>
<b>Non-current assets</b>	<b>127,821</b>	Long-term borrowings	675
<b>Property, plant and equipment</b>	<b>93,319</b>	Long-term accounts payable – other	137
Buildings	25,953	Provision for share-based payments	99
Structures	5,606	Provision for retirement benefits	918
Machinery and equipment	118	Guarantee deposits received from member dealers	4,645
Vehicles	95	Asset retirement obligations	546
Furniture and fixtures	1,512	<b>Total liabilities</b>	<b>66,823</b>
Land	59,995	(Net assets)	
Construction in progress	37	<b>Shareholders' equity</b>	<b>195,403</b>
<b>Intangible assets</b>	<b>12,602</b>	<b>Share capital</b>	<b>18,881</b>
Leasehold right	2,947	<b>Capital surplus</b>	<b>4,583</b>
Software	1,554	Legal capital surplus	4,583
Goodwill	7,287	<b>Retained earnings</b>	<b>195,236</b>
Other	813	Legal retained earnings	370
<b>Investments and other assets</b>	<b>21,899</b>	Other retained earnings	194,866
Investment securities	875	Retained earnings brought forward	194,866
Shares of subsidiaries and associates	1,789	<b>Treasury shares</b>	<b>△23,298</b>
Long-term loans receivable from subsidiaries and associates	7,900	<b>Valuation and translation adjustments</b>	<b>△5,266</b>
Claims provable in bankruptcy, claims provable in rehabilitation and other	19	Valuation difference on available - for-sale securities	370
Long-term prepaid expenses	195	Revaluation reserve for land	△5,636
Deferred tax assets	1,468	<b>Share acquisition rights</b>	<b>442</b>
Deferred tax assets for land revaluation	2,456		
Insurance funds	59		
Investment property	5,760		
Other	1,393		
Allowance for doubtful accounts	△19	<b>Total net assets</b>	<b>190,579</b>
<b>Total assets</b>	<b>257,403</b>	<b>Total liabilities and net assets</b>	<b>257,403</b>

**Non-Consolidated Statement of Income**  
**(From April 1, 2023 to March 31, 2024)**

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>73,448</b>
<b>Cost of sales</b>		<b>21,307</b>
<b>Gross profit</b>		<b>52,140</b>
<b>Selling, general and administrative expenses</b>		<b>6,038</b>
<b>Operating profit</b>		<b>46,102</b>
<b>Non-operating income</b>		
Interest and dividends income	604	
Rental income from real estate	961	
Other	139	1,706
<b>Non-operating expenses</b>		
Rental cost on real estate	227	
Other	11	238
<b>Ordinary profit</b>		<b>47,570</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	53	
Other	1	54
<b>Extraordinary losses</b>		
Loss on sale and retirement of non-current assets	63	
Loss on valuation of investment securities	1,001	1,064
<b>Profit before income taxes</b>		<b>46,560</b>
Income taxes – current	14,842	
Income taxes – deferred	△569	14,273
<b>Profit</b>		<b>32,287</b>

**Non-Consolidated Statement of Changes in Equity**  
(From April 1, 2023 to March 31, 2024)

(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	—	4,583	370	179,397	179,767	△12,034	191,197
Changes of items during the period									
Dividends of surplus						△16,596	△16,596		△16,596
Profit						32,287	32,287		32,287
Purchase of treasury shares								△12,698	△12,698
Disposal of treasury shares			△221	△221				1,434	1,212
Transfer from retained earnings to capital surplus			221	221		△221	△221		—
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	15,468	15,468	△11,263	4,205
Balance at the end of current period	18,881	4,583	—	4,583	370	194,866	195,236	△23,298	195,403

	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	660	△5,636	△4,975	457	186,679
Changes of items during the period					
Dividends of surplus					△16,596
Profit					32,287
Purchase of treasury shares					△12,698
Disposal of treasury shares					1,212
Transfer from retained earnings to capital surplus					—
Net changes of items other than shareholders' equity	△290	—	△290	△14	△305
Total changes of items during the period	△290	—	△290	△14	3,900
Balance at the end of current period	370	△5,636	△5,266	442	190,579

## Notes on non-consolidated financial statements

### I. Notes on matters related to important accounting policies

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

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

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

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

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

4. Matters related to goodwill amortization

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

5. Standards for recognition of revenue and expenses

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

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

6. Other important matters for the preparation of financial statements

Accounting principles and procedures used when there are no clearly defined accounting standards and other guidelines

(Share repurchase)

Refer to "Notes on consolidated financial statements", I. Basis for preparation of consolidated financial statements, 4. Matters related to accounting policies, (7) Other important items concerning preparation of the consolidated financial statements, Accounting principles and procedures used when there are no clearly defined accounting standards and other guidelines (Share repurchase)

## II. Notes on the balance sheet

1. Cumulative depreciation for property, plant and equipment	55,036 million yen
Cumulative depreciation for investment property	1,128 million yen
2. Receivables from, and payables to subsidiaries (excluding independently categorized items)	
Short-term receivables	284 million yen
Short-term payables	1,099 million yen
Long-term payables	18 million yen

3. Revaluation of land

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:	726 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, 2 million yen in furniture and fixtures, 161 million yen for land.

### III. Notes on the statement of income

Transactions with affiliated companies	
Net sales	322 million yen
Operating expenses	3,188 million yen
Transactions other than business transactions	876 million yen

### IV. 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	12,414,086	5,369,869	970,950	16,813,005

- Notes:
- On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. The number of treasury shares above is the number of shares before the stock split.
  - The number of shares at the end of the current fiscal year includes 287,150 shares held by the ESOP Trust.
  - Breakdown of the increase of 5,369,869 shares in treasury shares (common stock) is as follows:

Facility share repurchase	5,000,000 shares
Purchase of Company stock by the ESOP Trust to the holding company	369,200 shares
Free acquisition of restricted stock compensation	600 shares
Purchase of shares less than one unit	69 shares
  - Breakdown of the decrease of 970,950 shares in treasury shares (common stock) is as follows:

Exercise of stock options through transactions of facility share repurchase	451,600 shares
Disposal of Company stock to the ESOP trust	369,200 shares
Sale of Company stock by the ESOP Trust to the USS employee stock ownership plan	123,150 shares
Disposal of treasury stock as restricted stock compensation	18,100 shares
Exercise of stock options	8,900 shares

### V. Notes on tax effect accounting

- Main reasons for deferred tax assets and deferred tax liabilities

#### Deferred tax assets

Provision for bonus	203 million yen
Accrued enterprise tax	414 million yen
Payables	78 million yen
Share-based payment expenses	160 million yen
Excess of depreciation	325 million yen
Impairment losses	228 million yen
Asset Retirement Obligations	165 million yen
Provision for retirement benefits	278 million yen
Valuation difference in the market price	219 million yen
Loss on valuation of investment securities	321 million yen
Others	128 million yen
Total deferred tax assets	2,525 million yen
Netting with deferred tax liabilities	△1,057 million yen
Net deferred tax assets	1,468 million yen

#### Deferred tax liabilities

Valuation difference on available-for-sale securities	161 million yen
Asset Retirement Obligations	30 million yen
Valuation difference in the market price	624 million yen
Customer-related assets	234 million yen
Others	7 million yen
Total deferred tax liabilities	1,057 million yen
Netting with deferred tax assets	△1,057 million yen
Net deferred tax liabilities	- million yen

## VI. Notes on transactions with related parties

Subsidiaries, etc.

(Millions of yen)

Category	Name of company or individual	Location	Capital	Description of business or occupation	Voting rights ratio	Business links	Details of transaction	Transaction amount	Account item	Balance at year-end
Subsidiary	US Butsuryu Co., Ltd.	Tokai, Aichi	30	Automobile transportation service	100% (Direct)	Outsourced services directors serving both companies	Outsourced business activities	3,005	Payable	336

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

## VII. 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."

## XIII. Notes on per share data

1. Net asset per share 395.81 yen
2. Profit per share 66.99 yen

Note: 1. On April 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. Therefore, "Net assets per share" and "Profit per Share" are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.  
2. Net assets per share is calculated by including USS stock held by the ESOP Trust in treasury stock, which was deducted from the number of shares issued. (574 thousand shares in fiscal year ended March 2024). Profit per share is calculated by including USS stock held by the ESOP Trust in treasury stock, which was deducted from the number of shares issued for the calculation of the average number of shares during the fiscal year. (466 thousand shares in fiscal year ended March 2024)

## IX. Notes on significant subsequent events

(Stock Split and Partial Amendment of the Articles of Incorporation)

Refer to "Notes on Consolidated Financial Statements", VIII. Significant Subsequent Events.

## X. Other Notes

Supplementary information

1. Accounting procedure for the Trust Employee Shareholding Incentive Plan  
Refer to "Notes on Consolidated Financial Statements, IX. Other Notes, (Supplementary information) 1. Accounting procedure for the Trust Employee Shareholding Incentive Plan."

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

## Shareholder Information

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

## Shareholder procedures

Procedure	Contact information	
	Account of securities company	Special account
<ul style="list-style-type: none"> <li>• Change name/address in shareholder register</li> <li>• Request to buy fractional shares less than the trading unit</li> <li>• Change dividend payment method</li> <li>• Change account used to receive dividends</li> <li>• Questions about government ID number</li> <li>• Other procedures</li> </ul>	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"> <li>• Transfer of stock from a special account to a securities company account</li> <li>• Special account balance confirmation</li> </ul>		
<ul style="list-style-type: none"> <li>• Dividend payment after end of payment period</li> </ul>	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**

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