

Q2 FY3/2026 Earnings Results Briefing Q&A (Summary)

Date: November 12, 2025

Attendees: Yukihiro Ando, Chairman and Representative Director, Chief Executive Officer
Dai Seta, President and Representative Director, Chief Operating Officer
Masafumi Yamanaka, Executive Vice President, Officer of the Supervisory Office

Q You are adding lanes to increase your market share. Please provide information about the benefit in terms of a larger number of vehicles consigned and sold and an example of a benefit.

A (Seta)

At the Tokyo Auction Site, we increased the number of lanes from 12 to 16 in October 2024. The result was an increase of about 2,000 vehicles in the average number of vehicles consigned at each auction, which increased from 14,600 to 16,400. In addition, the higher capacity due to more lanes makes it possible to end auctions, which previously ended around 10:00p.m, about three hours earlier. This makes our auctions much more efficient for both the people operating the auctions and our customers. Due to these benefits, we expanded the Nagoya Auction Site from 10 to 12 lanes in September 2025 and plan to expand the Osaka Auction Site from 4 to 6 lanes in December.

Q Do you expect more lanes to produce the same benefits at your smaller auction sites too?

A (Seta)

I think more lanes will produce benefits only at our large and midsize auction sites.

Q Please explain the current external links for auctions and possibilities for more links or the termination of these links.

A (Ando)

We are considering the addition of one link. However, some people in our company are concerned because establishing this link would result in competition with our auction site in the same area. Nevertheless, we view this opportunity as an addition to our services. I think we should add more services as much as possible if they will be beneficial for our customers. This leads to the question of how many more auction sites USS should increase. We currently have 19. Should we increase one or two more? I think this is a key point regarding external links for our auctions.

Q From what categories of auctions, such as manufacturer auctions and auctions of other organizations, are you capturing market share? Is your strong reputation among foreign buyers another reason for your market share growth?

A (Seta)

As we explained in the presentation, our market share is now 42.8%. New car registrations in Japan were down in 2024 but recovered during the first half of this fiscal year, resulting in a very large number of used vehicles that needed to be sold. As our high average auction sale price of 1.3 million yen demonstrates, we are able to attract large numbers of quality vehicles, high-priced vehicles and other types of vehicles that sell quickly. As an operator of auctions where vehicles can be sold at high prices, I think we have been able to take market share from auction sites that handle lower-priced vehicles.

Q Due to the high cost of construction, shouldn't you think about renovating existing facilities instead of rebuilding them in order to hold down expenses?

A (Ando)

The Nagoya Auction Site is an excellent example of the benefit of rebuilding. Before it was rebuilt, this facility had a capacity of about 6,000 vehicles. After rebuilding, the number of vehicles at auctions rose to 10,000. Technology is constantly advancing and we need to replace computers with models using the latest technologies. Also, we need to replace seats for buyers to give them more space for their convenience. In addition, we are investing in our cafeterias to increase customer satisfaction, such as by updating kitchens. These activities require large expenditures, but I believe they are essential up-front investments.

Q Are you rebuilding auction sites for more spacious buyer seats and better cafeterias rather than remodeling existing sites because of issues involving limited space for construction and the need for better earthquake resistance?

A (Ando)

Limited space is the main reason. Many of our auction sites now have more buyers than was expected when the sites opened. As a result, our current facilities at these sites are often somewhat tight in relation to the number of people. Furthermore, auctions are very long. Some of our members stay at an auction for almost 12 hours. We want to give these people places that enable them to participate in auctions with comfort.

Q You are making investments for growth with the goal of a 50% market share. Will the 50 billion yen of investments you have announced be mostly the end of these growth investments? Are you planning on making more investments?

A (Ando)

Determining the timing for updating auction facilities is very difficult. It is necessary to keep up with advances in computer technology and to update facilities approximately every 20 years. For the construction of a new Tokyo Auction Site, we need to consider additional problems like the construction schedule and space for a vehicle stockyard. We need to make these investments for growth as we deal with these problems one by one. For these reasons, our investment plan may change at any time.

Q Why did you increase your fiscal year forecast for earnings while leaving the net sales forecast unchanged?

A (Yamanaka)

First half net sales were somewhat below the forecast. The main reason was the low level of orders in the industrial plant recycling business. This business already has a substantial volume of orders for the second half. As a result, we have not revised our initial net sales forecast for the fiscal year.

Q At the new auction site in Yokohama, do you have targets for vehicles consigned and other performance indicators as the new facility starts operating?

A (Ando)

The average number of vehicles is currently about 5,500. Our goal is to raise this to around 7,000.

Q What is the highlight of the facilities at the new Yokohama Auction Site?

A (Ando)

We do not plan to make any changes to the current auction system. However, we are working to improve our services, including improvements to the cafeteria.