

The USS Value Creation Model

Resources that support the creation of value

(As of March 31, 2021)

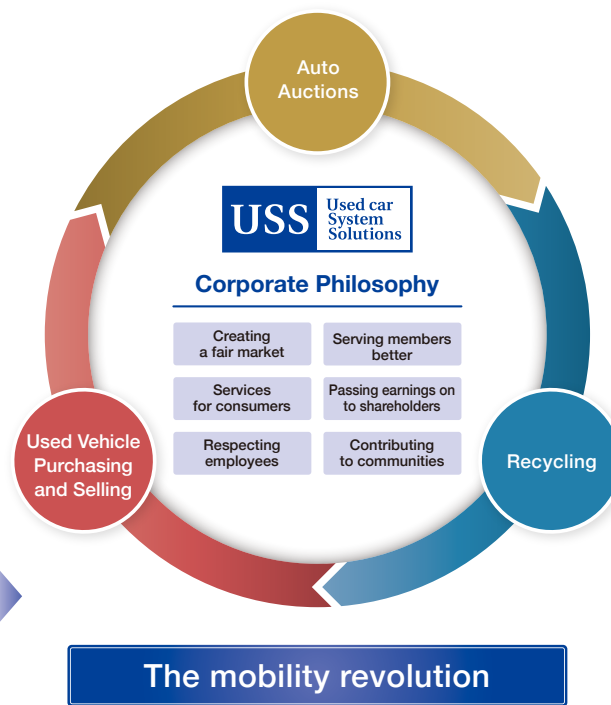
<p>Financial resources</p> <p>Share capital ¥18.8 billion</p> <hr/> <p>Total assets ¥210.6 billion</p> <hr/> <p>Equity ratio 81.3%</p>	<p>Business resources</p> <p>A sound reputation for trust among members Large number of on-site auction members 48,058</p> <hr/> <p>CIS (Internet) auction members 32,538</p> <hr/> <p>Satellite TV auction members 2,197</p>	<p>Information resources</p> <p>Digital expertise</p> <ul style="list-style-type: none"> ● Matching that uses an enormous volume of data ● A powerful security system ● New car inspection technology using the DX
<p>Human resources</p> <p>Automobile professionals Employees (Male/Female) Male: 457 Female: 167</p> <hr/> <p>Vehicle inspectors 296</p>	<p>Auction sites 19 locations throughout Japan</p> <hr/> <p>Used car purchasing stores 143 locations (15 directly operated, 128 franchised)</p>	<p>Environmental resources</p> <ul style="list-style-type: none"> ● Materials used in automobiles and energy used for USS facilities and logistics ● Vehicles, materials and other items that are recycled



The USS Business Model and Its Strengths

In Japan, more than 7 million used cars are bought and sold every year, resulting in a business volume of ¥2.5 trillion. USS is the largest auto auction company in Japan with a share of about 38% of all vehicles consigned at auctions. We have earned the trust of a large number of members by building an auction system that is innovative, fair and reliable. Our powerful and trusted brand is a major reason that our auctions handle the largest number of used vehicles in Japan. We operate 19 auction sites throughout Japan, including the locations in Tokyo and Nagoya that have the highest volume. The enormous volume of vehicles consigned at our auctions attracts large numbers of members and other auction participants. As a result, the percentage of vehicles at our auctions that are sold and the price paid per vehicle are both high. Maintaining a large volume of vehicles also has the benefit of creating a favorable cycle that more easily attracts high-quality cars. For added convenience, we developed satellite TV and internet systems that allow people to submit off-site bids from anywhere in Japan. Furthermore, we have a sound profit structure underpinned by consistent revenue from monthly fees from members and substantial income from auction fees when members purchase vehicles.

The Strengths of USS	
<p>Foundation</p> <p>The operation of fair and equitable business activities for many years</p> <hr/> <p>A sound reputation for reliability A powerful and highly respected brand</p> <hr/> <p>The market leader by a wide margin</p>	<p>Activities</p> <p>The largest auto auction company in Japan 19 auction sites serving all areas of Japan</p> <hr/> <p>High-volume auction sites in the Tokyo and Nagoya and other locations</p> <hr/> <p>Off-site bidding system using satellite TV and the internet</p>



Creation of shared value

Creation of economic value

Sales
¥74.8 billion

Operating profit
¥36.2 billion

Return on equity
2.3%

Creation of social value

- Better access to mobility and higher utilization value
- Contribution to economic activity by helping determine fair prices
- Reuse and recycling operations helps create a society where products and resources are recycled
- Activities to upgrade the skills of employees
- Contributions to the economies of emerging countries

Competitive position in the auto auction market

Market share in 2020

The largest market share

Vehicles consigned at auctions in Japan
7.1 million

USS
37.7%

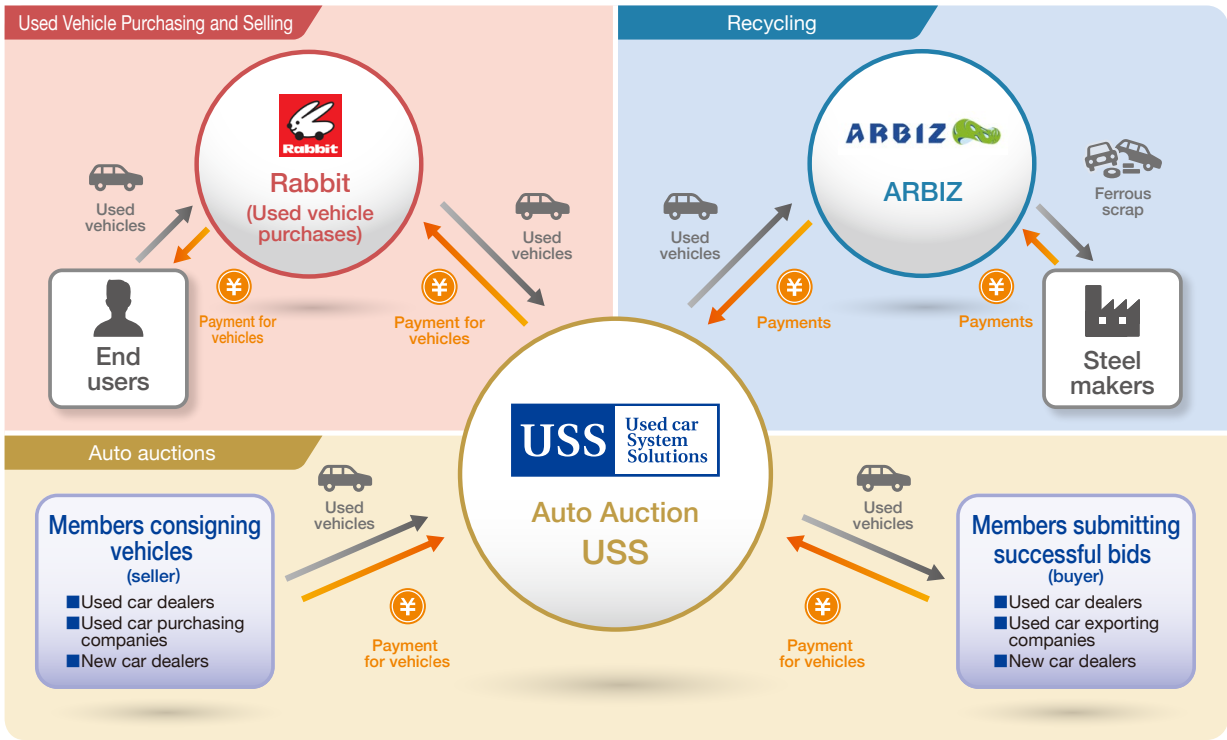
Others
62.3%

Vehicles consigned at USS auctions
2.67 million

USS has a share of about 40% in Japan's three largest markets: the Tokyo, Nagoya and Osaka regions. (The largest auction site in every area where the USS Group operates)









[Business Model]



Based on the corporate goal we call “Challenge to the Next Stage,” we are aiming to achieve steady growth as the leader in Japan’s market for buying and selling used cars. A recycling and reuse ecosystem is the foundation for all our operations. We will continue to use this ecosystem for sustained growth as we create both economic and social value.

(Activities)

1	<p>Ensure the fairness and reliability of auto auctions</p> 	<ul style="list-style-type: none"> ① Properly manage data about vehicles submitted to auctions P31 ② Prevent improper vehicle auction transactions P32 ③ Design auto auction sites that are easy to use P32
2	<p>Benefit from advanced technologies and increase our market share in Japan (Responses to the decline in demand in Japan)</p> 	<ul style="list-style-type: none"> ① Benefit from advanced technologies (self-driving vehicles, electric vehicles, fuel cell vehicles) P5, 6 ② Provide more digital services P12, 18 ③ Increase the convenience of auto auction sites P32
3	<p>Advancement and utilization of human resources</p> 	<ul style="list-style-type: none"> ① Respect the human rights and diversity of the USS Group's workforce P33 ② Ensure that employees are properly evaluated and compensated P33 ③ Upgrade and expand education and other training programs P34 ④ A strong commitment to workplace health and safety P34
4	<p>Proper information management</p> 	<ul style="list-style-type: none"> ① Proper management of the information of auction members P32
5	<p>Corporate governance</p> 	<ul style="list-style-type: none"> ① Prevention of illegal and other improper activities P26 ② Risk management (business continuity planning) P26
6	<p>Environmental protection</p> 	<ul style="list-style-type: none"> ① Activities to combat climate change P37 ② Reduce GHG emissions, such as by transporting vehicles more efficiently and reducing energy consumption by operating auctions more efficiently P37, 38 ③ Use resources effectively and properly manage waste materials P38