



Yukihiro Ando

Chairman and Representative Director (CEO)

PROFILE :

Yukihiro Ando is one of the five members who founded USS in 1980 after a career in used car dealer management. He was appointed Director in 1982, Senior Managing Director in 1989, Executive Vice President in 1995, and President and Representative Director in 2006 before his appointment as Chairman, Representative Director, and Chief Executive Officer in 2019.

USS will pursue fair and equitable auctions with greater convenience where the next generation can actively participate.

QUESTION 1 : Could you please tell us about the medium-to long-term growth of USS thus far?

ANSWER 1 : **USS will continue to make sure the auto auction market remains fair and equitable while enhancing convenience to earn customer trust and foster significant growth.**

The auto auction market about 50 years ago was rampant with unfair transactions between bidders due to the raised hand style of bidding in addition to odometer tampering and other unfair practices. USS was founded on the desire to realize a market giving everyone a fair and equal standing that has a high level of transparency. Our efforts to adopt cutting-edge technologies and precise appraisals of vehicles up for auction have given everyone a fair and equal standing in auto auctions and enhanced convenience, which in turn has earned customer trust. USS will continue to make sure the auto auction market remains fair and equitable while striving for even greater convenience. This is the reason that USS exists. I would even go as far as to say this unwavering mission is the major reason for our competitiveness.

In the last decade, the auto auction business has increased its operating income 50% from

¥28,365 million in the fiscal year ended March 31, 2013 to ¥42,267 million in the fiscal year ended March 31, 2023. One primary driving force of this increase in income is higher fees. Of course, USS ensures proper capital investments to justify these rising fee rates in an effort to improve the convenience and services provided to all of its members. For example, USS rebuilt the Nagoya auction site in 2013 and constructed a large multi-story parking garage adjacent to the auction site in 2015. These upgrades dramatically increased the number of people using our auction site from 371,853 vehicles up for auction in the fiscal year ended March 31, 2013 to 501,512 vehicles in the fiscal year ended March 31, 2017. Our members agree with these fee revisions because the convenience and services keep getting better, which has helped increase not only the number of vehicles cosigned but also membership. I believe it is the great success of these strategies that has realized this tremendous profit growth.

The investment in digital technologies that we have always striven to make has shown success in the form of growth in our internet auction (CIS information service) contracts. In March 2023, USS reached 33,934 corporate Internet auction members with more than 50% of the contract completions coming from bids that were made online or through satellite TV. Steady capital investments in the pursuit of greater convenience in the future aim to foster sustainable growth of the auto auction business.

QUESTION 2 :

Could you tell us about the USS policy on long-term growth?

ANSWER 2 :

We will clearly oversee the progress of ESG and put in place a working environment where the next generation entrusted with our future can actively participate.

Stronger environmental, social, and governance (ESG) elements are essential to bring about sustainable growth. Our environmental efforts are our businesses that facilitate the reuse of automobiles and the recycling of end-of-life vehicles, plants and other such equipment. The expansion of these businesses going forward will help to realize a circular economy. Since the fiscal year ended March 31, 2023, our initiatives and disclosure done in accordance with the TCFD recommendations have aimed to contribute to climate-related solutions. We have set greenhouse gas emission reduction targets in line with criteria from the international Science Based Targets (SBT) initiative, which are currently under review for certification.

Our social initiatives place particular emphasis on strengthening human capital. We began a new training program in April 2023 that aims to more quickly certify vehicle inspectors. Typically, a new employee had to invest three to four years to become a full-fledged vehicle inspector. However, a new intensive training program upon entry into the company teaches our young staff these skills earlier in their career. Although this program is still in its infancy, I enjoy watching so many of our young employees actively participating on site while checking in on their progress.

Our governance initiatives have obviously striven to evaluate and enhance the effectiveness of the Board of Directors but also reformed remuneration policies. I am working to devise a succession plan too as the chair of the Nomination and Compensation Committee. In June 2023, USS appointed two new executive officers. Both served as managers of each auction site around Japan and oversaw those territories. As human resources who have fully cultivated a management perspective, these new executives have the potential to lead USS management in the future. We will clearly oversee the progress of ESG from a long-term perspective and work to build an environment where the next generation can actively participate.

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