



## Masafumi Yamanaka

Executive Vice President and Officer of the Supervisory Office  
(Executive Vice President in Charge of Finance)

### PROFILE :

Masafumi Yamanaka began his career at MIMATSU Co., Ltd. in 1978 before joining TORII (current AOKI Holdings Inc.) where he prepared the company to list its stock on the Second Section of the Nagoya Stock Exchange in 1990. Masafumi Yamanaka joined USS in 1995. As the manager in charge of preparing USS to go public, Masafumi Yamanaka contributed greatly to the company's Nagoya Stock Exchange listing first on the Second Section in September 1999, and then the First Section of the Tokyo Stock Exchange in December 2000. Since then, Masafumi Yamanaka has been a consistent asset to upper management. He was first elected Director and appointed General Manager of the Finance Department in 2004. Masafumi Yamanaka then moved up the ranks from Junior Managing Director and Officer of the Supervisory Office in June 2006 and Senior Managing Director in 2012 to his current position as an Executive Vice President since 2016.

# Higher returns to shareholders and long-term investments will heighten corporate value and aggregate market value.

**QUESTION 1 :** Could you please tell us about the financial condition of USS during the fiscal year ended March 31, 2023 and the outlook for the fiscal year ending March 31, 2024?

**ANSWER 1 :** **We have successfully generated higher income and profit. In the future, USS will invest in growth while continually providing high returns to shareholders.**

We make solid investments expected to foster sustainable growth while retaining a standard of shareholder capital that can tolerate the risks brought by our business activities. These actions embody the basic USS capitalization strategies. Aiming to engage in management with high capital efficiency, USS considers the return on equity (ROE) one management indicator. That is why we have set a target to sustain an ROE of at least 15%. We have also set a lofty target for a consolidated dividend payout ratio of at least 55%.

The business performance for the fiscal year ended March 31, 2023 was ¥88,778 million in net sales, up 9.0% year on year, ¥43,778 million in operating profit, up 5.3% year on year, and ¥30,008 million in profit attributable to owners of the parent, up 0.9% year on year. We also had a 16.2%

ROE. This favorable business performance enabled USS to increase its shareholder returns for the 23rd consecutive fiscal term. The year-end dividend per share rose to ¥67.50. This surpassed our fiscal target for a payout ratio of 55.0%. In June 2023, USS approved the acquisition of 5 million in treasury stock—equivalent to about ¥11,817 million—because it felt the right timing for the acquisition of treasury stock necessary to realize a stock price and aggregate market value appropriate for our operating performance. This acquisition also demonstrates our desire to further solidify our commitment to shareholder returns. That is why we adopted a facility-type stock buyback that enables USS to properly acquire a reasonable amount of treasury stock.

As for the outlook in the fiscal year ending March 31, 2024, USS forecasts ¥92,400 million in net sales, up 4.1% year on year, ¥45,300 million in operating profit, up 3.5% year on year, and ¥30,800 million in profit attributable to owners of the parent, up 2.6% year on year. We have also set a fiscal target to once again raise the year-end dividend per share to ¥69.40.

**QUESTION 2 :** Could you please explain the future financial strategies for USS?

**ANSWER 2 :** **The organization will use ample capital for investments that help foster long-term growth.**

The challenge in front of USS now is how to use this ample capital. We are currently examining ways to take advantage of this capital surplus, such as capital investments, new business investments, and the acquisition of treasury stock. I hope USS will make investments into our own digital transformation, the use of AI, and other new technologies that will help increase our income and profit from existing businesses. Billions of yen in investments in these technologies should not come with substantial costs while bringing about things never seen before.

Our investments in new ventures will focus on synergy with the auto auction business. Even looking back at our past, you can see how USS launched ARBIZ as an automotive recycling business in the fiscal year ended March 31, 2004 right next to our auto auction site to respond to the needs for processing end-of-life vehicles necessary at the final stage of handling used automobiles. We have steadily grown the ABRIZ business ever since, which will celebrate its 20th anniversary this year. We can expect our investment in Global Mobility Service in the fiscal year ended March 31, 2023 to generate synergy with the auto auction business by vitalizing used vehicle sales (see p. 17 for details). Our fintech service done through an alliance with GMS gained 360 franchises in its first three months. We expect to handle 3,000 of these loans by the fiscal year ending March 31, 2024.

The launch of new businesses does come with risks. However, these businesses can generate long-term profit if USS can create synergy with its existing businesses. We will make active future investments with synergy as one requirement. As described earlier, we will also better the returns to shareholders. USS will increase aggregate market value to foster further corporate growth and respond to the expectations of stockholders and other investors as well as every other stakeholder.

### Long-term track record of dividends

