

# 1 Revolutionary auction system

For more information, see: pp. 5–6

USS has put in place rules, vehicle inspection and other frameworks to ensure auto auctions provide greater convenience and a fair and equal standing to everyone. It is not easy to configure these types of systems and difficult to penetrate new fields. The auto auction business is also a commission business. In this market climate, we have an extremely high profit margin of over 60%.

**Keywords**

- High barriers to entry
- Top share: Approx. 40%
- High profit margin: Over 60%\*

\* Auto auction business



# 2 Meticulous vehicle inspections

For more information, see: pp. 7–8

The USS Auto Auction earns customer trust by meticulously inspecting vehicles. The unique USS vehicle inspector certification ensures inspectors have the necessary knowledge and skills to carry out these inspections. This program realizes consistent and highly precise vehicle appraisals at our 19 auction sites throughout Japan. We have been striving to more quickly certify vehicle inspectors since 2023.

**Keywords**

- Earn/maintain trust
- Internal certification system
- Quick certification of vehicle inspectors



# 3 Revolutionary recycling systems

For more information, see: pp. 9–10

Our auto auction and used vehicle purchasing and selling businesses encourage the reuse of automobiles. In the recycling business, ARBIZ recycles end-of-life vehicles and parts by taking advantage of its unique technologies, while SMART Inc reuses and recycles plants and other industrial equipment. These businesses contribute to the realization of a recycling-oriented society.

**Keywords**

- Contribute to a recycling-oriented society
- Unique technology
- Plant dismantling





Revolutionary auction system

# Pursuit of fair and equitable auto auctions with greater convenience

## Expanding our market share by devising rules and frameworks to ensure fair and equitable auto auctions

Strict rules are essential to ensure smooth auto auctions that provide a fair and equal standing to everyone. That is why USS seeks input from not only external experts but also on-site sales representatives and vehicle inspectors when devising or revising rules for auto auctions that do change with time. We have also built a claim management system to more readily share information throughout the Company. Our system aggregates information from details about the complaints to handling of these issues by representatives in a database. This enables a rapid data-driven respond to complaints when similar claims arise. USS also works to enhance the skills of every inspector by utilizing this data.

These rules and frameworks cannot be built in a day, which creates a high barrier to entry into the auto auction industry. Although USS already holds a market share of

roughly 40%, we will further strengthen our competitive advantages with the aim to acquire 50% of the market share going forward.

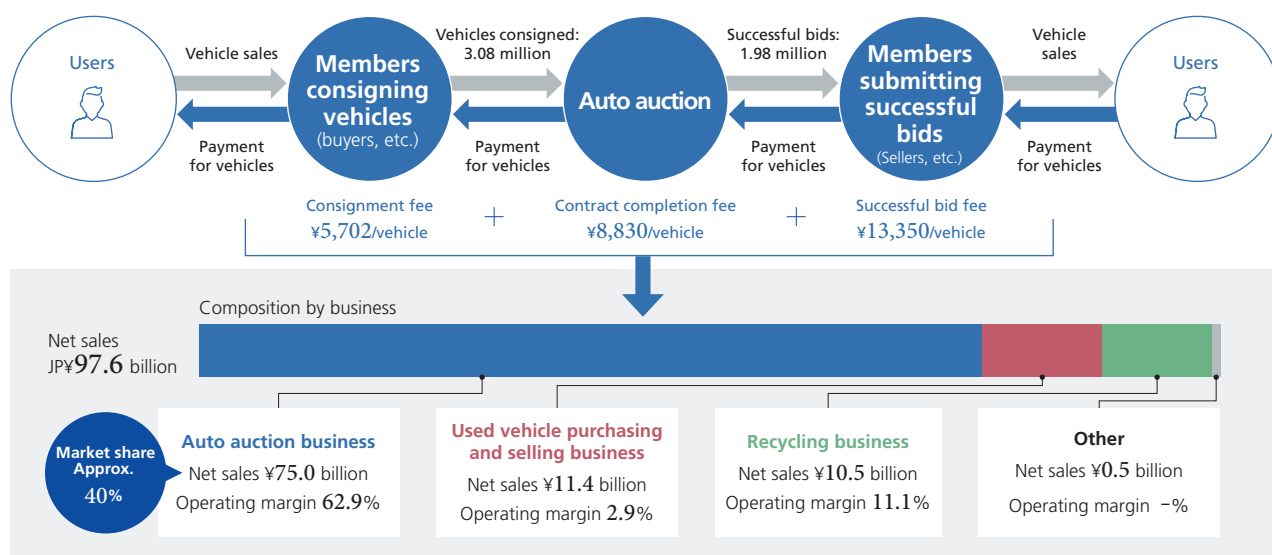
## Realizing a high operating margin with a business model dedicated to auto auctions

Auto auctions provide a platform for customers to buy and sell automotive products. These business models earn revenue by auctioning used vehicles, completing contracts of purchases and sales, and generating successful bid fees. The variable cost ratio is low because the operational costs are mainly labor and facility depreciation.

This is the reason that the auto auction business has been able to generate a high operating margin of above 60%. This framework also sustains the same level of costs, even as the number of vehicles up for auction increases in the future.



## Business model of the auto auction business



Note: The figures show business performance for the fiscal year ended March 31, 2024.





## Impartial vehicle inspections A high level of trust sustains brand value

### Earning customer trust by impartial inspecting vehicles for auction

Auto auctions lose customer trust when a vehicle drastically loses value if buyers discover damage, odometer tampering, an accident history or other issues after a purchase. This is why precisely appraising the condition of vehicles at auctions is extremely important. Our impartial vehicle inspections have earned USS significant trust in the auto auction market. Our independent inspection standards have a 10-step scoring system that realizes consistent and highly precise vehicle appraisals at our 19 auction sites throughout Japan.

### Quickly certifying inspectors to respond to the increasing number of vehicles at auction

Our meticulous vehicle inspection certification system ensures accurate appraisals. Employees in our vehicle inspection departments acquire a certification from level one to level four to learn the knowledge and skills necessary to properly appraise vehicles at auctions.

Only inspectors with a certification of level three or higher may assign a score to a vehicle. However, employees generally take three years on average to acquire a level three certification after joining the Company. In 2023, we launched a new training program that provides the intensive training necessary for these employees to earn a level three certification about one year after joining USS.

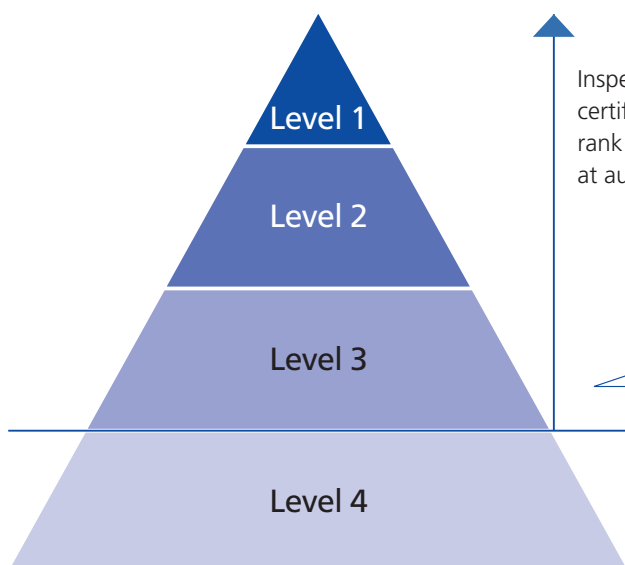
This training program will secure sufficient human resources as inspectors, which will also help us respond to the increasing number of vehicles at auctions in the future.





Automobile inspector certification system

Vehicle inspectors (as of March 31, 2024)



Inspectors  
certified to  
rank vehicles  
at auctions

240

35.4%  
of employees

Students aim to acquire a level three vehicle inspector certification in roughly **one-third the time** necessary through a new training program.



# 3

## Resource recycling systems Needs of the times: Contribute to a recycling- oriented society

### **Realizing a recycling-oriented society and circular economy**

As environmental problems become ever more serious today, one challenge society at large faces is shaping itself as one oriented around recycling that efficiently uses and recycles limited resources.

Within this social landscape, companies have a social responsibility to not only ensure sustainable business growth but also engage in management that always considers the environment. In the future, we anticipate many companies will shift to a circular economy that provides recycling and reuse-ready products and services.

### **Diverse businesses that help promote reuse and recycling**

The auto auction system, expertise, and network to buy and sell used automobiles built by USS are vital assets necessary to respond to these social needs. The recycling business possess a wide range of strengths that help not

only recycle end-of-life vehicles but also plants and other industrial equipment.

ARBIZ Co., Ltd. has been developing a business to recycle the metal and plastics produced by end-of-life and other vehicles. The Company possesses unique and patented recycling technology and technology to design plants that can handle a broad range of waste.

SMART Inc. specializes in dismantling plants, wind power generation and other industrial equipment. This company has the specialized technology and expert human resources to handle the dismantling of a variety of plants. Our strength is the ability to provide all of the necessary services under one roof.





## Initiatives to realize a recycling-oriented society

