

Dai Seta

President and Representative Director (COO)

Profile

Dai Seta joined USS changing the trajectory of his career from the management of a used car dealer. The shareholders elected him Director in June 2004 before his appointment as Vice President and Representative Director of the Company as well as Officer of the Auction Operation Office and Officer of the Nagoya Office in June 2006. Dai Seta also launched the Finance Business and has been spearheading the recycling business, in which he concurrently serves as the President of ARBIZ, a USS Group company. USS appointed Dai Seta the President, Representative Director, and Chief Operating Officer in June 2019. He is currently striving to promote the digital transformation of the USS auto auction business as well as working to develop a recycling business that can build a circular economy through the distribution of automobiles.



We will achieve sustainable growth by cultivating next-generation human resources and promoting projects.

In a business landscape with robust demand, USS will invest in growth while aiming for the auto auction business to acquire 50% of the market share.

Last year, we promised our shareholders that we would aim to acquire a 50% share of the market in the auto auction business. As a means to this end, we will invest in growth from a medium- to long-term standpoint. Our capital investments plan to construct a Yokohama Auto Auction site and renew our computer systems from fiscal 2024 to fiscal 2025. We have also planned major capital investments over the next several years for the HAA Kobe, Tokyo, and other existing large-scale auto auction sites. Investments in digital technologies renewed USS JAPAN satellite TV auctions in January 2024, which is increasing the number of contracts. Through this renewal, we have lowered the barriers to enter into contracts by not only improving system convenience but also shifting from the lease contracts used for the last five to six years to rental-type contracts. I believe this is what has driven an increase in the number of contracts closed. In fiscal 2024, USS will promote sales activities through its plan for an expansion to 2,000 terminals.

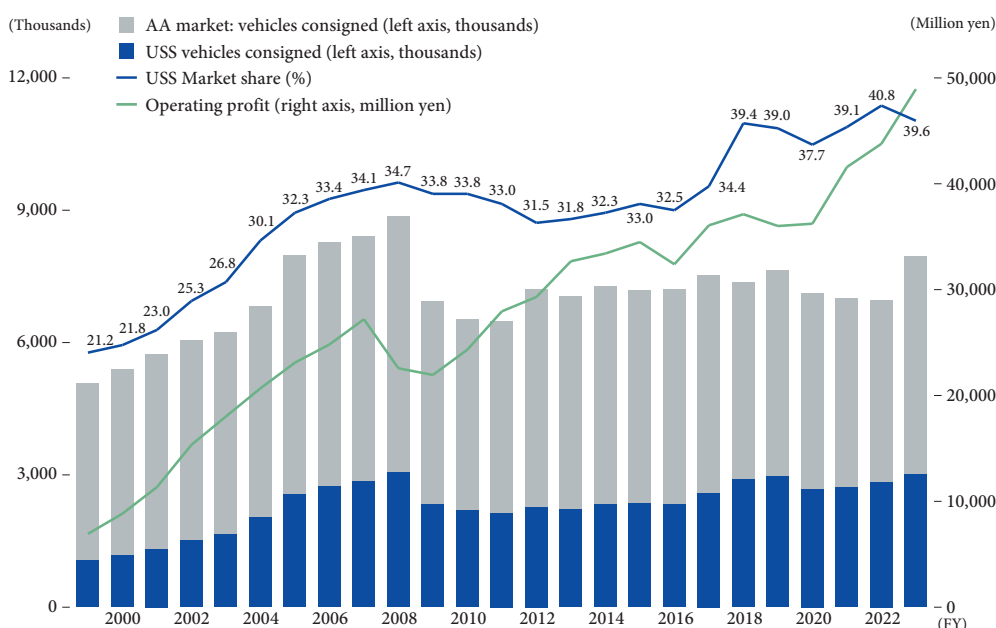
We will also start using an external bidding system around November 2024 that will enable real-time bidding from smartphones. This system is part of a plan to test services that improve convenience for our customers.

When considering the external environment around the auto auction business, the weak Japanese yen and higher prices should have a favorable impact. Used car dealers who are members using our auto auctions are receiving numerous orders from overseas thanks to the weak Japanese yen. This trend will surely continue as long as the yen remains weak. The higher prices are also raising the cost of new vehicles, which is increasing demand in Japan for used vehicles. Stronger demand driven by these two factors not only increases sales but also raises the price of successful bids. The demand in domestic and overseas markets could be seen as a competitive environment. As automotive manufacturers in Japan shift business overseas, the number of new vehicles in Japan is declining depending on the model. Fewer new vehicles means fewer used vehicles, which results in premium prices of successful transactions at auctions that are often higher than the price of new vehicles. Our auctions handle a large volume of quality used vehicles that garner a high price. I expect this business environment to help increase the number of vehicles at our auctions as well as our market share.

Of course, any major changes in the external environment have the potential to greatly impact business. Our plan is to create a road map to steadily increase the market share while anticipating these risks to ensure stable earnings.

To do this, we have launched a project team made up of eight executive officers and core employees in April 2024. This team will analyze and share the strengths and weaknesses of the Group to consider the business trajectory and measures. The purpose of this project is to engage in ongoing discussions on these topics with the management team, which I am part of, to set targets, plan investments, and make various other management decisions. The first presentation is planned sometime between summer and fall of 2024, which I expect to be great. We hope to also take full advantage of our functions in human resource training for the next-generation and our succession plans.

Used car auction market and USS market share



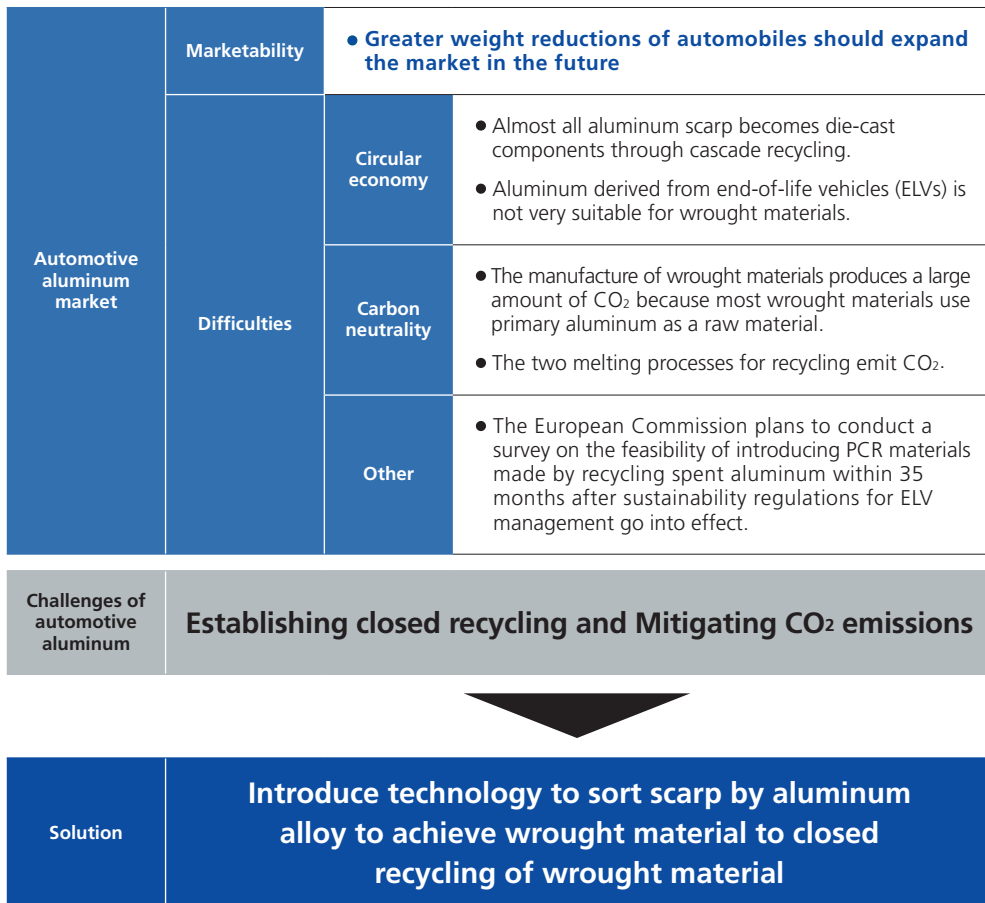
Note: Market share in 2021 has been revised to reflect revisions to data announced by USED CAR Co., Ltd.

USS will start recycling aluminum and develop the recycling business in other ways as its next core business to broaden its business portfolio.

As the next core business after auto auctions, the recycling business has generated net sales over a total of 10.0 billion yen. This consists of the more than 5 billion yen in net sales generated by ARBIZ, which is expanding the resource recycling business, and the 5 billion yen in net sales generated by SMART, Inc., which is expanding the plant recycling business. Going forward, the resource recycling business and the plant recycling business will each aim to generate 10 billion yen in net sales with the goal of broadening both businesses.

ARBIZ plans to purchase new equipment from Europe to commercialize advanced material recycling of aluminum after fiscal 2025. Cascade recycling makes up a majority of typical aluminum recycling to use as a lower quality material. However, the new equipment from Europe enables a closed recycling system that can recycle aluminum at the same quality level by precisely identifying the quality of the aluminum that has been collected. A higher quality of aluminum sells at a higher price. The plant recycling business has received an order to dismantle a wind power farm in Ibaraki Prefecture after it received high praise for past work dismantling a wind power farm in Aomori Prefecture in fiscal 2023. Our dismantling work not only emphasizes safety but also values performance and experience. We will build a broader track record in order to further develop this business.

Marketability and challenges of automotive aluminum recycling



Our new auto loans, which started in April 2023 as a business peripheral to auto auctions, has had a favorable reception over just one year to gain 650 members as of March 2024. Many of these members are used car dealers who are also auto auction members. We have had over 20,000 auto loan applications, 4,000 of which have resulted in contracts equivalent to 5.7 billion yen. The loans act as a tool to sell automobiles to many people and increase used car sales, which in turn increases use of USS auto auctions. Franchise expansion will also strengthen the WIN-WIN relationship with members.

As a corporate conglomerate that plays a part in a circular economy, USS contributes to the realization of a sustainable society and aims to foster long-term growth.

I recognize that USS Group businesses contribute to building a recycling-oriented society and circular economy. Auto auctions are intrinsically a business that contributes to the circulation of automobiles. The more vehicles that the auto auction business handles the larger our contribution to a recycling-oriented society and circular economy. I believe the recycling business also makes the same level of contributions by focusing on truly profitable resource recycling. Beyond simply the aluminum recycling touched on earlier, the recycling business plans to reuse and recycle solar panels estimated to generate 800,000 tons of waste per year (approx. 40,000,000 panels) starting from 2030.

The development of businesses balancing earnings and social benefits contribute to the realization of a sustainable society and increases corporate value.

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