

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.



We will promote appropriate shareholder returns and growth investments to realize corporate growth over the medium to long term.

We aim to deliver even higher shareholder value by targeting ROE of 20% or higher and a total payout ratio of 100% or higher.

Under our medium-term management targets announced in May 2025, we raised our return on equity (ROE) target from 15% or higher to 20% or higher. As the company has continued to increase revenues and profits over the past several years, ROE has increased continuously to 17% in FY2023 and 18% in FY 2024. Given that leaving this target unchanged would raise concerns from the stock market about our future growth potential, we have raised our ROE to 20% or higher as a feasible financial target.

While profit growth is certainly very important, reducing equity through share buybacks and our dividend policy are also effective means for realizing this goal. We have therefore established a policy to raise the total payout ratio from at least 80% in FY 2024 to at least 100% over the three-year period from FY 2025 to FY 2027, and to perform a certain amount of share buybacks every year. We will optimize our capital efficiency and aim for an ROE of at least 20%.

With cash and deposits exceeding ¥100 billion, USS maintains a very sound financial position. As USS

will have ample cash on hand even after deducting the approximate ¥30 billion planned for shareholder returns, we have determined that there will be no financial issues and will therefore adopt a proactive policy of shareholder returns.

At the same time, we plan to make ¥50 billion in growth investments with a focus on the auto auction business over a three-year cumulative period from FY 2025 to FY2027. Based on these growth investments, we will expand our business and steadily increase our profits by way of capital expenditures, a larger workforce, and digital transformation (DX) via upgrades of our auto auction systems.

Through these initiatives, we intend to improve our stock price and expectations for future growth. Currently, our price-to-earnings ratio (PER)—one of the indicators used to evaluate a company's future growth potential—has risen 20-fold. To maintain this benchmark, we aim to further increase shareholder value by continuing to pursue both business strategies and capital policies oriented towards profit growth.

With our strong financial base, we will further expand shareholder returns and growth investments to deliver medium- to long-term corporate growth.

Our cash allocation policy going forward assumes a cumulative total of ¥140 billion in operating cash flows from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028 for application around three axes: investments in needs for medium/long-term growth while maintaining a high total payout ratio, investments for growth of more than ¥50 billion during the three-year period up until the fiscal year ending March 31, 2028, and investments through M&A and business alliances considered separately.

Our investments in growth plan to allocate a total of ¥47 billion in the auto auction business. Among these, around ¥42 billion will be invested in building new facilities and adding a multi-store garage at our auto auction sites in Yokohama, Tokyo and HAA Kobe, and roughly ¥5 billion has also been earmarked for investments in core auto auction systems. These investments will surely enable USS to capture a 45% market share.

We also plan to invest around ¥3 billion in the recycling business (ARBIZ) to bolster aluminum, solar panel, and other resource recycling expected to have greater increase in demand in the future.

Estimates foresee about ¥120 billion in shareholder returns over the next three years to achieve our raised targets for a consolidated payout ratio of at least 60% and total payout ratio of at least 100%.

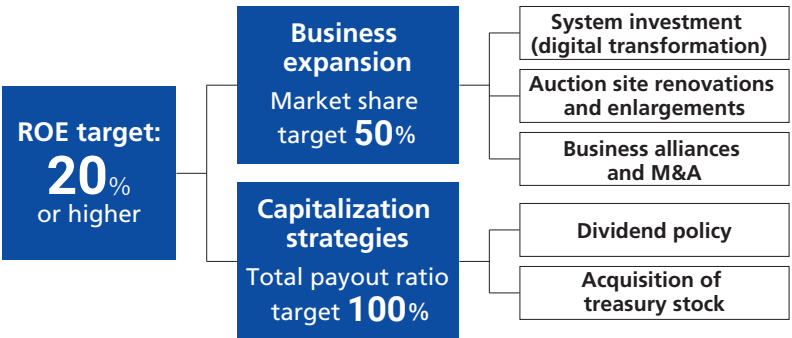


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Measures for improving ROE

KPI for raising the ROE and actions



ROE formula/improvement measures

