

Used vehicle purchasing and selling

We will strive to further enhance our brand and increase the number of store visits and appraisals.

Haruyoshi Kimura

Director and General Manager of Business Division, Rabbit Car Network Co., Ltd.

Profile

Haruyoshi Kimura handled sales, marketing, and the launch of new business for major enterprises the likes of Sogo Co., Ltd. (current Sogo & Seibu Co., Ltd.) and the Shiseido Company, Limited. He joined the Rabbit Car Network in 2022 and was appointed Director in 2023. Haruyoshi Kimura will work to cultivate customers and develop human resources.



Fiscal review

In FY 2024, the Used Vehicle Purchasing and Selling Segment generated an increase in sales but a decrease in profit, with ¥12.651 billion in net sales from outside customers, up 10.7% YoY, and an operating profit of ¥276 million, down 16.6% YoY. This outcome may have been due to the fact that, although our Rabbit Car Network which specializes in the purchase of used vehicles achieved both higher sales and profit, our accident-damaged vehicle purchasing and selling business posted an increase in sales volume but a decline in gross profit per vehicle, resulting in a decrease in profit.

In terms of market conditions, the first half of the fiscal year was affected by a shortfall in the supply of new vehicles due to reduced manufacturing by Japanese vehicle manufacturers that has continued since the previous fiscal year. However, the market price of used cars rose due to strong demand, yielding an increase in the gross profit per vehicle. Meanwhile, increases in the supply of new vehicles and the number of used cars in circulation in the latter half of the fiscal year caused a decline in auto auction market prices.

Amidst these circumstances, the Rabbit Car Network's strategic efforts over the past several years to become Japan's most trusted used car buyer are coming to fruition, with a steady increase in the number of store visitors. We have

achieved stable growth by not being overly concerned about market prices, by ensuring customer service that provides peace of mind and earns trust, and by continuing our efforts to increase appraisal opportunities and the number of purchased vehicles.

Outside of our industry, the perception of the used car industry in Japan continued to deteriorate as several used car dealers, including major companies were found to be involved in the same irregularities as last year. Although the Rabbit Car Network also tends to be perceived in a similar manner to these companies, more than 90% of its business essentially consists of used vehicle purchasing via directly managed chain stores, and it is not directly involved in automobile maintenance and repair stores or auto damage insurance. However, some of our franchise stores are involved in these business areas so we are providing comprehensive guidance to these stores to ensure that such irregularities do not occur. This situation also presents an opportunity for the Rabbit Car Network which operates on the basis of reliability and trust, and we are committed to further strengthening and differentiating our brand as the customer's brand of choice.

Future strategies

Corporate branding strategy to increase trust and recognition

One measure that we have taken to improve our brand recognition and increase the number of visits to our stores is brand development with our original character called "Rabbicar" (a rabbit-shaped car) positioned in the foreground of our brand logo. After distributing Rabbicar stuffed toys to customers whose vehicles were appraised at our stores, we received very positive feedback. We have since received numerous requests from people wishing to obtain or purchase this stuffed toy, and have launched an official online

store for Rabbicar-related products, as well as Rabbicar-themed stickers on the LINE instant messaging app. Rabbicar-related goods have even been featured on social networking sites such as Instagram, thus making a significant contribution to greater brand awareness among a wide range of customers.



As a measure to improve the level of trust among our customers, we launched an appraisal system at our franchise stores in October 2024. As of May 2025, this system has been rolled out at around 58% of our franchise stores. While appraisals were previously handled by fax, the new system incorporates data including vehicle images, thus enabling very precise, time-saving appraisals. We are now able to provide more reliable appraisals to our customers, and have also managed to improve operational efficiency. Going forward, we will continue our efforts with the goal of rolling out this new appraisal system to all of our franchise stores.

Another important measure to improve trust and brand recognition among our customers is the renovation of our existing Rabbit Car Network stores. In December 2024, the Yokohama/Eda Ekimae store underwent renovations including installation of backlit signage and a fresh interior, resulting in increased customer visits. In particular, the number of store visits by female customers increased. In the current fiscal year, we intend to launch one or two stores throughout the year with similar store branding on a prioritized basis.

Expanding chain stores and broadening support for franchise stores

As store expansion is crucial to increased earnings, we plan to open one new chain store in Sapporo and one in Osaka in June and October of 2025, respectively. This will bring the

total number of chain stores to 18, and we are currently on track to achieve our goal of 30 chain stores by FY 2029.

However, despite opening five franchise stores during the past year, there were also three store closures. Although we are planning to open four stores in the first half of FY 2025, strengthening the recruitment of franchisees is an issue given the possibility of similar store closures. We have set a goal of 170 franchise stores by FY 2029, and will leverage all means currently at our disposal to achieve this goal.

As a measure to expand the number of franchise stores, since May 2025 we have started marketing activities at all nationwide USS auction sites to promote franchisee membership. We are also displaying advertisements to recruit Rabbit Car Network franchisees on monitors at our auction sites. Moreover, this year we placed our first recruiting advertisements for Rabbit Car Network franchisees on the CIS website, which is an information portal for USS members. By strengthening cooperation with other USS Group companies, we intend to achieve our designated goals for the Rabbit Car Network by increasing the number of franchise inquiries and striving to increase the number of franchise stores.

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SWOT analysis

	Description	Responses & Countermeasures
Strength	• A business model closely linked to USS auctions • A trusted brand in the used car purchasing market	• Develop business through better Group cooperation • Strengthen corporate branding with a focus on reliability and trust
Weakness	• Delays in online systems and other digital transformation efforts • Human resource recruitment, development and retention	• Expand roll-out of new appraisal system and leverage systems developed by USS • Expand personnel recruiting budget and methods, and review and improve work styles
Opportunity	• Strong demand in other countries for used vehicles made in Japan • Deterioration in perceived corporate image due to fraud by other companies in the industry	• Attract new customers from manufacturer-affiliated dealers by promoting a brand strategy • Enhance differentiation from competitors based on our brand of reliability and trust
Threat	• Fluctuations in the used car market and foreign exchange rates • Decrease in the number of franchise stores due to store closures	• Promote store and brand strategies to increase the number of appraisals • Expand the number of franchise stores by bolstering Group cooperation

TOPICS

Implementing a system to improve the accuracy and shorten the length of appraisals

Our appraisal system currently being implemented at all of our stores can be used with both smartphones and tablets, and vehicle data can be obtained simply by reading the 2D barcode on a vehicle certificate. This will allow our on-site sales representatives and appraisers to obtain more vehicle information, such as checking vehicle image data which was difficult to do with our previous fax-based appraisals. Stores that have already implemented this system can immediately determine vehicle grades and optional equipment based on image data, which has not only improved the accuracy of appraisals but has also significantly reduced the time required for each appraisal. Another major advantage for our stores is the ability to digitally list their vehicles directly on USS Auto Auction.



PC management screen for the appraisal system