

Integrated Report 2026

USS Used car System Solutions



In keeping with its mission of establishing a fair and equitable auto auction market, USS will lead the used-vehicle distribution market while promoting its transformation.

Utilizing a business foundation built up over long years and its high-precision vehicle inspections as its strengths, USS has supported the development of the used-vehicle distribution market by operating fair and equitable auto auctions.

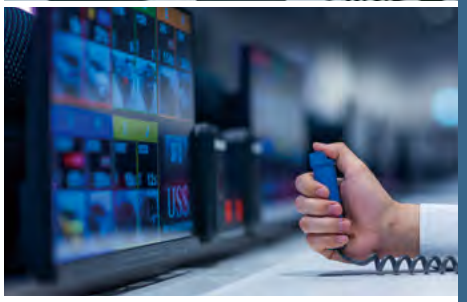
Amid the megatrends of a major transformation period in the automotive industry and responses to climate change, we are promoting initiatives that look to the next generation, such as establishing inspection systems that consider EV distribution and digitizing vehicle listing sheets.

We are also focusing on recycling end-of-use vehicles, resources, and production plants through Group companies ARBIZ Co., Ltd. and SMART Inc. USS is also strengthening its responses to new circular economy (circular society) needs that include closed-loop aluminum recycling and the recycling of IT equipment and solar panels.

Through these initiatives, USS aims to enhance its competitiveness and achieve sustainable growth in corporate value.









Management Philosophy

Creating a fair market
To make the used-vehicle distribution market more fair and transparent, USS creates new solutions and provides an open marketplace based on free market principles, which helps to enhance the social status of the used-vehicle sector as a whole.

Serving members better
USS continues to improve its ability to operate auto auction systems because of the commitment to providing member companies with an even more convenient and useful marketplace.

Providing services for consumers
Based on the belief that auto auctions should be structured for the benefit of end-users; USS establishes standard market prices for used vehicles. This also helps us to gain the trust of more and more consumers.

Passing profits on to shareholders
Over the years, USS has placed priority on maintaining a suitable level of earnings and returning a significant share of earnings to shareholders.

Respecting employees
USS always respects its employees. We are stepping up efforts to establish an environment where all employees can maximize their capabilities. In addition, USS has fair evaluation and compensation systems that demonstrate the value we place on employees' contributions, and we will work even harder to reflect their ideas in the management of business operations.

Contributing to local communities
Through proactive mutual exchanges with local communities, USS continues to contribute to regional development as a good corporate citizen.

Corporate Strategy

1. We will provide services as a diversified used car distribution organization that is widely recognized as an outstanding corporate citizen.
2. Our organization will always be trusted by both our customers and the public.
3. We will leverage all of our strengths and know how to adapt to ongoing changes in our markets.
4. We will build a team of self-reliant individuals who can continue to support and manage the USS Group's growth for many years.
5. We will always incorporate the interests of our shareholders in our business operations and decisions.

USS Integrated Report 2026

Disclosure Structure



Integrated Report

This is a core tool for USS's information disclosure that comprehensively presents the key information needed to communicate our story of enhancing corporate value.

Learn more detailed information

Learn about management and strategy

- Management policy page P22-25

Web	Management	https://www.ussnet.co.jp/en/ir/management/index.html
Web	Financial Results	https://www.ussnet.co.jp/en/ir/library/fr/index.html

Learn about financial information

- Corporate data page P56-58

Web	Securities Report (in Japanese)	https://www.ussnet.co.jp/ir/library/securities/index.html
Web	Financial Results	https://www.ussnet.co.jp/en/ir/library/fr/index.html
Web	DATA BOOK	https://www.ussnet.co.jp/en/ir/library/databook/index.html
Web	Monthly Data	https://www.ussnet.co.jp/en/ir/library/monthly/index.html

Learn about sustainability information

- Sustainability page P34-45

Web	Priority issues (materiality)	https://www.ussnet.co.jp/en/sustainability/materiality/index.html
Web	Environmental initiatives	https://www.ussnet.co.jp/en/sustainability/environment/index.html
Web	Social initiatives	https://www.ussnet.co.jp/en/sustainability/social/index.html
Web	Governance initiatives	https://www.ussnet.co.jp/en/sustainability/governance/index.html

Key Points of Integrated Report 2026

Point 1 Clarifying the story of value creation unique to USS

P16-20

USS explained its "virtuous cycle" whereby the trust we have built through "fair and equitable transactions" attracts more members and high-quality vehicles, which enables increases in the number of consigned vehicles and completed contracts, sales, profit, and market share as well as future investments.

Point 2 Realizing our growth strategy and investments in management resources

P22-25

USS has linked the 50% Market Share Project with its investments in facilities, systems, and people. We provide concrete explanations about how each initiative leads to increases in membership and the number of consigned vehicles, revenue growth, and an increase in corporate value.

Point 3 Reevaluating sustainability as a necessary management issue for increasing corporate value

P35-45

USS has positioned "fair and equitable transactions" as the foundation of management that supports its business activities and has reviewed its material issues. USS has expanded the scope of "resource recycling" to encompass the reuse of used vehicles and has clarified the relationship between each issue and its growth strategies.

Editorial policy
The USS Group publishes this integrated report to create a foundation for a constructive dialogue with not only its shareholders and other investors but also all of its stakeholders. In the 2026 edition, we reviewed the Group's priority issues in anticipation of compliance with the SSBJ Standards. Of our existing priority issues, we repositioned "fair and equitable transactions" as a fundamental principle underlying our management and broadened the concept of "resource recycling" beyond recycling to include the reuse of used vehicles, which is our core business.

Period covered by this report
Period: Fiscal 2025
(April 1, 2025 to March 31, 2026)
Coverage: USS and its consolidated subsidiaries
Note: Also includes some information about other periods and recent or current activities

Guidelines used as reference
International Integrated Reporting Framework published by the IFRS Foundation

Precaution concerning forward-looking information
This report includes forecasts and outlooks about the future plans, strategies and results of operations of the USS Group. These statements are not historical facts. All forecasts and outlooks are based on assumptions and beliefs that use information currently available. In addition, forward-looking statements incorporate risk factors and uncertainties involving the economy, demand for the services of the USS Group, taxes, laws and regulations, natural disasters, institutional changes, and other items. As a result, actual results of operations may differ from the forecasts and outlooks in this report.

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CEO Message



Achieving the sound development of the used car distribution industry and enhancing USS's corporate value through the expansion of a fair and equitable auto auction market

Yukihiro Ando
Chairman and Representative Director (CEO)

USS will raise trust in the used car distribution industry by creating a fair and equitable market as we address various issues.

Forty-four years have passed since USS opened its first auto auction site. At the time of our founding, the used car distribution market lacked standardized industry rules and adequate frameworks for confirming the accuracy of mileage readings and consequently odometer tampering, commonly known as "rolling back the meter," was a major issue.

To ensure the used car market earns public trust and develops soundly, an environment that enables anyone to engage in transactions with a sense of reassurance based on accurate information is essential. Acting on this recognition, we established and implemented strict rules to expel any member found to have tampered with odometers. On top of this, we built a system to compile and verify information on vehicle identification numbers (VINs) and mileage as part of efforts to prevent fraud.

CEO Message



These initiatives not only provide end users with peace of mind and safety but also enable a marketplace where members properly undertaking business can buy and sell under fair conditions. Today, instances of odometer tampering within the USS Group are virtually non-existent and the industry-wide recognition of “zero tolerance for tampering” has become firmly entrenched. I feel a strong sense of pride in having raised the transparency of the used car distribution market and contributed to the industry’s sound development.

Currently, USS’s most critical role in the used car distribution industry is maintaining and advancing the foundation that supports fair and equitable transactions. We must review our rules and systems in accordance with the times. This encompasses vehicle inspections to identify accident repair or flood damage histories, monitoring frameworks that ensure proper auction conduct, and fair handling of claims. Consistently implementing these practices at our 19 auction sites throughout Japan and providing an environment where members can buy and sell vehicles with reassurance based on accurate vehicle information is our role as part of the market infrastructure.

Our approach to ensuring fair and equitable transactions is also reflected in our fee structure. USS has set clearly defined criteria such as the number of consigned vehicles and consistently applies the same standards to all members when determining eligibility for discounts or rebates. Although individual discounts might attract customers in the short term, these ultimately breed a sense of inequity among members and erode trust in the marketplace over the long term. I believe that consistently applying the same rules to everyone has nurtured member trust and enabled the formation of a marketplace that attracts high-quality vehicles and a large pool of buyers, which has led to our current market share. USS’s market share for the period from January to June 2026 stood at 44.2%. Our goal is to first of all firmly secure a 45% market share and then strive to reach a 50% share. In a market where approximately 8 million vehicles are consigned annually, increasing our market share from 45% to 50% requires capturing an additional 400,000 vehicles, a volume comparable to that handled at the Nagoya Auction Site. We will chart a concrete course toward realizing this 50% share by steadily expanding our share through proactive growth investments that enhance both our vehicle acceptance capabilities and service quality.

Increasing the volume of vehicles transacted under fair and equitable rules enhances the transparency and trustworthiness of the entire used-vehicle distribution market. I believe our responsibility as a leading company is to support both business opportunities for our members and maintain the trust placed in us by society by expanding our market share and spreading industry-wide the practice of undertaking transactions based on accurate vehicle information.

Supporting the reuse of used cars in serving as social infrastructure that connects high-quality vehicles with buyers

USS’s auto auctions provide a marketplace where member companies can buy and sell used vehicles. An increase in the number of consigned vehicles brings a greater variety while a larger pool of buyers stimulates competition and this offers sellers opportunities to secure higher prices. Buyers also find it easier to locate their desired vehicles and this creates a virtuous cycle that attracts even more high-quality vehicles and members. We provide convenience and economic efficiency across all transactions through a fair and transparent fee structure, an abundance of vehicles up for auction, a large number of buyers, and a high sales completion rate. In fiscal 2025, USS achieved a record-breaking 3.5 million consigned vehicles, 2.34 million completed contracts, and a 67.0% completion rate. The ability to trade at higher prices and greater speed with complete peace of mind represents the substantial value USS’s auto auctions provide.

Furthermore, the auction result data we have accumulated over long years also represents a vital management asset unique to USS. Members can search past winning bid prices based on criteria such as vehicle model, model year, mileage, and vehicle condition and are able to quickly confirm market prices. Utilizing this extensive data, we support its member companies, including major vehicle purchasing firms and new car dealerships, in sophisticating their business operations and expanding their opportunities to list vehicles as we build relationships enabling growth together with our customers. Participation via the internet is also expanding and USS’s ratio of successful off-site bids reached 51.6% in fiscal 2025. At our Nagoya Auction Site, internet auction members account for more than half of completed contracts. Members in regions like Hokkaido and Kyushu can purchase vehicles located in Nagoya simply by reviewing auction sheets and images, which is evidence of the trust they place in USS’s vehicle inspections.

Nonetheless, I do not believe that all transactions should be moved online. A unique sense of excitement and energy is created at auction sites when members can inspect the actual vehicles and participate in the bidding. On-site confirmation of actual vehicles and lively transactions also build trust in the market among members participating remotely as well. I believe that enhancing both the value of on-site auctions and the convenience of digital platforms enables the



creation of a marketplace unique to USS. This type of market operation provides peace of mind not only to our member companies but also to the consumers who ultimately purchase the vehicles. Although we do not sell used cars directly to consumers, through rigorous vehicle inspections and the management of mileage data, we accurately convey the condition of vehicles and support an environment where consumers can purchase used cars at fair prices. Furthermore, the widespread use of our auction price data as a reference also contributes to greater price transparency for used cars.

Trust in USS's vehicle inspection standards also extends overseas where "a vehicle that has passed through the USS system" serves as a measure of reassurance for transactions. Auto auctions serve as a vital social infrastructure that extends the vehicle usage period by connecting sellers and buyers and passing used cars on to the next owners whether in Japan or overseas. By increasing the number of consigned vehicles and promoting the reuse of vehicles, we will contribute to the effective use of finite resources and the realization of a circular society.

Accelerating investment in facilities, systems, and people with an eye toward the next 400,000 vehicles

In working toward a 50% market share, we must secure the processing capabilities needed to accommodate an increasing number of vehicles up for auction and to undertake auctions smoothly. Accordingly, we have positioned expenditures on facilities, systems, and people as growth investments aimed at strengthening our competitive advantage and revenue base.

The biggest issue regarding facility investment is that storage capacity is becoming insufficient to handle the increasing number of consigned vehicles. The Tokyo Auction Site has reached an average of approximately 17,800 consigned vehicles, and there continue to be some auctions with over 20,000 vehicles. The HAA Kobe Auction Site is also experiencing a rise in vehicle volume, making it necessary to raise processing capacity as our revenue base in Western Japan. Accordingly, we plan to invest approximately ¥20 billion in the Tokyo Auction Site and around ¥15 billion in the HAA Kobe Auction Site from fiscal 2027 onwards with plans for building new facilities to replace older ones and to increase multi-story garages. We will also invest approximately ¥2 billion in the Fukuoka Auction Site and strengthen coordination with the Kyushu Auction Site. In undertaking this rebuilding project, we aim not only to increase capacity but also to enhance convenience for members and improve the working environment for employees. Utilizing our experience from building a parking area on the upper floors of the Nagoya Auction Site, we will create new facilities that lessen the burden of vehicle movements. Furthermore, in preparation for natural disasters and fires, we will also raise safety in terms of both facilities and operations, such as by installing fire-extinguishing systems and devising storage methods in accordance with vehicle age and condition. Meanwhile, construction costs have risen sharply due to soaring labor and material expenses. Accordingly, we must carefully examine demand, capacity, scale of investment, and outlook for investment returns for each auction site. Nonetheless, if we are unable to accommodate high-quality vehicles up for auction due to a lack of capacity, we will lose opportunities for growth. USS will quickly execute necessary investments upon focusing on profitability.

Regarding system investments, USS will invest approximately ¥5 billion in its core auto auction systems by the end of fiscal 2027. This will integrate into a single platform those functions previously managed separately, such as member information, vehicle listing data, claims handling, accounting and document processing, and inbound and outbound inventory management. Through this integration, we will build a system that raises productivity and member convenience and that can stably and efficiently process an increasing volume of vehicles up for auction. In the past, we invested over one billion yen in a system to stream auctions held at actual auction sites to remote locations. Despite some dissenting opinions at the time, we believed that members in Kyushu and Hokkaido could not travel to Nagoya every week and that the internet era would eventually arrive. Today, our online business generates a considerable level of profit. This shows that investments made by identifying member inconveniences and anticipating future growth in usage are linked to both our competitiveness and profitability. Based on this experience, we will focus on the functions required by members and the expected return on investment and steadily build our core system as a foundation that supports future growth.

We are also focusing on investing in our people, who are our most-crucial management resource. As the number of consigned vehicles increases along with an expansion in our market share, securing and cultivating vehicle inspectors to conduct rigorous inspections will become increasingly critical. Through training programs, we accelerate the process of equipping employees with work-ready skills while enhancing learning opportunities tailored to specific roles and job levels and creating an environment where employees can hone their expertise and capabilities. The growth of each individual employee underpins the consistent, high-quality service USS provides at its 19 auction sites throughout Japan. Besides providing growth opportunities, we are strengthening our compensation and employee benefits. To this end, we are

CEO Message

creating a workplace environment that allows employees who have taken maternity or childcare leave to return to work with reassurance while enabling employees with young children to work flexibly. By establishing an environment where employees feel a sense of personal growth and have a genuine desire to work at USS, we aim to increase the sustainability of our business.

Increasing shareholder value by simultaneously making ¥50 billion in growth investments and aiming for a total return ratio of 100% or higher

When making investment decisions, I place the greatest emphasis on whether the investment can generate a profit. That said, the mere prospect of a profit is not the sole criterion for investments. I also carefully focus on whether we can leverage USS's membership base of approximately 49,000 companies, our nationwide network of 19 auction sites, our vehicle and market price data, and our know-how in auction operations. Upon doing so, I prioritize projects that generate synergies with our existing businesses and that raise both member convenience and our own competitiveness. For new businesses, one general guideline is whether a path to profitability is visible within roughly two years. When we took on the challenge of launching auction operations overseas, we were unable to firmly establish the business due to differences in culture and business practices. Even an excellent system will not succeed if it fails to align with the culture of the region and country. When there are no prospects of profitability, we withdraw early and apply the lessons learned to future decisions.

On the other hand, investments that underpin long-term competitiveness and cash-generating capabilities such as rebuilding auto auction sites or the modernization of core systems cannot be judged solely on short-term profits. We comprehensively evaluate factors such as regional demand, required processing capacity, and the outlook for return on investment to determine whether these investments will lead to an increase in corporate value over the medium to long term. I believe that accurately assessing future value creation is a fundamental role of management.

For the three-year period from fiscal 2025 through fiscal 2027, we forecast operating cash flow of ¥140 billion and plan to allocate ¥50 billion for growth investments alongside approximately ¥120 billion for shareholder returns. Funds for growth investments will be allocated to such areas as rebuilding the Yokohama Auction Site that commenced operations in January 2026, the renewal of our core auto auction system, and increasing the capacity and convenience of existing sites. The basis of our financial and capital strategy is to create a virtuous cycle whereby we steadily execute necessary investments to generate new cash flow, which is then used for further growth and for shareholder returns.

Regarding shareholder returns, we have set targets of a consolidated dividend payout ratio of 60% or higher and a total return ratio of 100% or higher for the three-year period from fiscal 2025 through fiscal 2027. In fiscal 2026 as well, we aim to increase dividends for the 27th consecutive year and will also flexibly execute share buybacks. We will consistently achieve an ROE of 20% or higher through the dual imperatives of achieving profit growth through business expansion while controlling equity capital at an appropriate level. We will pursue optimal capital allocation for sustainable growth by balancing growth investments, shareholder returns, and financial soundness.

We are committed to maintaining fair and equitable market operations and aim to be a company trusted by all stakeholders, including shareholders and investors. On the basis of this trust, we will steadily expand our market share and profits and realize long-term increases in corporate value by balancing growth investments with shareholder returns.

Yukihiro Ando
Chairman and Representative Director (CEO)



COO Message

Linking site-led reforms with growth and working toward a 50% share of the auto auction market

Dai Seta
President and Representative Director (COO)



USS achieved record-breaking business results and will accelerate growth toward realizing a 50% market share.

In fiscal 2025, net sales reached ¥113.8 billion and operating profit amounted to ¥59.8 billion, both representing all-time highs. In our core auto auction business, the number of consigned vehicles increased by approximately 300,000 vehicles from the previous fiscal year to a record high of 3.5 million vehicles. The number of completed contracts amounted to 2.34 million as we maintained the contract completion rate at a high level of 67.0%, which drove overall performance. A revision to fees at USS JAPAN, which enables participation in auctions via dedicated terminals, also contributed to the increase in fee revenue. The rise in the number of consigned vehicles reflected the sequential increase in the number of auction lanes at our three major auction sites in Tokyo, Nagoya, and Osaka. By shortening auction finishing times while establishing a system capable of handling a larger volume of vehicles, we enhanced convenience for our members and increased the number of consigned vehicles.

COO Message



Moreover, in January 2026 we completed the rebuilding of the Yokohama Auction Site and this further increased our handling capabilities for auctions and enhanced service quality.

Thanks to these initiatives, USS's market share for the 2025 calendar year rose to 43.2%. Furthermore, USS's market share reached 44.2% for the period from January to June 2026 and we expect to achieve our 45% target more than a year ahead of the original schedule. We are accelerating the expansion of our market share and there is a growing probability that we will reach a 50% share. USS's competitive advantage lies not just in the number of consigned vehicles. Recently, the gap between USS's average price of vehicles contracted and the industry average has widened to over ¥600,000. High-quality vehicles gravitate toward markets where these can be sold for higher prices, while markets with an abundance of appealing vehicles attract more buyers. We have established a clear competitive advantage, especially for newer, higher-priced used vehicles. This virtuous cycle is underpinned by our commitment to fair and equitable market operations, rigorous vehicle inspections, and the accumulation of continuous investments in facilities and systems.

The USS Group positions its Auto Auction Business as the core driver of growth and is taking on the challenge of achieving a 50% market share to propel profit growth across the entire Group. On the other hand, in the Used Vehicle Purchasing and Selling Business and the Recycling Business, rather than pursuing uniform growth rates or profit margins, we utilize the market environments and strengths of each business to increase the corporate value of the entire Group.

For fiscal 2026, USS forecasts net sales of ¥121.8 billion and operating profit of ¥62.6 billion. We expect that an increase in the number of consigned vehicles will be accompanied by higher expenses such as outsourcing expenses associated with on-site operations. Nevertheless, USS aims for growth in both revenue and profit by enhancing auction site processing capacity and improving operational efficiency through digitization. We also actively return the fruits of our growth to shareholders. To this end, we paid annual cash dividends per share of ¥54.70 for the fiscal year ended March 31, 2026, an increase of ¥11.30 from the previous year, and plan to further raise the dividend by ¥1.70 to ¥56.40 for the fiscal year ending March 2027. Additionally, we executed a share buyback totaling approximately ¥18 billion. In the future, we will continue to increase dividends while balancing growth investments with shareholder returns as we aim to increase long-term shareholder value.

Meanwhile, achieving a 50% market share is connected with the issue of handling capacity. Specifically, we must handle an additional 400,000 vehicles to increase our auto auction market share from 45% to 50%. Assuming that we hold 48 auctions annually, this equates to an increase of over 8,000 vehicles per auction. The primary hurdle we face in doing so is expanding the physical capacity needed for accommodating this increase in vehicles. An increase of this scale cannot be realized simply by adding multi-story garages. USS intends to overcome this constraint by combining investments in facilities, systems, and personnel and by promoting the division of roles among auction sites and enhancing operational efficiency.

We place "fair and equitable" at the core of our competitive advantage and work to build a market where vehicles can be sold at high prices, quickly, and with a sense of reassurance.

One of the initiatives supporting our efforts to expand market share is the 50% Market Share Project commenced in 2024. We assign project leaders to each auction site and are working to acquire new members and re-engage with non-active members. Besides outreach via telephone, we are also undertaking earnest sales activities that involve visiting members' businesses and ascertaining the reasons they stopped using our services and identifying each of the problems they face. These efforts have led to new memberships and the resumption of business with non-active members and the number of consigned vehicles at each site is increasing at a pace in line with or even exceeding our plan.

USS has aimed to be the leading auction in each respective territory covered by its 19 auction sites throughout Japan. At large-scale auction sites, we are increasing capacity and convenience through investments in facilities and auction systems. At smaller local auction sites, we are expanding our membership base through community-focused sales activities. Moreover, we have created a flow whereby members acquired at local sites also participate in auctions at large-scale sites while high-value vehicles are transported from local venues to large-scale sites for auction. The growth of USS as a whole is the result of each auction site fulfilling its specific role and collaborating. When ascertaining the state of our sales performance, we emphasize not only the number of consigned vehicles but also the number of companies listing vehicles. Ensuring stable market operations depends on securing continuous listings from a broad base of members rather than relying on a few large clients. If the number of listing companies declines, we examine whether our outreach efforts were adequate and confirm the reasons why members stopped using our service so that we can

formulate concrete improvement measures. The foundation of these activities is our fundamental philosophy of fair and equitable. Our commitment to treating all members according to the same standards regardless of the number of their consigned vehicles creates a sense of trust that "we can do business with reassurance because it is USS" and enables us to expand market share and create an environment that attracts vehicles. Vehicle inspections serve as the starting point for our highly reliable auctions. We accurately assess vehicle conditions based on standardized criteria and this underpins our high completed contract rates and facilitates online trading. Furthermore, we undertake stable operation and continuously update our bidding systems. This is crucial to ensure that there are no discrepancies in information or bids between the auction site and external bidders.

Looking ahead, USS will maintain its reliability while raising its digital consignment rate at auto auctions from the current rate of around 70% to 100% by April 2027. We also plan to launch a service that digitizes vehicle features and appealing points, which could not be adequately conveyed with traditional handwritten auction sheets. This service will also enable users to undertake searches based on specific criteria. Enabling members to quickly and accurately find their desired vehicles will increase bidding opportunities and raise the probability of sellers realizing higher sale prices. USS will also improve its provision of vehicle and market price data, including price forecasts, while considering usage patterns and member feedback. When evaluating new initiatives, our primary consideration is whether these benefit our members. USS will implement measures that enhance convenience and reassurance even if the short-term impact is difficult to quantify. Because the fundamental framework of our auto auctions is the same as that of competitors, implementing any single measure rarely creates a decisive advantage. Instead, long-term competitive differentiation is driven by investments in facilities and systems and continuous improvements in inspections and customer service quality.

Through the 50% Market Share Project, we will cultivate an organization where on-site personnel think and act for themselves.

Under the 50% Market Share Project, USS is striving for business growth in addition to cultivating the next generation of human resources. We hold regular training retreats, centered on department general managers, that reflect back on activities undertaken to date and discuss the next measures and initiatives that we must undertake. A key priority in this process is to encourage executives who possess deep knowledge of on-site operations to think and act proactively. In keeping with a roadmap, we are simultaneously advancing multiple projects, which include acquiring new members, reactivating inactive members, enhancing operational efficiency, and improving workplace environments. Initiatives planned by the employees themselves are more easily adopted at the operational level and foster continuous improvement. Through these efforts, we are evolving into an organization where each site can operate autonomously.

In June 2026, two people who had served as the 50% Market Share Project promotion leaders were newly appointed to the Board of Directors. Going forward, I intend to position this project as a gateway to leadership roles for the next generation of management human resources. The experience of analyzing the business environment, engaging in repeated discussions transcending departments and regions, and taking responsibility for execution outcomes directly contributes to the development of management leaders.

USS is also strengthening personnel exchanges among its auction sites. Inspectors from local auction sites can acquire the know-how needed to process large numbers of vehicles by supporting operations at large-scale sites during peak periods. Conversely, providing employees at large-scale sites with exposure to the detailed work practices of local auction sites provides them with an opportunity to re-evaluate their own inspection quality and responses to member services.



By leveraging the respective strengths of both large-scale and local auction sites, we ensure uniform, high-quality service across all 19 auction sites throughout Japan.

The Used Vehicle Purchasing and Sales Business supports our core operations by providing a point of contact with consumers and a supply of vehicles.

Rabbit Car Network, which operates a business for the purchase and sale of used vehicles, purchases used cars from consumers and continuously supplies these to USS Auto Auctions. Both Rabbit Car Network franchisees and directly managed Rabbit locations provide their purchased vehicles to USS Auto Auctions, and many franchisees are also USS members. Maintaining and developing this relationship generates synergies across the Group. Meanwhile, the market structure is evolving as numerous major business operators enter the used car purchasing market and existing used car dealerships bolster their own purchasing capabilities. To ensure it continues to be chosen within this competitive environment, it will be crucial for Rabbit to raise consumer trust. We will refine our brand of "reliability and trust," raise the quality of site operations and vehicle appraisals, and

COO Message

expand purchasing opportunities. However, we do not invest massive amounts of capital or try to rapidly expand the scale of business. The used car purchasing market is highly competitive and building brand recognition entails significant costs. We will undertake operations that emphasize profitability and carefully focus on the market environment and investment returns. Upon doing so, we will contribute to revitalizing the auto auction business by supplying high-quality vehicles and strengthening relationships with our members. We will also utilize consumer insights and trends in the used car market gained through Rabbit's business to improve services across the Group and increase synergies among our business segments.

In our Recycling Business, we will develop new products and materials and will balance contributions to resource recycling with profit generation.

In our Recycling Business we will balance contributions to a circular society with profit generation while aiming for steady growth. Although we originally began this business with a focus on the disassembly and processing of end-of-life automobiles, the operating environment subsequently changed dramatically. Looking ahead, we must expand our scope of products to include new types of materials rather than relying solely on vehicle dismantling.

ARBIZ Co., Ltd. collects scrap metal and other materials from factories in Aichi Prefecture and processes waste plastic by compressing and solidifying this for sale as fuel. Given that school-issued devices and data center hardware are approaching the replacement period, we are also engaging in the recycling of IT equipment, the volume of which is expected to increase in the future. Because procurement often involves a bidding process, we carefully evaluate procurement costs against the value of materials after recycling and select projects that ensure profitability. Among these, we expect that the closed-loop aluminum recycling will achieve growth. Around a year and a half has passed since commencing this business and as operations have stabilized this business has now entered a stage where it generates profits. Current business results are also exceeding projections and we intend to cultivate this business as a pillar of future growth. Regarding solar panel recycling, while assessing future disposal volumes and profitability we will carefully determine the timing of investments. We will proceed with commercialization upon confirming not only the social necessity but also ascertaining whether we can continuously secure raw materials and generate adequate profit.

For the industrial plant recycling business operated by SMART Inc., securing projects by leveraging the information networks of the Group and its partners is the key to growth. We will proceed with the development of specialist staff and the strengthening of implementation capabilities with the aim of expanding orders and improving profitability. Although there are business opportunities in fields such as general waste treatment, these are highly specialized sectors that involve complex licensing and rights-related issues. With this in mind, we will carefully examine the potential for market entry and profitability.

Our Auto Auction Business and Used Vehicle Purchasing and Sales Businesses promote the reuse of automobiles. Our Recycling Business recovers resources from products and equipment and recycles these for use in society. We will evolve both reuse and recycling operations in response to changing environmental conditions and deepen collaboration across our business segments. Through these initiatives, we aim to build a resource- recycling model unique to the USS Group that achieves both profit growth and the creation of social value.

Dai Seta
President and Representative Director (COO)



Message from a Newly Appointed Director



Bringing out the strengths of each region and supporting USS's further growth through frontline capabilities and the power of our people

Yukio Niimi Director

Profile
After working on the digitization of vehicle information for auto auctions and operations related to used car recycling, Yukio Niimi served successively as Manager of the R-Nagoya, Shizuoka, and Kyushu Auction Sites, before assuming his current role as Manager of both the Kyushu and Fukuoka Auction Sites. He was appointed Executive Officer in 2023 and continues to serve in this position.

Q. Please tell us about your experience to date.

A. I have learned how to manage auction sites in ways that reflect the needs of each region, at both large and small- to medium-sized sites.

I joined USS in 1989 and spent approximately 23 years at the Nagoya Auction Site. Early in my career, I gained experience primarily in administrative functions, including accounting, documentation, and data processing. I later served as Manager of the R-Nagoya, Shizuoka, Kyushu, and Fukuoka Auction Sites, where I was involved in site operations, member relations, and employee development. My experience in both administrative functions and frontline operations has been invaluable in giving me a broader perspective on the overall management of an auction site.

Having worked at several auction sites, I have come to appreciate just how much the approach required can differ depending on the size of the site and the region, even within the same auction business. Large sites such as Tokyo, Nagoya, and Kyushu have extensive facilities and services, which naturally makes it easier to attract vehicles. At small- and medium-sized sites, on the other hand, steady, hands-on sales efforts are essential. This means visiting members at their dealerships, listening carefully to their needs and concerns, and working patiently to secure each individual consignment.

Particularly at regional auction sites, close relationships with members are a major advantage. By meeting with members regularly, listening to their concerns, and responding sincerely, we have built relationships of trust, and I have seen firsthand how that trust translates into increased business. We also put considerable thought into what members will enjoy at events, whether unusual confectionery, seasonally themed prizes, or locally grown vegetables. I believe that this kind of attention to what our customers value helps increase the number of consigned vehicles and deepen their trust in our auction sites.

Q. Based on that experience, how will you contribute to enhancing USS's corporate value?

A. I will build a stronger foundation for achieving a 50% market share through strategies tailored to each region and the development of our people.

Now that I have been appointed a Director, I recognize that I have an even greater responsibility for USS's medium- to long-term growth and the enhancement of its corporate value. Drawing on the experience I have gained close to the frontline of auction site operations, I will serve as a bridge between management and our auction sites, bringing frontline issues and the voices of our members to management and translating management policies into practical action at each site.

USS is aiming for a 50% market share. Achieving this will require not only expanding capacity at our large auction sites but also raising operational and sales capabilities across all USS sites, including small- and medium-sized locations. By understanding the particular characteristics of each site and applying successful practices across the organization, such as efficient operations at large sites and attentive member service at smaller sites, we can make USS as a whole more competitive.

People development will be central to these efforts. As part of the 50% Market Share Project, we are gradually expanding a training program that gives employees experience at other auction sites. Working at sites of different sizes and in different regions broadens employees' experience and perspectives. Employees who learn how to build close relationships with members at smaller sites can put that experience to use at larger sites, and those who learn efficient operating practices at larger sites can apply them to improving operations at smaller ones. We also provide opportunities for employees to broaden their knowledge as business professionals through training in areas such as finance, law, management, and organizational operations, participation in projects, and opportunities for female management candidates to attend management meetings. Through the Workplace Environment Improvement Project, employees gain experience and develop their skills by taking the initiative to identify and implement improvements that make the workplace more effective. We are also running a project promotion program involving selected teams.

I believe that these varied experiences help employees develop their skills and ultimately lead to greater engagement.

One principle I have always valued on the frontline is to focus on "winning the next vehicle" as we work toward our weekly targets, and to keep doing, one by one, the things that benefit our members. We will uphold the fair and equitable operation of our auctions that lies at the heart of USS, capitalize on what each region does best, and act decisively where change is needed. By listening closely to the frontline, bringing those insights into management, and developing the capabilities of our people and organization, I will do everything I can to contribute to the medium- to long-term enhancement of USS's corporate value.

Message from a Newly Appointed Director



Continuously strengthening systems that embed fairness and equity and support trusted market operations

Masahiro Mikami Director

Profile
Masahiro Mikami has been involved in developing the infrastructure that supports the auto auction business, including formulating auction rules, establishing a certification system for vehicle inspectors, and developing a claim management system. He subsequently served as Manager of the Yokohama Auction Site before assuming his current role as Manager of the Tokyo Auction Site. He was appointed Executive Officer in 2023 and, as Officer of the Auction Operation Office, oversees USS's auto auction operations as a whole.

Q. Please tell us about your experience to date.

A. I have been involved in developing the systems that underpin reliable market operations.

Over the course of my career, I have worked in the Sales Division at the Tokyo Auction Site and the Auction Operation Office before serving as Manager of the Yokohama and Tokyo Auction Sites. This has given me experience in both frontline auto auction operations and developing systems for auction sites across the Company. In the Auction Operation Office in particular, I worked on the infrastructure needed for reliable market operations, including formulating auction rules, establishing a certification system for vehicle inspectors, and developing a claim management system.

In developing auction rules, my priority has been to translate our fundamental commitment to fairness and equity into rules that reflect both legal requirements and actual business practices and can be applied consistently on the frontline. Because auction rules are closely linked to legal requirements, we have continually reviewed them to keep pace with changing circumstances, consulting lawyers when necessary. Fairness and equity are principles that USS has always valued, and I believe it is essential to embed them in our operations through a framework that ensures consistent decision-making, regardless of who applies the rules.

In establishing the inspector certification program, we focused on raising vehicle inspection standards and ensuring consistent inspection quality among inspectors. Each site has its own regional characteristics, and individual inspectors bring their own experience and professional pride to the job. We therefore established clear criteria for assessing their capabilities and the standards they are expected to meet and incorporated these into the certification program. We also provide centralized training for new employees, enabling them to acquire standardized inspection skills and obtain certification within a relatively short period. Consistent inspection quality across all auction sites and the accurate communication of vehicle condition are essential to giving members the confidence to conduct transactions through USS.

One experience that particularly stands out was developing the claim management system. Previously, claims were recorded individually in notebooks, making it difficult for anyone other than the person responsible to understand the details or identify broader trends. We therefore developed a system that allows cases to be accumulated, shared, reviewed and analyzed retrospectively. This has enabled us to identify parts of vehicles where accident repair histories are more likely to be overlooked, as well as patterns in claims arising from information omitted by sellers, and to apply these insights to inspector training.

Vehicle inspection requires not only technical expertise but also the ability to accurately assess the value of a used vehicle. Through these experiences, I have come to appreciate that trusted market operations can only be achieved when rules, inspections, claim handling, and training work together as an integrated whole.

Q. Based on that experience, how will you contribute to enhancing USS's corporate value?

A. I will continue to evolve our approach to trusted market operations, building on the belief that employee satisfaction is essential to customer satisfaction.

The source of USS's competitive advantage is the trust of our members. That trust is built on fair and equitable auction operations, highly accurate vehicle inspections, and sincere customer service. Maintaining a market that all members can use with confidence, regardless of the scale of their transactions, is fundamental to upholding these principles.

As a Director, I will place emphasis on bringing frontline perspectives into management and ensuring that the systems and policies we establish take root in day-to-day operations. Through meetings of our sales and vehicle divisions, dialogue with members on auction days, and surveys conducted through Car Dealers Internet Solutions (CIS*), we will listen carefully to both positive and critical feedback and use it to continually improve the quality of our operations.

Another principle I value is that there can be no customer satisfaction without employee satisfaction. No matter how good our systems are, we cannot provide excellent service or generate constructive ideas if the employees who support them are exhausted. Creating an environment where employees can work with peace of mind and engage sincerely with our members is therefore fundamental to maintaining trusted market operations.

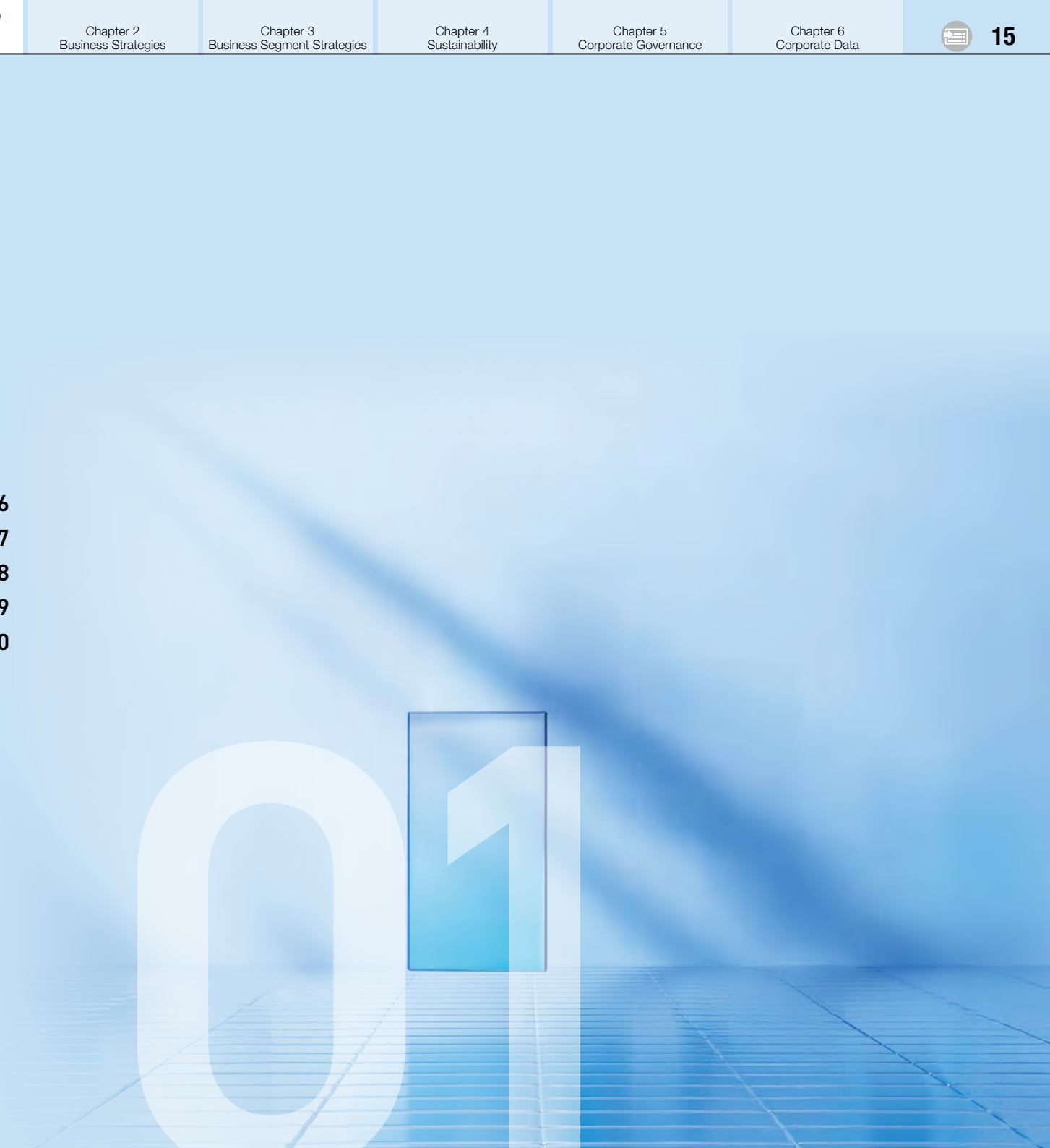
Going forward, through the renewal of our core systems and greater use of data, we will improve information sharing and operational visibility and make greater use of claim and inspection data analysis. By combining sound frontline judgment with effective Company-wide controls, I will contribute to the continued development of both USS and the industry as a whole.

* CIS is an Internet auction system provided by USS. It offers essential auction functions for searching for, purchasing, managing, and requesting services related to vehicles.

Chapter 1

Value Creation

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Our Growth Journey

Developing and growing new businesses centered on the auto auction business that contribute to a circular society

Since our founding, we have consistently pursued fair, equitable, and highly convenient auto auctions, achieving sustained growth along the way. In December 2000, we listed our shares on the First Section of the Tokyo Stock Exchange (now the Prime Market). Since then, we have steadily expanded our market share and, with the used vehicle auction business at the core of our growth, expanded into areas such as the used vehicle purchasing and selling business and recycling business, thereby contributing to the realization of a circular society. Going forward, we will continue to build on the trust and business foundations we have established, responding to changing social and market needs as we take on the challenge of creating new value.



August 1982
Started auctions aiming to give everyone fair and equal standing

July 1995
Started satellite TV auctions (currently dedicated terminal auctions)



December 2000
Listed USS stock on the First Section of the Tokyo Stock Exchange (current Prime Market)



November 1999
Established USS CarbankNet Co., Ltd.



December 2003
Established ARBIZ Co., Ltd. and launched the recycling business



October 2001
Started used vehicle purchasing and selling business



October 2005
Started live internet services



April 2019
Established SMART Inc. and launched the industrial plant recycling business



March 2018
Acquired Japan Automobile Auction Inc. as a wholly owned subsidiary



October 2021
Merged Japan Automobile Auction Inc. and HAA Kobe Inc.

Current Position

Supporting the smooth distribution of used vehicles through our core auto auction operations

Net sales
¥113.8 billion

Operating profit
¥59.8 billion

Profit attributable to owners of parent
¥41.3 billion

ROE
20.1 %

Consecutive years of dividend increases
26

Market share
43.2 %

Consigned vehicles
3.504 million

Auction sites
19 locations throughout Japan

On-site auction members
49,176

CIS (Internet) auction members
36,279

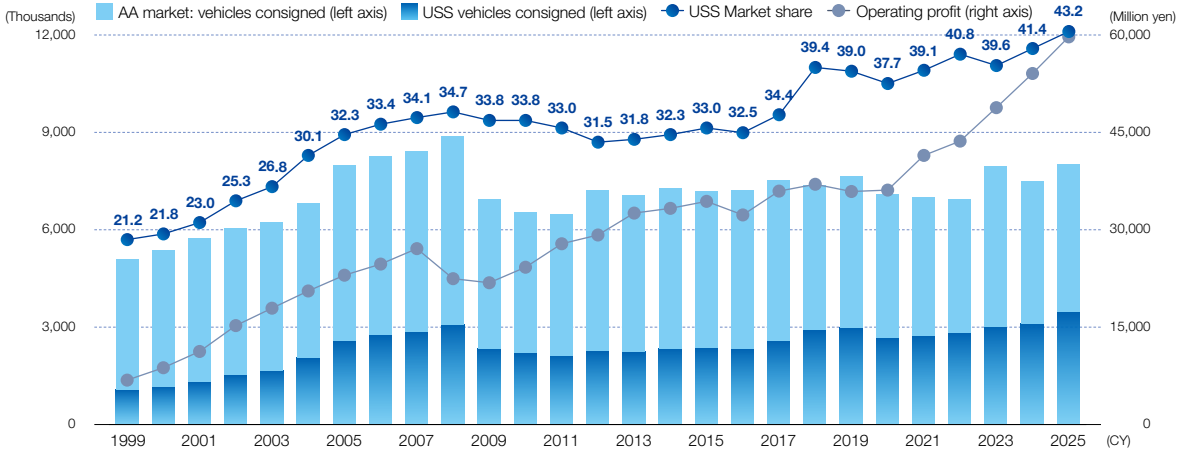
Dedicated terminal auction members
1,946

Used car purchasing stores
142 locations throughout Japan
(18 directly operated, 124 franchised)

Employees
1,421

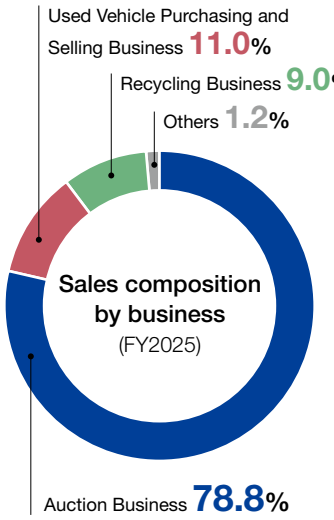
Vehicle inspectors
290

Consigned vehicle volume and market share



* Market share in 2021 has been revised to reflect revisions to data announced by USEDCAR Co., Ltd.

- Maintained higher market share and profit in the period of sluggish markets following the financial crisis of 2008–2009.
- The medium/long-term goal is a market share of 50%.




P28-29

Auto Auction Business

Auto auction sites support trouble-free circulation of used vehicles. USS currently supports bidding from outside the premises through dedicated terminals and the Internet around 19 auction sites throughout Japan.


P30-31

Used Vehicle Purchasing and Selling Business

The Rabbit Car Network is launching chains and franchises in all areas of Japan as stores specializing in the purchase of used vehicles from end users. Many of these vehicles are then listed at our auctions, contributing to vibrant auto auction activity.

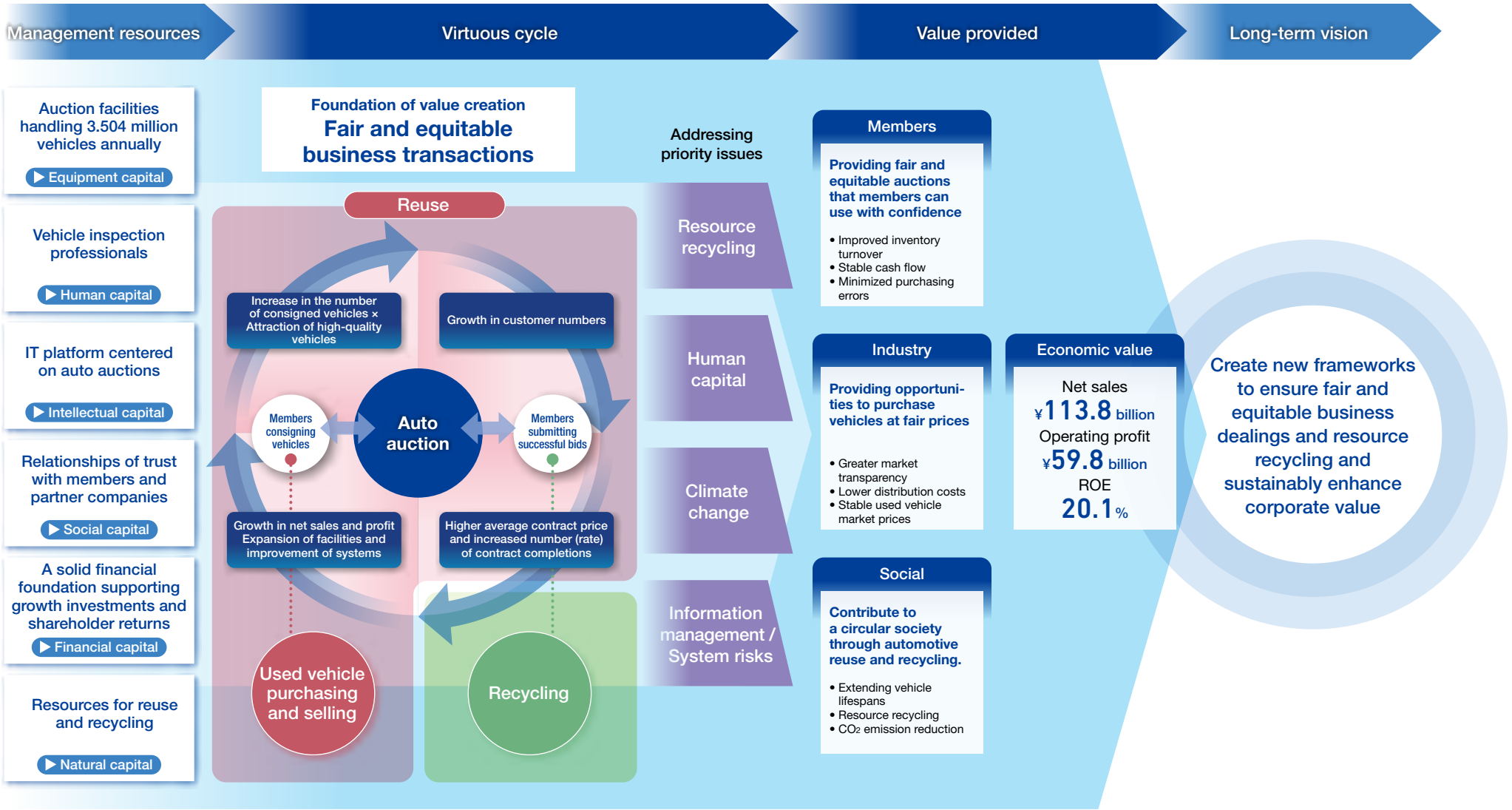

P32-33

Recycling Business

The Recycling Segment centers upon two Group companies. ARBIZ Co., Ltd. recycles end-of-life automobiles as well as small electronics and other spent products. SMART Inc. specializes in the dismantling and recycling of plants and other related equipment.

Value Creation Process

Contributing to the realization of a resource recycling society by promoting the reuse of used vehicles through auto auctions and recycling resources through our recycling business



Business Model

Active investment of management resources drives growth in members, vehicles, and transactions, and the resulting gains are reinvested to further enhance our business foundations. This virtuous cycle has enabled us to achieve the No. 1 industry market share and create high barriers to entry.

Management resources

Equipment capital

Auction facilities handling 3.504 million vehicles annually

- Auction sites: 19 locations
- The industry's largest number of auction lanes, helping to shorten auction times
- Expansive yards capable of storing large numbers of vehicles

Human capital

Vehicle inspection professionals

- Employees (consolidated): 1,421
- Vehicle inspectors: 290

Intellectual capital

Information assets and expertise centered on auto auctions

- Extensive transaction and market value data
- Expertise in vehicle appraisal and inspection

Social capital

Relationships of trust with members and partner companies

- On-site auction members: 49,176
- CIS (Internet) auction members: 36,279
- Dedicated terminal auction members: 1,946

Financial capital

A solid financial foundation supporting the "virtuous cycle"

- Total assets: ¥270.1 billion
- Equity ratio: 76.7%
- Operating cash flow: ¥43.9 billion

Natural capital

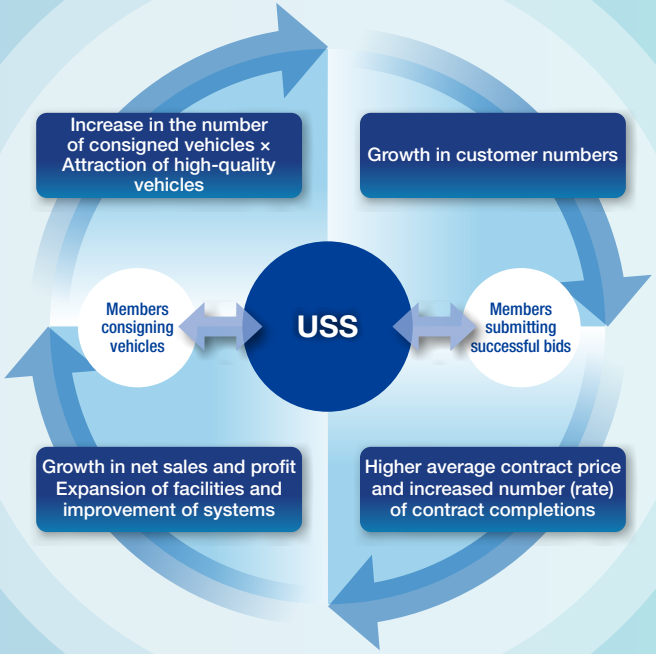
Resources for reuse and recycling

- Materials used in automobiles and energy used for manufacturing and logistics
- Resources for recycling



Virtuous cycle

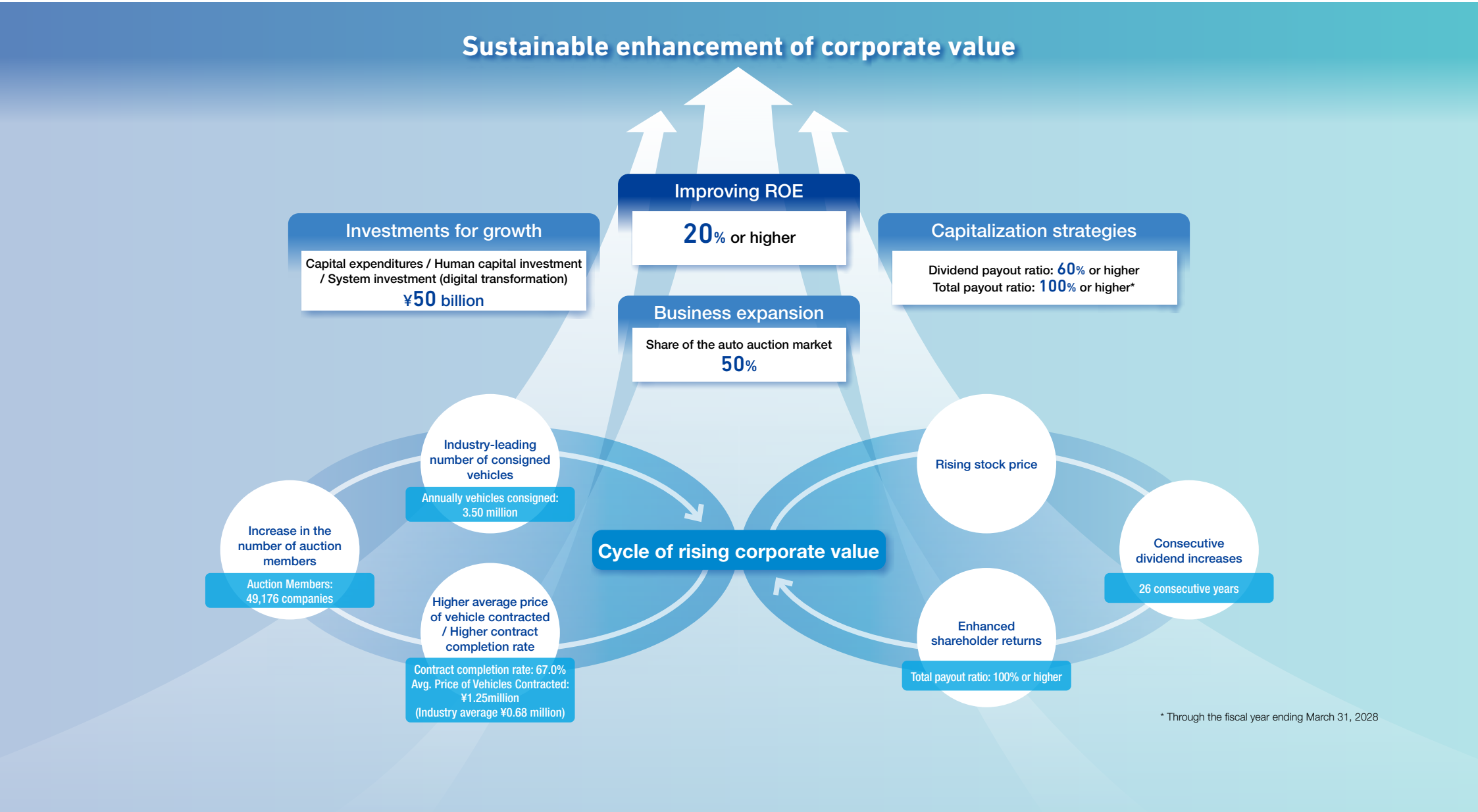
USS auto auctions serve as social infrastructure that promotes the reuse of used vehicles



- Growth in both consigned vehicles and buyers drives active trading and fair price formation, creating a virtuous cycle that attracts further market participation.
- More efficient used vehicle distribution directly contributes to the effective use of resources.
- The recycling business plays a complementary role by recycling end-of-life vehicles, components, and other materials.

Toward Sustainable Growth

Allocating the profits generated by our business model to growth investments and shareholder returns Pursuing sustainable improvements in ROE and corporate value by balancing business growth with capital policy



* Through the fiscal year ending March 31, 2028

Chapter 2

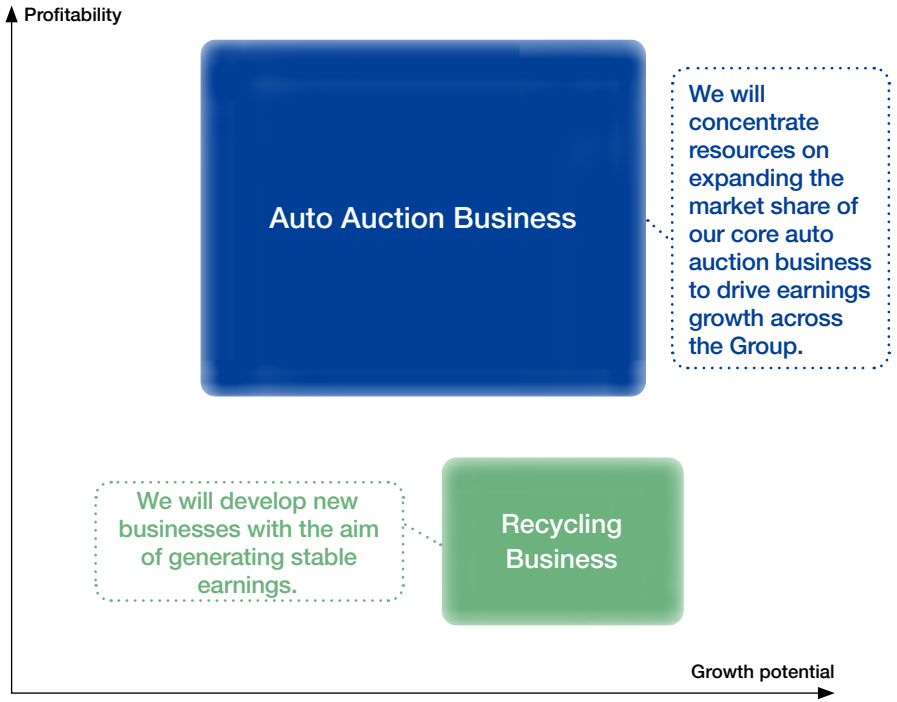
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Overview of Business Strategies

Concentrating resources on expanding the market share of our core auto auction business to drive earnings growth across the Group



Goals for individual businesses

Market share
50%

Recycling sales in FY2028
¥20.0 billion

Initiatives to achieve our goals

50% Market Share Project

The goal of this project is for our management team and senior employees to plan and review measures to achieve the auto auction business's long-term target of a 50% market share and to map out a unique growth strategy. In the process, we also aim to strengthen our human capital, including project members and frontline leaders.

P23

Strategies by Recycling Business

In the resource recycling business, we will pursue commercialization across a diverse range of resource recycling fields, led by direct aluminum recycling. We will also work to commercialize solar panel recycling, where large volumes of waste are expected, while carefully assessing profitability. In the plant recycling business, we will continue to strengthen our sales capabilities to expand orders.

P32-33

We are pursuing a growth strategy that prioritizes the allocation of management resources to our core auto auction business with the aim of enhancing corporate value over the medium to long term. With an emphasis on capital efficiency, we have raised our ROE target to at least 20% and our dividend payout ratio to at least 60%. We have also set a total shareholder return ratio of at least 100% for the three-year period beginning in fiscal 2025 as we work to enhance shareholder returns.

Under this policy, we are advancing the 50% Market Share Project with the aim of achieving a 50% share of the auto auction market. In addition to capital investments such as rebuilding major auction sites and expanding multi-story parking facilities, the project includes the development of a digital platform to enhance convenience for members and improve our operational efficiency. We are also expanding initiatives that proved successful in acquiring new members in the previous fiscal year, as well as a system that enables auction sites to support one another's operations, across all 19 auction sites nationwide. Through these efforts, the Group is working as one to increase the number of consigned vehicles and improve service quality.

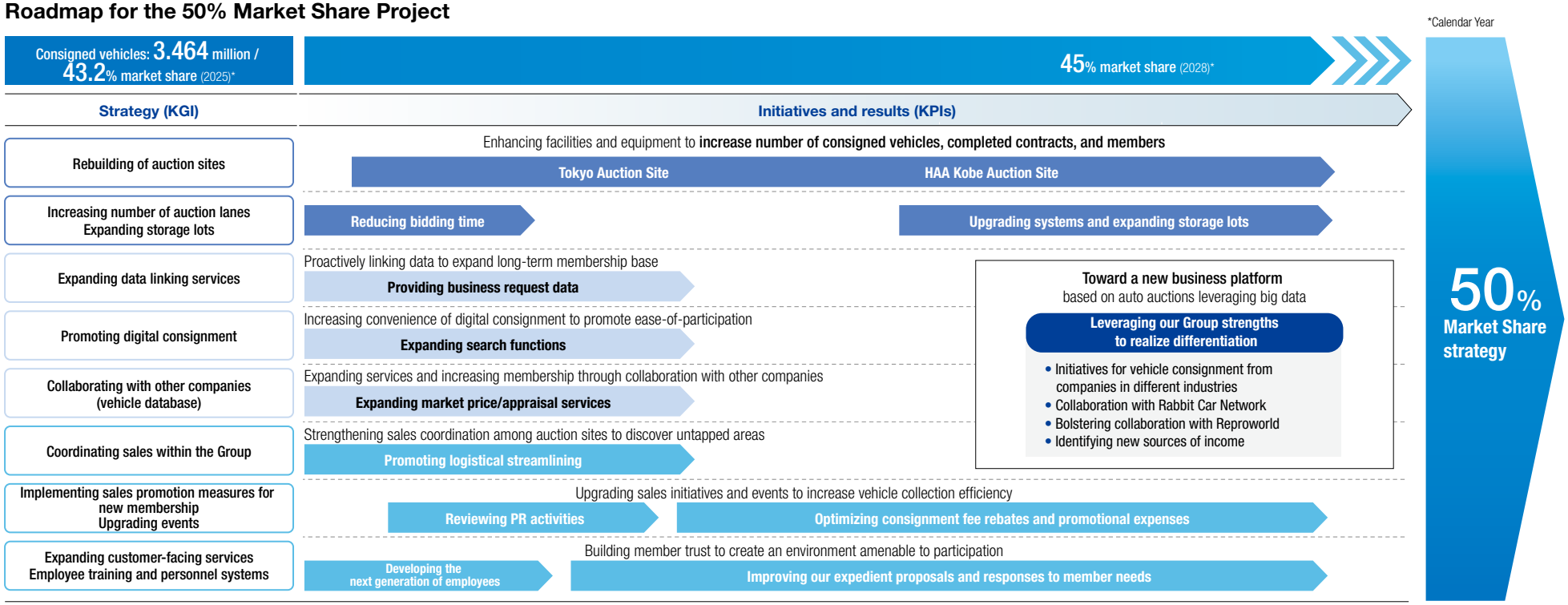
In the recycling business, our basic policy is to secure stable earnings. In both the resource recycling business and plant recycling business, we are working to enhance the profitability of our existing businesses while also expanding into new areas where demand is expected to grow. We aim to achieve net sales of ¥20.0 billion in fiscal 2028.

We will leverage growth in the auto auction business to drive earnings growth across the Group while also contributing to the realization of a circular society through our recycling business.

50% Market Share Project

To achieve our long-term goal of 50% market share in the auto auction business, we have developed strategies and measures from the perspectives of sales, DX, and human resources.

Roadmap for the 50% Market Share Project



[Purpose and vision of the project]
The 50% Market Share Project is a strategic project led by management and senior employees to achieve a 50% share of the auto auction market. Achieving this medium- to long-term target will require us to further strengthen our business foundations, including auction site capacity, systems, human resources, and organizational capabilities. In addition to measures designed to deliver results in the short term, the project is working to enhance services using data, develop future management candidates and frontline leaders, and review our operational foundations. Our aim is to further enhance the convenience and reliability of our auto auctions and thereby contribute to revitalizing the used-vehicle distribution market.

[Strategies and targets for achieving a 50% market share]
As an initial milestone toward achieving a 50% market share, we are first targeting a 45% share. To achieve this, we are making growth investments focused on three areas: auction sites, systems, and people. At auction sites, including the Tokyo and HAA Kobe sites, we are rebuilding facilities and expanding multi-story parking facilities to increase capacity for accepting consigned vehicles. In systems, we are developing a new digital platform and expanding data integration services to enhance convenience for members. In human resources, we are developing the vehicle inspectors who underpin trust in USS and establishing a framework for auction sites to work together and support one another.

Building on these foundations, we will implement our "Member Acquisition and Consignment Growth Strategy," "Strategy for Competing with Major Competitors," and "50% Market Share Foundation-Building Strategy" to increase both the number of consigned vehicles and the number of successful bids. We will continue to enhance the mechanisms that support fair and equitable business dealings and further strengthen our position as the industry leader.

Breakthrough Project

We will promote acquisition of new members, operational efficiency, and human capital development through site-driven measures.

The Breakthrough Project is an initiative under the 50% Market Share Project that focuses intensively on high-priority themes over short periods. Starting with issues identified at the frontline, each auction site develops its own improvement measures and collaborates with other sites to deliver results. The project was piloted at selected auction sites in the previous fiscal year and produced positive results. Accordingly, in fiscal 2025, we expanded it into a company-wide initiative involving all 19 auction sites nationwide.

For fiscal 2025, we designated three priority projects: (1) acquiring new members through collaboration among auction sites, (2) improving the efficiency of data entry operations and balancing workloads through collaboration among auction sites, and (3) improving the workplace environment to encourage employees to take greater initiative.

For new member acquisition, we reviewed membership requirements and launched a nationwide membership campaign. Auction sites are collaborating on a regional basis to strengthen sales activities targeting regions and business sectors that we had previously been unable to develop sufficiently.

To improve the efficiency of data entry operations, we established a framework under which small and medium-sized auction sites support the entry of consigned vehicle data that had become concentrated at large auction sites as the number of consigned vehicles increased. By standardizing operating rules and work processes, we are also helping to balance overtime hours across auction sites and create an environment in which employees can more readily take paid leave.

Under the workplace environment improvement initiative, teams consisting mainly of younger employees at each auction site plan and implement improvements aimed at enhancing services for members, improving operational efficiency, and creating a better workplace. By sharing successful examples among auction sites and rolling out effective initiatives to other sites, we are expanding frontline-driven improvements across the Company.

Through these initiatives, we will strengthen collaboration among auction sites while fostering an organizational culture in which every employee takes the initiative in solving problems.

Three priority projects

Project	Structure for implementation	Initiatives	Target	Outcome
(1) Acquiring new members through collaboration among auction sites	Organize all 19 auction sites nationwide into five areas and conduct sales activities through collaboration across areas	Review membership requirements (addition of “non-credit members” and abolition of “auction-site-only members”), conduct a company-wide membership campaign, and approach businesses in other industries	• Establish sales collaboration across auction site boundaries and broaden the membership base.	Collaboration among auction sites proved successful, with total new memberships across all areas exceeding 125% of the usual level, contributing to increases in both the number of consigned vehicles and the number of successful bids.
(2) Improving data entry efficiency and balancing workloads through collaboration among auction sites	Organize auction sites nationwide into three areas, with small and medium-sized auction sites supporting operations at large auction sites	Standardize data entry procedures, provide operational support to other auction sites and departments, and create an environment in which employees can more readily take paid leave	• Establish a framework and organizational culture in which auction sites support one another’s operations. • Standardize data entry procedures across auction sites.	A framework for auction sites to support one another with data entry operations has taken root, leading to greater operational efficiency and more balanced overtime hours across auction sites.
(3) Workplace environment improvement project to encourage employee initiative	Young employees at each auction site take the lead in project activities	Improve services for members and auction site facilities, increase operational efficiency through measures such as accepting documents outside regular hours, and improve the workplace environment through measures including heatstroke prevention	• Foster a culture in which employees identify and address issues on their own initiative and share successful practices among auction sites.	The project contributed to improved member services and greater operational efficiency while helping to foster a culture in which young employees identify issues themselves and take the initiative to make improvements.

Strategic and Systems Planning

Promote DX using AI to boost sales, enhance convenience for members, and further improve operational efficiency

[Supporting members' businesses through DX and building a strong business foundation]
To achieve a 50% market share, we are upgrading the information systems that support our members' businesses and improving our own operational efficiency. We are currently developing the USS Digital Platform, which leverages data accumulated through our auto auctions to improve member services and make sales activities more efficient.

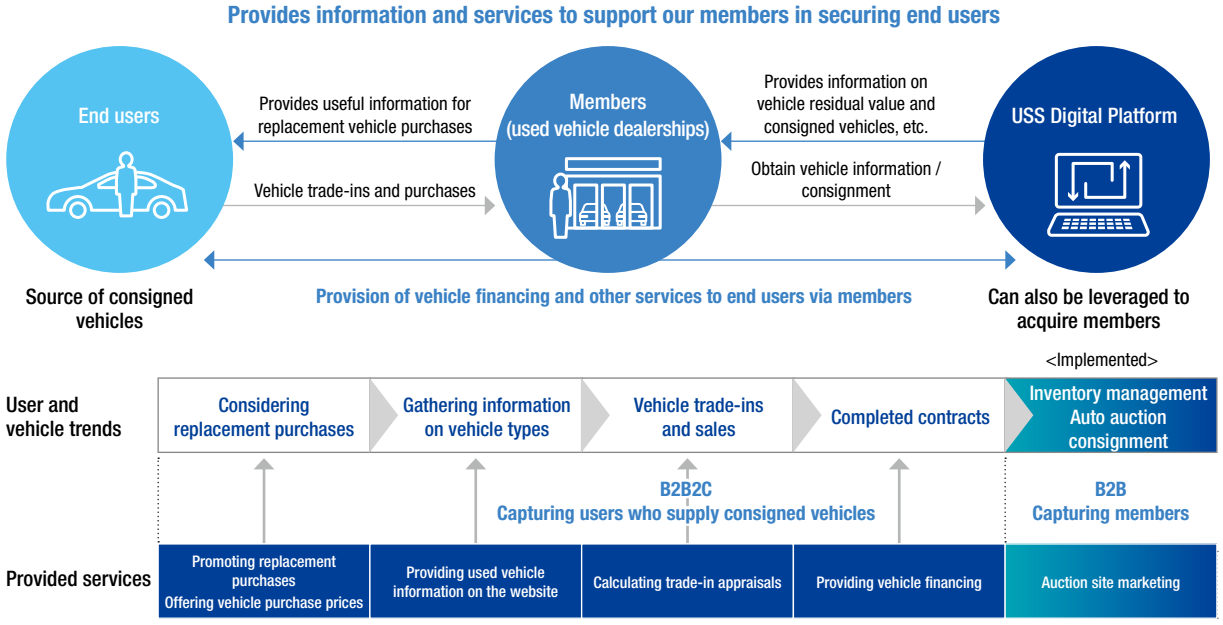
As part of this initiative, we have introduced a new customer relationship management (CRM) system. By visualizing each member's transaction history, the system enables sales activities tailored to individual circumstances. We are using it to encourage consignments and improve follow-up with members whose transaction volumes have declined, leading to more targeted sales activities.

We are also reviewing our consumer-facing website, Auction Agent, with a view to revamping the service. We aim to help member companies acquire end users by developing a system that allows consumers to search for used vehicles before they are publicly listed for sale. Rather than seeking to capture consumers directly through USS, we are preparing a service designed to expand sales opportunities for our members and thereby enhance the value of using USS auctions.

To revitalize regional auction sites, we moved auctions at the Hokuriku Auction Site to Fridays on May 15, 2026, and began digitally connecting the site with the Nagoya Auction Site. Under this arrangement, consigned vehicles at the Hokuriku Auction Site are auctioned through lanes at the Nagoya Auction Site, allowing us to tap into the greater depth of bidding at a large-scale auction site without sacrificing the convenience of delivering vehicles to the Hokuriku Auction Site. We have also installed the latest bidding terminals to improve the bidding environment.

We are also making vehicle inspections more efficient to accommodate increases in the number of vehicles consigned and inspected. Initiatives include adding a repair assessment guide function to inspection tablets, using AI to detect exterior damage, and analyzing damage and claim patterns by vehicle model. Through these measures, we aim to reduce workloads without compromising inspection quality and build a business foundation capable of accommodating further growth in consignment volumes.

Future vision for USS digital platform



Initiatives	Outcome
(1) CRM system: Promoting sales DX through the introduction of a new CRM system	Visualize inventory holding periods and transaction histories for each member to enable data-driven sales activities. Encourage consignments and improve follow-up with members whose transaction volumes have declined.
(2) Auction Agent: Major revamp of the consumer-facing Auction Agent website	Help member companies acquire end users through features such as the ability to search for used vehicles before they are publicly listed for sale. Contribute to expanding sales opportunities for members and enhancing the value of using USS auctions.
(3) Hokuriku–Nagoya Auction Site connection: Digital connection between the Hokuriku and Nagoya Auction Sites (launched in May 2026)	Move auctions at the Hokuriku Auction Site to Fridays and link them with auctions at the Nagoya Auction Site. Increase the depth of bidding without sacrificing vehicle delivery convenience, with the aim of expanding market share in the Hokuriku region.
(4) Improving inspection efficiency: Using advanced technologies to improve the efficiency of vehicle inspections	Use features such as a repair assessment guide function on inspection tablets and AI-based exterior damage detection to maintain inspection quality and reduce workloads.

Chapter 3

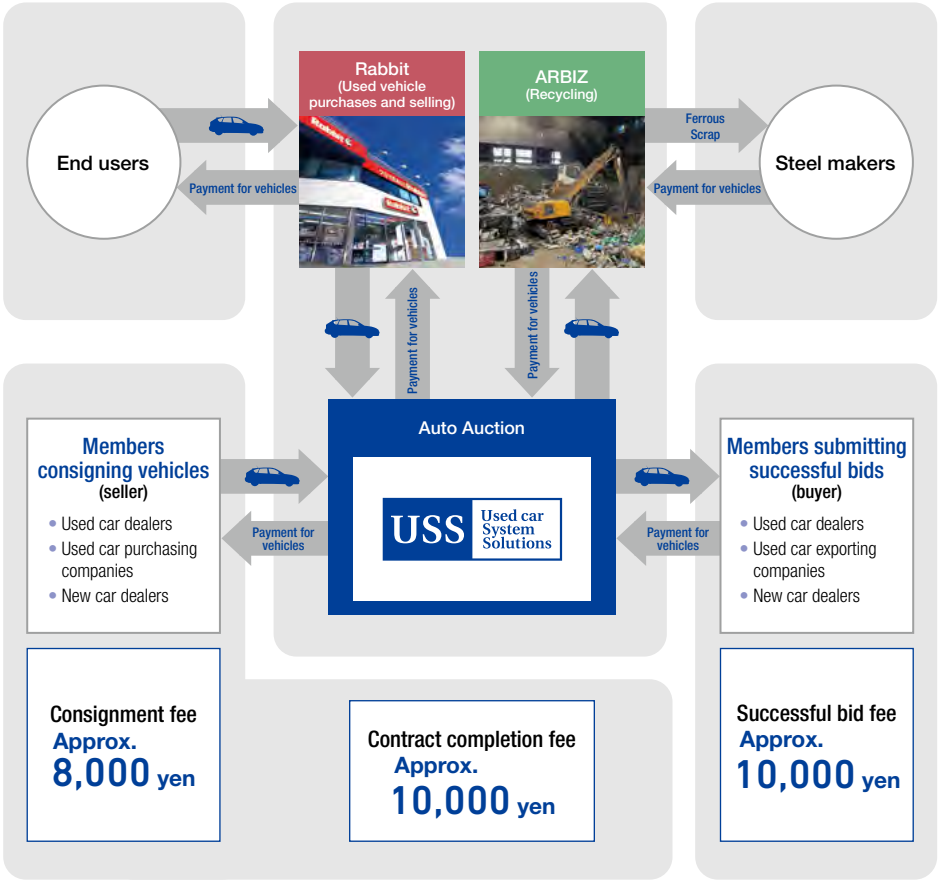
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Business Overview

Developing resource recycling business across three business segments centered on the Auto Auction Business



Consigned vehicles
Approx.
3.50 million
(FY2025)

USS's fee per unit
Approx.
28,000 yen

Contract completion rate
67.0%
(FY2025)

Auto Auction Business

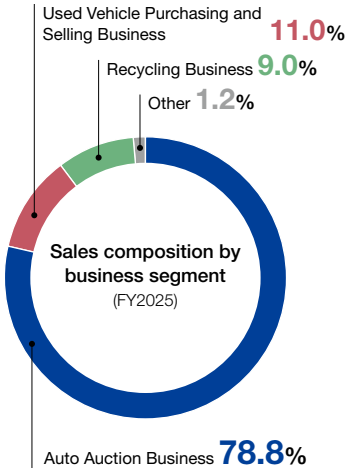
USS has established 19 auction sites throughout Japan since opening the USS Nagoya Auto Auction in 1982. Each auction site has steadily expanded its membership base and grown into the leading auto auction in its region. We have also established dedicated terminal and internet auctions as two channels to provide members ways to bid on vehicles from off-site locations. These innovations have fostered growth that has made us an industry leader in the number of consigned vehicles. All of our auction sites will continue to support trouble-free circulation of used vehicles.

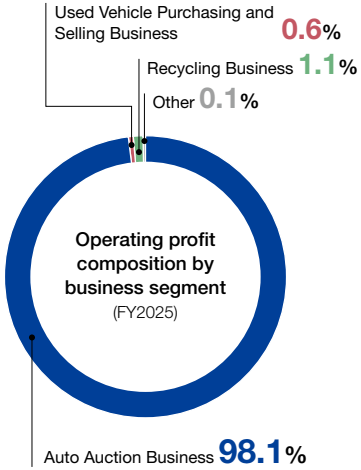
Used Vehicle Purchasing and Selling Business

As a network of stores specializing in used car purchases, the Rabbit Car Network provides the supply of quality used vehicles indispensable to USS auto auctions. These used vehicles purchased directly from the owners through this nationwide network of stores and put up for auction by USS attract a tremendous number of buyers. This process has created a virtuous cycle increasing the number of consigned vehicles and completed contracts. The Rabbit Car Network also analyzes the latest market value and purchases vehicles for auction at the highest possible price. This not only ensures a stable supply of high-quality vehicles for auction but also strengthens the USS Group's competitive position and supports further growth in its share of the auto auction market.

Recycling Business

ARBIZ has taken on the challenge of dismantling and recycling a wide range of waste materials, beginning with automobile recycling and expanding to office equipment, electronics, and various other waste since its founding in fiscal 2003. In fiscal 2019, ARBIZ launched SMART as a waste disposal contractor for industrial equipment and plants. Its services handle everything from plant demolition and equipment removal to the resale and recycling of obsolete machinery and equipment. SMART is able to recycle metals, plastics, and other composite materials that are difficult to process. These capabilities help realize a circular society by encouraging machinery and equipment recycling.





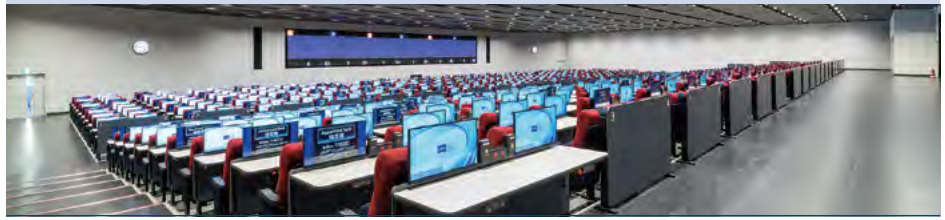
Auto Auction Business

Based on fair and equitable market operations, we will accelerate investment in auction sites, systems, and human resources with the aim of achieving a 50% market share.

Masahiro Mikami
Director, General Manager of the Auction Operation Office and Manager of the Tokyo Site







Fiscal review

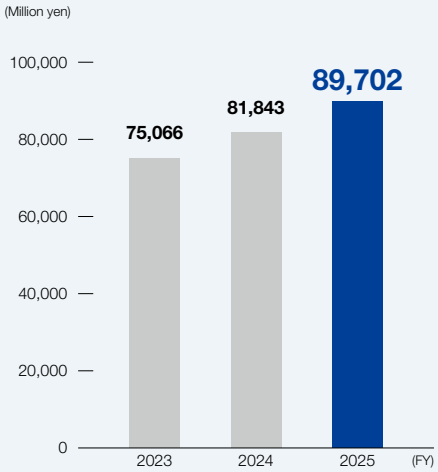
In the fiscal year ended March 31, 2026, the Auto Auction Segment recorded higher revenue and profit, with net sales of ¥89,702 million, up 9.6% year on year, and operating profit of ¥58,584 million, up 10.0%. The number of vehicles consigned to our auto auctions reached 3.504 million and the number of completed contracts reached 2.347 million, both record highs, with a contract completion rate of 67.0%.

In terms of the market environment, the weaker yen increased the purchasing power of exporters, supporting used vehicle prices. In addition, rising new vehicle prices boosted demand for newer, higher-priced used vehicles, while older, lower-priced vehicles were increasingly distributed through the auction market rather than being dismantled.

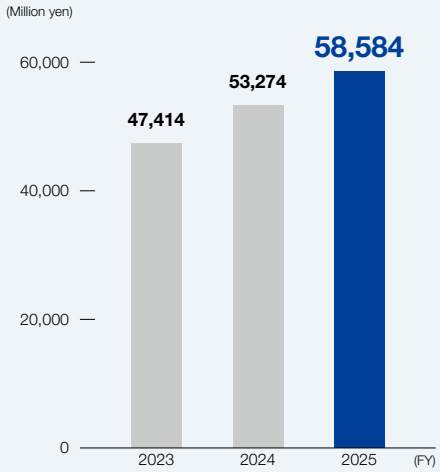
To achieve a 50% market share, we continued to advance the 50% Market Share Project, focusing on reengaging dormant members and acquiring new members. A new membership system that does not require a guarantor helped us acquire new members, including exporters, and also increased purchasing power at our auctions. Furthermore, expanded business with major used vehicle purchasing and sales companies and shorter auction times resulting from the addition of lanes at major auction sites contributed to an increase in our market share to 43.2% in calendar 2025.

Performance trends

Changes in net sales



Changes in operating profit



SWOT analysis

	Description	Responses & Countermeasures
Strengths	• Industry-leading market share and membership base • Fair and equitable operations and highly advanced vehicle inspection technologies • Extensive auction data and CIS	• Rebuild auction sites and expand multi-story parking facilities in Tokyo, HAA Kobe, Fukuoka, and other locations • Operate our proprietary Inspector Certification Program, intensive training programs, and a claim management system • Utilize CRM, market price information, equipment information, and future price forecasts
Weaknesses	• Insufficient yard capacity, particularly at large-scale auction sites • Shortage of automotive inspectors and personnel for document checks	• Expand capacity at major auction sites following the rebuilding of the Yokohama Auction Site • Increase recruitment, provide intensive training, arrange support among auction sites, and centralize document checks and payment processing
Opportunities	• Growth in export demand due to the weaker yen • Growing need to consolidate vehicles at large-scale auction sites as logistics become more efficient • Growing demand for the use of AI and data	• Acquire new members, including exporters • Accommodate improvements in vehicle logistics efficiency by expanding capacity at large-scale auction sites • Enhance market price information and appraisal support services through CIS
Threats	• Competitors lowering fees and stepping up vehicle collection efforts • Shortage of vehicle transport drivers • Need to respond to growth in EV distribution	• Differentiate through data services such as market price information, equipment information, and future price forecasts • Consider the use of vehicle storage lot depots and video auctions • Research battery performance disclosure and EV inspection systems through participation in BASC

Auto Auction Business

Future strategies

To achieve our medium- to long-term target of a 50% market share, we will further develop our business foundations in terms of auction sites, systems, and human resources.

Our highest priority is expanding auction site and yard capacity to accommodate growth in the number of consigned vehicles. We completed the rebuilding of the Yokohama Auction Site in January 2026 and will proceed with the rebuilding of facilities and expansion of multi-story parking facilities at the Tokyo, HAA Kobe, Fukuoka, and other auction sites. Large-scale auction sites provide sellers with more opportunities to complete transactions and give buyers a venue where they can more easily compare and consider a diverse range of vehicles. Concentrating vehicles at these sites also improves the efficiency of vehicle deliveries and collections, making it easier for vehicle transport companies to secure loads in both directions and thereby reducing the logistics burden on members. These improvements in convenience and efficiency create a virtuous cycle that drives further growth in the number of consigned vehicles and the number of participating members.

At the same time, large-scale auction sites have limits on the number of vehicles they can accommodate. We are therefore also developing a system of depot-style yards in each region where vehicles can be temporarily stored and inspected, enabling them to participate in auctions via video listings.

In terms of system upgrades and data utilization, we will expand and enhance the information provided through Car Dealers Internet Solutions (CIS), including market value information, equipment information, and future price forecasts, to support members in their appraisal, purchasing, and sales activities. We will also promote the digitalization of auction sheets to improve the accuracy of appraisal support and sales proposals.

Our key human resources priority is securing and developing automotive inspectors. Based on our proprietary Inspector Certification Program, we have provided highly accurate vehicle inspections nationwide. Going forward, we will further improve inspection quality through intensive training at the Tokyo and Nagoya Auction Sites. We will also shorten the time required for inspectors to become qualified to perform inspections as Grade 3 inspectors from approximately three years to six or seven months, enabling them to contribute more quickly. In addition, we will promote greater collaboration among training participants to facilitate support between auction sites and the sharing of expertise.

We will continue to accelerate our initiatives toward achieving a 50% market share, with fair and equitable market operations at the core.

Data

Cases of auction fee increases since 2023

2026.4
Increasing CIS monthly fee
Monthly fee: 11,800 yen ➔ 16,800 yen

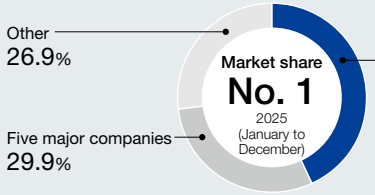
2025.4
Increasing JAPAN successful bid fee (1)
Dedicated terminal: 12,000 yen ➔ 15,000 yen

2024.4
Increasing CIS successful bid fee
Bid with setting limits: 14,000 yen ➔ 17,000 yen
Internet Live: 17,000 yen ➔ 20,000 yen
One-click bidding: 15,000 yen ➔ 20,000 yen

2023.4
Increasing contract completion fee at 9 sites (2)
+500 yen – 2,000 yen in multiple corners
Increasing successful bid fee at all sites except Tokyo and Nagoya sites (3)
+500 yen – 3,000 yen in all corners

2023.1
Increasing successful bid fee and contract completion fee at Tokyo and Nagoya sites
+500 yen – 2,000 yen in the majority of corners

Competition in the auto auction market



Overwhelming number of members
49,176
(As of March 31, 2026)

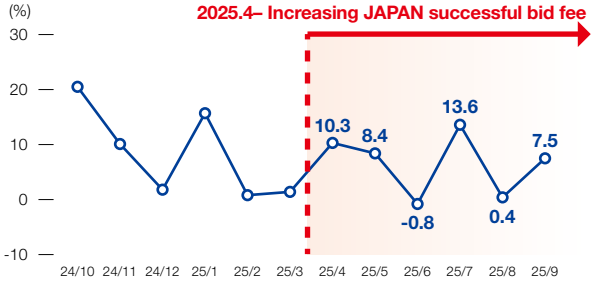
Largest in the industry and expansion of **19** auction sites nationwide

Large-scale auction sites such as Tokyo, Nagoya, and HAA Kobe

External bidding system provided via dedicated terminal and the internet

Impact on the number of consigned vehicles and completed contracts from auction fee increases

(1) YoY changes in No. of vehicles off-site contracted (24/10-25/9)



(2) YoY changes in No. of consigned vehicles (22/10-23/9)



(3) YoY changes in No. of completed contracts (22/10-23/9)



* Five major companies: TAA (12.4%), CAA (5.7%), Arai (5.6%), JU Gifu (3.2%), and MIRIVE (3.0%)
Source: USEDCAR Co., Ltd.

Used Vehicle Purchasing and Selling Business

We aim to enhance the value of our trusted and reliable brands and expand vehicle purchasing opportunities through greater use of data and stronger store capabilities.

Masahiro Mikami
President and Representative Director of Rabbit Car Network Co., Ltd.,
President and Representative Director of Reproworld Co., Ltd.



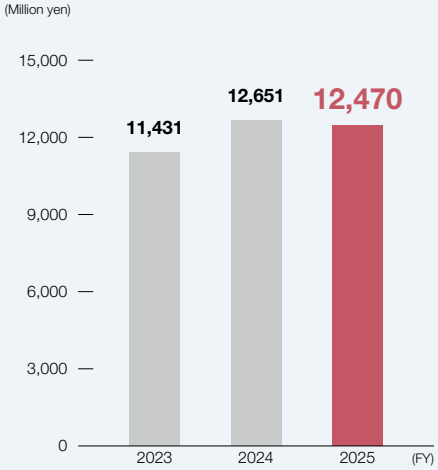
Fiscal review

In the fiscal year ended March 31, 2026, the Used Vehicle Purchasing and Selling Segment recorded net sales of ¥12,470 million, down 1.4% year on year, and operating profit of ¥380 million, up 37.7%, resulting in lower revenue but higher profit. At Rabbit Car Network, which specializes in purchasing used vehicles, used vehicle prices remained high, but the number of vehicles purchased declined due to intensifying competition through online vehicle appraisal services and price competition with competitors that have retail operations, resulting in lower operating profit. With new stores opened in Sapporo and Osaka, the network now comprises 18 directly operated stores and 124 franchise stores. Results were also affected temporarily by startup costs associated with the new stores, reviews of the operating structures at certain stores, and personnel changes.

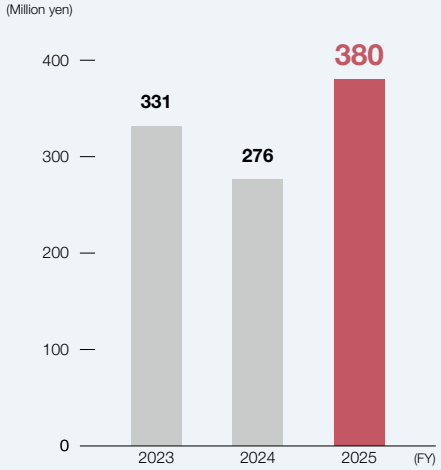
Going forward, it will be important to improve store operating structures so that stores can handle both on-site vehicle purchasing and in-store customer service. In the accident-damaged vehicle purchasing and selling business, earnings were sluggish in the first half but improved in the second half. Although the number of vehicles sold declined, gross profit per vehicle improved due to increased export demand driven by the weaker yen and growing demand for parts and vehicles for repair and resale, resulting in lower revenue but higher profit.

Performance trends

Changes in net sales



Changes in operating profit



SWOT analysis

	Description	Responses & Countermeasures
Strengths	• Use of USS Group market data and CIS • Trusted and reliable vehicle purchasing brand	• Use auction data to support appraisals and price proposals and analyze unsuccessful purchase bids • Ensure appropriate appraisals, prompt payments and document processing, and attentive customer service
Weaknesses	• Lower advertising expenditure and brand awareness than major competitors • Staffing shortages at some stores • Inconsistent use of the appraisal system	• Utilize YouTube advertising, local SEO, AI search optimization, and store-focused advertising • Improve recruitment, training, and retention at directly operated stores • Promote adoption of the appraisal system at franchise stores and provide support for its use
Opportunities	• Growing consumer demand for trust and reliability • High used vehicle prices supported by the weaker yen and overseas demand • Demand for accident-damaged vehicles for export, parts, and repair and resale	• Promote the brand under the goal of becoming “Japan’s Most Trusted Used Vehicle Purchasing and Selling Company” • Use market data to improve the accuracy of appraisal prices and sales decisions • Capture demand for accident-damaged vehicles for export, parts, and repair and resale
Threats	• Intensifying competition on online vehicle appraisal services • High purchase prices offered by competitors with retail operations • Earnings volatility due to fluctuations in market prices and exchange rates • Store staffing shortages and compliance risks	• Differentiate through the issuance of appraisal reports, reliable payment, and customer service quality • Improve appraisal accuracy using USS auto auction data • Use market data to make prompt appraisal and sales decisions • Provide store manager education, appraisal training, and harassment prevention training

Used Vehicle Purchasing and Selling Business

Future strategies

In the Used Vehicle Purchasing and Selling Business, we aim to expand vehicle purchasing opportunities and improve profitability by enhancing the Rabbit brand, expanding our store network, utilizing DX and data, and increasing collaboration with the USS Group.

With the goal of becoming “Japan’s Most Trusted Used Vehicle Purchasing and Selling Company,” Rabbit will build greater brand recognition as a company where customers can sell their vehicles with confidence by consistently providing appropriate appraisals, prompt payments and document processing, and attentive customer service. As interest in trust and reliability continues to grow in the used vehicle industry, we see this as an opportunity to differentiate ourselves.

To attract customers, we will combine video advertising on platforms such as YouTube, store-focused advertising, local SEO, and optimization for AI search to increase brand awareness, carefully assessing the cost-effectiveness of each initiative. We will also use our original character, “Rabbicar,” to promote a friendly and approachable brand image, linking it with initiatives designed to drive store visits and vehicle appraisals.

Under our store strategy, we will expand both our directly operated and franchise store networks. We aim to increase the number of directly operated stores to 30 by fiscal 2029 and will develop staffing structures that enable stores to handle both on-site vehicle purchasing and in-store customer service. We will improve recruitment, training, and retention and seek to increase customer satisfaction and contract completion rates through store manager education and customer service training. We aim to expand our franchise network to 170 stores by fiscal 2029. We will recruit new franchisees through USS auction sites, member services, and automotive distribution-related media and work to standardize store quality through appraisal training and sales support. We will also improve store environments to make stores easier to visit and provide customers with a setting in which they can seek advice with confidence.

In DX and data utilization, we will promote the adoption and use of appraisal systems and provide appraisal support using USS auction data and CIS. We will also analyze cases in which appraisals did not result in vehicle purchases, as well as competitive conditions, and use the findings to improve price quotations, customer service, and sales initiatives. In the accident-damaged vehicle purchasing and selling business, we will accurately capture demand for exports, parts, and repair and resale and secure the optimal sales channel based on each vehicle’s condition, thereby expanding earnings opportunities.

The used vehicle purchasing and selling business is the only business within the USS Group that has direct contact with end users. We will continue to enhance its capabilities, with trust and reliability at the core, to improve customer convenience and profitability.

TOPICS

Achieving No. 1 in the Oricon Customer Satisfaction Ranking and other results from customer acquisition initiatives

Rabbit is currently focused on improving customer satisfaction with the aim of becoming No. 1 in reputation, peace of mind, and trust. As a result, we achieved No. 1 in the Oricon Customer Satisfaction Ranking for the first time in the store visit category. The award has generated benefits beyond customer acquisition, including helping us attract more franchisees.

We have also begun collaborating with “coco,” an AI sales assistant tool that primarily uses LINE, initially at directly operated stores. We are expanding its use not only to facilitate smoother communication with customers but also to improve contract completion rates through follow-up.



Progress since the introduction of the appraisal system

As of June 2026, the appraisal system had been introduced at 100% of directly operated stores and 86% of franchise stores that use appraisal services provided by Rabbit headquarters. The number of user IDs has increased 12.5% year on year, reflecting growth in both the number of stores and users utilizing the system.

The system reads vehicle data from two-dimensional barcodes, instantly identifies vehicle grades and optional equipment, and also enables vehicles to be digitally listed directly on USS Auto Auction. This significantly reduces the time sales personnel need to conduct appraisals, allowing them to handle more sales negotiations and thereby helping to improve profitability.

Going forward, we will link the “Rabbit AA Bulk Listing System” (RAA) with “CIS Digital Listing” to further improve convenience and customer satisfaction for franchisees.

Recycling Business

We will generate stable earnings by focusing investment on growth areas and enhancing our human resources and networks.

Takuya Sano
Director and Operating Officer of ARBIZ Co., Ltd.,
President and Representative Director of SMART Inc.



Fiscal review

In the fiscal year ended March 31, 2026, the Recycling Segment recorded higher revenue and profit, with net sales of ¥10,292 million, up 22.4% year on year, and operating profit of ¥673 million, up 24.1%.

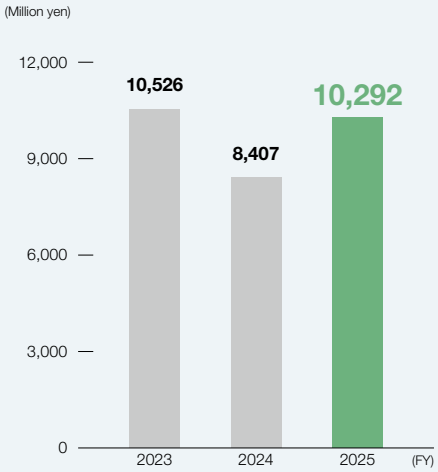
In the resource recycling business (ARBIZ), an upward trend in nonferrous metal prices and increased handling of aluminum products contributed to higher net sales. Operating profit, however, declined due to increased depreciation associated with capital expenditures and the impact of a fire that occurred in November.

In the plant recycling business (SMART), orders for demolition projects, which had been an issue in the previous fiscal year, recovered, and an increase in large-scale projects drove substantial growth in both net sales and operating profit. The establishment of the Sales Promotion Department also contributed to increased orders by facilitating approaches to key decision-makers through the network of a financial group that is also a shareholder, in addition to regular sales activities.

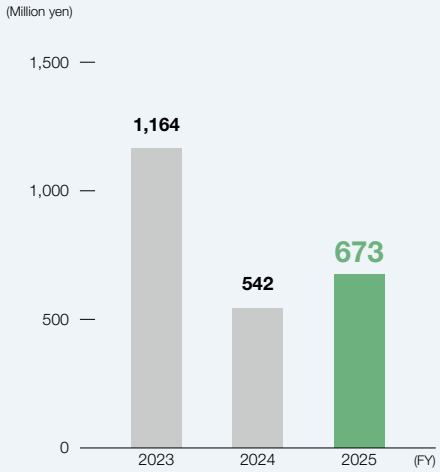
During the fiscal year, we made progress that will support future growth, including increased handling of aluminum products and a recovery in orders for plant demolition projects. However, challenges remain. In the resource recycling business, these include the burden associated with capital expenditures and recovery from the fire. In the plant recycling business, they include building the project execution capacity and securing the personnel needed to accommodate growth in orders.

Performance trends

Changes in net sales



Changes in operating profit



SWOT analysis

		Description			Responses & Countermeasures		
Strengths	A	• ARBIZ's advanced sorting technologies • Capabilities in IT equipment recycling leveraging R2 certification			• Develop closed-loop aluminum recycling into a core business • Expand on-site data erasure and destruction services and IT asset disposition (ITAD) projects		
	S	• Customer base, project information, and financial network available through the partnership with Sumitomo Mitsui Finance and Leasing Group (SMFL Group)			• Use the SMFL Group's network through the Sales Promotion Department to approach key decision-makers		
Weaknesses	A	• Insufficient transportation capacity • Insufficient overseas procurement network			• Expand the network of partner transportation companies and utilize modal shifts such as rail transport • Collaborate with manufacturer-affiliated trading companies to expand procurement from Taiwan, Hong Kong, Europe, the United States, and other markets		
	S	• Shortage of construction management engineers and sales personnel			• Introduce allowances for on-site managers, review salary levels, and introduce a business travel system that allows employees to return home every week		
Opportunities	A	• Growing demand for aluminum • Potential to increase domestic recycling of aluminum scrap • Growing demand related to IT equipment and data centers			• Increase aluminum handling volume to approximately 3,000 tons per month • Promote domestic recycling of scrap currently flowing overseas • Leverage R2 certification and ITAD capabilities to secure projects from foreign-affiliated companies and data center-related projects		
	S	• Expanding demand for plant and building demolition			• Conduct focused sales initiatives targeting specific industries • Expand into pile removal, asbestos treatment, building demolition, and solar panel recycling		
Threats	A	• Fluctuations in metal prices • Increasing efforts to secure resources and tighter export restrictions • Intensifying competition	Common	• Disaster and accident risks	• Shift toward businesses that generate processing and sorting earnings, such as closed-loop aluminum recycling • Expand domestic and overseas procurement networks, including through collaboration with trading companies • Focus on equipment scrap, closed-loop aluminum recycling, IT equipment recycling, and specialized construction work	Common	• Review factory workflows and equipment layouts in conjunction with recovery from the fire
	S	• Human rights and labor management risks across the supply chain, including partner companies and subcontractors, as well as risks related to appropriate employment practices and occupational health and safety			• Through human rights due diligence, ensure appropriate employment practices, including verification of residence and work eligibility, reinforce occupational health and safety management, and implement corrective and improvement measures		

Recycling Business

Future strategies

In the Recycling Business, we aim to achieve net sales of ¥20 billion in fiscal 2028 through organic growth in our existing businesses, without relying on M&A. In the resource recycling business, our top priority is closed-loop aluminum recycling, and we are also developing IT equipment recycling as a new pillar of the business.

In aluminum recycling, we are focusing on direct recycling, in which wrought aluminum scrap is recycled into new wrought aluminum products. Controlling alloy composition and impurities is critical to the quality and cost of recycling aluminum domestically, making advanced sorting technologies particularly important. ARBIZ has already completed technical trials, and direct recycling is now commercially viable for certain alloys. We will work to expand its commercial application, with the aim of increasing the volume of aluminum we handle from approximately 1,000 tons per month at present to around 3,000 tons per month in the future.

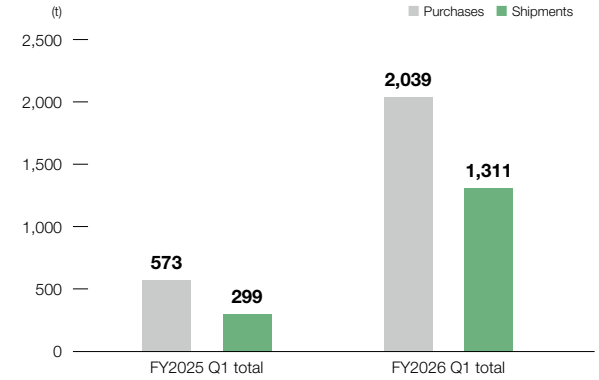
In IT equipment recycling, we will target demand arising from the replacement of devices used under the GIGA School Program and equipment at data centers. With R2 certification and expertise in on-site data erasure and destruction and IT asset disposition (ITAD), we will provide secure recycling services that prevent information leaks. We will also help customers reduce waste and make effective use of resources by appropriately reusing and recycling end-of-life IT equipment. Our ability to combine secure information management with effective resource utilization will be a key competitive strength as we pursue projects from foreign-affiliated companies and in the data center sector.

As we increase the volume of aluminum we handle and expand procurement in Japan and overseas, it will become increasingly important to improve our collection and transportation network. Transportation capacity could become a bottleneck as volumes grow. We will therefore expand our network of partner transportation companies and make greater use of rail and other alternative modes for long-distance transportation to ensure a stable supply of resources. We will also work with manufacturer-affiliated trading companies to expand our procurement network in Japan and overseas, including Taiwan, Hong Kong, Europe, and the United States, and secure a stable supply of resources, particularly aluminum.

In the plant recycling business, we will capitalize on growing demand for demolition work arising from the restructuring of heavy industries and the consolidation and closure of factories. To ensure that the recovery in orders translates into earnings, we will build the capacity needed to execute and take on projects of different sizes and types, expand our network of partner companies, and maintain rigorous quality and safety management. Demolition and on-site factory work involve frequent collaboration with partner companies and subcontractors, with a diverse range of people involved, including foreign workers. We will therefore identify and address risks related to employment practices, including employment contracts and verification of residence and work eligibility, as well as occupational health and safety. Recruiting and retaining construction management engineers will also be a key priority. We will continue to improve working conditions through measures such as introducing allowances for on-site managers, reviewing salary levels, and establishing a business travel system that allows employees to return home every week.

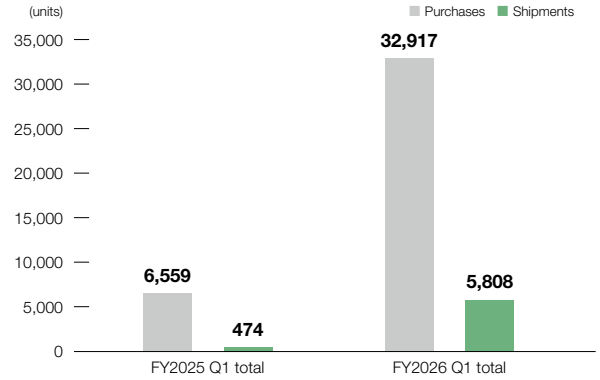
Continued investment to expand closed-loop aluminum recycling, moving into the full-scale implementation phase

Aluminum handling volume:
First-quarter year-on-year comparison



Orders for IT equipment recycling (ITAD business) continue to grow steadily

ITAD handling volume:
First-quarter year-on-year comparison





Metal materials shredded in the resource recycling business of ARBIZ Corporation

Chapter 4

Sustainability

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Our Approach to Sustainability Management

Revising priority issues

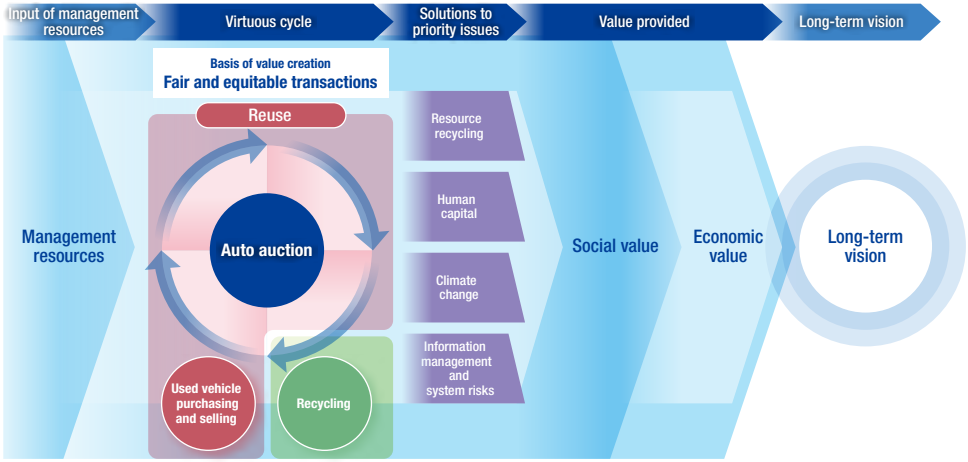
Since its founding, the USS Group has placed providing a venue for fair and equitable transactions at the core of its management and has been working to increase the transparency and reliability of the used vehicle market. For the Group, sustainability management means helping resolve social issues through business activities and enhancing its corporate value in a sustainable manner.

In September 2026, we revised the Group's priority issues (materiality) in adapting to the Sustainability Disclosure Standards developed by the Sustainability Standards Board of Japan (SSBJ) ("SSBJ Standards"). First, we positioned "fair and equitable transactions," a priority issue up to the previous fiscal year, as the basis of our management philosophy and value creation, not as an individual issue.

As for "resource recycling," we expanded its concept, which had conventionally been centered around recycling, to include reuse of vehicles through used vehicle auctions, one of our core businesses. Vitalization of used vehicle distribution will lead to maximized vehicle value and effective resource utilization and is an important initiative that links the Group's business growth to contribution to a circular society. We also reorganized "information management" into "information management and system risks" to include, in addition to appropriate management of member and vehicle information, our response to risks facing our systems that underpin the continuity of auction operations and member services.

Going ahead, we will increase the effectiveness of our sustainability management by further aligning the relationships of each priority issue with risks and opportunities, metrics and targets, and governance. For "resource recycling," in particular, we are examining the adoption of metrics and targets that can more appropriately show our contribution in terms of reuse through used vehicle auctions, in addition to the existing set of recycling-related metrics.

Sustainability management with a virtuous cycle of recycling at its core



Approval of the Board of Directors and approval process

In revising our priority issues, we reorganized sustainability-related risks and opportunities based on the Group's business characteristics, external environment, expectations from stakeholders, and disclosure requirements under the SSBJ Standards. The revised priority issues have been deliberated on and approved by the Board of Directors.

Process to identify priority issues (materiality)

STEP 1 Identify social issues	STEP 2 Prioritize social issues	STEP 3 Determine and revise priority issues	STEP 4 Define key performance indicators (KPIs)
USS has meticulously identified relevant social issues by referring to the GRI Standards, Sustainable Development Goals, and other international guidelines.	USS has determined the priority of each social issue based on the characteristics of the Group's businesses, long-term business strategies, and stakeholder requirements.	USS has determined four priority issues with the approval of the Board of Directors and clarified the long-term impact of each.	USS has defined KPIs to manage initiatives to address each priority issue through a PDCA cycle.

Four priority issues (materiality)

Until FY2025	From FY2026 onward
Climate change	**Resource recycling (reuse and recycling)**
Human resources management	Human capital
Resource recycling	Climate change
Information management	**Information management and system risks**
Fair and equitable transactions	

Priority issues	Reasons for adoption (relevance to corporate value)
Resource recycling	In the pursuit of realizing a circular economy throughout society: • the auto auction business will contribute to the reuse of automobiles, and • the recycling business will contribute to the recycling of automobiles and plant equipment.
Human capital	The auto auction business must secure vehicle inspectors, digital professionals, and other diverse human resources to foster long-term growth as the workforce in Japan dwindles.
Climate change	In the pursuit of carbon neutrality throughout society: • an increase in the EV share of the new car market could have a financial impact on the auto auction business, and • Efforts are needed in USS and throughout its value chain to reduce greenhouse gas (GHG) emissions.
Information management and system risks	• The auto auction business handles members' personal information and other confidential information. • We need to address risks facing our systems that underpin the continuity of auction operations and member services.

Basis of Value Creation

Fair and equitable transactions

Fair and equitable transactions represent the basis of our management, which underpins the USS Group's all business activities. Since our founding, we have been working to increase the transparency and reliability of the used vehicle market through fair and equitable auto auction operations. This endeavor has formed the foundation for earning the trust of member companies, increasing our share in the auction market, and achieving sustainable growth.

To ensure fair, equitable and reliable auto auctions

Formulating strict rules

Formulation of strict rules is essential in operating auto auctions in a smooth, fair, and equitable manner. USS has formulated the USS Auto Auction Rules jointly with external experts while incorporating input from on-site sales representatives and vehicle inspectors and has been revising these rules to reflect changes over time. We have also built a claim management system to more readily share information among all our auction sites. Our system aggregates information about complaints and how they are handled by the persons in charge in a database. This not only enables a swift data-driven response to similar complaints but also facilitates improvements in the skills of our inspectors by leveraging this data.

Consistent and highly accurate vehicle inspections

Auto auctions lose customer trust if buyers discover issues that will diminish the value of vehicles, such as damage, dents, odometer tampering, or an accident history after a purchase. This is why accurately inspecting the condition of consigned vehicles is extremely important. Our strict vehicle inspections have earned high trust in the auto auction market. Our original inspection standards use a scoring system based on a 10-point scale, which realizes consistent and highly accurate vehicle inspections at our 19 auction sites throughout Japan.

Appropriate management of consigned vehicle data

To evaluate automobiles to be auctioned, we use a 10-point scoring system under our own rigorous inspection standards. At all our auction sites, inspections are performed by vehicle inspectors who have acquired our internal certification and who are USS employees. Inspection results are entered into a database to allow members to perform searches to view information in real time.



Odometer inspection and control system

The used vehicle market has had the issue of odometer tampering, which in turn has caused loss of confidence and trust from car buyers. USS has upheld an approach since its founding to eliminate such misconduct. This endeavor led to the creation of the Nippon Auto Auction Association in 2001 and the adoption of an odometer inspection and control system by the association.

This system aggregates in a database the VIN numbers and mileage of consigned vehicles throughout Japan. By comparing the auction vehicles against this database, we can detect odometer tampering and also verify histories of flooding damage and accident repair.

Prevention of illicit transactions

Since its founding, USS has always operated auto auctions under its philosophy that focuses on fairness and equitableness. We strictly control our auto auctions through various means, including our own monitoring system, to prevent acts of unjustly inflating the final price and ensure proper transactions.

Basic Policy for the Prevention of Corruption

Web Reference https://www.ussnet.co.jp/en/sustainability/governance/compliance/index.html

Materialities

Major initiatives and KPIs

Priority issues (materiality)	Approach	Major risks and opportunities	Major initiatives	KPIs	Targets	Results (FY) 2023	2024	2025	Scope	Relevant pages
Resource recycling	Contribute to a resource recycling society through the reuse and recycling of used vehicles	Changes in the used vehicle market, environmental regulations, and fluctuations in resource prices / Expansion of the reuse market	Auto auction, used vehicle purchasing and selling, and recycling businesses	Share in the auto auction industry (CY) (%)	45% in 2028 50% over the medium to long term	39.6	41.4	43.2	USS Co., Ltd.	P38
				Number of consigned vehicles (units)		3,084,529	3,202,002	3,504,437		
				Digital consignment rate at auto auctions (%)	Digital consignment rate of 100%	7.6	29.3	58.0		
				Waste rate (tons of waste generated / tons of waste received) (%)	15% or less of amount received	3.6	3.4	5.8	ARBIZ Co., Ltd.	
				Metal recycling rate (tons of metal shipped / tons of metal received) (%)	40% or more of amount received	54.2	60.2	50.0		
				End-of-life vehicle recycling rate (%)	100%	100.0	100.0	100.0		
				R2 certification	Maintain certification	○	○	○		
				Recycling rate (excluding materials containing asbestos) (%)	90% or more	96.0	95.6	93.8	SMART Inc.	
Human capital	Enhance human capital to support our growth strategy	Human resources shortages and lower retention rate / Increase in productivity and enhancement of organizational strengths	Improving a workplace environment, nurturing human resources, and expanding recruitment	Employees with Level 3 or higher vehicle inspector certification (persons)	Securing the required number of inspectors to achieve the 50% Market Share Project target	272	291	290	USS Co., Ltd.	P39-41
				Average length of time necessary to acquire Level 3 vehicle inspector certification (months)	8 months	15 months	8 months	7 months		
				Women in supervisory positions (Assistant Chief or higher positions) (%)	Target by the end of FY2025: 8% or more of all employees Current target: 12% or more of all employees	8.9	9.4	9.2		
				Ratio of female managers (%)	Target by the end of FY2025: 5% or more by FY2025 Current target: 10% or more by FY2030	0	3.9	5.6		
				Acquisition rate of paid leave (%)	Target by the end of FY2025: Maintain the rate at 60% or higher Current target: Increase to 70% by FY2030	69.6	61.4	63.3		
				Employment rate of persons with disabilities (%)	Maintain the rate at or above the legally required employment rate (2.7%)	2.25	2.47	2.73		
				Turnover rate (%)	5% or less	6.0	5.1	7.5		
				Number of occupational accidents (cases)	0	2	9	2	ARBIZ Co., Ltd.	
				Frequency rate of occupational accidents with lost worktime (%)	6.0% or less	6.27	27.28	3.5		
				Severity rate of occupational accidents with lost worktime (%)	0.5% or less	0.0	0.08	0.01		
				Ratio attending external training (regular employees or higher positions, excluding those seconded) (%)	50% or more	46.0	64.0	29.0		
Climate change	Reduce environmental impact due to business activities	Rising energy prices and more stringent regulations / Promotion of energy saving and use of renewable energy	Saving energy, using renewable energy, and managing emissions	Total Scopes 1 and 2 CO_2 emissions (t-CO_2)	42% reduction by FY2030 (Base year: FY2021)	14,076	13,866	13,043	USS Group	P42-44
				Scope 3 CO_2 emissions (t-CO_2)	25% reduction by FY2030 (Base year: FY2021)	267,692	268,954	296,773		
Information management and system risks	Reinforce information infrastructure that underpins fair and equitable auction operations	Cyberattacks, system failures, and information leakage / Increase in reliability	Security measures, business continuity plan (BCP), and stable system operation	Number of major information leakage incidents	0	0	0	0	USS Group	P45
				Number of cases in which auctions were canceled due to system failures, etc.	0	0	0	0	USS Co., Ltd.	

Resource Recycling

The USS Group is promoting the advancement of its resource recycling business model that combines vehicle reuse and resource recycling, with auto auctions as the starting point. In addition to expanding the reuse market by leveraging our strengths derived from our equitable transactions platform and highly accurate vehicle inspections, USS is reinforcing its response to the emerging needs for the recycling of end-of-use vehicles and plant equipment through its Group companies.

To increase the sophistication of our resource recycling business model

Diverse businesses that help promote reuse and recycling

The realization of a circular society, which efficiently uses and recycles limited resources, is one challenge that the entire society must tackle. In the future, we anticipate many companies will shift to a circular economy that provides recycling- and reuse-ready products and services.

The auto auction system and expertise as well as a network to buy and sell used automobiles cultivated by USS to date are vital assets in responding to the social needs to realize such a circular society that makes efficient use of limited resources and promotes their recycling.

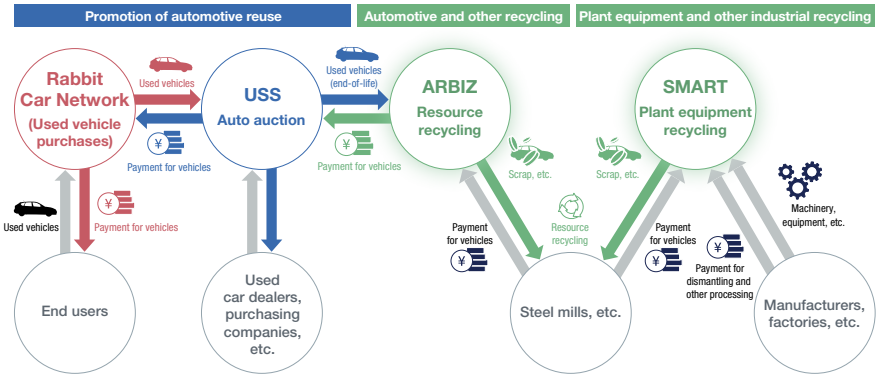
In addition, our recycling business possesses a wide range of strengths that help recycle end-of-life vehicles, plants, and other industrial equipment.

ARBIZ Co., Ltd. has been engaged in the business of recycling metals and plastics recovered from end-of-life vehicles and equipment. The company's strengths in this business are manifested through its unique and patented recycling technologies and technology to design plants that can handle a broad range of waste materials. ARBIZ is currently working to commercialize closed-loop aluminum recycling* and the recycling of IT equipment, the latter of which encompasses information security, and also making preparations for the commercialization of the recycling of solar panels.

SMART Inc. specializes in dismantling plants, wind power generation facilities and other industrial equipment. The company has human resources with specialized skills and knowledge needed to handle the dismantling of a variety of plant equipment. The company's strength is the ability to provide all of the necessary services in one stop.

* Closed-loop aluminum recycling refers to a recycling technique that converts used products into raw materials to manufacture the same products.

Initiatives to realize a circular society



Metal and plastic recycling in the recycling business

ARBIZ performs highly accurate sorting and recycling of metals and plastics recovered from end-of-life vehicles, industrial waste, and other scrap. In fiscal 2025, ARBIZ showed a waste rate (waste generated / waste received) of 5.8%, metal recycling rate (metal shipped / metal received) of 50.0%, and end-of-life vehicle recycling rate of 100.0% (see p. 57 for data in each fiscal year). Since fiscal 2019, ARBIZ has consistently maintained certification under the Responsible Recycling (R2) guidelines specifically designed for the recycling business of electric and electronic equipment. As a subsidiary of USS, SMART is engaged in the business of disposing of equipment and industrial plants as a prime contractor and reuses machinery and recycles metal scrap.

Effective use of dust from automobile shredders

The process for recycling automobiles produces automotive shredder residue (ASR) after reclaiming air bags and other such parts. ASR contains metals, glass, ceramics, synthetic rubber, hard plastics, and light dust, such as urethane foam and nonwoven fabrics. ARBIZ has successfully created an antifoaming agent for use in blast furnaces of iron mills by pressing the mixture of the light dust and iron powder. In addition, the company has also developed a heating agent (thermo-reactor) for use in steelmaking in electric furnaces by blending aluminum smelting slag. These initiatives enable the company to recycle approximately 4,626 tons of the lightweight fraction annually.

KPIs

Share in the auto auction industry (CY) Number of consigned vehicles (units)	45% in 2028 50% over the medium to long term (USS)
Digital consignment rate at auto auctions	Digital consignment rate of 100% (USS)
Waste rate (tons of waste generated / tons of waste received)	15% or less of amount received (ARBIZ)
Metal recycling rate (tons of metal shipped / tons of metal received)	40% or more of amount received (ARBIZ)
End-of-life vehicle recycling rate	100% (ARBIZ)
R2 certification	Maintain certification (ARBIZ)
Recycling rate (excluding materials containing asbestos)	90% or more (SMART)

Human Capital

We recognize that expanding our human capital is a key issue in achieving our 50% Market Share Project target toward the long-term growth of the auto auction business. We will recruit and retain excellent human resources by enhancing our employee education and realizing a pleasant workplace environment through the Workplace Environment Improvement Project.

To enhance human capital for achieving the 50% Market Share Project target

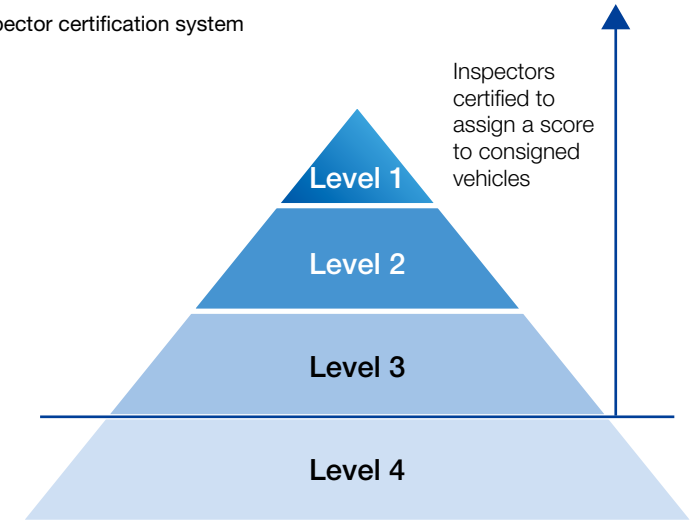
Quickly nurturing work-ready vehicle inspectors

Our strict vehicle inspector certification system serves to ensure more accurate vehicle inspections. Employees in the vehicle inspection departments acquire certification from Level 4 (lowest) to Level 1 (highest) to learn the knowledge and skills necessary to properly inspect consigned vehicles.

Only inspectors with certification of Level 3 or higher can perform the scoring of vehicles. Conventionally, it has taken three years at the longest for employees to acquire Level 3 certification after joining USS. To counter the situation, we launched a new training program in 2023, which enables employees to earn Level 3 certification in about seven months. Since its launch, all participants have acquired Level 3 certification over the seven-month duration of the program. Achieving a satisfactory outcome, the training program has been positioned as an important initiative in our efforts to cultivate human resources.

We will continue to seek improvement in inspection skills in an even shorter period by enhancing the training environment and increasing the efficiency of education. Through this effort, we intend to reduce inspector shortages and prepare ourselves for a further increase in the number of consigned vehicles in the future.

Vehicle inspector certification system



Voice



Miyu Yamamori
Vehicle Department, Nagoya Auction Site

The training program, which continued for about seven months, has taught me to inspect vehicle interiors and exteriors for defects and damage and check auction sheets on my own. For damage, in particular, I learned how to identify distortions and provide clear evidence to support my findings.

I always conduct vehicle inspections carefully, because my work determines the value of that vehicle. Drops in the complaint rate and number of oversights show my growth and provide motivation to carry out inspections while constantly trying to improve myself.

Training for managers

For newly appointed managers, we provide new manager training to strengthen leadership and management skills as well as evaluator training focused on the evaluation and development of subordinates. USS continues to conduct these training programs to develop candidates for future auction site managers.

Introducing a problem-solving training and execution program for achieving the 50% Market Share Project target

In April 2026, we launched the Project Promotion Program, a problem-solving training and execution program, as part of our human resources development efforts to achieve the 50% Market Share Project target. The program positions the achievement of this target as a management challenge, and participants nominated by senior management will plan and execute measures to address various associated issues.

Under the program, the participants analyze the internal and external environments of the USS Group. They then formulate hypothetical medium-term strategies and convert them into

KPIs

Employees with Level 3 or higher vehicle inspector certification	Securing the required number of inspectors to achieve the 50% Market Share Project target
Average length of time necessary to acquire Level 3 vehicle inspector certification	**8** months

plans for execution in 90 days under the Breakthrough Project (BTP).

These BTP plans will be implemented after being evaluated and receiving advice from top management, including the President, and members of the 50% Market Share Project. Likewise, the BTP outcomes will be reported to top management for examining new measures. Through this practical training program, USS has been devising various measures to achieve the 50% Market Share Project target and, at the same time, nurturing managers and leaders.

Initiatives to realize a pleasant workplace environment

Increasing employee engagement through improvement of the workplace environment

USS believes that it is essential to create a workplace environment where individual employees can demonstrate their full capabilities and work with motivation. As one initiative in this regard, we are promoting the Workplace Environment Improvement Project.

Under this project, employees themselves look for issues, the resolution of which will lead to greater member convenience, higher operational efficiencies, and an improved workplace environment, and undertake everything from planning improvement measures to executing them. Their efforts have resulted in implementation of various improvement measures, such as the Company's financial aid for community activities designed to promote communication among different departments, improvement of office environments and adoption of comfortable work attire.

Through these activities, we have been fostering a corporate culture that respects the views of individual employees and cultivating the independence and challenging spirits of younger employees. The fact that employees' own proposals have directly improved their workplace environment has generated a sense of accomplishment for their work and a sense of contribution to their organization, thereby increasing employee satisfaction and engagement. Their heightened motivation has also resulted in even better member services.

Voice



Tenma Sudo
Senior Staff, Business Division, Tohoku Auction Site

Through the Workplace Environment Improvement Project, I worked to solve issues we face while recognizing that the voices of members and employees are an important management resource. I realized that each effort has led to higher member satisfaction and learned many things from it. I will continue to make efforts to improve both our operations and service quality and help increase our corporate value and achieve sustainable growth.

Promoting women's active roles

The USS Group is dedicated to ensuring fairness in employment opportunities and treatment regardless of gender. USS recruits many promising human resources and actively promotes excellent human resources regardless of whether they are new graduates or mid-career employees. At USS, 25% of directors are women, as we have two female outside directors.

In 2022, we launched training with the aim of promoting active participation by women and are holding training sessions about organizational development and work-style reforms on an ongoing basis for managers and female employees. As a result of this and other initiatives, we have four female managers (5.6% of all managers) as of March 31, 2026 and have achieved the target for fiscal 2025. We will continue to implement a range of measures to achieve our action plan target of raising the percentage of female managers to at least 10% in fiscal 2030.

Voice



Izumi Hamaguchi
Manager, Documentation Division, Kobe Auction Site

As a female manager, engaging in work that will lead to the growth of my staff and accomplishments of the entire team gives me motivation every day. I feel the greatest sense of achievement when I tackle an issue with my team members and do our best to achieve a target. USS provides an environment to evaluate employees fairly based on the motivation and efforts of each regardless of gender and to support our challenging spirits. I myself was given an opportunity to accumulate many experiences and grow to reach my current position. I would like to continue taking up new challenges so that women can plan their future careers positively.

KPIs

Women in supervisory positions (Assistant Chief or higher positions)	Target by the end of FY2025: **8**% or more of all employees Current target: **12**% or more of all employees (USS)
Ratio of female managers	Target by the end of FY2025: **5**% or more by FY2025 Current target: **10**% or more by FY2030
Acquisition rate of paid leave	Target by the end of FY2025: Maintain the rate at **60**% or higher Current target: Increase to **70**% by FY2030
Employment rate of persons with disabilities	Maintain the rate at or above the legally required employment rate (**2.7**%) (USS)
Turnover rate	**5**% or less (USS)

Prevention of harassment

The USS Group has established the Rules for Preventing Sexual Harassment and Rules for Preventing Power Harassment and has fully informed all employees about these rules. The USS Group Internal Reporting System is available for employees to report harassment or seek consultation. We have also created and distributed a compliance manual for employees and are working to prevent harassment by continuously providing relevant education.

Occupational health and safety

Employee health promotion and management

Maintaining the health and safety of each employee is essential for the Group to achieve sustainable growth. All employees receive periodic medical check-ups, and we also offer additional examination items based on gender and age and encourage eligible employees to undergo these examinations.

Prevention of long working hours

The USS Group closely manages the amount of overtime to maintain a pleasant workplace environment and reduce long working hours during busy periods. Measures to perform tasks more efficiently and the use of shifts are two ways by which we are holding down working time. Furthermore, working hours at each auction site and subsidiary are reported to the Board of Directors and other supervisory bodies for discussing countermeasures as needed.

Group-wide human resource management

Fair and equal treatment and working conditions

- **Wage system**

The USS Group is working to establish a fair and convincing wage system that appropriately evaluates individual employees' roles, capabilities, and accomplishments. With this system, we are striving to increase employees' motivation to work and grow, and ultimately, their engagement. In fiscal 2025, the average annual wage at USS was ¥7.697 million.

- **Personnel evaluation**

We conduct personnel evaluations twice a year based on the role behavior standards of each job grade. Employees subject to evaluation report concrete accomplishments, including the degree of achievement of the defined target, efforts to improve operational skills, and examples of operational improvements, and undergo an evaluation on such topics as teamwork, willingness to improve operations, and business processing capabilities. The personnel evaluation results are fed back to the individuals through an interview with their respective evaluators. We also offer additional opportunities to hold dialogue between them for setting a target for the next fiscal year.

Employment and recruitment

- **Recruitment with a focus on local human resources**

Because USS operates auto auction sites across Japan, we basically recruit local human resources for local assignments. Through local employment, we intend to contribute to the regional vitalization, and at the same time, create a workplace in which employees can work longer years with a sense of security.

In the selection process, the persons in charge of respective business sites hold a first-round interview and explain in concrete terms the details of operations and workplace atmosphere at each site, providing an opportunity for applicants to imagine what it would be like to work for USS.

- **Employee turnover**

In fiscal 2025, the voluntary turnover rate was 7.5%.

KPIs

Number of occupational accidents	**0** (ARBIZ)
Frequency rate of occupational accidents with lost worktime	**6.0** or less (ARBIZ)
Severity rate of occupational accidents with lost worktime	**0.5** or less (ARBIZ)
Ratio attending external training (regular employees or higher positions, excluding those seconded)	**50**% or more (ARBIZ)

Climate Change

A major social mission of the USS Group is to run auto auctions in a way to minimize energy consumption and greenhouse gas (GHG) emissions, in order to curb global warming and thereby reduce risks due to climate change, protect the environment for all life, and form a sustainable low-carbon society. Under this belief, we have been disclosing information in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Environmental management

As a leading company in the auto auction market, the USS Group contributes to the reuse of vehicles by encouraging circular use of vehicles. USS is putting emphasis on its recycling business, which disassembles, sorts, and reclaims any resources from end-of-life vehicles and plants for reuse and recycling. Through these efforts, we hope to help build a circular society.

Under our environmental policy, we strive to reduce the environmental impact of our business activities as much as possible by actively promoting the use of energy-saving equipment and saving electricity at offices. ARBIZ, a Group company engaging in the recycling business for end-of-life vehicles and other items, has established its own Integrated Policy on the Environment and Occupational Health and Safety. The company has obtained ISO 14001 certification, and its CSR Promotion Division is taking the lead in operating its environmental management system. In addition, the company has been appropriately responding to the frequent revisions to Japan's recycling-related laws and regulations in recent years, while working closely with government agencies.

Five-point environmental policy

1. Conduct environmental management and comply with laws and regulations.
2. Take climate-related action in accordance with the TCFD recommendations.
3. Contribute to resource recycling through automotive recycling and other initiatives.
4. Disclose information about targets for environmental impact reductions.
5. Provide environmental education for all employees and conduct environmental impact reduction programs.

Information disclosure based on the TCFD recommendations

I. Governance

Oversight by the Board of Directors

Key decisions regarding the USS Group's climate change issues, including a transition plan (matters related to governance, strategy, risk management, and metrics and targets), are subject to resolution by the Board of Directors. At least once a quarter, the Board of Directors receives a report from the President on efforts to address climate change-related issues and progress toward established goals, and monitors and supervises climate change issues. The Board of Directors makes decisions on matters deemed important by the President, such as management strategies, management plans, annual budgets, and profit targets, after considering the risks and opportunities of climate change as necessary.

Person in charge of climate-related oversight

Matters related to climate change are overseen by the President. The President monitors and receives periodic reports on emissions from each business and Group company and on the progress of emissions reduction measures to achieve our science based targets (SBT). The President is responsible for implementing actions to deal with climate change issues as shown below and provides instructions for the environmental management activities of the USS Group.

(1) Conduct an assessment of the impact of climate change issues on our businesses (at least once a year)
(2) Develop policies and strategies to minimize identified risks and capture opportunities, and reflect them in plans, budgets, targets, etc.
(3) Develop a transition plan with a focus on emission reduction targets
(4) Establish KPIs on climate change issues and evaluate progress, including review of the results against KPIs
(5) Report important matters related to climate change issues to the Board of Directors

II. Strategy

Identification and assessment of climate-related risks and opportunities

For evaluating the importance of climate-related risks and opportunities, USS has identified climate-related transition risks, physical risks, and opportunities and performed an assessment by creating multiple scenarios.

Scenario analysis

USS has identified climate-change-related risks and opportunities, which may be important to our businesses and stakeholders and created two scenarios, a 1.5°C scenario and a business-as usual scenario, while using multiple climate change-related scenarios as a reference. Based on the supporting data (parameters) of these scenarios and internal and external information, we have assessed the business impact and the degree of financial impact of climate change-related risks and opportunities.

Note: Scope: Auto Auction business and its entire supply chain
Note: Target period: From now until 2050

Overview of scenario

1.5°C scenario

Scenario in which the entire world will accelerate efforts toward achieving net zero emissions by 2050

1. **Reinforced policies and legal regulations**
   - Defining GHG emissions reduction targets
   - Full adoption of carbon taxes
2. **Advancement in clean energy technologies and technologies to remove CO_2 from the atmosphere**
3. **Global shift to electric vehicles (EVs)**

Business-as-usual scenario

Scenario assuming the future direction while factoring in the existing and already publicized policies and technological trends

1. **More frequent extreme weather events with considerably greater impact**
   - Lower hydropower generation capacity due to droughts
   - Power grid disruptions (power failures) due to typhoons, floods, and wildfires
   - Pressing peak power demand due to higher temperatures
2. **Different EV adoption rates by region**

Climate Change

Risks and opportunities

		Type	Scenario analysis results	Risk timeframe: Short	Medium	Long	Possibility	Financial impact	Response strategies
1.5°C scenario	Transition risks	Policy / Legal	An increase in energy costs brought by the adoption of European-style carbon taxes and pricing even in Japan to achieve net-zero GHG emissions	●	●		High	Medium	Promote on-site adoption of renewable energy (solar power generation) Shift to CO_2-free electricity, Utilization of non-fossil certificates
			A decline in auction sales due to lower demand for used gasoline car exports from Japan as more nations prohibit the sale of gasoline vehicles		●	●	Medium	Large	Expand business portfolio to continue creating schemes for fair and equitable transactions and resource recycling • Expand recycling business (contribution to a circular society) • Effectively use auction data (big data) • Create businesses peripheral to the auction business (auto loans)
			As the circular economy develops, sharing services will become more prevalent and fewer people will buy and own EVs. EV manufacturers will bring EV distribution within their own supply chains.	●	●		Medium	Large	
		Reputation	Investment behavior of investors based on climate change risk and the movement to require SBT certification for investment destinations will take root and expand.	●	●		High	Medium	Obtain SBT certification (Obtained certification by the Science Based Targets initiative (SBTi) in October 2023)
	Opportunities	Energy source / Markets	Accelerating replacement demand from gasoline-powered vehicles to EVs for decarbonization, leading to an increase in the number of consigned vehicles		●	●	High	Large	Promote measures to increase the number of consigned EVs • Increase the number of charging stations for EVs • Research and develop appraisal criteria and a vehicle inspection structure for EVs Promote operational efficiency, including expanding the use of digital auction sheets
		Products and services	An increase in the number of consigned vehicles by developing industry-leading new inspection technologies and rules regarding EVs	●	●		Medium	Medium	
Business-as-usual scenario	Physical risks	Acute	Suspension of business, additional costs to restore equipment, and higher insurance premiums due to damage to our auction sites inflicted by typhoons or other natural disasters		●	●	Low	Medium	Examine measures by organizing a business continuity plan (BCP) project <Main topics of examination> 1. Maintenance of auction systems and creation of a backup 2. Plans to continue / restore auction operation 3. Stockpiling relief goods for disasters and ensuring safety in an emergency 4. Setting up a contact point (public relations function) at an alternate business site 5. Matters related to a BCP, such as payment of winning bids, preparing for settlement of accounts, etc.
		Chronic	Costs to rebuild or move auction sites in coastal areas due to damage caused by flooding and high tides resulting from rising sea levels		●	●	Low	Large	
			Higher average temperature and increased risk of heatstroke among employees		●	●	High	Small	

[Risk timeframe] Short term: Within 5 years Medium term: 5 to 10 years; Long term: 10 to more than 30 years
[Financial impact] Small: Less than ¥100 million; Medium: ¥100 to 5,000 million; Large: more than ¥5,000 million
[Possibility] High: high possibility; Medium: about 50%; Low: low possibility
[Definition of significant impact] Impact having possibility of "High" and financial impact of "Medium" or "Large"

Reference scenarios:
- International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario (NZE) and IEA Stated Policies Scenario (STEPS): IEA World Energy Outlook 2025
  (https://www.iea.org/reports/world-energy-outlook-2025)
- Representative Concentration Pathway (RCP) 1.9, Shared Socioeconomic Pathways (SSP) 1-1.9, RCP 8.5, and SSP 5-8.5: Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) and Sixth Assessment Report (AR6)
  (https://www.env.go.jp/earth/ipcc/5th/)
  (https://www.env.go.jp/earth/ipcc/6th)

Transition plan concerning climate change

The USS Group has established a Transition Plan (Roadmap) for measures to combat climate change. The implementation of this plan started in June 2023 following discussions and approval by the Board of Directors. To increase the accuracy of the transition plan, the road map that is the key element of the plan will be updated as necessary based on changes in the internal and external environment for the operations of the USS Group. Furthermore, the Board of Directors will receive progress reports about the transition plan in order to allow the directors to supervise activities involving the plan properly.

Transition plan (roadmap) to achieve targets

	Initiatives up to 2025		Initiatives toward FY2030
Defining science based targets (SBT)	Obtained SBT certification (October 2023)	Annual reporting of emissions and progress of measures	Review of targets every five years as required under SBT certification
Verified Scopes 1, 2, and 3 emissions	Obtained third-party verification for Scopes 1, 2, and 3 (FY2022-)	Maintaining third-party verification for Scopes 1, 2, and 3	Considering acquisition of third-party verification for matters other than GHG emissions
Scopes 1 and 2 emissions reduction initiatives	CO_2-free electricity (2 auction sites) On-site solar power generation equipment (7 auction sites)	Upgrading to high-efficiency energy-saving air conditioning equipment (3 auction sites) Starting to purchase non-fossil certificates	Promoting introduction of solar power generation equipment Installing high-efficiency energy-saving equipment Utilization of non-fossil certificates
Scope 3 emissions reduction initiatives	Starting calculation of Scope 3 emissions for all categories (FY2020-)	Refinement of our calculation methods in Category 11	Implementing specific reduction measures for Scope 3
Enhancement of disclosure	Adding Transition Plan in TCFD disclosures (2023) Disclosure of specific reduction measures for Scope 3 (June 2025)	Initiating efforts to perform gap analysis for disclosure based on the SSBJ Standards (from March 2026)	Disclosure based on the SSBJ Standards scheduled to apply from FY2028 (Annual Securities Reports)
External evaluation	CDP score in the Climate Change category B in 2023, A- in 2024, and A- in 2025		Continuing to respond to CDP questionnaire

Initiatives to reduce GHG emissions

[Scopes 1 and 2]

1. Use of electricity derived from renewable energy sources

(1) Promotion of on-site solar power installation

From the perspective of contributing to the decarbonization of society by adding and increasing new renewable energy sources, we are promoting the introduction of on-site PPA solar power generation facilities on the roofs of auction sites (at seven out of 19 sites as of the end of March 2026).

(2) Purchase of CO_2-free electricity

For a portion of electricity that cannot be supplied by on-site solar power generation, we are promoting the purchase of electricity under a renewable energy plan (at two out of 19 sites as of the end of March 2026).

(3) Utilization of non-fossil certificates

In addition to on-site solar power generation and CO_2-free electricity, we are reducing our emissions indirectly through the use of Feed-in Tariff (FIT) non-fossil certificates from fiscal 2024.

2. Upgrading to high-efficiency energy-saving equipment
We have reduced energy consumption by upgrading air conditioning equipment to the latest energy-efficient models.

[Scope 3]

1. Category 11: Use of sold products
The Japanese government has set the target of achieving 100% electrified vehicles in new passenger vehicle sales by 2035. Over the next five to 10 years, the sales ratio of electrified vehicles (EVs, FCVs, PHEVs, and HEVs) is expected to significantly increase. To accurately calculate the emissions from these electrified vehicles, we have refined the calculation method for this category and started using it for emissions in fiscal 2024.

2. Category 2: Capital goods
We will reduce emissions by combining the following measures.
- Consider switching to cloud-based software and servers
- Consider renovating auction sites to enable their continued use

3. Other categories
We will continue to implement measures such as electronic invoicing (Category 1: reduction of communication costs), promotion of online meetings (Category 6: reduction of emissions from business travel), and promotion of digital consignment (Category 5: reduction of waste), while also actively implementing business improvements that have a reduction effect.

III. Risk management

Framework to identify and evaluate climate change-related risks and opportunities
The President leads efforts to identify and assess climate-related risks and opportunities in cooperation with relevant internal departments and Group companies. The President shares the results of risk assessment along with countermeasures placed under consideration with the Board of Directors at least once a year and as necessary. The Board of Directors receives reports from the President on matters related to climate change, including the status of risk management and response to each risk, and supervises initiatives and defined targets to overcome identified issues.

Framework to manage climate change-related risks
The President performs the planning, formulation, and management concerning climate change-related matters, including a process to identify and assess the impacts of climate change, a system to manage the identified impacts, and a system to incorporate them into risk management of the entire organization, reports these matters to the Board of Directors along with recommendations, and promotes company-wide response to climate change. The President also assumes the role of integrating the impacts of climate change into company-wide risks by reporting and making recommendations about the identified climate change impacts and associated response to the Board of Directors at least once a year and as necessary. The Board of Directors deliberates on and assesses the reported climate change impacts and recommended response. The Board also holds discussions and makes adjustments in order to adapt to climate change appropriately from the perspective of company-wide risks. Efforts include creating policies and strategies to minimize risks and reflecting them in plans, budgets, and targets.

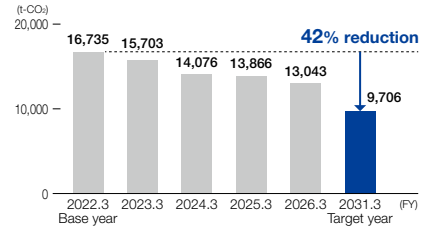
IV. Metrics and targets

The USS Group has set CO_2 emission reduction targets based on the SBT standards as targets to be used in managing climate-related risks and opportunities and has obtained certification by the Science Based Targets initiative (SBTi) in October 2023.

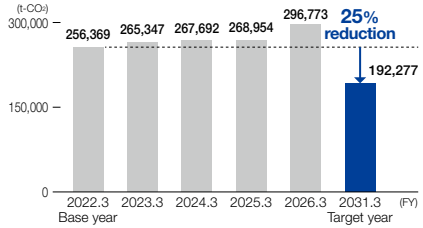
To achieve these targets, we have set another target for the ratio of electricity derived from renewable energy sources and are working to reduce GHG emissions by introducing on-site solar power generation equipment, switching to CO_2-free electricity, and installing high-efficiency energy-saving equipment.

GHG emissions

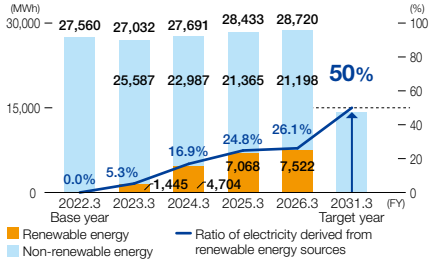
Total emissions of Scope 1 and 2



Scope 3 emissions



Electricity consumption & Ratio of electricity derived from renewable energy sources



KPIs

Total Scopes 1 and 2 CO_2 emissions (t-CO_2)	42% reduction by FY2030 (Base year: FY2021) (USS Group)
Scope 3 CO_2 emissions (t-CO_2)	25% reduction by FY2030 (Base year: FY2021) (USS Group)

Items	Targets	Base year
GHG emissions (Scopes 1 and 2)	42% reduction by FY2030	FY2021
GHG emissions (Scope 3)	25% reduction by FY2030	
Ratio of electricity derived from renewable energy sources	50% by FY2030	

Information Management and System Risks

All participants in USS auto auctions are registered members, and many are businesses that sell used vehicles. Since information provided by members includes personal information, we handle this information very carefully in accordance with our Personal Information Protection Policy. We also provide periodic training to all employees regarding the points to be noted when handling personal information.

To realize reliable auto auctions

Information security management structure

The USS Group recognizes the various systems that support its auto auction business, as well as member information, data on consigned vehicles and successful bids, bidding information, and other data, as important information assets, and has positioned information security as one of the Group's key management issues. The corporate strategy of USS also states that "we will restructure our IT management framework and reinforce information security, including measures to deal with natural disasters."

Within the USS Group, the System Office is in charge of handling risks related to information processing and reports relevant matters to the President as appropriate. We also have in place a structure to report important risks that will impact the Group's management to the Board of Directors. In order to support fair and equitable auto auction operation, we operate input terminals separately from external networks and have implemented a monitoring system that can verify who accessed what data and when. Access to important information is limited to approved employees, and we always maintain an access log. In fiscal 2025, we had no legal violations regarding information security.

When upgrading our core auto auction and other systems, we place our highest priority on maintaining their stable operation and preventing incidents and strive to reduce risks by formulating transition plans, controlling privileges, conducting tests, and creating backups. In addition, to ensure business continuity in the event of a disaster, we use data centers in inland regions with a lower risk of earthquakes and tsunamis to maintain adequate data backups. As all our auction sites use common systems and data formats, we have a structure in which nearby sites will support a site affected by a disaster and work for its swift recovery.

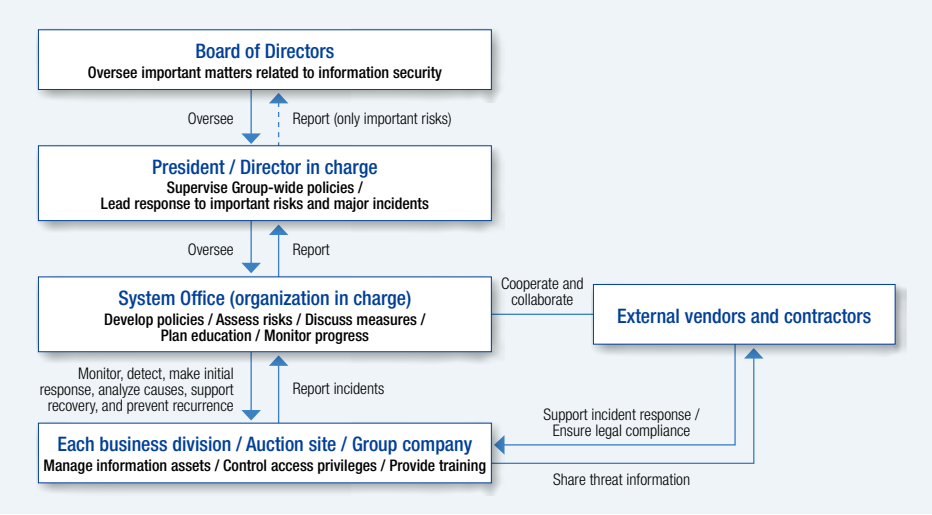
In the event of an information security incident, the responsible department takes the initial response, establishes, as necessary, a response structure involving the director in charge and the relevant departments, and undertakes various activities, including identifying the scope of damage, containing the damage, examining the causes, preventing recurrence, and notifying relevant parties. As a company authorized to use the PrivacyMark, we are making ongoing efforts to enhance the quality of our information management, including the protection of personal information.

KPI

Number of major information leakage incidents	0 (USS Group)

Information security management structure

Structure under which the System Office is responsible for handling information processing risks and reports relevant matters to the President and the Board of Directors via the director in charge



Renewal of PrivacyMark (P Mark) certification

Under the PrivacyMark certification system operated by the Japan Institute for Promotion of Digital Economy and Community (JIPDEC), USS underwent various renewal assessments and successfully renewed its certification as a company permitted to use the PrivacyMark for the second time.

The PrivacyMark is granted by JIPDEC to companies that comply with Japanese Industrial Standard (JIS) Q 15001 (Compliance program for protection of personal information – requirements) and have a structure in place to implement appropriate measures to protect personal information.

Without becoming complacent following the granting of the PrivacyMark, USS continuously works to improve the protection of personal information as a company handling important personal information of customers. Additionally, we rigorously manage and protect personal information in accordance with our Personal Information Protection Policy. Please refer to our corporate website for the details of the Personal Information Protection Policy.

Web Personal Information Protection Policy https://www.ussnet.co.jp/en/privacy/index.html

Chapter 5

Corporate Governance

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Message from the Outside Directors



Drawing on automotive industry expertise to support our foundations for medium- to long-term growth

Hisao Takahashi
Outside Director

Looking back on my first year as an Outside Director, discussions at Board of Directors meetings and visits to auction sites have given me a strong sense of USS's commitment to providing highly convenient auto auctions that ensure a fair and equal standing for all participants. Impartial vehicle inspections, systems that ensure smooth auction operations, and continuous efforts to improve convenience for members underpin the trust that USS has built with its customers over many years. My first year has reaffirmed my belief that this trust is USS's greatest asset and the driving force behind its growth. I have also been impressed by the Company's determination to pursue ambitious targets, including a 50% market share and ROE of at least 20%, while maintaining a sound financial position.

Outside Directors receive appropriate information on agenda items in advance, enabling them to participate in Board discussions with a thorough understanding of the matters at hand. Regular exchanges of views between Corporate Auditors and Outside Directors also promote a shared understanding of important issues. Management responds constructively to issues raised from an external perspective, and I therefore consider the Board to be highly effective.

As the business environment changes at an accelerating pace, USS must do more than preserve its existing advantages to achieve sustainable growth. The Board needs to engage more actively in discussions on further enhancing customer value, investing in human capital, maintaining a sound financial foundation, reinforcing governance and risk management, and advancing sustainability initiatives. These are challenges, but also opportunities to make USS even more competitive. Drawing on my automotive industry expertise and medium- to long-term perspective as an outsider, I will contribute through advice and oversight to building the foundations for USS's future growth.



Bringing management and the frontline together to build on what sets USS apart

Etsuko Nishijima
Outside Director

Over the course of my first year as an Outside Director, discussions at Board of Directors meetings and dialogue with employees on the frontline have shown me that two qualities are deeply rooted in USS: sincere and prudent management and strong frontline capabilities. In addition to its distinctive business model centered on the auto auction business, the relationships of trust that USS has built with customers and members over many years give it a clear competitive advantage in the industry. I have also seen a culture in which management and the frontline share a common understanding of the challenges they face and take initiative in their respective roles. This openness is a defining characteristic of USS and, I believe, a foundation for its sustainable growth.

At Board of Directors meetings, information on the current state of the business and management issues is shared openly, and the views of Outside Directors are given serious consideration. Discussions are constructive, and important decisions reflect a range of perspectives. However, as the external environment changes at an increasingly rapid pace, I believe we need to deepen Board discussions further, both on how to build on the competitive advantages of our existing businesses and on growth opportunities that can lead to new value creation.

As USS moves into its next stage of growth, four areas will be particularly important: reassessing our business portfolio, exploring new business areas, harnessing the diversity of our people to enhance organizational capabilities, and further developing medium- to long-term strategies that incorporate sustainability considerations. Drawing on my experience in promoting DX, organizational transformation, and diversity, I will contribute to enhancing corporate value from a broad range of perspectives, serving as a bridge between management and the frontline and between our customers and the Company. I will also continue to bring both customer and frontline perspectives to our discussions, embracing change as an opportunity and working to further develop the distinctive qualities that define USS.



Supporting sustainable growth through DX and human capital

Nobuko Sowa
Outside Director

During my first year as an Outside Director, I had many opportunities to deepen my understanding of USS through meetings of the Board of Directors and the Nomination and Compensation Committee, exchanges of views with Representative Directors, regular meetings with Corporate Auditors, visits to the Nagoya, Tokyo, and Yokohama Auction Sites, and discussions with Group companies and division heads. I have been impressed by the dedication employees bring to their work and the open communication throughout the organization under the strong leadership of the Chairman, President, and other members of management. In particular, seeing employees at the auction sites greet people with bright smiles gave me a strong sense of USS's healthy organizational culture and excellent frontline capabilities.

At Board of Directors meetings, in addition to matters requiring resolutions under the relevant rules, the Board receives numerous reports from each business, leading to candid questions and a frank exchange of views among both internal and external attendees. I believe this dialogue contributes to better decision-making. The secretariat also provides thorough briefings and shares materials in advance, creating an environment conducive to active participation in discussions. I believe that continually reviewing the Board's agenda to ensure greater focus on timely management issues presents an opportunity to make the Board even more effective.

Going forward, it will be important to make effective use of the valuable data we possess to drive growth and ensure the stable operation of our systems. Developing our people and enhancing their skills, as well as building an organization that harnesses diversity, will also be essential to increasing the capabilities of the Group as a whole. I will provide appropriate advice on both the proactive use of DX and AI and the robust IT systems needed to protect the business, as well as contribute to enhancing our human capital. With new Internal Directors joining the Board, I will continue to play an active role in ensuring that the Board operates effectively.

Directors and Executive Officers

Web Directors and Executive Officers https://www.ussnet.co.jp/en/corporate/management/index.html



Yukihiro Ando
Chairman and Representative Director, Chief Executive Officer (CEO)
◎ Nomination and Compensation Committee member (Chair)



Dai Seta
President and Representative Director, Chief Operating Officer (COO)
● Nomination and Compensation Committee member



Hiromitsu Ikeda
Junior Managing Director



Yukio Niimi
Director New appointment



Masahiro Mikami
Director New appointment



Etsuko Nishijima
Outside Director
Outside Independent
● Nomination and Compensation Committee member



Hisao Takahashi
Outside Director
Outside Independent
● Nomination and Compensation Committee member



Nobuko Sowa
Outside Director
Outside Independent
● Nomination and Compensation Committee member



Kenichi Goto
Full-time Outside Corporate Auditor
Outside Independent



Keiji Miyake
Outside Corporate Auditor
Outside Independent



Jun Ogawa
Outside Corporate Auditor
Outside Independent

		Age	Years of service	Number of Board Meetings attended	Number of Audit & Supervisory Board Meetings attended	Number of Nomination and Compensation Committee Meetings attended	Skill matrix					
							Corporate management	Accounting/finance	Business strategy / marketing	Promoting IT and DX	Legal affairs / risk management	Promoting diversity
Directors	Yukihiro Ando	79	44	8/8	—	3/3	●		●			
	Dai Seta	59	22	8/8	—	3/3	●		●			
	Hiromitsu Ikeda	65	22	8/8	—	—			●	●		
	Yukio Niimi	61	New appointment	—	—	—			●			
	Masahiro Mikami	54	New appointment	—	—	—			●			
	Etsuko Nishijima	66	1	7/7	—	3/3			●			●
	Hisao Takahashi	65	1	7/7	—	3/3	●		●			
	Nobuko Sowa	63	1	7/7	—	3/3				●		●
Corporate Auditors	Kenichi Goto	66	5	8/8	10/10	—		●			●	
	Keiji Miyake	71	5	8/8	10/10	—		●			●	
	Jun Ogawa	65	5	6/8	9/10	—					●	●

USS expects the Directors and Corporate Auditors to contribute to the fields described below. We have also selected two fields in which USS expects each to make a particularly large contribution according to the experience illustrated by their skill matrix. For Internal Directors, areas in which they have knowledge and experience are indicated by ●, and areas in which they are expected to make a particular contribution are indicated by ●. For Outside Directors and Auditors, the areas in which they are expected to make a particular contribution are indicated by ●.

- Corporate management: Appropriate business decision-making capability and experience in managing a large company as a top executive
- Accounting / finance: Knowledge of financial strategies, capital market responses, mergers and acquisitions, etc.
- Business strategy / marketing: Knowledge of business development, market analysis, and customer strategy
- Promoting IT and DX: Knowledge of business innovation and business creation using digital technologies
- Legal affairs / risk management: Knowledge of governance structure development, compliance, and risk management
- Promoting diversity: Knowledge on leveraging diverse human resources, organizational development, and human resource development

Corporate Governance

Each fiscal year, at the final regular meeting of the Board of Directors, the Group evaluates its basic policy on corporate governance and its response to the Corporate Governance Code and formulates an improvement plan for the following fiscal year and beyond. Through this process, we seek to fulfill our accountability, ensure transparent management, and continuously enhance corporate governance.

Structure

Board of Directors

The Board of Directors is made up of eight Directors, three of whom are Outside Directors. These members discuss management plans and a wide range of other important matters. The Outside Directors hold regular meetings with the Board of Corporate Auditors and the Internal Audit Office to obtain information on audit activities and other matters. They also receive reports from the Supervisory Office when risks or other issues arise, thereby ensuring effective coordination and enabling them to fully exercise their supervisory function.

Board of Corporate Auditors

The Board of Corporate Auditors consists of three outside auditors. Each Corporate Auditor not only attends meetings of the Board of Directors but also surveys and audits Directors in the execution of their duties as well as the operational progress and assets of Group companies. Furthermore, this board works with the Internal Auditing Office, which conducts audits of all divisions and offices (including at USS subsidiaries).

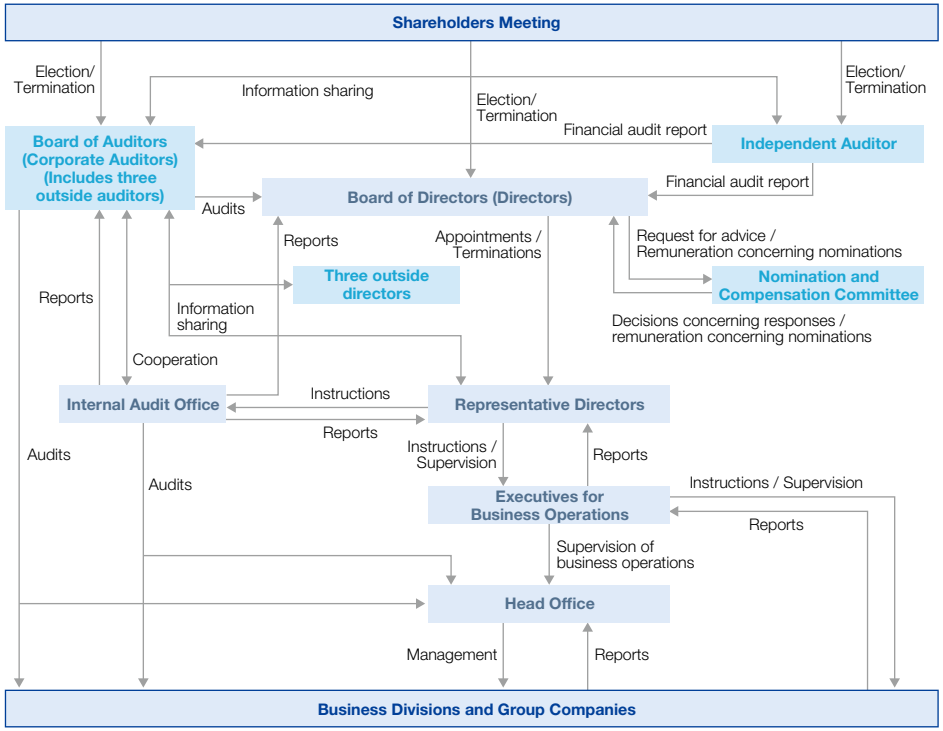
Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of five Directors, three are Outside Directors and two are Internal Directors. The Chairman, Representative Director, and Chief Executive Officer (CEO) acts as the chair of this committee. As an advisory body to the Board of Directors, the Nomination and Compensation Committee evaluates and gives the Board of Directors input on the appropriateness of the proposals below.

(1) Nominations of director candidates and the appointment of executive officers
(2) Policy for the remuneration of directors and executive officers
(3) The selection and dismissal of representative directors and directors who are also USS executives
(4) The termination of directors and executive officers
(5) Details of director succession plans

The Nomination and Compensation Committee also makes decisions on all Director and Executive Officer remuneration matters on an individual basis according to detailed compensation policies.

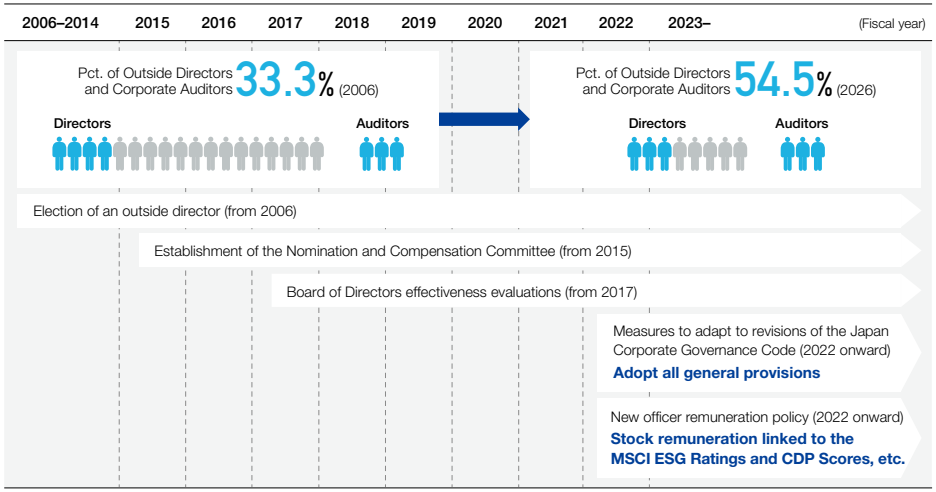
Framework (June 2026)



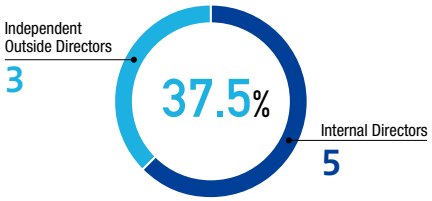
Dialogue with analysts, institutional investors and individual investors

One-to-one meetings with analysts	Conferences	Facility tours	Company information meeting for individual investors
Note: One-on-one meetings were held several times with some investors.			
133 times / **90** companies	**3** times / **72** companies	**2** times / **16** companies	**12**
			Note: One of these twelve meetings was pre-recorded webinar.

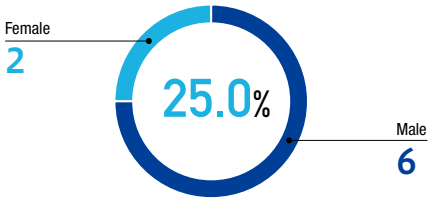
Organizational reforms



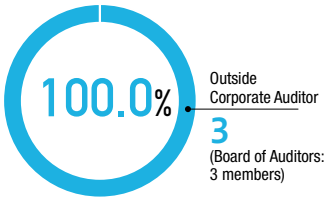
Ratio of Independent Outside Directors



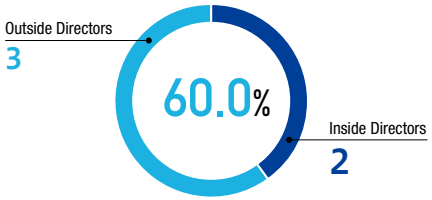
Ratio of Female Directors



Ratio of Outside Corporate Auditors



Ratio of Outside Directors on the Nomination and Compensation Committee



Matters Discussed by the Board of Directors for the Fiscal Year Ended March 31, 2026 (through March 31, 2026)

Matter	Description
Climate change	The Board deliberates on climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and regularly receives reports on and monitors measures to reduce greenhouse gas emissions toward achieving our Science Based Targets (SBTs), as well as progress in reducing emissions. It also discusses and oversees the ongoing enhancement of climate-related disclosures and initiatives, taking into account our responses to CDP and assessments and feedback from environmental, social, and governance (ESG) rating agencies, including MSCI.
Human capital	The Board receives reports on recruitment activities and monitors progress toward targets, including the percentage of women in management positions. It also deliberated on the next General Employer Action Plan. As of March 31, 2026, four women held management positions, representing 5.6% of all managers.
Shareholder returns	• After reviewing the importance of capital efficiency, the Board determined that further enhancing shareholder value would require a greater expansion of shareholder returns. It therefore resolved to raise the consolidated dividend payout ratio, which forms the basis of the Company's dividend policy, to at least 60% and to adopt a total shareholder return ratio of at least 100% for the three-year period from the fiscal year ended March 2026 through the fiscal year ending March 2028. • To demonstrate its firm commitment to the shareholder return policy, the Board resolved to repurchase shares through an Accelerated Share Repurchase (ASR) program.
A dialogue with investors	The Board receives quarterly reports on the results of dialogue with institutional investors. Feedback and requests from investors regarding the Company's management strategy, capital policy, sustainability initiatives, and other matters are shared with the Board. Based on this feedback, the Board deliberates on management policies aimed at enhancing corporate value and on further improving information disclosure.
Growth investments	The Board deliberates on major capital investments aimed at improving customer service and reinforcing our business foundations, including the replacement of auction operating systems, equipment upgrades, and the reconstruction of facilities. These investments are assessed comprehensively, taking into account their necessity and priority, their impact on business continuity, and the prospects for recovering the investment.

Evaluation of the effectiveness of the Board of Directors (FY2025)

To continuously improve the functioning and effectiveness of the Board of Directors, the Company conducts an annual self-assessment survey of all Directors and Corporate Auditors. The Board reviews and discusses the results and incorporates the issues identified into improvement measures for the following fiscal year, thereby driving a continuous cycle of evaluation and improvement.

1. Overview of the effectiveness evaluation

Item	Details
Date	March to May 2026
Respondents	All Directors and Corporate Auditors (10 including outside officers)
Method	Self-assessment using a questionnaire
Evaluation and improvement process	(1) Questionnaire → (2) Compilation and analysis by the secretariat → (3) Reporting to and discussion by the Board of Directors → (4) Incorporation into improvement measures

Items evaluated

(1) Role, functions and composition of the Board of Directors
(2) Operation and deliberations of the Board of Directors
(3) Evaluation of the Nomination and Compensation Committee
(4) Evaluation of FY2025 targets
(5) Relationships with shareholders and other investors
(6) Self evaluations

2. Improvements based on the previous fiscal year's evaluation

Improvement theme identified in the previous fiscal year	Key initiatives and outcomes in FY2025	Future initiatives
Enhancing discussions on medium- to long-term management strategy	To achieve a 50% market share, the task teams under the 50% Market Share Project worked on initiatives including acquiring new members, enhancing systems, and improving the workplace environment. We also established the Management Strategy Meeting, comprising Internal Directors, Executive Officers, and others, to enable more agile consideration of management strategy. The meeting was held seven times in fiscal 2025.	We will regularly report to the Board on key issues discussed by the Management Strategy Meeting and each task team, as well as the progress and challenges of their initiatives, to further deepen discussions on medium- to long-term management strategy.
Enhancing dialogue between Independent Officers and Representative Directors	We consolidated the Independent Officers Meeting and the forum for dialogue between Corporate Auditors and Representative Directors into a new meeting bringing together Independent Officers and Representative Directors, which was held once in fiscal 2025. This has enhanced coordination between Outside Directors and Outside Corporate Auditors and expanded opportunities for dialogue with Representative Directors.	We will appropriately reflect the issues and recommendations raised at the meeting in Board agendas and management initiatives and continually monitor the status of the Company's response.

3. FY2025 evaluation results and priority areas for improvement in FY2026

Overall evaluation

Based on the survey of all Directors and Corporate Auditors, the Board concluded that the evaluation items were generally satisfactory and that the Board is operating effectively. However, we recognize the need for further improvement in two areas: enhancing our human capital strategy to achieve our medium- to long-term management targets, and establishing a framework for bringing discussions at internal meetings into Board deliberations.

Priority areas for improvement	Issues	Response
Aligning our human capital strategy with our growth strategy	Achieving a 50% market share will require not only securing and developing specialized personnel, including vehicle inspectors, but also systematically developing the next generation of management talent. We need to align our business and human capital strategies more closely and build the workforce needed to support sustainable growth.	We will continue to assess the capabilities and workforce needed to achieve a 50% market share and, based on this assessment, consider the recruitment, development, and deployment of vehicle inspectors, DX personnel, and next-generation management talent. We will also regularly review human capital KPIs, including employee turnover, average monthly overtime hours, and the percentage of women in management positions, and use these insights to improve the effectiveness of our initiatives.
Strengthening the link between internal meetings and the Board of Directors	The Board needs to receive regular updates on key discussions within the Management Strategy Meeting and the task teams under the 50% Market Share Project, including the progress of initiatives and challenges encountered. This will enable the Board to engage in more substantive discussions on medium- to long-term management strategy and other important management issues.	We will provide the Board with regular updates on discussions, progress, and challenges within the Management Strategy Meeting and the 50% Market Share Project and incorporate important topics into its annual agenda. We will ensure sufficient time for the Board to deliberate on medium- to long-term management strategy and enhance its oversight of the implementation of related initiatives.

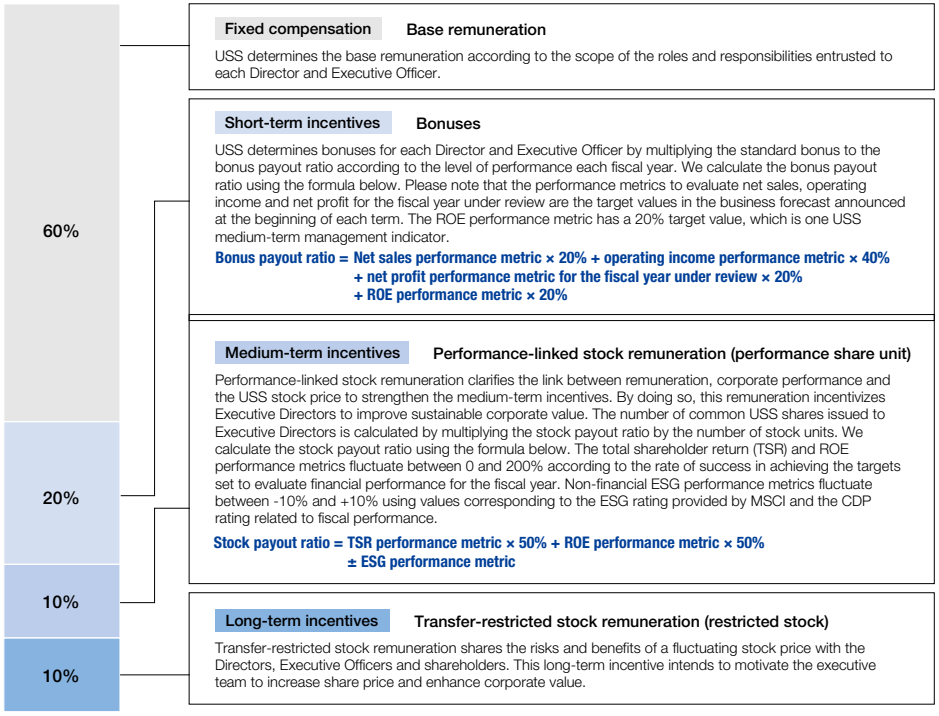
Officer remuneration

Approval process for director remuneration

The Nomination and Compensation Committee made up of a majority of Outside Directors has been entrusted by the Board of Directors to determine policies on the approval of director remuneration and the details of compensation for each individual after an objective discussion. The Nomination and Compensation Committee meetings also seek the advice of external organizations as necessary during these deliberations to ensure an objective perspective about remuneration policies and gain expert knowledge and information.

Summary of the officer remuneration policy

Ratio of remuneration*



* The ratio of remuneration is an estimate when a Director or Executive Officer achieves all business performance targets. The remuneration for Outside Directors only consists of base remuneration. This is because Outside Directors must maintain a highly objective and independent stance to supervise corporate management. The remuneration for Corporate Auditors only consists of base remuneration, which is a policy put in place together with the Board of Corporate Auditors. This is because Corporate Auditors must maintain a highly objective and independent stance to supervise and audit corporate management.

Bonuses in FY 2025 (performance-linked monetary remuneration)

Key performance indicators (KPIs)	Change in payment ratio	Weight	Target	Actual	Achievement rate	Bonus payout ratio
Net sales	0% – 200%	20%	111,800 million	113,854 million	101.8%	129.7%
Operating income		40%	55,800 million	59,847 million	107.2%	
Net profit		20%	38,300 million	41,360 million	107.9%	
ROE		20%	15%	20.1%	134.0%	

Reason for the selection of the above key performance indicators (KPIs): USS discloses net sales, operating income and the net profit for the fiscal year under review as a forecast of business performance at the beginning of each term. We have selected these as KPIs because of the relevance with determining successful business performance during each fiscal year. The ROE has been chosen as a KPI because ROE has been set as one of USS's medium-term management indicators.

Performance-linked stock remuneration (performance share unit) (FY2025)

Key performance indicators (KPIs)	Change in payment ratio	Weight	Target	Actual	Achievement rate	Bonus payout ratio
TSR	0% –200%	50%	100%	Our TSR growth rate 174.2% TOPIX growth rate 187.1%	93.1%	152.8%
ROE	0% – 200%	50%	15%	20.1%	200.0%	
ESG	-10% – +10%	—	—	MSCI ESG rating: A CDP 2025 (climate change) rating: A-	+6.25%	

The ESG achievement rate is calculated based on the MSCI ESG rating assessment and CDP 2025 (climate change) score at the end of March 2026.

Total remuneration (FY2025)

Type of corporate officer	Total remuneration (millions of yen)	Total by type of remuneration (millions of yen)				Eligible corporate officers (persons)
		Fixed	Variable			
		Monetary		Stock		
		Base remuneration	Performance linked bonuses	Performance linked stock remuneration	Transfer restricted stock remuneration	
Directors (Outside Directors)	491 (18)	251 (18)	96 (-)	103 (-)	39 (-)	10 (6)
Auditors (Outside Auditors)	18 (18)	18 (18)	- (-)	- (-)	- (-)	3 (3)
Total (Outside Officers)	509 (36)	269 (36)	96 (-)	103 (-)	39 (-)	13 (9)

There are no directors serving concurrently as employees.

Compliance

Basic Stance

Since our establishment, we have been conducting our business with the aim of creating a fair and highly transparent used car distribution market. In order to earn the trust of our customers, we have a strong desire to ensure that we have an operating system and rules in place to enable us to conduct our auto auctions smoothly and to guarantee that our daily operations are always conducted in the fair and equitable manner in which they need to be executed.

Moreover, auto auctions involve dealing with a lot of important information, such as data on members and detailed information about auction lots and successful bids. If such information is not properly managed, it may become impossible to provide a "fair and impartial" forum for auto auctions to be conducted. Furthermore, it is also important for the functions of the used-car distribution process to be closely related to the administration in terms of issues like the registration procedures, etc., and for various documents to be prepared without errors or deficiencies.

From this perspective, we constantly strive not just to improve our company's growth rate, but also to enhance the social status of the entire industry, by thoroughly complying with all the necessary regulatory and other requirements and by conducting our auto auction operations in a "fair and impartial" manner.

Basic approach and compliance systems

The USS Code of Conduct and Ethics defines the basic principles of compliance. We have also created a compliance manual to ensure these principles are put into practice. We have put in place a USS Group Internal Reporting System to act as a gateway for employees to receive reports about illicit conduct and other such risks. The Board of Directors not only consults about and receives reports about the grave risks reported to the USS Group Internal Reporting System, but the Representative Director also regularly checks in on its management. In fiscal 2024, we provided compliance training to all employees as part of our efforts to further reinforce compliance with laws and regulations.

USS Code of Conduct and Ethics

Compliance with laws and regulations	We will strictly comply with laws and regulations (including internal rules and guidelines) concerning the operation of our businesses and will contact the Administration Division for assistance regarding any points that require clarification.
Respect for all individuals	We will not allow discrimination regarding race, ethnicity, nationality, gender, religion, other beliefs, disabilities, sexual orientation, gender identity and other personal characteristics. We are committed to maintaining a diverse workforce.
Relationships with business partners	USS Group executives and employees are prohibited from receiving unreasonable gifts and other benefits from auction members and business partners under any circumstances. Furthermore, services must be provided fairly with no particular auction member receiving special benefits.
Confidentiality	USS Group executives and employees are prohibited from disclosing to external parties any confidential corporate, internal and other information about companies, customers and business partners that has not been made public.
Antisocial organizations and associated individuals	The USS Group refuses to accept monetary and other demands from antisocial organizations and associated individuals and is prohibited from purchasing or placing advertisements in publications issued by shareholders meeting extortionists and other similar parties.
Conflicts of interest	USS Group executives and employees are prohibited from creating conflicts between their personal interests and the interests of auction members and causing a situation that results in this type of conflict.
Company and private affairs	USS Group executives and employees must maintain a clear separation between their duties at the Group and their personal affairs.
Sexual and power harassment	USS Group executives and employees are prohibited from engaging in sexual harassment, which seriously disrupts the atmosphere of workplaces. Individuals must not use their jobs for sexual demands, sexual statements or other activities that annoy others. Furthermore, individuals are prohibited from engaging in power harassment, which involves the use of their jobs and authority to make statements and demands that are detrimental to the dignity of others and the workplace environment.
Insider trading	The use of confidential information not yet disclosed to the public that was acquired through an individual's job at the USS Group for personal gain is a violation of the law and is strictly prohibited.
Protection of USS Group tangible and intangible assets	USS Group executives and employees are obligated to protect all categories of the Group's assets (information, merchandise, supplies, equipment, replacement supplies, brands, software, reputation for trust, and other tangible and intangible assets) and must not improperly or fraudulently use any of these assets.

Web For details regarding compliance, please see the URL below
https://www.ussnet.co.jp/en/sustainability/governance/compliance/index.html

Risk management

Risk Management System

We think that our Risk Management System is closely related to our Internal Compliance System, and we have established our “USS Code of Conduct and Ethics” to improve awareness of corporate ethics and comply with laws and regulations. We have created and published a “Compliance Manual” and conducted in-house training, etc., in an effort to comply with laws and regulations, social rules, and to firmly establish our corporate ethics. In addition, in order to promptly detect and correct behaviors and actions that violate or are contrary to it, we have established and are operating an internal reporting system for USS Group employees.

The Company’s Risk Management System consists of the Auction Management Headquarters for risks related to the auto auction business, the System Headquarters for risks related to information processing, and the General Headquarters for risks related to finance, personnel and disaster, etc. We always strive to respond to risks and prevent their recurrence, and have a system in place that reports to the President through the Director in charge who also reports to the Board of Directors about risks that affect management.

Anti-corruption

Corruption and bribery form one of the major risks that can seriously impair trust in a Company. In order to maintain a sound relationship with our members, traders and other stakeholders, we have clearly stated anti-corruption in the “Basic Policy for the Prevention of Corruption” and ensure that all of the employees of the USS Group are thoroughly aware of it.

Business continuity plan (BCP)

USS has a manual that prescribes responses to a major natural disaster. This manual includes items concerning responses to a large-scale earthquake and measures to be prepared for an earthquake. In addition, there are training programs to give everyone at USS a thorough understanding of the BCP.

Data management system for disasters

In order to protect transactional data from disasters, we have contracted with inland data centers with a low risk of earthquakes and tsunamis, and we have also arranged for an adequate system of backup facilities to be in place. The systems and data formats are standardized at each venue, and so, even if a disaster occurs in any specific location, the venues in the surrounding area will provide support and attempt to achieve a prompt recovery, and the handling of processes such as the settlement of money and fund transfers will be distributed to the surrounding area, we have established a system that will not become congested or delayed in such circumstances.

Respect for human rights and human rights due diligence

Basic approach to human rights

The USS Group recognizes respect for the human rights of everyone involved in its business activities as a key priority for the sustainable enhancement of corporate value. The USS Code of Conduct and Ethics prohibits discrimination on the basis of race, ethnicity, nationality, gender, religion, beliefs, disability, sexual orientation, gender identity, or other grounds and requires respect for individual dignity. Through measures including our internal reporting system and regulations on the prevention of harassment, we are also working to create a safe and secure working environment. No serious human rights violations were identified in fiscal 2025.

Across our value chain, including the auto auction and recycling businesses and the contractors and partner companies that support them, we identify and prioritize areas where our activities could adversely affect human rights. Key areas of focus include occupational health and safety in the recycling business, working conditions at contractors and partner companies, appropriate consideration for foreign workers, harassment and discrimination, and the protection of personal information and privacy. This approach is consistent with the United Nations Guiding Principles on Business and Human Rights.

Human rights due diligence

As part of our human rights due diligence, our business and administrative divisions work together to identify human rights risks specific to each business, assess their significance, implement measures to prevent and mitigate them, and monitor progress. In the recycling business, we place particular emphasis on ensuring workplace safety, managing labor and safety practices across contractors and partner companies, and providing appropriate training and communication support for foreign workers. We also operate an internal reporting system to identify concerns at an early stage and take appropriate corrective action. Significant reports are brought to the attention of the Board of Directors, and the Representative Director regularly reviews the operation of the system.

Going forward

We will continue to deepen our assessment of priority areas, particularly in the recycling business, improve practices across our operations and those of contractors and partner companies, strengthen support for a diverse workforce, and enhance our disclosures.

Chapter 6

Corporate Data

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Major Consolidated Financial Data (11 years) The fiscal year ends on March 31.

(Million yen)

Item	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Consolidated operating results											
Net sales	68,607	67,179	75,153	79,908	78,143	74,874	81,482	88,778	97,606	104,021	**113,854**
Operating profit	34,491	32,396	36,071	37,123	36,009	36,227	41,574	43,778	48,937	54,206	**59,847**
Ordinary profit	35,218	32,999	36,676	38,039	36,710	36,996	42,374	44,491	49,654	54,883	**60,590**
Profit attributable to owners of parent	22,477	22,909	24,285	25,543	20,634	4,022	29,745	30,008	32,906	37,636	**41,360**
Comprehensive income	22,473	22,895	25,132	25,848	20,764	4,628	31,187	30,458	33,262	37,845	**41,934**
Consolidated financial position											
Assets	186,831	197,374	222,292	232,703	219,133	210,699	229,354	242,352	271,557	267,348	**270,130**
Cash and deposits	62,290	74,778	39,622	51,352	50,729	67,770	79,380	92,692	109,009	113,219	**110,433**
Liabilities	31,647	38,176	50,102	49,168	35,153	37,175	46,880	48,198	72,535	59,993	**59,163**
Interest-bearing debt	255	4,092	3,569	3,112	3,060	3,174	2,828	2,420	2,665	2,246	**2,098**
Net assets	155,183	159,197	172,190	183,535	183,980	173,524	182,473	194,154	199,021	207,354	**210,966**
Equity capital	154,155	158,029	170,767	181,698	181,939	171,394	179,880	190,997	195,558	203,761	**207,078**
Per share data											
EPS (yen)	43.46	45.01	47.79	50.27	41.22	8.06	59.90	61.34	68.28	78.65	**88.78**
Dividends (yen)	20.40	23.20	23.90	25.20	27.70	27.75	33.10	33.75	37.70	43.40	**54.70**
Other											
Operating margin (%)	50.3	48.2	48.0	46.5	46.1	48.4	51.0	49.3	50.1	52.1	**52.6**
ROE (%)	15.1	14.7	14.8	14.5	11.3	2.3	16.9	16.2	17.0	18.9	**20.1**
ROA (%)	19.5	17.2	17.5	16.7	16.2	17.2	19.3	18.9	19.3	20.4	**22.5**
Dividend payout ratio (%)	47.0	51.5	50.1	50.1	67.0	344.5	55.0	55.0	55.1	55.0	**61.4**
Equity ratio (%)	82.5	80.1	76.8	78.1	83.0	81.3	78.4	78.8	72.0	76.2	**76.7**
Number of shares outstanding (excl. treasury shares) (thousand shares)	516,294	507,954	508,210	506,150	499,065	498,613	490,396	489,171	480,373	473,305	**464,297**
Treasury shares (thousand shares)	110,205	118,545	118,289	120,349	127,434	127,886	136,103	24,828	33,626	40,694	**9,702**
On-site auction members (excl. JBA)	46,850	47,111	47,362	48,723	48,182	48,058	48,362	48,490	48,123	48,160	**49,176**
CIS (Internet) auction members	29,512	29,966	30,337	31,639	31,998	32,538	33,359	33,934	34,367	35,148	**36,279**
Dedicated terminal auction members	3,101	2,894	2,623	2,468	2,342	2,197	2,081	1,981	1,774	1,964	**1,946**
Number of auction sites (excl. JBA)	17	17	19	19	19	19	19	19	19	19	**19**

Notes: * All CIS (Internet) and dedicated terminal members are also on-site members because on-site membership is a prerequisite for CIS (Internet) or dedicated terminal membership.
* Number of treasury shares includes the shares owned by the USS employee stock ownership plan trust.
* The data per share, the number of shares outstanding (excl. treasury shares) and the number of treasury shares are retroactively adjusted for the stock split effective April 1, 2024.
* The Company started using Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018), etc. at the beginning of the fiscal year ended March 2019. Assets and liabilities for the fiscal year ended March 2018 are retroactively revised.

Major Non-Financial Data

Environmental

CO_2 emissions	Scope of calculation		(Unit)	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1	Use of fossil fuels		t-CO_2	4,138	3,966	4,269	4,404	**4,126**
Scope 2	Purchased electricity and heat use		t-CO_2	12,597	11,737	9,807	9,462	**8,917**
Total of Scopes 1 and 2			t-CO_2	16,735	15,703	14,076	13,866	**13,043**
Scope 3	Category							
	1	Resource extraction, manufacturing and transportation related to purchased goods/services	t-CO_2	68,565	73,520	87,669	86,409	**93,303**
	2	Manufacturing and transportation of capital goods such as purchased equipment	t-CO_2	17,654	13,502	6,784	9,271	**40,729**
	3	Resource extraction, manufacturing and transportation related to purchased fuels/energy	t-CO_2	2,727	2,562	2,164	2,738	**2,904**
	4	Upstream transportation and distribution	t-CO_2	6,248	6,648	6,648	6,391	**6,620**
	5	Disposal of wastes discharged from business sites	t-CO_2	3,149	5,515	5,160	6,458	**3,718**
	6	Employee business travels	t-CO_2	166	146	147	153	**158**
	7	Employee commuting	t-CO_2	1,605	1,722	1,681	1,678	**1,714**
	8	Operation of assets leased to the USS Group	t-CO_2	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**
	9	Downstream transportation and distribution	t-CO_2	2,838	3,531	3,679	3,801	**4,188**
	10	Processing of intermediate products	t-CO_2	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**
	11	Use of sold products	t-CO_2	149,778	154,731	150,049	148,318	**140,263**
	12	End-of-life treatment of sold products	t-CO_2	1,609	1,370	1,520	1,563	**1,474**
	13	Operation of assets leased to other entities	t-CO_2	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**
	14	Operation of franchises	t-CO_2	2,030	2,101	2,190	2,174	**1,702**
	15	Investments	t-CO_2	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**
Total of Scope 3			t-CO_2	256,369	265,347	267,692	268,954	**296,773**
Total of Scopes 1, 2, and 3			t-CO_2	273,104	281,050	281,767	282,819	**309,815**
Energy Usage								
Gasoline			kl	585	564	605	671	**548**
Diesel Oil			kl	617	572	621	613	**592**
Kerosene			kl	79	80	111	85	**102**
LP Gas			t	268	262	268	279	**274**
Natural Gas			Thousand Nm^3	84	89	87	105	**117**
Electricity (Non-renewable energy)			MWh	27,560	25,587	22,987	21,365	**21,198**
Electricity (Renewable energy)			MWh	—	1,445	4,704	7,068	**7,522**
Waste and Recycling								
Waste rate			%	8.3	6	3.6	3.4	**5.8**
Metal recycling rate			%	43.7	52.4	54.2	60.2	**50.0**
Automotive recycling rate			%	100.0	100.0	100.0	100.0	**100.0**
Recycling rate (excl. materials containing asbestos)			%	94.3	94.3	96	95.6	**93.8**

Notes: * Scope: USS Co., Ltd. and all group companies (100% coverage ratio to consolidated sales)
* Period: Fiscal year (April-March)
* Guidance: The GHG Protocol "Corporate Accounting and Reporting Standard" & "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", Basic Guideline for calculating greenhouse gas emissions throughout the supply chain (ver. 2.6).
* Database: Basic Guideline for calculating greenhouse gas emissions throughout the supply chain (Ministry of the Environment, Japan), IDEA v.2, etc.
* Totals shown may differ from the simple sum of values shown due to rounding.
* CO_2 emissions shown as "not applicable" correspond to zero.

Social

Item	Breakdown	(Unit)	FY2021	FY2022	FY2023	FY2024	FY2025
Employees	Number of employees	People	681	684	677	695	725
	Male employees (ratio)	People	502 (74%)	508 (74%)	493 (73%)	512 (74%)	523 (72%)
	Female employees (ratio)	People	179 (26%)	176 (26%)	184 (27%)	183 (26%)	202 (28%)
	Average age of employees	Age	39.6	39.7	39.8	39.9	39.4
	Male employees	Age	41.7	41.6	41.8	41.7	41.4
	Female employees	Age	33.8	34.2	34.5	34.9	34.3
	Average years of service	Years	13.4	13.0	13.3	13.4	13.0
	Male employees	Years	14.9	14.2	14.6	14.7	14.4
	Female employees	Years	9.3	9.4	9.6	10.0	9.2
	Number of new hires	People	18	44	41	52	84
	Male employees (ratio)	People	11 (61%)	31 (70%)	22 (54%)	35 (67%)	44 (52%)
	Female employees (ratio)	People	7 (39%)	13 (30%)	19 (46%)	17 (33%)	40 (48%)
Management	Total number of managers	People	36	25	72	77	72
	Male employees (ratio)	People	36 (100%)	25 (100%)	72 (100%)	74 (96%)	68 (94%)
	Female employees (ratio)	People	0 (0%)	0 (0%)	0 (0%)	3 (4%)	4 (6%)
Management candidates*	Total number of management candidates	People	333	364	320	320	322
	Male employees (ratio)	People	287 (86%)	312 (86%)	260 (81%)	258 (81%)	259 (80%)
	Female employees (ratio)	People	46 (14%)	52 (14%)	60 (19%)	62 (19%)	63 (20%)
Childcare leave	Employees taking childcare leave	People	10	14	14	17	22
	Male employees (ratio)	People	4 (31%)	6 (55%)	5 (28%)	5 (39%)	11 (61%)
	Female employees (ratio)	People	6 (100%)	8 (100%)	9 (100%)	12 (100%)	11 (100%)
Paid leave	Percentage of paid leave taken	%	64.4	63.3	69.6	61.4	63.3
Overtime	Average monthly overtime	Hours	23.2	29.3	29.2	30.0	31.2
Regular employee turnover rate		%	4.7	6.0	6.0	5.1	7.5
Employment ratio of people with disabilities		%	2.09	2.48	2.25	2.47	2.73

Notes: * Since October 2023, management candidates have been defined as employees holding the positions of Assistant Manager, Section Chief, Senior Staff, or Deputy Senior Staff.
* Scope: USS Co., Ltd.

Governance

Composition of the Board of Directors	Scope of calculation	(Unit)	FY2021	FY2022	FY2023	FY2024	FY2025
Ratio of Outside Directors	Board of Directors	%	42.8	42.8	42.8	42.8	**42.8**
Ratio of Female Directors	Board of Directors	%	28.5	28.5	28.5	28.5	**28.5**
Ratio of Outside Auditors	Board of Corporate Auditors	%	100.0	100.0	100.0	100.0	**100.0**
Ratio of Outside Directors on the Nomination and Compensation Committee	Nomination and Compensation Committee	%	60.0	60.0	60.0	60.0	**60.0**

Financial analysis / market trends

Summary of consolidated results of operations / market trends

(Million yen)

Consolidated balance sheets	FY2024	FY2025
Current assets	144,641	**141,741**
Cash and deposits	113,219	**110,433**
Receivables due from member dealers at auction, etc.	31,421	**31,308**
Non-current assets	122,706	**128,389**
Property, plant and equipment	98,333	**101,880**
Other	24,373	**26,508**
Total assets	267,348	**270,130**
Current liabilities	51,151	**52,169**
Payables due to member dealers at auction	30,005	**27,992**
Other	21,145	**24,177**
Non-current liabilities	8,842	**6,993**
Total liabilities	59,993	**59,163**
Total net assets	207,354	**210,966**
Total liabilities and net assets	267,348	**270,130**

(Million yen)

Consolidated statements of cash flows	FY2024	FY2025	Changes
Net cash provided by (used in) operating activities	38,157	**43,913**	5,755
Net cash provided by (used in) investing activities	(5,995)	**(21,271)**	(15,275)
Free cash flow	32,162	**22,642**	(9,519)
Net cash provided by (used in) financing activities	(29,951)	**(38,428)**	(8,476)
Capital expenditures (terms of cash flows)	4,270	**11,038**	6,768
Depreciation	4,637	**5,070**	433

(Million yen)

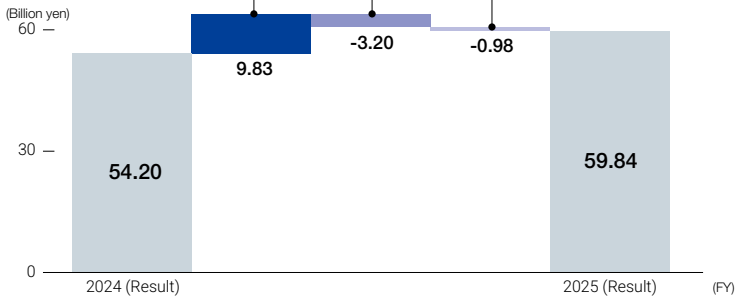
Consolidated statements of income	FY2024	FY2025
Net sales	104,021	**113,854**
Cost of sales	39,199	**42,402**
Gross profit	64,821	**71,451**
Selling, general and administrative expenses	10,615	**11,603**
Operating profit	54,206	**59,847**
Non-operating income	881	**933**
Non-operating expenses	204	**191**
Ordinary profit	54,883	**60,590**
Extraordinary income	326	**497**
Extraordinary losses	254	**509**
Profit before income taxes	54,955	**60,578**
Income taxes	16,966	**18,673**
Profit	37,988	**41,905**
Profit attributable to non-controlling interests	352	**544**
Profit attributable to owners of parent	37,636	**41,360**

Analysis of change in operating profit

Net sales
- Increase in vehicles consigned ····· ¥6.38 billion
- Increase in recycling ····· ¥1.88 billion
- Increase in fee rates ····· ¥0.71 billion
- Increase in CIS auction members ··· ¥0.34 billion

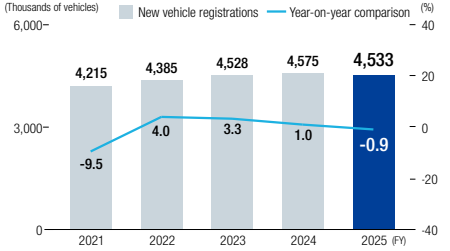
Cost of sales
- Increase in outsourcing expenses ··· ¥-0.99 billion
- Increase in purchases ····· ¥-0.85 billion
- Increase in cost of raw materials purchased ····· ¥-0.54 billion
- Increase in depreciation ····· ¥-0.40 billion

SG&A expenses
- Increase in taxes and public levies ··· ¥-0.28 billion
- Increase in employee salaries and bonuses ····· ¥-0.14 billion
- Increase in sales promotion expenses ····· ¥-0.12 billion
- Increase in communication costs ··· ¥-0.07 billion

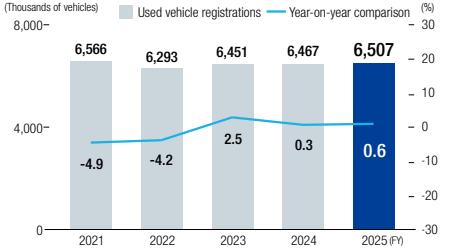


Market trends

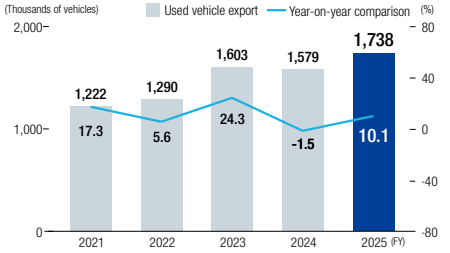
New vehicle registrations and year-on-year comparison



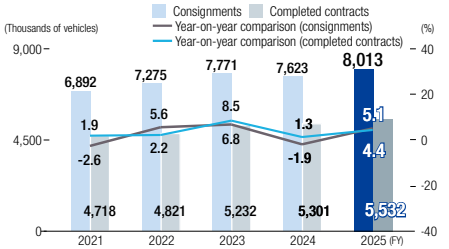
Used vehicle registrations and year-on-year comparison



Used vehicle export and year-on-year comparison



AA market: Consignments, completed contracts, and year-on-year comparison



Note: Figures for the consignments and completed contracts in the AA market for fiscal 2021 have been revised based on corrections to the figures made public by USEDCAR Co., Ltd.

Corporate Profile / Investor Information

Corporate profile (as of March 31, 2026)

Company Name	USS Co., Ltd.
Head Office	507-20 Shinpo-machi, Tokai-shi, Aichi 476-0005 Japan
Established	October 29, 1980
Representatives	Chairman and Representative Director, Chief Executive Officer: Yukihiro Ando President and Representative Director, Chief Operating Officer: Dai Seta
Capital	18,881 million yen
Business	Management of used vehicle auctions

Group companies

US Butsuryu Co., Ltd.
507-20 Shinpo-machi, Tokai-shi, Aichi 476-0005 Japan

USS Support Service Co., Ltd.
507-20 Shinpo-machi, Tokai-shi, Aichi 476-0005 Japan

Japan Bike Auction Co., Ltd.
9-17-2 Daikoku-cho, Tsurumi-ku, Yokohama-shi, Kanagawa 230-0053 Japan

Rabbit Car Network Co., Ltd.
1F, officeCIS, 3-2-1 Rinkai-cho, Edogawa-ku, Tokyo 134-0086 Japan

Reproworld Co., Ltd.
1830 Funagata, Noda-shi, Chiba 270-0233 Japan

ARBIZ Co., Ltd.
14-24 Showa-cho, Minato-ku, Nagoya-shi, Aichi 455-0026 Japan

SMART Inc.
TOMITA.BLD 203, 2-5 Ushijima-cho, Nishi-ku, Nagoya-shi, Aichi 451-0046 Japan

Auction site

Hokkaido / Tohoku

USS SAPPORO
71-9 Kakuyama, Ebetsu-shi, Hokkaido 067-0052

USS TOHOKU
128 Banzaki, Ashitate, Murata-machi, Shibata-gun, Miyagi 989-1311

Kanto

USS GUNMA
387 Naka, Fujioka-shi, Gunma 375-0005

USS TOKYO
5653 Kimagase, Noda-shi, Chiba 270-0222

JAA
3-3-3 Rinkai-cho, Edogawa-ku, Tokyo 134-8577

USS SAITAMA
3093-1 Miyadera, Iruma-shi, Saitama 358-0014

USS YOKOHAMA
9-20 Daikoku-cho, Tsurumi-ku, Yokohama-shi, Kanagawa 230-0053

Chubu

USS NIIGATA
1-1 Shinkou-cho, Mitsuke-shi, Niigata 954-0076

USS SHIZUOKA
862-1 Kuno, Fukuroi-shi, Shizuoka 437-0061

USS HOKURIKU
377-6 Ka, Minato-machi, Hakusan-shi, Ishikawa 929-0217

USS NAGOYA
507-20 Shinpo-machi, Tokai-shi, Aichi 476-0005

USS-R NAGOYA
507-52 Shinpo-machi, Tokai-shi, Aichi 476-0005

Kinki

USS OSAKA
2-7-106 Nakashima, Nishiyodogawa-ku, Osaka-shi, Osaka 555-0041

USS KOBE
1-4-6 Minatojima, Chuo-ku, Kobe-shi, Hyogo 650-0045

HAA KOBE
21-1 Onohama-cho, Chuo-ku, Kobe-shi, Hyogo 651-0082

Chugoku/Shikoku

USS OKAYAMA
554-1 Nagao, Akaiwa-shi, Okayama 709-0823

USS SHIKOKU
57 Kou, Kitaumemoto-machi, Matsuyama-shi, Ehime 791-0242

Kyushu / Okinawa

USS FUKUOKA
139-1 Nishioda, Chikushino-shi, Fukuoka 818-0032

USS KYUSHU
710-1 Hinokuchi, Sakainishi-machi, Tosu-shi, Saga 841-0042

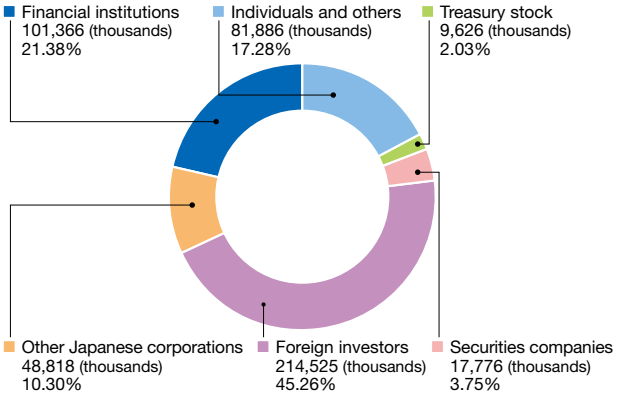
KAGOSHIMA SITE
4-4 Nanei, Kagoshima-shi, Kagoshima 891-0122

Stock information (as of March 31, 2026)

Number of shares and shareholders

Number of authorized shares:	2,000,000,000
Number of shares issued:	474,000,000
Number of shares per unit:	100
Number of shareholders:	49,739

Breakdown of Shareholders



Major Shareholders (Top 10)

Shareholder	Number of Shares	Shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	66,730,200	14.36%
STATE STREET BANK AND TRUST COMPANY 505001	32,545,085	7.00%
Custody Bank of Japan, Ltd. (Trust Account)	23,009,300	4.95%
Mamoru Seta	18,400,000	3.96%
Hattori Motors Co., Ltd.	14,560,000	3.13%
Hattori International Scholarship Foundation	14,500,000	3.12%
Dai Seta	14,201,800	3.05%
Yukihiro Ando	13,863,200	2.98%
EIGHTEEN Inc.	12,000,000	2.58%
JP MORGAN CHASE BANK 380055	9,897,246	2.13%

* The number of shares used to calculate shareholding ratios does not include 9,626 thousand shares of treasury stock.
* Regarding major shareholders, the number of shares held by Mr. Mamoru Seta and Hattori Motors Co., Ltd., whose actual ownership USS has been able to confirm, are shown combined (by name). However, other shareholdings are listed as stated in the shareholder register.



USS Co., Ltd.

507-20 Shinpo-machi, Tokai-shi, Aichi 476-0005 Japan

https://www.ussnet.co.jp/en/