Integrated Report 2024

Aucnet Inc.

Integrated Report

FY2024

AUCNET GROUP

40th Anniversary

Our Mission

Mission Statement

Market Design to Connect Values

Leveraging “circular commerce” to maximize our potential and create more customers around the world.
We are your market design partner.

By providing appropriate information to both sellers and buyers, we create what we call a “circular commerce market,” in which goods are repeatedly circulated. Since our establishment, we have always sought after providing authentic services that make changes for the better, not only in the industry, but in society as a whole. Through market design, we will not only increase existing value but change goods and things that have never been redistributed before to commercial products.
We will continue to find new values by co-creating with our partners who believe that “the life of a product continues even after it has been sold.”

At AUCNET, we are working together to create a world where value is connected and reconnected over and over again.



Our Vision

Philosophy

Authenticism

We will contribute to the development of the industry and the improvement of social life by constantly pursuing the question, “What is Authentic Service?”

Great results emerge only from one’s own singlehanded struggle to create ——
Taking it easy and imitating others will not yield good results.

With these words, founder Masataka Fujisaki launched Japan’s first online used car auction, amid opposition from the industry to the then unthinkable practice of buying and selling cars without seeing the actual vehicles. The concept of “authenticism,” which entails thinking outside the box, keeping an eye on industry developments, and pursuing authentic service for our customers, remains at the heart of our business.

Five Values

Our Five Action Guidelines

1. Principle of Customer Focus

Based on the motto “Spirit of service,” always keep courteous interaction in mind.

2. Principle of Innovation

Break out of the status quo, always creating new value with new ideas.

3. Principle of Speed

“Time is money.” The most significant management resource is time.
Do it immediately once it is decided.

4. Principle of Action Focus

Talent means people who keep challenging themselves and carry on through to new knowledge and experience.

5. Principle of Effective Communication

Work in friendly and enjoyable ways to prevent sectionalism.



40th Anniversary

Aucnet celebrated its 40th anniversary in 2025. Under the new slogan of **"We can circulate goods better, together,"** we express our **new resolution for the future** to take on the challenge of realizing a circular society together with our partners around the world, beyond borders and business domains, based on the know-how and ideas we have built up until now. Additionally, this photo, which expresses a perspective expanding to a 360-degree field of view, intuitively conveys the dynamism of "circulation," and powerfully expresses **our challenge to a circular society and its potential**.

https://www.aucnet.co.jp/40th/ (Japanese only)

Our History



Hino Contessa 900 he sold

Three-line car-for-sale ad

The Story So Far

What is useless to one person is valuable to another

When founder Masataka Fujisaki placed a test ad to sell his beloved car, he was inundated with far more inquiries than he expected. Intuitively sensing business opportunity from this experience, he stepped into the used car industry. This was the impetus for the founding of Aucnet.

1985 ▶

Used car (Automobile Business)

In 1985, we launched an innovative auction system, which succeeded in eliminating market inefficiencies and revolutionized the distribution system. After that, by providing all sorts of services, in addition to developing evaluation standards for used vehicle and turning our inspection department into an independent company (now AIS Inc.), we have achieved total support for used vehicle distribution.

Characteristic of product	×	Characteristic of players
High-level skills and reliability required for vehicle inspections		Many players do not possess specialized knowledge

◀ 1993

Used motorcycle (Motorcycle Business)

We started used motorcycle auctions in 1993, when there was still no nationwide distribution of used motorcycles in Japan, by taking advantage of expertise we had accumulated up to then, which was very much appreciated by many members for our groundbreaking services such as the introduction of nation-wide fixed land-based transportation fees.

Characteristic of product	×	Characteristic of players
High transport costs and limited distribution network		Demand for a wide range of purchase options

1997 ▶

Flower (Agricultural Business)

In 1997, when it was still common for florists to visit the market three times a week early in the morning, we launched the industry's first auction allowing florists to bid online from their shops or homes. To solve problems causing inefficient and unfair distribution for both growers and florists as well as management challenges, we expanded our business domain.

Characteristic of product	×	Characteristic of players
Distribution that does not compromise freshness is essential		Many small businesses face management challenges

2005 ▶

Used PC (Digital Product Business)

In the distribution of used PCs, which information security is an important issue, we were able to realize auction transactions in 2005 by forming a capital alliance with a company specialized in data erasure for digital devices to utilize reliable data erasure software, in addition to utilizing our inspection expertise for used vehicles.

Characteristic of product	×	Characteristic of players
Security support with residual data erasure required		High demand from overseas buyers

◀ 2008

Pre-owned luxury brand item

(Fashion Resale Business)

In the pre-owned luxury brand item market, where trading used to be conducted in a confined manner, in 2008, we launched pre-owned online luxury brand item auctions where anyone could participate while inspecting and grading the goods, and this had a significant impact on the luxury brand industry, which was struggling at the time.

Characteristic of product	×	Characteristic of players
High-level inspection, testing, and grading capabilities required		Buyers are present around the world

2011 ▶

Used medical equipment

(current Circular Commerce Business)

Our medical-related business, launched in 2011 with the aim of contributing to reducing the burden of capital investment by supporting medical institutions by properly distributing used medical equipment, operates the only medical equipment auction in Japan.

Characteristic of product	×	Characteristic of players
High capital investment required		Highly specialized and limited distribution network

◀ 2023

Circular commerce* (Circular Commerce Business)

Our medical-related business, which had been involved in the circular commerce area, was renamed the Circular Commerce Business. We aim to create new circulation and value with a focus on “Selloop,” which offers consulting and BPO services that provide comprehensive support to primary distribution companies developing secondary distribution systems.

* Business activity related to circular distribution through the integration of primary and secondary distribution

Characteristic of product	×	Characteristic of players
A new circular market required		Do not possess expertise in secondary distribution

Now & Tomorrow

Lifestyle Products

The Digital Product Business and the Fashion Resale Business, which have widened the range of products handled and expanded their business domains while establishing core competence, will continue to expand their business opportunities toward broadening our business overseas as well as expanding and promoting services for consumers as the Lifestyle Product Segment.

Mobility&Energy

The Automobile Business and the Motorcycle Business, which have continued steady growth and contributed to the horizontal development into other businesses with their accumulated expertise, aim to expand and promote services in the new next generation mobility field as the Mobility & Energy Segment in order to contribute to the realization of a sustainable and efficient society.

Other

We will contribute to the realization of a circular economy by operating the Agricultural Business handling flowers, etc., the Circular Commerce Business realizing the circulation of various products, and Selloop providing support to distribution companies, as well as by creating other new businesses.

Pursuit of Circular Economy

Aiming for a society where valuable goods circulate

As the social significance of the circular economy, which recycles goods instead of throwing them away, becomes greater, we aim to optimize the entire circulation by finding value in all goods and things in the world, maximizing the potential of reuse, and designing a market for circulating them.

Expansion of Sustainable Market

Striving for new distribution through repurposing

By combining the potential of repurposing, which gives new purpose and value to goods that have been repeatedly reused and discarded and attempts to further reuse them, and the distribution expertise that we have accumulated since the founding of our company, we will build a repurposing distribution system that will lead to the expansion of a sustainable market.

The future of Aucnet

We will not only increase existing value but also find new value in goods and things that have never been redistributed before, co-creating a fair market and a system with our partners. Each and every employee thinks about what one can do to realize “Market Design to Connect Values” and work hard every day to provide higher-quality services.



Hiroshi Kuroda

Digital Products Business Headquarters
Lifestyle Product Business Division

I aim to realize a market in which people from a variety of business categories from all over the world can participate equitably and fairly by eliminating information asymmetry.



Rurina Ono

Fashion Resale Business Headquarters
Lifestyle Product Business Division

I analyze the needs of our members to create an environment where demand and supply can easily match. Through functional enhancements and system improvements, I endeavor to provide valuable experiences for both parties.



Kiyoshi Koya

Automobile Business Headquarters
Mobility & Energy Division

When planning a product, I always work while keeping in mind what is needed and what its user wants, in order to deliver valuable goods to people who need them.



Megumi Kushida

Agricultural Business Headquarters
Business Management Division

I try to constantly think about how we can achieve better distribution through identifying issues faced by various stakeholders involved in agribusiness.



Akira Ishizawa

Motorcycle Business Headquarters
Mobility & Energy Division

I make it a habit to look into good examples set by other divisions or companies and think about how we can apply them to the services I take care of. I am always conscious of approaching my work with a desire to learn more.



Yasuhiko Takeuchi

Circular Commerce Business Office
Circular Commerce Business Division

As I work alongside and support our client companies, I make sure to delve deeply into industry challenges and individual challenges, and think about them in detail as if I myself were facing them.

Story of Integrated Report 2024

We publish an Integrated Report once a year as a key communication tool with our stakeholders. This integrated report presents financial and non-financial information centered on our value creation story for sustainable growth in an integrally arranged manner.



1

Section
1 Introduction

P.1-11

This section explains our current position and goals as a market design company, focusing on the values that Aucnet cherishes.

2



Section
2 Value Creation Story

P.12-26

This section explains the strengths and uniqueness of Aucnet that works to solve social issues through its business activities, with a particular focus on the vision behind Blue Print 2027, our new medium-term management plan, and the themes to be addressed for its value creation.



3

Section
3 Co-Creation with Our Stakeholders

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This section explains the policies and initiatives of Aucnet, which continues to co-create value with its stakeholders, based on specific examples and results.

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Section

5 Mechanisms to Promote Value Creation

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This section introduces the mechanisms that promote value creation for the sustainable growth of Aucnet, focusing on an outside directors roundtable discussion and messages from our directors.

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Editorial Policy

In order to promote dialogue with our various stakeholders, including shareholders and investors, we have been producing and publishing an an integrated report. This integrated report includes our value creation story, the purpose of our existence, as well as our approach to solving social issues and enhancing corporate value, based on our sustainability policy "Circulate things of value in the global environment - Circulation Engine." We have tried to keep the information short and concise so that it can be easily understood by a wide range of stakeholders, so please also see our website for more details.

Cautionary Note Regarding Forward-Looking Statements

Forward-looking statements in this integrated report, such as business forecasts, are deemed reasonable based on information available to the company at the time of report production, but are subject to uncertainties. Actual results may differ due to various future factors.

Organizations Subject to Reporting

(As of December 31, 2024)

Aucnet Inc. and its domestic and overseas consolidated subsidiaries

Reference Guidelines

· IFRS Foundation's International Integrated Reporting Framework
· Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Guidelines

Reporting Period

January 1 to December 31, 2024
(Some information outside of the reporting period is included.)

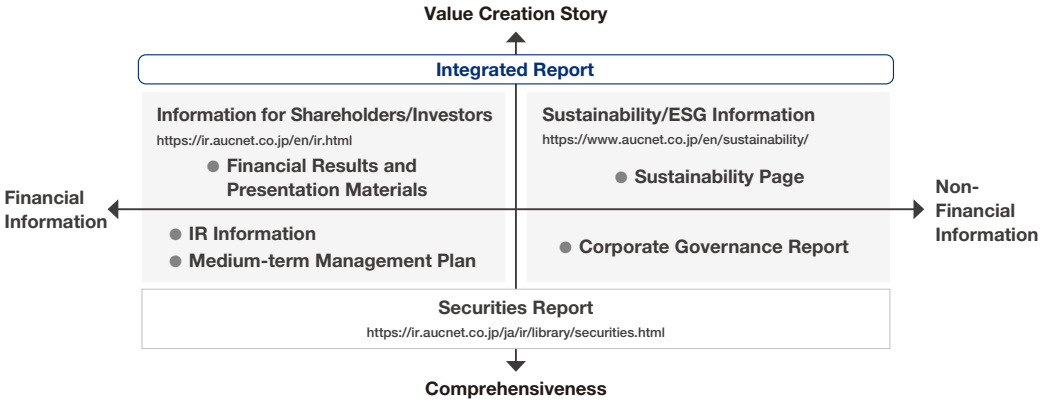
Issued

June 2025

Contact for Inquiries

Corporate Administration Department, Aucnet, Inc.
Inquiry Form
https://cloud.swcms.net/ir-aucnetPublic/en/ir/inquiry2.html

Information Disclosure Chart



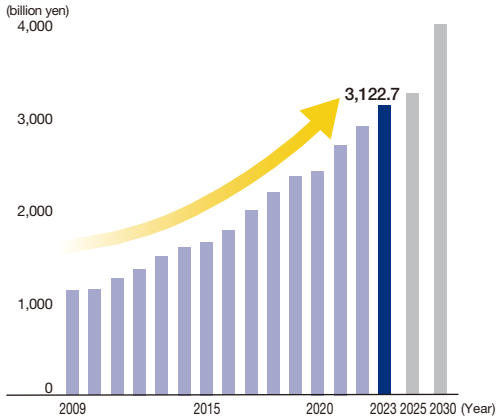
Market Environment Surrounding Aucnet

Expansion of Reuse Market Size

Reuse has the advantage of improving resource and energy efficiency by extending service lives of products and reducing waste, which has been attracting attention in recent years with growing awareness of sustainability. The size of the domestic reuse market in 2023 was estimated to be approximately 3.1 trillion yen*1, up 7.8% from the previous year, and this growth trend is expected to continue in the future.

*1 Source: Reuse Economic Journal "Estimated Market Size of Reuse Industry 2024 (2023 edition)"

Reuse market size trends and forecast



Growth of an Overseas Market

With a background of growing worldwide interest in sustainability, various countries, particularly those in Europe, have accelerated their efforts to promote sustainability, and the reuse market overseas has been expanding year by year. Products used in Japan are called "USED IN JAPAN," and due to their good situation, they are extremely popular and actively traded overseas.

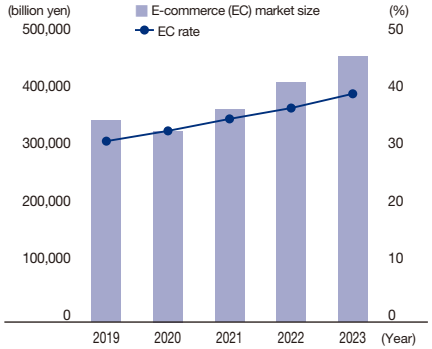


Expansion of Online Auctions

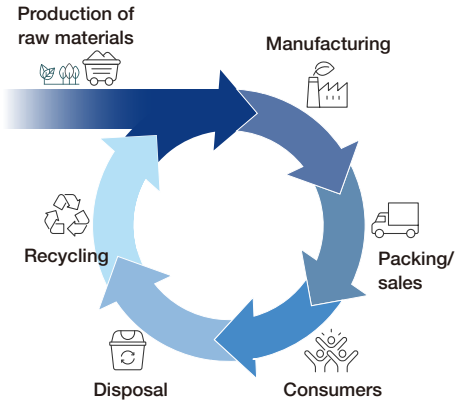
Due to growing awareness of solutions to social issues and the spread of COVID-19 infections, online transactions have continued to expand, with the size of the BtoB-EC market in 2023 reaching 465.2 trillion yen (up 10.7% from the previous year)*2. Likewise, in the auction industry, where traditionally, it was common for buyers to visit a venue and make purchases in person, online auctions are gaining attention.

*2 Source: FY2023 E-Commerce Market Research Report (Ministry of Economy, Trade and Industry)

Changes in BtoB-EC market scale



Acceleration of Circular Economy



The circular economy is business activity that efficiently circulates resources within a cycle of production, consumption and disposal, and it is also an initiative to maximize the value of resources and products, minimize consumption, and prevent waste generation, in order to achieve both a sustainable society and economic growth. As the Growth-Oriented Resource Autonomous Economic Strategy was formulated in Japan as well, the transition to a circular economy is accelerating.

Source: Created by Aucnet based on Growth-Oriented "Circular Economy" System for Circulation of Resources (Ministry of Economy, Trade and Industry)

Aucnet at a Glance (FY2024)

Aggregate Market Value*1
¥66.142 billion
YoY +46.3%

Net Sales
¥55.910 billion
YoY +29.1%

Operating profit
¥7.005 billion
YoY +5.1%

Number of employees (consolidated)
1,060 members
YoY +20.7%

Important Management Indicators

GCV*2
¥682.8 billion
YoY +13.9%

EBITDA
¥7.879 billion
YoY +5.8%

ROE
18.7%
YoY –0.9pt

Dividend Payout Ratio
40.3%
YoY +10.2pt

Distribution Scale

Total Transaction Amount
¥641.4 billion
YoY +14.3%

Environmental Contribution Amount
¥41.3 billion
YoY +7.9%

Number of Vehicles/ Items Auctioned per Year
5.01 million*3
YoY +2.5%

Number of Members
40,049 members
YoY +4.1%

Countries and Regions Where Our Members Are Located
76 countries and regions
YoY +15.2%

*1 It was calculated by multiplying the stock price as of the end of December 2024 by the total number of shares issued and outstanding as of the end of December 2024.
*2 Gross circulation value (GCV): Aucnet's proprietary indicator showing in monetary terms the impact of business activities on the economy and the environment https://www.aucnet.co.jp/en/sustainability/GCV/
*3 Except for shared inventory of the Automobile Business and the Motorcycle Business, and AUC BRAND MALL items of the Fashion Resale Business

CEO MESSAGE

“Build Our Overwhelming Competitive Edge through “Circular-Tech” to Establish Circular Business Globally. We Will Create the Future of Circular Economy.”

Shinichiro Fujisaki
Representative Director and President & CEO



Further Sharpening Our Uniqueness

Aucnet celebrated its 40th anniversary in June 2025. Looking back, after launching the world’s first used vehicle TV auctions, we have been carving out a history of growth, while expanding our product range to cover used motorcycles, flowers, digital products, pre-owned luxury brand items, and medical equipment. Our business activities are not limited to Japan, with our transaction amount having grown to 641.4 billion yen and our global membership network including more than 40,000 companies. We are carrying out our business in 76 countries and regions (as of December 2024).

The biggest reason why the platform we provide is supported by our customers lies in its high reliability achieved by rigorous inspection and grading. By inspecting over 5 million products a year according to strict standards, we are achieving secure transactions of reused goods across countries.

CEO MESSAGE

What lies at the heart of our business is “Authenticism,” which is the pursuit of the question, “What is Authentic Service?” Since our founding, we have built a solid position in the reuse industry both in Japan and overseas, and continued to take on new challenges without being bound by the status quo, transforming online auctions from simple intermediary business to value-adding business that includes peripheral services.

There are many companies that handle auction-based distribution with a small number of items. However, a company that operates circular platform business handling a diverse range of products on a global scale like us is extremely rare even in the world. The uniqueness that we have sharpened over the past 40 years has become such an overwhelming competitive advantage that our competitors cannot enter the industry or follow us. Taking advantage of the growing interest in reuse in recent years, we aim to continue to expand our business as a role model optimizing the very business that contributes to the environment by leveraging our unique competitive advantages.



From Value-adding Business to Circulation-based Business

Our medium-term management plan is named Blue Print with the meaning of a “blue print” depicting a medium- to long-term vision. Blue Print 2025, our previous medium-term management plan was made public in May 2022, but it was formulated for internal use in 2021. At that time, as the social environment was changing dramatically due to the COVID-19 pandemic, we felt that our company’s role was also changing, which moved us to begin formulating our medium-term management plan. As such, we took time to newly clarify the situation, and then reassess the future we wanted to realize and the right direction we should head in.

With growing interest in sustainability, people’s values regarding reused goods have changed and came to entail their wish to contribute to the environment through using them, in addition to their affordability. Based on the results of such changes and response to them, we issued our mission statement “Market Design to Connect Values” in 2023. This was the declaration that we would design a new circular market in cooperation with our members and partners, utilizing our expertise in designing many markets for the distribution of reused goods. At the same time, this represented our transformation from value-adding business to circulation-based business.

As for the summary of Blue Print 2025, we achieved increased sales and profits for four consecutive years from the fiscal 2021. In addition to further growing our existing businesses by riding a wave of digital transformation that accelerated during the COVID-19 pandemic, we directed our efforts to expanding the scale of the entire group through M&A and strengthening the co-creation of businesses with partners. In terms of numerical targets, we mostly achieved ROE of 20% and a dividend payout ratio of 30%. However, we have not yet achieved GCV of 1 trillion yen and EBITDA of 10 billion yen, despite their steady growth. Regarding Gross Circulation Value (GCV), we will continue to aim to expand it as a long-term target, rather than a medium-term quantitative target.

Making Ourselves Master of Circular Commerce with Circular-Tech

Based on the state of progress and issues up to fiscal 2024, we formulated Blue Print 2027, our new medium-term management plan, a three-year plan starting from fiscal 2025, in the form of updating Blue Print 2025.

As the global trend of shifting to a circular economy, consumers have come to support reuse as an “extension of use” in recent years, resulting in the reuse market coming under the spotlight. Under this situation, we discussed “what kind of existence we want to be” in the medium-term once again within the company, after which we set out “Working with partners worldwide to shape the future of the circular economy” as our vision in Blue Print 2027. Without being bound by an existing framework, we are determined to work with our partners to co-create solutions that will lead to solving the issues of our customers and society on a global scale, and to evolve into an indispensable presence in the circular economy.

We recognize that fiscal 2025 is a landmark year for us to achieve a full-scale transformation from a matching business to a circular business. The traditional matching business was about connecting dots, but going forward, we will view all aspects of circular commerce related to the circulation of goods as an opportunity. By leveraging the expertise, we have cultivated in the auction business as a third party in many fields, we will propose product development based on the premise of the circulation of goods as well as the optimization of the entire circulation, including recycling, as added value.

Over the past few years, we have strengthened co-creation with partners, and we came to see new pillars of growth beginning to emerge. Our secondary distribution support service “Selloop” is a circular business produced though co-creation with a partner, which provides consulting and PoC[*1] support. In addition to collaborating with SENSHUKAI Co., Ltd. to offer a home delivery purchase service for unneeded items, we are advancing PoC for the reuse and distribution of office furniture with ITOKI SHARED VALUE CO., LTD. For example, in the Digital

CEO MESSAGE

Product Business, we provide partner companies with AI-based resale price predictions and a trade-in system. To strengthen our auction platform, through the co-creation with UTokyo Economic Consulting Inc. (UTEcon), we designed a new auction rule system based on auction theory*2 and implemented it as the only one hybrid platform of its kind in the world.

To ultimately improve circular commerce and further demonstrate overwhelming competitive advantage that other companies cannot follow, I believe it is important to combine the three elements of technology, expertise, and partners, which we have cultivated up until now. In Blue Print 2027, we call this combination “Circular-Tech,” and plan to maximize our roles to play in circulation by providing circulation support services that our competitors cannot possess. In Blue Print 2027 also, we will continue to select and focus resources to realize the winning formula for business growth that we have identified, toward achieving EBITDA of 10 billion yen.

*1 PoC (Proof of Concept): Testing the feasibility of new ideas, technologies, etc.
*2 Auction theory: Study to analyze auctions and design more efficient markets with higher expected revenues.

Aiming to Be an Organization where the Company and Its Employees Grow Together

As a key implementation item of the 2025 management policy, we will set out “Aiming to be an organization where the company and its employees grow together,” working to update our organization and corporate culture.
In auction management, it is essential to constantly update auction rules to maintain fairness that satisfies both sellers and winning bidders as well as to eliminate information asymmetry, but what is needed here is actual experience cultivated over many years in the field. I think that the reason why emerging IT companies cannot grow as they expected after opening auction websites with their power of networks lies in lack this kind of knowledge.

For the 20 years after our founding, since the operation of used car auctions and business activities for them served as our company’s backbone, we used to have a traditional vertical organizational culture and corporate atmosphere. However, after that, we came to plan new businesses based on the knowledge we had cultivated in the used vehicle business, and we have been blessed with an increase in human resources who are good at marketing. Currently, we have a diverse range of human resources, from people who carry out operations and sales in a traditional manner, and those who can see our business from a higher perspective, to entrepreneurs who are skilled in new businesses.

Most recently, with the acceleration of M&A and global expansion, it has become increasingly important to build an organization where various human resources can work in a wide range of fields, such as development, strategy, sales, auction management, inspection and grading, in line with the expansion of our business. Originally, Aucnet has focused on the sharing of values, including Shoken-Roku, the writings left to us by our founder and my father, Masataka Fujisaki, and such efforts to instill DNA have been serving as a unifying force amid the organizational expansion. Over the past 10 years or so, our organization has changed to allow people who have produced good results to be properly evaluated, and 2024’s revision of the personnel system is part of such movement. We have taken the system revision as a great opportunity to make a major shift toward management that provides growth support to employees, and are working to transform our organization into the one that allows superiors and subordinates to thoroughly discuss the goals and growth stories of the company and departments.

Aucnet’s business is very unique one even within the reuse industry, which allows the combination of various elements. We have the foundation to create new systems that do not exist in the world, and we want our employees to acquire one and only skill and build their careers here at our company.



Identification of Material Issues and Future Policy

With the Sustainability Committee playing a central role, we worked to clarify the items to be addressed by the company, and after making a report to the Board of Directors, we identified our material issues. Their contents are also related to Blue Print 2027, and our proprietary indicator GCV is used as a KPI. We examined the issues to be addressed from the perspectives of both our customers and social issues, while considering what is important not only to us but also to all stakeholders, and have positioned “Realizing a circular economy society” as the most important one. Under our sustainability policy, “Circulation Engine: Circulating valuable goods on a global scale,” we will further deepen sustainability management integrated with our main business.

I hope you will look forward to the further development of Aucnet, which will continue to grow as a circular market design company.

Identification of Material Issues

In the midst of the dramatic changes of the environment surrounding our business, in order to achieve sustainable growth, we have identified (important) material issues to be addressed from the perspective of customers and social issues, based on Blue Print 2027, our new medium-term management plan. Among them, “Realizing a circular economy society” is positioned as the most important issue for stakeholders and Aucnet. Achieving our long-term goal of 1 trillion yen GCV means achieving both economic expansion and contribution to the environment, and since this also means that we can aim for a sustainable society, we believe that we will come closer to the realization of a circular economy society.

The Sustainability Committee will continue to discuss announcement of the details on KPIs and various issues aimed at resolving material issues, and will continue to revise and deepen measures according to the situation and disclose them progressively.

Process of Identifying Material Issues

STEP 1

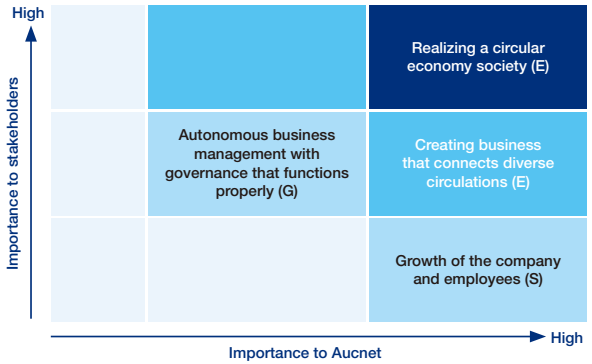
Extraction of items subjected to evaluation that are candidates for material issues

Items that should be addressed from the perspective of customers and social issues were listed in the light of Blue Print 2027, with consideration given to their relevance to our value chain.

STEP 2

Importance assessment

The listed items were grouped into categories, and then they were assessed on the two axes: “importance to stakeholders” and “importance to Aucnet,” and plotted.



STEP 3

Planning and approval

The items assessed in STEP 2 were examined several times by the Sustainability Committee and determined as important issues.

Materiality themes and measures

KGI: GCV of ¥1 trillion

	Theme	Economic value	Environmental value	Specific measures
E	Realization of a circular economy society	Expanding the scale of related markets through the transition to a circular economy	Reducing environmental impact through recycling resources and maximizing the use period of goods	· Active utilization of technology for circular business · Evolution of GCV
E	Creating business that connects diverse circulations	Acquiring growth opportunities through collaboration with new partners and new business opportunities	Realizing a sustainable society by balancing profit opportunities with the reduction of environmental impact	· Contributing to sustainability through partnerships that generate businesses to distribute intangible assets · Connecting competitive edges with stories to create customer value
S	Growth of the company and employees	Realization of high productivity by embodying our philosophy of “Authenticism”	Resolving social issues by collaborating with partners and diverse human resources to create innovation	· Thoroughly implementing actions that embody our philosophy · Enhancing management skills · Praising proactive initiatives
G	Autonomous business management with governance that functions properly	Improving corporate value by thoroughly implementing risk management that eliminates opaque processes	Ensuring transparency and fulfilling accountability by improving group governance	· Fostering a management mindset in each and every employee · Establishing a group governance system

Value Creation Process

Mission Statement

Market Design to Connect Values

Market Environment

Higher social expectations for the circular economy and reuse markets, growing demand for online transactions

INPUT

Financial Capital
Stable cash and free cash flow

Human Capital
Human resources to create innovation

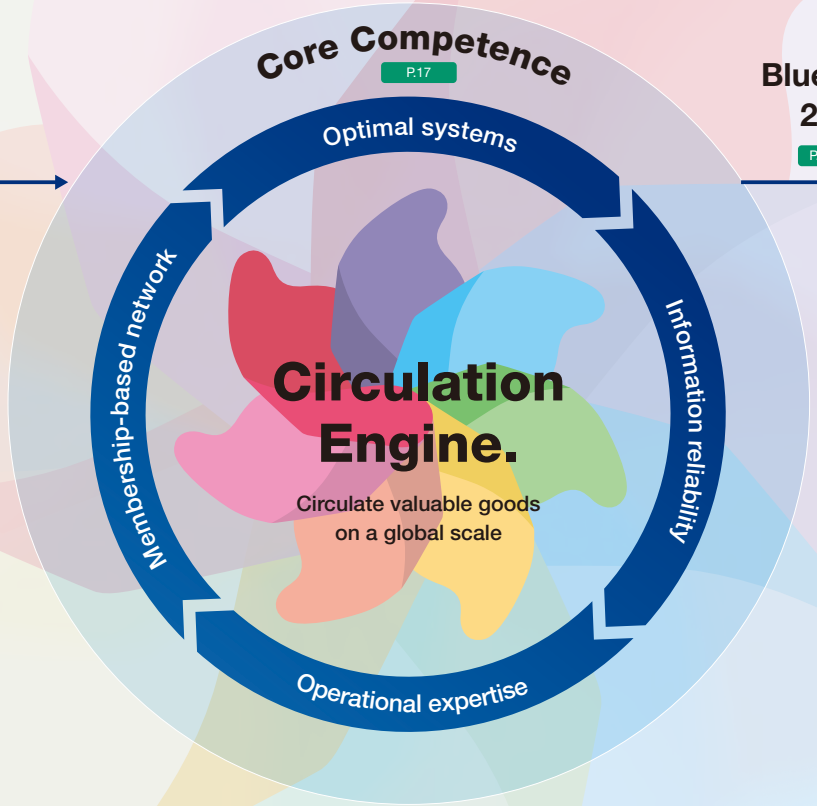
Intellectual Capital
Information distribution expertise

Social and Relational Capital
Co-creation with a wide range of partners

Manufacturing Capital
Global bases and core infrastructure to ensure quality

Natural Capital
Reduction of environmental impact through online distribution

P.20



Blue Print 2027
P.21~23

OUTPUT

Lifestyle Product Segment
- Digital Product Business
- Fashion Resale Business

Mobility & Energy Segment
- Automobile Business
- Motorcycle Business

Others
- Agricultural Business
- Circular Commerce Business

Annual Transaction Amount
¥641.4 billion

P.37~46

OUTCOME

Valuable Goods to People Who Need Them

Members and Partner Companies
Realizing fair and secure transactions
Contributing to sustainable management
Improving reliability and convenience through pursuit of customer success

Company Employees
Providing an environment that allows diverse work styles and challenges

Shareholders and Investors
Continuous returns through increased corporate value

Environmental Contribution Amount
¥41.3 billion
Helping realize a sustainable society through corporate activities

P.27~36

GCV ¥682.8 billion

Material Issues P.15

* FY2024

Philosophy **Authenticism**

We will contribute to the development of the industry and the improvement of social life by constantly pursuing the question, “What is Authentic Service?”

Core Competence

Our founder, Masataka Fujisaki, once said, “What is good for the customer is sure to spread.” Our business has been accepted nationwide because we created an optimal system in the used vehicle business for purchasing used vehicles without having to visit the venue, which was the catalyst for our founding, and we ensured the reliability of the information by conducting correct inspections.
We accumulated operational expertise through repeated daily improvements, leading to horizontal development into other businesses, such as the creation of a membership network for each product. These four core competencies (optimal systems, information reliability, operational expertise, and membership-based networks) are essential to our unique business and will continue to be in its foundation.



Optimal systems

A system ahead of its time

Number of auction items handled per year
5.01 million items*/year

Information reliability

Stringent inspection standards

Number of used vehicle inspections conducted
1.39 million units/year

Operational expertise

Total support for peace of mind

Total transaction amount
¥641.4 billion/year

Membership-based network

A diverse, global membership network

In Japan and abroad, 76 countries and regions
Membership base of 40,049 members

What Makes Us Different from Our Competitors

Auction formats adapted to the times and the characteristics of each product

We utilized a variety of systems that were ahead of the times, starting with laser discs and including satellite communications and the Internet, to build our unique auction platform. After that, we have continued to create diverse distribution platforms by incorporating auction styles adapted to the characteristics of new products handled. Currently, we are developing and providing a new auction system that incorporates economic knowledge.


Laser disc (1985)

Thorough inspection and grading of each product

Since our platform allows buying and selling based on information alone, without looking at the goods directly, it is necessary to objectively demonstrate that our products are reliable. In the distribution of used cars and used motorcycles, we established AIS inspection, our unique inspection standard, ahead of others, and for used digital devices, in addition to erasure of terminal data, we also excel in improving the reliability of a wide range of information from a third-party perspective by thoroughly grading and inspecting products as we do with pre-owned luxury brand items.



Knowledge as a Pioneer of Auctions

We provide not only auction listing and bidding services, but also various services associated with distribution, such as transportation arrangements, payment settlements, and logistics, according to the characteristics of each product and the demographics of our members. At distribution bases and inspection centers, systemization of operational tasks related to inspection, testing and checking, grading, photographing, packaging, etc. are carried out under thorough numerical control to realize efficient auction operations.



A membership network that realizes distribution at appropriate prices

To distribute products at appropriate prices, a certain number of participants are necessary for the auction. The solid membership base that we have built up to date enables transactions at appropriate prices for our members, both sellers and buyers. Furthermore, our ever-expanding global membership base will not only increase the volume of product distribution, but also enable stable distribution and contribute to risk dispersion.



Toward Further Evolution

- Utilization of accumulated knowledge and data
- Recommendations and future price predictions using AI
- Continuous evolution of the auction system

- Standardization and sophistication of operation centers
- Enhancement of the inspector system and improvement of inspection skills and efficiency
- Establishment and standardization of evaluation criteria for EV batteries

- Proposal-based support for partners using operational expertise
- Delivery of services that comprehensively support members’ businesses
- Streamlining and enhancement through various efforts including improvement activities by employees

- Further expansion of the membership base with a view to the expansion of global distribution
- Exhibition of synergies across businesses
- Partnerships with primary distribution businesses

* Except for shared inventory of the Automobile Business and the Motorcycle Business, and AUC BRAND MALL items of the Fashion Resale Business

Connection between Our Business Model and Core Competences



Aucnet's business is grounded in matching "sellers" and "buyers" of products through an auction-based platform. In addition to the auction system for listing and bidding on items, we also seamlessly provide services associated with distribution, such as checking and inspecting, logistics, payment settlements, and retail support.
Our four core competencies are essential to building a market where transactions can be made fairly and safely, and they constitute the foundation of our business model that distributes a variety of products globally. Going forward, we will apply and deepen the expertise we have cultivated over the years to establish an overwhelming competitive edge that is unrivaled in the industry.

Optimal systems

By introducing auction formats adapted to the characteristics of products, we are achieving the distribution of products at appropriate prices. In addition, by realizing seamless transactions through optimal systems, we are addressing the diversifying needs of our members, including not only listing and bidding but also peripheral support.

Information reliability

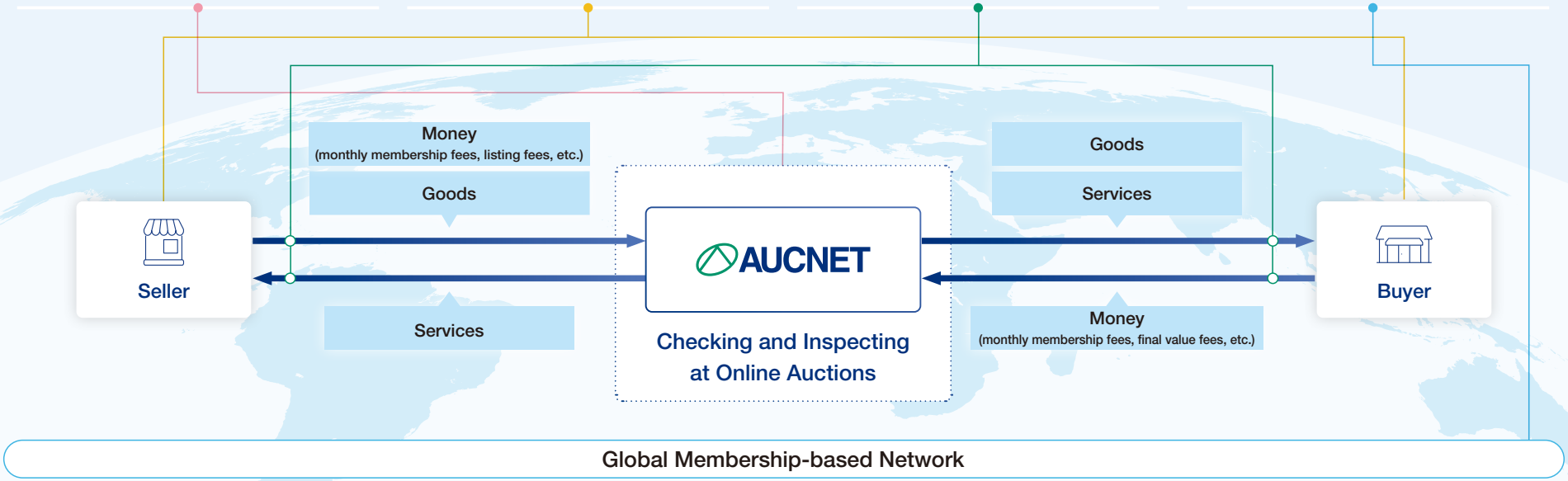
To ensure safe and secure online transactions conducted by customers without seeing the actual goods, we have established strict inspection standards from a third-party perspective and are working on thorough checking and grading. With the expansion of our product lineups, we are also directing our efforts to the establishment and standardization of new evaluation standards.

Operational expertise

The expertise we've accumulated through 40 years of auction operations continues to evolve through numerous improvements. With streamlined operation work and an operating structure that leads to customer success, we are providing a variety of services associated with distribution.

Membership-based network

A large number of participating members stimulate transactions, enabling distributions at appropriate prices, and the global and broad membership network also contributes to risk dispersion. In addition, synergies are exhibited between businesses, for example by sharing a membership network between the Automobile Business and the Motorcycle Business.



Number of members **40,049**

Number of countries and regions where our members are located **76**

Examples of Value Creation

We are providing Selloop, a service that provides manufacturers and retailers considering an entry into the secondary distribution market, with the expertize we have cultivated through our secondary distribution services, and provides support for their launch. By providing support in relation to business strategies, risk analysis, and distribution channels, we work with our partners to create a new circulation-based business that combines primary and secondary distribution, and support the development of primary distribution.

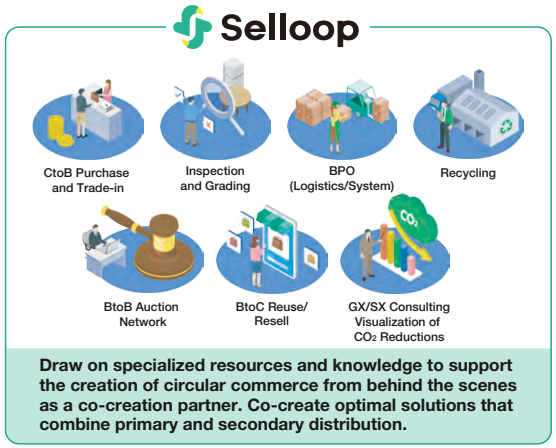
Social Issues

While the shift to a circular economy is becoming a global trend, companies face high hurdles when trying to establish inspection and resale schemes, which are necessary for engaging in reuse.

When products that could be resold in the reuse market are disposed of without being reused, opportunities for corporate profits and environmental contributions are lost.

Initiatives for Solution

Selloop is a service providing long-term BPO assistance designed to support partners thinking about entering secondary distribution by providing consultation, PoC assistance and technical functions. It aims to apply the techniques and expertise that we have accumulated in our business activities in our partners' operations to provide new value to their business. By using the system of secondary distribution, Selloop can generate customer engagement and profitability of reuse and repurposing, and create customers' buying motivation.



https://selloop.jp/ (Japanese only)

Why Aucnet Can Do This

We are deploying an optimal system that provides better online auctions to our extensive global membership network. We are accumulating operational expertise in secondary distribution by ensuring the reliability of information through thorough inspection and grading, and by providing total support for distribution, including not only listing and bidding but also payment settlements, logistics, and retail support.
By leveraging these strengths, we can provide support to primary distribution businesses.

Value Created

Social Value

- Extending the life of goods through reuse and repurposing
- Creating a society in which secondary distribution is the norm
- Achieving a balance between sustainability and business

Economic value

- Creating business opportunities without being constrained by the current framework of Aucnet's business domain
- Competitive advantage in circular commerce

Capital Circulation that Continues to Create Value



Each type of capital has its own unique characteristics and challenges, and we are working to further strengthen the capital we have accumulated thus far by identifying and analyzing these.
With stable and abundant financial capital, we aim to continue creating value by strategically strengthening the “human capital,” “intellectual capital,” and “social and relationship capital” that are particularly important to our company. As a circular market design company, we aim to continuously increase our corporate value through capital circulation, toward expanding our business into the primary and secondary distribution areas as well as creating new businesses through circular economy.

Capital	Quantitative	Qualitative	Issues	Initiatives for Further Value Enhancement
Financial Capital	**Operating cash flow: ¥4.8 billion** **Equity capital ratio: 58.8%** **ROE: 18.7%**	• Ample operating cash flow • High equity capital ratio and ROE • Stable revenues from the membership business	• Effective use of free cash flow • Improvement of capital structure and capital efficiency	• Invest in new businesses and DX • Improve profitability through the growth of existing businesses • Pursue optimal cash allocation P.23-26
Human Capital	**Employees: 1,060** **Reskilling program participation rate*1: 44%**	• Human resources that support stable business operations • Employees that are passionate about their work • All employees’ awareness of the philosophy of “Authenticism”	• Expand the scope of employees’ sense of awareness • Enhance management and DX personnel	• New business creation activity “CENTAN” • Business improvement activity “KAIZEN” • Introduction of stock remuneration plan for employees P.26 P.29-32
Intellectual Capital	**Number of auction items handled per year: 5.01 million*2** **Number of used vehicle inspections conducted per year: 1.39 million units**	• Auction operational expertise • AIS Inc. inspection expertise • Partnerships with research and development institutions	• Accumulation of expertise in business targeting consumers • Further improvement of inspection and grading accuracy	• Implementation of new auctions that incorporate auction theory • Establishment of used EV (electric vehicle) batteries inspection technologies • Creation of a repurposed product distribution platform for EV batteries Click here to visit our website. P.46
Social and Relationship Capital	**Number of countries and regions where our members are located: 76** **Number of members: 40,049 members**	• A diverse, global membership network • A strong network cultivated through trust based on “Authenticism” • Wide range of co-creation partners	• More M&A and partnerships • Capability enhancement	• Provision of tools to support trade-in and purchase of digital products for corporate customers Click here to visit our website. • Development of “Selloop” to support business-building in the secondary distribution area Click here to visit our website. P.19 • Initiatives toward creating used EV leasing service Click here to visit our website. P.46
Manufacturing Capital	**Distribution bases / inspection centers: 8 locations** **Area offices: 8 locations** **Value Up Centers (VUCs) (vehicle distribution bases): 5 locations**	• Distribution bases and area offices throughout Japan • Consistent product management and operations	• Further expansion of the domestic distribution network • Building of logistics infrastructure for global expansion	• Enhancement of warehouse functions toward the handling of GIGA School devices • Establishment of Kyoto Center in the Agricultural Business P.44 • Integration of warehouse functions in the Fashion Resale Business
Natural Capital	**GHG emissions: 21,240 t-CO_2e**	• Business model that minimizes direct GHG emissions • Thorough sustainability policy	• Further reduction of GHG emissions • Utilization of gross circulation value (GCV)	• Obtaining third-party assurance of GCV Click here to visit our website. • Endorsement of TCFD recommendations Click here to visit our website. • Acquisition of validation from Science Based Targets initiative (SBTi) Click here to visit our website. P.33-34

*1 AUCNET Inc. and five major consolidated subsidiaries *2 Except for shared inventory of the Automobile Business and the Motorcycle Business, and AUC BRAND MALL items of the Fashion Resale Business

New Medium-term Management Plan

Blue Print 2027

For more information, please click here.
https://ir.aucnet.co.jp/en/ir/library/library3271608482256085248/main/0/teaserItems1/0/link/Blue%20Print%202027_EN.pdf

In February 2025, the Aucnet Group formulated Blue Print 2027, our medium-term management plan, based on the progress status of Blue Print 2025, our previous medium-term management plan, and issues identified up to the term ending December 31, 2024. In Blue Print 2027, we set out a long-term of target of GCV of 1 trillion yen, and medium-term quantitative targets of EBITDA of 10 billion yen, ROE of 15 to 20%, and a dividend payout ratio of 40% or more, which are also linked to materiality issues. We aim to achieve each of these targets by leveraging information with greater accuracy than before, and will work with partners around the world to create the future of a circular economy and promote initiatives toward our further business growth.

2022-2024 Blue Print 2025

Vision

A company that solves distribution issues with the power of information and is chosen and appreciated by customers around the world as an SDGs-focused company

Main Strategies

Business Strategy
- Digital Product Business:
  Design a “Resale Market” for digital devices on a “Global” basis
- Consumer Product Business:
  Global-to-global distribution through expansion of overseas platforms
- Automobile Business:
  Re-creation of a circular distribution platform that grows together with our member companies

New Strategy
- EV battery evaluation
- Reuse and recycling of EV batteries
- Selloop

Capital and Financial Strategy
- Aiming to achieve growth through aggressive investments and increase corporate value while ensuring financial soundness

Important Management Indicators

- GCV ¥1 trillion
- EBITDA ¥10 billion
- ROE 20%
- Dividend Payout Ratio 30%

Outcomes and Issues

- We concluded that it will be difficult to achieve GCV of ¥1 trillion and EBITDA of ¥10 billion during FY2025.
- Despite considering a record number of M&A, investments made fell short of the allocated budget.
- We largely achieved our ROE target of 20% and achieved our dividend payout ratio target of 30%.
- The stock markets evaluate Aucnet positively based on its capital efficiency, despite ongoing challenges relating to the free float ratio and trading volume.

2025-2027 Blue Print 2027

Working with partners worldwide to shape the future of the circular economy.

Business Strategy
Lifestyle Product Segment
- Digital Product Business: Be the most trusted, go-to leader in digital device circular tech

[Key points] (1) Platform innovation, (2) Enhanced sourcing, (3) Global sales network expansion
- Fashion Resale Business: Build a high-value-added global platform to become a market leader

[Key points] (1) Enhance the BtoB Platform, (2) Strengthen and Expand Consumer Service Businesses, (3) Promote Global Business

Mobility & Energy Segment
- Automobile Business: Build a unique one-stop distribution platform ecosystem

[Key points] (1) Differentiate online platforms, (2) Deepen member-based marketing, (3) Expand AIS inspections

New Strategy
Support the launch and operation of secondary distribution services for manufacturers and retailers.
Create a new circulation-based distribution business that combines primary and secondary distribution, and support the development of primary distribution.

M&A Strategy
- Deploying the knowledge and experience we have gained in M&As and post-merger integration, we will continue to pursue M&As to maximize corporate value.
- We have set an investment budget of 5.0 to 7.0 billion yen, and a target of contributing 700 million yen to EBITDA.

Capital and Financial Strategy
- We aim to realize our targets through the stable cycle of our capital strategy.
- We aim to achieve growth through aggressive investments and sustained increases in corporate value while ensuring financial soundness.
- We will enhance shareholder returns by raising the consolidated dividend payout ratio from 30% to 40% or more.

Long-term Target
- GCV ¥1 trillion

Medium-term Quantitative Targets (Term Ending December 31, 2027)
- EBITDA* ¥10 billion
- ROE 15-20%
- Dividend Payout Ratio 40% or more

* EBITDA = Operating profit + Depreciation + Amortization of goodwill + Profit (loss) of equity-method affiliates (before goodwill amortization)

New Medium-term Management Plan
Blue Print 2027

Long-term Target: Aiming for Gross Circulation Value (GCV) of 1 Trillion Yen

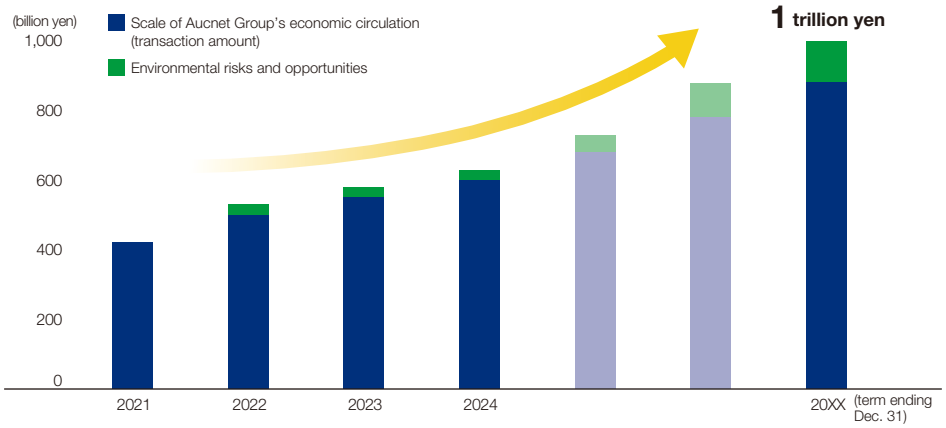
GCV is an abbreviated name for Gross Circulation Value, and is our proprietary indicator showing in monetary terms the impact of business activities on the economy and the environment. Expansion of the scale of GCV entails that things are not discarded and new things are not created. As we believe that long-term corporate growth and the improvement of corporate value can be achieved through ensuring compatibility between business expansion and contribution to the environment, a responsibility that is vital to society, we include GCV as one of the management indicators.

We will increase transaction volume for reused goods and expand total transaction amount, roll out services with a view to expanding the contribution of reused goods to the environment, and promote the reduction of greenhouse gas emissions from our business activities, with the aim of achieving GCV of 1 trillion yen as our long-term target.

Priority Measures

(1) Increase transaction volume for reused goods and expand total transaction amount with the goal of growing our businesses
(2) Roll out services with a view to expanding the contribution of reused goods to the environment
(3) Review and reduce greenhouse gas emissions from our business activities

Changes in GCV



Medium-term Quantitative Target: Aiming for EBITDA of 10 Billion Yen

In Blue Print 2027, our new medium-term management plan, we have shown EBITDA targets for each segment for each fiscal year in a graphic form. In fiscal 2025, there will be transient expenses due to the promotion of various measures. However, through the growth of existing businesses and the promotion of M&A, we will accelerate growth aiming for the fiscal 2027 target EBITDA of 10 billion yen.

Priority Growth

Lifestyle Products Segment

- Digital Product Business:
  Increase transaction scale by capturing demand related to GIGA School devices
- Fashion Resale Business:
  Streamline operations by integrating Group functions and further expand the global network

Stable Growth

Mobility & Energy Segment

- Grow steadily by strengthening inspection system and increasing used car auctions, etc.
- To prepare for the spread of EVs, we will actively promote EV battery repurposing and the establishment of an inspection system

Long-term Growth

M&A and Investments in Human Capital

- Strengthen our structure for executing M&As and our post-merger management structure, aiming to achieve the EBITDA target
- Invest proactively in human capital in preparation for future business growth

New Medium-term Management Plan
Blue Print 2027

M&A Strategy

During the period of the previous medium-term management plan, we made Defactostandard, Ltd. and JOYLAB, inc. consolidated subsidiaries in April 2024, and made MOTA Inc. an equity-method affiliate in May 2024. The total investment amount was approximately 5.5 billion yen, which fell short of the 10 billion yen budget set in the previous medium-term management plan. However, we have been engaged in discussion of M&A and other measures from a company-wide perspective, steadily expanding the scale of our group.

In Blue Print 2027, the newly formulated medium-term management plan, we have set an investment budget of 5.0 to 7.0 billion yen, and set a target of contributing 700 million yen to EBITDA in the term ending December 31, 2027, aiming to make a reliable contribution to the medium-term quantitative targets.

To this end, in addition to continuing to consider projects with a company-wide perspective while leveraging expertise in the new Business Development Planning Division, established in January 2024, we will promote post merger integration, such as by strengthening collaboration with business divisions to quickly realize synergies with existing businesses at an early stage and establishing a group governance system, with the aim of expanding our business across the entire company.

Investment Budget

Investments including M&As

¥5.0-7.0 billion

Profit Target

EBITDA target

¥700 million

Selection Policy

Synergies with existing businesses
Business expansion in markets we already serve

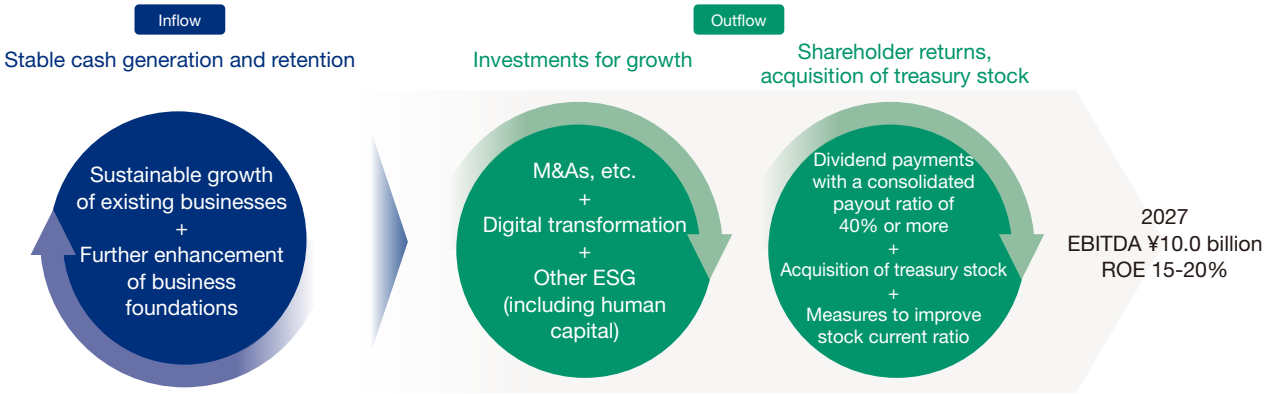
Strengthen Our Organizational Structure

Strengthen systems for M&A execution and post-merger integration

Capital and Financial Strategy

During the period of the previous medium-term management plan, we maintained our dividend payout ratio target of 30%, and mostly achieved our ROE target of 20%, with the total value of treasury stock acquired reaching approximately 6.6 billion yen, achieving some positive results.

In Blue Print 2027, our new medium-term management plan, we have set the medium-term quantitative targets of EBITDA of 10 billion yen, ROE of 15 to 20%, and a dividend payout ratio of 40% or more, aiming to realize these targets through the stable cycle of our capital strategy. In addition to generate cash stably, we will continue to make strategic investments such as those in new businesses including M&A, digital transformation, and human capital aimed at business growth, while pursuing optimal cash allocation to increase corporate value, including shareholder returns.



Cash allocation

Inflow Sources of cash	Outflow Uses of cash	
Operating cash flow ¥20.0 billion	Shareholder returns ¥9.0 billion	Consolidated dividend payout ratio of 40% or more + flexible capital policy
	Investments including M&As ¥5.0-7.0 billion	M&A and partnerships, etc. in existing businesses and peripheral domains
	DX-related investments ¥4.0 billion	Development, etc. of auction systems, core systems, and membership websites
Cash on hand ¥7.0 billion	Cash on hand ¥7.0 billion	Control the accumulation of cash on hand by ensuring sufficient allocation of funds to shareholder returns and various investments
Working capital ¥10.0 billion	Working capital ¥10.0 billion	Ensure necessary working capital for BtoB auctions, purchase and sales consumer businesses, and other operations

CFO MESSAGE



“We will determine how to balance growth investment and risk management, and will swiftly achieve both strategic investment and financial soundness.”

Hiroki Taniguchi
Director, Senior Managing Executive Officer & CFO

Reviewing Blue Print 2025

Blue Print 2025, our previous medium-term management plan, was the first medium-term management plan that we disclosed externally. We set GCV, EBITDA, ROE, and dividend payout ratio as key management indicators and engaged in measures based on them company-wide, which I believe was the fruit of the disclosure from the perspective of business management. As a result, we fell short of our targets for GCV and EBITDA, but we achieved good results in terms of ROE and dividend payout ratio.

GCV is an indicator that is influenced by transaction amount, which varies greatly depending on the product handled. For example, if we handle used vessels, it is possible to achieve its target immediately, but this does not happen frequently. On the other hand, general-purpose goods such as smartphones have a low unit price, but characteristically, they can be sold in large quantities over a long period of time. Taking into account the characteristics of GCV, which varies greatly from product to product, we have set this indicator as a long-term and ultimate goal, not as a medium-term one.

We mostly achieved our financial KPIs other than GCV and EBITDA, from which we received an enthusiastic response as a commitment to the market, and we also carried out our capital policy to the end while keeping ROE in mind. As Blue Print 2025 was the plan that was disclosed for the first time, there were some aspects where we needed to grope for solutions, which, however, has made us take the indicators that we failed to achieve seriously and reflect on why we were not able to achieve them. I believe this has led us to formulate Blue Print 2027, our new medium-term management plan.

Blue Print 2025

	2022	2023	2024	2025 (target)
GCV	¥541.7 billion	¥599.3 billion	**¥682.8 billion***	¥1 trillion
EBITDA	¥7.4 billion	¥7.4 billion	**¥7.8 billion**	¥10.0 billion
ROE	19.4%	19.6%	**18.7%**	20%
Dividend Payout Ratio	30.1%	30.1%	**40.3%**	30%

CFO MESSAGE

Promoting investments for growth

M&A investment Approx. ¥5.5 billion (¥10.0 billion budgeted)

- We established a dedicated department and engaged in discussion of M&As from a company-wide perspective; however, considerations did not necessarily lead to the execution of investments, resulting in the allocated budget not being fully deployed.
- We narrowed our investment focus to projects that will contribute to Group growth as we expand businesses focused on the BtoB market, rather than expansion for the sake of expansion.

Two companies became consolidated subsidiaries in April 2024

- Defactostandard, Ltd.
  Purchase and sales of brand-name products (Operation of Brandear)
- JOYLAB, inc.
  Purchase and sales of alcoholic beverages

One company became an equity-method affiliate in May 2024

- MOTA Inc.
  Automobile digital transformation (DX) business (Operation of MOTA Car Purchase)

Implementing capital policy and other measures

Total value of treasury stock acquired (2022–2024) Approx. ¥6.6 billion

- We conducted share buybacks based on the judgment that our shares were undervalued at that time, and that doing so would help enhance shareholder returns by improving EPS, ROE and other aspects of capital efficiency.

FY2022

Treasury stock acquisition	300,000 shares	¥475,207 thousand	1.07%*
	1,500,000 shares	¥2,661,000 thousand	5.36%*
Canceled	1,500,000 shares		

FY2023

Treasury stock acquisition	2,567,600 shares	¥3,543,288 thousand	9.70%*
Canceled	1,700,000 shares		

* The percentage of the total number of shares issued at the time of acquisition is rounded to two decimal places.

Policy of Blue Print 2027

We have formulated Blue Print 2027, our new medium-term management plan, based on a detailed review of the progress and issues of Blue Print 2025 up to fiscal 2024, while taking into account the outcomes of Blue Print 2025. We have drawn up a blueprint to achieve EBITDA of 10 billion yen in fiscal 2027 through the growth of existing businesses and the promotion of M&A.

We recognize that fiscal 2025 will be the time to carry out PMI for the M&A we have undertaken thus far, and the year to steadily promote structural reforms in our existing businesses. In the Fashion Resale Business, we will aim to maximize group synergies and integrate operational functions, and in the Digital Product Business, we will expand our warehouse functions, which will result in a transient increase in costs. Although we will experience a phase involving a temporary cost increases, which we see as the timing of preparing the foundation for a leap forward. However, this does not mean that all of our plans are conservative. The Lifestyle Products segment, one of our core businesses, is expected to continue to perform strongly. Actually, we are blessed with a tailwind, and plan for several measures and initiatives ahead of us. In fact, based on the favorable performance of this segment, we announced an upward revision of our business plan for the same period, fiscal 2025, in May 2025.

In addition, we will strive to determine the balance between growth investment and risk management in order to properly control the accelerator. A growth investment decision is made based on whether it contributes to sustainable improvement of corporate value, but what I became keenly aware in Blue Print 2025, our previous medium-term management plan, is that the key issue lies in promptness. Currently, various M&A projects are being brought in, and we intend to strengthen our system for making decisions swiftly. In addition, we newly established the Investment Committee in January 2025 to improve the quality of discussions and to make a levelheaded judgment on additional investments in companies after M&A through PMI.

A major change we have made between Blue Print 2025 and Blue Print 2027 is the shift in awareness from PL management*1 to BS management*2. Regarding ROIC, there has also been vigorous discussion within the company. As a company that contributes to the circular economy, we cannot measure our business performance by numerical values alone, but we will begin to manage ROIC at full scale in each business division.

*1 A management method that emphasizes a profit and loss statement (PL)
*2 A management method that emphasizes a balance sheet (BS)

Medium- to Long-term Initiatives for Corporate Value Improvement

For our company, which places great importance on human capital, securing and developing human resources is a top priority initiative for the sustainable improvement of corporate value. We have been directing our efforts to securing human resources for the past two years, and while we had mainly hired new graduates until then, the proportion of mid-career hires has also increased significantly. We are particularly focusing on the recruitment of specialized human resources. At the same time, the developing of next-generation leaders is also an important issue. The new personnel system introduced in 2024 is a part of our reform to organically coordinate mechanisms



CFO MESSAGE

for assessment, compensation, and human resource development. Although the relationship between earning power and sustainability is generally incompatible, we are a unique company in that these two are heading in the same direction, and we would like to showcase this feature through public relations (PR) and investor relations (IR) in order to secure excellent human resources.

In the past few years, the number of companies that have become consolidated subsidiaries through M&A has increased significantly. The integration of new business operations and awareness, including PMI, produces a significant OJT effect. At the April 2025 discussion sessions for executive officers, we confirmed our shared recognition that we should further promote the delegation of authority, with a view to developing next-generation leaders.

To mark our 40th anniversary, we have also introduced a stock remuneration plan for all employees in the Aucnet Group. We have previously granted shares as remuneration to employees who received the Aucnet Awards, and the enrollment rate for this new system has already reached over 80% in the entire Aucnet Group. I want both the company and our employees to grow together, so I think this is a good system in the sense that it allows each and every employee to feel closer to the company's value. I hope that our employees will see their own efforts reflected in the company's value and look forward to seeing an increase in stock prices. Although this is part of our capital policy, it should not only improve employee engagement but also contribute to the fostering of a sense of ownership in each and every employee.

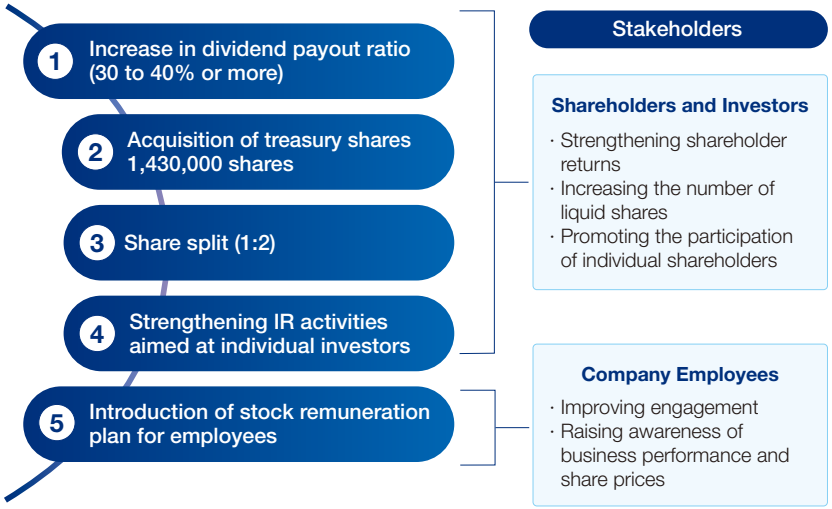
Our Thoughts and Measures for the Improvement of Shareholder Value

Even though we have received high marks for our financial soundness through meetings with investors, I also feel at the same time that further improvements are required regarding our policy for utilizing surplus funds and our investment approach.

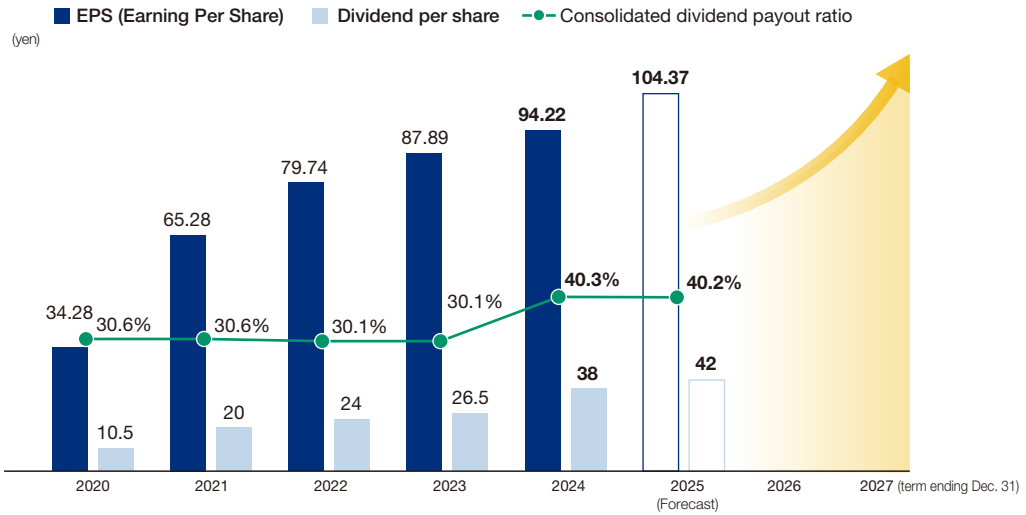
As profits accumulate, ROE will inevitably decline, so I recognize that it is important to sustainably improve the dividend payout ratio and make growth investments such as strategic M&A in the right balance. Additionally, in the context of the theme of sustainably improving ROE, the conflicting issues of improving profitability and optimizing capital exist side by side. I believe that it is essential to address these issues separately, and since we have achieved a high level of ROE, I believe that maintaining our current high level will lead us to the next stage.

I feel that our stock price is evaluated somewhat lowly. Personally, I believe that the key lies in how we can convey to individual and institutional investors that "Aucnet is a company with a promising future." On the other hand, I recognize that liquidity is a major issue, and we plan to direct our efforts to IR for individual investors in the future. Against a background of the stable progress of business performance thus far, we have strengthened our financial strategy and shareholder returns. We believe that by accurately conveying the appeal of sustainable growth through ESG management, our price-book value ratio (PBR) and price-earnings ratio (PER) will rise naturally. To that end, we would like to maintain close communication with our shareholders and investors.

IR/capital strategy in term ending December 31, 2025



Changes in dividend-related metrics



Toward Achieving Co-Creation with Our Stakeholders

Members & Partners

Engagement Status

Members participate in our circular commerce platform, listing and bidding on items. We are building a circular economy together with an increasing number of members by encouraging them to participate in it. Our partners work with Aucnet to generate new ideas as Aucnet revamps its auction platforms and creates new business.

Expectations and Interest

- Providing high-quality services
- Providing high-value-added information
- Secure transactions that are fair and impartial
- Compliance with laws and regulations
- Connections with society that transcend industry boundaries

Company Employees

Engagement Status

To enable diverse human resources to participate to the fullest, we have enhanced training and self-development programs, and introduced remote work and flextime systems to create a flexible work environment. We also present the company as a place for personal growth and self-realization, and encourage our employees to take on new challenges.

Expectations and Interest

- An environment in which diverse human resources can continue to work with vigor and enthusiasm
- Realization of well-being
- Provision of career support and enhancement for employees, opportunities for self-realization and growth
- Increased engagement
- Connections with people and society

Local Community & Environment

Engagement Status

By realizing a circular commerce platform and promoting sustainability initiatives, we contribute to both the environment and profit. By entering into various fields and expanding business domains while minimizing direct GHG emissions from our business activities, we are working on initiatives toward realizing a circular economy throughout the world.

Expectations and Interest

- Reducing environmental impact
- Raising environmental awareness
- Coexisting with local communities
- Participating in activities of local community and initiative

Shareholders & Investors

Engagement Status

In order to maximize profits for shareholders, who are the owners of the company and have a role in monitoring management, we are working to grow the company's profits in line with sustainability, and promoting continuous dividend payments targeting a consolidated dividend payout ratio of 40% or more. We will continue to engage in constructive dialogue with shareholders, aiming to enhance corporate value over the medium to long term, through fair and impartial information disclosure and IR meetings.

Expectations and Interest

- Initiatives to enhance corporate value
- Appropriate share price
- Fair, impartial, and timely information disclosure
- Proactive ESG initiatives and their disclosure
- Implementation and disclosure of corporate governance

Toward Achieving Co-Creation with Our Stakeholders

Together with Members and Partners

Activity of Membership-based Network

Under the Principle of Customer Focus, which is one of our Action Guidelines, we have always carried out our business while considering things from the customer's perspective. The membership network of over 40,000 companies in 76 countries and regions around the world, which has been built upon such efforts, constitutes one of our core competencies.

In addition, in order to meet the growing demand for reuse around the world and the expectations placed on our company, we have established bases in Hong Kong, the United Arab Emirates (UAE), the United Kingdom, the United States, Denmark and Singapore to develop local buyers, enhance customer support, and promote local distribution initiatives, thereby accelerating the construction of our global network. We will view our members as partners in building circular business, and make continuous efforts to create a solid and diverse membership network.

Customer Success and Improvement Activities

We positioned customer success as a priority measure, and have worked to promote it by setting the themes of "pursuit" in 2022, "deepening" in 2023, and "self-driving" in 2024.

In the Automobile Business, we are building a system that centrally collects and manages customer feedback that previously was handled by various personnel, such as operators, sales representatives, and outsourced call centers, to analyze the feedback and assign response teams in a timely manner. The new membership site system that will have a fresh start in 2025 will incorporate many improvements derived from customer feedback. Additionally, we are directing our efforts to improvement activities to reduce the number of telephone inquiries, which we receive approximately 6,000 from members per month, and to increase customer satisfaction. We will promote collaboration among teams while taking examples from other businesses into consideration, and strive to further improve our activities and create new services.



Message from the Customer Representative

Takumi Odaka

Mobility & Energy Division
Automobile Business Headquarters

I am in charge of making sales proposals to both manufacturers and dealers. Ever since I joined the company, I have paid the most attention to understanding the needs of our customers. After doing that, I use market forecasts and statistics that draw on vast amounts of auction data to create sales materials, and I also give importance to expressing things in my own words instead of relying too much on the materials. I also believe that making proposals that exceed customer expectations will lead to customer success, so I struggle every day to take advantage of my position that allows me to communicate with customers to carry out my work.

Academic Collaboration

We have developed Reuse Market Price Index in cooperation with UTokyo Economic Consulting Inc. (UTEcon), and released a Used Car Value Index as the first one in its series. An effort to visualize indexes for used car market prices makes it possible to reflect the trend of the reuse market, which is an advanced initiative in Japan.

For more details, please refer to this link.
https://www.aucnet.co.jp/news/2024/20240401-1/ (Japanese only)

In addition to UTEcon, we also collaborated with the University of Tokyo Market Design Center (UTMD) to incorporate auction theory and matching theory, which are the basic theories of market design, and developed a new auction method based on econometric findings together with both organizations. New auctions of the Digital Product Business, which was realized through collaborative design work between researchers and business people who built strong relationships of trust amid the conflict between theory and practice, contribute to providing fair and impartial services to members around the world.

For more details, please refer to this link.
https://www.aucnet.co.jp/media/2025/20250311-1/ (Japanese only)

Commitment to Circular Commerce

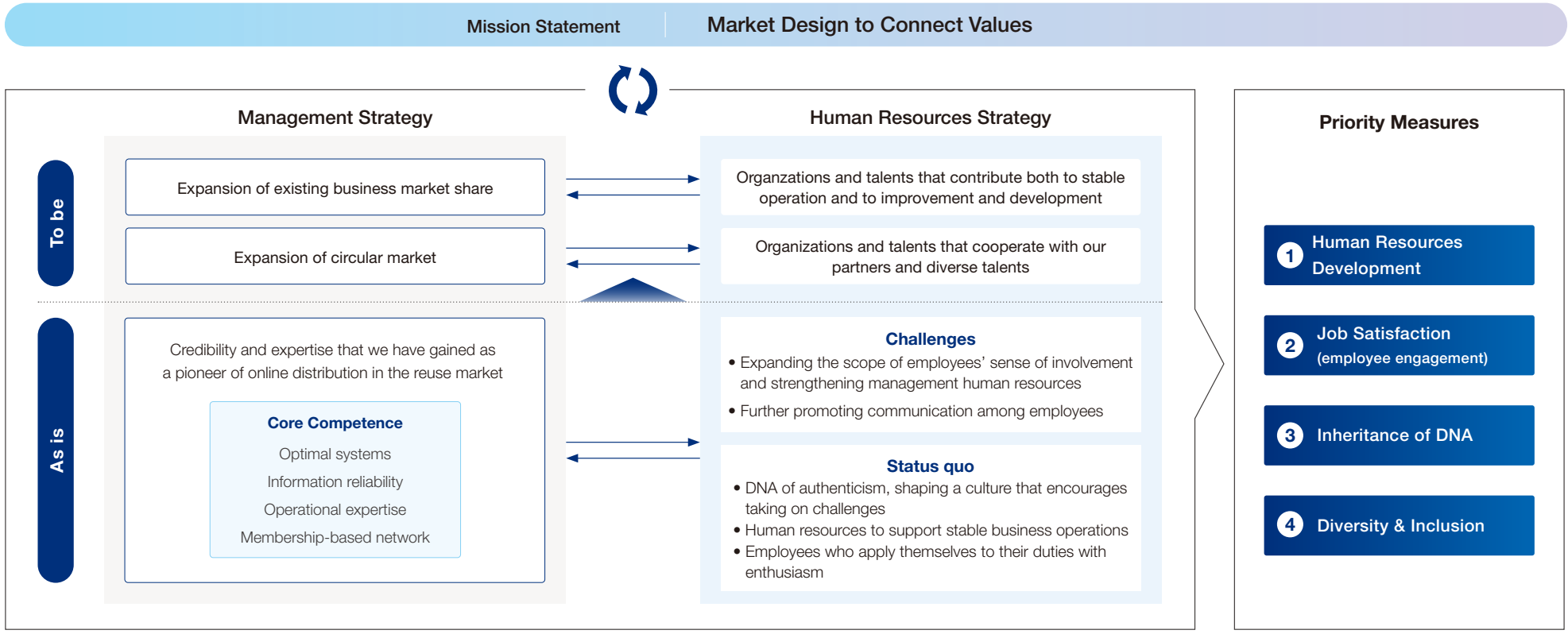
Based on expert resources and knowledge, we are working on various services to give behind-the-scenes support for the creation of a circular commerce as a co-creation partner of a wide range of companies. Through a service called "Selloop," we are offering comprehensive support to primary distribution operators that want to speedily enter secondary distribution-related markets with a strategy, or minimize risk of entry. We will make ourselves master of a circular commerce by fully leveraging Circular Tech, which combines various digital services with our company's expertise and analog services.

For more details, please refer to this link.
https://selloop.jp/ (Japanese only)

Toward Achieving Co-Creation with Our Stakeholders

Together with Employees

Overall Picture of Human Capital Management



As is Status quo

Our Company is blessed with a lot of human resources to support stable business operations, and individual employees are applying themselves to their duties with enthusiasm.
We also feel that all employees have a high consciousness of the philosophy based on Shoken-Roku, the writings left to us by our founder, Masataka Fujisaki.

To be Vision

We aim to create an environment that allows career development in terms of both management and specialty through the utilization of human resources based on individual capacity and performance. We also promote communication among employees, working on the fostering of an organization where innovations and improvements take place on an ongoing basis. As a market design partner, we will evolve the services of our existing businesses utilizing M&A and business collaboration, and make efforts to secure and develop human resources who can continuously create new businesses.

Together with Employees

1 Human Resources Development

We believe that our people (employees) are our most valuable management human capital. In the past, we used to put primary emphasis on the recruitment and education of human resources with skills to stably carry out operational tasks; however, more recently, since we have been engaged in business that is not restricted to auctions, we have been hiring more diverse human resources who share our philosophy, and have enhanced our training and personnel systems to enable each and every employee to participate to the fullest.

Training Program

In addition to level-specific training such as new employee training and management training as well as intensive training (short-term intensive training that can be attended by anyone regardless of age, title or status), Aucnet offers a variety of training programs, including our own “ABC” and “CENTAN” training programs.

• ABC (Aucnet Business College)

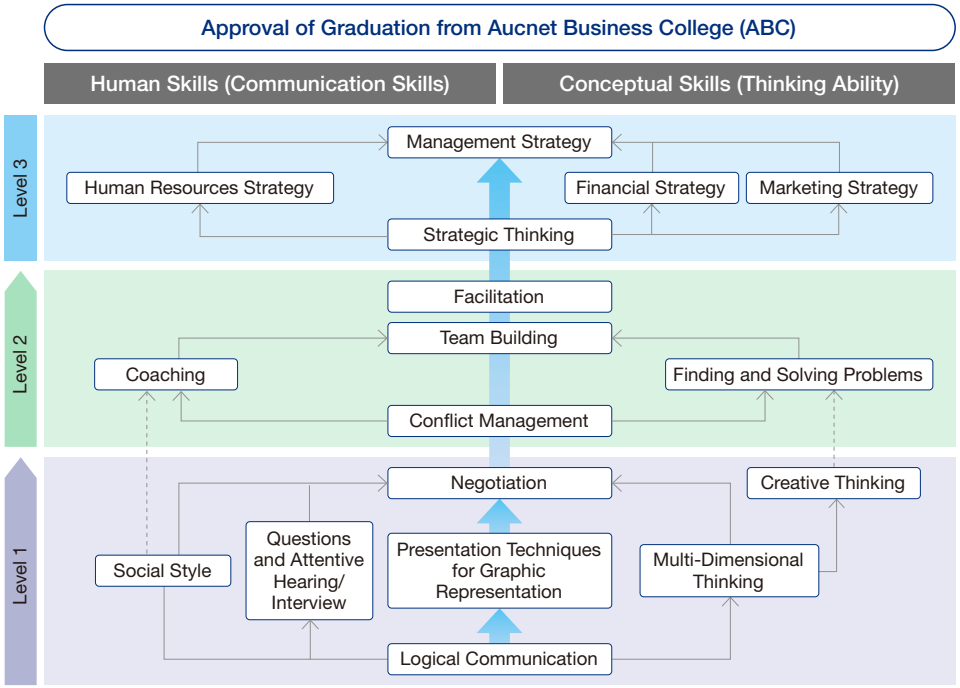
The purpose of this training is for employees to acquire the necessary business skills according to their levels. Through a systematic, progressive approach to acquiring the knowledge and skills necessary to fulfill their roles within the organization, trainees can take the initiative in considering strategies and tactics to achieve their goals. This training is linked to the personnel system, and it is also used as a requirement for promotion.

Voice of an ABC participant

Kazuya Kobashi
Corporate Administration Department
Corporate Management Division

I was able to learn business communication skills, which are essential for efficient business operations and accurate information sharing, through group work in a practical manner. Although they are important skills in the workplace, there are few opportunities to take time to learn them, so it was a really good experience for me.

System Diagram of Human Resources Development



For more details, please refer to this link.
https://www.aucnet.co.jp/en/sustainability/social/human/

Reskilling

Instead of simply viewing reskilling as “relearning,” we define it as learning skills necessary to continue to create value in a rapidly changing situation. We name the practice of acquiring knowledge and learning skills related to current duties “Growth Area,” and the practice of learning unknown areas to work on challenging tasks “Challenge Area,” and we are promoting learning programs adopting e-learning. With individual divisions conducting study sessions, we are working on the creation of opportunities for learning in a cross-functional manner.

Together with Employees

2 Job Satisfaction (employee engagement)

At Aucnet, we promote improvements in employee engagement to make ourselves a company where each and every employee can fulfill his or her potential so that the company continues to create value. Taking as our motto “Principle of Effective Communication” set out in our employee Action Guidelines, we have established a system that enables employees to take the initiative in participating and communicating with each other, as we make efforts to enable them to demonstrate strong abilities not only individually but also as an organization.

Conducting Employee Well-Being Surveys

The Nikkei Integrated Well-Being Survey was conducted in 2024 with the aim of formulating and promoting policies for the more effective improvement of well-being. Although this result was higher than the average level of other companies, some issues were identified, so we are working hard for the further improvement of well-being. As part of such effort, since we found issues related to the rate of parental leave acquisition among male employees, we visualized concerns about these employees visible and held interviews with their superiors. As a result, the rate of parental leave taken by male employees rose to 50% (compared to 0% in the same period last year) in fiscal 2024, showing a significant improvement.

Measures to Create Opportunities for the Growth of Employees

	Purpose	Contents	Number of applications
New Business Creation Activity **CENTAN**	Designed to foster a culture in which employees can continuously generate innovations on their own	It is an initiative intended to lead new business ideas to commercialization. This initiative involves a screening process for business ideas, and those which pass through successfully are eligible to receive investment from the company to launch the business.	10*
Business Improvement Activity **KAIZEN**	Reviewing current operations, to enhance awareness for re-evaluating efficiency and safety	This is an activity conducted twice every year in which all employees are invited to generate proposals for improving their work. Highly effective improvement activities are shared company-wide, and are commended.	(number of proposals for improvement) 774*
Aucnet Awards	They improve employees' motivation and increase the performance of the entire organization.	Held at the Management Plan Announcement Meeting at the beginning of the year, this program is intended to acknowledge employees for significant achievements they made in their day-to-day work, as well as for creative innovation activities throughout the year.	All Aucnet employees (excluding managers)

* FY2024



From the Awardee of the KAIZEN Annual Grand Prix

Kazufumi Aridomi

Auc Financial Partners Inc.
Automobile Business Headquarters
Mobility & Energy Division

Reason for winning the Grand Prix
Aridomi redesigned standards for replacement parts covered by the Aucnet warranty, and optimized repair costs by using the most suitable repair parts and tightening the screening process for high-price repair cases. He was recognized for his efforts in establishing these schemes and optimizing repair costs.

In warranty review service for automobile failures, I have established rules for the scrutiny of appropriate repair methods and the positive use of reused parts. I carried out improvement activities with the background of the optimization of maintenance contents and costs which is desired in the automobile industry, as well as the idea of “responsible consumption and production” (SDGs 12) which derives from growing awareness of environmental issues. Furthermore, instead of ending with the establishment of rules, I recognize the importance of implementing such measures continuously, and intend to continue to implement these activities.

Personnel System Concept and Its Overall Picture

Grading System **“Placing the right person in the right position” and “Living up to the challenge”**

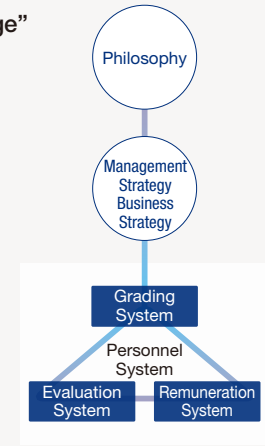
Based on the “multiple-track type” grading system consisting of management line and a professional line, we perform personnel allocation according to individual aptitudes and willingness to take on new challenges, regardless of age and the length of service. We also secure the transparency of appointment.

Evaluation System **“Evaluation is an arena for human resources development”**

We set the importance degree of evaluation for achievement and evaluation based on the Action Guidelines, while taking into consideration an employee’s grade and the feature of his or her position. We set goals and conduct evaluation for managers with more emphasis on their management ability than ever before. Additionally, in an effort to promote the medium-term growth of our members, we will conduct advanced one-on-one meetings.

Remuneration System **“Pay for performance & passion”**

We set highly-transparent bonus and pay rise calculation formulas to convince employees about the fairness of their amounts. We have incorporated our Action Guidelines describing workers’ attitude into the remuneration system, which is one of the factors that make Aucnet very unique.



Together with Employees

3 Inheritance of DNA

We have been designing new markets by uncovering business fields that align with the trends of the times and using technologies that are ahead of their time. Instead of imitating others, we put ourselves out in front, at the cutting edge of change. Based on our values expressed in our maxim that “A company’s lifespan lasts until innovation runs out,” we take on challenges that no one else has, without fear of failure. We have various systems and initiatives in place to carry this forward.

Keiei-Juku

This is a conference in which the chairperson and president tell their employees the company’s roots, philosophy and policies, as well as the content of “Shoken-Roku,” the book containing the writings of our founder Masataka Fujisaki. It is a course consisting of five two-hour sessions participated by all new Aucnet recruits and managers, regardless of being new graduate employees or mid-career ones.



Shoken-Roku



Lecture

Voice of Keiei-Juku Participants

Mami Miyashita
Automobile Business Headquarters
Mobility & Energy Division

It was a very meaningful experience for me to be exposed to the founder’s thoughts, regarding what he means by the philosophy of “Authenticism.” Through Seiken-Roku, I came to have a new appreciation for the importance of working hard to provide truly excellent service, and I keep this in mind in my daily work.

4 Diversity & Inclusion

We are actively engaged in activities to promote diversity so that we can stimulate innovation by diverse human resources and organizations for market design in new areas. Regarding work styles, in addition to introducing remote and flextime systems to allow employees to work flexibly, we have introduced a subsidiary business system that is expected to help employees achieve personal growth through career development and skill improvement. In addition, regarding active participation by diverse human resources, we are actively working on the creation of an environment that allows capable senior human resources to continue to give full play to their abilities by abolishing an executive age-limit system, as well as the recruitment of global human resources. We aim to increase our organizational strength by making company-wide efforts to create opportunities to promote communication.

Human Rights Policy

Regarding respect for human rights as one of the foundations for business continuity, we are addressing this as an important issue for management. We have established the Human Rights Policy, which was also approved by the Board of Directors. While continuing to promote respect for human rights, we will carry out business activities that respect human rights with our stakeholders.

For more details, please refer to this link.
https://www.aucnet.co.jp/en/sustainability/social/

Promoting Health and Productivity Management*

Under the Aucnet management philosophy of “Authenticism,” we are working to form a healthy environment conductive to work, and are engaged in Health and Productivity Management that supports the maintenance and promotion of employees’ mental and physical health so that we can grow into a company in which each and every employee can thrive and participate actively.

* Eligibility: Aucnet Inc. and five major consolidated companies

For more details, please refer to this link.
https://www.aucnet.co.jp/en/sustainability/social/health/

Toward Achieving Co-Creation with Our Stakeholders

Together with Local Communities and the Environment

Response to Climate Change

Under our Sustainability Policy, “Circulating Valuable Goods on a Global Scale - Circulation Engine,” Aucnet has been aiming at the further enhancement of social and economic value, as a company contributing to a sustainable society by connecting values with market design. In May 2022, we expressed our support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and as part of this, we are committed to disclosing climate change-related information and taking positive actions based on the TCFD recommendations.

For more details, please refer to this link.
https://www.aucnet.co.jp/en/sustainability/environmentTCFD/



Kaori Tonegawa

ESG Representative
General Planning Office
Corporate Strategy Division

Message from the Environment Representative

Under the Sustainability Policy, we are promoting sustainability-related activities to increase our corporate value over the medium to long term. The subcommittee under the Sustainability Committee launched in 2021 is a company-wide cross-organizational body consisting of employees selected from among individual divisions, and a total of 90 people have participated in the subcommittee. Its proactive efforts derived from employees’ ideas are spreading within and outside of the company. From now on, we will build a sustainable organizational structure and expand the extent of its impact, as well as contribute to the achievement of sustainability while maintaining close communication.

Metrics Used to Manage Climate-related Risks/Opportunities GCV® *1

*1 GCV is a registered trademark of Aucnet Inc.
GCV: Gross circulation value

- An indicator that shows the economic and environmental impact of Aucnet’s business activities in monetary terms.
- Expansion of the scale of GCV entails that things are not discarded and new things are not created, which makes this an indicator of reductions in the burdens placed on the Earth.

For more details, please refer to this link.
https://www.aucnet.co.jp/en/sustainability/GCV/

¥682.8 billion
Economic and environmental impact of business activities in monetary terms

¥641.4 billion
Monetary value circulated in the economy due to business activities*3

¥41.3 billion
Total monetary value of the impact that risks and opportunities from business activities have on the environment

*2 Performance for fiscal 2024.

*3 An indicator of the value that Aucnet’s market imparts to the economy, and the amount of money circulated in the market.
The total amount of transaction prices generated by business activities and product sales.

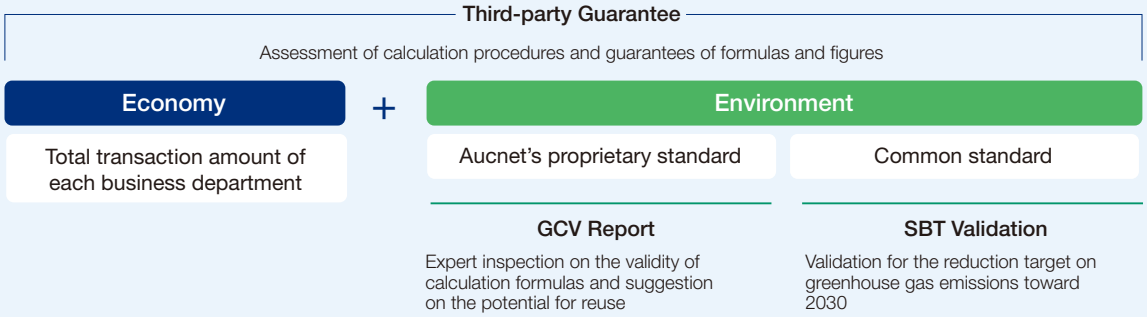
Together with Local Communities and the Environment

FOCUS —Toward new value creation—

Creating an indicator that heightens the value of circular distribution

—Initiative to gain a third-party perspective on GCV—

We undertake a variety of initiatives concerning the reliability of environmental data for GCV, our proprietary management indicator. By promoting GCV guarantees and certification from a third-party perspective while showcasing the value of reuse, we hope to contribute to society by increasing the value of circular distribution.



Third-party Guarantee

For the GCV values from fiscal 2021 onward, a third-party guarantee has been obtained from The Association for NFI-Assurance (ANFIA), an independent organization, in order to improve the reliability of our information.

For more details, please refer to this link.
https://www.aucnet.co.jp/sustainability/img/third_party_warranty_report_2023.pdf (Japanese only)

Gross Circulation Value Report

UTokyo Economic Consulting Inc. (UTEcon) produced a report on the consistency of GCV and the potential of reuse from an economic perspective. We will make use of the report to increase the value of reuse.

For more details, please refer to this link.
https://www.aucnet.co.jp/sustainability/img/excerptgcvreportja.pdf

SBT Validation

We have received SBT Validation from the Science Based Targets (SBT) initiative for our reduction target on greenhouse gas emissions toward 2030 of limiting global temperature rise to no more than1.5°C. We can work on the reduction of GHG emissions generated by our business activities, one of the components of our proprietary GCV, with higher accuracy.

For more details, please refer to this link.
https://www.aucnet.co.jp/news/2024/20240321-2/

Aucnet Circular Economy Lab

The Aucnet Circular Economy Lab is an organization that conducts various surveys, research, and verifications to map out the future of a circular economy with partners from many different fields. With research partners supporting this laboratory, it is going to disseminate research on economic phenomena, and analysis and commentary on global trends in sustainability, as well as research and analysis of secondary distribution.

For more details, please refer to this link.
https://www.aucnet.co.jp/aucnet-reseach/

オークネット循環型経済ラボ

* Aucnet Circular Economy Lab: Launched as an in-house research institute of Aucnet Inc. based on Aucnet Research Institute, which was established in 2011.

Together with Local Communities and the Environment

Social and Community Contribution Activities

As part of our conservation activities for the natural environment, we have been conducting afforestation activities since 2005, and beach clean-up operations to preserve the wealth of the ocean since 2023. In 2024, a total of more than 1,100 employees, including employees from our group companies, participated in these activities. As part of our efforts to enhance the beauty of our local natural environment, we participate in “Akasaka Aoyama: Beautiful Town, Town of Manners,” a campaign led by metropolitan Tokyo’s Minato Ward, carrying out clean-up activity in the areas around Gaienmae Station. Through these activities, we work to promote active communication among employees and coexistence with local communities.





Initiatives toward the Outside of the Company to Realize Circular Economy

We also continued to participate in the GX League and Circular Partners following on from 2022 and 2023, and since then, have been engaged in various initiatives, such as by taking part in working groups including “Working Group for GX Management Promotion” and “Working Group for the Creation of Circular Economy Information Distribution,” toward the realization of circular economy. In addition, Strategic Insight Inc., a non-consolidated subsidiary in which Aucnet made an 80% investment, has launched Value-Driven Circulation Lab (VDC Lab.), which aims to popularize new manufacturing methods that achieve a high level of compatibility between sustainability and business viability. We are widely recruiting members to share practical examples and hold events.

For more details, please refer to this link.
https://vdc-lab.sii-japan.co.jp/#company (Japanese only)

Initiative Participation List

Circular Partners

TCFD Consortium

GX League

Japan Climate Initiative

Science Based Targets

Global Compact Network Japan, United Nations Global Compact

External Assessment

Health & Productivity Management Outstanding Organization 2025 (Large Enterprise category)

Eruboshi (Level 2)

Kurumin

Sports Yell Company 2025

Toward Achieving Co-Creation with Our Stakeholders

Together with Shareholders and Investors

Major IR Activities

Major IR Activities in FY2024

Dialogue with shareholders & investors	Contents	Major responder
General Meeting of Shareholders	Ordinary General Meeting of Shareholders (held on March 26, 2024)	Directors and Executive Officers
Financial results briefing for institutional investors and investment analysts	• Explanation on financial highlights, earnings forecasts and progress of medium-term management plan • Online (Distributed on the website, including the transcript of the briefing, at a later date)	President & CEO
One-on-one meetings with institutional investors and investment analysts	41 meetings held	President & CEO, Senior Managing Executive Officer & CFO, and GM Corporate Administration Department & MGR

Dialogue with Shareholders and Investors

Main Themes for Dialogue

Business model	• Service contents and a system to earn profits of each segment • Competitive landscape and future business development of each segment
Matters related to business performance	• Sales composition and profit margin of each segment • Progress after M&A
Medium- to long-term management strategies	• Driver for future growth • Progress of the medium-term management plan
Shareholder returns and share prices	• Dividend payout ratio and a treasury stock acquisition policy • Future direction for shareholder returns • Awareness of share prices
Others	• Business environment • Investment in human capital management

Feedback to the Management

Reports on financial results briefings (twice a year)	Contents of presentation materials and a question-and-answer session at financial results briefings
Reports on stock-related information (once a year)	Share prices and trading volume, stock price indexes, shareholder composition, etc.
Reports on IR strategies and activities (four times a year)	Medium- to long-term IR strategies including capital strategies, results of such activities, challenges, etc.
Others (each time)	Sharing of information on all matters related to the stock market Discussion on management conscious of capital cost and share prices

Main Results of Dialogue

Improvement of IR materials	• The contents of presentation materials and an integrated report were brushed up • Our service overview and business model have been disclosed to gain understanding of our business • Simultaneous disclosure of timely disclosure materials in English
Increased opportunities to interact with the president	• IR meetings were arranged with the participation of the president
Clarification of medium- to long-term management strategies	• The progress of the Blue Print 2025, our previous medium-term management plan, was disclosed • Blue Print 2027, our new medium-term management plan, was disclosed
Increased opportunities for shareholders to ask questions	• The pre-question system was introduced at the 16th Ordinary General Meeting of Shareholders, and the system was continued to be implemented at the 17th meeting
Promoted changes in the consciousness of capital cost and share prices	• The article entitled “Management That Is Conscious of Cost of Capital and Stock Price” was released on our website For more details, please refer to this link. https://ir.aucnet.co.jp/ja/ir/management/management-2794375186959479083.html



Message from the IR Representative

Hayami Ishikawa

Corporate Administration Department
Corporate Management Division

Our ROE for fiscal 2024 fluctuated around 20%, and our PBR fluctuated around 2.5 times, so I believe that we have secured a certain level of capital profitability and received positive evaluations from the market. However, I recognize that the low number of shares outstanding and trading volume, as well as our small market capitalization, make it difficult for us to become an investment target for institutional investors as a challenge. Therefore, I would like to further strengthen our IR activities aimed at individual investors in the future. Having announced plans to increase our dividend payout ratio to 40% or more and implemented a stock split (1:2) in February 2025, we will accelerate our efforts to strengthen shareholder returns.

Business Overview

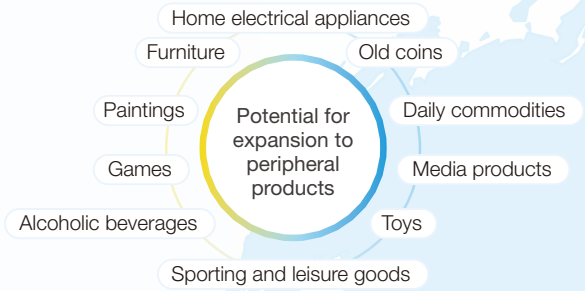
This section describes the major products and services handled by each segment of our company, which is developing a circular economy centering on secondary distribution services, as well as the potential of expanding these services to peripheral products.

Lifestyle Products



Constituent

Business	Major products and services handled
Digital Product Business	Smartphones/PCs
Fashion Resale Business	Pre-owned luxury brand items/ Apparel/Alcoholic beverages

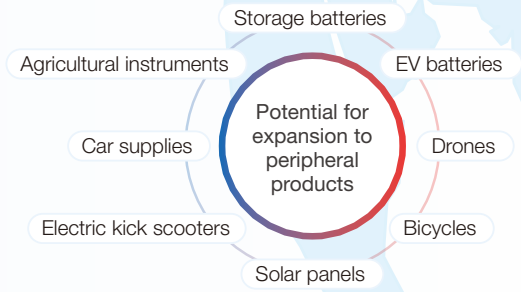


Mobility&Energy

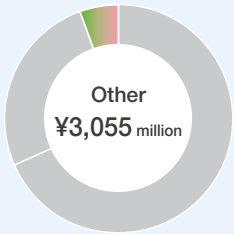


Constituent

Business	Major products and services handled
Automobile Business	Used automobiles
Motorcycle Business	Used motorcycles



Other



Constituent

Business	Major products and services handled
Agricultural Business	Flowers
Circular Commerce Business	Used medical equipment, consulting and BPO services

Lifestyle Products

Business Environment

With the aim of expanding and promoting overseas operations and services targeting C (for general consumers) while leveraging strategic character and expertise of the Digital Product Business and the Fashion Resale Business (former Consumer Product Business), our reportable segments were changed in fiscal 2024, and since then, the Lifestyle Product Segment has been serving as a reporting segment.
As for the business environment for fiscal 2024, as the prices of new smartphone devices increased, low-priced high-quality used smartphones came to gain attention, with the number of units sold in the market increasing steadily. Although the size of market for pre-owned luxury brand items has continued to grow due to changes in awareness of sustainability, price fluctuations of products, such as falling market prices of some products and a decline in inbound demand, posed an issue.

Strategic Policy

Digital Product Business

Platform Reforms Lead to a Continuous Increase in the Number of Sales Units

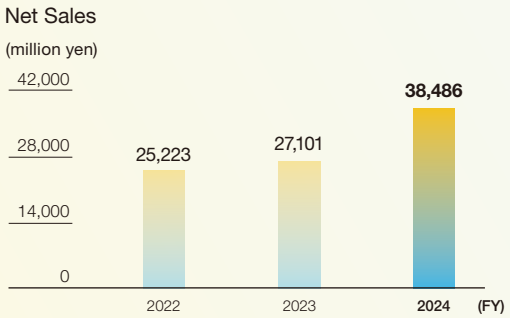
We aim to further increase the number of listed items by continuously implementing the reform of the platform for a new auction system and a trade-in system and encouraging suppliers to use our services. Additionally, along with an increase in the number of listed items from the suppliers, we will expand the network of global buyers seeking products to revitalize the entire platform. By accelerating the cycle including these steps, we aim to achieve sustainable growth within a circular distribution system.

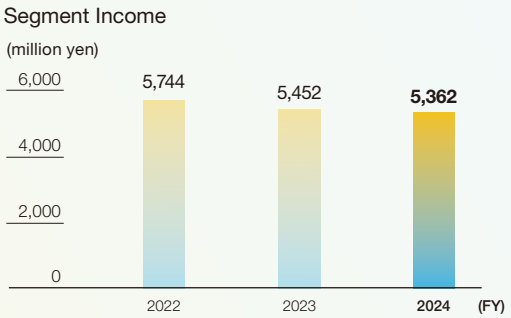
Fashion Resale Business

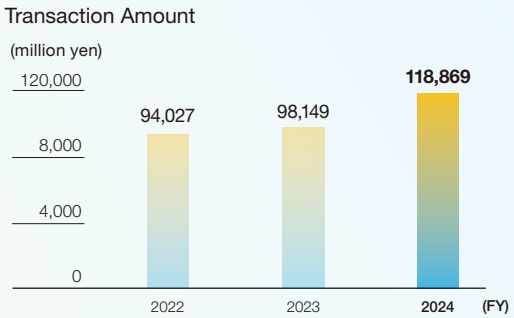
Structural Reform and Investment for Business Growth

We will invest in the branding of our business for consumers to improve awareness, and work to further expand our buyer network at our overseas bases, while embarking on the enhancement of our auction platform by building an inventory management system, implementing inspection and grading, and considering the introduction of new services. While strengthening our business foundations, we will maximize group synergies, such as by integrating overlapping business domains, with the aim of achieving dramatic growth of the entire Fashion Resale Business.

Net Sales/Segment Income/Transaction Amount







Lifestyle Products

Digital Product Business



Katsuhiko Ichii
Senior Managing Executive Officer
Division Manager of Digital Products Business Headquarters

The Fiscal Year in Review

In fiscal 2024, while there was a downward in the number of smartphones sold in the entire market, the unit price continued to rise. Under such circumstances, we directed our efforts to diversifying our suppliers such as by strengthening partnerships with domestic suppliers and launching trade-in service for businesses, which resulted in an increase in the number of sales units. In addition, due to the improvement of convenience for members by the new auction system taking root and because of the impact of the yen's depreciation, an average transaction price per item increased.
Additionally, we directed our efforts to expanding our buyer network by utilizing digital marketing to acquire new members and promoting an investment in the functional expansion of our overseas bases.

Future Direction

Going forward, we will push forward with platform reforms, such as by further evolving our new auction system, improving operational efficiency, and strengthening services associated with auctions, including AI pricing and a portal website for supplier sales management.
We will also aim to increase the number of sales units by making a full-scale entry into the GIGA School business and strengthening our suppliers by deploying a trade-in system for corporations.
Furthermore, we will expand our sales network globally by utilizing digital marketing and expanding the functions of our overseas bases.
We will further evolve our existing auction system and services, aiming to establish the most trusted digital device circular tech in the industry.

Risks and Opportunities

- Sudden fluctuations in exchange rates
- Higher prices for smartphones
- Increased global competition
- Reuse potential of devices
- Changing attitudes toward reuse among manufacturers, carriers, and customers

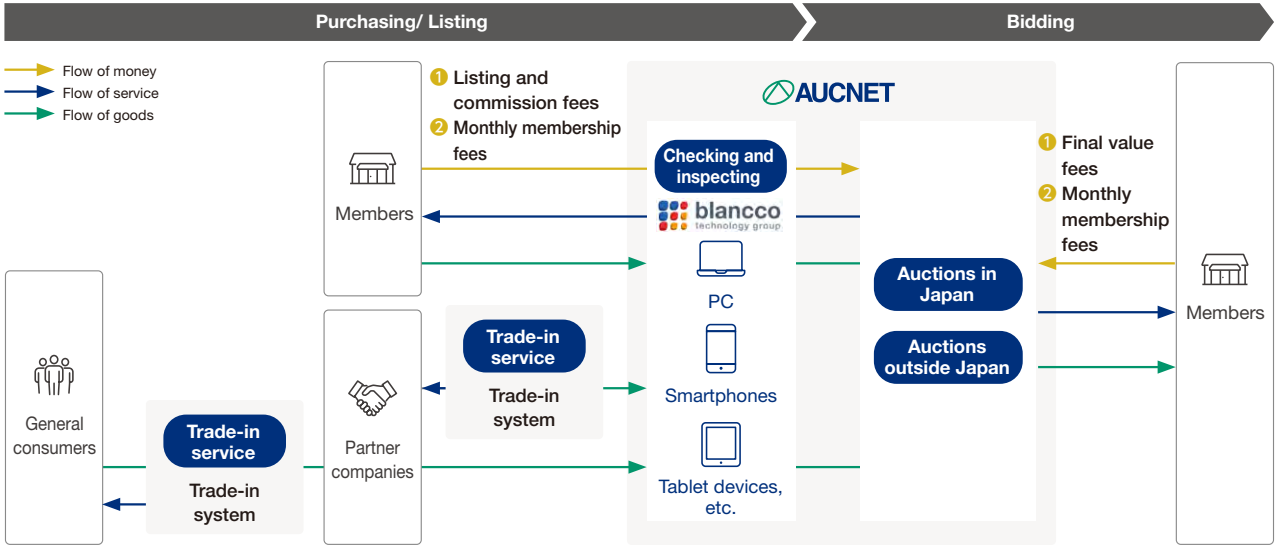
Competitive Edge

- Strong domestic and international buyer network of over 2,000 companies
- Supplier network supporting commercial distribution of over 1.6 million units per year
- Unique auction system incorporating economic insights
- A service model that is customizable for each supplier
- Scrupulous grading to maximize product value

Challenges

- Acquiring new suppliers and strengthening partnership with them for distribution volume increase
- Strengthening overseas sales networks including new businesses and new products

Business Model



Lifestyle Products

Fashion Resale Business



Yasuto Saito
Senior Managing
Executive Officer
Division Manager of Fashion
Resale Business Headquarters

The Fiscal Year in Review

In fiscal 2024, although the average transaction unit price of products remained weak in BtoB business, our focus on measures to acquire members both domestically and overseas, including support activities for new domestic members and active sales activities at overseas bases, led to the revitalization of auctions as well as an increase in the number of listed items and items sold at auctions, which resulted in an expansion of transaction amount. In business targeting consumers, we were affected by a decline in inbound demand and sluggish sales of some high-priced products. However, by making Defactostandard, Ltd. and JOYLAB, inc. into consolidated subsidiaries, we were able to diversify our products and increase the number of items, thereby expanding transaction amount.

Future Direction

As the global pre-owned luxury goods market is expected to continue expanding, we will implement all possible measures to increase transaction amount both domestically and overseas. In BtoB business, in addition to utilizing big data for pricing and matching, we will work to strengthen our platform by improving the quality of inspection and grading, while also focusing on improving the operational efficiency of our business targeting consumers, aiming to expand our business by further creating synergies with group companies. Additionally, in overseas business, we will cooperate with local companies to promote distribution by acquiring local buyers and strengthening customer support.

Risks and Opportunities

- Increased competition due to rapid growth of emerging companies
- Manufacturers' entry
- Expanding resale fashion market
- Increase in inbound business demand
- Growing interest in vintage items among Millennials and Gen Z

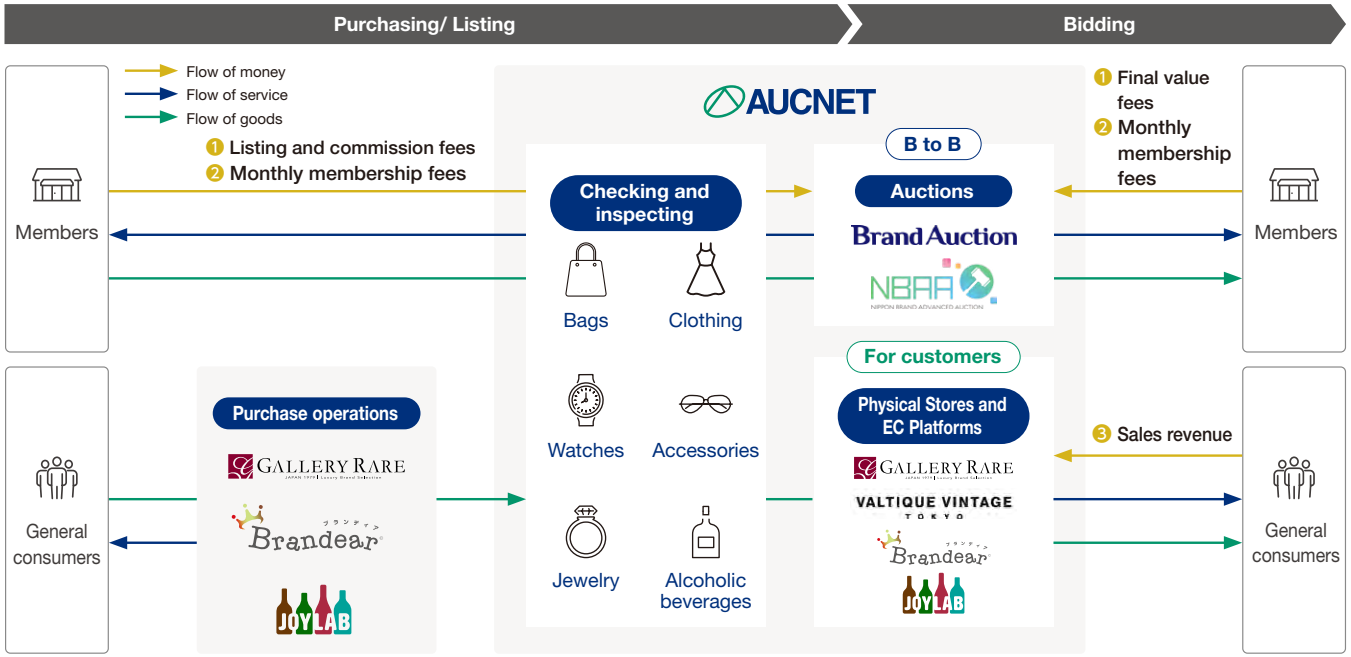
Competitive Edge

- Checking, inspecting and grading techniques to support information distribution that have been cultivated for more than 40 years
- BtoB auctions with the largest scale in the industry (transaction amount: approx. 52.0 billion yen/number of listed items: approx. 1.27 million (fiscal 2024))
- Domestic and overseas membership-based network with the largest scale in the industry (approx. 5,800 companies)
- Low-cost operations handling one million items per year
- Synergies between BtoB business and business for general consumers (targeting C)

Challenges

- Differentiation in the increasingly competitive domestic BtoB market and its growth maintenance
- Creation of global-to-global distribution
- Synergies between operational companies

Business Model



Mobility&Energy

Business Environment

In addition to the Automobile Business and the Motorcycle Business, our existing businesses, we have changed reporting segments and established the Mobility & Energy Segment in fiscal 2024 in order to strategically improve the ability of responding to various changes such as those in the new next-generation field including electric vehicles (EVs) as well as in the energy field including EV batteries.
As for the business environment for fiscal 2024, affected by the temporal stagnation of new vehicle sales caused by a deceptive new vehicle authentication issue and export businesses' increased purchasing activities due to the yen's depreciation, demand for used vehicles increased, and the unit price continued to rise.
In addition, although the popularization of EVs is yet to take hold, their share is gradually increasing and autonomous driving technology has also improved, which shows the diversification of mobility services is progressing.

Strategic Policy

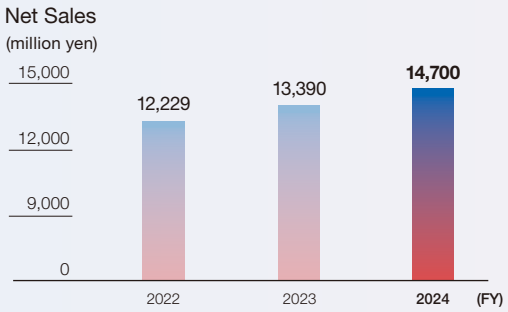
Expanding share in the used car auction market

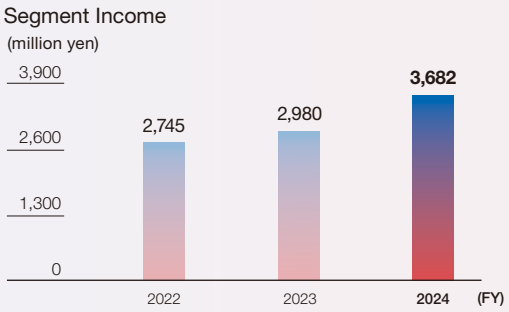
We will build a unique platform by bringing high-quality vehicles through collaboration with other companies, linking our website with partner companies and improving the convenience of our membership website, aiming to expand our share in the used car auction market. We will also strengthen collaboration with subsidiaries and share sales structure and marketing functions to provide more comprehensive services to customers. In addition, to respond to strong demand for inspections, we will promote the strengthening of the inspection system provided by AIS Inc. and ensure fair and impartial transactions.

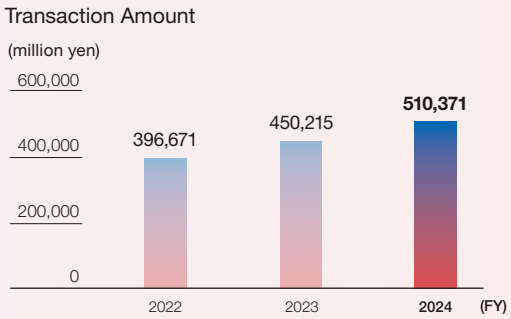
Strengthening the ability of responding to changes for the future popularization of EVs

By establishing diagnostic technology for EV batteries, we are working to strengthen our ability to respond to used EV inspections, whose demand is expected to increase in the future, and develop a scheme for the reuse or repurposing of EV batteries. For example, we will not only reuse batteries for mobility, but also repurpose them as infrastructure for local communities, and will work on the promotion of a circular economy through new business models that include the energy sector in addition to our traditional mobility business.

Net Sales/Segment Income/Transaction Amount







Mobility&Energy

Automobile Business



Satoshi Ohata

Managing Executive Officer
Division Manager of Automobile Business Headquarters

The Fiscal Year in Review

Regarding the used car auction market in fiscal 2024, due to a decline in new vehicle sales and an increase in consumer demand for used vehicles following that, the number of used vehicles listed in the market fell 5.7% on a year-to-year comparison to 7.51 million units*, while the total number of used vehicles sold at auctions rose 2.0% from the previous year to 5.28 million units*. By accurately capturing this growing demand, we promoted the use of exporter members partnerships and continuously strengthened our sales activities in collaboration with i-Auc, Inc., a subsidiary specializing in proxy bidding service, and as a result, the total number of used vehicles sold at auctions and auctions won increased 4.3% on a year-to-year comparison to 524,057 units. Additionally, demand continued to be also high in the used vehicle inspection service, and as a result of continuing to strengthen our inspection system such as by increasing the number of inspectors, the number of vehicles inspected annually stood at a record high for similar to the previous year.

* Source: the 2024 U-Car Full Data Book and Export Quotation Book (2024)

Future Direction

Going forward, we plan to strengthen our online platform, membership marketing and used vehicle inspection service. Regarding the online platform, we will increase the number of listed unique vehicles through the collaboration with leasing companies and MOTA Inc. and promote bidding by strengthening ties with the membership website, aiming to expand our share in the used car auction market. In the membership marketing, in addition to implementing measures suited for the attributes of each member, we are proceeding with the introduction of a membership website system (AUCNET CARS) to increase points of contact with customers and improve operational efficiency.
In addition, as for the used vehicle inspection service, we will strengthen the inspection system provided by AIS Inc. in order to meet high demand for inspections.

Risks and Opportunities

- Maturation of the domestic market and growth of overseas markets
- Popularization of EVs, autonomous driving, etc.
- Change from ownership to use
- Credibility on the entire used car industry
- Impact of exchange rate fluctuations on transactions

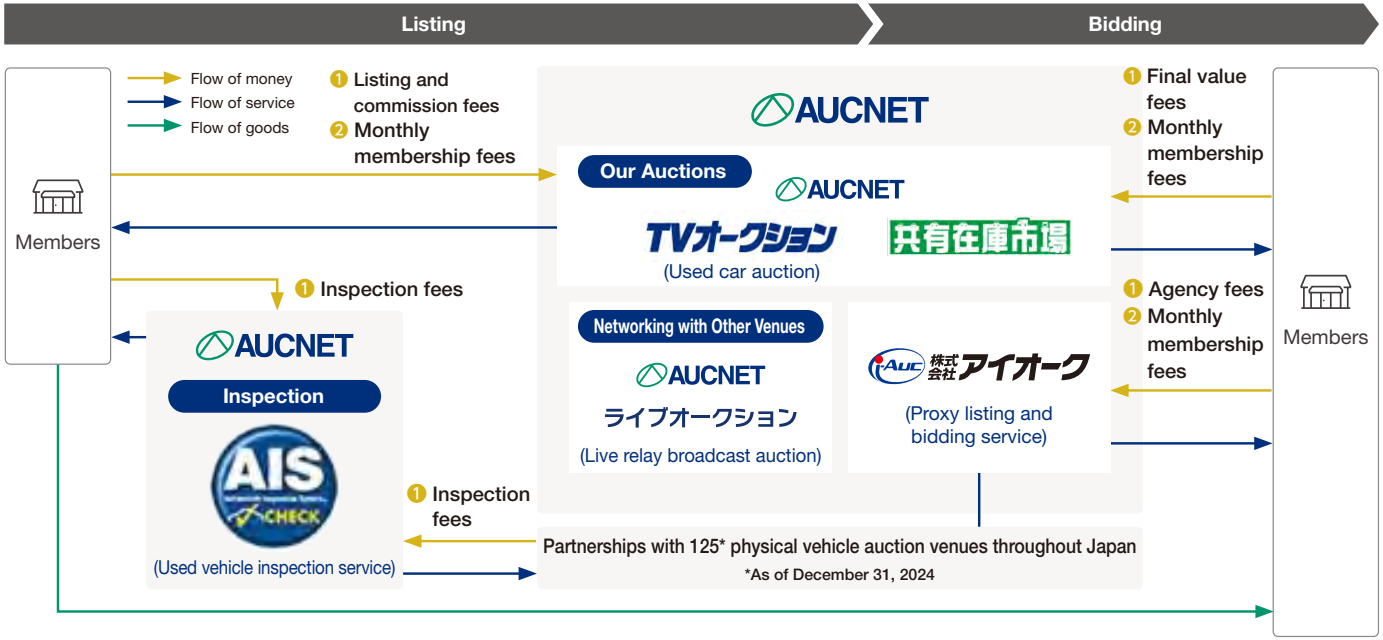
Competitive Edge

- Used vehicles inspection system
- Over 35 years of operational expertise
- Convenience of online auctions
- Total support for members, from inspection to distribution
- Partnerships with over 100 physical sites

Challenges

- Responding to the diverse needs of each customer
- Response to EVs
- Performance susceptible to the used car market

Business Model



Mobility&Energy

Motorcycle Business



Keisuke Fujiwara
Executive Officer
Division Manager of
Motorcycle
Business Headquarters

The Fiscal Year in Review

Domestic shipments of motorcycles in fiscal 2024 decreased 15.1% from the previous year to 319,700 units*1, which was the first decrease in two years. In addition, the number of motorcycles put up for auction in the year decreased 1.1% from the previous year to 414,055 units*2, while the number of motorcycles sold at auctions increased 1.8% from the previous year to 349,910 units*2. Under such circumstances, in this business, we directed our efforts to providing comprehensive distribution solution services to major businesses, while demand for auctions was being stimulated by high export demand due to the yen's depreciation, which in turn led to an increase in the number of auctions won by major domestic dealers and export businesses, resulting in an expansion in transaction amount. Moto Auc, a rental service for consumers, also performed well in terms of the number of motorcycles in operation.

*1 Survey by Japan Automobile Manufacturers Association, Inc.
*2 Total value of of auction-based distribution results compiled by Japan Auction Bike Association

Future Direction

Toward business expansion of auctions and the shared inventory market, we will continue to strengthen comprehensive distribution solution service for major business operators, and implement measures for revitalizing transactions with exporters and customer success activities.
From medium- to long-term perspectives, in the context that it is expected that there will be a shift of new types of motorcycles put on the market to new standards (over 50cc to 125cc) or other means of mobility such as battery-assisted bicycles following the discontinuation of production of motorcycle less than or equal to 50cc due to new exhaust emission regulations at the end of October 2025 in this business, we aim to grow our business while adapting to future environmental changes, such as by developing businesses utilizing the business expertise we have gained in secondary distribution and expanding our sales channels overseas.

Risks and Opportunities

- Maturation of the domestic market
- Tighter emission regulations
- Increasing demand for vintage, saving-oriented, and replacements for brand-new products
- Shift to EV motorcycles and other means of mobility
- Expanding business into overseas growth markets

Competitive Edge

- Nation-wide on-site inspection system provided by AIS Inc.
- In-store listings (auction and shared inventory market)
- Distribution network with transportation fees uniform throughout Japan
- Synergies with the Automobile Business

Challenges

- Improvement of operational efficiency
- Approaching the young generation
- Expansion into an overseas market

TOPICS Moto Auc Rental Bike: Aiming for Sustainable Growth

Moto Auc Rental Bike, a motorcycle rental service that we offer targeting consumers, is used by many customers not only for touring and as means of daily transportation, but also for recreational purposes such as excursions and leisure activities at their travel destinations. In addition, there are more than 260 affiliated stores nationwide, and this service is well-supported for its highly convenient network. Since the COVID-19 outbreak, it has attracted attention as a means of transportation that enables users to avoids crowds, and the number of rented motorcycles has more than doubled in recent years, reaching an all-time high in fiscal 2024.
In addition, to further improve its convenience and safety, we have introduced a new management system for the streamlining of the renting and returning motorcycles, achieving the provision of even more comfortable service.
While continuing to capitalize on strong inbound demand centering around Taiwan, we will focus on strengthening the search engine optimization (SEO measures) of our website and its contents, aiming to achieve sustainable growth.

moto-auc
RENTAL BIKE

Other

Agricultural Business



Susumu Ozaki

Executive Officer
Division Manager of
Agricultural Business
Headquarters

The Fiscal Year in Review

Fiscal 2024 was a year of unstable market prices that was frequently affected by unseasonable weather with prolonged rains or extreme heat causing reduced shipment volumes and deviation in shipment timing. In addition, the decline in transportation capacity due to the Year 2024 logistics issues had a major impact on the flower industry in Japan. However, in our Agricultural Business, we implemented logistics reforms adopting a hub-and-spoke* system and put nine regional depots into operation, aiming to continue stable deliveries within the regulations. Furthermore, we started activity in the Kansai area based in the Kyoto Center, achieving area expansion that will serve as a stepping stone leading to nationwide expansion.

* A mode of transportation in which cargo is collected at a central base (hub) and then sorted and transported to each base (spoke)

Future Direction

Toward achieving Blue Print 2027, our new medium-term management plan, we aim to build a foundation for optimizing flower distribution through collaboration between markets. Kinuta Flower Auction Co., Ltd. and our company will carry out a major renewal of the core system and the buyers' membership website in 2025, and will build a system that enables individual buyers to participate in both markets. Additionally, to further promote collaboration between markets, we will also work to expand our business scale through collaboration with local markets. Garand Bouquet Otaki Limited will continue to supply phalaenopsis orchids to our group on a priority basis and develop unique products based on market needs, striving to enhance the independent distribution system of the entire group.

Risks and Opportunities

- Increase in production and distribution costs
- Spread of online transactions
- DX throughout the entire flower industry
- Increase in import transactions

Competitive Edge

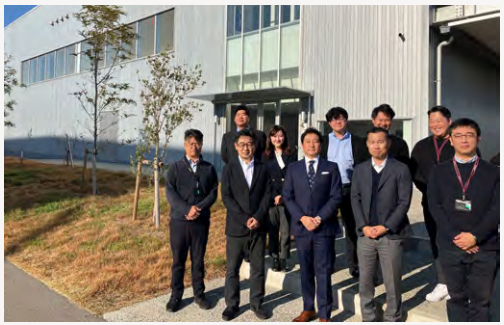
- Unique logistics network
- No commissions charged to the wholesaler
- Synergies with group companies
- Strong network with growers and buyers
- Business development in East Japan area and Kansai area

Challenges

- Monetization in Kansai area
- Response to issues by changes in labor regulations for logistics companies in Japan (the Year 2024 logistics issues)
- Establishment of bases and logistics network for nationwide expansion

TOPICS Full-scale Operation of Kyoto Center and its Potential for Growth

Our activity in the Kansai area based in the Kyoto Center, serving as a stepping stone leading to nationwide expansion, will get into full-swing. Since its opening in 2023, we have been cultivating growers, mainly farmers, and buyers, mainly flower shops, from scratch, while being under high expectations from the industry placed on our company which continues to take on new challenges while enabling fair and impartial transactions, and we were able to hold the first auction in November 2024. Going forward, we aim to further expand our membership-based network, and expand our business and improve profitability in the Kansai area. Additionally, in the East Japan area, we plan to relocate our logistics center to rebuild our logistics system that can support a transaction amount of 10 billion yen in the future. This will enable us to improve the efficiency of logistics in warehouses and secure a variety of delivery methods, bringing us one step closer to realizing a unique distribution system connecting the East Japan area and the Kansai area. We will steadily implement initiatives toward nationwide expansion, aiming for growth.



Other

Circular Commerce Business



Masahiro Fujisaki
Managing Executive Officer
Division Manager of Circular Commerce Business Division

The Fiscal Year in Review

Fiscal 2024 was a year in which we deepened our collaboration with primary distributors, such as manufacturers, distribution companies and retailers. Toward realizing a circular economy, we held discussions with companies aiming to achieve strategical entry into the reuse market, and were able to lay the foundation for building new services.
In addition, in April 2024, we began collaborating with ITOKI Shared Value Co., Ltd., a furniture giant, as our co-creation partner to build Office Furniture Reuse Distribution Platform, and are accelerating our efforts to promote a circular economy that aims at extending the lifespan of office furniture, maximizing resource value, and achieving zero waste.

Future Direction

With the Office Furniture Reuse Distribution Platform, we aim to increase the attractiveness of the market by increasing the number of items being distributed and unit prices through expanding the number of participating members and our product lineups, as well as improve profitability by updating and streamlining operations.
In order to promote further enhancement of the Circular Commerce Business, we will utilize the expertize we have cultivated over the years to develop a highly versatile business foundation that includes an auction and a buy-and-sell system that is essential for the distribution of reused goods, a system to manage entering and dispatching from warehouses and inventory, functions to operate warehouses, and build a system that can flexibly respond to the requests from various companies for added value creation.

Risks and Opportunities

- Increase in competition for sustainability support service
- Increase in interest and attention in sustainability
- Expansion of Company's effort for sustainability
- Expansion of primary distributors' effort into secondary distribution area

Competitive Edge

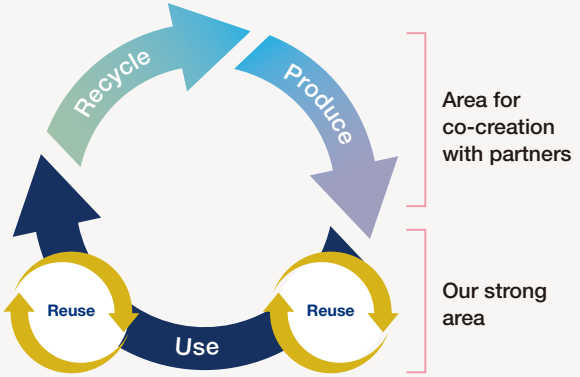
- Diverse channels and connections including existing membership-based network
- Extensive operational expertise accumulated in other existing businesses
- Expertise on distribution data utilization and product value calculation

Challenges

- Construction of operations suitable for products and characteristics of individual industries

TOPICS Toward Realizing Circular-tech Ecosystem

A sustainable circulation-based business involves manufacturing, distributing, and selling of new products, commercializing, distributing, and selling of reused products, as well as returning them through the final recycling process to manufacturing of new products as raw materials. This cannot be achieved by a single company alone; therefore, it is necessary to build an ecosystem through co-creation with many other companies.
In this type of ecosystem for circulation-based business, we have extensive expertise related to the commercialization process for reused products, and are providing the most efficient and high-quality operations. In order to realize the various types of requests from primary distributors, we will further enhance our expertise supporting efficient operations through integrating various services and functions with co-creation partners, thereby aiming to realize a circulation-based circular-tech ecosystem.

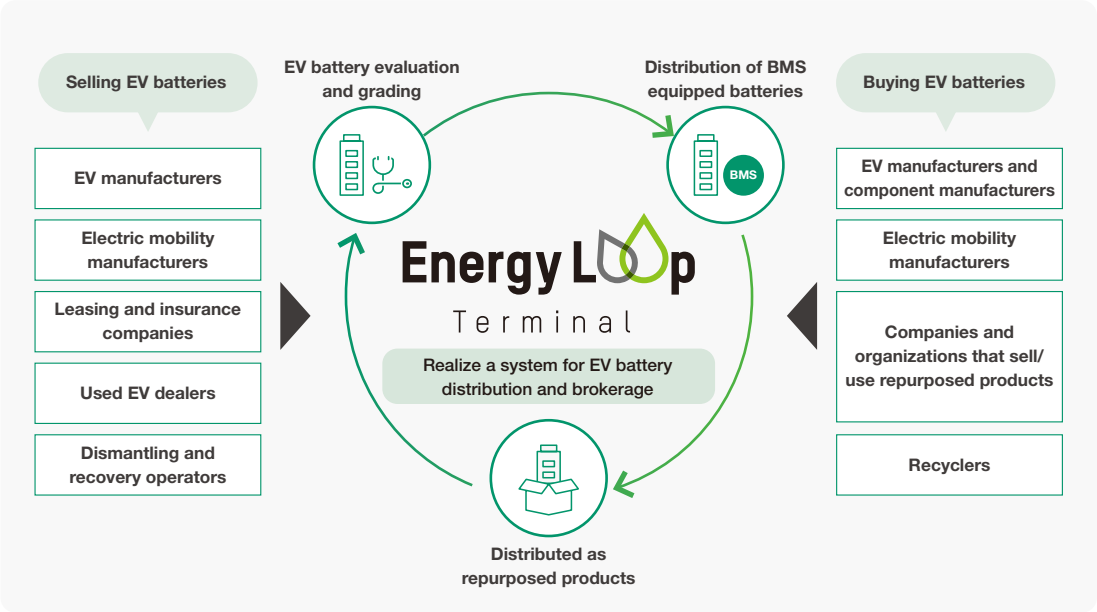


Special Feature:

Aucnet's Goal of Building a Circular Market

Energy Loop Terminal

Energy Loop Terminal is a platform for the distribution of repurposed products. While there is a possibility of using this platform for various products, we have started with EV batteries, which is in high demand, and are building its system.



Service Overview

The Energy Loop Terminal is a platform that aims to distribute used lithium-ion batteries installed in EVs as repurposed*1 products by giving them new purpose and value. Our business partner, MIRAI-LABO Co., Ltd., is responsible for highly accurate deterioration diagnosis of EV batteries and commercialization of EV batteries equipped with a dedicated battery management system (BMS*2), while we are responsible for developing and operating the platform for distribution of repurposed products, cultivating customers, etc.

*1 To reuse for another purpose a product whose use has ended
*2 A system that controls the safety of secondary batteries

Future Outlook

In order to break down the status quo in which used EVs that are still fully usable are exported overseas and not utilized in Japan, we have signed a memorandum of understanding with Tokyo Century Corporation to create a used EV leasing service with a range guarantee. We will promote the circulation of used EVs in Japan by having affiliated leasing companies provide used EVs with a range guaranteed by us (the range when a battery is fully charged, which considers the deterioration degree of the EV battery at the time of the lease inception). In addition, we will purchase vehicles after the end of their lease service, and promote resource circulation through this platform. We plan to continue diagnosing and repurposing EV batteries as well as batteries installed in all types of systems, working to expand a sustainable market.

For more details, please refer to this link.
https://info.auc-elt.com/1st-service/lp (Japanese only)

Outside Directors Roundtable Discussion

As a Company That Leads a Circular Economy, We Will Work to Optimize Our Business Portfolio and M&A Strategy.

What kind of growth strategy and M&A are necessary to create the future of a circular economy together with partners around the world? What is necessary to help individual investors better understand the company's features? Five outside directors have shared their candid opinions on these issues, as well as the formulation status of Blue Print 2027, our new medium-term management plan.



From left:

Megumi Tsukamoto	Michi Handa (Sasano)	Seiichiro Umeno	Mikito Nagai	Toshio Maki
Outside Director	Outside Director (Audit & Supervisory Committee member)	Outside Director	Outside Director (Audit & Supervisory Committee member)	Outside Director

* In the dialogue transcript, she is identified with the name "Sasano," her registered name as a certified public accountant.

Discussion at Board of Directors meetings aimed at improving corporate value and formulating the medium-term management plan

——How did the discussion at Board of Directors meetings go regarding the formulation of Blue Print 2027, our new medium-term management plan (hereinafter "new medium-term management plan")?

Sasano Before formulating the plan, of course, we first reviewed Blue Print 2025, our previous medium-term management plan, (hereinafter "previous medium-term management plan"). Although we were able to meet investors' expectations in terms of ROE and shareholder returns, we fell short in terms of GCV[*1] and EBITDA. Taking this result into consideration, we had many discussions. There are also many new business seeds for future growth, and I feel it was very meaningful to discuss them.

Umeno In particular, as we have developed specific growth strategies to achieve the new medium-term management plan because EBITDA must be achieved with certainty, I believe it has become a plan that can be highly anticipated.

Maki In the previous medium-term management plan, we had a lot of discussions about growth strategies for each domain. The compilation of such discussions is the new medium-term management plan. Since shareholders get the picture of corporate growth in terms of figures, I think the EBITDA target should be clearly broken down and managed according to each segment. I also feel that we did not have a lot of discussion about where to allocate human resources under the previous medium-term management plan. I believe that how to allocate human resources to fields with growth potential will be a key point of the new medium-term management plan.

Nagai I think it is also important to actively engage in M&A in the new medium-term management plan, in addition to steadily making existing businesses grow. A major difference from the previous medium-term management plan is that the new one includes more sophisticated decision-making and procedures through the new establishment of a specialized unit and the awareness-raising of PMI[*2]. In addition, it stipulates where we will invest in detail. I expect that the measures in the new medium-term management plan will be steadily implemented.

Tsukamoto Under the new medium-term management plan, we announced the new establishment of the Hobby & Entertainment Business within the Lifestyle Products Segment. We will leverage our knowledge and experience, hoping to realize a new development that accelerates growth in both our existing businesses and new fields.

Umeno In terms of new business, I think there will be high expectations for electric vehicles (EVs) in the future. However, when it comes to a discussion as to what will happen in the long term and what we should do as a company, we are not yet satisfied with the current situation. We would like to address these themes through discussions with not just the span of a medium-term management plan, but a longer time frame in mind.

Outside Directors Roundtable Discussion



——In relation to the improvement of corporate value, what specific opinions were expressed at Board of Directors meetings regarding price-book value ratio (PBR) and share prices?

Sasano At Board of Directors meetings, we regularly receive reports on stock prices, trading volume, and the contents of meetings with investors. From the reports, we find that our biggest challenge lies in the number of outstanding shares and daily trading volume, and we are discussing a wide range of options, including IR measures and capital policies.

Maki In particular, I found that the acquisition of treasury shares from the founding family during the previous medium-term management plan was the expression of a firm intention to become a listed company that is respected by society even if it means lowering the founding family's shareholding ratio.

Nagai Compared to global averages, our ROE and PBR are at an acceptable level. In order to build a fan base among individual investors, I think we need to disseminate the image of a future global reuse market, our business model, strengths, and the advantages of our platform in a more understandable manner.

*1 Gross circulation value (GCV): Aucnet's proprietary indicator showing in monetary terms the impact of business activities on the economy and the environment

*2 Post merger integration (PMI): The consolidation process after mergers and acquisitions (M&As).

Challenges and Recommendations toward M&A and Further Growth

——M&A is a critical challenge as our growth strategy. Please let us know your impressions on the M&As we have implemented and the challenges we have faced.

Sasano M&As we implemented were not always successful because they brought tough challenges. In addition, there have been times when cost-related issues or other issues arise after M&A, in addition to PMI. I believe it is important to resolve these issues while simultaneously considering new M&A deals under the new medium-term management plan in order to generate profits. In fact, new M&A projects are being continuously discussed at Board of Directors meetings even now. I believe it is extremely important for us to consider such M&A deals at Board of Directors meetings while taking into account lessons learned in the past.

Tsukamoto In January 2025, the Group Governance Office was established in the Corporate Management Division. I think this has allowed us to monitor progress status of companies including those after M&A for short, medium and long terms and that we have now in place a system that allows us to take appropriate action more flexibly when necessary. There can be no growth without risk, so it is not necessary to avoid all risks, but if it becomes possible to visualize the progress in a phased manner such as by going through a scrutiny process more logically, it should bring better results.

Sasano It is of course important to look at the growth potential of M&A at the due diligence stage, but the comments of its in-house promoters will naturally focus on beneficial aspects from the perspective of advancing business. In particular, since I am a certified public accountant, I would like to delve into financial aspects deeper, and further increase the depth of our due diligence in the future.

Umeno As expected, in the areas in which we lack insight and knowledge, the accuracy of due diligence becomes extremely important. Since it is difficult to gain insight overnight, I think that it will be necessary for us to make decisions on M&A projects while gaining support from external experts for certain projects in the future. In addition, regarding in-house resources, since we do not have an abundance of talents, one of the issues we face is how to dispatch such talents to complete PMI. This point was also discussed in Board of Directors meetings, with the idea that it is necessary to approach PMI in a planned fashion.

Maki Although it did not draw much attention, we backed out of some businesses again in the previous term. The Board of Directors went through a process of discussing why they chose to back out of them. I think that from here on, we should apply lessons learned from prior withdrawals and make improvements so that we can see acceptable risk levels. If the acceptable levels are clarified and reported to the Board of Directors on a regular basis, it will become possible for us to discuss various measures to address them. Our company has a mission to give added value to information and solve social issues in relation to the circular economy. I would like the company to remain steadfast in this regard and continue to actively work on this.

Nagai What's good about our company is that each business department promotes its business responsibly and does its best to address risks linked to the business of each department. However, when we think about it on a consolidated basis rather than on an individual business department basis, we sometimes can find inherent risks in unexpected places. Even though we can promote business quickly on the vertical axis, I feel that we are still insufficient in terms of horizontal aspects such as portfolio management, integrated risk management and



Outside Directors Roundtable Discussion

internal control. Furthermore, as the global environment poses major risks of sudden changes, such as the tariff policy of the U.S., the key for the future will be how we can manage increasingly diversifying elements such as foreign exchange, financial settlement, credit extension and inventory management in an integrated manner.
Our company is aiming for global growth, so in addition to putting in place a system during the period of the new medium-term management plan, I also intend to deliver various recommendations, including those about group governance.

Important Roles as Outside Directors

——What do you think is necessary to help individual investors better understand Aucnet?

Tsukamoto I think there are still only a limited number of people who know the true attraction of our company. Much of our public-relations activities are targeting businesses, which is useful in finding new partners, but I believe we should also properly demonstrate our image as a company that is taking the lead in realizing a sustainable society in our public-relations activities targeting consumers. Going forward, we will strengthen and expand businesses targeting consumers, which will be a great opportunity for public-relations activities and branding. It is very important to have individual investors to become our supporters who root for our company together.





Sasano We engage in the GIGA School Program in the digital products field, and address new seeds such as EVs in the mobility field. We hope to put these on a growth path and make sure that we can achieve shareholder returns without any trouble.

Maki Due to the scope of our business, we tend to be compared to other companies that offer auction service as a benchmark. However, if you look at our unique features, such as our rigorous inspection, platform that constitutes the basis of reliability, global expansion, and businesses targeting consumers, it becomes evident that there is no other company with a similar business model among the companies listed on the Tokyo Stock Exchange. I would like to make it widely known that we are leading the realization of circular commerce by adding value to information.

Umeno It may be difficult for ordinary shareholders to clearly imagine what circular commerce is like. I think it is necessary for us to make efforts to describe us in a clarifying manner so that they can understand that our business has a lot of room for growth in the medium to long term in order to encourage them to be our shareholders.

——From now on, we will enter the implementation phase of Blue Print 2027. Are there any specific areas that you would like to pay close attention to as an outside director?

Sasano There is an initiative that has been in place since the previous medium-term management plan period. Each business department regularly reports on its business strategy and progress at a Board of Directors meeting. This is a very precious occasion. We would like to make good use of such opportunity to offer advice and suggestions based on the knowledge of individual outside directors.

Tsukamoto This is my second year as an outside director of the company, and I aim to proactively ask when any points are unclear, and engage in proposal-based discussions.

Nagai I believe a major role of outside directors is to discuss matters based on objective data. I also recognize that one of the roles of outside directors is to define portfolio management in a way that is unique to our company.

Maki Our company will celebrate its 40th anniversary in 2025, holding a commemorative event. Companies that hold a lot of events tend to continue to grow, and many of them have earned trust from their employees. I would like to make a proposal of creating new systems that will promote the retention of employees and respond to their growth, such as a wage system that serves as proof of the employees' own growth.

Umeno Looking back, I feel that there were some areas in which we have not always been able to fully follow up the actual situation regarding the progress of the medium-term management plan. I feel that we, as outside directors, must make further efforts to improve our monitoring function in the future.



Messages from Directors

Based on the philosophy of “Authenticism,” Aucnet continues to take on challenges toward realizing a circular society.
Here, we introduce messages from our directors regarding challenges toward Blue Print 2027, our new medium-term management plan.

Kiyotaka Fujisaki

Chairperson, Director



Blue Print 2027, our new medium-term management plan, includes many challenges, with some aspects remaining unchanged and others changed from the previous one. For example, in the Mobility & Energy Segment, we are planning to venture into new fields, including the energy field, in addition to growing our existing businesses.
2025 is going to be our landmark year to celebrate our 40th anniversary, and we will continue to make further efforts to achieve Blue Print 2027, while thriving on our past successes and failures.

February 1985	Director and General Manager, IT System Development Department, Aucnet
October 1987	Managing Director
March 1993	Senior Managing Director
August 1993	Representative Director and President
March 2010	President and Executive Officer
March 2020	Representative Director and Chairman & CEO
March 2023	Chairperson, Director (to present)

Shinichiro Fujisaki

Representative Director and President & CEO



With attention to the circular economy increasing year by year, we have heard from many companies that they also want to try something themselves. We would like to take advantage of our knowledge and take on the challenge of creating new businesses while supporting such companies. With the hope of raising awareness of environmental contributions company-wide, we continue to set out GCV as a long-term goal in Blue Print 2027, and we will promote each business to realize a circular economy around the world.

January 2011	Joined Aucnet
January 2013	Deputy General Manager, Automobile Business Headquarter
January 2014	Executive Officer
March 2014	Director
January 2015	Senior Deputy General Manager, New Business Division
January 2016	Representative Director and President, AUCNET DIGITAL PRODUCTS INC.
January 2017	Managing Executive Officer
January 2019	Senior Managing Executive Officer Division Manager, Automobile Business Division
March 2020	Representative Director and President & COO President and Executive Officer (to present)
March 2023	Representative Director, President & CEO (to present)
January 2024	Division Manager, Mobility & Energy Division (to present)

Masayasu Takigawa

Director Senior Managing Executive Officer



In Blue Print 2027, we set forth our vision, “Working with partners worldwide to shape the future of the circular economy,” and there is a growing awareness in each business department that co-creation with various partners is extremely important. In particular, in the Circular Commerce Business, we are working to build new recycling-oriented businesses, and we will be proactively taking on the new challenge of starting business ventures by utilizing the experience I have gained in launching new businesses and services.

April 1984	Joined ITOCHU Corporation
October 2003	Representative Director and President, Any Lights Co., Ltd.
May 2007	Managing Director, ISHIMORI PRODUCTION INC.
June 2010	Director and Vice President
June 2013	Director, SPACE SHOWER NETWORKS INC.
March 2017	Representative Director and President, Enroute Co., Ltd.
April 2020	Joined Aucnet Senior Managing Executive Officer (to present) Division Manager, New Business Division
March 2021	Director (to present)
January 2024	Division Manager, Business Management Division (to present)

Hiroki Taniguchi

Director Senior Managing Executive Officer & CFO



In Blue Print 2027, we have set a long-term goal of GCV of 1 trillion yen, and medium-term quantitative targets of achieving EBITDA of 10 billion yen, ROE of 15-20%, and a dividend payout ratio of 40% or more. To achieve these targets, it is important to consider optimal cash allocations not only for promoting each business, but also for shareholder returns, M&A investments, digital transformation investments, and human capital investments. With that in mind, we will continue to discuss these matters at Board of Directors meetings and other meetings, and will promote capital and financial strategies that are in line with the Aucnet Group’s current developmental phase.

April 1988	Joined Universal Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
September 1994	Joined CHARLE CO., LTD.
April 2003	General Manager, Accounting Department
April 2008	Chairman and President, Charle (Shanghai) International Trading Co., Ltd.
April 2012	Executive Officer, CHARLE CO., LTD.
June 2012	Director
August 2014	Joined Aucnet Senior Deputy General Manager, Administrative Management Division
October 2019	Executive Officer Division Manager, Corporate Management Division (to present)
January 2021	Managing Executive Officer
March 2021	Director (to present)
January 2022	Managing Executive Officer & CFO
January 2023	Senior Managing Executive Officer & CFO (to present)

Messages from Directors



Seiichiro Umeno

Outside Director

April 1989	Registered as an attorney-at-law Joined Tokyo Yaesu Law Offices
August 1990	Joined Masuda & Ejiri
January 1995	Registered as a New York State attorney
March 2006	Outside Director, Aucnet (until March 2008)
April 2007	Partner, Nagashima Ohno & Tsunematsu (to present)
March 2010	Outside Corporate Auditor, VeriSign Japan K.K.
March 2016	Outside Director, Aucnet (to present)
April 2017	Executive member, Committee on the Companies Act (Mainly in Relation to Corporate Governance), Legislative Council of the Ministry of Justice
June 2019	Outside Auditor, SPARX Group Co., Ltd.

In 2024, we implemented M&A for Defactostandard, Ltd. and JOYLAB inc. In our new medium-term management plan, we plan to further promote M&A to maximize our future corporate value. In addition, we are expanding our business overseas, and the need for compliance in cross-border M&A is increasing. I am determined to make use of my own knowledge on corporate legal matters, stimulate discussions at Board of Directors meetings to improve governance structure, and contribute to improving corporate value.



Shunji Sato

Director
Audit & Supervisory Committee member

April 1983	Joined Orient Finance Co., Ltd. (currently Orient Corporation)
June 2014	Executive Officer
July 2017	Joined Aucnet, Managing Executive Officer
January 2018	Senior General Manager, Business Management Division
March 2018	Director
January 2019	Division Manager, Business Management Division
January 2020	Division Manager, Customer Communication Division
January 2022	Managing Executive Officer & CCO
March 2024	Director (Audit & Supervisory Committee member), Aucnet (to present)

In order to achieve the medium-term management plan, it is important to taken an offensive stance that promotes business growth and new investments. However, with the expansion of the scale of the Group, it will become increasingly important to take a defensive stance, such as by strengthening governance. In addition to supervising managers and directors from an independent standpoint, I will properly express my views in discussions at Board of Directors meetings while fulfilling my responsibilities as an Audit & Supervisory Committee member, and work to promote the enhancement of governance.

* The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.



Toshio Maki

Outside Director

April 2004	Executive Officer, KDDI CORPORATION General Manager, "au" Service & Product Planning Division, "au" Business Sector
April 2008	Representative Director and President, CHUBU TELECOMMUNICATIONS CO., INC.
April 2013	Representative Director, Chairman, Jupiter Telecommunications Co., Ltd.
January 2014	Representative Director, President
April 2017	Representative Director, Chairman
June 2019	Representative Director, Chairman, CHUBU TELECOMMUNICATIONS CO., INC.
June 2020	Board Member, Chuo University (to present)
March 2021	Outside Director, Aucnet (to present)
July 2021	Provisional Corporate Auditor, MEDIA SEEK INC.
October 2021	Outside Corporate Auditor, MEDIA SEEK INC.
December 2021	Outside Director, Catalyna Inc. (currently Cotofure Inc.) (to present)

Under Blue Print 2027, we face various challenges in each business, such as the capturing of demand related to GIGA School devices in the Digital Products Business and the integration of Group functions in the Fashion Resale Business. We must also actively promote the enhancement of foundation for growth, including human capital investment. In order to increase corporate value, I will fulfill my role as an outside director by actively participating in discussions at Board of Directors meetings and other meetings from a medium- to long-term viewpoint based on knowledge I have acquired in corporate management.



Michi Handa*

(Michi Sasano)

Outside Director
Audit & Supervisory Committee member

March 1998	Registered as a certified public accountant
September 1998	Joined KPMG LLP New York Office
February 2003	Joined KPMG AZSA LLC
February 2006	Established Biz Consulting K.K. Representative Director and President
June 2008	Representative Director and Vice President, Control Solutions International K.K. (currently Control Solutions K.K.)
January 2009	Representative Director and President (to present)
June 2019	Outside Director (Audit & Supervisory Committee member), TOA CORPORATION (to present)
March 2022	Outside Director (Audit & Supervisory Committee member), Aucnet (to present)

In Blue Print 2027, we set out various business strategies, M&A strategies, and capital and financial strategies to achieve our medium-term quantitative targets. When these strategies are discussed at Board of Directors meetings and Audit & Supervisory Committee member meetings, I hope to contribute to improving our effectiveness by expressing my views based on my knowledge on governance, risk management, compliance, etc., as well as by making use of my experience as a certified public accountant.



Megumi Tsukamoto

Outside Director

April 1985	Joined IBM Japan, Ltd.
July 1997	Seconded to KEIZAI DOYUKAI (Japan Association of Corporate Executives)
August 1999	Returned to IBM Japan, Ltd., assigned to Government and Regulatory Affairs team
April 2003	Asia Pacific Leader, Governmental Programs, Intellectual Property & Standard Policy Team, IBM Corporation Executive, Government and Regulatory Affairs, IBM Japan, Ltd.
October 2008	Member, Governmental Programs Global Leadership Team, IBM Corporation General Manager, Government and Regulatory Affairs, IBM Japan, Ltd.
November 2015	Operating Director; Director, Global Government and Corporate Affairs Japan, Caterpillar Japan KK
December 2017	Representative Operating Director; Director, Global Government and Corporate Affairs Japan, Caterpillar Japan LLC
March 2023	Outside Director, Aucnet (to present)
June 2023	Outside Director, TAKASAGO INTERNATIONAL CORPORATION (to present)

As attention to the circular economy increases, I believe our company's presence will continue to grow and people's interest in our business model will also increase. Additionally, the various strategies in Blue Print 2027 include digital transformation investments for the development of auction systems and membership websites. While actively advancing our investment strategy to realize a circular economy, I will utilize the knowledge I have acquired, mainly that in the fields of sustainability and IT/DX, to contribute to the growth of the company.



Mikito Nagai

Outside Director
Audit & Supervisory Committee member

April 1978	Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
April 2003	General Manager of Sales Department No. 2, Head Office, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
June 2004	General Manager of Sales Department No. 9
April 2005	Executive Officer, General Manager of Sales Department No. 9
April 2007	Managing Director, Head of Corporate Banking Unit
April 2009	Managing Executive Officer, Head of Corporate Banking Unit
April 2011	Director, Deputy President
May 2013	Executive Vice President and Executive Officer, Nippon Steel Kowa Real Estate Co., Ltd.
June 2013	Director, Executive Vice President
June 2014	Director, President and CEO
April 2019	Director and Advisor, Nippon Steel Kowa Real Estate
June 2019	Advisor, Outside Director (Audit & Supervisory Committee Member), OKASAN SECURITIES GROUP INC.
June 2020	Outside Board Member, Nippon Suisan Kaisha, Ltd. (currently Nissui Corporation)
June 2021	Outside Director, Tohoku Electric Power Co., Inc. (to present)
August 2021	Outside Director, OHBA CO., LTD. (to present)
July 2024	Outside Director (Audit & Supervisory Committee Member), Okasan Securities Co., Ltd. (to present)
March 2025	Outside Director (Audit & Supervisory Committee member), Aucnet (to present)

In accordance with the resolution at the 17th Ordinary General Meeting of Shareholders held on March 25, 2025, I have been appointed as a Director (Audit & Supervisory Committee member) of Aucnet. In order to promote the business strategies, M&A strategies, and capital and financial strategies of Blue Print 2027, I am determined to engage in open-minded discussions at Board of Directors meetings and Audit & Supervisory Committee member meetings based on my experience acquired in financial institutions and real estate developers, as well as my knowledge on corporate management, and work hard to improve our corporate value.

Corporate Governance

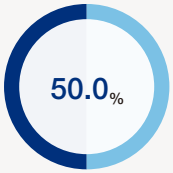
Basic Conceptual Approach

At Aucnet, we place great importance on sound corporate governance because of our belief that we can only provide the most advantageous returns to our stakeholders if management is united with shareholders, customers, employees, and other stakeholders in the conviction that it is essential to strive for efficient management. Moreover, we believe that the foundation that ensures our company's enduring success as a going concern comprises more than just sustained growth in profits, but also an elevated corporate attitude that encompasses matters such as environmental consciousness and our contributions to society.

Governance Highlights

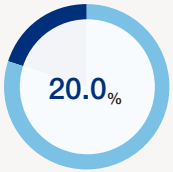
Ratio of outside directors on Board of Directors

Directors
5 of **10**



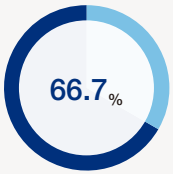
Ratio of female directors on Board of Directors

Directors
2 of **10**



Ratio of outside directors to Audit & Supervisory Committee members

Audit & Supervisory Committee members
2 of **3**



Number of Board of Directors meetings

18 times

Number of Audit & Supervisory Committee member meetings

15 times

* Activity Status of the Board of Directors in FY2024

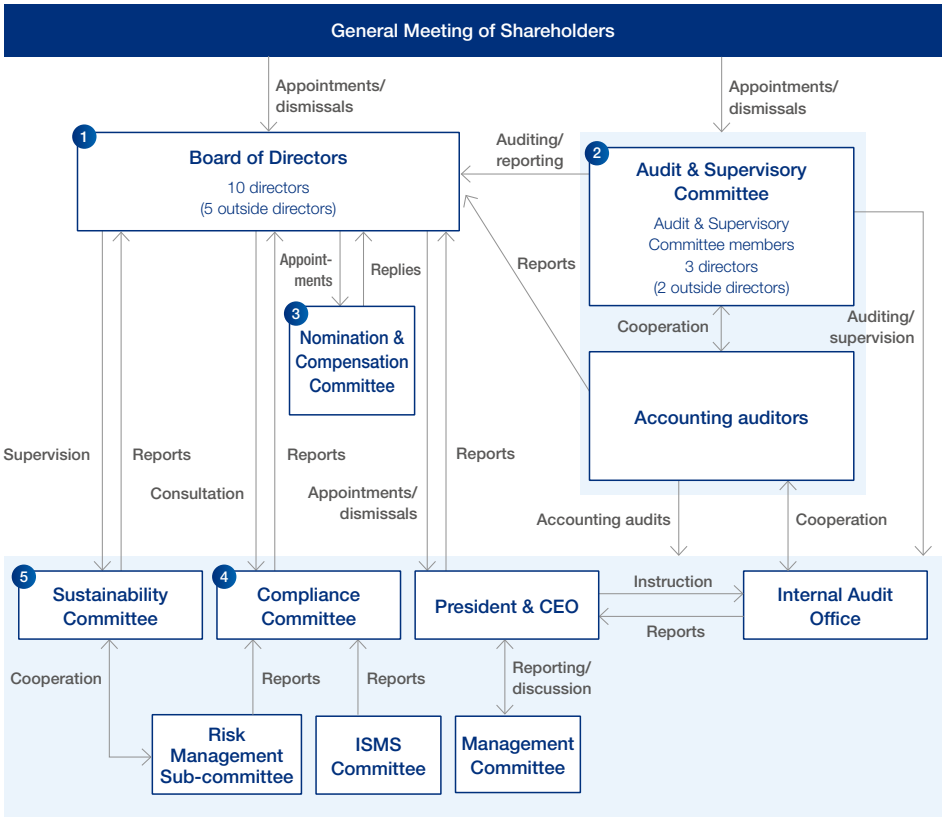
Changes in Corporate Governance

2016	· The company shifted to a company with an audit and supervisory committee
2017	· Shares listed on the First Section of the Tokyo Stock Exchange · Assessment of effectiveness begins (implementation, compilation and analysis of the survey entrusted to a third party)
2018	· All principles of the Corporate Governance Code complied with · Director training begins · The performance-linked stock remuneration plan introduced for directors · Facility tours for directors begin to further promote understanding of our business
2020	· Two representative directors appointed
2021	· All principles of the Corporate Governance Code complied with after its revision
2022	· A female outside director appointed (resulting in the number of female outside directors being one out of ten) · The Sustainability Committee established
2023	· A female outside director appointed (resulting in the number of female outside directors being two out of eleven) · The ratio of outside directors on the Nomination & Compensation Committee becomes the majority · Discussion on management conscious of capital cost and share prices begins · Risk management system enhanced (the three lines model adopted) · One representative director appointed
2024	· The ratio of outside directors on the Board of Directors was set at 50%. · Release of "Management Conscious of Capital Cost and Share Prices" and "Promotion of Dialogue with Shareholders and Information Disclosure" begins (Japanese only) · Simultaneous disclosure of Earnings Reports (Kessan Tanshin) in Japanese/English begins
2025	· Simultaneous disclosure of Corporate Information (Material Fact) that needs timely disclosure in Japanese/English begins

Corporate Governance

Corporate Governance Structure

Corporate Governance Structure Diagram



1 Board of Directors

The Board of Directors consists of seven directors of whom none are members of the Audit & Supervisory Committee and three are outside directors, as well as three directors of whom all are Audit & Supervisory Committee members and two are outside directors, for a total of 10 members. The Board of Directors is authorized to decide on execution of the company's business, and to supervise the execution of duties by the directors. A regular Board of Directors meeting is held once a month in principle, with extraordinary meetings to be held as necessary.

Activity Status of the Board of Directors in FY2024

Job title	Name	Number of meetings attended/attendance rate (Total of 18 meetings)	Specific contents for discussion
Representative Director and President & CEO	Shinichiro Fujisaki	18 times/100%	• Medium-term management plan formulation, and progress reports • Current status of existing and new businesses, and future strategies • Sustainability-related promotion activities • Capital policies such as treasury stock acquisition and dividends from retained earnings • Determination of directorship candidates • Assessment of the effectiveness of the Board of Directors • Verification of cross-shareholdings • Reporting on management audit activity • Reporting on internal control system establishment and operational status
Chairperson, Director	Kiyotaka Fujisaki	18 times/100%	
Director	Masayasu Takigawa	18 times/100%	
Director	Hiroki Taniguchi	18 times/100%	
Outside Director	Seiichiro Umeno	16 times/89%	
Outside Director	Toshio Maki	18 times/100%	
Outside Director	Megumi Tsukamoto	18 times/100%	
Director (Audit & Supervisory Committee member)	Shunji Sato	18 times/100%	
Outside Director (Audit & Supervisory Committee member)	Ikuo Kaminishi	17 times/94%	
Outside Director (Audit & Supervisory Committee member)	Michi Handa* (Michi Sasano)	17 times/94%	

* The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.

Corporate Governance

② Audit & Supervisory Committee

Our company employs a system of companies with an audit and supervisory committee. The Audit & Supervisory Committee comprises of three Audit & Supervisory Committee members, two of whom are outside directors. They oversee the approach to and operation of governance, while auditing the day-to-day activities of the directors, including the performance of their duties. The Audit & Supervisory Committee members consist of directors with experience taking charge of business operations, a certified public accountant, and a member with experience as a representative director. They are expected to apply broad-based knowledge in management monitoring. Audit & Supervisory Committee member meetings are to be held once a month in principle, with other meetings of the committee to be held as necessary.

Activity Status of the Audit & Supervisory Committee in FY2024

Job title	Name	Number of meetings attended/attendance rate (Total of 15 meetings)	Specific contents for discussion
Director (Audit & Supervisory Committee member)	Shunji Sato	11 times/100%*1	• Formulation of an audit policy • Consultation on agenda items for Board of Directors meetings • Evaluation on accounting auditors
Outside Director (Audit & Supervisory Committee member)	Ikuo Kaminishi	15 times/100%	
Outside Director (Audit & Supervisory Committee member)	Michi Handa*2 (Michi Sasano)	14 times/93%	

*1 The Audit & Supervisory Committee has met 11 times since the appointment of Shunji Sato.
*2 The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.

③ Nomination & Compensation Committee

Our company has established the Nomination & Compensation Committee at its own discretion. The Nomination & Compensation Committee comprises of three members, two of whom are outside directors (Audit & Supervisory Committee members). Matters related to the appointment and dismissal of directors and executive officers and those related to the formulation of a policy on determining the specifics of remuneration they receive are discussed by the committee. The Nomination & Compensation Committee, which aims to contribute to ensuring the management transparency of Aucnet Group through its activity, holds Nomination & Compensation Committee meetings at any time as necessary, in addition to holding an annual meeting.

Activity Status of the Nomination & Compensation Committee in FY2024

Job title	Name	Number of meetings attended/attendance rate (Total of 5 meetings)	Specific contents for discussion
Representative Director and President & CEO	Shinichiro Fujisaki	5 times/100%	• Matters related to the appointment and dismissal of directors and executive officers • Formulation of a policy on determining the specifics of remuneration for individual directors and executive officers
Outside Director (Audit & Supervisory Committee member)	Ikuo Kaminishi	5 times/100%	
Outside Director (Audit & Supervisory Committee member)	Michi Handa* (Michi Sasano)	5 times/100%	

* The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.

④ Compliance Committee

An advisory body to the Board of Directors, the Compliance Committee comprises of six members, including one outside member (attorney). The committee meets once every three months, in principle, to engage in discussion, deliberation and decision-making on all matters concerning compliance management at Aucnet. Director, Senior Managing Executive Officer & CFO Hiroki Taniguchi serves as a chairperson and Managing Executive Officer Yasuhiro Higuchi serves as a vice-chairperson of the committee, and its members are Chairperson, Director Kiyotaka Fujisaki, Representative Director and President & CEO Shinichiro Fujisaki, Director (Audit & Supervisory Committee member) Shunji Sato, and outside member (attorney) Hiroyuki Nunomura.

⑤ Sustainability Committee

The Sustainability Committee has been established with the aim of contributing to a sustainable society by improving corporate value in a sustainable manner. It is chaired by Representative Director and President & CEO Shinichiro Fujisaki, and its members include Director, Senior Managing Executive Officer & CFO Hiroki Taniguchi, and Senior Managing Executive Officer Yuji Arimura. It meets at least once a year, with extraordinary meetings held as needed. The committee discusses matters concerning basic sustainability policy, formulates sustainability-related goals, maintains the sustainability promotion system, manages risks and opportunities related to climate change in cooperation with the Risk Management Sub-committee, implements measures, sets KPIs, and oversees the implementation of each measure.

On-site Inspection by External Directors

In November 2024, we conducted an on-site inspection by visiting the asset value recovery center in the Digital Products Business. Outside directors who joined the tour observed how inspection and grading of used smartphones and other products are carried out, and the status of automation, and received explanations from on-site staff. We regularly inspect sites, etc. to help outside directors deepen their understanding of our business, thereby improving the effectiveness of the Board of Directors.

Corporate Governance

Director Skills Matrix

At Aucnet, we focus our effort not only on sustained growth in profit, but also on such initiatives as consideration for the environment and contribution to society. We therefore regard the knowledge, experience, and capabilities shown in the table below to be especially important, based on our philosophy of “Authenticism” and the direction in which we aim to take our business, in addition to basic matters such as the formulation and execution of corporate strategy and appropriate business management. In order to advance our sustainability policy, “Circulation Engine: Circulating valuable goods on a global scale,” we will work even harder on areas related to global experience and IT/DX. When appointing directors, we will appoint human resources with varied background expertise and experience that enable them to advise and oversee management from multiple perspectives, thereby ensuring balance and diversity. We will carefully select human resources without making distinctions of gender, age, nationality, race, or ethnicity. We also take into consideration the balance between inside and outside directors to ensure the objectivity of deliberations, and compose the Audit & Supervisory Committee with a majority of outside directors who satisfy the criteria for independence to enhance its independence and neutrality.

Director Skills Matrix

Name	Management experience	New businesses	Finance and accounting	Legal affairs, compliance and risk management	Global experience	IT/DX	Sustainability (ESG, SDGs)
Kiyotaka Fujisaki	○	○			○	○	
Shinichiro Fujisaki	○	○			○		○
Masayasu Takigawa	○	○			○		
Hiroki Taniguchi	○		○	○	○		○
Seiichiro Umeno				○	○		
Toshio Maki	○					○	
Megumi Tsukamoto	○			○	○	○	○
Shunji Sato	○			○			
Michi Handa (Michi Sasano)	○		○	○	○		
Mikito Nagai	○		○	○			

Note: The matrix above does not represent all of the knowledge and experience of each individual.

Reasons for selection as directors
https://ir.aucnet.co.jp/en/ir/stock/meeting/main/0/teaserItems1/014/linkList/0/link/Notice%20of%20the%2017th%20Annual%20General%20Shareholders%20Meeting.pdf

Definition of Skills Matrix

Skills	Definition
Management experience	· Knowledge of top management, such as directors and executives (CEO, CFO, etc.) · Knowledge necessary for judging and determining the strategic policy and direction of the Aucnet Group
New businesses	· Knowledge to create and drive new businesses based on insights into future social changes and the results of those insights · Knowledge to promote innovation and explore new areas for the sustainable growth of the Aucnet Group
Finance and accounting	· Knowledge of financial accounting and capital policy · Knowledge to understand business conditions based on business performance and management indicators and raise issues · Knowledge to understand the status of resource allocation and raise issues in order to balance growth investment and shareholder returns
Legal affairs, compliance and risk management	· Knowledge of law, compliance and risk management · Knowledge to understand the status of the company’s risk control and raise issues
Global experience	· Knowledge of global business, international business experience and management of overseas companies · Knowledge to make decisions from a global perspective
IT/DX	· Knowledge of technology trends in cutting-edge fields such as the IT and digital field · Knowledge to promote company-wide business process improvement through IT utilization and DX
Sustainability (ESG, SDGs)	· Knowledge to formulate measures for and drive the expansion of the Aucnet Group’s circular economy business from the perspective of sustainability (ESG, SDGs) · Knowledge to promote and drive participation in TCFD, etc. and information dissemination as an enterprise emphasizing sustainability · Knowledge to strategically formulate non-financial disclosure of environmental, social, and governance information in order to enhance evaluation of corporate value

Corporate Governance

Assessment of Effectiveness

We administer a questionnaire survey to the directors (including Audit & Supervisory Committee member directors) in order to assess the effectiveness of the Board of Directors. The results of the survey are reported to the Board of Directors. In order to take advantage of an objective third-party perspective, the implementation of the questionnaire, as well as the compilation and analysis of its results, have been outsourced to a third-party organization. The process is summarized as follows:

1 Evaluation process

Implementation period: September 2024
Respondents: 10 directors (including directors who are Audit & Supervisory Committee members)
Assessment method: Questionnaire with a five-point rating format for each question
(1) A self-evaluation questionnaire administered to each director (including Audit & Supervisory Committee members)
(2) Compilation and analysis of response results by a third-party organization
(3) Reporting and discussion of assessment results and current issues at Board of Directors meetings

2 Main questionnaire assessment items

(1) Board of Directors composition and operation
(2) Management and business strategies
(3) Business ethics and risk management
(4) Performance monitoring, assessment/remuneration of managers
(5) Dialogue with shareholders and others

Assessment Results	
Overall Assessment	As in the previous fiscal year, the average assessment score for all items is above four points, and the overall effectiveness of the program received a high evaluation.
Future Initiatives	
Issue (1) Further strengthening the reporting system for the monitoring after putting important business strategies into execution	**Measure (1)** We will monitor subsidiaries after the implementation of M&A and new businesses from a more multifaceted perspective that goes beyond the status of business progress to encompass human resources, risk management, and market environment.
Issue (2) Further enhancement of discussions on our business portfolio, the allocation of management resources etc. in medium- to long-term management strategy	**Measure (2)** In addition to reporting and discussion of the state of progress on the medium-term management plan, we aim to further enhance discussions on our business portfolio and the allocation of management resources while being aware of not just the financial aspects, but also indicators of non-financial aspects, etc.

Our Thinking Regarding Cross-shareholding

Aucnet has established the following cross-shareholding policy and criteria for exercising voting rights on cross-shareholdings.

1 Policy on cross-shareholding

Aucnet observes the following policy regarding the cross-shareholding of listed shares.
(1) In keeping with the objectives of corporate governance, we will not hold shares merely as a stable shareholder.
(2) Listed shareholdings are restricted to cases in which they benefit business, such as when they facilitate smooth progress of business, with consideration given to returns such as dividends and risks such as stock price fluctuations.
(3) The company's holdings of listed shares will be reviewed annually by the Board of Directors, primarily from the perspective of business merit, and consideration will be given to reducing shares that have become less necessary.

Director Remuneration

1 Matters concerning the policy on determining individual remuneration for directors

Aucnet's policy on determining the specifics of remuneration for individual directors was approved at the February 19, 2021 Board of Directors meeting following deliberation by the Nomination & Compensation Committee.

(1) Basic Policy

In determining the remuneration of individual directors, Aucnet follows the basic policy of specifying an appropriate level based on the responsibilities of each position. Remuneration for directors is linked to shareholder returns so that it may function sufficiently as an incentive for a continuous increase of corporate value. Specifically, compensation consists of a fixed base remuneration and performance-linked remuneration. Directors who serve as Audit & Supervisory Committee members, as well as other directors serving as outside directors who are not Audit & Supervisory Committee members, are paid only base compensation based on their duties.

(2) Policy on determining base (monetary) remuneration amounts for individuals (including policy on determining the timing of or conditions on granting remuneration, etc.)

Base remuneration for directors is a monthly fixed remuneration determined through a comprehensive consideration based on position, responsibilities and experience, while taking into account other factors including the company's business performance, employee salary levels, and trends at other companies.

(3) Policy on determining the details and amounts of performance-linked and non-monetary remuneration, and methods of calculating instances of remuneration (including policy on determining the timing of or conditions on granting remuneration, etc.)

Performance-linked and non-monetary remuneration consists of: bonuses in the form of cash remuneration for short-term contributions that reflect the degree to which consolidated operating profit targets were met in fiscal year results, stock benefits with a restriction on transfer (for three years) provided as a medium-term non-monetary remuneration aiming at the sustainable improvement of corporate value in addition to the degree of contribution in the fiscal year, and shares in a board benefit trust (BBT-RS) granted as non-monetary remuneration at retirement according to the degree

of contribution to the company over the long term by assigning points based on position, title, and achievement of business performance throughout the term of office. In determining their amounts or instances, the number of months that constitute the payment standard value with respect to monthly fixed remuneration is established based on the percentage to which the consolidated operating profit target for each fiscal year is achieved. The amounts or instances are calculated according to each individual's quantitative and qualitative performance indicators, and then they are finalized by the Board of Directors with reference to the report from the Nomination & Compensation Committee, to be paid and made available at a specific time each year. The Board of Directors determines the ratio of remuneration by type, taking into consideration the report of the Nomination & Compensation Committee, as well as the levels of remuneration benchmarked to companies operating business on approximately the same scale and in a related industry and business category as Aucnet.
The standard ratio of remuneration by type is approximated as follows: base remuneration: performance-linked remuneration (bonus): performance-linked remuneration (non-monetary remuneration) = approximately 7:1:2.

② Matters concerning General Meeting of Shareholders resolutions regarding directors' remuneration

At the 8th Ordinary General Meeting of Shareholders held on March 29, 2016, Aucnet stipulated that the amount of monthly remuneration and bonuses for any director (excluding Audit & Supervisory Committee members) is not to exceed a total of 500 million yen per year (and not to exceed 100 million yen per year for outside directors. However, this excludes assistant employee salaries.) The number of directors (excluding Audit & Supervisory Committee members) at the time of relevant resolution of the General Meeting of Shareholders is eight (including two outside directors). In addition, at the 16th Ordinary General Meeting of Shareholders held on March 26, 2024, the performance-linked stock remuneration plan was partly changed. More specifically, the previous performance-linked stock remuneration plan (board benefit trust (BBT)) and a restricted-transfer stock remuneration system (RS) were integrated into a single performance-linked stock remuneration plan, Stock Benefit Trust (BBT-RS). The upper limit of the amount of remuneration under this plan is set at 60,000 points per fiscal year, and the upper limit of the number of shares that can be acquired under the BBT-RS plan is set at 180,000 shares. The number of directors (excluding Audit & Supervisory Committee members) at the time of the relevant resolution of the General Meeting of Shareholders is four. The amount of remuneration for directors serving as Audit & Supervisory Committee members was stipulated as not exceeding 100 million yen per year in the resolution of the 8th Ordinary General Meeting of Shareholders on March 29, 2016. The number of directors (excluding Audit & Supervisory Committee members) at the time of the relevant resolution of the General Meeting of Shareholders is three.

③ Matters concerning the delegation of authority to determine the content of remuneration, etc. for individual directors

Regarding the amount of remuneration for individual directors, President & CEO Shinichiro Fujisaki is to be delegated based on a resolution of the Board of Directors to determine the specific contents of base remuneration for each director, with reference to the report from the Nomination & Compensation Committee.
The reason for such delegation of authority is that the President & CEO is best suited to evaluate each director quantitatively and qualitatively while supervising the overall environment of the company, its management conditions and performance.
The Nomination & Compensation Committee deliberates and reports to the Board of Directors regarding a base remuneration amount for each director, and a bonus amount for each director based on the degree to which targets for the fiscal year have been achieved, as well as the number of allotted restricted-transfer shares and the performance coefficient for the board benefit trust (BBT-RS) to be allocated as non-monetary remuneration.

④ Reasons for the board of directors determination that the content of individual directors' remuneration for the relevant year complies with decision-making policy

The Board of Directors has determined that the content of individual directors' compensation for the relevant fiscal year adheres to the policy for making such decisions because the procedures described in item ③ above were followed.

⑤ Total Amounts of Director Remuneration, etc.

Executive classification	Total amount of director remuneration, etc. (Unit: thousand yen)	Total amount of director remuneration, etc., by type (Unit: thousand yen)			Number of eligible directors
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (excluding Audit & Supervisory Committee members) (Of which, outside directors)	289,302 (18,000)	163,500 (18,000)	43,600 (-)	82,202 (-)	8 (3)
Directors (Audit & Supervisory Committee member) (Of which, outside directors)	27,600 (14,400)	27,600 (14,400)	- (-)	- (-)	4 (2)
Total	316,902	191,100	43,600	82,202	12

*1 Bonuses are paid to directors (excluding Audit & Supervisory Committee member directors, and outside directors) as performance-linked remuneration. Consolidated operating profit for each fiscal year is selected as the performance indicator on which to base calculations of the performance-linked compensation to be paid. Our reason for selecting this index as our performance indicator is that we recognize it as an overall indicator of business results that represents our final profit.
*2 Non-monetary remuneration includes 41,168 thousand yen in stock benefit reserves and 41,033 thousand yen in restricted-transfer stock remuneration recorded under the performance-linked stock remuneration plan for five directors (excluding Audit & Supervisory Committee member directors, and outside directors).

Compliance

Basic Conceptual Approach

The basic policy of Aucnet is to adhere unwaveringly to our sense of ethics and good conscience as a good corporate citizen. We conduct business activities sincerely and conscientiously, maintaining a fair and honorable attitude and a sound sense of the community. All of our employees go beyond essential compliance with laws and regulations as they act in keeping with this policy, with a keen awareness of internal rules, business norms and ethics, with good common sense, and taking responsibility as members of society.

Compliance Promotion System

In order for our compliance system to be established, inculcated, firmly rooted and promoted even more, we have established the Compliance Committee as a permanent organizational body. As an advisory body to the Board of Directors, the committee engages in comprehensive collaborative discussions, deliberation, and decision-making on matters concerning compliance management at Aucnet. One full-time director is appointed Chief Compliance Officer, with responsibilities including execution of compliance-related duties, while one or more outside experts participate as committee members. The Risk Management Sub-committee and ISMS Committee have also been established as organizational bodies that advance the practical work.

Compliance Promotion Organizational Chart



Compliance Promotion Activities

The Compliance Committee meets regularly once every three months, with extraordinary meetings held as necessary. The secretariat is at the center of routine matters, promoting cross-organizational compliance activities under supervision by the Chief Compliance Officer. In addition, the committee conducts education and training for all employees once a year, aiming to heighten their interest in compliance and confer accurate knowledge, while also providing opportunities to check their proficiency level. They also operate an internal whistleblowing system that enables anyone to make a report without worry if they discover legal or regulatory violations, or any suspicious action that could pose compliance problems.

Establishment of an Internal Control System

In order to establish a system that ensures the suitability of the organization's operations, we are carrying out an Internal Control Project, of which the Internal Audit Office is secretariat. It documents internal controls in each division, takes action on maintenance and operational evaluations, and implements improvements where deficiencies are discovered. The Internal Audit Office is an independent organization under the direct control of a representative director who considers and assesses the development and operational status of the internal control and compliance system, advocates for improvements as necessary, and enhances the independence of internal auditing and checking functions.

Risk Management

Basic Conceptual Approach

Risk Management System

The Aucnet Group performs risk management based on the following basic policies.

(1) We are well aware that changes in our industry's environment can pose risks for our business operations, so we undertake risk management as part of our rapid and appropriate response to such environmental changes.
(2) From the standpoint of efficient and effective business operations, we work to mitigate risks and prevent the emergence and spread of losses that can result when risks materialize.
(3) Notwithstanding the previous item (2), when active risk-taking is necessary from the standpoint of ensuring and expanding profit opportunities, we strive to confine that risk within the bounds of the appropriate level.
(4) Regarding risks that could directly impact our customers, we actively work to mitigate them to secure and maintain the trust of our customers.
(5) In order to protect information assets from diverse threats while maintaining and improving the reliability (validity, integrity and accuracy), availability, confidentiality, effectiveness and efficiency of these assets, we comprehensively investigate and identify risks associated with information systems and assets, as well as related operations, analyze vulnerabilities and threats, and address risk management efficiently by assessing the degree of impact and the need for response.

Risk Management System

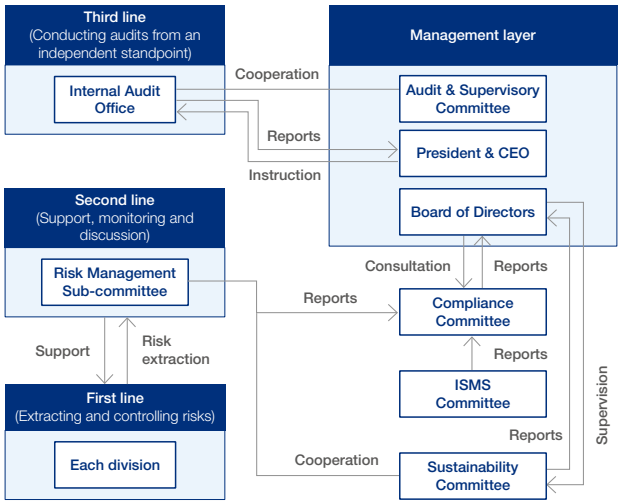
We have established Risk Management Regulations in order to strengthen and enhance our risk management system, and to prevent and minimize the occurrence of risks while mitigating any resulting losses due to the occurrence of risks. This ensures sound business management and stable growth of profit, while helping us to gain the confidence of stakeholders by establishing a basic policy for risk management measures and for our response in the event that a risk occurs. We have also established a Risk Management Sub-committee, which deliberates important matters and policies concerning risk management at meetings held, in principle, at a minimum of once every half-year.

The Aucnet Group has established a risk management system according to the three lines model. An individual division functions as the first line, extracting and controlling risks at each division. Extracted risks are assessed by calculating their risk scores based on their occurrence frequency, occurrence time, and influence degree.

The Risk Management Sub-committee, which functions as the second line, supports and monitors activities in the first line, and has discussions on extracted risk items, making a report to the Compliance Committee as needed.

The Internal Audit Office, functioning as the third line, conducts a periodic audit of the relevance and effectiveness of governance and risk management from an independent standpoint, making a report to the President & CEO as needed.

Risk Management Organizational Chart



Business Continuity Plan (BCP)

Aucnet has formulated and is implementing a Business Continuity Plan (BCP) as follows:

1. Objectives of formulation and implementation of BCP

(1) For customers

To fulfill our mission as a distributor by continuing operations as long as possible, or to restore operations promptly.

(2) For employees

The scope of the BCP encompasses Aucnet and its Group companies, and its highest priority is to protect the safety and employment of employees (including their families). Promote mutual collaboration and support between Aucnet and its Group companies for the quick recovery of collaborative projects and major services and groups businesses between them.

(3) For local communities

Provide relief supplies to disaster victims and donate relief funds to contribute to the recovery and revitalization of lives and economies of disaster-stricken communities.

2. Key points for planning business continuity in the event of an emergency

(1) Mutual aid among companies

Actively provide ethically-motivated support for disaster-stricken member dealers, partner companies and other business partners.

(2) Morals in commercial dealings

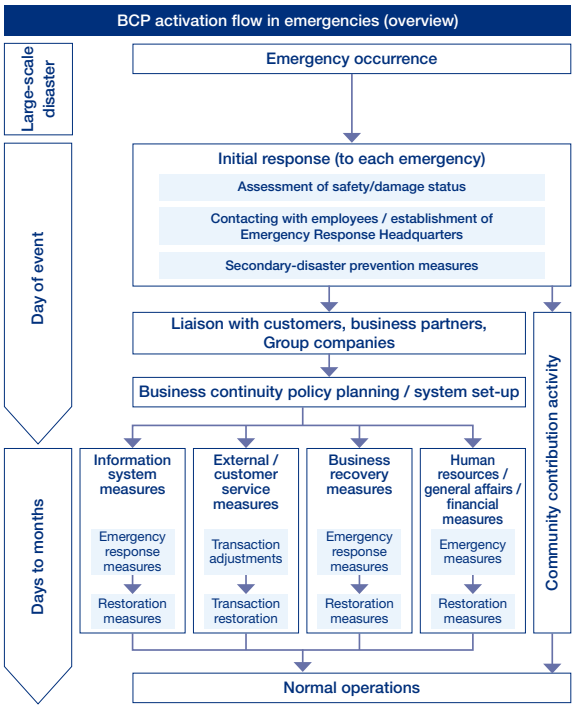
Even in emergencies, do not delay payments to customers as much as possible, including member dealers, business partners or other associated businesses. In addition, Aucnet will conduct relief measures such as exempting disaster-stricken member dealers from monthly membership fees, late fees, and penalties, while also offering consolatory payments. Aucnet will donate relief funds and supplies to the affected areas.

(3) Contribution to local communities

Actively provide victims with aid and procured relief supplies.

3. Prioritization in restoring business operations

Considering (1) the extent of sales and profits (business segment-based), (2) the ease of restoration, and (3) damage situation, etc. comprehensively, the Emergency Response Headquarters makes decisions depending on the situation.



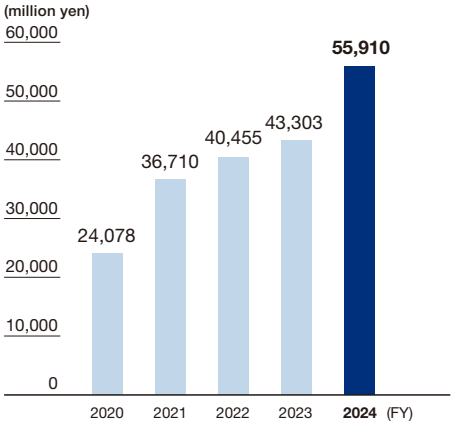
Nine-Year Financial and Non-Financial Summary

		unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Business Results											
Net sales		(million yen)	19,983	19,409	19,492	19,672	24,078	36,710	40,455	43,303	55,910
Sales by segment	Lifestyle Products	(million yen)	—	—	—	—	—	—	—	27,101	38,486
	Mobility & Energy	(million yen)	—	—	—	—	—	—	—	13,390	14,700
	Other	(million yen)	—	—	—	—	—	—	—	3,120	3,055
Operating profit		(million yen)	4,041	3,245	3,219	2,525	3,705	5,846	6,601	6,663	7,005
Operating profit by segment	Lifestyle Products	(million yen)	—	—	—	—	—	—	—	5,452	5,362
	Mobility & Energy	(million yen)	—	—	—	—	—	—	—	2,980	3,682
	Other	(million yen)	—	—	—	—	—	—	—	(364)	(362)
Operating profit to net sales ratio		(%)	20.2%	16.7%	16.5%	12.8%	15.4%	15.9%	16.3%	15.4%	12.5%
Ordinary profit		(million yen)	4,115	3,321	3,308	2,630	3,643	6,113	6,699	6,755	7,207
Profit attributable to owners of parent		(million yen)	2,183	1,767	1,707	1,404	1,896	3,625	4,346	4,368	4,485
Financial Status											
Total assets		(million yen)	25,446	27,644	27,257	29,324	33,280	36,822	37,348	37,664	44,040
Net assets		(million yen)	12,139	16,759	17,413	18,333	19,637	22,701	22,911	22,310	26,166
Equity		(million yen)	12,006	16,587	17,205	18,063	19,324	22,319	22,514	22,161	25,898
Equity ratio		(%)	47.2%	60.0%	63.1%	61.6%	58.1%	60.6%	60.3%	58.8%	58.8%
Ordinary profit to total assets ratio		(%)	17.1%	12.5%	12.1%	9.3%	11.6%	17.4%	18.1%	18.0%	17.6%
Interest-bearing liabilities		(million yen)	1,400	0	0	0	0	0	0	0	0
D/E ratio		(Times)	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash Flow											
Cash flows from operating activities		(million yen)	5,771	2,087	2,848	1,426	4,119	4,249	4,523	5,116	4,853
Cash flows from investing activities		(million yen)	(1,475)	(791)	(1,239)	(2,600)	549	388	185	(428)	(3,474)
Cash flows from financing activities		(million yen)	(1,546)	1,174	(947)	(757)	(2,873)	(825)	(4,426)	(5,102)	(4,066)
Free cash flow		(million yen)	4,295	1,296	1,608	(1,174)	4,668	4,638	4,708	4,688	1,378
Per-share Indices											
Basic earnings per share		(Yen)	90.77	66.97	62.19	50.94	68.56	130.56	159.48	175.79	188.44
Net assets per share		(Yen)	498.83	604.33	625.31	653.97	697.22	802.38	862.24	936.82	1,084.08
Dividend per share		(Yen)	—	26	26	26	21	40	48	53	76
Other Business Indicators											
Return on equity (ROE)		(%)	20.0%	12.4%	10.1%	8.0%	10.1%	17.4%	19.4%	19.6%	18.7%
EBITDA		(million yen)	5,441	4,702	4,309	3,186	4,514	6,745	7,480	7,449	7,879
Dividend payout ratio		(%)	—	38.8%	41.8%	51.0%	30.6%	30.6%	30.1%	30.1%	40.3%
Number of employees (consolidated)		(Person)	578	590	677	664	821	858	860	878	1,060
Gross Circulation Value (GCV)		(billion yen)	—	—	—	—	428.8	487.9	541.7	599.3	682.8

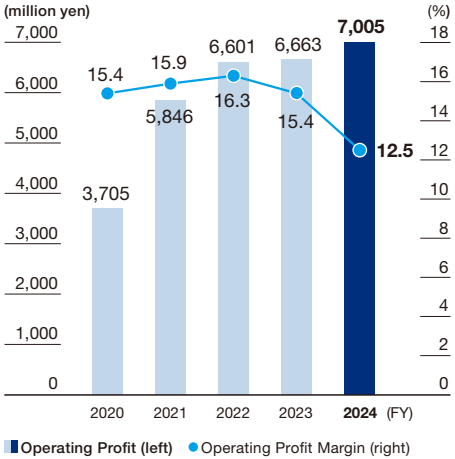
Note: Effective from the fiscal year through December 2022, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc.
Since the beginning of the first quarter of fiscal 2024, our segments have been changed in order to rearrange our portfolio to better suit our business strategies. The conventional Digital Products Business and the Fashion Resale Business (formerly the Consumer Products Business) have been integrated to form the Lifestyle Products Segment. In addition, the Mobility & Energy Segment has been created by integrating the Automobile Business and the Motorcycle Business, which was previously included in Other.

Financial and Non-Financial Highlights

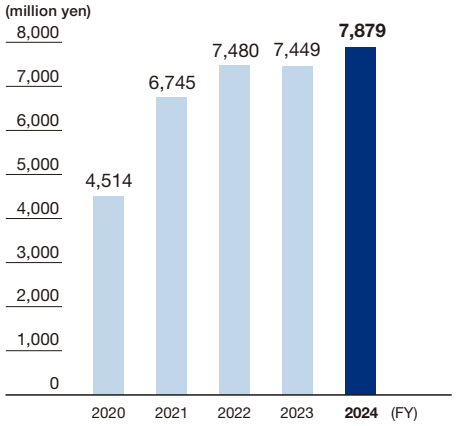
Net Sales



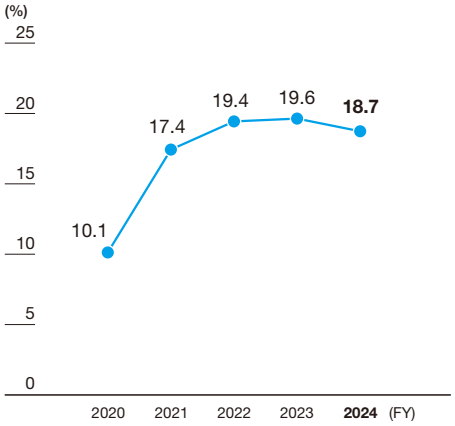
Operating Profit / Operating Profit Margin



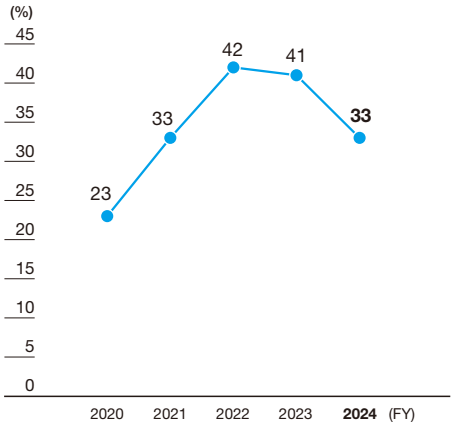
EBITDA



ROE

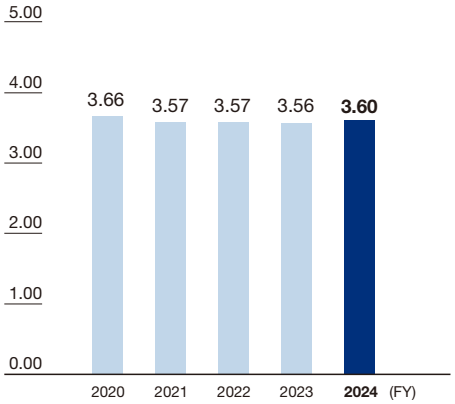


Training Attendance Rate



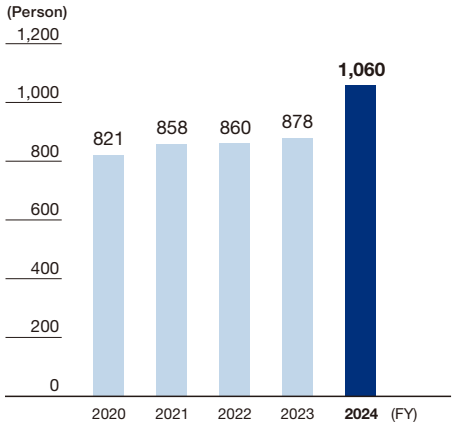
* Scope: Aucnet Inc. and five major consolidated companies

Employee Satisfaction

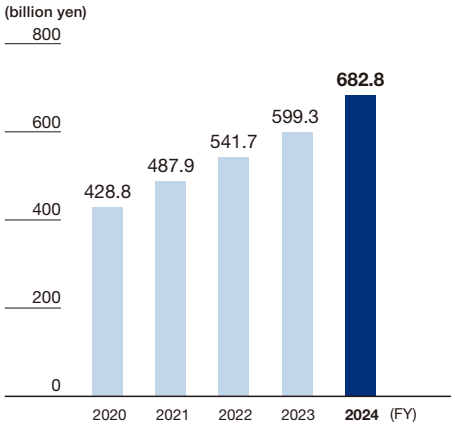


* Results of responses (on a 5-point scale) to the survey prompt, "I am positively engaged in my work toward the future" in our proprietary Pulse Survey (excluding some group companies).
* Scope: Aucnet Inc. and five major consolidated companies

Number of Employees (Consolidated)



GCV



Shareholder and Investor Report (As of December 31, 2024)

Major Shareholder Information

Shareholder Name	Number of Shares Held (shares)	Shareholding Ratio (%)
Flex Corporation	9,354,930	38.56%
Blue Peak, Inc.	2,421,470	9.98%
GOLDMAN, SACHS & CO. REG	1,592,600	6.56%
GOLDMAN SACHS INTERNATIONAL	1,354,400	5.58%
Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Orient Corporation	1,296,000	5.34%
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,032,487	4.26%
The Master Trust Bank of Japan, Ltd. (Trust Account)	894,800	3.69%
Namai Asset Management Inc.	700,000	2.89%
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	604,100	2.49%
Custody Bank of Japan, Ltd. (Trust Account E)	369,910	1.52%

Notes:
1. Orient Corporation contributed 1,296,000 shares held by the company to the retirement benefit trust as of March 20, 2018. In addition, the right to instruct the exercise of voting rights is reserved by Orient Corporation.
2. Flex Corporation, Namai Asset Management Inc., and Blue Peak, Inc. are asset management companies of their founding families.
3. In addition to the above, the Company holds 503,023 treasury shares.
4. As announced in the Extraordinary Report dated November 22, 2024 (Changes in Major Shareholders available only in Japanese), Blue Peak Inc. became a major shareholder during the current fiscal year.
5. Although the large shareholding report (Change Report), which was made available for public inspection on May 22, 2024, states that FMR LLC holds 1,669,037 shares (shareholding ratio of 6.74%) as of May 15, 2024, we have not been able to confirm the actual number of shares held as of December 31, 2024, and therefore have not included them in the status of major shareholders above.
6. Although the large shareholding report (Change Report No. 3), which was made available for public inspection on February 26, 2025, states that VARECS Partners Limited holds 2,768,900 shares (shareholding ratio of 11.18%) as of February 18, 2025, we have not been able to confirm the actual number of shares held.

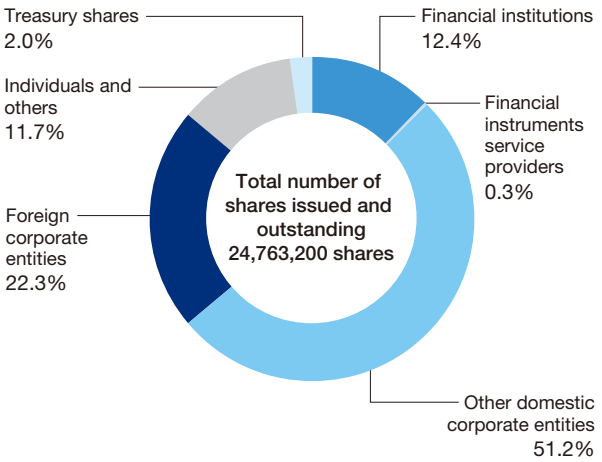
Total Shareholder Return (TSR)

	2020	2021	2022	2023	2024
Total Shareholder Return (TSR)	104.5%	129.4%	144.8%	148.1%	216.8%
Comparative Index: TOPIX Total Return	107.4%	121.1%	118.1%	151.5%	182.5%

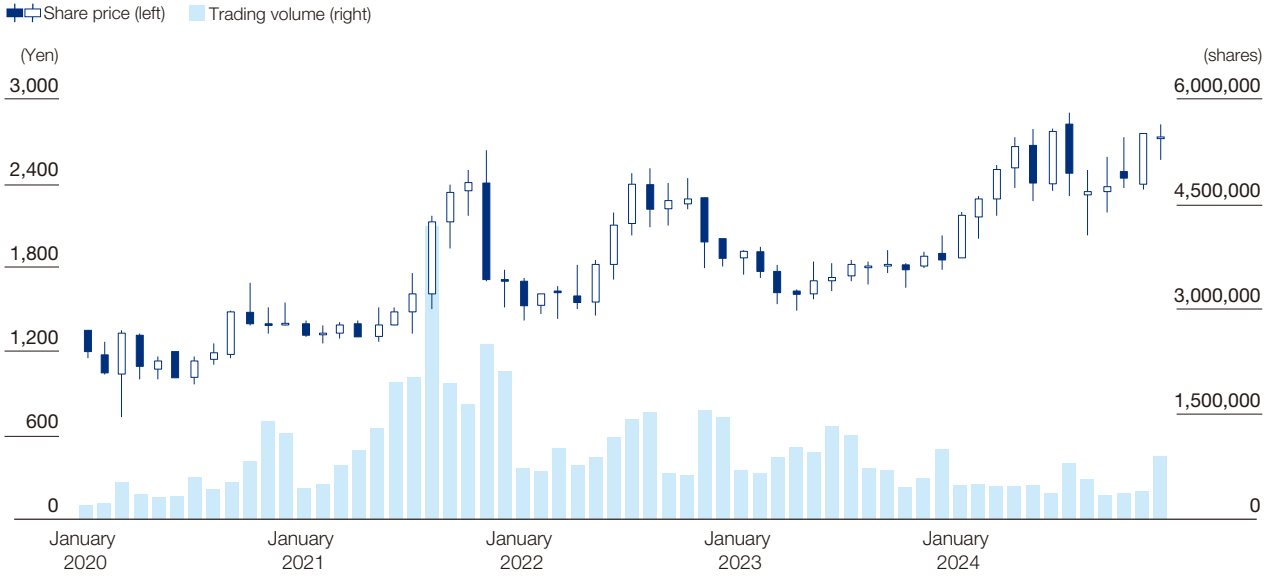
Total Return Ratio

	2020	2021	2022	2023	2024
Total Return Ratio	30.8%	30.8%	101.9%	110.0%	41.1%

Stock Distribution by Owner



Trends in Share Prices and Trading Volume

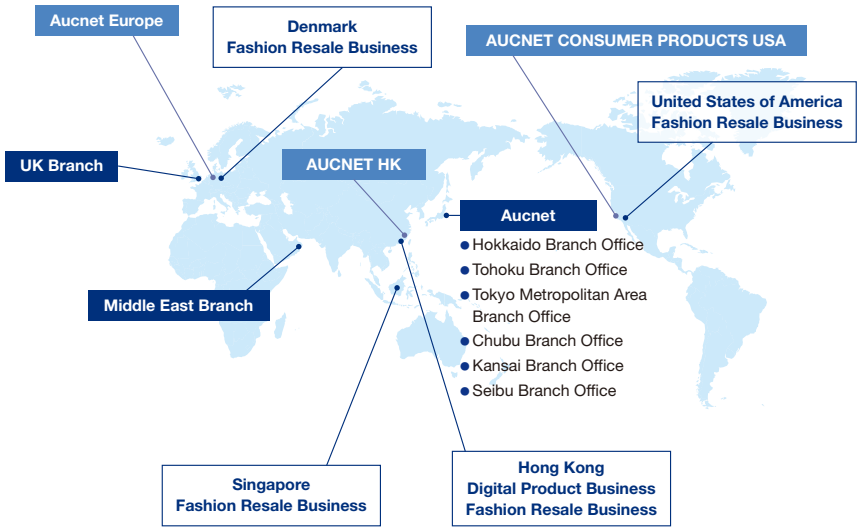


Corporate Information (As of December 31, 2024)

Company Information

Trade name	AUCNET INC.
Founded	June 29, 1985
Established	March 9, 1984 March 7, 2008 *Merged with parent company, on January 1, 2012.
Representative	President & CEO Shinichiro Fujisaki
Head Office	Aoyama OM Square, 5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo, 107-8349, Japan Phone: +81-3-6440-2500
Closing date	December 31
Number of employees (consolidated)	1,060
Capital	¥1,807 million
Securities exchange listing	Tokyo Stock Exchange Prime Market (Securities code: 3964)

Sales Offices



Group Companies

Business Name	Company Name	Business Description
Digital Product Business	AUCNET DIGITAL PRODUCTS USA, LLC.	Strategic base for the U.S. Digital Product Business (dormant)
	Blancco Japan Inc. (Affiliate accounted for by the equity method)	Sales of data erasure software and related services
Fashion Resale Business	Aucnet Consumer Products Inc.	Auctions for pre-owned luxury brand items and distribution services including those for consumers
	AUCNET CONSUMER PRODUCTS USA, LLC.	Strategic base for the Fashion Resale Business in the U.S.
	Aucnet Europe ApS	Strategic base for the Fashion Resale Business in Europe
	Galley Rare Ltd.	Purchase and sales of pre-owned luxury brand items
	Defactostandard, Ltd.	Purchase and sales of pre-owned luxury brand items and apparel products
	JOYLAB, inc.	Purchase and sales of alcoholic beverages
Automobile Business	AIS Inc.	Vehicle inspections and training in vehicle inspection skills
	i-Auc Inc.	Proxy bidding service for used vehicles sold at physical auction sites, etc., which are markets for inter-dealer transactions
	Auc Financial Partners Inc.	Provision of warranty service-related products
	MOTA Inc. (Affiliate accounted for by the equity method)	Car purchase service and operation of used vehicle CtoB auctions
Motorcycle Business	Aucnet Motorcycle Inc.	Used motorcycle auctions and services associated with distribution, including ones to consumers
Agricultural Business	Aucnet Agri Business Inc.	Services associated with flower auctions and distribution
	Kinuta Flower Auction Co. Ltd.	Operation of Tokyo Central Wholesale Market specializing in potted plants
	Grand Bouquet Otaki Limited	Operation of a large-scale phalaenopsis orchid cultivation facility using ICT
Circular Commerce Business	Aucnet Medical Inc.	Services associated with used medical equipment auctions and distribution
Other	JBTV Inc.	Contracting and consulting business
	AUCNET HK LIMITED	Strategic base in China and Southeast Asia
	Aucnet USA, LLC.	Strategic base in the U.S.

AUCNET GROUP