

# Interim Report for the 17th Business Term

(January 1, 2024~June 30, 2024)

## 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.



### Message from President & CEO

I hope you will look forward to seeing our company challenging for the creation of new circular markets.

President & CEO

藤崎 慎一郎



### The sales increased owing to the favorable progress in existing businesses and M&A.

For the six months ended June 30, 2024, the Group's net sales were ¥26,571,225 thousand (up 21.2% from the same period of the previous fiscal year) and operating profit was ¥3,855,462 thousand (down 3.8% from the same period of the previous fiscal year). Currently, we have been promoting our business based on our medium-term management plan, Blue Print 2025, announced in May 2022. The sales increased due to the impacts of weaker yen and M&A as well as succeeded respective measures, while the profit decreased due to an increase in costs related to M&A and other group-wide investments.

### Changes to the reportable segments from the beginning of FY2024 to respond to the changes in our business environment.

We have changed our reportable segments from the fiscal year ending December 31, 2024. We have built our unique business model circulating valuable reused goods such as vehicles, digital products and luxury brand items in our proprietary distribution platforms. Information reliability supported by high quality inspections and operational expertise we have cultivated is highly evaluated by our clients, and in recent years, we have stepped out into the new area of primary × secondary distribution in collaboration with various manufacturers. I believe that our auctions that have information reliability and operational expertise have potential to conduct transactions of every sort of goods on a global scale. Our business has also been shifting to focus on partnerships with various companies more than ever and making new markets based on such partnerships in addition to the diversification of goods and services by recent technological innovations. Therefore, we have changed our business segments with the aim of reorganizing our portfolio to better match our business strategy. The new segments and the overview of the results for the second quarter of the fiscal year ending December 31, 2024 are as follows:

#### 1.Lifestyle Product Business Segment

The previous Digital Product Business and Fashion Resale Business have been integrated into the Lifestyle Product Segment. The transaction amount of both Digital Product Business and Fashion Resale Product Business increased year on year due to our succeeded improvements of efficiency of the operations, enhancement of our buying power by acquiring overseas members and

sales measures such as customer success in addition to the external factors such as weak yen in the second quarter of the fiscal year ending December 31, 2024. We have implemented two company acquisitions. Both companies have established a strong position in the industry, and they will help making our company's competitive advantages higher in the reuse market. See▶ The special feature page, "Toward being a Tier1 service provider in the resale fashion industry"

#### 2.Mobility & Energy Segment and Others

The previous Automobile Business and Motorcycle Business have been integrated into the Mobility & Energy Segment. In the Automobile Business, the transaction amount increased year on year due to the increased number of auctions won through our efforts on strengthening coordination between the shared inventory market and the proxy bidding service and promoting the use of our services by exporter members. In addition, the increase was due to the effects such as soaring prices of used vehicles in the domestic market caused by supply shortages of new vehicles. In the Motorcycle Business, the transaction amount increased year on year due to the increased number of auctions won through our efforts such as promoting the use of our services by exporter members and to the rising trend in the average price of units sold. Previous Agricultural Business and Circular Commerce Business remained in Others.

#### The progress of our proprietary management indicator GCV

About one of our significant management indicators, GCV (Gross Circulation Value) that is stated in our medium-term management plan, Blue Print 2025, we are in a phase of trying to spread it as GCV is our proprietary indicator. We have been working on to obtain third party guarantees and certifications in order to improve the reliability of our information as well as communicating with our shareholders, investors, clients and partners to have their understanding of our purposes and meanings of "showing the initiatives on circular society and economy with one indicator". As a result, we started receiving requests from our partner companies to introduce the GCV indicator. The numerical targets and progress of the plan are explained in detail in the Integrated Report 2023 (Please check the back cover for the report). We would be happy if you take a look at it and give us your frank opinions. We hope you will look forward to seeing our company challenging for the aim to realize our mission of "Market Design to Connect Values" beyond the conventional frameworks.

Special Topic

# Toward Being a Tier1 Service Provider in the Resale Fashion Industry

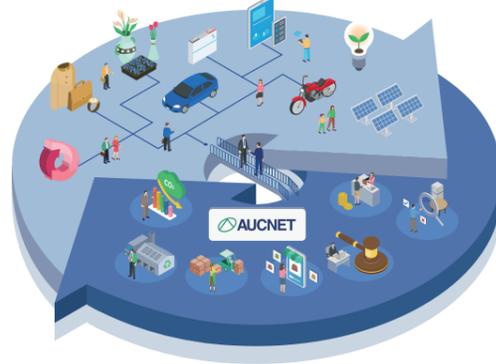
Aiming for Further Growth by Expansion of Circular Markets

## Two Companies Acquisitions were Conducted.

In our ongoing medium-term management plan, Blue Print 2025, we have set a target for investments regarding M&A with the aim of expanding circular markets. We have acquired the shares of two companies and welcomed as our subsidiaries in April 2024. Both companies have had high recognition from consumers and established a strong position in their industries. By these acquisitions, Aucnet's total distribution volume of pre-owned luxury brand items and alcoholic beverages will be among the highest in the industry. Based on our mission of "Market Design to Connect Values", we will create circular markets for a wide variety of business areas, further enhance our advantage in the reuse market, and lead the market as a pioneer.

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## Future Outlook

### Aucnet × Defactostandard

We will aim for further growth by utilizing Defactostandard's high recognition among consumers and various sales channels of BtoC which Aucnet does not have. We will also exhibit synergies by contributing to expansion of Defactostandard's business performance by sharing our expertise in BtoB distribution services and effective operational know-hows of our asset value recovery center that Aucnet has.

Defactostandard 

<https://www.defactostandard.co.jp/>



### Aucnet × JOYLAB

We are aware of high demand that our existing clients would like to distribute alcohol beverages as we have received their voices. We will contribute to the transaction amount of JOYLAB, seeking to the optimal distribution format utilizing one of our strengths, our membership network of over 66 countries and regions and more than 38,000 member companies.

JOYLAB 

<https://joylab.jp/>



## M&A 1 Defactostandard, Ltd.

Defactostandard, Ltd. provides a purchase and sale service of pre-owned luxury items "Brandear" and has high recognition among consumers.



Strengths of each



Abundant knowledge as a pioneer of BtoB distribution services

High recognition as a purchase service of pre-owned luxury items

The asset value recovery center to realize effective distribution operations

Various sales channels for consumers



● Brandear that has more than 4 million users nationwide



● An image picture of Brandear's store purchase

## M&A 2 JOYLAB, inc

JOYLAB, inc. has established a strong position in the industry providing purchase and sale services of alcohol beverages such as wines, champagnes, whiskies and Japanese sake.



Strengths of each



Auction systems that is matched with the features of the time and respective goods

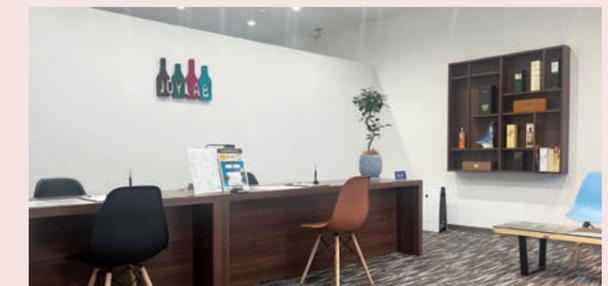
One of the largest among the secondary distribution of alcoholic beverages in Japan

Diversified and global membership network

Strong purchase power using stores and home pick-ups



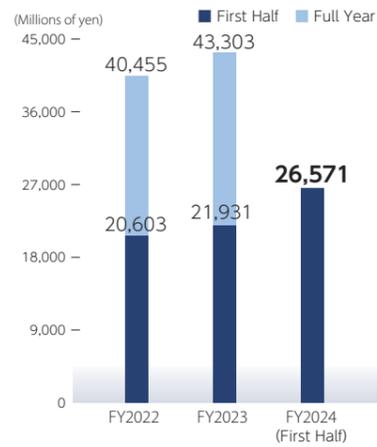
● JOYLAB where you can sell popular alcoholic beverages with fair prices



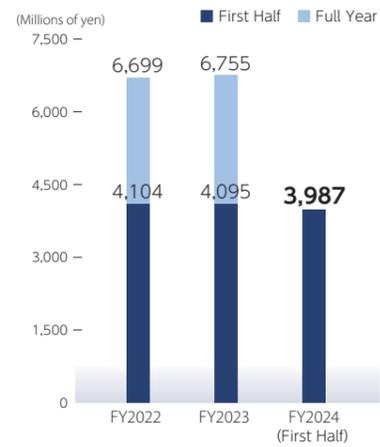
● Inside of a JOYLAB store

## Consolidated Financial Highlights

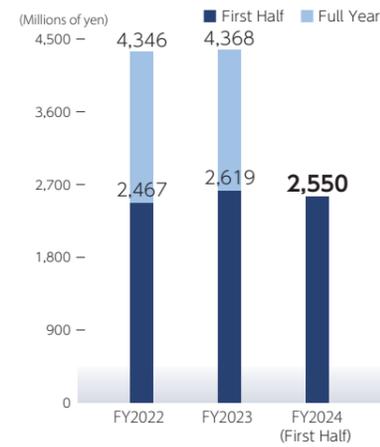
### Net Sales



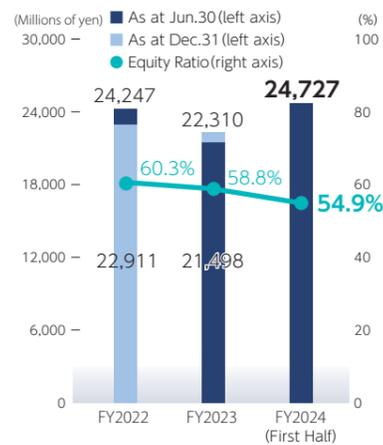
### Ordinary Profit



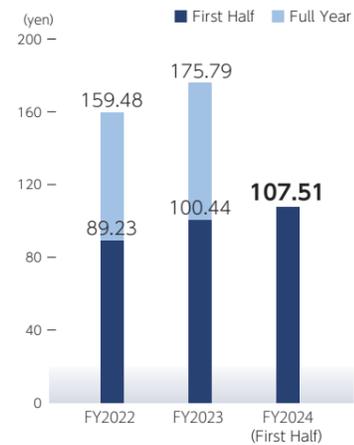
### Profit Attributable to Owners of Parent



### Net Assets/Equity Ratio



### Basic Earnings per Share



### A Note Concerning Shareholder Returns

At Aucnet, we view the return of profits to shareholders as one of management's highest priorities. While continuing to maintain sufficient internal reserves on hand to fund future business development, enhance management structure and fund capital investment, our basic policy is to maintain a stable dividend and aim for a consolidated payout ratio of 30%.

### Information by Business Segment (Millions of yen)

#### Net Sales



#### Operating Profit



- Lifestyle Product Segment
- Mobility & Energy Segment
- Others
- Adjustment

Note: From the beginning of the first quarter of the fiscal year ending December 31, 2024, we have changed our business segments with the aim of reorganizing our portfolio to better match the Company's business strategy. The previous "Digital Product Business" and "Fashion Resale Business" (previously "Consumer Product Business") have been integrated into the "Lifestyle Product" segment. The previous "Automobile Business" and "Motorcycle Business" that was previously included in "Others" have also been integrated into the "Mobility & Energy" segment. Further, under the previous method, expenses that were common to multiple segments were recorded as adjustments. Using the opportunity of change to the reportable segments from the beginning of the first quarter of the fiscal year ending December 31, 2024, we have judged that more effective evaluation of business performance would be possible if we allocated the costs and expenses that contribute to business operations of each reportable segment using a certain rational basis. Therefore, we have changed the method to one in which we allocate the applicable common expenses to each reportable segment.

## INFORMATION

### Company Overview

(As of June 30, 2024)

<b>Name</b>	AUCNET INC.
<b>Esablishment</b>	June 29, 1985
<b>Capital</b>	¥1,807 million
<b>Number of employees (consolidated)</b>	1,063
<b>Listing</b>	Tokyo Stock Exchange, Prime Market
<b>Head office</b>	Aoyama OM Square, 5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo
<b>Tel. (switchboard)</b>	TEL: +81-3-6440-2500 FAX: +81-3-6772-0675

### Executive Officers

(As of June 30, 2024)

Chairman of the Board	Kiyotaka Fujisaki
President & CEO	Shinichiro Fujisaki
Director, Senior Management Executive Officer	Masayasu Takigawa
Director, Senior Managing Executive Officer & CFO	Hiroki Taniguchi
Outside Director	Seiichiro Umeno
Outside Director	Toshio Maki
Outside Director	Megumi Tsukamoto
Director (Audit & Supervisory Committee member)	Shunji Sato
Outside Director (Audit & Supervisory Committee member)	Ikuo Kaminishi
Outside Director (Audit & Supervisory Committee member)	Michi Handa (Michi Sasano)

### Stock Information

(As of June 30, 2024)

<b>Total number of shares authorized to be issued</b>	110,000,000 shares
<b>Total number of shares outstanding</b>	24,763,200 shares
<b>Number of shareholders</b>	4,755

#### Major shareholders

Name	Number of Shares	Shareholding ratio
FLEX CORPORATION	11,237,800	46.4%
GOLDMAN SACHS INTERNATIONAL	1,495,673	6.2%
GOLDMAN SACHS & CO. REG	1,430,900	5.9%
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	5.4%
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,039,037	4.3%
NAMAI ASSET MANAGEMENT INC	900,000	3.7%
The Master Trust Bank of Japan ,Ltd.(Trust Account)	765,600	3.2%
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	643,100	2.7%
Blue Peak, Inc.	538,600	2.2%
Custody Bank of Japan, Ltd.(Trust Account E)	369,910	1.5%

Shareholding ratio is calculated after deducting treasury shares (548,586 shares).

### Shareholder Memo

(As of June 30, 2024)

<b>Financial year</b>	January 1 to December 31
<b>Annual shareholders' meeting</b>	Within three months after end of each financial year
<b>Record date for dividends from surplus</b>	Year-end dividends-Dec. 31 Interim dividends - June 30
<b>Number of shares per unit</b>	100shares
<b>Method of public notice</b>	AUCNET INC. publishes its information in electronic public notices. However, in the event that electronic public notices cannot be provided due to accidents or other unavoidable circumstances, the public notices shall be posted in the Nihon Keizai Shinbun(Nikkei).
<b>URL for public notice</b>	<a href="https://ir.aucnet.co.jp/ja/announcement.html">https://ir.aucnet.co.jp/ja/announcement.html</a>
<b>Administrator of shareholder registry</b>	4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
<b>Office of shareholder registry administrator</b>	4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan Stock Transfer Agency Mitsubishi UFJ Trust and Banking Corporation

### Integrated Report 2023 Has Been Issued



In Aucnet, we issue integrated reports for all of our stakeholders including shareholders to deeply understand our company. In the second report following the last year, meaning of existence of Aucnet, potential of GCV (Gross Circulation Value) a proprietary numerical indicator showing the degree of contribution to the reduction of environmental impacts are well described as well as messages from CEO on the realization of our mission statement, "Discussion on Circular Economy" by an expert and our CEO. Also, it explains in detail the purpose and strategic policies of the change in reportable segments announced in February of this year.

We will use this Integrated Report as an opportunity to promote constructive dialogue with our stakeholders, and by taking their opinions seriously and reflecting them appropriately in our management, we aim to sustainably enhance our corporate value.

We hope you will enjoy reading the report.

You can check the Integrated Report 2023 on our company website.

<https://ir.aucnet.co.jp/en/ir/library/library4153815516175422438.html>



Aoyama OM Square, 5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo  
<https://www.aucnet.co.jp/en/>