AUCNET GROUP

Integrated Report Condensed Edition

Integrated Report 2025

FY2025

AUCNET INC.

Editorial Policy

Integrated Report 2025 is published as a tool for communication with a wide range of people, including investors, employees, students, and people wanting to learn about Aucnet in greater depth or for the first time. We have prepared a condensed edition and a full edition to meet these readers' needs.

Integrated Report

Condensed edition

The condensed edition communicates what Aucnet does and what it values, through information including messages from executive officers.

Recommended for

- Readers who are learning about Aucnet for the first time
- Readers who think of Aucnet as "the car auction company"

Full edition

The full edition builds on the condensed edition with more detailed explanation.

Full edition here

Recommended for

- Readers who have read past Aucnet Integrated Reports
- Readers who have read the condensed edition and found Aucnet interesting

To learn more,
click the links below

Management and strategy

- Medium-term Management Plan
- Results Briefing

Financial information

- Securities Reports (Japanese only)
- Financial Statements

Non-financial information

- Sustainability Page
- Corporate Governance Report

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 "circular commerce," in which buyers and sellers are repeatedly connected. Since our establishment, we have always pursued services that make changes for the better, not only in the industry, but in society as a whole.
Through market design, you can not only expand existing value, but also create new value by commercializing goods and things that have never been distributed before. 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.

Philosophy

Authenticism

We have always pursued the question, “What is authentic service?” Our mission is to contribute to the development of the industry and the improvement of social life.

Four Values

Our Four Action Guidelines

01	Think from a customer-centric approach	• Thoroughly explore customers’ wants and exceed their expectations • Make decisions promptly and act on behalf of the customer • Unwaveringly provide sustainable value to customers and society
02	Constantly strive for innovation	• Think about business from a high-level perspective and with a broad vision • Take on challenges without fear of failure and through repeated attempts fueled by experience • Create unique businesses with high added value
03	Act with a sense of ownership and a commitment to results and growth	• Set high team goals and personal goals, never being satisfied with the status quo • Act with a strong sense of responsibility and find ways to see things through • Always learn and grow while appreciating change
04	Build trust and co-create	• Respect the perspectives of those with different cultures and experiences and engage in deep dialogue • Uphold unwavering integrity and act with sincerity • Build cooperative relationships with an altruistic spirit and lead all sides to success

Origin

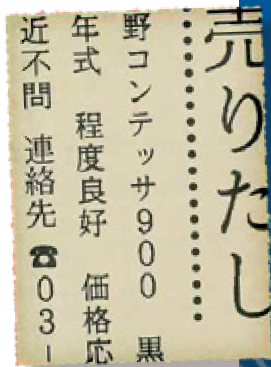
**Great results emerge only from one's own singlehanded struggle to create—
Taking it easy and imitating others will not yield good results.**

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.

Hino Contessa 900 he sold

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.



Three-line car-for-sale ad

Strength

01 Optimal Systems

- Auctions tailored to individual products
- Systems that support a diverse membership network
- Peripheral services that create added value

02 Information Reliability

- Strict inspection standards from a third-party perspective
- Thorough testing and grading
- Establishment of new evaluation standards in line with expansion of product portfolio

03 Operational Expertise

- Streamlined asset value recovery operations
- Continuously improved auction operational structure
- Evolution of operational expertise in step with expansion of business domains

04 Membership-based Network

- A globally expanding auction membership
- A diverse membership network spanning large corporations to small businesses
- Synergies through sharing the membership network among businesses

Aucnet's core competence makes it possible…

01

before

Inability to engage in reliable transactions without seeing products

after

Ability to receive accurate information remotely

02

before

Uncertainty over trustworthiness of products

after

Peace of mind through thorough inspection and grading

03

before

Concerns over communications surrounding product listing and auction close

after

Confidence through total support for logistics, settlement, and more

04

before

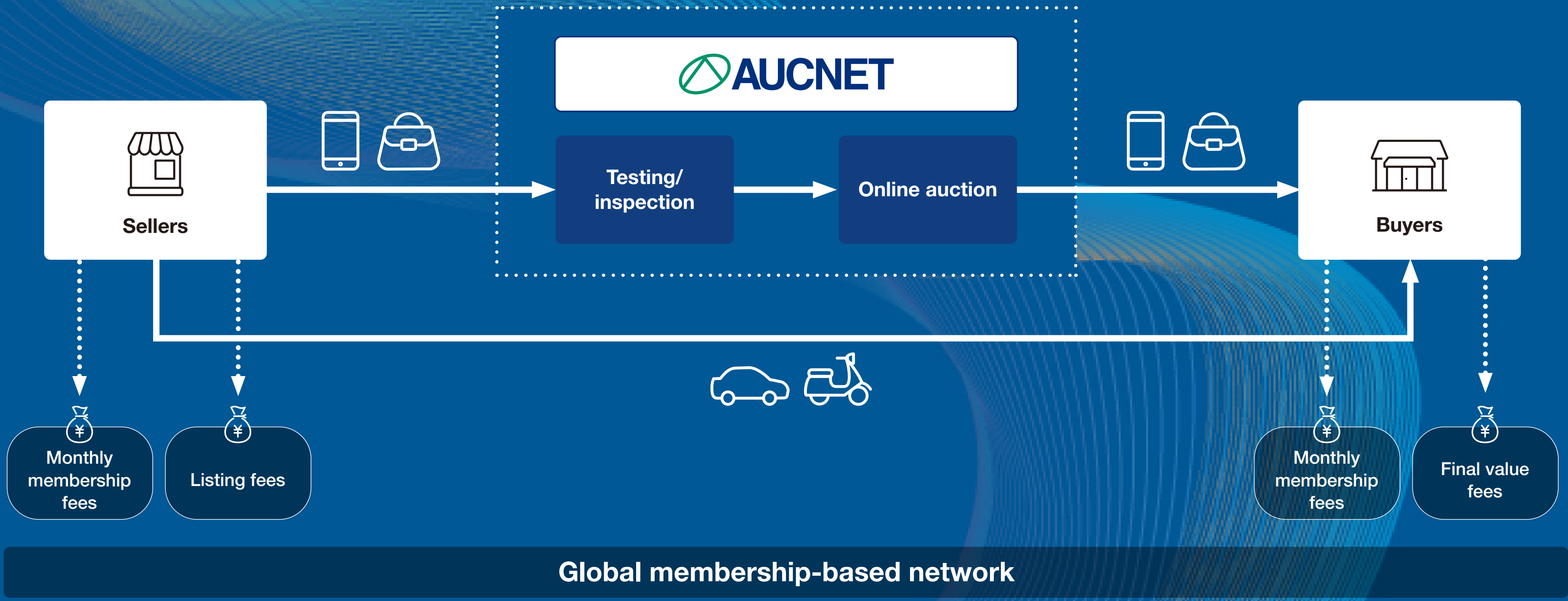
Significant price fluctuations

after

Transactions at fair prices for both sellers and buyers

Business Model

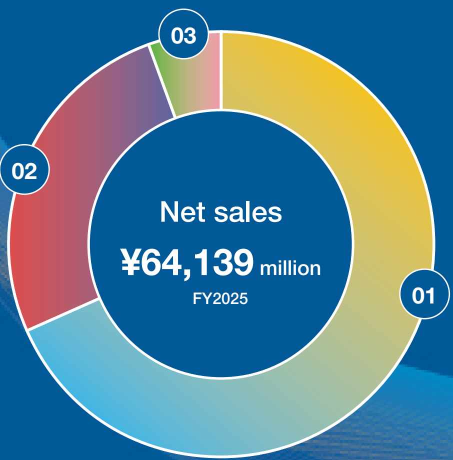
To welcome more members to our platform and enable trusted transactions even for unseen products, we have established a robust business model based on rigorous inspection and testing systems, auction systems tailored to products and buyers, and enhanced ancillary services such as payment and logistics.



Number of members: **41,686** companies

Number of countries and regions where our members are located: **78** countries/regions

Business Overview



01 **Lifestyle Products**

Net sales ¥45,208 million

02 **Mobility&Energy**

Net sales ¥16,122 million

03 **Other**

Net sales ¥3,317 million

* Net sales include an adjustment of minus ¥509 million.

Digital Product Business

- BtoB online auctions for used smartphones, used PCs, etc.

Automobile Business

- BtoB online auction for used cars
- Proxy bidding service and used vehicle inspection service

Agricultural Business

- BtoB online auction for flowers
- Operation of physical markets
- Production and sales of phalaenopsis orchids

Fashion Resale Business

- BtoB online auction for pre-owned luxury brand items
- Buy-and-sell service for general consumers

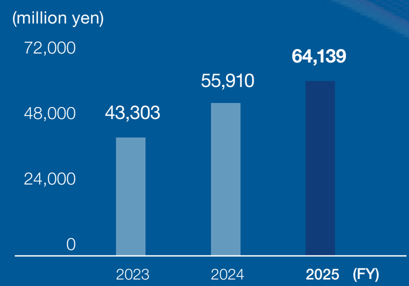
Motorcycle Business

- BtoB online auction for used motorcycles
- Proxy bidding service and used vehicle inspection service

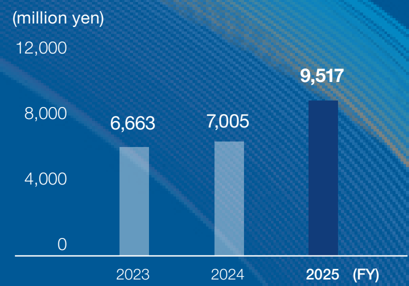
Circular Commerce Business

- Used medical equipment, consulting and BPO services

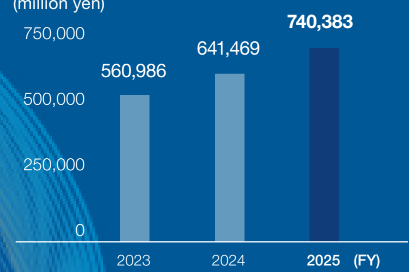
Net sales



Operating profit



Transaction amount



Future

By combining auction system-centered technologies, expertise in the secondary distribution field, and a global partner network to design total distribution flows, we are evolving into a one-of-a-kind entity that contributes to achieving a circular economy a reality.

Expansion of the circular distribution business

Expansion of the circular distribution business, particularly secondary distribution services such as online auctions, into new products and fields

We are pursuing a circular economy that avoids disposal of goods.

Realization of global distribution

Acceleration of global to global distribution initiatives and expansion of sustainable markets

We work to optimize circulation together with over 40,000 partners in over 70 countries.

Creation of circular + co-creation businesses

Support for the construction and operation of secondary distribution services to solve issues faced by manufacturers and retailers

We co-create with partners to establish new businesses in both primary and secondary distribution domains.

CEO MESSAGE

Our refined core competencies and commitment to "Authenticism" provide us with overwhelming competitive advantages. We will continue to add new value to our trusted platform while innovating circulation mechanisms.

How we became, and will remain, a one-of-a-kind company

Founded in 1985 with the launch of used vehicle TV auction, Aucnet was born out of a major innovation. We have since built up competitive technological capabilities and know-how while diversifying our business portfolio. Our bedrock throughout this has been our pursuit of "Authenticism," the answer to the question of "what is authentic service?"

Aucnet's core business is the operation of BtoB online auctions, mainly for high-value items. Our value proposition is peace of mind. The information reliability ensured through our strict inspection and grading cannot be built overnight, and thus forms a major barrier to entry.

Our global membership-based network spans over 40,000 member companies in over 70 countries, achieving circulation that efficiently delivers pre-owned items to where they are needed. Through market design that actually creates markets we will co-create new resource circulation mechanisms with our partners and evolve our business model to reach even greater heights.

Shinichiro Fujisaki
Representative Director and President & CEO

Strengthening our competitive advantage by delving deeply into customers' true needs and creating services that exceed expectations

Together with partners around the world, we are exploring the future of the circular economy and seeking our customers' true needs—even those they have yet to realize themselves.

Multi-unit Hybrid Auction, introduced by our Digital Product Business, has been well received as a new auction format that transcends time and location constraints. Sakidori Auction utilizes AI pricing to streamline sales upon the maturity of corporate car leases, generating significant added value. Our secondary distribution support service Selloop, co-created with partners, offers consulting and PoC*1 support as a new circular business that fosters circulation extending beyond conventional frameworks.

Our Sustainability Policy includes the words "Circulating valuable goods on a global scale. ~Circulation Engine." More than a mere slogan, this is a growth strategy powered by our strength at creating connections. We recognize 2026 and onward as a phase for incorporating our key issues (materiality) into specific business activities and implementing those activities in society. By realizing diverse reuse and liquidation*2, we will continue to advance the sustainability of goods. Powered by our ability to connect, Aucnet will continue to create a future of globally circulating value.

*1 PoC (Proof of Concept): Verification of the feasibility of a new idea or technology
*2 Liquidation: Conversion of unnecessary assets or company inventory into cash

CFO Message

As we have clearly entered a new stage, we are committed to pursuing both sustainable growth and improved capital efficiency. We will also advance our transformation into a "lean and agile organization" and strive to maximize long-term TSR*1.

Background to Achieving Goal Two Years Ahead of Schedule and Upward Revision of Blue Print 2027, Our Medium-term Management Plan

In fiscal 2025, upfront investments such as the introduction of a new core system and our 40th anniversary initiatives meant we initially forecast a drop in profit. However, the Lifestyle Products Business far exceeded our expectations for growth, allowing us to achieve our EBITDA target of 10.0 billion yen set in the medium-term management plan two years ahead of schedule.

As CFO, what I am most focused on is not only "growth rate" but also the "quality of growth." Last year, we announced a shift from PL management to BS management, but this is more than just a mere slogan. As a concrete measure, we established the Investment Committee to strengthen discipline in investment decisions. We have also introduced FP&A*2 functions in each business division and have started laying out the foundation for instilling ROIC*3-driven management as part of our corporate culture.

*1 TSR: Total Shareholder Return
*2 FP&A: Financial Planning and Analysis
*3 ROIC: Return on Invested Capital

On Strengthening Group Governance

Thanks to recent business growth and M&A activity, the number of employees in our group now exceeds 1,100, with our business domains expanding substantially both in Japan and overseas. Looking ahead, one of the most critical perspectives for improving corporate value will be how to allocate management resources across the entire group. At the Board of Directors, we have been engaging in deeper discussions than ever before around optimizing our business portfolio and are developing frameworks to ensure optimal capital allocation across the group.

At the same time, we need to strengthen our defensive capabilities during periods of strong growth. In January 2026, we established the Risk Management Department, reinforcing our internal controls and group risk monitoring system.

On Investments in DX and Human Capital

We believe investments in DX and human capital should be promoted as an integrated effort, and have set a medium-term cash allocation of 7.0 billion yen for this purpose. For DX, we are advancing data utilization such as AI-based pricing and upgrading our auction platforms to further strengthen the competitive advantages of our proprietary platform that cannot be easily replicated by other companies.

Investment in human capital is the foundation for creating long-term corporate value. With the Action Guidelines renewed in 2025 as our shared language, we are strengthening the recruitment of specialists and development of next-generation leaders.

Current Position and Next Steps for Enhancing Shareholder Value

As of the end of fiscal 2025, our ROE (Return on Equity) has exceeded 22%, PBR (Price-to-Book Ratio) has remained in the upper 3x range. We believe that our capital profitability has been positively evaluated by the market to a certain extent. On the other hand, the limited number of publicly traded shares and low trading volume remain significant management issues. To address these challenges, we implemented a share split for the second consecutive year in April 2026, following the split in April 2025.

To more clearly return profit growth to our shareholders, we raised our consolidated dividend payout ratio target to 50% or higher from fiscal 2026 onward. While retaining ample capacity for growth investment, I believe we are at the stage where our robust cash generation enables us to balance growth investments with shareholder returns.

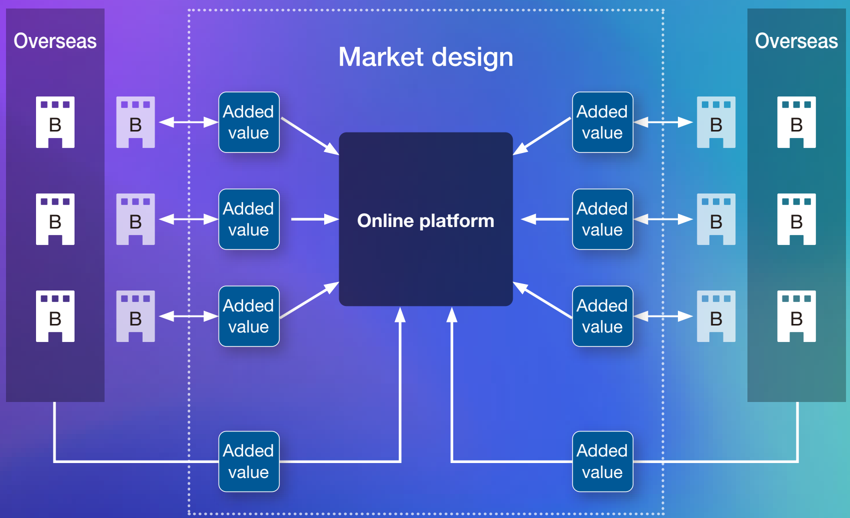
What I consider most important in engaging in dialogue with capital markets is to continuously articulate why Aucnet is able to maintain high capital profitability over the medium to long term. By boosting engagement with many investors to foster an accurate understanding of our growth potential and unique competitive advantages, we seek to support more appropriate market valuation and improved liquidity.

Hiroki Taniguchi

Director, Senior Managing Executive Officer & CFO

Market Design in Practice

Aucnet engages in market design that laterally integrates BtoB auctions and BtoC sales in the U.S. luxury resale market. By combining a highly trusted, dealer network-based distribution infrastructure with demand captured through BtoC channels, we are building optimal distribution mechanisms for markets characterized by unevenness in pricing and quality assessment. Looking ahead, we will expand our buyer network and diversify supply sources to build flexible market structures tailored to regional distribution characteristics and will leverage these insights in global expansion.



Ayako Yamazaki

CEO, AUCNET AMERICA, LLC.

Aucnet's strategy and business structure in the United States

In the United States, we coordinate BtoB and BtoC operations within the same organization, rather than separating the two. While sales and customer service are each handled by a specialized team, customer and market trend information is shared across departments for use in channel selection and distribution design. By equally applying insights gained from the BtoB and BtoC businesses across both businesses, we enable more accurate decision-making. Some adjustments are required by differences in the businesses' transaction characteristics, but taking advantage of the agility unique to a small organization, we are establishing a framework for quick and flexible decision-making.

Achievements in the market and Aucnet's competitive advantages

The breadth and depth of our global network, cultivated through years of inter-dealer transactions, is a major strength of ours. The strong trust we have earned has led to the expansion of our customer base, including the acquisition of members through referrals by industry peers. By dedicating teams to both BtoB and BtoC to attentively meet customer's needs in each, we build lasting and stable business relationships. Moreover, we utilize data that captures aspects of both distribution and demand to compensate for market inefficiencies, establishing a competitive advantage not found in other companies.

Aucnet's Internationally Recognized Strengths

01 A highly trusted global network based on inter-dealer transactions

02 Market design capabilities that leverage BtoB and BtoC data across departments

03 Operational capabilities that enable flexible responses to customer needs

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