AUCNET GROUP

Integrated Report Full Edition

Integrated Report 2025

FY2025

AUCNET INC.

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Section 1 Value Creation Strategy for Market Design

POINT This section explains, through stories, why we continue to create value, focusing on value creation initiatives and Aucnet's unique strengths.

Section 2 Growth Strategy

POINT This section summarizes our medium-term management plan and the results and strategies of our businesses to present a concrete outline of our path to growth, centered on online auctions.

Section 3 Co-Creation with Stakeholders

POINT This section draws on concrete examples and outcomes to introduce the policies and initiatives of Aucnet, which continues to co-create value with its stakeholders.

Section 4 Mechanisms to Drive Value Creation

POINT This section explains the mechanisms that promote value creation and the robust governance structure that underpins trust, focusing on a roundtable discussion with outside directors and messages from directors.

Section 5 Corporate Data

POINT This section contains Aucnet's corporate data, including financial and non-financial data, and shareholder and investor report.

Editorial Policy

In order to promote dialogue with our various stakeholders, including shareholders and investors, we have been producing and publishing 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 contained 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.

Reference Guidelines

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

Reporting Scope (As of December 31, 2025)

AUCNET INC. and its domestic and overseas consolidated subsidiaries

Reporting Period

January 1, 2025 to December 31, 2025
(Some information outside of the reporting period is included)

Contact for Inquiries

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

Issued

June 2026

At a Glance (fiscal 2025)

Aggregate Market Value*1	Net Sales	Operating Profit	Number of Employees (consolidated)
¥99.462 billion	¥64.139 billion	¥9.517 billion	1,119 members
YoY +50.4%	YoY +14.7%	YoY +35.9%	YoY +5.6%

Important Management Indicators

GCV*2	EBITDA	ROE	Dividend Payout Ratio
¥783.3 billion	¥10.559 billion	22.7%	44.7%
YoY +14.7%	YoY +31.5%	YoY +4.0 pts	YoY +4.4 pts

Distribution Scale

Total Transaction Amount	Environmental Contribution Amount	Number of Vehicles/ Items Auctioned	Number of Members	Countries and Regions Where Our Members Are Located
¥740.3 billion	¥42.9 billion	5.92 million*3	41,686 members	78 countries and regions
YoY +15.4%	YoY +4.0%	YoY +18.2%	YoY +4.1%	YoY +2.6%

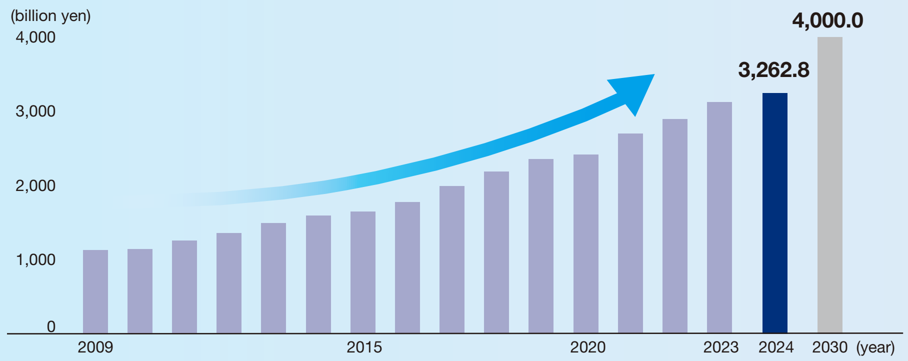
*1 Calculated by multiplying the stock price by the total number of shares issued and outstanding as of the end of December 2025.
*2 Gross circulation value (GCV): Aucnet's proprietary indicator showing in monetary terms the impact of business activities on the economy and the environment. https://www.aucnet.co.jp/en/sustainability/GCV/
*3 Excepting shared inventory of the Automobile Business and the Motorcycle Business, and AUC BRAND MALL items of the Fashion Resale Business.

Market Environment Surrounding Aucnet

Reuse Market Expansion

According to the Reuse Economic Journal estimate of the reuse industry market size, the 2024 reuse market reached 3.3 trillion yen, marking the fifteenth consecutive year of growth. Greater awareness of environmental issues, increasing inbound demand, and a shift toward relatively affordable reused products due to higher prices continue as trends.

Reuse market size trend and forecast



Source: Reuse Economic Journal, "Estimated Market Size of the Reuse Industry 2025 (2024 Edition)"

Overseas Export Expansion

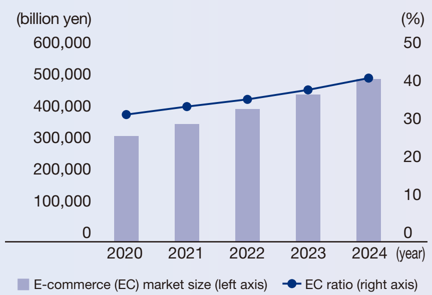
Products used in Japan are often in excellent condition due to a culture of treating things with care, and are highly popular overseas, earning the description "Used in Japan." Additionally, the recent depreciation of the yen has provided a tailwind to exports, leading to active bidding from export businesses and overseas buyers in our auctions.

Online Transaction Expansion

According to the "FY2024 E-Commerce Market Research Report" by the Ministry of Economy, Trade and Industry, the size of the BtoB EC market expanded to 514.4 trillion yen (up 10.6% year-on-year) in 2024. While inbound demand and soaring raw material prices are pushing up the overall market, the EC penetration rate is growing across all industries, reflecting the expansion of EC transactions.

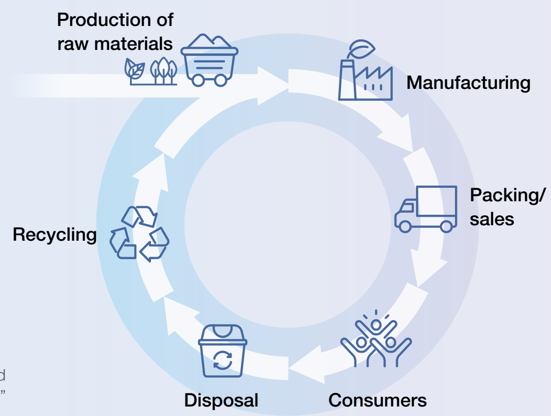
Source: Ministry of Economy, Trade and Industry, "FY2024 E-Commerce Market Research Report"

Change in BtoB-EC market scale



Circular Economy Expansion

"Circular economy" refers to economic activity aimed at minimizing consumption and waste by circulating resources and products. Our business activities fit this concept precisely. This is in contrast to the "linear economy," in which economic activity ends with disposal after production. With growing awareness of environmental issues, both governments and companies face a need to shift from a linear economy to a circular economy.



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

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.

Shinichiro Fujisaki

Representative Director and President & CEO

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. By building up technological strengths and expertise that give us a competitive advantage, we have expanded our business portfolio to include motorcycles, digital products, pre-owned luxury brand items, and more. Our bedrock throughout this has been our pursuit of "Authenticism," the answer to the question of "what is authentic service?"

In a typical auction, sellers bring actual items to the venue and buyers win them through bidding. Our online auction, by contrast, is hosted on the Internet, allowing participation from anywhere in the world. Furthermore, so that both sellers and buyers can trade with peace of mind, we have refined our four

CEO MESSAGE

core competencies*1. Unlike CtoC transactions on flea market sites, which are mere intermediaries, our business model is BtoB and is specialized in high-value products. Therefore, exceptionally high reliability beyond physical constraints is required. Thanks to Aucnet's rigorous inspection and strict grading, we have realized safe and secure transactions. In addition, the information reliability ensured by thorough inspections and grading is based on our uniquely detailed criteria developed through extensive experience. This cannot be built overnight, and forms a major barrier to entry.

Currently, our global membership-based network extends to over 70 countries worldwide, with membership exceeding 40,000 companies. Through significant added value that allows efficient matching of reuse items, the range of products that we handle has greatly expanded. Going forward, through market design to build a circular market, we will co-create new circulation mechanisms for resources with our partners and will continue evolving our business model to new heights.

*1 Four Core Competencies P.9
(1) Optimal systems: A platform centered around auctions, adapted to the times and the characteristics of each product
(2) Information reliability: Strict inspection standards and thorough testing and grading of each product
(3) Operational expertise: Comprehensive, reliable support based on extensive knowledge and services including logistics and settlement
(4) Membership-based network: A global membership base that achieves distribution at fair prices

We deeply explore what kinds of added value can facilitate smooth circulation and address latent needs.

Blue Print 2025, our previous medium-term management plan, was concluded a year ahead of schedule, based on the status of progress through fiscal 2024. In the previous medium-term management plan, we changed our segments in order to implement future growth strategies, speed up business decision-making, and improve management efficiency.

To further evolve and accelerate circular distribution, we broadened the scope of reuse matching, both upstream and downstream, to create new business opportunities. During the period of the previous medium-term management plan, the market environment provided tailwinds to our business amid factors such as eased resistance to online auctions after the COVID-19 pandemic and heightened attention toward reuse items driven by growing interest in sustainability. With such favorable winds of the times at our back, we steadily implemented a variety of measures to provide circular support services that leverage our core competencies in each business.

To continue strengthening and demonstrating our competitive advantage, it is essential that we first accurately grasp the flow of the circular economy for every product handled. Based on this, we identify where the pain points that hinder the flow of circulation are, determine what added value can make the flow smoother, and thoroughly explore and enhance the concept of added value. We believe that the best approach is to turn this into a product and spread it throughout society.

In recent years, geopolitical risks have further increased uncertainty. The buyers who are our customers have expanded to more than 40,000 companies in over 70 countries, numbers that continue to grow steadily with the rising appeal of auctions and the expansion of our business scale. We will continue to strengthen our global membership-based network to minimize the impact of geopolitical risks.

By delving deeply into customers' true needs and creating services that exceed expectations, we strengthen our competitive advantage.

In Blue Print 2027, our new medium-term management plan, we will pursue "authentic services" that are truly indispensable to our customers' businesses, with the aim of achieving our

vision of "Working with partners worldwide to shape the future of the circular economy." What is important here is to identify hidden, anticipated, and deeply understood true needs that even customers themselves have not yet recognized. During the three years of the medium-term management plan, we will combine the four core competencies we have developed with big data and AI, creating and providing services and value that surpass customer expectations.

Meeting these hidden customer needs means providing services that achieve groundbreaking efficiency improvements. The Multi-unit Hybrid Auction, introduced in our Digital Product Business, is a good example. This is a new auction system based on economic expertise, jointly developed with UTokyo Economic Consulting Inc. (UTEcon). Auctions for items such as smartphones and tablets attract buyers from Asia, the Middle East, Europe, the United States, and elsewhere around the world, but time differences had been a major obstacle. To address this, we adopted a sealed bidding system that hides prices for the last few hours of the bidding period. The design is based on auction theory in economics, and offers a new mechanism enabling participants from around the world to join the auction on equal footing. By pursuing fairness, clarity, privacy, efficiency, and incentives, it continues to evolve into areas where other companies cannot easily follow.

A prime example of anticipated customer needs is the Sakidori Auction in our Automobile Business. The end dates

CEO MESSAGE

of corporate car leases are determined in advance. Sakidori Auction uses AI pricing to set sales prices and confirm buyers before the end of a lease period. As a result, leasing companies can sell vehicles immediately upon lease expiration, eliminating time lags until payment and the need to maintain a place to hold vehicles until they are sold. This is an example of the importance of proactively addressing upstream needs and expanding business opportunities through win-win relationships.

In the area of deeply understood customer needs, we offer used car dealerships the Shared Inventory Market online platform that enables both storefront retail sales and wholesale transactions between businesses. Members can now choose among options such as bulk business-to-business sales of their storefront inventory and conditional wholesaling. As of December 2025, about 75,000 used vehicles are listed. In addition, the Selloop service, which supports secondary distribution through co-creation with partners, provides consulting and PoC*2 support as a new type of circular business.

Looking ahead, we plan to expand our business into new products handled and industries within the secondary distribution area, such as launching alcohol auctions at our subsidiary JOYLAB, inc. We will also offer consultation for both secondary and primary distribution through Selloop, generating new liquidation*3 opportunities for not only reused goods but also excess inventory of new goods and dead stock, as we continue to tackle endeavors rooted in our competitive advantages.

*2 PoC (Proof of Concept): Efforts to assess the feasibility of new ideas or technologies.
*3 Liquidation: Conversion of excess or non-core assets and inventory into cash.

While carrying forward our DNA, we are building an organization in which all can freely take on challenges and build careers.

In October 2025, we updated our Action Guidelines. Amid recent changes in the social landscape and business environment, we ourselves felt a need to update our corporate culture as our workforce grew to 1,119 employees through strengthened M&A and mid-career recruiting since 2020.

Our philosophy of "Authenticism" is grounded in words left by our founder, Masataka Fujisaki, whose views on life and work are recorded in "Shoken-Roku." With organizational expansion making it difficult to fully convey our standards, our new Action Guidelines incorporate the essence of his words in a more concrete and practical way. Even now, we have salespeople and operational specialists who take an old-school, hands-on approach, alongside a diverse team of data scientists, grading experts, and other specialists who create our characteristic diversity. Our diverse human resources are proactive about innovation and collaboration, a stance that we regard as a strength of our organization and a foundation of our culture. By sharing "Authenticism," the philosophy we have carried forward for 40 years, as a common language, we are nurturing an environment where employees voluntarily take on new challenges and are fostering further transformation toward an organization where both the company and employees grow together.

We have also adopted the updated Action Guidelines as core principles for HR evaluations. In addition to individual quantitative goals, we conduct holistic evaluations of whether employees continuously drive innovation, and have built an environment that supports highly flexible career development.

We also understand that DNA cannot permeate through documentation alone. Five times a year, we hold Keiei-Juku forums for managerial teams in group companies. In these forums, we emphasize carrying forward our DNA while nurturing a culture that allows us to break free from old customs and create new markets ourselves.

Our mission is to use our "power to connect" to circulate valuable goods on a global scale.

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. We will realize diverse forms of reuse and liquidation, evolving the sustainability of things. We will further accelerate collaboration and partnerships with various partners, leverage our uniqueness in tune with the times, and work on creating businesses that connect diverse circulations.

By valuing a long-term perspective and upholding our founding spirit and philosophy, we will work together with all stakeholders to build resource circulation systems that are indispensable to a sustainable society. We sincerely ask for your continued unwavering support as we move forward.

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 material issues to be addressed from the perspective of customers and social issues, based on Blue Print 2027, our medium-term management plan. Achieving our long-term goal of GCV of 1 trillion yen means achieving both business growth and contribution to the environment.
Among the various initiatives to address our material issues, we have renewed the underlying action policies to make them more specific and easier to implement. By continuously fostering innovation through our diverse human resources, we aim to achieve sustainable growth and move closer to the realization of a circular economy society.

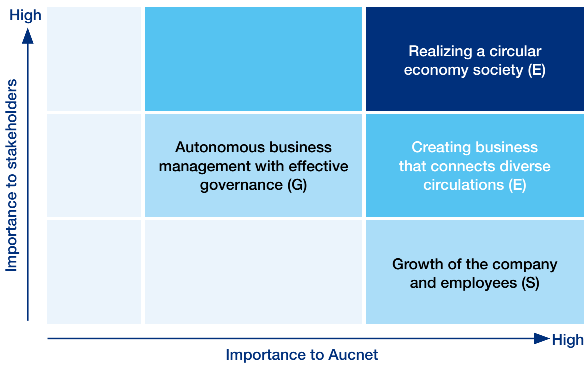
Process of Identifying Material Issues

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 ¥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	• Actively using technology for circular business • Evolution of GCV
E	Creation of 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 create intangible asset distribution businesses • Connecting competitive edges with stories to create customer value
S	Growth of the company and employees	Realizing 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 all employees • 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

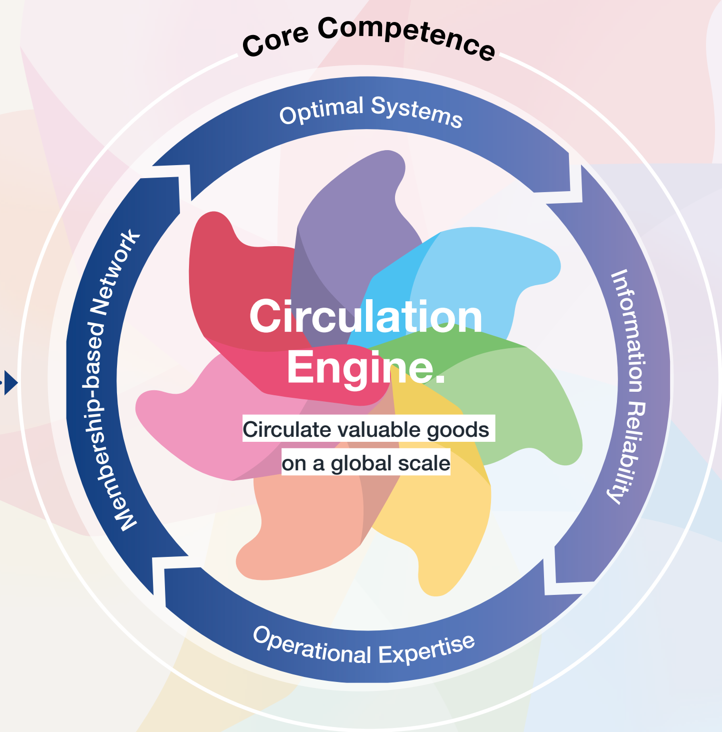
Social and Relationship Capital
Co-creation with a wide range of partners

Manufacturing Capital
Global bases and core infrastructure to ensure quality

Natural Capital
Reduction of environmental impact through online distribution

P.11

P.9



Blue Print 2027

P.16~17

OUTPUT

Lifestyle Products
- Digital Product Business
- Fashion Resale Business

Mobility & Energy
- Automobile Business
- Motorcycle Business

Other
- Agricultural Business
- Circular Commerce Business

Total Transaction Amount
¥740.3 billion

P.18~21

OUTCOME

Delivering 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
Continuously generating returns by increasing corporate value

Environmental Contribution Amount
¥42.9 billion
Helping realize a sustainable society through corporate activities

P.22~32

GCV **¥783.3** billion

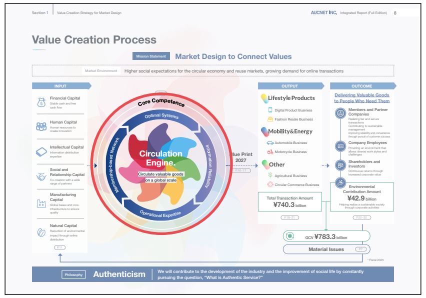
Material Issues P.7

* Fiscal 2025

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 Competencies

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 network) are essential to our unique business and will continue to be in its foundation.



01 Optimal Systems

A system ahead of its time

Number of vehicles/Items auctioned
5.92 million cases*/year

02 Information Reliability

Stringent inspection standards

Number of used vehicle inspections conducted
1.58 million units/year

03 Operational Expertise

Total support for peace of mind

Total transaction amount
¥740.3 billion/year

04 Membership-based Network

A diverse, global membership network

78 countries and regions
Membership base of **41,686** 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.

* Vehicle quality assessment by AIS INC.

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, systematization 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

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

02 Information Reliability
- 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

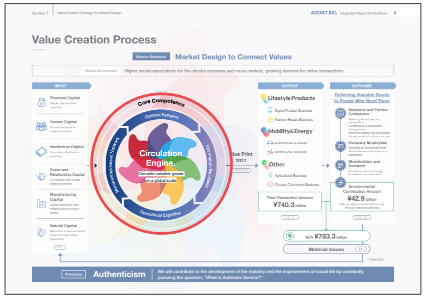
03 Operational Expertise
- Proposal-based support for partners using operational expertise
- Delivery of services that comprehensively support members' businesses
- Streamlining and enhancement through various efforts including improvement activities by employees

04 Membership-based Network
- 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 Competencies

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.



01 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.

02 Information Reliability

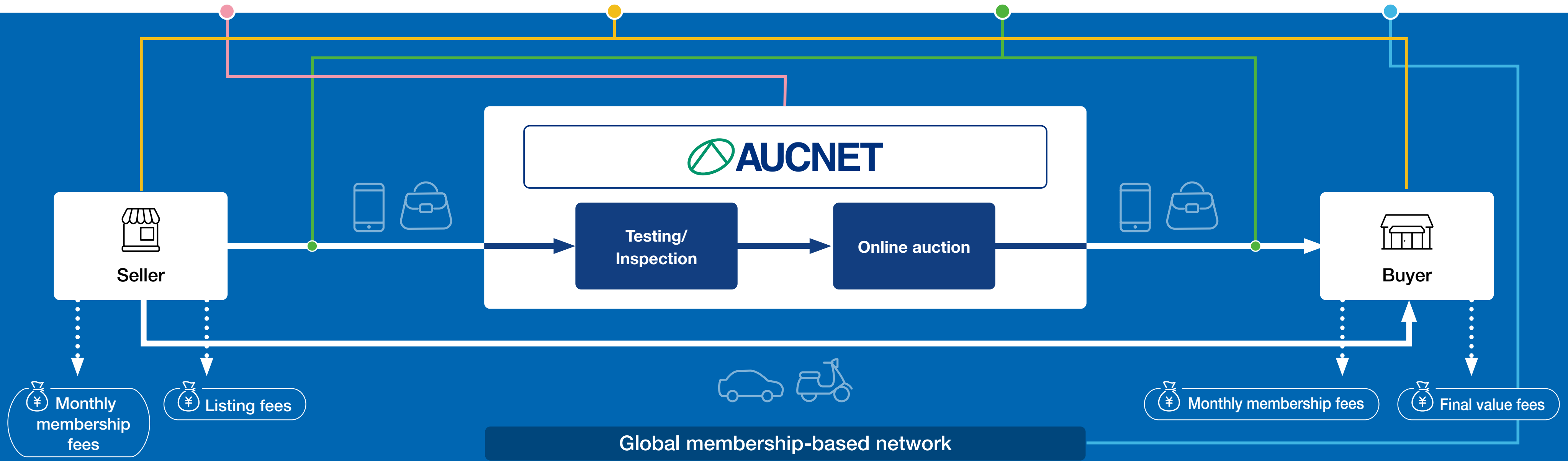
To ensure safe and secure online transactions conducted by customers without seeing the actual goods, we have established strict inspection standards from a third-party perspective and are working on thorough checking and grading. With the expansion of our product lineups, we are also directing our efforts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

03 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.

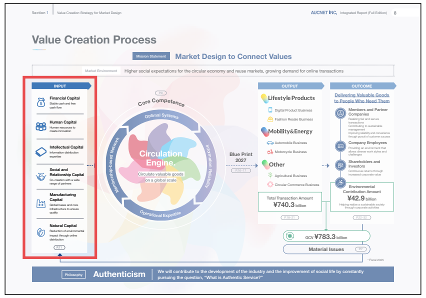
04 Membership-based Network

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: 41,686 companies
Number of countries and regions where our members are located: 78

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: ¥12.7 billion ROE: 22.7%	• Ample operating cash flow • High-level ROE • Stable income from membership-based business	• Effective use of free cash flow • Improvement of capital structure and capital efficiency	• M&A, DX, and investment related to human capital • Enhancement of profitability through growth of existing businesses • Pursuit of optimal cash allocation
Human Capital	Employees: 1,119 Number of CENTAN applications: 10 Number of KAIZEN applications: 432	• Human resources capable of balancing stable business operations with reform and improvement • Human resources capable of continuously creating new business value	• Strengthening of management and specialized human resources • Expansion of sense of ownership among stakeholders	• New business creation activity "CENTAN" • Business improvement activity "KAIZEN" • Implementation of tier-based (hierarchical) training
Intellectual Capital	Number of auction items handled: 5.92 million* Number of used vehicle inspections conducted: 1.58 million	• Auction operational expertise • Testing and inspection technology • Auction systems tailored to the characteristics of products	• Accumulation of expertise in BtoC businesses • Further improvement in the accuracy of inspection and grading	• Smart operation of logistics hubs and inspection centers • Establishment of inspection technology for used EV (electric vehicle) batteries • Proliferation of auction systems incorporating auction theory
Social and Relationship Capital	Number of countries and regions where our members are located: 78 Number of members: 41,686 companies	• A diverse, global membership network • A strong network built on trust based on "Authenticism" • A wide range of co-creation partners	• Further M&A and partnerships • Strengthening of capabilities	• Further expansion of our global membership network • Sharing of membership networks across businesses and creation of synergies • Rollout of "Selloop" to support business-building in the secondary distribution field Learn more here (Japanese only)
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 nationwide • Consistent product management and operations work	• Further expansion of the domestic distribution network • Construction of logistics infrastructure for global expansion	• Warehouse capacity enhancement in response to increased distribution volume • Operational efficiency through AI and automation • Integration of warehouse functions in the Fashion Resale Business
Natural Capital	GHG emissions: 23,336 t-CO_2e	• A business model that minimizes direct greenhouse gas emissions • An enforced sustainability policy	• Further reduction of greenhouse gas emissions • Utilization of Gross Circulation Value (GCV) in business	• Third-party assurance for GCV Learn more here • Endorsement of TCFD recommendations Learn more here • Certification by Science Based Targets initiative (SBTi) Learn more here

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

Examples of Value Creation

Aucnet Group member JOYLAB, inc. (hereinafter referred to as “JOYLAB”), has launched MyCellar Auction, an online auction platform focused on alcoholic beverages. Users of the platform can buy and sell alcohol in every category, from staples to rarities, through fair, impartial auctions backed by robust quality evaluations. JOYLAB is leveraging the Aucnet Group’s network to offer efficient procurement and sales channels that create a new style of distribution.

What is JOYLAB?

Founded in 1985, JOYLAB joined the Aucnet Group in April 2024. JOYLAB buys and sells alcohol at ten locations throughout Japan. Going beyond brick-and-mortar shops, the company also offers MyCellar, an asset-management app through which users can track and view the value of their beverage collection, and operates the MyCellar Auction online platform focused on alcoholic beverages. JOYLAB is leveraging the power of IT to turn alcoholic beverages into valuable assets that can circulate through society.

Key features of JOYLAB

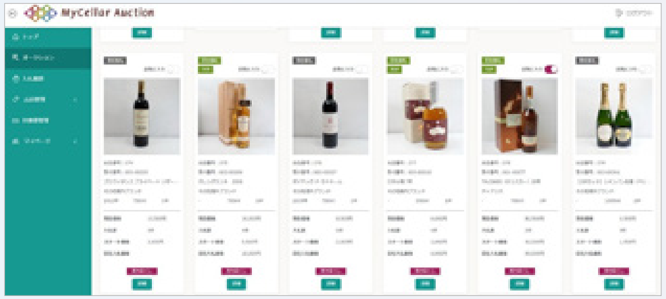
1. Operates a circulation business focused on alcoholic beverages
2. Offers high purchase prices and transparent pricing
3. Provides a variety of purchasing options

April 2024
JOYLAB, inc. joined the Aucnet Group.

February 2026
As part of the Aucnet Group, JOYLAB, inc. launched MyCellar Auction, an online auction platform focused on alcoholic beverages.

MyCellar Auction—A new service from Aucnet Group member JOYLAB

Learn more here (Japanese only)



In February 2026, JOYLAB launched an online auction platform focused on alcoholic beverages, MyCellar Auction. This platform supports distribution of all categories of unopened alcoholic beverages—wine, whisky, sake, shochu, beer, and more—and covers a broad range of prices and products.

Before products are listed, JOYLAB’s product center performs thorough inspections that include checks of fill levels and label condition. This process lets users of the platform engage in transactions with confidence.

JOYLAB currently conducts auctions monthly through the MyCellar Auction platform, but is looking to increase this frequency as it expands auction-based distribution.

Synergies Generated by JOYLAB’s Entry into the Group

The Aucnet Group is evolving competitiveness that is grounded in our core competencies.

01 Optimal Systems
Integrating JOYLAB’s alcohol purchasing and inventory data into the Group’s BtoB auction platform enables efficient distribution free from geographical constraints and expands the secondary distribution market.

03 Operational Expertise
JOYLAB’s practical expertise in alcohol licensing and in the logistical challenges of delivery and storage complements Aucnet’s efficient auction-operation technology, enabling high-quality distribution operations.

02 Information Reliability
Combining JOYLAB’s expertise in inspection of whisky, wine, and other alcoholic beverages with Aucnet’s rigorous inspection standards enables secure sight-unseen transactions.

04 Membership-based Network
Combining JOYLAB’s purchasing and sales network with Aucnet’s membership-based network, including members dealing in alcoholic beverages, achieves optimal distribution.

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, we started with upfront investments for future growth, including the introduction of a new core system and 40th anniversary initiatives, which led us to initially forecast a drop in profit. However, strong growth—particularly in the Lifestyle Products Segment—exceeded expectations, and EBITDA surpassed 10.5 billion yen. As a result, we achieved our 10.0 billion yen EBITDA target set in Blue Print 2027, our medium-term management plan, two years ahead of schedule. At first glance, this may appear to be simply better performance than expected, but I believe that achieving this early is a clear testament to the fundamental strength of our business model.

While benefiting from the positive external environment behind the expanding reuse market, our unique strengths—cultivated over many years—such as testing, grading, our membership-based network, data accumulation, and operational expertise in auctions are functioning steadily as true competitive advantages. Thanks to these business model strengths, at the end of fiscal 2025, our ROE (Return on Equity) exceeded 22%, demonstrating high capital efficiency, and the market has acknowledged these achievements with a PBR (Price-to-Book Ratio) in the upper 3x range.

As CFO, what I am most focused on is not only "growth rate" but also the "quality of growth." The more robust the business environment, the more essential disciplined management for the future becomes. Since last year, we have embraced the shift "from PL management*2 to BS management*3,"

*1 TSR: Total Shareholder Return
*2 An approach to management focused on PL (Profit and Loss statement)
*3 An approach to management focused on the BS (Balance Sheet)

Hiroki Taniguchi

Director, Senior Managing Executive Officer & CFO

CFO Message

and this is far more than a mere slogan. We are thoroughly integrating an awareness of where to allocate limited capital and which businesses can generate returns exceeding the cost of capital over the medium and long term throughout the company. One specific initiative was the establishment of the Investment Committee, further reinforcing discipline in our investment decision-making. We are also deploying FP&A*1 functions within each business domain and laying the groundwork for embedding ROIC*2-driven management into our organizational culture. Rather than simply pursuing high growth, I believe that evolving into a “lean and agile organization” with strong capital efficiency and cash generation is most important for increasing our corporate value.

Reflecting on progress and improved capital efficiency, in February 2026 we announced a revised version of “Blue Print 2027.” The EBITDA target was raised to 13.5 billion yen. Beyond short-term profit expansion, we will capture growth in the circular economy market while balancing sustainable EPS growth and improved capital efficiency.

*1 FP&A: Financial Planning and Analysis
*2 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. Today’s Aucnet is not merely a company running a single business, but has entered a new stage as a group with a diverse business portfolio.

In this context, the allocation of management resources across the entire group will become increasingly crucial for enhancing corporate value. We feel that we are entering a phase in which investors are increasingly seeking clearer explanations of “where we will focus our investments” and “which areas will be the growth drivers over the medium to long term.”

The Board of Directors is currently engaging in more in-depth discussions than ever about optimizing our business portfolio. We are working on building a structure for optimal capital allocation throughout the group, while considering not only market growth but also capital profitability and competitive advantages. From next year onward, we aim to present our portfolio strategy even more clearly to the capital market.

As groundwork for this, in 2025, we integrated our consumer-oriented subsidiaries to establish CircLuxe Inc., and merged four subsidiaries into Aucnet’s main entity. This was not simply an organizational restructuring, but an effort to enhance asset efficiency and profitability groupwide by streamlining overlapping functions and speeding up decision-making.

At the same time, we also need to strengthen our “defenses” during growth phases. In January 2026, we established the Risk Management Department, reinforcing our internal controls and group risk monitoring system. I believe that achieving sustainable growth requires a balance of “acceleration,” “braking,” and “steering.” This refers to empowerment at the frontline (acceleration), sound financial and risk management (braking), and the approach to take by the Board of Directors (steering). By balancing these three at a high level, we will forge a resilient management foundation.

On Investments in DX and Human Capital

Regarding investments in DX and human capital, we have set a medium-term cash allocation of 7.0 billion yen in total. We believe that technology alone cannot create competitive advantages; it is “people” who are able to master these technologies on the ground and transform them into new value who are indispensable. Therefore, we view investments in DX and human capital as efforts to be pursued together.

In the area of DX, we are advancing initiatives such as data utilization, including AI pricing, and upgrading our auction platforms. Our strength lies not only in being an IT enterprise,

Key Changes to Blue Print 2027, our Medium-term Management Plan (Upward Revision)

1

To aim for further business growth, we have raised our EBITDA target to

¥10.0 billion → Changed to **¥13.5 billion**

2

To strengthen shareholder returns, the dividend payout ratio will be

40% or higher → Changed to **50% or higher**

CFO Message

but also in having amassed real distribution data and testing/grading know-how over four decades. By combining these assets with AI and the latest technologies, we will further enhance the unique competitive edge of our proprietary platform that cannot be imitated by others.

Furthermore, I believe that investment in human capital is the core driver for long-term corporate value enhancement. With the Action Guidelines renewed in 2025 as our shared language, we are strengthening the recruitment of specialists and development of next-generation leaders. In recent years, we have had more opportunities to practically cultivate management talent through M&A, PMI*, organizational restructuring, and other initiatives. We are aggressively delegating authority to young and next-generation leaders, facilitating our transformation into an "organization where people can take on challenges."

In addition, the employee stock remuneration plan was introduced as a key measure for fostering an ownership mindset among employees which is part of our 40th anniversary initiatives. I believe that nurturing a culture in which every employee is mindful of enhancing corporate value from the same perspective as our shareholders will, in turn, drive sustainable EPS growth and increased shareholder value.

* PMI (Post Merger Integration): The integration process after M&A (mergers and acquisitions)

Current Position and Next Steps for Enhancing Shareholder Value

As of the end of fiscal 2025, our ROE (Return on Equity) exceeds 22%, our PBR (Price-to-Book Ratio) has remained in the upper 3x range, and our capital profitability has earned recognition from the market to a certain extent. In contrast, a liquidity discount due to the limited number of shares in circulation and low trading volumes continues to be a significant management issue.

To address this, we are continuously implementing concrete measures. We conducted share splits for two consecutive years in April 2025 and April 2026. By creating an environment that welcomes more investors, we aim to broaden our investor base and improve market liquidity.

To more clearly return our profit growth to shareholders, we also raised our consolidated dividend payout ratio target to 50% or higher starting from fiscal 2026. While retaining ample leeway for growth investment, we have robust cash generation, enabling us to balance growth investment with shareholder returns.

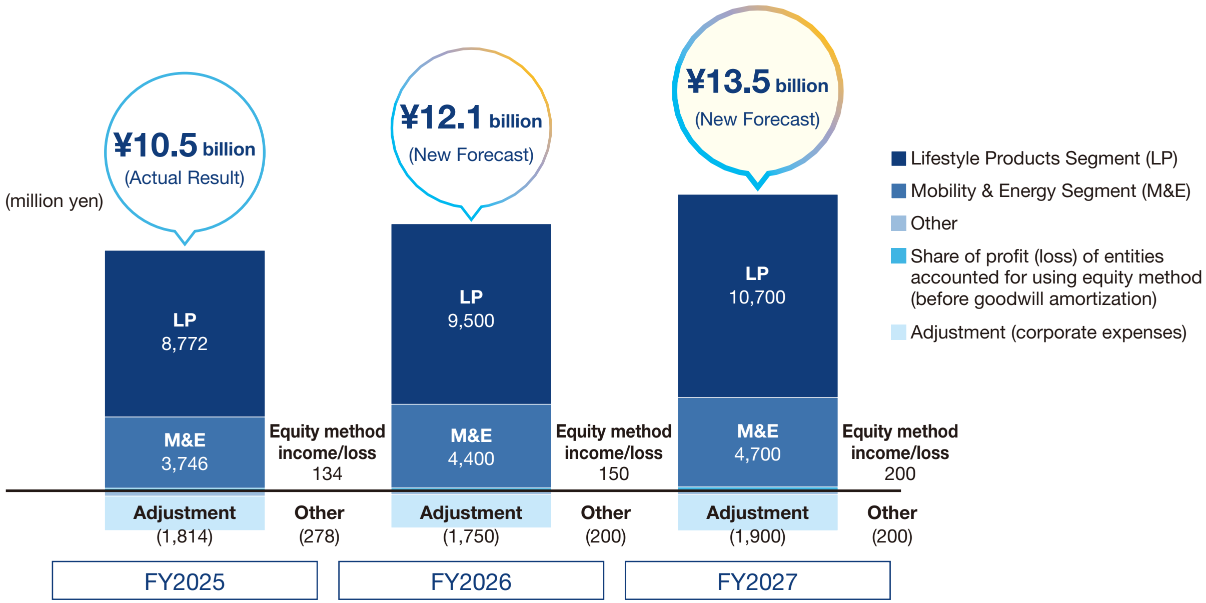
What I consider essential when voicing our message to the capital markets is continuously explaining "why Aucnet can maintain high capital profitability over the medium to long term."

Amid strong tailwinds from the growing circular economy, our company is building a unique platform that combines real inspection and grading capabilities, data, a membership-based network, and auction theory-based price formation mechanisms. This is not a simple matching business, but a circular distribution infrastructure with high barriers to entry.

Through these efforts, we aim to deepen engagement with our many investors, fostering a solid understanding of our growth potential and unique competitive advantages and, in turn, achieving more appropriate market valuations and improved liquidity. We are committed to pursuing capital-efficient management, balancing growth investment, shareholder returns, and financial soundness, to maximize long-term TSR (Total Shareholder Return).

"Blue Print 2027" – Segment EBITDA Targets

Based on the results for fiscal 2025, we have set the EBITDA target for fiscal 2027 at 13.5 billion yen.



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

Partial Upward Revision of Blue Print 2027

Learn more here

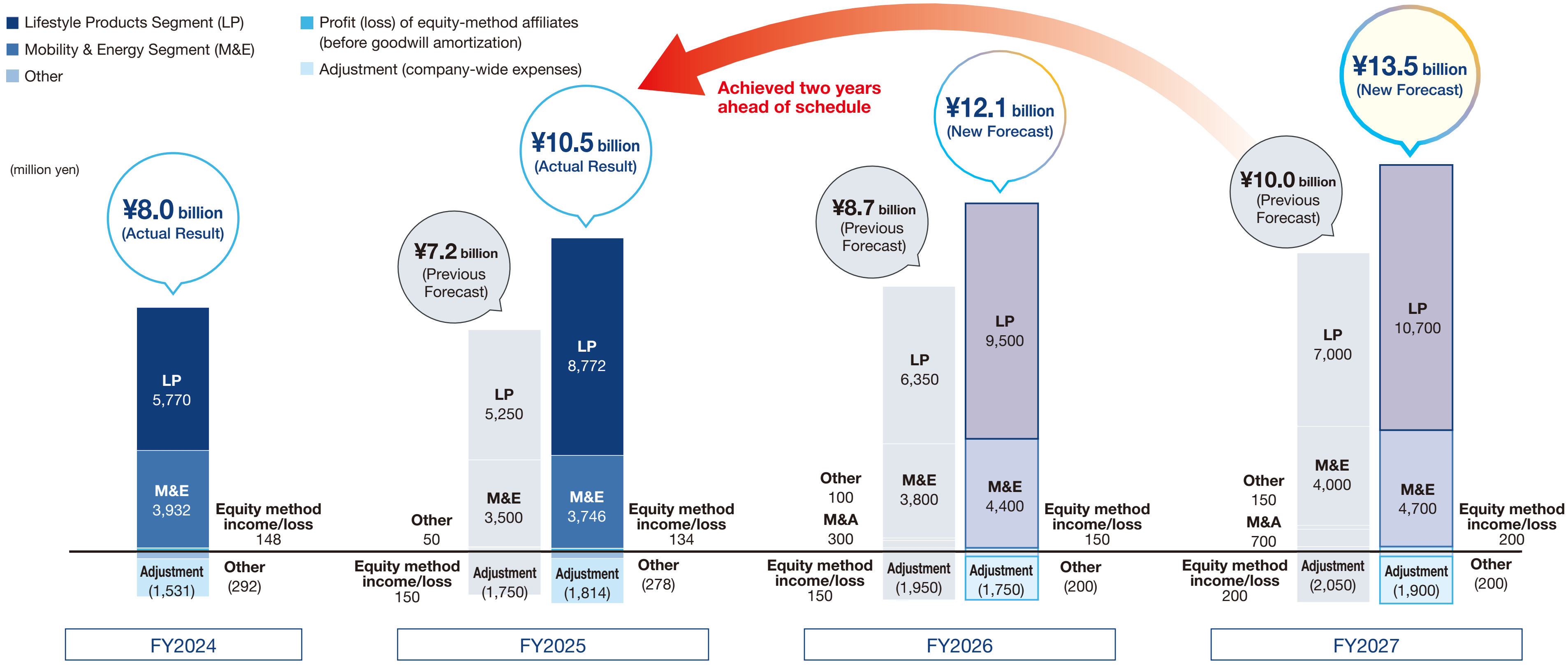
Our group announced Blue Print 2027, our medium-term management plan, in February 2025. However, as our fiscal 2025 results exceeded expectations, we achieved each of our medium-term quantitative targets (EBITDA, ROE, and dividend payout ratio) two years ahead of schedule.
Therefore, in our Blue Print 2027 medium-term management plan, the target period remains unchanged but some medium-term quantitative targets have been revised upward and set as new targets for fiscal 2027.

Medium-term quantitative targets (FY2027)

EBITDA	ROE	Dividend Payout Ratio
¥10.0 billion	15–20%	40% or higher
↓	↓	↓
¥13.5 billion	15–20%	50% or higher

* EBITDA = operating profit + depreciation + amortization of goodwill + equity in earnings of affiliates (excluding current goodwill amortization)

Actual Results and Targets for EBITDA by Segment



Partial Upward Revision of Blue Print 2027

Cash Allocation

There are no changes to the basic direction of cash allocation from the previous Blue Print 2027, but in view of the buildup of cash on hand in fiscal 2025, the increase in the dividend payout ratio target from “40% or higher” to “50% or higher,” increased DX investment, and the expansion of working capital to support business scale expansion, the amounts have been comprehensively reviewed.

We will continue to make business growth-oriented strategic investments in DX, M&A, new businesses, human capital, and other areas, while pursuing optimal cash allocation with the goal of sustainably increasing corporate value.

IN Sources of cash	OUT Uses of cash	
Operating cash flow ¥27.0 billion	Shareholder returns ¥13.0 billion	Consolidated dividend payout ratio of 50% or more + flexible capital policy
	Investments in M&A, etc. ¥5.0–7.0 billion	M&A and partnerships, etc. in existing businesses and peripheral domains
	DX and human capital–related investments ¥7.0 billion	Investments in human capital, development of auction systems, core systems, and membership websites, etc.
Cash on hand ¥8.0 billion	Cash on hand ¥8.0 billion	Control the accumulation of cash on hand by ensuring sufficient allocation of funds to shareholder returns and various investments
Working capital ¥12.0 billion	Working capital ¥12.0 billion	Ensure necessary working capital for BtoB auctions, purchase and sales consumer businesses, and other operations

M&A Strategy

There have been no changes to investment or selection policies from the previous Blue Print 2027. The investment budget remains set at 5.0–7.0 billion yen. We are working to expand business centered on our BtoB business, through means including M&As and alliances targeting synergies with existing businesses and adjacent areas.

Investment budget	**Investments related to M&As, etc.** **¥5.0-7.0 billion**
Selection policy	**Synergies with existing businesses; same-industry domains for business expansion**

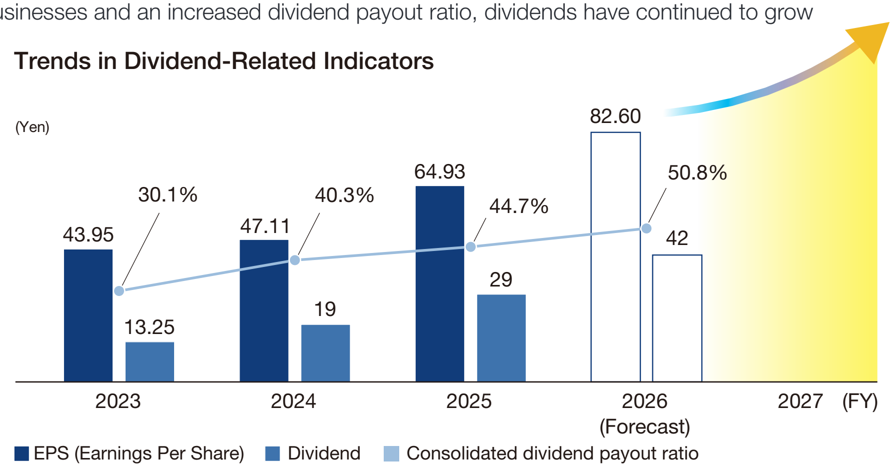
Shareholder Returns

Taking into consideration the company’s stable performance, we have determined it is possible to further enhance shareholder returns and improve capital efficiency. We have changed our dividend payout ratio target for fiscal year 2026 and onward from 40% or higher to 50% or higher.

As a result of the growth of existing businesses and an increased dividend payout ratio, dividends have continued to grow since 2020.

* The Company implemented stock splits at a ratio of 2 shares for each common share held, effective April 1, 2025 and April 1, 2026, respectively. EPS and dividends per share are presented on a stock split-adjusted basis for periods prior to each stock split. For 2026, EPS, dividends per share, and the consolidated dividend payout ratio are based on the revised forecasts announced on May 12, 2026.

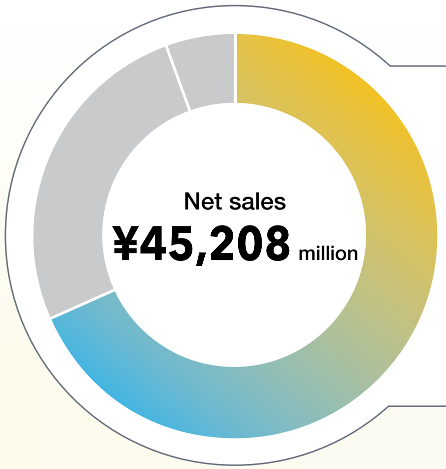
Trends in Dividend-Related Indicators



Business Overview

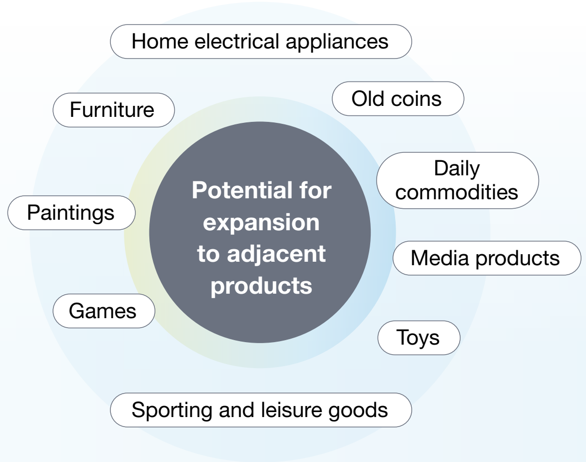
Our company aims to realize a circular economy centered on online auctions for reuse × BtoB business. Here, we describe the main products and services currently provided by each segment and the adjacent fields expected to expand in the future.

Lifestyle Products



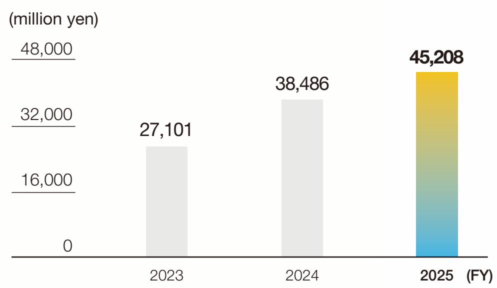
Constituent

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

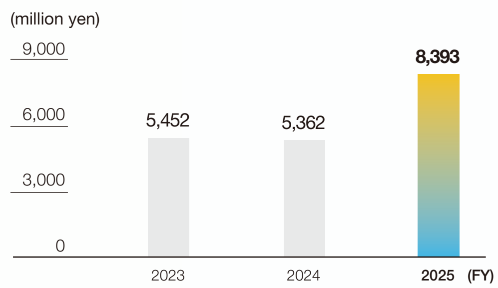


Net sales / Operating profit by segment / Transaction amount

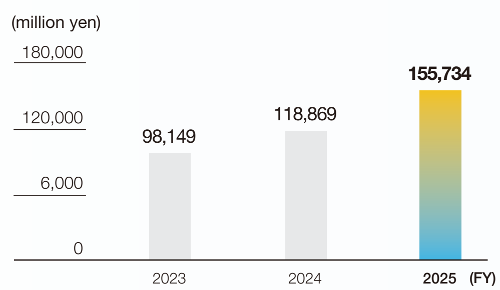
Net sales



Operating profit by segment

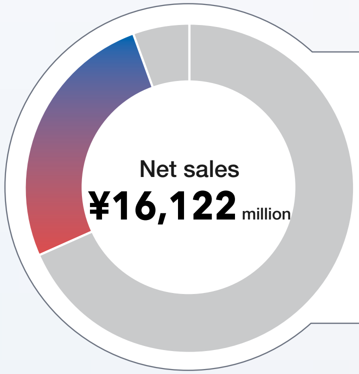


Transaction amount



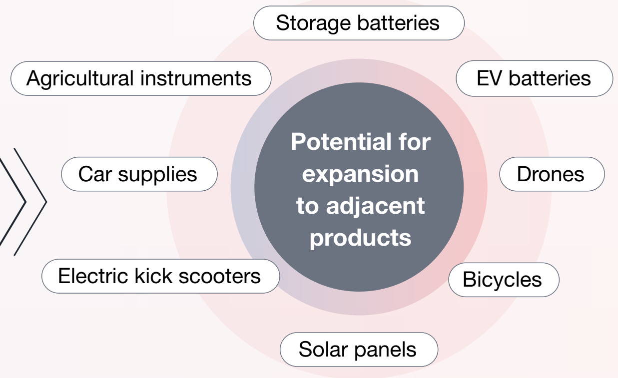
Business Overview

Mobility&Energy

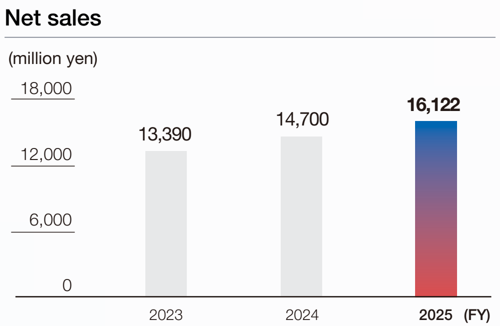


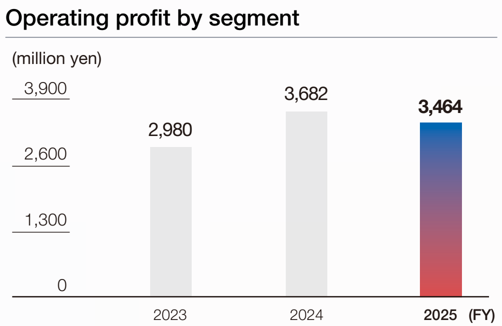
Constituent

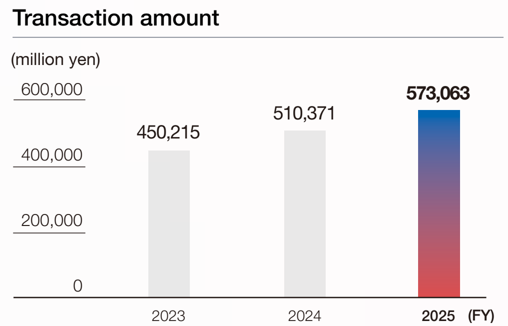
Business	Major products and services handled
Automobile Business	Used automobiles
Motorcycle Business	Used motorcycles



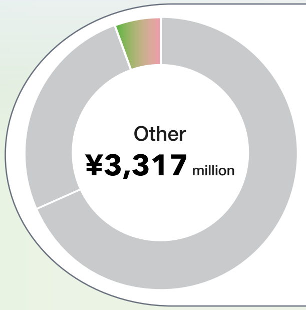
Net sales / Operating profit by segment / Tansaction amount







Other



Constituent

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

Lifestyle Products

Digital Product Business

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

Review and future policy

In fiscal 2025, we made significant growth in both transaction amount and number of items sold. Strengthening ongoing partnerships with domestic suppliers, developing auction systems based on auction theory, and expanding our global buyer network to enhance purchasing power—all of these initiatives contributed to solid results during the year.

While continuing and strengthening these initiatives, we will also address replacement demand for GIGA School devices, which is entering full swing, to further increase the number of items sold. By promoting the use of AI and automation, we will also improve the convenience of auction systems, increase operation center capacity, and streamline the Asset Value Recovery process up to auction listing, thereby building an operational structure to support business expansion.

Market Environment

- The lengthening of the smartphone replacement cycle has reached a turning point
- Mobile carriers (telecom operators) are revitalizing trade-in programs
- Circulation of used tablet devices is increasing in line with the renewal of GIGA School devices
- Demand for domestic used smartphones is growing overseas

* Refers to PCs and tablets provided to students nationwide under the Ministry of Education, Culture, Sports, Science and Technology's "GIGA School Program."

Main Strategies

1. Increase in units sold
- Strengthening of collaboration with manufacturers and dealers in line with replacement demand for GIGA School devices
- Strengthening of continuous sourcing channels using trade-in systems, etc.

2. Strengthening of operational structure
- Streamlining of the asset value recovery process up to auction listing through the utilization of AI and automation
- Reformation of our platform and strengthening of our global buyer network to raise transaction prices

Competitive Advantages

- Global buyer network of more than 2,000 companies in Japan and overseas
- Supplier network supporting annual distribution of over 2.5 million units
- Meticulous grading that maximizes product value
- Proprietary auction system incorporating economic knowledge

Fashion Resale Business

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

Review and future policy

In fiscal 2025, the BtoB business saw steady growth, expanding its business while surpassing the previous fiscal year in all KPIs—transaction amount, number of items listed and sold, and membership. In the business targeting consumers, despite a soft transaction amount caused by US tariff policy and the closure of some stores, we proceeded with preparations for future growth through measures such as organizational restructuring to strengthen group synergies and the integration of Asset Value Recovery centers.

Looking ahead, the BtoB business aims for steady growth by strengthening and streamlining operations and reforming the auction platform. In addition, for the business targeting consumers, we will enhance promotions such as TV commercials to raise awareness and boost buy-sell operations through the release of our application.

Market Environment

- The reuse market for pre-owned luxury brand items is growing due to sustainability trends and inflation
- Brand items termed "Used in Japan" are experiencing increasing demand as high-quality used items
- Market oligopolization is progressing due to M&A activities involving buy-and-sell retailers by major companies.

Main Strategies

1. Strengthening of BtoB auctions
- Strengthening of sales and operational infrastructure, plus renovation into an auction platform that offers greater convenience and differentiation

2. Integration of Consumer Service Businesses
- Strengthening of promotions for new company CircLuxe Inc., formed through the integration of former Galley Rare Ltd. and former Defactostandard, Ltd.
- Strengthening of purchasing and sales through release of application

Competitive Advantages

- Membership-based network of over 6,500 companies in Japan and overseas
- Operational structure that processes 1.5 million listings annually
- Information reliability through accurate inspection, testing, and grading
- Synergy between the BtoB business and business targeting consumers

Mobility&Energy

Automobile Business

Satoshi Ohata
Senior Managing Executive Officer
Division Manager of Automobile Business Headquarters

Review and future policy

In the used vehicle auction market in fiscal 2025, listings increased 6.8% from the previous year to 8.01 million vehicles and the number of vehicles sold rose 4.1% to 5.49 million, indicating growing demand for used vehicles in the market. At our company, too, total number of vehicles sold, auctions won, and transaction amount exceeded the previous year, showing steady growth. Demand for used vehicle inspection services also remained high, with the number of vehicles inspected surpassing 1.5 million.

To increase our share in the used vehicle auction market, we will focus on strengthening member engagement via a newly launched member site and creating unique value through measures such as acquiring proprietary vehicles. As demand for vehicle inspections is growing year by year, AIS INC., our group company offering used vehicle inspection services, will focus on hiring and training inspectors to strengthen its inspection structure.

* Source: U-Car.com Co., Ltd., "U-Car Comprehensive Edition + Export Market Price Edition" (2025)

Market Environment

- Temporary fluctuations in demand were observed amid factors such as semiconductor shortages, export restrictions to Russia, and manufacturer certification fraud, but the market is expected to remain stable in the long term
- Vehicle listings decreased and used car prices rose due to a COVID-19-related decrease in 5-year-old vehicle listings

Main Strategies

1. Enhancement of used vehicle auction market share
- Promotion of customer success through the launch of new member site and the acquisition of proprietary vehicles on our auction platform

2. Strengthening of vehicle inspection system
- Expansion of our inspector workforce and nationwide inspection network to meet growing demand for vehicle inspections

Competitive Advantages

- Member network of over 15,000 companies in Japan and overseas
- Collaboration with over 100 live auction venues
- Inspection structure for over 1.5 million vehicles annually through AIS INC.
- Development of diverse distribution channels

Motorcycle Business

Keisuke Fujiwara
Executive Officer
Division Manager of Motorcycle Business Headquarters

Review and future policy

Domestic shipments of new motorcycles in fiscal 2025 totaled 337,100, representing a 5.4% year-on-year increase. As a result, our company saw a significant increase in both the number of listings by major domestic dealers and auction sales demand by exporter members, with total number of vehicles sold, auctions won, and transaction amount rising substantially year on year.

To expand our share in the used motorcycle market, we will establish a department for solution sales targeting major dealers and strengthen our organizational approach to further differentiate ourselves from competitors. To expand our member base, we will focus on acquiring new members, while also building mechanisms to reflect feedback from existing members and establishing an onboarding process to improve activation rates.

* Source: Survey conducted by Nirinsha Shimbun Co., Ltd.

Market Environment

- New emission regulations are shifting new vehicle models to new standards (over 50cc to 125cc)
- Oligopolization of the used motorcycle market by leading industry players continues

Main Strategies

1. Enhancement of used motorcycle auction market share
- Strengthening of comprehensive distribution solution services for major operators
- Initiatives and customer success activities to invigorate transactions with export business partners

2. Improvement of member activation rates
- Acquisition of new members and establishment of mechanisms to reflect feedback from existing members

Competitive Advantages

- In-store listings (auctions / shared inventory market)
- Nationwide on-site inspection system through AIS INC.
- Nationwide uniform-price logistics network
- Synergies with the Automobile Business

Toward Achieving Co-Creation with Our Stakeholders

	Engagement Status	Expectations and Interest	Future Policy
Members and Partners	In order to build the future of the circular economy together through listing and bidding in our auctions, use of ancillary services, and business collaborations with our company, we are working to provide high value-added services by renewing our platform and developing new services.	• Providing high-quality services • Providing high-value-added information • Secure transactions that are fair and impartial • Compliance with laws and regulations • Co-creation and new businesses that transcend industry boundaries	While taking a trusted transactional foundation as our core, we will strengthen high value-added information sharing by leveraging digital technology. We strive to maximize social value by accelerating cross-industry co-creation and designing high value-added circular markets with our members and partners.
Company Employees	We are fostering the growth of a diverse range of human resources through training and self-development support, while also establishing flexible workplace environments such as remote work. With a vision for the mutual growth of the company and individuals, we are cultivating a culture in which employees take initiative, rise to challenges, and continue to thrive.	• An environment in which diverse individuality is respected and maximized • Autonomous career development and enhancement of expertise • Achievement of physical and mental well-being and high engagement • Opportunities for new challenges and co-creation that transcend internal and external boundaries	We respect every individual's expertise and diversity, and are strengthening our career support to encourage endeavors. We aim to build an organization in which employees can continuously create new value through their own initiative, by preparing an environment where they can work with both physical and mental fulfillment.
Local Community and Environment	By realizing a circular platform and advancing sustainability initiatives, we achieve both environmental contribution and profitability. While reducing emissions and expanding our business domains globally, we are driving the realization of a circular economy on a global scale.	• Reducing environmental impact • Raising environmental awareness • Coexisting with local communities • Participating in activities of local community and initiative • Resolution of social issues through co-creation with diverse stakeholders	Through the realization of a circular economy in our business activities, ongoing participation in local communities and initiatives, and solving social issues through co-creation with partners, we are leading a sustainable future globally.
Shareholders and Investors	To maximize the interests of our shareholders, we promote sustained business growth as well as continuous dividend payments, targeting a consolidated dividend payout ratio of 50% or more. We continue fair and impartial information disclosure and ongoing dialogue, aiming to achieve both medium- to long-term corporate value enhancement and social contribution.	• 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	In addition to increasing management transparency through corporate governance, we are committed to appropriate and timely information disclosure, proactive IR activities, and ongoing constructive dialogue with shareholders, aiming for sustainable corporate value enhancement.

Together with Members and Partners

Activity of Membership-based Network

Under the Action Guideline "Think from a customer centric approach," we have always strived to create new value from the customer's perspective. The membership-based network we have built—spanning more than 40,000 companies in 78 countries and regions worldwide—is one of our core competencies.

In response to the growing global demand for reuse, we are deepening our activities at strategic hubs including Hong Kong, the UAE, the UK, the US, Denmark, and Singapore. We are rolling out a circular platform globally, not only by expanding sales channels, but also by cultivating local buyers, strengthening customer support, and stimulating local distribution. In addition, leveraging the specialized resources and expertise we have developed in the secondary distribution field over many years, we support the creation of circular commerce as a co-creation partner for companies.

To enable primary distribution companies to strategically and swiftly enter the secondary distribution market and build circular business models while minimizing business risks, we offer the secondary distribution support service "Selloop."

By establishing circular commerce that maximizes resource utilization, we achieve both medium- to long-term corporate value enhancement and contribution to a sustainable society together with our members and partners.

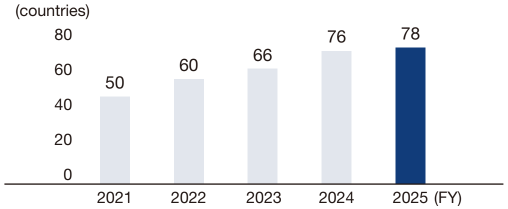
Case Study: Network Expansion at Our North American Base

AUCNET AMERICA, LLC, which serves as our North American base for the Fashion Resale Business, is expanding its membership-based network centered on our auction platform. We are actively launching new business with major U.S. resale companies and addressing the challenges faced by our existing members to build a distribution system tailored to the U.S. market. We have also started streaming-based live selling via our new EC site "BAGPHIC" and have begun expanding our BtoC domain utilizing digital technology.

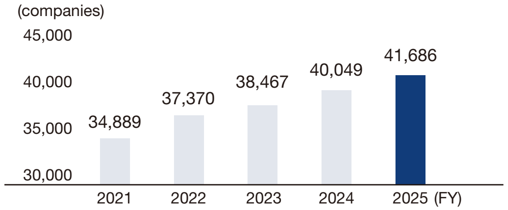
Going forward, we will expand our lineup of local buyers and construct our unique distribution network, incorporating diverse sources of supply. While building on our foundation of collaboration with BtoB auctions, we will design flexible and sustainable markets suited to regional characteristics, leveraging our North American expertise to accelerate our company-wide global expansion.

Membership Distribution Chart

Number of countries and regions where our members are located

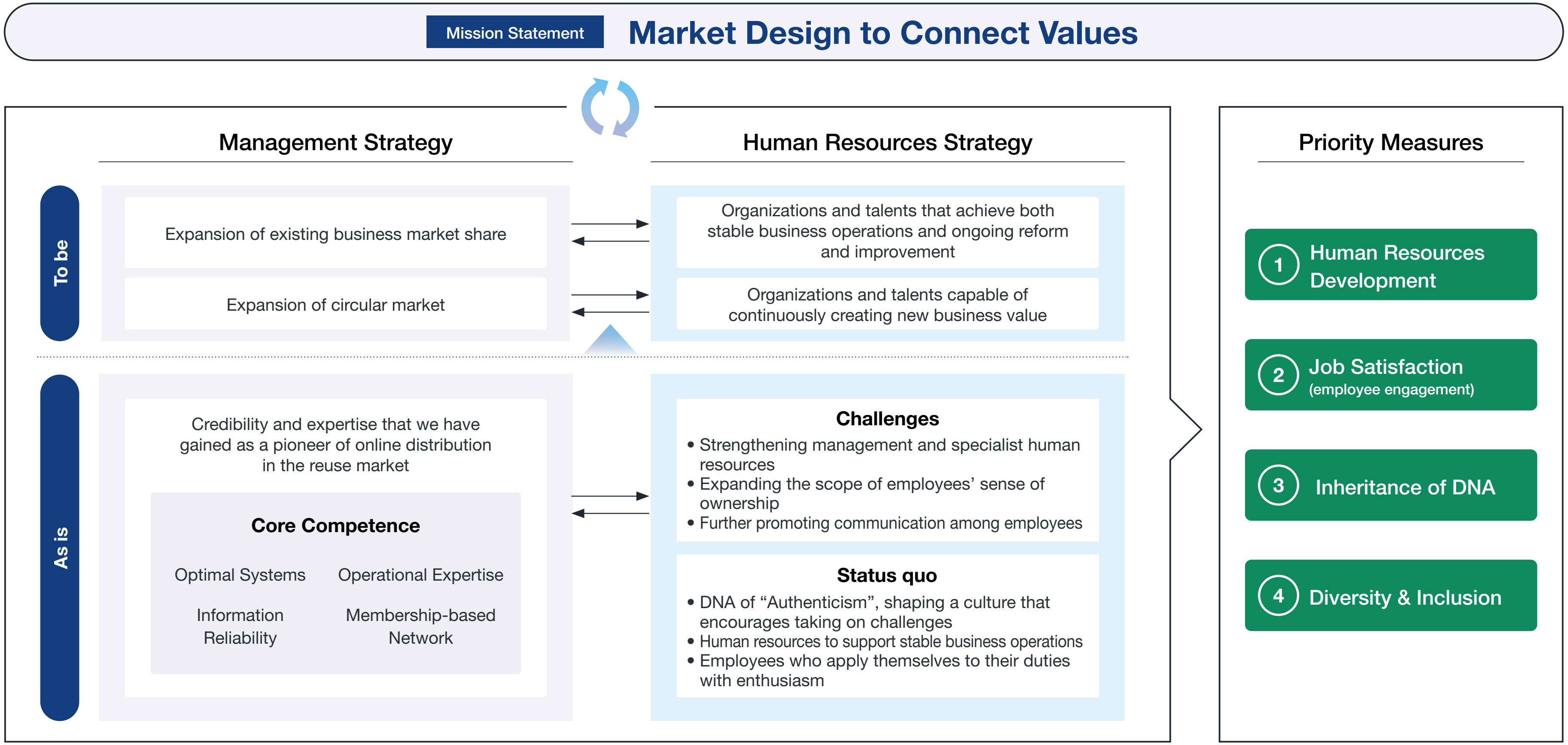


Number of members



Together with Employees

Overall Picture of Human Capital Management



As is — Status quo

Our robust business foundation today is built on collaboration between human resources who support stable operations and strategic human resources who drive growth. The philosophy based on Shoken-Roku, words from our founder Masataka Fujisaki, has taken root among all employees, forming a culture that encourages them to take on challenges with enthusiasm.

To be — Vision

Through strategic talent development, we aim to maximize individual growth and create an environment that accelerates career development for both management and specialists. We also promote communication among employees, working to foster an organization where innovations and improvements take place on an ongoing basis. As a market design partner, we focus on advancing our existing business services through M&A and business collaboration, while also prioritizing the recruitment and development of human resources capable of continuously creating new businesses.

Together with Employees

① Human Resources Development

We believe that our people (employees) are our most valuable management human capital. We welcome a wide range of employees who share this approach, and are enhancing our training programs and HR systems to maximize their potential. Aiming for sustainable growth of both the company and individuals, as a core organizational value we respect the independent career planning and actions of all employees, the main agents of value creation. We support professionals who break free of established frameworks and carve out their own paths through their own initiative.

Training Programs

We provide a variety of learning opportunities, including tier-based (hierarchical) training from new graduate hires to managers, our proprietary "CENTAN" program, and intensive courses tailored to the latest trends and needs. We encourage self-directed learning initiated by employees' motivation.

Tier-based (hierarchical) Training

By systematically acquiring the knowledge, skills, and mindset required at each level, we help employees strengthen their operational and management capabilities. Through multi-layered learning matched to stages of growth, we aim to foster human resources capable of creative problem-solving and meeting new challenges. We have developed a system linked to personnel policies, enabling employees to proactively chart their own careers.

Reskilling

We consider reskilling an important strategy for continuously creating value in a rapidly changing environment, and actively promote study through e-learning and other methods. In addition, we create cross-departmental learning opportunities through study sessions led by each division, providing multifaceted support for autonomous career development and improved work performance for our employees. By ensuring that each individual continually acquires the latest knowledge and continues to grow independently, we aim to further strengthen organizational competitiveness and enhance sustainable corporate value.

Learn more here

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 "Build trust and co-create," one of our Action Guidelines, we encourage employees to participate voluntarily, put in place systems that facilitate employee communication, and implement initiatives that enable not only individuals but also the organization as a whole to demonstrate strong capabilities.

Understanding and Improving the Current Situation through Organizational Surveys

To achieve more effective organizational management, we regularly conduct organizational surveys. In the results for fiscal 2025, the main indicators improved from the previous year, showing a general trend of improvement in organizational climate. On the other hand, there were some issues regarding the penetration of the Action Guidelines, revamped in 2025, and employees' sense of satisfaction with the current personnel system. Therefore, we are focusing on initiatives such as workshops to deepen understanding of the Action Guidelines and evaluator training for fair evaluation and treatment, aiming to further increase employee engagement and revitalize the organization.

Survey items with a companywide average (3.58) or lower in the organization survey (FY2025)

The company has a highly transparent and satisfactory compensation system.	3.18
Psychological safety (the ability to speak without worrying about supervisors or those around you) is ensured within the organization.	3.38
The company thoroughly adheres to a customer-centric mindset.	3.39
The organization is able to act quickly for customers.	3.40
You receive a satisfactory (work-appropriate) economic reward (such as wages and salary).	3.40
The company provides a substantial range of employee benefits and programs that help relieve anxieties about the future.	3.40
You are able to proactively build your own career.	3.41
You are able to independently envision and act toward your future career path.	3.43

* Maximum score: 5

Monthly Pulse Surveys

To quickly grasp and respond to employees' physical and mental health and workplace conditions, we conduct Pulse Surveys every month. We practice health management and have been certified as a "Outstanding Organizations of KENKO Investment for Health," and will continue working to create an environment in which all employees can fully realize their potential.

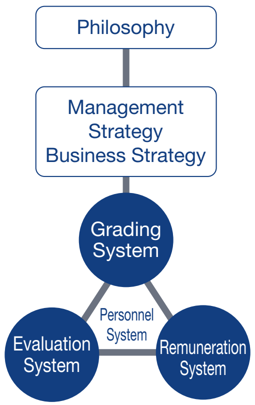
Together with Employees

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**	Employees take the initiative to review current operations and strengthen awareness of improving both efficiency and safety.	This is an activity in which all employees generate proposals for improving operations. Highly effective improvement activities are shared company-wide, and are commended.	432*
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

* FY2025

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 medium-term growth for our members, we 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.

Voices of KAIZEN Grand Prix winners

T.W., DP Overseas Business Development, Digital Product Business Headquarters, Lifestyle Products Division

Reason for receiving the Award

We led the integration of our API with manufacturers' databases to address device lock issues on smartphones and other devices, significantly reducing costs and dramatically improving inspection accuracy. We were recognized for establishing a fundamental system that completely eliminated inventory retention and information leakage risks amid the ongoing increase in GIGA project incoming shipments.

* API (Application Programming Interface): An interface that connects different applications

Comments from the awardee

In handling millions of devices, addressing risks such as lock removal and management—which hinder reuse—was urgent. This project achieved direct system integration with our partners by persistently negotiating with all relevant parties in Japan and abroad. With the introduction of this system, we were able to achieve both improved inspection accuracy and significant cost reduction. We will continue to pursue fundamental improvements by leveraging technology, striving to provide high value-added services that contribute to a circular society.

Voices of the Best Employee Award winners

K.T., DP Overseas Business Development, Digital Product Business Headquarters, Lifestyle Products Division

Reason for receiving the Award

We established the Dubai branch from scratch and grew it into one of the world's leading branches. Currently, I oversee global overseas sales and promote the visualization, optimization, and standardization of sales activities through data utilization. With a strong sense of ownership, I demonstrated leadership not only within individual regions but also across the entire overseas business team, earning high recognition for this attitude.

Comments from the awardee

I am deeply honored that my dedication to overseas sales since joining the company has been recognized. I owe this award to the team members who have always supported me, and I would like to express my heartfelt gratitude. In my work, I have placed importance on collaboration among regions and have proactively engaged in sales activities, for new and existing clients. I believe this achievement is the result of constantly keeping the target numbers in mind and continuously implementing the PDCA cycle. Drawing on the knowledge I have gained as a leader, I will lead activities across all areas and strive to contribute to the overall business performance of the company.

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 meeting where the chairperson and president speak about the roots, philosophy, and policies of our company, along with the content of Shoken-Roku, the record of words from our founder, Masataka Fujisaki. The course consists of five two-hour sessions and is attended by new graduate hires, mid-career hires, and newly appointed managers.

Shoken-Roku

Lecture

Voices of management course participants

S.H., DP Productization Center Operations Department, Digital Product Business Headquarters, Lifestyle Products Division

Learning about the journey of Aucnet from its founding to today was a valuable opportunity to understand the essence of our management philosophy. By gaining a deep understanding of our company's business origins, which began with a single used vehicle, I will contribute to further evolution and growth through my everyday 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 side job 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 Principles

We position respect for human rights as one of the foundations for business continuity and address this as an important management issue. We have established the Human Rights Policy, which has been 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.

Learn more here

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

Learn more here

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 of the Task Force on Climate-related Financial Disclosures (TCFD), and as part of this, we are actively working to disclose climate change-related information and engage in proactive initiatives based on the TCFD recommendations.

Learn more here

Comments from the Environment Representative

K.T., Corporate Strategy Division, General Planning Office, ESG Representative

Under the Sustainability Policy, we are promoting sustainability-related activities to increase our corporate value over the medium to long term. In fiscal 2025, we advanced initiatives including the identification of material issues and creating a climate transition plan. Activities by the Sustainability Committee and its subordinate working groups have also been actively ongoing, and these initiatives are spreading both inside and outside the company. As an example, in 2025 we developed a board game based on our business activities, which is being used in internships and training sessions. We will continue to contribute to sustainability from various perspectives, not only through our business activities.

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

*1 GCV is a registered trademark of AUCNET INC.
GCV (Gross Circulation Value): total circular distribution value

- An indicator that shows the monetary value of the economic and environmental impact brought by Aucnet’s business activities.
- The expansion of the scale of GCV means 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.

Learn more here

¥783.3 billion
Economic and environmental impact of business activities in monetary terms*2

¥740.3 billion
Monetary value circulated in the economy due to business activities*3

¥42.9 billion
Total monetary value of the impact that risks and opportunities from business activities have on the environment

*2 Performance for fiscal 2025
*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.

1 Third-party Guarantee | Assessment of calculation procedures and guarantee of formulas and figures

Economy	Environment	
Total transaction amount of each business department	Aucnet's proprietary standard	Common standard
	2 GCV Report Expert endorsement of formulas and suggestion of potential for reuse	**3 SBT Certification** Certification for greenhouse gas emission reduction targets towards 2030

1 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.

Learn more here (Japanese only)

2 GCV (Gross Circulation Value) Report

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

Learn more here

3 SBT Certification

We have obtained SBT (Science Based Targets) initiative certification for the "1.5°C level" in our greenhouse gas emissions reduction target toward 2030. We are able to work with even higher accuracy on the reduction of "GHG emissions from business activities," a component of our proprietary GCV indicator.

Learn more here

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. Together with partner researchers who support this lab, we will share research on economic phenomena, provide analysis and commentary on global sustainability trends, and communicate findings from investigations and analyses of secondary distribution.

Learn more here (Japanese only)

Comments from the Staff

Yuji Arimura

Chairperson, Aucnet Circular Economy Lab

At "Aucnet Circular Economy Lab," the corporate research institute of AUCNET INC., we share research and commentary from partners and disseminate information generated through our own investigations and analyses. In 2025, we began publishing reports by Mr. Daniel Walter, who holds a Ph.D. in Physics. We will continue to promote activities to share the future of the circular economy with everyone.

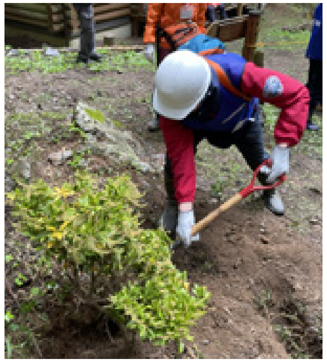
オークネット循環型経済ラボ

* 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. Since 2024, we have been expanding the scope of our activities, with participation extending not only from head office but also to employees of group companies. 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.



In 2025, commemorating Aucnet's 40th anniversary, we carried out tree planting.

Initiatives toward the Outside of the Company to Realize Circular Economy

Since 2022, we have continually participated in the former GX League (now the GX Future Consortium*) and Circular Partners, and have participated in the "Working Group for the Creation of a Circular Economy Information Distribution Platform." Together with Strategic Insight Inc., a non-consolidated subsidiary in which Aucnet has an 80% ownership stake, we launched VDC Lab. (Value-Driven Circulation Lab) to promote initiatives aimed at popularizing new manufacturing that expertly achieves sustainability and business viability, while also strengthening cooperation with external parties and aiming for the realization of a circular economy.

* Launched in April 2026 through the integration of certain functions of the TCFD Consortium and the GX League

Learn more here (Japanese only)

Initiative Participation List

- Circular Partners
- GX Future Consortium
- Japan Climate Initiative
- Science Based Target initiative
- United Nations Global Compact Network Japan

External Assessment

- Health & Productivity Management Outstanding Organization 2026 (Large Enterprise category)
- Eruboshi (Level 2)
- Kurumin
- Sports Yell Company 2026

Together with Shareholders and Investors

Status of Dialogue with Shareholders and Investors (FY2025)

Dialogue with shareholders & investors	Major responder	Number of times
General Meeting of Shareholders	Directors and Executive Officers	1
Financial results briefing for institutional investors and investment analysts	President & CEO	2
One-on-one meetings with institutional investors and investment analysts	President & CEO, Director Senior Managing Executive Officer & CFO, and GM & MGR, Corporate Administration Department	57

Main Themes for Dialogue

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

Feedback to the Management

	Frequency	Activity status
Reports on financial results briefings	Twice a year	We report as necessary on the content of presentation materials and the Q&A sessions of financial results briefings
Reports on stock-related information	Once a month	We report on share prices, trading volume, stock indexes, shareholder composition, etc.
Reports on IR strategies and activities	Four times a year	We report on medium- to long-term IR strategies, including capital strategies, the results of activities, and challenges
Others	As needed	We share information on the overall stock market and hold discussions on management conscious of capital cost and share prices

Main Results of Dialogue

Requests to our company	Results
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 English-language disclosure of various timely disclosure materials
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	• Upward revision of Blue Print 2027, our medium-term management plan
Increased opportunities for shareholders to ask questions	• The pre-question system was introduced from the 16th Annual General Shareholders Meeting onward • Increased opportunities for dialogue with individual investors through exhibits at IR fairs
Promoted changes in the consciousness of capital cost and share prices	• Disclosure on our website regarding initiatives to realize management conscious of capital cost and stock price • Increased number of discussions at the Board of Directors Learn more here (Japanese only)

Together with Shareholders and Investors

Strengthening IR for individual investors

Measures	Content and Results
Stock split	To create a more accessible investment environment by lowering the minimum investment amount, the Company implemented two-for-one stock splits effective April 1, 2025 and April 1, 2026, respectively
Changes to shareholder benefit program	By introducing the Premium Shareholder Benefit Club and awarding points based on the number of shares held, we enhanced investment attractiveness and strive for a more robust shareholder structure
Potential shareholder survey	By conducting a survey of around 2,000 potential shareholders, we identified current IR challenges and improved our company's recognition
Exhibition at the Nikkei/ TSE IR Fair	By exhibiting at one of Japan's largest IR fairs and directly engaging with approximately 200 individual investors, we enhanced our visibility and investment motivation among participants
Strengthening of coverage in magazines	By publishing advertorials from both IR and PR perspectives in media including monthly investment magazines, we enhanced our visibility and investment motivation among readers

Topics First appearance at Nikkei/TSE IR Fair 2025

We exhibited at the Nikkei/TSE IR Fair, held at Tokyo Big Sight on September 26 and 27, 2025, for the first time.
Many individual investors attended on the day and participated in our company briefing session. By directly engaging with shareholders, we sensed their expectations for our company and received valuable feedback on their questions and concerns, providing a precious opportunity to further enhance our future IR activities.

Our booth at the event

Message from the IR Representative

N.H., Corporate Administration Department, Corporate Administration Headquarters, Corporate Division

Our ROE for fiscal 2025 was over 20%, and our PBR remained above 3.5. We have secured an adequate level of return on capital and, in our view, recognition from the market. Fiscal 2025 was a year in which favorable business performance and proactive IR activities throughout the year produced clear results.
For fiscal 2026, we will continue to focus on IR activities while strengthening shareholder returns, including raising the dividend payout ratio to over 50% and conducting a stock split.

Outside Directors Roundtable Discussion

Michi Handa (Sasano)*
Outside Director (Audit & Supervisory Committee member)

Seiichiro Umeno
Outside Director

Mikito Nagai
Outside Director (Audit & Supervisory Committee member)

Megumi Tsukamoto
Outside Director

Toshio Maki
Outside Director

* The individual's registered certified public accountant name "Sasano" is used in this roundtable discussion.

We held a discussion on our unique growth strategies, human capital, and governance from the perspective of outside directors, with the aim of sustainable growth and greater shareholder value

Impressions on achieving medium-term quantitative targets ahead of schedule

**Q. The company achieved Blue Print 2027, our medium-term management plan ahead of schedule.
What do you think were the factors leading to this achievement?**

Umeno At the formulation stage of the medium-term management plan, we recognized that the company's stock price was still undervalued. The company subsequently implemented measures in line with the medium-term management plan to increase the stock price. While favorable market conditions also played a role, I believe the main reason behind achieving the targets was the steady and continuous efforts made toward them. Through the medium-term management plan, the missions for each group became clearer, and I believe that incentives toward achieving the targets were strengthened.

Sasano I believe the reason behind achieving the goals ahead of schedule is that, in addition to the company's existing businesses, its M&A activities have come to fruition. I also think that having developed a structure by which knowledge gained from past cases is collected and leveraged across the organization has been a significant factor. M&A does not end with the purchase; ongoing monitoring and clarification of exit criteria are also important. Including reporting to the Board of Directors after acquisitions, I believe that long-term efforts are now bearing fruit. I feel that further growth can be expected from the company.

Nagai I recognize that, while deepening its existing businesses, the company has invested significant energy in PMI*1 during the year. After serving as an outside director for one year, I've found that the company shows exceptionally strong passion and a great sense of speed toward its businesses.

Tsukamoto In the first year of the medium-term management plan, the company anticipated a temporary decrease in profit due to one-off costs and set a premise of focusing on PMI, but in the end, it was able to achieve its quantitative goals ahead of schedule. This demonstrates the company's determination to thoroughly think through matters and execute until it succeeds, and I truly felt its underlying strength. Moreover, not only executive officers but recently also department managers and frontline staff participate in Board of Directors meetings, enthusiastically explaining matters. Since we recognize the importance of delegating authority to the front lines, even during discussions, we try to assist those individuals, ensuring these are good learning experiences for the future.

Maki The markets for both Digital Product Business and Fashion Resale Business are definitely growing. What's most important is whether the company can deliver performance that exceeds market growth, something that I believe it is accurately addressing. The challenge going forward is how to respond if market growth slows. It will be necessary to present strategy drafts at an earlier stage and deepen the discussions.

Outside Directors Roundtable Discussion

Nagai Another thing I noticed over the past year is that the company is an exporter to a greater extent than I had imagined. Of course, it does not export directly, but bids from domestic exporters and overseas members have grown significantly in recent years. Whether it's automobiles or digital devices, "Used in Japan" items are highly valued on the global market. Compared to the domestic market, overseas markets are also growing. As the company is resilient to yen depreciation, I felt it could emphasize its strengths as an export-related company even more to individual investors.

Umeno At the same time, while immediate impacts of the current situations in the Middle East and Ukraine are extremely limited, the company may need to consider geopolitical risks in the future.

*1 PMI (Post Merger Integration): the process of integration following M&A (mergers and acquisitions)

Initiatives to enhance the effectiveness of the Board of Directors and deepen governance

Q. Over the past year, what changes have there been in initiatives aimed at enhancing the effectiveness of the Board of Directors and deepening governance?

Nagai Last fiscal year, we established an Investment Committee to discuss investment cases such as M&A from various angles, and thoroughly followed up on past projects as well. We also made progress in risk management for individual cases by discussing various approaches. With the establishment of the Risk Management Department and deepening discussions, governance reinforcement is steadily advancing.

Sasano The establishment of the new Risk Management Department reflects the company's strong commitment to visualizing risks. There are also regular meetings planned in which we outside directors can exchange opinions with the CFO in a more frank atmosphere than in Board of Directors meetings. I feel that this, too, is a step toward deeper governance.

Tsukamoto Through dialogues with the CFO, I am now better able to envision the background behind various issues. By sharing information on topics such as what innovative ideas have emerged during executive officers' off-site retreats, frequently brought up in Board meetings, I believe we can accelerate discussions reflecting the intentions of the executive team.

Umeno The balance of clarifying the division of roles between execution and supervision, as well as delegation of authority, is very well managed. We attend the company's Board meetings armed with information gained from detailed explanations by the persons in charge of businesses, so I feel that the monitoring and supervising functions are effective. To further enhance effectiveness, I wonder whether we might participate earlier in the process of formulating the medium-term management plan, and, while receiving insights into how management and frontline staff perceive issues, offer advice and suggestions for the business as well.

Enhancing share value and engaging with the capital market

Q. The company's corporate value is steadily increasing. How do you view remaining areas of growth potential and the enhancement of share value?

Umeno M&A is the most efficient and rational means of achieving EBITDA. There have not yet been any deals exceeding 5 billion yen, but the company will need to consider larger-scale cases. From the perspective of cash allocation, it is extremely important to foster growth while executing M&A with a certain scale of synergy. However, not every M&A case is successful, and it is an extremely challenging area. I see a need for the company to reinforce its team of PMI human resources specialists.

Nagai At the end of the previous fiscal year, the company's ROE was 22.7%, PBR was 3.6, and the dividend payout ratio stood at 44.7%, all high levels. I believe the company should fundamentally address shareholders who understand and support its business strategies and strengths with higher profit and dividends every fiscal year. Toward that end, it is also important to address institutional investors by carefully explaining the business strategies at the heart of the company's growth strategy, as well as the company's cash allocation including M&A and system investments that are the source of competitiveness, thereby deepening understanding. For individual investors, it is important to further promote our growth in overseas markets and highlight our capabilities for global expansion, fostering greater expectations.

Maki I sense a strong will among the management team to shift from a founder-owned company toward a public company. It will be crucial to engage with diverse minority shareholders and strike the right balance with the founding family, the major shareholders. I recognize that the company is at a turning point—whether to increase the number of shareholders, attract more investment, and grow into a large corporation, or to maintain current stability.

Sasano At Board of Directors meetings, discussions always begin with sharing information such as stock price, trading volumes, and interactions with institutional investors. I believe that we have built a relationship of trust through ongoing dialogue with institutional investors and by accumulating results.

Outside Directors Roundtable Discussion

Sources of growth: Human capital and corporate culture

Q. We would also like to hear your thoughts on human capital and corporate culture.

Tsukamoto Regarding human capital, it has been reported that a new performance-based evaluation system is being implemented, but I believe a challenge is how to coordinate it across the group. There have been various initiatives, such as deciding within about two years whether to appoint external hires to leadership positions and granting RSU*2 in the process. I hope there will be further discussions on succession plans for sustainable growth within each business division.

Nagai The company's founding spirit has been solidly handed down in its DNA, serving as the backbone of the corporate culture. This spirit has also been instilled in employees as the Four Action Guidelines. Filling in missing pieces with external human resources or through M&A is necessary, but maintaining the inherited DNA is extremely challenging. The Shoken-Roku is exceptionally well documented, and through the Keiei-Juku lecture series for employees, the Chairman and President are making dedicated efforts to communicate its content. I sincerely hope this will continue.

Sasano When human resources from different corporate cultures are added through M&A, various challenges emerge. Managers of administration departments and internal audit staff visit sites, point out detailed issues, and steadily carry out improvement activities. I recognize that these efforts leverage past experiences.

Maki At the Management Plan Announcement Meeting held at the beginning of the year, employees are recognized for their achievements. One unique aspect is the "New Employee Award," which honors employees within their first three years at the company. I feel this reflects a corporate culture where young employees can excel and be praised.

Nagai Seeing the Management Plan Announcement Meeting, I felt that the company is acquiring excellent human resources, both new graduates and mid-career hires. In the long term, proper operation of the personnel evaluation system will become increasingly important. I believe that management currently reviews and evaluates personnel in great detail, but as the company grows and diversifies, appraisal and treatment will become increasingly challenging.

Umeno While concepts such as circular commerce and Gross Circulation Value (GCV) are highly advanced, I feel that recognition of these remains low. If the company's value becomes more widely recognized, that will also serve as a long-term incentive for acquiring human resources. Circular economy is a concept demanded by society and one that resonates with Generation Z. Through public relations, I believe the company can attract excellent human resources.

*2 RSU (Restricted Stock Units): A form of equity compensation by which the right to receive shares is granted subject to certain conditions, such as a set period of continued employment.

Looking ahead: The role of outside directors and their contributions to increasing corporate value

Q. Once again, please tell us about the role of outside directors and what efforts you would like to undertake in the future.

Umeno The role expected of outside directors is to support corporate development through a supervisory function aimed at maximizing corporate value. However, if they always take an aggressive stance alongside management, restraint may be lost, which is not desirable. Basically, it is important to fulfill the function of monitoring management, and while exercising supervision and checks where necessary, it is equally important to propose ideas for business growth.

Maki What I focus on as an outside director is leveraging my insights from the perspective of how the company spends money and how to foster its growth. Also, the company's president is young, and I think that it is too early to consider a succession plan at this stage. However, in this era of uncertainty, I believe the development of a succession plan is necessary for governance from the perspective of investors.

Tsukamoto I still have much to learn, but when fulfilling roles such as monitoring and checking, I consciously try to examine explanations from the opposite viewpoint. While referencing cases from other companies and countries, I carefully review materials so that I can offer new insights and ideas. I aim to collect easily understandable case studies and hope to help expand ways of thinking, even just a little.

Sasano By making use of my own background, I also hope to contribute to enhancing corporate value. Leveraging my knowledge of accounting, risk management, and governance, I want to contribute to constructive discussions at Board meetings.

Nagai Since I am also an Audit & Supervisory Committee member, I believe my first priority is to further develop the risk management and compliance framework, with subsidiaries included. Conversely, as the company grows in scale, I would like to keep a close eye—drawing on my own experiences—on issues such as a culture of excessive risk aversion, sectionalism, and other "big company disease" traits, to prevent these from taking hold.

Messages from Directors

Based on the philosophy of "Authenticism," Aucnet continues to take on challenges toward realizing a circular society.
We present messages from Directors regarding efforts to further enhance Aucnet's competitive advantage.

Kiyotaka Fujisaki

Chairperson, Director

Our company began in 1985 with an online auction for used vehicles. Where it was once necessary to visit auction venues throughout the country, we introduced an innovative system that enabled remote participation in auctions with just a click, thus creating a new distribution model. Based on the philosophy of "Authenticism" that has been rooted in our company since its foundation, we intend to continue creating innovative services centered on BtoB online auctions.

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 Chairperson & CEO
March 2023	Chairperson, Director (to present)

Shinichiro Fujisaki

Representative Director and President & CEO

One of our company competitive advantages lies in its online auctions. By focusing on the advantages of online, services that create added value in auctions have continuously been chosen by customers. By identifying pain points for the market and customers and by contemplating and implementing solutions, we believe our competitive advantage will be further enhanced. Toward that end, my role is to clarify the current situation and future vision, and to decisively allocate resources to the necessary actions.

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 and President & CEO (to present)
January 2024	Division Manager, Mobility & Energy Division

Katsuhiko Ichii

Director
Senior Managing Executive Officer

Amid rapid changes in the business environment throughout society, I believe that pursuing truly authentic services that set us apart from other companies will further strengthen our competitive advantage. To achieve this, we must work on developing new schemes and services that meet customer demands, improve operational efficiency through the use of AI, and expand our global membership network. There is much to be done, so I will continue to make every effort, drawing on my experience.

July 1997	Joined KONAMI CO., LTD. (currently KONAMI GROUP CORPORATION)
June 2002	Director, Konami Computer Entertainment Tokyo, Inc.
August 2004	Joined CAPCOM CO., LTD.
April 2005	Corporate Officer
April 2006	Managing Corporate Officer
April 2011	Executive Corporate Officer
June 2011	Director and Executive Corporate Officer
April 2015	CEO, CE EUROPE LTD.
April 2017	Joined Aucnet Managing Executive Officer
October 2017	Chairman, AUCNET HK LIMITED (to present)
January 2019	Representative Director and President, AUCNET DIGITAL PRODUCTS INC. Division Manager, Digital Product Business Division, (currently Digital Product Business Headquarters) (to present)
January 2023	Senior Managing Executive Officer (to present)
January 2024	Division Manager, Business Development Planning Division (to present)
January 2026	Division Manager, Lifestyle Products Division (to present)
March 2026	Director (to present)

Hiroki Taniguchi

Director
Senior Managing Executive Officer & CFO

Our business model demonstrates competitive advantages through initiatives such as auctions that are unique to our company, as well as systems and testing frameworks that support them. At the same time, we are generating financial strengths, including a highly profitable income structure, high ROE, and abundant free cash flow. Based on our solid financial foundation, we will continue to invest in business growth areas such as M&A, DX, and human capital, while also aiming for optimal cash allocation—including the enhancement of shareholder returns—to achieve the sustainable growth of corporate value.

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, CHARLE CO., LTD.
April 2008	Chairman and President, Charle (Shanghai) International Trading Co., Ltd.
April 2012	Executive Officer, CHARLE CO., LTD.
June 2012	Director, CHARLE CO., LTD.
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

Outside Director

Seiichiro Umeno

The company has cultivated a competitive advantage through the establishment of a testing and inspection framework that enables transactions based solely on information relating to the products handled, as well as through a global member network and the effective use of systems. To further advance these strengths, I believe it is essential to implement growth strategies utilizing AI, pursue M&As, and invest in human resources. Leveraging my knowledge of corporate legal affairs, I aim to promote active discussions within the Board of Directors to further enhance corporate value.

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.

Outside Director

Toshio Maki

To evolve its competitive advantages, the group should further deepen its businesses, expand existing services, advance the strategies of subsidiaries, and consider new secondary distribution channels for products handled. To achieve these, strengthening departments and personnel is essential. With a focus on strengthening human capital, I intend to facilitate further discussions regarding new growth investments in the Board of Directors, carefully consider measures that contribute to medium- to long-term growth, and devote myself to further enhancing corporate value.

April 2004	Executive Officer and General Manager, "au" Service & Product Planning Division, "au" Business Sector, KDDI CORPORATION
April 2008	Representative Director and President, CHUBU TELECOMMUNICATIONS CO., INC.
April 2013	Representative Director, Chairman & Co-CEO, Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.)
January 2014	Representative Director, President & Co-CEO, Jupiter Telecommunications Co., Ltd.
April 2017	Representative Director, Chairman & Co-CEO, Jupiter Telecommunications Co., Ltd.
June 2019	Representative Director and 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.)

Outside Director

Megumi Tsukamoto

To achieve further growth, I believe it is essential for the company to not only refine its strength in online auctions, the source of its competitive advantage, but also to reinforce its corporate functions as a key foundation. In human resources, a crucial key for the realization of business strategy, I would like to contribute to enhancing corporate value by fully recognizing the connection between business strategy and human capital strategy and engaging in ongoing discussions in the Board of Directors.

April 1985	Joined IBM Japan, Ltd.
July 1997	Seconded to Public Interest Incorporated Association 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 2022	President, General Incorporated Association Digital Society Forum (to present) Executive Director, National University Corporation Niigata University (to present)
March 2023	Outside Director, Aucnet (to present)
June 2023	External Board Member, TAKASAGO INTERNATIONAL CORPORATION (to present)

Director
Audit & Supervisory Committee Member

Shunji Sato

To further strengthen its competitive advantage, expansion of existing businesses, creation of new services, and M&A are all possibilities for the company. At the same time, as the group expands, the company must also enhance governance across the group. From the perspective of aiming for corporate growth while maintaining governance, I will fulfill my responsibilities as an Audit & Supervisory Committee member and actively engage in discussions at the Board of Directors and Audit & Supervisory Committee meetings.

April 1983	Joined Orient Finance Co., Ltd. (currently Orient Corporation)
June 2014	Executive Officer, Orient Finance Co., Ltd.
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) (to present)

Outside Director
Audit & Supervisory Committee Member

Michi Handa* (Michi Sasano)

Since its founding, the company has engaged in business under the concept of a circular economy. This approach essentially overlaps with sustainable growth, which has become an increasing social demand in recent years. In addition to developing new business fields, it is important that the company further expand the mechanism of value circulation with existing customers and partners and strengthen its competitive advantage. Through constructive discussions in the Board of Directors and Audit & Supervisory Committee, I will contribute to sustainable corporate value enhancement under sound governance.

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)

Outside Director
Audit & Supervisory Committee Member

Mikito Nagai

By leveraging the advantages of its BtoB online auction business model, the company aims to achieve ROE of over 20%, PBR of over 3, and a dividend payout ratio of over 50% beginning with the fiscal year ending December 2026, all high levels in terms of investment indicators. At the same time, to further increase corporate value, in-depth consideration of more global business expansion and strengthening of human resources, as well as further enhancement of governance to accompany company growth, are also necessary. I intend to fulfill a supervisory role through active discussions in the Board of Directors.

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, Mizuho Corporate Bank, Ltd.
April 2005	Executive Officer, General Manager of Sales Department No. 9, Mizuho Corporate Bank, Ltd.
April 2007	Managing Director, Head of Corporate Banking Unit, Mizuho Corporate Bank, Ltd.
April 2009	Managing Executive Officer, Head of Corporate Banking Unit, Mizuho Corporate Bank, Ltd.
April 2011	Director, Deputy President, Mizuho Corporate Bank, Ltd.
May 2013	Executive Vice President and Executive Officer, Nippon Steel Kowa Real Estate Co., Ltd.
June 2013	Director, Executive Vice President, Nippon Steel Kowa Real Estate Co., Ltd.
June 2014	Director, President and CEO, Nippon Steel Kowa Real Estate Co., Ltd.
April 2019	Director and Advisor, Nippon Steel Kowa Real Estate Co., Ltd.
June 2019	Advisor, Nippon Steel Kowa Real Estate Co., Ltd. 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)

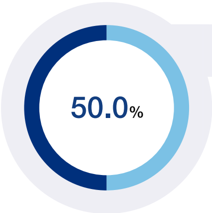
* The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.

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.

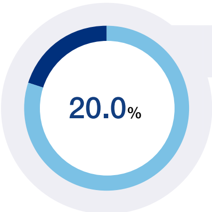
Governance Highlights



Ratio of outside directors on Board of Directors

Directors

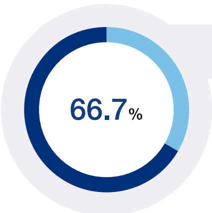
5 of 10



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	Number of Audit & Supervisory Committee member meetings
21 times	15 times

* Activity Status of the Board of Directors in FY2025

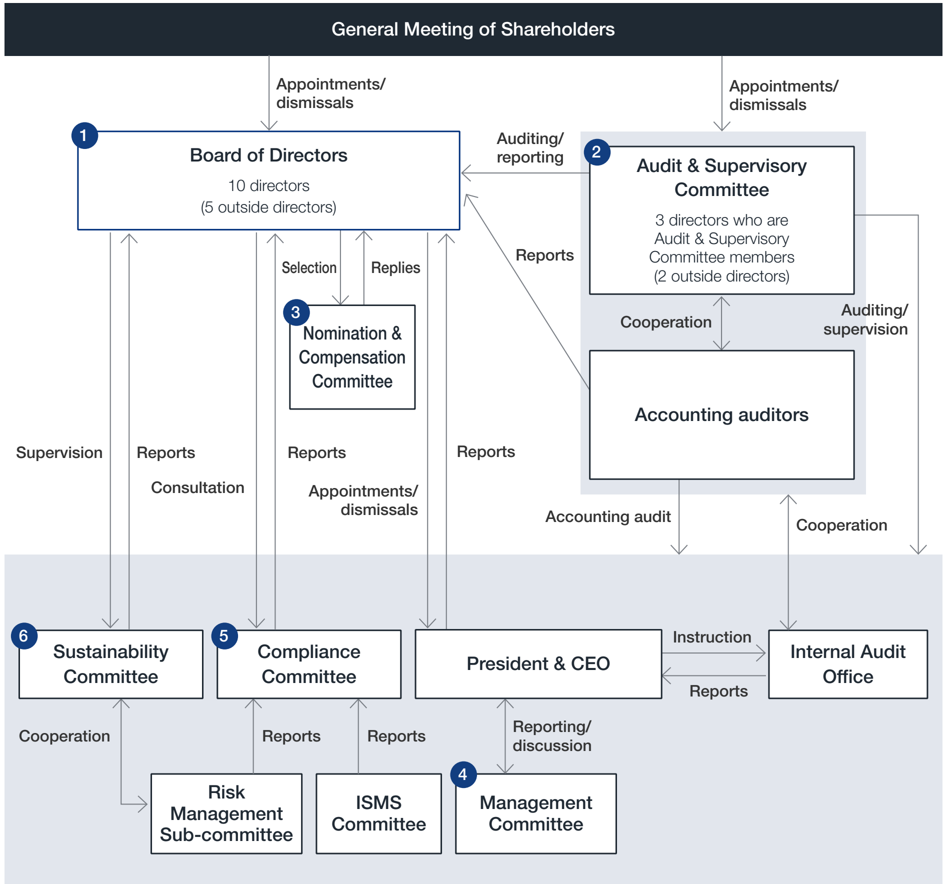
Changes in Corporate Governance

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 • Transitioned to the Prime Market following the Tokyo Stock Exchange's market restructuring
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 FY2025

Job title	Name	Number of meetings attended/attendance rate (Total: 21 times)	Specific content of discussions
President & CEO	Shinichiro Fujisaki	21 times/100%	• Reporting on the progress of the medium-term management plan • Current status of business 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	21 times/100%	
Directors	Masayasu Takigawa	21 times/100%	
Directors	Hiroki Taniguchi	21 times/100%	
Outside Director	Seiichiro Umeno	21 times/100%	
Outside Director	Toshio Maki	21 times/100%	
Outside Director	Megumi Tsukamoto	21 times/100%	
Director (Audit & Supervisory Committee Member)	Shunji Sato	21 times/100%	
Outside Director (Audit & Supervisory Committee Member)	Michi Handa*1 (Michi Sasano)	21 times/100%	
Outside Director (Audit & Supervisory Committee Member)	Mikito Nagai	16 times/100%*2	

*1 The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.
*2 After Mikito Nagai's appointment, Board of Directors meetings were held 16 times.

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 is composed of directors with experience in business operations, certified public accountants, and individuals with experience as Representative Director, and is tasked with overseeing management utilizing their broad knowledge. 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 FY2025

Job title	Name	Number of meetings attended/attendance rate (Total of 15 meetings)	Specific contents for discussion
Director (Audit & Supervisory Committee Member)	Shunji Sato	15 times/100%	• Audit policy and audit plan • Establishment and operation of internal control system • Reasonableness of methods and results of audits by accounting auditors • Preparation of audit reports • Deliberation regarding settlement of accounts, etc.
Outside Director (Audit & Supervisory Committee Member)	Michi Handa[*1] (Michi Sasano)	15 times/100%	
Outside Director (Audit & Supervisory Committee Member)	Mikito Nagai	10 times/100%[*2]	

*1 The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.
*2 After Mikito Nagai's appointment, Audit & Supervisory Committee meetings were held 10 times.

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 FY2025

Job title	Name	Number of meetings attended/attendance rate (Total of 7 meetings)	Specific contents for discussion
President & CEO	Shinichiro Fujisaki	7 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)	Michi Handa[*1] (Michi Sasano)	7 times/100%	
Outside Director (Audit & Supervisory Committee Member)	Mikito Nagai	6 times/100%[*2]	

*1 The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.
*2 After Mikito Nagai's appointment, Nomination & Compensation Committee meetings were held 6 times.

4 Management Committee

The Management Committee aims to support smooth business operations through reporting and discussion of important corporate plans and matters, deepening mutual understanding among directors and executive officers. It is composed of full-time directors and officers, as well as individuals deemed necessary by the Representative Director (President & CEO). In principle, Management Committee meetings are to be held once a week.

5 Compliance Committee

An advisory body to the Board of Directors, the Compliance Committee comprises of six members, including one outside member (attorney). The committee engages in overall discussion, deliberation, and decision-making regarding our company's compliance matters. In principle, Compliance Committee meetings are to be held once every three months, with extraordinary meetings convened as necessary.

6 Sustainability Committee

The Sustainability Committee is composed of three members, including the Representative Director (President & CEO), with the aim of continuously enhancing corporate value and contributing to a sustainable society. Sustainability Committee meetings are to be held at least once a year, with extraordinary meetings convened 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.

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)
Kiyotaka Fujisaki	○	○			○	○	
Shinichiro Fujisaki	○	○			○		○
Katsuhiko Ichii	○	○	○		○	○	
Hiroki Taniguchi	○		○	○	○		○
Seiichiro Umeno				○	○		
Toshio Maki	○					○	
Megumi Tsukamoto	○			○	○	○	○
Shunji Sato	○			○			
Michi Handa* (Michi Sasano)	○		○	○	○		
Mikito Nagai	○		○	○			

* The name under which Michi Handa is registered as a certified public accountant is shown in parentheses in the name field.
Note: The above list does not represent all knowledge and experience held by the individuals.

Learn more here

Definition of Skill Matrix

Skills	Definition
Management experience	• Knowledge as top management, such as director and executive (CEO, CFO, etc.) • Knowledge for making judgments and decisions on the strategic policies and directions set by 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 group 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)	• Knowledge to formulate measures and drive the expansion of the Aucnet Group's circular economy business from the perspective of sustainability (ESG) • 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 2025

Respondents: 10 directors (including directors who are Audit & Supervisory Committee members)

Assessment method: Five-point rating format for each questionnaire item

(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 enhancement of discussions regarding matters such as business portfolio and allocation of management resources
Issue (2)	Strengthening of the monitoring of business strategies and post-investment progress
Issue (3)	Strengthening of risk management and governance frameworks across the group

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 facilitates 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.

2 Criteria for exercising voting rights on cross-shareholdings

After confirming whether there are any proposals that could impair shareholder value, we carefully review our stance and exercise our voting rights accordingly.
For fiscal 2025, the Board of Directors met in May 2025 to examine, from the above perspectives, the contribution of the company's cross-shareholdings to the medium- to long-term improvement of the corporate value of our group.

Site Visit by Outside Directors

In November 2025, we conducted a site visit to the training center of AIS INC. which provides used vehicle inspection services as part of the Automobile Business.
Outside directors received explanations from on-site staff about the training program for inspectors and vehicle inspections. By understanding how our core competence of information reliability is composed and has evolved, the outside directors further deepened their understanding of the business. Through regular site visits, we will continue to enhance the effectiveness of the Board of Directors.

Corporate Governance

Director Remuneration

❶ 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 as cash remuneration for short-term contributions reflecting achievement of consolidated operating profit targets for the fiscal year; stock compensation with transfer restrictions (three years) as medium-term non-monetary remuneration designed to sustainably enhance corporate value in addition to annual contribution; and Board Benefit Trust-Restricted Stock (BBT-RS) as long-term non-monetary remuneration, in which shares are granted at retirement according to points assigned based on status, title, and performance achievements during the term of office. When determining the amount or number, the company sets the number of months that serve as the standard value for payment against monthly fixed remuneration, based on the achievement rate of the consolidated operating profit target for each fiscal year. The amount or number is then calculated in accordance with each individual's quantitative and qualitative performance indicators, finalized by the Board of Directors based on reports from the Nomination & Compensation Committee and paid or granted at a designated 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 6:2:2.

❷ Matters concerning resolutions of the General Meeting of Shareholders 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 serving as Audit & Supervisory Committee members at the time of the relevant resolution of the General Meeting of Shareholders is three.

❸ 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.

❹ Reasons for the Board of Directors' determination that the content of individual directors' remuneration for the relevant fiscal year complies with the 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.

❺ Total amounts of director remuneration, etc.

Category	Total Remuneration (thousand yen)	Total by Type of Remuneration (thousand yen)			Number of Applicable Directors
		Basic Remuneration	Performance-linked Remuneration*1	Non-monetary Remuneration*2	
Directors (excluding Audit & Supervisory Committee members) (Of which, outside directors)	288,788 (20,550)	158,550 (20,550)	66,300 (–)	63,938 (–)	7 (3)
Directors (Audit & Supervisory Committee member) (Of which, outside directors)	31,058 (15,300)	29,700 (15,300)	– (–)	1,358 (–)	4 (3)
Total	319,846	188,250	66,300	65,296	11

*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 18,618 thousand yen in stock benefit reserves and 46,678 thousand yen in restricted stock remuneration, both recorded under the performance-linked stock remuneration plan for five directors (excluding outside directors).

Compliance

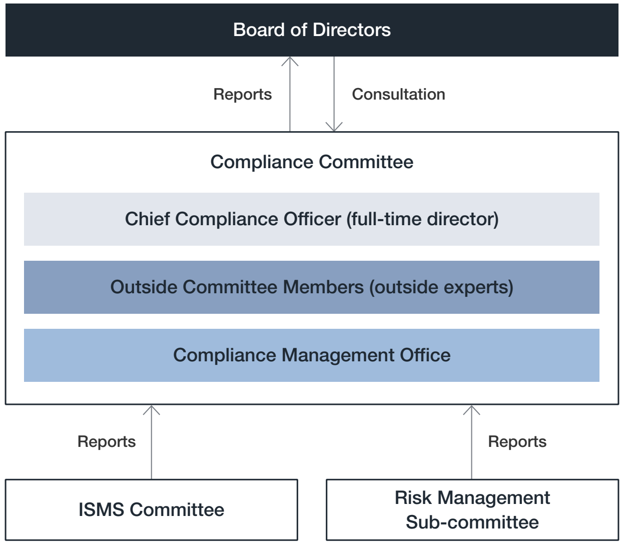
Basic Conceptual Approach

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

Compliance Committee meetings are to be held 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

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 perspective of efficient and effective business operations, we strive to mitigate risks and prevent the occurrence and spread of losses arising from risk materialization.

(3) Notwithstanding the preceding item (2), when there is a need to take risks proactively from the perspective of securing or expanding earning opportunities, we strive to keep such risks within an 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

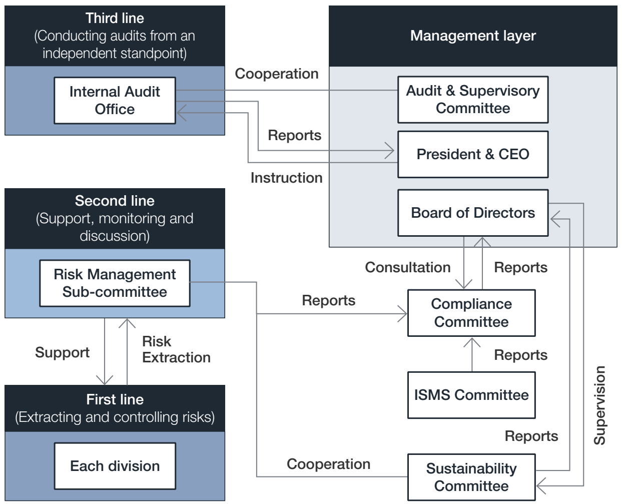
We have established Risk Management Regulations in order to strengthen and enhance our risk management system, and to prevent and minimize the occurrence of risks while mitigating any resulting losses due to the occurrence of risks. This ensures sound business management and stable growth of profit, 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 the frequency and timing of occurrence, 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



Company-wide Critical Risks

Main Category	Risk Name	Frequency of Occurrence / Time of Manifestation	Impact Level
Financial Risk	Foreign Exchange Risk	High / Short-term	High
	Interest Rate Fluctuation Risk	Medium / Medium-term	Low
	Credit Risk	Medium / Medium-term	High
	Tax Risk	Low / Long-term	Medium
Disaster Risk	Natural Disaster Risk	Medium / Medium-term	High
	Infectious Disease Risk	Medium / Medium-term	Medium
IT/Information Security Risk	System Failure Risk	High / Short-term	High
	Information Leakage Risk	High / Short-term	High
Human Capital Risk	Human Resource Shortage & Outflow Risk	Medium / Medium-term	High
	Occupational Accident Risk	Low / Long-term	Medium
Political & Economic Risk	Legal and Regulatory Risk	Low / Long-term	Medium
	Economic Fluctuation Risk	Low / Long-term	Medium
	Raw Material Price Surge Risk	High / Short-term	High
Legal Risk	Compliance Risk	Medium / Medium-term	High
	Intellectual Property Rights Risk	Low / Long-term	Low
Business Growth Risk	New Business & M&A Risk	High / Short-term	High
	Capital Investment Risk	Medium / Medium-term	Medium
	Competitor Entry Risk	High / Short-term	High
	Business Environment Risk	Medium / Medium-term	High
Country Risk	Overseas Situation Risk	High / Short-term	High
Sustainability Risk	Climate Change Risk	Medium / Medium-term	Medium
	Human Rights Risk	Low / Long-term	Medium

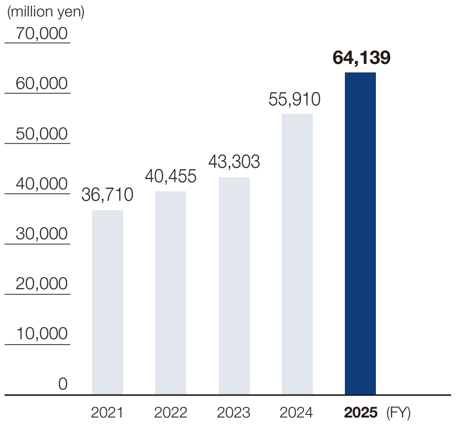
10-Year Financial and Non-Financial Summary

		unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Business Results												
Net sales		(million yen)	19,983	19,409	19,492	19,672	24,078	36,710	40,455	43,303	55,910	64,139
Sales by segment	Lifestyle Products	(million yen)	—	—	—	—	—	—	—	27,101	38,486	45,208
	Mobility & Energy	(million yen)	—	—	—	—	—	—	—	13,390	14,700	16,122
	Other	(million yen)	—	—	—	—	—	—	—	3,120	3,055	3,317
Operating profit		(million yen)	4,041	3,245	3,219	2,525	3,705	5,846	6,601	6,663	7,005	9,517
Operating profit by segment	Lifestyle Products	(million yen)	—	—	—	—	—	—	—	5,452	5,362	8,393
	Mobility & Energy	(million yen)	—	—	—	—	—	—	—	2,980	3,682	3,464
	Other	(million yen)	—	—	—	—	—	—	—	(364)	(362)	(371)
Operating profit to net sales ratio		(%)	20.2%	16.7%	16.5%	12.8%	15.4%	15.9%	16.3%	15.4%	12.5%	14.8%
Ordinary profit		(million yen)	4,115	3,321	3,308	2,630	3,643	6,113	6,699	6,755	7,207	9,521
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	5,921
Financial Status												
Total assets		(million yen)	25,446	27,644	27,257	29,324	33,280	36,822	37,348	37,664	44,040	50,781
Net assets		(million yen)	12,139	16,759	17,413	18,333	19,637	22,701	22,911	22,310	26,166	26,622
Equity		(million yen)	12,006	16,587	17,205	18,063	19,324	22,319	22,514	22,161	25,898	26,346
Equity ratio		(%)	47.2%	60.0%	63.1%	61.6%	58.1%	60.6%	60.3%	58.8%	58.8%	51.9%
Ordinary profit to total assets ratio		(%)	17.1%	12.5%	12.1%	9.3%	11.6%	17.4%	18.1%	18.0%	17.6%	20.1%
Interest-bearing liabilities		(million yen)	1,400	0	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	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	12,745
Cash flows from investing activities		(million yen)	(1,475)	(791)	(1,239)	(2,600)	549	388	185	(428)	(3,474)	(1,068)
Cash flows from financing activities		(million yen)	(1,546)	1,174	(947)	(757)	(2,873)	(825)	(4,426)	(5,102)	(4,066)	(5,557)
Free cash flow		(million yen)	4,295	1,296	1,608	(1,174)	4,668	4,638	4,708	4,688	1,378	11,676
Per-share Indices												
Basic earnings per share		(Yen)	45.38	33.49	31.09	25.47	34.28	65.28	79.74	87.89	94.22	129.85
Net assets per share		(Yen)	249.41	302.17	312.65	326.98	348.61	401.19	431.12	468.41	542.04	580.82
Dividend per share		(Yen)	—	13	13	13	10.5	20	24	26.5	38	58
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%	22.7%
EBITDA		(million yen)	5,441	4,702	4,309	3,186	4,514	6,745	7,480	7,449	7,879	10,559
Dividend payout ratio		(%)	—	38.8%	41.8%	51.0%	30.6%	30.6%	30.1%	30.1%	40.3%	44.7%
Number of employees (consolidated)		(Persons)	578	590	677	664	821	858	860	878	1,060	1,119
Gross Circulation Value (GCV)		(billion yen)	—	—	—	—	428.8	487.9	541.7	599.3	682.8	783.3

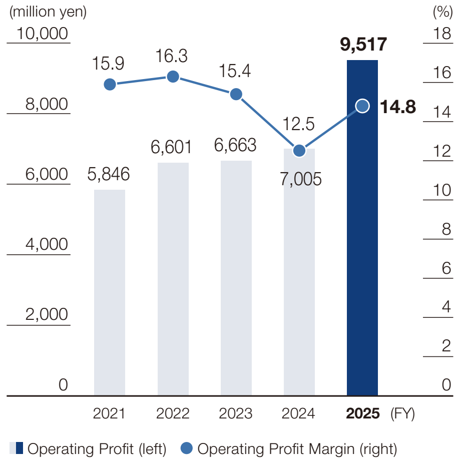
Note: Effective from the fiscal year through December 2022, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc.
Since the beginning of the first quarter of fiscal 2024, our segments have been changed in order to rearrange our portfolio 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.
A stock split was implemented at a ratio of two shares for every one common share, effective April 1, 2025. For each indicator, figures prior to the split date are presented with the stock split adjustment reflected.

Financial and Non-Financial Highlights

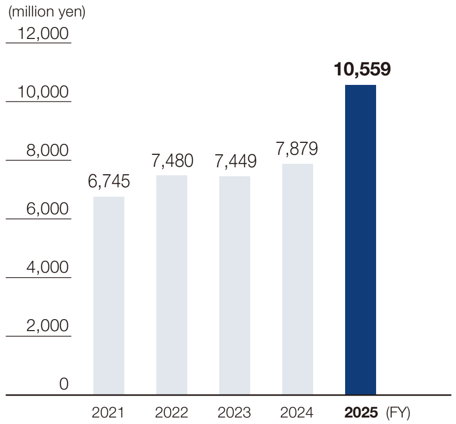
Net Sales



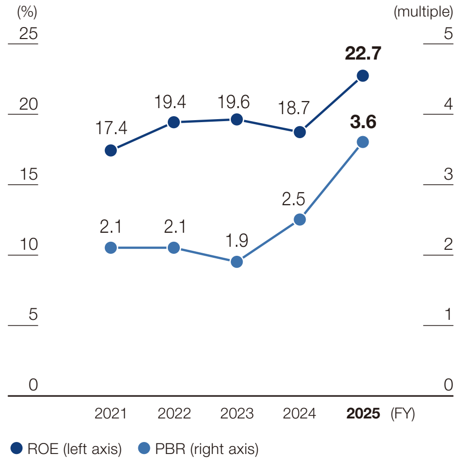
Operating Profit / Operating Profit Margin



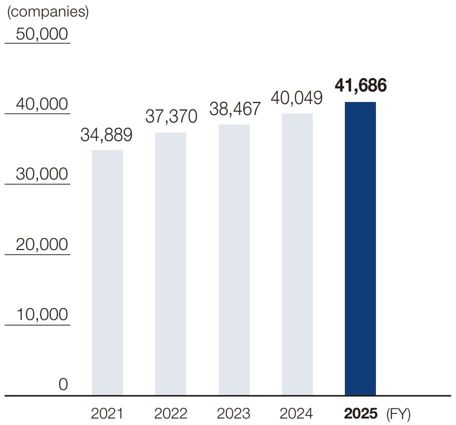
EBITDA



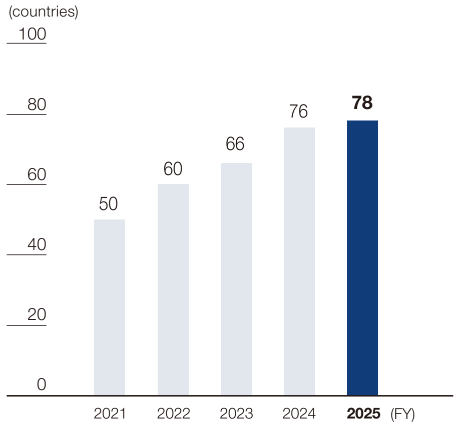
ROE/PBR



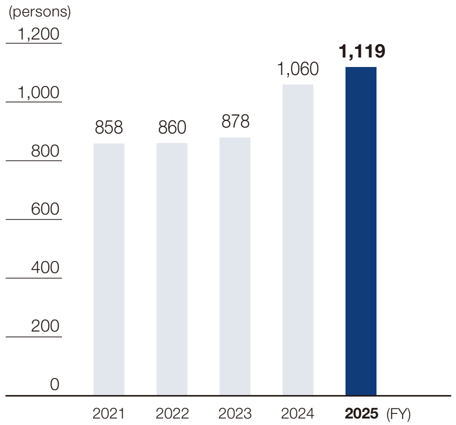
Number of Members



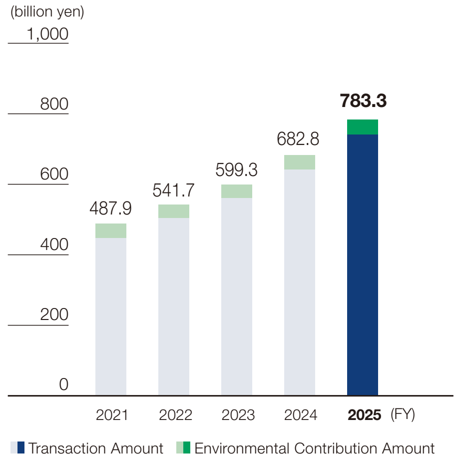
Number of Countries and Regions Where Our Members Are Located



Number of Employees (Consolidated)



GCV



Shareholder and Investor Information (As of December 31, 2025)

Major Shareholder Information

Shareholder Name	Number of Shares Held (shares)	Shareholding Ratio (%)
FLEX CORPORATION	18,709,860	40.67%
Blue Peak, Inc.	4,842,940	10.53%
GOLDMAN, SACHS & CO. REG	2,623,100	5.70%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,747,800	3.80%
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,699,574	3.69%
GOLDMAN SACHS INTERNATIONAL	1,559,200	3.39%
NAMAI ASSET MANAGEMENT INC.	1,400,000	3.04%
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	972,186	2.11%
Orient Corporation	832,800	1.81%
Aucnet Group Employee Shareholding Association	697,810	1.52%

Notes:
1. Although the Company holds 2,020,121 treasury shares, these are excluded from the major shareholders listed on the left. The shareholding ratio is calculated after deduction of treasury shares.
2. The Company has introduced Board Benefit Trust-Restricted Stock (BBT-RS), and Custody Bank of Japan, Ltd. (Trust E Account) holds 645,960 shares. However, these are not included in treasury shares above.
3. FLEX CORPORATION, Blue Peak, Inc., and NAMAI ASSET MANAGEMENT INC. are asset management companies of the founding family.
4. According to the Reports of Possession of a Large Volume (Report on Change) made available for public inspection as of August 6, 2025, the total number of shares held by VARECS Partners Limited as of July 30, 2025, is 5,040,600 shares (shareholding ratio: 10.18%). However, as the Company has not been able to confirm the actual number of shares held as of December 31, 2025, said company not included among the major shareholders.

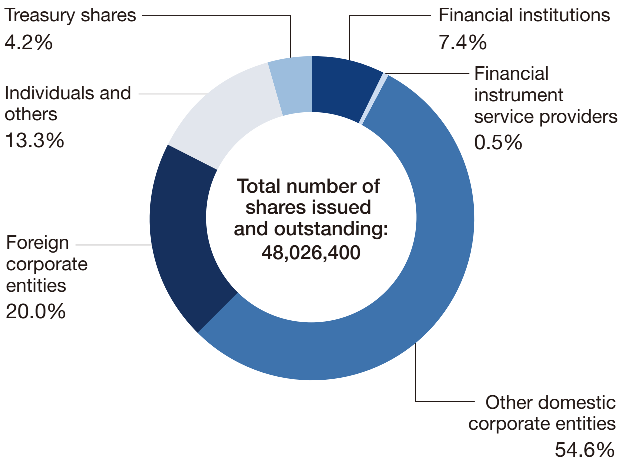
Total Shareholder Return (TSR)

	December 2021	December 2022	December 2023	December 2024	December 2025
Total Shareholder Return (TSR)	124.3%	139.2%	142.4%	209.1%	324.0%
Comparative Index: TOPIX Total Return	112.7%	110.0%	141.1%	169.9%	213.2%

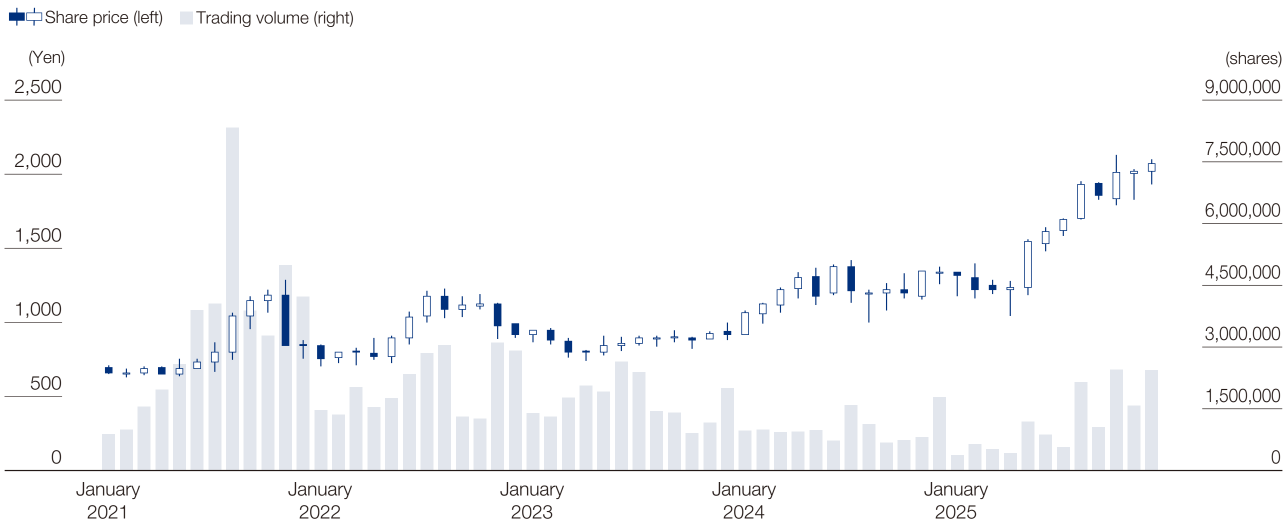
Total Return Ratio

	December 2021	December 2022	December 2023	December 2024	December 2025
Total Return Ratio	30.8%	101.9%	110.0%	41.1%	104.7%

Stock Distribution by Owner



Trends in Share Price and Trading Volume



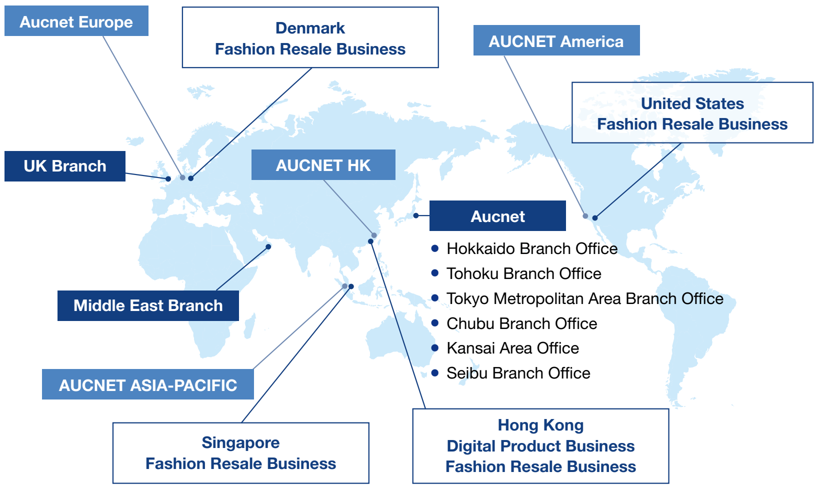
Note: A stock split was implemented at a ratio of two shares for every one common share, effective April 1, 2025. For each indicator, figures prior to the split date are presented with the stock split adjustment reflected.

Corporate Information (As of December 31, 2025)

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)	1,119
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	Blancco Japan Inc. (Affiliate accounted for by the equity method)	Sales of data erasure software and related services
Fashion Resale Business	AUCNET America, LLC.	Strategic base for the Fashion Resale Business in the U.S.
	Aucnet Europe ApS	Strategic base for the Fashion Resale Business in Europe
	AUCNET ASIA-PACIFIC PTE. LTD.	Strategic base for the Fashion Resale Business in Southeast Asia
	CircLuxe Inc.	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
Agricultural Business	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
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