

Special Topic

Toward Being a Tier1 Service Provider in the Resale Fashion Industry

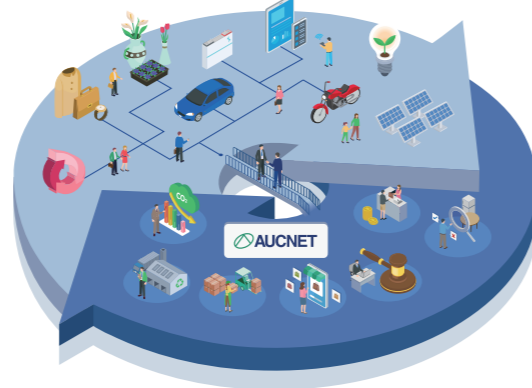
Aiming for Further Growth by Expansion of Circular Markets

Two Companies Acquisitions were Conducted.

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

Market Design to Connect Values

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



Future Outlook

Aucnet × Defactostandard

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

Defactostandard 

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



Aucnet × JOYLAB

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

JOYLAB 

<https://joylab.jp/>



M&A 1 Defactostandard, Ltd.

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



Strengths of each



Abundant knowledge as a pioneer of BtoB distribution services

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

The asset value recovery center to realize effective distribution operations

Various sales channels for consumers



● Brandear that has more than 4 million users nationwide



● An image picture of Brandear's store purchase

M&A 2 JOYLAB, inc

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



Strengths of each



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

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

Diversified and global membership network

Strong purchase power using stores and home pick-ups



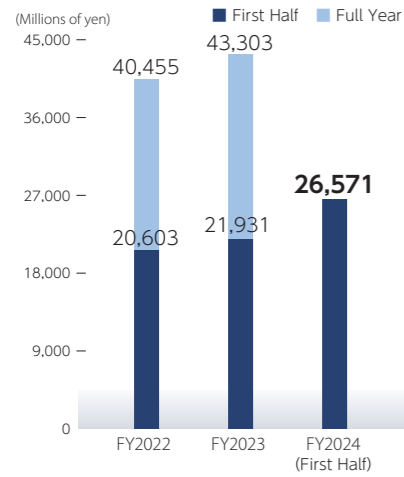
● JOYLAB where you can sell popular alcoholic beverages with fair prices



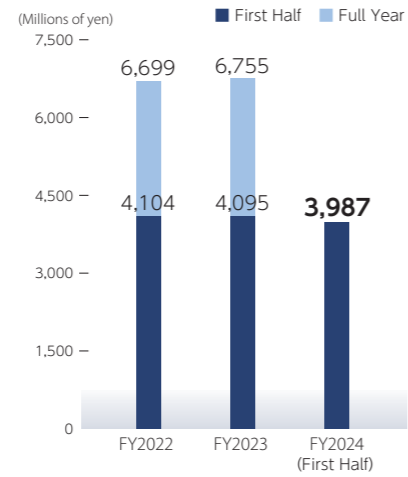
● Inside of a JOYLAB store

Consolidated Financial Highlights

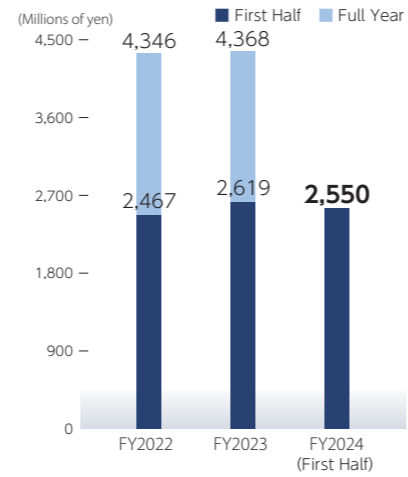
Net Sales



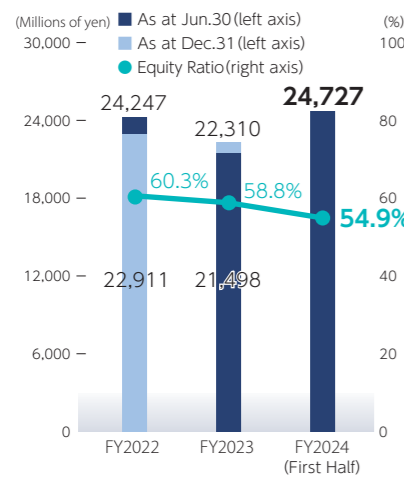
Ordinary Profit



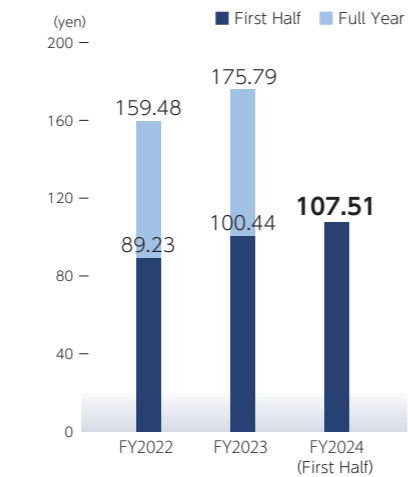
Profit Attributable to Owners of Parent



Net Assets/Equity Ratio



Basic Earnings per Share



A Note Concerning Shareholder Returns

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

Information by Business Segment (Millions of yen)



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

INFORMATION

Company Overview

(As of June 30, 2024)

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

Executive Officers

(As of June 30, 2024)

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

Stock Information

(As of June 30, 2024)

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

Major shareholders

Name	Number of Shares	Shareholding ratio
FLEX CORPORATION	11,237,800	46.4%
GOLDMAN SACHS INTERNATIONAL	1,495,673	6.2%
GOLDMAN SACHS & CO. REG	1,430,900	5.9%
Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Orient Corporation.	1,296,000	5.4%
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,039,037	4.3%
NAMAI ASSET MANAGEMENT INC	900,000	3.7%
The Master Trust Bank of Japan, Ltd. (Trust Account)	765,600	3.2%
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	643,100	2.7%
Blue Peak, Inc.	538,600	2.2%
Custody Bank of Japan, Ltd. (Trust Account E)	369,910	1.5%

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

Shareholder Memo

(As of June 30, 2024)

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

Integrated Report 2023 Has Been Issued



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

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

We hope you will enjoy reading the report.

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

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

