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AUCNET launches new Medium-Term Management Plan “Blue Print 2027,” articulating growth strategy to achieve JPY1 trillion GCV and JPY10 billion EBITDA



[Lead]

This is a transcription of the February 17, 2025, presentation of AUCNET INC.’s full-year results for the fiscal year ended December 31, 2024.

[Speaker]

Shinichiro Fujisaki, Representative Director and President & CEO, AUCNET INC.

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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Shinichiro Fujisaki: Hello everyone and welcome to our results briefing session. I am Shinichiro Fujisaki, President and CEO of AUCNET INC.

Today, I will explain the full-year results for FY2024 and provide an update on the Medium-Term Management Plan “Blue Print 2025,” announced in 2022. I will try my best to make the explanations as clear as possible.

First, here is today’s agenda. After explaining the overview of the full-year 2024 financial results, as well as a summary and details of each segment’s performance, I will discuss the forecast for FY2025. Then, I will briefly touch on some topics before focusing on elaborating the Medium-Term Management Plan.

Full Year 2024 Consolidated Financial Results

Full Year 2024 Consolidated Financial Results

- Although sales increased year on year due to the impact of acquisitions that was related to the Fashion Resale Business, the full-year consolidated earnings forecast was not achieved as transaction amount did not reach our expectations.
- Operating profit increased year on year due to favorable results in the Mobility & Energy Segment. As a result, the full-year consolidated earnings forecast was achieved.

(million yen)	FY2023	FY2024	YoY	FY2024 Revised Forecast (Aug. 8, 2024)	Rate of Achievement
Net sales	43,303	55,910	+29.1%	58,000	96.4%
Operating profit	6,663	7,005	+5.1%	7,000	100.1%
Operating profit margin	15.4%	12.5%	-2.9pt	12.1%	
EBITDA*	7,449	7,879	+5.8%	-	-
Ordinary profit	6,755	7,207	+6.7%	7,090	101.7%
Profit attributable to owners of parent	4,368	4,485	+2.7%	4,508	99.5%
Basic earnings per share	175.79 Yen	188.44 Yen	+12.65 Yen	189.76 Yen	99.3%
Dividend per share	53.00 Yen	76.00 Yen	+23.00 Yen	57.00 Yen	-
Dividend payout ratio	30.1%	40.3%	+10.2pt	30.0%	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill



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I will briefly discuss the full-year 2024 consolidated financial results. Net sales were JPY55,910 million, a 29.1% increase YoY. Compared to the full-year forecast, this represents 96.4% of the target.

The Fashion Resale business achieved a significant growth in net sales from the second quarter due to the impact of M&A. However, the transaction amount did not reach expectations, resulting in a slight shortfall against the earnings forecast.

Operating profit was JPY7,005 million, up 5.1% YoY, which was largely in line with the forecast. In FY2024, Mobility & Energy, which handles used vehicles, performed well, leading to increased profits and achieving the full-year earnings forecast.

The operating profit margin was 12.5%. EBITDA was JPY7,879 million, up 5.8% YoY. Ordinary profit was JPY7,207 million. Profit attributable to owners of parent was JPY4,485 million.

Basic earnings per share was JPY188.44, an increase of JPY12.65. As will be explained later, from FY2024, we have raised the dividend payout ratio from 30% to 40.3%, resulting in a dividend per share of JPY76.

FY2024 Fourth Quarter Highlights (Non-Cumulative 3 Month Results)

FY2024 Fourth Quarter Highlights (Non-Cumulative 3 Month Results)

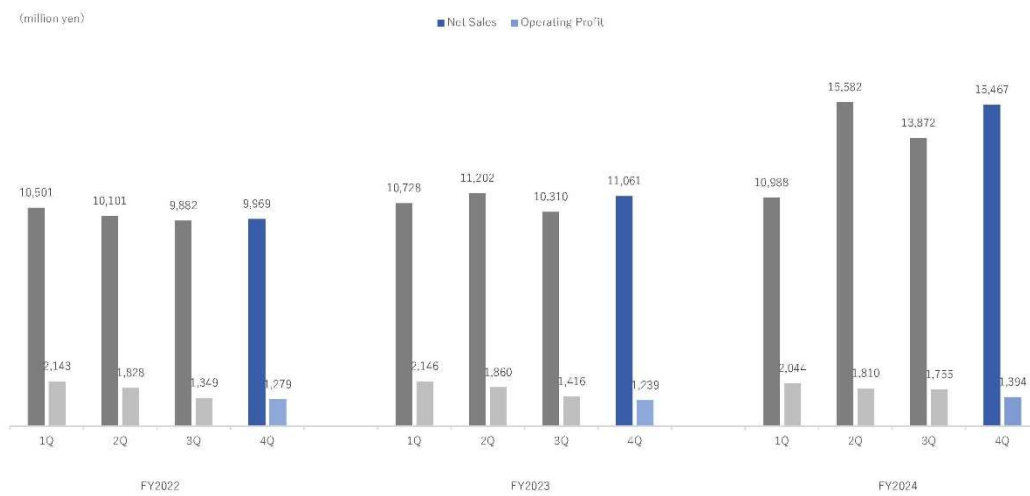


For the highlights of FY2024 fourth quarter, which cover the most recent three months, I will only mention the YoY percentage changes.

Net sales increased by 39.8% YoY, operating profit rose by 12.5% YoY, and ordinary profit grew by 22.1% YoY. Quarterly profit also increased by 4% YoY, making it a year where we were able to catch up with the full-year forecast in the final fourth quarter.

FY2022～FY2024 Consolidated Financial Results by Quarter

FY2022～FY2024 Consolidated Financial Results by Quarter



Here are the consolidated financial results by quarter. You can see that, thanks to the contribution of M&A, net sales have grown significantly since the second quarter compared to FY2022 and FY2023.

FY2024 Cumulative Results by Segment

FY2024 Cumulative Results by Segment

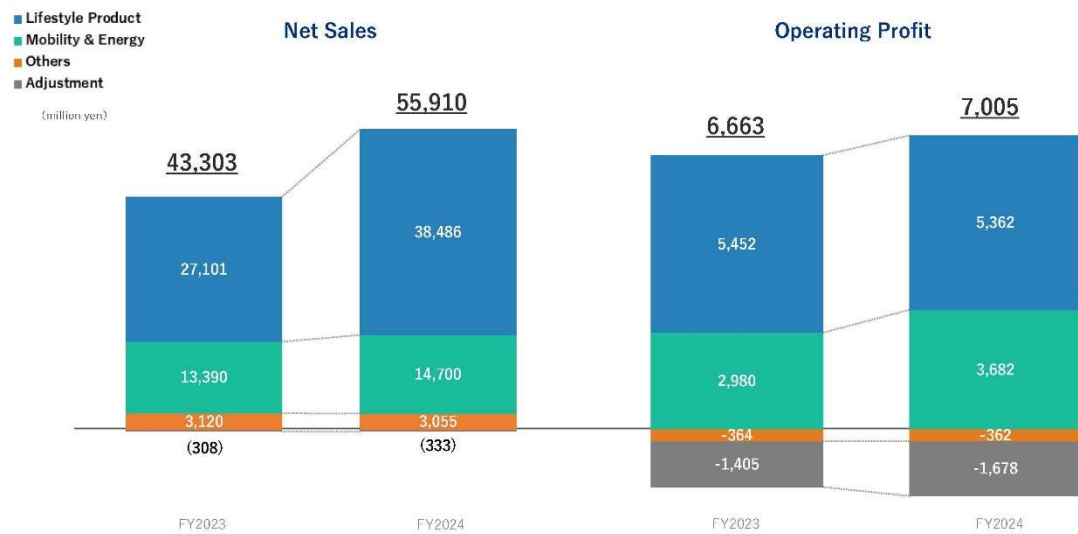
Segment	(million yen)	FY2023	FY2024	YoY
Lifestyle Product	Net Sales	27,101	38,486	+42.0%
	Operating profit	5,452	5,362	-1.6%
Mobility & Energy	Net Sales	13,390	14,700	+9.8%
	Operating profit	2,980	3,682	+23.6%
Others	Net Sales	3,120	3,055	-2.1%
	Operating profit	-364	-362	-
Adjustment	Net Sales	-308	-333	-
	Operating profit	-1,405	-1,678	-
Total	Net Sales	43,303	55,910	+29.1%
	Operating profit	6,663	7,005	+5.1%

Here is a summary of the results by segment. Operating profit for Lifestyle Product was JPY5,362 million, down 1.6% YoY. Mobility & Energy recorded JPY3,682 million, up 23.6% YoY.

Others remained largely unchanged at a loss of JPY362 million. The adjustment, which represents costs, was minus JPY1,678 million, with a slight increase in the negative impact. However, the positive contributions from the two business segments resulted in a total operating profit of JPY7,005 million, up 5.1% YoY.

FY2024 Segment Increase/Decrease

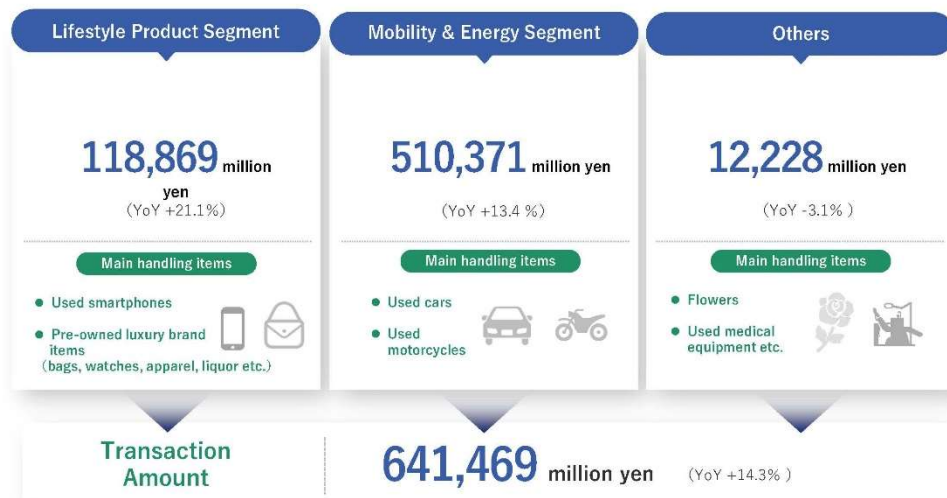
FY2024 Segment Increase/Decrease



Here is the analysis of changes by segment. Net sales saw significant growth in Lifestyle Product. Operating profit was driven upward by Mobility & Energy.

FY2024 Cumulative Transaction Amount by Segment

FY2024 Cumulative Transaction Amount by Segment



* Transaction Amount: The total amount of sales by sale of products and products sold at auction distributed through our services in each business

Here is the transaction amount by segment. The total transaction amount was JPY641,469 million, a 14.3% increase YoY. By segment, Lifestyle Product recorded JPY118,869 million, Mobility & Energy reached JPY510,371 million, and Others amounted to JPY12,228 million. In total, the transaction amount exceeded JPY600,000 million.

FY2024 Cumulative Results

FY2024 Cumulative Results

Lifestyle Product Segment

Summary

- Sales increased and profit decreased year on year. (Net sales +42.0%, Segment income -1.6%)
- The Digital Product Business performed favorable due to an increase in the transaction amount along with the impact of weak yen in addition to an increase in the number of units sold led by strengthened coordination with our domestic suppliers. We have also promoted the establishment of new auction system and efficient operations of Asset Value Recovery.
- The Fashion Resale Business performed well due to an increase in transaction amount along with an increase in the number of members and items listed in the BtoB business.
- In the business targeting consumers, the result was sluggish due to weaker inbound demand and a decrease in market price of high-priced items despite an increase in transaction amount led by the acquisitions conducted in 2Q.



Here are the earnings results by segment. Lifestyle Product recorded higher net sales but lower profit YoY. Net sales increased by 42%, but segment income declined by 1.6%.

The Digital Product business increased the number of units sold by successfully strengthening collaboration with domestic suppliers listing products. Additionally, due to the weak yen, the transaction amount grew significantly.

The new auction system has also been widely adopted and is receiving positive feedback from buyers. Efforts to improve efficiency in the operations are also underway.

The Fashion Resale business achieved strong growth of the BtoB auction in terms of the number of members, listings, and transaction amount.

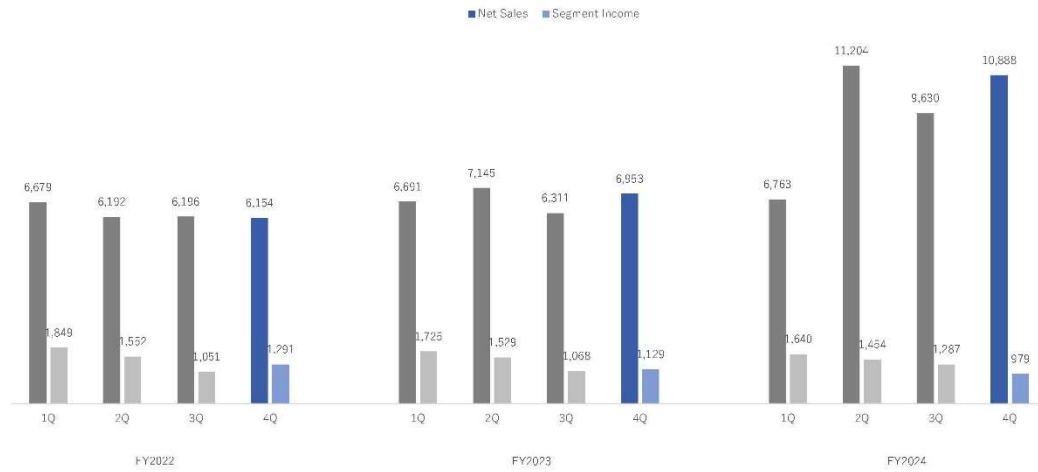
On the other hand, the business targeting consumers were sluggish. While the M&A helped increase the transaction amount, the demand from inbound tourists—particularly from Chinese tourists—dropped significantly, leading to weaker market conditions, especially for high-priced items.

FY2022~FY2024 Results by Quarter

FY2022~FY2024 Results by Quarter

Lifestyle Product Segment

(million yen)



Here are the results by quarter. Net sales have grown since the second quarter, but profit remained largely unchanged from the previous year.

FY2024 Business KPI

FY2024 Business KPI

See p.37-38 for business outline

Digital Product Business

	FY2023	FY2024	YoY	
Transaction amount (million yen)	42,394	49,003	+15.6%	Due to improvements of member convenience by establishment of new auction system and impact of weak yen.
Sales units (unit)	1,578,371	1,658,721	+5.1%	Due to improvements of operation efficiency for Asset Value Recovery as well as an increase in domestic suppliers and strengthened coordination with them.
Number of members (member)	1,779	2,037	+14.5%	Increased mainly in overseas members along with the enhancement of functions of overseas bases and use of digital marketing.

Here are the KPIs by business. The Digital Product business achieved the transaction amount of JPY49,003 million, up 15.6% YoY.

The widespread adoption of the new auction system has led to highly positive feedback from buyers. Additionally, a steady supply of listings from suppliers and the weak yen have been positive factors.

The sales of units increased by 5.1% YoY. The growth in the number of suppliers and strengthened collaboration with them contributed to this increase. However, as the transaction amount grew by 15.6%, outpacing the increase in sales units, the profit per unit has improved. The number of members has also exceeded 2,000, marking a 14.5% increase YoY.

FY2024 Business KPI

FY2024 Business KPI

See p.39-41 for business outline

Fashion Resale Business

		FY2023	FY2024	YoY	
BtoB business	Transaction amount (million yen)	44,063	52,017	+18.1%	Although, the average unit price of items sold showed a softening trend, transaction amount increased due to an increase in the number of items sold.
	Items listed (item)	1,066,733	1,274,771	+19.5%	Favorable performance due to an increase in the number of new members and implementation of measures to facilitate use of services by existed members.
	Items sold* (item)	715,832	848,756	+18.6%	Favorable performance in line with an increase in the number of items listed.
	Number of members (member)	4,862	5,871	+20.8%	Steady growth in the number of domestic and overseas members due to the enhanced support for new members and sales measures in overseas bases.
Business targeting C	Transaction amount (million yen)	11,692	17,848	+52.6%	Transaction amount increased by the acquisitions conducted in 2Q, while inbound demand declined, and the sales of some high-priced items continued to be sluggish.

*The number of items sold in AUC BRAND MALL has been included since the 1Q FY2024.

In the Fashion Resale business, the BtoB business recorded a transaction amount of JPY52,017 million, an 18.1% increase YoY. The acquisition of Defactostandard, Ltd., which operates “Brandear,” and JOYLAB, inc. contributed to this growth, as their transaction amounts began to be recorded from the second quarter, leading to an increase in both transaction amount and net sales. The number of listings grew significantly, and the number of successful transactions also increased, showing strong performance.

The number of members, particularly from overseas, has expanded considerably, reaching some 5,800 companies. The proportion of successful bidding from overseas has also risen.

Meanwhile, the business targeting consumers recorded a transaction amount of JPY17,848 million, a 52.6% increase YoY. However, the decline in inbound tourism demand from China and sluggish sales of certain high-priced items prevented further growth, presenting a new challenge.

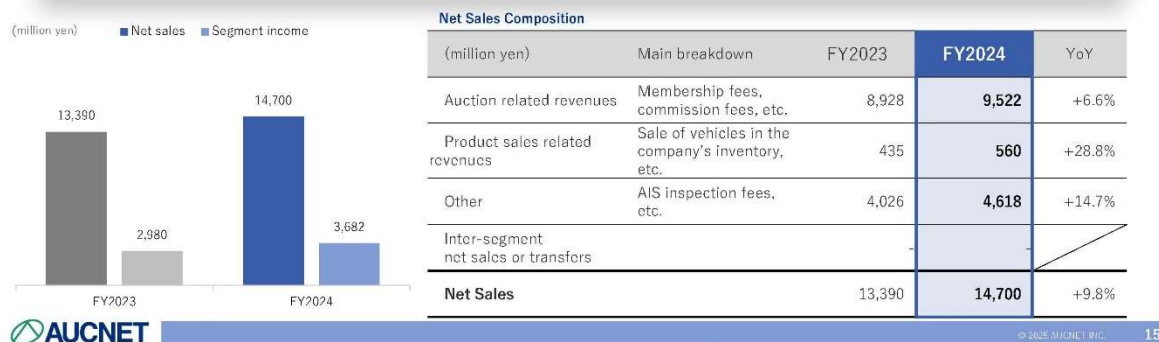
FY2024 Cumulative Results by Segment

FY2024 Cumulative Results

Mobility & Energy Segment

Summary

- Both sales and profit increased year on year. (Net sales +9.8%, Segment income +23.6%)
- The Automobile Business performed favorable due to a continuous increase in the number of vehicle inspected led by high inspection demand from a used vehicle listing platform throughout the year in addition to an increase in the number of members and auctions won in the proxy bidding service.
- The Motorcycle Business showed steady results with a favorable performance in our own auctions due to an increase in the number of auctions won by members who are major domestic dealers and exporters.



Here are the results for Mobility & Energy. Both net sales and profit increased YoY, with net sales up 9.8% and segment income rising 23.6%.

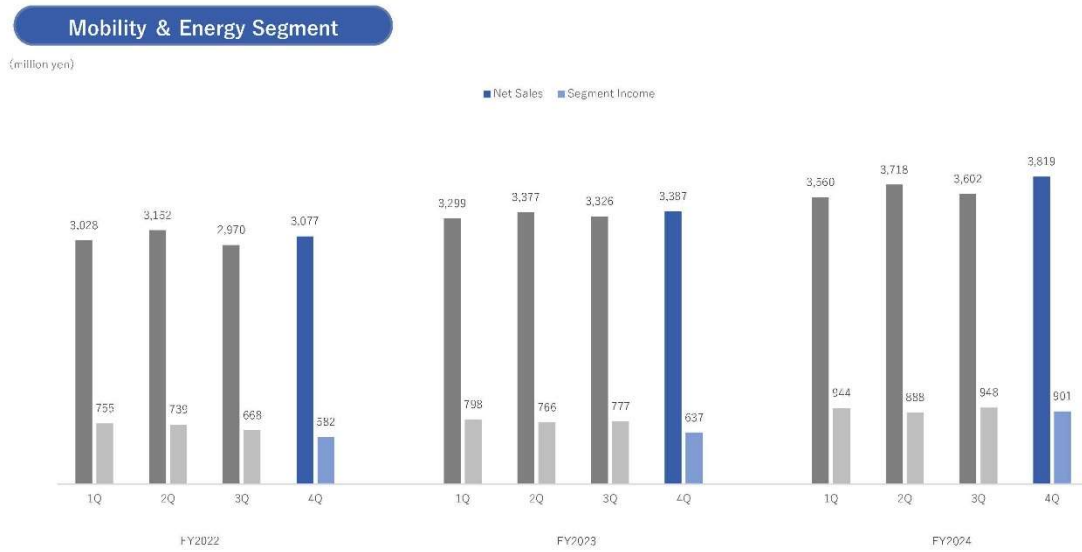
In the Automobile business, which handles used vehicles, the overall number of successful bids remained relatively strong due to an increase in the number of members and auctions won in the proxy bidding service.

Inspection services have seen a significant rise in demand. The certified inspections for the used vehicle listing platform, which are conducted with our partner companies, maintained strong demand throughout the year, contributing not only to business performance but also to overall growth.

Similarly, the Motorcycle business performed favorably. The number of successful bids increased from major domestic dealers and exporters, driving strong performance in the Company's own auctions.

FY2022~FY2024 Results by Quarter

FY2022~FY2024 Results by Quarter



The three-year trend has been very stable annually, but this fiscal year, profit also achieved sufficient growth.

FY2024 Business KPI

FY2024 Business KPI

See p.43~44 for business outline

Automobile and Motorcycle Business

Automobile		FY2023	FY2024	YoY	
Transaction amount	(million yen)	442,137	499,499	+13.0%	Due to an increase in the number of vehicles sold at auction and the average unit price of vehicles sold continued to rise due to high demand for used vehicles
Total vehicles sold/bought	(unit)	502,616	524,057	+4.3%	The number of auctions won at our own auctions and shared inventory market increased due to enhancement of sales in addition to favorable performance of the proxy bidding service.
Number of members	(member)	15,142	15,501	+2.4%	The number of members for the proxy bidding service mainly showed steady growth due to strengthened contacts with customers.
Motorcycle		FY2023	FY2024	YoY	
Transaction amount	(million yen)	8,077	10,872	+34.6%	Demand for used motorcycles in auctions remained high and the average unit price of vehicles sold rose in addition to the number of auctions won and vehicles sold.
Total vehicles sold/bought	(unit)	26,384	29,679	+12.5%	An increase in the number of auctions won and vehicles sold by major domestic dealer and exporter members.
Number of members	(member)	2,624	2,622	-0.1%	Almost unchanged
Vehicles inspected*	(unit)	1,262,908	1,396,305	+10.6%	Inspection demand from a used vehicle listing platform remained high, and the number of annual inspections broke the record following the previous year.

*Total number of used cars and motorcycles inspected.



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Here are some additional information on the business KPIs.

You may have heard that used vehicle prices are rising in various markets. In FY2024, the transaction amount for the Automobile business was approximately JPY500,000 million, a 13% increase YoY. More impactful to performance than the transaction amount growth was the increase in total successful transactions and biddings. The number of successful transactions reached 524,000 units, which we consider a significant achievement. The number of members for the proxy bidding service also grew to 15,500 members.

In the Motorcycle business, the transaction amount increased significantly, rising more than 34% YoY. The total number of successful transactions also grew, surpassing 29,600 units. Due to a slightly saturated domestic market, the number of members declined by 0.1%. The number of vehicles inspected is approaching 1.4 million. This represents a 10.6% YoY increase, continuing the trend of recording the highest number of vehicles inspected in recent years.

FY2024 Cumulative Results

FY2024 Cumulative Results

See p.45 for business outline

Others

Summary

- Sales decreased and profit increased compared to full-year results of the previous year.
(Net sales -2.1%, Operating loss in the previous year 364 million yen)
- In the Agricultural Business, the transaction amount was the same level as the previous year. This was led by higher average unit prices year on year despite the fewer number of flowers collected compared to the previous year. We have continued to focus on the expansion of the coverage in the Kansai base.
- In the Circular Commerce Business, we have promoted coordination with other partner companies as well as continuing the proof of concepts for office furniture distribution business. We have also determined to withdraw some of the unprofitable business to improve profitability.



For the Others Segment, net sales declined while profit increased YoY. Net sales decreased by 2.1%, and the operating loss in the previous fiscal year was JPY364 million, with little change in this area.

In the Agricultural business, although the number of flowers collected through auctions was lower than the previous year, the average unit price increased YoY, resulting in a transaction amount on par with the previous year.

Auctions had primarily been held in the Tokyo metropolitan area, but from the second half of 2024, the business expanded into the Kansai region. From FY2025, efforts will be focused on sales activities in the Kansai area.

In the Circular Commerce business, efforts are being made to strengthen proof-of-concept initiatives for office furniture distribution. Partnerships with various companies are being promoted to establish this as a future revenue driver.

Additionally, to improve profitability, a decision was made to withdraw from certain unprofitable businesses.

Forecast of FY2025 Consolidated Results

Forecast of FY2025 Consolidated Results

- We expect sales to increase and profit to decrease due to an increase in transitory costs (about 1.2 billion yen), though we expect our existed businesses to continue to grow.

(million yen)	FY2024	FY2025	YoY
Net Sales	55,910	59,000	+5.5%
Operating profit	7,005	6,000	-14.3%
Operating profit margin	12.5%	10.2%	-2.4pt
Ordinary profit	7,207	6,020	-16.5%
Profit attributable to owners of parent	4,485	3,700	-17.5%
Basic earnings per share	188.44 yen	80.98 yen (161.96 yen)*	-
Dividend per share	76.00 yen	38.00 yen (76.00 yen)*	-
Dividend payout ratio	40.3%	46.9%	+6.6pt

*Forecast of basic earnings per share and dividend per share for the fiscal year ending December 31, 2025 are stated with the adjusted figures considering a share split which is scheduled at the ratio of 2 shares for each common stock with an effective date of April 1, 2025. The figures before considering the share split are stated within ().

Here is the forecast of FY2025 consolidated results.

Net sales are projected at JPY59,000 million, a 5.5% increase YoY. Operating profit is expected to be JPY6,000 million, representing a 14.3% decline YoY. Ordinary profit is forecast at JPY6,020 million, while profit attributable to owners of parent is expected to be JPY3,700 million. Basic earnings per share is projected at JPY80.98.

The JPY80.98 figure reflects the share split announced recently. On a before share split basis, the equivalent basic earnings per share would be JPY161.96.

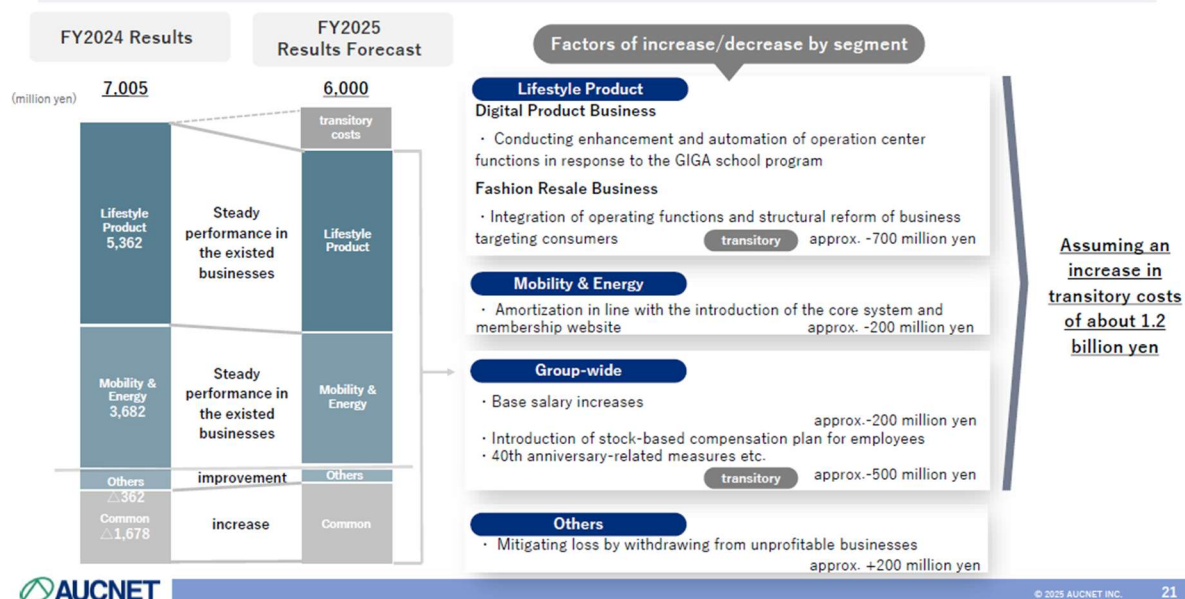
The dividend per share is planned to remain at the same level as FY2024. With the dividend payout ratio raised to 40% in the second half of FY2024, the FY2025 payout ratio, based on the current profit forecast, is expected to be 46.9%.

As you can see from the net sales forecast, the focus remains on sustaining the growth of existing businesses and other businesses.

At the same time, considering the Medium-Term Management Plan to be discussed later, FY2025 is positioned as a year of investment for the future. Given the commitment to maintaining a growth trajectory, the dividend per share is planned to remain at the FY2024 level.

Forecast of FY2025 Consolidated Results Operating Profit Increase/Decrease

Forecast of FY2025 Consolidated Results Operating Profit Increase/Decrease



Here are the factors behind the change in operating profit in the FY2025 forecast. Investment-related expenses will increase.

In the Digital Product business of Lifestyle Product, investments will be made to enhance and automate the operation center functions in preparation for the expected GIGA School-related demand toward the end of FY2025.

For the Fashion Resale business, structural reforms will be implemented to improve operational efficiency in the business targeting consumers, which has expanded through multiple M&As.

A total of approximately JPY700 million in transitory expenses is expected for these two businesses in Lifestyle Product in FY2025.

In Mobility & Energy, a major revamp of both the core system and the membership website, which customers interact with directly, has been decided for FY2025. Amortization costs associated with this initiative have been factored into the forecast.

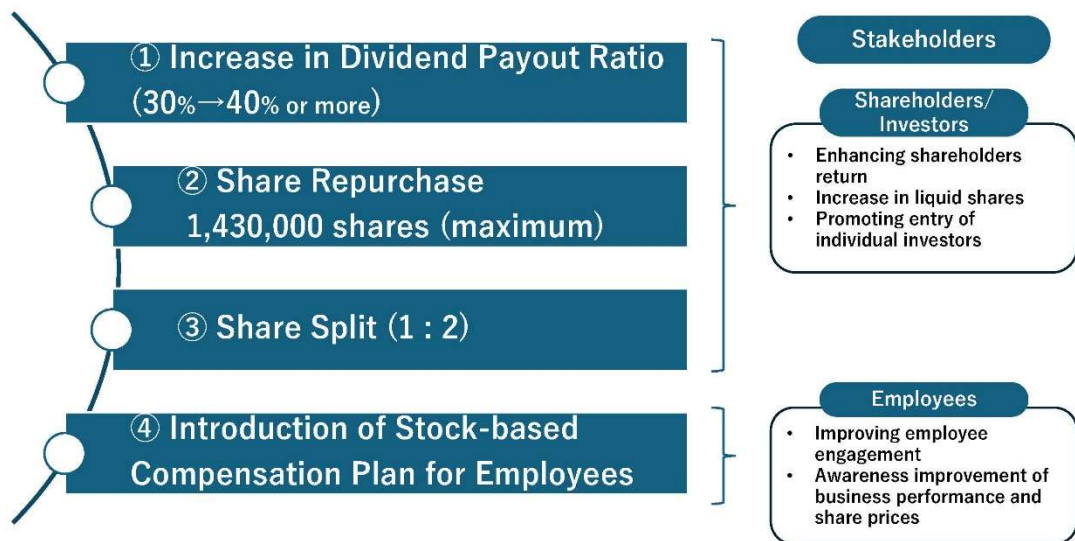
Regarding group-wide expenses, as the Company marks its 40th anniversary, approximately JPY500 million in transitory costs will be allocated for anniversary-related events and measures, as well as for stock-based compensation for employees. Additionally, around JPY200 million will be spent on base salary increases in response to the growing emphasis on human capital management.

On the other hand, the withdrawal from unprofitable businesses, as mentioned earlier, is expected to reduce losses by approximately JPY200 million.

After accounting for these factors, total transitory costs are projected to be around JPY1.2 billion. As shown in the graph on the left side of the slide, operating profit, which was JPY7,005 million in FY2024, is expected to decrease by approximately JPY1,000 million in FY2025. The costs incurred will be recouped in FY2026 and FY2027.

Enhancement of Shareholders' Return and Introduction of Stock Compensation Plan for Employees

Enhancement of Shareholders' Return and Introduction of Stock Compensation Plan for Employees



Next are the topics. The slide lists four shareholder return-related topics that were recently announced.

Efforts are being made to enhance investor-focused initiatives, including increasing the dividend payout ratio, repurchasing shares, and conducting a share split.

Additionally, measures such as introducing a stock-based compensation plan for employees are being implemented to enhance engagement and increase awareness of business performance and share prices.

Changes to the Dividend Policy (Increase in Dividend Payout Ratio)

Changes to the Dividend Policy (Increase in Dividend Payout Ratio)

- Dividend per share for the FY2024 is 76 yen (YoY +23 yen) without considering the share split, which is a significant increase.
- Going forward, we will enhance shareholders' return by rising the dividend payout ratio from 30% to 40% or more.
- Forecast of dividend per share for the fiscal year ending December 31, 2025 is 38 yen (76 yen before considering the share split), which is practically the same amount of the one in FY 2024.



* Share split at the ratio of 2 shares for each common stock is scheduled with an effective date of April 1, 2025.
EPS and dividend per share even for the period prior to such share split are stated with the adjusted figures considering such share split.

For the fiscal year ended December 2024, the dividend significantly increased YoY to JPY76. The dividend payout ratio was raised from 30% to over 40%, considering various factors, including the current environment and the need to maintain a strong financial structure.

As mentioned earlier, the dividend for the fiscal year ending December 2025 is forecast to be maintained at JPY38 per share, which is equivalent to JPY76 per share before the share split.

Share Repurchase

Share Repurchase

- As part of our capital policy, we will conduct the share repurchase through the Tokyo Stock Exchange Off-Auction Own Share Repurchase Trading System (ToSTNeT-3).

Outline

Total number of shares to be repurchased	Common stock 1,430,000 shares (maximum) Ratio to the total number of shares issued and outstanding(excluding treasury shares): 5.89%
Total purchase price	4,500 million yen (maximum)
Period	From February 18, 2025 to February 20, 2025
Method	Purchases through the Tokyo Stock Exchange Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)
Policy including disposal of shares	The policy on the disposal of treasury shares, etc., has not yet been determined as of today.

Reference

	<u>Number of share acquired(percentage*)</u>	<u>Acquisition price</u>
FY2022	300,000 shares(1.07%)	475,207 thousand yen
FY2022	1,500,000 shares(5.36%)	2,661,000 thousand yen
FY2023	2,567,600 shares(9.70%)	3,543,288 thousand yen

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

I will now discuss share repurchase. The maximum number of common stocks to be acquired is 1,430,000 shares. This represents just under 6% of the total number of issued shares. The acquisition, with an upper limit of JPY4,500 million, is scheduled to take place over three days from February 18 to 20.

For reference, during the Medium-Term Management Plan period, treasury shares equivalent to more than 15% of total issued shares were acquired in FY2022 and FY2023.

As part of the capital policy, the Company will continue to consider the share repurchase going forward.

Share Split

Share Split

We will conduct a share split with the aim of providing an environment that makes it easier for more investors to invest by reducing the amount per investment unit of our company's shares and improve the liquidity of our company's shares and expanding our range of investors.

Outline

Record Date : Mar.31

Total number of shares issued
and outstanding

24,763,200 shares

Split at the ratio of 2 shares for 1 share

Effective Date : Apr.1

Total number of shares issued
and outstanding

49,526,400 shares

Amount of Share Capital

There are no changes to the total number of shares authorized or the amount of share capital.

Dividend

As the effective date of this share split is scheduled on April 1, 2025, the year-end dividend for the fiscal year ending December 31, 2024, for which the record date is December 31, 2025, will be calculated based on the number of shares held before the share split.

Shareholder Benefits

The current shareholder benefits will continue for shareholders recorded in the list of shareholders as of December 31, 2024, and the future shareholder benefits are currently under discussion.

I will now discuss the share split. This will be a simple two-for-one split of the currently issued shares. With the share prices having risen compared to the time of listing, the split is intended to create a more accessible investment environment for a broader range of investors.

Disposal of Treasury Shares in line with Introduction of a Stock-based Compensation Plan for Employees

Disposal of Treasury Shares in line with Introduction of a Stock-based Compensation Plan for Employees

- We will introduce a stock-based compensation plan for employees with purposes of improving employee engagement and awareness of business performance and company's share prices as well as further sharing of values with our shareholders.
- In accordance with the introduction of the plan, we will dispose of the treasury shares as stock grants through the employee shareholding association.

Outline		
Stock Compensation Plan for Employees	Outline of the Disposal	Impacts of the Disposal
Up to 1,119 employees will be granted this benefit. *1 Pattern A : 200 shares Pattern B : 50 shares Pattern C : 12.5 shares	Disposal of a maximum of 109,012.5 shares *2 on April 16, 2025 is planned.	0.44% dilution to the total number of shares issued and outstanding of 24,763,200 shares*3

*1 The number of shares granted will be adjusted in accordance with the share split ratio after the share split takes effect.
*2 The number of shares disposed will be 218,025 shares after the share split takes effect, and they will be disposed by this disposal of treasury shares.
*3 As of December 31, 2024

The stock-based compensation plan for employees was introduced to improve employee engagement and further promote value-sharing with shareholders across the Company.

Blue Print 2027



I will now discuss the Medium-Term Management Plan for the next three years.

We use the term “Blue Print” in the name of our Medium-Term Management Plan to signify a blueprint for the future. The Medium-Term Management Plan covering FY2022 to FY2025 was called “Blue Print 2025.”

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In the first half, I will review a summary of “Blue Print 2025.” In the second half, I will discuss the Medium-Term Management Plan for the three-year period from FY2025 to FY2027.

Review Summary of Blue Print 2025 (FY2022–FY2024)

Review Summary of Blue Print 2025 (FY2022–FY2024)



Four consecutive years of sales and profit increases, with steady growth in both net sales and operating profit



3

Looking back on “Blue Print 2025,” both net sales and profit achieved continuous growth for four consecutive fiscal years, including FY2021, the year before the plan began.

Regarding business strategies in the Digital Product business and the Fashion Resale business, diversifying handled products, strengthening the buyer network, and enhancing system convenience proved effective, leading to steady and sufficient growth in transaction amount.

The acquisitions of Defactostandard, Ltd., and JOYLAB, inc. also significantly expanded the scale of the Group overall.

For Mobility & Energy, growth was driven by the expansion of initiatives, mainly in proxy bidding service and inspection service, along with strengthened marketing of the membership program over several years to enhance customer success efforts.

In terms of M&A, capital, and financial strategies, we carried out the two acquisitions related to Lifestyle Product. This will allow us to expand consumer sales channels while also enhancing BtoB synergies.

In the mobility field, the capital alliance and collaboration with MOTA Inc., aim to expand distribution by increasing the number of unique vehicles available only through AUCNET from FY2025 onward.

A total of JPY6.6 billion in treasury shares has been acquired to enhance capital efficiency and strengthen shareholder returns.

Regarding KPIs, our unique indicator, GCV, of JPY1 trillion and EBITDA of JPY10 billion, while both have shown relatively steady growth, the targets have not yet been fully achieved.

On the other hand, an ROE of 20% and a dividend payout ratio of 30% have been largely met.

Business Strategy

Business Strategy



Lifestyle Products



Mobility&Energy



4

As part of the business strategy, Lifestyle Product and Mobility & Energy have been established as the two main pillars.

In Lifestyle Product, while existing businesses have grown and M&A has contributed to increased net sales, the operating profit margin has shown a slight downward trend. The expansion of consumer sales channels has increased customer contact points. However, the creation of synergies with BtoB is still in its early stages, and this remains an area for future growth.

In the Digital Product business, a new auction system has been introduced, and several overseas bases have been established. The buyer network continues to expand, further extending our auction network.

New initiatives, such as handling alcoholic beverages and strengthening apparel product operations, have helped diversify merchandise offerings, marking the start of efforts to enhance the overall appeal of auctions.

Looking ahead, the Digital Product business will focus on diversifying sourcing entities and buyers while aiming to increase the total number of pre-owned smartphones sold.

For the Fashion Resale business, post-merger integration will be a key focus. Strengthening post-merger integration efforts will enhance synergies between the BtoB and business targeting consumers, as well as reinforce the global platform, ultimately driving significant revenue growth across the Fashion Resale business.

In Mobility & Energy, the key outcomes include steady growth in live relay broadcast auctions, proxy bidding services, and inspection services. Demand for used vehicle quality assurance has been rising significantly, leading to growth in AIS Inc., a subsidiary specializing in inspections.

Over the past few years, comprehensive collaboration with partner companies has strengthened sourcing and expanded the value chain.

In FY2024, MOTA Inc. was made an equity-method affiliate. MOTA Inc. is one of the largest leading companies in the vehicle purchasing industry. Through this partnership, the aim is to expand channels in the consumer targeting business.

Beyond MOTA Inc., collaboration with major leasing companies is also being strengthened to introduce unique vehicle listings available only through AUCNET. Additionally, ongoing membership-based marketing enhancements will be used to increase the number of units sold.

Efforts will also continue toward establishing industry standards for inspecting used EVs through the development of accurate EV battery evaluations, which we have been working on for several years. Further, initiatives will focus on creating new mobility services through EV battery reuse and repurposing.

M&A, Capital and Financial Strategy

M&A, Capital and Financial Strategy



Promote investments for growth	Implement capital policy and other measures
<p>M&A investment: Approx. 5.5 billion yen (10.0 billion yen budgeted)</p> <ul style="list-style-type: none">• We established a dedicated department and engaged in discussion of M&As from a Company-wide perspective; however, considerations did not necessarily lead to the execution of investments, resulting in the allocated budget not being fully deployed.• We narrowed our investment focus to projects that will contribute to Group growth as we expand businesses focused on the BroB market, rather than expansion for the sake of expansion. <p>Two companies became consolidated subsidiaries in April 2024</p> <ul style="list-style-type: none">• Defactostandard, Ltd. Purchase and sale of brand-name products (Operation of Brandear)• JOYLAB, Inc. Purchase and sales of alcoholic beverages <p>One company became an equity-method affiliate in May 2024</p> <ul style="list-style-type: none">• MOTA Inc. Automobile digital transformation (DX) business (Operation of MOTA Car Purchase)	<p>Total value of treasury stock acquired (2022–2024): Approx. 6.6 billion yen</p> <ul style="list-style-type: none">• We conducted share buybacks based on the judgment that our shares were undervalued at that time, and that doing so would help enhance shareholder returns by improving EPS, ROE and other aspects of capital efficiency. <p>FY2022</p> <p>Treasury stock acquired: 300,000 shares; 475,207 thousand yen (1.07%*) 1,500,000 shares; 2,661,000 thousand yen (5.36%*) Cancelled: 1,500,000 shares</p> <p>FY2023</p> <p>Treasury stock acquired: 2,567,600 shares; 3,543,288 thousand yen (9.70%*) Cancelled: 1,700,000 shares</p> <p><small>* The percentage of the total number of shares issued at the time of acquisition is rounded to two decimal places.</small></p>

5

Regarding M&A, capital, and financial strategy, a total of approximately JPY5.5 billion has been invested in M&A to date.

When “Blue Print 2025” was announced, the budget for M&A was set at JPY10.0 billion, and a dedicated department was established to pursue acquisitions from a company-wide perspective. However, the full budget was not utilized.

As the approach was not to pursue M&A simply for scale expansion, acquisitions were selectively made based on strong synergy potential. As a result, two companies were made consolidated subsidiaries, and one company became an equity-method affiliate, bringing a total of three companies into the Group.

For capital policy, a cumulative JPY6.6 billion was allocated to treasury stock acquisition.

The timing of share acquisitions and cancellations was carefully considered based on share price undervaluation, with the aim of improving EPS, ROE, and overall capital efficiency, thereby enhancing returns to shareholders.

KPIs

KPIs



	FY2022	FY2023	FY2024	FY2025 (Target)
Gross circulation value (GCV)	541.7 billion yen	599.3 billion yen	678.2 billion yen ¹	1 trillion yen
EBITDA ²	7.4 billion yen	7.4 billion yen	7.8 billion yen	10.0 billion yen
ROE	19.4%	19.6%	18.7%	20%
Dividend payout ratio	30.1%	30.1%	40.3%	30%

1. GCV for 2024 is provisional; actual GCV will be disclosed in 2025.
2. EBITDA = Operating profit + Depreciation + Amortization of goodwill

Not achieved

GCV of 1 trillion yen / EBITDA of 10 billion yen

Main factors

- ① The scale and number of mergers and acquisitions during the Medium-Term Management Plan was below plan.
- ② Transaction amount and performance in the Fashion Resale Business fell short of initial plan because of industrywide price declines.
- ③ Post-merger integration of two acquired companies is taking time, and the contribution to earnings is slower than initially expected.

Mostly achieved

ROE of 20% / Dividend payout ratio of 30%

Main factors

- ① We implemented a flexible capital policy, including the acquisition of treasury stock.
- ② Dividends have continued to increase, driven by profit generation through stable growth in existing businesses and our commitment to our dividend policy.

6

We have set four KPIs.

As of FY2024, GCV reached JPY678.2 billion against the JPY1 trillion target, while EBITDA accumulated to JPY7.8 billion toward the JPY10.0 billion goal.

Under “Blue Print 2025,” the focus was on driving EBITDA growth through M&A, alongside GCV growth, but this target was not fully achieved. While Mobility & Energy benefited from relatively stable market conditions, the Fashion Resale business saw a decline, causing a slight slowdown in growth momentum.

The post-merger integration process for the two acquired companies has taken longer than initially expected, but efforts will continue to ensure successful integration. As a result, the expected contribution to earnings has been slightly delayed, and the targets has not yet been met due to timing.

For ROE and dividend payout ratio, the Company was able to largely achieve the targets through a flexible capital policy, such as acquisitions of treasury stock, stable profit generation from existing businesses, and a commitment to the dividend policy.

Current Market Valuation and Return on Capital

Current Market Valuation and Return on Capital



While we believe the upward trend in our share price indicates a positive market valuation, we recognize that there are issues in terms of the number of shares in circulation, free float ratio and trading volume.



We consider ourselves to be generating a certain level of consistent return on capital given that our ROE has remained at around 20% and PBR has remained at around 2.0 times.



EPS is steadily increasing due to the sustained growth of existing businesses, and dividends are steadily increasing based on our commitment to maintaining a consolidated dividend payout ratio of 30%.



In 2022 and 2023, total shareholder return (TSR) and total return ratio were high due to the implementation of our flexible capital policy, including share buybacks.

7

I will now discuss the current market valuation and return on capital. Several graphs are presented on the slide.

Although trading volume remains low, the share prices have shown steady growth. The graphs for EPS and dividends appear relatively strong.

ROE has been maintained at around 18% to 19%. The PBR has been fluctuating around 2x and is currently at approximately 2.5x, indicating that a certain level of profitability has been secured.

Through share buybacks and other measures, the total shareholder return ratio has also remained at a high level.

Summary

Summary



Overview of Blue Print 2025 Progress	Business/ M&A	<ul style="list-style-type: none">• We concluded that it will be difficult to achieve GCV of 1 trillion yen and EBITDA of 10 billion during FY2025• Despite considering a record number of M&As, investments made did fall short of the allocated budget
	Capital/ Finance	<ul style="list-style-type: none">• We largely achieved our ROE target of 20% and achieved our dividend payout ratio target of 30%.• The stock markets evaluate Aucnet positively based on its capital efficiency, despite ongoing challenges relating to the free float ratio and trading volume.
Future Direction	Existing Businesses	<ul style="list-style-type: none">• Continue to increase number of pre-owned smartphones sold through diversification of sourcing entities• Focus on post-merger integration for the two acquired companies, strengthen global platform, and accelerate contribution to business earnings throughout the Fashion Resale Business
	New Businesses and M&As	<ul style="list-style-type: none">• Accelerate investment in new businesses such as accurate EV battery evaluation, reuse, and repurposing, and Selloop• Implement M&As that take into account growth and profitability targeting business expansion centered on BtoB businesses
	Capital Policy	<ul style="list-style-type: none">• Continue to implement a flexible capital policy and strengthen shareholder returns with a commitment to capital efficiency

Formulation of new Medium-Term Management Plan Blue Print 2027 based on the state of progress to 2024 and issues to be addressed

8

Here is the summary based on the previous discussion. Regarding business strategy, including both organic growth and M&A, achieving the GCV and EBITDA targets by FY2025 is deemed difficult under the current conditions.

While the number of M&A opportunities considered was the highest ever, actual execution fell short of the allocated budget. On the capital and financial front, ROE and the dividend payout ratio have been largely achieved. Although the free float ratio and trading volume remain areas for improvement, capital efficiency has been maintained at a relatively strong level.

I will now explain the business policies by business. In the Digital Product business, efforts will focus on diversifying sourcing entities to increase the number of pre-owned smartphones sold. For the Fashion Resale business, priority will be placed on post-merger integration for the two acquired companies, strengthening the global platform and network to enhance profitability.

Additionally, investments will be made in new businesses, including the EV battery business under Mobility & Energy and the new circular commerce service “Selloop.” Overall, M&A execution will continue, with a focus on expanding BtoB-centered businesses.

The approach to capital policy will remain flexible, with continued emphasis on capital efficiency and shareholder returns.

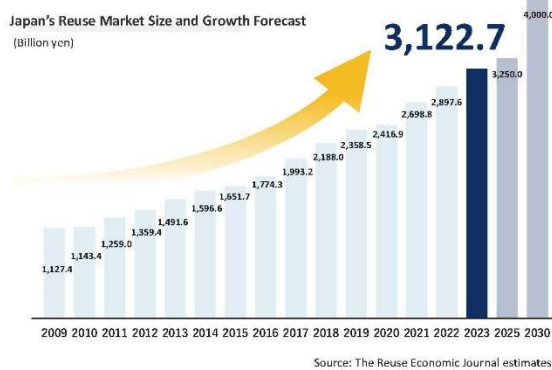
Based on these factors, while the previous Medium-Term Management Plan was set to run until the end of FY2025, a new three-year plan starting from FY2025, “Blue Print 2027,” has been formulated. With this update, the new Medium-Term Management Plan is now being launched.

Market Environment

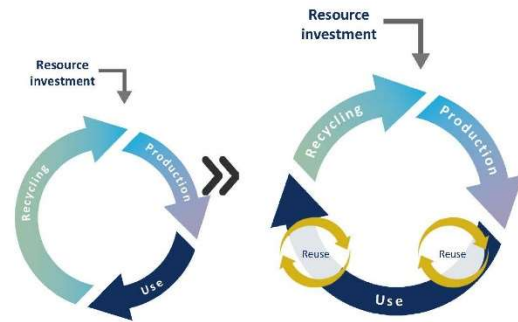
Market Environment



- Japan's reuse market has been expanding annually, and grew 7.8% year on year in 2023 to approximately 3.1 trillion yen.
- Reuse demand is increasing in Japan, in part due to the strategy formulated by the Ministry of Economy, Trade and Industry for a growth-oriented, resource-autonomous circular economy.



- Aucnet has been engaged in the reuse business since its establishment.
- For many years, recycling has long been a focus of social interest. However, in recent years, reuse as an extension of use has also become more of a focus.
- Our solutions maximize reuse, thereby optimizing the circulation of goods as a whole, including product development and recycling.



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I will now explain the new Medium-Term Management Plan, “Blue Print 2027.” As various media reports indicate, the reuse market continues to expand annually. In particular, interest in the circular economy is growing, attracting significant attention not only from government-led initiatives but also from the market and consumers, driving increasing demand.

While discussions on the circular economy have traditionally focused on recycling, recent trends emphasize reuse as an extension of product use, making it more easily understood by consumers and a highly recognized area within the market. Reuse is one of our core strengths.

Aucnet's Advantages

Aucnet's Advantages



01

Reuse Business Knowledge



- We deal in a wide range of products with a focus on the BtoB auction business.
- We can tap into the operational expertise we have acquired over the 40 years since our establishment in 1985.
- We are developing and updating auction systems tailored to particular products.

KPI* Transaction amount: 641.4 billion yen

02

Membership Network



- Demand for reuse is high worldwide, so we are expanding our business by broadening the variety of products we handle.
- We have established a global network with bases in Hong Kong, U.A.E., U.K., U.S., Denmark and Singapore.

KPIs* Number of member companies: 40,049
Number of countries/regions served: 76

03

Reliable and Safe Inspection and Grading Systems



- We have established an inspection and grading system to properly assess the value of various products.
- As a third-party, we verify the reliability of information essential for transactions involving reused goods.

KPI* Number of vehicles and items auctioned per year: 5.01 million

* As of 2024.

- Aucnet has been engaged in the reuse business since its establishment. We have established a solid position in the reuse industry by dealing in a diverse array of products and expanding our businesses in and outside Japan.
- Backed by growing interest in reuse, we aim to leverage our competitive advantages to expand our businesses further.

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Regarding our advantages, for the past 40 years, we have developed a reuse business across various product categories.

While many companies handle auction sales for one or two specific products, few globally operate a platform business for reuse across multiple categories, making us a unique presence in the industry.

Our transaction amount has grown to JPY641.4 billion, and our operations extend beyond Japan to global markets. We have established offices in Hong Kong, the U.A.E., the U.K., and other locations, building a strong global network.

As a result, our membership network has surpassed 40,000 companies, and we now operate in 76 countries and regions. A key factor supporting our global member network and sales is our inspection and grading system, which ensures that buyers can confidently purchase reused items across borders. More than 5 million items are rigorously inspected each year, enabling reliable transactions for customers.

Since our founding, we have built a solid position in the industry by handling a wide range of products and expanding internationally. With growing global interest in reuse, we aim to leverage our strengths to further expand our business.

Aucnet's Vision

Aucnet's Vision



Vision

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

Long-Term Target

Gross circulation value (GCV): 1 trillion yen

Medium-Term Quantitative Targets (2027)

EBITDA*	ROE	Dividend payout ratio
10 billion yen	15%–20%	40% or higher
Business and M&A Strategy ▶ p. 14–32	Capital and Financial Strategy ▶ p. 33–35	
ESG Strategy ▶ p. 36–38		

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

12

We at AUCNET INC. have made a public commitment regarding our future initiatives. Together with partners worldwide, the Company aims to take a proactive role in shaping the future of the circular economy.

The GCV target of JPY1 trillion will continue to be upheld as a long-term goal rather than a medium-term quantitative target. As for medium-term quantitative targets, the Company remains committed to achieving EBITDA of JPY10 billion, a goal that has yet to be reached.

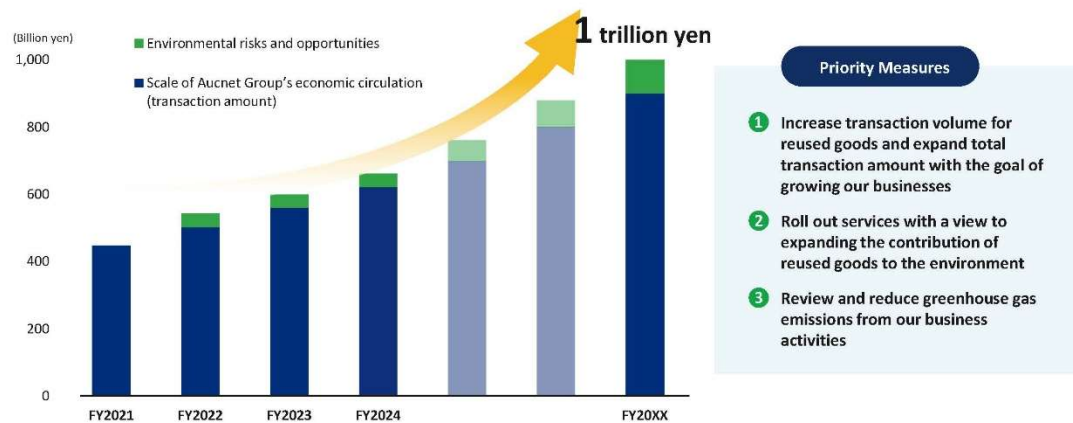
ROE is set at a target range of 15% to 20%, which is a high level, but we aim to maintain it steadily. The dividend payout ratio is targeted at 40% or higher, ensuring continued returns to shareholders.

Aiming for Gross Circulation Value (GCV) of 1 Trillion Yen

Aiming for Gross Circulation Value (GCV) of 1 Trillion Yen



- We continue to position GCV as one of our KPIs and are monitoring our economic and environmental impact.
- Our long-term target is GCV of 1 trillion yen.



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I will provide some additional details on our unique target, GCV of JPY1 trillion. GCV is the sum of the transaction amount of reused products and the environmental risks and opportunities associated with selling reused products.

As a priority measure, the focus is not only on expanding the transaction amount of reused products but also on enhancing our environmental contributions.

Additionally, by reducing greenhouse gas emissions generated by business activities, we aim to further increase GCV.

Business/M&A Strategy Aiming for EBITDA of 10 Billion Yen

Business/M&A Strategy

Aiming for EBITDA of 10 Billion Yen



While considering the factors behind the targets we fell short of under Blue Print 2025, we will aim to achieve EBITDA of 10 billion yen by 2027, leveraging information with greater accuracy than before.

Priority Growth



Lifestyle Products

Lifestyle Products Segment

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

Stable Growth



Mobility&Energy

Mobility & Energy Segment

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

Long-Term Growth



M&A and Investments in Human Capital

- We will strengthen our structure for executing M&As and our post-merger management structure, aiming to make a reliable contribution to the EBITDA target
- We will invest proactively in human capital in preparation for future business growth

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To achieve an EBITDA of JPY10 billion, various highly feasible initiatives have been identified to support this goal.

Although I will explain this later in the Digital Product business, in Lifestyle Product, there is an upcoming opportunity related to GIGA School devices, which have already been distributed to schools across Japan by local governments. The timing for these devices to enter the reuse cycle is approaching.

The necessary framework to integrate these devices has been established, and efforts will focus on increasing the transaction amount and sales units going forward.

For the Fashion Resale business, the necessary components have been put in place through past M&A activities. Efforts will now focus on enhancing operational efficiency by integrating Group functions and further expanding the global network.

For Mobility & Energy, as indicated in the slide, the focus is on stable growth, with further strengthening of the inspection system. With high market demand, efforts will be made to expand this area further. Additionally, by sourcing highly unique vehicles, we aim to expand used vehicle auctions and continue steady growth.

While some reports suggest a slight slowdown in the overall EV market, the timing for previously distributed new EVs to enter the reuse market is approaching. In preparation for the wider adoption of EVs, efforts will focus on capturing returning EVs while anticipating the transition from reuse to recycling.

The repurposing of EV batteries is also being actively pursued as a business initiative. Through these efforts, we expect to achieve profitability by 2027.

For long-term growth, further investments will be made in M&A and human capital.

EBITDA by Segment

EBITDA by Segment



- Target EBITDA* of 10 billion yen in FY2027 by growing existing businesses and conducting M&As.



The slide presents a bar graph illustrating how each segment is expected to contribute toward achieving EBITDA of JPY10 billion by 2027. As mentioned earlier, FY2025 will be a year of upfront investment and increased costs, leading to a slight decline in EBITDA. However, by FY2026, the target is to exceed FY2024 levels, with FY2027 set as the milestone for reaching JPY10 billion.

Summary of Factors Contributing to Changes in EBITDA

Summary of Factors Contributing to Changes in EBITDA



EBITDA	+ / -	FY2024	FY2025 (Forecast)	FY2026 (Forecast)	FY2027 (Forecast)
Lifestyle Products Segment		5.7 billion yen	5.2 billion yen	6.3 billion yen	7.0 billion yen
Digital Products	-	Cost increase due to upgrading of warehousing functions (response to GIGA School market and automation)			
	+	Handling of GIGA School devices contributes to increase in transaction amount			
Fashion Resale	-	Cost increase due to integration of operations functions			
	+	Productivity increase resulting from functional integration and efficiency increase (Expected cost reduction of approx. 0.6 billion yen/year)			
	+	Maximization of Group internal synergies, strengthening of global distribution			
Mobility & Energy Segment		3.9 billion yen	3.5 billion yen	3.8 billion yen	4.0 billion yen
Automobile	+	Increase in number of used vehicle inspections resulting from strengthened AIS inspection framework Increase in number of units sold through cooperation with MOTA Inc.			
	N/A*	Increase in amortization expenses* due to release of core system "BASE" and membership website "AUCNET CARS"			

* Although an increase in amortization expenses is not a factor contributing to changes in EBITDA, it has been listed here for reference purposes.

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Here are the specific initiatives and timelines for each business. For the Digital Product business, expanding warehousing functions is required this fiscal year. Additionally, cost increases related to automation are expected to impact performance this year.

At the beginning of the next fiscal year, GIGA School devices are expected to enter the Company's sales network, which will help increase the transaction amount.

For the Fashion Resale business, warehouses, systems, and various functions are currently operated separately by group companies. By integrating these functions, the goal is to improve profitability and reduce costs through operational efficiency starting in the second half of FY2025, leading to increased bottom-line profits.

Additionally, starting this fiscal year, Southeast Asia operations will be expanded and strengthened. Efforts will focus on maximizing the Group's internal synergies and enhancing global distribution.

Regarding Mobility & Energy, in the Automobile business, demand for AIS Inc. inspections is increasing, leading to situations where orders cannot be fully accommodated. To address this, the inspection framework will be strengthened to support a further increase in inspection volume.

Currently, the cooperation with MOTA Inc. is limited to a capital alliance, but moving forward, efforts will focus on seamlessly integrating distribution and auctions. This collaboration is expected to increase unit sales. The auction partnership is set to begin within the first half of this fiscal year.

Additionally, the core system and membership website are scheduled for release. While this will incur amortization expenses, it will have no impact on cash flow, meaning it is neutral in EBITDA calculations.

Summary of Factors Contributing to Changes in EBITDA

Summary of Factors Contributing to Changes in EBITDA



EBITDA	+ / -	FY2024	FY2025 (Forecast)	FY2026 (Forecast)	FY2027 (Forecast)
Other		-0.29 billion yen	-0.05 billion yen	0.10 billion yen	0.15 billion yen
	+	Losses narrow following withdrawal from unprofitable businesses (executed at the end of 2024)			
	+	In Agricultural Business, Kansai region auctions reach profitability			
	+	Promotion of Circular Commerce Business			
M&As		—	—	0.3 billion yen	0.7 billion yen
	+	Execute one M&A (around 3.0 billion yen)			
	+	Execute one M&A (around 3.0 billion yen)			
Adjustments (Company-wide expenses)		-1.5 billion yen	-1.7 billion yen	-1.9 billion yen	-2.0 billion yen
	-	Increase base pay, expand human capital investment			
	-	Introduce stock remuneration plan for employees 40th anniversary PR-related expenses			
Total		8.0 billion yen	7.2 billion yen	8.7 billion yen	10.0 billion yen

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For the Other businesses, since 2024, efforts have been made to streamline unprofitable businesses, and these measures have had a positive impact. As mentioned earlier, the Agricultural business related to flowers launched auctions in the Kansai region in December last year.

This fiscal year, efforts will focus on strengthening operations and enhancing customer support, with the goal of achieving profitability from 2026 onward.

Additionally, we will continue to promote the Circular Commerce business, which is currently undergoing proof-of-concept initiatives. For M&A, the target is to execute deals worth approximately JPY3.0 billion next fiscal year. While the timing remains uncertain, the plan is to complete around two deals within the Medium-Term Management Plan period.

Lastly, in terms of adjustments, we are expanding base salary increases and human capital management initiatives. This fiscal year will also include transitory costs associated with the 40th-anniversary events and the introduction of a stock-based compensation plan for employees.

Lifestyle Products Segment Overview



Lifestyle Products

Lifestyle Products Segment Overview



Given ongoing growth of the reuse market, we will expand and promote operations outside Japan as well as services for general consumers.

EBITDA

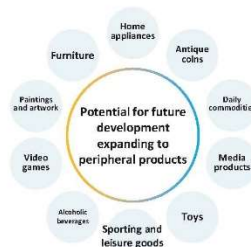
FY2024	FY2025 (Forecast)	FY2026 (Forecast)	FY2027 (Forecast)
5.7 billion yen	5.2 billion yen	6.3 billion yen	7.0 billion yen

Digital Products Business

Major products handled	Competitive advantages
<ul style="list-style-type: none"> Smartphones PCs 	<ul style="list-style-type: none"> Robust domestic and international buyer network Supplier network supporting commercial distribution of over 1.6 million devices per year Proprietary auction system that utilizes economic insights A service model that is customizable for each supplier Precise grading to maximize product value

Fashion Resale Business

Major products handled	Competitive advantages
<ul style="list-style-type: none"> Luxury brand items Apparel Alcoholic beverages 	<ul style="list-style-type: none"> Membership network in and outside Japan Inspection and grading expertise BtoB auctions among the largest in scale in the industry Low-cost operations Synergies between BtoB businesses and consumer service businesses



- We plan to launch a hobby and entertainment business by adding product categories such as paintings and artwork, antique coins and toys, alongside the alcoholic beverages primarily handled by JOYLAB, Inc. (acquired in 2024).
- In the hobby and entertainment business, we will establish a platform by leveraging our existing membership network while enhancing specialization in each product category.

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Here is an overview by segment. For Lifestyle Product, considering the expansion of the reuse market, efforts will focus on overseas expansion and the growth of consumer targeting business.

Regarding peripheral businesses, in 2024, an M&A was conducted for a liquor company. Moving forward, the goal is to expand beyond liquor into the consumer-oriented hobby and entertainment business.

Digital Products Business: Market Scale and Core Strategies

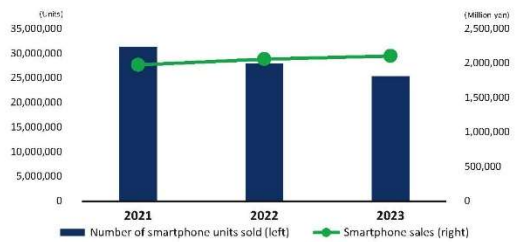


Be the most trusted, go-to leader in digital device circular tech



Market Scale

The number of smartphones sold in the overall market has been trending downward, but unit prices have been rising. On the other hand, the number of items sold by Aucnet increased in 2024, and we expect the number of units sold in the market as a whole to also recover. We will implement initiatives to upgrade our platform and expand our buyer network with the goal of increasing the total number of items sold.

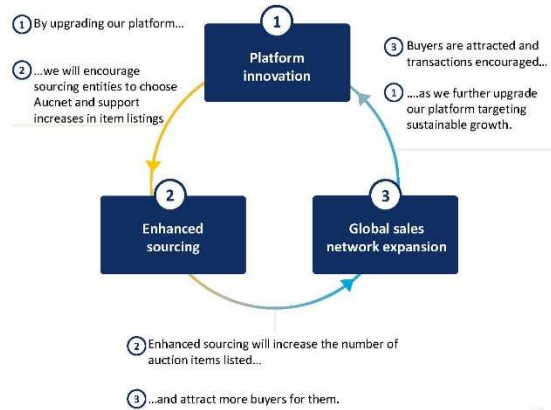


	FY2021	FY2022	FY2023	FY2024
Number of items sold by Aucnet (Units)	2,296,657	1,804,551	1,578,371	1,658,721

Source: Materials from the 55th Meeting, Ministry of Internal Affairs and Communications Working Group on Verification of Competition Rules



Core Strategies



For the Digital Product business, as shown in the graph on the left, the number of units sold in the overall market has been declining slightly since 2021, but in 2024, the number of items sold by us rebounded to 1.65 million units.

While the number of units sold had decreased, the average unit price increased, resulting in smartphone net sales remaining flat or slightly increasing. In 2024, both the number of units sold and unit prices increased, indicating a positive cycle.

Digital Products Business: Specific Initiatives

Lifestyle Products

Digital Products Business: Specific Initiatives



Specific Initiatives



Principal KPIs	FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2026 (Forecast)	FY2027 (Forecast)
Transaction amount (Million yen)	44,765	42,394	49,003	50,000	54,000	58,000
Items sold (Units)	1,804,551	1,578,371	1,658,721	1,700,000	1,850,000	2,000,000
Members (Registered members)	1,337	1,779	2,037	2,200	2,400	2,600

20

The core strategy focuses on enhancing the platform and sourcing capabilities to drive global sales expansion. Regarding the platform, we take pride in having developed the “hybrid auctions that apply economic insights,” which is believed to be a one-of-a-kind solution globally.

Additionally, operations will be further optimized through smart technologies. As part of circular tech services, AI-powered pricing for pre-owned smartphones, supplier portals, and other digital solutions will be introduced to enhance distribution services.

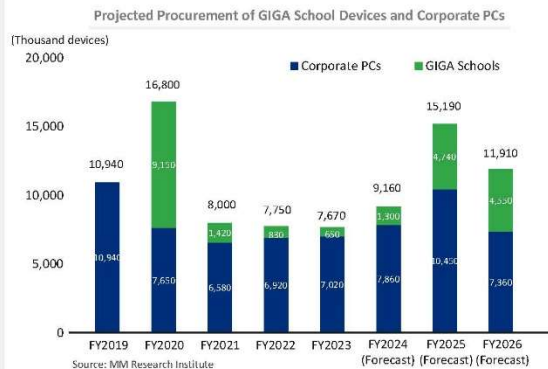
Leveraging these advantages, we aim to expand sourcing and listing channels, not only through consumer trade-in programs but also by expanding corporate trade-in system and trade-ins for educational institutions, with a focus on the GIGA School Initiative.

We will continue to expand our global sales network, with a particular focus on enhancing support systems. Personnel will be deployed across various locations to strengthen customer support and customer success functions. By the end of 2027, we target a sales unit of 2 million units, aiming to increase transaction amount while maintaining unit prices.

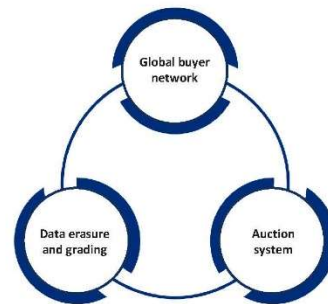
HIGHLIGHT

Capture new business opportunities through entry into the GIGA School market

The GIGA School Initiative, which launched during FY2020, has distributed a total of 12 million devices to date. These devices will need to be replaced in stages as their useful lives expire from FY2024 onward, and replacement demand is forecast for the 12 million GIGA School devices.



We support GIGA School device trade-ins throughout Japan, making full use of the grading expertise, advanced auction systems, and powerful global sales network that we have developed over the years. Looking to the future, we will position school trade-ins as an important market and strengthen various partnerships.



As a highlight topic, GIGA School has been mentioned several times. As shown in the graph on the left side of the slide, since 2020, approximately 12 million devices have been distributed across various educational institutions.

Since their useful lives expire, renewal will be required sequentially starting in the latter half of this year. In preparation for this, we have established a framework to fully support trade-in processes.

Our major strength lies in the global buyer network. Going forward, we will focus on distributing the devices through auctions after erasing data and performing grading. As a result, these efforts will contribute to achieving the previously stated volume targets.

Fashion Resale Business: Market Scale and Core Strategies



Fashion Resale Business: Market Scale and Core Strategies

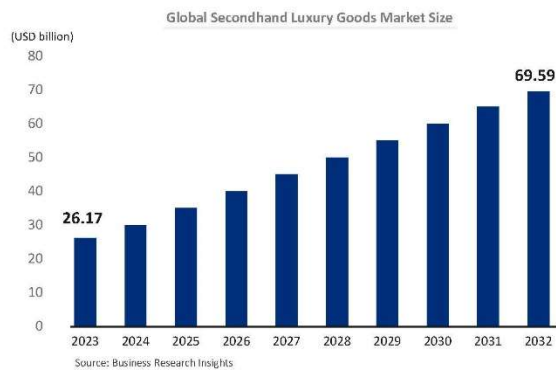


Build a high-value-added global platform to become a market leader



Market Scale

The global secondhand luxury goods market is expected to reach approximately USD 70 billion in 2032, and the reuse market is expected to continue to expand worldwide. Aucnet will also implement initiatives to globally raise the transaction amount.



Core Strategies



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The Fashion Resale business is a rapidly expanding market and the fastest-growing segment within the overall reuse industry. Outlined in the core strategy on the right side of the slide, the focus is on strengthening the BtoB platform while also incorporating consumer service business. By expanding global distribution, the goal is to further enhance and scale the platform.

Fashion Resale Business: Specific Initiatives



Fashion Resale Business: Specific Initiatives



Specific Initiatives

Enhance the BtoB Platform	Promote Global Business	Strengthen and Expand Consumer Service Businesses
<ul style="list-style-type: none"> Add functions to platforms Build pricing, matching and inventory management systems that leverage big data. Enhance systems for operations Improve the quality of inspection and grading by rigorously standardizing operation centers. Introduce new services Consider financial-related services and other high-value-added services. 	<ul style="list-style-type: none"> Bases in Europe and the U.S. (Denmark Office and USA Office) Partner with fashion resale companies to develop a network of local buyers, strengthen customer support, and implement local distribution. ASEAN (Singapore Office) Strengthen initiatives of local subsidiaries (joint ventures), and commence full-scale business operations that include promoting overseas bidding in auctions held in Japan and managing local auctions. 	<ul style="list-style-type: none"> Strengthen consumer service businesses Improve operational efficiency at Gallery Rare Ltd. and Defactostandard, Ltd., and increase awareness through investments in branding to strengthen purchasing and retail businesses. Expand consumer service businesses Promote post-merger integration encompassing new Group members Defactostandard, Ltd. and JOYLAB, Inc., and work with other companies to expand businesses and create new services.



Principal KPIs

		FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2026 (Forecast)	FY2027 (Forecast)
BtoB Business	Transaction amount (Million yen)	38,473	44,063	49,521	51,300	53,000	54,000
	Listed items (Units)	1,026,154	1,066,733	1,274,771	1,313,000	1,352,000	1,393,000
	Listed items sold ¹ (Units)	689,698	715,832	848,756	874,000	900,000	927,000
	Members ² (Registered members)	4,092	4,862	5,871	6,400	7,000	7,600
Business Targeting Consumers	Transaction amount (Million yen)	10,788	11,692	18,127	19,700	20,000	21,000

1. From 2024, the figures include the number of items sold at AUC BRAND MALL. 2. From 2022, members include overseas buyers.

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In the Fashion Resale business, the platform will be strengthened through big data-driven pricing and the standardization of operational systems across group companies. Additionally, we are considering high-value-added services, including those related to financial solutions.

Under the initiative to promote global business, offices were established in Denmark and Los Angeles in 2022. Through extensive discussions with buyers at these locations, opportunities have emerged not only for buyer participation but also for local distribution initiatives. Based on this, we aim to move beyond a “From JAPAN to Overseas” model toward a truly global distribution network.

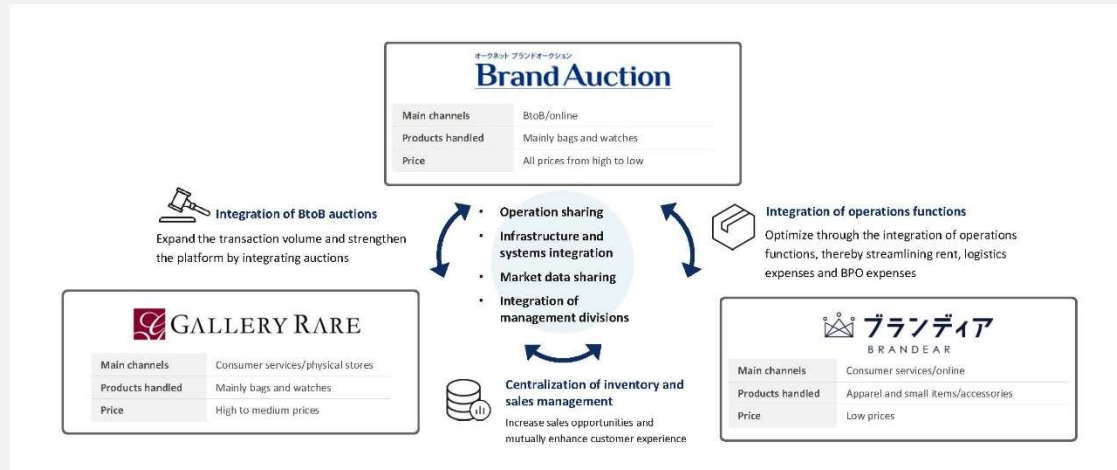
Additionally, a new office has been established in Singapore, part of the ASEAN region. As a result, efforts will be made to increase distribution in the Asian market further.

The consumer service business will be strengthened not only by improving operational efficiency but also by investing in branding and awareness, which has been a key challenge. These efforts will help enhance the overall consumer business.

The BtoB business has shown steady growth over the past three years. The core strategy is to expand BtoB operations further while integrating the consumer service business into the platform.

HIGHLIGHT

Improve management efficiency and enhance Group synergies by clarifying the role of each company and rationally integrating overlapping parts



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I would like to discuss the key highlight. The three auctions listed on the slide each serve distinct roles.

“BrandAuction” operates as a BtoB auction, covering a wide range of products from high to low price segments.

“GALLERYRARE” focuses primarily on consumer services/physical stores, specializing in high-end bags and watches.

“Brandear” operates mainly as an online consumer platform, specializing in lower-priced items, typically in the tens of thousands of yen range.

As shown in the center of the slide, efforts will focus on operation sharing, infrastructure and systems integration, market data sharing, and integration of management divisions. These initiatives aim to enhance management efficiency and strengthen group synergies.

Mobility & Energy Segment Overview



Mobility&Energy



Mobility & Energy Segment Overview

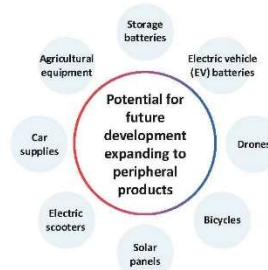


Anticipating technological innovations such as autonomous driving and electric vehicles and the increased diversification of mobility services, we are complementing our existing distribution business by expanding and delivering services in next-generation mobility markets.

EBITDA

FY2024	FY2025 (Forecast)	FY2026 (Forecast)	FY2027 (Forecast)
3.9 billion yen	3.5 billion yen	3.8 billion yen	4.0 billion yen

Automobile Business	
Major products handled	Competitive advantages
<ul style="list-style-type: none"> Used automobiles 	<ul style="list-style-type: none"> A system for fair and impartial used vehicle inspections provided by AIS Inc. A membership network of over 15,000 companies Various distribution channels ranging from Aucnet markets to partner venues Functions able to provide total support for distribution, from inspection to payment to the seller
Motorcycle Business	
Major products handled	Competitive advantages
<ul style="list-style-type: none"> Used motorcycles 	<ul style="list-style-type: none"> A system for fair and impartial used motorcycle inspection provided by AIS Inc. A membership network of over 2,500 companies Logistics network serving all of Japan Rental business and other services besides auction-based distribution



- We will establish appropriate valuation criteria suitable for adoption as the industry standard in the secondary market for used EVs, which is expected to expand in the future.
- We will establish a reuse and repurposing scheme for EV batteries.

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Regarding Mobility & Energy, in addition to the existing distribution business, we aim to expand services in the next-generation mobility sector. We are also considering expanding into peripheral products, with a focus on EV battery reuse and repurposing.

Automobile Business: Market Scale and Core Strategies



Build a unique one-stop distribution platform ecosystem



Market Scale and Aucnet's Share

Used car auction market

The market has remained stable overall despite short-term fluctuations due to the impact of semiconductor shortages, export restrictions to Russia, and the discovery of certification irregularities at car manufacturers.

Trends are anticipated to remain consistent in the future, but unit prices are expected to rise as used car prices increase in tandem with new car prices.

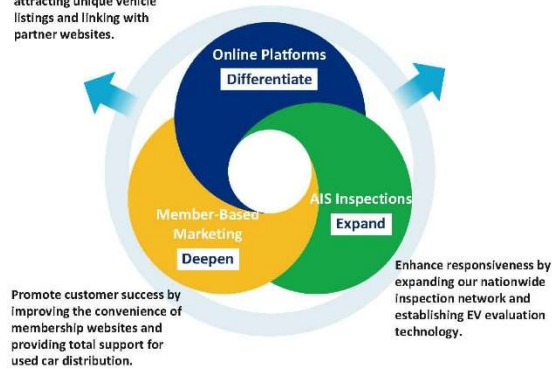
Aucnet's share

Variable around the 10% mark. We expect our share to increase to 11.5% by FY2027.



Core Strategies

Build a unique platform by attracting unique vehicle listings and linking with partner websites.



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As shown in the graph on the left side of the slide, the number of vehicles sold and the overall market have remained stable, with prices rising but no significant changes in transaction amount. However, despite this stability, the number of AUCNET's total vehicles sold has steadily increased.

The green line graph representing the Company's market share has also been growing by a few percentage points at a time, and efforts will continue to further expand this share. The target is to increase market share to 11.5% by 2027.

In addition to strengthening the online platform, the deepening of membership-based marketing has proven to be highly effective, contributing to market share growth. Additionally, AIS inspections will be expanded further.

Automobile Business: Specific Initiatives



Automobile Business: Specific Initiatives



Specific Initiatives

Online Platforms	Member-Based Marketing	AIS Inspections
<ul style="list-style-type: none"> • Attract off-lease vehicle listings Comprehensively collaborate with leasing companies to provide one-stop services from inspection to distribution and payment to the seller. • Alliance with MOTA Inc. Add vehicle listings via MOTA Car Purchase and increase unique vehicle listings through auction joint operations. • Link with e-commerce websites Encourage shared-inventory market participation by linking Aucnet's online platform with membership websites. 	<ul style="list-style-type: none"> • Develop and launch Aucnet Cars (membership website system) Expand customer contact points to generate business opportunities. Utilize systems to increase the efficiency of buying and selling operations. • Enhance loyalty programs Implement tailored measures based on the attributes of each member to improve engagement. • Manage membership organizations from a Group perspective Integrate intra-Group sales structures and member management functions, and communicate seamlessly with members. 	<ul style="list-style-type: none"> • Expand used vehicle inspection system We will address strong demand for inspections and avoid missed opportunities by increasing the number of inspectors and accelerating the build-out of a network covering all of Japan. • Expand scope of used vehicle inspections Establish evaluation technology for EV batteries and structure a system to address the expected increase in inspections needed for used EVs.

Principal KPIs	FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2026 (Forecast)	FY2027 (Forecast)
Number of used vehicles sold in the auction market (Vehicles)	4,725,233	5,179,181	5,282,807			
Vehicles purchased (Vehicles) [Share]	435,443 [9.2%]	502,616 [9.7%]	524,057 [9.9%]	554,695 [10.5%]	581,109 [11.0%]	607,523 [11.5%]
Members (Registered members)	14,949	15,142	15,501	15,650	15,800	16,000
Number of Inspections* (Vehicles)	1,086,022	1,262,908	1,396,305	1,430,000	1,460,000	1,500,000

* Combined total of used cars and used motorcycles inspected

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Here are the specific initiatives. The online platform and membership website will be renewed and integrated this year. For vehicles listed on the platform, a comprehensive partnership with leasing companies will enable AUCNET to provide a one-stop service covering inspection to distribution and payment to the seller. Through this enhancement, we aim to secure AUCNET's exclusive distribution vehicle.

Additionally, collaboration with MOTA Inc., a rapidly growing company, is being strengthened. By linking with "MOTA Car Purchase," which is actively promoted through commercials, we expect to increase the number of vehicles exclusively listed on AUCNET's platforms.

For membership-based marketing, in addition to the renewal of the membership website system, efforts are being made to enhance the loyalty program. Various initiatives are being implemented to strengthen engagement with members.

For AIS inspections, strengthening the system is expected to enable further growth. By establishing this framework, the scope of inspections will be expanded, not only covering conventional vehicles but also enabling EV inspections. While various companies are working in this field, we believe we currently have a slight lead. We hope to further strengthen this competitive advantage.

HIGHLIGHT

Link our membership network to MOTA auctions and attract more unique vehicle listings

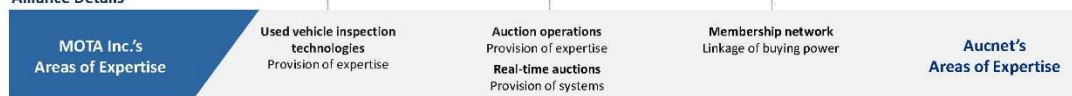
- Strengthen cooperation with MOTA Inc., which operates MOTA Car Purchase, a leading car purchasing service in Japan.
- Provide exceptionally strong buying power by linking our membership network of approximately 15,000 companies to MOTA auctions, which feature industry-leading used vehicle listings.

(Scheduled for the first half of FY2025)

Overview of MOTA Auctions



Alliance Details



Create a unique auction platform that provides access to vehicles that are not available for purchase at other auction venues.

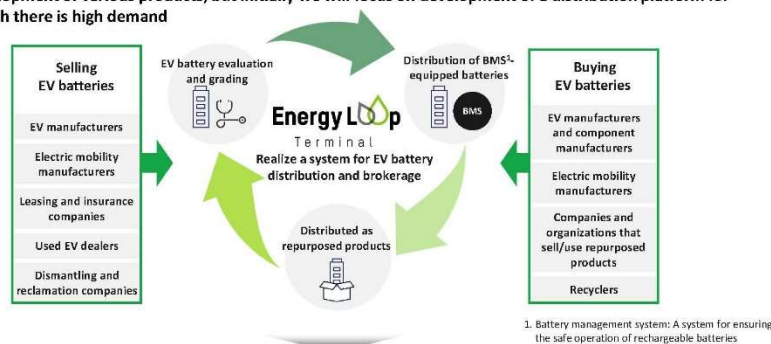
28

Here is a highlight about MOTA Inc. The company has strong consumer recognition, as it actively promotes its services across various advertising channels. However, despite strong demand for buying and selling vehicles, there are still challenges in building a BtoB buyer network.

AUCNET's membership network of approximately 15,000 companies can provide exceptionally strong buying power by forming a strong partnership with MOTA. This collaboration is expected to create a Win-Win relationship, and efforts are currently underway to integrate the platforms within the first half of this fiscal year.

HIGHLIGHT Development of Energy Loop Terminal

- Energy Loop Terminal is a platform for distribution of repurposed products
- There is potential for development of various products, but initially we will focus on development of a distribution platform for used EV batteries, for which there is high demand



Through a business alliance with MIRAI-LABO Co., Ltd., we will ensure safe and reliable distribution by providing quality assurance for EV batteries, as well as for repurposed products.

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I will explain the “Energy Loop Terminal.” Accurately diagnosing the degradation status of used EV batteries will enable higher resale values for EVs, which currently experience significant price drops. This will help establish a secure and reliable distribution network similar to the used vehicle market.

Additionally, batteries that are no longer suitable for EV use can be repurposed for alternative applications, creating new distribution channels. We have been investing in technology to support this initiative. Since the latter half of last year, significant progress has been made in developing this technology, leading to the launch of a platform that connects buyers and sellers.

Although it has not yet evolved into a full-fledged auction model, efforts will focus on expanding and solidifying this initiative, aiming to establish it as a key distribution pillar in the future.

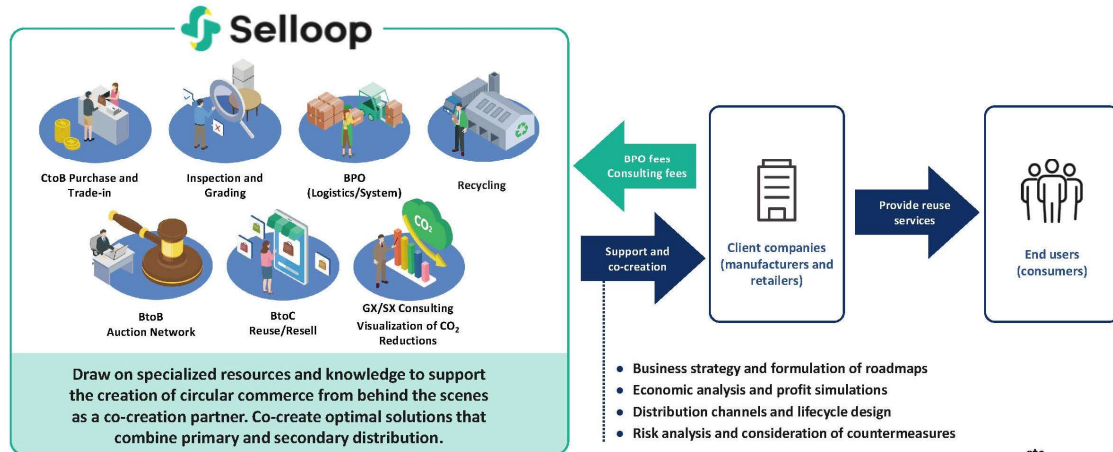
New Strategy: Selloop (Overview)



New Strategy: Selloop (Overview)



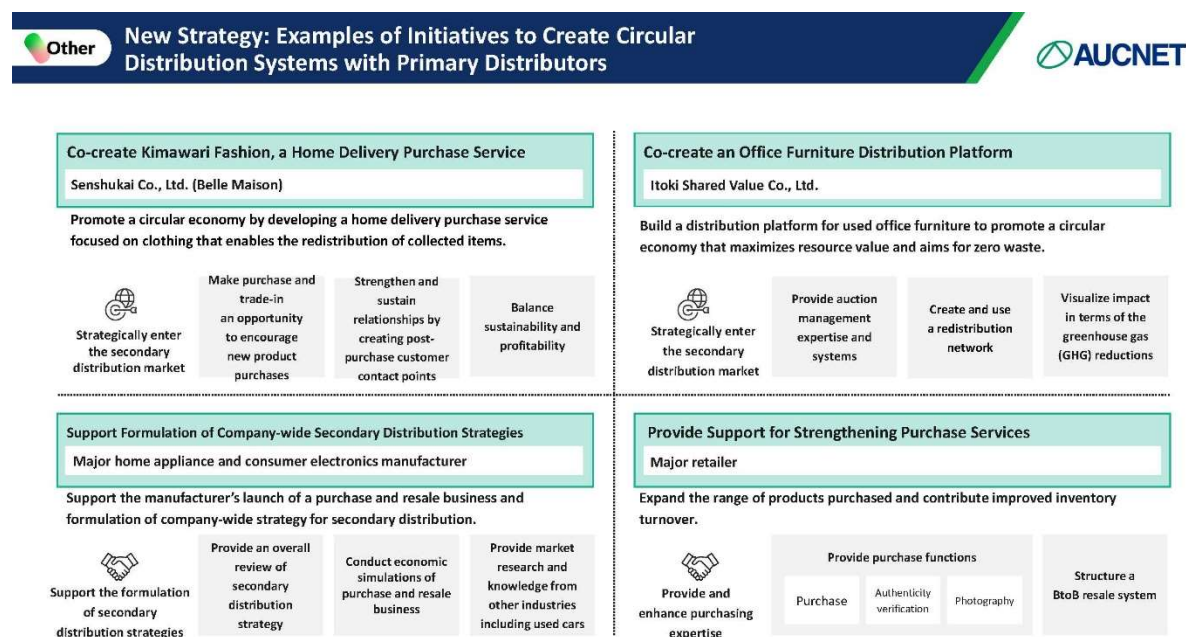
Support the launch and operation of secondary distribution services for manufacturers and retailers.
Create a new circulation-based distribution business that combines primary and secondary distribution, and support the development of primary distribution.



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In the “Selloop” service, we support manufacturers and retailers in launching secondary distribution services.

New Strategy: Examples of Initiatives to Create Circular Distribution Systems with Primary Distributors



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We have received very high evaluations regarding Senshukai Co., Ltd. (Belle Maison). The company's IR has also provided positive comments.

Additionally, we are conducting a proof-of-concept on the distribution of used office furniture in collaboration with Itoki Shared Value Co., Ltd., dealing with office furniture. At this stage, names are withheld, but discussions are underway toward collaboration, starting in a consulting-like manner with major home appliance manufacturers and retailers. In the future, we look forward to introducing such new initiatives to you.

Deploying the knowledge and experience we have gained in M&As and post-merger integration, we will continue to pursue M&As to maximize corporate value.

Investment Budget

M&A investment: 5.0–7.0 billion yen

While preserving financial soundness and our ability to make investments in the future, we have set an investment budget of 5.0 to 7.0 billion yen, with funding based on the utilization of surplus capital.

Profit Target

EBITDA target: 700 million yen

Consider and pursue M&As and alliances from an overall Group perspective, with a target of contributing 700 million yen to EBITDA in FY2027.

Selection Policy

**Synergies with existing businesses
Business expansion in markets we already serve**

Implement M&As and engage in alliances targeting synergies with existing and peripheral businesses, in order to achieve business expansion centered on BtoB

Carefully scrutinize issues including growth potential and profitability in considerations to consider a reasonable EV/EBITDA multiple (hypothetically around 10x)

Strengthen Our Organizational Structure

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

Consider projects from a Group perspective in the Business Development Planning Department, which is under the direct control of the president

Enhance cooperation among business divisions and implement post-merger integration to quickly generate synergies with existing businesses

32

This is regarding M&A strategy. Over the next three years, an investment of approximately JPY5.0 billion to JPY7.0 billion is budgeted, with the goal of ultimately increasing EBITDA by around JPY700 million.

As before, simply acquiring a large number of companies is not the objective; instead, the focus is on carefully selecting companies with expected synergy effects and expanding within the same domain.

Regarding the structure, significant reinforcement has been made since the middle of the previous Medium-Term Management Plan. A dedicated department has been established, and considerations will include post-merger integration to ensure the creation of synergies.

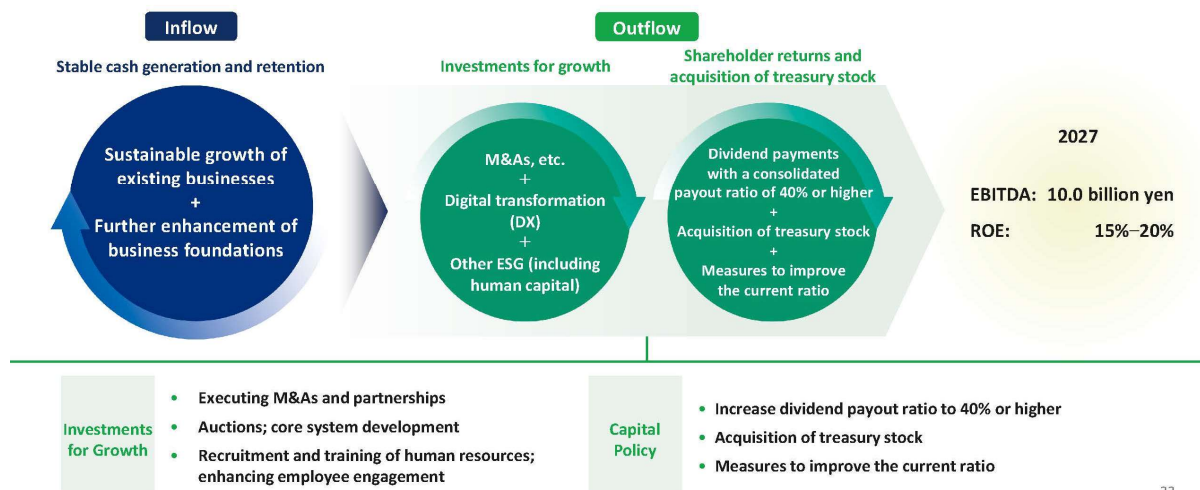
Capital and Financial Strategy Capital Strategy

Capital and
Financial Strategy

Capital Strategy



We aim to realize our targets through the stable cycle of our capital strategy.



33

This is regarding capital strategy. Regarding the business growth previously mentioned, the left side of the slide indicates cash inflow, while for outflows, investments will continue to be made toward growth. M&A and partnerships may incur some costs, but these will be executed as planned.

Additionally, investments will focus on foundational digital transformation areas such as auctions and core system development, as well as human capital management initiatives, including recruitment and training of human resources and enhancing employee engagement, all aimed at driving growth.

Shareholder returns and acquisition of treasury stock that have been carried out so far will also continue, with the ultimate goal of achieving EBITDA of JPY10.0 billion and an ROE of 15% to 20% by 2027.

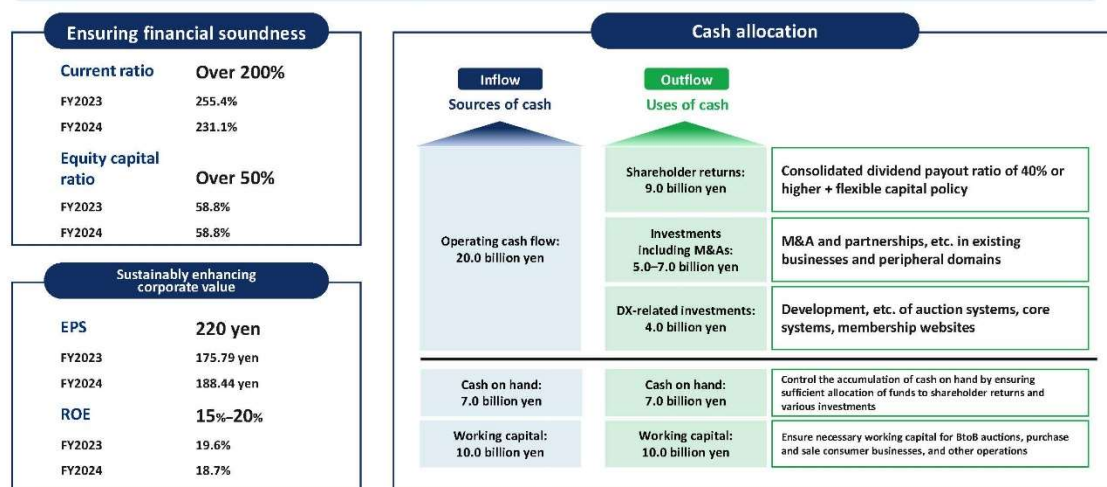
Capital and Financial Strategy Financial Strategy

Capital and
Financial Strategy

Financial Strategy



We aim to achieve growth through aggressive investments and sustained increases in corporate value while ensuring financial soundness.



34

Regarding financial soundness, the target is to maintain a current ratio of over 200%, an equity capital ratio of over 50%, and an EPS of JPY220 per share. ROE will be maintained at 15% to 20%.

In terms of cash allocation, with a transaction amount exceeding JPY600.0 billion, it is necessary to secure a certain level of working capital and cash on hand. Excluding these, the estimated JPY20.0 billion in available cash will be strategically invested in shareholder returns, M&A, and DX initiatives.

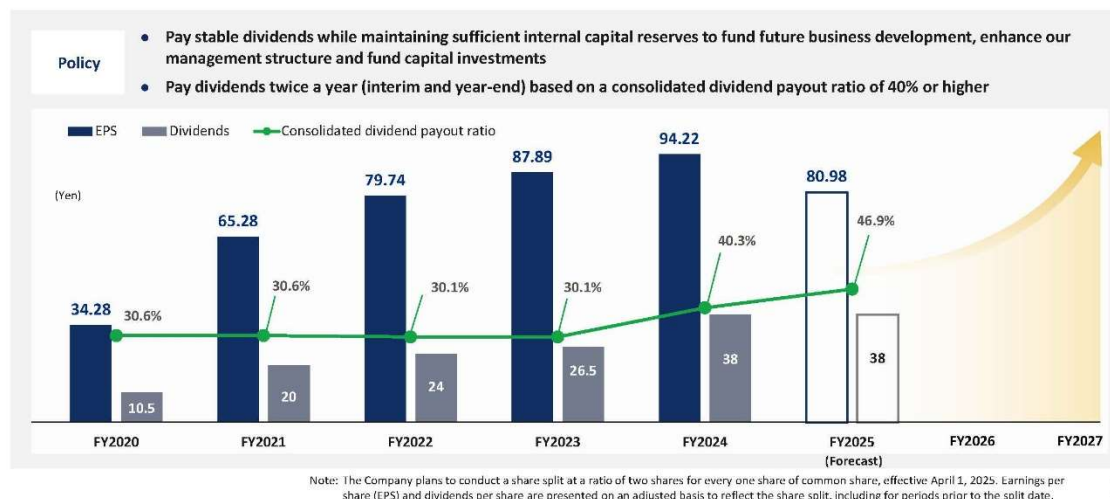
Capital and Financial Strategy Shareholder Returns

Capital and
Financial Strategy

Shareholder Returns



Enhance shareholder returns by raising the consolidated dividend payout ratio from 30% to 40% or higher



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I will explain shareholder returns. The consolidated dividend payout ratio has been raised from the conventional 30% to over 40%. Based on this, the approach will remain flexible in response to changes in various social environments and financial conditions while maintaining a stable shareholder return policy.

For 2025, in line with maintaining a growth trajectory, the payout ratio has been set at 40%, with dividends expected to remain at the same level as in the FY2024.

Regarding the ESG strategy, particularly the “E” aspect, we believe that various value-added services can be provided. With a focus on this area, ESG initiatives that contribute to business growth will be pursued.

That concludes the explanation. Looking ahead, we hope you will continue to have expectations for AUCNET, not only for the coming year but also for the three-year Medium-Term Management Plan.