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September 24, 2025

To whom it may concern:

Company name	AUCNET INC.
Representative	Shinichiro Fujisaki, Representative Director and President & CEO
Securities code	3964
	Prime Market, Tokyo Stock Exchange
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Notice Concerning Absorption-Type Merger (Simplified Merger and Short-Form Merger) of Wholly Owned Subsidiaries

AUCNET INC. (the “Company”) hereby announces that at the Board of Directors’ meeting held on September 24, 2025, a resolution was passed concerning an absorption-type merger of AUCNET MOTORCYCLE INC. (“AMC”), AUCNET AGRI BUSINESS INC. (“AAG”), AUCNET CONSUMER PRODUCTS INC. (“ACP”), and AUCNETMEDICAL INC. (“AMD”), all of which are wholly owned subsidiaries of the Company, with an effective date of December 31, 2025. The details are described below.

As this is an absorption-type merger of wholly owned subsidiaries, disclosure of certain items and details has been omitted.

1. Purpose of the merger

Various subsidiaries of the Company have been operating the auctions of used motorcycles, flowers, pre-owned luxury brand items, and used medical equipment, but it has been determined that merging these subsidiaries into the Company and operating them as a single entity will reduce management costs, improve operational efficiency, and further strengthen business competitiveness of the Company.

2. Summary of the merger

(1) Time table for the merger

Date of resolution at the meeting of the Board of Directors	September 24, 2025
Date of conclusion of the agreement	November 1, 2025
Effective date	December 31, 2025

Note: The merger is considered a simplified merger for the Company as stipulated in Article 796, Paragraph 2 of the Companies Act, and a short-form merger for AMC, AAG, ACP, and AMD as stipulated in Article 784, Paragraph 1 of the Companies Act. As such, the merger will be conducted without obtaining approval for the merger agreement at a general shareholders meeting.

(2) Form of the merger

The merger will be conducted as an absorption-type merger, with the Company as the surviving company, and AMC, AAG, ACP, and AMD will be dissolved.

Although AMC and AMD are shown to have negative net worth, AMC’s insolvency has been resolved as of August 31, 2025, and the merger is scheduled to be conducted upon resolving AMD’s insolvency by the Company

forgiving its claims against AMD prior to the merger.

Description of claims to be forgiven	Short-term loans receivable
Amount of claims to be forgiven	¥30 million (scheduled)
Effective date	November 1, 2025 (scheduled)

(3) Details of allotment related to the merger

As this is a merger with wholly owned subsidiaries of the Company, no consideration will be paid as a result of the merger.

(4) Handling of share acquisition rights and bonds with share acquisition rights in connection with the merger

Not applicable

3. Overview of companies involved in the merger (as of December 31, 2024)

	Surviving company	
(1) Name	AUCNET INC.	
(2) Location	5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo, Japan	
(3) Job title and name of representative	Shinichiro Fujisaki, Representative Director and President & CEO	
(4) Description of business	A market designing company for circular distribution	
(5) Share capital	¥1,807 million	
(6) Date of establishment	March 9, 1984	
(7) Number of issued shares	24,763,200 shares	
(8) Fiscal year-end	December 31	
(9) Major shareholders and ownership ratios	FLEX CORPORATION	37.77%
	Blue Peak, Inc.	9.77%
	GOLDMAN SACHS & CO. REG (Standing proxy: Goldman Sachs Japan Co. Ltd.)	6.43%
	GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co. Ltd.)	5.46%
	Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd.	5.23%
	Retirement Benefit Trust Account re-entrusted by Orient Corporation	
	NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	4.16%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.61%
	NAMAI ASSET MANAGEMENT INC	2.82%
	NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	2.43%
	AUCNET INC.	2.03%
(10) Operating results and financial position for the most recent fiscal year		
Fiscal year	Fiscal year ended December 31, 2024 (consolidated)	
Net assets	¥26,166 million	
Total assets	¥44,040 million	
Net assets per share	¥1,084.08	
Net sales	¥55,910 million	
Operating profit	¥7,005 million	
Ordinary profit	¥7,207 million	

Profit attributable to owners of parent	¥4,485 million
Basic earnings per share	¥188.44

	Company ceasing to exist	Company ceasing to exist
(1) Name	AUCNET MOTORCYCLE INC.	AUCNET AGRI BUSINESS INC.
(2) Location	5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo, Japan	5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo, Japan
(3) Job title and name of representative	Hirosuke Fukuda, Representative Director and President	Susumu Ozaki, Representative Director and President
(4) Description of business	Operation of auctions of used motorcycles	Operation of auctions of flowers
(5) Share capital	¥30 million	¥30 million
(6) Date of establishment	January 5, 2015	January 5, 2015
(7) Number of issued shares	600 shares	600 shares
(8) Fiscal year-end	December 31	December 31
(9) Major shareholders and ownership ratios	AUCNET INC. 100%	AUCNET INC. 100%
(10) Operating results and financial position for the most recent fiscal year		
Fiscal year	Fiscal year ended December 31, 2024 (non-consolidated)	Fiscal year ended December 31, 2024 (non-consolidated)
Net assets	¥(124) million	¥445 million
Total assets	¥251 million	¥565 million
Net assets per share	¥(207,281.36)	¥743,075.20
Net sales	¥1,141 million	¥938 million
Operating profit	¥73 million	¥115 million
Ordinary profit	¥73 million	¥117 million
Profit attributable to owners of parent	¥62 million	¥76 million
Basic earnings per share	¥104,311.25	¥127,096.28

	Company ceasing to exist	Company ceasing to exist
(1) Name	AUCNET CONSUMER PRODUCTS INC.	AUCNETMEDICAL INC.
(2) Location	5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo, Japan	5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo, Japan
(3) Job title and name of representative	Yasuto Saito, Representative Director and President	Masahiro Fujisaki, Representative Director and President
(4) Description of business	Operation of auctions of pre-owned luxury brand items	Operation of auctions of used medical equipment
(5) Share capital	¥30 million	¥59 million
(6) Date of establishment	January 5, 2015	March 10, 2014
(7) Number of issued shares	600 shares	2,380 shares
(8) Fiscal year-end	December 31	December 31
(9) Major shareholders and ownership ratios	AUCNET INC. 100%	AUCNET INC. 100%
(10) Operating results and financial position for the most recent fiscal year		
Fiscal year	Fiscal year ended December 31, 2024 (non-consolidated)	Fiscal year ended December 31, 2024 (non-consolidated)
Net assets	¥1,722 million	¥(20) million
Total assets	¥2,213 million	¥9 million
Net assets per share	¥2,871,307.48	¥(8,543.59)

Net sales	¥3,698 million	¥0 million
Operating profit	¥1,096 million	¥(0) million
Ordinary profit	¥1,098 million	¥(0) million
Profit attributable to owners of parent	¥722 million	¥(0) million
Basic earnings per share	¥1,204,388.90	¥(380.58)

4. Status after the merger

There will be no changes to the Company's name, location, representative, business activities, share capital, or fiscal year-end as a result of the merger.

5. Future outlook

The impact on the Company's consolidated financial results from the merger is minimal.

End