

FY2021 Second Quarter Results Briefing

August 10th, 2021

AUCNET INC.

(TSE 1st section : 3964)



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1 . FY2021 Second Quarter Cumulative Results

FY2021 Second Quarter Cumulative Results Highlights

FY2021 2Q

Net sales increased significantly due to the impact of the addition of GALLERY RARE Ltd.
Profits were significantly higher than in the same period of the previous fiscal year due to the continued growth in demand for online auctions.

Net Sales 18,611 million yen

YoY +78.7%

Operating Profit 3,515 million yen

YoY +98.8%

Ordinary Profit 3,718 million yen

YoY +106.3%

**Profit attributable to
Owners of Parent 2,383 million yen**

YoY +125.0%

~ The Digital Product Business and Consumer Product Business continued to drive the growth as in the first quarter. ~

Digital Product Business

Net Sales 3,923 million yen

YoY +32.9%

➤ Increase in the sales units, and buying power by expanding the buyer network

Segment Income 2,230 million yen

YoY +82.3%

➤ Increase in unit price of items

Consumer Product Business

Net Sales 6,916 million yen

YoY +1066.2%

➤ Increase in transactions and rising market prices due to the penetration of online auctions

Segment Income 649 million yen

YoY +170.2%

➤ Consolidation of GALLERY RARE Ltd. and improving efficiency through PMI

FY2021 Second Quarter Cumulative Results Consolidated Financial Results

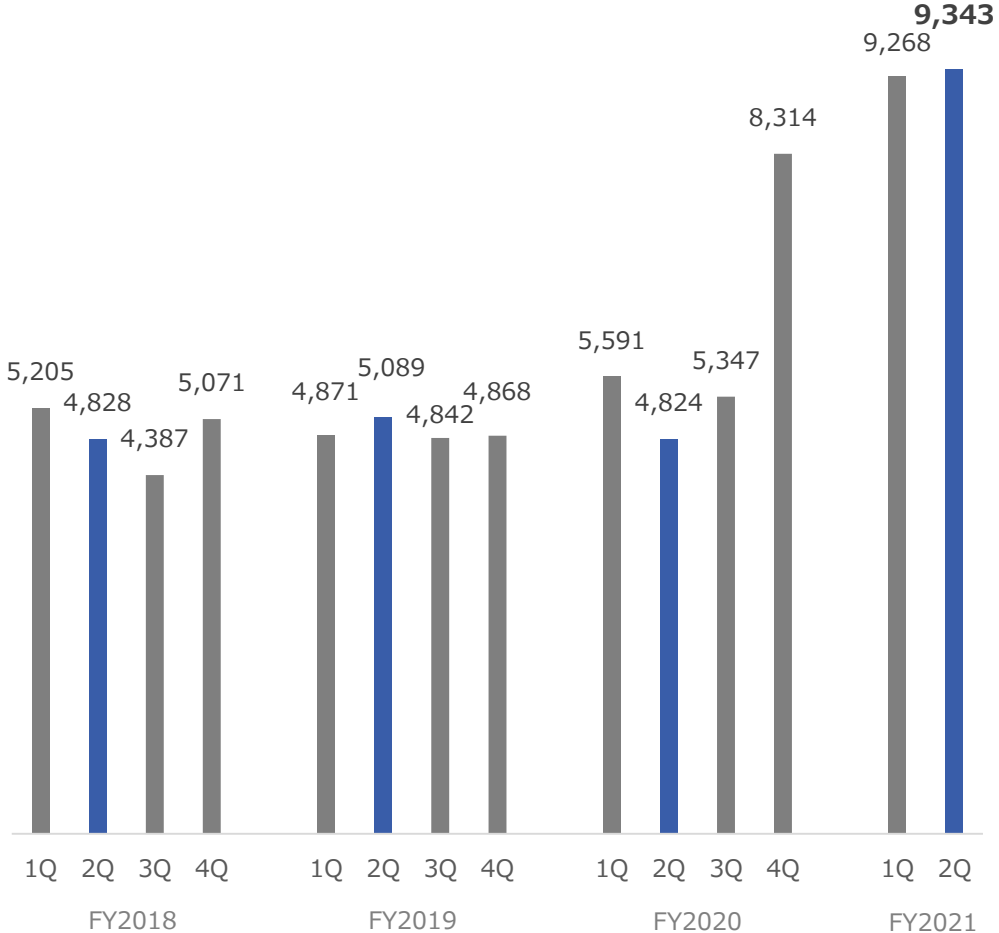
- Both sales and profit increased year on year in all segments as in the first quarter.
- Net sales increased significantly due to the impact of the addition of GALLERY RARE Ltd. to the scope on consolidation in October 2020.

(Million Yen)	FY2020 2Q	FY2021 2Q	YoY	FY2021 Revised Forecast (May 11, 2021)	Rate of Progress
Net Sales	10,416	18,611	+78.7%	34,351	54.2%
Operating profit	1,768	3,515	+98.8%	4,496	78.2%
Operating profit margin	17.0%	18.9%	+1.9pt	13.1%	
Ordinary profit	1,803	3,718	+106.3%	4,558	81.6%
Profit attributable to owners of parent	1,059	2,383	+125.0%	2,516	94.7%
Basic earnings per sales	38.33 Yen	85.95 Yen	+47.62 Yen	90.63 Yen	94.8%

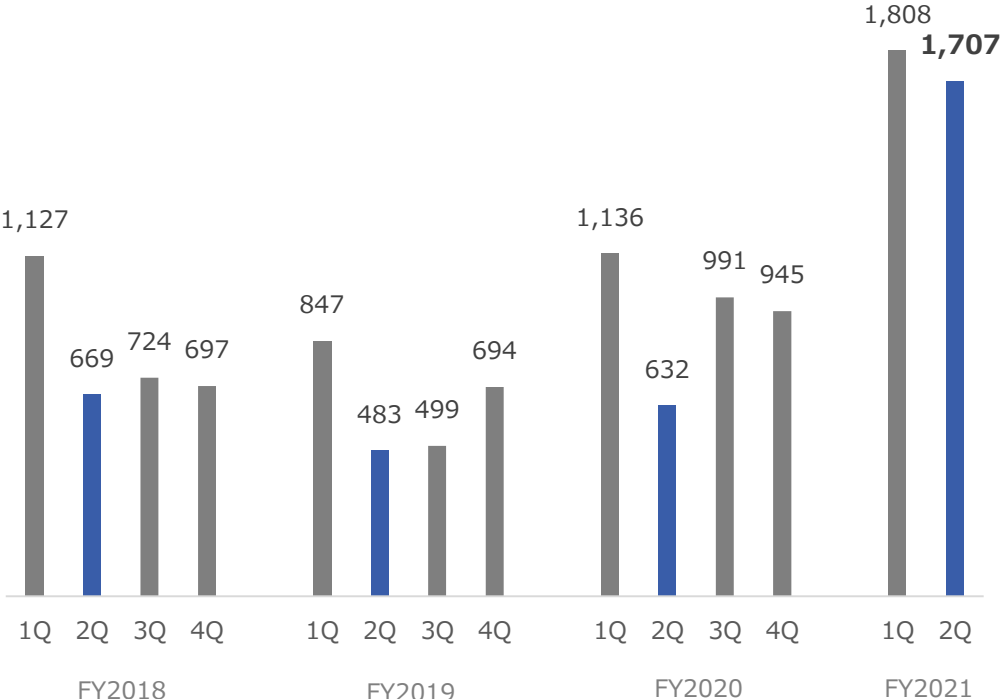
FY2018~FY2021 Consolidated Financial Results by Quarter

Net Sales

(million yen)



Operating Profit

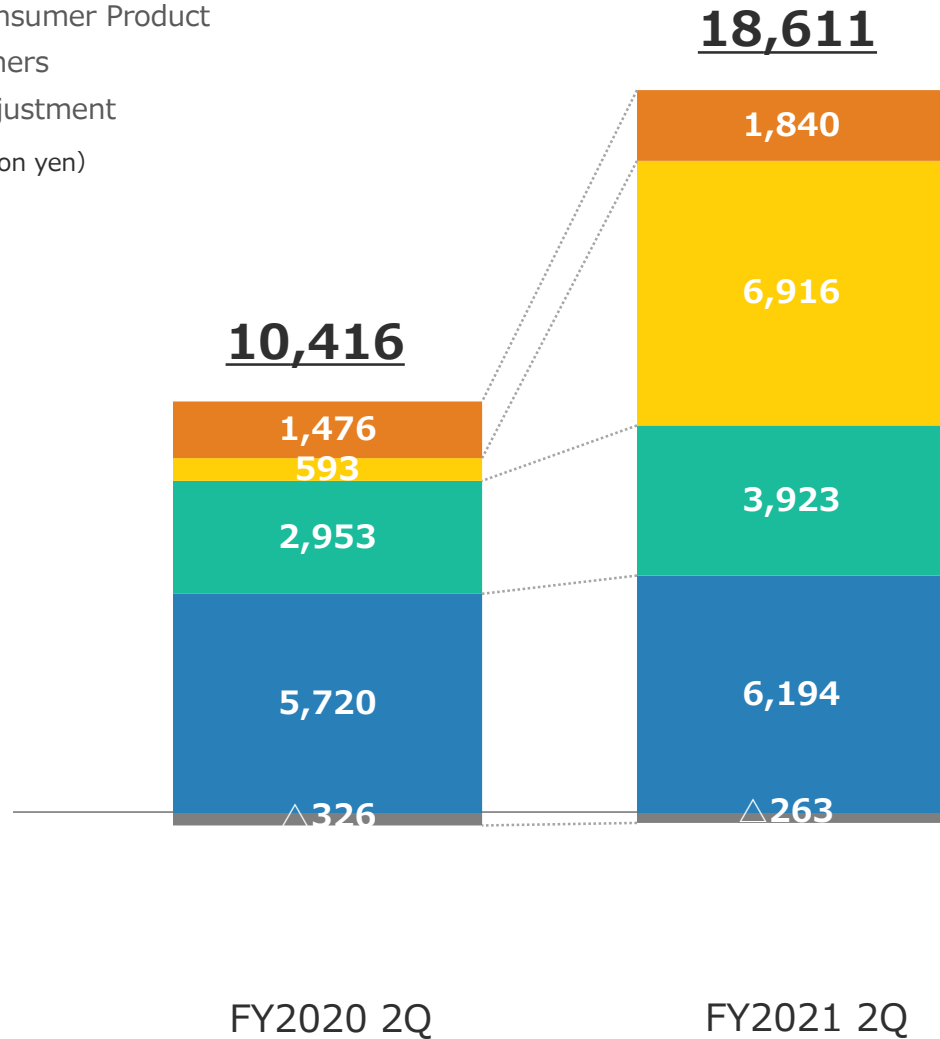


FY2021 Second Quarter Cumulative Results

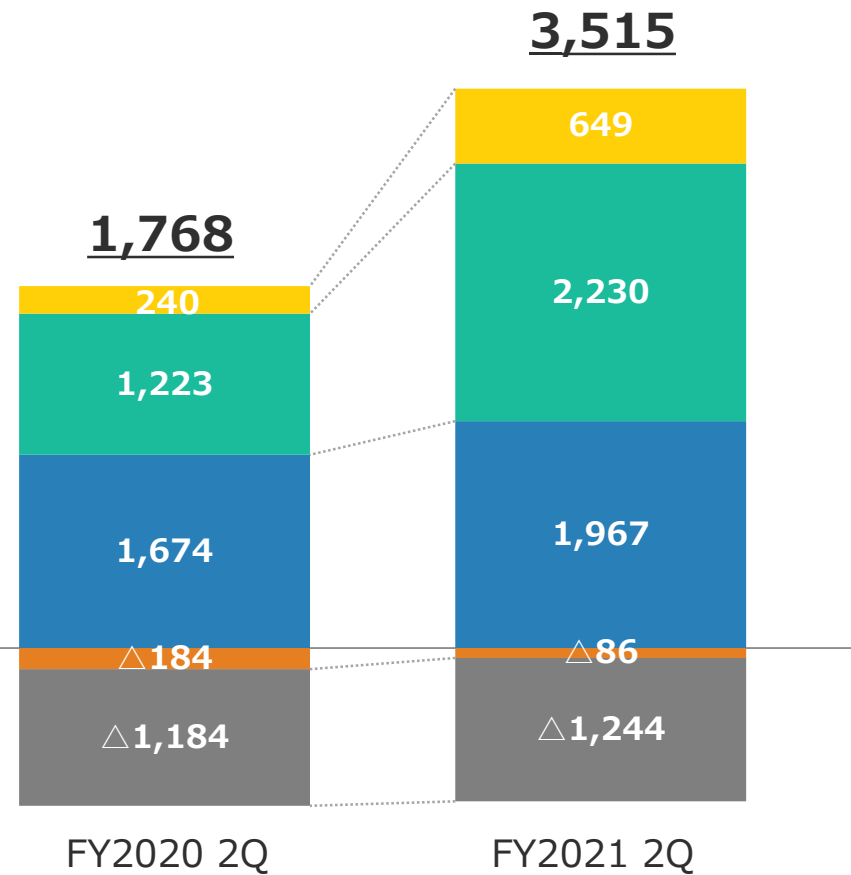
Segment Increase/Decrease

- Automobile
 - Digital Product
 - Consumer Product
 - Others
 - Adjustment
- (million yen)

Net Sales



Operating Profit



FY2021 Second Quarter Cumulative Results Transaction Amount by Segment



Transaction Amount

232,092 million yen (YoY + 34.7%)

Automobile

178,389 million yen
(YoY + 24.8%)



Digital Product

24,355 million yen
(YoY + 41.9%)



Consumer Product

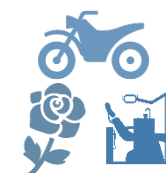
19,641 million yen
(YoY + 202.7%)



※ Transaction amount of GALLERY RARE Ltd. has been consolidated since 4Q in 2020.

Other

9,705 million yen
(YoY + 70.7%)



※ Motorcycle, flower and medical-related businesses etc.
※ Transaction amount of Kinuta Flower Auction CO.LTD has been consolidated since 3Q in 2020 for the flower business.

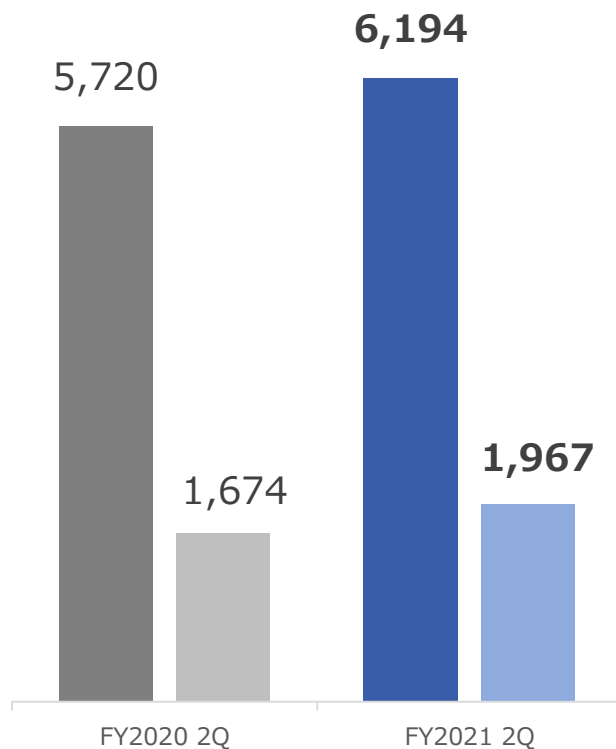
※ Transaction Amount : Total value of the products distributed through the services provided by AUCNET in each business

2. Segment Information

FY2021 Second Quarter Cumulative Results

- Both sales and profit increased year-on-year. (Net Sales +8.3%, Segment Income +17.5%)
- In addition to the widespread use of online auction and proxy service in the industry, demand for used vehicles increased on the back of longer delivery times for new vehicles and recovery in used vehicle exports, and so live-linked auctions and proxy bidding service performed well. Auction-related sales were strong.
- In the vehicle inspection service, the number of inspections for external customers continued to be strong as in the first quarter, resulting in an increase in sales of inspection fees.

■ Net sales ■ Segment income (million yen)



Net Sales Composition

(million yen)	FY2020 2Q	FY2021 2Q	YoY
Auction-related	2,487	2,789	+12.1%
Membership fee	1,385	1,361	△1.7%
Inspection fee	1,584	1,720	+8.6%
Other	882	945	+7.1%
Adjustment	△619	△ 623	
Net Sales	5,720	6,194	+8.3%

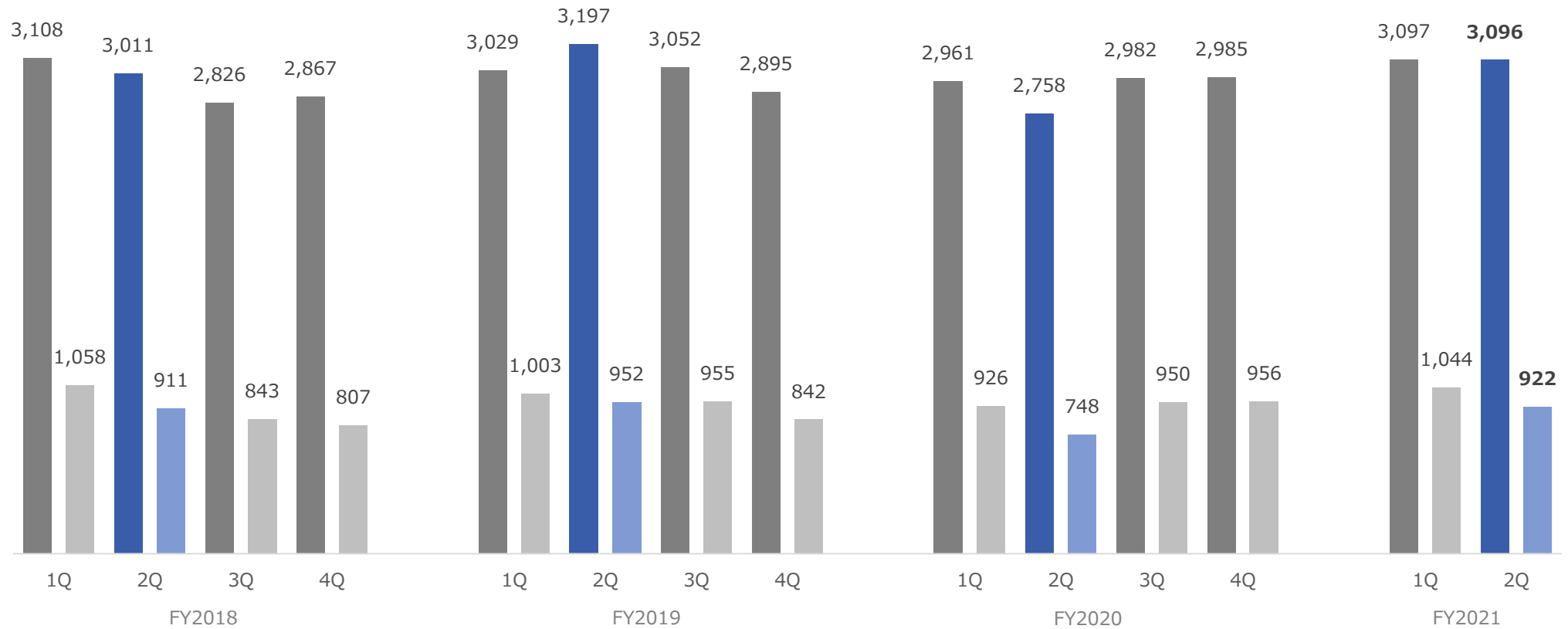
KPI

			FY2020 2Q	FY2021 2Q	YoY
Auction-related	Transaction amount	(million yen)	142,989	178,389	+24.8%
	Total vehicles sold/bought	(unit)	205,255	236,203	+15.1%
Membership fee	Number of members	(member)	14,104	14,420	+2.2%
Inspection fee	Vehicles inspected _※	(unit)	482,333	532,575	+10.4%

※ Includes used motorcycles inspections

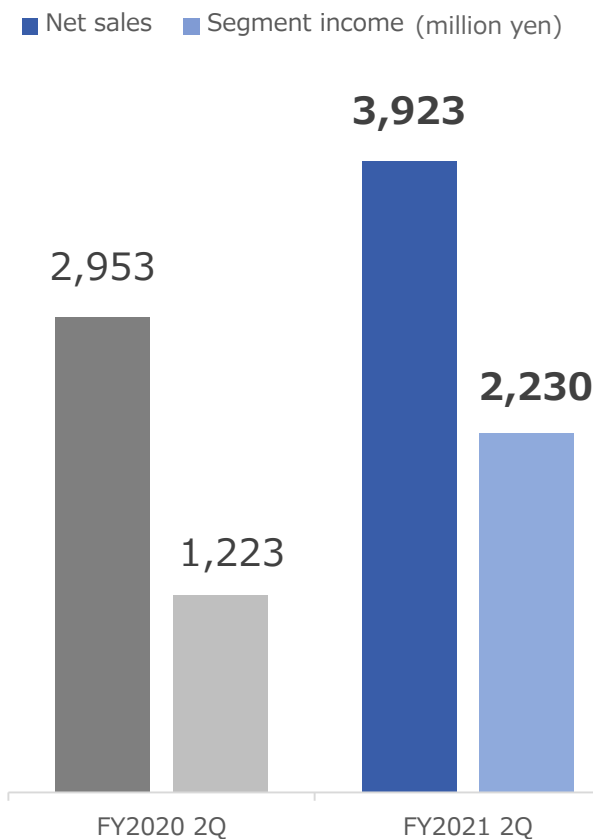
FY2018~FY2021 Results by Quarter

■ Net Sales ■ Segment Income (million yen)



FY2021 Second Quarter Cumulative Results

- Both sales and profit increased year-on-year. (Net Sales +32.9%, Segment Income +82.3%)
- In the domestic business, the number of sales unit remained strong by increased incoming items as in the first quarter and the unit price rose due to increased demand for used items and buying power by expanding the buyer network, resulting in a significant increase in net sales and profit margin.
- Losses in the U.S. business improved.



Net Sales Composition

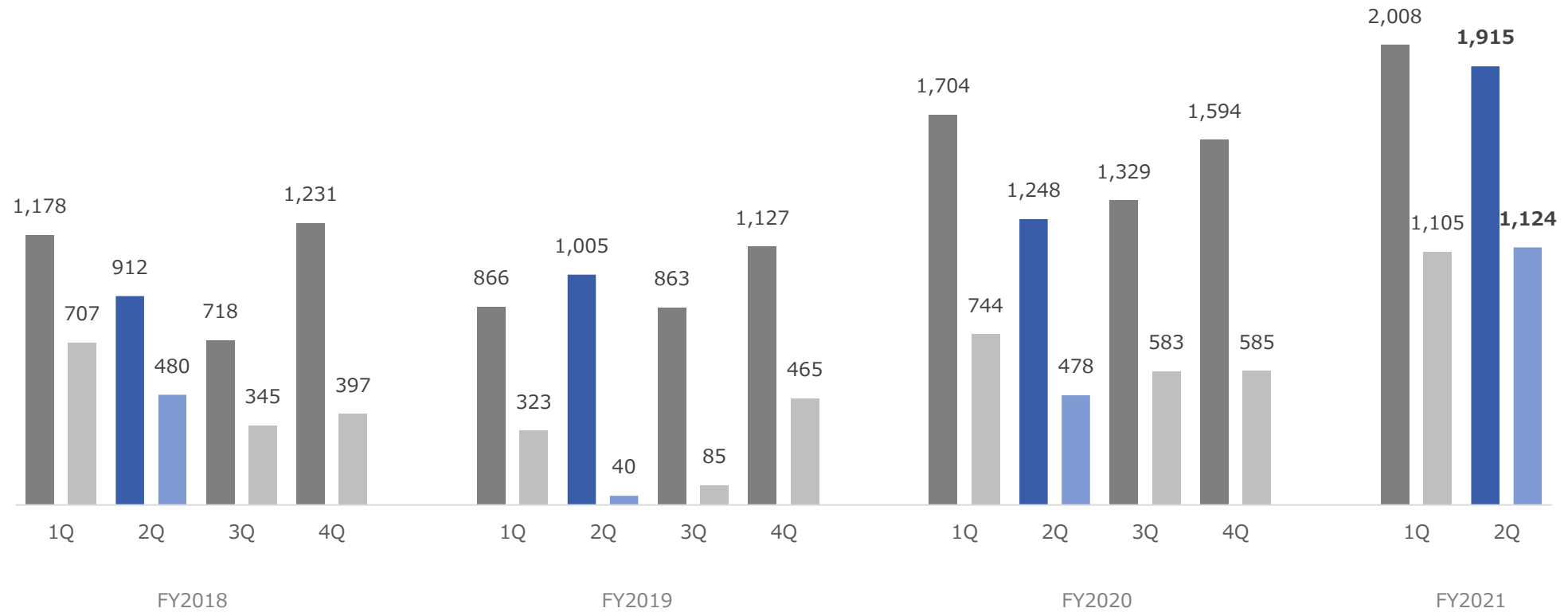
(million yen)	FY2020 2Q	FY2021 2Q	YoY
Domestic business	2,565	3,550	+38.4%
Business in the U.S.	385	373	△3.1%
Adjustment	2	0	
Net Sales	2,953	3,923	+32.9%

KPI

		FY2020 2Q	FY2021 2Q	YoY
Transaction amount	(million yen)	17,167	24,355	+41.9%
Sales units	Domestic (unit)	1,112,526	1,318,191	+18.5%
	U.S. (unit)	149,480	270,685	+81.1%

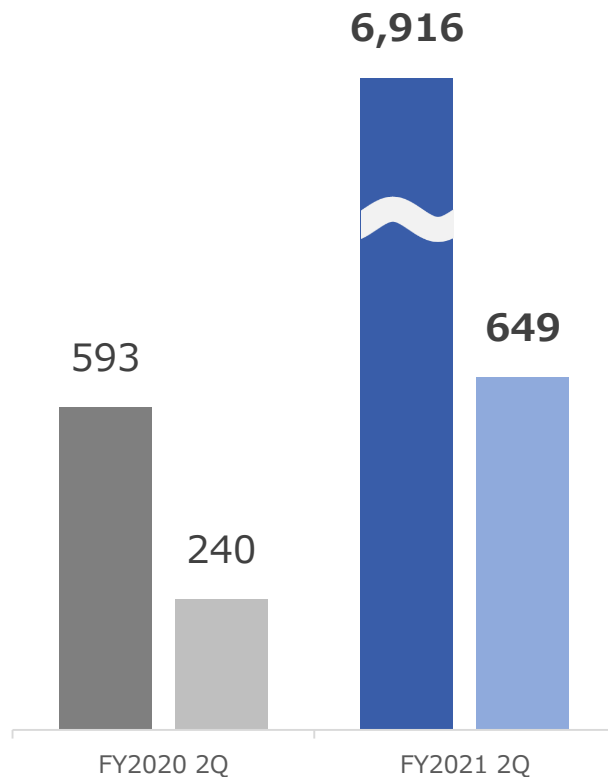
FY2018~FY2021 Results by Quarter

■ Net Sales ■ Segment Income (million yen)



- Both in sales and profit increased year-on-year. (Net Sales +1066.2%, Segment Income +170.2%)
- Amidst the accelerating DX trend in the industry, the number of items sold increased, taking advantage of the Aucnet's position as a pioneer in online auctions, and the average unit price of items sold rose due to the soaring market prices, resulting in an expansion of domestic and overseas transaction amount, which contributed to a significant increase in segment profit in the B2B business.
- The business for consumers also performed better than expected due to the significant increase in sales resulting from the consolidation of GALLERY RARE Ltd., as well as strict cost control through PMI and an increase in unit sales price.

■ Net sales ■ Segment income (million yen)



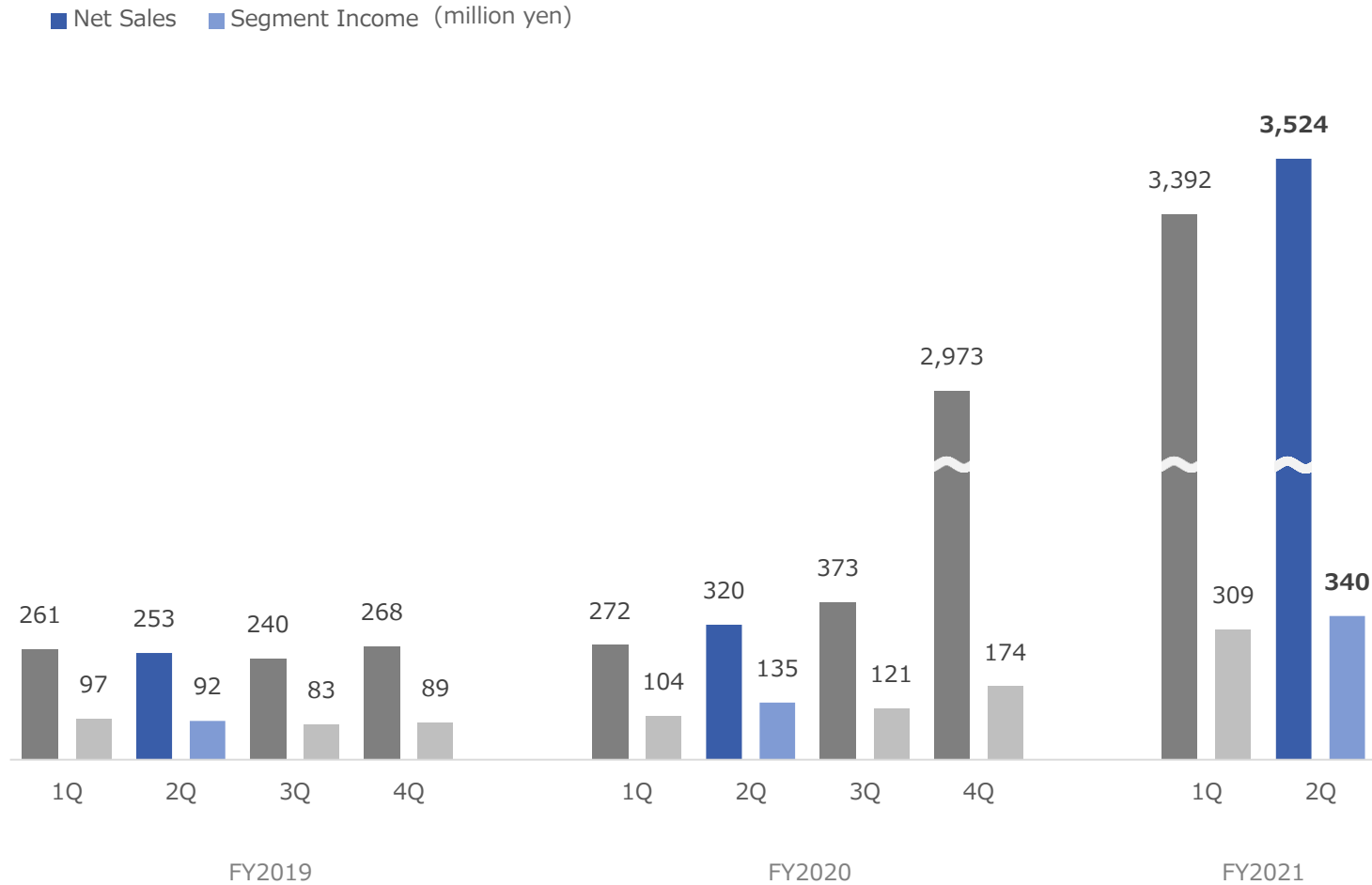
Net Sales Composition

(million yen)	FY2020 2Q	FY2021 2Q	YoY
B2B business	593	2,596	+337.8%
Business for consumers	-	4,319	-
Adjustment	-	0	
Net Sales	593	6,916	+1066.2%

KPI

			FY2020 2Q	FY2021 2Q	YoY
B2B business	Transaction amount	(million yen)	6,488	15,321	+136.1%
	Items sold	(item)	192,385	326,465	+69.7%
	Number of members	(member)	1,943	2,311	+18.9%
Business for consumers	Transaction amount	(million yen)	0	4,319	-

FY2019~FY2021 Results by Quarter

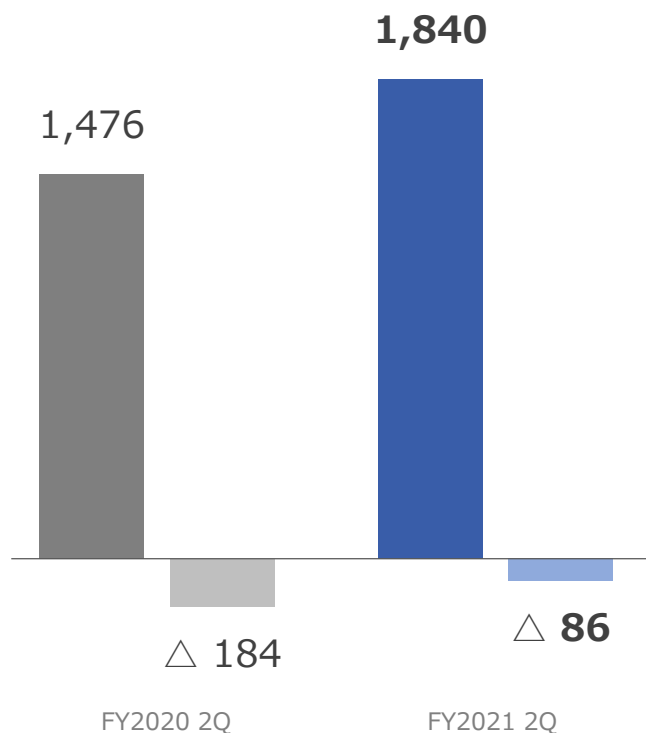


※1 Figures for 2018 and earlier were disclosed as Other Information Distribution Business and not published by segment

FY2021 Second Quarter Cumulative Results

- Both sales and profit increased year-on-year. (Net Sales +24.6%)
- In the flower business, the negative impact of covid-19 was significant in the same period of the previous fiscal year, but the market recovered in this fiscal year, especially for potted plants. In addition to the existing Aucnet's flower business, Kinuta Flower Auction CO.LTD, which was consolidated in July 2020, performed well.
- Monetization of iryoo.com has begun in MENERGIA Inc., and system investments for further service expansion is promoted.

■ Net sales ■ Segment income (million yen)



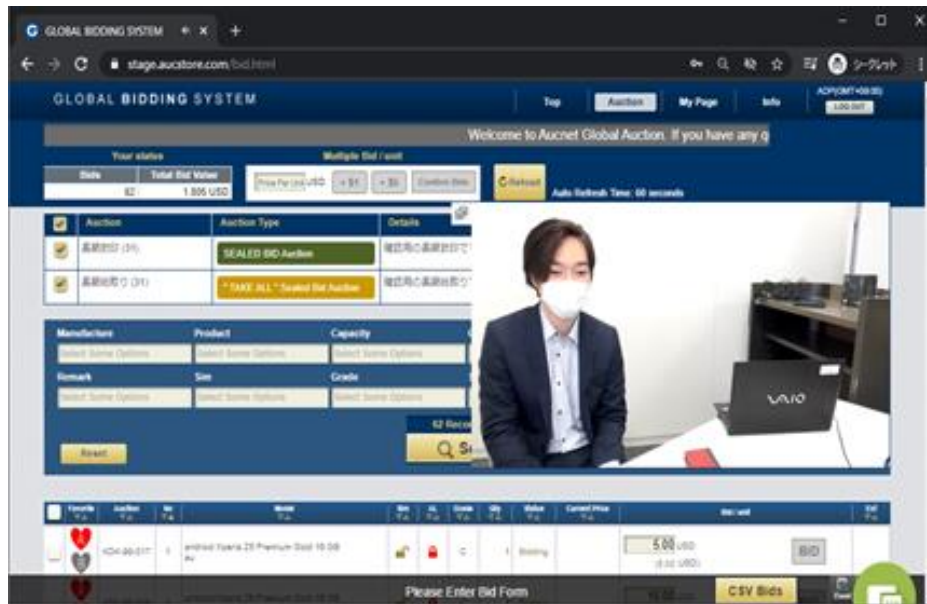
Net Sales Composition

(million yen)	FY2020 2Q	FY2021 2Q	YoY
Flower	374	746	+99.3%
Used Motorcycle	360	399	+10.6%
Others	740	694	△6.2%
Net Sales	1,476	1,840	+24.6%

3. Topics

Digital Product Business Initiatives to vitalize auctions

- Live commerce using YouTube Live, which has been implemented since the end of the last fiscal year, has been successful, resulting in a steady increase in auction participation by overseas members.
- From February 2021, the domestic auction system has been integrated with the GBS (Global Bidding System) for overseas members to achieve more flexible and efficient auction operations.
- We will continue our efforts to improve and reform our services to vitalize auctions even further.



PCオークションへようこそ。ご質問があればお気軽に pcauction@ns.aucnet.co.jp までお問い合わせください。

あなたの入札状況

入札セリ数	入札金額合計	TOP金額合計
2	85,000円	80,000円

一括入札

入札金額: 000円 +1千円 +10千円 確認 更新 最終更新時刻 15:03:57 自動更新間隔: 60秒

オークション	オークションタイプ	詳細	終了日時
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自由入力	自由入力From	自由入力To	自由入力			
カテゴリ	メーカー	商品名	型番	お気に入り	せり状態	出品タイプ
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PC:CPU	PC:メモリ	PC:HDD	PC:ドライブ種類	PC:ディスプレイ	PC:OS	PC:リカバリ
Select Some Options	Select Some Options	Select Some Options	Select Some Options	Select Some Options	Select Some Options	Select Some Options
モバイル:メモリ	モバイル:キャリア	モバイル:SIM	モバイル:OS	モバイル:ディスプレイ	モバイル:NVW利用制限	評価点
Select Some Options	Select Some Options	Select Some Options	Select Some Options	Select Some Options	Select Some Options	Select Some Options

検索結果 120

検索

検索条件クリア

商品数 120 1 2 1ページに表示する商品数 100

Consumer Product Business

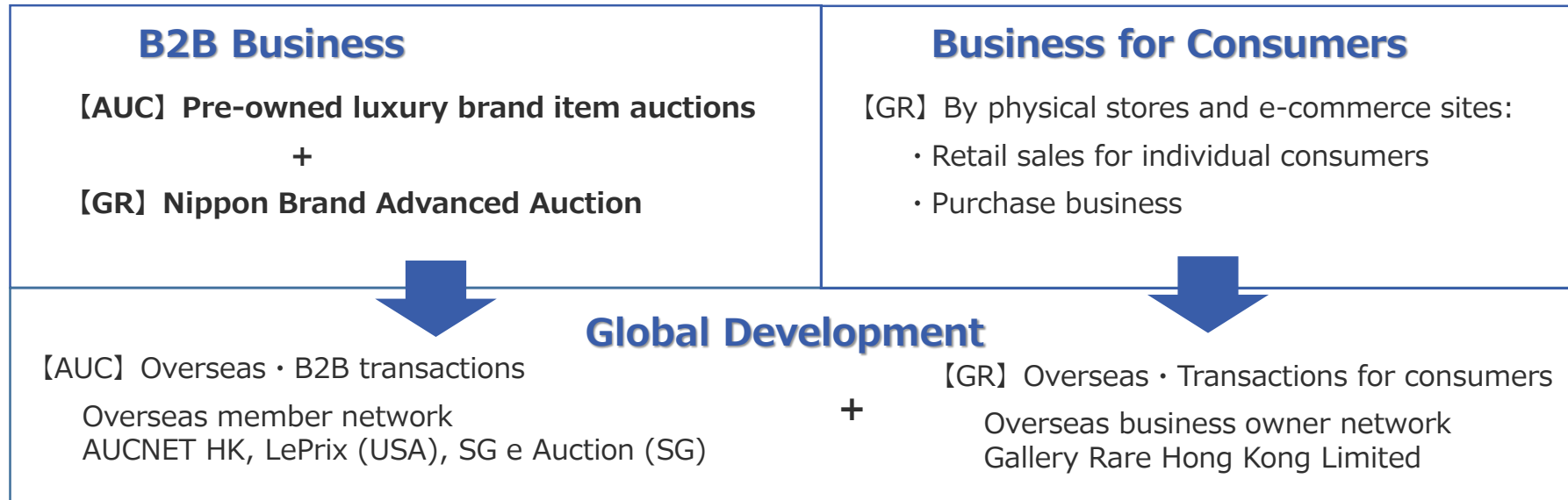
Relocation of customer center and integration of functions

- The Narashino Center will be restructured to integrate the functions of product management, which had been operated at two locations, Shinozaki and Narashino, to expand the operational area and maximize efficiency.
- By using the expanded customer center, improvement of customer service and provision of new services are planned.
- Operation will begin in August 2021.



Consumer Product Business Synergy with GALLERY RARE Ltd.

- Full-scale entry into business for consumers in Japan and overseas while further growing B2B business by gaining synergy with GALLERY RARE Ltd., which has strength in transactions with individual consumers.

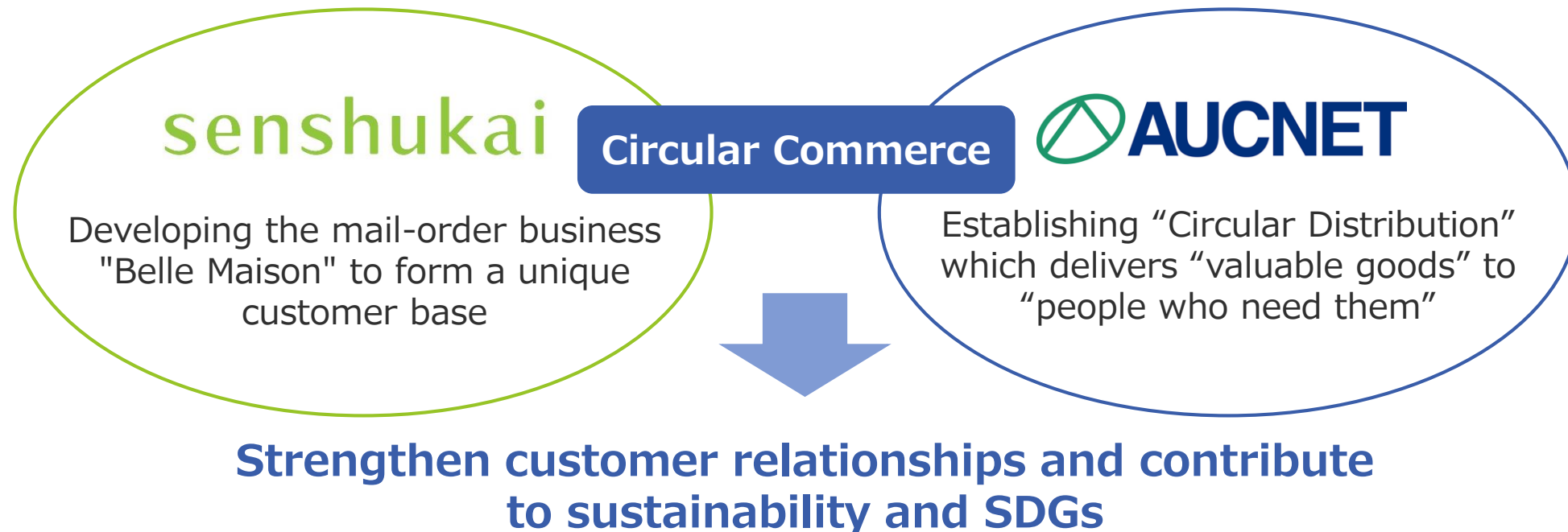


- In B2B business, Aucnet’s pre-owned luxury brand item auctions and Nippon Brand Advanced Auction operated by GALLERY RARE Ltd. have been integrated to realize a hybrid of online and physical B2B platform.
- In the business for consumers, in addition to promoting retail sales through the EC site, we will acquire a wide range of products through the purchase business and distribute them in the entire market of the Consumer Product Business.
- In terms of global development, we are aiming to further expand transactions by collaborating with LePrix, a U.S. company with which it has a business alliance, on a platform for consumers.

Initiatives on Sustainability

Starting a trial of a new service with SENSHUKAI

- A basic agreement on a business alliance was made with Senshukai Co., Ltd. (Headquarter: Osaka-shi, Osaka, President and Representative Director: Kenji Kajiwara)
A purchase service focusing on apparel will be jointly developed and is scheduled for trial release in September 2021.
- This service is one of our new forms of distribution, "Circular Commerce" and it will:
 - ① enable secondary distribution to create new customer contacts and strengthen customer relationships.
 - ② create new value for our partners and customers through secondary distribution, such as contribution to sustainability and SDGs.



4. Forecast Revision

FY2021 Forecast Revision

- Due to the strong performance of each business in the second quarter, we expect to exceed the full-year consolidated result forecast announced on May 11, 2021. As we plan to make aggressive additional investments in advertising and other activities for further business expansion in the next fiscal year and beyond, we have revised our result forecast as follows.
- Our basic policy is to maintain a stable dividend and aim for a consolidated payout ratio of 30%. Based on this policy, we have increased the dividend forecast for the end of the current fiscal year by 10 yen to 38 yen per share.

(million yen)	FY2021 Revised Forecast ^① (May 11, 2021)	FY2021 Revised Forecast ^② (Aug 10, 2021)
Net Sales	34,351	36,655
Operating profit	4,496	5,600
Operating profit margin	13.1%	15.5%
Ordinary profit	4,558	5,756
Profit attributable to owners of parent	2,516	3,471
Basic earnings per sales	90.63 yen	124.36 yen
Dividend per share	28.00 yen	38.00 yen
Dividend payout ratio	30.9%	30.6%

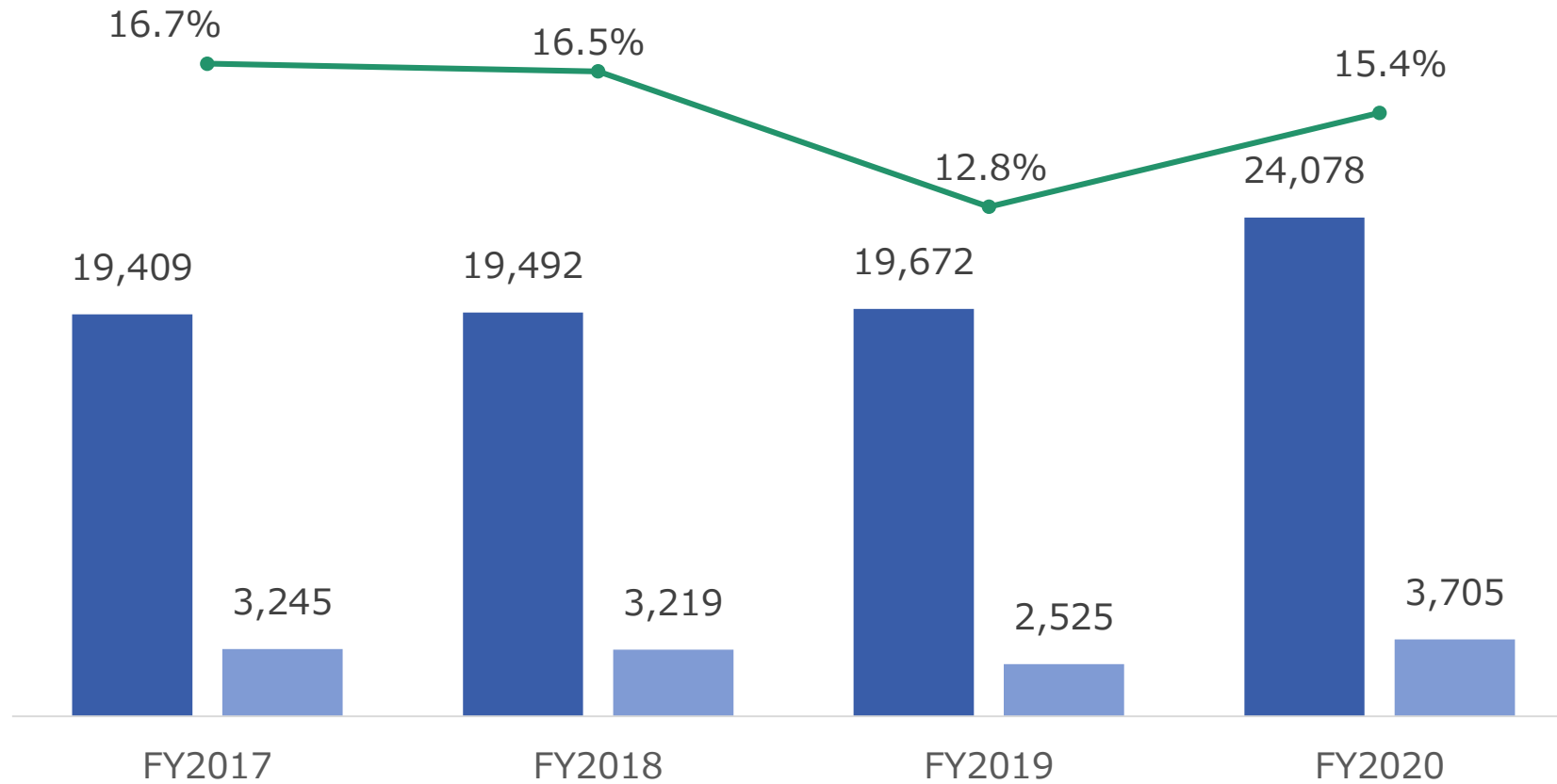
FY2021 Forecast Revision

<p>FY2021 Forecast Revision</p>	<ul style="list-style-type: none"> • Aggressive additional investment in customer center relocation, advertising, etc. will be implemented for further business expansion in the next fiscal year and beyond.
<p>Automobile Business</p>	<ul style="list-style-type: none"> • Although the impact of the semiconductor shortage is not foreseeable, there is no change from the trend until the second quarter, and it is expected to contribute to earnings in a stable manner.
<p>Digital Product Business</p>	<ul style="list-style-type: none"> • While assuming the strong performance through the second quarter, the domestic business is expected to remain at the same level as the previous year due to the market settling down by seasonal factors. • In the U.S. business, development of new business partners will continue.
<p>Consumer Product Business</p>	<ul style="list-style-type: none"> • While demand for online auctions will remain strong, the B2B business is expected to see a moderate increase compared to the first half of the year due to factors such as increased costs for relocating the customer center.
<p>Other</p>	<ul style="list-style-type: none"> • In the flower business, demand for potted plants is expected to settle down in the second half of the fiscal year, so the sales is estimated to remain at the same level as the previous year. • Business development centered on MENERGIA's "iryoo.com" service will continue in the medical related business.
<p>Common</p>	<ul style="list-style-type: none"> • Investment for PR-related costs, R&D for the next fiscal year and beyond, including the used EV battery market, and active mid-career hiring are planned.

Reference

FY2017~FY2020 Consolidated Results by Fiscal Year

■ Net Sales ■ Operating Profit ● Operating Profit Margin
(million yen)



Consolidated Balance Sheets and Statement of Cash Flows

Assets (million yen)	FY2020 end of December	FY2021 end of June	Increase/ Decrease
Current assets	25,798	31,300	+5,502
Cash and deposits	16,776	21,784	+5,008
Due from auction members	4,253	4,638	+385
Other	4,768	4,877	+108
Non-current assets	7,482	6,841	△640
Property, plant and equipment	1,575	1,652	+76
Intangible assets	2,040	1,785	△255
Other	3,866	3,403	△462
Total assets	33,280	38,142	+4,861

Liabilities and net assets (million yen)	FY2020 end of December	FY2021 end of June	Increase/ Decrease
Current liabilities	10,665	13,300	+2,634
Due to auction members	7,032	9,640	+2,607
Other	3,632	3,659	+26
Non-current liabilities	2,977	2,885	△91
Retirement benefit liability	1,744	1,754	+9
Other	1,232	1,131	△101
Total liabilities	13,643	16,186	+2,543
Total net assets	19,637	21,955	+2,318
Total liabilities and net assets	33,280	38,142	+4,861

(million yen)	FY2020 2Q	FY2021 2Q	YoY
Cash flows from operating activities	2,348	5,031	+2,683
Cash flows from investing activities	△329	282	+612
Cash flows from financing activities	△362	△304	+58
Cash and cash equivalents at end of period	15,444	20,744	+5,300

KPI

			FY2018				FY2019			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Automobile	Auction-related	Transaction amount (million yen)	91,604	87,835	82,512	75,672	79,678	75,559	80,728	73,206
		Total vehicles sold/bought (unit)	114,481	112,557	105,370	103,706	111,672	106,321	111,119	104,544
	Membership fee	Number of members (member)	14,405	14,399	14,290	14,160	14,173	14,117	14,112	14,146
	Inspection fee	Vehicles inspected ^{※1} (unit)	218,603	224,102	212,618	243,103	249,240	248,504	258,677	252,425
Digital Product	Transaction amount (million yen)		6,161	4,683	3,556	5,883	5,858	5,494	5,178	7,985
	Sales units	Domestic (unit)	468,473	370,184	258,736	344,763	378,049	406,546	414,670	502,514
		U.S. (unit)	-	-	-	-	-	-	-	-
Consumer Product ^{※2}	B2B business	Transaction amount (million yen)	2,409	2,534	2,219	2,816	2,681	2,673	2,542	2,696
		Items sold (item)	74,208	81,039	73,271	91,742	86,262	84,546	80,950	90,729
		Number of members (member)	1,570	1,617	1,650	1,697	1,715	1,724	1,781	1,815
	Business for consumers	Transaction amount (million yen)	-	-	-	-	-	-	-	-
			FY2020				FY2021			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Automobile	Auction-related	Transaction amount (million yen)	79,527	63,462	87,032	81,057	90,705	87,684	-	-
		Total vehicles sold/bought (unit)	109,099	96,156	115,610	109,326	119,786	116,417	-	-
	Membership fee	Number of members (member)	14,108	14,104	14,267	14,362	14,282	14,420	-	-
	Inspection fee	Vehicles inspected ^{※1} (unit)	258,903	223,430	229,815	259,900	266,100	266,475	-	-
Digital Product	Transaction amount (million yen)		9,562	7,605	7,887	9,024	12,283	12,071	-	-
	Sales units	Domestic (unit)	591,735	520,791	487,494	543,592	656,847	661,344	-	-
		U.S. (unit)	89,869	59,611	194,169	308,478	173,951	96,734	-	-
Consumer Product ^{※2}	B2B business	Transaction amount (million yen)	2,768	3,720	4,349	6,543	7,324	7,997	-	-
		Items sold (item)	96,292	96,093	113,711	142,530	157,627	168,838	-	-
		Number of members (member)	1,857	1,943	1,876	2,160	2,237	2,311	-	-
	Business for consumers	Transaction amount (million yen)	-	-	-	1,654	2,140	2,179	-	-

※1 Includes used motorcycles inspections

※2 Starting from 4Q FY2020, KPI for Gallery Rare is consolidated into each business