

FY2021 Third Quarter Results Briefing

November 9th, 2021

AUCNET INC.

(TSE 1st section : 3964)



Table of Contents

1. FY2021 Third Quarter Results

- Cumulative Consolidated Financial Results P. 2
- Highlights (Non-Cumulative 3 Month Results) P. 3
- Segment Increase/Decrease P. 5

2. Segment Information

- Automobile Business P. 7
- Digital Product Business P. 9
- Consumer Product Business P. 11
- Others P. 13

3. Reference

P. 15

FY2021 Third Quarter Results Consolidated Cumulative Financial Results

- Both sales and profit increased, although the strong trend until the second quarter has settled down.
- Net sales increased significantly due to the impact of the addition of GALLERY RARE Ltd. (“GALLERY RARE”) to the scope of consolidation in October 2020.

(million yen)	FY2020 3Q	FY2021 3Q	YoY	FY2021 Revised Forecast (Aug 10, 2021)	Rate of Progress
Net sales	15,763	27,263	+72.9%	36,655	74.4%
Operating profit	2,760	4,797	+73.8%	5,600	85.7%
Operating profit margin	17.5%	17.6%	+0.1pt	15.3%	
Ordinary profit	2,746	5,013	+82.5%	5,756	87.1%
Profit attributable to owners of parent	1,619	3,049	+88.3%	3,471	87.8%

FY2021 Third Quarter Results Highlights (Non-Cumulative 3 Month Results)

**FY2021
3Q**

- Net sales increased significantly due to the impact of the addition of GALLERY RARE.
- Both sales and profit of the Digital Product Business and the Consumer Product Business increased year on year, although they were lower than the second quarter results as expected.
- GRAND BOUQUET OTAKI LIMITED (“GRAND BOUQUET OTAKI”) was consolidated from this third quarter.

Net Sales 8,651 million yen

YoY +61.8%

Ordinary Profit 1,294 million yen

YoY +37.2%

Operating Profit 1,281 million yen

YoY +29.2%

**Profit attributable to
Owners of Parent 666 million yen**

YoY +18.9%

~ The Digital Product Business and the Consumer Product Business continuously drove the growth, although the trend in the first half of the year has settled down. ~

**Digital Product
Business**

Net Sales 1,429 million yen

YoY +7.5%

Segment Income 779 million yen

YoY +33.7%

- In addition to a slight increase in the number of sales units, profit increased due to increased buying power and sustained high unit prices.
- At the end of October, the decision to suspend the current business in Texas was made.

**Consumer Product
Business**

Net Sales 3,534 million yen

YoY +845.1%

Segment Income 271 million yen

YoY +124.3%

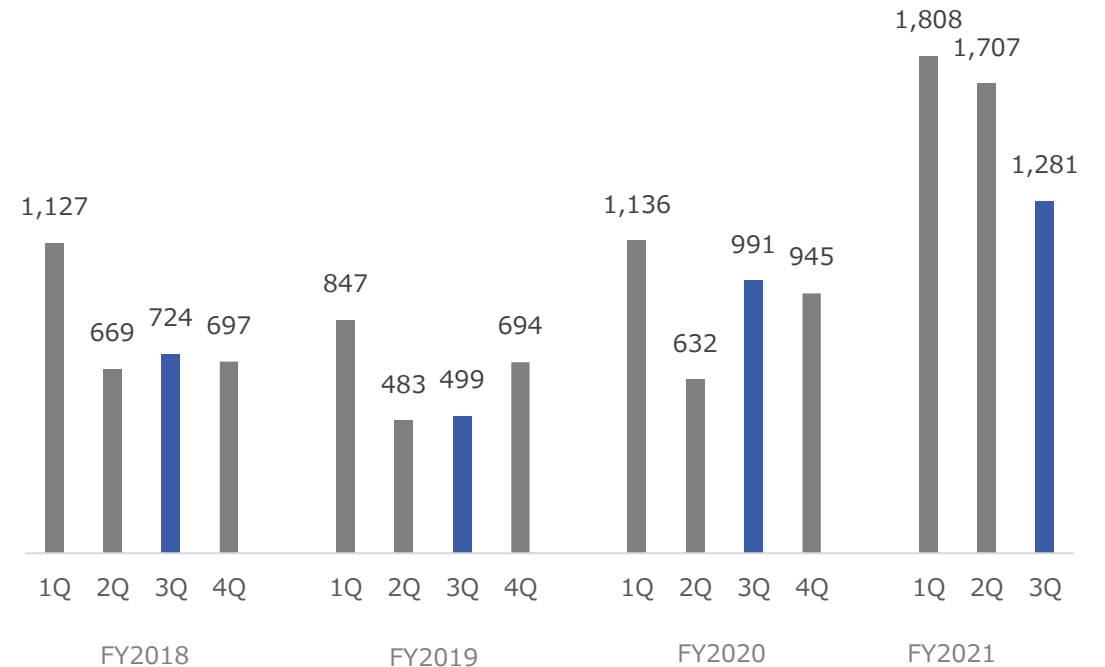
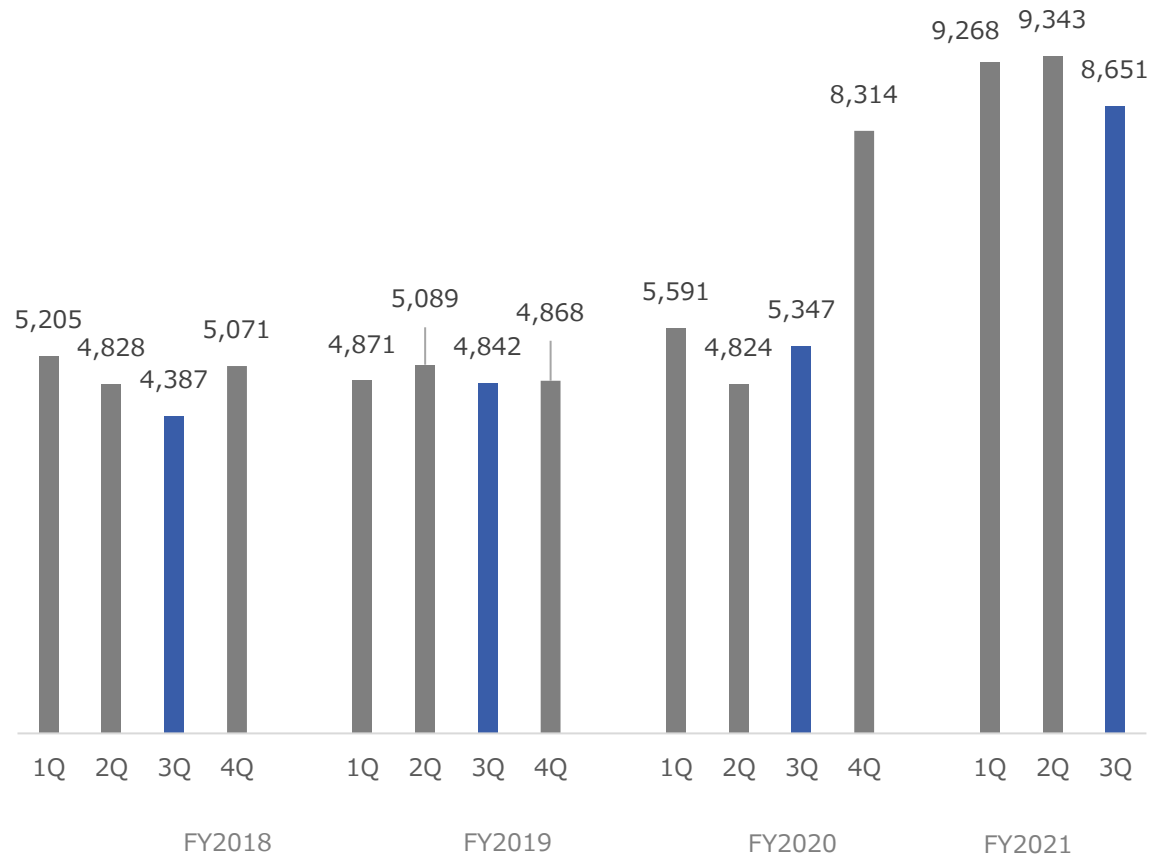
- Rising market prices due to the penetration of online auctions
- Consolidation of GALLERY RARE and improving efficiency through PMI

FY2018~FY2021 Consolidated Financial Results by Quarter

Net Sales

Operating Profit

(million yen)

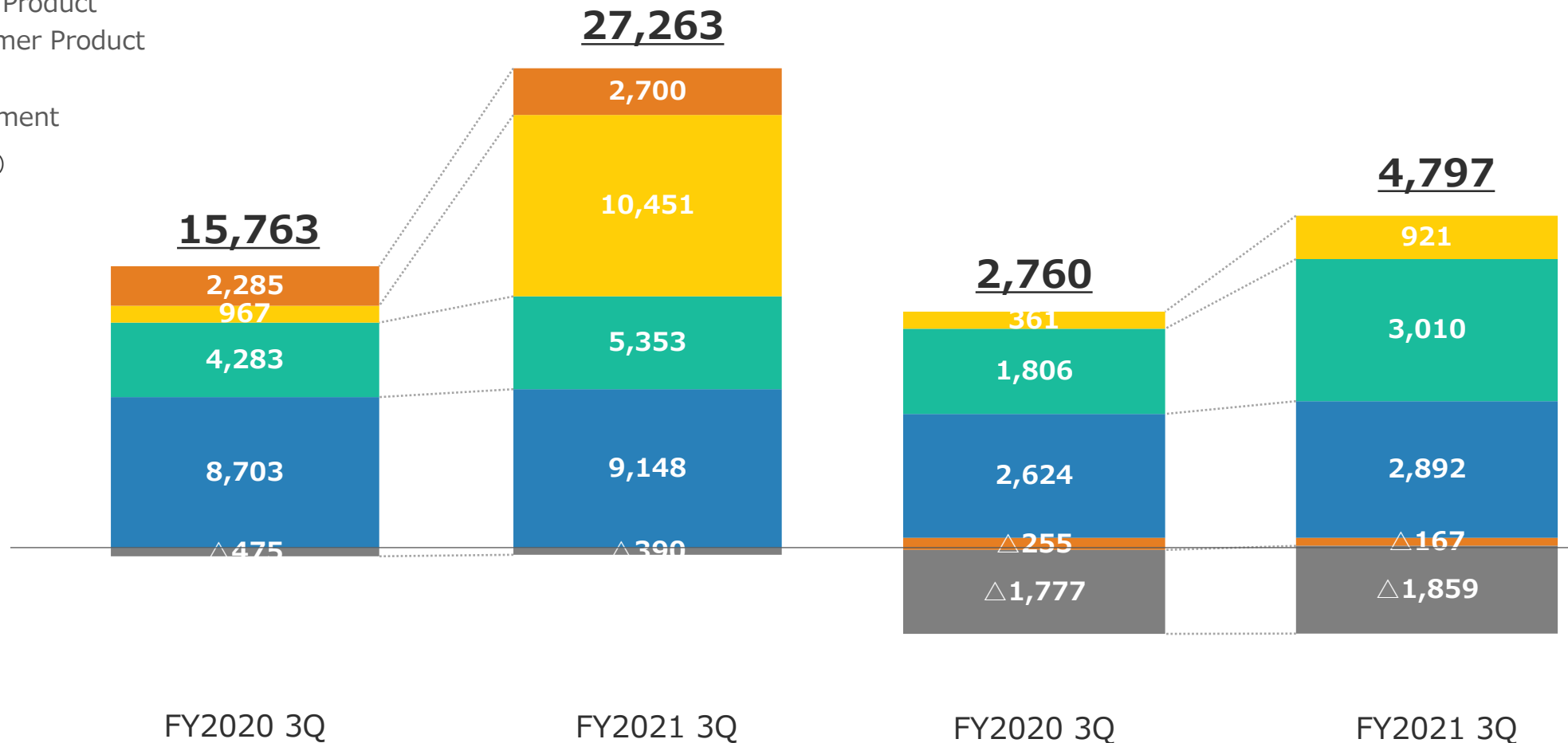


FY2021 Third Quarter Results Segment Increase/Decrease

Net Sales

Operating Profit

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




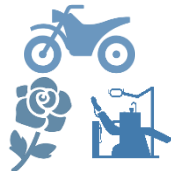


FY2021 Third Quarter Results Transaction Amount by Segment



Transaction Amount

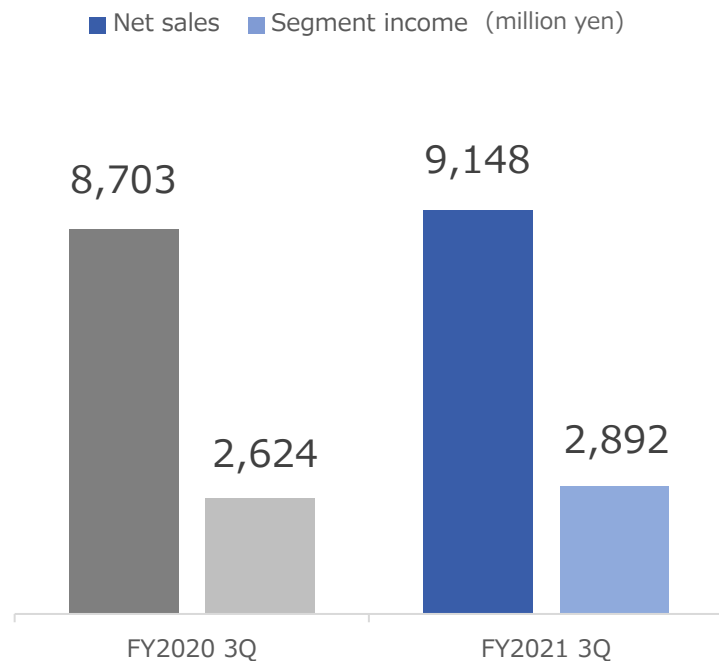
337,491 million yen (YoY+ 22.3%)

Automobile	Digital Product
<p>259,951 million yen (YoY+ 13.0%)</p> 	<p>33,094 million yen (YoY+ 32.1%)</p> 
Consumer Product	Others
<p>29,872 million yen (YoY+ 175.6%)</p>  <p>※ Transaction amount of GALLERY RARE has been consolidated since 4Q in 2020.</p>	<p>14,572 million yen (YoY+ 44.6%)</p>  <p>※ Used 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.</p>

※ Transaction Amount : Total value of the products distributed through the services provided by AUCNET INC. ("AUCNET") in each business

FY2021 Third Quarter Cumulative Results

- Both sales and profit for the cumulative third quarter increased year-on-year. (Net Sales +5.1%, Segment Income +10.2%)
→Both sales and profit for the third quarter (3 months) decreased year-on-year. (Net Sales△1.0%, Segment Income△2.7%)
- Due to the serious shortage of used vehicle supply on the back of longer delivery times for new vehicles, the number of vehicles bought for the third quarter (3 months) in our used vehicle auctions, live-linked auctions and proxy bidding service slightly decreased year-on-year. The share of vehicles bought slightly increased compared to the second quarter.
- In the vehicle inspection service, the number of vehicles inspected in the physical auction sites and AUCNET-hosted auctions slowed down due to the market conditions, while the number of vehicles inspected for a used vehicle listing platform continued to be favorable from the second quarter, contributing to inspection fee sales.



Net Sales Composition

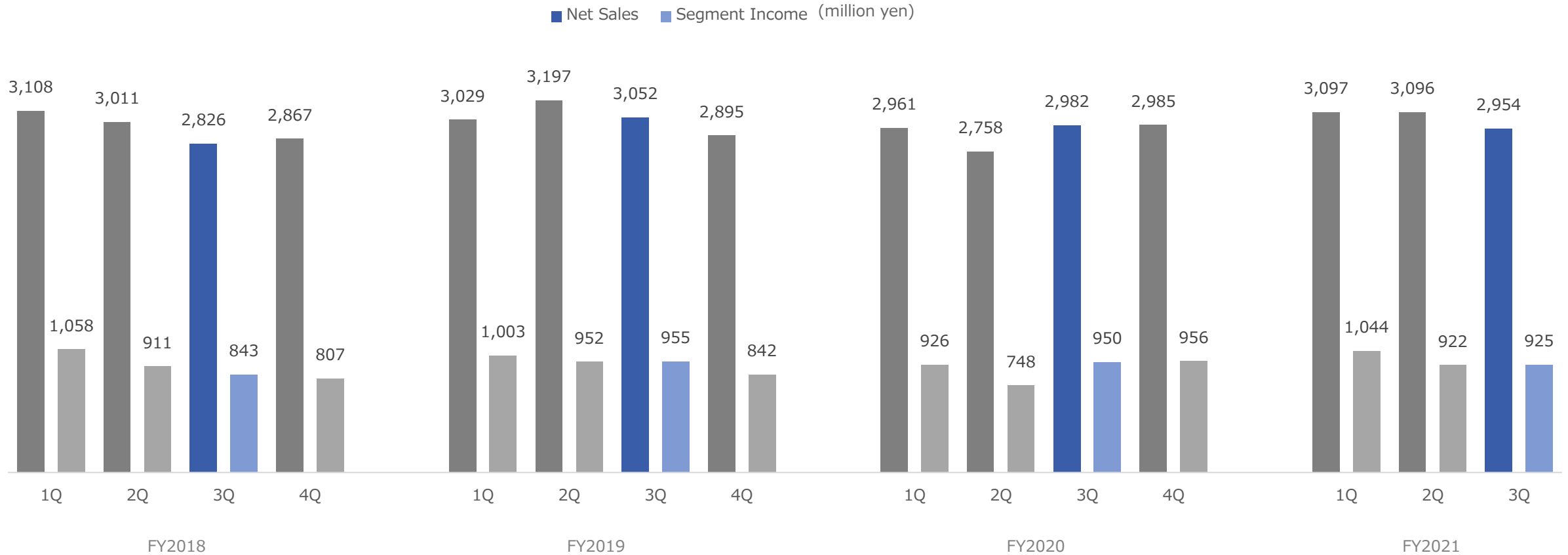
(million yen)	FY2020 3Q	FY2021 3Q	YoY
Auction-related	3,882	4,086	+5.2%
Membership fee	2,065	2,031	△1.6%
Inspection fee	2,342	2,520	+7.6%
Other	1,342	1,400	+4.3%
Adjustment	△930	△890	
Net Sales	8,703	9,148	+5.1%

KPI

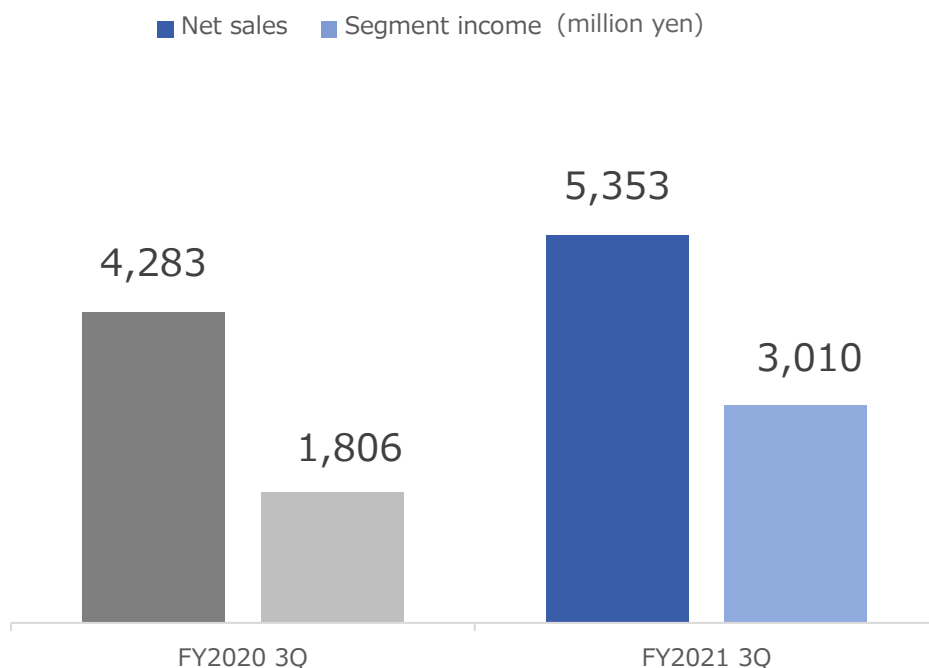
		FY2020 3Q	FY2021 3Q	YoY
Auction-related	Transaction amount (million yen)	230,022	259,951	+13.0%
	Total vehicles sold/bought (unit)	320,865	343,537	+7.1%
Membership fee	Number of members (member)	14,267	14,497	+1.6%
Inspection fee	Vehicles inspected※ (unit)	712,148	786,132	+10.4%

※ Includes used motorcycles inspections

FY2018~FY2021 Results by Quarter



- Both sales and profit for the cumulative third quarter increased year-on-year. (Net Sales +25.0%, Segment Income +66.6%)
→ Both sales and profit for the third quarter (3 months) increased year-on-year. (Net Sales +7.5%, Segment Income +33.7%)
- In the domestic business, although the trend until the second quarter settled down as expected due to restrained purchases before the launch of new model smartphones, the profit margin improved significantly due to an increase in the number of sales units in the third quarter (3 months) compared to the same period of the previous year, as well as maintaining high unit prices and keeping expenses under control.
- In the U.S. business, the deficit had been reduced mainly in the merchandising service, but due to the travel restrictions caused by the COVID-19 impact and the surge in local labor costs etc., the decision to suspend the current business in Texas was made at the end of October.



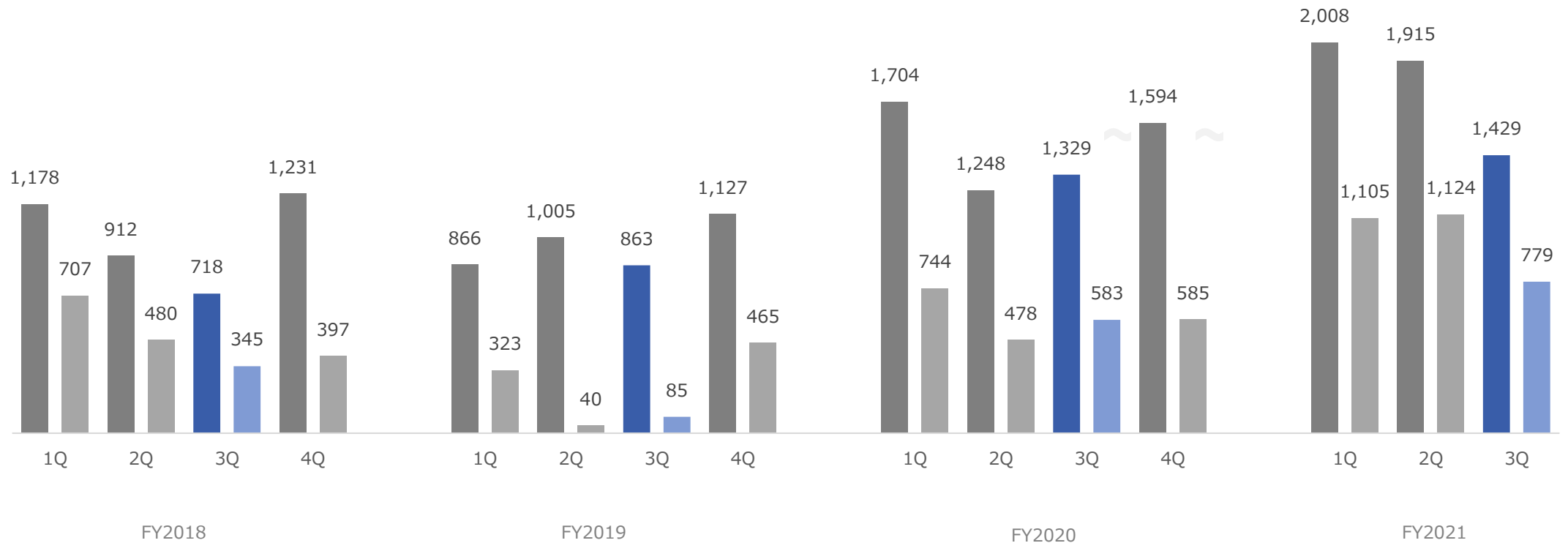
Net Sales Composition

(million yen)	FY2020 3Q	FY2021 3Q	YoY
Domestic business	3,745	4,903	+30.9%
Business in the U.S.	536	449	△16.2%
Adjustment	0	0	
Net Sales	4,283	5,353	+25.0%

KPI

		FY2020 3Q	FY2021 3Q	YoY
Transaction amount	(million yen)	25,055	33,094	+32.1%
Sales units	Domestic (unit)	1,600,020	1,828,884	+14.3%
	U.S. (unit)	343,464	317,286	△7.6%

■ Net Sales ■ Segment Income (million yen)



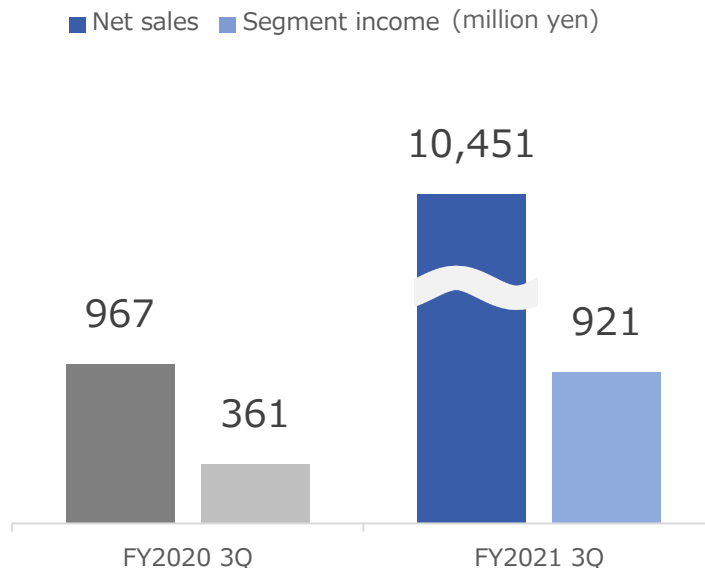
- Both sales and profit for the cumulative third quarter increased year-on-year. (Net Sales +980.7%, Segment Income +154.8%)
→ Both sales and profit for the third quarter (3 months) increased year-on-year. (Net Sales +845.1%, Segment Income +124.3%)
- In the B2B business, the strong demand for online auctions was maintained. An increase in average unit sales price due to soaring market prices led to an expansion in domestic and overseas transaction amount, contributing to an increase in segment income.
- The business targeting consumers also performed better than expected due to the significant increase in sales resulting from the consolidation of GALLERY RARE, as well as strict cost control through PMI.
- In the third quarter, costs increased year-on-year due to the relocation of the operation center in order to expand the scale and maximize efficiency, and an increase in the number of employees.

Net Sales Composition

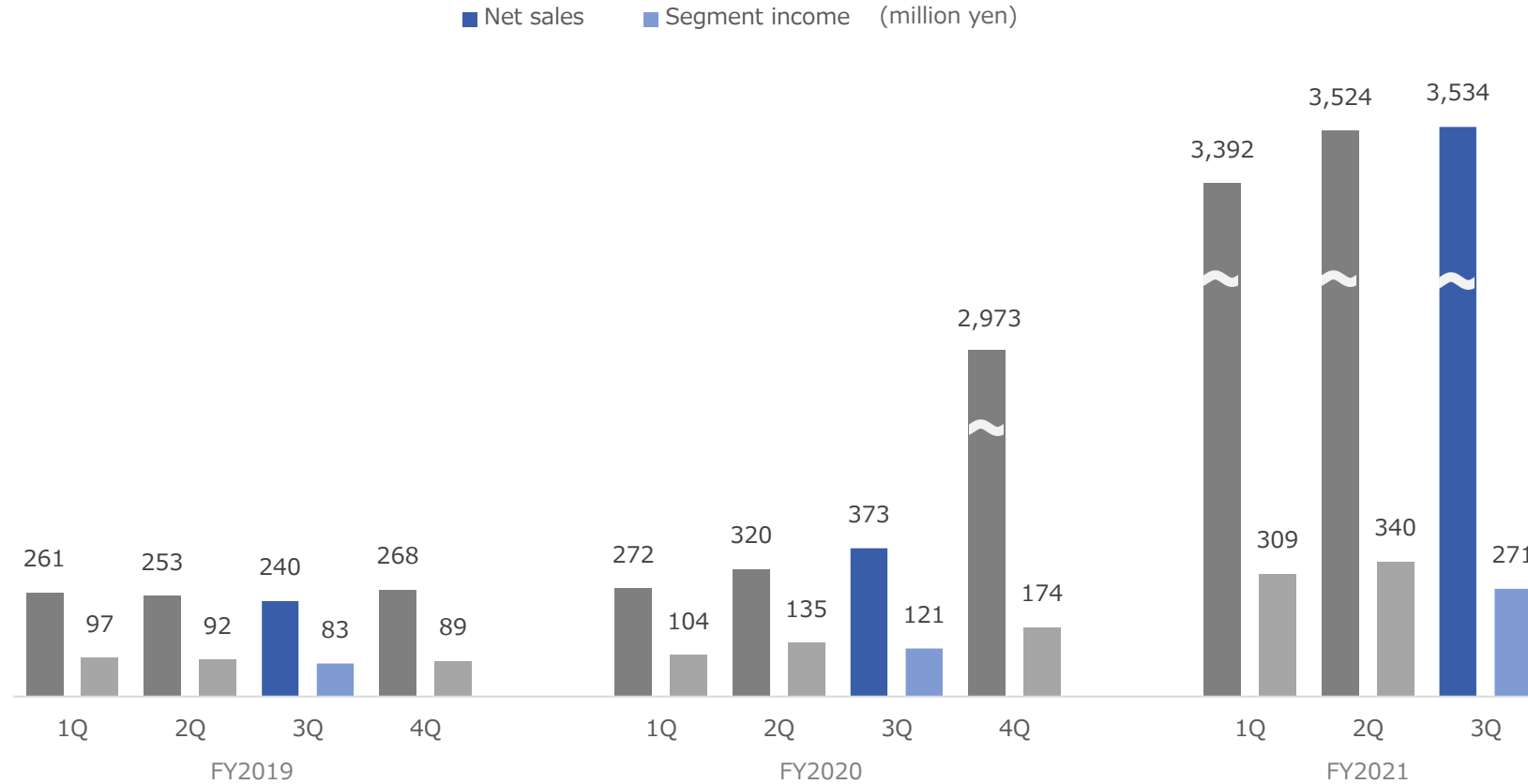
(million yen)	FY2020 3Q	FY2021 3Q	YoY
B2B business	968	4,103	+323.8%
Business targeting consumers	0	6,340	-
Adjustment	0	7	
Net Sales	967	10,451	+980.7%

KPI

		FY2020 3Q	FY2021 3Q	YoY
B2B business	Transaction amount (million yen)	10,838	23,532	+117.1%
	Items sold (item)	306,096	484,638	+58.3%
	Number of members (member)	1,876	2,467	+31.5%
Business targeting consumers	Transaction amount (million yen)	0	6,340	-



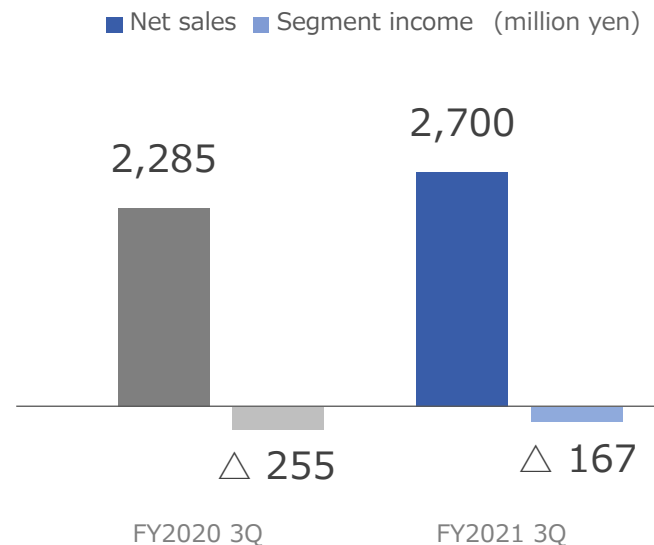
FY2019~FY2021 Results by Quarter



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

FY2021 Third Quarter Cumulative Results

- Both sales and profit for the cumulative third quarter increased year-on-year. (Net Sales +18.2%)
 - Increase in sales and decrease in profit for the third quarter (3 months) year-on-year. (Net Sales+6.3%)
- The flower and used motorcycle business is continuously profitable even after the segment change.
- In MENERGIA Inc., it has been focusing on system improvement of the services etc., to improve its quality.



Net Sales Composition

(million yen)	FY2020 3Q	FY2021 3Q	YoY
Flower	686	1,080	+57.5%
Used Motorcycle	546	614	+12.3%
Others	1,052	1,005	△4.4%
Net Sales	2,285	2,700	+18.2%

Others (Flower Business)

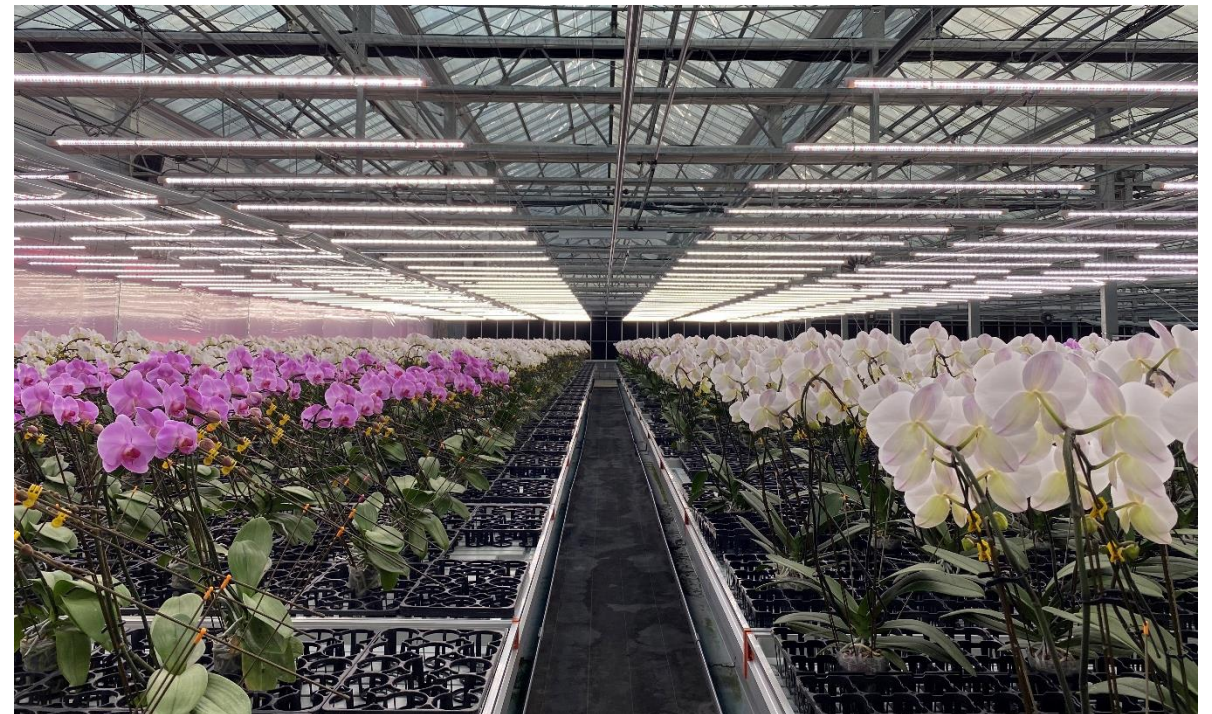
GRAND BOUQUET OTAKI Became a Subsidiary of AUCNET INC.

- AUCNET made GRAND BOUQUET OTAKI its subsidiary on September 1st, 2021.
- GRAND BOUQUET OTAKI has strength in growing high quality Phalaenopsis Orchids using ICT, and it will promote DX with industry's first production and sales integration in Japan by using IT to connect the distribution data of AUCNET's flower business.
- Aiming to contribute to the sustainable development of the industry by providing ICT-based know-how to growers in the future

Blooming with You.

Grand Bouquet OTAKI Overview

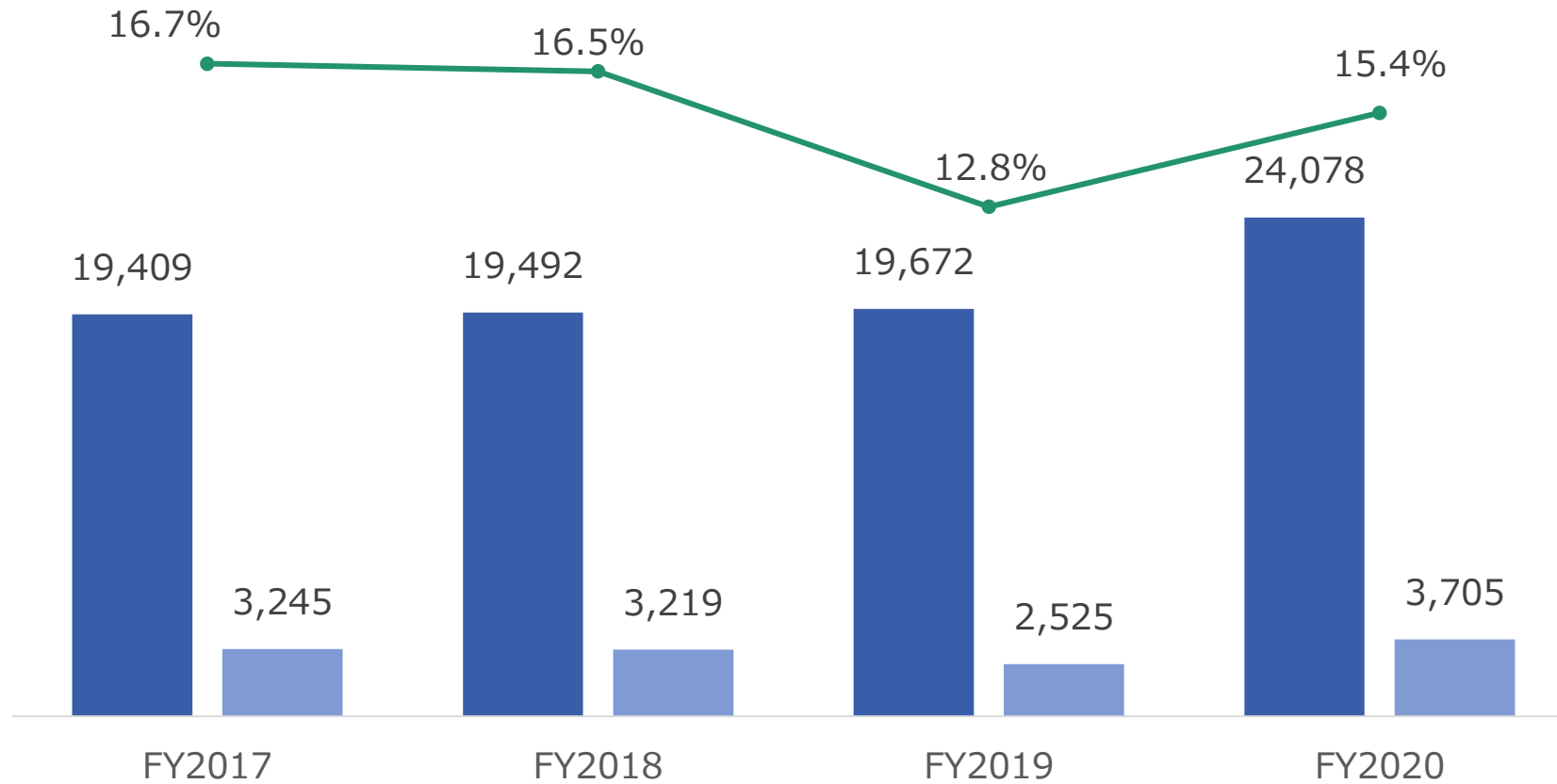
Name	GRAND BOUQUET OTAKI LIMITED
Establishment	October 3 rd , 2016
Business	Growing Phalaenopsis Orchids using ICT
Capital Fund	115 million yen



Reference

FY2017~FY2020 Consolidated Results by Fiscal Year

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



Consolidated Balance Sheets

Assets (million yen)	FY2020 end of December	FY2021 end of September	Increase / Decrease
Current assets	25,798	30,242	+4,444
Cash and deposit	16,776	19,767	+2,990
Due from auction members	4,253	5,385	+1,132
Other	4,768	5,089	+321
Non-current assets	7,482	6,836	△646
Property, plant and equipment	1,575	1,651	+75
Intangible assets	2,040	1,706	△334
Other	3,866	3,477	△388
Total assets	33,280	37,078	+3,797

Liabilities and net assets (million yen)	FY2020 end of December	FY2021 end of September	Increase / Decrease
Current liabilities	10,665	11,863	+1,197
Due to auction members	7,032	8,179	+1,146
Other	3,632	3,683	+50
Non-current liabilities	2,977	3,058	+81
Retirement benefit liability	1,744	1,786	+41
Other	1,232	1,272	+39
Total liabilities	13,643	14,922	+1,279
Total net assets	19,637	22,155	+2,518
Total liabilities and net assets	33,280	37,078	+3,797

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※1	Vehicles inspected	(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 targeting 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	81,561	-
		Total vehicles sold/bought	(unit)	109,099	96,156	115,610	109,326	119,786	116,417	107,334	-
	Membership fee	Number of members	(member)	14,108	14,104	14,267	14,362	14,282	14,420	14,497	-
	Inspection fee※1	Vehicles inspected	(unit)	258,903	223,430	229,815	259,900	266,100	266,475	253,557	-
Digital Product	Transaction amount		(million yen)	9,562	7,605	7,887	9,024	12,283	12,071	8,738	-
	Sales unit	Domestic	(unit)	591,735	520,791	487,494	543,592	656,847	661,344	510,693	-
		U.S.	(unit)	89,869	59,611	194,169	308,478	173,951	96,734	46,601	-
Consumer Product※2	B2B business	Transaction amount	(million yen)	2,768	3,720	4,349	6,543	7,324	7,997	8,210	-
		Items sold	(item)	96,292	96,093	113,711	142,530	157,627	168,838	158,173	-
		Number of members	(member)	1,857	1,943	1,876	2,160	2,237	2,311	2,467	-
	Business targeting consumers	transaction amount	(million yen)	-	-	-	1,654	2,140	2,179	2,020	-

※1 Includes used motorcycles inspections

※2 Starting from 4Q FY2020, KPI for GALLERY RARE is consolidated into each business.