

# FY2022 Second Quarter Results Briefing

August 9th, 2022  
AUCNET INC.  
(TSE Prime Market: 3964)



# Table of Contents

<b>1. FY2022 Second Quarter Cumulative Results</b>	P. 2
• Consolidated Financial Results	P. 3
• Highlights	P. 4
<b>2. Segment Information</b>	P. 8
• Automobile Business	P. 9
• Digital Product Business	P. 11
• Consumer Product Business	P. 13
• Others	P. 15
<b>3. Topics</b>	P. 16
• Forecast Revision	P. 17
• Acquisition and tender offer of own shares	P. 19
• Response to the TCFD recommendations	P. 20
<b>4. Reference</b>	P. 21

# **1. FY2022 Second Quarter Cumulative Results**

## 2. Segment Information

## 3. Topics

## 4. Reference

# FY2022 Second Quarter Cumulative Results Consolidated Financial Results

- Operating profit achieved +13.0% year-on-year due to the favorable performance of the Digital Product Business and the Consumer Product Business, despite a challenging business environment assumed in the first half of the year.
- The impact of the "Accounting Standard for Revenue Recognition" is minor. (Please refer to the details on p.22)

(million yen)	FY2021 2Q	<b>FY2022 2Q</b>	YoY	FY2022 Forecast	Rate of Progress
Net Sales	18,611	<b>20,603</b>	-	38,329	53.8%
Operating profit	3,515	<b>3,972</b>	+13.0%	6,000	66.2%
Operating profit margin	18.9%	<b>19.3%</b>	+0.4pt	15.7%	
EBITDA	3,948	<b>4,390</b>	+11.2%	-	-
Ordinary profit	3,718	<b>4,104</b>	+10.4%	6,150	66.7%
Profit attributable to owners of parent	2,383	<b>2,467</b>	+3.5%	4,054	60.9%
Basic earnings per share	85.95 yen	<b>89.23 yen</b>	+3.28 yen	145.03 yen	61.5%

※ The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the fiscal year ending December 31, 2022, and the figures for the second quarter of the fiscal year ending December 31, 2022 are after the application of these accounting standards. Therefore, the rate of increase/decrease from the same period of the previous year is not stated. The same applies to the rate of increase/decrease from the same period of the previous year on the following pages.

# FY2022 2Q Highlights (Non-Cumulative 3 Month Results)

Net Sales

**10,101** million yen

YoY -%

Operating Profit

**1,828** million yen

YoY **+7.1%**

Ordinary Profit

**1,921** million yen

YoY **+12.9%**

Profit Attributable to  
Owner of Parent

**1,161** million yen

YoY **+5.1%**

## Automobile Business

Net Sales 2,966 million yen(-%)

Segment Income 951 million yen  
(+3.1%)

- The number of vehicle listed decreased due to the ongoing supply shortage of used vehicles.
- The number of vehicles bought increased in the live-linked auctions and proxy bidding service after May, resulting in profit increase year-on-year in 2Q (non-cumulative 3 months).

## Digital Product Business

Net Sales 1,884 million yen(-%)

Segment Income 1,269 million yen  
(+12.9%)

- The number of sales units decreased year-on-year.
- The transaction amount increased due to the expansion of buying power by an increase of the number of members, and a tailwind of yen depreciation. As a result, both sales and profit increased.

## Consumer Product Business

Net Sales 4,299 million yen(-%)

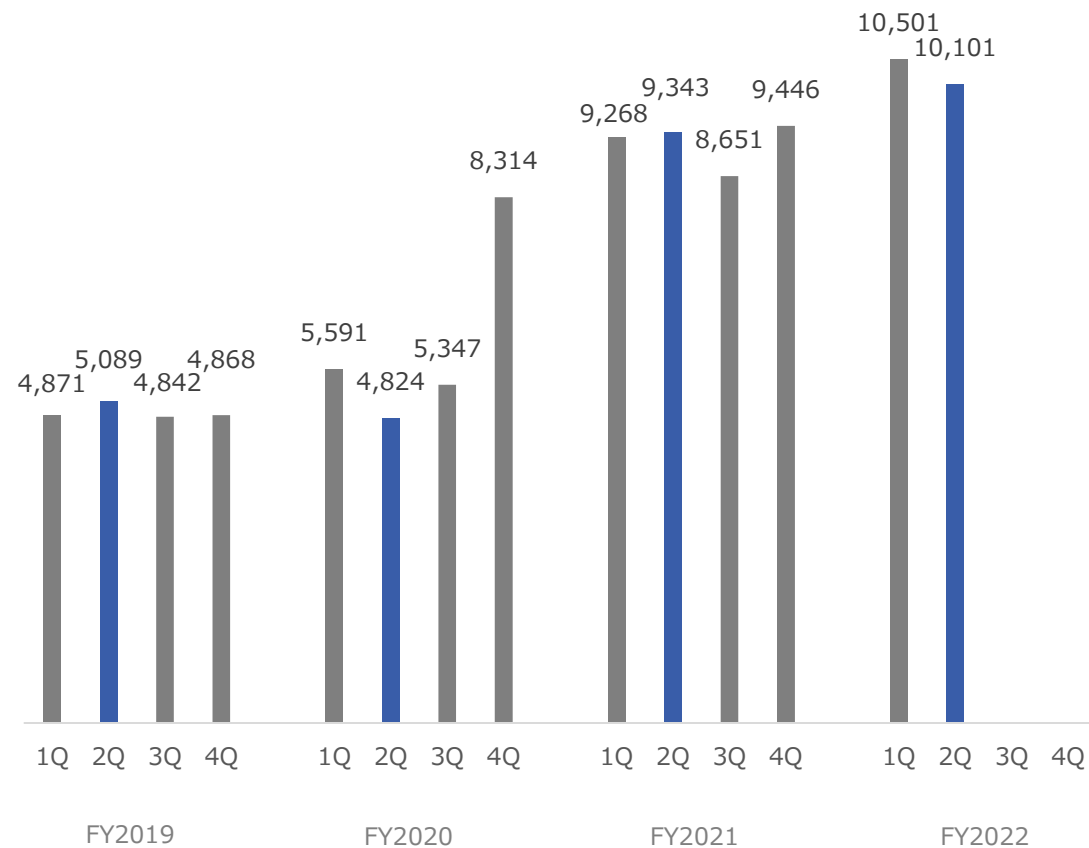
Segment Income 398 million yen  
(+17.0%)

- In the B2B business, auction related revenues increased by increasing the number of items listed and maintaining high average unit prices.
- Both sales and profit increased in the business targeting consumers due to strengthened product management, etc.

# FY2019~FY2022 Consolidated Financial Results by Quarter

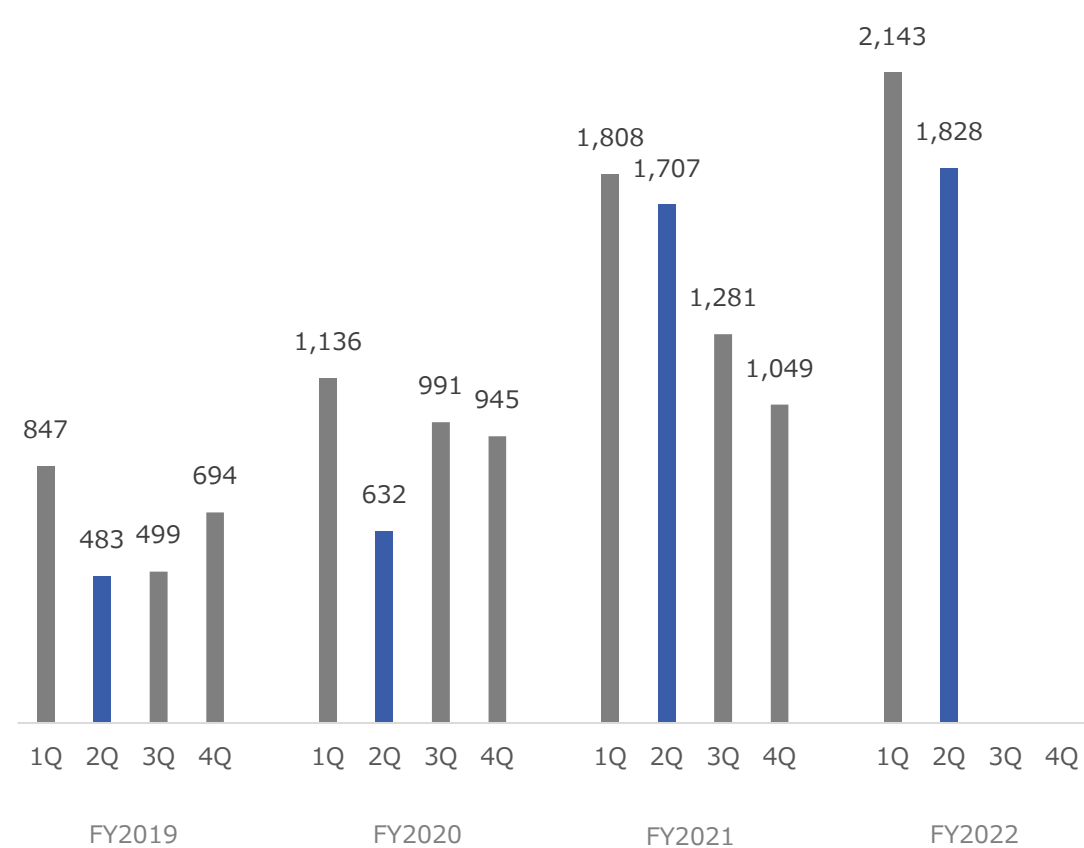
## Net Sales

(million yen)



## Operating Profit

(million yen)



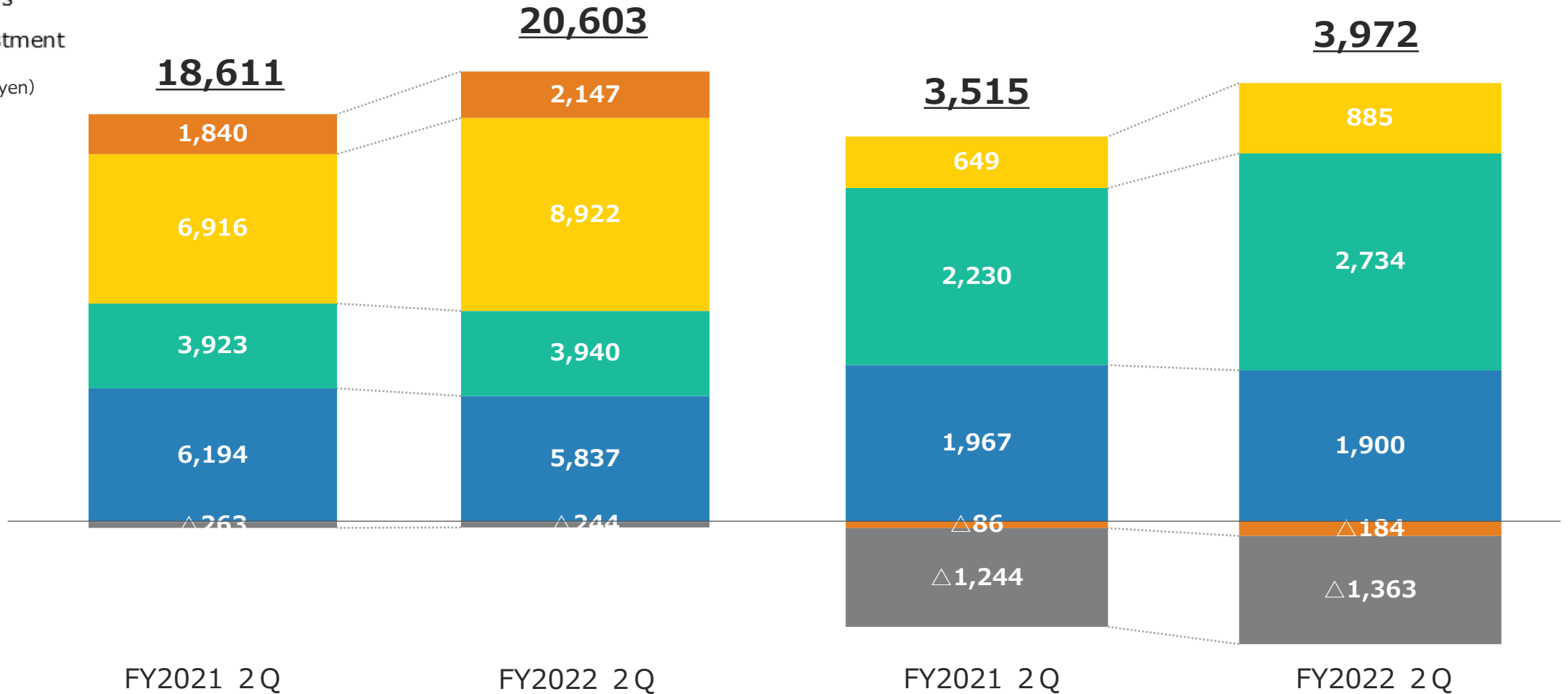
# FY2022 Second Quarter Segment Increase/Decrease

- Automobile
- Digital Product
- Consumer Product
- Others
- Adjustment

(million yen)

## Net Sales

## Operating Profit



# FY2022 Second Quarter Transaction Amount by Segment



Transaction Amount **245,164** million yen (YoY +5.6%)

## Automobile

**185,438** million yen  
(YoY +4.0%)



## Digital Product

**25,787** million yen  
(YoY +5.9%)



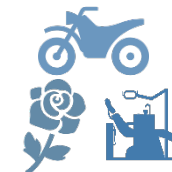
## Consumer Product

**23,649** million yen  
(YoY +20.4%)



## Others

**10,289** million yen  
(YoY +6.0%)



※ Used motorcycle, flower and medical-related businesses etc.  
※ Transaction amount of GRAND BOUQUET OTAKI LIMITED from 4Q in 2021 has been consolidated for the flower business.

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



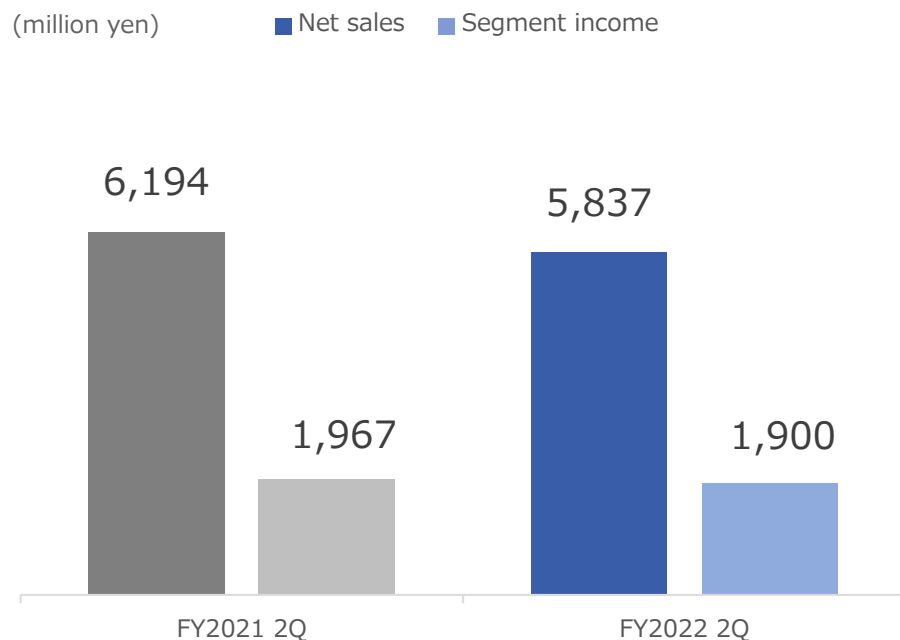
1. FY2022 Second Quarter Cumulative Results

**2. Segment Information**

3. Topics

4. Reference

- Both sales and profit decreased year-on-year. (Net Sales -%, Segment Income  $\triangle$ 3.4%)
- Auction related revenues declined as a result of a drop in the number of vehicles sold/bought due to the ongoing supply shortage of used vehicles.
- The number of vehicles inspected for a used vehicle listing platform remained well. As a result, both sales and profit increased in the vehicle inspection service.
- Profit increased year-on-year in 2Q (non-cumulative 3 months) due to an increase in sales share by strengthening measures to promote bids and an increase in bids by exporters due to yen depreciation, etc. even though we have to keep a close eye on the situation going forward.



#### Net Sales Composition ※

(million yen)	FY2021 2Q	FY2022 2Q	YoY
Auction related revenue	4,382	4,001	-
Product sales related revenue	152	176	-
Other	1,593	1,590	-
Inter-segment net sales or transfers	65	68	-
<b>Net Sales</b>	<b>6,194</b>	<b>5,837</b>	<b>-</b>

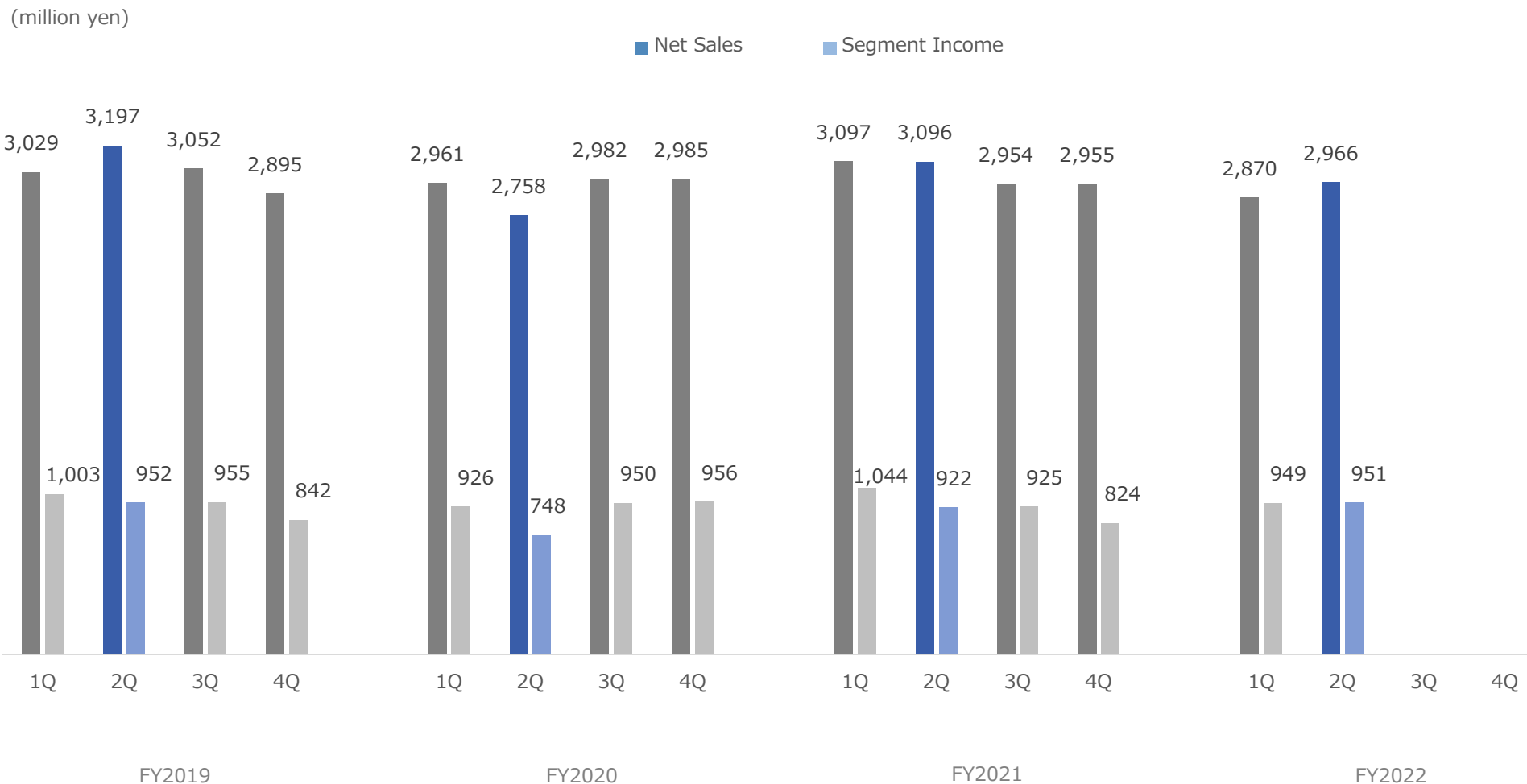
※Sales composition classifications have been revised in accordance with the detailed disclosure of segment sales composition.  
The sales composition in 2021 has not been quarterly reviewed by Grant Thornton Taiyo LLC.

#### KPI

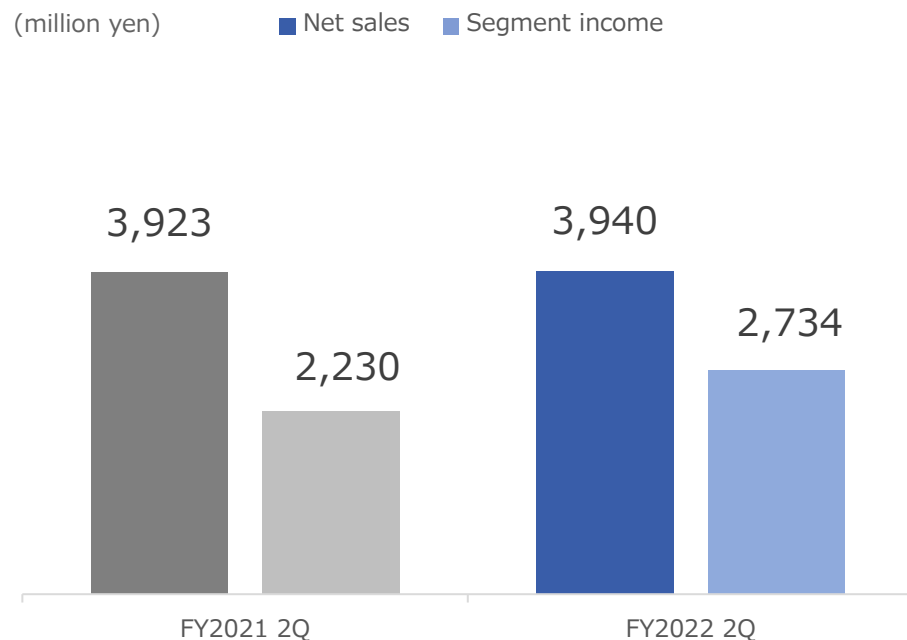
		FY2021 2Q	FY2022 2Q	YoY
Auction related	Transaction amount (million yen)	178,389	185,438	+4.0%
	Total vehicles sold/bought (unit)	236,203	218,453	$\triangle$ 7.5%
Membership fee	Number of members (member)	14,420	14,706	+2.0%
Inspection fee	Vehicles inspected※ (unit)	532,575	538,234	+1.1%

※ Includes used motorcycles inspections

# FY2019~FY2022 Results by Quarter



- Both sales and profit increased year-on-year. (Net Sales -%, Segment Income +22.6%)
- Although the number of sales units continued to decline year-on-year from 1Q, the number of new buyers and the number of buyers participating in auctions continued to increase, and the depreciation of yen also helped to expand transaction amount, resulting in higher sales and profit.
- Profitability improved as losses were eliminated due to the withdrawal from the U.S. business last year.



### Net Sales Composition ※

(million yen)	FY2021 2Q	FY2022 2Q	YoY
Auction related revenues	3,436	<b>3,829</b>	-
Product sales related revenues	486	<b>110</b>	-
Other	-	-	-
Inter-segment net sales or transfers	-	-	-
<b>Net Sales</b>	<b>3,923</b>	<b>3,940</b>	-

※Sales composition classifications have been revised in accordance with the detailed disclosure of segment sales composition. The sales composition in 2021 has not been quarterly reviewed by Grant Thornton Taiyo LLC.

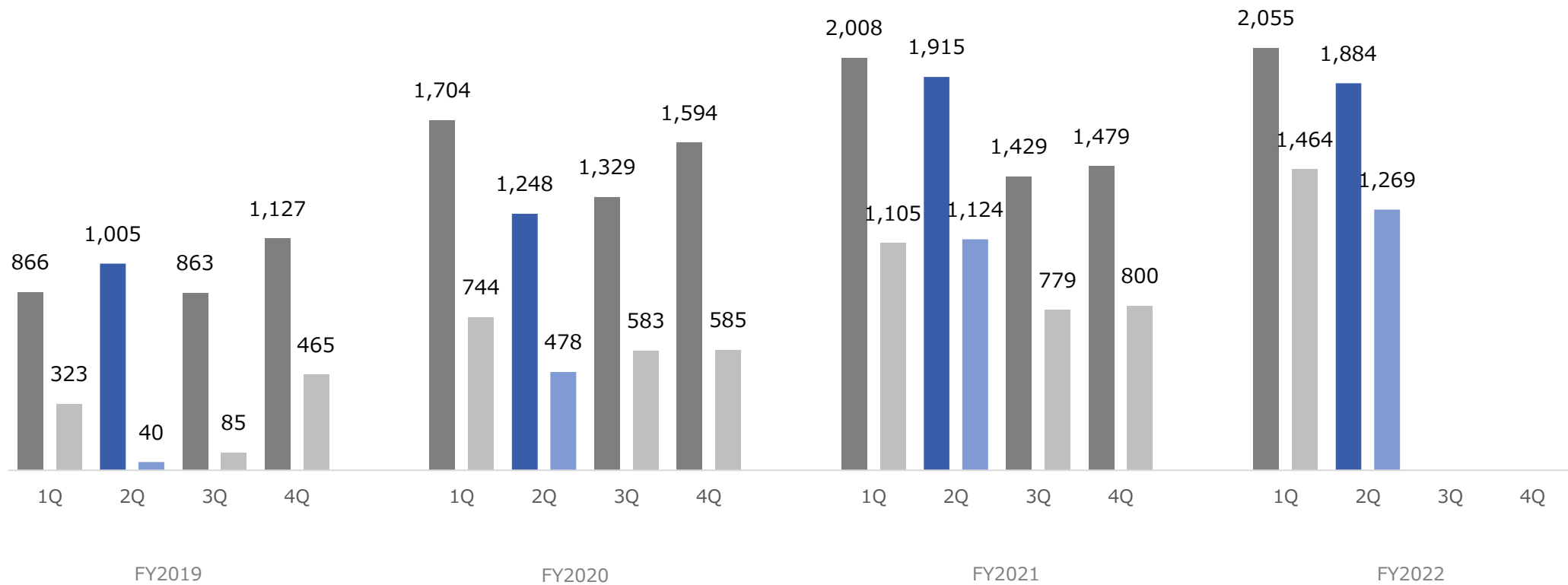
### KPI

		FY2021 2Q	FY2022 2Q	YoY
Transaction amount	(million yen)	24,355	<b>25,787</b>	+5.9%
Sales units	Domestic(unit)	1,318,191	<b>1,025,120</b>	△22.2%
	U.S. (unit)	270,685	-	-
Number of members	(member)	855	<b>1,132</b>	+32.4%

# FY2019~FY2022 Results by Quarter

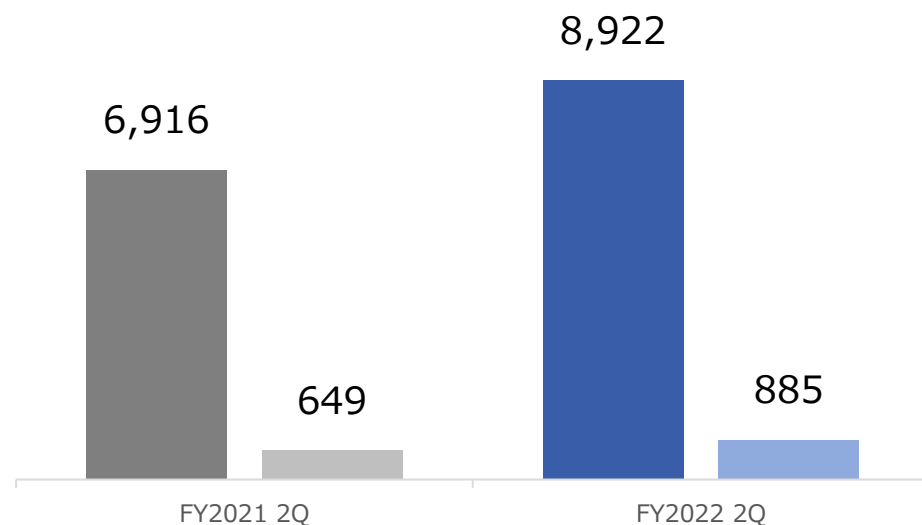
(million yen)

■ Net Sales    ■ Segment Income



- Both sales and profit increased year-on-year (Net Sales +%, Segment Income + 36.3%)
- In the B2B business, the auction related revenue increased by an increase in the number of items listed due to measures to promote listing items on auctions and by maintaining high average unit prices.
- Both sales and profit increased in the business targeting consumers by acquiring stable income due to the strengthened product management continued from last year.

(million yen) ■ Net sales ■ Segment income



#### Net Sales Composition ※

(million yen)	FY2021 2Q	FY2022 2Q	YoY
Auction related revenues	1,063	<b>1,214</b>	-
Product sales related revenues	5,842	<b>7,695</b>	-
Other	10	<b>12</b>	
Inter-segment net sales or transfers	-	-	
<b>Net Sales</b>	<b>6,916</b>	<b>8,922</b>	-

※Sales composition classifications have been revised in accordance with the detailed disclosure of segment sales composition. The sales composition in 2021 has not been quarterly reviewed by Grant Thornton Taiyo LLC.

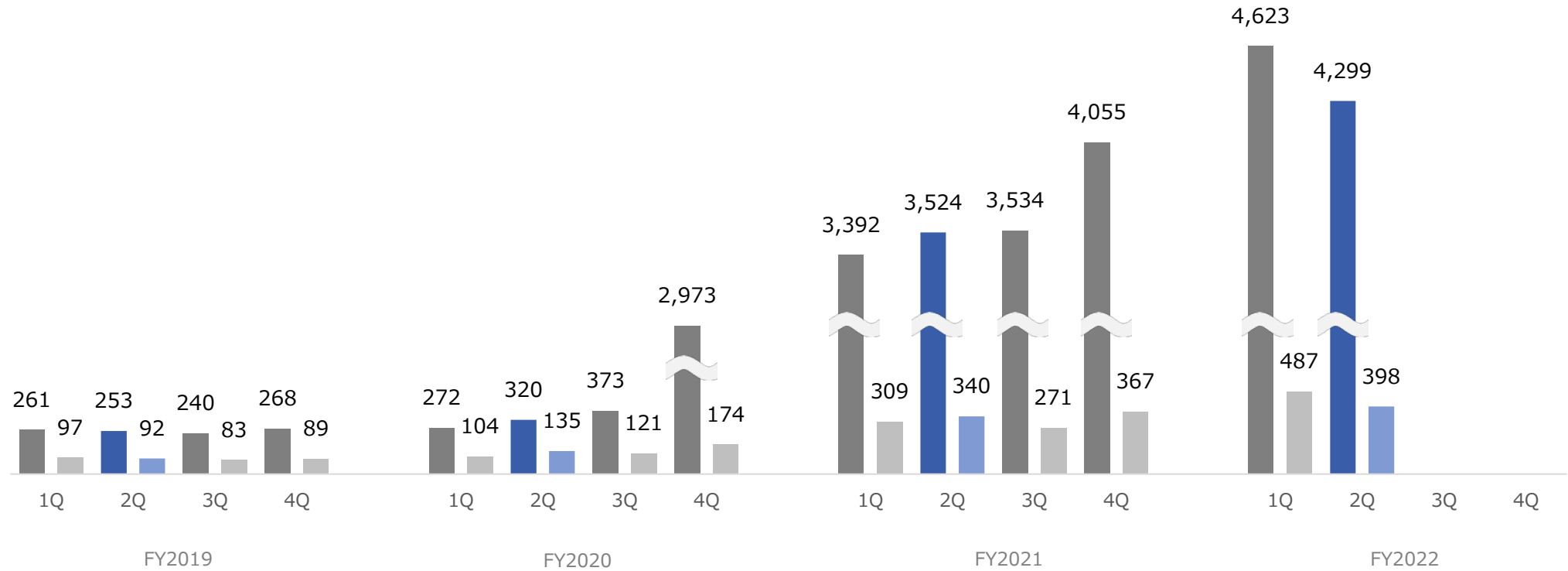
#### KPI

		FY2021 2Q	FY2022 2Q	YoY
B2B business	Transaction amount (million yen)	15,321	<b>18,356</b>	+19.8%
	Items sold (item)	326,465	<b>335,412</b>	+2.7%
	Number of members (member)	2,311	<b>2,824</b>	+22.2%
Business targeting C	Transaction amount (million yen)	4,319	<b>5,292</b>	+22.5%

# FY2019~FY2022 Results by Quarter

(million yen)

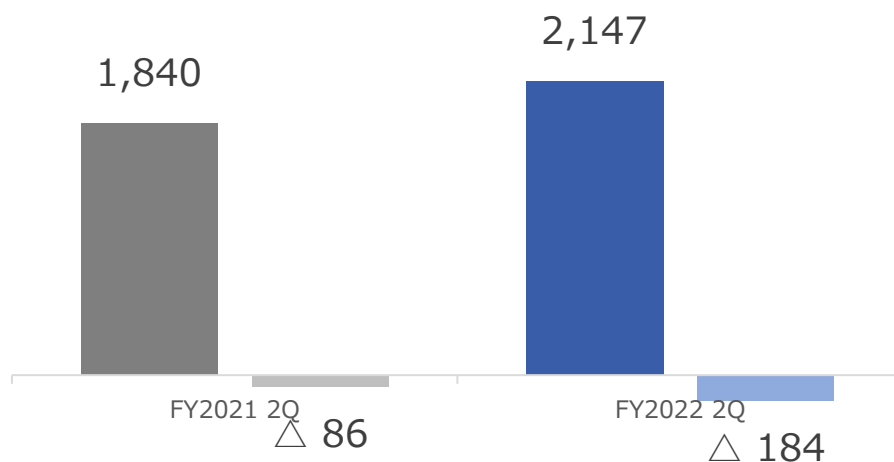
■ Net Sales ■ Segment Income



# FY2022 Second Quarter Cumulative Results

- Sales increased but profit decreased year-on-year.
- In the flower business, transaction amount increased due to higher unit prices of cut flowers, resulting in a year-on-year increase in net sales.
- In addition to the Aucnet's existing flower business, Grand Bouquet Otaki consolidated by PL in 4Q 2021 performed well.
- In the used motorcycle business, we have focused on the short-term vehicle leasing subscription business for individuals as a new challenge, which is an upfront investment. 2Q (non-cumulative 3 months) saw steady expansion with an increase in the number of vehicles in operation.

(million yen) ■ Net sales ■ Segment income



## Net Sales Composition ※

(million yen)	FY2021 2Q	FY2022 2Q	YoY
Auction related revenue	942	973	-
Product sales related revenue	145	428	-
Other	553	569	-
Inter-segment net sales or transfers	198	176	-
<b>Net Sales</b>	<b>1,840</b>	<b>2,147</b>	<b>-</b>

※Sales composition classifications have been revised in accordance with the detailed disclosure of segment sales composition. The sales composition in 2021 has not been quarterly reviewed by Grant Thornton Taiyo LLC.



1. FY2022 Second Quarter Cumulative Results

2. Segment Information

**3. Topics**






4. Reference

# FY2022 Forecast Revision

- In the first half of the fiscal year, the business environment was expected to be difficult, but progress exceeded our expectations. We have revised our forecast as shown below, reflecting the first half results.
- 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 3 yen to annual 47 yen per share.

(Million Yen)	FY2022 Initial Forecast (2022/2/14)	FY2022 Revised Forecast (2022/8/9)
Net Sales	38,329	<b>40,270</b>
Operating profit	6,000	<b>6,480</b>
Operating profit margin	15.7%	<b>16.1%</b>
Ordinary profit	6,150	<b>6,743</b>
Profit attributable to owners of parent	4,054	<b>4,288</b>
Basic earnings per share	145.03 Yen	<b>155.07 Yen</b>
Dividend per share	44.00 Yen	<b>47.00 Yen</b>
Dividend payout ratio	30.3%	<b>30.3%</b>

# FY2022 Forecast Revision Forecast of the Second Half

	<b>Automobile Business</b>	<ul style="list-style-type: none"> <li>• Expect stable contribution to earnings as last year, as the impact of the semiconductor shortage is not likely to be resolved.</li> </ul>
	<b>Digital Product Business</b>	<ul style="list-style-type: none"> <li>• Expect an improvement in sales units based on the assumption that new model smartphones will be announced in the second half of the year though the number of sales units have been challenging since last year</li> <li>• Continue to increase the number of members and improve auction systems</li> </ul>
	<b>Consumer Product Business</b>	<ul style="list-style-type: none"> <li>• Continue to focus on strengthening overseas buyer network and activating the auction platform despite concerns about a decrease in unit prices of items sold due to the stabilization of the market price</li> <li>• Pursue synergies with Gallery Rare</li> </ul>
	<b>Others</b>	<ul style="list-style-type: none"> <li>• Pursue synergies with Kinuta Flower Auction and Grand Bouquet Otaki in the flower business</li> <li>• Focus on the subscription service etc. in used motorcycle business</li> </ul>
	<b>Common</b>	<ul style="list-style-type: none"> <li>• Invest in human capital, existing and new businesses, and R&amp;D</li> <li>• Mid-term M&amp;A implementation etc.</li> </ul>

# Acquisition and tender offer of own shares

	Summary
Total number of shares to be repurchased	1,650,000 shares of common stock (maximum) (Equivalent to 5.90% of the total number of issued shares)
Price of purchase	1,774 yen per share of common stock
Total acquisition price	2,927,100,000 yen (maximum)
Tender offer period	From August 10, 2022 to September 7, 2022

# Response to the TCFD recommendations

- We endorse the recommendation of Task Force on Climate-related Financial Disclosures (TCFD) and disclose information on our website based on the framework recommended by the TCFD.

Reference : <https://www.aucnet.co.jp/en/tcfd/>

Governance	Strategy	Risk Management	Metrics and Targets
Established a sustainability committee	Scenario development and risk and opportunity analysis	Managed within the company-wide risk management process	Set Gross Circulation Value (GCV) as a management metric



1. FY2022 Second Quarter Cumulative Results
2. Segment Information
3. Topics
- 4. Reference**

# Effect of adopting Accounting Standard for Revenue Recognition

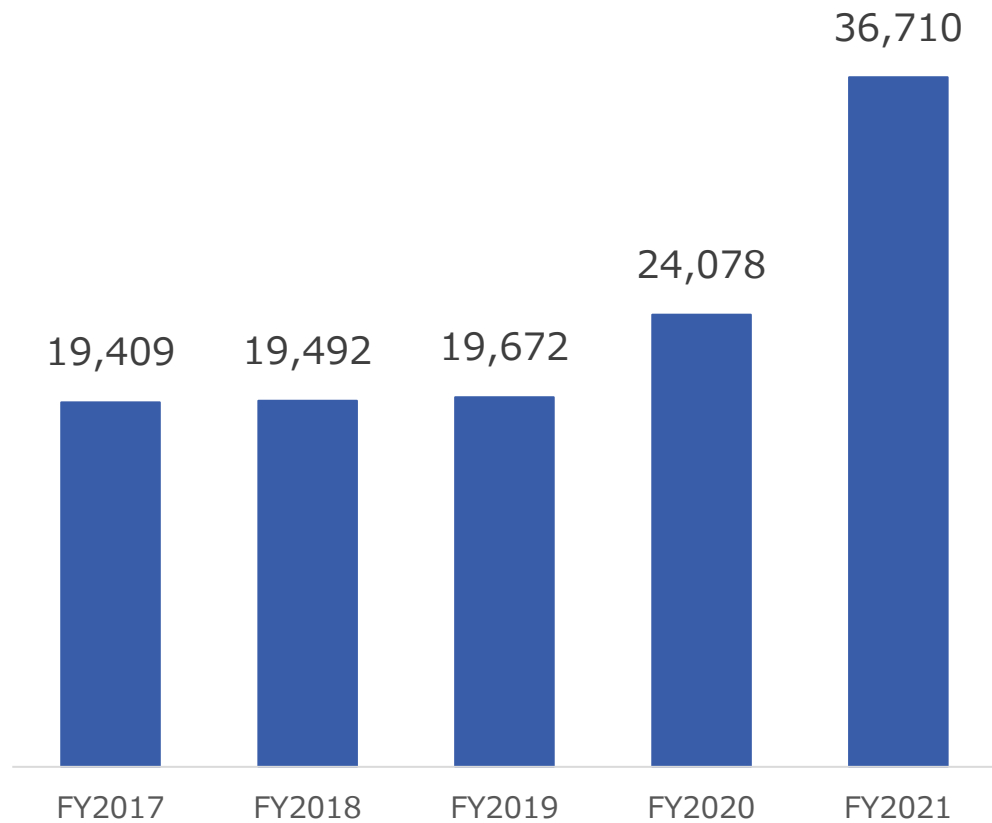
- Compared with the former standard, Net sales decreased 195 million yen in the first half of the current fiscal year.
- The impact on the segment income is minor.

(million yen)	Net Sales			
	FY2021 2Q	FY2022 2Q (old standard)	FY2022 2Q (new standard)	difference
Automobile	6,194	6,153	<b>5,837</b>	△316
Digital Product	3,923	3,880	<b>3,940</b>	60
Consumer Product	6,916	8,851	<b>8,922</b>	71
Others	1,840	2,157	<b>2,147</b>	△9
Adjustment	△263	△244	△ <b>244</b>	0
<b>Consolidation</b>	18,611	20,798	<b>20,603</b>	△195

# FY2017~FY2021 Consolidated Financial Results by Fiscal Year

(million yen)

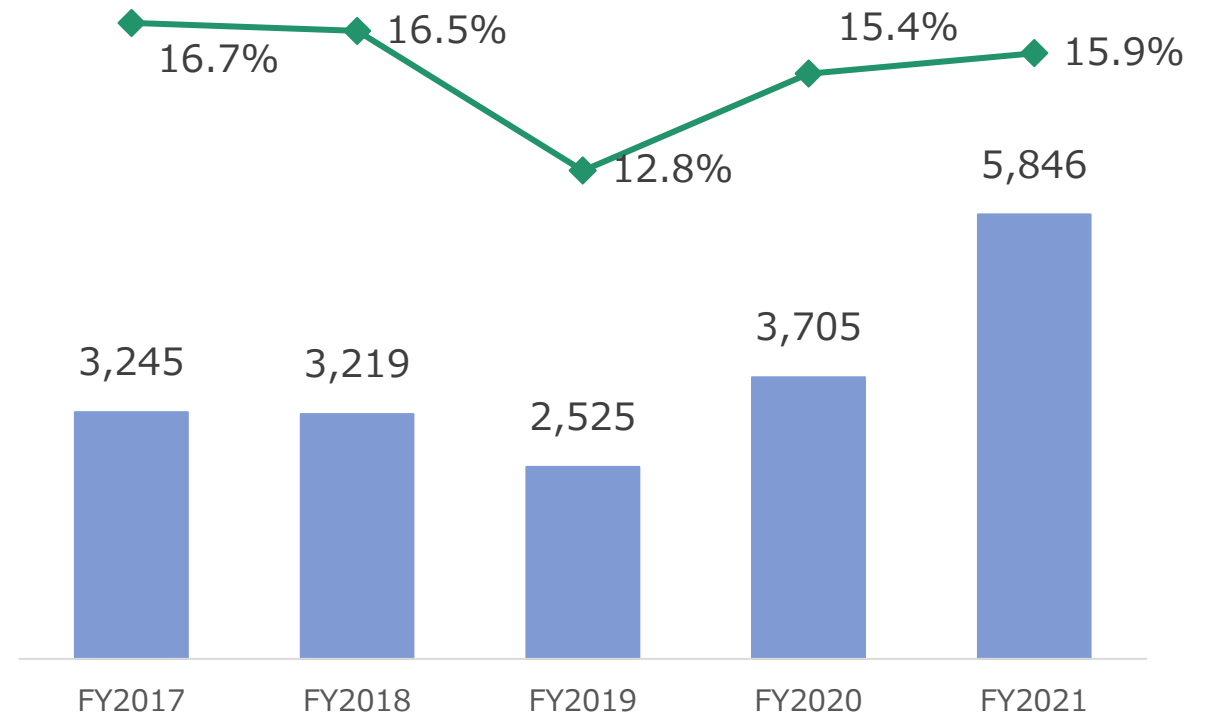
■ Net Sales



(million yen)

■ Operating Profit

◆ Operating Profit Margin





# Consolidated Balance Sheets & Statements of Cash Flows

Assets (million yen)	FY2021 end of December	FY2022 end of June	Increase/ Decrease	Liabilities and net assets (million yen)	FY2021 end of December	FY2022 end of June	Increase/ Decrease
Current assets	30,018	<b>35,975</b>	+5,956	Current liabilities	11,039	<b>15,178</b>	+4,138
Cash and deposits	20,615	<b>24,542</b>	+3,926	Due to auction members	6,728	<b>11,204</b>	+4,476
Due from auction members	3,959	<b>5,792</b>	+1,832	Other	4,310	<b>3,973</b>	△337
Other	5,442	<b>5,639</b>	+197	Non-current liabilities	3,081	<b>3,153</b>	+72
Non-current assets	6,804	<b>6,604</b>	△199	Retirement benefit liability	1,790	<b>1,825</b>	+35
Property, plant and equipment	1,639	<b>1,660</b>	+20	Other	1,290	<b>1,328</b>	+37
Intangible assets	1,616	<b>1,355</b>	△260	Total liabilities	14,120	<b>18,331</b>	+4,210
Other	3,549	<b>3,588</b>	+39	Total net assets	22,701	<b>24,247</b>	+1,545
Total assets	36,822	<b>42,579</b>	+5,756	Total liabilities and net assets	36,822	<b>42,579</b>	+5,756

(million yen)	FY2021 2Q	FY2022 2Q	Increase/Decrease
Cash flows from operating activities	5,031	<b>5,252</b>	+220
Cash flows from investing activities	282	△ <b>388</b>	△671
Cash flows from financing activities	△304	△ <b>1,131</b>	△826
Cash and cash equivalents at end of period	20,744	<b>23,412</b>	+2,667

# KPI

				FY2019				FY2020			
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Automobile	Auction related	Transaction amount	(million yen)	79,678	75,559	80,728	73,206	79,527	63,462	87,032	81,057
		Total vehicles sold/bought	(unit)	111,672	106,321	111,119	104,544	109,099	96,156	115,610	109,326
	Membership fee	Number of members	(member)	14,173	14,117	14,112	14,146	14,108	14,104	14,267	14,362
	Inspection fee※1	Vehicles inspected	(unit)	249,240	248,504	258,677	252,425	258,903	223,430	229,815	259,900
Digital Product	Transaction amount		(million yen)	5,858	5,494	5,178	7,985	9,562	7,605	7,887	9,024
	Sales units	Domestic	(unit)	378,049	406,546	414,670	502,514	591,735	520,791	487,494	543,592
		U.S.	(unit)	-	-	-	-	89,869	59,611	194,169	308,478
	Members	Number of members	(member)	510	530	603	657	665	707	766	762
Consumer Product※2	B2B business	Transaction amount	(million yen)	2,681	2,673	2,542	2,696	2,768	3,720	4,349	6,543
		Items sold	(item)	86,262	84,546	80,950	90,729	96,292	96,093	113,711	142,530
		Number of members	(member)	1,715	1,724	1,781	1,815	1,857	1,943	1,876	2,160
	Business targeting C	Transaction amount	(million yen)	-	-	-	-	-	-	-	1,654
				FY2021				FY2022			
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Automobile	Auction related	Transaction amount	(million yen)	90,705	87,684	81,561	83,806	84,641	<b>100,796</b>	-	-
		Total vehicles sold/bought	(unit)	119,786	116,417	107,334	103,635	104,115	<b>114,338</b>	-	-
	Membership fee	Number of members	(member)	14,282	14,420	14,497	14,605	14,663	<b>14,706</b>	-	-
	Inspection fee※1	Vehicles inspected	(unit)	266,100	266,475	253,557	256,118	269,476	<b>268,758</b>	-	-
Digital Product	Transaction amount		(million yen)	12,283	12,071	8,738	9,717	13,526	<b>12,261</b>	-	-
	Sales units	Domestic	(unit)	656,847	661,344	510,693	467,773	526,106	<b>499,014</b>	-	-
		U.S.	(unit)	173,951	96,734	46,601	307	-	-	-	-
	Members	Number of members	(member)	800	855	922	989	1,044	<b>1,132</b>	-	-
Consumer Product※2	B2B business	Transaction amount	(million yen)	7,324	7,996	8,209	8,912	9,117	<b>9,239</b>	-	-
		Items sold	(item)	157,627	168,838	158,173	172,961	160,850	<b>174,562</b>	-	-
		Number of members	(member)	2,237	2,311	2,467	2,652	2,763	<b>2,824</b>	-	-
	Business targeting C	Transaction amount	(million yen)	2,140	2,179	2,027	2,466	2,747	<b>2,544</b>	-	-

※1 Includes used motorcycles inspections

※2 KPI by Gallery Rare has been combined in each business from 4Q FY 2020.

**The earnings forecast and other forward-looking statements herein are based on the information currently available and certain assumptions deemed reasonable by the Company, and the Company does not guarantee their achievement. In addition, actual results may differ significantly from these forecasts due to a wide range of factors.**

