

FY2022 Third Quarter Results Briefing

November 8th, 2022
AUCNET INC.
(TSE Prime Market: 3964)



Table of Contents

1. FY2022 Third Quarter Cumulative Results	
• Consolidated Financial Results	P. 2
• Highlights	P. 3
2. Segment Information	
• Automobile Business	P. 7
• Digital Product Business	P. 9
• Consumer Product Business	P. 11
• Others	P. 13
3. Reference	P. 14

FY2022 Third Quarter Cumulative Results Consolidated Financial Results

- Operating profit achieved +10.9% year-on-year due to the favorable performance of the Consumer Product Business.
- The impact of the "Accounting Standard for Revenue Recognition" is minor. (Please refer to the details on p.15)

(million yen)	FY2021 3Q	FY2022 3Q	YoY	FY2022 Forecast	Rate of Progress
Net Sales	27,263	30,485	-※	40,270	75.7%
Operating profit	4,797	5,321	+10.9%	6,480	82.1%
Operating profit margin	17.6%	17.5%	△0.1pt	16.1%	
EBITDA	5,452	5,970	+9.5%	-	-
Ordinary profit	5,013	5,547	+10.7%	6,743	82.3%
Profit attributable to owners of parent	3,049	3,468	+13.7%	4,288	80.9%

※ 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 third 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 3Q Highlights (Non-Cumulative 3 Month Results)

Net Sales

9,882 million yen

YoY -%

Operating Profit

1,349 million yen

YoY **+5.3%**

Ordinary Profit

1,443 million yen

YoY **+11.5%**

Profit Attributable to
Owner of Parent

1,000 million yen

YoY **+50.3%**

Automobile Business

Net Sales 2,773 million yen(-%)

Segment Income 944 million yen
(+2.1%)

- 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 mainly by exporters, resulting in profit increase year-on-year in this 3Q (non-cumulative 3 months).

Digital Product Business

Net Sales 1,315 million yen(-%)

Segment Income 821 million yen
(+5.4%)

- The number of sales units decreased year-on-year.
- The profit increased due to the elimination of losses from the withdrawal from the U.S. business last year in addition to the expansion of transaction amount by the increased number of members and influence of weak yen.

Consumer Product Business

Net Sales 4,890 million yen(-%)

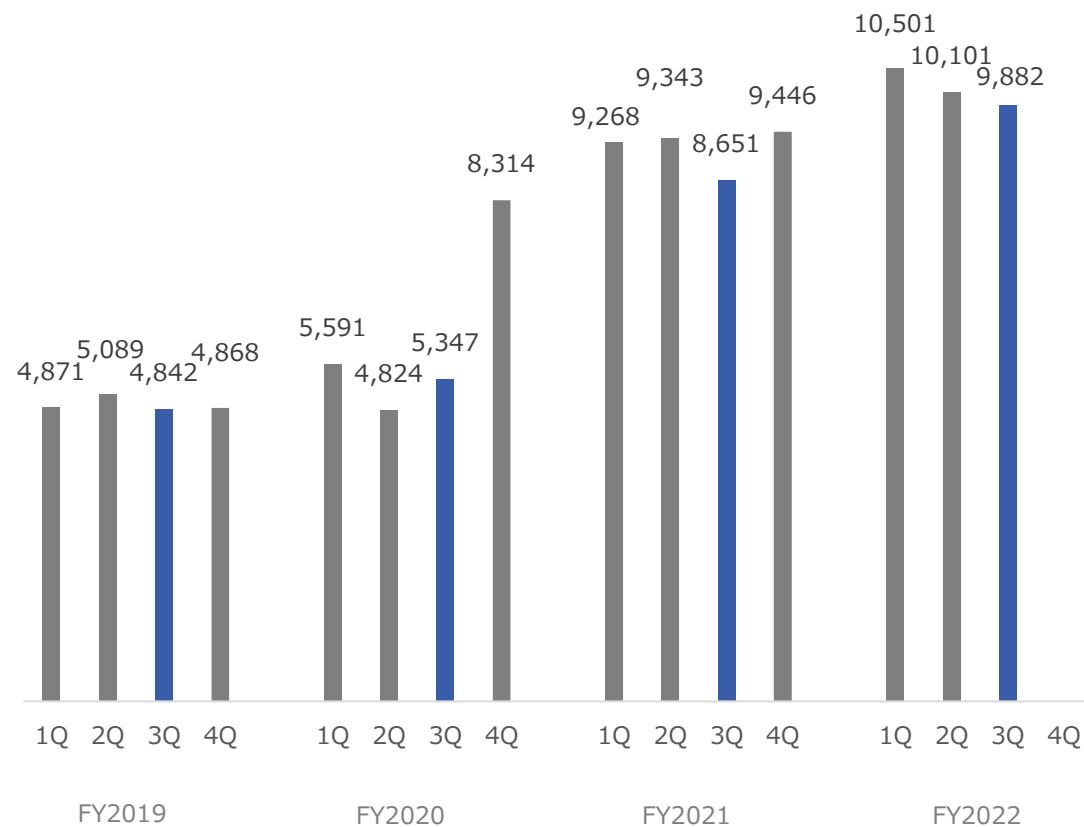
Segment Income 395 million yen
(+45.5%)

- In the B2B business, the auction related revenue increased due to the increased number of items bought from overseas and the number of items listed, and the remained high average unit price.
- Both sales and profit increased in the business targeting consumers due to the favorable performance of the purchasing and sales, and the inventory management.

FY2019~FY2022 Consolidated Financial Results by Quarter

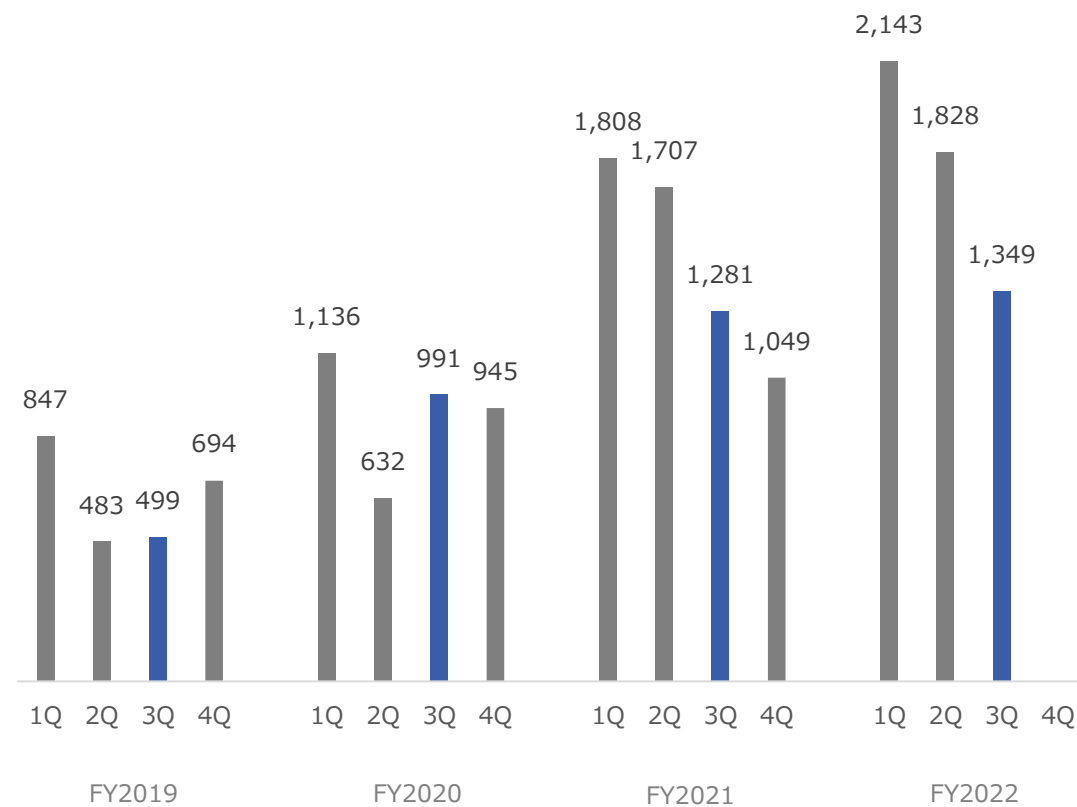
Net Sales

(million yen)



Operating Profit

(million yen)



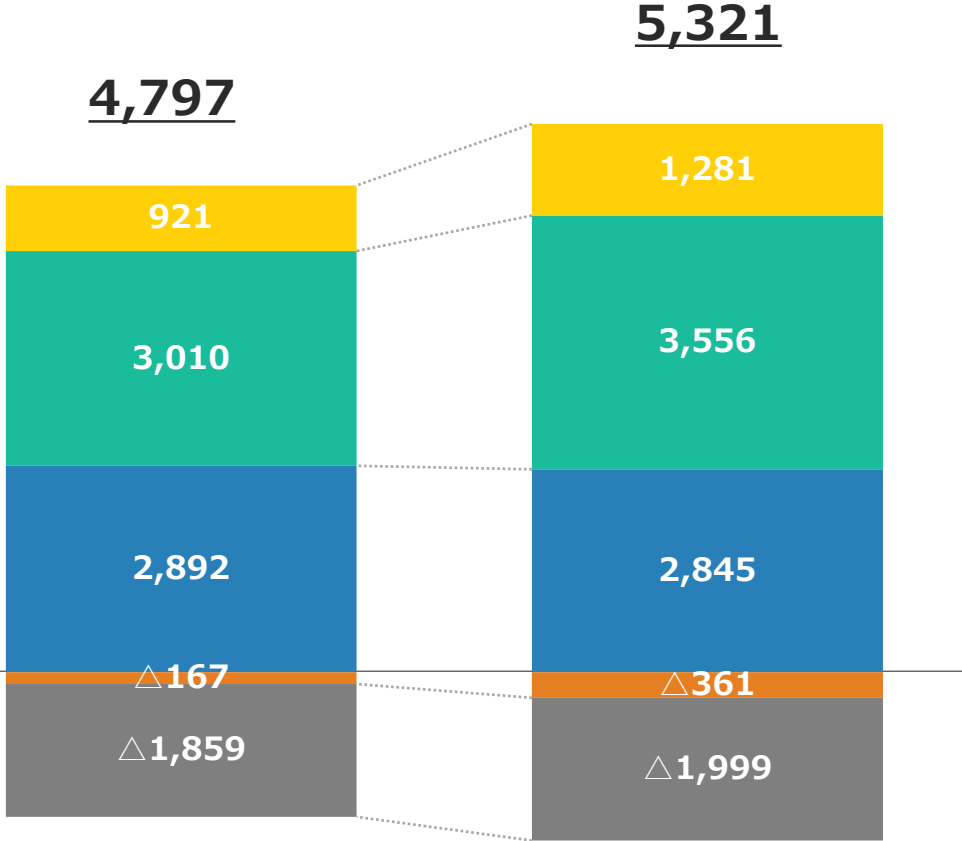
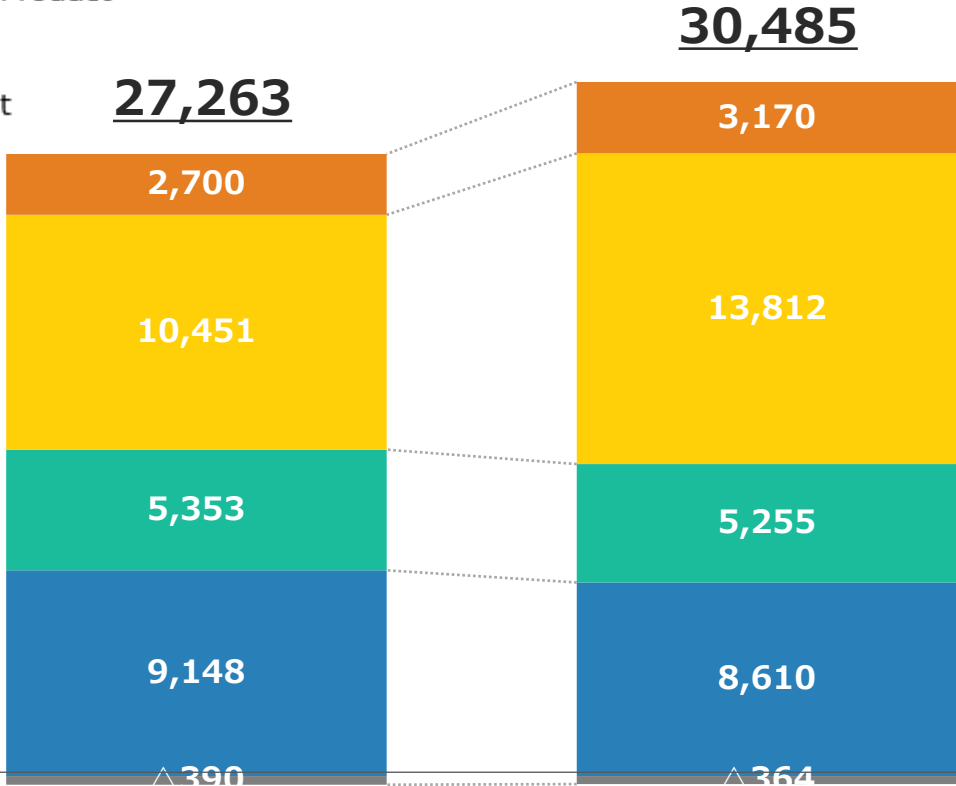
FY2022 Third Quarter Segment Increase/Decrease

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

(million yen)

Net Sales

Operating Profit



FY2021 3Q

FY2022 3Q

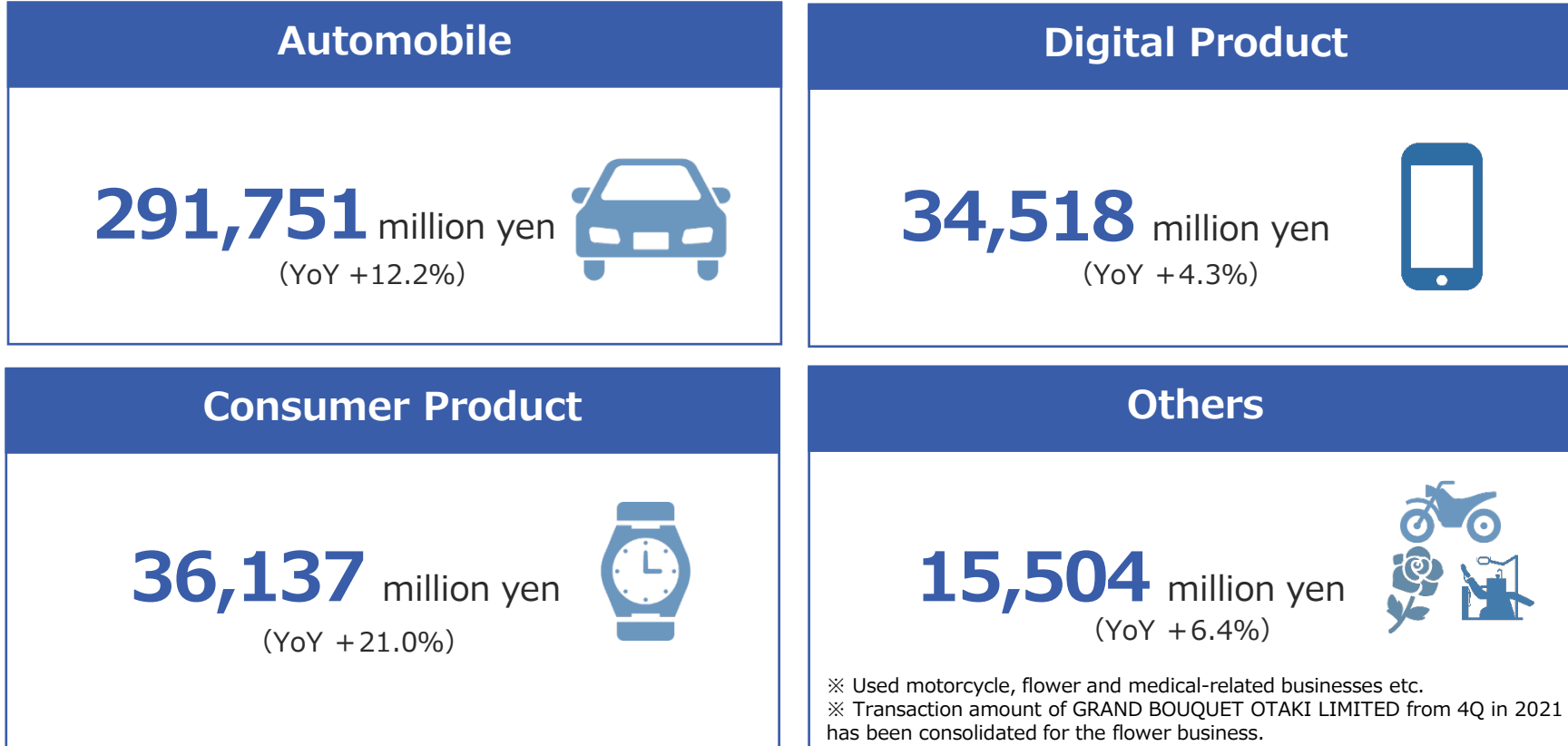
FY2021 3Q

FY2022 3Q

FY2022 Third Quarter Transaction Amount by Segment

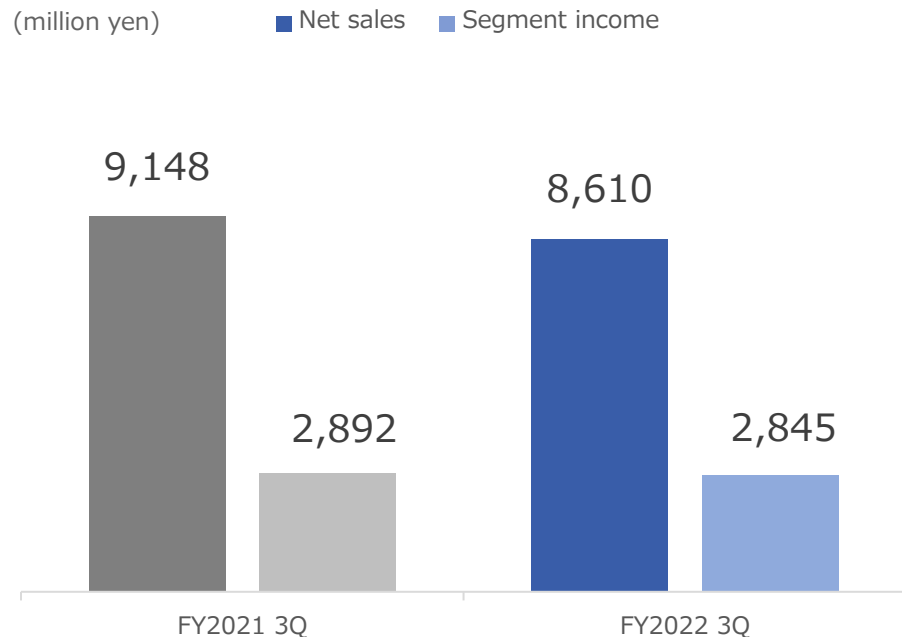


Transaction Amount **377,912** million yen (YoY +12.0%)



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

- Both sales and profit decreased year-on-year. (Net Sales -%, Segment Income \triangle 1.6%)
- Although the auction related revenue was lower than the previous year due to the decreased number of vehicles sold/bought, both sales and profit increased in the vehicle inspection service led by the increased number of vehicles inspected.
- For this 3Q (non-cumulative), the profit increased in the whole segment due to the number of vehicles bought increased year-on-year by increased buying power of exporters in the live-linked auctions and the proxy bidding service and the favorable performance of the vehicle inspection service.



Net Sales Composition ※

(million yen)	FY2021 3Q	FY2022 3Q	YoY
Auction related revenues	6,465	5,837	-
Product sales related revenues	212	277	-
Other	2,370	2,393	-
Inter-segment net sales or transfers	99	102	-
Net Sales	9,148	8,610	-

※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.

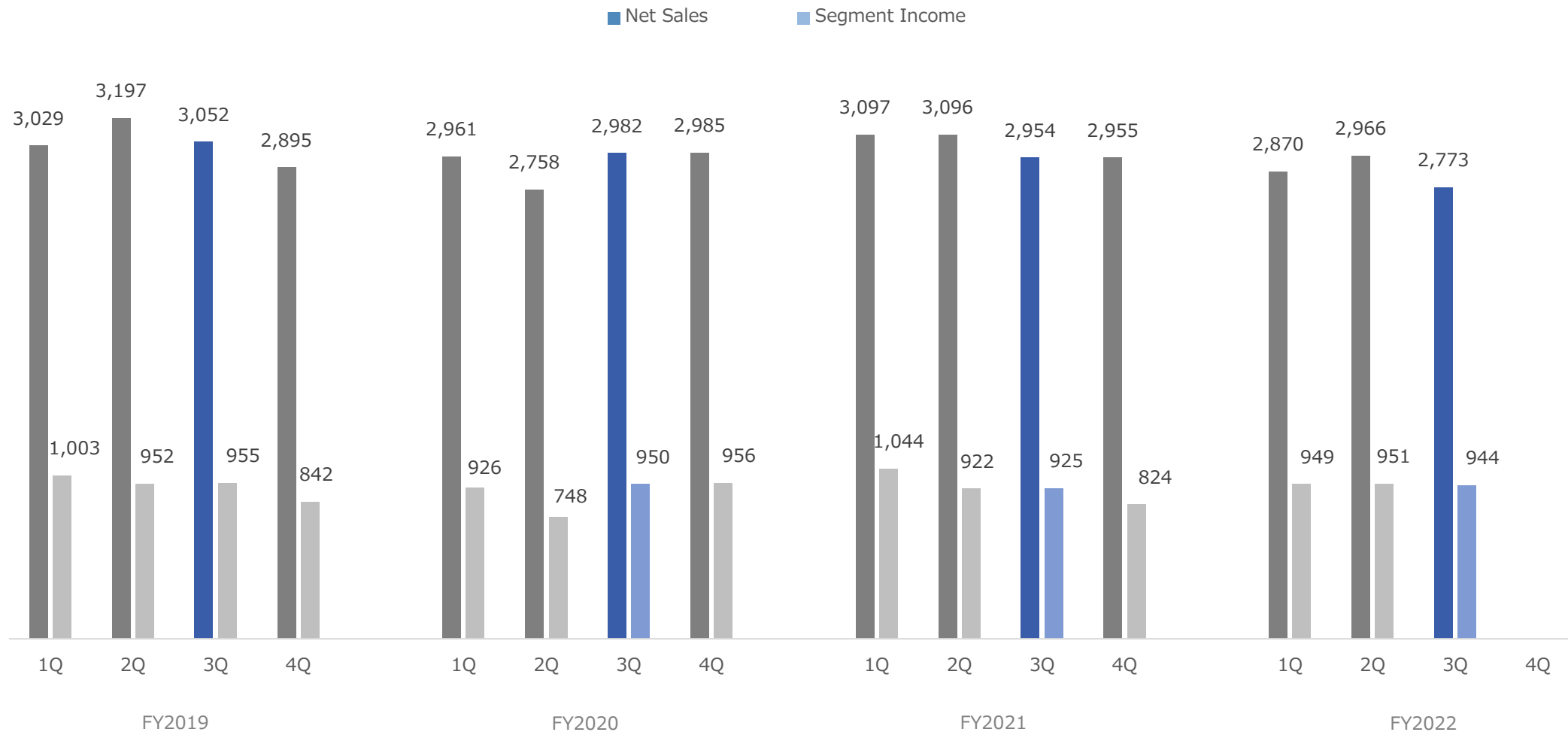
KPI

			FY2021 3Q	FY2022 3Q	YoY
Auction related	Transaction amount	(million yen)	259,951	291,751	+12.2%
	Total vehicles sold/bought	(unit)	343,537	330,127	\triangle 3.9%
Membership fee	Number of members	(member)	14,497	14,847	+2.4%
Inspection fee	Vehicles inspected	(unit)	786,132	801,025	+1.9%

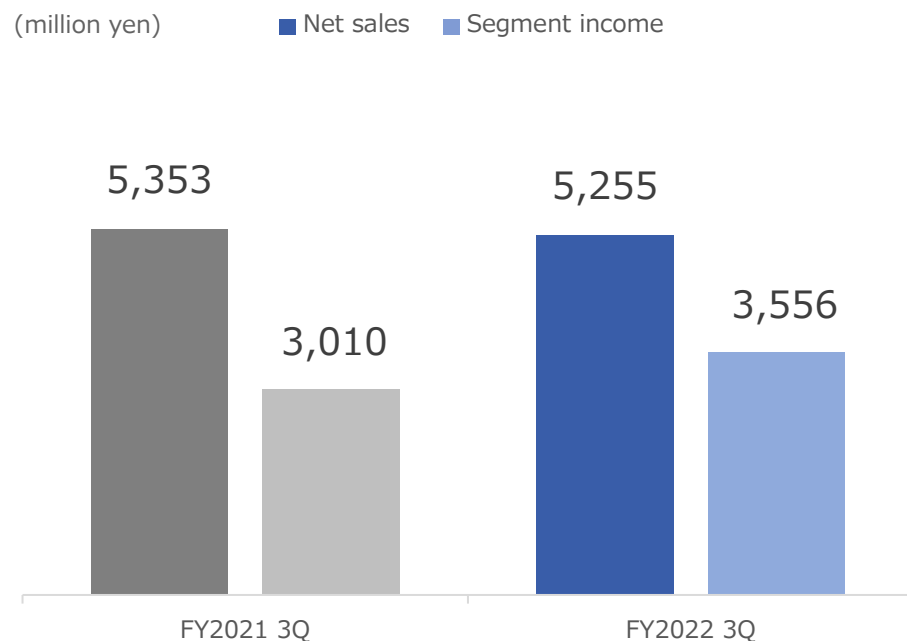
※ Includes used motorcycles inspections

FY2019~FY2022 Results by Quarter

(million yen)



- Sales decreased but profit increased year-on-year. (Net Sales -%, Segment Income +18.1%)
- Transaction amount expanded by obtaining new buyer members following 2Q as a result of the enforcement of digital marketing and yen depreciation tendency continued from the beginning of the year.
- For the 3Q (non-cumulative), profit increased due to the elimination of losses by withdrawal of U.S. business at the end of last year though the number of sales units slightly decreased due to the impact of restrained purchases before the launch of new model smartphones.



Net Sales Composition ※

(million yen)	FY2021 3Q	FY2022 3Q	YoY
Auction related revenues	4,725	5,118	-
Product sales related revenues	628	137	-
Other	-	-	-
Inter-segment net sales or transfers	-	-	-
Net Sales	5,353	5,255	-

※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.

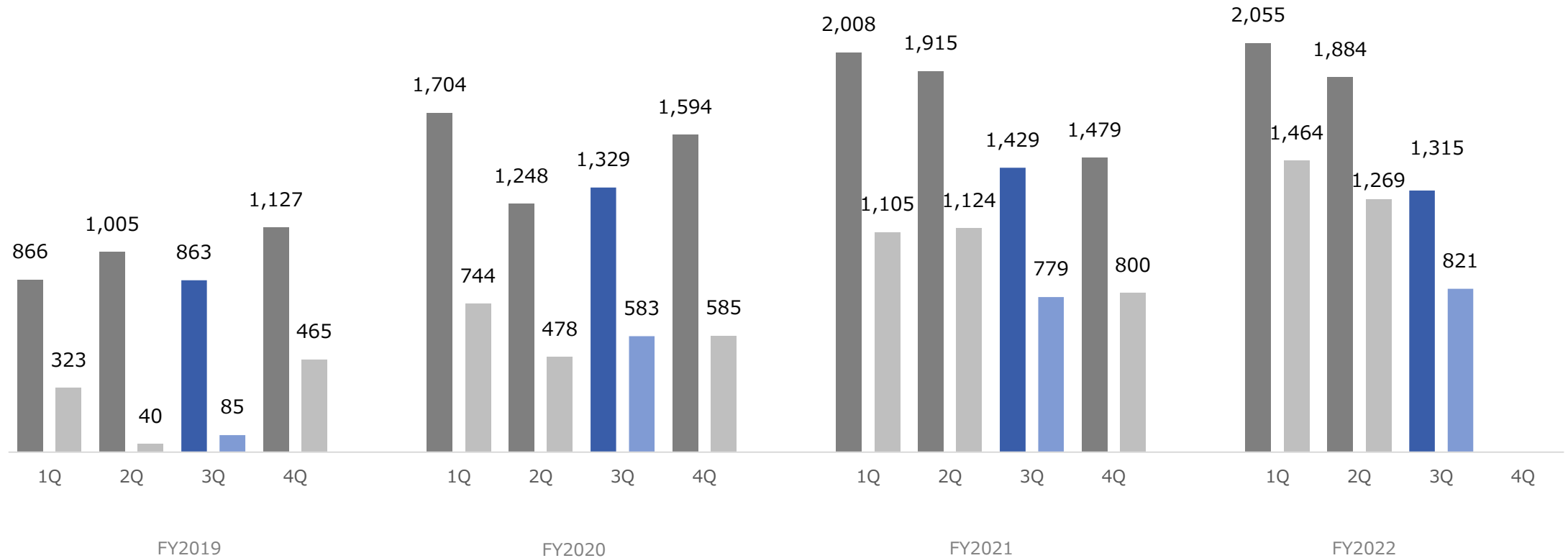
KPI

		FY2021 3Q	FY2022 3Q	YoY
Transaction amount	(million yen)	33,094	34,518	+4.3%
Sales units	Domestic (unit)	1,828,884	1,376,276	△24.7%
	U.S. (unit)	317,286	-	-
Number of members	(member)	922	1,240	+34.5%

FY2019~FY2022 Results by Quarter

(million yen)

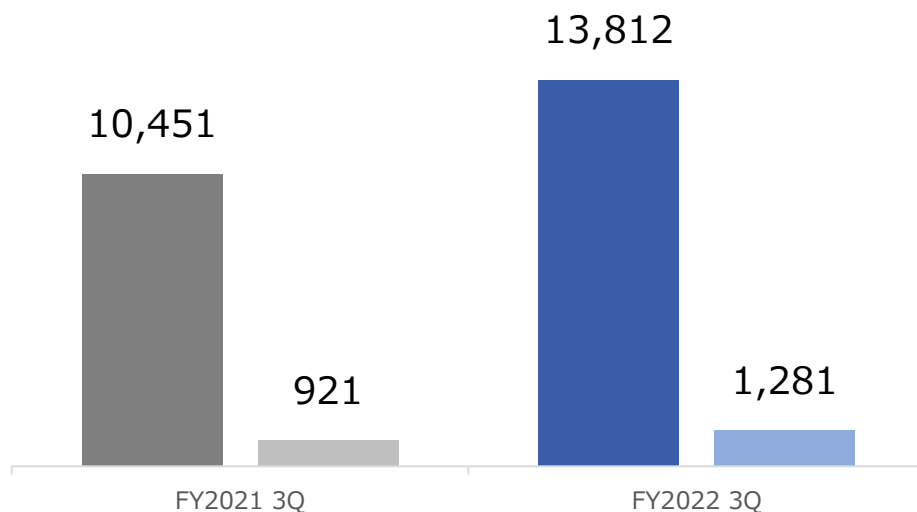
■ Net Sales ■ Segment Income



FY2022 Third Quarter Cumulative Results

- Both sales and profit increased year-on-year. (Net Sales +%, segment Income + 39.0%)
- In the B2B business, both sales and profit increased due to the remained high unit price as well as the increased number of items listed led by conducting continuous listing promotion measures.
- For the business targeting consumers, both sales and profit increased by targeting priority items for purchase and controlling inventory appropriately.
- For this 3Q (non-cumulative) in the B2B business, the number of members participating in auctions increased due to the participation promotion measures especially for overseas and it greatly contributed to the auction related revenue.

(million yen) ■ Net sales ■ Segment income



Net Sales Composition ※

(million yen)	FY2021 3Q	FY2022 3Q	YoY
Auction related revenues	1,610	1,841	-
Product sales related revenues	8,819	11,948	-
Other	20	23	
Inter-segment net sales or transfers	-	-	
Net Sales	10,451	13,812	-

※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

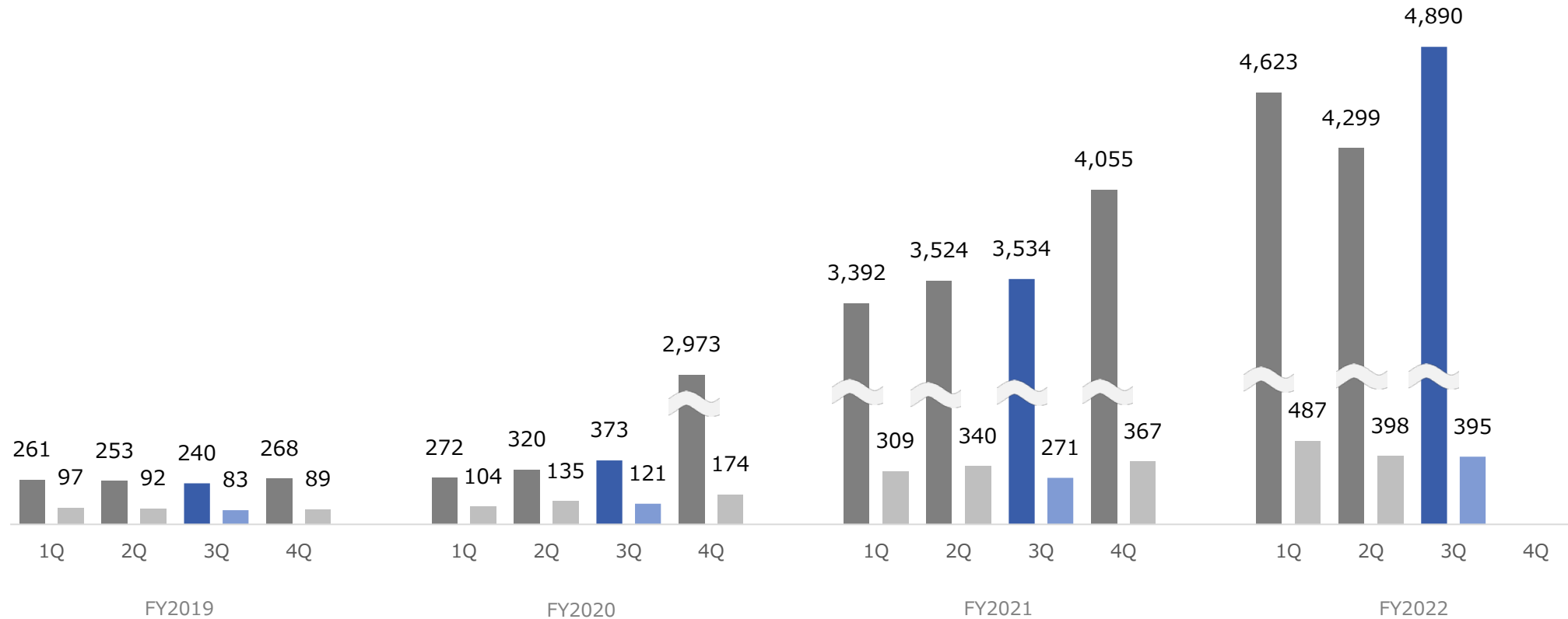
		FY2021 3Q	FY2022 3Q	YoY
B2B business	Transaction amount (million yen)	23,532	27,932	+18.7%
	Items sold (item)	484,638	502,262	+3.6%
	Number of members※ (member)	3,204	3,893	+21.5%
Business targeting C	Transaction amount (million yen)	6,340	8,205	+29.4%

※The number of overseas buyers has been included in the number of members since 3Q FY2022.

FY2019~FY2022 Results by Quarter

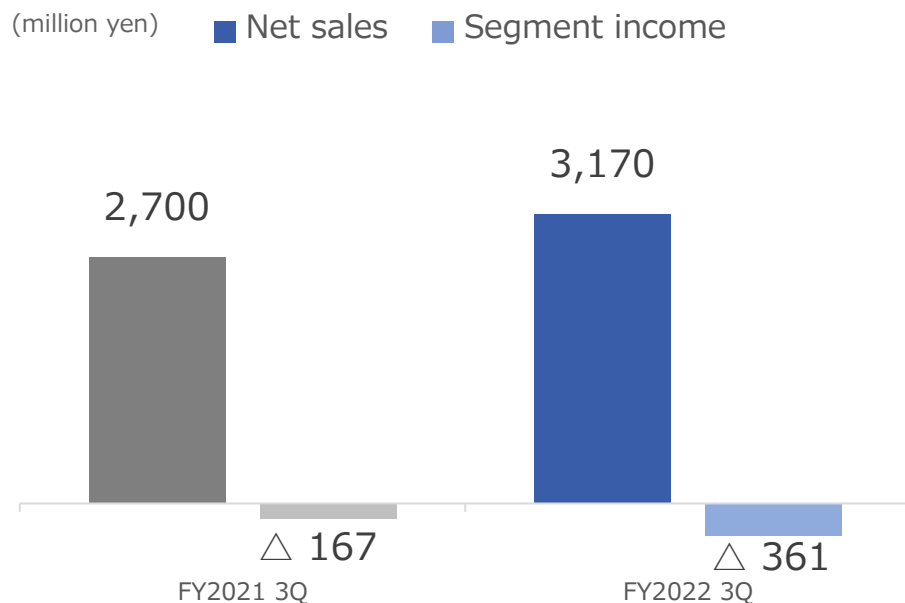
(million yen)

■ Net Sales ■ Segment Income



FY2022 Third Quarter Cumulative Results

- The sales increased but the profit decreased year-on-year.
- In the flower business, sales increased year-on-year due to the increased transaction amount led by the higher unit price of cut flowers.
- In the used motorcycle business, the number of vehicles stocked and in operation increased in “ME:RIDE”, the short-term leasing business for individuals, and it showed a steady growth though it is still in an upfront investment phase.



Net Sales Composition ※

(million yen)	FY2021 3Q	FY2022 3Q	YoY
Auction related revenues	1,404	1,409	-
Product sales related revenues	202	608	-
Other	803	891	-
Inter-segment net sales or transfers	290	261	-
Net Sales	2,700	3,170	-

※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.

Reference

Effect of adopting Accounting Standard for Revenue Recognition

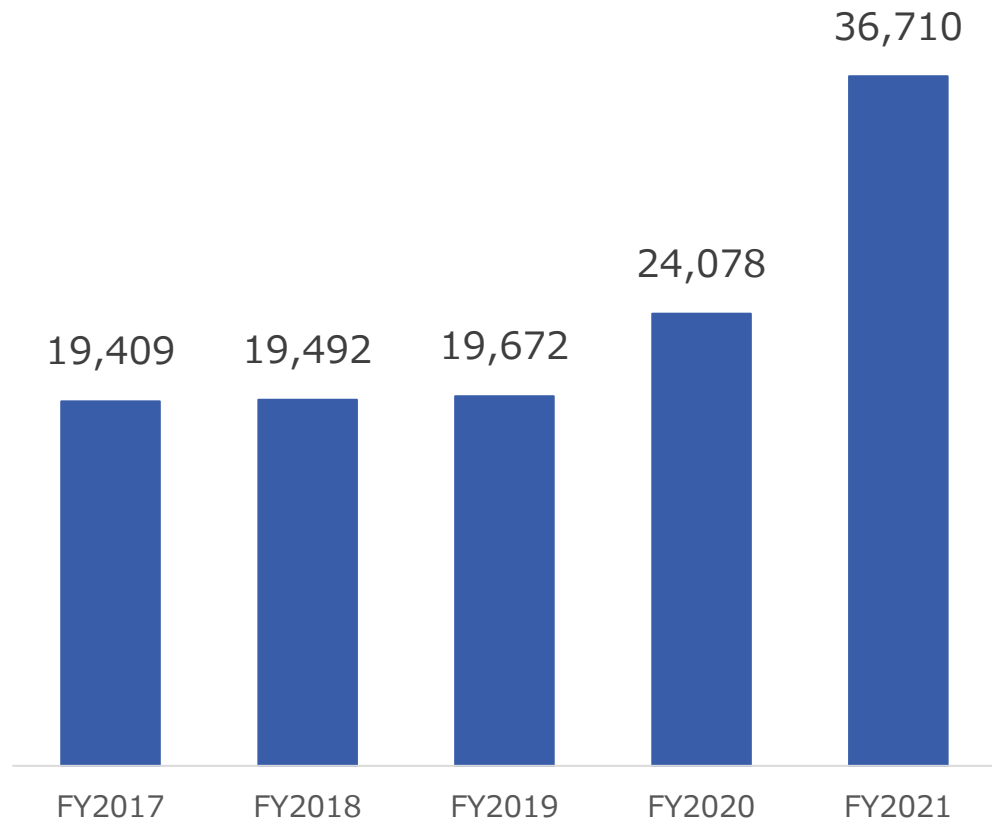
- Compared with the former standard, Net sales decreased 321 million yen in 3Q of the current fiscal year.
- The impact on the segment income is minor.

(million yen)	Net Sales			
	FY2021 3Q	FY2022 3Q (old standard)	FY2022 3Q (new standard)	difference
Automobile	9,148	9,053	8,610	△442
Digital Product	5,353	5,190	5,255	65
Consumer Product	10,451	13,710	13,812	102
Others	2,700	3,217	3,170	△47
Adjustment	△390	△364	△ 364	0
Total	27,263	30,807	30,485	△321

FY2017~FY2021 Consolidated Financial Results by Fiscal Year

(million yen)

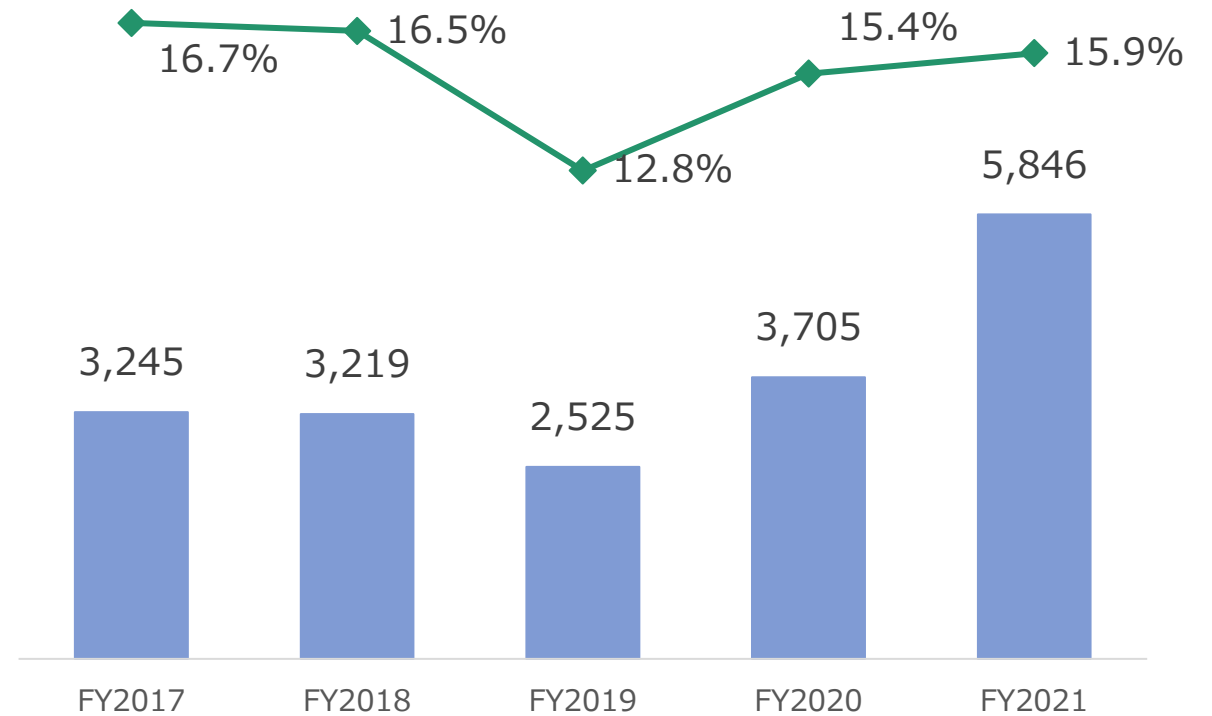
■ Net Sales



(million yen)

■ Operating Profit

◆ Operating Profit Margin



Consolidated Balance Sheets

Assets (million yen)	FY2021 end of December	FY2022 end of September	Increase/ Decrease
Current assets	30,018	32,670	+2,652
Cash and deposits	20,615	18,488	△2,126
Due from auction members	3,959	5,404	+1,444
Other	5,442	8,777	+3,334
Non-current assets	6,804	6,521	△282
Property, plant and equipment	1,639	1,647	+8
Intangible assets	1,616	1,324	△291
Other	3,549	3,550	+1
Total assets	36,822	39,192	+2,370

Liabilities and net assets (million yen)	FY2021 end of December	FY2022 end of September	Increase/ Decrease
Current liabilities	11,039	11,386	+347
Due to auction members	6,728	8,184	+1,456
Other	4,310	3,201	△1,108
Non-current liabilities	3,081	3,175	+94
Retirement benefit liability	1,790	1,847	+56
Other	1,290	1,328	+37
Total liabilities	14,120	14,562	+441
Total net assets	22,701	24,630	+1,928
Total liabilities and net assets	36,822	39,192	+2,370

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※3	(member)	1,941	1,974	2,055	2,113	2,198	2,359	2,384	2,738
	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	100,796	106,313	-
		Total vehicles sold/bought	(unit)	119,786	116,417	107,334	103,635	104,115	114,338	111,674	-
	Membership fee	Number of members	(member)	14,282	14,420	14,497	14,605	14,663	14,706	14,847	-
	Inspection fee※1	Vehicles inspected	(unit)	266,100	266,475	253,557	256,118	269,476	268,758	262,791	-
Digital Product	Transaction amount		(million yen)	12,283	12,071	8,738	9,717	13,526	12,261	8,730	-
	Sales units	Domestic	(unit)	656,847	661,344	510,693	467,773	526,106	499,014	351,156	-
		U.S.	(unit)	173,951	96,734	46,601	307	-	-	-	-
	Members	Number of members	(member)	800	855	922	989	1,044	1,132	1,240	-
Consumer Product※2	B2B business	Transaction amount	(million yen)	7,324	7,996	8,209	8,912	9,117	9,239	9,575	-
		Items sold	(item)	157,627	168,838	158,173	172,961	160,850	174,562	166,850	-
		Number of members※3	(member)	2,879	3,013	3,204	3,427	3,586	3,690	3,893	-
	Business targeting C	Transaction amount	(million yen)	2,140	2,179	2,027	2,466	2,747	2,544	2,912	-

※1 Includes used motorcycles inspections

※2 KPI by Gallery Rare has been combined in each business from 4Q FY2020.

※3 The number of overseas buyers has been included in the number of members since 3Q FY2022.

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

