

**Consolidated Financial Statements for the Second Quarter of  
the Fiscal Year Ending December 31, 2023  
[Japanese GAAP]**



August 8, 2023

Company name: **AUCNET INC.**

Stock exchange listing: Tokyo Stock Exchange

Code number: 3964

URL: <http://www.aucnet.co.jp/en/>

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Scheduled date of filing quarterly report: August 8, 2023

Scheduled date of commencing dividend payments: September 4, 2023

Preparation of supplementary explanatory materials: Yes

Quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Results for the Second Quarter of the Fiscal Year Ending December 31, 2023  
(January 1, 2023 - June 30, 2023)**

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2023	21,931	6.4	4,006	0.9	4,095	(0.2)	2,619	6.1
June 30, 2022	20,603	–	3,972	13.0	4,104	10.4	2,467	3.5

(Note) Comprehensive income: Six months ended June 30, 2023: ¥2,718 million [5.1%]

Six months ended June 30, 2022: ¥2,587 million [1.6%]

\* The Company has adopted the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the fiscal year ended December 31, 2022. Accordingly, year-on-year change in net sales from the six months ended June 30, 2021, during which these standards had not yet been adopted, is not stated.

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2023	100.44	99.82
June 30, 2022	89.23	88.57

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	38,748	21,498	54.3
As of December 31, 2022	37,348	22,911	60.3

(Reference) Equity: As of June 30, 2023: ¥21,054 million

As of December 31, 2022: ¥22,514 million

## 2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2022	–	23.00	–	25.00	48.00
Year ending December 31, 2023	–	24.00			
Year ending December 31, 2023 (Forecast)			–	24.00	48.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Forecast of Consolidated Results for the Fiscal Year Ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	43,000	6.3	6,300	(4.6)	6,322	(5.6)	3,945	(9.2)	158.92

(Note) Revision to the forecast of consolidated results announced most recently: None

### \* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
  - 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):
 

June 30, 2023:	26,463,200 shares
December 31, 2022:	26,463,200 shares
  - 2) Total number of treasury shares at the end of the period:
 

June 30, 2023:	2,868,916 shares
December 31, 2022:	352,116 shares
  - 3) Average number of shares during the period:
 

Six months ended June 30, 2023:	26,079,564 shares
Six months ended June 30, 2022:	27,656,774 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

### \* Explanation of the proper use of performance forecast and other notes

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. For cautionary notes on assumptions that form the basis of the performance forecast and the use of the performance forecast, please see “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information” on page 5 of the attachments.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

Forward-looking statements in this document are based on the judgments of the Group as of the end of the second quarter of the fiscal year under review.

The Group has undertaken the task of establishing circular distribution in line with our sustainability policy, “Circulating valuable goods on a global scale ~ Circulation Engine.” As a company that contributes to a sustainable society by creating a system to efficiently circulate valuable goods in the market, the Group works to further improve its social and economic value.

In May 2022 we created a medium-term management plan, Blue Print 2025, and established four key management indicators: EBITDA, ROE, payout ratio and the Company’s own unique indicator, “Gross Circulation Value.” Under Blue Print 2025 we will work to expand market share in existing businesses and to develop new businesses, and will aim to further expand our membership network and diversify distribution channels.

As a result of promoting business in line with such plans, for the six months ended June 30, 2023, net sales were ¥21,931,777 thousand (up 6.4% from the same period of the previous fiscal year), operating profit was ¥4,006,611 thousand (up 0.9% from the same period of the previous fiscal year), ordinary profit was ¥4,095,007 thousand (down 0.2% from the same period of the previous fiscal year), and profit attributable to owners of parent was ¥2,619,405 thousand (up 6.1% from the same period of the previous fiscal year).

	For the six months ended June 30, 2023	Year-on-year change
Net sales	¥21,931,777 thousand	+6.4%
Operating profit	¥4,006,611 thousand	+0.9%
Ordinary profit	¥4,095,007 thousand	(0.2)%
Profit attributable to owners of parent	¥2,619,405 thousand	+6.1%

Performance results by business segment are as follows.

#### (Automobile Business)

The Automobile Business comprises the Company’s mainstay used vehicle auctions (\*1), shared inventory market (\*2), live relay broadcast auctions (\*3), proxy bidding service (\*4), used vehicle inspection service (\*5), and other services.

In the Japanese automotive sector, which has close connections with our business, total new vehicle registrations (\*6) increased 17.5 % year on year to 2.45 million units in the six months ended June 30, 2023. The total number of used vehicle registrations (\*7) increased 0.3 % year on year to 3.33 million units, and the number of vehicles listed at auctions around Japan (\*8) increased 17.5% year on year to 4.17 million units. The total number of vehicles sold at auctions (\*8) increased 9.0% year on year to 2.64 million units.

Following on from the first quarter of the fiscal year under review, the second quarter also saw significant year-on-year increases in the number of new vehicle registrations, the number of vehicles listed at auctions and the number of vehicles sold at auctions.

The number of auctions won through live relay broadcast auctions increased due to a recovery in the used vehicle auctions market, and sales and profit increased year on year.

In terms of proxy bidding service, the number of auctions won and the number of members both increased, resulting in record profit for the period of six months ended June 30.

Although the number of vehicles listed and the number of auctions won at our own used vehicle auctions increased year on year in response to a recovery in the market, the number of vehicles sold was sluggish in the shared inventory market, leading to an increase in sales but a decrease in profit year on year across our own distribution channels.

Regarding used vehicle inspection service, demand from major dealers in particular remained strong, the number

of vehicles inspected for a used vehicle listing platform trended favorably, and the total number of vehicles inspected increased. As a result, sales and profit increased year on year, contributing significantly to segment income.

As a result, for the six months ended June 30, 2023, net sales (including intersegment net sales) were ¥6,262,178 thousand (up 7.3% from the same period of the previous fiscal year) and operating profit was ¥2,065,772 thousand (up 8.7% from the same period of the previous fiscal year).

	For the six months ended June 30, 2023	Year-on-year change
Net sales	¥6,262,178 thousand	+7.3%
Operating profit	¥2,065,772 thousand	+8.7%

- (\*1) The used vehicle auctions are real-time, members-only online auctions run by the Company.
- (\*2) The shared inventory market is a system that allows Aucnet Group member sellers to share inventory with other members online. The inventory remains at the seller's premises while other members access it via the online system.
- (\*3) The live relay broadcast auctions use an online live-link system that enables real-time remote access to participate at physical auction sites, through partnerships between AUCNET and the physical auction sites.
- (\*4) The proxy bidding service is an agency service provided by i-Auc, Inc. to buy, sell, settle payment for and arrange for transportation of used vehicles at auctions on behalf of its members.
- (\*5) The used vehicle inspection service and related inspection skills training services are provided by AIS INC.
- (\*6) Based on statistics compiled by Japan Automobile Dealers Association
- (\*7) Based on statistics compiled by Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association
- (\*8) Based on the 2023 U-Car Full Data Book and Export Quotation Book

(Digital Product Business)

The Digital Product Business comprises auctions for used digital equipment, including used smartphones and used PCs, and services pertaining to distribution.

Following on from the first quarter of the fiscal year under review, the number of new buyers continued to increase in the second quarter, resulting in an all-time high figure. However, the number of items sold continued to trend downward and the transaction amount shrank year on year. In addition to continued efforts to increase our buying power through improvements to our sales activities, etc., we have also focused our efforts on strengthening sourcing through diversification of our business partners and proactively invested in global expansion and strengthening our organization.

As a result, for the six months ended June 30, 2023, net sales were ¥3,761,111 thousand (down 4.5% from the same period of the previous fiscal year) and operating profit was ¥2,497,889 thousand (down 8.6% from the same period of the previous fiscal year).

	For the six months ended June 30, 2023	Year-on-year change
Net sales	¥3,761,111 thousand	(4.5) %
Operating profit	¥2,497,889 thousand	(8.6) %

(Consumer Product Business)

The Consumer Product Business comprises auctions for pre-owned luxury brand items and services pertaining to distribution, including those targeting consumers.

In the B2B business, new memberships remained strong due to digital marketing, campaigns, etc., while the number of items listed increased owing to measures to promote listings. In addition to the number of items sold at auctions continuing to increase, the average price of units sold rose due partly to an increase in listings with high unit

prices owing to the formation of partnerships with a major company and the transaction amount grew. As a result, sale and profit increased year on year.

In the business targeting consumers, in addition to the purchasing of quality products through digital marketing, the number of vendor customers increased due to inbound demand and the sales unit price increased. As a result, sales and profit increased year on year.

As a result, for the six months ended June 30, 2023, net sales were ¥10,074,993 thousand (up 12.9% from the same period of the previous fiscal year) and operating profit was ¥980,315 thousand (up 10.7% from the same period of the previous fiscal year).

	For the six months ended June 30, 2023	Year-on-year change
Net sales	¥10,074,993 thousand	+12.9 %
Operating profit	¥980,315 thousand	+10.7 %

(Others)

The Others segment comprises auctions for used motorcycles and flowers, circular commerce businesses (including medical-related businesses) and overseas businesses.

For the six months ended June 30, 2023, net sales (including intersegment net sales) were ¥2,048,422 thousand (down 4.6% from the same period of the previous fiscal year) and operating loss was ¥116,885 thousand (the operating loss for the corresponding period of the previous fiscal year was ¥184,825 thousand).

	For the six months ended June 30, 2023	Year-on-year change
Net sales	¥2,048,422 thousand	(4.6) %
Operating loss	¥(116,885) thousand	—

## (2) Explanation of Financial Position

### 1) Assets, liabilities and net assets

Total assets as of the end of the second quarter of the fiscal year under review amounted to ¥38,748,398 thousand, an increase of ¥1,399,737 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥1,880,306 thousand increase in due from auction members, a ¥175,487 thousand increase in inventories, a ¥112,874 thousand increase in notes and accounts receivable - trade, and contract assets, and a ¥109,095 thousand increase in other under intangible assets, despite a ¥614,339 thousand decrease in other under current assets and a ¥206,484 thousand decrease in cash and deposits.

Total liabilities amounted to ¥17,249,518 thousand, an increase of ¥2,812,089 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥2,754,522 thousand increase in due to auction members, a ¥471,906 thousand increase in income taxes payable, and a ¥199,374 thousand increase in accounts payable - trade, despite a ¥695,695 thousand decrease in other under current liabilities.

Total net assets amounted to ¥21,498,879 thousand, a decrease of ¥1,412,351 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥3,454,807 thousand decrease in treasury shares due mainly to purchase of treasury shares, despite a ¥1,943,317 thousand increase in retained earnings.

### 2) Overview of Cash Flows

Cash and cash equivalents as of the end of the second quarter of the current fiscal year amounted to ¥19,814,975 thousand, a decrease of ¥126,484 thousand from the end of the previous fiscal year.

The status of cash flows by activity in the six months ended June 30, 2023, and the main factors affecting cash flows are as follows.

(Cash Flows from Operating Activities)

Cash provided by operating activities amounted to ¥4,371,466 thousand. As a main breakdown of inflows, profit before income taxes was ¥4,097,741 thousand, depreciation was ¥301,721 thousand, increase (decrease) in trade payables was ¥197,655 thousand, increase in due to auction members was ¥2,748,869 thousand, and income taxes refund was ¥244,105 thousand. As a main breakdown of outflows, decrease (increase) in trade receivables was ¥115,002 thousand, increase in due from auction members was ¥1,879,135 thousand, decrease (increase) in inventories was ¥173,490 thousand, and income taxes paid were ¥859,102 thousand.

(Cash Flows from Investing Activities)

Cash used in investing activities amounted to ¥365,948 thousand. As a main breakdown of outflows, purchase of property, plant and equipment was ¥138,028 thousand, and purchase of intangible assets was ¥326,194 thousand.

(Cash Flows from Financing Activities)

Cash used in financing activities amounted to ¥4,201,747 thousand. This is mainly attributable to dividends paid of ¥655,350 thousand and purchase of treasury shares of ¥3,543,288 thousand.

(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

There is no change to the performance forecast announced on February 14, 2023.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,021,460	19,814,975
Notes and accounts receivable - trade, and contract assets	1,244,982	1,357,856
Inventories	2,662,673	2,838,160
Due from auction members	3,538,963	5,419,269
Other	2,931,556	2,317,217
Allowance for doubtful accounts	(41,876)	(37,604)
Total current assets	30,357,759	31,709,875
Non-current assets		
Property, plant and equipment	1,637,989	1,629,212
Intangible assets		
Goodwill	550,444	490,467
Other	855,524	964,619
Total intangible assets	1,405,968	1,455,087
Investments and other assets	3,946,943	3,954,222
Total non-current assets	6,990,901	7,038,522
Total assets	37,348,660	38,748,398



(Thousand yen)

	As of December 31, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	785,956	985,330
Due to auction members	7,202,380	9,956,902
Income taxes payable	876,067	1,347,974
Other provisions	234,819	257,241
Other	2,200,733	1,505,037
Total current liabilities	11,299,957	14,052,486
Non-current liabilities		
Retirement benefit liability	1,816,027	1,858,917
Provision for share-based remuneration	228,171	246,296
Other	1,093,272	1,091,817
Total non-current liabilities	3,137,471	3,197,032
Total liabilities	14,437,429	17,249,518
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,807,303	1,807,303
Capital surplus	4,207,369	4,207,369
Retained earnings	16,621,897	18,565,215
Treasury shares	(599,643)	(4,054,451)
Total shareholders' equity	22,036,925	20,525,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	316,360	314,699
Foreign currency translation adjustment	111,417	174,822
Remeasurements of defined benefit plans	49,382	39,381
Total accumulated other comprehensive income	477,161	528,902
Non-controlling interests	397,144	444,540
Total net assets	22,911,231	21,498,879
Total liabilities and net assets	37,348,660	38,748,398

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

### Quarterly Consolidated Statements of Income

Six Months Ended June 30, 2022 and 2023

(Thousand yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net sales	20,603,426	21,931,777
Cost of sales	11,528,819	12,388,730
Gross profit	9,074,606	9,543,047
Selling, general and administrative expenses	5,102,368	5,536,436
Operating profit	3,972,238	4,006,611
Non-operating income		
Interest income	1,582	2,978
Dividend income	47,276	50,909
Foreign exchange gains	86,479	64,009
Other	30,296	13,886
Total non-operating income	165,634	131,783
Non-operating expenses		
Interest expenses	204	76
Share of loss of entities accounted for using equity method	6,208	13,465
Fee expenses	8,771	25,220
Other	18,228	4,624
Total non-operating expenses	33,412	43,387
Ordinary profit	4,104,459	4,095,007
Extraordinary income		
Gain on liquidation of subsidiaries and associates	8,006	4,539
Other	867	—
Total extraordinary income	8,873	4,539
Extraordinary losses		
Loss on retirement of non-current assets	19,619	1,805
Other	65,652	—
Total extraordinary losses	85,272	1,805
Profit before income taxes	4,028,061	4,097,741
Income taxes	1,525,719	1,430,939
Profit	2,502,341	2,666,802
Profit attributable to non-controlling interests	34,633	47,396
Profit attributable to owners of parent	2,467,707	2,619,405

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended June 30, 2022 and 2023

(Thousand yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Profit	2,502,341	2,666,802
Other comprehensive income		
Valuation difference on available-for-sale securities	(20,463)	(1,661)
Foreign currency translation adjustment	112,714	63,404
Remeasurements of defined benefit plans, net of tax	(7,572)	(10,001)
Total other comprehensive income	84,678	51,741
Comprehensive income	2,587,019	2,718,544
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,552,385	2,671,147
Comprehensive income attributable to non-controlling interests	34,633	47,396

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,028,061	4,097,741
Depreciation	358,078	301,721
Amortization of goodwill	59,976	59,976
Increase (decrease) in allowance for doubtful accounts	102,719	(30,911)
Increase (decrease) in retirement benefit liability	24,193	28,474
Increase (decrease) in provision for share-based remuneration	20,457	18,124
Increase (decrease) in other provisions	(134,342)	24,045
Interest and dividend income	(48,858)	(53,887)
Interest expenses	204	76
Share of loss (profit) of entities accounted for using equity method	6,208	13,465
Loss (gain) on liquidation of subsidiaries and associates	(8,006)	(4,539)
Decrease (increase) in trade receivables	60,656	(115,002)
Decrease (increase) in due from auction members	(1,832,952)	(1,879,135)
Decrease (increase) in inventories	(334,358)	(173,490)
Increase (decrease) in trade payables	60,191	197,655
Increase (decrease) in due to auction members	4,476,052	2,748,869
Loss on sale and retirement of non-current assets	19,619	1,805
Other, net	19,462	(302,961)
Subtotal	6,877,363	4,932,028
Interest and dividends received	45,841	54,511
Interest paid	(204)	(76)
Income taxes paid	(1,672,531)	(859,102)
Income taxes refund	1,852	244,105
Net cash provided by (used in) operating activities	5,252,322	4,371,466
Cash flows from investing activities		
Payments into time deposits	(550,000)	—
Proceeds from withdrawal of time deposits	470,000	80,000
Purchase of property, plant and equipment	(173,334)	(138,028)
Purchase of intangible assets	(41,153)	(326,194)
Proceeds from the liquidation of subsidiaries and associates	8,006	4,539
Payments of leasehold and guarantee deposits	(61,077)	(42,009)
Proceeds from lease and guarantee deposits received	30,102	52,671
Other, net	(71,489)	3,071
Net cash provided by (used in) investing activities	(388,946)	(365,948)
Cash flows from financing activities		
Purchase of treasury shares	(475,207)	(3,543,288)
Dividends paid	(591,097)	(655,350)
Other, net	(64,871)	(3,109)
Net cash provided by (used in) financing activities	(1,131,177)	(4,201,747)
Effect of exchange rate change on cash and cash equivalents	114,361	69,745
Net increase (decrease) in cash and cash equivalents	3,846,560	(126,484)
Cash and cash equivalents at beginning of period	19,565,921	19,941,460
Cash and cash equivalents at end of period	23,412,482	19,814,975

#### (4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in amount of shareholders' equity)

Pursuant to a resolution passed at a meeting of the Board of Directors held on May 9, 2023, the Company purchased 2,567,600 treasury shares. As a result of this purchase, treasury shares increased by ¥3,543,288 thousand.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after application of tax-effect accounting to profit before income taxes for the fiscal year (consolidated) including the second quarter of the fiscal year under review, with quarterly profit before income taxes then multiplied by the estimated effective tax rate.

However, in the event that this tax expense calculation using estimated effective tax rate results in a significantly improbable figure, a method using the statutory effective tax rate may be adopted.

(Segment information, etc.)

[Segment information]

For the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

1. Information on net sales and income (loss) and information on disaggregation of revenue by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Automobile Business	Digital Product Business	Consumer Product Business	Total				
Net sales								
Auction related revenue	4,001,408	3,829,627	1,214,513	9,045,549	973,517	10,019,067	—	10,019,067
Product sales related revenue	176,960	110,612	7,695,468	7,983,041	428,773	8,411,815	—	8,411,815
Other	1,590,672	—	12,700	1,603,372	569,171	2,172,544	—	2,172,544
Revenue from contracts with customers	5,769,041	3,940,240	8,922,681	18,631,963	1,971,463	20,603,426	—	20,603,426
Other revenue	—	—	—	—	—	—	—	—
Net sales to outside customers	5,769,041	3,940,240	8,922,681	18,631,963	1,971,463	20,603,426	—	20,603,426
Inter-segment net sales or transfers	68,053	—	—	68,053	176,313	244,367	(244,367)	—
Total	5,837,095	3,940,240	8,922,681	18,700,017	2,147,776	20,847,793	(244,367)	20,603,426
Segment income (loss)	1,900,827	2,734,095	885,594	5,520,517	(184,825)	5,335,691	(1,363,453)	3,972,238

- (Notes) 1. "Others" is the segment which is not included in reportable segments, including such businesses as auctions for used motorcycles and flowers, medical-related businesses, and overseas businesses.
2. Adjustment of segment income (loss) of negative ¥1,363,453 thousand is corporate expenses, which chiefly comprise general and administrative expenses not allocated to specific reportable segments.
3. Adjustments are made to reconcile segment income (loss) with operating profit reported on the quarterly consolidated statements of income.

2. Reporting segment-specific information on impairment loss on non-current assets and details of goodwill, etc.

Not applicable.

For the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

1. Information on net sales and income (loss) and information on disaggregation of revenue by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Automobile Business	Digital Product Business	Consumer Product Business	Total				
Net sales								
Auction related revenue	4,120,997	3,570,006	1,408,458	9,099,462	926,534	10,025,996	—	10,025,996
Product sales related revenue	240,660	191,105	8,648,663	9,080,428	389,567	9,469,995	—	9,469,995
Other	1,836,200	—	17,871	1,854,071	581,712	2,435,784	—	2,435,784
Revenue from contracts with customers	6,197,858	3,761,111	10,074,993	20,033,963	1,897,814	21,931,777	—	21,931,777
Other revenue	—	—	—	—	—	—	—	—
Net sales to outside customers	6,197,858	3,761,111	10,074,993	20,033,963	1,897,814	21,931,777	—	21,931,777
Inter-segment net sales or transfers	64,320	—	—	64,320	150,608	214,928	(214,928)	—
Total	6,262,178	3,761,111	10,074,993	20,098,283	2,048,422	22,146,706	(214,928)	21,931,777
Segment income (loss)	2,065,772	2,497,889	980,315	5,543,977	(116,885)	5,427,091	(1,420,480)	4,006,611

(Notes) 1. "Others" is the segment which is not included in reportable segments, including such businesses as auctions for used motorcycles and flowers, circular commerce businesses, and overseas businesses.

2. Adjustment of segment income (loss) of negative ¥1,420,480 thousand is corporate expenses, which chiefly comprise general and administrative expenses not allocated to specific reportable segments.

3. Adjustments are made to reconcile segment income (loss) with operating profit reported on the quarterly consolidated statements of income.

2. Reporting segment-specific information on impairment loss on non-current assets and details of goodwill, etc.

Not applicable.

3. Change to reportable segments, etc.

Not applicable.

(Significant subsequent events)

Not applicable.