

FY2023 Third Quarter Results Briefing

November 14th, 2023
AUCNET INC.
(TSE Prime Market: 3964)



Table of Contents

1. FY2023 Third Quarter Cumulative Results	P.3
2. Segment Information	P.9
3. Sustainability	P.17
4. Topics	P.19
5. Reference	P.21

1. FY2023 Third Quarter Cumulative Results	P.3
2. Segment Information	P.9
3. Sustainability	P.17
4. Topics	P.19
5. Reference	P.21

FY2023 Third Quarter Cumulative Results Consolidated Financial Results

- The Automobile Business and the Consumer Product Business continuously performed well, resulting in an increase in both sales and profit.
- The consolidated sales and profit increased year on year even though both sales and profit of the Digital Product Business decreased.

(million yen)	FY2022 3Q	FY2023 3Q	YoY	FY2023 Forecast	Rate of Progress
Net Sales	30,485	32,242	+5.8%	43,000	75.0%
Operating profit	5,321	5,423	+1.9%	6,300	86.1%
Operating profit margin	17.5%	16.8%	-0.6pt	14.7%	
EBITDA	5,970	5,986	+0.3%	-	-
Ordinary profit	5,547	5,521	-0.5%	6,322	87.3%
Profit attributable to owners of parent	3,468	3,512	+1.3%	3,945	89.0%

FY2023 3Q Highlights (Non-Cumulative 3 Month Results)

Net Sales

10,310 million yen

YoY **+4.3%**

Operating Profit

1,416 million yen

YoY **+5.0%**

Ordinary Profit

1,426 million yen

YoY **-1.2%**

Profit Attributable to
Owner of Parent

892 million yen

YoY **-10.8%**

Automobile Business

Net Sales 3,074 million yen (+10.8%)

Segment Income 1,003 million yen (+6.3%)

See p.9 for more details

See p.27
for the service outline

Digital Product Business

Net Sales 1,292 million yen (-1.8%)

Segment Income 759 million yen (-7.6%)

See p.11 for more details

See p.28
for the service outline

Consumer Product Business

Net Sales 5,019 million yen (+2.6%)

Segment Income 426 million yen (+7.7%)

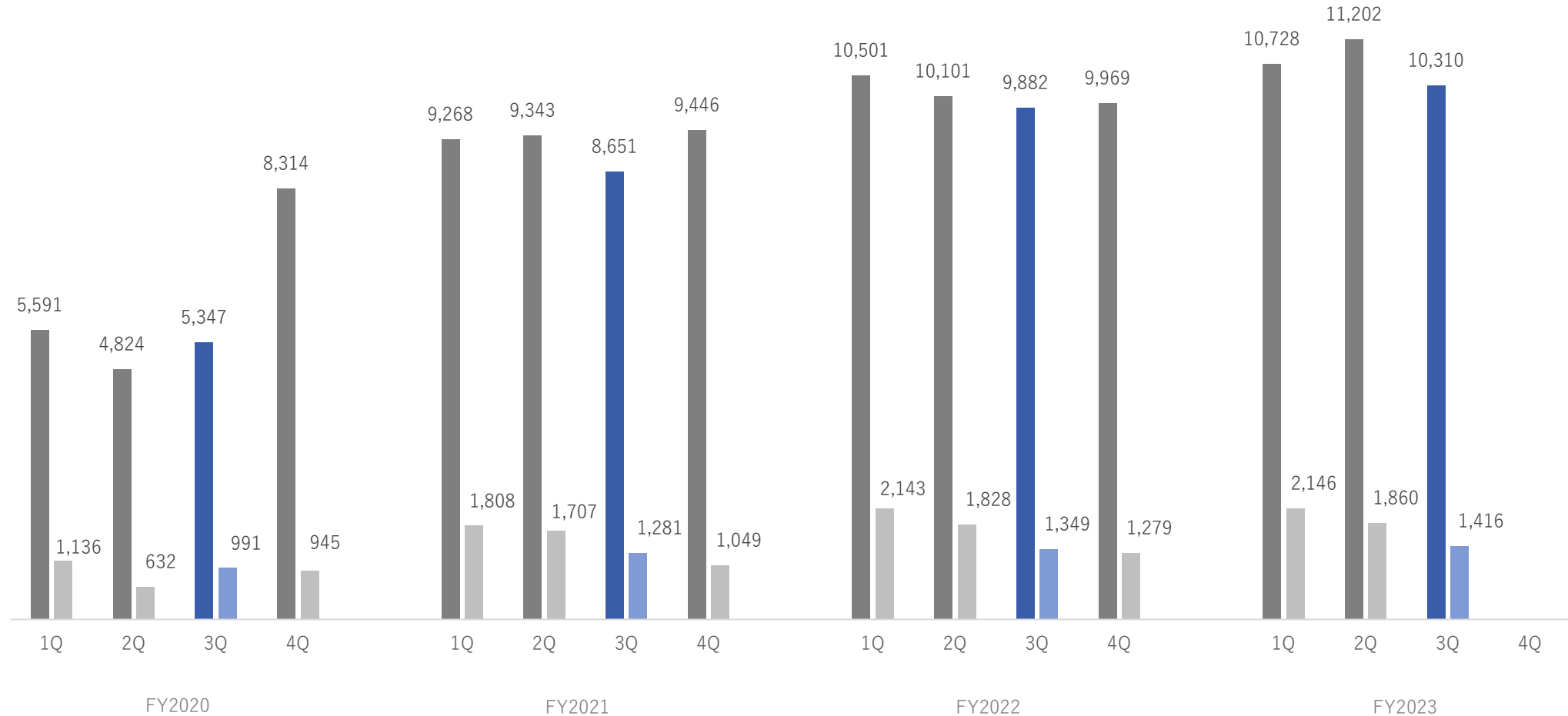
See p.13 for more details

See p.29
for the service outline

FY2020~FY2023 Consolidated Financial Results by Quarter

(million yen)

■ Net Sales ■ Segment Income



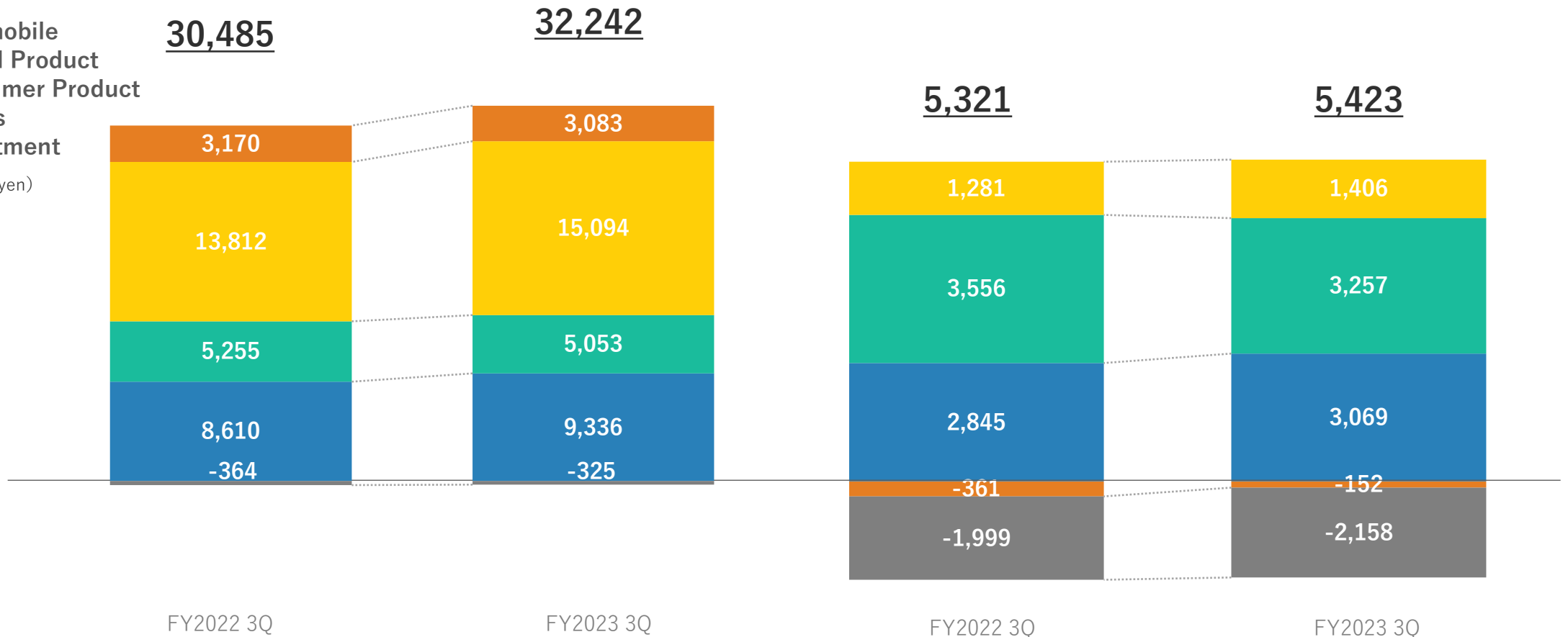
FY2023 Third Quarter Segment Increase/Decrease

Net Sales

Operating Profit

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

(million yen)



FY2023 Third Quarter Transaction Amount by Segment



Transaction Amount

424,326 million yen

(YoY +12.3%)

Automobile

334,677 million yen
(YoY +14.7%)



Digital Product

32,325 million yen
(YoY -6.4%)



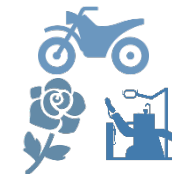
Consumer Product

41,468 million yen
(YoY +14.7%)



Others

15,855 million yen
(YoY +2.3%)



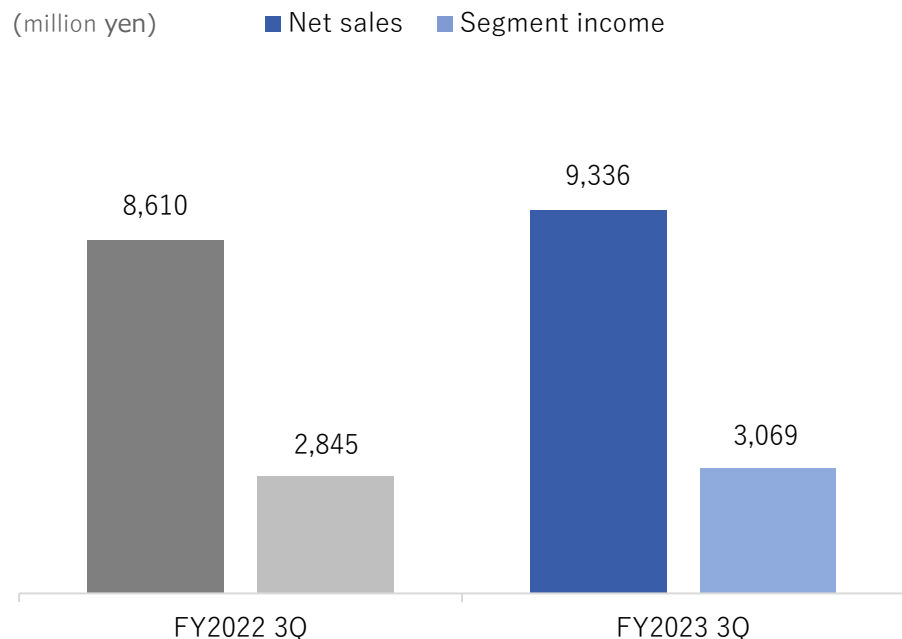
※ Used motorcycle, flower and circular commerce businesses etc.

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

1. FY2023 Third Quarter Cumulative Results	P.3
2. Segment Information	P.9
3. Sustainability	P.17
4. Topics	P.19
5. Reference	P.21

FY2023 Third Quarter Cumulative Results

- Both sales and profit increased year on year. (Net sales +8.4%, Segment income +7.9%)
- In the used vehicle inspection service, strong demand for used vehicle inspections continued, and we made efforts to build a prompt and high-quality inspection system. As a result of a significant increase in the number of vehicles inspected, it contributed to the segment income.
- In the proxy bidding service, both sales and profit increased year on year due to a favorable performance in the number of auctions won mainly by domestic dealers in this 3Q.
- In the shared inventory market, the number of auctions won showed a recovery trend due to strengthened cooperation with exporter members in this 3Q.



Net Sales Composition

(million yen)	FY2022 3Q	FY2023 3Q	YoY
Auction related revenues	5,837	6,190	+6.0%
Product sales related revenues	277	309	+11.6%
Other	2,393	2,736	+14.3%
Inter-segment net sales or transfers	102	100	
Net Sales	8,610	9,336	+8.4%

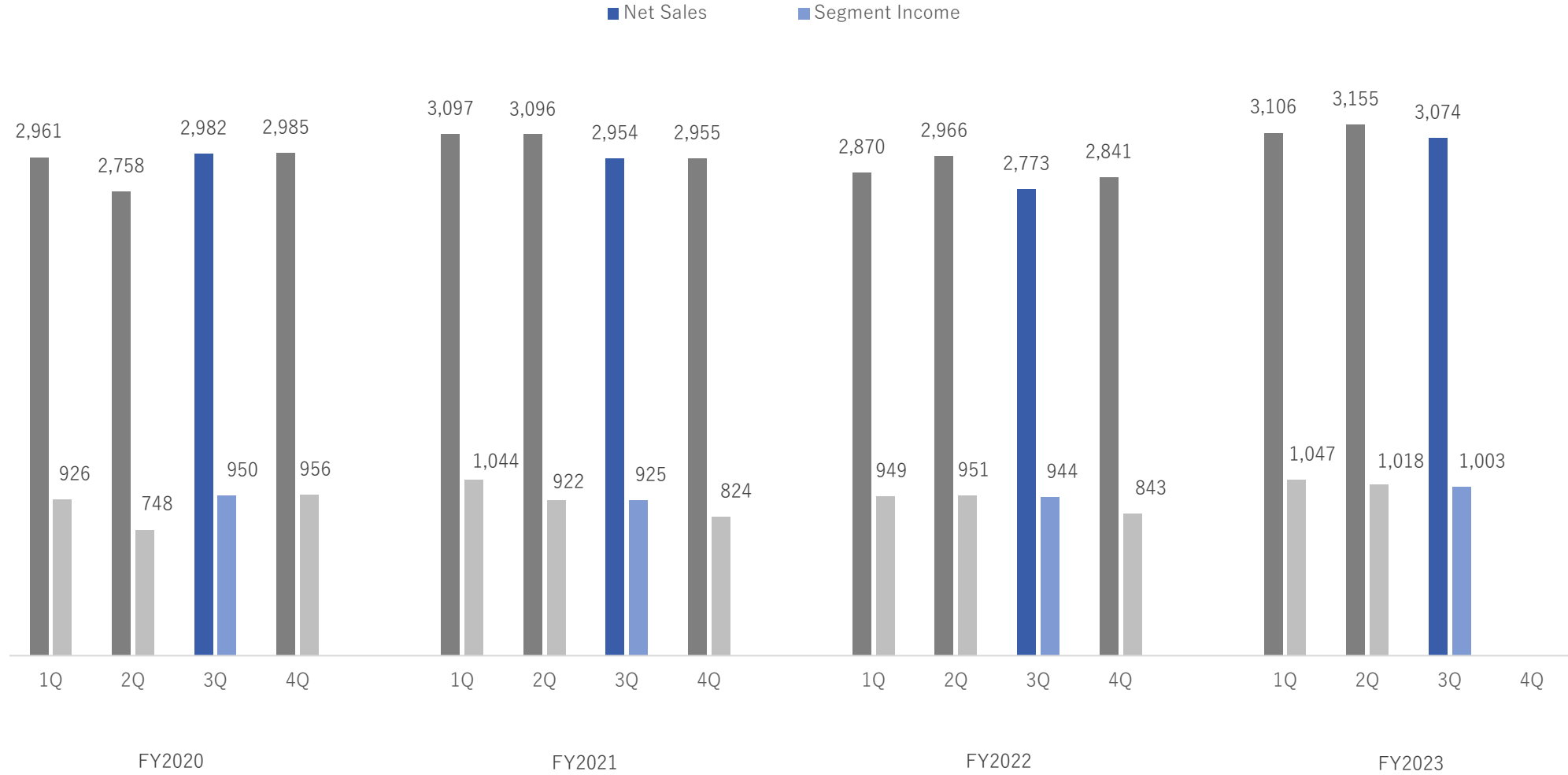
KPI

		FY2022 3Q	FY2023 3Q	YoY
Auction related	Transaction amount (million yen)	291,751	334,677	+14.7%
	Total vehicles sold/bought (unit)	330,127	379,903	+15.1%
Membership fee	Number of members (member)	14,847	15,155	+2.1%
Inspection fee	Vehicles inspected※ (unit)	801,025	929,698	+16.1%

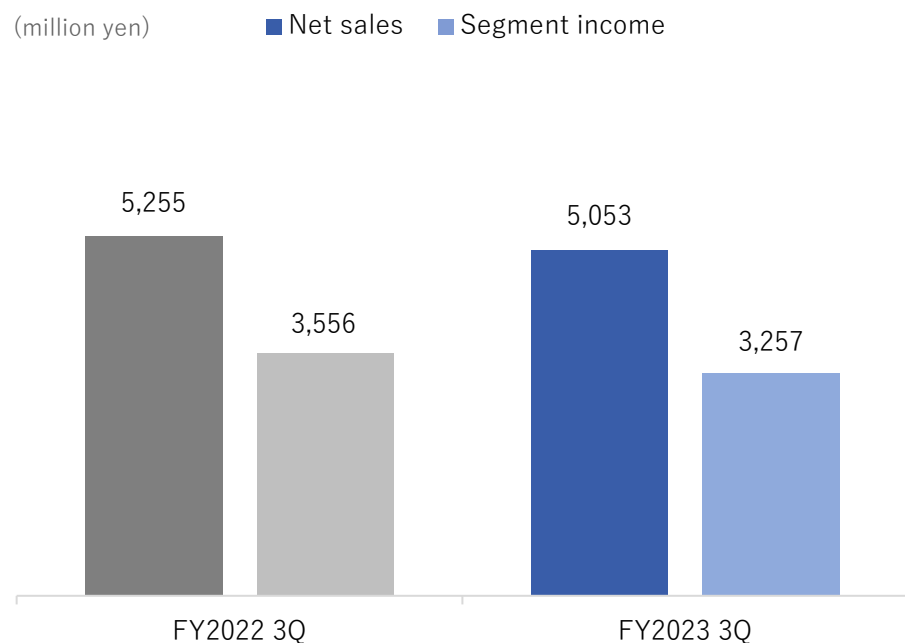
※ Includes used motorcycles inspections

FY2020~FY2023 Results by Quarter

(million yen)



- Both sales and profit decreased year on year. (Net sales -3.8%, Segment income -8.4%)
- The number of items sold decreased due to impacts of rising price of devices and prolonged replacement cycles, and the transaction amount accordingly shrunk. Also the cost for overseas brunch operations and modification of existing system increased, resulting in both sales and profit decreased.
- We have focused on acquisition of new buyers by use of digital marketing, improvement of convenience by introducing a new auction method and diversification of suppliers by the commencement of a trade in service for consumers.



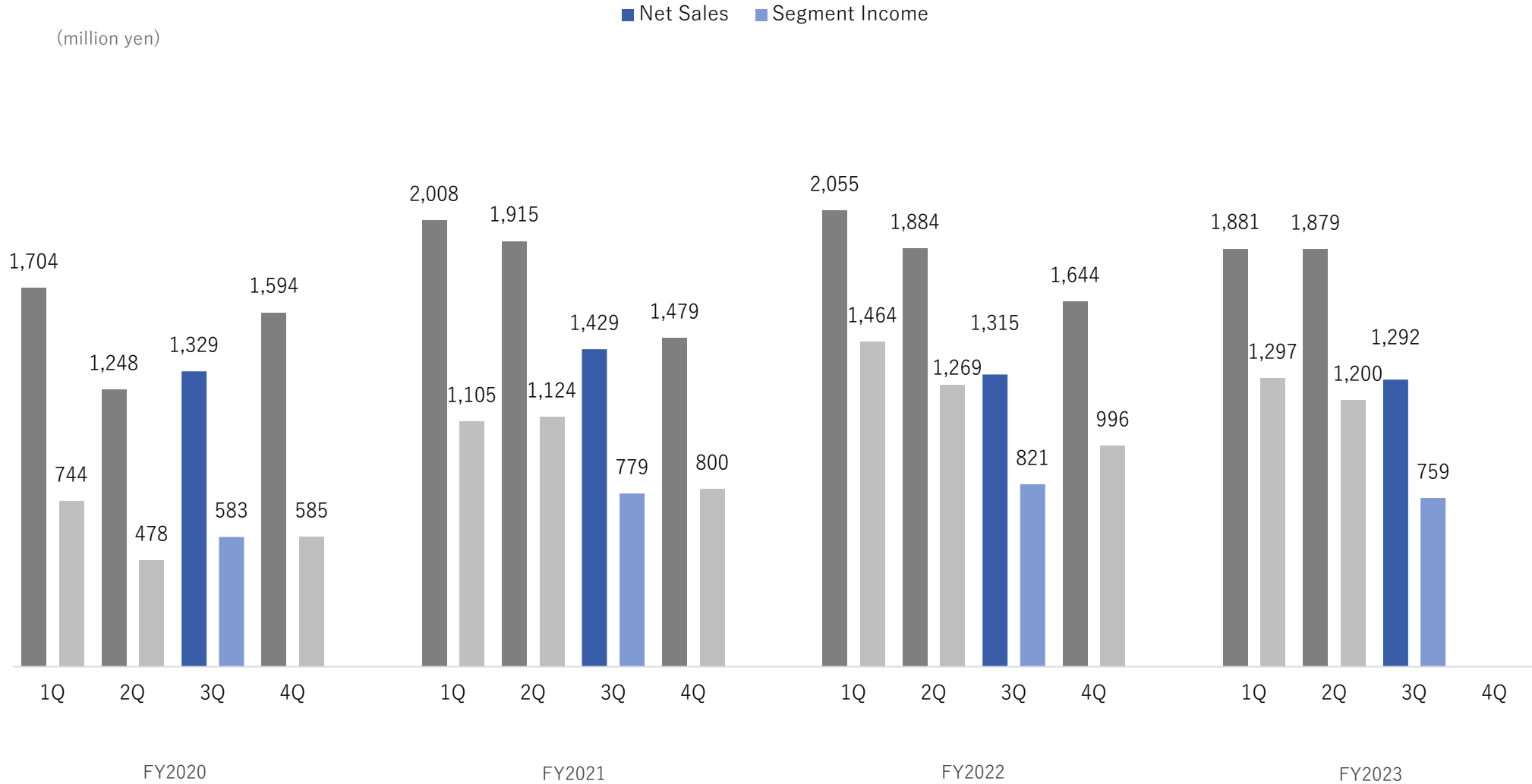
Net Sales Composition

(million yen)	FY2022 3Q	FY2023 3Q	YoY
Auction related revenues	5,118	4,835	-5.5%
Product sales related revenues	137	217	+58.7%
Other	-	-	
Inter-segment net sales or transfers	-	-	
Net Sales	5,255	5,053	-3.8%

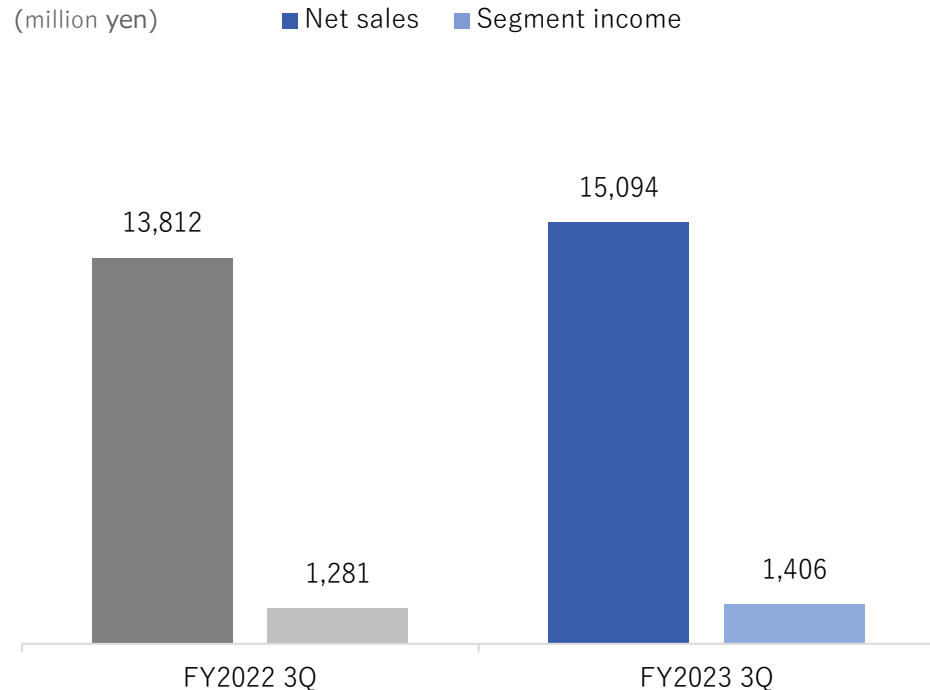
KPI

		FY2022 3Q	FY2023 3Q	YoY
Transaction amount	(million yen)	34,518	32,325	-6.4%
Sales units	(unit)	1,376,276	1,213,076	-11.9%
Number of members	(member)	1,240	1,674	+35.0%

FY2020~FY2023 Results by Quarter



- Both sales and profit increased year on year (Net sales +9.3%, Segment income +9.8%)
- In the B2B business, an increase in the number of high unit price items listed and the rising average price of unit sold due to the collaboration of a major company contributed to an increase in transaction amount in addition to a steady increase in the number of new members through digital marketing, resulting in an increase in both sales and profit.
- In the business targeting consumers for this 3Q (3 months period), the gross profit margin was lower than expected as a result of purchase and sales controls due to a declined market price of a part of handling items while the number of consumers increased due to the inbound demands, resulting in an increase in sales.



Net Sales Composition

(million yen)	FY2022 3Q	FY2023 3Q	YoY
Auction related revenues	1,841	2,117	+15.0%
Product sales related revenues	11,948	12,864	+7.7%
Other	23	112	+381.7%
Inter-segment net sales or transfers	-	-	
Net Sales	13,812	15,094	+9.3%

KPI

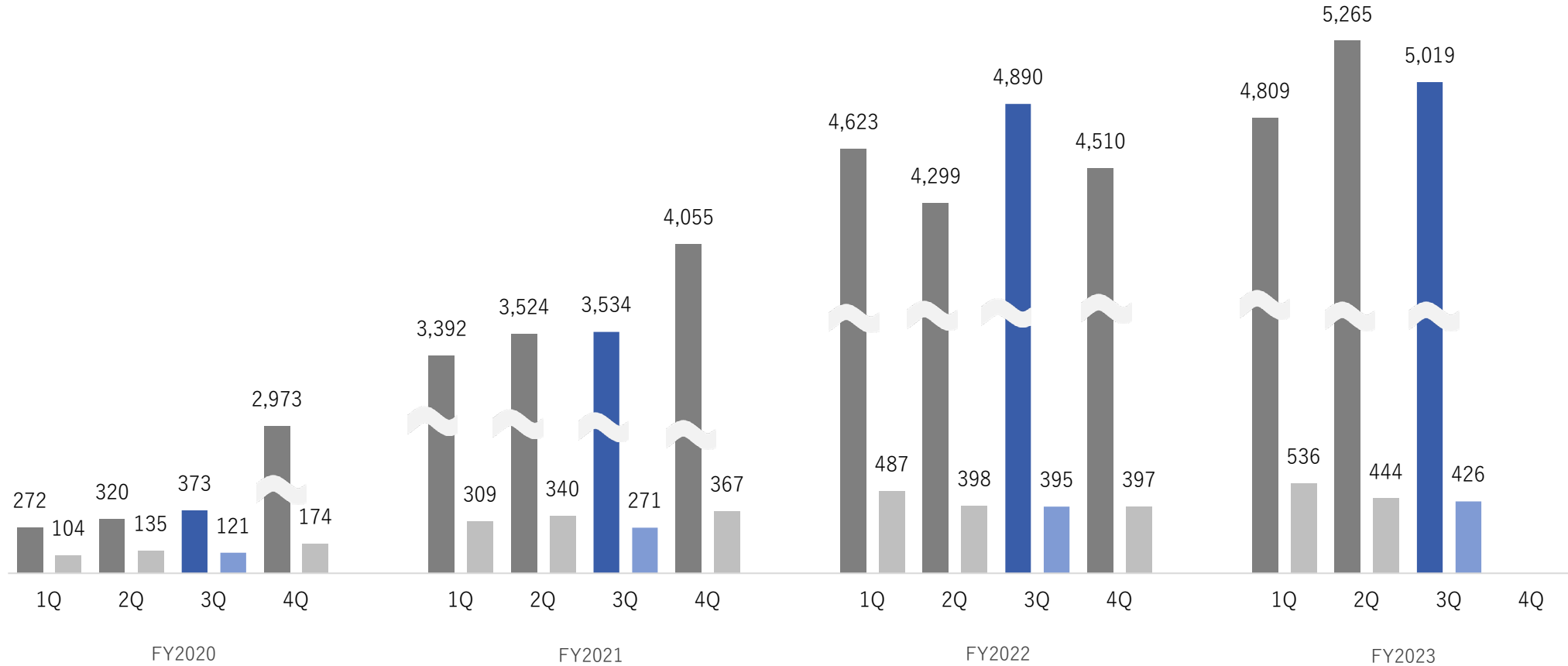
		FY2022 3Q	FY2023 3Q	YoY
B2B business	Transaction amount (million yen)	27,934	32,711	+17.1%
	Items listed (item)	737,293	772,567	+4.8%
	Items sold (item)	502,262	529,402	+5.4%
	Number of members※ (member)	3,893	4,638	+19.1%
Business targeting C	Transaction amount (million yen)	8,205	8,756	+6.7%

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

FY2020~FY2023 Results by Quarter

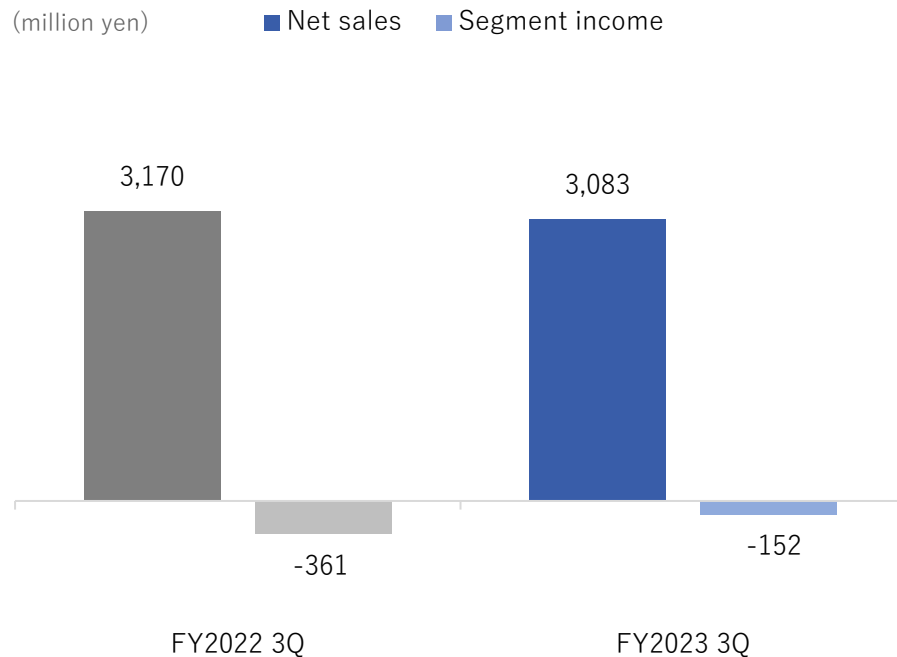
(million yen)

■ Net Sales ■ Segment Income



FY2023 Third Quarter Cumulative Results

- Sales decreased and profit increased year on year. (Net sales -2.7%, Operating loss in the previous year 361 million yen)
- In the flower business, the transaction amount expanded in accordance with an increase in the number of members, a rising average unit price of cut flowers and an increase in the number of cut flowers collected even though the costs for preparation to establish a operation base in Kansai region for the purpose of improvement of convenience for both growers and buyers.
- In the motorcycle business, the number of vehicles listed and auctions won increased by focusing on development of new exporter members as well as the high demand of exportation.
- Overall segment sales decreased and profit increased due to the impact of the withdrawal of Carseru at the end of last year.



Net Sales Composition

(million yen)	FY2022 3Q	FY2023 3Q	YoY
Auction related revenues	1,409	1,387	-1.5%
Product sales related revenues	608	553	-9.0%
Other	891	916	+2.9%
Inter-segment net sales or transfers	261	225	-13.9%
Net Sales	3,170	3,083	-2.7%

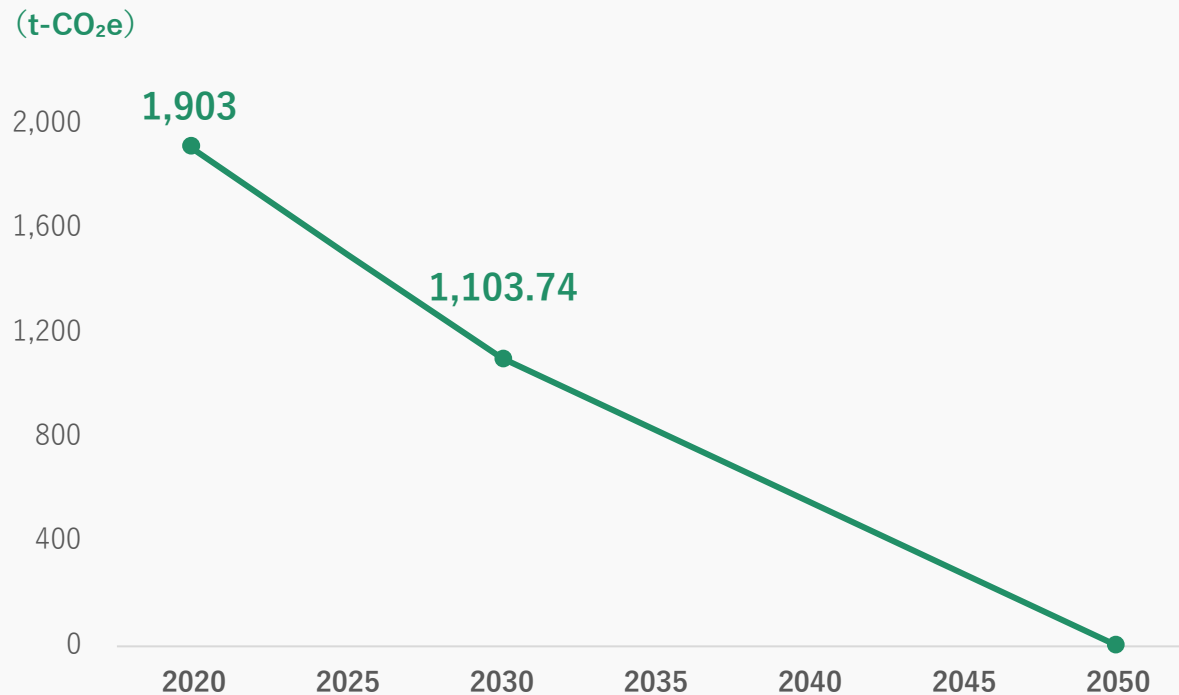
1. FY2023 Third Quarter Cumulative Results	P.3
2. Segment Information	P.9
3. Sustainability	P.17
4. Topics	P.19
5. Reference	P.21

Disclosure of our transition strategies

➤ Declaration of carbon neutrality

The transition schedule was established to achieve a GHG emission reduction goal through FY2050.

Reduction scenario (Scope1+2)



Measures to reduce GHG

Reduction of use of gasoline

- Introduction of electronic vehicles
- A change to transportation by trains

Emission reduction by use of electricity

- Switching to renewable energy power
- Conversion to more energy-efficient equipment such as using LEDs

We are taking a leadership role in reducing emissions throughout Japanese society with the aim of realizing sustainable growth now and in the future society.

We aim to continue to be a collective of future companies that will lead the society as it should be in the year 2050.

*This reduction scenario was made in accordance with 1.5°C scenario.

1. FY2023 Third Quarter Cumulative Results	P.3
2. Segment Information	P.9
3. Sustainability	P.17
4. Topics	P.19
5. Reference	P.21

Notice Regarding Cancellation of Treasury Shares

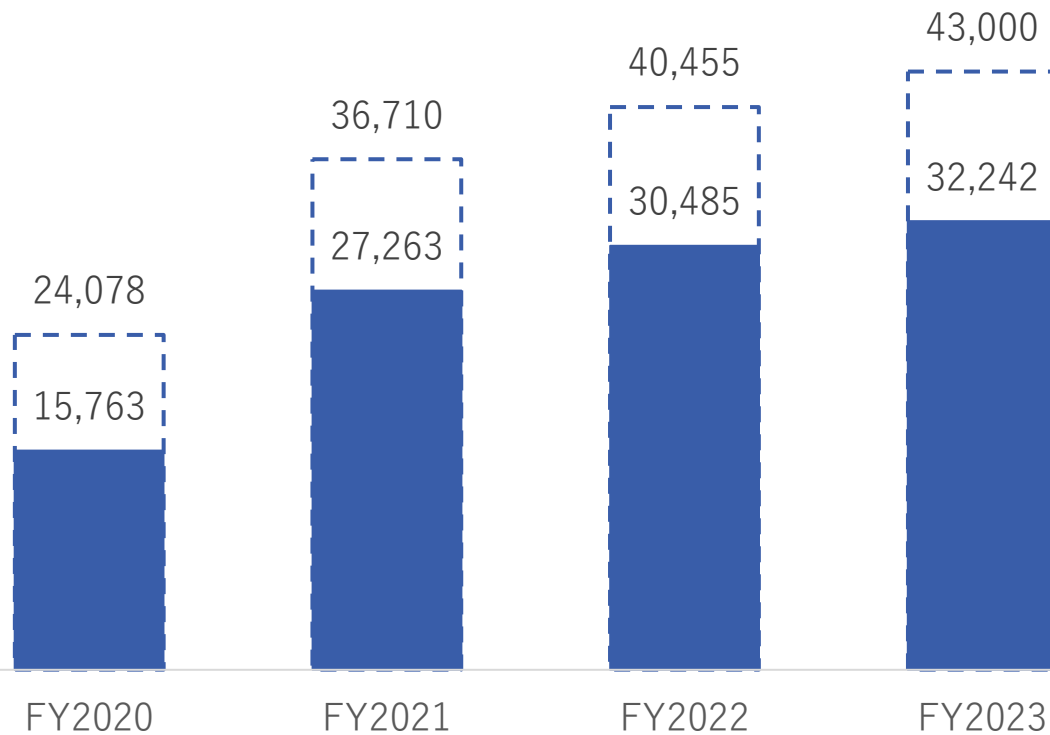
	Details
Type of shares to be cancelled	Common shares
Total number of shares to be cancelled	1,700,000 shares (6.42% of the total number of issued shares before the cancellation)
Scheduled date of cancellation	November 30, 2023

1. FY2023 Third Quarter Cumulative Results	P.3
2. Segment Information	P.9
3. Sustainability	P.17
4. Topics	P.19
5. Reference	P.21

FY2020~FY2023 Consolidated Results by Fiscal Year

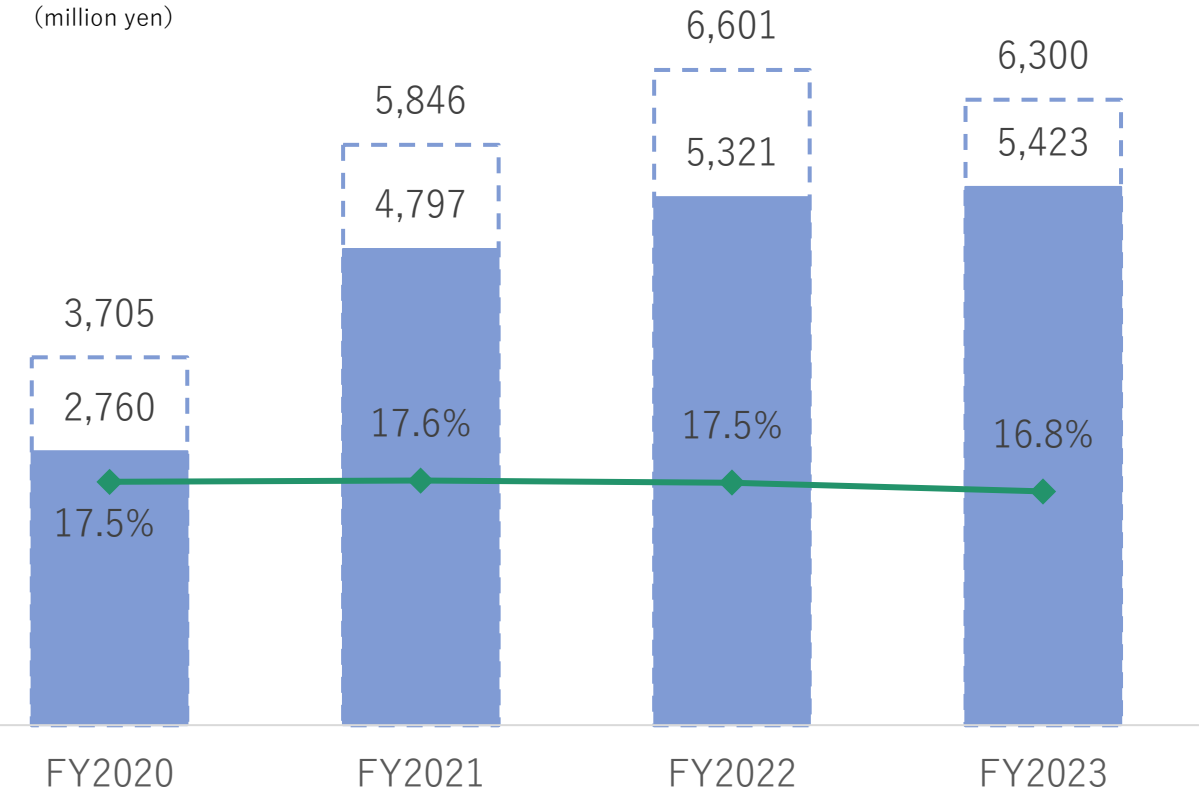
Net Sales

(million yen)



Operating Profit

(million yen)



■ 3Q Results □ Full Year Results/ Forecast

■ 3Q Results □ Full Year Results/ Forecast

◆ 3Q Operating Profit Margin

Consolidated Balance Sheets

Assets (million yen)	FY2022 end of December	FY2023 end of September	Increase/ Decrease
Current assets	30,357	30,698	+341
Cash and deposits	20,021	17,450	-2,570
Due from auction members	3,538	6,356	+2,817
Other	6,797	6,891	+94
Non-current assets	6,990	7,097	+107
Property, plant and equipment	1,637	1,650	+12
Intangible assets	1,405	1,433	+27
Other	3,946	4,014	+67
Total assets	37,348	37,796	+448

Liabilities and net assets (million yen)	FY2022 end of December	FY2023 end of September	Increase/ Decrease
Current liabilities	11,299	12,616	+1,316
Due to auction members	7,202	8,738	+1,536
Other	4,097	3,878	-219
Non-current liabilities	3,137	3,212	+74
Retirement benefit liability	1,816	1,864	+48
Other	1,321	1,347	+26
Total liabilities	14,437	15,828	+1,391
Total net assets	22,911	21,967	-943
Total liabilities and net assets	37,348	37,796	+448

KPI

			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	83,806
		Total vehicles sold/bought (unit)	109,099	96,156	115,610	109,326	119,786	116,417	107,334	103,635
	Membership fee	Number of members (member)	14,108	14,104	14,267	14,362	14,282	14,420	14,497	14,605
	Inspection fee※1	Vehicles inspected (unit)	258,903	223,430	229,815	259,900	266,100	266,475	253,557	256,118
Digital Product	Transaction amount (million yen)		9,562	76,057	78,873	9,024	12,283	12,071	8,738	9,717
	Sales units	Domestic (unit)	591,735	520,791	487,494	543,592	656,847	661,344	510,693	467,773
		U.S. (unit)	89,869	59,611	194,169	308,478	173,951	96,734	46,601	307
	Members	Number of members (member)	665	707	766	762	800	855	922	989
Consumer Product※2	B2B business	Transaction amount (million yen)	2,768	3,720	4,349	6,543	7,324	7,996	8,209	8,912
		Items listed (item)	128,752	131,425	144,732	204,547	215,753	227,819	227,137	265,100
		Items sold (item)	96,292	96,093	113,711	142,530	157,627	168,838	158,173	172,961
		Number of members※3 (member)	2,198	2,359	2,384	2,738	2,879	3,013	3,204	3,427
	Business targeting C	Transaction amount (million yen)	-	-	-	1,654	2,140	2,179	2,027	2,466
			FY2022				FY2023			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Automobile	Auction related	Transaction amount (million yen)	84,641	100,796	106,313	96,646	104,657	118,736	111,283	-
		Total vehicles sold/bought (unit)	104,115	114,338	111,674	105,316	121,962	135,219	122,722	-
	Membership fee	Number of members (member)	14,663	14,706	14,847	14,949	14,999	15,091	15,155	-
	Inspection fee※1	Vehicles inspected (unit)	269,476	268,758	262,791	284,997	318,348	307,586	303,764	-
Digital Product	Transaction amount (million yen)		13,526	12,261	8,730	10,247	12,443	11,638	8,243	-
	Sales units	Domestic (unit)	526,106	499,014	351,156	428,275	445,227	430,091	337,758	-
		U.S. (unit)	-	-	-	-	-	-	-	-
	Members	Number of members (member)	1,044	1,132	1,240	1,337	1,359	1,541	1,674	-
Consumer Product※2	B2B business	Transaction amount (million yen)	9,117	9,239	9,578	10,539	10,644	11,163	10,903	-
		Items listed (item)	223,206	262,443	251,644	288,861	236,869	269,776	265,922	-
		Items sold (item)	160,850	174,562	166,850	187,706	174,900	181,929	172,573	-
		Number of members※3 (member)	3,586	3,690	3,893	4,092	4,287	4,503	4,638	-
	Business targeting C	Transaction amount (million yen)	2,747	2,544	2,912	2,582	2,812	3,033	2,909	-

※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.

Corporate Information

Trade name || AUCNET INC.

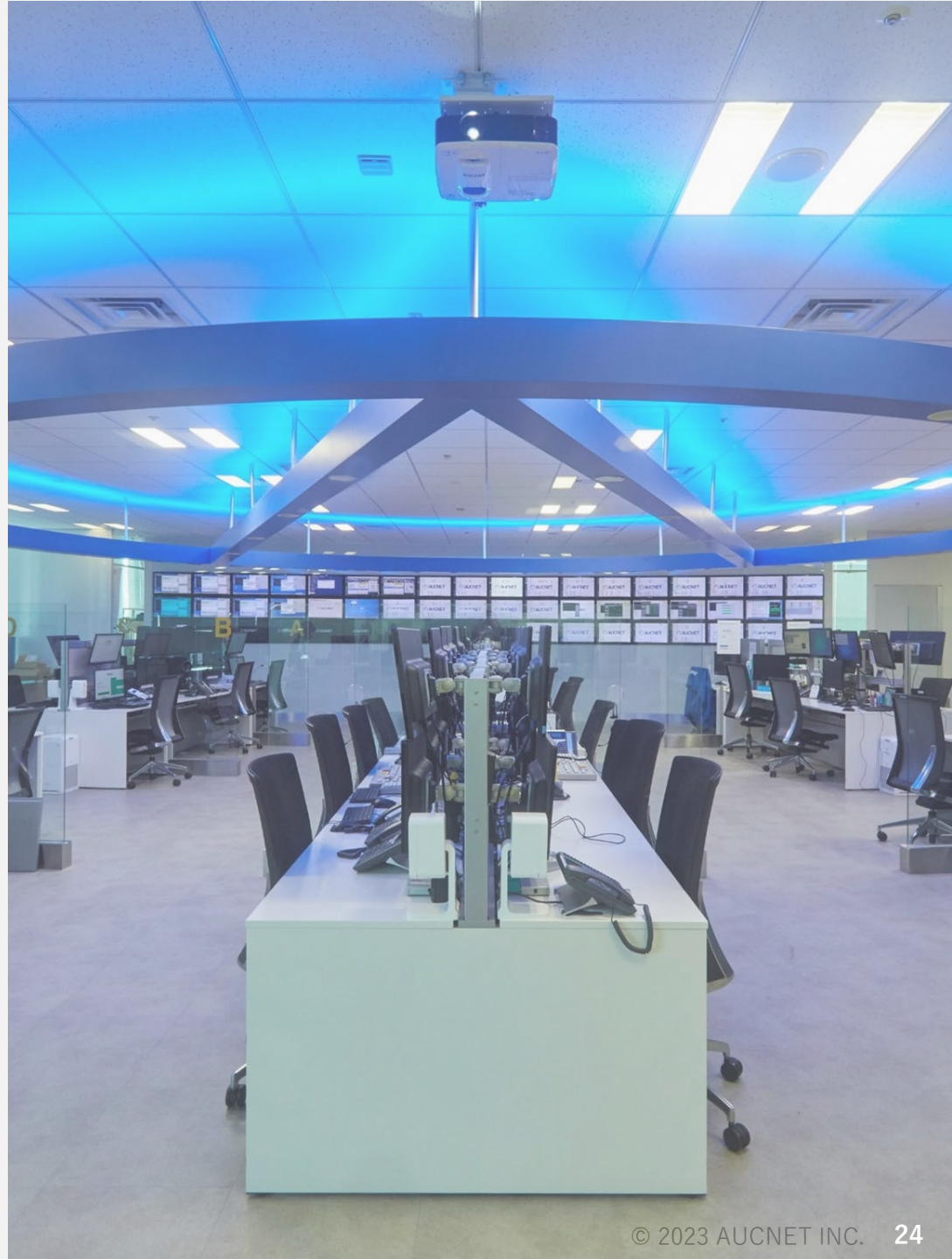
Date of start of business || June 29, 1985

Head office || Aoyama OM Square, 5-8 Kita-Aoyama 2-chome,
Minato-ku, Tokyo, 107-8349, Japan

Closing date || December 31

Number of employees || 860 (as of December 31,2022)
(consolidated)

Capital, etc. || 1,807 million yen (as of December 31,2022)



philosophy

Aucnet's philosophy is
"Authenticism".

We have always pursued the question, "What is authentic service?" and seek to provide services that help our partners achieve more efficient and secure transactions.

In the used car business and beyond, we will use the power of information to create a circular market in a wide variety of business fields in order to deliver "all kinds of valuable goods to people who need them".

Mission Statement

Market Design to Connect Values

Leveraging “circular commerce” to maximize our potential and create more customers around the world.
We are your market design partner.

By providing appropriate information to both sellers and buyers, we create what we call “circular commerce,” in which buyers and sellers are repeatedly connected. Since our establishment, we have always pursued services that make changes for the better, not only in the industry, but in society as a whole.

Through market design, you can not only expand existing value, but also create new value by commercializing goods and things that have never been distributed before. We will continue to find new values by co-creating with our partners who believe that “the life of a product continues even after it has been sold.”

At AUCNET, we are working together to create a world where value is connected and reconnected over and over again.



Our Services – Automobile

Used vehicle distribution

 14,000+ member companies※

1

TVオークション

(Used vehicle auctions)

- ✔ Many vehicles with high year and low mileage or leased-up vehicles are listed.
- ✔ It allows our members to leave their vehicles at their store and list them for auctions without transporting them.

2

共有在庫市場

(Shared inventory market)

- ✔ **60,000+** vehicles* our nation-wide members own can be purchased anytime.

3

ライブオークション

(Live relay broadcast auctions)

- ✔ Collaborate and live broadcasting with **76*** physical auction sites nationwide

4

AUC 株式会社 アイオーク

(Proxy bidding service)

- ✔ Proxy listing and bidding at auctions connecting with **116*** on-site physical auction sites nationwide

Used vehicle inspection

5

AIS

(Used vehicle inspection service)

- ✔ The industry's only vehicle inspection company (more than **1 million*** units annually)
- ✔ Deploying nationwide on-site inspections and evaluation service consisted with about **200*** inspectors



Our Services – Digital Products

Domestic/ Overseas auctions

1

Mobile &
PC Auction



2

GLOBAL BIDDING SYSTEM

✔ Our products handled include used PCs, tablets etc., as well as used smartphones. We aim to develop further handling product range.

✔ Members exceed **1,300** companies* focusing on strengthening the overseas buyer network.

The UAE branch was established in November 2022 in addition to the subsidiary in Hong Kong.

✔ Blancco Japan Inc. was established in 2010 jointly with Blancco OY Ltd., the top share company of data erasure in the world

✔ Realizing thorough data erasure in information-related digital devices handled in auctions

Trade-in service

4

Trade-in system



✔ Software is planned to be provided to guide trade-ins (purchases) of digital devices owned by individual and corporate customers.

✔ Upon receipt of the devices at our merchandising center, they can be inspected and tested, and a certificate of personal information erasure can be issued.

Data erasure

3

 **blancco**



Our Services – Consumer Products

B2B business

1

 **AUCNET**
Brand Auction



- ✔ Total more than **4,000** members* in the strong member network built for long time
- ✔ Industry's largest scale of transaction amount is about **38,000** million yen*

Business targeting consumers

2

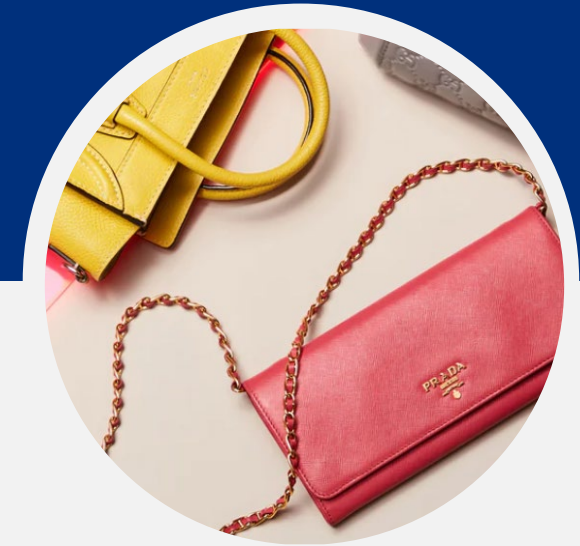
 **GALLERY RARE**



- ✔ Purchase and sales of pre-owned luxury brand bags, watches, accessories and jewelry etc.
- ✔ **9** shops* mainly in Tokyo and Osaka, focusing on not only physical shops but also EC sites.

3

VALTIQUE VINTAGE
T O K Y O



- ✔ Launched an EC platform selling high brand vintage items in September 2022
- ✔ Promoting and raising awareness of sustainability by attaching tags showing deduced amount of CO₂ or H₂O

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.

