

Full Year 2023 Results Briefing

February 14th, 2024

AUCNET INC.

(TSE Prime Market : 3964)



Table of Contents

| | |
|-------------------------------------------------------|------|
| 1. Summary of FY2023 Results | P.2 |
| 2. Segment Information | P.8 |
| 3. Changes in Reportable Segment | P.16 |
| 4. Forecast of FY2024 Results | P.19 |
| 5. Topics | P.23 |
| 6. Progress of the Medium-Term Management Plan | P.29 |
| 7. Reference | P.37 |

1. Summary of FY2023 Results

2. Segment Information

3. Changes in Reportable Segment

4. Forecast of FY2024 Results

5. Topics

6. Progress of the Medium-Term Management Plan

7. Reference

Full Year 2023 Consolidated Financial Results

- Although sales and profit declined in the Digital Product Business segment, the Automobile and Consumer Product Business segments continued to perform well. As a result, the consolidated financial results accomplished our result forecast.

| (million yen) | FY2022 | FY2023 | YoY | FY2023 Revised Forecast (Dec. 6, 2023) | Rate of Achievement |
|-----------------------------------------|------------|-------------------|------------|----------------------------------------------|---------------------|
| Net Sales | 40,455 | 43,303 | +7.0% | 43,000 | 100.7% |
| Operating profit | 6,601 | 6,663 | +0.9% | 6,500 | 102.5% |
| Operating profit margin | 16.3% | 15.4% | -0.9pt | 15.1% | |
| EBITDA | 7,480 | 7,449 | -0.4% | - | - |
| Ordinary profit | 6,699 | 6,755 | +0.8% | 6,611 | 102.2% |
| Profit attributable to owners of parent | 4,346 | 4,368 | +0.5% | 4,220 | 103.5% |
| Basic earnings per share | 159.48 Yen | 175.79 Yen | +16.31 Yen | 169.83 Yen | 103.5% |
| Dividend per share | 48.00 Yen | 53.00 Yen | +5.00 Yen | 51.00 Yen | - |
| Dividend payout ratio | 30.1% | 30.1% | +0.0pt | 30.0% | - |

FY2023 4Q Highlights (Non-cumulative 3 Month Results)

Net Sales

11,061 million yen

YoY **+11.0%**

Operating Profit

1,239 million yen

YoY **-3.1%**

Ordinary Profit

1,234 million yen

YoY **+7.1%**

Profit Attributable to
Owner of Parent

856 million yen

YoY **-2.3%**

Automobile Business

Net Sales 3,164 million yen (+11.4%)

Segment Income 951 million yen (+12.7%)

See p.9 for more details

See p.44
for the service outline

Digital Product Business

Net Sales 1,679 million yen (+2.1%)

Segment Income 897 million yen (-9.9%)

See p.11 for more details

See p.45
for the service outline

Consumer Product Business

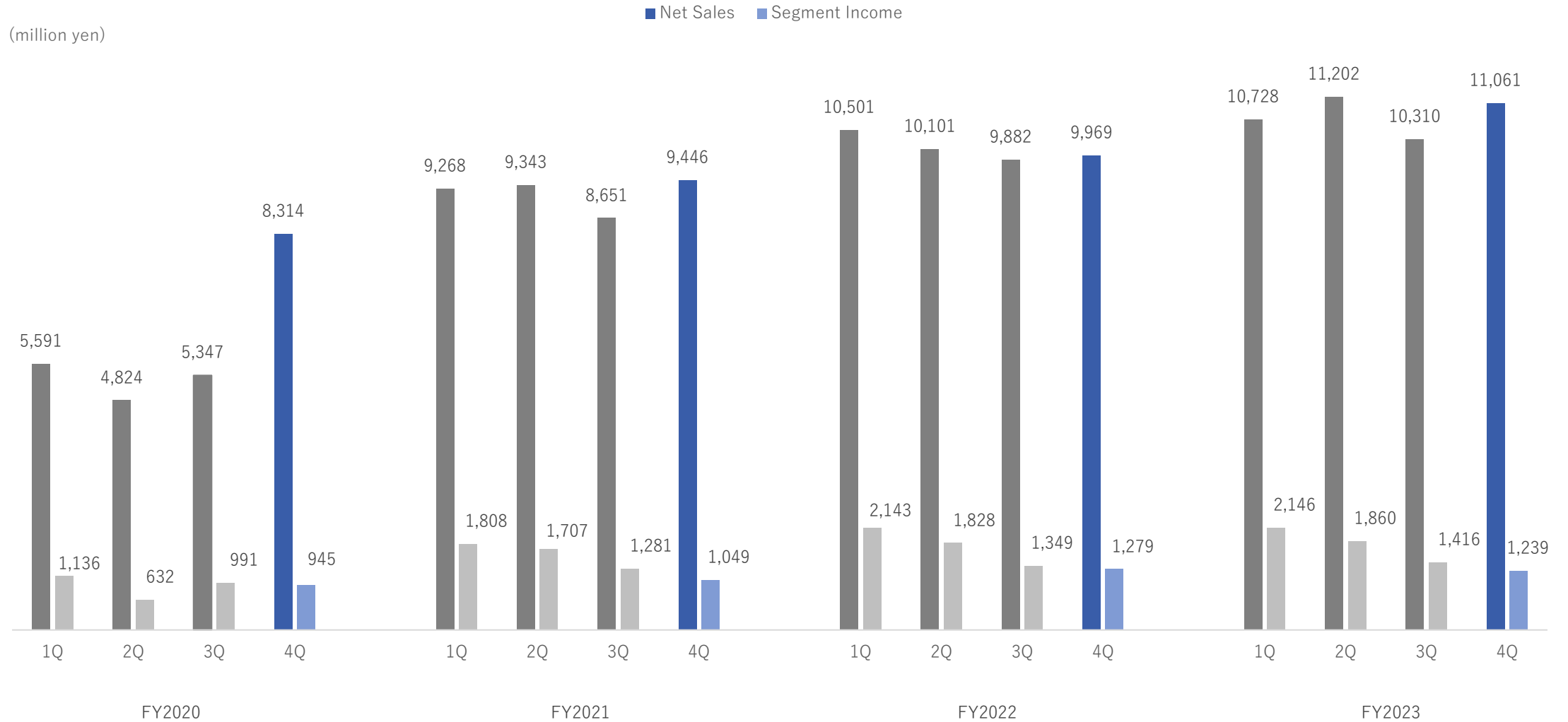
Net Sales 5,274 million yen (+16.9%)

Segment Income 386 million yen (-2.9%)

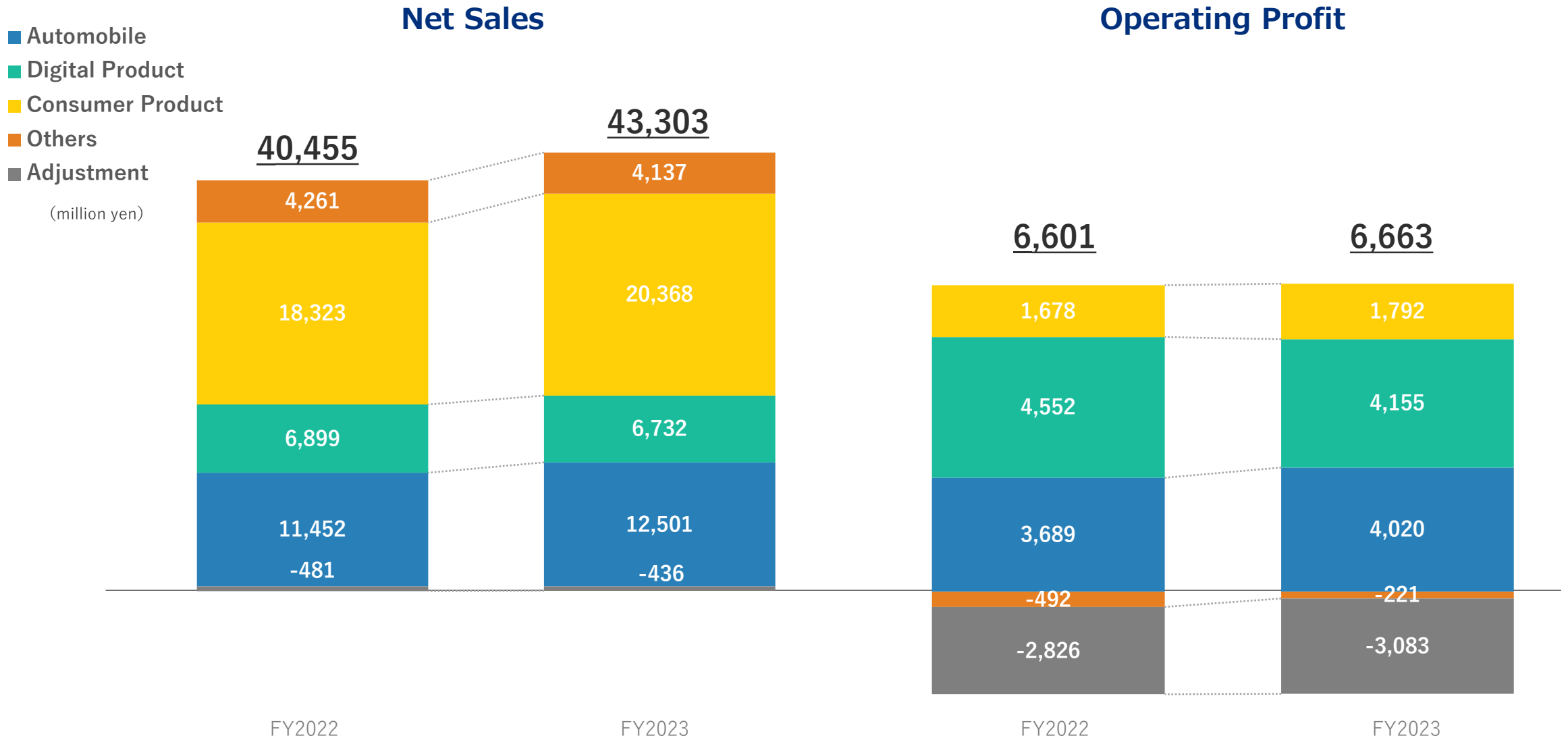
See p.13 for more details

See p.46
for the service outline

FY2020~FY2023 Consolidated Financial Results by Quarter

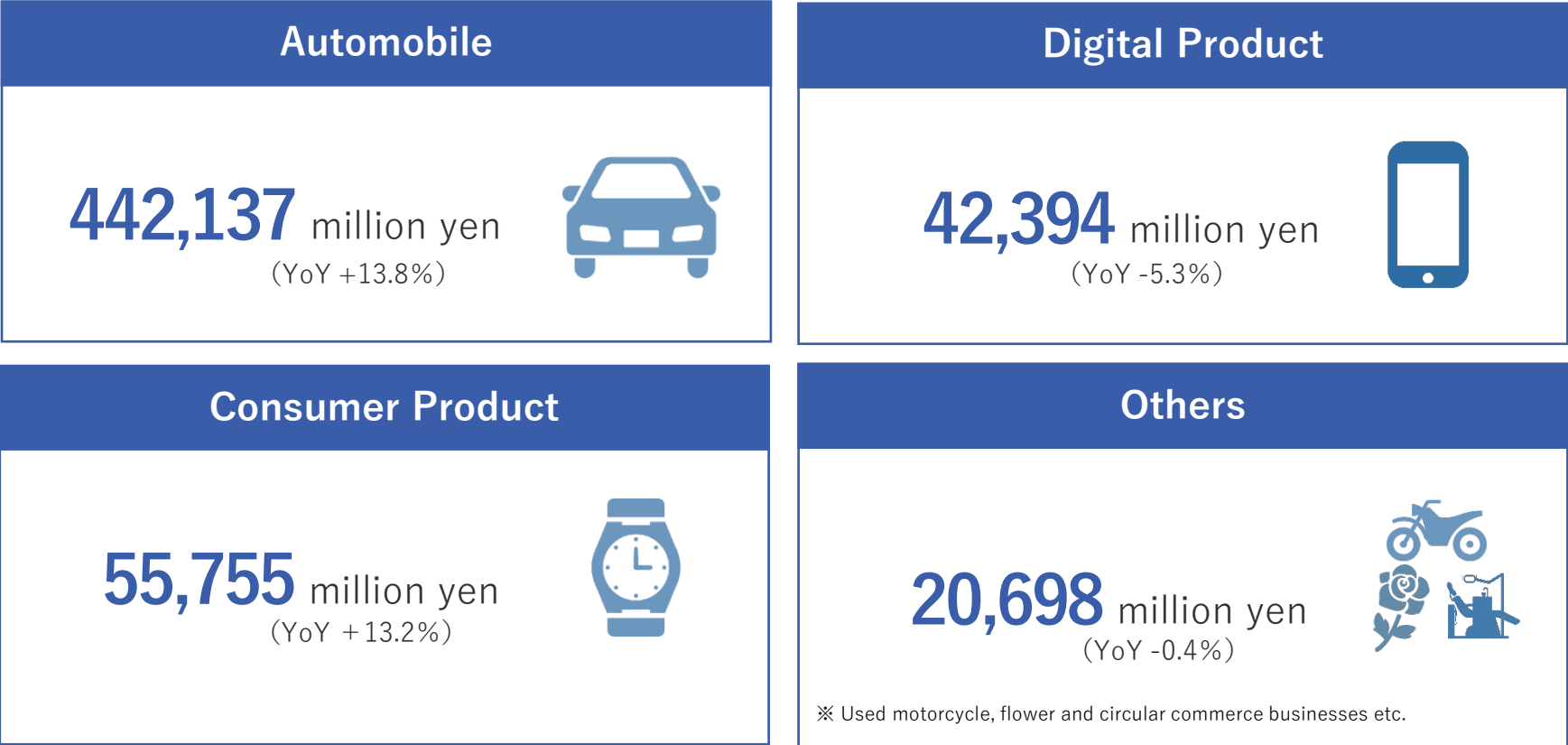


FY2023 Segment Increase/Decrease



FY2023 Transaction Amount by Segment

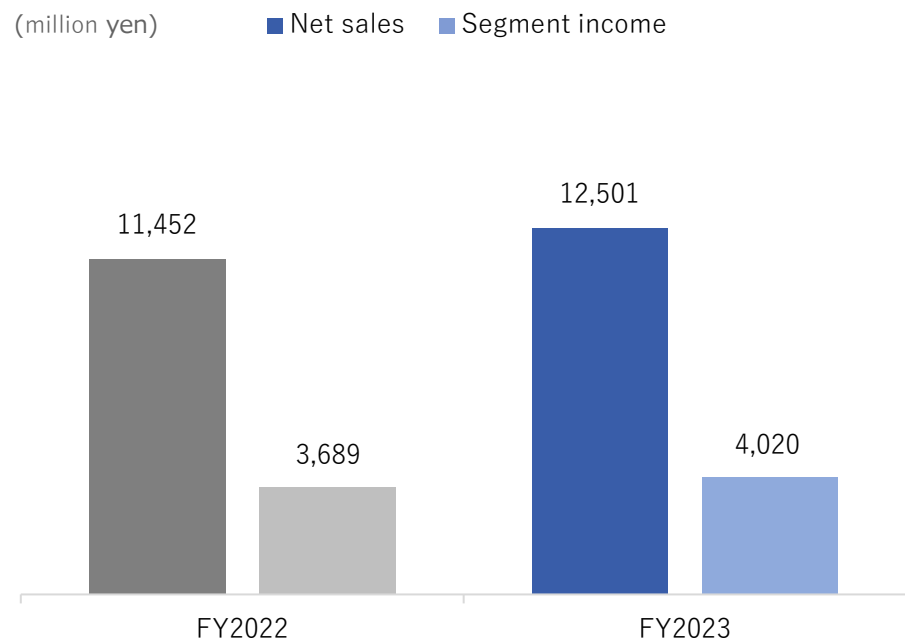

Transaction Amount **560,986** million yen (YoY +11.5%)



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

1. Summary of FY2023 Results
- 2. Segment Information**
3. Changes in Reportable Segment
4. Forecast of FY2024 Results
5. Topics
6. Progress of the Medium-Term Management Plan
7. Reference

- Sales and profit increased compared to full-year results of the previous year. (Net Sales + 9.2%, Segment Income + 9.0%)
- In the used vehicle inspection service, demands of inspections mainly for a used vehicle listing platform are remained strong, and a record number of annual inspections led to an increase in sales and profit, which contributed significantly to the segment income.
- Both sales and profit increased due to favorable performance in the number of vehicles won in the proxy bidding service and live relay broadcast auctions, as the used car auction market continued to be active.



Net Sales Composition

| (million yen) | FY2022 | FY2023 | YoY |
|--------------------------------------|--------|---------------|--------|
| Auction related revenues | 7,720 | 8,273 | +7.2% |
| Product sales related revenues | 345 | 371 | +7.4% |
| Other | 3,249 | 3,720 | +14.5% |
| Inter-segment net sales or transfers | 137 | 135 | |
| Net Sales | 11,452 | 12,501 | +9.2% |

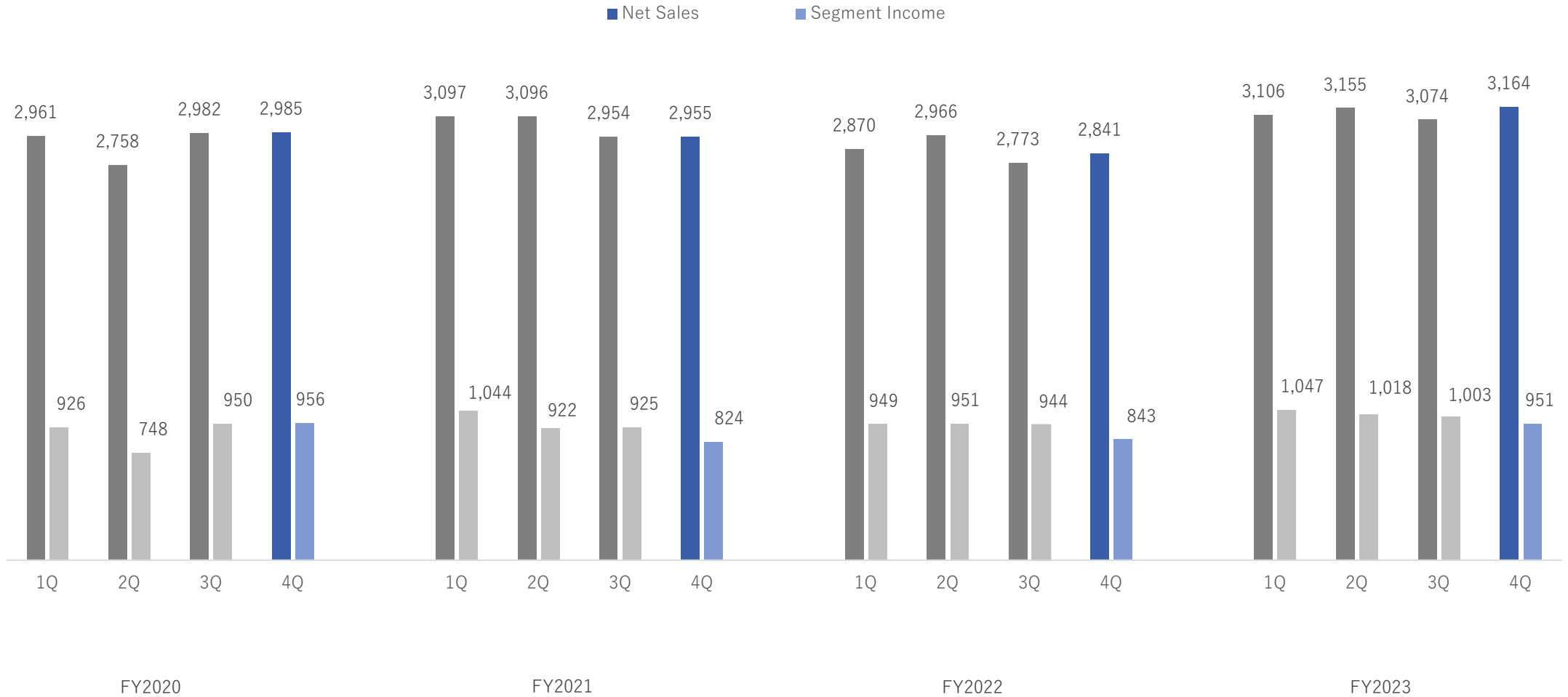
KPI

| | | FY2022 | FY2023 | YoY |
|-----------------|-----------------------------------|-----------|------------------|--------|
| Auction related | Transaction amount (million yen) | 388,398 | 442,137 | +13.8% |
| | Total vehicles sold/bought (unit) | 435,443 | 502,616 | +15.4% |
| Membership fee | Number of members (member) | 14,949 | 15,142 | +1.3% |
| Inspection fee | Vehicles inspected※ (unit) | 1,086,022 | 1,262,908 | +16.3% |

※ Includes used motorcycles inspections

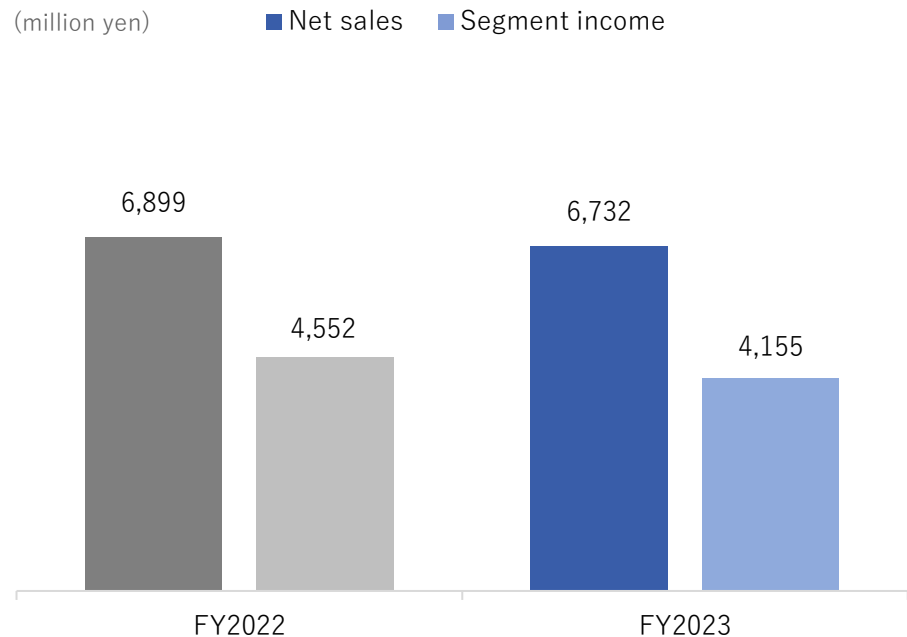
FY2020~FY2023 Results by Quarter

(million yen)



FY2023 Cumulative Results

- Sales and profit decreased compared to full-year results of the previous year. (Net Sales -2.4%, Segment Income -8.7%)
- The transaction amount shrank due to a decrease in the number of devices sold caused by rising price of devices and prolonged replacement cycles, despite a large increase in the number of new buyers due to the use of digital marketing.
- Costs increased due to upfront investments in global expansion and modification of existing systems.
- The number of units sold are recovering due to the launch of new model smartphones and diversification of device supply sources.



Net Sales Composition

| (million yen) | FY2022 | FY2023 | YoY |
|--------------------------------------|--------|--------|--------|
| Auction related revenues | 6,609 | 6,335 | -4.1% |
| Product sales related revenues | 290 | 397 | +36.9% |
| Other | - | - | |
| Inter-segment net sales or transfers | - | - | |
| Net Sales | 6,899 | 6,732 | -2.4% |

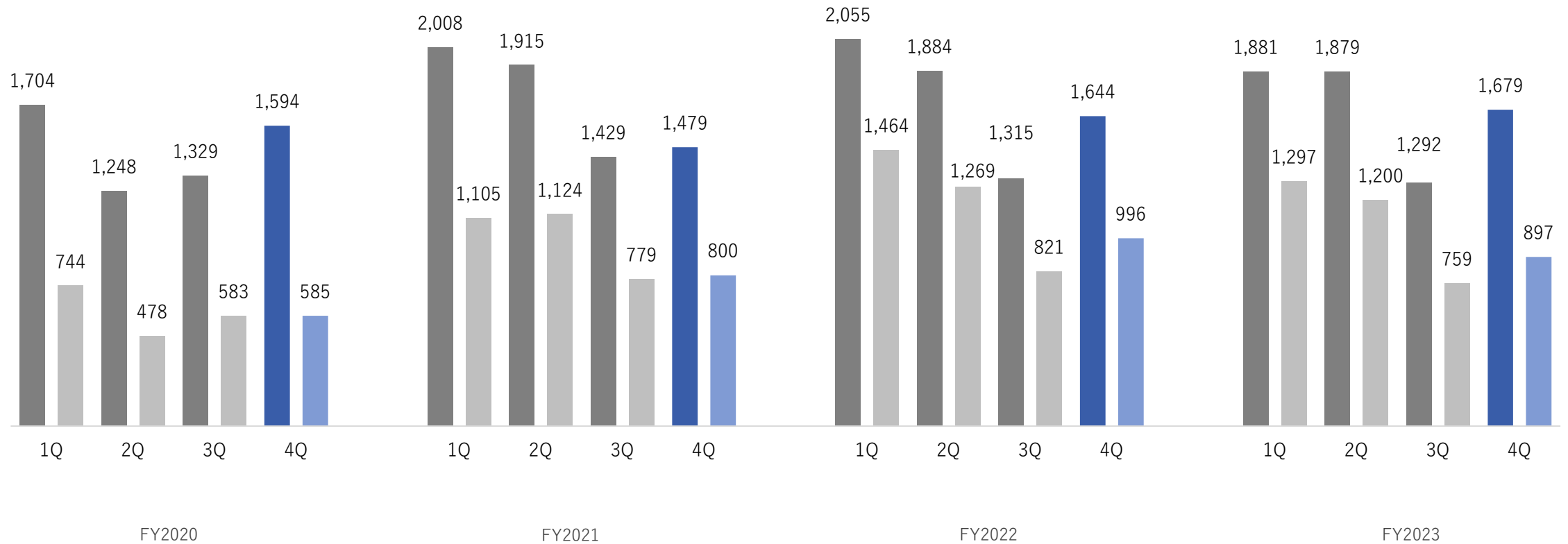
KPI

| | | FY2022 | FY2023 | YoY |
|--------------------|---------------|-----------|-----------|--------|
| Transaction amount | (million yen) | 44,765 | 42,394 | -5.3% |
| Sales units | (unit) | 1,804,551 | 1,578,371 | -12.5% |
| Number of members | (member) | 1,337 | 1,779 | +33.1% |

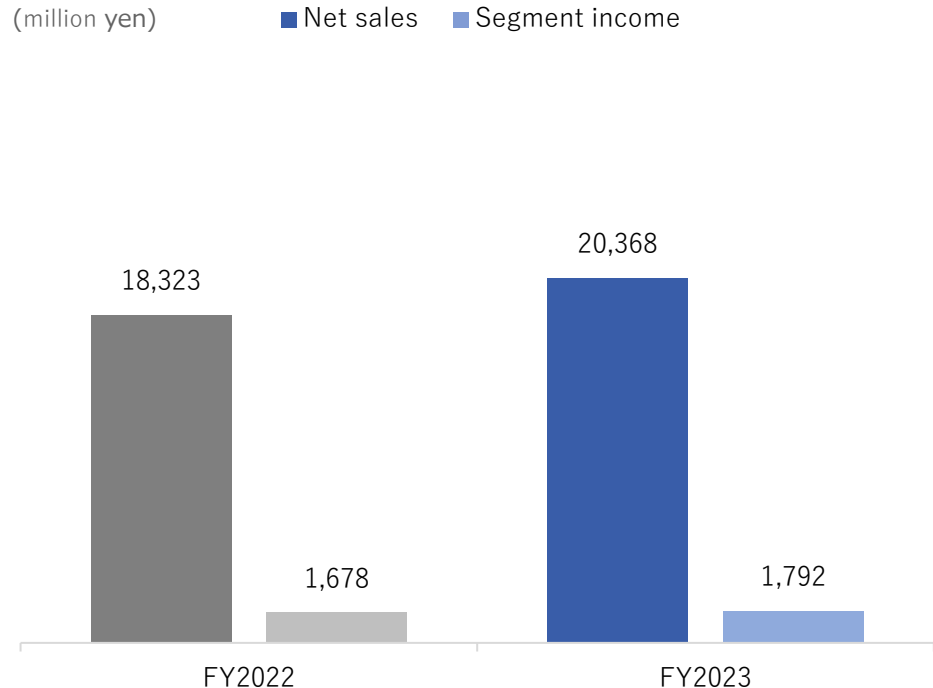
FY2020~FY2023 Results by Quarter

(million yen)

■ Net Sales ■ Segment Income



- Sales and profit increased year on year. (Net Sales +11.2%, Segment Income +6.8%)
- In the B2B business, an increase in the number of high unit price items listed 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, the profit decreased as the gross profit margin was lower than expected as a result of continuing downward trend in the market prices of handling items after the second half of the fiscal year, while the number of customers increased due to the inbound demands, resulting in an increase in sales.



Net Sales Composition

| (million yen) | FY2022 | FY2023 | YoY |
|--------------------------------------|---------------|---------------|---------------|
| Auction related revenues | 2,552 | 2,860 | +12.1% |
| Product sales related revenues | 15,746 | 17,337 | +10.1% |
| Other | 24 | 170 | +590.8% |
| Inter-segment net sales or transfers | - | - | |
| Net Sales | 18,323 | 20,368 | +11.2% |

KPI

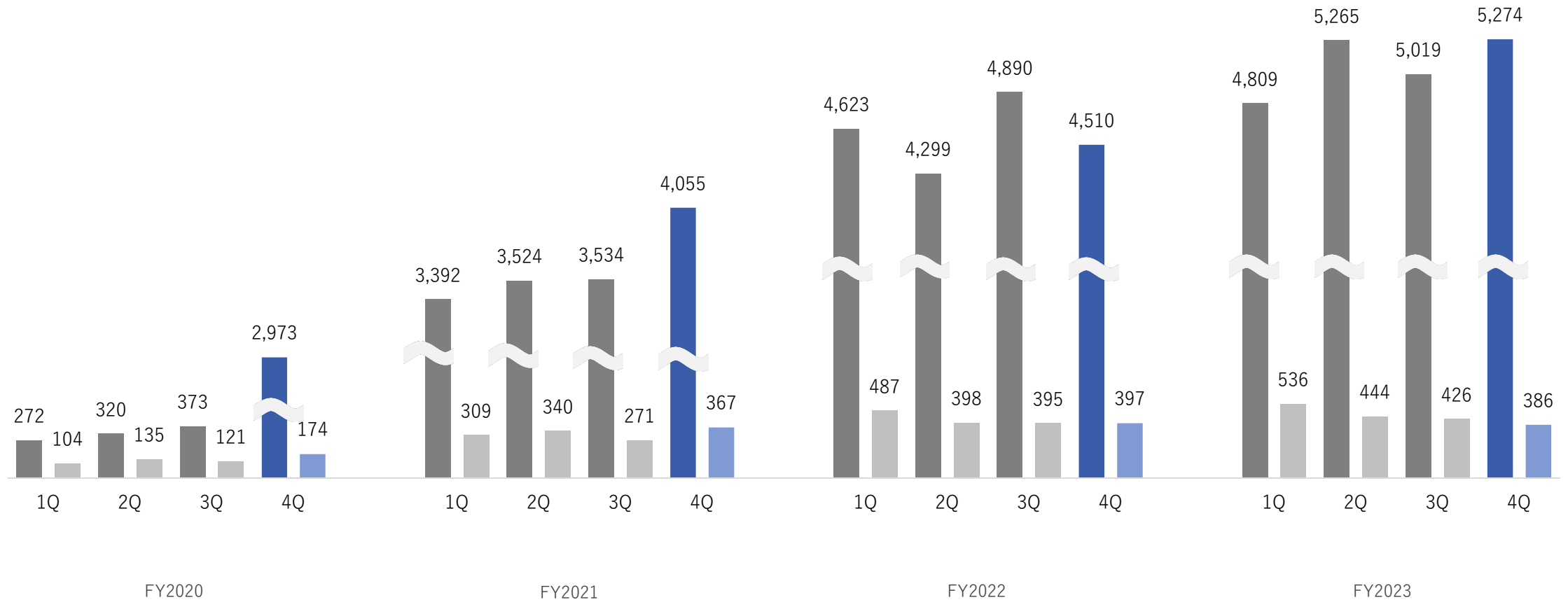
| | | FY2022 | FY2023 | YoY |
|----------------------|----------------------------------|-----------|------------------|--------|
| B2B business | Transaction amount (million yen) | 38,473 | 44,063 | +14.5% |
| | Items listed (item) | 1,026,154 | 1,066,733 | +4.0% |
| | Items sold (item) | 689,968 | 715,832 | +3.7% |
| | Number of members※ (member) | 4,092 | 4,862 | +18.8% |
| Business targeting C | Transaction amount (million yen) | 10,788 | 11,692 | +8.4% |

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

FY2020~FY2023 Results by Quarter

(million yen)

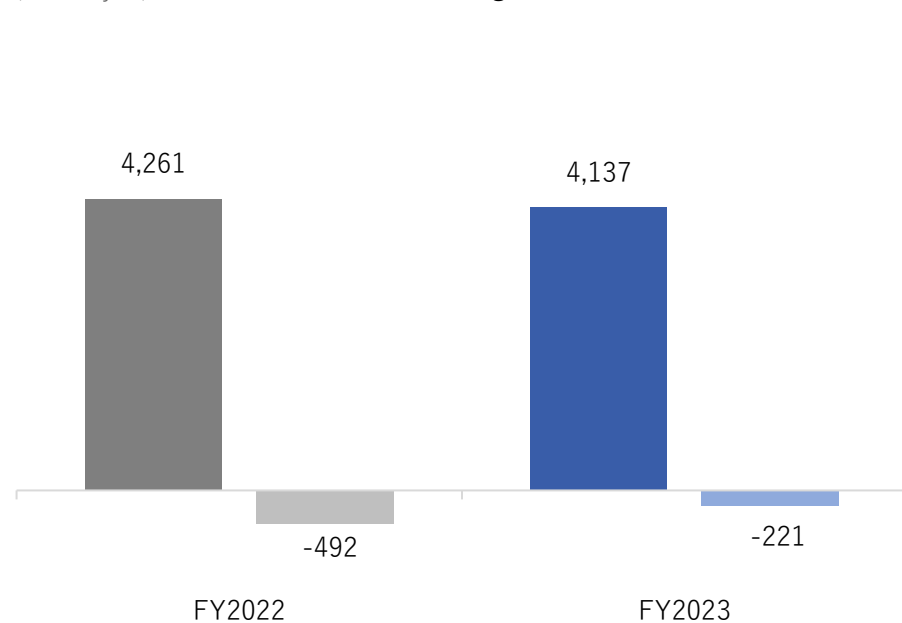
■ Net Sales ■ Segment Income



FY2023 Cumulative Results

- Sales decreased and profit increased compared to full-year results of the previous year.
(Net Sales -2.9%, Operating loss in the previous year 492 million yen)
- In the flower business, the transaction amount expanded in accordance with an increase in the number of members, and an increase in the number of cut flowers collected while the costs for preparation to establish an operation base in Kansai region, resulting in increased sales and decreased profit.
- In the motorcycle business, the number of vehicles listed and sold increased, resulting in an increase in both sales and profit.
- Overall segment sales decreased, and profit increased due to the impact of the withdrawal of Carseru at the end of the previous year.

(million yen) ■ Net sales ■ Segment income

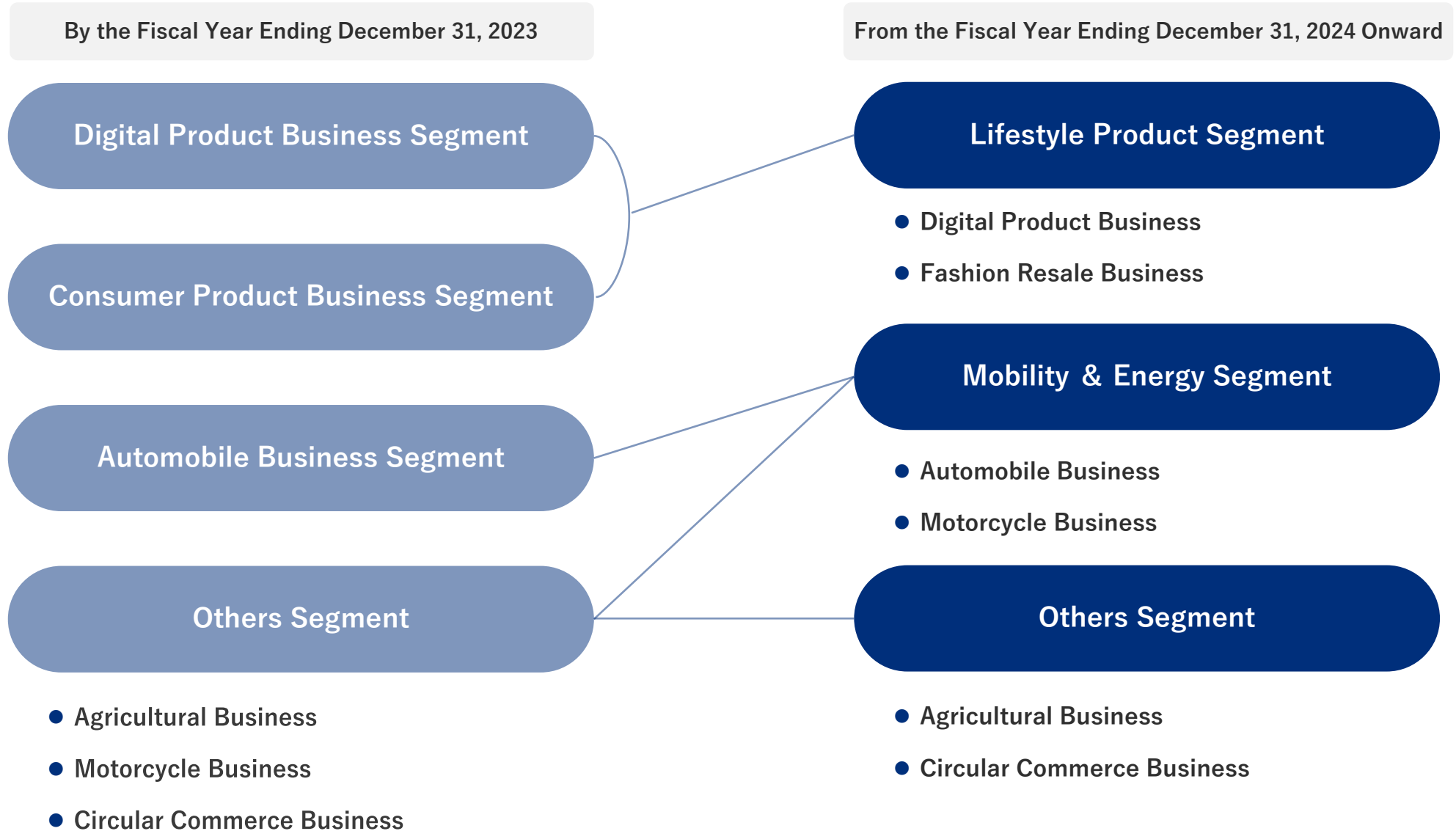


Net Sales Composition

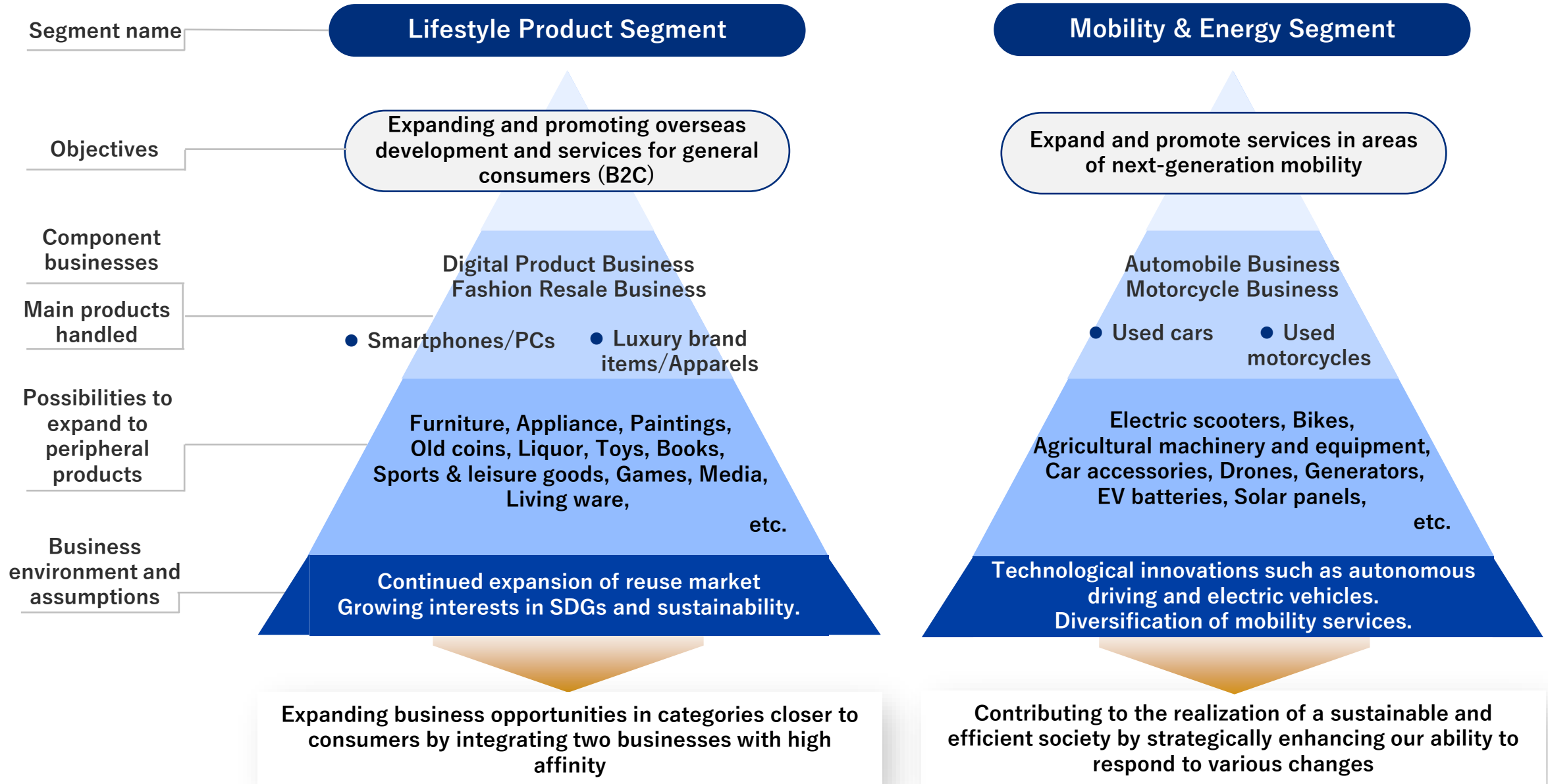
| (million yen) | FY2022 | FY2023 | YoY |
|--------------------------------------|--------|--------------|--------|
| Auction related revenues | 1,894 | 1,888 | -0.3% |
| Product sales related revenues | 819 | 746 | -8.9% |
| Other | 1,203 | 1,201 | -0.2% |
| Inter-segment net sales or transfers | 344 | 300 | -12.7% |
| Net Sales | 4,261 | 4,137 | -2.9% |

1. Summary of FY2023 Results
2. Segment Information
- 3. Change in Reportable Segment**
4. Forecast of FY2024 Results
5. Topics
6. Progress of the Medium-Term Management Plan
7. Reference

Changes in Reportable Segments from the Fiscal Year Ending December 31, 2024



Changes in Reportable Segments from the Fiscal Year Ending December 31, 2024



1. Summary of FY2023 Results
2. Segment Information
3. Changes in Reportable Segment
- 4. Forecast of FY2024 Results**
5. Topics
6. Progress of the Medium-Term Management Plan
7. Reference

Forecast of FY2024 Consolidated Results

| (million yen) | FY2023 | FY2024 | YoY |
|-----------------------------------------|------------|-------------------|------------|
| Net Sales | 43,303 | 48,000 | +10.8% |
| Operating profit | 6,663 | 7,000 | +5.1% |
| Operating profit margin | 15.4% | 14.6% | -0.8pt |
| Ordinary profit | 6,755 | 7,059 | +4.5% |
| Profit attributable to owners of parent | 4,368 | 4,465 | +2.2% |
| Basic earnings per share | 175.79 yen | 188.77 yen | +12.98 yen |
| Dividend per share | 53.00 yen | 57.00 yen | +4.00 yen |
| Dividend payout ratio | 30.1% | 30.2% | +0.1pt |

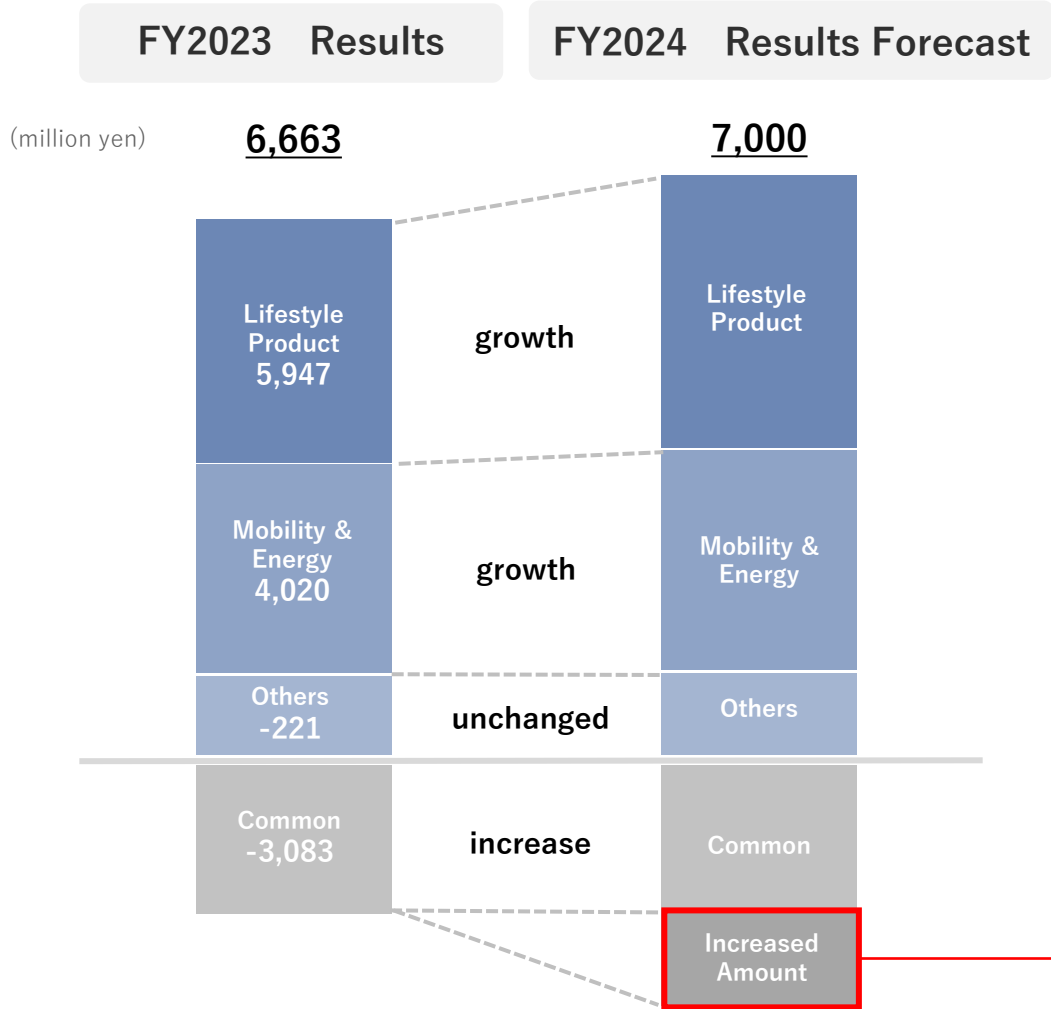
Forecast of FY2024 Consolidated Results by Segment (Organic Growth and Transitory Factors)

FY2023 Results Analysis

FY2024 Results Forecast

| | FY2023 Results Analysis | FY2024 Results Forecast |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lifestyle Product Segment | <p>Summary Slight decrease</p> <p>Organic • Revitalization of auctions due to the expansion of buyer network and diversification of device supply sources.</p> <p>Transitory ↗ Tailwind from the exchange rates (weak yen trend) that has been continued since the previous year. ↓ A decrease in the number of devices sold caused by rising price of devices and prolonged replacement cycles.</p> | <p>Summary Assumed to remain unchanged</p> <p>• Assuming that the decline in the number of used devices sold from the previous year bottomed out. • Aiming for a sustainable growth continuously focusing on the expansion of buyer network, diversification of supply sources and items handled and strengthening functions of overseas bases.</p> |
| | Digital Product Business | |
| Fashion Resale Business | <p>Summary Significant growth</p> <p>Organic • An increase in the number of items listed and sold due to the expansion of buyer network and remained high average unit prices.</p> <p>Transitory ↗ Growth of the overall market and tailwind from the exchange rates (weak yen trend) that has been continued since the previous year. ↘ Falling market prices of our handling items and stock adjustment in the industry.</p> | <p>Summary Assumed to remain steady</p> <p>• The falling market price of items and the stock adjustment within the industry are assumed to run its course in the first half. • Aiming for a further growth by expanding business fields to business targeting consumers and synergies of it with the B2B business as well as focusing on establishing a global platform and strengthening the functions of overseas bases.</p> |
| | Mobility and Energy Segment | |
| Others | <p>Summary Significant growth</p> <p>Organic • The used vehicle inspection service showed a significant growth and the proxy service was steady.</p> <p>Transitory ↗ An increase in the number of new car registrations and used cars distributed due to the resolved shortage of semiconductors. ↘ Export restrictions due to worsening international conditions, and reputation damage of the industry due to misconducts.</p> <p>• Selloop, a secondary distribution support service for primary distribution companies, was deployed and PoC was conducted for each project. • In the flower business, transaction amount increased due to an increase in the number of members and a rise in the unit price of cut flowers, and preparations were made to establish a base in Kansai.</p> | <p>Summary Assumed to remain steady</p> <p>• Assumed to remain the same level as previous year in the number of vehicles listed and sold in used vehicle auctions. • Aiming for steady revenues from a steady performance of the proxy bidding service and live relay broadcast and comprehensive business alliances with major companies as well as the further growth of the used vehicle inspection service.</p> <p>• In Selloop, development in various fields and monetization are aimed. • In the flower business, sales activities are strengthened at the Kansai base as well as pursuing further synergies with Kinuta Flower Auction and Grand Bouquet Otaki.</p> |
| | Common | |
| | <p>• To realize human capital management, a new personnel system is introduced, education and training programs are further enhanced, and human resources are expanded through aggressive recruitment activities. • In response to changes in the market environment, investments of management resources in new businesses, system development, and M&A promotion have been made for the future in order to make it a pillar of future earnings. • Focusing on PR and IR for branding as an ESG stock.</p> | |

Forecast of FY2024 Consolidated Results Operating Profit Increase/Decrease



Initiatives

Focused Implementation Items ①

For realizing human capital management

- Introduction of a new personnel system
- Enhancement of education and training program
- Expansion of human resource by proactive recruiting activities

Focused Implementation Items ②

For achieving our Mid-Term Management Plan Blue Print 2025

- Consideration, implementation and PMI of M&A
- Branding as an ESG stock
- Other DX-related investments

1. Summary of FY2023 Results
2. Segment Information
3. Changes in Reportable Segment
4. Forecast of FY2024 Results
- 5. Topics**
6. Progress of the Medium-Term Management Plan
7. Reference

Implementation of M&A : Making Defactostandard and JOYLAB Our Subsidiaries

- Executing contracts to make these two companies our subsidiaries in order to expand B2C business fields and strengthen synergies of B2B business field.

This is expected to expand the transaction amount in the Fashion Resale Business to the largest scale in the industry.

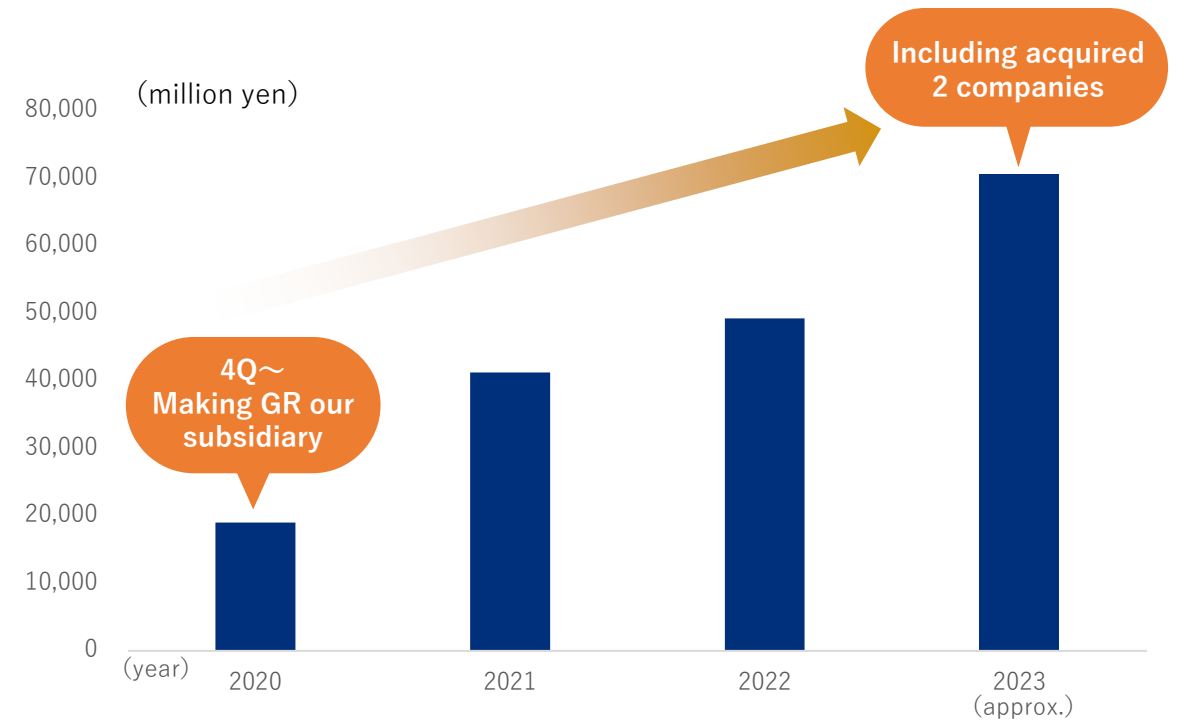
Overviews of Acquired Companies



| Company name | Defactostandard, Ltd. | JOYLAB, inc. |
|---------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Business | Purchase and sales business of luxury brand items etc. *Operations of "Brandear" | Purchase and sales business of liquor |
| Establishment | April 2004 | December 1985 |
| Performance | Net sales ¥11,646million Operating profit -¥106million (FY ending in Sep 2023) | Net sales ¥3,410million Operating profit ¥89million (FY ending in Sep 2023) |

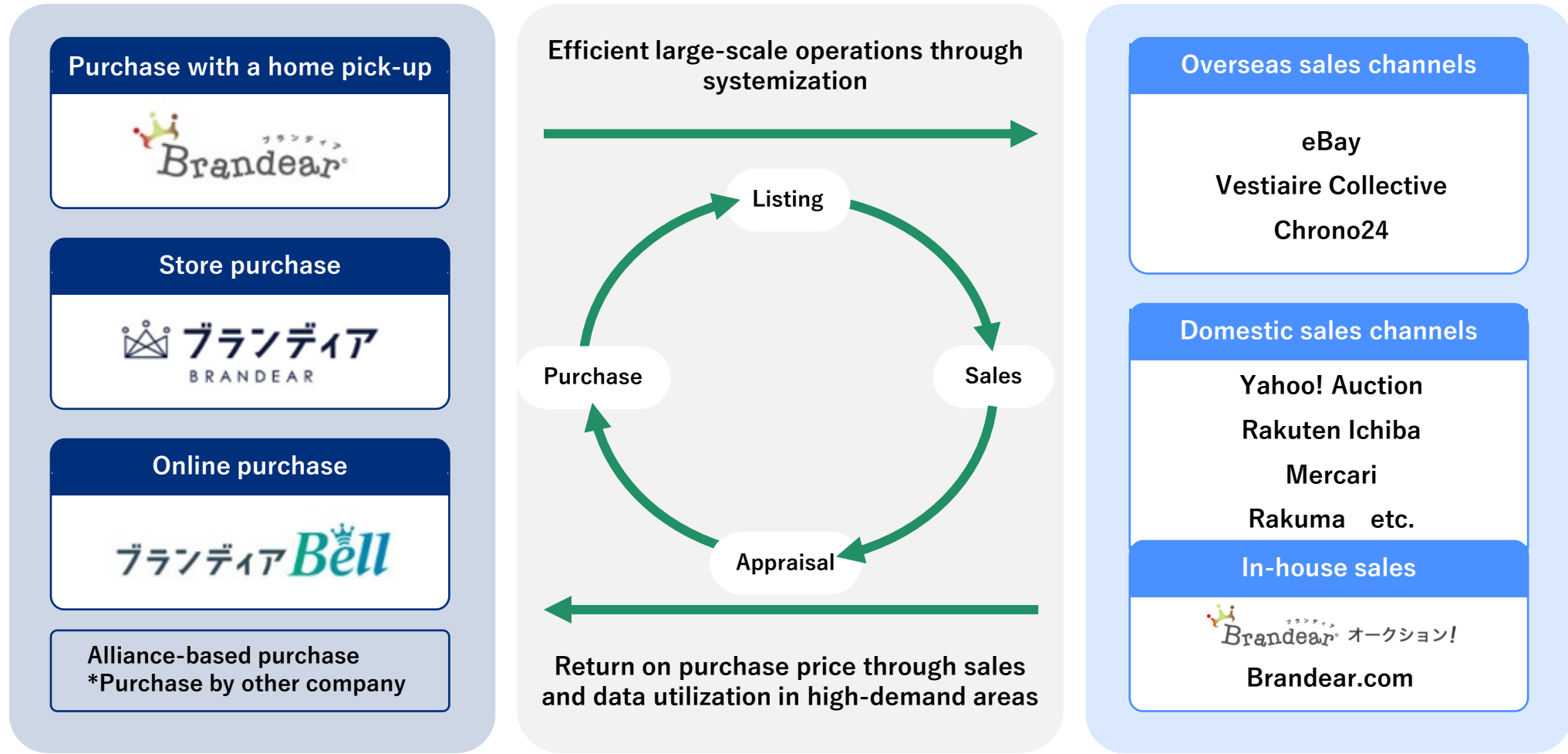
Transaction Amount

Expanding to about ¥70 billion scale in transaction amount in FY2023



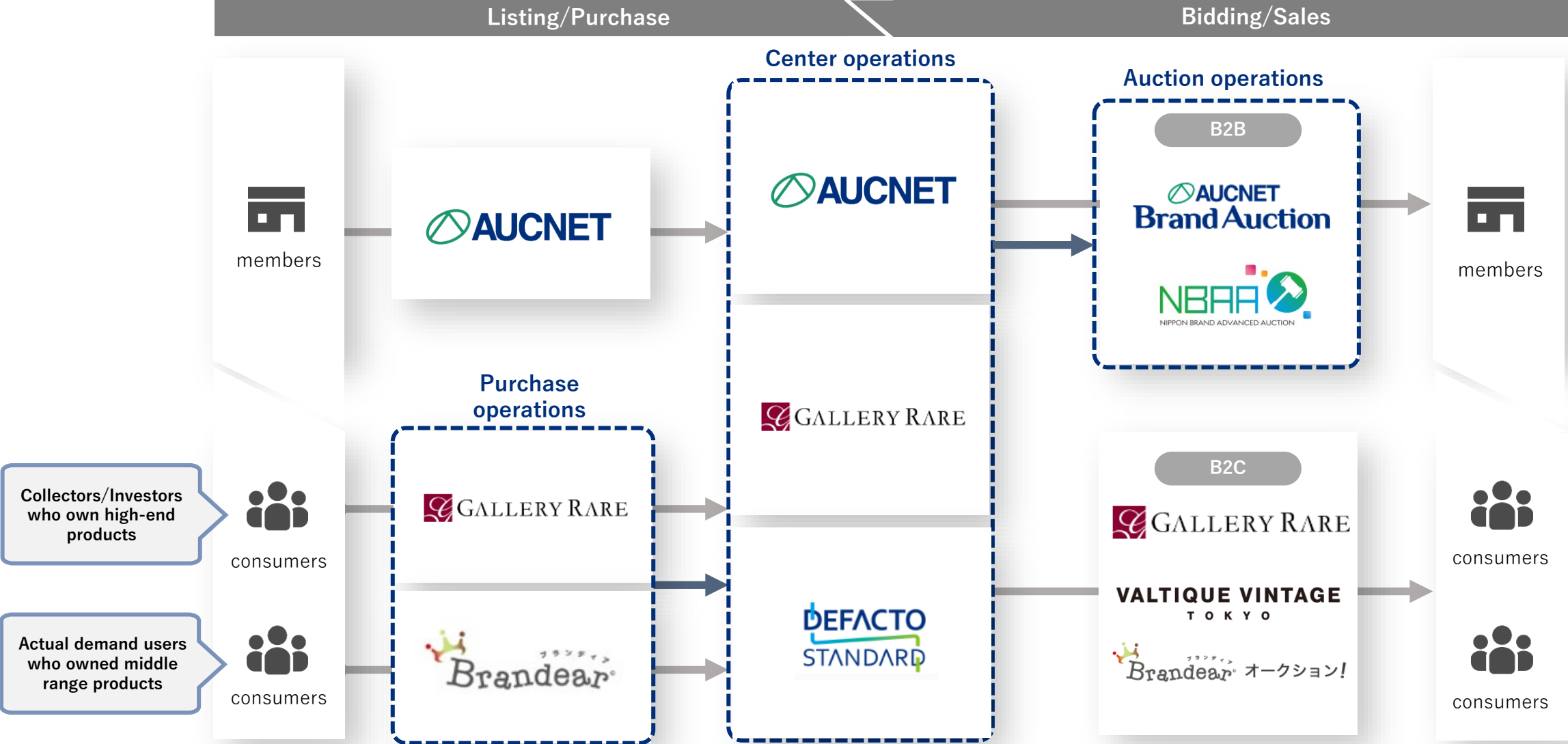
Implementation of M&A ① : Features of Defactostandard, Ltd.

- Deploying a purchase and sales business of pre-owned luxury items with the trade name “Brandear”



PMI : Synergies within the Fashion Resale Business

- Aiming to maximize synergies through sharing of know-how and improving operational efficiency of various functions, as well as expanding transaction amount.



Implementation of M&A ② : Features of JOYLAB, inc.

- Deploying appraisal and purchase, EC sales and application operating businesses
One of the largest scale businesses in the secondary distribution of liquor in Japan

Appraisal & Purchase

Appraisal

6 appraisal services

- Telephone appraisal
- E-mail appraisal
- LINE appraisal
- FAX appraisal
- Online appraisal
- Store appraisal

Purchase

3 purchase services

- Store purchase - Directly managed stores in major cities nationwide
- Purchase with a home pick-up - Nationwide home pick-up available
- On-site purchase

Sales

3 sales channels

EC sales

Sales on JOYLAB-owned website and EC malls

Store sales

Duty-free sales targeting inbound, etc.

Wholesale

Wholesales for businesses in and outside of Japan

Application Operations

Operating the liquor asset management and appraisal market information application called "MyCellar"

Asset value updates of nearly 4,000 products every month



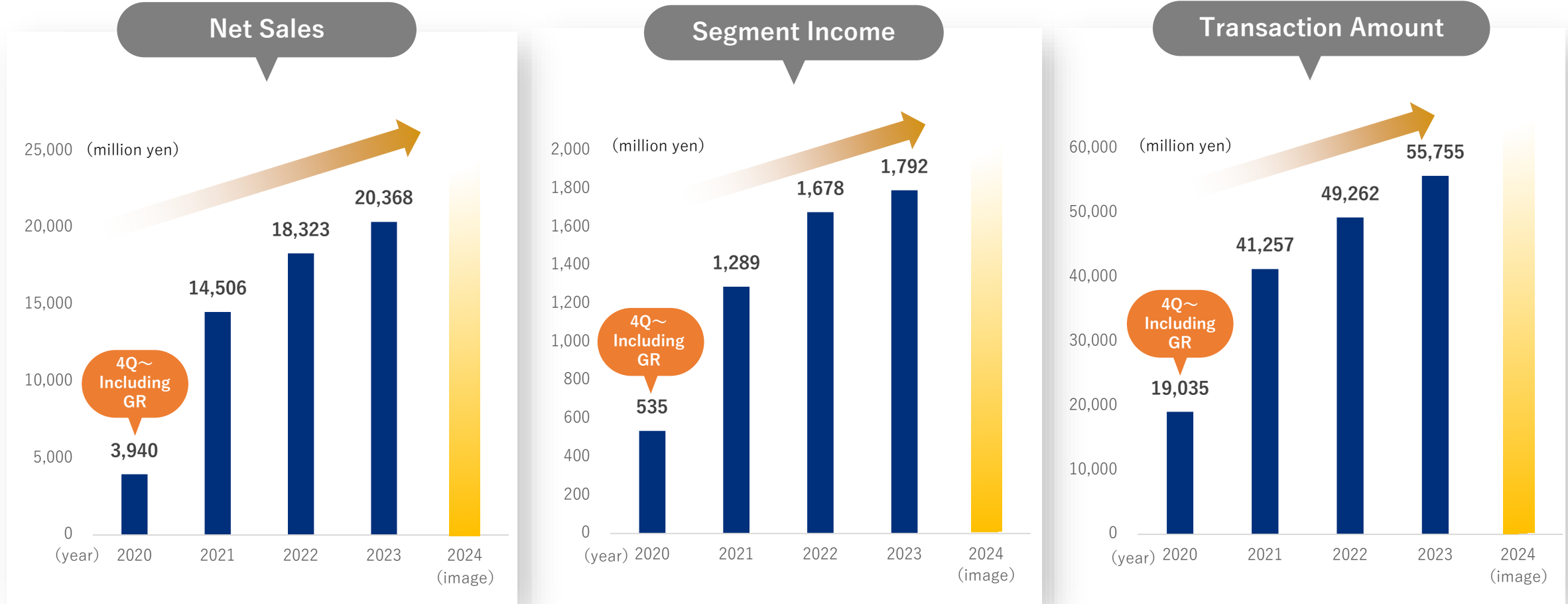
MyCellar

Powered by JOYLAB

Improve JOYLAB's profitability and competitiveness by adding the handling of liquor to our existing network and revitalizing the distribution.

Fashion Resale Business Performance Trends and Future Growth Image

- Expanding to the largest scale transaction amount in the industry by improving responsiveness to customer and member needs through diversification of products handled and distribution formats.
- Aiming for significant growth through further expansion of distribution network and strengthening of synergies between B2C/B2B business fields.



*The impact of this matter on our performance is currently under review and is not included in the forecast of consolidated business performance for the fiscal year ending December 31, 2024, which is shown on p.20. We will promptly disclose the impact on our performance when it becomes clear.

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3. Changes in Reportable Segment
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5. Topics
- 6. Progress of the Medium-Term Management Plan**
7. Reference

Goals and Direction toward 2025

Restated from Blue Print 2025



A company that solves distribution issues with the power of information and is chosen and appreciated by customers around the world as an SDGs-focused company.

Accelerate sustainable growth based on stable business foundations and further expand the management base for the next stage

SDGs

Building Circular Distribution “Circulation Engine.”

Circulate valuable goods to people who need them in various business fields together with our partners around the world

Respect for Diversity

Be a fair, safe and comfortable company for everyone to work for

Significant Management Metrics

GCV **1 trillion yen**

EBITDA **10 billion yen**

ROE **20%**

Dividend Payout Ratio **30%**

※EBITDA=Operating Profit + Depreciation + Amortization of Goodwill

Financial and Investment Policies

Restated from Blue Print 2025



Aiming to achieve growth through aggressive investments and increase corporate value while ensuring financial soundness

Ensuring financial soundness

| | |
|-----------------------------|-----------------------|
| Current ratio | more than 200% |
| FY2020 | 241.9% |
| FY2021 | 271.9% |
| Equity capital ratio | more than 50% |
| FY2020 | 58.1% |
| FY2021 | 60.6% |

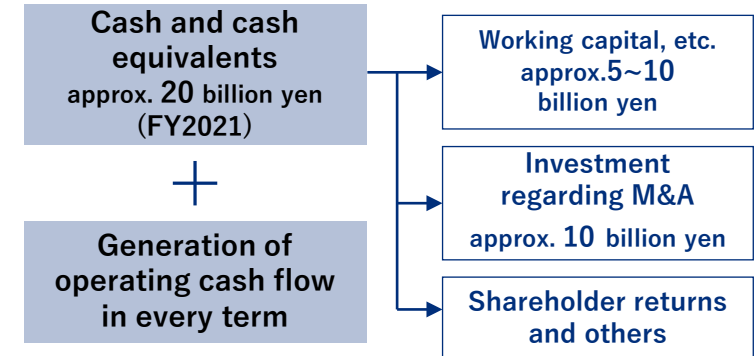
Promoting investments for growth

Investment regarding M&A 10 billion yen

Selection Policy for Investing Businesses

- Synergies with existing businesses
- Same business area for business expansion
- Different industry for business area expansion

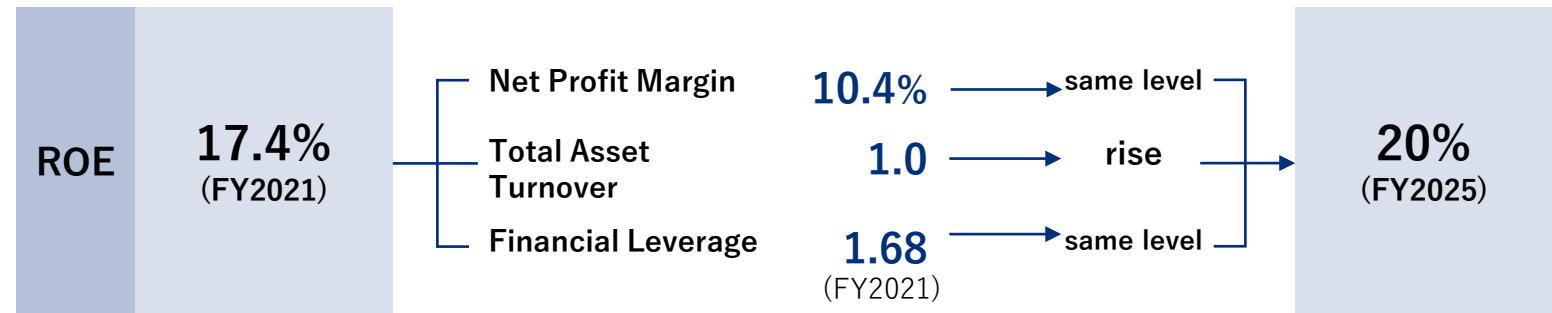
Cash allocation



Increasing sustainable corporate value

| | |
|------------|----------------|
| EPS | 200 yen |
| FY2020 | 68.56 yen |
| FY2021 | 130.56 yen |
| ROE | 20% |
| FY2020 | 10.1% |
| FY2021 | 17.4% |

ROE structure



Blue Print 2025 Overall Progress

Significant Management Metrics

| | FY2021 | FY2022 | FY2023 | FY2025 (Blue Print 2025) | Progress | |
|-----------------------|-----------------|-----------------|-----------------|-----------------------------|----------|--------------------|
| GCV | 488 billion yen | 542 billion yen | 602 billion yen | 1 trillion yen | △ | Slightly increased |
| EBITDA | 6.7 billion yen | 7.4 billion yen | 7.4 billion yen | 10 billion yen | △ | Remained unchanged |
| ROE | 17.4% | 19.4% | 19.6% | 20% | ○ | Steady |
| Dividend Payout Ratio | 30.6% | 30.1% | 30.1% | 30% | ◎ | Achieved |

Financial Indicators

| | FY2021 | FY2022 | FY2023 | FY2025 (Blue Print 2025) | Progress | |
|---------------|------------|------------|---------|-----------------------------|----------|----------|
| Current Ratio | 271.9% | 268.7% | 255.4% | 200% or more | ◎ | Achieved |
| Equity Ratio | 60.6% | 60.3% | 58.7% | 50% or more | ◎ | Achieved |
| EPS | 130.56 yen | 159.48 yen | 175.79円 | 200 yen | ○ | Steady |

※The GCV figures for 2023 are provisional and the official figures will be disclosed in 2024.

Blue Print 2025 Overall Progress

Promoting Investments for Growth

Investment regarding M&A ¥10 billion

Selection Policy for Investing Businesses

- Synergies with existing businesses
- Same business area for business expansion
- Different industry for business area expansion



FY2023 M&A Results 0 case

- 2 M&A-related contracts to be signed in February 2024 (Investing amount: approx. ¥4.5 billion)
*Details are on the topics page (p.24~p.28)
- The budget and the selection policy for investing businesses have not been changed.
- Continue to focus on selecting M&A candidates

Implementation of Capital Policy, etc.

| Period | Item | Class of shares | Number of shares | Amount |
|---------------|-------------------------------------|-----------------|------------------|-------------------------|
| May-June 2023 | Acquisition of treasury shares(TOB) | Common shares | 2,567,600 shares | ¥3,543,288 thousand yen |
| November 2023 | Cancellation of treasury shares | Common shares | 1,700,000 shares | |

We will continue to consider and promote appropriate capital policies in a timely manner, taking into account the balance between investments for growth and the improvement effect of capital efficiency.

Working on maximizing value of devices from trade-ins to redistribution

Revitalizing auctions

Enhancement of sourcing

- **Focusing on diversification of supply sources through measures such as introduction of trade-in system**

Providing trade-in (purchase) service for devices owned by individuals and business customers.
Partners : Senshukai Co.,Ltd., JCOM Co., Ltd. and Samsung Electronics Japan Co., Ltd.

Expansion of overseas sales network

- **Establishing bases in Hong Kong, Dubai and London**

Strengthening the functions of each base and improving customer service levels while focusing on attracting and activating a diverse range of overseas buyers.

Enhancing functions pertaining to distribution

Reforming of our platforms

- **Introducing and penetrate new auction system based on econometric findings**

Maximizing product values by introducing a system that allows fair bidding regardless of participants' business type, region, size, etc.

Optimize the asset value recovery operations

- **Strengthening system of the asset value recovery operations**

Promoting precise grading using AI and automation of work in the operating center.

Extending value chain

Development of new services

- **Use of AI based pricing tool**

AI-based residual value prediction tool to calculate future resale value

- **Promoting initiatives on repair and recycle**

Focus on initiatives in sustainability by collaborating with our partner companies.

- **Strengthening capability through alliances and M&A**

From an auctioneer to an infrastructure provider of circular economy by distribution total support

Aiming for sustainable growth by 3 growth strategies

Enhancement of our domestic platforms

Deploying value-added businesses centering B2B

- Auction

Aiming for customer success with high satisfaction by strengthening membership marketing, including brushing up the CRM system.



- Wholesale
- LIVE Sales
- Promoting Network Auctions

Enhancement and expansion of businesses targeting consumers

Strengthening existing services and promoting new services

- Gallery Rare

Aiming to increase the number of items purchased by opening new stores and developing a purchase system.

- VALTIQUE VINTAGE

Aiming to increase awareness by strengthening recruitment of human resources and promotion.

- “kimawari” Fashion

Aiming for efficient operations and further profit contribution by strengthening the operation system.

Promotion of global business

Enhancing functions of overseas bases and establish system

- Europe

Partnership with fashion resale companies to develop buyers, strengthen customer service, and promote local distribution initiatives.

- U.S.

In addition to strengthening customer service for existing members, system building including operations will be accelerated due to high demand for local distribution as in Europe.

Further growth through M&A, overseas expansion, and launch of new services, in addition to strengthening existing businesses and services.

The Next Policies for the Mobility & Energy Segment

Strengthening the existing distribution system for used cars and motorcycles while expanding into new business areas

Enhancement of the value chain

Enhancing our variety of services that have deployed by now

- Aucnet-hosted auctions and shared inventory
- Live relay broadcast auctions
- Proxy bidding service
- Used vehicle inspection service (AIS)
- Other



- In addition to strengthening various existing services, promoting new proposals and business alliances that combine these services

Strengthening membership marketing

Further customer success

- Use of digital marketing
- Implementing royalty programs



- In addition to enhancing services for members, forming comprehensive alliances with partner companies and establishing new ecosystems

Promoting new businesses

Expansion with an eye on future profit opportunities

- Expand global businesses
- Use of distribution data

Visualization services for future value prediction and environmental contribution based on abundant vehicle data

- **Establishing EV battery evaluation and distribution system**

Establishing evaluation standards for EV batteries and working on recycling and distribution business.

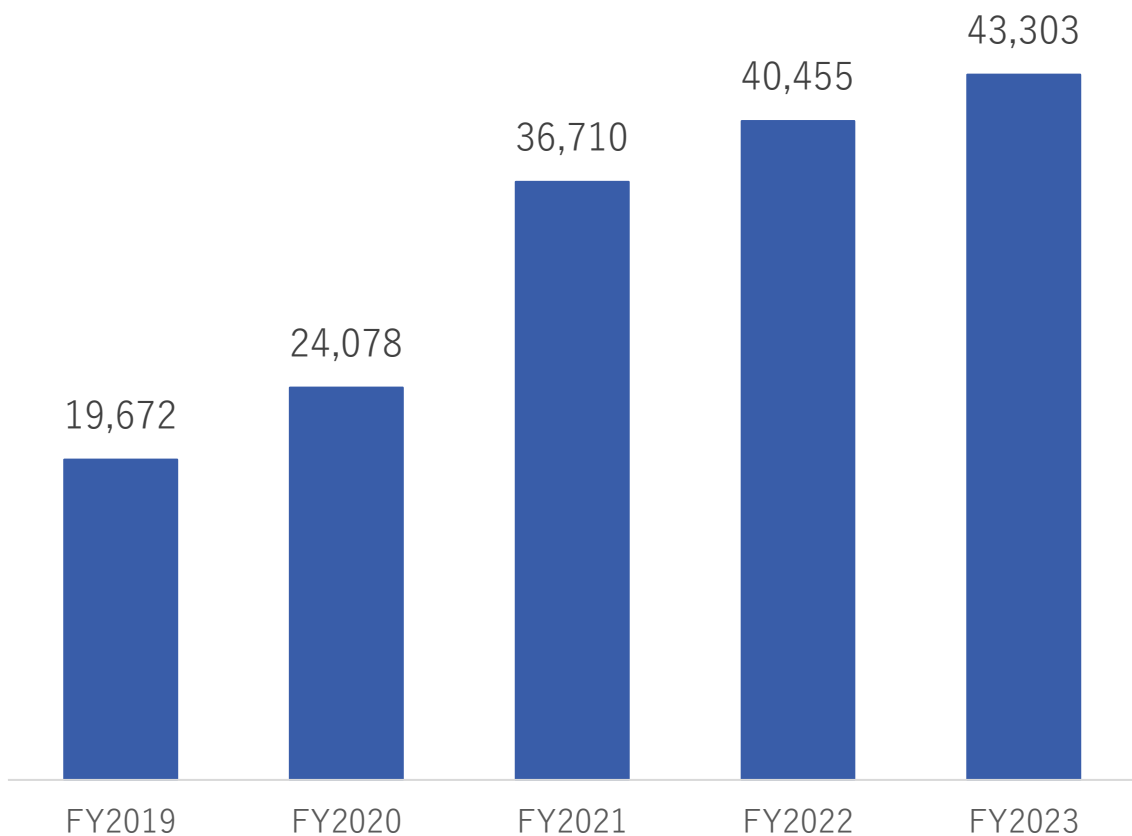
Establishing a circular distribution platform in the mobility & energy sector

1. Summary of FY2023 Results
2. Segment Information
3. Changes in Reportable Segment
4. Forecast of FY2024 Results
5. Topics
6. Progress of the Medium-Term Management Plan
- 7. Reference**

FY2019~FY2023 Consolidated Financial Results

(million yen)

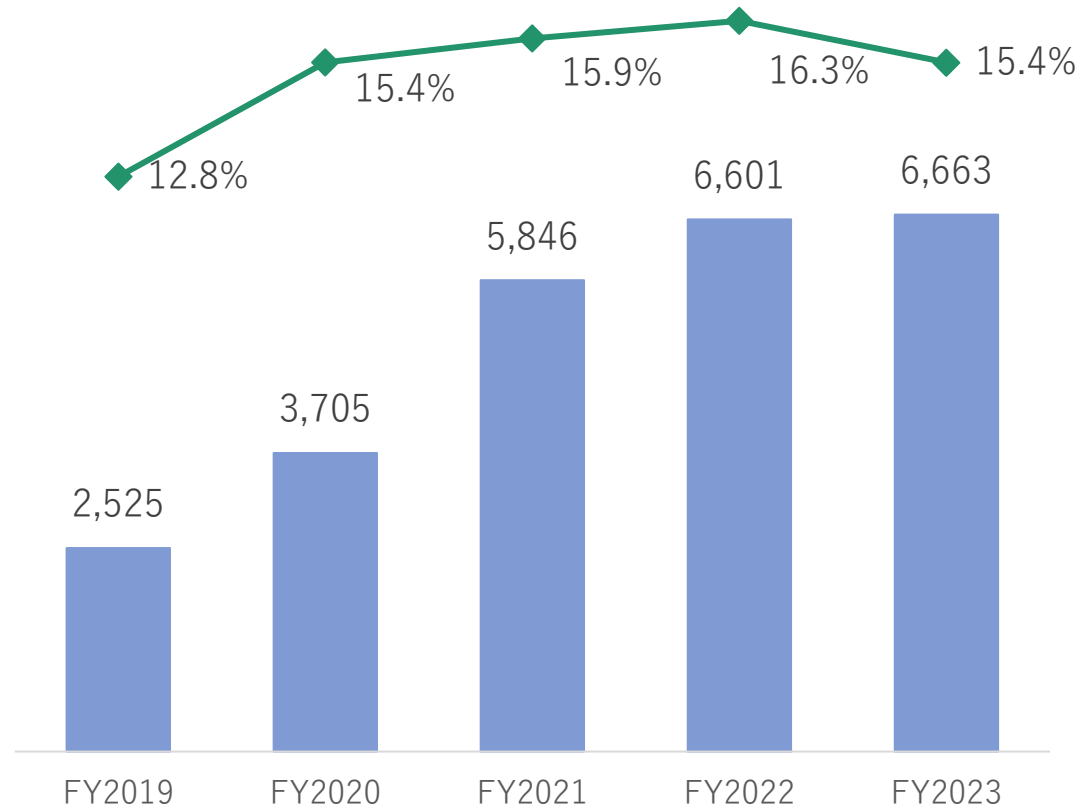
■ Net Sales



(million yen)

■ Operating Profit

◆ Operating Profit Margin



Consolidated Balance Sheets & Statements of Cash Flows

| Assets (million yen) | FY2022 end of December | FY2023 end of December | Increase/ Decrease |
|-------------------------------|---------------------------|---------------------------|-----------------------|
| Current assets | 30,357 | 30,953 | +595 |
| Cash and deposits | 20,021 | 19,572 | -448 |
| Due from auction members | 3,538 | 3,892 | +353 |
| Other | 6,797 | 7,487 | +690 |
| Non-current assets | 6,990 | 6,605 | -385 |
| Property, plant and equipment | 1,637 | 1,601 | -36 |
| Intangible assets | 1,405 | 1,358 | -46 |
| Other | 3,946 | 3,645 | -301 |
| Total assets | 37,348 | 37,558 | +210 |

| Liabilities and net assets (million yen) | FY2022 end of December | FY2023 end of December | Increase/ Decrease |
|---------------------------------------------|---------------------------|---------------------------|-----------------------|
| Current liabilities | 11,299 | 12,119 | +819 |
| Due to auction members | 7,202 | 7,631 | +429 |
| Other | 4,097 | 4,487 | +390 |
| Non-current liabilities | 3,137 | 3,233 | +96 |
| Retirement benefit liability | 1,816 | 1,884 | +68 |
| Other | 1,321 | 1,349 | +27 |
| Total liabilities | 14,437 | 15,353 | +915 |
| Total net assets | 22,911 | 22,205 | -705 |
| Total liabilities and net assets | 37,348 | 37,558 | +210 |

| (million yen) | FY2022 | FY2023 | YoY |
|--------------------------------------------|--------|---------------|------|
| Cash flows from operating activities | 4,523 | 5,116 | +592 |
| Cash flows from investing activities | 185 | -428 | -613 |
| Cash flows from financing activities | -4,426 | -5,102 | -676 |
| Cash and cash equivalents at end of period | 19,941 | 19,572 | -368 |

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※3 | (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 | 104,769 | 118,736 | 111,284 | 107,347 |
| | | Total vehicles sold/bought | (unit) | 104,115 | 114,338 | 111,674 | 105,316 | 121,962 | 135,221 | 122,723 | 122,710 |
| | Membership fee | Number of members | (member) | 14,663 | 14,706 | 14,847 | 14,949 | 14,999 | 15,091 | 15,155 | 15,142 |
| | Inspection fee※1 | Vehicles inspected | (unit) | 269,476 | 268,758 | 262,791 | 284,997 | 318,348 | 307,586 | 303,764 | 333,210 |
| Digital Product | Transaction amount | | (million yen) | 13,526 | 12,261 | 8,730 | 10,247 | 12,443 | 11,638 | 8,243 | 10,068 |
| | Sales units | Domestic | (unit) | 526,106 | 499,014 | 351,156 | 428,275 | 445,227 | 430,091 | 337,758 | 365,295 |
| | | U.S. | (unit) | - | - | - | - | - | - | - | - |
| | Members | Number of members※3 | (member) | 1,044 | 1,132 | 1,240 | 1,337 | 1,359 | 1,541 | 1,674 | 1,779 |
| Consumer Product※2 | B2B business | Transaction amount | (million yen) | 9,117 | 9,239 | 9,578 | 10,539 | 10,644 | 11,163 | 10,903 | 11,351 |
| | | Items listed | (item) | 223,206 | 262,443 | 251,644 | 288,861 | 236,869 | 269,776 | 265,922 | 294,166 |
| | | Items sold | (item) | 160,850 | 174,562 | 166,850 | 187,706 | 174,900 | 181,929 | 172,573 | 186,430 |
| | | Number of members※3 | (member) | 3,586 | 3,690 | 3,893 | 4,092 | 4,287 | 4,503 | 4,638 | 4,862 |
| | Business targeting C | Transaction amount | (million yen) | 2,747 | 2,544 | 2,912 | 2,582 | 2,812 | 3,033 | 2,909 | 2,936 |

※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

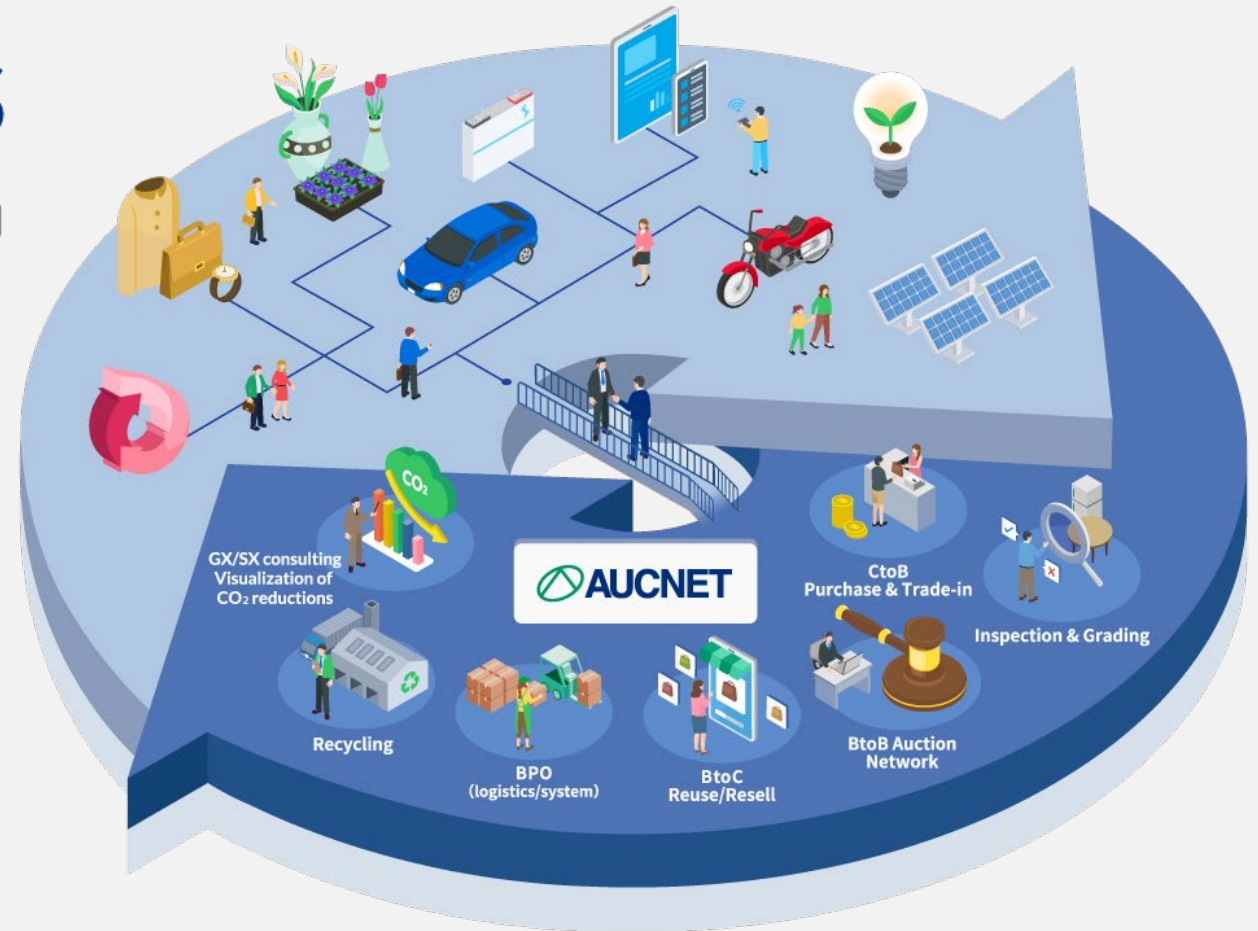
Market Design to Connect Values

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

 15,000+ 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)

- ✔ **59,000+** 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 **77*** physical auction sites nationwide

4

 **株式会社 アイオーク**
(Proxy bidding service)

- ✔ Proxy listing and bidding at auctions connecting with **112*** on-site physical auction sites nationwide

5

AIS
CHECK

(Used vehicle inspection service)

- ✔ The industry's only vehicle inspection company (more than **1.2 million*** units annually)
- ✔ Deploying nationwide on-site inspections and evaluation service consisted with about **200*** inspectors



*as of 31 December 2023

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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 **1,700** 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 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 **4,800** members* in the strong member network built for long time
- ✔ Industry's largest scale of transaction amount is about **44,000** million yen*

Business targeting consumers

2

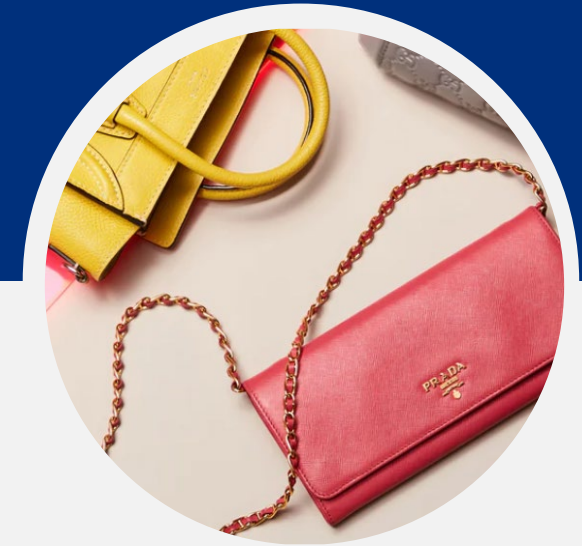
 **GALLERY RARE**



- ✔ 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

*as of 31 December 2023

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.

