



# Interim Report for the 15th Business Term

(January 1, 2022 ~ June 30, 2022)

**Delivering "valuable goods" to "people who need them".  
We have continued our efforts in circular distribution since our foundation as a SDGs-focused company.**

President & COO

藤崎 慎一郎



**Both sales and profit increased due to the favorable performance of the Digital Product Business and the Consumer Product Business.**

Aucnet Group's performance in the first half of the current fiscal year was as follows: Net sales amounted to 20,603 million yen, and operating profit amounted to 3,972 million yen (up 13.0% year-on-year).

Although the outlook remains uncertain due to the impact of Russia's prolonged invasion of Ukraine and suppression of economic activity in China, both sales and profit increased year on year for the six months ended June 30, 2022 due to an increase in the transaction amount, driven by the expansion of buying power due to an increase in the number of members and a weak yen in the Digital Product Business, and an increase in the number of items listed and average sales unit prices remaining high in the Consumer Product Business.

**The Automobile Business maintained solid performance despite the impact of semiconductor shortage.**

Our main segment, the Automobile Business, has been affected by a shortage of semiconductors, which has led to prolonged delivery times for new vehicles, and reduced production by automakers. The number of vehicles listed and the number of vehicles sold at AUCNET-hosted used vehicle auctions declined year-on-year, and the number of vehicles bought in our live-linked auctions and proxy bidding service fell below the previous year's results. Meanwhile, the number of vehicles bought in our live-linked auctions and proxy bidding service bounced back thanks to an increase in the sales share by strengthening measures to promote bids and the recovery in bids by exporters from May onwards due to the weak yen and other factors though the future situation requires close monitoring. In the used vehicle inspection service, the number of vehicles inspected for a used vehicle listing platform progressed favorably, thus contributing to the performance.

**In the Digital Product Business, the measures such as enhancement of our support system for buyers contributed to the performance.**

In the Digital Product Business, the number of new global buyers increased due to increased recognition of our services through continuous sales activities and the strengthening of digital marketing while the number of sales units of used devices decreased from the previous year's results. The number of buyers participating in

auctions continued to increase due to sales support for global buyers, and the weak yen also contributed to an increase in transaction amount. In addition, profit margin for the segment has improved with the elimination of deficits following the completion of the withdrawal of the U.S. business at the end of 2021.

**The Consumer Product Business showed a favorable performance due to an increase in the number of items listed and average sales unit prices remaining high.**

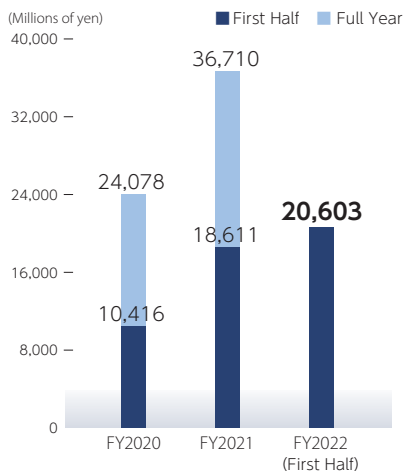
In the B2B business, due to measures to promote listing on auctions, the number of items listed increased from the same period of the previous year. In addition, the strengthening of our sales structure and the continuation of digital marketing resulted in an ongoing increase in the members both in and outside of Japan. The average price of units sold remained high and the transaction amount expanded. In the business targeting consumers, due to the continuous promotion of valuation by way of digital marketing and other efforts, the purchasing and sales business posted favorable performance, and the transaction amount increased. In addition to this, profit margin continued to improve due to the strengthening of product management.

**We are aiming to be a company selected by and willing customers all over the world by solving distribution issues with the power of information as a SDGs-focused company.**

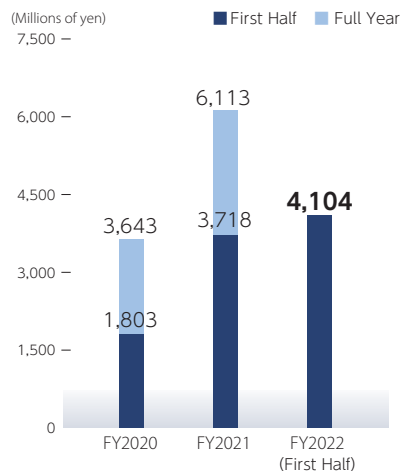
Our businesses in the fiscal year of 2022 are promoted as the first year of our mid-term management plan called "Blue Print 2025". Aucnet Group has developed its businesses based on the view of "circular distribution" which delivers valuable goods to people who need them without any change since its foundation. In FY2021, we have set our sustainability policy as "Circulating Valuable Goods on a Global Scale - Circulation Engine." and are working to further expand and penetrate the circular distribution system while expanding the range of our products and collaboration with our partners. Aucnet's vision is to be a company that solves distribution issues with the power of information and is selected by and willing customers all over the world as an SDGs-focused company. We aim to accelerate sustainable growth based on a stable business foundation and further expand our management base. In this mid-term management plan, "Gross Circulation Value (GCV)" has been set as one of the management metrics. Please refer to the special feature article below, "Aucnet's Sustainability Management", for more details of GCV. We appreciate the continued support of our shareholders.

# Consolidated Financial Highlights

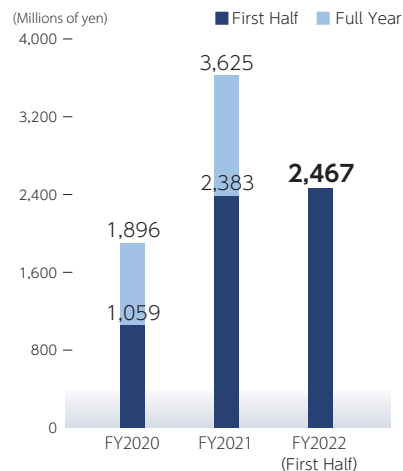
## Net Sales



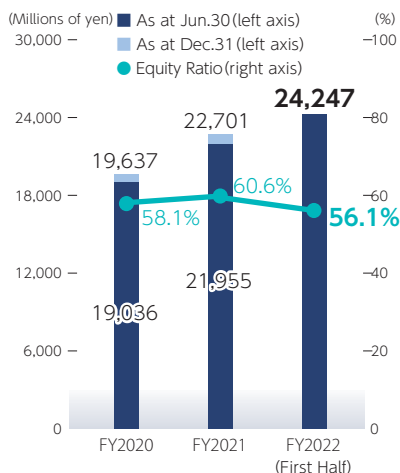
## Ordinary Profit



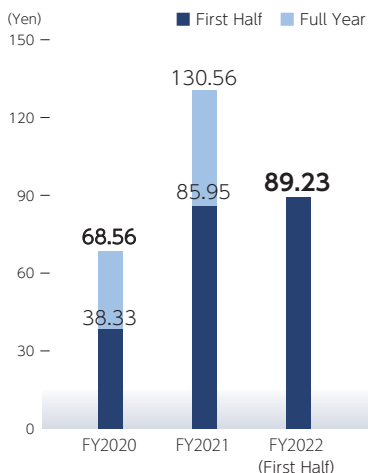
## Profit Attributable to Owners of Parent



## Net Assets/Equity Ratio



## Basic Earnings per Share



## A Note Concerning Shareholder Returns

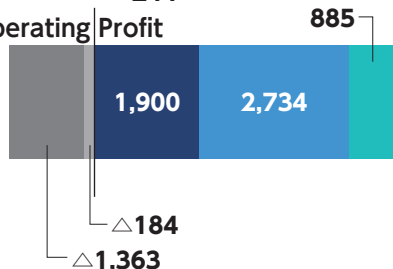
At AUCNET, we view the return of profits to shareholders as one of management's highest priorities. While continuing to maintain sufficient internal reserves on hand to fund future business development, enhance management structure and fund capital investment, our basic policy is to maintain a stable dividend and aim for a consolidated payout ratio of 30%. Based on this policy, AUCNET paid an interim dividend this period of ¥23 per share, an increase of ¥1 from the latest dividend forecast. (projected full-year dividend:¥47)

## Information by Business Segment (Millions of yen)

### Net Sales



### Operating Profit



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

Note: "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.

# Aucnet's Sustainability Management

Aim to expand GCV as one of our management metrics and contribute to the sustainable society

Aucnet's sustainability page:

▶▶ <https://www.aucnet.co.jp/en/sustainability/>



## Point ① What is "GCV"?

GCV is an acronym for "Gross Circulation Value" and represents the monetary impact of our operations on the economy and the environment. The impact on the economy is measured by transaction amount. The larger the transaction amount, the larger the scale of Aucnet's commercial distribution. The impact on the environment is the sum of the amounts calculated according to Aucnet's own standards and TCFD's standards, respectively. As interest in sustainability grows around the world, companies are expected to work toward the sustainable development of both society and themselves while fulfilling their social responsibilities through their businesses. Aucnet includes GCV as one of its management metrics because we believe that not only expanding the size of the economy, but also balancing it with contributing to the environment, which is essential to society, is what will lead to long-term growth and increased corporate value.



Total Transaction Amount		Aucnet's own standard		Common standard
Automobile Business	311 billion yen	①Reduced new production ②Reduced waste ③Less transportation of products ④Reduced movement of people <b>51 billion yen</b> ①② on the right page	Emission by auction transportation  <b>-1.1 billion yen</b> ③ on the right page	Emission from business activities calculated according to TCFD standard  <b>-50 million yen</b> ④ on the right page
Digital Product Business	34 billion yen			
Consumer Product Business	19 billion yen			
Others	14.8 billion yen			

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

※2:Opportunities...Greenhouse gases curbed through business activities/Risks...Greenhouse gases generated through business activities

## Point ② How is Aucnet's business environment like?

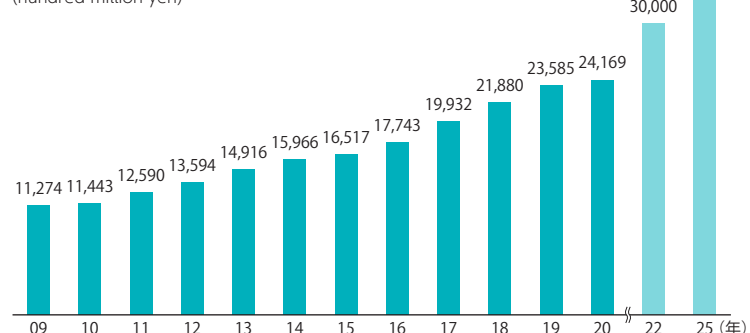
Aucnet is deeply involved in the reuse market, as it is primarily in the business of distributing reused goods online. In recent years, B2C transactions including e-commerce sites and C2C transactions including flea market applications have expanded, and online transactions are driving the expansion of the reuse market. Aucnet will continue to refine its superiority as it works to further expand circular distribution.

### Aucnet's superiority

- Its own platforms  
Inspection and operation know-hows etc.
- Expansion of member network  
Many partners around the world etc.
- Diversification of products handled  
Provision of service to support secondary distribution etc.

### Change and estimate of reuse market size

(hundred million yen)



Reference: Reuse Market Databook 2021 of The Japan Journal of Remodeling (October 1, 2021)



### Point ③

## What are the environment-related figures which make up the GCV?

The environment-related figures which make up the GCV is 49.7 billion yen as per stated on the left page. This is calculated from the following categories of greenhouse gas emissions and converted to a monetary value by multiplying by the internal carbon price (14,300 yen\*) ※by IEA NZE2050

Approximate amount of emission reductions:  = 1,000,000t-CO<sub>2</sub>e  = 100,000t-CO<sub>2</sub>e,  
Approximate amount of emissions:  = 1,000,000t-CO<sub>2</sub>e

### Aucnet's Own Standard

#### Positive Factors

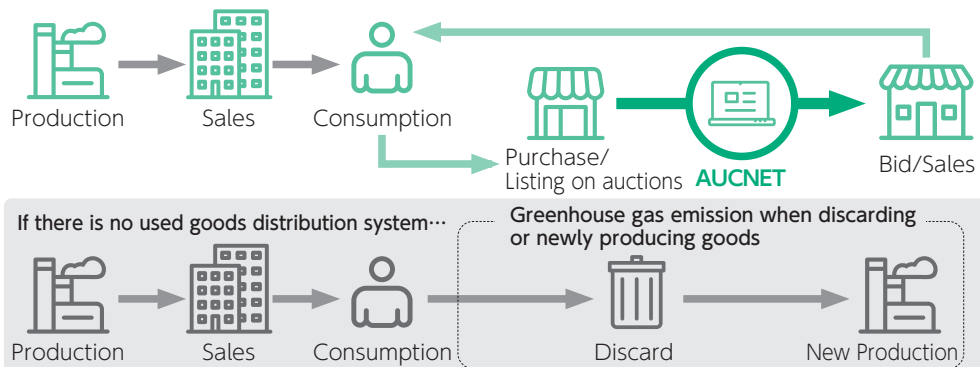
①

Amount of emission reduced due to distribution of reused goods

[t-CO<sub>2</sub>e]



Reduced new production...No need to produce new goods without discarding by distributing them.  
Reduced waste...Used goods can be continuously used without discarding by distributing them.



#### Positive Factors

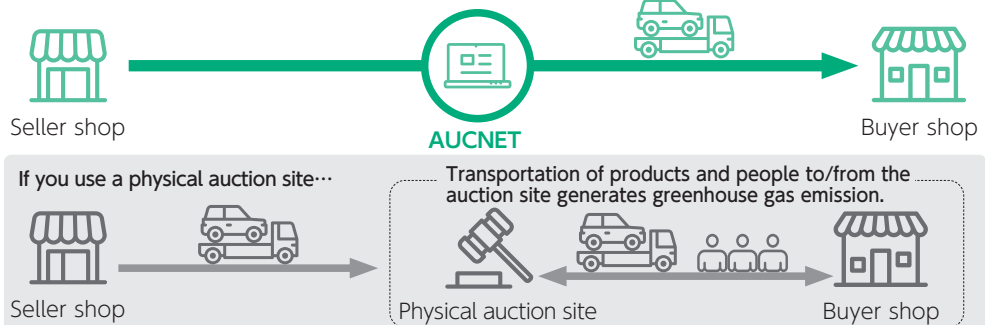
②

Amount of emission reduced due to online distribution

[t-CO<sub>2</sub>e]



Less transportation of products ...No physical auction site allows direct transportation from the seller shop to the buyer shop.  
Reduced movement of people...Online information availability eliminates the need to visit auction sites.



#### Negative Factors

③

Amount of emission due to product transportation

[t-CO<sub>2</sub>e]



Greenhouse gases are generated when products traded at auctions are transported from the seller shop to the buyer shop.



### Common Standard (TCFD)

▶ Please see the back page for details of TCFD

#### Negative Factors








④

Amount of emission due to business activities

[t-CO<sub>2</sub>e]



Total amount of Greenhouse gas emission calculated according to the TCFD standard

Upstream	AUCNET	Downstream
  	 	 
Raw Materials   Transportation   Commute	Fuel Combustion   Use of Electricity	Use of Products   Discard of Products

## Company Overview

(As of June 30, 2022)

<b>Name</b>	AUCNET INC.
<b>Esatblishment</b>	June 29, 1985
<b>Capital</b>	¥1,807 million
<b>Number of employees (consolidated)</b>	868
<b>Listing</b>	Tokyo Stock Exchange Prime Market
<b>Head office</b>	Aoyama OM Square, 5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo
<b>Tel. (switchboard)</b>	TEL : +81-3-6440-2500 FAX : +81-3-6772-0675

## Executive Officers

(As of June 30, 2022)

Chairman & CEO	Kiyotaka Fujisaki
President & COO	Shinichiro Fujisaki
Director, Senior Management Executive Officer	Masayasu Takigawa
Director, Managing Executive Officer & CCO	Shunji Sato
Director, Managing Executive Officer & CFO	Hiroki Taniguchi
Outside Director	Seiichiro Umeno
Outside Director	Toshio Maki
Director (Audit & Supervisory Committee member)	Hisanao Nagashima
Outside Director (Audit & Supervisory Committee members)	Ikuo Kaminishi
Outside Director (Audit & Supervisory Committee members)	Michi Handa(Michi Sasano)

## Stock Information

(As of June 30, 2022)

<b>Total number of shares authorized be issued</b>	110,000,000 shares
<b>Total number of shares outstanding</b>	27,963,200 shares
<b>Number of shareholders</b>	4,176
<b>Major Shareholders</b>	

Name	Number of Shares	Shareholding ratio
FLEX CORPORATION	11,198,800	40.4%
NAMAI ASSET MANAGEMENT INC	1,850,000	6.7%
GOLDMAN SACHS INTERNATIONAL	1,400,700	5.1%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,339,500	4.8%
Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Orient Corporation.	1,296,000	4.7%
Orient Corporation	1,296,000	4.7%
GOLDMAN SACHS & CO. REG	1,186,700	4.3%
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,003,437	3.6%
FLEX CO., LTD.	844,800	3.1%
Shinichiro Fujisaki	827,800	3.0%
Masahiro Fujisaki	827,300	3.0%

Note: Shareholding ratio is calculated after deducting treasury shares(254,216 shares).

## Shareholder Memo

(As of June 30, 2022)

<b>Financial year</b>	January 1 to December 31
<b>Annual shareholders' meeting</b>	Within three months after end of each financial year
<b>Record date for dividends from surplus</b>	Year-end dividends-Dec. 31
<b>Number of shares per unit</b>	Interim dividends - June 30
<b>Method of public notice</b>	100shares AUCNET INC. publishes its information in electronic public notices. However, in the event that electronic public notices cannot be provided due to accidents or other unavoidable circumstances, the public notices shall be posted in the Nihon Keizai Shinbun(Nikkei).
<b>URL for public notice</b>	<a href="https://ir.aucnet.co.jp/ja/ir/announcement.html">https://ir.aucnet.co.jp/ja/ir/announcement.html</a> (Japanese only)
<b>Administrator of shareholder registry</b>	4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
<b>Office of shareholder registry administrator</b>	4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan Stock Transfer Agency Mitsubishi UFJ Trust and Banking Corporation

## Further Expansion of Information Disclosure

- Aucnet's response to the TCFD recommendations

Aucnet has contributed to establish sustainable global environment with its partners around the world in line with our sustainability policy, "Circulating valuable goods on a global scale ~ Circulation Engine". In May 2022, it endorsed the TCFD recommendations (Task Force on Climate-related Financial Disclosure) and joined the TCFD Consortium. Aucnet will proactively disclose going forward climate change-related information based on the TCFD recommendations. The TCFD recommendations aim for disclosures of the financial impact of climate change and recommend that information to be disclosed in accordance with the four disclosure elements: governance, strategy, risk management, and indicators and targets. In governance, we have established a sustainability committee to manage risks within our company-wide risk management process. We conduct scenario analysis of the risks and opportunities that climate change poses to our business, and reflect and respond to them in our business strategies. We have also established Gross Circulation Value (GCV) for the management of our metrics and targets, which are also described in the special feature page. On our website, we disclose about our sustainability-related management structure and the impact of climate change on the company. For more information, please scan the QR code on the bottom right.

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

More details for Aucnet's response to the TCFD recommendation ▶▶

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



Aoyama OM Square, 5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo  
<https://www.aucnet.co.jp/en/>