



Interim Report for the 14th Business Term

(January 1, 2021~June 30, 2021)



We will promote sustainability management with our partner companies in more than 40 countries.

President & COO

藤崎 慎一郎

Both sales and profit increased in all segments in the second quarter.

As a result of Aucnet Group for the six months ended June 30, 2021, net sales were ¥18,611 million (up 78.7% from the same period of the previous fiscal year) and operating profit was ¥3,515 million (up 98.8% from the same period of the previous fiscal year). This was due to the widespread use of online auctions in the Automobile Business and Consumer Product Business, and efforts to strengthen sales channels in the Digital Product Business though the future remains uncertain due to the spread of the COVID-19. Both sales and profits increased in all segments during this period compared to the same period last year.

In the Automobile Business, we took advantage of the increased demand for online auctions and steadily built up the number of vehicles sold.

In the Automobile Business, which is our main segment, the trend of insufficient supply of used cars is continuing against the backdrop of prolonged delivery lead times for new cars due to a shortage of semiconductors and a recovery of used car exports, in addition to the widespread use of online auctions and proxy services in the industry. Under these circumstances, in our used vehicle auctions, the number of vehicles listed fell below that of the same period in the previous fiscal year, but the number of vehicles sold rose year on year. Furthermore, the vehicle inspection service also contributed to the business performance as the number of vehicles inspected for outside customers remained favorable.

The Digital Product Business actively strengthened sales channels such as an expanded overseas buyer network.

In the Digital Product Business, we worked to strengthen sales channels such as an expanded overseas buyer network in the domestic business. As a result, the number of sales units as well as unit prices of devices increased. In addition, we streamlined our business such as by improving operations and conducted a cost review, leading to increases in both sales and profit. In auctions for used PCs, the number of incoming items and items listed increased compared to the same period of the previous year as the distribution market continued to remain robust due to the

penetration of remote work. Also, losses in the U.S. business improved.

The Consumer Product Business aims to make further contribution to segment profit

In the Consumer Product Business, the number of items sold continued to increase in the B2B business due to the ongoing efforts to strengthen the sales structure and the penetration of online auctions into the industry. In addition, higher average price of units sold was buoyed by soaring market prices, and the transaction amount of auctions increased substantially.

Furthermore, with the addition of GALLERY RARE Ltd. to the scope of consolidation from October 2020, net sales of the business targeting consumers associated with retail sales were recorded, resulting in a significant year-on-year increase in segment sales. On the other hand, the segment's profit margin experienced a relative decline. We will continue to pursue synergies with GALLERY RARE Ltd. to further contribute to segment profit.

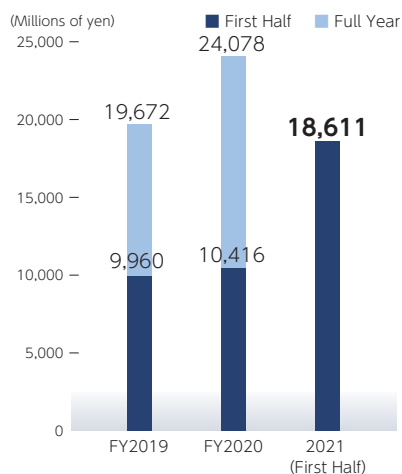
Establishing a sustainability policy to accelerate global business development

Aucnet Group will accelerate global business development. We currently have more than 33,000 partner companies in over 40 countries in the world (as of December 2020), and we established the sustainability policy to further expand the "circular distribution" which we have been working on with our partner companies. We would like to expand the scope of sustainability to the entire planet and contribute to accomplish the SDGs by encouraging more of our partner companies to use Aucnet's information distribution systems. (Please see: Special Feature "Circulating Valuable Goods on a Global Scale")

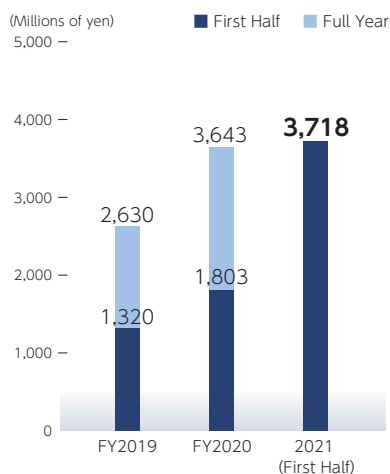
For sustainability management, a new management metric, Gross Circulation Value (GCV), has been established, and we aim to expand the scale of it with our partners. As a company that solves the challenges of distribution through the power of information and that is chosen by customers around the world and makes them happy, we will continuously contribute to a sustainable global environment. We appreciate the continued support of our shareholders.

Consolidated Financial Highlights

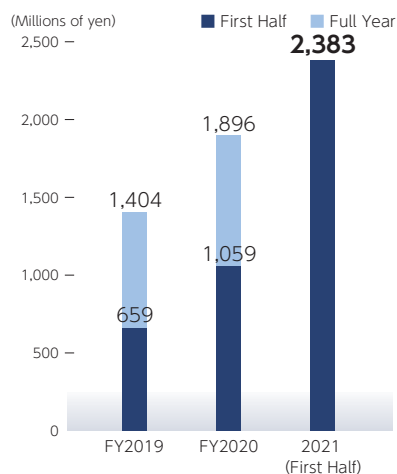
Net Sales



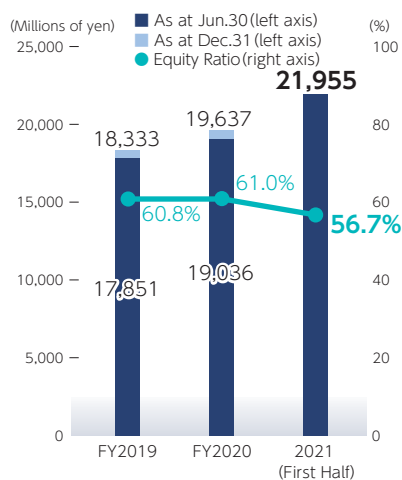
Ordinary Profit



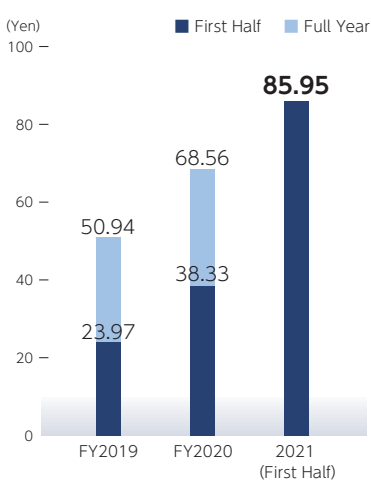
Profit Attributable to Owners of Parent



Net Assets/Equity Ratio



Basic Earnings per Share



A Note Concerning Shareholder Returns

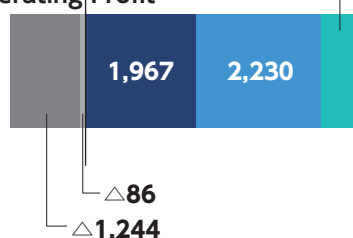
At AUCNET, we view the return of profits to shareholders as one of management's highest priorities. While continuing to maintain sufficient internal reserves on hand to fund future business development, enhance management structure and fund capital investment, our basic policy is to maintain a stable dividend and aim for a consolidated payout ratio of 30%. Based on this policy, AUCNET paid an interim dividend this period of ¥19 per share, an increase of ¥5 from the latest dividend forecast. (projected full-year dividend: ¥38)

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.

Circulating Valuable Goods on a Global Scale

Aucnet established a sustainability policy to promote its adoption of SDGs.

Aucnet Group established a sustainability policy, "Circulate valuable goods on a global scale~Circulation Engine~" on June 29th, the anniversary of its founding. This policy expresses our desire to be an "engine of circulation" and to expand the scope of sustainability together with our partners around the world.

■ Initiatives for "circular distribution" that have not changed since the foundation of Aucnet

Since launching the world's first real-time virtual used car auction in 1985, Aucnet has been working with its partners around the world to build a "circular distribution" system that delivers "valuable goods" to "people who need them" in a variety of business fields. Currently, we have more than 33,000 partners in over 40 countries around the world*.

Aucnet will be an engine that circulates valuable goods around the world, and the scope of sustainability will further expand as more and more partners take advantage of our information distribution system.

*As of December, 2020



■ GCV, as a new metric for sustainability management

A new management metric, Gross Circulation Value (GCV), has been established to link the sustainability policy to specific actions.

Growing GCV means that we neither discarded used goods nor produced new goods. In other words, GCV is an indicator for reducing the burden on the global environment. The annual GCV is 379 billion yen as of December 31, 2020 and the cumulative GCV to date exceeds 7 trillion yen.

Gross Circulation Value



The cumulative GCV to date exceeds 7 trillion yen.

(As of December 31, 2020)

Circulation Engine. AUCNET

The motif of a windmill was adopted as the main visual for our sustainability website. The colorful colors represent Aucnet's diverse businesses, and the spinning windmill represents the system for circulating valuable goods. You can access our sustainability website from the QR code on the right. Please check it out.

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



■Sustainability actions tied to the SDGs

Aucnet has formulated four actions that are linked to the 17 goals set forth in the SDGs to realize its sustainability policy.

We will promote the actions of "Equitable Trade Around the World", "Maximizing the Value of Goods", "Keeping the Earth Beautiful" and "Working with All Partners".

Details of the promotion of each sustainability action

Action04 Working with all partners		
Action01 Equitable Trade Around the World <p>Host online auctions and implement fair inspections and evaluations appropriate for the industry and goods</p> <p>9 産業と技術革新の基盤をつくろう</p> <p>10 人や国の不平等をなくそう</p>	Action02 Maximizing the Value of Goods <p>Connect buyers and sellers around the world and distribute used yet valuable goods by an optimal matching method</p> <p>12 つくばない、減らす、再利用する</p>	Action03 Keeping the Earth Beautiful <p>Promote online auctions that reduce CO2 emissions compared to physical auctions</p> <p>13 気候変動に具体的な対策を</p> <p>15 陸の豊かさも守ろう</p>
<p>17 パートナーシップで目標を達成しよう</p> <p>Promote membership business and cooperate with companies in the industry</p>	<p>Collaboration with companies in the industry</p>	<p>Nature conservation activities</p>

／ Starting a trial of a service ／

Starting a trial of a new service with Senshukai

To build a purchase and resale distribution model for apparel and luxury brand items

Aucnet will start a trial for a new service by collaborating with Senshukai Co., Ltd. in September 2021. We are aiming to build a "Circular Commerce" which enables to create a new circulation of products and deepens the connection with our customers by trading in pre-owned apparel and luxury brand items from individual consumers.

Through this collaboration, Aucnet will not only provide conventional information distribution support, but will also work with its partners to examine the possibility of creating new added value, such as contributing to sustainability and the SDGs.



Company Overview

(As of June 30,2021)

Name	AUCNET INC.
Establishment	June 29, 1985
Capital	¥1,799 million
Number of employees (consolidated)	827
Listing	Tokyo Stock Exchange, First Section
Head office	Aoyama OM Square, 5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo
Tel. (switchboard)	TEL: +81-3-6440-2500 FAX: +81-3-6772-0675

Executive Officers

(As of June 30,2021)

Chairman & CEO	Kiyotaka Fujisaki
President & COO	Shinichiro Fujisaki
Directors	Masayasu Takigawa Shunji Sato Hiroki Taniguchi
Outside Directors	Seiichiro Umeno Toshio Maki
Director (Audit & Supervisory Committee member)	Hisanao Nagashima
Outside Directors (Audit & Supervisory Committee members)	Masaaki Ayukawa Ikuko Kaminishi

Stock Information

(As of June 30,2021)

Total number of shares authorized be issued	110,000,000 shares
Total number of shares outstanding	27,917,100 shares
Number of shareholders	3,737

Major Shareholders

Name	Number of Shares	Shareholding ratio
FLEX CORPORATION	11,448,800	41.0%
NAMAI ASSET MANAGEMENT INC	1,900,000	6.8%
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	4.6%
Orient Corporation	1,296,000	4.6%
GOLDMAN SACHS INTERNATIONAL	1,160,919	4.2%
NORTHERN TRUST CO.(AVFC)RE FIDELITY FUNDS	972,837	3.5%
GOLDMAN SACHS & CO. REG	970,700	3.5%
FLEX CO., LTD.	844,800	3.0%
Shinichiro Fujisaki	824,800	3.0%
Masahiro Fujisaki	824,800	3.0%

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

Shareholder Memo

(As of June 30,2021)

Financial year	January 1 to December 31
Annual shareholders' meeting	Within three months after end of each financial year
Record date for dividends from surplus	Year-end dividends-Dec. 31 Interim dividends - June 30
Number of shares per unit	100shares
Method of public notice	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).
URL for public notice	https://ir.aucnet.co.jp/ja/announcement.html (Japanese only)
Administrator of shareholder registry	4-5, Marunouchi 1-Chome,Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
Office of shareholder registry administrator	4-5, Marunouchi 1-Chome,Chiyoda-ku, Tokyo, Japan Stock Transfer Agency Mitsubishi UFJ Trust and Banking Corporation

Introduction of an Aucnet Group Company

GALLERY RARE Ltd., which buys and sells pre-owned luxury brand items

Along with the shift from a mass-production, mass-consumption society to a circular society, reuse-fashion is gaining support especially among young people in Europe and the United States. In anticipation of the reuse-fashion market's expansion, Aucnet made GALLERY RARE Ltd. a subsidiary in September 2020.

GALLERY RARE Ltd. has physical stores mainly in Tokyo and Osaka, and buys and sells pre-owned luxury items including brand-name bags, watches and jewelry, and it has been focusing on sales to overseas customers. In addition, GALLERY RARE Ltd. also operates B2B auctions.

Aucnet will continue to promote its business with the aim of building a comprehensive global platform for reuse-fashion.

Free appraisal for pre-owned luxury brand items is available. Scan the QR code on the right to try it out!
<https://galleryrare.jp/>

