

FY2021 First Quarter Results Briefing

May 11th, 2021
AUCNET INC.
(TSE 1st section: 3964)



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FY2021 First Quarter Highlights

FY2021 1Q

Net sales increased significantly due to the impact of the addition of GALLERY RARE Ltd.
Increased demand for online auctions led to a significant year-on-year increase in both sales and profit.

Net Sales 9,268 million yen

YoY +65.8%

Ordinary Profit 2,017 million yen

YoY +70.4%

Operating Profit 1,808 million yen

YoY +59.1%

**Profit attributable to
Owners of Parent 1,277 million yen**

YoY +76.7%

~ The Digital Product Business and the Consumer Product Business drove the growth. ~

Digital Product Business

Net Sales 2,008 million yen

YoY +17.8%

Segment Income 1,105 million yen

YoY +48.5%

- Increase in the number of incoming items and increased buying power by expanding the buyer network
- Increase in unit price of items

Consumer Product Business

Net Sales 3,392 million yen

YoY +1142.8%

Segment Income 309 million yen

YoY +194.8%

- Vitalization and penetration of online auctions in the industry
- Consolidation of GALLERY RARE Ltd.

FY2021 First Quarter Consolidated Financial Results

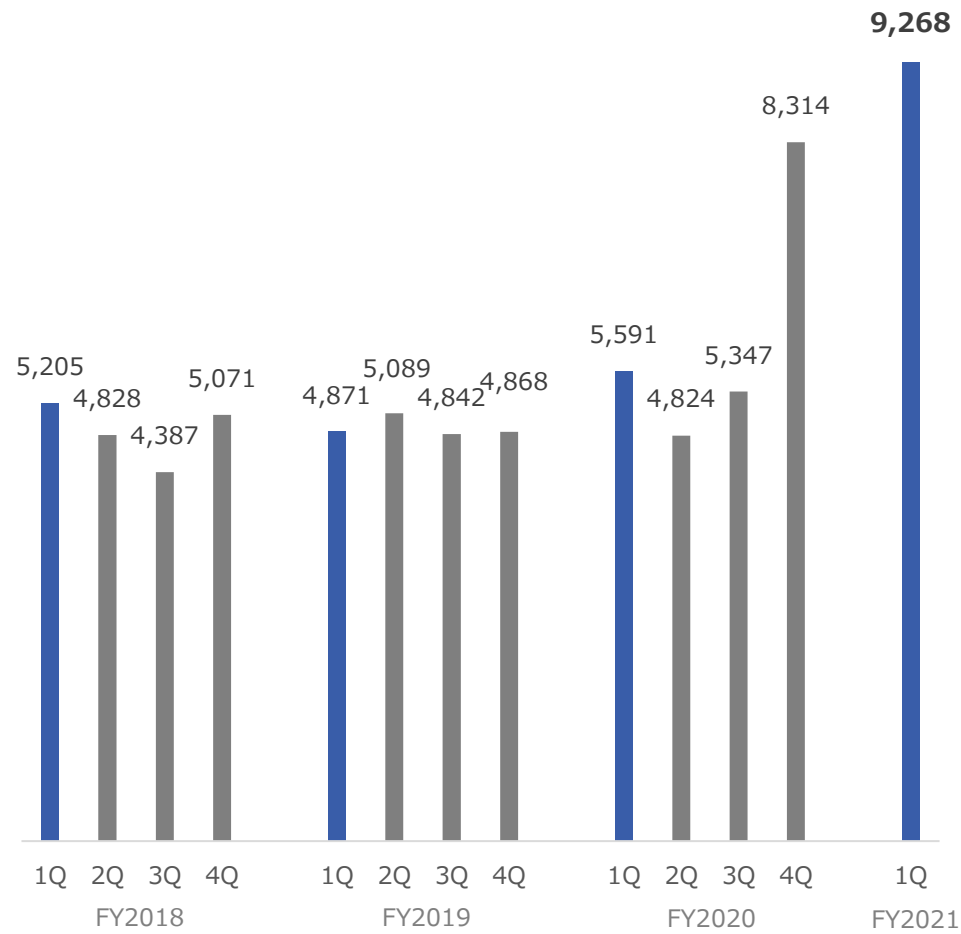
- Both sales and profit increased in all segments compared with the same period of the previous fiscal year.
- Net sales increased significantly due to the impact of the addition of GALLERY RARE Ltd. to the scope on consolidation in October 2020.

(million yen)	FY2020 1Q	FY2021 1Q	YoY	FY2021 Initial Forecast	Rate of Progress
Net sales	5,591	9,268	+65.8%	33,796	27.4%
Operating profit	1,136	1,808	+59.1%	3,806	47.5%
Operating profit margin	20.3%	19.5%	△0.8pt	11.3%	-
Ordinary profit	1,184	2,017	+70.4%	3,768	53.5%
Profit attributable to Owners of Parent	723	1,277	+76.7%	2,214	57.7%

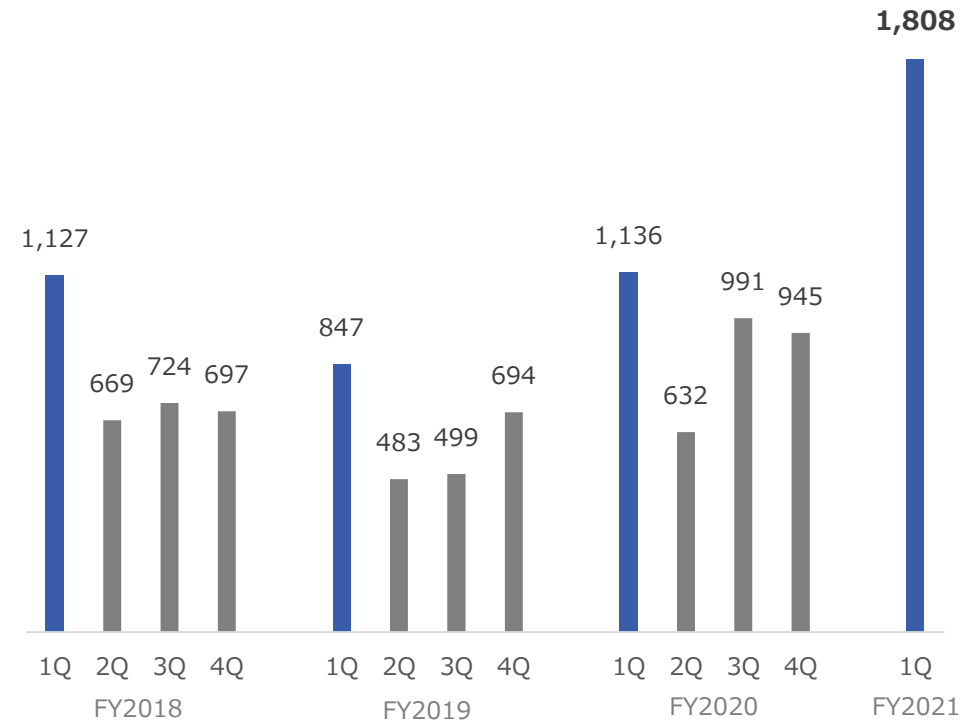
FY2018~FY2021 Consolidated Financial Results by Quarter

Net Sales

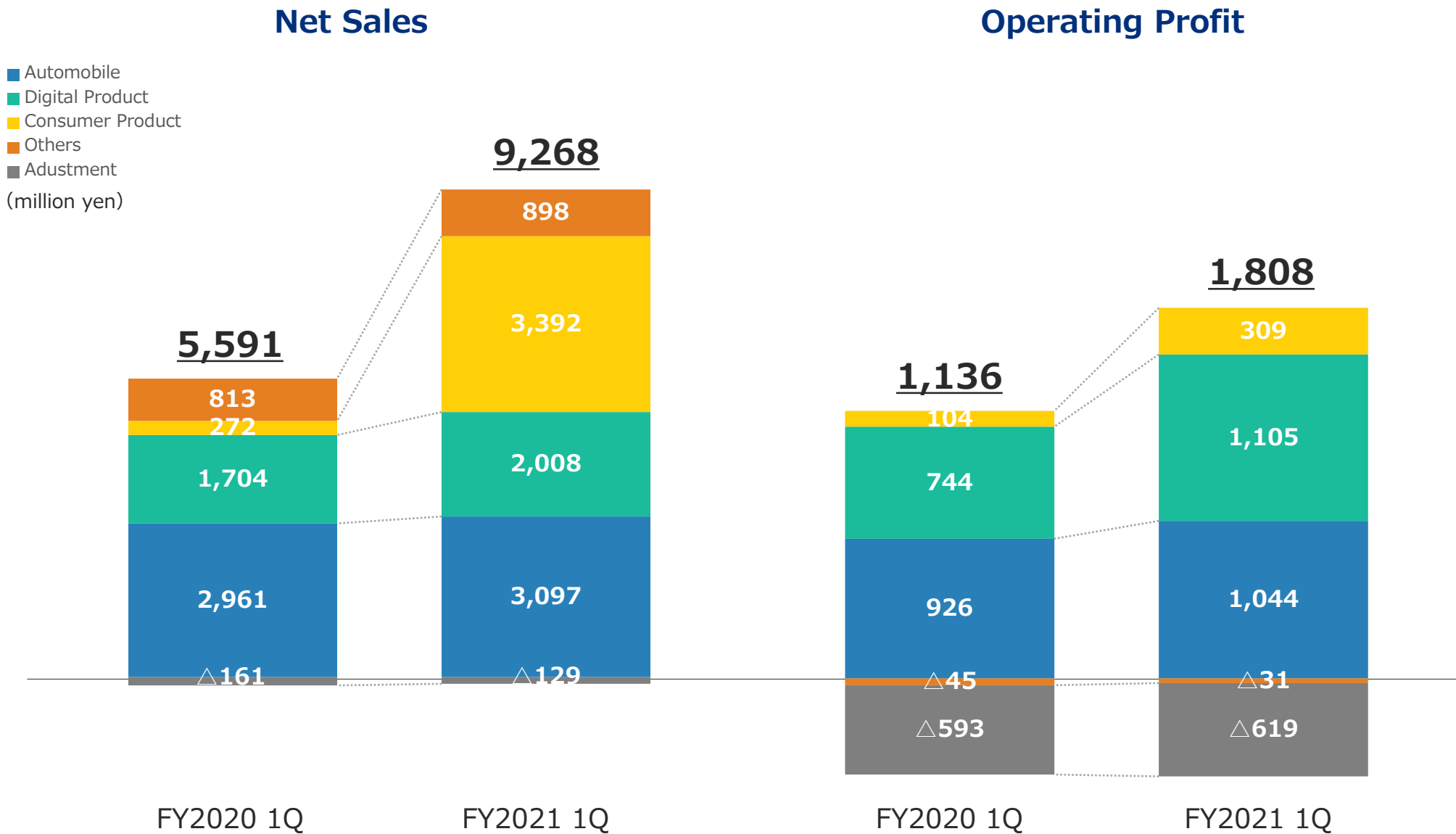
(Million Yen)



Operating Profit



FY2021 First Quarter Segment Increase/Decrease






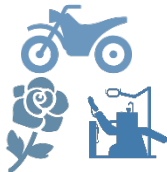
FY2021 First Quarter Transaction Amount by Segment



Transaction Amount

116,888 million yen

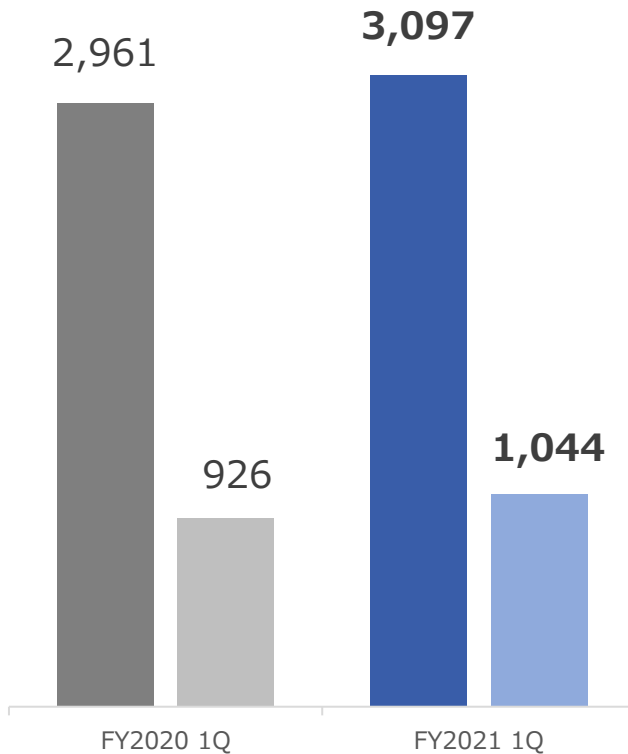
(YoY + 23.2%)

<div>Automobile</div> <div>90,705 million yen</div> <div>(YoY + 14.1%)</div> <div></div>	<div>Digital Product</div> <div>12,283 million yen</div> <div>(YoY + 28.5%)</div> <div></div>
<div>Consumer Product</div> <div>9,464 million yen</div> <div>(YoY + 241.9%)</div> <div></div> <div><p>※ Transaction amount of GALLERY RARE Ltd. has been consolidated since 4Q in 2020.</p></div>	<div>Other</div> <div>4,434 million yen</div> <div>(YoY + 46.8%)</div> <div></div> <div><p>※ Motorcycle, flower and medical-related businesses etc. ※ Transaction amount of Kinuta Flower Auction CO.LTD has been consolidated since 3Q in 2020 for the flower business.</p></div>

Transaction Amount : Total value of the products distributed through the services provided by AUCNET in each business

- Both sales and profit increased compared to the same period of the previous year.
(Net Sales +4.6%, Segment Income +12.7%)
- The live-linked auctions and proxy bidding service were favorable due to the penetration of online auctions and use of proxy bidding service in the industry triggered by COVID-19 and the increase in retail demand for used vehicles. Auction-related sales were strong.
- In vehicle inspection service, the number of inspections for external customers is recovering, and sales of inspection fee increased.

■ Net Sales ■ Segment Income (million yen)



Net Sales Composition

(million yen)	FY2020 1Q	FY2021 1Q	YoY
Auction-related	1,298	1,400	+7.9%
Membership fee	695	688	△1.0%
Inspection fee	838	860	+2.6%
Other	448	463	+3.3%
Adjustment	△319	△315	-
Net Sales	2,961	3,097	+4.6%

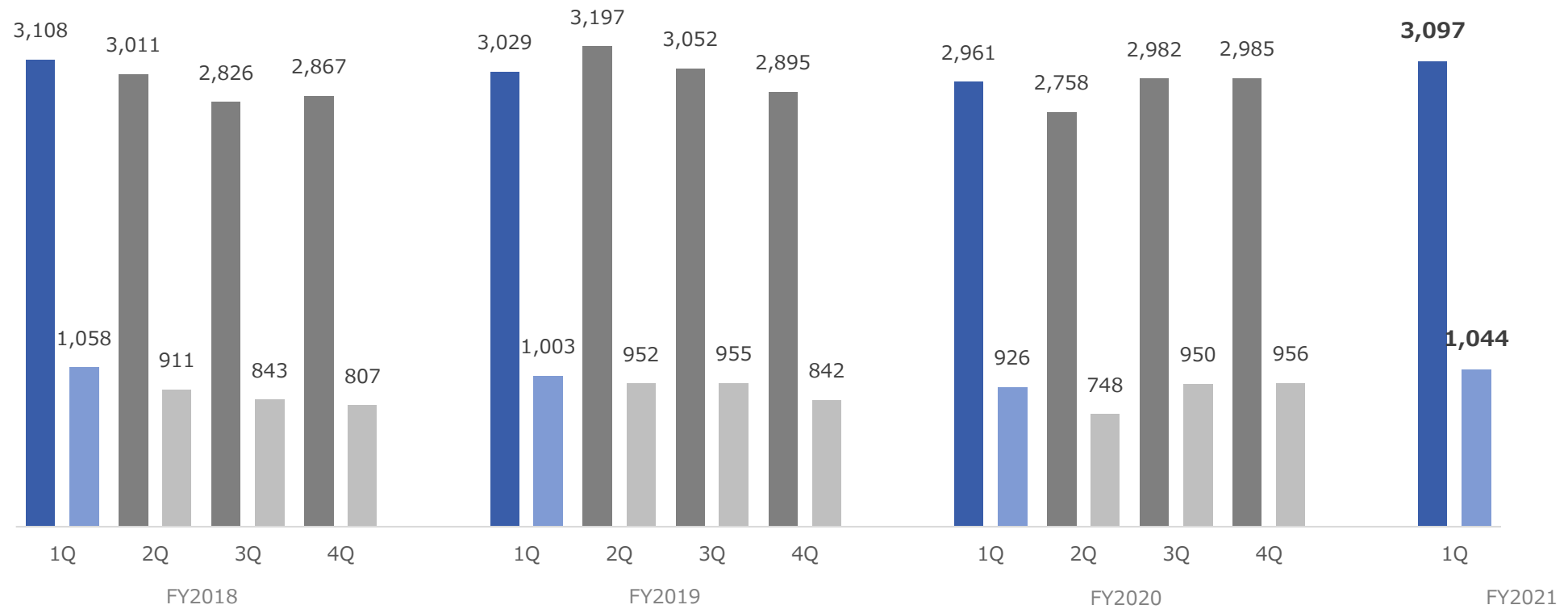
KPI

			FY2020 1Q	FY2021 1Q	YoY
Auction-related	Transaction amount	(million yen)	79,527	90,705	+14.1%
	Total vehicles sold/bought	(unit)	109,099	119,786	+9.8%
Membership fee	Number of members	(member)	14,108	14,282	+1.2%
Inspection fee	Vehicles inspected※	(unit)	258,903	266,100	+2.8%

※ Includes used motorcycles inspections

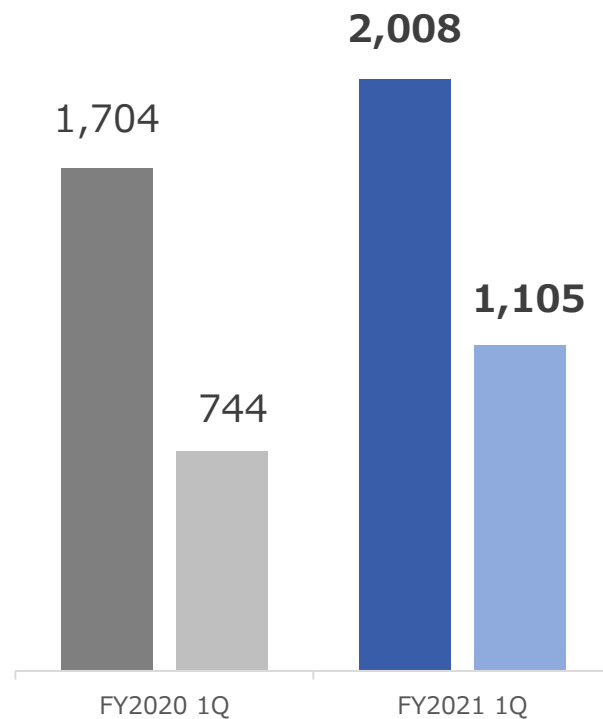
FY2018~FY2021 Results by Quarter

■ Net Sales ■ Segment Income (million yen)



- Both sales and profit increased year-on-year. (Net Sales +17.8%, Segment Income +48.5%)
- In the domestic business, both net sales and segment income increased significantly as a result of increasing the number of incoming units and increased buying power due to expansion of the buyer network. In addition, the unit price of items increased, resulting in a large increase in profit margin.
- Losses in the U.S. business improved.

■ Net Sales ■ Segment Income (million yen)



Net Sales Composition

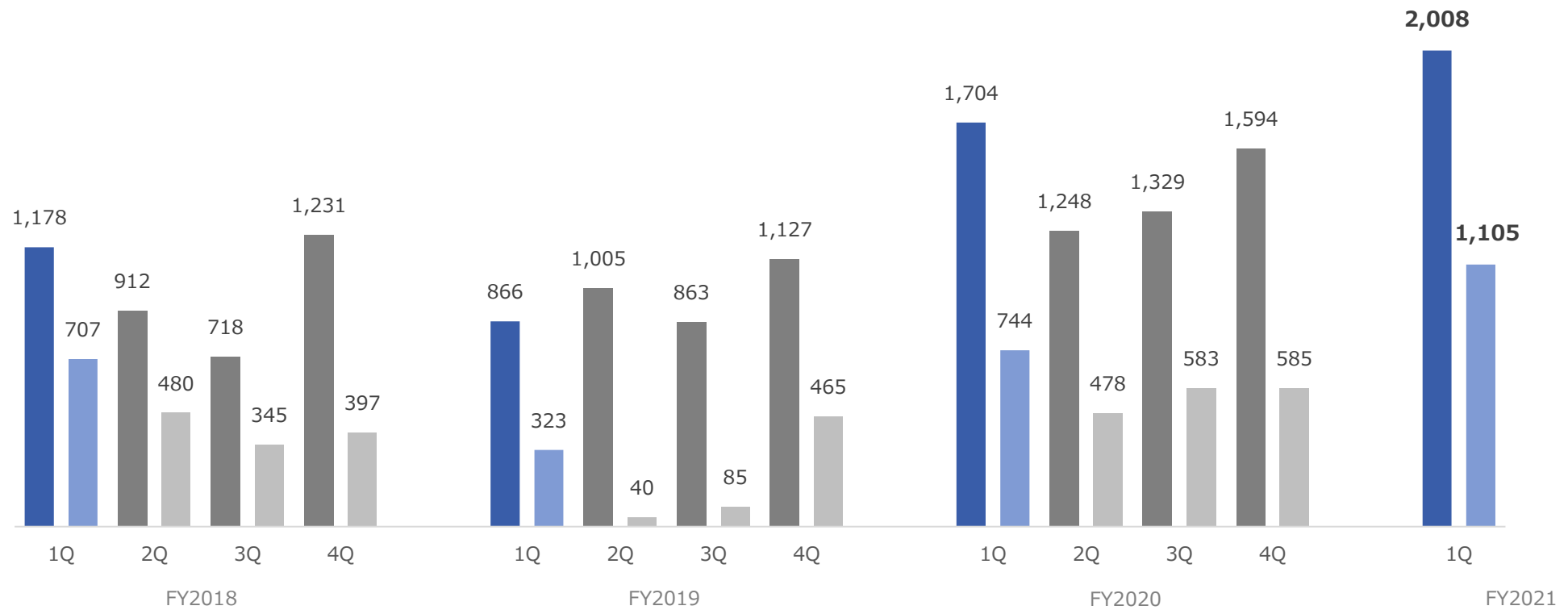
(million yen)	FY2020 1Q	FY2021 1Q	YoY
Domestic business	1,413	1,797	+27.1%
Business in the U.S.	288	210	△26.9%
Adjustment	2	0	△99.3%
Net Sales	1,704	2,008	+17.8%

KPI

		FY2020 1Q	FY2021 1Q	YoY
Transaction amount	(million yen)	9,562	12,283	+28.5%
Sales units	Domestic (unit)	591,735	656,847	+11.0%
	U.S. (unit)	89,869	173,951	+93.6%

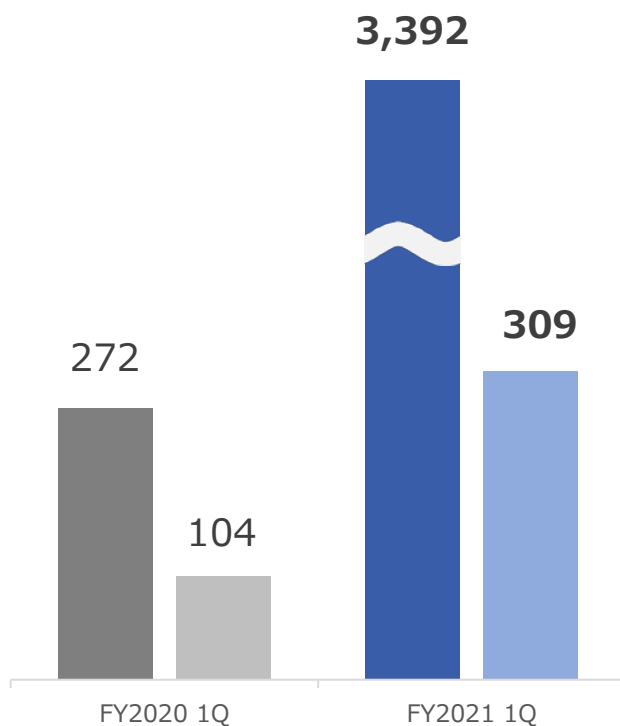
FY2018~FY2021 Results by Quarter

■ Nat Sales ■ Segment Income (million yen)



- Both in sales and profit increased year-on-year. (Net Sales +1142.8%, Segment Income +194.8%)
- Against the backdrop of the vitalization and penetration of online auctions in the industry, the B2B business continued its strong performance in both domestic and overseas transaction amount from the previous fiscal year. This contributed to a significant increase in segment income.
- GALLERY RARE Ltd. has been consolidated since October, 2020

■ Net Sales ■ Segment Income (million yen)



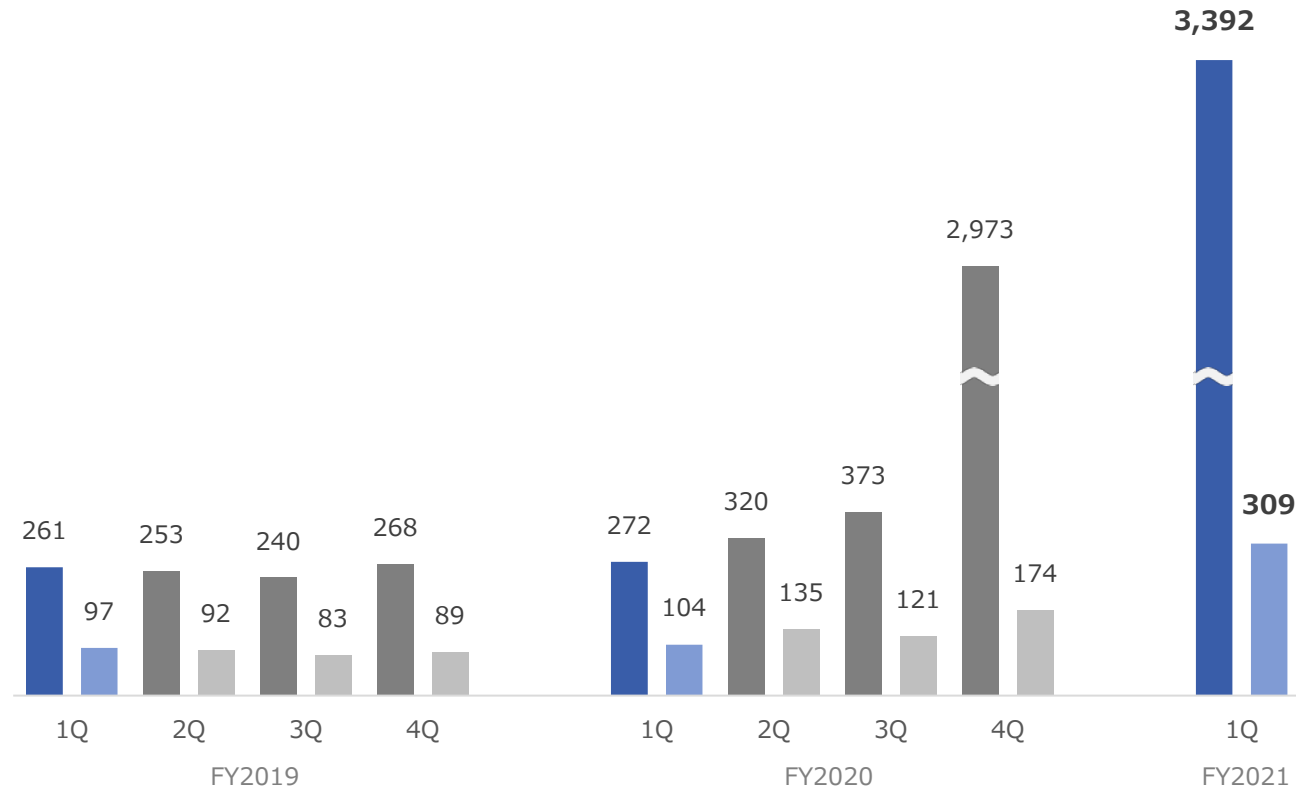
Net Sales Composition

(million yen)	FY2020 1Q	FY2021 1Q	YoY
B2B business	272	1,251	+358.5%
C business	0	2,140	-
Adjustment	0	0	-
Net Sales	272	3,392	+1142.8%

KPI

			FY2020 1Q	FY2021 1Q	YoY
	Transaction amount	(million yen)	2,768	7,324	+164.6%
B2B business	Items sold	(item)	96,292	157,627	+63.7%
	Number of members	(member)	1,857	2,237	+20.5%
C business	Transaction amount	(million yen)	0	2,140	-

■ Net Sales ■ Segment Income (million yen)



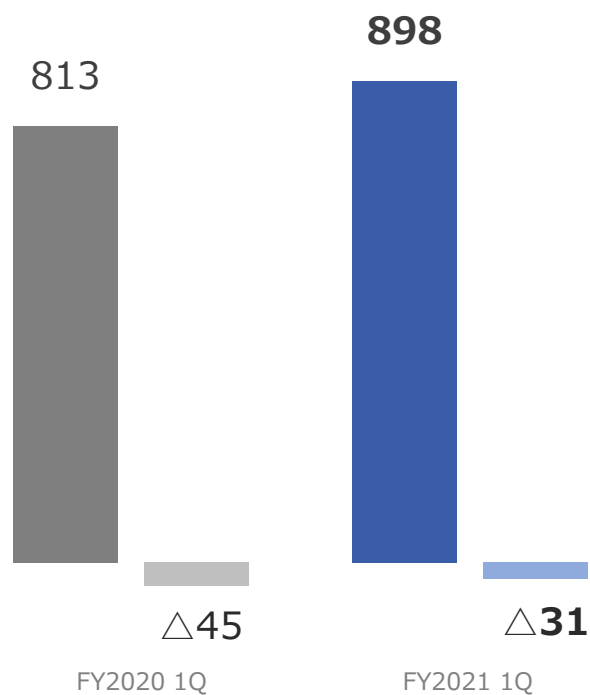
※1 Figures for 2018 and earlier were disclosed as Other Information Distribution Business and not published by segment

※2 Some figures have been revised from those disclosed on February 16, 2021, due to errors found during the review of figures following the spin-off of the segment.

FY2021 First Quarter Results

- Both sales and profit increased year-on-year. (Net Sales +10.5%)
- Kinuta Flower Auction CO.LTD has been consolidated since July, 2020.
- Monetization of iryoo.com has begun in MENERGIA Inc.

■ Net Sales ■ Segment Income (million yen)



Net Sales Composition

(million yen)	FY2020 1Q	FY2021 1Q	YoY
Flower	230	364	+58.5%
Used Motorcycle	182	188	+2.9%
Others	400	345	△13.7%
Net Sales	813	898	+10.5%

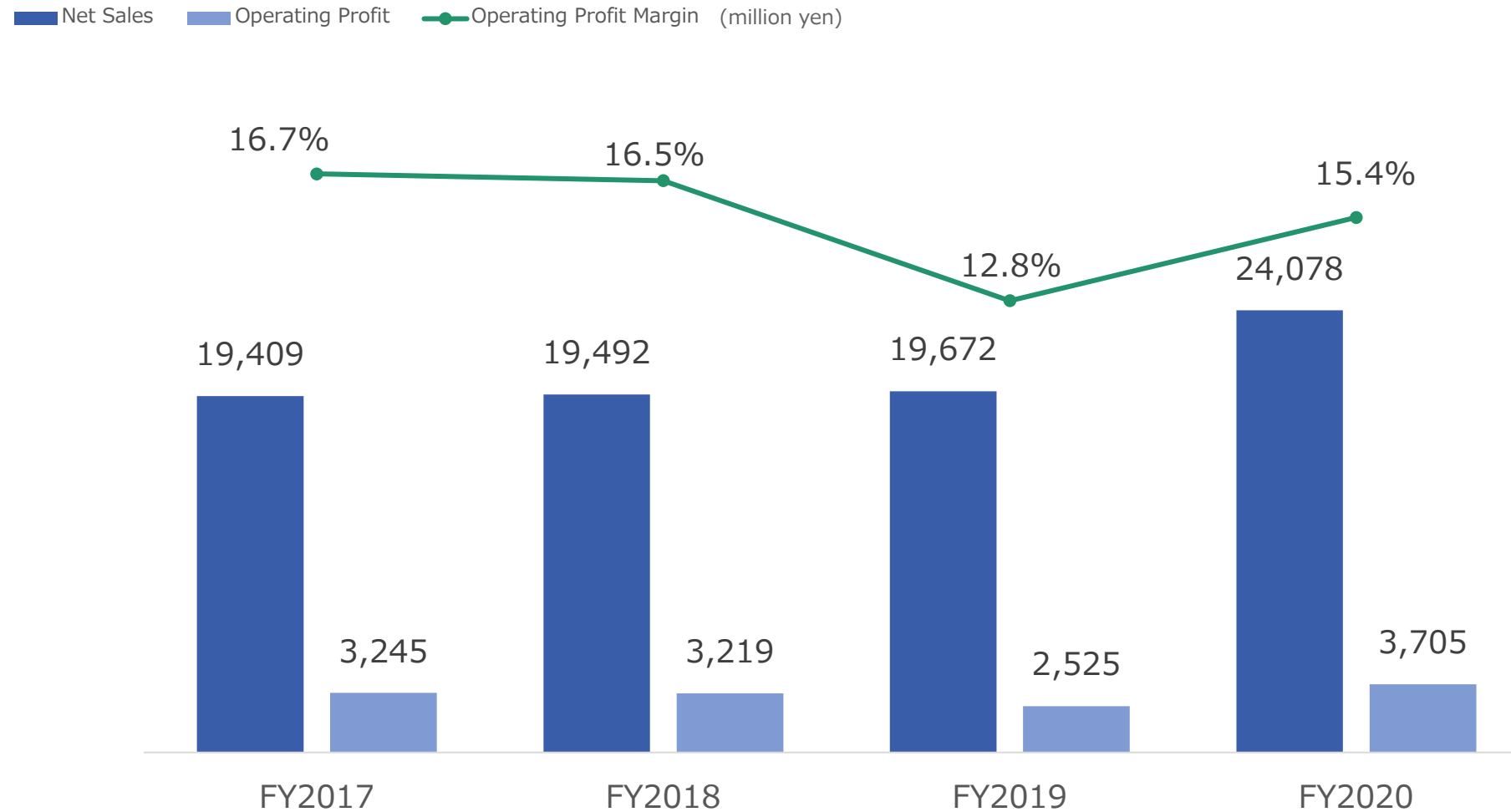
FY2021 Forecast Revision

- While reflecting the business results for the first quarter, we have adopted the initial forecast for the second quarter and after, taking into account the stagnation of the overall economy due to the declaration of a state of emergency, etc., and have revised the business forecast as below.
- Our basic policy is to maintain a stable dividend and aim for a consolidated payout ratio of 30%. Based on this policy, we have increased the dividend forecast for the end of the current fiscal year by 4 yen to 28 yen per share.

(million yen)	FY2021 Initial Forecast (2021/2/12)	FY2021 Revised Forecast (2021/5/11)
Net sales	33,796	34,351
Operating profit	3,806	4,496
Operating profit margin	11.3%	13.1%
Ordinary Profit	3,768	4,558
Profit attributable to owners of parent	2,214	2,516
Basic earnings per share	79.46 yen	90.63 yen
Dividend per share	24.00 yen	28.00 yen
Dividend payout ratio	30.2%	30.9%

Reference

FY2017~FY2020 Consolidated Results by Fiscal Year



Consolidated Balance Sheets

Assets Million Yen	FY2020 end of December	FY2021 end of March	Increase / Decrease
Current assets	25,798	30,768	+4,970
Cash and deposits	16,776	20,326	+3,549
Due from auction members	4,253	5,292	+1,039
Other	4,768	5,149	+381
Non current assets	7,482	7,003	△479
Property, plant and equipment	1,575	1,659	+83
Intangible assets	2,040	1,900	△140
Other	3,866	3,443	△422
Total assets	33,280	37,772	+4,491

Liabilities and net assets Million Yen	FY2020 end of December	FY2021 end of March	Increase / Decrease
Current liabilities	10,665	14,006	+3,340
Due from auction members	7,032	10,664	+3,631
Other	3,632	3,341	△291
Non current liabilities	2,977	3,021	+44
Retirement benefit liability	1,744	1,766	+22
Other	1,232	1,255	+22
Total liabilities	13,643	17,028	+3,384
Total net assets	19,637	20,744	+1,106
Total liabilities and net assets	33,280	37,772	+4,491

KPI

			FY2018				FY2019			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Automobile	Auction-related	Transaction amount (million yen)	91,604	87,835	82,512	75,672	79,678	75,559	80,728	73,206
		Total vehicles sold/bought (unit)	114,481	112,557	105,370	103,706	111,672	106,321	111,119	104,544
	Membership fee	Number of members (member)	14,405	14,399	14,290	14,160	14,173	14,117	14,112	14,146
	Inspection fee	Vehicles inspected※1 (unit)	218,603	224,102	212,618	243,103	249,240	248,504	258,677	252,425
Digital Product	Transaction amount (million yen)		6,161	4,683	3,556	5,883	5,858	5,494	5,178	7,985
	Sales units	Domestic (unit)	468,473	370,184	258,736	344,763	378,049	406,546	414,670	502,514
		U.S. (unit)	-	-	-	-	-	-	-	-
Consumer Product※2	B2B business	Transaction amount (million yen)	2,409	2,534	2,219	2,816	2,681	2,673	2,542	2,696
		Items sold (item)	74,208	81,039	73,271	91,742	86,262	84,546	80,950	90,729
		Number of members (member)	1,570	1,617	1,650	1,697	1,715	1,724	1,781	1,815
	C business	Transaction amount (million yen)	-	-	-	-	-	-	-	-
			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	-	-	-
		Total vehicles sold/bought (unit)	109,099	96,156	115,610	109,326	119,786	-	-	-
	Membership fee	Number of members (member)	14,108	14,104	14,267	14,362	14,282	-	-	-
	Inspection fee	Vehicles inspected※1 (unit)	258,903	223,430	229,815	259,900	266,100	-	-	-
Digital Product	Transaction amount (million yen)		9,562	7,605	7,887	9,024	12,283	-	-	-
	Sales units	Domestic (unit)	591,735	520,791	487,494	543,592	656,847	-	-	-
		U.S. (unit)	89,869	59,611	194,169	308,478	173,951	-	-	-
Consumer Product※2	B2B business	Transaction amount (million yen)	2,768	3,720	4,349	6,543	7,324	-	-	-
		Items sold (item)	96,292	96,093	113,711	142,530	157,627	-	-	-
		Number of members (member)	1,857	1,943	1,876	2,160	2,237	-	-	-
	C business	Transaction amount (million yen)	-	-	-	1,654	2,140	-	-	-

※1 Includes used motorcycles inspections

※2 Starting from 4Q FY2020, KPI for Gallery Rare is consolidated into each business