

FY2024 First Quarter Results Briefing

May 14th, 2024
AUCNET INC.
(TSE Prime Market: 3964)



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FY2024 First Quarter Consolidated Financial Results

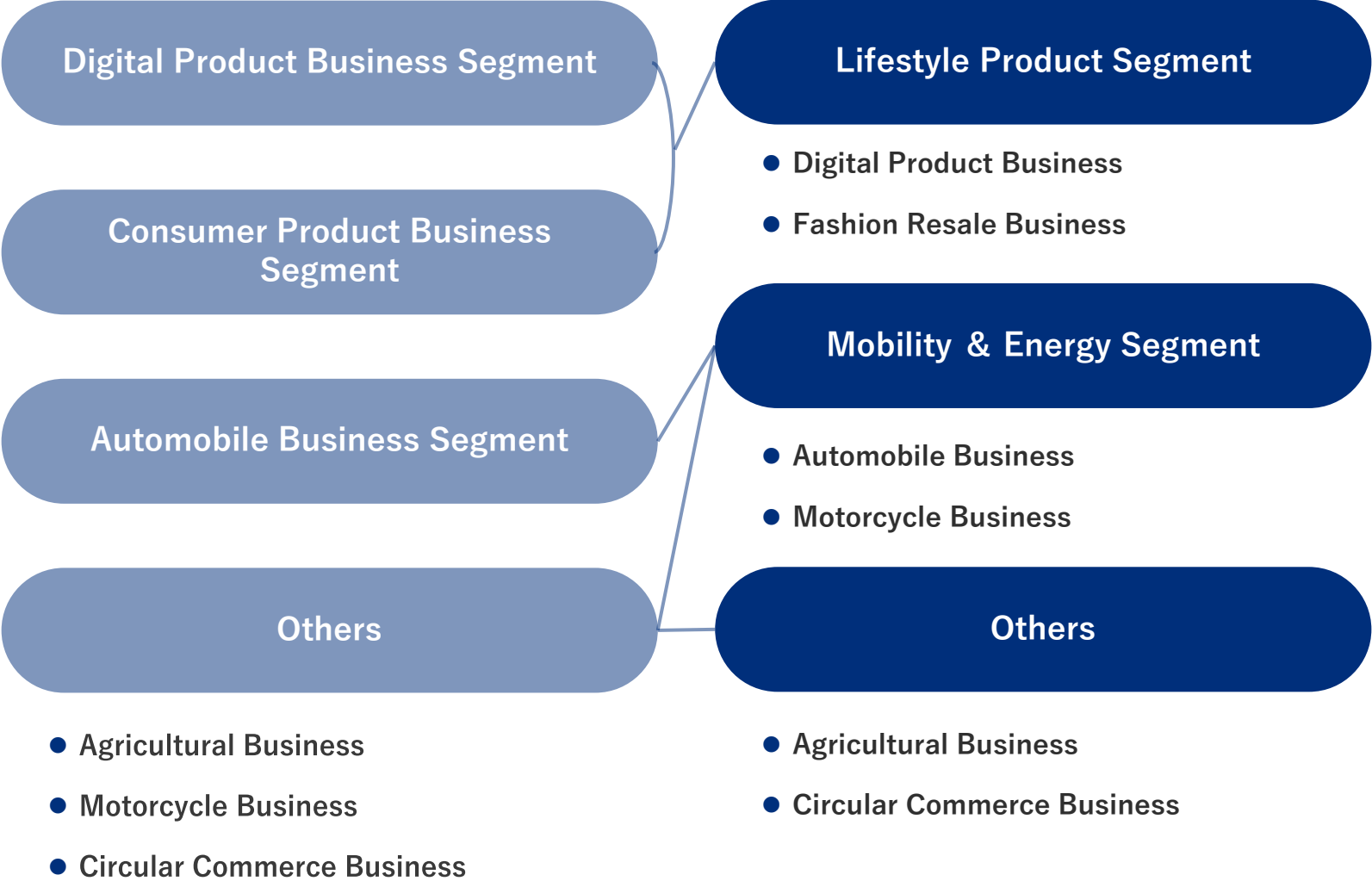
- Although the Mobility & Energy Segment showed a favorable performance and the net sales increased in the consolidated results, influence of market price decline in the Fashion Resale Business and an increase in company-wide investments resulted a decrease in the operating profit.

(million yen)	FY2023 1Q	FY2024 1Q	YoY	FY2024 Forecast	Rate of Progress
Net Sales	10,728	10,988	+2.4%	48,000	22.9%
Operating profit	2,146	2,044	-4.7%	7,000	29.2%
Operating profit margin	20.0%	18.6%	-1.4pt	14.6%	
EBITDA	2,321	2,206	-5.0%	-	-
Ordinary profit	2,168	2,118	-2.3%	7,059	30.0%
Profit attributable to owners of parent	1,390	1,392	+0.1%	4,465	31.2%

Changes in Reportable Segments and Common Expense Allocation Policy

By the Fiscal Year Ending December 31, 2023

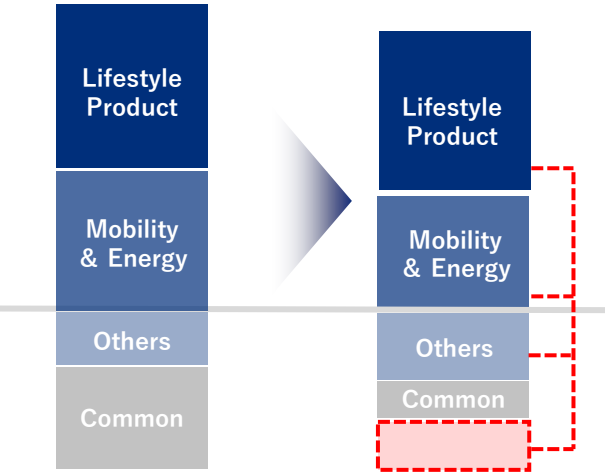
From the Fiscal Year Ending December 31, 2024



Changes in Our Common Expense Allocation Policy

The policy has been changed to allocate a portion of segment common expenses, which were recorded as adjustments until FY2023, to each segment starting from FY2024. We have judged that more effective evaluation of business performance would be possible if we allocated costs and expenses that contribute to business operations of each business segment using certain rational basis.

Segment Income



FY2024 First Quarter Highlights

Net Sales

10,988 million yen

YoY **+2.4%**

Operating Profit

2,044 million yen

YoY **-4.7%**

Ordinary Profit

2,118 million yen

YoY **-2.3%**

Profit Attributable to
Owner of Parent

1,392 million yen

YoY **+0.1%**

Lifestyle Product Segment

Net Sales **6,763** million yen (+1.1%)

Segment Income **1,640** million yen (-4.9%)

See p.12 for more details

See p.34,35
for the service outline

Mobility & Energy Segment

Net Sales **3,560** million yen (+7.9%)

Segment Income **944** million yen (+18.3%)

See p.16 for more details

See p.36
for the service outline

Others

Net Sales **749** million yen (-8.1%)

Segment Income **-108** million yen (-)

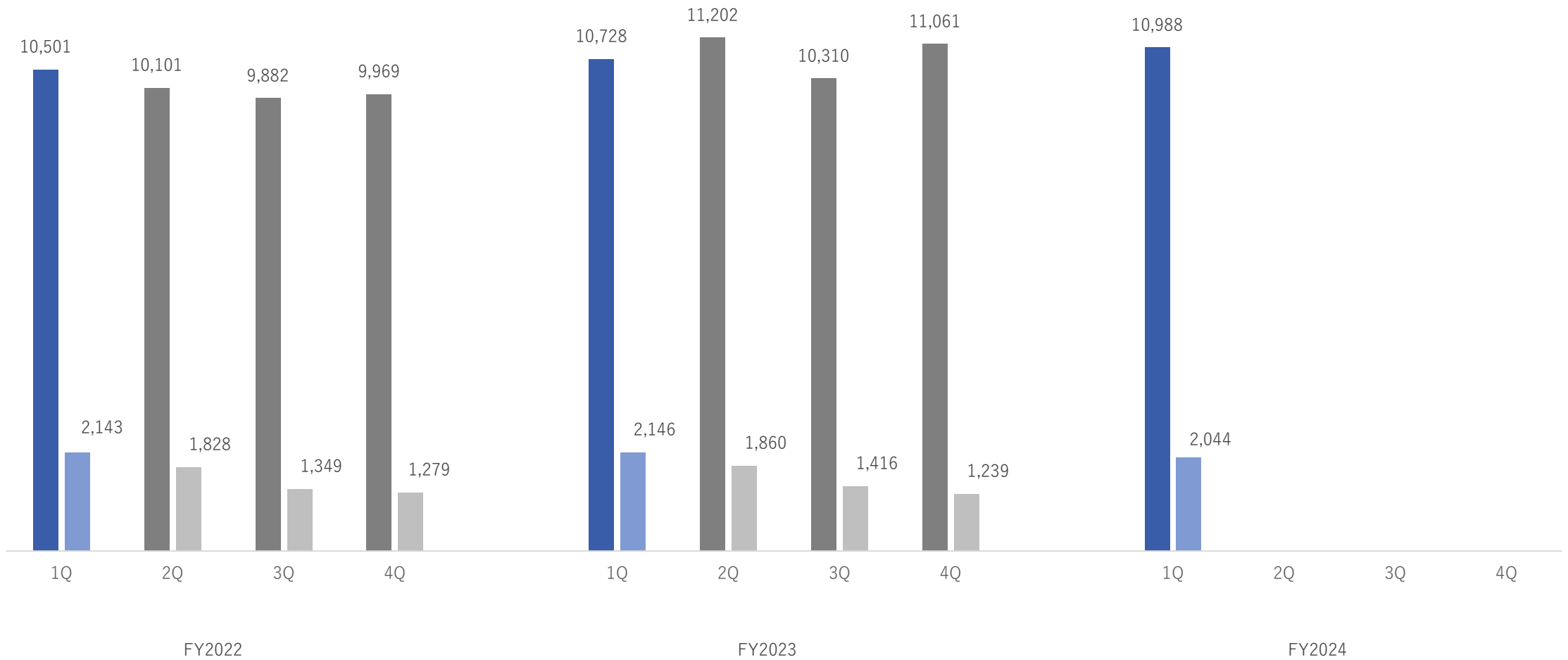
See p.19 for more details

See p.37
for the service outline

FY2022~FY2024 Consolidated Financial Results by Quarter

(million yen)

■ Net Sales ■ Operating Profit



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Results by Segment

Segment	(million yen)	FY2023 1Q	FY2024 1Q	YoY
Lifestyle Product	Net Sales	6,691	6,763	+1.1%
	Operating profit	1,725	1,640	-4.9%
Mobility & Energy	Net Sales	3,299	3,560	+7.9%
	Operating profit	798	944	+18.3%
Others	Net Sales	815	749	-8.1%
	Operating profit	-41	-108	-
Adjustment	Net Sales	-76	-84	-
	Operating profit	-335	-431	-
Total	Net Sales	10,728	10,988	+2.4%
	Operating profit	2,146	2,044	-4.7%

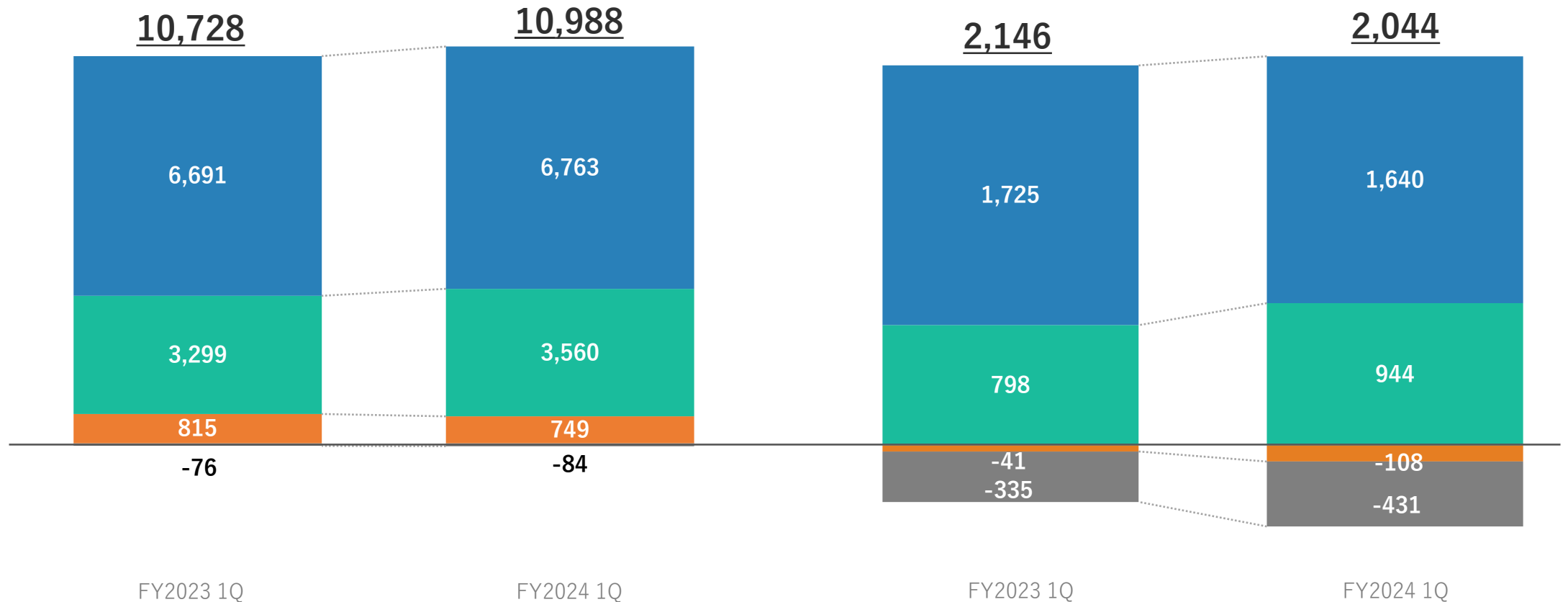
FY2024 First Quarter Segment Increase/Decrease

- Lifestyle Product
- Mobility & Energy
- Others
- Adjustment

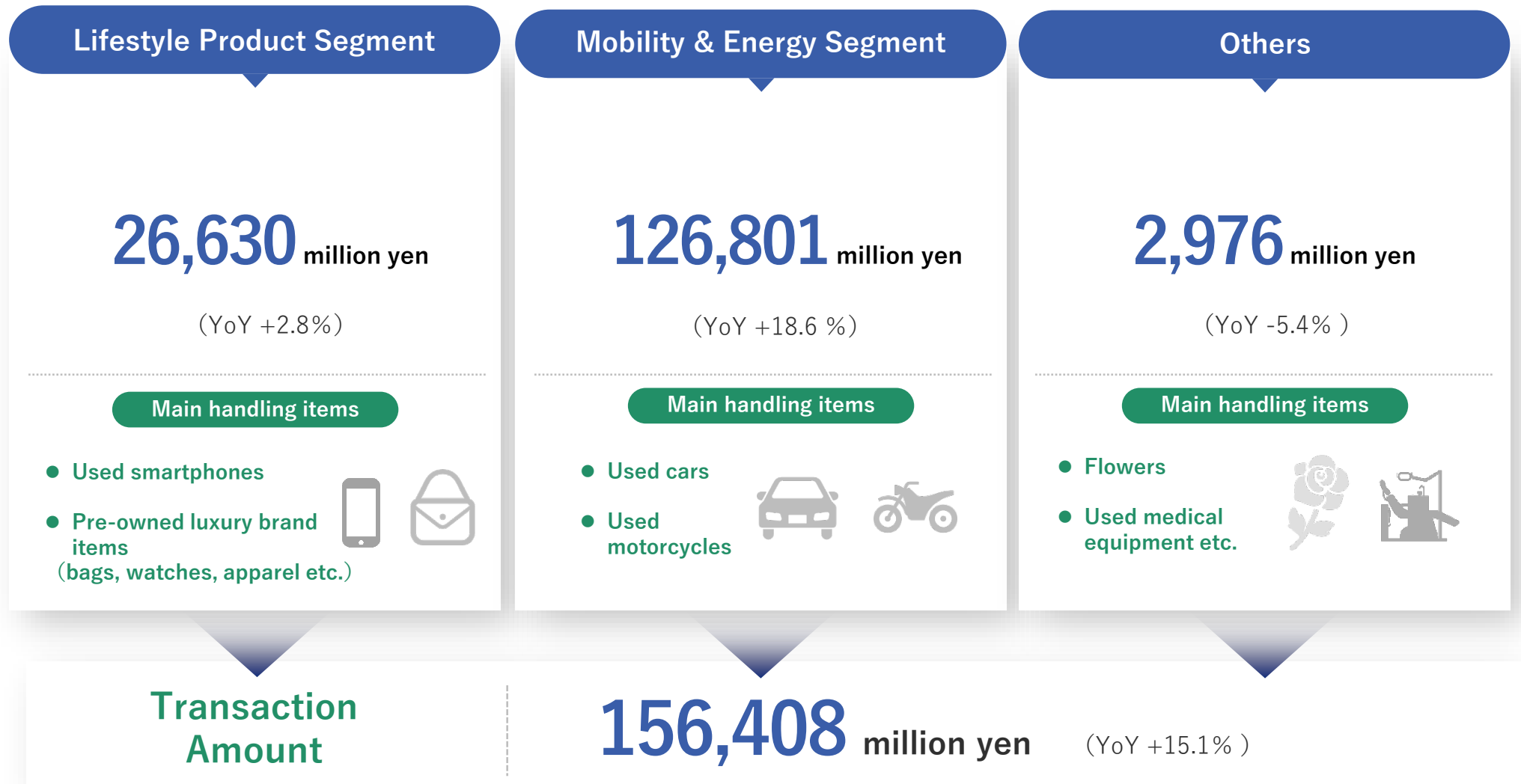
(million yen)

Net Sales

Operating Profit



FY2024 First Quarter Transaction Amount by Segment



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

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FY2024 First Quarter Results

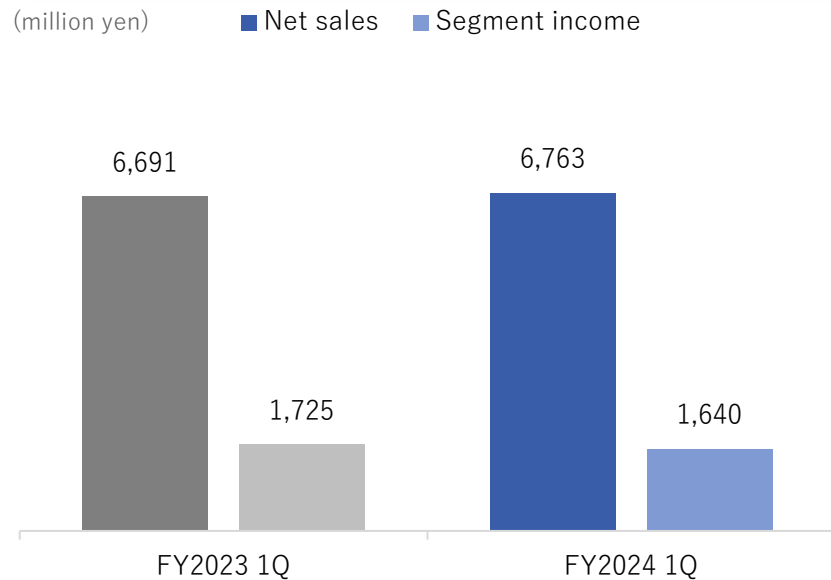
Lifestyle Product Segment

Summary

- Sales increased but profit decreased year on year (Net sales +1.1%, Segment income -4.9%)
- The Digital Product Business saw a favorable performance due to impact of weak yen as well as steady supply of devices caused by diversification of suppliers.
- In the Fashion Resale Business, the transaction amount expanded due to an increase in the number of items sold in the BtoB auctions while the market price of high-end items handled in Gallery Rare that deploys business targeting consumers declined, resulting in a weak performance.
- Costs increased in accordance with the expansion of overseas based businesses.

Net Sales Composition

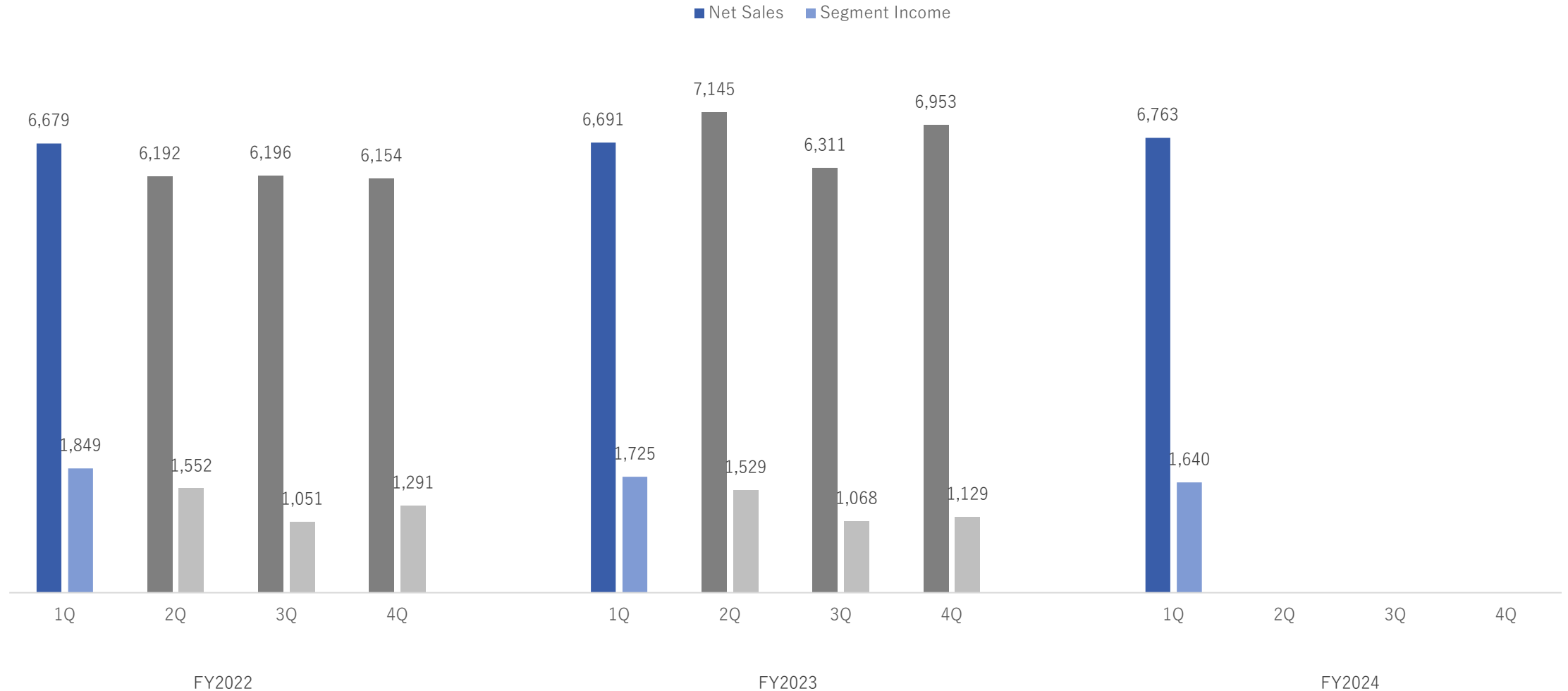
(million yen)	Main breakdown	FY2023 1Q	FY2024 1Q	YoY
Auction related revenues	Membership fees, commission fees, etc.	2,531	2,658	+5.0%
Product sales related revenues	Product sales in businesses targeting consumers, etc.	4,145	4,049	-2.3%
Other	BPO service, etc.	14	55	+279.4%
Inter-segment net sales or transfers		-	-	
Net Sales		6,691	6,763	+1.1%



FY2022~FY2024 Results by Quarter

Lifestyle Product Segment

(million yen)



Digital Product Business

		FY2023 1Q	FY2024 1Q	YoY	
Transaction amount	(million yen)	12,443	12,960	+4.2%	Due to measures to enhance buying power and impact of weak yen.
Sales units	(unit)	445,227	453,470	+1.9%	Due to diversification of suppliers.
Number of members	(member)	1,359	1,852	+36.3%	Due to newly joined members from the U.S. and EU as well as Middle East and African countries where the market conditions improved.

Fashion Resale Business

			FY2023 1Q	FY2024 1Q	YoY	
BtoB business	Transaction amount	(million yen)	10,644	11,136	+4.6%	Due to an increase in the number of items sold.
	Items listed	(item)	236,869	281,383	+18.8%	Due to an increase in the number of members in addition to effects of sales measures.
	Items sold*	(item)	174,900	189,124	+8.1%	The sales of bags which are one of the main items in our auctions did not grow as we assumed.
	Number of members	(member)	4,287	5,029	+17.3%	The number of overseas members grew steadily due to the sales activities in the bases abroad and digital marketing.
Business targeting C	Transaction amount	(million yen)	2,812	2,533	-9.9%	Transaction amount decreased as we more focused on purchase and sale of middle range items due to the drop of market prices of high-end items.

*The number of items sold in AUC BRAND MALL has been included since the 1Q FY2024.

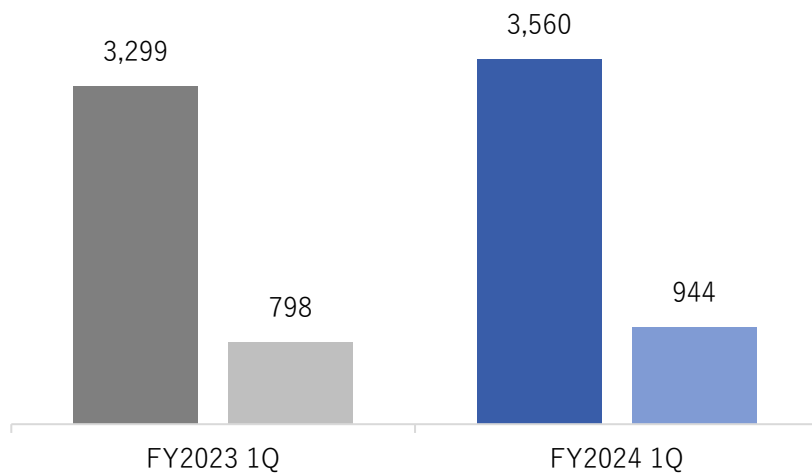
FY2024 First Quarter Results

Mobility & Energy Segment

Summary

- Both sales and profit increased year on year (Net sales +7.9%, Segment income +18.3%)
- In the Automobile Business, the used car auction market was brisk in January and February, and the number of auctions won in the proxy bidding service and live relay broadcast auctions increased, leading to favorable results.
- Motorcycle Business showed strong performance due to a favorable growth of the number of vehicles sold in auctions led by BPO service development and obtaining exporter members.

(million yen) ■ Net sales ■ Segment income



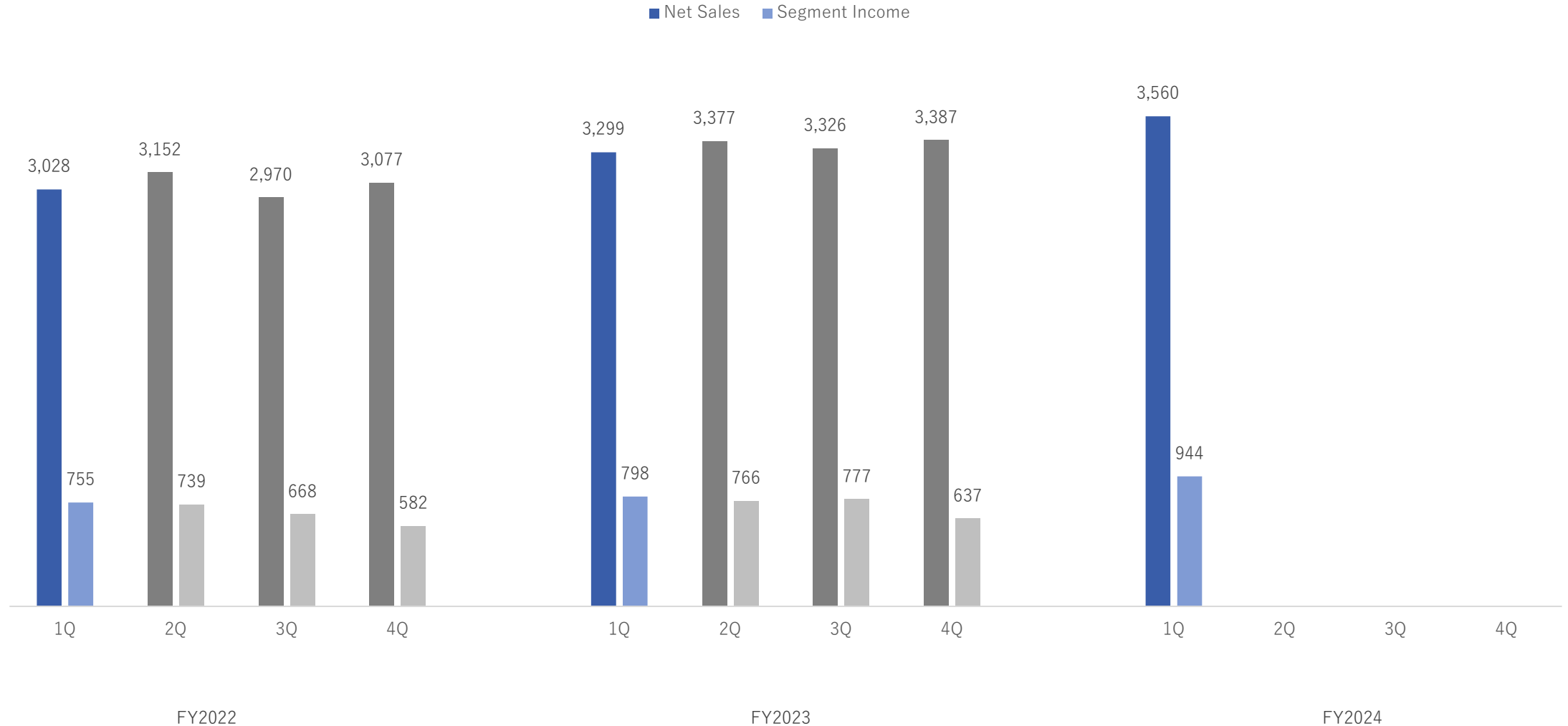
Net Sales Composition

(million yen)	Main breakdown	FY2023 1Q	FY2024 1Q	YoY
Auction related revenues	Membership fees, commission fees, etc.	2,159	2,370	+9.8%
Product sales related revenues	Sales of vehicles in the company's inventory, etc.	147	106	-27.8%
Other	AIS inspection fees, etc.	991	1,083	+9.3%
Inter-segment net sales or transfers		-	-	
Net Sales		3,299	3,560	+7.9%

FY2022~FY2024 Results by Quarter

Mobility & Energy Segment

(million yen)



Automobile and Motorcycle Business

Automobile		FY2023 1Q	FY2024 1Q	YoY
Transaction amount	(million yen)	104,769	124,533	+18.9%
Total vehicles sold/bought	(unit)	121,962	135,464	+11.1%
Number of members	(member)	14,999	15,143	+1.0%
Motorcycle		FY2023 1Q	FY2024 1Q	YoY
Transaction amount	(million yen)	2,112	2,267	+7.4%
Total vehicles sold/bought	(unit)	5,877	6,929	+17.9%
Number of members	(member)	2,646	2,616	-1.1%
Vehicles inspected*	(unit)	318,348	336,136	+5.6%

In addition to an increase in the number of vehicles sold, the average unit price of vehicles sold has been on an upward trend, leading to an increase in transaction amount.

The number of auctions won, especially for the proxy bidding service and live relay broadcast auctions, increased along with the active used car auction market in January and February.

The number of proxy bidding service members showed steady growth.

Although average unit price of vehicles sold declined, transaction amount expanded in line with an increase in the number of vehicles sold.

An increase in total number of vehicles sold and auction won in the used motorcycle auctions due to promotion of sales activities.

The number of members slightly decreased due to the response to the invoice system.

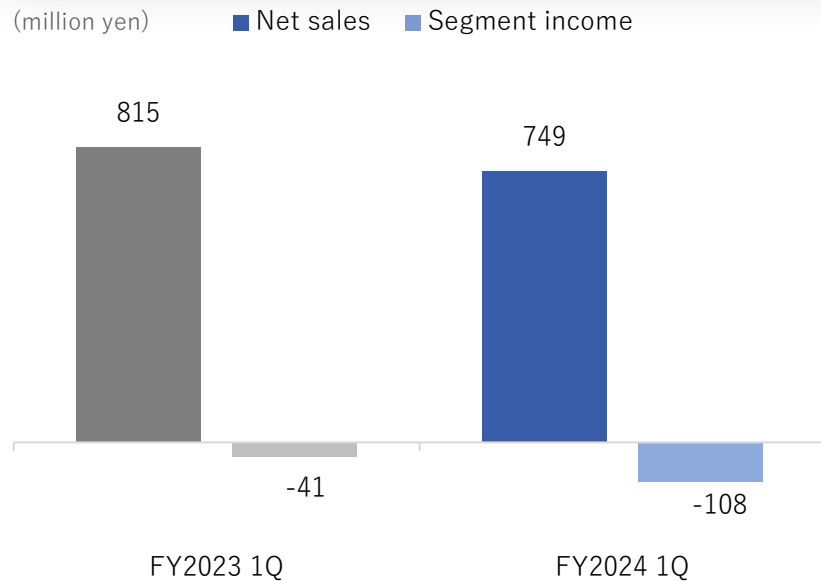
Demand for a used vehicle listing platform remains strong, and the number of vehicles inspected increased.

*Total number of used cars and motorcycles inspected.

Others

Summary

- Both sales and profit decreased year on year. (Net sales -8.1%, Operating loss in the previous year: 41 million yen)
- In the Agricultural Business, transaction amount decreased caused by the declined average unit prices as the market price of products calmed down in the first quarter comparing with the same period of the previous year though the number of flowers collected for auctions increased.
- We focused on the development of a distribution system for the new handling products we had been working on, as well as on promotional activities in the Circular Commerce Business.



Net Sales Composition

(million yen)	Main breakdown	FY2023 1Q	FY2024 1Q	YoY
Auction related revenues	Membership fees, commission fees, etc.	300	293	-2.3%
Product sales related revenues	Negotiated sales, etc.	192	178	-7.2%
Other	BPO service, etc.	246	193	-21.5%
Inter-segment net sales or transfers		76	84	+9.8%
Net Sales		815	749	-8.1%

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Notice Regarding Acquisition of Shares of MOTA, Inc. (Becoming an Equity Method Affiliate)

- MOTA, Inc. became an equity method affiliate for the purpose to expand channels for BtoC fields and to enhance synergies of BtoB fields.

Overview of the Company Acquired

MōTA モータ

Name || MOTA, Inc.

Address || Kita-Aoyama
Minato-ku, Tokyo

Establishment || June 3, 1999

Capital || 100 million yen

Representative || Daisuke Sato,
Representative Director
and CEO

Business || Digital transformation
businesses in the
automobile fields

Business Outline

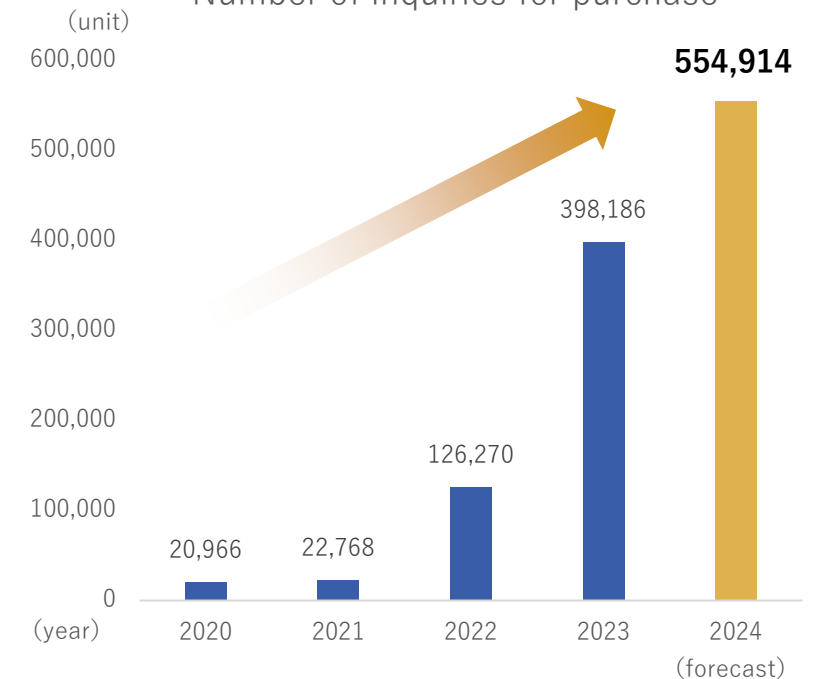
Operations of MOTA Car Purchase, one of the largest car purchase services in Japan

最大20社が競い合う
一括車買取査定

MōTA
車買取

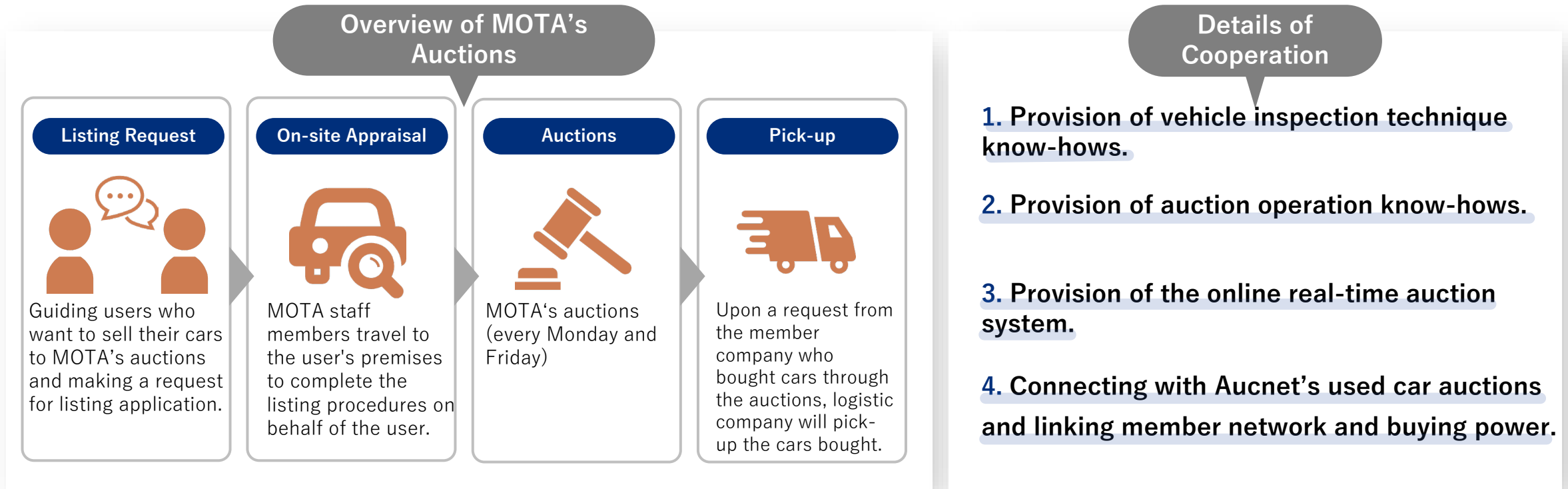
やりとりするのは
高額査定の上位最大3社だけ

Number of inquiries for purchase



Started Cooperation with MOTA Auctions, CtoB Used Car Auctions Operated by MOTA

- Integration of the unparalleled car purchase channel that MOTA has and the know-hows of secondary distribution of used vehicle auctions that Aucnet has



Aiming to become the industry's largest one-owner cars auction platform where personal use cars are listed.

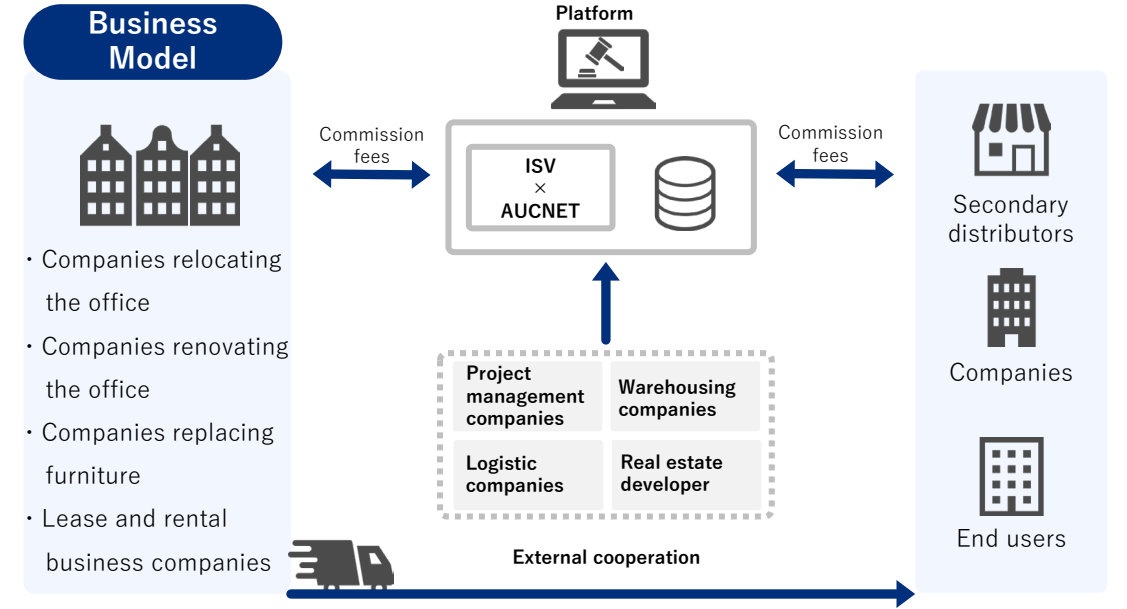
Starting Cooperation with ITOKI SHARED VALUE CO.,LTD.

- Verification of the realization of the "Office Furniture Reuse Distribution Platform" has started to maximize the value of "usable used office furniture" arising from office renovations and relocations.

Overview of the Office Furniture Reuse Distribution Platform

Providing an online auction system that enable trading of reused office furniture to our user members.

- Supporting safe and smooth listing by leveraging ISV's expertise in eco-friendly businesses and the ITOKI Group*₁ network.
- Realizing a system for smooth sales by utilizing our auction operation know-how, system infrastructure, and re-distribution network.



Realizing maximization of the value of unneeded furniture and reduction of costs associated with disposal for seller companies, and expansion of reused item procurement opportunities for buyer companies. Also, contributing to a realization of carbon neutrality and a circular society by visualizing effects of GHG reduction based on our GCV*₂ perspective

*1 The 100% parent company of ISV and its subsidiaries

*2. Aucnet's proprietary indicator set to connect our sustainability policy to concrete actions URL for details: <https://www.aucnet.co.jp/en/sustainability/GCV/>

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Acquisition of validation from the “Science Based Targets initiative”

- We received validation from the Science Based Targets initiative (SBTi) that is a joint international organization that certifies SBT for GHG reduction targets set through the Paris Agreement.
- We newly obtained another third party perspective for our management metric “GCV”. Obtaining SBT validation allows for a more precise approach to GHG emission reductions from business activities.



1

The Association for NFI-Assurance

A “third-party guarantee” for reliability of environmental data was obtained.

*Conducted every year since FY2021

2

UTokyo Economic Consulting Inc.

The GCV report which evaluates the consistency from an environmental economics perspective was produced.

*Conducted in FY2023

3

SBT initiative

1.5°C level validation regarding GHG emission reduction targets.

Jointly Developed “Reuse Market Index”

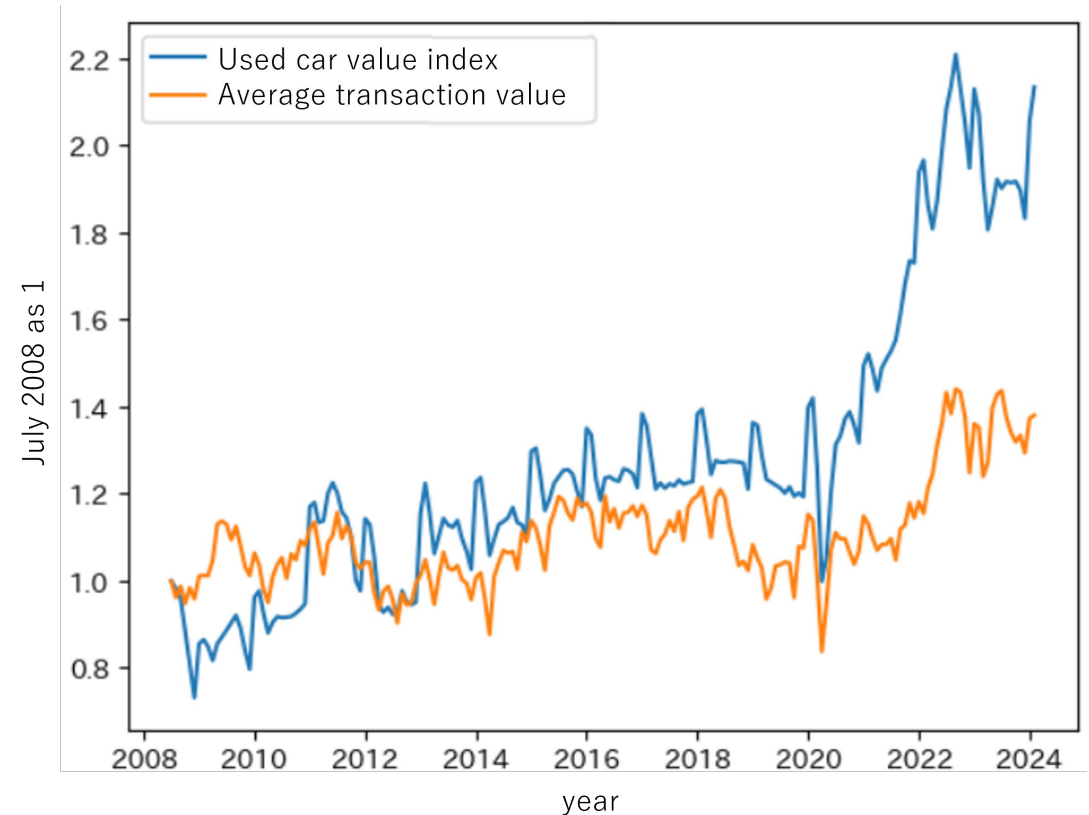
- Aucnet Circular Distribution Lab and UTokyo Economic Consulting Inc. jointly developed “Reuse Market Index” and published “Used Car Value Index” as the first step.

Used Car Value Index

The Used Car Value Index statistically aligns the quality of cars by utilizing our extensive vehicle data. Compared to the “average transaction value,” which had been used to understand price fluctuations of used cars, this new index can more accurately grasp price fluctuations.

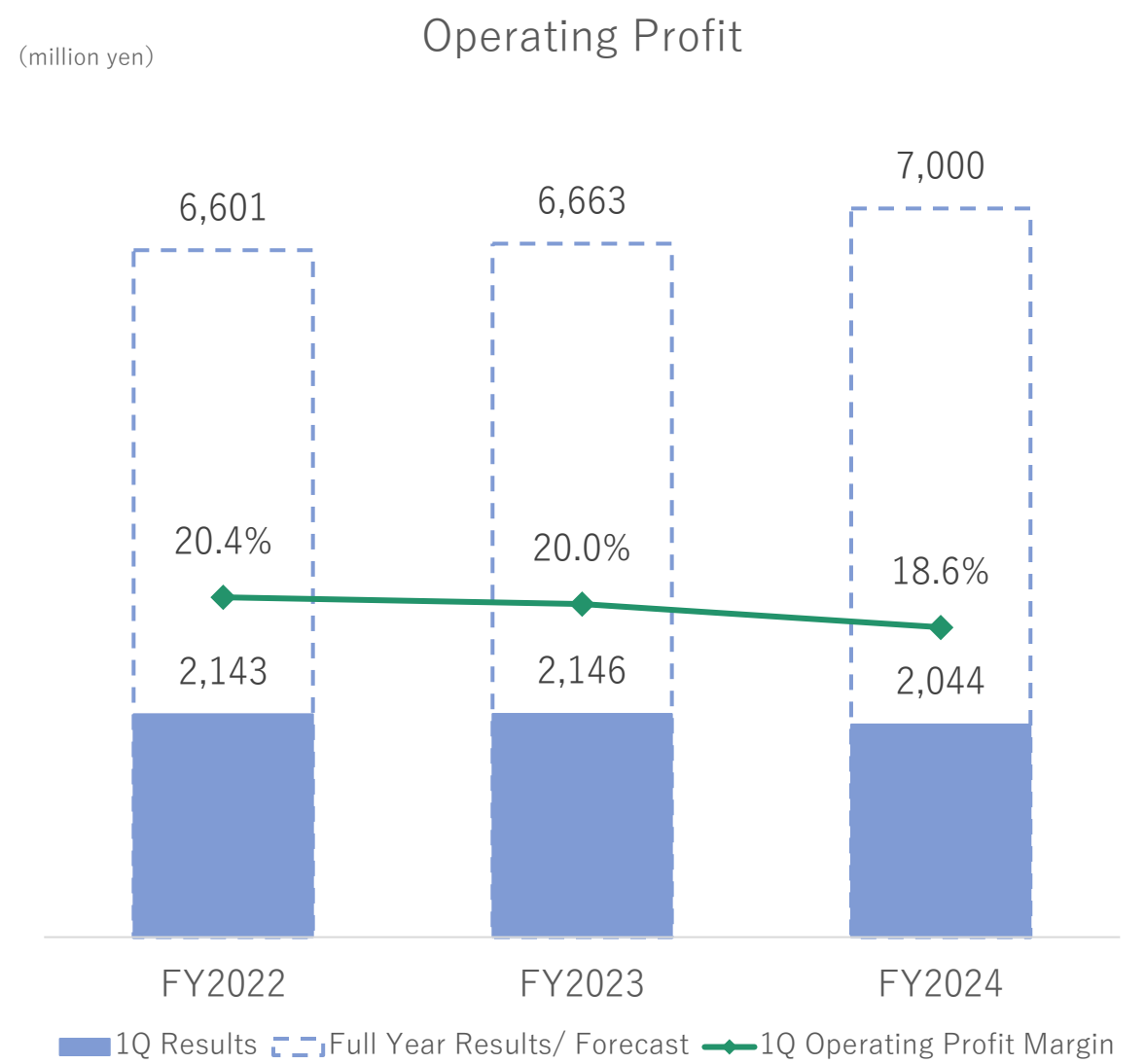
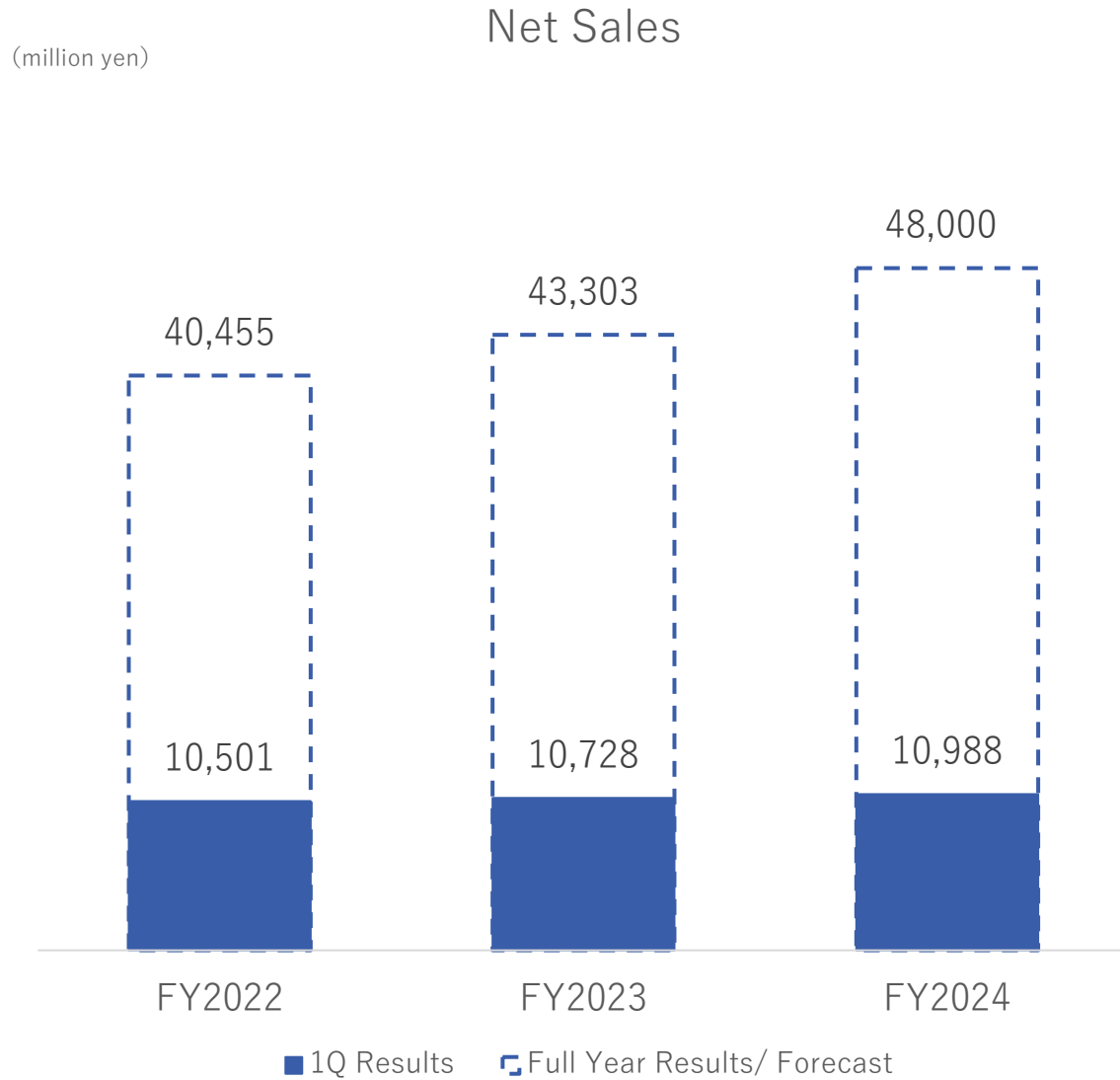


We will consider expanding this to various products in the future and strive to improve our understanding of economic trends in the industry and society as a whole by visualizing price trends and demand in numerical form.



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FY2022~FY2024 Consolidated Results by Fiscal Year



Consolidated Balance Sheets

Assets (million yen)	FY2023 end of December	FY2024 end of March	Increase/ Decrease
Current assets	30,953	35,582	+4,629
Cash and deposits	19,572	20,919	+1,346
Due from auction members	3,892	7,257	+3,364
Other	7,487	7,405	-82
Non-current assets	6,711	6,701	-9
Property, plant and equipment	1,601	1,623	+21
Intangible assets	1,358	1,280	-78
Other	3,750	3,797	+47
Total assets	37,664	42,283	+4,619

Liabilities and net assets (million yen)	FY2023 end of December	FY2024 end of March	Increase/ Decrease
Current liabilities	12,119	15,894	+3,775
Due to auction members	7,631	12,282	+4,650
Other	4,487	3,612	-875
Non-current liabilities	3,233	3,267	+33
Retirement benefit liability	1,884	1,886	+1
Other	1,349	1,381	+31
Total liabilities	15,353	19,162	+3,808
Total net assets	22,310	23,121	+810
Total liabilities and net assets	37,664	42,283	+4,619

KPI

			FY2022				FY2023				FY2024				
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Lifestyle Product Segment	Digital Product	Transaction amount (million yen)	13,526	12,261	8,730	10,247	12,443	11,638	8,243	10,068	12,960	-	-	-	
		Sales units (unit)	526,106	499,014	351,156	428,275	445,227	430,091	337,758	365,295	453,470	-	-	-	
		Number of members (member)	1,044	1,132	1,240	1,337	1,359	1,541	1,674	1,779	1,852	-	-	-	
	Fashion Resale	BtoB busines	Transaction amount (million yen)	9,117	9,239	9,578	10,539	10,644	11,163	10,903	11,351	11,136	-	-	-
			Items listed (item)	223,206	262,443	251,644	288,861	236,869	269,776	265,922	294,166	281,383	-	-	-
			Items sold *1 (item)	160,850	174,562	166,850	187,706	174,900	181,929	172,573	186,430	189,124	-	-	-
		Business targeting C	Number of members*2 (member)	3,586	3,690	3,893	4,092	4,287	4,503	4,638	4,862	5,029	-	-	-
	Transaction amount (million yen)	2,747	2,544	2,912	2,582	2,812	3,033	2,909	2,936	2,533	-	-	-		
Mobility & Energy Segment	Automobile	Auction related	Transaction amount (million yen)	84,641	100,796	106,313	96,646	104,769	118,736	111,284	107,347	124,533	-	-	-
			Total vehicles sold/bought (unit)	104,115	114,338	111,674	105,316	121,962	135,221	122,723	122,710	135,464	-	-	-
		Membership fee	Number of members (member)	14,663	14,706	14,847	14,949	14,999	15,091	15,155	15,142	15,143	-	-	-
	Motorcycle	Auction related	Transaction amount (million yen)	1,813	2,228	2,267	1,963	2,112	2,227	2,301	1,437	2,267	-	-	-
				Total vehicles sold/bought (unit)	5,404	6,609	6,065	5,835	5,877	7,242	6,771	6,494	6,929	-	-
		Membership fee	Number of members (member)	2,678	2,641	2,647	2,652	2,646	2,655	2,647	2,624	2,616	-	-	-
		Inspection fee	Vehicle inspected*3 (unit)	269,476	268,758	262,791	284,997	318,348	307,586	303,764	333,210	336,136	-	-	-

- * 1 The number of items sold in AUC BRAND MALL has been included since the 1Q FY2024.
- * 2 The number of overseas buyers has been included in the number of members since 3Q FY2022.
- * 3 Total number of used cars and motorcycles inspected.

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 || 878 (as of December 31,2023)
(consolidated)

Capital, etc. || 1,807 million yen (as of December 31,2023)



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

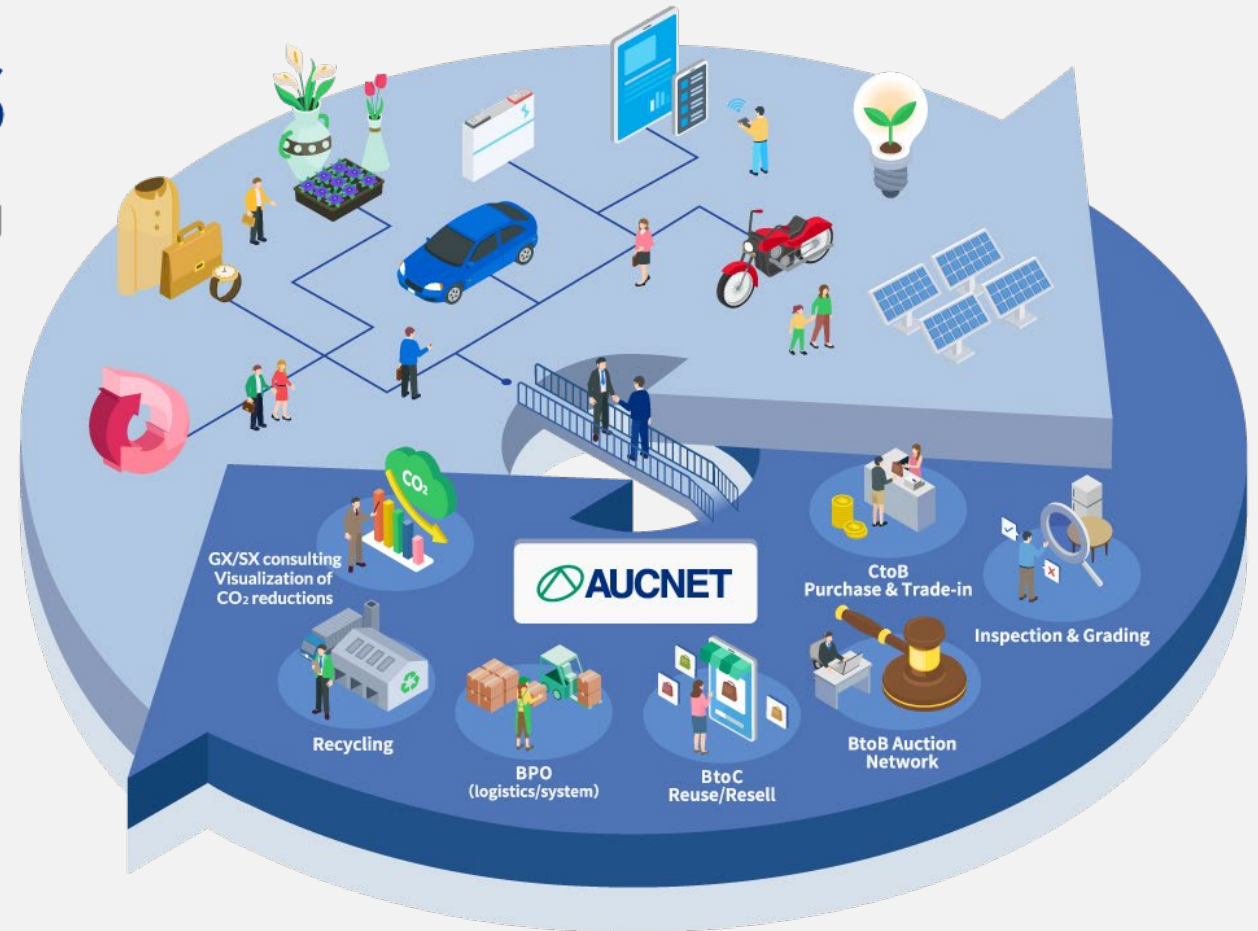
Market Design to Connect Values

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.



Service Outline

Digital Product Business

Auctions in and outside of Japan



GLOBAL BIDDING SYSTEM

- Products handled include used smartphones, used PCs and tablet devices and more, aiming for further product development.
- Our current focus is on strengthening our overseas buyer network, which has more than **1,700** members*. In addition to Hong Kong, a branch office has been established in Dubai in November 2022.

Data erasure



- Established Blancco Japan in 2010 as a joint venture with "blancco", the world's leading data erasure company.
- We provide thorough data erasure for information-related devices handled at our auctions.

Trade-in service

Trade-in System

- We provide software to guide trade-in (purchase) of devices to individual and corporate customers.

Partners

- SENSUKAI CO.,LTD.
- Samsung Electronics Japan Co., Ltd.
- JCOM Co., Ltd.

Service Outline

Fashion Resale Business

BtoB



- Strong membership network built over the years, totaling **4,800 members***.
- The industry's largest-level transaction amount is **approximately 44,000 million yen***.



Businesses targeting consumers



- Purchase and sale of luxury brand bags, watches, jewelry, etc.
- **9 stores*** mainly in Tokyo and Osaka, focusing not only on actual stores but also on e-commerce site.



- Launched in September 2022 as an EC platform for selling high-brand and vintage items.
- Attach tags with CO₂ and H₂O reductions to raise awareness of sustainability.



Service Outline

Automobile Business

Aucnet-hosted service

TVオークション (used car auctions)

Many cars with high year low mileage or lease-up are listed.
Sellers can list their car without leaving them at their shop and having to move them.



共有在庫市場

59,000* cars owned by members nationwide can be purchased at any time.



Tie-ups with other sites

ライブオークション (live relay broadcast auctions)

Tie-up with **77*** physical vehicle auction sites nationwide for live broadcasts.



Auc 株式会社 アイオーク (proxy bidding service)

Connects with **112*** physical vehicle auction sites nationwide to list products for sale and bid on behalf of customers.

Motorcycle Business

i-moto-auc

An auction platform where more than **4,000 companies*** participate

バイクレンタル レンタルバイク

A nationwide motorcycle rental support service

ME:RIDE BIKE LEASE

A subscription service for used motorcycles

Used vehicle inspection service



AIS INC., one of the foremost companies specialized in used vehicle inspections in the industry. AIS offers on-site inspection and evaluation services throughout Japan, with a team of approximately 200* inspectors.

Service Outline

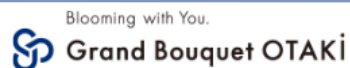
Agricultural Business

ba.net

- A unique online flower market with completely remote purchasing in Japan



- A unique market in the Metropolitan Central Wholesale Market specializing in potted flowers



- A state-of-the-art large-scale orchid cultivation facility combining advanced ICT and cultivation technology

Circular Commerce Business

Selloop

- Consulting and BPO services to provide comprehensive support for the launch and operation of circular commerce for manufacturers and retailers



Aucnet Medical
オークネットメディカル

- Japan's unique auction specializing in used medical equipment that can be participated via the Internet

MENERGIA

- Cloud operation support service for medical conferences and video viewing management service to improve operational efficiency in the medical fields.

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.

