

FY2024 Second Quarter Results Briefing

August 8th, 2024
AUCNET INC.
(TSE Prime Market : 3964)



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FY2024 Second Quarter Cumulative Results Consolidated Financial Results

- In the Lifestyle Product Segment and Mobility & Energy Segment, the net sales increased combined with the impact of weak yen and M&A.
- Profit decreased as consolidated results due to an increase in costs related to M&A and other group-wide investments.

(million yen)	FY2023 2Q	FY2024 2Q	YoY	FY2024 Forecast	Rate of Progress
Net Sales	21,931	26,571	+21.2%	48,000	55.4%
Operating profit	4,006	3,855	-3.8%	7,000	55.1%
Operating profit margin	18.3%	14.5%	-3.8pt	14.6%	
EBITDA	4,368	4,225	-3.3%	-	-
Ordinary profit	4,095	3,987	-2.6%	7,059	56.5%
Profit attributable to owners of parent	2,619	2,550	-2.6%	4,465	57.1%
Basic earnings per share	100.44 Yen	107.51 Yen	+7.07 Yen	188.77 Yen	57.0%

FY2024 Second Quarter Highlights (Non-Cumulative 3 Month Results)

Net Sales

15,582 million yen

YoY **+39.1%**

Operating Profit

1,810 million yen

YoY **-2.7%**

Ordinary Profit

1,869 million yen

YoY **-2.9%**

Profit Attributable to Owners of Parent

1,158 million yen

YoY **-5.7%**

Lifestyle Product Segment

Net Sales **11,204** million yen (+56.8%)

Segment Income **1,454** million yen (-4.9%)

See p.11 for more details

See p.30-32 for the service outline

Mobility & Energy Segment

Net Sales **3,718** million yen (+10.1%)

Segment Income **888** million yen (+15.9%)

See p.15 for more details

See p.33 for the service outline

Others

Net Sales **743** million yen (-2.0%)

Segment Income **-115** million yen (-)

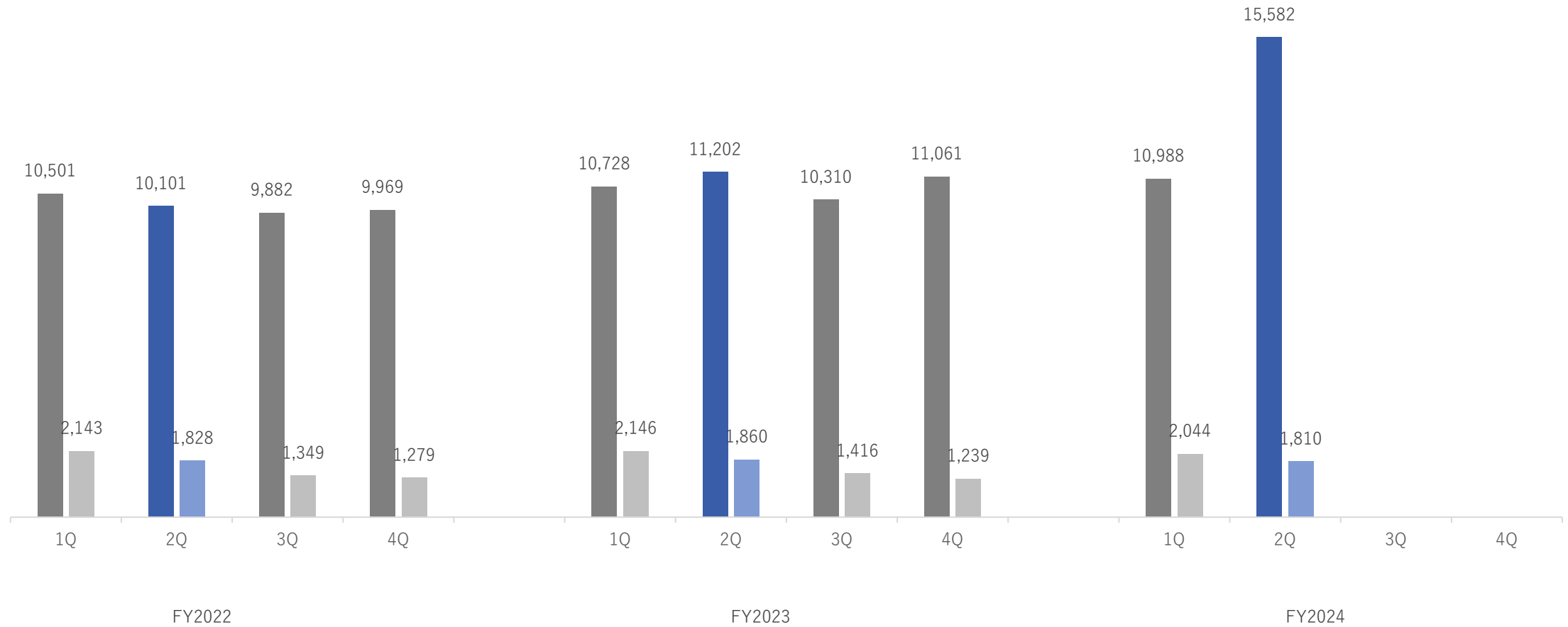
See p.18 for more details

See p.34 for the service outline

FY2022~FY2024 Consolidated Financial Results by Quarter

(million yen)

■ Net Sales ■ Operating Profit



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FY2024 Second Quarter Cumulative Results by Segment

Segment	(million yen)	FY2023 2Q	FY2024 2Q	YoY
Lifestyle Product	Net Sales	13,836	17,967	+29.9%
	Operating profit	3,254	3,094	-4.9%
Mobility & Energy	Net Sales	6,676	7,278	+9.0%
	Operating profit	1,565	1,832	+17.1%
Others	Net Sales	1,573	1,492	-5.2%
	Operating profit	-163	-223	-
Adjustment	Net Sales	-154	-167	-
	Operating profit	-649	-848	-
Total	Net Sales	21,931	26,571	+21.2%
	Operating profit	4,006	3,855	-3.8%

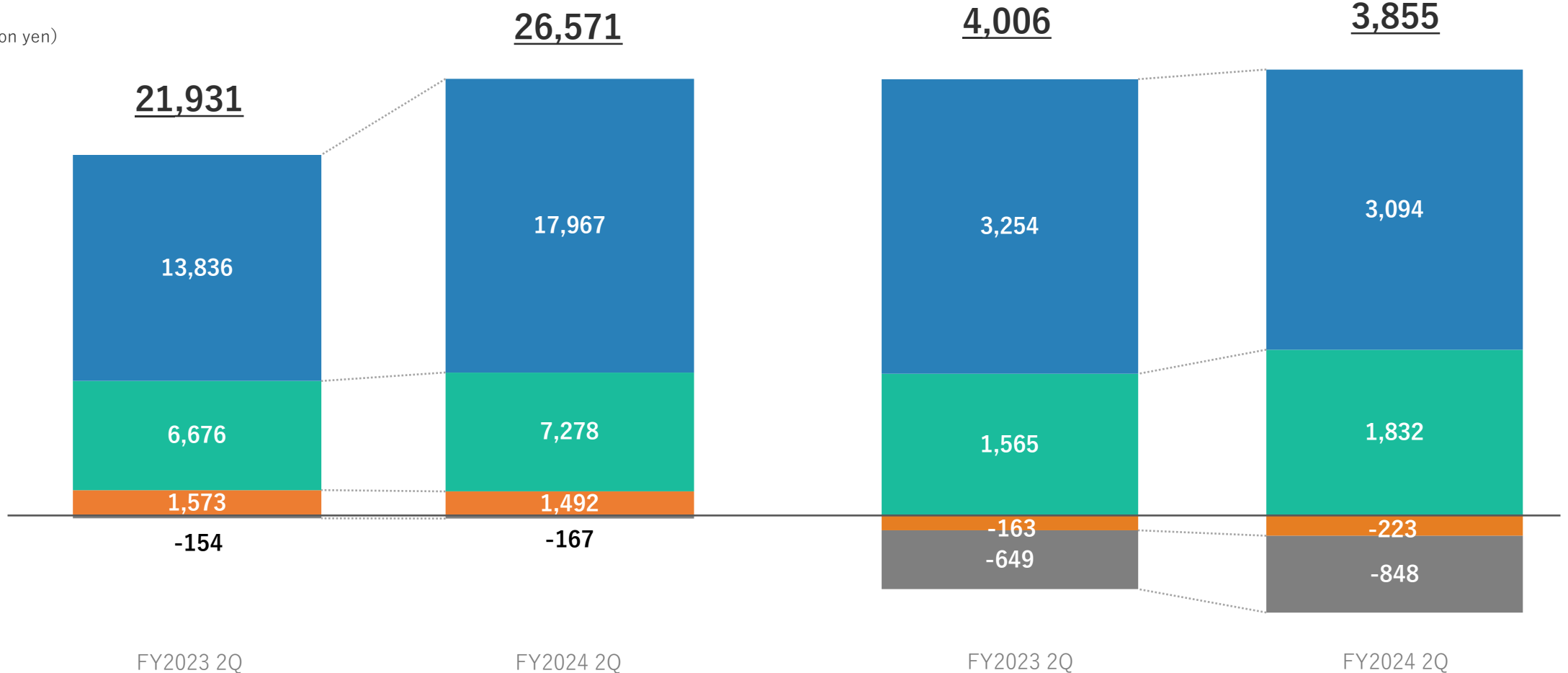
FY2024 Second Quarter Segment Increase/Decrease

- Lifestyle Product
- Mobility & Energy
- Others
- Adjustment

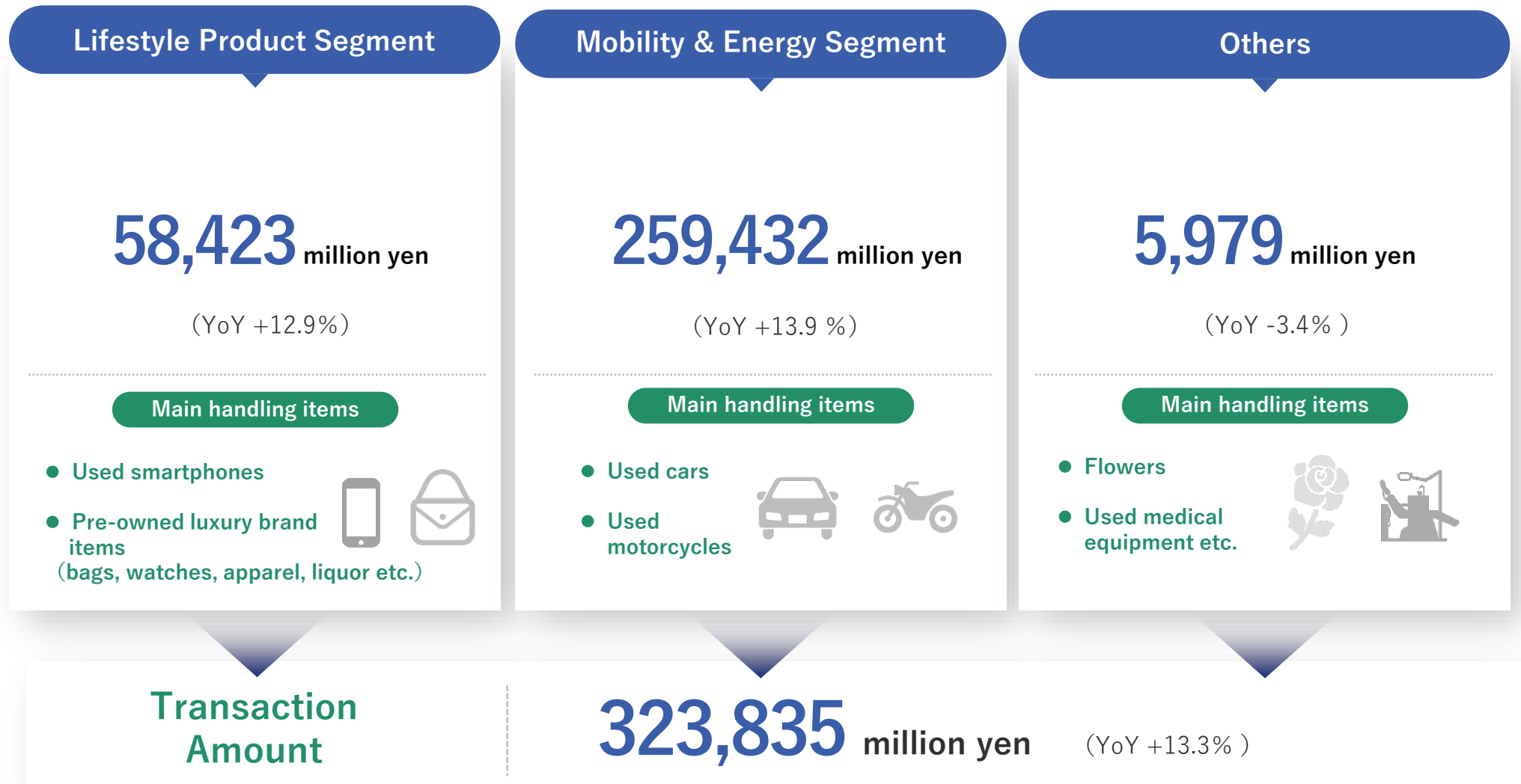
(million yen)

Net Sales

Operating Profit



FY2024 Second Quarter Cumulative 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 Second Quarter Cumulative Results

Lifestyle Product Segment

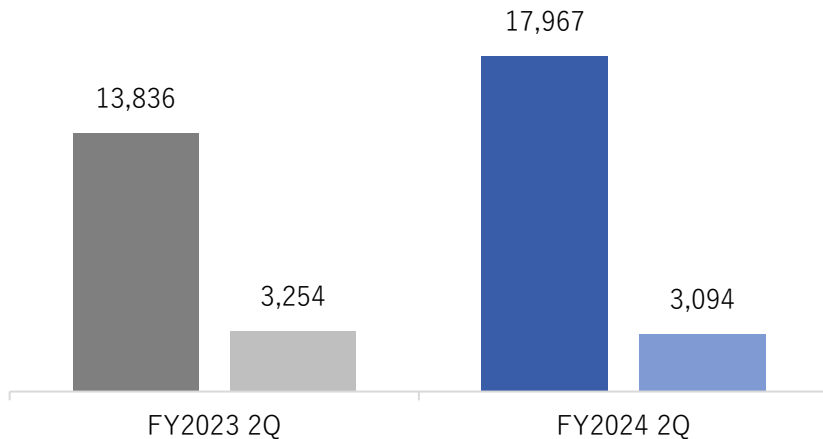
Summary

- Sales increased but profit decreased year on year (Net sales +29.9%, Segment income -4.9%)
- The Digital Product Business performed well due to establishment of new auctions and efficient operations of Asset Value Recovery as well as the impact of weak yen.
- In the Fashion Resale Business, favorable performance is seen due to inbound demands combined with weak yen while costs of overseas bases increased for BtoB business. In the businesses targeting consumers, transaction amount expanded due to the M&A of Defactostandard, Ltd. and JOYLAB, inc.
- The results of those two companies acquired are consolidated from 2Q (a three-month period) . At the same time, costs increased due to the recognition of expenses of the acquisitions.

Net Sales Composition

(million yen)	Main breakdown	FY2023 2Q	FY2024 2Q	YoY
Auction related revenues	Membership fees, commission fees, etc.	4,978	5,305	+6.6%
Product sales related revenues	Product sales in businesses targeting consumers, etc.	8,839	12,578	+42.3%
Other	BPO service, etc.	17	83	+368.1%
Inter-segment net sales or transfers		-	-	
Net Sales		13,836	17,967	+29.9%

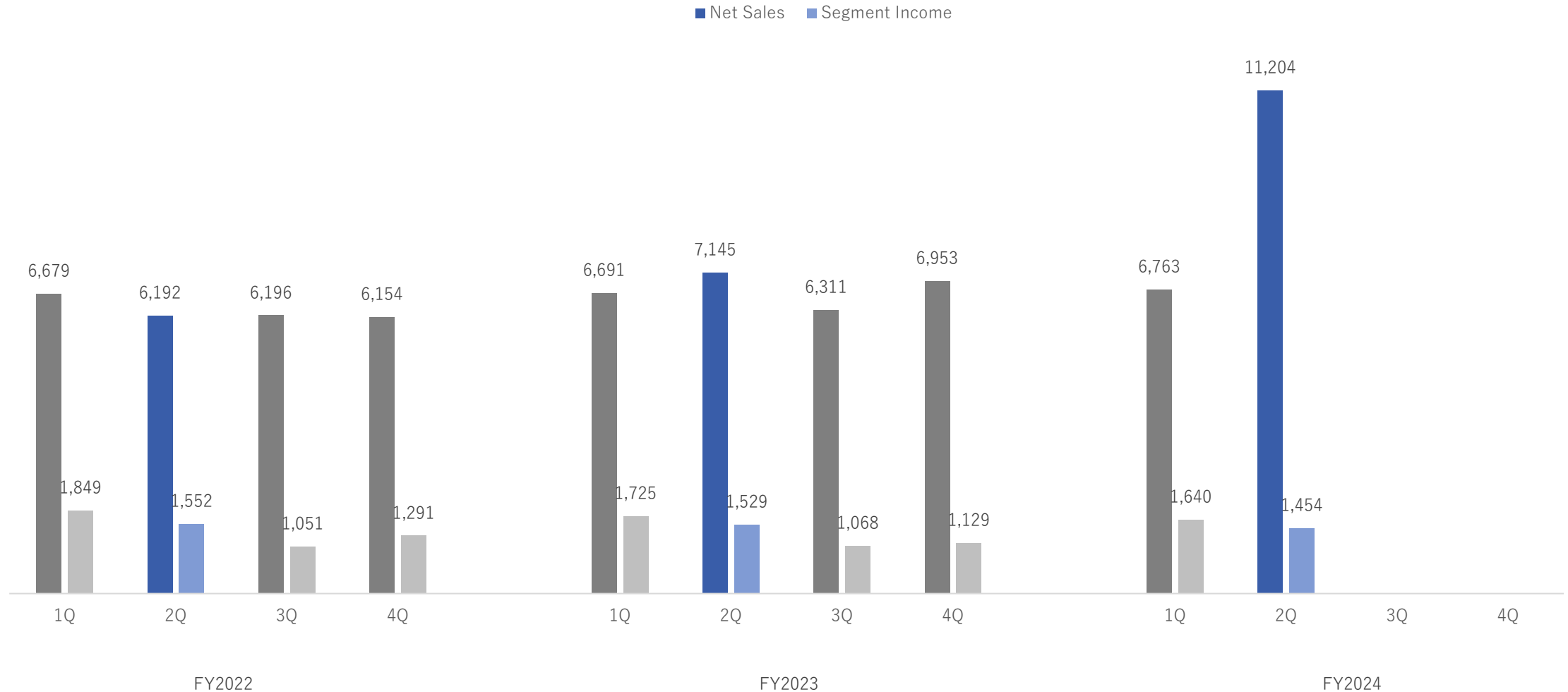
(million yen) ■ Net sales ■ Segment income



FY2022~FY2024 Results by Quarter

Lifestyle Product Segment

(million yen)



Digital Product Business

	FY2023 2Q	FY2024 2Q	YoY
Transaction amount (million yen)	24,081	25,050	+4.0%
Sales units (unit)	875,318	848,106	-3.1%
Number of members (member)	1,541	1,948	+26.4%

Due to measures to enhance buying power and impact of weak yen.

Transactions with new suppliers steadily expanded
The extent of the contraction of sales units narrowed year on year and is on a recovery trend.

Steady growth mainly among overseas buyers, thanks to successful use of digital marketing.

Fashion Resale Business

		FY2023 2Q	FY2024 2Q	YoY
BtoB business	Transaction amount (million yen)	21,807	25,114	+15.2%
	Items listed (item)	506,645	600,626	+18.5%
	Items sold* (item)	356,829	406,404	+13.9%
	Number of members (member)	4,503	5,281	+17.3%
Business targeting C	Transaction amount (million yen)	5,846	8,259	+41.3%

The transaction amount of acquired Defactostandard, Ltd. and JOYLAB, inc. has been reflected and consolidated since 2Q (a three-month period)

Expanded due to an increase in the number of items sold.

Performed favorable due to an increase in the number of members and the effects of customer success activities.

Inbound demands and weak yen led to an increase in the number of auctions won by the members who are domestic sellers, exporters and overseas members.

Sales measures succeeded and led to the steady growth of domestic and overseas members.

The decrease of market prices of some items handled by GALLERY RARE Ltd. bottomed out and is on a recovery.

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

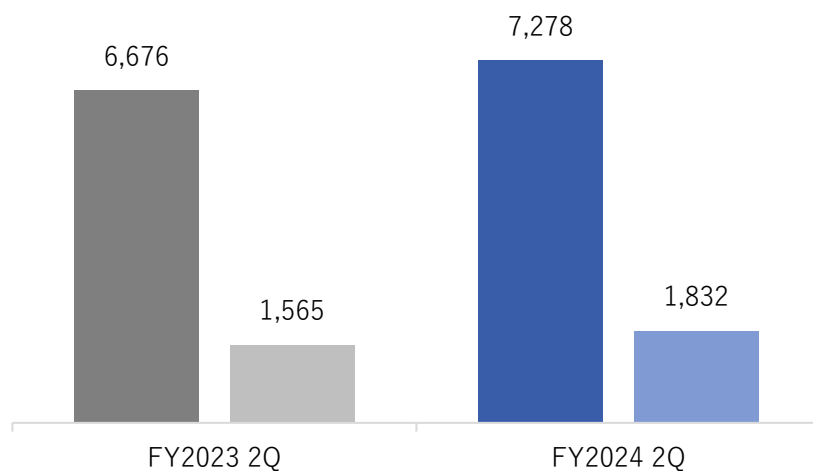
FY2024 Second Quarter Cumulative Results

Mobility & Energy Segment

Summary

- Both sales and profit increased year on year (Net sales +9.0%, Segment income +17.1%)
- The Automobile Business performed favorable due to an increase in the number of auctions won by strengthening service coordination of the shared inventory and the proxy bidding service, and an increase in the number of vehicles inspected due to high demands for a used vehicle listing platform.
- In the Motorcycle Business, the number of vehicle sold remained strong due to measures such as promoting the use of auction service by exporter members.

(million yen) ■ Net sales ■ Segment income



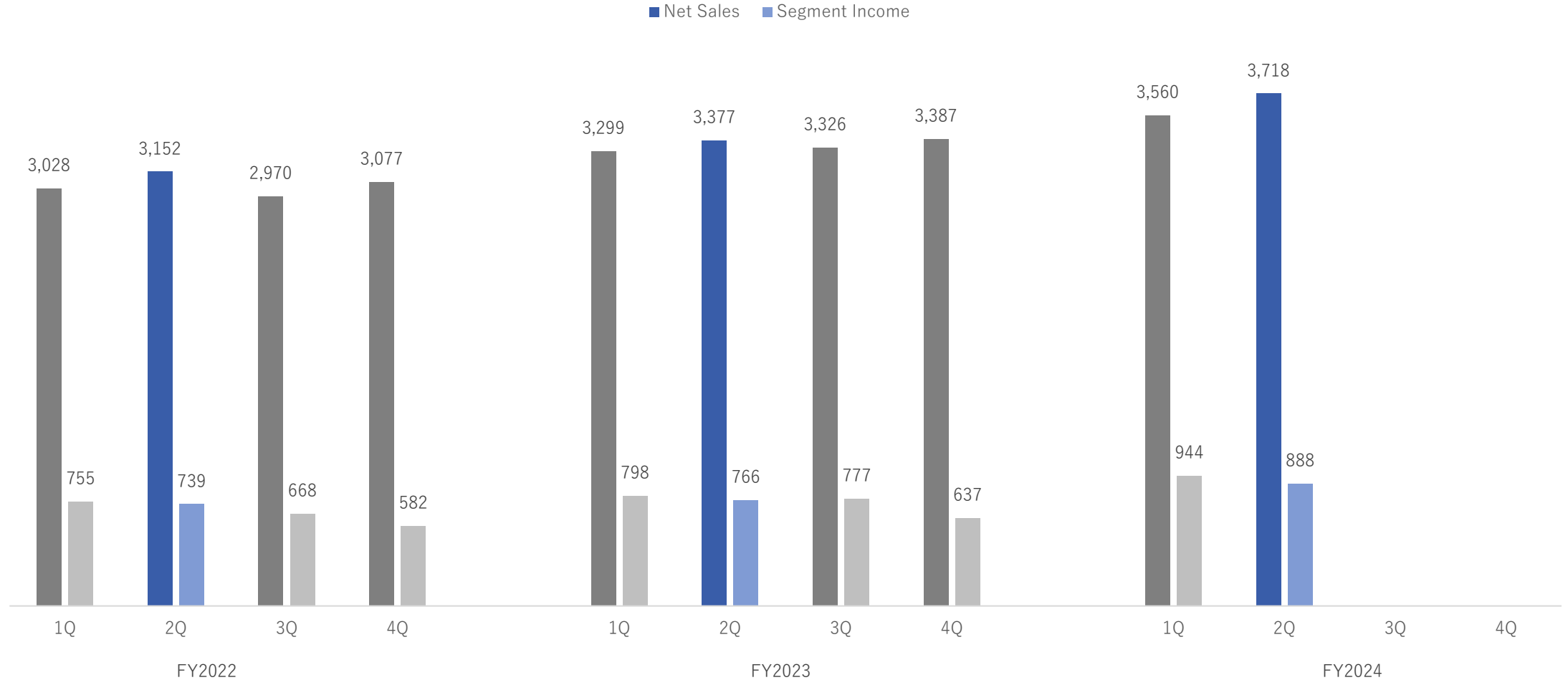
Net Sales Composition

(million yen)	Main breakdown	FY2023 2Q	FY2024 2Q	YoY
Auction related revenues	Membership fees, commission fees, etc.	4,442	4,799	+8.0%
Product sales related revenues	Sale of vehicles in the company's inventory, etc.	255	261	+2.1%
Other	AIS inspection fees, etc.	1,978	2,217	+12.1%
Inter-segment net sales or transfers		-	-	
Net Sales		6,676	7,278	+9.0%

FY2022~FY2024 Results by Quarter

Mobility & Energy Segment

(million yen)



Automobile and Motorcycle Business

Automobile		FY2023 2Q	FY2024 2Q	YoY
Transaction amount	(million yen)	223,505	254,208	+13.7%
Total vehicles sold/bought	(unit)	257,183	269,281	+4.7%
Number of members	(member)	15,091	15,309	+1.4%
Motorcycle		FY2023 2Q	FY2024 2Q	YoY
Transaction amount	(million yen)	4,339	5,223	+20.4%
Total vehicles sold/bought	(unit)	13,119	15,089	+15.0%
Number of members	(member)	2,655	2,601	-2.0%
Vehicles inspected※	(unit)	625,934	679,853	+8.6%

Transaction amount expanded influenced by soaring domestic used vehicle market prices due to a short supply of new vehicles in addition to an increase in the number of vehicles sold.

Strengthening service coordination of the shared inventory and the proxy bidding service and increasing the number of auctions won by exporter members.

The number of members for the proxy bidding service remained strong by enhancing member support

Transaction amount expanded with a rising trend of average unit prices of vehicles sold in 2Q (a three-month period) in addition to an increase in the number of vehicles sold.

An increase in the total number of vehicle sold / auctions won especially for exporter members of used motorcycle auctions coupled with the situation of weak yen.

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

Demands of inspections for a used vehicle listing platform continued high and the highest record number of vehicles inspected of the month in April has been achieved.

*Total number of used cars and motorcycles inspected.

FY2024 Second Quarter Cumulative Results

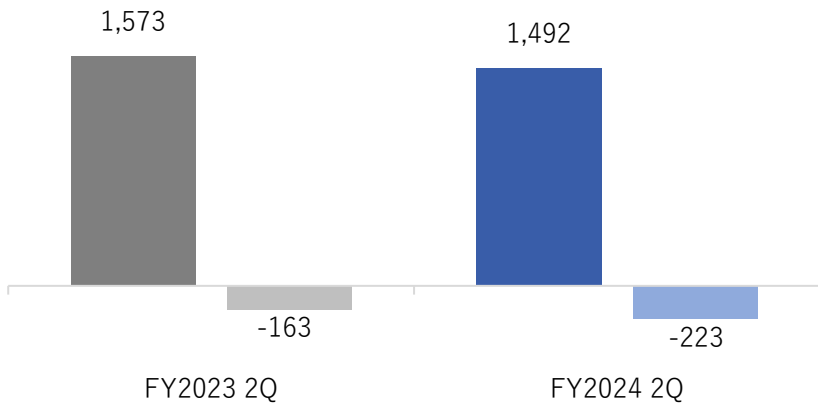
▶▶▶ See p.34 for service outline

Others

Summary

- Both sales and profit decreased year on year. (Net sales -5.2%, Operating loss in the previous year: 163 million yen)
- In the Agricultural Business, the number of flowers collected slightly increased, however costs associated with the area expansion in Kansai base in addition to a decrease in the transaction amount due to the average unit prices did not reach the level of the previous year, and the soaring logistic costs.
- In the Circular Commerce Business, we have continued upfront investments for new business creation and focused on expansion of distribution, while PoC of distribution service for used office furniture has been conducted.

(million yen) ■ Net sales ■ Segment income



Net Sales Composition

(million yen)	Main breakdown	FY2023 2Q	FY2024 2Q	YoY
Auction related revenues	Membership fees, commission fees, etc.	605	602	-0.5%
Product sales related revenues	Negotiated sales, etc.	374	344	-8.0%
Other	BPO service, etc.	439	377	-14.1%
Inter-segment net sales or transfers		154	167	+8.7%
Net Sales		1,573	1,492	-5.2%

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Revisions on the Forecast of FY2024 Consolidated Results

- The result forecasts have been revised taking into account the impact of the acquisitions of Defactostandard, Ltd. and JOYLAB, inc.

Details of the impact

Expected results of both companies, goodwill write-off and acquisition related costs, etc.

Period of consolidation

1 April 2024 – 31 December 2024

- The results of existed businesses are generally in line with our expectation in the first half of the year.

(million yen)	FY2024 Forecast at the Beginning of the Term (14 Feb. 2024)	FY2024 Revised Forecast (8 Aug. 2024)
Net Sales	48,000	58,000
Operating profit	7,000	7,000
Operating profit margin	14.6%	12.1%
Ordinary profit	7,059	7,090
Profit attributable to owners of parent	4,465	4,508
Basic earnings per share	188.77 yen	189.76 yen
Dividend per share	57.00 yen	57.00 yen
Dividend payout ratio	30.2%	30.0%

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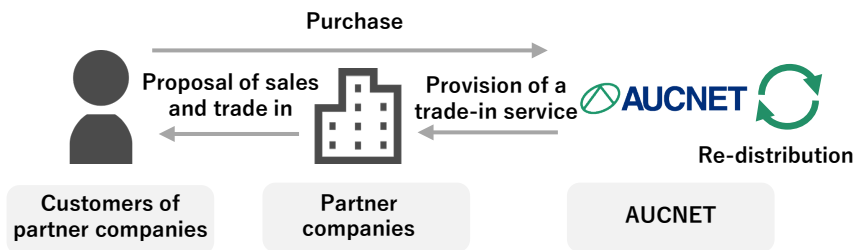
Issuance of CO₂ Reduction Reports in the Trade-in Service

- Issuance of CO₂ reduction reports is conducted in the smartphone and tablet device purchase service for businesses offered by the Digital Product Business.

Trade-in Service

We commenced a trade-in service for consumers in 2023 and are expanding handling products.

In May 2024, a trade-in service for businesses commenced to support purchasing smartphones and tablet devices for our partner companies.



CO₂ Reduction Report

Issuing a CO₂ reduction report visualized their environmental contribution to those companies that sold devices.

The amount of CO₂ reduced is reliable data verified and certified by third party institutions at the calculation of GCV, our proprietary indicator of environmental contribution.

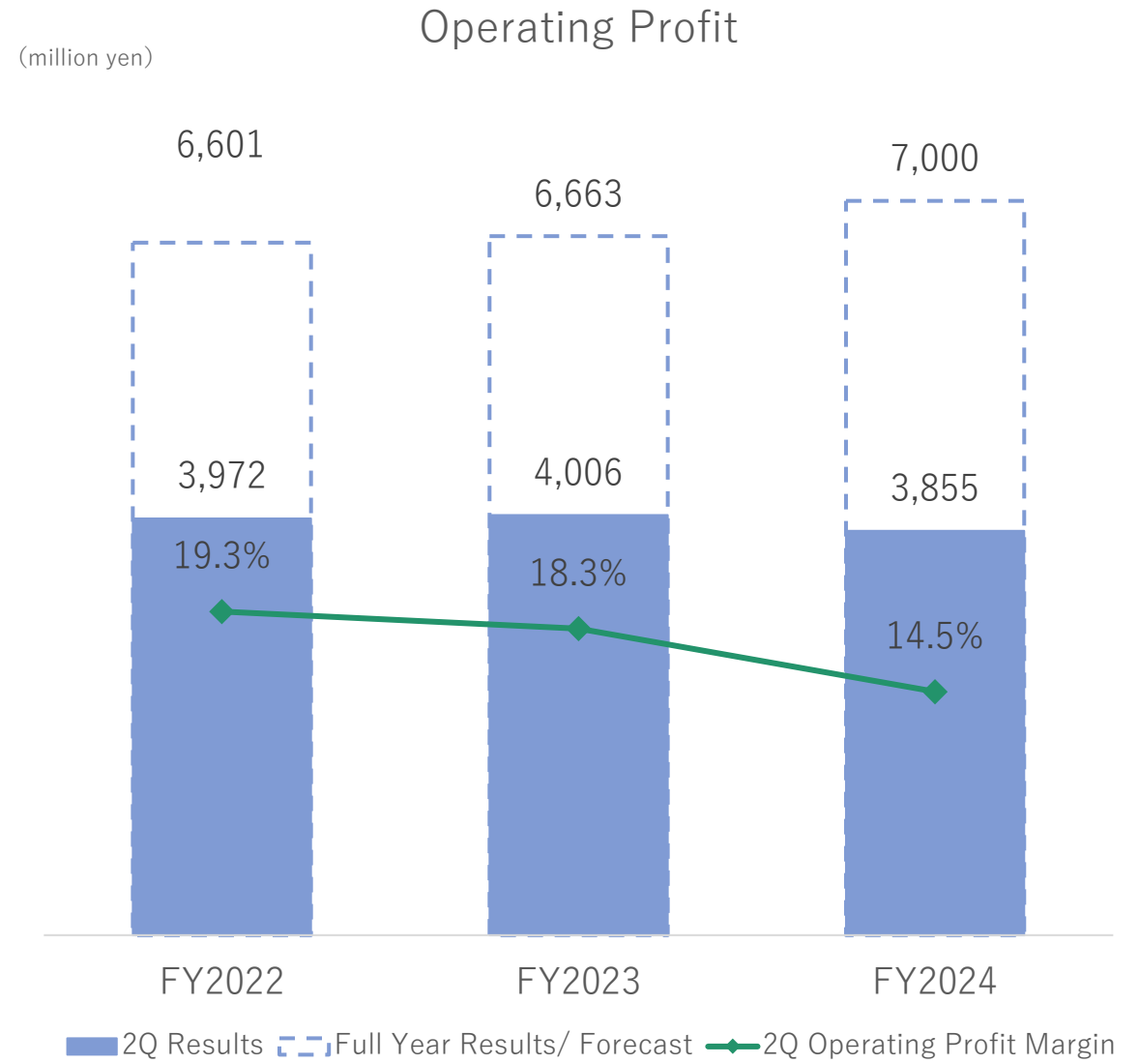
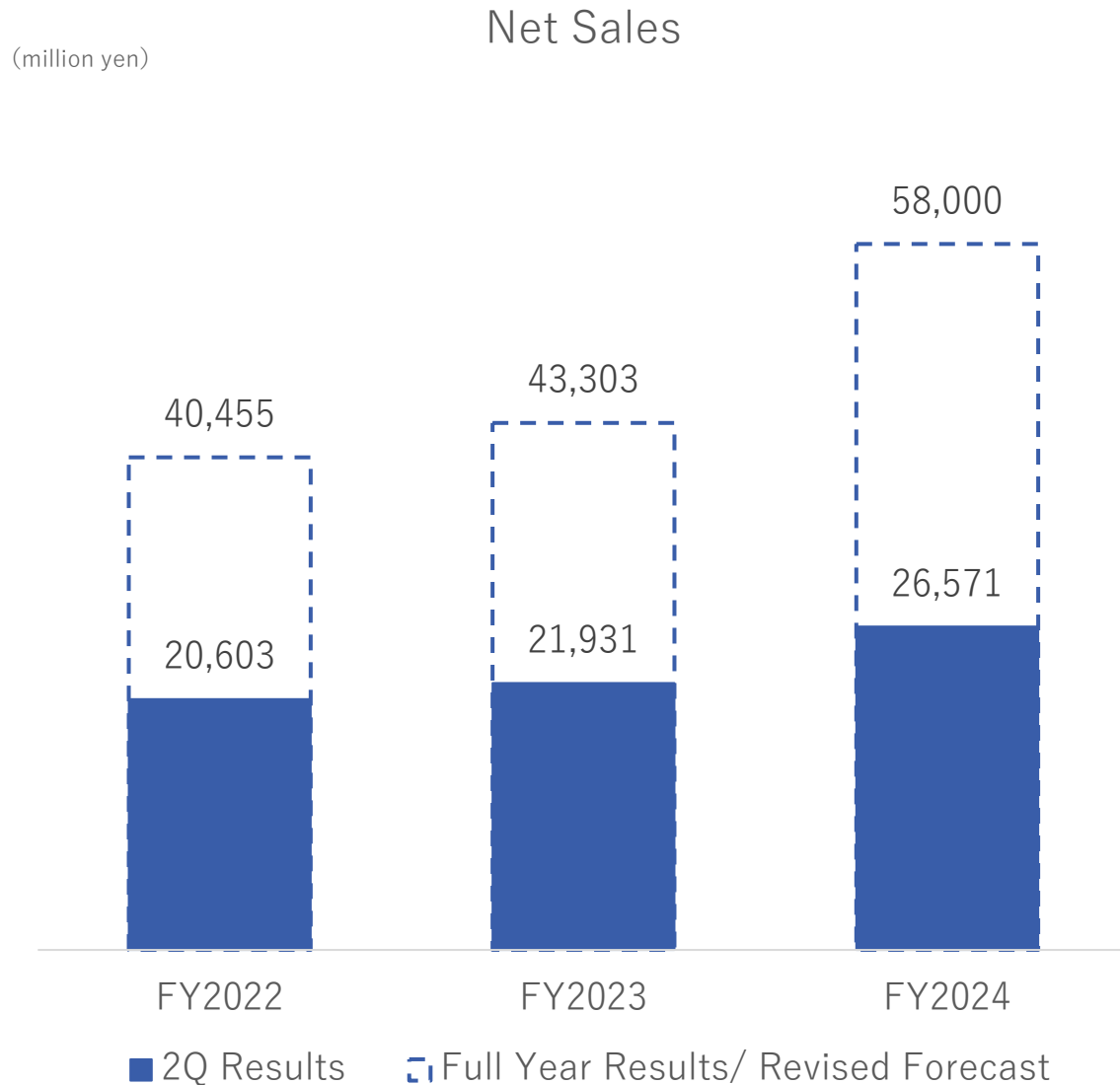


*This image is for illustration purposes.

We will continue to provide opportunities for more and more of our partner companies and their customers feel their environmental contribution and expand the scope of sustainability.

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FY2022~FY2024 Consolidated Results by Fiscal Year



Consolidated Balance Sheets & Statements of Cash Flows

Assets (million yen)	FY2023 end of December	FY2024 end of June	Increase/ Decrease
Current assets	30,953	34,793	+3,840
Cash and deposits	19,572	17,590	-1,982
Due from auction members	3,892	7,220	+3,327
Other	7,487	9,982	+2,495
Non-current assets	6,711	9,892	+3,181
Property, plant and equipment	1,601	1,949	+347
Intangible assets	1,358	2,711	+1,352
Other	3,750	5,231	+1,481
Total assets	37,664	44,686	+7,021

Liabilities and net assets (million yen)	FY2023 end of December	FY2024 end of June	Increase/ Decrease
Current liabilities	12,119	16,623	+4,504
Due to auction members	7,631	11,761	+4,130
Other	4,487	4,861	+374
Non-current liabilities	3,233	3,334	+100
Retirement benefit liability	1,884	1,890	+6
Other	1,349	1,443	+94
Total liabilities	15,353	19,958	+4,605
Total net assets	22,310	24,727	+2,416
Total liabilities and net assets	37,664	44,686	+7,021

(million yen)	FY2023 2Q	FY2024 2Q	YoY
Cash flows from operating activities	4,371	3,714	-657
Cash flows from investing activities	-365	-2,410	-2,045
Cash flows from financing activities	-4,201	-3,399	+802
Cash and cash equivalents at end of period	19,814	17,590	-2,224

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	12,090	-	-	
		Sales units (unit)	526,106	499,014	351,156	428,275	445,227	430,091	337,758	365,295	453,470	394,636	-	-	
		Number of members (member)	1,044	1,132	1,240	1,337	1,359	1,541	1,674	1,779	1,852	1,948	-	-	
	Fashion Resale	BtoB business	Transaction amount (million yen)	9,117	9,239	9,578	10,539	10,644	11,163	10,903	11,351	11,136	13,977	-	-
			Items listed (item)	223,206	262,443	251,644	288,861	236,869	269,776	265,922	294,166	281,383	319,243	-	-
			Items sold ※1 (item)	160,850	174,562	166,850	187,706	174,900	181,929	172,573	186,430	189,124	217,280	-	-
		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	5,281	-	-
	Transaction amount (million yen)	2,747	2,544	2,912	2,582	2,812	3,033	2,909	2,936	2,533	5,725	-	-		
Mobility & Energy Segment	Automobile	Transaction amount (million yen)	84,641	100,796	106,313	96,646	104,769	118,736	111,284	107,347	124,533	129,674	-	-	
		Total vehicles sold/bought (unit)	104,115	114,338	111,674	105,316	121,962	135,221	122,723	122,710	135,464	133,817	-	-	
		Membership fee	Number of members (member)	14,663	14,706	14,847	14,949	14,999	15,091	15,155	15,142	15,143	15,309	-	-
	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	2,955	-	-
			Total vehicles sold/bought (unit)	5,404	6,609	6,065	5,835	5,877	7,242	6,771	6,494	6,929	8,160	-	-
		Membership fee	Number of members (member)	2,678	2,641	2,647	2,652	2,646	2,655	2,647	2,624	2,616	2,601	-	-
	Inspection fee	Vehicles inspected ※3 (unit)	269,476	268,758	262,791	284,997	318,348	307,586	303,764	333,210	336,136	343,717	-	-	

- * 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

AUCNET Brand Auction

- 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

GALLERY RARE

- 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.



VALTIQUE VINTAGE TOKYO

- 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

Fashion Resale Business



Purchase and sales business of luxury brand items offered by Defactostandard, Ltd.

- The cumulative number of the service users reached more than **4 millions***1
- Various sales channels for mainly consumers

ブランド品売るなら
ブランドディアにお任せ

  カンタン買取で現金化



Purchase Service

Home pick-up



Store



Online



Alliance-based model*2

Sales Service

In-house



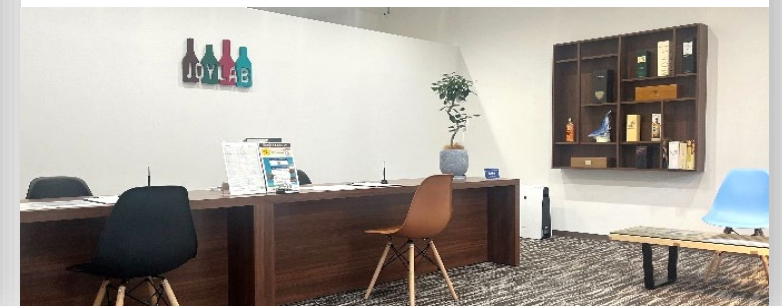
Brandear.com

*Other than above, sales are made in cooperation with other malls in and outside of Japan.



Purchase and sales service for alcoholic beverages offered by JOYLAB,inc.

- The largest scale of domestic secondary distribution in alcohol beverages.
- Strong power of purchase led by nationwide home pick-up and alliance with Brandear as well as the directly managed stores in major cities nationwide (**10 stores**)



*1 as of April 2023

*2 Purchase by other companies in alliance © 2024 AUCNET INC.

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.

