

**Consolidated Financial Statements for the Second Quarter of
the Fiscal Year Ending December 31, 2021
[Japanese GAAP]**



August 10, 2021

Company name: **AUCNET INC.**

Stock exchange listing: Tokyo Stock Exchange

Code number: 3964

URL: <https://www.aucnet.co.jp/>

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Scheduled date of filing quarterly report: August 10, 2021

Scheduled date of commencing dividend payments: September 1, 2021

Preparation of supplementary explanatory materials: Yes

Quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending December 31, 2021

(January 1, 2021 – June 30, 2021)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2021	18,611	78.7	3,515	98.8	3,718	106.3	2,383	125.0
June 30, 2020	10,416	4.6	1,768	32.9	1,803	36.5	1,059	60.6

(Note) Comprehensive income: Six months ended June 30, 2021: ¥2,546 million [153.3%]

Six months ended June 30, 2020: ¥1,005 million [28.7%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
June 30, 2021	85.95		85.25	
June 30, 2020	38.33		37.99	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of June 30, 2021	38,142		21,955		56.7	
As of December 31, 2020	33,280		19,637		58.1	

(Reference) Equity: As of June 30, 2021: ¥21,611 million

As of December 31, 2020: ¥19,324 million

2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2020	–	10.00	–	11.00	21.00
Year ending December 31, 2021	–	19.00			
Year ending December 31, 2021 (Forecast)			–	19.00	38.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Forecast of Consolidated Results for the Fiscal Year Ending December 31, 2021 (January 1, 2021 - December 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	36,655	52.2	5,600	51.1	5,756	58.0	3,471	83.0	124.36

(Note) Revision to the forecast of consolidated results announced most recently: Yes

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

June 30, 2021:	27,917,100 shares
December 31, 2020:	27,863,500 shares
 - 2) Total number of treasury shares at the end of the period:

June 30, 2021:	140,516 shares
December 31, 2020:	147,316 shares
 - 3) Average number of shares during the period:

Six months ended June 30, 2021:	27,730,374 shares
Six months ended June 30, 2020:	27,641,633 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of performance forecast and other notes

The earnings forecast and other forward-looking statements herein are based on the information currently available and certain assumptions deemed reasonable by the Company, and the Company does not guarantee their achievement. In addition, actual results may differ significantly from these forecasts due to a wide range of factors. For cautionary notes on assumptions that form the basis of the performance forecast and the use of performance forecast, please see “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information” on page 5 of the attachments.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information	5
2. Quarterly Consolidated Financial Statements and Primary Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Notes to Quarterly Consolidated Financial Statements	10
(Notes on going concern assumption)	10
(Notes in case of significant changes in amount of shareholders' equity)	10
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)	10
(Segment information, etc.)	10

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

Forward-looking statements in this document are based on the judgments of the Group (the Company and its consolidated subsidiaries) as of the end of the second quarter of the fiscal year under review.

During the six months ended June 30, 2021, the Japanese economy continued to face a severe condition due to the impact of the novel coronavirus (COVID-19). Going forward, the effects of an array of government policies are expected to put the economy back on track. With the spread of infections both in and outside of Japan, and with the ongoing unpredictability of fluctuations in financial capital markets, however, there will continue to be the need to keep a close eye on trends and to have in place measures to prevent the spread of infections. Under these circumstances, in line with our brand statement, “Shaping the Future of Commerce,” the Company has worked to further improve its social and economic value by providing competitive value-added products and services to promote information distribution in addition to its B2B information distribution intermediary businesses.

As a result, for the six months ended June 30, 2021, net sales were ¥18,611,426 thousand (up 78.7% from the same period of the previous fiscal year), operating profit was ¥3,515,918 thousand (up 98.8% from the same period of the previous fiscal year), ordinary profit was ¥3,718,852 thousand (up 106.3% from the same period of the previous fiscal year), and profit attributable to owners of parent was ¥2,383,490 thousand (up 125.0% from the same period of the previous fiscal year).

Performance results by business segment are as follows.

In view of the growing scale of business in auctions for pre-owned luxury brand items and other services, the Company has changed its segments from the fiscal year ended December 31, 2020. The “Other Information Distribution Business” segment, which comprised auctions for pre-owned luxury brand items, used motorcycles, and flowers, has been discontinued. Auctions for pre-owned luxury brand items are now included in the new “Consumer Product Business” segment, while auctions for used motorcycles and flowers have been consolidated into the existing “Others” segment.

For the following comparison with the previous year, the figures are compared by restating the figures of the previous year to match the new segment classification.

(Automobile Business)

The Automobile Business comprises the Company’s mainstay used vehicle auctions (*1), shared inventory market (*2), live linked auctions (*3), proxy bidding service (*4), used vehicle inspection service (*5), and other services.

In the Japanese automotive sector, which has close connections with our business, total new-vehicle registrations (*6) increased 11.6% year-on-year to 2.46 million units in the six months ended June 30, 2021. The total number of used-vehicle registrations (*7) increased 4.0% year-on-year to 3.60 million units, and the number of vehicles listed (*8) at auctions around Japan increased 1.8% year-on-year to 3.74 million units. The total number of vehicles sold at auction (*8) increased 14.7% year-on-year to 2.52 million units.

In addition to online auctions and proxy services becoming more prevalent in the industry, demand for used vehicles is rising against the backdrop of prolonged delivery lead times for new vehicles caused by a shortage of semiconductors and a recovery of used car exports, which led to a trend of persistent supply shortages. Under these circumstances, for our used vehicle auctions, although the number of vehicles listed fell below that of the same period in the previous fiscal year, the number of vehicles sold rose year on year. For the same reason, the number of vehicles sold in the shared inventory market also increased. For our live linked auctions and proxy bidding service, the number of vehicles bought increased significantly from the same period of the previous fiscal year, due to the continued rise in the need for remote participation in live linked auctions. As a result of these solid results, auction-related sales increased by 12.1% year on year.

Furthermore, in the used vehicle inspection service as well, the number of vehicles inspected for outside customers remained favorable as in the first quarter, thus contributing to the improvement of business performance.

As a result, for the six months ended June 30, 2021, net sales (including inter-segment net sales) were ¥6,194,323 thousand (up 8.3% from the same period of the previous year), and operating profit was ¥1,967,181 thousand (up 17.5% from the same period of the previous year).

- (*1) The used vehicle auctions are real-time, members-only online auctions run by the Company.
- (*2) The shared inventory market is a system that allows Aucnet Group member sellers to share inventory with other members online. The inventory remains at the seller's premises while other members access it via the online system.
- (*3) The live-linked auctions use an online live-link system that enables real-time remote access to participate at physical auction sites, through partnerships between AUCNET and the physical auction sites.
- (*4) The proxy bidding service is an agency service provided by i-Auc, Inc. to buy, sell, settle payment for and transport used vehicles at auctions on behalf of its members.
- (*5) The used vehicle inspection service and related inspection skills training services are provided by AIS INC.
- (*6) Based on statistics compiled by Japan Automobile Dealers Association
- (*7) Based on statistics compiled by Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association
- (*8) Based on U-Car Full Data Book and Export Quotation Book

(Digital Product Business)

The Digital Product Business comprises auctions for used digital equipment including used smartphones and used PCs, and services pertaining to distribution.

In Japan, the number of sales unit as well as unit prices of devices increased due to a robust number of trade-in devices and strengthened sales channels such as an expanded overseas buyer network. In addition to this, the Company streamlined its business such as by improving operations and conducted a cost review, thereby leading to increases in both sales and profit in the six months ended June 30, 2021. Moreover, in auctions for used PCs as well, the used items distribution market remained robust, and the numbers of incoming items and items listed both increased from the same period of the previous year.

In the U.S. business, the numbers of both incoming items and sales unit increased compared to the same period of the previous year, and the deficit margin narrowed on the profit side.

As a result, for the six months ended June 30, 2021, net sales were ¥3,923,776 thousand (up 32.9% from the same period of the previous year), and operating profit was ¥2,230,328 thousand (up 82.3% from the same period of the previous year).

(Consumer Product Business)

The Consumer Product Business comprises auctions for pre-owned luxury brand items and services pertaining to distribution, including those targeting consumers.

In the B2B business, the increased penetration of online auctions in the industry has resulted in continued favorable auction transactions, with a trend toward ongoing increases in the number of items sold. In addition, higher average price of units sold was buoyed by soaring market prices, and the transaction amount of auctions increased substantially. Given this situation, profit for this segment for the six months ended June 30, 2021 rose significantly compared to the same period of the previous year.

The addition of GALLERY RARE Ltd. to the scope of consolidation in October last year resulted in a substantial increase in the segment's net sales compared to the same period of the previous fiscal year, owing to the posting of net sales for business targeting consumers associated with retail sales. On the other hand, the segment's profit margin experienced a relative decline.

As a result, for the six months ended June 30, 2021, net sales were ¥6,916,818 thousand (up 1,066.2% from the same period of the previous year), and operating profit was ¥649,884 thousand (up 170.2% from the same period of the previous year).

(Others)

The Others segment comprises auctions for used motorcycles and flowers, system development and provision, communications and operations maintenance service provision, used medical equipment-related businesses, and overseas businesses.

In this segment, for the six months ended June 30, 2021, net sales (including inter-segment net sales) were ¥1,840,087 thousand (up 24.6% from the same period of the previous year), and operating loss was ¥86,627 thousand (the operating loss for the same period of the previous year was ¥184,961 thousand).

(2) Explanation of Financial Position

1) Overview of Assets, Liabilities, and Net Assets

Total assets as of the end of the second quarter of the current fiscal year amounted to ¥38,142,382 thousand, an increase of ¥4,861,559 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥5,008,306 thousand increase in cash and deposits and a ¥385,266 thousand increase in due from auction members, despite a ¥195,060 thousand decrease in other intangible assets and a ¥462,147 thousand decrease in investments and other assets.

Total liabilities amounted to ¥16,186,430 thousand, an increase of ¥2,543,293 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥2,607,793 thousand increase in due to auction members and a ¥224,702 thousand increase in income taxes payable, despite a ¥297,245 thousand decrease in other current liabilities.

Total net assets amounted to ¥21,955,951 thousand, an increase of ¥2,318,265 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥2,076,994 thousand increase in retained earnings and a ¥138,208 thousand increase in valuation difference on available-for-sale securities.

2) Overview of Cash Flows

Cash and cash equivalents as of the end of the second quarter of the current fiscal year amounted to ¥20,744,692 thousand, an increase of ¥5,300,542 thousand from the end of the previous fiscal year.

The status of cash flows by activity in the six months ended June 30, 2021, and the main factors affecting cash flows are as follows.

(Cash Flows from Operating Activities)

Cash provided by operating activities amounted to ¥5,031,849 thousand. As a main breakdown of inflows, profit before income taxes was ¥3,786,752 thousand, depreciation was ¥372,198 thousand, and increase in due to auction members was ¥2,607,793 thousand. Outflows consisted primarily of ¥385,266 thousand in increase in due from auction members and ¥1,096,065 thousand in income taxes paid.

(Cash Flows from Investing Activities)

Cash provided by investing activities amounted to ¥282,565 thousand. As a main breakdown of inflows, proceeds from withdrawal of time deposits were ¥380,000 thousand, and proceeds from sales of investment securities were ¥577,024 thousand. As a main breakdown of outflows, payments into time deposits were ¥410,000 thousand, purchase of property, plant and equipment amounted to ¥200,949 thousand, and purchase of intangible assets was ¥112,544 thousand.

(Cash Flows from Financing Activities)

Cash used in financing activities amounted to ¥304,346 thousand. This is mainly attributable to dividends paid of ¥306,365 thousand.

(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

With regard to the consolidated earnings forecasts for the fiscal year ending December 31, 2021, we have revised the figures announced on May 11, 2021, in light of the recent business trend.

The forecasts are based on information currently available and actual results may differ from the forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	16,776,386	21,784,692
Notes and accounts receivable – trade	1,185,487	1,214,134
Inventories	1,774,274	1,748,910
Due from auction members	4,253,161	4,638,427
Other	1,935,683	1,974,684
Allowance for doubtful accounts	(126,899)	(60,360)
Total current assets	25,798,093	31,300,489
Non-current assets		
Property, plant and equipment	1,575,973	1,652,321
Intangible assets		
Goodwill	790,350	730,374
Other	1,250,362	1,055,301
Total intangible assets	2,040,713	1,785,676
Investments and other assets	3,866,043	3,403,895
Total non-current assets	7,482,729	6,841,892
Total assets	33,280,823	38,142,382
Liabilities		
Current liabilities		
Accounts payable – trade	827,655	791,886
Due to auction members	7,032,946	9,640,739
Income taxes payable	1,032,073	1,256,776
Other provisions	187,203	322,287
Other	1,586,028	1,288,782
Total current liabilities	10,665,908	13,300,471
Non-current liabilities		
Retirement benefit liability	1,744,261	1,754,079
Provision for share-based remuneration	124,282	133,324
Other provisions	20,508	9,895
Other	1,088,177	988,659
Total non-current liabilities	2,977,229	2,885,959
Total liabilities	13,643,137	16,186,430
Net assets		
Shareholders' equity		
Share capital	1,765,614	1,799,358
Capital surplus	6,815,614	6,849,359
Retained earnings	10,742,310	12,819,305
Treasury shares	(241,056)	(229,927)
Total shareholders' equity	19,082,483	21,238,095
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216,400	354,609
Foreign currency translation adjustment	(5,002)	(7,725)
Remeasurements of defined benefit plans	30,333	26,895
Total accumulated other comprehensive income	241,731	373,780
Non-controlling interests	313,471	344,075
Total net assets	19,637,686	21,955,951
Total liabilities and net assets	33,280,823	38,142,382

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended June 30, 2020 and 2021

(Thousand yen)

	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Net sales	10,416,552	18,611,426
Cost of sales	4,518,885	9,794,639
Gross profit	5,897,666	8,816,786
Selling, general and administrative expenses	4,128,724	5,300,868
Operating profit	1,768,942	3,515,918
Non-operating income		
Interest income	34,886	2,559
Dividend income	34,032	33,644
Foreign exchange gains	—	155,807
Reversal of allowance for doubtful accounts	3,943	30,715
Other	14,862	31,848
Total non-operating income	87,725	254,574
Non-operating expenses		
Interest expenses	475	599
Foreign exchange losses	26,549	—
Share of loss of entities accounted for using equity method	8,337	18,469
Provision of allowance for doubtful accounts	18,234	—
Loss on cancellation of insurance policies	—	25,548
Other	42	7,023
Total non-operating expenses	53,639	51,641
Ordinary profit	1,803,028	3,718,852
Extraordinary income		
Gain on sales of investment securities	—	90,338
Other	—	15,943
Total extraordinary income	—	106,282
Extraordinary losses		
Loss on sales and retirement of non-current assets	—	8,002
Loss on debt transfer	—	30,218
Loss on valuation of shares of subsidiaries and associates	8,676	—
Other	—	161
Total extraordinary losses	8,676	38,382
Profit before income taxes	1,794,351	3,786,752
Income taxes	717,244	1,372,657
Profit	1,077,107	2,414,095
Profit attributable to non-controlling interests	17,580	30,604
Profit attributable to owners of parent	1,059,526	2,383,490

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended June 30, 2020 and 2021

(Thousand yen)

	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Profit	1,077,107	2,414,095
Other comprehensive income		
Valuation difference on available-for-sale securities	(60,629)	138,208
Foreign currency translation adjustment	(6,103)	(2,722)
Remeasurements of defined benefit plans, net of tax	(5,061)	(3,437)
Total other comprehensive income	(71,794)	132,048
Comprehensive income	1,005,312	2,546,144
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	987,731	2,515,539
Comprehensive income attributable to non-controlling interests	17,580	30,604

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,794,351	3,786,752
Depreciation	371,983	372,198
Amortization of goodwill	—	59,976
Increase (decrease) in allowance for doubtful accounts	35,470	(57,385)
Increase (decrease) in retirement benefit liability	28,377	4,860
Increase (decrease) in provision for share-based remuneration	20,661	9,042
Increase (decrease) in other provisions	74,841	128,368
Interest and dividend income	(68,919)	(36,203)
Interest expenses	475	599
Share of loss (profit) of entities accounted for using equity method	8,337	18,469
Loss (gain) on sales of investment securities	—	(90,338)
Loss on valuation of shares of subsidiaries and associates	8,676	—
Decrease (increase) in trade receivables	(55,269)	(11,299)
Decrease (increase) in due from auction members	71,449	(385,266)
Decrease (increase) in inventories	194,304	30,348
Increase (decrease) in trade payables	53,625	(37,799)
Increase (decrease) in due to auction members	440,563	2,607,793
Loss on retirement of non-current assets	—	8,002
Other, net	(196,801)	(320,123)
Subtotal	2,782,128	6,087,996
Interest and dividends received	68,569	42,307
Interest paid	(315)	(2,388)
Income taxes paid	(541,794)	(1,096,065)
Income taxes refund	40,002	—
Net cash provided by (used in) operating activities	2,348,591	5,031,849
Cash flows from investing activities		
Payments into time deposits	(340,000)	(410,000)
Proceeds from withdrawal of time deposits	290,000	380,000
Purchase of property, plant and equipment	(67,080)	(200,949)
Purchase of intangible assets	(264,704)	(112,544)
Proceeds from sales of investment securities	—	577,024
Proceeds from lease and guarantee deposits received	99,894	73,258
Proceeds from cancellation of insurance funds	—	60,812
Other, net	(48,014)	(85,035)
Net cash provided by (used in) investing activities	(329,905)	282,565
Cash flows from financing activities		
Dividends paid	(360,944)	(306,365)
Other, net	(1,598)	2,018
Net cash provided by (used in) financing activities	(362,542)	(304,346)
Effect of exchange rate change on cash and cash equivalents	26,398	(31,761)
Net increase (decrease) in cash and cash equivalents	1,682,541	4,978,306
Cash and cash equivalents at beginning of period	13,761,608	15,766,386
Cash and cash equivalents at end of period	15,444,150	20,744,692

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in amount of shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after application of tax-effect accounting to profit before income taxes for the fiscal year (consolidated) including the second quarter of the fiscal year under review, with quarterly profit before income taxes then multiplied by the estimated effective tax rate.

However, in the event that this tax expense calculation using estimated effective tax rate results in a significantly improbable figure, a method using the statutory effective tax rate may be adopted.

(Segment information, etc.)

[Segment information]

For the six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Automobile Business	Digital Product Business	Consumer Product Business	Total				
Net sales								
Net sales to outside customers	5,643,190	2,953,309	593,118	9,189,618	1,226,933	10,416,552	—	10,416,552
Inter-segment net sales or transfers	77,246	—	—	77,246	249,272	326,519	(326,519)	—
Total	5,720,437	2,953,309	593,118	9,266,865	1,476,206	10,743,072	(326,519)	10,416,552
Segment income (loss)	1,674,727	1,223,282	240,531	3,138,540	(184,961)	2,953,579	(1,184,636)	1,768,942

(Notes) 1. "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.

2. Adjustment of segment income (loss) of negative ¥1,184,636 thousand is corporate expenses, which chiefly comprise general and administrative expenses not allocated to specific reportable segments.

3. Adjustments are made to reconcile segment income (loss) with operating profit reported on the quarterly consolidated statements of income.

2. Reporting segment-specific information on impairment loss on non-current assets and details of goodwill, etc.

Not applicable.

For the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Automobile Business	Digital Product Business	Consumer Product Business	Total				
Net sales								
Net sales to outside customers	6,128,916	3,923,776	6,916,818	16,969,511	1,641,914	18,611,426	—	18,611,426
Inter-segment net sales or transfers	65,406	—	—	65,406	198,173	263,579	(263,579)	—
Total	6,194,323	3,923,776	6,916,818	17,034,918	1,840,087	18,875,005	(263,579)	18,611,426
Segment income (loss)	1,967,181	2,230,328	649,884	4,847,395	(86,627)	4,760,767	(1,244,848)	3,515,918

(Notes) 1. “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.

2. Adjustment of segment income (loss) of negative ¥1,244,848 thousand is corporate expenses, which chiefly comprise general and administrative expenses not allocated to specific reportable segments.

3. Adjustments are made to reconcile segment income (loss) with operating profit reported on the quarterly consolidated statements of income.

2. Reporting segment-specific information on impairment loss on non-current assets and details of goodwill, etc.
Not applicable.

3. Change to reportable segments, etc.

In view of the growing scale of business in auctions for pre-owned luxury brand items and other services, the Company has changed its segments from the fiscal year ended December 31, 2020. The “Other Information Distribution Business” segment, which comprised auctions for pre-owned luxury brand items, used motorcycles, and flowers, has been discontinued. Auctions for pre-owned luxury brand items are now included in the new “Consumer Product Business” segment, while auctions for used motorcycles and flowers have been consolidated into the existing “Others” segment.

Since the segment information for the second quarter of the previous fiscal year disclosed as information compared with the second quarter of the current fiscal year has been prepared based on the reportable segments after the change, there are differences from the reportable segments pertaining to the second quarter disclosed in the previous fiscal year.