

Full Year 2021 Results Briefing

February 14th, 2022
AUCNET INC.
(TSE 1st section : 3964)



Table of Contents

1. Summary of FY2021 Results

- Cumulative Consolidated Financial Results P. 3
- 4Q Highlights P. 5
- Consolidated Financial Results by Segment P. 7

2. Segment Information

- Automobile Business P. 10
- Digital Product Business P. 12
- Consumer Product Business P. 14
- Others P. 16

3. Forecast of FY2022 Results

- Forecast of FY2022 Consolidated Results P. 18
- News & Announcement P. 20

4. Reference

1. Summary of FY2021 Results

2. Segment Information

3. Forecast of FY2022 Results

4. Reference

Full Year 2021 Consolidated Financial Results

- Increase in sales and profit due to the “organic growth※” and “transitory factors※” throughout the year (Net Sales+52.5%、 Operating Profit+57.8%)
- Transitory tailwinds subsided in the second half of the year, but the organic growth continued, and is expected to continue in FY2022. (Please see “Forecast of FY2022 Results” on page 17 and following for details.)

(Million Yen)	FY2020	FY2021	YoY	FY2021 Revised Forecast (Aug 10, 2021)	Rate of Achievement
Net Sales	24,078	36,710	+52.5%	36,655	100.2%
Operating profit	3,705	5,846	+57.8%	5,600	104.4%
Operating profit margin	15.4%	15.9%	+0.5pt	15.3%	
Ordinary profit	3,643	6,113	+67.8%	5,756	106.2%
Profit attributable to owners of parent	1,896	3,625	+91.1%	3,471	104.4%
Basic earnings per sales	68.56 Yen	130.56 Yen	+62.00 Yen	124.36 Yen	105.0%
Dividend per share	21.00 Yen	40.00 Yen	+19.00 Yen	28.00 Yen	-
Dividend payout ratio	30.6%	30.6%	+0.0pt	22.5%	-

※ Organic growth means growth through corporate efforts such as strengthening the sales network and improving operational efficiency.

※ Transitory factors mean non-sustainable growth and profitability factors that are caused by changes in the market environment, such as a weakening of the yen or soaring market prices.

FY2017~FY2021 Consolidated Financial Results

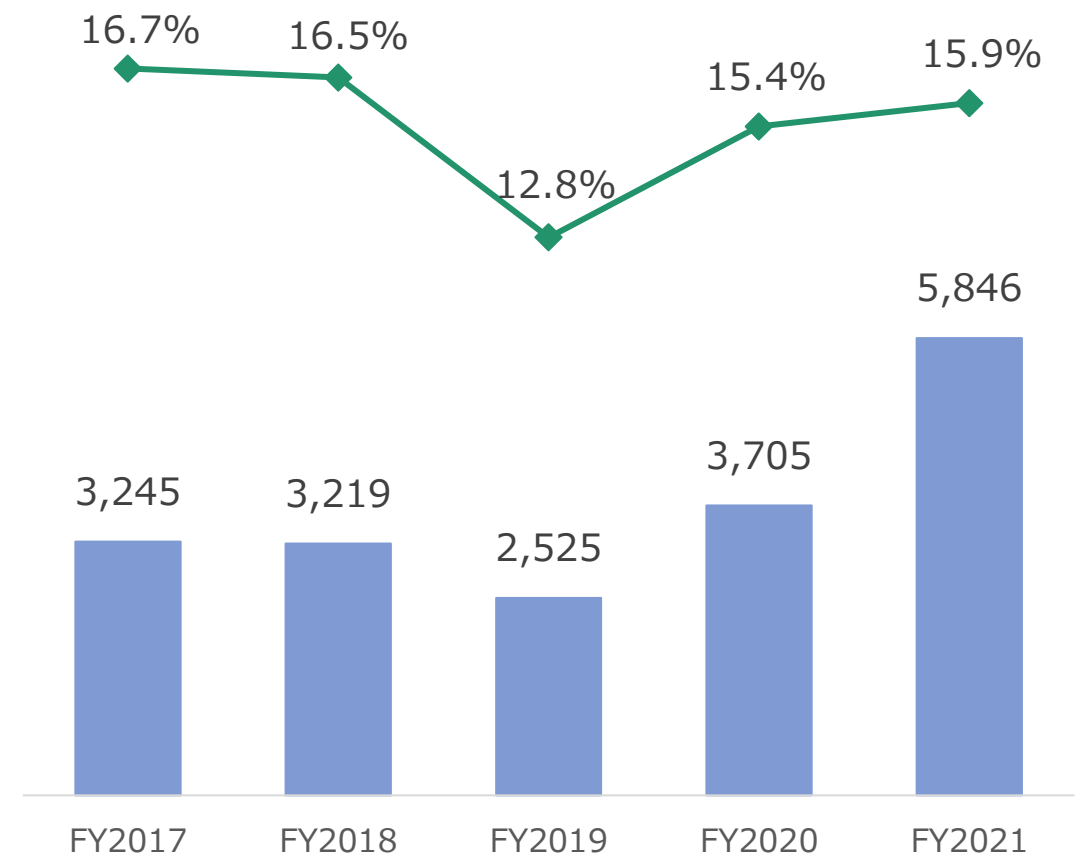
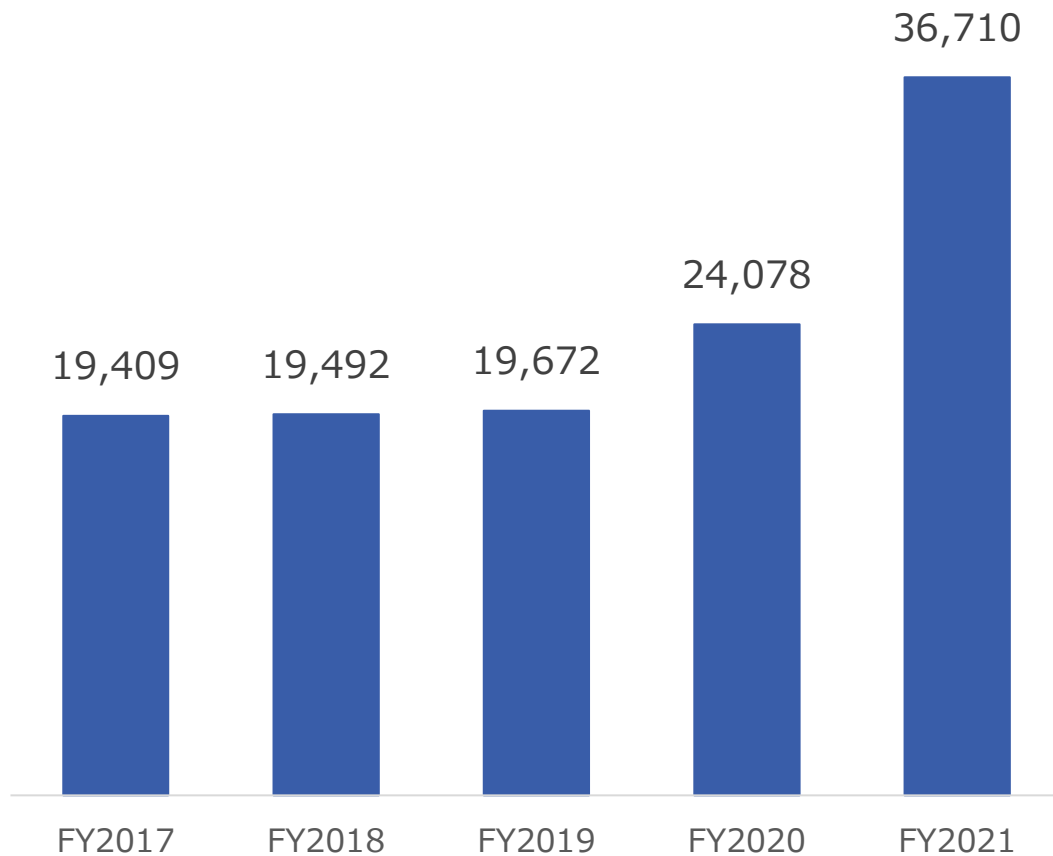
(million yen)

■ Net Sales

(million yen)

■ Operating profit

◆ Operating profit margin



FY2021 4Q Highlights (Non-Cumulative 3 Month Results)

Net Sales

9,446 million yen

YoY +13.6%

Operating Profit

1,049 million yen

YoY +11.0%

Ordinary Profit

1,099 million yen

YoY +22.6%

Profit attributable to
Owner of Parent

575 million yen

YoY +107.8%

Automobile Business

Net Sales 2,955 million yen

(Δ 1.0%)

Segment Income 824 million yen

(Δ 13.8%)

- As a result of growing shortage of used vehicles due to semiconductor shortage, the total number of vehicles bought decreased, leading to lower sales and profit year-on-year.

Digital Product Business

Net Sales 1,479 million yen

(Δ 7.2%)

Segment Income 800 million yen

(+36.8%)

- A decision was made at the end of October to temporarily review the current business in the U.S. Excluding the impact of the stated factors, net sales increased year-on-year.
- Profit increased due to expansion of buyer network and maintaining high unit price of devices.

Consumer Product Business

Net Sales 4,055 million yen

(+36.4%)

Segment Income 367 million yen

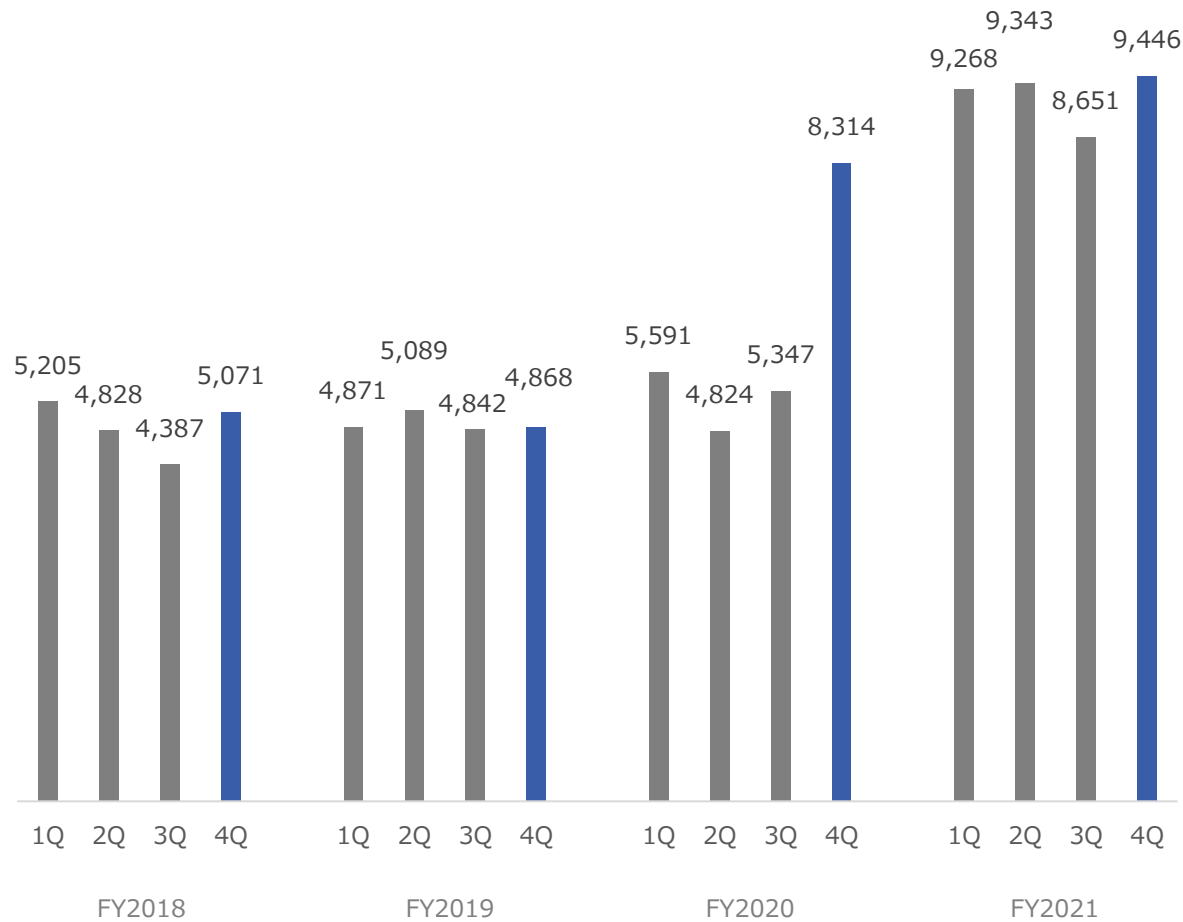
(+111.0%)

- The average unit price of items sold increased due to the expansion of the member network in Japan and overseas and the high market prices of each item. As a result, profit increased significantly.
- Both sales and profit increased as a result of a significant increase in the number of buy-side customers and the high market prices in the business targeting consumers.

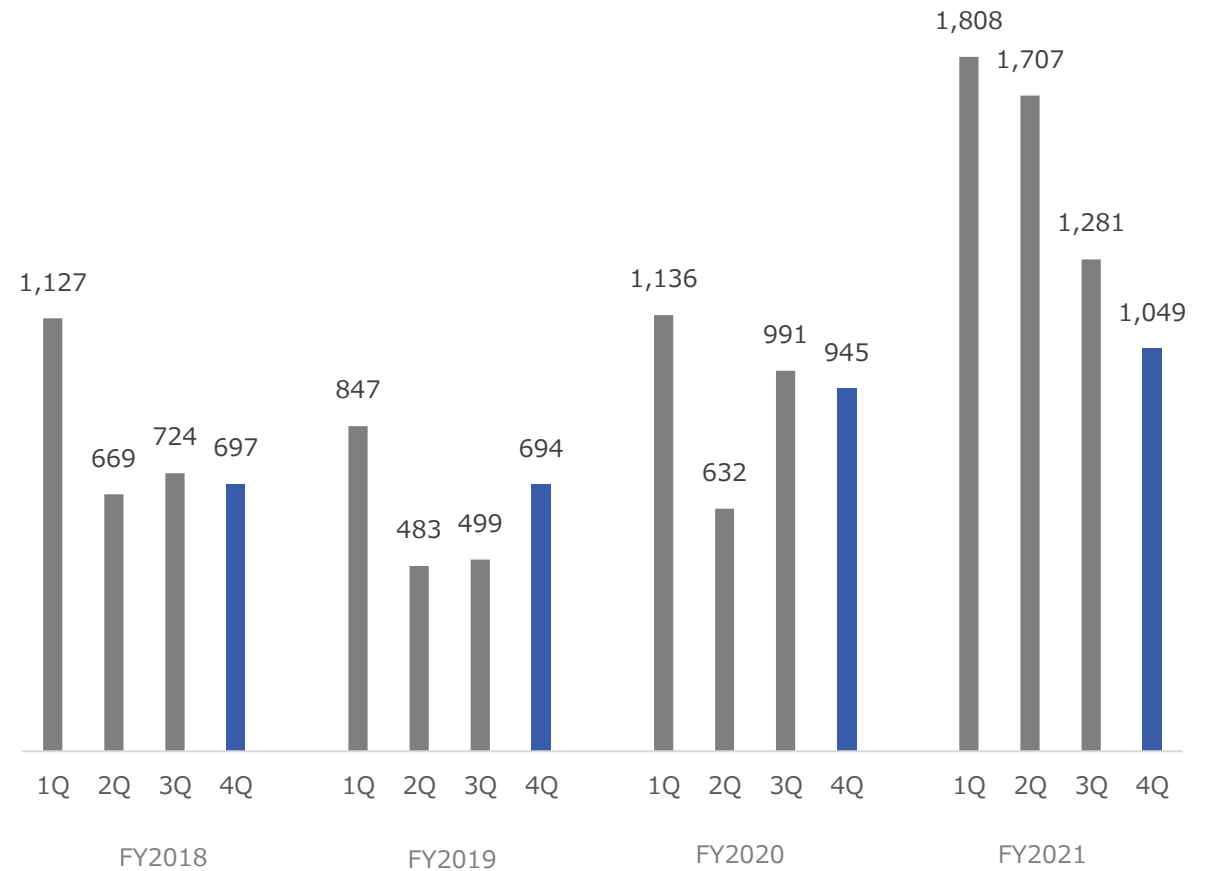
FY2018~FY2021 Consolidated Financial Results by Quarter

Net Sales

(million yen)



Operating Profit

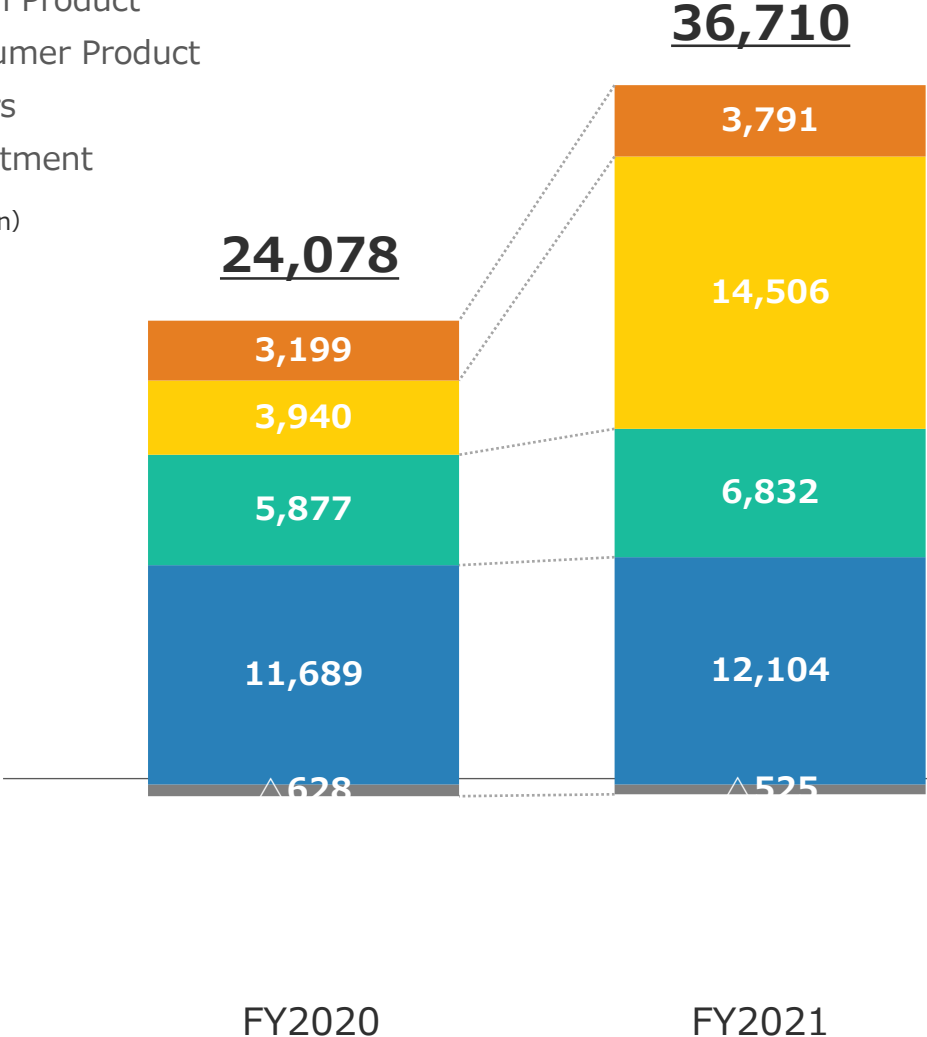


FY2021 Segment Increase / Decrease

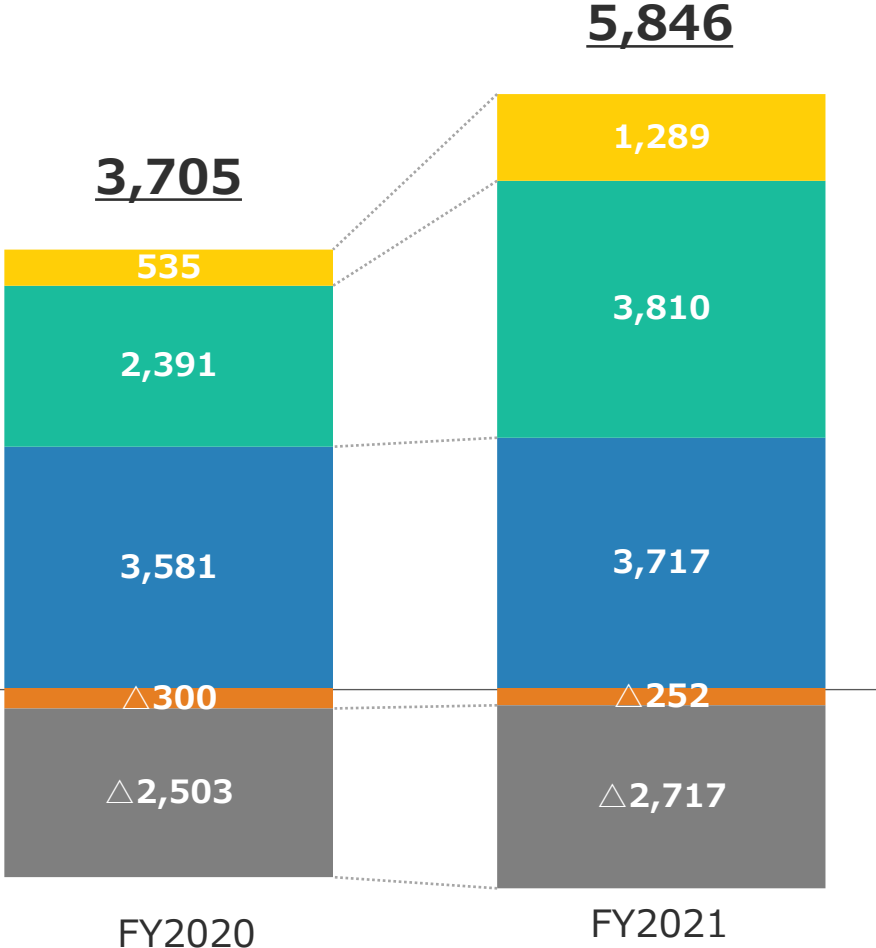
- Automobile
- Digital Product
- Consumer Product
- Others
- Adjustment

(million yen)

Net Sales



Operating Profit



FY2021 Transaction Amount by Segment



Transaction Amount

447,747 million yen (YoY+18.1%)

Automobile

343,758 million yen
(YoY+10.5%)



Digital Product

42,812 million yen
(YoY+25.6%)



Consumer Product

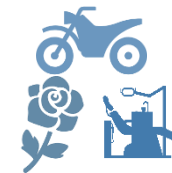
41,257 million yen
(YoY+116.7%)



※ Transaction amount of GALLERY RARE Ltd. ("GALLERY RARE") has been consolidated since 4Q in 2020.

Others

19,920 million yen
(YoY+33.3%)



※ Used motorcycle, flower and medical-related businesses etc.
※ Transaction amount of Kinuta Flower Auction CO.LTD ("Kinuta Flower Auction") from 3Q in 2020 and GRAND BOUQUET OTAKI LIMITED ("GRAND BOUQUET OTAKI") from 4Q in 2021 have been consolidated for the flower business.

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

1. Summary of FY2021 Results

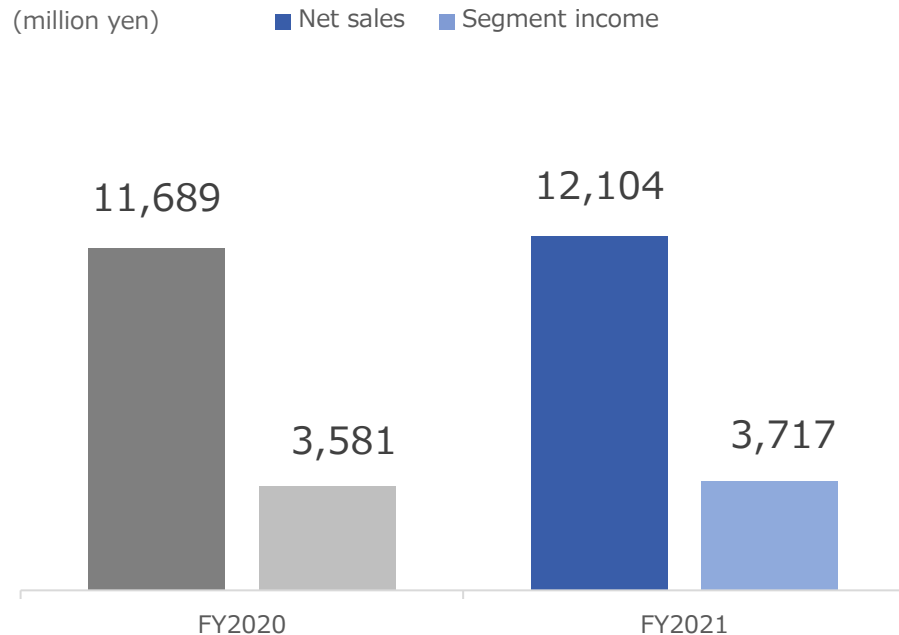
2. Segment Information

3. Forecast of FY2022 Results

4. Reference

FY2021 Results and Explanation of 4Q

- Both sales and profit increased year-on-year for the full year. (Net Sales +3.6%, Segment Income +3.8%)
→Both sales and profit decreased for 4Q comparison. (Net Sales△1.0%, Segment Income△13.8%)
- As a result of the supply shortage of used vehicles in 4Q, which continued from 3Q, the number of vehicles bought in the live-linked auctions and proxy bidding service was lower than that of the same period of the previous year. On the other hand, the number of vehicles sold was favorable, and it increased year-on-year.
- In the vehicle inspection service, the number of vehicles inspected at physical auction sites and Aucnet-hosted auctions slowed down in 4Q following 3Q. On the other hand, the number of vehicles inspected for a used vehicle listing platform remained strong. As a result, inspection fee sales increased.



Net Sales Composition

(million yen)	FY2020	FY2021	YoY
Auction-related	5,165	5,347	+3.5%
Membership fee	2,754	2,702	△1.9%
Inspection fee	3,182	3,386	+6.4%
Other	1,828	1,883	+3.0%
Adjustment	△1,242	△ 1,214	
Net Sales	11,689	12,104	+3.6%

KPI

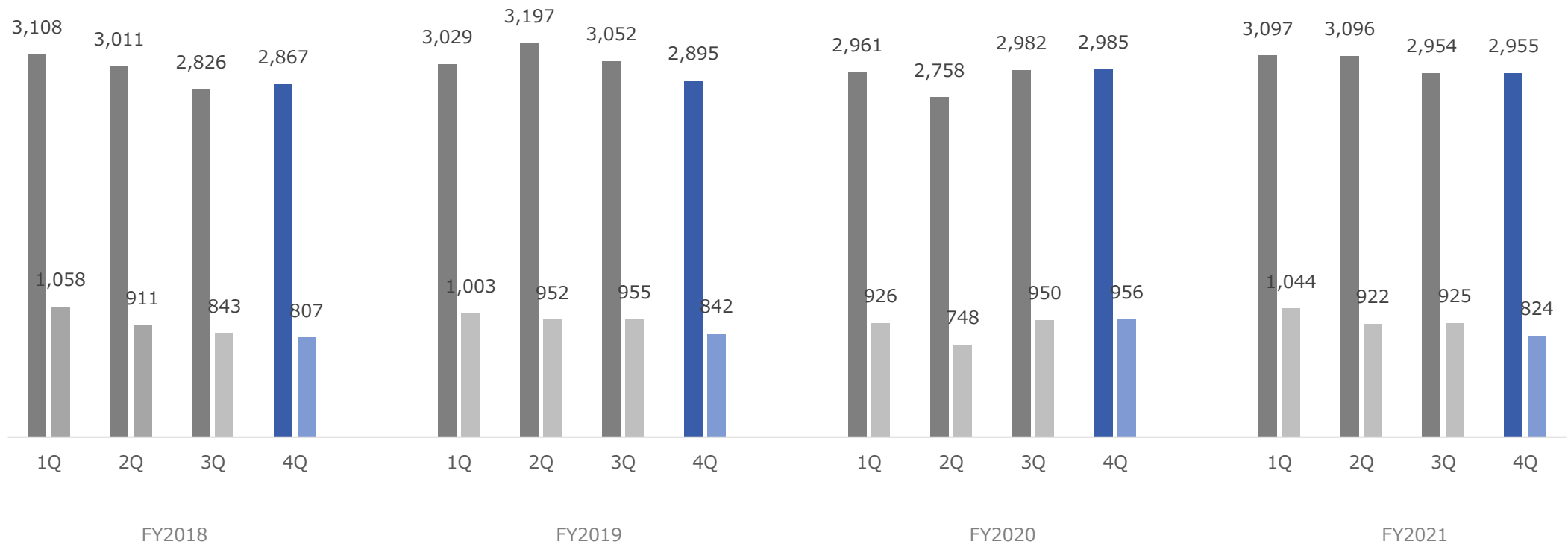
			FY2020	FY2021	YoY
Auction-related	Transaction amount	(million yen)	311,080	343,758	+10.5%
	Total vehicles sold/bought	(unit)	430,191	447,172	+3.9%
Membership fee	Number of members	(member)	14,362	14,605	+1.7%
Inspection fee	Vehicles inspected	(unit)	972,048	1,042,250	+7.2%

※ Includes used motorcycles inspections

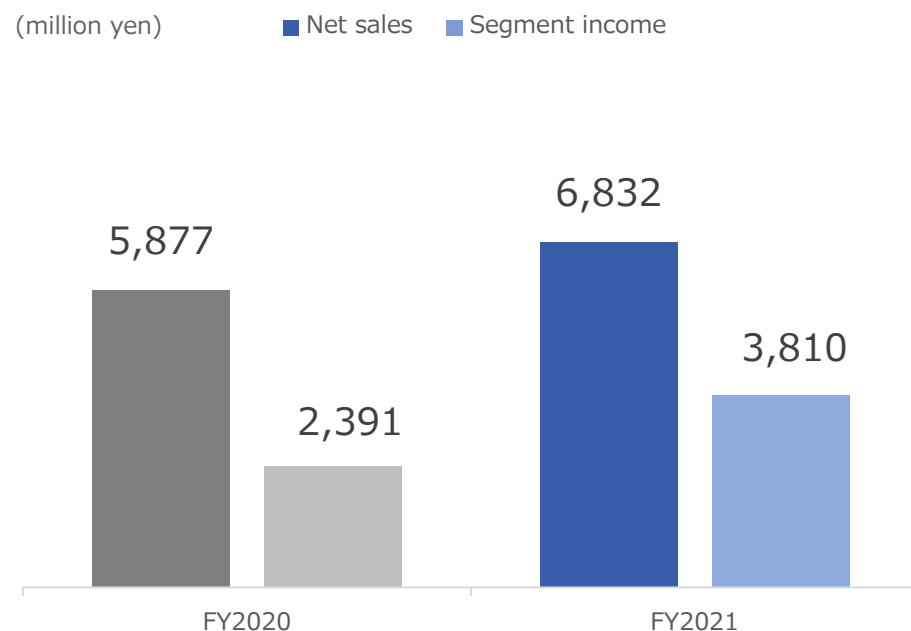
FY2018~FY2021 Results by Quarter

(million yen)

■ Net Sales ■ Segment Income



- Both sales and profit increased year-on-year for the full year. (Net Sales +16.3%, Segment Income +59.3%)
→ Sales decreased and profit increased for 4Q comparison. (Net Sales Δ 7.2%, Segment Income +36.8%)
- Sales decreased in 4Q due to the decision to temporarily review the U.S. business at the end of October. Profit increased due to the growth in the domestic business.
- In the domestic business, the number of sales units decreased slightly in 4Q, but the unit price of devices remained high due to the expansion of buyer network and cost control was conducted, resulting in both sales and profit increased year-on-year in 4Q.



Net Sales Composition

(million yen)	FY2020	FY2021	YoY
Domestic business	5,112	6,383	+24.9%
Business in the U.S.	768	449	Δ 41.5%
Adjustment	Δ 3	0	
Net Sales	5,877	6,832	+16.3%

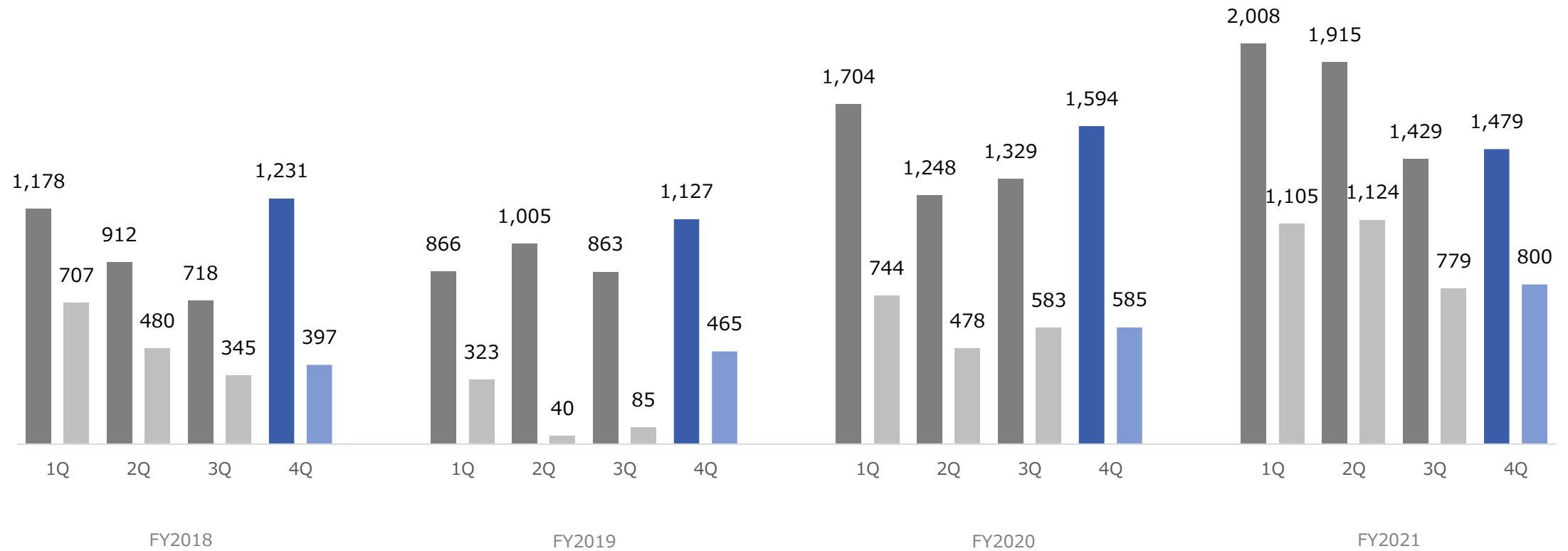
KPI

		FY2020	FY2021	YoY
Transaction amount	(million yen)	34,079	42,812	+25.6%
Sales units	Domestic (unit)	2,143,612	2,296,657	+7.1%
	U.S. (unit)	652,127	317,593	Δ 51.3%

FY2018~FY2021 Results by Quarter

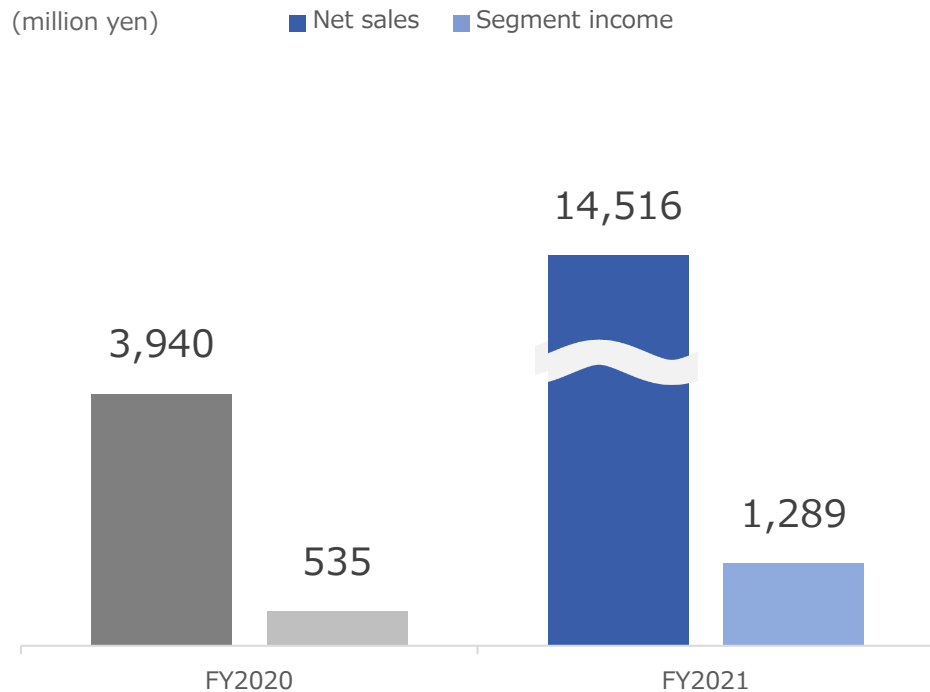
(million yen)

■ Net Sales ■ Segment Income



FY2021 Results and Explanation of 4Q

- Both sales and profit increased year-on-year for the full year. (Net Sales + 268.1%, Segment Income + 140.6%)
 - Both sales and profit increased for 4Q comparison. (Net Sales + 36.4%, Segment Income + 111.0%)
- In the B2B business, the number of items sold increased due to the expansion of the overseas network, mainly in the U.S. and Europe, in addition to the domestic network, and the high average unit price of the items sold caused by the high market prices, resulting in continued growth in transaction amount.
- In the business targeting consumers, sales continued to increase as the number of buy-side customers increased due to the high-demand season. In addition, monetization through product management has been achieved to improve profit margins.



Net Sales Composition

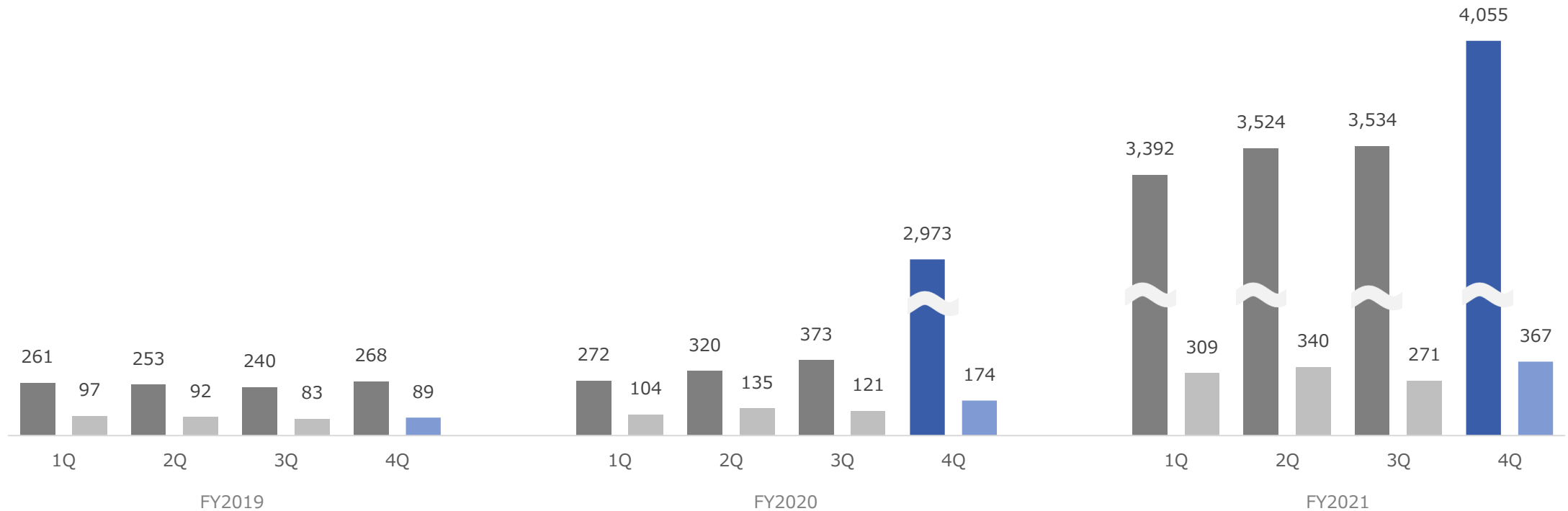
(million yen)	FY2020	FY2021	YoY
B2B business	2,282	5,701	+149.8%
C business	1,659	8,813	-
Adjustment	0	△8	
Net Sales	3,940	14,506	+268.1%

KPI

		FY2020	FY2021	YoY
B2B business	Transaction amount (million yen)	17,381	32,443	+86.7%
	Items sold (item)	448,626	657,599	+46.6%
	Number of members (member)	2,160	2,652	+22.8%
Business targeting consumers	Transaction amount (million yen)	1,654	8,813	+432.8%

(million yen)

■ Net Sales ■ Segment Income

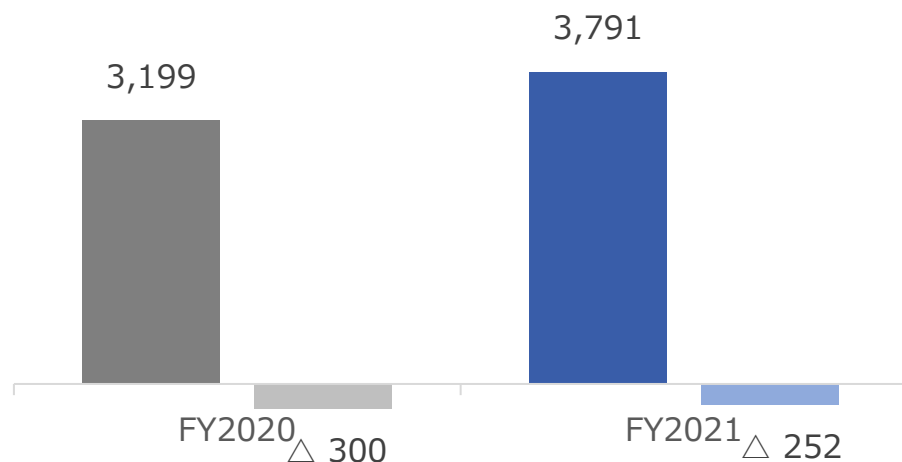


※ Figures for 2018 and earlier were disclosed as Other Information Distribution Business and not published by segment.

FY2021 Results and Explanation of 4Q

- Both sales and profit increased year-on-year for the full year. (Net Sales +18.5%)
→ Sales increased and profit decreased for 4Q comparison. (Net Sales +19.3%)
- In the flower business, transaction amount increased due to an increase in the number of members. As a result, both sales and profit of Aucnet's existing flower business and Kinuta Flower Auction increased.
- GRAND BOUQUET OTAKI LIMITED, a PL consolidated subsidiary from 4Q, performed well.
- In MENERGIA Inc. ("MENERGIA"), the cumulative number of registered users of iryoo.com is on a rise. Focusing on system improvement for further service expansion

(million yen) ■ Net sales ■ Segment income



Net Sales Composition

(million yen)	FY2020	FY2021	YoY
Flower	1,054	1,592	+51.1%
Used Motorcycle	742	816	+9.9%
Others	1,402	1,382	△1.5%
Net Sales	3,199	3,791	+18.5%

1. Summary of FY2021 Results
2. Segment Information
- 3. Forecast of FY2022 Results**
4. Reference

Forecast of FY2022 Consolidated Results

(Million Yen)	FY2021	FY2022	YoY
Net Sales	36,710	38,329	-※
Operating profit	5,846	6,000	+2.6%
Operating profit margin	15.9%	15.7%	△0.3pt
Ordinary profit	6,113	6,150	+0.6%
Profit attributable to owners of parent	3,625	4,054	+11.8%
Basic earnings per sales	130.56 Yen	145.03 Yen	+14.47 Yen
Dividend per share	40.00 Yen	44.00 Yen	+4.00 Yen
Dividend payout ratio	30.6%	30.3%	△0.3pt

※ As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. will be applied from the beginning of the first quarter of fiscal year 2022, figures for fiscal year 2022 are after the application of the said accounting standard, and comparisons with the same period of the previous year are not shown.

Forecast of FY2022 Consolidated Results by Segment (Organic Growth and Transitory Factors)

		FY2021 Results Analysis Summary	FY2022 Results Forecast
Overall Summary		Significant growth due to increased demand for online auctions Transitory factors such as shortage of semiconductors and maintaining high market prices	We expect sales to be lower year-on year in the first half of the year due to the impact of semiconductor shortage and sales of the new model iPhones. However, we expect sales to be strong in the second half of the year. Continue to invest aggressively in new business
Automobile Business	organic	• The number of inspections and the share of vehicles bought are steady.	<ul style="list-style-type: none"> • Shortage of used vehicles is expected to continue due to the impact of longer delivery times for new vehicles caused by the shortage of semiconductors, resulting in a decrease in the number of used vehicle listed and sold. • Aim for stable earnings through steady growth in share of vehicles bought and the number of vehicles inspected
	transitory	• Shortage of used vehicles worsened due to semiconductor shortage .	
Digital Product Business	organic	• Expansion of the buyer network maintained high unit prices of devices.	<ul style="list-style-type: none"> • Expect a decrease in the number of used device sales units due to the impact of the sales of new model iPhones released in the previous year. • Stable growth by maintaining high unit price of devices through expansion of buyer network and suppliers • The U.S. business will continue to explore various possibilities.
	transitory	<ul style="list-style-type: none"> • Strong sales of the new model iPhones led to an increase in the number of used device sales units. • The U.S. business was temporarily reviewed due to changes in the business environment. 	
Consumer Product Business	organic	• Strengthening of overseas sales network and PMI after consolidation of Gallery Rare	<ul style="list-style-type: none"> • Expect a reactionary decline in average sales unit prices due to market stabilization • Strengthening of overseas sales network and vitalizing the global auction platform • Pursue synergies with Gallery Rare following FY2021
	transitory	• Market prices remained high amid a weakening yen and growing demand.	
Others		<ul style="list-style-type: none"> • Kinuta Flower Auction and GRAND BOUQUET OTAKI were consolidated. • Number of members increased in flower business. • Cumulative number of registered users are on a rise in MENERGIA. 	<ul style="list-style-type: none"> • Pursue synergies with Kinuta Flower Auction and GRAND BOUQUET OTAKI • Development of new functions and services is planned while continuing to improve customer convenience in MENERGIA.
Common		<ul style="list-style-type: none"> • Expansion of human resources through proactive recruitment activities for further growth • Management resources will be invested in new businesses and R&D in order to respond to changes in the market environment and make it a pillar of future earnings. 	

※ Organic growth means growth through corporate efforts such as strengthening the sales network and improving operational efficiency.

※ Transitory factors mean non-sustainable growth and profitability factors that are caused by changes in the market environment, such as a weakening of the yen or soaring market prices.

News & Announcement Decision regarding Acquisition of Treasury Shares

- A decision regarding acquisition of treasury shares was made as a part of our capital policy.

(1) Class of shares to be acquired	Common shares of Aucnet
(2) Total number of shares that may be acquired	300,000 shares (maximum) (1.07% of the total shares issued (excluding treasury shares))
(3) Total acquisition cost	600 million yen (maximum)
(4) Acquisition period	February 17, 2022 to April 30, 2022
(5) Acquisition method	Open market purchase in the Tokyo Stock Exchange

News & Announcement

The mid-term management plan is scheduled to be announced after the first quarter financial results announcement in May 2022.



1. Summary of FY2021 Results
2. Segment Information
3. Forecast of FY2022 Results
- 4. Reference**

Consolidated Balance Sheets & Statements of Cash Flows

Assets (million yen)	FY2020	FY2021	Increase/ Decrease
Current assets	25,798	30,018	+4,220
Cash and deposits	16,776	20,615	+3,839
Due from auction members	4,253	3,959	△293
Other	4,768	5,442	+674
Non-current assets	7,482	6,804	△678
Property, plant and equipment	1,575	1,639	+63
Intangible assets	2,040	1,616	△424
Other	3,866	3,549	△316
Total assets	33,280	36,822	+3,542

Liabilities and net assets (million yen)	FY2020	FY2021	Increase/ Decrease
Current liabilities	10,665	11,039	+373
Due to auction members	7,032	6,728	△304
Other	3,632	4,310	+677
Non-current liabilities	2,977	3,081	+104
Retirement benefit liability	1,744	1,790	+46
Other	1,232	1,290	+57
Total liabilities	13,643	14,120	+477
Total net assets	19,637	22,701	+3,064
Total liabilities and net assets	33,280	36,822	+3,542

(million yen)	FY2020	FY2021	Increase/ Decrease
Cash flows from operating activities	4,119	4,249	+130
Cash flows from investing activities	549	388	△160
Cash flows from financing activities	△2,873	△825	+2,048
Cash and cash equivalents at end of period	15,766	19,565	+3,799

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 (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	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	87,684	81,561	83,806
		Total vehicles sold/bought (unit)		109,099	96,156	115,610	109,326	119,786	116,417	107,334	103,635
	Membership fee	Number of members (member)		14,108	14,104	14,267	14,362	14,282	14,420	14,497	14,605
	Inspection fee	Vehicles inspected (unit)		258,903	223,430	229,815	259,900	266,100	266,475	253,557	256,118
Digital Product	Transaction amount (million yen)			9,562	7,605	7,887	9,024	12,283	12,071	8,738	9,717
	Sales units	Domestic (unit)		591,735	520,791	487,494	543,592	656,847	661,344	510,693	467,773
		U.S. (unit)		89,869	59,611	194,169	308,478	173,951	96,734	46,601	307
Consumer Product	B2B business	Transaction amount (million yen)		2,768	3,720	4,349	6,543	7,324	7,996	8,209	8,912
		Items sold (item)		96,292	96,093	113,711	142,530	157,627	168,838	158,173	172,961
		Number of members (member)		1,857	1,943	1,876	2,160	2,237	2,311	2,467	2,652
	C business	Transaction amount (million yen)		-	-	-	1,654	2,140	2,179	2,027	2,466

※1 Includes used motorcycles inspections

※2 KPIs by Gallery Rare has been combined in each business from 4Q FY2020.