

Financial Results

Q1 FY09/25

Aucfan Co., Ltd. <3674>
Feb 14, 2025



Q1 Financial Results: Executive Summary



<Consolidated Results>

- Consolidated results **remain roughly the same** compared to the previous fiscal year
 - Net sales: 1,130 million yen (YoY 101%)
 - Operating profit: 39 million yen (YoY 87%)
 - **Solutions business grew significantly** despite lower income in the Investment Business and higher upfront investment costs in the Overseas Business



<Overseas Business>

- Planned projects are making good progress
 - Test marketing distribution conducted on live commerce in preparation for this release
 - **Started OEM services** derived from the Overseas Business
 - **Increased the number of 1688.com products listed on NETSEA^{*1}**

^{*1} NETSEA : One of Japan's largest B2B wholesale purchasing platforms (see P28)

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aucfan

1 Financial Highlights in FY09/25

Consolidated Results: Highlights

Solutions business grew significantly despite lower income in the Investment Business and higher upfront investment costs in the Overseas Business.

As a result, **consolidated results remained generally unchanged**

(Millions of yen)	Cumulative results		
	FY09/24	FY09/25	YoY
Net sales	1,116	1,130	101%
-Solutions	633	711	112%
-Platform	402	394	98%
-Incubation	104	62	60%
-Administrative division, consolidated adjustments	▲24	▲37	-
Gross profit	576	615	107%
-Solutions	247	298	121%
-Platform	293	310	106%
-Incubation	87	56	64%
-Administrative division, consolidated adjustments	▲51	▲49	-
Operating profit	45	39	87%
-Solutions	122	175	143%
-Platform	21	12	57%
-Incubation	8	▲49	-
-Administrative division, consolidated adjustments	▲107	▲98	-
Recurring profit	30	62	207%
Net income	26	32	123%

【Factors behind YoY change】

■ Solutions business

- The website "aucfan.com_{*1}" **posted higher revenues and profits due to an increase in billing sales** following the price revision implemented in July 2024.

■ Platform business

- "NETSEA" **posted an increase in both revenues and profits due to an increase in commission sales** as a result of a revision of distribution commissions implemented in the previous fiscal year.
- "NETSEA Auction_{*2}" **posted lower revenues and profits due to the continued decline in returned merchandise** from major suppliers; **we are considering liquidation of the business**
- "OSR_{*3}" posted a temporary decline in revenues and profits due to **lower GMV of seasonal products** caused by a warm winter

■ Incubation Business

- Investment: **Revenues and profits decreased due to lower income from sales** of operational investment securities compared to the previous year
- Overseas Business: Decreased profits due to an increase in SG&A expenses caused by upfront investments

■ Other

- **Ordinary income increased** due to foreign exchange gains of 19 million yen, etc.

*1 aucfan.com : Provides market price quotations for online shopping and auctions, as well as a statistical price comparison service (see P24)

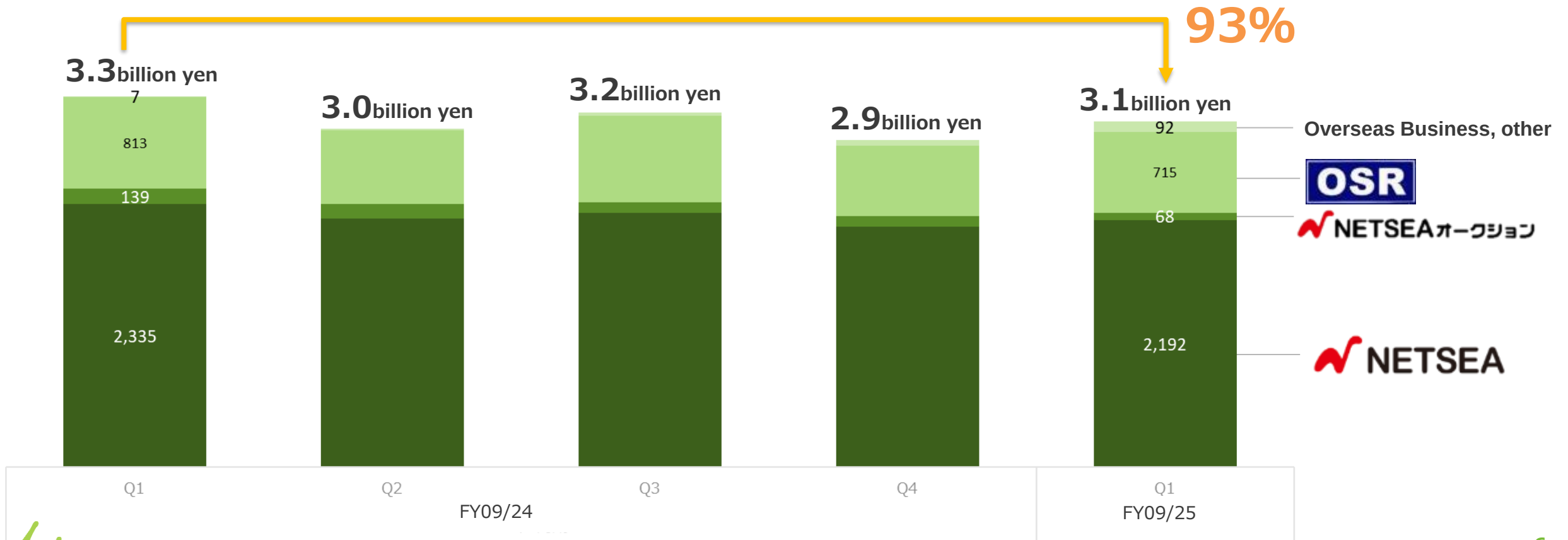
*2 NETSEA Auction : Inventory liquidation support service focused on returned or outdated items and slow-moving inventory, etc. (see P29)

*3 OSR : Exhibition and business meeting business with a base in Osaka Senba. (see P30)

Temporary decrease in GMV due to **decline in returned merchandise** from major suppliers at NETSEA Auction, and **lower sales of seasonal merchandise** at OSR due to warm winter

(Millions of yen)

Gross Merchandise Value (GMV)

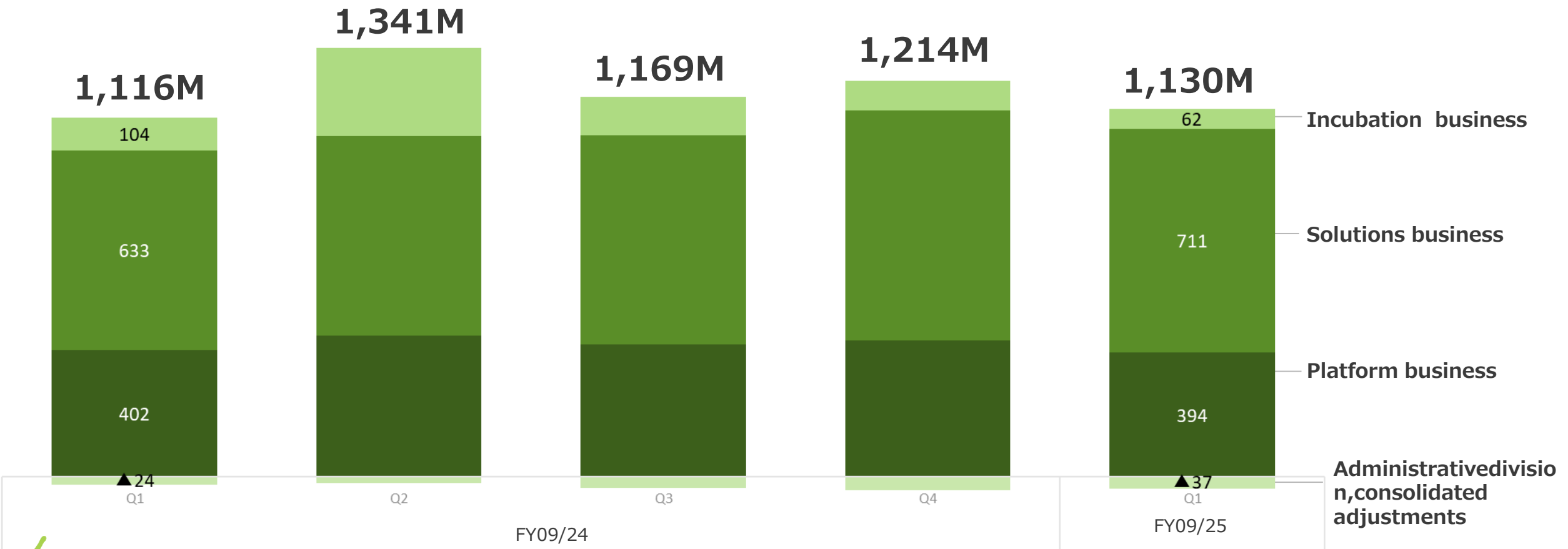


Net sales

While investment sales in the Incubation Business declined, the Solutions Business grew strongly, resulting in a slight increase in consolidated net sales.

(Millions of yen)

Net sales

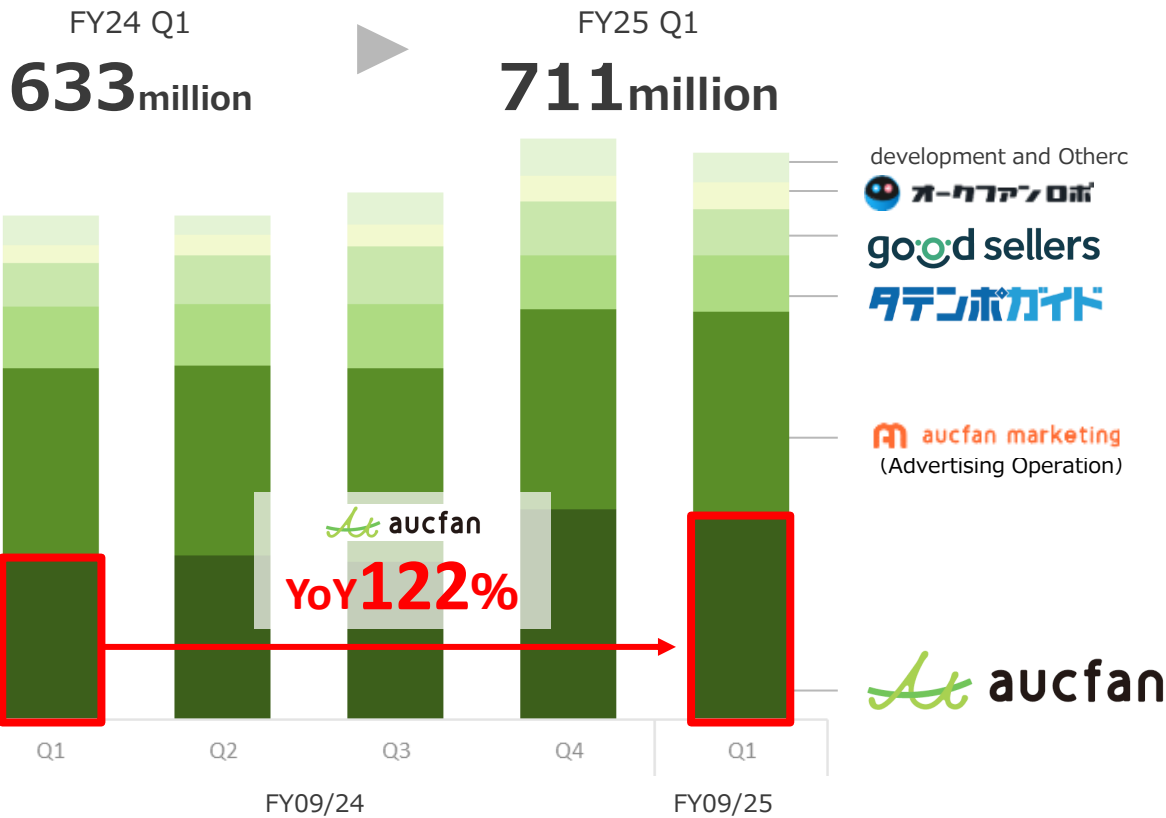


Increased year-on-year sales of main services in Japan

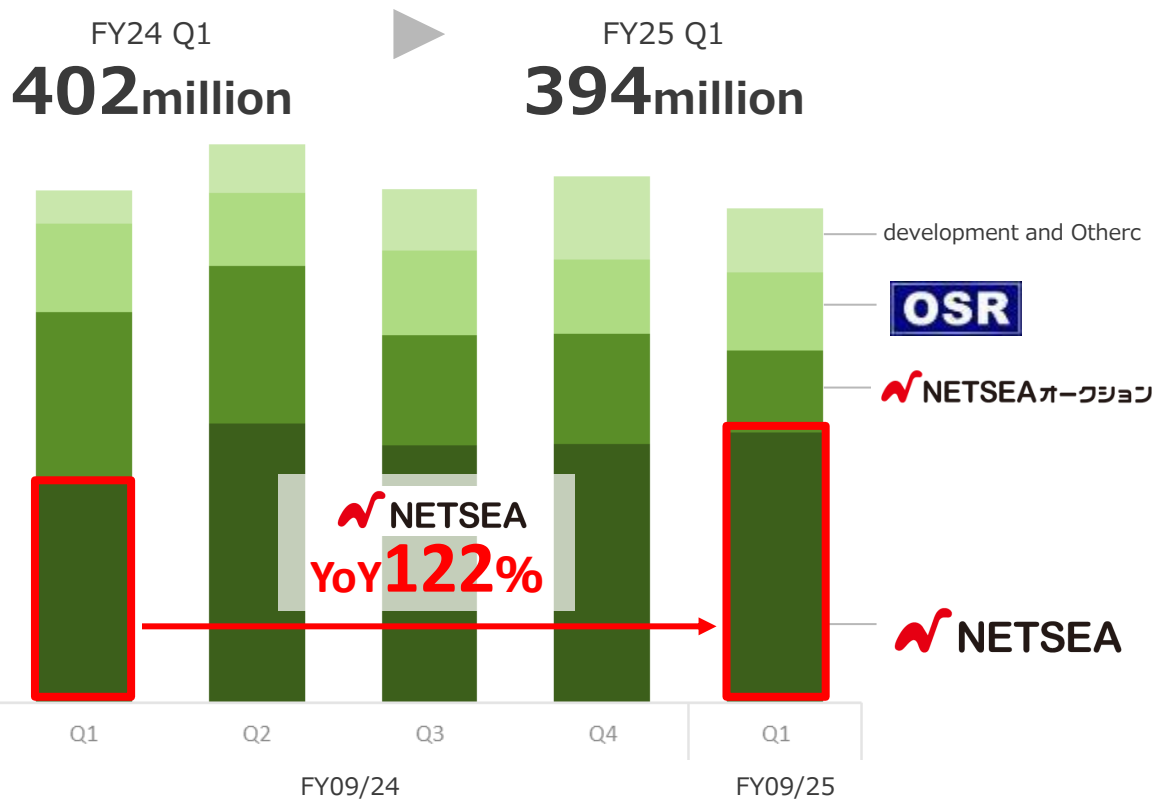
Billing sales for aucfan increased to 122% year-on-year

Increased to 122% year-on-year due to an increase in commission sales as a result of a revision of NETSEA distribution commissions

Sales (Solutions business)



Sales (Platform business)

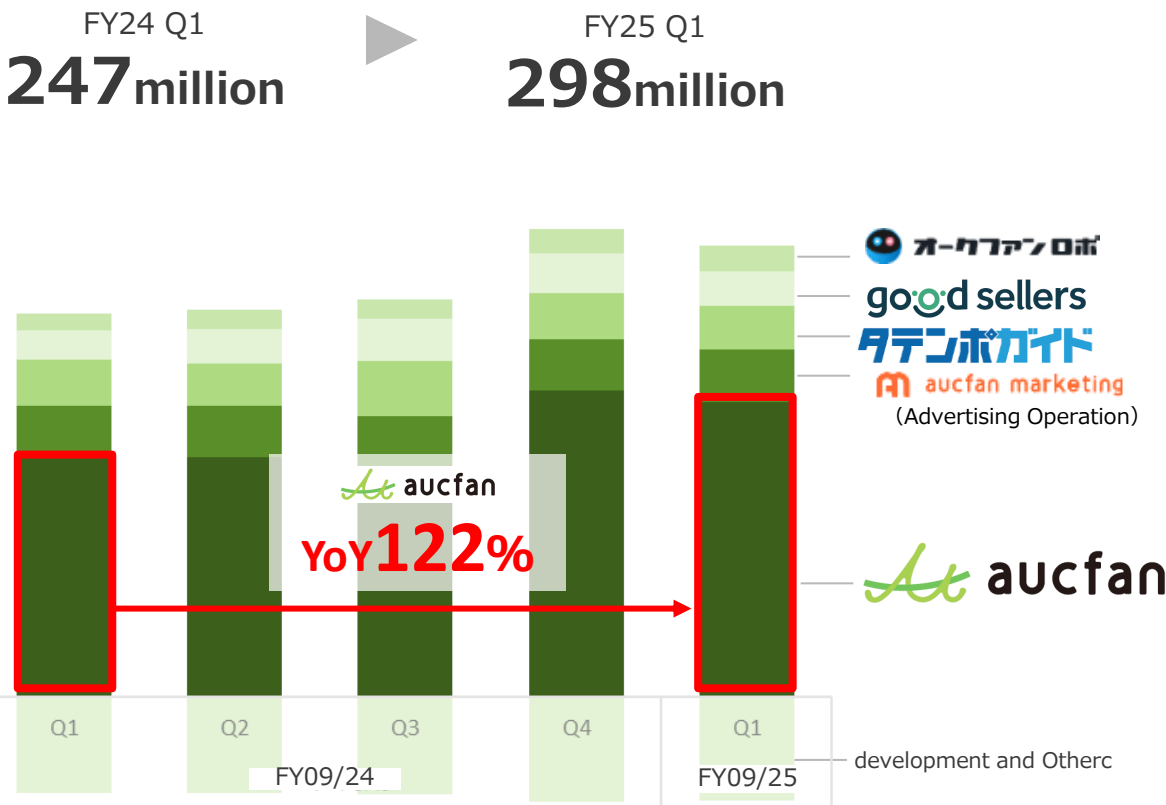


Gross profit (Platform business, Solutions business)

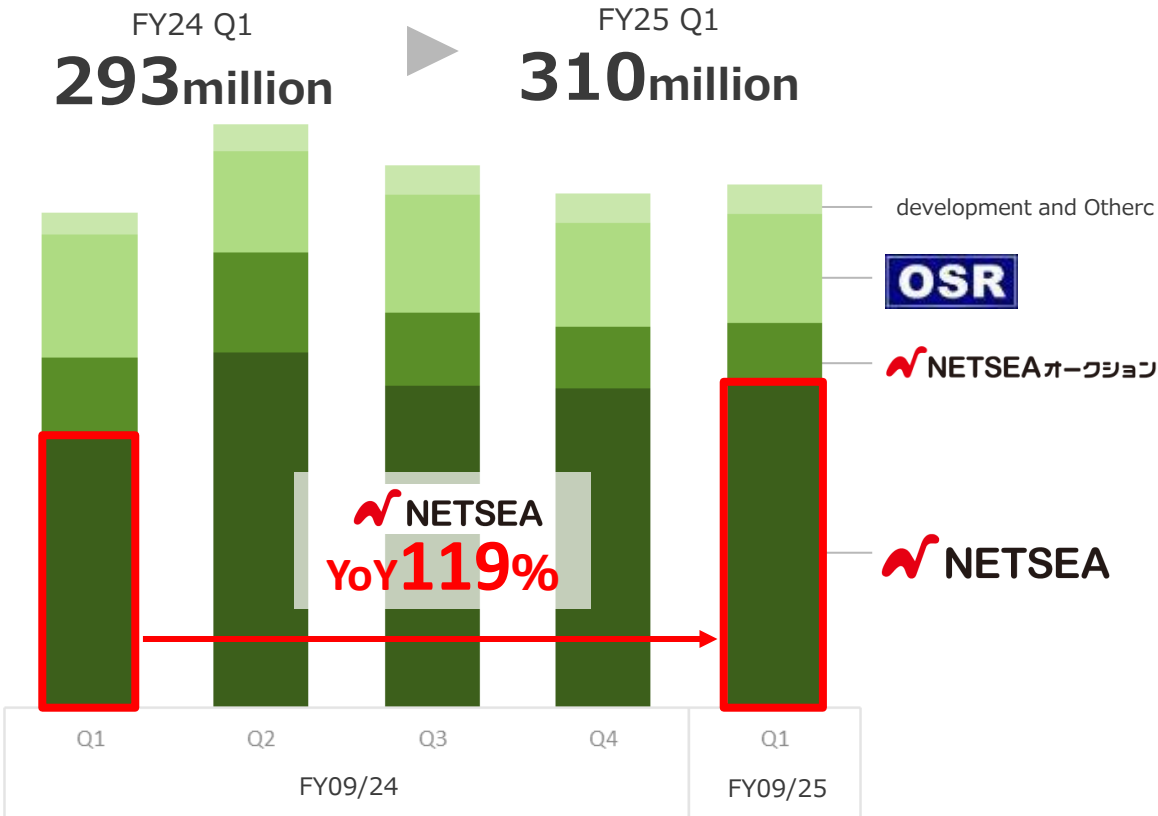
Gross Profit is Linked to Net Sales

Increased to 122% year-on-year in line with the increase in sales due to higher billing sales of aucfan
Increased to 119% year-on-year in line with the increase in commission sales due to the revision of NETSEA distribution commissions

Gross profit (Solutions business)



Gross profit (Platform business)





2 Progress versus Consolidated Earnings Forecast

Consolidated Earnings Forecast for FY09/25

Sales generation in the Overseas Business is planned for the second half of the year, and progress is on track

(Millions of yen)	FY09/25 Forecast	Q1 results	Progress
Net sales	6,000	1,130	19%
-Solutions	3,100	711	23%
-Platform	2,500	394	16%
-Incubation	540	62	12%
-Administrative division, consolidated adjustments	▲140	▲37	-
Gross profit	3,400	615	18%
-Solutions	1,300	298	23%
-Platform	1,800	310	17%
-Incubation	500	56	11%
-Administrative division, consolidated adjustments	▲200	▲50	-
Operating profit	375	39	10%
-Solutions	700	175	25%
-Platform	200	12	6%
-Incubation	▲130	▲49	-
-Administrative division, consolidated adjustments	▲395	▲98	-
Recurring profit	360	62	17%
Net income	190	32	17%





Expansion of measures for domestic business in line with promotion of the Overseas Business

Solutions business

aucfan

 **API collaboration with 1688.com**, one of the largest B2B marketplaces in China, and addition of search targets

 Addition of **U.S. versions of Amazon and eBay** to Global Search

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 **Successive growth of RPA "DropBot"** for e-commerce businesses

 Launched "DropBot Plus," a new consultation service for existing "DropBot" users

Platform business

NETSEA

 Collaborated with 8 forwarding companies **to secure overseas sales channels**

 **Launch of "NETSEA Select,"** a members-only BtoB mall that allows customers to purchase unique products directly from manufacturers



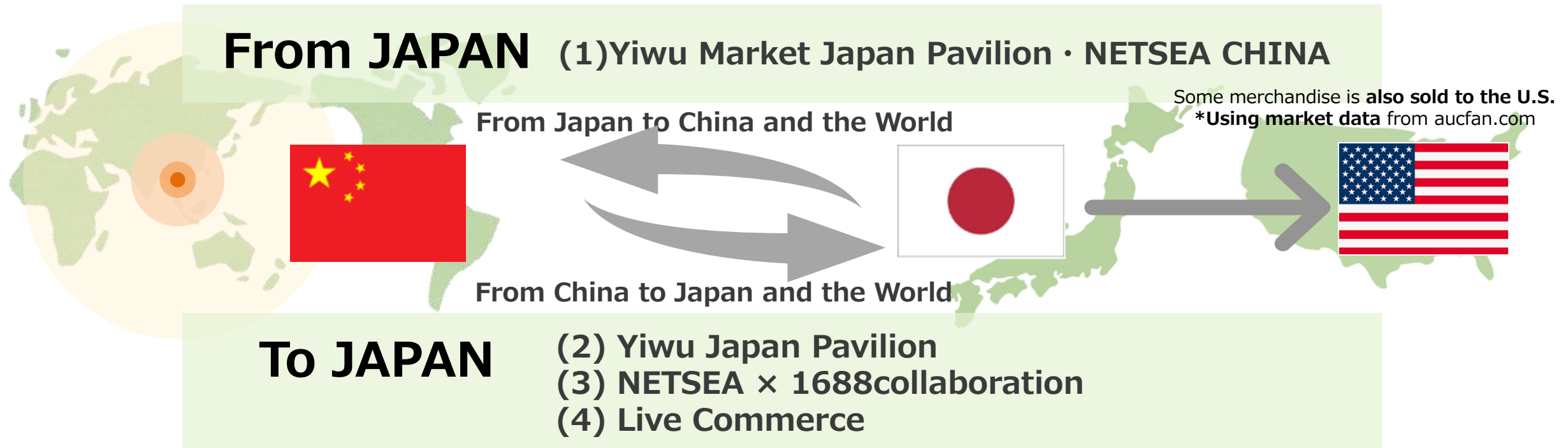
 "NETSEA Select" exhibited at Tokyo Mercantile Exhibition
Secured many individual business deals

OEM services

 Started OEM services derived from the Overseas Business
Collaborated with 75,000 Chinese suppliers, mainly in Yiwu, with many projects underway

*Because the Overseas Business is being undertaken as a new business, it is being promoted within the Incubation Business at the planning stage. However, once the services are launched and the commercial distribution is finalized, they will be developed under the platform business according to the attributes of the transactions.

Expansion into Overseas BtoB Markets Based in China



Overseas Business Topics

(1) Yiwu Market Japan Pavilion • NETSEA CHINA

November 2024: **Yiwu Market Japan Pavilion** opens at the Shanghai International Import Expo and China Yiwu Import Commodities Expo, where buyers gather from around the world



(3) NETSEA × 1688collaboration

API linkage with 1688.com increased the number of products listed on NETSEA

(4) Live Commerce

Test marketing conducted in preparation for this release
Full-fledged system is under development

Live Commerce test marketing



We define our clients, **small businesses (sole proprietorships), side businesses and influencers, as Appreciators.** Each of our services exists and is integrated for the Appreciator. We will continue to build the infrastructure that will **enable them to work across borders and realize their potential.**

We Are
Appreciators!

We define small businesses and sole proprietorships, our customers, as “appreciators.”
The word “appreciate” means to “recognize and acknowledge the true value of, be thankful for, enjoy in awe, increase in value or price, or purchase.”

Hence, appreciators refer to those who can discover true value and be thankful for the value they find.

Much undiscovered value remains buried in this world.

We, as appreciators, aim to bring to light the value of people, society, and things,
and create a circular, recycling society.

Re-Infra Company





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Consistent business development from university startup to present



- Began selling goods through auction listings as a sole proprietor while attending university
- Established Defactostandard, Ltd. and assumed the office of president and representative director
*Current service: Purchasing of used brand-name goods (Brandear)
- Acquired the Auction Statistics Page (tentative title) and began performing media management
- Established the Media business through an incorporation-type split from Defactostandard, Ltd., established aucfan Co., Ltd., and assumed the office of president and CEO (current position)
- Listed on the Mothers section of the Tokyo Stock Exchange (securities code: 3674)
- Acquired NETSEA, one of Japan's largest B2B wholesale shopping mall; ReValue, a slow-moving inventory liquidation service; and TATEMPO Guide, a centralized management system for online shops, and added them to the group



Representative profile



Shuichi Takenaga

President & CEO
of aucfan Co., Ltd.

Born 1978
in Yamaguchi Prefecture

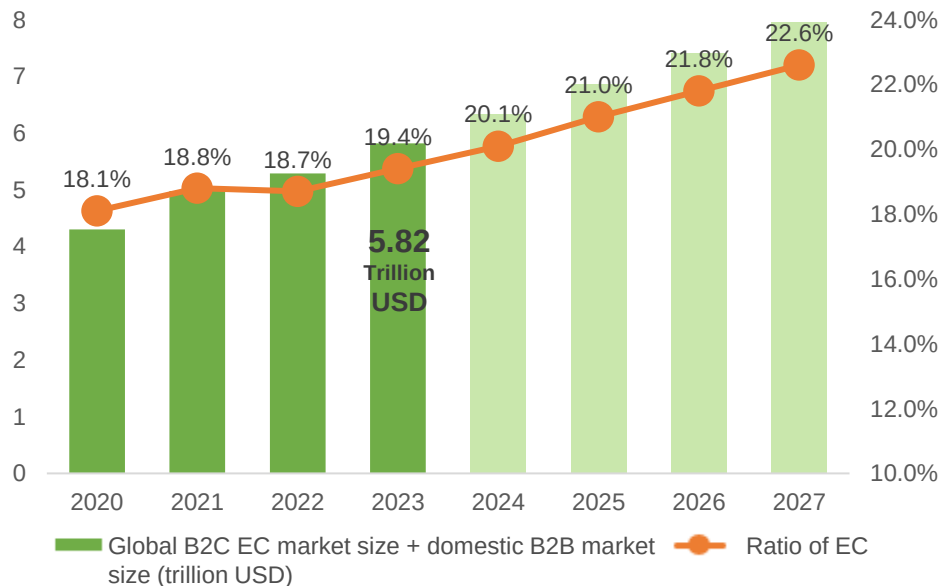
Graduated from Kyoto
University's School of Law

- Acquired offline trade fair services OSR Net and Osaka Senba Wholesale Marketing, and added them to the group
- Began offering Amacode, a dedicated app for Amazon sellers, after acquiring it through business transfer
- Established an overseas subsidiary, "Aucfan (Hainan) Network Technology Co., Ltd." in Hainan Island, China
- We opened "Japan Tokyo Yiwu Selection" an exhibition where Yiwu Market products can be purchased in Japan
- We opened "Yiwu Japan Pavilion," Japan's first national pavilion in the Yiwu Market

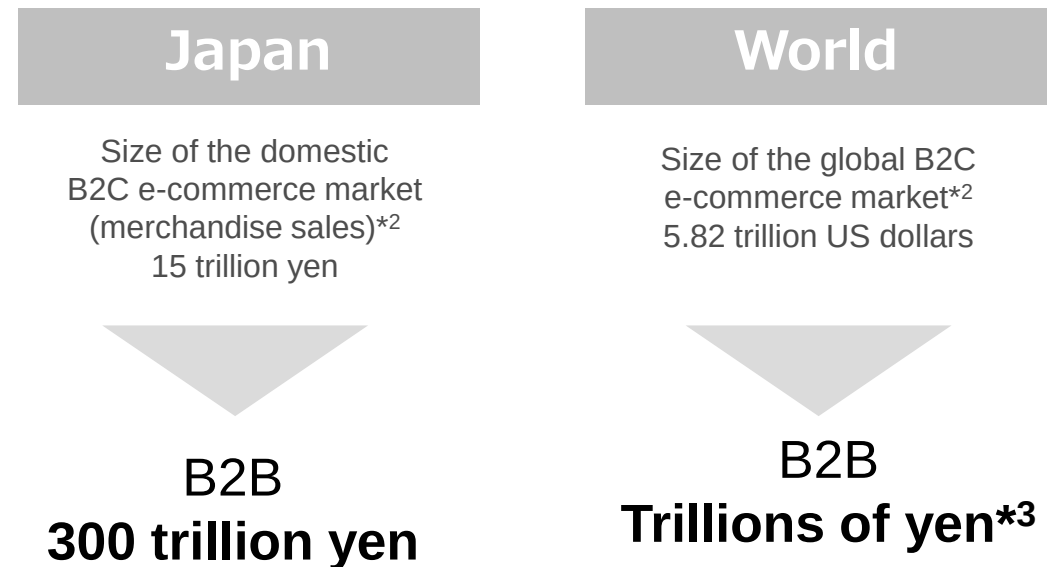


B2B wholesale market, including overseas markets, is worth 3,000 trillion yen

Global B2C market scale*1



Global B2B wholesale market scale

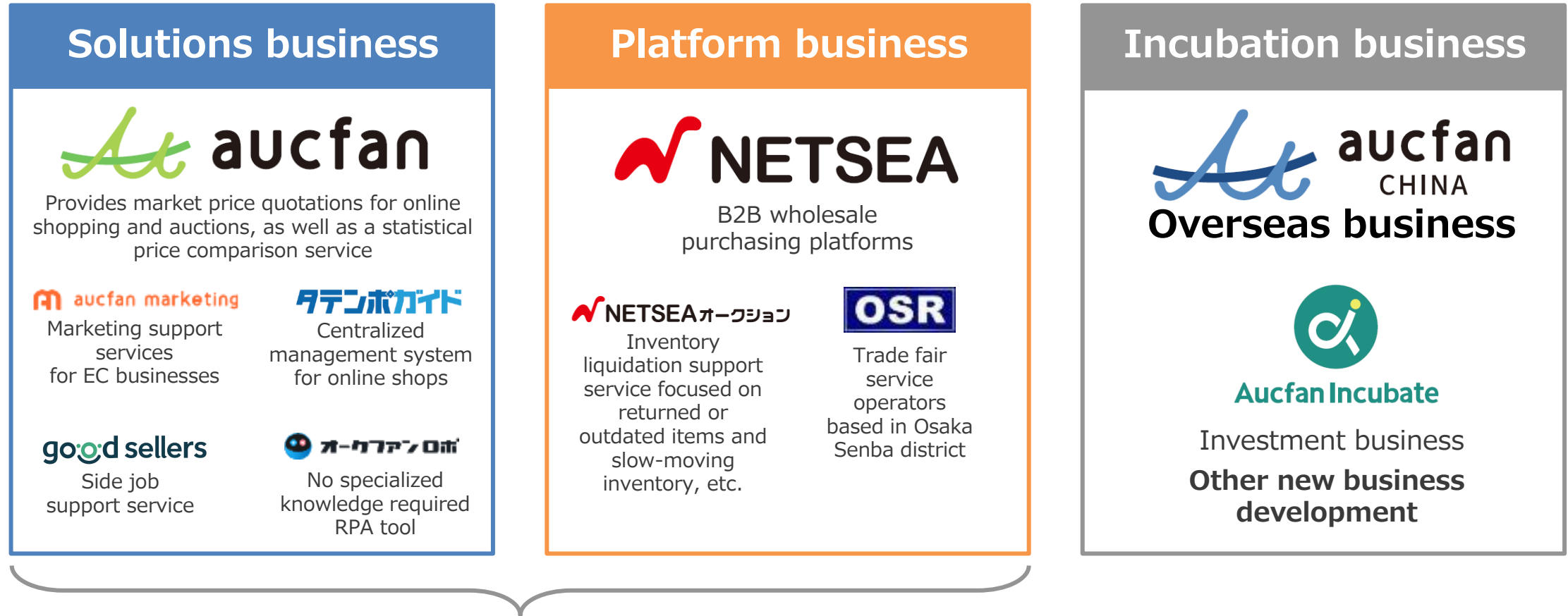


*1 From E-Commerce Market Survey (<https://www.meti.go.jp/press/2024/09/20240925001/20240925001-1.pdf>) conducted by the Ministry of Economy, Trade and Industry and released on September 25, 2024, p. 97, "Figure 7.4: Global B2C e-commerce market size (unit: trillion of US dollars)"

*2 Same as above, p. 31, "Figure 4.3: B2C e-commerce market size in merchandise sales"

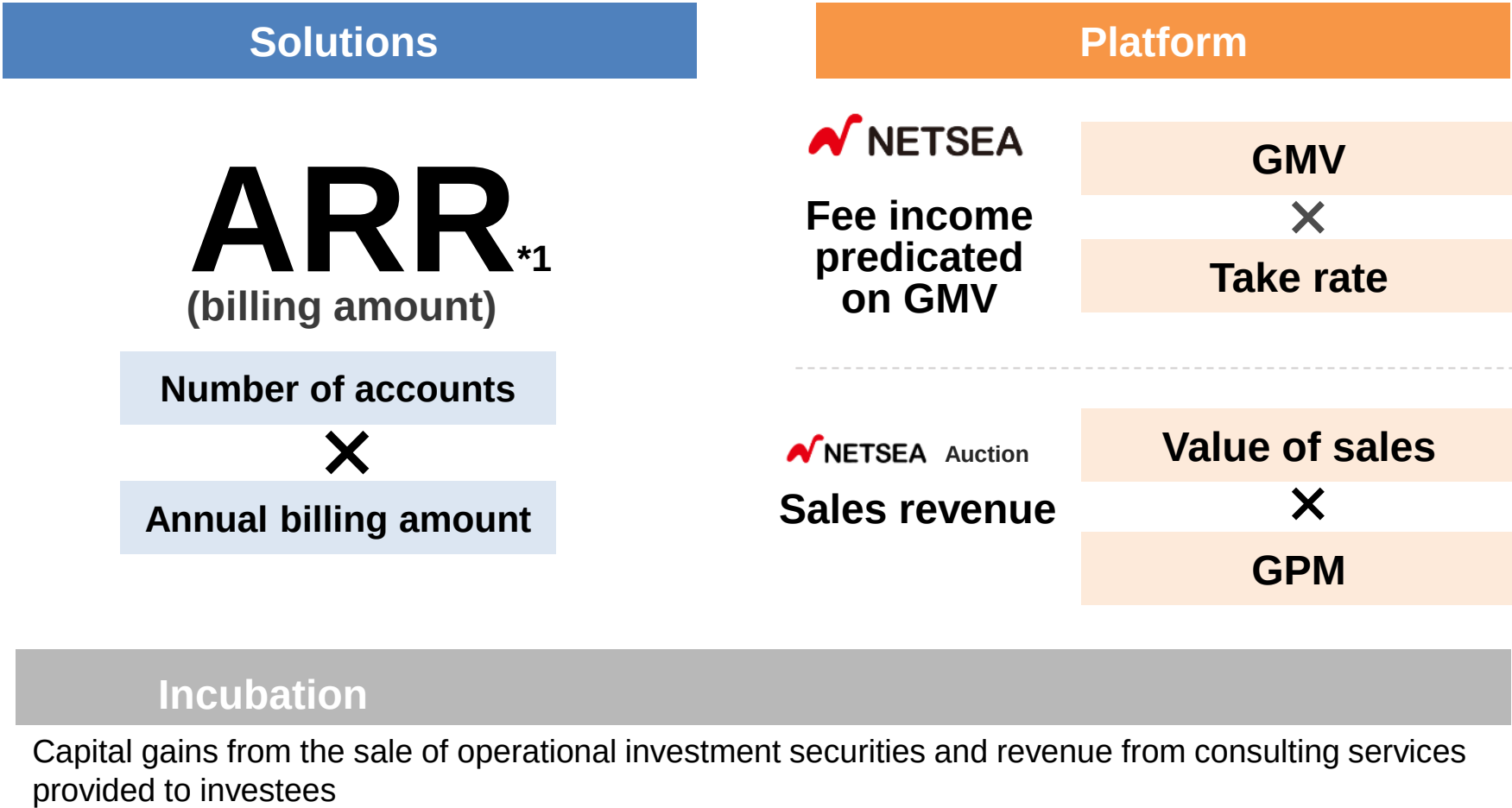
*3 The Company estimated the global B2C market size, based on the size comparison of the domestic B2C e-commerce market and the domestic B2B wholesale market

Development of various services in the following three business segments



Domestic Business

Hybrid earnings model of fees obtained through SaaS,
fee income predicated on GMV, and sales revenue



*1: Abbreviation for Annual Recurring Revenue.



Provides market price quotations for online shopping and auctions, as well as a statistical price comparison service

Usage fee: **No fee**
 Note: Premium service charges a monthly fee of 2,000 yen (excluding tax) *From July 2024

Functions provided: Bulk searching for online shopping and auctions, searching for previous successful bidding prices, auction listing support tools



Note: As of December 2024

Business model

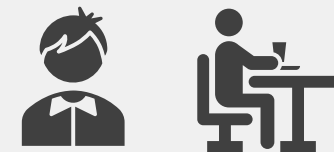


The Company

Provides cloud services

Pays monthly fees
 (for paid service use)

* See next page for paid service



Individual and SMB
 customers



Paid Services

aucfan Premium



Premium features to make better use of aucfan.com

Usage fees: 2,000 yen per month (excluding tax) *From July 2024

Functions provided: 10 years' worth of successful bids search, time frame summary search, bid reservation tool, My Bookmarks, search alerts, easy listing tool, listing template saving, etc.

Amacode



Amacode

Dedicated app for Amazon sellers

Usage fees: 5,000 yen per month (excluding tax) * For paid version Amacode Pro

Functions provided: High-performance product barcode reading search, product keyword search, alerts for valuable finds, automatic calculation of product commissions, sourcing list management, etc.
Paid version Amacode Pro offers graphics functions showing price changes and increase/decrease in listings, custom options, access from website, etc.

aucfan Pro Plus



Market price search and data analysis tools for professionals

Usage fees: 10,000 yen per month (excluding tax)

Functions provided: Yahoo! shopping analysis, auction market price search and data analysis, Amazon research, global e-commerce site comparison, provision of other e-commerce support tools, etc.

aucfan Robo



オ-クル-ロボ

RPA tools that even users without specialized knowledge can operate intuitively

Usage fees: From 120,000 yen per month (excluding tax)

Usage examples: Back-office operations including research concerning competitors, inventory ordering, order processing, shipping invoice preparation, and personnel- and labor-related operations, etc.



aucfan marketing (aucfan marketing)

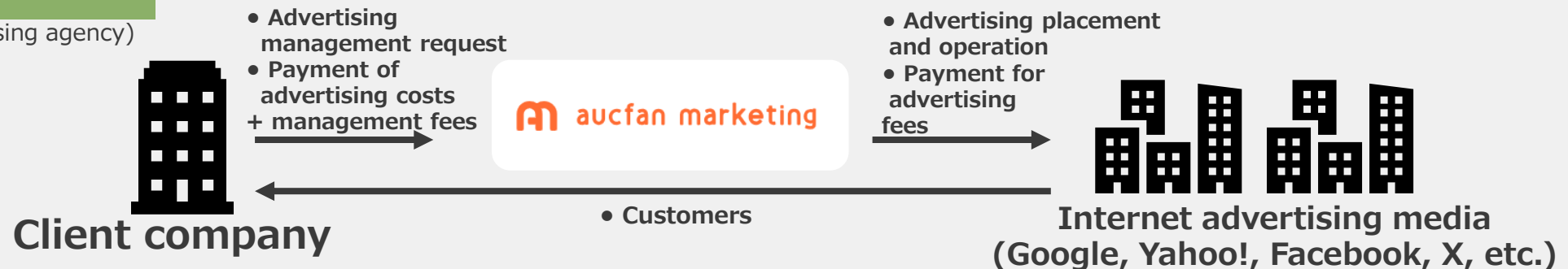
Marketing support services for EC businesses

- Price and commission: Individual estimation
- Support services: Advertising management, web analysis, creative production, SEO email newsletter writing, YouTube channel management, marketing strategy planning, LP improvement, branding, etc.
- Special features:
 - (1) Rapid and high-quality operation system that spares no resources.
 - (2) Achievement of goals through sales-committed KPI setting
 - (3) Creation of LPs and banners necessary to improve results in attracting EC customers
- Examples:
 - A major sports club listed on the First Section of the Stock Exchange (in operation for over 7 years)
 - A major cosmetics company (in operation for over 3 years)



Business model

(For advertising agency)



good sellers (Goodsellers)

A side business support service that creates a place where people can continue to experience the essential fun of business transaction

Usage fee: Varies according to each individual service

Example: eBay cross-border e-commerce seller training program



Information session content:

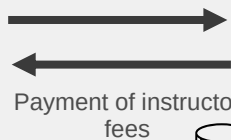
- Teaching materials for export businesses (registration)
- Teaching materials for export businesses (practical exercises)
- List of 15 products with price differences in export businesses
- Discount coupons for ReValue BtoB Mall



Business model

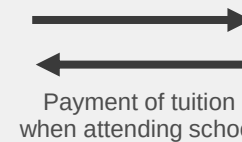


- Professional and practical expertise
- Proper tool use
- Advice



- Provides side-business expertise
- Provides a community
- Side-business support school

Note: for applicants only



SMBs

(side businesses and sole proprietors)



One of Japan's largest B2B
wholesale purchasing platforms

Usage fee: Suppliers: 20,000 yen monthly (excluding tax)
plus a contract commission of 8.5–10.5%

Buyers: **No fee***1

Features: About 500,000 registered buyer
companies
Annual distribution value of about 10
billion yen

Note: As of December 2024



Business model



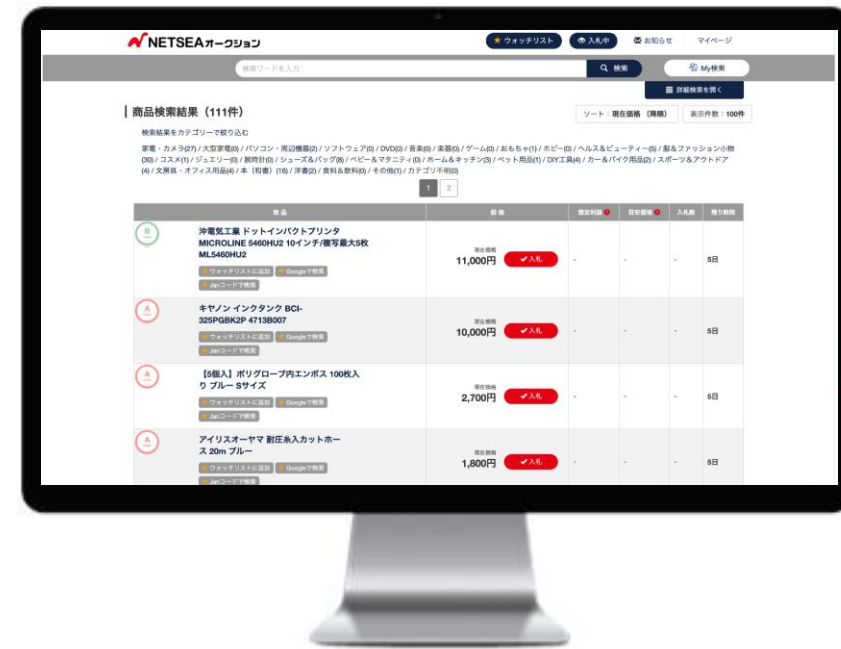
*1 The NETSEA Prime service charges fees

NETSEA Auction

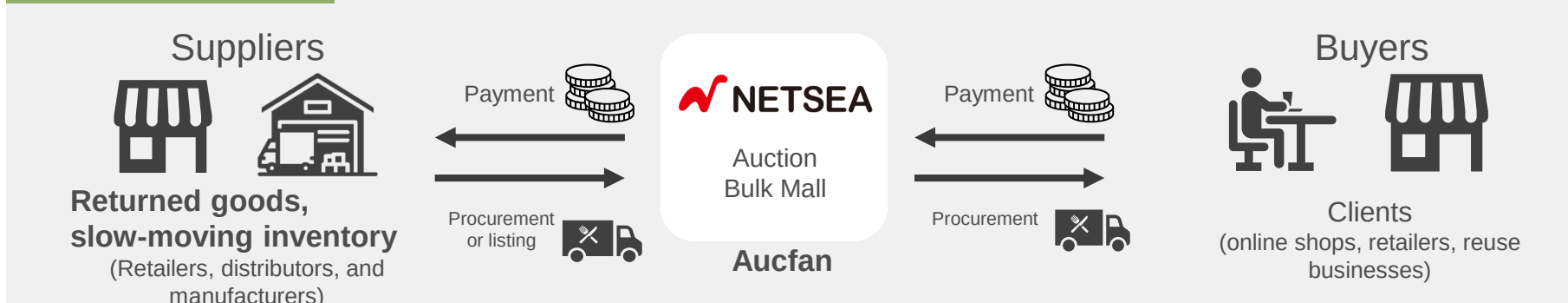
Inventory liquidation support service focused on returned or outdated items and slow-moving inventory, etc.

We purchase slow-moving inventory from manufacturers and retailers and sell it to recycling businesses and sole proprietors through our members-only closed community websites, NETSEA Auction and NETSEA Bulk Mall. Additionally, we provide comprehensive support for a range of e-commerce business operations comprising return policy revisions, procedures associated with the disposal and trading-in of returned goods, return acceptance, product inspection, and central processing.

Primary users: Manufacturers, retailers, reuse companies, and individual proprietors



Business model





OSR Net and Osaka Senba Wholesale Marketing

Trade fair service operators based in Osaka Senba district

- Usage fee: Suppliers: 10,000 yen monthly (excluding tax)
Plus basic booth fees for permanent display:
15,000 yen monthly (excluding tax)
Plus commissions on receivables collection: 5%

* 50,000 yen deposit charged separately when commencing display (returned at contract termination)

Buyers: No fee

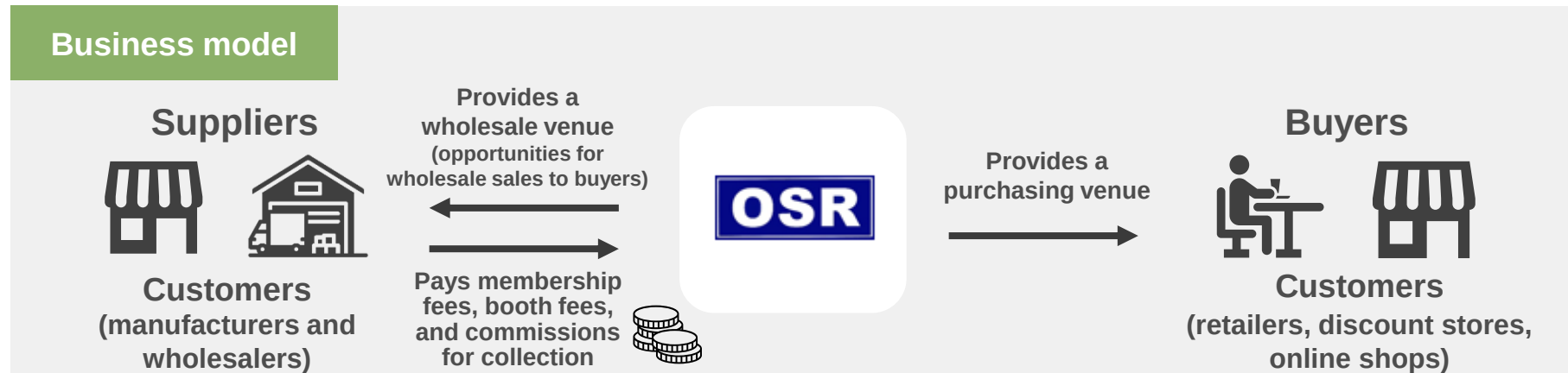
- Features: Holds trade fairs and provides opportunities for business negotiations on the first Sunday, Monday, and Tuesday, and the third Monday and Tuesday of each month

Annual GMV of approximately 3.0 billion yen

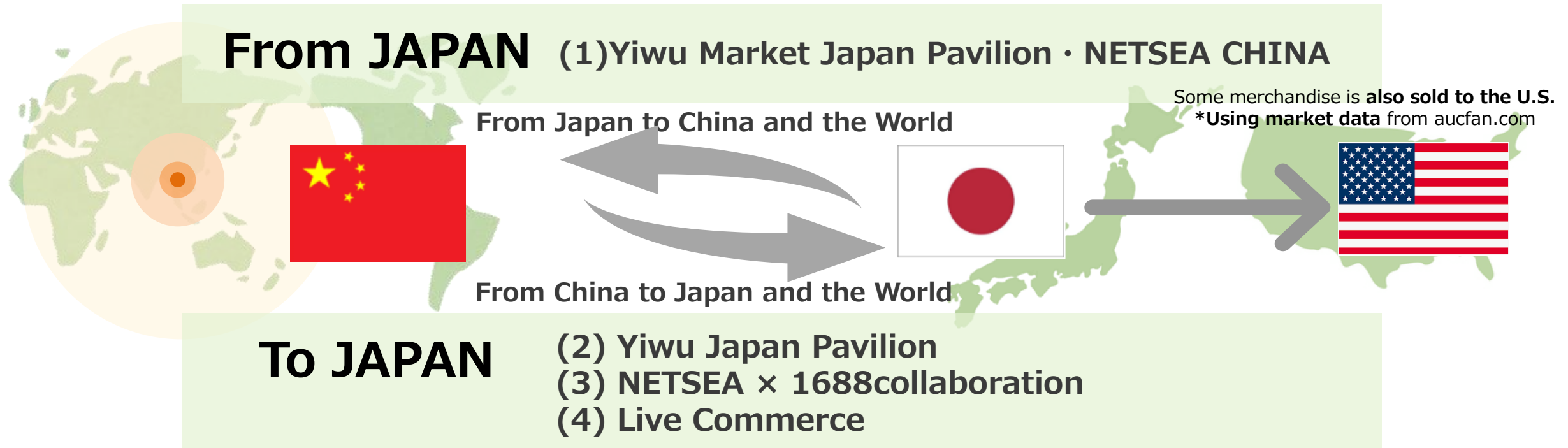
* Note: As of December 2024



Business model



Expansion into Overseas BtoB Markets Based in China



(1) Yiwu Market • NETSEA CHINA



Review of FY09/24



The “Yiwu Japan Pavilion,”
Japan’s first national pavilion in the Yiwu Market,
had a opening on August,2024

Orders linked to NETSEA CHINA

Creating a distribution channel that integrates offline and
online services

Initiatives for FY09/25



**Expansion of the number
of products listed**
Launch of "local products"
and
"subculture products" in
Japan



**Expansion of
exhibition sites**
• Utilization of Yiwu Market's
worldwide locations
*Image
(Yiwu Market in Dubai)



• Exhibitions in various parts
of China
*Image
(A stall at Shanghai exhibition)

(2) Yiwu Japan Pavilion



Review of FY09/24



March 2024: Japan Tokyo Yiwu Selection Opened in Bakurocho, Tokyo

June 2024: Japan Tokyo Yiwu Selection Held a top-level meeting with the Yiwu City Council and vice president of Yiwu Mall

Initiatives for FY09/25

Expansion
of bases and number
of products on display

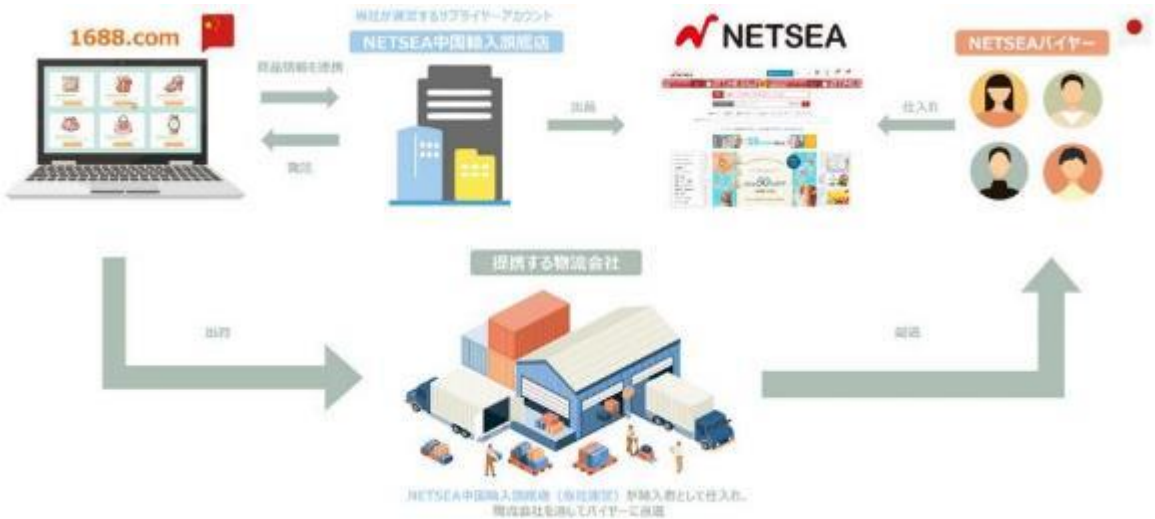


- Expansion of bases and number of products exhibited, such as Osaka
- Expansion of sales to customers of OSR and other group companies
- Establishment of a system to facilitate smooth procurement by Japanese buyers through **improvement of customs, logistics, settlement, etc.**
- **Support for PB and OEM** of Japanese manufacturers

(3) NETSEA×1688collaboration-1



Review of FY09/24



September2024:

API collaboration with 1688.com,
one of the largest B2B marketplaces in China,
enabling 1688.com procurements within
NETSEA

Initiatives for FY09/25

Hundreds

Hundreds of thousands

- Expansion of product listing

China Flag

Japan Flag

Translation

- Improved accuracy of translation of product information
- Provision of functions similar to procurement from Japanese suppliers, such as logistics/payment/supplier negotiations, etc.

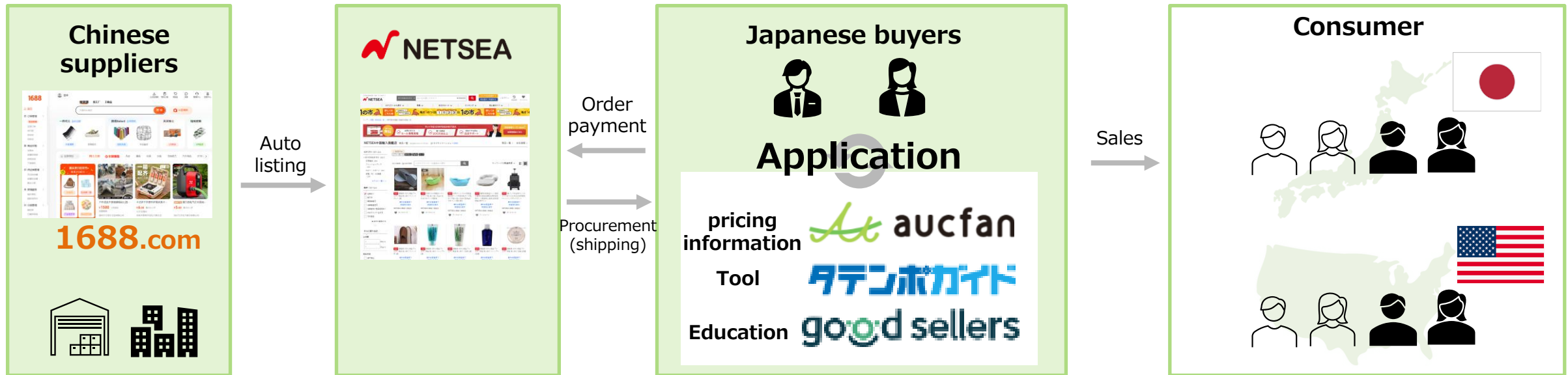
Focus on **expanding "translation accuracy" and "number of products listed"** by utilizing the resources of group companies

(3) NETSEA×1688collaboration-2



Initiatives for FY09/25

Expansion of a system that allows Japanese buyers to procure products from 1688.com through domestic transactions and **sell them to consumers in Japan and overseas using the group's services**

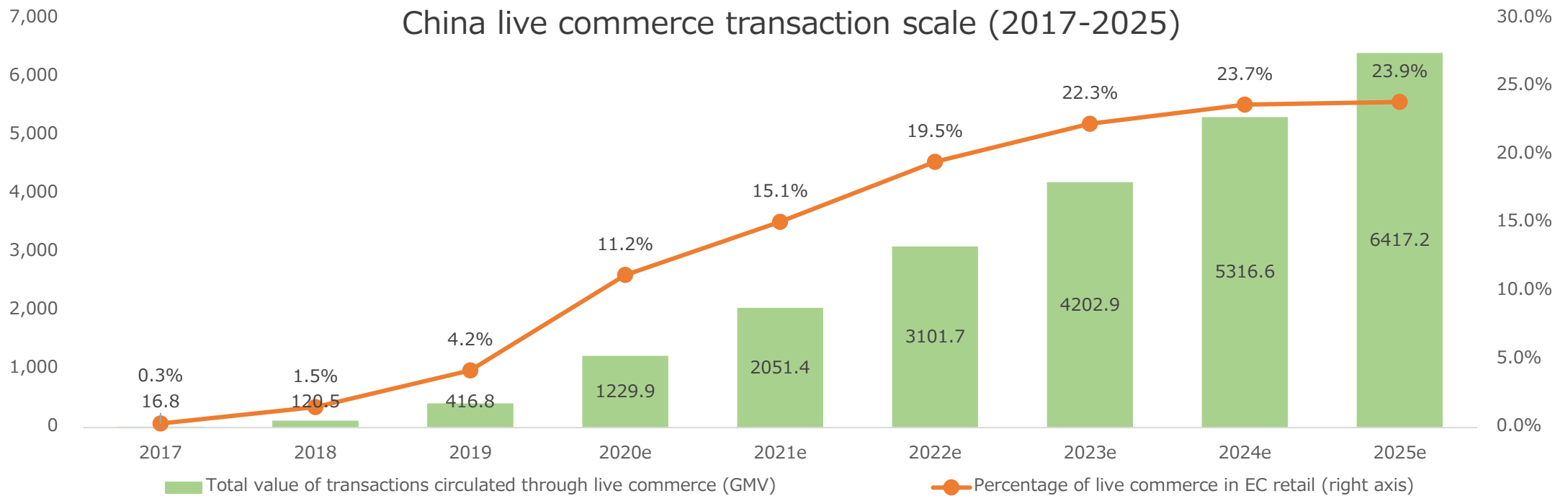


(4) Live commerce-1 Market size



China's live commerce market, which is at the forefront, is expected to grow to **approx. 137 trillion yen*1** in 2025, including China's largest live commerce company, ByteDance, and **the market in Japan is also expected to expand rapidly in 2025**

(Unit: Billion yuan)



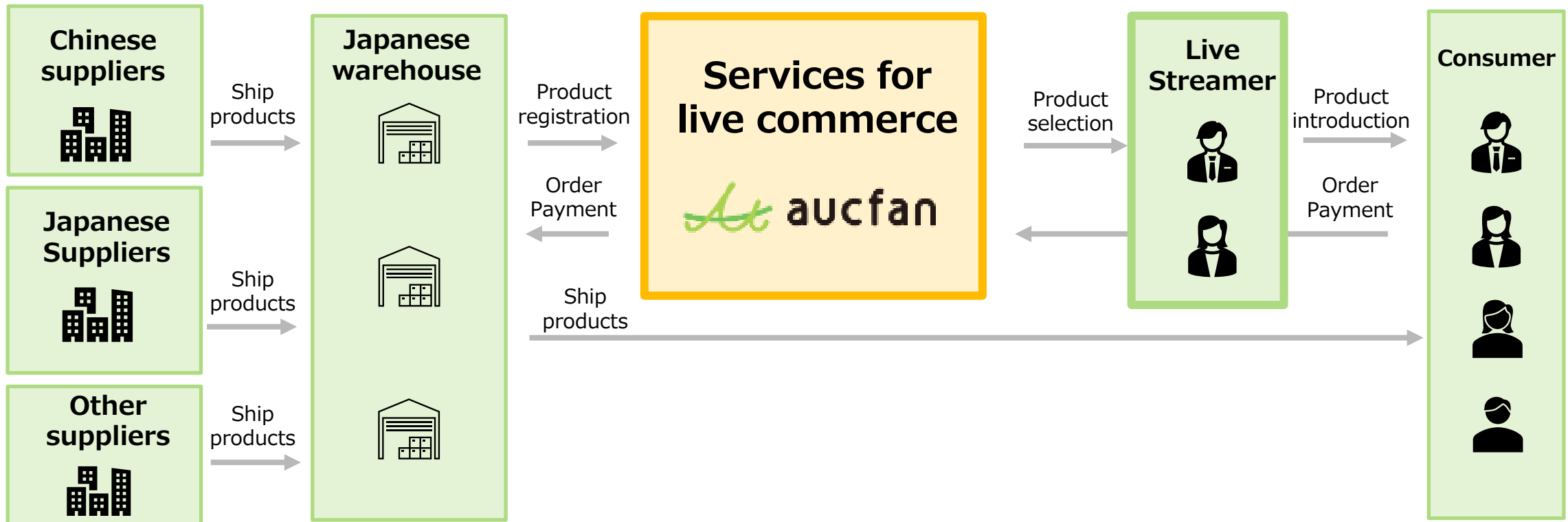
※1 : Adapted from JETRO "Live Commerce (China) - Increasing its Presence as a New EC Method" <https://www.jetro.go.jp/biz/areareports/2022/bca31f7ca5265e62.html>
 Calculated at the exchange rate on November 11, 2024, 1 yuan = 21.37 yen

(4) Live commerce-2 Scheme



Initiatives for FY09/25

Streaming plans to build a **one-stop distribution service for Chinese merchandise**



(4) Live commerce -3 Development of peripheral services



Initiatives for FY09/25

Direct in-house procurement and marketing from Yiwu and 1688



- In-house procurement of Chinese products that are difficult for Japanese buyers to handle
- Domestic marketplace sales

In-house brand development through OEM

AP LAB

Appreciate Product Lab

*Pending

An in-house brand with the mission to rediscover the "essential value" of things and deliver it to our customers. By leveraging direct procurement from factories and OEM production, we plan to develop a wide range of original products that enrich lifestyles by realizing product development that eliminates waste.

[Features and brand vision]

- Efficient value distribution that seamlessly connects factories and consumers
- "Gratitude toward manufacturing" and the "promotion of a recycling-oriented society"
- Data-driven trend analysis and product development
- A diverse product lineup that offers "better options"
- The Future of AP LAB - "Enriching society through value recognition"

Inspection services



- Establishment of an independent inspection system for Chinese merchandise
- Provision of external inspection services

Company Profile

Company name

Aucfan Co., Ltd.

Location

Sumitomo Fudosan Osaki Twin Bldg.East 7F
5-1-18 Kitashinagawa,Shinagawa-ku,
Tokyo 141-0001

Founded

June 2007

Capital

973.68 million yen
(as of September 30, 2024)

Employees

186* (as of September 30, 2024)

*Number of employees on a consolidated basis
(excl. part-time)

Head office

