



Q2 of FY 2022 Settlement Report

August 12, 2022

BuySell Technologies Co., Ltd.
TSE Growth Market : 7685

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01

Financial Highlights and topics

Financial highlights for Q2 of FY 2022

Consolidated financial highlights for Q2 of FY 2022

	Total of Q2 of FY 2022		Accounting period of Q2 of FY22 (April to June 2022)	
	<u>Results for Q2 of FY 2022</u> (cumulative)	<u>Compared with the</u> <u>corresponding period</u> <u>the year before</u>	<u>Results for Q2 of FY 2022</u> (accounting period)	<u>Compared with the</u> <u>corresponding period the</u> <u>year before</u>
Sales	15,092 mil. yen	+28.9%	8,103 mil. yen	+37.1%
Operating income	1,558 mil. yen	+17.2%	786 mil. yen	+13.4%
Ordinary income	1,552 mil. yen	+17.7%	782 mil. yen	+13.8%
Net income in this term	929 mil. yen	+34.5%	469 mil. yen	+48.6%

- The Q2 of FY 2022, will see steady growth in KPIs, such as variable profit per visit, because of the expansion in the numbers of home visits boosted by the seasonality of growth in demand in queries related to at-home pick-ups and the continuous increase in BtoC sales.
- The normalization of the flow of people due to the significant decrease in the number of new COVID 19 infections and the growth of cash conversion needs as a result of the high market prices of gold and watches will see a steady increase in the number of appraisal requests and purchases at BuySell and Timeless stores and events.
- As a result of the foregoing, in the Q2 of FY 2022, both sales and profit are set to increase **year on year**, setting a **record quarterly high**.
- **Inventory levels will continue to increase** because of inventory carryover measures designed to improve profit margins through steady purchases and B2C sales up to Q2.



Topics

Revision of full-year consolidated earnings forecast for FY 2022

FY 2022. Dec. Full-year consolidated earnings forecast				(Reference) FY 2021. Dec. full-year performance comparison	
	Previously announced forecast (A)	Forecast revised this time (B)	Changes (B)-(A)	FY 2021. Dec.	Growth rate (against revised FY 22 plan)
Sales	32,500 mil. yen	34,000 mil. yen	+1,500 mil. yen	24,789 mil. yen	+37.2%
Operating income	3,100 mil. yen	3,350 mil. yen	+250 mil. yen	2,315 mil. yen	+44.7%
Ordinary income	3,040 mil. yen	3,300 mil. yen	+260 mil. yen	2,295 mil. yen	+43.8%
Net income in this term	1,730 mil. yen	1,950 mil. yen	+220 mil. yen	1,314 mil. yen	+48.4%

- The consolidated earnings forecast for the whole year ending December 2022 has been revised upwards to **consolidated sales of 34,000 million yen and consolidated ordinary income of 3,300 million yen.**
- Considering that the first half results exceeded the in-house plan and that the second half is expected to progress smoothly according to the initial plan.
- Four-Nine, Inc. will become a wholly-owned subsidiary in August of 2022, with its PL statements (3 monthly) being included in the consolidated figures from Q4 of the period ending December, 2022, and the plan for this term conservatively incorporates only the impact of sales and assumes an operating loss of zero after taking amortization of goodwill into account.

Making Four-Nine, Inc. a subsidiary

- As per the May 13, 2022 "Announcement of Concluding of Basic Agreement for Acquisition of Shares (Making the Other Party a Subsidiary)" with the implementation of a June 30, 2022, partial acquisition of shares through share transfer, and an August 4, 2022, share transfer, **Four-Nine, Inc. becomes a wholly owned subsidiary.**

(*) The balance sheet will be consolidated at the end of the Q3 of FY 2022 and the profit and loss statement from the fourth quarter.



02

Results for Q2 of FY 2022

Consolidated Statement of Income for Q2 of FY 2022

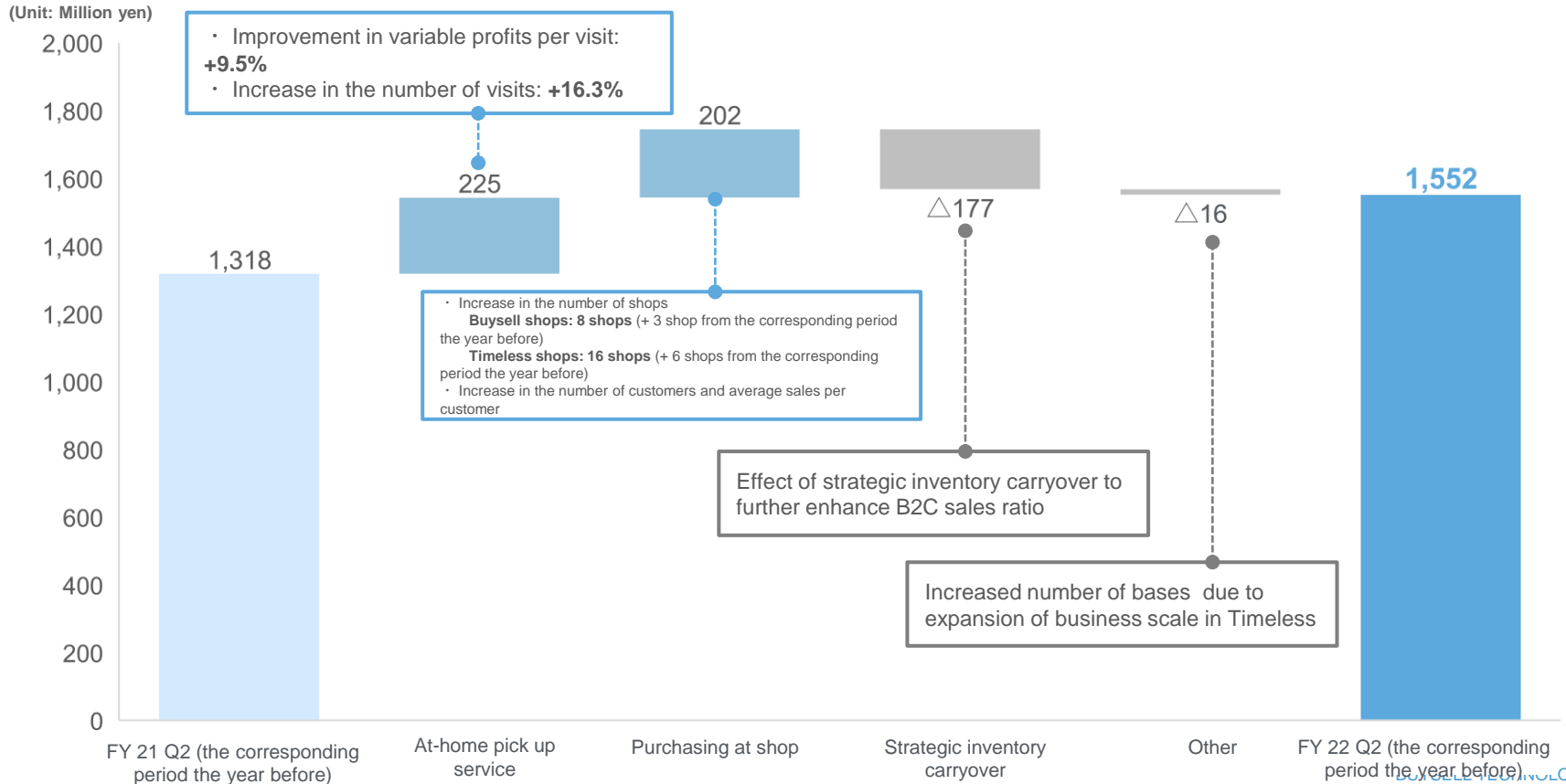
- In the Q2 of FY 2022, in addition to strong purchasing boosted by the seasonality of growth in demand in queries related to at-home pick-ups and the continuous increase in B2C sales, the normalization of the flow of people due to the significant decrease in the number of new COVID 19 infections and the growth of cash conversion needs as a result of the high market prices of gold and watches will see a steady increase in the number of appraisal requests and purchases at BuySell and Timeless stores and events.
- As a result of the above, sales and operating income **increased to 15,092 million yen (up 28.9% YoY)** and **1,552 million yen (up 17.7% YoY)**, respectively, from the same period the previous year.

(Unit: Million yen) Consolidated PL	Total of Q2 of FY 2021	Total of Q2 of FY 2022	Changes	Compared with the corresponding period the year before
Sales	11,706	15,092	+3,386	+28.9%
Gross profit	6,890	8,853	+1,963	+28.5%
Gross profit margin	58.9%	58.7%	- 0.2 pt	-
Selling, general and administrative expenses	5,559	7,295	+1,735	+31.2%
(Breakdown) Advertising expenses	1,738	2,215	+477	+27.5%
(Breakdown) Personnel expenses	1,459	1,857	+398	+27.3%
Operating income	1,330	1,558	+228	+17.2%
Sales to operating income ratio	11.4%	10.3%	- 1.1 pt	-
Ordinary income	1,318	1,552	+233	+17.7%
Ordinary income ratio	11.3%	10.3%	- 1.0 pt	-
Net income in this term that belongs to the parent company's shareholders	690	929	+238	+34.5%



Analysis of the consolidated ordinary income for Q2 of FY 2022 (YoY)

- Q2 sees a steady year on year profit growth of 17.7% to 1,552 million yen due to the improved variable profit per visit resulting from an expansion in home visits and improved B2C sales ratios and the successful increase in the number of BUYSELL and Timeless stores and department store events.

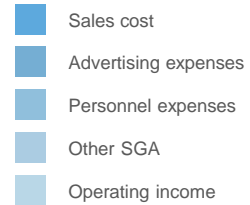


Quarterly transition

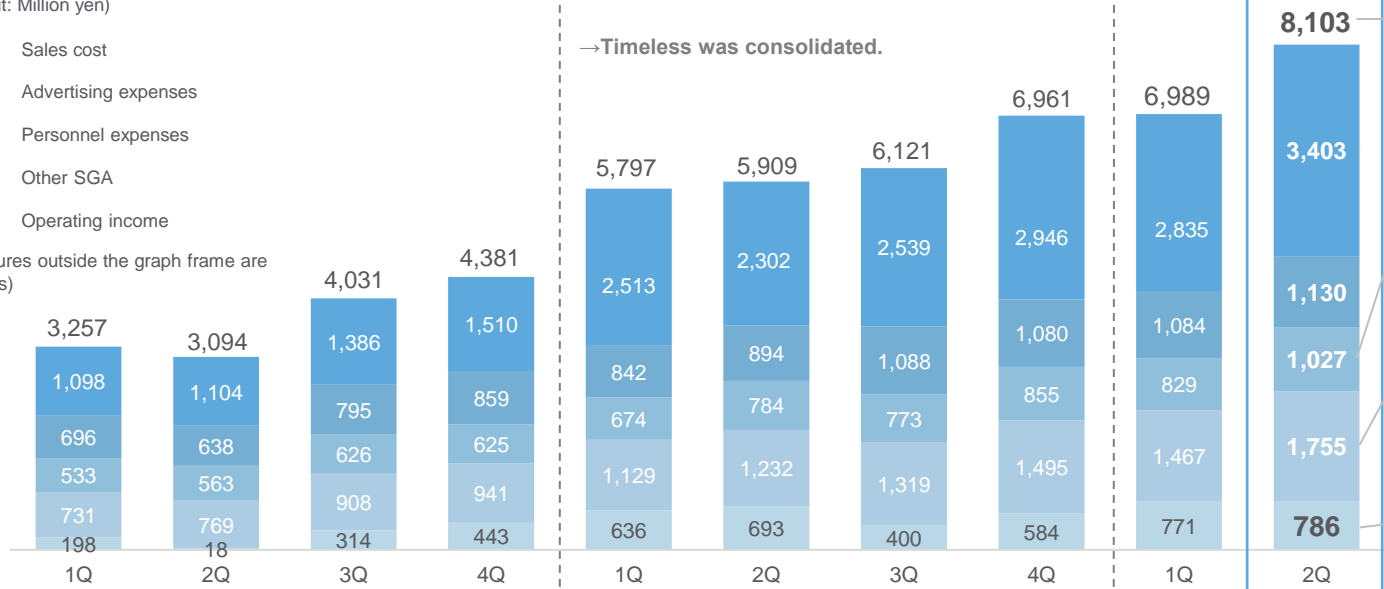
- In the Q2 (April-June), sales grew steadily to 8,103 million yen (up 37.1%, year on year) and operating income was 786 million yen (up 13.4%, year on year), achieving record high quarterly sales and profits.
- Because of the effects of an increase in the sales mix of B2B sales following growth in the purchase of precious metals due to rising market prices for gold and watches and an increase in personnel expenses due to the hiring of 196 new graduates from April, the operating income ratio decreased 1.3 pts compared to the previous quarter.

Quarterly PL growth

(Unit: Million yen)



(Figures outside the graph frame are sales)



FY 2022, Q2 highlights

Sales

- Record high sales achieved
- Continued growth of B2C sales
- Increase in B2B sales due to increased purchase of precious metals and watches due to rising market prices for gold and watches

Personnel expenses

- Increase due to hiring of new graduates (196) in April

Other SGA

- Increase in sales commissions due to increased B2C sales
- Increase in commissions to department stores for increased sales at Timeless stores and events

Operating income

- Record high operating income achieved
- Year on year and quarterly ratio decline due to sales mix caused by B2B sales growth, and the above-mentioned costs

(Reference)	FY 2020 (non-consolidated)				FY 2021 (consolidation)				FY 2022 (consolidation)	
SGA ratio	60.2%	63.7%	57.8%	55.4%	45.7%	49.3%	52.0%	49.3%	48.4%	48.3%
Sales to operating income ratio	6.1%	0.6%	7.8%	10.1%	11.0%	11.7%	6.5%	8.4%	11.0%	9.7%

Consolidated balance sheet of Q2 of FY 2022

- Regarding inventory assets, purchases in Q2 are progressing steadily, and from the perspective of aiming to further improve the B2C sales ratio going forward, **the inventory level will continue to increase.**
- Some capital procurement in Q2 for the purposes of acquiring Four-Nine stock

(Unit: Million yen)

			FY 2021	FY 2022		
			End of term	Q1	Q2	Compared with the end of the previous fiscal year
Assets	Current assets	Cash and deposits	4,772	3,798	5,956	+1,184
		Inventories (turnover period)	2,142 (70.0 days)	2,447 (72.8 days)	2,612 (68.6 days)	+470 (- 1.4 days)
		Other	432	667	503	+71
	Fixed asset	Goodwill	1,623	1,578	1,533	- 90
		Other	1,315	1,447	1,626	+310
	Total assets		10,285	9,938	12,232	+1,946
Liability	Interest-bearing debt		3,115	2,856	4,101	+986
	Other		2,577	2,161	2,610	+32
Net assets	Capital (incl. capital surplus)		1,716	1,777	1,902	+185
	Retained earnings		2,805	3,066	3,536	+731
	Other		70	75	81	+11
Total liabilities and net assets			10,285	9,938	12,217	+1,946

Inventories

- As the result of steady growth in Q2 purchases, record high quarterly sales were achieved, and inventory levels continue to grow in anticipation of expected sales in the Q3 and beyond.

Interest-bearing debt

- Capital procurement in order to acquire stock of Four-Nine (1.5 billion yen implemented by end June)
- Stock acquisition cost payment (2.26 billion yen) completed in July (Q3)



03

Changes in Major KPIs for Q2 of FY 2022

Changes in main KPIs (BST unconsolidated) of at-home pickup service

- In Q2 of the current period, because of the expansion in the numbers of home visits boosted by the seasonality of growth in demand in queries relating to at-home pick-ups and the efficient marketing investment, KPIs performed strongly.
- Variable profit (gross profit) per visit may see a certain time lag between the point of purchase and the point of sale of the purchased inventory, which generates some quarterly volatility, **but variable profit per business up until Q2 has stayed ahead of the initial plan, and the KPI has been revised upwards in the revised plan.**

KPI (at-home pick up service): Number of visits × Variable profit per visit* (*gross profit – advertising expenses)

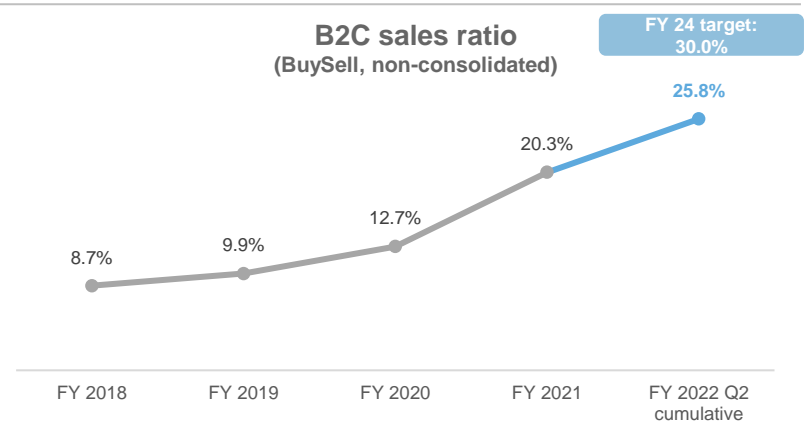
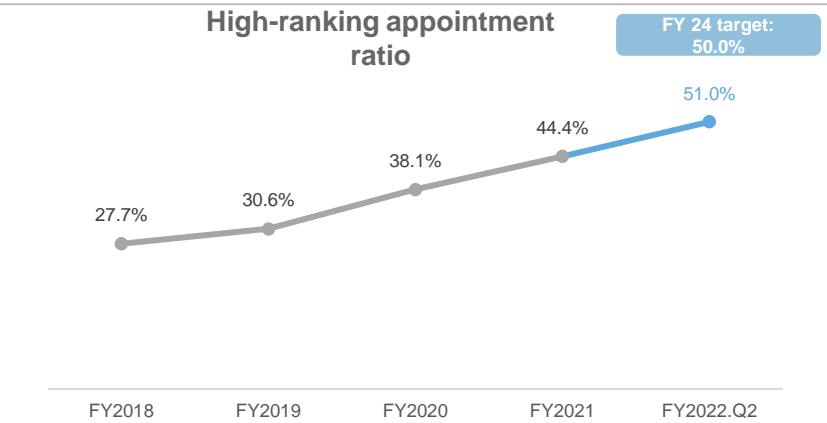
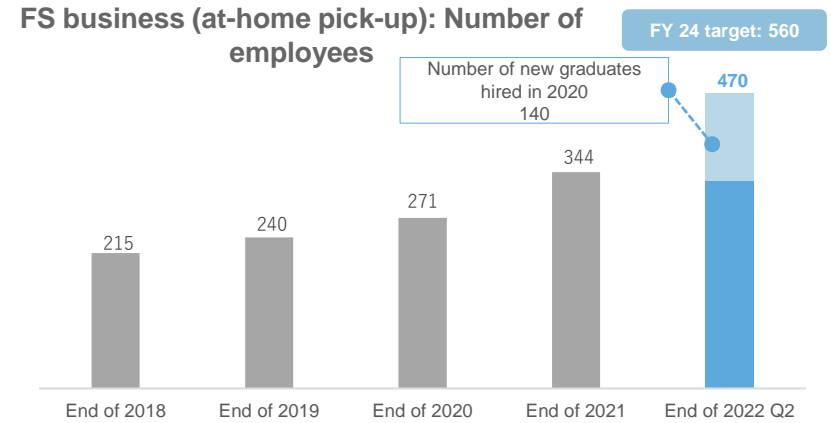
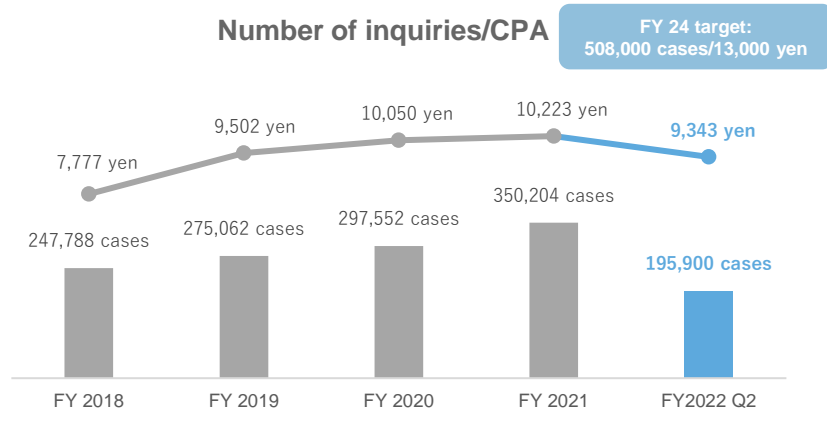
Changes in KPIs (Comparison between full fiscal year and total periods)	FY 2019	FY 2020	FY 2021	FY 2022			Revised full-year plan progress rate against plan ratio
	Full FY	Full FY	Full FY	Q2 result	Initial full-year plan	Revised full- year plan	
Number of visits (cases)	180,146	187,871	209,526	110,103	241,000	243,000	45.3%
Variable profit per visit (yen)	32,178	35,526	40,238	46,600	46,000	46,800	99.6%
- Gross profit margin per visit (yen)	46,687	51,443	57,324	63,223	64,000	65,000	97.3%
Advertising expenses per visit (yen)	14,509	15,917	17,086	16,623	18,000	18,200	91.3%

Changes in KPIs (Comparison of quarter accounting period)	FY 2021				FY 2022		Compared with the corresponding period the year before(Q2)
	Q1	Q2	Q3	Q4	Q1	Q2	
Number of visits (cases)	43,318	51,393	52,553	62,262	49,174	60,929	+18.6%
Variable profit per visit (yen)	42,437	42,658	38,673	38,031	47,179	46,133	+8.1%
- Gross profit margin per visit (yen)	60,172	58,966	57,447	53,885	65,354	61,503	+4.3%
Advertising expenses per visit (yen)	17,734	16,308	18,773	15,854	18,175	15,370	- 5.8%



Reference) Changes in other KPIs (BuySell, non-consolidated) of at-home pick up service

Other important KPIs



Effect of the spread of novel coronavirus infections

- Because of the sudden increase in the number of infected people in Japan in July 2022, the number of inquiries for the month of July was weaker than expected, but the impact on performance was kept to a minimum, thanks to measures to strengthen conversion to home visit appointments.

Impact on BuySell's business of the spread of the novel coronavirus infection

	April to May 2020	January to March 2021	August to September 2021	January to February 2022	July 2022
Buying	<ul style="list-style-type: none"> • The number of inquiries dropped about 30% from the initially forecasted figure. • The quantity of commodities purchased at each visit fell as the negotiation time with the customer was shortened. 	<ul style="list-style-type: none"> • The number of inquiries is down by about 20% from the figure initially forecast because a state of emergency has been declared again. Influences such as a decline in the quantity of commodities purchased after visit are minor. 	<ul style="list-style-type: none"> • Visit rate dropped in the urban areas as the domestic number of infections shot up. This reduced the amount of goods purchased per visit. 	<ul style="list-style-type: none"> • The number of domestic infections surged in January, and the number of visits slightly declined over the estimate. The number of visit showed a recovery trend after February, and the impact of business results was immaterial. 	<ul style="list-style-type: none"> • There was a significant increase in the number of infected people in Japan in July, and the number of inquiries was slightly lower than expected, but the impact on performance was kept to a minimum because of measures to strengthen conversion to appointments.
Sale	<ul style="list-style-type: none"> • Events at department stores were canceled, home and overseas auctions were postponed, the selling prices of some commodities tumbled, and EC sales of brand items was sluggish. 	<ul style="list-style-type: none"> • Unlike April of last year, the impact on the sales channel has been limited. • Holding events at department stores has not been affected, but some effect, such as a decline in the number of customers visiting department stores, has taken place. 	<ul style="list-style-type: none"> • Influences on sales through B2B and EC were diminutive. • Sales at events were called off because department stores were closed, but the impact was insignificant because the closure was small in scale and lasted for only a short time. 	<ul style="list-style-type: none"> • Business operation continued as usual. 	<ul style="list-style-type: none"> • Business operation continued as usual.
Cost	<ul style="list-style-type: none"> • Business operation was scaled down by cutting down the advertising expenses and decreasing the number of visits by about 30% from the initial forecast. 	<ul style="list-style-type: none"> • Business operation continued as usual. • Cost control, centering on advertising cost, was implemented. 	<ul style="list-style-type: none"> • Business operation continued as usual. 	<ul style="list-style-type: none"> • Business operation continued as usual. 	<ul style="list-style-type: none"> • Business operation continued as usual.



04

Revised full-year earnings forecast for FY 2022

Revised full-year earnings forecast for FY 2022

- The consolidated earnings forecast for the period ending December 2022 has been revised upward to show **consolidated net sales of 34,000 million yen and consolidated ordinary income of 3,300 million yen**, reflecting an upswing in comparison with the first half budget due to solid progress in first half results.

Revised earnings forecast for FY 2022

Consolidated PL	Earnings forecast for FY 2022		Changes (B - A)	Rate of change
	Initial forecast (A)	Current forecast (B)		
Sales	32,500	34,000	+1,500	+4.6%
Gross profit	19,100	19,850	+750	+3.9%
Gross profit margin	58.8%	58.4%	- 0.4 pt	-
Selling, general and administrative expenses	16,000	16,500	+500	+3.1%
(Breakdown) Advertising expenses	4,900	5,000	+100	+2.0%
(Breakdown) Personnel expenses	4,000	4,200	+200	+5.0%
Operating income	3,100	3,350	+ 250	+ 8.1%
Sales to operating income ratio	9.5%	9.9%	+ 0.4 pt	-
Ordinary income	3,040	3,300	+ 260	+ 8.6%
Ordinary income ratio	9.4%	9.7%	+ 0.2 pt	-
Net income in this term that belongs to the parent company's shareholders	1,730	1,950	+ 220	+ 12.7%

Q2 progress rate (against revised plan)

FY 2022	Progress rate
Q2 result (C)	(C/B)
15,092	44.4%
8,853	44.6%
58.7%	-
7,295	44.2%
2,215	44.3%
1,857	44.2%
1,558	46.5%
10.3%	-
1,552	47.0%
10.3%	-
929	47.7%

- In addition to the upswing against the first half budget due to a strong first half performance, improvement in a range of latter half KPIs, and up-front investment in marketing and hiring for the next term and beyond, as well as a review of the end of term carryover inventory levels as a result of the B2C sales strategy to improve profit margins.
- Regarding Four-Nine, Inc., which became a subsidiary in July 2022, the PL statements are due to be consolidated from the Q4 of FY 2022, so the company's earnings forecast (three months from October to December 2022) accompanying its consolidation is reflected in the consolidated earnings forecast. The earnings forecast for the current term conservatively reflects a profit plan at the same level as the amortization of goodwill from the company's M&A.

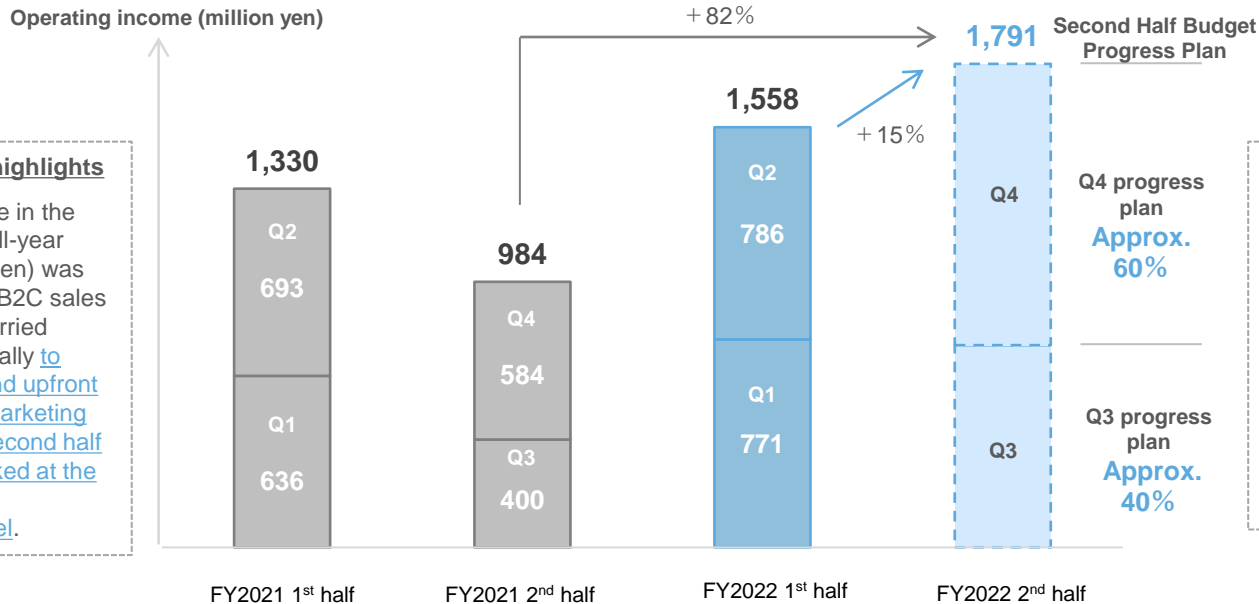


Reference: Earnings forecast for period ending December, 2022

Profit progress plan for second half

- In the second half of the period ending December, 2022, the target is **an operating income of 1,791 million JPY**, assuming an increase in visits in the second half and steady business progress in the first half.
- The reason for the high operating profit growth rate in the second half (+82% year on year) is that in the previous fiscal year the profit progress rate in the first half was high compared to the full-year plan, and the effects of a strategic inventory carryover for B2C sales from Q3 onwards in restraining sales. However, the operating profit for the first half of the current fiscal year is 1,558 million yen, with a growth rate of about 15%, so **the probability of achieving second half targets is high**.
- In consideration of the growing seasonality of purchasing demand and the increased number of visits due to the completion of training for new graduate hires, **the profit plan is assumed to be weighted towards Q4**.

Period ending December, 2022 Second Half Operating Income Progress Plan/Year-on-Year Comparison



FY2021 2nd half highlights

- The progress rate in the first half of the full-year plan (2.2 billion yen) was high (60%), and B2C sales inventory was carried forward strategically [to restrain sales, and upfront investments in marketing carried out, so second half profits were booked at the whole-year plan achievement level.](#)

FY2022 2nd half plan

- Considering [growing seasonality of purchasing demand](#) from September, and increased number of visits due to the completion of training for new graduate hires in Q4.
- [Q3 profit progress expected to be at same level as Q1 and Q2, and profit plan is expected to be weighted toward Q4](#)



05

M&A with Four-Nine, Inc.

Overview of Four-Nine share acquisition (making it a subsidiary)

- Shares of Four-Nine Inc., which operates Reuse Shop Wakaba, to be acquired (as a subsidiary) on August 4, 2022.
- Corporate profile of the acquired company

Company name	Four-Nine, Inc.
Head office	19 Kanda Matsunaga-cho, Chiyoda-ku, Tokyo
Representative	Ryoichi Imai
Business description	Reuse business and franchise business
Foundation	April 2016

M&A overview

Overview	Conversion of Four-Nine, Inc. into a wholly owned subsidiary
Scheme	Share acquisition (cash consideration) + partial equity swap
M&A completion date	August 04, 2022
Start of consolidation	BS consolidation scheduled for end Q3, PL consolidation scheduled in Q4, for period ending December 2022.
Consideration for M&A acquisition	Share acquisition: Approx. 2.25 billion Equity swap: Approximately 1.02 billion yen (204,000 shares)*1 Total acquisition consideration: Approximately 3.27 billion yen
Goodwill	Approx. 2.8 billion yen (12-year depreciation. Under discussion with accounting firm.)

Characteristics of business



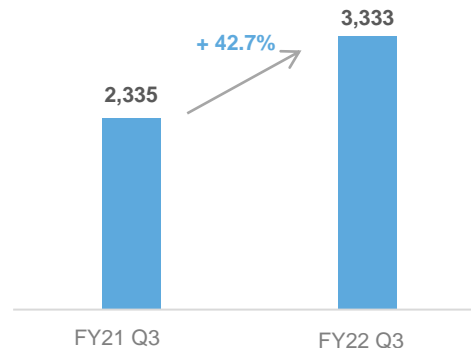
Reuse Shop
WAKABA
あなたのモノも、誰かのサイズに

- Franchise shop: 164 shops
- Directly managed shop: 16 shops
* As of end of June 2022

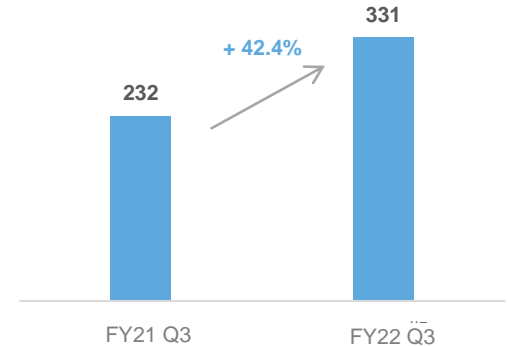
- Operate the purchasing shop Reuse Shop WAKABA as a franchise and direct management methods
- Purchase a variety of commodities that include branded bags, wristwatches, and jewelry
- Good at shop development at second class locations and the support system including fulfilling training programs

Business performance overview (normal earning power)

Adjusted sales turnover (million yen) *2



Adjusted EBITDA (million yen) *2



*The exchange price (consideration) per share is calculated from the closing price on the effective date of the share exchange (August 4, 2022).

*2 Adjusted EBITDA is based on the results of DD surveys conducted on Four-Nine, Inc., for the fiscal years ended March 2021 and March 2022 and adjusted for non-recurring and temporary transactions, and transactions not expected to occur after the company becomes a subsidiary. (Reference value)
Because of the unification of Four-Nine's accounting methods with the Company's methods, it is expected that there will be changes in the amounts and presentation of future operating results and financial statuses.

M&A with Four-Nine, Inc.: Target area

- Realize mid- and long- term growth of the group by strengthening the existing competitiveness through an increase in purchasing shops and maximizing synergy from the PMI as a result of the addition of Four-Nine, Inc., into the group

(Excerpt from the medium-term business plan 2024)

Maximization of enterprise value

M&A investment target areas

Investment priority/synergy from PMI

Low

New areas

- **New areas with a high affinity for businesses and customer base of the company:** Real estate, sorting out mementos, and clearance
- Other new areas

Reuse
Expansion to
untouched areas

- **Expansion of newly covered commodities:** Musical instruments, toys, apparels, furniture, and home electrical appliances
- **Expansion of purchase channels:** Company holding purchase channels for niche and specialty commodities
- **Expansion of marketing channels:** Cross-border EC (overseas marketing channel) and shops

High

Reuse
Strengthening of
the present
competitiveness

- **Strengthening of covered commodities:** Kimonos, stamps, [brand items](#), [wristwatches](#), [jewelry](#), and cameras
- **Strengthening of purchase channels:** At-home pick up, [shops](#) and delivery
- **Strengthening marketing channel:** EC sale, auction, and sales at events

Creation of value
from PMI

- ✓ Data-driven management
- ✓ Technology
- ✓ Human resources and employment
- ✓ Sales and marketing
- ✓ Compliance
- ✓ Corporate

Target area of the M&A

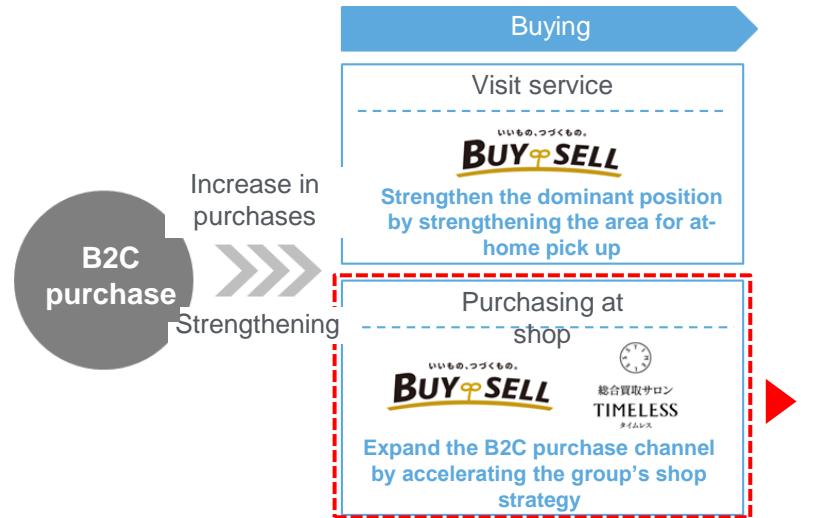


M&A with Four-Nine, Inc.: Expected synergy (purchase)

- Strengthen B2C purchases in the purchasing of shop services through a surge in shops of the group, expansion of shops differentiated by companies, and realization of group synergy

Focused purchase areas in the growth strategy

(Partial except from the medium-term business plan 2024)



Increase C2B2C transactions possible to combine a growth in sales and that in profit margins

Shop overview of companies



- 8 shops (as of end of June 2022)
- Major cities across the nation
- Major commodities: Kimonos, stamps, old coins



総合買取サロン
TIMELESS
タイムレス

- 16 shops (as of end of June 2022)
- Permanent shops in department stores throughout the country
- Major commodities: brand items, wristwatches, and jewelry



Reuse Shop
WAKABA
あなたのモノも、誰かのアイゼンに

- 180 shops (as of end of June 2022)
- Second class locations across the nation (mainly franchise shops)
- Major commodities: brand items, wristwatches, and jewelry

Accelerate the group's expansion of shops through this M&A

Number of the group's shops: 24

shops → 204 shops



M&A with Four-Nine, Inc.: Expected synergy (sale)

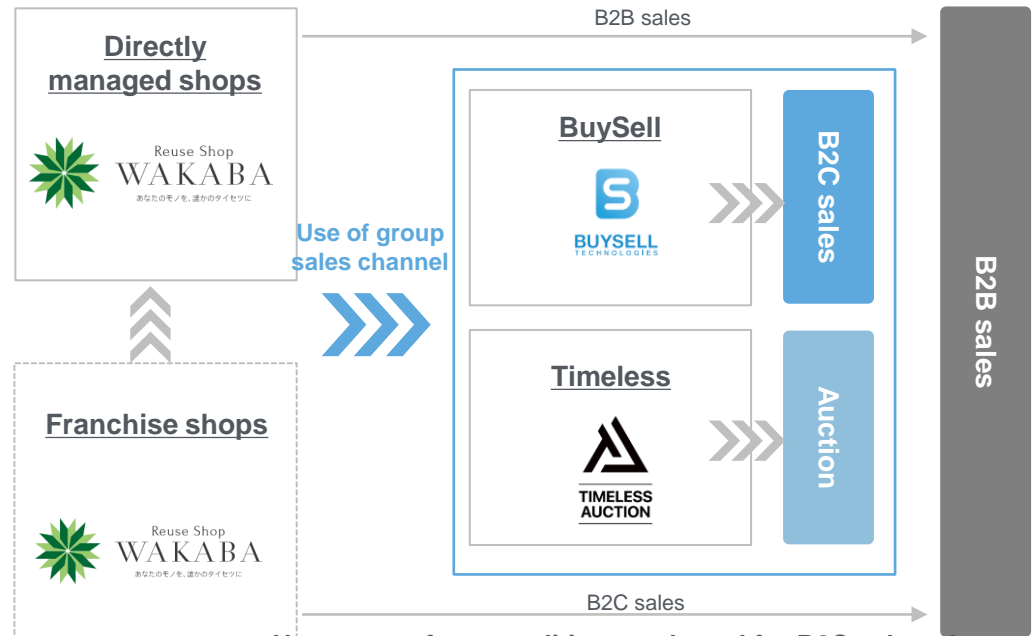
- Improve profit margins from an increase in B2C sales and increase the auction trading volume by using a part of commodities purchased by Four-Nine, Inc., and franchise shops for B2C sales of BuySell and sales channels of Timeless Co., Ltd., such as auctions.

Current situation



Mainly B2B sales through wholesaling and selling commodities at auction

Expected synergy after M&A



Use a part of commodities purchased for B2C sales of BuySell and sales channels of the group such as Timeless auction

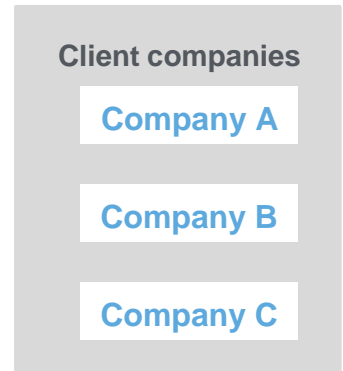
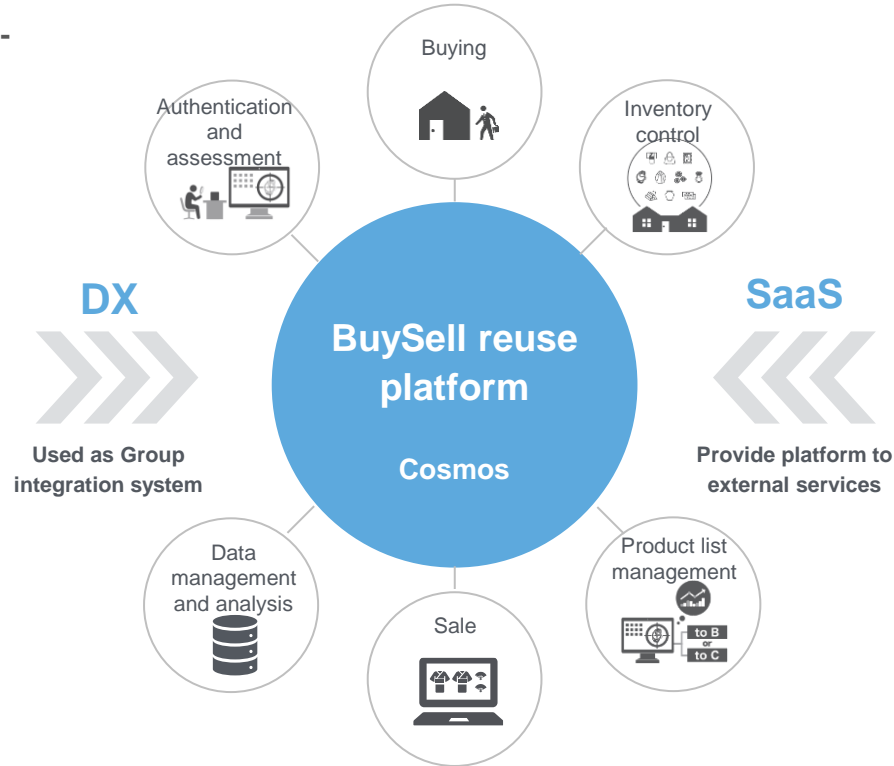
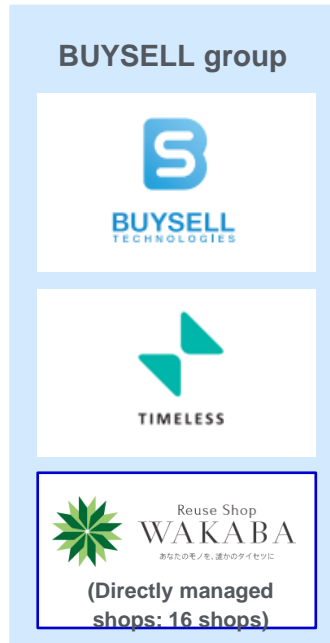
→ Improve profit margins from an increase in B2C sales and increase auction trading volume



M&A with Four-Nine, Inc.: Expected synergy (SaaS)

- Accelerate the SaaS concept for reuse platform, which is launched in the medium-term business plan, by advancing the service provision of BuySell reuse platform (Cosmos) to franchise shops of Four-Nine, Inc.

(Excerpt from the medium-term business plan 2024)



We provide all functions, from purchase to sales, to realize a world where all kinds of reuse vendors use the BuySell reuse platform.

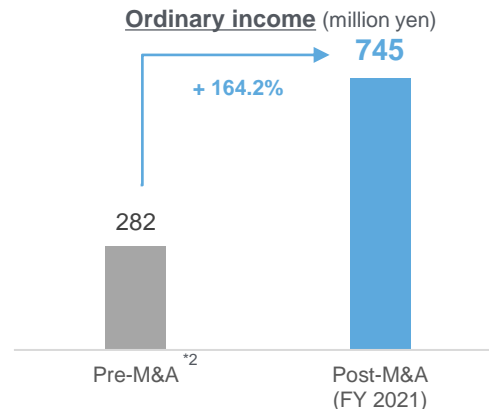
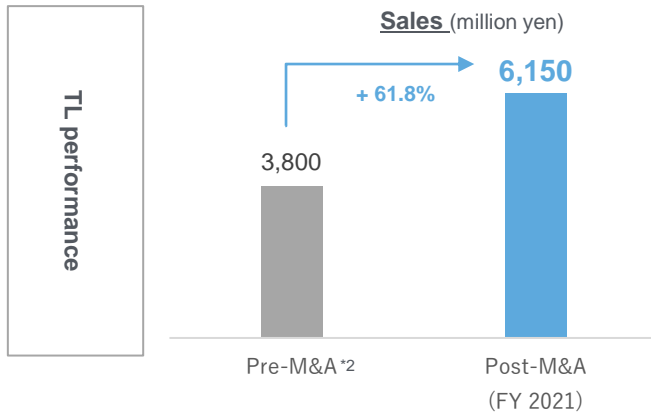


Reference) Results of M&A with Timeless

- Achieved M&A results that contributed to group synergy and improvement of corporate value through effective PMI

after M&A	Project overview
Overview	Conversion of Timeless Co., Ltd into a wholly owned subsidiary (only reuse business)
M&A completion date	November 6, 2020 (included into the scope of consolidation from FY2021 December)
Scheme	Share acquisition (cash consideration) + partial equity swap
Consideration for M&A acquisition	Share acquisition: Approx. 1.65 billion Equity swap: Approximately 300 million JPY (140,000 shares)*1 Total acquisition consideration: Approximately 1.95 billion yen
Amount of goodwill recorded	Approx. 1.8 billion yen (10-year depreciation)

	Main PMI contents
Data driven	<ul style="list-style-type: none"> Sharing of data-based KPI visualization / monitoring know-how Increased from <u>37</u> at the end of December to <u>95</u> at the end of December 2021
Employment	<ul style="list-style-type: none"> Acceleration of the number of events and store openings by expanding personnel
Technology	<ul style="list-style-type: none"> Construction of web auction system System integration of inventory and sales data, etc. Marketing support for DM and web advertising in collaboration with department stores
Marketing sales	<ul style="list-style-type: none"> Group sharing of know-how in sales and assessment Cost reduction and operational efficiency improvement through corporate function integration
Corporate, etc.	<ul style="list-style-type: none"> Establishment of compliance system



- Created synergies from PMI and contributed to an increase in corporate value.
- Made significantly profit generation in excess of the burden of amortization of goodwill.
- Achieved improved EPS associated with M&A in excess of the impact of earnings dilution due to share swaps.

*1 Listed as number of shares after consideration of share split that came into effect on January 1, 2021. Equity swap consideration calculated at the closing price on the date of the equity swap (November 6, 2020).

*2 For the pre-M&A performance figures, the adjusted PL figures for FY 2020 calculated by the Company and external organizations at the time of implementation of the financial DD are adopted only for the reuse business from the viewpoint of comparability.

Appendix

Midterm Management Plan 2024 (reprint)



Medium-term Business Plan 2024

FY2022 to FY2024

February 14, 2022

BuySell Technologies Co., Ltd.
TSE Mothers: 7685

Contents

BuySell Technologies **Medium-term Business Plan 2024**

- 01 Medium-term business plan
- 02 Business strategy
- 03 Investment and financial strategy
- 04 Corporate governance and ESG/SDGs
- 05 Appendix



01

Medium-term Business Plan

Position of medium-term business plan - Ideal in FY2024

Mission of BUYSELL group

- **Contribute to establish the recycling-based society** through revitalization of the secondary trading market for the purpose of realizing sustainable society
- **Seek sustainable growth and maximize enterprise value** as a company jointly creating value with various stakeholders such as customers, shareholders, employees and society

Ideal in FY2024

- Establish the position as **a reuse tech company** by promoting the integration of the **real with technology (IT and DX)**
- Secure an unrivaled, established **leading position in reuse at-home pick up service**
- Set a target for **average annual growth rate of consolidated ordinary income of about 40%** for three years (FY2024.12) on **organic growth** basis
- Build up the corporate governance system **combining sustainable growth with strengthening of governance** for the purpose of **maximization of shareholder value**

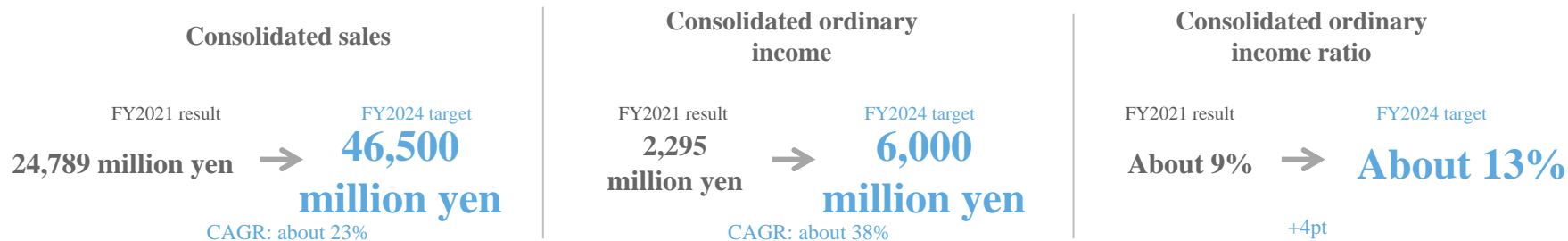


Medium-term business plan financial guidance - FY2024 earnings target

Targets based on organic growth

FY2024 December earnings targets based on **organic growth of existing businesses in BUYSELL and TIMELESS**

(excluding effect of future M&As)



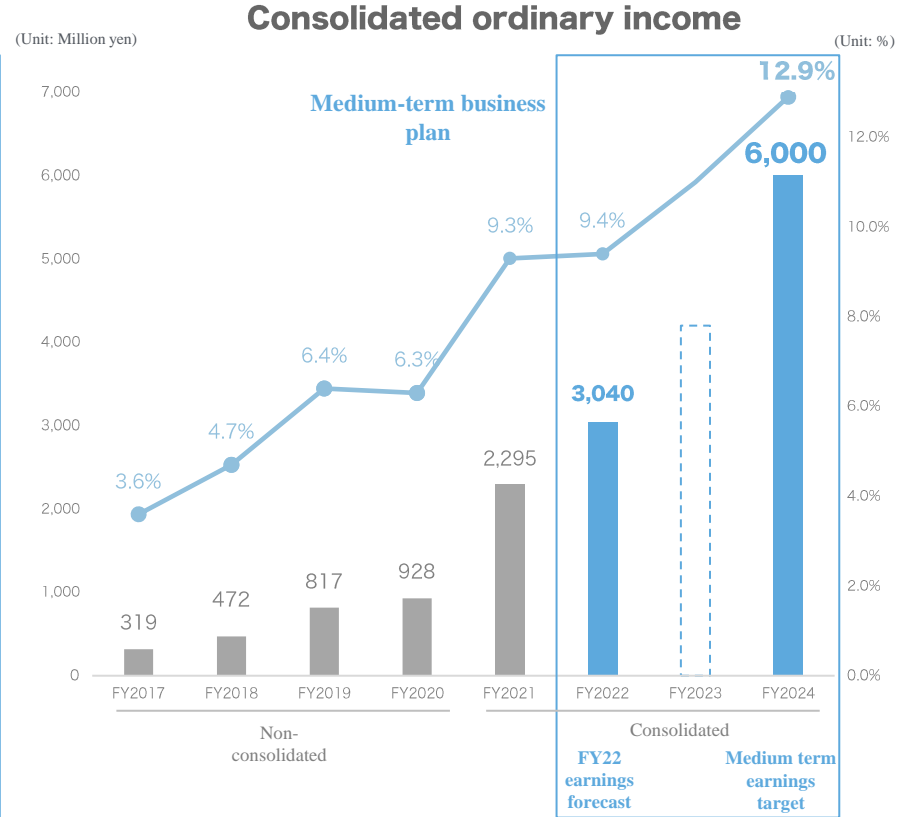
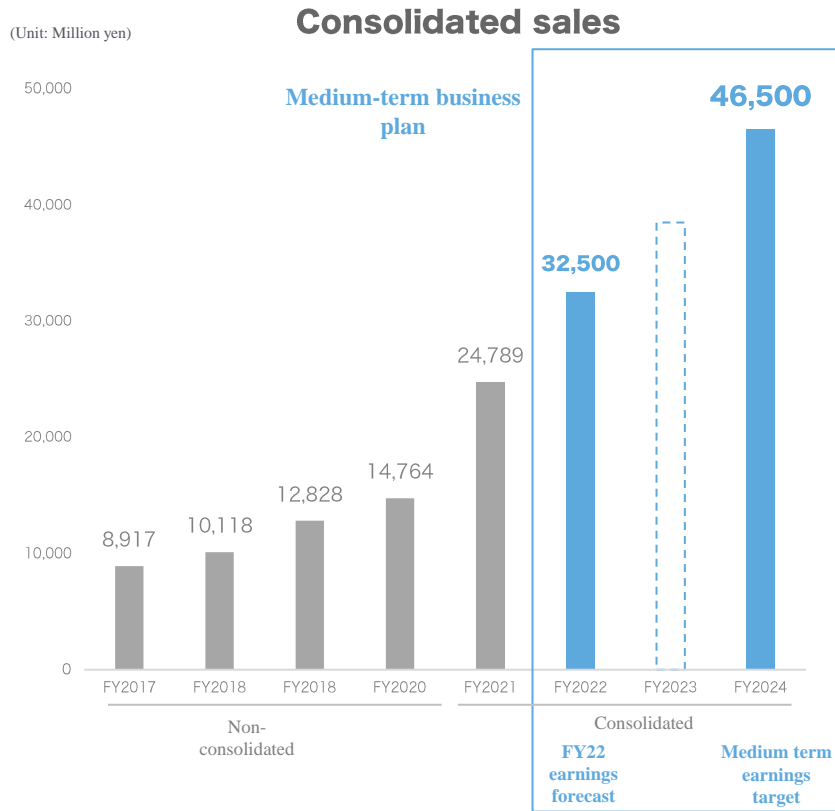
Targets based on inorganic growth

Seek a discontinuous growth by **actively promoting M&As**

- Achieve the target for **ordinary income of 6,000 million yen plus something extra (upside)** for FY2024 December
- Build the foundation for long-term business sustainability and growth after FY2024 December



Review of financial results and medium-term earnings targets based on organic growth



← FY17-FY21 CAGR : 29.1%

→ FY21-FY24 CAGR : 23.3%

← FY17-FY21 CAGR : 63.9%

→ FY21-FY24 CAGR : 37.6%



02

Business strategy

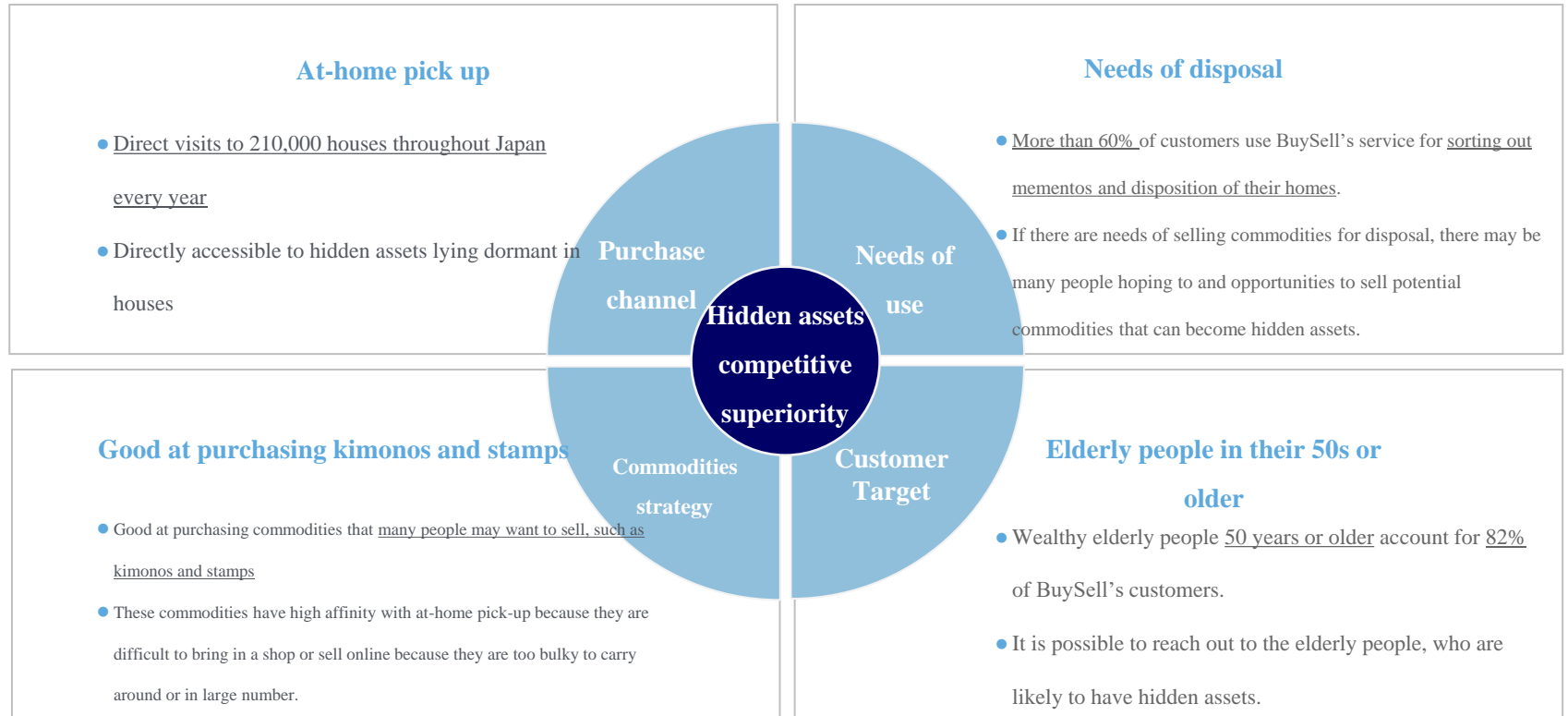
Potential of reuse market and strategic basic policies

	Actual reuse market scale	Potential reuse market scale
Potential for growth of reuse market	2022: 3.0 trillion yen CAGR : About 7%	Hidden assets*: 37.1 trillion yen <small>*Hidden assets: Prices of unwanted articles at home that have not been used for one year or longer</small>
The company's view about the market	<ul style="list-style-type: none">• Main needs for selling commodities for the purpose of realization and replacement• Possible to purchase commodities at all purchase channels (including shops and delivery)• Wide customer base ranging from young people to elderly people• Severe competitive environment	<ul style="list-style-type: none">• Main needs for selling commodities for the purpose of disposal• Favorable for at-home pick up directly accessible to commodities disused in houses• Customer base mainly consisting of elderly people with many hidden assets• Mild competitive environment
The company's strategic basic policies	Strengthen purchase channels such as shops and increase market share through M&As	Give top priority to growth investment in at-home pick up service to keep a leading position



Competitive superiority in potential reuse market of hidden assets

- A direct access can be made to assets hidden in houses by visiting them to purchase commodities, which is the flagship business of BuySell.
- Realizing competitive superiority against hidden assets, a potential reuse market with a great growth potential



*Hidden assets: Prices of unwanted articles at home that have not been used for one year or longer



Medium-term Business Plan, Summary of Business Strategy

A

Acceleration in technological investment mainly in strengthening of IT and DX

- Accelerate data-driven management by strengthening IT and DX and making business more efficient by further introducing technology
-

B

Continuous strengthening of at-home pick up service and B2C sales

- Strengthen the area strategy in at-home pick up service
- Strengthen B2C sales by introducing technology in sales

D

M&A

- Execute M&As in the reuse area contributing to strengthening of present competitiveness and reinforcement of businesses by operations in uncovered areas
-

C

Expansion of purchase at shop service

- Accelerate the group's shop strategy for shops of BUYSSELL and TIMELESS

E

New business

- Offer new services by making the reuse platform SaaS
 - Commercialize the areas neighboring needs of selling commodities for disposal and the areas related to elderly people
-

Organic growth strategy

Inorganic growth strategy



A. Strengthening of investment in the technology area

- Accelerate business growth by increasing the productivity with technology and deepening data-driven management through establishment of data foundation

Acceleration in data-driven management

- Accelerate a further data-driven management by deepening data such as purchase, sales and customer data as a result of establishment of the entire company data foundation

Increase in the productivity with technology

- Increase operating effectiveness by establishing the reuse platform and using technology
- Increasing the number of appraisal cases per capita by reducing time for appraisal at time of visit

FY2021 result

3.6 cases/day



FY2024 target

4.0 cases or more/day

Expansion of technology organization

- Formulation of mid-and-long term technological strategies
- Strengthen employment of engineers, human resource development system and employment branding by making preferential investment in technology organization

FY2021 result

About 40 persons

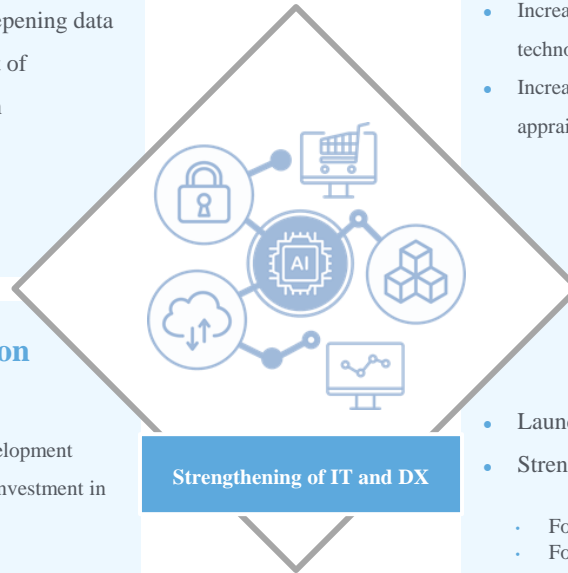
FY2024 target

120 persons or more

Strengthening of IT and DX

Research and development using AI technology and data

- Launch BuySell Research
- Strengthen research and development with the theme of reuse x AI
 - Forecast of price of commodities
 - Forecast of a starting price of auction
 - Chatbot
 - Identification of commodity and model number
 - Identification of the authenticity
 - Automatic calculation of appraisal price
 - Optimization of visiting route
 - Optimization of allocation of inventories



Promote the combination of real (people and goods) x technology (IT and DX) to become a reuse tech company



B/C. Basic policy of organic growth strategy

- Focusing on increasing C2B2C transactions that are possible to grow in sales and profit margins for realizing organic growth in medium- to long-term.



Increasing C2B2C transactions possible to combine a growth in sales and that in profit margins

B. Area expansion strategy in at-home pick up service

- Executing optimum strategy of marketing, bases, and personnel distribution in regional areas in addition to urban areas, Tokyo, Nagoya and Osaka mainly to Combine an increase in the number of visits and maximization of variable profits per visit by area and pursue further growth.

	Tokyo, Nagoya and Osaka areas	Focused regional areas
Gross profit margin per visit	<ul style="list-style-type: none"> • Tendency for many inquiries and commodities purchased from elder wealthy and higher gross profit per visit 	<ul style="list-style-type: none"> • Lower gross profit per visit over Tokyo, Nagoya and Osaka areas
Advertising expenses per visit	<ul style="list-style-type: none"> • Tendency for severe competitive environment and higher advertising expenses (CPA) 	<ul style="list-style-type: none"> • Possible to efficiently make advertisements at low advertising expenses (CPA) due to mild competitive environment
Variable profit per visit	<ul style="list-style-type: none"> • Possible to generate variable profit per visit in regional areas equivalent to that in Tokyo, Nagoya and Osaka areas by adopting the efficient marketing strategy according to gross profit margin per visit by area 	<div style="border: 1px dashed blue; padding: 5px;"> <p>Already validating the probability of the strategy for expanding regional areas in relation with executing the strategy for focusing on rural areas under COVID-19 crisis</p> </div>
Number of visits	<ul style="list-style-type: none"> • Possible to increase the number of visits with an improvement in variable profit per visit by focusing on regional areas 	

Further strengthening the foundation through continuing investment

Strengthening investment in focused regional areas

- Divide into segment by fragmented area before executing the cross-media marketing strategy which is the strength of the company
- Strengthen sales capabilities with organization and personnel distribution optimized by area by increasing the number of bases

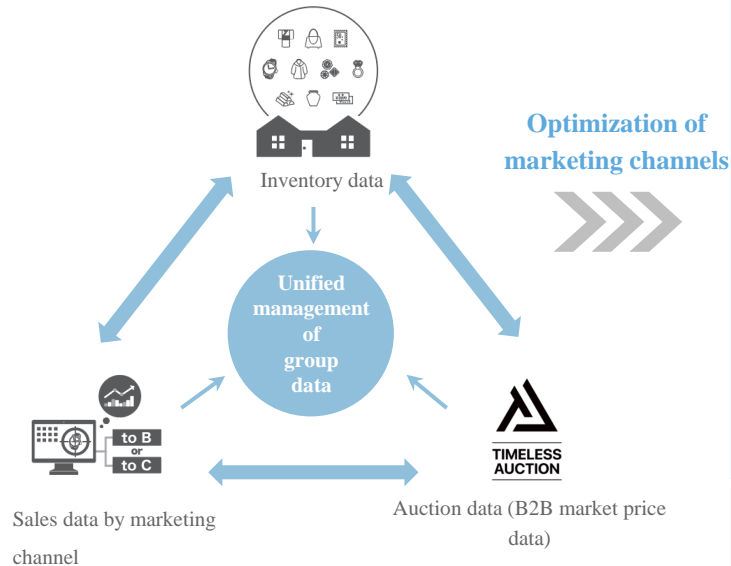
Combine an increase in the number of visits and maximization of variable profits per visit by maximizing return on investment by area



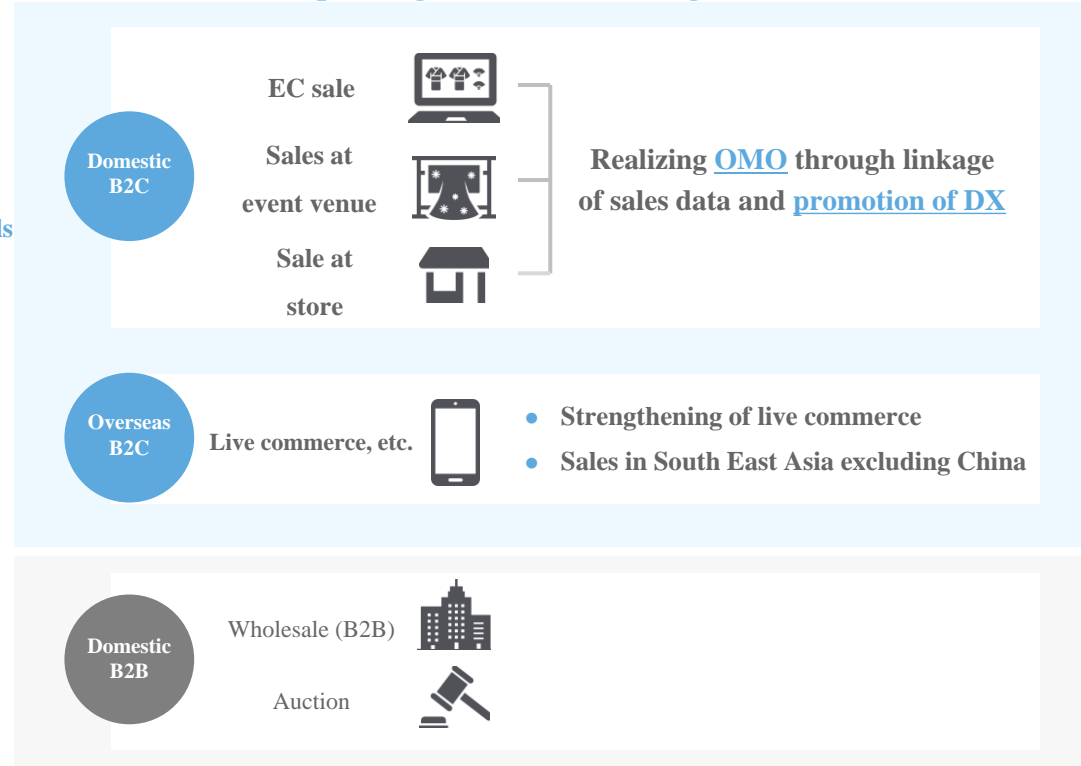
B. Strengthening B2C sales by introducing technology for sales

- Increase profit margins by optimizing marketing channels with unified management of group data, making B2C sale OMO (Online merges with Offline) and increasing overseas marketing channels

Optimizing marketing channels through unified management of group data



Increasing profit margins by making B2C sale OMO and expanding overseas marketing channels



C. Strategy for increasing purchase shops

- Strengthen the purchase at shop channel differentiating from at-home pick up by accelerating the group's expansion of shops with effective use of synergy of the group

Shops in BUYSELL



- 5 shops (as of end of December 2021)
- Major cities across the nation
- Main commodities: kimonos, stamps, old coins, etc.

Advantage

- Effect of attracting customers through recognition of BUYSELL resulting from large-scale marketing campaign concerning BUYSELL at-home pick up service
- Targeting elderly customers with the needs for selling commodities for disposal
- Guiding customers who are resistance to at-home pick up to a shop



Shops in TIMELESS



- 14 shops (as of end of December 2021)
- Permanent shops in department stores throughout the country
- Main commodities: brand items, wristwatches, jewelry, etc.

Advantage

- Favorable location and sense of security of permanent shops in department stores
- Mainly targeting elderly wealthy using department stores
- Taking marketing measures such as DM in collaboration with department stores
- Guiding customers who are resistance to at-home pick up to a shop



Acceleration in shop development with synergy of the group

- ✓ Mutually delivering customers
 - ✓ Marketing
 - ✓ data
- ✓ Employment and exchange of personnels
- ✓ Targeting elderly people

Increase the number of shops in the group to 50 for FY2024

Major KPI targets (FY2024) in at-home pick up service

KPI (at-home pick up service): (1) Number of visits × (2) Variable profit per visit* (*3) gross profit – (4) advertising expenses)

(1) Number of visits

FY2021 result → FY2024 target
209,526 cases → 320,000 cases

(2) Variable profit per visit

FY2021 result → FY2024 target
40,238 yen → 51,000 yen

(3) Gross profit margin per visit

FY2021 result → FY2024 target
57,324 yen → 72,000 yen

(4) Advertising expenses per visit

FY2021 result → FY2024 target
17,086 yen → 21,000 yen

Other important KPIs

Number of inquiries (CPA*1)

FY2021 result → FY2024 target
350,204 cases → 508,000 cases
(10,223 yen/case) → (13,000 yen/case)

FS business (at-home pick-up): Number of employees

At end of December of FY2021 → FY2024 target
344 → 560
*incl. managers and office workers

High-ranking appointment ratio*2

FY2021 result → FY2024 target
44.4% → 50%

B2C sales ratio

FY2021 result → FY2024 target
20.3% → 30%

*1 CPA: Advertising expenses per inquiry (advertising expenses concerning at-home pick up ÷ the number of inquiries)

*2 High rank appointment ratio: Appointments are classified into five ranks, A-E, according to the expected gross profit per visit for internal management accounting.

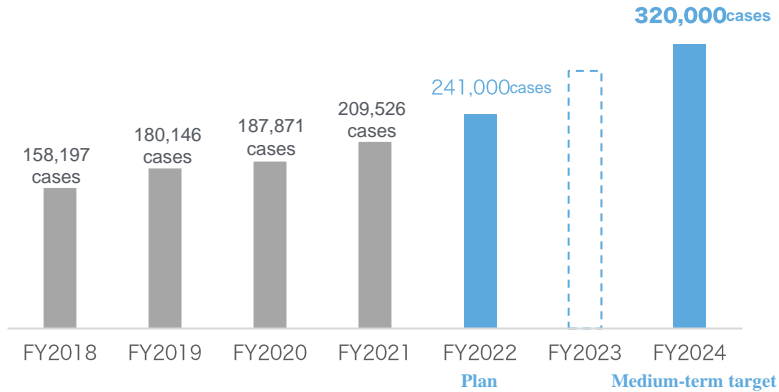
Ratio of appointments with higher ranks of A - C among the relevant ranks to the number of visits (number of appointments with the ranks of A - C ÷ Number of visits)



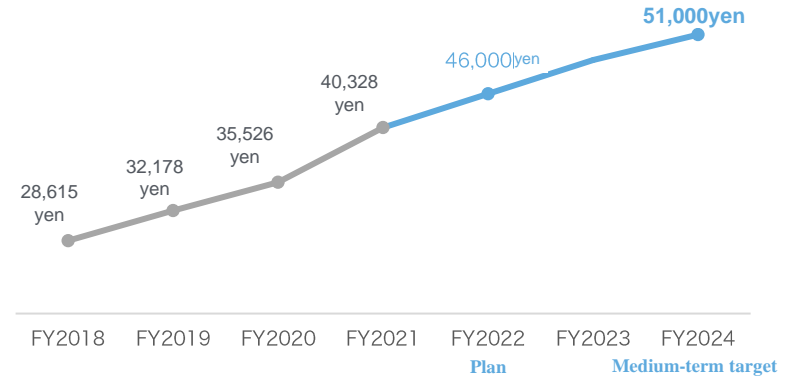
Reference) Trend of major KPI for at-home pick up service (i)

KPI (at-home pick up service): (1) Number of visits \times (2) Variable profit per visit* (* (3) gross profit – (4) advertising expenses)

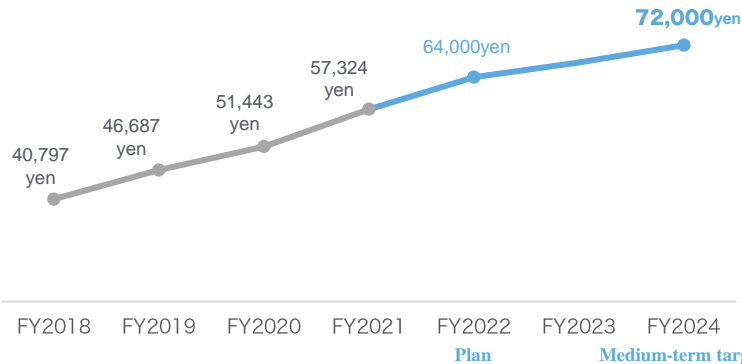
(1) Number of visits



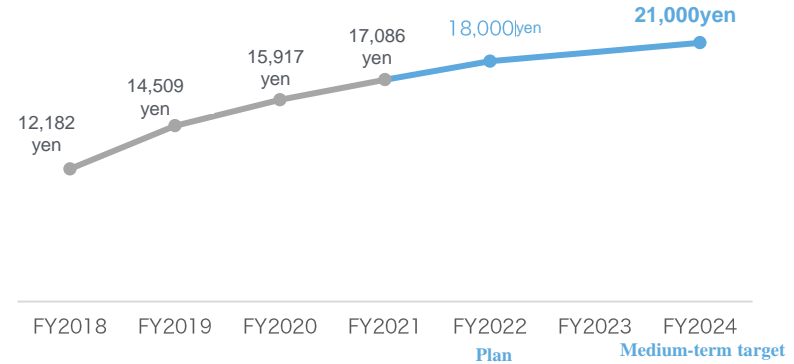
(2) Variable profit per visit



(3) Gross profit margin per visit



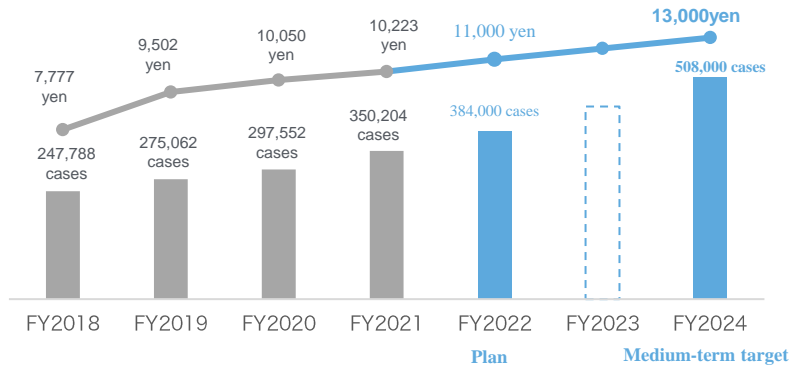
(4) Advertising expenses per visit



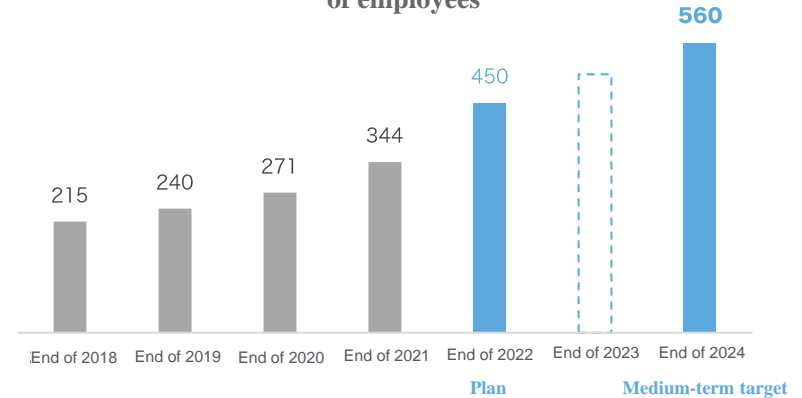
Reference) Trend of major KPI for at-home pick up service (ii)

Other important KPIs

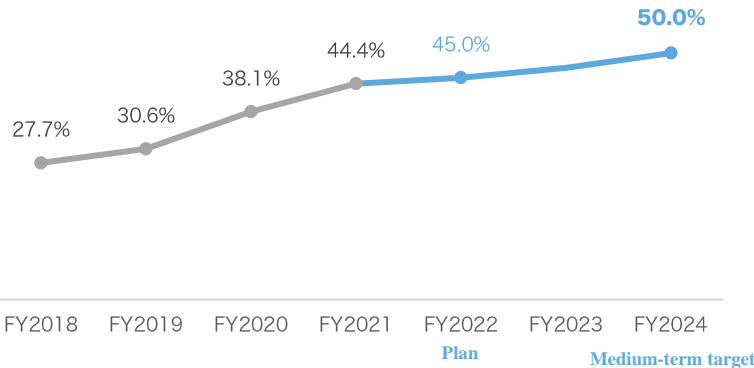
Number of inquiries/CPA



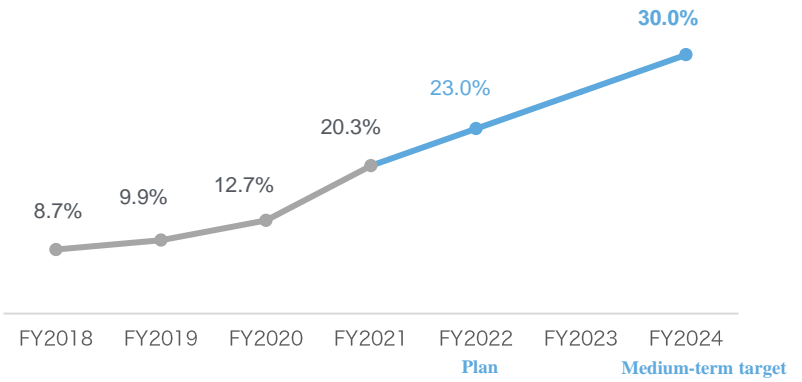
FS business (at-home pick-up): Number of employees



High-ranking appointment ratio



B2C sales ratio



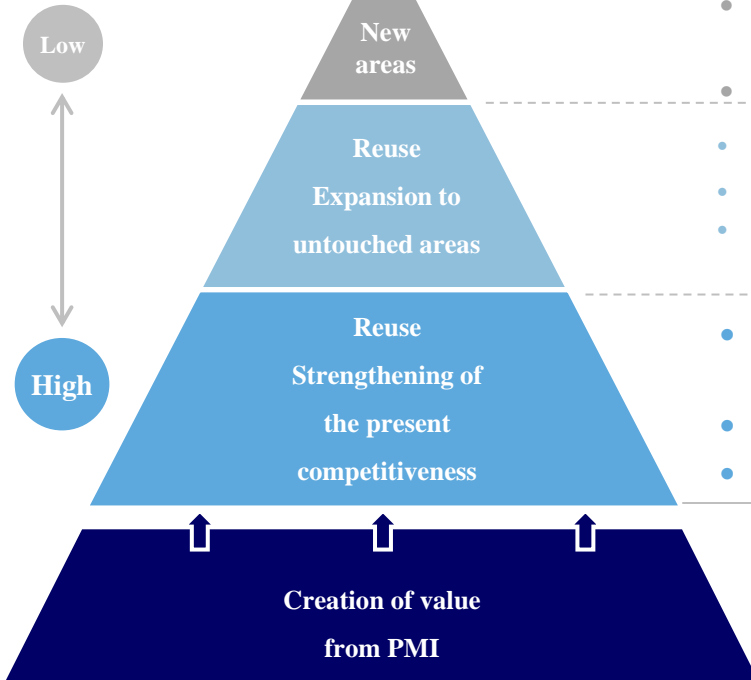
D. M&A strategy

- Have a policy for increasing the priority on M&A investment in the reuse area contributing to strengthening of the present competitiveness and reinforcement of business by operations in untouched areas
- Increase enterprise value by increasing return on investment through strategic M&A in areas with the high probability of synergy generated by PMI

Maximization of enterprise value

M&A investment target areas

Investment priority/synergy from PMI



- **New areas with a high affinity for businesses and customer base of the company:** real estate, sorting out mementos, clearance, etc.
- Other new areas
- **Expansion of newly covered commodities:** musical instruments, toys, apparels, furniture, home electrical appliances, etc.
- **Expansion of purchase channels:** company holding purchase channels for niche and specialty commodities
- **Expansion of marketing channels:** cross-border EC (overseas marketing channel), shops and auction of commodities other than existing commodities
- **Strengthening of covered commodities:** kimonos, stamps, brand items, wristwatches, jewelry, cameras, etc.
- **Strengthening of purchase channels:** At-home pick up, shops and delivery
- **Strengthening marketing channel:** EC sale, auction, sales at event, etc.

- ✓ Data-driven management
- ✓ Technology
- ✓ Human resources and employment
- ✓ Sales and marketing
- ✓ Compliance
- ✓ Corporate, etc.

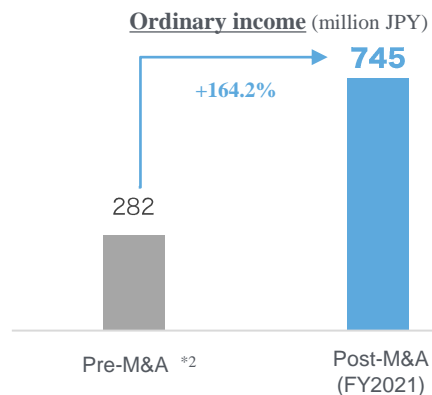
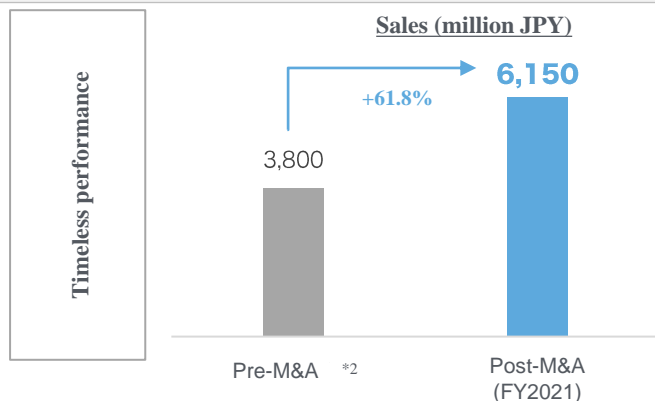


D Results of M&A with Timeless

- Achieved M&A results that contributed to group synergy and improvement of corporate value through company-wide support at PMI after

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- Creating synergies from PMI contribute to increasing corporate value.
- Generating a significant profit in excess of the burden of amortization of goodwill.
- Increasing EPS associated with M&A in excess of the impact of earnings dilution due to stock swaps.

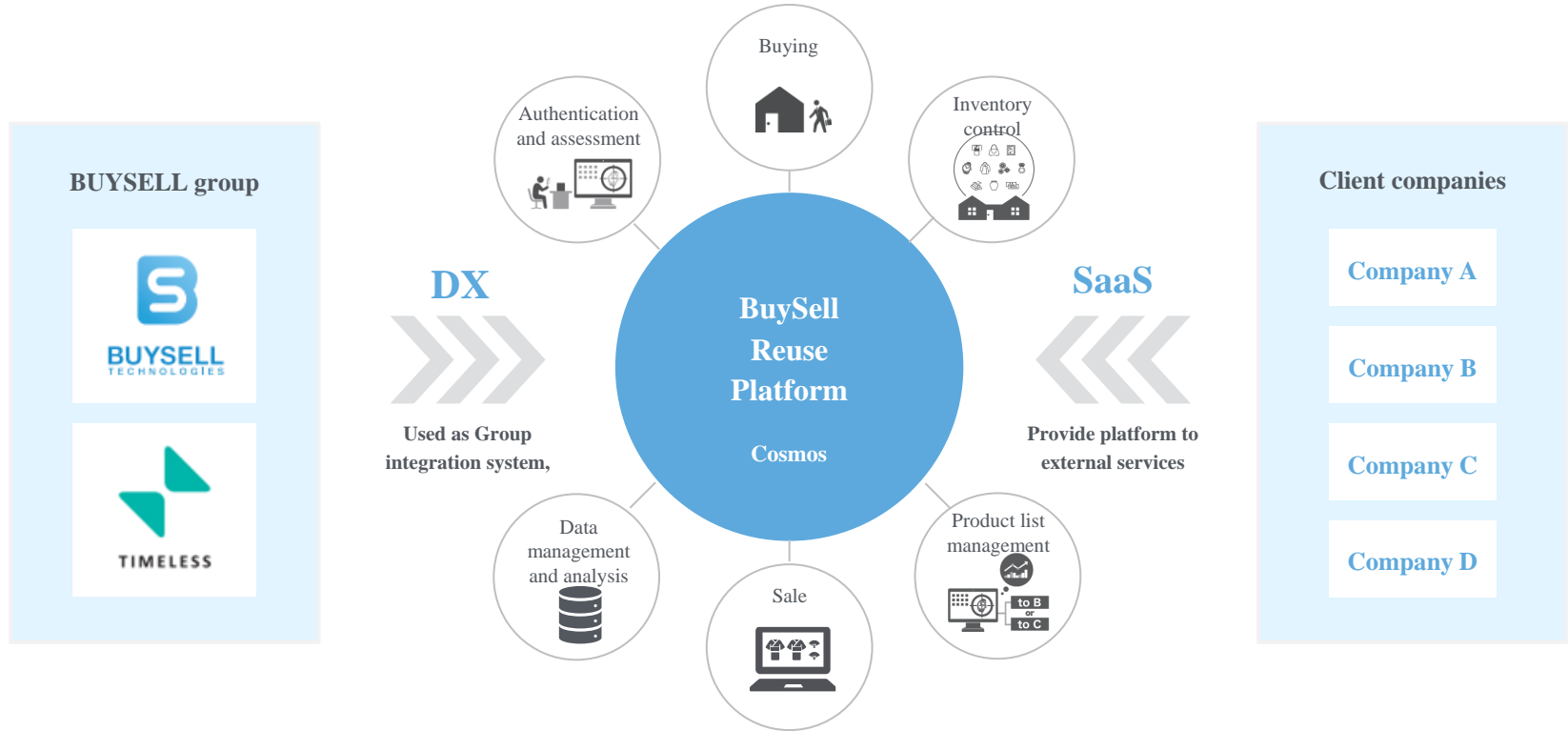


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*2 For the pre-M&A performance figures, the adjusted PL figures for FY2020 calculated by the Company and external organizations at the time of implementation of the financial DD are adopted only for the reuse business from the viewpoint of comparability.

E SaaS concept for reuse platform

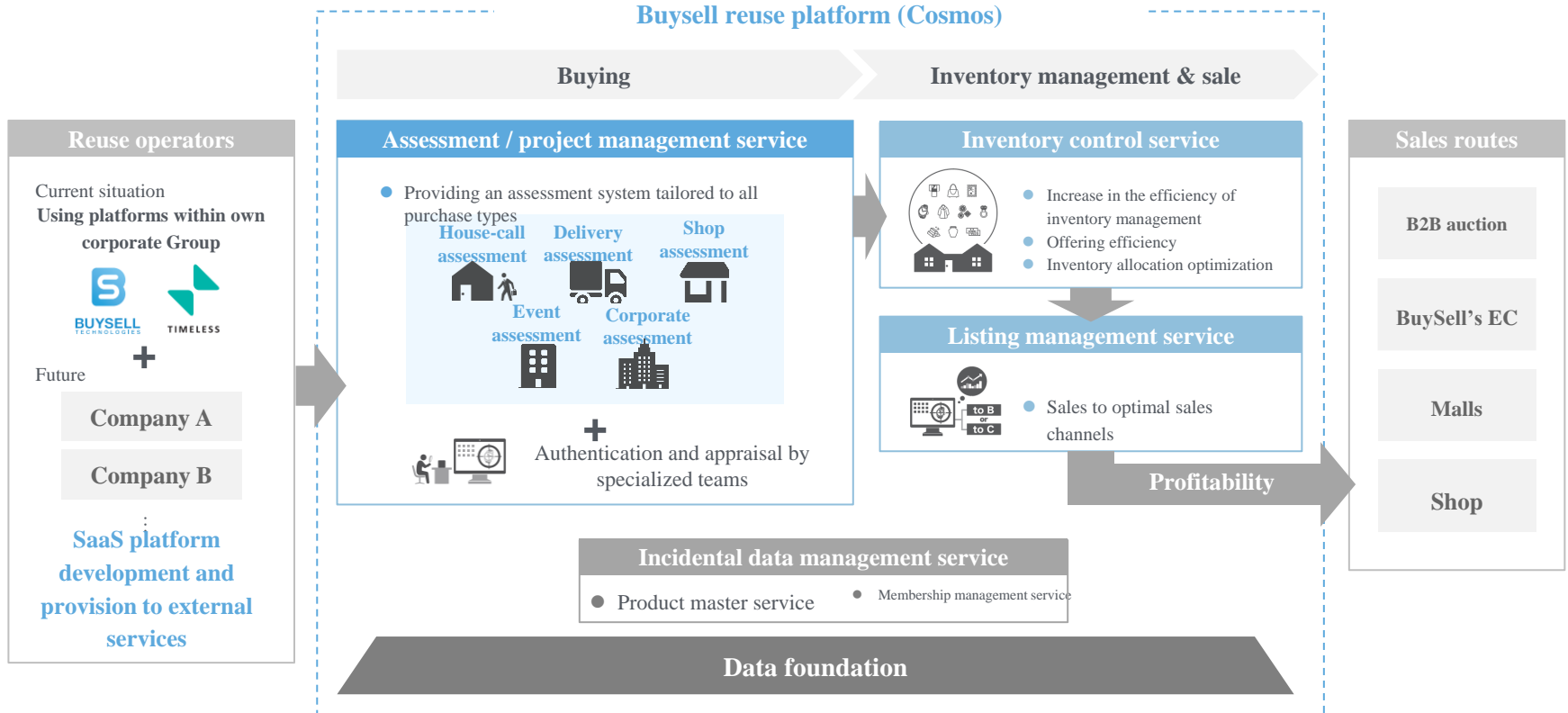
- With the launch of the BuySell Reuse Platform (Cosmos), SaaS will be developed as a platform and a new revenue pillar created by making it available to external vendors.



We provide all functions, from purchase to sales, to realize a world where all kinds of reuse vendors use the Buysell reuse platform.

E Ref: Promotion of DX in reuse platform

- Promote DX of reuse business from purchase to sale through Buysell reuse platform (Cosmos)



E Organization and disposal needs, promotion of commercialization in senior sector

- In addition to the customer referral model through alliances focusing on sectors that have a high affinity with our all-important senior customer base and organization and disposal needs, the aim is also to launch business within the Group.



- Among uses of at-home pickup service, about 60% for needs of sorting out mementos and organization of their home
- Wealthy elderly people 50 years or older account for 82% of BuySell's customers.
- Each assessment home visit yields about 90 minutes communication with the customer.

Looking at strengthening alliances and commercialization focused on sectors have a high affinity with our "senior customer base" and "organization / disposal needs"



Recovery of unwanted articles

- Tie-up with modecas Inc., which provides Okomari (addition of the customer sending model)
- Tie-up with Relief Co., Ltd.



Sale of real estate

- Tie-up with Speee Inc., which provides sumai-step/Ieul (addition of customer sending model)



Insurance

- Tie-up with Financial Agency Inc.



Consultation about inheritance, making preparation for death, etc.

- Tie-up with Kamakura Shinsho Ltd./Kabushikigaisha Syukatsu Net



03

Investment / financial strategy

Capital allocation policy

- The aim is to have strong operating cash flow generating capacity based on high profit growth and flexible interest-bearing liability generating capacity founded on a stable financial base, so that we can secure funds for investment in business growth and in M&A, and realize capital allocation for sustainable growth.

Investment resource procurement policy

- Operating CF from business → Interest-bearing debt → Equity priority order for allocation to investment resources

Operating cash flow

- Create operating CF through sustainable profit growth



Interest-bearing debt, etc.

- Flexible capital procurement to be implemented for investments, in view of the Company's current financial situation and the possibility of procuring capital at low interest rates in the recent market environment.



Equity

- Study capital procurement as an option on the premise of improving EPS by carrying out the investment after a comprehensive examination of the share price level, market environment, and financial situation, etc.

Capital allocation policy

- In addition to business investment for organic growth, the policy is to prioritize allocation to strategic investment for in-organic growth focused on M&A.

Business investment

- Business investment for sustainable growth of existing reuse business

Strategic investment (M&A)

- Strategic investment for non-continuous growth centered on M&A

Shareholder return

- Prioritize investment necessary for future growth, secure feasible internal reserves, and pay stable and continuous dividends

Investment policy

- Proactive business investment for sustainable growth and strategic investment in M&A that realizes discontinuous growth, based on a disciplined investment policy

Main investment targets

Investment policy (investment discipline)

	<u>Main investment targets</u>	<u>Investment policy (investment discipline)</u>
Business investment	<ul style="list-style-type: none"> • Technology investment to enhance IT / DX • Marketing investment • Human capital investment (recruitment / organizational strengthening) • Capital investment such as warehouse relocation / expansion and store expansion • Investment in strengthening compliance system 	<ul style="list-style-type: none"> • Control cost investment allocation on the premise that it will be reflected in planned profit. • In principle, business investment that is expected to have a medium to long-term return on investment should be made within the range that exceeds the planned profit. <ul style="list-style-type: none"> • Additional TV commercials, etc., to raise profile. • When making temporary business investments that will impact planned profits other than the above, make sure to have sufficient dialogue with the capital markets.
Strategic investment	<ul style="list-style-type: none"> • M&A From the perspective of maximizing corporate value and synergy, in principle, priority is given to majority investments that can be made part of the consolidated group. <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> • New business 	<ul style="list-style-type: none"> • Policy of implementing disciplined investment based on M&A investment standards set in-house <ul style="list-style-type: none"> • Upper limit setting of EV / EBITDA magnification • Companies that are in the black or companies that are likely to be in the black in the short term • Group synergy creation accuracy and business growth potential at PMI • Impact of consolidated PL (in principle, no "goodwill loss" on the assumption of J-GAAP) etc. • The policy is to make limited initial investment, carefully verify business profitability and growth potential, and gradually expand the investment limit in the phases where investment return is anticipated.

Financial policy

- By implementing disciplined financial management while emphasizing growth investment, we can secure investment funds that enable proactive business investment and M&A while maintaining the stability of our financial base.

Consolidated BS as of the end of December 2021

(Unit: Million yen)

Cash and deposits 4,772	Interest-bearing debt 3,115
Inventories 2,142	Other liability 2,577
Goodwill 1,623	Net assets 4,592
Other assets 1,746	

- Monitoring of cash and deposit level held by comprehensive examination of the following
 - Required working capital
 - Business investment limit
 - M&A investment limit (including post-execution level)
 - Downside protection
- Leverage reuse inventory characteristics (*1), monitor the turnover period, and consider the balance between cash flow and profitability
- Goodwill to equity ratio: Monitor with a guideline of about 1.0 times or less

- Carry out capital procurement in consideration of the balance between the use of funds, financial stability and financial leverage.
- When carrying out highly strategic M&A, the policy is to allow a temporary increase in leverage while using the following financial disciplines as a guide.
 - Financial disciplines
 - Net D / E ratio: 0.5 times or less
 - Net Debt / EBITDA magnification: 1.0x or less
- While priority is given to interest-bearing debt financing, if there is a temporary dip in financial stability post M&A, or if it is necessary to secure future financial leverage reserves, consider raising equity.
- When procuring equity for M&A, investigate the possibility of improving post investment and procurement EPS.
 - Financial discipline
 - Equity ratio: 40% or more

*1: Reuse inventory can be redeemed in a short period of time by to-B sales (auction, etc.), and in principle, only merchandise that can be sold is purchased, so the risk of retention of purchased inventory is low.



Shareholder return policy

- By prioritizing growth investment, the aim is to improve TSR (total shareholder yield) through medium to long-term share price increases due to an increase in EPS (earnings per share), as well as paying stable and continuous dividends. Shareholder return is the basic policy.

Basic shareholder return policy

- Basic policy is to target improvement of TSR *
- Prioritize business investment and M&A that are needed for growth in order to sustainably improve corporate value, and aim for medium to long-term share price increases by increasing EPS
- Pay stable and continuous dividends while securing internal reserves that can prioritize and carry out investments needed for future growth.

TSR (Total Shareholder Yield)

Stock price rise

- Aiming for medium to long-term share price increases through continuous increase in EPS

Dividends

- From the perspective of being able to pay stable and continuous dividends, the policy is to pay dividends with a consolidated dividend payout ratio of 20% as a benchmark (maintaining the current dividend policy).



* TSR (Total Shareholder Return): Total yield of dividends and share price increases over a given period of time

04

Governance system • ESG / SDGs

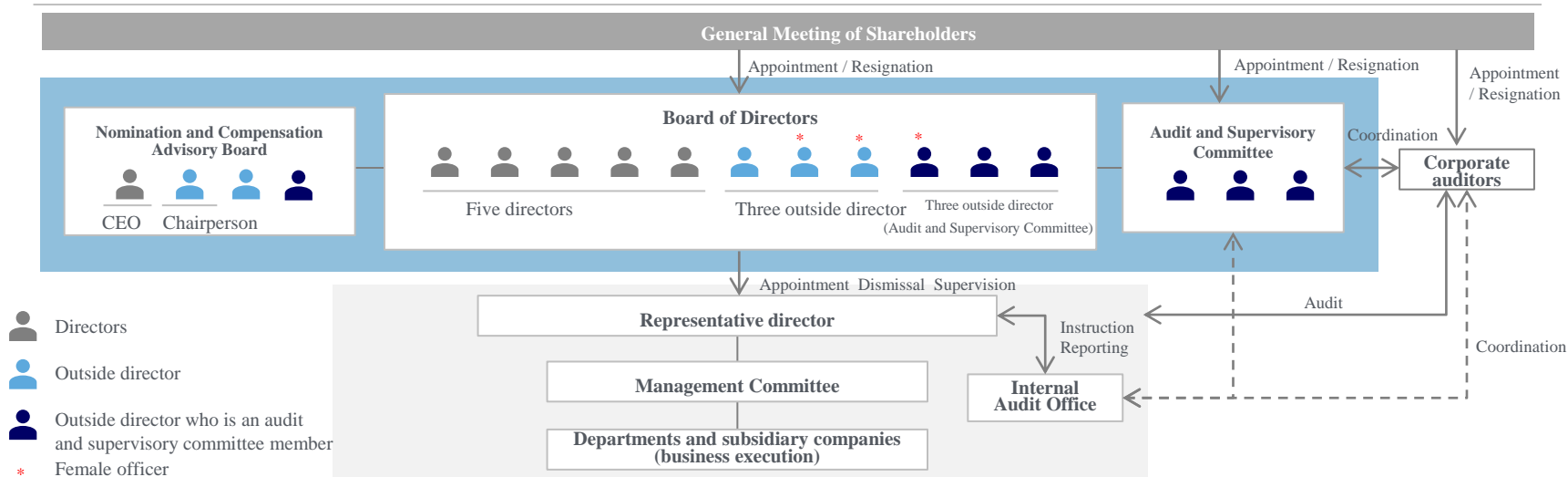
Strengthening our corporate governance system

- With the aim of improving corporate value, further enhancing governance, and aiming for management transparency and objectivity, we transitioned to a company with an Audit and Supervisory Committee and to a system in which independent outside directors occupy the majority of positions on the Board of Directors.

Strengthening our corporate governance system (assuming approval by resolution at the General Meeting of Shareholders to be held in March 2022)

- Transition from a company with a board of corporate auditors to **a company with an audit and supervisory committee**
- Transition to a board structure in which **independent outside directors** (including directors who are Audit and Supervisory Committee members) make up the **majority of the Board of Directors**
- Continued operation of a **Nomination and Compensation Advisory Board**, of which the **Chairperson and the majority of members are external directors**
- **Increased the ratio of female directors** in the interests of promoting the diversity of the Board of Directors (3 female directors out of 11 directors overall)

Corporate governance organizational diagram (assuming approval by resolution at the General Meeting of Shareholders to be held in March 2022)



Invitation of two newly appointed independent outside directors

- Our governance system has been enhanced by the invitation of two new outside directors, one with a background in financial institutions and institutional investment, and the other with experience as director of a listed company.

New candidate independent outside directors (directors who are not members of the Audit and Supervisory Committee)

(assuming approval by resolution at the General Meeting of Shareholders to be held in March 2022)

Yuki Akiyama



After working at UBS Securities, joined the hedge fund Speedwell / Nezu in 2008. An analyst and fund manager for Asian and Japanese equities at the Tokyo, Singapore and Hong Kong offices and is involved in corporate analysis and equity management. In 2017, worked as a portfolio manager for Japanese equities at Millennium Capital, a US hedge fund. Engaged in investment business for startups from 2019. Partner at Globe Advisor Ventures.

Reason for invitation

Ms. Akiyama was invited onto the Board because of her experience and knowledge of financial institutions and as an institutional investor, and for the purpose of strengthening the Company's governance of corporate management from an investor's perspective, and of enhancing constructive dialogue with capital markets.

Kayo Gado



After working for Nippon Life Insurance Company, joined J-COM Co., Ltd. (currently Like Co., Ltd.) in 2006, spending seven years of her tenure as a director. In charge of the Group's business administration and business promotion, and also serves as Representative Director.












Reason for invitation

Ms. Gado was invited because of her knowledge and experience of business management as the COO of a listed company, and for the purpose of strengthening advice and management monitoring for the mid to long term business growth of the Company, from the perspective of an independent outside director. [BUYSELL TECHNOLOGIES 31](#)

Structure of Board of Directors

- By appointing directors based on a skill matrix that defines the main areas that the Company expects from directors, the structure of the Board of Directors has been changed to one that can achieve both the mid to long-term growth of the Group and the strengthening of its governance.

Directors' Skill Matrix (assuming approval by resolution at the General Meeting of Shareholders to be held in March 2022)

Name	Position	Independent	Gender	Specialty / experience						
				Corporate management	Sales marketing	Accounting / Finance	Technology	Compliance and risk management	M&A	Investment and capital markets
Kyohei Iwata	President, representative director & CEO			●	●					
Hideki Yoshimura	Chairman of board of directors			●					●	
Koji Ono	Director CFO			●		●			●	
Masayuki Imamura	Director CTO			●			●			
Daiya Ota	Director (CEO, Timeless)			●	●					
Yuki Akiyama	Outside director	●								●
Kayo Gado	Outside director	●		●					●	
Toshihiro Hara	Outside director	●						●		
Mami Suzuki	Outside director Full-time member of supervisory board	●				●				
Shinichi Sugiyama	Outside director (Audit and Supervisory Committee)	●						●		
Seiichiro Kawasaki	Outside director (Audit and Supervisory Committee)	●				●				

ESG/SDGs in BuySell group

- From the perspective of sustainability of business activities required by society, we have established a sustainability strategic policy centered on compliance / risk management and organizational / human capital management.

A bridge that connects important things, beyond people and spanning time

- To be a company that can contribute to the realization of a sustainable society through the formation of a recycling-oriented society by expanding the secondary distribution market through the growth of the reuse business.
- Based on a foundation policy of balancing business activities in accordance with the Group's mission with activities aimed at addressing social issues, we place importance on social necessity and sustainability in our business activities.



The two pillars of our sustainability strategy

Environment

Social

Governance

Compliance and risk management

Priority measures

Strengthen corporate and service governance

Enhance information security

Maintaining and improving reliability in home-visit purchases



Organizational and human capital management

Priority measures

Strengthen recruitment and training

Improve employee engagement

Close skill and gender gaps



05









Appendix

Appendix1

Out line and features of the group

Outline of group

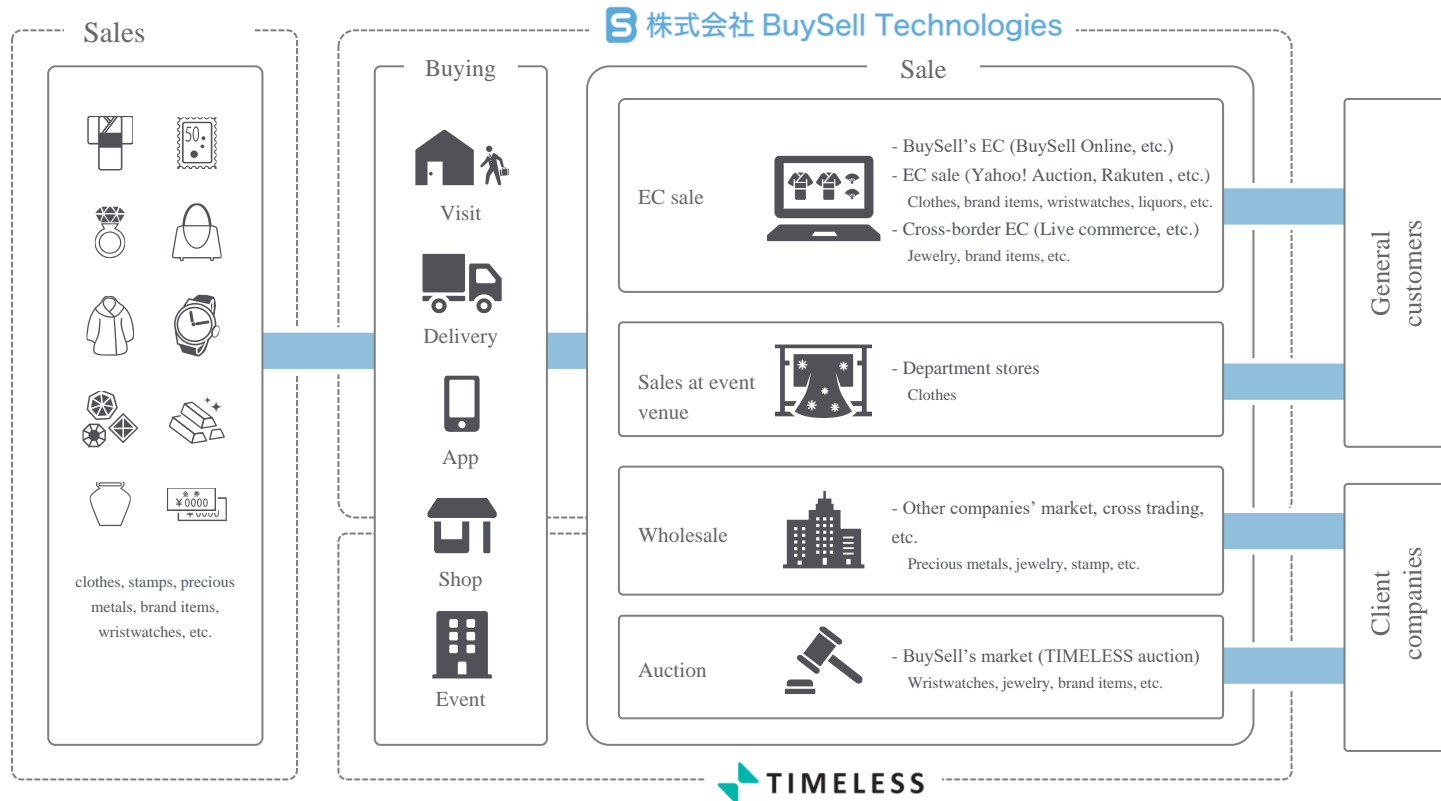
- A group of three companies of BuySell and its two subsidiaries (TIMELESS Co., Ltd. and BuySell Link Co., Ltd.) runs the general reuse business.

	 BuySell Technologies	 TIMELESS Co., Ltd. Wholly acquired in October 2020	 BuySell Link Co., Ltd. Special subsidiary company established in January 2021 (unconsolidated)
Purchase Main services	<ul style="list-style-type: none"> • General reuse and purchase service of BuySell いいもの、つづくもの。  ● At-home pick up ● Purchase through home delivery ● Purchase at shop (5 shops) • App purchase business “CASH”  ● Acquired through business transfer in April 2020 	<ul style="list-style-type: none"> • General purchase salon "TIMELESS"  総合買取サロン TIMELESS タイムレス ● Permanent shop set up in department store (14 shops) ● Purchase at department store events • Online assessment and purchase service for operators “Timeless Express” 	<ul style="list-style-type: none"> • Special subsidiary company aimed at promoting employment of disabled people
Sale Main services	<ul style="list-style-type: none"> • BuySell’s EC "BuySell Online" リユースセレクトショップ  ● BuySell’s EC ● Other companies’ EC malls (Rakuten, Yahoo Auctions etc.) • Shops specializing in sale of used kimonos (department stores) <ul style="list-style-type: none"> ● Permanent shop (3 shops) ● Sales at event venue 	<ul style="list-style-type: none"> • Antique auction "TIMELESS auction"  ● Brand bag auction ● Flat-ground (face-to-face) auction, once a week ● Auctions of wristwatches, jewelry, and loose stones: ● WEB type, once a month 	



Group business block diagram

- Luxurious commodities, such as kimonos, stamps, brand products, and wristwatches, are purchased through many channels, including visiting.
- Purchased commodities are sold on many markets including for B2B, such as antique auctions for each commodity, EC sale, and events.



Mission

Transcend people and time to become a bridge that connects precious things.

Transcend people. Transcend time.

Keep attracting people and being sought after.

What we handle has power that exceeds things.

There is life like an ongoing mission there.

We are unearthing things from all over the world.

Spawning.

Connecting people, businesses, and even countries with technologies,

Circulating them throughout society in sequence.

Circulating like the revolutions of the Earth,

Connecting precious things to the future, forever.

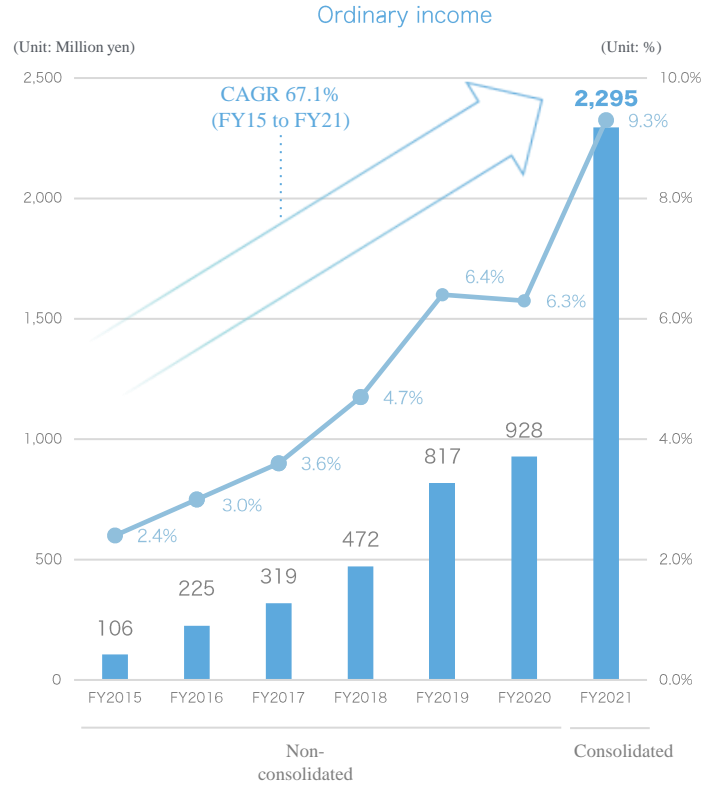
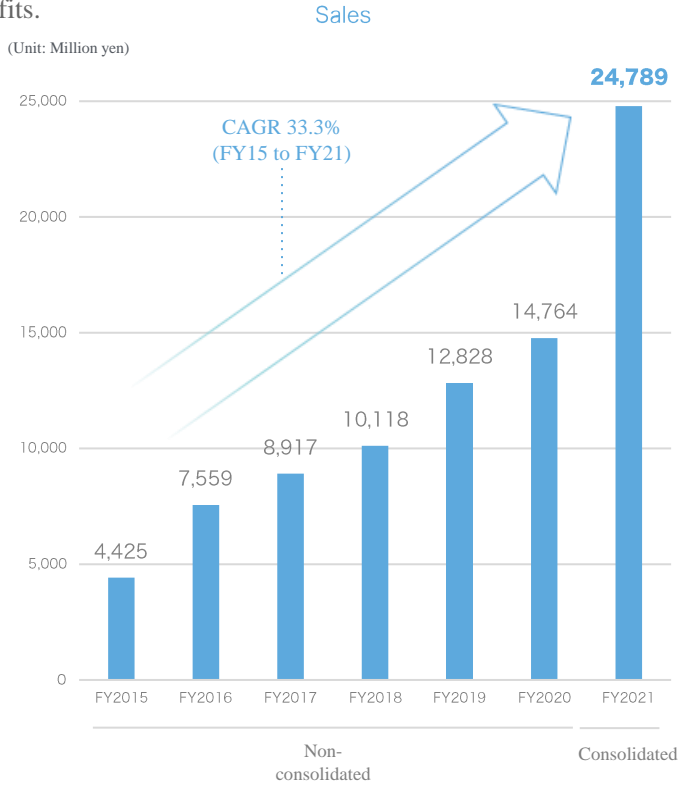
Good things that last.

BuySell Technologies



Performance transition

- A growth in revenues and profits has been kept since the reuse business started in 2015. Measures such as “marketing investment”, “employment and strengthening of organization” and “expansion of B2C marketing channels” are successful and ordinary income ratio also shows a recovery trend. In the fiscal year ended December 2021, the performance of our subsidiary Timeless contributed significantly to the increase in sales and profits.




Company overview

Company name	BuySell Technologies			
Foundation	January 2001			
Head office address	8F PALT Bldg. 4-28-8 Yotsuya, Shinjuku Ward, Tokyo			
Capital	1,716 million yen (including capital reserve)			
Business description	Reuse business of clothes, brand items, etc.			
Directors	President, representative director & CEO	Kyohei Iwata	Outside director	Yuki Akiyama
	Chairman of board of directors	Hideki Yoshimura	Outside director	Kayo Gado
	Director CFO	Koji Ono	Outside director	Toshihiro Hara
	Director CTO	Masayuki Imamura	Outside director(Audit and Supervisory Committee)	Mami Suzuki
	Directors	Daiya Ota	Outside director(Audit and Supervisory Committee)	Shinichi Sugiyama
			Outside director(Audit and Supervisory Committee)	Seiichiro Kawasaki
Group company	TIMELESS Co., Ltd., BuySell Link Co., Ltd. (special subsidiary)			
Employees	Group: 841 (subcontractors & temporary workers: 189) (as of the end of December 2021)			
	Non-consolidated: 745 (subcontractors & temporary workers: 162) (as of the end of December 2021)			

*Assuming approval by resolution at the General Meeting of Shareholders to be held in March, 2022.



History

- 
- 2001
 - Jan. Established a limited personal placement company, I Management Japan, in Nihonbashi, Chuo Ward, Tokyo
 - May Changed the organization of limited company I Management Japan to establish I Management Japan. Co., Ltd.
 - 2015
 - Feb. Changed the company name to Ace Co., Ltd..
 - Apr. Started online reuse business service through transfer of business.
 - Apr. Relocated the head office to Yotsuya, Shinjuku Ward, Tokyo, and built a warehouse in Edogawa Ward, Tokyo.
 - 2016
 - Nov. Changed the company name to BuySell Technologies Co., Ltd.
 - 2017
 - Mar. Relocated the warehouse to Narashino City, Chiba Prefecture, for business expansion.
 - Sep. Hideki Yoshimura (current chairman of the board of directors) became the largest shareholder and assumed the presidency when Midas investment business limited partnerships No. 1 and No. 2, in which he had substantially invested, acquired the stock of BuySell Technologies. In addition, Kyohei Iwata(Currently President, representative director & CEO) assumed the post of representative director.
 - 2018
 - Jul. Changed the name of the online reuse business service to BuySell.
 - 2019
 - Mar. Hideki Yoshimura became the chairman of the board of directors.
 - Dec. Listed on the TSE (Tokyo Stock Exchange) Mothers.
 - 2020
 - Apr. Started app purchase business CASH through business transfer.
 - Jun. Relocated the warehouse to Funabashi City, Chiba Prefecture.
 - 2021
 - Oct. Acquired DAI-YA Corporation Co., Ltd. (current TIMELESS Co., Ltd.), which runs antiques auction "TIMELESS auction" among others, as a wholly owned subsidiary.
 - Jan. Established BuySell Link (special subsidiary) that promotes the employment of disabled people.



Director system

- Promoting the management with directors with various backgrounds to combine medium- and long- term growth and strengthening of governance



Kyohei Iwata/President, representative director & CEO

Graduated from Systems Innovation, Faculty of Engineering, The University of Tokyo. In 2008, joined Hakuodo Inc. as a new graduate. In 2014, established a marketing consulting company specializing in small and medium enterprises, ventures, and startups. In June 2016, started marketing consulting for BuySell, and then in October 2016, joined the company as a director and CSMO (Chief Sales & Marketing Officer). Now in charge of Marketing Strategy Division and Reuse Business Division. In September 2017, assumed the presidency of BuySell.



Hideki Yoshimura/Chairman of board of directors

Graduated from the Graduate School of Economics, Faculty of Economics, The University of Tokyo. In 2007, jointly founded Evolvable Asia and assumed the presidency. The company was listed on the TSE (Tokyo Stock Exchange) Mothers in 2016 and the TSE First Section in 2017. Became the largest shareholder in September 2017 of the Midas investment business limited partnerships No. 1 (currently Hideki Yoshimura & Midas A Investment Limited Partnership) and No. 2, in which Hideki Yoshimura substantially invested, by acquiring the said company's stock. In March 2019, assumed the presidency to participate in management toward the improvement of mid-to-long term corporate value.



Koji Ono/Director CFO

After joining Deloitte Touche Tohmatsu LLC, engaged in auditing, IPO support, and M&A operations. In 2011, sent on loan to the investment and banking department of Nomura Securities Co., Ltd.. After returning to Tohmatsu, provided services that included M&A advisory business and IPO consulting. In October 2016, assumed the post of director and CFO. Certified public accountant.



Masayuki Imamura / Director and CTO

Joined Yahoo Japan Corporation in 2006. Founded VASILY in 2009 and assumed the post of director and CTO. Sold VASILY to Start Today (present ZOZO) in 2017. At the same time as company integration, assumed the post of operating officer at ZOZO Technologies in April 2018. Assumed the post of director and CTO in March 2021.



Daiya Ota / Director

After joining Daikokuya Inc. as a new graduate, worked on new development sales of the brand reuse business. Appointed CEO of Hyperion Co., Ltd. (currently Timeless Co., Ltd.) in 2009 (current position). In 2020, Timeless Co., Ltd. became a subsidiary of Group. Scheduled to take office as a director in March, 2022.

New appointment

Outside director * Excluding outside directors who are Audit and Supervisory Committee members



Yuki Akiyama / Outside director

After working at UBS Securities, joined the hedge fund Speedwell / Nezu. In 2017, worked as a portfolio manager for Japanese equities at Millennium Capital, a US hedge fund. Engaged in investment business for startups from 2019. Partner at Globe Advisor Ventures. Scheduled to take office as an outside director in March, 2022.

New appointment



Kayo Gado / Outside director

After working for Nippon Life Insurance Company, joined J-COM Co., Ltd. (currently Like Co., Ltd.) in 2006, spending seven years of her tenure as a director. In charge of the Group's business administration and business promotion, and also serves as Representative Director. Scheduled to take office as an outside director in March, 2022.

New appointment



Toshihiro Hara/Outside director

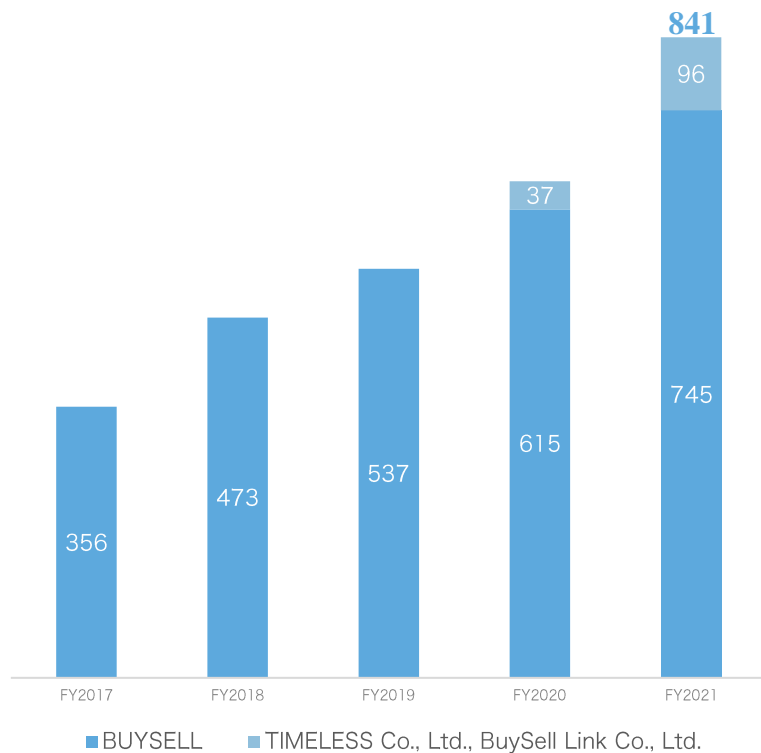
In 1981, entered the General Secretariat of the Japan Fair Trade Commission. Assumed important posts at the FTC, including the Deputy Secretary General of General Secretariat, Director General of the Criminal Investigation Department of the Investigation Bureau, and General Director of the Trade Practice Department of the Economic Affairs Bureau. Sent on loan to the Consumer Affairs Agency as deputy director general for two years from 2009. Appointed as outside director in June 2019.



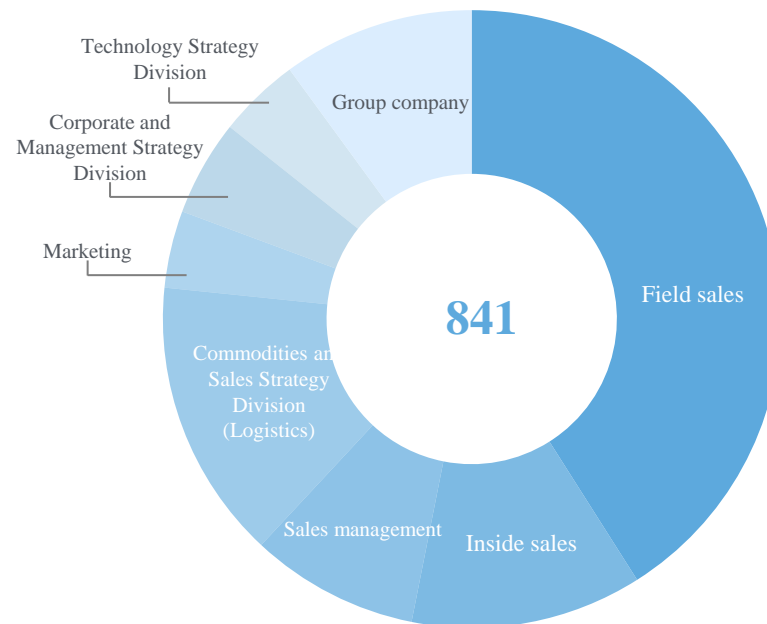
Employee status

Change of group companies' number of employees

(Unit: Persons)



Personnel organization (end of December 2021)



(*) Change of number of regular employees (temporary workers not included in the above table)

Outline of group company TIMELESS Co., Ltd.

- TIMELESS Co., Ltd. is a reuse company that runs general purchase salon TIMELESS and the antique auction TIMELESS auction.
Acquired in October 2020.

Main business activities of TIMELESS Co., Ltd.



General purchase salon - Timeless



総合買取サロン
TIMELESS
タイムレス

Opening permanent shops and holding events in department stores throughout the country

- Fourteen permanent shops are open
- Holding limited-time events throughout Japan

The main customers are the wealthy elderly who use department stores.

- Efficient marketing is implemented in cooperation with department stores.

TIMELESS auction



**TIMELESS
AUCTION**

Operating antiques auctions that handle about 200,000 items a year, mainly brand bags

- Operating B2B auctions for reuse business operators
- In addition to commodities purchased by TIMELESS, commodities of other companies are also put up.
- Brand bag auction: Flat-ground (face-to-face) type, once a week
- Auctions of wristwatches, jewelry, and loose stones: WEB format, once a month
 - BuySell's engineering team developed a new auction system that has realized WEB auctions

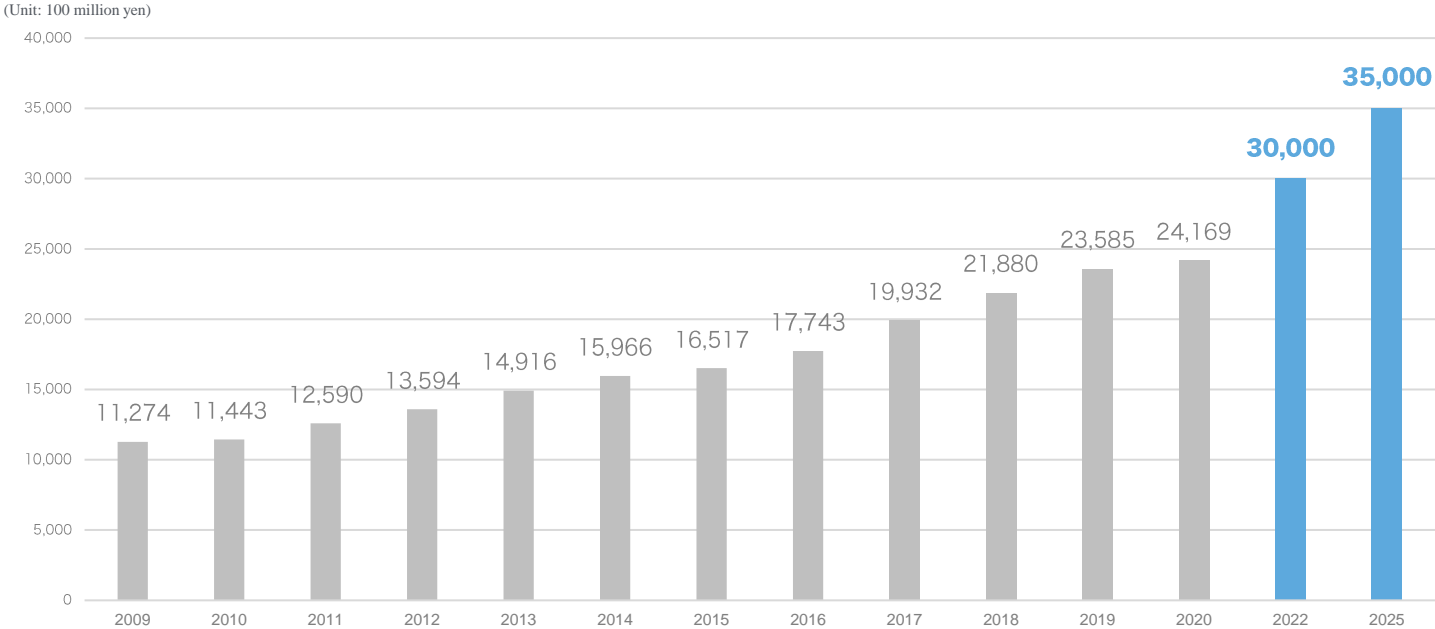
TIMELESS Express

Running the TIMELESS Express business operation that assesses and purchases commodities from reuse operators online

Actual reuse market scale

- The reuse market has continued to expand from the past to about 2.4 trillion yen in 2020, a year plagued with the coronavirus pandemic, and is expected to grow to about 3.5 trillion yen in 2025.

Actual reuse market scale



Source: Secondhand Business Data Book 2021 by Recycle Tsushin



Potential reuse market scale “Hidden assets”

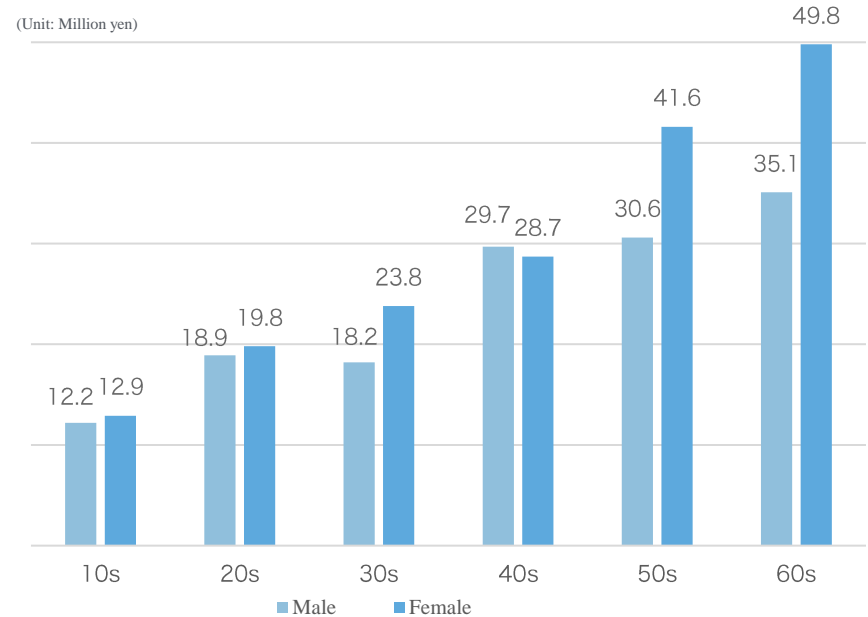
- The total value of hidden assets (estimated values of unnecessary items that have been left unused for one year or longer in houses) in Japan is estimated at about 37 trillion yen, suggesting that the reuse market has a great growth potential.
- Hidden assets per person are the highest among the elderly in the 50s or older.

Potential reuse market scale



*Hidden assets: Prices of unwanted articles at home that have not been used for one year or longer

Value of hidden assets possessed per person

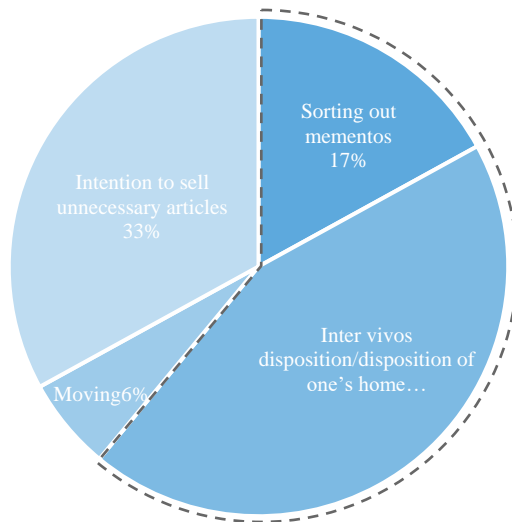


Source: Compiled by BuySell based on Secondhand Business Data Book 2021 by Recycle Tsushin, Basic Preparation Concerning Data-driven Society in Japan in 2017 by Ministry of Economy, Trade and Industry (market research concerning electronic commerce), result of research dated November 7, 2018 by Nissei Institute for Basic Research

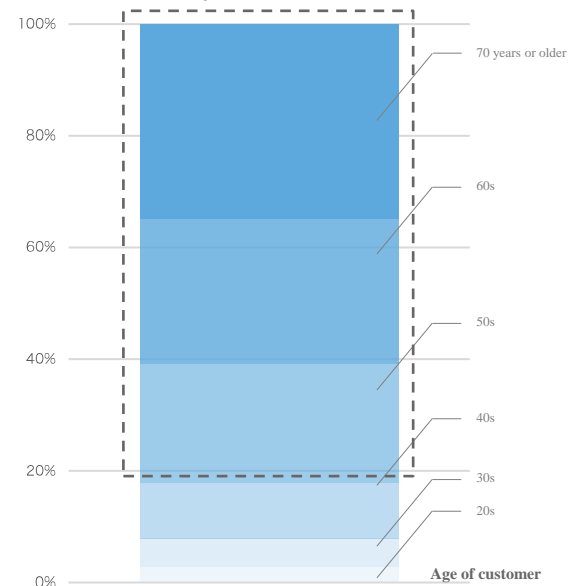
Differentiating needs of using the service and customer target

- Many customers use BuySell's services to sell articles or a house left behind by the deceased or their relatives that are still alive. Because of the affinity of the at-home pick-up service, a business model BuySell is so good at, BuySell pertinently satisfies the needs for the service of the elderly people in the 50s or older.

Reason for using BuySell's service



BuySell's customers



- **More than 60%** of customers use BuySell's service for sorting out mementos and disposition of their homes.

Source: Compiled by BuySell based on the results of an interview on the reason for using BuySell's service that was conducted from January to December 2020

- **Wealthy elderly people 50 years or older account for 82%** of BuySell's customers.

Source: Compiled by BuySell based on customer data collected in December 2020

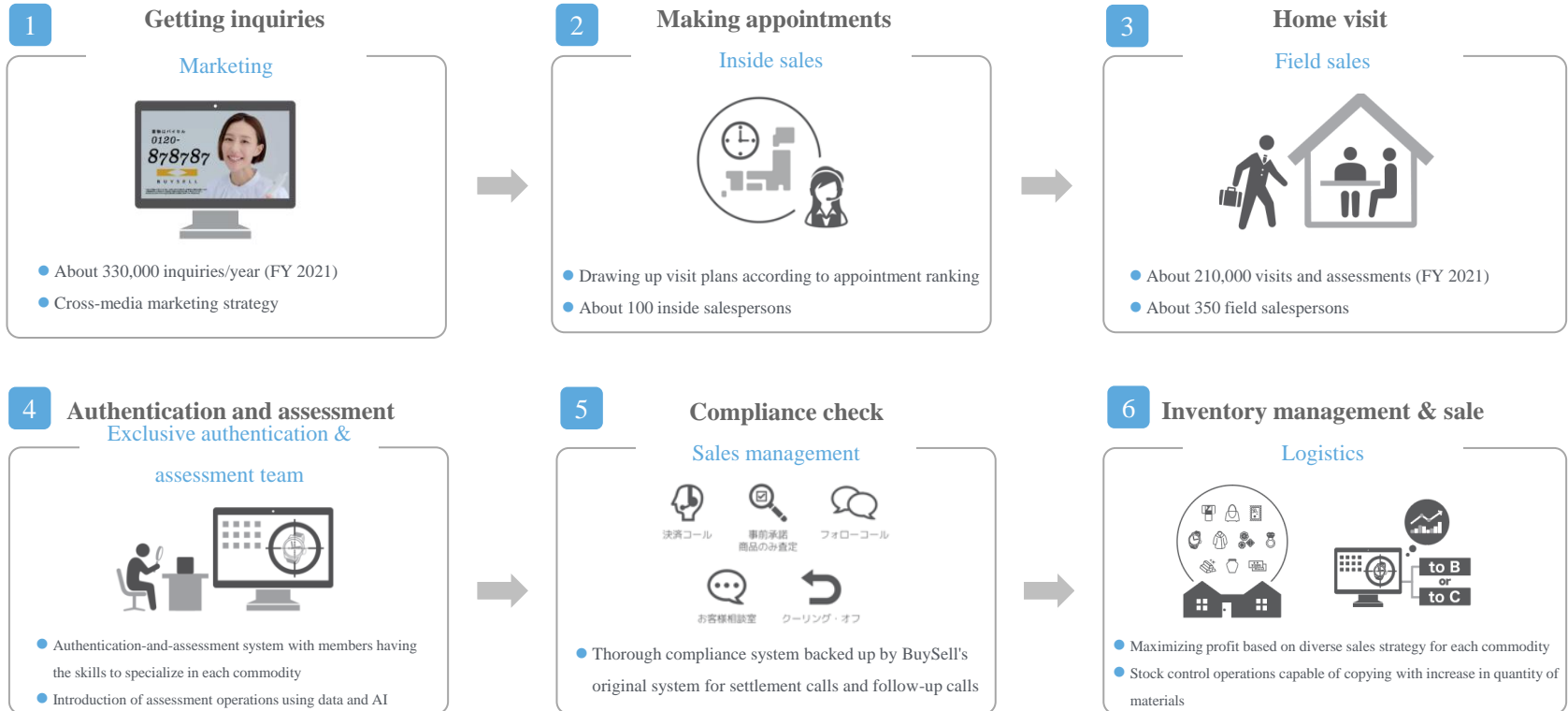


Appendix 2

Mechanisms for continuous improvement of KPI

Outline of at-home pick-up business model

- Organizing internally a series of operations related to (1) Marketing, (2) Appointment making, (3) Visits, (4) Authentication and assessment, (5) Compliance, and (6) inventory and sale strategy, and realizing a business growth with a high probability through datadriven management based on the KPIs of each department

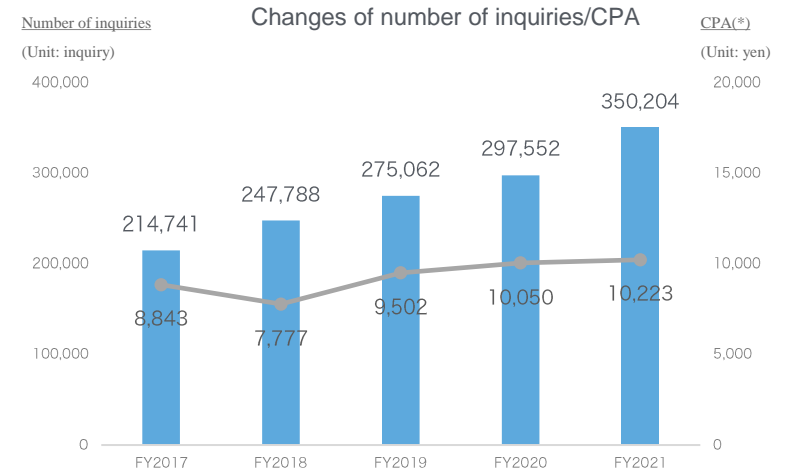


Marketing: Ability to attract customers by using cross-media marketing

- BuySell is increasingly attracting customers, especially the elderly, while realizing efficient cost per acquisition (CPA: advertising expenses per inquiry) through cross-media marketing making the best use of the internet and mass media, mainly TV CMs.



- Reach optimized for the wealthy elderly through cross-media marketing
- Effective marketing strategy executed in accordance with medium, region, season, and market condition

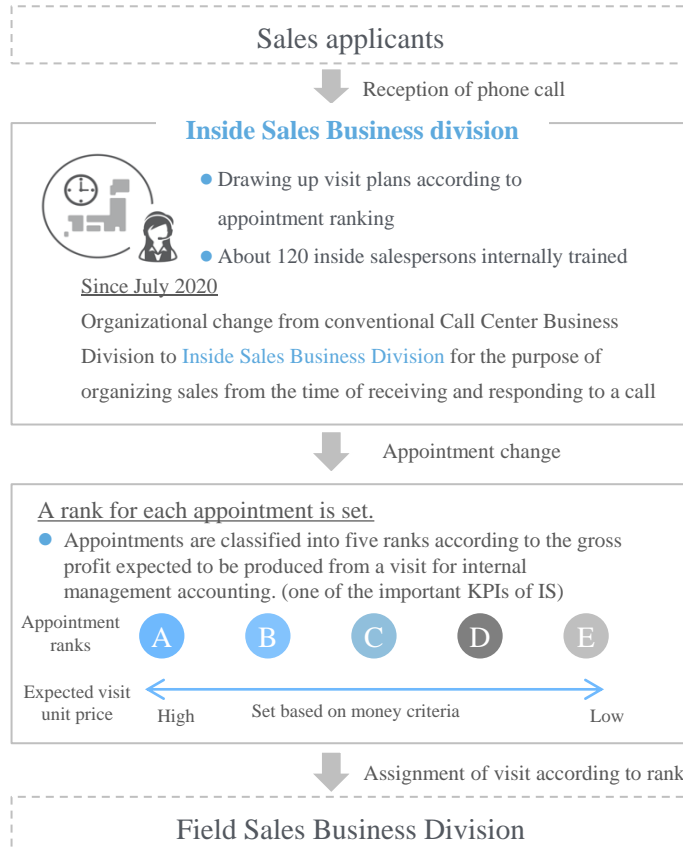


- Inquiries steadily increasing while realizing efficient CPA

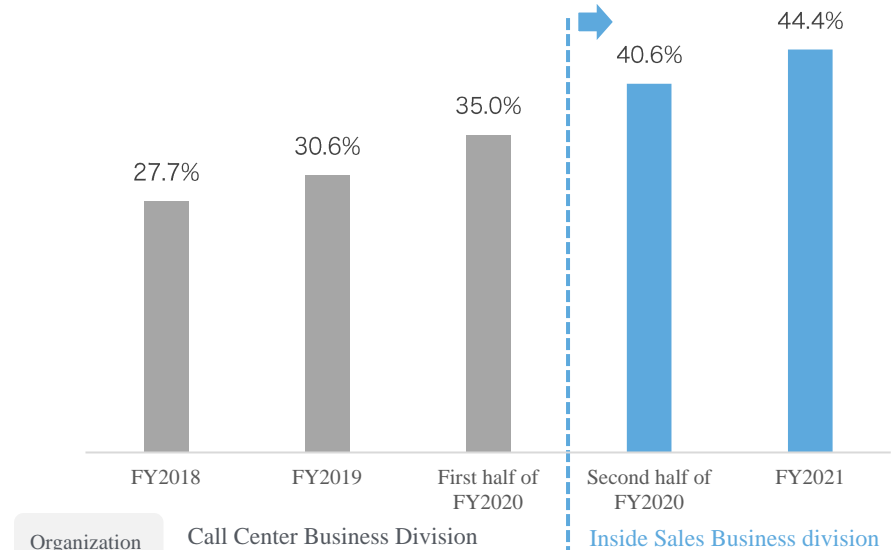
(*) Advertising expenses per inquiry into the visit service

Inside sales_Effective appointment making through sales organization

- Appointments that are expected to produce high profits are effectively made by responding to customers as a sales organization as well as by receiving and responding to phone calls since the organization changed so that the Insite Sales (IS) Division makes appointments.



Change of high-ranking (ranks A, B, and C) appointment rate (*)



- Effective appoint making that is expected to produce high profits from the time of receiving a call
- Contribution to increase of variable profit per visit

(*) Rate of total number of appointments for visit ranked A, B, or C

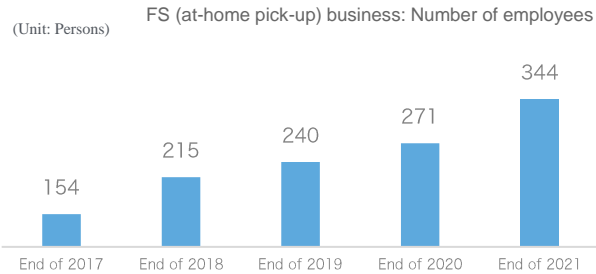


Field sales_ Organizational design with high repeatability and capable of expanding business

- Midterm business growth is realized by creating a field sales (FS) organization with a high repeatability and expandability that can scale up the organization with a training system that is based on the power of employment and data, while increasing profitability.

Employment

- The number of FS personnel is on a steady rise as the business scale increases backed up by the power of employment.
- Employment of new graduates has been increased since 2017 and 112 new graduates were employed in 2021 (of which 69 were assigned to the FS Business Division).

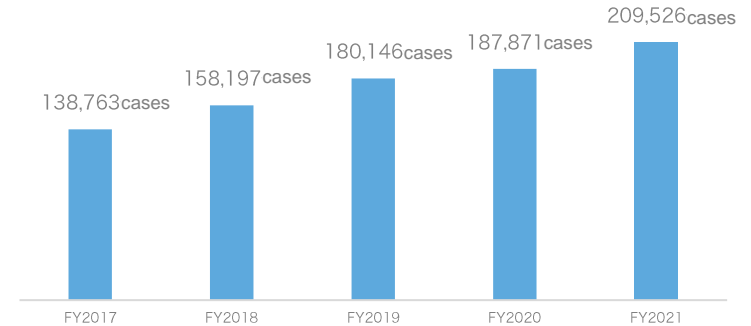


Note: Total number of employees to be assigned to visit business (incl. managers and office workers)

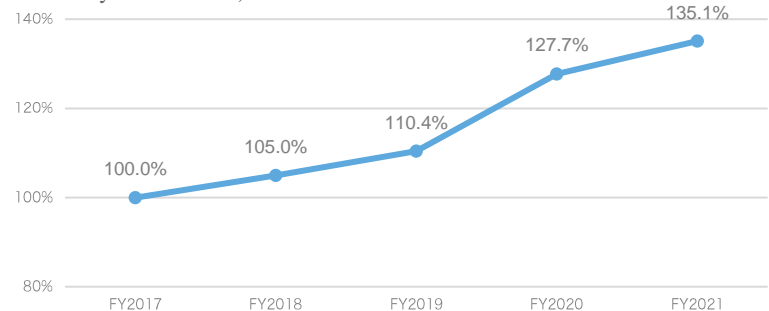
Education

- Introduced a systematic education & training system for reuse appraisers at the Enablement Department, a department specializing in education and training.
- Executing an education and training program suitable to an appraiser by using BuySell's original, segmented internal management indexes classified according to each center or appraiser

Number of visits



FS business_Gross profit unit price (*) growth rate per visit (base year: FY 2017)



(*) Gross profit unit price per visit for internal management accounting to manage KPIs at FS Business Division

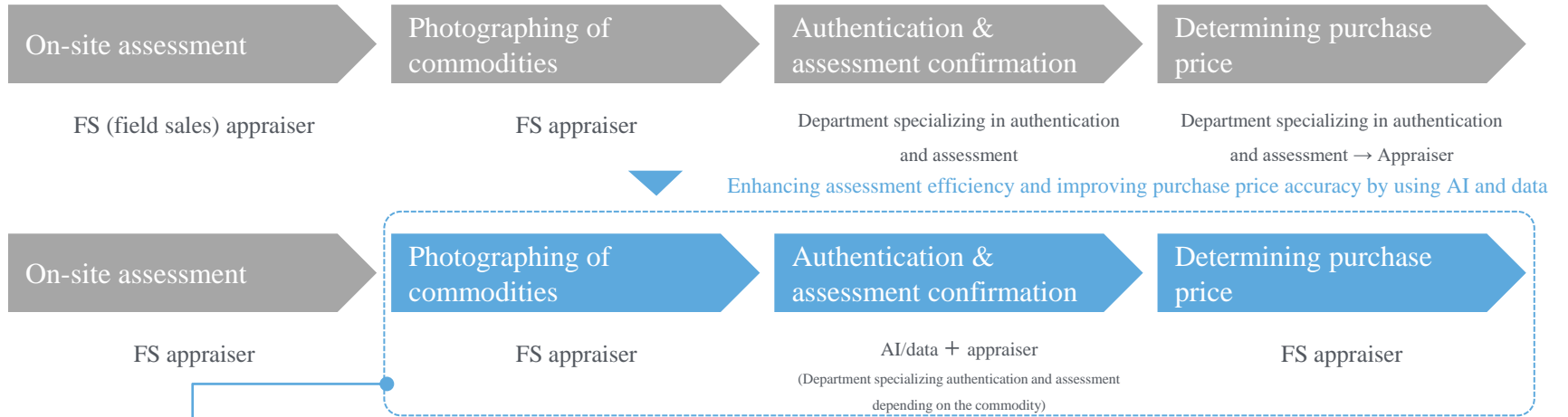
- KPIs eliminating impact of sales on a growth of gross profit

- Values are not disclosed because these KPIs are for management accounting.



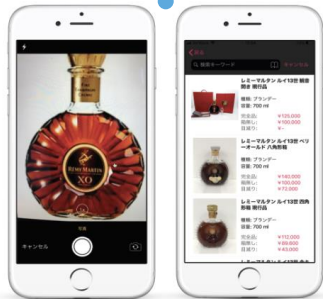
Authentication and assessment_Enhancing assessment efficiency by using data technology

- Efficiency of assessment is enhanced, productivity is improved, and quantity of commodities purchased is maximized through automatized operations using assessment data, technology, and machine language technology for assessment and pricing.



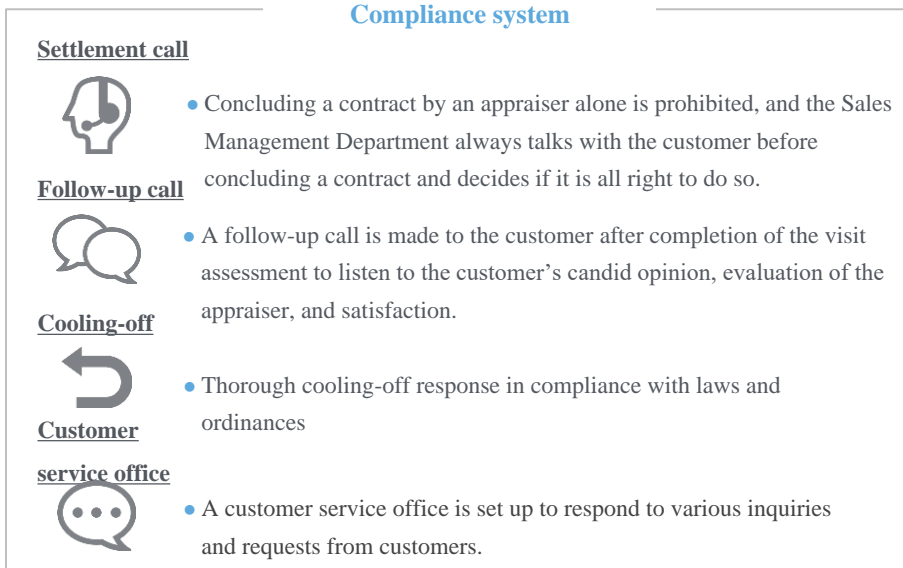
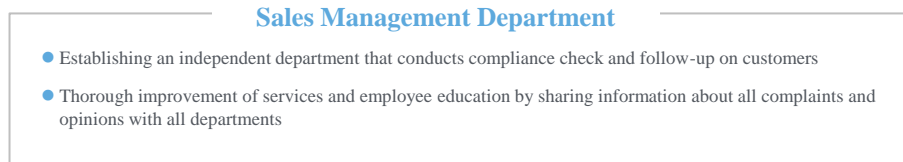
→ Shortening assessment time by enhancing assessment efficiency and expanding gross profit per visit by increasing the number of visits per person

- Application that automatically assesses liquor, old coins, and stamps
- Determination of appropriate and accurate purchase prices based on sales data that is a collection of past data on each sales channel or commodity, sales data at subsidiary TIMELESS auction, and market data of other companies' sales channel
- Organizing an exclusive assessment expert team for authentication and assessment of commodities difficult to authenticate or assess

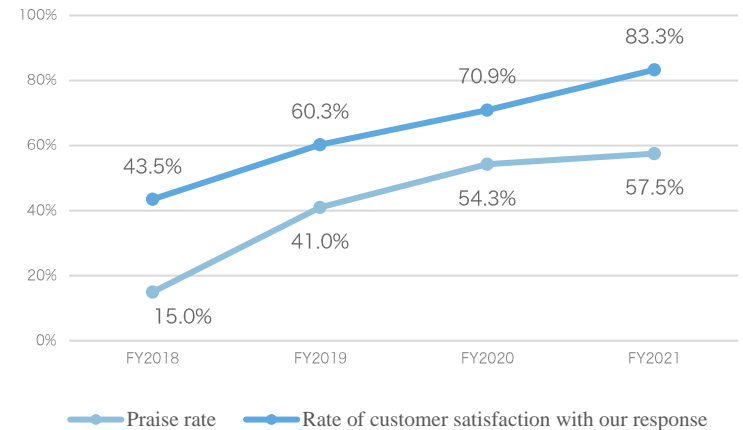


Sales management_Creation and operation of a thorough compliance system

- Service values with high hospitality are provided by creating an educational system that appropriately reflects customers' voices, supplying safe and secure services, and building and running BuySell's original, robust compliance system.



Change of corresponding satisfaction rate (*1) and praise rate (*2)



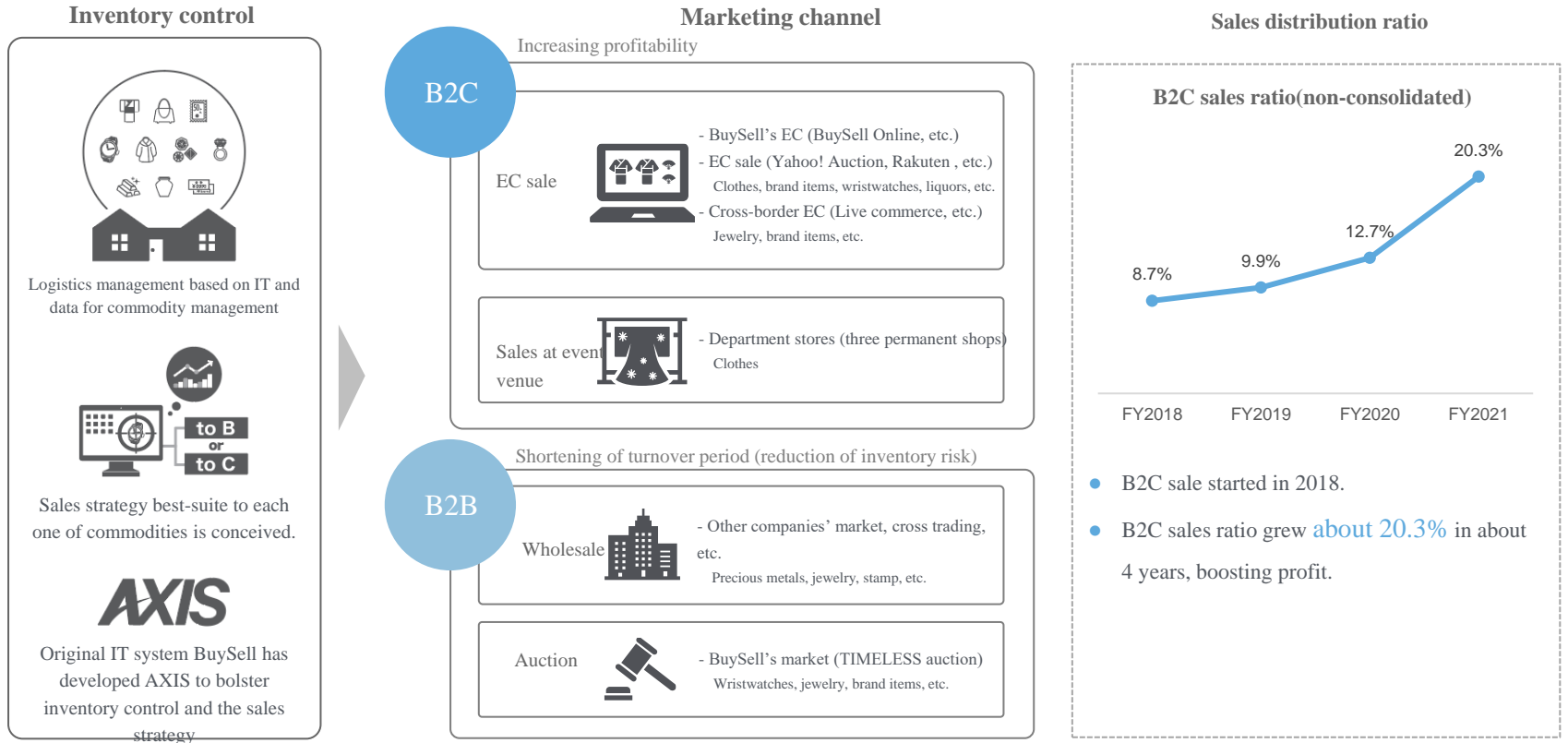
Source: Created by us based on the results of a questionnaire conducted during follow-up calls

*1 Rate of customer satisfaction with our response: Rate of customers who replied "very satisfied" or "satisfied" to a question about responses by our employees

*2 Praise rate: Of the above, reply concretely describing what the customer was satisfied with

Logistics_Sales strategy using many sales channels suitable for respective commodities

- Sales strategy best-suited to each one of commodities is conceived by creating an inventory control system for each commodity and expanding diverse sales channels to strike a balance between a reduction in the inventory risk and maximization of profit.



Disclaimer

Concerning the handling of this material

In the preparation of these materials, we have relied on and assumed the accuracy and completeness of the information available to us, but information other than that from the Company is quoted from public sources, etc., and we make no representation or warranty as to its accuracy or completeness. In addition, the information may contain forward-looking assumptions and forecasts as of the date of presentation, and forecasts based on plans, but these forward-looking statements are based on the information currently available to us and on certain assumptions that we consider reasonable, and the Company makes no promises that they will be achieved. There may be significant differences between these forecasts and actual business results due to various factors in the future, such as changes in economic conditions, changes in customer needs and user preferences, competition with other companies, and changes in laws and regulations.





BUYSELL TECHNOLOGIES