

# FY 2023 Settlement Report

Feb 14, 2024

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BuySell Technologies Co., Ltd.

TSE Growth Market : 7685

**BUYSELL**  
  
**TECHNOLOGIES**

<b><u>01</u></b>	<b>Executive Summary</b>
<b><u>02</u></b>	<b>Results of FY 2023</b>
<b><u>03</u></b>	<b>Changes in major KPIs of FY 2023</b>
<b><u>04</u></b>	<b>Forecast of FY2024 Earnings</b>
<b><u>05</u></b>	<b>Topics</b>
<b><u>06</u></b>	<b>Investment Highlights</b>
<b><u>07</u></b>	<b>Appendix</b>

**01**

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# **Executive Summary**

# Financial highlights of FY2023

## FY 2023 (Consolidated)

## Accounting period of Q4 of FY2023(Oct. to Dec. 2023)

	<u>FY2023 Actual (Cumulative)</u>	<u>YoY</u>	<u>Revised plan</u>	<u>FY2023 Q4 Actual (Oct. to Dec. )</u>	<u>YoY</u>
Sales	<b>42,574</b> mil.yen	+26.2%	+0.6%	<b>12,758</b> mil.yen	+29.3%
Operating income	<b>2,796</b> mil.yen	-24.3%	+10.1%	<b>1,247</b> mil.yen	+8.2%
Ordinary income	<b>2,754</b> mil.yen	-25.0%	+10.2%	<b>1,232</b> mil.yen	+7.4%
Net income attributable to owners of the parent	<b>1,453</b> mil.yen	-35.9%	+9.3%	<b>746</b> mil.yen	+0.1%
Adjusted EBITDA*	<b>3,994</b> mil.yen	-8.0%	+5.8%	<b>1,574</b> mil.yen	+10.9%

\*Adjusted EBITDA = operating income + depreciation and amortization expenses + amortization of goodwill (including customer-related assets) + share-based compensation expenses

- For the fiscal year ending December 31, 2023, sales increased to 42,574 million yen (+26.2% YoY) and ordinary income to 2,754 million yen (-25.0% YoY). **In the Q4 accounting period (Oct.-Dec.), the company achieved record profits, exceeding the revised plan announced in Q3 by 264 million yen in net sales and 254 million yen in ordinary income.**
- In the At-home pick up business inquiries and visits remained sluggish until Q3 due to external factors such as a wide-area burglary, etc. However, the number of visits recovered to +11% YoY in Q4 due to the normalization from Q4 onward and steady progress in acquiring repeat customers.
- In the store purchasing business, the number of customers and the volume of purchases remained strong throughout the year, especially at Timeless' permanent stores in department stores. The number of BuySell stores also expanded steadily, exceeding the full-year plan for new store openings.

# Forecast of FY2024 Earnings

## Forecast of FY2024 Earnings (Consolidated)

	<u>FY2023 Actual</u>	<u>FY2024 Forecast</u>	<u>YoY</u>	<u>YoY%</u>
Sales	<b>42,574</b> mil.yen	<b>52,480</b> mil.yen	+9,905	+23.3%
Operating income	<b>2,796</b> mil.yen	<b>3,400</b> mil.yen	+603	+21.6%
Ordinary income	<b>2,754</b> mil.yen	<b>3,310</b> mil.yen	+555	+20.2%
Net income attributable to owners of the parent	<b>1,453</b> mil.yen	<b>1,890</b> mil.yen	+436	+30.0%
Adjusted EBITDA*	<b>3,994</b> mil.yen	<b>4,910</b> mil.yen	+916	+22.9%

\*Adjusted EBITDA = operating income + depreciation and amortization expenses + amortization of goodwill (including customer-related assets) + share-based compensation expenses

- For the fiscal year ending December 31, 2024, the company plans consolidated sales of 52,480 million yen (+23.3% YoY) and ordinary income of 3,310 million yen (+20.2% YoY). Within the budget image presented at Q3 FY23 (+30-40% from 2,500 million yen in the revised plan for FY12/2023) and at a realistic level.
- In the At-home pick up business, the company plans to increase profit by improving variable profit per business trip by setting a top-line growth rate that prioritizes efficiency in marketing investments, which was an issue in the previous fiscal year.
- In the store purchasing business, profits are expected to remain flat, as the company does not expect the same effect of the previous year's improved performance due to the Corona rebound and soaring gold market prices in the current fiscal year, especially in Timeless, and will invest in hiring store personnel and support personnel in advance to strategically strengthen the group's store openings.
- The final year plan of the current mid-term plan will be replaced by the FY24 figures, and the next new mid-term plan will be announced at the time of the FY24 full financial results announcement (February 2025).

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P25

- **Transition to new management structure (two-person representative system)**
  - Kosuke Tokushige newly appointed President and CEO
  - Iwata, the current President and CEO, was appointed Chairman of the Board.
  - While strengthening the mainstay At-home pick up business, the company will further increase the growth speed of the group's store purchasing business and strengthen organizational management to support business growth.

\* The appointment is effective April 1, 2024.

2

P27

- **New M&A of Musubi Co., Ltd. (share transfer agreement executed on February 14, 2024)**
  - The company operates 45 "KAITORI-MUSUBI" stores nationwide, and through this M&A, the number of group stores will expand to more than 350.
  - P/L is scheduled to be consolidated from Q2 of the current fiscal year and is not reflected in the initial earnings forecast. We plan to announce a new earnings plan after careful examination of the figures.
  - However, considering the upfront investment in accelerating store openings and strengthening the workforce after the group integration, the consolidation of the company is expected to have a limited impact on profits this fiscal year (details are under scrutiny).

**02**

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**Results of FY 2023**

# Consolidated Statement of FY 2023

- For the fiscal year ended December 31, 2023, sales exceeded the revised plan at 42,574 million yen (YoY +26.2%) due to a recovery in the At-home pick up business and strong performance in the store purchasing business from Q4, and ordinary income exceeded the revised plan at 2,754 million yen (YoY-25.0%) due to the promotion of efficiency improvements in advertising expenses and company-wide cost improvements in Q4.

consolidated financial results (Unit: Million yen)	FY 2022	FY 2023	YoY	YoY %	Revised plan (Announced November 14, 2023)	VS Revised plan	VS Revised plan %
Sales	33,724	<b>42,574</b>	+8,850	+26.2%	<b>42,310</b>	+ 264	+ 0.6%
Gross profit	19,864	<b>24,493</b>	+4,628	+23.3%	<b>24,434</b>	+58	+ 0.2%
Gross profit margin	58.9%	<b>57.5%</b>	-1.4pt	-	57.8%	-0.3pt	-
Selling, general and administrative expenses	16,169	<b>21,696</b>	+5,527	+34.2%	21,894	-198	-0.9%
(Breakdown) Advertising expenses	4,970	<b>6,524</b>	+1,554	+31.3%	6,604	-79	-1.2%
(Breakdown) Personnel expenses*	6,014	<b>7,926</b>	+1,912	+31.8%	7,996	-69	-0.9%
Operating income	3,694	<b>2,796</b>	-898	-24.3%	<b>2,540</b>	+256	+10.1%
Sales to operating income ratio	11.0%	<b>6.6%</b>	-4.4pt	-	6.0%	+0.6pt	-
Adjusted EBITDA	4,339	<b>3,994</b>	-345	-8.0%	3,776	+217	+5.8%
Adjusted EBITDA margin	12.9%	<b>9.4%</b>	-3.5pt	-	8.9%	+0.5pt	-
Ordinary income	3,672	<b>2,754</b>	-918	-25.0%	<b>2,500</b>	+254	+10.2%
Ordinary income ratio	10.9%	<b>6.5%</b>	-4.4pt	-	5.9%	+0.6pt	-
Net income attributable to owners of the parent	2,268	<b>1,453</b>	-815	-35.9%	<b>1,330</b>	+123	+9.3%

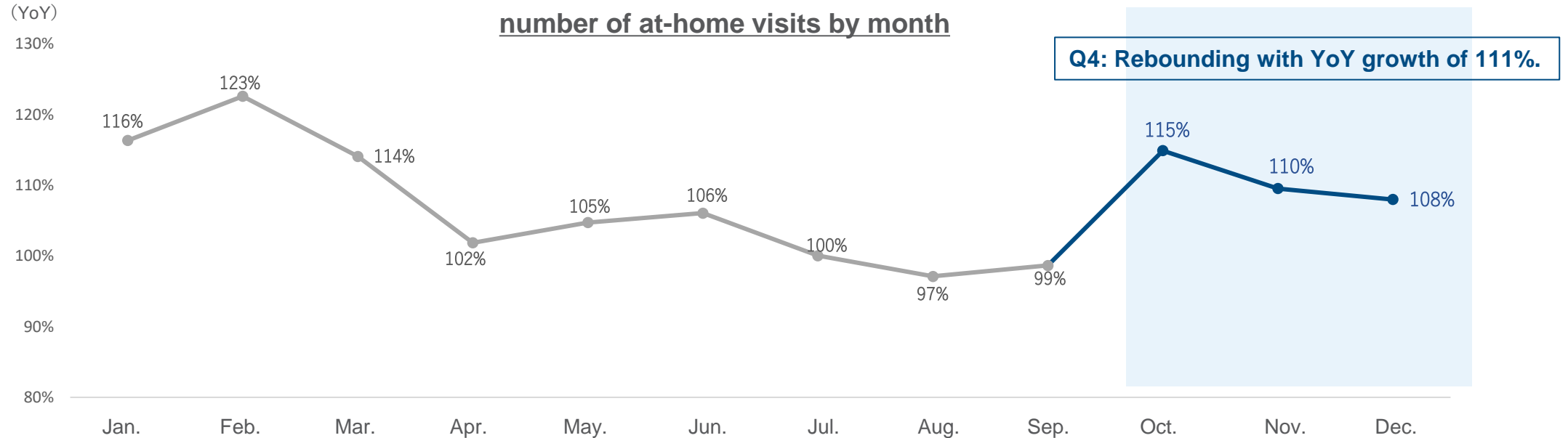
\* Personnel expenses include salaries ,allowances, bonuses, statutory welfare expenses, recruitment expenses, etc.

\* Adjusted EBITDA = operating income + depreciation and amortization expenses + amortization of goodwill (including customer-related assets) + share-based compensation expenses



# Reference: Trends in the number of inquiries and at-home visits

- The number of business trip visits in Q4 improved to 111% in YoY due to the stabilization and recovery of the impact of the decline in inquiries due to external factors since the latter half of September.
- Revisit (repeat) ratio will increase from an average of 2.3% in 2022 to 4.2% in 2023, creating more efficient and higher quality visits.



**Effect of number of appointments on past visits**

- The number of visits remained steady, but from February onward was supported by the number of visit reservations made in Q4 of the previous quarter and up to January.

**Maintained YoY positive growth by investing in additional advertising**

- Weak inquiries from February onward affected the number of visits. Although the number of visits exceeded that of the previous year due to additional investment in advertising, the number of visits remained below the level of the annual plan.
- We failed to build up the number of reservations for visits during the summer, which is a quiet season.

**Impact of Severe Heat**

- The number of inquiries was weak, especially in August, due to the effects of the extreme heat, and a lack of appointments for visits resulted in a lower number of visits than in the previous year.

**normalization**

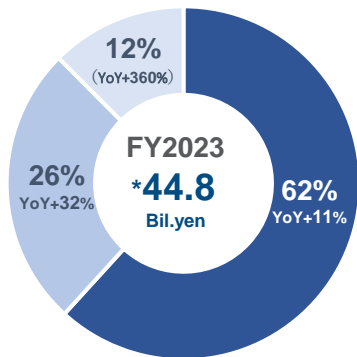
- Inquiries recovered from the latter half of September, and the revisit rate also improved, generally landing at the revised plan for the number of visits.

# Reference) Highlights of Business Performance by Company

- Sales by company: BuySell +11% YoY, Timeless +32% YoY, and Four-nine contributed to full-year results

## Sales by Company

\*Before deducting intercompany transactions



- BuySell Technologies
- TIMELESS
- Four-Nine\*

\* Consolidated only in Q4 in the previous year

## FY 2023 Financial Highlights

**BUYSELL**  
TECHNOLOGIES

BuySell Technologies Co., Ltd.

Home pick up  
service

Store business

- The At-home pick up business struggled with inquiries and visits until Q3, but from Q4 onward, things normalized and the number of visits and purchases remained steady.
- The store purchasing business opened 6 new stores in Q4, expanding to 23 stores, exceeding the plan.



TIMELESS

TIMELESS Co., Ltd

Store business

Auctions

- The number of customers and purchases of high-value merchandise remained steady due to the return of people to department stores, a major store destination throughout the year, and the soaring gold market price. The auction business also saw an increase in transaction volume.
- New store openings also progressed steadily, increasing by 7 stores from the end of the previous fiscal year to 26 stores.

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Four-Nine Co., Ltd.

Franchise  
stores

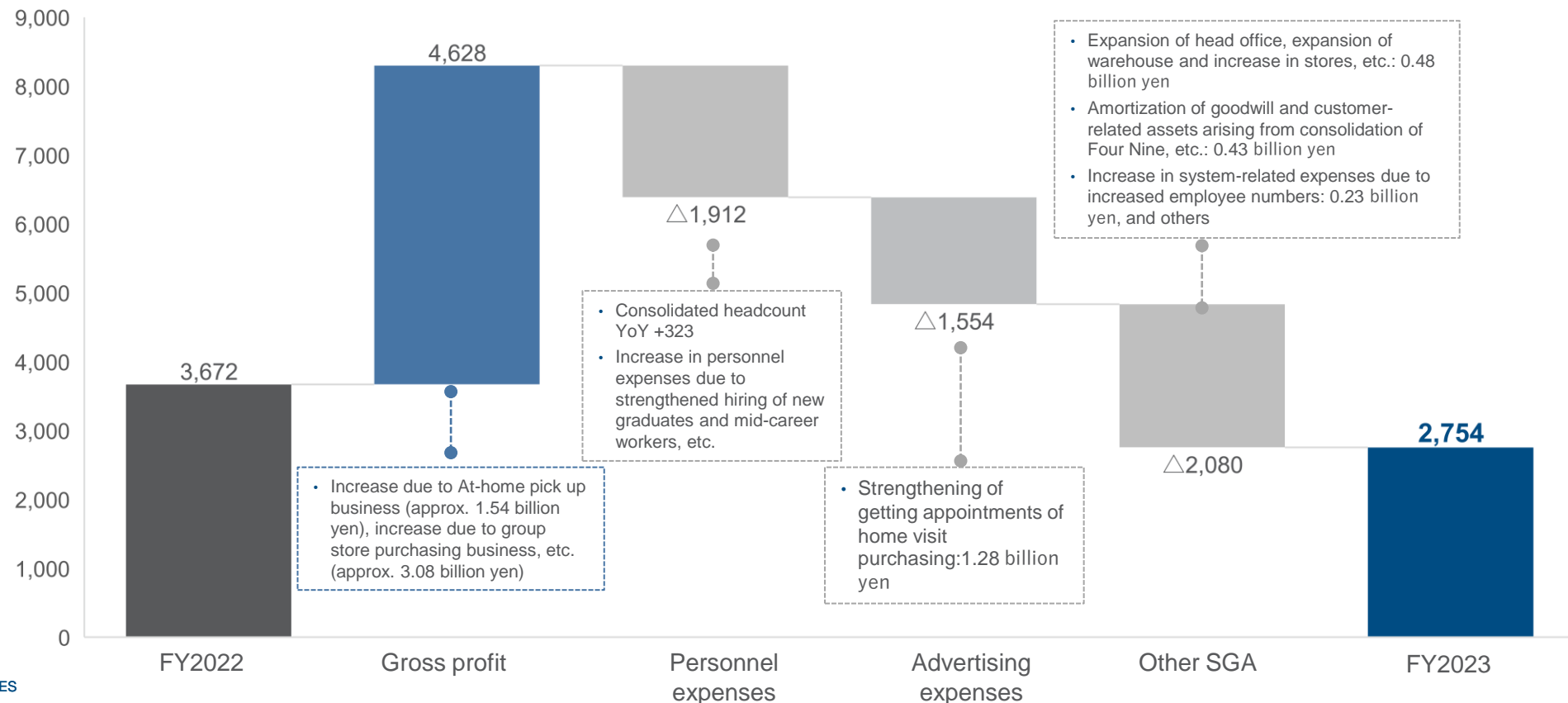
Store business

- Due to the franchise business model, there were no extreme fluctuations in performance, and full-year profit progress was in line with plans. Operating income exceeded amortization of goodwill and customer-related assets.
- The number of franchise stores fell short of the plan. The company plans to increase the number of sales personnel and SVs who support existing stores.

# Analysis of FY2023 consolidated ordinary income (YoY)

- Gross profit Growth of BuySell and Timeless, and gross profit of Four Nine, which had been non-consolidated until Q3 FY12/2022, added to YoY +23%.
- Investments in personnel and related costs associated with the increase in headcount and office and land rent increased YoY. Ordinary income landed at 2,754 million yen due to additional investment in advertising expenses to strengthen the acquisition of At-home pick up business.

(Unit: Million yen)

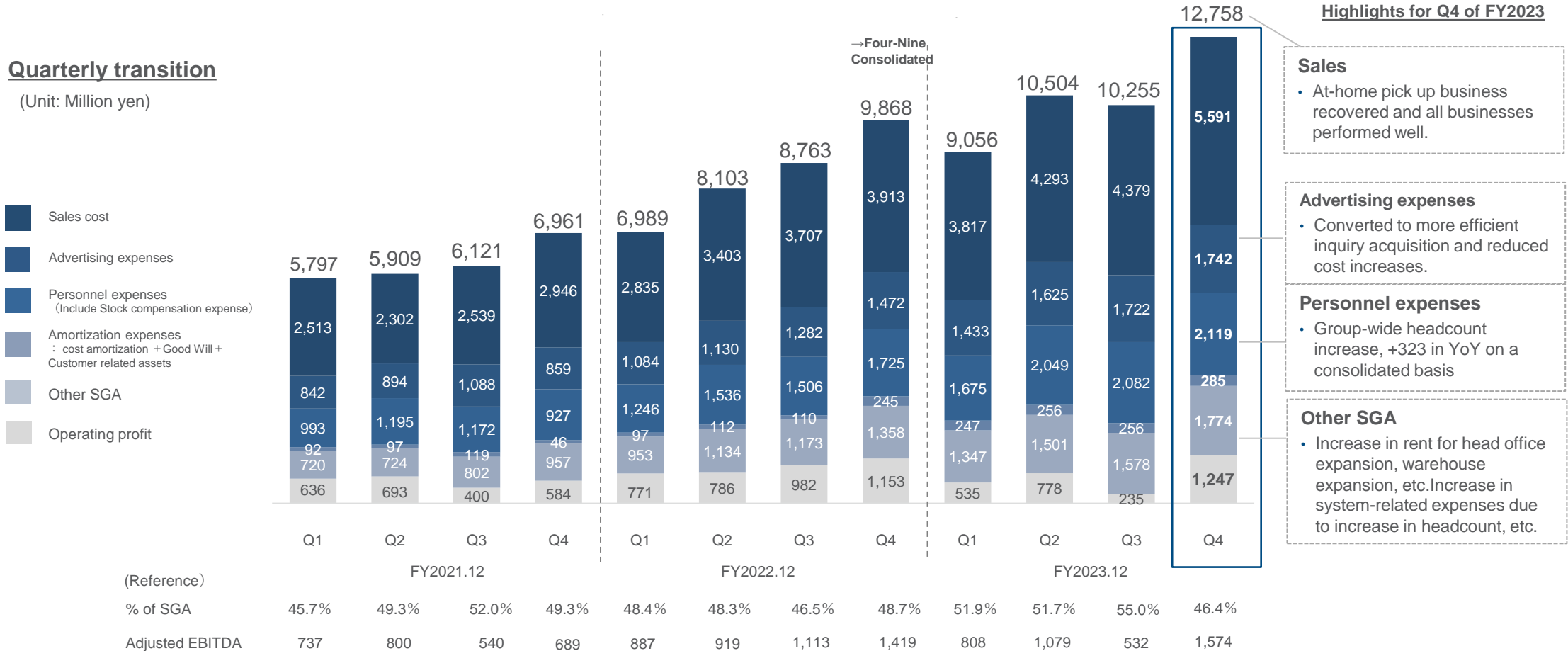


# Quarterly transition(Consolidated)

- The ratio of SG&A to net sales improved significantly to 46.4%, due to the recovery of At-home pick up business and the expansion of store purchase, as well as the efficiency improvement of SG&A expenses, and both net sales and operating income for the quarter reached all-time highs.

## Quarterly transition

(Unit: Million yen)



# FY2023 Balance Sheet

- Consolidated inventories increased significantly compared to the end of the previous period and the previous quarter due to an increase in purchase due to a recovery in the number of visits since the latter half of September in the At-home pick up business and strong store purchasing business.

(Unit: Million yen)

		FY2022	FY2023.12					
		Q4	Q1	Q2	Q3	Q4	VS Q4 FY2022	
Assets	Current assets	Cash and deposits	6,999	5,612	8,232	6,325	<b>7,756</b>	+757
		Inventories (turnover period)	2,794 (66.2days)	2,519 (64.7days)	2,854 (62.7days)	3,424 (67.2days)	<b>4,543</b> <b>(75.5days)</b>	+1,749 (+9.3days)
		Other	655	815	790	2,246	<b>1,117</b>	+461
	Fixed asset	Goodwill	3,757	3,666	3,576	3,486	<b>3,599</b>	-157
		Customer related assets	1,306	1,237	1,168	1,100	<b>1,031</b>	-275
		Other	2,132	2,354	2,664	2,886	<b>3,273</b>	+1,140
Total assets		17,644	16,207	19,287	19,470	<b>21,320</b>	+3,675	
Liability	Interest-bearing debt	5,050	4,618	6,362	6,795	<b>8,068</b>	+3,017	
	Other	4,355	3,359	4,177	4,202	<b>4,642</b>	+286	
Total liabilities and net assets	Capital (incl. capital surplus)	3,274	3,281	3,388	3,388	<b>3,388</b>	+114	
	Retained earnings	4,875	4,836	5,220	5,291	<b>6,038</b>	+1,162	
	Other	88	111	139	-207	<b>-816</b>	-904	
Total liabilities and Net assets		17,644	16,207	19,287	19,470	<b>21,320</b>	+3,675	

## Major balance sheet changes

### Inventories

- Increased both BuySell and Timeless. Strong Q4 purchases also increased toC inventory and inventory levels
- Increase due to the start of NISSO's B/S consolidation from Q4

### Goodwill and customer-related assets

- From Q4 of the previous fiscal year, goodwill and customer-related assets have been recorded because of the consolidation of Four Nine (approximately 110 million yen amortized in the quarter)
- "Goodwill" of Nissho was recorded in Q4 of the current period (200 million yen, amortized over 12 years)

### Liability

- Borrowing of working capital due to increase in purchase volume

### Net assets and others

- Decrease due to acquisition of treasury stock

**03**

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**Changes in Major KPIs  
of FY 2023**

# Changes in KPIs (at-home pick up service- Non consolidated)

- In FY23, the number of home visits for the year struggled by +7.3% YOY due to external factors, but recovered in Q4 with +11.3%.
- Gross profit margin per visit increased by 2.7%, but Variable profit per visit declined by 3.0% due to an increase in advertising expenses caused by weak inquiries up to Q3.

**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)	FY2019	FY2020	FY2021	FY2022	FY2023		YoY
	Full FY	Full FY	Full FY	Full FY	Full FY	Revised Plan	
Number of visits (cases)	180,146	187,871	209,526	243,321	260,997	261,100	+7.3%
Variable profit per visit (yen)	32,178	35,526	40,238	45,560	44,214	44,610	-3.0%
- Gross profit margin per visit (yen)	46,687	51,443	57,324	62,161	63,843	64,230	+2.7%
- Advertising expenses per visit (yen)	14,509	15,917	17,086	16,602	19,628	19,620	+18.2%

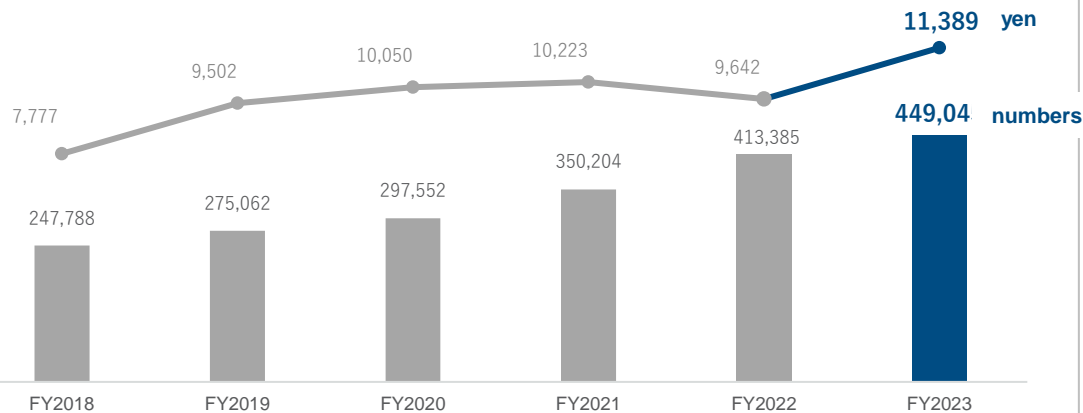
Changes in KPIs (Comparison of quarter accounting period)	FY2022				FY2023				YoY (vs Q4)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Number of visits (cases)	49,174	60,929	64,859	68,359	57,724	63,570	63,652	76,051	+11.3%
Variable profit per visit (yen)	47,179	46,133	40,830	48,371	40,757	46,644	40,288	47,493	-1.8%
- Gross profit margin per visit (yen)	65,354	61,503	56,907	65,436	59,487	66,603	61,376	65,828	+0.6%
- Advertising expenses per visit (yen)	18,175	15,370	16,077	17,066	18,729	19,958	21,087	18,336	+7.4%

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

## Other important KPIs

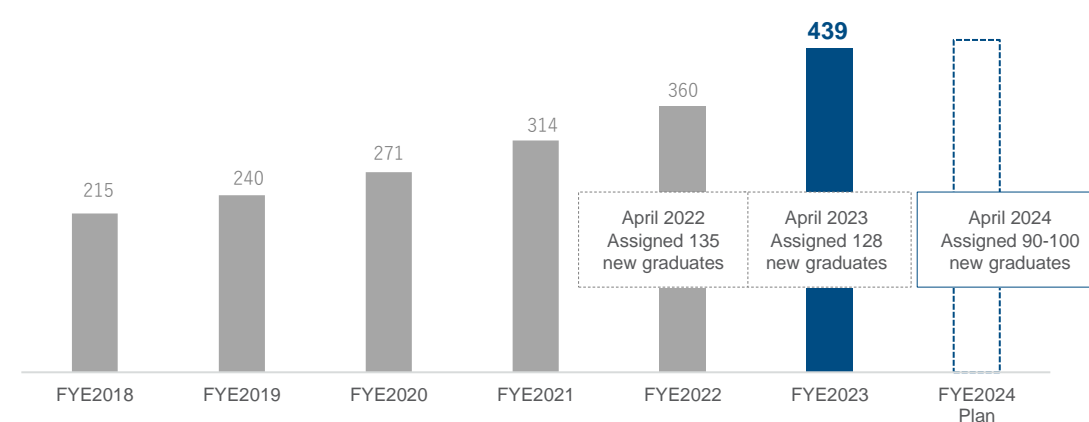
Number of inquiries/CPA

FY24 Target  
454,00 numbers/11,500 yen



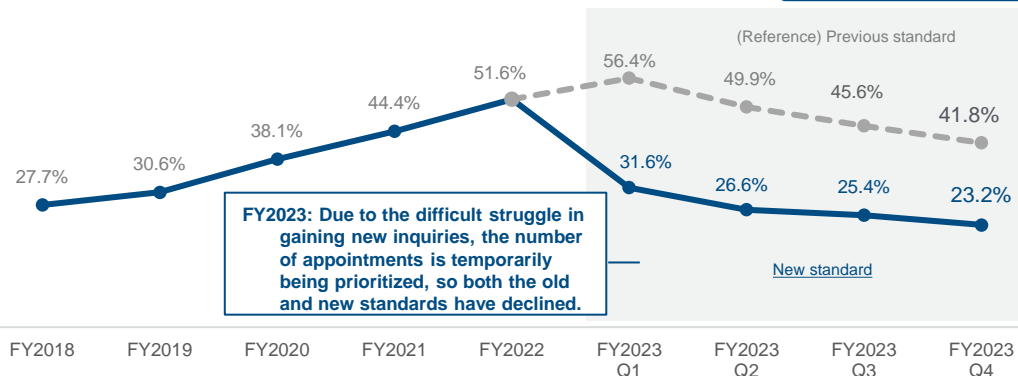
FS business (at-home pick-up): Number of employees

FY 24 Target 450



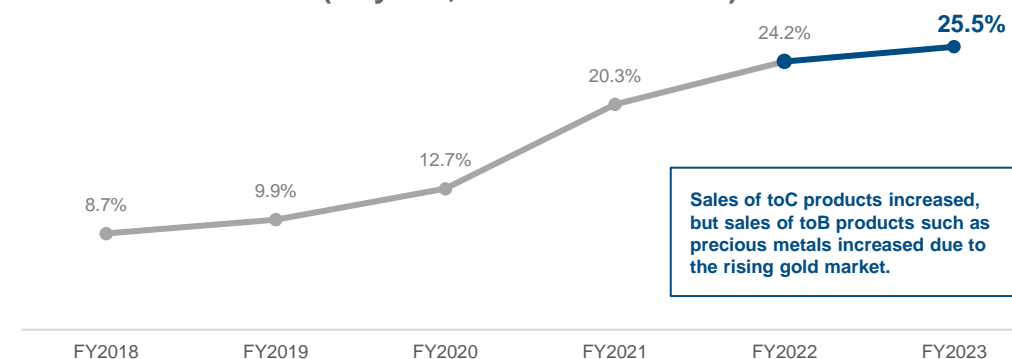
High-ranking appointment ratio

FY24 Target 25.0%  
(New standard)



B2C sales ratio (BuySell, non-consolidated)

FY 24 Target 30.0%



\*1 CPA: Advertising expenses per inquiry (advertising expenses related to home visits ÷ 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. Percentage of the number of home visits for A-C high-ranking appointments among the relevant ranks (number of ABC rank appointments ÷ number of home visits)

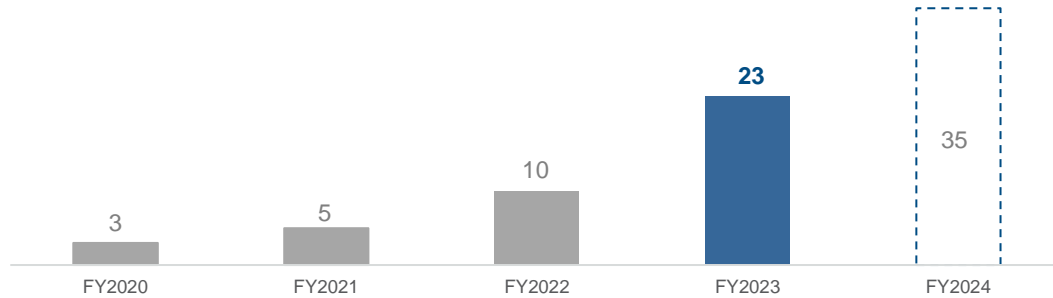


# Reference) Changes in KPIs (Purchasing at shop)



Number of shops  
"BUYSELL"

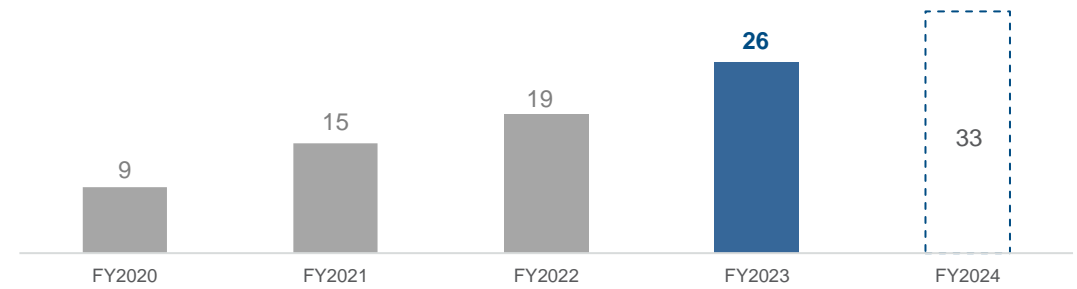
FY24 Target  
35shops



総合買取サロン  
**TIMELESS**  
タイムレス

Number of shops  
"TIMELESS"

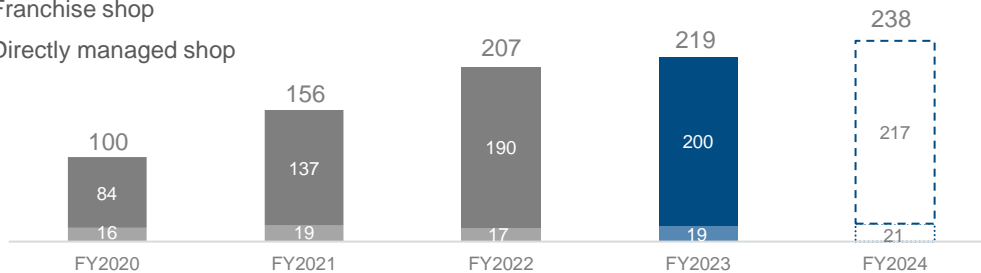
FY24 Target  
33shops



Number of shops  
"FOUR-NINE"

FY24 Target  
238shops

■ Franchise shop  
■ Directly managed shop



Number of shops  
"BRAND PEACE"

FY24 Target  
6shops



**04**

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## **Forecast of FY2024 Earnings**

## 1 Initial plan was set at a realistic level based on the previous year's results and the outlook for the business environment

- The impact of external factors on the At-home pick up business in the previous fiscal year has disappeared, and the outlook for the business environment in the current fiscal year has improved. On the other hand, the company recognizes the challenges, mainly on the cost side, resulting from its expansion strategy to date, and will tighten its focus on the return on investment of overall SG&A expenses.
- Set a strategic goal of increasing operating income per employee (gross profit amount) to lay the foundation for growth in FY25 and beyond.

## 2 Optimize marketing cost effectiveness in the At-home pick up business

- In the previous year, marketing cost effectiveness deteriorated significantly due to the impact of external factors. In FY24, the company aims to increase the number of visits efficiently again and grow the number of visits to +9% with the same level of advertising expenses as in the previous year.

## 3 Continue to strengthen store purchasing business

- The performance and number of stores in the store purchasing business are growing at an accelerating pace, and the company will pursue aggressive business expansion, with M&A as an option. The group already has five companies with more than 350 stores, and the company intends to strengthen cooperation among group stores to improve the efficiency of store openings and to strengthen sales channels.
- The FY24 profit plan is flat, but this is due to the fact that the previous year's Corona reactionary decline and the earnings boost from soaring gold prices have not been similarly factored in, and costs are expected to increase due to investment in new store openings.

## 4 New investment for mid-term growth

- The budget reflects upfront investments necessary for medium- to long-term growth, including plans to open a flagship store to strengthen sales of "toC" products, expand overseas sales channels, and strengthen the company's own e-commerce.

# Earnings and Dividend Forecasts for the Fiscal Year Ending December 31, 2024

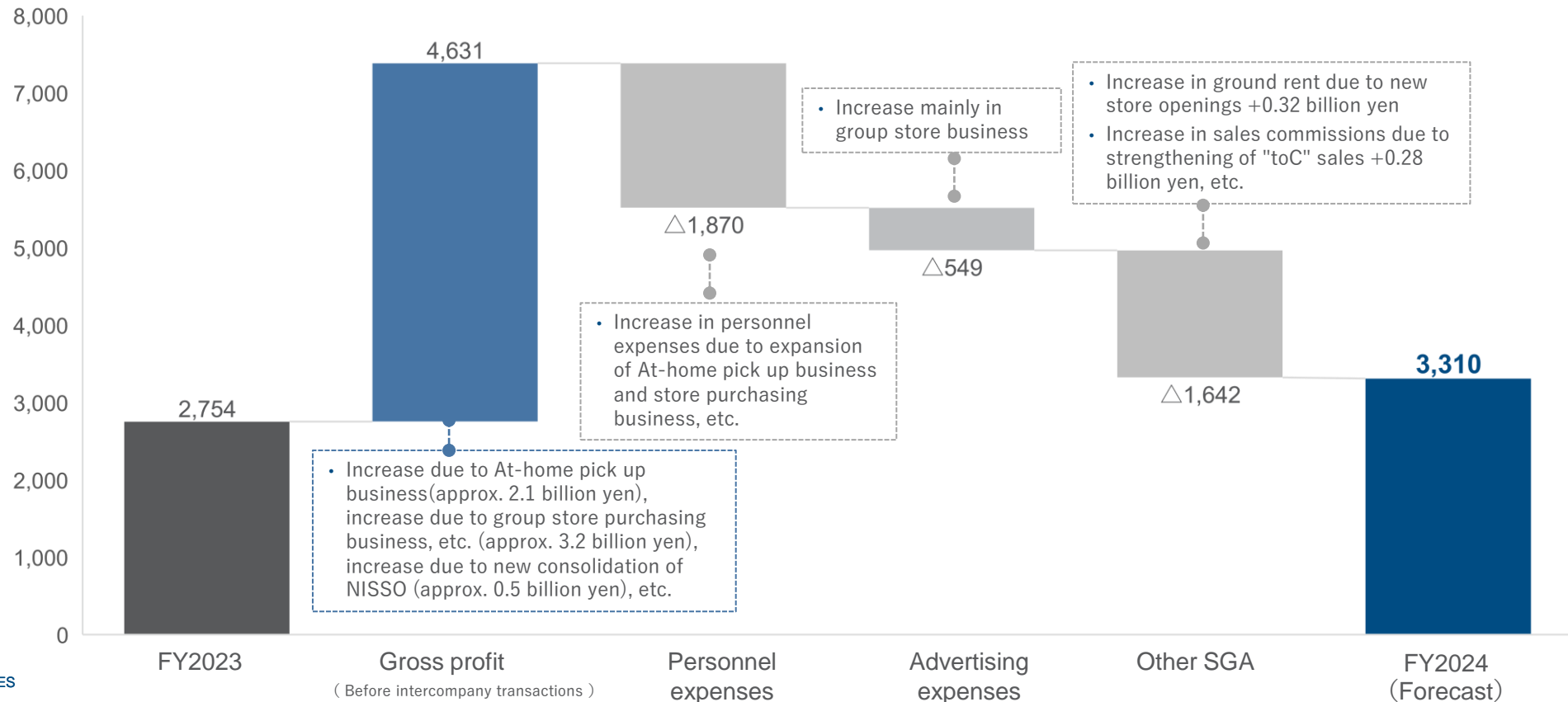
- In FY24, the company plans sales of 52,480 million yen (+23% YoY) and ordinary income of 3,310 million yen (+20% YoY), positioning FY24 as a year to focus on efficiency and to shift back to a high-growth phase from the next fiscal year.

consolidated financial results (Unit: Million yen)	FY 2023	FY 2024 Forecast	YoY	YoY%	Note
Sales	42,574	<b>52,480</b>	+9,905	+23.3%	<b>Sales</b> <ul style="list-style-type: none"> <li>• Impact of new consolidation of NISSO: +2.3 billion yen</li> </ul>
Gross profit	24,493	<b>29,125</b>	+4,631	+18.9%	
Gross profit margin	57.5%	55.5%	-2.0pt	—	<b>Gross profit margin</b> <ul style="list-style-type: none"> <li>• BST stand-alone: 65%, unchanged from the previous quarter</li> <li>• Decrease due to NISSO's new consolidation mix, etc.</li> </ul>
Selling, general and administrative expenses	21,696	25,725	+4,027	+18.6%	
(Breakdown) Advertising expenses	6,524	7,073	+549	+8.4%	<b>SGA</b> <ul style="list-style-type: none"> <li>• Increase in advertising expenses due to strengthened store openings and mid- to long-term branding expenses, etc., while BST's At-home pick up business remained at the same level as the previous fiscal year</li> <li>• Personnel expenses increased mainly in the group store purchasing business.</li> </ul>
(Breakdown) Personnel expenses*	7,926	9,797	+1,870	+19.2%	
Operating income	2,796	<b>3,400</b>	+603	+23.6%	
Sales to operating income ratio	6.6%	6.5%	-0.1pt	—	
Adjusted EBITDA	3,994	4,910	916	+22.9%	
Adjusted EBITDA margin	9.4%	9.4%	± 0pt	—	
Ordinary income	2,754	<b>3,310</b>	+555	+20.2%	
Ordinary income ratio	6.5%	6.3%	-0.2pt	—	
Net income attributable to owners of the parent	1,453	<b>1,890</b>	+436	+30.0%	
Dividend Forecasts					
Annual dividend (year-end)	25.0 yen	<b>25.0 yen</b>	± 0		

# Analysis of consolidated ordinary income forecast for the fiscal year ending December 31, 2024

- Profits increased due to the recovery of the At-home pick up business and the increase due to the group store purchasing business, which deducted the Corona rebound and gold market rise in the previous year.
- The company plans ordinary income of 3,310 million yen by improving the efficiency of advertising expenses in At-home pick up business and also controlling increases in personnel and other SG&A expenses.

(Unit: Million yen)

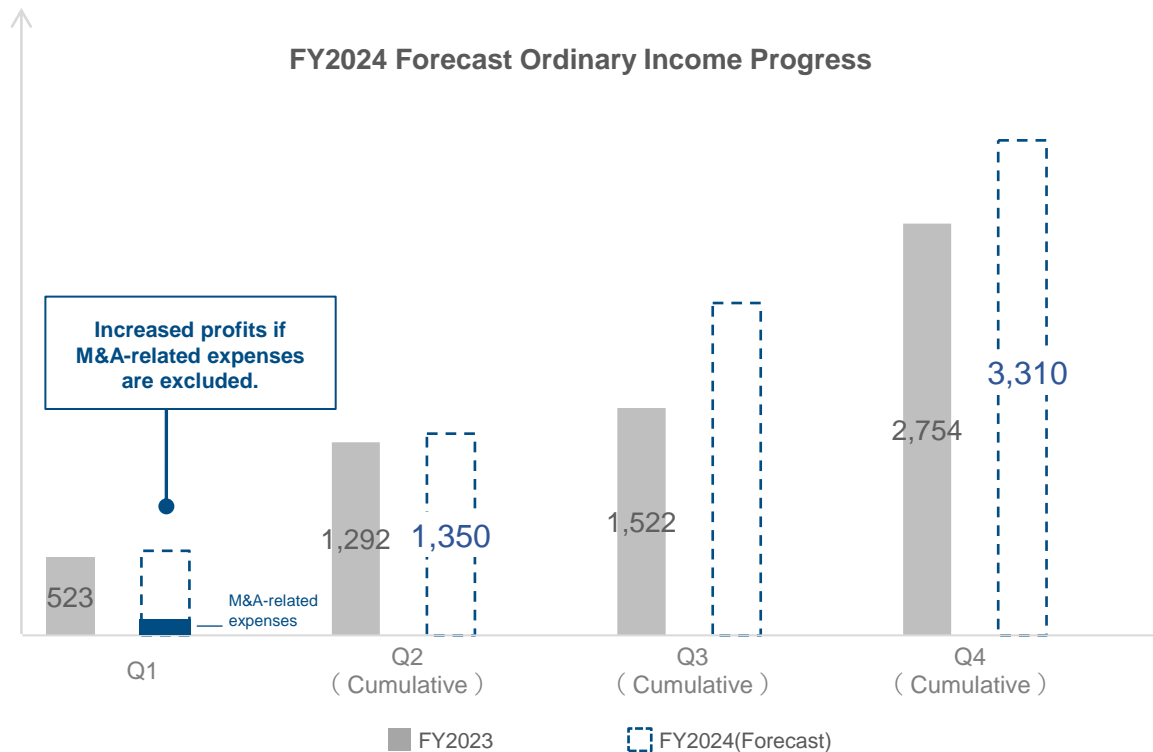


# (Reference) Forecast for the fiscal year ending December 31, 2024

## Consolidated ordinary income progress

- Excluding one-time cost factors in Q1, the Company plans to increase profits in each quarter in real terms. Profits are expected to be biased toward the second half of the fiscal year due to an increase in gross profit from the increased strength of new graduates and the effects of cost efficiencies, but the rate of progress to 1H is 40%, which is on par with our past progress rates.
- **The P/L of Musubi, which will become a new subsidiary, is scheduled to be consolidated from Q2 and is not included in the initial forecast, so the forecast will be announced again after careful examination.**

(Unit: Million yen)



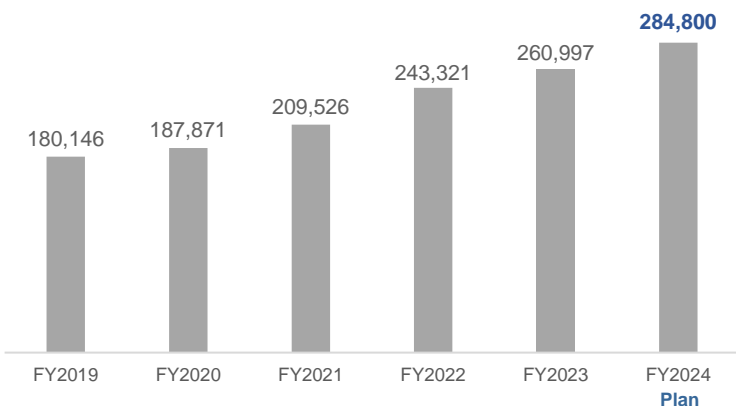
### FY2024 Forecast Policy

- Although Q1 earnings are expected to decrease due to the posting of approximately 0.08 billion yen in M&A-related expenses for Musubi Co.
- The Company plans to achieve 40% progress in ordinary income in the first half and 60% in the second half of the fiscal year. Assuming the same level of progress as in past years, except for the previous period, which was irregular. Profit plan is weighted toward the second half of the fiscal year, as we expect to see an increase in gross profit and cost efficiencies in the second half of the fiscal year due to the increased strength of our new graduates.
- Musubi's forecast has not yet been reflected in the initial plan and will be announced after careful examination.

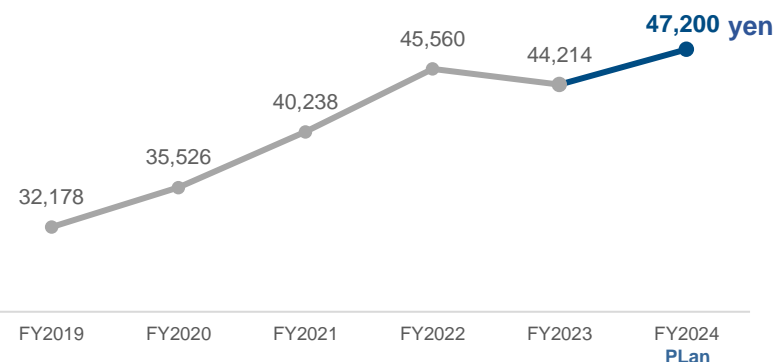
# Reference) Changes in other KPIs (BuySell, non-consolidated) of at-home pick up service

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

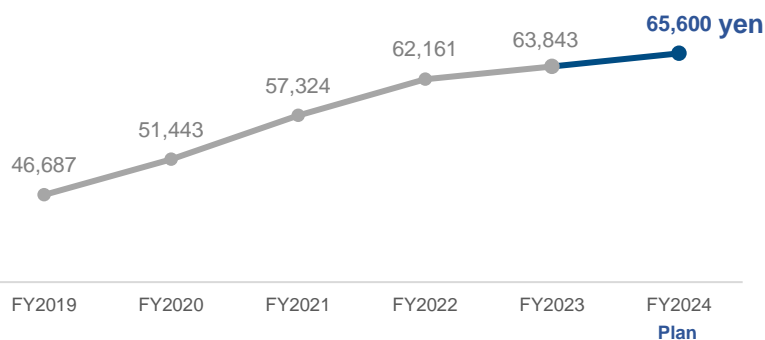
① Number of visits



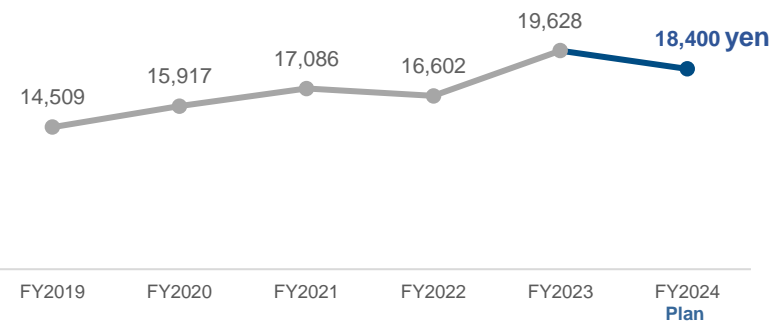
② Variable profit per visit



③ Gross profit margin per visit



④ Advertising expenses per visit



**05**



**Topics**



# Representative Director Structure

\*Representative changes effective April 1, 2024.

- **Transition to a new management structure from April 2024. Kosuke TOKUSHIGE will assume the new position of President and CEO. IWATA, the current President and CEO, will assume the position of Chairman of the Board.**



## **Kyohei Iwata/ Chairman and Representative Director**

Graduated from Systems Innovation, Faculty of Engineering, The University of Tokyo. In 2008, joined Hakuhold 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 the Marketing Strategy Division and the Reuse Business Division. In September 2017, assumed the presidency of BuySell.

Scheduled to become Chairman of the Board in April 2024.

### **Main Roles**

**Acceleration of Group Store Business Growth and Group-wide deployment of data-driven management**



## **Kosuke Tokushige/ Representative Director, President and CEO**

Graduated from Rikkyo University with a degree in sociology, he joined Recruit Co., Ltd. (Recruit Holdings Co., Ltd.) . After working in sales in the food and beverage information area, he was engaged as the head of marketing support at Recruit Marketing Partners Co. Appointed as Executive Officer of the company in 2015; appointed as Executive Officer of Recruit Lifestyle Inc. in 2019, promoting customer-attracting media for restaurants, DX support, etc. Scheduled to become President and CEO of the BuySell in April 2024.

### **Main Roles**

**Growth and productivity improvement of At-home pick up business Strengthen human resource development and organizational management**

# Board Structure ( After the General Meeting of Shareholders on March 22, 2024 )

\*Representative changes effective April 1, 2024.

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



**Kyoei Iwata/Chairman and Representative Director**

Graduated from Systems Innovation, Faculty of Engineering, The University of Tokyo. In 2008, joined Hakuho 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 the Marketing Strategy Division and the Reuse Business Division. In September 2017, assumed the presidency of BuySell.



**Kosuke Tokushige/ Representative Director, President and CEO**

After graduation from university, he joined Recruit Co., Ltd. (Recruit Holdings Co., Ltd.) . After working in sales in the food and beverage information area, he was engaged as the head of marketing support at Recruit Marketing Partners Co. Appointed as Executive Officer of the company in 2015; appointed as Executive Officer of Recruit Lifestyle Inc. in 2019, promoting customer-attracting media for restaurants, DX support, etc. Scheduled to become President and CEO of the BuySell in April 2024.

New



**Hideki Yoshimura/ 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. Appointed as a director in March, 2022.

**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. Appointed as outside director in March, 2022.



**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 . Appointed as outside director in March, 2022.

New



**Tsuneo Watanabe/ Outside director**

After joining Japan M&A Center Inc. in 2008, he promoted the establishment and expansion of industry-specific business units. Over 100 M&A transactions closed during his tenure. Appointed to the Board of Directors of Japan M&A Center Holdings, Inc. in 2020 and will be appointed as an outside director of the BuySell in March 2024.

# M&A- Musubi Co., Ltd. becomes a subsidiary of the Company

- Musubi operates 45 directly managed stores and has achieved rapid growth in business performance through a store opening strategy that achieves high profitability per store and human resource development. The execution of this M&A will accelerate further growth of the group store strategy by creating group synergies in recruitment, inventory sales channel collaboration, and human resource training, in addition to expanding the store purchase channel.
- However, considering the upfront investment in accelerating store openings and strengthening the workforce after the group integration, the consolidation of the company is expected to have a limited impact on profits this fiscal year (details are under scrutiny).

## Outline of Subject Company

Company Name	Musubi Co., Ltd.
Head office	Yokohama City, Kanagawa
Business	Reuse business for brand-name goods, precious metals, etc. (operation of "KAITORI Musubi")
Establishment	December 2017

## M&A Overview

Scheme	Acquisition of shares for cash (100%)
M&A Completion Date	March 15, 2024 (scheduled)
Beginning of the link (scheduled)	Consolidated B/S in Q1 of FY2024 Consolidated P/L in Q2 of FY2024
Stock Acquisition Price	4.5 billion yen
Total Assets/Net Assets	1.2 billion yen / 0.5 billion yen (FY23.11)

## Business Characteristics

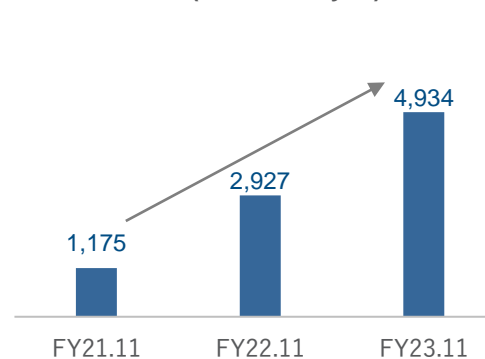


- Purchases a variety of products including brands, watches, jewelry, etc.
- Store strategy to achieve high per-store profitability
- High repeat rate due to excellent employee training

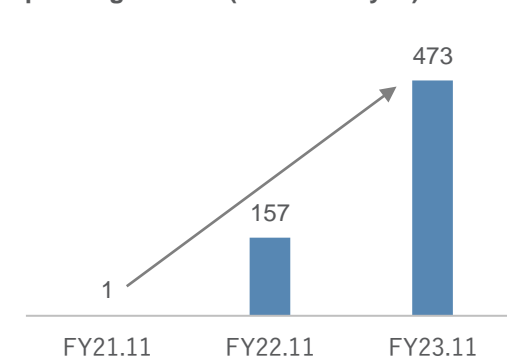


## Financial Results

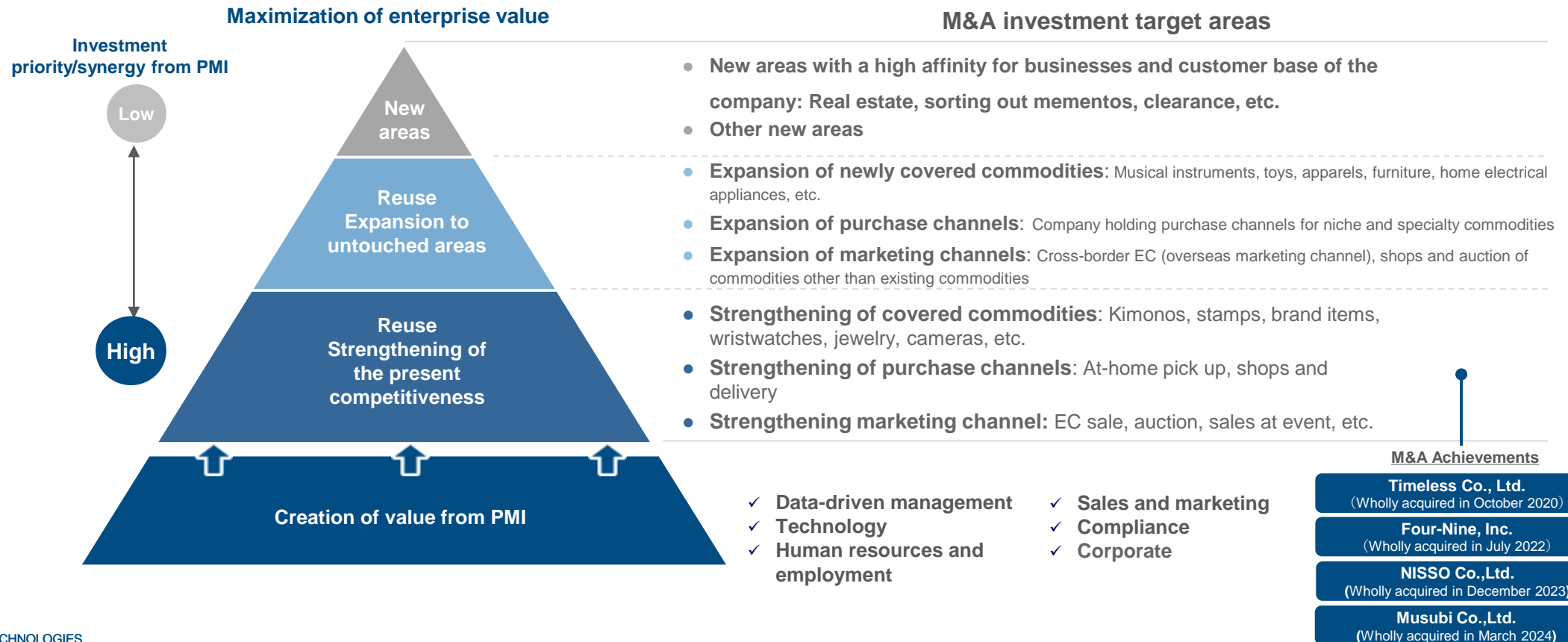
Net sales (Millions of yen)



Operating income (Millions of yen)

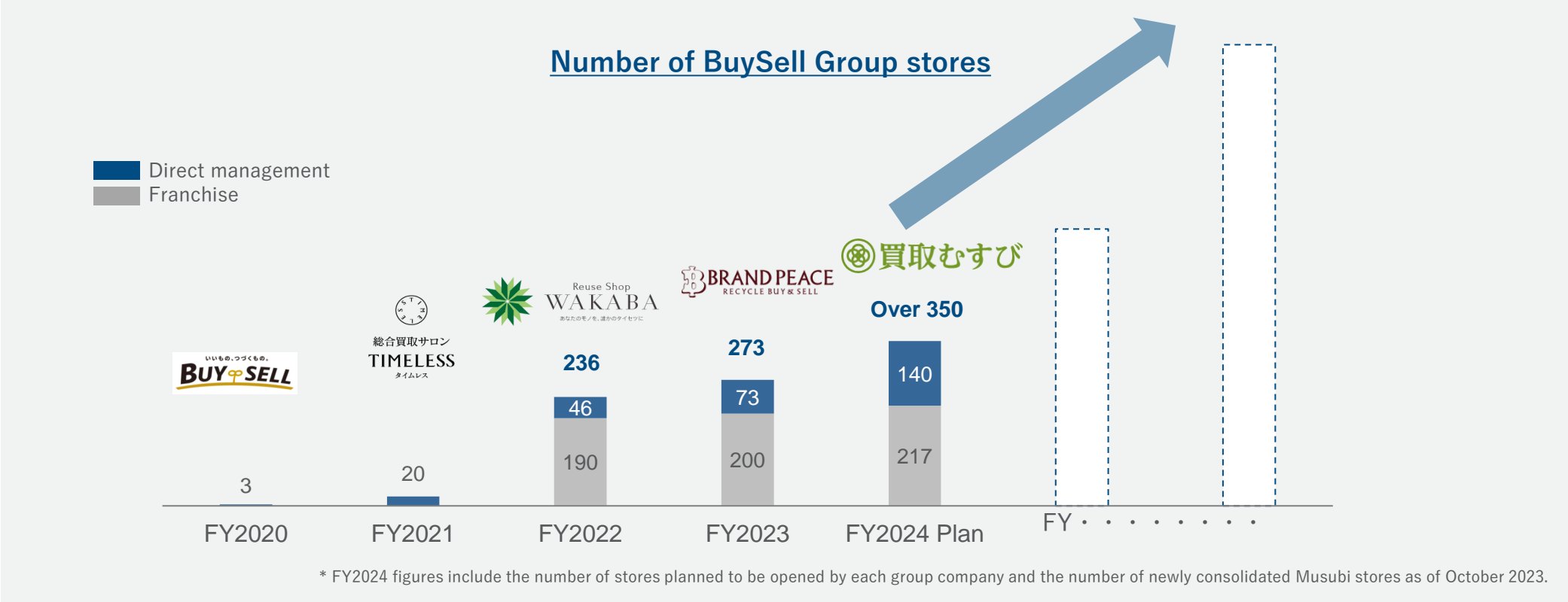


- Have a policy for increasing the priority on M&A investment in the reuse area contributing to strengthening of the present competitiveness and reinforcement of business by operations in untouched areas
- Increase enterprise value by increasing the return on investment through strategic M&A in areas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



# Number of Group Stores

- In addition to the opening of new organic stores, strategic M&A has led to rapid expansion in the number of group stores despite being a latecomer to the market. With 140 directly managed stores, the company has grown to a leading position in the industry, and the total number of franchise stores exceeds 350.
- The reuse manifest market, centered on the store purchasing business, is a promising 3 trillion yen market that continues to grow steadily, but since many businesses are small, We aims to become the industry leader as soon as possible by aggressively expanding its store network.



# Reprint)Improving productivity by leveraging technology

## Development of “Cosmos”

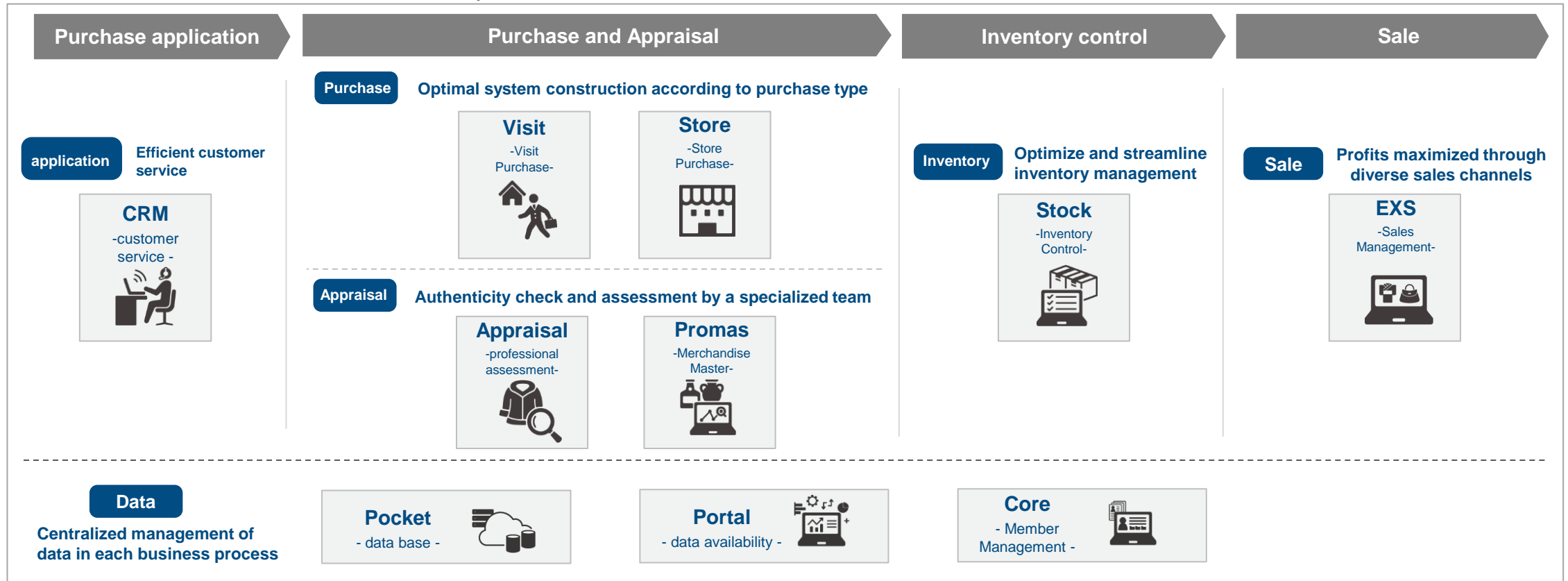
- Aiming to improve key KPIs by improving operational efficiency and deepening data-driven management across the entire BuySell Group through the introduction of Cosmos, an in-house developed platform that comprehensively provides everything related to the reuse business, from purchasing to sales, customer management, inventory management, sales management, and data analysis.

### The reuse platform Cosmos



The reuse platform Cosmos is a collection of services that form a mission-critical system specialized for reuse.

: core system

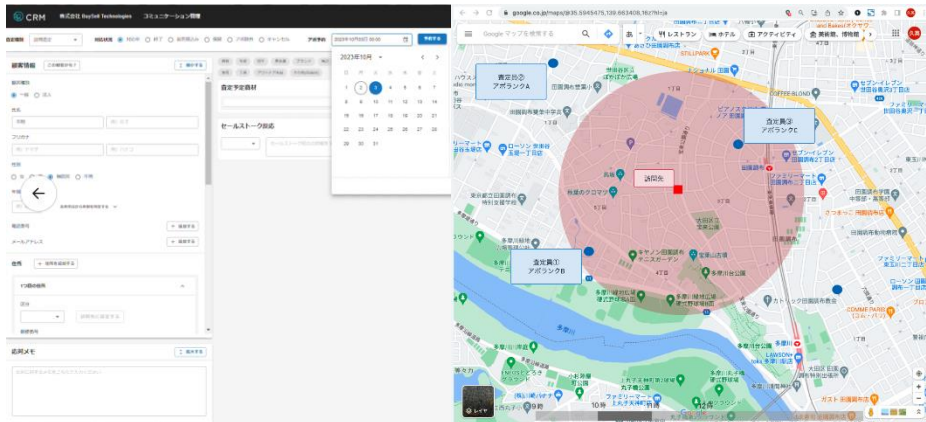


# Effectiveness of Tech Investments in Supporting Business Growth - CRM, a Customer Relations and SFA System

- Launched CRM, a customer management system used by the Inside Sales Department, in October 2023 and has already been implemented company-wide.
- Reduced system operation time by improving operability and utilizing AI. While reducing the overall time spent talking with customers, the number of potential demand and the number of appointments generated increased by increasing the ratio of sales calls. System training time was also significantly reduced from 30 hours to 4 hours.



## CRM- customer response and SFA system



- Provides UI/UX in line with the workflow, realizing optimum operability and screen layout for telephone answering operations.
- Integrated spreadsheets for appointment rank estimation on screen, with AI automatically estimating merchant rank.
- Improved efficiency of searching for assessor schedules and calculating route-efficient appointments
- Improvement of appointment ranking accuracy by supplementing sales talk

## Implementation results (compared to before CRM implementation)



- ✓ Call time with customers  
**20% decrease**



- ✓ Number of appointments generated per day  
**30% increase**



- ✓ System training hours for new inside sales staff  
**30h→4h**

# Effectiveness of Tech Investments in Supporting Business Growth - BuySell Research in Full Swing

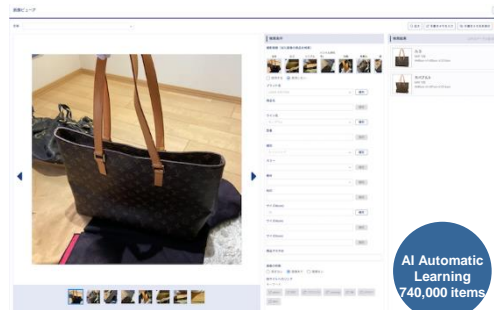
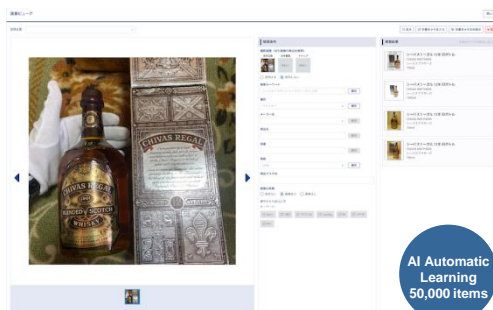
- Full-scale launch of "BuySell Research," a research and development organization, to promote the introduction of cutting-edge technologies into the Company's business
- Algorithmize human operations into software for repeatable operations.

case



## Promas - Merchandise Master -

### AI Assist" function to identify products to be assessed



- The assessment of reused products requires the identification of information such as the category, product name, brand, model number, and age of the target product, and has conventionally been conducted visually by a skilled assessor.
- BuySell Research's R&D for Automated Appraisal Automatically Analyzes Image Data of "Liquor" and "\*Brand Bags" with AI to Help Identify Products

\* As of January 2024, only Louis Vuitton is eligible, but this will be expanded in the future.

### Introduction Results

✓ Significantly reduced assessment time



**90% reduction**  
(from 2 minutes 30 seconds to 20 seconds per product)



**80% reduction**  
(from 4 minutes 30 seconds to 50 seconds per product)



**06**

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## **Investment Highlights**

## 1 Growth potential through a unique business model that captures the needs of senior customers

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- Purchasing from B2C, which can realize high gross profit rate, is a source of competitive advantage  
A business structure that enables both improved profit margins and reduced inventory risk by optimizing sales channels for purchased merchandise
- Forming a unique positioning that captures the decluttering needs of senior citizens, whose population will increase in the future, through home visit purchasing
- Growth potential of the latent reuse market “hidden assets” and ample room for the Company’s expansion

## 2 Data-driven management that supports strong organic growth and future growth strategies

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- Significantly improved the number of at-home pickups and variable profit per visit, which are key KPIs, through data-driven management, which is one of our strengths.
- The plan is to aim for further due to the progress of investment in the technology field, strengthening purchasing such as by area expansion, and strengthening B2C sales that contribute to improving profit margins.

## 3 M&A strategy to achieve dynamic growth

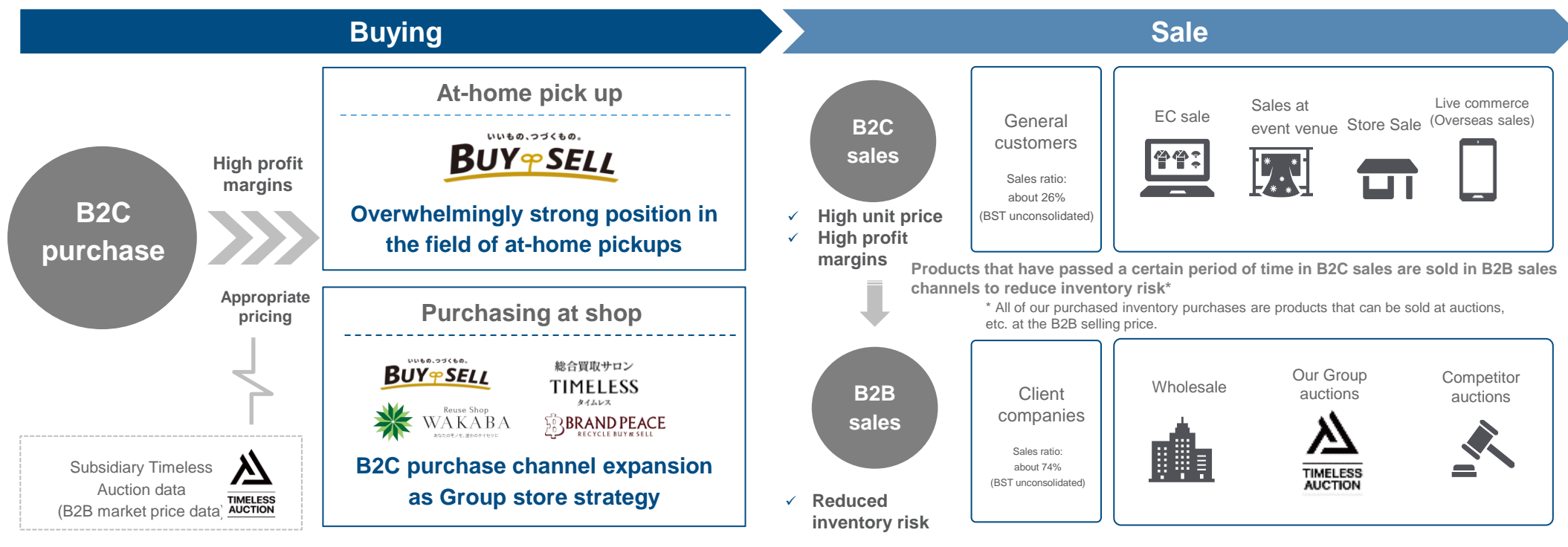
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- An M&A strategy that emphasizes PMI synergies centered on clear M&A target areas and data-driven management, and its results

- 1 Growth potential through a unique business model that captures the needs of senior customers**
- 2 Data-driven management that supports strong organic growth and future growth strategies
- 3 M&A strategy to achieve dynamic growth

# A business structure that creates a source of competitive advantage

- The source of the Company's competitive advantage is our purchasing power from **B2C**, which enables us to achieve a high gross profit rate through a differentiated business model centered on at-home pickups and purchases.
- Appropriate pricing appraisal based on subsidiary auction data (B2B market price data) **reduces inventory risk of purchased products.**
- **Achieving both improved profit margins and reduced inventory risk** by optimizing the B2B sales channels, which are always available for sale, and the highly profitable B2C sales channels.

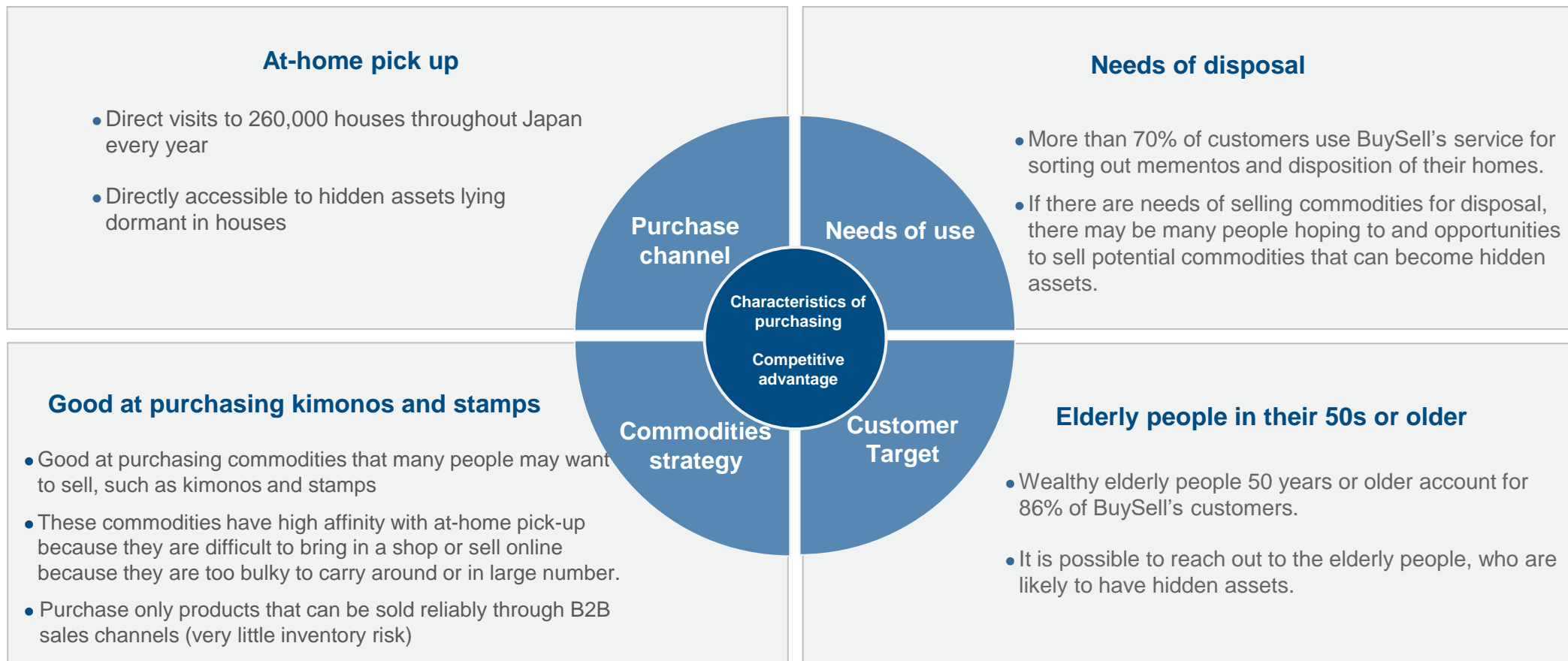


Purchasing from “B2C” that can realize high gross profit rates is the source of competitiveness

A sales channel that achieves both improved profit margins and reduced inventory risk

# Four characteristics that support purchasing, which is the source of our competitive advantage

- Forming differentiated positioning that captures the disposal needs of seniors, with our strengths in purchasing kimonos and stamps for which there is a high demand for disposal, as well as at-home pickups.
- Realize direct access to “hidden assets\*,” which is the latent reuse market, by visiting homes for at-home pickup.

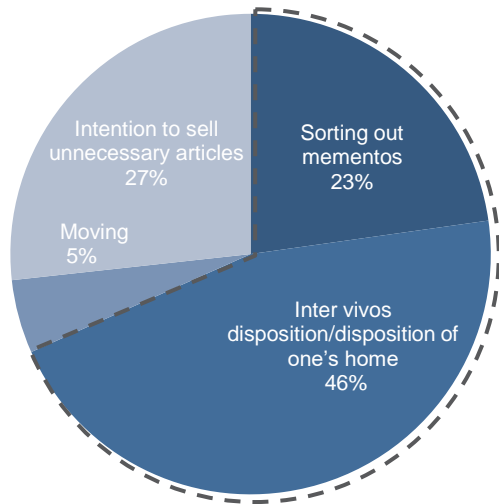


\*Hidden assets: Prices of unwanted articles at home that have not been used for one year or longer

# Reference) Use needs and product characteristics of at-home pickups targeted at seniors

- About 70% or more of the customer needs of the Company are for services for the disposal of belongings of deceased relatives, selling off their own belongings or decluttering their homes
- By accurately understanding the needs of seniors to declutter their belongings, we identified that more than 86% of purchase customers are senior wealthy people in their 50s or older .
- Kimono have high affinity with at-home pick-up because there is a strong demand for disposal of them and they are difficult to bring in to a shop or sell online because they are too bulky to carry around or in large numbers.

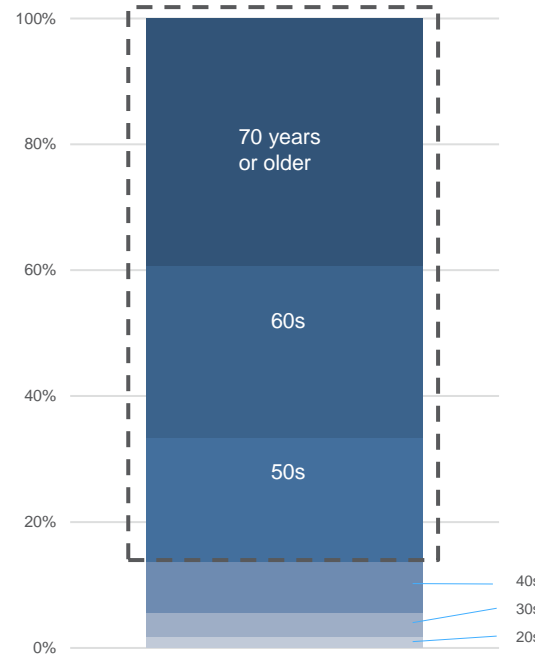
Purchase and use needs



- More than **70%** of customers use BuySell's service for sorting out mementos, inter vivos disposition, 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 2022

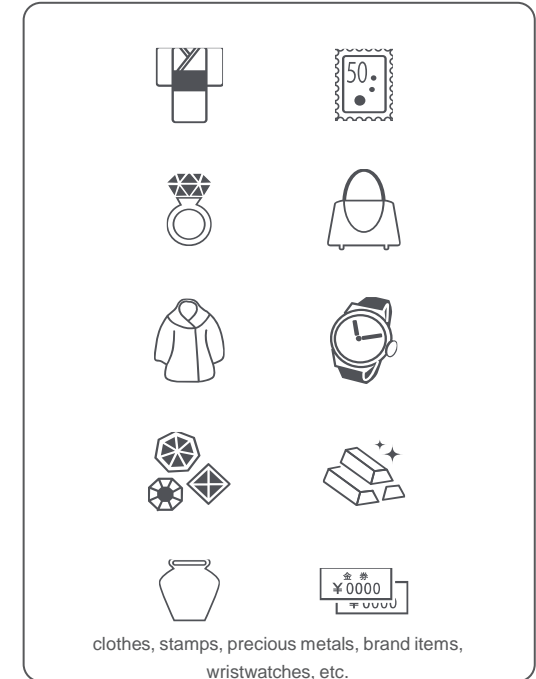
Purchase customer targets



- Wealthy elderly people 50 years or older account for **86%** of BuySell's customers.

Source: Compiled by BuySell based on customer data collected in December 2022

Main types of

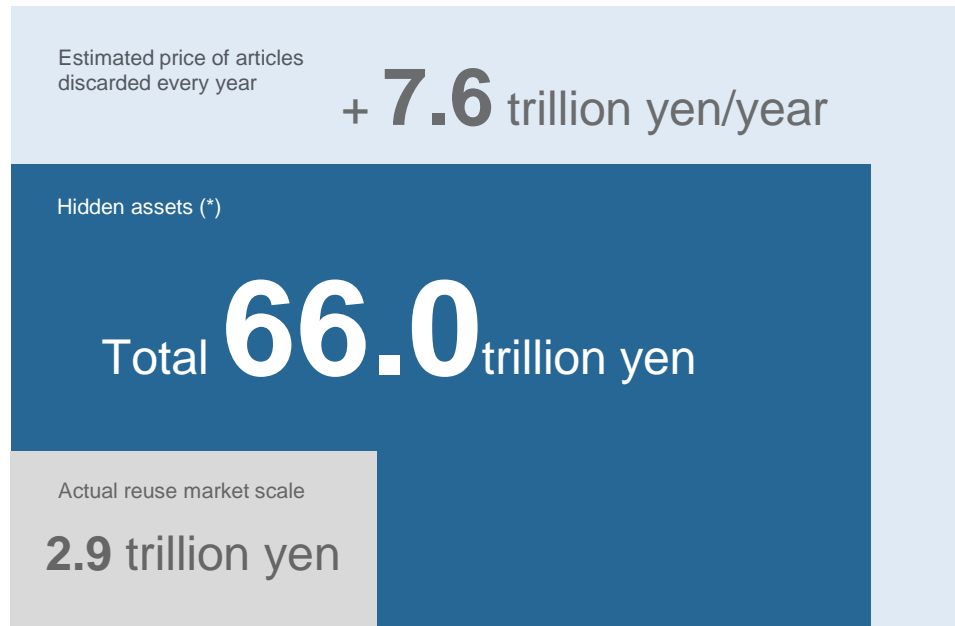


- Purchasing mainly luxury products with low inventory risk (no risk of being left unsold)

# Growth potential of “hidden assets” to be unearthed

- The total amount of “hidden assets” (the estimated value of unused items in the home that have not been used for more than a year), which indicates the size of the latent reuse market in Japan, is estimated to be approximately 66 trillion JPY, and the potential for latent reuse market growth is huge.
- The company's strength is in at-at-home pickups which unearth "hidden assets" (precious metals, brand goods, watches, etc.), mainly from wealthy seniors in their 50s and above, and realize the expansion of purchases.

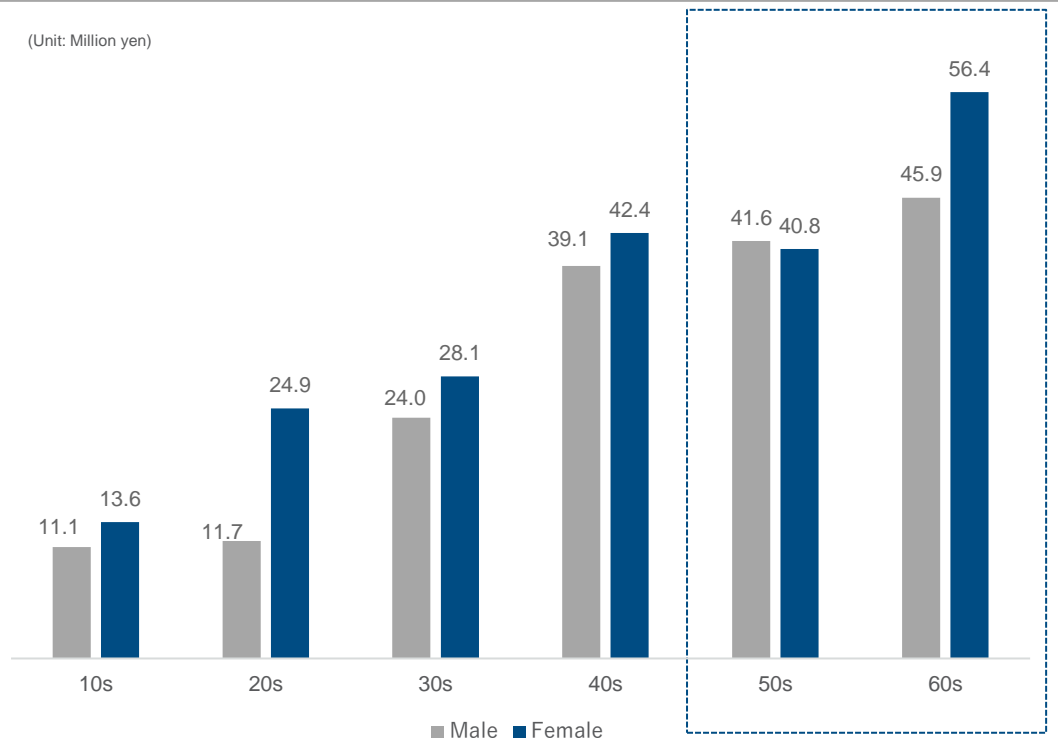
## Potential reuse market scale



\*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

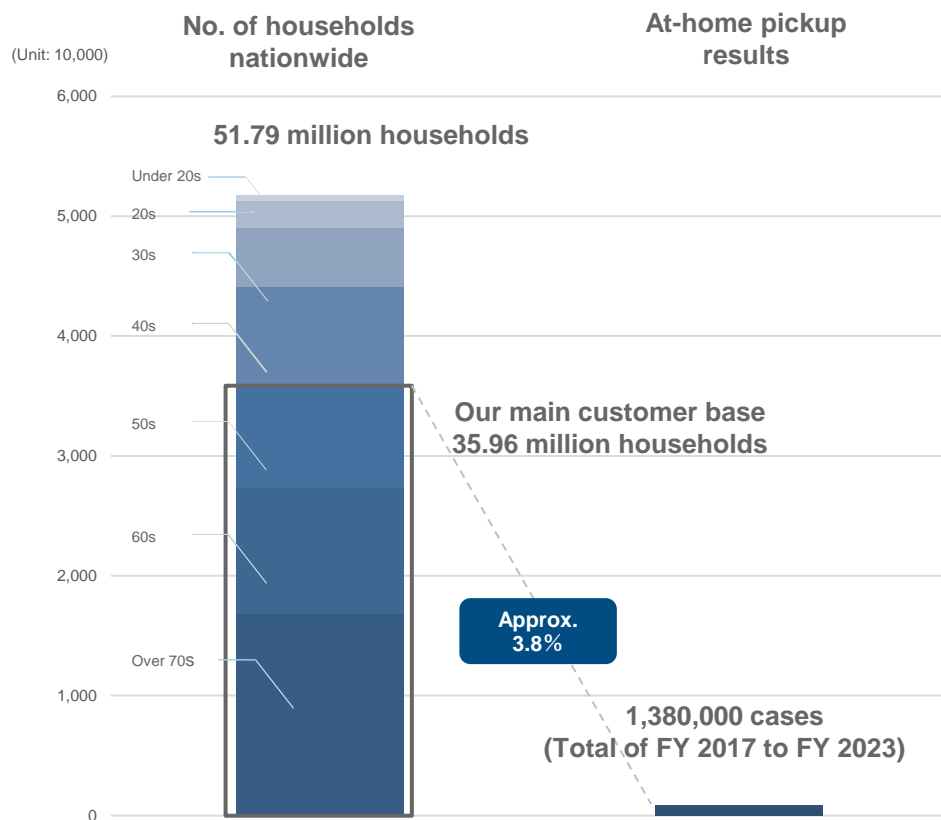
(Unit: Million yen)



Our main customer base

# Performance of at-home pickups and potential for future expansion

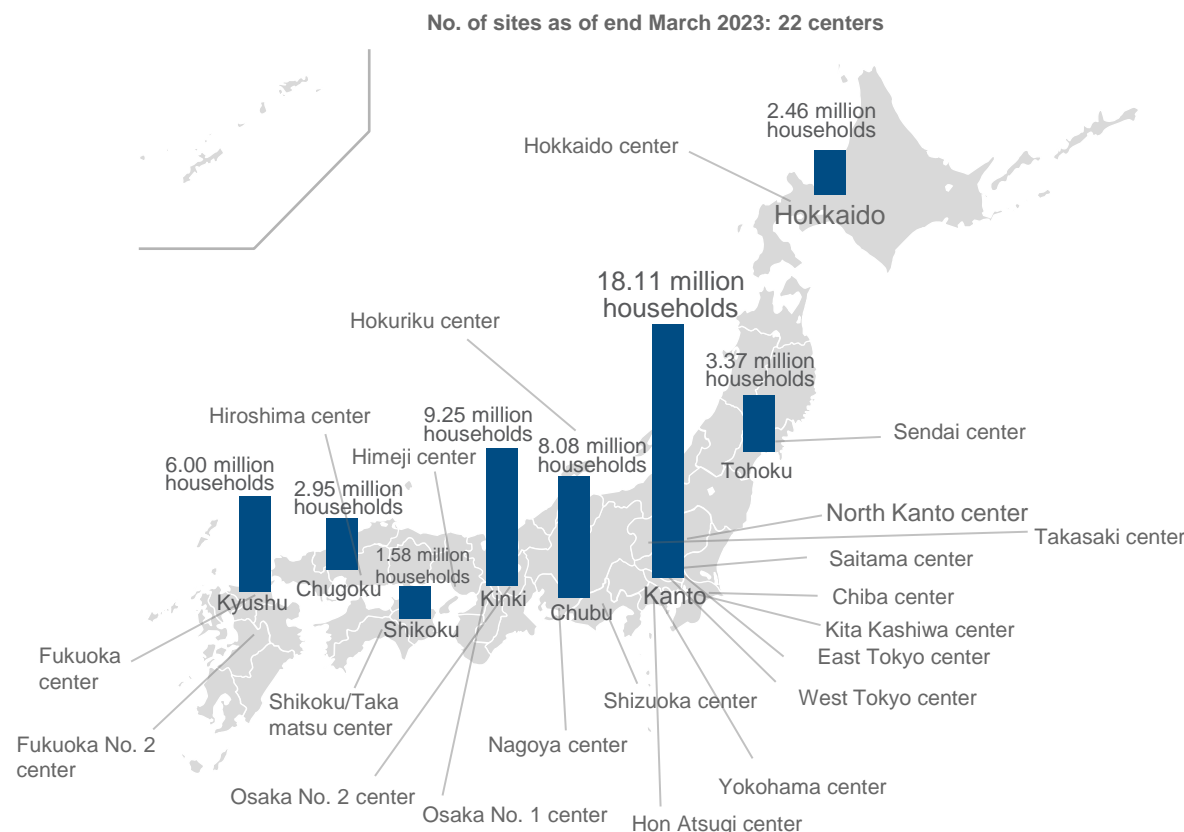
- Of the total 870,000 at-home pickups, the number of senior households in their 50s and over, which is our main target, is 35.96 million, and there is considerable room for expansion.
- In addition to strengthening our foundation in the Tokyo - Nagoya - Osaka area, there is room for deployment of bases and personnel in key regional areas



Source: Prepared in-house, based on the Ministry of Health, Labor and Welfare's "2019 Basic Survey of Living Conditions"

Ref: At-home pickup figures (1,000 visits)  
FY 2017: approx. 138, FY 2018: approx. 158, FY 2019: approx. 180, FY 2020: approx. 188, FY 2021: approx. 210, FY2022: approx. 243, FY23: approx. 260

## Distribution of 51.79 million households nationwide and Company branch offices



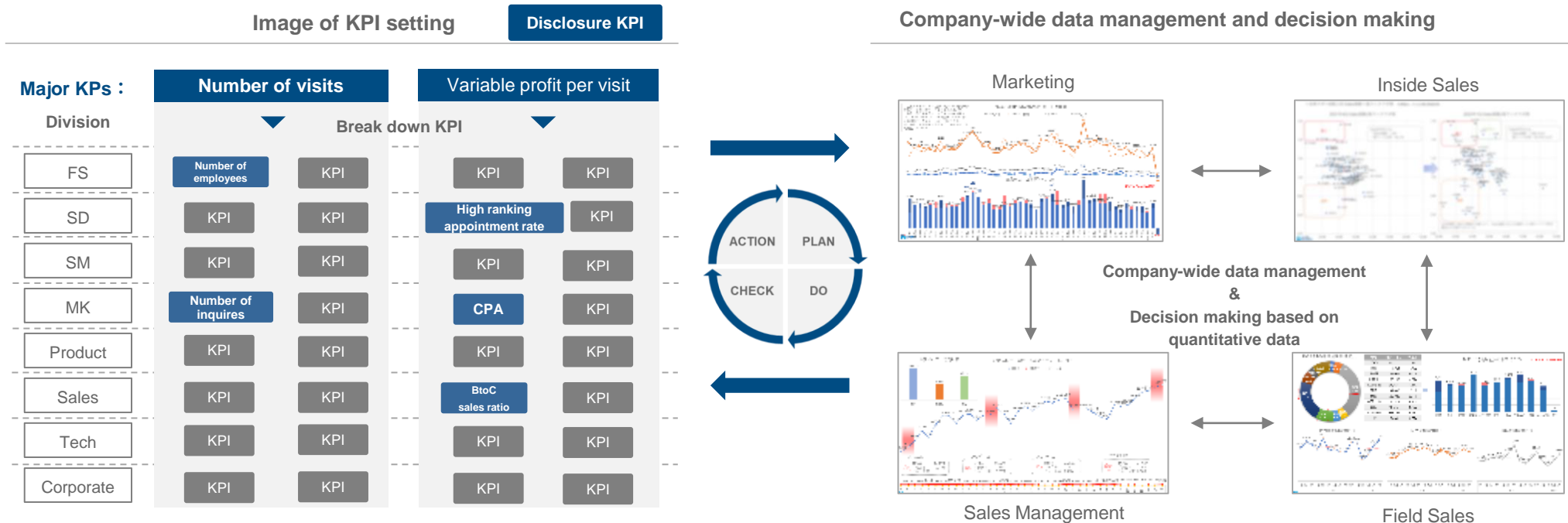


- 1 Growth potential through a unique business model that captures the needs of senior customers
- 2 Data-driven management that supports strong organic growth and future growth strategies**
- 3 M&A strategy to achieve dynamic growth

# Data-driven management that supports high growth

- Determine optimal whole-company strategy based on **setting clear KPIs** and **company-wide quantitative data**
- Aiming to realize highly reproducible business growth leveraging the strength of **data-driven management** that enables high-speed execution of PDCA cycle.

## < Data-driven management that supports high growth >



Subdivide factors that affect Major KPIs\* by organization, employee, etc., and quantify them as breakdown KPI.

Implement company-wide data analysis and verification of various KPI, and execute optimal whole-company decision-making based on quantitative data.

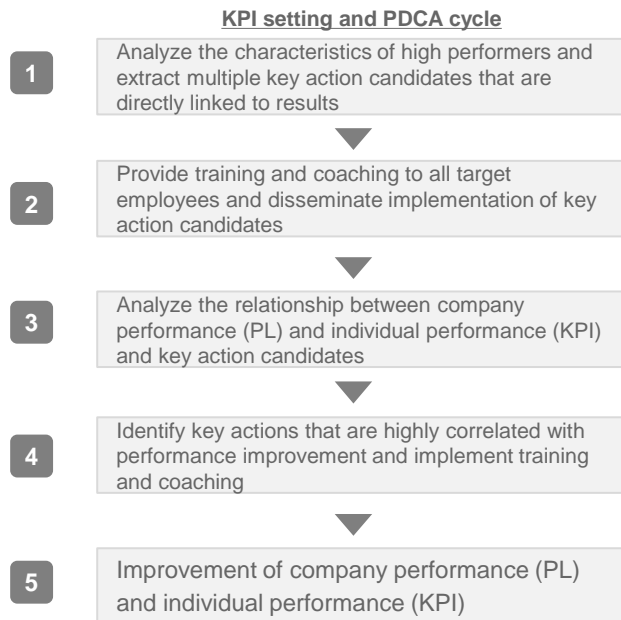
\*Major KPI (at-home pick up service): (1) Number of visits × (2) Variable profit per visit\* (\*(3) gross profit – (4) advertising expenses)

# Data-driven management case study Sales enablement

- The Enablement department, which is an education and training specialist unit, conducted education and training based on **setting KPI as indicators for individual key actions** that are directly linked to the improvement of a major KPI, the variable profit on at-home pickups (gross profit on sales), resulting in **significant performance improvement of the sales organization**.

## < Data-driven management case study: Improving the performance of the sales organization >

### Examples of initiative by the Enablement Department

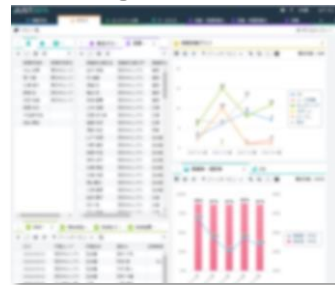


Example: Individual chart



Based on the set KPI, identify gaps and challenges with respect to goals, and determine training content

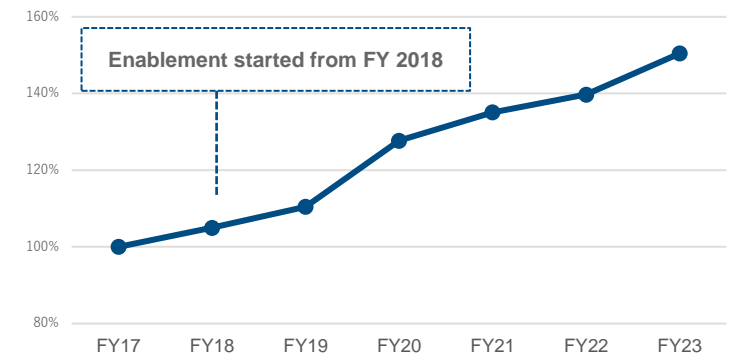
Example: Training management database



Manage education schedules and training frequency

### Results of KPI improvement

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

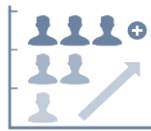
- KPIs eliminating impact of sales on a growth of gross profit
- Values are not disclosed because these KPIs are for management accounting.

By applying the same data-driven management in all departments, the aim is to improve a wide range of KPIs, and achieve improved performance.

## (1) Strengthen investment in technology areas

- Accelerate business growth by deepening data-driven management through the development of a data infrastructure and improving productivity through the use of technology

### Strengthen investment in technology areas



#### Expansion of Technology Organization

- Formulate mid- to long-term technical strategies
- Priority investment in technology organization to strengthen engineering recruitment, human resource development system, and recruitment branding



#### Research and development using AI technology and data

- Launch of BuySell Research
- Strengthen R&D on the theme of reuse x AI
  - ✓ Product Price Forecasting Auction
  - ✓ Start Price Forecast
  - ✓ Chatbot
  - ✓ Product and model number determination
  - ✓ authenticity check
  - ✓ Automatic calculation of assessed value
  - ✓ Visit Route Optimization
  - ✓ Inventory Allocation Optimization

### Promotion of IT and DX



#### Accelerate data-driven management

- Accelerate further data-driven management by deepening data on purchases, sales, customer data, etc., in conjunction with the development of a company-wide data infrastructure



#### Improving Productivity through Technology

- Launch of the reuse platform "COSMOS"
- Improvement of number of appraisals per person and gross profit per unit by shortening appraisal time
- Increase in sales and reduction of display costs through streamlining of sales flow

**Become a Reuse Tech Company by promoting the fusion of real (people and products) x technology (IT and DX)**

# Expansion and growth of technology organizations

- Development and operation of engineer recruitment system progressing, steadily expanding toward construction of technology organization
- Received “Findy Team+ Award 2022&2023” as a “company with high productivity index of engineering organizations”



## Director & CTO Masayuki Imamura

Joined Yahoo in 2006, engaged in various new business development projects  
Subsequently founded VASILY and assumed the post of CTO.  
Appointed CTO of ZOZO Technologies after selling VASILY to ZOZO  
Widely active in product development, organizational management, etc.  
April 2021, appointed CTO of BuySell Technologies  
Director, Japan CTO Association



## General Manager, Technology Strategy Division Takeshi Matsue

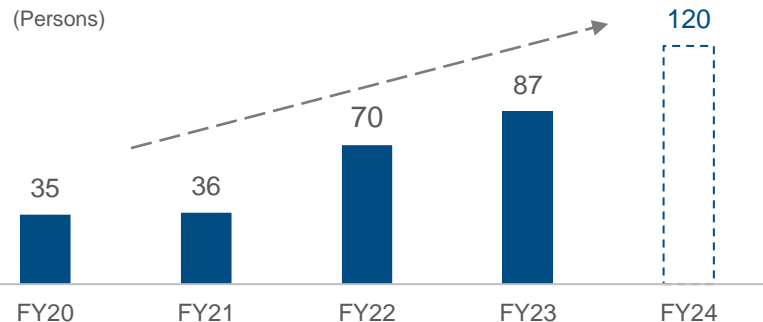
Joined Gree in 2012. Worked as a high-traffic game development engineer and later served as a producer on multiple titles. Promoted the business as General Manager of the game production department of the subsidiary funplex  
Joined BuySell Technologies in 2019.  
Responsible for product development and development group management

## Expansion of organizational scale



Reinforcement of organization by recruiting engineering managers and tech lead-level talent from other major IT companies

### Number of Technology Strategy Division Employees



Achieving growth in technology organizations through the dual focus of "Quantity × Quality

## Enhanced productivity



Received “Findy Team+ Award 2022&2023” as “a company with a high productivity index for engineering organizations”



Organizational divisions (Large Div.)



# Improving productivity by leveraging technology

## Development of Cosmos

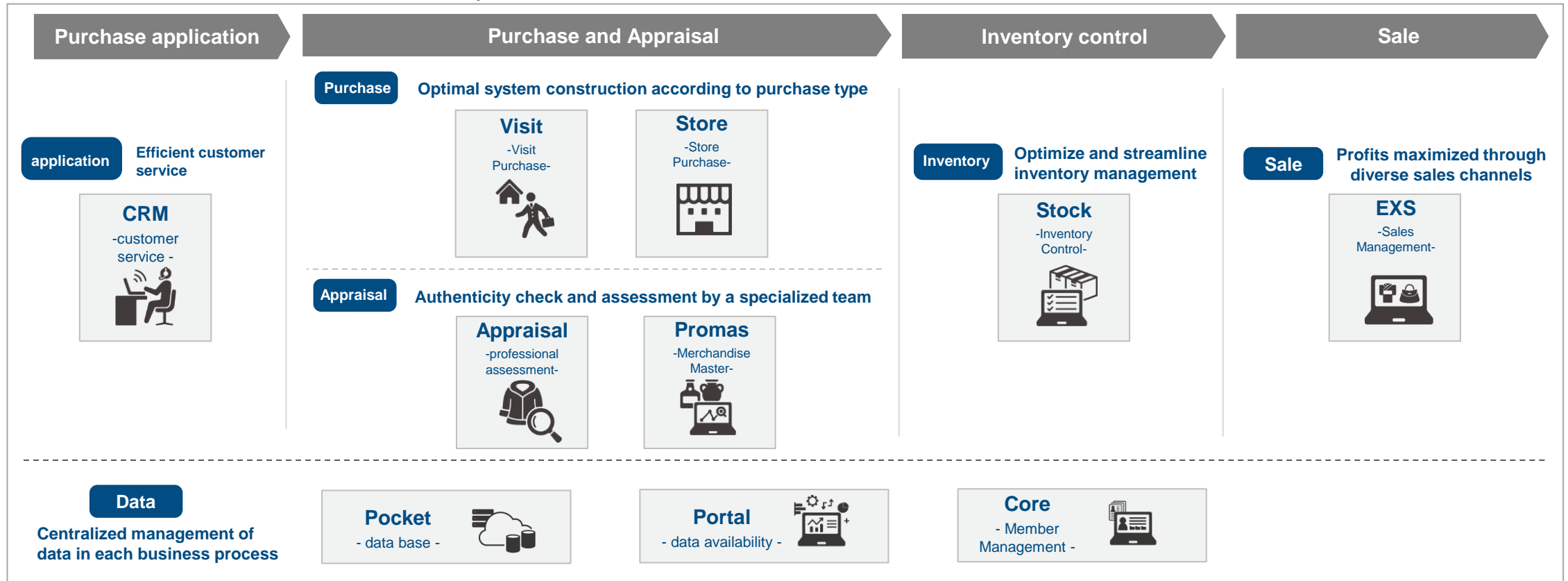
- Aiming to improve key KPIs by improving operational efficiency and deepening data-driven management across the entire BuySell Group through the introduction of Cosmos, an in-house developed platform that comprehensively provides everything related to the reuse business, from purchasing to sales, customer management, inventory management, sales management, and data analysis.

### The reuse platform Cosmos



The reuse platform Cosmos is a collection of services that form a mission-critical system specialized for reuse.

 : core system



# Improving productivity by leveraging technology

## Effects of Cosmos (Store)

- Launch of "Store," a dedicated store purchase system, significantly improved productivity, including each KPI
- Aiming to increase the number of franchisees while differentiating itself from competitors in the reuse franchise business by introducing the system to all BuySell Group stores to increase store gross profit margins and providing the benefits of system introduction to Four-Nine's franchisees.



**Store** -Store Purchase system-



✓ **OCR function**

>> Improved efficiency of purchase operations



✓ **Multi-assessment function**

>> UX Improvement



✓ **AI Assessment Function**

>> Improvement of assessment efficiency



✓ **Data Management Functions**

>> KPI improvement through data centralization

Effects of introduction



✓ From the start of customer service to the signing of the contract

**40% time reduction**



✓ System training period for new assessors

**Reduction from 1 month to 1 day**



✓ PDCA acceleration based on various data

**Improvement of gross profit by store**

Introduced to Group  
(FY2022)

Franchise introduction  
and expansion



**23stores**  
(End of FY2023)



総合買取サロン  
**TIMELESS**  
タイムレス

**26 stores**  
(End of FY2023)



Reuse Shop  
**WAKABA**  
あなたのモノを、誰かのテイセンに  
(directly managed store)

**19 stores**  
(End of FY2023)



Reuse Shop  
**WAKABA**  
あなたのモノを、誰かのテイセンに  
(FC stores)

**200 stores**  
(End of FY2023)

⇒ Aiming to expand the number of franchisees by differentiation through system implementation effects

+

Sales to outside franchisees

# Growth Strategies (2) 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	the number of shops in the group : 273	Advantage
	<ul style="list-style-type: none"> <li><b>23shops</b> (as of end of December 2023)</li> <li>Major cities across the nation</li> <li>Main commodities: kimonos, stamps, old coins, etc</li> </ul>	<ul style="list-style-type: none"> <li>Effect of attracting customers through recognition of BUYSELL resulting from large-scale marketing campaign concerning BUYSELL at-home pick up service</li> <li>Targeting elderly customers with the needs for selling commodities for disposal</li> <li>Guiding customers who are resistance to at-home pick up to a shop</li> </ul>
	<ul style="list-style-type: none"> <li><b>26shops</b> (as of end of December 2023)</li> <li>Permanent shops in department stores throughout the country</li> <li>Main commodities: brand items, wristwatches, jewelry, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Favorable location and sense of security of permanent shops in department stores</li> <li>Mainly targeting elderly wealthy using department stores</li> <li>Taking marketing measures such as DM in collaboration with department stores</li> <li>Guiding customers who are resistance to at-home pick up to a shop</li> </ul>
	<ul style="list-style-type: none"> <li><b>Franchise shops : 200</b> (as of end of December 2023)</li> <li><b>Direct operation : 19</b> (as of end of December 2023)</li> <li>Second class locations across the nation (mainly franchise shops)</li> <li>Major commodities: brand items, wristwatches, and jewelry</li> </ul>	<ul style="list-style-type: none"> <li>Good at shop development at second class locations and the support system including fulfilling training programs</li> <li>Extensive area targeting through the development of multiple franchise stores nationwide</li> <li>Scalability through franchise model</li> </ul>
	<ul style="list-style-type: none"> <li><b>5shops</b> (as of end of December 2023)</li> <li>Stores in Kansai and Tokyo</li> <li>Main commodities: brand items, wristwatches, jewelry, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strength in the purchase and sale of luxury brand goods, with a focus on Hermes</li> <li>High repeat business due to specialized commercial knowledge and customer service</li> </ul>

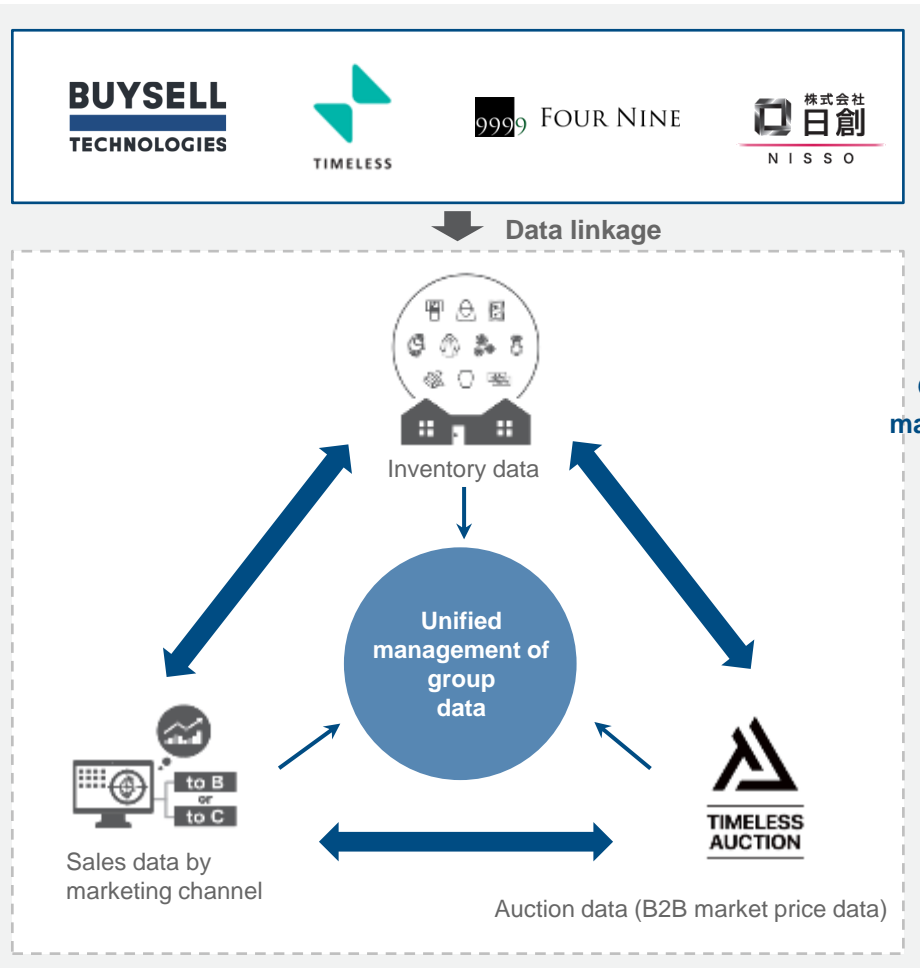
**Aim to expand profitability of each store and accelerate group store development through group synergies (mutual customer referrals, marketing support, technology utilization, data-driven management, etc.)**



# Growth Strategies (3)

## Strengthening B2C sales by introducing technology for sales

- Aiming to improve profitability by optimizing sales channels through centralized management of group data, OMO of toC sales, and expansion of overseas sales channels



Optimization of marketing channel

**Domestic B2C**

- EC sale
- Sales at event venue
- Sale at store

Realizing OMO through promotion of DX

Ref) B2C sales ratio (BST)

Fiscal Year	B2C sales ratio (BST)
FY18	8.7%
FY19	9.9%
FY20	12.7%
FY21	20.3%
FY22	24.2%
FY23	25.5%

**Overseas B2C**

- Live commerce, etc.
- Sales in South East Asia excluding China

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

**Domestic B2B**

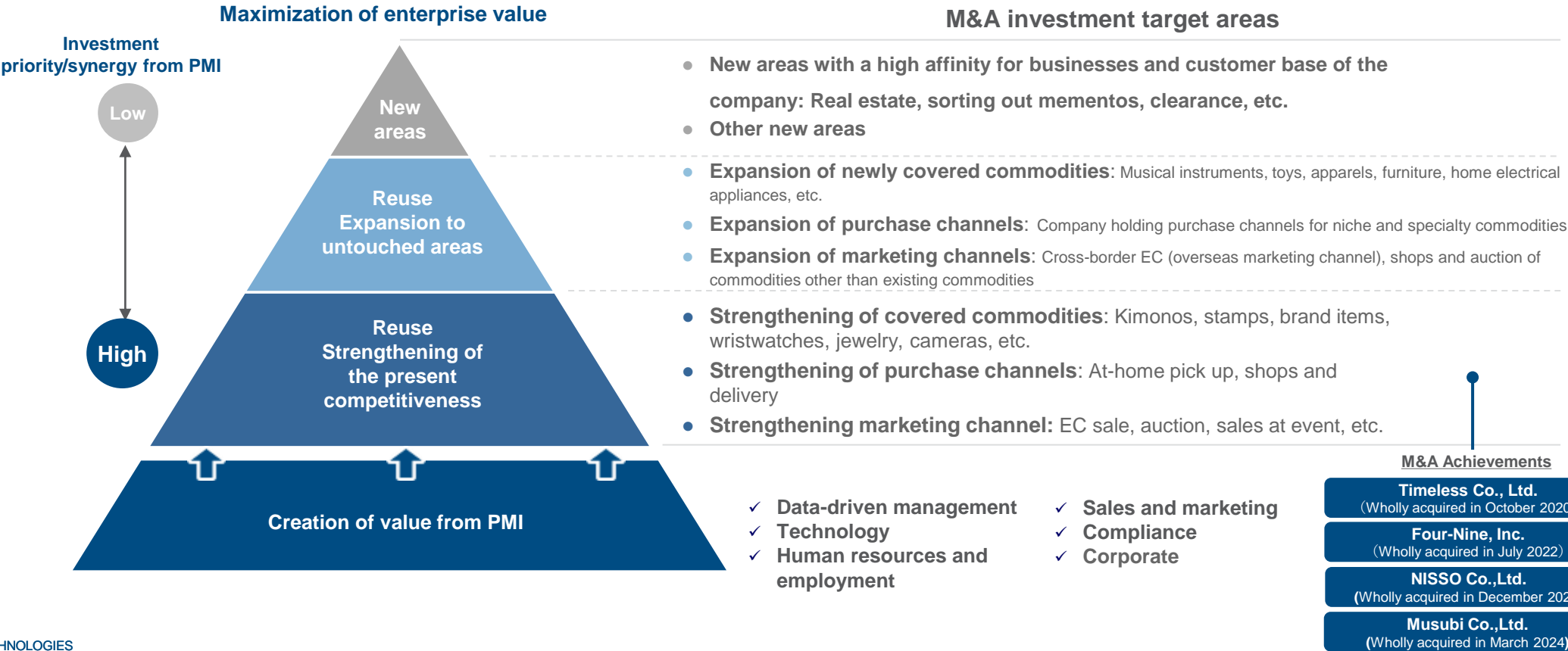
- Wholesale (B2B)
- Auction

Reduce inventory risk with B2B sales by considering improved profitability and inventory turnover period in B2oC sales

\* All of our purchased inventory purchases are products that can be sold at auctions, etc. at the B2B selling price.

- 1 Growth potential through a unique business model that captures the needs of senior customers
- 2 Data-driven management that supports strong organic growth and future growth strategies
- 3 M&A strategy to achieve dynamic growth**

- 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 the return on investment through strategic M&A in areas with the high probability of synergy generated by PMI



# M&A results through effective PMI

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

## Overview

### ➤ Acquired October 2020 (included into the scope of consolidation from FY2021)

Timeless Co., Ltd.,



- Operating a general purchase salon "TIMELESS", as a permanent shop within a department store
  - ✓ End of 2020: 9 stores → December of 2023: 26 stores
- Operating antique auction "TIMELESS AUCTION"

### ➤ Acquired July 2022 (included into the scope of consolidation from Q4 of FY2022)

Four-Nine, Inc.



- Operating FC-centric Reuse Shop "Wakaba"
    - ✓ Franchise shop: 200 shops
    - ✓ Directly managed shop: 19 shops
- \* → December of 2023

## Main PMI details

### Data driven

- Sharing of data-based KPI visualization / monitoring know-how

### Employment

- Promoting adoption throughout the BuySell Group
- Acceleration of the number of events and store openings by expanding personnel

### Technology

- Construction of web auction system
- System integration of inventory / sales data, etc.

### Marketing sales

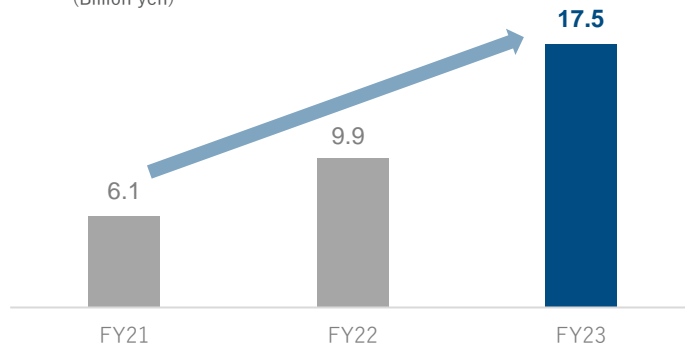
- Marketing support for DM and web advertising in collaboration with department stores
- Group sharing of know-how such as sales and assessment

### Corporate etc.

- Cost reduction and operational efficiency improvement through corporate function integration
- Establishment of compliance system

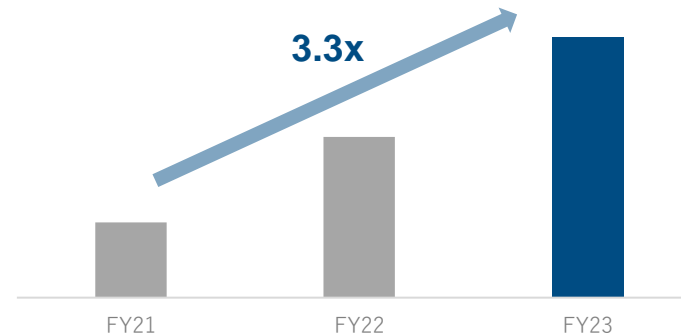
## Net sales of group subsidiaries

(Billion yen)



Timeless, Co., Ltd., Four Nine, Inc. Subsidiary  
Acquisition of a Subsidiary (consolidated in Q4)

## Group Subsidiaries Operating Profit



Timeless Co., Ltd., Four Nine, Inc. Subsidiary  
Acquisition of a Subsidiary (consolidated in Q4)



**Accelerate company-wide earnings growth by creating group synergies through effective PMI after M&A execution**

**07**

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**Appendix**

- 1 Outline of group**
- 2 Corporate governance system • ESG / SDGs
- 3 Investment / financial strategy • shareholder return policy
- 4 Outline of at-home pick-up business model

# Company overview

<b>Company name</b>	BuySell Technologies Co., Ltd.			
<b>Foundation</b>	January 2001			
<b>Head office address</b>	8F PALT Bldg. 4-28-8 Yotsuya, Shinjuku Ward, Tokyo			
<b>Capital</b>	3,388 million yen (including capital reserve)			
<b>Business description</b>	Reuse business of clothes, brand items, etc.			
<b>Directors</b> <small>(After the General Meeting of Shareholders on March 22, 2024) *Representation changes effective April 1, 2024</small>	Chairman of the board	Kyohei Iwata	Outside director	Yuki Akiyama
	President and CEO	Hideki Yoshimura	Outside director	Kayo Gado
	Directors	Hideki Yoshimura	Outside director	Tsuneo Watanabe
	Director CFO	Koji Ono	Outside director(Audit and Supervisory Committee)	Mami Suzuki
	Director CTO	Masayuki Imamura	Outside director(Audit and Supervisory Committee)	Toshihiro Hara
	Directors	Daiya Ota	Outside director(Audit and Supervisory Committee)	Mika Horasawa
	<b>Group company</b>	Timeless Co., Ltd., Four-Nine, Inc. NISSO Co.,Ltd., BuySell Link Co., Ltd. (special subsidiary)		
<b>Employees</b>	Group: 1,414 (as of December 2023) Unconsolidated: 1,127 (as of December 2023)			

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	Jun.	Relocated the warehouse to Funabashi City, Chiba Prefecture.
	Oct.	Acquired DAI-YA Corporation Co., Ltd. (current Timeless Co., Ltd.), which runs antiques auction "Timeless auction" among others, as a wholly owned subsidiary.
2021	Jan.	Established BuySell Link (special subsidiary) that promotes the employment of disabled people.
2022	Jul.	Acquired Four Nine Co., Ltd., which operates the purchase store "Reuse Shop Wakaba".
2023	Dec.	"Brand Peace" stores for the purchase and sale of luxury brand goods, becomes a subsidiary of Nisso Co.Ltd.,



## **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

# Outline of group

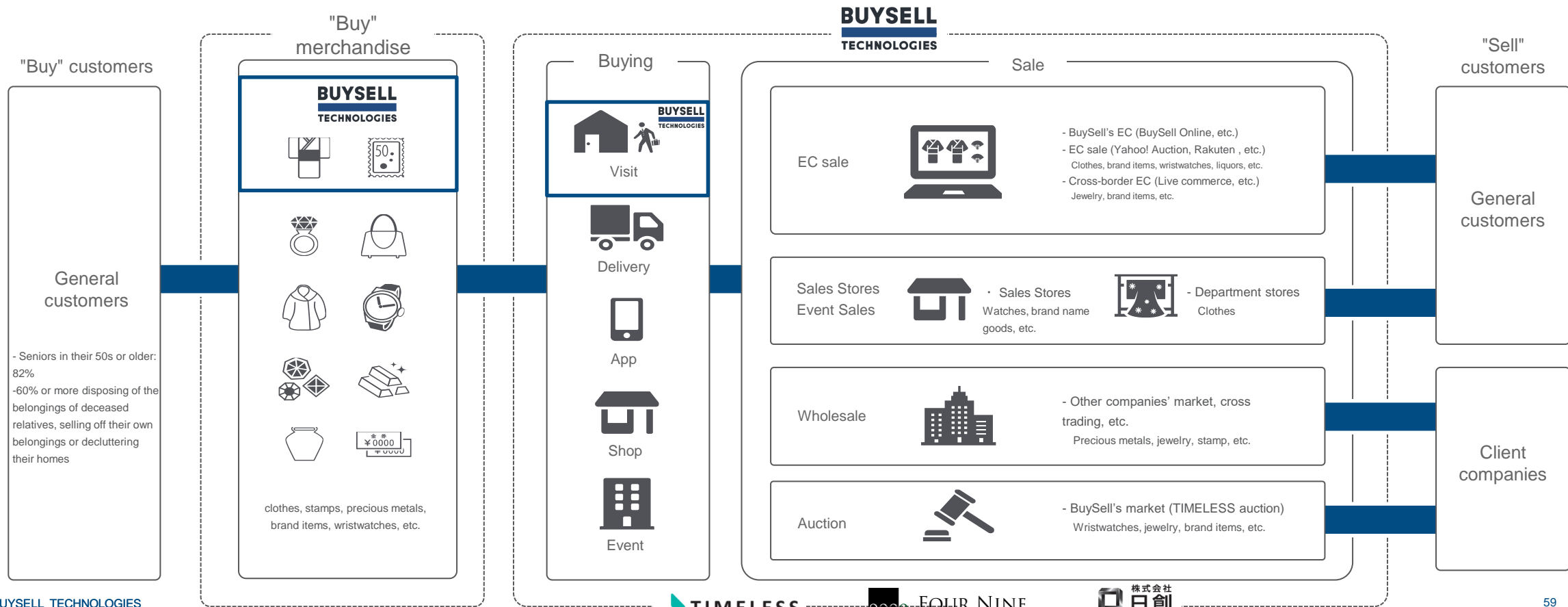
- Five Group companies (the Company and four subsidiaries) operate a comprehensive reuse business

	 <b>BuySell Technologies</b>	 <b>Timeless Co., Ltd.</b> Wholly acquired in October 2020	 <b>Four-Nine, Inc.</b> Wholly acquired in September 2022	 <b>NISSO CO.,Ltd.</b> Wholly acquired in December 2023
Purchase Main services	<ul style="list-style-type: none"> <li>• General reuse and purchase service of BuySell</li> </ul>  <ul style="list-style-type: none"> <li>• At-home pick up</li> <li>• Purchase through home delivery</li> <li>• Purchase at shop (23 shops)*</li> </ul>	<ul style="list-style-type: none"> <li>• General purchase salon "Timeless"</li> </ul>  <ul style="list-style-type: none"> <li>• Permanent shop set up in department store (26 shops)*</li> <li>• Purchase at department store events</li> </ul>	<ul style="list-style-type: none"> <li>• Reuse Shop 「Wakaba」</li> </ul>  <ul style="list-style-type: none"> <li>• Franchise shop: 200 shops*</li> <li>• Directly managed shop: 19 shops*</li> </ul>	<ul style="list-style-type: none"> <li>• Reuse Shop 「Brand Peace」</li> </ul>  <ul style="list-style-type: none"> <li>• Store purchase and store sales (5 stores)</li> </ul>
Sale Main services	<ul style="list-style-type: none"> <li>• BuySell's EC "BuySell Online"</li> </ul>  <ul style="list-style-type: none"> <li>• BuySell's EC</li> <li>• Other companies' EC malls (Rakuten, Yahoo Auctions etc.)</li> </ul> <ul style="list-style-type: none"> <li>• Shops specializing in sale of used kimonos (department stores)</li> </ul> <ul style="list-style-type: none"> <li>• Permanent shop (3 shops)</li> <li>• Sales at event venue</li> </ul>	<ul style="list-style-type: none"> <li>• Antique auction "TIMELESS auction"</li> </ul>  <ul style="list-style-type: none"> <li>• Brand bag auction                             <ul style="list-style-type: none"> <li>• Flat-ground (face-to-face) auction, once a week</li> </ul> </li> <li>• Auctions of wristwatches, jewelry, and loose stones:                             <ul style="list-style-type: none"> <li>• WEB type, once a month</li> </ul> </li> </ul>		

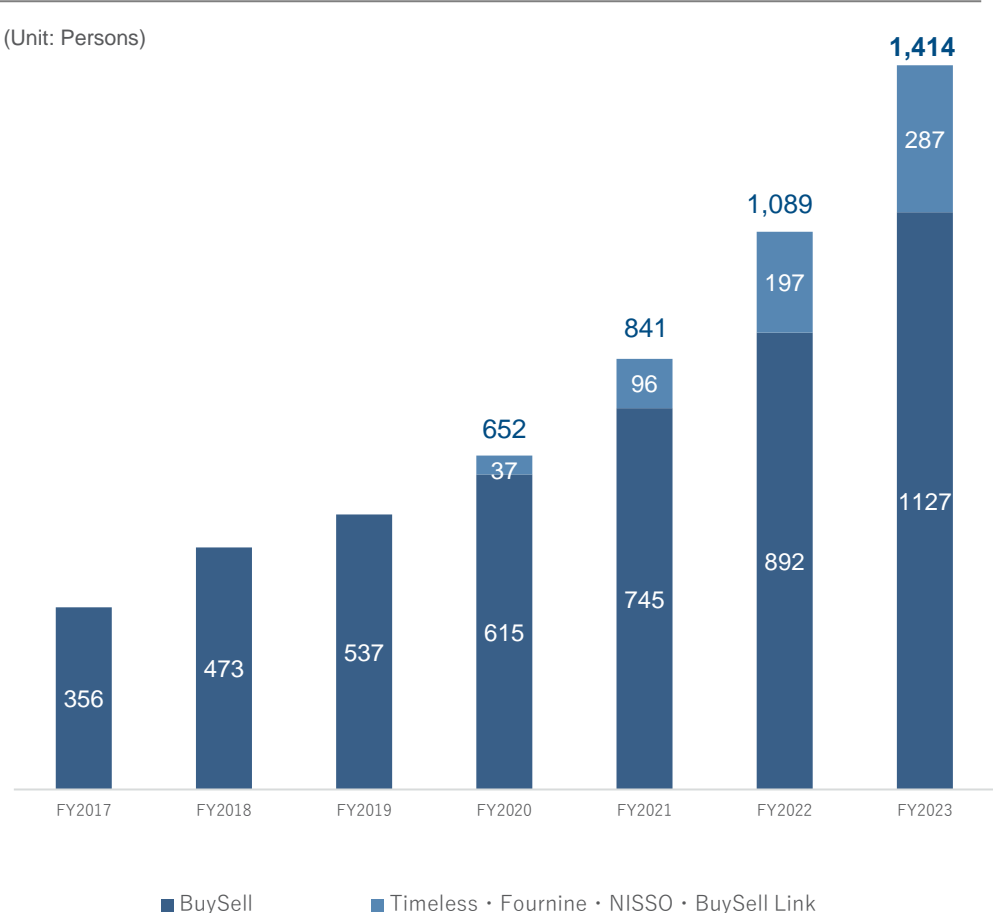
\* As of end of December 2023

# Group business block diagram

- Purchasing of luxury merchandise such as kimonos, postage stamps, brand goods, watches, etc. through varied channels centered on business visits
- About 70% or more of our services are used by customers disposing of the belongings of deceased relatives, selling off their own belongings or decluttering their homes, and 86% of customers are seniors in their 50s or older.
- The purchased merchandise has diversified sales channels such as B2B for the auction of secondhand goods, etc., and B2C for EC sales, events, etc., and inventory risk is minimal.

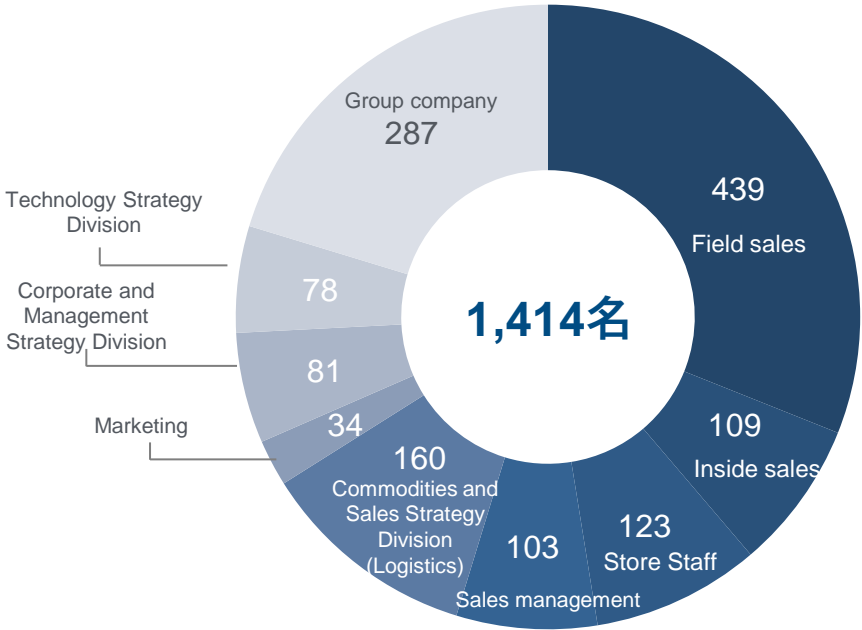


### Change of group companies' number of employees



### BuySell group personnel organization

(Dec, 2023, Including non-consolidated subsidiaries)



- 1 Outline of group
- 2 Corporate governance system • ESG / SDGs**
- 3 Investment / financial strategy • shareholder return policy
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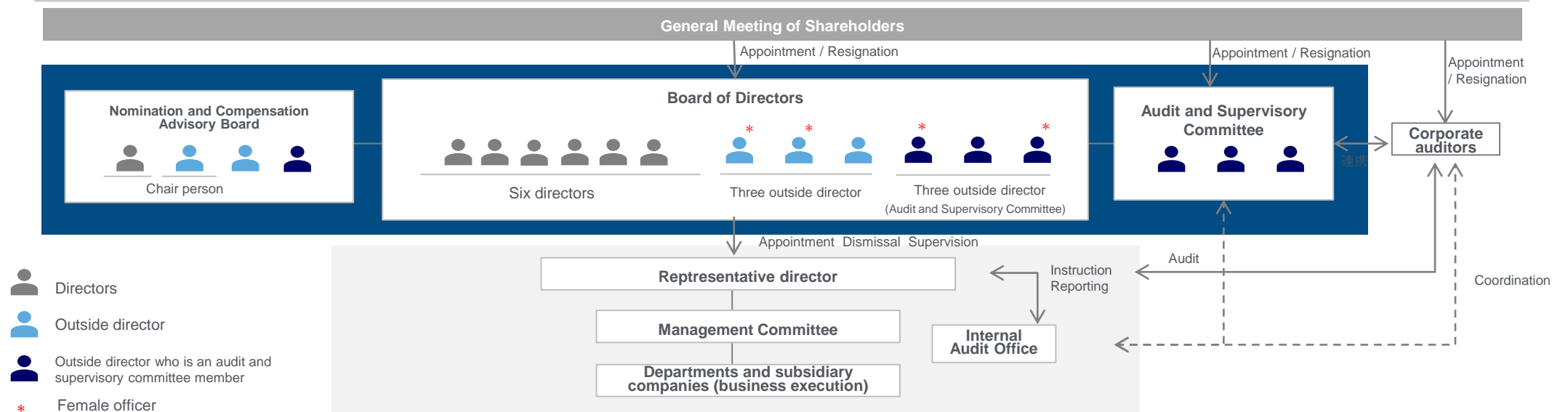
# Strengthening our corporate governance system

- 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

- Transition from a company with a Board of Corporate Auditors to **a company with an Audit and Supervisory Committee** ( March 2022 )
- 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**
- From the perspective of promoting diversity on the Board of Directors, the ratio of female directors is 33% (4 female directors / 12 directors overall)

## Corporate Governance Structure



# Board Structure ( After the General Meeting of Shareholders on March 22, 2024 )

\*Representative changes effective April 1, 2024.

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



**Kyohei Iwata/Chairman and Representative Director**

Graduated from Systems Innovation, Faculty of Engineering, The University of Tokyo. In 2008, joined Hakuho 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 the Marketing Strategy Division and the Reuse Business Division. In September 2017, assumed the presidency of BuySell.



**Kosuke Tokushige/ Representative Director, President and CEO**

After graduation from university, he joined Recruit Co., Ltd. (Recruit Holdings Co., Ltd.) . After working in sales in the food and beverage information area, he was engaged as the head of marketing support at Recruit Marketing Partners Co. Appointed as Executive Officer of the company in 2015; appointed as Executive Officer of Recruit Lifestyle Inc. in 2019, promoting customer-attracting media for restaurants, DX support, etc. Scheduled to become President and CEO of the BuySell in April 2024.



**Hideki Yoshimura/ 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. Appointed as a director in March, 2022.

**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. Appointed as outside director in March, 2022.



**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 . Appointed as outside director in March, 2022.



**Tsuneo Watanabe/ Outside director**













After joining Japan M&A Center Inc. in 2008, he promoted the establishment and expansion of industry-specific business units. Over 100 M&A transactions closed during his tenure. Appointed to the Board of Directors of Japan M&A Center Holdings, Inc. in 2020 and will be appointed as an outside director of the BuySell in March 2024.

# Structure of Board of Directors

\*Representative changes effective April 1, 2024.

- 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

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



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

Strengthen corporate and service governance

Enhance information security

Maintaining and improving reliability in home-visit purchases



#### Organizational and human capital management

Strengthen recruitment and training

Improve employee engagement

Close skill and gender gaps



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# 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

- 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>
<b>Business investment</b>	<ul style="list-style-type: none"> <li>● Technology investment to enhance IT / DX</li> <li>● Marketing investment</li> <li>● Human capital investment (recruitment / organizational strengthening)</li> <li>● Capital investment such as warehouse relocation / expansion and store expansion</li> <li>● Investment in strengthening compliance system</li> </ul>	<ul style="list-style-type: none"> <li>● Control cost investment allocation on the premise that it will be reflected in planned profit.</li> <li>● 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"> <li>• Additional TV commercials, etc., to raise profile.</li> </ul> </li> <li>● When making temporary business investments that will impact planned profits other than the above, make sure to have sufficient dialogue with the capital markets.</li> </ul>
<b>Strategic investment</b>	<ul style="list-style-type: none"> <li>● M&amp;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.</li> </ul> <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> <li>● New business</li> </ul>	<ul style="list-style-type: none"> <li>● Policy of implementing disciplined investment based on M&amp;A investment standards set in-house               <ul style="list-style-type: none"> <li>• Upper limit setting of EV / EBITDA magnification</li> <li>• Companies that are in the black or companies that are likely to be in the black in the short term</li> <li>• Group synergy creation accuracy and business growth potential at PMI</li> <li>• Impact of consolidated PL (in principle, no "goodwill loss" on the assumption of J-GAAP) etc.</li> </ul> </li> <li>● 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.</li> </ul>

- 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 2023

(Unit: Million yen)

<b>Cash and deposits</b> 7,756	<b>Interest-bearing debt</b> 8,068
<b>Inventories</b> 4,543	<b>Other liability</b> 4,642
<b>Goodwill</b> 3,599	<b>Net assets</b> 8,610
<b>Customer-related assets</b> 1,031	
<b>Other assets</b> 3,273	

- 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

\*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.

- 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

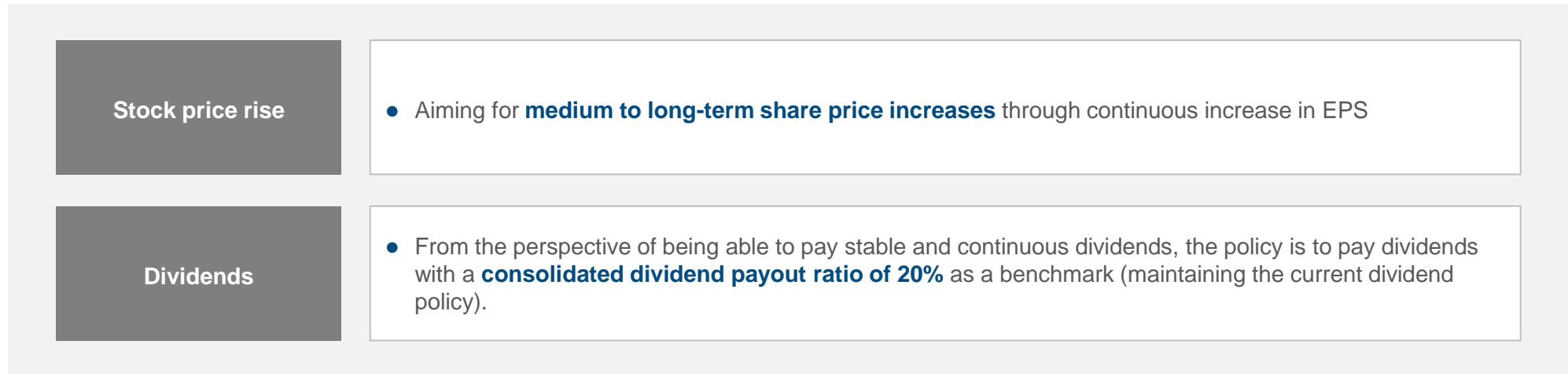
# Shareholder return policy

- 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)

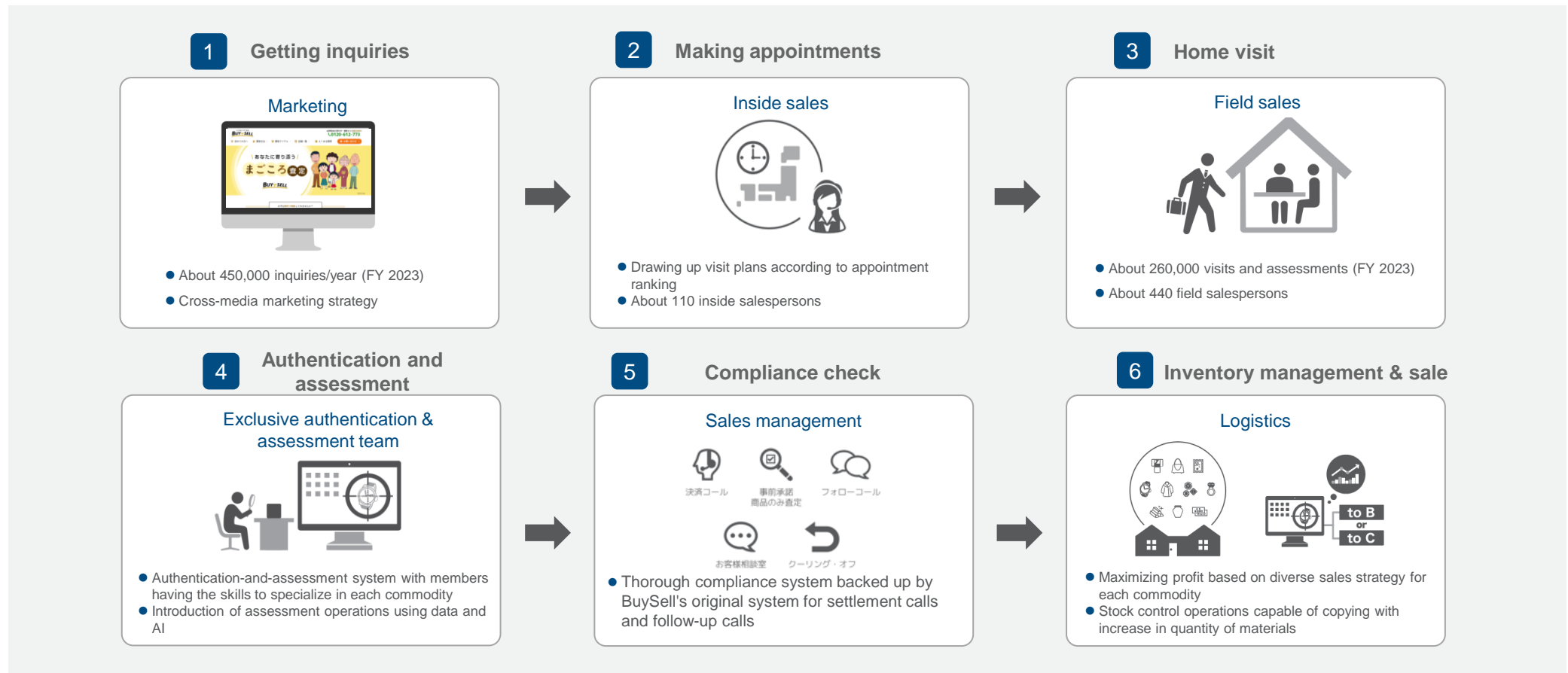


\* **TSR (Total Shareholder Return)**: Total yield of dividends and share price increases over a given period of time

- 1 Outline of group
- 2 Corporate governance system • ESG / SDGs
- 3 Investment / financial strategy • shareholder return policy
- 4 Outline of at-home pick-up business model**

# Outline of at-home pick-up business model

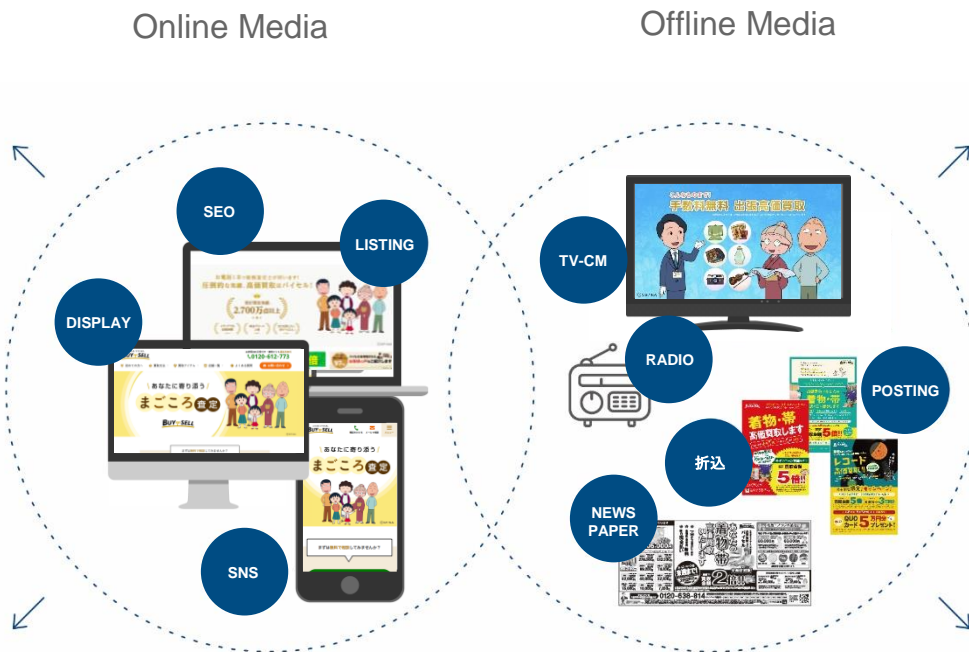
- Organizing internally a series of operations related to (1) Marketing, (2) Appointment making, (3) Visits, (4) Authentication and assessment, (5) Compliance, and (6) inventory and sale strategy, and realizing a business growth with a high probability through data-driven management based on the KPIs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





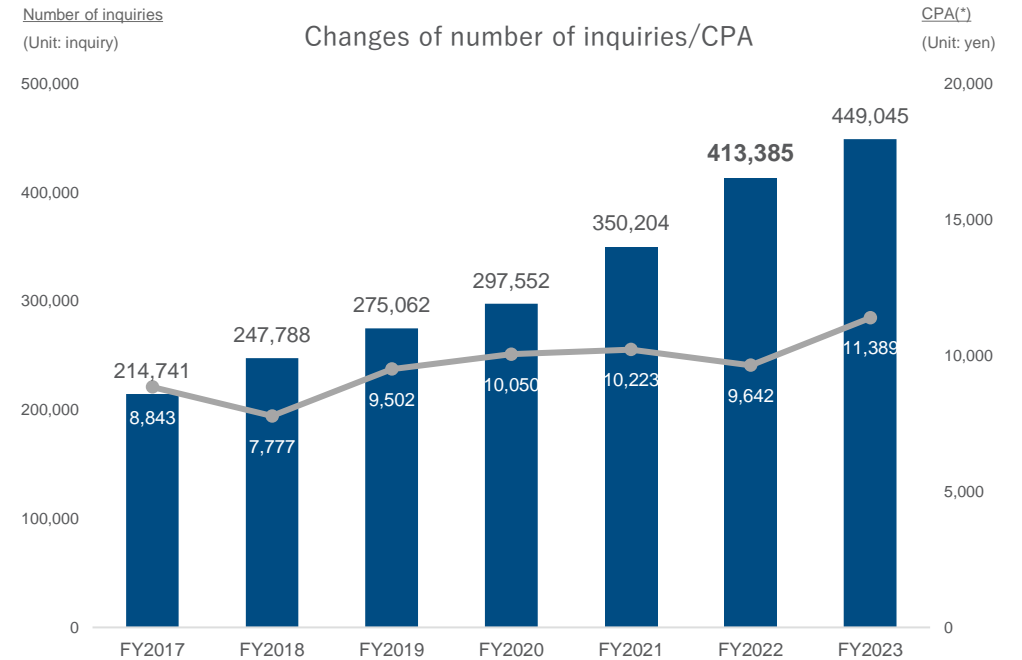
# Marketing: Ability to attract customers by using cross-media marketing

- 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.



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

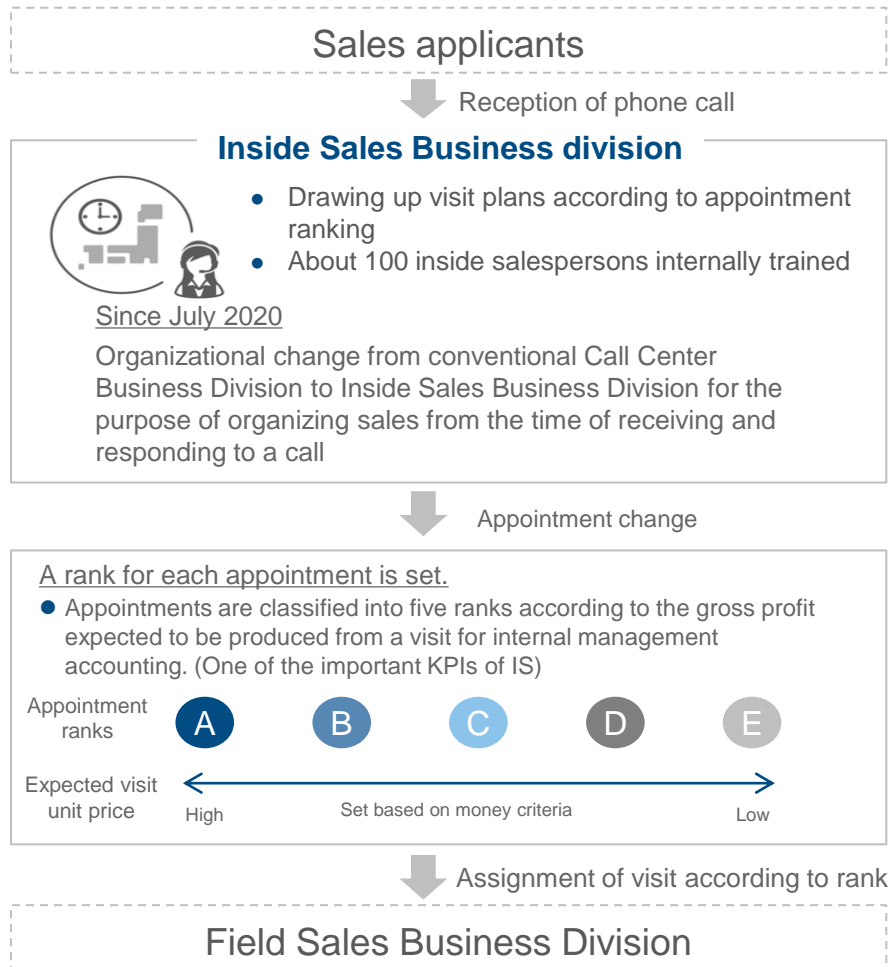


- Inquiries steadily increasing while realizing efficient CPA

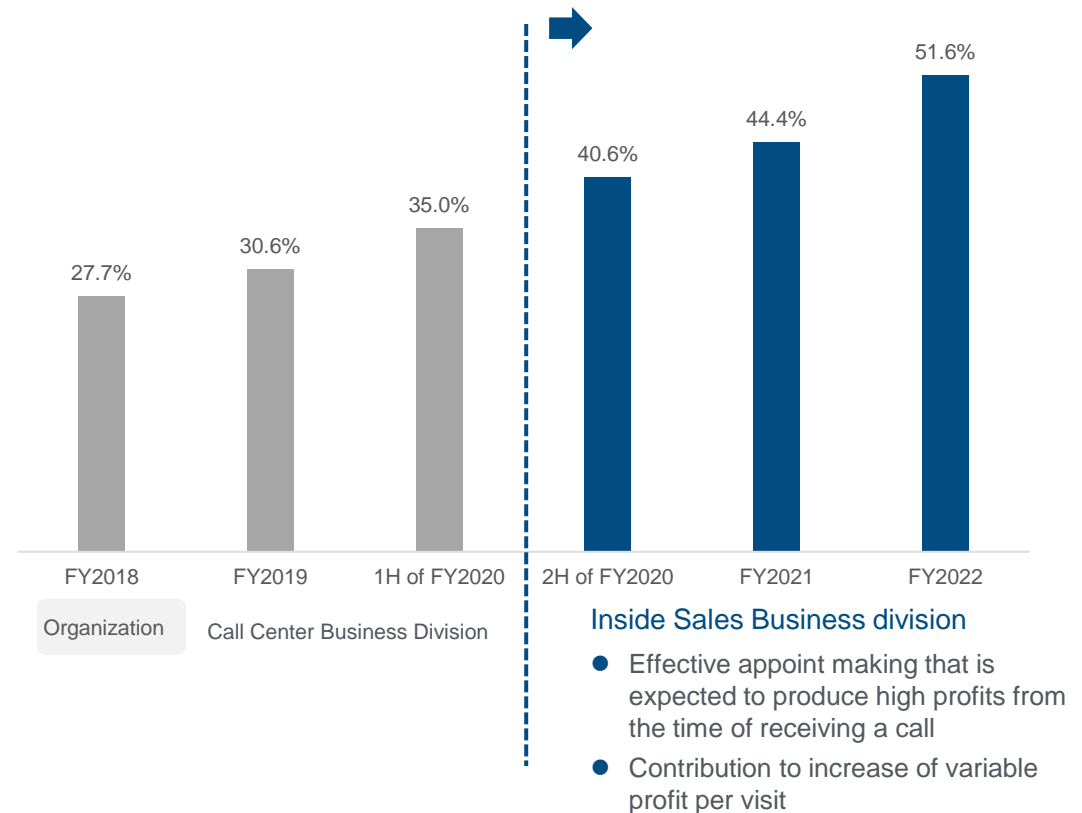
(\*) Advertising expenses per inquiry into the visit service

# 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 and 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 (\*)



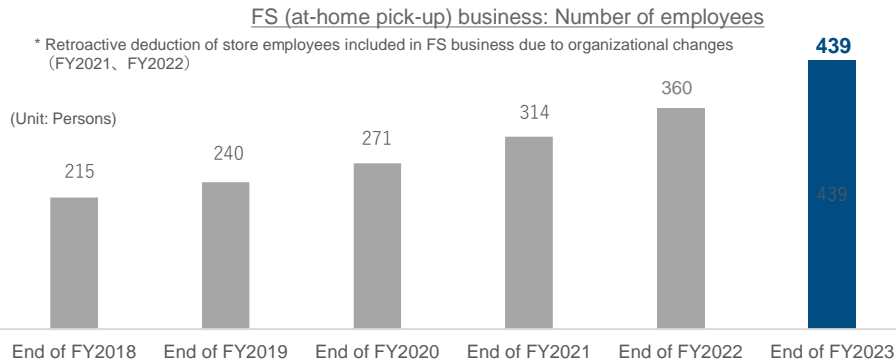
(\*) Rate of total number of appointments for visit ranked A, B, or C

# 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

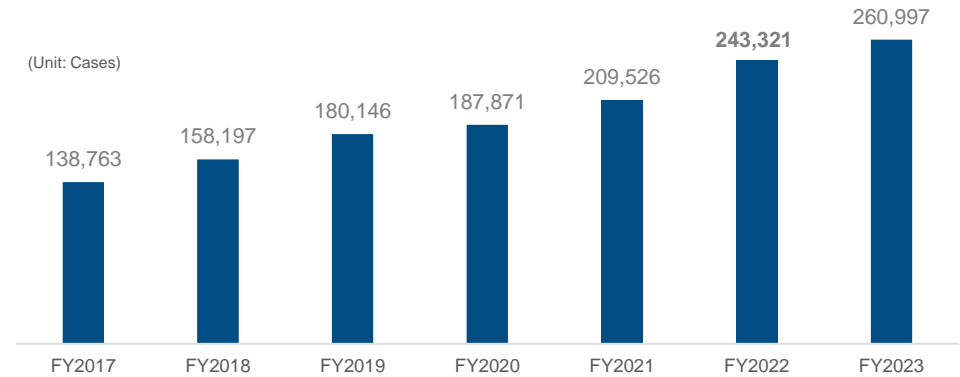
- The number of FS personnel is on a steady rise as the business scale increases backed up by the power of employment.
- While we have been increasing our workforce since 2017 by strengthening the hiring of new graduates, we intend to strengthen mid-career hiring in order to increase our workforce with flexibility from 2024 onward.



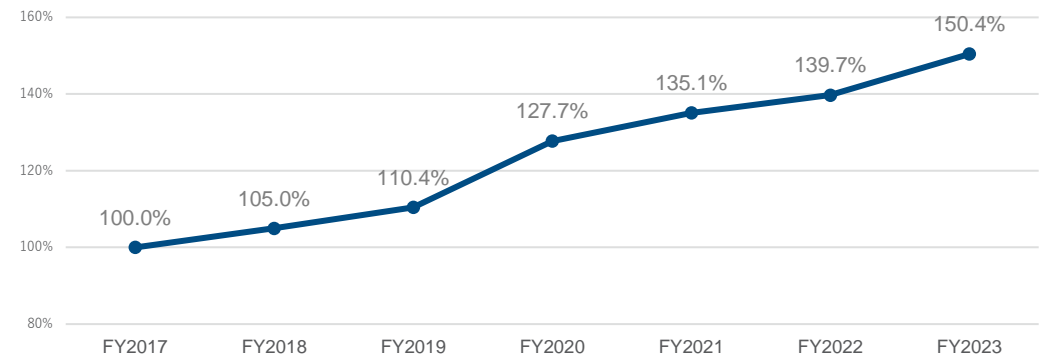
## Education

- 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



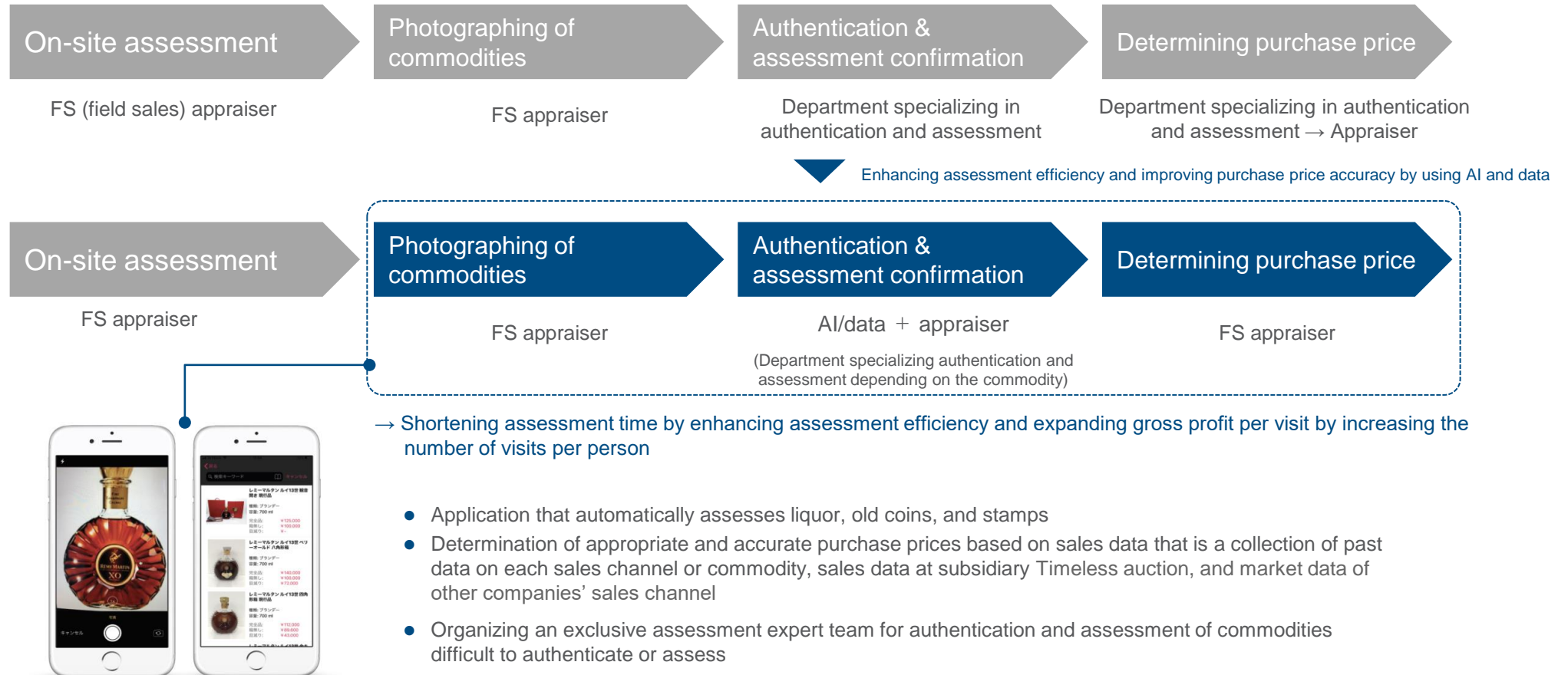
## FS business\_Gross profit unit price (\*) growth rate per visit (base year: FY 2017)



(\*) 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.



# 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.

## Sales Management Department

- Establishing an independent department that conducts compliance check and follow-up on customers
- Thorough improvement of services and employee education by sharing information about all complaints and opinions with all departments

## Compliance system

### Settlement call



- Concluding a contract by an appraiser alone is prohibited, and the Sales Management Department always talks with the customer before concluding a contract and decides if it is all right to do so.

### Follow-up call



- A follow-up call is made to the customer after completion of the visit assessment to listen to the customer's candid opinion, evaluation of the appraiser, and satisfaction.

### Cooling-off



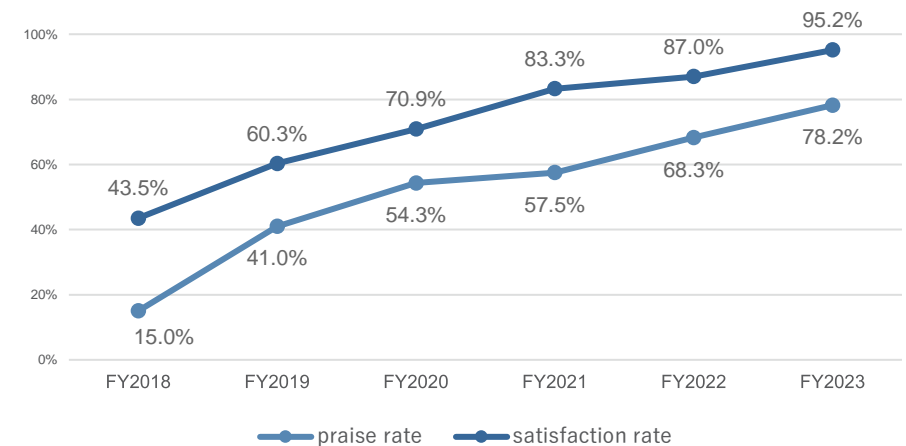
- Thorough cooling-off response in compliance with laws and ordinances

### Customer service office



- A customer service office is set up to respond to various inquiries and requests from customers.

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



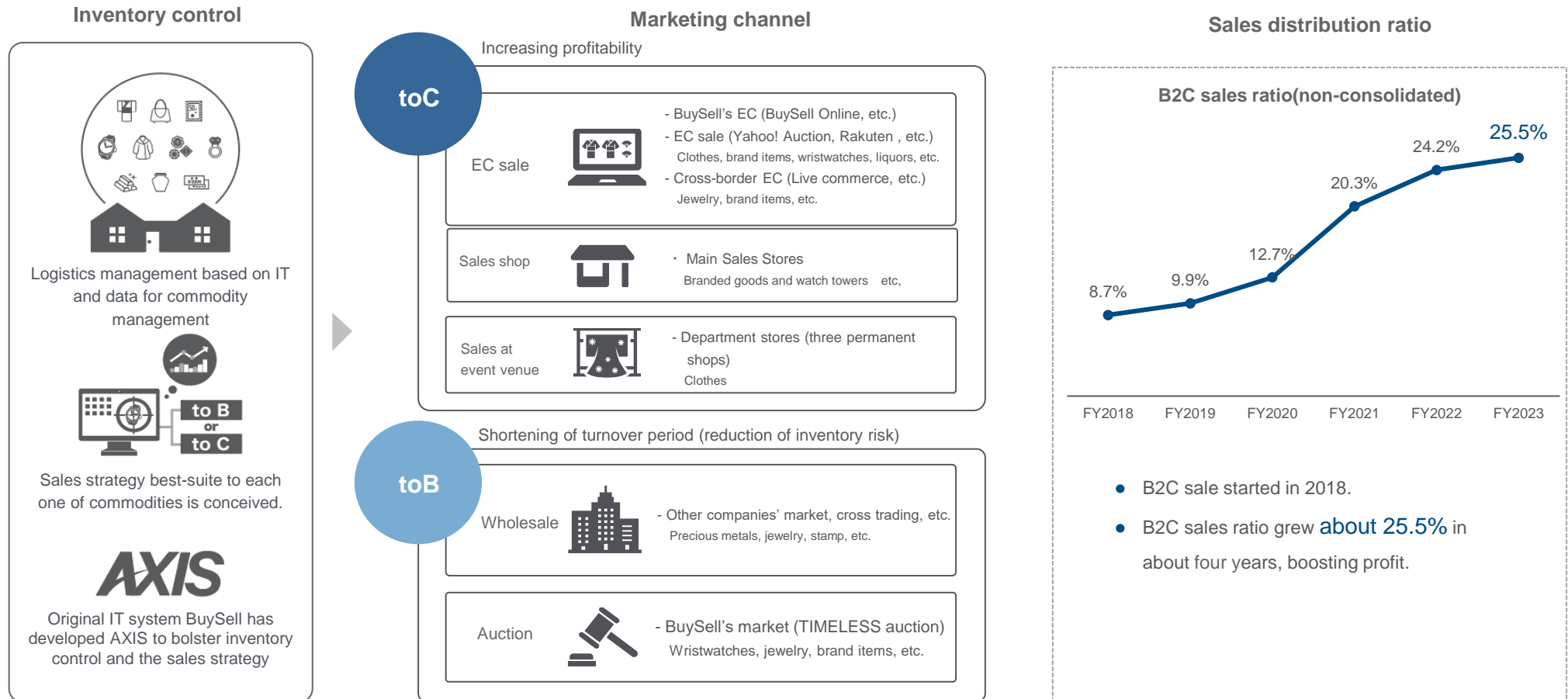
Source: Created by us based on the results of a questionnaire conducted during follow-up calls

\*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.



## 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

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