

 President and CEO Kyohei Iwata	BuySell Technologies Co., Ltd (7685)
	

Company Information

Market	TSE Mothers
Industry	Wholesale (trade)
President and CEO	Kyohei Iwata
HQ address	8 th Floor, PALT Building, 28-8, Yotsuya 4-Chome, Shinjuku-ku, Tokyo
Year-end	End of December
Homepage	https://buysell-technologies.com/

Stock Information

Share Price	Shares Outstanding		Total Market Cap	ROE (Act.)	Trading unit
1,935 yen	6,793,140 shares		13,144 million yen	33.9 %	100 shares
DPS (Est.)	Dividend yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
20.00 yen	1.0 %	105.40 yen	18.4 times	332.55 yen	5.8 times

* The share price is the closing price as of March 26, 2019. Each figure is from the financial statements summary for the FY ended December 2019.

Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
December 2016	7,559		225	145	24.30	0.00
December 2017	8,917		319	226	37.69	7.50
December 2018	10,118	496	472	329	55.00	11.00
December 2019	12,828	846	817	505	83.87	15.00
December 2020 Est.	15,202	1,110	1,101	716	105.40	20.00

* The estimated values are based on the forecasts made by the Company.

We will report the overview of BuySell Technologies, its performance trends, an interview with President Iwata, and the Company's future growth strategies.

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Key Points

- BuySell Technologies does not own stores, but rather operates an online reuse business that leverages the strengths of the "Internet" and "Real world". The Company attracts sellers through a marketing strategy that makes full use of the internet and mass media and also provides a home visit purchase service throughout Japan. Its features and strengths include differentiation through "luxury products x home visit purchase service", a strong customer base centered on seniors, and a high-quality management team. The Company is aiming for further growth by developing a huge potential reuse market and creating new businesses utilizing its customer base.
- In the FY ending December 2020, BuySell Technologies expects double digit growth of Sales and Profit with its Net Sales increasing 18.5% year-on-year to 15,202 million yen, and Operating Income increasing 31.2% year-on-year to 1,110 million yen. In order to improve service awareness, the Company will continue to invest in mass marketing, mainly in TV commercials, while expanding sales channels for individuals and realizing CRM. The Company plans to pay an annual dividend of 20.00 yen per share which is an increase of 5.00 yen per share year-on-year. The expected dividend payout ratio is 19.0%.
- The Company's growth strategy is to further expand the reuse business and create new businesses. In the reuse business, it aims to grow by maximizing "the number of home visit purchase" x "Variable profit per home visit". In terms of new business, the Company will create new businesses by leveraging its senior customer data which is one of the Company's strength and grow them into the next core business.
- We interviewed President Iwata about the Company's mission, values, strengths, advantages, future growth strategy, and his message to shareholders and investors. He mentioned that "As Japan enters an aging society, not only will things lose their place, but also various social problems associated with an aging society will occur. We would like you to support the Company which is aiming to become a company and group that solves these problems from a medium-to long-term perspective."
- Although the awareness of "the home visit purchase service" in the reuse market is still low, the satisfaction of customers who have used it is extremely high. In this sense, first and foremost, it is necessary to raise the brand awareness. Brand marketing by a marketing-savvy management is expected to continue to be effective, and the number of inquiries and customers can be expected to steadily increase. "Enablement Department" contributes greatly to assessor training, and the number of purchases and that of customer data collected are expected to increase steadily. As a company that solves social problems, we would like to pay attention to how further progress is made in the mainstay reuse business, which is in the process of establishing a system to reliably capture the customer needs, and also when the revenue contribution of new businesses will begin.

- **Regarding the impact of the new coronavirus, in the purchase business, against the backdrop of a request for self-restraint mainly in Tokyo, from late February to March 2020, there was a temporary decrease in the number of inquiries regarding the use of services and purchase volume due to a reduction in the time spent for business negotiations during the home visit, although the impact is expected to be minor. In the sales business, the number of participants in antique markets and auctions have decreased, and some events have been canceled or postponed, but the Company responded by changing sales channels and delaying some of the sales. In sales to general consumers, although the sales in special events have declined due to a decrease in the number of customers visiting department stores, the Company has introduced such measure as carrying over inventories and changing sales channels for special event sales to be held in future. As a result, as of April 1, the Company does not anticipate any impact that would require revisions to the full-year 2020 earnings forecast.**

1. Corporate Overview

BuySell Technologies does not own stores, but rather operates an online reuse business that leverages the strengths of the "Internet" and "Real world". The Company attracts sellers through a marketing strategy that makes full use of the Internet and mass media, and also provides a home visit purchase service throughout Japan. Its features and strengths include differentiation through "luxury products x home visit purchase service", a strong customer base centered on seniors, and a high-quality management team. The Company is aiming for further growth by developing a huge potential reuse market and creating new businesses utilizing its customer base.

[1-1 History]

President Iwata, who was in charge of marketing at a major advertising company, questioned the situation where large and famous companies with abundant advertising expenses are favored to the disadvantage of small and medium-sized companies and venture companies with a small budget. He retired from the major advertising company and established a consulting company for his desire to help companies, including ones with weak capital, develop true marketing. He met BuySell Technologies (formerly Ace Co., Ltd.) while supporting many venture companies and small businesses.

The Company had long been providing home visit purchase service, which is its current core business, but when President Iwata's consulting engagement started in May 2016, its marketing depended almost entirely on flyers. The homepage was not sophisticated, and the business performance was not good. The Company, which undertook a full-fledged reform under President Iwata, began to see the results when it registered a record number of applications in August of the same year, renewing the record in September.

In this process, President Iwata felt that while "home visit purchase service" has a high added value and there are many customers who need it, the way in which the benefits of the service are communicated, the brand is constructed, marketing actions are taken, and others were extremely inadequate. He was convinced that with his marketing know-how, the Company could transform itself into a more attractive company. In October of the same year, President Iwata assumed the role of Chief Strategy and Marketing Officer (CSMO). In November, the Company name was changed to BuySell Technologies, and a new TV commercial was put on air and the reform sped up. He assumed the post of president in September 2017. The business expanded steadily thanks to the success of conducting the PDCA cycle of creative activities and the purchase of TV commercials utilizing his expertise. The Company also established a compliance system and was listed on the Tokyo Stock Exchange Mothers in December 2019.

[1-2 Corporate Philosophy and Management Philosophy]

The Company upholds the following missions and values.

Mission	Beyond people, beyond time, we aim to become a bridge connecting important things.
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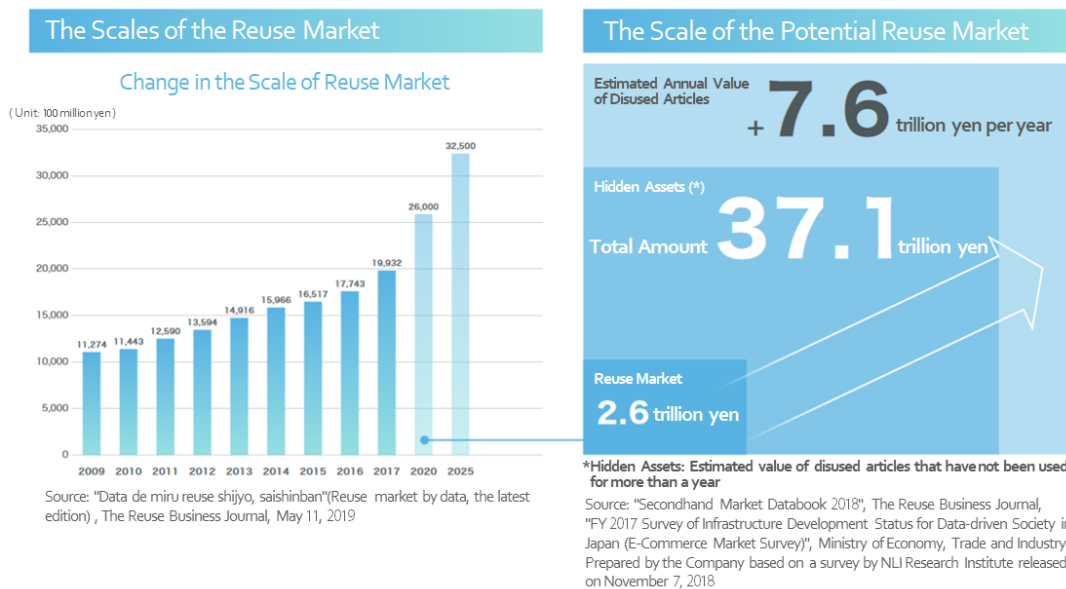
Value	Immediately connect: start immediately, complete immediately, and move on Connect oneself: don't evaluate, move your hands Connect without fear: change yourself, change your organization, and continue to challenge to change the world
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The Company believes that things have value that goes beyond their physical existence, and that properly connecting them is its mission and social existence value.

[1-3 Market Environment]

Although the reuse market is estimated to be approximately 2.6 trillion yen in 2020, the Company estimates that the total size of the potential reuse market, including unused "hidden assets at home" that have not been used for more than a year, is approximately 37 trillion yen as of 2018.

In addition, in Japan, where the population continues to shrink, disused articles are estimated to increase by 7.6 trillion yen each year, and the potential reuse market is expected to continue expanding.



(Source: the reference material of the Company)

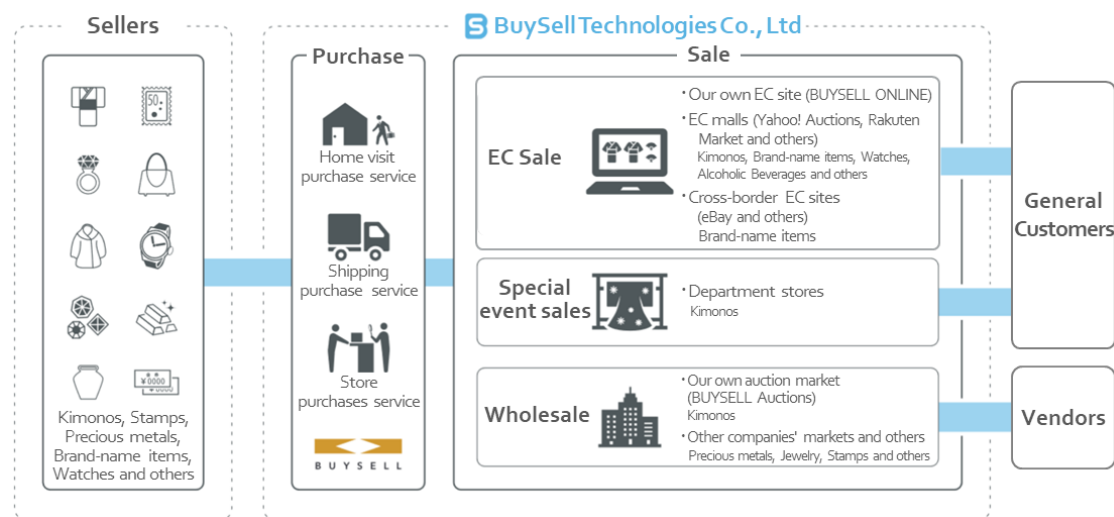
BuySell Technologies intends to develop reuse markets with large growth potential by digging up potential products that constitute "hidden assets at home" sleeping at home through its strength in the home visit purchase service.

[1-4 Business Description]

(1) Business Model

The Company does not own stores, but rather operates an online reuse business that leverages the strengths of the "Internet" and "Real world". It attracts sellers through a marketing strategy that makes full use of the internet and mass media, and also provides a shipping purchase service and a store purchase service as well as the home visit purchase service delivered by its assessors who can travel throughout Japan.

The Company sells purchased products to general customers though EC sales at EC malls such as the Company's own EC site "BUYSELL ONLINE" and Yahoo! Auctions, and at cross-border EC sites such as eBay, and special event sales at department stores. In addition, it sells to external vendors through the Company's own auction market "BUYSELL Auctions" and wholesale using other companies' markets.



(Source: the reference material of the Company)

The Company has built a system to consistently manage and execute the entire flow from marketing to attracting customers, purchase assessment, inventory management, and sales on its own. At the same time as expanding its mainstay reuse business, the Company is also focusing on launching and developing new business adjacent to the reuse business and other services utilizing customer data, such as the operation of CAPPY, a mobile application that maintains and improves the asset value of customers' vehicles as an asset management service.

(2) Overview of Each Service

The Company's online reuse business consists of the following business flow: "Attracting sellers" → "Conducting purchase" → "Selling purchased products". The outline and features of each step of "customer attraction", "purchase" and "sales" are described in detail below.

1) Attracting Customers: Developing cross-media marketing aimed at high net worth seniors

◎Marketing

Marketing activities for receiving assessment requests from customers are the starting point of the business strategy and execution, and maximizing the number of customers is the first key to the success of the Company's business. The marketing skills and expertise of the management team, including President Iwata, play a major role.

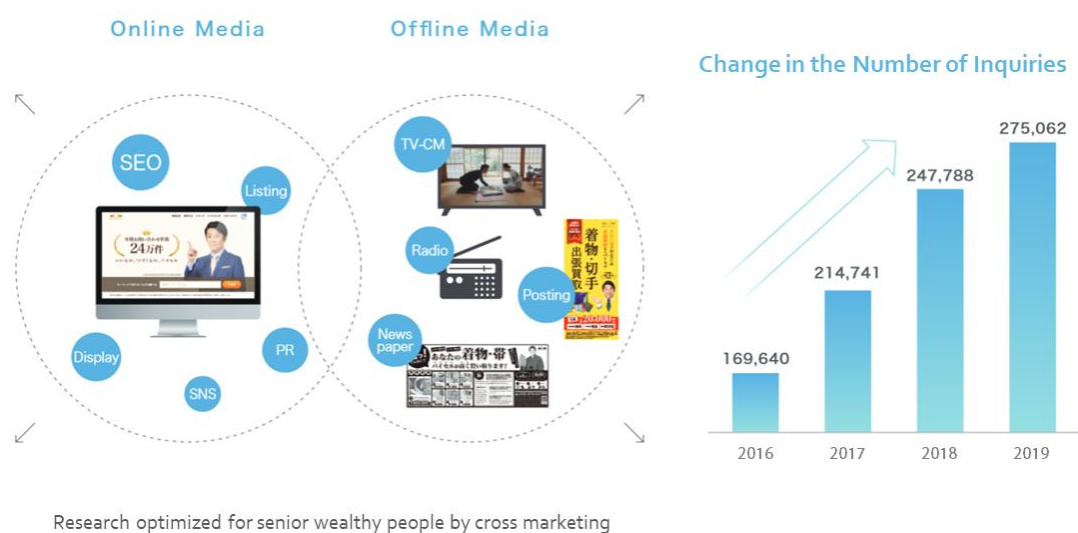
The Company develops cross-media marketing that leverages "the Internet", such as SEO (Search Engine Optimization), listing ads, and SNS, as well as "the mass media" centered on TV commercials. In addition to advertising operations from a macro perspective based on market conditions and seasonality, the Company conducts marketing activities that maximize cost-effectiveness by conducting detailed daily analyses of each media and geographic area. Due to such detailed marketing activities, the number of inquiries and customers are increasing year by year.

◎Inquiries: Providing services that meet customer needs and maximizing the efficiency of assessor operations

The call center, which is built in-house, handles inquiries.

Approximately 100 operators listen directly to customer requests and communicate the requests to assessors to provide services that meet customer needs.

In addition, the call center not only performs administrative tasks such as receiving inquiries about products to be sold and arranging the date and time of visits, but also provides the customer with an explanation that will be given when they are visited by an assessor, as well as an overview of the Company's services, information regarding the range of products that can be assessed, and a guidance for preventing uninvited solicitations so that customers can use the Company's services with greater confidence.



(Source: the reference material of the Company)

2) Purchase: Developing the "home visit purchase service" meeting a wide range of customer needs

◎Home Visit Purchase Service

"Home visit purchase service" which involves going to the homes of customers who made inquiries and conducting an assessment and a purchase, is the main purchasing method.

In addition, the Company also carries out a "shipping purchase service", in which customers send products to be sold to the Company, and a "store purchase service", in which customers bring products directly to the Company.

The Company has approximately 250 assessors for "home visit purchase service", covering the entire country from 10 regional centers located in the Kanto area, the Kansai area, Nagoya and Fukuoka, etc. (as of December 2019)

"The home visit purchase service" can flexibly respond to purchase requests from customers who have difficulty using store purchases service or shipping purchase service and meet a wider range of customer needs, such as when there is a wide variety of products to be assessed, the quantity of assessments is large, it is difficult to carry the products due to their weight, as well as when there are inquiries from distant customers and elderly customers.

For example, if a customer wants to sell a large number of kimonos which weighs approximately 1 kg per piece, and it is difficult to carry them, "home visit purchase service" in which the Company's assessor visits a customer's home to conduct an assessment and a purchase, is highly compatible with such customer needs.

◎Assessor

In order to increase customer satisfaction, the Company emphasizes the education of assessors and regularly conducts on-the-job training, including sales skills training and on-site training, to improve sales attitude, assessment skills, and compliance awareness.

In addition, the Company is working to achieve thorough compliance because the Company must provide customers with safety and security when its employees visit customers' houses.

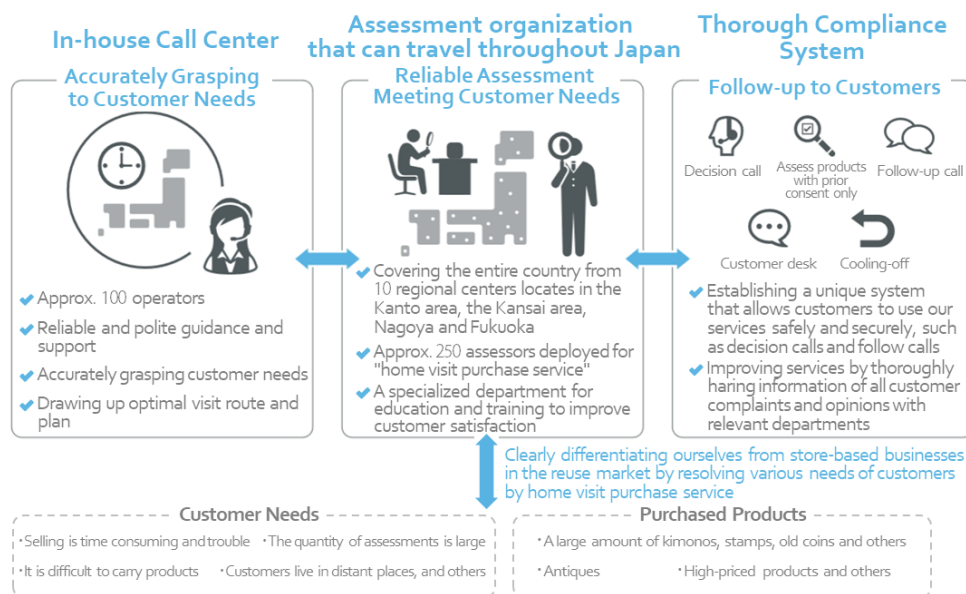
The assessors alone cannot make a decision on the contract, and the compliance department calls the customer at the time of the contract and issues a decision call to confirm the contents of the sales contract (confirmation of the product, the price and the customer's satisfaction with the price), after which the contract is finalized.

Furthermore, the compliance department calls the customer again (follow-up call) after the assessor has left to receive the customer's candid opinions about the home visit purchase service, specifically about the assessor's attitude, compliance and customer satisfaction. The results of follow-up call, including customers' voices, complaints and compliments are managed for each assessor, and the assessors are thoroughly informed of these to further improve their performance.

◎Authenticity Appraisal and Assessment

To ensure accurate assessment and prevention of counterfeit purchase and assessors' fraudulent assessment, the Company's assessment system requires not only an on-site assessment by a visiting assessor but also a double check by another assessors who specialize in authenticity appraisal and assessment, based on information from photos and videos sent from the visiting assessor using mobile terminals and such.

In this way, the Company's unique efforts to improve customer satisfaction, such as accurately grasping and responding to customer needs and ensuring safety and security, helped steadily increase the number of purchases that is the second key to its business success.



(Source: the reference material of the Company)

◎Products

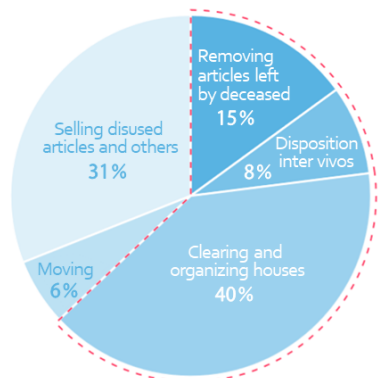
It mainly deals with kimonos, stamps, old coins, precious metals, jewelry, brand-name items, watches, antiques, furs, alcoholic beverages and others, and focuses mainly on products with high selling prices.

◎Main Customers

There are many inquiries from senior wealthy people whose needs are aligned with home visit purchase service, which is the Company's main service. In the FY ended December 2019, customers in their 50s and over accounted for approximately 75% of all customers.

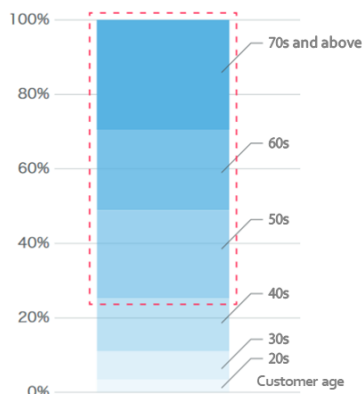
In addition, senior customers use the Company's purchase services for cleaning and organizing their houses, removing articles left by the deceased and pre departure decluttering cleaning which account for approximately 60% of the reasons for using the services.

Reason for Using Our Service



Removing articles left by deceased, disposition inter vivos, and clearing and organizing houses make up more than 60%
 Source: Prepared by the Company based its customer survey regarding their motivations to use its services from January to December 2019

Customer Segments



Approximately 75% of our customers are senior wealthy people in their 50s and above
 Source: Prepared by the Company based on its FY 2019 customer data

(Source: the reference material of the Company)

3) Sales:

◎Inventory Management

After the cooling-off period, purchased products are managed centrally from inspection to exhibition by more than 100 staff in the Company's own warehouse in Narashino, Chiba Prefecture.

AXIS, an IT system developed by the Company, manages inventory for each product, and processes cooling-off requests.

The product is sent to the most suitable sales route, taking into account various aspects such as the characteristics and condition of the product as well as the market environment.

◎Sales System

After planning sales strategies based on inventory status, the Company sells purchased products through sales channels such as antique markets, auctions for dealers, e-commerce sales, special events, in-house kimono auctions and others.

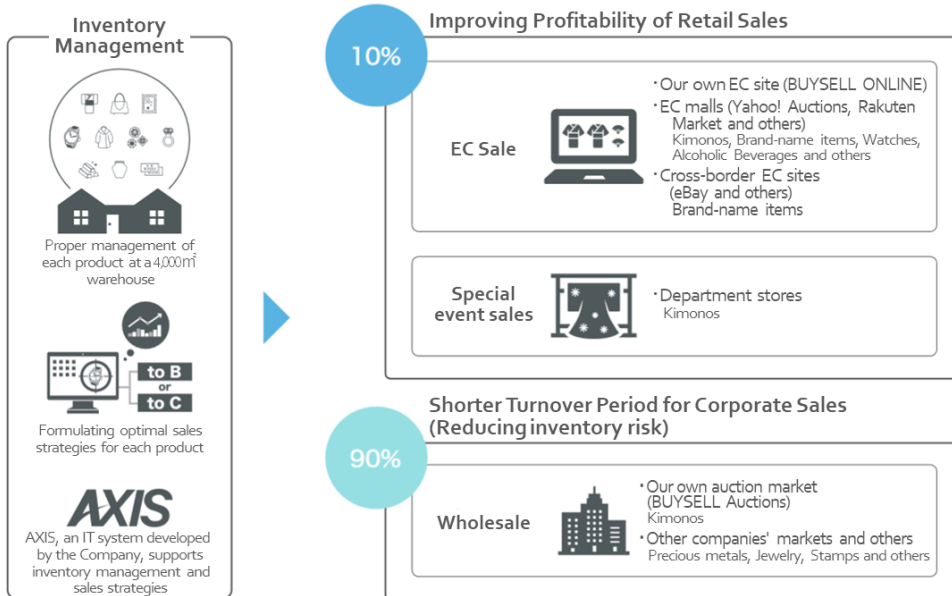
For corporate sales through antique markets and auctions, the Company uses face-to-face auction formats for each product, and repeats negotiations with business partners until they find a sales partner that can produce a higher Profit Margin. Approximately 90% of Sales comes from corporate customers.

In addition, the Company regularly holds its own auctions of kimonos at Narashino Warehouse, which leads to an appropriate amount of sales for each quality and an expansion of distribution volume.

On the other hand, in sales to end-user general consumers, in order to provide high-quality products, the Company conducts EC sales (Rakuten Market, Yahoo! Auctions and others) and sales at department store events. It operates two e-commerce sites, "BUYSELL ONLINE" which was launched in July 2018 and focuses on the sales of reused kimonos, and "BUYSELL brandchée", which was opened on February 2020 and focuses on selling luxury reuse products such as brand-name items, watches, jewelry and alcoholic beverages.

The Company aims to maximize Profits by expanding sales to general consumers while shortening the inventory turnover period (reducing inventory risk) through sales to corporations.

By formulating optimal sales strategies for each product according to demand trend and building various sales channels, the Company is steadily accumulating results in sales, which is the third key to the success of the reuse business.

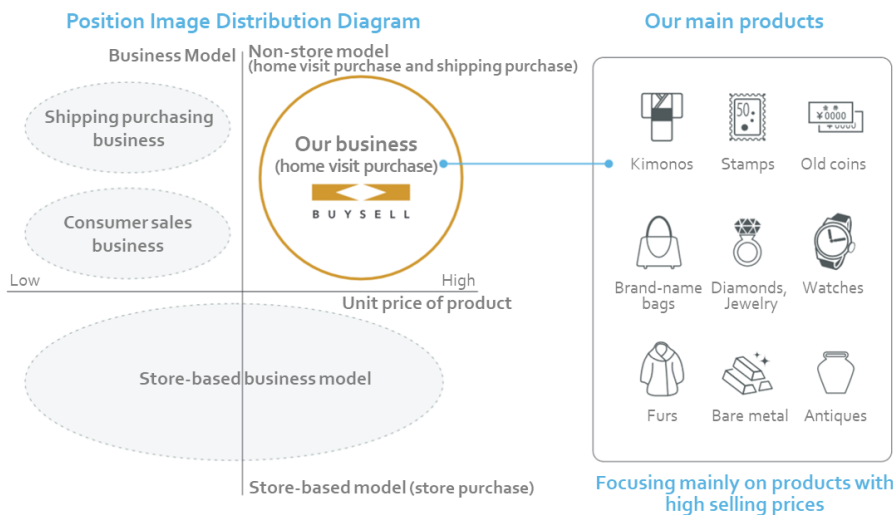


(Source: the reference material of the Company)

[1-5 Strengths and Features]

1) Differentiation by "luxury products × home visit purchase service"

Among many players in the reuse market, the Company has a unique business model of purchasing "luxury products" with a high unit price though a non-store-type "home visit purchase service" which is unmatched by other competitors and constitutes a clear differentiator.



(Source: the reference material of the Company)

2) Strong Customer Base Centered on Senior Customers

As mentioned above, customers in their 50s and over make up approximately 75% of the Company's customer base. According to the Company's survey, 80% of the customers said they would like to use the service again, and the trust of senior high net worth individuals is strong.

This strong customer base will be a great advantage in future business development.

3) High Quality Management Team

One of the factors supporting the Company's growth is its excellent marketing strategy. According to President Iwata, no other venture company can run TV commercials as cost-effectively as the Company.

Running successful TV commercials requires familiarity with the industry structure including which players exist and what kind of setups are required, but at the Company, President Iwata and Executive Vice President and COO, Mr. Masaki Taniguchi (joined in October 2016), who are from a major advertising company and have a great deal of knowledge, experience, and expertise, are strongly promoting a cross-marketing strategy.

In addition, in order to pursue sustainable growth by earning the trust of customers as well as to list the Company, it is essential to have a complete compliance system, and cash management in the purchase process is also an important point. Under the leadership of Mr. Koji Ono, who was appointed as Director and CFO in October 2016, the Company has been working to improve operations from an accounting perspective.

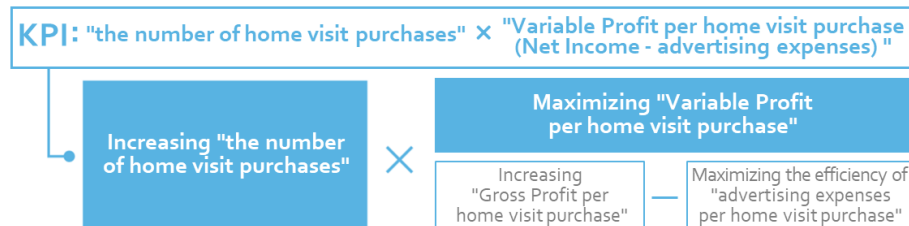
The Company runs its business with six high-quality executives, including two outside board directors, covering both offense and defense.

4) Main KPI: "the number of home visit purchases" x "Variable profit per home visit purchase"

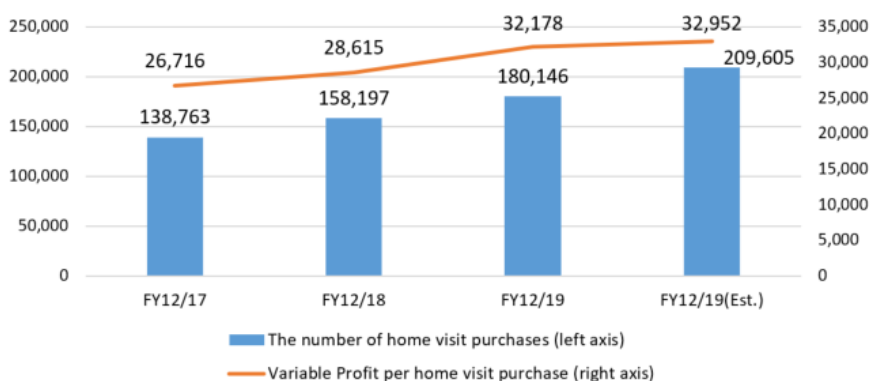
The Company has set "the number of home visit purchases" x "Variable profit per home visit purchase" as the main KPI for the reuse business.

It pursues an increase in the number of inquiries by raising awareness in order to increase "the number of home visit purchases", and seeks to maximize Variable profit per home visit purchase by increasing the purchase of high-priced products and optimizing advertising expenses.

Main KPI for business growth



(Source: the reference material of the Company)



* Unit: case, yen

BRIDGE REPORT

**[1-6. ROE Analysis]**

	FY 12/18	FY 12/19
ROE (%)	56.5	33.9
Net Income Margin (%)	3.26	3.94
Total Asset Turnover (times)	3.67	3.31
Leverage (x)	4.73	2.60

The company, which operates an online reuse business without owning stores, has achieved a high ROE.

The expected Net Income Margin for the current term is 4.7%. Due to the financing at the time of listing in December 2019, total asset turnover and leverage in the FY ending December 2020 are expected to be lower than in the FY ended December 2019, but the Company will likely continue to achieve a high ROE.

2. Fiscal Year Ended December 2019 Earnings Results

(1) Business Results

	FY 12/18	Ratio to Sales	FY 12/19	Ratio to Sales	Y-on-Y	Compared to initial Forecast
Net Sales	10,118	100.0%	12,828	100.0%	+26.8%	-0.5%
Gross Profit	6,453	63.8%	8,410	65.6%	+30.3%	-1.1%
SG&A	5,957	58.9%	7,564	59.0%	+27.0%	-1.2%
Operating Income	496	4.9%	846	6.6%	+70.5%	-0.2%
Ordinary Income	472	4.7%	817	6.4%	+72.8%	+1.6%
Net Income	329	3.3%	505	3.9%	+53.2%	-1.6%

* Unit: million yen

Significant Increase in Sales and Profit

Net Sales were 12,828 million yen, up 26.8% year-on-year. The Company has continued to achieve strong growth. Gross Profit Margin increased 1.8 points and Gross Profit increased 30.3% year-on-year, thanks to an increase in purchase volume and an increase in retail sales achieved by the strengthening of assessor training.

Operating Income increased 70.5% year-on-year to 846 million yen. SG&A expenses also increased 27.0% year-on-year due to increased advertising expenses to raise awareness, but were absorbed by Gross Profit growth, resulting in a significant increase in Profits.

Although Sales were slightly lower than the initial plan due to some events not being held, both Sales and Profits were almost as planned.

(Main SG&A expenses)

	FY 12/18	FY 12/19	Y-on-Y	Compared to initial Forecast
Advertising Expense	1,927	2,613	+35.6%	-0.2%
Labor Costs	1,745	2,084	+19.4%	-1.0%

* Unit: million yen

BRIDGE REPORT

**(2) Trends of Major KPIs**

The number of home visit purchase in the FY ended December 2019 increased steadily to 180,146, up 13.9% year-on-year.

Advertising expenses per home visit purchase increased due to an aggressive TV commercial investment, but Variable Profit per home visit purchase was 32,178 yen, up 12.5% year-on-year, due to an increase in Gross Profit.

	FY 12/18	FY 12/19	Y-on-Y
Number of Home Visit Purchase	158,197	180,146	+13.9%
Variable Profit per Home Visit Purchase	28,615	32,178	+12.5%

* Unit: case, yen

(3) Financial Condition and Cash Flows**◎ Main BS**

	FY 12/18	FY 12/19		FY 12/18	FY 12/19
Current Assets	2,673	3,923	Current Liabilities	1,446	1,763
Cash	1,959	3,197	Short-term Debt	613	377
Receivables	67	72	Accounts Payable	317	497
Inventories	494	550	Fixed Liabilities	975	566
Noncurrent Assets	476	668	Long-term Debt	947	549
Tangible Assets	181	205	liabilities	2,422	2,330
Intangible Assets	105	236	Net Assets	727	2,261
Investments & others	189	227	Shareholders' Equity	732	2,272
Total Assets	3,150	4,592	Total Liabilities and Net Assets	3,150	4,592

* Unit: million yen

Total Assets at end of the term went up 1,441 million yen from the end of the previous term to 4,592 million yen, mainly due to an increase in cash and deposits following the stock listing.

Total Liabilities decreased 92 million yen year-on-year to 2,330 million yen, due to a decrease in long-term and short-term debts.

Net Assets increased 1,534 million yen year-on-year to 2,261 million yen, due to increases in Capital and Capital Surplus resulting from the issuance of new shares.

As a result, the Equity Ratio went up 26.3 points from the end of the previous term to 49.2%.

The inventory turnover period reached approximately 42 days as the Company seeks to reduce inventory risk through the sales strategy for each product.

◎ Cash Flows

	FY 12/18	FY 12/19	Y-on-Y
Operating CF	326	1,116	+ 790
Investment CF	-174	-251	-76
Free CF	151	864	+ 713
Financing CF	300	364	+ 64
Cash and Equivalents	1,968	3,197	+ 1,229

* Unit: million yen

Operating CF and Free CF increased due to an increase in Income before Income Taxes and Accounts Payable.

Although there was Income from the issuance of new shares, there was no Income from the issuance of Long-term Debts and corporate bonds as in the previous fiscal year, and Financing CF remained almost unchanged. The Cash Position rose.

3. Fiscal Year Ending December 2020 Earnings Forecasts

(1) Business Results

	FY 12/19	Ratio to Sales	FY 12/20 Est.	Ratio to Sales	Y-on-Y
Net Sales	12,828	100.0%	15,202	100.0%	+18.5%
Gross Profit	8,410	65.6%	9,907	65.2%	+17.8%
SG&A	7,564	59.0%	8,796	57.9%	+16.3%
Operating Income	846	6.6%	1,110	7.3%	+31.2%
Ordinary Income	817	6.4%	1,101	7.2%	+34.7%
Net Income	505	3.9%	716	4.7%	+41.6%

* Unit: million yen

Double Digit Growth in Sales and Profit

Net Sales are expected to increase 18.5% year-on-year to 15,202 million yen. Operating Income is expected to increase 31.2% year-on-year to 1,110 million yen.

In order to improve service awareness, the Company will continue to invest in mass marketing, mainly in TV commercials, while expanding retail sales channels for individuals and realizing CRM. The Company plans to pay an annual dividend of 20.00 yen per share which is an increase of 5.00 yen per share year-on-year. The dividend payout ratio is expected to be 19.0%.

(Main SG&A expenses)

	FY 12/19	FY 12/20 Est.	Y-on-Y
Advertising Expense	2,613	3,000	+14.8%
Labor Costs	2,084	2,417	+16.0%

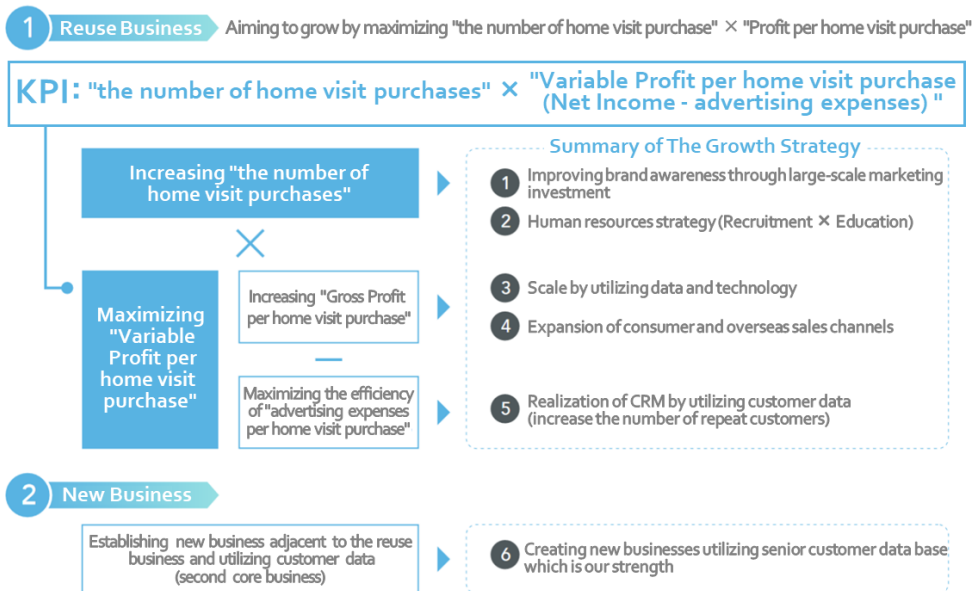
(KPI transition of)

	FY 12/19	FY 12/20 Est.	Y-on-Y
Number of Home Visit Purchase	180,146	209,605	+16.4%
Variable Profit per Home Visit Purchase	32,178	32,952	+2.4%

* Unit: case, yen

4. Growth Strategy

The Company will implement the following six growth strategies to achieve further growth in the reuse business and new businesses.



(Source: the reference material of the Company)

(1) Promoting Brand Awareness Through Mass Marketing Investment

The awareness and the usage record of "home visit purchase service" in the reuse market are still low, and raising awareness is the Company's agenda.

For this reason, the Company will continue to strengthen the "BuySell" brand and develop a marketing strategy to raise awareness of the "home visit purchase service" which has a large potential in the reuse market.

Specifically, the Company will implement direct marketing centered on TV commercials that appeal directly to the imagination of potential customers encouraging them to use BuySell services, and implements brand marketing to raise awareness of "home visit purchase service" and increase the Company's nomination rate among customers who want to use it safely and securely.

The Company aims to increase "the number of the home visit purchase" and the efficiency of "advertising expense per home visit purchase".

(2) Human Resources Strategy (Recruitment x Education)

In addition to strengthening the recruitment of assessors, the Company will also strengthen employee education to develop excellent assessors with high-level hospitality, and expand "the number of home visit purchase" and "Gross Profit per home visit purchase".

Regarding recruitment, the Company switched to a policy of strengthening new graduate recruitment in 2017. Despite fierce competition for recruitment due to a shortage of human resources, the Company could recruit approximately 110 new graduates (including 70 in the Reuse Business Department) in 2020 by leveraging its strength in recruitment.

Regarding education, a systematic education and training system for assessors has been introduced by the "Enablement Department", a specialized department for education and training.

The training is implemented by scoring various items such as sales skills, assessment expertise, product knowledge, and compliment rates for each assessor.

These measures have been successful, and even new employees have successfully acquired abilities to make an assessment visit in about six months.

(3) Scale by Using Data Technology

The Company is working on leveraging assessment data and technology to automate assessments and pricing using machine learning technologies.

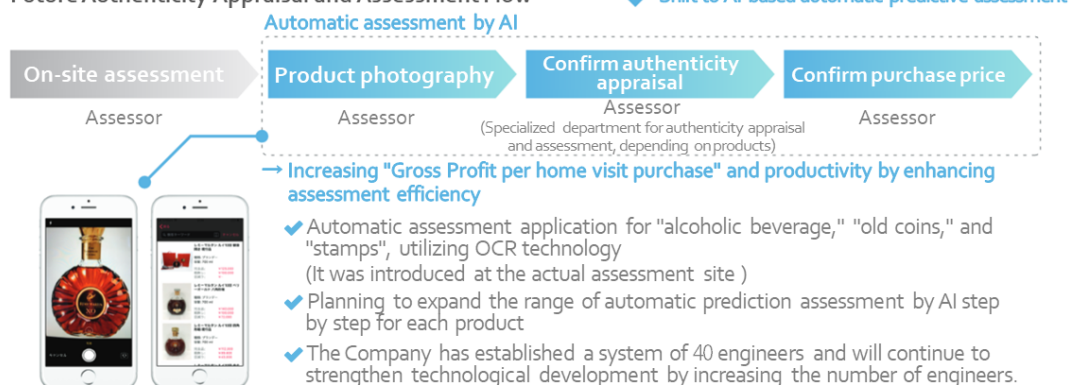
It aims to increase "Gross Profit per home visit purchase" by maximizing purchase volume by improving the efficiency and productivity of assessments.

Some of these measures have already been introduced, and the Company will increase the number of engineers to enhance technological development.

Current Authenticity Appraisal and Assessment Flow



Future Authenticity Appraisal and Assessment Flow



(Source: the reference material of the Company)

(4) Expansion of Consumer and Overseas Sales Channels

The Company aims to increase "Gross Profit per home visit purchase" by increasing Direct Sales Ratio to consumers and improving Profit Margins.

As part of this measure, in February 2020, the Company launched "BUYSELL brandchée" which focuses on selling luxury reuse products such as brand-name items, watches, jewelry and alcoholic beverages.

As the Company's current sales channels are mostly domestic, it aims to improve profitability by developing overseas sales channels, such as strengthening its listings on "Taobao", a live commerce sales channel in China, and the cross-border EC shopping app "Wandou".

(5) Realization of CRM by Utilizing Customer Data

The Company leverages customer data and product analysis data to build CRM and increase the number of repeat customers to increase "the number of the home visit purchase" and the efficiency of "advertising expense per home visit purchase".

It plans to launch its own customer management system "GYRO" in March 2020, utilizing customer and product analysis data.

In addition, it launched membership site using LINE to improve the efficiency of communication with customers.

To improve customer convenience, the site will help them place requests for home visit purchase, confirm the current reservation status, and receive campaign information and others on the site.

In addition, in order for customers to use the service with greater confidence, functions such as checking the current location, name and face of the visiting assessor, and making a quick appraisal using product photos, and others will also be added.

(6) Creating New Businesses Utilizing Customer Data Base

Beyond the reuse business, in addition to developing business adjacent to the reuse business, and new businesses that meet the needs of senior customers and solve their issues, which is the Company's strength, its business field will be expanded through alliances with companies with which synergy effects can be expected.

The Company receive many inquiries from customers regarding not only the needs to sell disused articles, but also "sales of real estate", "cleaning and organizing houses", "inheritance" and others. Therefore, the Company aims to expand business alliances with companies with which synergy effects can be expected to meet customer needs and solve their issues. Since its listing in December 2019, it has entered into business alliance agreements with the following five companies.

The Company will continue to aggressively expand its business field and accelerate business alliances with which synergy effects can be expected.

Business Field	Alliances	Alliance Overview
Cleaning and Organizing Houses Removing Articles Left by Deceased	Relief Co., Ltd.	Operating cleaning and organizing services nationwide, such as pre departure decluttering cleaning, removing disused articles and removing articles left by deceased, and others.
	THE FUKUHO BANK, LTD.	Providing asset management and inheritance support to individual customers with an extensive branch network and a strong customer base in Fukui prefecture.
Real Estate Sales	Ambition Corporation	In addition to steadily increasing the number of properties managed in the mainstay property management business, it operates various businesses as a real estate tech company
	Showa Housing Co., Ltd	Operating a comprehensive housing and real estate business which includes building custom/ready built houses, real estate sales, renovation service and others mainly in Hyogo, Osaka and Okayama prefecture.
Inheritance Consultation	BSP Tax Corporation	Providing advice and guidance on tax filing and inheritance support

5. Interview with President Iwata

We interviewed President Iwata about the Company's mission, values, strengths, advantages, future growth strategy, and his message to shareholders and investors.

Bridge Report (BR): Missions, visions, values, and purposes that are fundamental to the realization of sustainable growth are becoming increasingly important.

First of all, please tell us your thoughts about the mission of the Company, "Beyond people, beyond time, we aim to become a bridge connecting important things." and the value, "Immediately connect. Connect oneself. Connect without fear."

President Iwata: We believe that things have value that goes beyond their physical existence. It is our mission, social existence value to connect them properly. We focus on speed, ownership, and innovation to achieve our mission.

The current mission and values of our Company were announced when I became president.

The value of things depends on the person and the situation at a particular point in time. We think that things have value that goes beyond their physical existences. Things that are insignificant for Mr. A can be irreplaceable for Mr. B.

It is our mission and social existence value to connect them properly.

In particular, as the population declines 50 years later, one-third of the population in Japan will be reduced, one-third of things will lose their place.

However, if we can deliver such things to those who need them, we will not have to produce things using new energy. It is extremely rational and socially significant. Therefore, "connecting" is our company-wide mission.

Value is the code of conduct necessary to fulfill this mission.

"Immediately connect" means that speed is everything. In the reuse market where there are no big enterprises, speed is the key to our survival. Therefore, it is important to be able to move quickly in the first place. Rather than starting after being 100% ready, we should start running with 70% preparation.

The next, "Connect oneself" conveys the importance of our face being seen by customers.

We can get customers to sell their products only after visiting their houses, talking to them and bringing them a feeling of safety. They will open their hearts and sell their items only because they can see our face. It means that we operate our services while taking ownership and creating a sense of security with face-to-face communication.

The third, "Connect without fear" means trying to challenge and innovate more and more.

The home visit purchase service is still a growing business, but we think we can provide more solutions to the various needs and issues of senior customers.

The message is to act with emphasis on speed, ownership, and innovation.

(BR): What are you doing to spread these mission and values throughout the Company?

President Iwata: Regarding the value, we linked it to performance appraisal from last year, setting the three values as the performance criteria. Regarding the mission, each division will need to translate them into specific targets.

From last year, we linked it to performance appraisal, setting the three values as the performance criteria. We believe that maximizing these three values will lead to maximizing corporate value because the aggregate of added value created by each employee is the added value of the company.

Regarding the mission, each division in the Company will need to translate them into specific targets.

Every quarter, the Company's executives update employees about the current situation, initiatives and challenges, and I talk about the mission, values, compliance and others at monthly meetings attended by managers and above.

(BR): Please tell us about the Company's strengths.

President Iwata: Our strength and feature in the reuse market is our unique cross-media marketing strategy drawing on our marketing expertise, organization structure supporting home visit purchase service, and our strong customer base centered on senior customers.

In order to establish wealthy seniors as a customer base, we have promoted cross-media marketing centered on TV commercials. In particular, we were able to develop TV commercials with high affinity with senior customers so far because of the Company's marketing expertise. It will be difficult for competitors to run similar TV commercials at the moment.

In addition, we have studiously built an organization structure for home visit purchases service over the years. This cannot be imitated overnight. This organization structure is our unique strength and feature in the reuse industry along with a strong customer base centered on senior customers.

(BR): On the other hand, what are the Company's challenges?

President Iwata: Our issue is to recruit excellent engineers. We will recruit the best engineers by pursuing the agenda of "transforming into a tech company on our own".

At present, we are working on automation using AI and others based on our assessment data accumulated so far. We seek to increase "Gross Profit per home visit purchase" by improving the efficiency and productivity of assessments, and maximizing purchase volume. To that end, hiring excellent engineers is essential.

However, as you may know, there is currently a shortage of engineers worldwide, and it is true that our Company is disadvantaged in terms of employee salaries compared to major companies.

Although our Company is not in a true sense a tech company at the moment, engineers who have joined the Company, attracted by the possibility of transforming it into a tech company on their own, and significantly enhancing the Company's performance with products and systems they create, are pleased to be working here.

We would like to continue to promote this agenda and hire excellent engineers.

(BR): In order to expand "home visit purchase service", I think that the quality of the assessors is very important as well as the number of inquiries. Please tell us about the recruitment and training of assessors.

President Iwata: We hire human resources with honesty and high communication skills. The education specialist unit "Enablement Department" has been highly effective.

The most desirable attribute in recruiting is honesty, followed by communication skills.

When we get to a customer's home for the first time, it is not always the case for the customer to open their mind to us from the beginning. It is extremely important to communicate with smiles, friendliness and integrity. Assessors with these skill-sets, of course, perform well.

For education, the "Enablement Department" was established in January 2019.

The department thoroughly analyzes each assessor, scoring items such as appearance, hairstyle, loudness of their voice, and smile, as well as product knowledge of diamonds, kimonos and others, and also analyzes and educates what they are missing.

Since we started this, Gross Profit per visit has risen steadily. In addition, some assessors are performing better than ever before.

In the future, we plan to further brush up and establish our own educational system.

(BR): Please tell us about the Company's future growth strategy.

President Iwata: Enhancing brand awareness is key to expanding existing businesses further. We will create new businesses by responding to various needs of senior customers and solving their issues.

Our Company's future business development is to further expand existing businesses and create new businesses.

First, regarding the expansion of existing businesses, we estimate the total size of the potential reuse market to be approximately 37 trillion yen as of 2018.

We believe that high growth will continue in the future if we could dig up "hidden assets" sleeping at home through our "home visit purchase service", which is our strength, and develop this huge market. For that purpose, the key is to raise our brand awareness through the development of marketing centered TV commercials.

Next, in terms of new businesses, we believe that it is possible to create new businesses by responding to various needs of senior customers and solving their issues.

Until now, our operation process has been to visit a customer's home and buy their products through inbound marketing. On the other hand, when we surveyed our customers, more than 80% of them wanted to use our service again. We must take advantage of these needs.

In the future, in addition to the first mission of purchasing, the second mission for assessors will be to collect customer data, such as what kind of product was purchased from the customer in the first visit, what kind of product could not be purchased, their family structure, interests and concerns. By utilizing and analyzing such data, we aim to maximize LTV (lifetime value) and establish a pillar of the second business.

(BR): Finally, please give a message to shareholders and investors.

President Iwata: We are not just a reuse company, but a company and group that solves various social problems in an aging society. We hope you will support us from a medium- to long-term perspective.

First of all, we would like to ask investors not to see our Company as a mere reuse company.

Of course, our Company has grown through reuse, but now we look to the future from a higher perspective.

As Japan enters an aging society, not only will things lose their places, but various social problems associated with an aging society will also arise. Our desire is to be a company and a group that solves these problems, and we would like investors to know that.

We would like investors to support us from a medium- to long-term perspective.

6. Conclusions

Although the awareness of "home visit purchase service" in the reuse market is still low, the satisfaction of customers who have used it is extremely high.

In this sense, first and foremost, it is necessary to raise brand awareness. Brand marketing by a marketing-savvy management is expected to continue to be effective, and the number of inquiries and customers can be expected to steadily increase.

"The Enablement Department" contributes greatly to assessor training, and the number of purchases and the amount of customer data collected are expected to increase steadily.

We would like to pay attention to how further progress is made in the mainstay reuse business, which is in the process of establishing a system to reliably capture the customer needs as a company that solves social problems, and also when revenue contribution of new businesses will begin.

Regarding the impact of the new coronavirus, in the purchase business, against the backdrop of a request for self-restraint mainly in Tokyo, from late February to March 2020, there was a temporary decrease in the number of inquiries regarding the use of services and purchase volume due to a reduction in the time spent for business negotiations during the home visit, although the impact is expected to be minor. In the sales business, the number of participates in antique markets and auctions have decreased, and some events have been canceled or postponed, but the Company responded by changing sales channels and delaying some of the sales. In sales to general consumers, although sales in special events have declined due to a decrease in the number of customers visiting department stores, the Company has introduced such measure as carrying over inventories and changing sales channels for special event sales to be held in the future. As a result, as of April 1, the Company does not anticipate any impact that would require revisions to the full-year 2020 earnings forecast.

<Reference: Regarding Corporate Governance>

Organization type, and the composition of directors and auditors

Organizational Type	Company with audit and supervisory board
Directors	6 directors, including 2 outside directors
Auditors	3 auditors, including 3 outside auditors

Corporate Governance Report

The latest revision date: March 26, 2020

<Fundamental Concept>

The Company recognize that establishing corporate governance is essential in order to increase corporate value, maximize shareholder returns, and build good relationships with stakeholders such as customers, business partners, employees, local communities, and government agencies.

To this end, the Company believe that it is important to establish a decision-making body that responds quickly and fairly to changes in the business environment, pursue Profits through its businesses, ensure that its financial soundness and improve its credibility, actively disclose information to fulfill accountability, build an effective internal control system, and ensure that audit and supervisory board members maintain their independence and fulfill their audit functions.

< Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

"The Company has implemented all of the basic principles of corporate governance code" has been described.

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