

 <p>President and CEO Kyohei Iwata</p>	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	
¥2,975	6,868,760 shares	¥20,434 million	33.9%	100 shares	
DPS (Est.)	Dividend yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥15.00	0.5%	¥62.17	47.9 x	¥332.55	8.9 x

* The share price is the closing price as of August 31, 2020. Numbers for shares outstanding, DPS, and EPS are from the financial statement summary for the 2Q of FY ending December 2020. ROE and BPS are based on the previous year.

Earnings Trend

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.	14,685	727	719	425	62.17	15.00

* Unit: million yen

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

We will report the overview of BuySell Technologies, and its performance trends for the Second Term of Fiscal Year ending December 2020.

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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 the at-home pick up 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.
- Net Sales for the second quarter of FY ending December 2020 increased 2.6% year-on-year to 6,351 million yen. Although affected by the new coronavirus (COVID-19) in the second quarter (April-June), Sales increased in the second quarter cumulative period of FY ending December 2020. Gross Profit Margin decreased 0.8 points year-on-year as a result of an increase in the ratio of purchases of precious metals with low-profit margins due to a steady gold market. Operating Income decreased 64.2% year-on-year to 216 million yen. In the second quarter, profit decreased due to the impact of temporary business contraction, cancellation of department store events and cancellation/postponement of auctions. However, thorough cost control was implemented by controlling advertising expenses and partially reducing personnel expenses through the suspension of business and others. Net Income decreased by 75.9% year-on-year to 92 million yen. A loss of 30 million yen on the valuation of investment securities was recorded as an extraordinary loss.
- Based on the impact of COVID-19, the Company announced the forecast for FY ending December 2020, which had been "undecided." Net Sales are forecast to increase by 14.5% to 14,685 million yen, and Operating Income is expected to decrease by 14.1% to 727 million yen. The Company is factoring in the business contraction due to the impact of COVID-19 from March to May and the impact of upfront investment during this term. The dividend is planned to be 15 yen per share, the same amount as in FY ended December 2019. The expected payout ratio is 24.1%.
- In the existing "at-home pick up reuse business," the Company will aim to grow by maximizing "the number of home visit purchase" x "Variable profit per home visit purchase." In addition, it will promote the expansion of "the unexplored reuse business area" and "the business area that solves the needs and issues of senior customers," who are the main customer segments. Specifically, it highlights 4 initiatives of "trial opening of purchase stores," "start of app purchase business "CASH"," "launch of catalog mail-order business 'Bitsumugi'," and "expansion of business alliance."
- In the second quarter of FY ending December 2020 (April-June), despite being greatly affected by COVID-19, under the current circumstances, the Company is forecasting a full-year increase in sales and a decrease in profit, but this is largely due to new business investment and marketing investment and variable profit per home visit purchase as the main KPI is expected to exceed not only the same period of the previous year but also the initial plan set in February. The prospects of the impact of COVID-19 is still uncertain, but we would like to pay attention to the disclosure in the third quarter.

- **From a medium-term perspective, we would like to expect the growth of the existing “at-home pick up reuse business,” as well as the expansion of “the unexplored reuse business area” and the progress of measures to expand new business in “the business area that solves the needs and issues of the senior customers,” who are the main customer segment. Another important point to watch out for is how to quickly generate synergies DAI-YA Corporation which recently became a subsidiary.**

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 the at-home pick up service throughout Japan. Its features and strengths include differentiation through "luxury products x the at-home pick up 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 start-ups 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 start-ups and small businesses.

The Company had long been providing the at-home pick up 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 "the at-home pick up 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.

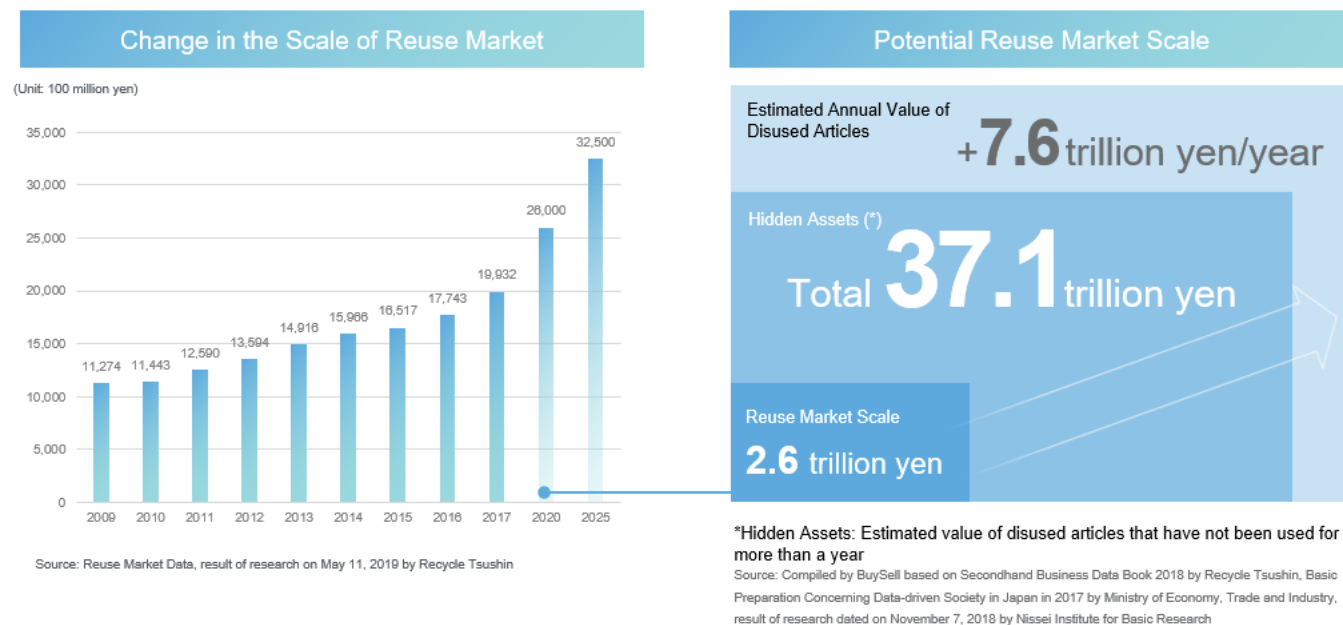
Mission	Beyond people, beyond time, we aim to become a bridge connecting important things.
Value	Immediately connect: start immediately, complete immediately, and move on Connect oneself: don't evaluate, move your hands Connect without fear: change yourself, change your organization, and continue to challenge to change the world

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)

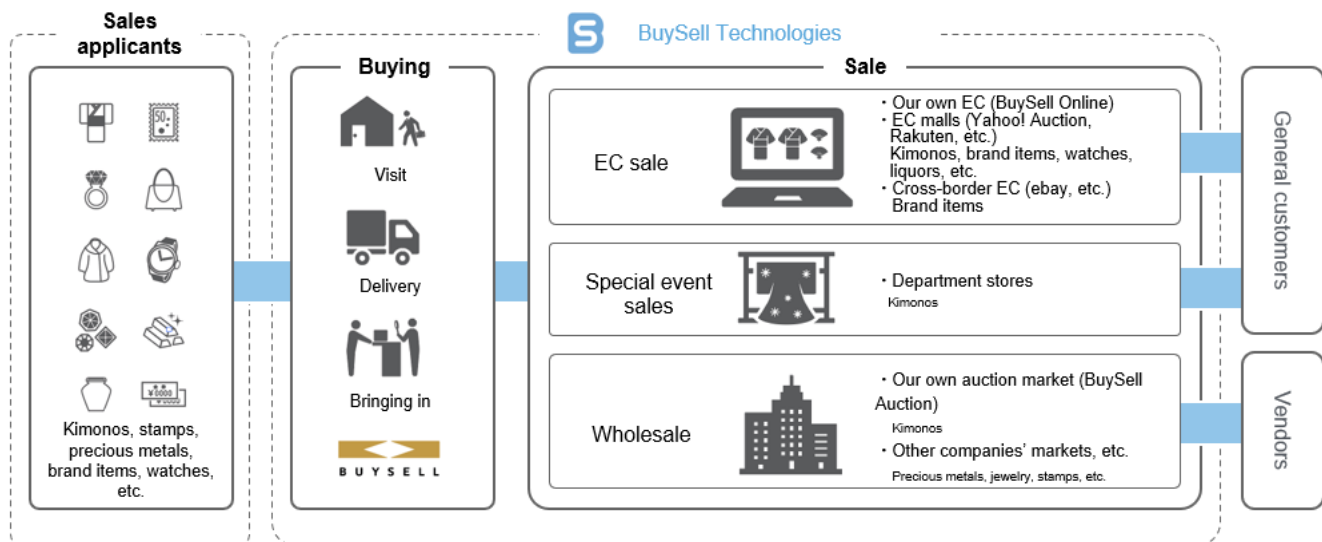
BuySell Technologies intends to develop reuse markets with large growth potential by digging up potential products that constitute "hidden assets at home" sleeping at home through its strength in the at-home pick up service.

[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 at-home pick up 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.

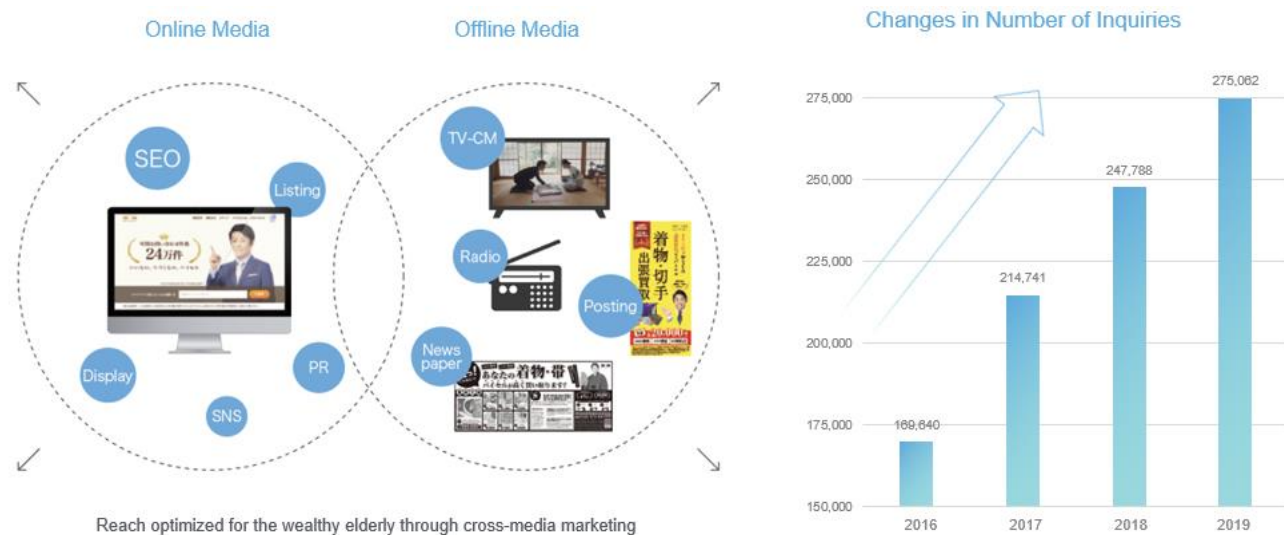
The Company develops cross-media marketing that leverages "the Internet", such as SEO (Search Engine Optimization), listing ads, and SNS, as well as "the mass media" centered on TV commercials. In addition to advertising operations from a macro perspective based on market conditions and seasonality, 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 "at-home pick up service" meeting a wide range of customer needs

◎The At-home Pick up Service

"The at-home pick up 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 "the at-home pick up 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 at-home pick up 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, "the at-home pick up 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.

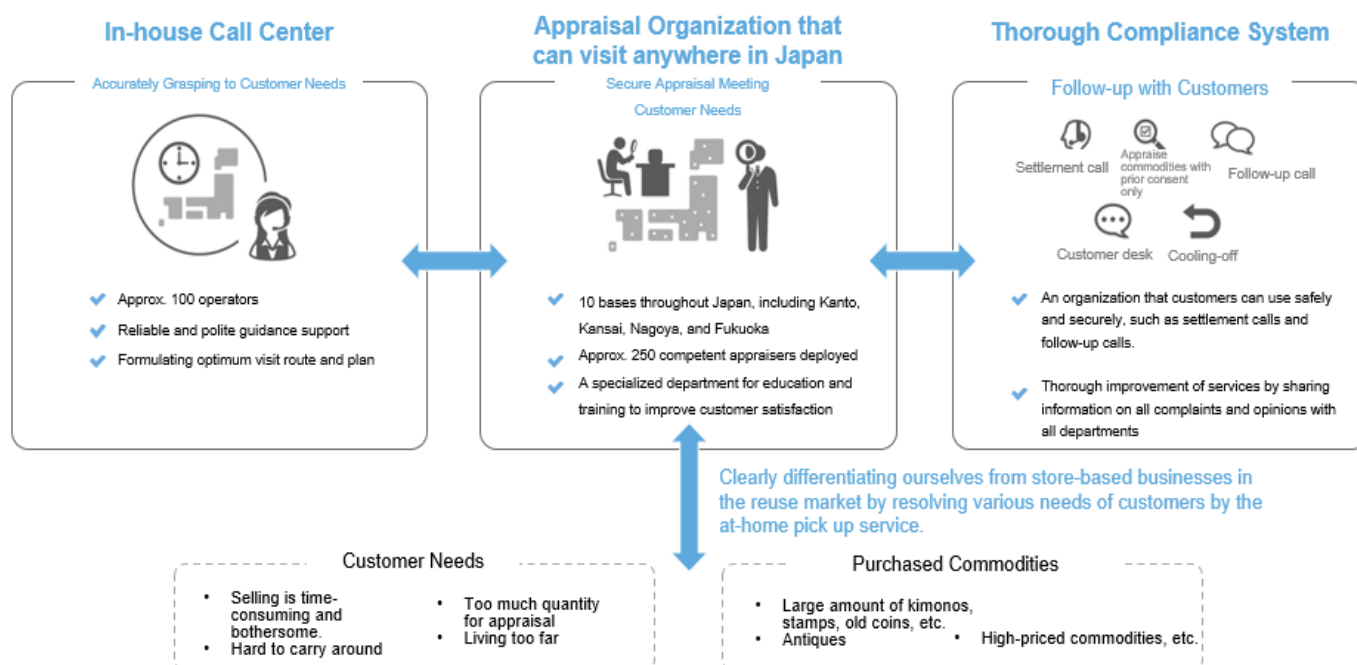
The assessors alone cannot make a decision on the contract, and the compliance department calls the customer at the time of the contract and issues a decision call to confirm the contents of the sales contract (confirmation of the product, the price and the customer's satisfaction with the price), after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

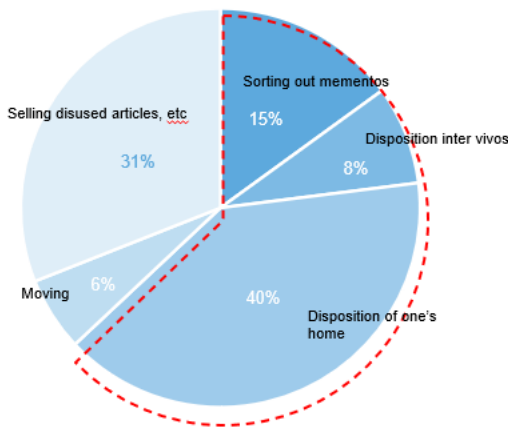
◎Products

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 the at-home pick up 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.

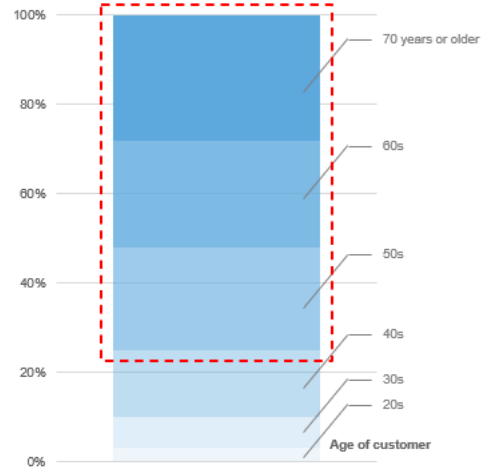
Reason for Using our Service



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

Source: Compiled by BuySell based on the result of interview on reason for using BuySell's service that was conducted in January to December 2019

Customer Segments



Wealthy elderly people 50 years or older account for 75% of BuySell's customers.

Source: Compiled by BuySell based on customer data collected in December 2019

(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 brandch ee", 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.

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 start-up 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.

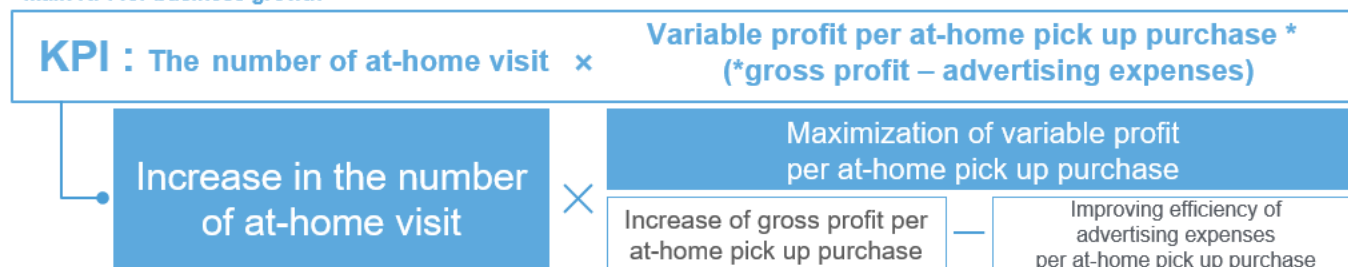
The Company runs its business with six high-quality executives, including two outside board directors, covering both offense and defense.

4) Main KPI: "the number of at-home visit" x "Variable profit per at-home pick up purchase"

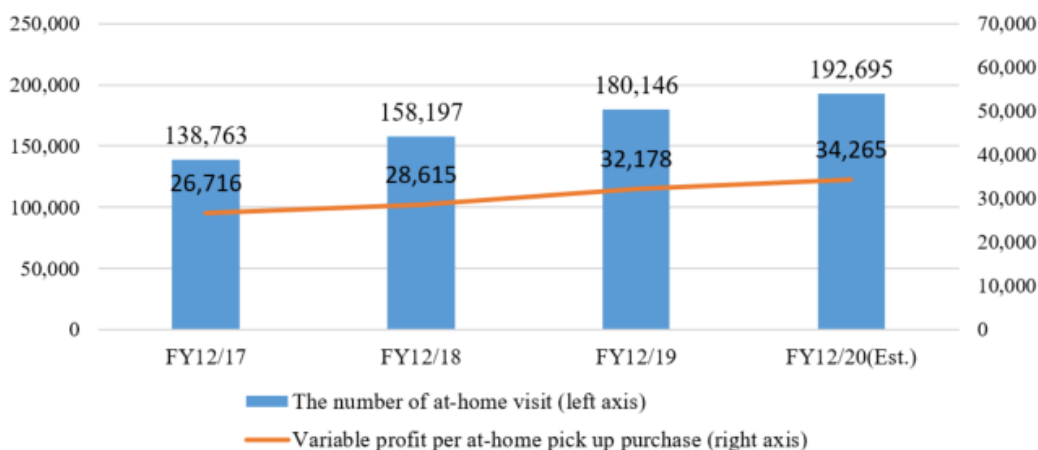
The Company has set "the number of at-home visit" x "Variable profit per at-home pick up purchase" as the main KPI for the reuse business.

It pursues an increase in the number of inquiries by raising awareness in order to increase "the number of at-home visit", and seeks to maximize Variable profit per at-home pick up 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 2.9% due to the impact of COVID-19. Due to the financing at the time of listing in December 2019, total asset turnover and leverage in FY ending December 2020 are expected to be lower than in FY ended December 2019. ROE for the current fiscal year is expected to decline significantly but will continue to stay at a high level.

2. The Second Quarter of Fiscal Year Ending December 2020 Earnings Results

(1) Business Results

	2Q FY 12/19	Ratio to Sales	2Q FY 12/20	Ratio to Sales	YoY
Net Sales	6,193	100.0%	6,351	100.0%	+2.6%
Gross Profit	4,095	66.1%	4,149	65.3%	+1.3%
SG&A	3,489	56.4%	3,932	61.9%	+12.7%
Operating Income	605	9.8%	216	3.4%	-64.2%
Ordinary Income	597	9.7%	213	3.4%	-64.2%
Net Income	386	6.2%	92	1.5%	-75.9%

* Unit: million yen

Sales increased, but operating income decreased significantly due to the impact of COVID-19

Net Sales for the second quarter of FY ending December 2020 increased 2.6% year-on-year to 6,351 million yen. Although affected by the new coronavirus (COVID-19) in the second quarter (April-June), sales increased in the second quarter cumulative period of FY ending December 2020.

Gross Profit Margin decreased 0.8 points year-on-year as a result of an increase in the ratio of purchases of precious metals with low-profit margins due to a steady gold market.

Operating Income decreased 64.2% year-on-year to 216 million yen. In the second quarter, profit decreased due to the impact of temporary business contraction, cancellation of department store events and cancellation/postponement of auctions. However, thorough cost control was implemented by controlling advertising expenses and partially reducing personnel expenses through the suspension of business and others.

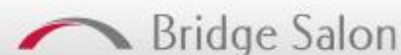
Net Income decreased by 75.9% year-on-year to 92 million yen. A loss of 30 million yen on the valuation of investment securities was recorded as an extraordinary loss.

(Main SG&A expenses)

	2Q FY 12/19	2Q FY 12/20	YoY
Advertising Expense	1,121	1,335	+19.1%
Labor Costs	1,017	1,100	+8.2%

* Unit: million yen

BRIDGE REPORT

**(2) Trends of Major KPI**

The number of at-home visit in the second quarter of FY ending December 2020 decreased to 85,924, down 2.2% year-on-year. It was affected by the temporary contraction of business due to the spread of COVID-19 infection.

Variable profit per home visit purchase decreased to 32,753 yen, down 3.3% year-on-year due to an increase in advertising expenses per home visit due to continuous TV commercial investment. Although it decreased, it remained at the same level as in the initial forecast due to thorough control of advertising expenses.

	2Q FY 12/19	2Q FY 12/20	YoY
The Number of At-home Visit	87,826	85,924	-2.2%
Variable Profit per At-home pick up Purchase	33,865	32,753	-3.3%

* Unit: case, yen

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

	End of 12/19	End of 6/20		End of 12/19	End of 6/20
Current Assets	3,923	3,772	Current Liabilities	1,763	1,462
Cash	3,197	2,779	ST Interest-Bearing Liabilities	377	408
Receivables	72	113	Accounts Payable	497	419
Inventories	550	672	Fixed Liabilities	566	883
Noncurrent Assets	668	878	LT Interest-Bearing Liabilities	549	871
Tangible Assets	205	221	Liabilities	2,330	2,346
Intangible Assets	236	381	Net Assets	2,261	2,304
Investments & others	227	275	Shareholders' Equity	2,272	2,302
Total Assets	4,592	4,650	Total Liabilities and Net Assets	4,592	4,650

* Unit: million yen

Total Assets at the end of the term went up 58 million yen from the end of the previous term to 4,650 million yen, mainly due to a decrease in Cash and an increase in Investments and others.

Total Liabilities increased 16-million-yen year-on-year to 2,346 million yen.

Net Assets increased 42-million-yen year-on-year to 2,304 million yen due to an increase in Capital and Capital Surplus.

As a result, the Equity Ratio rose 0.3 points from the end of the previous term to 49.5%.

As a result of the strategic carry-over of inventory following the suspension of some auctions and falling product prices, the inventory turnover period increased to approximately 50 days.

However, in the future, the Company plans to sell appropriately from the second half of the fiscal year, taking into consideration the trend of selling prices.

◎ Cash Flows

	FY 12/19 2Q	FY 12/20 2Q	Change
Operating CF	580	-342	-922
Investment CF	-177	-354	-176
Free CF	402	-697	-1,099
Financing CF	-381	282	+664
Cash and Equivalents	1,988	2,783	+794

* Unit: million yen

Operating CF and Free CF turned negative due to a decrease in Income before Income Taxes and others.

Financial CF turned positive due to Income from Long-term Debts, and the Cash Position rose.

(4) Topics**©DAI-YA Corporation, which develops reuse business, became a subsidiary.**

In August 2020, the Company announced that it will make DAI-YA Corporation which develops reuse business, a wholly owned subsidiary.

(Overview of DAI-YA Corporation)

DAI-YA Corporation was established in April 2009. It is developing reuse business centered on the operation of “TIMELESS AUCTION,” an auction of used items that sells approximately 200,000 items mainly branded bags per year, “TIMELESS,” a comprehensive purchase salon that purchase items at permanent stores and events of department stores, and “TIMELESS TOKYO,” the sales of a vintage item business.

Net Sales and Operating Income for FY ended February 2020 were 6,000 million yen and 400 million yen, respectively. Net Assets are 400 million yen.

(Background of becoming a subsidiary)

In addition to attracting different customer bases, by expanding the purchase quantity and products that utilize the strengths of respective purchase channels, acquiring new sales channels such as antique auctions and others, and promoting the use of DAI-YA corporation’s product transaction data reflecting the latest market price, while compiling a database of it, a significant synergistic effect will be created, leading to the enhancement of the corporate value of both companies.

Through the stock acquisition and stock exchange, BuySell Technologies will make DAI-YA Corporation a wholly-owned subsidiary in November 2020 and plans to move to consolidated financial results from the fourth quarter of FY ending December 2020. The deemed acquisition date is December 31, 2020, and since only the balance sheet is planned to be consolidated during the fourth quarter of the current consolidated fiscal year, the impact on business results for FY ending December 2020 is expected to be minor.

3. Fiscal Year Ending December 2020 Earnings Forecasts**(1) Business Results**

	FY 12/19	Ratio to Sales	FY 12/20 Est.	Ratio to Sales	YoY
Net Sales	12,828	100.0%	14,685	100.0%	+14.5%
Gross Profit	8,410	65.6%	9,619	65.5%	+14.4%
SG&A	7,564	59.0%	8,891	60.5%	+17.6%
Operating Income	846	6.6%	727	5.0%	-14.1%
Ordinary Income	817	6.4%	719	4.9%	-12.0%
Net Income	505	3.9%	425	2.9%	-15.9%

* Unit: million yen

Sales increase and profit decrease

Based on the impact of COVID-19, the Company announced the forecast for FY ending December 2020, which was previously “undecided.” Net Sales are expected to increase by 14.5% year-on-year to 14,685 million yen. Operating Income is expected to decrease by 14.1% year-on-year to 727 million yen. The Company is factoring in the business contraction due to the impact of COVID-19 from March to May and the impact of upfront investment during this term. The dividend is planned to be 15 yen per share, the same amount as in FY ended December 2019. The dividend payout ratio is expected to be 24.1%.

◎Fluctuating factors between the initial forecast for Ordinary Income (1,110 million yen) and the current forecast (719 million yen)

Factor	Change from Initial Forecast	Main Factors
Impact of COVID-19	-377	<ul style="list-style-type: none"> Impact of business contraction and auction cancellation, down 647 million yen. Advertising expenses control, up 158 million yen. Reduction of personnel costs by suspending operation, etc., up 110 million yen.
New Business Investment	-174	<ul style="list-style-type: none"> CASH business, down 70 million yen. Catalog mail-order business, down 44 million yen. Promotion of consumer trial at store, down 60 million yen.
Marketing Investment	-122	<ul style="list-style-type: none"> New TV commercial production investment, etc.
Growth of existing business	+290	<ul style="list-style-type: none"> Increase in Variable profit per at-home pick up purchase, up 1,313 yen (up 4% compared to initial plan).

In marketing, the Company will brush up “the branding advertisement” that was conducted in the fourth quarter of the previous fiscal year and will newly implement it, promoting the consumer perception that purchase service equals “BuySell.”

Variable profit per at-home pick up purchase is planned to increase 4.0% from the initial plan and 6.5% from the first quarter to 34,265 yen. It aims to achieve the target by improving the abilities of assessors and others.

Details of new business investment that will lead to growth from the next term will be presented later.

(Main SG&A expenses)

	FY 12/19	FY 12/20 Est.	YoY
Advertising Expense	2,613	3,016	+15.4%
Labor Costs	2,084	2,415	+15.9%

(Transition of KPI)

	FY 12/19	FY 12/20 Est.	YoY
The Number of At-home Visit	180,146	192,695	+7.0%
Variable Profit per At-home pick up Purchase	32,178	34,265	+6.5%

* Unit: case, yen

(2) The Impact of COVID-19 infection

Following the declaration of the state of emergency from April to May, the business operation of at-home pick up service was reduced from the viewpoint of safety protection for employees and customers and minimizing the impact of a decrease in the number of inquiries on business performance.

Recovery started in June, and normal business operations have resumed since July.

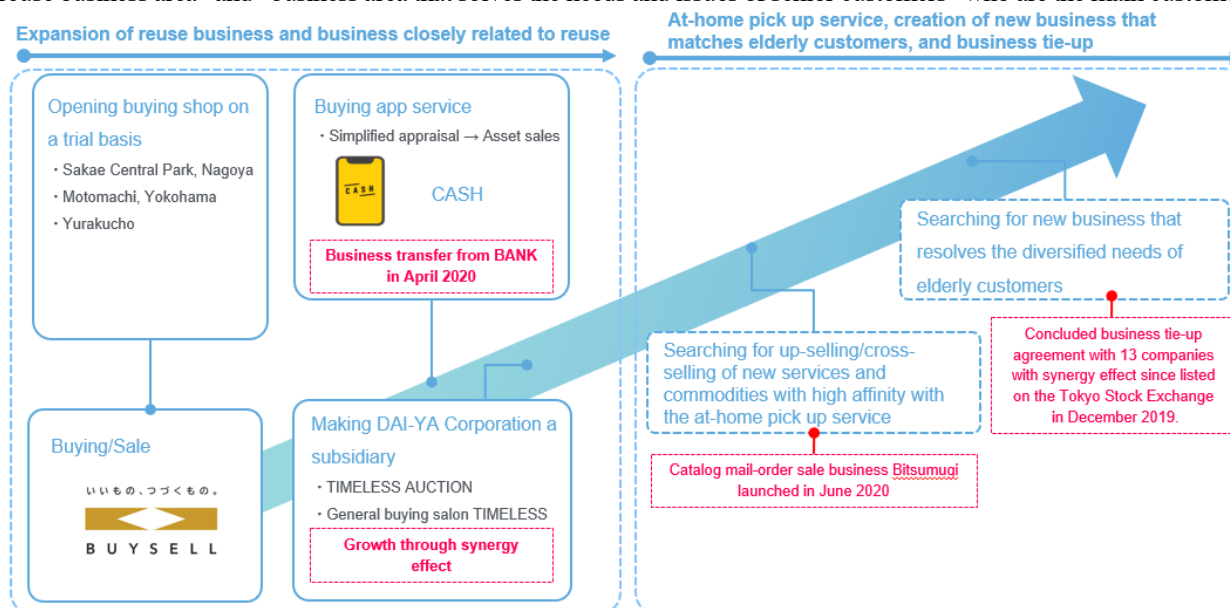
With regard to purchasing service, both the number of inquiries and business negotiation time have recovered to the initially planned level.

In terms of sales, domestic and overseas auctions have resumed, and EC sales have recovered to a level higher than initially planned. Department store events resumed and were held seven times in August.

In terms of costs, the Company plans to resume normal business operations and aggressively invest in advertising expenses.

4. Growth Strategy

In addition to the growth of the existing “at-home pick up reuse business,” the Company will promote the expansion of “unexplored reuse business area” and “business area that solves the needs and issues of senior customers” who are the main customer segment.



(Source: the reference material of the Company)

Specifically, the Company lists the below four initiatives.

(1) Trial opening of purchase store

The Company started a trial of store-based purchase service with the aim of expanding the take-out channel and further improving the reliability of the main service, the at-home pick up service. It will acquire new users by attracting customer base that is different from that of the main service, which is the at-home pick up service, and by attracting customers who are reluctant to use the at-home pick up service. In addition, it is expected that it will create a sense of security for customers due to the fact that it has a purchase store and will acquire synergies with the at-home pick up service.

In addition to opening the Yokohama Motomachi store in July 2020, it plans to reopen the Nagoya Sakae Central Park store, which opened in December 2019, in September, and open the Yurakucho store in October 2020.

The Company will consider future store opening plans while looking at the synergies between the customers who use the stores, products purchased, and the at-home pick up service.

(2) Start of app purchase business "CASH"

In April 2020, the Company expanded its purchase channels beyond the at-home pick up service by acquiring and starting the app purchase business “CASH” with the aim of acquiring customer segments other than senior segment (age 20-40s) and expanding the range of products handled and others.

◎Expansion of product range

“Game,” “Alcohol,” “Shoes,” “Accessories/Jewelry,” “Bag,” “Fashion accessory” and “Watch” have been added to the product list.

Going forward, the Company will strive to further expand the product range through alliances with other reuse companies.

◎Introduction of the appraisal scheme

In July 2020, the Company introduced a “specialized appraisal,” which is a professional appraisal of each product, from the viewpoint of offering fair prices and introducing authenticity appraisal and assessment of high-priced products.

For high-priced products, in addition to authenticity appraisal and assessment, the Company will offer appraisal prices that take into account market trends and others to ensure appropriate pricing.

In the future, the Company plans to expand to various business destinations. It aims to provide a service that makes it possible for customers to experience “selling goods” more closely and with peace of mind by introducing a scheme that allows them to fully appraise their belongings at various places.

(3) Launch of "Bitsumugi" catalog mail-order business

In June 2020, the Company launched “Bitsumugi,” a catalog mail-order service that handles health foods, supplements, cosmetics and others for seniors, with the goal of maximizing life opportunities for seniors who are its main customers.

The Company takes advantage of the affinity with the at-home pick up model, in which senior wealthy people in their 50s and above account for about 75% of customers.

At the initial stage of the launch, the Company started verification with a minimum of customers, mainly those who used the latest at-home pick up service with the number of products limited to around 6. The Company plans to decide future investment policies by carefully observing customer trends and KPI of product sales for about 6 months.

(4) Expansion of Consumer and Overseas Sales Channels

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.

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
Sorting out mementos Disposition of one's home	Relief Corporation	Operating cleaning and organizing services nationwide, such as pre departure decluttering cleaning, removing disused articles and removing articles left by deceased, and others.
	MIKAWAYA21 Inc.	Focusing on the Magokoro (sincerity) support business, which supports daily “small problems” of seniors nationwide.
	Kamakura Shinsho, Ltd.	Operating portal sites such as “Good Funeral,” “Good Buddhist Altar,” and “Good Grave” in the life-ending business area.
	Syukatsu Net Corporation	Operating portal sites in the life-ending business area such as “Syukatsu Net's Funeral,” “Syukatsu Net's Buddhist Monk,” “Syukatsu Net's Grave,” “Syukatsu Net's Magazine.”
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.
	Home Net & Sons Ltd.	Developing used real estate revitalization and sale business such as used property's renovation and trading, and others in major cities throughout Japan (Sapporo,

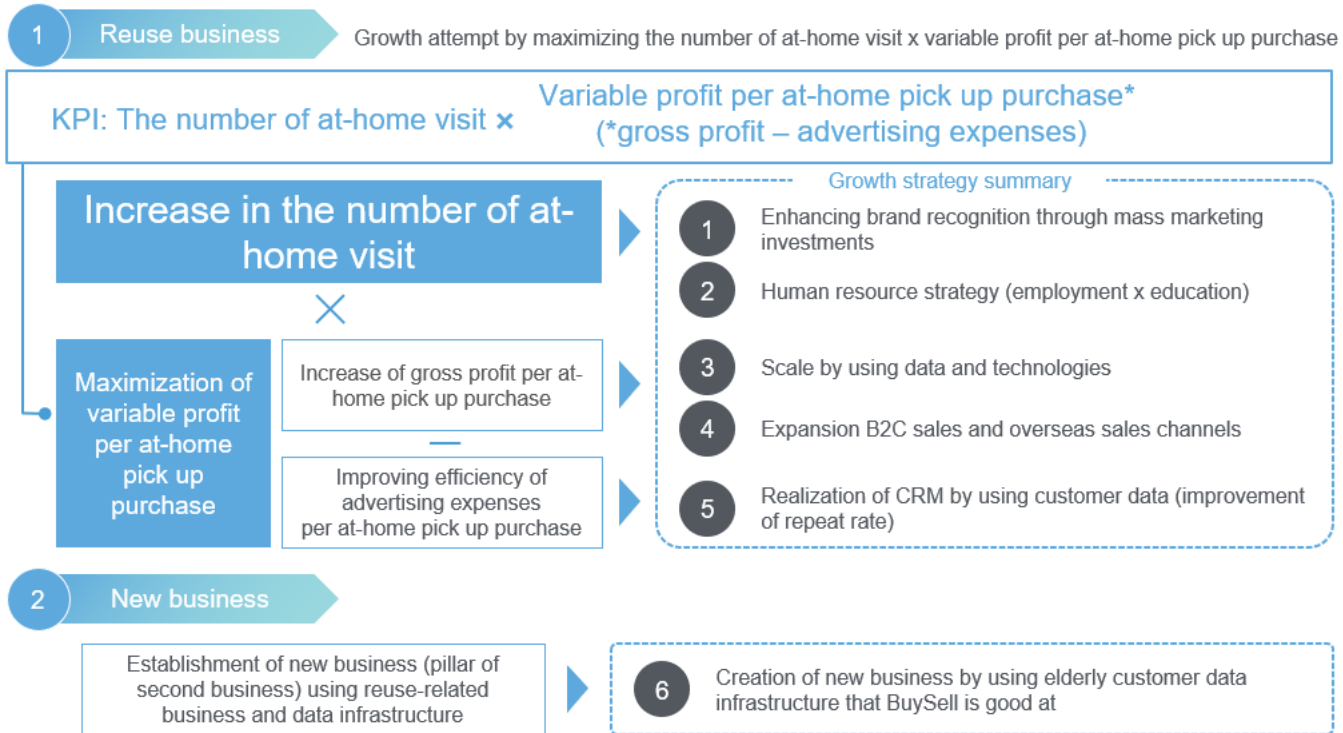
BRIDGE REPORT



		Sendai, Nagoya, Osaka, Hiroshima and Fukuoka).
	Xross Solutions Co., Ltd.	In addition to operating and managing about 450 buildings and 5,000 rooms such as share houses, furnished apartments and monthly properties mainly in the 23 wards of Tokyo, developing real estate-related solution business (land / building utilization, asset reorganization and others), including brokerage business in real estate sales and leasing nationwide.
	List International Realty Co., Ltd.	Developing real estate business centered on brokerage of real estate sales and leasing.
	KATITAS Co., Ltd.	Developing used housing renovation business at more than 100 bases nationwide.
Inheritance Consultation	BSP Group, Inc.	Providing advice and guidance on tax filing and inheritance support
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.
	Otto Japan Inc.	Developing online catalog mail-order business of fashion and lifestyle goods for women.

5. Growth Strategy in the at-Home Pick up Reuse Business

The Company will implement the following five growth strategies in the at-home pick up reuse business, which is its existing core business.



(Source: the reference material of the Company)

(1) Promoting Brand Awareness Through Mass Marketing Investment

The awareness and the usage record of "at-home pick up 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 "at-home pick up 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 the "at-home pick up 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 at-home visit" and the efficiency of "advertising expense per at-home pick up 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 appraisers with high-level hospitality and expand "the number of at-home visit" and "Gross Profit per at-home pick up 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 99 new graduates (including 64 in the Reuse Business Department) in 2020 by leveraging its strength in recruitment.

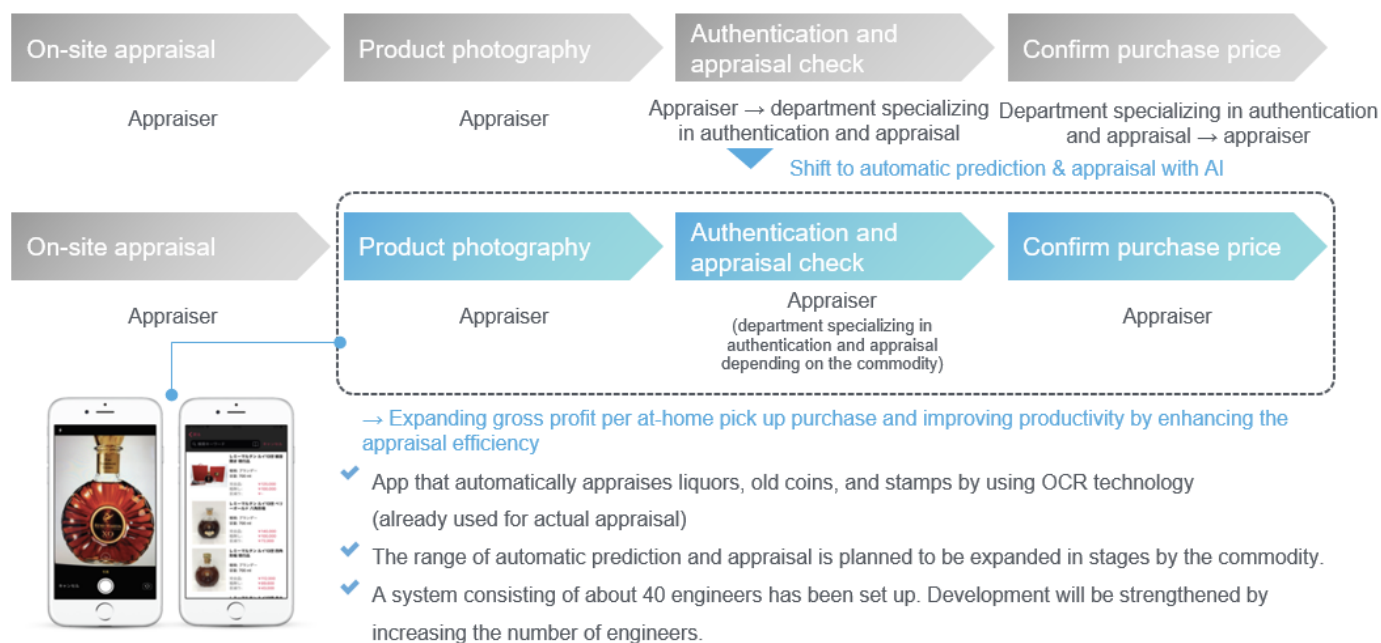
Regarding education, a systematic education and training system for appraisers has been introduced by the "Enablement Department", a specialized department for education and training.

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

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 appraisal data and technology to automate appraisals and pricing using machine learning technologies. It aims to increase "Gross Profit per at-home pick up purchase" by maximizing purchase volume by improving the efficiency and productivity of appraisals. Some of these measures have already been introduced, and the Company will increase the number of engineers to enhance technological development.



(Source: the reference material of the Company)

(4) Expansion of Consumer and Overseas Sales Channels

The Company aims to increase "Gross Profit per at-home pick up 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 at-home visit" and the efficiency of "advertising expense per at-home pick up purchase".

Its own customer management system "GYRO" was launched in April 2020, utilizing customer and product analysis data. In February 2020, the Company launched a member site that uses LINE to improve the efficiency of communication with customers. To improve customer convenience, the site will help them place requests for at-home pick up 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 appraiser, and making a quick appraisal using product photos, and others will also be added.

6. Conclusions

In the second quarter of FY ending December 2020 (April-June), despite being greatly affected by COVID-19, under the current circumstances, the Company is forecasting a full-year increase in sales and a decrease in profit, but this is largely due to new business investment and marketing investment and variable profit per at-home pick up purchase as the main KPI is expected to exceed not only the same period of the previous year but also the initial plan set in February. The prospects of the impact of COVID-19 is still uncertain, but we would like to pay attention to the disclosure in the third quarter. From a medium-term perspective, we would like to expect the growth of the existing “at-home pick up reuse business,” as well as the expansion of “the unexplored reuse business area” and the progress of measures to expand new business in “the business area that solves the needs and issues of the senior customers,” who are the main customer segment. Another important point to watch out for is how to quickly generate synergies DAI-YA Corporation which recently became a subsidiary.

<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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