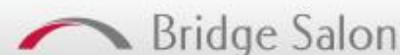


BRIDGE REPORT



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
¥2,383	14,013,120 shares	¥33,393 million	17.5%	100 shares
DPS (Est.)	Dividend yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)
¥12.00	0.5%	¥68.58	34.7 x	¥230.72
				PBR (Act.)
				10.3 x

* The share price is the closing price as of March 2, 2021. Each number is from the financial statement summary for FY ended December 2020.

Earnings Trend

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
December 2017	8,917	341	319	226	18.85	3.75
December 2018	10,118	496	472	329	27.50	5.50
December 2019	12,828	846	817	505	41.94	7.50
December 2020	14,764	968	922	565	41.12	7.50
December 2021 Est.	25,345	1,580	1,552	961	68.58	12.00

* The estimated values are based on the forecasts made by the Company. On January 1, 2021, a 2-for-1 stock split was conducted. EPS and DPS were adjusted retroactively.

We will report the overview of BuySell Technologies' financial results for Fiscal Year ended December 2020 and future outlooks for Fiscal Year ending December 2021, and the key strategy.

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Key Points

- The sales for the term ended Dec. 2020 were 14,764 million yen, up 15.1% year on year. Sales were affected by the novel coronavirus in the second quarter (Apr. to Jun.), but started recovering in the third quarter. Gross profit margin, which had declined due to the increase in the ratio of purchased precious metals, whose profit margin is low, recovered to the level of the previous term, thanks to the increase in the ratio of sales to consumers. Operating profit rose 15.2% year on year to 974 million yen. The business shrank temporarily under the declaration of a state of emergency, and the company conducted upfront investment in new businesses and marketing, but profits grew, thanks to the growth of the at-home pick up service from the third quarter due to the needs for tidying up homes from an increasing number of people staying home, the healthy trend of gold price, etc.
- For the term ending Dec. 2021, sales and profits are estimated to increase significantly. In addition to the growth of the at-home pick up service, the performance of Timeless, which was acquired as a subsidiary, will contribute to full-year results, and it is forecasted that consolidated sales will grow 71.7% year on year to 25,345 million yen and operating profit will rise 63.2% year on year to 1,580 million yen. KPIs are projected to increase steadily. Considering the 2-for-1 stock split on Jan. 1, 2021, the dividend is to be 12.0 yen/share, up 4.5 yen/share from the previous term. The estimated payout ratio is 17.5%.
- In the second quarter (Apr. to Jun.), the number of at-home visits dropped 11.6% year on year, due to the significant impact of the novel coronavirus, but in the third quarter (Jul. to Sep.) and the fourth quarter (Oct. to Dec.), it showed a V-shaped recovery, leading to double-digit growth in sales and profits. This term, too, consolidated sales and profits as well as non-consolidated ones are estimated to increase considerably. The company expects that the impact of the second declaration of a state of emergency will be limited compared to the previous one, but we would like to see the results for the first quarter (Jan. to Mar.).
- On the other hand, from the mid-term viewpoint, we are interested in how the synergy with the subsidiary Timeless will be exerted as well as in the growth of the existing at-home pick up reuse business. Among key strategies, we would like to pay attention to how the company will (a) accelerate the technological strategy after the appointment of the new CTO, (b) commercialize the seniors-related domain utilizing customer needs, and (c) execute M&A actively for maximizing business synergy, and how quickly they will earn revenues.

1. Corporate Overview

BuySell Technologies operates 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 characteristics or strengths include the maximization of synergy with a variety of purchase and sales channels, the robust customer base centered around seniors, and the high-quality management. The Company is aiming for further growth by developing a huge potential reuse market and creating new businesses utilizing its customer base.

BRIDGE REPORT**[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	<p>Immediately connect: start immediately, complete immediately, and move on</p> <p>Connect oneself: don't evaluate, move your hands</p> <p>Connect without fear: change yourself, change your organization, and continue to challenge to change the world</p>

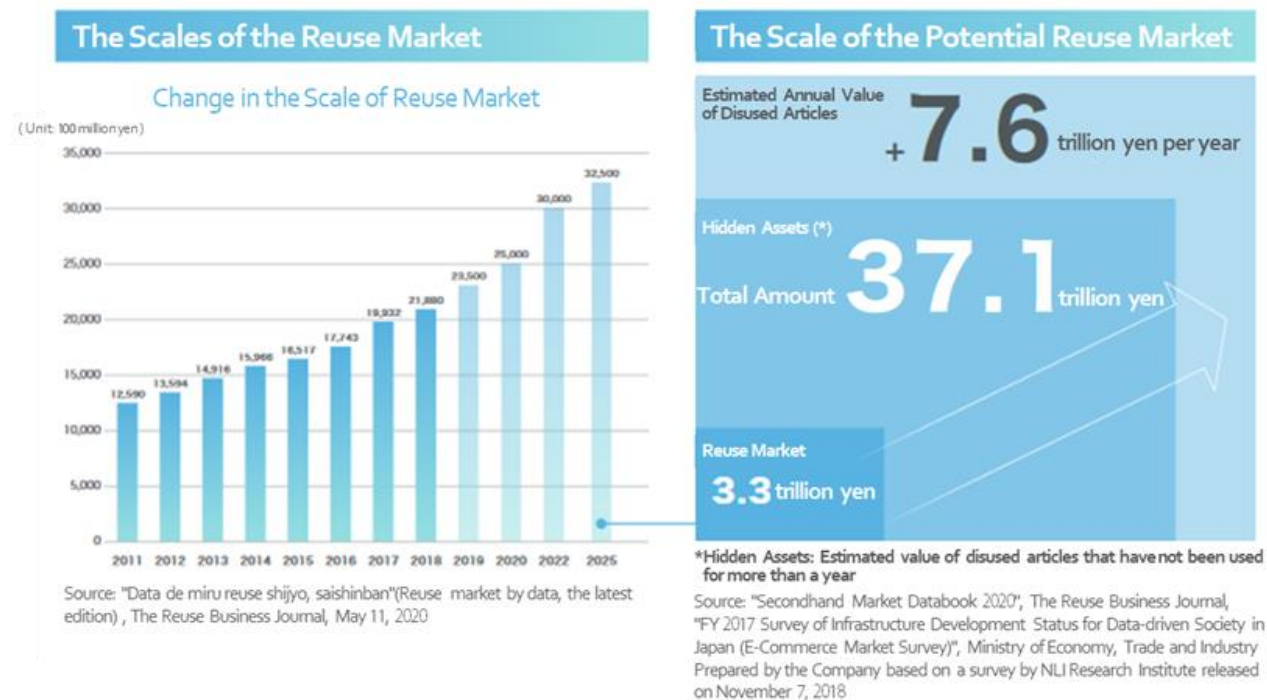
The Company believes that things have value that goes beyond their physical existence, and that properly connecting them is its mission and social existence value.

[1-3 Market Environment]

Although the reuse market is estimated to be approximately 3.3 trillion yen in 2025, 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.

BRIDGE REPORT



(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 with a focus on its strength in the at-home pick up service.

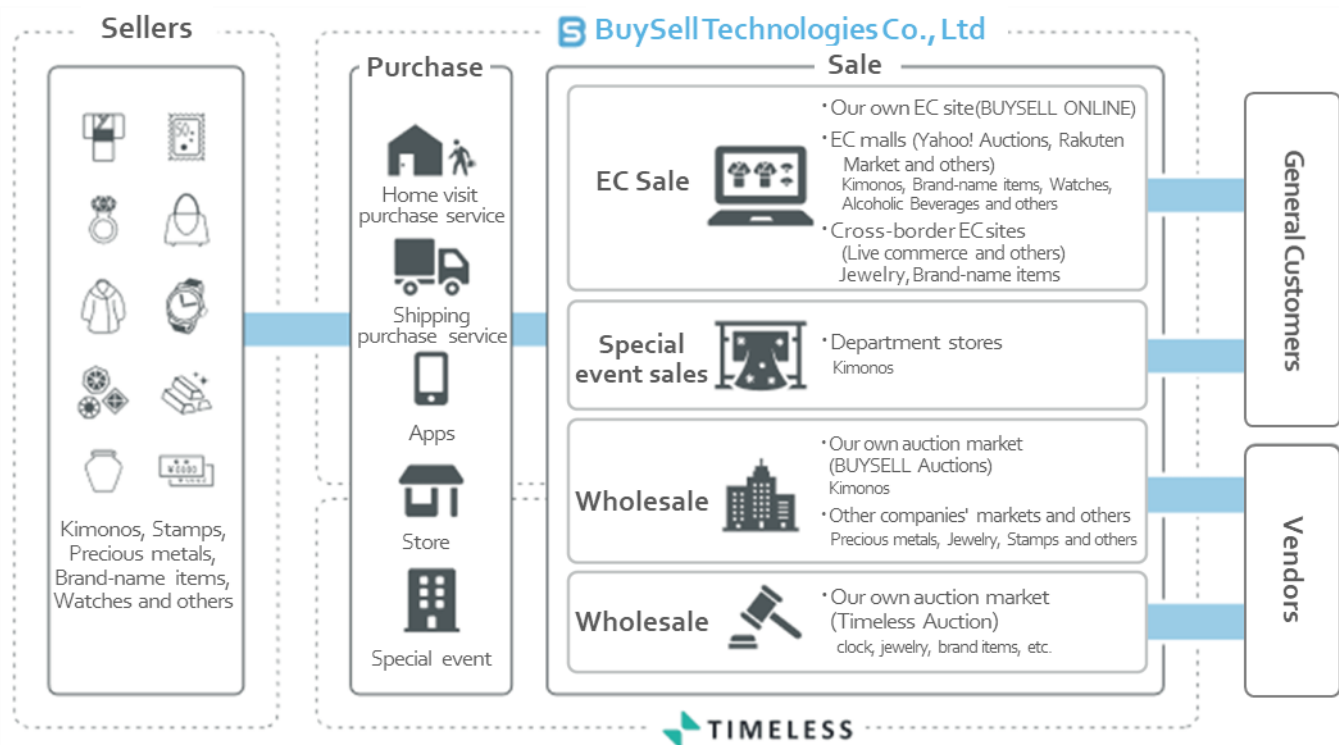
[1-4 Business Description]

(1) Business Model

The company and its subsidiary, Timeless, operate the reuse business by utilizing respective strengths in the Internet and in real transactions. 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 through 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", "Timeless Auction", which is held by Timeless Corporation, which was acquired as a subsidiary, and wholesale using other companies' markets.

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(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 appraisal, 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.

(2) Overview of Each Service

The Company's 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 appraisal 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.

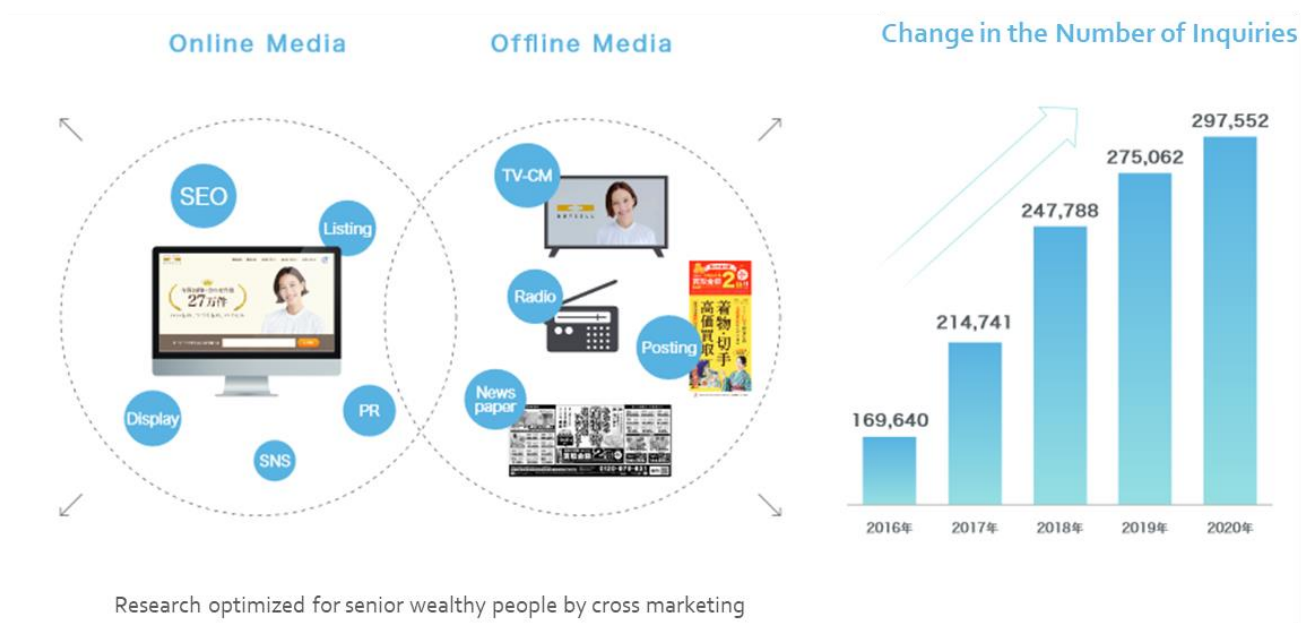
◎Inquiries: Providing services that meet customer needs and maximizing the efficiency of assessor operations

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.

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(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 appraisal 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 270 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 2020)

"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 appraisals 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 appraisal 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, appraisal 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.

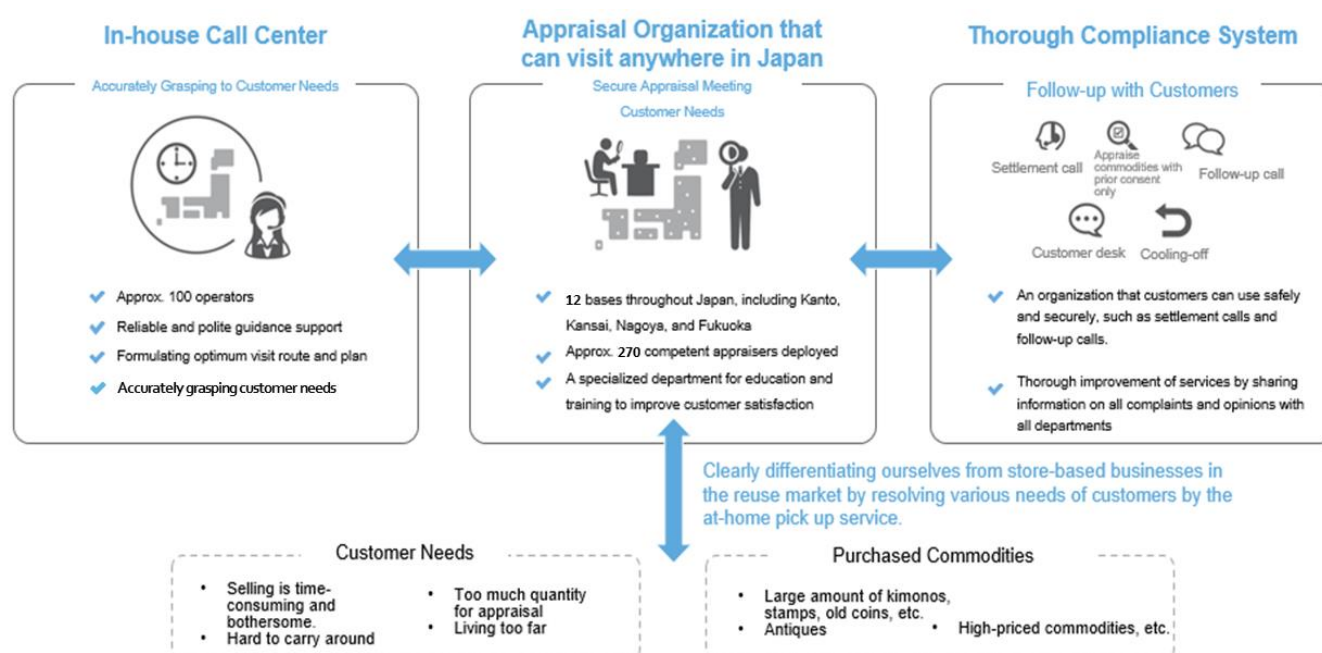
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◎Authenticity Appraisal

To ensure accurate appraisal and prevention of counterfeit purchase and assessors' fraudulent appraisal, the Company's appraisal system requires not only an on-site appraisal by a visiting assessor but also a double check by another assessor who specialize in authenticity appraisal and appraisal, 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

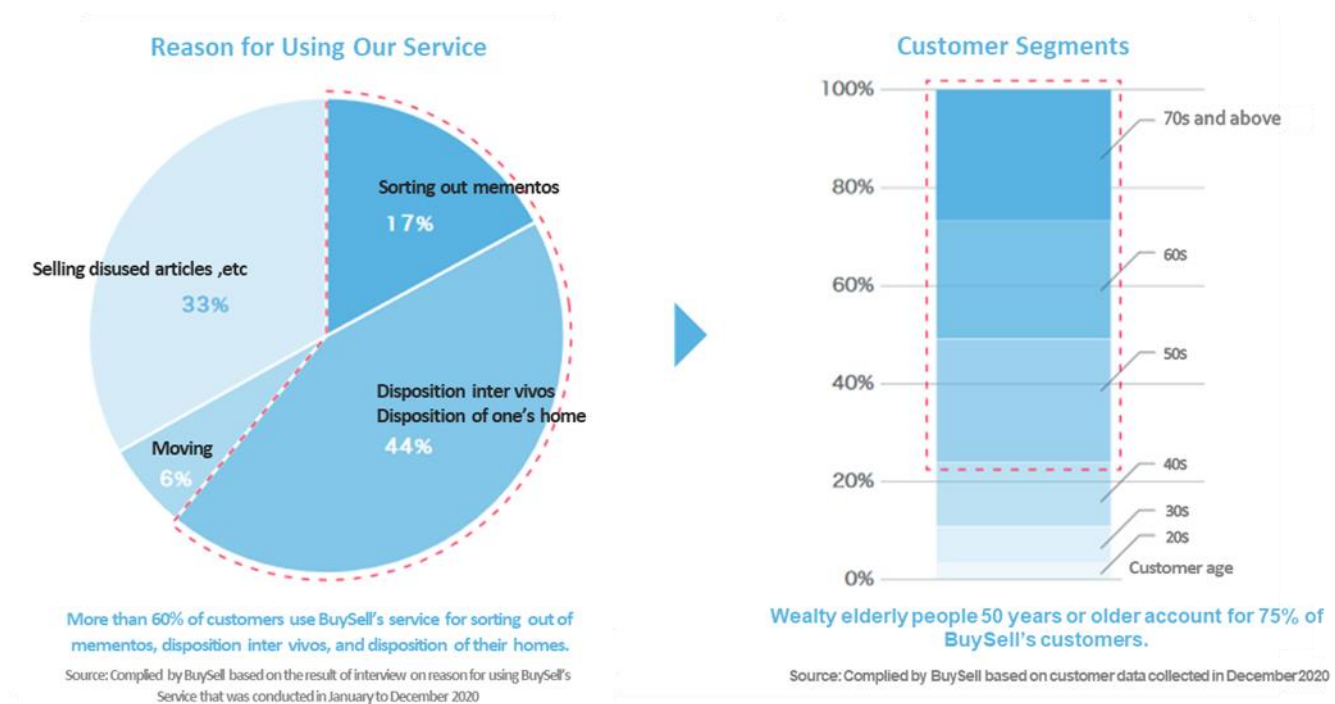
It mainly deals with kimonos, stamps, old coins, precious metals, jewelry, brand-name items, watches, antiques, furs, alcoholic beverages and others, and focuses mainly on products with high selling prices.

◎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 2020, customers in their 50s and over accounted for approximately 75% of all customers.

In addition, senior customers use the Company's purchase services for disposition of one's home, sorting out mementos and pre departure decluttering cleaning which account for approximately 60% of the reasons for using the services.

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(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 holds an auction of kimonos regularly at Narashino Warehouse, and actualizes appropriate sales at each quality level and the distribution of more goods through Timeless Auction, which is held by Timeless Corporation, which was acquired as a subsidiary.

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  e", which was opened on February 2020 and focuses on selling luxury reuse products such as brand-name items, watches, jewelry and alcoholic beverages.

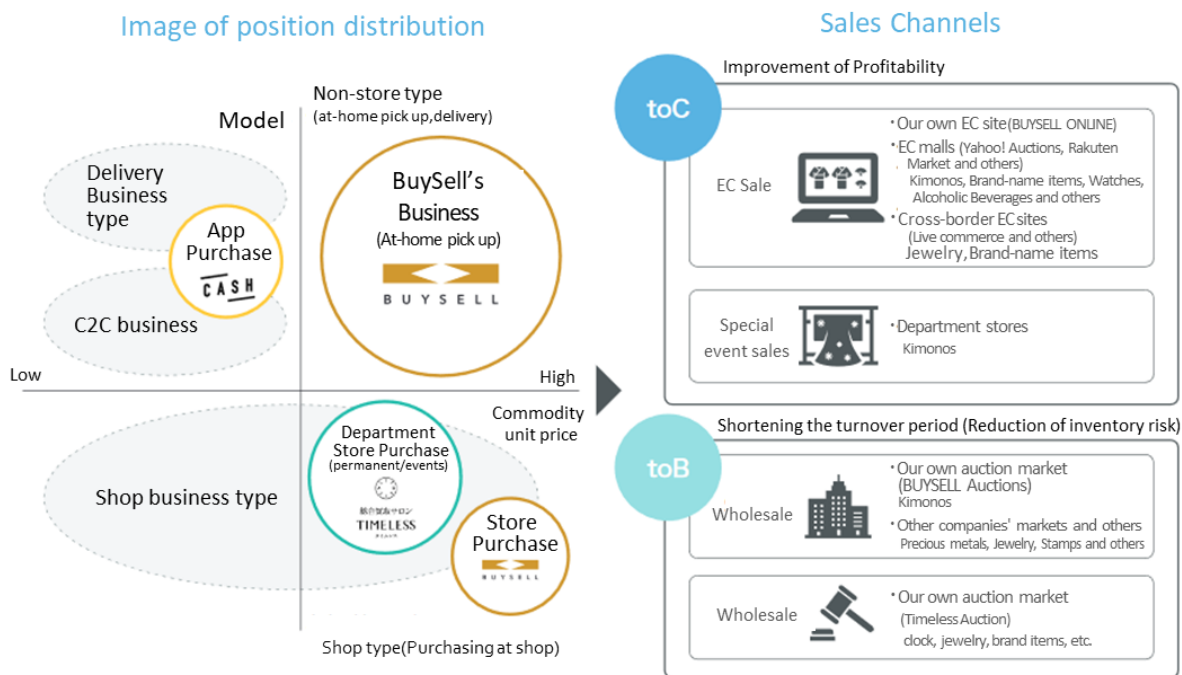
The Company aims to maximize Profits by expanding sales to general consumers while shortening the inventory turnover period (reducing inventory risk) through sales to corporations.

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.

[1-5 Strengths and Features]

1) Maximization of synergy with a broad range of purchase and sales channels

The company is striving to maximize synergy by utilizing the strengths of the company and its subsidiary, Timeless, based on a wide array of purchase and sales channels of the two companies. 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 "the at-home pick up 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 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.

At the annual meeting of shareholders in Mar. 2021, a new director and CTO will be appointed. The candidate Masayuki Imamura has the experience of engaging in a variety of digital transformation (DX) projects.

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

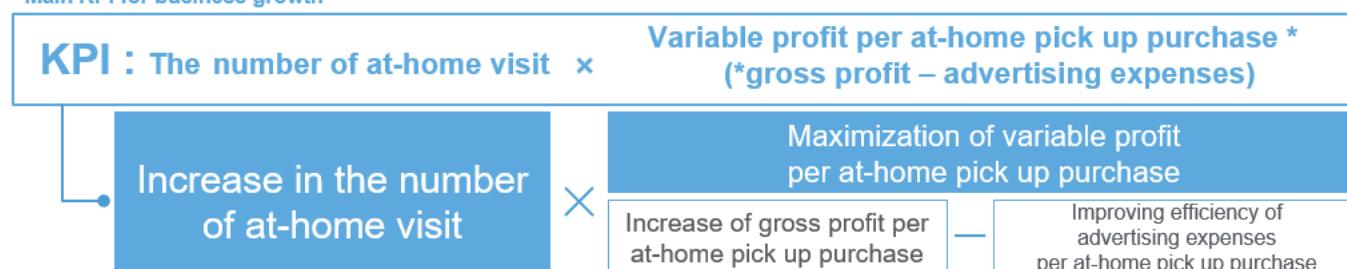
4) Main KPIs: "the number of at-home visit" x "Variable profit per at-home pick up purchase"

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

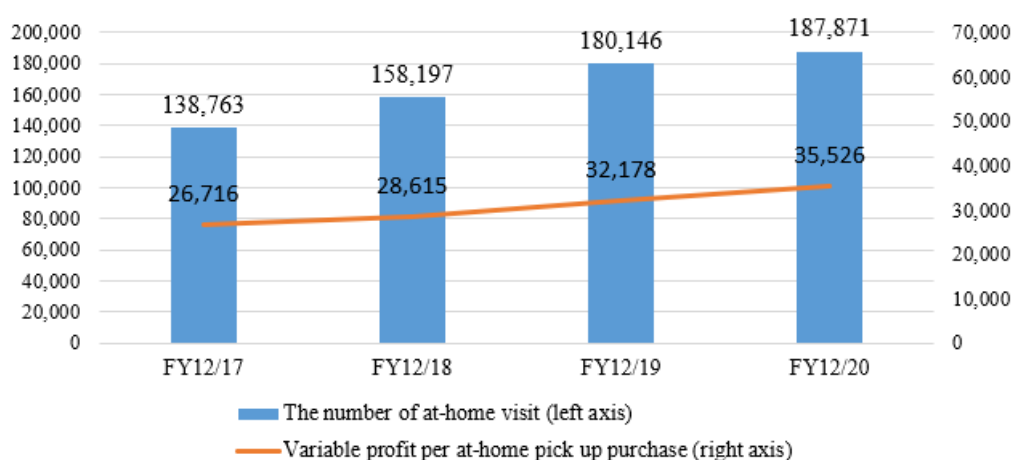
It pursues an increase in the number of inquiries by raising awareness in order to increase "the number of at-home visit", and seeks to maximize Variable profit per at-home pick up purchase by increasing the purchase of high-priced products and optimizing advertising expenses.

In the term ended Dec. 2020, the business performance was affected by the novel coronavirus, but both indicators exceeded those in the previous term for full-year results.

Main KPI for business growth



(Source: the reference material of the Company)



* Unit: case, yen

2. Fiscal Year Ended December 2020 Earnings Results

(1) Business Results(non-consolidated)

	FY 12/19	Ratio to Sales	FY 12/20	Ratio to Sales	YoY	Ratio to forecast revised
Net Sales	12,828	100.0%	14,764	100.0%	+15.1%	-0.8%
Gross Profit	8,410	65.6%	9,664	65.5%	+14.9%	-0.1%
SG&A	7,564	59.0%	8,690	58.9%	+14.9%	-1.3%
Operating Income	846	6.6%	974	6.6%	+15.2%	+12.4%
Ordinary Income	817	6.4%	928	6.3%	+13.6%	+13.2%
Net Income	505	3.9%	571	3.9%	+13.1%	+23.5%

* Unit: million yen. Non-consolidated numbers of FY 12/20 are from the reference material of the Company. Ratio to forecast revised is ratio to the forecast announced in November 2020.

Sales were affected by the novel coronavirus, but in the latter half, it showed a V-shaped recovery, leading to double-digit growth in sales and profits. Profits augmented from the estimates.

The sales for the term ended Dec. 2020 were 14,764 million yen, up 15.1% year on year. Sales were affected by the novel coronavirus in the second quarter (Apr. to Jun.), but started recovering in the third quarter. Gross profit margin, which had declined due to the increase in the ratio of purchased precious metals, whose profit margin is low, recovered to the level of the previous term, thanks to the increase in the ratio of sales to consumers. Operating profit rose 15.2% year on year to 974 million yen. The business shrank temporarily under the declaration of a state of emergency, and the company conducted upfront investment in new businesses and marketing, but profits grew, thanks to the growth of the at-home pick up service from the third quarter due to the needs for tidying up homes from an increasing number of people staying home, the healthy trend of gold price, etc.

(Main SG&A expenses)

	FY 12/19	FY 12/20	YoY	Ratio to forecast revised
Advertising Expense	2,613	2,990	+14.4%	-1.2%
Labor Costs	2,084	2,349	+12.7%	-1.8%

* Unit: million yen. Ratio to forecast revised is ratio to the forecast announced in November 2020. It is a single number.

Advertisement and personnel expenses augmented from the previous term, but fell below the revised estimates.

(2) Trends of Major KPIs

The number of at-home visits in the term ended Dec. 2020 was 187,871, up 4.3% year on year. It was smaller than that in the previous term until the second quarter, but it increased 3.5% in the third quarter (Jul. to Sep.) and 17.2% in the fourth quarter (Oct. to Dec.).

Variable profit per at-home pick up purchase increased 10.4% for full-year results, thanks to the recovery in the second half of the term.

	FY 12/19	FY 12/20	YoY
The Number of At-home Visit	180,146	187,871	+4.3%
Variable Profit per At-home pick up Purchase	32,178	35,526	+10.4%

* Unit: case, yen

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

	End of 12/19	End of 12/20		End of 12/19	End of 12/20
Current Assets	3,922	4,959	Liabilities	2,330	4,752
Cash equivalent	3,197	3,104	Interest-Bearing Liabilities	929	3,302
Inventories	550	981	Others	1,401	1,450
Noncurrent Assets	668	3,049	Net Assets	2,262	3,255
Subsidiary stock	-	2,077	Capital stock (including capital surplus)	1,140	1,637
Others	668	972	Retained earnings	1,132	1,601
Assets	4,592	8,010	Total liabilities and net assets	4,592	8,010

* Unit: million yen

Due to the syndicated loans for obtaining the shares of Timeless Corporation for transforming it into a subsidiary in Oct. 2020, assets and liabilities increased considerably.

As for inventory assets, the inventory turnover period increased from 42 days in the previous term to 54 days, due to the enhancement of sales to consumers and the strategic carrying-over of stocks for sales at online auctions of Timeless.

(4) Topics**1)DAI-YA Corporation, which develops reuse business, became a wholly owned subsidiary.**

As we mentioned in the previous report, with the effective date being Nov. 6, 2020, the Company announced that it will make Timeless, whose previous name was DAI-YA Corporation which develops reuse business, a wholly owned subsidiary.

(Overview of Timeless 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.

Timeless Corporation operates the cosmetics business in addition to the above-mentioned reuse business. Through the M&A, only the reuse business was acquired as a subsidiary.

Net Sales and Operating Income for FY ended February 2020 were 6 billion yen and 0.4 billion yen, respectively. Net Assets are 0.4 billion yen, among which the amount of the sales of the reuse business is 5.4 billion 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.

2) Appointment of a new director and CTO

In order to actualize further business growth by implementing more advanced technological strategies, the company decided to appoint a new director and CTO.

The candidate Masayuki Imamura engaged in a broad range of digital transformation (DX) projects as CTO, such as, product development for ZOZO, Inc., engineering organization management, including the recruitment, education, and evaluation of engineers, and the management of information systems and security risks.

He will be officially appointed through a resolution at the general meeting of shareholders on Mar. 24, 2021.

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**3) Implemented a stock split**

With the effective date being Jan. 1, 2021, a 2-for-1 stock split was carried out for the purpose of lowering price per investment unit, raising the liquidity of shares, and reeling in more investors.

4) Established BuySell Link Co., Ltd. as a special subsidiary for securing a stable working environment for disabled people

In Jan. 2021, the company established BuySell Link Co., Ltd. under the assumption that it would be approved as a special subsidiary in accordance with the Act for Employment Promotion etc. of Persons with Disabilities for the purposes of securing a stable working environment for disabled people and developing a workplace where disabled people can exert their abilities to the maximum.

Disabled workers sort out, pack, and dispatch products.

5) Conducted off-floor sales

On Mar. 3, 2021, off-floor sales were conducted for the purposes of improving the distribution of shares and liquidity.

The number of shares sold was 625,700. The price was 2,311 yen (the rate of discount from the closing price on the previous day: 3.02%).

3. Fiscal Year Ending December 2021 Earnings Forecasts**(1) Business Results****◎Consolidated**

	FY 12/20	Ratio to Sales	FY 12/21 Est.	Ratio to Sales	YoY
Net Sales	14,764	100.0%	25,345	100.0%	+71.7%
Gross Profit	9,664	65.5%	14,213	56.1%	+47.1%
SG&A	8,696	58.9%	12,632	49.8%	+45.3%
Operating Income	968	6.6%	1,580	6.2%	+63.2%
Ordinary Income	922	6.2%	1,552	6.1%	+68.2%
Net Income	565	3.8%	961	3.8%	+70.0%

* Unit: million yen

(Reference: Non-consolidated)

	FY 12/20	Ratio to Sales	FY 12/21 Est.	Ratio to Sales	YoY
Net Sales	14,764	100.0%	19,450	100.0%	+31.7%
Gross Profit	9,664	65.5%	12,656	65.1%	+31.0%
SG&A	8,690	58.9%	11,225	57.7%	+29.2%
Operating Income	974	6.6%	1,430	7.4%	+46.8%
Ordinary Income	928	6.3%	1,410	7.2%	+51.9%
Net Income	571	3.9%	932	4.8%	+63.1%

* Unit: million yen

Thanks to the strong non-consolidated performance and the subsidiary, sales and profits increased.

In addition to the growth of the at-home pick up service, the performance of Timeless, which was acquired as a subsidiary, will contribute to full-year results, and it is forecasted that consolidated sales will grow 71.7% year on year to 25,345 million yen and operating profit will rise 63.2% year on year to 1,580 million yen. KPIs are projected to increase steadily. Considering the 2-for-1 stock split on Jan. 1, 2021, the dividend is to be 12.0 yen/share, up 4.5 yen/share from the previous term. The estimated payout ratio is 17.5%.

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(Main SG&A expenses)

	FY 12/20	FY 12/21 Est.	YoY
Advertising Expense	2,990	3,413	+14.1%
Labor Costs	2,349	2,982	+26.9%

* Unit: million yen.

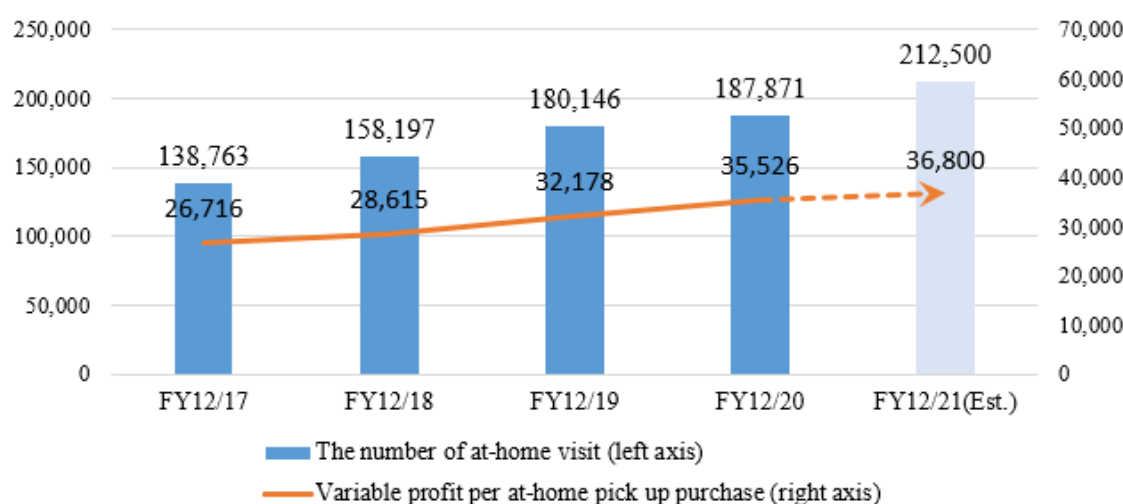
* Numbers are non-consolidated.

(Transition of KPIs)

	FY 12/20	FY 12/21 Est.	YoY
The Number of At-home Visit	187,871	212,500	+13.1%
Variable Profit per At-home pick up Purchase	35,526	36,800	+3.6%

* Unit: million yen.

* Numbers are non-consolidated.



* Unit: case, yen

(2) The Impact of COVID-19 infection

* Situation in 2020

In the wake of the declaration of a state of emergency in Apr. 2020, the company reduced the business operations of the at-home pick up service for minimizing the impact of the state of emergency on business results, so the number of at-home visits in the second quarter (Apr. to Jun.) was smaller than that in the previous year. In Jun., the company resumed normal business operations, and then the number of at-home visits and procurement amount per home visit increased from the previous term, and the business performance showed a V-shaped recovery.

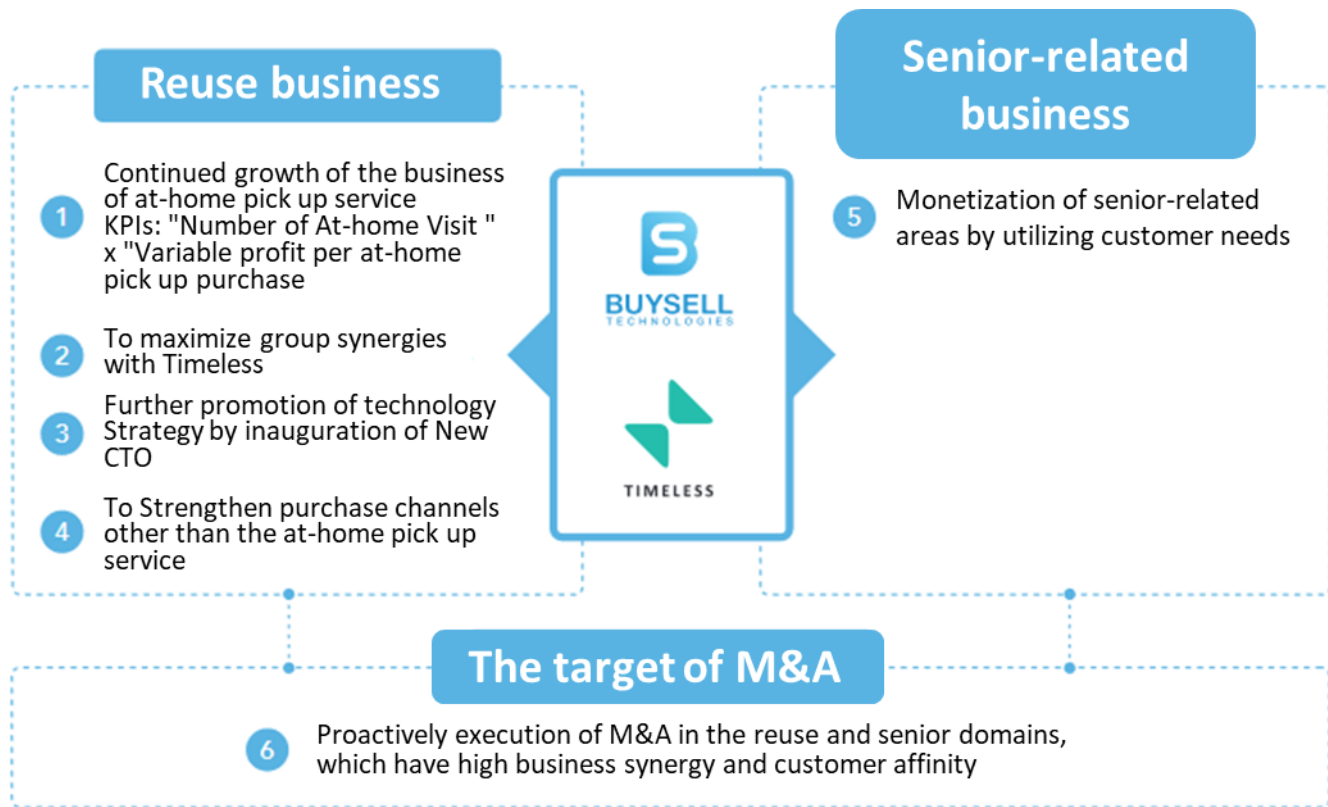
* Situation in 2021

In the wake of the second declaration of a state of emergency in Jan. 2021, the number of inquiries in Jan. was about 20% smaller than the initial estimate. The number of at-home visits in Jan. is on a downward trend, but the impact of the state of emergency on procurement amount per home visit is limited, compared to that in Apr. 2020.

The company aims to mitigate the impact of the state of emergency on business results by investing in marketing, designing efficient visit plans, and so on.

4.Key Strategy

The company will strive to grow the reuse business further, commercialize the domain related to seniors, and accelerate M&A, which has high business synergy.



(Source: the reference material of the Company)

Specifically, the Company lists the below six initiatives.

Key strategy (1)

(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.

In detail, the company will invest in mass marketing, mainly TV commercials. The Company aims to increase the rate (1) of imaging using "at-home pick up service", (2) that customers who want to use the service safely and securely choose "at-home pick up service", and (3) of organic inflow rate in the mid-long term. Then, The Company does "the number of at-home visit" and the efficiency of "advertising expense per at-home pick up purchase".

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To gain recognition through large-scale mass marketing investment

We will continue to invest in large-scale mass marketing, mainly through TV commercials, in order to increase recognition of "the at-home pick up service" and our "BuySell" service.



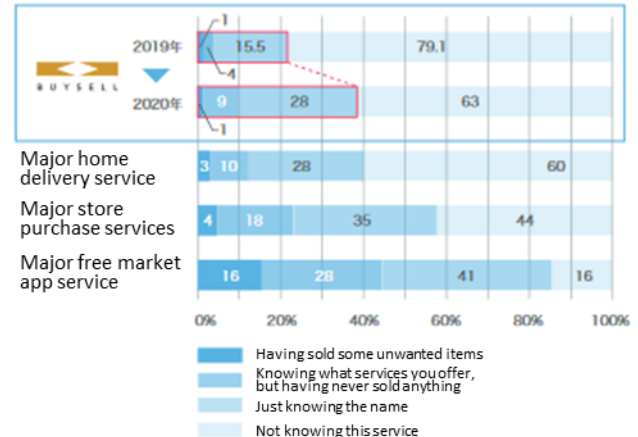
From October 2020, we will release a new TV commercial featuring Yoshino Kimura, who is popular among women in their 40s and older, the main target of our services.

we have been promoting the idea of "having someone come to your house" rather than "taking them to a store." when disposing of large quantities of unwanted items such as kimonos and stamps. By doing so, we aim to increase the recognition of "the at-home pick up service" and our "Buy Sell" service

the degree of recognition of "the at-home pick up" service in the reuse market

The marketing measures described on the left have been successful in raising awareness. We aim for competitive service level recognition by continuing to invest

Questionnaire survey on the use of "pick up services" for unwanted items in the home



Source: Compiled by us based on the results of the questionnaire survey (n = 29,713 respondents)

(Source: the reference material of the Company)

(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 118 new graduates (including 75 in the Reuse Business Department) in 2021 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 appraisal visit in about six months.

(3) Improvement in the ratio of sales to consumers, including overseas ones

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 branchée" 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". In the term ended Dec. 2020, the sales of their EC site, BuySell Online, and the sales of the live commerce business steeply grew 233% and 433%, respectively, year on year.

(4) Streamlining of business operations and acceleration of CRM based on data-driven business administration

Segmentalized data will be analyzed with the customer management system GYRO, utilizing data on customers and merchandise analysis.

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The company will try to improve KPIs by optimizing operations, and clarify customer needs by actualizing advanced CRM to improve the ratio of repeat customers and propose other services, etc.

Key strategy (2)**(1) Expansion of the Timeless auction business**

By offering the products of both BuySell and Timeless, the company aims to increase the amount and quality of products and the number of member enterprises. As for the auctions of watches, jewelry, and loose gemstones, the company will utilize the engineers of BuySell, to actualize online auctions.

After reorganizing Timeless into a subsidiary, the Timeless Auction, which had been held as a collaborative one with other companies, became a sole auction in Jan. 2021.

(2) Increase of permanent stores and events of Timeless

Through the enhancement of workforce and marketing capacity after M&A, the numbers of permanent stores and events of Timeless increased considerably. The number of permanent stores was 10 as of the end of 2020 (four as of the end of Mar. 2020), while the number of events held was 34 in 2020 (16 events held between Oct. and Dec. 2020).

The company aims to buy more items at permanent stores and events in department stores, which are used for the original business strategy of Timeless.

To do so, the company will strive to increase workforce through personnel exchanges and active recruitment, and enhance its marketing capability by giving joint proposals with the event sales business section of BuySell.

Key strategy (3): Acceleration of technological strategies

After the appointment of the new CTO, the company will accelerate its technological strategies with the aim of developing business further.

The gist of future technological strategies is as follows:

*** Maximization of purchase**

To streamline business operations by improving the precision of automatic appraisal based on AI, increasing available products, and reducing the person-hours of appraisal.

To establish the platform for purchase and reuse that can tolerate future M&A.

*** Maximization of sale**

To enhance the utilization and linkage of data of EC sites.

To streamline and expand the online auction business.

*** Launch of the R&D department**

To establish an organization specializing in research and development in the fields of reuse and auctions.

To create an innovation business utilizing the strengths and technologies of BuySell.

*** Strengthening of the development section**

To design mid/long-term technological strategies.

To recruit more engineers, enhance personnel development, and develop the brand for recruitment.

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**Key strategy (4)****(1) Opening more stores for purchase**

To expand purchase channels, the company has been purchasing items at stores on a trial basis since the previous term. Thanks to the synergy between the strengths of products they handle and the popularity of the at-home pick up service, the probability that purchase at stores will generate profits is expected to be high, so the company plans to open more stores mainly in the Tokyo metropolitan area. At present, four stores (Nagoya-Sakae Central Park Store, Yokohama-Motomachi Store, Yurakucho Store, and Shinjuku Subnade Store) are in operation. In Jun. 2021, Osaka Store is to be opened.

(2) Make CASH, a business for purchasing items via an app, profitable

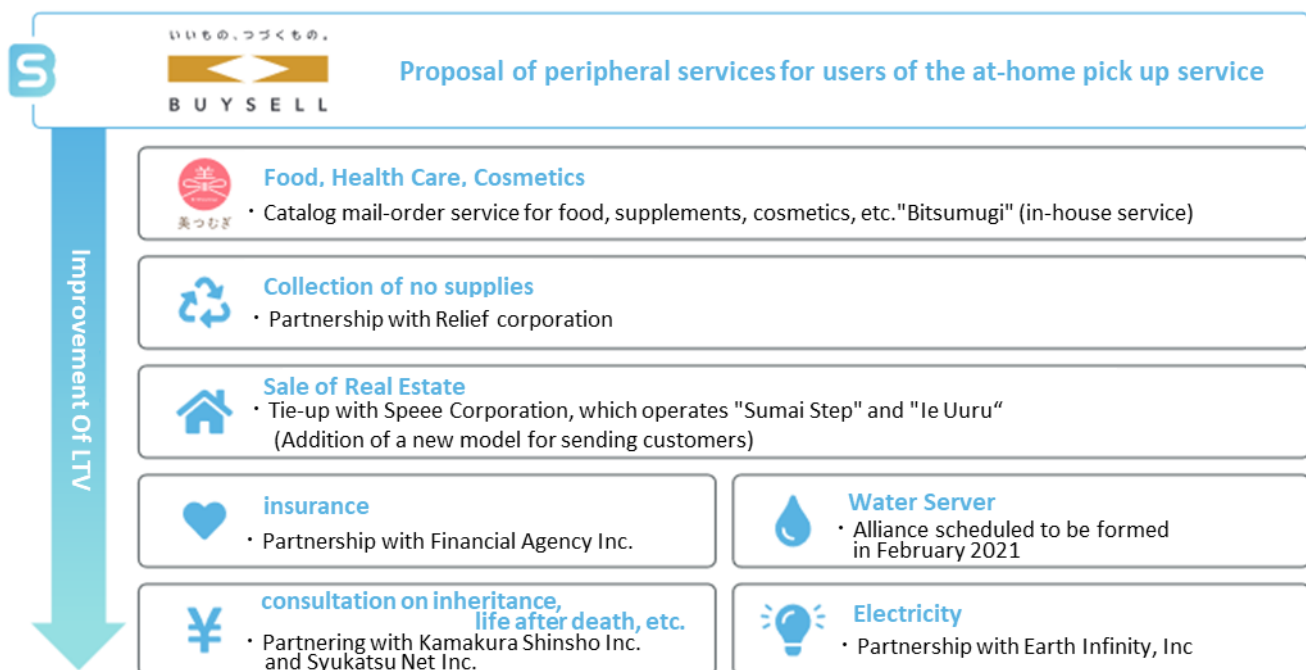
In Apr. 2020, the company acquired and started CASH, a business for purchasing items via an app, for the purposes of expanding procurement channels other than the at-home pick up service, increasing customers in their 20s to 40s in addition to seniors, handling more products and so on.

The company aims to make the business profitable, by dealing more products, installing an appraisal scheme, and renewing its systems.

Key strategy (5): Monetization of services related to seniors utilizing customer needs

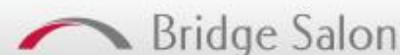
The company will promote services targeted at mainly seniors that can be monetized by meeting the needs based on the contact points with customers at the time of the at-home pick up service.

The company aims to improve LTV by offering peripheral services tailored to customer needs through in-house development or collaboration.



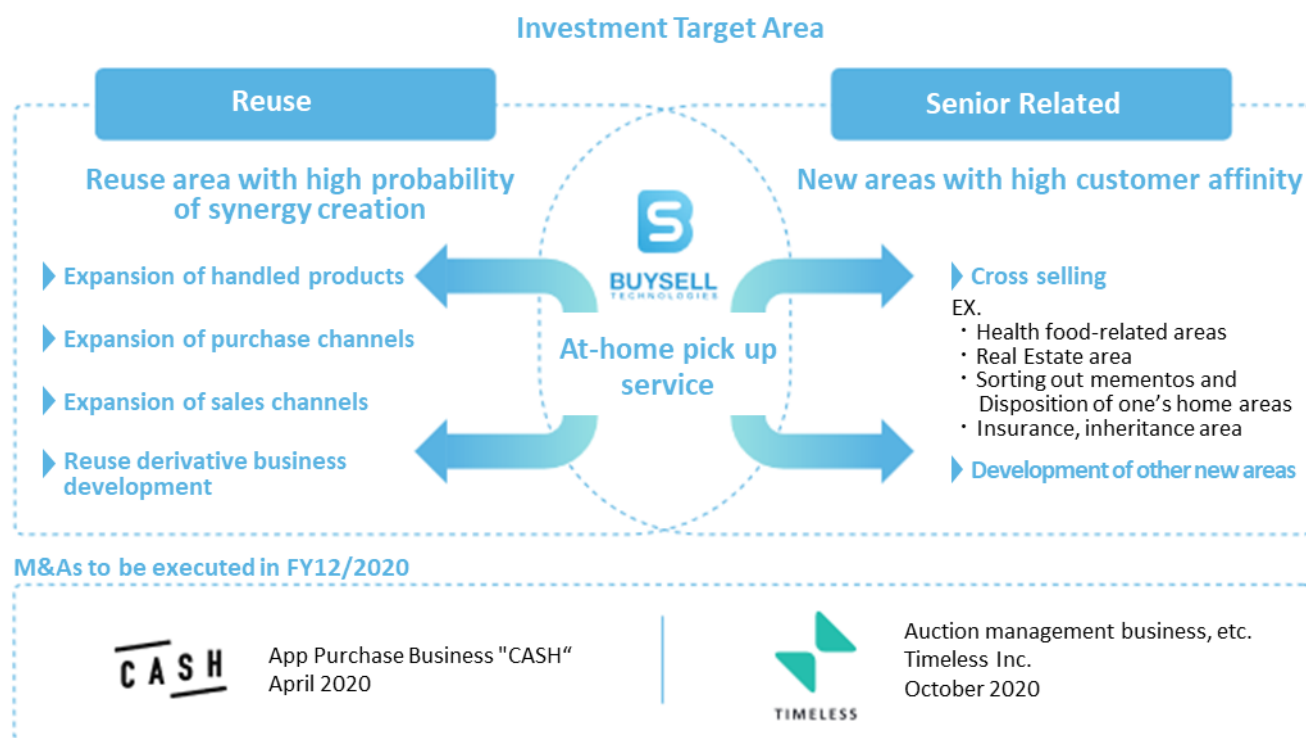
(Source: the reference material of the Company)

BRIDGE REPORT

**Key strategy (6): Execution of M&A for maximizing business synergy**

The company will actively implement M&A in the domains related to reuse and seniors that would exert business synergy and satisfy customers.

By utilizing the knowledge of optimization of business operation through data analysis, the company aims to grow group companies that have high reproducibility in the integration process after acquisition.



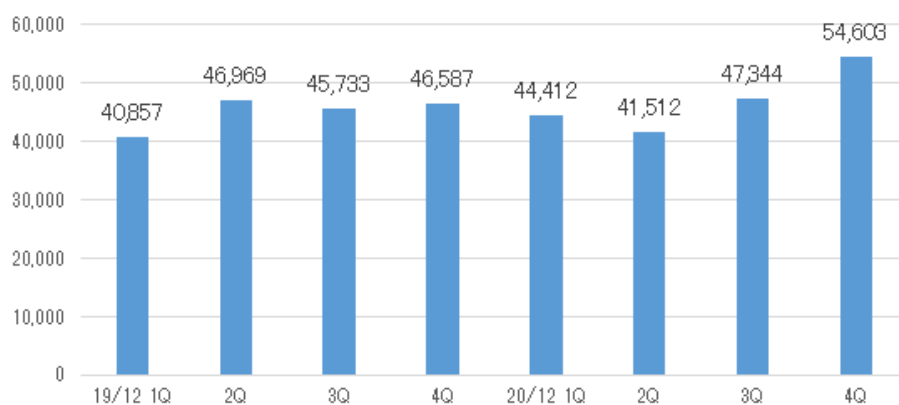
(Source: the reference material of the Company)

5. Conclusions

In the second quarter (Apr. to Jun.), the number of at-home visits dropped 11.6% year on year, due to the significant impact of the novel coronavirus, but in the third quarter (Jul. to Sep.) and the fourth quarter (Oct. to Dec.), it showed a V-shaped recovery, leading to double-digit growth in sales and profits. This term, too, consolidated sales and profits as well as non-consolidated ones are estimated to increase considerably. The company expects that the impact of the second declaration of a state of emergency will be limited compared to the previous one, but we would like to see the results for the first quarter (Jan. to Mar.).

On the other hand, from the mid-term viewpoint, we are interested in how the synergy with the subsidiary Timeless will be exerted as well as in the growth of the existing at-home pick up reuse business. Among key strategies, we would like to pay attention to how the company will (a) accelerate the technological strategy after the appointment of the new CTO, (b) commercialize the seniors-related domain utilizing customer needs, and (c) execute M&A actively for maximizing business synergy, and how quickly they will earn revenues.

The Number of At-home Visit



<Reference: Regarding Corporate Governance>

Organization type, and the composition of directors and auditors

Organizational Type	Company with audit and supervisory
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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