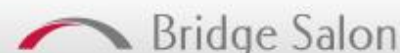


BRIDGE REPORT



President and CEO Kyohei Iwata

BuySell Technologies Co., Ltd (7685)



Company Information

Market	TSE Growth Market
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
¥6,150	14,268,888 shares		¥ 87,753 million	33.9%	100 shares
DPS (Est.)	Dividend yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥20.00	0.3%	¥137.20	44.8x	¥319.34	19.3 x

* The share price is the closing price as of September 27. Each number are taken from the brief financial report for the second quarter of FY ending December 2022. ROE and BPS are the results of the previous year.

Earnings Trend

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
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	24,789	2,315	2,295	1,314	93.26	14.00
December 2022 Est.	34,000	3,350	3,300	1,950	137.20	20.00

* 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.

This Bridge Report presents BuySell Technologies' financial results for the second quarter of fiscal year ending December 2022 and so on.

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[<Reference1: Medium-term Management Plan for 2024>](#)

[<Reference2: Regarding Corporate Governance>](#)

Key Points

- The sales in the second quarter of the term ending Dec. 2022 were 15,092 million yen, up 28.9% year on year. The number of appraisals for the purchase at BuySell stores, Timeless stores, and events and the purchase amount were healthy, due to the increase of home visits caused by the increase of inquiries, the continuous growth of sales to customers, the recovery of the flow of people caused by the significant decrease of people infected with the novel coronavirus, and the increase of needs for conversion into cash in response to the prices of gold, watches, etc. remaining high. Ordinary profit grew 17.7% year on year to 1,552 million yen. The improvement in variable profit per at-home pick up purchase, the increase of stores, etc. offset the impact of the augmentation of SGA and the carry-over of stock for improving the ratio of sales to customers.
- The earnings forecast has been revised upwardly, as the results in the first half were favorable, exceeding the forecast and business performance is expected to be healthy as forecasted in the second half, too. Sales are projected to grow 37.2% year on year to 34 billion yen, and ordinary profit is forecast to rise 43.8% year on year to 3.3 billion yen. The company will keep promoting at-home pick up purchase and sale to customers. The profit and loss of FOUR-NINE, Inc. will be included in the scope of consolidation from the fourth quarter, but it is conservatively forecast that operating profit will be zero, considering goodwill amortization, while the effects of FOUR-NINE on sales only are taken into account. As the company plans to conduct upfront investment in mainly personnel recruitment for mid-term growth, SGA has been revised upwardly, and SGA is projected to augment 35.6% year on year, but it is expected to be offset by sales growth, and profit is forecast to increase considerably. There is no revision to the dividend forecast, and the company plans to pay a dividend of 20.00 yen/share, up 6.00 yen/share from the previous term. The expected payout ratio is 14.6%.
- In August 2022, the company acquired FOUR-NINE, Inc., which operates stores for purchasing used goods nationwide, as a 100% subsidiary. The number of stores of the corporate group exceeded 200 in one go. The company aims to enhance the purchase of used goods from customers in the in-store purchase business, by operating differentiated stores at each company and triggering synergy among group companies, while increasing stores. From now on, both franchised and directly managed shops will sell goods to BuySell and Timeless, and by utilizing the sales channels of BuySell's direct sale to customers, the auctions of Timeless, etc., they are expected to increase sales volume considerably. Then, they will improve profit margin by selling goods to customers and expand the number of auction transactions. In addition, the company will provide the franchisees of FOUR-NINE, Inc. with the services of BuySell Reuse Platform (Cosmos), with the aim of accelerating the scheme of transforming the reuse platform into SaaS in the mid-term management plan.
- We asked President Iwata to give a message to shareholders and investors. He said, "The entire stock market is highly volatile, due to various uncertain factors, but I believe that our company's performance and growth potential are getting solid. I hope that you will keep an eye on our company's fundamentals. We plan to launch a wide array of measures for achieving mid-term goals, so please expect from the future of our company."
- The acquisition of FOUR-NINE, Inc. is an event that brings significant benefits to the progress of measures in the mid-term management plan, such as the store opening strategy and the scheme for shifting to SaaS. As the profit and loss of FOUR-NINE will be included in the scope of consolidation from the fourth quarter and synergetic effects are expected to

be produced from the next term, we would like to expect from their concrete progress. The progress rate toward the target operating profit in the first half is lower than that in the previous term, in which sales were curtailed through the strategic carry-over of stock for sale toward customers from the third quarter, making the performance in the first half better than that in the second half. The company considers that it is not difficult to achieve the upwardly revised forecast for the second half. We would like to pay attention to the situation from the third quarter.

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.

[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 Sales 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.

In April 2022, the company got listed on the Growth Market of TSE through the stock market restructuring.

[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.

In addition, the company is strongly aware of the need to address environmental issues and co-create with all stakeholders, and considers its group mission to be "contributing to the creation of a recycling-oriented society through the revitalization of the secondary distribution market to realize a sustainable society" and "pursuing sustainable growth and maximizing corporate value as a company that co-creates value with various stakeholders including customers, shareholders, employees and society.

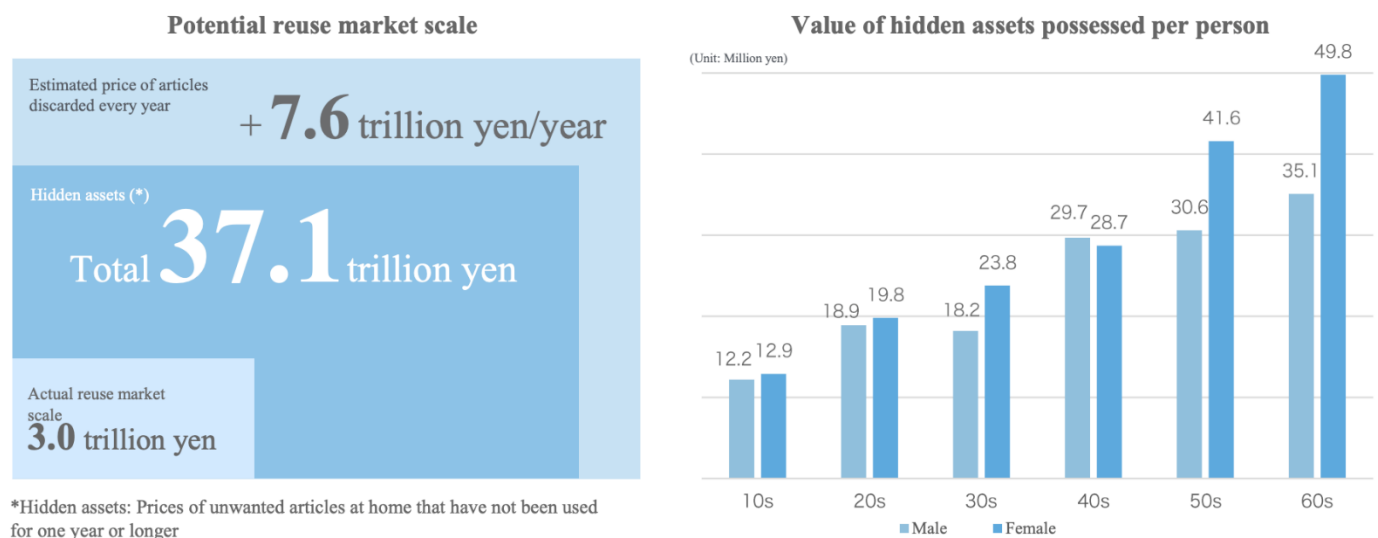
[1-3 Market Environment]

The scale of the reuse market is estimated to be about 2.4 trillion yen in 2020 and is expected to grow to 3.5 trillion yen by 2025.

However, this is only a figure for the actual reuse market, and the total potential size of the reuse market, including "hidden assets," which are unused items in houses that have not been used for more than one year, is estimated to be approximately 37 trillion yen.

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.

In terms of hidden asset holdings per capita in each age group, seniors in their 50s and older hold a significant portion.



(Source: the reference material of the Company)

[1-4 Business Description]

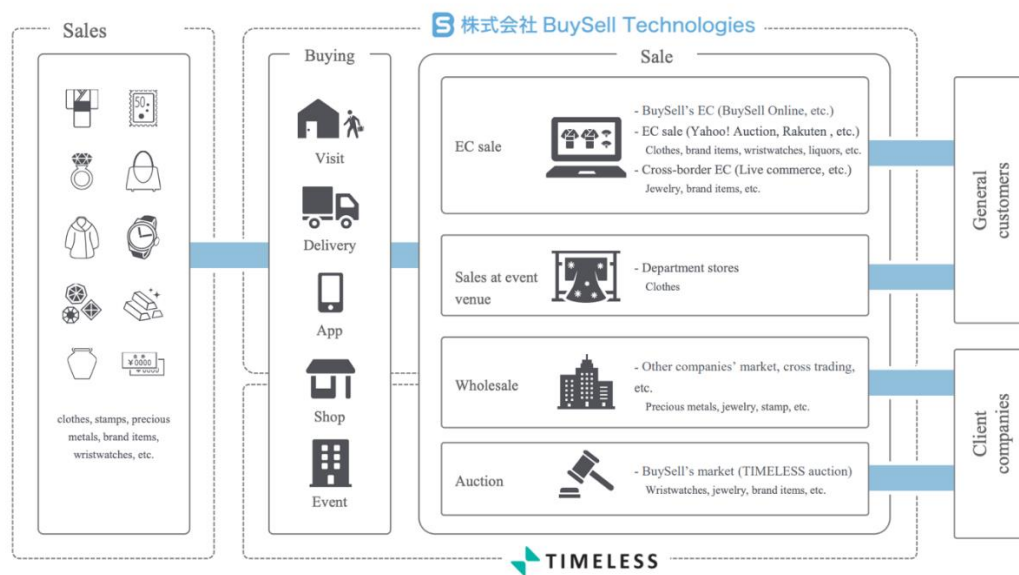
(1) Business Model

The company and its 4 subsidiary, TIMELESS, BuySell Link Inc., and FOUR-NINE, Inc. operate the reuse business by utilizing respective strengths in the Internet and in real transactions. (BuySell Link Inc. is a special subsidiary for the purpose of promoting the employment of people with disabilities.)

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 (toC sales) though EC sales at EC malls such as the Company's own EC site "Reuse Select Shop BuySell" 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 "Timeless Auction", which is held by TIMELESS Corporation, which was acquired as a subsidiary, and wholesale using other companies' markets.

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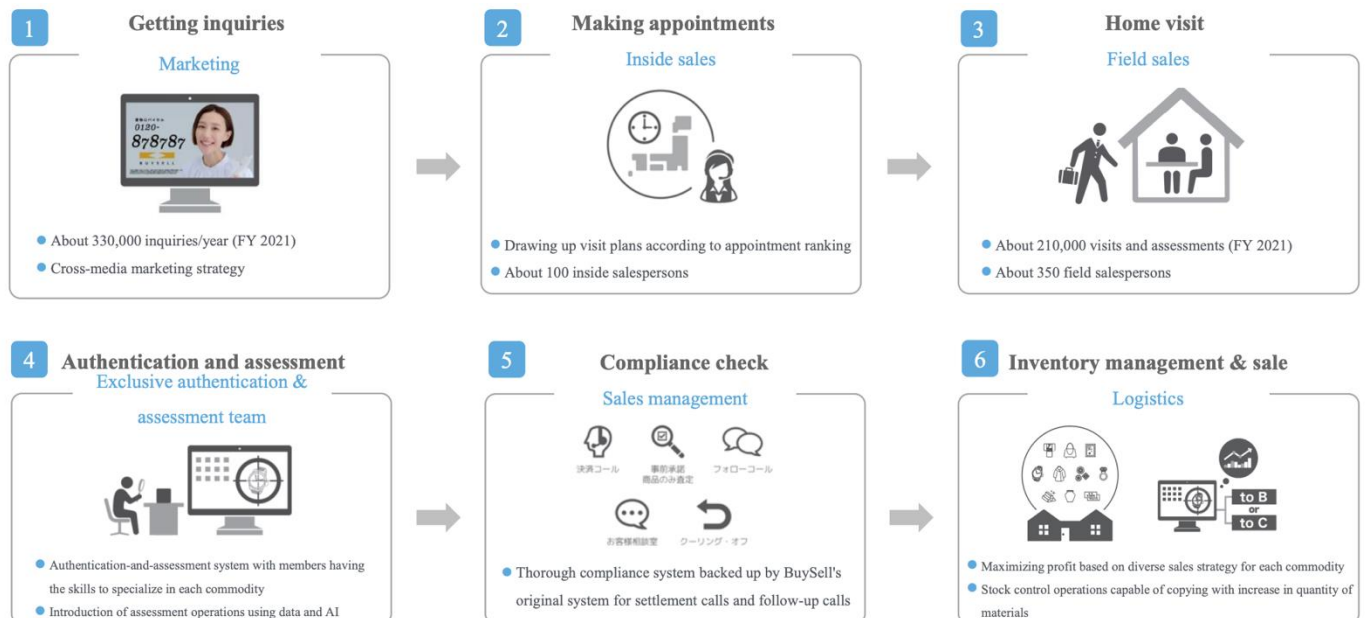
(Source: the reference material of the Company)

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.



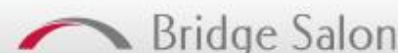
(Source: the reference material of the Company)

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

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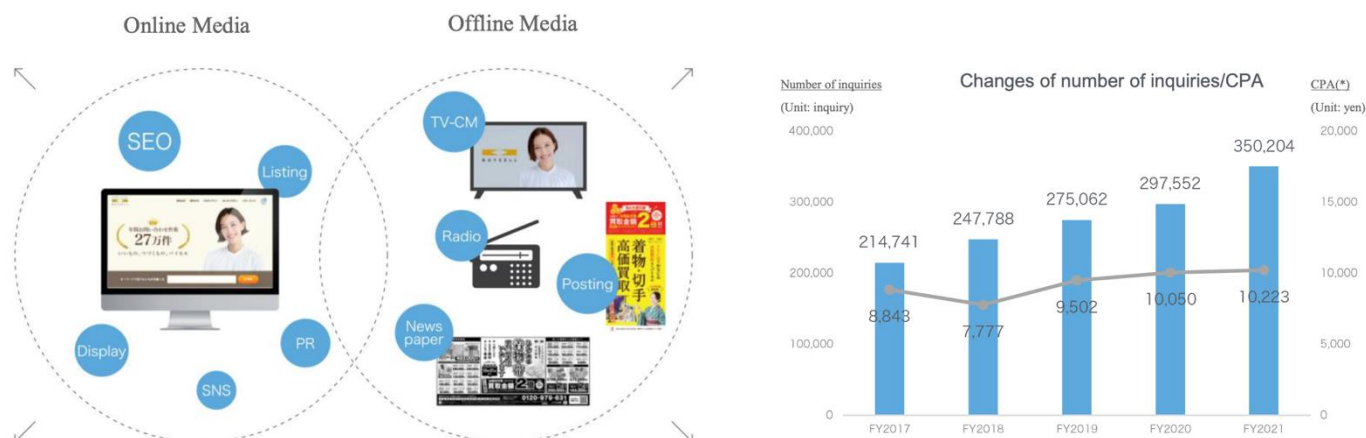


management team, including President Iwata, play a major role.

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 operation from a macro perspective based on market conditions and seasonality, the company conducts detailed analysis for each kind of daily media, area, etc., to realize efficient CPA (cost per action) and maximize cost-effectiveness in its marketing activities.

Due to such detailed marketing activities, the number of inquiries and customers are increasing year by year.



(Source: the reference material of the Company)

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

In response to incoming calls from potential buyers, the company approached through marketing, approximately 120 operators listen directly to customers' requests and cooperate with assessors to provide services in line with customer needs.

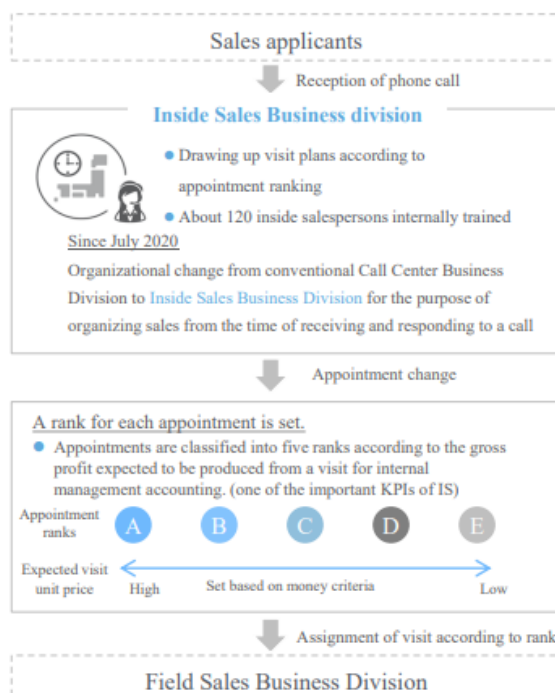
In July 2020, the organization was changed from the previous "Call Center Business Department" to the "Inside Sales Division" for the purpose of organizing sales from the time of answering the first inquiry call.

Moreover, 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.

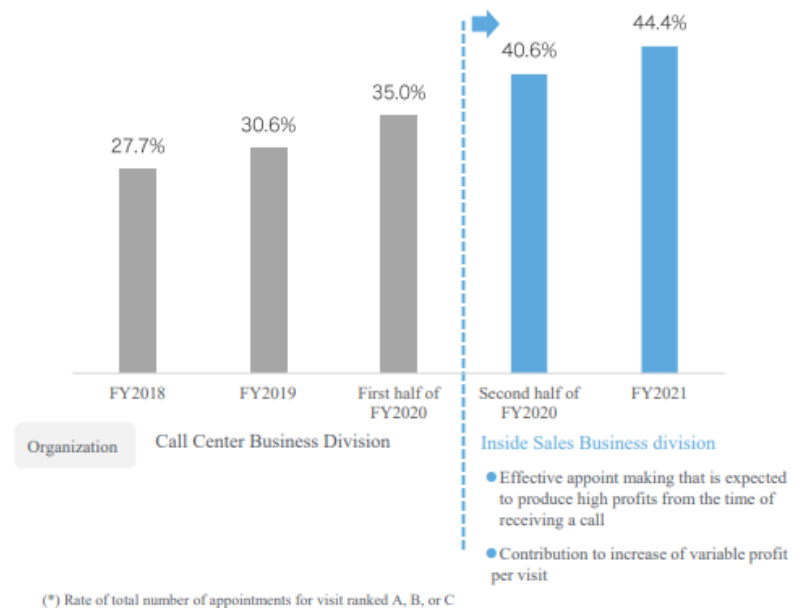
In addition, the Inside Sales Division, along with these customer-oriented services, generates highly profitable and effective appointments by classifying them into five ranks based on the expected gross profit per business visit (expected cost per visit) when the call is received. This organizational change has resulted in a steady increase in the ratio of highly ranked appointments over the years, contributing to an increase in variable profit per at-home visit.

The company receives 300,000-400,000 calls for asking about purchase per year, and records all of them, to trace the subsequent appointments and home visits. With this, they extract common items and essential points from highly ranked appointments, and educate operators about them. By repeating this cycle, they increase gross profit from home visits.

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



(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 Field Sales Division, which is in charge of "the at-home pick up service," has approximately 350 assessors as of the end of 2021, and 13 centers (as of December 2021) in the Kanto, Kansai, Nagoya, Fukuoka, and other areas, to cover all parts of Japan.

"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

The number of field sales assessors is also increasing steadily in parallel with the expansion of business scale, based on the company's recruiting capability. Since 2017, the company has been strengthening its recruitment of new graduates. In the medium term, they plan to stop recruiting mid-career workers.

The company also focuses on the training of assessors to enhance customer satisfaction.

The Sales Enablement Department, a division specializing in education and training, has introduced a systematic education and training system for assessors and implements education and training programs tailored to each assessor in each center, based on the company's unique internal management index.

Considering the shortening of the training period as a KPI, they constantly review their educational programs. Several years ago, the training period was about 6 months, but currently, it is about 5 months.

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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.

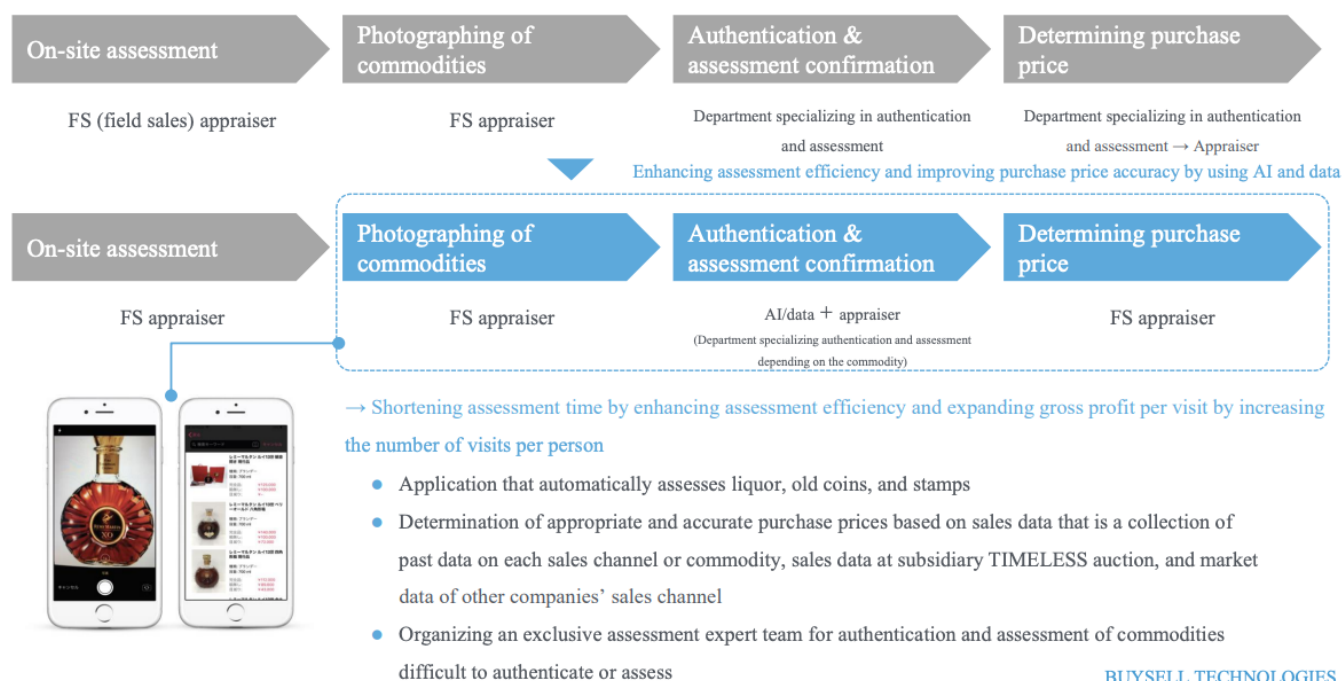
The company is also working to ensure that it complies with the cooling-off policy in accordance with laws and regulations.

◎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 addition, the company is using valuation data and technology to improve the efficiency and productivity of valuation and pricing decisions by automating operations using machine learning technology, etc., with the aim of maximizing the volume of purchases.

◎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.



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(Source: the reference material of the Company)

◎Main Customers

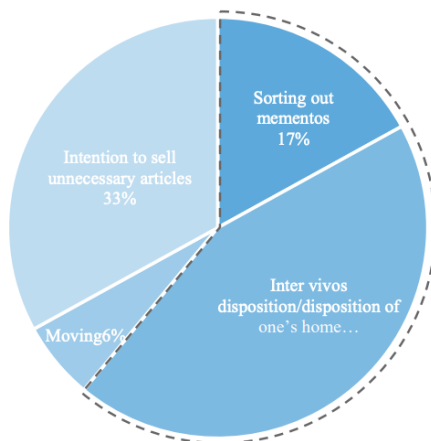
There are many inquiries from senior wealthy people whose needs are aligned with the at-home pick up service, which is the Company's main service. In the FY ended December 2021, customers in their 50s and over accounted for approximately 82% of all customers.

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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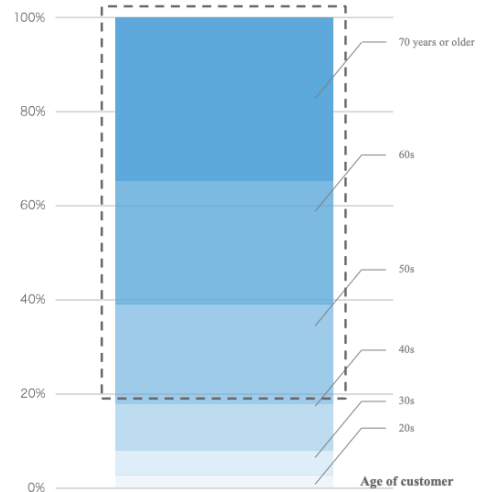
Reason for using BuySell's service



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

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

BuySell's customers



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

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

(Source: the reference material of the Company)

3) Sales:

◎Inventory Management

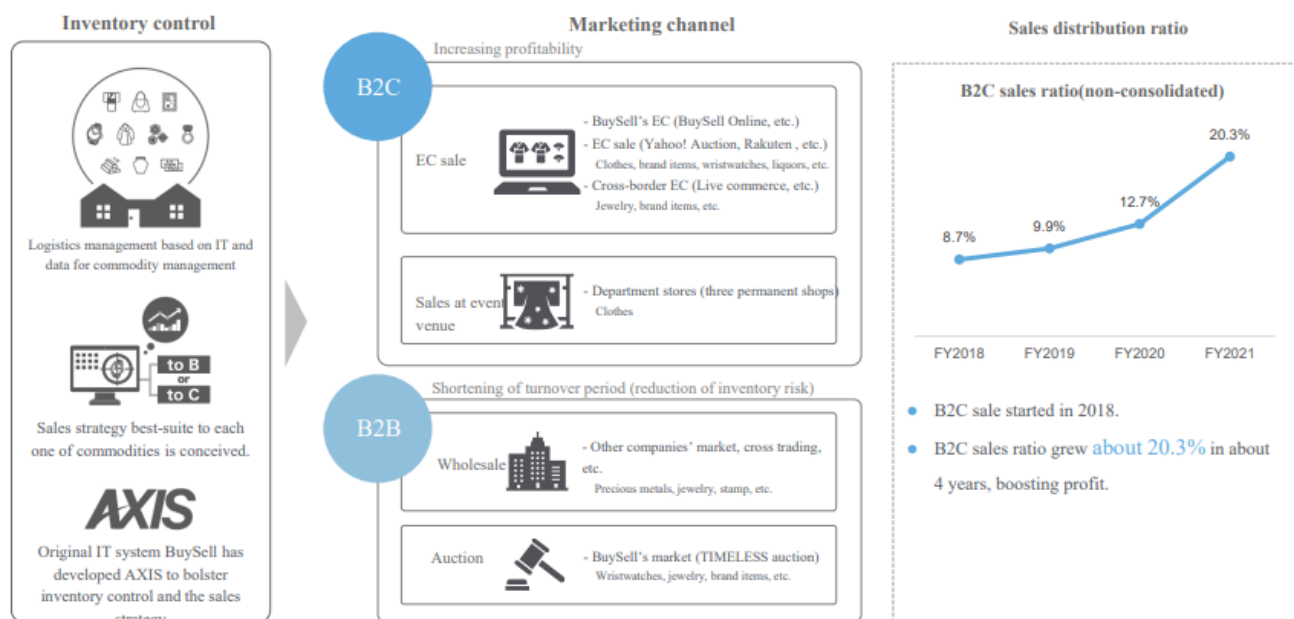
After the cooling-off period, purchased products are managed centrally from inspection to exhibition by more than 300 staff including part-time job in the Company's own warehouse in Funabashi, Chiba Prefecture.

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 and others.



(Source: the reference material of the Company)

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 80% 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, "Reuse Select Shop BuySell" which was launched in July 2018 and focuses on the sales of reused kimonos, and "BUYSELL brandch  ", 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 is also running a live commerce business for the Chinese market.

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. The ratio of toC sales(non-consolidated), which started in 2018, was initially about 9%, but grew to 20.3% in FY 12/21, driving profit growth.

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.

2) Strong Customer Base Centered on Senior Customers

As mentioned above, customers in their 50s and over make up approximately 82% of the Company's customer base. According to the Company's survey, 80% of the customers are satisfied with the responsiveness of the company's services, 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 who is 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 was appointed. The CTO 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

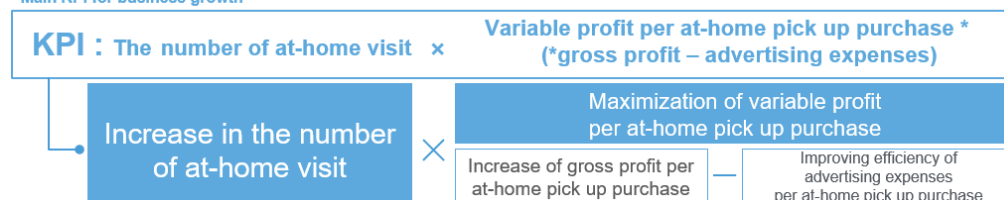
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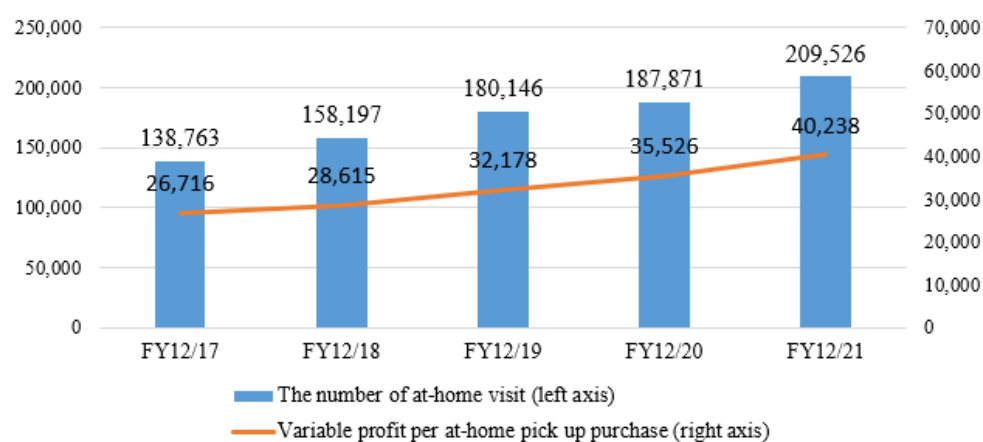
business.

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)



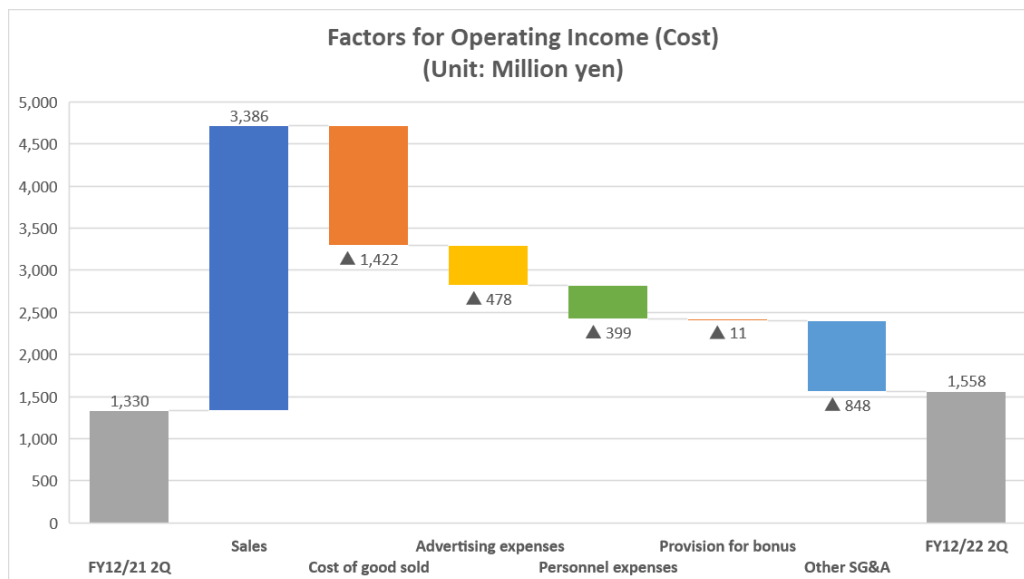
* Unit: case, yen

2. The second quarter of Fiscal Year Ending December 2022 Earnings Results

(1) Business Results

	2Q FY 12/21	Ratio to Sales	2Q FY 12/22	Ratio to Sales	YoY
Net Sales	11,706	100.0%	15,092	100.0%	+28.9%
Gross Profit	6,890	58.9%	8,853	58.7%	+28.5%
SG&A	5,559	47.5%	7,295	48.3%	+31.2%
Operating Income	1,330	11.4%	1,558	10.3%	+17.2%
Ordinary Income	1,318	11.3%	1,552	10.3%	+17.7%
Current Net Income	690	5.9%	929	6.2%	+34.5%

* Unit: million yen.



*This figure is created by Investment Bridge Co., Ltd. based on disclosed materials.

Substantial increase in sales and profit due to increase in on-site purchase volume and contribution from TIMELESS subsidiary

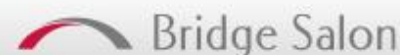
The sales in the second quarter of the term ending Dec. 2022 were 15,092 million yen, up 28.9% year on year. The number of appraisals for purchase at BuySell stores, Timeless stores, and events and the purchase amount were healthy, due to the increase of home visits caused by the increase of inquiries, the continuous growth of sales to customers, the recovery of the flow of people caused by the significant decrease of people infected with the novel coronavirus, and the increase of needs for conversion into cash in response to the prices of gold, watches, etc. remaining high. Ordinary profit grew 17.7% year on year to 1,552 million yen. The improvement in variable profit per at-home pick up purchase, the increase of stores, etc. offset the impact of the augmentation of SGA and the carry-over of stock for improving the ratio of sales to customers.

(Main SG&A expenses)

	2Q FY 12/20	2Q FY 12/21	YoY
Advertising Expense	1,738	2,215	+27.5%
Labor Costs	1,459	1,857	+27.3%
Total SG&A	5,559	7,295	+31.2%

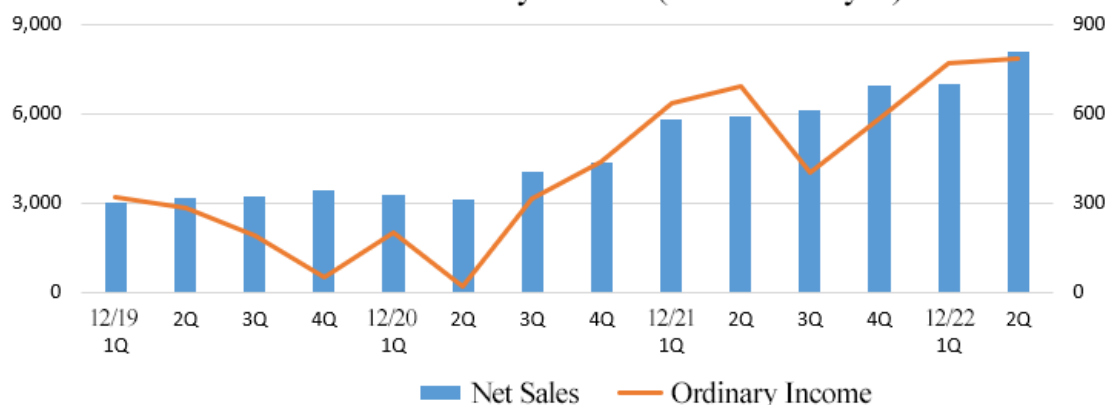
* Unit: million yen.

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Regarding advertisement, brand development has progressed somewhat so that “people recall BuySell when thinking of selling used goods at home.” Accordingly, they post ads while pursuing cost per action (CPA) through direct marketing.

Net Sales and Ordinary Income (unit: million yen)



Numbers until FY12/20 are unconsolidated, FY12/21 numbers are consolidated.

In the second quarter (Oct.-Dec.), quarterly sales and profit hit a record high.

(2) Trends of major KPIs

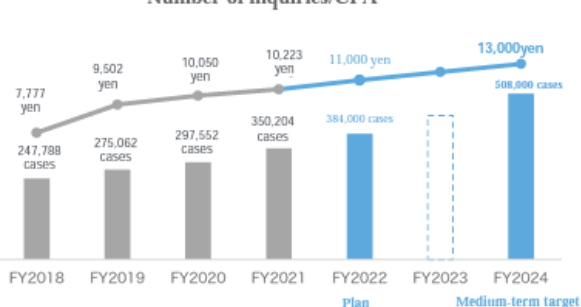
Variable profit per business visit through the second quarter progressed steadily, exceeding the initial plan.

	2Q FY 12/20	2Q FY 12/21	YoY
The Number of At-home Visit	94,711	110,103	+16.3%
Variable Profit per At-home pick up Purchase	42,557	46,600	+9.5%

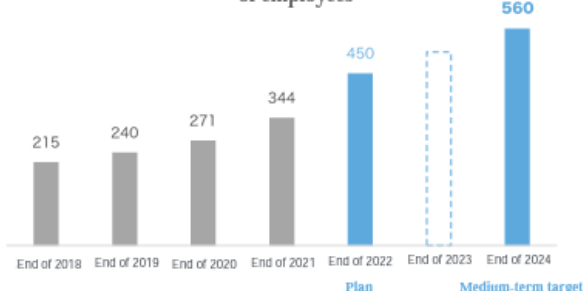
* Unit: case, yen

Other important KPIs

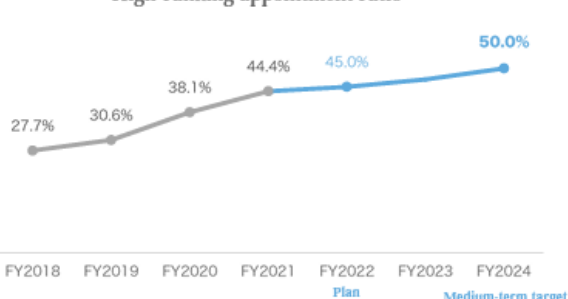
Number of inquiries/CPA



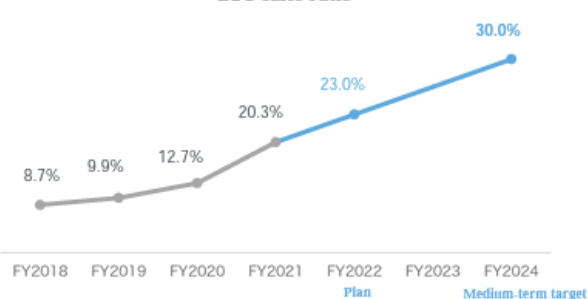
FS business (at-home pick-up): Number of employees



High-ranking appointment ratio



B2C sales ratio

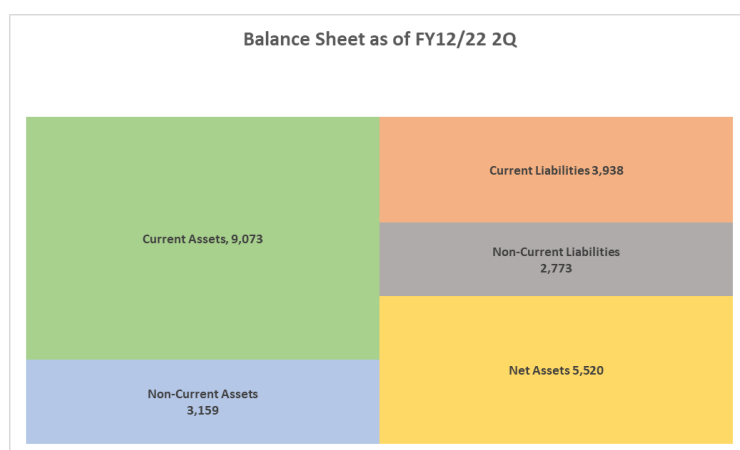


(Source: the reference material of the Company)

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

	End of 12/21	End of 6/22	Increase and Decrease		End of 12/21	End of 6/22	Increase and Decrease
Current Assets	7,346	9,073	+1,726	Current Liabilities	3,649	3,938	+288
Cash Equivalent	4,772	5,956	+1,184	ST Interest Bearing Liabilities	1,075	1,336	+261
Inventories	2,142	2,612	+470	Non-current Liabilities	2,043	2,773	+730
Noncurrent Assets	2,938	3,159	+220	LT Interest Bearing Liabilities	2,040	2,764	+724
Tangible Assets	362	490	+128	Liabilities	5,692	6,711	+1,019
Intangible Assets	2,093	2,070	-22	Net Assets	4,592	5,520	+927
Investment, Others	482	597	+115	Retained Earnings	2,805	3,536	+731
Assets	10,285	12,232	+1,946	Total Liabilities and Net Assets	10,285	12,232	+1,946

* Unit: million yen



*This figure is created by Investment Bridge Co., Ltd. based on disclosed materials.

Total assets grew 1,946 million yen from the end of the previous term to 12,232 million yen, due to the increases in cash & deposit and inventories. Total liabilities augmented 1,019 million yen to 6,711 million yen, due to the rise in interest-bearing liabilities through the borrowing for acquiring the shares of FOUR-NINE, Inc. Net assets increased 927 million yen to 5,520 million yen, thanks to the rise in retained earnings.

Capital-to-asset ratio rose 0.5% from the end of the previous term to 44.5%.

They are increasing inventories, in order to improve the ratio of sales to customers with a high profit margin.

(4) Topics**◎ Acquisition of FOUR-NINE, Inc., which operates stores for purchasing used goods nationwide, as a 100% subsidiary**

In August 2022, the company acquired FOUR-NINE, Inc., which operates stores for purchasing used goods nationwide, as a 100% subsidiary.

(Outline of FOUR-NINE, Inc.)

Established in 2016. It operates “Reuse Shop WAKABA,” which buys a wide array of used goods, including high-end bags, wristwatches, jewelry, and precious metals. It excels at developing shops in secondary locations, such as shopping malls, which are easy to access by car, although they are located far from stations, and supporting franchisees who have no experience of buying used goods with meticulous and enriched training programs.

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As of June 2022, it was operating a total of 180 shops, including franchised and directly managed ones, around Japan.

For the term ended March 2022, it posted sales of 3.3 billion yen, an operating profit of 249 million yen, total assets of 885 million yen, and net assets of 393 million yen.

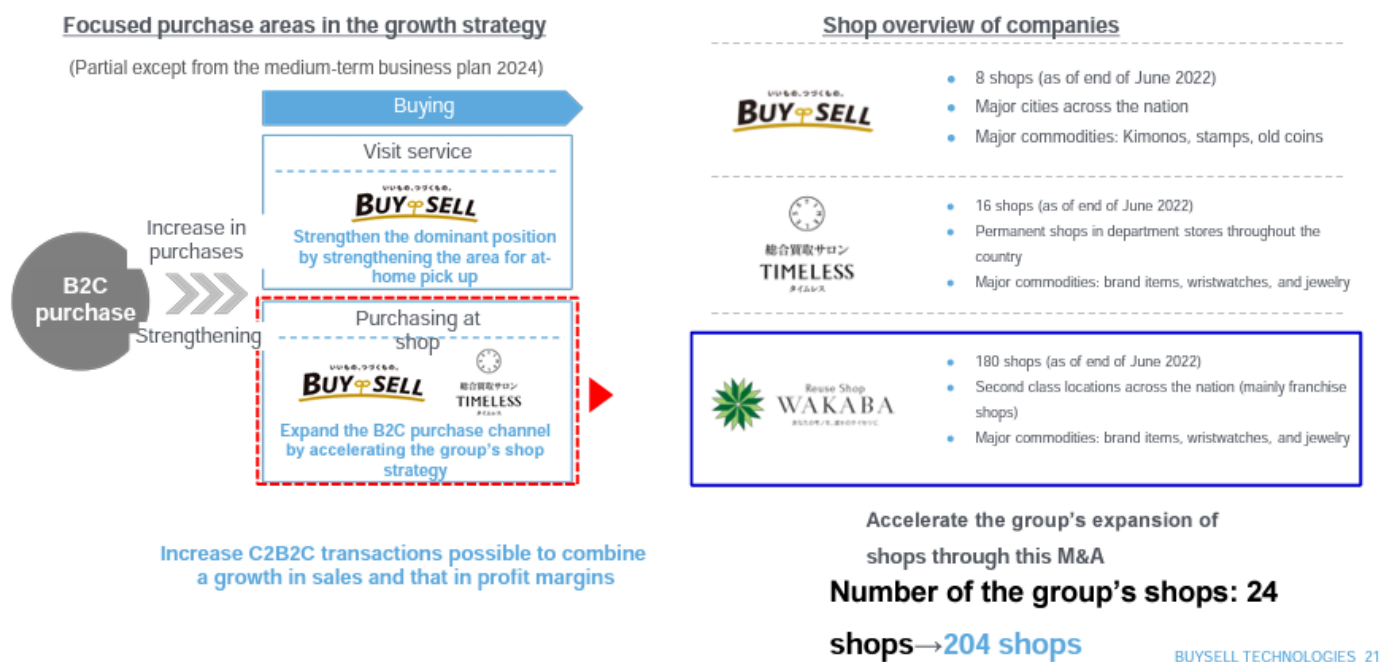
(Purpose of the acquisition as a subsidiary)

They aim to induce the following three synergetic effects by acquiring FOUR-NINE as a subsidiary.

(1) Enhancement of purchase of used goods

The number of shops of the corporate group increased from 24 (8 BuySell stores and 16 Timeless stores) to over 200 in one go.

They aim to enhance the purchase of used goods from customers in the in-store purchase business, by differentiating shops of each company and realizing the synergy among group companies while increasing shops.



(Source: the reference material of the Company)

In addition, the data that can be obtained around Japan, such as the client attributes in each region and the details of purchase conditions (what kinds of goods were brought, whether goods were purchased at home or after delivery, whether customers visited a store by train or by car, etc.), are significant assets.

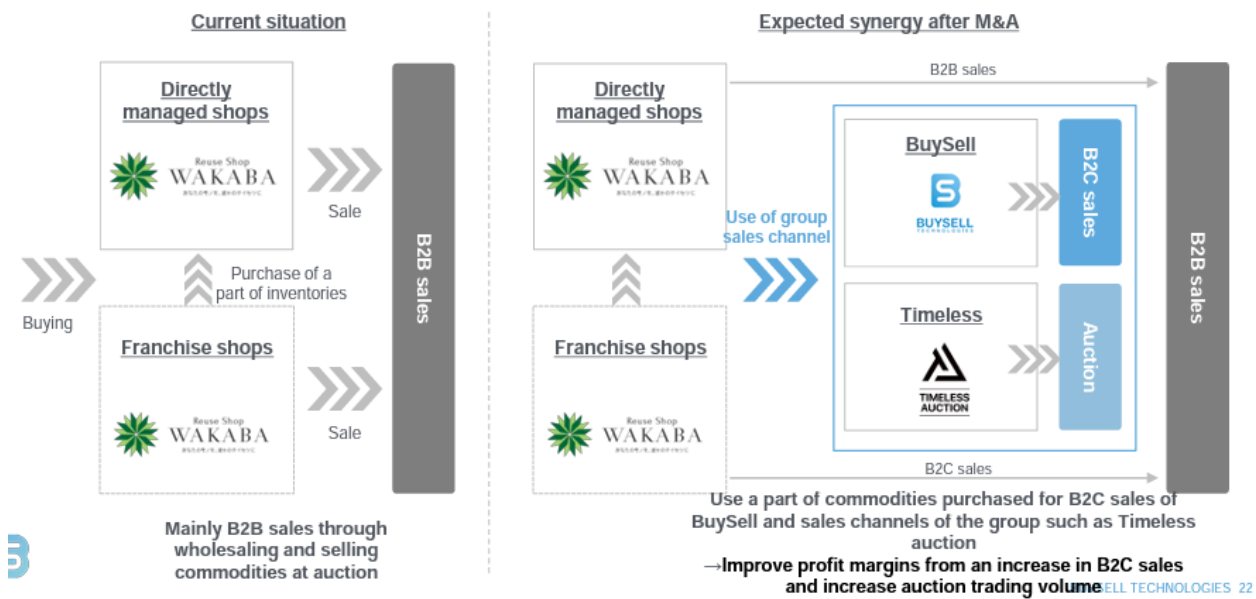
Such data are expected to enable the development of more meticulous sales and marketing strategies.

(2) Enhancement of the selling capability

In FOUR-NINE, Inc., franchised shops sold goods they have purchased to not only the headquarters (directly managed store), but also external auction organizers in many cases. From now on, both franchised and directly managed shops will sell goods to BuySell and Timeless, and by utilizing the sales channels of BuySell's direct sale to customers, the auctions of Timeless, etc., they are expected to increase sales volume considerably.

Then, they will improve profit margin by selling goods to customers and expand the number of auction transactions.

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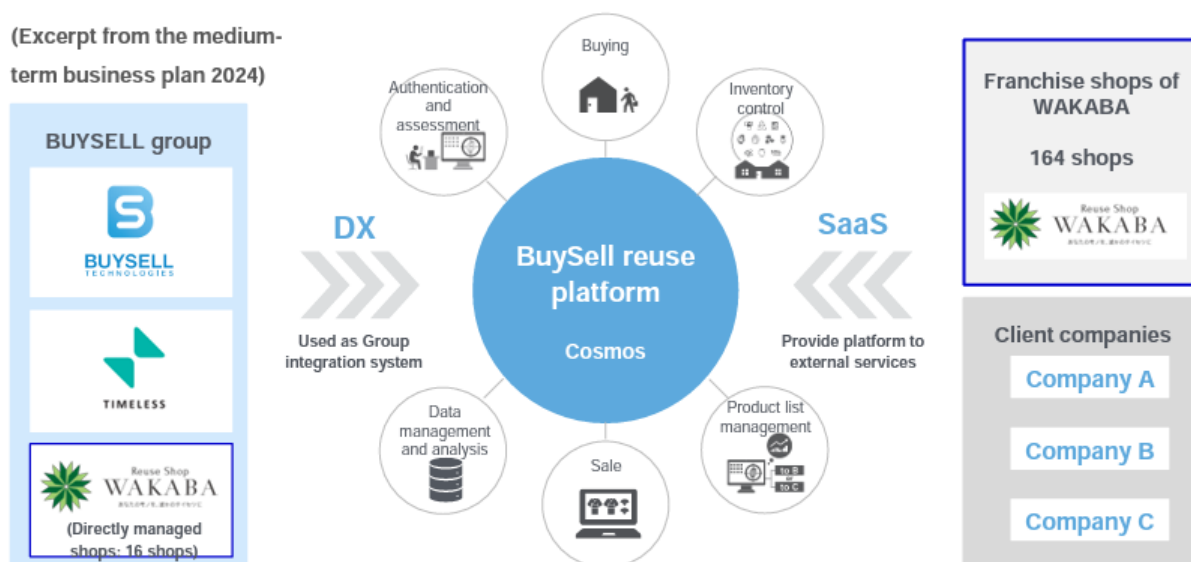
(Source: the reference material of the Company)

(3) Acceleration of the shift to SaaS

The company will provide the franchisees of FOUR-NINE, Inc. with the services of BuySell Reuse Platform (Cosmos), with the aim of accelerating the scheme of transforming the reuse platform into SaaS in the mid-term management plan.

For a total of 24 stores (8 BuySell stores and 16 Timeless stores), the company has tentatively managed cloud systems for customer management, appraisal, product management, individual ledger management, selection of sales channels, accounting, etc., received feedback, and improved the systems. Through the above-mentioned M&A, about 160 franchisees joined the corporate group in one go. The company will conduct full-scale installation and operation, and if there is no problem, it will start selling it externally. It was a significant step toward the completion of the SaaS system.

(Excerpt from the medium-term business plan 2024)



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

BUYSELL TECHNOLOGIES 23

(Source: the reference material of the Company)

(Overview of the acquisition of FOUR-NINE as a subsidiary)

The company bought 600 out of 800 outstanding shares of FOUR-NINE, Inc. at a price of 2.26 billion yen in July 2022. For the remaining

200 shares, they carried out the simplified share transfer with BuySell Technologies being the wholly-owning parent company and FOUR-NINE, Inc. is being a wholly-owned subsidiary in August 2022. The company issued 1,020 common shares of BuySell Technologies per common share of FOUR-NINE, Inc. The company newly issued a total of 204,000 shares for it.

(Future outlook)

With the deemed acquisition date being September 30, 2022, the company will take into account only the balance sheet of FOUR-NINE in the third quarter for consolidated results, and add the profit-and-loss statement in the fourth quarter. Its impact on the business results for this term is being examined.

3. Fiscal Year Ending December 2022 Earnings Forecasts

(1) Business Results

◎Consolidated Financial Forecast

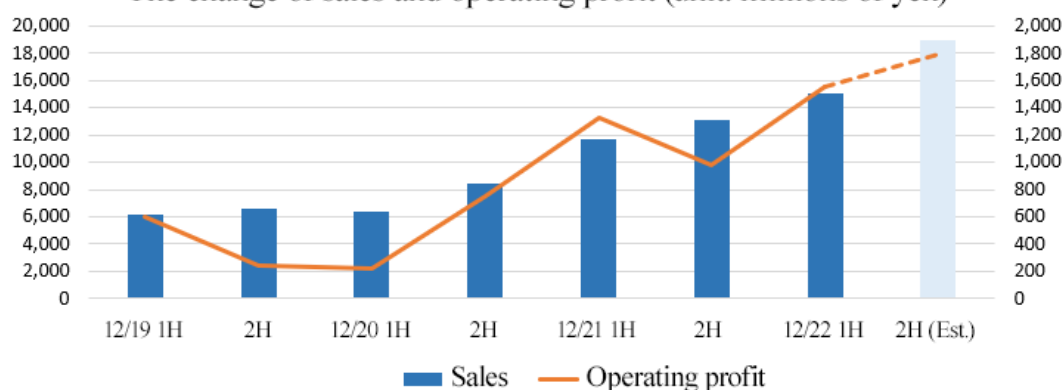
	FY 12/21	Ratio to Sales	FY 12/22 Est.	Ratio to Sales	YoY	Revision rate	Progress rate
Net Sales	24,789	100.0%	34,000	100.0%	+37.2%	+4.6%	44.4%
Gross Profit	14,487	58.4%	19,850	58.4%	+37.0%	+3.9%	44.6%
SG&A	12,172	49.1%	16,500	48.5%	+35.6%	+3.1%	44.2%
Operating Income	2,315	9.3%	3,350	9.9%	+44.7%	+8.1%	46.5%
Ordinary Income	2,295	9.3%	3,300	9.7%	+43.8%	+8.6%	47.0%
Net Income	1,314	5.3%	1,950	5.7%	+48.4%	+12.7%	47.7%

*Unit: million yen.

Revised both sales and profit upwardly

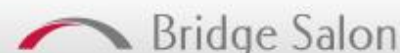
The earnings forecast has been revised upwardly, as the results in the first half were favorable, exceeding the forecast and business performance is expected to be healthy as forecasted in the second half, too. Sales are projected to grow 37.2% year on year to 34 billion yen, and ordinary profit is forecast to rise 43.8% year on year to 3.3 billion yen. The company will keep promoting at-home pick up purchase and sale to customers. The profit and loss of FOUR-NINE, Inc. will be included in the scope of consolidation from the fourth quarter, but it is conservatively forecast that operating profit will be zero, considering goodwill amortization, while the effects of FOUR-NINE on sales only are taken into account. As the company plans to conduct upfront investment in mainly personnel recruitment for mid-term growth, SGA has been revised upwardly, and SGA is projected to augment 35.6% year on year, but it is expected to be offset by sales growth, and profit is forecast to increase considerably. There is no revision to the dividend forecast, and the company plans to pay a dividend of 20.00 yen/share, up 6.00 yen/share from the previous term. The expected payout ratio is 14.6%.

The change of sales and operating profit (unit: millions of yen)



Non-consolidated until FY12/20, consolidated from FY12/21.

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In the fourth quarter, the number of home visits for purchasing used goods is expected to increase, because the demand for purchase of used goods tends to grow from September and the period of educating and training new employees fresh out of college will end.

The profit in the third quarter is projected to be at the same level as those in the first and second quarters, and profit is expected to be the highest in the fourth quarter.

The forecast year-on-year growth rates of sales and operating profit in the second half are 44.5% and 81.9%, respectively. It seems necessary to increase sales and operating profit significantly to achieve the forecast amounts, but in the previous term, the company curtailed sales through the strategic carry-over of stock for sale to customers from the third quarter, so the sales and profit in the second half of the previous term were relatively low.

The forecast growth rates of sales and operating profit in the first half are 25.3% and 14.9%, respectively. The company considers that it is not difficult to achieve the forecast for the second half.

(Main SG&A expenses)

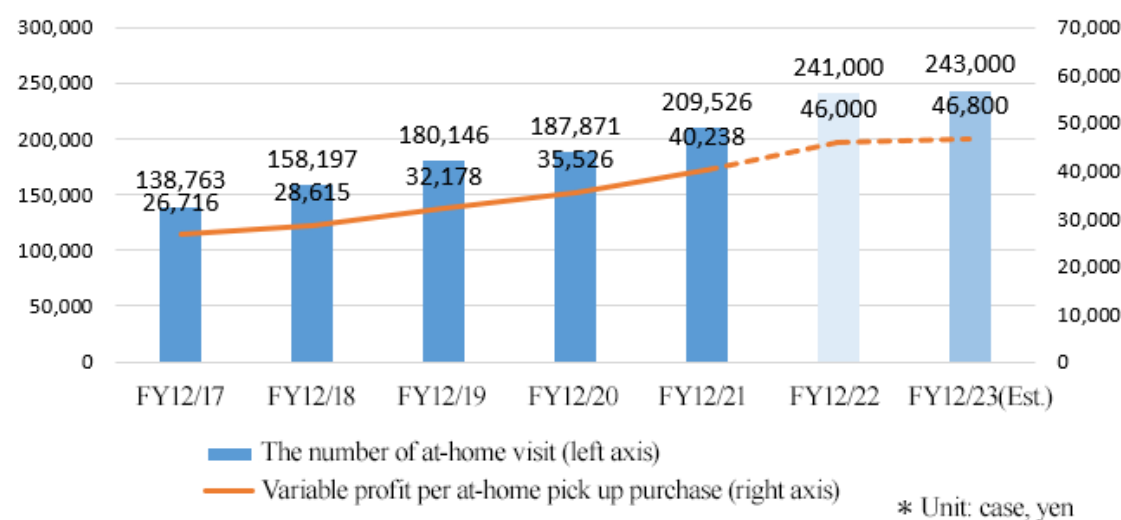
	FY 12/18	FY 12/19	FY 12/20	FY 12/21	FY 12/22 Est.	YoY
Advertising Expense	1,927	2,613	2,990	3,905	5000	+28.0%
Labor Costs	1,745	2,084	2,349	3,087	4200	+36.1%

* Unit: million yen. FY 12/20 numbers are non-consolidated.

(Transition of KPIs)

	FY 12/21	FY 12/22 Est.	YoY
The Number of At-home Visit	209,526	243,000	+16.0%
Variable Profit per At-home pick up Purchase	40,238	46,800	+16.3%

* Unit: case, yen



4. Message from President Iwata

(1) Progress of the mid-term plan

*Acceleration of the investment in technologies centered around IT and DX

The company has been streamlining the business operations that had been conducted with manpower by using technologies steadily, starting from important fields.

*M&A

Acquisition of FOUR-NINE is expected to induce great synergy, in addition to the expansion of the purchasing shop business.

*Continuous enhancement of the business of home visits for purchasing used goods and the sale to customers

The KPIs in the business of home visits for purchasing used goods have been healthy. Ad cost per home visit in regions where ad expenses are relatively low has been improving significantly.

The sale to customers, too, has been healthy, and through the acquisition of FOUR-NINE, the company has developed a system for expanding it further.

*New business

For SaaS, the preparation for external sale has been progressing steadily. In the Plus and Cross fields, the expansion into the areas other than the needs for disposing of real estate and disused items is insufficient.

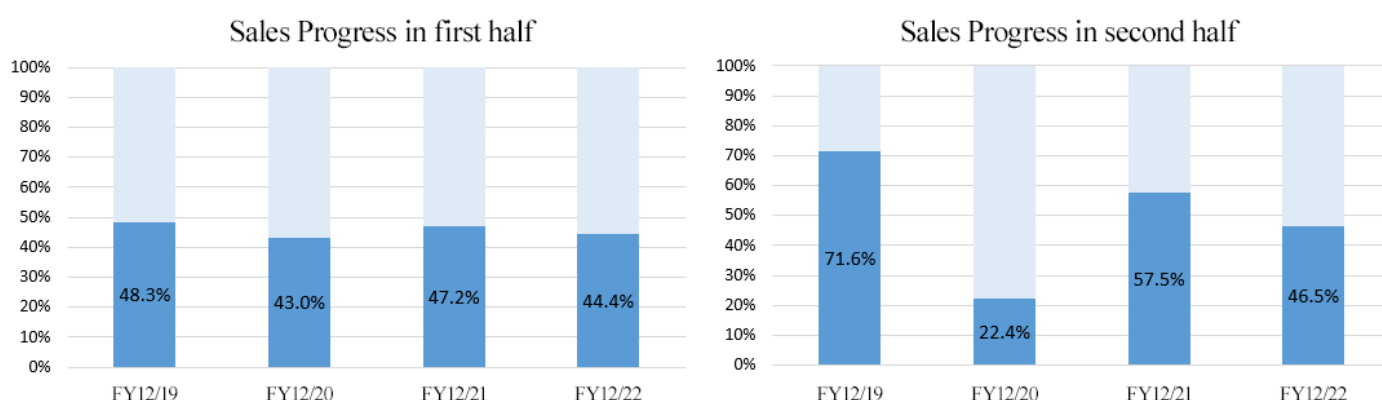
(2) Message toward shareholders and investors

The entire stock market is highly volatile, due to various uncertain factors, but I believe that our company's performance and growth potential are getting solid. I hope that you will keep an eye on our company's fundamentals.

We plan to launch a wide array of measures for achieving mid-term goals, so please expect from the future of our company."

5. Conclusions

The acquisition of FOUR-NINE, Inc. is an event that brings significant benefits to the progress of measures in the mid-term management plan, such as the store opening strategy and the scheme for shifting to SaaS. As the profit and loss of FOUR-NINE will be included in the scope of consolidation from the fourth quarter and synergetic effects are expected to be produced from the next term, we would like to expect from their concrete progress. The progress rate toward the target operating profit in the first half is lower than that in the previous term, in which sales were curtailed through the strategic carry-over of stock for sale toward customers from the third quarter, making the performance in the first half better than that in the second half. The company considers that it is not difficult to achieve the upwardly revised forecast for the second half. We would like to pay attention to the situation from the third quarter.



Ratio of first half results to full-year results for FY12/19 to FY12/21

<Reference1: Medium-term Management Plan 2024>

The company announced a three-year medium-term management plan for 2024 as follows.

(1) Ideal state

The following four are the goals to be achieved by 2024.

- ☆ To establish a position as a reuse tech company by promoting the integration of reality x technology (IT and DX)
- ☆ To maintain a solid leading position unrivaled by any other company in the reuse at-home pick up service
- ☆ An average annual growth rate of approximately 40% in consolidated ordinary profit during the three years of organic growth (FY 12/2024)
- ☆ To establish a corporate governance structure that balances sustainable growth and governance tightening to maximize shareholder value

(2) Management Strategy

① Basic policy

As mentioned in the Company Overview section, the growth potential of the reuse market is extremely large.

The company believes that in this explicit market, which is estimated to be worth 3 trillion yen in 2022, all purchase channels (stores, home delivery, etc.) will be available, although the customer base ranges from young people to senior citizens, competition is intense. On the other hand, in the dormant reuse market, which is estimated to have hidden assets of 37.1 trillion yen, the main need is to sell items for clearance and disposal, so at-home pick up services are advantageous because they allow direct access to unwanted items in customers' houses; the customer base is mainly senior citizens who have many hidden assets, and competition is not expected to be as intense as in the explicit market.

Therefore, the company's basic policy is to "expand market share by strengthening purchase channels such as stores and M&A" in the explicit market and to "place the highest priority on investment for growth in the at-home pick up service and maintain a leading position" in the latent market.

② Competitive advantage in potential markets

The company's mainstay business is the at-home pick up service, which allows direct access to "hidden assets" lying in the home by visiting customers at their residences. The company's strength lies in its ability to purchase goods such as kimonos and stamps, which are in high demand for disposal, as well as the fact that approximately 60% of its customers use the service for estate liquidation and home clearance, and that 82% of its customers are seniors in their 50s or older.

These points are the source of the company's competitive advantage in the "hidden assets" market, a reuse market with large growth potential.

③ Five Management Strategies

The company has set forth five management strategies to realize its vision.

A	To accelerate technology investments, particularly in IT and DX enhancement
B	To continue to strengthen the at-home pick up service and toC sales
C	To expand the purchase store business
D	M&A
E	New Business

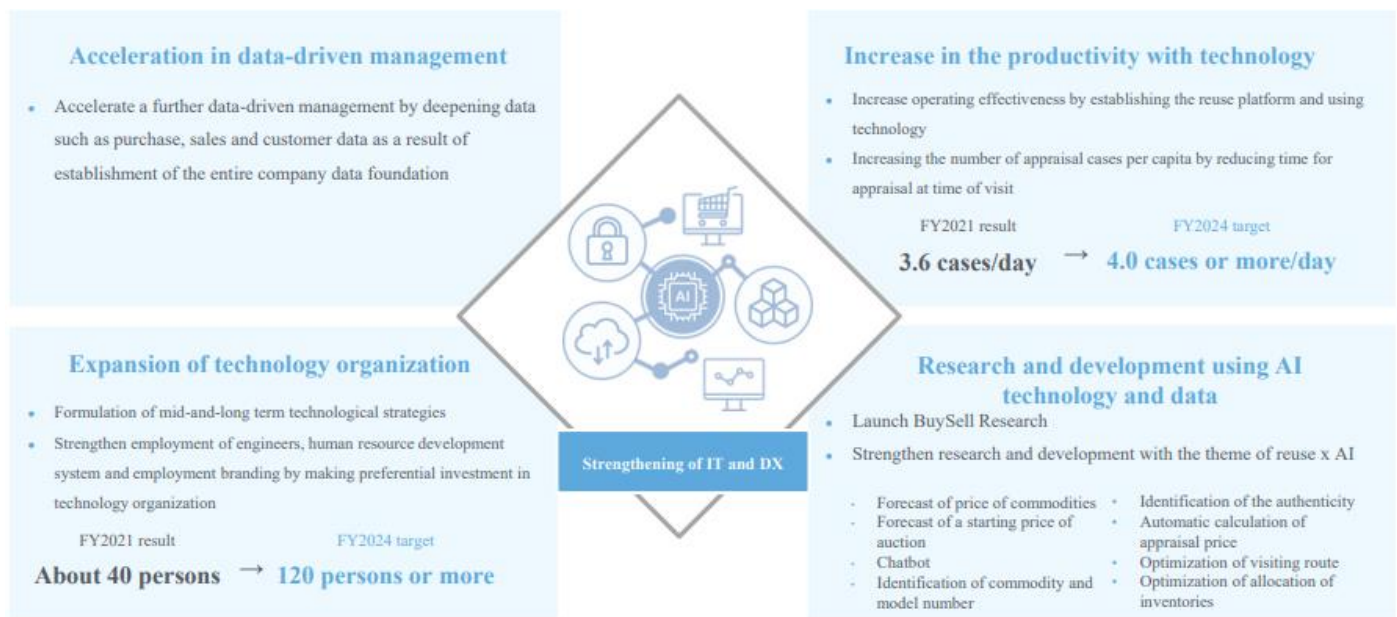
Based on "A," the company aims for organic growth in "B" and "C," and inorganic growth in "D" and "E."

[A: To accelerate technology investments, focusing on IT and DX enhancement]

They will accelerate business growth by improving productivity through the use of technology and deepening data-driven management through the development of data infrastructure.

They aim to become a reuse tech company by promoting the fusion of reality (people and products) and technology (IT and DX).

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(Taken from the reference material of the company)

B•C: Basic Policy for Organic Growth Strategy

As a basic strategic policy to achieve organic growth in existing businesses over the medium to long term, the company will focus on strategies to expand "C to B to C" transactions, where growth in both sales and profit margins is possible for both purchase and sale.

[B: To continue to strengthen the at-home pick up service and toC sales"]

◎Area expansion strategy for the at-home pick up service

The company aims to achieve further growth by increasing the number of at-home visits and maximizing variable profit per visit in each area through the development of optimal marketing strategies and the allocation of offices and personnel to each regional area, in addition to the metropolitan areas centered on Tokyo, Nagoya, and Osaka.

In the Tokyo, Nagoya, and Osaka areas, where the volume of inquiries and purchases is high, and gross profit per visit is high, but competition is fierce and advertising expenses tend to be high, the company will further strengthen its foundation through ongoing investment.

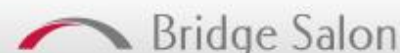
On the other hand, in the priority regional areas, where gross profit per visit is lower than those in the Tokyo, Nagoya, and Osaka areas, but the competitive environment is not as fierce as in the Tokyo, Nagoya, and Osaka areas, investments will be strengthened because they enable efficient advertising with low advertising costs.

The company will develop a cross-media marketing strategy, which is one of the company's strengths, by dividing the areas into smaller segments. In addition, by increasing the number of offices, the company will strengthen its sales force with an optimized organization and staffing in each area.

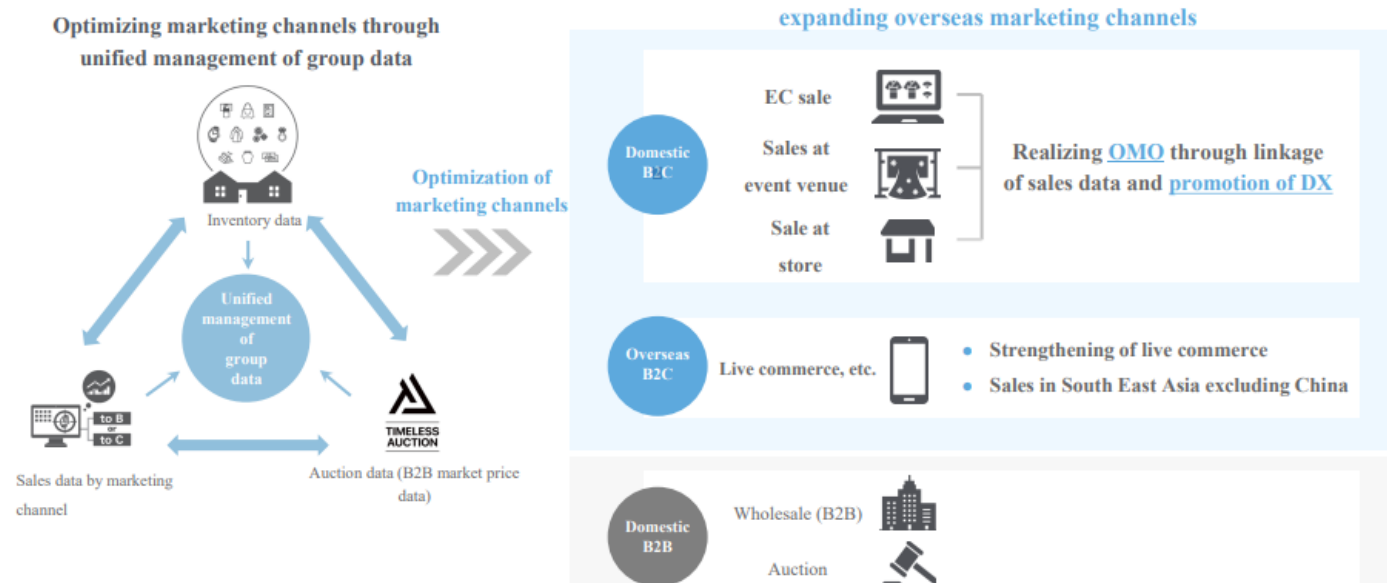
Strengthening of toC sales through the use of technology in sales

The company aims to improve profitability by optimizing sales channels through centralized management of group data such as "inventory," "sales by channel," "auctions," etc., promoting Online-Merge-Offline (OMO) in toC sales, and expanding overseas sales channels.

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



(Taken from the reference material of the company)

[C: Expansion of the purchase store business.]

They will accelerate store development while leveraging group synergies to strengthen the toC purchase channel, which is differentiated from at-home pick up service.

As of December 2021, BuySell had five stores in major cities nationwide, and its main products are kimonos, stamps, and old coins. Due to its large-scale marketing, the company is highly recognized for its at-home pick up service, which is a major advantage in attracting customers.

On the other hand, TIMELESS, whose main products are brand-name products, watches, and jewelry, has 14 permanent stores in department stores nationwide, whose good location and a sense of security are significant characteristics.

By leveraging the advantages and features of both companies, the company will accelerate store development through group synergies by promoting mutual customer traffic, marketing, data sharing, hiring and personnel exchanges, and other measures. The company aims to have over 50 group stores by 2024.

(Main KPI targets for the at-home pick up service)

	Results in 2021	Goal in 2024
Number of at-home visits	209526	320000
Variable profit per at-home visit (yen)	40238	51000
Gross profit per at-home visit (yen)	57324	72000
Advertising expense per at-home visit (yen)	17086	21000
Number of inquiries	350204	508000
CPA (yen/case)	10223	13000
Number of employees (people) in FS business (at-home visits)	344	560
Highly Ranked Appointment Ratio (%)	44.4	50
Ratio of toC sales (%)	20.3	30

*CPA: Advertising cost per action (advertising cost related to at-home pick up service divided by the number of inquiries)

*High-Rank Appointment Ratio: Appointments are classified into five ranks, A-E, according to the estimated gross profit earned per at-home visit for internal management accounting purposes. Percentage of the number of at-home visits for appointments of high-rank A-C among the ranks concerned (the number of ABC rank appointments divided by the number of at-home visits).

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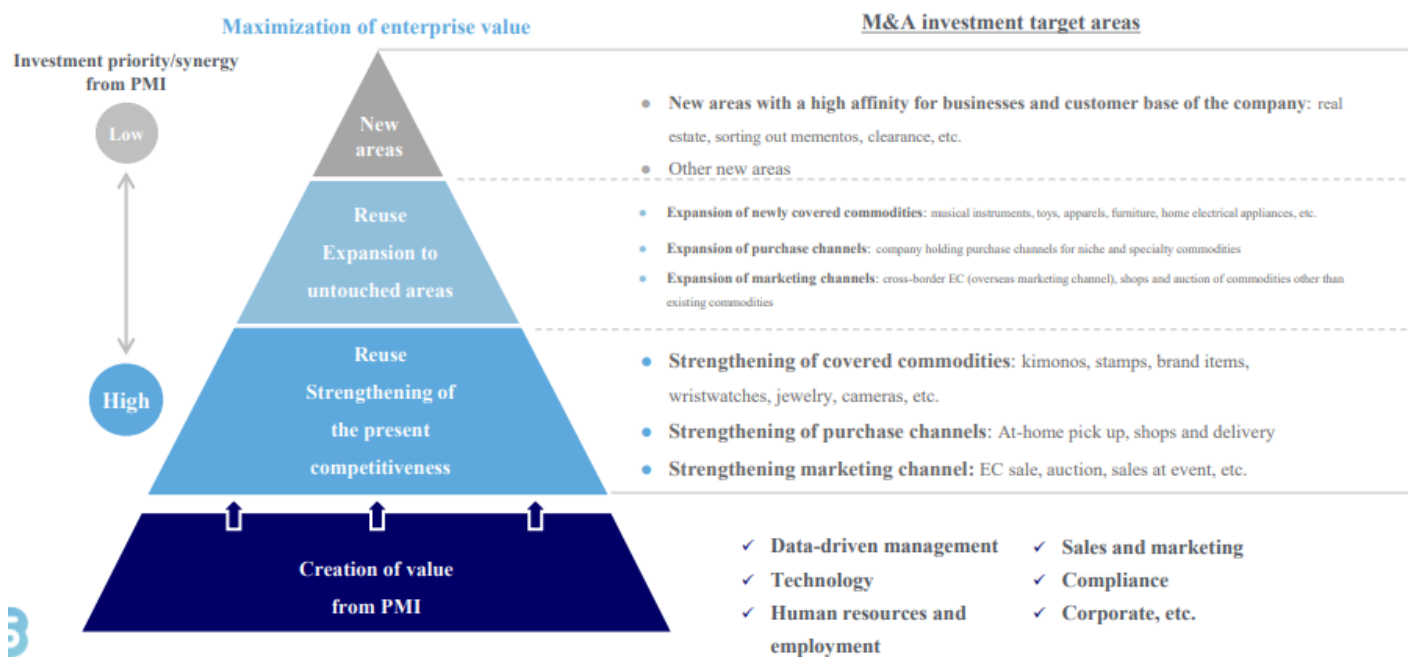
**[D: M&A Strategy]**

The company will focus on M&A in the reuse domain, giving priority to executing investments that contribute to strengthening existing competitiveness and developing areas that have yet to be reused.

In addition, the company aims to increase corporate value by enhancing return on investment through strategic M&A in areas where there is a high probability of creating synergies through PMI.

TIMELESS, which became a subsidiary in 2020, has contributed significantly to the enhancement of the Group's corporate value by generating group synergies through effective PMI after M&A, generating profits that significantly exceeded the burden of goodwill amortization, and improving EPS over the dilution impact of the stock swap.

Based on this track record, the company will continue to pursue effective M&A activities.



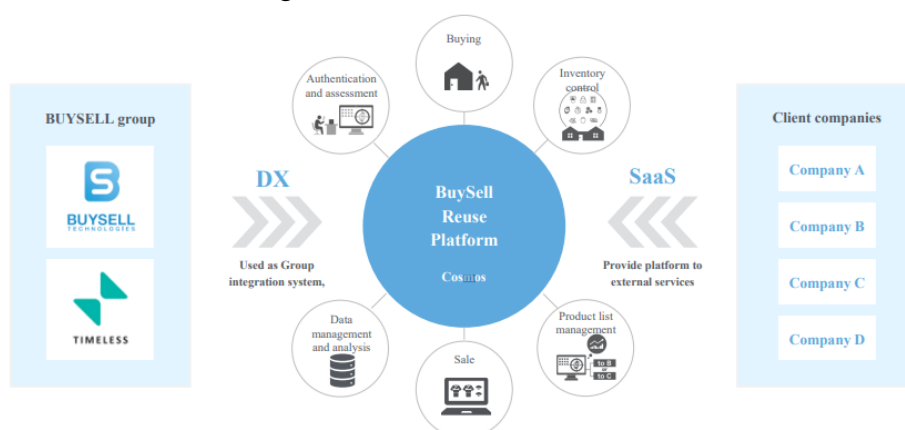
(Taken from the reference material of the company)

[E: New Business]

Scheme of changing the reuse platform into SaaS

The platform that has been used within the company group up to now was launched as the BuySell reuse platform (Cosmos) and was converted to SaaS. By providing this platform to outside vendors, the company will create a new pillar of revenues. The platform will provide a full range of functions from purchasing to selling and will realize a world in which a variety of reuse vendors use the BuySell Reuse Platform.

In addition, the company will use the platform as an integrated group system through the promotion of DX in pursuit of greater efficiency and maximization of earnings.



(Taken from the reference material of the company)

Promoting commercialization in the areas of liquidation and disposal needs and seniors

The company has been promoting a model of sending customers through alliances, focusing on areas that have a high affinity with the company's main customers, such as seniors and their clearance and disposal needs (collection of unwanted items, real estate sales, insurance, inheritance and counseling for end-of-life preparation, etc.), and aims to launch a business within its own group in addition to this model.

(3) Investment and Financial Strategy

① Capital Allocation Policy

Based on the ability to generate operating cash flow based on high-profit growth and flexible debt financing based on a stable financial base, the company aims to secure funds to invest in businesses and M&A for growth and allocate capital for sustainable growth.

Investment resources will be allocated in the following order of priority: "operating CF from business," "interest-bearing debt," and "equity."

Regarding capital allocation, in addition to business investments for organic growth, priority will be given to strategic investments for inorganic growth, mainly M&A.

② Investment Policy

The company is actively pursuing strategic investments in M&A for non-continuous growth and business investments for sustainable growth based on a disciplined investment policy.

Regarding business investment, the company will invest in technologies for enhancing IT and DX, marketing, human resources (recruitment and organizational strengthening), relocation and expansion of warehouses, store expansion, and strengthening of the compliance system. The company will control the allocation of funds while considering the forecast profit.

In M&A, from the perspective of maximizing corporate value and synergies, priority will be given to majority investments that can be consolidated into a consolidated group. The company will implement disciplined investment practices such as setting a maximum EV/EBITDA multiple and targeting profitable companies or companies with a high probability of becoming profitable in the short term. For new businesses, the initial investment will be limited, and after carefully examining business profitability and growth potential, the investment limit will be gradually expanded in phases where the return on investment can be expected.

③ Financial Policy

To enable aggressive business investment and M&A activities while securing investment funds, the company maintains the stability of its financial base through disciplined financial management while emphasizing investment for growth.

The company's financial discipline includes a net D/E ratio of 0.5 or lower, a Net Debt/EBITDA ratio of 1.0 or lower, and a capital adequacy ratio of 40% or higher.

④ Shareholder Return Policy

The company's basic policy is to return profits to shareholders through stable and continuous dividends, while aiming to increase TSR (Total Shareholder Return) through medium- and long-term share price appreciation by increasing EPS through prioritizing investments for growth.

The target consolidated dividend payout ratio is 20%. They will maintain the current dividend policy.

(4) Governance Structure and ESG/SDGs

① Strengthen the corporate governance structure

With the aim of enhancing corporate value, further improving governance, and increasing management transparency and objectivity, the company will shift to a system in which independent outside directors constitute a majority of the Board of Directors, along with the transition to a company with an audit committee.

In addition, the company will continue to operate a voluntary Nomination and Compensation Advisory Committee, which is chaired and majority-owned by outside directors and will increase the ratio of female directors from the perspective of promoting diversity on

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the Board of Directors. The number of female directors increased by two to become three out of a total of eleven directors. In addition, by nominating directors based on a skills matrix that defines key areas of expectation for directors, the composition of the Board of Directors will be changed to enable both medium- and long-term growth of the group and stronger governance.

② ESG/SDGs

From the perspective of the sustainability of business activities required by society, the company established a sustainability strategy policy focusing on compliance, risk management, and organizational and human resource management.

The two pillars of the strategy are "compliance and risk management" and "organization and human resource management."

Under "Compliance and Risk Management," the key measures are to strengthen corporate/service governance, enhance information security, and maintain/improve reliability in at-home pick up service.

In the area of organizational and human resource management, the key measures are strengthening recruitment and training, improving employee engagement, and bridging the skills and gender gap.

(5) Business Performance Targets

The organic and inorganic targets for 2024 are as follows

① Organic Targets

	Actual results for FY 12/21	Target for FY 12/24	CAGR
Net sales	247	465	approx. 23%
Ordinary Income	22.9	60	approx. 38%
Ordinary Income Ratio	approx. 9%	approx. 13%	+4pt

* Unit: Hundred million yen. Organic growth of existing businesses of BuySell and TIMELESS. The impact of future M&A is excluded. CAGR: compound annual growth rate.

② Inorganic Targets

They aim for non-continuous growth through aggressive promotion of M&A.

The recurring profit target for FY12/2024 is 6 billion-plus yen.

To lay the foundation for long-term business sustainability and growth in FY12/2024 and beyond.

<Reference2: Regarding Corporate Governance>

Organization type, and the composition of directors and auditors

Organizational Type	Company with Audit & Supervisory Committee
Directors	6 directors, including 2 outside directors
Auditors	3 auditors, including 3 outside auditors

Corporate Governance Report

The latest revision date: March 30, 2022

<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 not implementing each principle of the Corporate Governance Code>

The Company has implemented all the basic principles of the Corporate Governance Code.

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