



Q3 of FY2022 Settlement Report

November 14, 2022

BuySell Technologies Co., Ltd.

TSE Growth Market : 7685

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01

Financial Highlights

Financial highlights for Q3 of FY 2022

Consolidated financial highlights for Q3 of FY 2022

	Total of Q3 of FY 2022		Accounting period of Q3 of FY 2022 (July to September 2022)	
	<u>Results for Q3 of FY 2022</u> (cumulative)	Compared with the corresponding period the year before	<u>Results for Q3 of FY 2022</u> (accounting period)	Compared with the corresponding period the year before
Sales	23,856 mil. yen	+33.8%	8,763 mil. Yen	+43.2%
Operating income	2,541 mil. yen	+46.8%	982 mil. Yen	+145.5%
Ordinary income	2,525 mil. yen	+47.3%	973 mil. Yen	+146.0%
Net income in this term	1,522 mil. yen	+68.5%	593 mil. yen	+178.8%

- In Q3 of FY 2022, despite the seasonality of the off-season from July to September, an increase in the number of COVID-19 infections and the impact of typhoons, the purchase business progressed in line with internal plans for Q3 for both Buysell and Timeless.
- From the perspective of hedging against the recent volatility of the gold and watch markets, the inventory turnover period was shortened for some inventory items, such as precious metals and watches, which are susceptible to market fluctuations and were scheduled to be sold in Q4, with these being brought forward to Q3 and B2B sales increased strategically, resulting in sales turnover growth.
- As a result of the foregoing, in Q3 of FY 2022, both sales and profits are set to exceed the internal Q3 plan, **achieving year-on-year increases in both sales and profits, and setting a new quarterly record.**
- Both **operating income and ordinary income for the cumulative Q3 progressed steadily at about 76%** of the full-year consolidated earnings forecast, and the **probability of achieving the full-year plan is high.**



02

Results for Q3 of FY 2022

Consolidated Statement of Income for Q3 of FY 2022

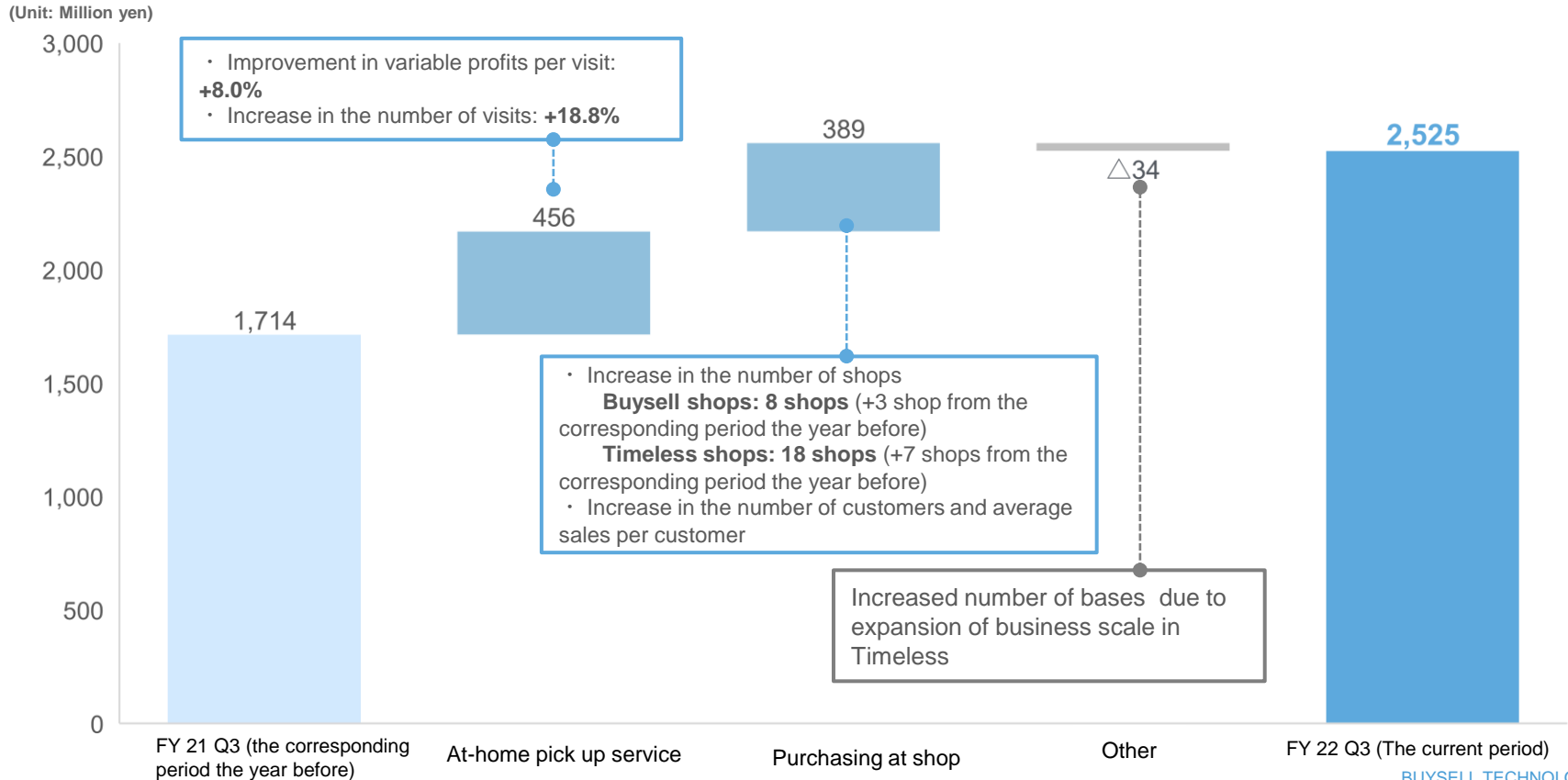
- In Q3 of FY 2022, despite the seasonality of the off-season from July to September, an increase in the number of COVID-19 infections and the impact of typhoons, the purchase business progressed in line with internal plans for Q3 for both Buysell and Timeless. In sales, from the perspective of hedging against the recent price fluctuations of gold and watches, sales of some inventories of precious metals and watches were brought forward and booked in Q3.
- As a result of the foregoing, sales and operating income increased to 23,856 million yen (up 33.8% YoY) and 2,525 million yen (up 47.3% YoY), respectively, from the same period the previous year.

(Unit: Million yen) Consolidated PL	Total of Q3 of FY 2021	Total of Q3 of FY 2022	Changes	Compared with the corresponding period the year before
Sales	17,827	23,856	+6,028	+33.8%
Gross profit	10,471	13,909	+3,437	+32.8%
Gross profit margin	58.7%	58.3%	-0.4pt	-
Selling, general and administrative expenses	8,741	11,368	+2,627	+30.1%
(Breakdown) Advertising expenses	2,826	3,497	+671	+23.8%
(Breakdown) Personnel expenses	2,232	2,853	+621	+27.8%
Operating income	1,730	2,541	+810	+46.8%
Sales to operating income ratio	9.7%	10.7%	+0.9pt	-
Ordinary income	1,714	2,525	+811	+47.3%
Ordinary income ratio	9.6%	10.6%	+1.0pt	-
Net income in this term that belongs to the parent company's shareholders	903	1,522	+619	+68.5%



Analysis of the consolidated ordinary income for Q3 of FY 2022 (YoY)

- Q3 sees a steady year on year profit growth of +47.3% to 2,525 million yen due to the improved variable profit per visit resulting from an expansion in home visits and improved B2C sales ratios and the successful increase in the number of BUYSELL and Timeless stores and department store events.

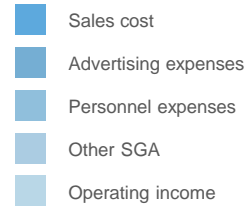


Quarterly transition

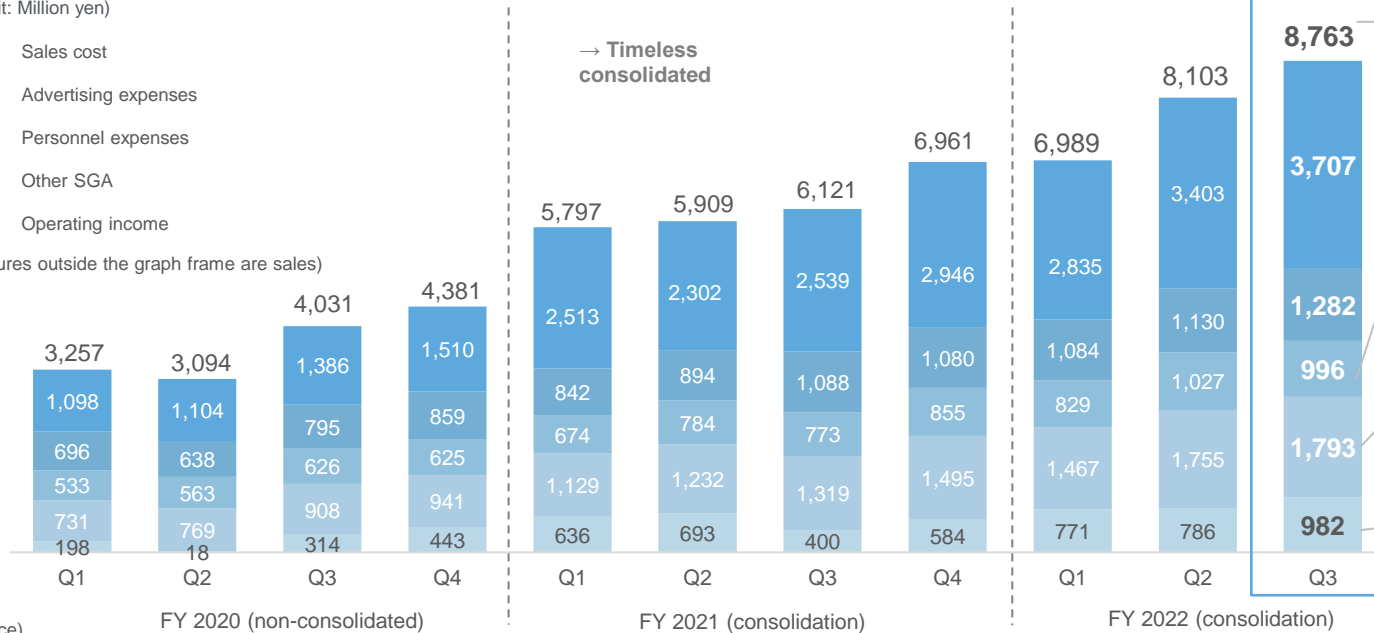
- Inventory sales were brought forward and promoted in Q3 in order to hedge against market fluctuation risk. Meanwhile, major costs, such as advertising expenses and personnel costs, held steady at planned levels. As a result, **net sales for Q3 (July to September) reached 8,763 million yen (YoY +43.2%) and operating profit 982 million yen (YoY +145.5%), achieving record-high quarterly sales and quarterly profit.**

Quarterly PL growth

(Unit: Million yen)



(Figures outside the graph frame are sales)



FY 2022, Q3 highlights

Sales

- Record high sales achieved
- Continued growth of B2C sales
- B2B sales of precious metals and watch inventory were increased in order to hedge against gold and watch market fluctuation risk.

Personnel expenses

- Increase due to hiring of new graduates (196) in April

Other SGA

- Increase in sales commissions due to increased B2C sales
- Increase in commissions to department stores for increased buying items at Timeless stores and events

Operating income

- Record high operating income achieved

(Reference)

FY 2020 (non-consolidated)

FY 2021 (consolidation)

FY 2022 (consolidation)



SGA ratio	60.2%	63.7%	57.8%	55.4%	45.7%	49.3%	52.0%	49.3%	48.4%	48.3%	46.5%
Sales to operating income ratio	6.1%	0.6%	7.8%	10.1%	11.0%	11.7%	6.5%	8.4%	11.0%	9.7%	11.2%

Consolidated balance sheet of Q3 of FY 2022

- As for inventory, we strategically shortened the turnover period of some inventory items, such as precious metals and watches, which are susceptible to market fluctuations, mainly from the inventory of the subsidiary Timeless. As a result of B2B sales being increased and brought forward to Q3, the inventory level at the end of Q3 showed a quarter-on-quarter decrease.
- With the consolidation of Four-Nine (BS for end of Q3 only), goodwill of ¥1,952 million was recorded, as well as customer-related assets of ¥1,997 million.

(Unit: Million yen)

		FY2021.12	FY2022.12				
		End of term	Q1	Q2	Q3	Compared with the end of the previous fiscal year	
Assets	Current assets	Cash and deposits	4,772	3,798	5,956	5,526	+753
		Inventories (turnover period)	2,142 (70.0 days)	2,447 (72.8 days)	2,612 (68.6 days)	2,378 (61.4 days)	+236 (-8.6 days)
		Other	432	667	503	864	+432
	Fixed asset	Goodwill	1,623	1,578	1,533	3,440	+1,817
		Customer-related assets	-	-	-	1,997	+1,997
		Other	1,315	1,447	1,626	1,888	+572
Total assets		10,285	9,938	12,232	16,095	+5,810	
Liability	Interest-bearing debt	3,115	2,856	4,101	4,742	+1,627	
	Other	2,577	2,161	2,610	3,924	+1,347	
Net assets	Capital (incl. capital surplus)	1,716	1,777	1,902	3,202	+1,485	
	Retained earnings	2,805	3,066	3,536	4,129	+1,324	
	Other	70	75	81	96	+25	
Total liabilities and net assets		10,285	9,938	12,217	16,095	+5,810	

Inventories

- From the perspective of hedging against market fluctuations in gold and watches, we increased B2B sales of precious metals and watches of the subsidiary Timeless, brought forward to Q3, as a result of which, the quarter on quarter inventory level decreased and the turnover period was shortened.

Goodwill and customer-related assets

- Posted because of the consolidation of Four Nine (BS consolidation only, PL consolidation starting from Q4)
 - Goodwill 1,952 million yen (amortized over 13 years)
 - Customer-related assets 1,997 million yen (amortized over 3.3 years)

※ For customer-related assets, fees and royalties based on franchise agreements, which are expected to produce revenue after October, 2022, are recognized as intangible assets.

Interest-bearing debt

- Borrowing implemented to acquire shares of Four-Nine
 - Q2 implemented portion +1.5 billion yen,
 - Q3 implemented portion +800 million yen

Capital surplus

- Of the consideration for acquiring shares of Four-Nine, increased by the equity swap portion + 1.2 billion yen

03

**Changes in Major KPIs
for Q3 of FY 2022**

Changes in main KPIs (BST) of at-home pickup service

- In Q3, in addition to the seasonality of the off-season, other temporary factors, such as the spread of COVID-19 infections, typhoon damage, and the commencement of operations by new hires, mainly in rural areas, the quarter-to-quarter ratio of variable profit per visit was weak, despite the growth in the number of home visits.
- However, given the seasonality of Q3 and the temporary weakness in KPIs due to the operation of new graduates, mainly in rural areas, the Q3 budget was set conservatively, and the profit plan is weighted towards Q4, with Q3 KPI progressing at more or less the same level as the internal plan.
- Entering the busy season from the second half of September, recent results are trending favorably, and there is a high probability that Q4 will be in line with the full-year plan.

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

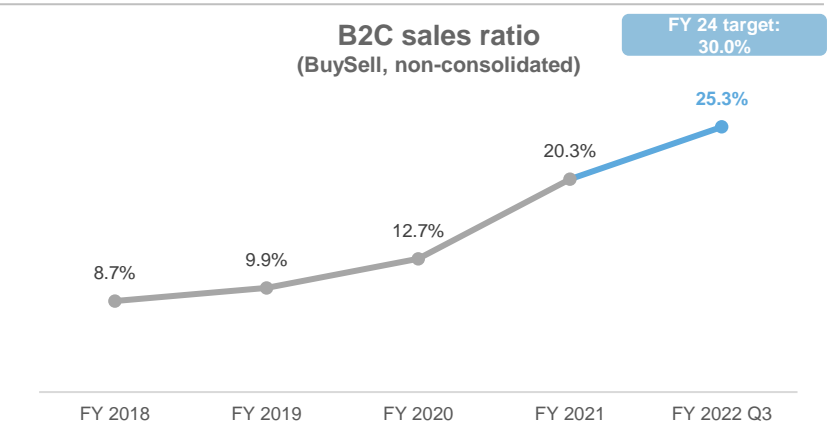
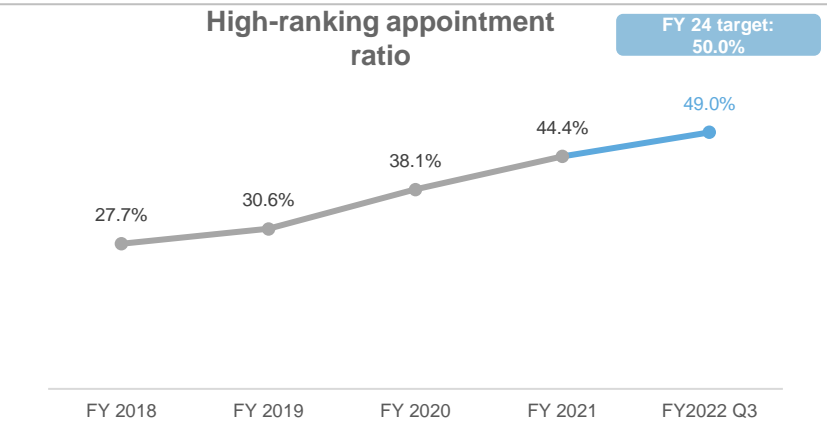
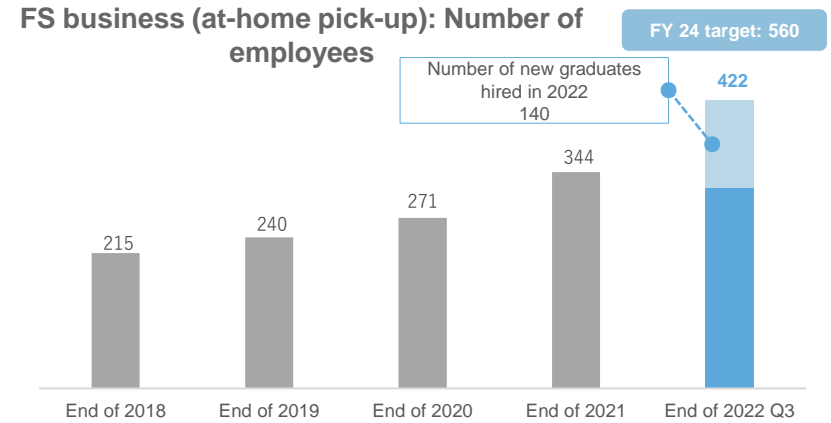
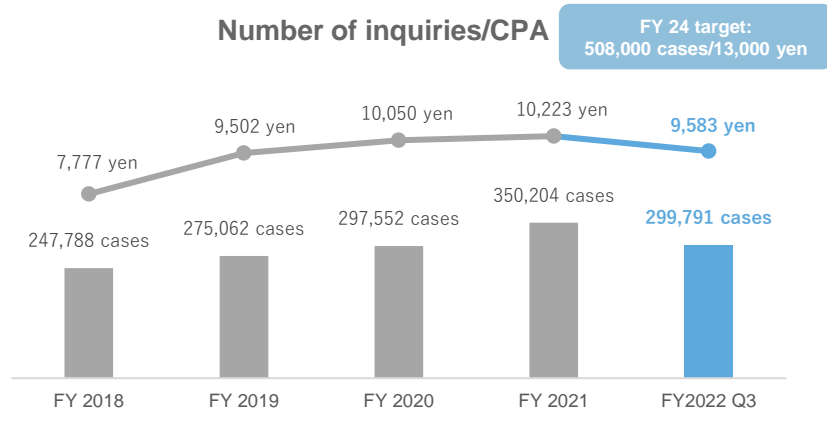
Changes in KPIs (Comparison between full fiscal year and total periods)	FY 2019	FY 2020	FY 2021	FY 2022		Progress rate/Plan ratio
	Full FY	Full FY	Full FY	Q3 result	Revised full-year plan	
Number of visits (cases)	180,146	187,871	209,526	174,962	243,000	72.0%
Variable profit per visit (yen)	32,178	35,526	40,238	44,461	46,800	95.0%
- Gross profit margin per visit (yen)	46,687	51,443	57,324	60,882	65,000	93.7%
- Advertising expenses per visit (yen)	14,509	15,917	17,086	16,421	18,200	90.2%

Changes in KPIs (Comparison of quarter accounting period)	FY 2021				FY 2022			Compared with the corresponding period the year before (Q3)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Number of visits (cases)	43,318	51,393	52,553	62,262	49,174	60,929	64,859	+23.4%
Variable profit per visit (yen)	42,437	42,658	38,673	38,031	47,179	46,133	40,830	+5.6%
- Gross profit margin per visit (yen)	60,172	58,966	57,447	53,885	65,354	61,503	56,907	-0.9%
- Advertising expenses per visit (yen)	17,734	16,308	18,773	15,854	18,175	15,370	16,077	-14.4%



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

Other important KPIs



Effect of the spread of novel coronavirus infections

- Because of the sudden increase in the number of infected people in Japan in July 2022, the number of inquiries for the month of July was weaker than expected, but the impact on performance was kept to a minimum, thanks to measures to strengthen conversion to home visit appointments.

Impact on BuySell's business of the spread of the novel coronavirus infection

	April to May 2020	January to March 2021	August to September 2021	January to February 2022	July 2022
Buying	<ul style="list-style-type: none"> • The number of inquiries dropped about 30% from the initially forecasted figure. • The quantity of commodities purchased at each visit fell as the negotiation time with the customer was shortened. 	<ul style="list-style-type: none"> • The number of inquiries is down by about 20% from the figure initially forecast because a state of emergency has been declared again. Influences such as a decline in the quantity of commodities purchased after visit are minor. 	<ul style="list-style-type: none"> • Visit rate dropped in the urban areas as the domestic number of infections shot up. This reduced the amount of goods purchased per visit. 	<ul style="list-style-type: none"> • The number of domestic infections surged in January, and the number of visits slightly declined over the estimate. The number of visit showed a recovery trend after February, and the impact of business results was immaterial. 	<ul style="list-style-type: none"> • There was a significant increase in the number of infected people in Japan in July, and the number of inquiries was slightly lower than expected, but the impact on performance was kept to a minimum because of measures to strengthen conversion to appointments.
Sale	<ul style="list-style-type: none"> • Events at department stores were canceled, home and overseas auctions were postponed, the selling prices of some commodities tumbled, and EC sales of brand items was sluggish. 	<ul style="list-style-type: none"> • Unlike April of last year, the impact on the sales channel has been limited. • Holding events at department stores has not been affected, but some effect, such as a decline in the number of customers visiting department stores, has taken place. 	<ul style="list-style-type: none"> • Influences on sales through B2B and EC were diminutive. • Sales at events were called off because department stores were closed, but the impact was insignificant because the closure was small in scale and lasted for only a short time. 	<ul style="list-style-type: none"> • Business operation continued as usual. 	<ul style="list-style-type: none"> • Business operation continued as usual.
Cost	<ul style="list-style-type: none"> • Business operation was scaled down by cutting down the advertising expenses and decreasing the number of visits by about 30% from the initial forecast. 	<ul style="list-style-type: none"> • Business operation continued as usual. • Cost control, centering on advertising cost, was implemented. 	<ul style="list-style-type: none"> • Business operation continued as usual. 	<ul style="list-style-type: none"> • Business operation continued as usual. 	<ul style="list-style-type: none"> • Business operation continued as usual.



04

Progress against FY 2022 earnings forecasts

Progress against FY 2022 earnings forecasts

- Compared to the revised full-year consolidated earnings forecast announced on August 12, 2022, **both operating income and ordinary income** for the cumulative Q3 are progressing steadily at about 76%, and there is a high probability that the targets of the full-year plan will be achieved.

Q3 progress rate (against revised plan)

(Unit: Million yen)

Consolidated PL	Earnings forecast for FY 2022		Results for Q3 of FY 2022 (C)	Progress rate (C/B)
	Initial plan (A) (Published February 14, 2022)	Revised plan (B) (Published August 12, 2022)		
Sales	32,500	34,000	23,856	70%
Gross profit	19,100	19,850	13,909	70%
Gross profit margin	58.8%	58.4%	58.3%	-
Selling, general and administrative expenses	16,000	16,500	11,368	69%
(Breakdown) Advertising expenses	4,900	5,000	3,497	70%
(Breakdown) Personnel expenses	4,000	4,200	2,853	68%
Operating income	3,100	3,350	2,541	76%
Sales to operating income ratio	9.5%	9.9%	10.7%	-
Ordinary income	3,040	3,300	2,525	77%
Ordinary income ratio	9.4%	9.7%	10.6%	-
Net income in this term that belongs to the parent company's shareholders	1,730	1,950	1,522	78%

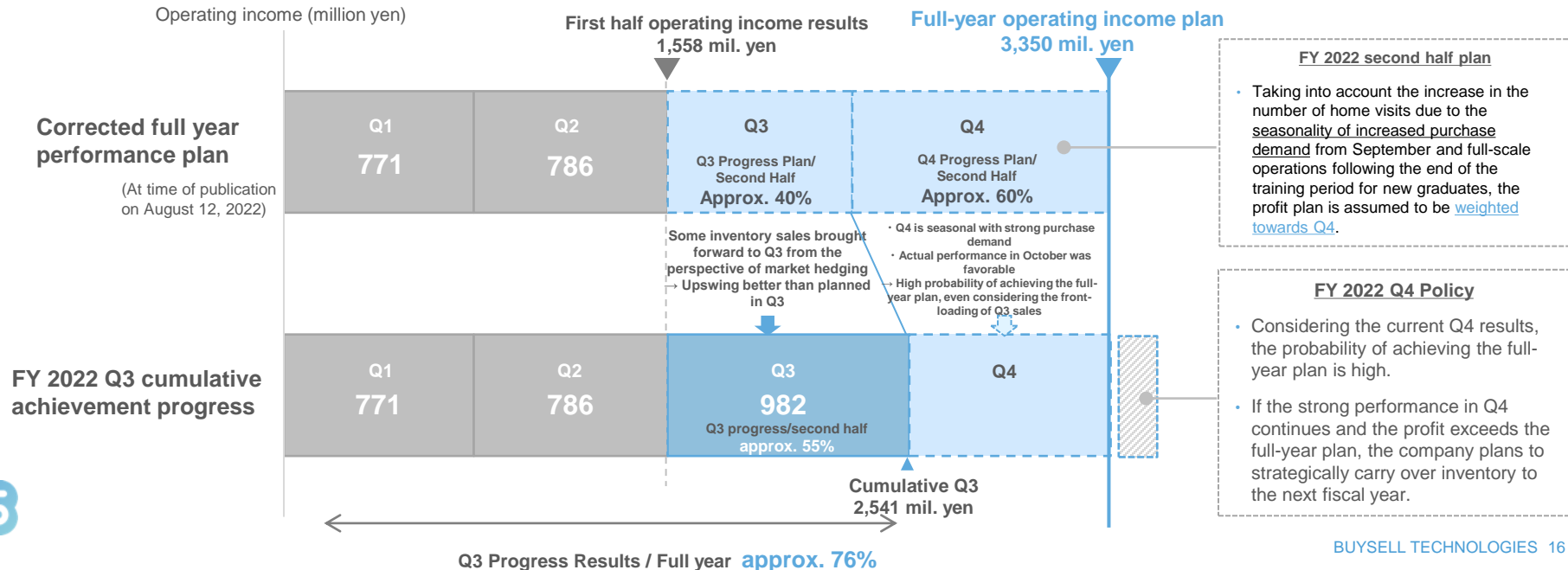


- With regard to Four-Nine Co., Ltd., which became a wholly owned subsidiary in August 2022, the plan is to consolidate the PL statements from Q4 of FY 2022 so that Four-Nine's earnings forecast (three months from October to December 2022) as a result of consolidation will be reflected. [Regarding the results for this fiscal year, only the impact of sales \(+1.2 billion\) has been factored in, and the conservative assumption is zero operating loss after considering amortization of goodwill.](#)

Q4 plan policy based on Q3 profit progress

- Although the profit plan is expected to be weighted towards Q4, some inventory sales were brought forward to Q3 in consideration of the possible market impact, resulting in a higher profit than the Q3 profit plan.
- Q4 is a busy season with high demand for purchases, and recent results are progressing smoothly, such as inquiries in October and KPIs for new hires. Even taking into account the impact of booking sales that were brought forward to Q3, performance looks likely to achieve the initial Q4 plan levels.
- In addition, if the current strong performance continues and the full-year profit is exceeded, the full-year earnings forecast will remain unchanged because of the policy of carrying over inventory strategically to increase B2C sales from the next fiscal year onwards.

Profit Progress for Q3 of FY 2022, and Q4 Plan Policy



05

Medium-term Business Plan financial guidance

Excerpt from medium-term management plan published in
February 2022

Position of medium-term business plan - Ideal in FY2024

Mission of BUYSELL group

- **Contribute to establish the recycling-based society** through revitalization of the secondary trading market for the purpose of realizing sustainable society
- **Seek sustainable growth and maximize enterprise value** as a company jointly creating value with various stakeholders such as customers, shareholders, employees and society

Ideal in FY2024

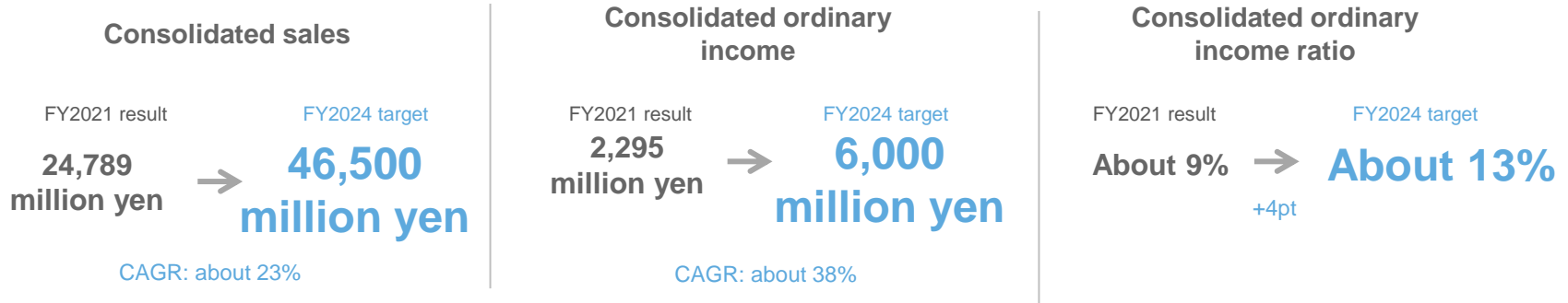
- Establish the position as **a reuse tech company** by promoting the integration of the **real with technology (IT and DX)**
- Secure an unrivaled, established **leading position in reuse at-home pick up service**
- Set a target for **average annual growth rate of consolidated ordinary income of about 40% for three years (FY2024.12)** on **organic growth** basis
- Build up the corporate governance system **combining sustainable growth with strengthening of governance** for the purpose of **maximization of shareholder value**



Medium-term business plan financial guidance - FY2024 earnings target

Targets based on organic growth

FY2024 December earnings targets based on **organic growth of existing businesses in BUYSELL and TIMELESS** (excluding effect of future M&As)



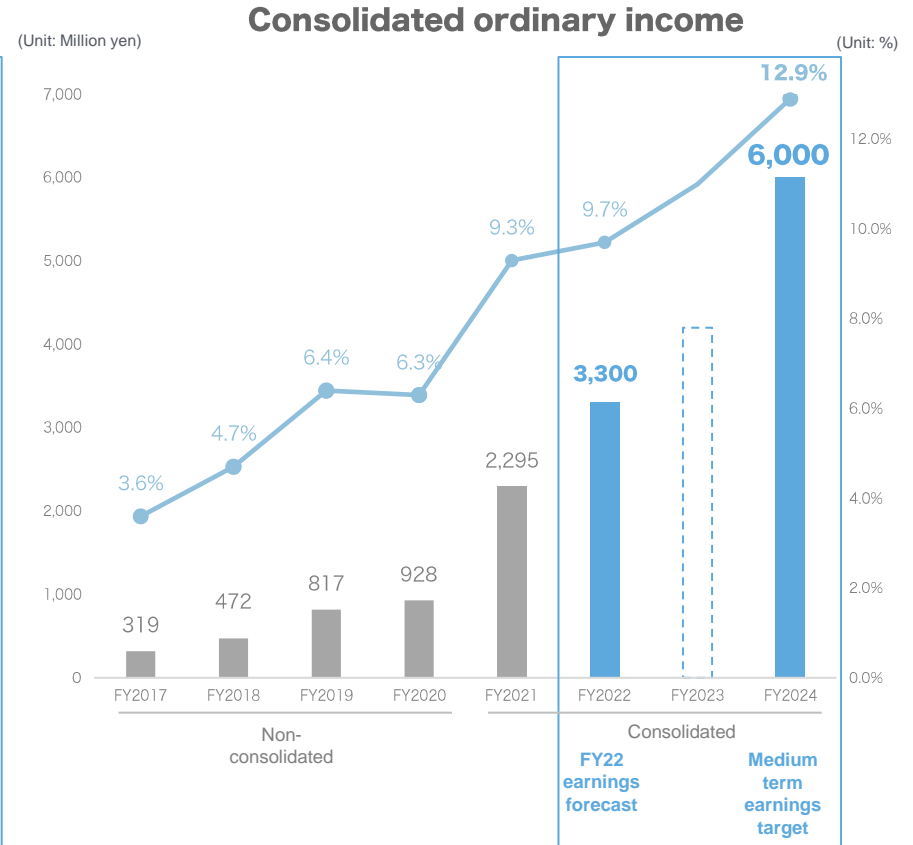
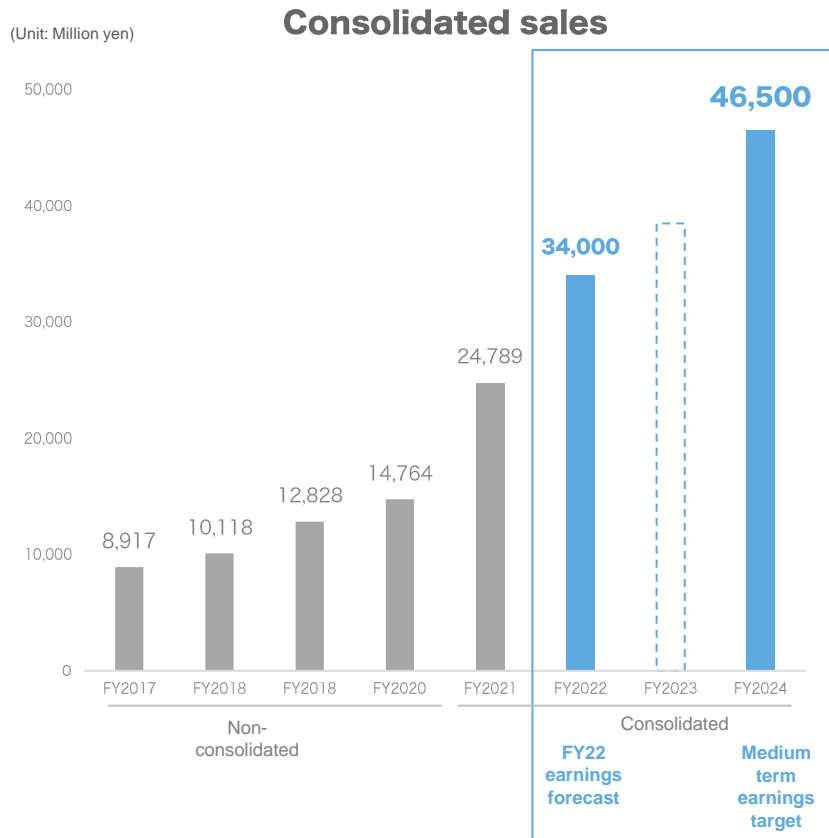
Targets based on inorganic growth

Seek a discontinuous growth by **actively promoting M&As**

- Achieve the target for **ordinary income of 6,000 million yen plus something extra (upside)** for FY2024 December
- Build the foundation for long-term business sustainability and growth after FY2024 December



Review of financial results and medium-term earnings targets based on organic growth



← FY17-FY21 CAGR : 29.1% FY21-FY24 CAGR : 23.3% →

← FY17-FY21 CAGR : 63.9% FY21-FY24 CAGR : 37.6% →

03

Investment highlights

Investment highlights

1

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

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

2

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

- Achieved high CAGR of 29.1% and 63.9% for net sales and ordinary income respectively in the period in FY 2017-FY 2021
- Significantly improved the number of at-home pickups and variable profit per visit, which are key KPIs, through data-driven management, which is one of our strengths
- The plan is to aim for further growth by strengthening investment in the technology field, strengthening purchasing such as by area expansion, and strengthening B2C sales that contribute to improving profit margins

3

M&A strategy to achieve dynamic growth

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



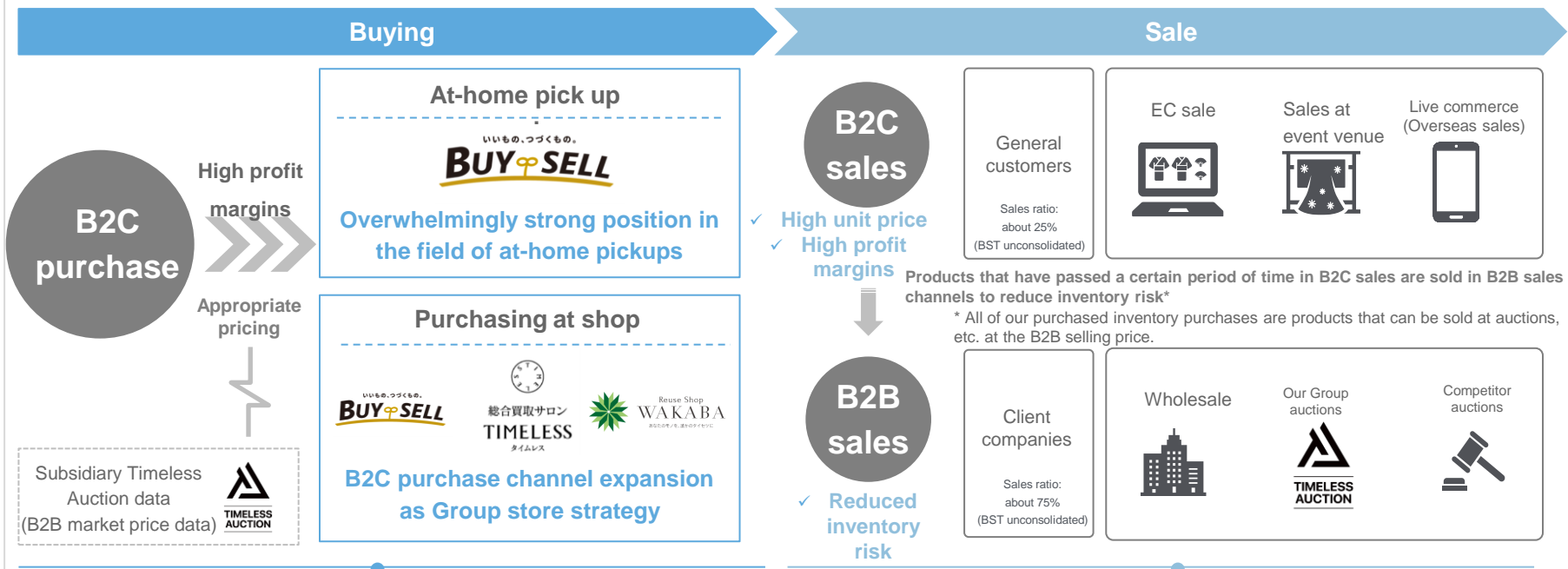
Investment highlights

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



A business structure that creates a source of competitive advantage

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

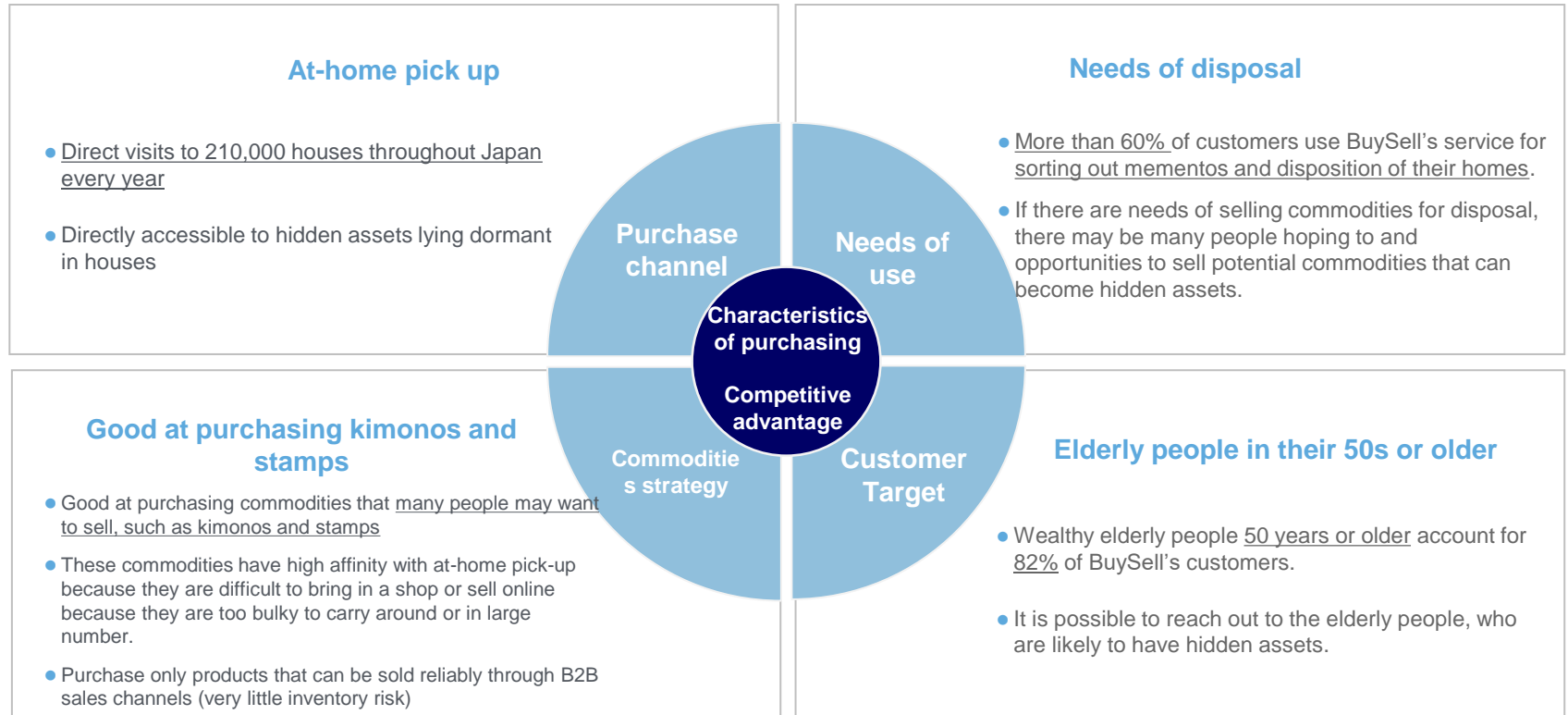


Purchasing from "B2C" that can realize high gross profit rates is the source of competitiveness

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

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

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



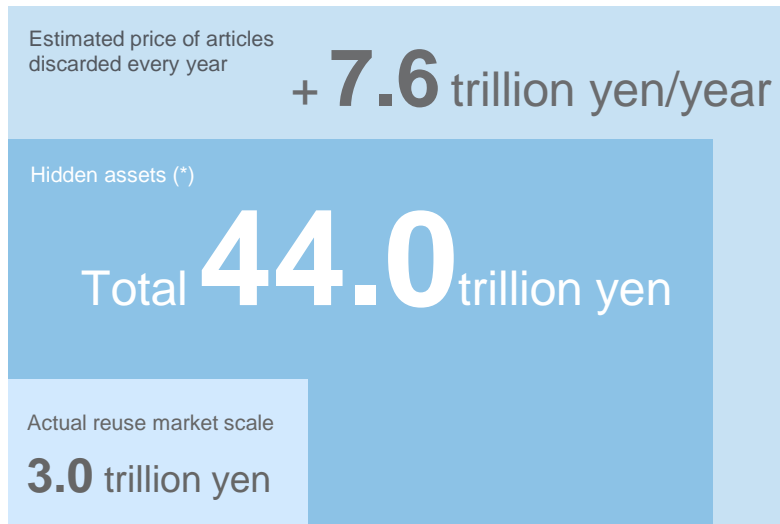
*Hidden assets: Prices of unwanted articles at home that have not been used for one year or longer



Growth potential of “hidden assets” to be unearthed

- The total amount of “hidden assets” (the estimated value of unused items in the home that have not been used for more than a year), which indicates the size of the latent reuse market in Japan, is estimated to be approximately 44 trillion JPY, and the potential for latent reuse market growth is huge.
- The company's strength is in at-at-home pickups which unearth "hidden assets" (precious metals, brand goods, watches, etc.), mainly from wealthy seniors in their 50s and above, and realize the expansion of purchases.

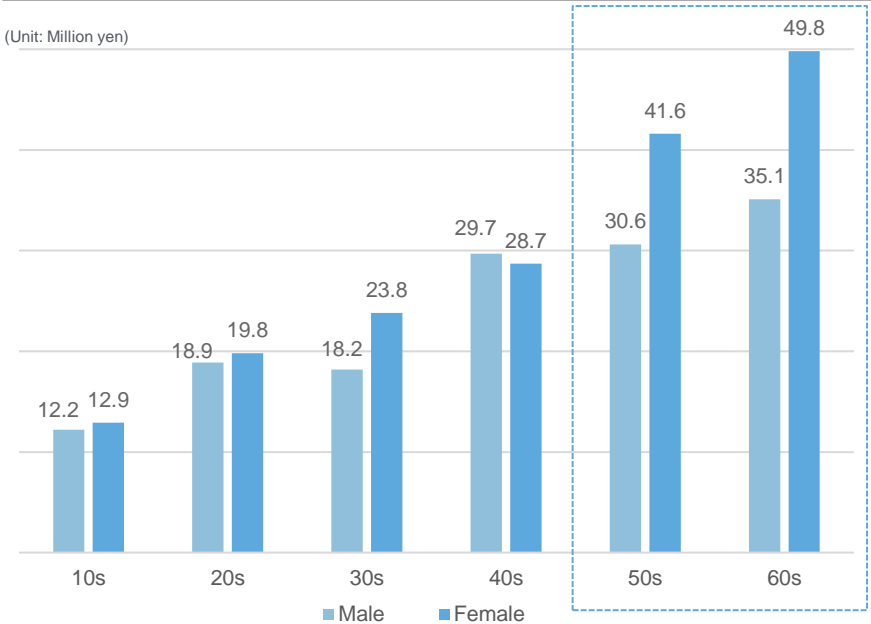
Potential reuse market scale



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

Value of hidden assets possessed per person

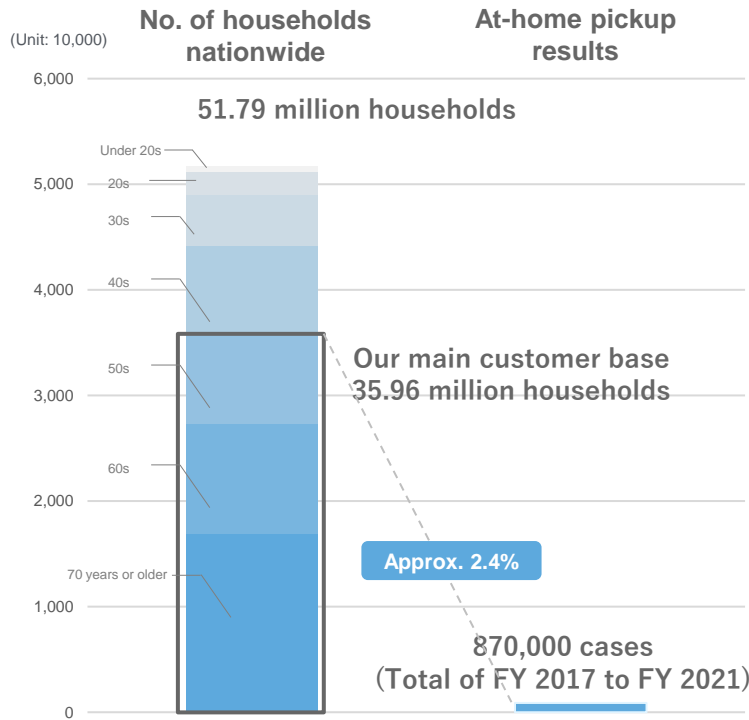
(Unit: Million yen)



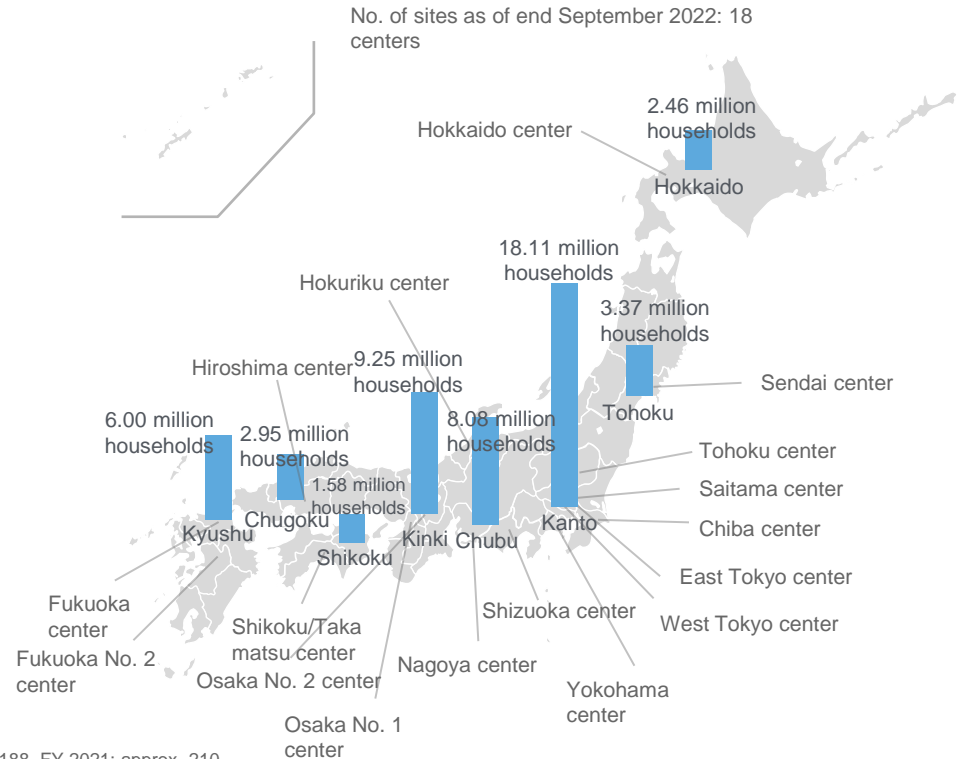
Our main customer base

Performance of at-home pickups and potential for future expansion

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



Distribution of 51.79 million households nationwide and Company branch offices



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

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



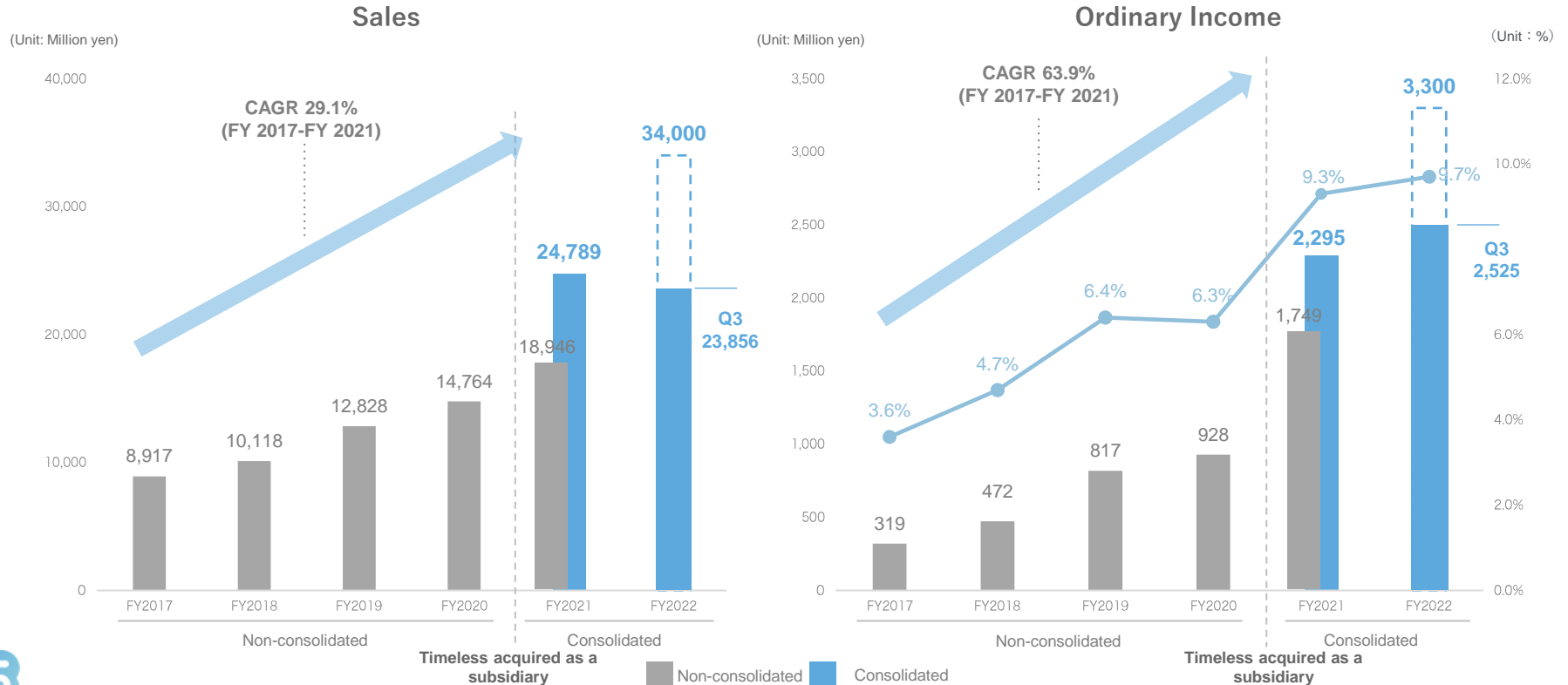
Investment highlights

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



Performance transition

- Through management strategies such as (1) expansion of “C2B2C” transactions that can achieve both sales and profit growth, (2) clear KPIs and data-driven management that support growth, and (3) synergies through strategic M&A and PMI, we achieved continuous high growth since listing in December 2019.



Non-consolidated information not disclosed from FY 2022 onwards

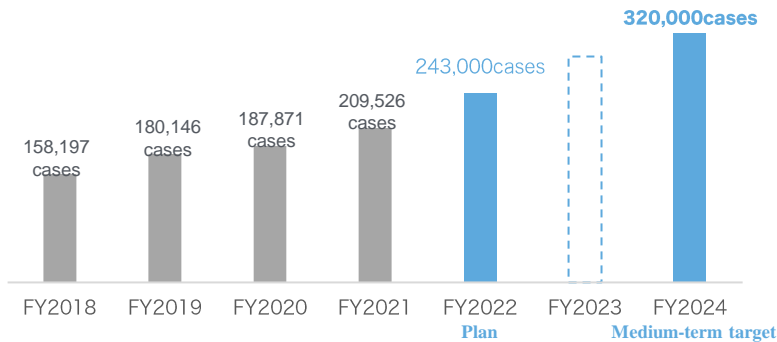


Trend of major KPI for at-home pick up service (1) (BST)

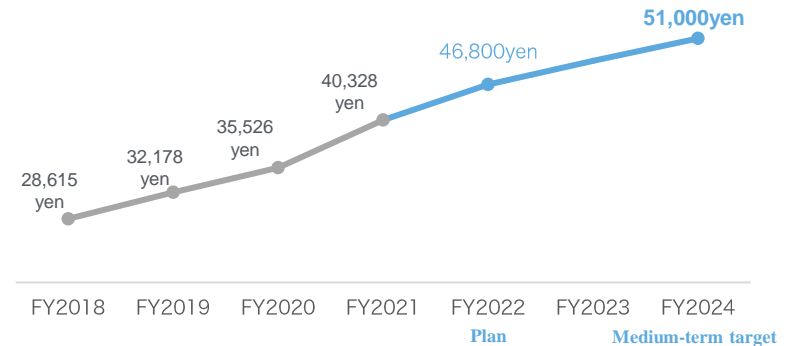
- Both the number of at-home pickups and the variable profit per visit, which are important KPIs for the at-home pickup and purchase business, have grown steadily, contributing significantly to the expansion of business performance.

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

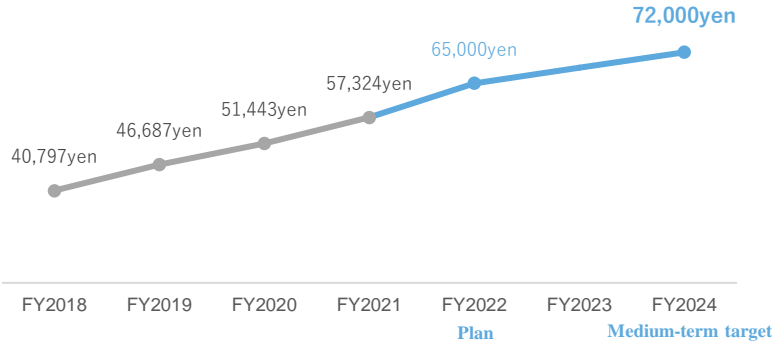
(1) Number of visits



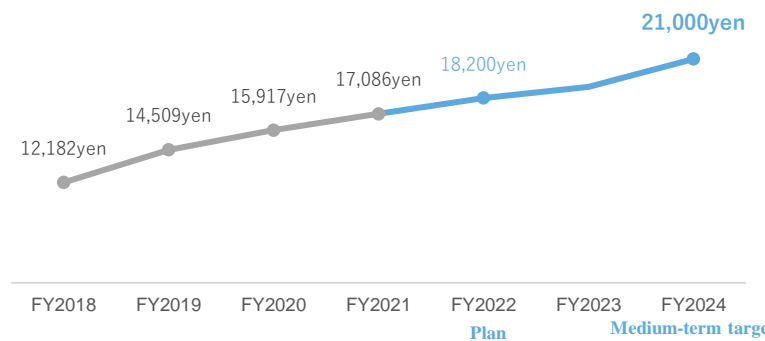
(2) Variable profit per visit



(3) Gross profit margin per visit



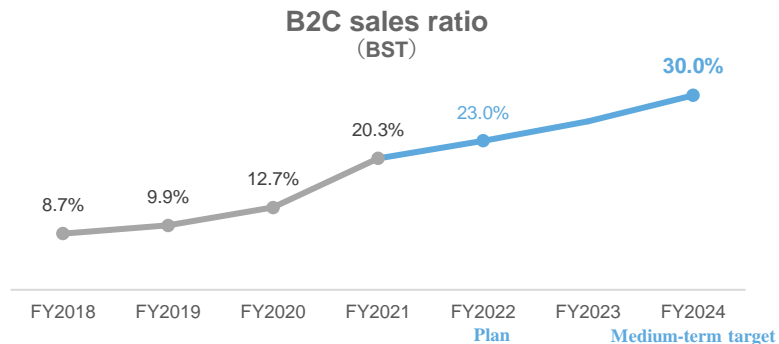
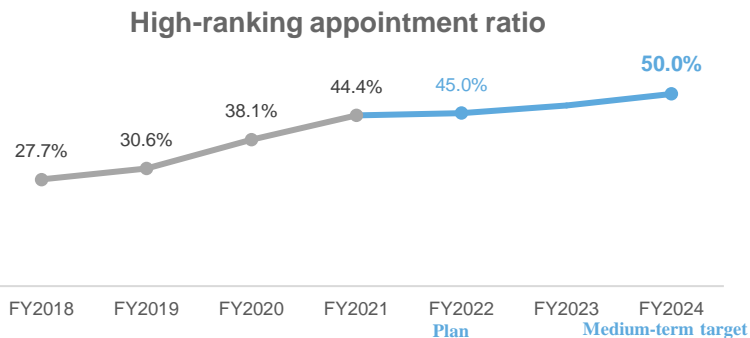
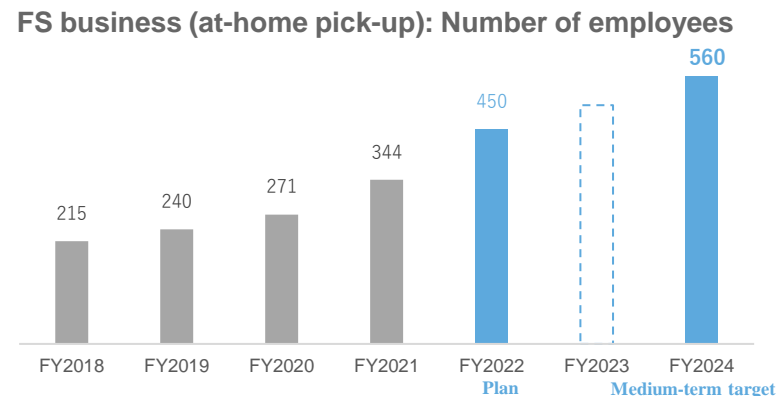
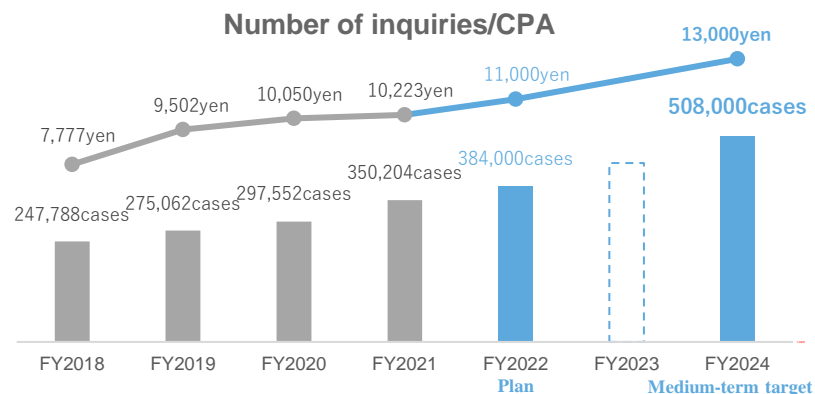
(4) Advertising expenses per visit



Trend of major KPI for at-home pick up service (2) (BST)

- Steady improvements made in various breakdown KPIs that affect the number of at-home pickups and variable profit per visit, which are major KPIs.

Other important KPIs



*1 CPA: Advertising expenses per inquiry (advertising expenses concerning at-home pick up ÷ the number of inquiries)

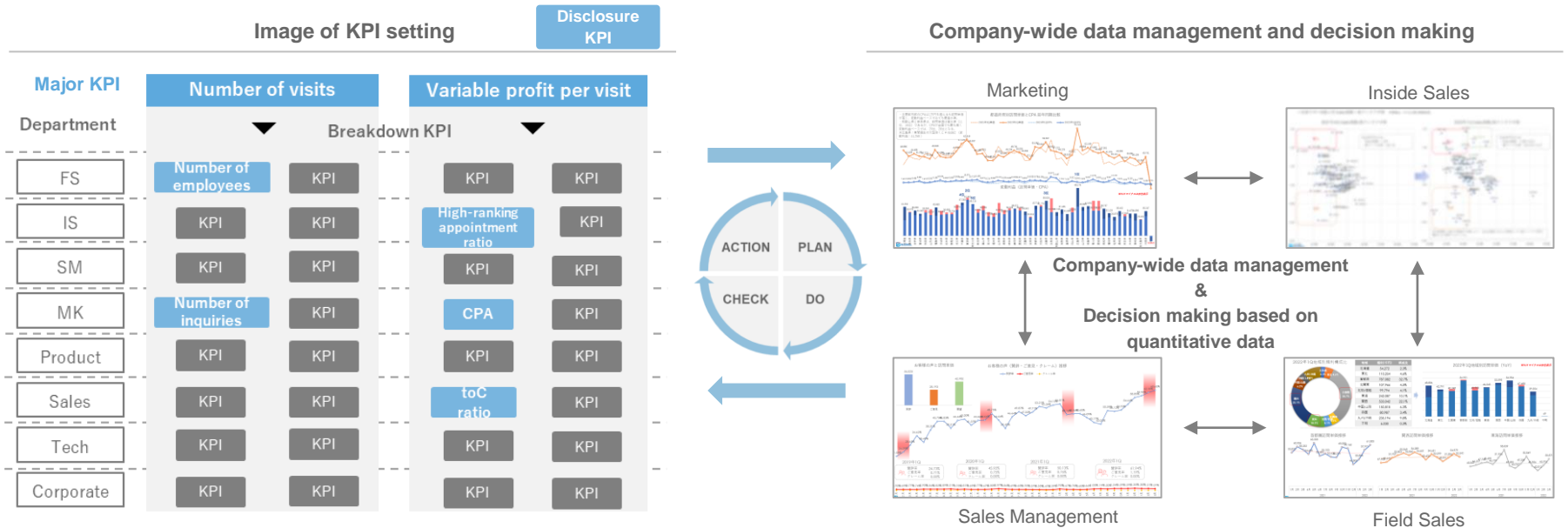
*2 High rank appointment ratio: Appointments are classified into five ranks, A-E, according to the expected gross profit per visit for internal management accounting. Ratio of appointments with higher ranks of A - C among the relevant ranks to the number of visits (number of appointments with the ranks of A - C ÷ Number of visits)



Data-driven management that supports high growth

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

Data-driven management that supports high growth



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

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



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

Data-driven management case study Sales enablement

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

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

Examples of initiative by the Enablement Department

KPI setting and PDCA cycle

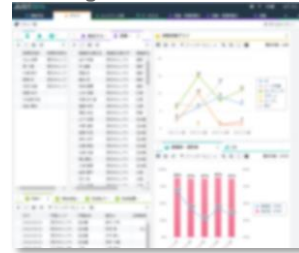


Example: Individual chart



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

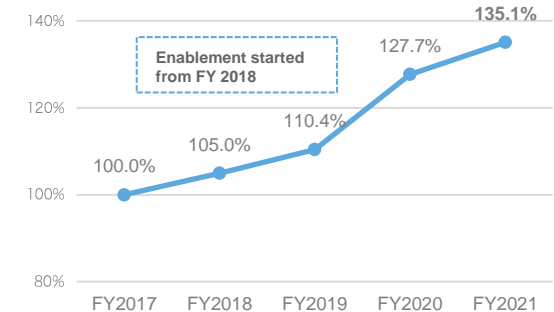
Example: Training management database



Manage education schedules and training frequency

Results of KPI improvement

FS business_Gross profit unit price (*) growth rate per visit (base year: FY 2017)



(*) Gross profit unit price per visit for internal management accounting to manage KPIs at FS Business Division
 - KPIs eliminating impact of sales on a growth of gross profit
 - Values are not disclosed because these KPIs are for management accounting.

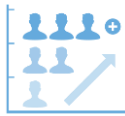
By applying the same data-driven management in all departments, the aim is to improve a wide range of KPIs, and achieve improved performance.



Growth Strategies (1) Strengthening of investment in the tech area

- Accelerate business growth by increasing the productivity with technology and deepening data-driven management through establishment of the data foundation

Strengthening of investment in the technology area



Expansion of technology organization

- Formulation of mid-and-long term technological strategies
- Strengthen employment of engineers, human resource development system and employment branding by making preferential investment in technology organization



Research and development using AI technology and data

- Launch BuySell Research
- Strengthen research and development with the theme of reuse x AI
 - Forecast of price of commodities
 - Forecast of a starting price of auction
 - Chatbot
 - Identification of commodity and model number
 - Identification of the authenticity
 - Automatic calculation of appraisal price
 - Optimization of visiting route
 - Optimization of allocation of inventories

Strengthening of IT and DX



Acceleration in data-driven management

- Accelerate further data-driven management by deepening data such as purchase, sales and customer data as a result of establishment of the entire company data foundation



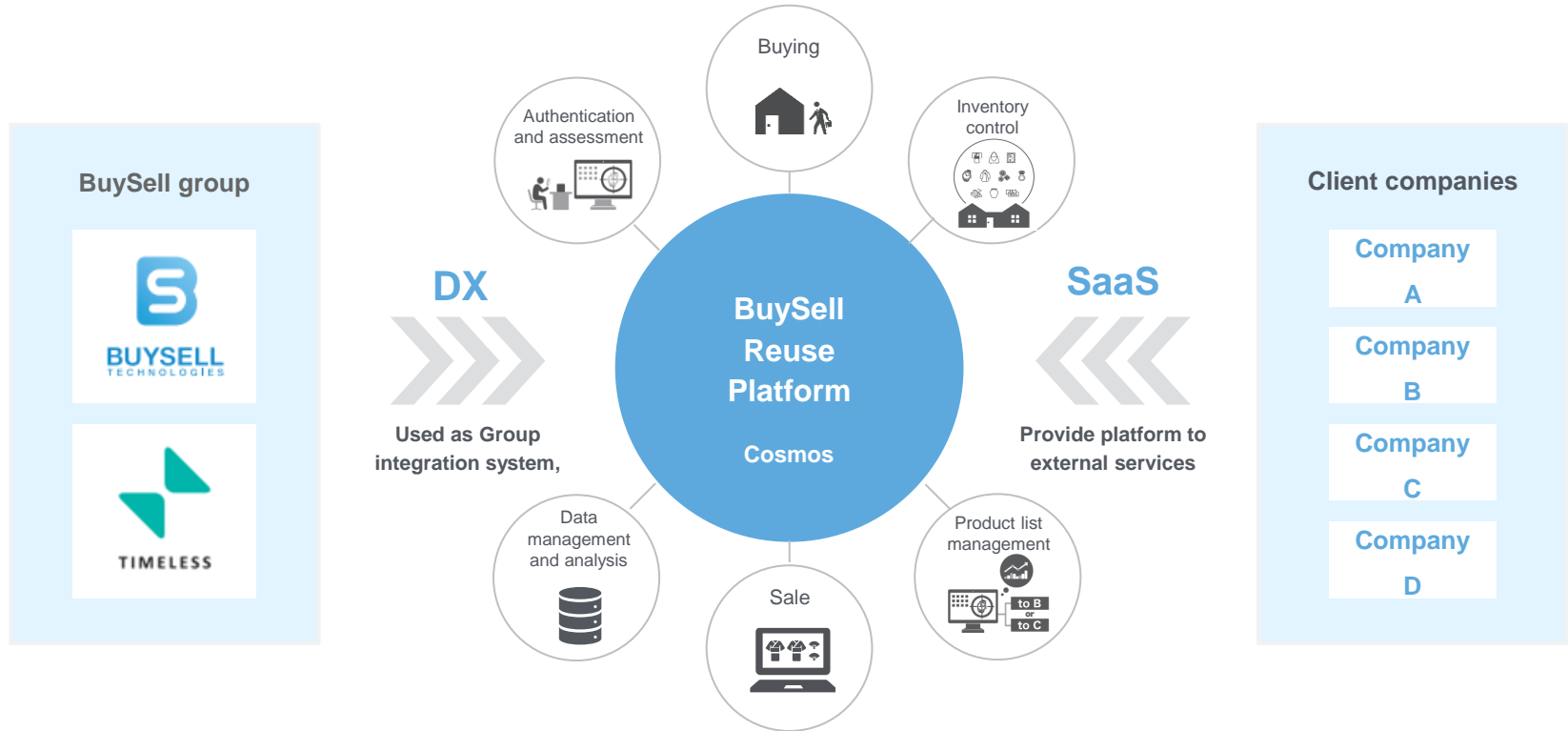
Increase in the productivity with technology

- Increase operating effectiveness by establishing the reuse platform and using technology
- Increasing the number of appraisal cases per capita by reducing time for appraisal at time of visit

Promote the combination of real (people and goods) x technology (IT and DX) to become a reuse tech company

Ref: Growth Strategies (1) SaaS concept for reuse platform

- With the launch of the BuySell Reuse Platform (Cosmos), SaaS will be developed as a platform and a new revenue pillar created by making it available to external vendors.



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



Growth Strategies (2) Area expansion strategy in at-home pick up service

- Executing optimum strategy of marketing, bases, and personnel distribution in regional areas in addition to urban areas, Tokyo, Nagoya, and Osaka mainly to combine an increase in the number of visits and maximization of variable profits per visit by area and pursue further growth.

	Tokyo, Nagoya, and Osaka areas	Focused regional areas
Gross profit margin per visit	<ul style="list-style-type: none"> • Tendency for many inquiries and commodities purchased from elder wealthy and higher gross profit per visit 	<ul style="list-style-type: none"> • Lower gross profit per visit over Tokyo, Nagoya, and Osaka areas
Advertising expenses per visit	<ul style="list-style-type: none"> • Tendency for severe competitive environment and higher advertising expenses (CPA) 	<ul style="list-style-type: none"> • Possible to efficiently make advertisements at low advertising expenses (CPA) due to mild competitive environment
Variable profit per visit	<ul style="list-style-type: none"> • Possible to generate variable profit per visit in regional areas equivalent to that in Tokyo, Nagoya, and Osaka areas by adopting the efficient marketing strategy according to gross profit margin per visit by area 	<div style="border: 1px dashed blue; padding: 5px;"> <p>Already validating the probability of the strategy for expanding regional areas in relation with executing the strategy for focusing on rural areas under COVID-19 crisis</p> </div>
Number of visits	<ul style="list-style-type: none"> • Possible to increase the number of visits with an improvement in variable profit per visit by focusing on regional areas 	

Further strengthening the foundation through continuing investment

Strengthening investment in focused regional areas

- Divide into segment by fragmented area before executing the cross-media marketing strategy which is the strength of the company
- **Strengthen sales capabilities with organization and personnel distribution optimized by area by increasing the number of bases**

Combine an increase in the number of visits and maximization of variable profits per visit by maximizing return on investment by area



Growth Strategies (3) Strategy for increasing purchase shops

- Strengthen the purchase at shop channel differentiating from at-home pick up by accelerating the group's expansion of shops with effective use of synergy of the group

Shops	the number of shops in the group : 222	Advantage
Shops in BUYSELL	<ul style="list-style-type: none"> 8 shops (as of end of September 2022) Major cities across the nation Main commodities: kimonos, stamps, old coins, etc. 	<ul style="list-style-type: none"> Effect of attracting customers through recognition of BUYSELL resulting from large-scale marketing campaign concerning BUYSELL at-home pick up service Targeting elderly customers with the needs for selling commodities for disposal Guiding customers who are resistance to at-home pick up to a shop
Shops in TIMELESS	<ul style="list-style-type: none"> 18 shops (as of end of September 2022) Permanent shops in department stores throughout the country Main commodities: brand items, wristwatches, jewelry, etc. 	<ul style="list-style-type: none"> Favorable location and sense of security of permanent shops in department stores Mainly targeting elderly wealthy using department stores Taking marketing measures such as DM in collaboration with department stores Guiding customers who are resistance to at-home pick up to a shop
Shops in FOURNINE (Reuse Shop WAKABA)	<ul style="list-style-type: none"> Franchise shop: 179 shops (as of end of September 2022) Direct operation: 17 shops (as of end of September 2022) Second class locations across the nation (mainly franchise shops) Major commodities: brand items, wristwatches, and jewelry 	<ul style="list-style-type: none"> Good at shop development at second class locations and the support system including fulfilling training programs Broad area target with 206 stores nationwide Scalability through franchise model

Aim to expand profitability of each store and accelerate group store development through group synergies

(mutual customer referrals, marketing support, technology utilization, data-driven management, etc.)

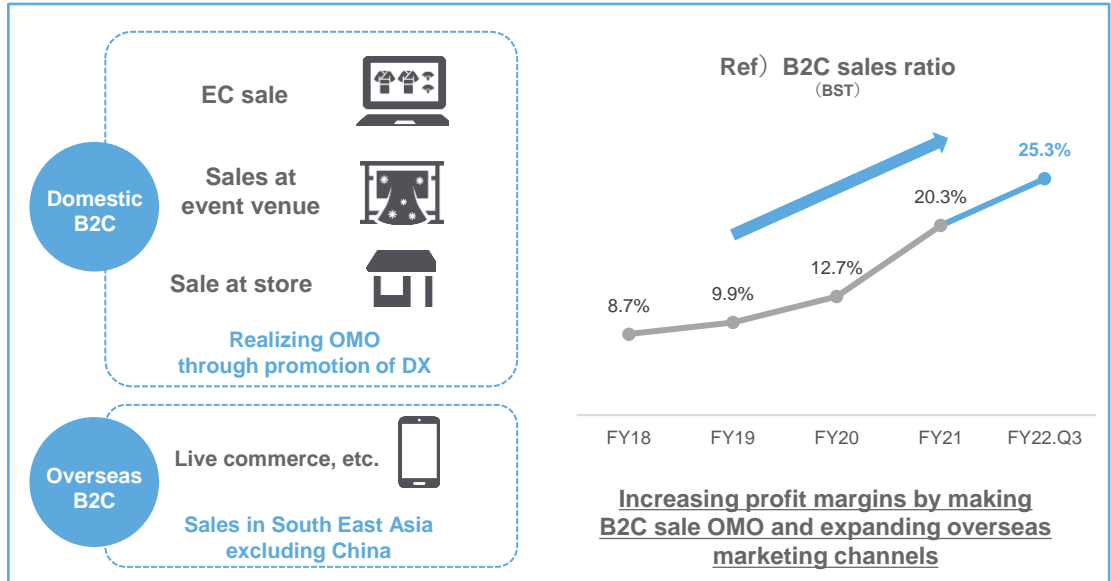
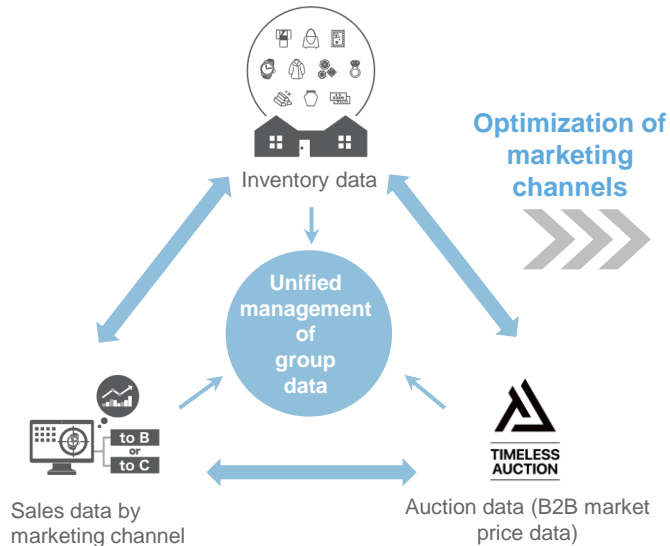


Growth Strategies (4)

Strengthening B2C sales by introducing technology for sales

- Increase profit margins by optimizing marketing channels with unified management of group data, making B2C sale OMO (Online merges with Offline) and increasing overseas marketing channels

Optimizing marketing channels through unified management of group data



Investment highlights

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



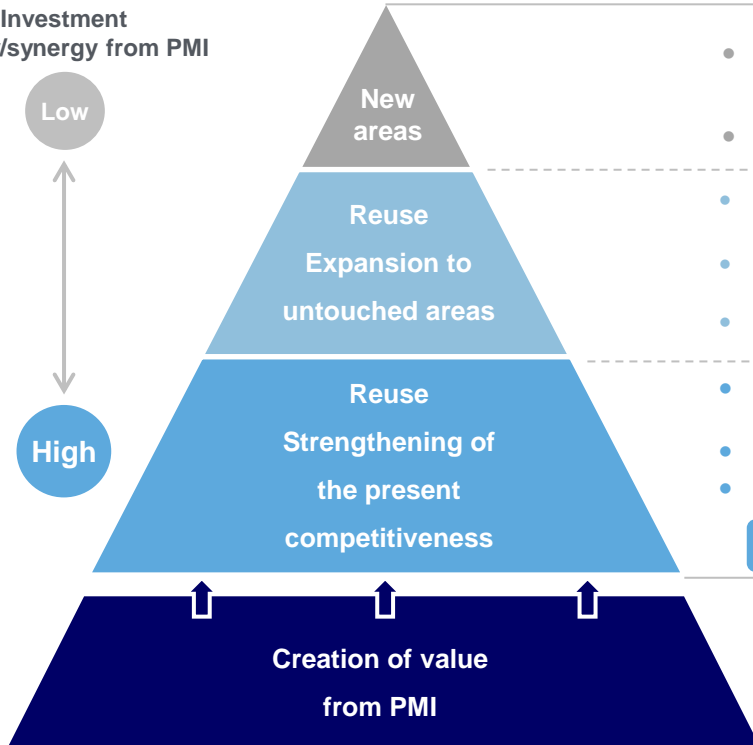
M&A strategy

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

Maximization of enterprise value

M&A investment target areas

Investment priority/synergy from PMI



- **New areas with a high affinity for businesses and customer base of the company:** Real estate, sorting out mementos, clearance, etc.
- Other new areas
- **Expansion of newly covered commodities:** Musical instruments, toys, apparels, furniture, home electrical appliances, etc.
- **Expansion of purchase channels:** Company holding purchase channels for niche and specialty commodities
- **Expansion of marketing channels:** Cross-border EC (overseas marketing channel), shops and auction of commodities other than existing commodities
- **Strengthening of covered commodities:** Kimonos, stamps, brand items, wristwatches, jewelry, cameras, etc.
- **Strengthening of purchase channels:** At-home pick up, shops and delivery
- **Strengthening marketing channel:** EC sale, auction, sales at event, etc.

Timeless Co., Ltd.
(Wholly acquired in October 2020)

Four-Nine, Inc.
(Wholly acquired in July 2022)

- ✓ Data-driven management
- ✓ Technology
- ✓ Human resources and employment

- ✓ Sales and marketing
- ✓ Compliance
- ✓ Corporate



Results of M&A with Timeless

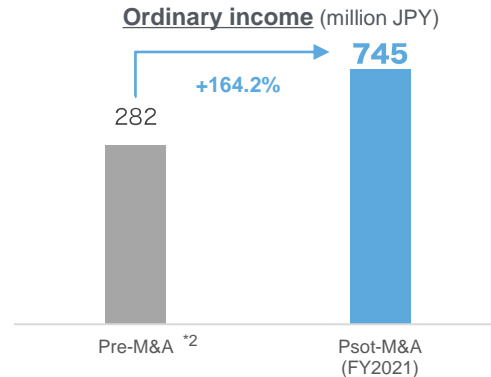
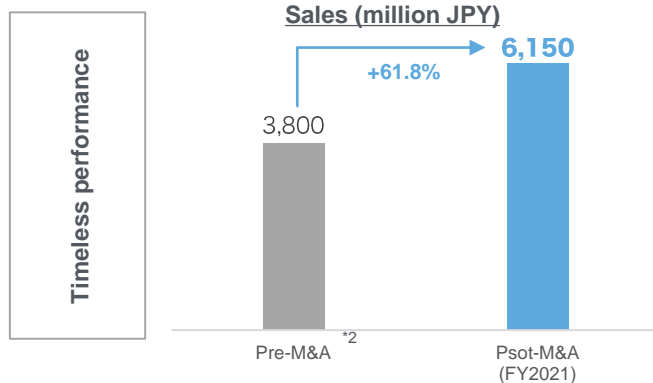
- Achieved M&A results that contributed to group synergy and improvement of corporate value through company-wide support at PMI after M&A.

Project overview

Overview	Conversion of Timeless Co., Ltd., into a wholly owned subsidiary(only reuse business)
M&A completion date	November 6, 2020 (included into the scope of consolidation from FY 2021 December)
Scheme	Share acquisition (cash consideration) + partial equity swap
Consideration for M&A acquisition	Share acquisition: Approx. 1.65 billion Equity swap: Approximately 300 million JPY (140,000 shares) *1 Total acquisition consideration: Approximately 1.95 billion JPY
Amount of goodwill recorded	Approx. 1.8 billion JPY (10-year depreciation)

Main PMI support contents

- Data driven**
 - Sharing of data-based KPI visualization / monitoring know-how
- Employment**
 - Increased from 37 at the end of December to 95 at the end of September 2021
 - Acceleration of the number of events and store openings by expanding personnel
- Technology**
 - Construction of web auction system
 - System integration of inventory / sales data, etc.
- Marketing sales**
 - Marketing support for DM and web advertising in collaboration with department stores
 - Group sharing of know-how such as sales and assessment
- Corporate etc.**
 - Cost reduction and operational efficiency improvement through corporate function integration
 - Establishment of compliance system



- Creating synergies from PMI contribute to increasing corporate value.
 - Generating a significant profit in excess of the burden of amortization of goodwill.
 - Increasing EPS associated with M&A in excess of the impact of earnings dilution due to stock swaps.

*1 Listed as number of shares after consideration of share split that came into effect on January 1, 2021. Equity swap consideration calculated at the closing price on the date of the equity swap (November 6, 2020).

*2 For the pre-M&A performance figures, the adjusted PL figures for FY 2020 calculated by the Company and external organizations at the time of implementation of the financial DD are adopted only for the reuse business from the viewpoint of comparability.

Overview of Four-Nine share acquisition (making it a subsidiary)

- Shares of Four-Nine Inc., which operates Reuse Shop Wakaba, to be acquired (as a subsidiary) on August 4, 2022.

Corporate profile of the acquired company

Company name	Four-Nine, Inc.
Head office	19 Kanda Matsunaga-cho, Chiyoda-ku, Tokyo
Representative	Ryoichi Imai
Business description	Reuse business and franchise business
Foundation	April 2016

M&A overview

Overview	Conversion of Four-Nine, Inc., into a wholly owned subsidiary
Scheme	Share acquisition (cash consideration) + partial equity swap
M&A completion date	August 04, 2022
Start of consolidation	BS consolidation scheduled for end Q3, PL consolidation scheduled in Q4, for period ending December 2022.
Consideration for M&A acquisition	Share acquisition: Approx. 2.25 billion Equity swap: Approximately 1.28 billion yen (204,000 shares)*1 Total acquisition consideration: Approximately 3.53 billion yen
PPA	Goodwill : 1.95 billion yen (13-year depreciation) Customer-related assets : 1.99 billion yen (3.3-year depreciation)

Characteristics of business



Reuse Shop
WAKABA
あなたのモノも、誰かのサイズに

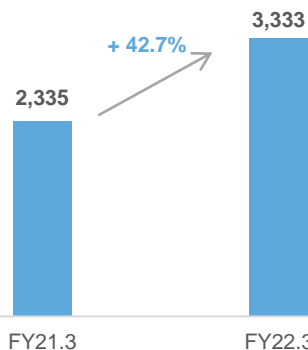
- Franchise shop: 179 shops
- Directly managed shop: 17 shops

* As of end of September 2022

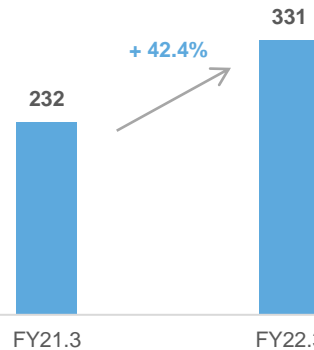
- Operate the purchasing shop Reuse Shop Wakaba as a franchise and direct management methods
- Purchase a variety of commodities that include branded bags, wristwatches, and jewelry
- Good at shop development at second class locations and the support system including fulfilling training programs

Business performance overview (normal earning power)

Adjusted sales turnover (million yen) *2



Adjusted EBITDA (million yen) *2



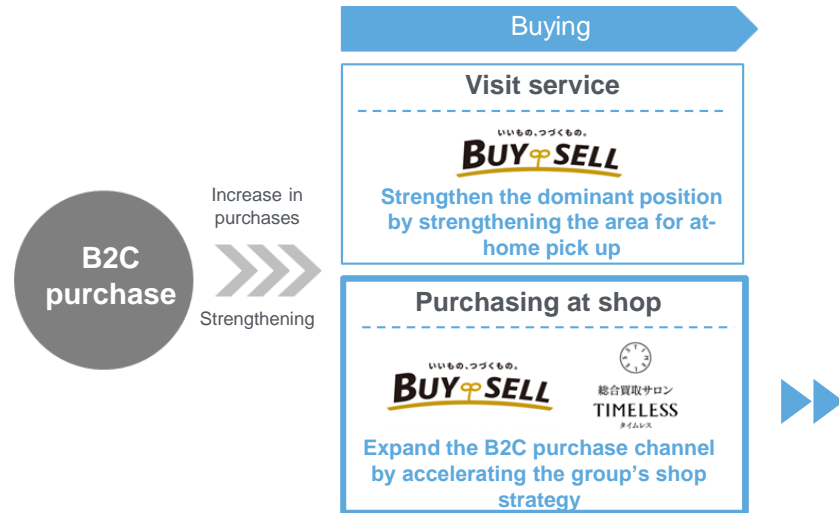
*2 Adjusted EBITDA is based on the results of DD surveys conducted on Four-Nine, Inc., for the fiscal years ended March 2021 and March 2022 and adjusted for non-recurring and temporary transactions, and transactions not expected to occur after the company becomes a subsidiary. (Reference value)

Because of the unification of Four-Nine's accounting methods with the Company's methods, it is expected that there will be changes in the amounts and presentation of future operating results and financial statuses.

M&A with Four-Nine, Inc.: Expected synergy (purchase)

- Strengthen B2C purchases in the purchasing of shop services through a surge in the shops of the group, expansion of shops differentiated by companies, and realization of group synergy

Focused purchase areas in the growth strategy



Increase in purchases



Increase C2B2C transactions possible to combine a growth in sales and that in profit margins

Shop overview of companies



- 8 shops (as of end of September 2022)
- Major cities across the nation
- Major commodities: Kimonos, stamps, old coins



総合買取サロン
TIMELESS
タイムレス

- 18 shops (as of end of September 2022)
- Permanent shops in department stores throughout the country
- Major commodities: brand items, wristwatches, and jewelry



- 196 shops (as of end of September 2022)
- Second class locations across the nation (mainly franchise shops)
- Major commodities: brand items, wristwatches, and jewelry

Accelerate the group's expansion of shops through this M&A

Number of the group's shops: 26 shops → 222 shops

M&A with Four-Nine, Inc.: Expected synergy (sale)

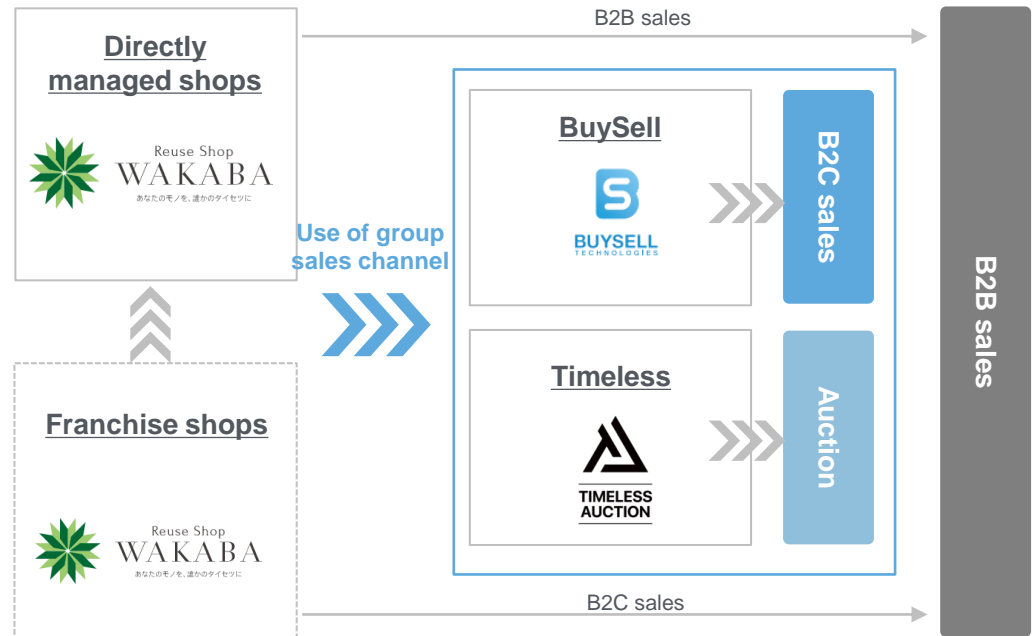
- Improve profit margins from an increase in B2C sales and increase the auction trading volume by using a part of commodities purchased by Four-Nine, Inc., and franchise shops for B2C sales of BuySell and sales channels of Timeless Co., Ltd., such as auctions.

Current situation



Mainly B2B sales through wholesaling and selling commodities at auction

Expected synergy after M&A

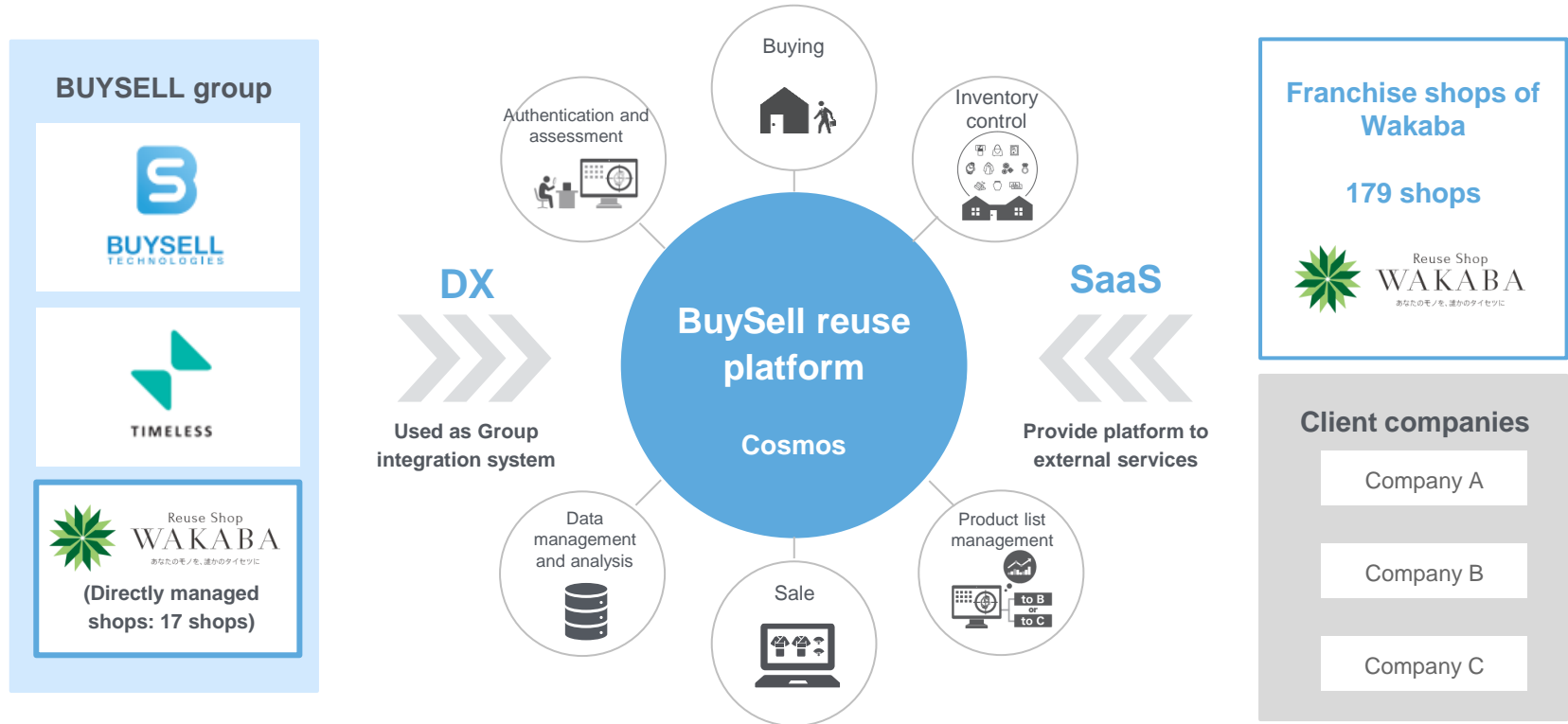


Use a part of commodities purchased for B2C sales of BuySell and sales channels of the group, such as Timeless auction
 → Improve profit margins from an increase in B2C sales and increase auction trading volume



M&A with Four-Nine, Inc.: Expected synergy (SaaS)

- Accelerate the SaaS concept for reuse platform, which is launched in the medium-term business plan, by advancing the service provision of BuySell reuse platform (Cosmos) to franchise shops of Four-Nine, Inc.



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



07

Appendix

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

Appendix

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Company overview

Company name | BuySell Technologies

Foundation | January 2001

Head office address | 8F PALT Bldg. 4-28-8 Yotsuya, Shinjuku Ward, Tokyo

Capital | 3,202 million yen (including capital reserve)

Business description | Reuse business of clothes, brand items, etc.

Directors	President, representative director & CEO	Kyohei Iwata	Outside director	Yuki Akiyama
	Chairman of board of directors	Hideki Yoshimura	Outside director	Kayo Gado
	Director CFO	Koji Ono	Outside director	Toshihiro Hara
	Director CTO	Masayuki Imamura	Outside director(Audit and Supervisory Committee)	Mami Suzuki
	Directors	Daiya Ota	Outside director(Audit and Supervisory Committee)	Shinichi Sugiyama
			Outside director(Audit and Supervisory Committee)	Seiichiro Kawasaki

Group company | Timeless Co., Ltd., Four-Nine, Inc. ,BuySell Link Co., Ltd. (special subsidiary)

Employees | Group: 1081 (as of September 2022)
Unconsolidated: 894 (as of September 2022)



History

- 2001
 - Jan. Established a limited personal placement company, I Management Japan, in Nihonbashi, Chuo Ward, Tokyo
 - May Changed the organization of limited company I Management Japan to establish I Management Japan. Co., Ltd.
- 2015
 - Feb. Changed the company name to Ace Co., Ltd..
 - Apr. Started online reuse business service through transfer of business.
 - Apr. Relocated the head office to Yotsuya, Shinjuku Ward, Tokyo, and built a warehouse in Edogawa Ward, Tokyo.
- 2016
 - Nov. Changed the company name to BuySell Technologies Co., Ltd.
- 2017
 - Mar. Relocated the warehouse to Narashino City, Chiba Prefecture, for business expansion.
 - Sep. Hideki Yoshimura (current chairman of the board of directors) became the largest shareholder and assumed the presidency when Midas investment business limited partnerships No. 1 and No. 2, in which he had substantially invested, acquired the stock of BuySell Technologies. In addition, Kyohei Iwata (Currently President, representative director & CEO) assumed the post of representative director.
- 2018
 - Jul. Changed the name of the online reuse business service to BuySell.
- 2019
 - Mar. Hideki Yoshimura became the chairman of the board of directors.
 - Dec. Listed on the TSE (Tokyo Stock Exchange) Mothers.
- 2020
 - Apr. Started app purchase business CASH through business transfer.
 - Jun. Relocated the warehouse to Funabashi City, Chiba Prefecture.
 - Oct. Acquired DAI-YA Corporation Co., Ltd. (current Timeless Co., Ltd.), which runs antiques auction "Timeless auction" among others, as a wholly owned subsidiary.
- 2021
 - Jan. Established BuySell Link (special subsidiary) that promotes the employment of disabled people.
- 2022
 - Jul. Acquired Four Nine Co., Ltd., which operates the purchase store "Reuse Shop Wakaba".



Mission

Transcend people and time to become a bridge that connects precious things.

Transcend people. Transcend time.

Keep attracting people and being sought after.

What we handle has power that exceeds things.

There is life like an ongoing mission there.

We are unearthing things from all over the world.

Spawning.

Connecting people, businesses, and even countries with technologies,

Circulating them throughout society in sequence.

Circulating like the revolutions of the Earth,

Connecting precious things to the future, forever.





Good things that last.

BuySell Technologies



Outline of group

- A group of four companies of BuySell and its three subsidiaries (Timeless Co., Ltd. And Four-Nine, Inc. And BuySell Link Co., Ltd.) runs the general reuse business.

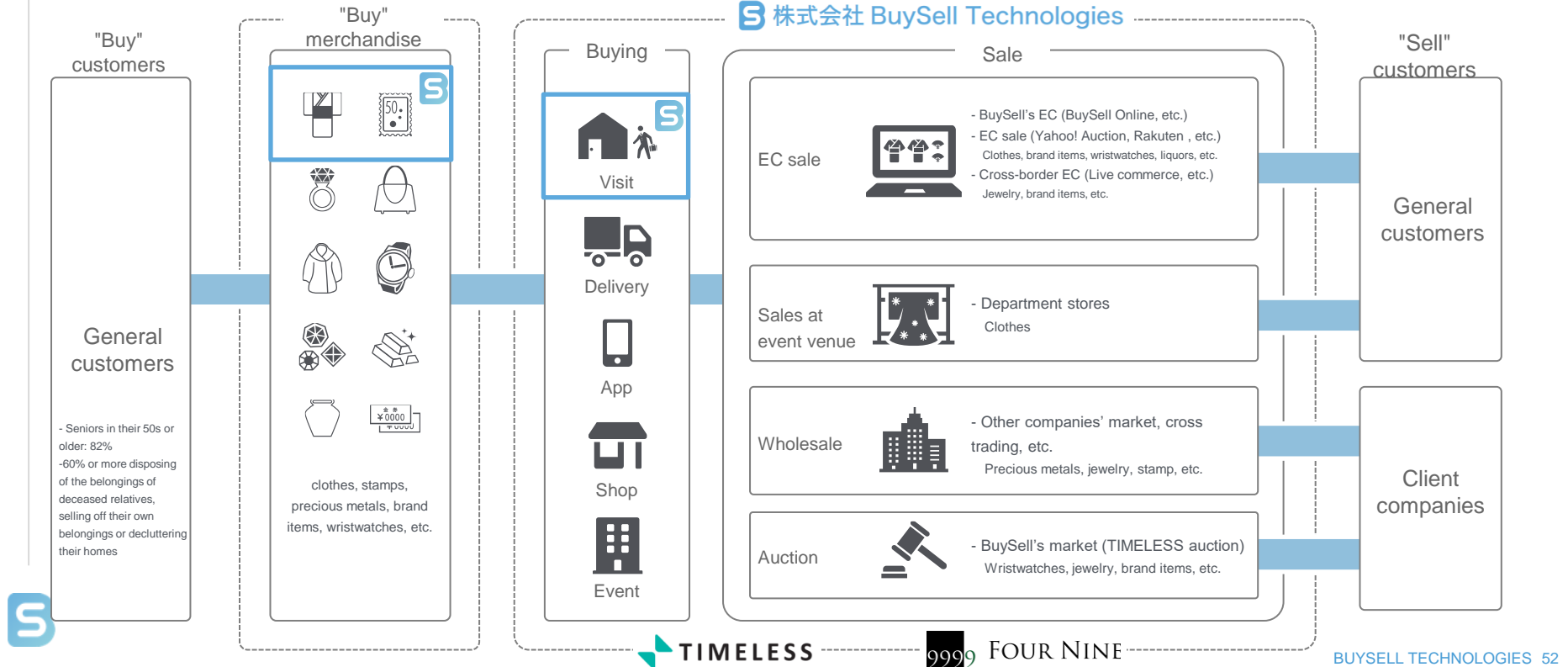
	 BuySell Technologies	 Timeless Co., Ltd. Wholly acquired in October 2020	 Four-Nine, Inc. Wholly acquired in September 2022
Purchase Main services	<ul style="list-style-type: none"> General reuse and purchase service of BuySell <ul style="list-style-type: none"> At-home pick up Purchase through home delivery Purchase at shop (8 shops)* App purchase business "CASH" <ul style="list-style-type: none"> Acquired through business transfer in April 2020 	<ul style="list-style-type: none"> General purchase salon "Timeless" <ul style="list-style-type: none"> Permanent shop set up in department store (18 shops)* Purchase at department store events 	<ul style="list-style-type: none"> Reuse Shop 「Wakaba」 <ul style="list-style-type: none"> Franchise shop: 179 shops* Directly managed shop: 17 shops*
Sale Main services	<ul style="list-style-type: none"> BuySell's EC "BuySell Online" <ul style="list-style-type: none"> BuySell's EC Other companies' EC malls (Rakuten, Yahoo Auctions etc.) Shops specializing in sale of used kimonos (department stores) <ul style="list-style-type: none"> Permanent shop (4 shops) Sales at event venue 	<ul style="list-style-type: none"> Antique auction "TIMELESS auction" <ul style="list-style-type: none"> Brand bag auction <ul style="list-style-type: none"> Flat-ground (face-to-face) auction, once a week Auctions of wristwatches, jewelry, and loose stones: <ul style="list-style-type: none"> WEB type, once a month 	 BuySell Link Co., Ltd. Special subsidiary company aimed at promoting employment of disabled people (unconsolidated)



* As of end of September 2022

Group business block diagram

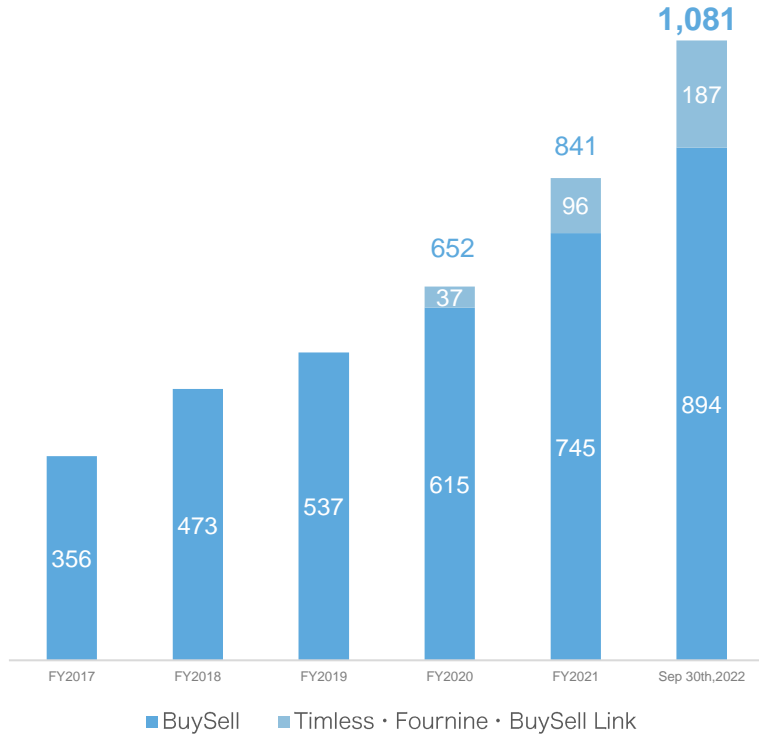
- Purchasing of luxury merchandise such as kimonos, postage stamps, brand goods, watches, etc. through varied channels centered on business visits
- About 60% or more of our services are used by customers disposing of the belongings of deceased relatives, selling off their own belongings or decluttering their homes, and 82% of customers are seniors in their 50s or older.
- The purchased merchandise has diversified sales channels such as B2B for the auction of secondhand goods, etc., and B2C for EC sales, events, etc., and inventory risk is minimal.



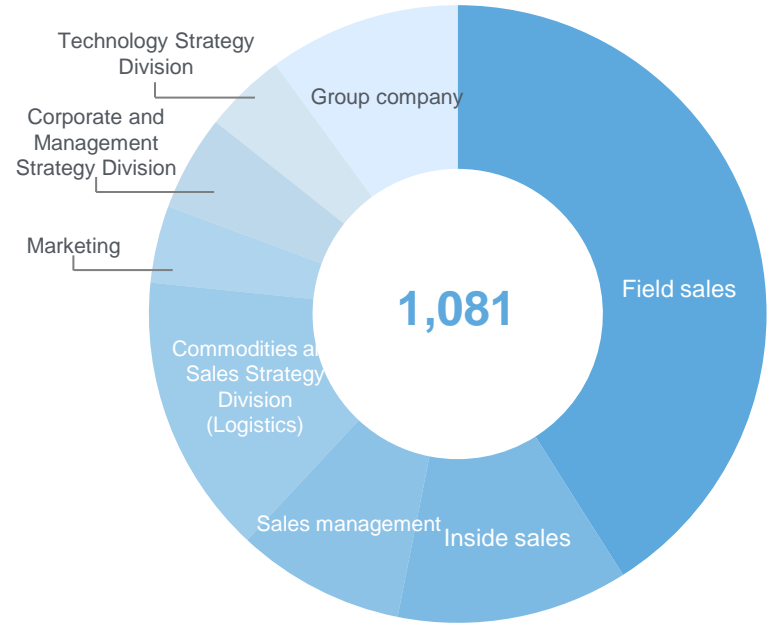
Employee status

Change of group companies' number of employees

(Unit: Persons)



Personnel organization (September, 2022)



(*) Change of number of regular employees (temporary workers not included in the above table)

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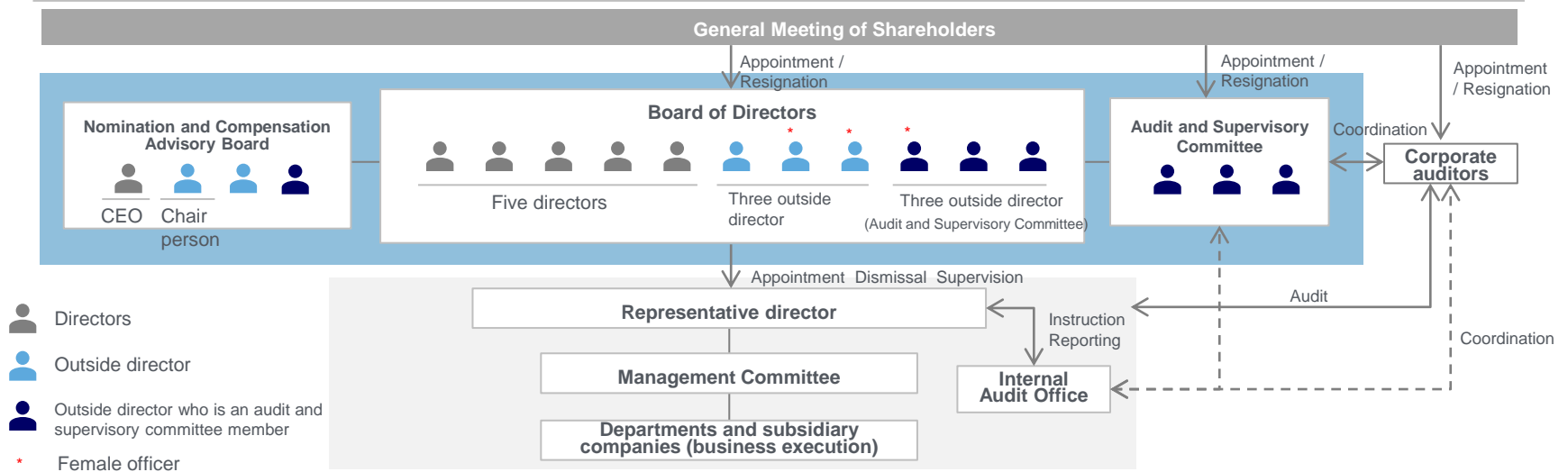
Strengthening our corporate governance system

- With the aim of improving corporate value, further enhancing governance, and aiming for management transparency and objectivity, we transitioned to a company with an Audit and Supervisory Committee and to a system in which independent outside directors occupy the majority of positions on the Board of Directors.

Strengthening our corporate governance system

- Transition from a company with a Board of Corporate Auditors to **a company with an Audit and Supervisory Committee**
- Transition to a board structure in which **independent outside directors** (including directors who are Audit and Supervisory Committee members) make up the **majority of the Board of Directors**
- Continued operation of a **Nomination and Compensation Advisory Board**, of which the **chairperson and the majority of members are external directors**
- **Increased the ratio of female directors** in the interests of promoting the diversity of the Board of Directors (3 female directors out of 11 directors overall)

Corporate governance organizational diagram



Director system

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



Kyohei Iwata/President, representative director & CEO

Graduated from Systems Innovation, Faculty of Engineering, The University of Tokyo. In 2008, joined Hakuodo Inc. as a new graduate. In 2014, established a marketing consulting company specializing in small and medium enterprises, ventures, and startups. In June 2016, started marketing consulting for BuySell, and then in October 2016, joined the company as a director and CSMO (Chief Sales & Marketing Officer). Now in charge of the Marketing Strategy Division and the Reuse Business Division. In September 2017, assumed the presidency of BuySell.



Hideki Yoshimura/Chairman of board of directors

Graduated from the Graduate School of Economics, Faculty of Economics, The University of Tokyo. In 2007, jointly founded Evolvable Asia and assumed the presidency. The company was listed on the TSE (Tokyo Stock Exchange) Mothers in 2016 and the TSE First Section in 2017. Became the largest shareholder in September 2017 of the Midas Investment Business Limited Partnerships No. 1 (currently Hideki Yoshimura & Midas A Investment Limited Partnership) and No. 2, in which Hideki Yoshimura substantially invested, by acquiring the said company's stock. In March 2019, assumed the presidency to participate in management toward the improvement of mid-to-long term corporate value.



Koji Ono/Director CFO

After joining Deloitte Touche Tohmatsu LLC, engaged in auditing, IPO support, and M&A operations. In 2011, sent on loan to the investment and banking department of Nomura Securities Co., Ltd.,. After returning to Tohmatsu, provided services that included M&A advisory business and IPO consulting. In October 2016, assumed the post of director and CFO. Certified public accountant.



Masayuki Imamura / Director and CTO

Joined Yahoo Japan Corporation in 2006. Founded VASILY in 2009 and assumed the post of director and CTO. Sold VASILY to Start Today (present ZOZO) in 2017. At the same time as company integration, assumed the post of operating officer at ZOZO Technologies in April 2018. Assumed the post of director and CTO in March 2021.



Daiya Ota / Director

After joining Daikokuya Inc. as a new graduate, worked on new development sales of the brand reuse business. Appointed CEO of Hyperion Co., Ltd. (currently Timeless Co., Ltd.) in 2009 (current position). In 2020, Timeless Co., Ltd., became a subsidiary of Group. Appointed as a director in March, 2022.

Outside director * Excluding outside directors who are Audit and Supervisory Committee members



Yuki Akiyama / Outside director

After working at UBS Securities, joined the hedge fund Speedwell / Nezu. In 2017, worked as a portfolio manager for Japanese equities at Millennium Capital, a US hedge fund. Engaged in investment business for startups from 2019. Partner at Globe Advisor Ventures. Appointed as outside director in March, 2022.



Kayo Gado / Outside director

After working for Nippon Life Insurance Company, joined J-COM Co., Ltd. (currently Like Co., Ltd.) in 2006, spending seven years of her tenure as a director. In charge of the Group's business administration and business promotion, and also serves as Representative Director . Appointed as outside director in March, 2022.



Toshihiro Hara/Outside director











In 1981, entered the General Secretariat of the Japan Fair Trade Commission. Assumed important posts at the FTC, including the Deputy Secretary General of General Secretariat, Director General of the Criminal Investigation Department of the Investigation Bureau, and General Director of the Trade Practice Department of the Economic Affairs Bureau. Sent on loan to the Consumer Affairs Agency as deputy director general for two years from 2009. Appointed as outside director in June 2019.



Structure of Board of Directors

- By appointing directors based on a skill matrix that defines the main areas that the Company expects from directors, the structure of the Board of Directors has been changed to one that can achieve both the mid to long-term growth of the Group and the strengthening of its governance.

Directors' Skill Matrix (assuming approval by resolution at the General Meeting of Shareholders to be held in March 2022)

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



ESG/SDGs in BuySell group

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

A bridge that connects important things, beyond people and spanning time

- To be a company that can contribute to the realization of a sustainable society through the formation of a recycling-oriented society by expanding the secondary distribution market through the growth of the reuse business.
- Based on a foundational policy of balancing business activities in accordance with the Group's mission with activities aimed at addressing social issues, we place importance on social necessity and sustainability in our business activities.



The two pillars of our sustainability strategy

Environment

Social

Governance

Compliance and risk management

Priority measures

Strengthen corporate and service governance

Enhance information security

Maintaining and improving reliability in home-visit purchases



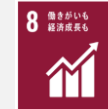
Organizational and human capital management

Priority measures

Strengthen recruitment and training

Improve employee engagement

Close skill and gender gaps



Appendix

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

Capital allocation policy

- The aim is to have strong operating cash flow generating capacity based on high profit growth and flexible interest-bearing liability generating capacity founded on a stable financial base, so that we can secure funds for investment in business growth and in M&A, and realize capital allocation for sustainable growth.

Investment resource procurement policy

- Operating CF from business → Interest-bearing debt → Equity priority order for allocation to investment resources

Operating cash flow

- Create operating CF through sustainable profit growth



Interest-bearing debt, etc.

- Flexible capital procurement to be implemented for investments, in view of the Company's current financial situation and the possibility of procuring capital at low interest rates in the recent market environment.



Equity

- Study capital procurement as an option on the premise of improving EPS by carrying out the investment after a comprehensive examination of the share price level, market environment, and financial situation, etc.

Capital allocation policy

- In addition to business investment for organic growth, the policy is to prioritize allocation to strategic investment for in-organic growth focused on M&A.

Business investment

- Business investment for sustainable growth of existing reuse business

Strategic investment (M&A)

- Strategic investment for non-continuous growth centered on M&A

Shareholder return

- Prioritize investment necessary for future growth, secure feasible internal reserves, and pay stable and continuous dividends

Investment policy

- Proactive business investment for sustainable growth and strategic investment in M&A that realizes discontinuous growth, based on a disciplined investment policy

	<u>Main investment targets</u>	<u>Investment policy (investment discipline)</u>
Business investment	<ul style="list-style-type: none"> ● Technology investment to enhance IT / DX ● Marketing investment ● Human capital investment (recruitment / organizational strengthening) ● Capital investment such as warehouse relocation / expansion and store expansion ● Investment in strengthening compliance system 	<ul style="list-style-type: none"> ● Control cost investment allocation on the premise that it will be reflected in planned profit. ● In principle, business investment that is expected to have a medium to long-term return on investment should be made within the range that exceeds the planned profit. <ul style="list-style-type: none"> • Additional TV commercials, etc., to raise profile. ● When making temporary business investments that will impact planned profits other than the above, make sure to have sufficient dialogue with the capital markets.
Strategic investment	<ul style="list-style-type: none"> ● M&A <p>From the perspective of maximizing corporate value and synergy, in principle, priority is given to majority investments that can be made part of the consolidated group.</p> <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> ● New business 	<ul style="list-style-type: none"> ● Policy of implementing disciplined investment based on M&A investment standards set in-house <ul style="list-style-type: none"> • Upper limit setting of EV / EBITDA magnification • Companies that are in the black or companies that are likely to be in the black in the short term • Group synergy creation accuracy and business growth potential at PMI • Impact of consolidated PL (in principle, no "goodwill loss" on the assumption of J-GAAP) etc. ● The policy is to make limited initial investment, carefully verify business profitability and growth potential, and gradually expand the investment limit in the phases where investment return is anticipated.



Financial policy

- By implementing disciplined financial management while emphasizing growth investment, we can secure investment funds that enable proactive business investment and M&A while maintaining the stability of our financial base.

Consolidated BS as of the end of September 2022

(Unit: Million yen)

Cash and deposits 5,526	Interest-bearing debt 4,742
Inventories 2,378	Other liability 3,924
Goodwill 3,440	Net assets 7,428
Customer-related assets 1,997	
Other assets 2,752	

- Monitoring of cash and deposit level held by comprehensive examination of the following
 - Required working capital
 - Business investment limit
 - M&A investment limit (including post-execution level)
 - Downside protection
- Leverage reuse inventory characteristics (*1), monitor the turnover period, and consider the balance between cash flow and profitability
- Goodwill to equity ratio: Monitor with a guideline of about 1.0 times or less

- Carry out capital procurement in consideration of the balance between the use of funds, financial stability and financial leverage.
- When carrying out highly strategic M&A, the policy is to allow a temporary increase in leverage while using the following financial disciplines as a guide.

Financial disciplines

- Net D / E ratio: 0.5 times or less
- Net Debt / EBITDA magnification: 1.0x or less
- While priority is given to interest-bearing debt financing, if there is a temporary dip in financial stability post M&A, or if it is necessary to secure future financial leverage reserves, consider raising equity.
- When procuring equity for M&A, investigate the possibility of improving post investment and procurement EPS.
 - Equity ratio: 40% or more

*1: Reuse inventory can be redeemed in a short period of time by to-B sales (auction, etc.), and in principle, only merchandise that can be sold is purchased, so the risk of retention of purchased inventory is low.



Shareholder return policy

- By prioritizing growth investment, **the aim is to improve TSR (total shareholder yield) through medium to long-term share price increases due to an increase in EPS (earnings per share)**, as well as paying stable and continuous dividends. Shareholder return is the basic policy.

Basic shareholder return policy

- Basic policy is to target improvement of TSR *
- Prioritize business investment and M&A that are needed for growth in order to sustainably improve corporate value, and aim for medium to long-term share price increases by increasing EPS
- Pay stable and continuous dividends while securing internal reserves that can prioritize and carry out investments needed for future growth.

TSR (Total Shareholder Yield)

Stock price rise

- Aiming for **medium to long-term share price increases** through continuous increase in EPS

Dividends

- From the perspective of being able to pay stable and continuous dividends, the policy is to pay dividends with a **consolidated dividend payout ratio of 20%** as a benchmark (maintaining the current dividend policy).



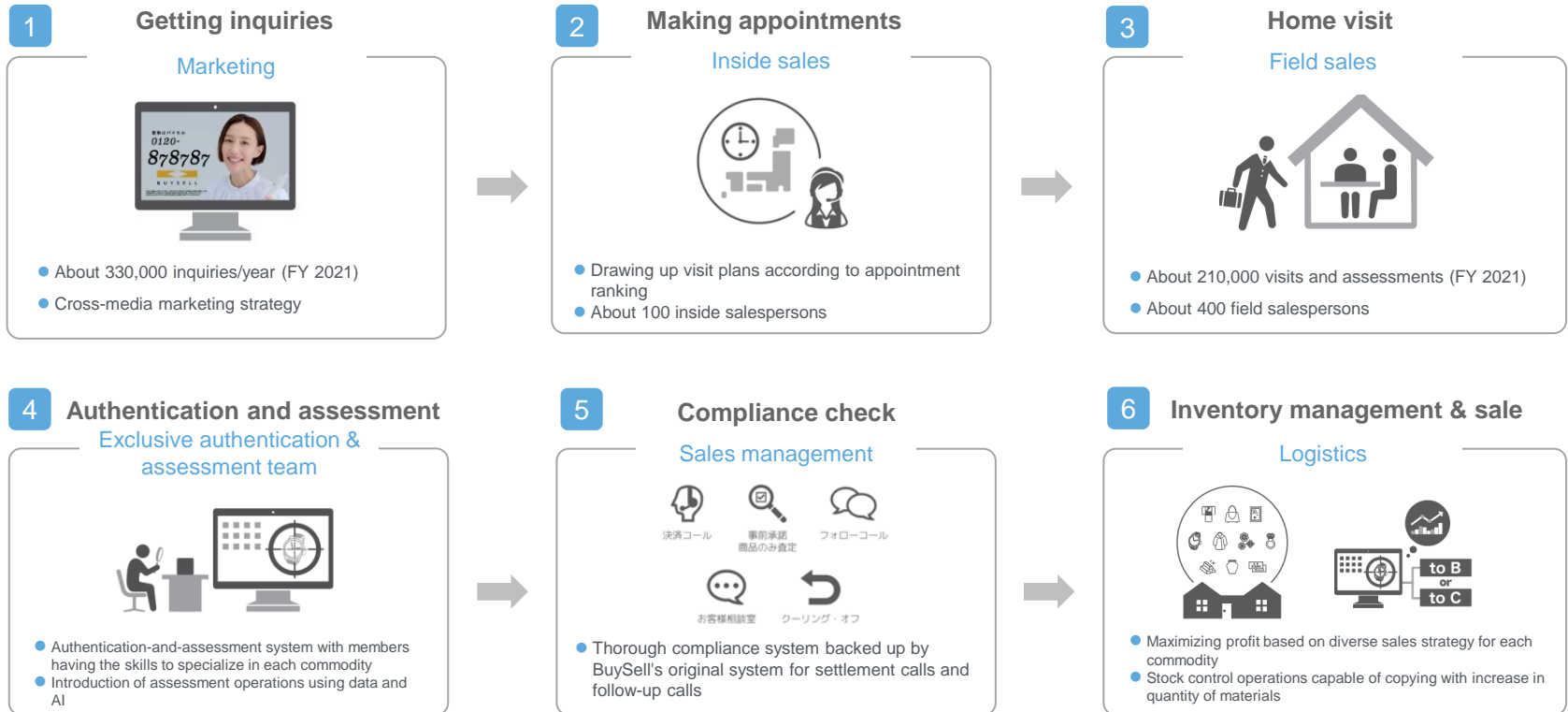
* TSR (Total Shareholder Return): Total yield of dividends and share price increases over a given period of time

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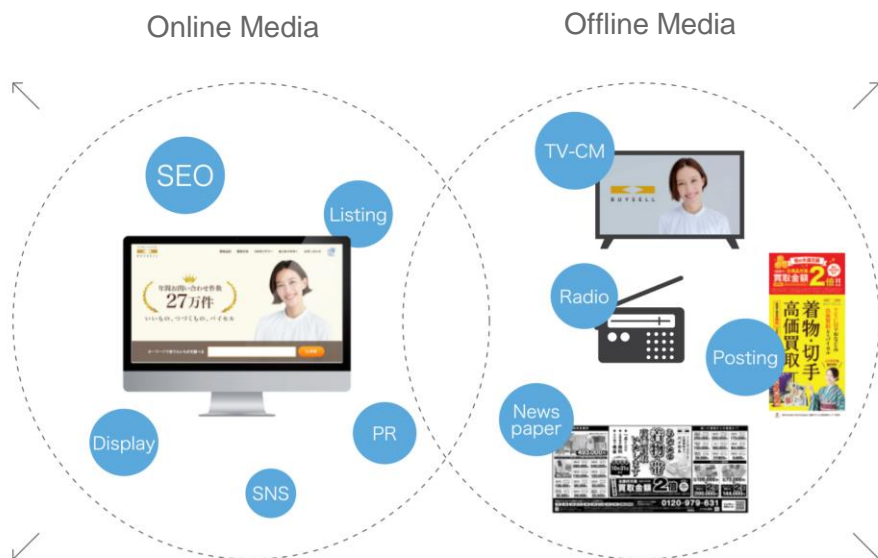
Outline of at-home pick-up business model

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

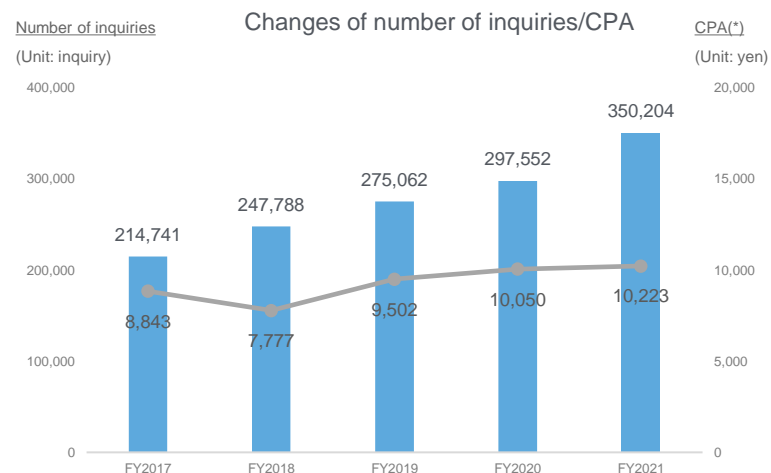


Marketing: Ability to attract customers by using cross-media marketing

- BuySell is increasingly attracting customers, especially the elderly, while realizing efficient cost per acquisition (CPA: advertising expenses per inquiry) through cross-media marketing making the best use of the internet and mass media, mainly TV CMs.



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

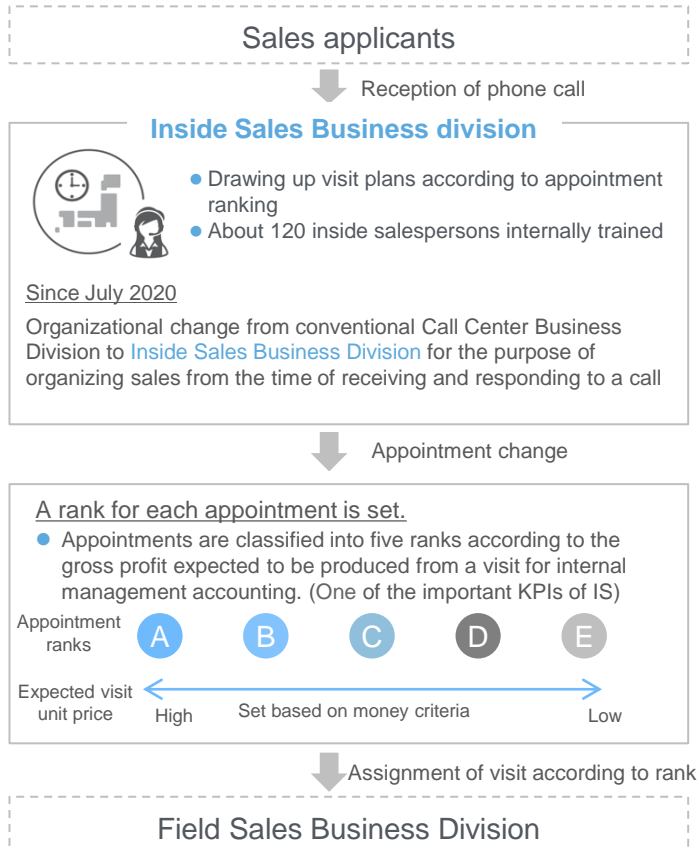


- Inquiries steadily increasing while realizing efficient CPA

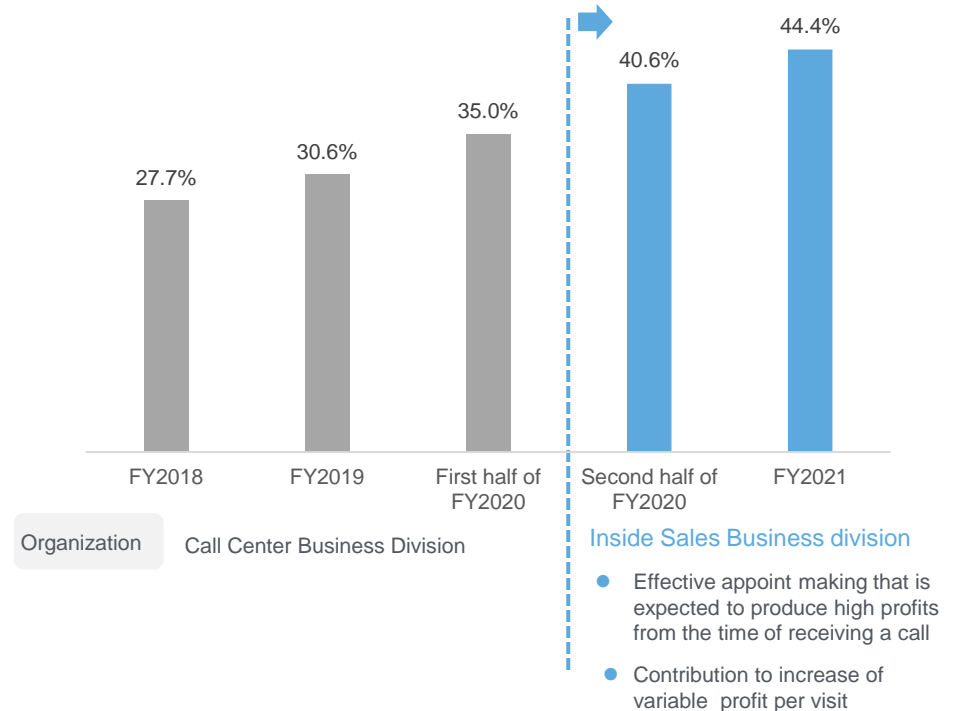
(*) Advertising expenses per inquiry into the visit service

Inside sales: Effective appointment making through sales organization

- Appointments that are expected to produce high profits are effectively made by responding to customers as a sales organization and by receiving and responding to phone calls since the organization changed so that the Insite Sales (IS) Division makes appointments.



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



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



Field sales: Organizational design with high repeatability and capable of expanding business

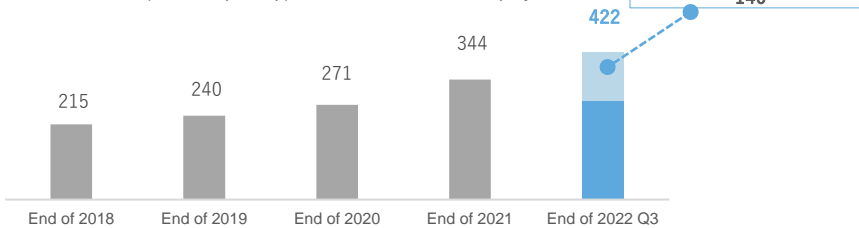
- Midterm business growth is realized by creating a field sales (FS) organization with a high repeatability and expandability that can scale up the organization with a training system that is based on the power of employment and data while increasing profitability.

Employment

- The number of FS personnel is on a steady rise as the business scale increases backed up by the power of employment.
- Employment of new graduates has been increased since 2017 and 196 new graduates were employed in 2022 (of which 140 were assigned to the FS Business Division).

(Unit: Persons)

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

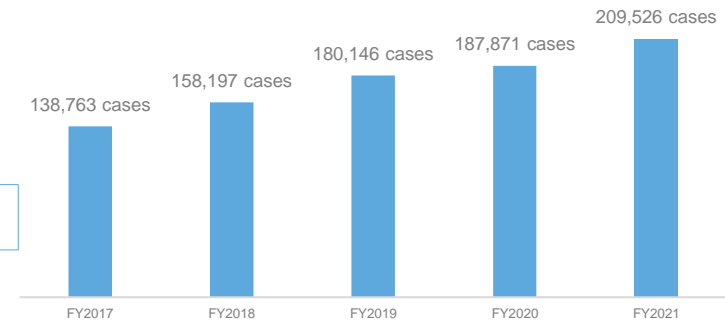


Note: Total number of employees to be assigned to visit business (incl. managers and office workers)

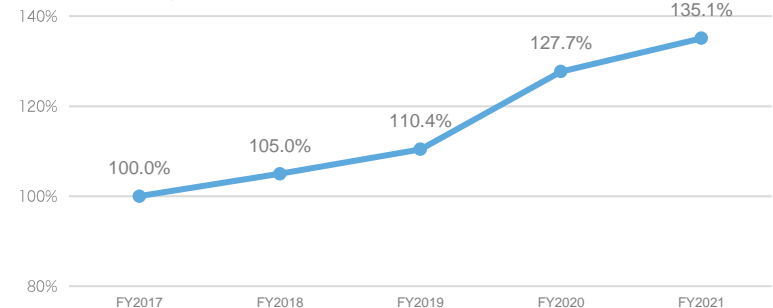
Education

- Introduced a systematic education & training system for reuse appraisers at the Enablement Department, a department specializing in education and training.
- Executing an education and training program suitable to an appraiser by using BuySell's original, segmented internal management indexes classified according to each center or appraiser

Number of visits



FS business_Gross profit unit price (*) growth rate per visit (base year: FY 2017)



(*) Gross profit unit price per visit for internal management accounting to manage KPIs at FS Business Division

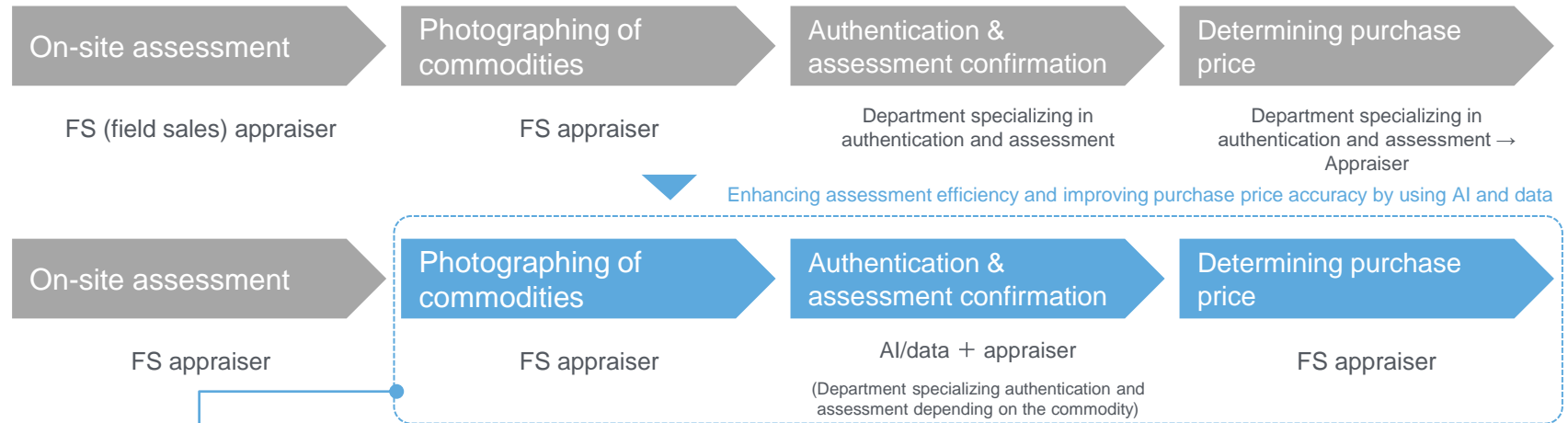
- KPIs eliminating impact of sales on a growth of gross profit

- Values are not disclosed because these KPIs are for management accounting. [BUYSELL TECHNOLOGIES 68](#)



Authentication and assessment: Enhancing assessment efficiency by using data technology

- Efficiency of assessment is enhanced, productivity is improved, and quantity of commodities purchased is maximized through automatized operations using assessment data, technology, and machine language technology for assessment and pricing.



→ Shortening assessment time by enhancing assessment efficiency and expanding gross profit per visit by increasing the number of visits per person

- Application that automatically assesses liquor, old coins, and stamps
- Determination of appropriate and accurate purchase prices based on sales data that is a collection of past data on each sales channel or commodity, sales data at subsidiary Timeless auction, and market data of other companies' sales channel
- Organizing an exclusive assessment expert team for authentication and assessment of commodities difficult to authenticate or assess



Sales management: Creation and operation of a thorough compliance system

- Service values with high hospitality are provided by creating an educational system that appropriately reflects customers' voices, supplying safe and secure services, and building and running BuySell's original, robust compliance system.

Sales Management Department

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



Compliance system

Settlement call



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

Follow-up call



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

Cooling-off



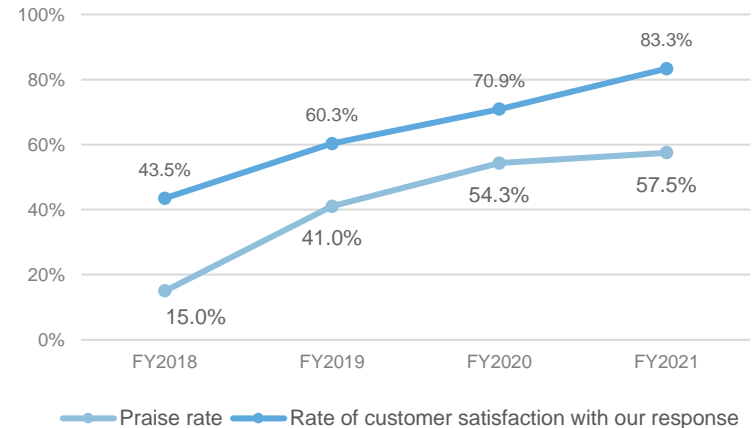
- Thorough cooling-off response in compliance with laws and ordinances

Customer service office



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

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



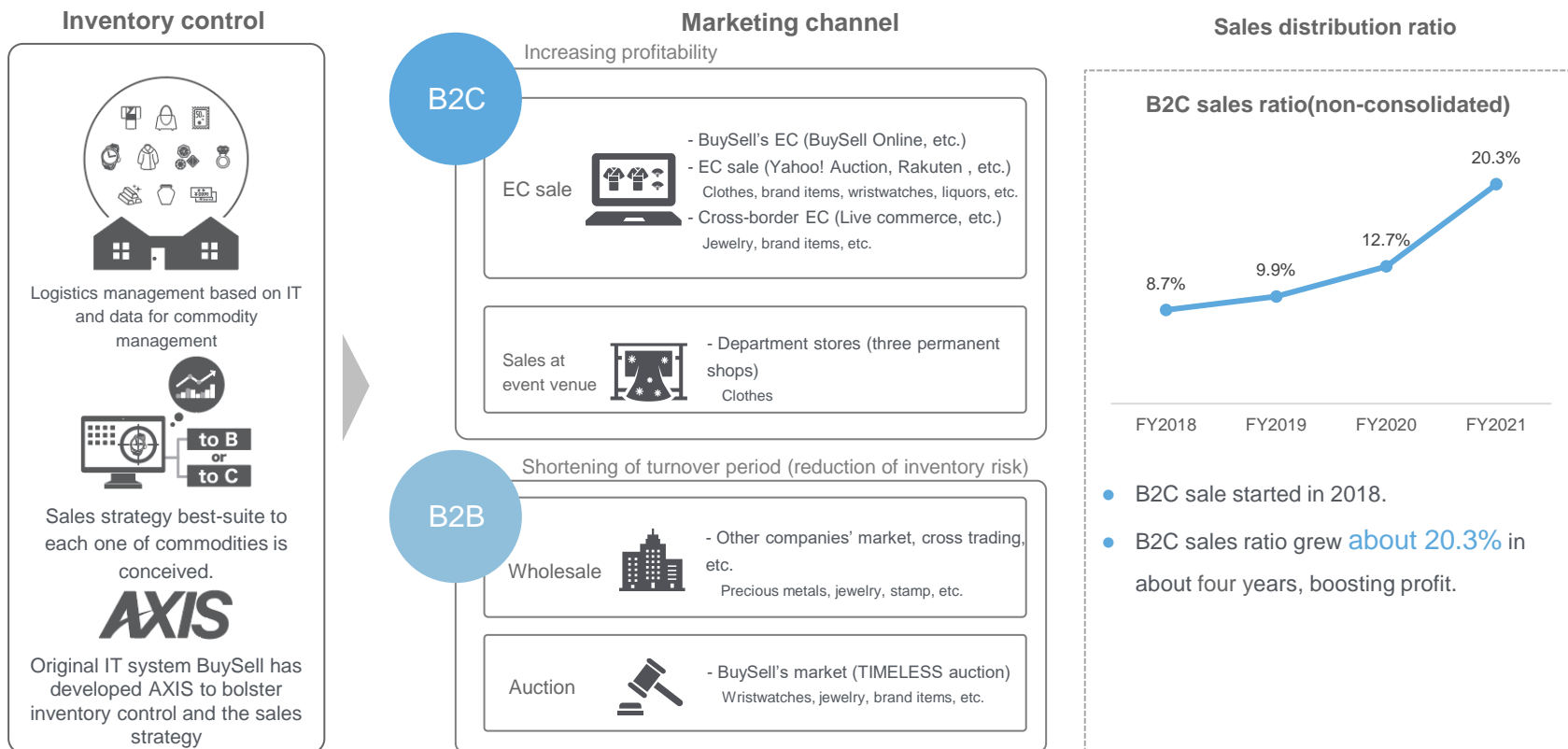
Source: Created by us based on the results of a questionnaire conducted during follow-up calls

*1 Rate of customer satisfaction with our response: Rate of customers who replied "very satisfied" or "satisfied" to a question about responses by our employees

*2 Praise rate: Of the above, reply concretely describing what the customer was satisfied with

Logistics: Sales strategy using many sales channels suitable for respective commodities

- Sales strategy best-suited to each one of commodities is conceived by creating an inventory control system for each commodity and expanding diverse sales channels to strike a balance between a reduction in the inventory risk and maximization of profit.



Disclaimer

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