

FY2022 Settlement Report

February 13, 2023

BuySell Technologies Co., Ltd.

TSE Growth Market : 7685

BUYSELL
TECHNOLOGIES

- 01** Topics of financial results
- 02** Results for the full year of FY 2022
- 03** Changes in Major KPIs for the full year of FY 2022
- 04** Earnings forecast for FY2023
- 05** Investment Highlights
- 06** Appendix

01

Topics of financial results

Highlight of consolidated financial results for FY2022

Full year of FY2021				Q4 of FY2021	
	<u>FY2022</u>	<u>YoY</u>	<u>Achievement ratio to the plan</u>	<u>FY2022 Q4 (Oct-Dec)</u>	<u>YoY</u>
Sales	33,724 mil.yen	+36.0%	99.2%	9,868 mil.yen	+41.8%
Operating income	3,748 mil.yen	+61.9%	111.9%	1,204 mil.yen	+105.9%
Ordinary income	3,727 mil.yen	+62.4%	112.9%	1,201 mil.yen	+106.5%
Net income attributable to owners of the parent	2,306 mil.yen	+75.5%	118.3%	783 mil.yen	+90.3%
Adjusted EBITDA*	4,394 mil.yen	+58.8%	— (Plan Not Disclosed)	1,474 mil.yen	+114.0%

*Adjusted EBITDA = operating income + depreciation and amortization expenses + amortization of goodwill (including customer-related assets) + share-based compensation expenses

- In the fiscal year ending December 2022, both BuySell and Timeless posted year-on-year growth in major KPIs for the purchasing and sales businesses throughout the year. As a result of driving business performance, sales grew to **33,724 million yen (+36.0%, YoY)**, and ordinary income to **3,727 million yen (+62.4%, YoY)**, significant increases in both sales and profits compared to the previous period.
- Consolidated ordinary income exceeded the revised plan (3,300 million JPY) by **+12.9%**, a steady upswing that exceeded the plan by about 420 million yen.
- In the Q4 accounting period, purchase performance was strong, inventory levels were maintained, and sales strategies were pursued with an eye to achieving the gross profit plan, as a result of which, **net sales grew steadily to 9,868 million yen (+41.8% YoY)** and **ordinary income to 1,201 million yen (+106.5% YoY)**, record quarterly sales and profits.

Earnings forecast for FY2023 and Progress of the Medium-term Business Plan

Earnings forecast for FY2023

Sales		Ordinary income		Adjusted EBITDA *	
FY2022 Actual	FY2023 Plan	FY2022 Actual	FY2023 Plan	FY2022 Actual	FY2023 Plan
33.7 Bil.	→ 44.6 Bil.	3.7 Bil.	→ 4.5 Bil	4.4 Bil.	→ 5.6 Bil.
YoY +32%		YoY +21%		YoY +29%	

- For the fiscal year ending December 2023, the forecast is for net sales of **44.6 billion yen** (+32%, YoY) and ordinary income of **4.5 billion yen** (+21%, YoY), with adjusted EBITDA excluding the impact of amortization of goodwill, etc. of Four Nine Co., Ltd., which was consolidated in Q4 of the previous fiscal year, **continuing to grow at a strong rate of 5.6 billion yen** (+29%, YoY).

In light of the fact that, as a result of carrying out M&A with Timeless in 2020 and Four Nine in 2022, the impact of the amortization of "goodwill" and "customer-related assets" recorded in conjunction with the consolidation has increased, it was decided that it would be appropriate to add adjusted EBITDA (= operating income + depreciation + amortization of goodwill (including customer-related assets) + stock-based compensation expenses) after excluding accounting effects, etc., to our management indices, and we have started using this from this fiscal year.

Progress of the Medium-term Business Plan (Final year 2024)

- No change to the basic strategic policy disclosed in the mid-term business plan announced in February 2022
- Steady progress** made towards achieving the organic **mid-term target (ordinary income of 6 billion yen)** by BuySell and Timeless
- The contribution to business results from the consolidation of Four Nine, which is not yet reflected in the mid-term plan disclosure, is expected to contribute positively to both sales and profits, even after considering the impact of amortization of goodwill and customer-related assets.

02

Results for the full year of FY 2022

FY2022 consolidated profit-and-loss statement

- In the fiscal year ending December 2022, sales turnover was **33,724 million yen (YoY +36.0%)** and ordinary income **3,727 million yen (YoY +62.4%)**, marking the eighth consecutive year of increases in both sales and profits.
- Steady growth across major KPIs of BuySell and Timeless purchasing and sales business. The gross profit margin also improved, and while sales fell slightly short of the plan, gross margin on sales was in line with expectations.
- In addition to the improvement in the gross profit margin, mainly due to the impact of personnel expenses being lower than anticipated, the operating profit margin increased by 1.8 points, YoY, exceeding the profit plan by about 400 million yen.

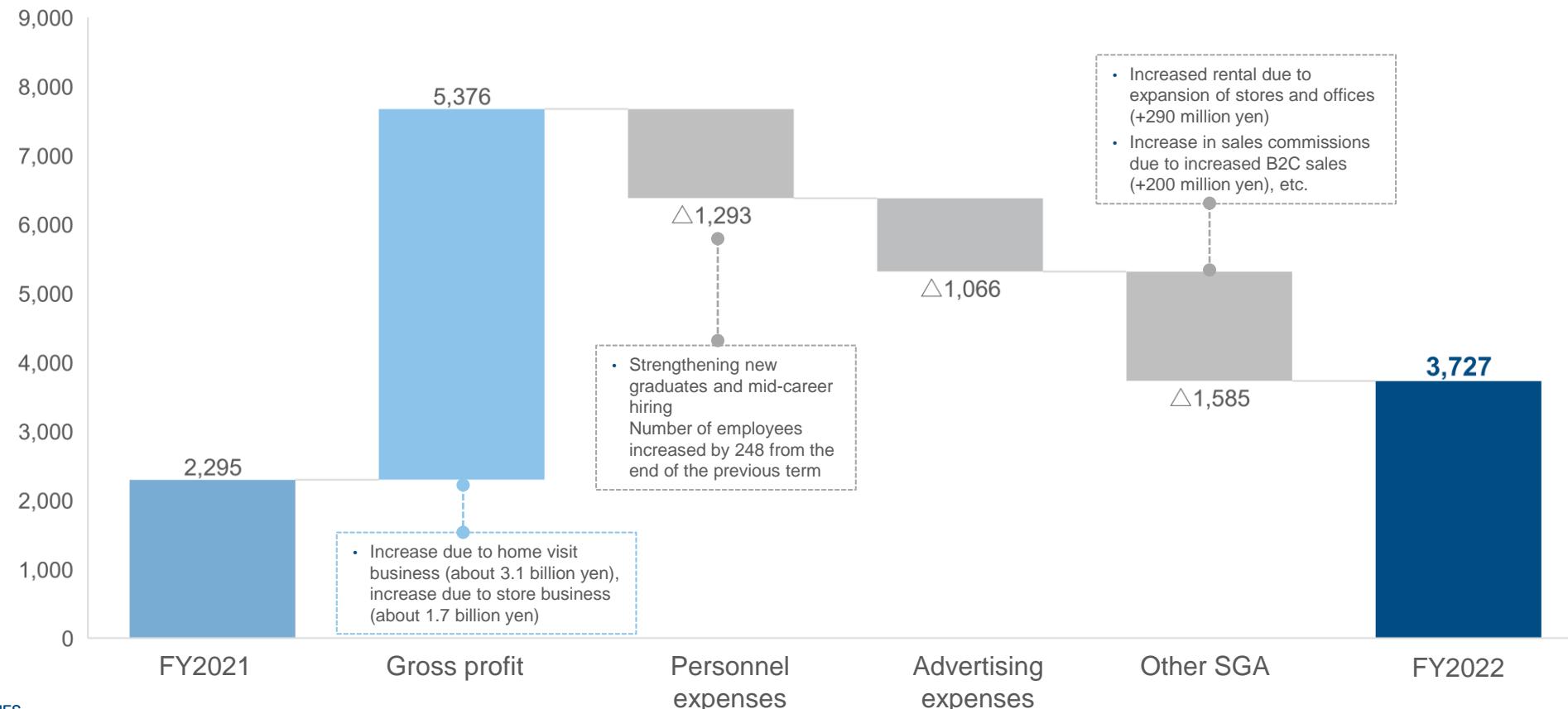
FY2022 consolidated financial results (Unit: Million yen)	FY2021	FY2022 (A)	Changes	Changes (%)	Earnings forecast Aug. 12, 2022 (B)	Compared with forecast (A) - (B)	Rate of change compared with forecast
Sales	24,789	33,724	+8,935	+36.0%	34,000	-276	-0.8%
Gross profit	14,487	19,864	+5,376	+37.1%	19,850	+14	+0.1%
Gross profit margin	58.4%	58.9%	+0.5pt	—	58.4%	+0.5pt	—
Selling, general and administrative expenses	12,172	16,115	+3,947	+32.4%	16,500	-385	-2.3%
(Breakdown) Advertising expenses	3,904	4,970	+1,066	+27.3%	5,000	-30	-0.6%
(Breakdown) Personnel expenses*	4,677	5,960	+1,293	+27.7%	6,200	-240	-3.9%
Operating income	2,315	3,748	+1,433	+61.9%	3,350	+398	+11.9%
Sales to operating income ratio	9.3%	11.1%	+1.8pt	—	9.9%	+1.3pt	—
Adjusted EBITDA	2,766	4,394	+1,628	+58.9%	—	—	—
Adjusted EBITDA margin	11.2%	13.0%	+1.8pt	—	—	—	—
Ordinary income	2,295	3,727	+1,432	+62.4%	3,300	+427	+12.9%
Ordinary income ratio	9.3%	11.1%	+1.8pt	—	9.7%	+1.1pt	—
Net income attributable to owners of the parent	1,314	2,306	+992	+75.5%	1,950	+348	+18.3%

*Personnel expenses used to include only salaries and allowances, but now include bonuses, statutory welfare expenses, recruitment expenses, etc., so the description has been changed to reflect the actual situation.

Analysis of FY2022 consolidated ordinary income (vs.FY2021)

- There was growth across all major KPIs of the purchase and sales businesses, and the gross profit of BuySell (non-consolidated) and Timeless increased steadily. While there was an increase in expenses due to increased personnel costs for new graduates and engineers, and increased rent costs due to business expansion, ordinary income **grew +62.4%, YoY, to 3,727 million yen.**

(Unit: Million yen)



Quarterly transition

- Q4 also saw strong purchasing performance, and end of period inventory levels were maintained. As a result of promoting sales strategies while aiming to achieve the sales gross margin plan, **net sales were 9,868 million yen (YoY +41.8%) and operating profit was 1,204 million yen (YoY +105.9%)**, achieving **record quarterly sales and profits.**

Quarterly transition

(Unit: Million yen)

Sales cost

Advertising expenses

Personnel expenses (Include Stock compensation expense)

Other SGA

Operating profit

Amortization expenses
: cost amortization + Good Will
+ Customer related assets

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FY 2020(non-consolidated)	3,257	3,094	4,031	4,381	5,797	5,909	6,121	6,961	8,103	8,763	9,868	3,915
	1,098	1,104	1,386	1,510	2,513	2,302	2,539	2,946	3,403	3,707	1,474	1,671
	696	638	894	859	842	894	1,088	1,080	1,130	1,282	1,671	246
	780	764	92	927	993	1,195	1,172	1,307	1,536	1,506	1,359	1,359
	30	10	548	594	92	724	119	85	97	112	1,173	1,204
	455	559	314	443	720	693	802	957	954	1,134		
	198	18			636		400	584	772	788	985	

(Reference)

% of SGA

EBITDA

→Timeless Consolidated

→Four-Nine Consolidated

Highlight of Q4 FY2022

Sales

- Record high sales achieved
- Four Nine consolidated PL started

Personnel expenses

- Increased due to recruitment expenses and Four Nine consolidated PL

Amortization expenses

- Increased due to amortization of goodwill and customer-related assets

Other SGA

- Increase in sales commissions due to increased B2C sales
- Rent increase from Q4 due to head office expansion, warehouse expansion, etc.

Operating Profit

- New record high operating income achieved

FY2022 Balance Sheet

- In Q3, we strategically reduced inventory levels, but steady purchases in Q4 led to an increase in inventory levels (+651 million yen YoY).
- As a result of re-performing the PPA evaluation in Q4 following the consolidation of Four Nine (BS from the end of Q3), goodwill was revised to 2.35 billion yen and customer-related assets to 1.37 billion yen.

(Unit: Million yen)		FY2021		FY2022				
		End of 2021 (A)	Q1	Q2	Q3	End of 2022 (B)	Changes (B) - (A)	
Assets	Current assets	Cash and deposits	4,772	3,798	5,956	5,526	6,999	+2,226
		Inventories (turnover period)	2,142 (70.0days)	2,447 (72.8days)	2,612 (68.6days)	2,378 (61.4days)	2,794 (66.2days)	+651 (-3.8days)
		Other	432	667	503	864	655	+223
	Fixed asset	Goodwill	1,623	1,578	1,533	3,440	3,757	+2,134
		Customer related assets	—	—	—	1,997	1,306	—
		Other	1,315	1,447	1,626	1,888	2,115	+800
	Total assets		10,285	9,938	12,232	16,095	17,628	+7,342
Liability	Interest-bearing debt		3,115	2,856	4,101	4,742	5,050	+1,935
	Other		2,577	2,161	2,610	3,924	4,301	+1,723
Total liabilities and net assets	Capital (incl. capital surplus)		1,716	1,777	1,902	3,202	3,274	+1,557
	Retained earnings		2,805	3,066	3,536	4,129	4,913	+2,108
	Other		70	75	81	96	88	+17
Total liabilities and Net assets		10,285	9,938	12,232	16,095	17,628	+7,342	

Major balance sheet changes

Inventories

- From the perspective of hedging fluctuations in gold and watch market prices, B2B sales were brought forward in Q3, resulting in a temporary decrease in inventory, but sales were strong in Q4, and inventory levels increased YoY and QoQ.

Goodwill and customer-related assets

- PPA for goodwill and customer-related assets related to the consolidation of Four Nine, tentatively recorded in Q3, was re-implemented in Q4 and revised to the following amounts and amortization years.
 - Goodwill: 2,359 million yen (amortized over 13 years)
 - Customer-related assets: 1,375 million yen (amortized over 5 years)

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 FY 2022

Changes in KPIs (at-home pick up service- Non cosolidated)

- In FY22, the number of home visits increased steadily by **+16.1%** year-on-year, while variable profit per visit achieved steady growth of **+13.2%** year-on-year.
- In Q4, number of visits and variable profit per visit are steady progress (YoY and QoQ) due to the seasonality of busy season and strengthening of new graduates.
- For the full year, as a result of expanding visits to local areas compared to the initial plan, gross profit per visit fell short, but advertising expenses per visit decreased. Variable profit per visit fell slightly short of the plan, this was the result of selling at the level of the gross profit plan in response to the progress in Q4 purchasing and carrying forward some inventory, so it is not considered a problem.

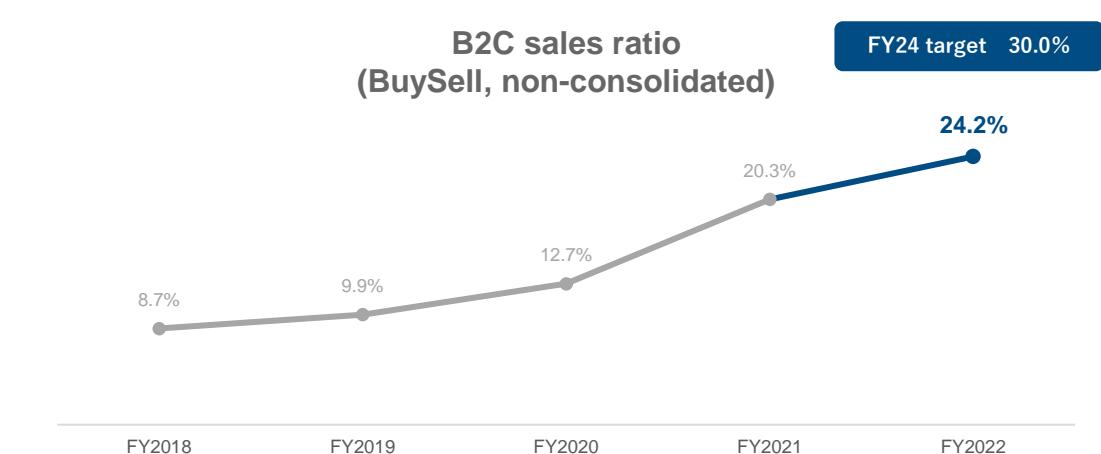
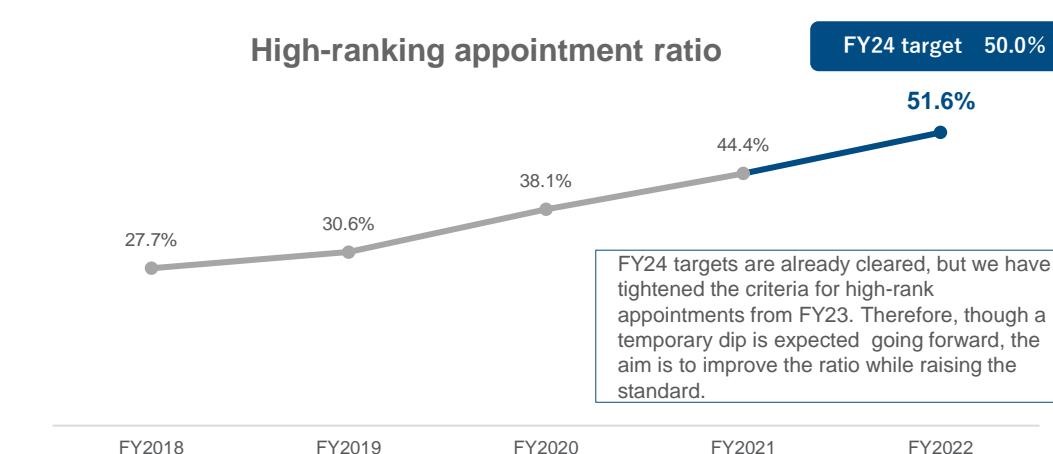
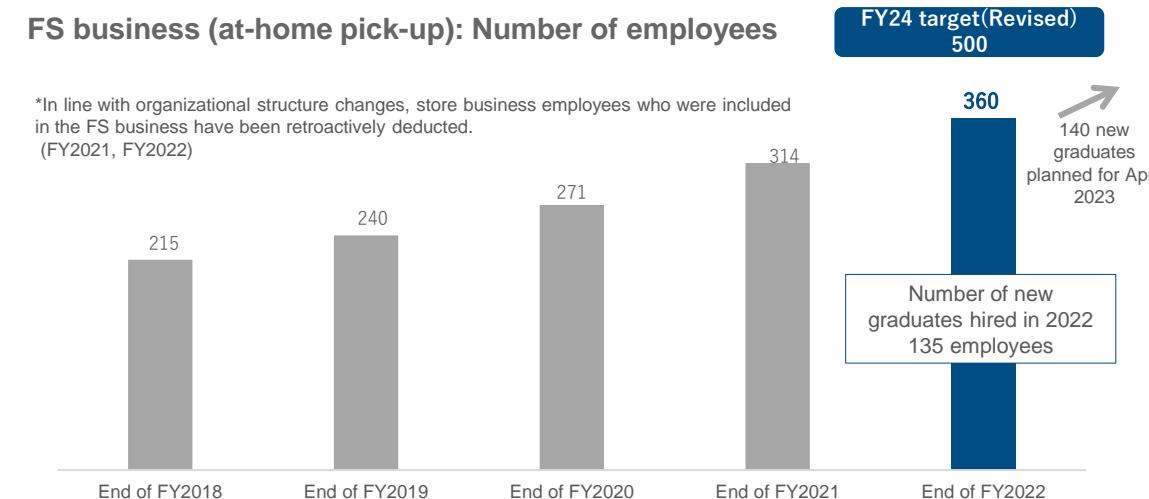
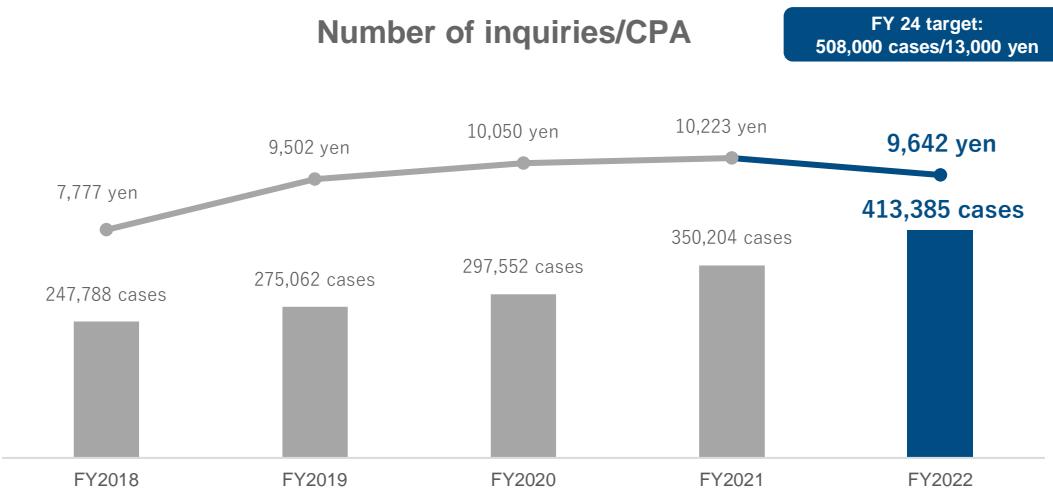
KPI (at-home pick up service): Number of visits × Variable profit per visit* (*gross profit – advertising expenses)

Changes in KPIs (Comparison between full fiscal year and total periods)	FY2019	FY2020	FY2021	FY2022		YoY
	Full FY	Full FY	Full FY	Revised Plan	Full FY Result	
Number of visits (cases)	180,146	187,871	209,526	243,000	243,321	+16.1%
Variable profit per visit (yen)	32,178	35,526	40,238	46,800	45,560	+13.2%
- Gross profit margin per visit (yen)	46,687	51,443	57,324	65,000	62,161	+8.4%
- Advertising expenses per visit (yen)	14,509	15,917	17,086	18,200	16,602	-2.8%

Changes in KPIs (Comparison of quarter accounting period)	FY2021				FY2022				YoY Against the 4 Q period
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Number of visits (cases)	43,318	51,393	52,553	62,262	49,174	60,929	64,859	68,359	+9.8%
Variable profit per visit (yen)	42,437	42,658	38,673	38,031	47,179	46,133	40,830	48,371	+27.2%
- Gross profit margin per visit (yen)	60,172	58,966	57,447	53,885	65,354	61,503	56,907	65,436	+21.4%
- Advertising expenses per visit (yen)	17,734	16,308	18,773	15,854	18,175	15,370	16,077	17,066	+7.6%

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

Other important KPIs



*1 CPA: Advertising expenses per inquiry (advertising expenses related to home visits ÷ 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.

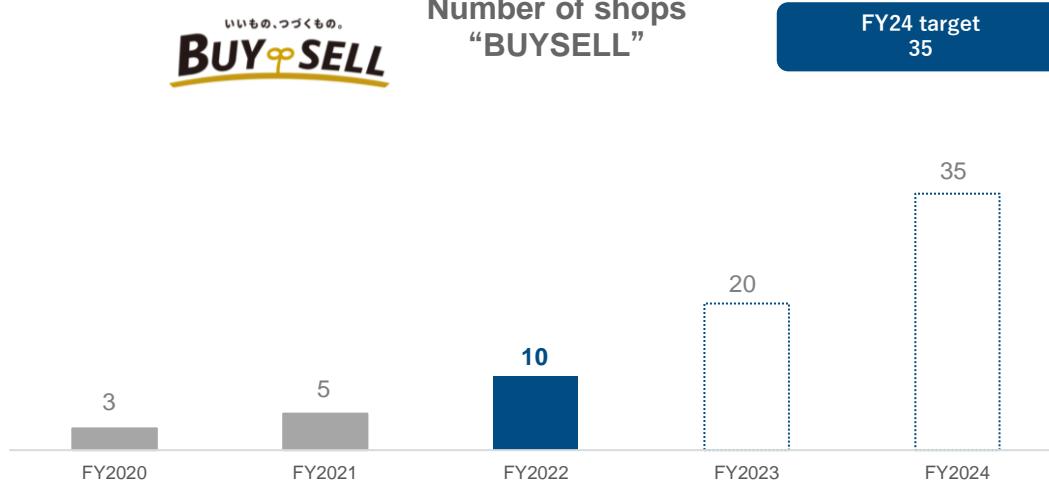
Percentage of the number of home visits for A-C high-ranking appointments among the relevant ranks (number of ABC rank appointments ÷ number of home visits)

Reference) Changes in KPIs (Purchasing at shop)



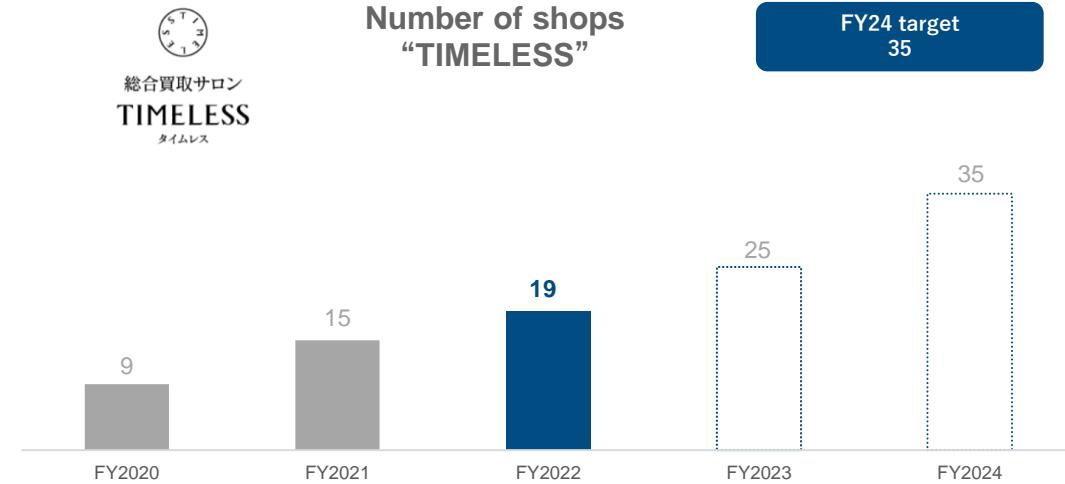
Number of shops
“BUYSELL”

FY24 target
35



Number of shops
“TIMELESS”

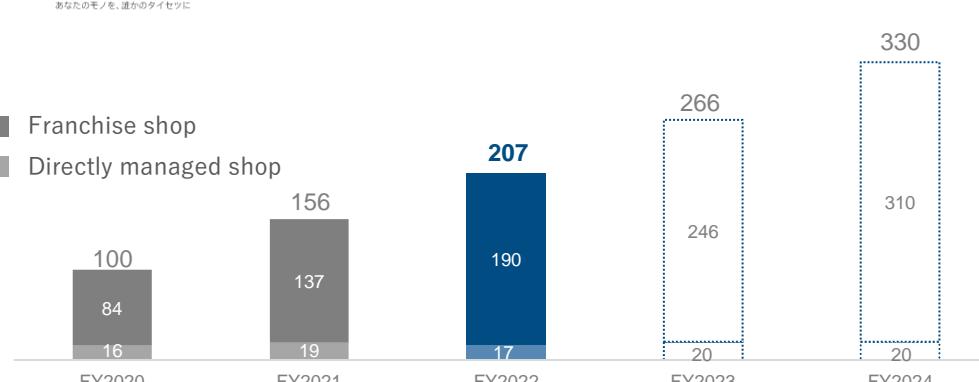
FY24 target
35



Number of shops
“FOUR-NINE”

FY24 target
330

- Franchise shop
- Directly managed shop



04

Earnings forecast for FY2023

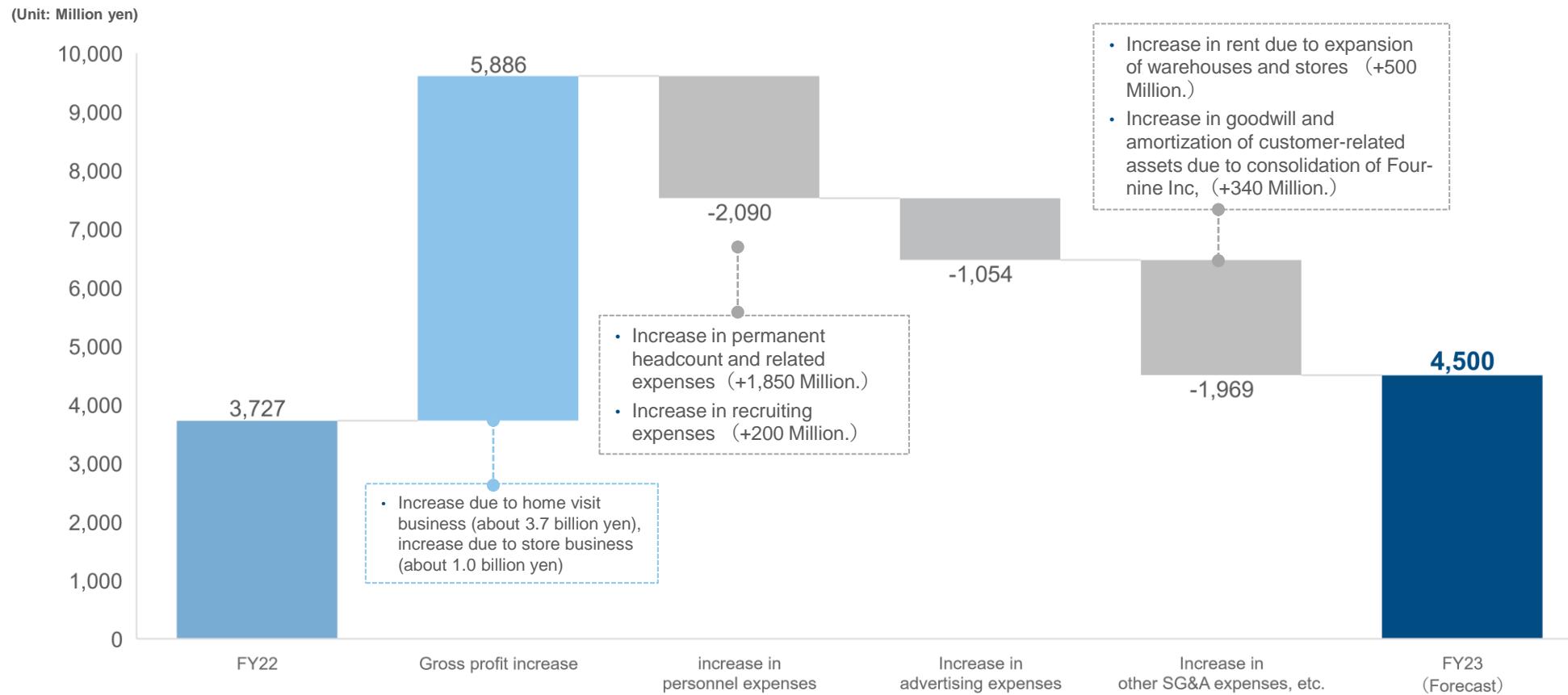
Earnings and dividend forecasts for FY2023

- For the fiscal year ending December 2023, the company plans **sales of 44.6 billion yen (+32.2% YoY)** and **ordinary income of 4.5 billion yen (+20.7% YoY)**. We will increase probability of achieving the target ordinary income of 6 billion yen in FY24, the final year of the medium-term plan, while continuing to strengthen personnel recruitment and investing in technology for future growth
- Although the operating profit margin is expected to decline due to the full-year consolidation of Four Nine and the impact of the amortization of customer-related assets, etc., the adjusted EBITDA, which excludes the amortization impact, is anticipated to maintain a margin and achieve 5.6 billion yen, YoY + 28.6% growth, maintaining a robust business growth rate.

FY2023 consolidated financial results (Unit: Million yen)	FY2022	FY2023 Forecast	Changes	Changes (%)
Sales	33,724	44,600	+10,876	+32.2%
Gross profit	19,864	25,750	5,886	+29.6%
Gross profit margin	58.9%	57.7%	-1.2pt	—
Selling, general and administrative expenses	16,115	21,200	+5,085	+31.6%
(Breakdown) Advertising expenses	4,970	6,000	+1,030	+20.7%
(Breakdown) Personnel expenses*	5,960	8,100	+2,140	+35.9%
Operating income	3,748	4,550	802	+21.4%
Sales to operating income ratio	11.1%	10.2%	-0.9pt	—
Adjusted EBITDA	4,394	5,650	+1,256	+28.6%
Adjusted EBITDA margin	13.0%	12.7%	-0.3pt	—
Ordinary income	3,727	4,500	773	+20.7%
Ordinary income ratio	11.1%	10.1%	-1.0pt	—
Net income attributable to owners of the parent	2,306	2,800	+494	+21.4%
Dividend forecast				
Annual dividend (year-end)	20.0 yen	25.0 yen	+ 5.0 yen	

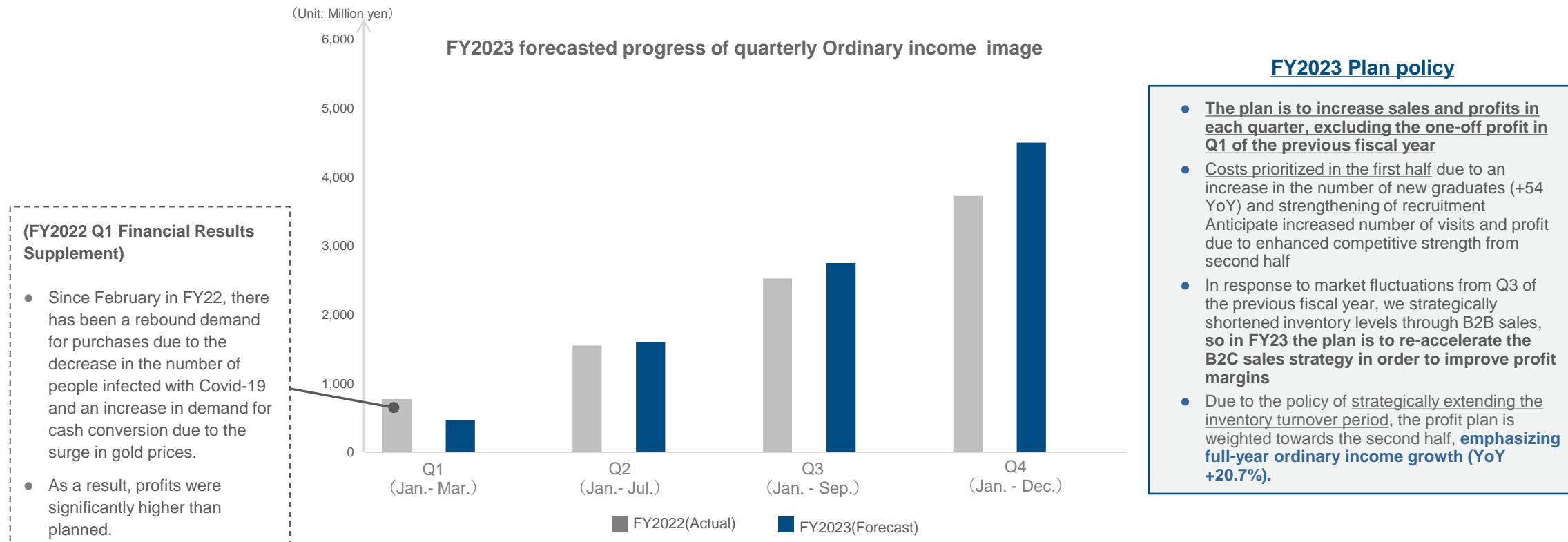
Analysis of consolidated ordinary income in FY2022 earnings forecast

- Steady growth in gross profit is planned for FY23 due to higher number of visits and variable profit per visit, as well as expansion of BuySell ,Timeless and Fournine stores. Ordinary income is forecasted to increase 20.7% YoY to 4,500 million, absorbing the increase in expenses.



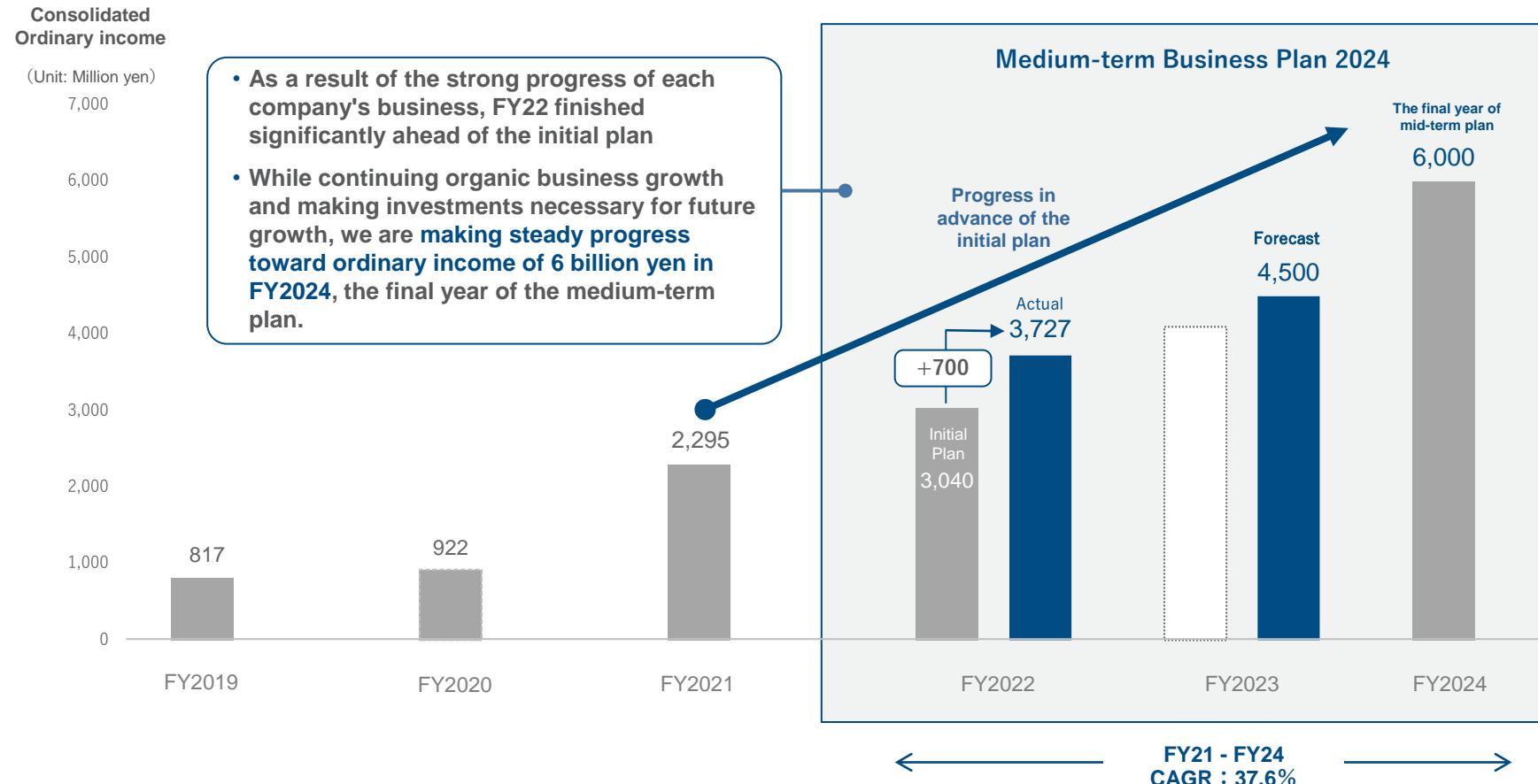
Reference) FY2023 forecasted progress of quarterly profit

- The quarterly profit plan for the fiscal year in December 2023 takes into consideration the Company's business characteristics and seasonality, etc., and is weighted towards advancing profits in the second half of the year, as in previous years.
- In response to market fluctuations from Q3 of the previous fiscal year, we strategically shortened inventory levels through B2B sales. As a result, from the beginning of this fiscal period, we plan to re-accelerate the B2C sales strategy aimed at enhancing profitability, so the plan is to extend the stock turnover period in the first half, including the end-of-term inventory, more than in usual years, and to progress with sales and profit weighted towards the second half of the year.
- Therefore, we anticipate a decline in profit in Q1 due to temporary factors in Q1 of the previous year, but we expect profit to increase from Q2, and that there will be a full-year profit increase of +21% due to YoY growth of +36% in the second half.



Reference) Progress against Medium-term Business Plan 2024 financial guidance

- FY2022, the first year of the mid-term business plan, significantly exceeded the initial plan. FY2023 is also expected to exceed the mid-term internal forecast (figures not disclosed)
- Plan to create an advantage in the first half of the mid-term plan and increase the probability of achieving the ordinary income target of **6 billion yen for FY2024, the final year of the mid-term plan, while continuing to invest in growth**



Reference) Image diagram of Four Nine's contribution to consolidated performance

- While stable earnings can be expected with a stock business model based on franchise fees (proportionately distributed over the contract period) and monthly franchise fees when signing up for a franchise, it is anticipated that there will be a contribution to medium- to long-term performance in terms of booking earnings over the contract period as the number of affiliated stores grows.
- In the FY2023 plan, Four Nine **plans to increase sales and profits**, and even after taking into account the impact of the amortization of goodwill and customer-related assets, the company plans, on a non-consolidated basis, **to post profits that are at least comparable to amortization**. The end of the amortization of customer-related assets is expected to contribute significantly to consolidated results over the mid to long term.

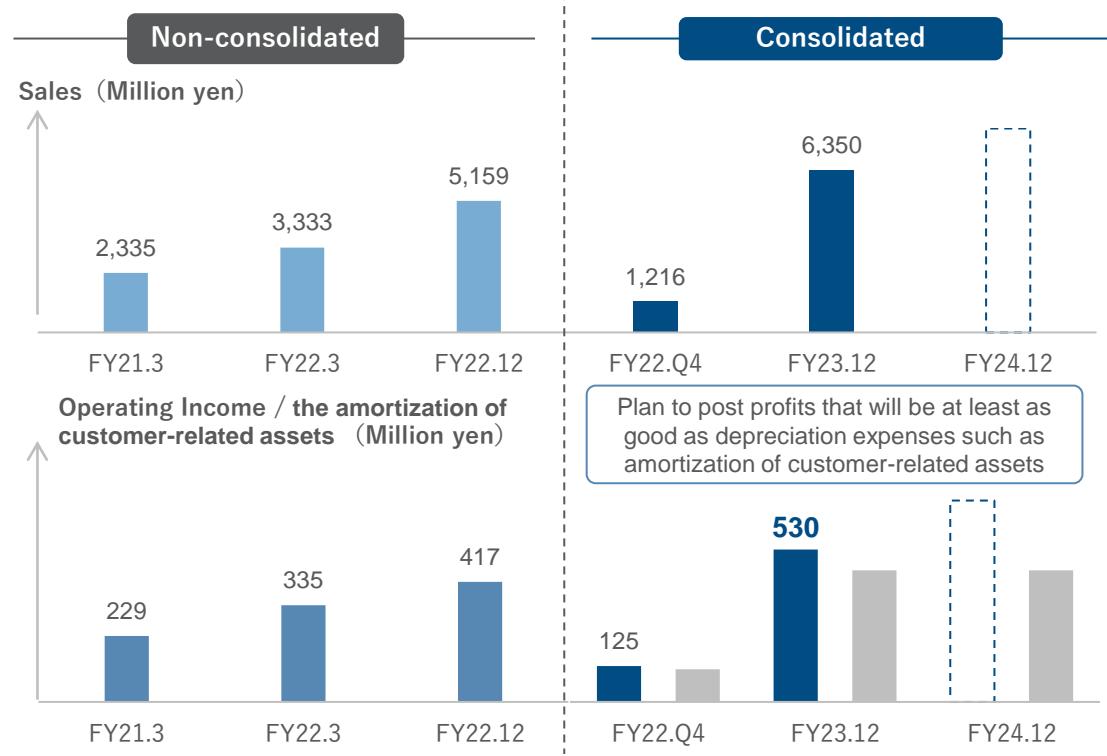
Overview of Four-Nine, Inc.

- Operates franchise-centric Reuse Shop "WAKABA"
 - Franchise shop: 190 shops
 - Directly managed shop: 17 shops
- Acquired July 2022 (included into the scope of consolidation from Q4 of period ending December 2022)
- Stable earnings can be expected with a stock business model based on franchise fees (proportionately distributed over the contract period) and monthly franchise fees when signing up for a franchise

Reuse Shop WAKABA , Number of Shops

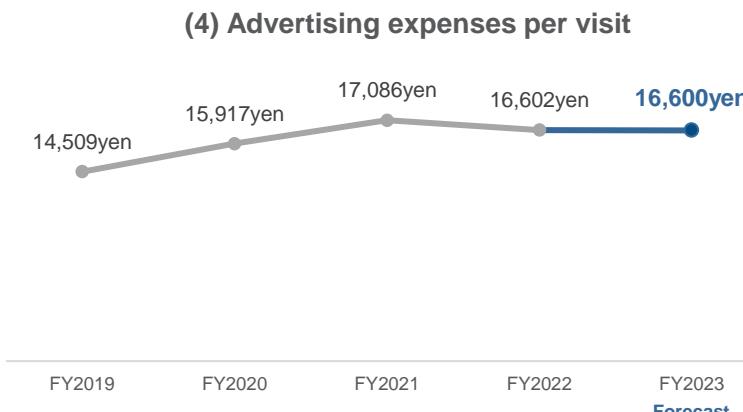
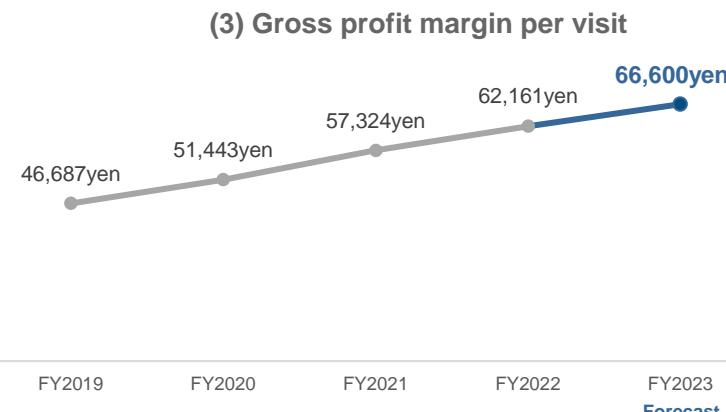
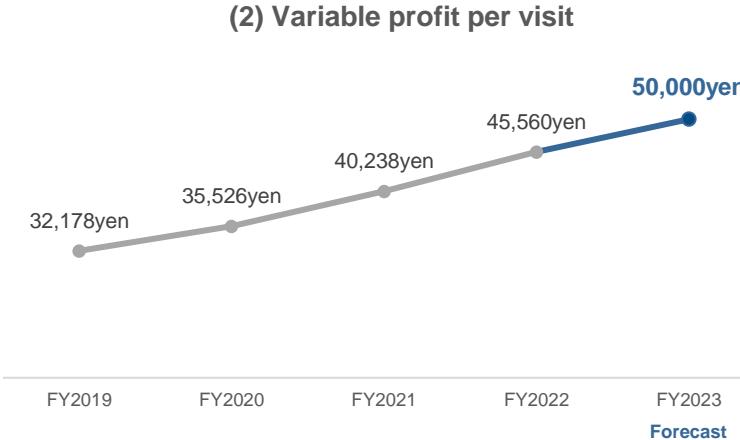
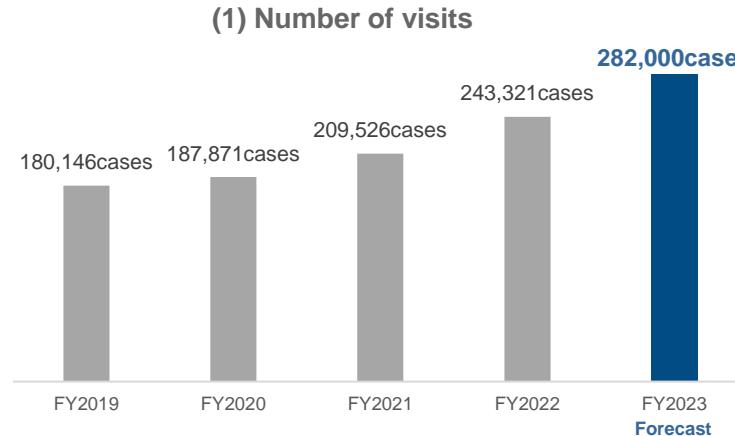


Financial Results of Four-Nine, Inc.



Reference) FY2023 KPI forecast for at-home pick up service

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



05

Investment Highlights

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

- Purchasing from B2C, which can realize a 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

- 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 due to the progress of 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

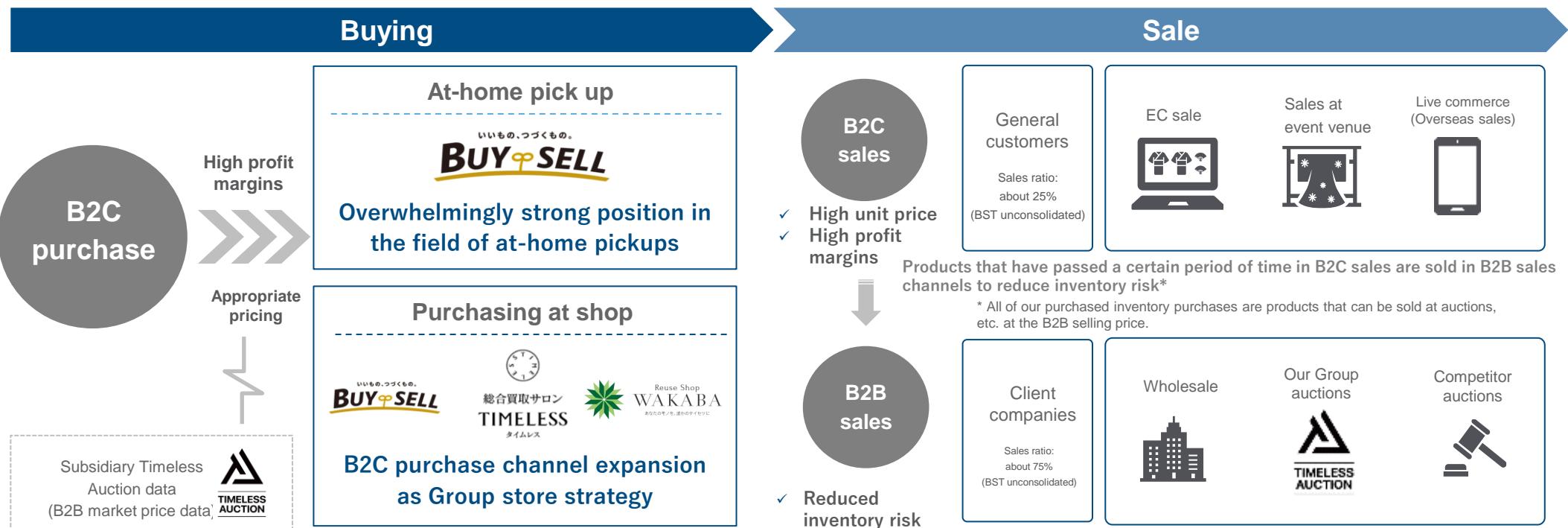
- An M&A strategy that emphasizes PMI synergies centered on clear M&A target areas and data-driven management, and its results

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.

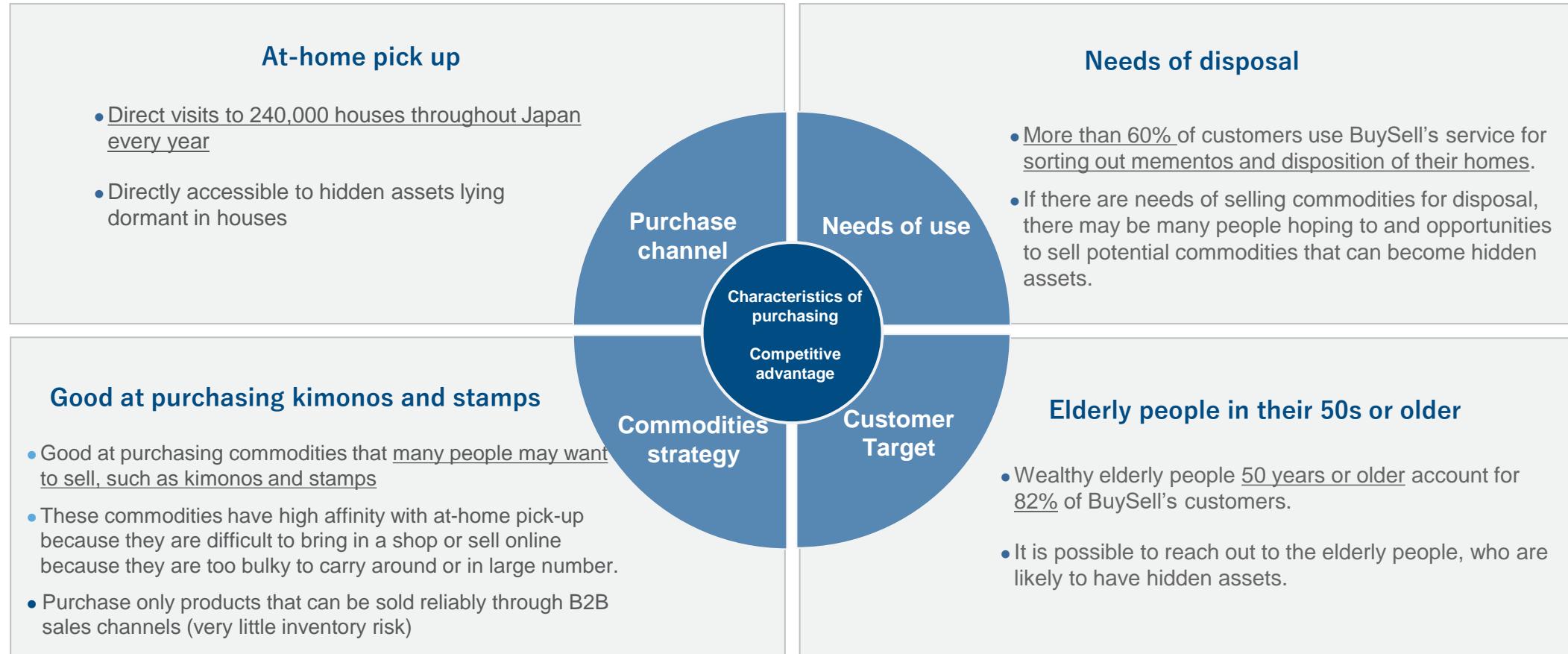


Purchasing from "B2C" that can realize high gross profit rates is the source of competitiveness

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

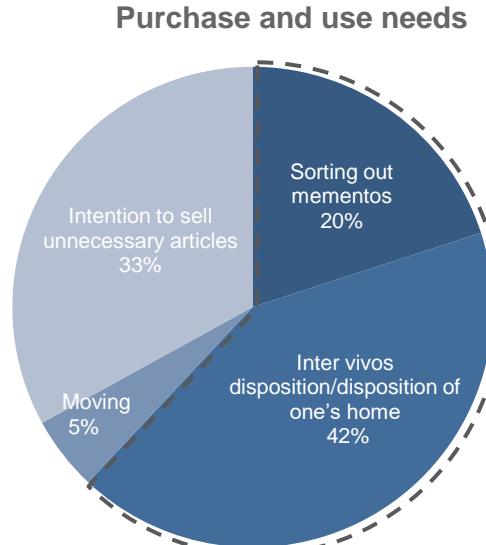
- Forming differentiated positioning that captures the disposal needs of seniors, with our strengths in purchasing kimonos and stamps for which there is a high demand for disposal, as well as at-home pickups.
- Realize direct access to “hidden assets*,” which is the latent reuse market, by visiting homes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



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

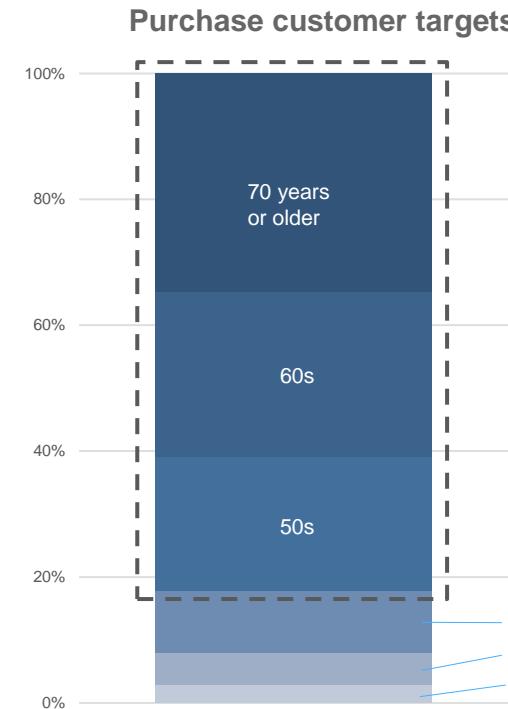
Reference) Use needs and product characteristics of at-home pickups targeted at seniors

- About 60% or more of the customer needs of the Company are for services for the disposal of belongings of deceased relatives, selling off their own belongings or decluttering their homes
- By accurately understanding the needs of seniors to declutter their belongings, we identified that more than 82% of purchase customers are senior wealthy people in their 50s or older .
- Kimono have high affinity with at-home pick-up because there is a strong demand for disposal of them and they are difficult to bring in to a shop or sell online because they are too bulky to carry around or in large numbers.



- More than **60%** of customers use BuySell's service for sorting out mementos, inter vivos disposition, 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 2021



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

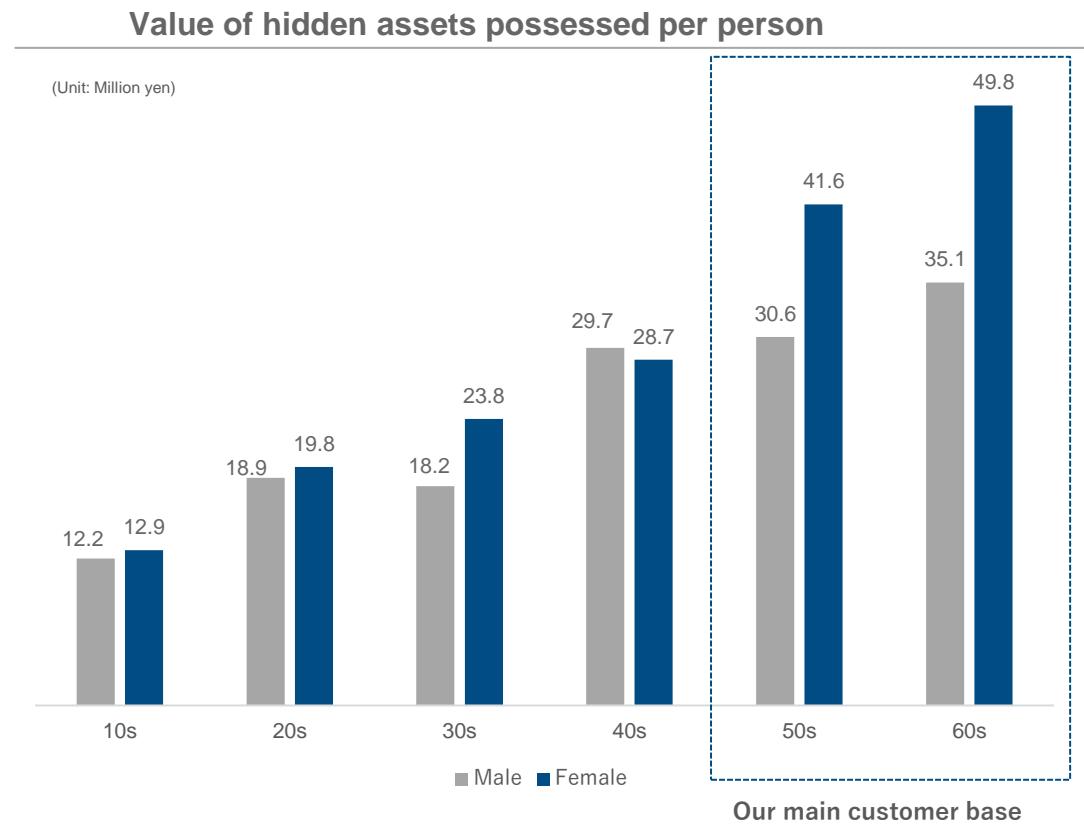
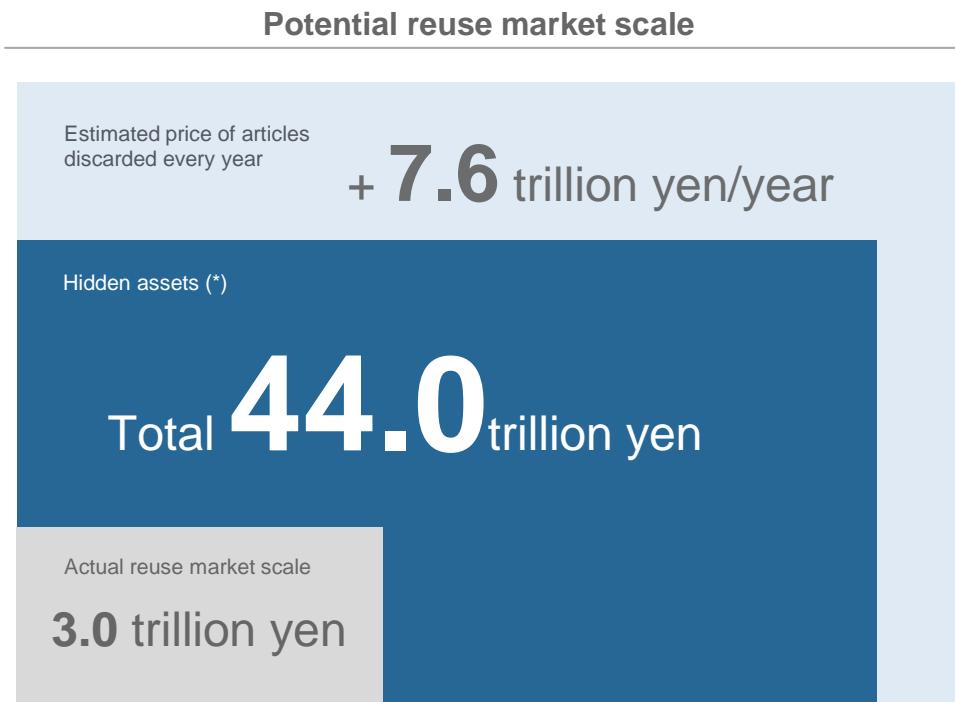
Source: Compiled by BuySell based on customer data collected in December 2021



- Purchasing mainly luxury products with low inventory risk (no risk of being left unsold)

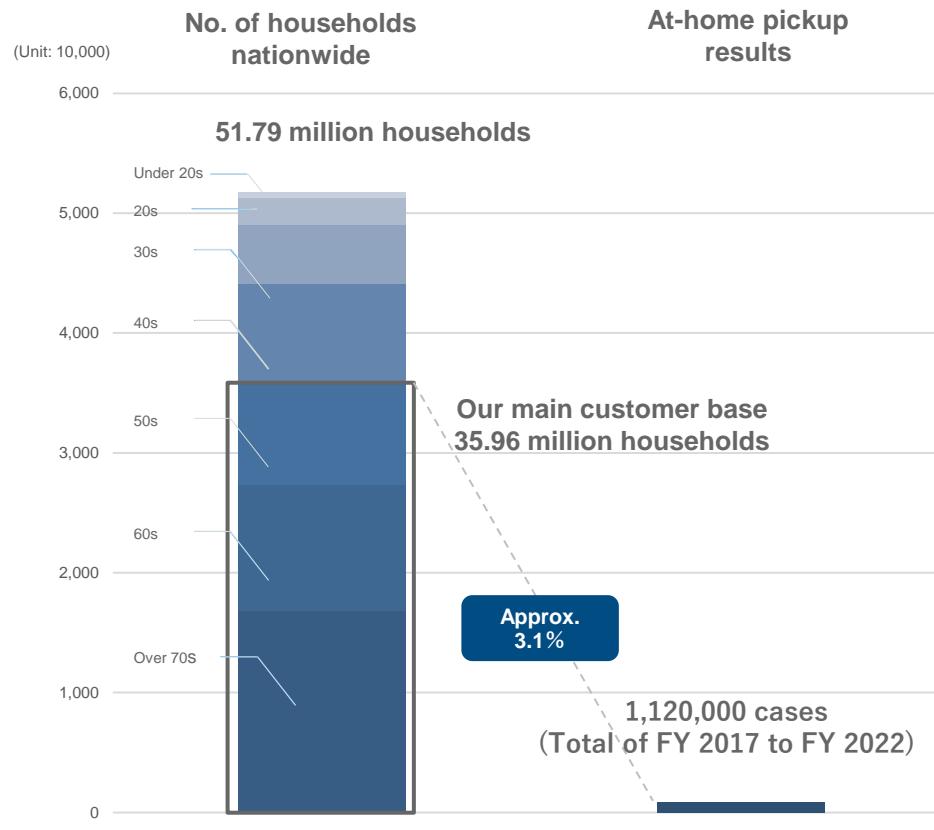
Growth potential of “hidden assets” to be unearthed

- 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-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.



Performance of at-home pickups and potential for future expansion

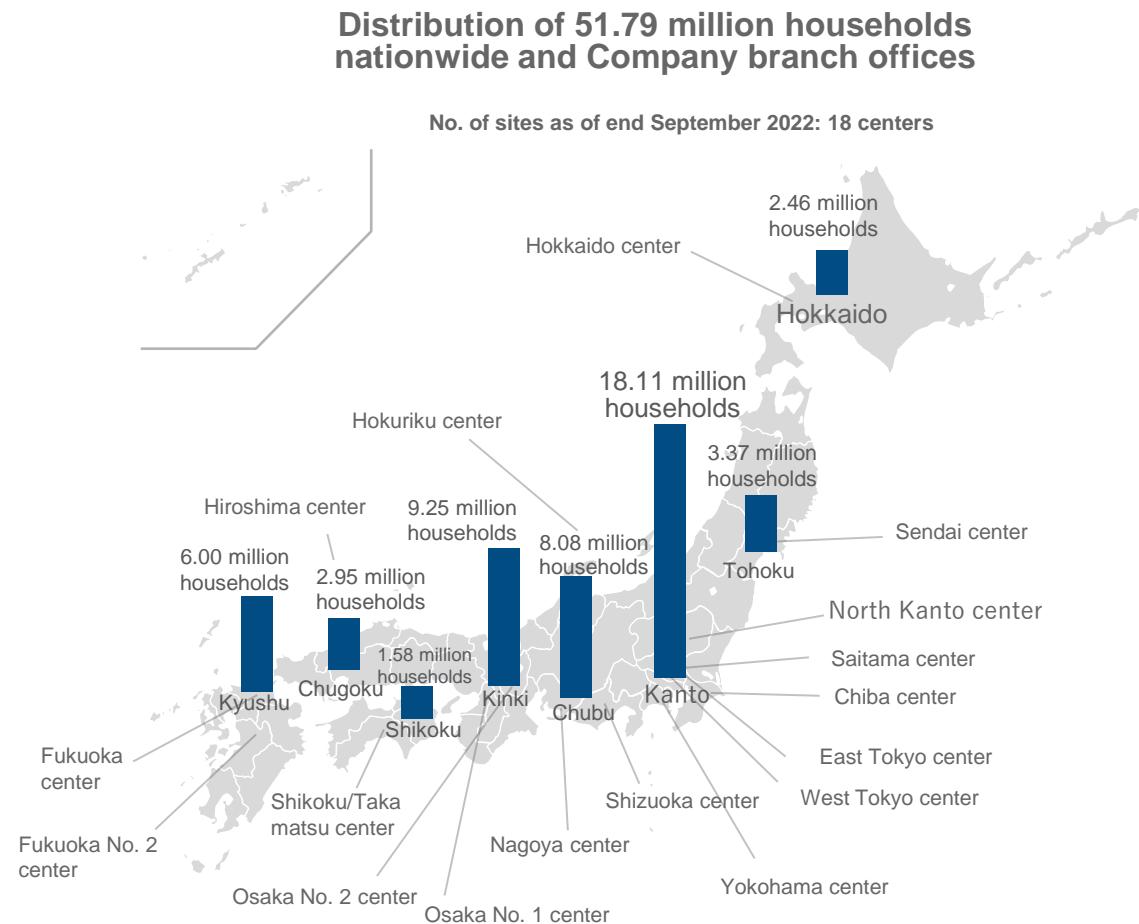
- Of the total 870,000 at-home pickups, the number of senior households in their 50s and over, which is our main target, is 35.96 million, and there is considerable room for expansion.
- In addition to strengthening our foundation in the Tokyo - Nagoya - Osaka area, there is room for deployment of bases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



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, FY 2022: approx. 243



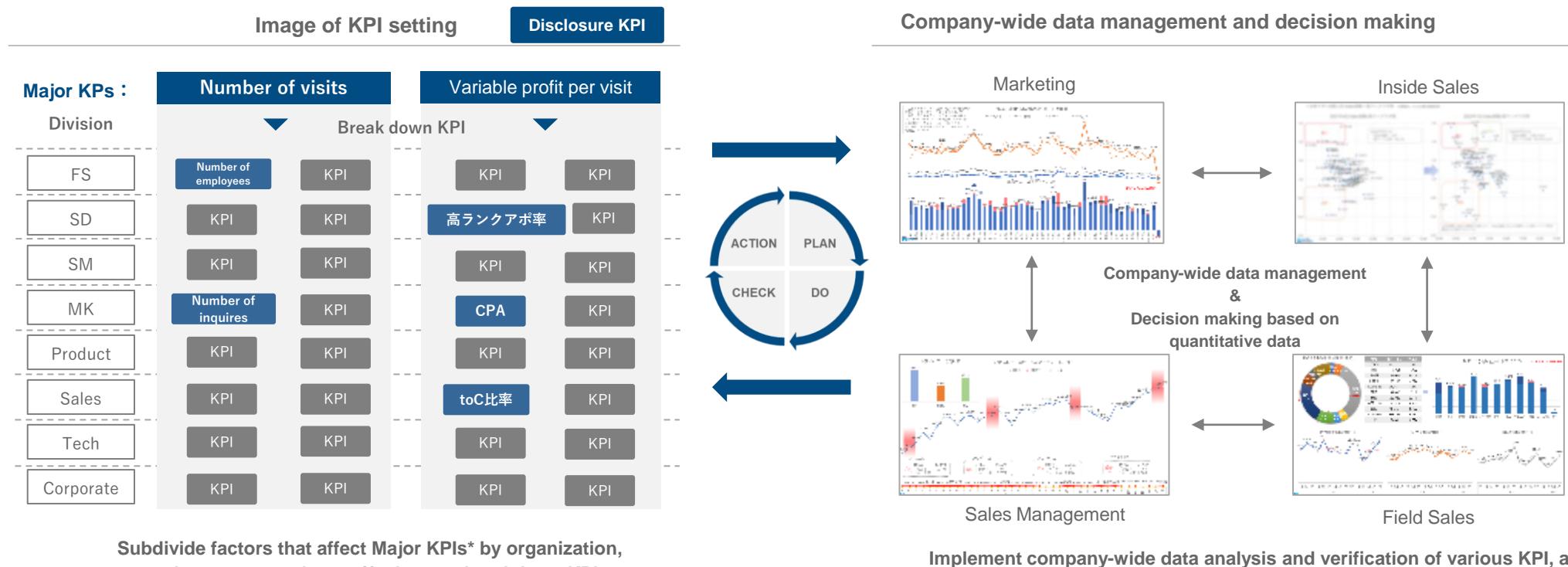
Investment Highlights

- 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

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>

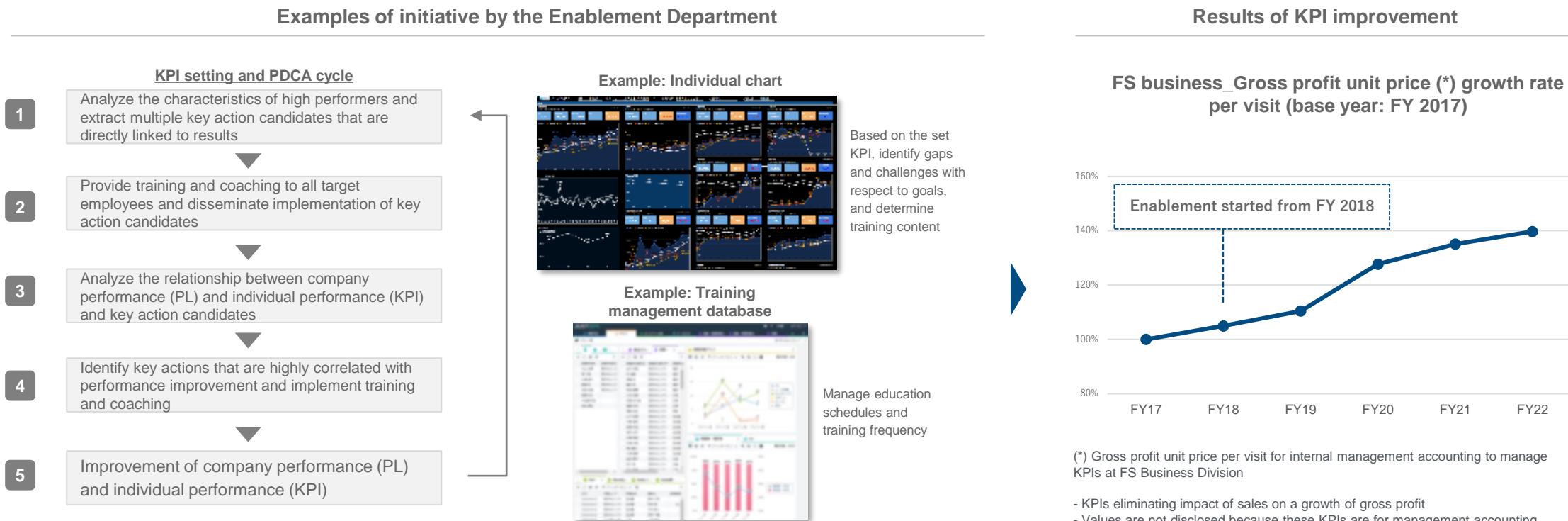


Major KPI (at-home pick up service): (1) Number of visits × (2) Variable profit per visit (*3) gross profit – (4) advertising expenses)

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>



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

(1) Strengthen investment in technology areas

- Accelerate business growth by deepening data-driven management through the development of a data infrastructure and improving productivity through the use of technology

Strengthen investment in technology areas



Expansion of Technology Organization

- Formulate mid- to long-term technical strategies
- Priority investment in technology organization to strengthen engineering recruitment, human resource development system, and recruitment branding

Promotion of IT and DX



Accelerate data-driven management

- Accelerate further data-driven management by deepening data on purchases, sales, customer data, etc., in conjunction with the development of a company-wide data infrastructure



Research and development using AI technology and data

- Launch of BuySell Research
- Strengthen R&D on the theme of reuse x AI
 - ✓ Product Price Forecasting
 - ✓ Auction Start Price Forecast
 - ✓ Chatbot
 - ✓ Product and model number determination
 - ✓ authenticity check
 - ✓ Automatic calculation of assessed value
 - ✓ Visit Route Optimization
 - ✓ Inventory Allocation Optimization



Improving Productivity through Technology

- Launch of the reuse platform "COSMOS"
- Improvement of number of appraisals per person and gross profit per unit by shortening appraisal time
- Increase in sales and reduction of display costs through streamlining of sales flow

Become a Reuse Tech Company by promoting the fusion of real (people and products) x technology (IT and DX)

Expansion and growth of technology organizations

- Development and operation of engineer recruitment system progressing, steadily expanding toward construction of technology organization
- Received “Findy Team+ Award 2022” as a “company with high productivity index of engineering organizations”



Director & CTO Masayuki Imamura

Joined Yahoo in 2006, engaged in various new business development projects
Subsequently founded VASILY and assumed the post of CTO.
Appointed CTO of ZOZO Technologies after selling VASILY to ZOZO
Widely active in product development, organizational management, etc.
April 2021, appointed CTO of BuySell Technologies
Director, Japan CTO Association

General Manager, Technology Strategy Division Takeshi Matsue

Joined Gree in 2012. Worked as a high-traffic game development engineer and later served as a producer on multiple titles. Promoted the business as General Manager of the game production department of the subsidiary funplex
Joined BuySell Technologies in 2019.
Responsible for product development and development group management

Expansion of organizational scale



Reinforcement of organization by recruiting engineering managers and tech lead-level talent from other major IT companies



Achieving growth in technology organizations through the dual focus of "Quantity × Quality Enhanced productivity



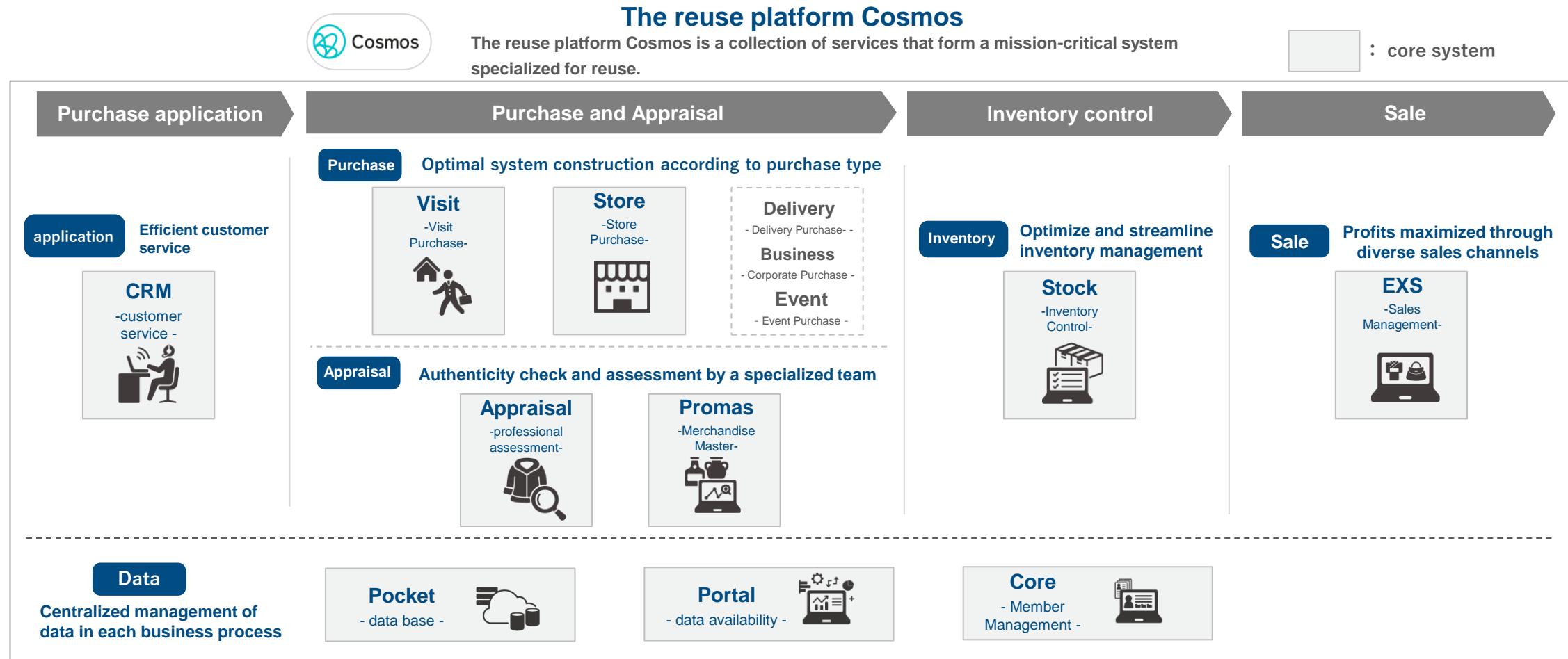
Received “Findy Team+ Award 2022” as “a company with a high productivity index for engineering organizations”



Improving productivity by leveraging technology

Development of Cosmos

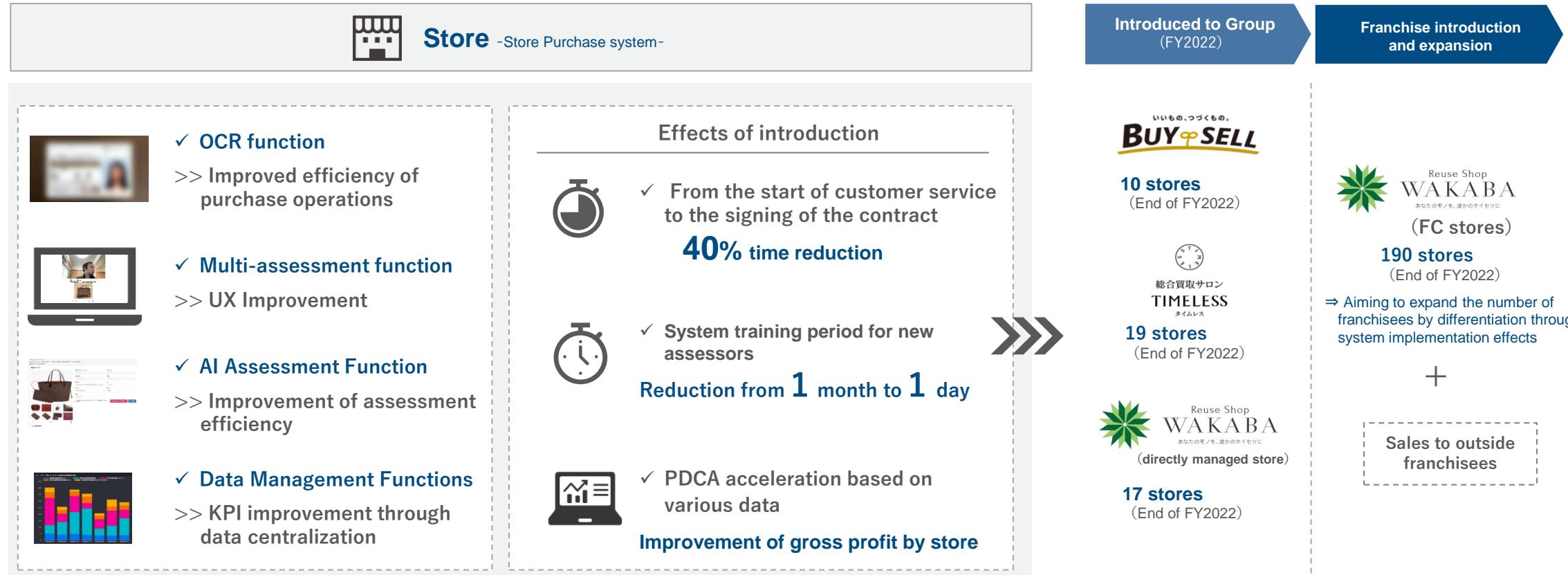
- Aiming to improve key KPIs by improving operational efficiency and deepening data-driven management across the entire BuySell Group through the introduction of Cosmos, an in-house developed platform that comprehensively provides everything related to the reuse business, from purchasing to sales, customer management, inventory management, sales management, and data analysis.



Improving productivity by leveraging technology

Effects of Cosmos (Store)

- Launch of "Store," a dedicated store purchase system, significantly improved productivity, including each KPI
- Aiming to increase the number of franchisees while differentiating itself from competitors in the reuse franchise business by introducing the system to all BuySell Group stores to increase store gross profit margins and providing the benefits of system introduction to Four-Nine's franchisees.

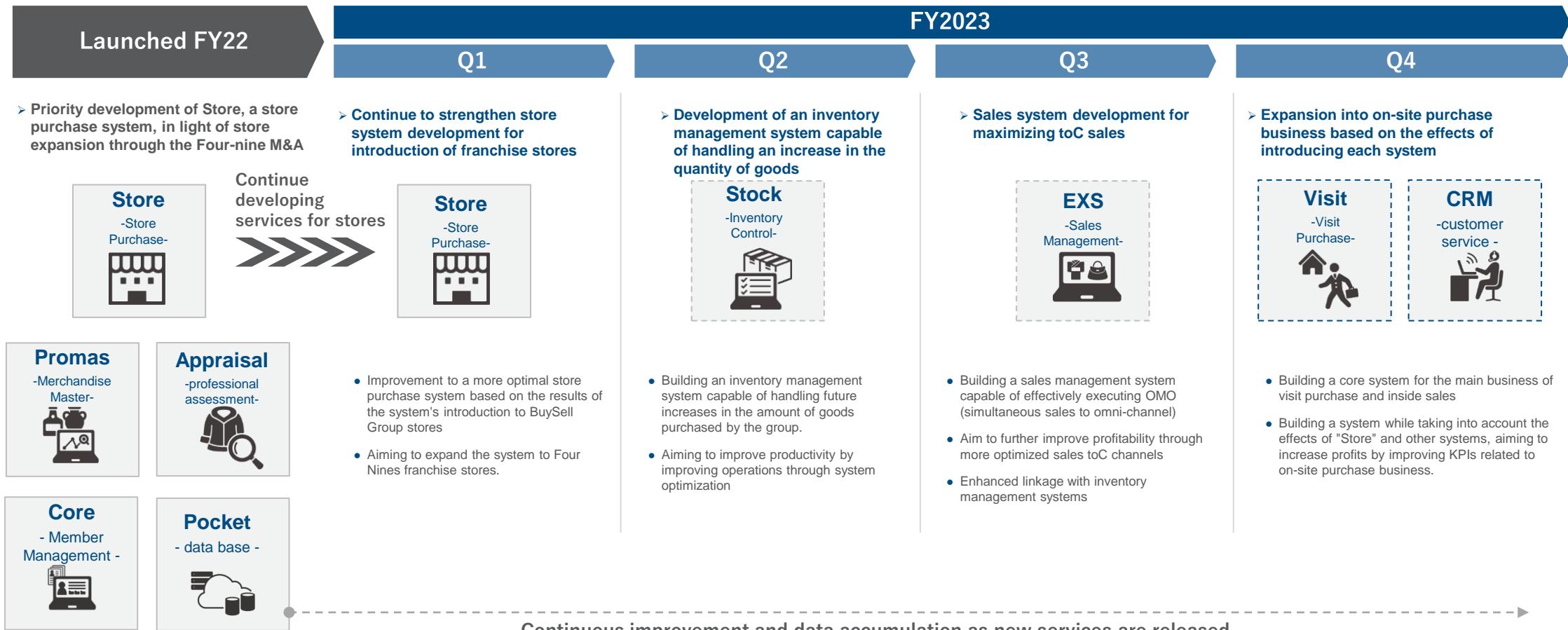


Improving productivity by leveraging technology

Launch Schedule

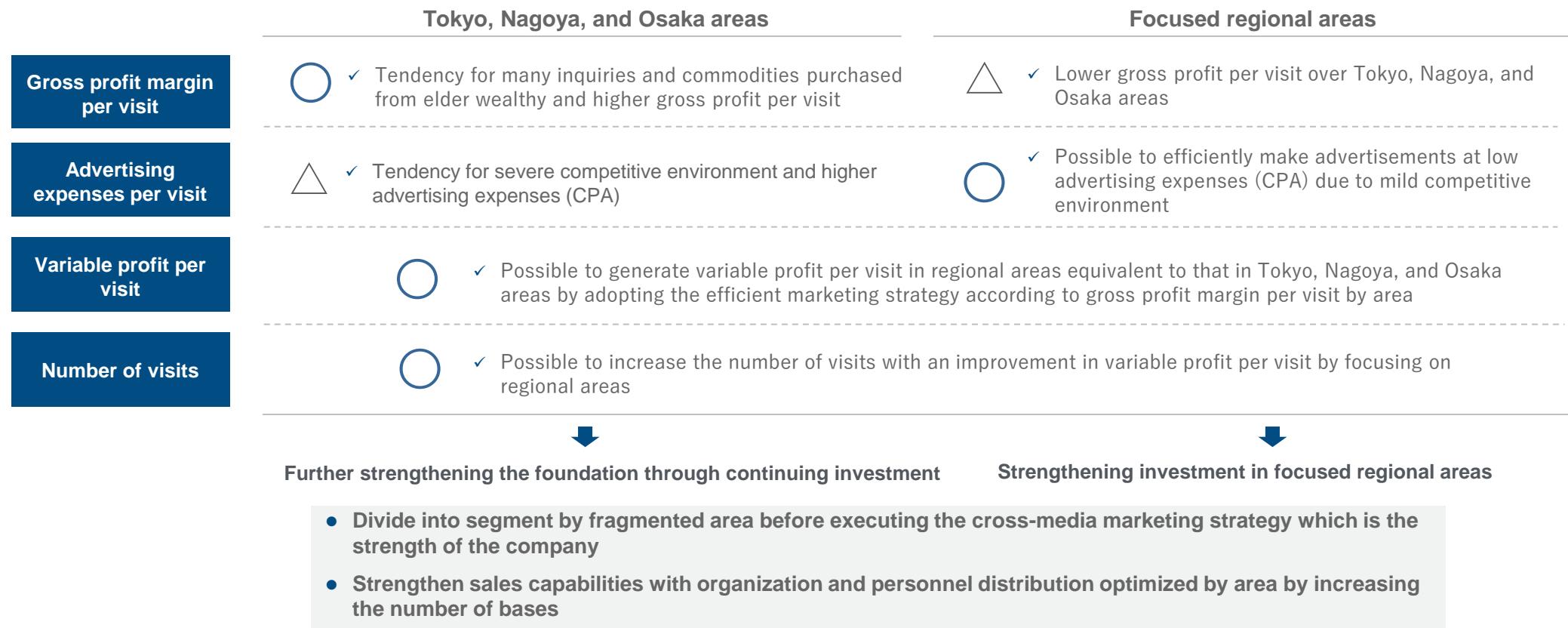
- Development of the core system comprising "Cosmos" is progressing smoothly, and the launch of the main system is scheduled to be completed in FY2023.
- "Visit," which will be the core system for our main business, on-site purchase business, is scheduled to be launched from Q4 of this fiscal year, aiming to improve profitability from FY24 onward

: Launched : Launch Schedule



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.



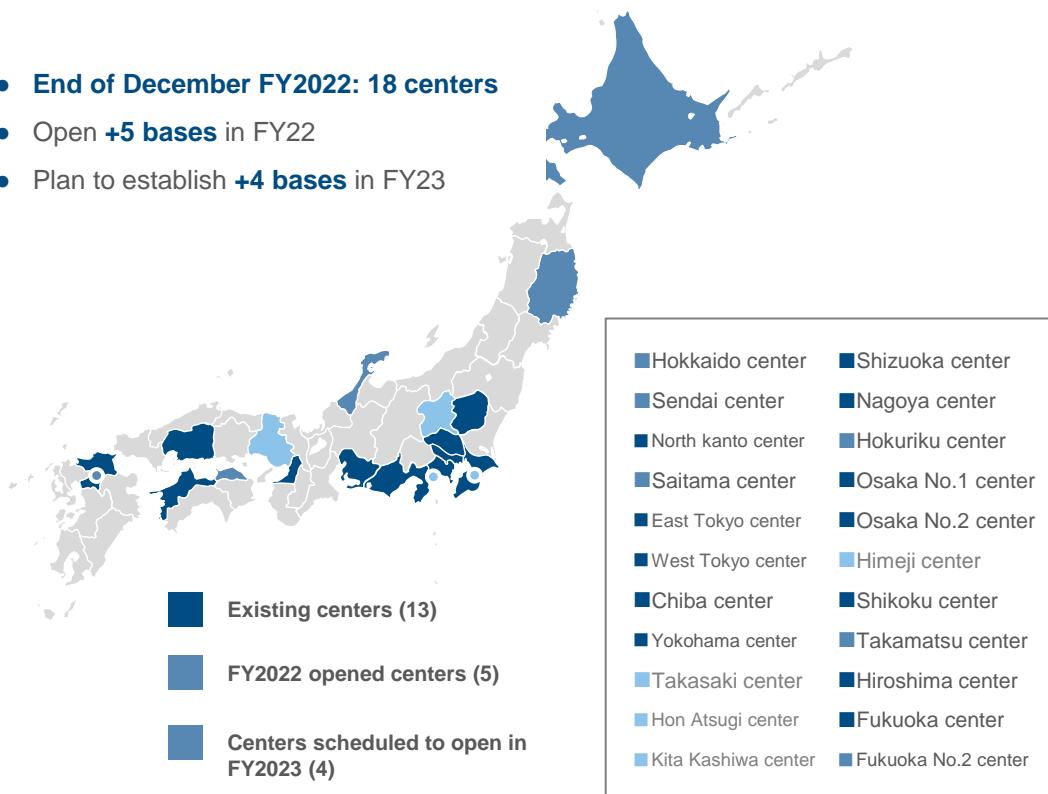
Combine an increase in the number of visits and maximization of variable profits per visit by maximizing return on investment by area

Growth Strategy (2) Expansion of home visit purchase bases

- By implementing the purchase area expansion strategy, we opened 5 new locations (centers) in 2022, and were operating 18 centers as of the end of December 2022.
- The plan is to open four new centers in 2023, aiming to increase the number of home visits and variable profits from home visits by optimizing the organization and staffing by area.

Home visit purchase bases

- End of December FY2022: 18 centers
- Open +5 bases in FY22
- Plan to establish +4 bases in FY23



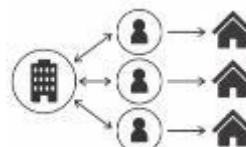
Effect of home visit purchase base expansion

Areas with no bases



- For areas where there are no bases, assessors will travel to the area alone for a period of 1 to 2 weeks
- It is difficult to provide timely and appropriate feedback from supervisors, etc. during business trips, making effective business trip assessments difficult.
- Costs for hotels, rental cars, etc. are incurred for each business trip
- Regarding business trip appointments outside the base area, since business trips are organized for a certain period of time, the setting of visit appointments is rigid (appointments may be lost depending on the schedule)

Base covered areas



- By organizing by area, feedback for each visit can be effectively executed, and productivity per business trip visit is improved.
- Education and training can be implemented for each center according to area attributes
- Contribute to improving turnover rates by improving work style by reducing business trips, shortening travel distances, and regular communication between members.
- Reduce costs such as hotel bills and rental cars
- Flexible visit appointment settings are possible according to assessors and appointment characteristics

Expansion of centers by area will bring the following benefits



- ✓ Increased numbers of home visits
- ✓ Improved gross margin per visit
- ✓ Reduced travel costs

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

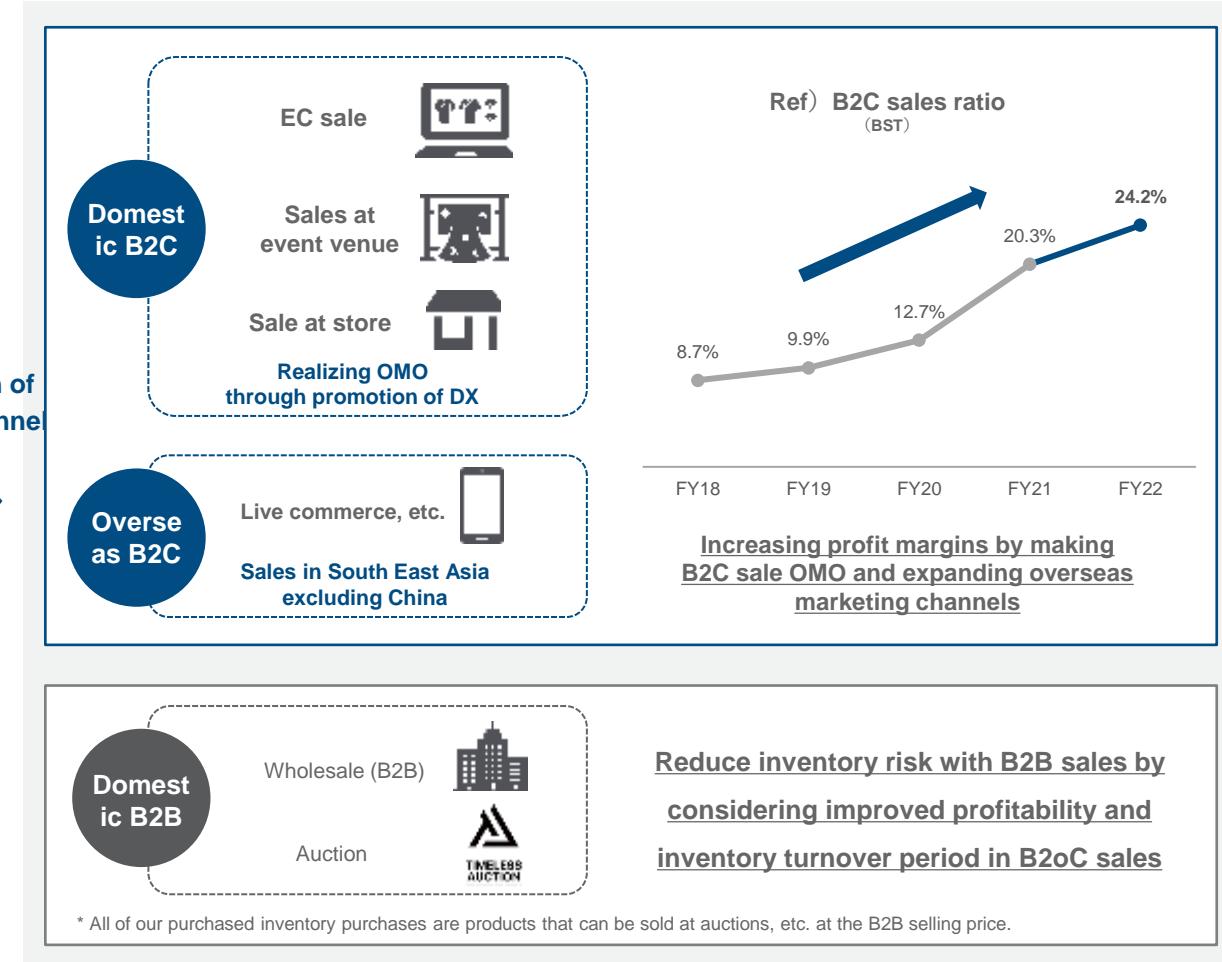
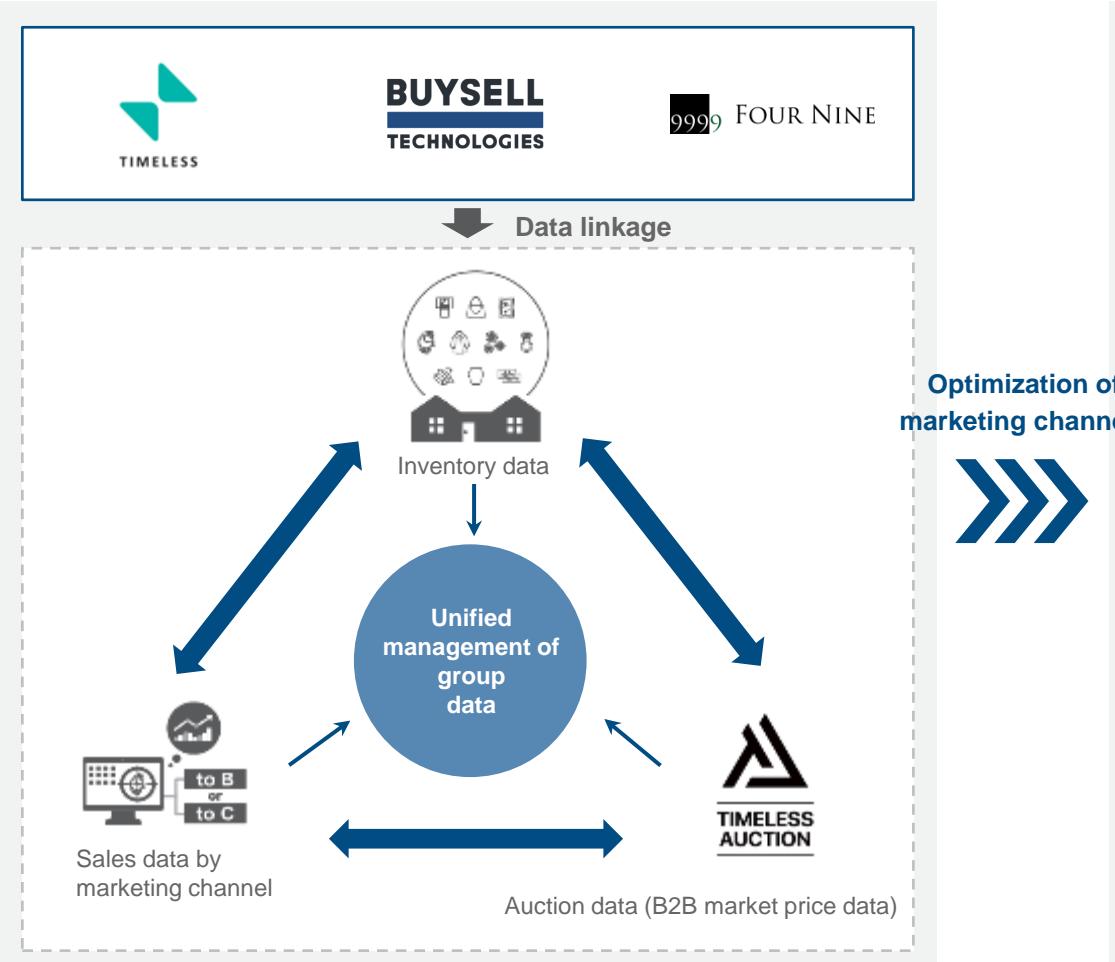
Shops	the number of shops in the group : 236	Advantage
Shops in BUYSELL  いいもの、つづくもの。 BUYSELL	<ul style="list-style-type: none">10shops (as of end of December 2022)Major cities across the nationMain commodities: kimonos, stamps, old coins, etc	<ul style="list-style-type: none">Effect of attracting customers through recognition of BUYSELL resulting from large-scale marketing campaign concerning BUYSELL at-home pick up serviceTargeting elderly customers with the needs for selling commodities for disposalGuiding customers who are resistance to at-home pick up to a shop
Shops in TIMELESS  総合買取サロン TIMELESS タイムレス	<ul style="list-style-type: none">19shops (as of end of December 2022)Permanent shops in department stores throughout the countryMain commodities: brand items, wristwatches, jewelry, etc.	<ul style="list-style-type: none">Favorable location and sense of security of permanent shops in department storesMainly targeting elderly wealthy using department storesTaking marketing measures such as DM in collaboration with department storesGuiding customers who are resistance to at-home pick up to a shop
Shops in FOURNINE (Reuse Shop WAKABA)  Reuse Shop WAKABA あなたのモノを、誰かのタイセツに	<ul style="list-style-type: none">Franchise shop: 190 shops (as of end of December 2022)Direct operation : 17 shops (as of end of December 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 programsBroad area target with 207 stores nationwideScalability 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

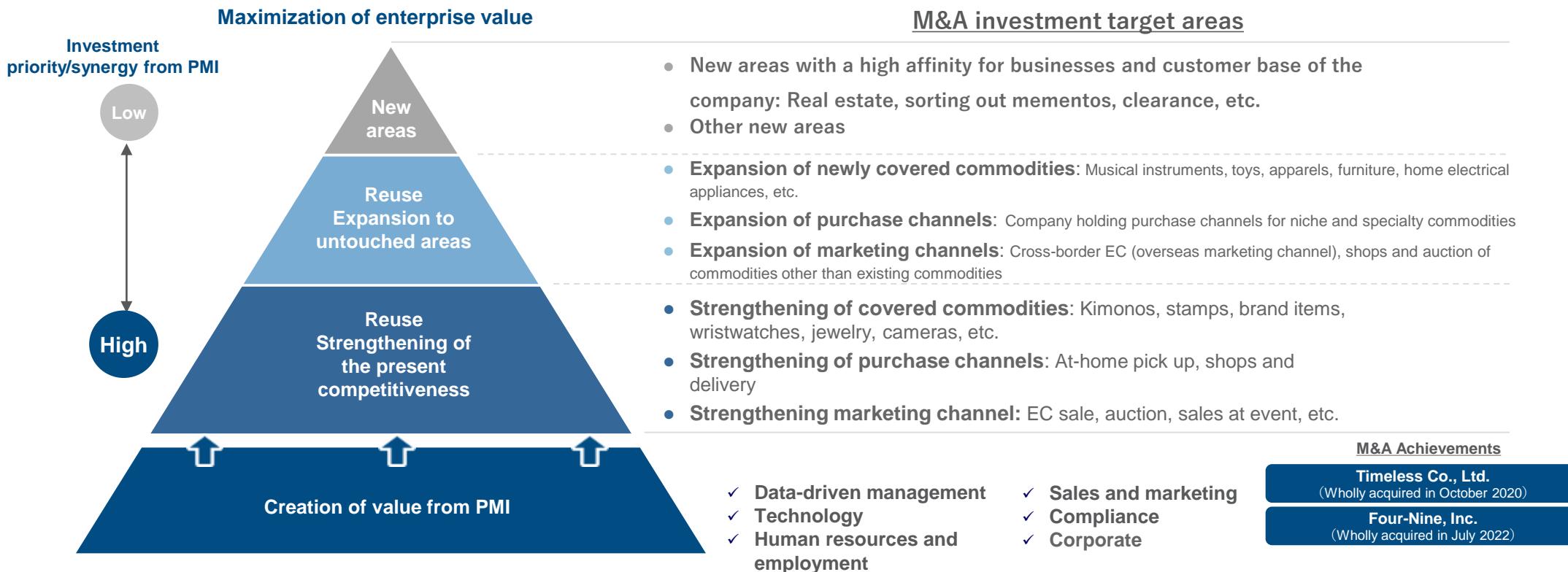
- Aiming to improve profitability by optimizing sales channels through centralized management of group data, OMO of toC sales, and expansion of overseas sales channels



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**

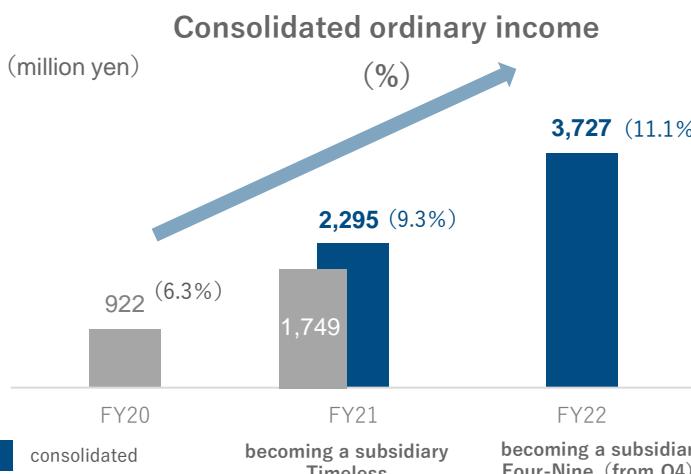
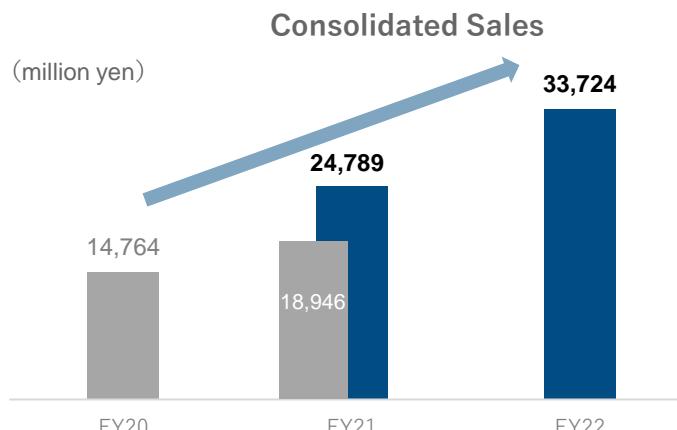
- Have a policy for increasing the priority on M&A investment in the reuse area contributing to strengthening of the present competitiveness and reinforcement of business by operations in untouched areas
- Increase enterprise value by increasing the return on investment through strategic M&A in areas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



M&A results through effective PMI

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

Overview		Main PMI details
➤ Acquired October 2020 (included into the scope of consolidation from FY2021)		
Timeless Co., Ltd. 	<ul style="list-style-type: none"> Operating a general purchase salon "TIMELESS", as a permanent shop within a department store <ul style="list-style-type: none"> End of 2020: 9 stores → End of 2022: 19 stores Operating antique auction "TIMELESS AUCTION" 	<p>Data driven</p> <ul style="list-style-type: none"> Sharing of data-based KPI visualization / monitoring know-how
➤ Acquired July 2022 (included into the scope of consolidation from Q4 of FY2022)		
Four-Nine, Inc. 	<ul style="list-style-type: none"> Operating FC-centric Reuse Shop "Wakaba" <ul style="list-style-type: none"> Franchise shop: 190 shops Directly managed shop: 17 shops <p>* As of end of December 2022</p>	<p>Employment</p> <ul style="list-style-type: none"> Promoting adoption throughout the BuySell Group Acceleration of the number of events and store openings by expanding personnel <p>Technology</p> <ul style="list-style-type: none"> Construction of web auction system System integration of inventory / sales data, etc. <p>Marketing sales</p> <ul style="list-style-type: none"> Marketing support for DM and web advertising in collaboration with department stores Group sharing of know-how such as sales and assessment <p>Corporate etc.</p> <ul style="list-style-type: none"> Cost reduction and operational efficiency improvement through corporate function integration Establishment of compliance system



➤ Accelerate company-wide earnings growth by creating group synergies through effective PMI after M&A execution

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

Company overview

Company name	BuySell Technologies Co., Ltd.			
Foundation	January 2001			
Head office address	8F PALT Bldg. 4-28-8 Yotsuya, Shinjuku Ward, Tokyo			
Capital	3,274 million yen (including capital reserve)			
Business description	Reuse business of clothes, brand items, etc.			
Directors	President, representative director & CEO Chairman of board of directors Director CFO Director CTO Directors	Kyohei Iwata Hideki Yoshimura Koji Ono Masayuki Imamura Daiya Ota	Outside director Outside director Outside director Outside director(Audit and Supervisory Committee) Outside director(Audit and Supervisory Committee) Outside director(Audit and Supervisory Committee)	Yuki Akiyama Kayo Gado Toshihiro Hara Mami Suzuki Shinichi Sugiyama Seiichiro Kawasaki
Group company	Timeless Co., Ltd., Four-Nine, Inc. ,BuySell Link Co., Ltd. (special subsidiary)			
Employees	Group: 1,089 (as of December 2022) Unconsolidated: 892 (as of December 2022)			

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".

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

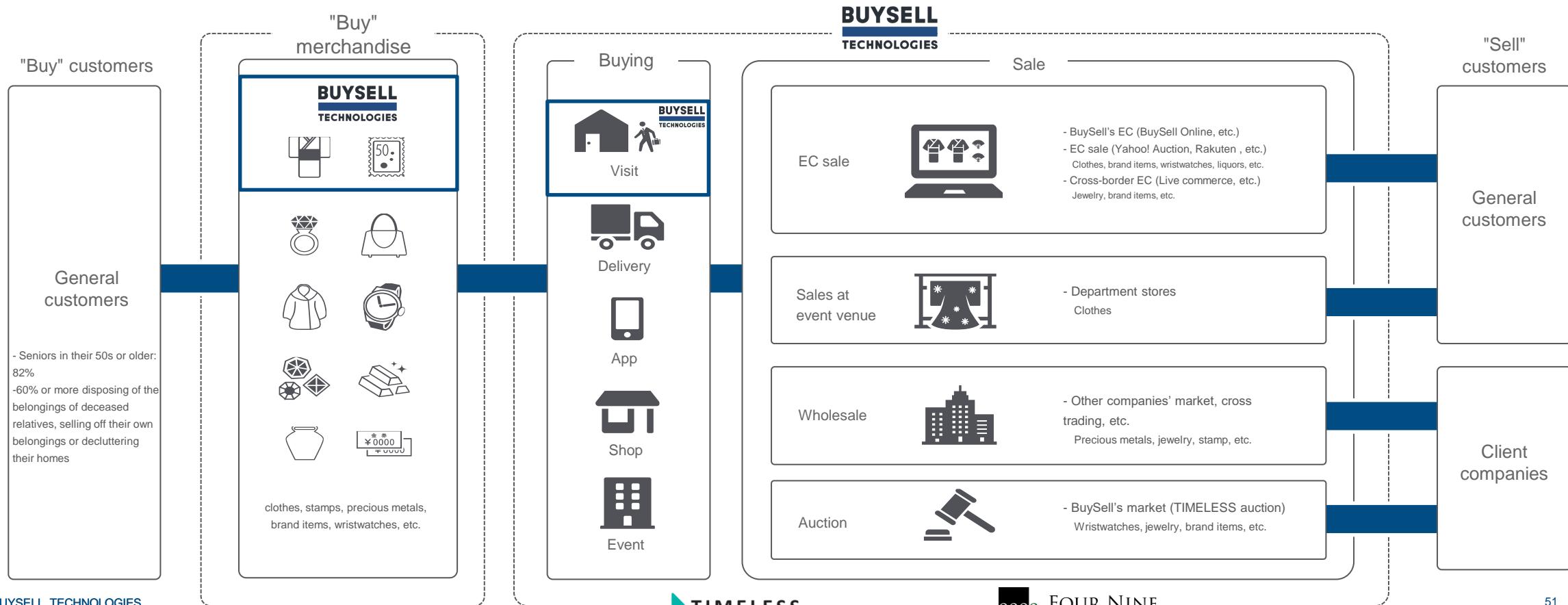
- A group of four companies of BuySell and its three subsidiaries (Timeless Co., Ltd. And Four-Nine, Inc. And BuySell Link Co., Ltd.) runs the general reuse business.

		BuySell Technologies	Timeless Co., Ltd.	Four-Nine, Inc.
Purchase Main services		<p>General reuse and purchase service of BuySell</p>  <ul style="list-style-type: none"> At-home pick up Purchase through home delivery Purchase at shop (10 shops)* <p>App purchase business "CASH"</p>  <ul style="list-style-type: none"> Acquired through business transfer in April 2020 	<p>General purchase salon "Timeless"</p>  <ul style="list-style-type: none"> Permanent shop set up in department store (19 shops)* Purchase at department store events 	<p>Reuse Shop 「Wakaba」</p>  <ul style="list-style-type: none"> Franchise shop: 190 shops* Directly managed shop: 17 shops*
Sale Main services		<p>BuySell's EC "BuySell Online"</p>  <ul style="list-style-type: none"> BuySell's EC Other companies' EC malls (Rakuten, Yahoo Auctions etc.) <p>Shops specializing in sale of used kimonos (department stores)</p> <ul style="list-style-type: none"> Permanent shop (4 shops) Sales at event venue 	<p>Antique auction "TIMELESS auction"</p>  <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 	 <p>BuySell Link Co., Ltd.</p> <p>Special subsidiary company aimed at promoting employment of disabled people (unconsolidated)</p>

* As of end of December 2022

Group business block diagram

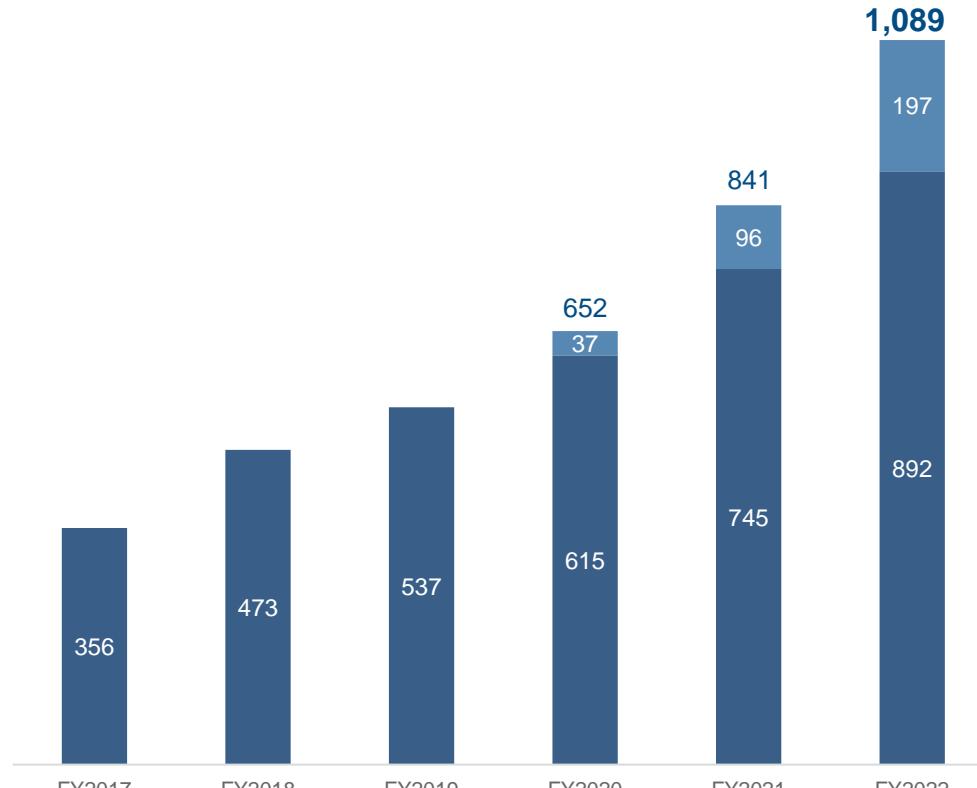
- Purchasing of luxury merchandise such as kimonos, postage stamps, brand goods, watches, etc. through varied channels centered on business visits
- About 60% or more of our services are used by customers disposing of the belongings of deceased relatives, selling off their own belongings or decluttering 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.



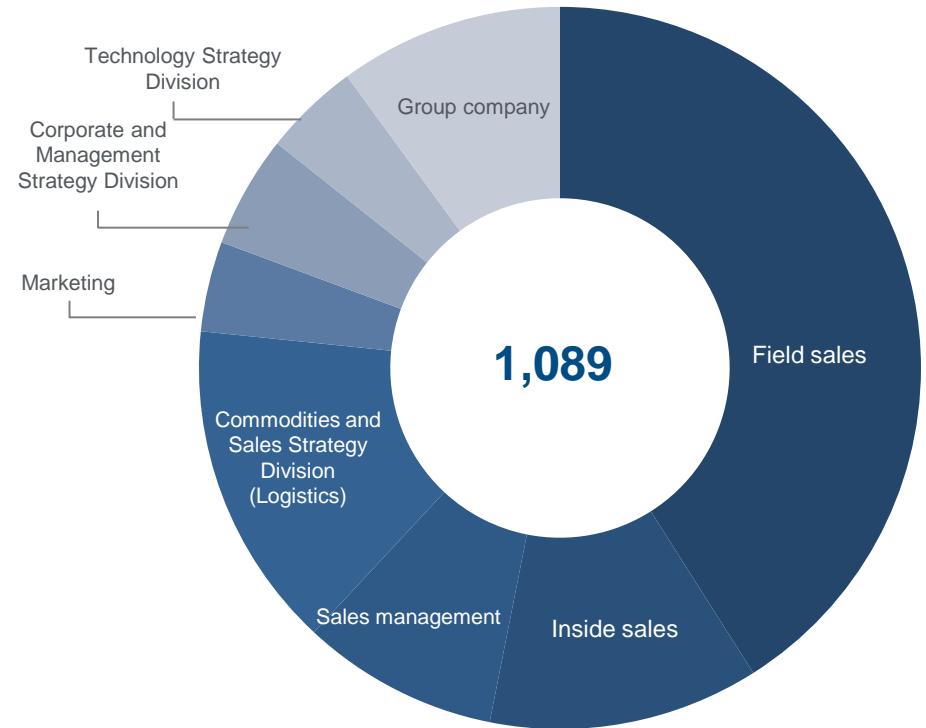
Employee status

Change of group companies' number of employees

(Unit: Persons)



Personnel organization (December, 2022)



1 Outline of group

2 Corporate governance system • ESG / SDGs

3 Investment / financial strategy • shareholder return policy

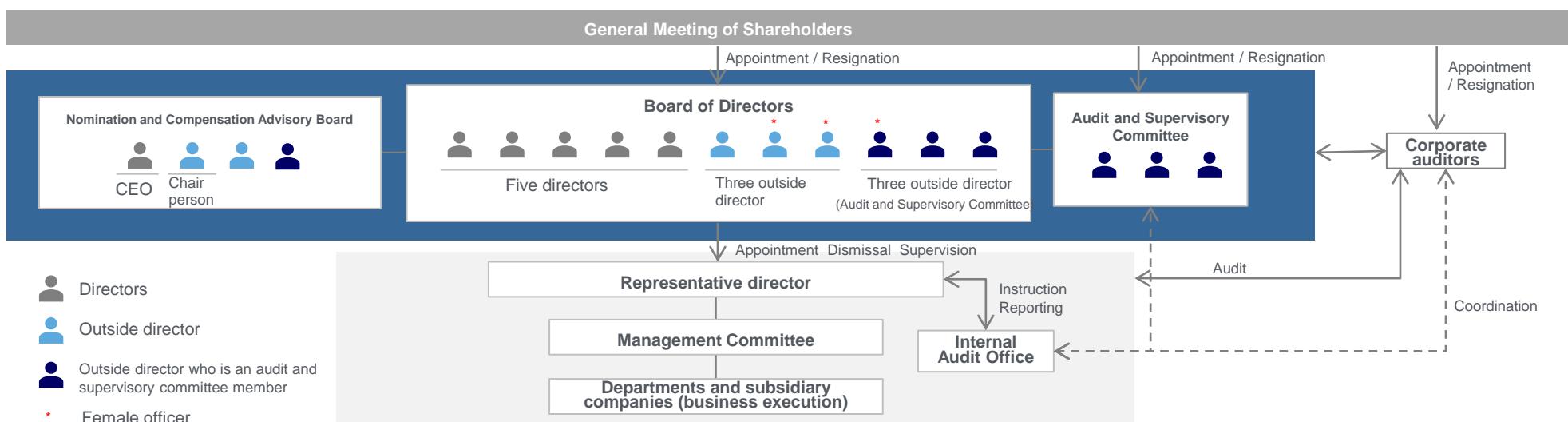
4 Outline of at-home pick-up business model

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)



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 Hakuhodo 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.



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

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)	●	●			●				

- 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

Strengthen corporate and service governance

Enhance information security

Maintaining and improving reliability in home-visit purchases

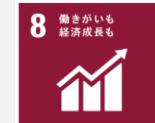


Organizational and human capital management

Strengthen recruitment and training

Improve employee engagement

Close skill and gender gaps



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>	<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.
	<ul style="list-style-type: none">● New business	<ul style="list-style-type: none">● 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.

- 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

*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.

Consolidated BS as of the end of December 2022

		(Unit: Million yen)
Cash and deposits	6,999	Interest-bearing debt
Inventories	2,794	Other liability
Goodwill	3,757	Net assets
Customer-related assets	1,306	8,276
Other assets	2,772	

- 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.

Financial discipline

- Equity ratio: 40% or more

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

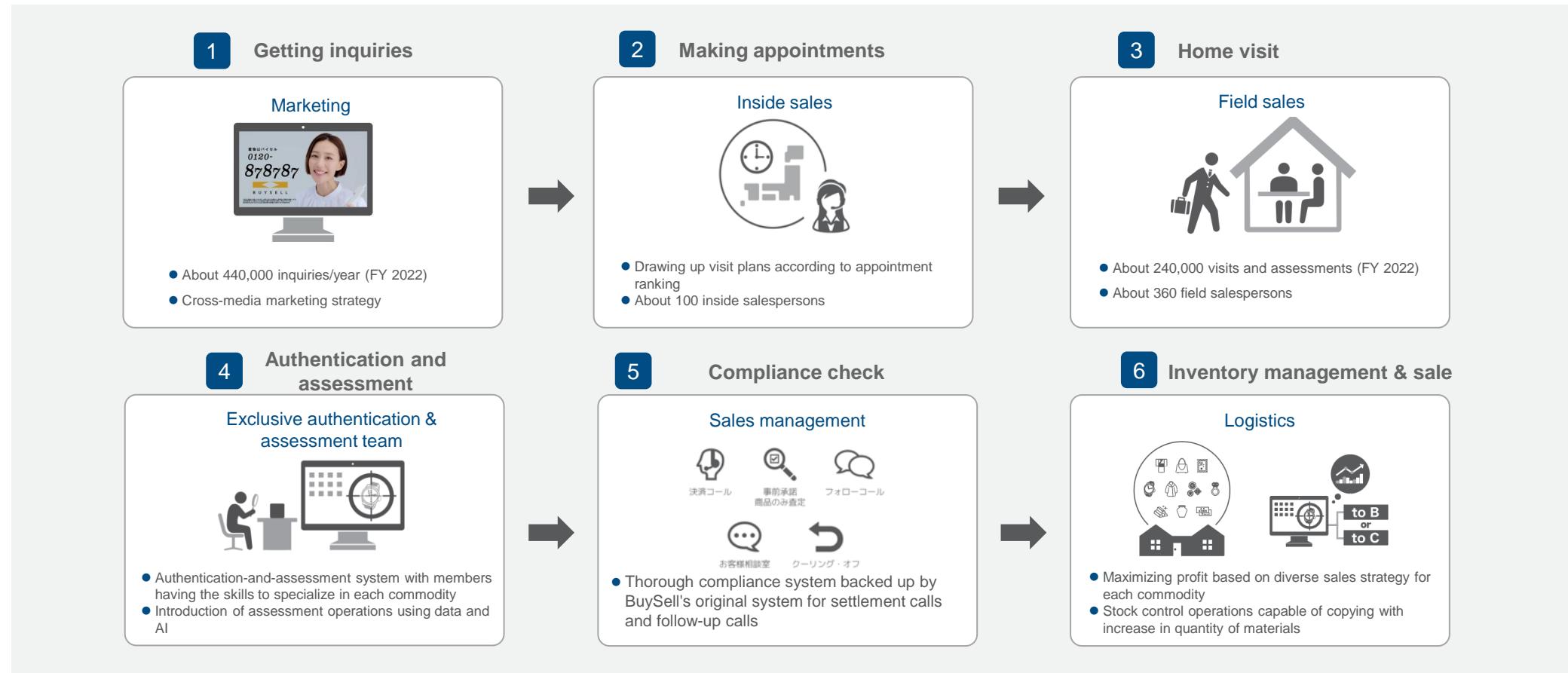
- From the perspective of being able to pay stable and continuous dividends, the policy is to pay dividends with a consolidated dividend payout ratio of 20% as a benchmark (maintaining the current dividend policy).

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

- 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**

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

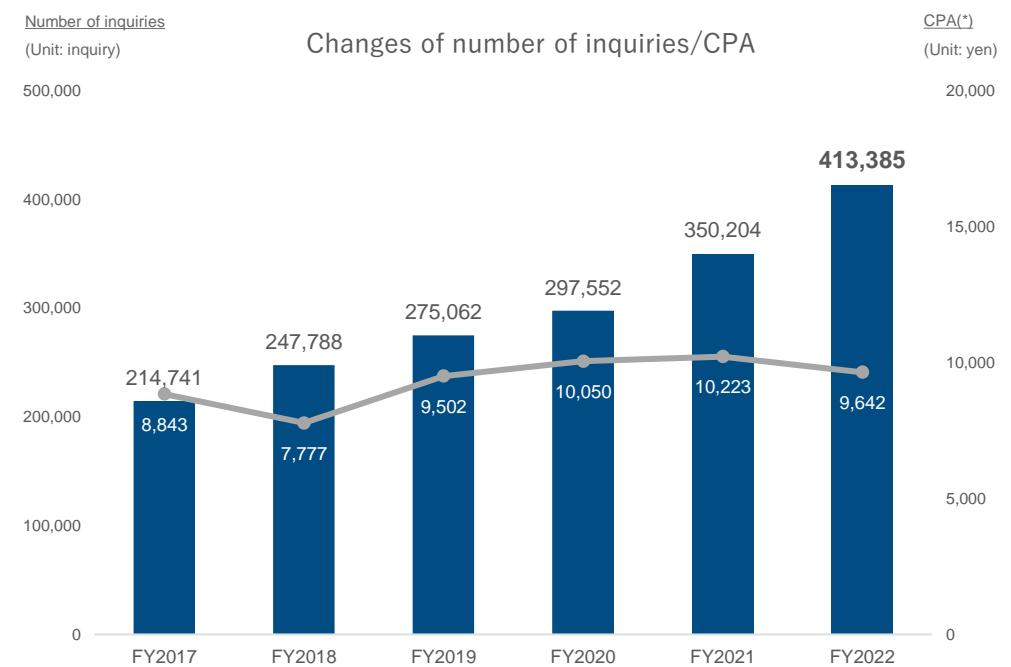


Marketing: Ability to attract customers by using cross-media marketing

- 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

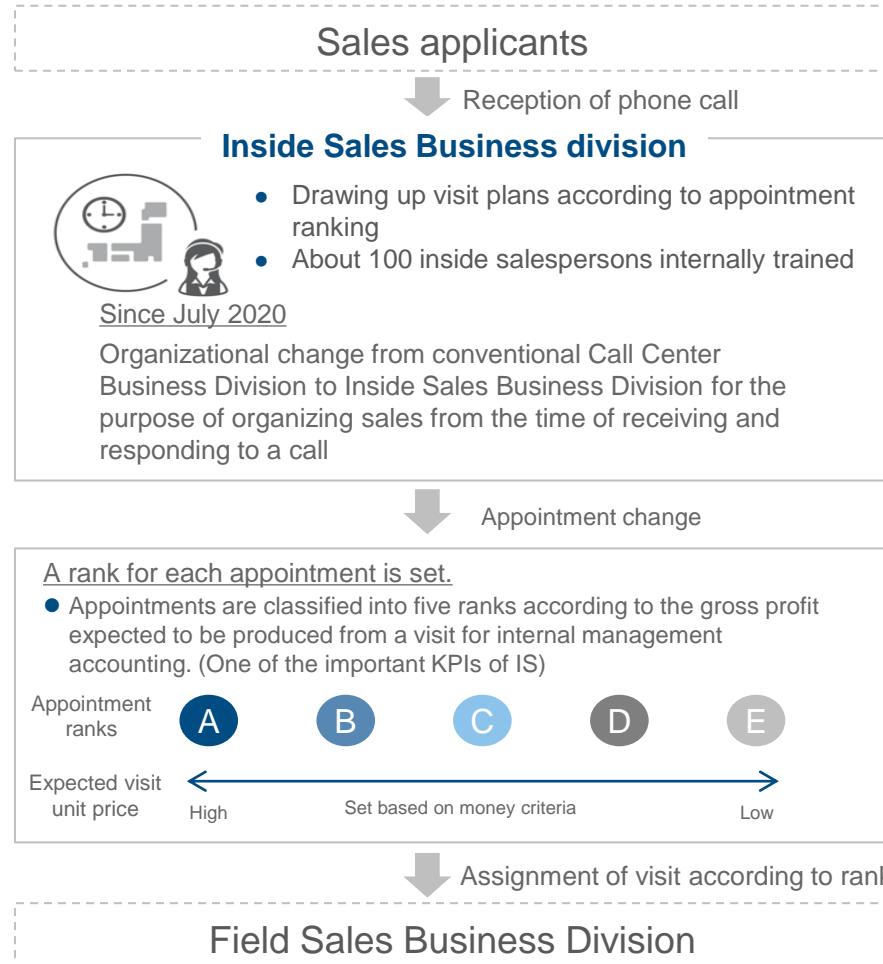


- Inquiries steadily increasing while realizing efficient CPA

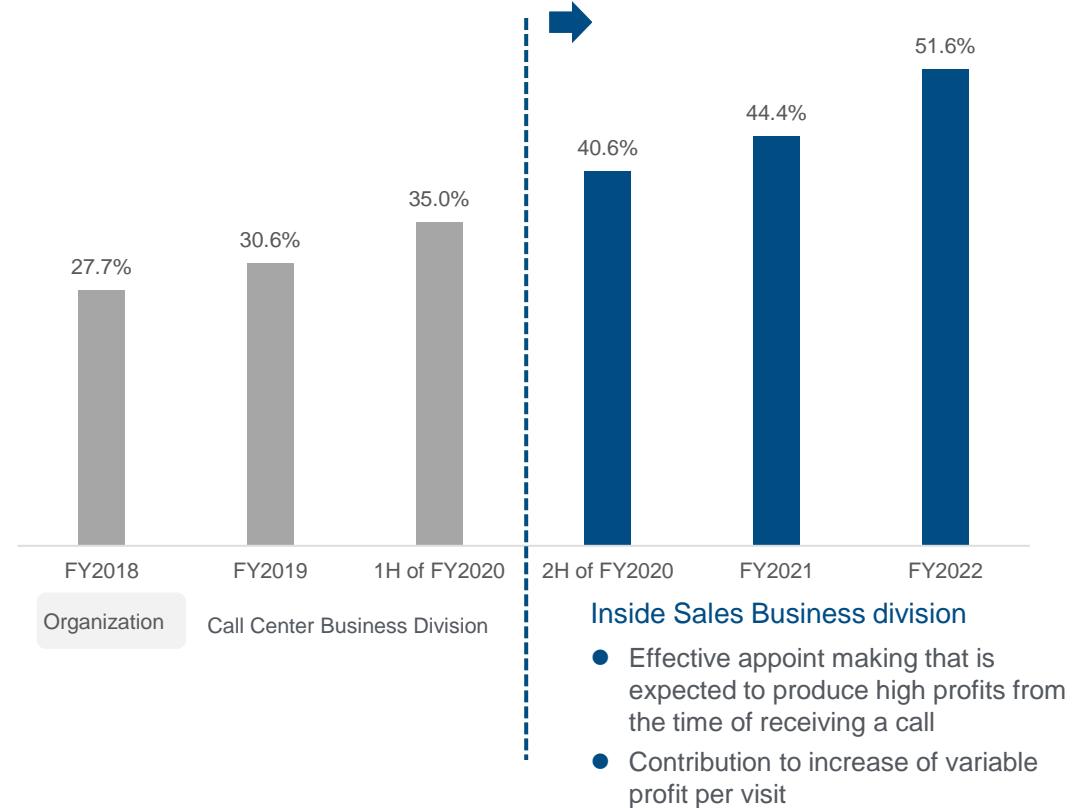
(*) Advertising expenses per inquiry into the visit service

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 (*)



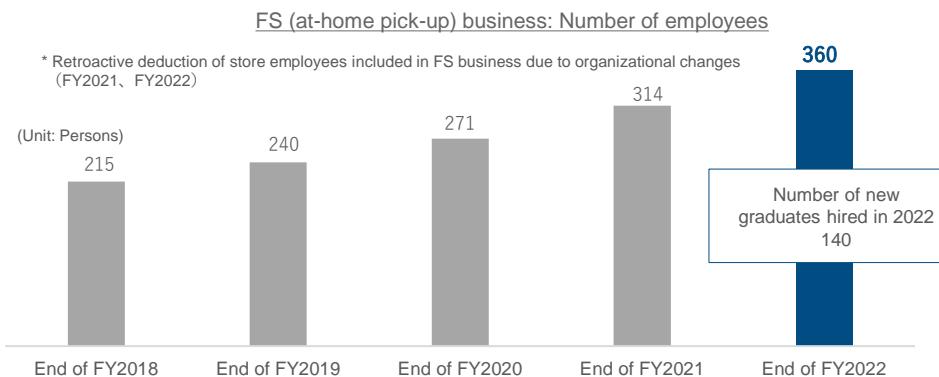
(*) Rate of total number of appointments for visit ranked A, B, or C

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

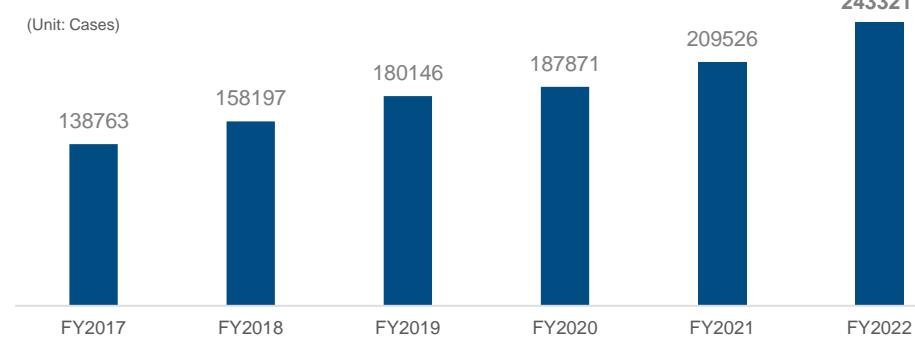
- Midterm business growth is realized by creating a field sales (FS) organization with a high repeatability and expandability that can scale up the organization with a training system that is based on the power of employment and data while increasing profitability.

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).

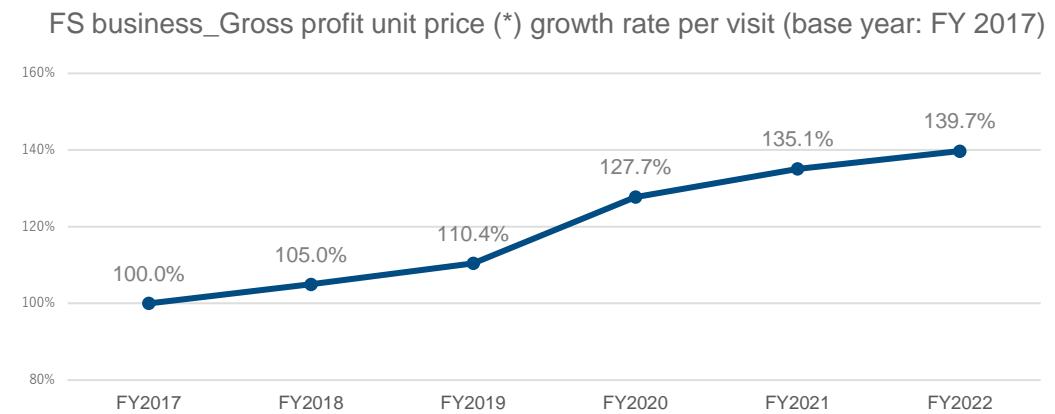


Number of visits



Education

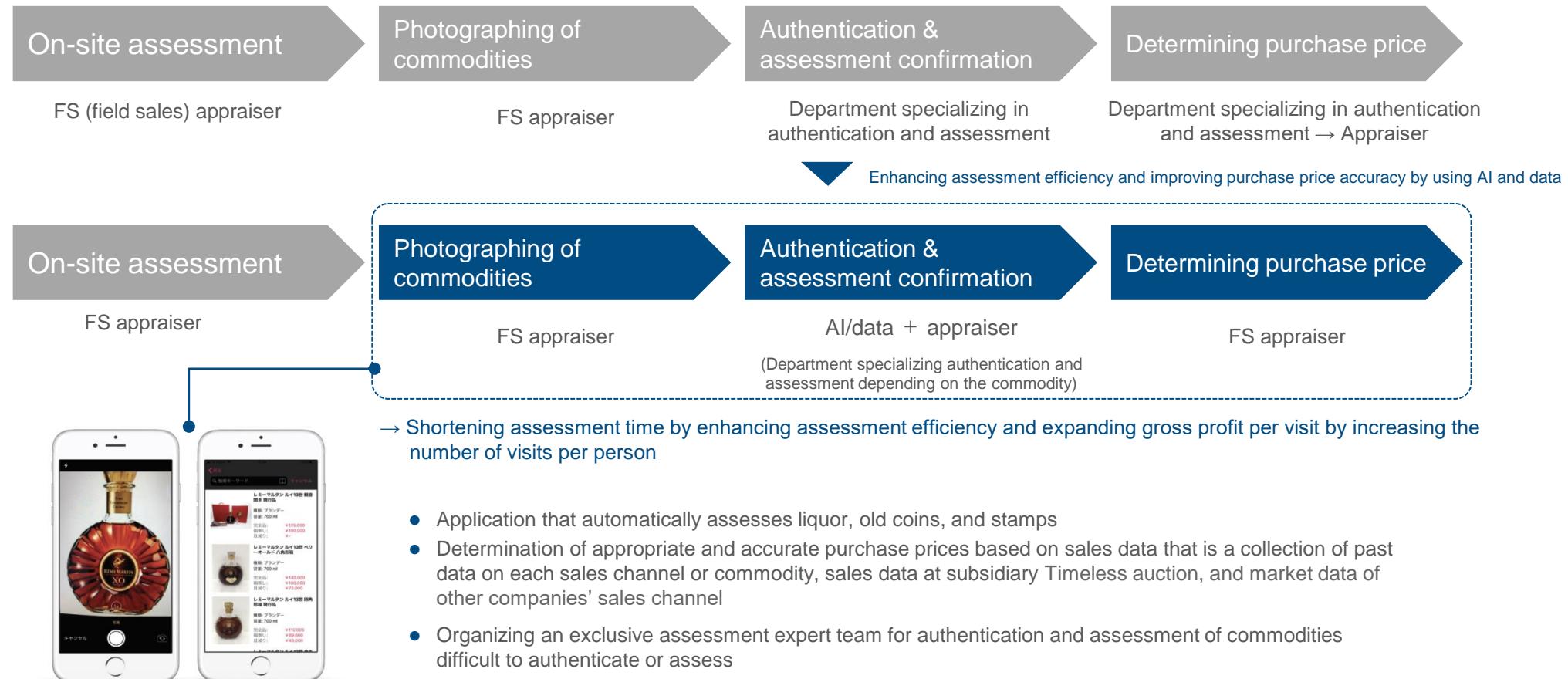
- Introduced a systematic education & training system for reuse appraisers at the Enablement Department, a department specializing in education and training.
- Executing an education and training program suitable to an appraiser by using BuySell's original, segmented internal management indexes classified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



(*) 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.

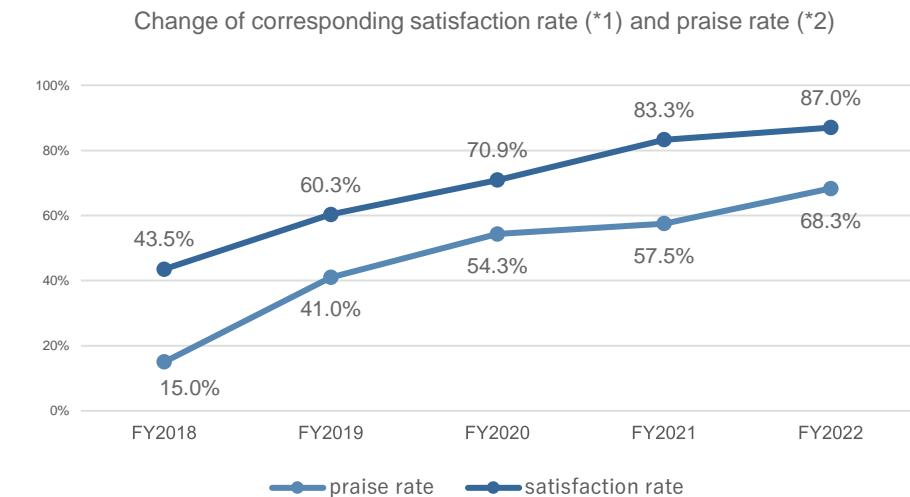
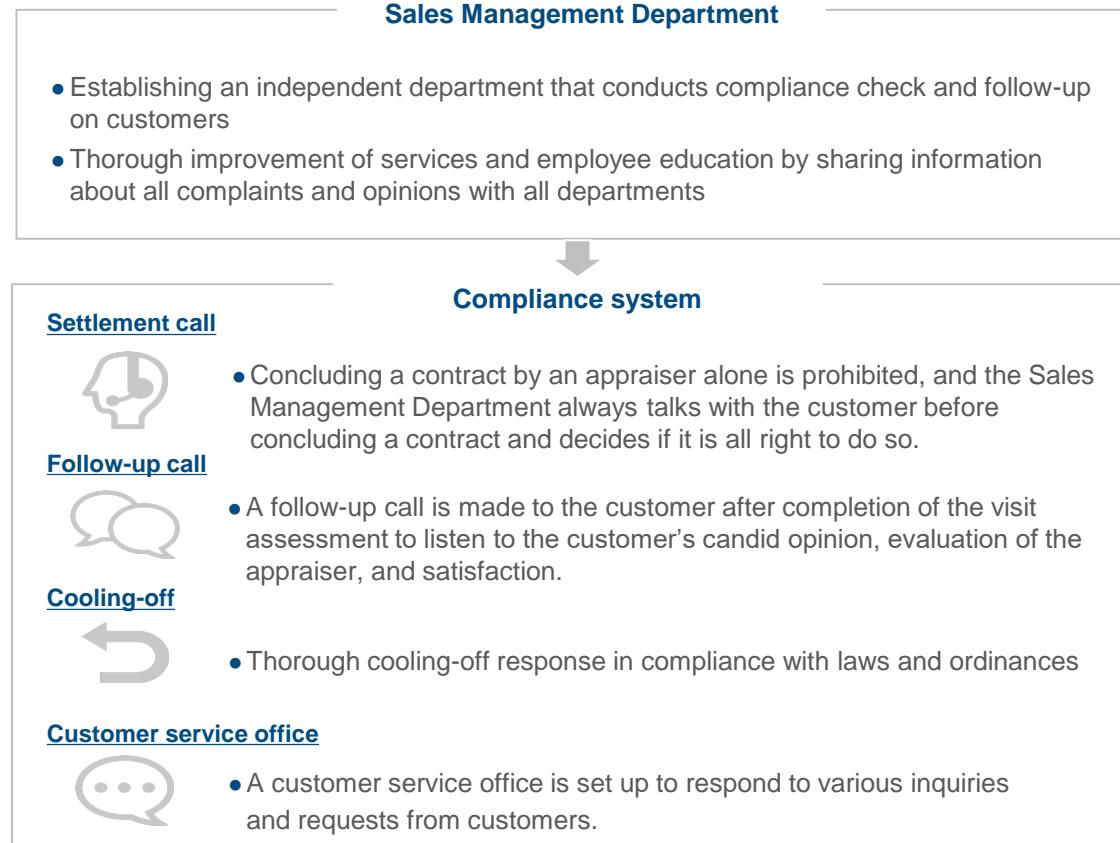
Authentication and assessment: Enhancing assessment efficiency by using data technology

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



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.



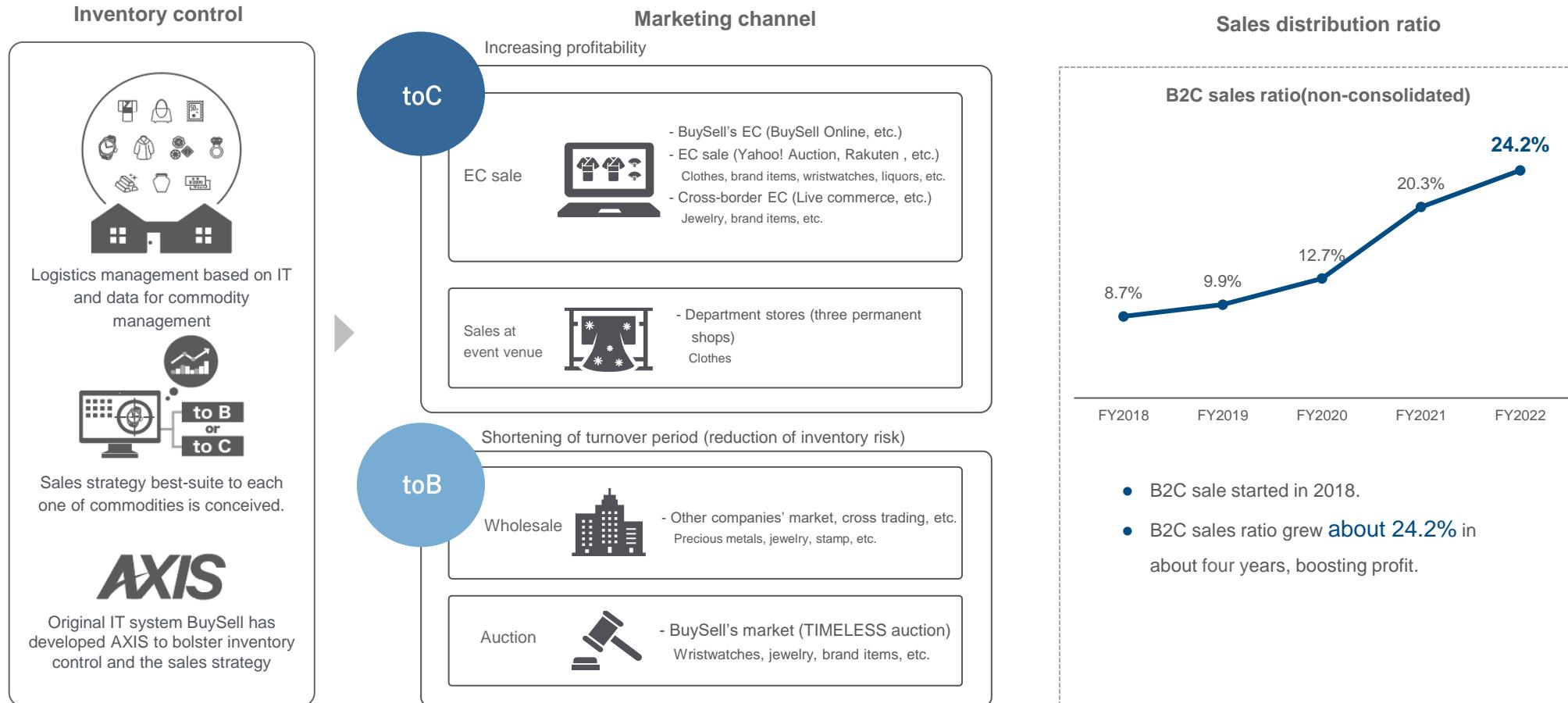
Source: Created by us based on the results of a questionnaire conducted during follow-up calls

*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.



Concerning the handling of this material

In the preparation of these materials, we have relied on and assumed the accuracy and completeness of the information available to us, but information other than that from the Company is quoted from public sources, etc., and we make no representation or warranty as to its accuracy or completeness. In addition, the information may contain forward-looking assumptions and forecasts as of the date of presentation, and forecasts based on plans, but these forward-looking statements are based on the information currently available to us and on certain assumptions that we consider reasonable, and the Company makes no promises that they will be achieved. There may be significant differences between these forecasts and actual business results due to various factors in the future, such as changes in economic conditions, changes in customer needs and user preferences, competition with other companies, and changes in laws and regulations

BUYSELL

TECHNOLOGIES

BUYSELL TECHNOLOGIES