

FY 2024 Q2 Settlement Report

August 14, 2024

BuySell Technologies Co., Ltd.

TSE Growth Market : 7685

BUYSELL
TECHNOLOGIES

<u>01</u>	Executive Summary
<u>02</u>	Results of Q2 FY 2024
<u>03</u>	Changes in major KPIs of Q2 FY 2024
<u>04</u>	Revision of FY2024 Earnings Forecasts - August 14, 2024 Publication -
<u>05</u>	Subsidiary of REXT HOLDINGS CO., LTD.
<u>06</u>	Investment Highlights
<u>07</u>	Appendix

01

Executive Summary

* "BST" in the document refers to the BuySell non-consolidated

FY2024 Q2 Results (Consolidated)

Q2 results significantly exceeded the previous May revised forecast

	Q2 cumulative forecast (announced May)		Q2 Actual	vs forecast		YoY	
Sales	27,263 mil. yen		28,720 mil. yen	+1,457	+5.3%	+9,159	+46.8%
Operating income	1,547 mil. yen		2,420 mil. yen	+873	+56.4%	+1,106	+84.2%
Adjusted EBITDA	2,291 mil.yen		3,173 mil. yen	+882	+38.5%	+1,285	+68.1%
Net income	767 mil.yen		1,210 mil. yen	+443	+57.7%	+574	+90.4%

Upward revision of full-year forecasts

Full-year forecasts were revised upward (for the second time this fiscal year) based on strong first-half performance.

	Previous Revised Forecast		Revised Forecast	vs previous forecast		YoY	
Sales	59,070 mil.yen		61,850 mil. yen	+2,780	+4.7%	+19,275	+45.3%
Operating income	3,800 mil.yen		4,680 mil. yen	+880	+23.2%	+1,883	+67.4%
Adjusted EBITDA	5,439 mil.yen		6,332 mil. yen	+893	+16.4%	+2,337	+58.5%
Net income	2,010 mil.yen		2,240 mil. yen	+230	+11.4%	+786	+54.1%

New M&A

REGATE Inc., which operates "Purchase Fuku-chan", joins our group.

- Resolution to enter into a share transfer agreement and a share exchange agreement (to make Rext Holdings a wholly owned subsidiary) with Rext Holdings, which owns seven reuse-related businesses, including REGATE, which operates "Purchase Fuku-chan".
- Closing in October 2024, P/L to be consolidated from the next fiscal year, December 2025

02

—

Results of Q2 FY 2024

Consolidated Statements of Income for the first half ended December 31, 2024

- Both the At-Home pick-up business and the group store purchasing business performed well in the first half of the year, with sales and sales increasing while building up inventory and gross profit. In addition, the increase in expenses was controlled by streamlining SG&A expenses, resulting in an operating income of 2,420 million yen (+84.2% YoY).
- The new consolidation effects in cumulative Q2 totaled approximately 3.25 billion yen in net sales and 420 million yen in operating income (before deducting goodwill), contributing to the increase in both sales and profit of the consolidated group.

consolidated financial results (Unit: Million yen)	FY2023 1H	FY2024 1H	YoY	YoY%
Sales	19,561	28,720	+9,159	+46.8%
Gross profit	11,449	15,329	+3,880	+33.9%
Gross profit margin	58.5%	53.4%	-5.1pt	—
Selling, general and administrative expenses	10,136	12,909	+2,773	+27.4%
(Breakdown) Advertising expenses	3,058	3,667	+609	+19.9%
(Breakdown) Personnel expenses*	3,724	4,844	+1,119	+30.1%
Operating income	1,313	2,420	+1,106	+84.2%
Sales to operating income ratio	6.7%	8.4%	+1.7pt	—
Adjusted EBITDA	1,887	3,173	+1,285	+68.1%
Adjusted EBITDA margin	9.7%	11.1%	+1.4pt	—
Ordinary income	1,291	2,307	+1,015	+78.6%
Ordinary income ratio	6.6%	8.0%	+1.4pt	—
Net income attributable to owners of the parent	635	1,210	+574	+90.4%

Gross profit margin

- Decrease due to new consolidation and change in product mix including growth in precious metal purchases.
- Non-consolidated gross margin remained high at 64.8% in 1HFY24

Advertisement

- Increase due to BuySell and newly consolidated subsidiaries

Personnel expenses

- BuySell of approx. 700 million yen due to an increase in new graduates, etc.
- Increase of approx. 400 million yen due to subsidiaries including newly consolidated subsidiaries

* Personnel expenses include salaries, allowances, bonuses, statutory welfare expenses, recruitment expenses, etc.

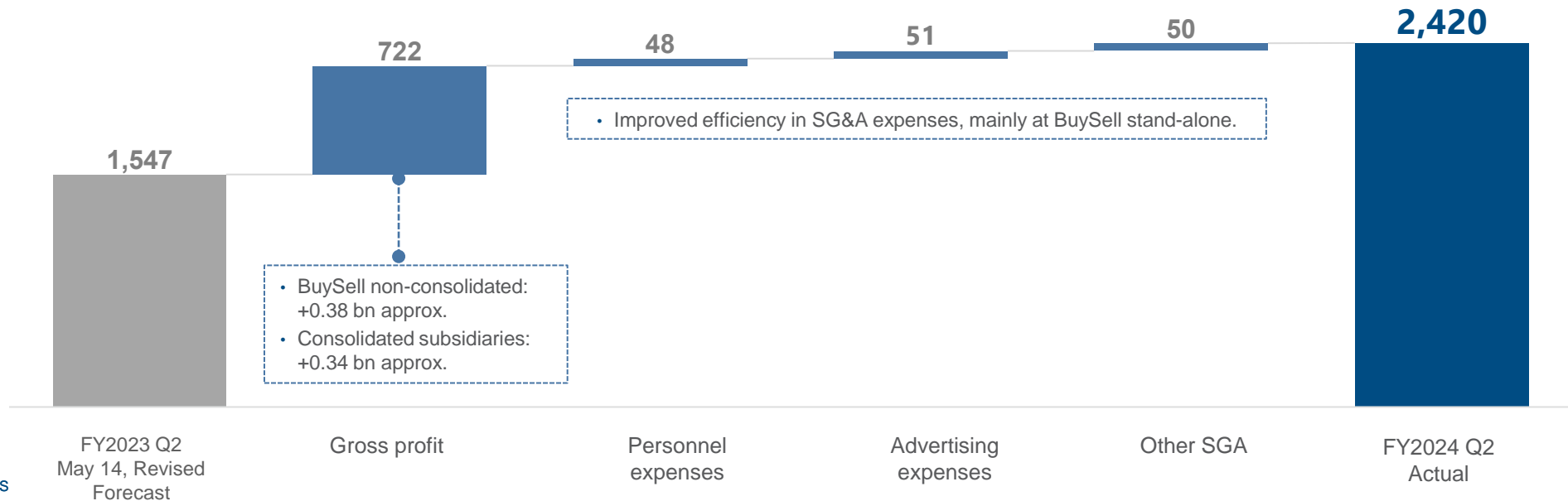
* Adjusted EBITDA = operating income + depreciation and amortization expenses + amortization of goodwill (including customer-related assets) + share-based compensation expenses

Analysis of 1H FY2024 consolidated operating income (Compared to May 14, Revised Forecast)

- In the previous revised forecast in May, the probabilistic figures reflect the excess performance in Q1 and the forecast of the newly consolidated Musubi Corp.
- Q2 results showed that gross profit exceeded the plan due to strong inventory sales in the on-site purchase business, which increased due to strong purchases in Q1, while purchases and sales in Q2 were also strong, and sales at Musubi Co. progressed better than expected. With progress in streamlining SG&A expenses, consolidated operating income for the first half of the year was 2.42 billion yen, 870 million yen higher than the previous forecast.

(Unit: Million yen)

Change in consolidated operating income for the six months ended September 30, 2012
(Compared to May 14, Revised Forecast)

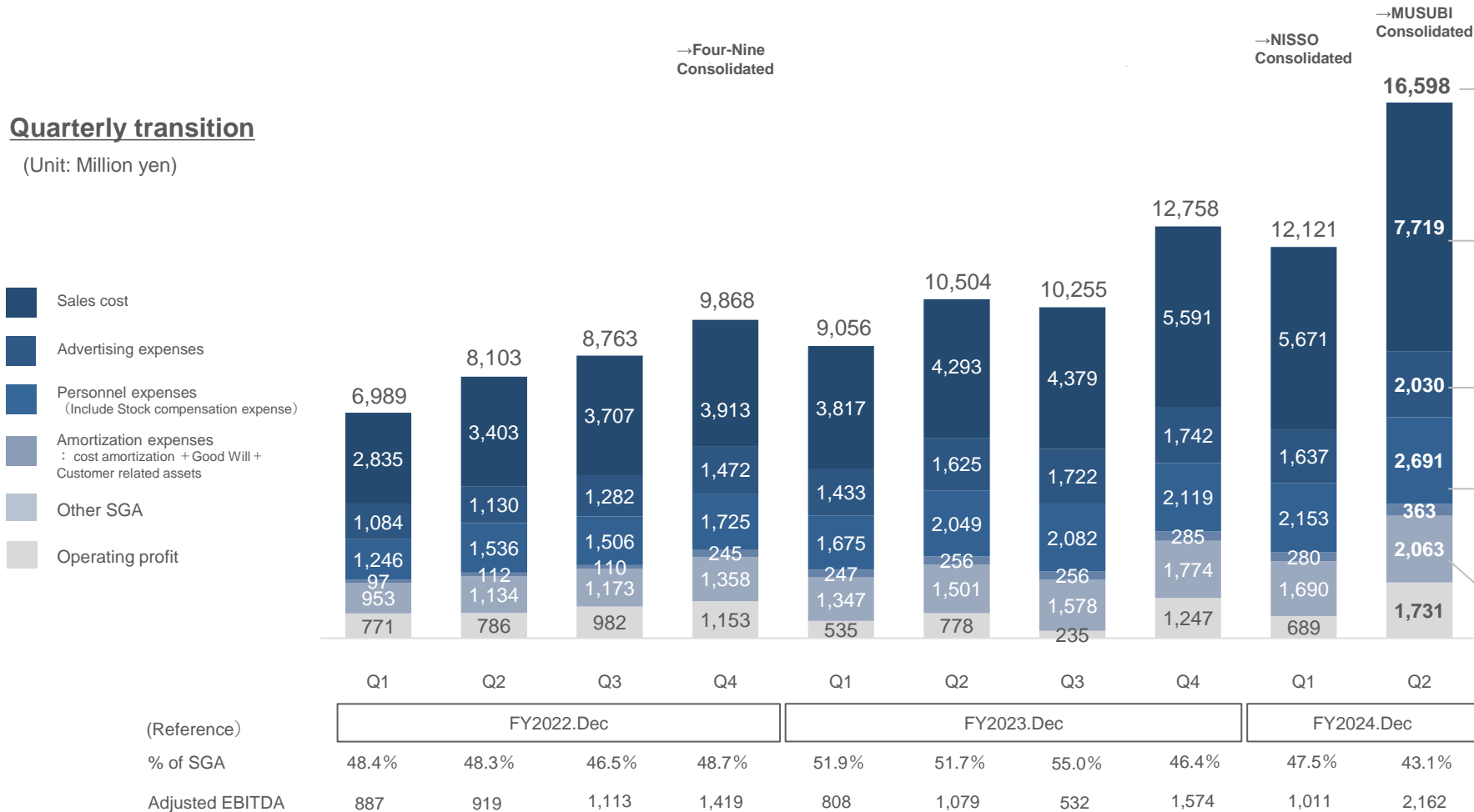


Quarterly transition(Consolidated)

- Quarterly net sales and operating income reached record highs due to the recovery of the At-home pick-up business, expansion of the Group's store purchasing business, and the contribution of new consolidations.

Quarterly transition

(Unit: Million yen)



Highlights for Q2 of FY2024

- Sales**
 - YoY +58% due to strong purchase sales by various companies and new consolidation of Musubi
- cost of sales**
 - Increase due to strong purchases and sales, and new consolidation of store-based subsidiaries with relatively high-cost ratios
- Advertising expenses**
 - Increase in subsidiaries including newly consolidated subsidiaries
- Personnel expenses**
 - Group-wide headcount increase, +348 in YoY on a consolidated basis
- Other SGA**
 - Increase in ground rent due to store expansion, sales commissions due to expansion of toC sales, etc.

(Reference)	FY2022.Dec				FY2023.Dec				FY2024.Dec	
% of SGA	48.4%	48.3%	46.5%	48.7%	51.9%	51.7%	55.0%	46.4%	47.5%	43.1%
Adjusted EBITDA	887	919	1,113	1,419	808	1,079	532	1,574	1,011	2,162

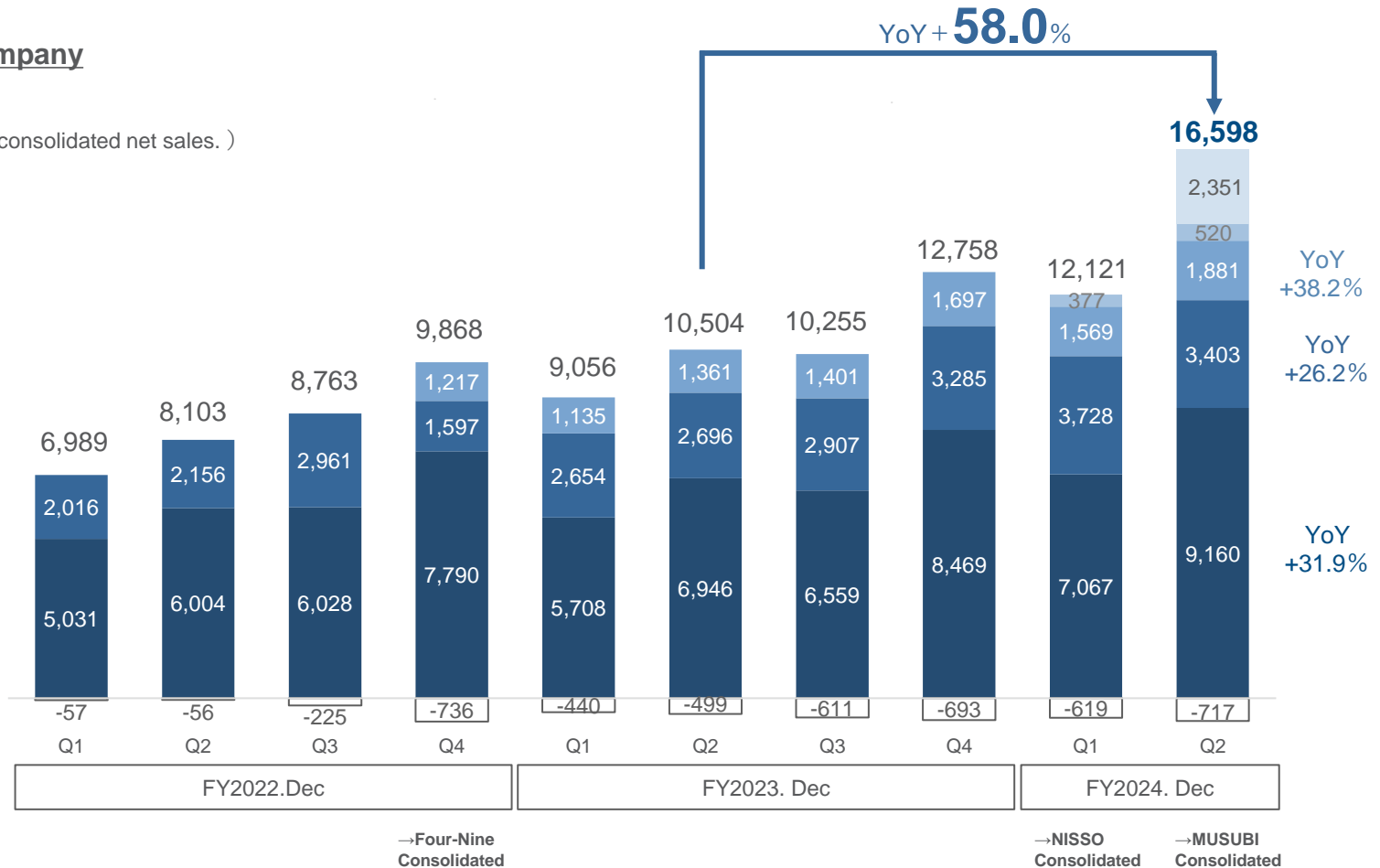
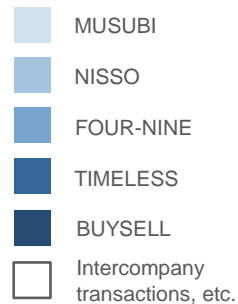
Sales by Group Company

- To further promote understanding of our business performance, we have expanded our information disclosure and started disclosing sales and operating income by company from this financial report.
- Q2 sales growth was driven not only by new consolidation contributions from NISSO and MUSUBI but also by organic growth, mainly from BUYSELL on a stand-alone basis.

Quarterly Sales by Company

(Unit: Million yen)

(Figures outside the graph are consolidated net sales.)



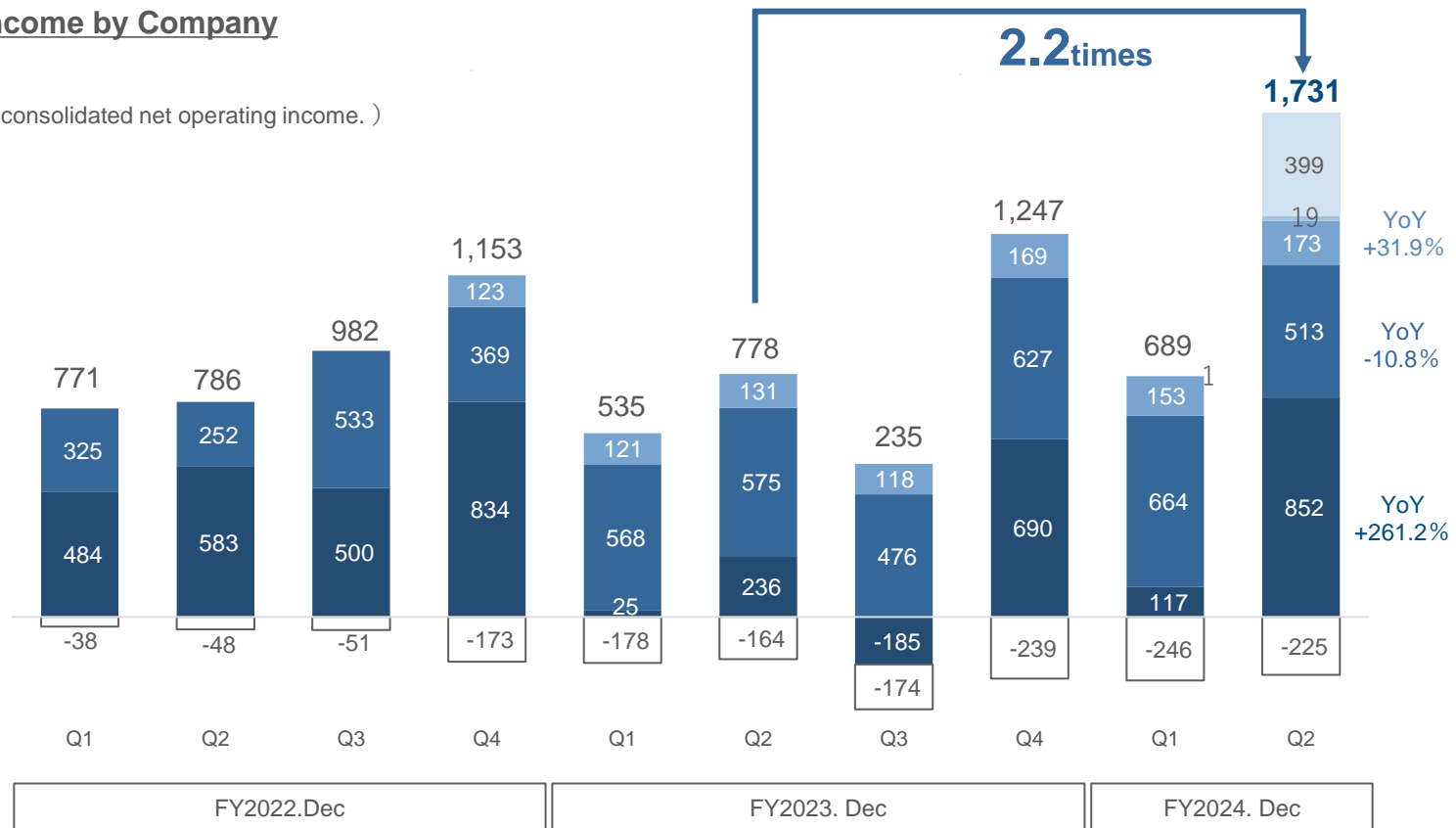
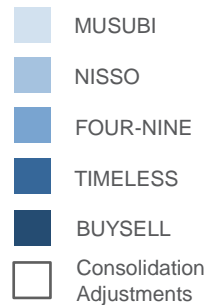
Operating Income by Group Companies

- The ratio of profit contribution from group companies, especially Timeless, has increased year by year due to the promotion of M&A and the realization of synergies after joining the group.
- The non-consolidated profit of BUYSELL, which struggled last year, posted a record-high operating profit in Q2 as the At-home pick-up business has normalized since Q4 of the previous fiscal year, and the store purchasing business is also expanding steadily. Timeless in Q2 saw YoY profit decline due to the postponement of some inventory sales to Q3 and strengthened investment in human resources, but progressed according to plan.

Quarterly Operating Income by Company

(Unit: Million yen)

(Figures outside the graph are consolidated net operating income.)



Q2 of FY2024 Balance Sheet

- Consolidated inventories increased mainly at BuySell and Timeless as a result of strong group-wide Q2 (Apr-Jun) purchase volume, up **1.9X YoY**, while the inventory turnover period was shortened due to solid sales strategy implementation in Q2.

(Unit: Million yen)

		FY2023		FY2024			
		Q2	Q4	Q1	Q2	Vs Q4,FY23	
Assets	Current assets	Cash and deposits	8,232	7,756	7,078	11,003	+3,246
		Inventories (turnover period)	2,854 (62.7days)	4,543 (75.5days)	5,394 (81.5days)	6,651 (75.2days)	+2,108 (-0.3days)
		Other	790	1,117	1,649	1,396	+278
	Fixed asset	Goodwill	3,576	3,599	7,573	7,418	+3,819
		Customer related assets	1,168	1,031	962	893	-137
		Other	2,664	3,273	3,874	4,136	+862
Total assets		19,287	21,320	26,531	31,499	+10,178	
Liability	Interest-bearing debt	6,362	8,068	13,790	16,501	+8,433	
	Other	4,177	4,642	4,156	5,408	+766	
Total net assets	Capital (incl. capital surplus)	3,388	3,388	3,409	3,448	+59	
	Retained earnings	5,220	6,038	5,974	6,891	+853	
	Other	139	-816	-799	-750	+65	
Total liabilities and Net assets		19,287	21,320	26,531	31,499	+10,178	

Major balance sheet changes

Inventories

- Increase of approx. 1.4 billion yen in BuySell and Timeless from the end of the previous fiscal year. The increase due to the new consolidation of Musubi is about 360 million yen.
- Inventory turnover period shortened to the same level as that at the end of the previous period due to the steady progress of sales in Q2.

Goodwill

Goodwill of Musubi Corp. was recorded in Q1 of this fiscal year (approx. 4.1 billion yen, amortized over 17 years).

Interest-bearing debt

- Increase due to borrowing of funds for M&A of Musubi Corp.
- Increase due to borrowing of working capital, etc.

Total net assets

Minus due to share buyback conducted in the previous fiscal year

03

**Changes in Major KPIs
Q2 of FY 2024**

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

- The number of visits in Q2 increased steadily by 16.8% yoy, thanks to the success of measures to strengthen return visits (repeat visits), unlike in Q2 of the previous year when the number of visits struggled. In addition, the company was able to build up carry (visitor reservations from the following month) for the off-season in the summer.
- Gross profit per visit increased to the level of the full-year plan due to strong purchases and sales in Q2. Although Q2 advertising expenses per visit landed at a slightly higher level than the full-year plan due to a certain level of continued competition, efficiency gains compared to YoY/QoQ have been made and variable profit per visit has increased significantly.

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

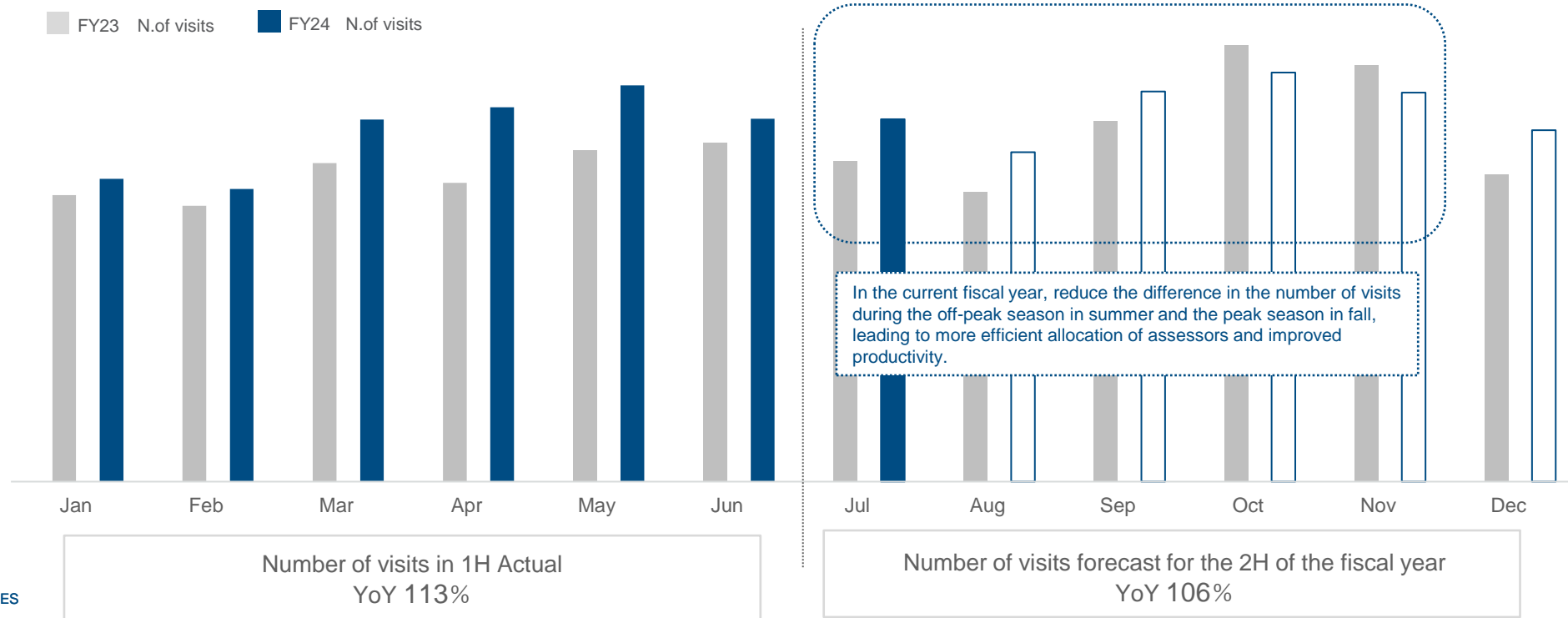
Changes in KPIs (Comparison between full fiscal year and total periods)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		Rate of progress/ Relative to plan
	Full FY	Full FY	Full FY	Full FY	Full FY	1H	Full-year Plan	
Number of visits (cases)	180,146	187,871	209,526	243,321	260,997	137,015	284,800	48.1%
Variable profit per visit (yen)	32,178	35,526	40,238	45,560	44,214	46,561	47,200	-1.4%
- Gross profit per visit (yen)	46,687	51,443	57,324	62,161	63,843	65,985	65,600	+0.6%
- Advertising expenses per visit (yen)	14,509	15,917	17,086	16,602	19,628	19,425	18,400	+5.6%

Changes in KPIs (Comparison of quarter accounting period)	FY2022				FY2023				FY2024		YoY vs Q2
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Number of visits (cases)	49,174	60,929	64,859	68,359	57,724	63,570	63,652	76,051	62,744	74,271	+16.8%
Variable profit per visit (yen)	47,179	46,133	40,830	48,371	40,757	46,644	40,288	47,493	41,998	50,511	+8.3%
- Gross profit per visit (yen)	65,354	61,503	56,907	65,436	59,487	66,603	61,376	65,828	61,905	69,528	+4.4%
- Advertising expenses per visit (yen)	18,175	15,370	16,077	17,066	18,729	19,958	21,087	18,336	19,907	19,017	-4.7%

(Reference) Number of visits by month

- 1H results (YoY113%) for the number of visits, a key KPI, progressed in line with the full-year plan (YoY109%). **YoY visits in the second half of the year will settle at 106% but on schedule.**
- As a countermeasure to the large difference in the number of visits, especially in the second half of the year, which was an issue last year, we have been able to equalize the number of visits this year by strategically acquiring inquiries and revisits, **and we expect to realize efficient visits in the second half of the year as well.**

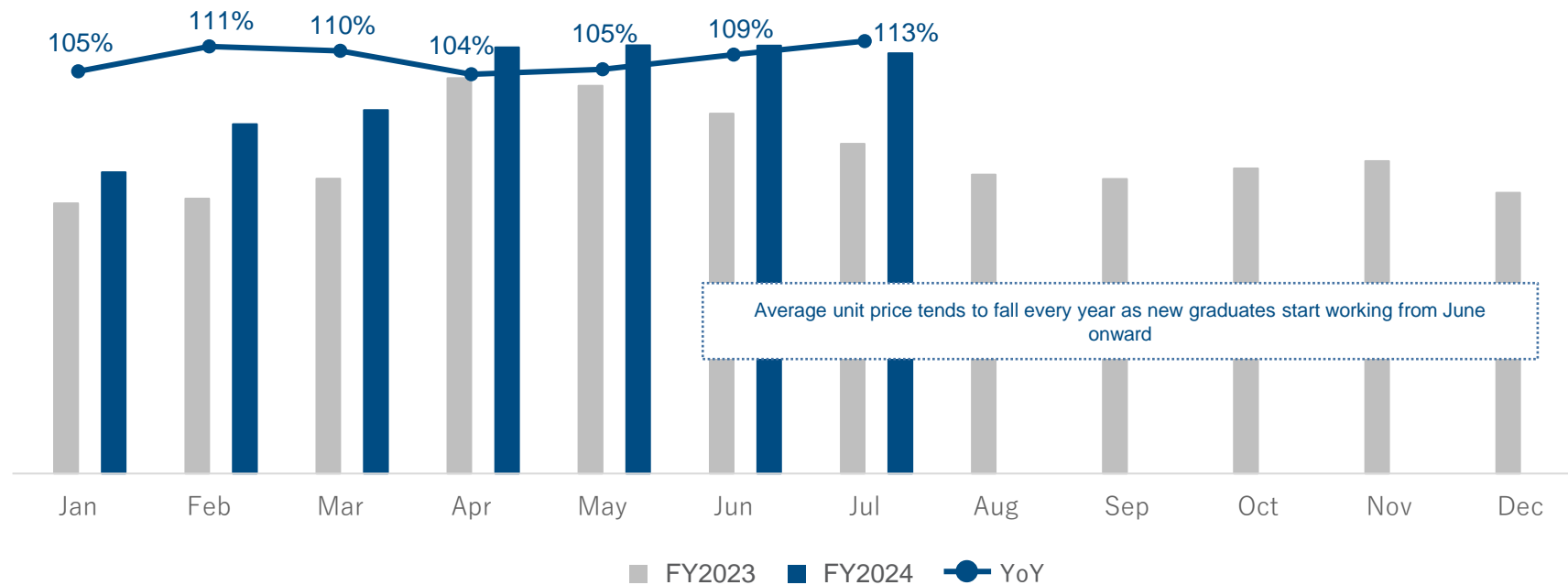
Monthly Number of visits and Forecast for the Second Half of the Year



(Reference) Gross profit per visit (internal management accounting figures)

- **Gross profit per visit" in the internal management accounting continued to exceed the previous year's level.** Constant improvement of assessors' skills through sales enablement and an increase in the number of return visits (repeat visits), which often include high unit-price projects, contributed to higher unit prices.
- Although the average unit price usually declines in the second half of each year as new graduates begin operating in earnest, the unit price for Field Sales as a whole continues to have the potential to exceed the previous year's level.

Gross profit per visit (internal management accounting figures)

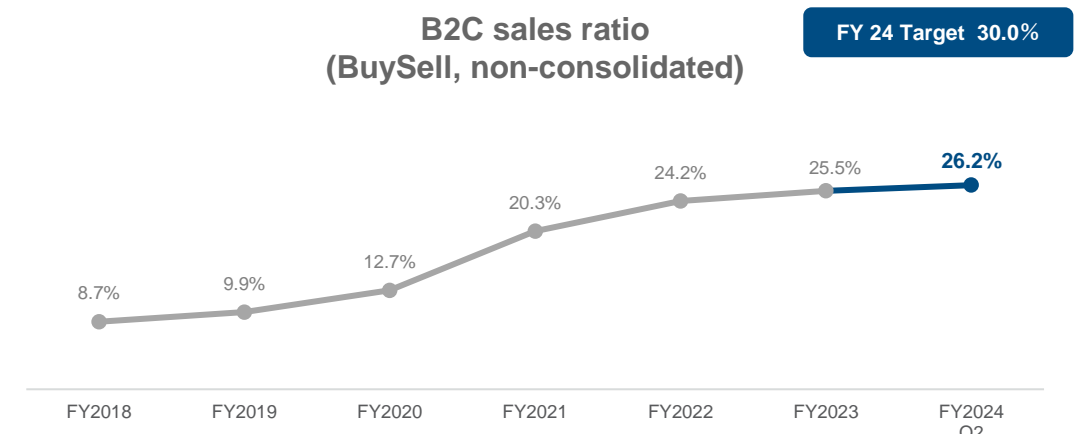
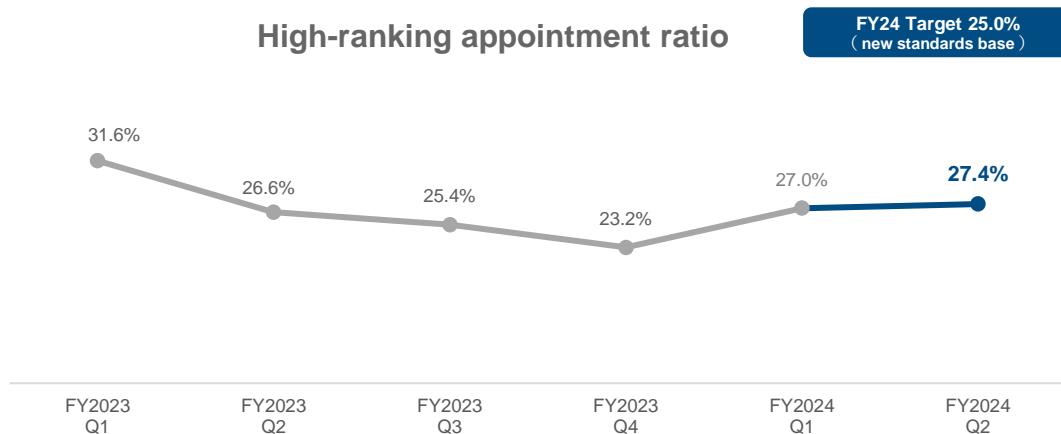
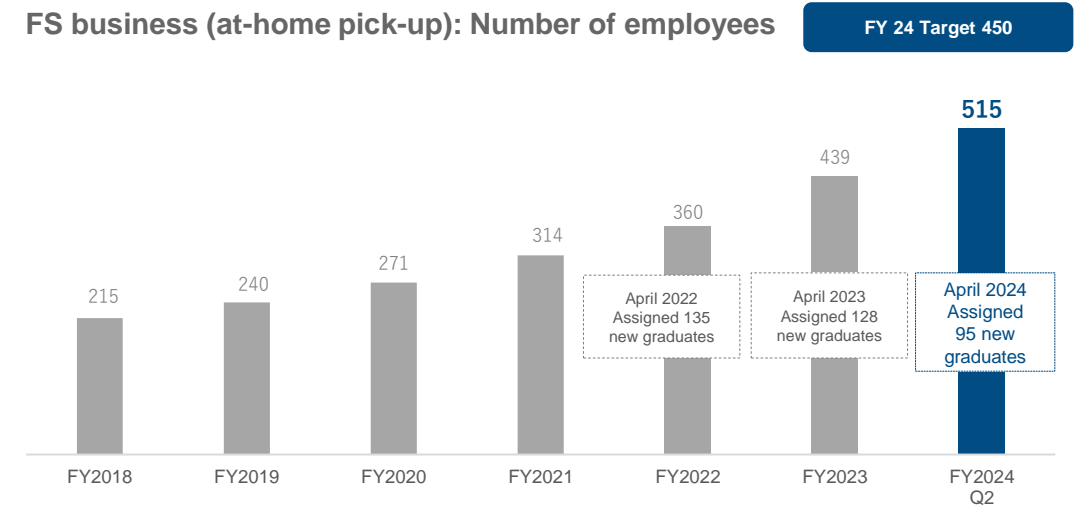
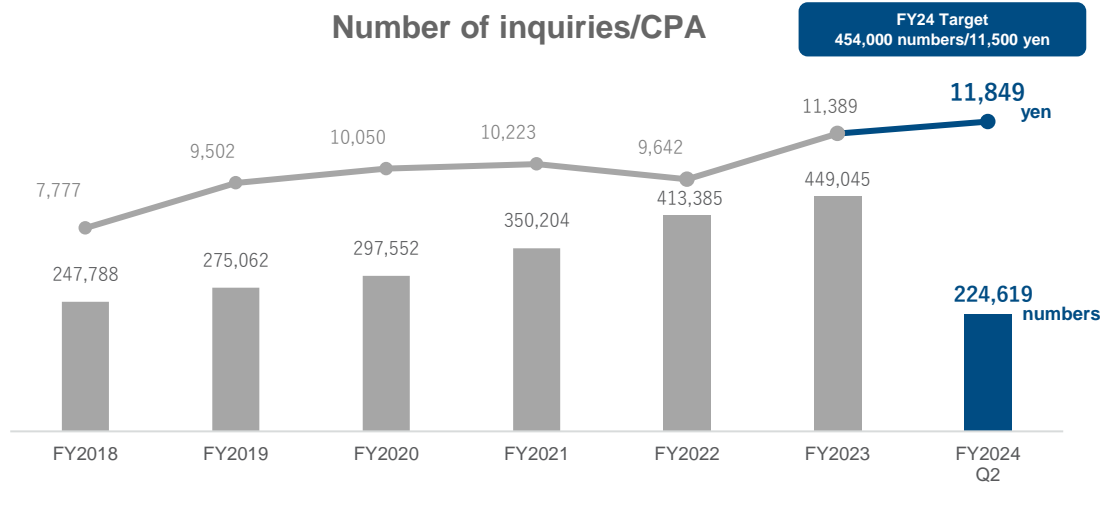


(*) Gross profit per visit for internal management accounting to manage KPIs in each FS business unit

- KPI that eliminates the impact of gross profit growth from sales
- **Gross profit per unit is not disclosed because it is a KPI for management accounting purposes.**

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

Other important KPIs

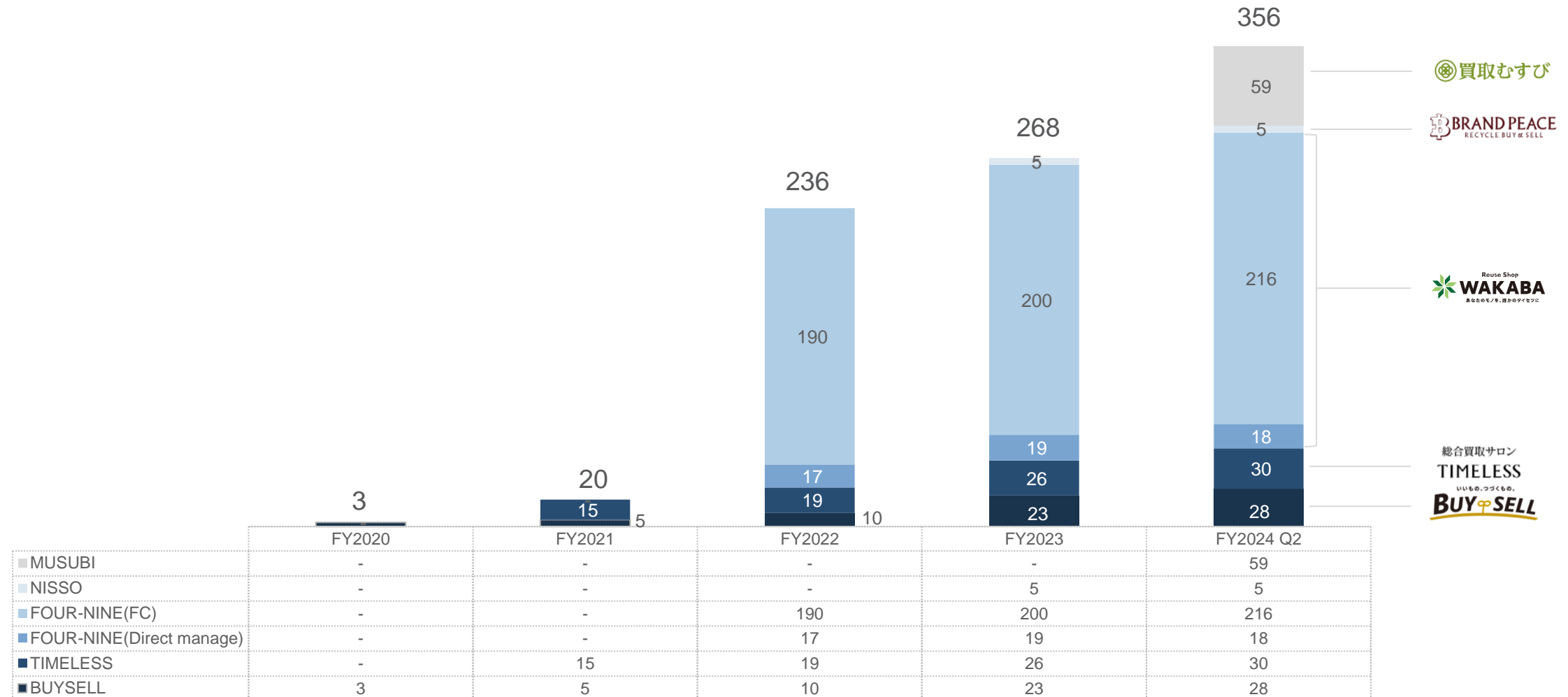


*1 CPA: Advertising expenses per inquiry (advertising expenses related to home visits ÷ number of inquiries)

*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)

Group store purchasing business KPI transition - Number of stores

Number of Group Stores



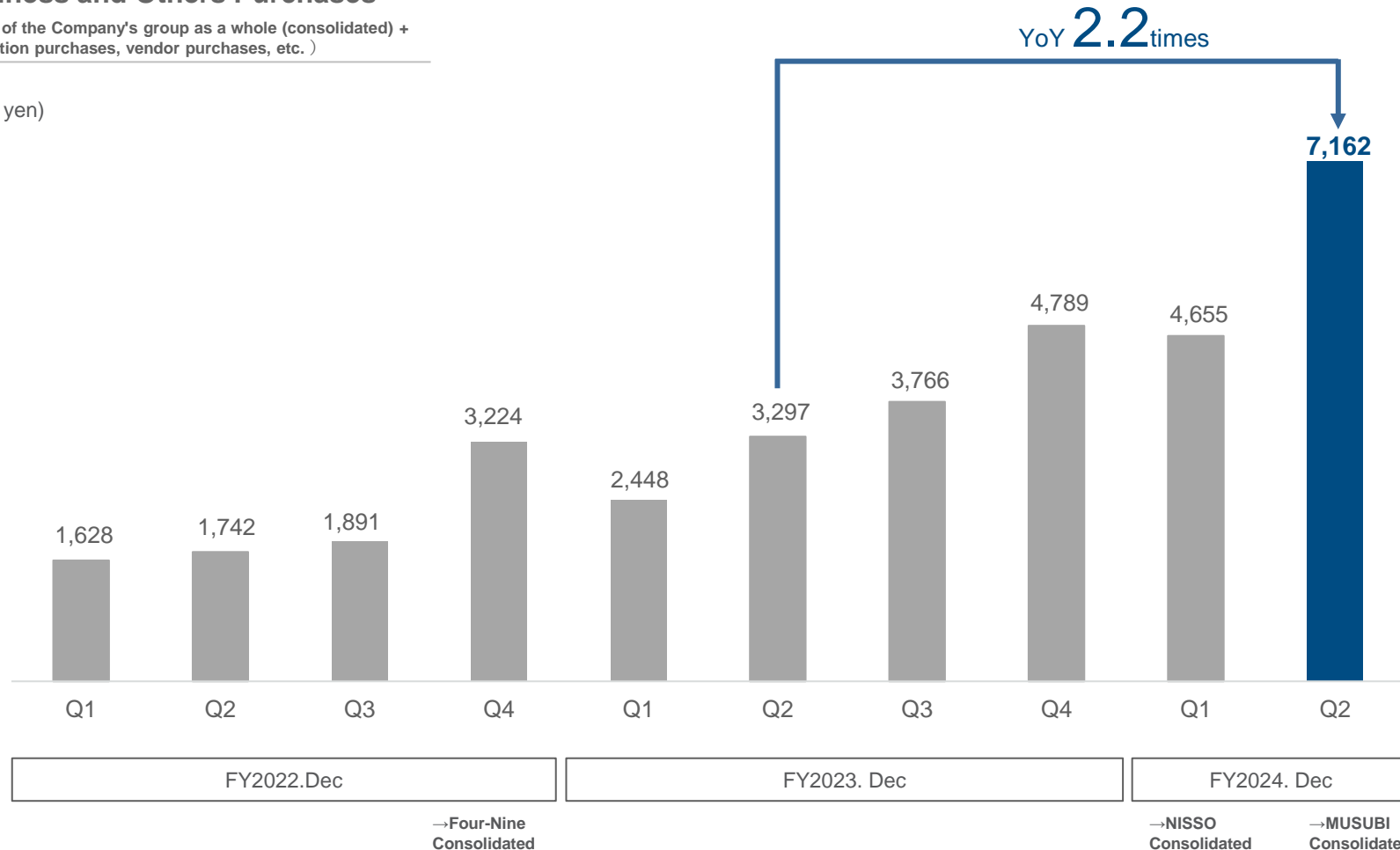
Group store purchasing business KPI transition - purchase volume

- The pace of year-on-year increase in purchase volume in the group store business was further accelerated due to the growth of existing stores, the increase in new stores, and the effect of M&A.

Group Store Business and Others Purchases

(Store purchasing business of the Company's group as a whole (consolidated) + home delivery purchases, auction purchases, vendor purchases, etc.)

(Unit: Million yen)



04

Revision of FY2024 Earnings Forecasts

(August 14, 2024)

Reprint) Policy for the year ending December 31, 2024

February 14, 2024, at the time of publication of financial results

1 Initial plan was set at a realistic level based on the previous year's results and the outlook for the business environment

- The impact of external factors on the At-home pick up business in the previous fiscal year has disappeared, and the outlook for the business environment in the current fiscal year has improved. On the other hand, the company recognizes the challenges, mainly on the cost side, resulting from its expansion strategy to date, and will tighten its focus on the return on investment of overall SG&A expenses.
- Set a strategic goal of increasing operating income per employee (gross profit amount) to lay the foundation for growth in FY25 and beyond.

2 Optimize marketing cost effectiveness in the At-home pick up business

- In the previous year, marketing cost effectiveness deteriorated significantly due to the impact of external factors. In FY24, the company aims to increase the number of visits efficiently again and grow the number of visits to +9% with the same level of advertising expenses as in the previous year.

3 Continue to strengthen store purchasing business

- The performance and number of stores in the store purchasing business are growing at an accelerating pace, and the company will pursue aggressive business expansion, with M&A as an option. The group already has five companies with more than 350 stores, and the company intends to strengthen cooperation among group stores to improve the efficiency of store openings and to strengthen sales channels.
- The FY24 profit plan is flat, but this is due to the fact that the previous year's Corona reactionary decline and the earnings boost from soaring gold prices have not been similarly factored in, and costs are expected to increase due to investment in new store openings.

4 New investment for mid-term growth

- The budget reflects upfront investments necessary for medium- to long-term growth, including plans to open a flagship store to strengthen sales of "toC" products, expand overseas sales channels, and strengthen the company's own e-commerce.

Revision of FY 2024 Earnings Forecasts and Dividend Forecasts

- Reflecting the 1H results that exceeded the budget, the company plans a full-year operating income of 4.68 billion yen, up 880 million yen from the previous forecast, and an operating income margin of 7.6%, up from 6.4%. **Particularly, the upswing impact of BuySell alone and Musubi Corp. contributed to the increase.**
- In line with the revision of the earnings forecast, the dividend forecast was increased from 25 yen to 30 yen per share.

consolidated financial results (Unit: Million yen)	FY 2023	FY2024 May 14 Revised Forecast	FY2024 Aug 14 Revised Forecast	Change from May 14 Revised Forecast	Percentage change from May 14 Revised Forecast
Sales	42,574	59,070	61,850	+2,780	+4.7%
Gross profit	24,493	31,713	32,651	+937	+3.0%
Gross profit margin	57.5%	53.7%	52.8%	-0.9pt	—
Selling, general and administrative expenses	21,696	27,913	27,971	+57	+0.2%
(Breakdown) Advertising expenses	6,524	7,806	7,855	+49	+0.6%
(Breakdown) Personnel expenses*	7,926	10,369	10,621	+251	+2.4%
Operating income	2,796	3,800	4,680	+880	+23.2%
Sales to operating income ratio	6.6%	6.4%	7.6%	+1.2pt	—
Adjusted EBITDA	3,994	5,439	6,332	+893	+16.4%
Adjusted EBITDA margin	9.4%	9.2%	10.2%	+1.0pt	—
Ordinary income	2,754	3,600	4,140	+540	+15.0%
Ordinary income ratio	6.5%	6.1%	6.7%	+0.6pt	—
Net income attributable to owners of the parent	1,453	2,010	2,240	+230	+11.4%
Dividend Forecasts Annual dividend (year-end)	25.0yen	25.0yen	30.0yen	+5.0yen	

Change from forecast Remarks

Sales

- Estimated to exceed previous forecasts at all group companies

Gross profit margin

- Decrease due to change in segment composition resulting from growth in-store operations including subsidiaries

SG&A

- Slight increase in overall SG&A expenses due to efficiency improvements in other SG&A expenses, despite higher expenses associated with enhanced investment in personnel costs

Operating Income

- Increase of approx. 300 million yen for BuySell on a non-consolidated basis and approx. 340 million yen for Musubi

Non-operating expenses

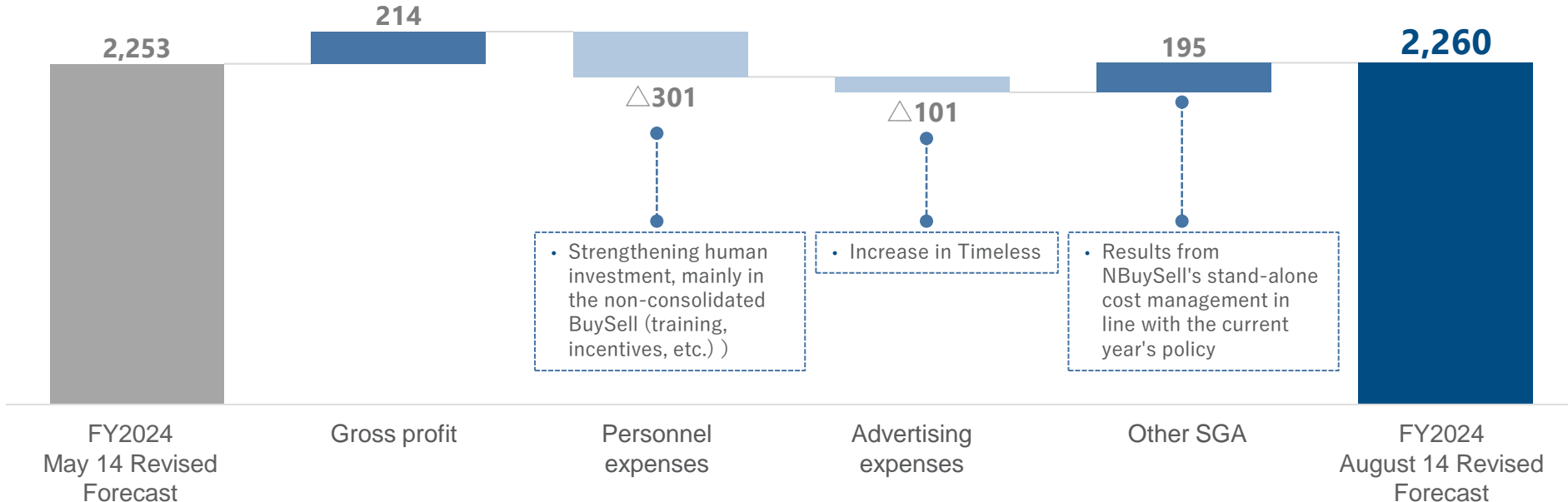
- Increase in one-time fees associated with borrowing funds and M&A-related expenses

Analysis of Revised 2nd Half Forecast for FY12/2024 (Operating Income)

- In the second half of the year, we expect to increase sales and gross profit, which is highly probable at this time, while strategically securing sufficient inventory for the next fiscal year.
- Expenses are expected to remain at the same level as the previous forecast for operating income due to the steady progress of the business, including an increase in recruiting expenses due to accelerated mid-career hiring and new investments in human capital to strengthen organizational engagement.

Change in consolidated operating income for the second half of the fiscal year
(5/14 Revised Forecast vs. 8/14 Revised Forecast)

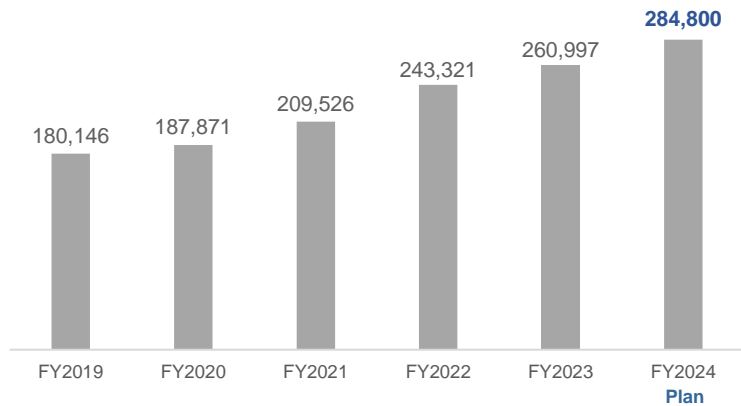
(Unit: Million yen)



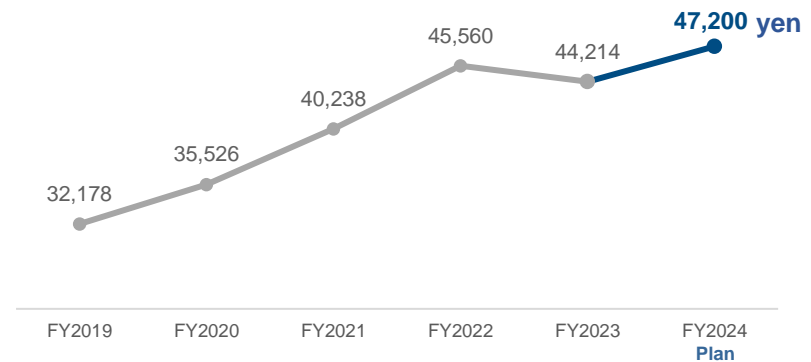
Reference) Changes in other KPIs (BuySell, non-consolidated) of at-home pick up service

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

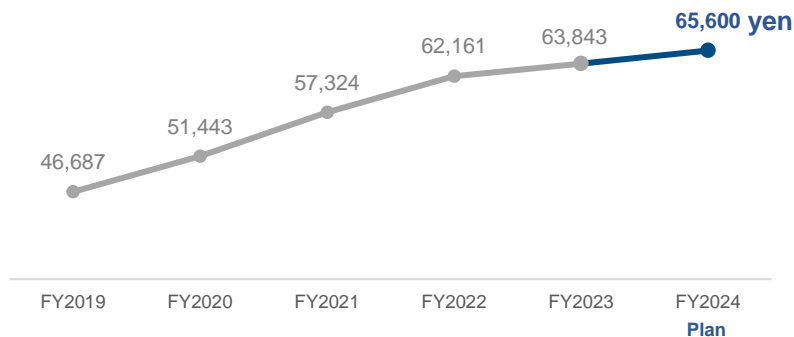
① Number of visits



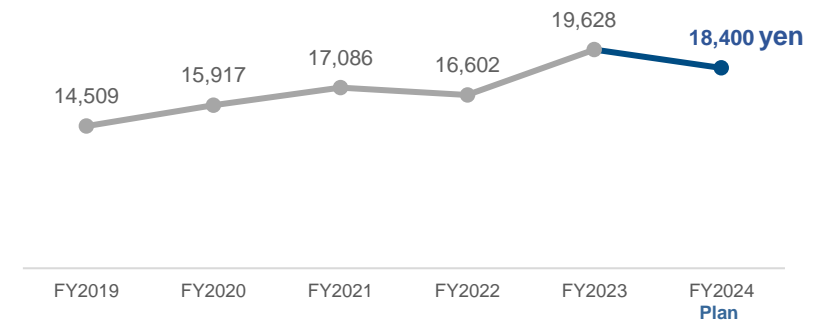
② Variable profit per visit



③ Gross profit margin per visit



④ Advertising expenses per visit



05

A subsidiary of REXT Holdings Co. through M&A

Achieved long-sought M&A to support further growth strategy

Rext HD, which owns REGATE, the operator of "FUKU CHAN," a fast-growing business centered on At-home pick-up business, joins the Buysell as a group company.



×



FUKU CHAN

Became a wholly owned subsidiary through a share transfer agreement and share exchange agreement with Rext HD

Outline of Subject Company

- Rext Holdings Corporation, which owns reuse-related companies and functional companies such as REGATE Inc. which operates the "FUKU CHAN" At-home pick-up service, and Nikkoudou K.K. which operates an antique purchase business, becomes a wholly owned subsidiary.
- Group management to further strengthen competitive advantage in the reuse market through "BUYELL" + "FUKU CHAN," centered on At-home pick-up service.

Outline of Subject Company

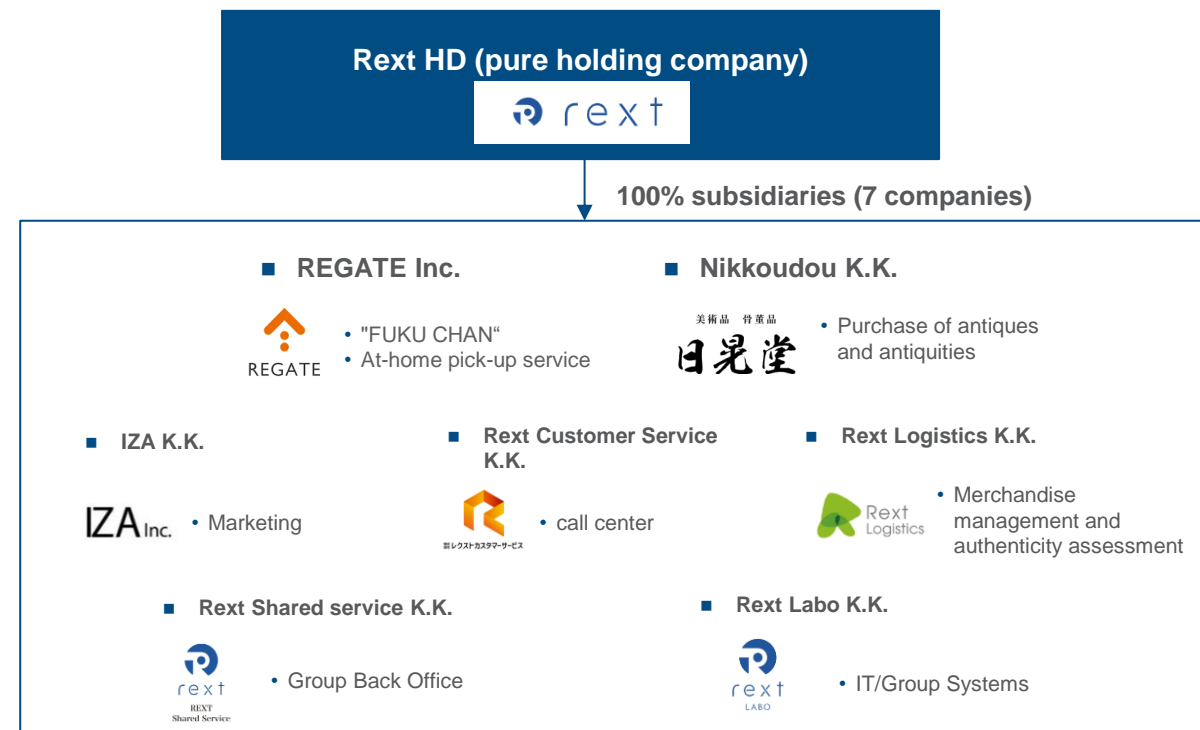
Company Profile

Company Name	REXT Holdings Co.Ltd.,
head office	Osaka City, Osaka
Business Activities	Management of all group companies
Establishment	April 2016
Number of Employees	Approx. 500 (total of HD and reuse subsidiaries)

Performance (Reference)







Rext HD Company Consolidated* (*)	FY12/2023 (LTM estimate)	FY12/2024 (Estimate based on company assumptions)
Sales	13,770 million yen	17 billion yen level
Operating income	971 million yen	1.2 billion yen level
Ordinary income	957 million yen	
EBITDA	1,155 million yen	
Total Assets/Net Assets	4.06 billion yen/690 million yen (provisional figure)	

Rext HD Group Profile



About the core subsidiary REGATE Inc.

- REGATE Inc. operates an At-home pick-up business and store-purchasing business for kimono-, antiques, brand bags, jewelry, etc. under the "FUKU CHAN" service brand. **Achieved high growth through aggressive personnel expansion and increased recognition through TV commercials and other aggressive promotions.**
- In FY23, the number of visits exceeded 90,000 per year, and the total number of visits combined with BuySell is expected to reach approximately 400,000 in FY24.

	 REGATE	 BUYSELL TECHNOLOGIES
Business	Reuse business including At-home pick-up and store purchasing business	Reuse business including At-home pick-up and store purchasing business
Sales	<p style="text-align: center;">Approx. 12.6 billion yen</p> <p style="text-align: center;"><small>(FY23.12 LTM: HD consolidated sales less Nikkoudou (antiques business) sales)</small></p>	<p style="text-align: center;">27.6 billion yen</p> <p style="text-align: center;"><small>(FY23.12: BST non-consolidated)</small></p>
Development Area	All over Japan except some areas	Nationwide expansion
Number of visits	<p>FY23.12 results: Approx. 93,000</p> <p>FY24.12 Sightseeing: Approx. 115,000 unit level</p>	<p>FY23.12 results : Approx. 261,000</p> <p>FY24.12 plan : approx. 285,000</p>
At-home pick-up business Number of employees	<p>Approx. 200 level (FY23.12 end of month)</p> <p><small>*Number of buyers belonging to REGATE, Inc.</small></p>	<p>439 (FY23.12 end-of-month point)</p> <p><small>*Number of BST Fieldsales Division employees</small></p>
Number of purchase shops	18 stores (end of June 2024)	28 stores (End of June 2024: BST stores only)
Product line	Jewelry, brand-name goods, precious metals, kimonos, antiques, etc.	Jewelry, brand-name items, precious metals, kimonos, stamps, etc.
Services brands	 <p style="margin-left: 10px;">FUKU CHAN</p> 	 

Structure of this M&A

- The company plans to acquire 100% of the shares through a two-step acquisition structure: ① cash acquisition + ② share exchange.
- All of the BuySell shares to be allocated in the share exchange will be allocated through the disposal of treasury stock, and no new shares will be issued.
- Although the debt ratio and goodwill will temporarily increase as a result of this loan, there will be no impact on the financial soundness of the company due to the generation of profit and CF from future business growth of the entire group.

① Share transfer agreement with cash consideration

- Strain cuts obtained: 88.5%
- Stock acquisition consideration: 8.2 billion yen
- Strain Acquisition Completion Date: October 1, 2024 (to be determined)

Approximately 10 billion yen is planned to be procured through borrowings as consideration for acquiring shares and working capital for the target company group.

Financing under the Debt Capacity Facility with future cash flows of the BST Group and the Target Company Group as the source of repayment

② Became wholly owned subsidiary through stock swap

- Percentage of shares acquired: 11.5% share(100% acquisition together with ①)
- Share exchange consideration: 1.07 billion yen (9.27 billion yen together with ①)
- Number of BST plants cut: 297,000 (exchange ratio 1:297)
- Strain Exchange Completion Date: October 8, 2024 (to be determined)

All 297,000 BST shares to be allocated at the time of the share exchange will be allocated through treasury stock*, and no new shares will be issued.

*The number of treasury shares held as of June 30, 2024 was 303,129.

Start of link

- Plan to consolidate B/S in Q4 FY12/2024 and P/L from FY12/2025

The amount of goodwill and the number of years for amortization are yet to be determined.

Possible synergies

- High synergy can be expected in the medium to long term in various areas in both the BUYSELL Group and the Rext HD Group.
- Since both companies are developing their businesses focusing on At-home pick-up business, we believe that various synergies are highly likely to be realized.



FUKU CHAN



Streamlining advertising expenses

Reduction of the advertising expenditures for the At-home pick-up business at both companies to a level of approximately 8 billion yen.

- Aiming to improve CPA and buying power by promoting marketing strategies through group collaboration, and to reduce advertising costs by 3~5% for both companies.



Improve profitability by optimizing sales channels

Subject company to increase the ratio of company-toC sales from approximately 10% to approximately 26% of the BST level

- Aiming to improve profitability by utilizing BuySell's toC sales channels and selling inventory held by the target company at a high unit price.



Data-Driven Management and Enablement

- Aiming to raise the resolution of the strengths of both companies and enhance the sophistication of strategies and human resources by sharing education and training systems through data-driven management and enablement.



Improved efficiency through interconnection of logistics networks and logistics

Cost reduction through mutual synergy between warehouse locations of both companies

- Aiming to reduce costs through efficient distribution of products and efficient operations of product management by mutual utilization of logistics networks and coordination of logistics



Strengthening the handling of antiques at BST

Target Company Expanding its strength of over 20% in antique sales to strengthen BST commercial products.

- Aiming to increase profitability by strengthening the purchase of antiques, etc. in BST, which currently comprises about 3% of the company, by receiving the expertise and knowledge sharing in the antiques area that the target company group possesses.



Group promotion of technology strategy

- Leveraging BuySell's focused technology strategy and the strength of its tech team to improve efficiency of operations and profitability through DX promotion, etc.

(Reference) M&A Outcomes through Effective PMI

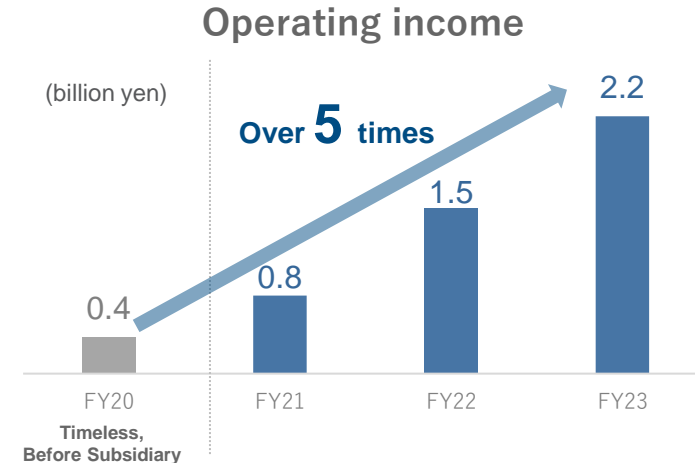
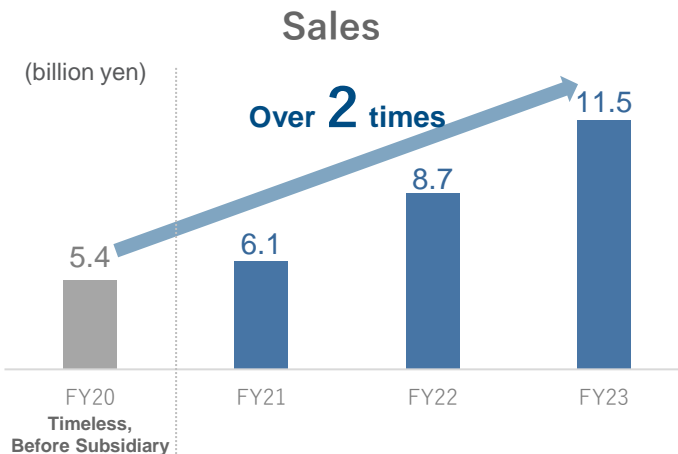
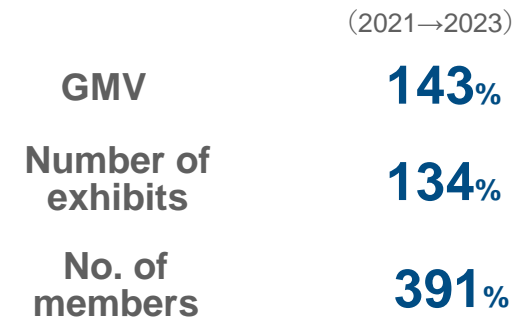
- Conducted 4 M&A transactions in the past, focusing on PMI. Achieved M&A results that contribute to increased corporate value through effective PMI with a focus on Timeless, Inc.
- The M&A with Rext HD also has high business affinity and high strategic resolution, so the probability of group business growth by creating synergies through PMI is high.

Timeless: Image of M&A Outcome through PMI

Timeless Corporation



Becoming a subsidiary in October 2020 (Consolidated from the fiscal year ending December 31, 2021)



06

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

- 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 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.

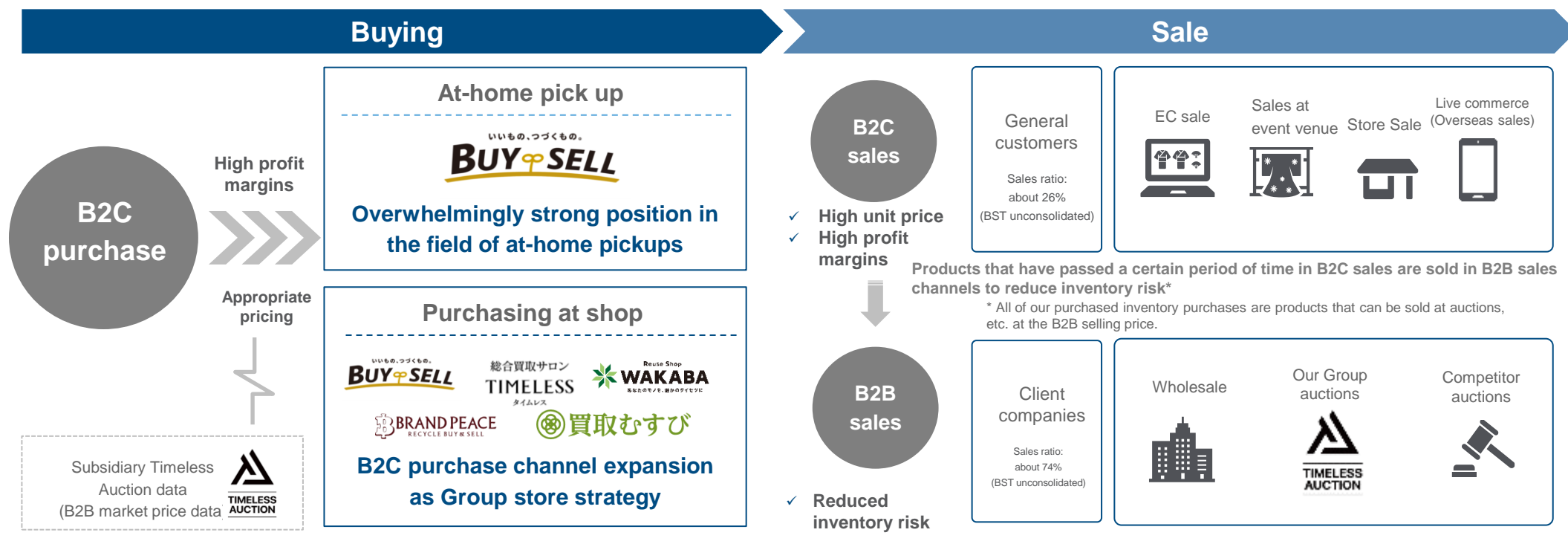
3 M&A strategy to achieve dynamic growth

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

- 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.

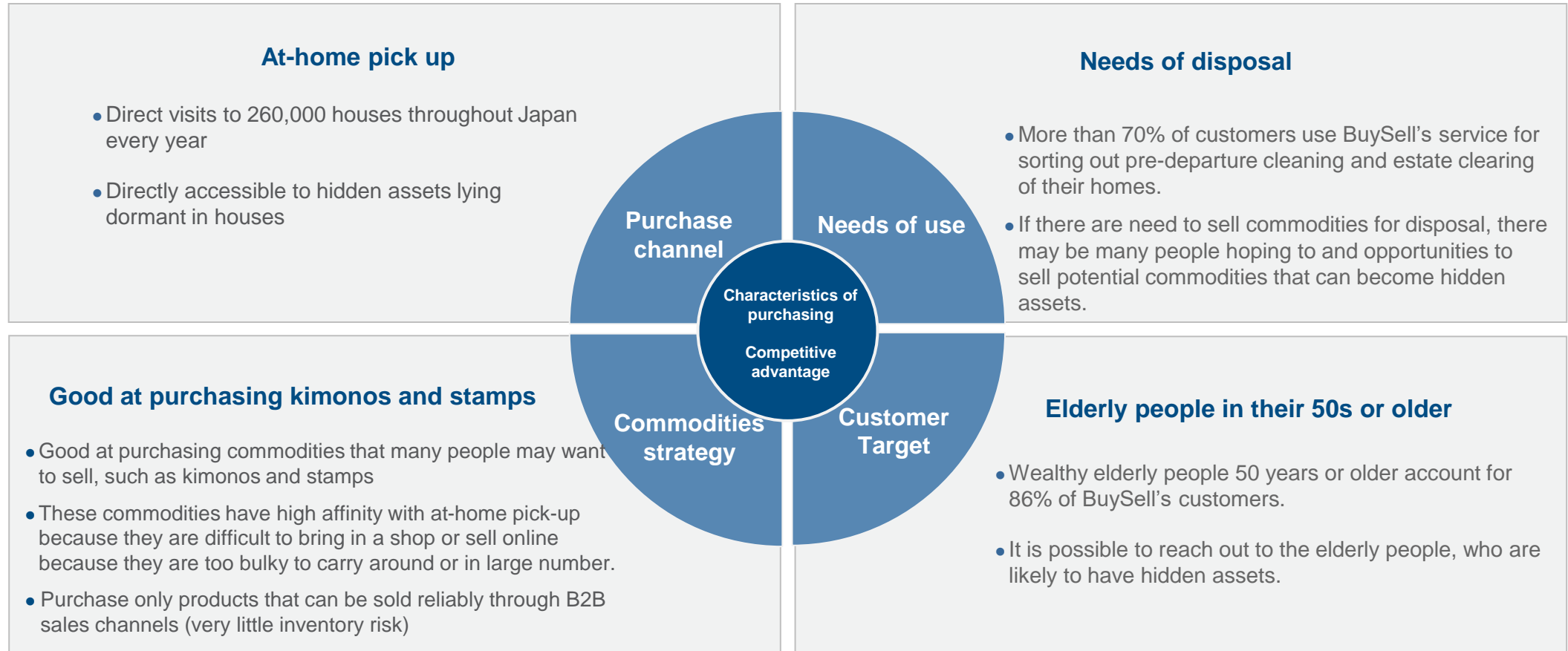


Purchasing from “B2C” that can realize high gross profit rates is the source of competitiveness

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.

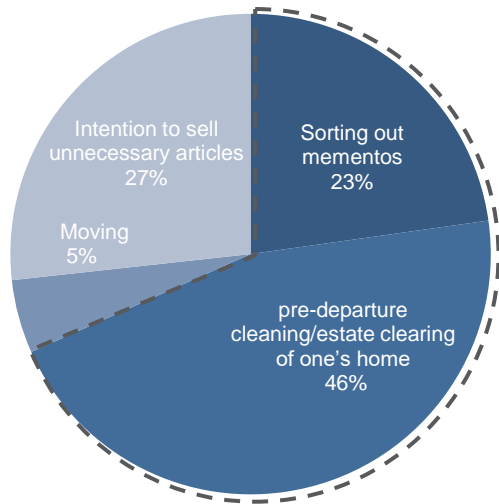


*Hidden assets: Prices of unwanted articles at home that have not been used for one year or longer

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

- About 70% or more of the customer needs of the Company are for services for the disposal of belongings of deceased relatives, selling off their belongings, or decluttering their homes.
- By accurately understanding the needs of seniors to declutter their belongings, we identified that more than 86% of purchase customers are senior wealthy people in their 50s or older.
- Kimonos have a high affinity with at-home pick-ups because there is a strong demand for disposal of them and they are difficult to bring into in shop or sell online because they are too bulky to carry around or in large numbers.

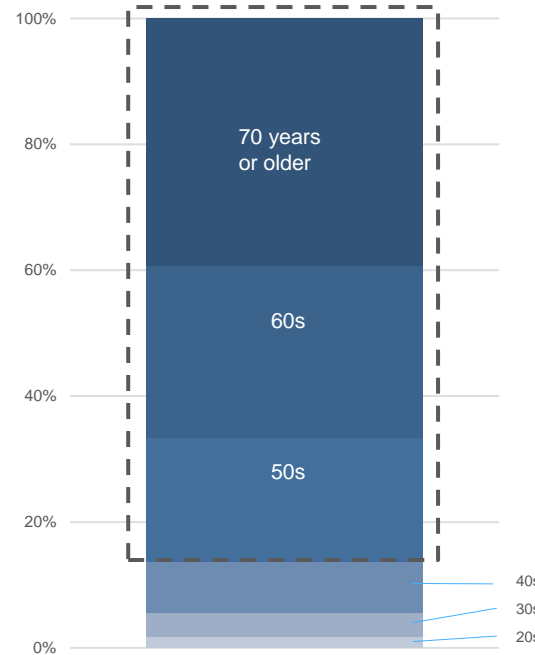
Purchase and use needs



- More than **70%** of customers use BuySell's service for sorting out mementos pre-departure cleaning and estate clearing 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 2022

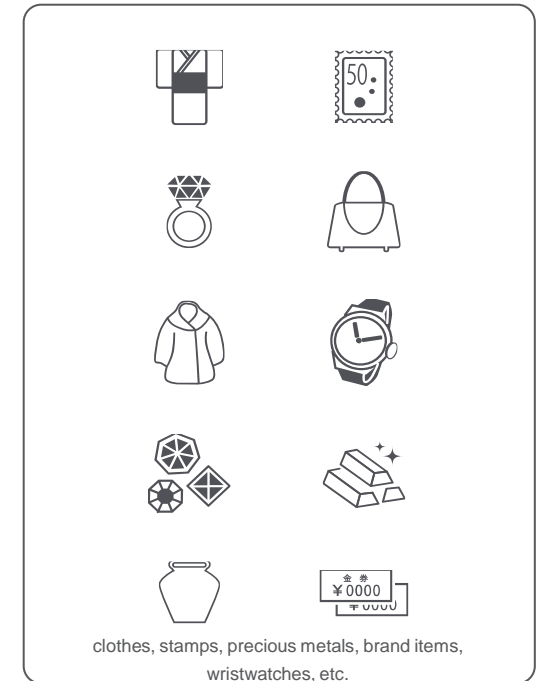
Purchase customer targets



- Wealthy elderly people 50 years or older account for **86%** of BuySell's customers.

Source: Compiled by BuySell based on customer data collected in December 2022

Main types of

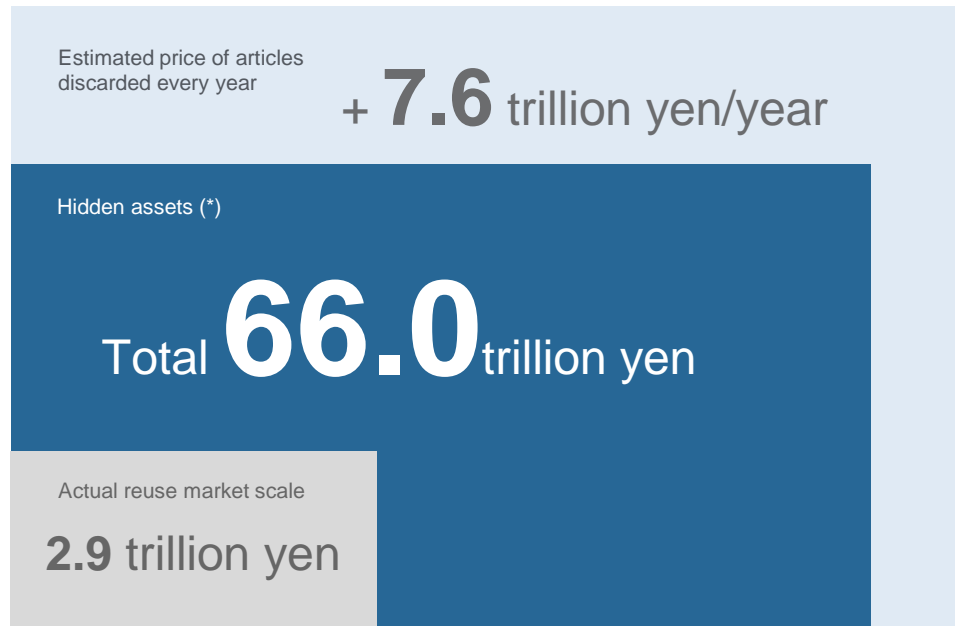


- Purchasing mainly luxury products with low inventory risk (no risk of being left unsold)

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 66 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.

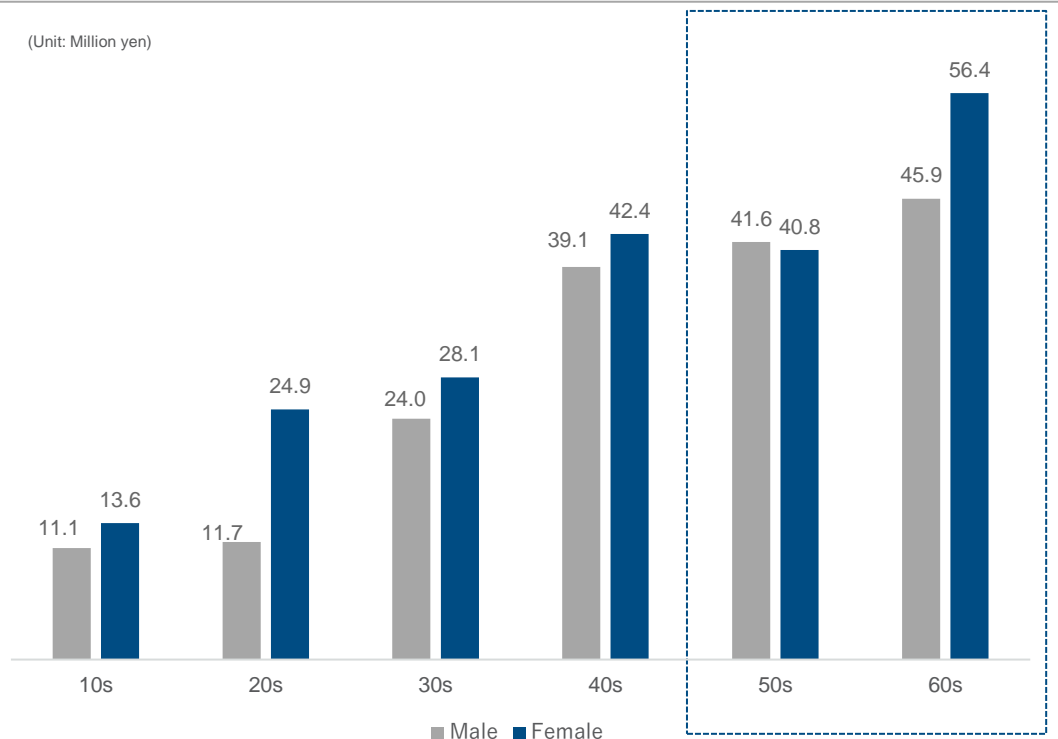
Potential reuse market scale



*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

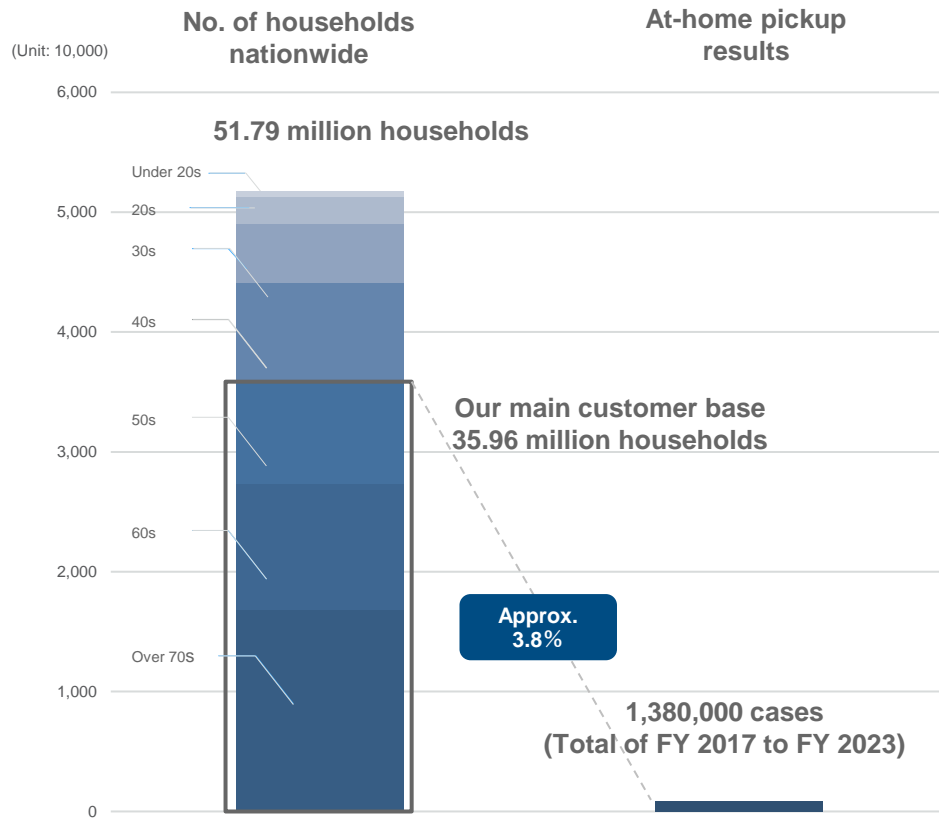
(Unit: Million yen)



Our main customer base

Performance of at-home pickups and potential for future expansion

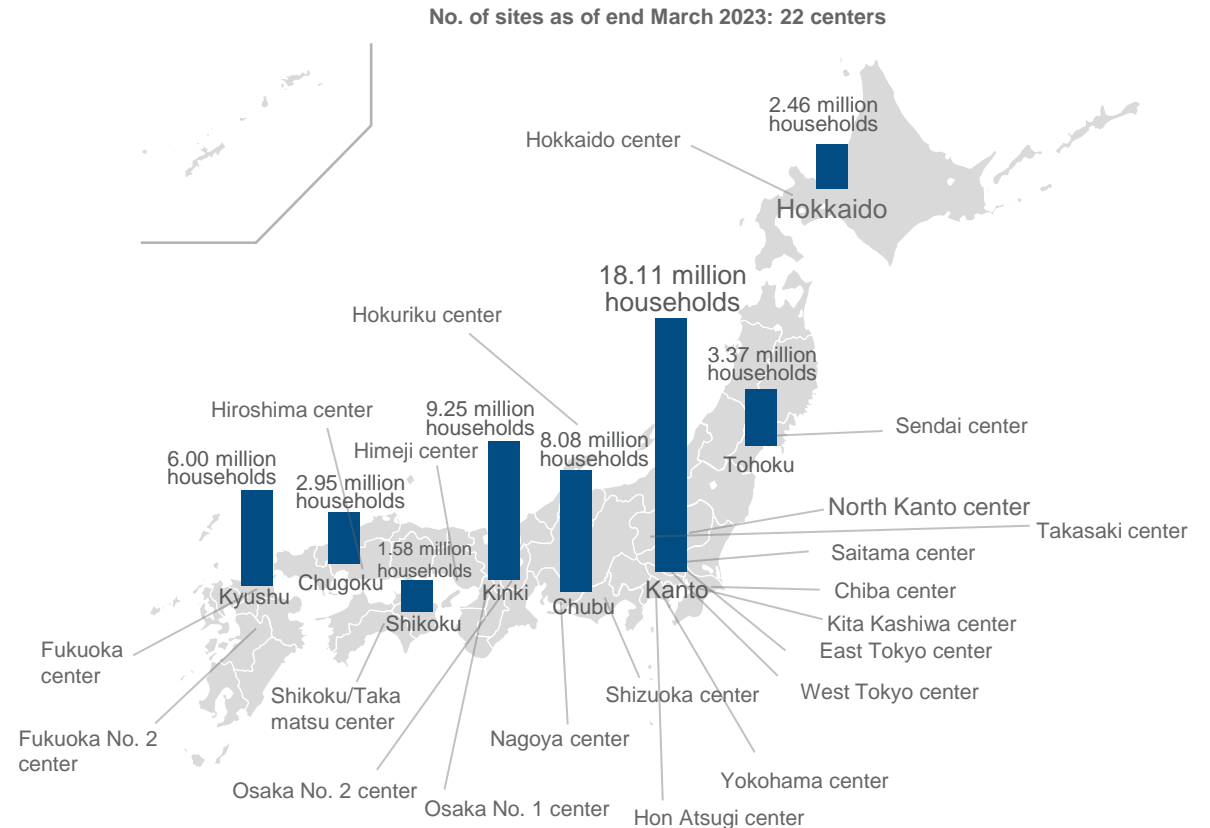
- Of the total 1,380,000 at-home pickups, the number of senior households in their 50s and over, which is our main target, is 35.96 million, and there is considerable room for expansion.
- In addition to strengthening our foundation in the Tokyo - Nagoya - Osaka area, there is room for deployment of 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, FY2022: approx. 243, FY23: approx. 260

Distribution of 51.79 million households nationwide and Company branch offices

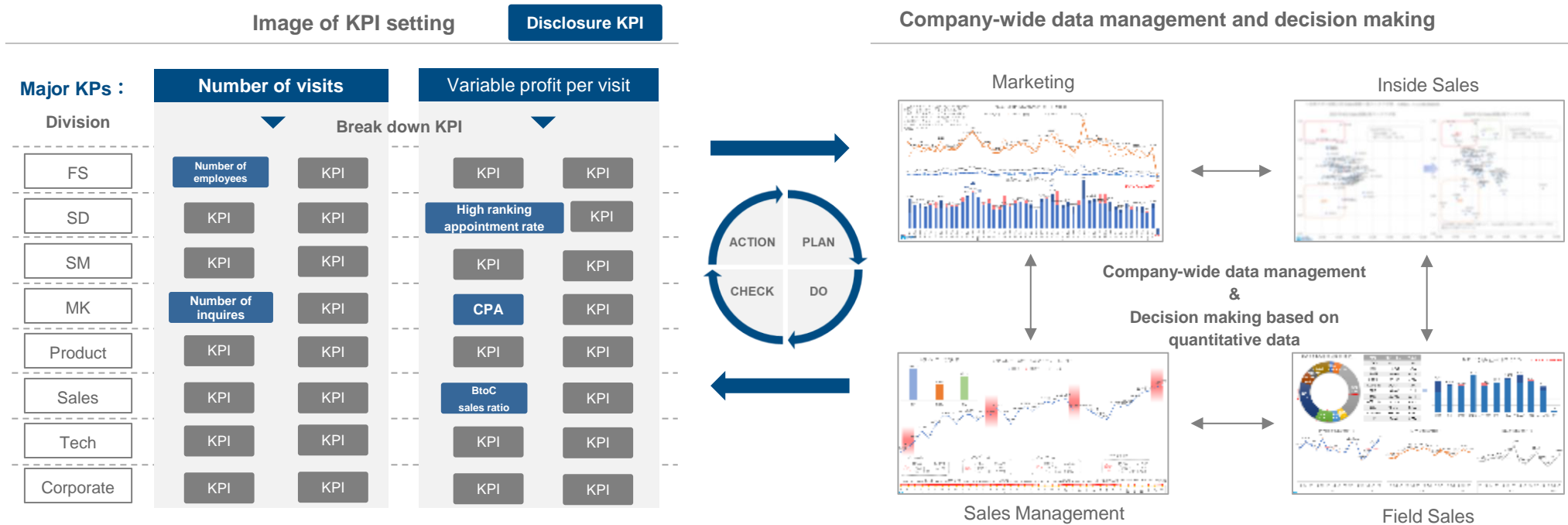


- 1 Growth potential through a unique business model that captures the needs of senior customers
- 2 Data-driven management that supports strong organic growth and future growth strategies**
- 3 M&A strategy to achieve dynamic growth

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 the PDCA cycle.

< Data-driven management that supports high growth >



Subdivide factors that affect Major 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.

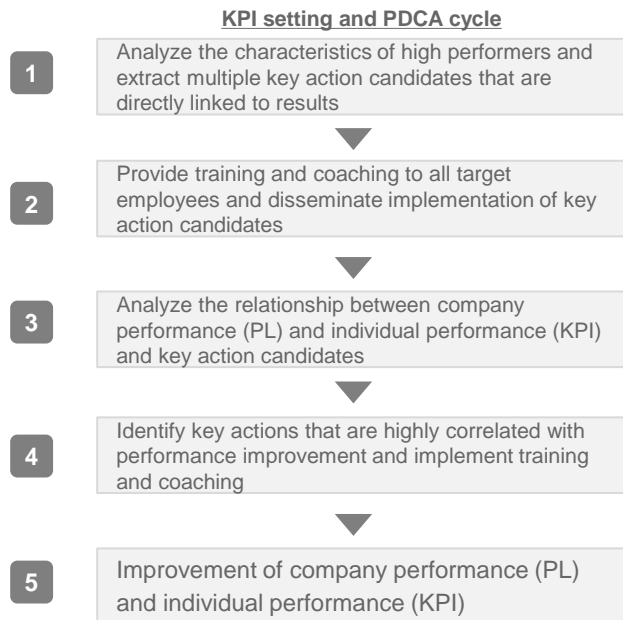
Major KPI (at-home pick up service): (1) Number of visits × (2) Variable profit per visit (*(3) gross profit – (4) advertising expenses)

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 >

Examples of initiative by the Enablement Department

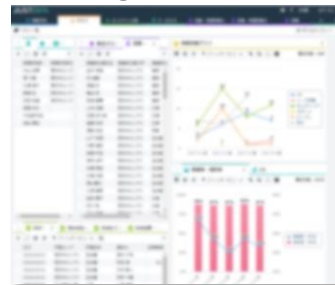


Example: Individual chart



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

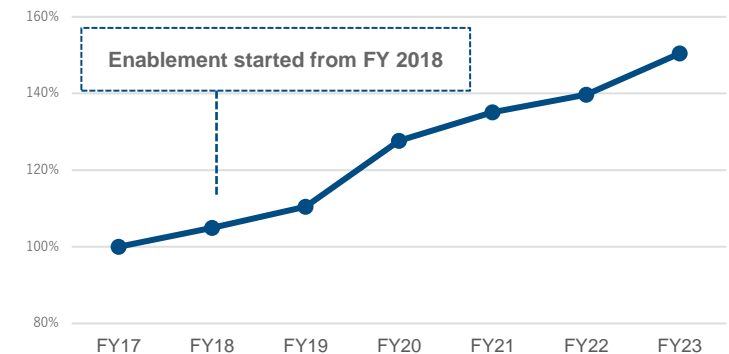
Example: Training management database



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

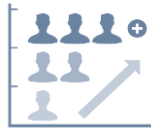
- KPIs eliminating impact of sales on a growth of gross profit
- Values are not disclosed because these KPIs are for management accounting.

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

(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



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

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



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&2023” as a “company with a 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

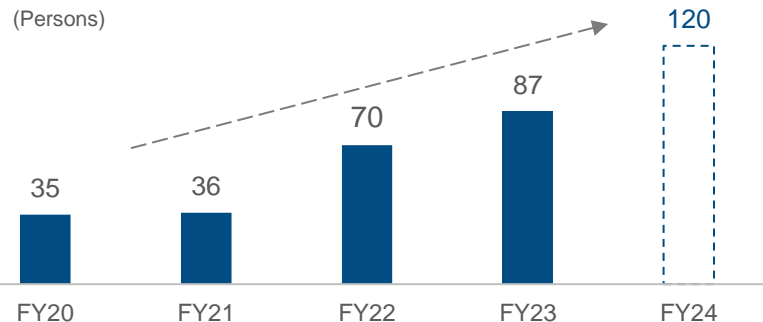
Joined Gree in 2012. Worked as a high-traffic game development engineer and later served as a producer on multiple titles. Promoted the business as General Manager of the game production department of the subsidiary funplex
Joined BuySell Technologies in 2019.
Responsible for product development and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

Expansion of organizational scale



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

Number of Technology Strategy Division Employees



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

Enhanced productivity



Received “Findy Team+ Award 2022&2023” as “a company with a high productivity index for engineering organizations”



Organizational divisions (Large Div.)



Improving productivity by leveraging technology

Development of Cosmos

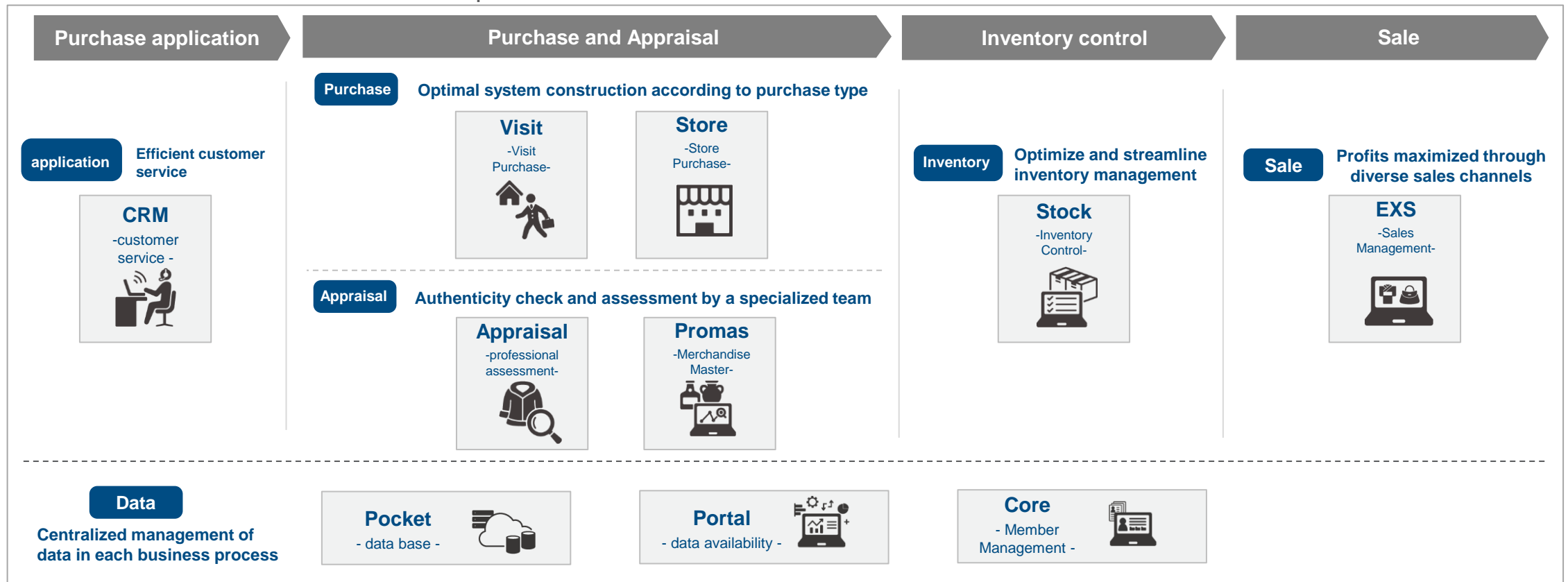
- Aiming to improve key KPIs by improving operational efficiency and deepening data-driven management across the entire BuySell Group through the introduction of Cosmos, an in-house developed platform that comprehensively provides everything related to the reuse business, from purchasing to sales, customer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

The reuse platform Cosmos



The reuse platform Cosmos is a collection of services that form a mission-critical system specialized for reuse.

 : core system



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.



Store -Store Purchase system-



✓ **OCR function**
 >> Improved efficiency of purchase operations



✓ **Multi-assessment function**
 >> UX Improvement



✓ **AI Assessment Function**
 >> Improvement of assessment efficiency



✓ **Data Management Functions**
 >> KPI improvement through data centralization

Effects of introduction



✓ From the start of customer service to the signing of the contract
40% time reduction



✓ System training period for new assessors
Reduction from 1 month to 1 day



✓ PDCA acceleration based on various data
Improvement of gross profit by store

Introduced to Group (FY2022)

Franchise introduction and expansion



28stores
 (The end of June FY2024)



総合買取サロン
TIMELESS
 タイムレス

30 stores
 (The end of June FY2024)



(directly managed store)

18 stores
 (The end of June FY2024)



(FC stores)

217 stores
 (The end of June FY2024)

⇒ Aiming to expand the number of franchisees by differentiation through system implementation effects



Sales to outside franchisees

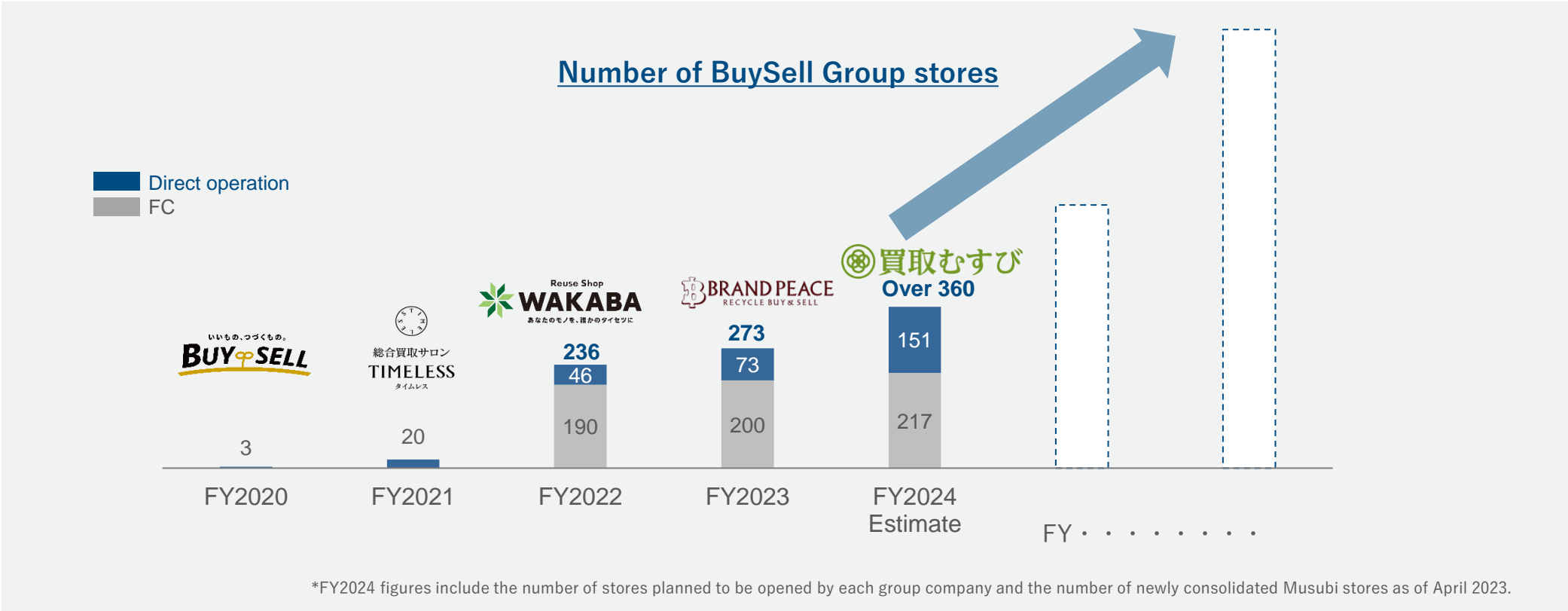
Growth Strategies (2) Strategy for increasing purchase shops

- 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 : 356	Advantage
	<ul style="list-style-type: none"> 28shops (as of the end of June 2024) 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 need to sell for selling commodities for disposal Guiding customers who are resistant resistance to at-home pick-up at a shop
	<ul style="list-style-type: none"> 30shops (as of the end of June 2024) 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 the elderly wealthy using department stores Taking marketing measures such as DM in collaboration with department stores Guiding customers who are resistant resistance resistant resistance to at-home pick-up at a shop
	<ul style="list-style-type: none"> Franchise shops : 216 (as of the end of June 2024) Direct operation : 18 (as of the end of June 2024) Second-class locations across the nation (mainly franchise shops) Major commodities: brand items, wrist watches, and jewelry 	<ul style="list-style-type: none"> the support system including fulfilling training programs Extensive area targeting through the development of multiple franchise stores nationwide Scalability through a franchise model
	<ul style="list-style-type: none"> 5shops (as of the end of March 2024) Stores in Kansai and Tokyo Main commodities: brand items, wristwatches, jewelry, etc. 	<ul style="list-style-type: none"> Strength in the purchase and sale of luxury brand goods, with a focus on Hermes High repeat business due to specialized commercial knowledge and customer service
	<ul style="list-style-type: none"> 59shops (as of the end of June 2024) Stores in large shopping malls nationwide, etc. Main commodities: brand items, wrist watches, jewelry, etc 	<ul style="list-style-type: none"> Strengths in store opening strategy to achieve high profitability per store High repeat rate due to excellent employee training

Number of Group Stores

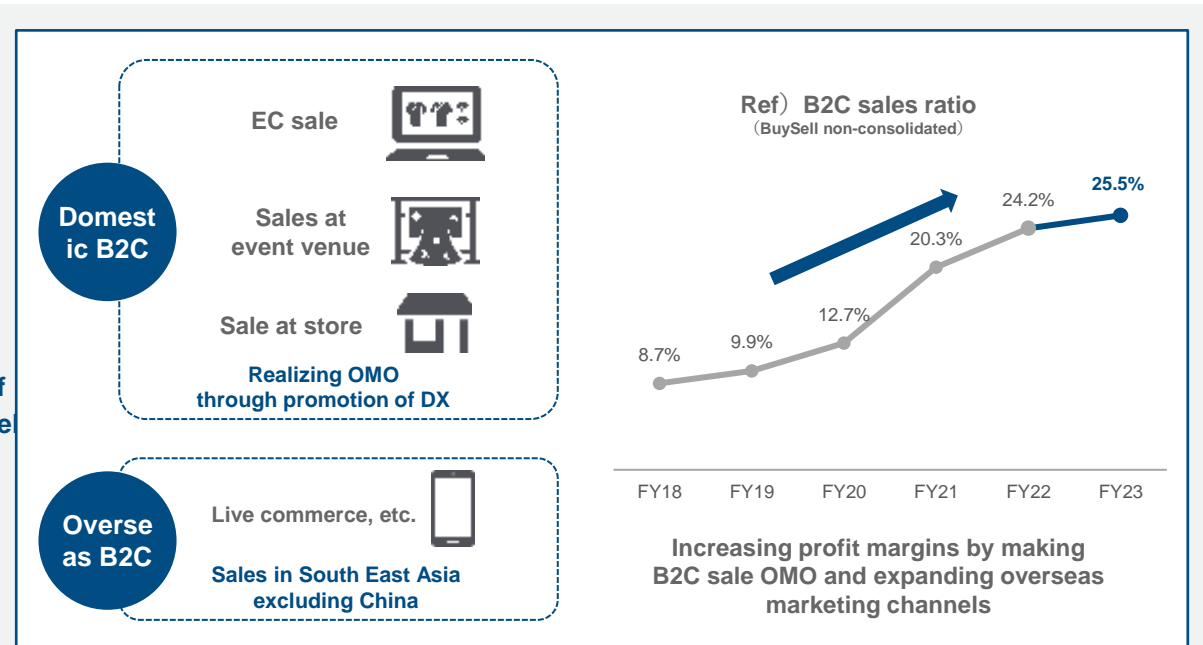
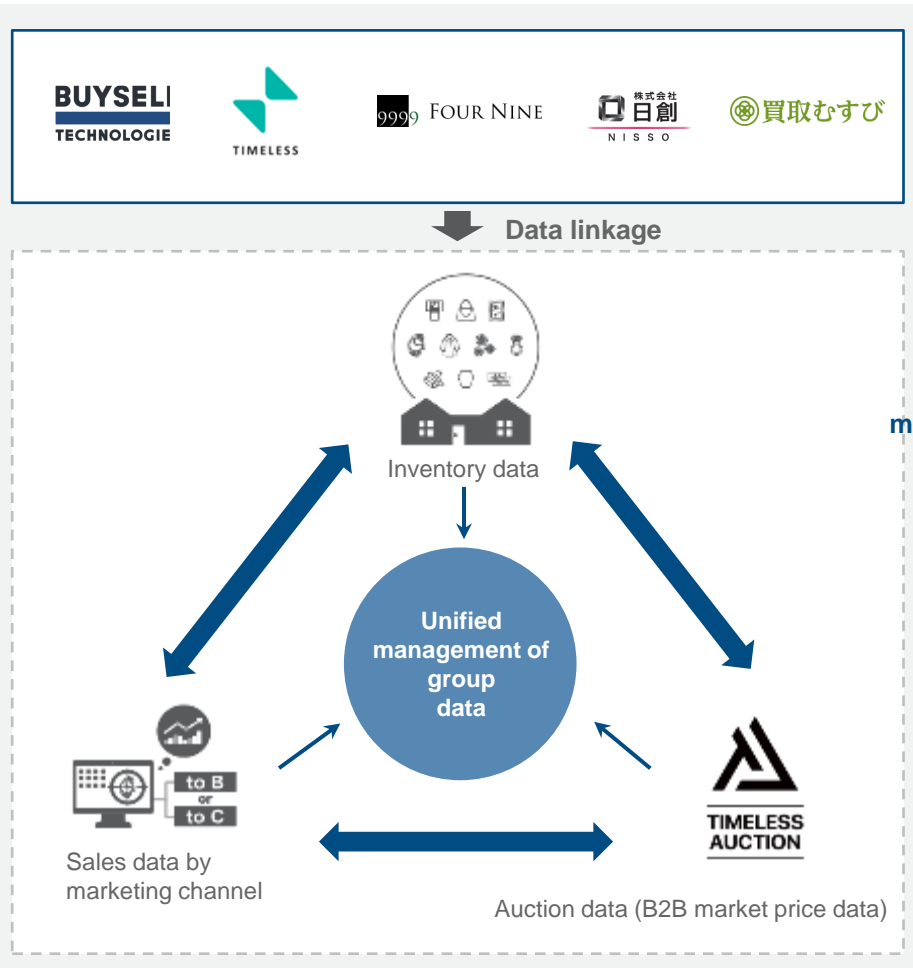
- In addition to new organic store openings, strategic M&As have led to rapid expansion in the number of group stores despite being a latecomer to the market. The company has grown to a leading position in the industry with more than 150 directly managed stores, and the total number of franchise stores exceeds 360.
- The reuse manifestation market, which is centered on store purchasing business, is a promising market with a scale of 3 trillion yen and stable growth, and since there are many small businesses, the company aims to position itself at the top of the industry as soon as possible by aggressively expanding its store network in the future.



Growth Strategies (3)

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.

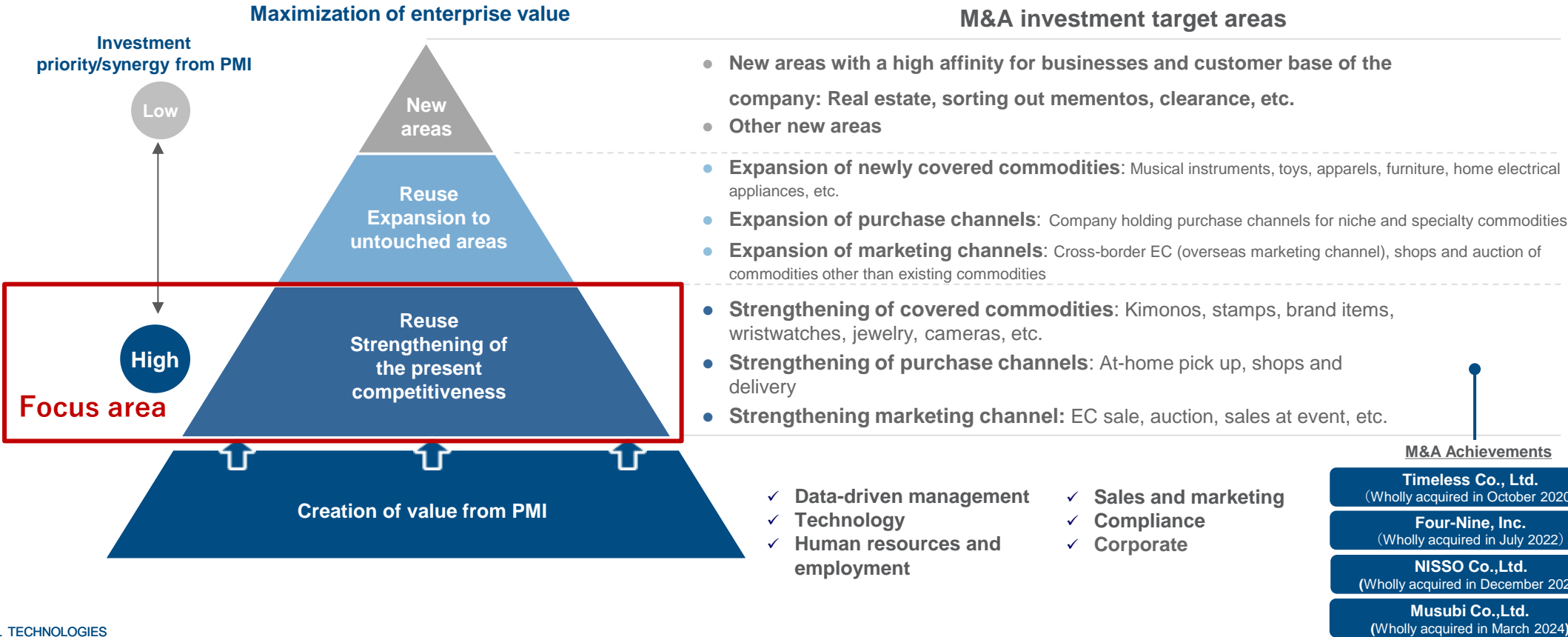


This section focuses on 'Domestic B2B' sales. It lists 'Wholesale (B2B)' and 'Auction' as key channels, with the TIMELESS AUCTION logo. The strategy is to 'Reduce inventory risk with B2B sales by considering improved profitability and inventory turnover period in B2oC sales'.

* All of our purchased inventory purchases are products that can be sold at auctions, etc. at the B2B selling price.

- 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.



(Reprint) M&A Outcomes through Effective PMI

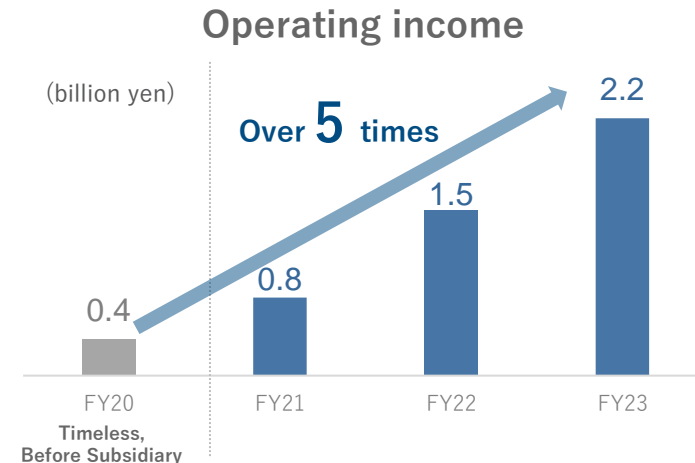
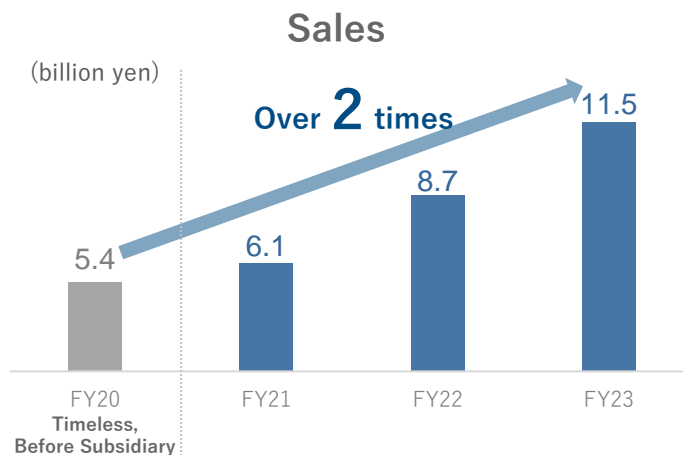
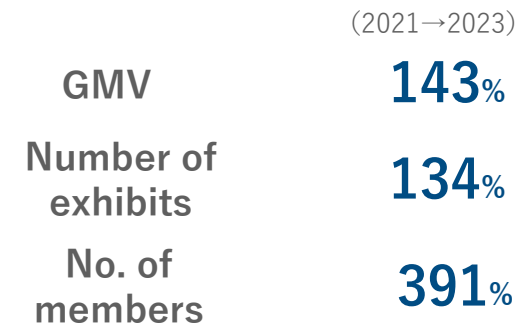
- Conducted 4 M&A transactions in the past, focusing on PMI. Achieved M&A results that contribute to increased corporate value through effective PMI with a focus on Timeless, Inc.
- The M&A with Rext HD also has high business affinity and high strategic resolution, so the probability of group business growth by creating synergies through PMI is high.

Timeless: Image of M&A Outcome through PMI

Timeless Corporation



Becoming a subsidiary in October 2020
(Consolidated from the fiscal year ending December 31, 2021)



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	PALT Bldg. 4-28-8 Yotsuya, Shinjuku Ward, Tokyo			
Capital	3,409 million yen (including capital reserve)			
Business description	Reuse business of clothes, brand items, etc.			
Directors	Chairman of the board	Kyohei Iwata	Outside director	Yuki Akiyama
	President and CEO	Kosuke Tokushige	Outside director	Kayo Gado
	Directors	Hideki Yoshimura	Outside director	Tsuneo Watanabe
	Director CFO	Koji Ono	Outside director(Audit and Supervisory Committee)	Mami Suzuki
	Director CTO	Masayuki Imamura	Outside director(Audit and Supervisory Committee)	Toshihiro Hara
	Directors	Daiya Ota	Outside director(Audit and Supervisory Committee)	Mika Horasawa
Group company	Timeless Co., Ltd., Four-Nine, Inc. , NISSO Co., Ltd., Musubi Co.,Ltd., BuySell Link Co., Ltd. (special subsidiary)			
Employees	Group: 1,752 (as of June 2024)			
	Unconsolidated: 1,288 (as of June 2024)			

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 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 Chairman of the board) 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	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".
2023	Dec.	"Brand Peace" stores for the purchase and sale of luxury brand goods, becomes a subsidiary of Nisso Co.Ltd.,
2024	Mar.	"Kai-tori MUSUBI" stores for the purchase, becomes a subsidiary of MUSUBI Co.Ltd.,
	Apr.	Kyohei Iwata became the chairman of the board of directors and Kosuke Tokushige became the representative director and CEO.

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

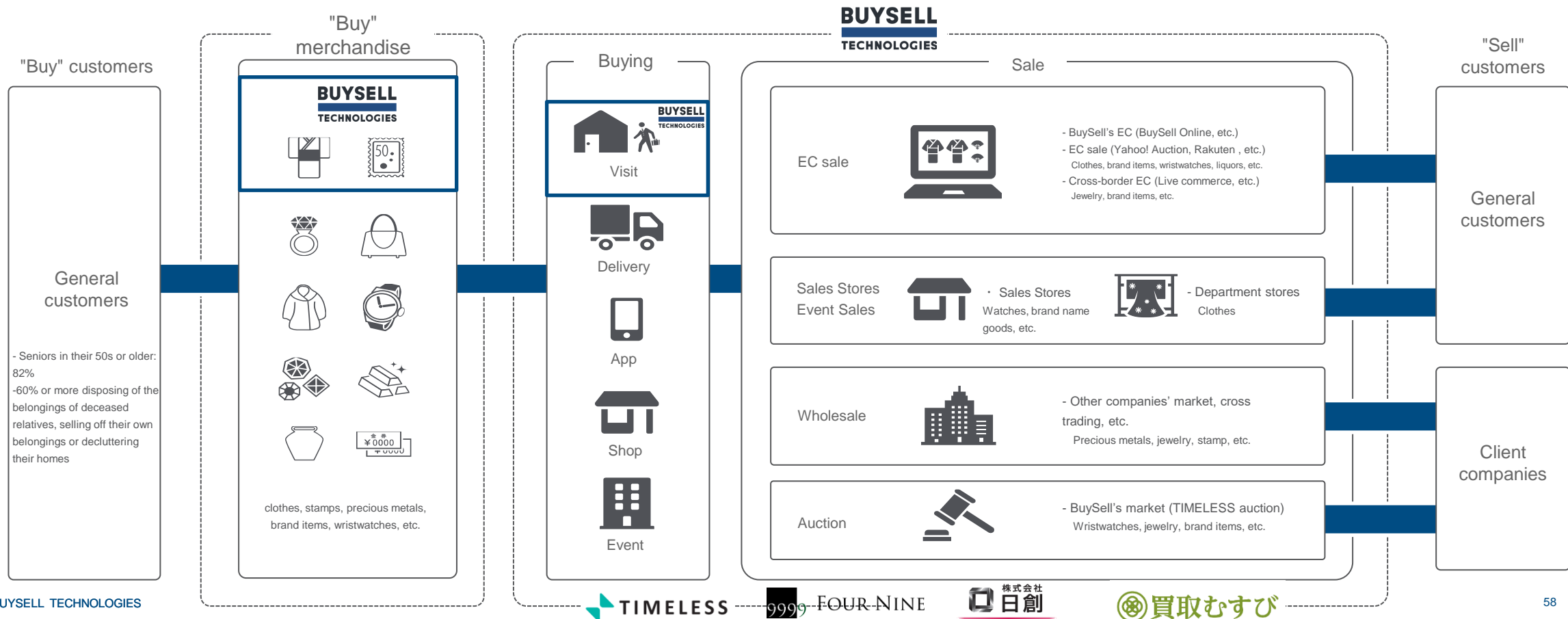
- Six Group companies (the Company and four subsidiaries) operate a comprehensive reuse business.

<p>BUYSELL TECHNOLOGIES</p> <p>株式会社BuySell Technologies</p>	<p> Timeless Co., Ltd.</p> <p>Wholly acquired in October 2020</p>	<p> Four-Nine, Inc.</p> <p>Wholly acquired in September 2022</p>	<p> NISSO CO., Ltd.</p> <p>Wholly acquired in December 2023</p>	<p>MUSUBI CO., Ltd.</p> <p>Wholly acquired in March 2024</p>
<p>Purchase Main services</p> <ul style="list-style-type: none"> • General reuse and purchase service of BuySell <p></p> <ul style="list-style-type: none"> • At-home pick up • Purchase through home delivery • Purchase at shop (28 shops)* <p>Sale Main services</p> <ul style="list-style-type: none"> • BuySell's EC "BuySell Online" <p></p> <ul style="list-style-type: none"> • BuySell's EC • Other companies' EC malls (Rakuten, Yahoo Auctions etc.) <ul style="list-style-type: none"> • Selling Stores (Kyoto) • Shops specializing in sale of used kimonos (department stores) <ul style="list-style-type: none"> • Permanent shop (3 shops) • Sales at event venue 	<p>Purchase Main services</p> <ul style="list-style-type: none"> • General purchase salon "Timeless" <p></p> <p>総合買取サロン TIMELESS タイムレス</p> <ul style="list-style-type: none"> • Permanent shop set up in department store (30 shops)* • Purchase at department store events <p>Sale Main services</p> <ul style="list-style-type: none"> • Antique auction "TIMELESS auction" <p></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, twice a month 	<p>Purchase Main services</p> <ul style="list-style-type: none"> • Reuse Shop 「WAKABA」 <p></p> <ul style="list-style-type: none"> • Franchise shop: 216 shops* • Directly managed shop: 18 shops* 	<p>Purchase Main services</p> <ul style="list-style-type: none"> • Reuse Shop 「Brand Peace」 <p></p> <ul style="list-style-type: none"> • Store purchase and store sales (5 stores) 	<p>Purchase Main services</p> <ul style="list-style-type: none"> • Reuse Shop 「Kai-tori MUSIBI」 <p></p> <ul style="list-style-type: none"> • Directly managed shop: 59 shops*

* As of the end of June 2024

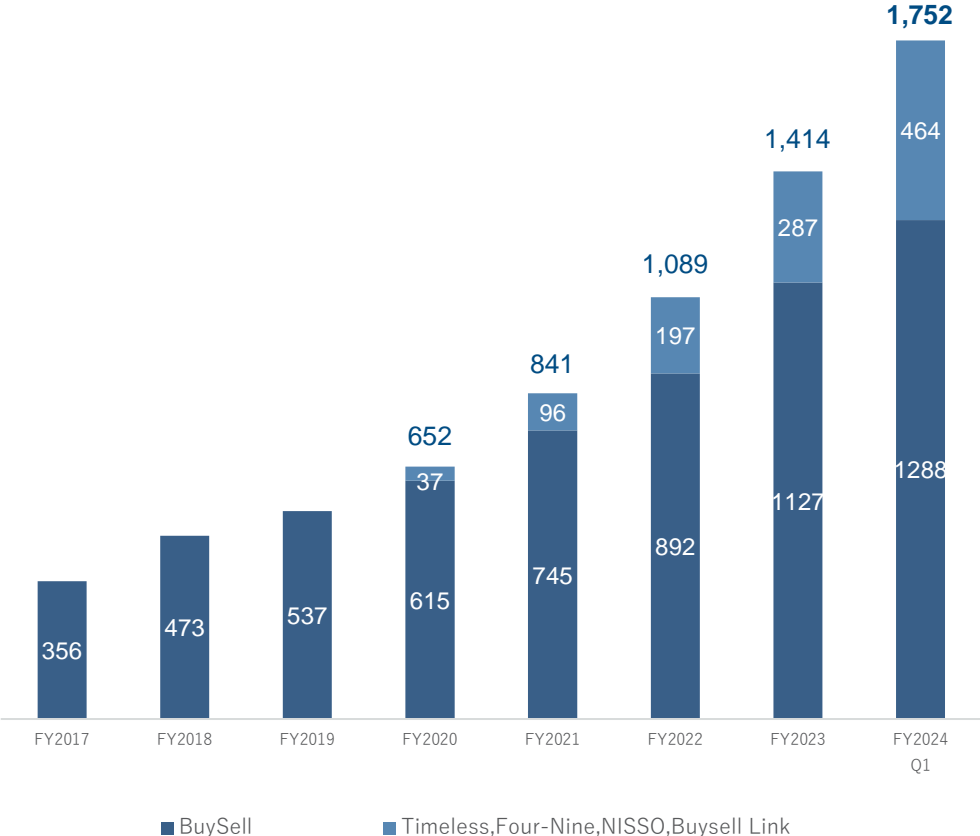
Group business block diagram

- Purchasing of luxury merchandise such as kimonos, postage stamps, brand goods, watches, etc. through varied channels centered on business visits.
- About 70% 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 86% 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.



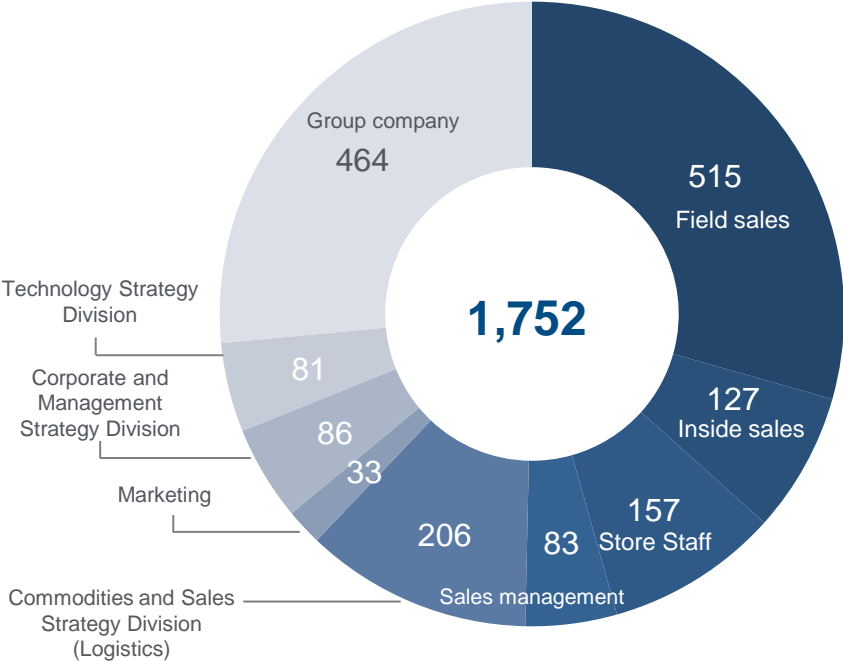
Change of group companies' number of employees

(Unit: Persons)



BuySell group personnel organization

(June 2024, Including non-consolidated subsidiaries)



- 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

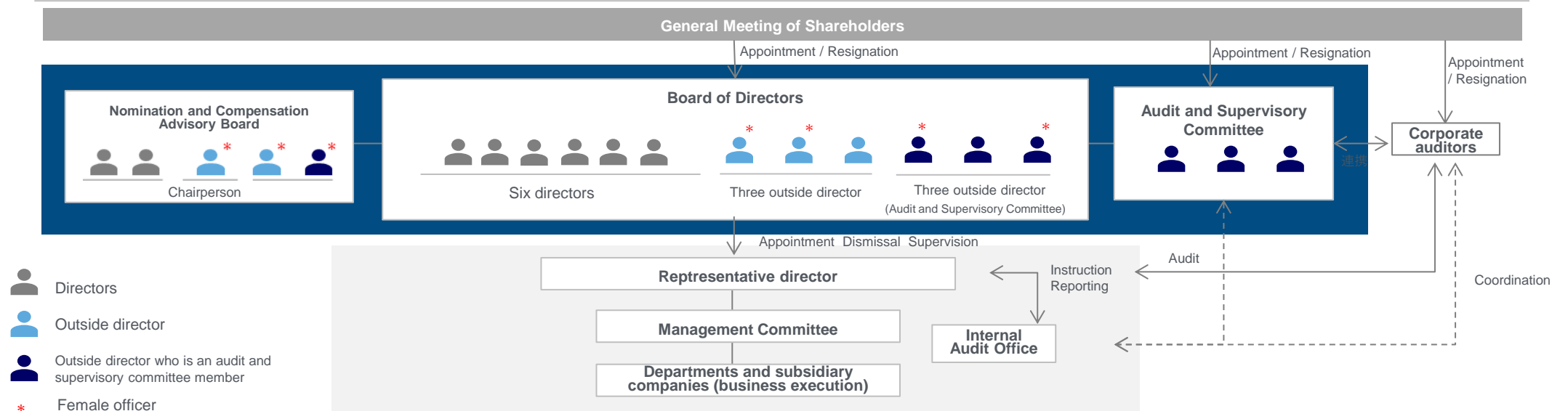
Strengthening our corporate governance system

- 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** (March 2022)
- 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**
- From the perspective of promoting diversity on the Board of Directors, the ratio of female directors is 33% (4 female directors / 12 directors overall)

Corporate Governance Structure



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



Kyohei Iwata/Chairman and Representative Director

Graduated from Systems Innovation, Faculty of Engineering, The University of Tokyo. In 2008, joined Hakuho 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.



Kosuke Tokushige/ Representative Director, President and CEO

After graduation from university, he joined Recruit Co., Ltd. (Recruit Holdings Co., Ltd.) . After working in sales in the food and beverage information area, he was engaged as the head of marketing support at Recruit Marketing Partners Co. Appointed as Executive Officer of the company in 2015; appointed as Executive Officer of Recruit Lifestyle Inc. in 2019, promoting customer-attracting media for restaurants, DX support, etc. Scheduled to become President and CEO of the BuySell in April 2024.



Hideki Yoshimura/ 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.















Tsuneo Watanabe/ Outside director

After joining Japan M&A Center Inc. in 2008, he promoted the establishment and expansion of industry-specific business units. Over 100 M&A transactions closed during his tenure. Appointed to the Board of Directors of Japan M&A Center Holdings, Inc. in 2020 and will be appointed as an outside director of the BuySell in March 2024.

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	Human Resource Development	Compliance and risk management	M&A	Investment and capital markets	
Kyohei Iwata	Chairman of board of directors			●	●							
Kosuke Tokushige	President, representative director & CEO			●	●			●				
Hideki Yoshimura	Director			●								
Koji Ono	Director CFO			●		●					●	
Masayuki Imamura	Director CTO			●			●					
Daiya Ota	Director (CEO, Timeless)			●	●							
Yuki Akiyama	Outside director	●										●
Kayo Gado	Outside director	●		●							●	
Tsuneo Watanabe	Outside director	●		●							●	
Mami Suzuki	Outside director Full-time member of supervisory board	●				●						
Toshihiro Hara	Outside director (Audit and Supervisory Committee)	●								●		
Mika Horasawa	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

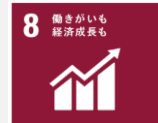


Organizational and human capital management

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

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

Main investment targets

Investment policy (investment discipline)

	<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 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. 	<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.

- 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 June 2024

(Unit: Million yen)

Cash and deposits 11,003	Interest-bearing debt 16,501
Inventories 6,651	Other liability 5,408
Goodwill 7,418	Net assets 9,589
Customer-related assets 893	
Other assets 4,136	

- 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.

- 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

- 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 is 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)

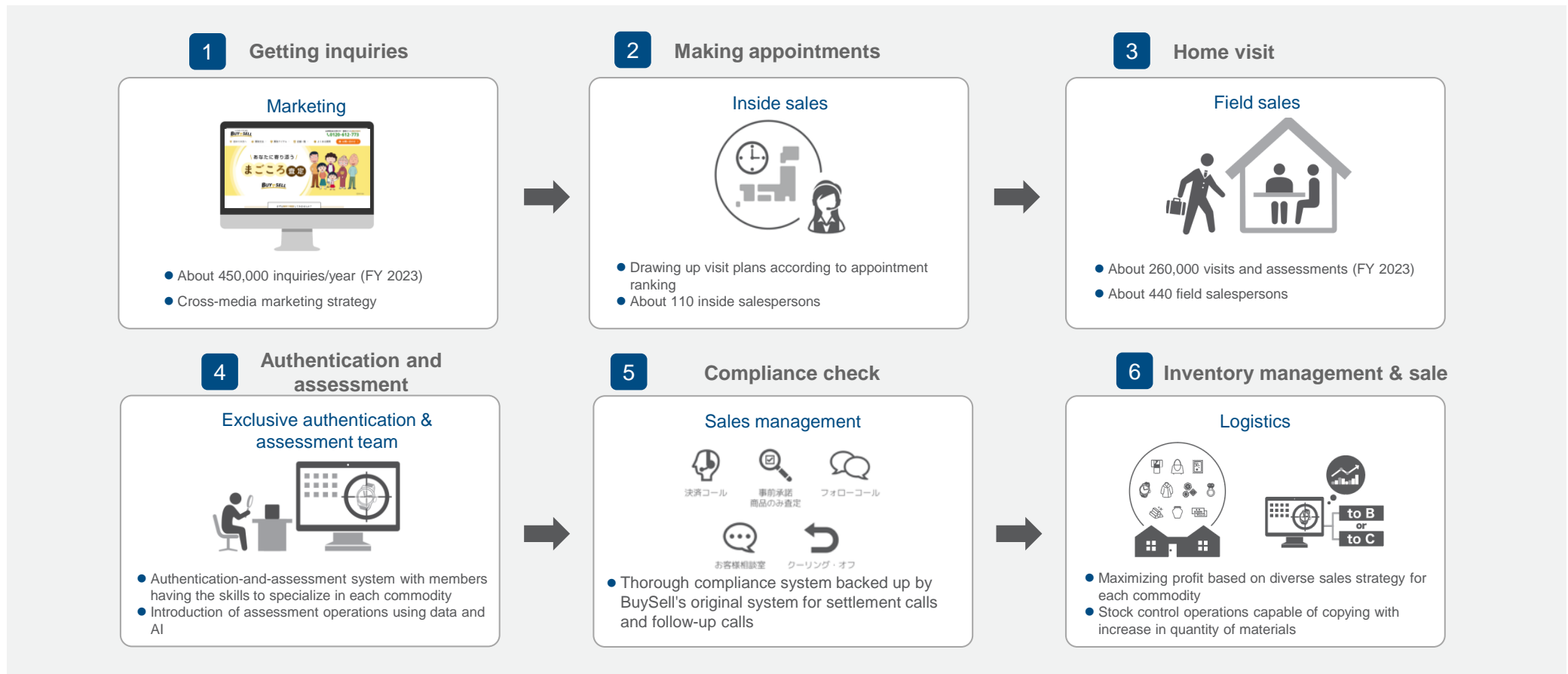
Stock price rise	<ul style="list-style-type: none">• Aiming for medium to long-term share price increases through continuous increase in EPS
Dividends	<ul style="list-style-type: none">• From the perspective of being able to pay stable and continuous dividends, the policy is to pay dividends with a consolidated 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**

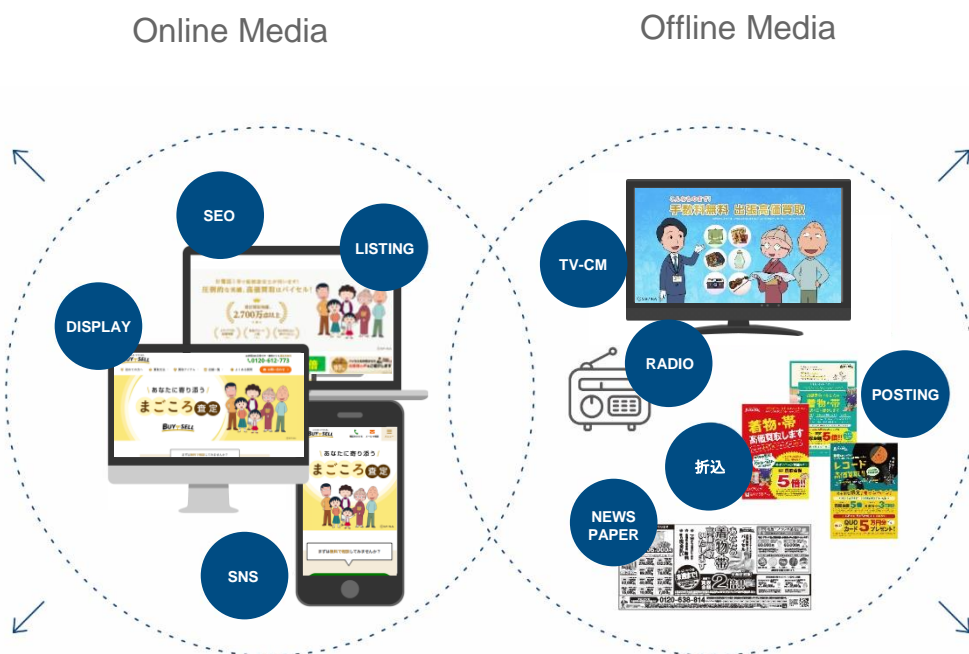
Outline of at-home pick-up business model

- 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.



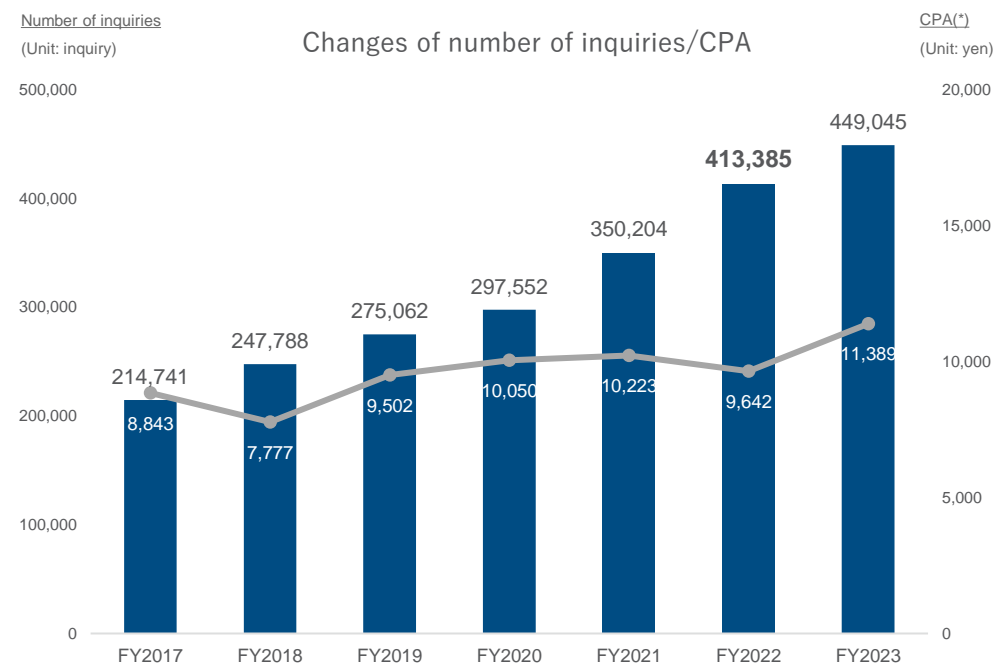
Marketing: Ability to attract customers by using cross-media marketing

- 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.



© S.P / N.A

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

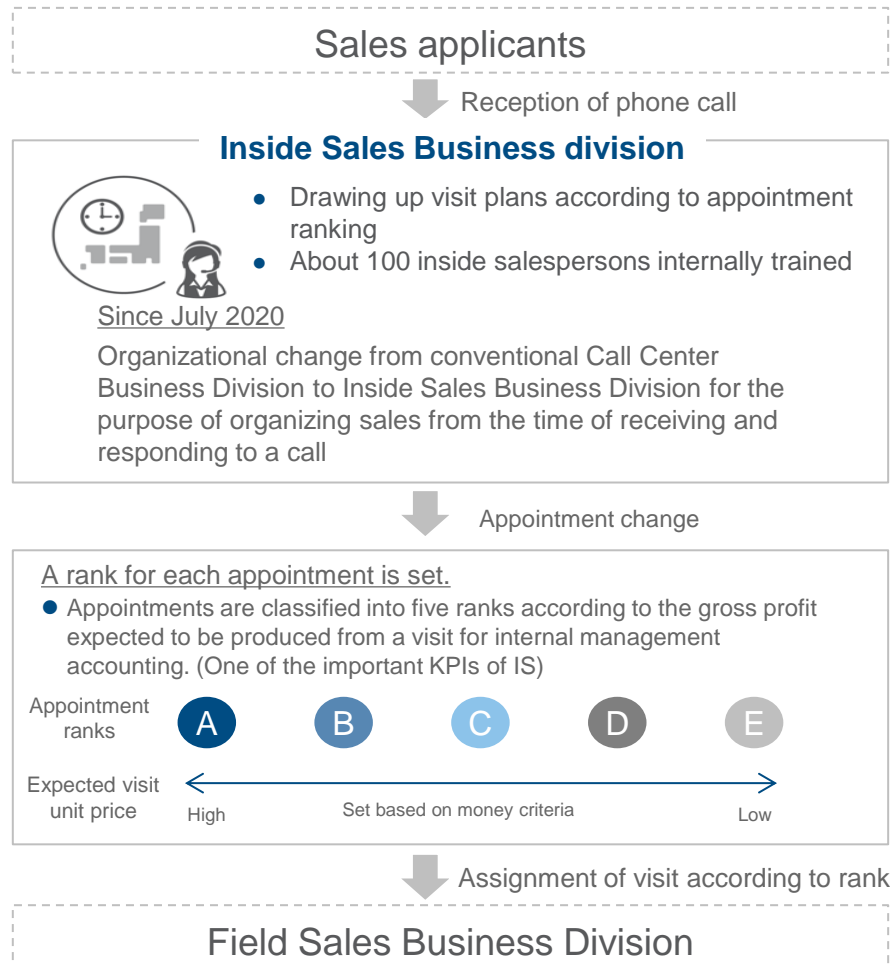


- Inquiries steadily increasing while realizing efficient CPA

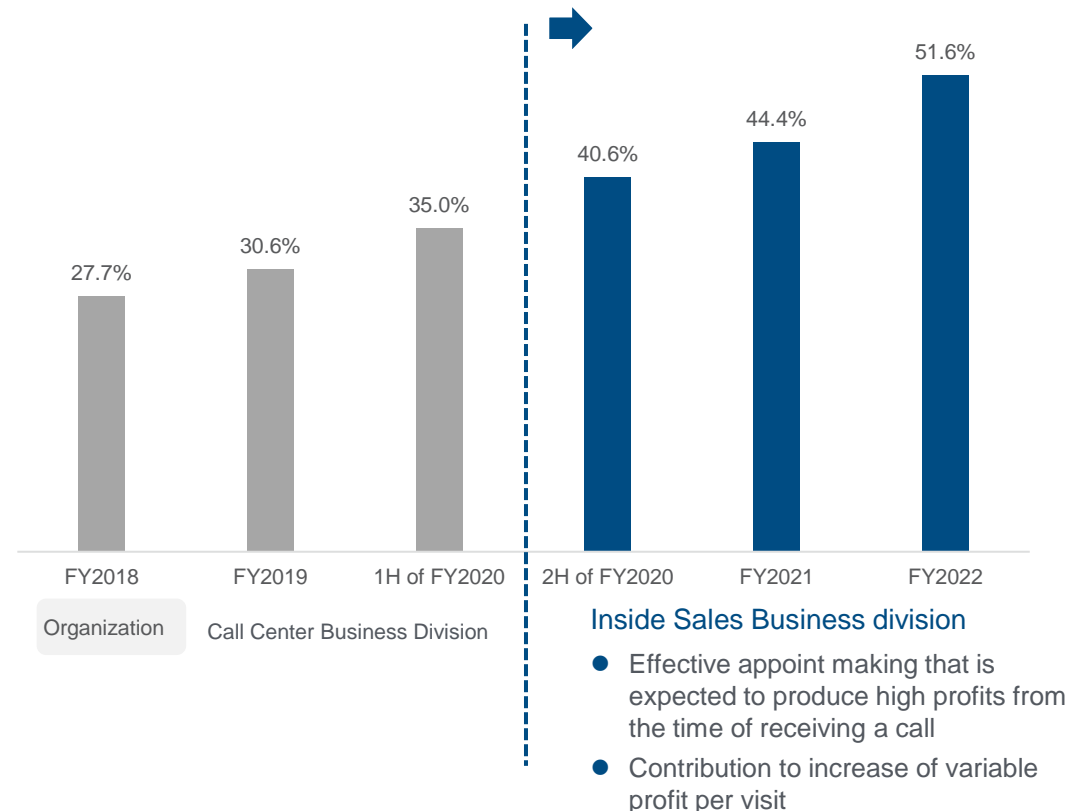
(*) Advertising expenses per inquiry into the visit service

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 (*)



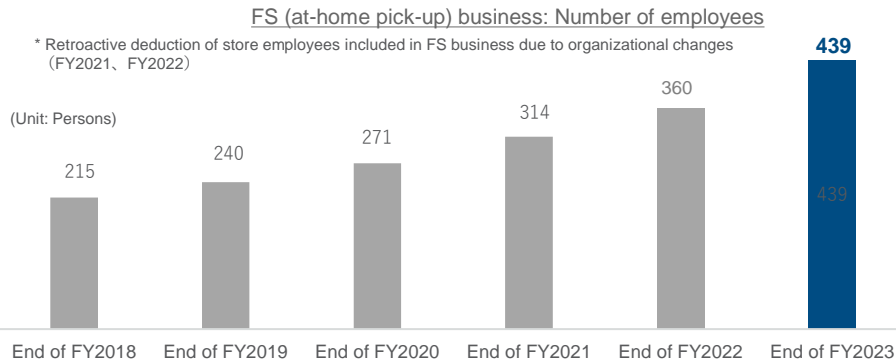
(*) Rate of total number of appointments for visit ranked A, B, or C

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

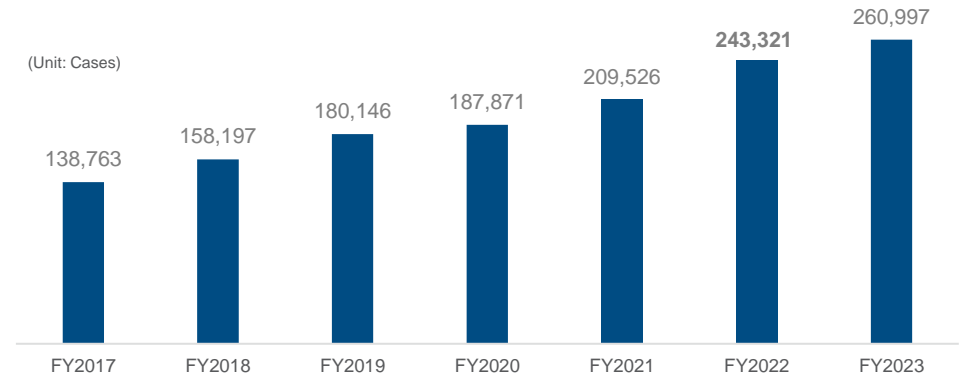
- The number of FS personnel is on a steady rise as the business scale increases backed up by the power of employment.
- While we have been increasing our workforce since 2017 by strengthening the hiring of new graduates, we intend to strengthen mid-career hiring in order to increase our workforce with flexibility from 2024 onward.



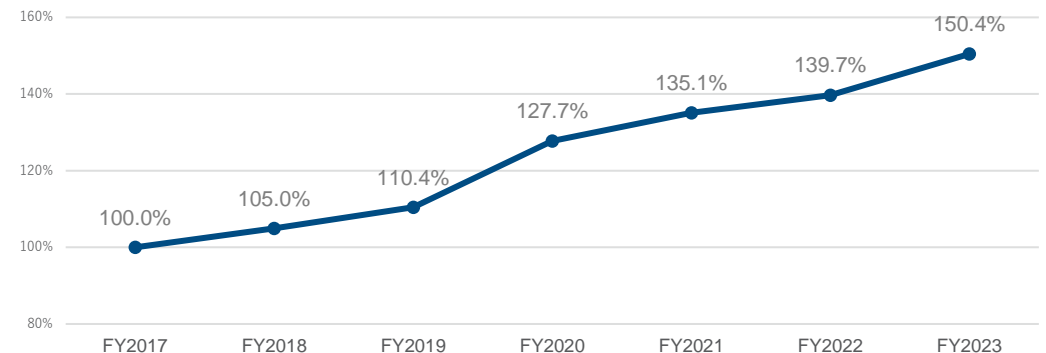
Education

- 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



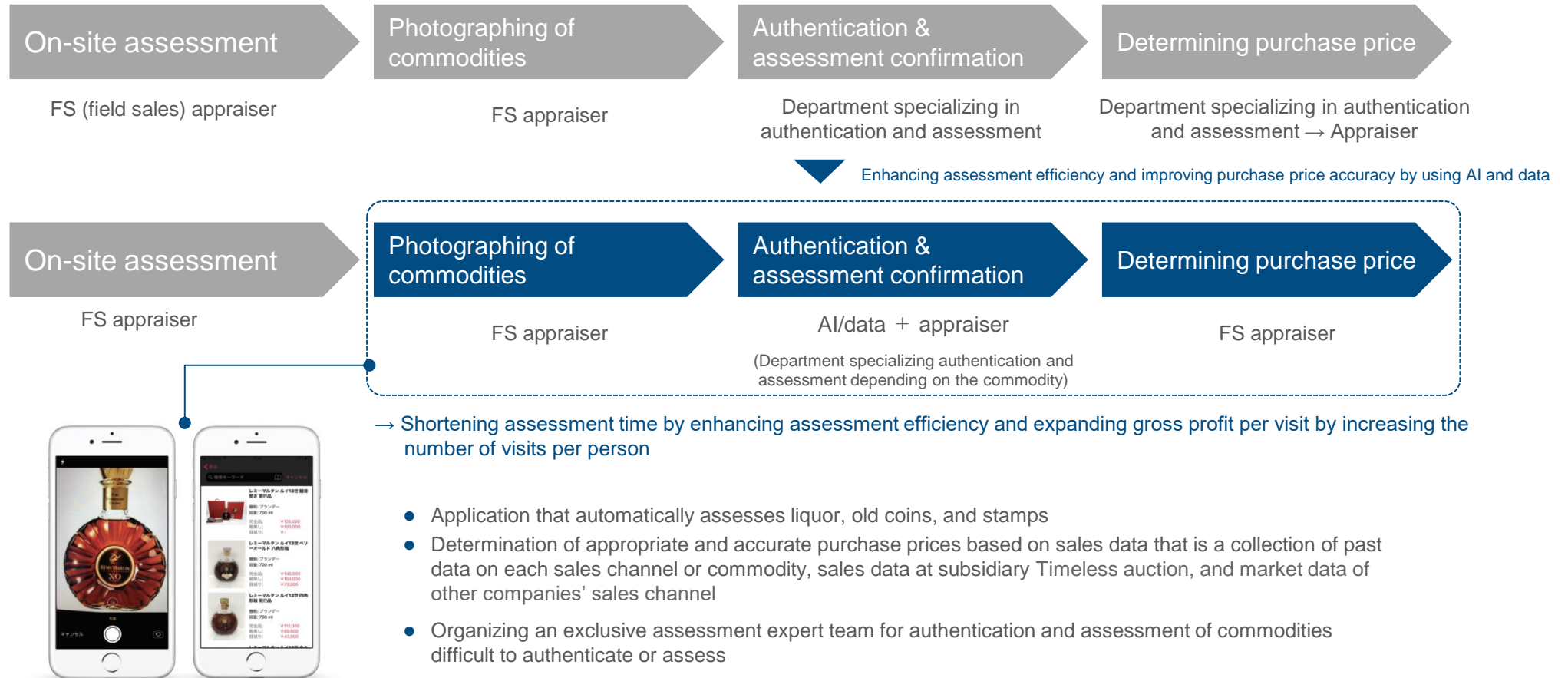
FS business_Gross profit unit price (*) growth rate per visit (base year: FY 2017)



(*) 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.

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.



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



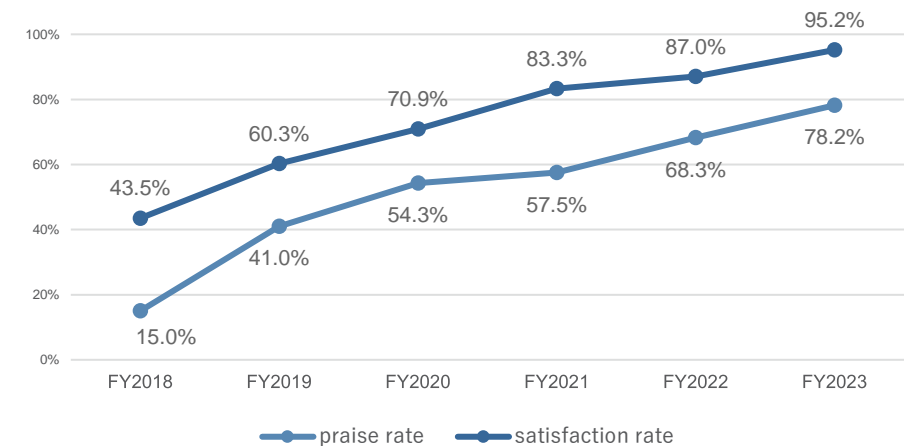
- Thorough cooling-off response in compliance with laws and ordinances

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)



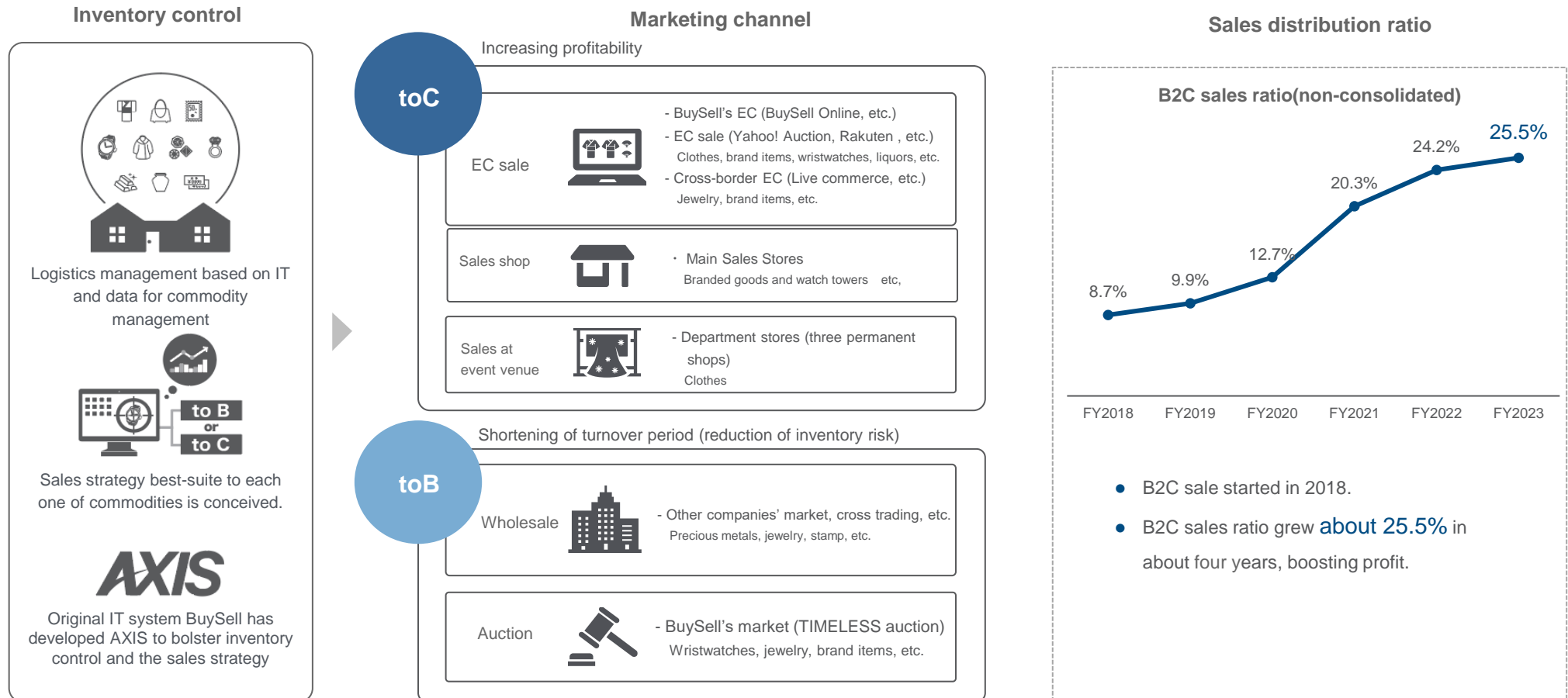
Source: Created by us based on the results of a questionnaire conducted during follow-up calls

*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.



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