

FY 2024 Q3 Settlement Report

November 14, 2024

BuySell Technologies Co., Ltd.

TSE Growth Market : 7685

BUYSELL
TECHNOLOGIES

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Executive Summary

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

FY2024 Q 3 Results (Consolidated)

Significant increase in sales and profit margin due to organic growth and new consolidations

	FY2023 Q3 Cumulative total		FY2024 Q3 Cumulative total	YoY	
Sales	29,816 mil. yen		44,190 mil. yen	+14,374	+48.2%
Operating income	1,549 mil. yen		3,711 mil. yen	+2,162	+139.6%
OPM%	5.2%		8.4%	+3.2pt	-
Adjusted EBITDA	2,419 mil. yen		4,912 mil. yen	+2,492	+103.0%
Net income	706 mil. yen		1,764 mil. yen	+1,057	+149.7%

FY2024 Full Year Forecast/Others

Operating income in cumulative Q3 exceeded the internal plan, mainly due to strong purchases. The company will maintain its full-year plan for strategic inventory carry for the next fiscal year but expects profits to be “in line with or slightly above” the plan.

- Operating income trending higher than the August revised forecast due to higher gross profit per visit in the home visit purchasing business, progress in the strong group store business, and improved cost efficiency.
- P/L of new M&A company Rext HD will be consolidated from FY2025 and is not included in the forecast for the current period.

Forecast for next FY2025

FY2025 consolidated operating income growth rate is expected to be more than +30% compared to FY2024.

- Continuous unit price improvement due to sales enablement effects, etc., drove the growth of the home visit purchase business. The Group's store purchasing business is also expected to see strong organic purchases and sales due to steady new store openings, higher unit prices through sales enablement, and measures to attract customers in cooperation with the Group. In addition to this, the implementation of strategic inventory carry in Q4 of the current fiscal year will further accelerate the profit growth rate.
- Plan to start P/L consolidation of Rext HD (Fuku-chan) from FY2025. Although the amount of goodwill is under scrutiny, it is expected to contribute to consolidated earnings with impact even after the amortization of goodwill.

Rext HD's M&A Progress

Rext HDGrp, which operates “Fuku-chan,” a major home visit purchase business company, officially joins our group

- Closing is completed and the company will become a wholly owned subsidiary in Oct. P/L consolidation will start from FY2025, the next fiscal year.
- PMI is being implemented to promote group management. Steady progress toward creating synergies in the next fiscal year and beyond.
- Rext HD's FY2024 performance has been favorable, and we expect solid growth in the next fiscal year.

Stock splits

- Resolved to conduct a 1-for-2 stock split (effective January 1, 2025) to increase the liquidity of the Company's stock and expand its shareholder base.

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Results of Q3 FY 2024

Consolidated Statements of Income for the Q3 ended December 31, 2024

- Measures to improve unit price and strategic acquisition of repeat customers were successful in both the home visit purchase business and the Group's store purchasing business. In addition, the company curbed cost increases by streamlining SG&A expenses, resulting in an operating income of 3.711 billion yen (2.4xYoY) and an operating margin of 8.4%.
- P/L consolidation of NISSO and MUSUBI started in Q1 and Q2, respectively. In particular, MUSUBI's profit contribution exceeded initial expectations, contributing to the growth of overall consolidated performance.

consolidated financial results (Unit: Million yen)	FY2023 Q3 9 months	FY2024 Q3 9 months	YoY	YoY%	(Reference) FY2024 Forecast	% of progress
Sales	29,816	44,190	+14,374	+48.2%	61,850	71.4%
Gross profit	17,325	23,496	+6,170	+35.6%	32,651	72.0%
Gross profit margin	58.1%	53.2%	-4.9pt	—	52.8%	—
Selling, general and administrative expenses	15,776	19,785	+4,008	+25.4%	27,971	70.7%
(Breakdown) Advertising expenses	4,781	5,595	+814	+17.0%	7,855	71.2%
(Breakdown) Personnel expenses*	5,807	7,546	+1,738	+29.9%	10,621	71.0%
Operating income	1,549	3,711	+2,162	+139.6%	4,680	79.3%
Sales to operating income ratio	5.2%	8.4%	+3.2pt	—	7.6%	—
Adjusted EBITDA	2,419	4,912	+2,492	+103.0%	6,332	77.6%
Adjusted EBITDA margin	8.1%	11.1%	+3.0pt	—	10.2%	—
Ordinary income	1,522	3,280	+1,758	+115.5%	4,140	79.2%
Ordinary income ratio	5.1%	7.4%	+2.3pt	—	6.7%	—
Net income attributable to owners of the parent	706	1,764	+1,057	+149.7%	2,240	78.8%

Gross profit margin

- YoY change was lower due to mix change from newly consolidated store subsidiaries.
- BST's non-consolidated gross margin remained high at 64.7% for the cumulative Q3 period.

Advertisement

- increase due to subsidiaries: approx. 550 million yen

Personnel expenses

- BST of approx. 1 billion yen due to an increase in new graduates, etc.
- increase of approx. 700 million yen due to subsidiaries including newly consolidated subsidiaries

Advertisement

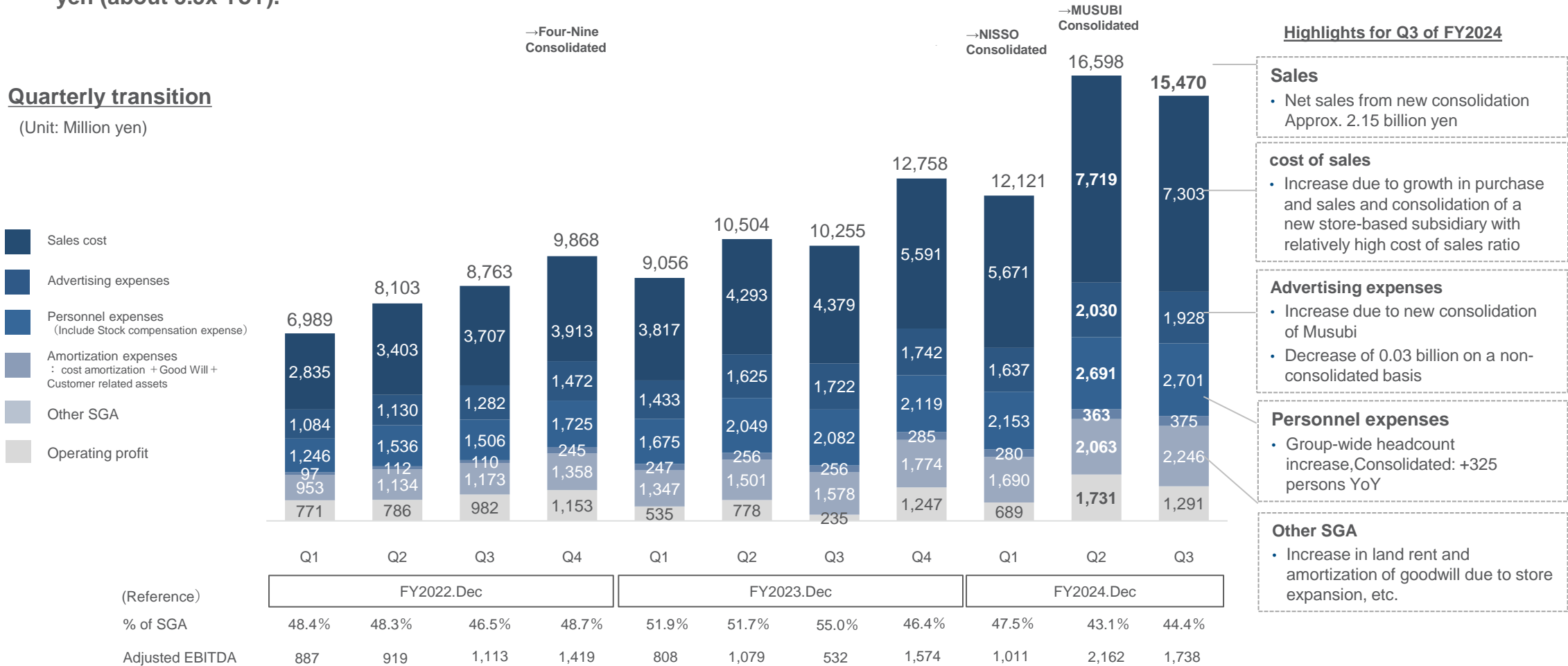
- Commissions paid in connection with the borrowing of funds for M&A of Rext HD, etc.

Quarterly transition(Consolidated)

- The recovery of the home visit purchase business, expansion of the Group's store purchasing business, and the contribution of new consolidations resulted in a significant increase in quarterly sales to 15,470 million yen (+50.9% YoY) and operating profit to 1,291 million yen (about 5.5x YoY).

Quarterly transition

(Unit: Million yen)



Highlights for Q3 of FY2024

- Sales**
 - Net sales from new consolidation Approx. 2.15 billion yen
- cost of sales**
 - Increase due to growth in purchase and sales and consolidation of a new store-based subsidiary with relatively high cost of sales ratio
- Advertising expenses**
 - Increase due to new consolidation of Musubi
 - Decrease of 0.03 billion on a non-consolidated basis
- Personnel expenses**
 - Group-wide headcount increase, Consolidated: +325 persons YoY
- Other SGA**
 - Increase in land rent and amortization of goodwill due to store expansion, etc.

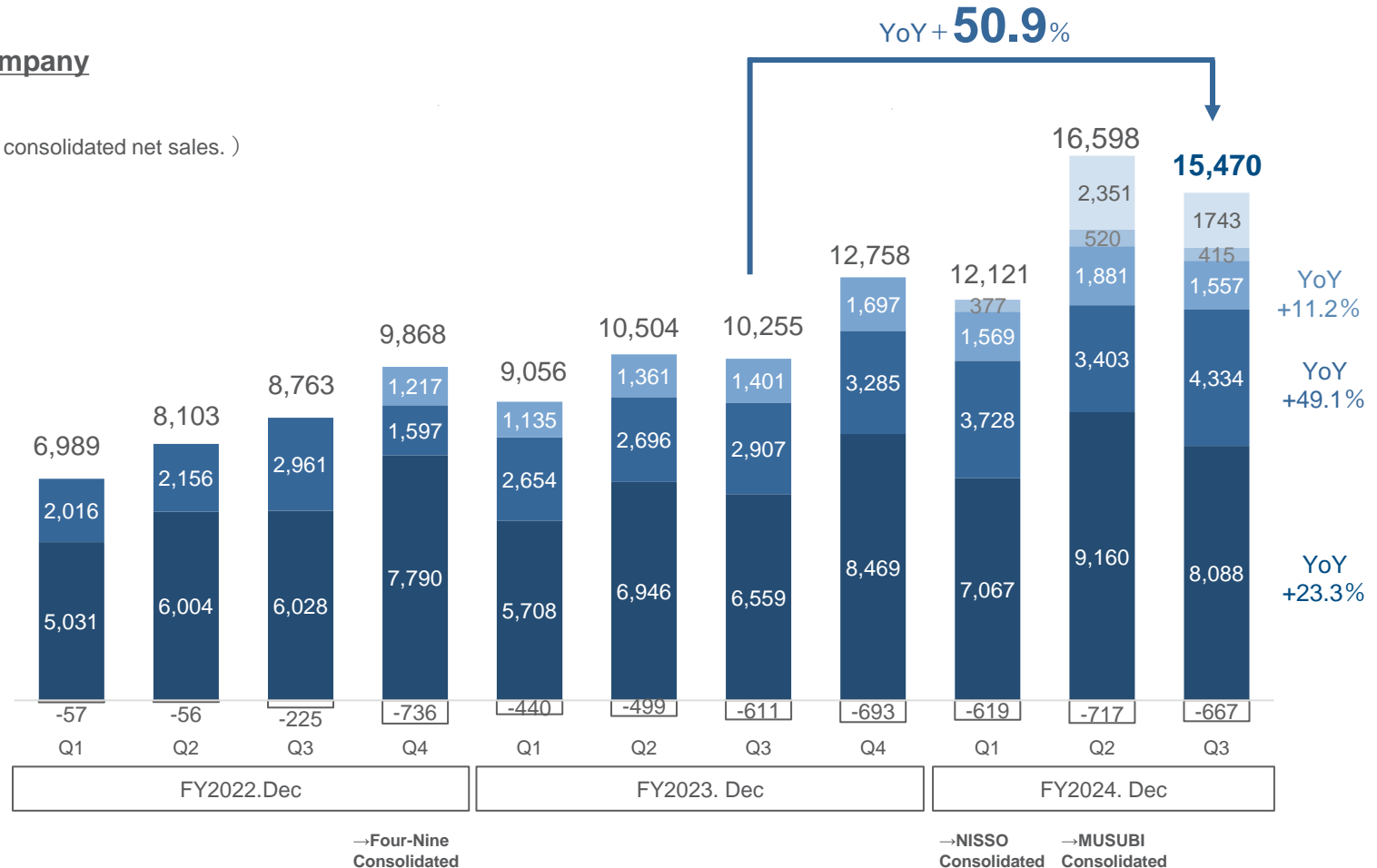
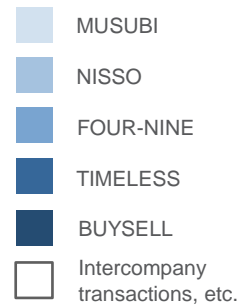
Sales by Group Company

- Q3 sales continued to grow at a high rate of +50.9% YoY, thanks to solid sales at Vicel on a stand-alone basis, progress in inventory sales at Timeless, which had carried over inventory from Q2, and new consolidation contributions from Musubi.

Quarterly Sales by Company

(Unit: Million yen)

(Figures outside the graph are consolidated net sales.)



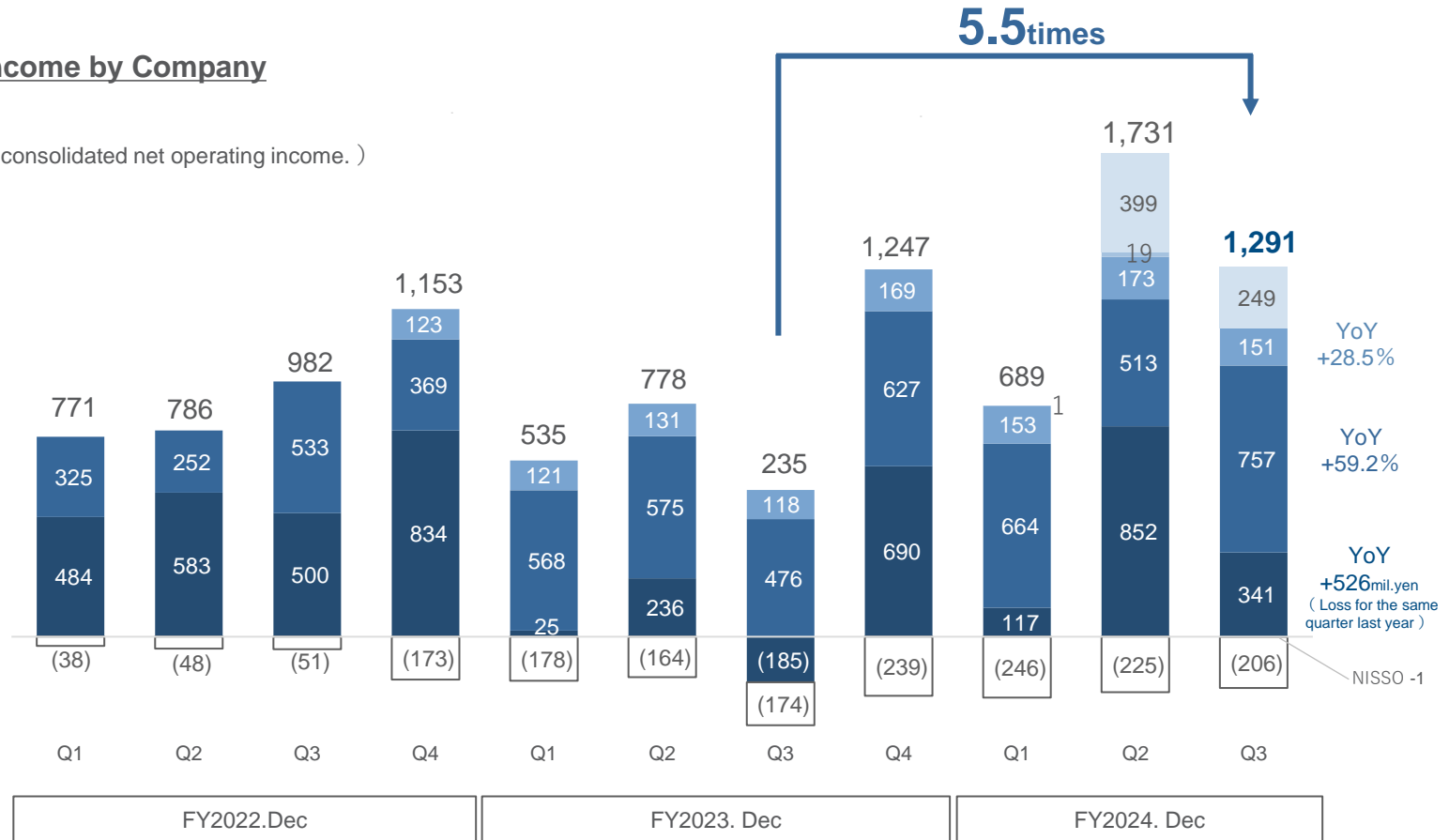
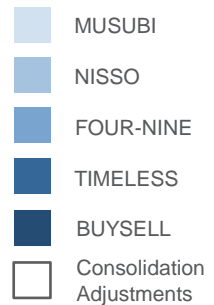
Operating Income by Group Companies

- BuySell, which was in the red in Q3 of the previous year, returned to profitability on a stand-alone basis. Timeless posted record quarterly operating income due to steady sales of inventory that had been deferred to Q2. Musubi posted higher-than-expected operating income in Q3, despite the absence of one-time factors in Q2.
- Although consolidated operating income declined in QoQ, each company performed well considering that Q3 is an off-season period, and consolidated operating income exceeded the forecast.

Quarterly Operating Income by Company

(Unit: Million yen)

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



Q3 of FY2024 Balance Sheet

- Inventories increased both YoY and QoQ due to the purchase of inventory, mainly at BuySell stand-alone and Musubi, while selling the inventory of Timeless, which had been strategically carried over in Q2. Composition of inventory with low market volatility risk while maintaining an appropriate level of inventory turnover period.
- Cash and deposits increased due to bank borrowing of 10 billion yen to fund M&A of Rext HD. 8.2 billion yen cash outflow in October of Q4 due to M&A execution.

(Unit: Million yen)

			FY2023		FY2024			
			Q2	Q4	Q1	Q2	Q3	Vs Q4,FY23
Assets	Current assets	Cash and deposits	8,232	7,756	7,078	11,003	20,011	+12,255
		Inventories (turnover period)	2,854 (62.7days)	4,543 (75.5days)	5,394 (81.5days)	6,651 (75.2days)	6,812 (74.1days)	+2,269 (-1.4days)
		Other	790	1,117	1,649	1,396	1,506	+389
	Fixed asset	Goodwill	3,576	3,599	7,573	7,418	7,263	+3,664
		Customer related assets	1,168	1,031	962	893	825	-206
		Other	2,664	3,273	3,874	4,136	4,254	+981
	Total assets		19,287	21,320	26,531	31,499	40,674	+19,353
Liability	Interest-bearing debt		6,362	8,068	13,790	16,501	25,670	+17,601
	Other		4,177	4,642	4,156	5,408	4,817	+175
Total net assets	Capital (incl. capital surplus)		3,388	3,388	3,409	3,448	3,451	+62
	Retained earnings		5,220	6,038	5,974	6,891	7,445	+1,407
	Other		139	-816	-799	-750	-710	+105
Total liabilities and Net assets			19,287	21,320	26,531	31,499	40,674	+19,353

Major balance sheet changes

Cash and deposits

10.0 billion yen borrowed for M&A of Rext HD(Cash outflow was 8.2 billion yen in October of Q4)

Inventories

- Increase of approx. 1.16 billion yen in BuySell and TIMELESS from the end of the previous period. Newly consolidated Musubi increased approx. 470 million yen.
- Inventory turnover period shortened slightly in Q3 due to sales of timeless inventory.

Goodwill

- Goodwill of Musubi Corp. was recorded in Q1 of this fiscal year (approx. 4.1 billion yen, amortized over 17 years).
- Rext HD goodwill to be finalized and recorded in Q4

Interest-bearing debt

- Increase due to borrowing of funds for M&A of Musubi Corp.
- Increase due to borrowing of funds for M&A of - Musubi and Rext HD, etc.

03

**Changes in Major KPIs
Q3 of FY 2024**

Changes in KPIs (Home visit purchase business Non-consolidated)

- The number of visits in Q3 exceeded the previous year with a YoY increase of 4.6%, thanks to the success of the revisit (repeat) strategy that has been strategically strengthened from this term.
- Due to the increase in revisits and sales enablement results exceeding expectations, the gross profit per unit has risen, and the gross profit per visit is at a level exceeding the full-year plan. Although the advertising expenses per visit landed slightly higher than the full-year plan due to seasonality and ongoing competition, they have become more efficient with a YoY decrease of 2.0%, resulting in a YoY increase of 13.0% in variable profit per visit.

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	Q3 (9 months)	Full-year Plan	
Number of visits (cases)	180,146	187,871	209,526	243,321	260,997	203,574	284,800	71.5%
Variable profit per visit (yen)	32,178	35,526	40,238	45,560	44,214	46,209	47,200	-2.1%
- Gross profit per visit (yen)	46,687	51,443	57,324	62,161	63,843	66,040	65,600	+0.7%
- Advertising expenses per visit (yen)	14,509	15,917	17,086	16,602	19,628	19,831	18,400	+7.8%

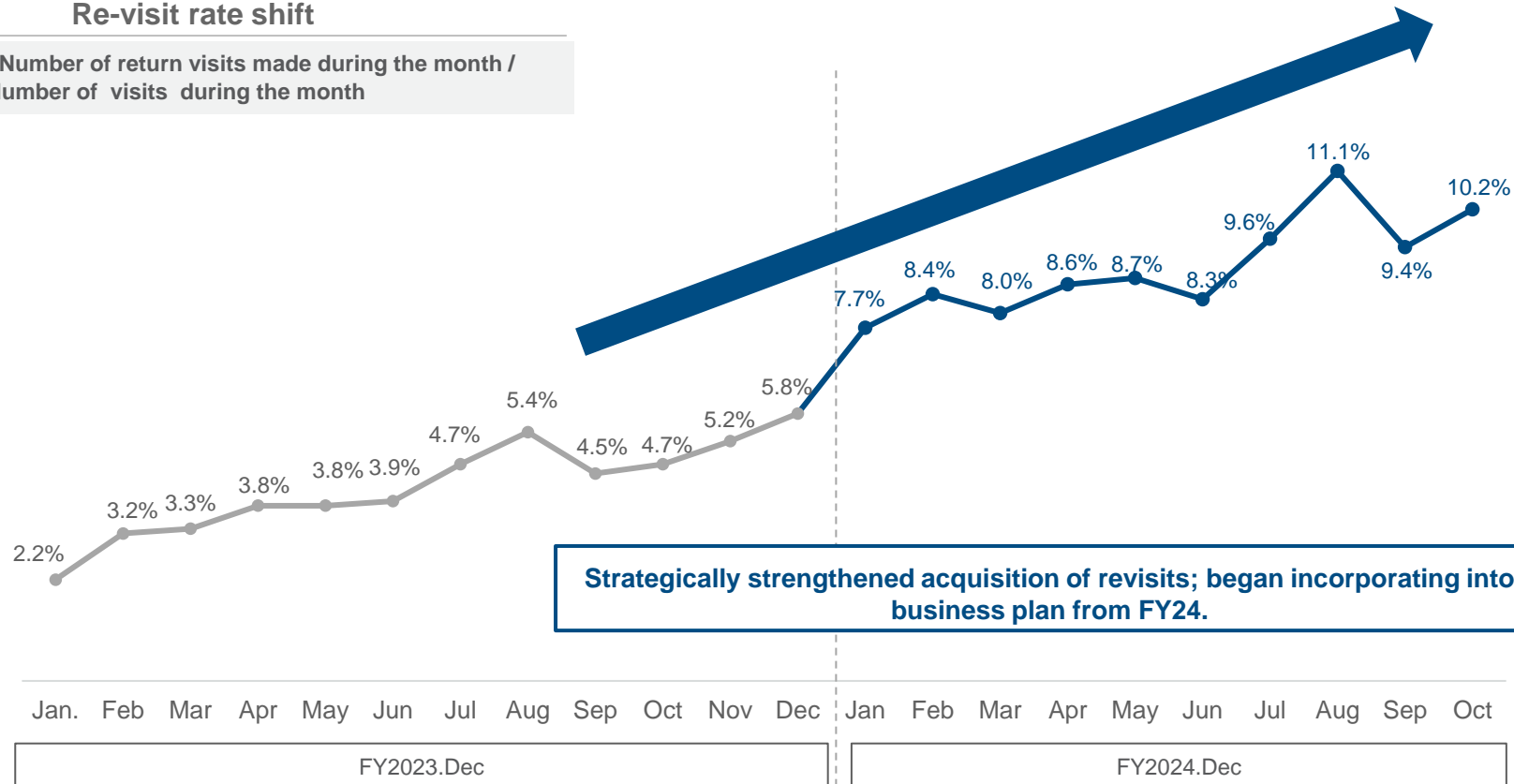
Changes in KPIs (Comparison of quarter accounting period)	FY2022				FY2023				FY2024			YoY vs.Q3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Number of visits (cases)	49,174	60,929	64,859	68,359	57,724	63,570	63,652	76,051	62,744	74,271	66,559	+4.6%
Variable profit per visit (yen)	47,179	46,133	40,830	48,371	40,757	46,644	40,288	47,493	41,998	50,511	45,508	+13.0%
- 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	66,176	+7.8%
- 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	20,669	-2.0%

Home Visit Purchase Business KPI Trends - Revisit Rate

- The revisit ratio has steadily increased due to the strengthening of revisit acquisitions initiated since last summer. In particular, the revisit ratio for the current fiscal year, which was strategically incorporated into the business plan, was **approximately double that of the previous year.**
- Since customers have already used and been satisfied with our services, they tend to purchase more merchandise that was not requested for valuation the first time, **and the unit cost of a return visit is higher than the unit cost of a new visit.**

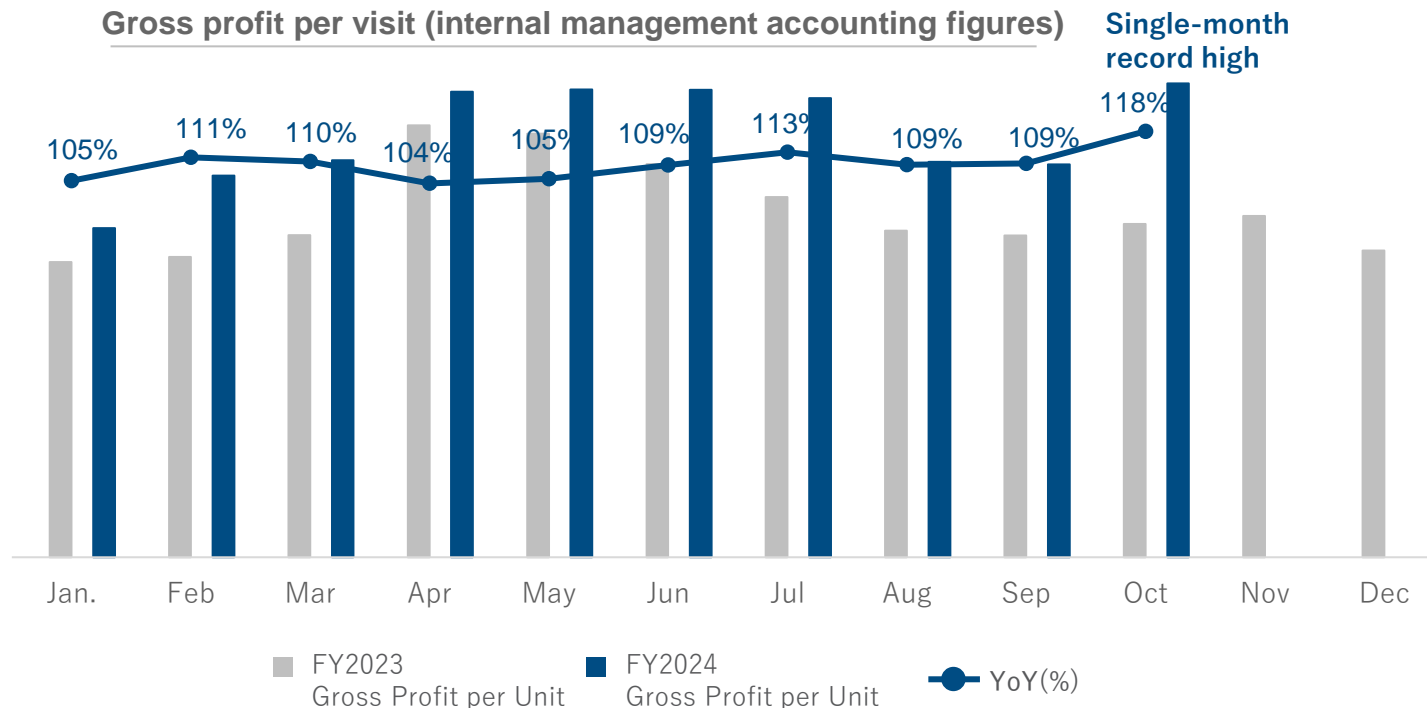
Re-visit rate shift

* Re-visit rate = Number of return visits made during the month / Number of visits during the month



(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 the increase in the unit price.
- In the second half of each year, the average unit price tends to decline as new graduates start working in earnest, but **the unit price of gross profit from new graduates remained higher than the previous year due to their early entry into the workforce, contributing to the overall increase in the unit price of gross profit.**
- **Gross profit per visit reached a record high in October and is expected to exceed it in November.**



Trends in Gross Profit Per Unit

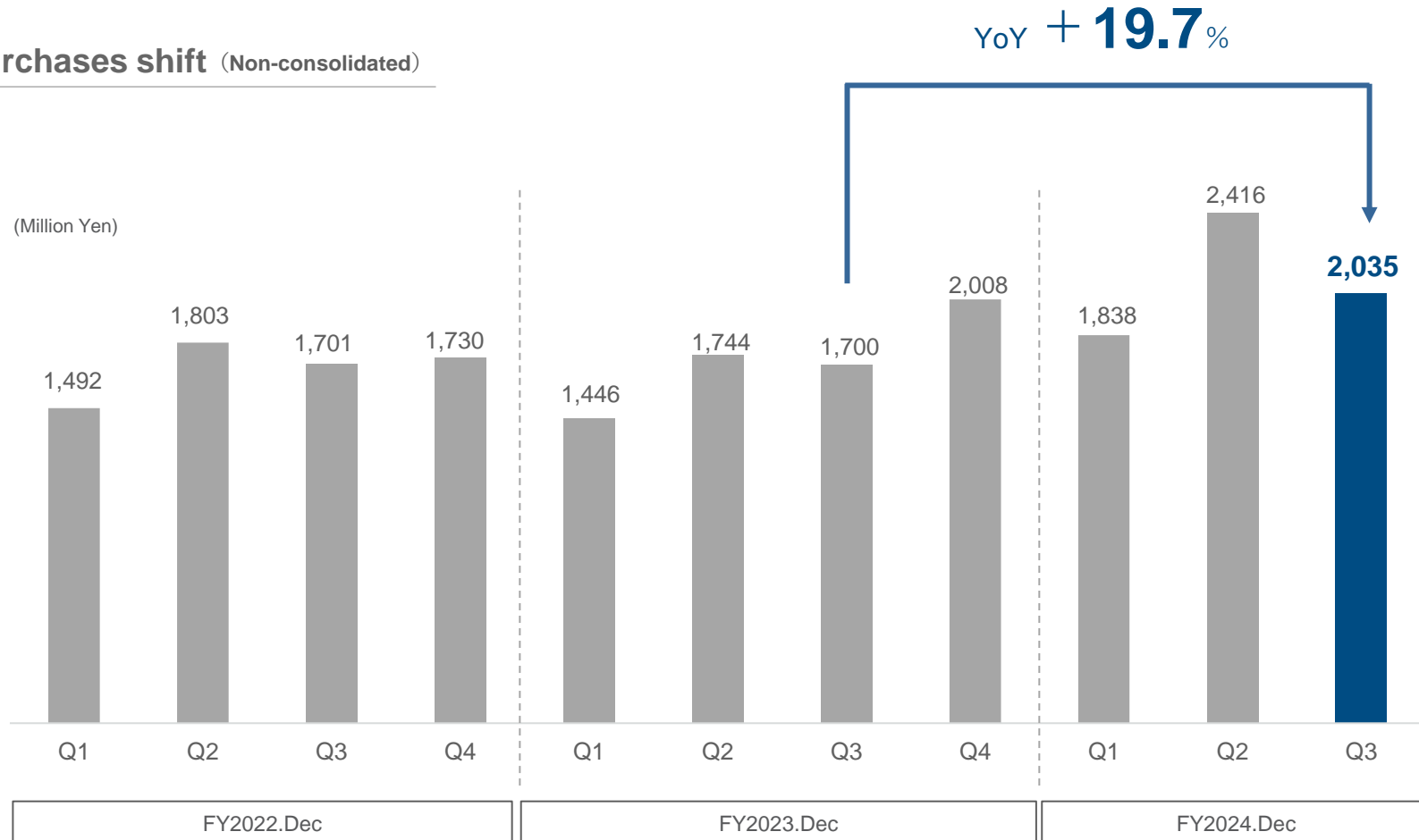
- (FY2023) The average unit price in the second half declined compared to the first half due to the full-scale operation of new graduates in the second half, who are still in the process of becoming competitive. Same trend as in previous years.
- (FY2024) Enablement performed better than expected, and the average unit price rose due to the early entry into the workforce of new graduates.
- The average unit price in October reached a record high due to an improvement in the unit price of new graduates in addition to an improvement in the unit price of existing assessors.

(*) 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.**

Home visit purchase business KPI Trends - purchase volume

- Purchase volume in the home visit purchase business in Q3 was solid at +19.7% YoY, as higher unit price per visit contributed to the increase in purchase volume.

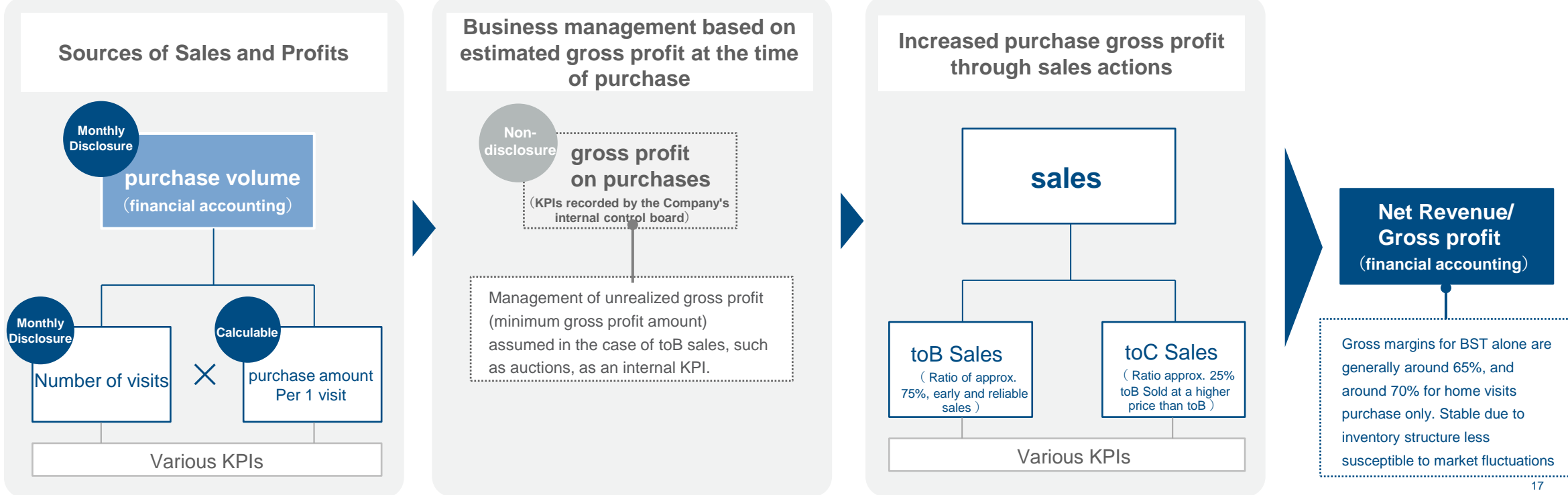
Amount of purchases shift (Non-consolidated)



(Reference) Supplementary Explanation of KPI in Monthly Information

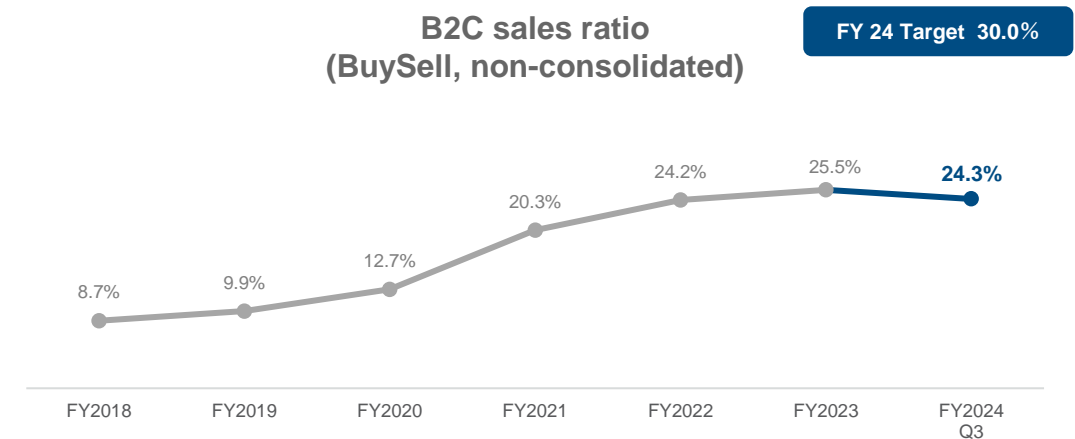
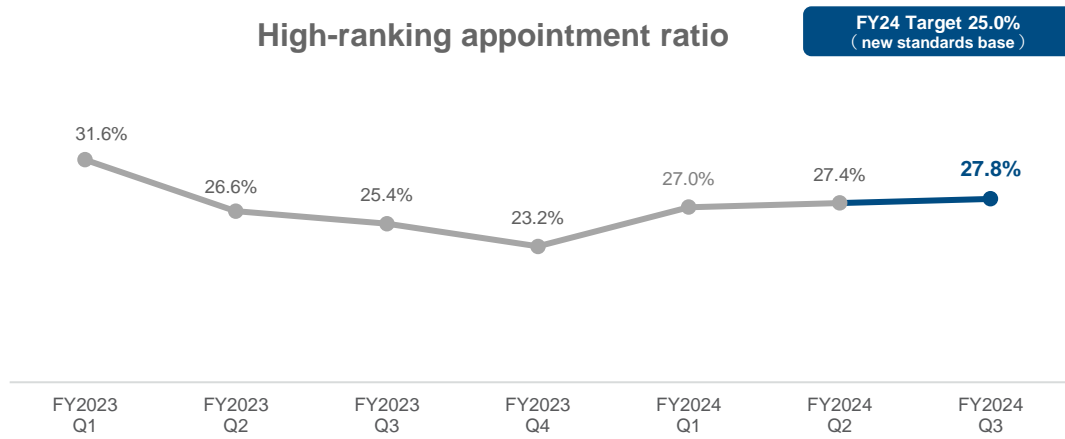
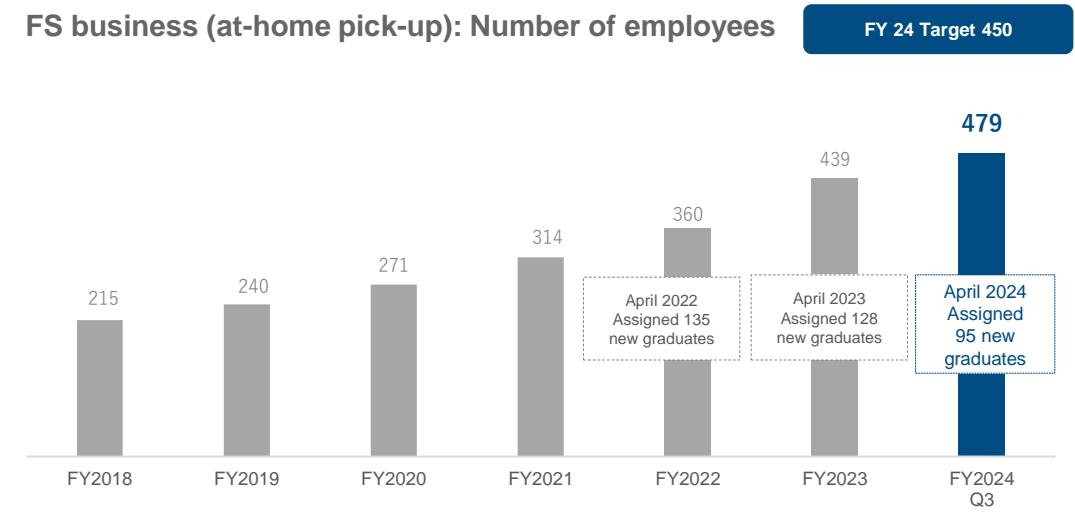
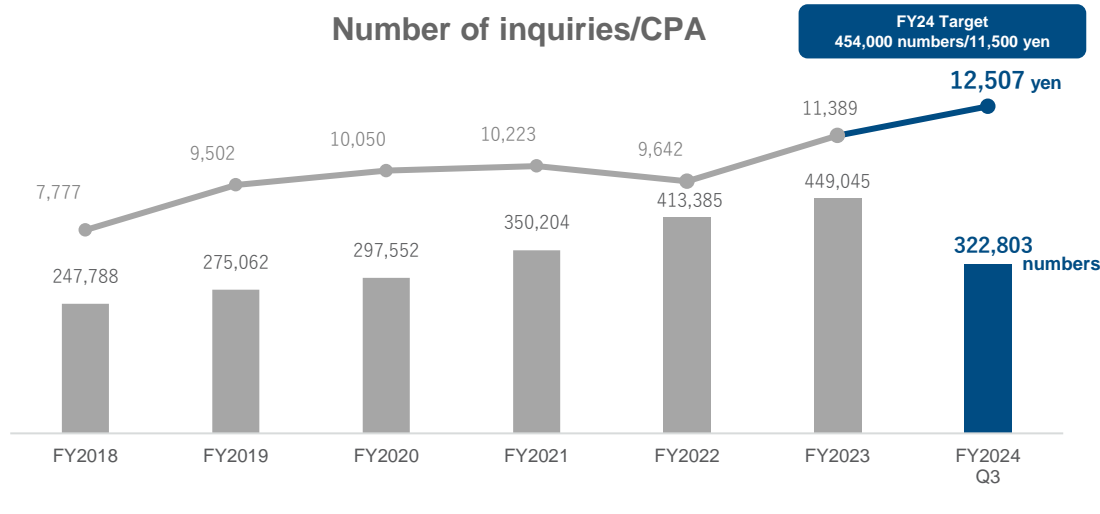
- The reason for disclosing “purchase volume” as a major KPI within the monthly Information is to disclose monthly business progress based on purchase results. Because our purchased merchandise is less susceptible to market fluctuations and has a stable gross margin, we believe that the disclosure of “Purchases” will help us determine a certain degree of monthly business progress momentum.
- On the other hand, “purchase volume” is part of the components of net sales and gross profit, and the final results will fluctuate depending on other KPIs (such as gross profit per visit and toC sales ratio) and inventory sales strategies.
- As Other supplementary information includes the monthly progress of “number of visits” and “number of stores” disclosed by business segment.

Average inventory turnover: approx. 60 days (BuySell stand-alone)



Reference) Changes in other KPIs (BuySell, non-consolidated) of home visit purchase service

Other important KPIs



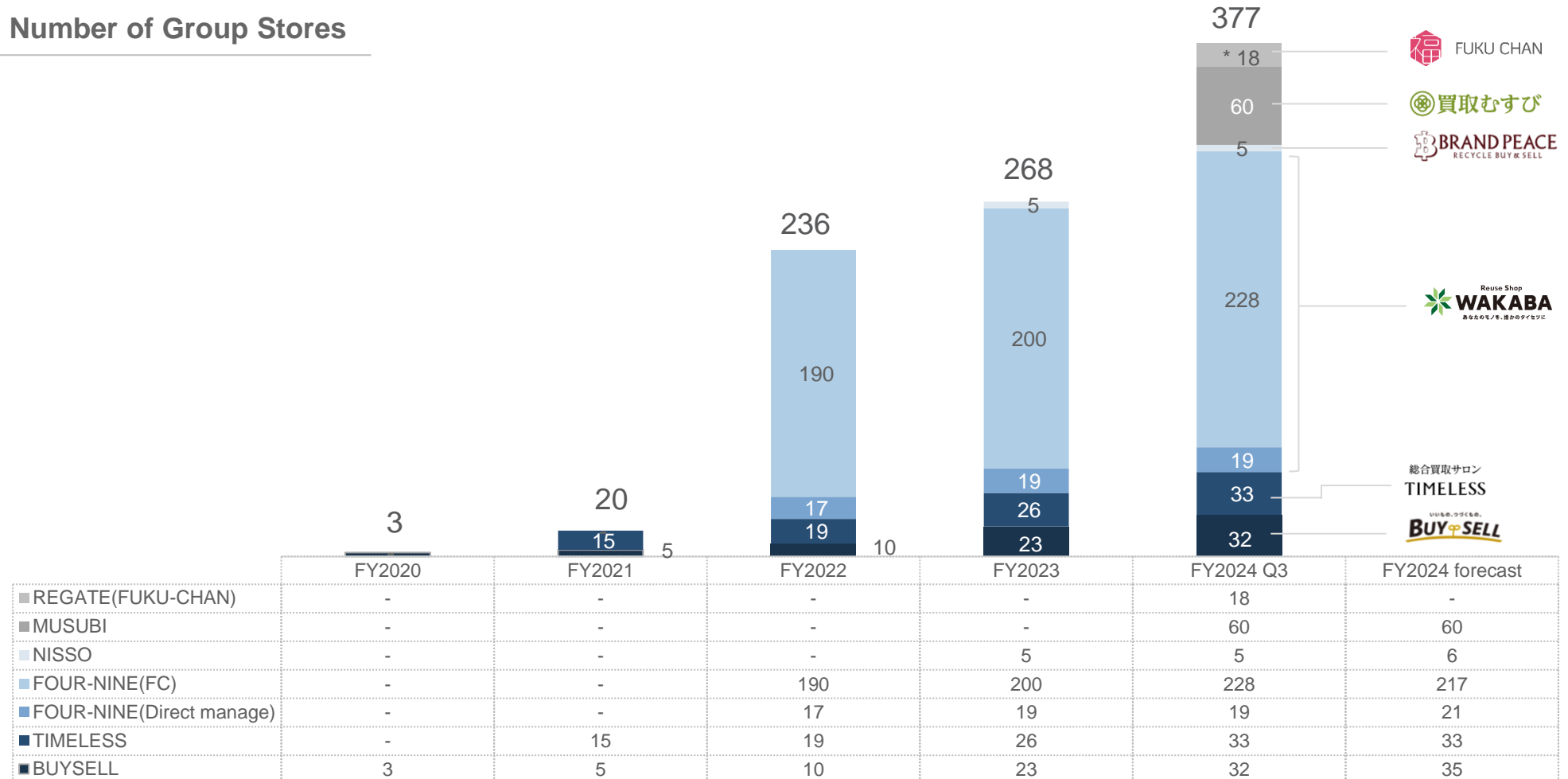
*1 CPA: Advertising expenses per inquiry (advertising expenses related to home visits ÷ number of inquiries)

*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

- New store openings in the group store purchasing business progressed as planned for each company.

Number of Group Stores



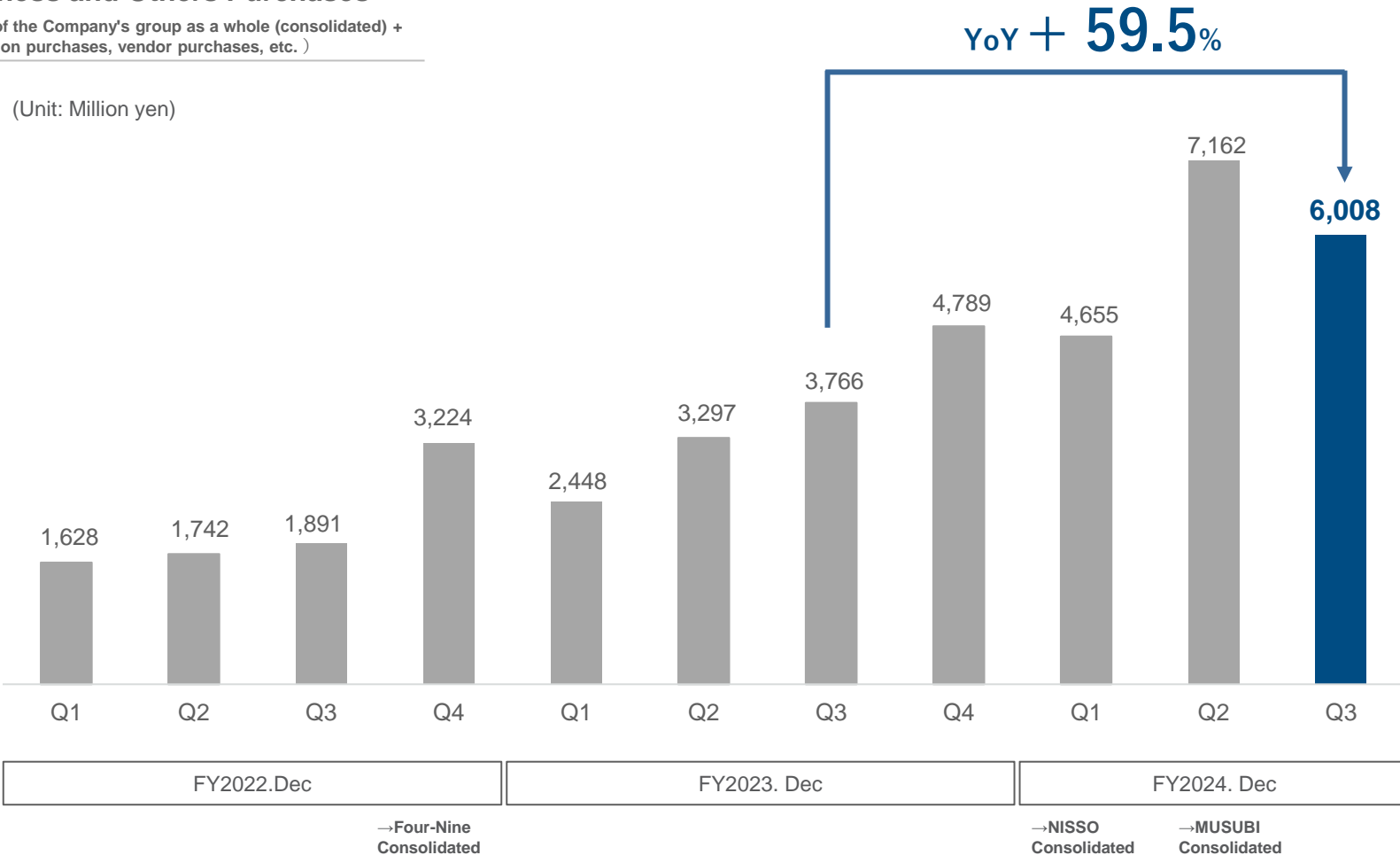
* Reference information as "FUKU CHAN" will be consolidated from January 2025.

Group store purchasing business KPI transition - purchase volume

- Purchases in the group's store purchasing business in Q3 continued to grow at a high rate due to higher unit prices resulting from the acquisition of repeat customers, an increase in new stores, and the effects 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.)



04



Topics

Completed the conversion of Rext Holdings Co.Ltd., into a wholly owned subsidiary.

- As of 10/8, completed the acquisition of Rext HD, a wholly owned subsidiary of REGATE, which owns REGATE, the operator of “Purchase Fuku-chan,” which boasts the No.2 market share in the business of home visit purchase business* in Japan. Initial PMI has started with the aim of realizing full-fledged group synergies from the next fiscal year onward.

* Estimated from the Reuse Market Data Book 2024 and other sources by the Company and Reuse Keizai Shimbun, Inc.

Current Major PMI Actions



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.

- Initial collaboration between the marketing departments of the two companies was initiated. Plans for cost reduction through joint media procurement, etc., as well as improvement of inefficiencies in terms of CPA due to previous competition.



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

- Action is started to sell kimonos and stamps purchased by Fuku-chan through the high-unit price sales channel owned by BuySell. Shipment from Fuku-chan to the BuySell warehouse will start soon.



Improved efficiency through interconnection of logistics networks and logistics

Cost reduction through mutual synergy between warehouse locations of both companies

- Started preparations for cost reduction through common transportation channels.
- Started preparations for cost reduction through the common use of packaging materials.



Strengthening the handling of antiques at BST

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

- Started actions to implement sales of antiques purchased by BuySell through the high-unit price sales channel owned by the Rext HD Group.
- Shared and implementation of the Rext HD Group's know-how on purchasing and selling antiques to BuySell is under consideration.

Introduction of a new human resources system

- Under the leadership of President and CEO Tokushige, the Company initiated a fundamental review of its personnel system, including evaluation and compensation, to support the growth of its key asset, its “human resources(Non-consolidated).
- Through a personnel system that better links employees to the mission of the company and organization, productivity will increase, leading to an increase in earnings that exceeds the human investment.

Bet on Your Growth

~ It starts with the growth of each individual ~

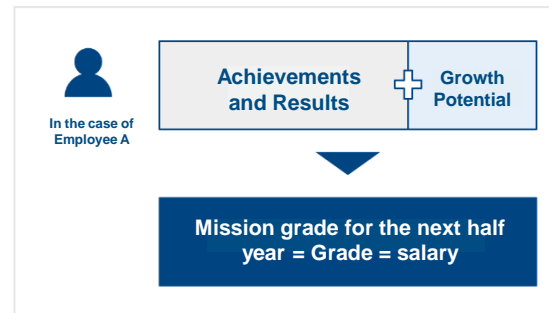
Salary increases

- Raise wages by approximately 10% on average across the company to improve recruiting competitiveness and promote employee success and retention
- Based on the revamped mission grade, the starting salary for Field Sales has been increased from 250,000 yen to 300,000 yen per month* by raising the lower limit of salary and establishing new allowances. The minimum salary for other positions has also been increased.

* Includes job allowance (20,000 yen) and nationwide relocation allowance (30,000 yen)

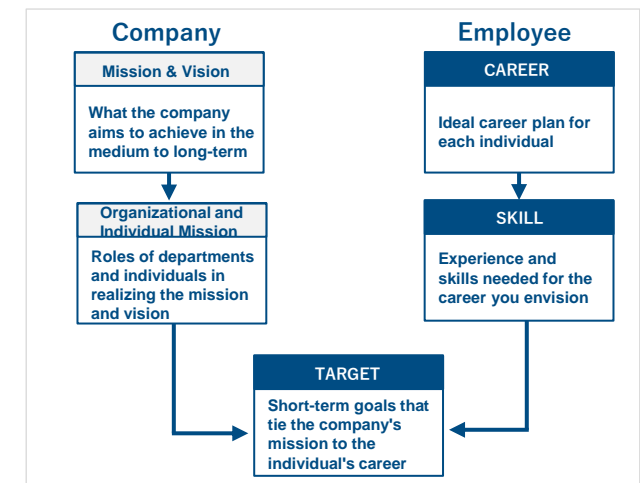
Mission grade renewal

- Clarification of grades according to duties regardless of age, experience, gender, etc.
- Promote employee growth by repeatedly designing grades, evaluating performance, and setting new grades, taking into account not only past results but also growth expectations for the following half year.



Supporting Career Autonomy

- Linking each employee's career to the company's mission and setting short-term goals to achieve each



Established BuySell's first overseas subsidiary in Hainan Island, China.

- BuySell's first overseas subsidiary, will be established in Hainan Island, China, in December 2024, and is scheduled to begin operations in January 2025.
- The main objective is to strengthen new sales channels to sell brand-name products purchased in Japan at high unit prices, with the expectation of various future developments such as purchase.

Overview

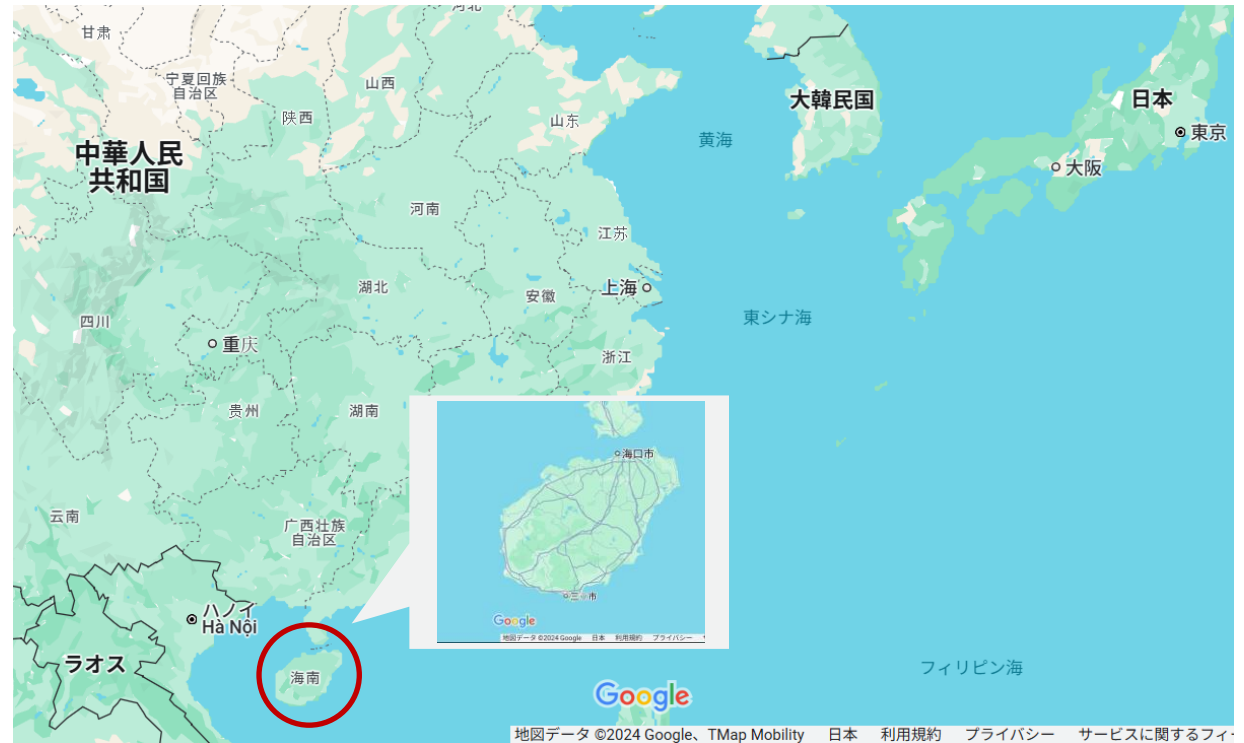
Company Overview

Company name	BuySell CHINA Corporation
Location	People's Republic of China Hainan
Representative	Chairman of the Board Kyohei Iwata
Business	Sales and purchase of used brand goods, etc.
Business Start	Scheduled for January 2025

Reuse market in China and Hainan Island

Population	About 1.4 billion people (120 million in Japan)
Reuse Market Size	Apparent market Approx. 21 trillion yen (Japan: 2.9 trillion yen)
Main Products	Mainly branded bags
Consumer Characteristics	High concern about the authenticity of products (whether or not they are genuine is more important than whether or not they are new)
Market Expectations for Hainan Island	Annual duty-free sales are approximately 870 billion yen, growing over 20% annually Many wealthy tourists and vigorous consumption

Hainan Island Location



05

Forecasts for FY 2024

Forecast of Consolidated Financial Results for the Year Ending December 31, 2024

- Earnings at each stage in the cumulative Q3 progressed slightly better than the company's internal plan. The probability of achieving the full-year consolidated earnings plan is high due to higher gross profit per visit, prompt control of SG&A expenses, and strong performance of the group's store purchasing business.

consolidated financial results (Unit: Million yen)	FY 2023	FY2024 Aug 14 Revised Forecast	YoY	YoY(%)
Sales	42,574	61,850	+19,275	+45.3%
Gross profit	24,493	32,651	+8,157	+33.3%
Gross profit margin	57.5%	52.8%	-4.7pt	—
Selling, general and administrative expenses	21,696	27,971	+6,274	+28.9%
(Breakdown) Advertising expenses	6,524	7,855	+1,331	+20.4%
(Breakdown) Personnel expenses*	7,926	10,621	+2,694	+34.0%
Operating income	2,796	4,680	+1,883	+67.4%
Sales to operating income ratio	6.6%	7.6%	+1.0pt	—
Adjusted EBITDA	3,994	6,332	+2,337	+58.5%
Adjusted EBITDA margin	9.4%	10.2%	+0.8pt	—
Ordinary income	2,754	4,140	+1,385	+50.3%
Ordinary income ratio	6.5%	6.7%	+0.2pt	—
Net income attributable to owners of the parent	1,453	2,240	+786	+54.1%
Dividend Forecasts Annual dividend (year-end)	25.0yen	30.0yen	+5.0yen	

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

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.

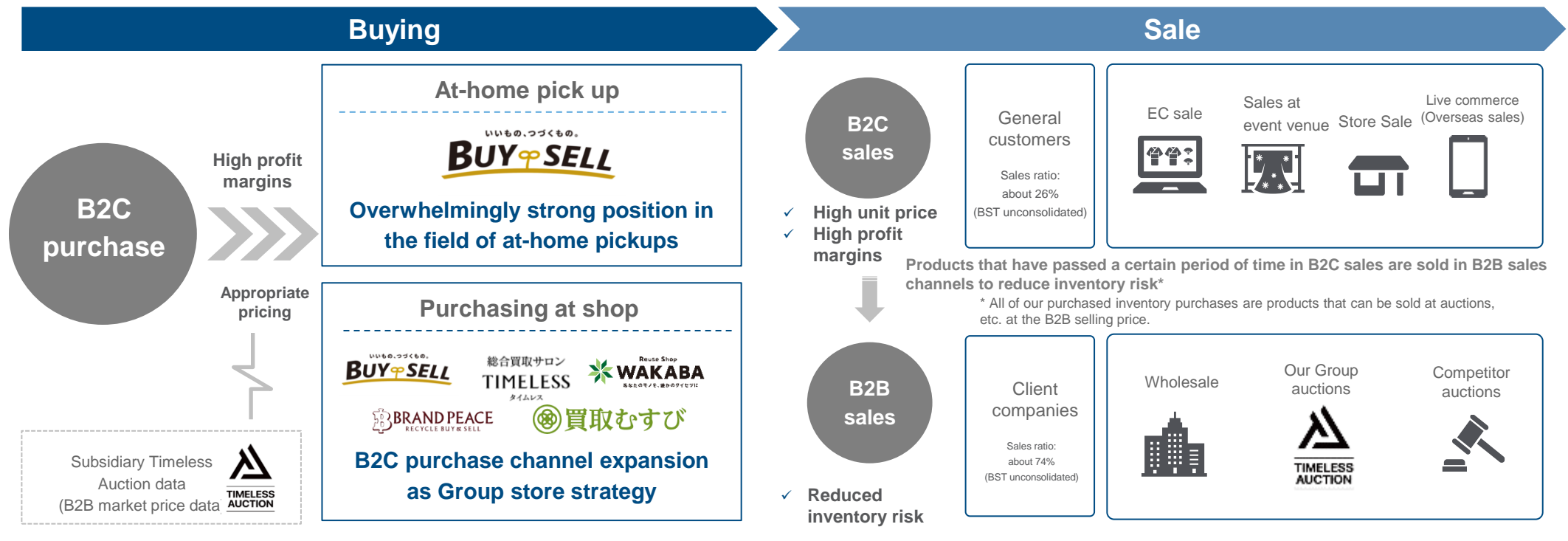
3 M&A strategy to achieve dynamic growth

- 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.

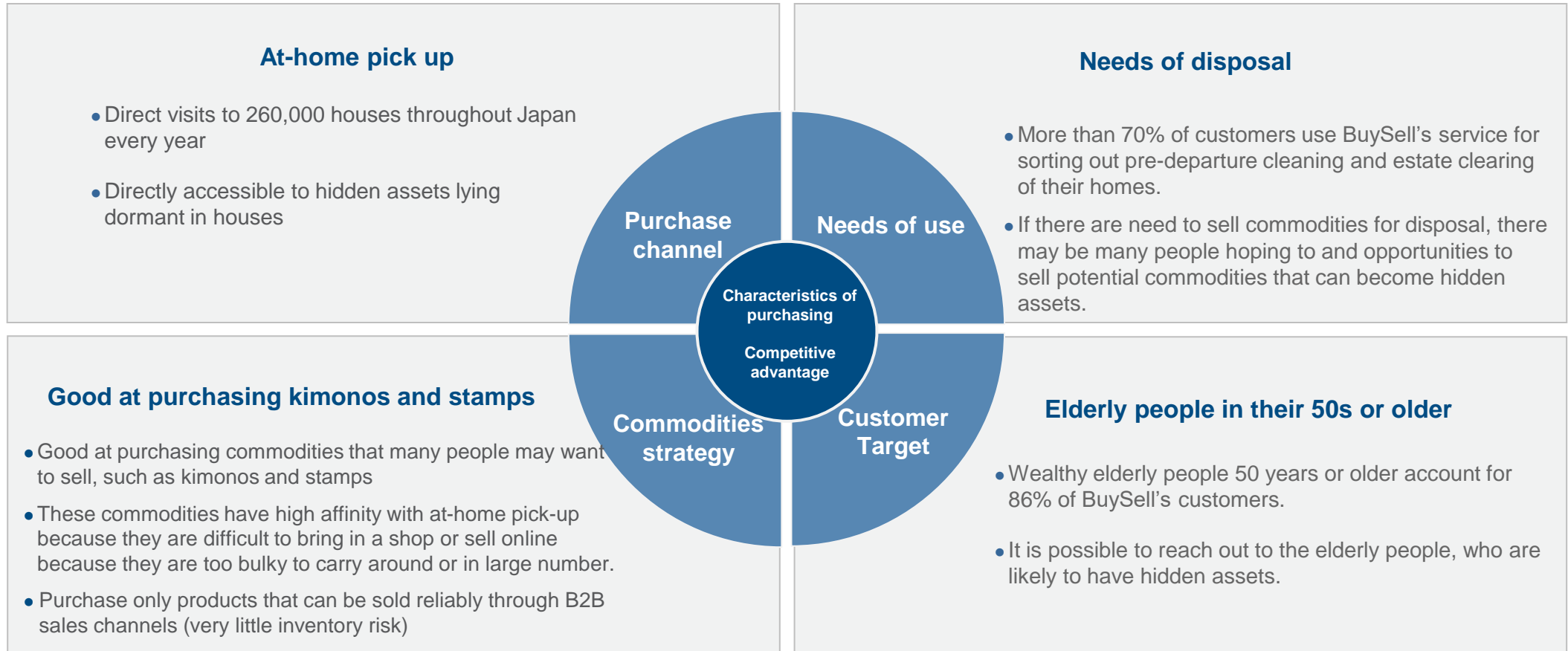


Purchasing from "B2C" that can realize high gross profit rates is the source of competitiveness

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.

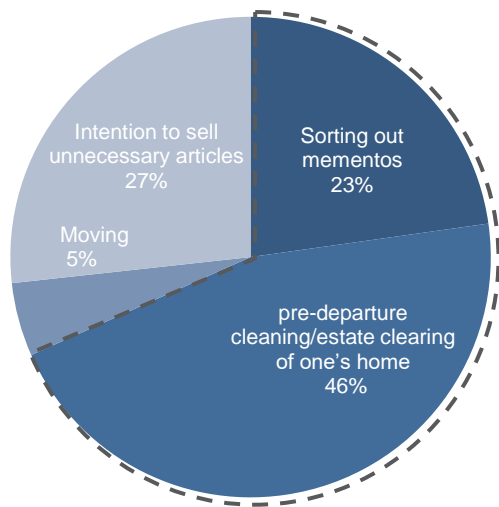


*Hidden assets: Prices of unwanted articles at home that have not been used for one year or longer

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.

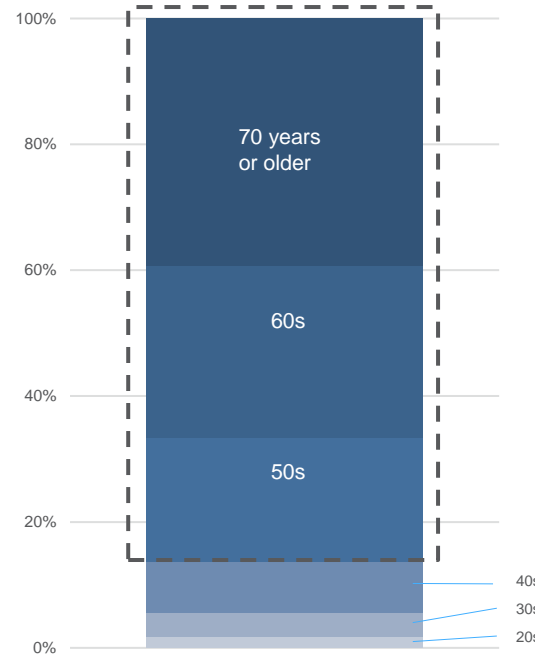
Purchase and use needs



- 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

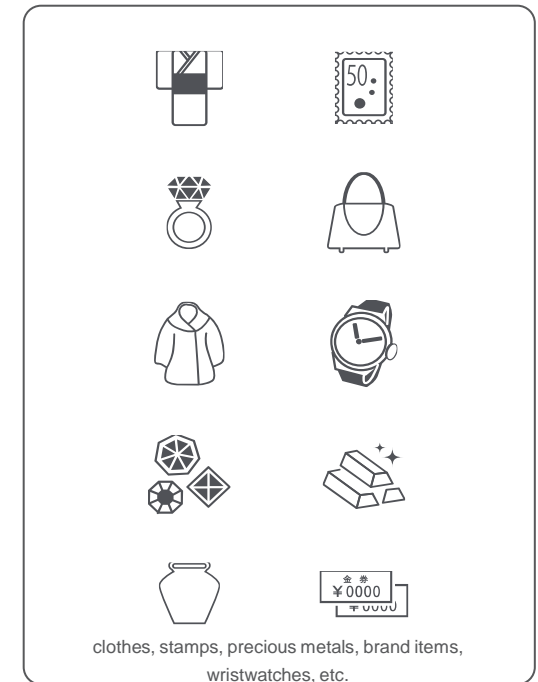
Purchase customer targets



- 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

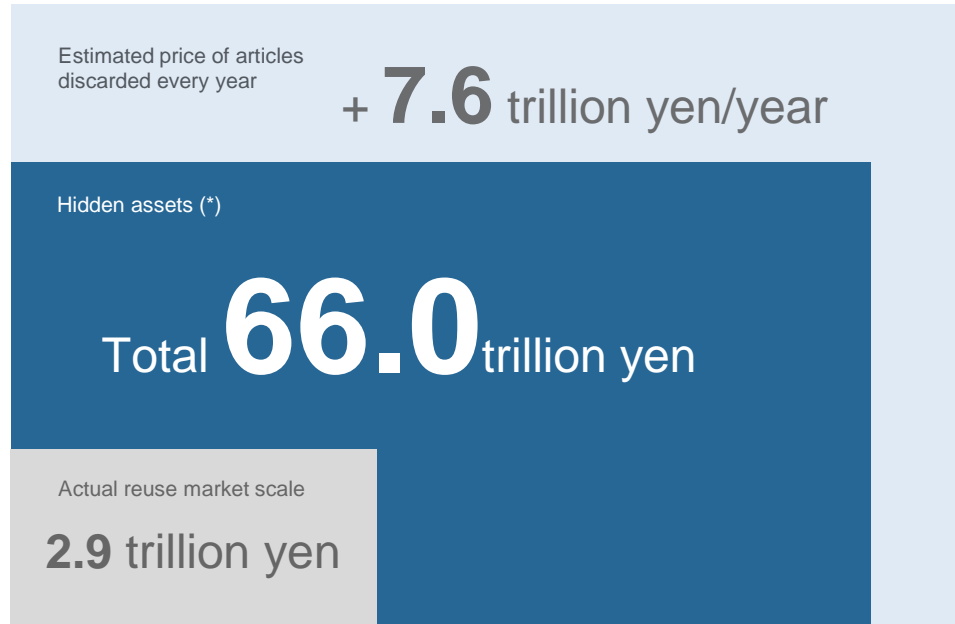


- Purchasing mainly luxury products with low inventory risk (no risk of being left unsold)

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.

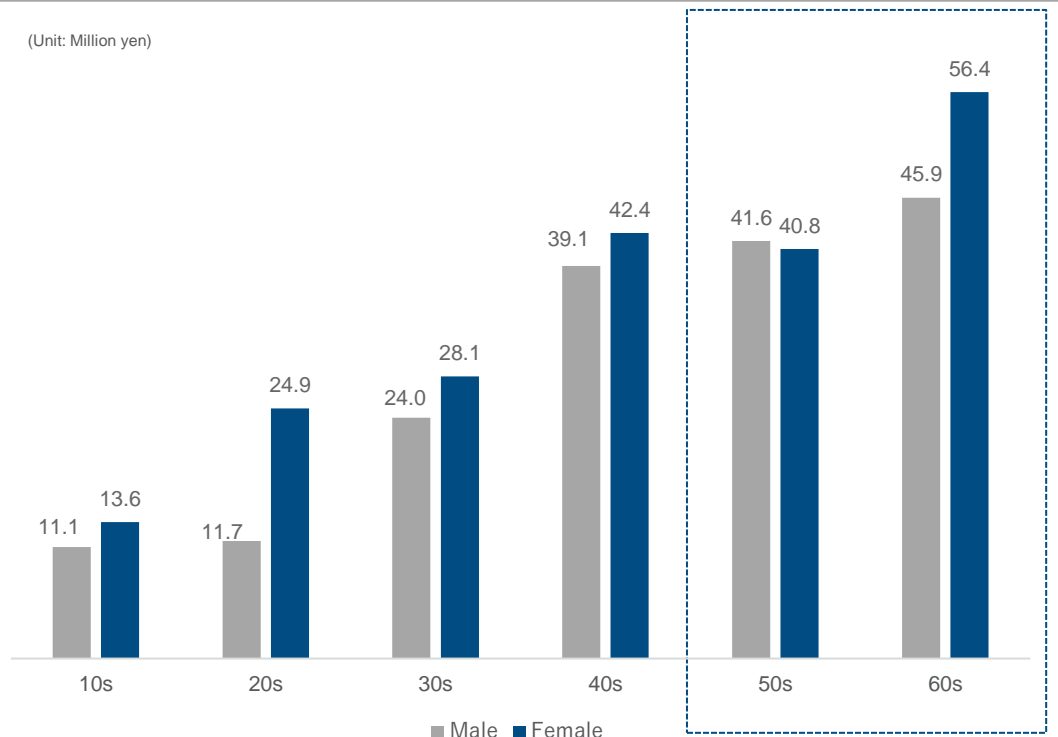
Potential reuse market scale



*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

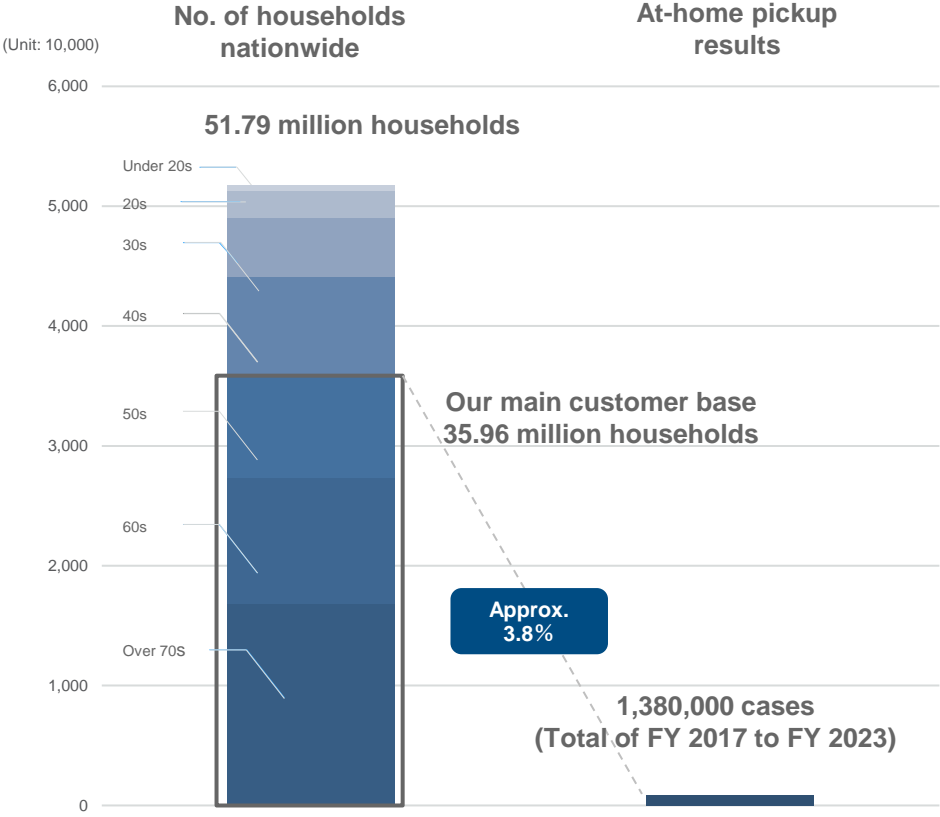
(Unit: Million yen)



Our main customer base

Performance of at-home pickups and potential for future expansion

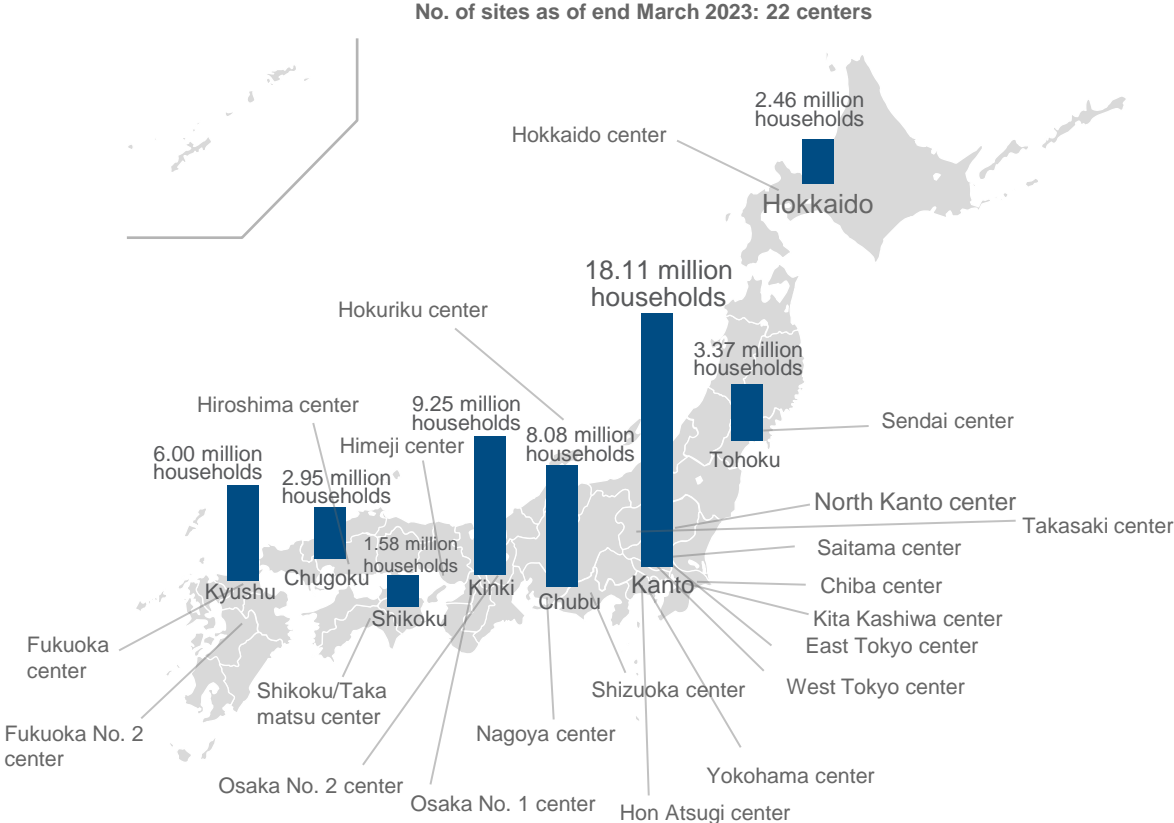
- Of the total 1,380,000 at-home pickups, the number of senior households in their 50s and over, which is our main target, is 35.96 million, and there is considerable room for expansion.
- In addition to strengthening our foundation in the Tokyo - Nagoya - Osaka area, there is room for deployment of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

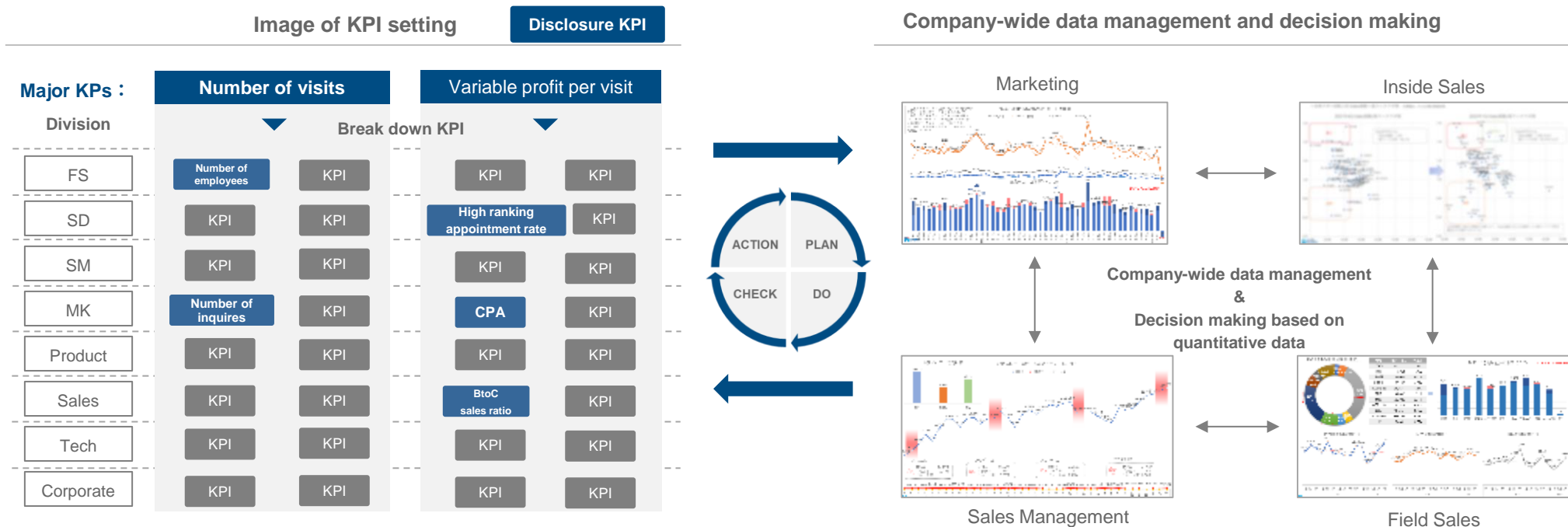


- 1 Growth potential through a unique business model that captures the needs of senior customers
- 2 Data-driven management that supports strong organic growth and future growth strategies**
- 3 M&A strategy to achieve dynamic growth

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.

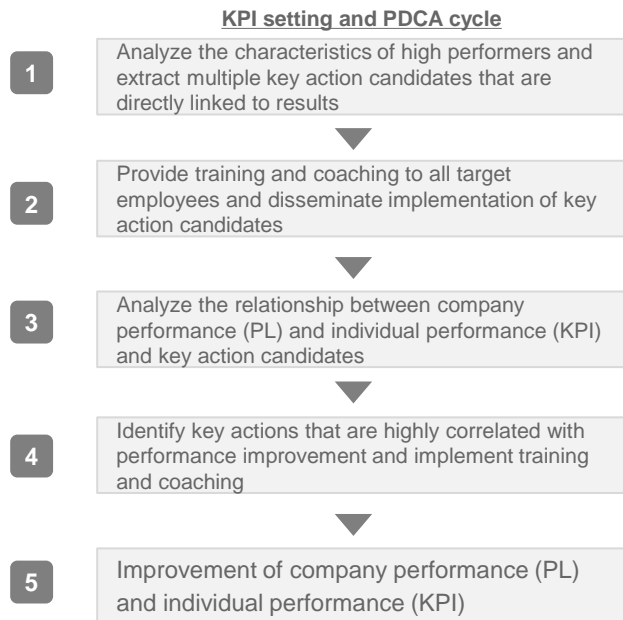
Major KPI (at-home pick up service): (1) Number of visits × (2) Variable profit per visit (*(3) gross profit – (4) advertising expenses)

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

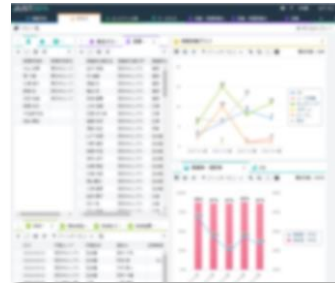


Example: Individual chart



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

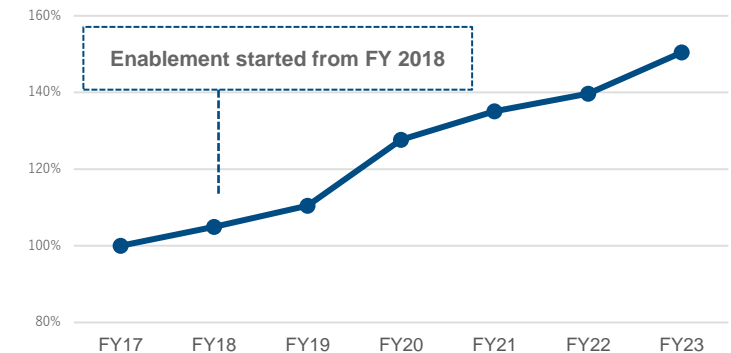
Example: Training management database



Manage education schedules and training frequency

Results of KPI improvement

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



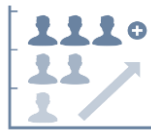
(*) Gross profit unit price per visit for internal management accounting to manage KPIs at FS Business Division

- 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.

- 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)

- 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.

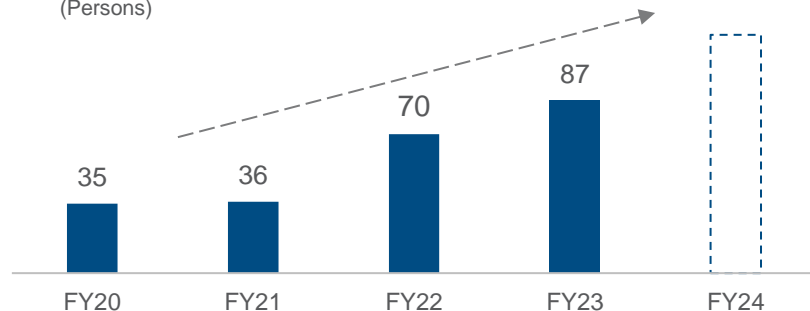
Expansion of organizational scale



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

Number of Technology Strategy Division Employees

(Persons)



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

Enhanced productivity



Received “Findy Team+ Award 2022~2024” as “a company with a high productivity index for engineering organizations”



Organizational divisions (Large Div.)



Improving productivity by leveraging technology Development of Cosmos

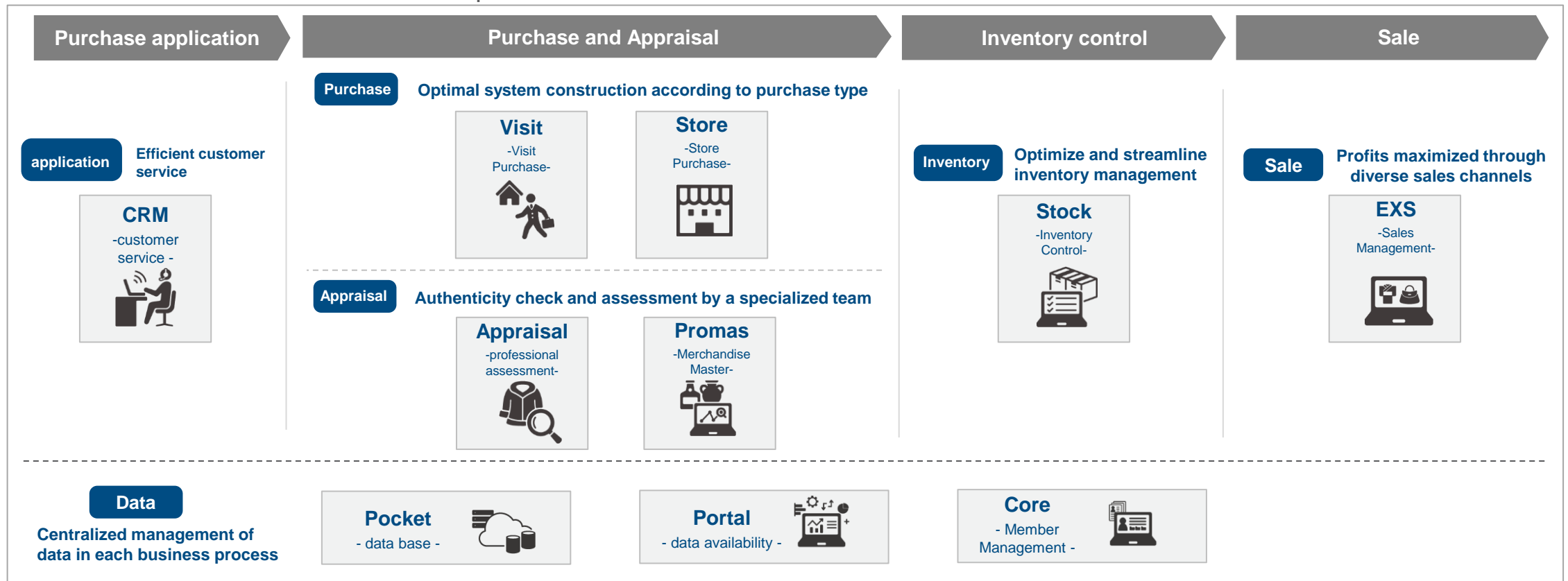
- Aiming to improve key KPIs by improving operational efficiency and deepening data-driven management across the entire BuySell Group through the introduction of Cosmos, an in-house developed platform that comprehensively provides everything related to the reuse business, from purchasing to sales, customer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



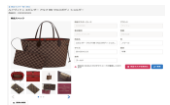
Store -Store Purchase system-



- ✓ **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



32 stores
(The end of Sep FY2024)



総合買取サロン
TIMELESS
タイムレス

31 stores
(The end of Sep FY2024)



(directly managed store)

19 stores
(The end of Sep FY2024)



(FC stores)

228 stores
(The end of Sep FY2024)






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



Sales to outside franchisees

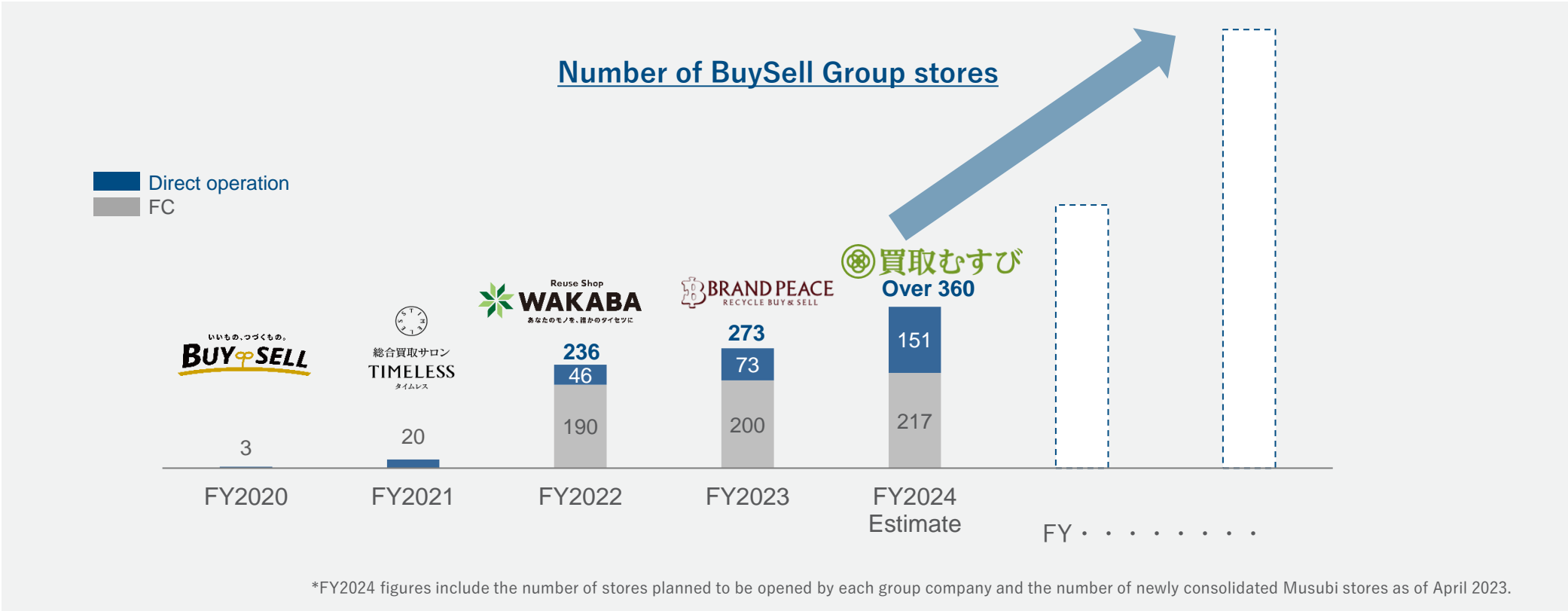
Growth Strategies (2) Strategy for increasing purchase shops

- 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 : 377	Advantage
	<ul style="list-style-type: none"> ● 32shops (as of the end of September 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"> ● 31shops (as of the end of September 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 : 228 (as of the end of September 2024) ● Direct operation : 19 (as of the end of September 2024) ● Second-class locations across the nation (mainly franchise shops) ● Major commodities: brand items, wristwatches, 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 September 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"> ● 60shops (as of the end of September 2024) ● Stores in large shopping malls nationwide, etc. ● Main commodities: brand items, wristwatches, 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

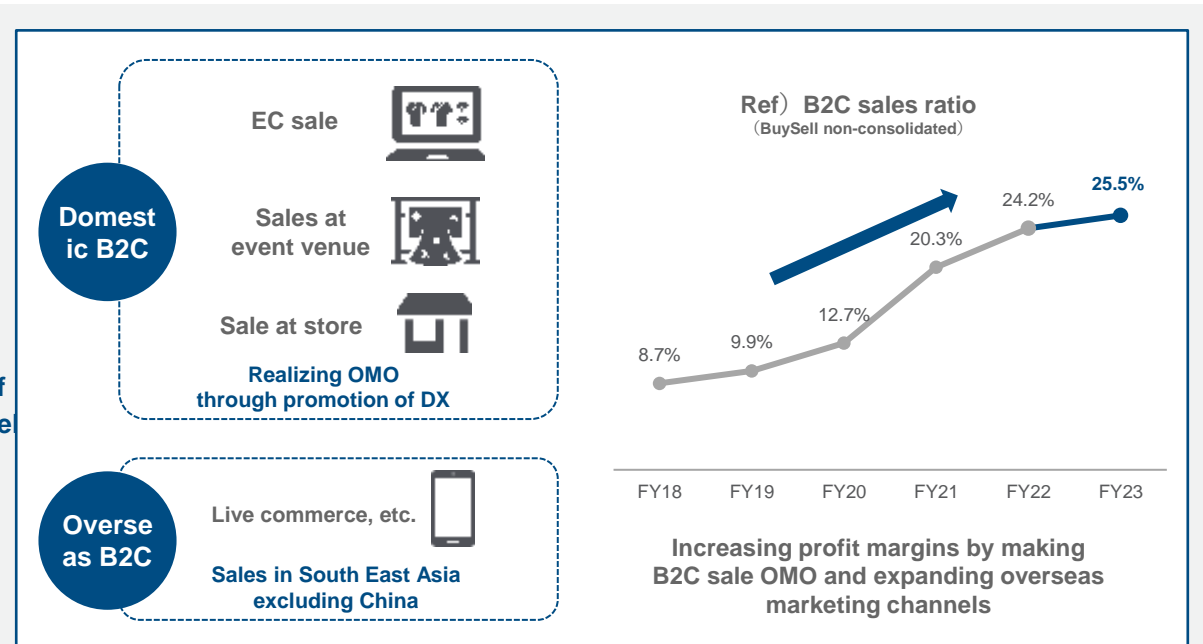
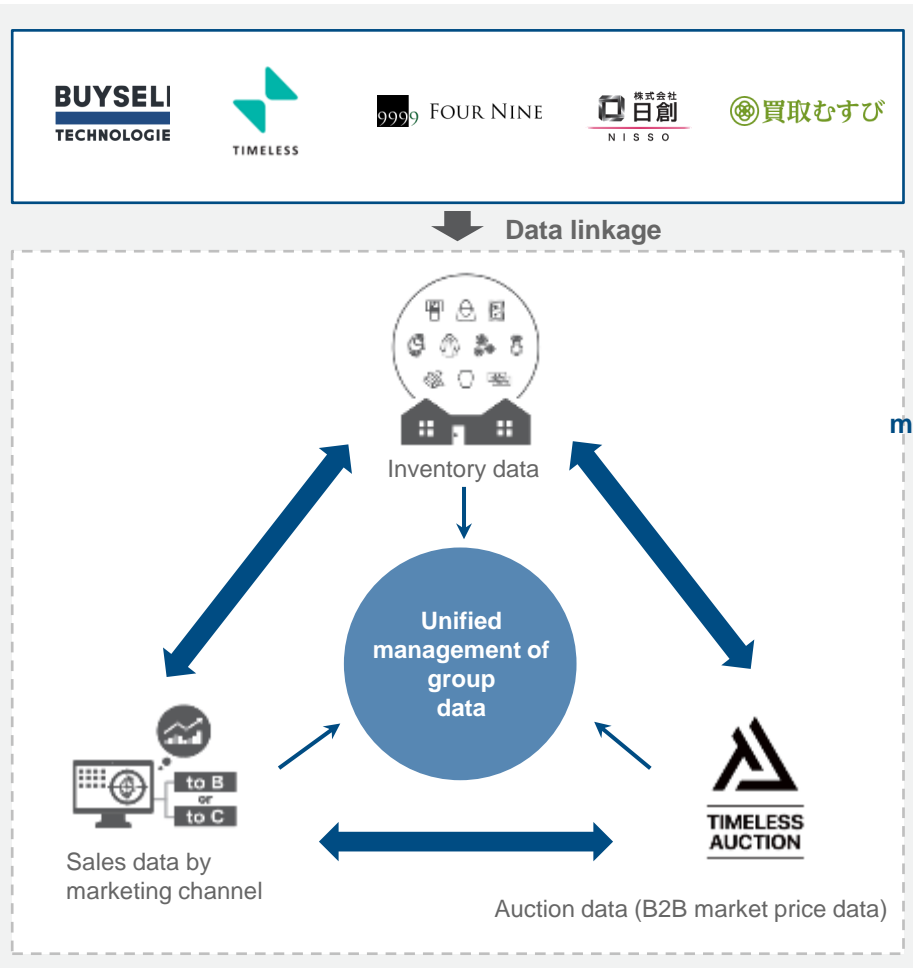
- In addition to new organic store openings, strategic M&As have led to rapid expansion in the number of group stores despite being a latecomer to the market. The company has grown to a leading position in the industry with more than 150 directly managed stores, and the total number of franchise stores 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.



Domestic B2B

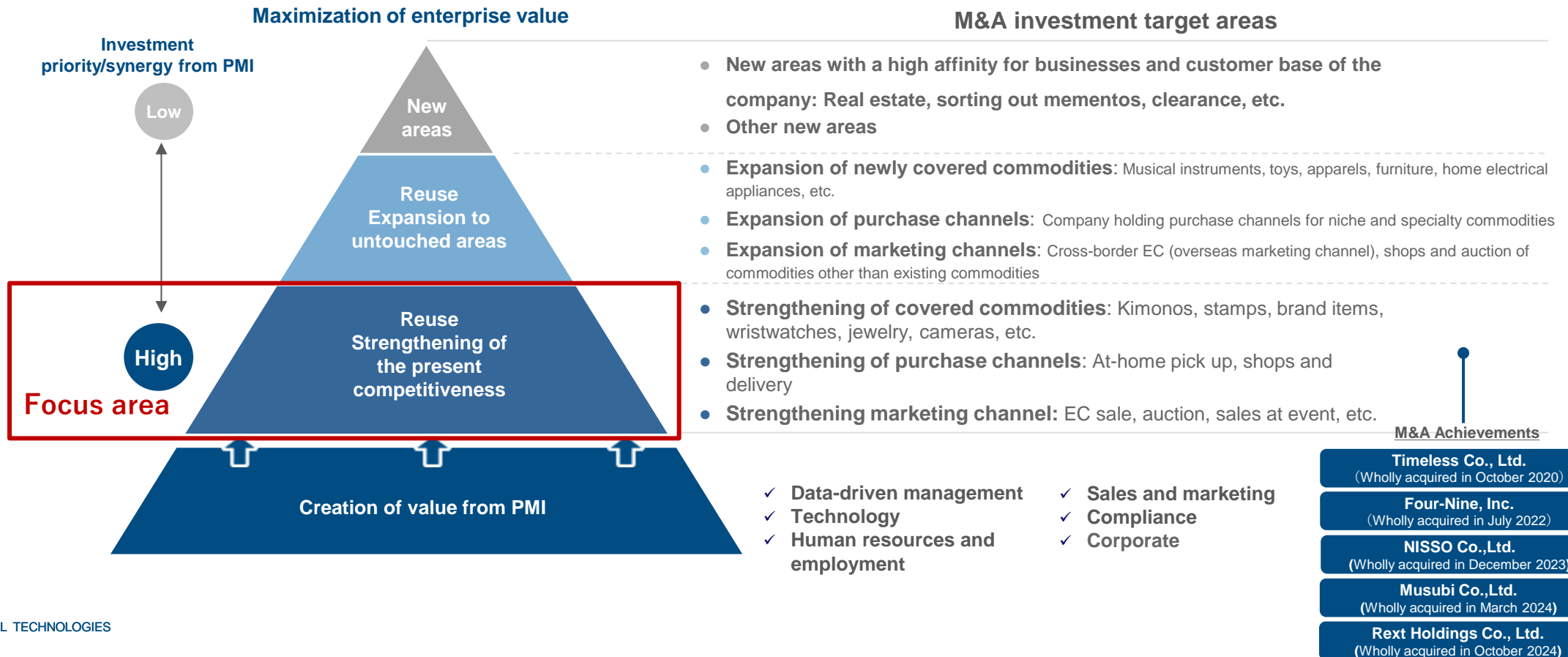
- Wholesale (B2B)
- Auction

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.



(Reference) M&A Outcomes through Effective PMI

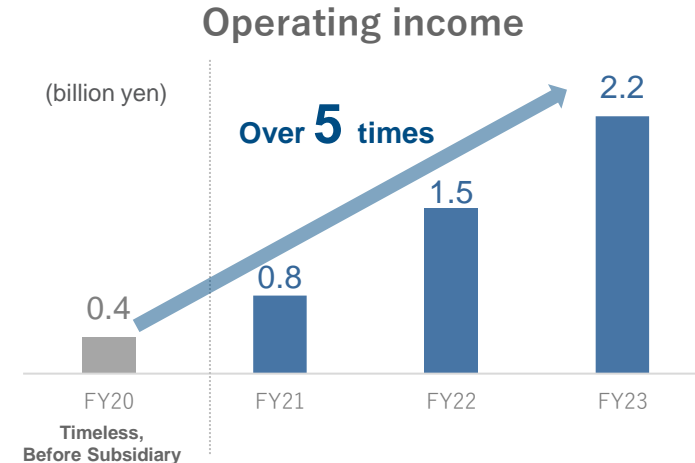
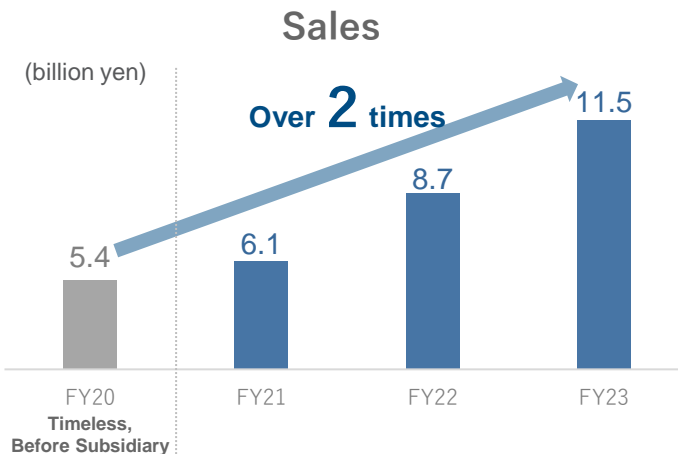
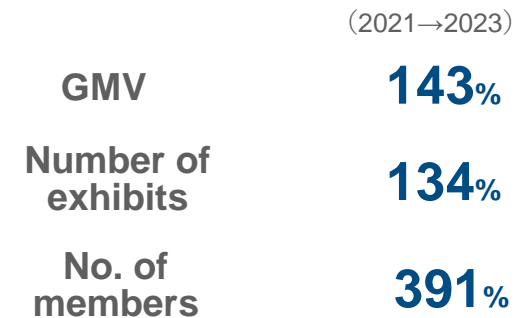
- Conducted 4 M&A transactions in the past, focusing on PMI. Achieved M&A results that contribute to increased corporate value through effective PMI with a focus on Timeless, Inc.
- The M&A with Rext HD also has high business affinity and high strategic resolution, so the probability of group business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



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

Reference) 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

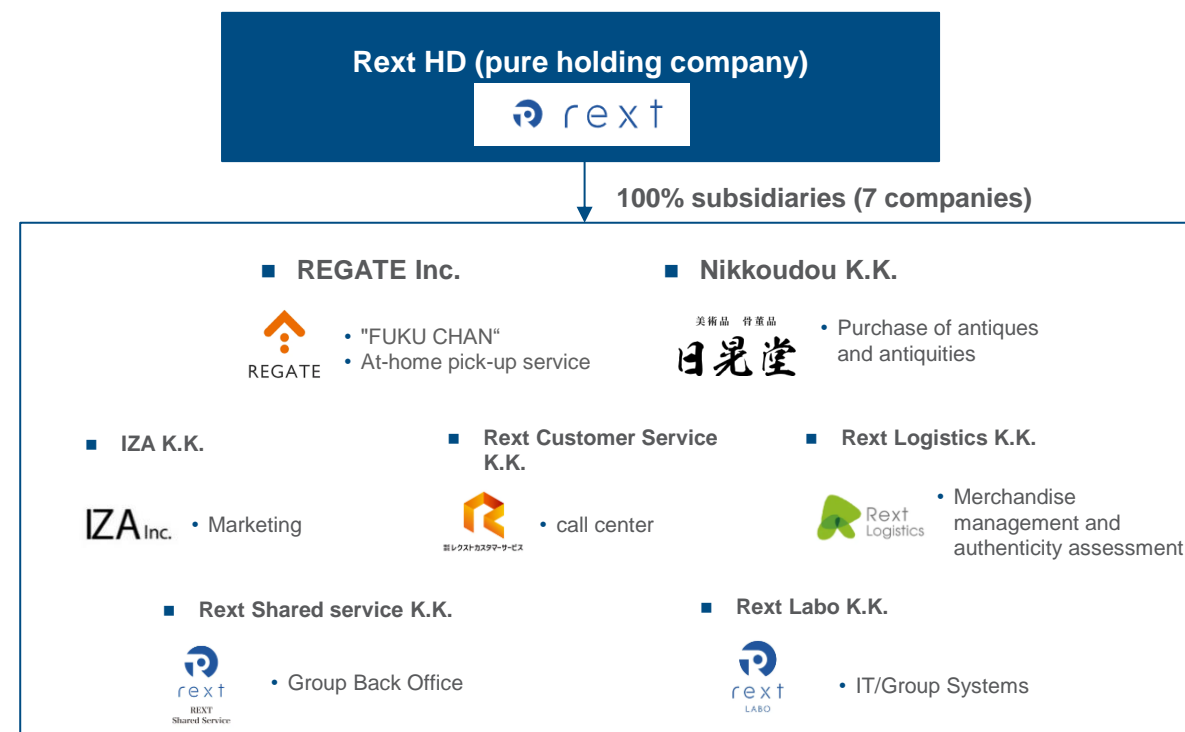
Company Profile

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



Reference) 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 style="text-align: center;">FY23.12 results: Approx. 93,000</p> <p style="text-align: center;">FY24.12 Sightseeing: Approx. 115,000 unit level</p>	<p style="text-align: center;">FY23.12 results : Approx. 261,000</p> <p style="text-align: center;">FY24.12 plan : approx. 285,000</p>
At-home pick-up business Number of employees	<p style="text-align: center;">Approx. 200 level (FY23.12 end of month)</p> <p style="text-align: center;"><small>*Number of buyers belonging to REGATE, Inc.</small></p>	<p style="text-align: center;">439 (FY23.12 end-of-month point)</p> <p style="text-align: center;"><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	 FUKU CHAN 	 

Reference) 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.

Reference) 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

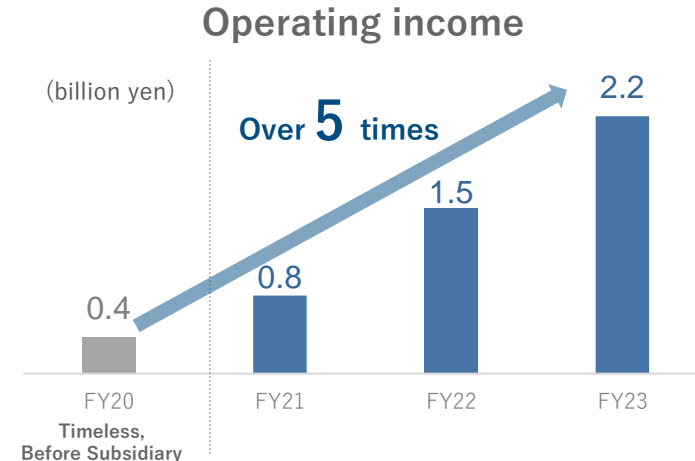
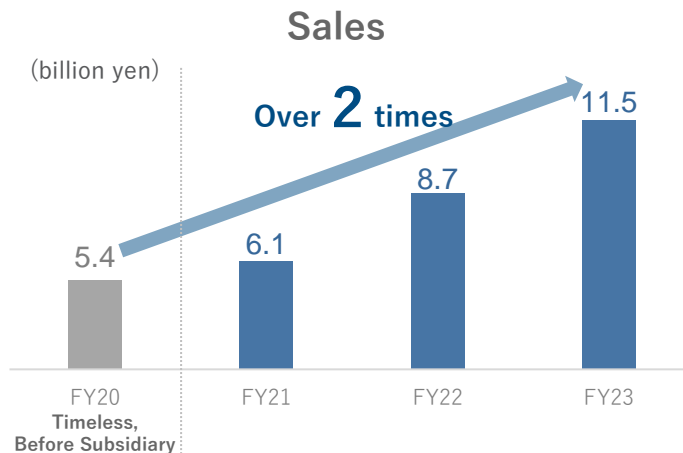
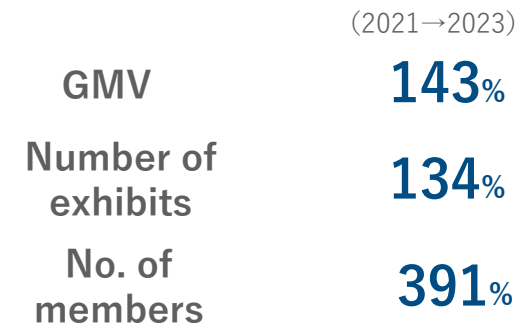
- Conducted 4 M&A transactions in the past, focusing on PMI. Achieved M&A results that contribute to increased corporate value through effective PMI with a focus on Timeless, Inc.
- The M&A with Rext HD also has high business affinity and high strategic resolution, so the probability of group business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



07

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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 name	BuySell Technologies Co., Ltd.		
Foundation	January 2001		
Head office address	PALT Bldg. 4-28-8 Yotsuya, Shinjuku Ward, Tokyo		
Capital	3,546 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: 1,724 (as of September 2024)		
	Unconsolidated: 1,227 (as of September 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.
	Oct.	Acquired subsidiary Rext HD Co., Ltd., which owns Japan's leading home visit purchase service, "KAITORI Fuku-chan" and other services through its subsidiaries.

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

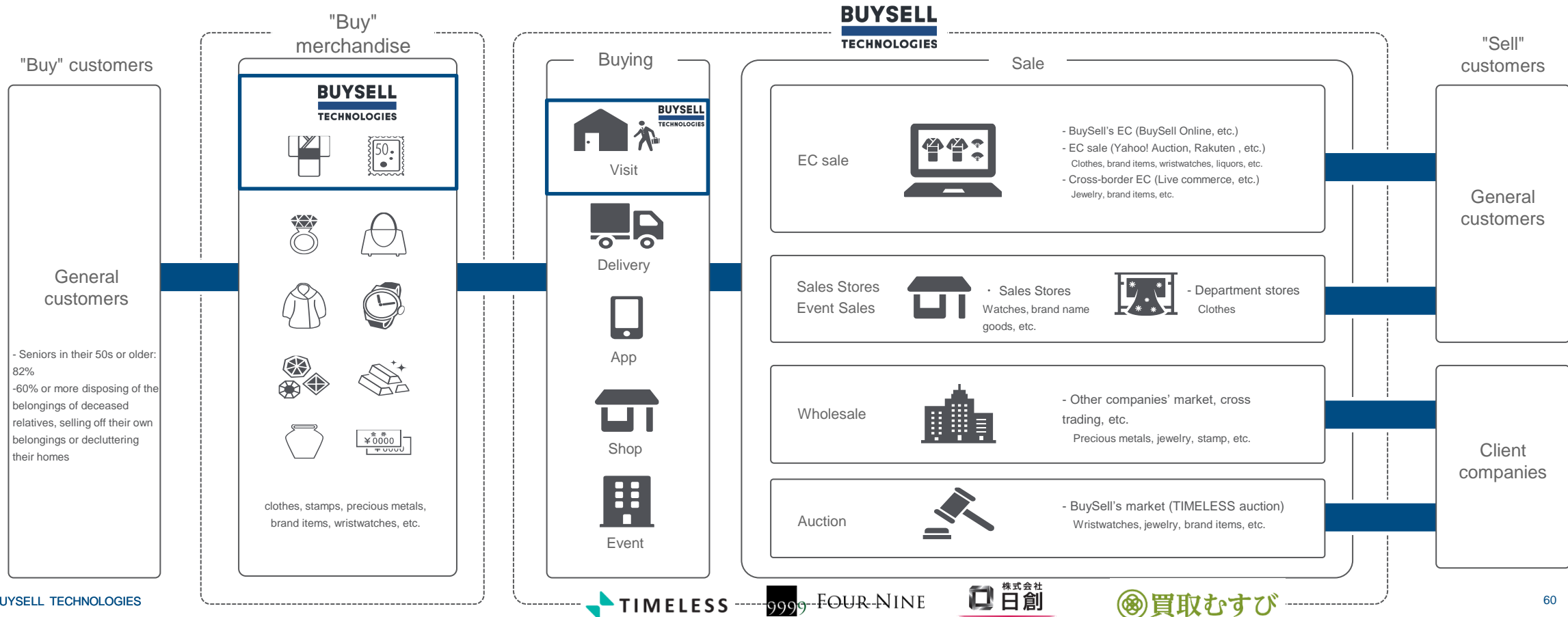
Outline of the group

- Operates a comprehensive reuse business that encompasses a wide range of channels, from purchase to sale, through 13 Group companies (as of FY25), including the Company.

FY23 Sales composition: 62%	FY23 Sales composition: 26%	FY23 Sales composition: 12%	FY24 New Consolidation	FY24 New Consolidation	FY25 New Consolidation
<p>BUYSELL TECHNOLOGIES</p> <p>BuySell Technologies Co., Ltd.</p>	<p>TIMELESS</p> <p>Timeless Co., Ltd.</p> <p>Wholly acquired in October 2020</p>	<p>9999 FOURNINE</p> <p>Four-Nine, Inc.</p> <p>Wholly acquired in September 2022</p>	<p>株式会社 日創 NISSO</p> <p>NISSO CO., Ltd.</p> <p>Wholly acquired in December 2023</p>	<p>買取むすび</p> <p>MUSUBI CO., Ltd.</p> <p>Wholly acquired in March 2024</p>	<p>rext</p> <p>REXT HOLDINGS CO., Ltd.</p> <p>October 2024: Becoming a subsidiary (planned)</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 (32 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 (31 shops)* Purchase at department store events <p>Sale Main services</p> <ul style="list-style-type: none"> "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> <p>Reuse Shop WAKABA あなたのモノを、誰かのタイムズに</p> <ul style="list-style-type: none"> Franchise shop: 228 shops* Directly managed shop: 19 shops* 	<p>Purchase Main services</p> <ul style="list-style-type: none"> Reuse Shop 「Brand Peace」 <p></p> <p>BRAND PEACE RECYCLE BUY & SELL</p> <ul style="list-style-type: none"> Store purchase and store sales (6 stores) <p>Sale Main services</p>	<p>Purchase Main services</p> <ul style="list-style-type: none"> Reuse Shop 「Kai-tori MUSIBI」 <p></p> <p>買取むすび</p> <ul style="list-style-type: none"> Directly managed shop: 60 shops* 	<p>Purchase Main services</p> <ul style="list-style-type: none"> REGATE INC. <p></p> <p>FUKU CHAN</p> <ul style="list-style-type: none"> At-home pick up Store purchase(18 Stores) <ul style="list-style-type: none"> NIKKOU-DOU K.K. 「NIKKOU-DOU」 <p>美術品 骨董品 日晃堂</p> <ul style="list-style-type: none"> At-home pick up Store purchase(2 Stores) <p>* In addition to the above, the company has five reuse-related functional companies under its umbrella.</p>

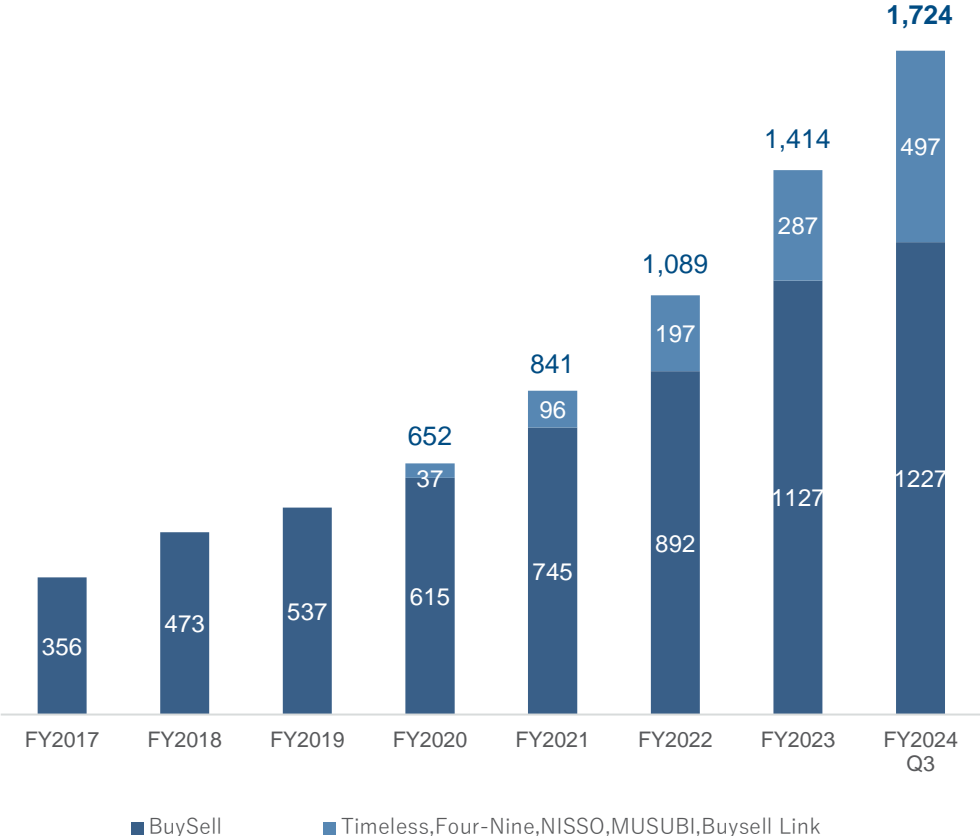
Group business block diagram

- 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.

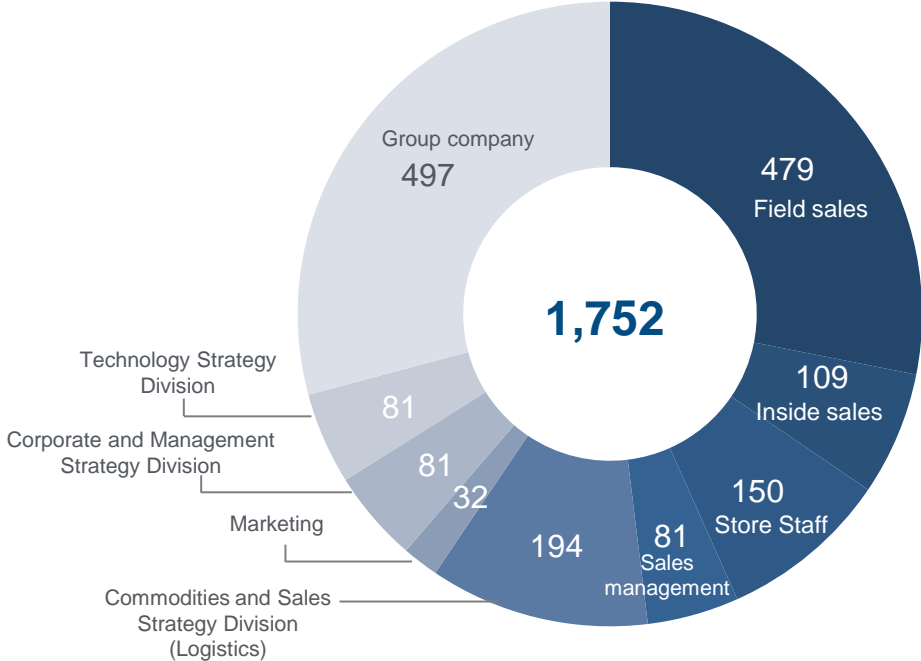


Change of group companies' number of employees

(Unit: Persons)



BuySell group personnel organization (September 2024, Including non-consolidated subsidiaries)



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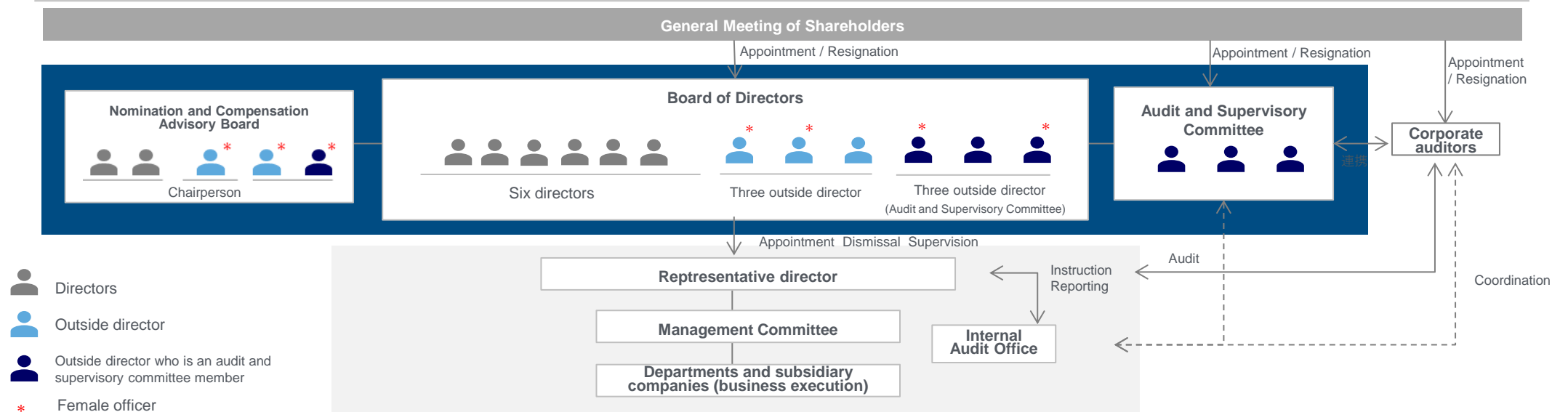
Strengthening our corporate governance system

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

Strengthening our corporate governance system

- Transition from a company with a Board of Corporate Auditors to **a company with an Audit and Supervisory Committee** (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 Hakuhold 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



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- 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. <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> ● New business 	<ul style="list-style-type: none"> ● Policy of implementing disciplined investment based on M&A investment standards set in-house. <ul style="list-style-type: none"> • Upper limit setting of EV / EBITDA magnification. • Companies that are in the black or companies that are likely to be in the black in the short term. • Group synergy creation accuracy and business growth potential at PMI. • Impact of consolidated PL (in principle, no "goodwill loss" on the assumption of J-GAAP) etc. ● The policy is to make limited initial investment, carefully verify business profitability and growth potential, and gradually expand the investment limit in the phases where investment return is anticipated.

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

Consolidated BS as of the end of September 2024

(Unit: Million yen)

Cash and deposits 20,011	Interest-bearing debt 25,670
Inventories 6,812	Other liability 4,817
Goodwill 7,263	Net assets 10,186
Customer-related assets 825	
Other assets 4,254	

- 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)

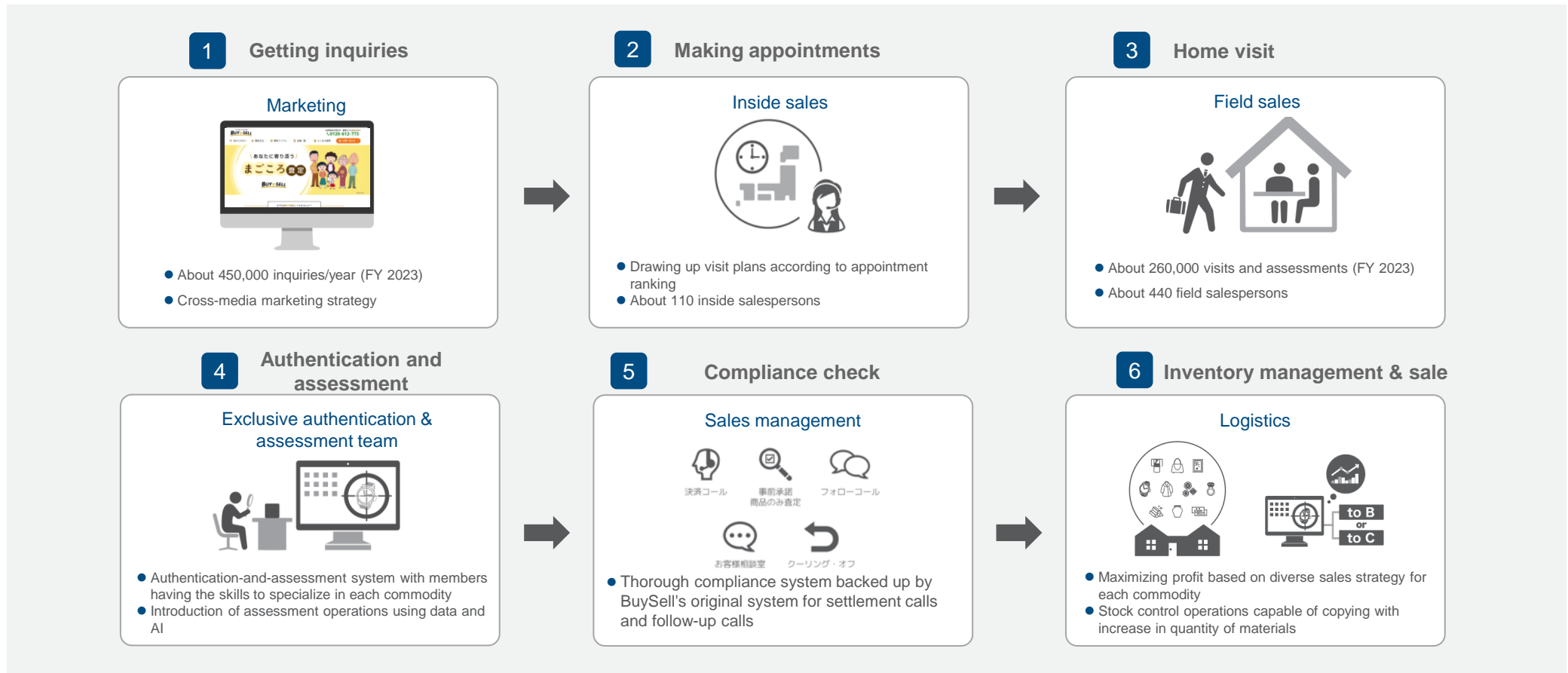
Stock price rise	<ul style="list-style-type: none">• Aiming for medium to long-term share price increases through continuous increase in EPS
Dividends	<ul style="list-style-type: none">• From the perspective of being able to pay stable and continuous dividends, the policy is to pay dividends with a consolidated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

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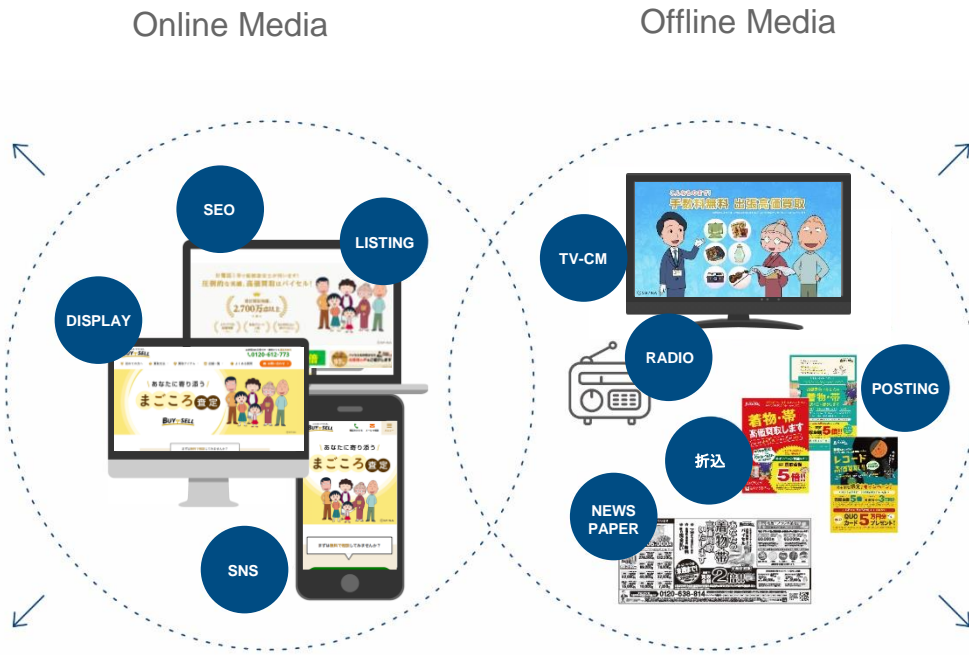
Outline of home visit purchase business model

- 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.



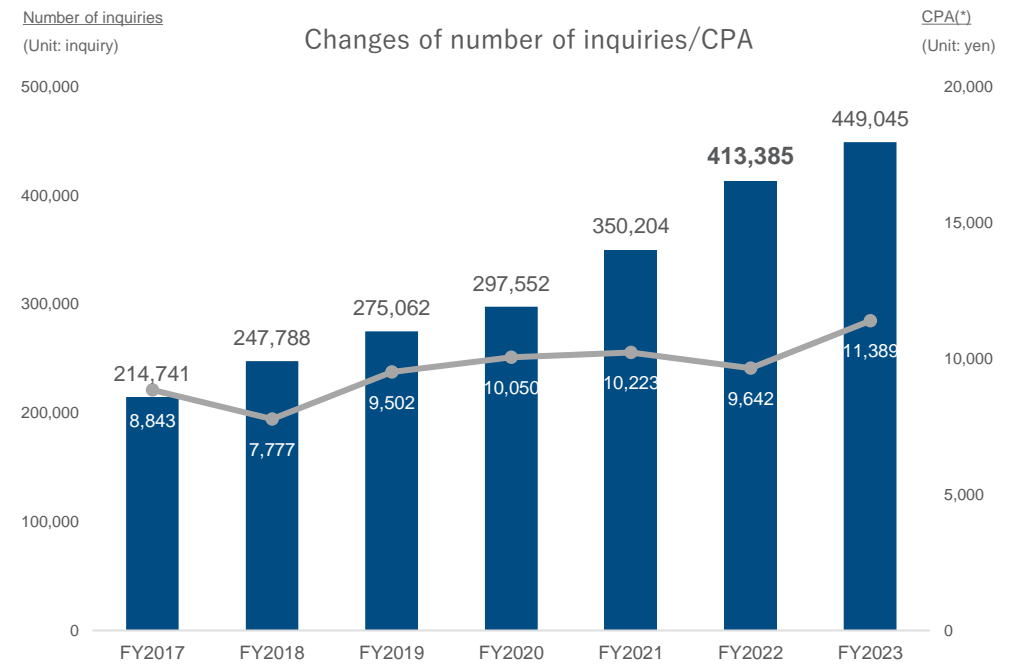
Marketing: Ability to attract customers by using cross-media marketing

- 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

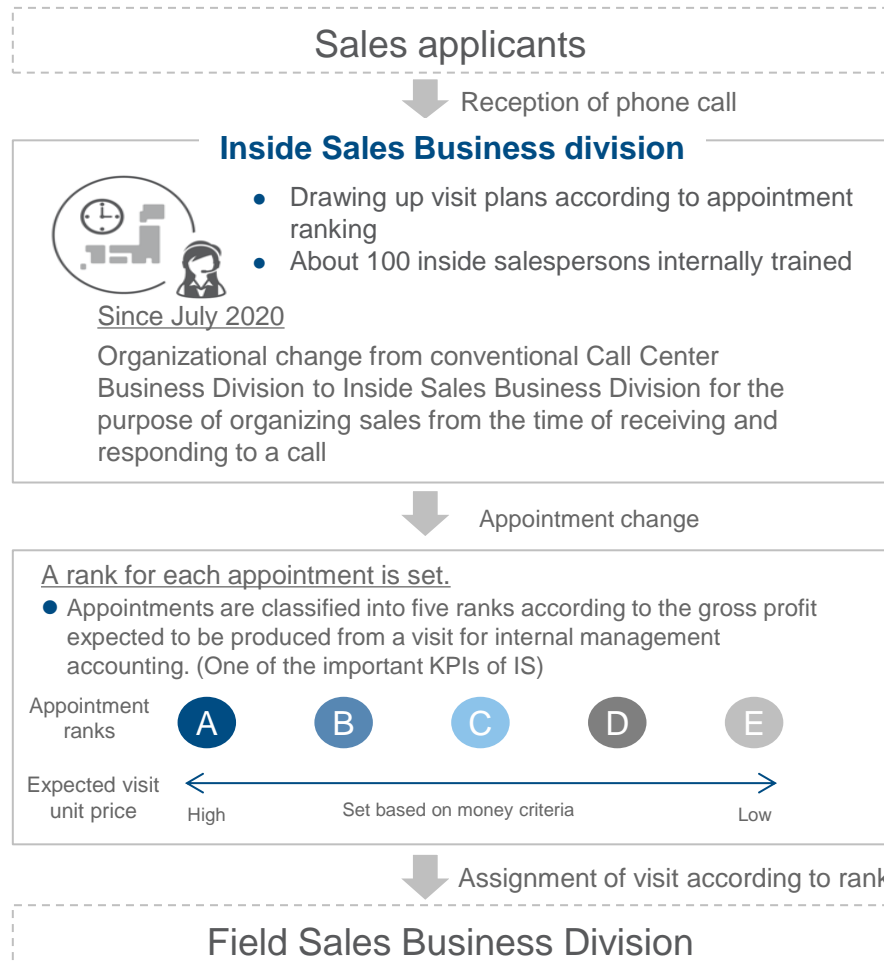


- Inquiries steadily increasing while realizing efficient CPA

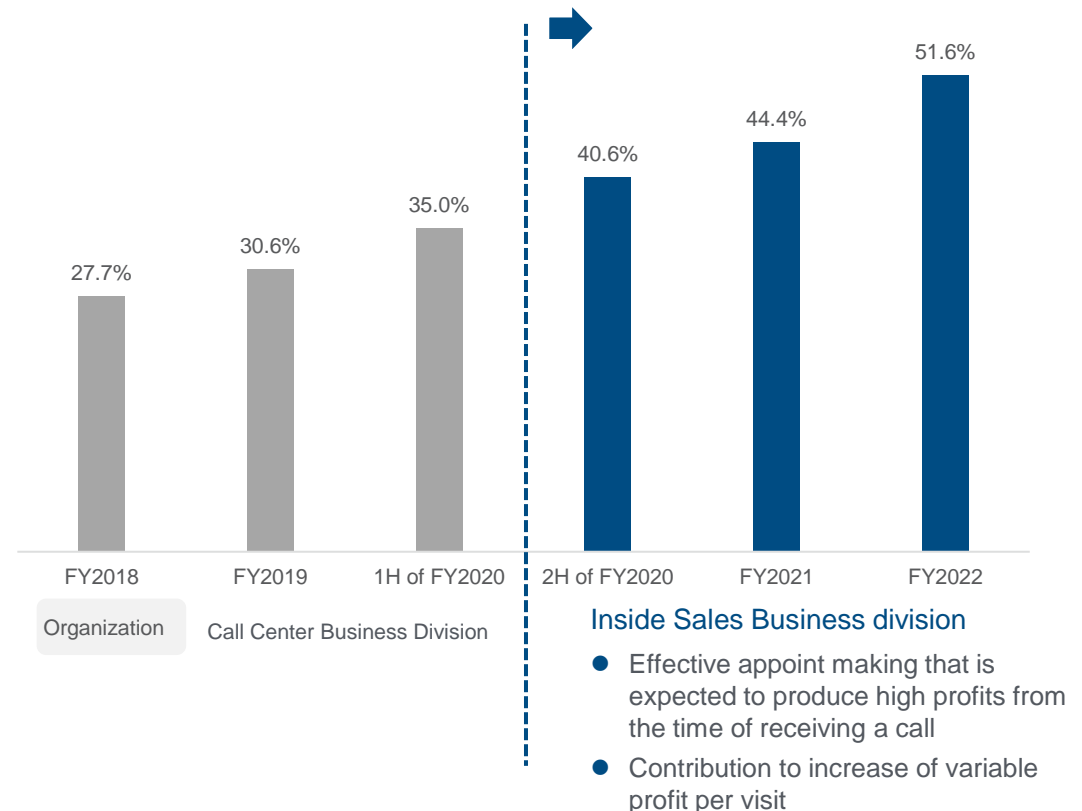
(*) Advertising expenses per inquiry into the visit service

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 (*)



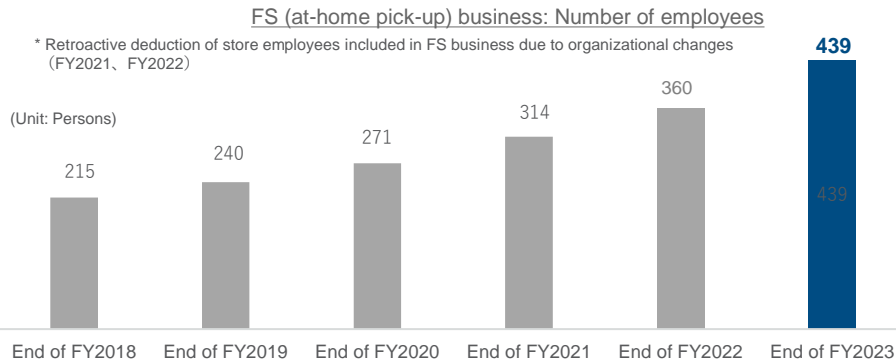
(*) Rate of total number of appointments for visit ranked A, B, or C

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

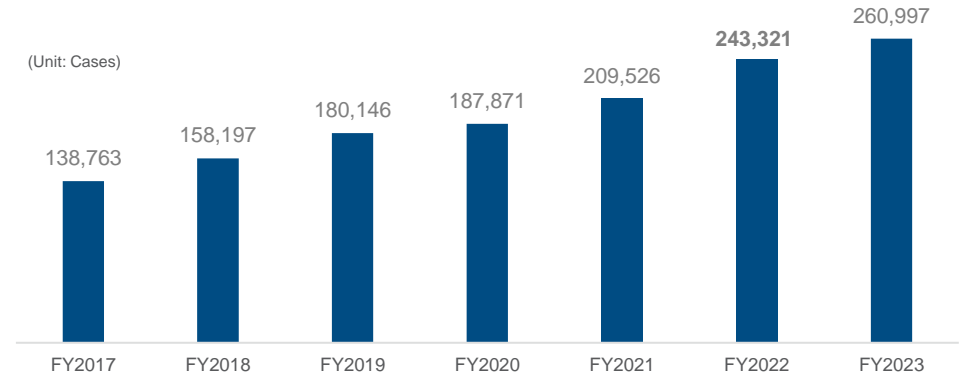
- The number of FS personnel is on a steady rise as the business scale increases backed up by the power of employment.
- While we have been increasing our workforce since 2017 by strengthening the hiring of new graduates, we intend to strengthen mid-career hiring in order to increase our workforce with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



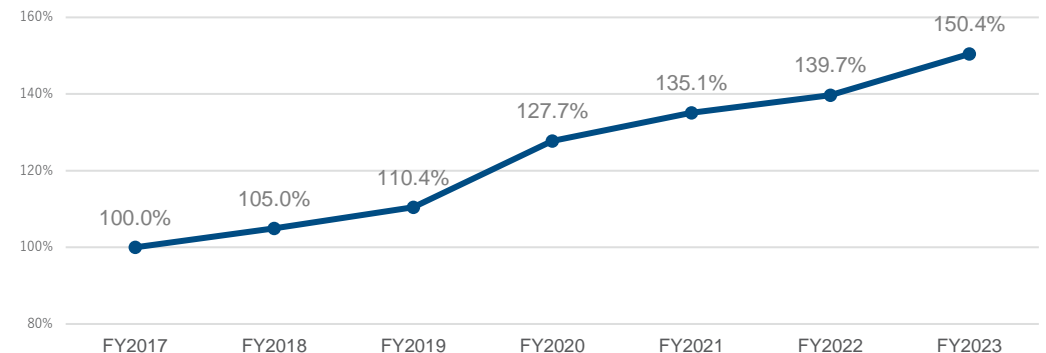
Education

- 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



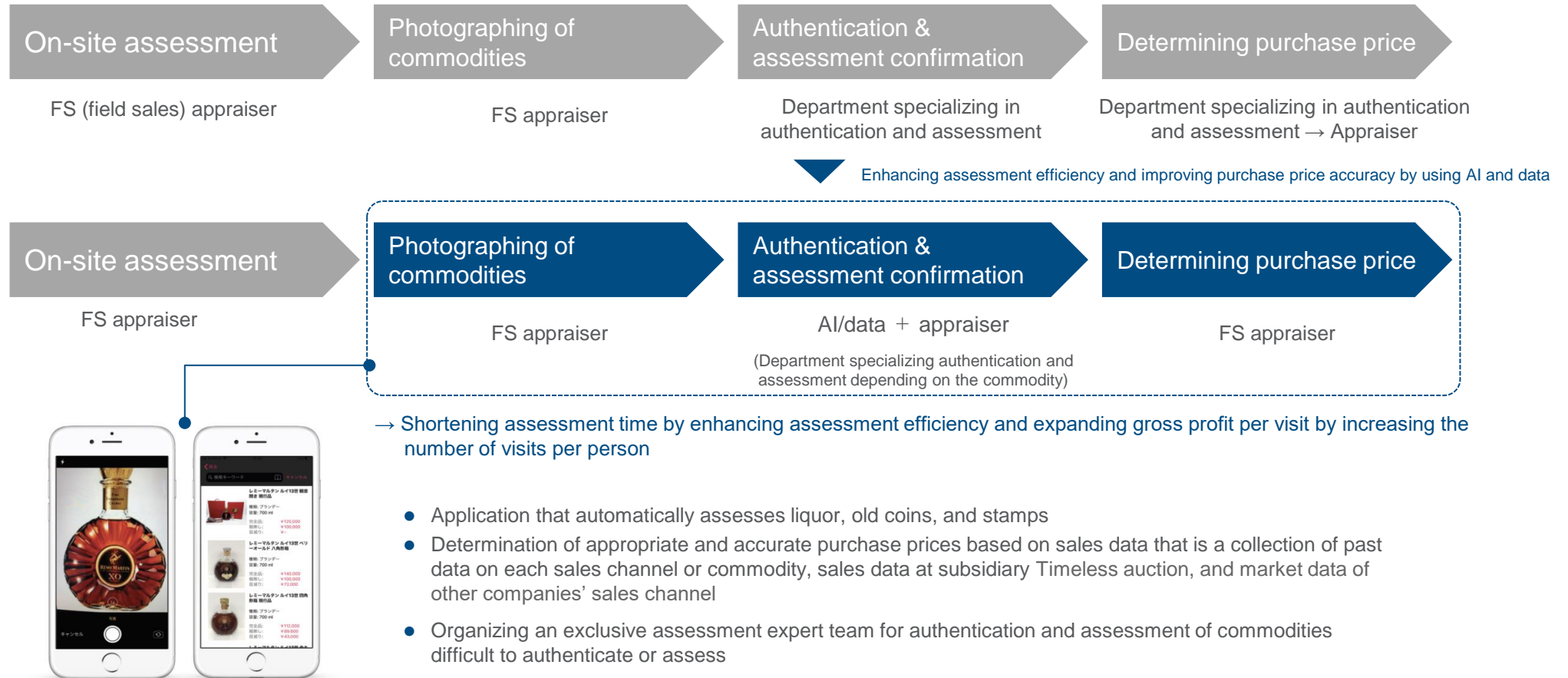
FS business_Gross profit unit price (*) growth rate per visit (base year: FY 2017)



(*) 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



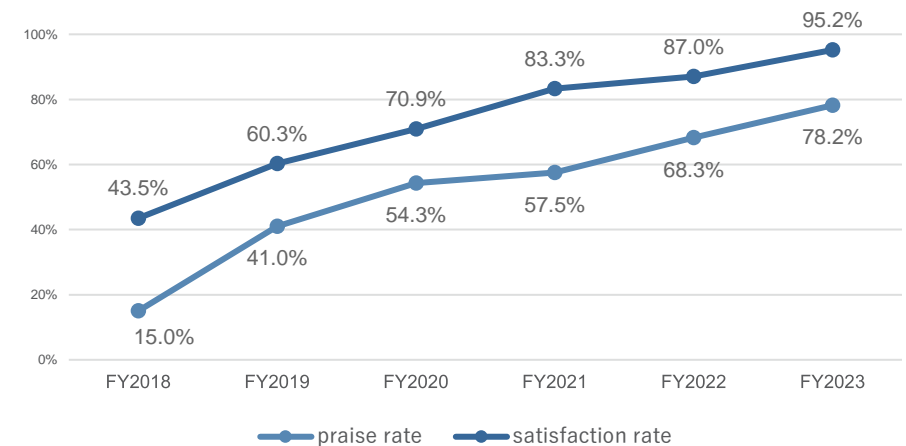
- Thorough cooling-off response in compliance with laws and ordinances

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)



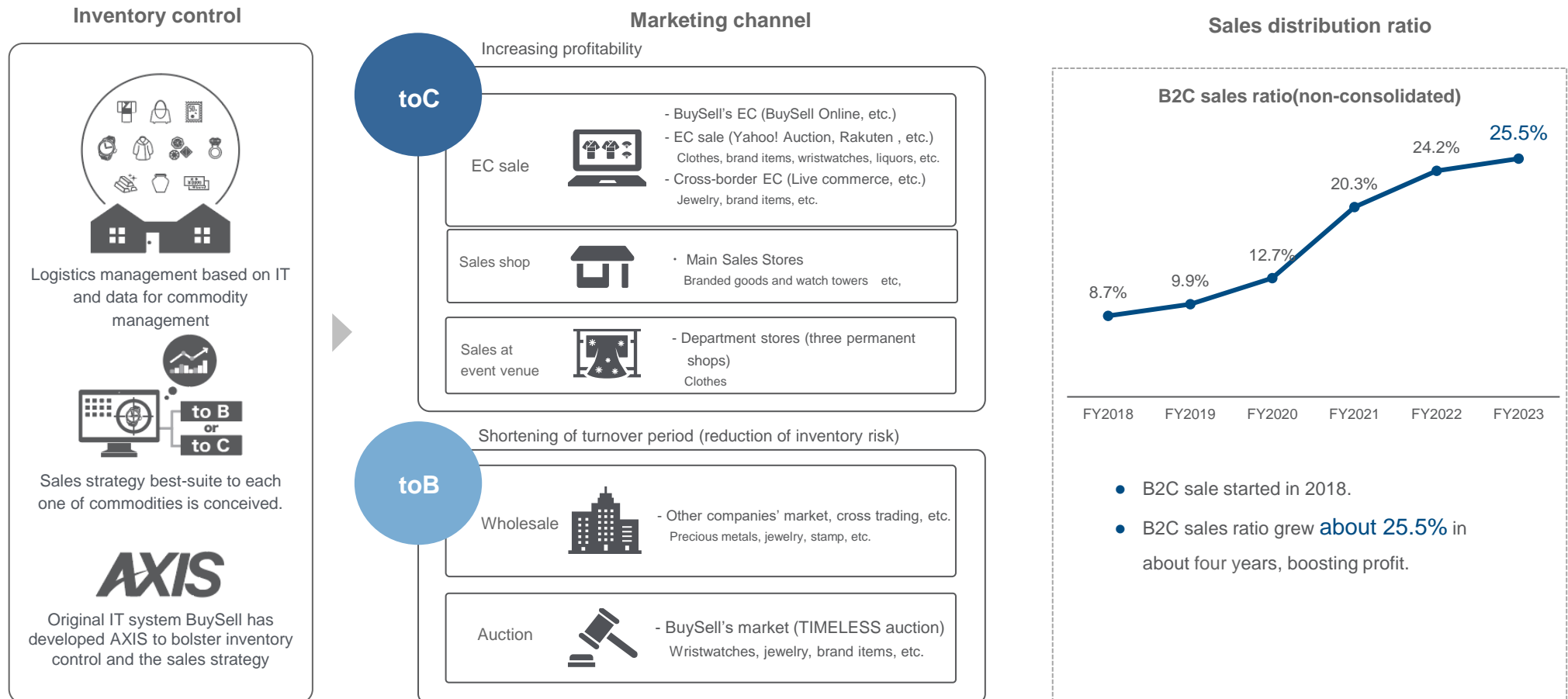
Source: Created by us based on the results of a questionnaire conducted during follow-up calls

*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.

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