



Overview of Financial Results

for the Three Months Ended June 30, 2023

Corporate Information



Name	Syuppin Co., Ltd.	
Securities Code	3179	
Representative	Naohiko Ono	
Head Office	Daiwa Nishi-Shinjuku Bldg.3F., 14-11 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan	
Date of Establishment	August 2005	
Business	Safe and secure online trading of valuable new and used items	
No. of Employees	226 (as of the end of March 2023)	
History	Aug. 1994	Camera business set up under the specialty shop name of Map Camera
	Aug. 2005	Company established with 100 million yen in capital
	Jun. 2006	Watch purchase and sales business started
	Apr. 2008	Stationery purchase and sales business started
	Nov. 2008	Sports bicycle purchase and sales business started
	Dec. 2012	Listed in the Mothers Market of the Tokyo Stock Exchange
	Dec. 2015	Listing changed to the First Section of the Tokyo Stock Exchange
	Dec. 2019	Launched dedicated website for ladies' watches
	Jan. 2022	Concluded a capital and business alliance with FUKUI CAMERA SERVICE, Ltd.
	Apr. 2022	Shifted to the Prime Market of the Tokyo Stock Exchange
Nov. 2022	BRILLER expanded the store and reopened the store as a ladies' brand salon.	

Highlights of 1Q Results

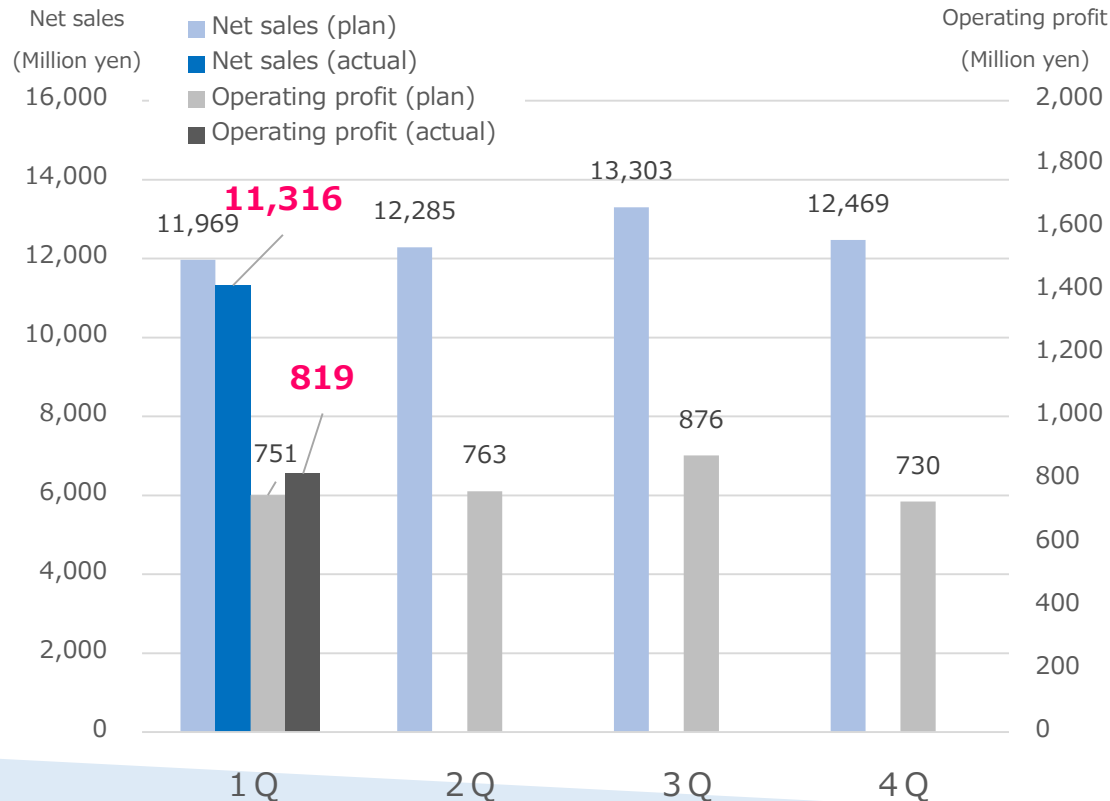


Net sales rose 5.0% year on year although they fell short of the forecast.

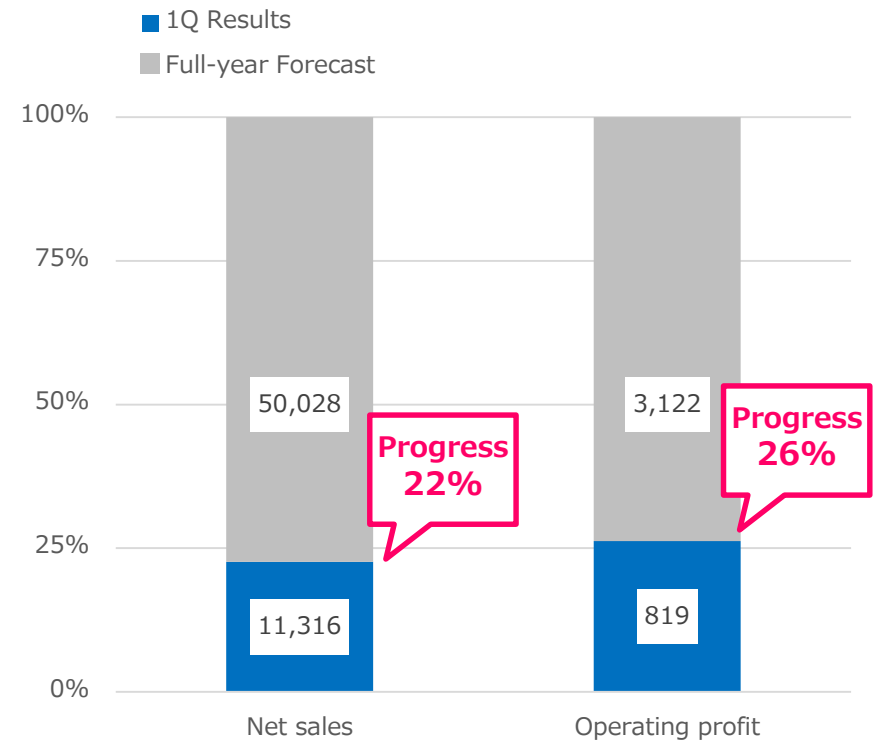
Operating profit was buoyant, surpassing the initial forecast by 9.1%.

- Net sales: **There was two-digit growth year on year in Camera sales**, covering a decline in watch sales and enabling an overall increase in sales.
- Profit: **Gross margin remained flat year on year at 19.4%. Operating profit and operating profit margin returned to their levels before watch prices began to fall.**
- Topic: **AIMD and AI-driven content recommendations sent 4.6 million notifications per month** to automatically generate sales and profit.

Quarterly Change in Forecast and Actual Performance



Full-year Forecast and 1Q Progress

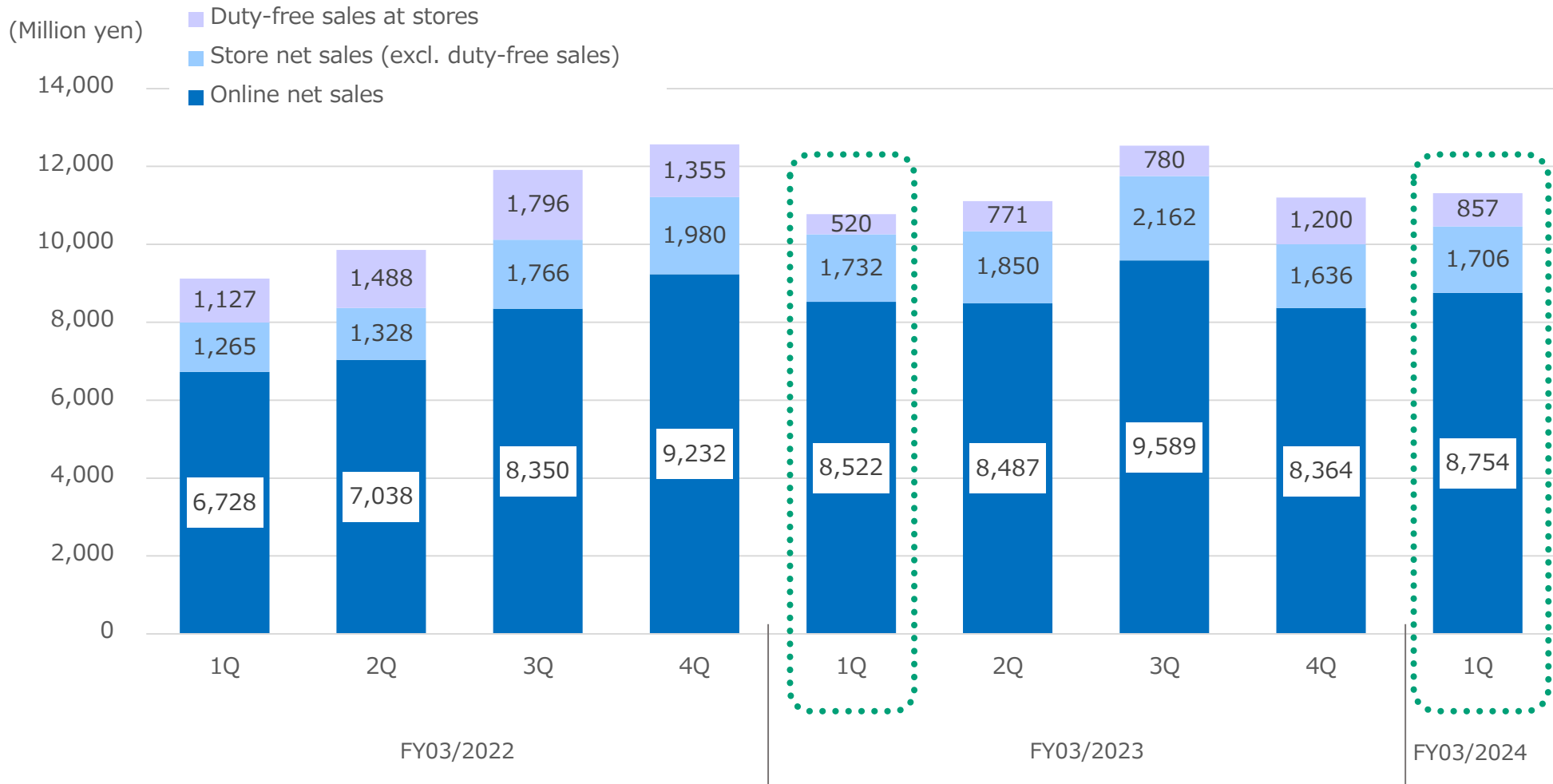


Trend in Net Sales by Sales Channel (Quarterly)



Net sales and online net sales hit new 1Q highs.

Online net sales and duty-free sales surpassed their levels in the same period of the previous year, driving overall growth.



Trend in Net Sales by Sales Channel (Monthly)



EC

In May, sales of new camera models were good. In June, watch sales returned nearly to the level in the same month of the previous year.

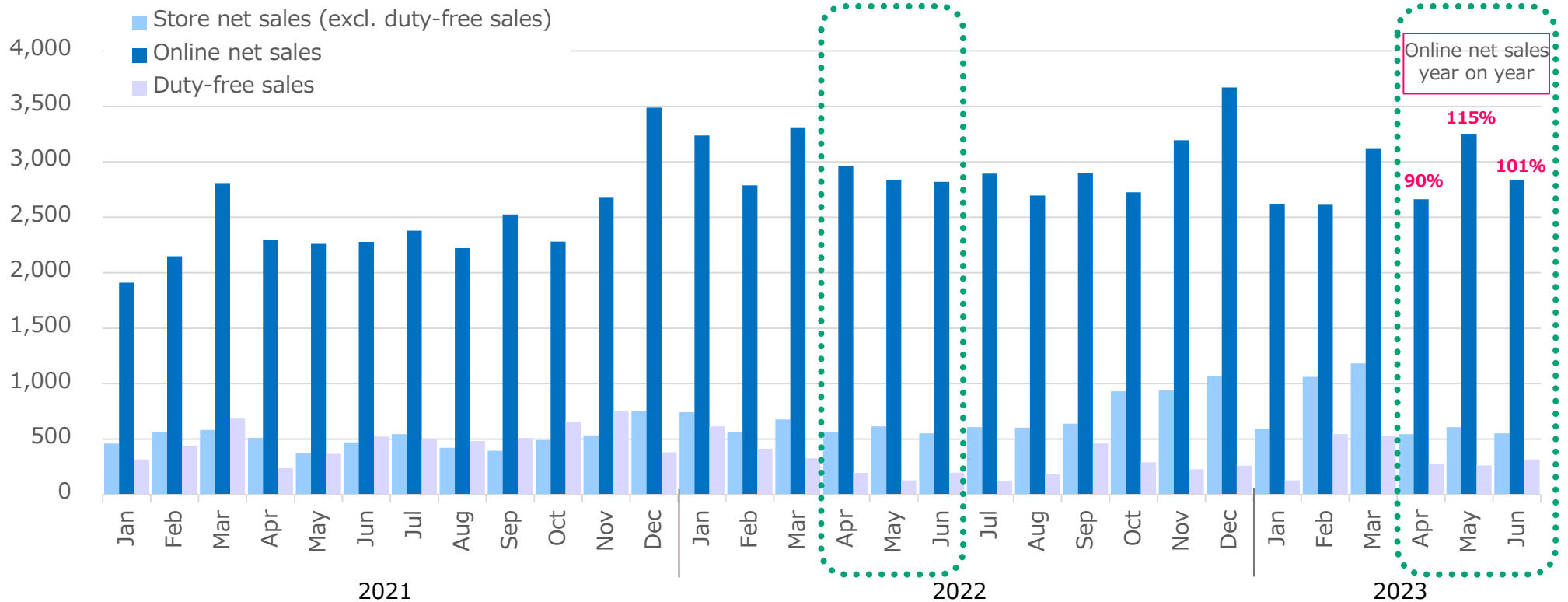
Stores

Net sales were almost unchanged year on year.

Duty-Free

Net sales were slightly higher year on year. Camera sales were strong while watch sales did not rally.

(Million yen)



Trends in Online Net Sales (Quarterly)

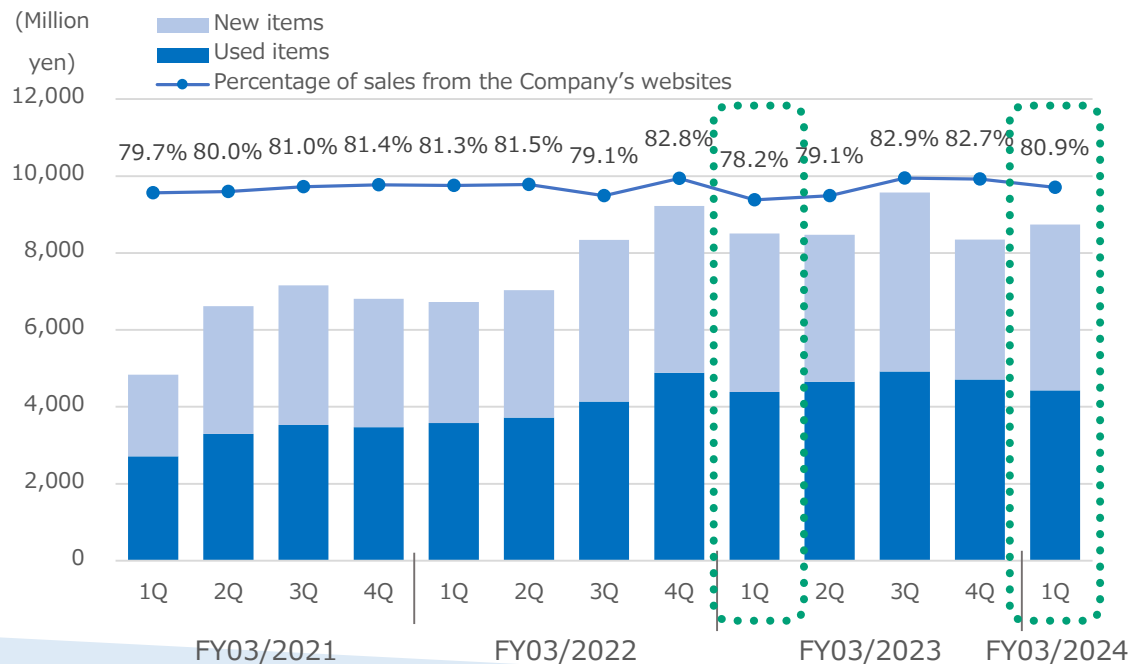


With online net sales turning around in May, quarterly figures surpassed the same period in the previous year, recording a new high for 1Q.

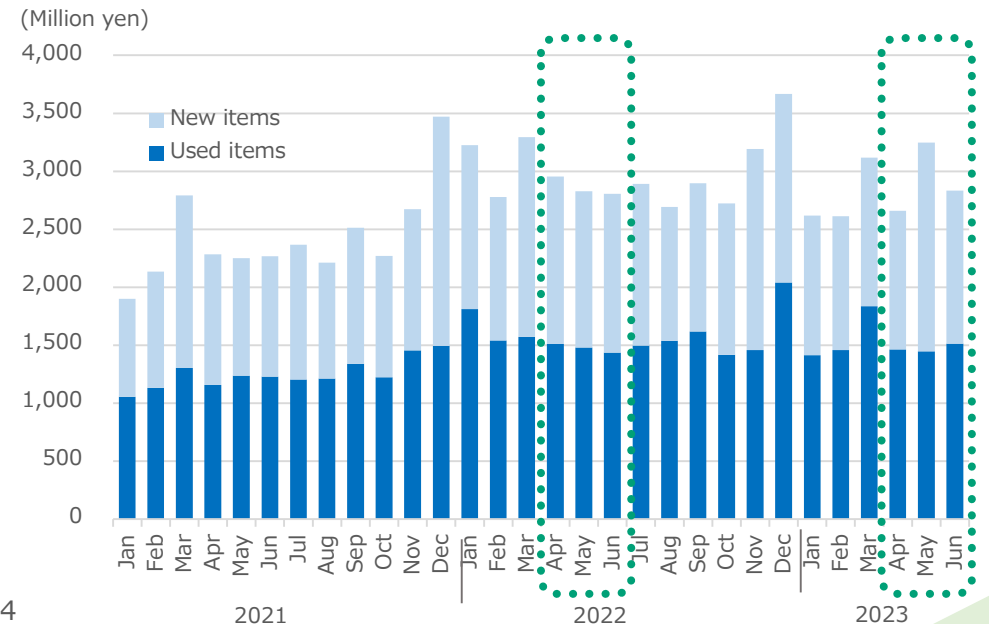
The percentage of sales from the Company's websites stayed at or above 80%.

	1Q FY03/2023	1Q FY03/2024	YoY% Change
Online net sales (Million yen)	8,522	8,754	102.7%
Percentage of sales on the Company's websites	78.2%	80.9%	2.7%
Percentage of sales at malls	21.8%	19.1%	▲2.7%

Trends in Quarterly



Trends in Monthly



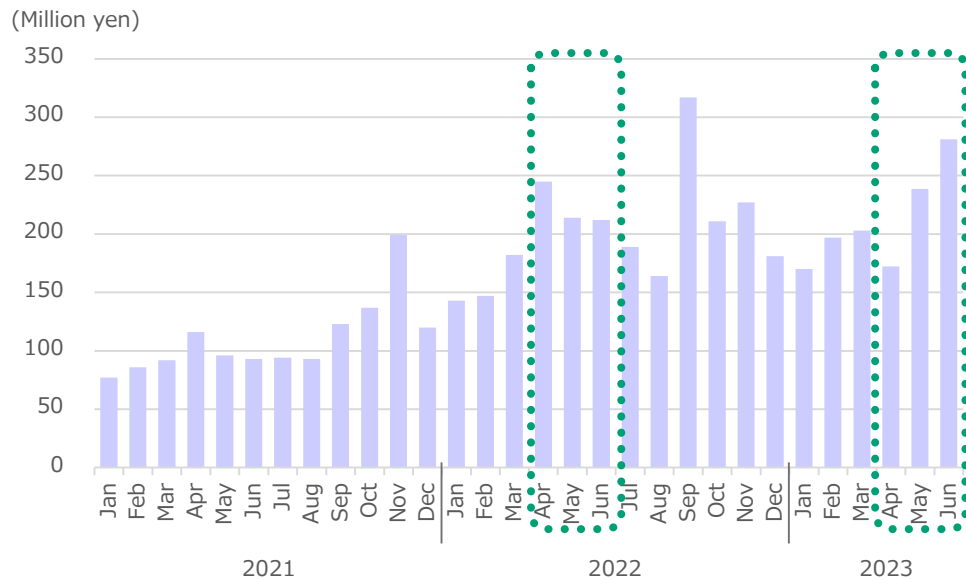
Trends in cross-border online sales, duty-free sales and store sales



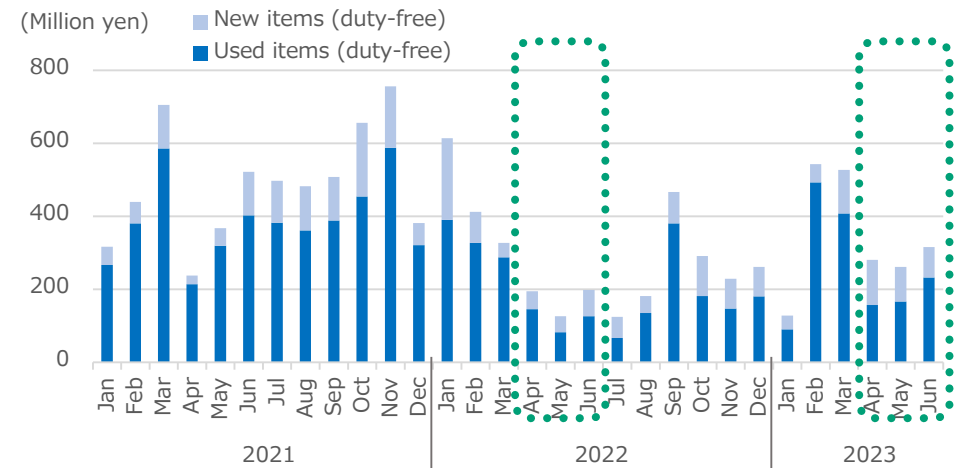
Cross-border online sales jumped considerably year on year in May and in June.

A rise in foreign visitors to Japan led to **a 64% year-on-year rise in duty-free sales.**

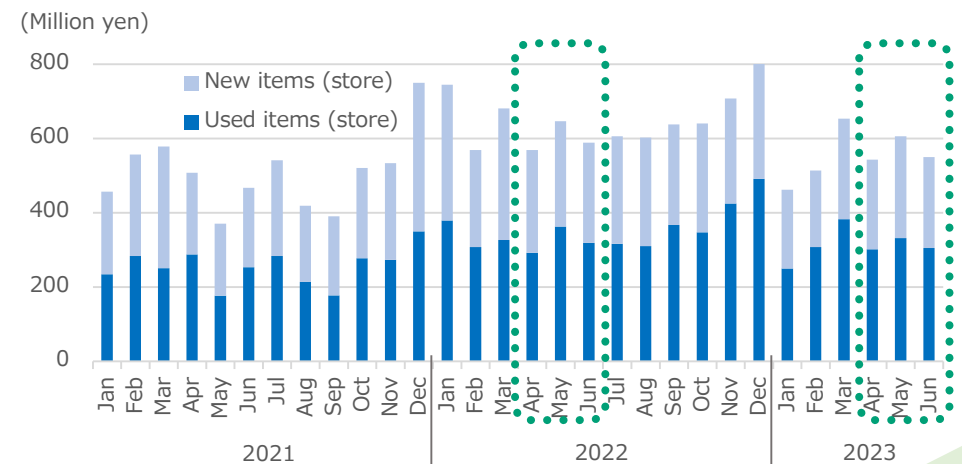
Cross-border online sales (overseas malls)



Duty-free sales



Store net sales (excl. duty-free sales)

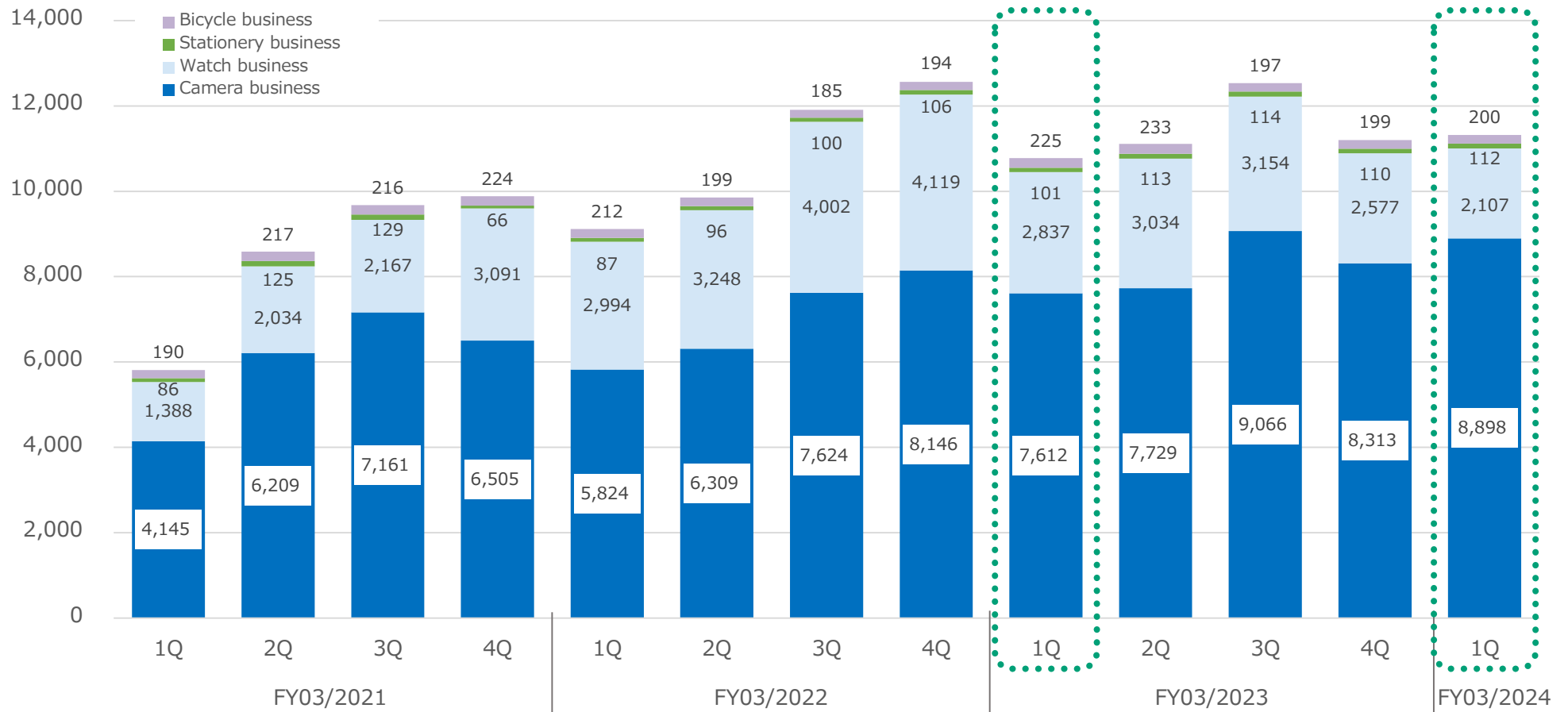


Net Sales by Segment (Quarterly)



Mainstay camera sales surged 16.9% year on year to cover a fall in watch sales and bring about an increase in net sales in 1Q.

(Million yen)



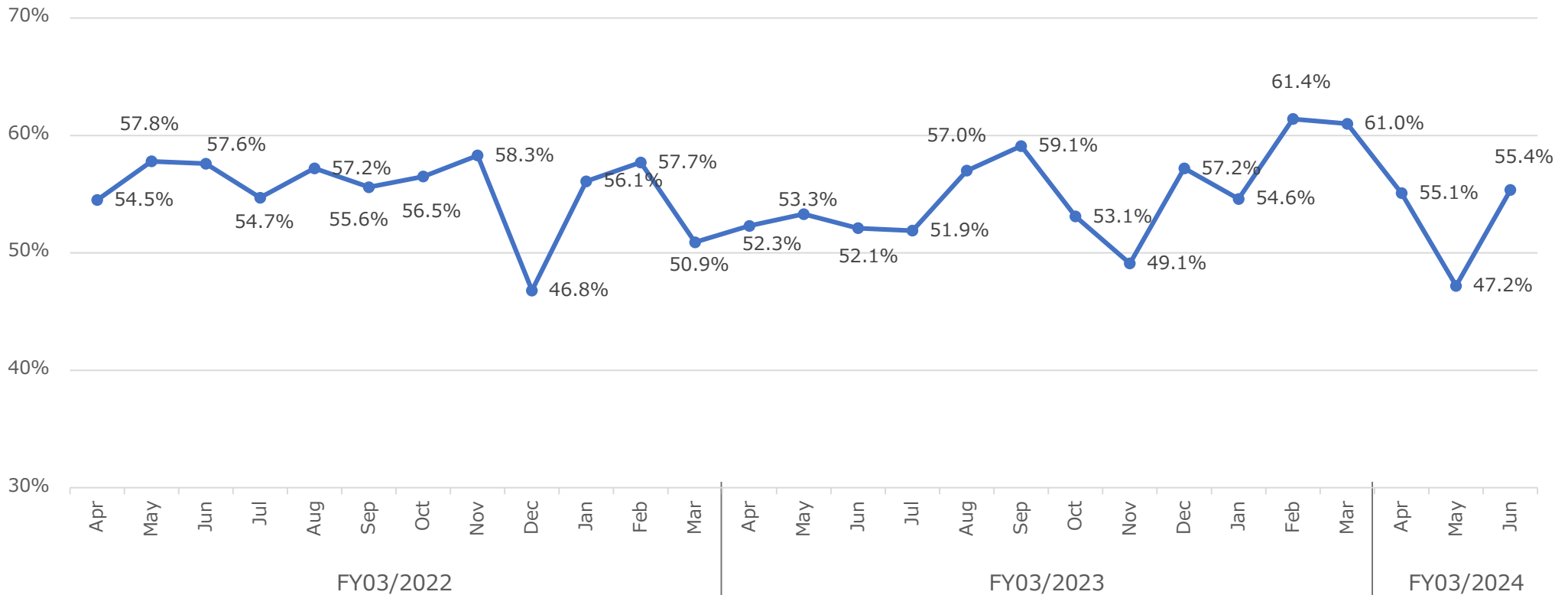
Trends in Ratio of Used Items to Total Sales



Used items were 52.3% of net sales in 1Q.

The cycle of new purchases and replacement purchases remained strong.

(In May alone, it fell temporarily to 47.2% because of brisk sales of new items.)



Quarterly figures	FY03/2022				FY03/2023				FY03/2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
	56.5%	55.8%	53.4%	54.8%	52.6%	54.3%	53.4%	59.3%	52.3%

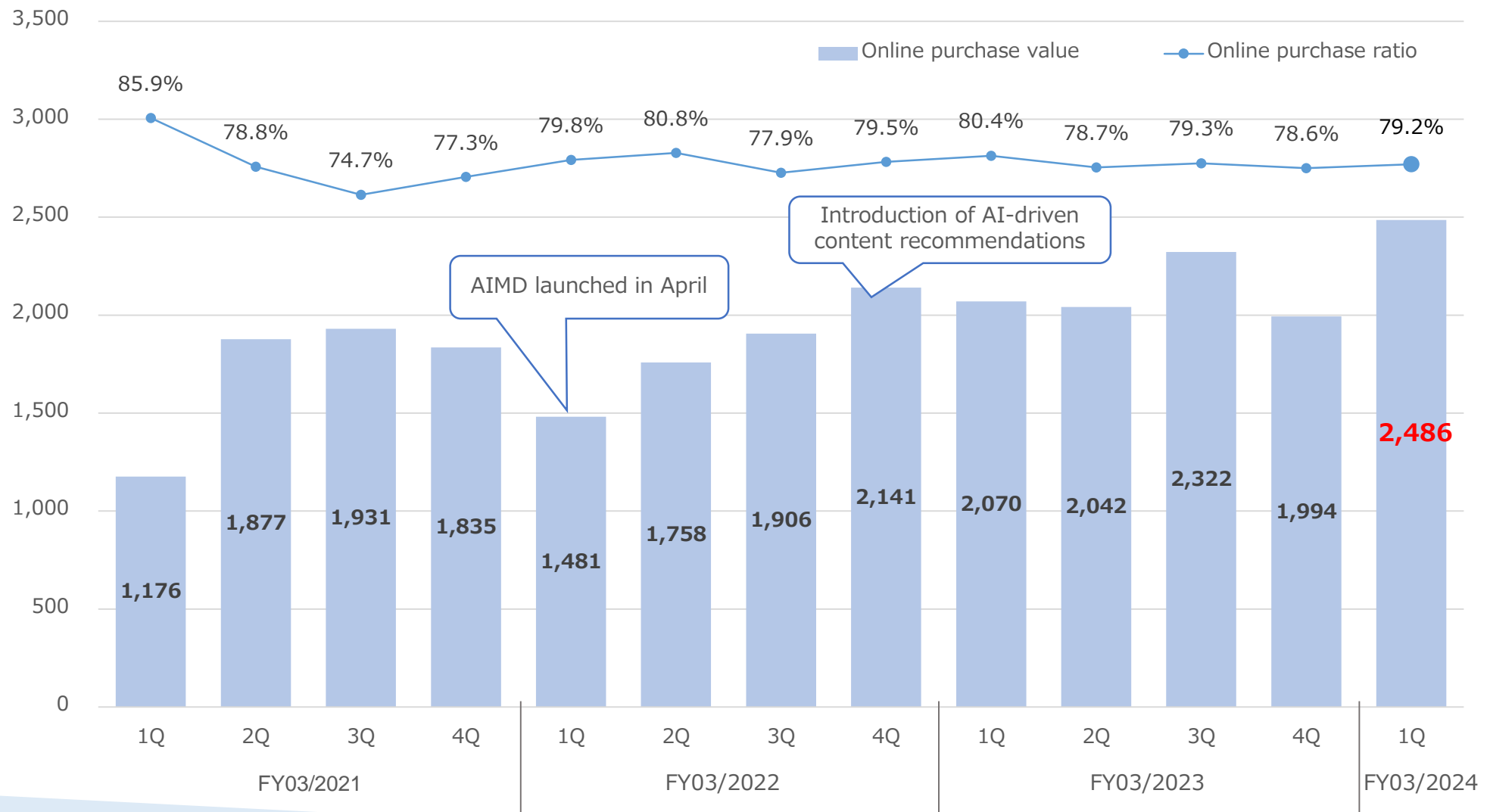
Trends in Online Purchases of Used Cameras



AIMD and AI-driven content recommendations worked well to help online purchases reach a new record high.

For 1Q, sufficient inventories were secured through the cycle of replacement with new products.

(Million yen)



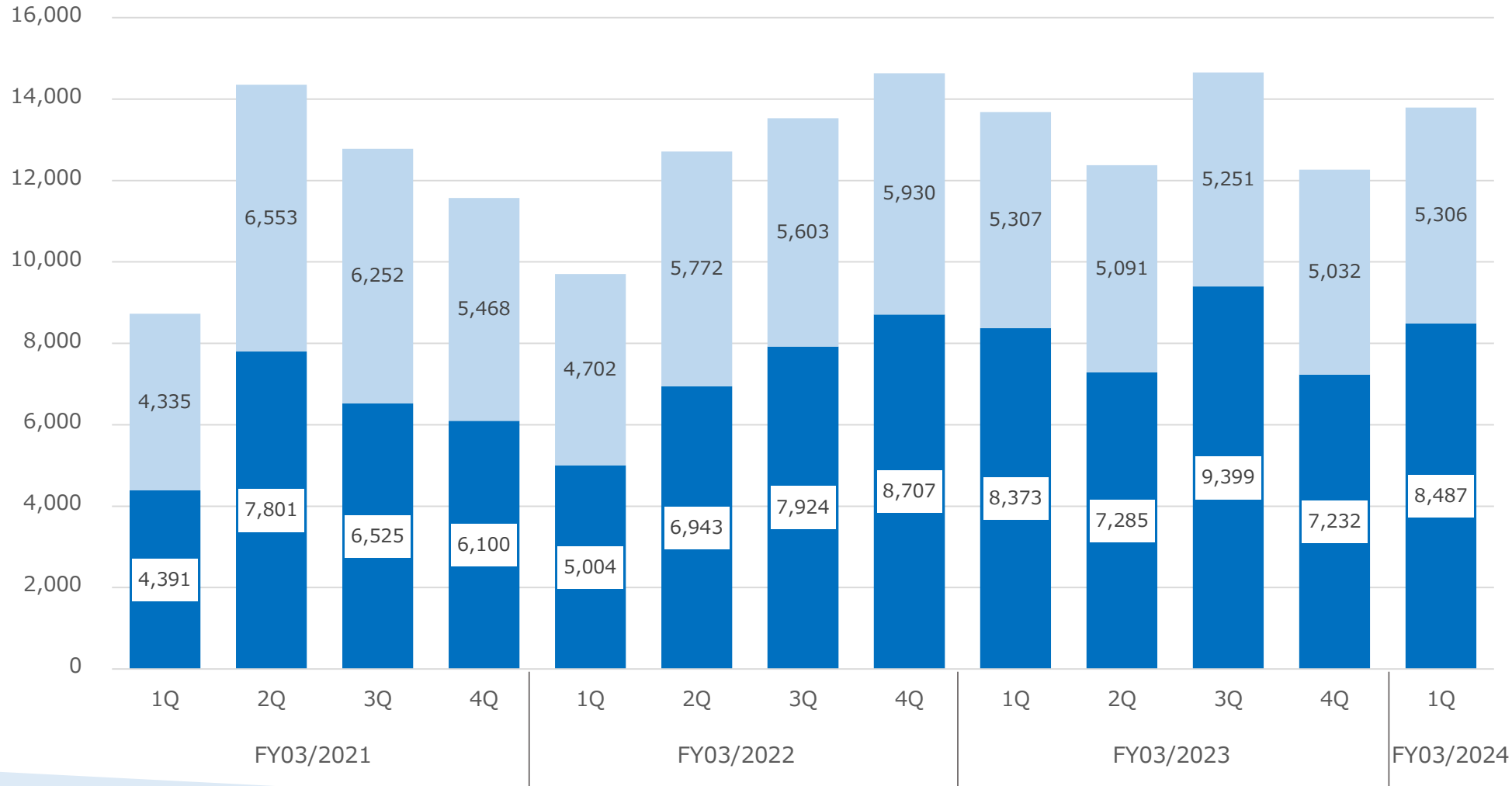
Trends in the Number of Receive-First Send-Later Transactions



For the quarter that is not a part of the year-end selling season or the end-of-financial-year sales, the total number of receive-first and send-later transactions was high.

(number of replacements)

■ Number of Receive-First Transactions
 ■ Number of Send-Later Transactions



Summary of Financial Results



Net sales	Year on year — Overall: Up 105.0% Online: Up 102.7% Stores: Up 113.7% Online net sales increased slightly with online net sales of cameras being brisk and online net sales of watches being weak. Store net sales grew since visitors to stores rallied.
Gross profit	Gross margin remained flat year on year at 19.4%. The gross margin in cameras was solid and watch market prices were stable.
SGA expenses	SGA expenses excluding personnel expenses were almost the same as the same period in the previous year. A rise in employees' pay and other factors resulted in the ratio of SGA expenses to net sales being in the range of 12% to 13%.
Operating profit	Operating profit reached 819 million yen to surpass the forecast by 9.1%. Operating margin stood at 7.2%. Both figures returned to their respective levels before watch prices began to fall.

	FY03/2023 1Q		FY03/2024 1Q (Million yen)				
	Actual	Share	Actual	Share	YoY% Change	Plan	Percent of plan (target)
Net sales	10,776	-	11,316	-	105.0%	11,969	94.5%
Gross profit	2,120	19.7%	2,198	19.4%	103.7%	-	-
SGA expenses	1,264	11.7%	1,378	12.2%	109.1%	-	-
Operating profit	856	7.9%	819	7.2%	95.7%	751	109.1%
Ordinary profit	863	8.0%	818	7.2%	94.8%	743	110.0%
Net income	585	5.4%	546	4.8%	93.4%	513	106.5%

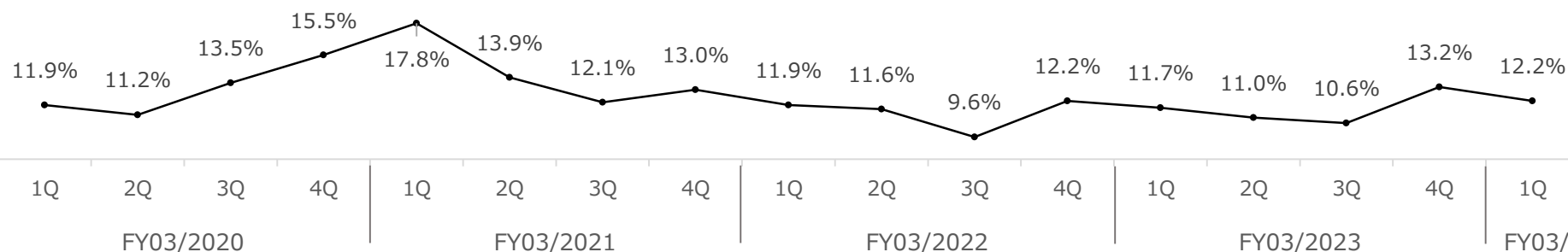
Year-on-Year Change in SGA Expenses



The Company continued its efforts to reduce SGA expenses, but a rise in average pay led to a rise in personnel expenses and resulted in the ratio of SGA expenses to net sales being in the range of 12% to 13%.

	FY03/2023 1Q		FY03/2024 1Q		YoY% Change (Million yen)		
	Actual	Ratio to net sales	Actual	Ratio to net sales	% change (Ratio to net sales)	Value change	Reasons
Personnel expenses	345	3.2%	399	3.5%	+0.3%	+54	Increase in pay and other factors
Advertising expenses	10	0.1%	13	0.1%	+0.0%	+3	
Promotion expenses	234	2.2%	260	2.3%	+0.1%	+25	Increase in trade-in expenses following the growth of send-later transactions
Business consignment expenses	96	0.9%	86	0.8%	▲0.1%	▲9	
Commission fee	306	2.8%	310	2.7%	▲0.1%	+3	
Depreciation	48	0.5%	44	0.4%	▲0.1%	▲4	
Rents	88	0.8%	88	0.8%	▲0.0%	+0	
Other	134	1.3%	176	1.6%	+0.3%	+41	Share-based payments, taxes and dues and others
Total SGA expenses	1,264	11.7%	1,378	12.2%	+0.5%	+114	

Trends in quarterly ratio of SGA expenses to net sales







Trend in SGA expenses	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024 1Q
	12.9%	13.8%	11.3%	11.6%	12.2%

Year-on-Year Changes in Net Sales and Profit by Segment



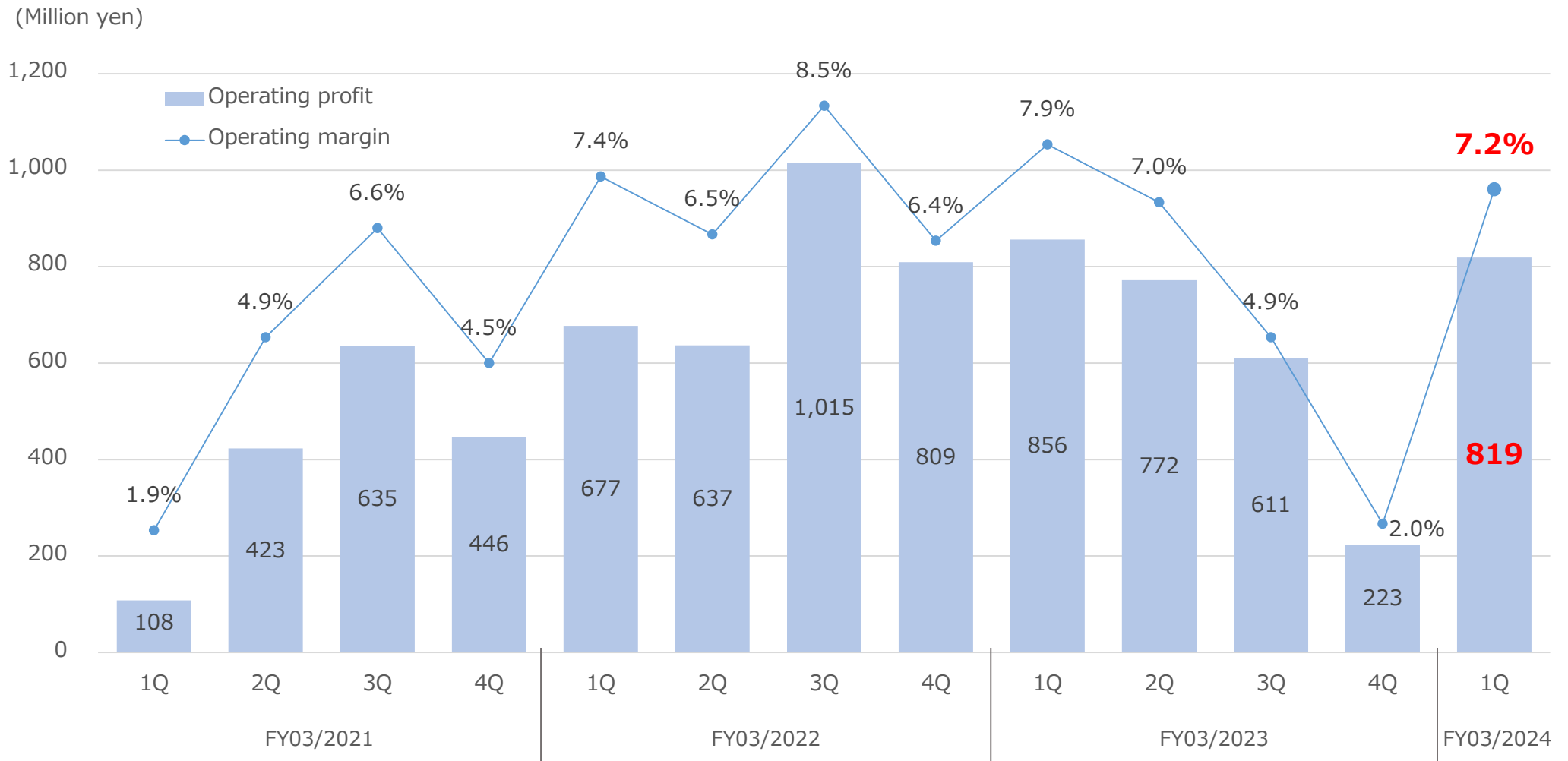
Net sales grew 16.9% and profit rose 24.8% year on year in the camera business. Profit in the watch business was positive.

Segments/Sales Channel Figures in parentheses () are the percentage of total net sales.		FY03/2023 1 Q	FY03/2024 1 Q	YoY% Change	Remarks (Million yen)
 Cameras (78.6%)	Online net sales	6,681	7,531	112.7%	<ul style="list-style-type: none"> Online net sales and store net sales were both strong. Segment operating profit grew considerably by 24.8% after the release of new products and the effects of AIMD.
	Store net sales	930	1,365	146.8%	
	Segment net sales	7,612	8,897	116.9%	
	Segment operating profit	868	1,084	124.8%	
 Watches (18.6%)	Online net sales	1,593	1,004	63.0%	<ul style="list-style-type: none"> Online net sales were poor, particularly in April and May. In June, the figure was slightly higher than in the same month of the previous year. Segment operating profit dropped 75.9%.
	Store net sales	1,244	1,102	88.6%	
	Segment net sales	2,837	2,106	74.2%	
	Segment operating profit	225	54	24.1%	
 Stationery (1.0%)	Online net sales	81	81	100.0%	<ul style="list-style-type: none"> Online net sales and store net sales both increased year on year. Steady growth was achieved in the segment due to strengthened purchases of used items and proper setting of selling prices.
	Store net sales	19	30	153.0%	
	Segment net sales	101	111	110.4%	
	Segment operating profit	4	14	332.6%	
 Bicycles (1.8%)	Online net sales	166	136	82.0%	<ul style="list-style-type: none"> Net sales and segment profit both fell. Online net sales were sluggish following a rise in prices of finished new bicycles and the end of health-related demand during the COVID-19 pandemic.
	Store net sales	59	63	107.7%	
	Segment net sales	225	200	88.7%	
	Segment operating profit	11	7	60.9%	
Total	Online net sales	8,522	8,753	102.7%	<ul style="list-style-type: none"> Online net sales and store net sales both surpassed their levels in the same period of the previous year.
	Store net sales	2,253	2,562	113.7%	
	Total net sales	10,776	11,316	105.0%	

Trends in Operating Profit and Operating Margin (Quarterly)



There was a V-shaped recovery in operating profit and the operating margin, with both returning to the level before watch prices began to fall.



Changes in Balance Sheet from End of Previous Year



Merchandise inventories increased slightly by 250 million yen. While long-term borrowings were repaid, short-term borrowings with lower interest rates increased.

(Million yen)

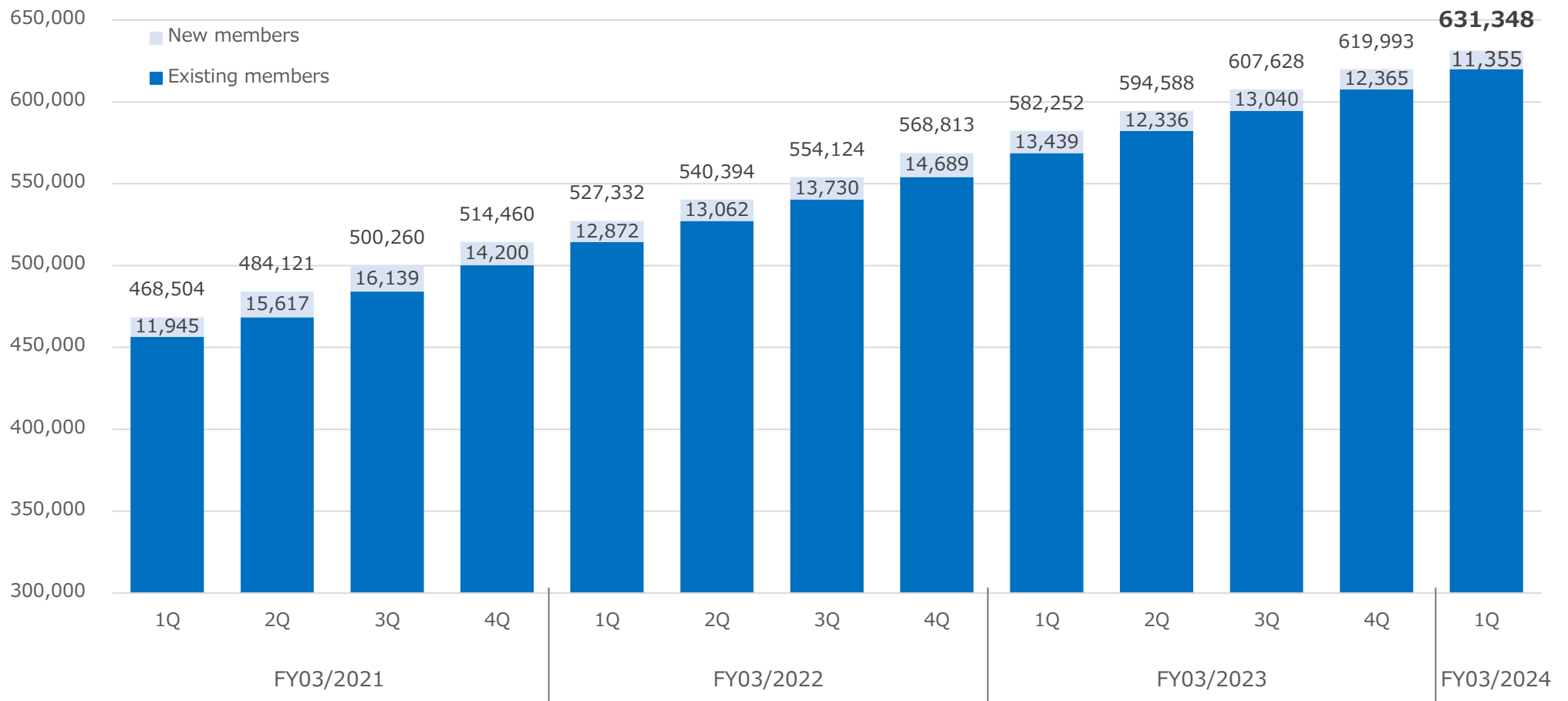
	End of FY03/2023	End of 1Q of FY03/2024	
		Actual	Change
Current assets	13,202	13,386	+183
Cash and deposits	1,423	1,472	+49
Merchandise	8,812	9,072	+259
Non-current assets	1,863	1,802	▲60
Total assets	15,066	15,189	+122
Current liabilities	5,640	6,233	+593
Non-current liabilities	2,946	2,547	▲399
Total liabilities	8,586	8,780	+194
Total net assets	6,479	6,408	▲71
Liabilities and net assets	15,066	15,189	+122

Trends in the Quarterly Number of Online Members



A net increase in the number of new online members continued at the rate of 3,000 to 4,000 per month.

(Number of people)



Attributes of Online Members

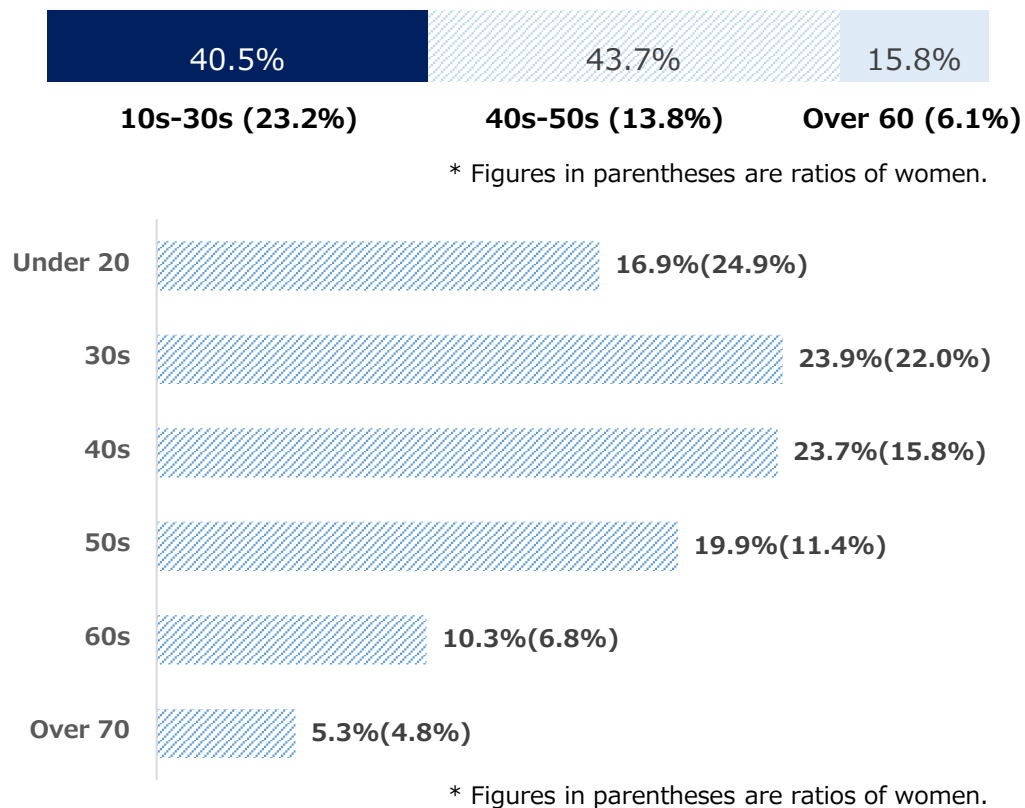


No major changes were observed in age group distribution or the regional distribution of members.

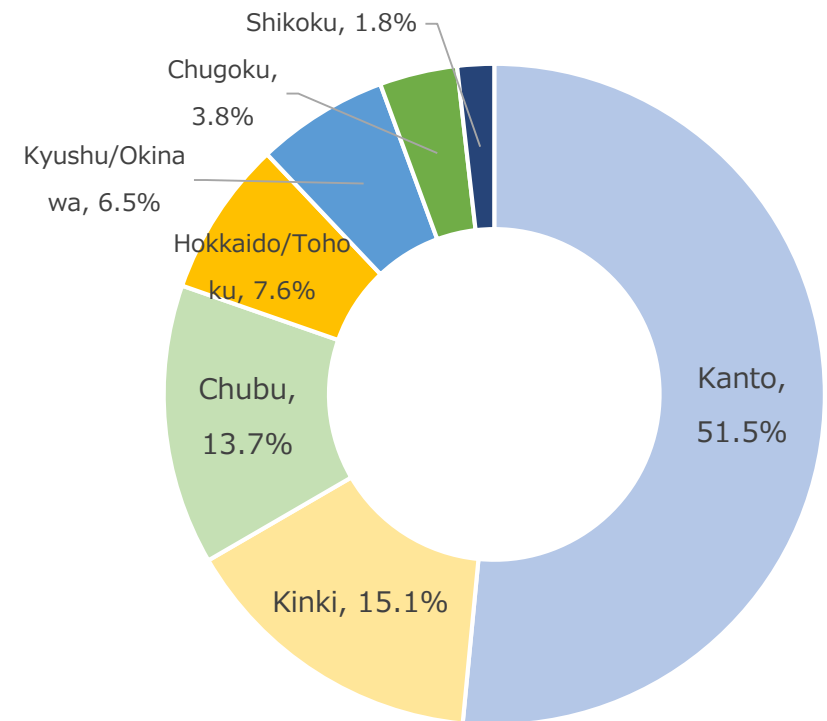
Members in their teens to their thirties are 40.5% of the total member base.

Women are a large percentage of the people in these age groups, 23.2%, reflecting the popularization of social media services such as Instagram.

Age group distribution



Regional distribution



Gender distribution of online members – Men: 83.6%, Women: 16.4%
(Gender distribution of new members in 1Q – Men: 78.8%, Women: 21.2%)

Technology Development and Number of Notifications

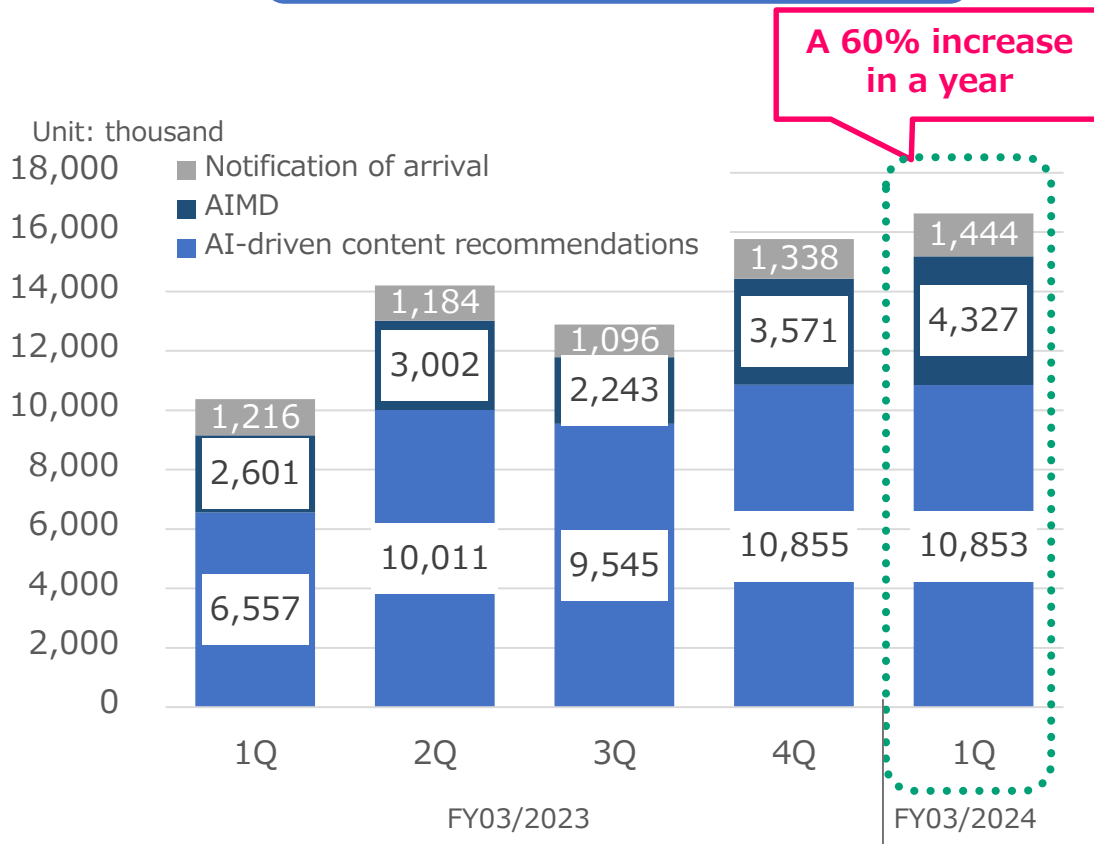


The number of notifications based on customers' requests reached 16 million in 1Q. This represents 60% growth in the past twelve months. In particular, the number of notifications on LINE increased eight fold. (Both increases are on a year-on-year basis.)

With AIMD Phase-2, the Company aims to increase notifications further.

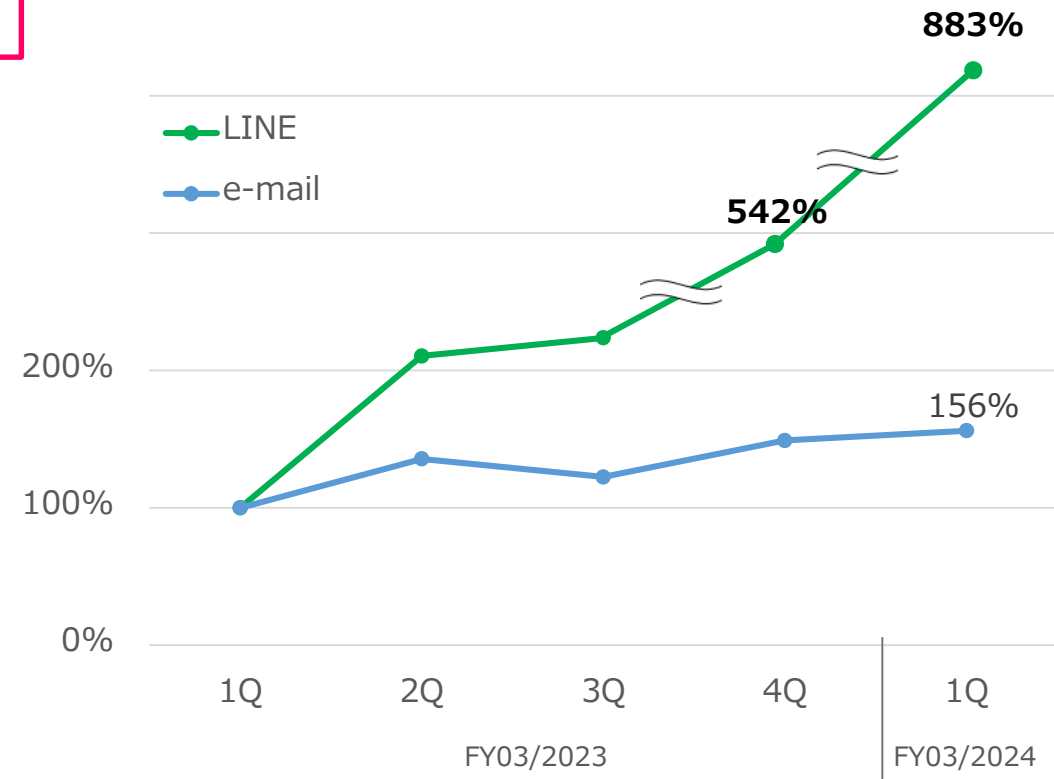
(This number of notifications is equivalent[†] to the number of visitors to around 350 physical stores.)

Number of notifications by purpose



Number of notifications by medium

(expressed as a ratio to the level in 1Q of FY03/2023)



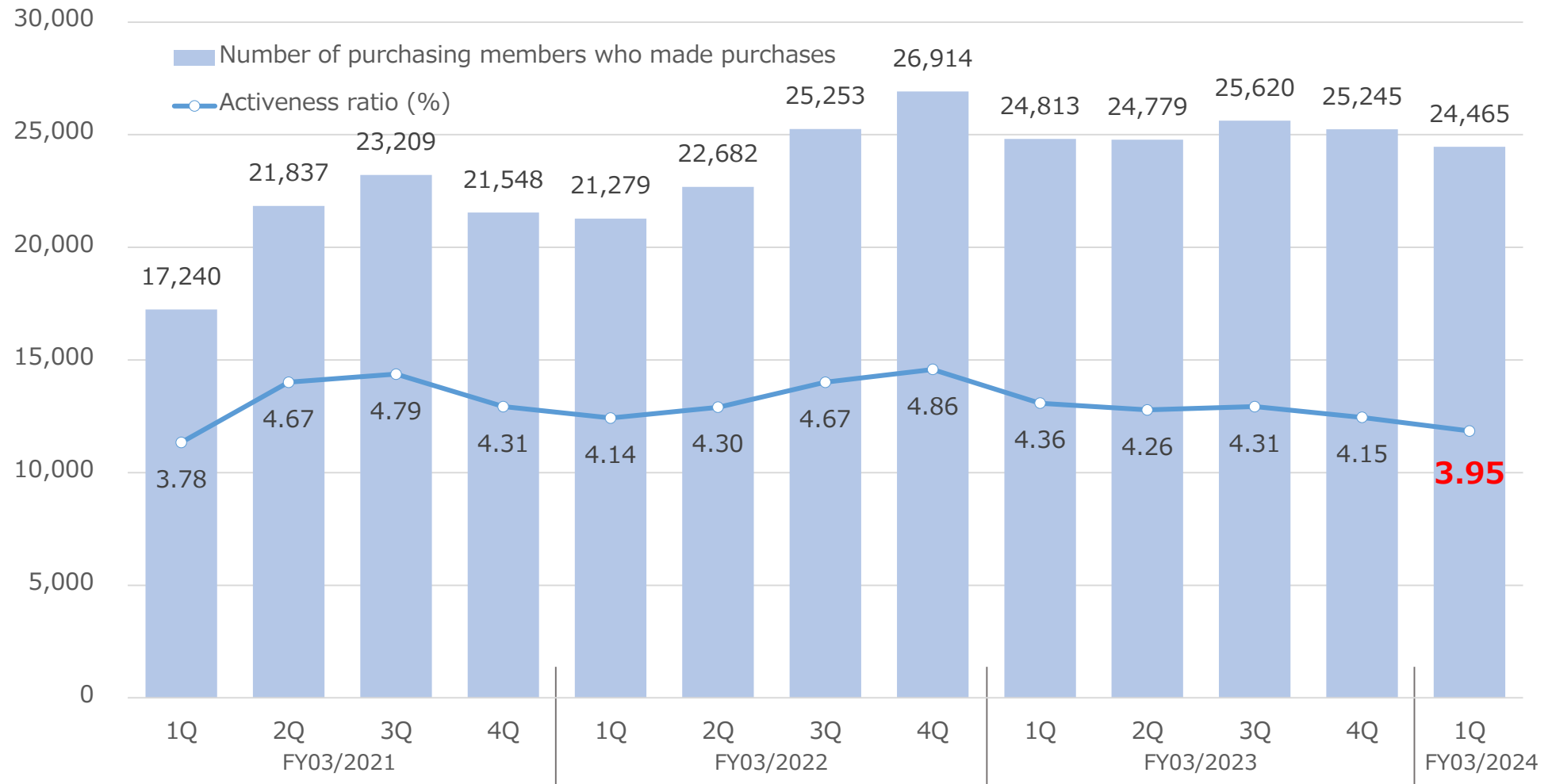
[†] According to the Company's own estimate

Quarterly Activeness Ratio of Online Members (Existing Customers)*



The number of purchasing members stayed at a high level, but the **continued growth of the member base** resulted in an activeness ratio below 4%.

(Number of people)

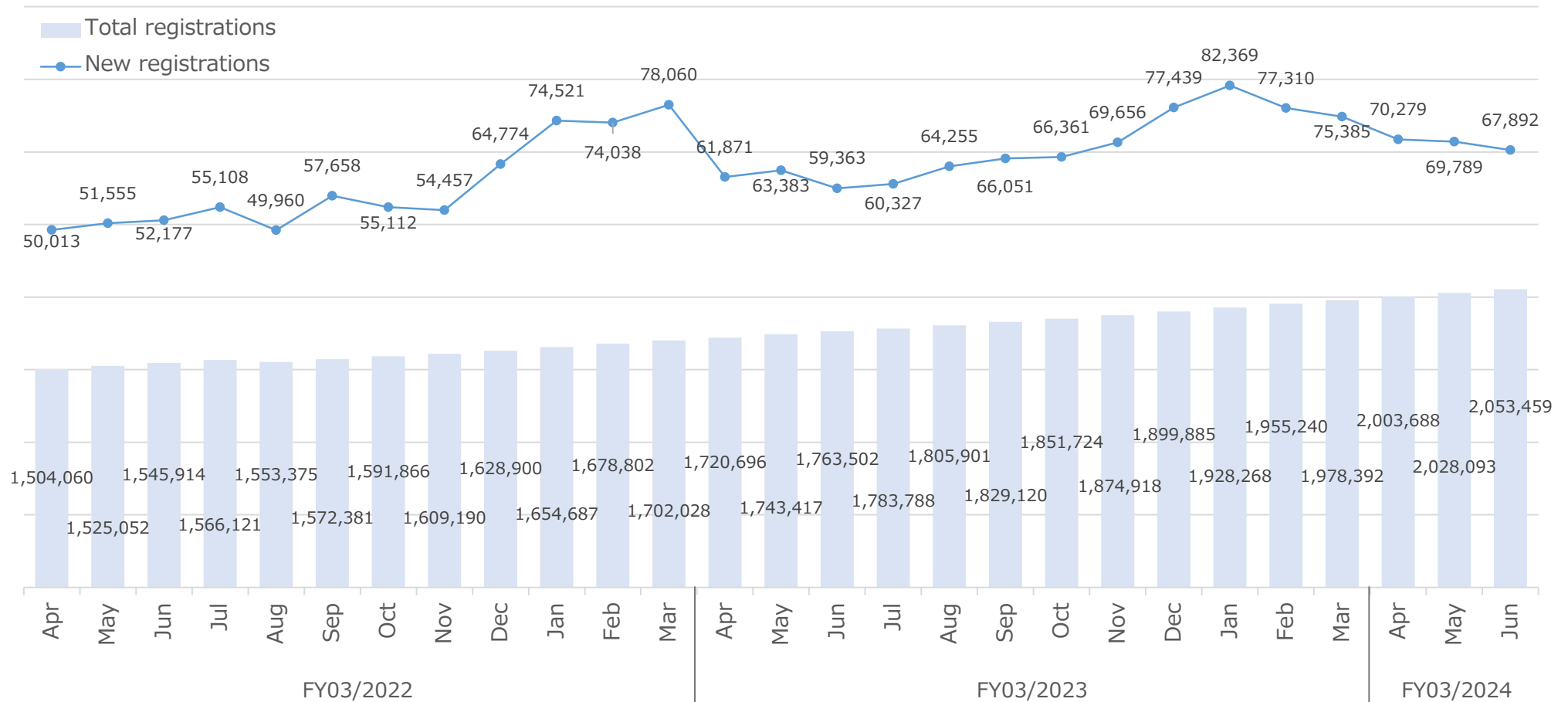


*Activeness ratio: The ratio of the number of members who made purchases in a quarter (excluding new members) to the number of members at the beginning of the quarter

Number of Items Registered on the Wish List



With the number of new registrations in the range of 60,000 to 70,000 per month, the total number of registrations is increasing.

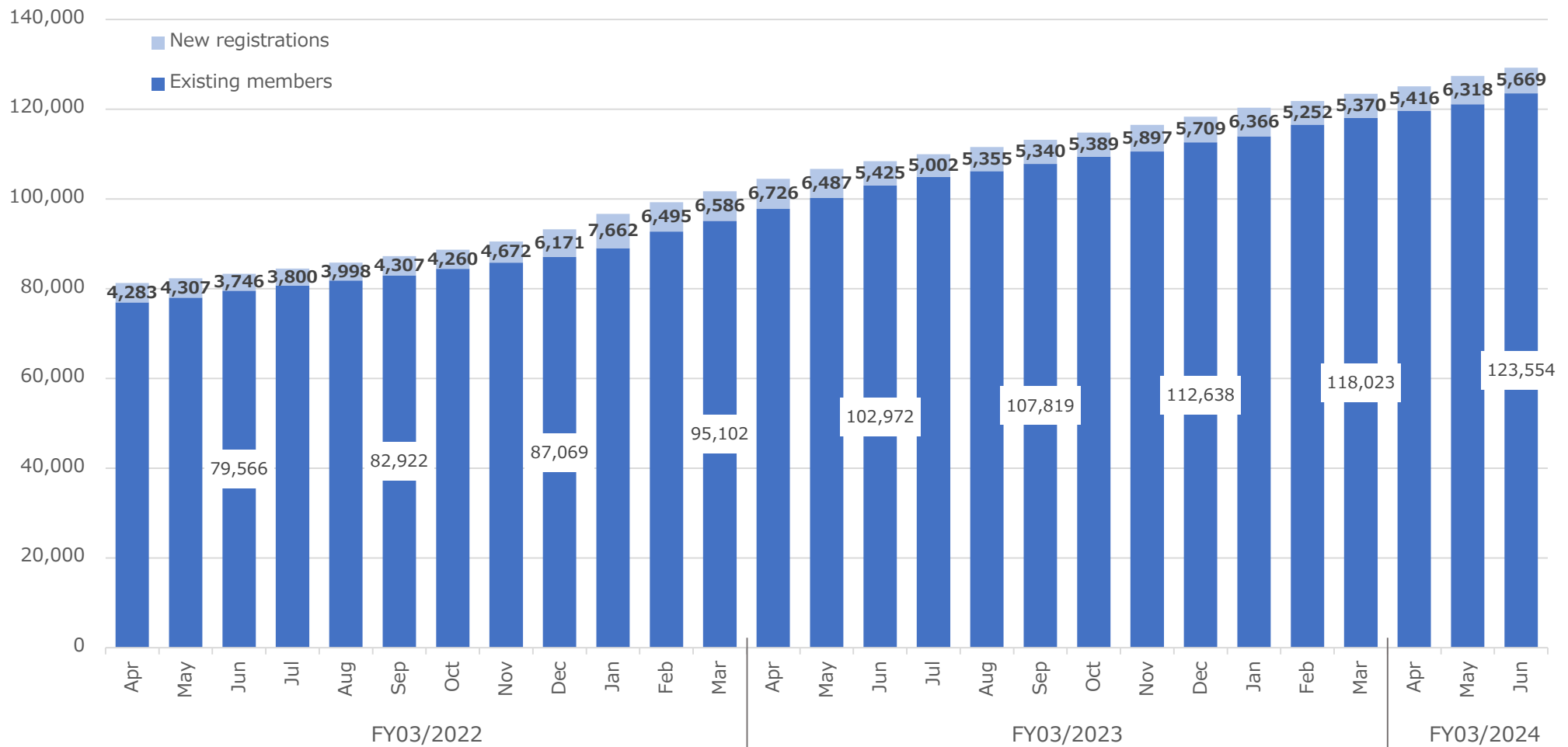


*When a registered product is purchased, it is automatically removed from the list

Number of Registrations for E-mails that Communicate Arrivals



With 15,000 new registrations in 1Q, 400,000 notifications per month were sent to customers' smartphones.

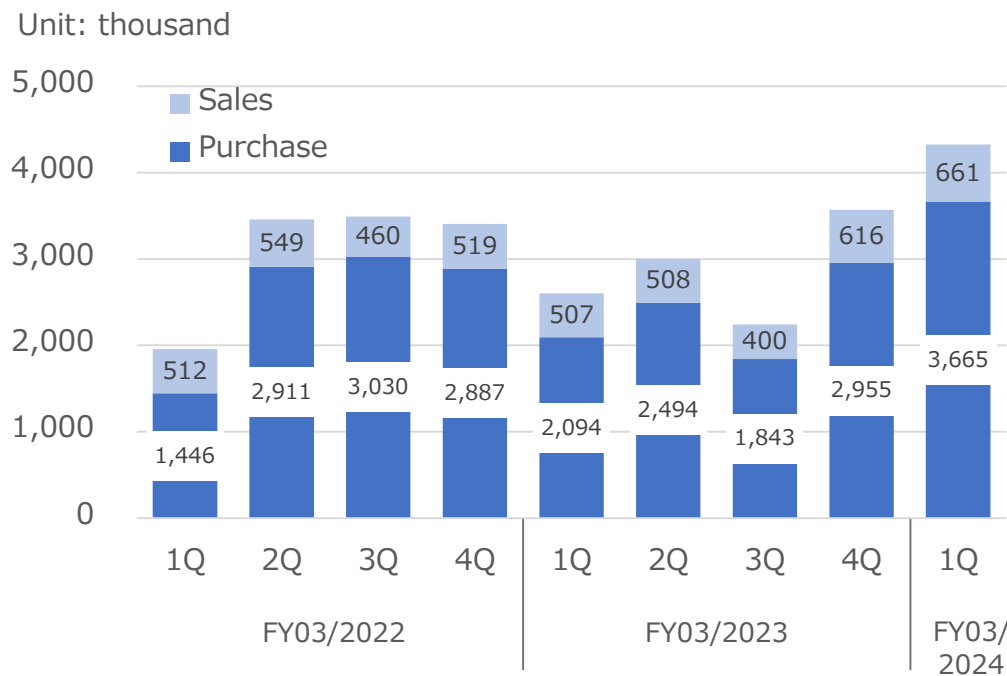


AIMD x One to One x AI-driven Content Recommendation

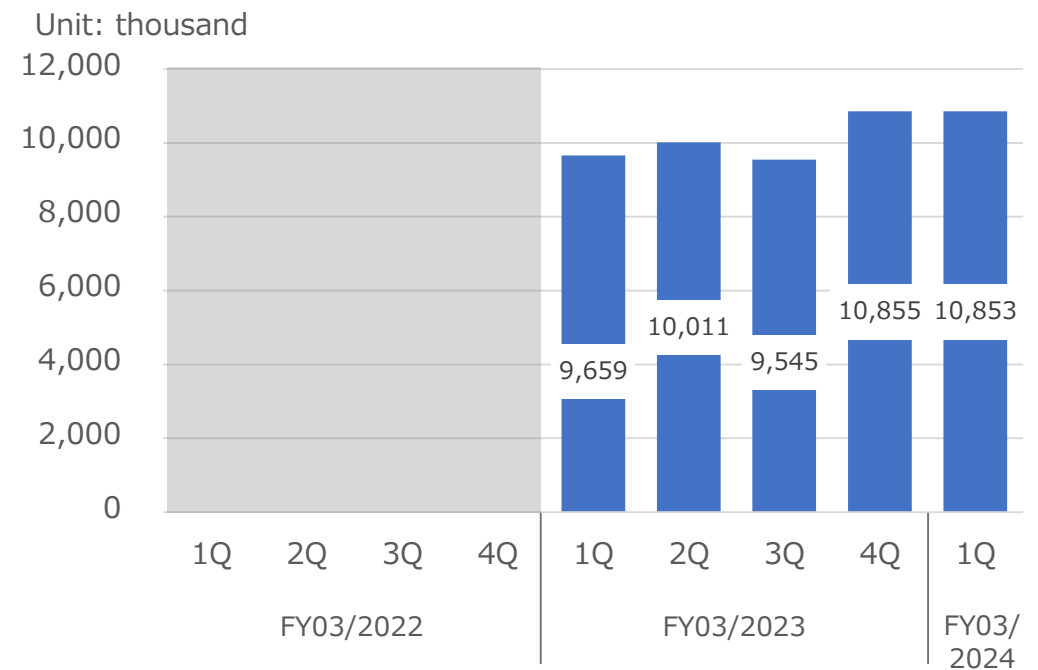


The number of notifications about sales and purchase recommendations from AIMD and One to One and about requests from AI-driven content recommendations increased steadily. An average of 4.6 million notifications delivered to customers' smartphones per month.

AIMD x One to One



AI-driven content recommendations



Notes on Forward-Looking Statements

- The materials and information provided in this presentation include so-called forward-looking statements. These statements are based on assumptions that include current expectations, forecasts, and risk factors, which include uncertainties that may cause actual performance to differ from these statements.
- These risks and uncertainties include general industrial and market circumstances and general domestic and international economic conditions such as fluctuations in interest rates and currency exchange rates.
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