



## Financial Results Presentation

for the Three Months Ended September 30, 2023

**Note:**

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



## 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)	
<b>History</b>	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.	



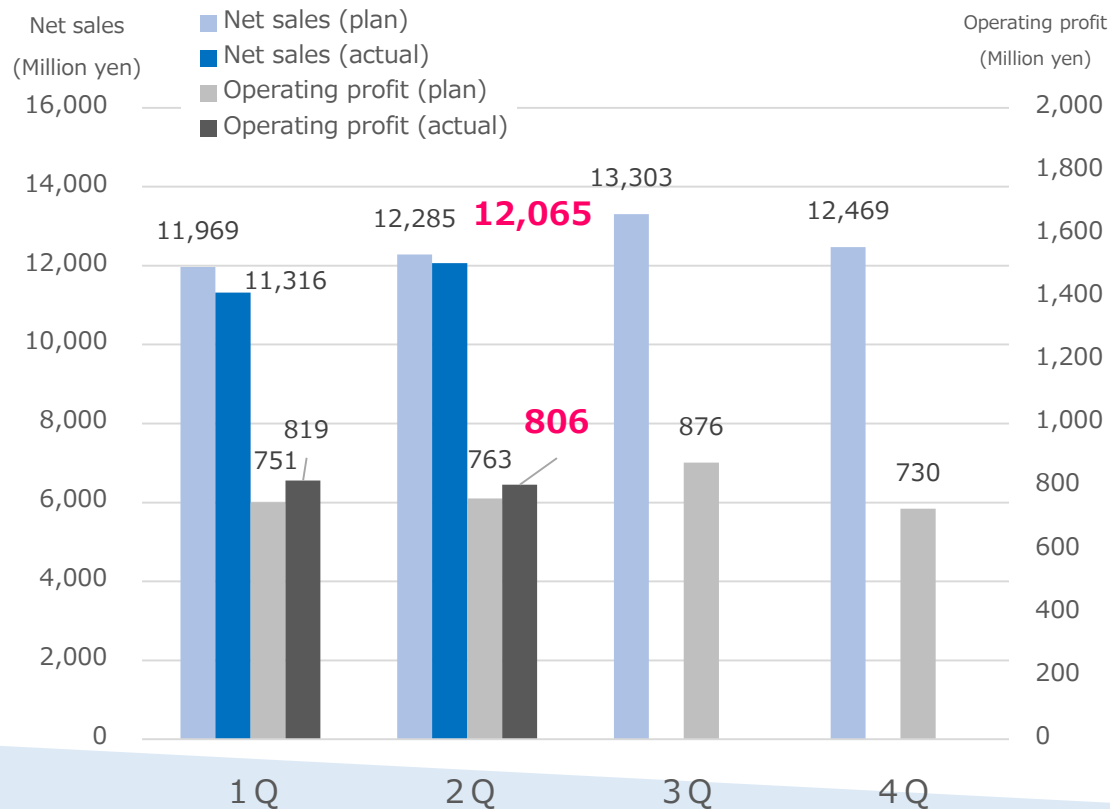
# Highlights of 2Q Results

Net sales grew 8.6% year on year, slightly below the plan.

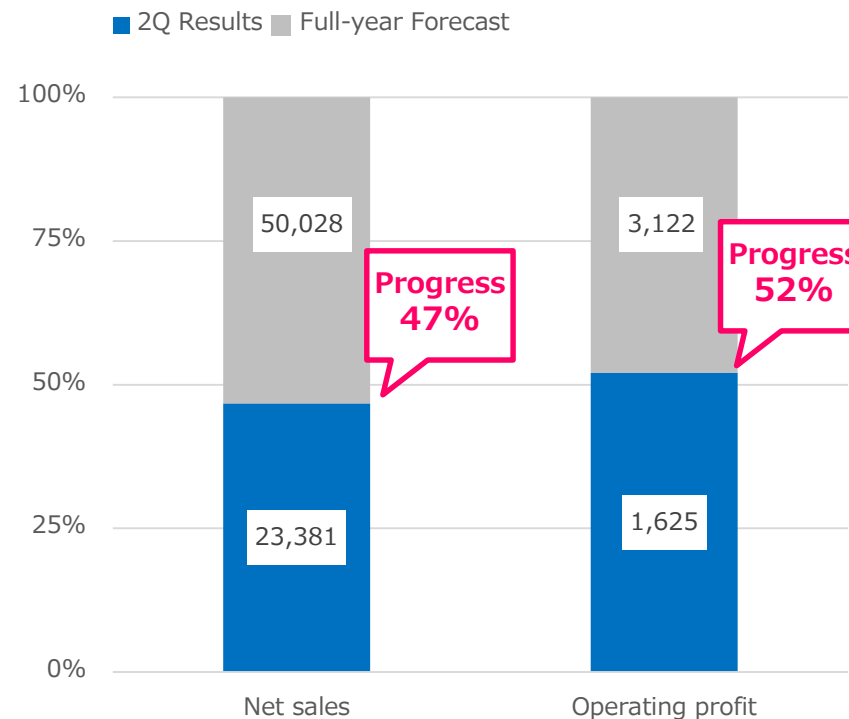
Operating profit exceeded the plan by 5.6% in 2Q, showing steady progress.

- Net sales: **Camera sales posted double-digit growth year on year, and Watch sales also returned to a year-on-year increase.**
- Profit: The **Gross margin** remained flat year on year at **18.8%**. Operating income was **52% of the full-year plan**.
- Topics: **Even without releases of major new camera products in the quarter, the use of an AI-driven content system stimulated purchases, generating sales and profits. In the watch business, stable prices in the watch market contributed to a solid performance.**

## Quarterly Change in Forecast and Actual Performance



## Full-year Forecast and 2Q Progress



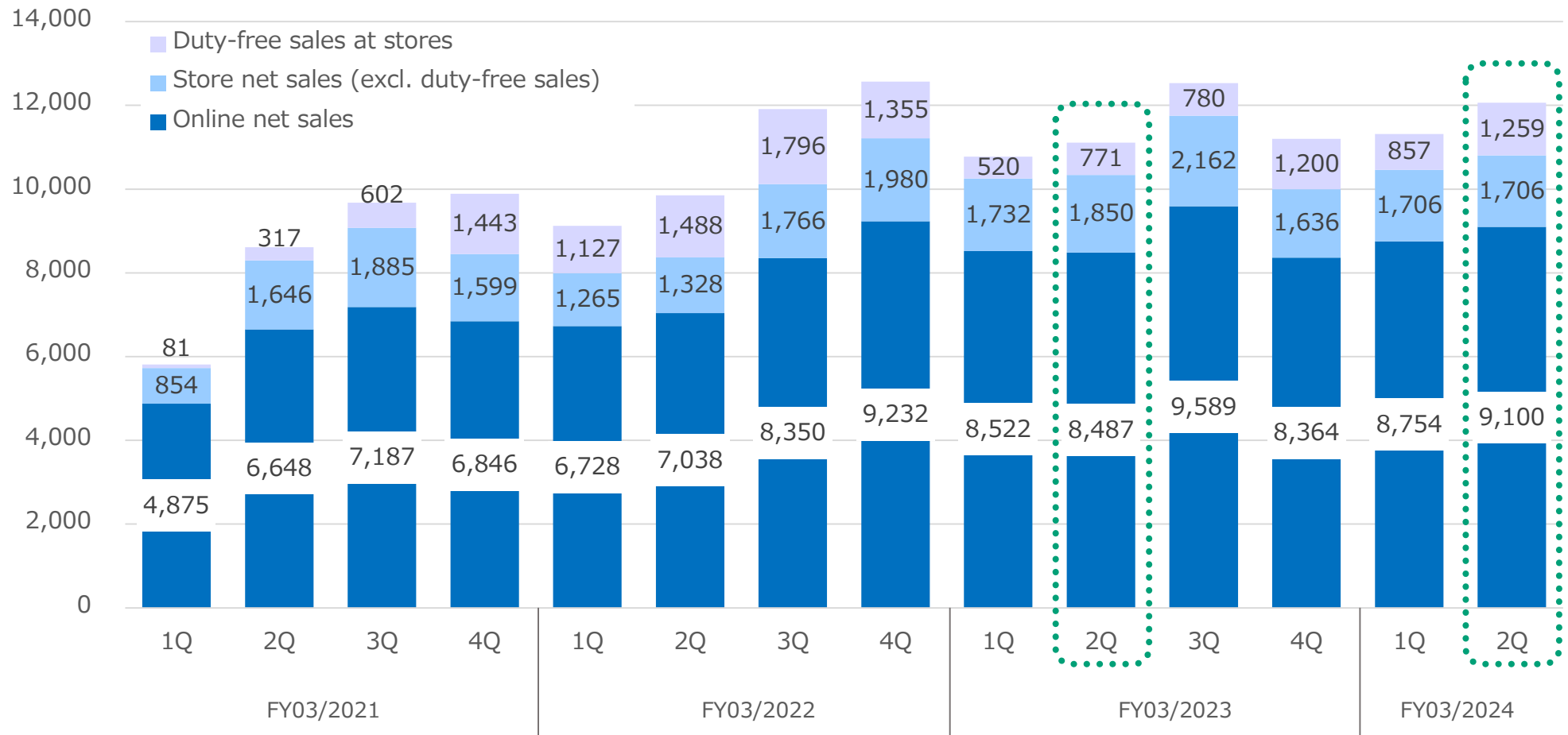
# Trend in Net Sales by Sales Channel (Quarterly)



Online net sales exceeded 9,000 million yen for the first time in 2Q, reaching levels close to the busiest period of the year.

The growth in online and duty-free sales drove the overall sales growth.

(Million yen)





# Trend in Net Sales by Sales Channel (Monthly)

**EC**

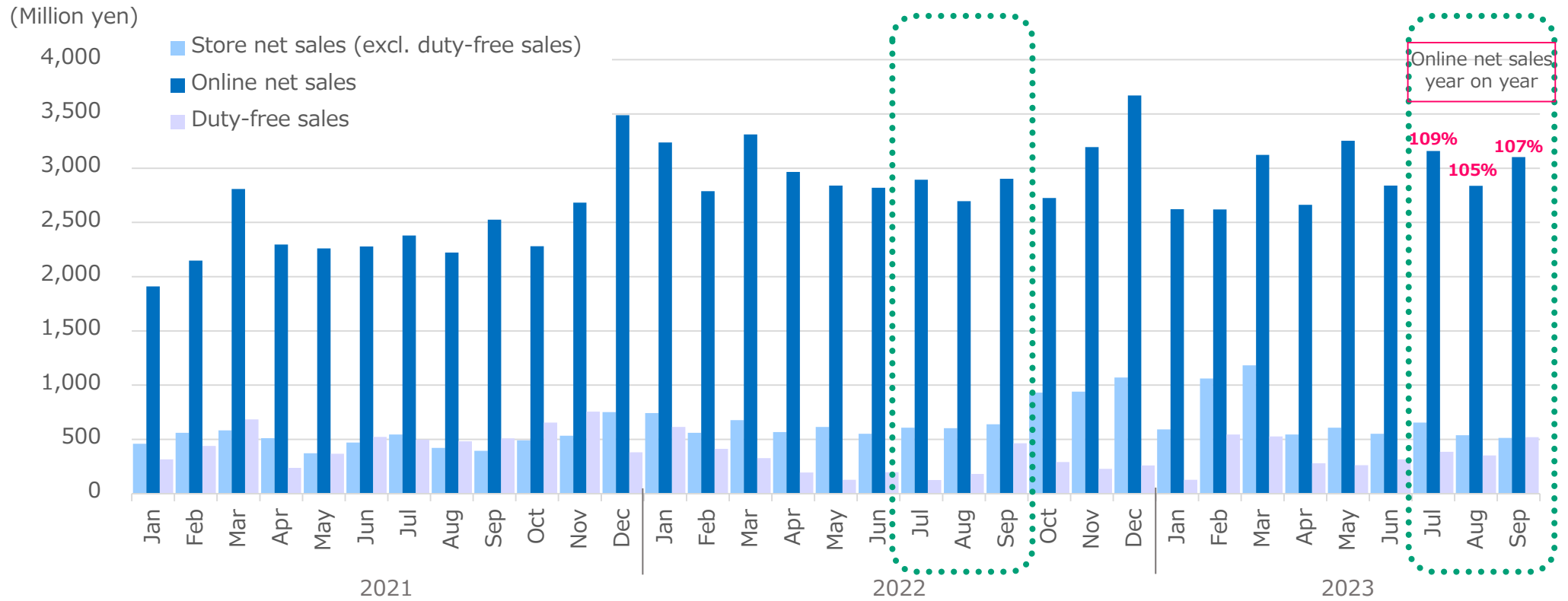
Maintained a growth of 5-9% year on year, despite fewer releases of major new camera products than in 1Q.

**Stores**

Slightly down year on year.

**Duty-Free**

Surpassed the same period of the previous year, recovering to the 500 million yen range in September.



# Trends in Online Net Sales (Quarterly)

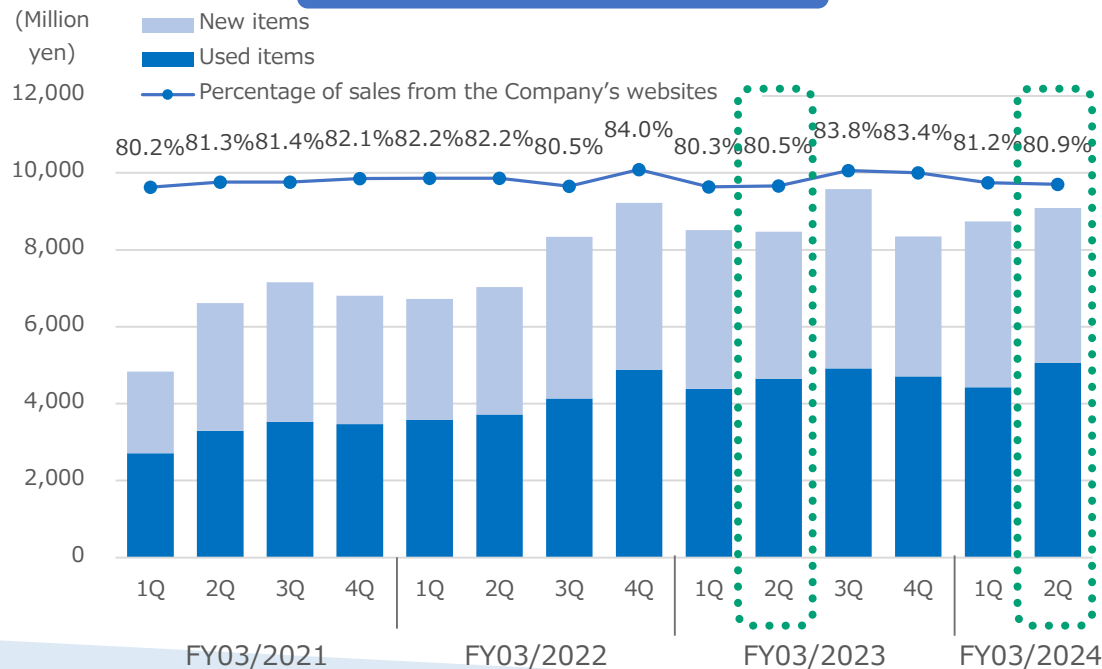


Online net sales increased by 7.2% year on year, with year-on-year growth of 5-9% in July-September.

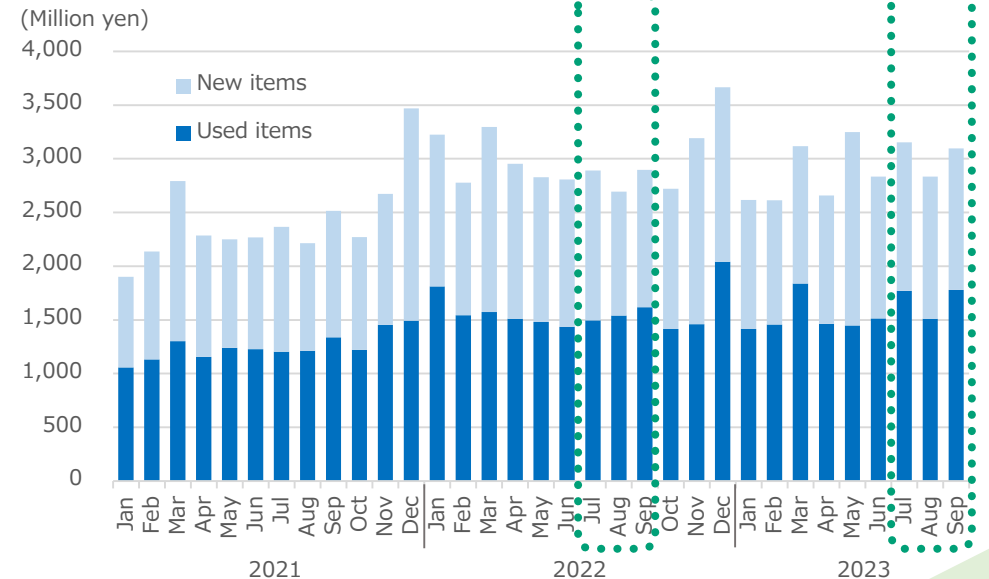
The percentage of sales from the Company's websites stayed at or above 80%.

	2Q FY03/2023 (Quarterly)	2Q FY03/2024 (Quarterly)	YoY% Change
Online net sales (Million yen)	8,487	9,100	107.2%
Percentage of sales on the Company's websites	80.5%	80.9%	+0.4%
Percentage of sales at malls	19.5%	19.1%	▲0.4%

## Trends in Quarterly



## Trends in Monthly

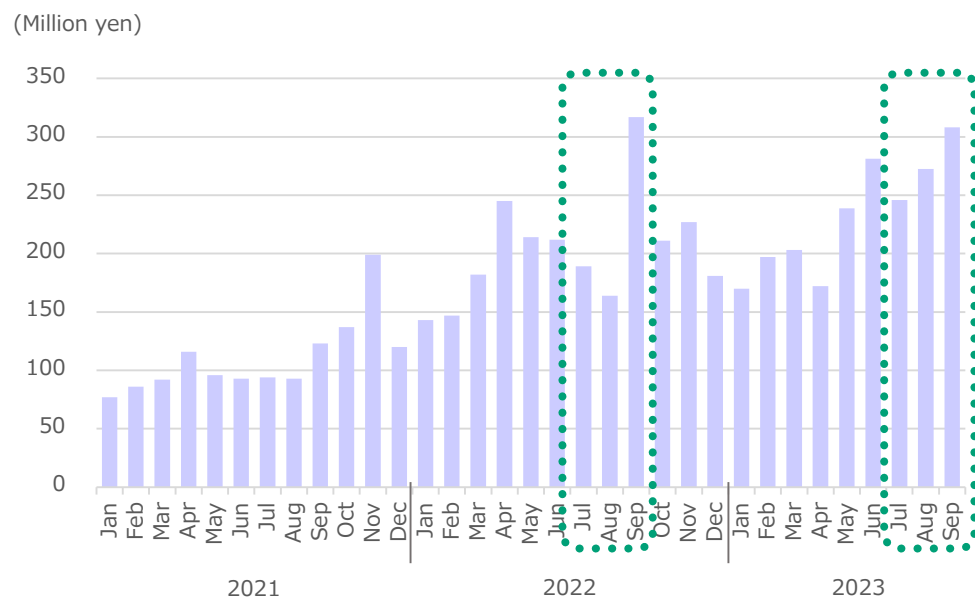


# Trends in cross-border online sales, duty-free sales and store sales

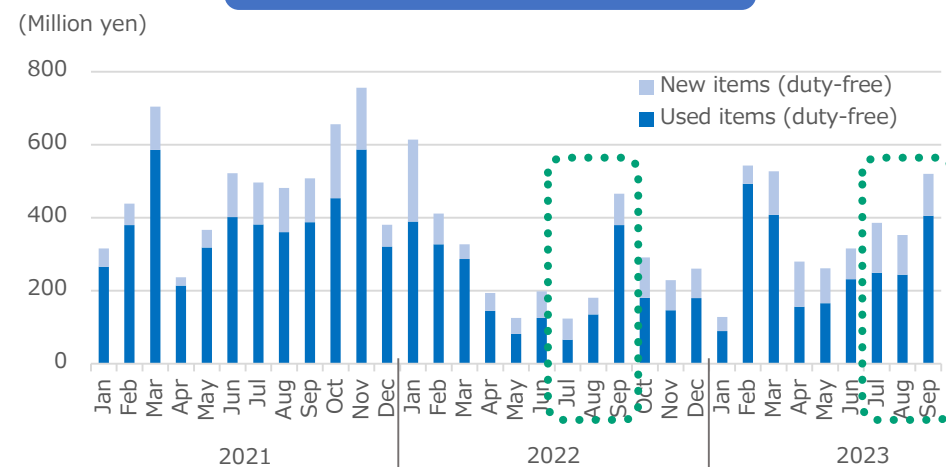


In July and August, cross-border online sales grew by 30-60% year on year, and duty-free sales were double or triple the previous year.

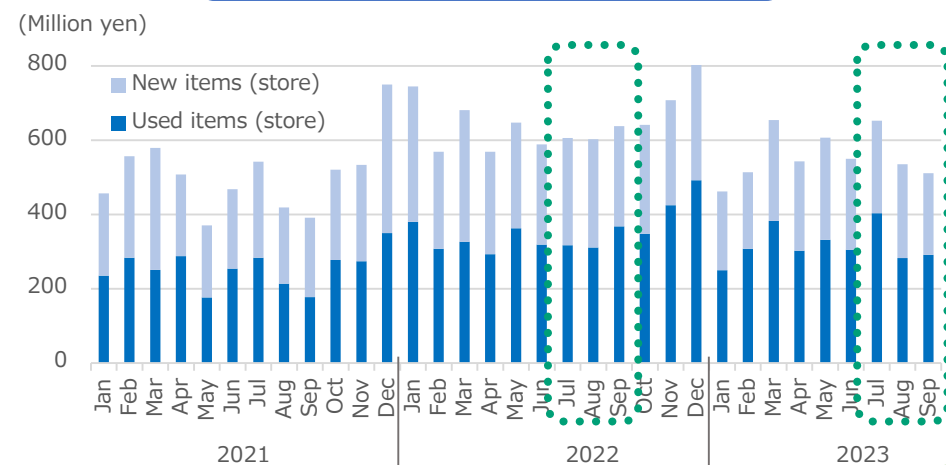
## Cross-border online sales (overseas mails)



## Duty-free sales



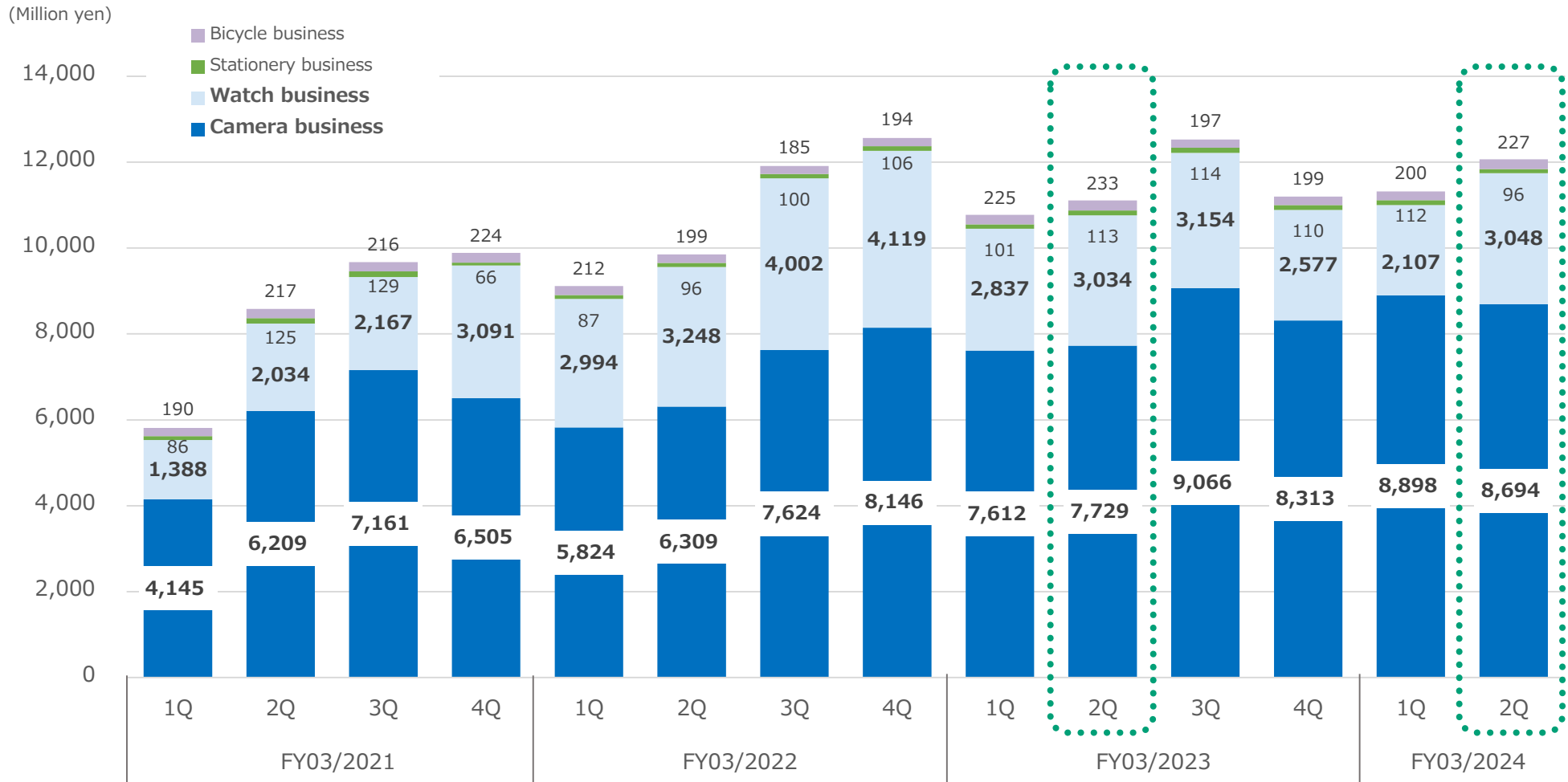
## Store net sales (excl. duty-free sales)





# Net Sales by Segment (Quarterly)

Our mainstay Camera business grew by 12.4% year on year, and the Watch business also outperformed the same period of the previous year.

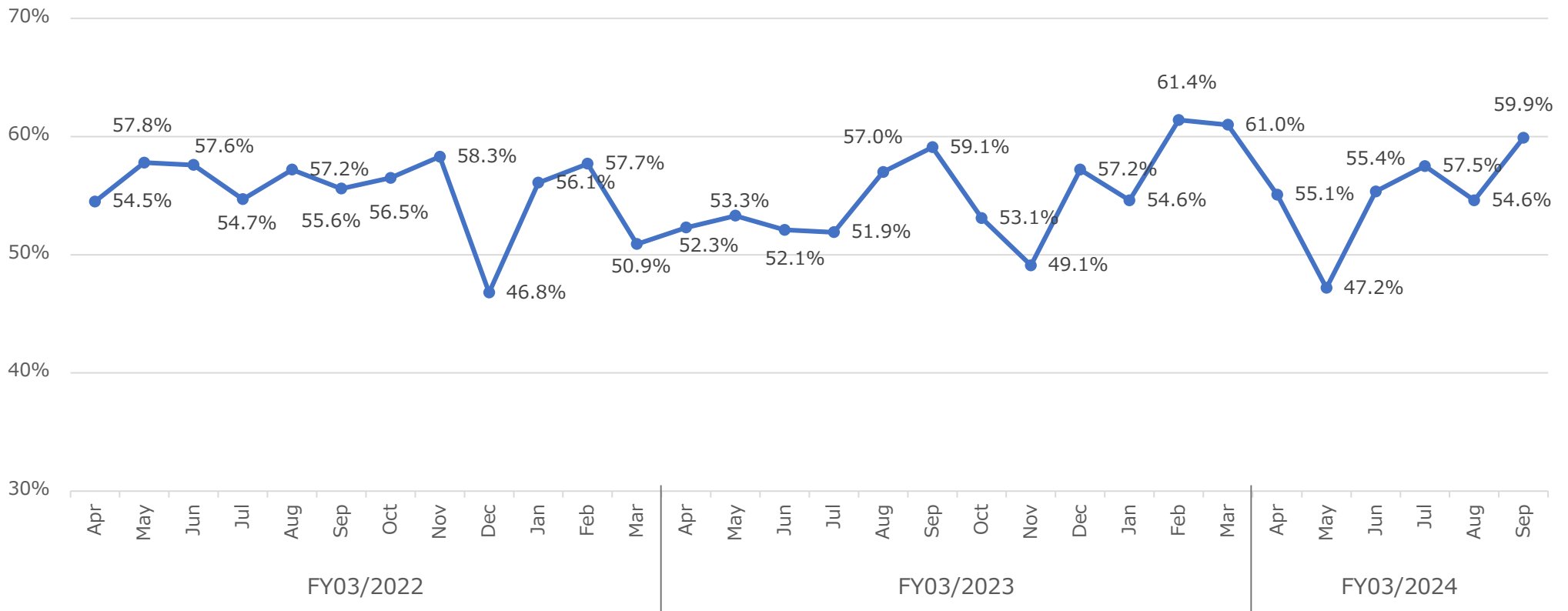




## Trends in Ratio of Used Items to Total Sales



Used items were 57.5% of net sales in 2Q. The cycle of new purchases and replacement purchases remained strong.



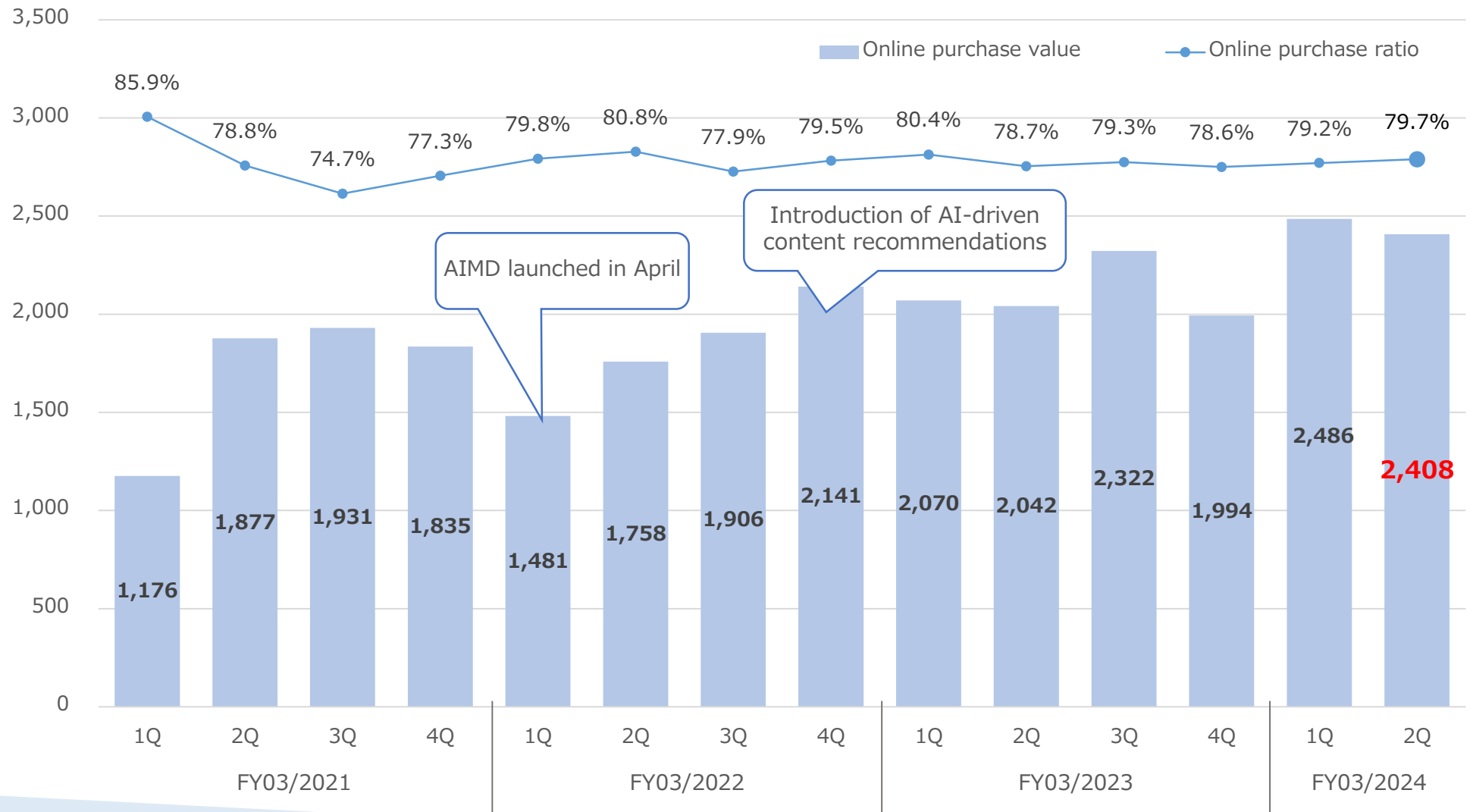
Quarterly figures	FY03/2022				FY03/2023				FY03/2024	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	56.5%	55.8%	53.4%	54.8%	52.6%	54.3%	53.4%	59.3%	52.3%	57.5%

# Trends in Online Purchases of Used Cameras



**The online purchase value was close to the record high level of 1Q, securing sufficient inventory for the year-end selling season.** AIMD and AI-driven content recommendation systems helped maintain the online purchase ratio at nearly 80%.

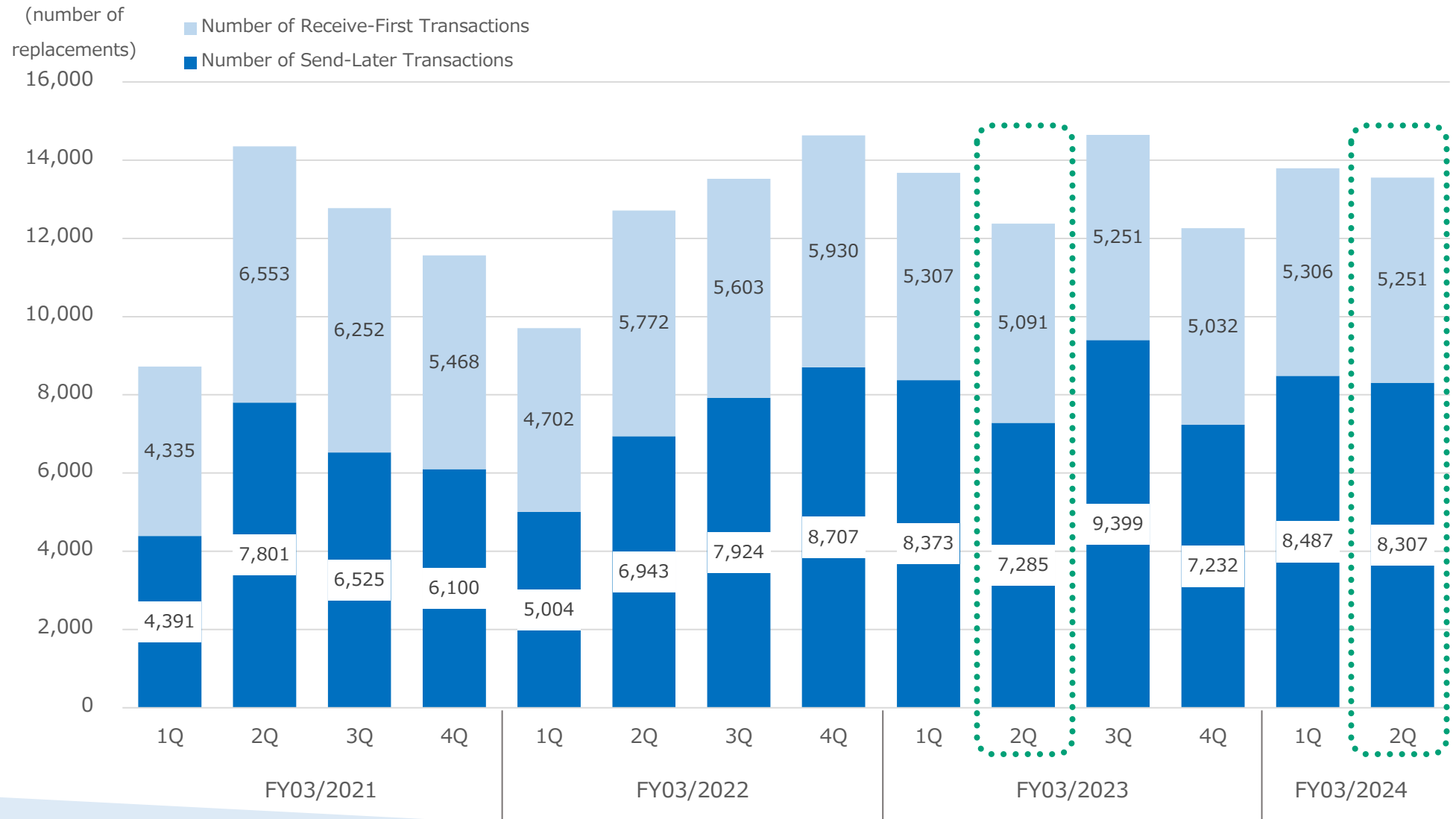
(Million yen)



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



The number of receive-first/send-later transactions increased by 9.5% year on year, a high level for a quarter with no year-end selling season and no major new product releases.





## Summary of Financial Results (2Q Cumulative)

### Net sales

**Overall: Up 6.8% Online: Up 5.0% Stores: Up 13.4%.** In the camera business, both overall and online net sales achieved double-digit growth. The watch business grew year on year in 2Q on a quarterly basis.

### Gross profit

Profitability was secured through improvements in AIMD in the camera business and improved inventory turnover in the watch business. **The gross margin was 18.8%, on a par with the same period of the previous year.**

### SGA expenses

SGA expenses excluding personnel expenses remained under control, resulting in an **SGA expense ratio in the 11% range.**

### Operating profit

Operating profit reached 1,625 million yen to **surpass the forecast by 7.3%.** The **operating margin stood at 7.0%. Profitability was secured without relying on the rising watch prices in the market.**

	FY03/2023 1Q + 2Q		FY03/2024 1Q + 2Q				
	Actual	Share	Actual	Share	YoY% Change	Plan	Percent of plan (target)
Net sales	21,885	-	23,381	-	106.8%	24,255	96.4%
Gross profit	4,116	18.8%	4,398	18.8%	106.8%	-	-
SGA expenses	2,488	11.4%	2,772	11.9%	111.4%	-	-
Operating profit	1,628	7.4%	1,625	7.0%	99.9%	1,514	107.3%
Ordinary profit	1,645	7.5%	1,632	7.0%	99.2%	1,499	108.8%
Net income	1,125	5.1%	1,111	4.8%	98.7%	1,034	107.4%

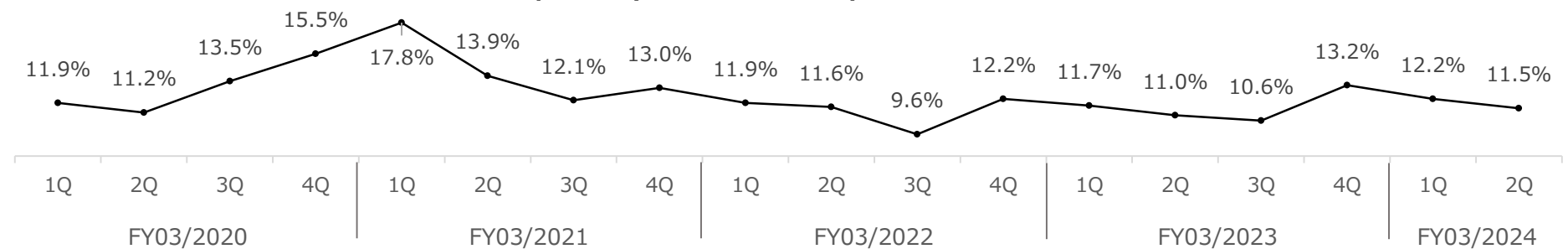
## Year-on-Year Change in SGA Expenses



Despite an increase in personnel expenses due to higher average salaries, the SGA expense ratio was kept in the 11% range.

	FY03/2023 1Q + 2Q		FY03/2024 1Q + 2Q		YoY% Change (Million yen)		
	Actual	Ratio to net sales	Actual	Ratio to net sales	% change (Ratio to net sales)	Value change	Reasons
Personnel expenses	693	3.2%	797	3.4%	+0.2%	+103	Increase in pay and other factors
Advertising expenses	19	0.1%	30	0.1%	+0.0%	+10	
Promotion expenses	447	2.0%	530	2.3%	+0.2%	+83	Increase in trade-in expenses following the growth of send-later transactions
Business consignment expenses	185	0.8%	184	0.8%	▲0.1%	+0	
Commission fee	592	2.7%	630	2.7%	▲0.0%	+37	
Depreciation	96	0.4%	88	0.4%	▲0.1%	▲8	
Rents	176	0.8%	176	0.8%	▲0.1%	+0	
Other	277	1.3%	334	1.4%	+0.2%	+57	Share-based payments, taxes and dues and others
<b>Total SGA expenses</b>	<b>2,488</b>	<b>11.4%</b>	<b>2,772</b>	<b>11.9%</b>	<b>+0.5%</b>	<b>+284</b>	

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 + 2Q
	12.9%	13.8%	11.3%	11.6%	<b>11.9%</b>

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



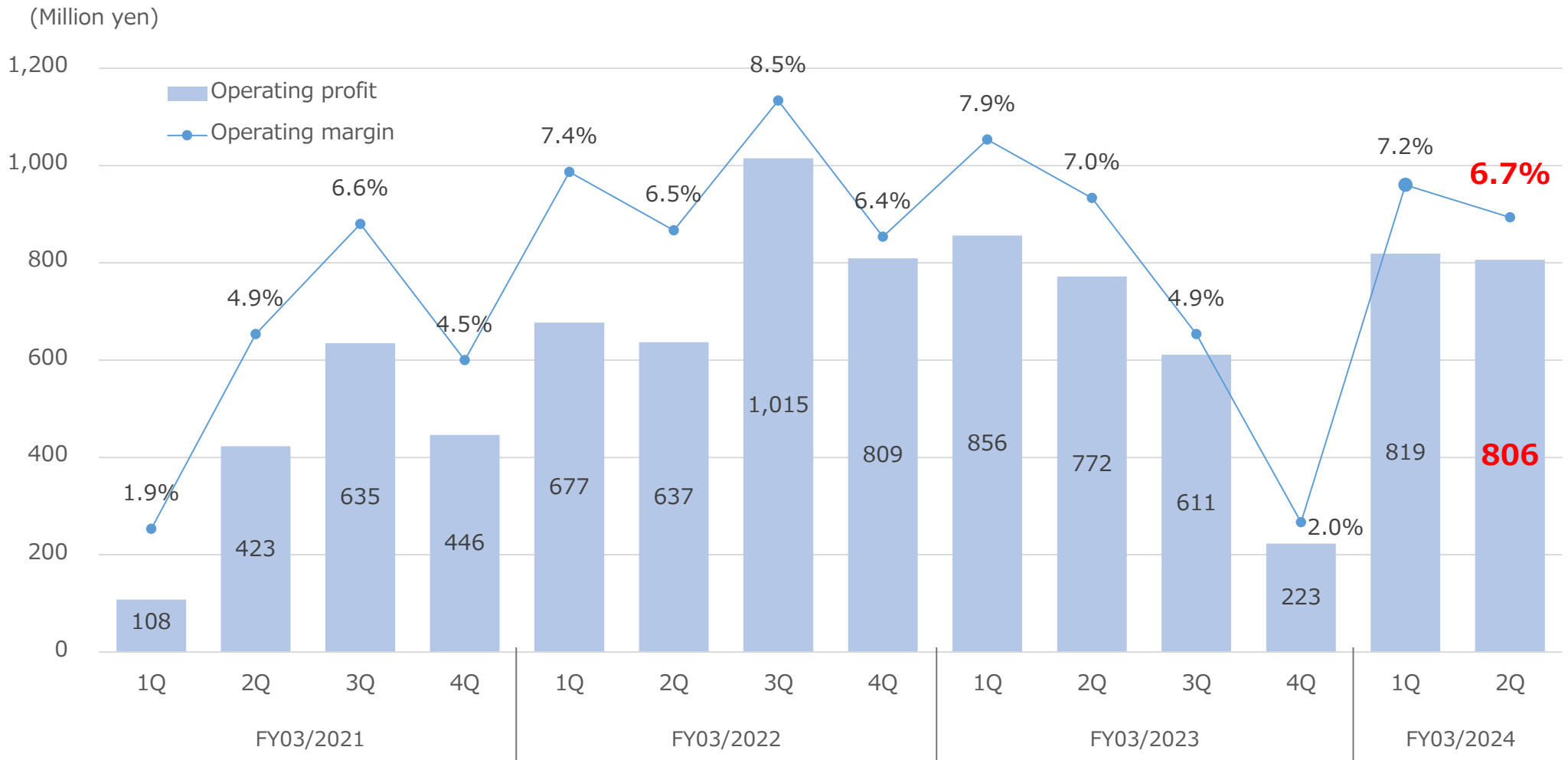
Regarding segment profit, the camera business increased operating profit by 117.5% year on year, while the watch business posted a profit of 130 million yen in 2Q alone.

Segments/Sales Channel Figures in parentheses ( ) are the percentage of total net sales.		FY03/2023 1Q + 2Q	FY03/2024 1Q + 2Q	YoY% Change	Remarks (Million yen)
 Cameras (75.2%)	Online net sales	13,355	15,012	112.4%	<ul style="list-style-type: none"> <li>Both online and store sales performed well, with online net sales achieving double-digit growth.</li> <li>Segment profit increased by 117.5% year on year.</li> </ul>
	Store net sales	1,985	2,579	130.0%	
	Segment net sales	15,341	17,591	114.7%	
	<b>Segment operating profit</b>	1,763	2,072	117.5%	
 Watches (22.0%)	Online net sales	3,174	2,448	77.1%	<ul style="list-style-type: none"> <li>Both online and store sales performed well, with online net sales achieving double-digit growth.</li> <li>Segment profit increased by 117.5% year on year.</li> </ul>
	Store net sales	2,696	2,706	100.3%	
	Segment net sales	5,871	5,154	87.8%	
	<b>Segment operating profit</b>	320	187	58.5%	
 Stationery (0.9%)	Online net sales	175	147	84.3%	<ul style="list-style-type: none"> <li>Despite sluggish online sales, segment profit increased by a factor of 1.6 due to increased sales of high-value and high-margin products.</li> </ul>
	Store net sales	38	60	154.9%	
	Segment net sales	214	207	97.1%	
	<b>Segment operating profit</b>	15	25	161.2%	
 Bicycles (1.8%)	Online net sales	303	244	80.5%	<ul style="list-style-type: none"> <li>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.</li> </ul>
	Store net sales	154	182	118.0%	
	Segment net sales	458	427	93.1%	
	<b>Segment operating profit</b>	30	18	60.3%	
Total	Online net sales	17,009	17,853	105.0%	<ul style="list-style-type: none"> <li>Online net sales and store net sales both surpassed their levels in the same period of the previous year.</li> </ul>
	Store net sales	4,875	5,528	113.4%	
	Total net sales	21,885	23,381	106.8%	

## Trends in Operating Profit and Operating Margin (Quarterly)



Operating profit remained at the same level as in 1Q at 800 million yen, but the operating margin declined slightly to 6.7%.



## Changes in Balance Sheet from End of Previous Year



Merchandise inventories decreased by 260 million yen.

Long-term borrowings were repaid in part.

(Million yen)

	End of FY03/2023	End of 2Q of FY03/2024	
		Actual	Change
Current assets	13,202	12,847	▲355
Cash and deposits	1,423	1,425	+2
<b>Merchandise</b>	8,812	8,549	▲263
Non-current assets	1,863	1,910	+47
<b>Total assets</b>	<b>15,066</b>	<b>14,757</b>	<b>▲309</b>
Current liabilities	5,640	5,486	▲154
Non-current liabilities	2,946	2,242	▲704
<b>Total liabilities</b>	<b>8,586</b>	<b>7,728</b>	<b>▲858</b>
<b>Total net assets</b>	<b>6,479</b>	<b>7,028</b>	<b>+549</b>
<b>Liabilities and net assets</b>	<b>15,066</b>	<b>14,757</b>	<b>▲309</b>

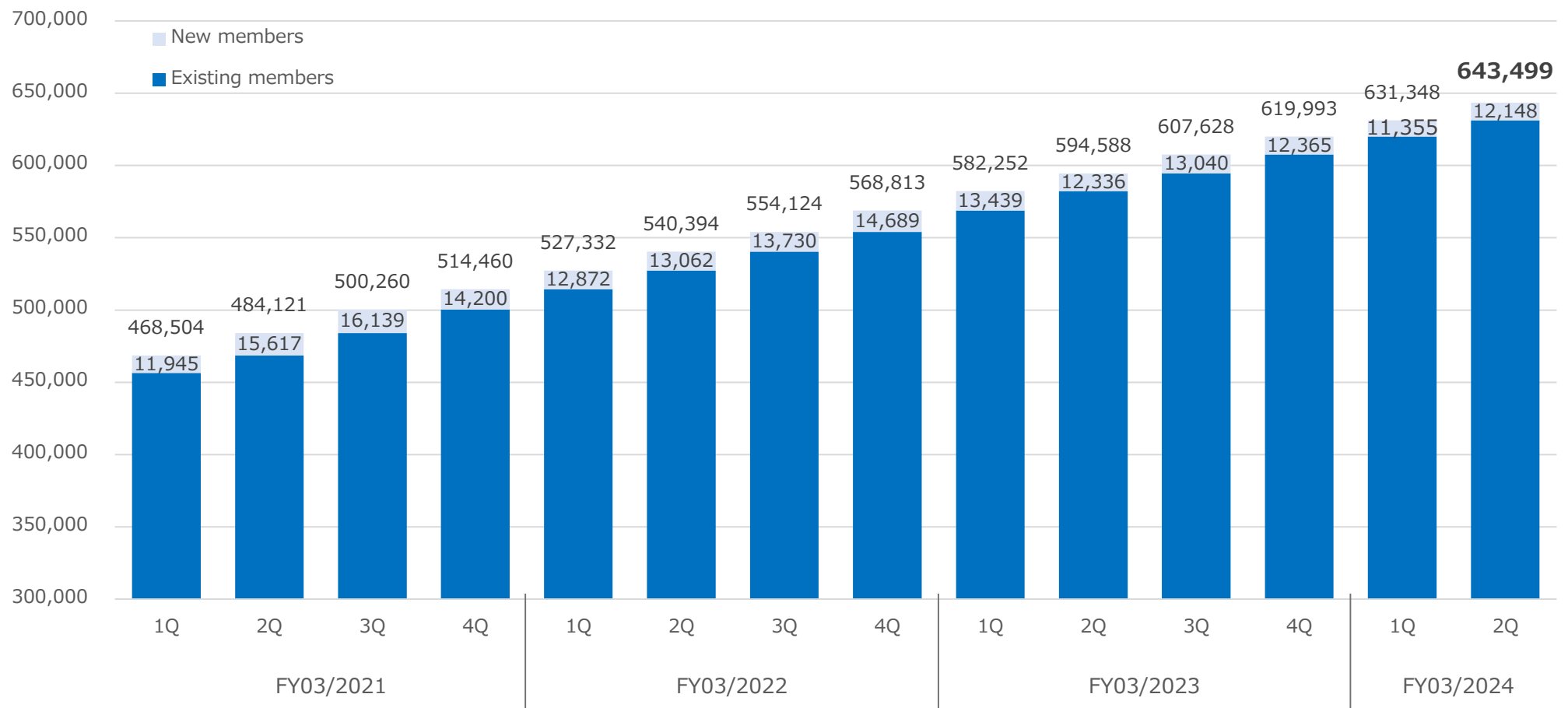


# Trends in the Quarterly Number of Online Members



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

(Number of people)

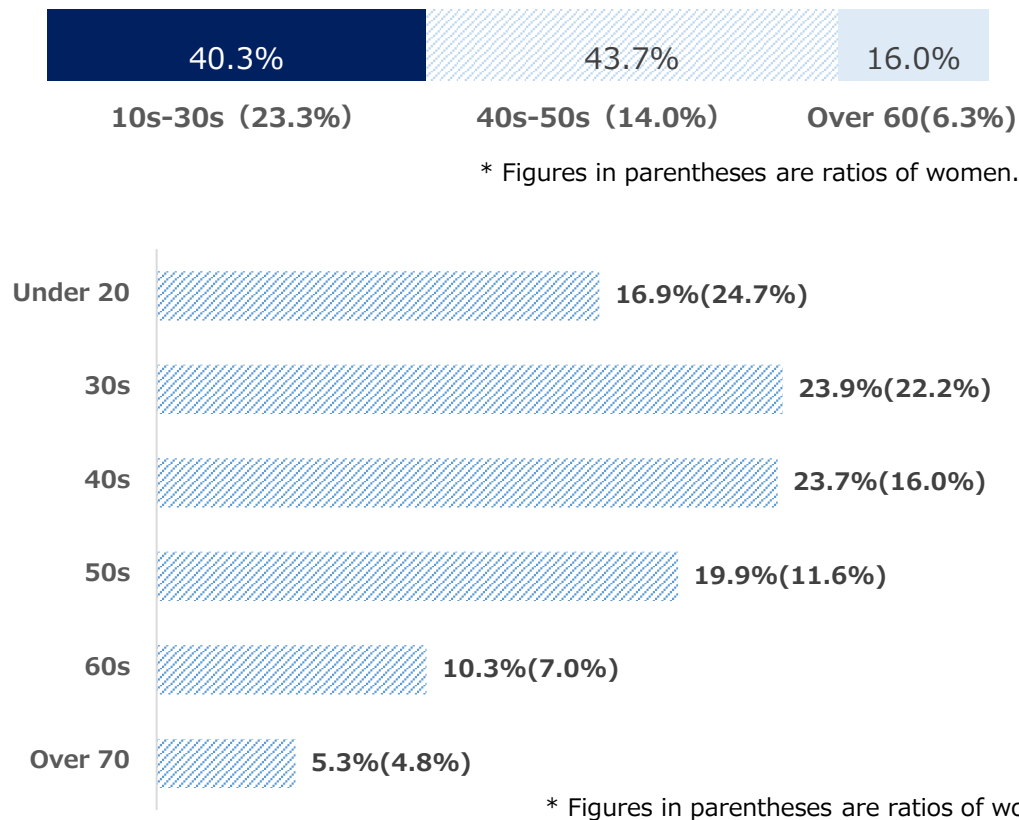


# Attributes of Online Members

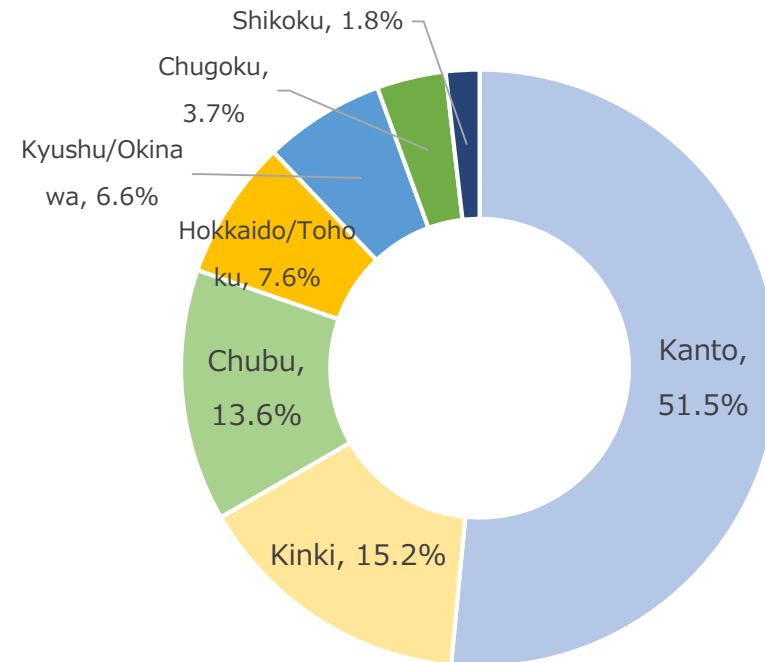


Women are a large percentage of the people in their 20s and 30s, 23.3%, reflecting the popularization of social media services such as Instagram. Women account for 16.5% of all online members, but of new members in the 2Q cumulative, women accounted for 21.3%.

**Age group distribution**



**Regional distribution**



**Gender distribution of online members – Men: 83.5%, Women: 16.5%**  
**(Gender distribution of new members in 1Q-2Q – Men: 78.7%, Women: 21.3%)**



# Technology Development and Number of Notifications

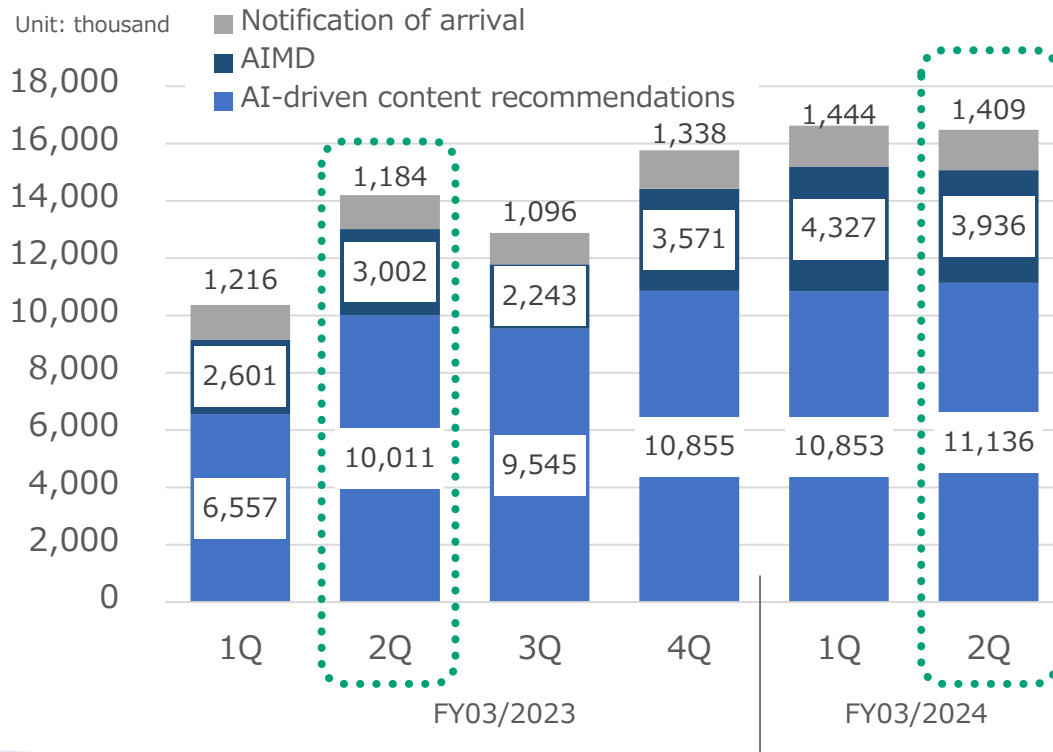
**Many of our customers have distribution via LINE. We have also bolstered our distribution.**

**The number of distributions has increased by a factor of more than 10 in just over a year.**

The number of AI-driven automated notifications has also remained high.

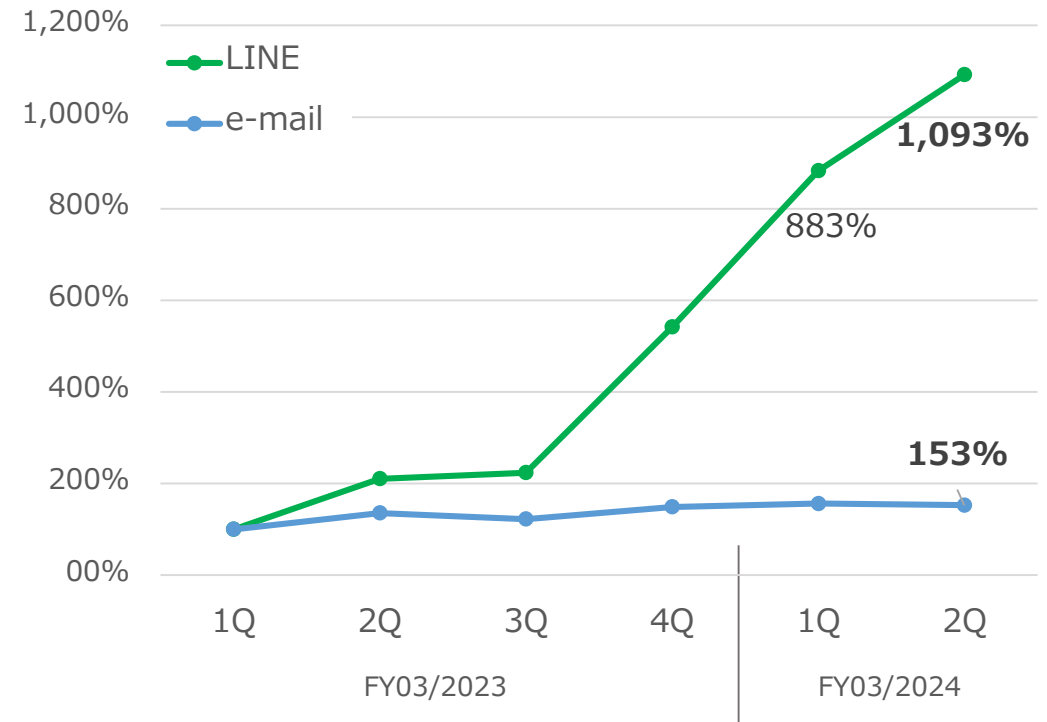
(Sixteen million notifications in a quarter is equivalent to approximately 350 physical stores in terms of the number of customers visiting the stores. †)

Number of notifications by purpose



Number of notifications by medium

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



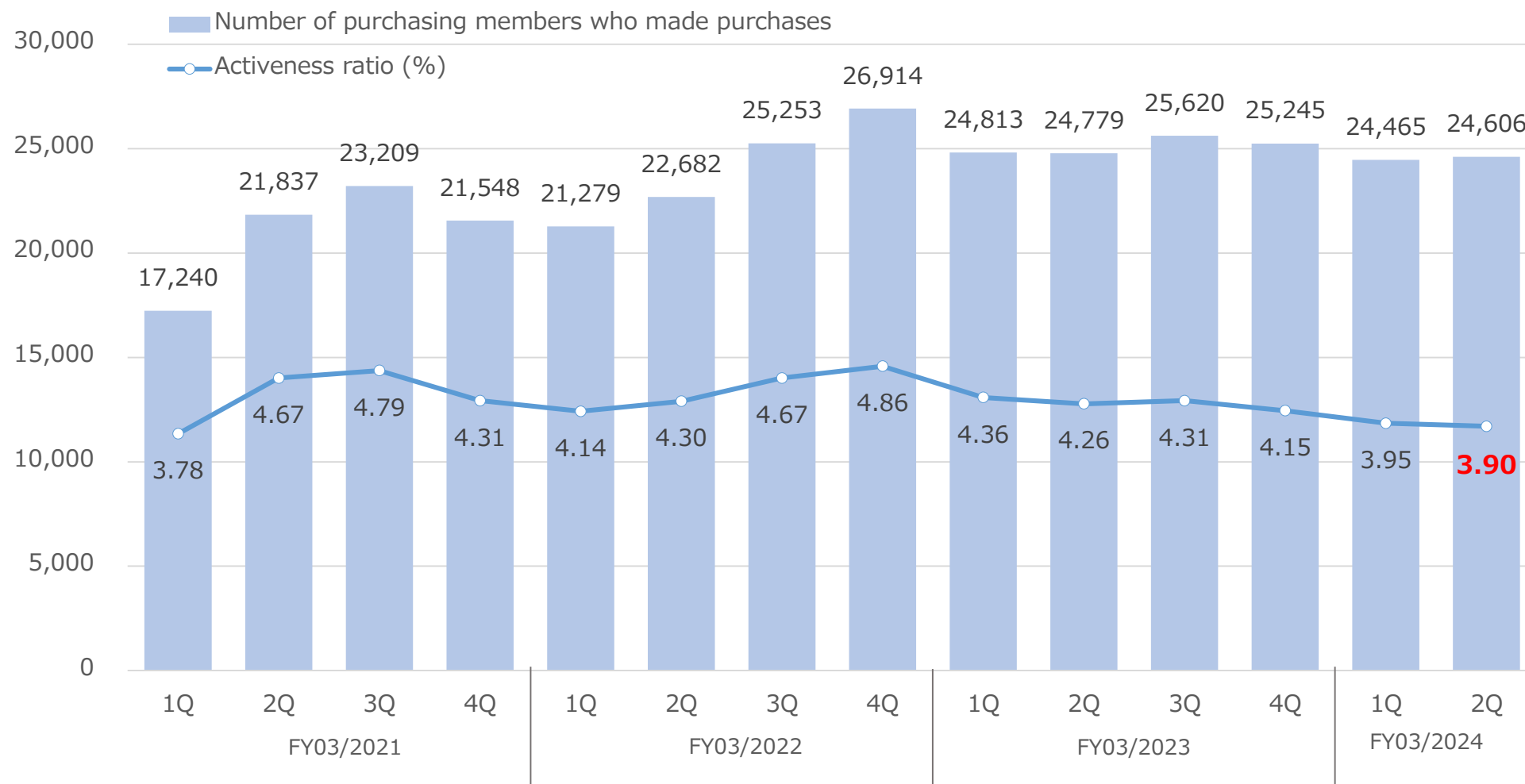
† According to the Company's own estimate

## Quarterly online Purchasing Members out of Online Members (Existing Customers) and Activeness Ratio\* (2Q Quarterly)



Despite fewer releases of new camera products, the number of online purchasing members remained steady.

(Number of people)

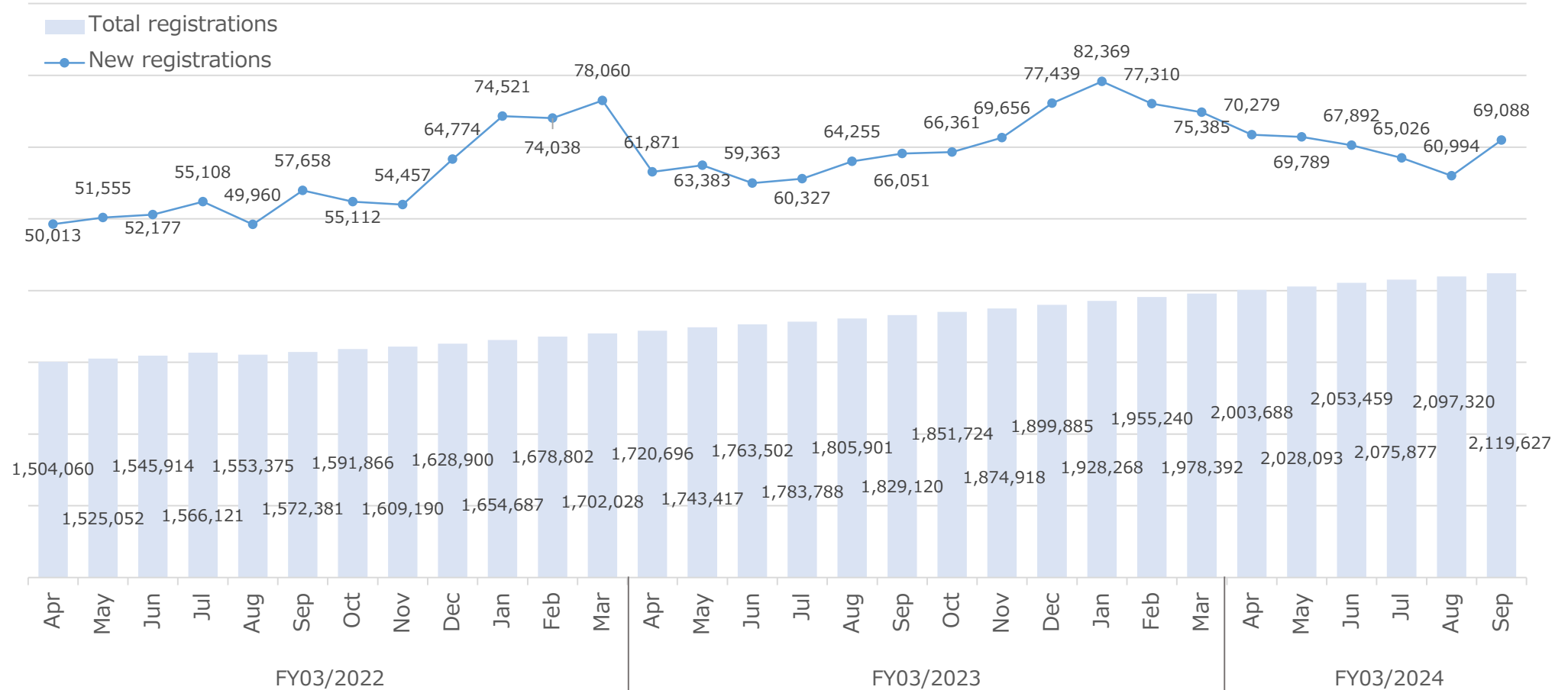


\*Activeness ratio: The percentage of members who made purchases on the Company's website during any given quarter relative to the number of online members at the beginning of the quarter.



# 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.

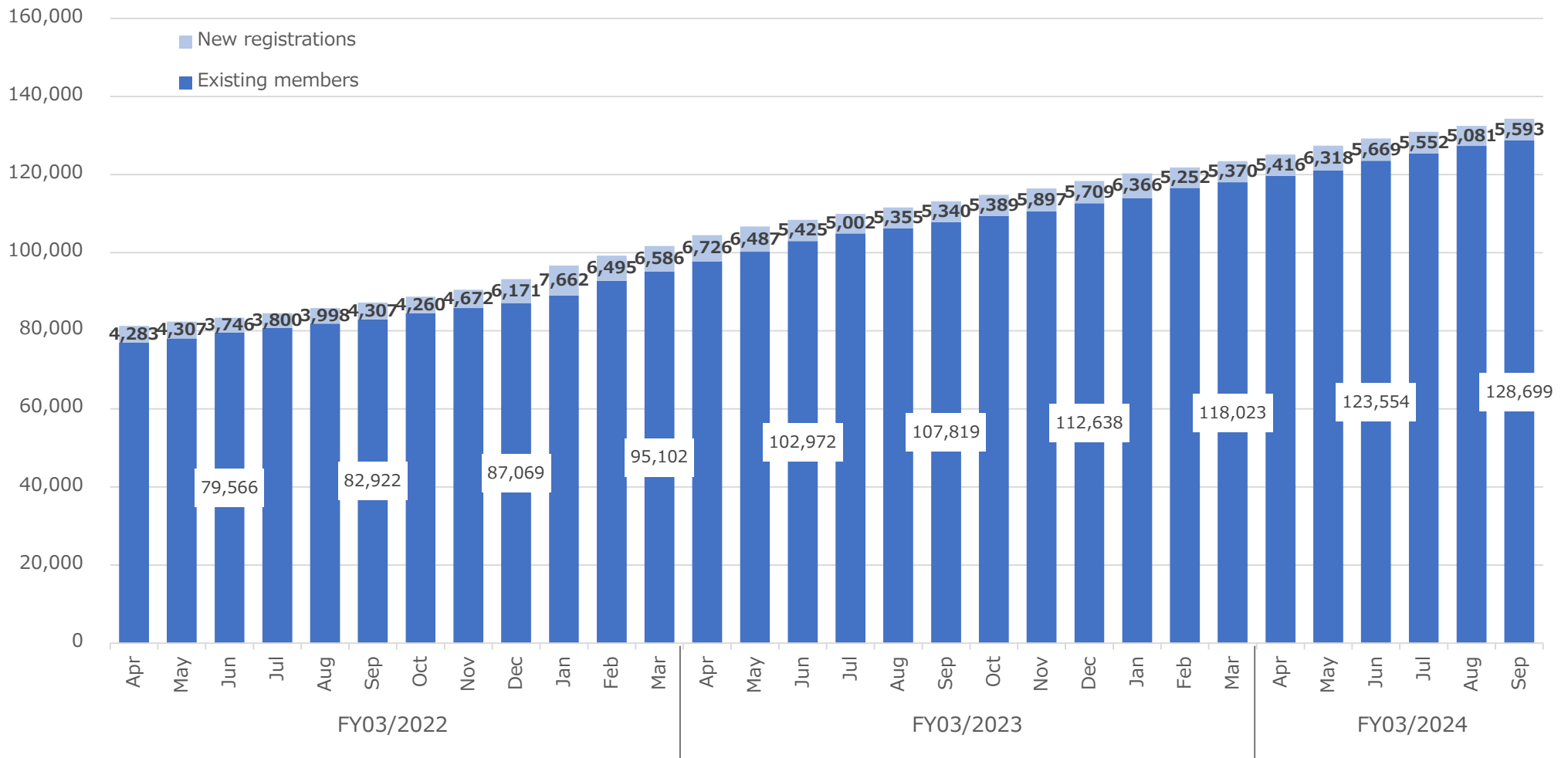


\*When a registered product is purchased, it is automatically removed from the list

# Number of Registrations for E-mails that Communicate Arrivals



With 16,000 new registrations in 2Q, existing registered accounts steadily increased to 128,000. An average of about 400,000 notifications per month were sent to customers' smartphones.



# AIMD x One to One x AI-driven Content Recommendation

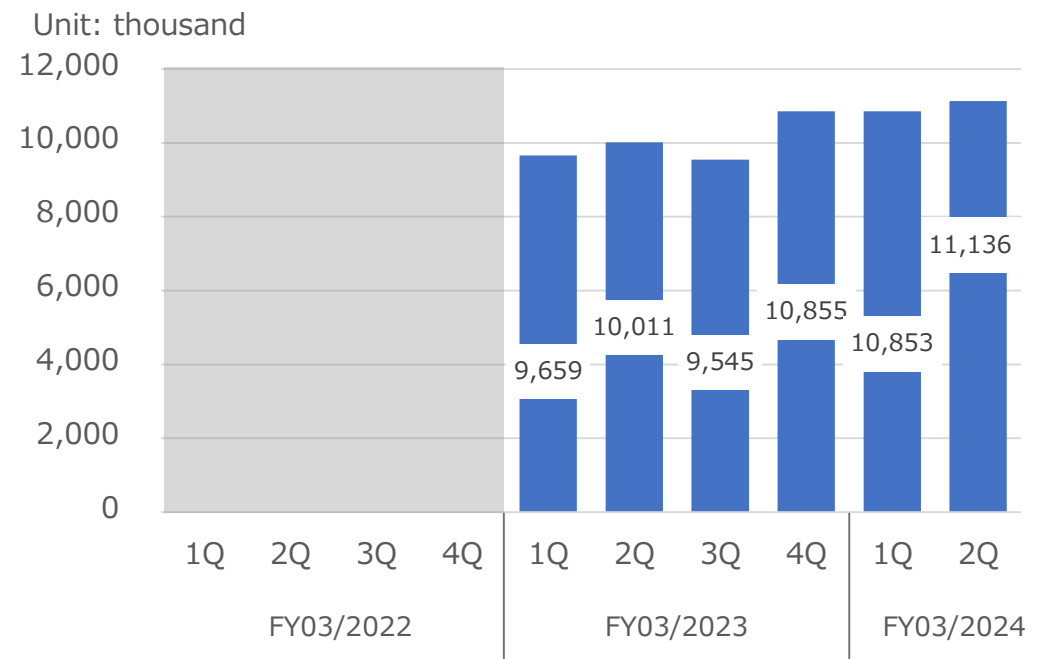


The number of notifications about sales and purchase recommendations from AIMD and One to One and about requests from AI-driven content recommendations increased steadily. An average of **5.0 million notifications delivered** to customers' smartphones per month.

## AIMD x One to One



## AI-driven content recommendations



# Policy and Measures for Second Half of FY03/2024 and Beyond





# Investment in Technologies and Inventories

**Syuppin will continue investing in technologies and inventories** in order to expand its business through the purchase of goods with the use of AI and data.

<b>Viewpoint of business expansion</b> (DuPont analysis of ROE)	<b>Gross Margin</b>  <b>Profit</b> (high gross margin)	<b>Turnover</b>  <b>Net sales and Inventory turnover</b> (GMROI and others)	<b>Leverage</b>  Management for balance between financial soundness and efficiency
<b>Automation with AI and others</b>	<b>AIMD (achieve a high gross margin in cameras)</b>	AI-driven content recommendations (create motivations to purchase)  One to One (create motivations to purchase)	<b>Invest in inventories with the use of AI and technologies</b>  (Purchases of goods and fund procurement)
<b>Support for humans with Data and AI</b>	<b>AI/Dashboard for supporting merchandising in watches</b> (achieve high gross margin in watches and create motivations to purchase)		
<b>System platform (prerequisite to realization)</b>	<b>The e-commerce business centers on an independent website with high customizability.</b> (Syuppin: Percentage of sales on the Company's website: 80%, Percentage of online sales: 80%)		

# Future Policy and Stance



The Company will strengthen the Information Systems Division in order to expand its business with the use of AI and data. **In its valuable used item (Revalue) business, investments in inventories through sound expansion of purchases is a significant factor to business growth.**

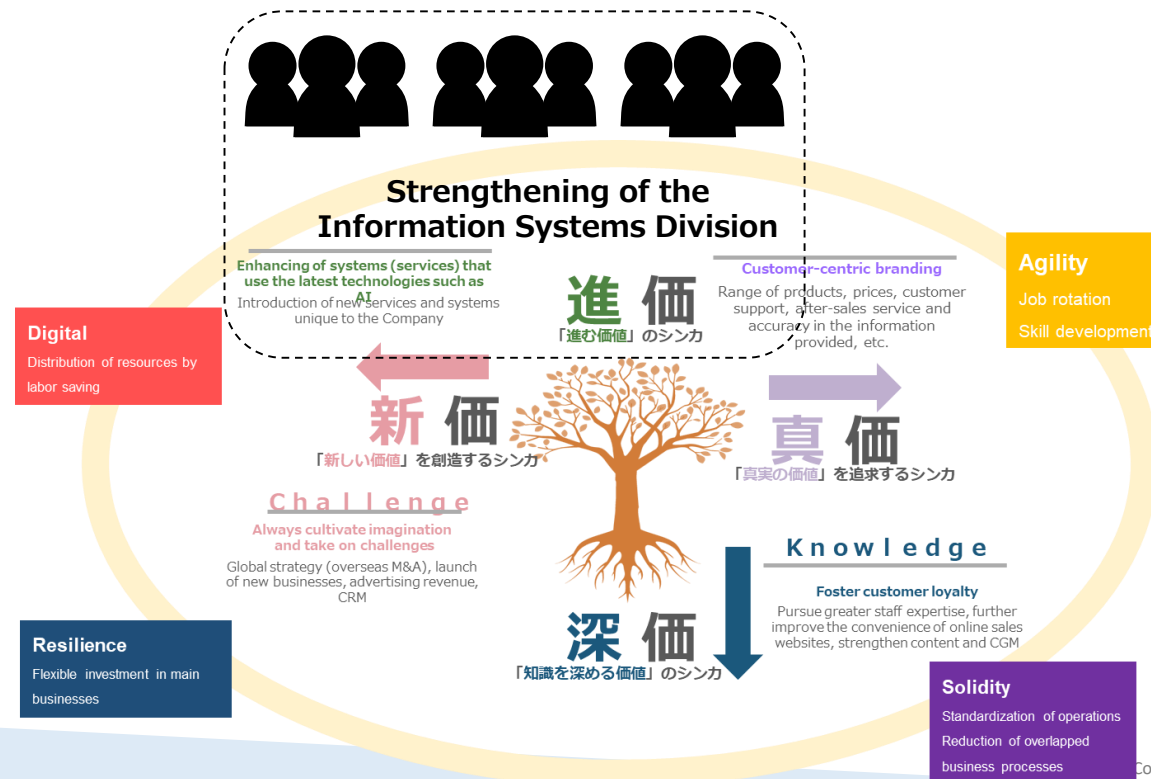
The Company therefore aims to achieve continued growth in the future through implementation of state-of-the-art technologies and proper purchases or inventory investments with the use of them.



Implementation of state-of-the-art technologies



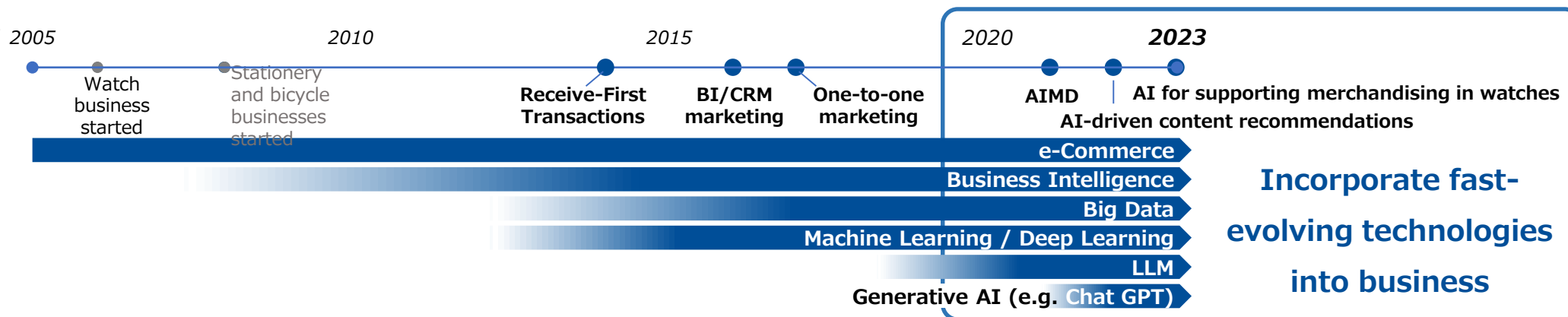
Proper purchases or inventory investments with the use of AI and technologies and without dependency on humans



# Strengthening of the Information Systems Division

For the purpose of introducing state-of-the-art technologies for growth, the Company will take three actions:

- (1) Reorganize the Information Systems Division so that it comprises three teams;
- (2) Recruit a large number of specialist personnel; and
- (3) Delegate authority to the CIO and CFO to quicken decision-making.



## Information Systems Division (reorganized to consist of three teams)

Team for studying the introduction and implementing state-of-the-art technologies

Team for developing an independent e-commerce website and points of contact with customers, including LINE

Team for developing and maintaining mission-critical, BI, RPA and other internal systems



Strengthen them by recruiting a large number of personnel



Give more authority to the CIO and CFO to quicken decision-making

(Promoted to Senior Managing Director on Oct. 1)

## AI system for Supporting MD in Watches (Progress in Development)



Good progress has been made to date in the development of a system that estimates market trends by watch model based on a financial engineering approach.

The system will then be developed and implemented by the end of the current fiscal year.

**Expand the scope of data used from that which was envisioned initially.  
Make purchase decisions on an item-by-item basis on the basis of AI and data.**

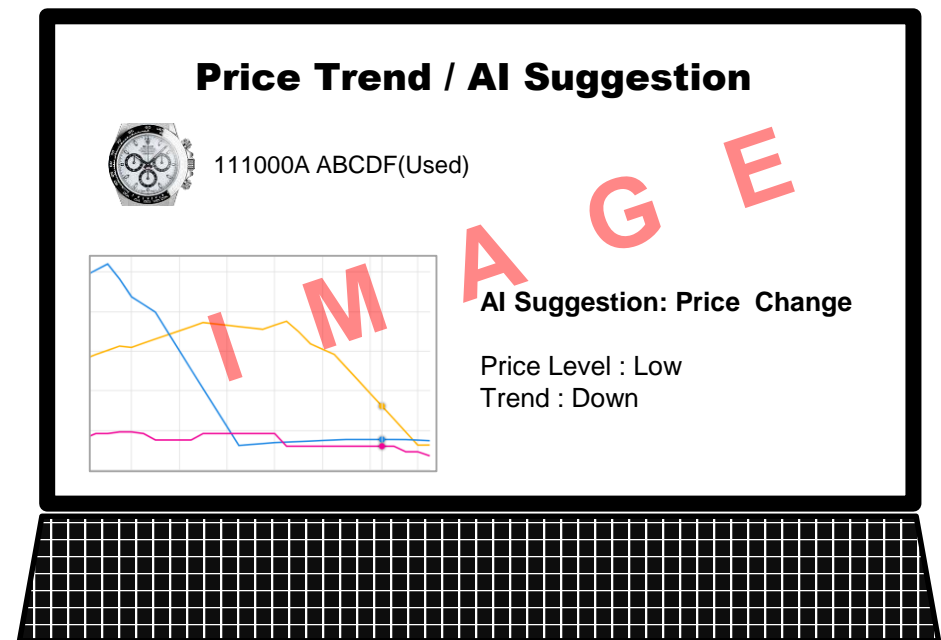
Estimated watch market trend  
(initially envisioned)

Competitors' data and market conditions

Price gap between new and used items of  
the same model

State of sales and visits to the website

...



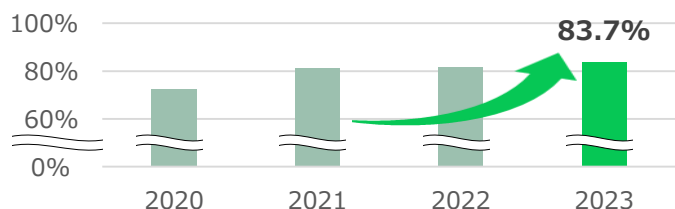
### Integrated dashboard for merchandising

(Centralizing information necessary for decisions on purchases and pricing)

# Enriching LINE and YouTube Content (All Businesses)



LINE is a platform selected by customers in Japan. The Company is also working to enhance the functions of its content on LINE. The Company's YouTube content achieved improvements in different KPIs after launch of the new organization in May. Going forward, the Company will work to increase sales steadily through the content.



LINE is used by more than 80% of the population in Japan and its user base continues to increase.

## More user-friendly

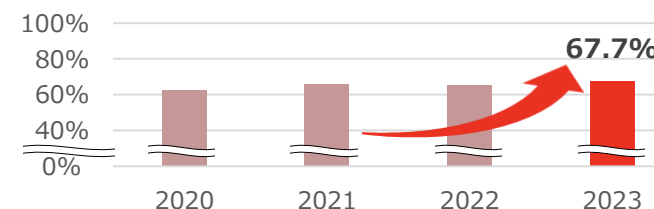
- Enhance the rich menu on LINE.
- Start posting short-form videos on LINE.

## More push notifications

- Start sending messages on new arrivals to non-members in addition to conventional one-to-one marketing.

## More customers adding the Company as a friend

- Organize a fair for friends and distribute delivery notifications to customers that have yet to add the Company as a friend on LINE.



YouTube is used by more than 60% of the population in Japan and its user base continues to increase.

## Lead Generation

Gain recognition

Clip views increased three folds.

## Lead Nurturing

Gain interests

Subscribers to the channel increased three folds.

## Lead Qualification

Gain sales



※ The clip views and subscribers on YouTube reflect comparison with the figures before the launch of the new organization.  
 ※ The ratios of LINE users and YouTube users are based on NTT Docomo's Mobile Society Research Institute: General Mobile Trend Surveys 2019-2023. Subjects of the surveys were male and female smartphone and feature phone users aged 15 to 79 all over Japan, who were allowed to give multiple answers.  
 ※ LINE and the LINE logo are trademarks or registered trademarks of LY Corporation. YouTube and the YouTube logo are trademarks of Google LLC.

## Implementation of ESG Management

**In response to dialogues with shareholders**, the Company signed the United Nations Global Compact and raised its greenhouse gas emissions reduction target.

The Company seeks to implement management that ensure that its growth leads to the realization of a sustainable society.

Conducted in FY2023 after dialogues with shareholders

\* A total of 131 dialogues with individual shareholders conducted in FY2022

### Signing of and participation in the United Nations Global Compact



The Company made commitments to the principles in the four areas to strive to fulfill the SDGs.

- Protection of human rights
- Eliminate unfair labor
- Environmental action
- Anti-corruption

### Raising of greenhouse gas emissions reduction target

Scope 2 emissions in 2030

~~27% reduction compared to 2020~~



**A new target of net zero emissions is set.**

※ Scope 1 emissions were zero as of 2022.

## Implementation of Other Measures



For FY2023, good progress was made on the whole in other main measures while some plans were changed.



### Strengthening of online purchase quotations for watches

- They now cover more than 6,000 items to exceed the target.  
(According to the initial plan, the number of items to be covered would be increased from 2,600 to 4,000.)
- One-price buying is now applicable to more than 99% of them.



### Release of AIMD Phase-2

- The number of changes in buying and selling prices of cameras increased 1.2 times the level in the past.



### Replacement of Mission-critical Systems

- The scheduled date of launch was changed from October 2023 to April 2024.
- Top priority is placed on ensuring stable operation.



### Collaboration with Fukui Camera Service

- An agreement was reached with Fukui Camera Service on commercialization, the photography of items and inventory management in addition to repairs.
- Partial outsourcing will be done within the current fiscal year to the extent that it will not be affected by the postponement of the placement of mission-critical systems.

## 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.
- Syuppin Co., Ltd. disclaims any obligation to update or revise any forward-looking statements included in this presentation in light of new information, future events, or other findings.