

 Paralym Art®

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## Overview of Financial Results

for the Three Months Ended December 31, 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.	



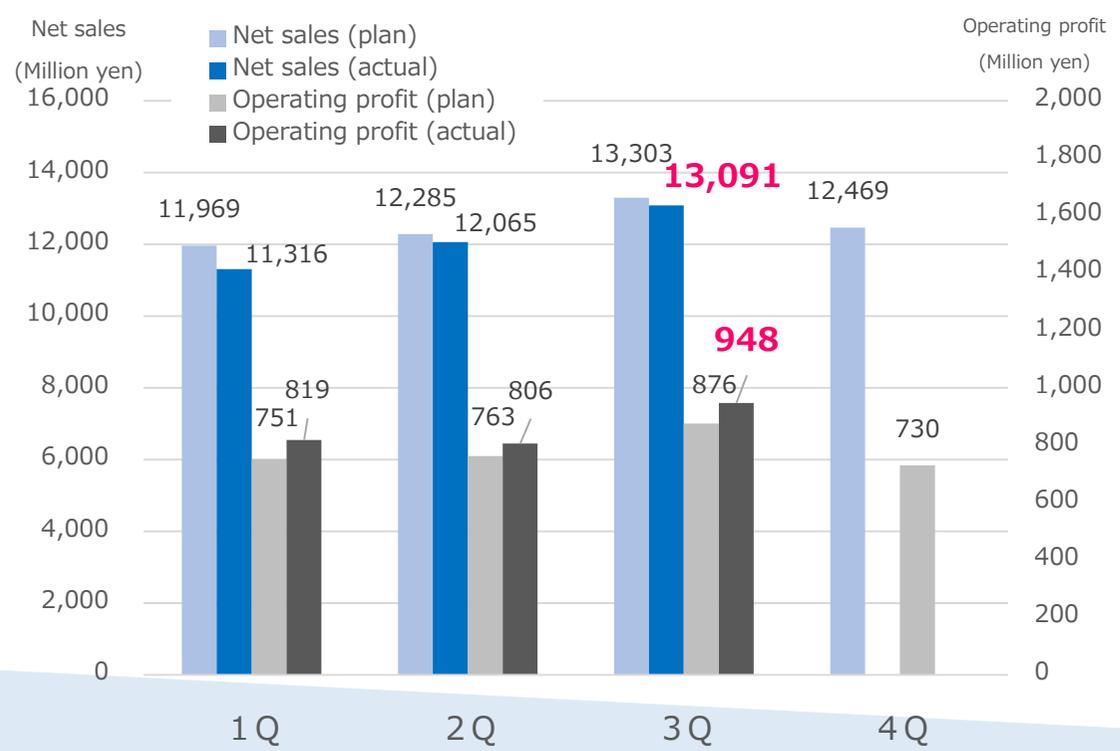
# Highlights of 3Q Results

Net sales rose 4.5% year on year.

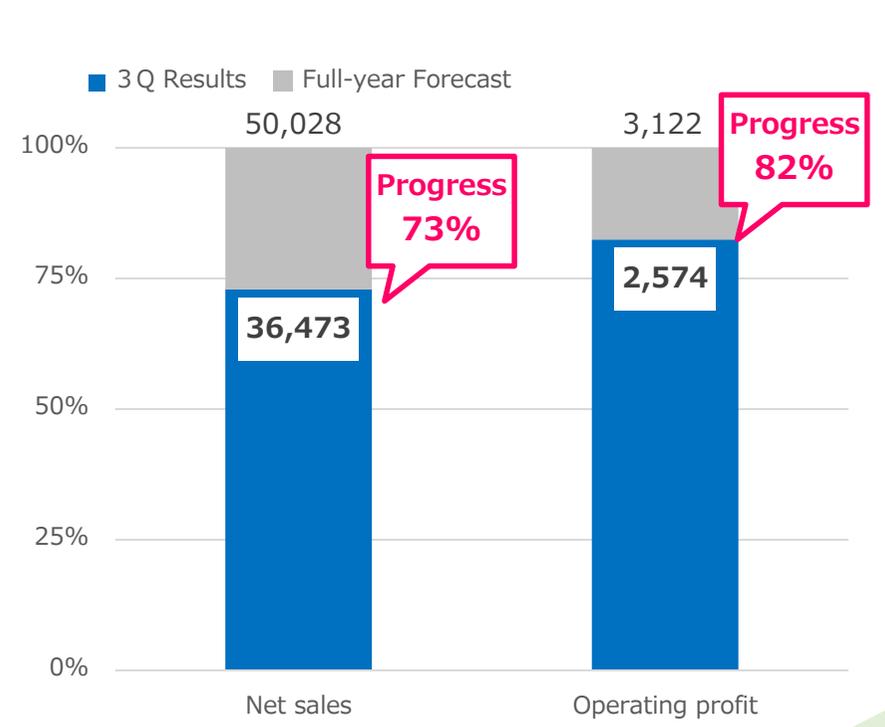
Operating profit surpassed the plan by 8% in 3Q on a quarterly basis, showing steady progress.

- Net sales: **Quarterly sales hit a record high. Camera sales grew 9.3% year on year,** while watch sales were restrained in consideration of weak prices in the market.
- Profit: **The gross margin stood at 18.6%,** surpassing the level of 2Q.  
**Operating profit was 82% of the full-year plan, showing sufficient progress toward the full-year plan.**
- Topics: **In the camera business, solid growth was achieved thanks to the efforts of stimulating purchases through the use of AI and the offering of attractive content. In the watch business, profit exceeded the plan every month. Profit was steadily secured, although prices remained weak in the market.**

**Quarterly Change in Forecast and Actual Performance**



**Full-year Forecast and 3Q Progress**





## Impact of the System Failure

The Company deeply apologizes again for any concerns and inconveniences it caused to customers, shareholders and investors due to its system failure.

### Summary

1. **From 11:30 a.m. on December 1, 2023 to 11:00 a.m. on December 2, 2023**  
Temporary closure of online stores on all online marketplaces (Rakuten, Yahoo! Shopping, Amazon, eBay, Chrono 24) except for the Company's own e-commerce site
2. **From 11:00 a.m. on December 2, 2023 to 3:00 p.m. on January 23, 2024**  
Suspension of sales on MapCamera stores on Rakuten and Yahoo! Shopping marketplaces

### Impact

**An opportunity loss worth approximately 393 million yen in terms of net sales was estimated. The impact on financial results for the period under review is minor.**

- The impact of the opportunity loss in 3Q is worth approximately 211 million yen in terms of net sales.
- A certain amount of time may be needed for the recovery in the value of orders expected to be received going forward.

### Cause

**Switching to a new system failed while it was impossible to switch back to the previous system**

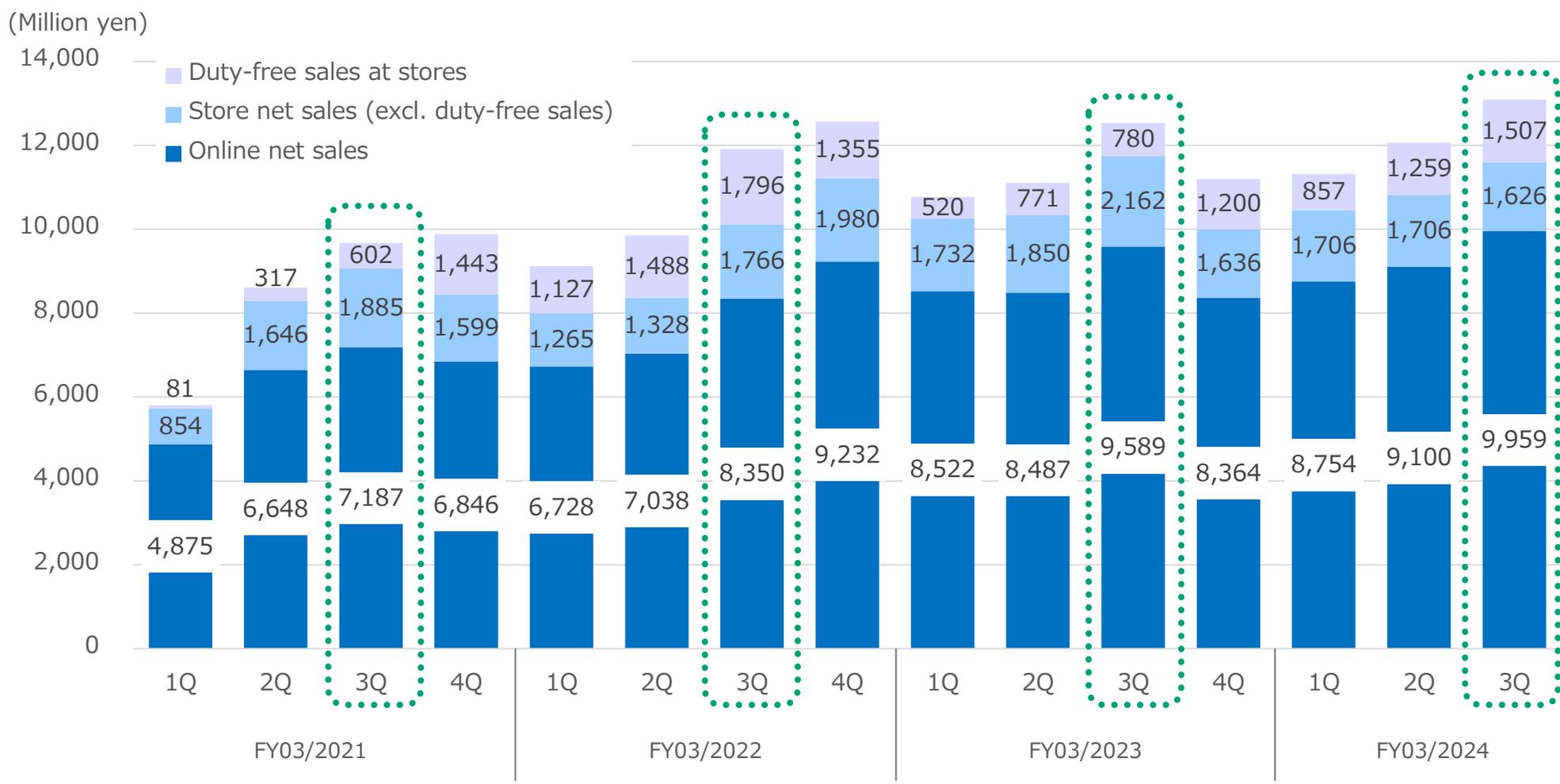
- The Company needed to switch to a new function from a function, the provision of which was to be ended at the end of November.
- Since the Company's backbone system had special specifications that supported the purchase of used items, it was difficult to apply packaged software products, and the Company had no alternative but to develop it additionally in-house.



# Trend in Net Sales by Sales Channel (Quarterly)

Online net sales reached a record high on a quarterly basis.

Duty-free sales in the camera business continued to grow, to record the second highest result ever on a quarterly basis.





# Trend in Net Sales by Sales Channel (Monthly)

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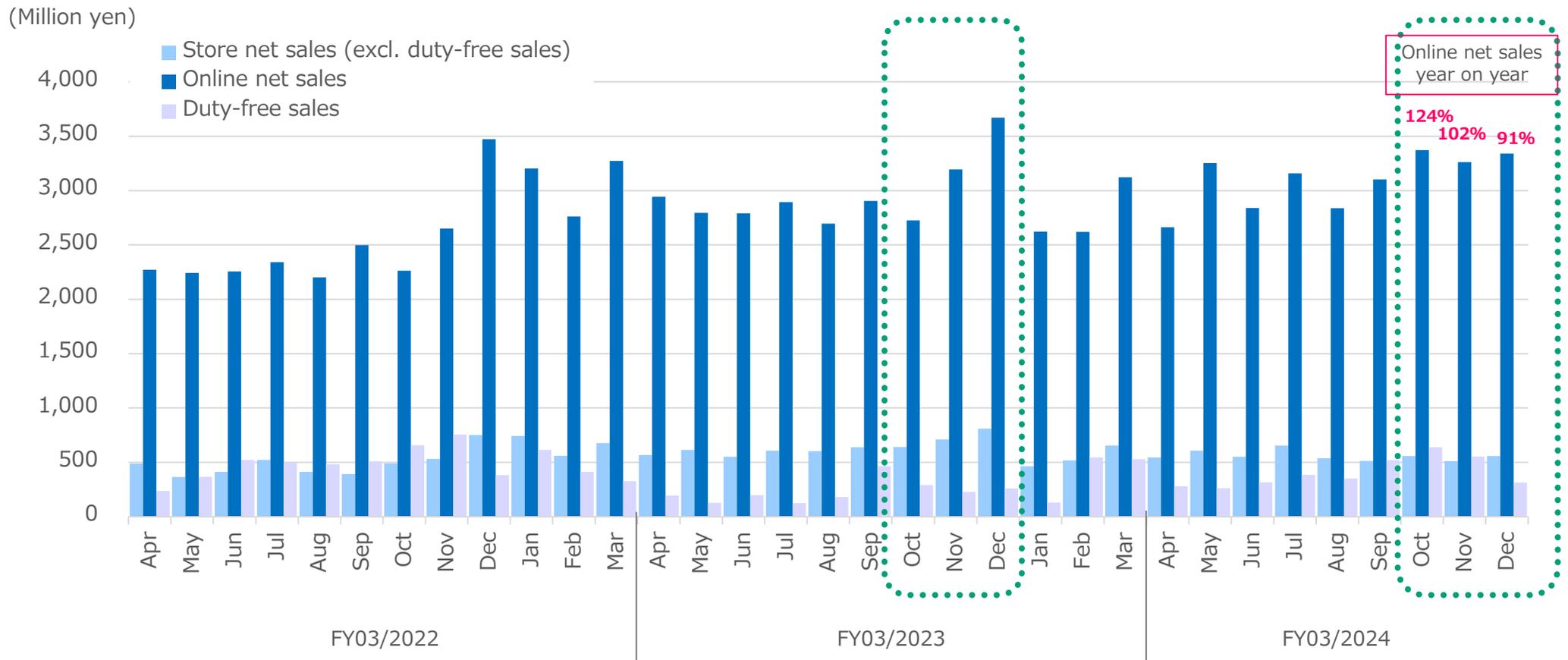
Sales of both cameras and watches rose significantly in October. However decreased year on year due to a fall in watch prices in December.

Stores

Slightly down year on year.

Duty-Free

Sales of both cameras and watches increased year on year in the October to December period.



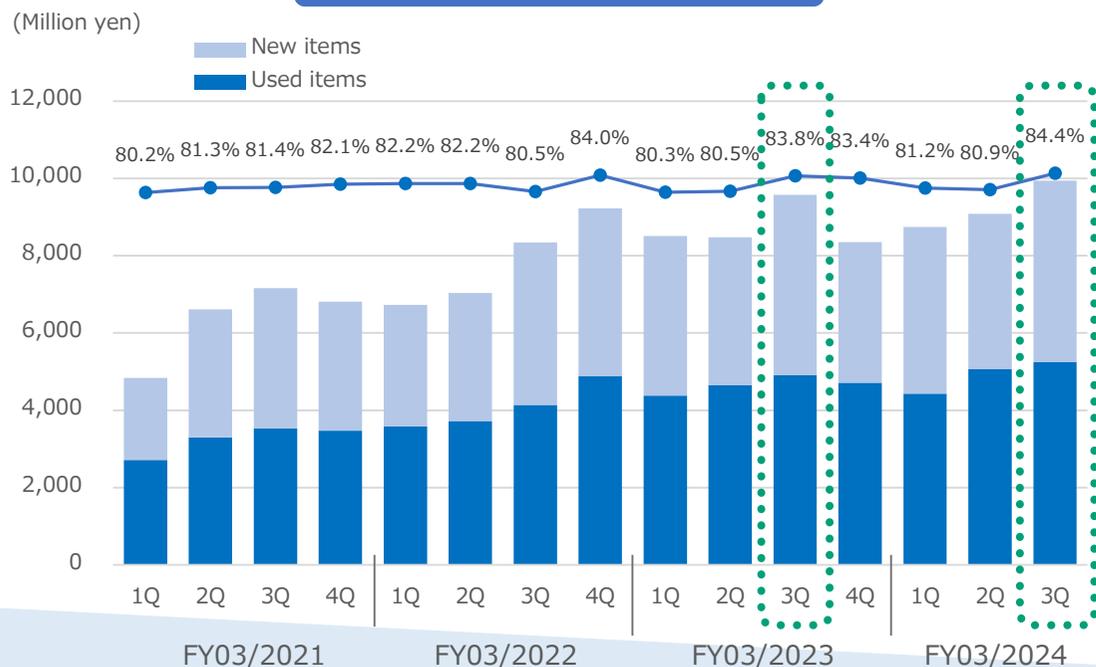


# Trends in Online Net Sales (Quarterly)

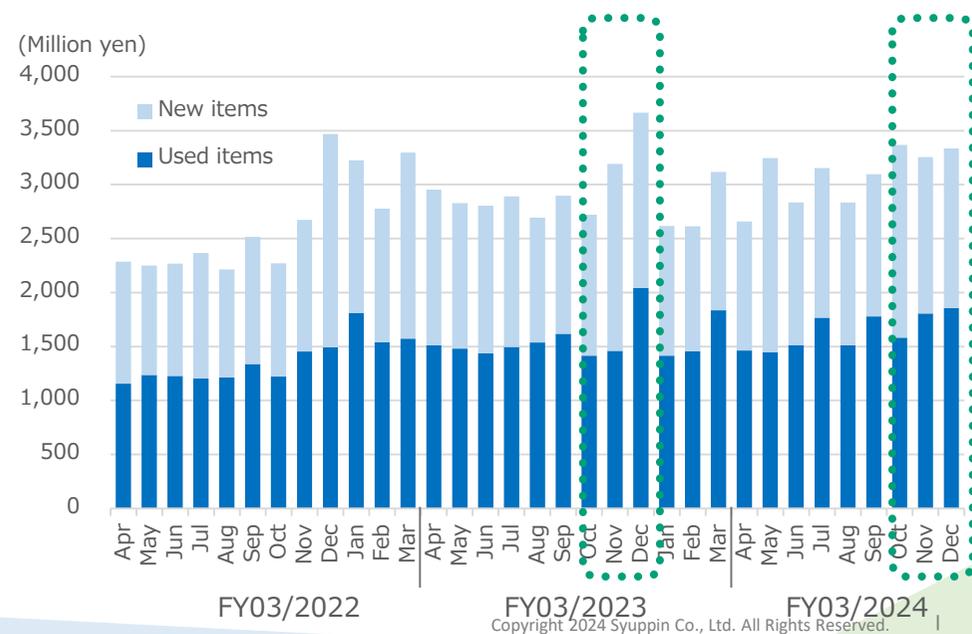
Online net sales climbed 3.9% year on year. The percentage of sales from the Company's websites was 84.4%, a record-high level. Sales at malls were suspended in the camera business. Even so, slight growth was achieved in overall sales.

	3Q FY03/2023 (Quarterly)	3Q FY03/2024 (Quarterly)	YoY% Change
Online net sales (Million yen)	9,589	9,958	103.9%
Percentage of sales on the Company's websites	83.8%	84.4%	+0.6%
Percentage of sales at malls	16.2%	15.6%	▲0.6%

## Trends in Quarterly



## Trends in Monthly



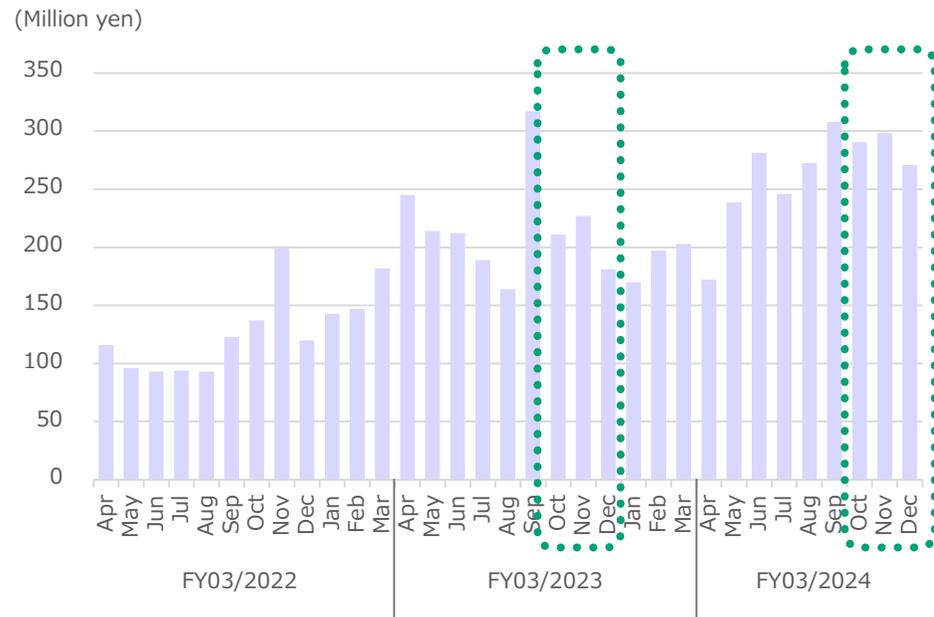
# Trends in cross-border online sales, duty-free sales and store sales



Cross-border online sales grew by 30-50% year on year.

Duty-free sales nearly doubled year on year.

## Cross-border online sales (overseas mails)



## Duty-free sales



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

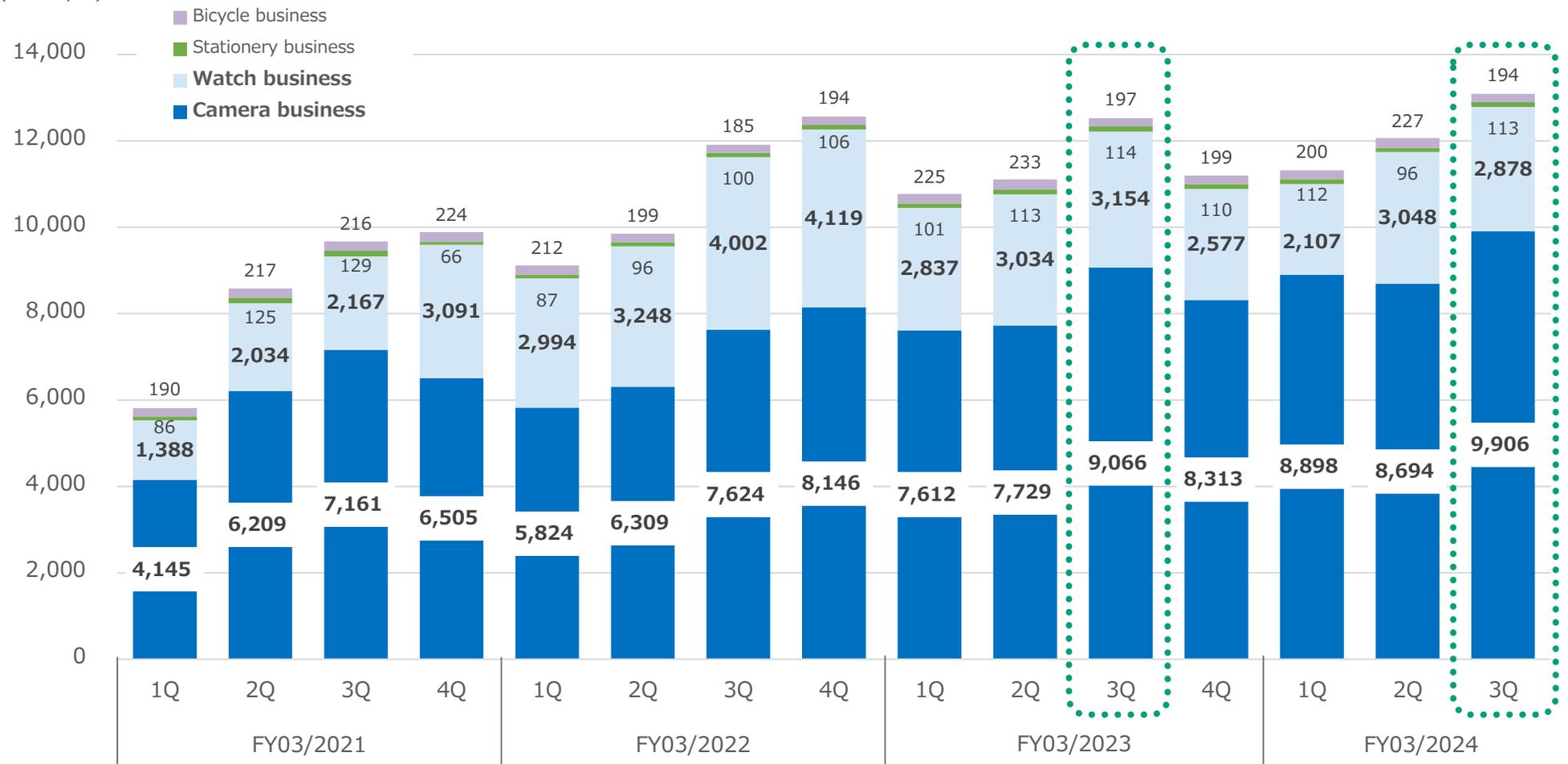




# Net Sales by Segment (Quarterly)

**Mainstay camera sales rose 9.3% year on year, showing record high quarterly sales.** Watch sales declined from the same period of the previous year when a large-scale sale had been held.

(Million yen)

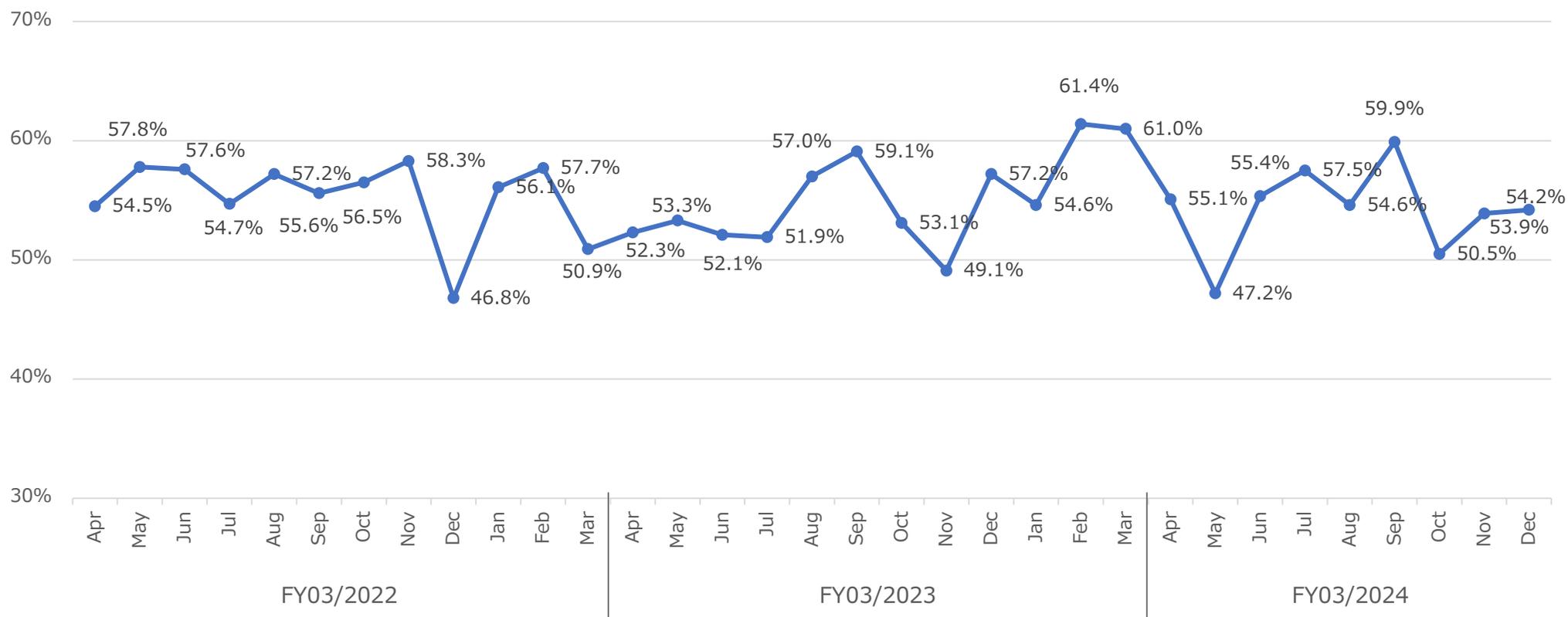




# Trends in Ratio of Used Items to Total Sales

Sales of used items accounted for 52.9% of net sales in 3Q.

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	3Q
	56.5%	55.8%	53.4%	54.8%	52.6%	54.3%	53.4%	59.3%	52.3%	57.5%	52.9%

# Trends in Online Purchases of Used Cameras (Quarterly)

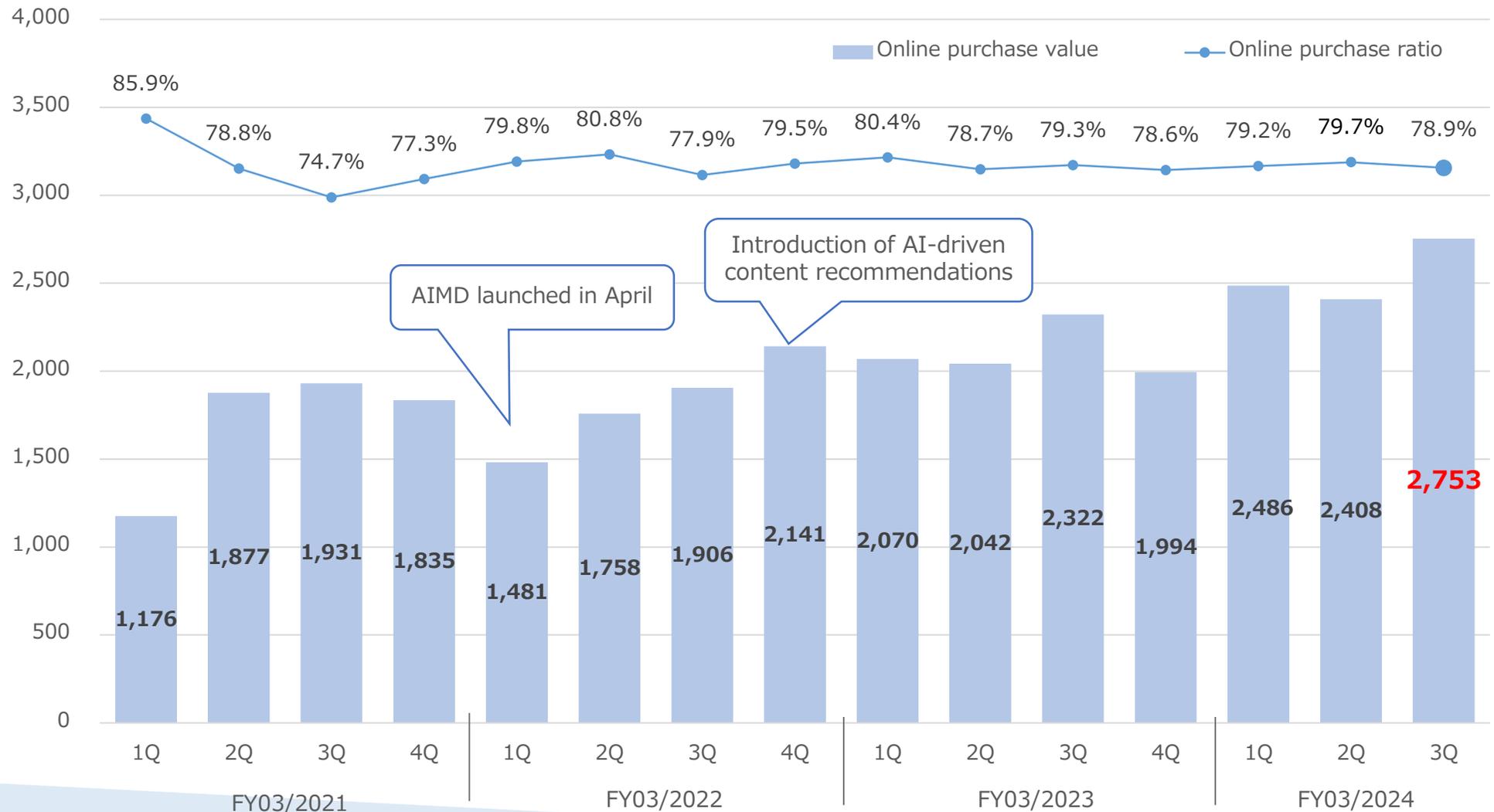


**The value of online purchases reached a record high on a quarterly basis.**

The ratio of online purchases continued to be nearly 80%.

It continued to remain above the 78% level after the introduction of the AIMD (AI-driven MerchanDising) system and the AI-driven content recommendations.

(Million Yen)

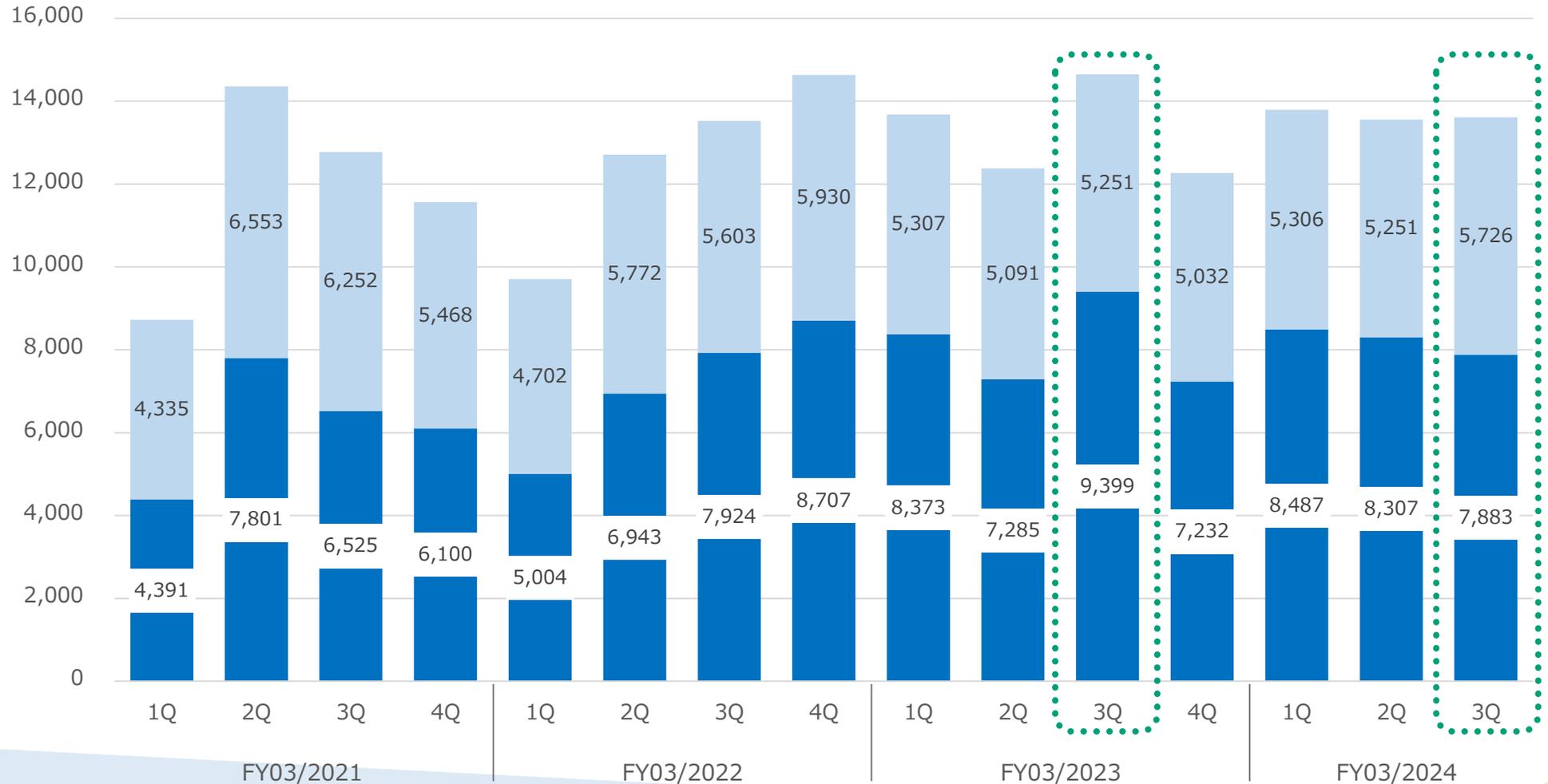


# Trends in the Number of Receive-First / Send-Later Transactions



Used item purchases, while remaining lower than the year-ago level, remained steady given a sufficient number of receive-first/send-later transactions. The number of receive-first/send-later transactions was at the highest level in 6 quarters.

(number of replacements)   
■ Number of Receive-First Transactions   
■ Number of Send-Later Transactions



## Summary of Financial Results (3Q Cumulative)



<b>Net sales</b>	<b>Overall: Up 6.0% Online: Up 4.6% Stores: Up 10.8%</b> (3Q Cumulative, year on year) In the camera business, both overall and online net sales achieved double-digit growth. The watch business grew year on year on a quarterly basis in 3Q.
<b>Gross profit</b>	<b>The gross margin was 18.7%</b> , which was on par with the level in 2 Q. The structure in which gross margins are maintained is being established even if watch prices fluctuate in the market.
<b>SGA expenses</b>	<b>The SGA expense was in the 11% range</b> as a result of continued efforts of reducing SGA expenses excluding personnel expenses.
<b>Operating profit</b>	Operating profit reached 2,574 million yen to <b>surpass the forecast by 7.7%. Operating margin stood at 7.1%. Efforts will continue to be made to create a business structure that does not rely on new products or market prices by maintaining the firmness of the camera business while enhancing the profitability of the watch business.</b>

	FY03/2023 1Q+2Q + 3Q		FY03/2024 1Q+2Q + 3Q					(Million yen)
	Actual	Share	Actual	Share	YoY% Change	Plan	Percent of plan (target)	
<b>Net sales</b>	34,417	-	36,473	-	<b>106.0%</b>	37,559	<b>97.1%</b>	
<b>Gross profit</b>	6,051	17.6%	6,834	<b>18.7%</b>	112.9%	-	-	
<b>SGA expenses</b>	3,812	11.1%	4,260	<b>11.7%</b>	111.7%	-	-	
<b>Operating profit</b>	2,239	6.5%	2,574	<b>7.1%</b>	115.0%	2,391	<b>107.7%</b>	
<b>Ordinary profit</b>	2,238	6.5%	2,573	<b>7.1%</b>	115.0%	2,369	<b>108.6%</b>	
<b>Net income</b>	1,556	4.5%	1,777	4.9%	114.2%	1,634	<b>108.7%</b>	

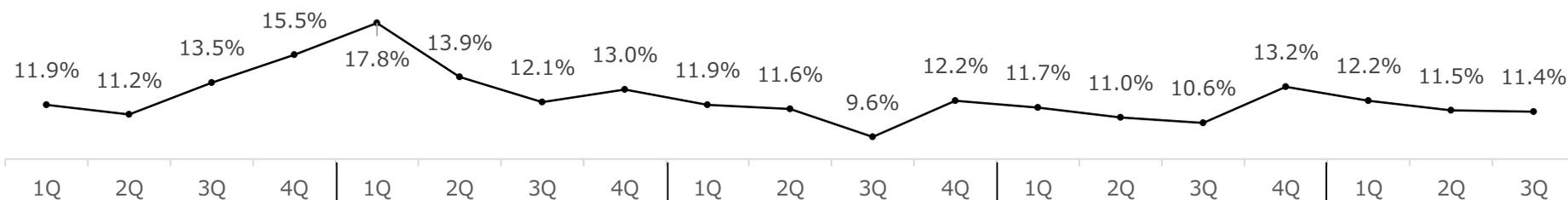
## Year-on-Year Change in SGA Expenses (3Q Cumulative)



The increase in SGA expenses excluding higher average salaries was mainly attributable to higher sales and therefore the SGA ratio was kept in the 11% range.

	23.03期 3Q累計		24.03期 3Q累計		YoY% Change (Million yen)		
	Actual	Ratio to net sales	Actual	Ratio to net sales	% change (Ratio to net sales)	Value change	Reasons
Personnel expenses	1,045	3.0%	1,216	3.3%	+0.3%	+170	Increase in pay and other factors
Advertising expenses	30	0.1%	52	0.1%	+0.1%	+21	
Promotion expenses	730	2.1%	847	2.3%	+0.2%	+116	Increase in trade-in expenses following the growth of send-later transactions
Business consignment expenses	278	0.8%	286	0.8%	▲0.0%	+7	
Commission fee	871	2.5%	961	2.6%	+0.1%	+89	Increase in commission fees due to higher sales
Depreciation	145	0.4%	131	0.4%	▲0.1%	▲13	
Rents	264	0.8%	265	0.7%	▲0.0%	+0	
Other	445	1.3%	500	1.4%	+0.1%	+54	Share-based payments, taxes and dues and others
<b>Total SGA expenses</b>	<b>3,812</b>	<b>11.1%</b>	<b>4,260</b>	<b>11.7%</b>	<b>+0.6%</b>	<b>+447</b>	

**Trends in quarterly ratio of SGA expenses to net sales**



Trend in SGA expenses	FY03/2020	FY03/2021	FY03/2022	FY03/2023	<b>FY03/2024 1Q + 2Q + 3Q</b>
		12.9%	13.8%	11.3%	11.6%

## Year-on-Year Changes in Net Sales and Profit by Segment (3Q Cumulative)



The camera business recorded double-digit growth in terms of both net sales (total and online) and segment profit. The watch business secured segment profit stably although net sales were down due to decreased market prices.

Segments/Sales Channel Figures in parentheses ( ) are the percentage of total net sales.		FY03/2023 1Q+2Q + 3Q	FY03/2024 1Q+2Q + 3Q	YoY% Change	Remarks (Million yen)
 Camera (75.4%)	Online net sales	21,131	23,329	110.4%	<ul style="list-style-type: none"> <li>➤ Online net sales achieved double-digit growth. Store sales also remained strong.</li> <li>➤ Segment profit increased 14.5% year on year. It rose to the 1,100-million-yen level in 3Q on a quarterly basis, reaching a record high.</li> </ul>
	Store net sales	3,276	4,168	127.2%	
	Segment net sales	24,407	27,498	112.7%	
	<b>Segment operating profit</b>	2,788	3,193	114.5%	
 Watch (22.0%)	Online net sales	4,801	3,912	81.5%	<ul style="list-style-type: none"> <li>➤ Segment profit was 320 million yen. Quarterly profit in 3Q was 130 million yen, which was on a par with the level in 2Q.</li> <li>➤ Segment profit was consistently secured even if watch prices remained weak.</li> </ul>
	Store net sales	4,224	4,121	97.6%	
	Segment net sales	9,025	8,033	89.0%	
	<b>Segment operating profit</b>	136	320	234.4%	
 Stationery (0.9%)	Online net sales	258	228	88.3%	<ul style="list-style-type: none"> <li>➤ Segment profit increased by a factor of approximately 1.5 due to increased sales of high-value and high-margin products.</li> </ul>
	Store net sales	69	92	132.1%	
	Segment net sales	328	320	97.6%	
	<b>Segment operating profit</b>	28	42	149.1%	
 Bicycle (1.7%)	Online net sales	408	342	83.8%	<ul style="list-style-type: none"> <li>➤ Both net sales and segment profit decreased due to sluggish online sales (store sales grew).</li> <li>➤ Profitability was maintained despite weak market conditions.</li> </ul>
	Store net sales	247	278	112.8%	
	Segment net sales	655	621	94.8%	
	<b>Segment operating profit</b>	48	35	74.5%	
Total	Online net sales	26,599	27,812	104.6%	<ul style="list-style-type: none"> <li>➤ Both online net sales and store net sales year on year.</li> </ul>
	Store net sales	7,817	8,661	110.8%	
	Total net sales	34,417	36,473	106.0%	

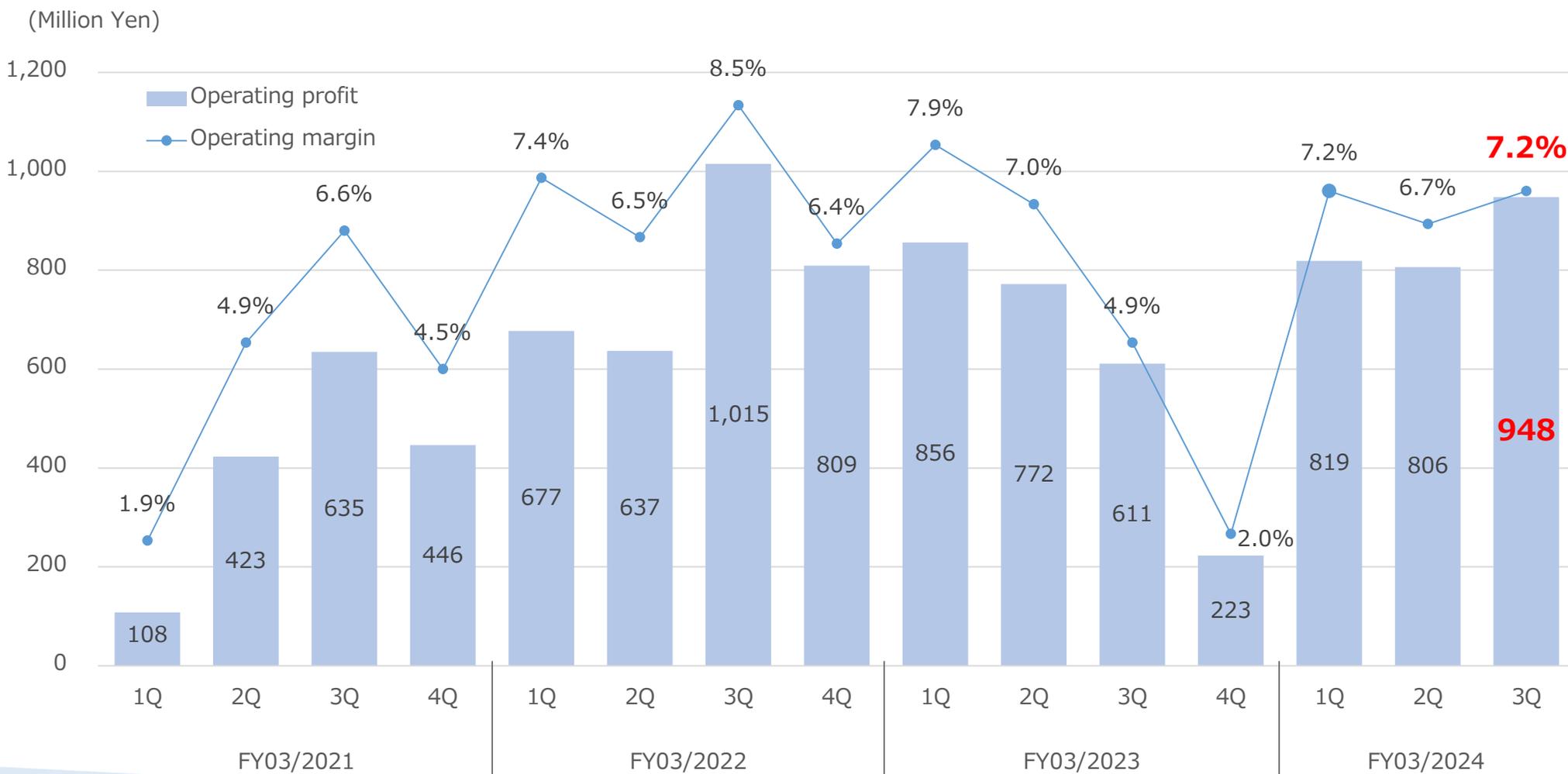


# Trends in Operating Profit and Operating Margin (Quarterly)

**Operating profit stood at 948 million yen, nearly reaching the previous record-high level when watch prices were surging.**

**The operating margin was 7.2% despite slightly weak watch market prices.**

**Efforts will continue to be made going forward to stabilize the profit structure.**



## Changes in Balance Sheet from End of Previous Year



Merchandise inventories increase 1,400 million yen due to the purchase of used items which had continuously in short supply.

Inventories, the shortage of which was an issue in the current fiscal year, have recovered almost to the targeted level.

(Million yen)

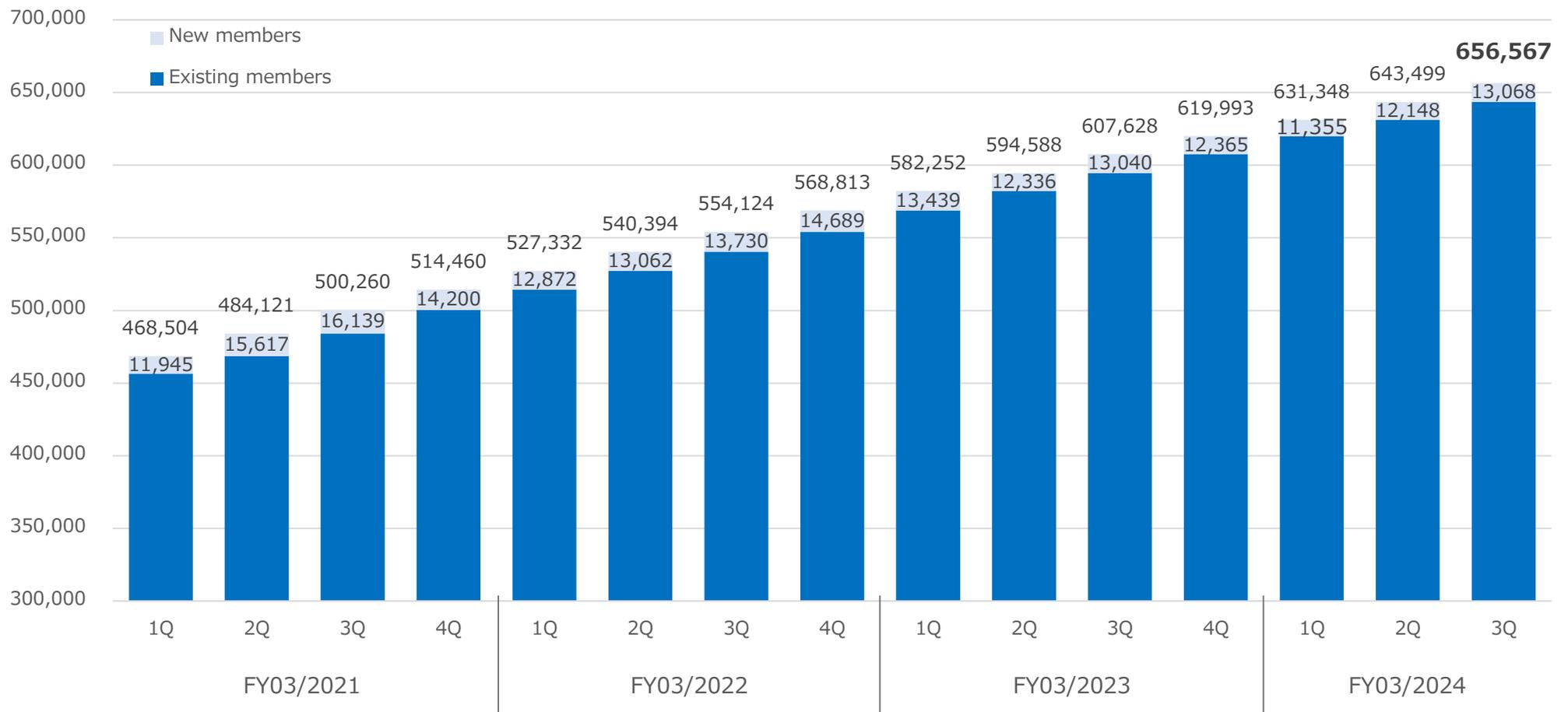
	End of FY03/2023	End of 3Q of FY03/2024	
		Actual	Change
Current assets	13,202	14,791	1,588
Cash and deposits	1,423	1,401	△22
<b>Merchandise</b>	8,812	10,221	1,408
Non-current assets	1,863	1,960	96
<b>Total assets</b>	<b>15,066</b>	<b>16,751</b>	<b>1,685</b>
Current liabilities	5,640	7,026	1,386
Non-current liabilities	2,946	2,027	△919
<b>Total liabilities</b>	<b>8,586</b>	<b>9,053</b>	<b>466</b>
<b>Total net assets</b>	<b>6,479</b>	<b>7,698</b>	<b>1,218</b>
<b>Liabilities and net assets</b>	<b>15,066</b>	<b>16,751</b>	<b>1,685</b>

# Trends in the Quarterly Number of Online Members (Quarterly)



The number of new online members increased at the rate of 4,000 to 5,000 per month, making the pace of net increases more rapid than the levels in the 1Q and 2Q.

(Number of people)

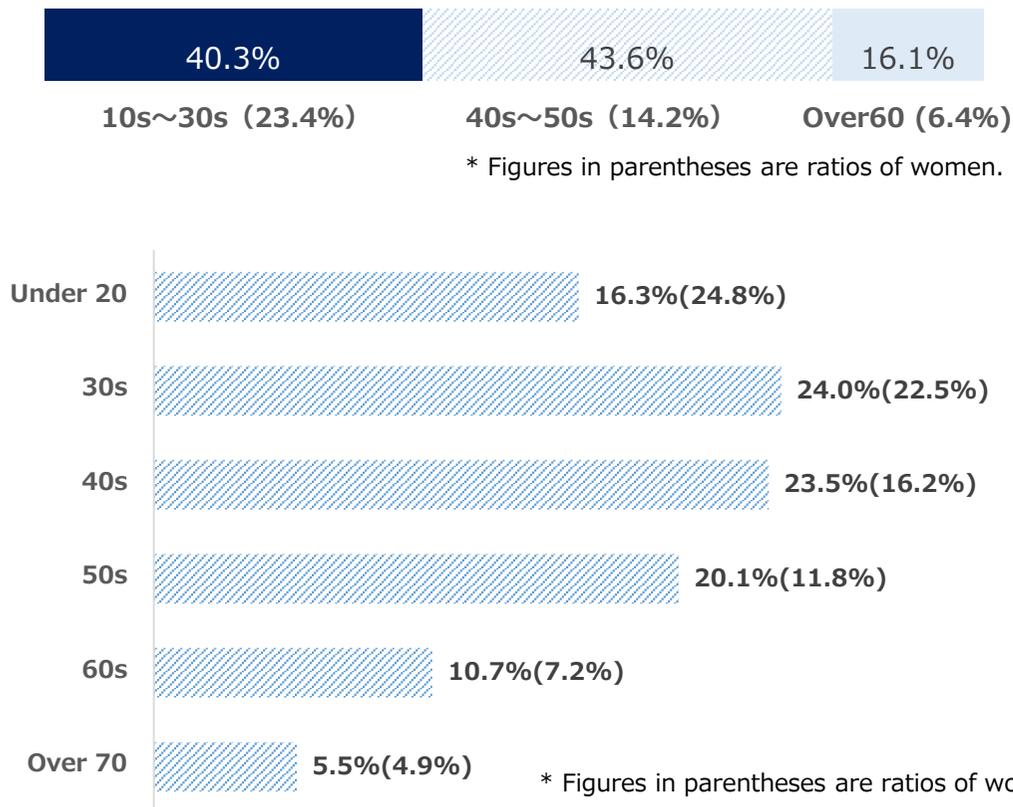


# Attributes of Online Members(3Q Cumulative)

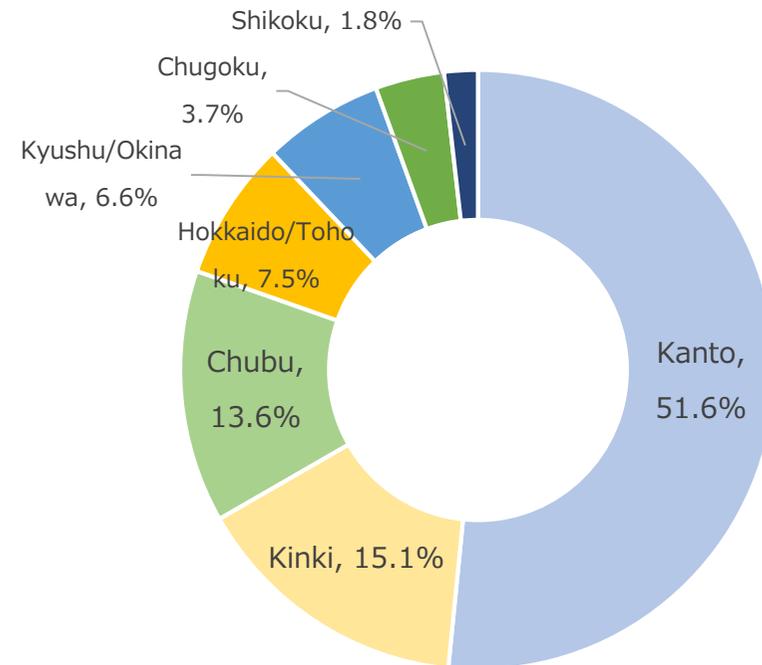


Women account for a large percentage, or 23.4%, of members in their 10s to 30s, reflecting the popularization of social media services such as Instagram. Women account for 16.6% of all online members, and moreover, they account for 21.8% of people who became new members during the first nine months.

**Age group distribution**



**Regional distribution**



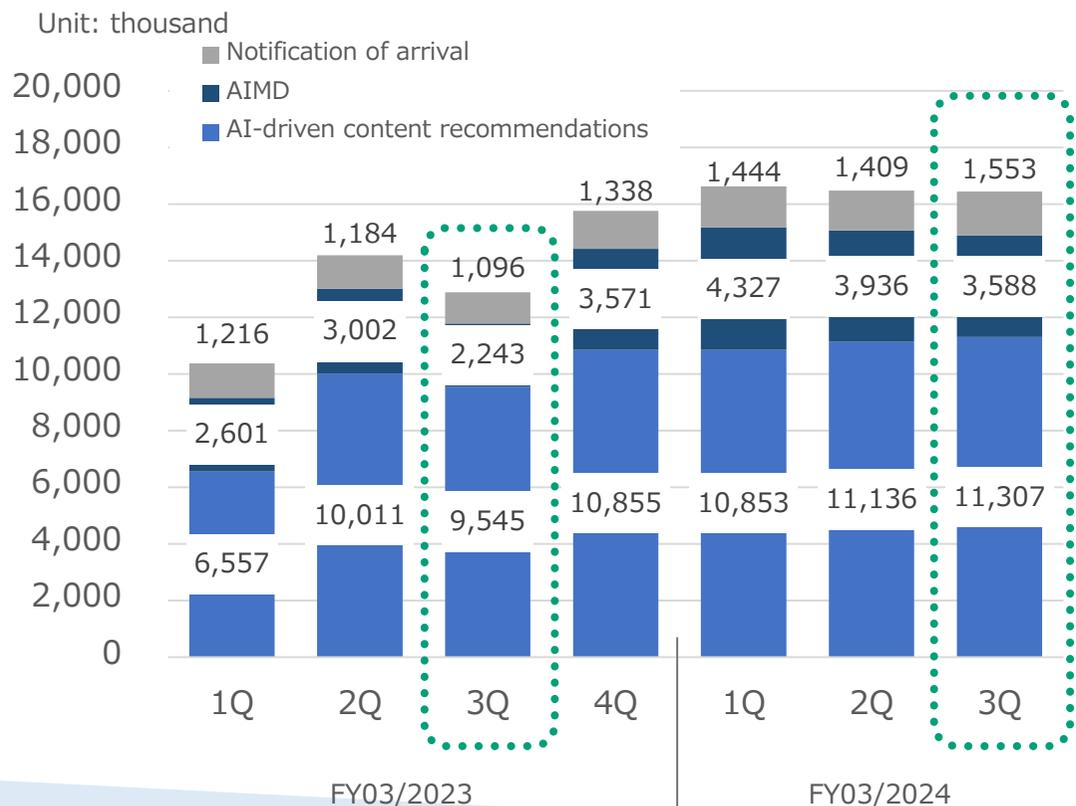
Gender distribution of online members – Men: 83.4%, Women: 16.6%  
**(Gender distribution of new members in 1Q-3Q – Men: 78.2%, Women: 21.8%)**

# Technology Development and Number of Notifications(Quarterly)



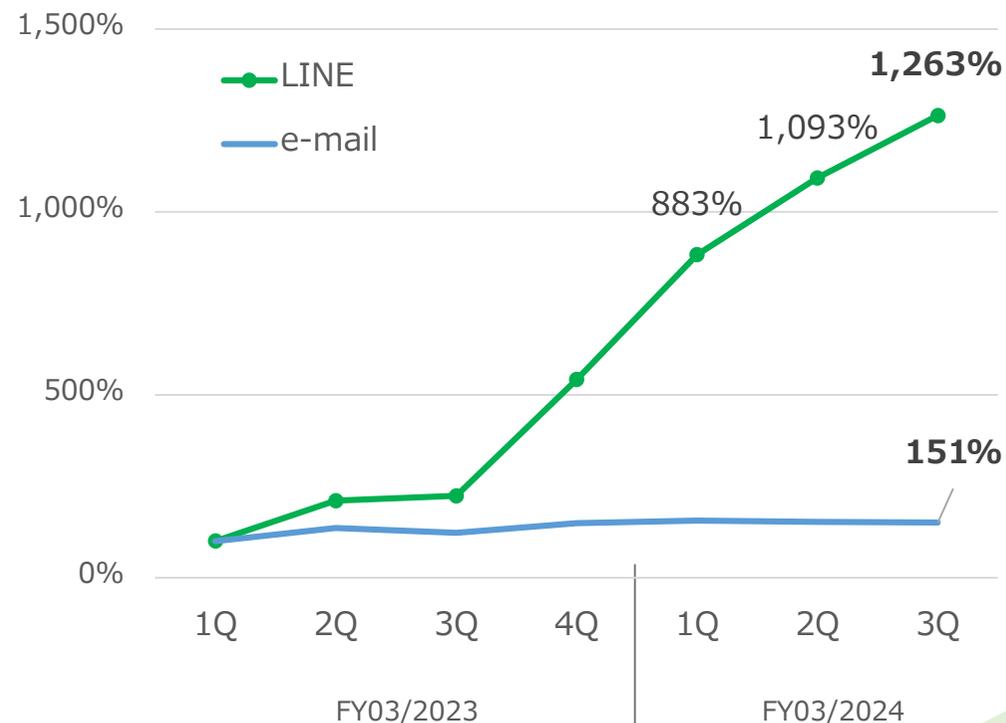
**The number of LINE distributions increased by a factor of over 12 from the pre-enhancement level.** The number of AI-driven automated notifications remained at a high level of 16 million on a quarterly basis. However, the number of AIMD distributions decreased because sales were made without discounts with the use of AI. (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)



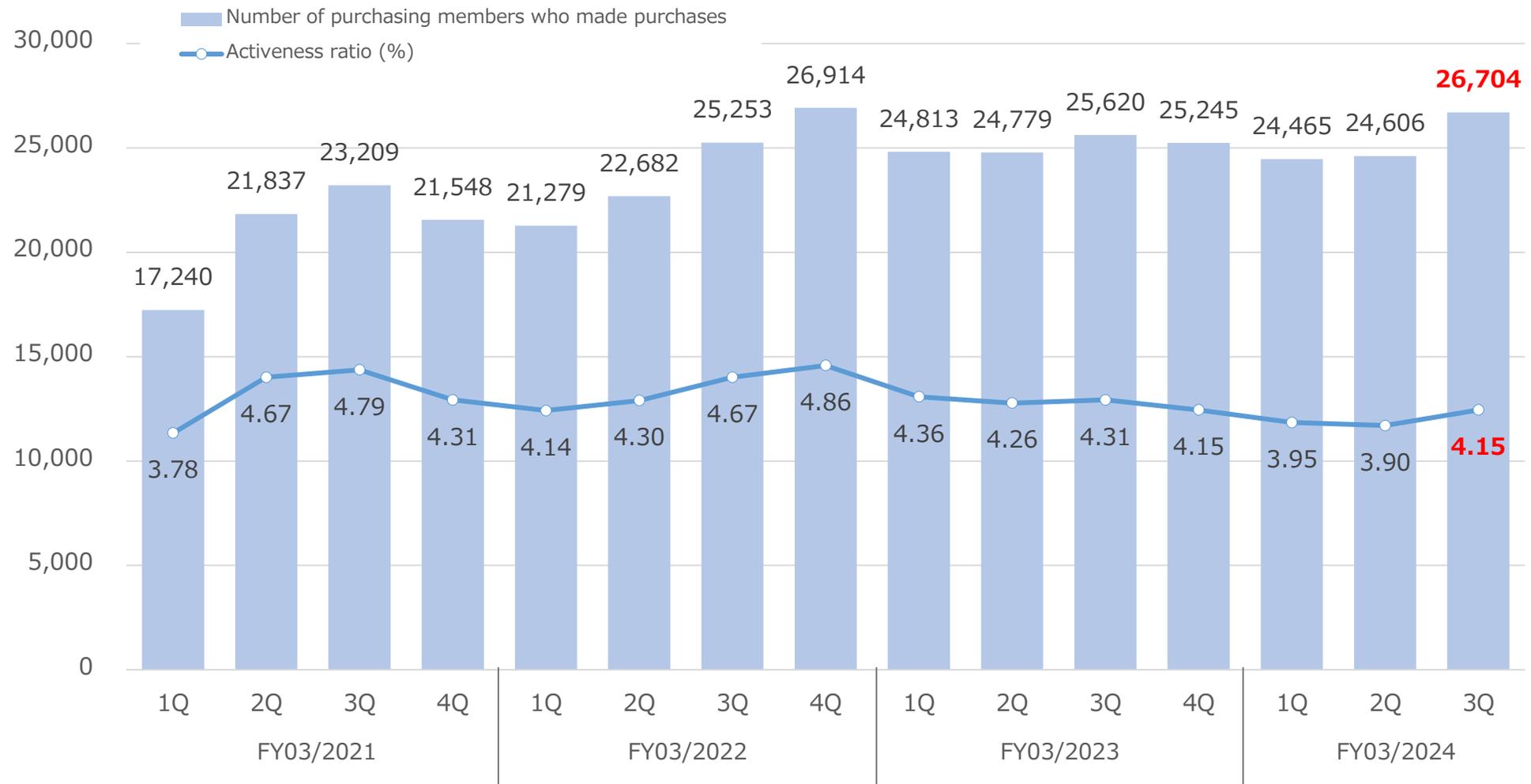
† According to the Company's own estimate

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



The number of online purchasing members included in existing customers (the Company's website) reached a record high, and the activeness ratio is at a high level of 4.15.

(Number of people)

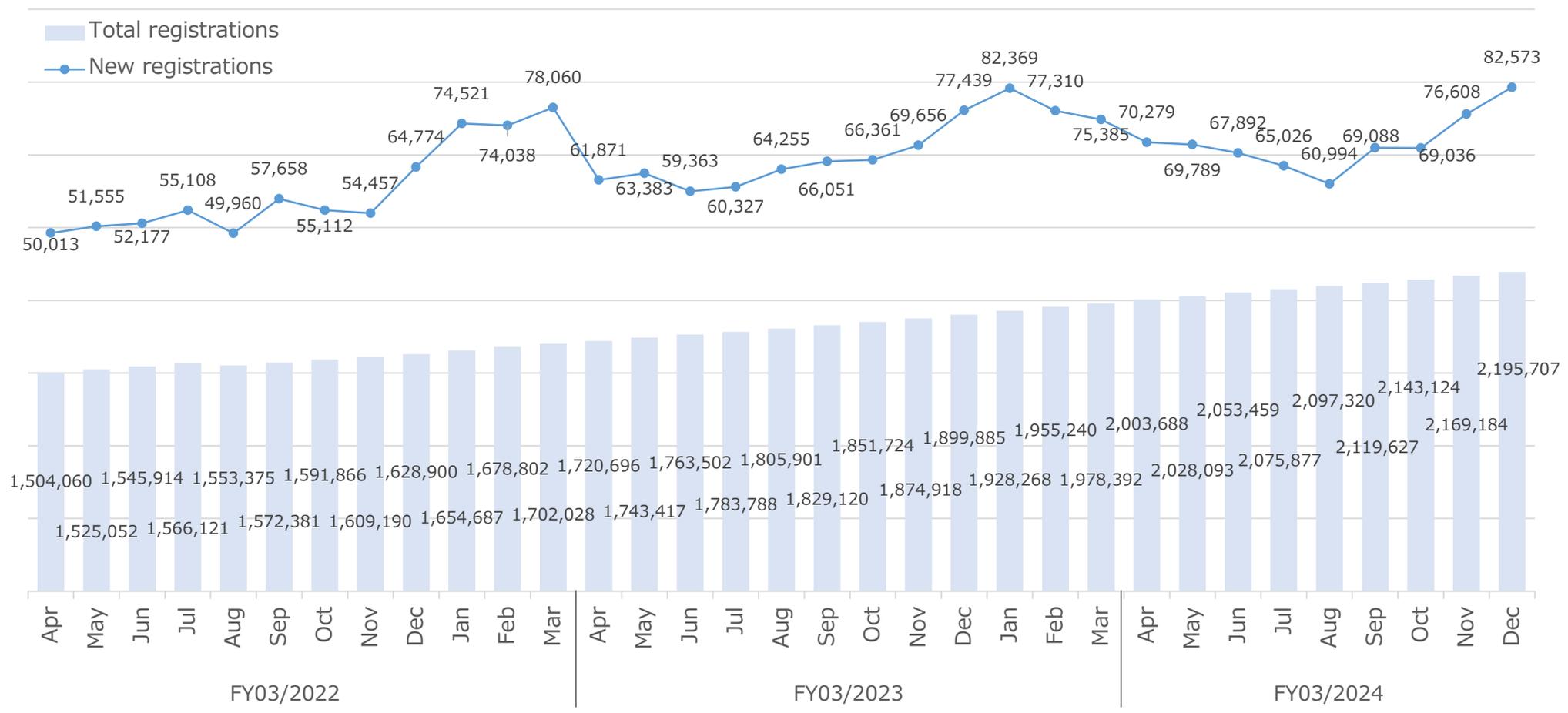


\*Activeness ratio: The percentage of members who made purchases on the Company's website during any given quarter relative to the number of online members at the beginning of the quarter(excludes the number of purchases by online members at malls) .



# Number of Items Registered on the Wish List

The number of new registrations, which was in the range of 70,000 to 80,000 per month, began to show an upturn in 2Q, achieving a record high in December.  
 The total number of registrations rose steadily as well.



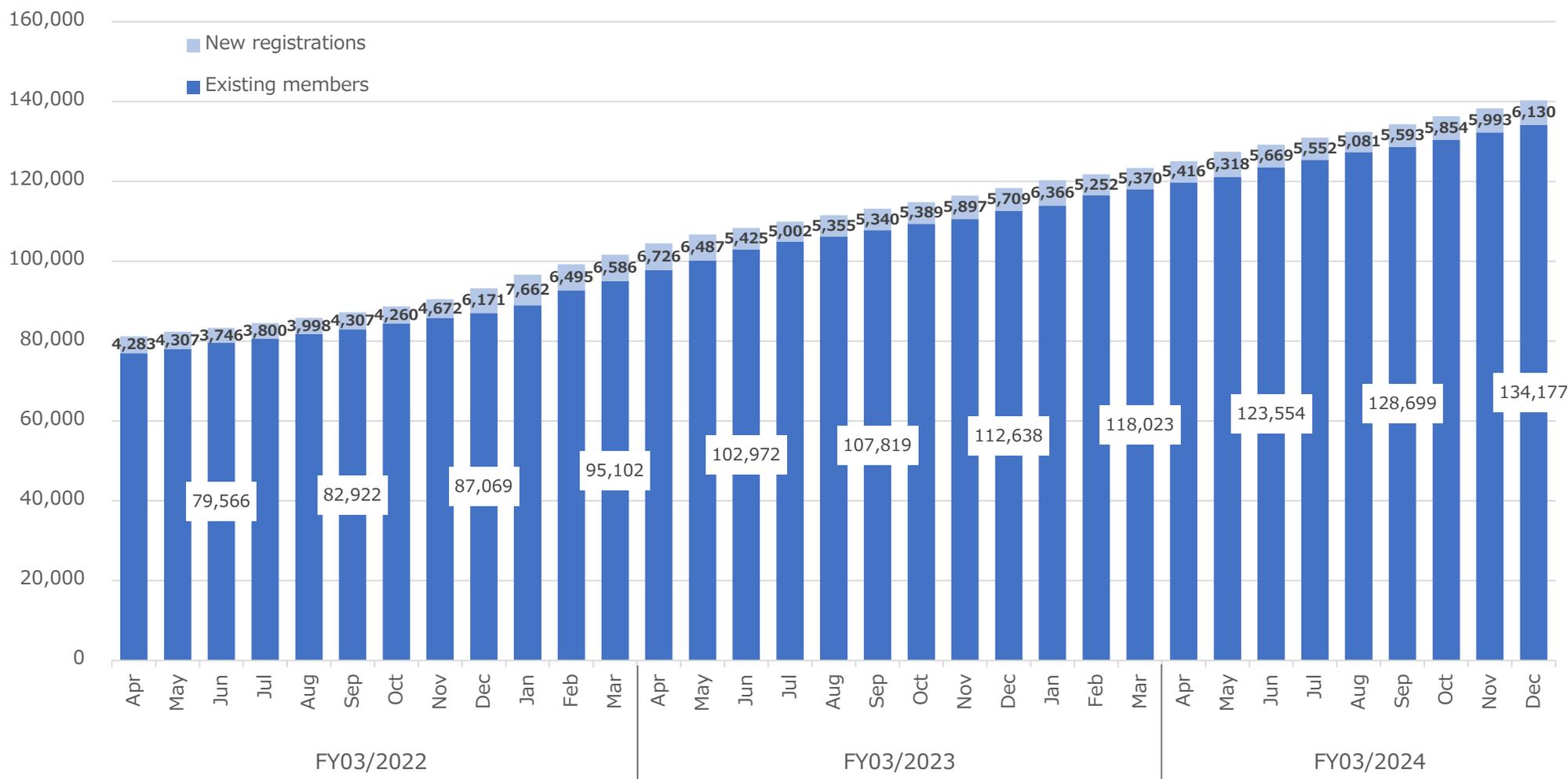
\*When a registered product is purchased, it is automatically removed from the list



# Number of Registrations for E-mails that Communicate Arrivals

The number of new registrations was approximately 18,000 in 3Q, surpassing the level in 2Q. Existing registered accounts increased steadily, to 134,000.

Approximately 400,000 notifications per month were sent to customers' smartphones.





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

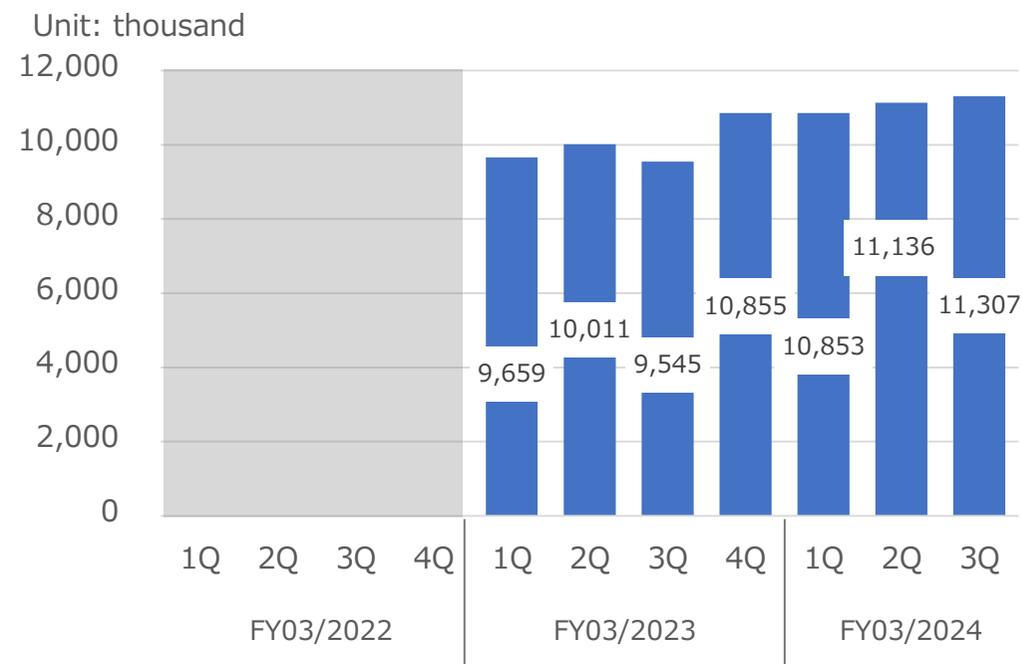
The number of AI-driven content recommendations increased steadily. The number of AIMD x One to One distributions decreased, because sales and purchase were made without sales discounts or increases in purchase prices with AI.

An average of **5.0 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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