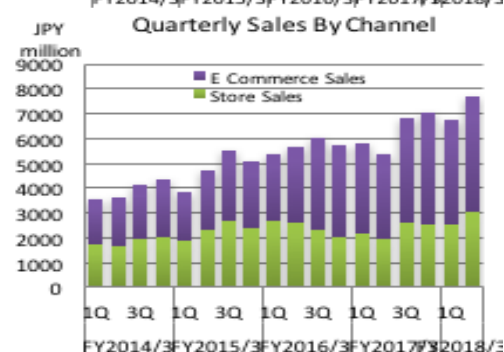
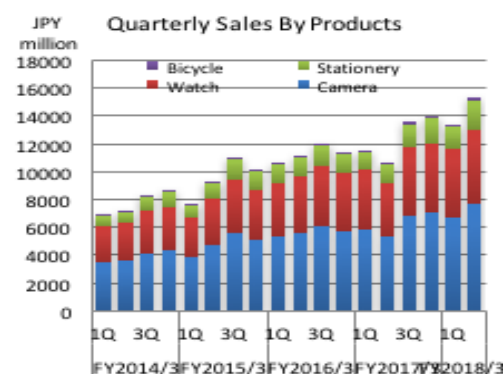
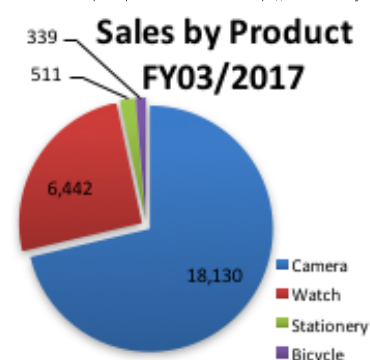


P/B: 9.9x (3/17 act)

Div. Yield: 0.6% (3/18 CE)



METRICAL downgrades from Outperform to Hold of Syuppin (3179, JP). However, TP has been revised upward from JPY2,088 to JPY3,088 on its positive expansion in sale and profit margin. Currently, the share price soared on the expectations led by posting of stock-split and favorable 2Q financial report and monthly sale for the latest months. METRICAL expects the share price seems to discount its positive earnings for the coming year and is likely to remain at the current level. Meantime, the earnings are performing well. Consumers are getting used to on-line site for reuse items. Relatively Syuppin is good at higher priced reuse items such as camera and watch, as the company has specialty on the items and customers are more reliable than on-line C2C operators. The sale is very likely to continue growing due to the increase of active users led by its 'One to One Marketing' and aims to raise its market share from approximately 10% to 30% in reuse Camera market. In case of further positive impact such as the improvement in Bicycle business, the expansion of e-Bay in US market etc., the rating should be upgraded.

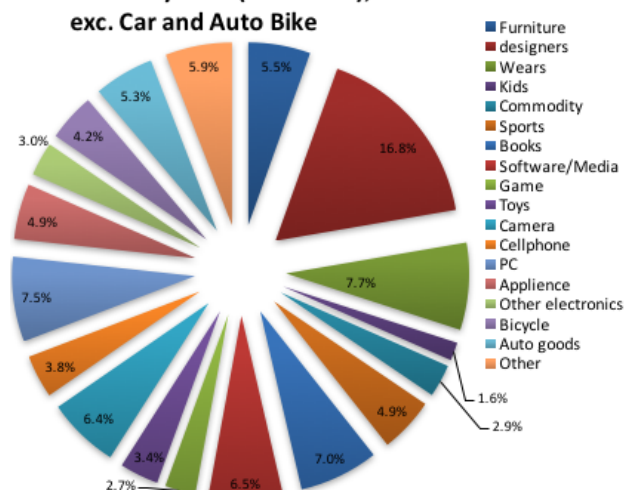
Syuppin is a reused items retailer, using Internet channel and a real store of each product category. The company was established in August 2005 as a Camera retailer and added Watch, Stationery and Sport-Bicycle. The sale by product, Camera is the largest of 73% of total sale, Watch is the 2nd largest sale of 23%, Stationery is 2% and Bicycle is 2%. The sale by channel, e-Commerce is expanding rapidly to 62.8% of total sales as of FY03/2017 from 57.4% for FY03/2016 (see chart 'Sales by Product', chart 'Quarterly Sales by Products' and chart 'Quarterly Sales By Channel' on left). The company runs 1 real outlet in Shinjuku for Camera, Watch and Stationery and 1 small outlet in Yoyogi for Bicycle, both of which are nearby its head office.

Industry Overview and Competitive Positioning

Industry Overview

Brand-new camera and peripheral market is estimated to be JPY168.5 billion (data source: Camera & Imaging Products Association, CIPA) and watch is JPY786.7 billion for CY2016 (data source: Japan Clock & Watch Association, JCWA). Brand-new Camera market in Japan for April-September 2017 recovered 22% from the previous year after slid due to earthquake in April 2016. On the reuse market, survey by Ministry of the Environment (MOE) reports, the used Camera market grew 53.2% to JPY71.4 billion for FY2015 from JPY46.6 billion for FY2012. Although used Camera market is growing very fast, the difference of market size between new and used would be potential growth for reuse market of Camera. Another data from the Ministry shows rapid growth of Internet channel (Internet auction, Internet shopping and Internet flea market) of used Camera. Of JPY71.4 million used Camera market, JPY52.0 billion was Internet channel and JPY17.5 billion was real store for FY2015. 75% of users used Internet channel and 25% used real store. For FY2012, Internet channel was 66.7% and real store was 28.8%. Internet based used Camera market is expanding, too. Please see chart 'Market size by Item' below.

Market size by Item (JPY Billion),



Competitive Positioning: SWOT Analysis

Strength

Internet based reuse retailer

As on the above Industry Overview, used Camera market is accelerating to Internet channel. This is a tailwind for Syuppin that is strengthening e-Commerce business and raised Internet sale to 62.8% for FY3/2017.

Quality of customer service

Syuppin focuses on selective goods that are relatively expensive goods (i.e. Watch's average sale price is JPY0.8 million). For expensive

goods, quality of customer service would increase customer satisfaction. The company offers experts and real store for each specialty goods. Running real store is costly but store staff takes care of customers politely with adequate advice when I visited. This would lead to a value of the company.

Synergy with sale of brand-new items

Syuppin sells not only used camera but also brand-new camera. This brings synergy to the sale. A customer who wants to sell his used camera is more likely to buy a brand-new camera at Syuppin and vice versa. A customer who wants to buy a new camera is more likely to sell his camera at Syuppin. The company also offers frequent buyer program, encouraging loyal customers to buy more often items.

Weakness

Shrinking brand-new market under soggy consumer spending

As consumer expenditure is growing at slower due to decrease in population, slower brand-new market will result in decrease in used market. This would be a negative factor for the growth of the company, as expansion of used market is the key. The brand-new camera market in Japan slid due to the suspension of shipment of camera parts led by Kumamoto earthquake in April 2016. However, Syuppin raised its camera sale 9.4% YoY for FY3/2017, gaining its market share and e-Commerce channel, and has resumed entering US market.

Opportunity

Focusing on Internet channel

As on the Industry Overview above, Internet channel of used Camera is accelerating to 75% from 66.7% from 3 years ago. Particularly, Internet channel is accelerating more rapidly. This is a tailwind for Syuppin that is strengthening e-Commerce business and raised Internet sale to 62.8% for FY3/2017.

Higher growth and potential of used Camera

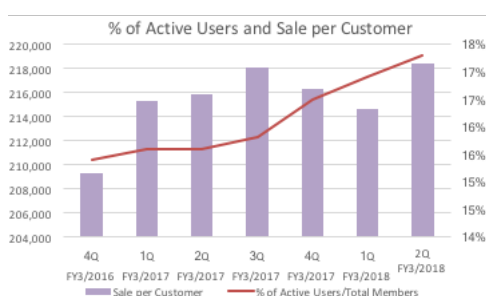
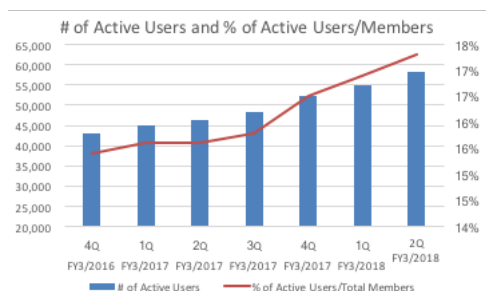
Used Camera market grew 53.2% to JPY71.4 billion for FY2015 from JPY46.6 3 years ago. In addition, brand-new Camera's market is quite large of JPY168.5 billion which is recovering more than 20% YoY after the slid hit by earthquake. The used Camera market is estimated to be less than half of JPY80 billion and the company aims to increase its market share to 30% from 10% right now. Brand-new Watch market is much larger of JPY786.7 billion for CY2016.

Threat

C to C business of smartphone flea market

As increasing number of young generation uses smartphone application, Internet flea market operators are growing business in

line with the demand. 10 agers and 20 agers are more likely to use smartphone application than PC based web shopping. Furthermore, such a flea market is C to C business and lower cost than B to C operators like Syuppin. Those C to C flea market site is popular among younger customers. If this trend strengthens, it would be thereat for the company, although the company reinforces to release smartphone application going forward. Its many of the customers are 30 years old and develops wider range of customers, as senior customers buy expensive items. Expensive items are not good at C to C flea market operators, as customers buy/sell items through a reliable shop. Syuppin launches a new service of extending warranty period. Normally 1 year warranty is attached when a used item is purchased. From March warranty extension service is notified to a customer for at least JPY15,000 before the warranty is expired. The company considers such service as differentiation. At this moment, the threat does not affect the company's business, while many real-store based reuse operators suffer from C2C Internet based competitors. Syuppin benefits from the increasing trend of e-Commerce shopping and its strategy of synergy effect of selling both of used new models and focusing on expensive items.



Enhanced Marketing Strategy

One to One Marketing

A new push sales has successfully started since October 2016, raising used e-Commerce sale. Once a customer puts an item in 'wish list,' the information will be sent to the customer immediately when the price of the item goes up and down or someone posts a review about it. This is a similar strategy as 'wish list' of Amazon. From January Syuppin has started notifying a customer who puts an item without stock in 'wish list' when the stock comes to. The total number of items registered as 'wish list' surged from 473,395 in October to 558,249 in March, while newly registered number of 'wish list' grew from 33,488 in October to 50,659 in March, which should grow active customers and sale. As a result, the number of active user grew from 46,184 for 3Q FY3/2017 just prior to the launch the marketing strategy to 58,296 for 2Q FY3/2018. The number of active user/total members also gained from 15.6% to 17.3% for the same period (see chart '# of Active Users and % of Active Users/Members' on left). Moreover, the increase of active users benefit to the company. These customers have pushed the sale per customer higher, raising the number from JPY215,846 per sale for 2Q FY3/2016 to JPY218,431 for 2Q FY3/2018 (see chart '% of Active Users and Sale per Customer' on left).

Now, the marketing strategy is at the phase3 stage and Syuppin tries to enhance further sale for increasing conversion ratio. The strategy expects to a customer who is likely to fall in a trap or tired of choosing of the item that has recommended one another to buy his/her right

item by notifying push-recommendation. The new recommendation will encourage such a customer to pick one of the most popular items or alternative of his/her several choices. This marketing will resume soon in this fiscal year.

Business Outlook

Monthly Store Sale

After temporary soft growth of the sale to foreign visitors in 2Q FY3/2017, the has accelerated since 3Q FY3/2017 led by its "One to One Marketing." The sale grew 16.7% YoY for 1Q and 42.9% YoY for 2Q FY03/2018 from the same 3-month period of the previous year. Monthly sale is shown in detail in Appendix.

Company Outlook for Full Year FY3/2018

The company kept on hold its previous full year outlook now. Sale will be up 13.7% YoY to JPY28,429 million and OP, RP and NP are expected to gain 27.8% YoY to JPY1,402 million, 28.6% YoY to JPY1,387 million, 28.2% YoY to JPY950 million respectively.

METRICAL forecast for FY3/2018

Based on positive monthly sale forecast, the earnings for the full year will move higher than the company forecast led by favorable monthly sale. METRICAL revised upward the previous full year forecast and the sales are expected to rise 22.1% YoY to JPY30,524 million and OP, RP and NP are expected to gain 41.2% YoY to JPY1,547 million, 42.3% YoY to JPY1,534 million, 41.5% YoY to JPY1,047 million respectively (see Appendix).

Mid-Term Outlook

Syuppin posted its mid-term projection in its MTP. Due to upbeat e-Commerce of +20% YoY, METRICAL expects the sales to keep solid growth of +24%-25% YoY for FY03/2019 and FY03/2021. (see Appendix). Consumers are more likely to buy items at Internet than real store year by year. Furthermore, the mid-term projection does not include the positive effect of cross border e-Commerce as Syuppin launched the sale to e-Bay from 2Q FY3/2018 and will expand the business in US going forward. The sale to US has just started and remains small. The projection will reflect the effect when the business is expanding.

Valuation

DCF value seems to be close to the fair value right now. There would be little room for upside of the current share price for the time being, as far as additional further expansion will come out such as much stronger-than-expected monthly sale or rapid expansion to US sale or further improvement in Bicycle business, etc. Meanwhile, its earnings are expected to grow on track for the mid-term and there is much potential of gaining its market share in Watch and Camera.

EV/EBITDA will decline from 20.9x for FY3/2018 (E) to 8.6x for FY3/2021 (E), and P/E will also decline from 35.6x for FY3/2018 (E) to 13.7x for FY3/2021 (E). Although there would be much room for rising the share price, it would be staying at the current level for the 12-month horizon without additional positive impact.

DCF

DCF valuation uses expected free cash flows from FY3/2018 (E) to FY3/2021 (E). The sales is expected on the scenario that sale keeps growing +24%-25% YoY led by favorable e-Commerce sale in Japan (see Appendix). The DCF value was estimated based on the PV of expected FCFs for the next 4 years and the terminal value divided by WACC of 3.9% (see tables on left). In estimating Cost of Equity, 3.9% (=1/35.6, P/E for FY3/2018 (E)) is used as Beta of the share price is negative. On this assumption, the valuation of DCF is estimated to be JPY3,088 a share.

EV/EBITDA

EV/EBITDA for FY03/2018 (E) is estimated to be 20.9x and will come down to 8.6x for FY3/2021 (E). Considering business outlook in particular prospective expansion of e-Commerce, mid-term growth of EBIDA is very likely. Also, comparing historical values of EV/EBITDA, 15.6x and 11.6x of EV/EBITDA for FY3/2019 (E) and FY3/2020 (E) are lower than 15.2x and 17.5x for FY3/2015 and FY3/2016 (see Appendix).

Sum-of-the-Parts NAV

Assessing Sum-of-the-Parts NAV that adds business value (EBIT, EBITDA and FCF for FY3/2018 (E) to net cash (plus long-term investment), the sum of the parts NAV for FY3/2018 (E) is estimated to be JPY2,607 a share for FY3/2018 (see table below). The share price seems to discount future earnings beyond FY3/2018. Additionally, future NAV for FY3/2021 (E) that considers business value (EBIT, EBITDA and FCF for the period from FY3/2019 (E) to FY3/2021 (E) to net cash (plus long-term investment), the NAV for FY3/2021 (E) is estimated to be JPY5,043 a share. As mentioned above, EV/EBITDA and P/E will come down to FY3/2020 (E) and FY3/2021 (E). The share price is very likely to have discounted the

DCF - Shuppin (3179 JP)		JPY million
PV of SUM of FCF		1,897
PV of Terminal Value		36,820
Enterprise Value		38,716
Non Business Assets		0
Debt		1,750
Equity Value		36,966
Equity Value/Share		3,088

WACC - Shuppin (3179 JP)	
Debt	1,750
Equity Market Value	489,926
Risk free Rate	0.6%
Equity Risk Premium	5.0%
Beta	-0.02
Cost of Debt	0.4%
Cost of Equity	3.9%
WACC	3.9%

earnings until FY3/2019 (E) or it would reflect the growth prospect beyond the period like FY3/2020 (E) and FY3/2021 (E).

NAVs:			NAVs:		
Sum of the parts NAV FY3/2018 (E):			Future NAV FY3/2021 (E):		
Camera	2,700	25x FCF	Camera	4,531	25x FCF
Watch	730	25x FCF	Watch	1,081	25x FCF
Stationery	43	25x FCF	Stationery	156	25x FCF
Bicycle	4	15x EBITDA	Bicycle	16	15x EBITDA
Adjustment	(787)	15x EBITDA		(884)	15x EBITDA
Cash	64	1x Book	Cash	168	1x Book
Investment	-	0.75x Book	Investment	-	0.75x Book
Land	-	0.75x Book	Land	-	0.75x Book
Debt	(146)	1x Book	Debt	(27)	1x Book
Minority Interest	-	1x Book	Minority Interest	-	1x Book
Total SOTP NAV	JPY 2,607	119.3%	Total Future NAV	JPY 5,040	61.7%

Financial Analysis

As shown table 'Key Financial Ratios' in Appendix, ROE of Syuppin is extremely high of more than 20%. This is mainly due to outstandingly high Asset Turnover, as the e-Commerce business does not need much tangible assets. Meantime, profit margin is improving year by year, as the sale increases the SGA expense/sale sharply decline in the business. The sale is expected to grow on track, the Profit Margin and ROE are expected to rise, too. The cash on hand will grow in its balance sheet and the business needs less CapEx and tangible assets, the room of cash dividend or share buyback is very likely to increase going forward.

Investment Risks

To increase used market of items such as Camera, Watch, Stationery and Bicycle is a key of sales growth for Syuppin. The risk would be lower at this moment, as used market of such items is growing in particular Internet channel. Another risk on C to C based flea market sites would be higher risk as they are likely offer at lower sale price and young generation use more smartphone flea market sites. But reliability and quality of customer service of the company would reduce some of the risk.

Slower brand-new market (Likely, Middle Risk)

Key of growth for the company is how much attractive items are provided to customers at reasonable price. Therefore, procurement of used items that customers need is important. New model market is unlikely to grow at faster due to anemic consumer spending in Japan. However, the potential of used items such as Camera is less than half size of new model market and the used market is rapidly growing in favor of fast growing Internet channel. Also, Camera makers are

providing new models added value yearly basis to attract customers and increase revenue. This is one of the company's advantages, but brand-new market is likely to soft due to decreasing population in Japan. As the market of brand-new items decreases, the market of used items will decrease in near future. Retail sales and consumer spending in Japan has been flat for a decade and will decrease alongside in further decrease in population. Syuppin strengthen e-Commerce, increasing its market share right now, but has started to enter US business for future growth.

Slower consumer spending (Less Likely, Low-Middle Risk)

Consumer spending has been flat for more than a decade and is unlikely to grow at faster on the decrease of population. However, budget-mind and environmental-mind are spreading over consumers and they are more likely to buy used items. This mind of consumers is a tailwind for the company. If overall consumer spending remains flat or slower or another consumption hike will hurt retail sales in this country, reuse market or e-commerce market is less likely to suffer.

C to C operators on smartphone (Likely, Middle Risk)

Smartphone based Internet shopping is accelerating in the world. Flea market operators on such devices are growing rapidly amid popular among younger generation. This is a mid-term risk for the company. Flea market operators on smartphone focuses on C to C business many of which offer at lower price than B to C operators. The new Internet channel is popular among 10 agers and 20 agers and will expand at rapid pace. This trend will not be a marginal risk for the company that benefits from e-commerce channel, although the company plans to release smartphone appli in the next year. However, the company's advantage includes sale staff with expertise about products and a real store. Knowledgeable advice and display at real store are costly but would deliver value to customers.

Aki Matsumoto, CFA
akimatsumoto@metrical.co.jp

METRICAL INC.

corporate governance, investment research & solutions

Appendix

FY2016/3	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (act)	5,337	-4,438	-83.2%	899	-710	-13.3%	189	3.5%	185	185	-61	0	124		
2Q (act)	5,624	-4,671	-83.1%	953	-708	-12.6%	244	4.3%	240	239	-80	0	159		
3Q (act)	6,017	-5,027	-83.5%	990	-754	-12.5%	236	3.9%	232	232	-78	0	154		
4Q (act)	5,727	-4,840	-84.5%	887	-725	-12.7%	163	2.8%	164	164	-41	0	123		
Full Year	22,705	-18,976	-83.6%	3,729	-2,897	-12.8%	832	3.7%	821	820	-260	0	560	46.81	29.56
FY2017/3	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (act)	5,779	-4,801	-83.1%	978	-725	-12.5%	253	4.4%	248	248	-77	0	171		
2Q (act)	5,382	-4,443	-82.6%	939	-719	-13.4%	219	4.1%	218	217	-68	0	149		
3Q (act)	6,821	-5,681	-83.3%	1,140	-779	-11.4%	362	5.3%	357	358	-111	0	246		
4Q (act)	7,014	-5,868	-83.7%	1,145	-882	-12.6%	262	3.7%	255	254	-80	0	174		
Full Year	24,996	-20,793	-83.2%	4,203	-3,105	-12.4%	1,096	4.4%	1,078	1,077	-336	0	740	61.91	50.23
Full Year (CE)	25,600	-21,211	-82.9%	4,389	-3,303	-12.9%	1,085	4.2%	1,070				724	60.50	51.40
FY2018/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q	6,743	-5,592	-83.1%	1,151	-832	-12.4%	319	4.7%	316	316	-98	0	218		
2Q	7,690	-6,424	-82.6%	1,266	-849	-13.3%	417	5.4%	414	414	-129	0	285		
3Q (E)	8,017	-6,647	-83.3%	1,370	-908	-11.3%	462	5.8%	458	458	-148	0	310		
4Q (E)	8,074	-6,718	-83.7%	1,356	-1,007	-12.5%	349	4.3%	346	346	-112	0	234		
Full Year (E)	30,524	-25,381	-83.1%	5,144	-3,597	-11.8%	1,547	5.1%	1,534	1,534	-487	0	1,047	87.45	35.56
Full Year (CE)	28,429		0.0%			0.0%	1,402	4.9%	1,387				950	79.36	39.19
FY2019/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (E)	8,402	-6,959	-83.1%	1,443	-1,008	-12.0%	435	5.2%	431	431	-139	0	292		
2Q (E)	9,576	-7,815	-82.6%	1,761	-1,226	-12.8%	535	5.6%	531	531	-172	0	359		
3Q (E)	10,149	-8,386	-83.3%	1,763	-1,104	-10.9%	658	6.5%	655	655	-212	0	443		
4Q (E)	10,221	-8,463	-83.7%	1,758	-1,229	-12.0%	529	5.2%	525	525	-170	0	355		
Full Year (E)	38,347	-31,624	-82.5%	6,724	-4,567	-11.9%	2,157	5.6%	2,142	2,142	-693	0	1,449	121.07	25.69
Full Year (CE)	32,620		0.0%				1,822	5.6%	1,811				1,241		
FY2020/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (E)	10,421	-8,614	-83.1%	1,807	-1,203	-11.5%	604	5.8%	600	600	-194	0	406		
2Q (E)	11,918	-9,712	-82.6%	2,207	-1,472	-12.4%	734	6.2%	731	731	-236	0	494		
3Q (E)	12,603	-10,402	-83.3%	2,202	-1,314	-10.4%	887	7.0%	883	883	-286	0	598		
4Q (E)	12,713	-10,495	-83.7%	2,218	-1,471	-11.6%	746	5.9%	742	742	-240	0	502		
Full Year (E)	47,655	-39,222	-82.3%	8,433	-5,461	-11.5%	2,972	6.2%	2,957	2,957	-956	0	2,001	167.14	18.61
Full Year (CE)	37,575		0.0%				2,243	6.0%	2,235				1,531		
FY2021/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (E)	12,927	-10,670	-83.1%	2,256	-1,434	-11.1%	822	6.4%	818	818	-265	0	554		
2Q (E)	14,775	-12,027	-82.6%	2,748	-1,759	-11.9%	990	6.7%	986	986	-319	0	667		
3Q (E)	15,635	-12,894	-83.3%	2,741	-1,560	-10.0%	1,180	7.6%	1,177	1,177	-381	0	796		
4Q (E)	15,766	-12,985	-83.7%	2,780	-1,754	-11.1%	1,027	6.5%	1,023	1,023	-331	0	692		
Full Year (E)	59,103	-48,577	-82.2%	10,526	-6,507	-11.0%	4,019	6.8%	4,004	4,004	-1,295	0	2,709	226.32	13.74
Full Year (CE)															

(Source) Syuppin, METRICAL

METRICAL INC.

Suite 3113, 28-10 Ebisu 2 chome, Shibuya-Ku, Tokyo 150-0013 Japan

Phone: +81-3-4405-6223 Email: akimatsumoto@metrical.co.jp

<http://www.metrical.co.jp/>

METRICAL INC.

corporate governance, investment research & solutions

FY2016/3	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	Sales	OP	
1Q (act)	3,885	292	7.5%	1,259	51	4.1%	96	5	5.2%	96	-1	-1.0%		-160	5,336	187	
2Q (act)	4,098	301	7.3%	1,303	72	5.5%	118	19	16.1%	105	3	2.9%		-151	5,624	244	
3Q (act)	4,358	318	7.3%	1,449	69	4.8%	134	19	14.2%	76	-4	-5.3%		-164	6,017	238	
4Q (act)	4,231	257	6.1%	1,290	39	3.0%	122	11	9.0%	83	-5	-6.0%		-140	5,726	162	
Full Year	16,572	1,168	7.0%	5,301	231	4.4%	470	54	11.5%	360	-7	-1.9%		-615	22,703	831	
FY2017/3 (E)	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	Sales	OP	
1Q (act)	4,351	342	7.9%	1,225	44	3.6%	118	11	9.3%	83	0	0.0%		-146	5,777	251	
2Q (act)	3,833	298	7.8%	1,344	60	4.5%	122	13	10.7%	84	-5	-6.0%		-145	5,383	221	
3Q (act)	4,904	407	8.3%	1,696	97	5.7%	139	14	10.1%	82	-5	-6.1%		-151	6,821	362	
4Q (act)	5,042	395	7.8%	1,747	106	6.1%	132	8	6.1%	90	-4	-4.4%		-243	7,011	262	
Full Year	18,130	1,442	8.0%	6,012	307	5.1%	511	46	9.0%	339	-14	-4.1%		-685	24,992	1,096	
Full Year (E)	18,790			5,873			537			398					25,600	1,085	
FY2018/3 (E)	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	Sales	OP	
1Q (act)	4,830	388	8.1%	1,679	86	3.8%	140	13	9.5%	94	-2	0.0%		-166	6,743	319	
2Q (act)	5,308	433	8.0%	2,141	142	4.7%	141	9	10.9%	100	2	-6.0%		-169	7,690	417	
3Q (E)	5,791	492	8.5%	2,116	125	5.9%	20	2	10.3%	90	1	-6.1%		-159	8,017	462	
4Q (E)	5,831	468	8.0%	2,133	134	6.3%	20	1	6.3%	90	1	-4.4%		-255	8,074	349	
Full Year (E)	21,760	1,782	8.2%	8,069	487	6.0%	322	25	7.9%	374	2	-16.5%		0	-749	30,524	1,547
Full Year (E)	20,400			7,016			618			395					28,429	1,387	
FY2019/3 (E)	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	Sales	OP	
1Q (E)	6,019	503	8.4%	2,097	86	4.1%	186	18	9.8%	100	2	0.0%		-174	8,402	435	
2Q (E)	6,851	567	8.3%	2,414	120	5.0%	211	24	11.2%	100	2	-6.0%		-177	9,576	535	
3Q (E)	7,265	639	8.8%	2,572	160	6.2%	224	24	10.6%	88	2	-6.1%		-166	10,149	658	
4Q (E)	7,316	610	8.3%	2,592	170	6.6%	225	15	6.6%	88	2	-4.4%		-268	10,221	529	
Full Year (E)	27,450	2,319	8.4%	9,675	536	5.5%	827	80	9.7%	377	8	-16.5%		0	-786	38,347	2,157
Full Year (E)	23,654			7,794			713			460					32,621	1,811	
FY2020/3 (E)	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	Sales	OP	
1Q (E)	7,449	645	8.7%	2,642	116	4.4%	229	23	10.0%	100	3	0.0%		-183	10,421	604	
2Q (E)	8,482	727	8.6%	3,036	160	5.3%	260	30	11.4%	140	4	-6.0%		-186	11,918	734	
3Q (E)	8,995	819	9.1%	3,232	211	6.5%	276	30	10.8%	100	3	-6.1%		-175	12,603	887	
4Q (E)	9,059	782	8.6%	3,256	224	6.9%	278	19	6.8%	120	3	-4.4%		-281	12,713	746	
Full Year (E)	33,735	2,973	8.8%	12,167	710	5.8%	1,043	101	9.7%	460	13	-16.5%		0	-825	47,655	2,972
Full Year (E)	27,517			8,696			825			537					37,575	2,235	
FY2021/3 (E)	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	OPM	Sales	OP	Sales	OP	
1Q (E)	9,224	827	9.0%	3,319	156	4.7%	283	29	10.2%	100	3	0.0%		-192	12,927	822	
2Q (E)	10,506	932	8.9%	3,808	212	5.6%	322	37	11.6%	140	4	-6.0%		-196	14,775	990	
3Q (E)	11,143	1,047	9.4%	4,051	276	6.8%	341	37	11.0%	100	3	-6.1%		-184	15,635	1,180	
4Q (E)	11,222	1,003	8.9%	4,081	292	7.2%	343	24	7.0%	120	3	-4.4%		-295	15,766	1,027	
Full Year (E)	41,845	3,809	9.1%	15,259	936	6.1%	1,289	127	9.9%	460	13	-16.5%		0	-867	59,103	4,019
Full Year (E)	27,517			8,696			825			537					37,575	2,235	

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FY2018/3	Total Sales	YoY	EC Sales	YoY	Web Members	MoM chg
4	2,195	105.7%	1,398	110.3%	320,054	2,586
5	2,375	120.6%	1,458	120.7%	323,281	2,586
6	2,194	125.2%	1,377	119.8%	326,428	3,147
7	2,549	138.5%	1,455	121.0%	329,774	3,346
8	2,417	112.0%	1,485	143.5%	333,529	3,755
9	2,746	114.2%	1,732	144.3%	337,158	3,629
10	2,526	117.0%	1,517	124.0%	340,863	3,705
11	2,477	117.2%	1,693	126.2%		(340,863)
12	3,180	117.5%	2,082	126.2%		-
1	2,702	118.1%	1,794	126.2%		-
2	2,519	117.2%	1,752	126.2%		-
3	3,021	116.4%	2,089	126.2%		-

							Camera	Watch	Station	Bicycle	Total
1Q	6,764	116.7%	4,233	116.8%	969,763	113.2%	4,830	1,679	140	94	6,743
2Q	7,712	142.9%	4,672	135.9%	1,000,461	113.4%	5,308	2,141	141	100	7,690
3Q	8,184	119.6%	5,292	125.6%	340,863	37.6%	5,791	2,116	20	88	8,015
4Q	8,242	117.2%	5,635	126.2%	-	0.0%	5,831	2,133	20	88	8,072
YR	30,902	124.1%	19,832	126.0%	2,311,087	64.5%	21,330	8,745	64	97	30,235

(Source) Syuppin, METRICAL

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DCF - Syuppin (3179 JP)

(In Y million)	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18(E)	Mar-19(E)	Mar-20(E)	Mar-21(E)	SUM of Future FCF
Camera											
Sales		9,176	11,333	13,758	16,572	18,130	21,760	27,450	33,735	41,845	124,790
EBIT		720	986	1,209	1,168	1,442	1,782	2,319	2,973	3,809	10,883
Dep		23	37	51	61	64	65	65	65	65	258
Watch											
Sales	0	2,838	3,640	4,680	5,301	6,012	8,069	9,675	12,167	15,259	45,169
EBIT	0	83	172	217	231	307	487	536	710	936	2,669
Dep	0	9	8	10	10	10	11	11	11	11	42
Capex	0	0	0	-5	-4	-1	-2	-2	-2	-2	-8
Stationery											
Sales	0	223	310	364	471	511	322	827	1,043	1,289	3,481
EBIT	0	0	15	21	55	46	25	80	101	127	334
Dep	0	2	2	2	3	3	3	3	3	3	13
Capex	0	0	0	-1	-1	-0	-0	-0	-0	-0	-2
Bicycle											
Sales	0	224	320	363	361	339	374	377	460	460	1,671
EBIT	0	-27	-23	-15	-7	-14	2	8	13	13	36
Dep	0	1	4	1	1	1	1	1	1	1	4
Capex	0	0	-25	-1	-1	-0	-0	-0	-0	-0	-2
Adjustment											
Sales	0	0	0	0	0	0	0	0	0	0	0
EBIT	0	-387	-449	-546	-615	-685	-749	-786	-825	-867	-3,227
Dep	0	14	14	20	114	119	121	121	121	121	483
Capex	0	-16	-115	-122	-462	-95	-228	-228	-228	-228	-913
Total (Wkg Capital)											
Wkg Capital	0	-249	-417	-369	-661	-852	-884	-1,251	-1,488	-1,830	
OCF	0	85	79	157	90	388	513	548	862	1,229	3,152
Capex	0	-129	-225	-262	-333	-104	-250	-250	-250	-250	-1,000
FCF	0	-44	-146	-105	-243	284	263	298	612	979	2,152
CAGR FCF										44.9%	
Projection Yrs											
	2012/3/31	2012/3/31	2014/3/31	2015/3/31	2016/3/31	2017/3/31	2018/3/31	2019/3/31	2020/3/31	2021/3/31	3.3

	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18(E)	Mar-19(E)	Mar-20(E)	Mar-21(E)
Avg. Mkt. Ca	JPY 5,750	JPY 15,044	JPY 18,087	JPY 37,228	JPY 37,228	JPY 37,228	JPY 37,228	JPY 37,228
EV	JPY 6,543	JPY 16,000	JPY 19,364	JPY 38,334	JPY 38,215	JPY 38,132	JPY 37,735	JPY 36,972
EV/EBITDA	7.70	15.18	17.52	27.84	20.87	15.62	11.59	8.59
EV*	JPY 6,543	JPY 16,000	JPY 19,364	JPY 38,334	JPY 38,215	JPY 38,132	JPY 37,735	JPY 36,972
EV*/EBITDA	7.70	15.18	17.52	27.84	20.87	15.62	11.59	8.59
EV/EBIT	9.33	18.06	23.27	34.98	24.70	17.68	12.70	9.20

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Key Financial Ratios:	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18(E)	Mar-19(E)	Mar-20(E)	Mar-21(E)
ROE		24.94%	27.91%	22.31%	24.09%	27.24%	29.61%	31.49%	32.22%
Gross Margin	18.86%	18.75%	17.47%	16.42%	16.81%	16.85%	17.53%	17.70%	17.81%
EBITDA Margin	4.19%	5.45%	5.50%	4.87%	5.51%	6.00%	6.37%	6.83%	7.28%
EBIT Margin	3.12%	4.49%	4.62%	3.66%	4.38%	5.07%	5.62%	6.24%	6.80%
Return on Assets	6.64%	9.15%	11.02%	9.48%	11.10%	13.23%	15.12%	16.85%	18.10%
Return on Fixed Asse	211.93%	382.35%	354.09%	408.76%	540.15%	764.13%	1057.88%	1460.38%	1977.48%
Revenue / Assets	358.31%	366.10%	375.22%	384.37%	374.93%	385.88%	400.12%	401.35%	394.95%
Depreciation / Capex	37.98%	28.89%	32.06%	56.76%	189.42%	80.00%	80.00%	80.00%	80.00%
Depn / Sales	0.39%	0.42%	0.44%	0.83%	0.79%	0.66%	0.52%	0.42%	0.34%
Capex / Sales	1.04%	1.44%	1.37%	1.47%	0.42%	0.82%	0.65%	0.52%	0.42%
Depn / Net FA	44.95%	63.73%	52.83%	137.96%	143.80%	145.99%	145.99%	145.99%	145.99%
Asset / Equity	2.55	2.41	2.25	2.15	1.97	1.84	1.75	1.65	1.56
Equity / Asset	39.16%	41.44%	44.40%	46.61%	50.85%	54.31%	57.30%	60.75%	64.19%
Total Debt / EBITDA	2.34	1.45	1.37	1.61	1.27	0.96	0.72	0.54	0.41

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	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3 (E)	2019/3 (E)	2020/3 (E)	2021/3 (E)
Assets									
Current Assets									
Cash and Cash Equivalents	571	441	492	506	644	763	846	1,243	2,006
Short-Term Investments	-	-	-	-	-	-	-	-	-
Notes and Accounts	844	1,049	917	1,327	1,612	1,969	2,473	3,073	3,812
Allowance for Doubtful	-	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(3)
Inventories	1,362	1,790	2,222	2,757	3,209	3,919	4,923	6,118	7,588
Deferred Income Taxes	52	81	75	61	89	109	137	170	210
Other Current Assets	123	115	319	255	174	212	267	332	411
Total Current Assets	2,952	3,475	4,024	4,905	5,727	6,970	8,644	10,934	14,025
Property, Plant and									
Land									
Buildings	129	114	138	139	142	250	358	466	574
Machinery and Equipment	136	144	176	184	187	329	471	613	755
Construction in Progress	-	-	-	-	-	-	-	-	-
Total	265	258	314	323	329	579	829	1,079	1,329
Accumulated Depreciation	(156)	(156)	(155)	(186)	(206)	(363)	(519)	(676)	(832)
Net Property, Plant and	109	102	159	137	123	216	310	403	497
Software & Other									
Goodwill	120	210	607	530	468	468	468	468	468
	120	210	607	530	468	468	468	468	468
Other Assets									
Investments in and	-	-	-	-	-	-	-	-	-
Investment Securities	-	-	-	-	-	-	-	-	-
Software & Others	-	-	-	-	-	-	-	-	-
Deferred Income Taxes	-	-	7	6	4	4	4	4	4
Other	305	475	311	329	352	352	352	352	352
Total Other Assets	305	475	318	335	356	356	356	356	356
Differed Assets	1	1	2	-	-	-	-	-	-
Total	3,487	4,263	5,110	5,907	6,674	8,011	9,778	12,161	15,346
Liabilities and									
Current Liabilities									
Bank Loans	150	150	250	500	800	800	800	800	800
Notes and Accounts	510	727	656	940	823	1,005	1,263	1,569	1,946
Accrued Expenses	41	34	38	47	47	57	72	90	111
Income Taxes	137	215	177	120	267	326	410	509	631
Other Current Liabilities	197	280	518	263	389	475	597	742	920
Current Portion of Long-	460	500	621	715	628	628	628	628	628
Total Current Liabilities	1,495	1,906	2,260	2,585	2,954	3,292	3,769	4,337	5,036
Long-Term Debt									
Deferred Income Taxes	-	-	-	-	-	-	-	-	-
Termination and	-	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	9	6	3	1	1	1	1	1	1
	1,222	1,234	1,448	1,783	1,750	1,750	1,750	1,750	1,750
Total Liabilities	2,116	2,496	2,840	3,154	3,277	3,615	4,092	4,660	5,359
Stockholders' Equity									
Common Stock	485	508	508	508	508	508	508	508	508
Additional Paid-in Capital	385	408	408	408	408	408	408	408	408
Legal Reserve	500	849	1,352	1,829	2,474	3,521	4,970	6,971	9,680
Retained Earnings	1	1	2	1	2	2	2	2	2
Treasury Stock	-	-	-	-	-	-	-	-	-
Total Stockholders' Equity	1,371	1,766	2,270	2,746	3,392	4,439	5,888	7,889	10,598
Accumulated other									
Comprehensive Income	-	1	-	1	1	(49)	(208)	(394)	(618)
Warrant	0	0	0	6	6	6	6	6	6
Minority Interests in	-	-	-	-	-	-	-	-	-
Total Stockholders' Equity	1,371	1,767	2,270	2,753	3,399	4,396	5,686	7,501	9,986
Total	3,487	4,263	5,110	5,907	6,676	8,011	9,778	12,161	15,346

METRICAL INC.

Suite 3113, 28-10 Ebisu 2 chome, Shibuya-Ku, Tokyo 150-0013 Japan

Phone: +81-3-4405-6223 Email: akimatsumoto@metrical.co.jp

<http://www.metical.co.jp/>

METRICAL INC.

corporate governance, investment research & solutions

METRICAL INC.

Suite 3113, 28-10 Ebisu 2 chome, Shibuya-Ku, Tokyo 150-0013 Japan

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