

Tabio (2668, JP)

Exchange: TSE

Sector: Retail

Market Cap: JPY7.5 billion

P/B: 1.4x (2/16 act)

Recommendation: OUTPERFORM

Share Price: JPY1,102 (11/2/2017)

Target Price: JPY1,549

P/E: 70.2x (2/18 CE)

Div. Yield: 2.7% (2/18 CE)

Highlight -Accelerating E-Commerce will improve earnings structure -

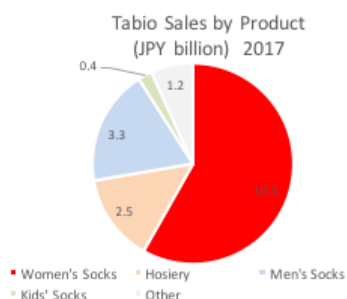
METRICAL initiates Tabio (2668, JP) as OUTPERFORM for 12-month horizon, targeting at JPY1,549, which is 29% higher than its closing price on November 2nd 2017. The Socks & Hosiery specialty retailer is improving its store sale after suffering soggy store sale for a few years backed by new strategic plan of introduction of Omni-Channel marketing and enhanced merchandizing strategy. Tabio finally started Omni Channel sale in October 2017 after careful planning for a few years, combining its real store sale and on-line sale. Tabio aims at picking its e-Commerce sale up from 3.9% of its sales for FY2/2017 to 10% for FY2/2020, expanding its Omni channel sale. METRICAL expects this will improve the OP margin to 3.7% for FY2/2018 (E), 4.3% for FY2/2019 (E) and 5.1% for FY2/2020 (E) from 3.1% for FY2/2017. The higher profitability will improve its financial stability from relatively stable positive cash flows and balance sheet further. On valuation, currently P/E based on the company guidance for FY2/2018 (CE) is 70.2x but METRICAL expects it to decline to 41.4x for FY2/2018 (E) and to 17.2x for FY2/2019 (E) and 13.9x for FY2/2020 (E). Additionally, examining cash flow or EBITDA, its valuation looks more attractive. EV/EBIDA for FY2/2017 is expected to decline from 8.4x for FY2/2017 to 8.0x for FY2/2018 (E), 6.6x for FY2/2019 (E) and 5.8x for FY2/2020 (E). The risk that Omni channel expands on track to its target would remain, but the target of 10% for FY2/2020 is not as high as unachievable level and is very likely to move higher, as other retailers introduce similar strategy and customers are getting used to it.



'Kutsushitaya' store



'Tabio' store



Business Description

Tabio was founded 1968 by Naomasa Ochi (chairman at present) and has opened socks & hosiery specialty outlets 'Kutsushitaya' and 'Tabio' as direct run and franchise (FC) stores across the nationwide and expanded its direct run 'Tabio' stores to overseas market in UK and France. Socks & hosiery are selling at a wide range of retailers such as department stores, super market and other shops and must be a necessary item but many shops are likely to focus more on price than quality or fashion. However, a person who is more sensitive to fashion tends to focus on his/her bottoms from tops and looks for its quality or sense of fashion. Tabio has focuses on such a need and provided high-quality of made-in-Japan products at its specialty stores. As shown the

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Domestic Sales by Product (JPY billion) 2017

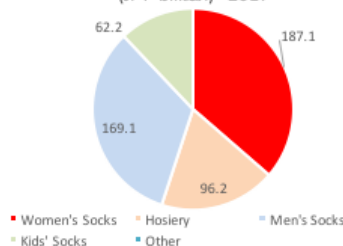
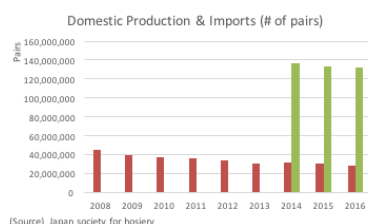
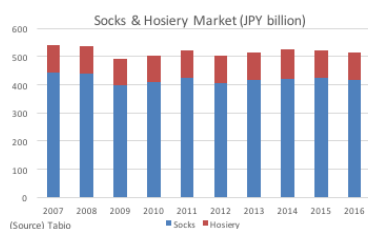


chart on left, the sales of women's socks accounts for 57.8%, hosiery accounts for 14.3% and men's socks accounts for 18.5% as of 2017. This is slightly different from the domestic sales by product that shows 36.4% for women's socks, 18.7% for hosiery and 32.9% for men's socks (please see the chart on left). Tabio's sales significantly relies on women's items than men's one, although the company has reinforced men's items, raising from 4.5% for FY2/2011 to 18.5% of its total sales for FY2/2017.

Industry Overview and Competitive Positioning

Industry Overview

The domestic sock & hosiery market has not grown and low-priced imports have increasingly come into the market, as shown the charts on the left. For instance, in particularly socks category, the imports accounts for 88.5% of shipment in Japan, according to data by Tabio. Due to deflation economy, the low-priced imports are increasing year by year, whereas domestic production has been shrinking due to lack of successor of factory owners as well as higher sale price. Also, it took years for the hosiery market before the recovery in this year as young women do not like to wear hosiery for a past years. On this market trend, many retailers have focused on selling low-priced goods, as the sale price has not increased due to soggy consumer spending under deflation environment in Japan. However, the consumer behavior is changing and is likely to be diverging right now. Consumers are reluctant to spend money for everyday commodity goods and looking for a shop that offers lower price, whereas they often spend for luxury goods or services on special event. So Tabio believes that this would be the case for sock & hosiery market and the divergence would be an opportunity for the unique retailer to enhance market penetration in its differentiation strategy. Tabio uniquely focuses on high-quality (and high-priced) made-in-Japan products through its specialty stores. Only the company can provide made-in-Japan products, as the company contacts with all factories in Japan for producing high-quality socks & hosiery exclusively.



Competitive Positioning

Buyers (Middle risk): Consumer expenditure is very likely to continue slower to recover due to slow growth of real wage and increase in security insurance cost led by accelerating aging society. All consumer do not spend for low-priced commodity goods. As mentioned earlier, they spend money for luxury goods or service on special occasion. Lately, such a consumer behaviour is often said as the consumption is changing from 'what' based to 'need' based. Deflation economy is a headwind for the company, but spread of 'need' based consumption would be a tailwind for the company, as customers other than a person with a sense of high-fashion are more likely to buy high-quality sock & hosiery on special occasion. This would be verified as the sale of Tabio store at Ginza-Six that is performing well in a popular luxurious shopping building in Ginza. Consumers who visit the luxury building tend to buy high-quality socks for their own or gift for special.

Suppliers (Low-Middle risk): Tabio is only the contractor with Japan's socks and hosiery makers. The product will be supplied to only the company but there is a risk that it would not be easy to raise production from other region in case of natural casualty in the factories in Japan. Additionally, lack of successor of factory owner would be another risk for the supply of goods. Due to quality of goods, it requires some time to prepare for increase production by installation of machine and training of production process.

Competition (Low-Middle risk): Tabio is only the high-priced maid-in-Japan socks & hosiery specialty retailer, differentiating other retailers in market. Competition risk should be low if the company can deliver its value to customers successfully. The issue is how Tabio can deliver the value to customers as not many consumers know Tabio right now.

New Entry (Low risk): Due to limited production capacity of factories in Japan all of which contract with the company right now, there is high barrier for new entrant. Tabio is establishing premium brand in the market segment.

Substitution (Middle risk): The risk would become higher if high quality sock and hosiery at lower price are provided from other production region than Japan. There is not alternative at this moment. On the other hand, retail channel would be substituted going forward. E-Commerce channel will be increasing from real store sale eventually. Tabio has just resumed Omni-channel by combining both function of e-Commerce and real store, before online shopping of sock and hosiery is in full swing in near future.

Business Outlook

New strategy: Omni Channel and merchandizing

The existing store sale of direct run stores of 'Kutsushitaya' and 'Tabio' finally turned positive in YoY growth from soggy sale in the previous 2 years (please see the table below). The company closed unprofitable 13 FC stores and 3 FCs for FY2/2017 and 1H FY2/2018 respectively. This should affect positively to the existing store sale. In addition, in this 3Q the company resumes Omni channel sale and enhances merchandizing. Tabio plans to develop small outlets at near terminal station that is easier access for a customer who uses Omni channel and pick items up at the outlet. At the same time, its existing tablet based customer support that has been provided at all stores 3 years before was upgraded as 'Tabio SEARCH.' The new IT support helps to show popular items, search an item from wide range of items and specify delivery option for Omni-channel service. The company projects e-Commerce sale to raise from 3.9% of its store sale for FY2/2017 to 4.8% for FY2/2018 and 10% for FY2/2020 by introducing Omni-channel sale. This expects store sale to enhance synergically. In merchandizing, Tabio plans to redesign 16 outlets, adopting VMD (Visual Merchandizing) and enhance to development products that encourage customer to buy items.

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Total (Direct Run)

Existing Store Sales Growth (% YoY)

| Month | FY2012/2 | FY2013/2 | FY2014/2 | FY2015/2 | FY2016/2 | FY2017/2 | FY2018/2 | FY2019/2 | FY2020/2 | FY2021/2 |
|--------------------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 3 | -5.9 | 14.8 | 9.1 | 4.0 | -4.5 | -13.1 | 0.4 | 2.4 | 0.4 | 2.4 |
| 4 | 28.7 | -9.3 | -9.8 | 8.1 | -2.9 | -10.6 | 2.0 | 0.8 | 2.0 | 0.8 |
| 5 | 10.9 | -5.1 | -3.1 | 5.3 | -0.9 | -12.3 | 0.5 | 2.3 | 0.5 | 2.3 |
| 6 | 15.6 | -2.5 | 2.1 | -3.9 | -5.9 | -4.8 | 2.4 | 0.4 | 2.4 | 0.4 |
| 7 | 7.9 | 2.0 | -6.7 | 7.0 | -3.3 | -2.2 | 1.1 | 1.7 | 1.1 | 1.7 |
| 8 | 11.4 | -9.1 | 4.8 | 5.9 | -2.1 | -13.6 | 4.8 | -2.0 | 4.8 | -2.0 |
| 9 | 4.7 | -15.5 | 6.7 | 6.5 | -4.0 | -19.4 | 8.7 | -5.9 | 8.7 | -5.9 |
| 10 | -0.6 | -9.5 | -7.2 | -0.5 | -1.5 | -6.7 | 9.5 | -6.7 | 9.5 | -6.7 |
| 11 | -1.8 | 1.4 | -8.1 | 2.0 | -8.3 | 1.3 | 1.5 | 1.3 | 1.5 | 1.3 |
| 12 | 12.8 | -6.9 | -7.8 | 1.3 | -5.7 | 1.9 | 0.9 | 1.9 | 0.9 | 1.9 |
| 1 | -5.6 | -8.2 | -0.8 | -2.8 | -2.3 | 2.4 | 0.4 | 2.4 | 0.4 | 2.4 |
| 2 | -0.1 | -10.7 | -2.0 | 4.4 | -3.9 | 1.0 | 1.8 | 1.0 | 1.8 | 1.0 |
| 1Q | 11.2 | -3.8 | -1.3 | 5.8 | -2.8 | -12.0 | 1.0 | 1.9 | 1.0 | 1.9 |
| 2Q | 11.6 | -1.9 | 0.1 | 3.0 | -3.8 | -6.9 | 2.8 | 0.1 | 2.8 | 0.1 |
| 3Q | 0.8 | 2.4 | -2.9 | 2.7 | -4.6 | -8.3 | 6.6 | -3.8 | 6.6 | -3.8 |
| 4Q | 2.4 | 2.9 | -3.5 | 1.0 | -4.0 | 1.8 | 1.1 | 1.8 | 1.1 | 1.8 |
| YR | 6.0 | -5.1 | -2.7 | 3.0 | -3.9 | -5.8 | 2.9 | -0.0 | 2.9 | -0.0 |
| (Source) Tabio, METRICAL | CE 2.0 0.0 1.9 | | | | | | | | | |

Company Outlook for Full Year FY2/2018

Tabio posted full year outlook. Sale will be up 2.5% YoY to JPY16,269 million and OP, RP and NP are expected to fell 3.0% YoY to JPY475 million, 1.7% YoY to JPY494 million and 54.3% YoY to JPY107 million respectively, assuming its existing store grows +1.9% YoY from -5.8% YoY of the previous year.

METRICAL forecast for FY2/2018

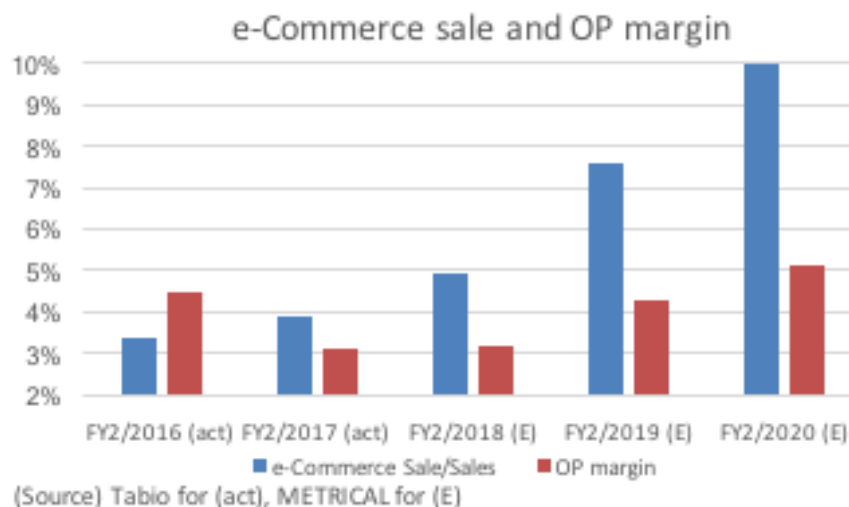
Based on positive outlook of monthly sale as shown the table above and actual store sale from March to September is +2.5% YoY, METRICAL expects the store sale to move slightly higher than company projection to +2.9% YoY for the year. Assuming e-Commerce sale increases to slightly higher than company projection to 5.0% for the year, sales are expected to rise 5.0% YoY to JPY16,668 million and OP, RP and NP are expected to gain 9.1% YoY to JPY533 million, 7.9% YoY to JPY541 million and 96.2% YoY to JPY181 million respectively (see the table on appendix).

Mid-Term Outlook

Mid-tem outlook is expected based on modest existing store sale YoY and stable expansion of e-Commerce sale that assumes in line with company projection to 10% for FY2/2020 (please see the table below). sales are expected to rise to JPY16,996 million and OP, RP and NP are expected to gain to JPY731 million, JPY729 million and JPY432 million respectively for FY2/2019 (E), assuming e-Commerce expands to 7.6% of the sales and 9 FC stores are closed. For FY2/2020 (E) sales are expected to rise to JPY17,629 million and OP, RP and NP are expected to gain to JPY898 million, JPY896 million and JPY539 million respectively, assuming e-Commerce expands to 10.0% of the sales and 9 FCs are closed. (see the table on appendix). As the number of outlets is assumed not to increase, the sales are expected to grow at modest pace, but the increase of e-Commerce sale will pull the profit margin higher steadily (Please see the table on left).

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Valuation

There would be some room of revaluation for the share price. On Sum-of-the-Parts valuation, NAV is estimated to be JPY1,549 for FY2/2018 (E) and JPY1,647 a share for FY2/2020 (E). EV/EBITDA looks attractive valuation, declining from 8.4x for FY2/2017 to 8.2x for FY2/2018 (E), 6.6x for FY2/2019 (E) and 5.8x for FY2/2020 (E), which shows cheaper than P/E based on company projection of 70.2x for FY2/2018 (CE). Even examining P/E, it would be declining on the METRICAL expectation for FY2/2018 (E). to 44.4x.

Sum-of-the Parts Value

Sum-of-the-Parts (SOTP) value is business value of each business segment that uses normalized EBIT, EBITDA and FCF from FY2/2012 to FY2/2018(E), added to net cash and long-term investment securities and land. SOTP value is estimated to be JPY1,549 a share (28% higher than closing price of November 2nd 2017) for FY2/2012 (E) and is estimated to be JPY1,647 a share (32% discount of closing price of November 2nd 2017) for FY2/2020(E), as shown table below.

| NAV's: | | | NAV's: | | |
|------------------------------------|-----------|------------|--------------------------|-----------|------------|
| Sum of the parts NAV FY2/2018 (E): | | | Future NAV FY2/2020 (E): | | |
| Retail | 1,117 | 7x EBITDA | Retail | 1,148 | 7x EBITDA |
| | - | | | - | |
| Cash | 433 | 1x Book | Cash | 501 | 1x Book |
| Investment | - | 0.75x Book | Investment | - | 0.75x Book |
| Land | 130 | 0.75x Book | Land | 130 | 0.75x Book |
| Debt | (131) | 1x Book | Debt | (131) | 1x Book |
| Minority | - | 1x Book | Minority | - | 1x Book |
| Total SOTP NAV | JPY 1,549 | 71.2% | Total Future NAV | JPY 1,647 | 66.9% |

EV/EBITDA

EV/EBITDA for FY2/2018(E) is estimated to be 8.0x and will come down to 6.6x for FY2/2019(E) and 5.8x for FY2/2020 (E). Considering business outlook in prospective expansion of e-Commerce or Omni channel sale, EBIDA

is expected to accelerate alongside the rise in profit margins. EV/EBITDA for FY2/2019 (E) at 6.6x would not look expensive on historical basis.

| | Feb-13 | Feb-14 | Feb-15 | Feb-16 | Feb-17 | Feb-18(E) | Feb-19(E) | Feb-20(E) |
|----------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Avg. Mkt. Cap | JPY 0 | JPY 6,369 | JPY 8,144 | JPY 8,096 | JPY 7,507 | JPY 7,507 | JPY 7,507 | JPY 7,507 |
| EV | (JPY 1,786) | JPY 4,476 | JPY 5,718 | JPY 6,171 | JPY 5,360 | JPY 5,451 | JPY 5,261 | JPY 4,988 |
| EV/EBITDA | 0.00 | 6.09 | 6.40 | 6.53 | 8.37 | 7.97 | 6.59 | 5.75 |
| *EV (LT Invest | (JPY 2,968) | JPY 3,294 | JPY 4,536 | JPY 4,989 | JPY 4,178 | JPY 4,269 | JPY 4,079 | JPY 3,806 |
| *EV/EBITDA | -2.75 | 3.15 | 3.56 | 4.03 | 4.66 | 4.53 | 3.58 | 2.91 |
| EV/EBIT | -4.42 | 6.07 | 6.08 | 6.69 | 8.54 | 8.00 | 5.58 | 4.24 |
| EV/FCF | -2.00 | 11.56 | 5.97 | -25.07 | 8.61 | 37.52 | 10.36 | 7.97 |

Financial Analysis

Tabio does not need large investment as the company has no production facility and its investment is mainly focuses on store. The investment of e-Commerce is not relatively large for system development expenses of web-site, application etc. The rise in profitability will improve its financial stability from relatively stable positive cash flows and balance sheet further going forward (please see the table below).

| Financial Ratios: | Feb-12 | Feb-13 | Feb-14 | Feb-15 | Feb-16 | Feb-17 | Feb-18(E) | Feb-19(E) | Feb-20(E) |
|------------------------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|
| ROE | 6.59% | 6.66% | 5.70% | 7.05% | 7.57% | 4.02% | 3.16% | 7.56% | 8.96% |
| Gross Margin | 55.03% | 54.93% | 54.92% | 55.04% | 54.94% | 55.36% | 55.84% | 55.68% | 55.71% |
| EBITDA Margin | 7.27% | 7.08% | 6.60% | 7.57% | 7.42% | 5.65% | 5.65% | 6.71% | 7.41% |
| EBIT Margin | 5.38% | 4.40% | 3.43% | 4.44% | 4.47% | 3.08% | 3.20% | 4.31% | 5.10% |
| Return on Assets | 4.29% | 4.34% | 3.73% | 4.35% | 4.83% | 2.52% | 1.96% | 4.62% | 5.50% |
| Return on Fixed Asset: | 26.15% | 26.23% | 20.21% | 23.05% | 26.79% | 17.23% | 13.42% | 32.34% | 39.83% |
| Revenue / Assets | 190.48% | 188.30% | 194.64% | 188.68% | 187.20% | 171.56% | 180.45% | 179.41% | 179.96% |
| Depreciation / Capex | 37.48% | 107.94% | 83.83% | 76.93% | 74.92% | 189.77% | 92.73% | 92.73% | 92.73% |
| Depn / Sales | 1.89% | 2.67% | 3.17% | 3.13% | 2.95% | 2.57% | 2.45% | 2.40% | 2.31% |
| Capex / Sales | 5.05% | 2.48% | 3.79% | 4.07% | 3.94% | 1.35% | 2.64% | 2.59% | 2.50% |
| Depn / Net FA | 21.98% | 30.40% | 33.44% | 31.31% | 30.64% | 30.18% | 30.18% | 30.18% | 30.18% |
| Asset / Equity | 1.54 | 1.54 | 1.51 | 1.59 | 1.54 | 1.59 | 1.62 | 1.61 | 1.59 |
| Equity / Asset | 65.13% | 64.82% | 66.43% | 62.84% | 64.87% | 62.71% | 61.57% | 62.12% | 62.75% |
| Total Debt / EBITDA | 0.38 | 0.40 | 0.20 | 0.09 | 0.50 | 1.00 | 0.95 | 0.79 | 0.69 |

ROA, ROE and OP margin of 4 companies in the industry is shown the table below.

| | Gunze (3002, JP) | Atsugi (3529, JP) | Naigai (8013, JP) | Tabio (2668, JP) |
|-----|------------------|-------------------|-------------------|------------------|
| ROA | 1.8% | 1.2% | 2.2% | 2.5% |
| ROE | 2.9% | 1.4% | 3.5% | 4.0% |
| OPM | 3.1% | 4.5% | 2.7% | 3.1% |

(Source) Tabio (FY2/2017), Gunze (FY3/2017), Atsugi (FY3/2017), Naigai (FY1/2017)

Investment Risks

Slower consumer spending (Very Likely, Middle Risk)

Consumer spending has been flat for more than a decade and is unlikely to grow at faster on the decrease of population. This would put downward pressure on entire retail industry in this country. However, consumer spending is more likely to be diverging and changing from 'what' based to 'need' based spending on special occasion, although budget-mind and environmental-mind has spread over consumers. The expanding 'need' based spending would increase the opportunity for the company which provide premium socks and hosiery.

Natural casualty (Likely, Middle-High Risk)

Natural casualty such as earthquake, flood and typhoon comes across all over this country. Tabio does not operate factory but would have problem of procurement of products if factories are damaged. However, all factories are in only a place and the company holds 3-month inventory. The issue would be how long the supply chain will recover.

Innovation in industry (Less Likely, Middle-High Risk)

Due to differentiation strategy in the niche market, premium socks & hosiery retailer is only the company and there would be less risk of new entry and no one could produce such a high-quality made in Japan products other than Tabio right now. However, in case technology would make someone produce high-quality socks and hosiery without skillful manufacturing process in future.

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Appendix

Appendix

| | Sales | Sales chg | COGS | COGS/S | GP | SGA | SGA/S | OP | OPM | RP | EBT | Tax | Minority | NP | EPS | Existing Store | |
|----------------|--------|-----------|--------|--------|-------|--------|--------|------|-------|------|------|------|----------|------|-------|----------------|-------|
| FY2015/2 1Q | 4,426 | 7.9% | -1,933 | -43.7% | 2,493 | -2,089 | -47.2% | 403 | 9.1% | 410 | 403 | -163 | 0 | 240 | | 5.8% | |
| 2Q | 3,376 | -9.3% | -1,528 | -45.3% | 1,848 | -2,001 | -59.3% | -153 | -4.5% | -143 | -159 | 54 | 0 | -105 | | 3.0% | |
| 3Q | 4,469 | 20.9% | -1,992 | -44.6% | 2,477 | -2,160 | -48.3% | 316 | 7.1% | 325 | 312 | -127 | 0 | 185 | | 2.7% | |
| 4Q | 4,540 | 5.0% | -2,106 | -46.4% | 2,434 | -2,256 | -49.7% | 180 | 4.0% | 183 | 127 | -59 | 0 | 68 | | 1.0% | |
| Full Year | 16,811 | 6.1% | -7,559 | -45.0% | 9,252 | -8,506 | -50.6% | 746 | 4.4% | 775 | 683 | -295 | - | 388 | 56.92 | 21.00 | 3.0% |
| FY2016/2 1Q | 4,465 | 0.9% | -1,953 | -43.7% | 2,512 | -2,111 | -47.3% | 400 | 9.0% | 407 | 390 | -155 | 0 | 235 | | -2.8% | |
| 2Q | 3,443 | 2.0% | -1,588 | -46.1% | 1,855 | -2,068 | -60.1% | -213 | -6.2% | -203 | -212 | 66 | 0 | -146 | | -3.8% | |
| 3Q | 4,359 | -2.5% | -1,935 | -44.4% | 2,424 | -2,055 | -47.1% | 369 | 8.5% | 372 | 346 | -135 | 0 | 211 | | -4.6% | |
| 4Q | 4,429 | -0.9% | -2,047 | -46.2% | 2,382 | -2,192 | -49.5% | 190 | 4.3% | 195 | 97 | 34 | 0 | 131 | | -4.0% | |
| Full Year | 16,696 | -0.7% | -7,523 | -45.1% | 9,173 | -8,426 | -50.5% | 746 | 4.5% | 771 | 621 | -190 | - | 431 | 63.15 | 18.82 | -3.9% |
| FY2017/2 1Q | 4,032 | -9.7% | -1,766 | -43.8% | 2,266 | -2,053 | -50.9% | 213 | 5.3% | 215 | 200 | -81 | 0 | 119 | | -12.0% | |
| 2Q | 3,221 | -6.4% | -1,454 | -45.1% | 1,767 | -1,967 | -61.1% | -200 | -6.2% | -199 | -211 | 188 | 0 | -23 | | -6.9% | |
| 3Q | 4,098 | -6.0% | -1,794 | -43.8% | 2,304 | -2,089 | -51.0% | 215 | 5.2% | 218 | 195 | -140 | 0 | 55 | | -8.3% | |
| 4Q | 4,517 | 2.0% | -2,069 | -45.8% | 2,448 | -2,186 | -48.4% | 261 | 5.8% | 268 | 63 | 19 | 0 | 82 | | 1.8% | |
| Full Year | 15,868 | -5.0% | -7,083 | -44.6% | 8,785 | -8,295 | -52.3% | 489 | 3.1% | 502 | 247 | -14 | 0 | 233 | 34.34 | 29.80 | -5.8% |
| Full Year (CE) | 15,616 | -6.5% | | | | | | 292 | | 301 | | | | 185 | 27.16 | | 0.0% |
| FY2018/2 1Q | 4,129 | 3.4% | -1,772 | -43.4% | 2,357 | -2,130 | -51.6% | 227 | 5.5% | 231 | 178 | -158 | 0 | 20 | | 1.0% | |
| 2Q | 3,314 | -19.1% | -1,495 | -45.1% | 1,819 | -2,029 | -61.2% | -210 | -6.3% | -206 | -210 | 54 | 0 | -156 | | 2.8% | |
| 3Q (E) | 4,599 | 12.2% | -1,995 | -43.4% | 2,605 | -2,366 | -51.4% | 238 | 5.2% | 238 | 238 | -92 | 0 | 147 | | 6.6% | |
| 4Q (E) | 4,626 | 2.4% | -2,099 | -45.4% | 2,527 | -2,249 | -48.6% | 278 | 6.0% | 278 | 278 | -107 | 0 | 171 | | 1.1% | |
| Full Year | 16,668 | 5.0% | -7,361 | -44.2% | 9,307 | -8,774 | -52.6% | 533 | 3.2% | 541 | 484 | -303 | 0 | 181 | 26.64 | 41.37 | 2.9% |
| Full Year (CE) | 16,269 | 2.5% | | | | | | 475 | | 494 | | | | 107 | 15.71 | 70.15 | |
| FY2019/2 1Q | 4,207 | 4.0% | -1,826 | -43.4% | 2,382 | -2,134 | -50.7% | 248 | 5.9% | 247 | 230 | -89 | 0 | 141 | | 1.9% | |
| 2Q | 3,639 | 2.8% | -1,642 | -45.1% | 1,998 | -2,186 | -60.1% | -188 | -5.2% | -189 | -189 | 73 | 0 | -116 | | 0.1% | |
| 3Q | 4,310 | 0.1% | -1,869 | -43.4% | 2,441 | -2,137 | -49.6% | 304 | 7.1% | 303 | 303 | -117 | 0 | 186 | | -3.8% | |
| 4Q | 4,809 | 3.9% | -2,182 | -45.4% | 2,627 | -2,260 | -47.0% | 367 | 7.6% | 367 | 367 | -141 | 0 | 225 | | 1.8% | |
| Full Year | 16,966 | 1.8% | -7,519 | -44.3% | 9,447 | -8,716 | -51.4% | 731 | 4.3% | 729 | 711 | -274 | 0 | 437 | 64.19 | 17.17 | 0.0% |
| Full Year (CE) | | | | | | | | | | | | | | | | | |
| FY2020/2 1Q | 4,314 | 3.4% | -1,872 | -43.4% | 2,442 | -2,153 | -49.9% | 289 | 6.7% | 289 | 269 | -104 | 0 | 165 | | 1.0% | |
| 2Q | 3,793 | 4.6% | -1,711 | -45.1% | 2,082 | -2,241 | -59.1% | -159 | -4.2% | -159 | -159 | 61 | 0 | -98 | | 2.8% | |
| 3Q | 4,737 | 7.3% | -2,054 | -43.4% | 2,683 | -2,312 | -48.8% | 370 | 7.8% | 370 | 370 | -142 | 0 | 227 | | 6.6% | |
| 4Q | 4,785 | 3.5% | -2,171 | -45.4% | 2,614 | -2,216 | -46.3% | 398 | 8.3% | 397 | 397 | -153 | 0 | 244 | | 1.1% | |
| Full Year | 17,629 | 3.9% | -7,808 | -44.3% | 9,821 | -8,922 | -50.6% | 898 | 5.1% | 896 | 876 | -338 | 0 | 539 | 79.06 | 13.94 | 2.9% |
| Full Year (CE) | | | | | | | | | | | | | | | | | |

(Source) Tabio, METRICAL

| Cash Flow Analysis | Feb-12 | Feb-13 | Feb-14 | Feb-15 | Feb-16 | Feb-17 | Feb-18(E) | Feb-19(E) | Feb-20(E) |
|-----------------------|---------|---------|------------|------------|-----------|------------|-----------|------------|------------|
| Net Income | 351 | 352 | 304 | 388 | 431 | 233 | 181 | 437 | 539 |
| Depreciation* | 295 | 408 | 503 | 527 | 493 | 408 | 408 | 408 | 408 |
| Amortization* | 0 | 0 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Other non-cash charge | -355 | 558 | -3 | 364 | -149 | 55 | 0 | 0 | 0 |
| Changes in WC | 8 | 543 | 78 | 163 | -319 | 1 | -39 | -14 | -32 |
| Operating Cash Flow | 299 | 1,861 | 885 | 1,445 | 459 | 700 | 554 | 834 | 918 |
| Per share | #DIV/0! | #DIV/0! | JPY 129.92 | JPY 212.12 | JPY 67.38 | JPY 102.76 | JPY 81.29 | JPY 122.41 | JPY 134.69 |
| Capex | -787 | -378 | -600 | -685 | -658 | -215 | -440 | -440 | -440 |
| Free Cash Flow | -488 | 1,483 | 285 | 760 | -199 | 485 | 114 | 394 | 478 |

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METRICAL INC.

corporate governance, investment research & solutions

| | 2012/2 | 2013/2 | 2014/2 | 2015/2 | 2016/2 | 2017/2 | 2018/2(E) | 2019/2(E) | 2020/2(E) |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Consolidated Balance Sheets | | | | | | | | | |
| Assets | | | | | | | | | |
| Current Assets | | | | | | | | | |
| Cash and Cash Equivalents | 2,638 | 2,219 | 2,106 | 2,546 | 2,549 | 3,043 | 2,952 | 3,142 | 3,415 |
| Short-Term Investments | - | - | - | - | - | - | - | - | - |
| Notes and Accounts | 842 | 747 | 738 | 912 | 772 | 700 | 735 | 748 | 778 |
| Allowance for Doubtful | (35) | (11) | (8) | (4) | - | - | - | - | - |
| Inventories | 576 | 608 | 585 | 568 | 642 | 643 | 675 | 687 | 714 |
| Deferred Income Taxes | 106 | 80 | 94 | 81 | 55 | 63 | 66 | 67 | 70 |
| Other Current Assets | 136 | 106 | 151 | 158 | 157 | 152 | 160 | 163 | 169 |
| Total Current Assets | 4,263 | 3,749 | 3,666 | 4,261 | 4,175 | 4,601 | 4,589 | 4,808 | 5,146 |
| Property, Plant and | | | | | | | | | |
| Land | 1,182 | 1,182 | 1,182 | 1,182 | 1,182 | 1,182 | 1,182 | 1,182 | 1,182 |
| Buildings | 1,584 | 1,708 | 1,909 | 2,150 | 2,193 | 2,180 | 2,180 | 2,180 | 2,180 |
| Machinery and Equipment | 710 | 750 | 866 | 1,026 | 1,065 | 1,035 | 1,035 | 1,035 | 1,035 |
| Construction in Progress | 1 | 20 | 9 | 7 | 11 | 5 | 5 | 5 | 5 |
| Total | 3,477 | 3,660 | 3,966 | 4,365 | 4,451 | 4,402 | 4,402 | 4,402 | 4,402 |
| Accumulated Depreciation | (1,026) | (1,136) | (1,280) | (1,500) | (1,660) | (1,868) | (1,868) | (1,868) | (1,868) |
| Net Property, Plant and | 2,451 | 2,524 | 2,686 | 2,865 | 2,791 | 2,534 | 2,534 | 2,534 | 2,534 |
| Software & Other intangible | | | | | | | | | |
| Goodwill | 752 | 680 | 505 | 374 | 384 | 372 | 372 | 372 | 372 |
| | - | - | - | - | - | - | - | 1 | 2 |
| | 752 | 680 | 505 | 374 | 384 | 372 | 372 | 373 | 374 |
| Other Assets | | | | | | | | | |
| Investments in and Advances | 1 | - | - | - | - | - | - | - | - |
| Investment Securities | - | - | - | - | - | - | - | - | - |
| Software & Others | (1) | (1) | (1) | (1) | - | - | - | - | - |
| Deferred Income Taxes | 80 | 46 | 20 | 25 | 138 | 301 | 301 | 301 | 301 |
| Other | 1,019 | 1,105 | 1,264 | 1,386 | 1,431 | 1,441 | 1,441 | 1,441 | 1,441 |
| Total Other Assets | 1,099 | 1,150 | 1,283 | 1,410 | 1,569 | 1,742 | 1,742 | 1,742 | 1,742 |
| Total | 8,565 | 8,103 | 8,140 | 8,910 | 8,919 | 9,249 | 9,237 | 9,457 | 9,796 |
| Liabilities and Stockholders' | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| Bank Loans | 213 | 166 | 118 | 36 | 168 | 292 | 292 | 292 | 292 |
| Notes and Accounts Payable, | 1,236 | 1,328 | 1,391 | 617 | 626 | 576 | 605 | 616 | 640 |
| | - | - | - | - | 0 | 0 | 0 | 0 | 0 |
| Accrued Expenses | 248 | 269 | 279 | 286 | 295 | 286 | 301 | 301 | 297 |
| Income Taxes | 121 | 121 | 171 | 211 | 138 | 57 | 60 | 61 | 63 |
| Other Current Liabilities | 818 | 452 | 414 | 1,746 | 1,053 | 1,071 | 1,125 | 1,145 | 1,190 |
| Current Portion of Long-Term | - | - | - | - | - | - | - | - | - |
| Total Current Liabilities | 2,636 | 2,336 | 2,373 | 2,896 | 2,280 | 2,282 | 2,383 | 2,415 | 2,482 |
| Long-Term Debt | | | | | | | | | |
| Deferred Income Taxes | 394 | 155 | 36 | - | 290 | 434 | 434 | 434 | 434 |
| Termination and Retirement | - | - | - | - | - | - | - | - | - |
| Other Long-Term Liabilities | 157 | 112 | 59 | 84 | 166 | 170 | 170 | 170 | 170 |
| Interest-embided Debts | 282 | 248 | 265 | 331 | 397 | 563 | 563 | 563 | 563 |
| Total Liabilities | 607 | 321 | 154 | 36 | 458 | 726 | 726 | 726 | 726 |
| Total Liabilities | 3,469 | 2,851 | 2,733 | 3,311 | 3,133 | 3,449 | 3,550 | 3,582 | 3,649 |
| Stockholders' Equity | | | | | | | | | |
| Common Stock | 414 | 414 | 414 | 414 | 414 | 414 | 414 | 414 | 414 |
| Additional Paid-in Capital | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 |
| Legal Reserve | 4,652 | 4,800 | 4,900 | 5,084 | 5,295 | 5,325 | 5,302 | 5,535 | 5,869 |
| Retained Earnings | - | - | 1 | 1 | - | - | - | - | - |
| Treasury Stock | - | - | - | - | - | - | - | - | - |
| Total Stockholders' Equity | 5,158 | 5,306 | 5,407 | 5,591 | 5,801 | 5,831 | 5,808 | 6,041 | 6,375 |
| Comprehensive Income | (61) | (52) | - | 9 | (14) | (29) | (121) | (167) | (228) |
| Minority Interests in | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| Total Stockholders' Equity | 5,097 | 5,254 | 5,407 | 5,600 | 5,787 | 5,802 | 5,687 | 5,874 | 6,147 |
| Total | 8,566 | 8,105 | 8,140 | 8,911 | 8,920 | 9,249 | 9,237 | 9,457 | 9,796 |