

## FREUND CORPORATION (6312)

Consolidated FY (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY02/2018		19,801	1,971	1,994	1,477	85.7	20.0	767.9
FY02/2019		18,408	1,223	1,326	843	50.2	20.0	791.3
FY02/2020CoE		17,500	1,000	1,000	700	41.8	20.0	-
FY02/2019	YoY	(7.0%)	(37.9%)	(33.5%)	(42.9%)	-	-	-
FY02/2020CoE	YoY	(4.9%)	(18.2%)	(24.6%)	(17.0%)	-	-	-
Consolidated Quarter (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY02/2019		4,849	399	478	347	-	-	-
Q2 FY02/2019		4,267	193	205	118	-	-	-
Q3 FY02/2019		4,126	77	86	57	-	-	-
Q4 FY02/2019		5,164	552	555	319	-	-	-
Q1 FY02/2020		2,878	(214)	(217)	(158)	-	-	-
Q1 FY02/2020	YoY	(40.6%)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

### 1.0 Results Update (28 June 2019)


#### All at Once

On 28 June 2019, FREUND CORPORATION, developing, manufacturing and selling equipment and chemicals, released its Q1 FY02/2020 results. It has been revealed that sales with the Company are swinging downward due to delayed sales on the Equipment side. Still, incoming order intake is rather higher than the levels during the same period in the previous year and thus the delayed sales are driving order backlog. Sales of Japan came down almost as much as 70%, suffering from delayed sales in particular. Meanwhile, on the Chemicals side, sales growth rate is decelerating and earnings are now not growing. Still, it appears this has a lot to do with some short-term negative factors. In other words, the Company suffers from short-term negative factors across the board all at once in Q1, implying no necessity to revise full-year Company forecasts. We are to interview with management to discuss the issues more in depth so that we should be able to update [FREUND CORPORATION \(6312\) Starting Over \(16 May 2019\)](#) and release anew.

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## 2.0 Company Profile

### Equipment and Chemicals

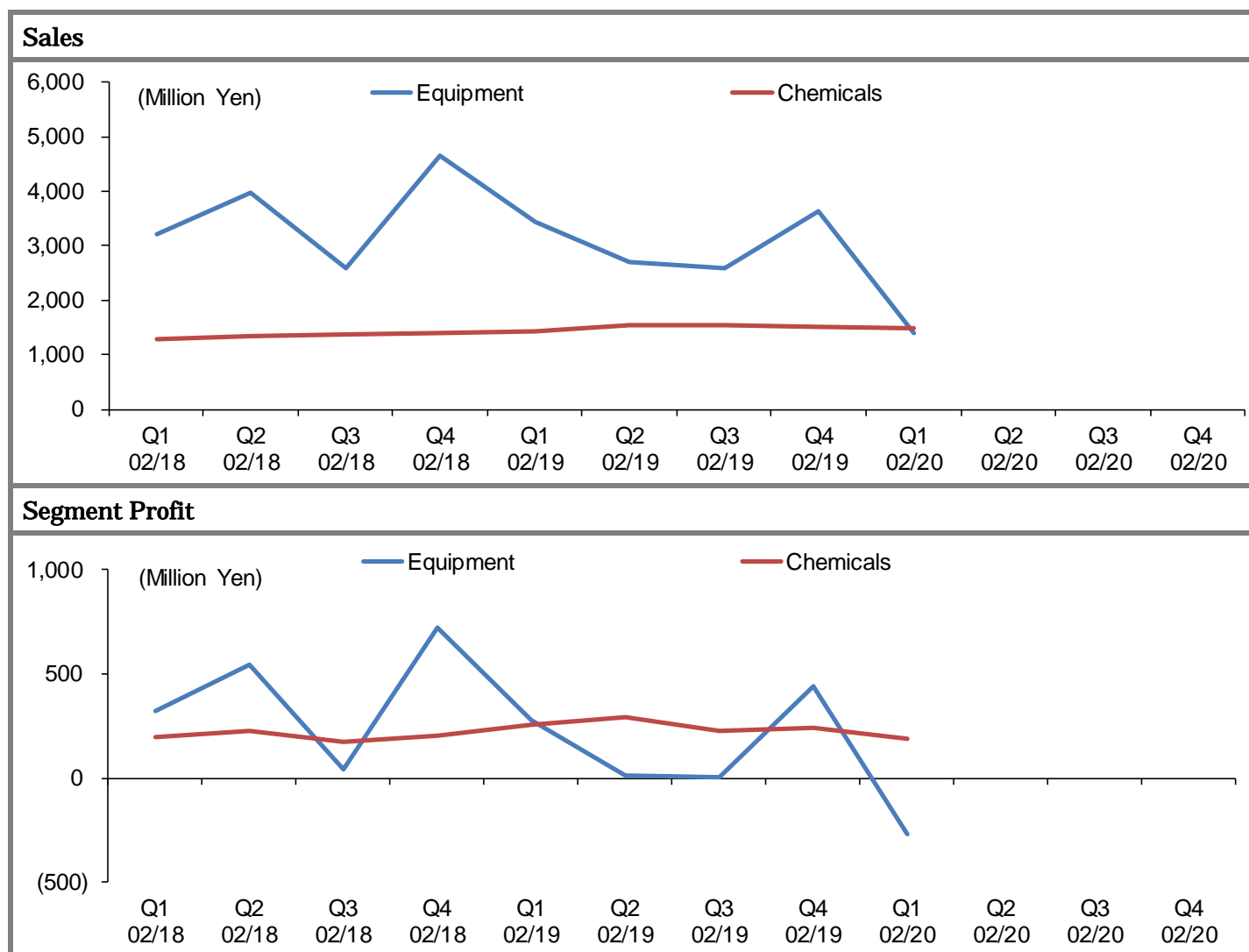
<b>Company Name</b>	FREUND CORPORATION <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share Price (Japanese)</a>	
<b>Established</b>	22 April 1964	
<b>Listing</b>	24 July 1996: Tokyo Stock Exchange JASDAQ Standard (ticker: 6312)	
<b>Capital</b>	¥1,035m (as of the end of May 2019)	
<b>No. of Shares</b>	18,400,000 shares, including 1,655,480 treasury shares (as of the end of May 2019)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Leading the market of Japan for granulation / coating equipment with market share of 60% to 70%</li> <li>● Focus on new products, i.e., tablet-printing equipment (TABREX), rechargeable-battery-related manufacturing equipment, etc.</li> <li>● Pharmaceutical excipients, the key growth driver on the Chemicals side</li> </ul>	
<b>Business Segments</b>	<ul style="list-style-type: none"> <li>. Equipment</li> <li>. Chemicals</li> </ul>	
<b>Top Management</b>	President & CEO: Iwao Fusejima	
<b>Shareholders</b>	Own shares holdings 8.9%, KK Fusejima Yokosha 8.9%, Yasutoyo Fusejima 7.0%, MUFG Bank 4.5% (as of the end of February 2019)	
<b>Headquarters</b>	FREUND Bldg., 6-25-13 Nishishinjuku, Shinjuku-ku, Tokyo, JAPAN	
<b>No. of Employees</b>	Consolidated: 372, Parent: 208 (as of the end of February 2019)	

Source: Company Data

## 3.0 Recent Trading and Prospects

### Q1 FY02/2020 Results

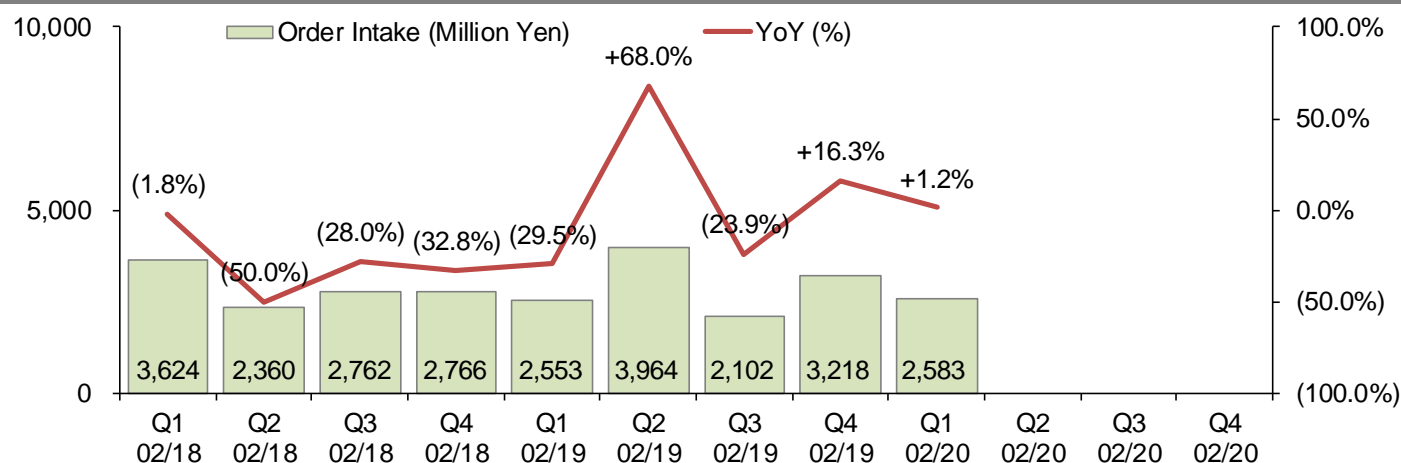
In Q1 FY02/2020, sales came in at ¥2,878m (down 40.6% YoY), operating profit negative ¥214m (versus ¥399m during the same period in the previous year), recurring profit negative ¥217m (¥478m) and profit attributable to owners of parent negative ¥158m (¥347m), while operating profit margin negative 7.5% (down 15.7% points).



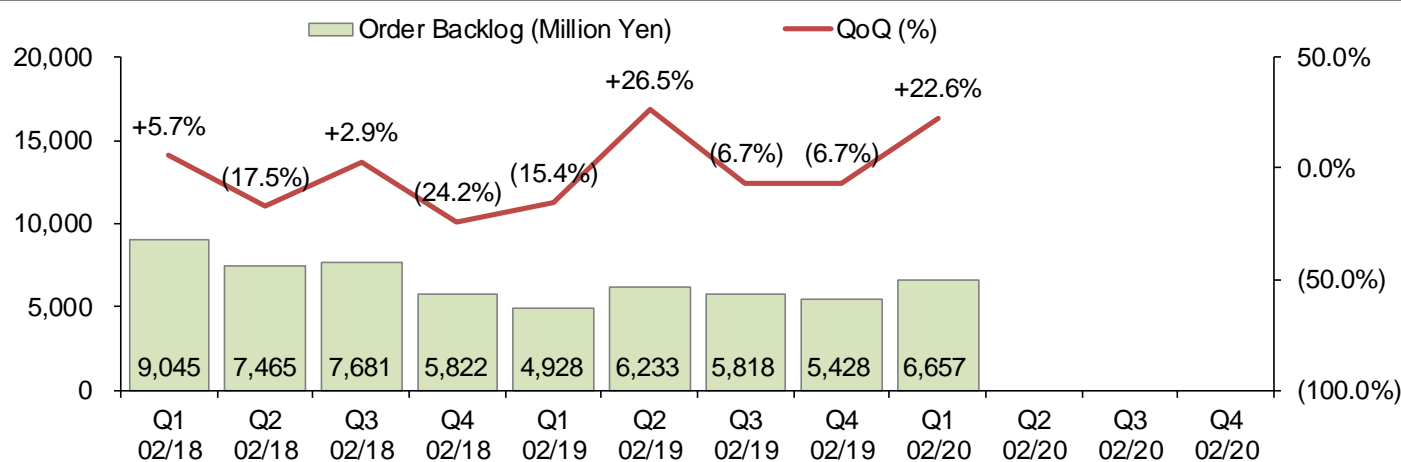
Source: Company Data, WRJ Calculation

On the Equipment side, sales came in at ¥1,386m (down 59.6%), segment profit negative ¥267m (¥278m) and segment profit margin negative 19.3% (down 27.4% points). By region, sales of Japan came in at ¥894m (down 67.9%) and sales overseas ¥491m (down 24.3%), implying that sales of Japan are delayed in particular. Order intake came in at ¥2,583m, which is up 1.2% over the same period in the previous year, while order backlog as of the end of Q1 stands at ¥6,657m, up 22.6% from the end of directly preceding quarter, i.e., Q4 FY02/2019.

### Equipment: Order Intake



### Equipment: Order Backlog



Source: Company Data, WRJ Calculation

On the Chemicals side, sales came in at ¥1,491m (up 5.3%), segment profit ¥187m (down 27.8%) and segment profit margin 12.6% (down 5.8% points). Food preservatives suffer from decreased sales and earnings due to intensifying competition. Meanwhile, pharmaceutical excipients, having consistently driven earnings here on the Chemicals side are now “accelerating further with the sentiment”, according to the Company. Still, sales rate of this business segment is rather decelerating, while earnings are coming down, implying it should be the case that there are some short-term negative factors on this side as well.

### FY02/2020 Company Forecasts

FY02/2020 Company forecasts have remained unchanged, going for prospective sales of ¥17,500m (down 4.9% YoY), operating profit of ¥1,000m (down 18.2%), recurring profit of ¥1,000m (down 24.6%) and profit attributable to owners of parent of ¥700m (down 17.0%), while operating profit margin of 5.7% (down 0.9% points). Company forecasts are also going for annual dividend of ¥20.0 per share, implying payout ratio of 47.8%.

## 4.0 Financial Statements

### Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	02/2019	02/2019	02/2019	02/2019	02/2020	02/2020	02/2020	02/2020	02/2020	
<b>Sales</b>	<b>4,849</b>	<b>9,117</b>	<b>13,243</b>	<b>18,408</b>	<b>2,878</b>	-	-	-	-	<b>(1,971)</b>
Cost of Sales	3,245	6,100	8,874	12,220	1,830	-	-	-	-	(1,414)
Gross Profit	1,604	3,016	4,368	6,188	1,047	-	-	-	-	(556)
SG&A	1,204	2,423	3,698	4,964	1,262	-	-	-	-	+57
<b>Operating Profit</b>	<b>399</b>	<b>592</b>	<b>670</b>	<b>1,223</b>	<b>(214)</b>	-	-	-	-	<b>(613)</b>
Non Operating Balance	79	91	100	103	(2)	-	-	-	-	(82)
<b>Recurring Profit</b>	<b>478</b>	<b>684</b>	<b>770</b>	<b>1,326</b>	<b>(217)</b>	-	-	-	-	<b>(696)</b>
Extraordinary Balance	21	21	22	(70)	7	-	-	-	-	(14)
Profit before Income Taxes	500	705	792	1,255	(210)	-	-	-	-	(710)
Total Income Taxes	153	239	269	412	(52)	-	-	-	-	(205)
<b>Profit Attributable to Owners of Parent</b>	<b>347</b>	<b>466</b>	<b>523</b>	<b>843</b>	<b>(158)</b>	-	-	-	-	<b>(505)</b>
Sales YoY	+8.4%	(6.9%)	(3.7%)	(7.0%)	(40.6%)	-	-	-	-	-
Operating Profit YoY	+3.0%	(44.8%)	(41.9%)	(37.9%)	-	-	-	-	-	-
Recurring Profit YoY	+20.3%	(37.3%)	(34.4%)	(33.5%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	+26.6%	(36.5%)	(38.4%)	(42.9%)	-	-	-	-	-	-
Gross Profit Margin	33.1%	33.1%	33.0%	33.6%	36.4%	-	-	-	-	+3.3%
SG&A / Sales	24.8%	26.6%	27.9%	27.0%	43.9%	-	-	-	-	+19.0%
Operating Profit Margin	8.2%	6.5%	5.1%	6.6%	(7.5%)	-	-	-	-	(15.7%)
Recurring Profit Margin	9.9%	7.5%	5.8%	7.2%	(7.6%)	-	-	-	-	(17.4%)
Profit Attributable to Owners of Parent Margin	7.2%	5.1%	4.0%	4.6%	(5.5%)	-	-	-	-	(12.7%)
Total Income Taxes / Profit before Income Taxes	30.6%	33.9%	34.0%	32.8%	-	-	-	-	-	-
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	02/2019	02/2019	02/2019	02/2019	02/2020	02/2020	02/2020	02/2020	02/2020	
<b>Sales</b>	<b>4,849</b>	<b>4,267</b>	<b>4,126</b>	<b>5,164</b>	<b>2,878</b>	-	-	-	-	<b>(1,971)</b>
Cost of Sales	3,245	2,855	2,773	3,345	1,830	-	-	-	-	(1,414)
Gross Profit	1,604	1,412	1,352	1,819	1,047	-	-	-	-	(556)
SG&A	1,204	1,218	1,275	1,266	1,262	-	-	-	-	+57
<b>Operating Profit</b>	<b>399</b>	<b>193</b>	<b>77</b>	<b>552</b>	<b>(214)</b>	-	-	-	-	<b>(613)</b>
Non Operating Balance	79	11	8	2	(2)	-	-	-	-	(82)
<b>Recurring Profit</b>	<b>478</b>	<b>205</b>	<b>86</b>	<b>555</b>	<b>(217)</b>	-	-	-	-	<b>(696)</b>
Extraordinary Balance	21	0	0	(92)	7	-	-	-	-	(14)
Profit before Income Taxes	500	205	86	462	(210)	-	-	-	-	(710)
Total Income Taxes	153	86	29	142	(52)	-	-	-	-	(205)
<b>Profit Attributable to Owners of Parent</b>	<b>347</b>	<b>118</b>	<b>57</b>	<b>319</b>	<b>(158)</b>	-	-	-	-	<b>(505)</b>
Sales YoY	+8.4%	(19.7%)	+4.3%	(14.7%)	(40.6%)	-	-	-	-	-
Operating Profit YoY	+3.0%	(71.8%)	(0.9%)	(32.5%)	-	-	-	-	-	-
Recurring Profit YoY	+20.3%	(70.4%)	+4.3%	(32.2%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	+26.6%	(74.1%)	(50.1%)	(49.1%)	-	-	-	-	-	-
Gross Profit Margin	33.1%	33.1%	32.8%	35.2%	36.4%	-	-	-	-	+3.3%
SG&A / Sales	24.8%	28.5%	30.9%	24.5%	43.9%	-	-	-	-	+19.0%
Operating Profit Margin	8.2%	4.5%	1.9%	10.7%	(7.5%)	-	-	-	-	(15.7%)
Recurring Profit Margin	9.9%	4.8%	2.1%	10.8%	(7.6%)	-	-	-	-	(17.4%)
Profit Attributable to Owners of Parent Margin	7.2%	2.8%	1.4%	6.2%	(5.5%)	-	-	-	-	(12.7%)
Total Income Taxes / Profit before Income Taxes	30.6%	42.1%	34.0%	30.9%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

## Segmented Information (Cumulative, Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	02/2019	02/2019	02/2019	02/2019	02/2020	02/2020	02/2020	02/2020	02/2020	
Equipment	3,433	6,145	8,723	12,368	1,386	-	-	-	-	(2,046)
Chemicals	1,416	2,971	4,519	6,040	1,491	-	-	-	-	+75
<b>Sales</b>	<b>4,849</b>	<b>9,117</b>	<b>13,243</b>	<b>18,408</b>	<b>2,878</b>	-	-	-	-	<b>(1,971)</b>
Machinery	+7.4%	(14.3%)	(10.5%)	(14.1%)	(59.6%)	-	-	-	-	-
Chemicals	+11.1%	+13.5%	+13.0%	+11.9%	+5.3%	-	-	-	-	-
<b>Sales (YoY)</b>	<b>+8.4%</b>	<b>(6.9%)</b>	<b>(3.7%)</b>	<b>(7.0%)</b>	<b>(40.6%)</b>	-	-	-	-	-
Equipment	70.8%	67.4%	65.9%	67.2%	48.2%	-	-	-	-	-
Chemicals	29.2%	32.6%	34.1%	32.8%	51.8%	-	-	-	-	-
<b>Sales (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-	-
Equipment	278	291	295	737	(267)	-	-	-	-	(545)
Chemicals	259	556	781	1,024	187	-	-	-	-	(72)
<b>Segment Profit</b>	<b>537</b>	<b>847</b>	<b>1,076</b>	<b>1,762</b>	<b>(79)</b>	-	-	-	-	<b>(617)</b>
Elimination	(138)	(254)	(406)	(538)	(135)	-	-	-	-	+3
<b>Operating Profit</b>	<b>399</b>	<b>592</b>	<b>670</b>	<b>1,223</b>	<b>(214)</b>	-	-	-	-	<b>(613)</b>
Equipment	(14.8%)	(66.5%)	(67.5%)	(54.8%)	-	-	-	-	-	-
Chemicals	+32.5%	+32.1%	+31.5%	+27.9%	(27.8%)	-	-	-	-	-
<b>Segment Profit (YoY)</b>	<b>+2.9%</b>	<b>(34.3%)</b>	<b>(28.4%)</b>	<b>(27.6%)</b>	-	-	-	-	-	-
Equipment	51.7%	34.4%	27.5%	41.8%	-	-	-	-	-	-
Chemicals	48.3%	65.6%	72.5%	58.2%	-	-	-	-	-	-
<b>Segment Profit (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-	-	-
Equipment	8.1%	4.7%	3.4%	6.0%	(19.3%)	-	-	-	-	(27.4%)
Chemicals	18.3%	18.7%	17.3%	17.0%	12.6%	-	-	-	-	(5.8%)
Elimination	(2.9%)	(2.8%)	(3.1%)	(2.9%)	(4.7%)	-	-	-	-	(1.8%)
<b>Operating Profit Margin</b>	<b>8.2%</b>	<b>6.5%</b>	<b>5.1%</b>	<b>6.6%</b>	<b>(7.5%)</b>	-	-	-	-	<b>(15.7%)</b>
Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	02/2019	02/2019	02/2019	02/2019	02/2020	02/2020	02/2020	02/2020	02/2020	
Equipment	3,433	2,712	2,577	3,644	1,386	-	-	-	-	(2,046)
Chemicals	1,416	1,555	1,548	1,520	1,491	-	-	-	-	+75
<b>Sales</b>	<b>4,849</b>	<b>4,267</b>	<b>4,126</b>	<b>5,164</b>	<b>2,878</b>	-	-	-	-	<b>(1,971)</b>
Machinery	+7.4%	(31.7%)	+0.1%	(21.7%)	(59.6%)	-	-	-	-	-
Chemicals	+11.1%	+15.8%	+12.1%	+8.6%	+5.3%	-	-	-	-	-
<b>Sales (YoY)</b>	<b>+8.4%</b>	<b>(19.7%)</b>	<b>+4.3%</b>	<b>(14.7%)</b>	<b>(40.6%)</b>	-	-	-	-	-
Equipment	70.8%	63.6%	62.5%	70.6%	48.2%	-	-	-	-	-
Chemicals	29.2%	36.4%	37.5%	29.4%	51.8%	-	-	-	-	-
<b>Sales (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-	-
Equipment	278	13	4	441	(267)	-	-	-	-	(545)
Chemicals	259	296	224	243	187	-	-	-	-	(72)
<b>Segment Profit</b>	<b>537</b>	<b>309</b>	<b>229</b>	<b>685</b>	<b>(79)</b>	-	-	-	-	<b>(617)</b>
Elimination	(138)	(116)	(151)	(132)	(135)	-	-	-	-	+3
<b>Operating Profit</b>	<b>399</b>	<b>193</b>	<b>77</b>	<b>552</b>	<b>(214)</b>	-	-	-	-	<b>(613)</b>
Equipment	(14.8%)	(97.5%)	(90.0%)	(38.7%)	-	-	-	-	-	-
Chemicals	+32.5%	+31.9%	+30.0%	+17.5%	(27.8%)	-	-	-	-	-
<b>Segment Profit (YoY)</b>	<b>+2.9%</b>	<b>(59.6%)</b>	<b>+6.6%</b>	<b>(26.2%)</b>	-	-	-	-	-	-
Equipment	51.7%	4.3%	1.8%	64.5%	-	-	-	-	-	-
Chemicals	48.3%	95.7%	98.2%	35.5%	-	-	-	-	-	-
<b>Segment Profit (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-	-	-
Equipment	k	0.5%	0.2%	12.1%	(19.3%)	-	-	-	-	(27.4%)
Chemicals	18.3%	19.1%	14.5%	16.0%	12.6%	-	-	-	-	(5.8%)
Elimination	(2.9%)	(2.7%)	(3.7%)	(2.6%)	(4.7%)	-	-	-	-	(1.8%)
<b>Operating Profit Margin</b>	<b>8.2%</b>	<b>4.5%</b>	<b>1.9%</b>	<b>10.7%</b>	<b>(7.5%)</b>	-	-	-	-	<b>(15.7%)</b>

Source: Company Data, WRJ Calculation

## Sales by Region / Equipment (Cumulative, Quarterly)

Sales by Region / Equipment (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2019	Q1 to Q2 02/2019	Q1 to Q3 02/2019	Q1 to Q4 02/2019	Q1 02/2020	Q1 to Q2 02/2020	Q1 to Q3 02/2020	Q1 to Q4 02/2020		
Japan	2,783	4,352	5,846	7,312	894	-	-	-	(1,888)	
North America / Latin America	289	1,007	1,726	3,352	308	-	-	-	+19	
Europe / Africa	80	141	270	337	81	-	-	-	0	
Middle East / Asia / Oceania	279	643	879	1,366	101	-	-	-	(178)	
Overseas	649	1,793	2,876	5,055	491	-	-	-	(157)	
<b>Sales</b>	<b>3,433</b>	<b>6,145</b>	<b>8,723</b>	<b>12,368</b>	<b>1,386</b>	-	-	-	<b>(2,046)</b>	
Japan	+8.5%	(4.5%)	(0.6%)	(13.9%)	(67.9%)	-	-	-	-	
North America / Latin America	(12.7%)	(10.0%)	(3.8%)	+12.5%	+6.7%	-	-	-	-	
Europe / Africa	(62.0%)	(86.1%)	(79.0%)	(81.1%)	+1.2%	-	-	-	-	
Middle East / Asia / Oceania	+215.0%	+35.8%	+12.5%	+19.1%	(63.6%)	-	-	-	-	
Overseas	+2.9%	(31.4%)	(25.6%)	(14.5%)	(24.3%)	-	-	-	-	
<b>Sales (YoY)</b>	<b>+7.4%</b>	<b>(14.3%)</b>	<b>(10.5%)</b>	<b>(14.1%)</b>	<b>(59.6%)</b>	-	-	-	-	
Japan	81.1%	70.8%	67.0%	59.1%	64.5%	-	-	-	-	
North America / Latin America	8.4%	16.4%	19.8%	27.1%	22.3%	-	-	-	-	
Europe / Africa	2.3%	2.3%	3.1%	2.7%	5.9%	-	-	-	-	
Middle East / Asia / Oceania	8.2%	10.5%	10.1%	11.0%	7.3%	-	-	-	-	
Overseas	18.9%	29.2%	33.0%	40.9%	35.5%	-	-	-	-	
<b>Sales (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-	

Sales by Region / Equipment (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2019	Q2 02/2019	Q3 02/2019	Q4 02/2019	Q1 02/2020	Q2 02/2020	Q3 02/2020	Q4 02/2020		
Japan	2,783	1,568	1,494	1,466	894	-	-	-	(1,888)	
North America / Latin America	289	718	718	1,625	308	-	-	-	+19	
Europe / Africa	80	61	129	66	81	-	-	-	0	
Middle East / Asia / Oceania	279	363	235	486	101	-	-	-	(178)	
Overseas	649	1,143	1,083	2,178	491	-	-	-	(157)	
<b>Sales</b>	<b>3,433</b>	<b>2,712</b>	<b>2,577</b>	<b>3,644</b>	<b>1,386</b>	-	-	-	<b>(2,046)</b>	
Japan	+8.5%	(21.3%)	+12.9%	(43.8%)	(67.9%)	-	-	-	-	
North America / Latin America	(12.7%)	(8.8%)	+6.4%	+37.2%	+6.7%	-	-	-	-	
Europe / Africa	(62.0%)	(92.4%)	(52.0%)	(86.6%)	+1.2%	-	-	-	-	
Middle East / Asia / Oceania	+215.0%	(5.5%)	(23.4%)	+33.0%	(63.6%)	-	-	-	-	
Overseas	+2.9%	(42.3%)	(13.5%)	+6.5%	(24.3%)	-	-	-	-	
<b>Sales (YoY)</b>	<b>+7.4%</b>	<b>(31.7%)</b>	<b>+0.1%</b>	<b>(21.7%)</b>	<b>(59.6%)</b>	-	-	-	-	
Japan	81.1%	57.8%	58.0%	40.2%	64.5%	-	-	-	-	
North America / Latin America	8.4%	26.5%	27.9%	44.6%	22.3%	-	-	-	-	
Europe / Africa	2.3%	2.3%	5.0%	1.8%	5.9%	-	-	-	-	
Middle East / Asia / Oceania	8.2%	13.4%	9.1%	13.4%	7.3%	-	-	-	-	
Overseas	18.9%	42.2%	42.0%	59.8%	35.5%	-	-	-	-	
<b>Sales (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-	

Source: Company Data, WRJ Calculation

## Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2019	Q2 02/2019	Q3 02/2019	Q4 02/2019	Q1 02/2020	Q2 02/2020	Q3 02/2020	Q4 02/2020		
Cash & Deposit	5,236	5,245	4,834	5,534	4,607	-	-	-	-	(629)
Accounts Receivables	4,576	4,377	4,499	4,332	4,039	-	-	-	-	(537)
Inventory	2,998	2,802	3,220	2,475	3,308	-	-	-	-	+310
Other	545	566	653	368	387	-	-	-	-	(157)
<b>Current Assets</b>	<b>13,356</b>	<b>12,991</b>	<b>13,208</b>	<b>12,711</b>	<b>12,342</b>	-	-	-	-	<b>(1,013)</b>
Tangible Assets	3,471	3,554	3,580	3,769	3,857	-	-	-	-	+386
Intangible Assets	96	91	93	16	17	-	-	-	-	(78)
Investments & Other Assets	860	847	843	951	1,009	-	-	-	-	+149
<b>Fixed Assets</b>	<b>4,428</b>	<b>4,493</b>	<b>4,517</b>	<b>4,736</b>	<b>4,885</b>	-	-	-	-	<b>+457</b>
<b>Total Assets</b>	<b>17,784</b>	<b>17,484</b>	<b>17,726</b>	<b>17,448</b>	<b>17,227</b>	-	-	-	-	<b>(556)</b>
Accounts Payables	2,510	2,142	2,343	2,169	2,043	-	-	-	-	(466)
Short Term Debt	-	-	-	-	-	-	-	-	-	-
Other	2,258	2,169	2,105	1,768	2,216	-	-	-	-	(42)
<b>Current Liabilities</b>	<b>4,768</b>	<b>4,312</b>	<b>4,449</b>	<b>3,938</b>	<b>4,259</b>	-	-	-	-	<b>(509)</b>
Long Term Debt	-	-	-	-	-	-	-	-	-	-
Other	323	319	323	258	244	-	-	-	-	(79)
<b>Fixed Liabilities</b>	<b>323</b>	<b>319</b>	<b>323</b>	<b>258</b>	<b>244</b>	-	-	-	-	<b>(79)</b>
<b>Total Liabilities</b>	<b>5,092</b>	<b>4,632</b>	<b>4,772</b>	<b>4,197</b>	<b>4,504</b>	-	-	-	-	<b>(588)</b>
<b>Shareholders' Equity</b>	<b>12,973</b>	<b>13,092</b>	<b>13,149</b>	<b>13,469</b>	<b>12,976</b>	-	-	-	-	<b>+3</b>
Adjustments	(281)	(240)	(196)	(219)	(253)	-	-	-	-	+28
<b>Total Assets</b>	<b>12,691</b>	<b>12,852</b>	<b>12,953</b>	<b>13,250</b>	<b>12,723</b>	-	-	-	-	<b>+31</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>17,784</b>	<b>17,484</b>	<b>17,726</b>	<b>17,448</b>	<b>17,227</b>	-	-	-	-	<b>(556)</b>
Equity Capital	12,691	12,852	12,953	13,250	12,723	-	-	-	-	+32
Interest Bearing Debt	-	-	-	-	-	-	-	-	-	-
Net Debt	(5,236)	(5,245)	(4,834)	(5,534)	(4,607)	-	-	-	-	+629
Equity Capital Ratio	71.4%	73.5%	73.1%	75.9%	73.9%	-	-	-	-	-
Net-Debt-Equity Ratio	(41.3%)	(40.8%)	(37.3%)	(41.8%)	(36.2%)	-	-	-	-	-
ROE (12 months)	12.5%	9.5%	9.0%	6.4%	2.7%	-	-	-	-	-
ROA (12 months)	11.5%	8.7%	8.5%	7.3%	3.6%	-	-	-	-	-
Total Assets Turnover	109%	98%	93%	118%	67%	-	-	-	-	-
Inventory Turnover	4.3	4.1	3.4	5.4	2.2	-	-	-	-	-
Days of Inventory	84	90	106	68	165	-	-	-	-	-
Quick Ratio	206%	223%	210%	251%	203%	-	-	-	-	-
Current Ratio	280%	301%	297%	323%	290%	-	-	-	-	-

Source: Company Data, WRJ Calculation

## Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2019	Q1 to Q2 02/2019	Q1 to Q3 02/2019	Q1 to Q4 02/2019	Q1 02/2020	Q1 to Q2 02/2020	Q1 to Q3 02/2020	Q1 to Q4 02/2020		
Operating Cash Flow	-	(230)	-	435	-	-	-	-	-	-
Investment Cash Flow	-	(190)	-	(566)	-	-	-	-	-	-
<b>Operating CF &amp; Investment CF</b>	<b>-</b>	<b>(420)</b>	<b>-</b>	<b>(130)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financing Cash Flow	-	(918)	-	(921)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation



**Disclaimer**

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Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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