

## 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	85.69	20.00	767.91
FY02/2019		18,408	1,223	1,326	843	50.15	20.00	791.34
FY02/2020CoE		17,500	1,000	1,000	700	41.80	20.00	-
FY02/2019	YoY	(7.0%)	(37.9%)	(33.5%)	(42.9%)	-	-	-
FY02/2020CoE	YoY	(4.9%)	(18.2%)	(24.6%)	(17.0%)	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY02/2019		9,117	592	684	466	-	-	-
Q3 to Q4 FY02/2019		9,291	630	642	377	-	-	-
Q1 to Q2 FY02/2020		6,817	3	6	(7)	-	-	-
Q3 to Q4 FY02/2020CoE		10,682	996	993	707	-	-	-
Q1 to Q2 FY02/2020	YoY	(25.2%)	(99.4%)	(99.1%)	-	-	-	-
Q3 to Q4 FY02/2020CoE	YoY	15.0%	58.1%	54.8%	87.6%	-	-	-

Source: Company Data, WRJ Calculation

### 1.0 Results Update (1 October 2019)


#### H2 Concentration

On 1 October 2019, FREUND CORPORATION, developing, manufacturing and selling equipment and chemicals, released its Q1 to Q2 FY02/2020 results. As initially anticipated, it has been revealed that recent trading suggests concentration of sales and earnings in H2. In line with sales falling sharply over the same period of the previous year, it becomes difficult to recover fixed costs, resulting in a break-even profit for earnings. However, the Company expects major improvements in earnings in H2 due to the concentration of sales booking. Risks are mainly attributable to a "delayed sales" in Q4, when sales are considered to be concentrated in particular. On the Equipment side, which is centered on pharmaceutical-related, the timing of booking sales of projects could be delayed due to delays in acceptance inspections and other factors. In addition, there are projects of large scale. If this "delayed sales" occurs, there is a possibility that full-year results will fall short of Company forecasts. Meanwhile, we are planning to attend the financial results briefing held on 9 October in order to obtain more detailed information as well as interviewing with management afterwards. In view of the details of both, we are planning to renew and re-release [FREUND CORPORATION \(6312\) Stabilization \(2 August 2019\)](#).

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## 2.0 Company Profile

### Equipment and Chemicals

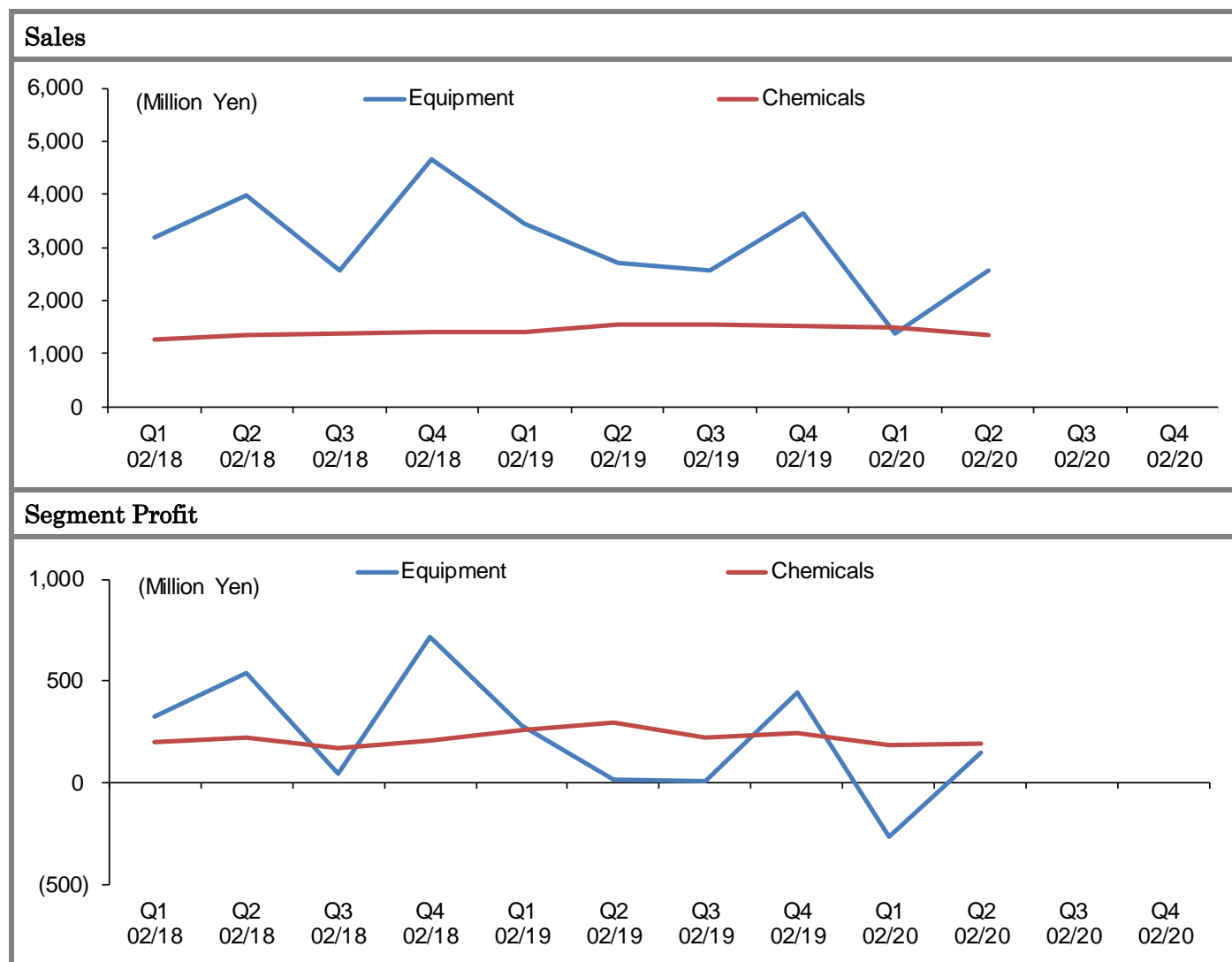
<b>Company Name</b>	FREUND CORPORATION <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share Price (Japanese)</a>	
<b>Established</b>	22 April 1964	
<b>Listing</b>	24 July 1996: Tokyo Stock Exchange JASDAQ Standard (ticker: 6312)	
<b>Capital</b>	¥1,035m (as of the end of August 2019)	
<b>No. of Shares</b>	18,400,000 shares, including 1,655,480 treasury shares (as of the end of Aug. 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, e.g., tablet-printing equipment (TABREX), rechargeable-battery-related manufacturing equipment</li> <li>● Pharmaceutical excipients, the key growth driver on the Chemicals side</li> </ul>	
<b>Business Segments</b>	I . Equipment II . Chemicals	
<b>Top Management</b>	President & CEO: Iwao Fusejima	
<b>Shareholders</b>	KK Fusejima Yokosha 8.9%, Yasutoyo Fusejima 7.0%, MUFG Bank 4.5% (as of the end of August 2019)	
<b>Headquarters</b>	FREUND Building, 6-25-13 Nishishinjuku, Shinjuku-ku, Tokyo, JAPAN	
<b>No. of Employees</b>	Consolidated: 383, Parent: 215 (as of the end of May 2019)	

Source: Company Data

## 3.0 Recent Trading and Prospects

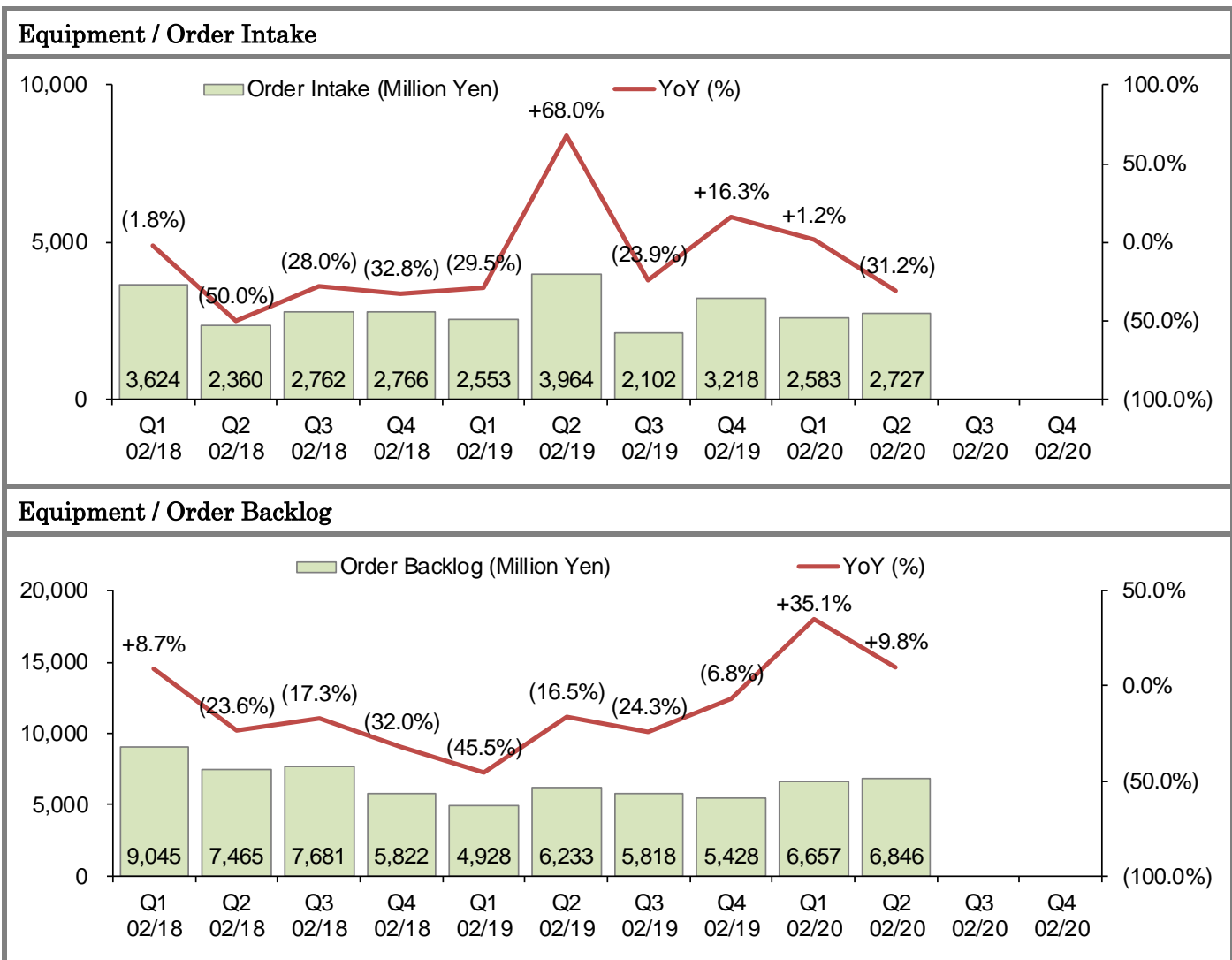
### Q1 to Q2 FY02/2020 Results

In Q1 to Q2 FY02/2020, sales came in at ¥6,817m (down 25.2% YoY), operating profit ¥3m (down 99.4%), recurring profit ¥6m (down 99.1%) and profit attributable to owners of parent ¥7m (¥466m during the same period of the previous), while operating profit margin 0.0% (down 6.5% points).



Source: Company Data, WRJ Calculation

On the Equipment side, centered on pharmaceutical-related represented by granulation / coating equipment, sales came in at ¥3,964m (down 35.5%), segment profit minus ¥119m (¥291m) and segment profit margin minus 3.0% (down 7.8% points). By region, sales of Japan came in at ¥2,557m (down 41.2%) and sales overseas ¥1,407m (down 21.5%). Sales of Japan, accounting for the majority of this business segment as a whole, have remained at a low level in Q1 to Q2, due to the concentration of sales in H2. Meanwhile, sales overseas have come down due mainly to weakness in Asia, such as China and South Korea. In China, it is suggested that the decline in sales in industrial-related, represented by rechargeable-battery-related manufacturing equipment, is considerably large, while sales of mainstay pharmaceutical-related appear to be slowing down in South Korea.



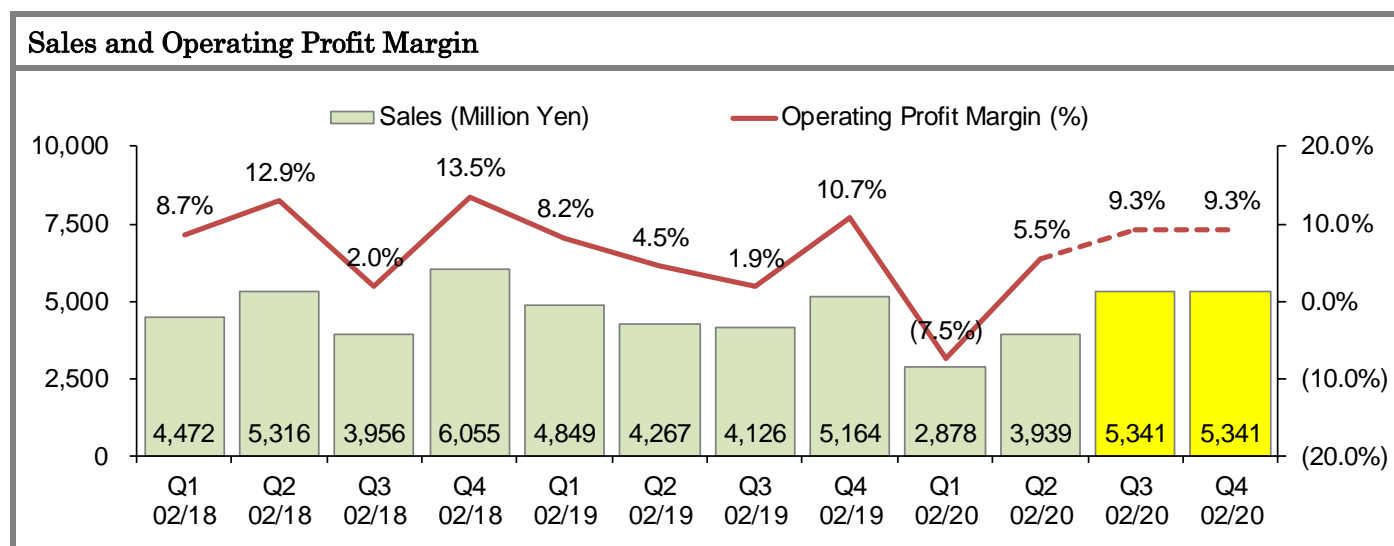
Source: Company Data, WRJ Calculation

On the Equipment side, order intake in Q1 to Q2 came in at ¥5,311m (down 18.5%), ¥2,583m (up 1.2%) in Q1 and ¥2,727m (down 31.2%) in Q2. No significant recovery trend is observed in Japan and overseas. However, order backlog stood at ¥6,846m (up 9.8%) as of the end of Q2, which is cited as the basis for the concentration of sales in H2.

Meanwhile, on the Chemicals side, which focuses on pharmaceutical excipients, sales came in at ¥2,852m (down 4.0%), segment profit ¥382m (down 31.3%) and segment profit margin 13.4% (down 5.3% points). Sales and earnings came down for pharmaceutical excipients used as oral agents and also for food preservatives. Sales of pharmaceutical excipients are firm in Japan, but this is more than offset by production adjustments by large overseas customers. For food preservatives, the Company is aggressively trying to develop sales by cultivating overseas markets, but the impact of intensified competition is becoming greater.

### FY02/2020 Company Forecasts

FY02/2020 initial 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). At the same time, Company forecasts for annual dividend have also remained unchanged, going for ¥20.00 per share, implying payout ratio of 47.8%. Compared with ¥20.00 per share, implying payout ratio of 39.9%), in FY02/2019, the Company would maintain the amount of dividend. This is to be done, in spite of adjustments of profit attributable to owners of parent, i.e., source of dividend. It appears that the Company maintains its emphasis on returning earnings to shareholders.



Source: Company Data, WRJ Calculation

## 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>6,817</b>	-	-	-	<b>(2,299)</b>
Cost of Sales	3,245	6,100	8,874	12,220	1,830	4,400	-	-	-	(1,700)
Gross Profit	1,604	3,016	4,368	6,188	1,047	2,416	-	-	-	(599)
SG&A Expenses	1,204	2,423	3,698	4,964	1,262	2,413	-	-	-	(9)
<b>Operating Profit</b>	<b>399</b>	<b>592</b>	<b>670</b>	<b>1,223</b>	<b>(214)</b>	<b>3</b>	-	-	-	<b>(589)</b>
Non Operating Balance	79	91	100	103	(2)	2	-	-	-	(88)
<b>Recurring Profit</b>	<b>478</b>	<b>684</b>	<b>770</b>	<b>1,326</b>	<b>(217)</b>	<b>6</b>	-	-	-	<b>(678)</b>
Extraordinary Balance	21	21	22	(70)	7	11	-	-	-	(10)
Profit before Income Taxes	500	705	792	1,255	(210)	17	-	-	-	(688)
Total Income Taxes	153	239	269	412	(52)	24	-	-	-	(214)
<b>Profit Attributable to Owners of Parent</b>	<b>347</b>	<b>466</b>	<b>523</b>	<b>843</b>	<b>(158)</b>	<b>(7)</b>	-	-	-	<b>(474)</b>
Sales YoY	+8.4%	(6.9%)	(3.7%)	(7.0%)	(40.6%)	(25.2%)	-	-	-	-
Operating Profit YoY	+3.0%	(44.8%)	(41.9%)	(37.9%)	-	(99.4%)	-	-	-	-
Recurring Profit YoY	+20.3%	(37.3%)	(34.4%)	(33.5%)	-	(99.1%)	-	-	-	-
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%	35.4%	-	-	-	+2.4%
Sales to SG&A Expenses Ratio	24.8%	26.6%	27.9%	27.0%	43.9%	35.4%	-	-	-	+8.8%
Operating Profit Margin	8.2%	6.5%	5.1%	6.6%	(7.5%)	0.0%	-	-	-	(6.5%)
Recurring Profit Margin	9.9%	7.5%	5.8%	7.2%	(7.6%)	0.1%	-	-	-	(7.4%)
Profit Attributable to Owners of Parent Margin	7.2%	5.1%	4.0%	4.6%	(5.5%)	(0.1%)	-	-	-	(5.2%)
Total Income Taxes / Profit before Income Taxes	30.6%	33.9%	34.0%	32.8%	-	145.1%	-	-	-	+111.2%
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>3,939</b>	-	-	-	<b>(328)</b>
Cost of Sales	3,245	2,855	2,773	3,345	1,830	2,570	-	-	-	(285)
Gross Profit	1,604	1,412	1,352	1,819	1,047	1,368	-	-	-	(43)
SG&A Expenses	1,204	1,218	1,275	1,266	1,262	1,150	-	-	-	(67)
<b>Operating Profit</b>	<b>399</b>	<b>193</b>	<b>77</b>	<b>552</b>	<b>(214)</b>	<b>218</b>	-	-	-	<b>+24</b>
Non Operating Balance	79	11	8	2	(2)	5	-	-	-	(6)
<b>Recurring Profit</b>	<b>478</b>	<b>205</b>	<b>86</b>	<b>555</b>	<b>(217)</b>	<b>223</b>	-	-	-	<b>+17</b>
Extraordinary Balance	21	0	0	(92)	7	3	-	-	-	+3
Profit before Income Taxes	500	205	86	462	(210)	227	-	-	-	+21
Total Income Taxes	153	86	29	142	(52)	76	-	-	-	(9)
<b>Profit Attributable to Owners of Parent</b>	<b>347</b>	<b>118</b>	<b>57</b>	<b>319</b>	<b>(158)</b>	<b>150</b>	-	-	-	<b>+31</b>
Sales YoY	+8.4%	(19.7%)	+4.3%	(14.7%)	(40.6%)	(7.7%)	-	-	-	-
Operating Profit YoY	+3.0%	(71.8%)	(0.9%)	(32.5%)	-	+12.5%	-	-	-	-
Recurring Profit YoY	+20.3%	(70.4%)	+4.3%	(32.2%)	-	+8.7%	-	-	-	-
Profit Attributable to Owners of Parent YoY	+26.6%	(74.1%)	(50.1%)	(49.1%)	-	+26.3%	-	-	-	-
Gross Profit Margin	33.1%	33.1%	32.8%	35.2%	36.4%	34.7%	-	-	-	+1.7%
Sales to SG&A Expenses Ratio	24.8%	28.5%	30.9%	24.5%	43.9%	29.2%	-	-	-	+0.7%
Operating Profit Margin	8.2%	4.5%	1.9%	10.7%	(7.5%)	5.5%	-	-	-	+1.0%
Recurring Profit Margin	9.9%	4.8%	2.1%	10.8%	(7.6%)	5.7%	-	-	-	+0.9%
Profit Attributable to Owners of Parent Margin	7.2%	2.8%	1.4%	6.2%	(5.5%)	3.8%	-	-	-	+1.0%
Total Income Taxes / Profit before Income Taxes	30.6%	42.1%	34.0%	30.9%	-	33.9%	-	-	-	(8.3%)

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 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		
Equipment	3,433	6,145	8,723	12,368	1,386	3,964	-	-	(2,180)	
Chemicals	1,416	2,971	4,519	6,040	1,491	2,852	-	-	(118)	
<b>Sales</b>	<b>4,849</b>	<b>9,117</b>	<b>13,243</b>	<b>18,408</b>	<b>2,878</b>	<b>6,817</b>	-	-	<b>(2,299)</b>	
Machinery	+7.4%	(14.3%)	(10.5%)	(14.1%)	(59.6%)	(35.5%)	-	-	-	
Chemicals	+11.1%	+13.5%	+13.0%	+11.9%	+5.3%	(4.0%)	-	-	-	
<b>Sales (YoY)</b>	<b>+8.4%</b>	<b>(6.9%)</b>	<b>(3.7%)</b>	<b>(7.0%)</b>	<b>(40.6%)</b>	<b>(25.2%)</b>	-	-	-	
Equipment	70.8%	67.4%	65.9%	67.2%	48.2%	58.2%	-	-	-	
Chemicals	29.2%	32.6%	34.1%	32.8%	51.8%	41.8%	-	-	-	
<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>	<b>100.0%</b>	-	-	-	
Equipment	278	291	295	737	(267)	(119)	-	-	(411)	
Chemicals	259	556	781	1,024	187	382	-	-	(173)	
<b>Segment Profit</b>	<b>537</b>	<b>847</b>	<b>1,076</b>	<b>1,762</b>	<b>(79)</b>	<b>262</b>	-	-	<b>(585)</b>	
Elimination	(138)	(254)	(406)	(538)	(135)	(259)	-	-	(4)	
<b>Operating Profit</b>	<b>399</b>	<b>592</b>	<b>670</b>	<b>1,223</b>	<b>(214)</b>	<b>3</b>	-	-	<b>(589)</b>	
Equipment	(14.8%)	(66.5%)	(67.5%)	(54.8%)	-	-	-	-	-	
Chemicals	+32.5%	+32.1%	+31.5%	+27.9%	(27.8%)	(31.3%)	-	-	-	
<b>Segment Profit (YoY)</b>	<b>+2.9%</b>	<b>(34.3%)</b>	<b>(28.4%)</b>	<b>(27.6%)</b>	-	<b>(69.0%)</b>	-	-	-	
Equipment	51.7%	34.4%	27.5%	41.8%	-	(45.7%)	-	-	-	
Chemicals	48.3%	65.6%	72.5%	58.2%	-	145.7%	-	-	-	
<b>Segment Profit (Composition Ratio)</b>	<b>100.0%</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%)	(3.0%)	-	-	(7.8%)	
Chemicals	18.3%	18.7%	17.3%	17.0%	12.6%	13.4%	-	-	(5.3%)	
Elimination	(2.9%)	(2.8%)	(3.1%)	(2.9%)	(4.7%)	(3.8%)	-	-	(1.0%)	
<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>0.0%</b>	-	-	<b>(6.5%)</b>	

Segmented Information (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		
Equipment	3,433	2,712	2,577	3,644	1,386	2,578	-	-	(134)	
Chemicals	1,416	1,555	1,548	1,520	1,491	1,360	-	-	(194)	
<b>Sales</b>	<b>4,849</b>	<b>4,267</b>	<b>4,126</b>	<b>5,164</b>	<b>2,878</b>	<b>3,939</b>	-	-	<b>(328)</b>	
Machinery	+7.4%	(31.7%)	+0.1%	(21.7%)	(59.6%)	(5.0%)	-	-	-	
Chemicals	+11.1%	+15.8%	+12.1%	+8.6%	+5.3%	(12.5%)	-	-	-	
<b>Sales (YoY)</b>	<b>+8.4%</b>	<b>(19.7%)</b>	<b>+4.3%</b>	<b>(14.7%)</b>	<b>(40.6%)</b>	<b>(7.7%)</b>	-	-	-	
Equipment	70.8%	63.6%	62.5%	70.6%	48.2%	65.5%	-	-	-	
Chemicals	29.2%	36.4%	37.5%	29.4%	51.8%	34.5%	-	-	-	
<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>	<b>100.0%</b>	-	-	-	
Equipment	278	13	4	441	(267)	147	-	-	+133	
Chemicals	259	296	224	243	187	194	-	-	(101)	
<b>Segment Profit</b>	<b>537</b>	<b>309</b>	<b>229</b>	<b>685</b>	<b>(79)</b>	<b>342</b>	-	-	<b>+32</b>	
Elimination	(138)	(116)	(151)	(132)	(135)	(124)	-	-	(7)	
<b>Operating Profit</b>	<b>399</b>	<b>193</b>	<b>77</b>	<b>552</b>	<b>(214)</b>	<b>218</b>	-	-	<b>+24</b>	
Equipment	(14.8%)	(97.5%)	(90.0%)	(38.7%)	-	-	-	-	-	
Chemicals	+32.5%	+31.9%	+30.0%	+17.5%	(27.8%)	(34.3%)	-	-	-	
<b>Segment Profit (YoY)</b>	<b>+2.9%</b>	<b>(59.6%)</b>	<b>+6.6%</b>	<b>(26.2%)</b>	-	<b>+10.4%</b>	-	-	-	
Equipment	51.7%	4.3%	1.8%	64.5%	-	43.0%	-	-	-	
Chemicals	48.3%	95.7%	98.2%	35.5%	-	57.0%	-	-	-	
<b>Segment Profit (Composition Ratio)</b>	<b>100.0%</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%)	5.7%	-	-	+5.2%	
Chemicals	18.3%	19.1%	14.5%	16.0%	12.6%	14.3%	-	-	(4.8%)	
Elimination	(2.9%)	(2.7%)	(3.7%)	(2.6%)	(4.7%)	(3.2%)	-	-	(0.4%)	
<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>5.5%</b>	-	-	<b>+1.0%</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	2,557	-	-	(1,794)	
North America / Latin America	289	1,007	1,726	3,352	308	1,005	-	-	(2)	
Europe / Africa	80	141	270	337	81	150	-	-	+8	
Middle East / Asia / Oceania	279	643	879	1,366	101	251	-	-	(392)	
Overseas	649	1,793	2,876	5,055	491	1,407	-	-	(386)	
<b>Sales</b>	<b>3,433</b>	<b>6,145</b>	<b>8,723</b>	<b>12,368</b>	<b>1,386</b>	<b>3,964</b>	-	-	<b>(2,180)</b>	
Japan	+8.5%	(4.5%)	(0.6%)	(13.9%)	(67.9%)	(41.2%)	-	-	-	
North America / Latin America	(12.7%)	(10.0%)	(3.8%)	+12.5%	+6.7%	(0.2%)	-	-	-	
Europe / Africa	(62.0%)	(86.1%)	(79.0%)	(81.1%)	+1.2%	+6.2%	-	-	-	
Middle East / Asia / Oceania	+215.0%	+35.8%	+12.5%	+19.1%	(63.6%)	(61.0%)	-	-	-	
Overseas	+2.9%	(31.4%)	(25.6%)	(14.5%)	(24.3%)	(21.5%)	-	-	-	
<b>Sales (YoY)</b>	<b>+7.4%</b>	<b>(14.3%)</b>	<b>(10.5%)</b>	<b>(14.1%)</b>	<b>(59.6%)</b>	<b>(35.5%)</b>	-	-	-	
Japan	81.1%	70.8%	67.0%	59.1%	64.5%	64.5%	-	-	-	
North America / Latin America	8.4%	16.4%	19.8%	27.1%	22.3%	25.4%	-	-	-	
Europe / Africa	2.3%	2.3%	3.1%	2.7%	5.9%	3.8%	-	-	-	
Middle East / Asia / Oceania	8.2%	10.5%	10.1%	11.0%	7.3%	6.3%	-	-	-	
Overseas	18.9%	29.2%	33.0%	40.9%	35.5%	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>	<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	1,662	-	-	+94	
North America / Latin America	289	718	718	1,625	308	696	-	-	(21)	
Europe / Africa	80	61	129	66	81	69	-	-	+7	
Middle East / Asia / Oceania	279	363	235	486	101	149	-	-	(214)	
Overseas	649	1,143	1,083	2,178	491	915	-	-	(228)	
<b>Sales</b>	<b>3,433</b>	<b>2,712</b>	<b>2,577</b>	<b>3,644</b>	<b>1,386</b>	<b>2,578</b>	-	-	<b>(134)</b>	
Japan	+8.5%	(21.3%)	+12.9%	(43.8%)	(67.9%)	+6.0%	-	-	-	
North America / Latin America	(12.7%)	(8.8%)	+6.4%	+37.2%	+6.7%	(3.0%)	-	-	-	
Europe / Africa	(62.0%)	(92.4%)	(52.0%)	(86.6%)	+1.2%	+12.8%	-	-	-	
Middle East / Asia / Oceania	+215.0%	(5.5%)	(23.4%)	+33.0%	(63.6%)	(59.0%)	-	-	-	
Overseas	+2.9%	(42.3%)	(13.5%)	+6.5%	(24.3%)	(20.0%)	-	-	-	
<b>Sales (YoY)</b>	<b>+7.4%</b>	<b>(31.7%)</b>	<b>+0.1%</b>	<b>(21.7%)</b>	<b>(59.6%)</b>	<b>(5.0%)</b>	-	-	-	
Japan	81.1%	57.8%	58.0%	40.2%	64.5%	64.5%	-	-	-	
North America / Latin America	8.4%	26.5%	27.9%	44.6%	22.3%	27.0%	-	-	-	
Europe / Africa	2.3%	2.3%	5.0%	1.8%	5.9%	2.7%	-	-	-	
Middle East / Asia / Oceania	8.2%	13.4%	9.1%	13.4%	7.3%	5.8%	-	-	-	
Overseas	18.9%	42.2%	42.0%	59.8%	35.5%	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>	<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	5,030	-	-	-	(215)
Accounts Receivables	4,576	4,377	4,499	4,332	4,039	3,800	-	-	-	(577)
Inventory	2,998	2,802	3,220	2,475	3,308	3,447	-	-	-	+645
Other	545	566	653	368	387	443	-	-	-	(123)
<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>12,721</b>	-	-	-	<b>(269)</b>
Tangible Assets	3,471	3,554	3,580	3,769	3,857	3,997	-	-	-	+442
Intangible Assets	96	91	93	16	17	16	-	-	-	(74)
Investments & Other Assets	860	847	843	951	1,009	978	-	-	-	+130
<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>4,992</b>	-	-	-	<b>+499</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>17,713</b>	-	-	-	<b>+229</b>
Accounts Payables	2,510	2,142	2,343	2,169	2,043	2,350	-	-	-	+208
Short Term Debt	-	-	-	-	-	-	-	-	-	-
Other	2,258	2,169	2,105	1,768	2,216	2,317	-	-	-	+148
<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>4,668</b>	-	-	-	<b>+356</b>
Long Term Debt	-	-	-	-	-	-	-	-	-	-
Other	323	319	323	258	244	238	-	-	-	(81)
<b>Fixed Liabilities</b>	<b>323</b>	<b>319</b>	<b>323</b>	<b>258</b>	<b>244</b>	<b>238</b>	-	-	-	<b>(81)</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>4,906</b>	-	-	-	<b>+274</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>13,127</b>	-	-	-	<b>+34</b>
Adjustments	(281)	(240)	(196)	(219)	(253)	(319)	-	-	-	(79)
<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>12,807</b>	-	-	-	<b>(44)</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>17,713</b>	-	-	-	<b>+229</b>
Equity Capital	12,691	12,852	12,953	13,250	12,723	12,807	-	-	-	(45)
Interest Bearing Debt	-	-	-	-	-	-	-	-	-	-
Net Debt	(5,236)	(5,245)	(4,834)	(5,534)	(4,607)	(5,030)	-	-	-	+215
Equity Capital Ratio	71.4%	73.5%	73.1%	75.9%	73.9%	72.3%	-	-	-	-
Net-Debt-Equity Ratio	(41.3%)	(40.8%)	(37.3%)	(41.8%)	(36.2%)	(39.3%)	-	-	-	-
ROE (12 months)	12.5%	9.5%	9.0%	6.4%	2.7%	2.9%	-	-	-	-
ROA (12 months)	11.5%	8.7%	8.5%	7.3%	3.6%	3.7%	-	-	-	-
Total Assets Turnover	109%	98%	93%	118%	67%	89%	-	-	-	-
Inventory Turnover	4.3	4.1	3.4	5.4	2.2	3.0	-	-	-	-
Days of Inventory	84	90	106	68	165	122	-	-	-	-
Quick Ratio	206%	223%	210%	251%	203%	189%	-	-	-	-
Current Ratio	280%	301%	297%	323%	290%	273%	-	-	-	-

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	-	289	-	-	-	+519
Investment Cash Flow	-	(190)	-	(566)	-	(414)	-	-	-	(224)
<b>Operating CF and Investment CF</b>	<b>-</b>	<b>(420)</b>	<b>-</b>	<b>(130)</b>	<b>-</b>	<b>(124)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>+295</b>
Financing Cash Flow	-	(918)	-	(921)	-	(359)	-	-	-	+559

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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