

# FREUND CORPORATION (6312)

Consolidated FY (Million Yen)	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY02/2019	18,408	1,223	1,326	843	50.15	20.00	791.34
FY02/2020	16,772	558	582	381	22.79	20.00	790.94
FY02/2021CoE	17,800	1,000	1,000	700	41.80	-	-
FY02/2020	YoY	(8.9%)	(54.3%)	(56.1%)	(54.8%)	-	-
FY02/2021CoE	YoY	6.1%	79.1%	71.6%	83.5%	-	-

Source: Company Data, WRJ Calculation

## 1.0 Results Update (24 April 2020)

### Recovery of Earnings

On 24 April 2020, FREUND CORPORATION to develop, manufacture and sell equipment as well as chemicals released its FY02/2020 results. Although “not assuming the impacts of continued spread of new-type coronavirus infections”, according to the Company, it has been revealed that FY02/2021 Company forecasts are going for increased sales and thus recovery of earnings. This appears to be true of the trends on both the Equipment side and Chemicals side. In particular, the recovery on the Equipment side will be noticeable as far as we could see. Meanwhile, the Company is to disclose video to explain the results from 10:00 on Friday, 1 May, on own website, where it will speak to investors on the contents of “8th Midterm Management Plan (FY02/2021 to FY02/2023)”. In light of the current situations, the Company has revised its assumptions in the current “7th Midterm Management Plan (FY02/2018 to FY02/2022)”. We are to view this video, which is to be followed by our interview with management to discuss the issues more in depth so that we should be able to update [FREUND CORPORATION \(6312\) To Hit the Bottom \(17 February 2020\)](#) and release anew.

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## 2.0 Company Profile

### Equipment and Chemicals

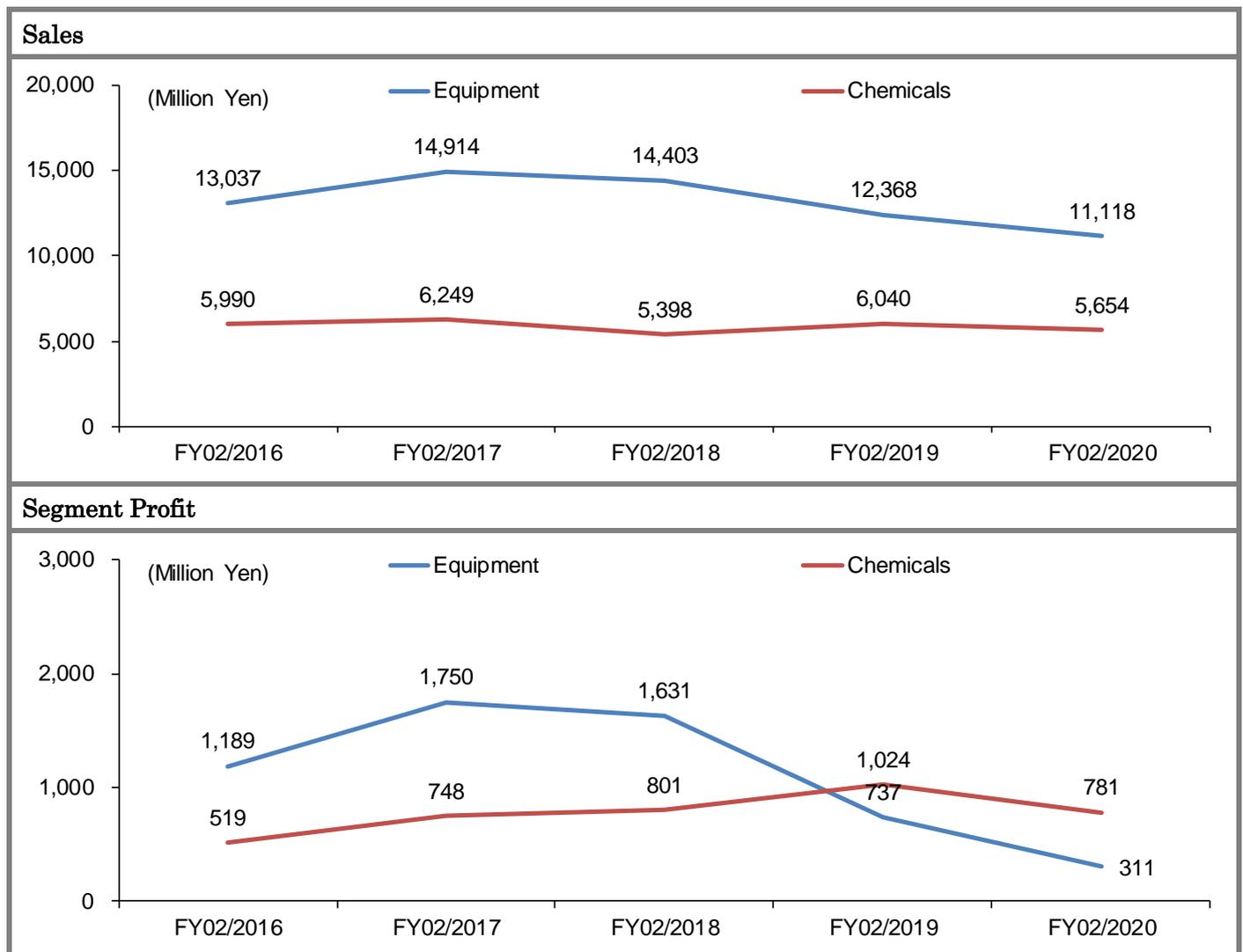
<b>Company Name</b>	FREUND CORPORATION <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share Price (Japanese)</a>	
<b>Established</b>	22 April 1964	
<b>Listing</b>	24 July 1996: Tokyo Stock Exchange JASDAQ Standard (ticker: 6312)	
<b>Capital</b>	¥1,035m (as of the end of February 2020)	
<b>No. of Shares</b>	18,400,000 shares, including 1,655,480 treasury shares (as of the end of Feb. 2020)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Leading the market in Japan for granulation and coating equipment with market share of 60% to 70%</li> <li>● Focus on new products, e.g., tablet-printing equipment (TABREX), etc.</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 and CEO: Iwao Fusejima	
<b>Shareholders</b>	Fusejima Yokosha 9.8%, Yasutoyo Fusejima 7.6%, MUFG Bank 4.9% (as of the end of February 2020, but for treasury shares)	
<b>Headquarters</b>	FREUND Building, 6-25-13 Nishishinjuku, Shinjuku-ku, Tokyo, JAPAN	
<b>No. of Employees</b>	Consolidated: 383, Parent: 227 (as of the end of February 2020)	

Source: Company Data

## 3.0 Recent Trading and Prospects

### FY02/2020 Results

In FY02/2020, sales came in at ¥16,772m (down 8.9% YoY), operating profit ¥558m (down 54.3%), recurring profit ¥582m (down 56.1%) and profit attributable to owners of parent ¥381m (down 54.8%), while operating profit margin 3.3% (down 3.3% points). On the Equipment side, the Company suffered from delayed sales and order intake to some extent, but the results were almost in line with the latest Company forecasts revised on 9 January 2020.



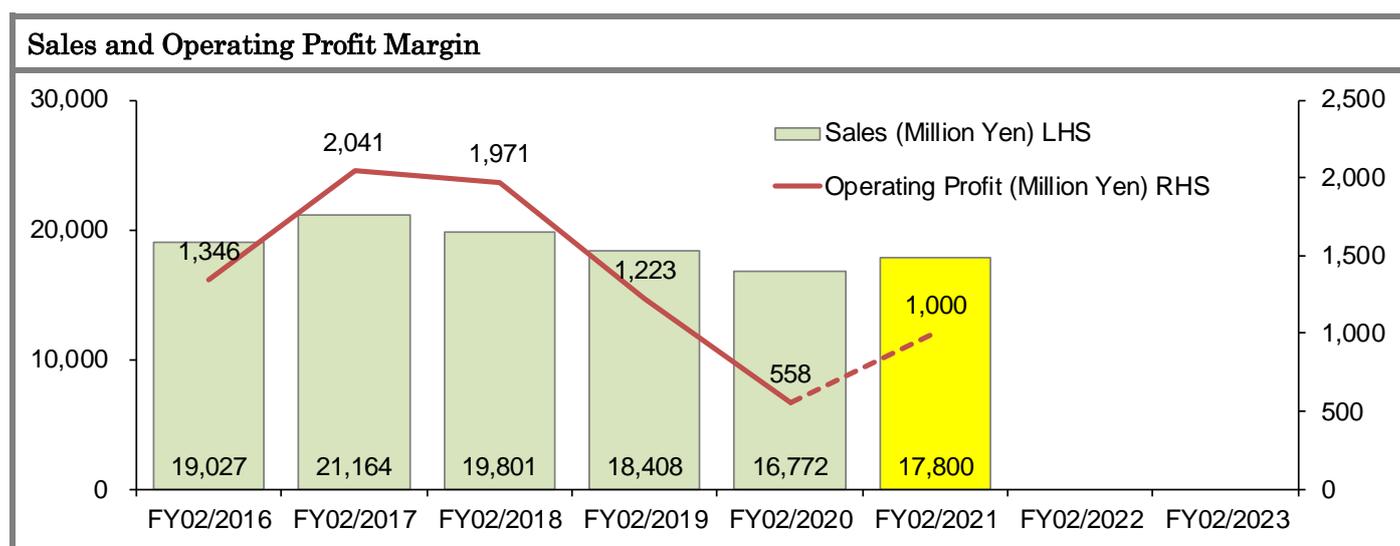
Source: Company Data, WRJ Calculation

On the Equipment side, sales came in at ¥11,118m (down 10.1%), segment profit ¥311m (down 57.8%) and segment profit margin 2.8% (down 3.2%). Meanwhile, order intake came in at ¥10,227m (down 13.6%) and order backlog ¥4,695m (down 13.5%). Demand for the mainstay granulation and coating equipment for pharmaceutical industry appears to be weakening. The Company suggests backgrounds for this as follows: a) restrained capital expenditures due to slower growth in the generics market, b) delays in sales expansion of new products such as tablet printing equipment and 3) export projects to China delayed to the period of FY02/2021 due to spread of new-type coronavirus infections in China. Meanwhile, FREUND-VECTOR CORPORATION or subsidiary based in the United States also suffered from decreased sales and earnings, while FREUND-TURBO CORPORATION or subsidiary that specializes in pulverizing equipment saw a turnaround to surplus from deficit at the operating level due to successful sales promotions for products carrying high profit margin.

On the Chemicals side, sales came in at ¥5,654m (down 6.4%), segment profit ¥781m (down 23.7%) and segment profit margin 13.8% (down 3.1%). Decreased sales and earnings have much to do with trends of the mainstay pharmaceutical excipients. In Japan, demand has remained firm and underlying sales trends are on the rise, but sales associated with products manufactured on an outsourcing basis came down in line with delayed production at the customers. With respect to sales overseas, the Company suffered from production adjustments at a large customer.

#### FY02/2021 Company Forecasts

FY02/2021 Company forecasts are going for prospective sales of ¥17,800m (up 6.1% YoY), operating profit of ¥1,000m (up 79.1%), recurring profit of ¥1,000m (up 71.6%) and profit attributable to owners of parent of ¥700m (up 83.5%), while operating profit margin of 5.6% (up 2.3% points). At present, although Company forecasts are going for prospective dividend undecided, the Company advocates target to achieve payout ratio of 30% as well as policy to consistently pay dividend with a stability at the same time.



Source: Company Data, WRJ Calculation

Meanwhile, as mentioned earlier, the Company is to disclose the contents of “8th Midterm Management Plan (FY02/2021 to FY02/2023) “. It appears that the Company is to disclose assumptions of FY02/2021 Company forecasts as well as prospective sales and earnings in amounts and also the assumptions with respect to FY02/2022 and FY02/2023.

## 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>11,110</b>	<b>16,772</b>		<b>(1,635)</b>
Cost of Sales	3,245	6,100	8,874	12,220	1,830	4,400	7,331	11,344		(875)
Gross Profit	1,604	3,016	4,368	6,188	1,047	2,416	3,779	5,428		(759)
SG&A Expenses	1,204	2,423	3,698	4,964	1,262	2,413	3,686	4,870		(94)
<b>Operating Profit</b>	<b>399</b>	<b>592</b>	<b>670</b>	<b>1,223</b>	<b>(214)</b>	<b>3</b>	<b>93</b>	<b>558</b>		<b>(664)</b>
Non Operating Balance	79	91	100	103	(2)	2	18	24		(78)
<b>Recurring Profit</b>	<b>478</b>	<b>684</b>	<b>770</b>	<b>1,326</b>	<b>(217)</b>	<b>6</b>	<b>111</b>	<b>582</b>		<b>(743)</b>
Extraordinary Balance	21	21	22	(70)	7	11	(16)	(14)		+56
Profit before Income Taxes	500	705	792	1,255	(210)	17	94	568		(687)
Total Income Taxes	153	239	269	412	(52)	24	56	187		(225)
<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>37</b>	<b>381</b>		<b>(462)</b>
Sales YoY	+8.4%	(6.9%)	(3.7%)	(7.0%)	(40.6%)	(25.2%)	(16.1%)	(8.9%)		-
Operating Profit YoY	+3.0%	(44.8%)	(41.9%)	(37.9%)	-	(99.4%)	(86.1%)	(54.3%)		-
Recurring Profit YoY	+20.3%	(37.3%)	(34.4%)	(33.5%)	-	(99.1%)	(85.5%)	(56.1%)		-
Profit Attributable to Owners of Parent YoY	+26.6%	(36.5%)	(38.4%)	(42.9%)	-	-	(92.8%)	(54.8%)		-
Gross Profit Margin	33.1%	33.1%	33.0%	33.6%	36.4%	35.4%	34.0%	32.4%		(1.3%)
Sales to SG&A Expenses Ratio	24.8%	26.6%	27.9%	27.0%	43.9%	35.4%	33.2%	29.0%		+2.1%
Operating Profit Margin	8.2%	6.5%	5.1%	6.6%	(7.5%)	0.0%	0.8%	3.3%		(3.3%)
Recurring Profit Margin	9.9%	7.5%	5.8%	7.2%	(7.6%)	0.1%	1.0%	3.5%		(3.7%)
Profit Attributable to Owners of Parent Margin	7.2%	5.1%	4.0%	4.6%	(5.5%)	(0.1%)	0.3%	2.3%		(2.3%)
Total Income Taxes/Profit before Income Taxes	30.6%	33.9%	34.0%	32.8%	-	145.1%	60.0%	32.9%		+0.1%
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>4,293</b>	<b>5,662</b>		<b>+497</b>
Cost of Sales	3,245	2,855	2,773	3,345	1,830	2,570	2,930	4,012		+667
Gross Profit	1,604	1,412	1,352	1,819	1,047	1,368	1,362	1,649		(170)
SG&A Expenses	1,204	1,218	1,275	1,266	1,262	1,150	1,272	1,183		(82)
<b>Operating Profit</b>	<b>399</b>	<b>193</b>	<b>77</b>	<b>552</b>	<b>(214)</b>	<b>218</b>	<b>89</b>	<b>465</b>		<b>(87)</b>
Non Operating Balance	79	11	8	2	(2)	5	15	6		+3
<b>Recurring Profit</b>	<b>478</b>	<b>205</b>	<b>86</b>	<b>555</b>	<b>(217)</b>	<b>223</b>	<b>105</b>	<b>471</b>		<b>(84)</b>
Extraordinary Balance	21	0	0	(92)	7	3	(27)	2		+95
Profit before Income Taxes	500	205	86	462	(210)	227	77	474		+11
Total Income Taxes	153	86	29	142	(52)	76	31	130		(12)
<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>45</b>	<b>343</b>		<b>+23</b>
Sales YoY	+8.4%	(19.7%)	+4.3%	(14.7%)	(40.6%)	(7.7%)	+4.0%	+9.6%		-
Operating Profit YoY	+3.0%	(71.8%)	(0.9%)	(32.5%)	-	+12.5%	+15.8%	(15.8%)		-
Recurring Profit YoY	+20.3%	(70.4%)	+4.3%	(32.2%)	-	+8.7%	+21.9%	(15.2%)		-
Profit Attributable to Owners of Parent YoY	+26.6%	(74.1%)	(50.1%)	(49.1%)	-	+26.3%	(20.7%)	+7.5%		-
Gross Profit Margin	33.1%	33.1%	32.8%	35.2%	36.4%	34.7%	31.7%	29.1%		(6.1%)
Sales to SG&A Expenses Ratio	24.8%	28.5%	30.9%	24.5%	43.9%	29.2%	29.7%	20.9%		(3.6%)
Operating Profit Margin	8.2%	4.5%	1.9%	10.7%	(7.5%)	5.5%	2.1%	8.2%		(2.5%)
Recurring Profit Margin	9.9%	4.8%	2.1%	10.8%	(7.6%)	5.7%	2.5%	8.3%		(2.4%)
Profit Attributable to Owners of Parent Margin	7.2%	2.8%	1.4%	6.2%	(5.5%)	3.8%	1.1%	6.1%		(0.1%)
Total Income Taxes/Profit before Income Taxes	30.6%	42.1%	34.0%	30.9%	-	33.9%	41.1%	27.5%		(3.4%)

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	6,749	11,118	(1,249)	
Chemicals	1,416	2,971	4,519	6,040	1,491	2,852	4,360	5,654	(386)	
<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>11,110</b>	<b>16,772</b>	<b>(1,635)</b>	
Machinery	+7.4%	(14.3%)	(10.5%)	(14.1%)	(59.6%)	(35.5%)	(22.6%)	(10.1%)	-	
Chemicals	+11.1%	+13.5%	+13.0%	+11.9%	+5.3%	(4.0%)	(3.5%)	(6.4%)	-	
<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>	<b>(16.1%)</b>	<b>(8.9%)</b>	-	
Equipment	70.8%	67.4%	65.9%	67.2%	48.2%	58.2%	60.8%	66.3%	-	
Chemicals	29.2%	32.6%	34.1%	32.8%	51.8%	41.8%	39.2%	33.7%	-	
<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>	<b>100.0%</b>	<b>100.0%</b>	-	
Equipment	278	291	295	737	(267)	(119)	(142)	311	(426)	
Chemicals	259	556	781	1,024	187	382	652	781	(243)	
<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>510</b>	<b>1,092</b>	<b>(669)</b>	
Elimination	(138)	(254)	(406)	(538)	(135)	(259)	(417)	(534)	+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>93</b>	<b>558</b>	<b>(664)</b>	
Equipment	(14.8%)	(66.5%)	(67.5%)	(54.8%)	-	-	-	(57.8%)	-	
Chemicals	+32.5%	+32.1%	+31.5%	+27.9%	(27.8%)	(31.3%)	(16.5%)	(23.7%)	-	
<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>	<b>(52.6%)</b>	<b>(38.0%)</b>	-	
Equipment	51.7%	34.4%	27.5%	41.8%	-	(45.7%)	(27.9%)	28.5%	-	
Chemicals	48.3%	65.6%	72.5%	58.2%	-	145.7%	127.9%	71.5%	-	
<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>	<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%)	(2.1%)	2.8%	(3.2%)	
Chemicals	18.3%	18.7%	17.3%	17.0%	12.6%	13.4%	15.0%	13.8%	(3.1%)	
Elimination	(2.9%)	(2.8%)	(3.1%)	(2.9%)	(4.7%)	(3.8%)	(3.8%)	(3.2%)	(0.3%)	
<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>0.8%</b>	<b>3.3%</b>	<b>(3.3%)</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	2,785	4,368	+724	
Chemicals	1,416	1,555	1,548	1,520	1,491	1,360	1,508	1,293	(227)	
<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>4,293</b>	<b>5,662</b>	<b>+497</b>	
Machinery	+7.4%	(31.7%)	+0.1%	(21.7%)	(59.6%)	(5.0%)	+8.0%	+19.9%	-	
Chemicals	+11.1%	+15.8%	+12.1%	+8.6%	+5.3%	(12.5%)	(2.6%)	(14.9%)	-	
<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>	<b>+4.0%</b>	<b>+9.6%</b>	-	
Equipment	70.8%	63.6%	62.5%	70.6%	48.2%	65.5%	64.9%	77.2%	-	
Chemicals	29.2%	36.4%	37.5%	29.4%	51.8%	34.5%	35.1%	22.8%	-	
<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>	<b>100.0%</b>	<b>100.0%</b>	-	
Equipment	278	13	4	441	(267)	147	(22)	453	+11	
Chemicals	259	296	224	243	187	194	270	129	(114)	
<b>Segment Profit</b>	<b>537</b>	<b>309</b>	<b>229</b>	<b>685</b>	<b>(79)</b>	<b>342</b>	<b>247</b>	<b>582</b>	<b>(102)</b>	
Elimination	(138)	(116)	(151)	(132)	(135)	(124)	(158)	(116)	+15	
<b>Operating Profit</b>	<b>399</b>	<b>193</b>	<b>77</b>	<b>552</b>	<b>(214)</b>	<b>218</b>	<b>89</b>	<b>465</b>	<b>(87)</b>	
Equipment	(14.8%)	(97.5%)	(90.0%)	(38.7%)	-	-	-	+2.6%	-	
Chemicals	+32.5%	+31.9%	+30.0%	+17.5%	(27.8%)	(34.3%)	+20.1%	(47.0%)	-	
<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>	<b>+8.2%</b>	<b>(15.0%)</b>	-	
Equipment	51.7%	4.3%	1.8%	64.5%	-	43.0%	(9.0%)	77.8%	-	
Chemicals	48.3%	95.7%	98.2%	35.5%	-	57.0%	109.0%	22.2%	-	
<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>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	
Equipment	k	0.5%	0.2%	12.1%	(19.3%)	5.7%	(0.8%)	10.4%	(1.7%)	
Chemicals	18.3%	19.1%	14.5%	16.0%	12.6%	14.3%	17.9%	10.0%	(6.0%)	
Elimination	(2.9%)	(2.7%)	(3.7%)	(2.6%)	(4.7%)	(3.2%)	(3.7%)	(2.1%)	+0.5%	
<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>2.1%</b>	<b>8.2%</b>	<b>(2.5%)</b>	

Source: Company Data, WRJ Calculation

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

Sales of Equipment by Region (Million Yen)		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	4,265	6,696	(616)
North America / Latin America		289	1,007	1,726	3,352	308	1,005	1,743	2,915	(436)
Europe / Africa		80	141	270	337	81	150	236	452	+114
Middle East / Asia / Oceania		279	643	879	1,366	101	251	509	1,054	(311)
Overseas		649	1,793	2,876	5,055	491	1,407	2,489	4,422	(632)
<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>6,749</b>	<b>11,118</b>	<b>(1,249)</b>
Japan		+8.5%	(4.5%)	(0.6%)	(13.9%)	(67.9%)	(41.2%)	(27.0%)	(8.4%)	-
North America / Latin America		(12.7%)	(10.0%)	(3.8%)	+12.5%	+6.7%	(0.2%)	+1.0%	(13.0%)	-
Europe / Africa		(62.0%)	(86.1%)	(79.0%)	(81.1%)	+1.2%	+6.2%	(12.7%)	+34.1%	-
Middle East / Asia / Oceania		+215.0%	+35.8%	+12.5%	+19.1%	(63.6%)	(61.0%)	(42.1%)	(22.8%)	-
Overseas		+2.9%	(31.4%)	(25.6%)	(14.5%)	(24.3%)	(21.5%)	(13.5%)	(12.5%)	-
<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>	<b>(22.6%)</b>	<b>(10.1%)</b>	-
Japan		81.1%	70.8%	67.0%	59.1%	64.5%	64.5%	63.2%	60.2%	-
North America / Latin America		8.4%	16.4%	19.8%	27.1%	22.3%	25.4%	25.8%	26.2%	-
Europe / Africa		2.3%	2.3%	3.1%	2.7%	5.9%	3.8%	3.5%	4.1%	-
Middle East / Asia / Oceania		8.2%	10.5%	10.1%	11.0%	7.3%	6.3%	7.5%	9.5%	-
Overseas		18.9%	29.2%	33.0%	40.9%	35.5%	35.5%	36.9%	39.8%	-
<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>	<b>100.1%</b>	<b>100.0%</b>	-

Sales of Equipment by Region (Million Yen)		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	1,707	2,431	+965
North America / Latin America		289	718	718	1,625	308	696	737	1,172	(453)
Europe / Africa		80	61	129	66	81	69	86	215	+149
Middle East / Asia / Oceania		279	363	235	486	101	149	258	545	+58
Overseas		649	1,143	1,083	2,178	491	915	1,081	1,933	(245)
<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>2,785</b>	<b>4,368</b>	<b>+724</b>
Japan		+8.5%	(21.3%)	+12.9%	(43.8%)	(67.9%)	+6.0%	+14.3%	+65.8%	-
North America / Latin America		(12.7%)	(8.8%)	+6.4%	+37.2%	+6.7%	(3.0%)	+2.6%	(27.9%)	-
Europe / Africa		(62.0%)	(92.4%)	(52.0%)	(86.6%)	+1.2%	+12.8%	(33.4%)	+224.4%	-
Middle East / Asia / Oceania		+215.0%	(5.5%)	(23.4%)	+33.0%	(63.6%)	(59.0%)	+9.7%	+12.0%	-
Overseas		+2.9%	(42.3%)	(13.5%)	+6.5%	(24.3%)	(20.0%)	(0.1%)	(11.3%)	-
<b>Sales (YoY)</b>		<b>+7.4%</b>	<b>(31.7%)</b>	<b>+0.1%</b>	<b>(21.7%)</b>	<b>(59.6%)</b>	<b>(5.0%)</b>	<b>+8.0%</b>	<b>+19.9%</b>	-
Japan		81.1%	57.8%	58.0%	40.2%	64.5%	64.5%	61.2%	55.7%	-
North America / Latin America		8.4%	26.5%	27.9%	44.6%	22.3%	27.0%	26.4%	26.9%	-
Europe / Africa		2.3%	2.3%	5.0%	1.8%	5.9%	2.7%	3.1%	4.9%	-
Middle East / Asia / Oceania		8.2%	13.4%	9.1%	13.4%	7.3%	5.8%	9.3%	12.5%	-
Overseas		18.9%	42.2%	42.0%	59.8%	35.5%	35.5%	38.8%	44.3%	-
<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>	<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 and Deposit	5,236	5,245	4,834	5,534	4,607	5,030	4,232	4,314	(1,220)	
Accounts Receivables	4,576	4,377	4,499	4,332	4,039	3,800	4,320	5,431	+1,098	
Inventory	2,998	2,802	3,220	2,475	3,308	3,447	3,870	3,051	+576	
Other	545	566	653	368	387	443	457	396	+27	
<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>12,881</b>	<b>13,193</b>	<b>+482</b>	
Tangible Assets	3,471	3,554	3,580	3,769	3,857	3,997	4,206	4,209	+440	
Intangible Assets	96	91	93	16	17	16	96	96	+79	
Investments and Other Assets	860	847	843	951	1,009	978	998	1,006	+54	
<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>5,301</b>	<b>5,311</b>	<b>+575</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>18,182</b>	<b>18,505</b>	<b>+1,057</b>	
Accounts Payables	2,510	2,142	2,343	2,169	2,043	2,350	2,783	3,121	+952	
Short Term Debt	-	-	-	-	-	-	-	32	+32	
Other	2,258	2,169	2,105	1,768	2,216	2,317	2,235	1,869	+100	
<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>5,019</b>	<b>5,023</b>	<b>+1,085</b>	
Long Term Debt	-	-	-	-	-	-	-	-	-	
Other	323	319	323	258	244	238	241	237	(21)	
<b>Fixed Liabilities</b>	<b>323</b>	<b>319</b>	<b>323</b>	<b>258</b>	<b>244</b>	<b>238</b>	<b>241</b>	<b>237</b>	<b>(21)</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>5,260</b>	<b>5,261</b>	<b>+1,063</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>13,172</b>	<b>13,516</b>	<b>+46</b>	
Adjustments	(281)	(240)	(196)	(219)	(253)	(319)	(251)	(272)	(52)	
<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>12,921</b>	<b>13,243</b>	<b>(6)</b>	
<b>Total Liabilities and 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>18,182</b>	<b>18,505</b>	<b>+1,057</b>	
Equity Capital	12,691	12,852	12,953	13,250	12,723	12,807	12,921	13,243	(7)	
Interest Bearing Debt	-	-	-	-	-	-	-	32	+32	
Net Debt	(5,236)	(5,245)	(4,834)	(5,534)	(4,607)	(5,030)	(4,232)	(4,281)	+1,253	
Equity Capital Ratio	71.4%	73.5%	73.1%	75.9%	73.9%	72.3%	71.1%	71.6%	-	
Net-Debt-Equity Ratio	(41.3%)	(40.8%)	(37.3%)	(41.8%)	(36.2%)	(39.3%)	(32.8%)	(32.3%)	-	
ROE (12 months)	12.5%	9.5%	9.0%	6.4%	2.7%	2.9%	2.8%	2.9%	-	
ROA (12 months)	11.5%	8.7%	8.5%	7.3%	3.6%	3.7%	3.7%	3.2%	-	
Total Assets Turnover	109%	98%	93%	118%	67%	89%	94%	122%	-	
Inventory Turnover	4.3	4.1	3.4	5.4	2.2	3.0	3.0	5.3	-	
Days of Inventory	84	90	106	68	165	122	121	69	-	
Quick Ratio	206%	223%	210%	251%	203%	189%	170%	194%	-	
Current Ratio	280%	301%	297%	323%	290%	273%	257%	263%	-	

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	-	(27)	(463)	
Investment Cash Flow	-	(190)	-	(566)	-	(414)	-	(852)	(285)	
<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>(880)</b>	<b>(749)</b>	
Financing Cash Flow	-	(918)	-	(921)	-	(359)	-	(325)	+595	

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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