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Information about the “One Freund” Medium-term Management Plan

Freund Corporation is announcing the following information about “One Freund,” the company’s Seventh Medium-term Management Plan, in addition to the information that was provided about this plan in the April 5, 2017 earnings announcement (kessan tanshin) for the fiscal year that ended in February 2017.

1. Objective of the new plan

The Sixth Medium-term Management Plan, which was called “Change & Challenge,” covered the three-year period that ended in February 2017. The objectives of this plan were (1) realization of growth through creativity and (2) achievement of lean business structure. For the final fiscal year of this plan, the financial targets were sales of 23 billion yen and operating income of 2.3 billion yen.

Maximizing corporate value while developing the skills of the workforce is a priority of the Freund Group. More changes are likely to occur in the business climate of the markets in which the group operates. To grow without relying solely on current products and markets, the group plans to develop new products and expand into overseas markets.

“One Freund,” the new Seventh Medium-term Management Plan, covers a period of five years in order to take the actions needed with regard to issues such as new business development and growth, R&D for new products, and human resource development from a long-term perspective.

“One Freund” is centered on the vision of contributing to better medical care and health for people worldwide and creating and utilizing technologies for fulfilling lives and food safety.” The Freund Group aims to accomplish this by adapting to changes in the operating environment, expanding overseas operations, and using the group’s drug formulation and production technologies in business fields other than pharmaceuticals.

2. Length of the Seventh Medium-term Management Plan

This plan covers the five-year period ending in February 2022.

3. FY2/22 Target

(Millions of yen)

	Outlook FY2/22	Results FY2/17	Five-year avg. growth rate (CAGR)
Net sales	30,000	21,164	9.33%
Operating income	3,000	2,041	9.33%

The Freund Group is currently taking actions involving the following three goals.

- (1) Increase recognition and utilization of the TABREX Rev. tablet printer, which was launched in the second half of 2016.
- (2) Establish a global supply chain for the Chemicals Business
(Build an infrastructure for the reliable supply of functional excipients on a global scale.)
- (3) Use the resources of the entire Freund Group to strengthen overseas operations.

Note: The FY2/22 outlook is based on information that was available when the outlook is established and are connected with the existing medium-term plans of Freund Group companies.

Group companies that have their own medium-term plans may have different and even more ambitious numerical targets. The medium-term plan targets in the preceding table incorporate anticipated changes in market conditions as well as uncertainties about upcoming events to some degree.

For these reasons, the targets for the final year of “One Freund” are not a guarantee regarding the ability to achieve these targets or the accuracy of these figures. Actual results of operations may differ from these targets due to changes in the economy, the operating environment, demand for Freund Group products and other reasons.

More information about “One Freund” will be provided at the information meeting for securities analysts and institutional investors that will be held on Friday, April 14.

4. (Reference) Targets and final year results of “Change & Challenge”

(Millions of yen)

	Target FY2/17	Results FY2/17	Achievement ratio	Results FY2/14	Three-year avg. growth rate (CAGR)
Net sales	23,000	21,164	92.0%	17,616	10.21%
Operating income	2,300	2,041	88.7%	1,286	16.65%

5. (Reference) Orders received and Order backlog

(Millions of yen)

	FY2/15	FY2/16	FY2/17 (Approximate figure)
Machinery Business			
Orders received	12,407	13,112	16,358
Order backlog	6,682	7,086	8,561
Chemicals Business			
Orders received	1,932	1,997	1,927
Order backlog	98	242	229
Total			
Orders received	14,340	15,109	18,286
Order backlog	6,780	7,328	8,790

End