

FACT SHEET



Freund Corporation Market: JASDAQ Securities Code: 6312 ISIN: JP3829400005 Industrial Sector: Machinery

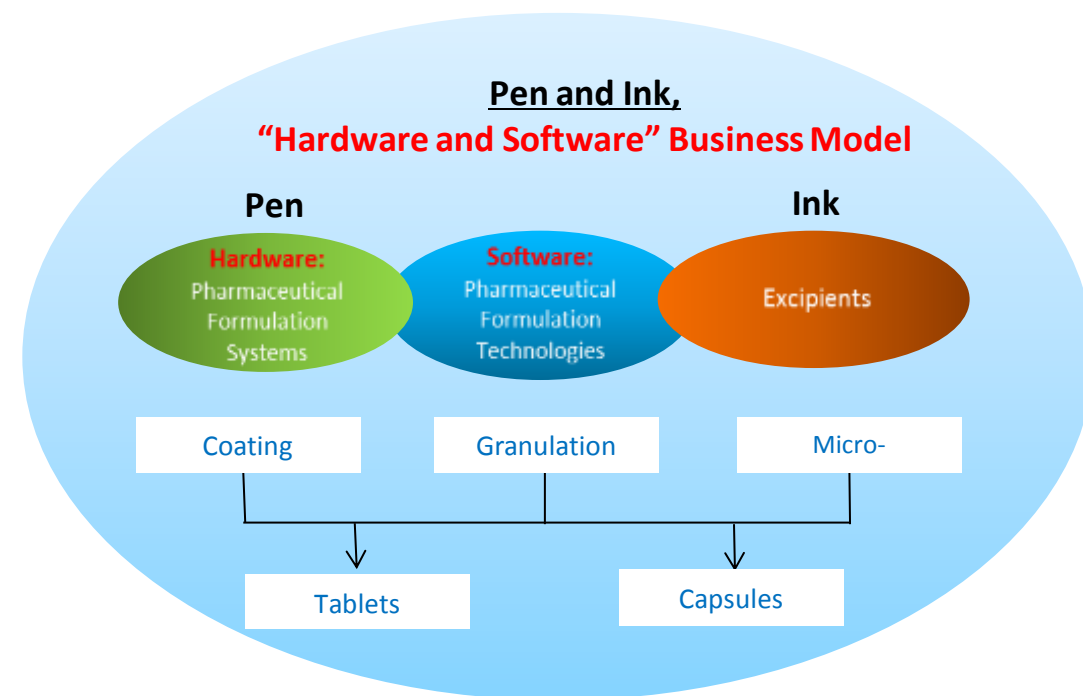
◆ Corporate Profile

Name	Freund Corporation
URL	http://www.freund.co.jp
Head Office	3F Shinjuku TX Bldg., 1-3-21 Okubo, Shinjuku-ku, Tokyo Japan
Established	April 22, 1964
Capital Stock	¥1,035.6 million
President & CEO	Iwao Fusejima
Employees	Consolidated: 390 (as of November 30, 2015)
Group Companies	Total of 3 (as of November 30, 2015)
	FREUND-TURBO CORPORATION
	FREUND-VECTOR CORPORATION (U.S.)
	FREUND PHARMATEC LTD. (Ireland)

◆ Primary Business

Developing, manufacturing and selling granulation and coating equipment for pharmaceutical, food and chemical industries, pharmaceutical excipients, food preservatives, dietary supplement and other products.

For 51 years, we have been managing the commercialization of pharmaceutical excipients, food preservative and other products by using our formulation technologies (software) as well as mechanical equipments (hardware).



◆ Q3 FY2/16 YTD (Mar-Nov 2015) Financial Results Summary

In the first nine months of the current fiscal year, the Japanese economy continued to recover slowly as corporate earnings improved along with the yen's weakness. However, the outlook remained unclear because of concerns about an economic downturn in Japan caused by an economic decline in China and other emerging countries in Asia. The pharmaceutical industry, which is the primary source of demand for Freund Group products, has been growing more slowly, mainly in industrialized countries. Causes include more Japanese government actions to hold down healthcare expenditures such as national health insurance drug price revisions and measures to increase the use of generic drugs, the higher cost of R&D and higher risks associated with the development of new drugs. The focus of attention is shifting to emerging countries and to the expansion of the market for generic drugs. The Freund Group has developed innovative new products and worked on precisely targeting customers' needs. Group companies also aggressively pursued opportunities in new business fields. Net sales increased 8.9% year-over-year to 13,081 million yen, operating income increased 24.3% to 727 million yen, ordinary income was up 17.6% to 784 million yen, and net income increased 25.5% to 422 million yen.

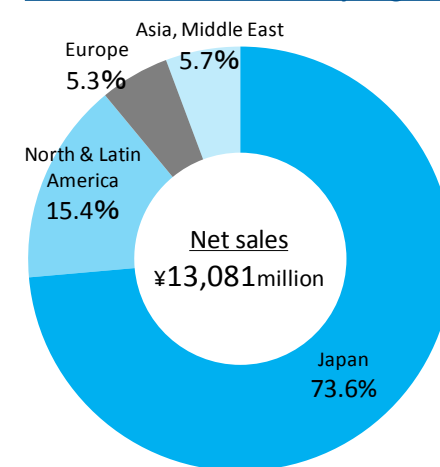
◆ Machinery Business Segment

In the machinery sector, where granulating and coating devices are the main products, sales increased as orders remained strong because of the large volume of capital expenditures in the generic drug industry. Operating income decreased mainly because of higher depreciation and R&D expenses at U.S. subsidiary Freund-Vector Corporation, the result of investments aimed at growth, and higher personnel expenses in Japan. As a result, net sales rose 21.2% year-over-year to 8,663 million yen and operating income dropped 5.5% to 578 million yen.

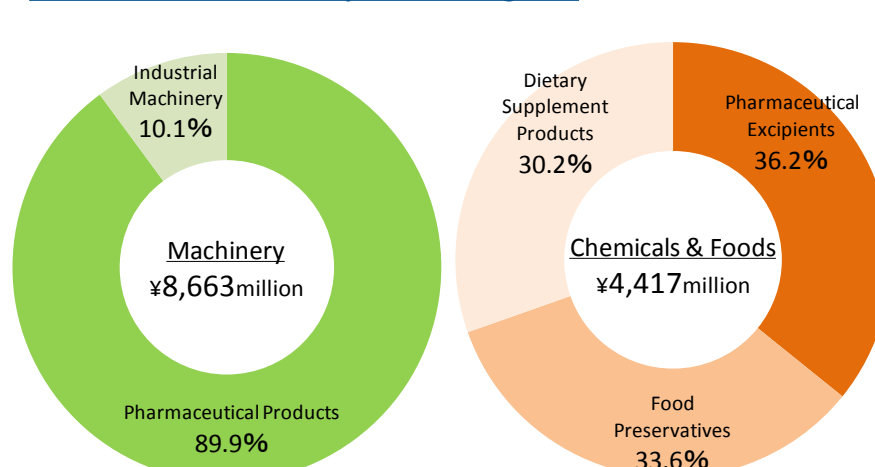
◆ Chemical & Food Business Segment

In the chemical and food sector, sales of nutritional supplements decreased because of lower production of products for other companies. But sales of pharmaceutical excipients and food preservatives were firm. Operating income increased due to actions to expand high-value added Freund products and to lower the cost of sales. As a result, net sales dropped 9.1% year-over-year to 4,417 million yen, while operating income rose 25.7% to 404 million yen.

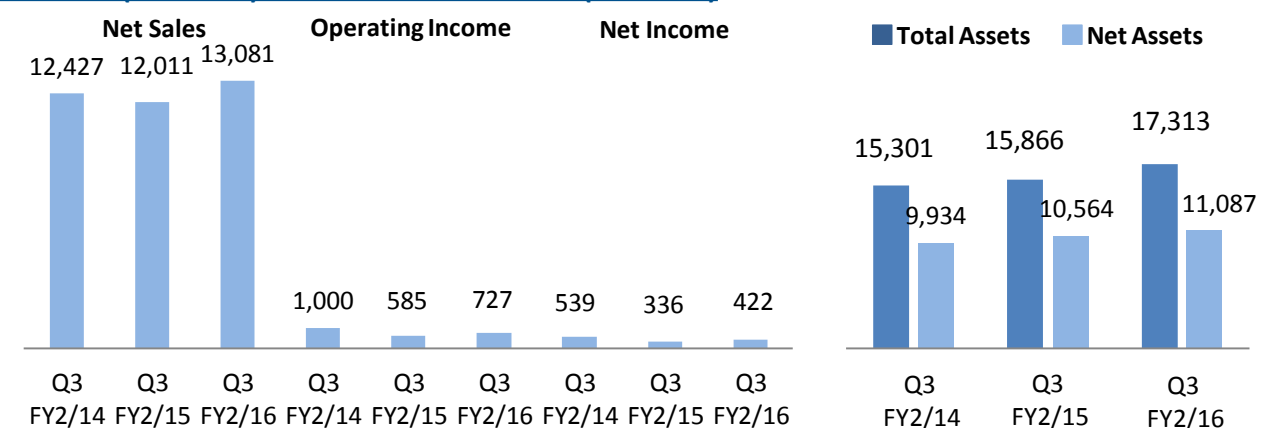
◆ Net Sales Breakdown by Region



◆ Net Sales Breakdown by Business Segment



◆ Q3 YTD (Mar-Nov) Financial Performances (¥ million)



Quarterly/Semi-Annual Financial Data

(¥ thousand)	FY2/14 (50th)						FY2/15 (51th)						FY2/16 (52th)					
	Q1	Q2	1H	Q3	Q4	2H	Q1	Q2	1H	Q3	Q4	2H	Q1	Q2	1H	Q3	Q4	2H
Net sales	4,656,831	4,224,845	8,881,677	3,545,402	5,189,203	8,734,606	3,506,699	3,865,222	7,371,922	4,639,168	5,413,187	10,052,356	3,002,638	4,694,781	7,697,419	5,384,281		13,081,701
Machinery	3,048,680	2,684,594	5,733,274	1,933,878	3,337,480	5,271,358	1,794,953	2,248,832	4,043,786	3,105,263	3,792,639	6,897,902	1,826,072	3,166,599	4,992,672	3,671,079		8,663,751
Chemicals & Foods	1,608,151	1,540,251	3,148,402	1,611,524	1,851,723	3,463,247	1,711,745	1,616,390	3,328,135	1,533,905	1,620,548	3,154,454	1,176,565	1,528,182	2,704,747	1,713,202		4,417,949
Gross profit	1,549,608	1,261,614	2,811,222	1,076,569	1,350,894	2,427,464	1,052,620	1,117,969	2,170,589	1,574,096	1,701,195	3,275,291	1,026,074	1,404,925	2,431,000	1,719,250		4,150,250
SG&A expenses	987,123	980,217	1,967,341	920,131	1,064,667	1,984,799	1,073,496	996,013	2,069,510	1,090,104	1,135,923	2,226,028	1,050,574	1,181,533	2,232,108	1,190,983		3,423,091
Operating income	562,485	281,396	843,881	156,437	286,227	442,664	(20,876)	121,955	101,078	483,991	565,271	1,049,263	(24,500)	223,392	198,892	528,267		727,159
Machinery	496,861	261,949	758,810	166,539	316,969	483,509	47,666	77,624	125,290	486,790	496,428	983,218	(9,377)	161,691	152,314	425,988		578,302
Chemicals & Foods	162,804	94,221	257,025	67,631	54,837	122,469	80,983	112,256	193,240	128,906	151,978	280,885	81,899	137,699	219,599	185,252		404,851
Ordinary income	581,619	291,681	873,301	172,988	295,638	468,627	(725)	141,807	141,081	526,217	582,243	1,108,460	(468)	252,697	252,229	532,195		784,425
Net income	309,047	161,820	470,867	68,417	248,557	316,974	(29,959)	66,063	36,104	300,551	359,310	659,861	(29,120)	152,760	123,639	298,704		422,344
Overseas sales	665,519	930,015	1,595,535	840,787	1,946,005	2,786,793	404,234	1,096,410	1,500,644	1,222,928	1,644,347	2,867,276	638,199	1,015,097	1,653,297	1,796,031		3,449,328
Orders received	3,524,560	3,255,872	6,780,432	3,349,700	2,674,419	6,024,120	4,227,359	3,108,874	7,336,233	3,472,680	3,531,682	7,004,363	4,342,060	3,531,599	7,873,659	3,410,667		11,284,326
Machinery	3,026,676	2,491,904	5,518,580	2,696,100	1,852,633	4,548,734	3,648,495	2,549,583	6,198,079	3,016,954	3,192,895	6,209,849	3,833,281	2,900,088	6,733,370	2,938,128		9,671,499
Chemicals & Foods	497,883	763,968	1,261,852	653,599	821,786	1,475,386	578,863	559,291	1,138,154	455,726	338,787	794,514	508,778	631,510	1,140,288	472,538		1,612,827
Order backlog	5,925,573	5,868,875	5,868,875	6,688,794	5,551,931	5,551,931	7,335,771	7,612,762	7,612,762	7,519,645	6,780,953	6,780,953	9,291,913	9,173,542	9,173,542	8,352,770		8,352,770
Machinery	5,440,014	5,328,716	5,328,716	6,144,881	4,991,812	4,991,812	6,945,485	7,235,447	7,235,447	7,225,808	6,682,785	6,682,785	8,900,504	8,676,372	8,676,372	7,976,130		7,976,130
Chemicals & Foods	485,559	540,158	540,158	543,913	560,118	560,118	390,285	377,315	377,315	293,836	98,168	98,168	391,409	497,170	497,170	376,639		376,639
Capital investment	274,679	9,333	284,012	92,453	100,974	193,427	62,079	81,743	143,823	170,470	231,487	401,957	56,601	27,012	83,613	108,847		192,460
Depreciation/amortization	69,411	72,527	141,938	74,276	87,578	161,855	79,070	74,672	153,743	76,646	77,981	154,627	79,876	83,882	163,759	84,130		247,889
R&D expenses	103,829	123,167	226,997	120,644	116,455	237,099	139,855	159,967	299,823	147,230	145,559	292,789	137,669	137,497	275,166	176,929		452,095
(¥ thousand)	FY2/14 (50)						FY2/15 (51)						FY2/16 (52)					
	Q1	Q2	1H	Q3	Q4	2H	Q1	Q2	1H	Q3	Q4	2H	Q1	Q2	1H	Q3	Q4	2H
Current assets	11,081,675	11,385,433	11,385,433	11,208,906	11,331,109	11,331,109	11,230,809	11,239,644	11,239,644	11,632,562	12,782,160	12,782,160	12,323,963	12,910,319	12,910,319	12,898,711		12,898,711
Inventories	268,341	306,234	306,234	269,837	202,036	202,036	317,819	295,757	295,757	299,730	296,478	296,478	363,763	417,138	417,138	353,254		353,254
Noncurrent assets	4,118,199	4,098,778	4,098,778	4,092,995	4,219,419	4,219,419	4,112,063	4,103,035	4,103,035	4,234,210	4,495,288	4,495,288	4,437,244	4,452,261	4,452,261	4,414,464		4,414,464
Current liabilities	4,796,521	4,834,000	4,834,000	4,611,289	4,402,725	4,402,725	4,537,132	4,523,277	4,523,277	4,598,557	5,427,236	5,427,236	5,303,802	5,881,339	5,881,339	5,622,840		5,622,840
Noncurrent liabilities	800,973	785,893	785,893	755,907	754,912	754,912	733,014	716,670	716,670	704,026	669,973	669,973	654,473	630,835	630,835	6,225,777		6,225,777
Net assets	9,602,380	9,864,318	9,864,318	9,934,705	10,392,891	10,392,891	10,072,725	10,102,731	10,102,731	10,564,189	11,180,239	11,180,239	10,802,932	10,850,405	10,850,405	11,087,398		11,087,398
Liabilities and net assets	15,199,875	15,484,212	15,484,212	15,301,902	15,550,529	15,550,529	15,342,872	15,342,680	15,342,680	15,866,773	17,277,448	17,277,448	16,761,208	17,362,580	17,362,580	17,313,176		17,313,176
(¥ thousand)	FY2/14 (50)						FY2/15 (51)						FY2/16 (52)					
	Q1	Q2	1H	Q3	Q4	2H	Q1	Q2	1H	Q3	Q4	2H	Q1	Q2	1H	Q3	Q4	2H
Net cash provided by (used in) operating activities	n.a.	n.a.	674,819	n.a.	n.a.	552,481	n.a.	n.a.	(645,985)	n.a.	n.a.	822,746	n.a.	n.a.	472,104	n.a.		
Net cash provided by (used in) investment activities	n.a.	n.a.	35,032	n.a.	n.a.	(458,830)	n.a.	n.a.	(108,761)	n.a.	n.a.	(240,261)	n.a.	n.a.	(278,051)	n.a.		
Net cash used in financing activities	n.a.	n.a.	(195,912)	n.a.	n.a.	(30,695)	n.a.	n.a.	(253,826)	n.a.	n.a.	(284,565)	n.a.	n.a.	(299,778)	n.a.		
Cash and cash equivalents	n.a.	n.a.	3,988,090	n.a.	n.a.	4,107,398	n.a.	n.a.	3,079,854	n.a.	n.a.	4,548,178	n.a.	n.a.	4,448,478	n.a.		