

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 28, 2023
(Three Months Ended May 31, 2022)

[Japanese GAAP]

Company name: Freund Corporation

Listing: Tokyo Stock Exchange

Securities code: 6312

 URL: <https://www.freund.co.jp>

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Scheduled date of filing of Quarterly Report: July 8, 2022

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (March 1, 2022 – May 31, 2022) of the Fiscal Year Ending February 28, 2023

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended May 31, 2022	3,535	(10.6)	(104)	-	(43)	-	(45)	-
Three months ended May 31, 2021	3,957	28.6	157	-	168	-	119	-

Note: Comprehensive income Three months ended May 31, 2022: 334 million yen (up 31.9%)

Three months ended May 31, 2021: 253 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2022	(2.73)	-
Three months ended May 31, 2021	7.15	-

Reference: Equity in earnings of affiliates Three months ended May 31, 2022: (4) million yen

Three months ended May 31, 2021: - million yen

Note: The provisional accounting treatment for a business combination with Cos.Mec S.r.l. was finalized in the third quarter of the fiscal year ended February 28, 2022 and figures for the three months ended May 31, 2022 reflect the finalized content of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2022	22,143	14,324	64.7	855.45
As of Feb. 28, 2022	22,273	14,354	64.4	857.28

Reference: Equity capital As of May 31, 2022: 14,324 million yen As of Feb. 28, 2022: 14,354 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2022	-	0.00	-	20.00	20.00
Fiscal year ending Feb. 28, 2023	-	-	-	-	-
Fiscal year ending Feb. 28, 2023 (forecast)	-	0.00	-	20.00	20.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2023 (March 1, 2022 – February 28, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	18,500	4.9	700	(28.7)	720	(30.3)	450	(17.2)	26.87

Note: Revision to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to page 8 “(3) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” for details.

(3) Changes in accounting policies and accounting-based estimates, and restatements

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of May 31, 2022:	18,400,000 shares	As of Feb. 28, 2022:	18,400,000 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2022:	1,655,480 shares	As of Feb. 28, 2022:	1,655,480 shares
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3) Average number of shares outstanding during the period

Three months ended May 31, 2022:	16,744,520 shares	Three months ended May 31, 2021:	16,744,520 shares
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This financial report is not subject to quarterly review by certified public accountants or auditing firms.

Cautionary statement with respect to forecasts of future performance and other special items

Forecasts regarding future performance in these materials are based on certain assumptions judged to be valid and information currently available to the Company. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to the section “Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attachments regarding preconditions or other related matters for forecasts shown above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The Japanese economy recovered slowly during the first quarter of the current fiscal year as the number of COVID-19 cases declined and pandemic restrictions were eased. However, the pace of the recovery is held down by supply-side limitations caused by the prolonged Ukraine crisis and China's restrictions on economic activity as well as by rising prices due to the yen's rapid depreciation.

In other countries, most major countries of the world, with the exception of China, are returning to normal economic activity as they live with COVID-19. But there are supply chain disruptions caused by limitations on the supply of goods due to the Ukraine crisis and China's zero-COVID policy. Furthermore, inflationary pressure is increasing worldwide because of tight supplies of many items. Due to concerns about how these events will affect the global economy, the outlook remains uncertain.

In the pharmaceutical industry, which is the primary source of demand for Freund Group products, companies need to deal with the challenges of the rising cost of R&D programs and increasing measures to hold down healthcare expenditures. In Japan, drug prices will be affected as the national health insurance drug price revisions will be implemented annually instead of once every two years as in prior years. In the generic drug market, the growth rate of sales is expected to decrease as the benefits of actions by the Japanese government to increase the use of these drugs decline. Due to problems involving manufacturing operations at some companies, there is a need to build a sound infrastructure for ensuring the quality and supply reliability of generic drugs. To end limitations on the supply of these drugs, several companies, primarily large generic drug manufacturers, plan to enlarge factories and take other steps to raise production capacity.

The Freund Group is working on further strengthening sales capabilities in the machinery and chemicals businesses and building a framework for utilizing the group's technologies for meeting customers' most important needs. All of these initiatives will create a sound base for even more aggressive product development, manufacturing and sales activities worldwide. We are building a global infrastructure centered on five locations by adding operations in three regions in addition to the existing bases in Japan and the United States. We established operations in India in 2019, Italy in 2020 and will start work on establishing a base of operations in China in 2022. Our objective is to use this five-base global infrastructure to increase synergies among Freund companies worldwide and raise our market share on a global scale.

The fiscal year ending in February 2023 is the final year of the Eighth Medium-term Management Plan. All group companies are working on reaching the consolidated targets of sales of 18,500 million yen and an operating profit of 700 million yen.

Net sales decreased 10.6% year-over-year to 3,535 million yen, operating loss was 104 million yen (compared with operating profit of 157 million yen in the same period of the previous fiscal year), ordinary loss was 43 million yen (compared with ordinary profit of 168 million yen in the same period of the previous fiscal year), and loss attributable to owners of parent was 45 million yen (compared with profit attributable to owners of parent of 119 million yen in the same period of the previous fiscal year).

Results by business segment were as follows.

Machinery Business Segment

Granulating and coating equipment are the main products of this segment. Although the volume of orders remained high, the performance of this segment was affected by delays in shipping finished products at U.S. subsidiary caused by the U.S. labor shortage and difficulty procuring parts and materials due to supply chain disruptions. In Japan, the difficulty of procuring semiconductors and other parts and materials caused delays in shipments of finished products.

As a result, net sales decreased 21.5% year-over-year to 2,080 million yen and segment loss was 156 million yen (compared with segment profit of 75 million yen in the same period of the previous fiscal year).

Chemicals Business Segment

Sales of pharmaceutical excipients increased in Japan and other countries but the operating profit was about the same as one year earlier because of the delay in sales of products with high profit margins.

As for food preservative, both sales and operating profit increased due to higher demand for preservatives backed up by strong sales of confectionery products at supermarkets and convenience stores and e-commerce sales of bread.

Sales of health food products declined because of the completion of a contract for manufacturing products for a high-volume customer.

As a result, net sales increased 11.4% year-over-year to 1,455 million yen and segment profit decreased 0.4% to 192 million yen.

(2) Explanation of Financial Position

Total assets decreased 129 million yen from the end of the previous fiscal year to 22,143 million yen at the end of the first quarter. This mainly reflected a decrease of 1,129 million yen in notes and accounts receivable-trade, and contract assets, while there was an increase of 978 million yen in work in process.

Total liabilities decreased 99 million yen from the end of the previous fiscal year to 7,819 million yen at the end of the first quarter. This mainly reflected a decrease of 394 million yen in notes and accounts payable-trade, while there was an increase of 302 million yen in contract liabilities.

Net assets decreased 30 million yen from the end of the previous fiscal year to 14,324 million yen at the end of the first quarter. This mainly reflected a decrease of 415 million yen in retained earnings, while there was an increase of 397 million yen in foreign currency translation adjustment.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the full year consolidated forecasts for the fiscal year ending February 28, 2023, which were disclosed in the Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 dated April 13, 2022.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2/22 (As of Feb. 28, 2022)	First quarter of FY2/23 (As of May 31, 2022)
Assets		
Current assets		
Cash and deposits	4,145,207	3,508,141
Notes and accounts receivable-trade	4,902,513	-
Notes and accounts receivable-trade, and contract assets	-	3,772,778
Electronically recorded monetary claims-operating	326,231	438,497
Merchandise and finished goods	667,070	743,622
Work in process	2,390,278	3,368,618
Raw materials and supplies	2,032,755	2,069,912
Prepaid expenses	211,030	222,979
Other	341,948	497,404
Allowance for doubtful accounts	(12,624)	(14,038)
Total current assets	15,004,411	14,607,916
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,014,906	2,087,054
Land	1,141,676	1,144,019
Other, net	1,406,379	1,371,479
Total property, plant and equipment	4,562,962	4,602,553
Intangible assets		
Goodwill	643,241	654,499
Software	31,945	29,449
Software in progress	224,080	377,208
Customer-related assets	472,554	485,968
Other	63,008	53,770
Total intangible assets	1,434,830	1,600,895
Investments and other assets		
Deferred tax assets	235,394	310,050
Other	1,041,705	1,027,967
Allowance for doubtful accounts	(5,400)	(5,400)
Total investments and other assets	1,271,699	1,332,618
Total non-current assets	7,269,492	7,536,067
Total assets	22,273,904	22,143,984
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,767,452	1,372,489
Electronically recorded obligations-operating	976,189	785,915
Short-term borrowings	27,180	293,305
Income taxes payable	256,087	63,597
Advances received	2,805,781	-
Contract liabilities	-	3,108,174
Provision for bonuses	252,662	345,744
Provision for bonuses for directors (and other officers)	29,918	8,694
Other	920,502	951,125
Total current liabilities	7,035,774	6,929,045
Non-current liabilities		
Lease obligations	376,253	383,892
Retirement benefit liability	316,216	299,460
Asset retirement obligations	67,130	67,163
Provision for retirement benefits for directors (and other officers)	6,591	7,758
Other	117,161	132,626
Total non-current liabilities	883,353	890,900
Total liabilities	7,919,127	7,819,946

	(Thousands of yen)	
	FY2/22	First quarter of FY2/23
	(As of Feb. 28, 2022)	(As of May 31, 2022)
Net assets		
Shareholders' equity		
Share capital	1,035,600	1,035,600
Capital surplus	1,289,513	1,289,513
Retained earnings	12,808,681	12,392,783
Treasury shares	(773,363)	(773,363)
Total shareholders' equity	14,360,432	13,944,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,688	24,528
Foreign currency translation adjustment	(37,972)	359,817
Remeasurements of defined benefit plans	(7,371)	(4,842)
Total accumulated other comprehensive income	(5,655)	379,504
Total net assets	14,354,776	14,324,038
Total liabilities and net assets	22,273,904	22,143,984

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Three-month Period)**

	(Thousands of yen)	
	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)	First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)
Net sales	3,957,087	3,535,718
Cost of sales	2,528,616	2,331,587
Gross profit	1,428,471	1,204,131
Selling, general and administrative expenses	1,270,870	1,308,480
Operating profit (loss)	157,601	(104,349)
Non-operating income		
Interest income	1,420	14
Dividend income	3,998	3,949
Technical support fee income	2,019	5,098
Foreign exchange gains	-	52,198
Other	6,915	6,162
Total non-operating income	14,354	67,423
Non-operating expenses		
Interest expenses	2,846	1,841
Foreign exchange losses	556	-
Share of loss of entities accounted for using equity method	-	4,917
Other	26	140
Total non-operating expenses	3,430	6,899
Ordinary profit (loss)	168,524	(43,825)
Extraordinary income		
Gain on sale of non-current assets	839	13,506
Gain on sale of investment securities	1,298	-
Total extraordinary income	2,137	13,506
Extraordinary losses		
Loss on sale of non-current assets	795	1,309
Loss on retirement of non-current assets	0	18
Loss on valuation of investment securities	-	1,929
Total extraordinary losses	795	3,257
Profit (loss) before income taxes	169,866	(33,576)
Income taxes	50,186	12,057
Profit (loss)	119,679	(45,633)
Profit (loss) attributable to owners of parent	119,679	(45,633)

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

	(Thousands of yen)	
	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)	First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)
Profit (loss)	119,679	(45,633)
Other comprehensive income		
Valuation difference on available-for-sale securities	8,729	(15,159)
Foreign currency translation adjustment	124,738	385,662
Remeasurements of defined benefit plans, net of tax	441	2,529
Share of other comprehensive income of entities accounted for using equity method	-	7,209
Total other comprehensive income	133,908	380,241
Comprehensive income	253,588	334,607
(Breakdown)		
Comprehensive income attributable to owners of parent	253,588	334,607

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

The tax expenses are calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year in which the period falls, and multiplying that rate by the profit before income taxes for the period. However, Freund uses the statutory effective tax rate to calculate tax expenses for cases in which using the estimated effective tax rate gives a noticeably irrational result.

Additional Information

There are no significant changes in the assumptions concerning COVID-19, including the expected end of this pandemic, that are stated in the supplementary information section of the Securities Report for the previous fiscal year.

Changes in Accounting Policies**Application of Accounting Standard for Revenue Recognition**

The Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the first quarter of the current fiscal year. Based on these standards, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. The major revisions due to the application of this new standard are as follows.

1) Identification of performance obligations and allocation of transaction prices

For construction contracts that include the sale of machinery, the performance obligations concerning the sale of machinery and the completion of construction are identified separately. Transaction prices are allocated based on independent selling prices and revenue is now recognized when each obligation has been fulfilled.

2) Revenue recognition for construction contracts

In previous years, the percentage-of-completion method was used for construction contracts for projects where the percentage of completion can be accurately determined. The completed-contract method was used for all other construction contracts. Due to the new revenue recognition standard, revenue is now recognized over a designated period as the performance obligation is fulfilled.

3) Revenue recognition for agent transactions

In previous years, the entire amount received from customers was recognized as revenue. Due to the new revenue recognition standard, for transactions where the Freund Group functions as an agent for the provision of goods or services to customers, net revenue is now recognized by deducting payments to suppliers from the amount received from customers.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings. However, the Company has applied

the method prescribed in Paragraph 86 of this standard and has not retrospectively applied the new accounting policy to contracts in which almost all revenue were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year. In addition, the Company has applied the method prescribed in Paragraph 86, Article 1 of the Accounting Standard for Revenue Recognition, and accounted for contract changes made prior to the beginning of the first quarter of the current fiscal year based on the contract terms after reflecting all contract changes, and added or subtracted the cumulative effect of such changes to retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, net sales decreased 43,903 thousand yen and cost of sales decreased 69,952 thousand yen, while operating profit, ordinary profit and profit before income taxes increased 26,048 thousand yen each in the first three months of the current fiscal year. In addition, there was a decrease of 35,373 thousand yen in retained earnings at the beginning of the current fiscal year.

“Notes and accounts receivable-trade” presented in the current assets section of the consolidated balance sheet in the previous fiscal year is, from the first quarter of the current fiscal year, included in “Notes and accounts receivable-trade, and contract assets.” “Advances received,” that was presented in the current liabilities section is, from the current fiscal year, presented as “Contract liabilities.” In accordance with the transitional measures prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year’s consolidated financial statements to conform to the new presentation.

Furthermore, in accordance with the transitional measures prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information on revenue from contracts with customers broken down for the first quarter of the previous fiscal year.

Application of the Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of this standard has no effect on the quarterly consolidated financial statements.

Segment and Other Information**Segment information**

I First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Machinery Business	Chemicals Business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales					
(1) External sales	2,651,364	1,305,722	3,957,087	-	3,957,087
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	2,651,364	1,305,722	3,957,087	-	3,957,087
Segment profit	75,444	193,278	268,722	(111,121)	157,601

Notes: 1. Contents of adjustments are as follows.

The negative adjustment of 111,121 thousand yen to segment profit includes corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of selling, general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.
3. Segment information for the first three months of FY2/22 reflects the revision of the information stated in “Significant revision of the initial allocation of the acquisition cost in the comparative information” in “Business Combinations.”

2. Information related to impairment losses on non-current assets for each reportable segment and goodwill, etc.**Significant change in goodwill**

In the first quarter of FY2/22, a provisional amount of goodwill was used for the business combination with Cos.Mec S.r.l. on November 5, 2020 because the allocation process of the acquisition cost had not been completed. With completion of the allocation process during the third quarter of FY2/22, Freund adjusted the amount of goodwill in the Machinery Business segment that had been accounted for on a provisional basis.

3. Information by region**Net sales**

In addition to the disclosure of information required by the “Accounting Standard for Quarterly Financial Statements”, the Company provides information (net sales) by region based on the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” for the purpose of providing investors with useful information.

(Thousands of yen)

Japan	United States	Latin America	Europe	Asia	Other	Total
2,952,865	412,436	99,995	90,408	323,415	77,967	3,957,087

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.

2. Groupings of countries and regions other than Japan are determined by geographic proximity and mutual operational relationships. Major countries and regions in each geographic segment are as follows.

- (1) Latin America: Brazil, etc.
- (2) Europe: France, Italy, UK, etc.
- (3) Asia: China, India, etc.
- (4) Other: Middle East, etc.

II First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Machinery Business	Chemicals Business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales					
(1) External sales	2,080,664	1,455,054	3,535,718	-	3,535,718
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	2,080,664	1,455,054	3,535,718	-	3,535,718
Segment profit (loss)	(156,911)	192,542	35,631	(139,980)	(104,349)

Notes: 1. Contents of adjustments are as follows.

The negative adjustment of 139,980 thousand yen to segment profit (loss) includes corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of selling, general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating loss recorded in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

3. Information by region

Net sales

In addition to the disclosure of information required by the “Accounting Standard for Quarterly Financial Statements,” the Company provides information by region (net sales) based on the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” for the purpose of providing investors with useful information.

(Thousands of yen)

Japan	United States	Latin America	Europe	Asia	Other	Total
2,522,956	89,890	363,519	190,918	339,388	29,045	3,535,718

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.

2. Groupings of countries and regions other than Japan are determined by geographic proximity and mutual operational relationships. Major countries and regions in each geographic segment are as follows.

- (1) Latin America: Brazil, etc.
- (2) Europe: France, Italy, UK, etc.
- (3) Asia: China, India, etc.
- (4) Other: Middle East, etc.

Business Combinations

Significant revision of the initial allocation of the acquisition cost in the comparative information

A provisional accounting treatment was used in the first quarter of the previous fiscal year for the Freund Group’s acquisition of Cos.Mec S.r.l on November 5, 2020, and this treatment was finalized in the third quarter of the previous fiscal year.

Based on the finalization of this provisional accounting treatment, a significant revision has been reflected in the initially allocated amount of the acquisition cost in the comparative information included in the quarterly consolidated financial statements for the first quarter of the current fiscal year.

As a result, in the quarterly consolidated statement of income for the first three months of the previous fiscal year, operating profit, ordinary profit and profit before income taxes decreased 37,552 thousand yen each, and profit and profit attributable to owners of parent decreased 25,870 thousand yen each.

Revenue Recognition

Information of breakdown on revenue from contracts with customers

First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)

(Thousands of yen)

	Reportable segments		
	Machinery Business	Chemicals Business	Total
Japan	1,175,430	1,347,525	2,522,956
United States	89,770	120	89,890
Latin America	363,519	-	363,519
Europe	133,474	57,444	190,918
Asia	289,423	49,964	339,388
Other	29,045	-	29,045
Revenue from contracts with customers	2,080,664	1,455,054	3,535,718
External sales	2,080,664	1,455,054	3,535,718

3. Others

Orders and Sales

(1) Orders received

(Thousands of yen)

Operating segment	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)		First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	3,132,809	95.8	4,043,512	129.1

Notes: 1. No orders received are shown for the Chemicals Business because production is based on sales plans rather than specific orders.

2. Orders received are based on selling prices; inter-segment transactions have been eliminated.

3. Orders received do not include consumption taxes.

(2) Order backlog

(Thousands of yen)

Operating segment	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)		First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	7,175,760	114.0	13,026,352	181.5

Notes: 1. No order backlog is shown for the Chemicals Business because production is based on sales plans rather than specific orders.

2. Order backlog is based on selling prices; inter-segment transactions have been eliminated.

3. Order backlog does not include consumption taxes.

(3) Sales

(Thousands of yen)

Operating segment	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)		First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)	
	Amount	Composition (%)	Amount	Composition (%)
Machinery Business	2,651,364	67.0	2,080,664	58.8
Chemicals Business	1,305,722	33.0	1,455,054	41.2
Total	3,957,087	100.0	3,535,718	100.0

Notes: 1. Sales are based on selling prices; inter-segment transactions have been eliminated.

2. Sales do not include consumption taxes.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.