

Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending February 28, 2023
(Nine Months Ended November 30, 2022)

[Japanese GAAP]

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 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 Third Quarter (March 1, 2022 – November 30, 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	%
Nine months ended Nov. 30, 2022	12,504	4.3	45	(90.1)	132	(73.1)	1	(99.6)
Nine months ended Nov. 30, 2021	11,988	10.5	459	17.4	492	13.2	270	(2.5)

Note: Comprehensive income
 Nine months ended Nov. 30, 2022: 761 million yen (up 47.6%)
 Nine months ended Nov. 30, 2021: 516 million yen (up 221.9%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Nov. 30, 2022	0.06		-	
Nine months ended Nov. 30, 2021	16.13		-	

Reference: Equity in earnings of affiliates
 Nine months ended Nov. 30, 2022: (12) million yen
 Nine months ended Nov. 30, 2021: - million yen

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	Net assets per share
	Million yen		Million yen		%	Yen
As of Nov. 30, 2022	23,504		14,758		62.8	881.40
As of Feb. 28, 2022	22,273		14,354		64.4	857.28

Reference: Equity capital
 As of Nov. 30, 2022: 14,758 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	-	0.00	-		
Fiscal year ending Feb. 28, 2023 (forecast)				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	19,500	10.6	150	(84.7)	200	(80.6)	100	(81.6)	5.97

Note: Revision to the most recently announced consolidated forecast: Yes

*** 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 Nov. 30, 2022:	18,400,000 shares	As of Feb. 28, 2022:	18,400,000 shares
2) Number of treasury shares at the end of the period			
As of Nov. 30, 2022:	1,655,480 shares	As of Feb. 28, 2022:	1,655,480 shares
3) Average number of shares outstanding during the period			
Nine months ended Nov. 30, 2022:	16,744,520 shares	Nine months ended Nov. 30, 2021:	16,744,520 shares

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

During the first nine months of the current fiscal year, the Japanese economy showed signs of recovery as the country achieved balance between measures against new coronavirus infections and resumption of social and economic activities. However, the situation remained uncertain due to the prolonged Ukraine conflict and inflation resulting from rising raw materials and energy prices due to the rapid depreciation of the yen.

Although the global economy is headed for recovery the outlook remains uncertain. The primary reasons for this uncertainty are accelerating inflation caused by rising prices of resources, energy and food due to the prolonged Ukraine conflict, and rapid monetary tightening in Europe and the United States.

In the pharmaceutical industry, which is the primary user of Freund Group products, companies need to deal with the challenges of increasing R&D costs and tightening measures to control healthcare expenditures, such as national health insurance price revisions every year instead of every two years. In the generic drug market, growth is expected to slow as the effects of the government's measures to promote the use of generic drugs have run their course. Due to deficiencies of some manufacturers in their manufacturing system, the industry as a whole is required to build a sound infrastructure for ensuring the quality and stable supply of generic drugs. To respond to these requirements, major generic drug manufacturers plan to expand their facilities, such as by building additional plants.

The Freund Group aims to further strengthen its sales capabilities in the machinery and chemicals businesses and build a framework for utilizing the group's technologies to meet customers' true needs. All of these initiatives will create a sound base for even more aggressive product development, manufacturing and sales activities worldwide. To expand beyond its operations in Japan and the United States, the Freund Group began operations in India in 2019 and Italy in 2020. The Freund Group is planning to start activities in China in early next fiscal year, which will create a five-pole global structure. Under this five-pole structure, the Freund Group will pursue synergies among group companies to enhance its presence in Japan and overseas markets.

Net sales increased 4.3% year-over-year to 12,504 million yen, operating profit decreased 90.1% year-over-year to 45 million yen, ordinary profit decreased 73.1% year-over-year to 132 million yen and profit attributable to owners of parent decreased 99.6% year-over-year to 1 million yen.

Operating results by segment are as follows

Machinery Business Segment

Granulating and coating equipment are the main products of this segment. The volume of orders has been high because generic drug manufacturers are raising production capacity and the order backlog rose to a new record. However, earnings declined in the U.S. subsidiary, as significant delays continued in shipments due to the tight labor supply and the prolonged procurement of parts/materials caused by supply chain disruptions. Furthermore, the higher cost of raw materials caused by rapid inflation exerted significant downward pressure on earnings. In Japan as well, in addition to the sharp rise in raw materials/parts prices, prolonged lead times for procurement and shipment of semiconductors and other parts/materials affected its earnings.

As a result, net sales increased 0.6% year-over-year to 7,783 million yen and segment loss was 263 million yen (compared with segment profit of 262 million yen in the same period of the previous fiscal year).

Chemicals Business Segment

Sales of pharmaceutical excipients increased in Japan and other countries and are growing at a pace that is expected to result in fiscal year sales that surpass the prior fiscal year's all-time high. Operating profit also increased.

Food preservative sales and operating profit increased. Demand continues to increase because of the recovery in demand for confectionery products and strong e-commerce sales of bread. Sales in this category are also at a level that is expected to exceed the prior fiscal year's all-time high.

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 11.1% year-over-year to 4,721 million yen and segment profit increased 23.2% to 742 million yen.

(2) Explanation of Financial Position

Total assets increased 1,230 million yen from the end of the previous fiscal year to 23,504 million yen at the end of the third quarter. This mainly reflected increases of 2,074 million yen in work in process, 281 million yen in electronically recorded monetary claims-operating and 130 million yen in buildings and structures, net, while there was a decrease of 1,259 million yen in notes and accounts receivable-trade, and contract assets.

Total liabilities increased 827 million yen from the end of the previous fiscal year to 8,746 million yen at the end of the third quarter. This mainly reflected an increase of 973 million yen in contract liabilities, while there was a decrease of 190 million yen in notes and accounts payable-trade.

Net assets increased 403 million yen from the end of the previous fiscal year to 14,758 million yen at the end of the third quarter. This mainly reflected an increase of 778 million yen in foreign currency translation adjustment, while there was a decrease of 369 million yen in retained earnings.

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

Based on the results of operations in the first nine months of the current fiscal year, the Company has revised the full year consolidated forecasts for the fiscal year ending February 28, 2023, which was disclosed in the Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 dated April 13, 2022. For more information, please refer to the press release titled "Notice of Revisions to Consolidated Forecasts" that was announced today (January 12, 2023).

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

	(Thousands of yen)	
	FY2/22 (As of Feb. 28, 2022)	Third quarter of FY2/23 (As of Nov. 30, 2022)
Assets		
Current assets		
Cash and deposits	4,145,207	3,370,808
Notes and accounts receivable-trade	4,902,513	-
Notes and accounts receivable-trade, and contract assets	-	3,643,477
Electronically recorded monetary claims-operating	326,231	607,767
Merchandise and finished goods	667,070	727,935
Work in process	2,390,278	4,464,594
Raw materials and supplies	2,032,755	2,131,411
Prepaid expenses	211,030	222,296
Other	341,948	664,934
Allowance for doubtful accounts	(12,624)	(15,221)
Total current assets	15,004,411	15,818,005
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,014,906	2,145,394
Land	1,141,676	1,145,992
Other, net	1,406,379	1,325,419
Total property, plant and equipment	4,562,962	4,616,806
Intangible assets		
Goodwill	643,241	641,324
Software	31,945	33,094
Software in progress	224,080	465,502
Customer-related assets	472,554	487,208
Other	63,008	54,405
Total intangible assets	1,434,830	1,681,534
Investments and other assets		
Deferred tax assets	235,394	355,927
Other	1,041,705	1,037,873
Allowance for doubtful accounts	(5,400)	(5,400)
Total investments and other assets	1,271,699	1,388,400
Total non-current assets	7,269,492	7,686,741
Total assets	22,273,904	23,504,746
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,767,452	1,577,395
Electronically recorded obligations-operating	976,189	587,550
Short-term borrowings	27,180	813,735
Income taxes payable	256,087	-
Advances received	2,805,781	-
Contract liabilities	-	3,779,016
Provision for bonuses	252,662	112,047
Provision for bonuses for directors (and other officers)	29,918	14,225
Other	920,502	977,625
Total current liabilities	7,035,774	7,861,595
Non-current liabilities		
Lease obligations	376,253	378,544
Retirement benefit liability	316,216	310,798
Asset retirement obligations	67,130	67,229
Provision for retirement benefits for directors (and other officers)	6,591	9,855
Other	117,161	118,107
Total non-current liabilities	883,353	884,536
Total liabilities	7,919,127	8,746,132

	(Thousands of yen)	
	FY2/22	Third quarter of FY2/23
	(As of Feb. 28, 2022)	(As of Nov. 30, 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	12,439,433
Treasury shares	(773,363)	(773,363)
Total shareholders' equity	14,360,432	13,991,184
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,688	32,261
Foreign currency translation adjustment	(37,972)	740,571
Remeasurements of defined benefit plans	(7,371)	(5,403)
Total accumulated other comprehensive income	(5,655)	767,429
Total net assets	14,354,776	14,758,614
Total liabilities and net assets	22,273,904	23,504,746

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

	(Thousands of yen)	
	First nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)	First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)
Net sales	11,988,176	12,504,922
Cost of sales	7,765,334	8,365,442
Gross profit	4,222,841	4,139,479
Selling, general and administrative expenses	3,763,605	4,094,193
Operating profit	459,235	45,286
Non-operating income		
Interest income	2,532	55
Dividend income	5,655	5,809
Technical support fee income	9,344	13,731
Foreign exchange gains	9,891	81,472
Other	14,215	26,162
Total non-operating income	41,639	127,229
Non-operating expenses		
Interest expenses	6,652	19,891
Share of loss of entities accounted for using equity method	-	12,192
Other	1,399	7,792
Total non-operating expenses	8,052	39,876
Ordinary profit	492,823	132,640
Extraordinary income		
Gain on sale of non-current assets	1,953	13,967
Gain on sale of investment securities	1,298	-
Total extraordinary income	3,251	13,967
Extraordinary losses		
Impairment losses	49,685	6,693
Loss on sale of non-current assets	795	1,124
Loss on retirement of non-current assets	4,557	37,672
Loss on valuation of investment securities	-	27,812
Total extraordinary losses	55,039	73,303
Profit before income taxes	441,035	73,304
Income taxes	170,887	72,287
Profit	270,148	1,017
Profit attributable to owners of parent	270,148	1,017

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

	(Thousands of yen)	
	First nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)	First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)
Profit	270,148	1,017
Other comprehensive income		
Valuation difference on available-for-sale securities	8,968	(7,426)
Foreign currency translation adjustment	235,154	753,441
Remeasurements of defined benefit plans, net of tax	2,043	1,967
Share of other comprehensive income of entities accounted for using equity method	-	12,909
Total other comprehensive income	246,167	760,892
Comprehensive income	516,316	761,909
(Breakdown)		
Comprehensive income attributable to owners of parent	516,316	761,909

(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

Effect of COVID-19 on accounting estimates

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 37,288 thousand yen and cost of sales decreased 53,614 thousand yen, while operating profit increased 38,325 thousand yen and ordinary profit and profit before income taxes increased 37,671 thousand yen each in the first nine 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 nine months 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 first quarter 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 nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 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	7,740,139	4,248,036	11,988,176	-	11,988,176
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	7,740,139	4,248,036	11,988,176	-	11,988,176
Segment profit	262,994	602,269	865,263	(406,027)	459,235

Notes: 1. Contents of adjustments are as follows.

The negative adjustment of 406,027 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.

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

Significant impairment losses related to non-current assets

In the Chemicals Business segment, Freund has recognized impairment losses on construction in progress of 49,685 thousand yen with no prospects for use in the future.

3. Information by region

Net sales

In addition to the disclosure of information required by the “Accounting Standard for Quarterly Financial Statements,” Freund 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
8,549,907	990,666	535,763	667,101	995,099	249,638	11,988,176

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 nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 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	7,783,433	4,721,488	12,504,922	-	12,504,922
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	7,783,433	4,721,488	12,504,922	-	12,504,922
Segment profit (loss)	(263,334)	742,190	478,856	(433,569)	45,286

Notes: 1. Contents of adjustments are as follows.

The negative adjustment of 433,569 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 profit recorded in the quarterly consolidated statement of income.

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

Omitted due to immateriality.

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
8,167,784	1,068,220	937,467	761,099	1,439,415	130,935	12,504,922

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.

Revenue Recognition

Information of breakdown on revenue from contracts with customers

First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)

(Thousands of yen)

	Reportable segments		
	Machinery Business	Chemicals Business	Total
Japan	3,716,114	4,451,670	8,167,784
United States	1,068,100	120	1,068,220
Latin America	937,467	-	937,467
Europe	590,053	171,045	761,099
Asia	1,340,763	98,652	1,439,415
Other	130,935	-	130,935
Revenue from contracts with customers	7,783,433	4,721,488	12,504,922
External sales	7,783,433	4,721,488	12,504,922

3. Others

Orders and Sales

(1) Orders received

(Thousands of yen)

Operating segment	First nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)		First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	10,612,323	116.8	11,655,332	109.8

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 nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)		First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	9,626,868	130.3	15,365,269	159.6

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 nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)		First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)	
	Amount	Composition (%)	Amount	Composition (%)
Machinery Business	7,740,139	64.6	7,783,433	62.2
Chemicals Business	4,248,036	35.4	4,721,488	37.8
Total	11,988,176	100.0	12,504,922	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.