

FREUND CORPORATION

Selected by the Japanese Ministry of Economy, Trade
and Industry as a Global Niche Top 100 Company

JASDAQ

(Securities code: 6312)

Results of Operations for the Fiscal Year Ended February 28, 2019

April 22, 2019

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Consolidated Financial Summary for FY2/19



Consolidated Financial Summary

- Sales and profits both decreased compared with the previous fiscal year, partly due to the impact of the government policy of raising the generic drug share to 80% (GE80%) having come to an end
- Significant decline in Freund-Vector's profits due to large low-profitability projects
- Freund-Turbo's lithium-ion battery machinery business is decelerating rapidly
- Sales and profits in the chemicals business increased steadily

(Millions of yen)

	2018/2月期 通期		2019/2月期 通期		前期比増減	
	実績		実績	予想 (19/1/8付修正)	金額	%
売上高	19,801		18,408	18,000	△1,393	△7.0%
営業利益	1,971		1,223	1,000	△748	△37.9%
経常利益	1,994		1,326	1,100	△667	△33.5%
当期純利益	1,477		843	800	△634	△42.9%
一株純利益 (円)	85.69		50.15	47.49	△35.54	△41.5%
受注高	12,129		12,574	-	+445	+3.7%
受注残高	5,906		5,555	-	△351	△6.0%
設備投資	524		627	500	+103	+19.7%
減価償却費	344		344	300	+0	△0.0%
研究開発費	862		832	750	△30	△3.5%
ROA	7.7%		4.8%	-	-	-
ROE	11.6%		6.4%	-	-	-

Machinery Business: Overview

● Sales By Product Field

- Pharmaceutical products: New products unable to cover the post-GE80% reactionary decline
Demand for equipment in Japan showing signs of bottoming out
- Industrial products: Rapid deceleration in the lithium-ion battery machinery business for China

● Segment Profit

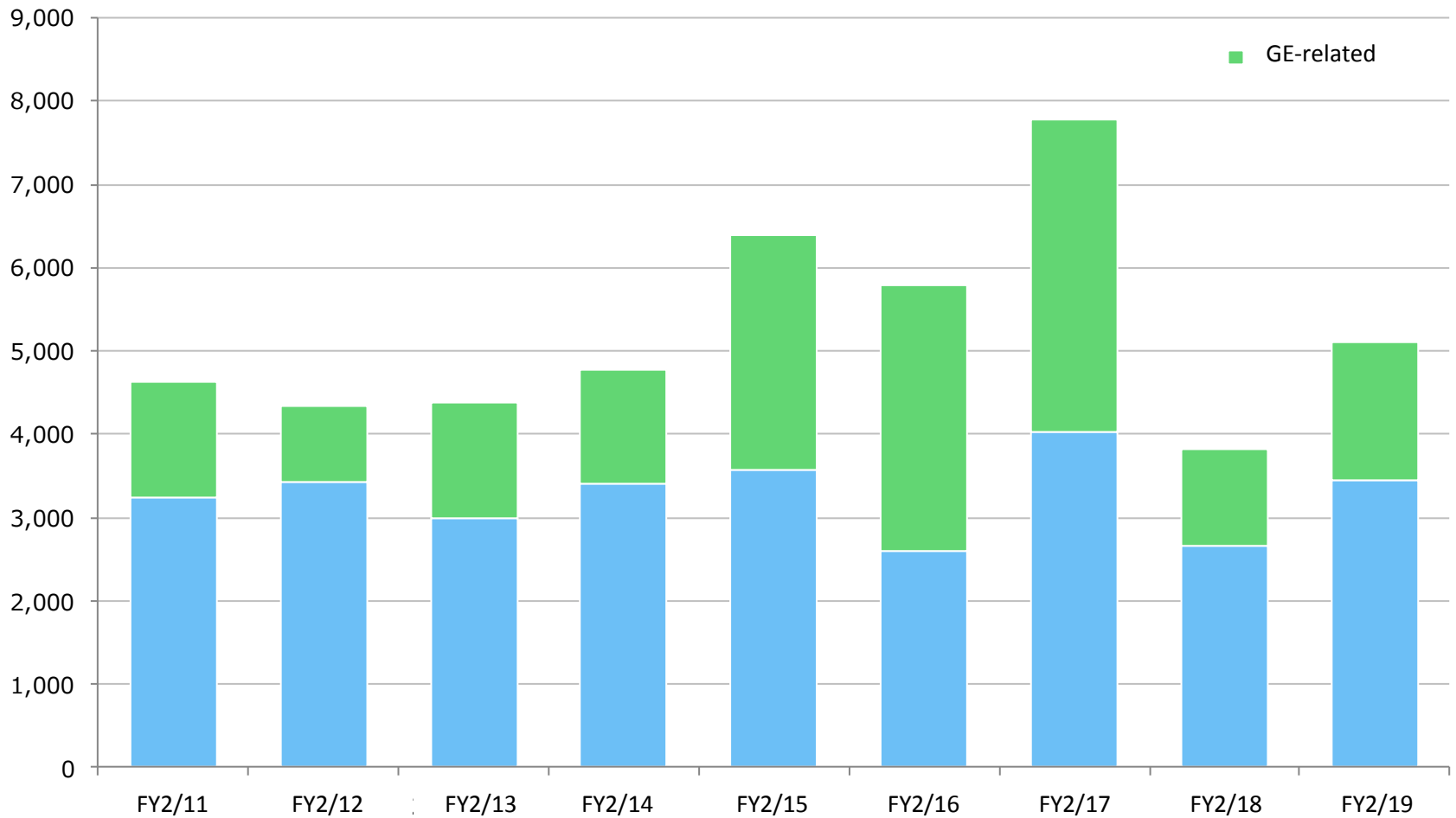
- Significant decline in Freund-Vector's profits due to large low-profitability projects
- Freund-Turbo is in the red

(Millions of yen)

	2018/2月期		2019/2月期	
	金額	前期比(%)	金額	前期比(%)
売上高	14,403	△ 3.4	12,368	△ 14.1
医薬品関連	12,300	△ 1.1	10,160	△ 17.4
産業関連	2,102	△ 15.0	2,207	+5.0
営業利益	1,631	△ 6.8	737	△ 54.8
受注高	11,513	△ 29.6	11,839	+2.8
医薬品関連	9,556	△ 32.2	10,204	+6.8
産業関連	1,956	△ 13.7	1,634	△ 16.4
受注残高	5,822	△ 32.0	5,428	△ 6.8
医薬品関連	5,025	△ 35.1	5,039	+0.3
産業関連	796	△ 2.8	388	△ 51.2
為替 (円/ドル : +は円安)	111.5	+2.0円/ドル	110.5	△ 1.0円/ドル

Machinery Business: Pharmaceutical Industry Orders Received in Japan

(Millions of yen)



Machinery Business: Group Company Performance

- Freund Corporation: The impact of GE-related investment ending cannot be covered by new products
- Freund-Vector: Significant sales decline due to large low-profitability projects
- Freund-Turbo: Rapid deceleration in the environment for industrial-machine orders

(Millions of yen)

	2018/2月期 通期		2019/2月期 通期	
	金額	前期比(%)	金額	前期比(%)
売上高	14,403	△3.4	12,368	△14.1
単体	8,883	△6.0	7,075	△20.4
FREUND-VECTOR社	4,354	△7.9	4,132	△5.1
フロイント・ターボ社	1,722	+4.9	1,866	+8.3
営業利益	1,631	△6.8	737	△54.8
単体	1,425	+11.2	732	△48.6
FREUND-VECTOR社	86	△77.7	30	△64.4
フロイント・ターボ社	119	+49.7	△ 25	△121.6
受注高	11,513	△29.6	11,839	+2.8
単体	6,201	△40.1	6,671	+7.6
FREUND-VECTOR社	3,814	△20.5	3,989	+4.6
フロイント・ターボ社	1,497	+23.7	1,177	△21.3
受注残高	5,822	△32.0	5,428	△6.8
単体	3,999	△38.9	3,989	△0.3
FREUND-VECTOR社	1,218	△19.3	1,233	+1.3
フロイント・ターボ社	605	+19.0	205	△66.0

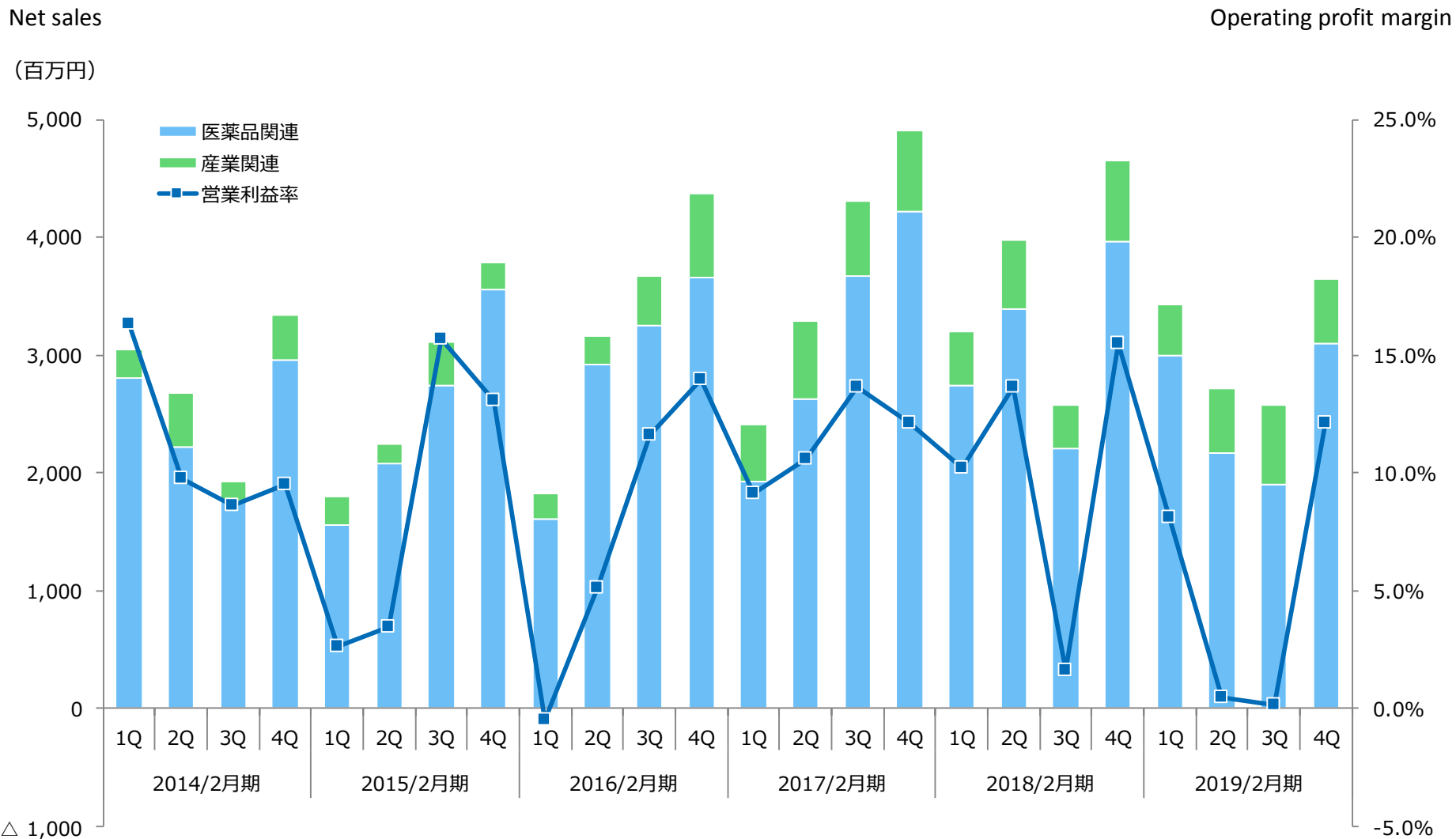
Machinery Business: Sales by Region

- Japan: Huge impact from changes in market environment (post-GE80%)
- North America: Difficult struggle with US projects
- South America: Capturing orders for machinery, mainly in Brazil
- Europe: Sales decline due to lack of any major projects in the EU

(Millions of yen)

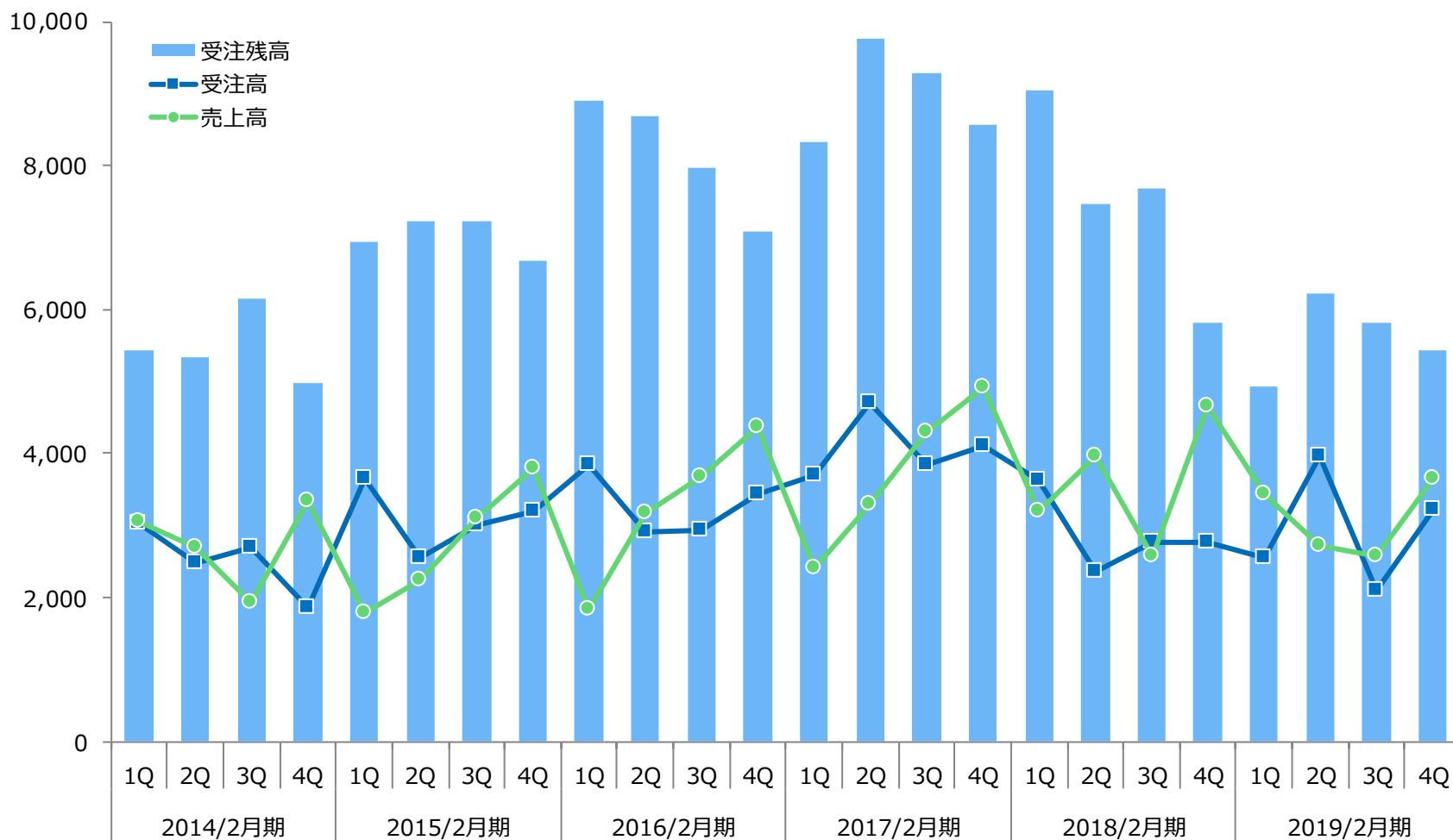
	2018/2月期		2019/2月期	
	金額	前期比(%)	金額	前期比(%)
売上高	14,403	△3.4%	12,368	△14.1%
日本	8,493	△10.2%	7,312	△13.9%
海外	5,909	+8.3%	5,055	△14.5%
北米・南米	2,979	△23.3%	3,352	+12.5%
欧州・アフリカ	1,782	+105.4%	397	△77.7%
中東・アジア・太洋州	1,147	+63.3%	1,306	+13.8%

Machinery Business: Quarterly Results (by Product Field)



Machinery Business: Quarterly Results (Net sales/Orders received/Order backlog)

(Millions of yen)



Chemicals Business: Overview

● Net Sales

- ❑ Pharmaceutical excipients: Sales and profits increased - mainly centering on GE manufacturers
- ❑ Food preservatives: Sales increasing as planned
- ❑ Dietary supplement products: Sales decreased but in line with plan
- ❑ Export: Expanded sales channels in India by enlarging the manufacturing infrastructure

- Segment Profit: Higher because of an improvement in the sales mix

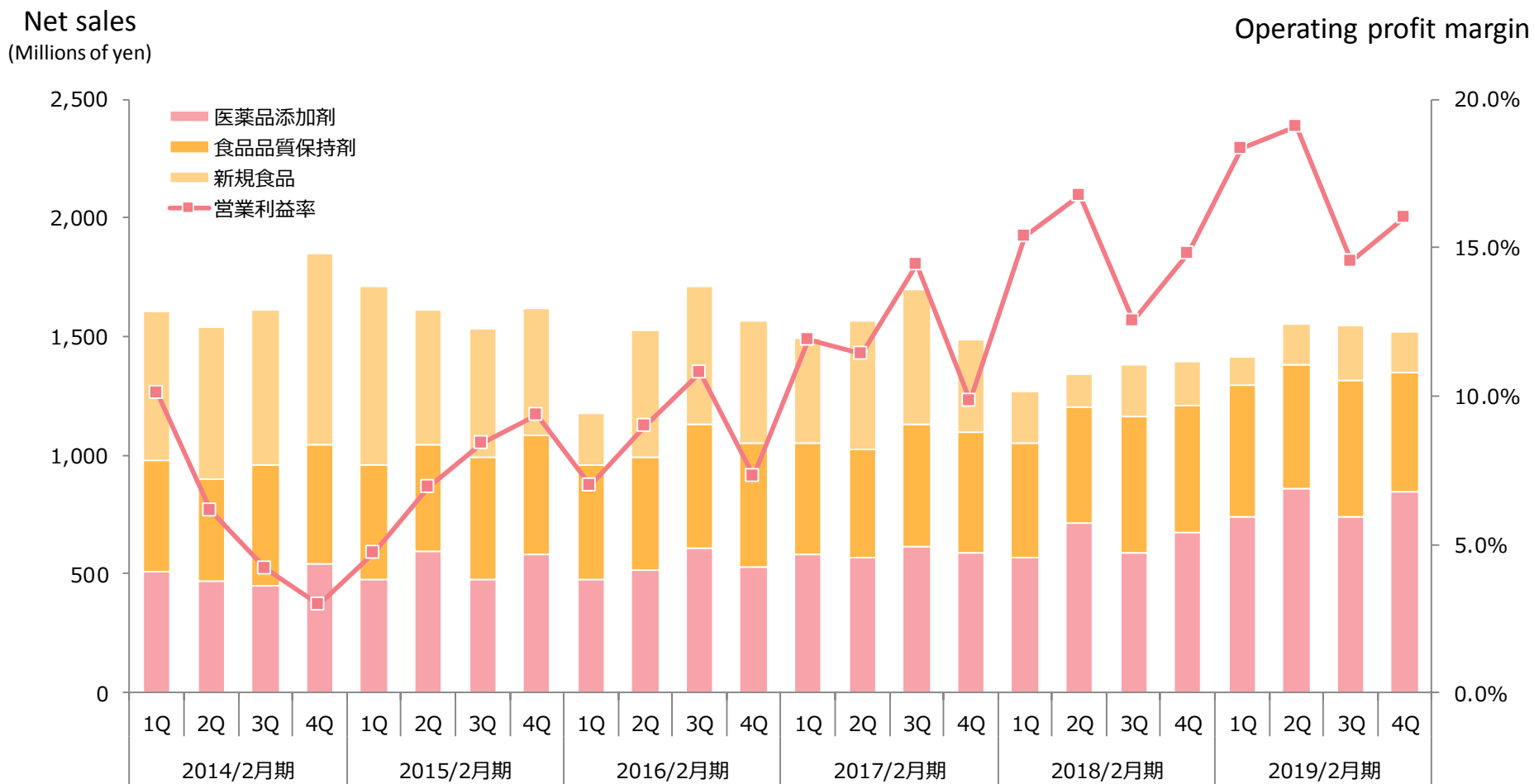
(Millions of yen)

	2018/2月期 通期		2019/2月期 通期	
	金額	前期比(%)	金額	前期比(%)
売上高	5,398	△13.6	6,040	+11.9
医薬品添加剤	2,546	+8.0	3,195	+25.5
食品品質保持剤	2,091	+7.2	2,151	+2.9
新規食品	760	△60.8	693	△8.9
(輸出売上高) ※ 1	215	+98.7	353	+64.1
営業利益	801	+7.1	1,024	+27.9

*1: Sales to India, South Korea and Taiwan

Chemicals Business: Quarterly Results (by Product Field)

- Pharmaceutical excipients saw increased sales with highly-profitable products mainly from GE manufacturers
- Pharmaceutical excipients are also benefiting from the growth trend in overseas projects



Summary of Consolidated Statement of Income

(Millions of yen)

	2018/2月期 通期		2019/2月期 通期		前期比増減	
	金額	構成比 (%)	金額	構成比 (%)	金額	%
売上高	19,801	100.0%	18,408	100.0%	△1,393	△7.0%
売上原価	12,985	65.6%	12,220	66.4%	△765	△5.9%
売上総利益	6,816	34.4%	6,188	33.6%	△628	△9.2%
販管費	4,845	24.5%	4,964	27.0%	+119	+2.5%
営業利益	1,971	10.0%	1,223	6.6%	△748	△37.9%
営業外損益	22	0.1%	103	0.6%	+80	+352.1%
経常利益	1,994	10.1%	1,326	7.2%	△667	△33.5%
特別損益	99	-	△70	-0.4%	△169	-
税引前利益	2,093	10.6%	1,255	6.8%	△837	△40.0%
当期純利益	1,477	7.5%	843	4.6%	△634	△42.9%

Non-operating income and expenses

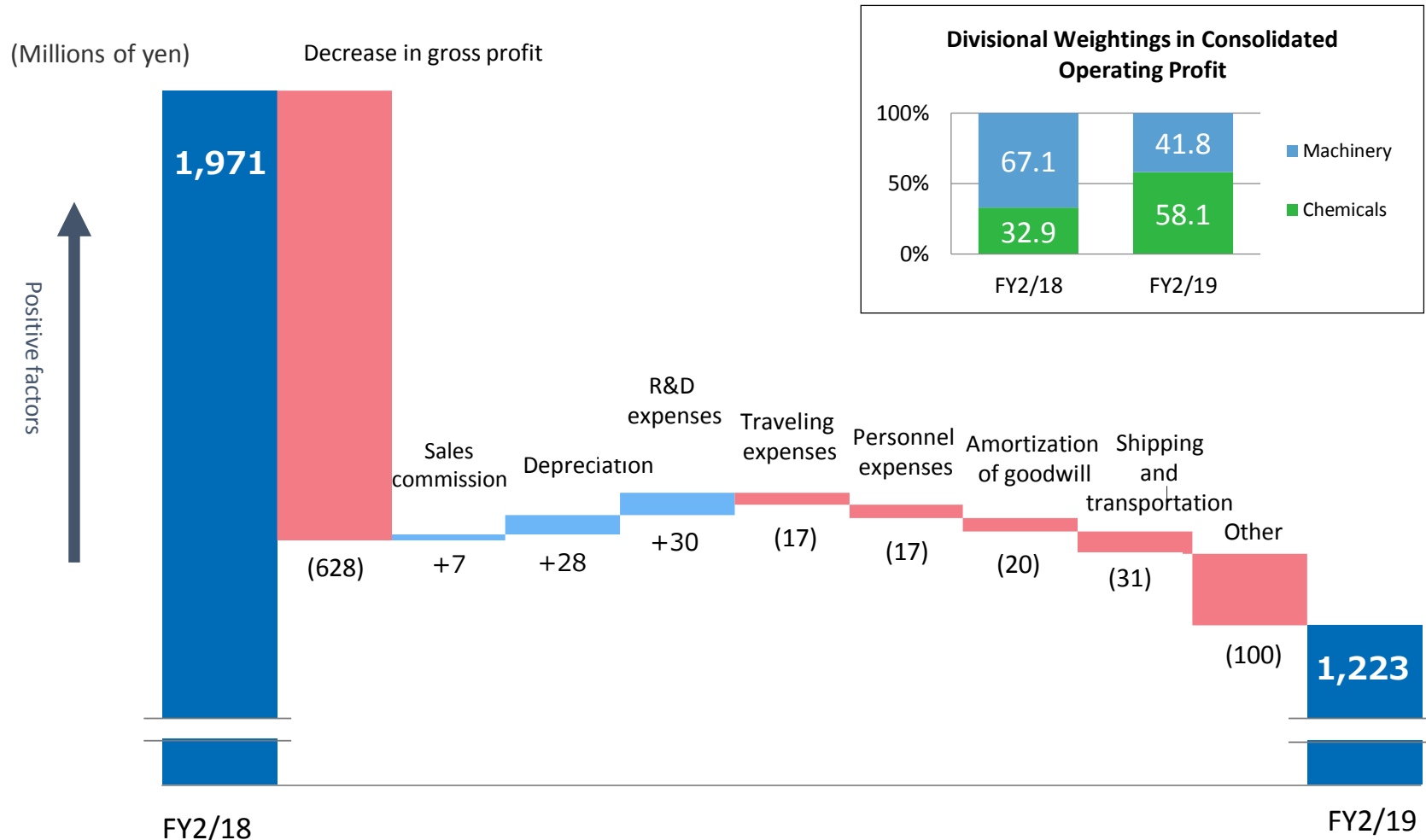
- Dividend income 64
- Other 41

Extraordinary income and losses

- Gain on redemption of investment securities 23
- Impairment loss 91

Change in Consolidated Operating Profit

- Cost reductions unable to compensate for the decrease in the top line
- Share of Machinery and Chemicals reversed



Summary of Consolidated Balance Sheet

(Millions of yen)

	2018/2月期末	2019/2月期末	増減額
流動資産	14,784	12,881	△1,902
現金及び預金	6,568	5,534	△1,033
売上債権 ※1	4,451	4,332	△118
棚卸資産	3,185	2,475	△710
固定資産	4,341	4,583	+242
有形固定資産	3,370	3,769	+398
無形固定資産	102	16	△86
投資その他資産	868	797	△70
資産合計	19,125	17,465	△1,660
流動負債	5,564	3,938	△1,626
仕入債務 ※1	2,823	2,169	△654
前受金	1,498	666	△831
固定負債	318	275	△42
退職給付に係る負債	200	162	△37
負債合計	5,883	4,214	△1,668
純資産合計	13,242	13,250	+8

Inventories

- Merchandise and finished goods +151
- Work in process (922)
- Raw materials and supplies +131

Property, plant and equipment

- Machinery, equipment and vehicles +257
- Construction in progress +198
- Other +188

Intangible assets

- Software (46)

*1: Includes electronically recorded monetary claims-operating and obligations-operating

Summary of Consolidated Statement of Cash Flows

(Millions of yen)

	2018/2月期	2019/2月期
営業キャッシュ・フロー	594	435
税引前利益	2,093	1,255
減価償却費	344	344
売上債権の増減額（△は増加）	△ 66	138
たな卸資産の増減額（△は増加）	△ 415	615
前受金の増減額（△は減少）	△ 315	△ 843
仕入債務の増減額（△は減少）	△ 152	△ 700
法人税等の支払額	△ 694	△ 610
投資キャッシュ・フロー	△ 493	△ 566
有形固定資産の取得による支出	△ 592	△ 569
財務キャッシュ・フロー	△ 499	△ 921
リース債務の返済による支出	△ 48	△ 5
配当金の支払額	△ 343	△ 343
現金及び現金同等物 増減額	△ 431	△ 1,033
現金及び現金同等物 期末残高	6,568	5,534
フリー・キャッシュフロー	100	△ 130

Consolidated Earnings and Dividend Forecasts for FY2/20



Summary of Consolidated Forecasts

- Gross profit: Goal is raising the gross margin at least 1 pct. point
- SG&A expenses: Reducing comprehensive cost at group companies
- Using all group resources to aim for higher earnings, including measures to raise sales outside the pharmaceutical sector (in the food, cosmetic and industrial machinery sectors)

(Millions of yen)

	2019/2月期 (実績)	2020/2月期 (予想)	前期比増減	
			金額	%
売上高	18,408	17,500	△908	△4.9
営業利益	1,223	1,000	△223	△18.2
経常利益	1,326	1,000	△326	△24.6
純利益	843	700	△143	△17.0
一株純利益	50.15	41.8	△8.35	△16.7
設備投資	627	700	-	-
減価償却費	344	350	-	-
研究開発費	832	750	-	-

Summary of Segment Forecasts

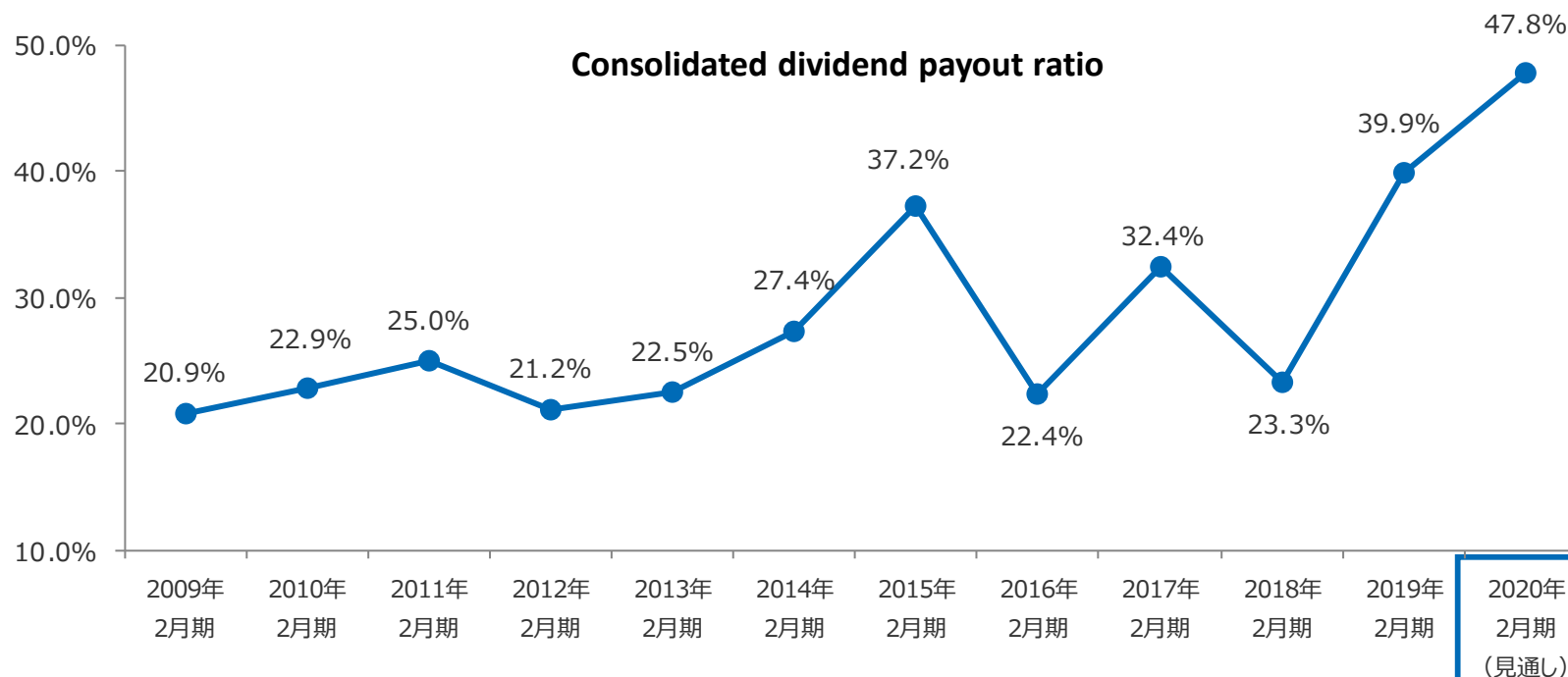
- Machinery: Resumed expansion in sales of TABREX tablet printer, focus on expanding overseas
- Chemicals: Expansion in sales of pharmaceutical excipients in Japan and securing projects overseas

(Millions of yen)

	2019/2月期		2020/2月期 (予想)		前期比増減	
	金額	構成比 (%)	金額	構成比 (%)	金額	%
連結売上高	18,408	100.0	17,500	100.0	△908	△4.9
機械部門	12,368	67.2	11,000	62.9	△1,368	△11.1
化成品部門	6,040	32.8	6,500	37.1	+459	+7.6
セグメント利益	1,223	100.0	1,000	100.0	△223	△18.2
機械部門	737	60.3	-	-	-	-
化成品部門	1,024	83.8	-	-	-	-
全社、消去	△538	△44.1	-	-	-	-
為替(円/ドル：+は円高)	110.48	-	105.00	-	-	-

Summary of Dividend Forecasts

- Consolidated dividend payout ratio target is 30%
- Plan to pay a dividend of 20 yen per share (ordinary dividend)



当期純利益 (百万円)	619	563	516	608	765	787	695	961	1,064	1,477	843	700
1株当たり配当金 (円)	7.5	7.5	7.5	7.5	10.0	12.5	15.0	12.5	20.0	20.0	20.0	20.0
発行済株式総数 (千株)	4,600	9,200	9,200	9,200	9,200	9,200	9,200	9,200	18,400	18,400	18,400	18,400

Note: Freund conducted a 2-for-1 common stock split on June 1, 2009 and March 1, 2016.

The dividends per share for FY2/16 and earlier have been adjusted to reflect the stock split.

7th Medium-term Management Plan

7th Medium-term Management Plan

Corporate Philosophy

Develop the Future through Creativity

Management Vision

Freund Group will contribute to better medical care and health for people worldwide and creating and utilizing technologies for fulfilling lives and food safety

Values which the FREUND Group holds precious



Create special forms of value

Aim to be the leader in all of the group's business sectors



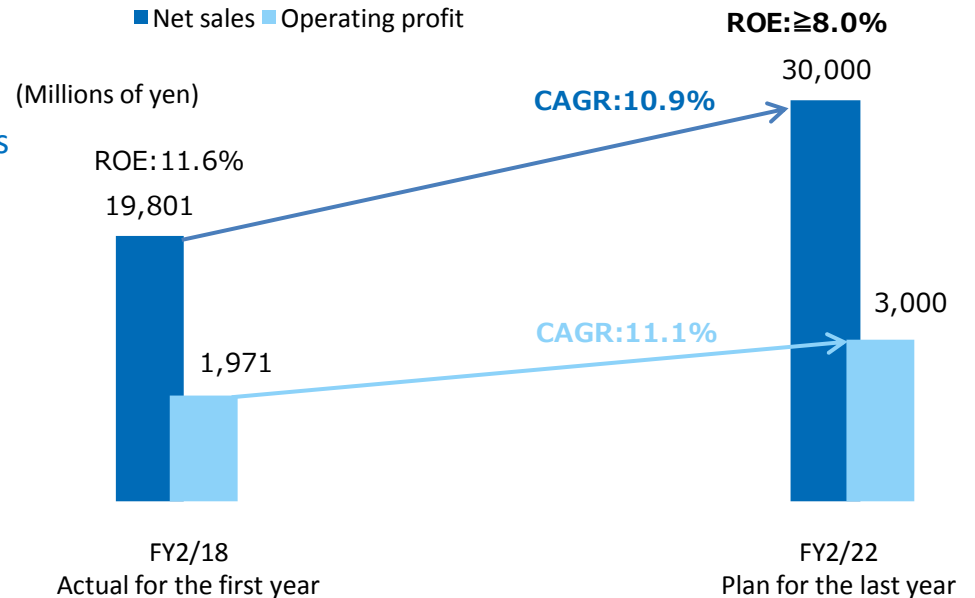
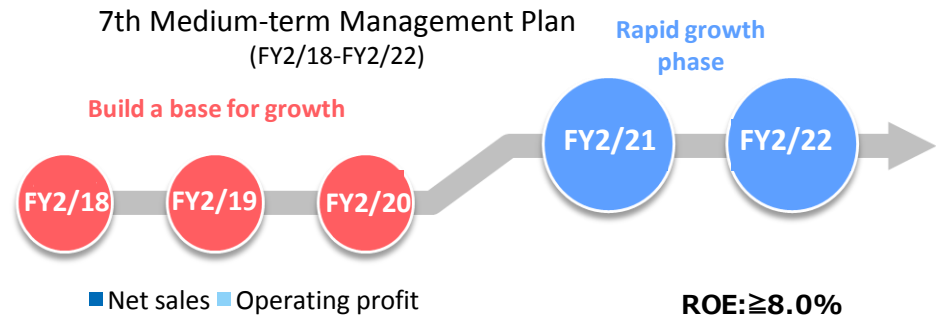
Always use the customer's perspective

Be a company like no other for customers and society



Networking

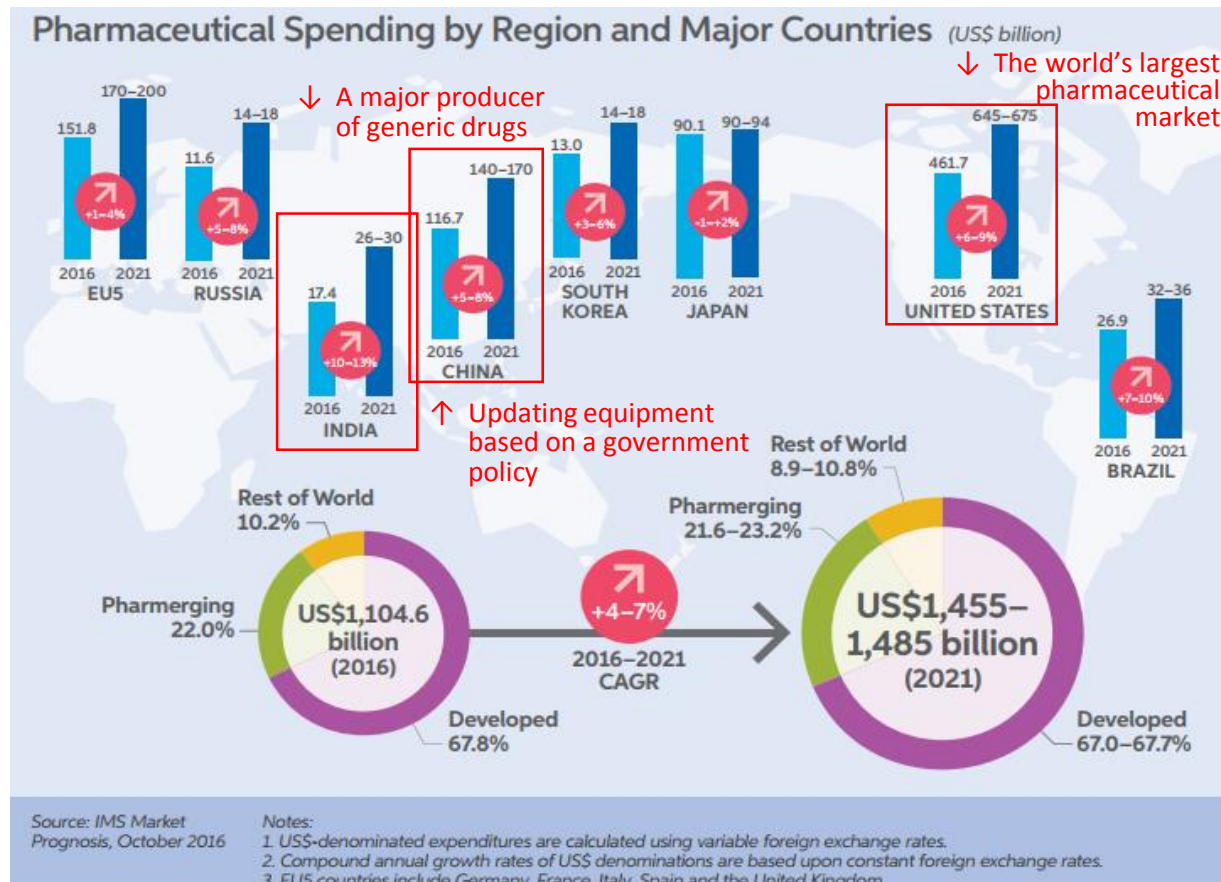
Solidify the group to create a unified organization



Operating Environment: Global Pharmaceutical Market

Assumption regarding market conditions

- For pharmaceutical industry capital expenditures in Japan, the benefits of the extra demand created by the GE80% policy have come to an end.
- Pharmaceutical industry capital expenditures in other countries are expected to continue growing until at least 2022 and probably afterward as well. (But there are elements that are unclear)
- Many opportunities exist for expansion and potential applications for Freund's technologies and products (pulverization, granulation, fine-particle coating) into non-pharmaceutical fields.



Medium-term Management Plan Framework for the First Three Years

55th (FY2/19)

1. Redefine the corporate culture (ONE FREUND)
2. Employee training
3. Development of new products

56th (FY2/20)

1. Redefine the corporate culture (ONE FREUND)
2. Securing talented people
3. Establishing foundation for overseas expansion

57th (FY2/21 onward)

1. Redefine the corporate culture (ONE FREUND)
2. Making active use of talented people
3. Overseas development

Machinery

1. Launch new products (TABREX)
2. Launch new products (Granuformer)
3. Development into non-pharmaceutical fields

Machinery

1. Increase sales of the new products
2. Receive orders for Granuformer 1
3. Increase sales of VECTOR Lab
4. Start of joint venture with India Parle (Palre Freund)

Machinery

1. Increase sales of the new products
2. Expand overseas business
3. Develop different areas of core competence

Chemicals

1. Increase overseas sales of pharmaceutical excipients
2. Increase overseas sales of food preservatives
3. Development of powerfully competitive products

Chemicals

1. Expand sales into overseas markets
2. Overseas development of food preservatives
3. Build-up of food preservatives facilities

Chemicals

1. Expand sales of pharmaceutical excipients to GE manufacturers
2. Expand sales of food preservatives overseas
3. Start of CDO project

7th Medium-term Management Plan: Two-Year Progress Report

	FY2/19 Accomplishments
Business expansion	
<ul style="list-style-type: none"> Expand new business domains 	Extended core competences (pulverizing, granulation, coating particles) to non-pharmaceutical product field
<ul style="list-style-type: none"> Faster global growth 	Considering establishment of laboratories in growing markets (India, China) /Planning plant expansion Established Freund Group's first base (Parle Freund) in India
<ul style="list-style-type: none"> Open innovation (business alliances) 	Preparing to start supplying spray dryers and other equipment for higher molecular weight drugs
<ul style="list-style-type: none"> Developing a win-win business model with customers and suppliers 	Entrusted with a maintenance work for realizing effective operation of a customer's plant
<ul style="list-style-type: none"> Establish a base for a service business 	Finished preparations to start a contract development organization (CDO) business
New technologies	
<ul style="list-style-type: none"> More group solidarity 	Integrate Japan and U.S. group technology and product development capabilities
<ul style="list-style-type: none"> Joint development 	Use alliances classified by function to develop continuous production equipment
<ul style="list-style-type: none"> Tie-ups with the academic sector 	Cooperate with academic institutions for R&D and testing for next-generation technologies
Business operations	
<ul style="list-style-type: none"> Reform business processes 	Improve efficiency by centralizing the data management for product components
<ul style="list-style-type: none"> Employee training and development 	Give people skills to succeed globally, such as by using international assignments and rotations of people within the group

(Supplementary Materials)

- Company Overview
- Segment Information

Company Overview

-
- **Company name** : Freund Corporation

 - **Established** : April 1964

 - **Representative** : Iwao Fusejima, President & CEO

 - **Location** : 6-25-13 Nishi-shinjuku, Shinjuku-ku, Tokyo, Japan

 - **Paid-in capital** : 1,035,600,000 yen (As of February 28, 2019)

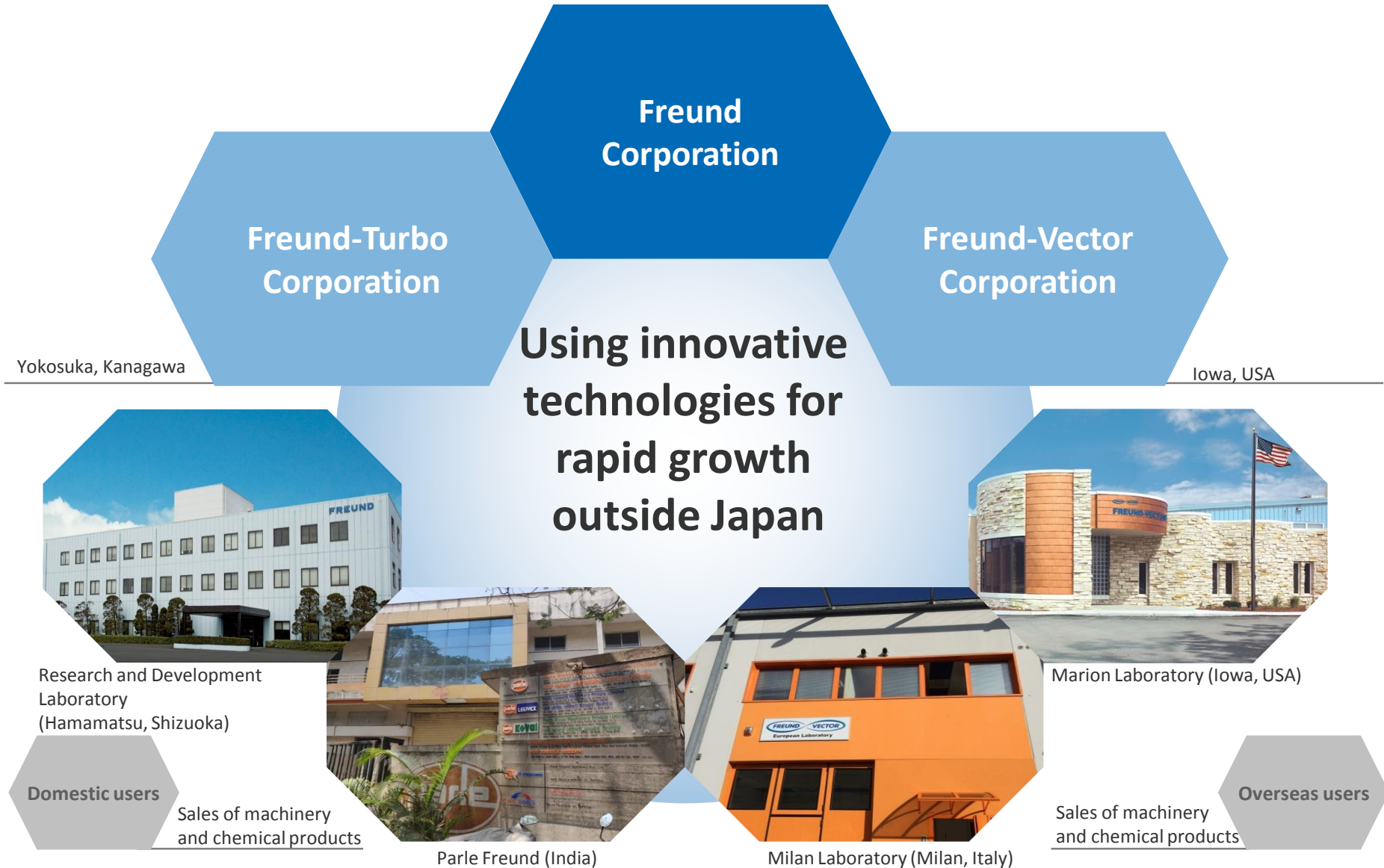
 - **Sales** : 19,800 million yen (Fiscal year ended February 2019, consolidated)

 - **Number of employees** : 372 (As of February 28, 2019, consolidated)

 - **Business** : Machinery business- Manufacturing and sales of granulation and coating equipment and others
Chemicals business- Manufacturing and sales of pharmaceutical excipients, food preservatives, and others

 - **Group companies** : Freund-Vector Corporation, Freund-Turbo Corporation, Parle Freund Machinery Private Limited
-

The Freund Group and R&D Facilities



Our “Pen” (Machinery) and “Ink” (Chemicals) Business Model

1. Machinery Business Segment



Pen

- Manufacturing and sales of **granulation and coating equipment** for the pharmaceutical, food, and fine chemical industries.
- For coating equipment, Freund **ranks first in Japan** and sales growth is accelerating in Asian market and in Freund-Vector’s U.S. and European operations. **No other company in the world has expertise in both drug formulation technologies and the associated machinery.**
- Aiming to increase sales of machinery for industrial applications too by **combining** granulating and coating technologies **with milling and sieving technologies.**

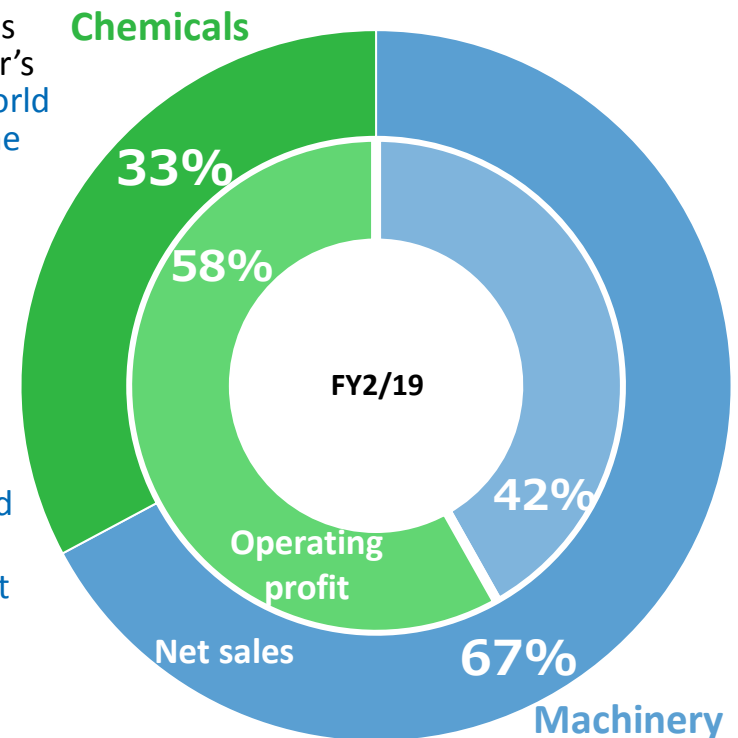
2. Chemicals Business Segment



Ink

- Manufacturing and sales of **pharmaceutical excipients, food preservatives, nutritional supplements, and others.**
- Freund uses **Good Manufacturing Practice (GMP) compliant equipment** to produce pharmaceutical excipients.
- Food preservatives made by Freund help ensure the safety of food by maintaining the quality of many types of products.
- By using its granulating and coating technologies, Freund has worked with customers to develop and commercialize nutritional supplements and seamless mini-capsules.

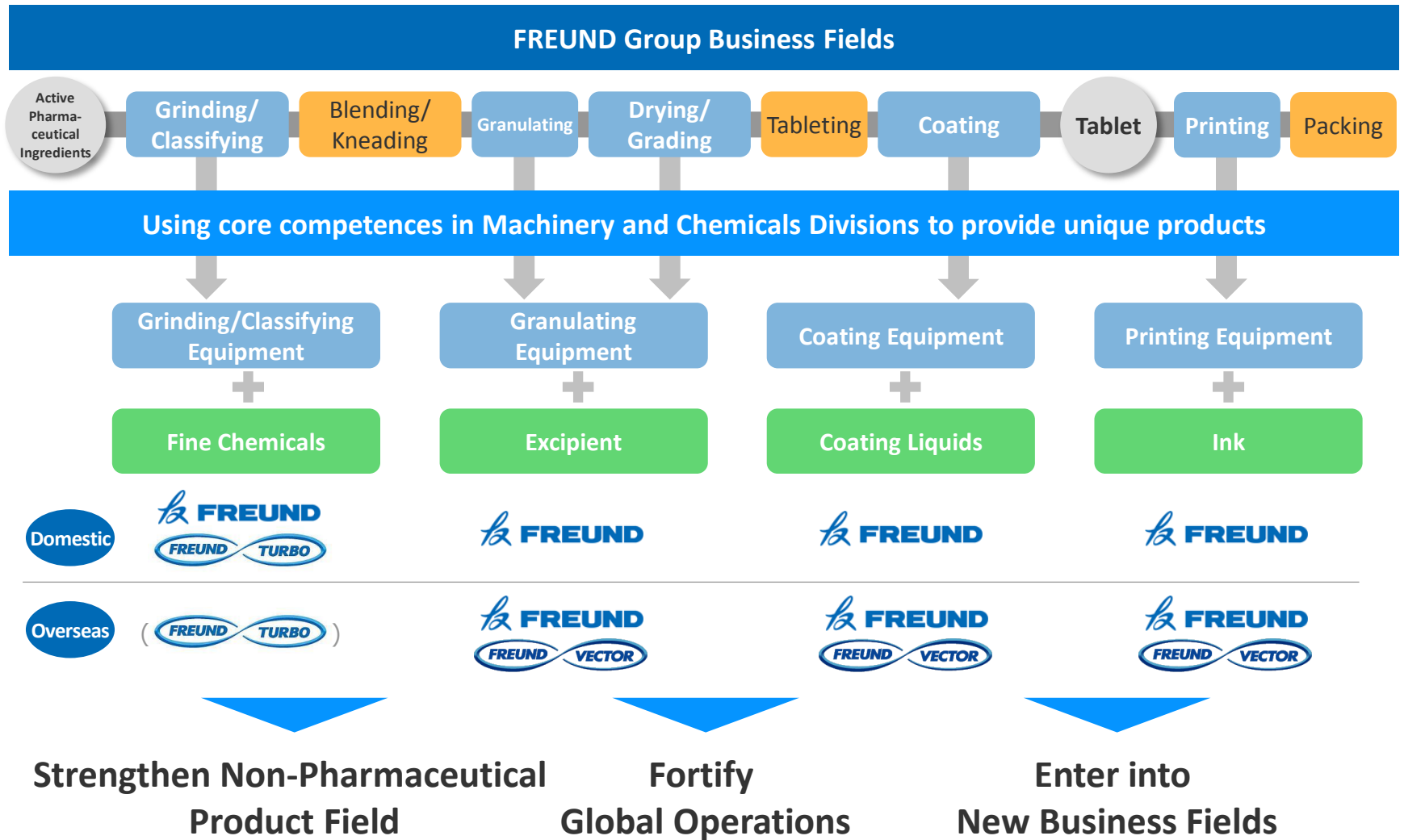
Composition of Net Sales and Profit by Segment



Consolidated sales: ¥18.40 billion
Consolidated operating profit: ¥1.22 billion

Freund Group's Business Fields

- FREUND Group's Business Fields based upon Pharmaceutical Products Manufacturing Processes



Machinery Business: Main Products are Granulating and Coating Equipment for Pharmaceutical Companies

- In the machinery business, pharmaceutical machinery is 83% of sales and industrial machinery is 17%
- Granulating and coating equipment for pharmaceutical companies are the core products; Start of accepting orders for tablet printers
- Industrial machinery sales are increasing



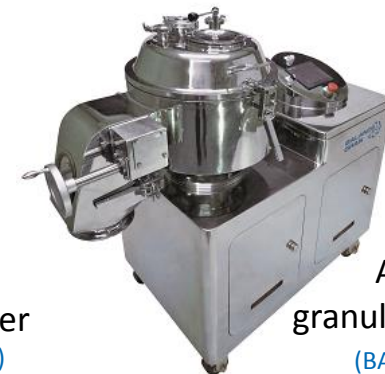
Continuous granulating machine (Granuformer®)



Automated tablet coater (HICOATER FZ)



Tablet printer (TABREX Rev.)



Agitation granulation machine (BALANCE GRAN)

Machinery Business: Effective Use of Group Resources

Manufacturing

A HICOATER machine for customers outside Japan (HICOATER ORIGINAL)



Manufacture



Receipt of orders and sales

(Sales to India and other Asian countries)

Development and Sales

F: Freund Corporation

F-V: Freund-Vector

F.T: Freund-Turbo

	Development	Sales
HICOATER FZ	F	F, F-V
GRANUREX®	F	F, F-V
SPHEREX®	F	F, F-V
Compu 4 (control system)	F-V	F, F-V
FLOW COATER 12 Bar	F-V	F, F-V
Turbo Screener	F.T	F.T, F-V

The FREUND Group Business Portfolio

*1 In business fields, △ indicates fields where the group companies supplies some products.

*2 In internal processes, △ indicates processes where some steps are outsourced.

Business	Company	Business fields*1			Internal processes*2	
		Pharmaceutical products	Non-pharmaceutical products	Development/design	Manufacturing	Test
Machinery	Freund Corporation	○	○	○	—	○
	Freund-Vector	○	△	○	○	○
	Freund-Turbo	△	○	○	○	○
Chemicals	Freund Corporation	○ (Pharmaceutical excipients)		○	△	○
			○ (Functional food materials)	○	○	○
			○ (Food preservatives)	○	△	○

Chemicals Business: A Growing Product Lineup for the Healthcare Sector

- Product lineup includes pharmaceutical excipients, food preservatives, nutritional supplements and other products
- Sales of pharmaceutical excipients for generic drugs continue to increase

1. Pharmaceutical excipients

- Direct compression excipients
- Adsorbent/solidified agents/fluidized agents
- White coloring agents
- Lubricant agents
- Luster agents



2. Food preservatives

- Food excipients
- Food quality preserving agents



3. Nutritional supplements/others

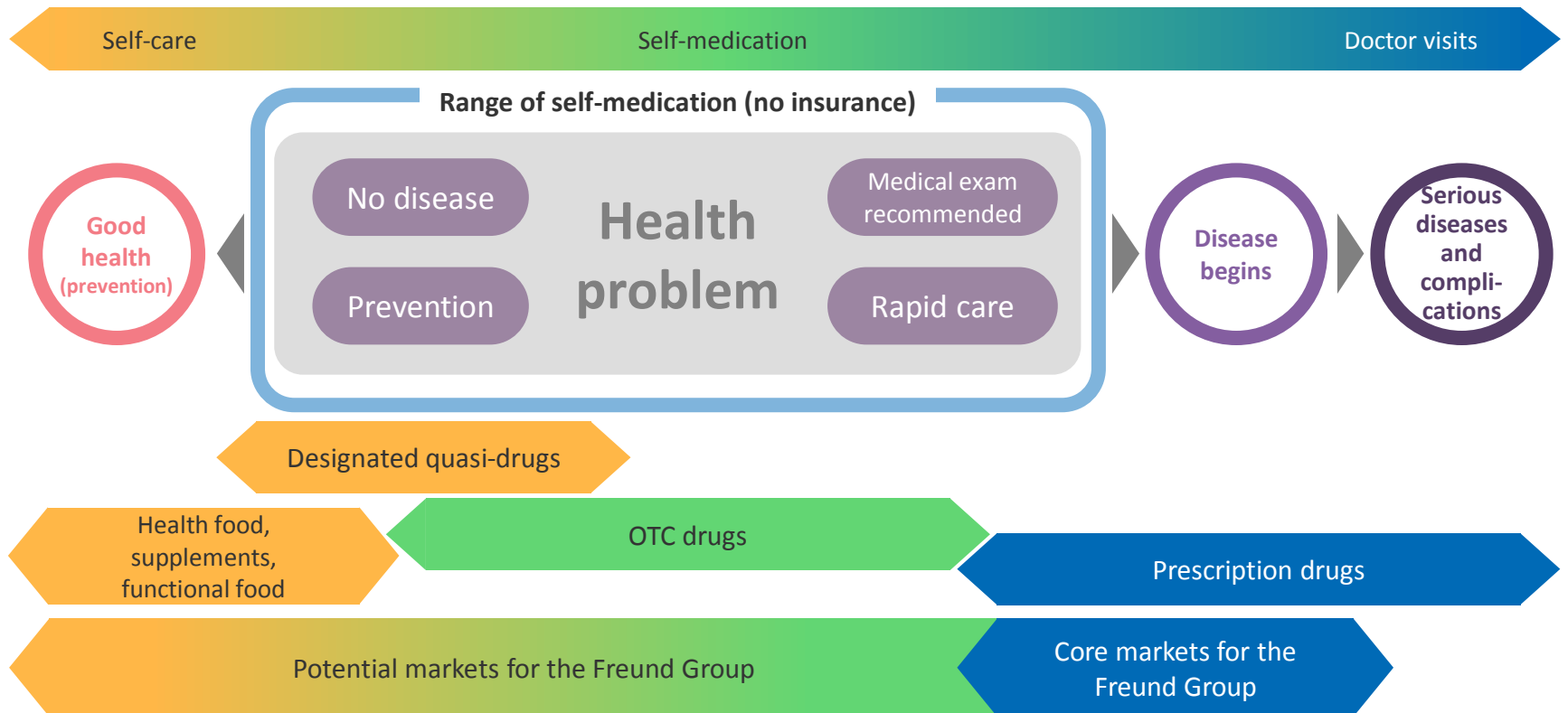
- Seamless mini capsule
- AQ shelax® (aqueous liquid)
- Supplements



Examples of Key Initiatives for Consistent Earnings Growth

Machinery: Upgrade Activities in Industries Peripheral to Pharmaceuticals in Japan

- Market growth driven by self-medication and self-care
(Granulating and coating equipment)
 - ▣ Growth of markets for over-the-counter drugs, health food and supplements, and functional food products
 - ▣ The same trends are likely to emerge in other Asian countries

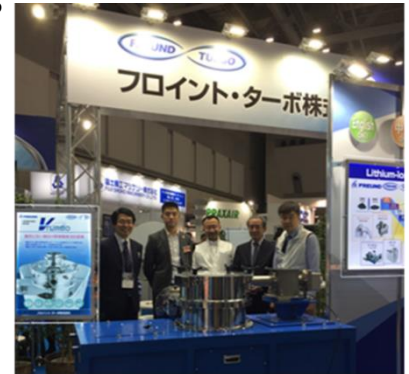


Source: Prepared by Freund based on documents at the Grand Design press conference of the Japan Self-Medication Industry

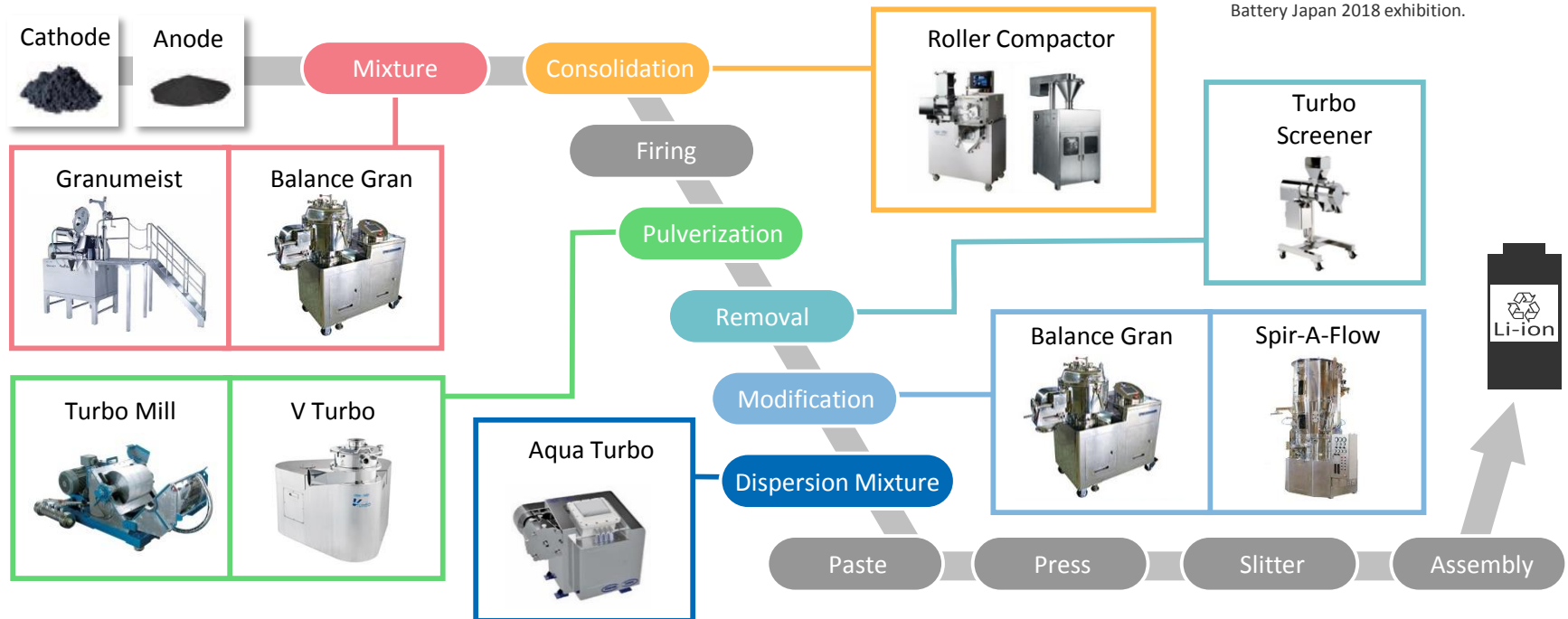
Examples of Key Initiatives for Consistent Earnings Growth

Machinery: Faster Global Growth of Industrial Machinery Operations

- A lineup of equipment for producing lithium-ion battery electrode materials
 - ❑ A lineup that covers all processes; able to offer prospective customers several models
 - ❑ Machines have been sold to companies in China and South Korea, the world's major lithium-ion battery producers; receiving more orders as these companies start commercial production and raise output
 - ❑ Products added by a 2018 acquisition have already been sold and are in use



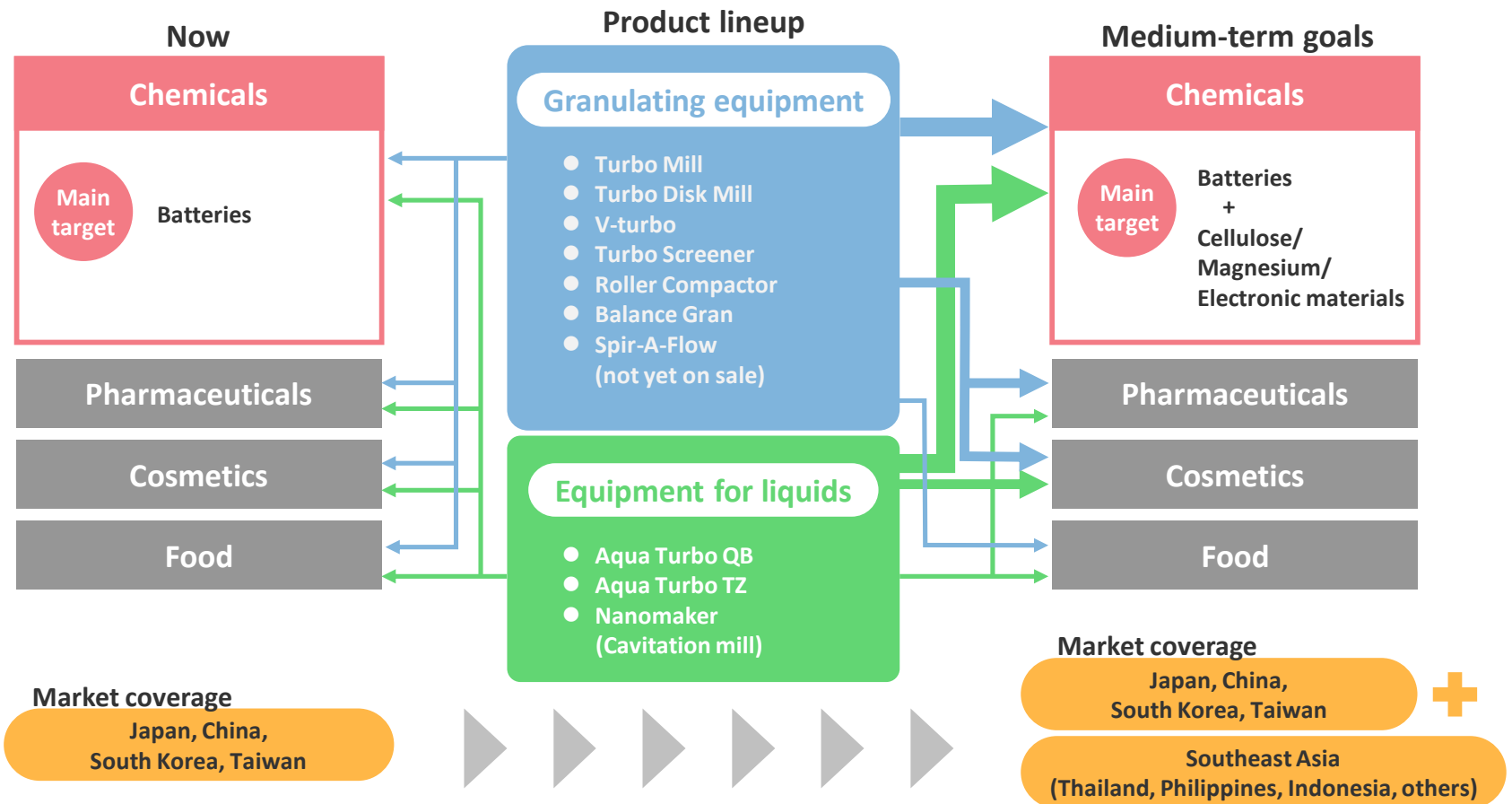
Sales partners from China and South Korea were also at the Freund-Turbo booth at the Battery Japan 2018 exhibition.



Examples of Key Initiatives for Consistent Earnings Growth

Machinery: More Coverage of Industries and Markets Associated with Industrial Machinery

- Focusing on the chemicals, pharmaceuticals and cosmetics industries
- Start selling products in Thailand, Philippines, Indonesia and other ASEAN countries



The Freund Group Disclosure Policy

1. Basic disclosure policy

Freund positions the transparency of management as an important responsibility in order to be a company that can be a trusted member of society. To maintain this transparency, we always disclose information about the company in a manner that is fair and timely from the standpoint of all stakeholders.

2. Standard for disclosure

Freund discloses information in compliance with the Companies Act, Financial Instruments and Exchange Act, and other applicable laws and regulations. Disclosure also complies with the timely disclosure rules of securities exchanges where the company's stock is traded. In addition, Freund discloses information that is not covered by these laws and regulations and exchange rules in cases where the information is believed to be necessary for investment decisions.

3. Disclosure methods

Freund discloses information by using the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange. To ensure the timeliness and fairness of information announced using TDnet, this information is posted promptly on Freund's website. In addition, press releases and other information are promptly posted on Freund's website and made available in other ways to ensure disclosure fairness and speed. Furthermore, information in Japanese is supplied in English as much as possible to make information available to a large number of stakeholders.

4. Prevention of insider trading

For the prevention of insider trading, Freund's internal rules include provisions concerning basic items that must be observed regarding the proper management of internal information, Freund stock transactions and other matters. There are also activities for ensuring that Freund personnel understand insider trading restrictions and for overseeing stock and other transactions.

5. Silent period

To prevent leaks of information about earnings announcements, as well as to comply with laws and regulations and ensure the fairness of these announcements, Freund has a "silent period" that begins on the day following the end of each fiscal year quarter and ends on the day of the earnings announcement for that quarter. Freund will not reply to any questions concerning results of operations during this period. However, in the event of the possibility that results of operations will differ significantly from the forecast, Freund may disclose this information in accordance with timely disclosure rules.

6. Forward-looking statements

Information disclosed by Freund may contain information about the future other than sales and earnings forecasts, such as information about strategies and business plans. This information is based on the decisions of management by using information that was available at that time. As a result, actual performance may differ significantly from forward-looking statements due to changes in the economy and market conditions and other reasons.

(Established on March 27, 2017)

Investor Relations Policy

The Freund Board of Directors approved the following policy for investor relations activities on March 27, 2017.

Policy concerning constructive dialogues with shareholders and other investors

Freund has a strong commitment to conducting constructive dialogues with shareholders and other investors in order to contribute to the company's sustained growth and mid- to long-term growth in corporate value. By providing clear explanations of management policies, business operations and the corporate culture, Freund aims to earn the understanding of shareholders and other investors in order to continue to receive their support as "Freund fans."

- 1. Investor relations framework** – The Corporate Communications Department responsible for investor relations oversees dialogues with shareholders and other investors under the direct supervision of the company's president. In addition, the president is assisted by a director who is in charge of investor relations.
To support these dialogues, Freund departments involved with dialogues cooperate, such as by preparing and checking disclosure materials and, as needed, sharing information, so that information is disclosed with fairness and speed.
- 2. Stakeholder dialogues** – Freund holds information meetings about results of operations and other subjects following the end of the second quarter and fiscal year. Small meetings are held after the first and third quarters. Information provided at these meetings is posted on Freund's website. When a medium or long-term management plan is established, the company provides a clear explanation of strategic goals and business plans. In addition, Freund frequently visits institutional investors to explain its goals and performance. Freund also participates in investor forums held by securities companies, holds information meetings for individual investors, and conducts other activities for stakeholder dialogues.
The FREUND Integrated Report and other IR documents are distributed to shareholders and posted on Freund's website. This publication contains business and financial information as well as about the company's strengths that do not appear in the financial statements. By providing more information about the Freund Group, this publication aims to help the public understand the true corporate value of the group.
- 3. Feedback of shareholder/investor opinions** – Opinions and other statements by shareholders and other investors at dialogues are passed on to the president, directors and others and the information is shared as needed.
- 4. Management of insider information** – There are no shareholder/investor dialogues during each silent period, which begins on the day following the end of each fiscal year quarter and ends on the day of the earnings announcement for that quarter. Freund handles insider information strictly in compliance with internal rules concerning the management of internal information and restrictions on transactions by Freund personnel.

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This presentation contains forward-looking statements involving plans, outlooks, strategies and policies. These statements reflect the judgments of management and assumptions based on information available at the time of this presentation. Actual results of operations may differ from these statements for a number of reasons. Consequently, forecasts and other forward-looking statements are not guarantees about future performance. Although Freund has checked this presentation carefully, there is still a possibility of errors in this information.