

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, 2021

April 22, 2021

# Table of Contents

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● Consolidated Financial Summary for FY2/21	• • •	P.02
● Consolidated Earnings and Dividend Forecasts for FY2/22	• • •	P.15
● Medium-term Management Plan	• • •	P.19
Supplementary Materials	• • •	P.26
Factsheet	• • •	Appendix

# Consolidated Financial Summary for FY2/21

# Consolidated Financial Summary

- Consolidated sales: Flat YoY
- Consolidated operating profit: Almost doubled YoY to 1,147 million yen
- Consolidated profit: Up 2.6x YoY to 995 million yen
- Machinery orders received: Up 21.1% YoY; Order backlog: up 40.9% YoY

(Millions of yen)

	FY2/20	FY2/21		YoY change	
	Actual	Actual	Forecast	Amount	%
Net sales	16,772	16,765	17,800	(7)	(0.0)%
Operating profit	558	1,147	1,000	+589	+105.5%
Ordinary profit	582	1,344	1,000	+762	+130.7%
Profit	381	995	700	+614	+161.0%
Earnings per share (yen)	22.79	59.47	41.80	+36.68	-
Orders received	10,227	12,386	-	+2,159	+21.1%
Order backlog	4,695	6,615	-	+1,920	+40.9%
Capital investment	951	637	-	(314)	(33.0)%
Depreciation	386	414	-	+27	+7.2%
R&D expenses	725	526	-	(199)	(27.4)%
ROA	2.1%	4.9%	-	-	-
ROE	2.9%	7.3%	-	-	-

# Machinery Business: Overview

## ● Sales by Product Field

- ❑ Pharmaceutical products: Demand from GE manufacturers for equipment continued to be weak after the post-GE 80%. Although the domestic market was strong, overseas sales were low due to sluggish exports to Brazil.
- ❑ Industrial products: Down 7.8% on lower demand from chemical and industrial machinery manufacturers due to COVID-19

## ● Orders Received by Product Field

- ❑ Pharmaceutical products: Up 26.2% because of large orders resulting from sales activities that accurately targeted customers' needs
- ❑ Industrial products: A challenging business climate due to weak demand

(Millions of yen)

	FY2/20		FY2/21	
	Amount	YoY change (%)	Amount	YoY change (%)
<b>Net sales</b>	<b>11,118</b>	<b>(10.1)</b>	<b>11,171</b>	<b>+0.5</b>
Pharmaceutical Products	9,357	(7.9)	9,547	+2.0
Industrial Products	1,760	(20.2)	1,623	(7.8)
<b>Operating profit</b>	<b>311</b>	<b>(57.8)</b>	<b>1,084</b>	<b>+248.5</b>
<b>Orders received</b>	<b>10,227</b>	<b>(13.6)</b>	<b>12,386</b>	<b>+21.1</b>
Pharmaceutical Products	8,478	(16.9)	10,697	+26.2
Industrial Products	1,749	+7.0	1,689	(3.4)
<b>Order backlog</b>	<b>4,695</b>	<b>(13.5)</b>	<b>6,615</b>	<b>+40.9</b>
Pharmaceutical Products	4,156	(17.5)	5,890	+41.7
Industrial Products	538	+38.6	725	+34.6
<b>Yen/dollar rate (+ is yen depreciation)</b>	<b>109.0</b>	<b>-1.5 yen/dollar</b>	<b>106.0</b>	<b>-3.1 yen/dollar</b>

# Machinery Business: Group Company Performance

- Freund Corporation: Sales in Japan were mostly in line with the plan. Strong overseas sales in China and India.
- Freund-Vector: Although sales were sluggish as exports to Brazil declined, profits increased due to a U.S. government COVID-19 relief payment and cost reductions.
- Freund-Turbo: Sales were weak, mainly because of lower demand from chemical and industrial machinery manufacturers in the first half due to COVID-19.

(Millions of yen)

	FY2/20		FY2/21	
	Amount	YoY change (%)	Amount	YoY change (%)
<b>Net sales</b>	<b>11,118</b>	<b>(10.1)</b>	<b>11,171</b>	<b>+0.5</b>
FREUND CORPORATION *	6,254	(11.6)	6,838	+9.3
FREUND-VECTOR *	3,994	(3.3)	3,580	(10.4)
FREUND-TURBO *	1,522	(18.4)	1,422	(6.6)
<b>Operating profit</b>	<b>311</b>	<b>(57.8)</b>	<b>1,084</b>	<b>+248.5</b>
FREUND CORPORATION	308	(57.9)	753	+144.4
FREUND-VECTOR	(53)	—	304	-
FREUND-TURBO	56	—	26	(53.3)
<b>Orders received</b>	<b>10,227</b>	<b>(13.6)</b>	<b>12,386</b>	<b>+21.1</b>
FREUND CORPORATION	5,920	(11.3)	7,398	+25.0
FREUND-VECTOR	2,955	(25.9)	3,282	+11.1
FREUND-TURBO	1,351	+14.7	1,293	(4.3)
<b>Order backlog</b>	<b>4,695</b>	<b>(13.5)</b>	<b>6,615</b>	<b>+40.9</b>
FREUND CORPORATION	3,863	(3.1)	4,618	+19.5
FREUND-VECTOR	436	(64.6)	841	+92.6
FREUND-TURBO	395	+92.0	503	+27.4

\* Before elimination for consolidation

## Machinery Business: Sales by Region

- Japan: Sales in Japan were mostly in line with the plan
- North and Latin Americas: Sales decreased in Latin America (Brazil) because of COVID-19
- Europe and Africa: Contribution from a large project in Italy
- Middle East, Asia and Pacific: Strong sales in China and India

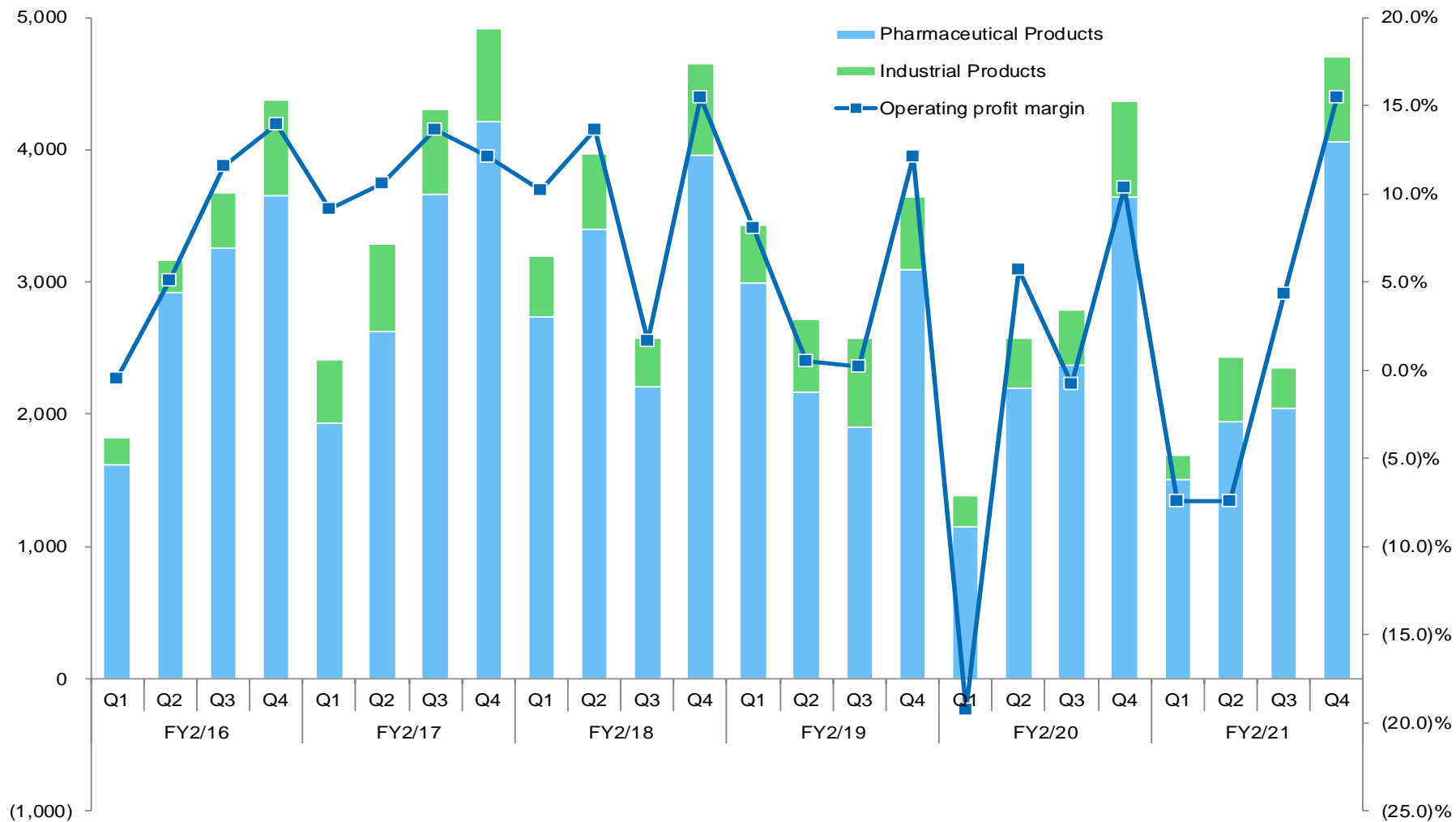
(Millions of yen)

	FY2/20		FY2/21	
	Amount	YoY change (%)	Amount	YoY change (%)
<b>Net sales</b>	<b>11,118</b>	<b>(10.1)%</b>	<b>11,171</b>	<b>+0.5%</b>
<b>Japan</b>	<b>6,696</b>	<b>(8.4)%</b>	<b>6,696</b>	<b>+0.0%</b>
<b>Overseas</b>	<b>4,422</b>	<b>(12.5)%</b>	<b>4,474</b>	<b>+1.2%</b>
North and Latin Americas	2,915	(13.0)%	2,346	(19.5)%
Europe and Africa	452	+13.8%	578	+27.9%
Middle East, Asia and Pacific	1,054	(19.2)%	1,550	+47.0%

# Machinery Business: Quarterly Results (by Product Field)

Net sales  
(Millions of yen)

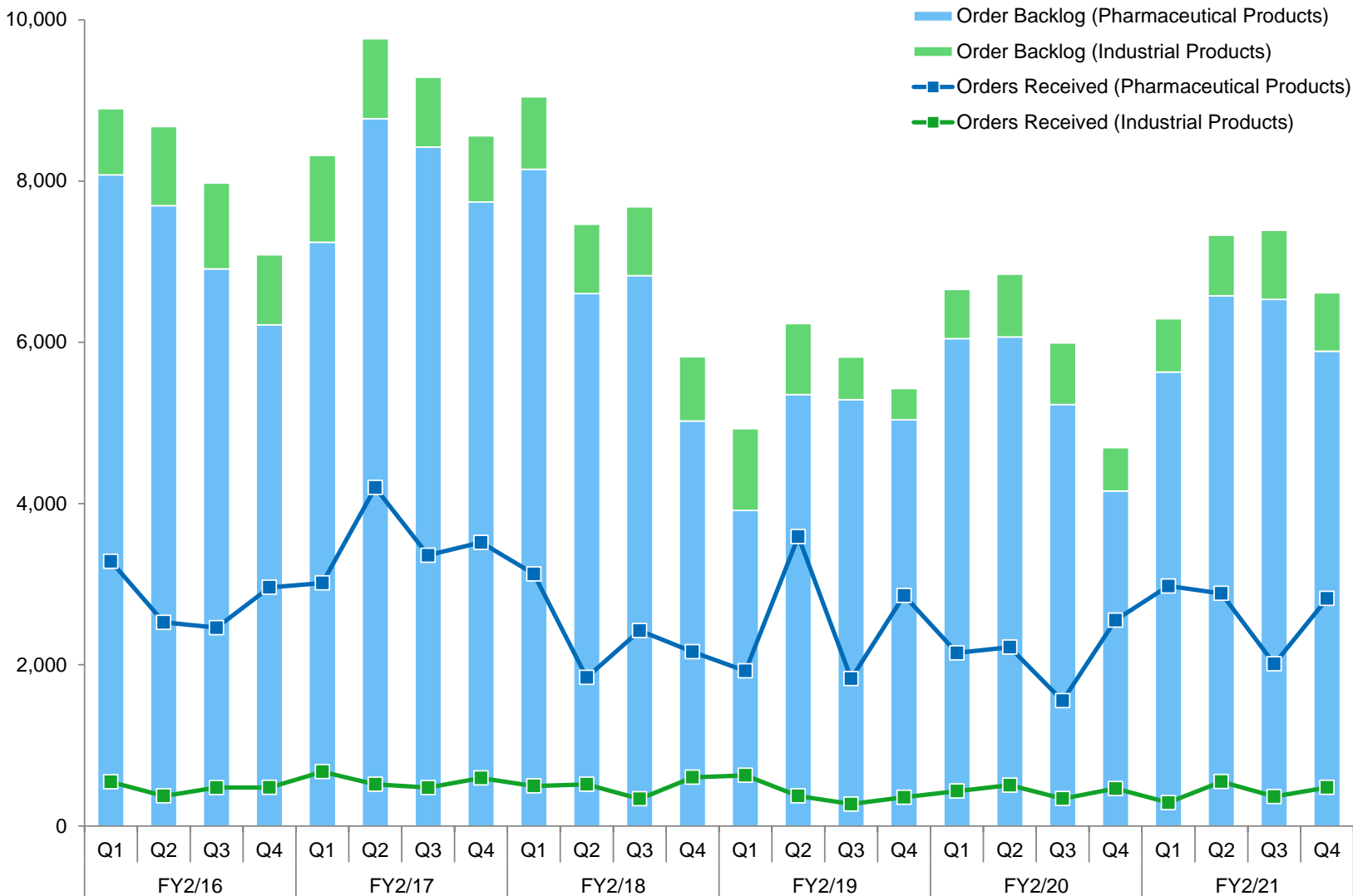
Operating profit margin





# Machinery Business: Quarterly Results (Orders Received/Order Backlog)

(Millions of yen)



# Chemicals Business: Overview

## ● Net Sales

- ❑ Pharmaceutical excipients: Sales decreased due to lower production by customers for some products
- ❑ Food preservatives: Sales decreased as COVID-19 impacted confectionery sales
- ❑ Dietary supplement products: Sales were higher as customers increased inventories of supplements
- ❑ Export: Benefited from the expansion of overseas sales activities

## ● Segment Profit

- ❑ Operating profit was down because of lower sales and higher sales of dietary supplement products with low profit margins

(Millions of yen)

	FY2/20		FY2/21	
	Amount	YoY change (%)	Amount	YoY change (%)
<b>Net sales</b>	<b>5,654</b>	<b>(6.4)</b>	<b>5,593</b>	<b>(1.1)</b>
Pharmaceutical Excipients	2,869	(10.2)	2,765	(3.6)
Food Preservatives	2,079	(3.4)	1,889	(9.1)
Dietary Supplement Products	704	+1.6	938	+33.2
(Export sales)*1	155	(55.9)	221	+42.0
<b>Operating profit</b>	<b>781</b>	<b>(23.7)</b>	<b>546</b>	<b>(30.1)</b>

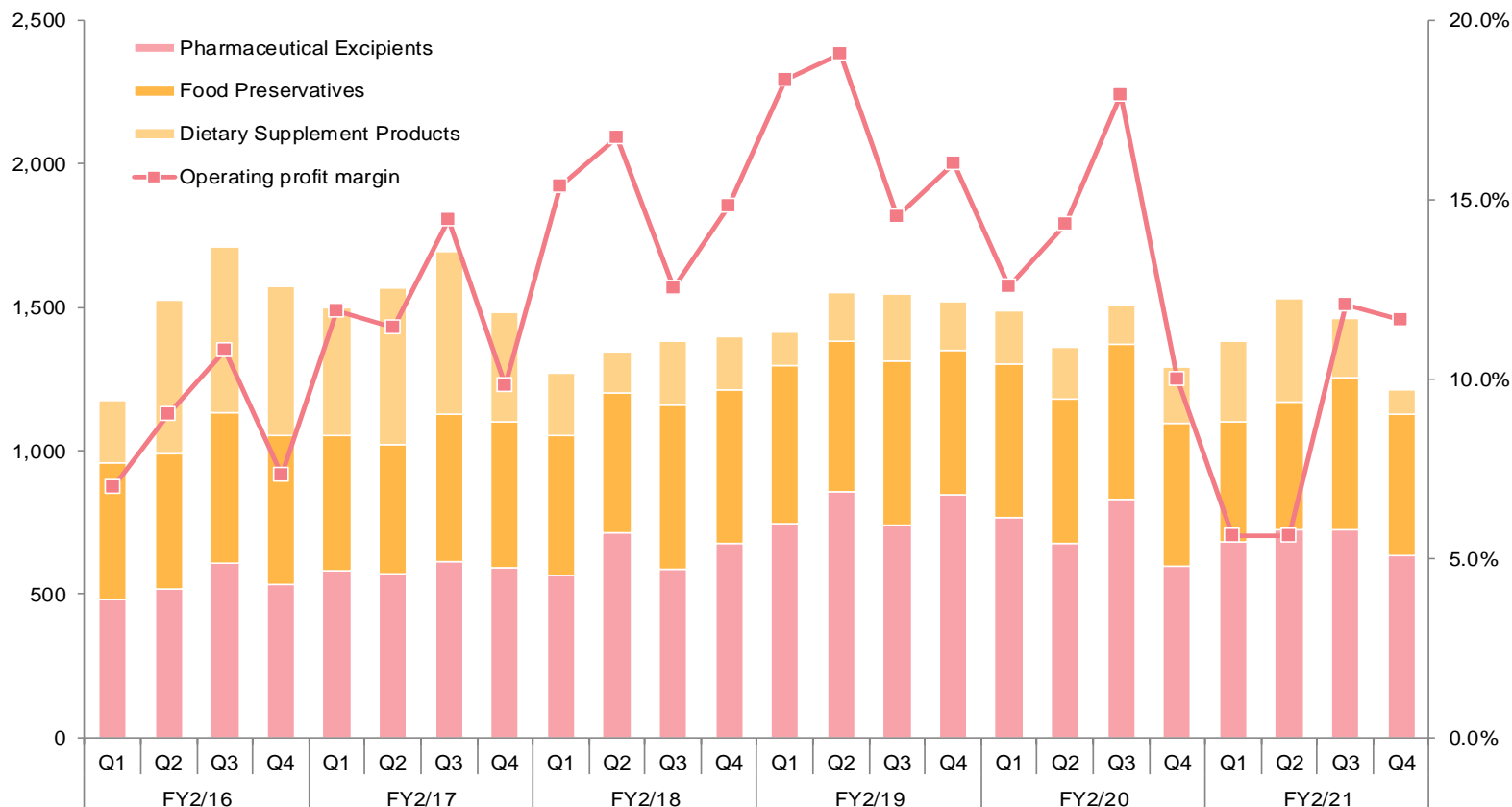
**\*1: Sales to India, South Korea, China, Taiwan, etc.**

# Chemicals Business: Quarterly Results (by Product Field)

- Sales of pharmaceutical excipients were stable
- Food preservative sales decreased particularly in the first half as COVID-19 impacted confectionery sales
- Strong dietary supplements sales in the first half as customers increased inventories of supplements

Net sales  
(Millions of yen)

Operating  
profit margin



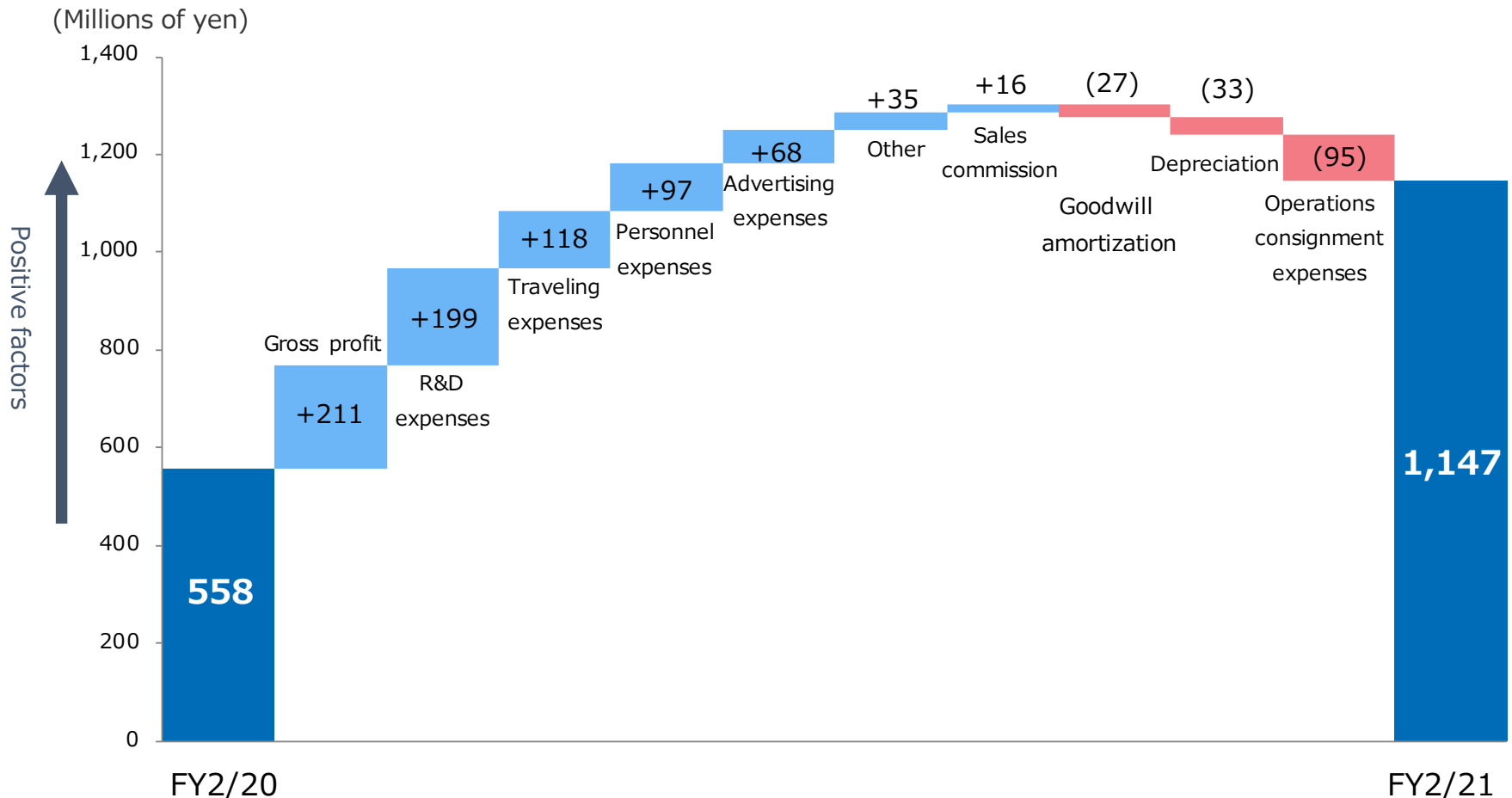
# Summary of Consolidated Statement of Income

(Millions of yen)

	FY2/20		FY2/21		YoY change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	%
Net sales	16,772	100.0%	16,765	100.0%	(7)	(0.0)%
Cost of sales	11,344	67.6%	11,126	66.4%	(218)	(1.9)%
Gross profit	5,428	32.4%	5,639	33.6%	+210	+3.9%
SG&A expenses	4,870	29.0%	4,491	26.8%	(378)	(7.8)%
Operation profit	558	3.3%	1,147	6.8%	+589	+105.5%
Non-operating income and expenses	24	0.1%	197	1.2%	+172	+707.9%
Ordinary profit	582	3.5%	1,344	8.0%	+762	+130.7%
Extraordinary income and losses	(14)	-	(21)	-	(7)	-
Profit before income taxes	568	3.4%	1,323	7.9%	+754	+132.7%
Profit	381	2.3%	995	5.9%	+614	+161.0%

# Analysis of Change in Consolidated Operating Profit

- Operating profit increased because of cost reductions at the Freund Group
- Freund-Vector earnings benefited from a U.S. government COVID-19 relief payment



# Summary of Consolidated Balance Sheet

(Millions of yen)

	FY2/20-End	FY2/21-End	YoY change Amount
Current assets	13,193	13,558	+364
Cash and deposits	4,314	4,498	+184
Accounts receivable	5,431	4,870	(561)
Inventories	3,051	3,473	+421
Non-current assets	5,311	6,941	+1,629
Property, plant and equipment	4,209	4,734	+524
Intangible assets	96	1,189	+1,093
Investments and other assets	1,006	1,017	+11
<b>Total assets</b>	<b>18,505</b>	<b>20,499</b>	<b>+1,994</b>
Current liabilities	5,023	5,817	+793
Accounts payable	3,121	2,966	(155)
Advances received	775	1,014	+239
Non-current liabilities	237	797	+560
Retirement benefit liability	165	280	+115
<b>Total liabilities</b>	<b>5,261</b>	<b>6,614</b>	<b>+1,353</b>
<b>Total net assets</b>	<b>13,243</b>	<b>13,884</b>	<b>+640</b>

## Intangible assets

• Goodwill due to acquisition of Cos.Mec → 1,089

# Summary of Consolidated Statement of Cash Flows

	(Millions of yen)	
	FY2/20	FY2/21
<b>Cash flows from operating activities</b>	<b>(27)</b>	<b>2,280</b>
Profit before income taxes	568	1,323
Depreciation	386	414
Decrease (increase) in notes and accounts receivable - trade	(1,106)	674
Decrease (increase) in inventories	(590)	(112)
Increase (decrease) in notes and accounts payable - trade	921	(340)
Income taxes paid	(324)	(174)
<b>Cash flows from investing activities</b>	<b>(852)</b>	<b>(1,726)</b>
Payments for acquisition of Cos.Mec	0	(1,106)
Purchase of property, plant and equipment	(835)	(469)
<b>Cash flows from financing activities</b>	<b>(325)</b>	<b>(371)</b>
Repayments of lease obligations	(3)	(9)
Cash dividends paid	(333)	(333)
Net increase (decrease) in cash and cash equivalents	(1,220)	184
Cash and cash equivalents at end of period	4,314	4,498
<b>Free cash flow</b>	<b>(880)</b>	<b>554</b>

# Consolidated Earnings and Dividend Forecasts for FY2/22





## Summary of Consolidated Forecasts

- Forecast sales growth due to more activities for capturing new orders and growth outside Japan
- Forecast profit to increase virtually (excluding one time items in FY2/20)

(FY2/20 operating profit excluding COVID-19 related subsidy in U.S. was 920 million yen)

	(Millions of yen)			
	FY2/21 (Actual)	FY2/22 (Forecast)	YoY change	
			Amount	%
Net sales	16,765	18,500	+1,734	+10.3
Operating profit	1,147	1,100	(47)	(4.2)
Ordinary profit	1,344	1,130	(214)	(16.0)
Profit	995	790	(205)	(20.7)
Earnings per share (yen)	59.47	47.18	(12.29)	(20.7)
Yen/dollar rate (+ is yen depreciation)	105.98	105.00	-	-
Capital investment	637	-	-	-
Depreciation	414	-	-	-
R&D expenses	526	-	-	-

## Summary of Segment Forecasts

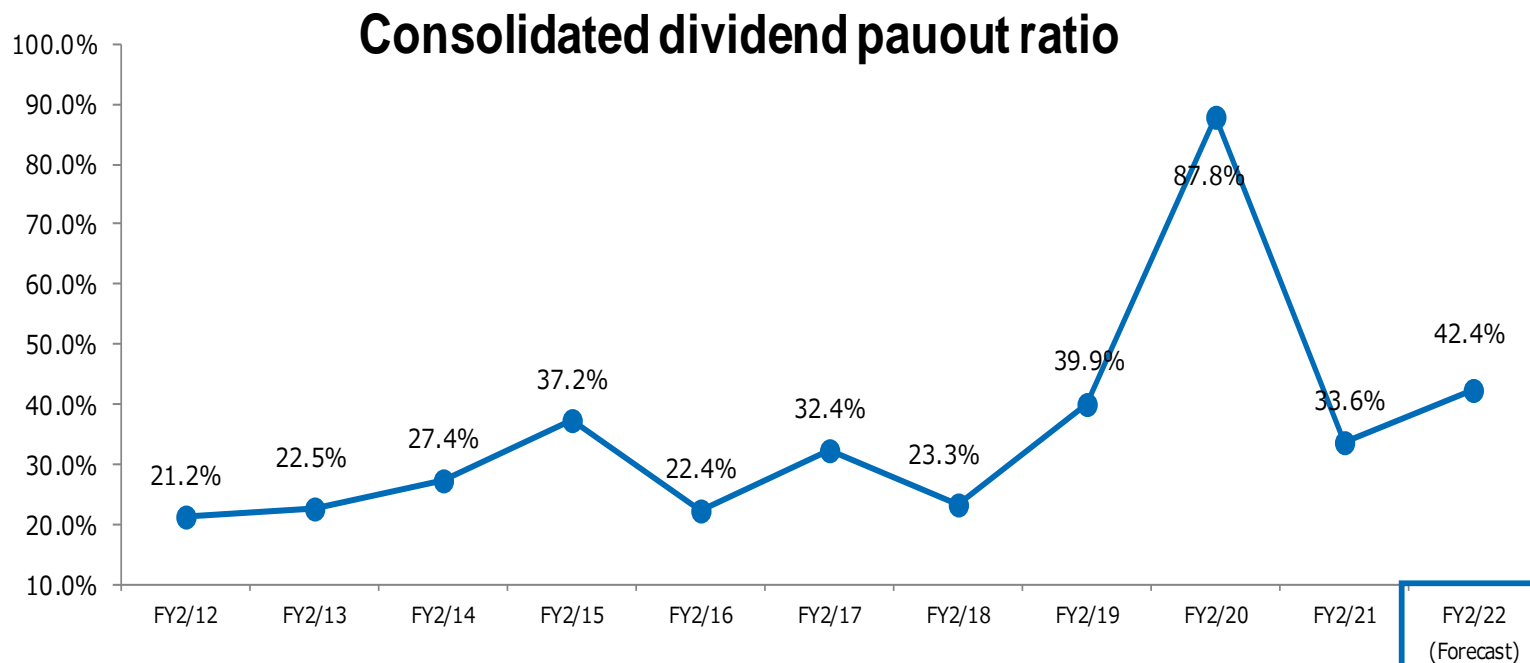
- **Machinery:** Strengthen activities for capturing new orders and enhance global coverage, including emerging countries, with a four-pole system comprising Japan, the U.S., Italy, and India
- **Chemicals:** Growth in sales of pharmaceutical excipients offsets a reactionary decline in dietary supplements sales, which were up due to special factors in the previous fiscal year

(Millions of yen)

	FY2/21		FY2/22 (Forecast)		YoY change	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	%
Consolidated net sales	16,765	100.0	18,500	100.0	+1,734	+10.3
Machinery Business Segment	11,171	66.6	13,100	70.8	+1,928	+17.3
Chemicals Business Segment	5,593	33.4	5,400	29.2	(193)	(3.5)
Segment profit	1,147	100.0	1,100	100.0	(47)	(4.2)
Machinery Business Segment	1,084	94.5	-	-	-	-
Chemicals Business Segment	546	47.6	-	-	-	-
Adjustments	(482)	(42.1)	-	-	-	-
Yen/dollar rate (+ is yen depreciation)	105.98	-	105.00	-	-	-

# Summary of Dividend Forecasts

- FY2/21, dividend forecast: 20 yen per share (unchanged from FY2/20)
- FY2/22 dividend forecast: 20 yen per share



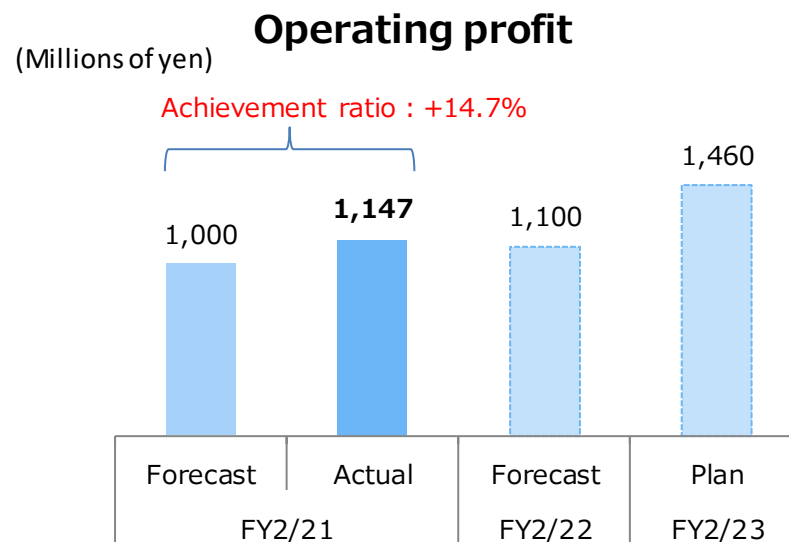
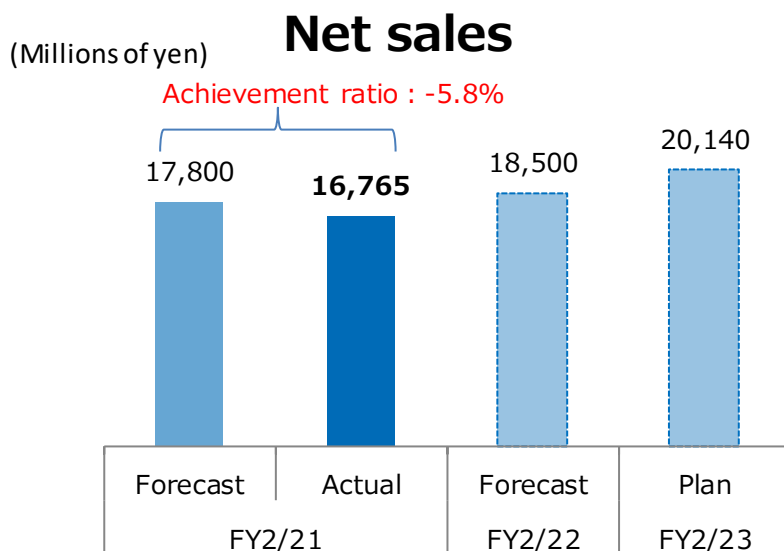
Profit (¥ million)	608	765	787	695	961	1,064	1,477	843	381	995	790
Dividend per share (yen)	7.5	10.0	12.5	15.0	12.5	20.0	20.0	20.0	20.0	20.0	20.0
Number of shares outstanding (Thousand shares)	9,200	9,200	9,200	9,200	9,200	18,400	18,400	18,400	18,400	18,400	18,400

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.

# 8th Medium-term Management Plan

## Goals of the 8th Medium-term Management Plan vs. Performance and Forecasts

- Actual sales in FY2/21 were 16.765 billion yen, about 6% lower than the consolidated sales target of 17.8 billion yen forecast for this fiscal year in the 8th Medium-term Management Plan. Sales of machinery exceeded the plan in Japan and Asia, but sales of chemical products (excipients, preservatives) in Japan and overseas sales of machinery (excluding Asia) fell short of plan targets.
- Compared to the consolidated operating profit target of 1 billion yen, the actual result was 1.147 billion yen, 15% higher than the target. The main factors were lower operating expenses due to the global spread of COVID-19, and COVID-19 related subsidy in U.S.



## 8th Medium-term Management Plan – First Year Accomplishments and Outlook

- In the Medium-term Management Plan, we had aimed for consolidated sales of 19.05 billion yen and consolidated operating profit of 1.22 billion yen for FY2/22. However, due to uncertainty over the timing of a return to normality after the pandemic, we have revised these targets downward to 18.5 billion yen and 1.1 billion yen, respectively. In addition to the contribution from the sales of the Italian subsidiary, which we did not anticipate at the time of the formulation of the Medium-term Management Plan, we also expect a recovery in profit from our domestic chemical products business.
- To achieve consolidated sales of 20.14 billion yen and consolidated operating profit of 1.46 billion yen in FY2/23, the final year of the medium-term management plan, we need to increase sales by 9% and operating profit by 33% YoY, respectively. We believe that these targets can be achieved by increasing sales of machinery and excipients through our research center in China, which is scheduled to open in the FY2/22, in addition to increasing sales of machinery by implementing joint sales promotions by our subsidiaries in the U.S. and Italy.

# 8th 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

**ONE**  
FREUND



**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

## Core Strategy

**Create a structure for business operations that can  
use technologies to meet the true needs of  
customers and achieve consistent growth in earnings**

## Seven Goals

1. Group solidarity
2. Always use the customer's perspective
3. Constant innovation
4. Global management
5. Strategy for growth
6. Business process and working-style reform
7. A firm commitment to compliance and governance

## 8th Medium-term Management Plan: Seven Goals

### 1. **Group solidarity**

Make all three group companies a unified organization and use this cohesiveness for collaboration for sales and R&D in order to achieve consolidated performance targets.

### 2. **Always use the customer's perspective**

Supply products with outstanding quality in every respect along with prices and speed that meet customers' expectations.

### 3. **Constant innovation**

Channel substantial resources to creating new products, as an organization specializing in developing technologies and other ideas, and rigorously manage progress concerning development plans.

### 4. **Global management**

While capturing market share in Japan, operations of all group companies must reflect the shift of customers' activities to other countries and the growing importance of quality in overseas markets.

### 5. **Strategy for growth**

Use M&A, business alliances and other activities to create businesses that can be the foundation of the next medium-term management plan and step up measures to achieve non-organic growth in existing businesses.

### 6. **Business process and working-style reform**

Eliminate inefficient tasks and jobs and become a highly efficient organization with pleasant and productive workplaces.

### 7. **A firm commitment to compliance and governance**

Improve production and quality management structure, upgrade internal controls, and take other actions to develop the sound operation of businesses in order to earn the trust of customers and society.



## Acquisition of Cos.Mec S.r.l. in Italy (Make This Company a Wholly Owned Subsidiary)

- On November 5, 2020, Freund acquired a 100% stake in the Italian mid-sized machine manufacturer Cos.Mec S.r.l. from its former owner and made it a wholly owned subsidiary. Founded in 1991, Cos.Mec is a medium-sized pharmaceutical machinery manufacturer with about 50 employees. The company's strengths are that it manufactures both process equipment, such as granulating machinery, and peripheral equipment, such as powder handling systems in-house. This enables the subsidiary to provide one-stop solution to meet the needs of customers for new factories and plant expansions. In addition, the subsidiary has extensive customer relationship with pharmaceuticals companies in emerging countries.
- As Cos.Mec has products and customer bases that Freund-Vector does not have, we expect to achieve synergies with Freund-Vector and Freund Corporation, and strengthen our global machinery sales.



Cos.Mec exterior view



# Establishment of Freund-Chineway Pharmaceutical Technology Center

- Freund is scheduled to open a laboratory for customer testing of our machinery and excipients in Shanghai, China in FY2/22.
- The need for the use of new machinery at Chinese pharmaceutical companies is already increasing and a similar trend is also evident in excipients. By using its strength as a company that manufactures both machinery and excipients, Freund will open a research center in Shanghai that will test machinery and excipients to show customers the outstanding performance of these products.
- Plans for this center also include the addition at some point of the development of designs for pharmaceutical formulation and the provision of these designs to pharmaceutical companies in China.

■ Name

Freund-Chineway Pharmaceutical Technology Center Co., Ltd.

■ Location

Shanghai, China



FC Center exterior view



## (Supplementary Materials)

- Company Overview
- Segment Information

# Company Overview

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● 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, 2021)
● Sales	:	16,700 million yen (Fiscal year ended February 2021, consolidated)
● Number of employees	:	484 (As of February 28, 2021, 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, Cos.Mec s.r.l., Parle Freund Machinery Private Limited

# The Freund Group and R&D Facilities

## Using innovative technologies for rapid growth outside Japan

**Freund  
Corporation**

Tokyo, Osaka, Shizuoka, Aichi

**Freund-Turbo  
Corporation**

Yokosuka, Kanagawa

**Freund-Vector  
Corporation**

Iowa, USA

**Cos.Mec s.r.l.**

Milan, Italy



Research and Development  
Laboratory  
(Hamamatsu, Shizuoka)



Marion Laboratory (Iowa, USA)

**Domestic  
users**

Sales of machinery  
and chemical products



Parle Freund (India)



Milan Laboratory (Milan, Italy)

Sales of machinery  
and chemical products

**Overseas  
users**

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

## 1. Machinery Business Segment



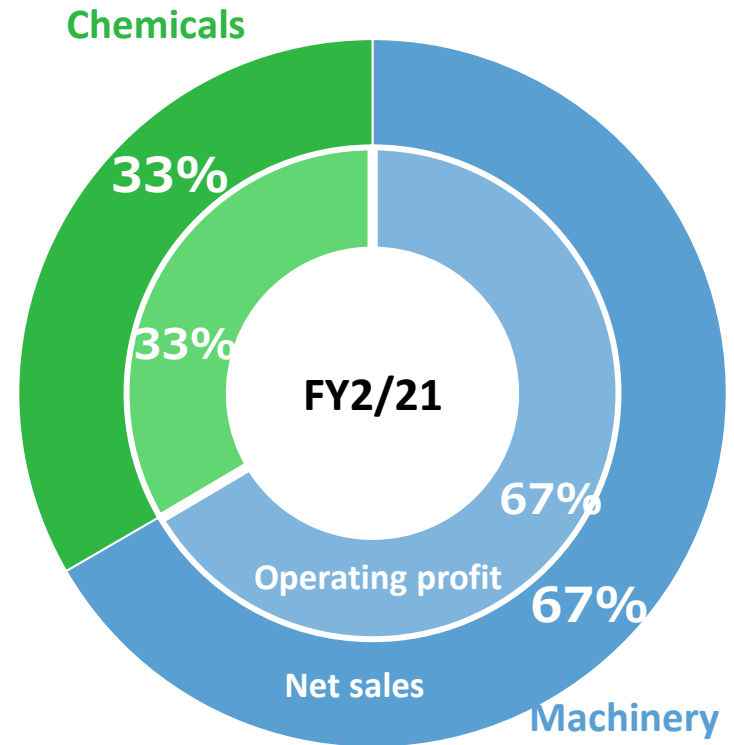
- Manufacturing and sales of **granulation and coating equipment** for the pharmaceutical, food, and fine chemical industries.
- For coating equipment, Freund **ranks first in Japan** and sales growth is accelerating in Asian market and in Freund-Vector’s US and European operations. **No other company 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



- 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.

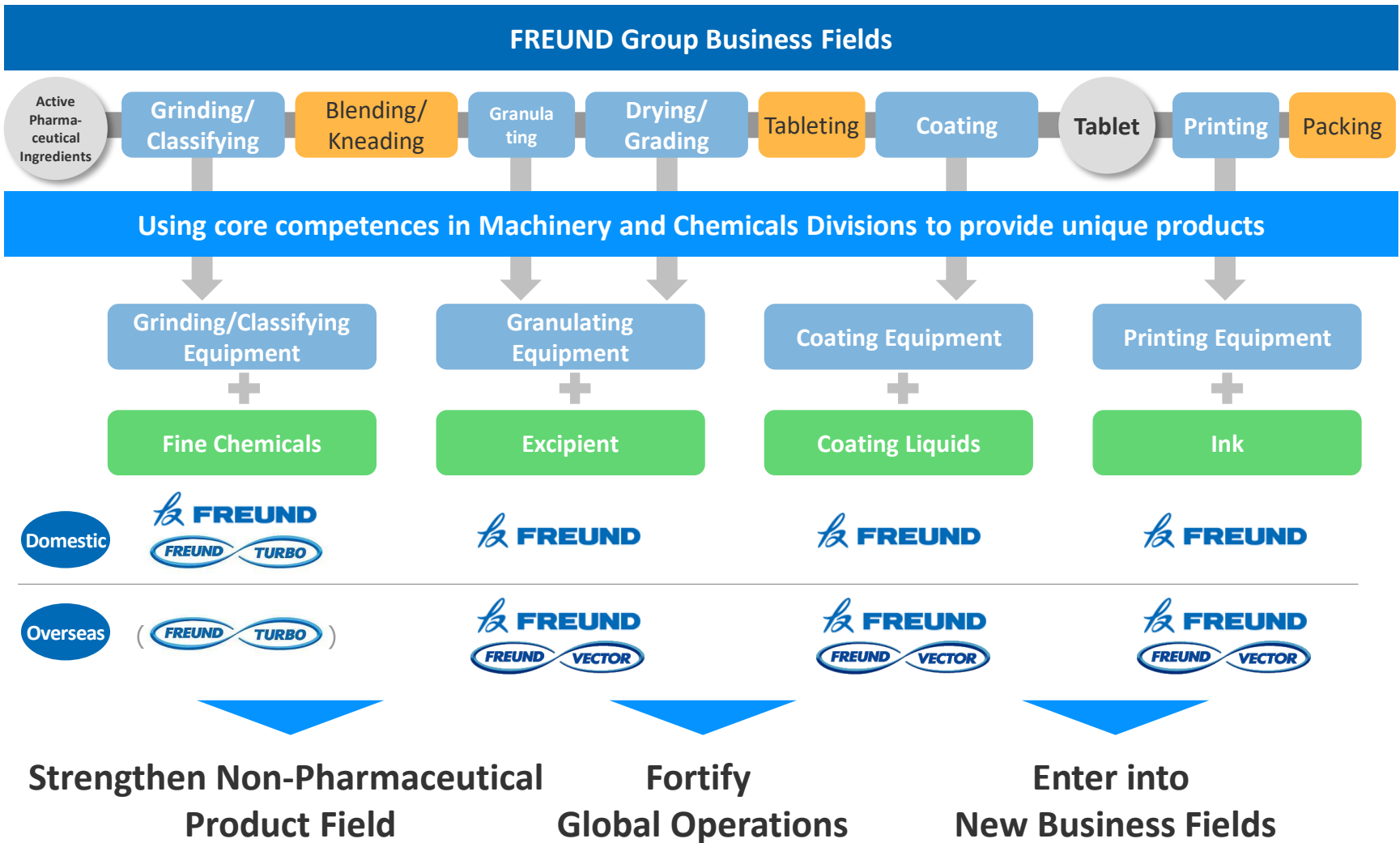
## Composition of Net Sales and Profit by Segment



**Consolidated sales:** ¥16.76 billion  
**Consolidated operating profit:** ¥1.14 billion

# Freund Group's Business Fields

- FREUND Group's business fields based upon pharmaceutical products manufacturing processes



# 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

## 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 Planning Division 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.