

FREUND CORPORATION

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



(Securities code: 6312)

# Results of Operations for the First Quarter of the Fiscal Year Ending February 28, 2021

July 13, 2020

# Consolidated Financial Summary for the First Quarter of FY2/21



## Consolidated Financial Summary

- First quarter orders involving capital expenditures in Japan were firm
- In the Machinery Business, where most deliveries at all group companies are usually in the fourth quarter of every fiscal year, first quarter performance was held down by the COVID-19 crisis
- In the Chemicals Business, sales of pharmaceutical excipients decreased mainly because customers reduced inventories and sales of food preservatives were impacted by lower sales of confectionery products caused by the COVID-19 crisis

(Millions of yen)

	FY2/20 Q1 Actual	FY2/21 Q1 Actual	YoY Change		FY2/21 Forecasts
			Amount	%	
Net sales	2,878	3,076	+197	+6.9	17,800
Operating profit	(214)	(165)	+48	(22.8)	1,000
Ordinary profit	(217)	(154)	+62	(28.7)	1,000
Profit	(158)	(121)	+36	(22.9)	700
Earnings per share (yen)	31.08	-9.44	(40.52)	(130.4)	41.8
Depreciation	84	94	+9	+11.5	—
R&D expenses	204	149	(54)	(26.8)	—
Dividend	—	—	—	—	20.00

# Machinery Business: Overview

## Sales by Product Field

- Pharmaceutical products: Solid demand in Japan for pharmaceutical equipment but negative effects of COVID-19 in North America
- Industrial products: Sales activities in China and South Korea were limited by travel restrictions and other effects of COVID-19

## Segment Profit

- The parent company profit could not offset losses at two subsidiaries (Millions of yen)

	FY2/20 Q1 Actual	FY2/21 Q1 Actual	YoY change		FY2/21 Forecasts
			Amount	%	
<b>Net sales</b>	<b>1,386</b>	<b>1,689</b>	<b>+303</b>	<b>+21.9</b>	<b>12,000</b>
Pharmaceutical Products	1,146	1,500	+353	+30.9	—
Industrial Products	240	189	(50)	(21.0)	—
<b>Operating profit</b>	<b>(267)</b>	<b>(125)</b>	<b>+141</b>	<b>-</b>	<b>—</b>
<b>Orders received</b>	<b>2,583</b>	<b>3,268</b>	<b>+685</b>	<b>+26.5</b>	<b>—</b>
Pharmaceutical Products	2,148	2,977	+828	+38.6	—
Industrial Products	434	291	(143)	(33.0)	—
<b>Order backlog</b>	<b>6,657</b>	<b>6,295</b>	<b>(362)</b>	<b>(5.4)</b>	<b>—</b>
Pharmaceutical Products	6,047	5,632	(414)	(6.9)	—
Industrial Products	610	662	+51	+8.5	—
<b>Yen/dollar rate (+ is yen depreciation)</b>	<b>110.96</b>	<b>107.58</b>	<b>-3.38 yen/dollar</b>	<b>(3.0)</b>	<b>105.00</b>

## Machinery Business: Group Company Performance

- Freund Corporation: Sales and earnings increased
- Freund-Vector: Sales and earnings decreased because most deliveries are in the 4Q of every fiscal year and due to the COVID-19 crisis
- Freund-Turbo: Sales and earnings decreased because most deliveries are in the 4Q of every fiscal year and due to the COVID-19 crisis

(Millions of yen)

	FY2/20	FY2/21	YoY change		FY2/21 Forecasts
	Q1 Amount	Q1 Amount	Amount	%	
<b>Net sales</b>	<b>1,386</b>	<b>1,689</b>	<b>+303</b>	<b>+21.9</b>	<b>12,000</b>
FREUND CORPORATION	830	1,363	+533	+64.2	—
FREUND-VECTOR	395	296	(98)	(25.0)	—
FREUND-TURBO	160	145	(14)	(9.3)	—
<b>Operating profit</b>	<b>(267)</b>	<b>(125)</b>	<b>+141</b>	<b>-</b>	<b>—</b>
FREUND CORPORATION	(40)	94	+135	-	—
FREUND-VECTOR	(157)	(161)	(4)	-	—
FREUND-TURBO	(69)	(57)	+11	-	—
<b>Orders received</b>	<b>2,583</b>	<b>3,268</b>	<b>+685</b>	<b>+26.5</b>	<b>—</b>
FREUND CORPORATION	1,395	2,268	+872	+62.5	—
FREUND-VECTOR	920	798	(121)	(13.2)	—
FREUND-TURBO	267	201	(66)	(24.7)	—
<b>Order backlog</b>	<b>6,657</b>	<b>6,295</b>	<b>(362)</b>	<b>(5.4)</b>	<b>—</b>
FREUND CORPORATION	4,554	4,846	+292	+6.4	—
FREUND-VECTOR	1,763	965	(798)	(45.3)	—
FREUND-TURBO	339	483	+143	+42.2	—

## Machinery Business: Sales by Region

- Japan: Sales increased partly due to large projects
- Overseas: Sales were lower in all regions because of COVID-19

(Millions of yen)

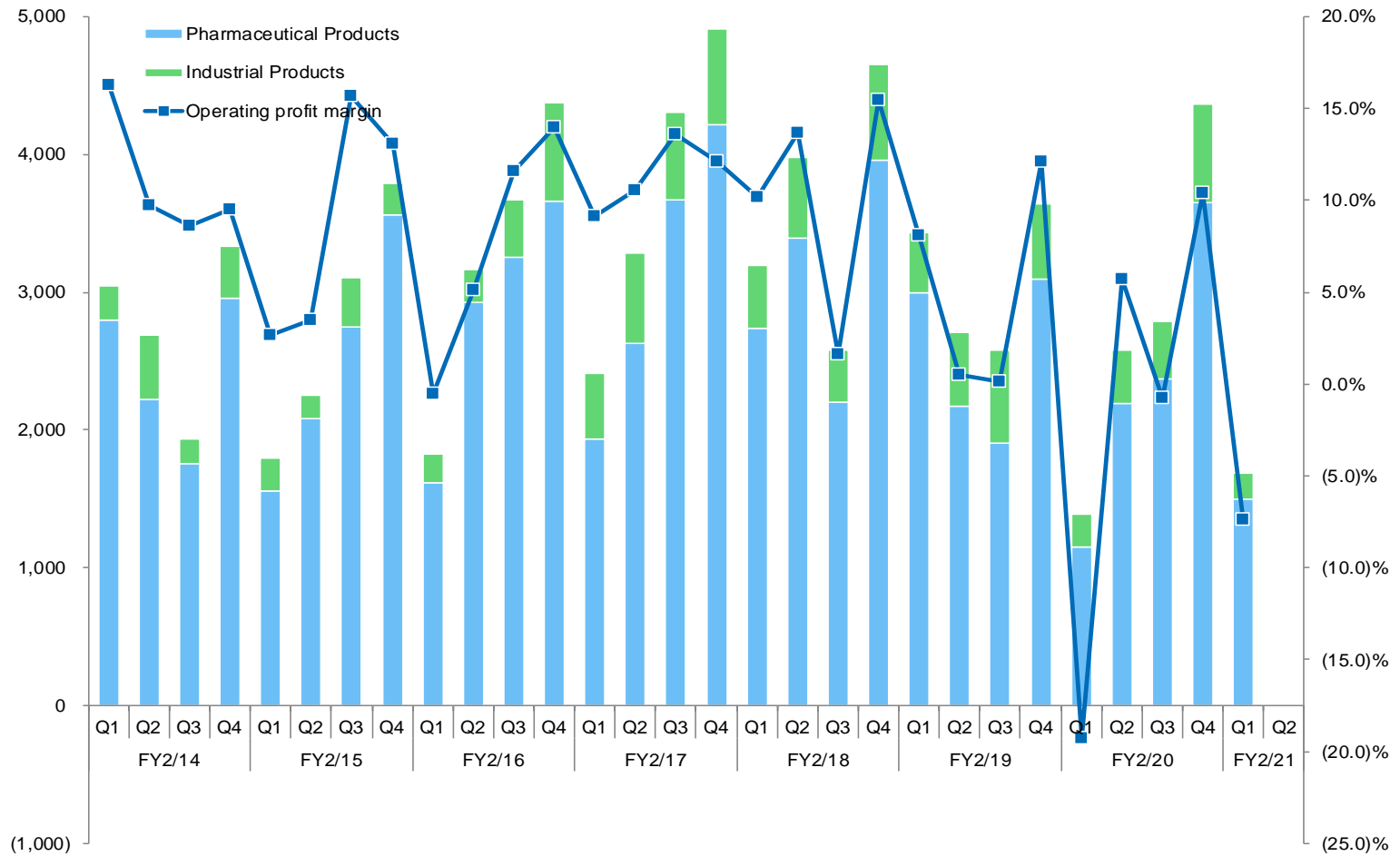
	FY2/20 Q1 Amount	FY2/21 Q1 Amount	YoY change		FY2/21 Forecasts
			Amount	%	
<b>Net sales</b>	<b>1,386</b>	<b>1,689</b>	<b>+303</b>	<b>+21.9</b>	<b>12,000</b>
<b>Japan</b>	<b>894</b>	<b>1,354</b>	<b>+459</b>	<b>+51.3</b>	—
<b>Overseas</b>	<b>491</b>	<b>335</b>	<b>(155)</b>	<b>(31.7)</b>	—
North and South Americas	308	193	(114)	(37.2)	—
Europe and Africa	81	27	(53)	(66.2)	—
Middle East, Asia and Pacific	101	114	+12	+12.4	—

# Machinery Business: Quarterly Results (by Product Field)

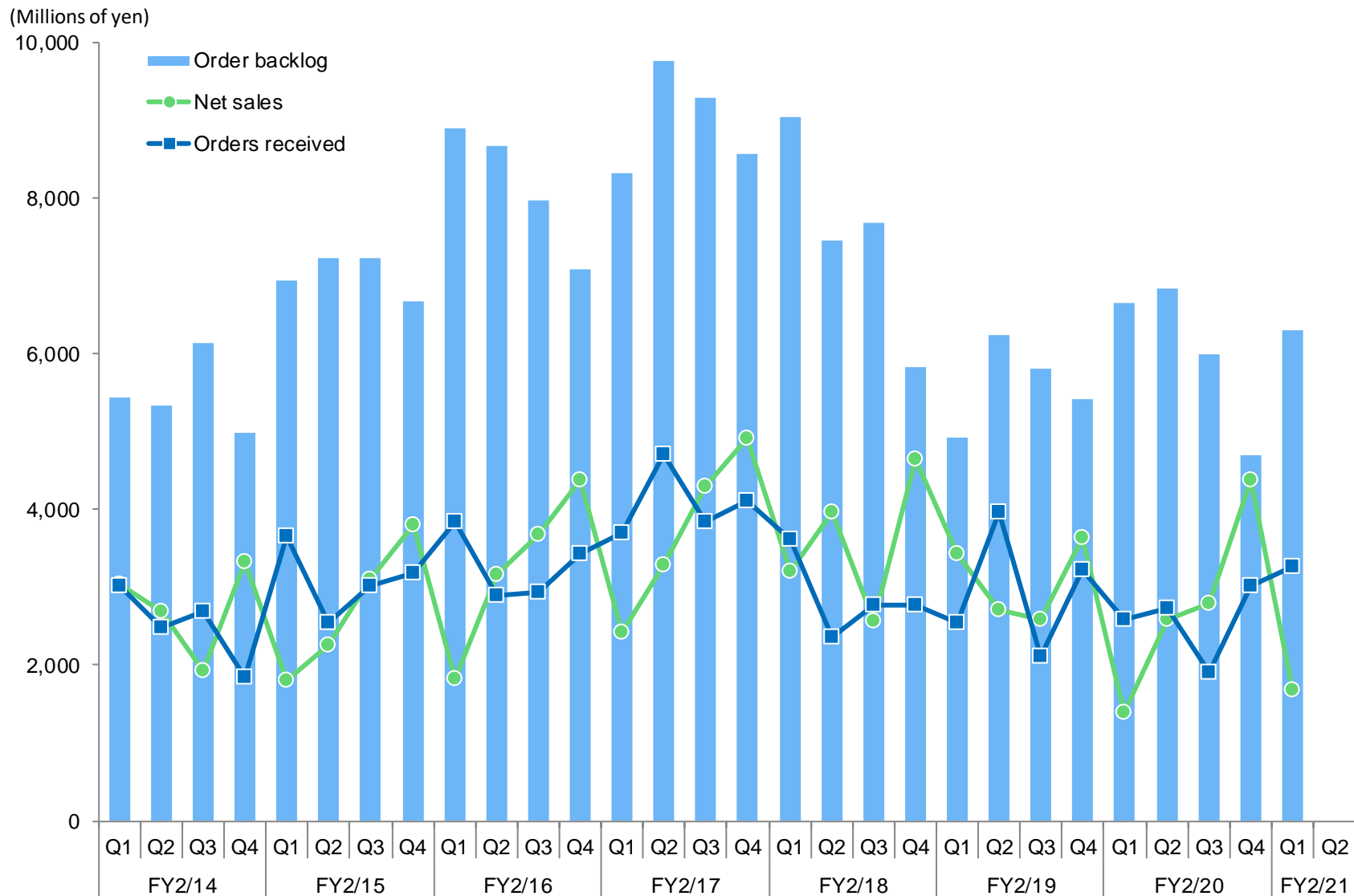
Net sales

Operating profit margin

(Millions of yen)



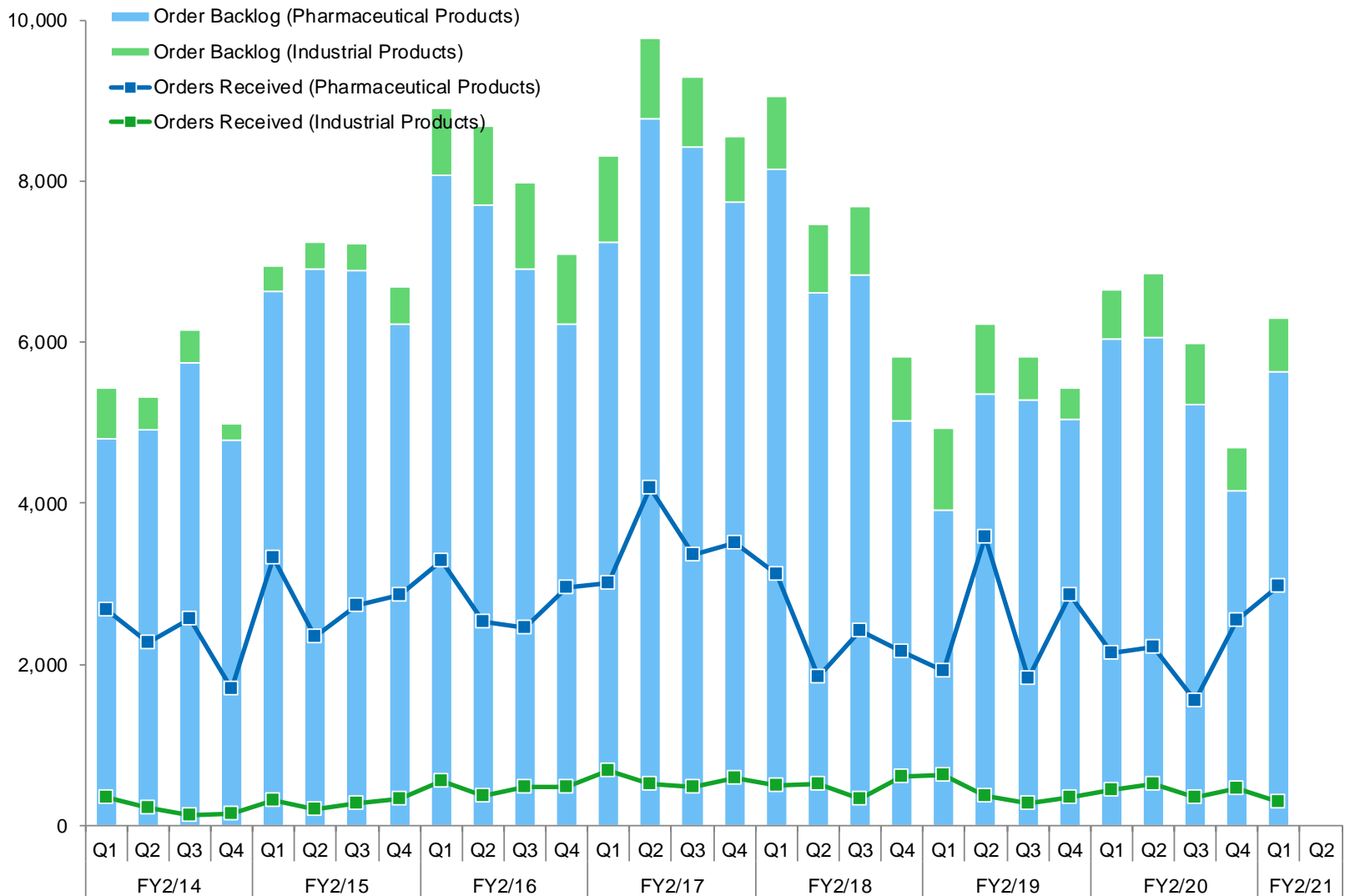
# Machinery Business: Quarterly Results (Net Sales/Orders Received/Order Backlog)





# Machinery Business: Quarterly Results (Orders Received and Order Backlog by Product Field)

(Millions of yen)



## Chemicals Business: Overview

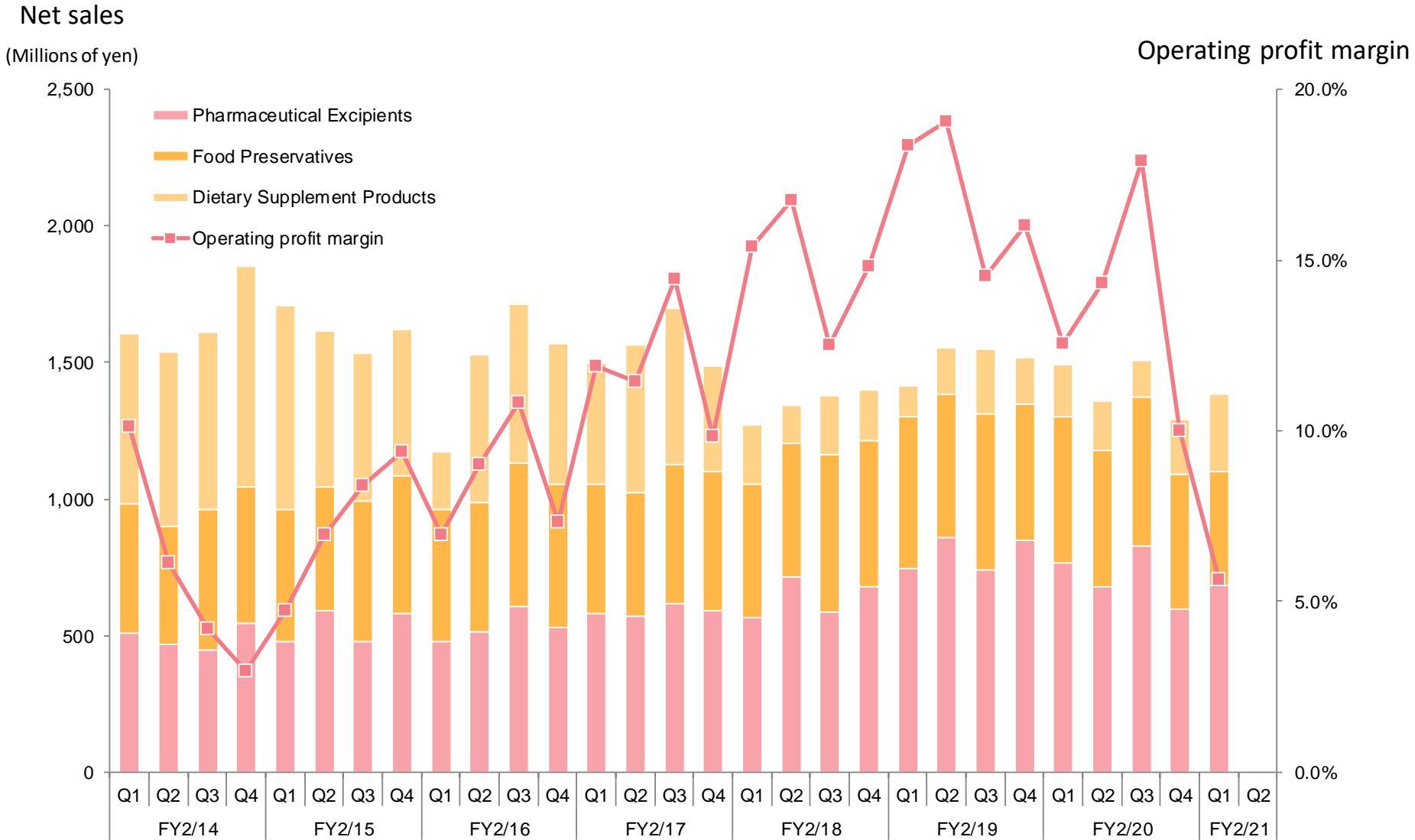
- **Net Sales**
  - **Pharmaceutical excipients:** Sales decreased mainly due to lower production by customers in Japan
  - **Food preservatives:** Sales decreased because of COVID-19
  - **Export:** Sales decreased primarily in Asia
- **Segment Profit:** Decreased because of a higher pct. of fixed expenses allocated to this segment

(Millions of yen)

	FY2/20	FY2/21	YoY change		FY2/21 Forecasts
	Q1 Amount	Q1 Amount	Amount	%	
<b>Net sales</b>	<b>1,491</b>	<b>1,386</b>	<b>(105)</b>	<b>(7.1)</b>	<b>5,800</b>
Pharmaceutical Excipients	764	682	(81)	(10.7)	—
Food Preservatives	538	421	(116)	(21.6)	—
Dietary Supplement Products	188	281	+92	+49.2	—
(Export sales)*1	38	54	+16	+42.5	—
<b>Operating profit</b>	<b>187</b>	<b>77</b>	<b>(109)</b>	<b>(58.5)</b>	<b>—</b>

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

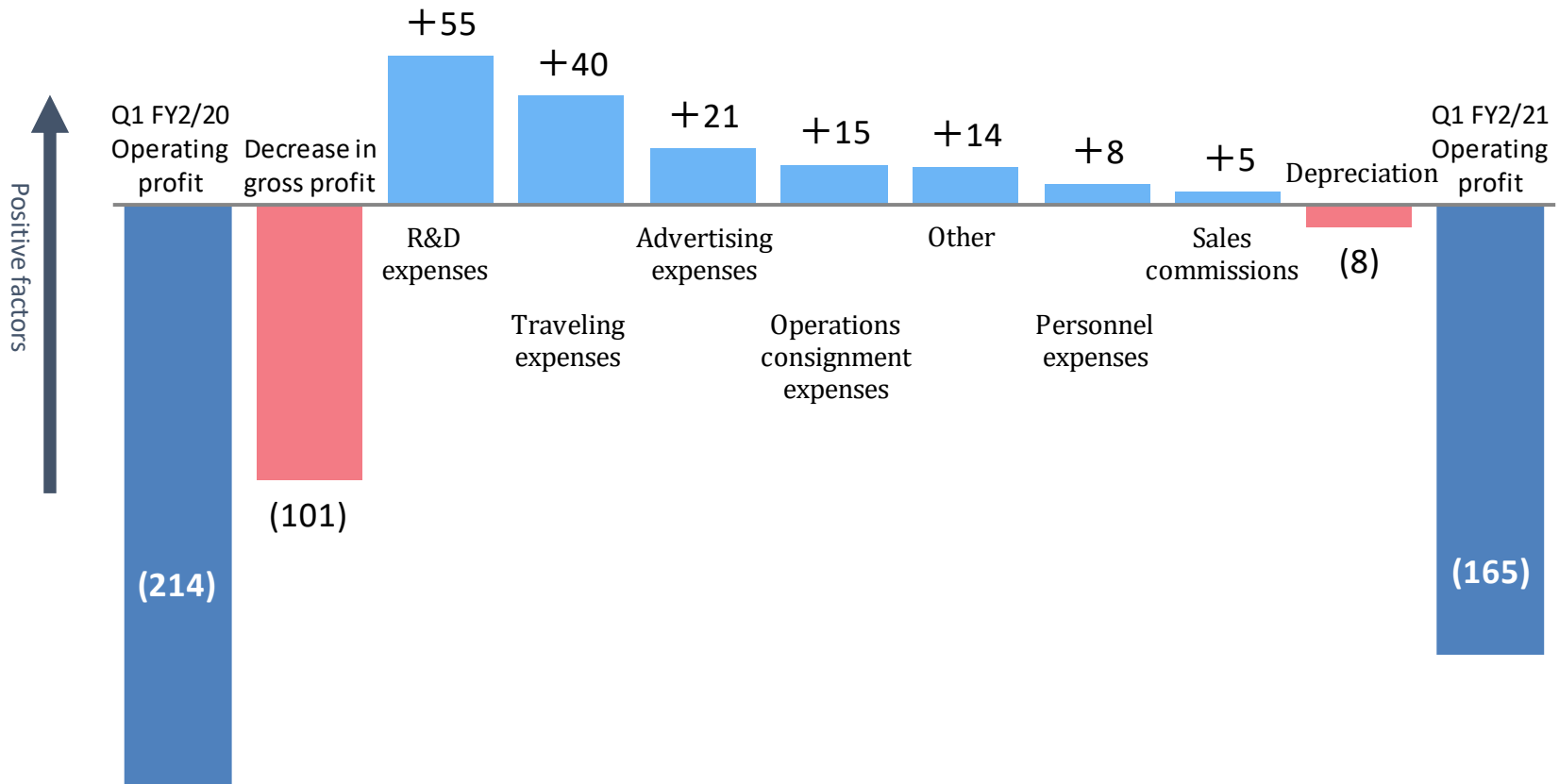
# Chemicals Business: Quarterly Results (by Product Field)



# Change in Consolidated Operating Profit

- Earnings benefited from measures to reduce SG&A expenses
- New product development expenses are decreasing following the recent peak in these expenses

(Millions of yen)



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