

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, 2022

July 12, 2021



Consolidated Financial Summary for the First Quarter of FY2/22



Consolidated Financial Summary

- Sales were higher than one year earlier on a non-consolidated basis and at Freund-Vector and Freund-Turbo. Cos.Mec (acquired in Nov. 2020) contributed to sales growth
- An operating profit vs. a loss one year earlier thanks to sales growth of almost 30% year-on-year.
- In FY2/21 Q1, COVID-19 severely impacted the Latin American business of Freund-Vector, the chemical machinery business of Freund-Turbo and the food preservatives business in Japan; all these businesses are currently recovering
- Depreciation and R&D expenses were almost the same level as one year earlier

(Millions of yen)

	FY2/21 Q1 Actual	FY2/22 Q1 Actual	YoY Change		FY2/22 Forecasts
			Amount	%	
Net sales	3,076	3,957	+880	+28.6	18,500
Operating profit	(165)	195	+361	—	1,100
Ordinary profit	(154)	206	+361	—	1,130
Profit	(121)	148	+270	—	790
Earnings per share (yen)	(9.44)	8.69	+18.13	—	41.80
Depreciation	94	119	+24	+26.0	—
R&D expenses	149	152	+2	+1.6	—
Dividend	—	—	—	—	20.00

Machinery Business: Group Company Performance

- Freund Corporation: Higher earnings due to large projects in Japan; orders from customers in Asia decreased
- Freund-Vector: Strong sales and orders in Latin America and Europe
- Freund-Turbo: The chemical and battery machinery sectors are recovering; Q1 orders were about the same as one year earlier
- Cos.Mec: Performance was below the plan due to a factor at the beginning of the year and the impact of the pandemic in emerging countries

(Millions of yen)

	FY2/21	FY2/22	YoY change		FY2/22 Forecasts
	Q1 Amount	Q1 Amount	Amount	%	
Net sales	1,689	2,651	+961	+56.9	13,100
FREUND CORPORATION	1,363	1,645	+281	+20.6	—
FREUND-VECTOR	296	563	+266	+89.9	—
FREUND-TURBO	145	311	+165	+113.6	—
Cos.Mec	—	165	—	—	—
Operating profit	(125)	112	+238	—	—
FREUND CORPORATION	94	190	+96	+102.1	—
FREUND-VECTOR	(161)	(45)	+115	—	—
FREUND-TURBO	(57)	(11)	+46	—	—
Cos.Mec	—	(20)	—	—	—
Orders received	3,268	3,132	(136)	(4.2)	—
FREUND CORPORATION	2,268	1,679	(588)	(25.9)	—
FREUND-VECTOR	798	973	+174	+21.8	—
FREUND-TURBO	201	251	+49	+24.8	—
Cos.Mec	—	228	—	—	—
Order backlog	6,295	7,175	+880	+14.0	—
FREUND CORPORATION	4,846	4,657	(188)	(3.9)	—
FREUND-VECTOR	965	1,300	+335	+34.7	—
FREUND-TURBO	483	489	+6	+1.3	—
Cos.Mec	—	727	—	—	—

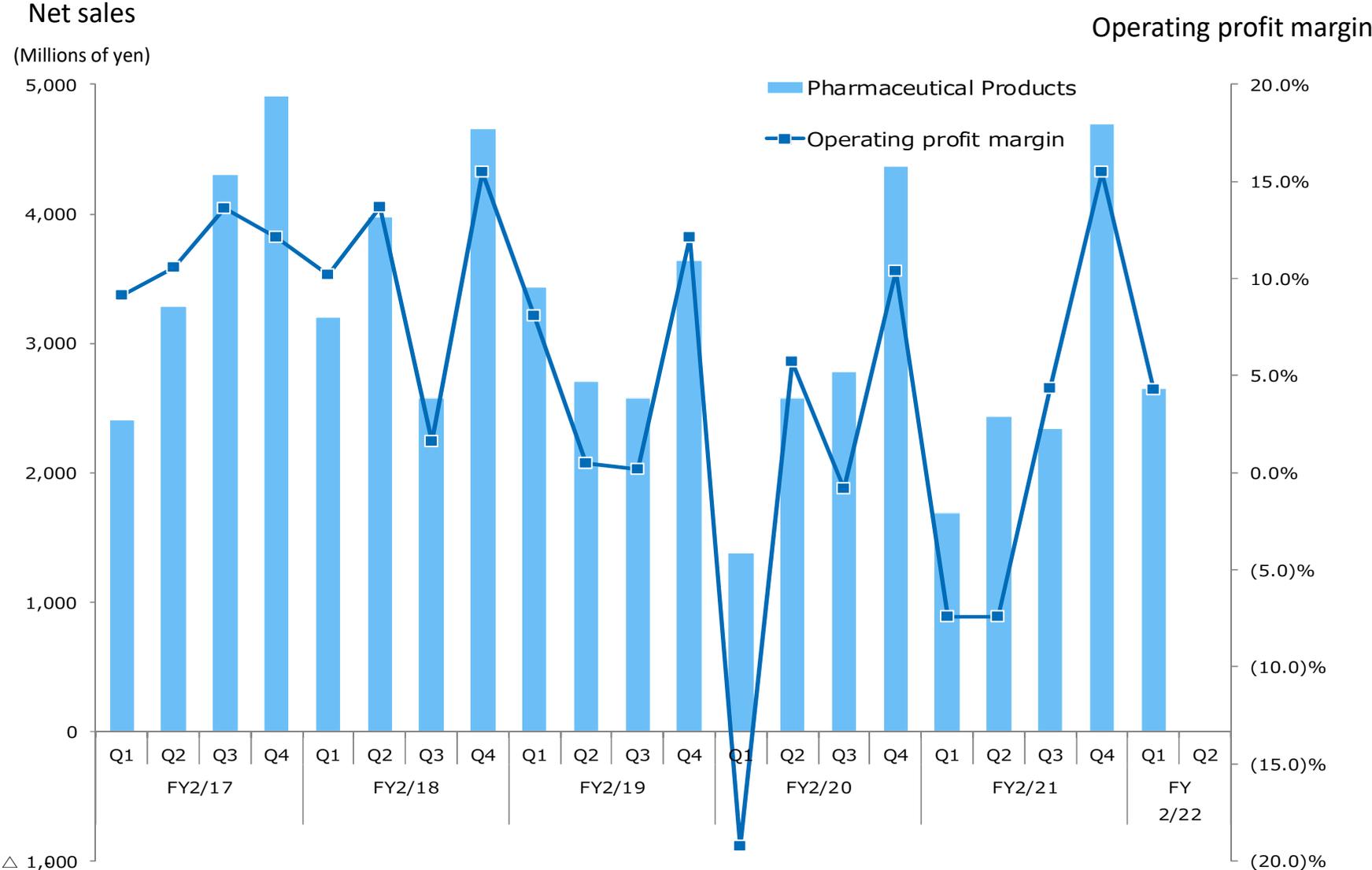
Machinery Business: Sales by Region

- **Japan:** Sales increased partly thanks to large projects
- **Overseas:** In the U.S. and Asia, where the largest and the second largest markets for this business, sales increased significantly compared to the previous fiscal year as the effects of COVID are gradually declining
 In Latin America, Brazil is recovering for the first time in several years
 Sales increased in Europe in part because of the acquisition of Cos.Mec

(Millions of yen)

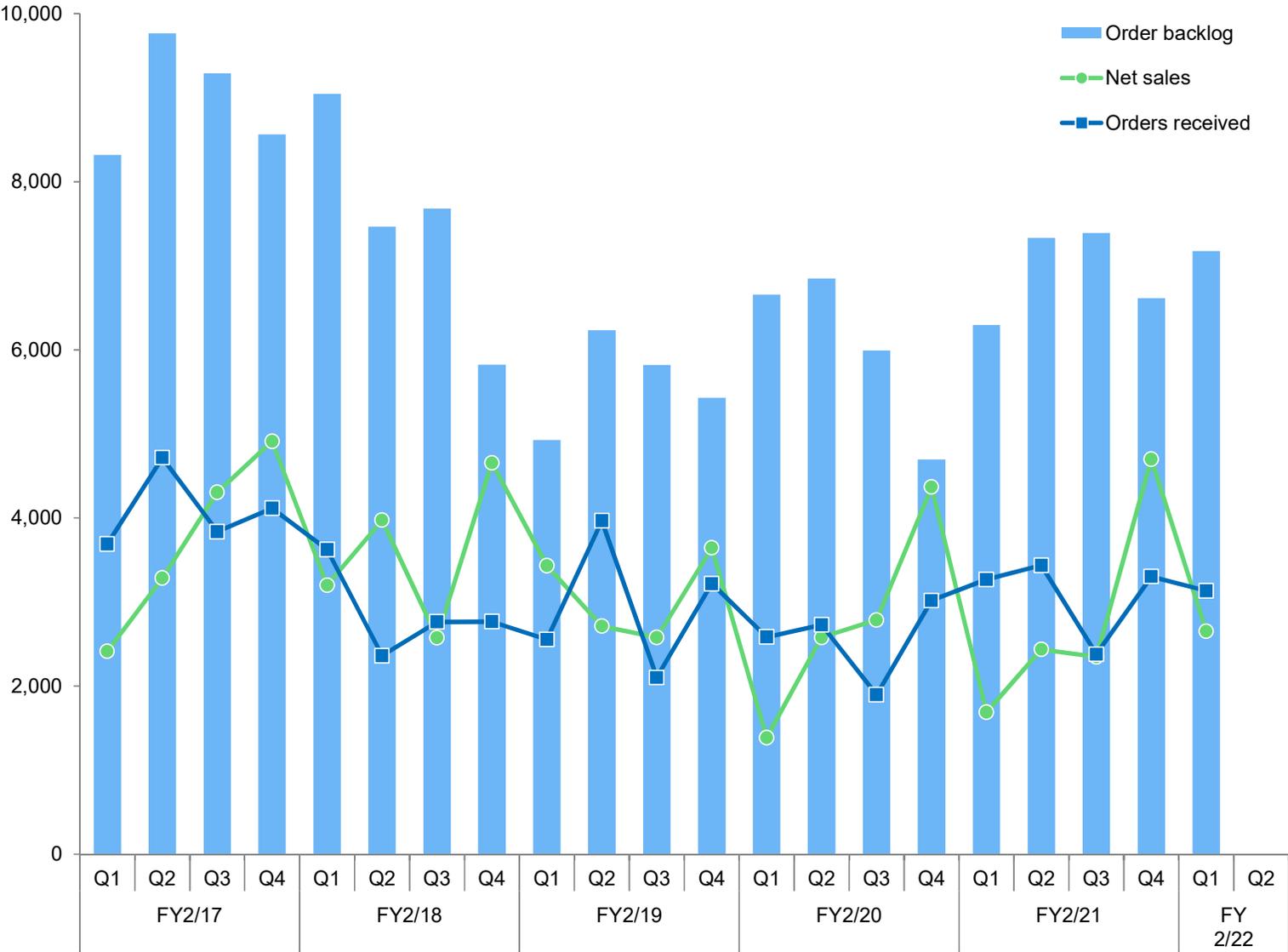
	FY2/21	FY2/22	YoY change		FY2/22 Forecasts
	Q1 Amount	Q1 Amount	Amount	%	
Net sales	1,689	2,651	+961	+56.9	13,100
Japan	1,354	1,684	+330	+24.4	—
Overseas	335	966	+631	+187.9	—
USA	157	412	+255	+162.5	—
Latin America	28	99	+71	+247.5	—
Europe	27	80	+52	+191.2	—
Asia	72	297	+224	+309.7	—
Others	49	77	+27	+55.2	—

Machinery Business: Quarterly Results



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

(Millions of yen)



Chemicals Business: Overview

● Net Sales

- Pharmaceutical excipients: Sales were unchanged even though sales of some products were postponed to the second quarter.
- Food preservatives: Year-on-year increase in sales due to a recovery in confectionery sales at convenience stores and supermarkets
- Dietary supplement products: Lower sales because high-volume customers are no longer increasing their inventories of supplements
- Export: Although there were many inquiries, sales declined year on year

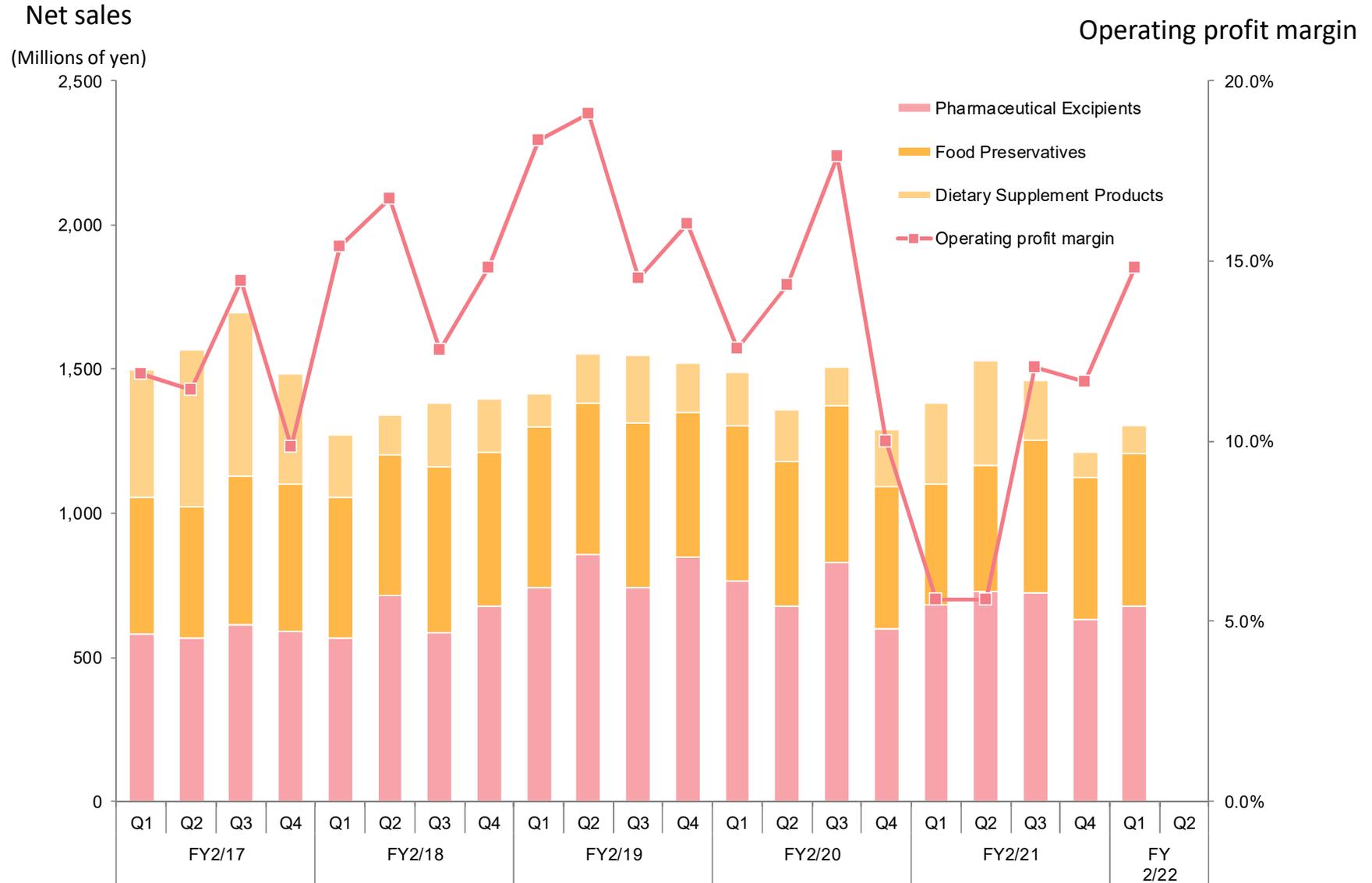
● Segment Profit: Earnings of excipients and preservatives increased

(Millions of yen)

	FY2/21	FY2/22	YoY change		FY2/22 Forecasts
	Q1 Amount	Q1 Amount	Amount	%	
Net sales	1,386	1,305	(80)	(5.8)	5,400
Pharmaceutical Excipients	682	677	(4)	(0.7)	—
Food Preservatives	421	528	+106	+25.3	—
Dietary Supplement Products	281	99	(182)	(64.7)	—
(Export sales)*1	54	37	(17)	(32.1)	—
Operating profit	77	193	+115	+148.0	—

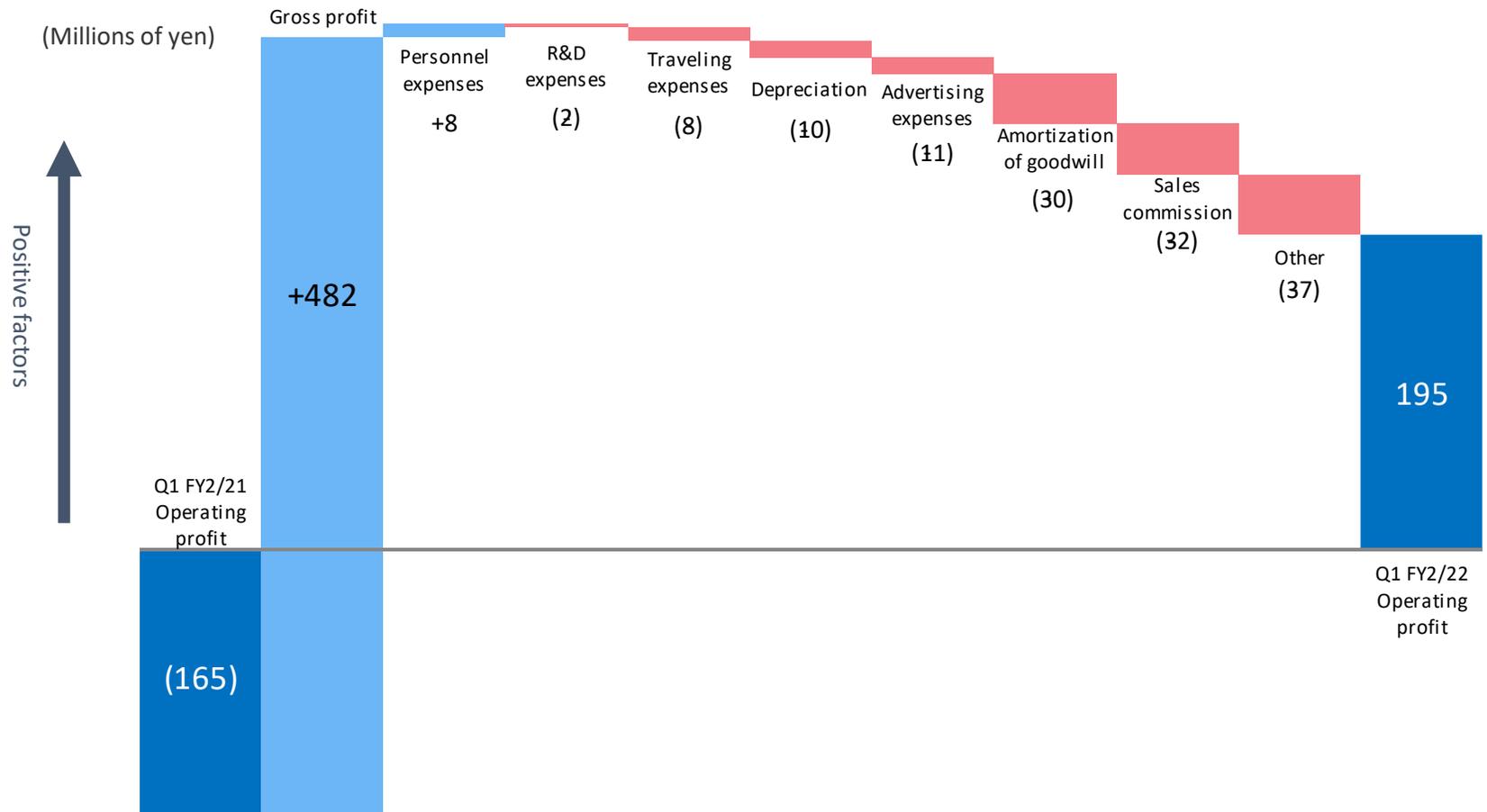
*1: Sales to India, South Korea, China, Taiwan, etc.

Chemicals Business: Quarterly Results (by Product Field)



Analysis of Change in Consolidated Operating Profit

- Higher gross profit because of sales growth was the most significant reason for the increase in operating profit
- All items affecting gross profit were minor except the amortization of Cos.Mec goodwill and the increase in sales commissions associated with exports of Freund-Vector and Cos.Mec



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