

FREUND CORPORATION

STANDARD

TOKYO

(Securities code: 6312)

Results of Operations for the Fiscal Year Ended February 28, 2022

April 27, 2022

 **FREUND**

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Consolidated Financial Summary for FY2/22



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Consolidated Financial Summary

- Sales increased and earnings decreased YoY.
- Domestic sales were favorable, but performance was severely impacted by shipment delays due to component procurement difficulties at overseas subsidiaries.
- Although profit declined in nominal terms, operating profit and ordinary profit in real terms were higher than in the previous year after adjusting the previous year's one-time gain at the U.S. subsidiary of approx. 300 million yen (subsidy of approx. 200 million yen and insurance income of approx. 100 million yen).
- Big profit decline due to an extraordinary loss of approx. 200 million yen.

| (Millions of yen) | FY2/21 | FY2/22 | YoY change | | Forecast |
|--------------------------|--------|--------|------------|---------|----------|
| | | | Amount | % | |
| Net sales | 16,765 | 17,632 | +866 | +5.2% | 18,500 |
| Operating profit | 1,111 | 981 | (129) | (11.6)% | 1,100 |
| Ordinary profit | 1,308 | 1,032 | (275) | (21.1)% | 1,130 |
| Profit | 970 | 543 | (427) | (44.0)% | 790 |
| Earnings per share (yen) | 57.96 | 32.46 | (25.50) | - | 47.18 |
| Orders received | 12,386 | 15,621 | +3,234 | +26.1% | - |
| Order backlog | 6,615 | 10,574 | +3,958 | +59.8% | - |
| Capital investment | 637 | 571 | (65) | (10.3)% | - |
| Depreciation | 461 | 570 | +108 | +23.5% | - |
| R&D expenses | 526 | 580 | +53 | +10.2% | - |
| ROA | 4.7% | 2.4% | - | - | - |
| ROE | 7.2% | 3.9% | - | - | - |

Machinery Business: Overview

- Net Sales
 - ▣ Net sales increased due to the full-year contribution of Cos.Mec (only Q4 results were consolidated in the previous fiscal year).
 - ▣ Domestic sales were favorable. Overseas sales were severely impacted by tight supplies of components.
- Operating Profit
 - ▣ Operating profit declined due to sluggish performance of overseas subsidiaries.
- Orders Received/Order Backlog
 - ▣ Orders at overseas subsidiaries are strong. There is demand for major capital investments in the generic drug industry in Japan.
 - ▣ Record high consolidated order backlog (FY2/22 consolidated orders received were the second highest ever).

| (Millions of yen) | FY2/21 | | FY2/22 | |
|-------------------------|---------------|----------------|---------------|----------------|
| | Amount | YoY change (%) | Amount | YoY change (%) |
| Net sales | 11,171 | +0.5 | 11,836 | +6.0 |
| Operating profit | 1,047 | +236.8 | 623 | (40.5) |
| Orders received | 12,386 | +21.1 | 15,621 | +26.1 |
| Order backlog | 6,615 | +40.9 | 10,574 | +59.8 |

Machinery Business: Group Company Performance (Sales/Operating Profit)

- Freund Corporation: Net sales and operating profit remain on a par with the previous fiscal year despite some projects being delayed to the next fiscal year.
- Freund-Vector: Sales declined due mainly to shipment delays caused by tight supplies of components. Profit also fell sharply due to the absence of special factors (subsidy) that contributed to earnings in the previous fiscal year.
- Freund-Turbo: Net sales and profit increased due to an upturn in demand for industrial machinery.
- Cos.Mec: Weak due to the impact of the pandemic in emerging countries, the primary market for this company.

| (Millions of yen) | FY2/21 | | FY2/22 | |
|-------------------------|---------------|----------------|---------------|----------------|
| | Amount | YoY change (%) | Amount | YoY change (%) |
| Net sales | 11,171 | +0.5 | 11,836 | +6.0 |
| FREUND CORPORATION | 6,838 | +9.3 | 6,865 | +0.4 |
| FREUND-VECTOR | 3,591 | (10.1) | 3,135 | (12.7) |
| FREUND-TURBO | 1,422 | (6.6) | 1,529 | +7.5 |
| Cos.Mec | 382 | — | 937 | +145.3 |
| Operating profit | 1,047 | +236.8 | 623 | (40.5) |
| FREUND CORPORATION | 737 | +139.4 | 752 | +2.0 |
| FREUND-VECTOR | 283 | — | (50) | — |
| FREUND-TURBO | 26 | (53.3) | 83 | +217.4 |
| Cos.Mec | 63 | — | (162) | — |

*1 Before elimination for consolidation *2. Cos.Mec was included in the consolidation only in the 4Q of FY2/21

Machinery Business: Group Company Performance (Orders Received/Order Backlog)

- Freund Corporation: Large order backlog due to a big order for a generic drugs project.
- Freund-Vector: Orders from Brazil and the U.S. are strong, with a record high order backlog.
- Freund-Turbo: Capturing demand at chemical manufacturers in Japan pushed up the order backlog to a record high.
- Cos.Mec: Record high order backlog due to demand recovery in emerging countries.

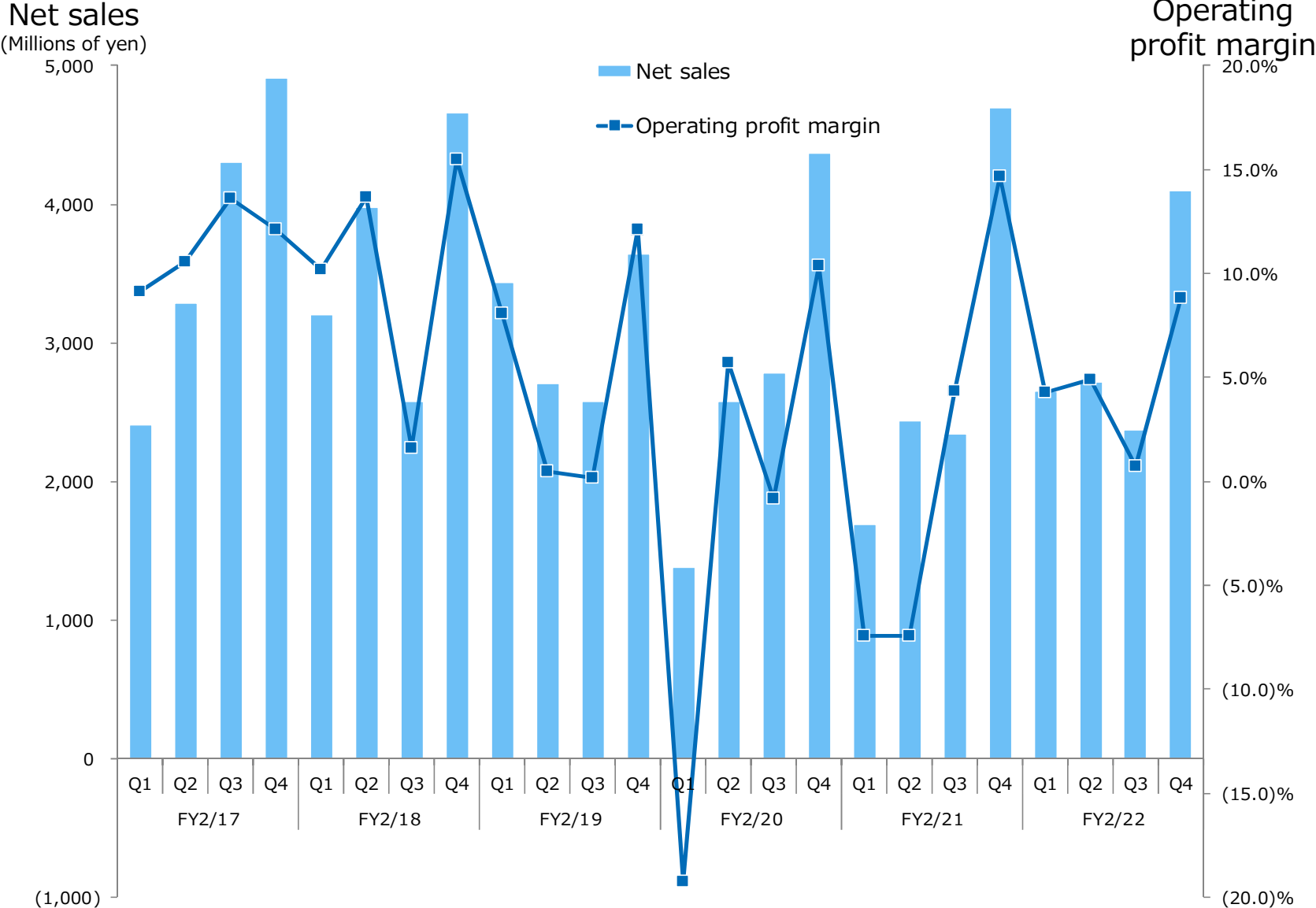
| (Millions of yen) | FY2/21 | | FY2/22 | |
|------------------------|---------------|----------------|---------------|----------------|
| | Amount | YoY change (%) | Amount | YoY change (%) |
| Orders received | 12,386 | +21.1 | 15,621 | +26.1 |
| FREUND CORPORATION | 7,398 | +25.0 | 7,218 | (2.4) |
| FREUND-VECTOR | 3,282 | +11.1 | 5,588 | +70.3 |
| FREUND-TURBO | 1,293 | (4.3) | 1,366 | +5.7 |
| Cos.Mec | 412 | – | 1,447 | +250.7 |
| Order backlog | 6,615 | +40.9 | 10,574 | +59.8 |
| FREUND CORPORATION | 4,618 | +19.5 | 5,059 | +9.5 |
| FREUND-VECTOR | 841 | +92.6 | 3,710 | +341.0 |
| FREUND-TURBO | 503 | +27.4 | 620 | +23.3 |
| Cos.Mec | 652 | – | 1,183 | +81.5 |

Machinery Business: Sales by Region

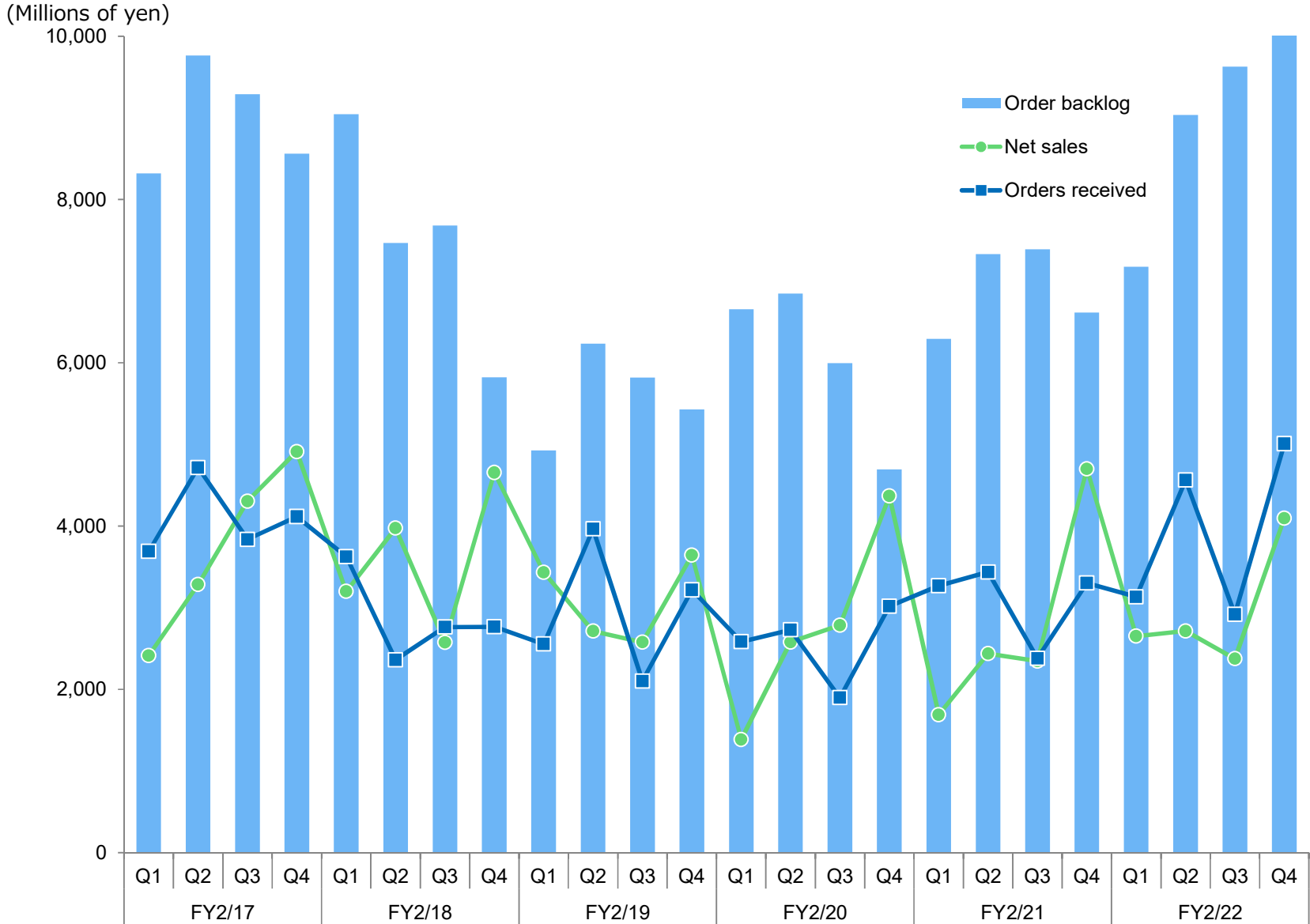
- Japan: Sales in Japan were mostly in line with the plan.
- North and Latin Americas: Orders were strong while shipments were delayed.
- Europe: Sales benefited from a large order in Ireland and strong sales in Italy.
- Asia: Lower sales in China were offset by higher sales in other countries.

| (Millions of yen) | FY2/21 | | FY2/22 | |
|-------------------|---------------|----------------|---------------|----------------|
| | Amount | YoY change (%) | Amount | YoY change (%) |
| Net sales | 11,171 | +0.5% | 11,836 | +6.0% |
| Japan | 6,696 | +0.0% | 7,034 | +5.0% |
| Overseas | 4,463 | +0.9% | 4,802 | +7.6% |
| USA | 1,570 | +12.9% | 1,388 | (11.6)% |
| Latin America | 642 | (57.3)% | 881 | +37.3% |
| Europe | 572 | +27.9% | 835 | +46.0% |
| Asia | 1,224 | +49.9% | 1,365 | +11.6% |
| Others | 454 | +71.3% | 330 | (27.2)% |

Machinery Business: Quarterly Results



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



Chemicals Business: Overview

● Net Sales

- ▣ Pharmaceutical excipients: Strong sales both in domestic and overseas markets.
- ▣ Food preservatives: Strong sales supported by rising demand from new clients.
- ▣ Dietary supplement: Significant decline due to the termination of a contract from a major customer.
- ▣ Export: Increased due to the expansion of overseas sales.

● Segment Profit:

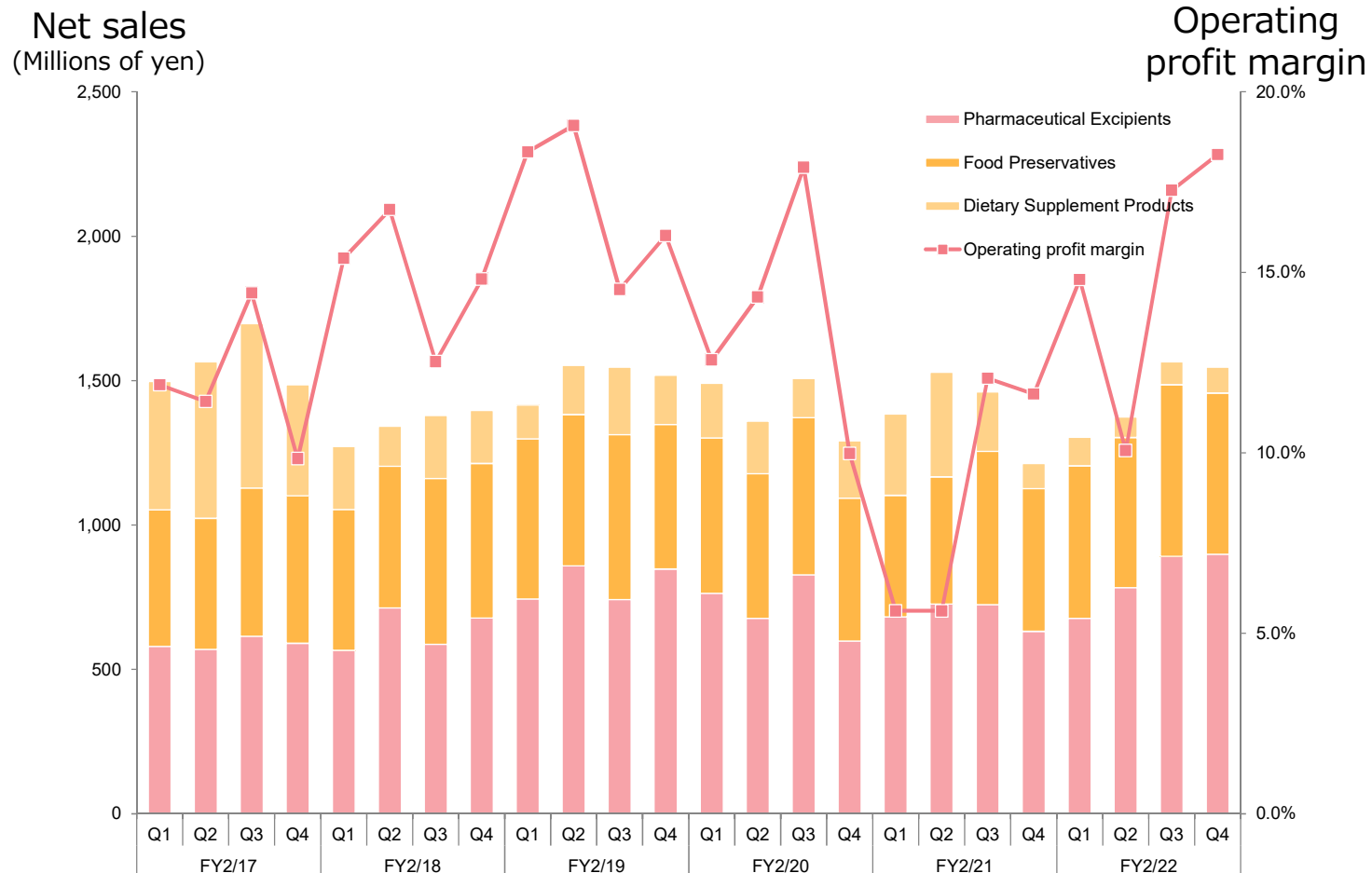
- ▣ Profit increased because of higher sales and a lower cost of sales ratio as a result of an improved production system.

| (Millions of yen) | FY2/21 | | FY2/22 | |
|-----------------------------|--------------|----------------|--------------|----------------|
| | Amount | YoY change (%) | Amount | YoY change (%) |
| Net sales | 5,593 | (1.1) | 5,795 | +3.6 |
| Pharmaceutical Excipients | 2,765 | (3.6) | 3,251 | +17.6 |
| Food Preservatives | 1,889 | (9.1) | 2,204 | +16.7 |
| Dietary Supplement Products | 938 | +33.2 | 340 | (63.8) |
| (Export sales)*1 | 221 | +42.0 | 326 | +47.4 |
| Operating profit | 546 | (30.1) | 884 | +62.0 |

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

Chemicals Business: Quarterly Results (by Product Field)

- Sales of pharmaceutical excipients are gradually increasing.
- Sales of food preservative sales are recovering from the impact of COVID-19.
- Sales of dietary supplements declined substantially.
- The overall profitability is improving due to lower sales of low-margin dietary supplement products and an improvement in the cost-of-sales ratio.



Summary of Consolidated Statement of Income

- Extraordinary losses: Substantial decline in profit due an extraordinary loss of approx. 210 million yen.
- Settlement cost related to a copyright infringement case: 130 million yen
- Impairment losses on equipment that is no longer expected to be used: 80 million yen

| (Millions of yen) | FY2/21 | | FY2/22 | | YoY change | |
|-----------------------------------|--------|-------------------|--------|-------------------|------------|---------|
| | Amount | Composition ratio | Amount | Composition ratio | Amount | % |
| Net sales | 16,765 | 100.0% | 17,632 | 100.0% | +866 | +5.2% |
| Cost of sales | 11,126 | 66.4% | 11,620 | 65.9% | +494 | +4.4% |
| Gross profit | 5,639 | 33.6% | 6,011 | 34.1% | +372 | +6.6% |
| SG&A expenses | 4,528 | 27.0% | 5,030 | 28.5% | +501 | +11.1% |
| Operation profit | 1,111 | 6.6% | 981 | 5.6% | (129) | (11.6)% |
| Non-operating income and expenses | 197 | 1.2% | 50 | 0.3% | (146) | (74.2)% |
| Ordinary profit | 1,308 | 7.8% | 1,032 | 5.9% | (275) | (21.1)% |
| Extraordinary income and losses | (21) | - | (204) | -1.2% | (182) | - |
| Profit before income taxes | 1,286 | 7.7% | 828 | 4.7% | (458) | (35.6)% |
| Profit | 970 | 5.8% | 543 | 3.1% | (427) | (44.0)% |

Analysis of Change in Consolidated Operating Profit

- The receipt of a pandemic subsidy by U.S. subsidiary Freund Vector Corporation contributed to earnings in the previous fiscal year. SG&A expenses increased in the current fiscal year due to the consolidation of Cos.Mec.

(Millions of yen)



Summary of Consolidated Balance Sheet

| (Millions of yen) | FY2/21-End | FY2/22-End | Change |
|----------------------------------|------------|------------|--------|
| Current assets | 13,558 | 15,004 | +1,446 |
| Cash and deposits | 4,498 | 4,145 | (353) |
| Accounts receivable | 4,870 | 5,228 | +358 |
| Inventories | 3,473 | 5,090 | +1,616 |
| Non-current assets | 7,016 | 7,269 | +252 |
| Property, plant and equipment | 4,734 | 4,562 | (171) |
| Intangible assets | 1,291 | 1,434 | +143 |
| Investments and other assets | 990 | 1,271 | +281 |
| Total assets | 20,575 | 22,273 | +1,698 |
| Current liabilities | 5,817 | 7,035 | +1,218 |
| Accounts payable | 2,966 | 2,743 | (222) |
| Advances received | 1,170 | 2,805 | +1,635 |
| Non-current liabilities | 898 | 883 | (15) |
| Retirement benefit liability | 280 | 316 | +35 |
| Total liabilities | 6,716 | 7,919 | +1,202 |
| Total net assets | 13,858 | 14,354 | +495 |
| Total liabilities and net assets | 20,575 | 22,273 | +1,698 |

Inventories

- Merchandise and finished goods (132)
- Work in process +933
- Raw materials and supplies +816

Advances received

- Freund Corporation +193
- Freund-Vector +903
- Cos.Mec +594

Summary of Consolidated Statement of Cash Flows

| (Millions of yen) | FY2/21 | FY2/22 |
|--|----------------|--------------|
| Cash flows from operating activities | 2,280 | 701 |
| Profit before income taxes | 1,286 | 828 |
| Depreciation | 461 | 570 |
| Decrease (increase) in notes and accounts receivable - trade | 674 | (299) |
| Decrease (increase) in inventories | (112) | (1,430) |
| Increase (decrease) in notes and accounts payable - trade | (340) | (154) |
| Income taxes paid | (174) | (394) |
| Cash flows from investing activities | (1,726) | (680) |
| Purchase of property, plant and equipment | (469) | (460) |
| Purchase of intangible assets | (8) | (236) |
| Cash flows from financing activities | (371) | (427) |
| Repayments of lease obligations | (9) | (39) |
| Cash dividends paid | (333) | (335) |
| Net increase (decrease) in cash and cash equivalents | 184 | (353) |
| Cash and cash equivalents at end of period | 4,498 | 4,145 |
| Free cash flow | 554 | 21 |

Consolidated Earnings and Dividend Forecasts for FY2/23



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Summary of Consolidated Forecasts

- Expect strong domestic machinery orders as the generic drug industry plans to upgrade its facilities. Overseas subsidiaries also have record high order backlogs..
- Expect longer shipment lead time and rising component prices to continue due to tight supplies of components throughout FY2/23.
- FY2/23 is expected to a period for building a base for growth in the next fiscal year.

| (Millions of yen) | FY2/22 | FY2/23 | YoY change | |
|--------------------------|----------|------------|------------|--------|
| | (Actual) | (Forecast) | Amount | % |
| Net sales | 17,632 | 18,500 | +867 | +4.9 |
| Operating profit | 981 | 700 | (281) | (28.7) |
| Ordinary profit | 1,032 | 720 | (312) | (30.3) |
| Profit | 543 | 450 | (93) | (17.2) |
| Earnings per share (yen) | 32.46 | 26.87 | (5.59) | (17.2) |
| Yen/dollar rate | 111.49 | 120.00 | - | - |

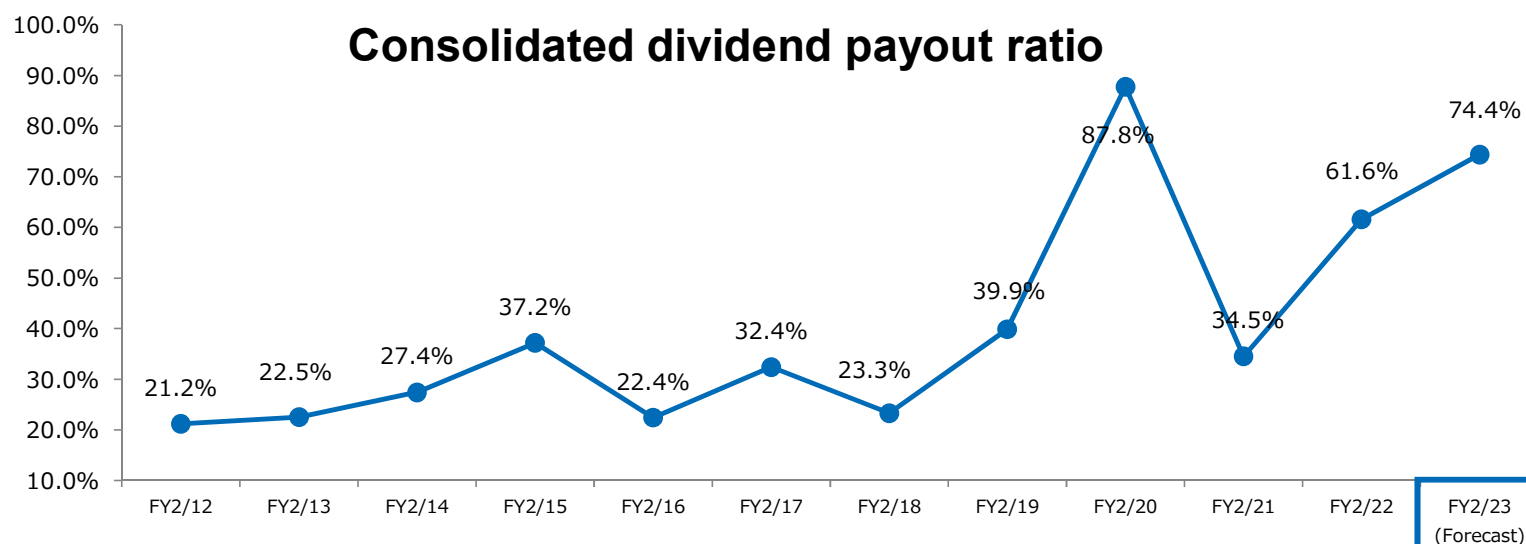
Summary of Segment Forecasts

- Machinery: Increase global coverage, including emerging countries, with a five-pole structure comprising Japan, the U.S., Italy, India and China.
- Chemicals: Growth in sales of pharmaceutical excipients offsets a decline in sales of dietary supplement.

| (Millions of yen) | FY2/21 | | FY2/22 (Forecast) | | YoY change | |
|----------------------------|--------|-----------------------|-------------------|-----------------------|------------|--------|
| | Amount | Composition ratio (%) | Amount | Composition ratio (%) | Amount | % |
| Consolidated net sales | 17,632 | 100.0 | 18,500 | 100.0 | +867 | +4.9 |
| Machinery Business Segment | 11,836 | 67.1 | 12,700 | 68.6 | +863 | +7.3 |
| Chemicals Business Segment | 5,795 | 32.9 | 5,800 | 31.4 | +4 | +0.1 |
| Segment profit | 981 | 100.0 | 700 | 100.0 | (281) | (28.7) |
| Machinery Business Segment | 623 | 63.5 | - | - | - | - |
| Chemicals Business Segment | 884 | 90.1 | - | - | - | - |
| Adjustments | (526) | (53.6) | - | - | - | - |
| Yen/dollar rate | 111.49 | - | 120.00 | - | - | - |

Summary of Dividend Forecasts

- FY2/22 dividend forecast: 20 yen per share (unchanged from FY2/21 due to the policy of paying a stable dividend)
- FY2/23 dividend forecast: 20 yen per share



| | | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| Profit (¥ million) | 608 | 765 | 787 | 695 | 961 | 1,064 | 1,477 | 843 | 381 | 970 | 543 | 450 |
| 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 | 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 | 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

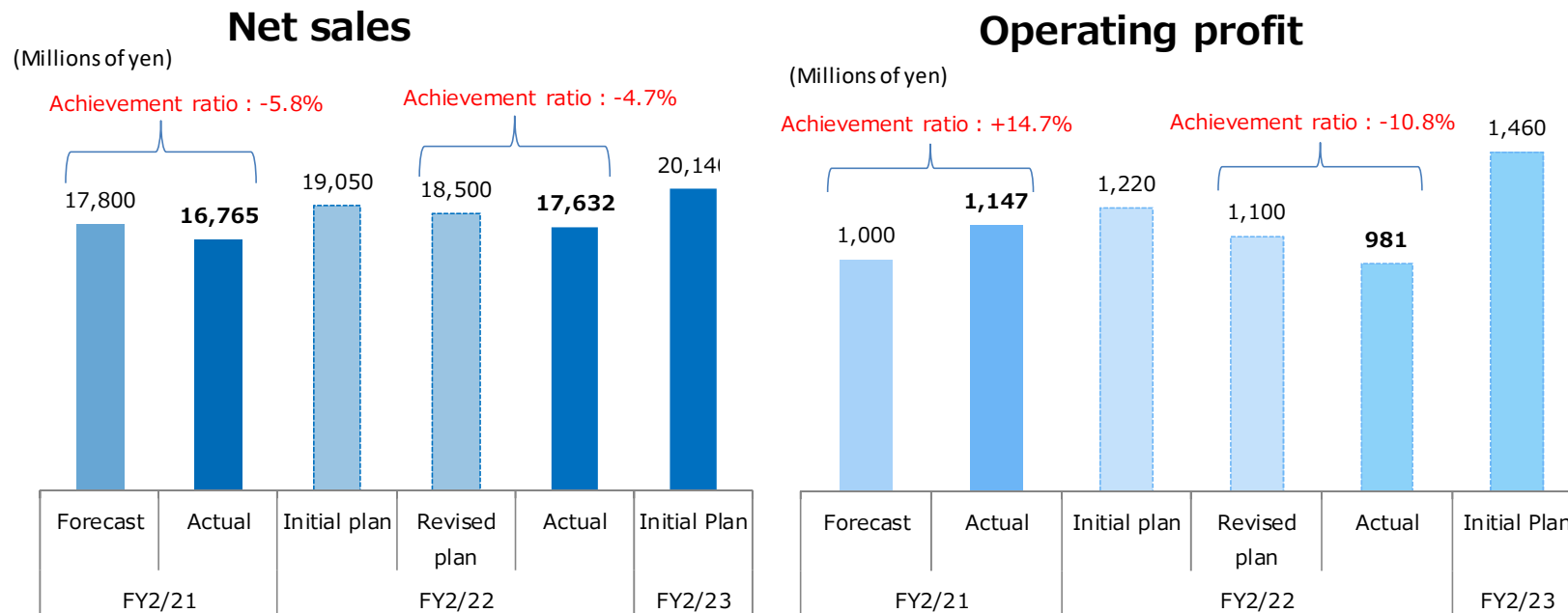


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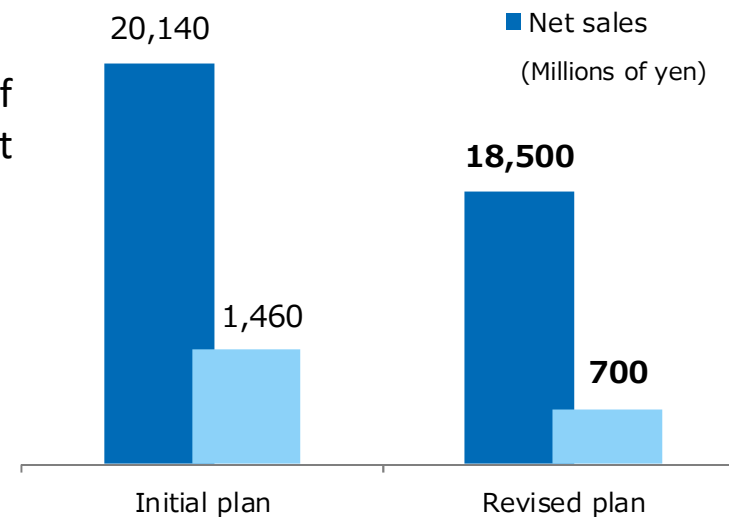
8th Medium-term Management Plan – Second Year Accomplishments

- For FY2/22, the initial targets were consolidated sales of 19.0 billion yen and consolidated operating profit of 1.2 billion yen. However, the targets have been revised downward to 18.5 billion yen and 1.1 billion yen, respectively, by taking into account the impact of the pandemic.
- Consolidated sales were 17.63 billion yen, a shortfall of 4.7%, and consolidated operating profit was 980 million yen, a shortfall of 10.8%.
- Although orders received by overseas subsidiaries are strong, this is largely attributable to longer shipment lead times caused by tight supplies of components, particularly in the U.S.



8th Medium-term Management Plan – Outlook for the Final Year

- The initial targets for FY2/23, the final year of the 8th Medium-term Management Plan, were consolidated sales of 20.14 billion yen and consolidated operating profit of 1.46 billion yen. To achieve these targets, a global five-pole structure has been established: Japan, the U.S., India, Italy, and China.
- The order environment is favorable as overseas subsidiaries hold record order backlogs and the generic drug industry in Japan is ramping up capital expenditures.
- However, delays in shipments due to tight supplies of components in the U.S., which became apparent in the second half of FY2/22, are likely to appear in Japan in FY2/23.
- Since the effects of supply chain disruptions are expected to be significant, the forecast for FY3/23 is conservative.
- For these reasons, we expect consolidated sales of 18.5 billion yen and consolidated operating profit of 700 million yen in FY2/23.



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



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 collaboration
2. Putting clients' views 1st
3. Emphasis on innovation
4. Global management
5. Execution of growth strategy
6. Promotion of business process reengineering and work style reforms
7. Emphasis on compliance and corporate governance

8th Medium-term Management Plan: Seven Goals

1. Group collaboration

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. Putting clients' views 1st

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

3. Emphasis on 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. Execution of growth strategy

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. Promotion of business process reengineering and work style reforms

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

7. Emphasis on compliance and corporate 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.

(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, 2022) |
| ● Sales | : | 17,600 million yen (Fiscal year ended February 2022, consolidated) |
| ● Number of employees | : | 476 (As of February 28, 2022, 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



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

1. Machinery Business Segment



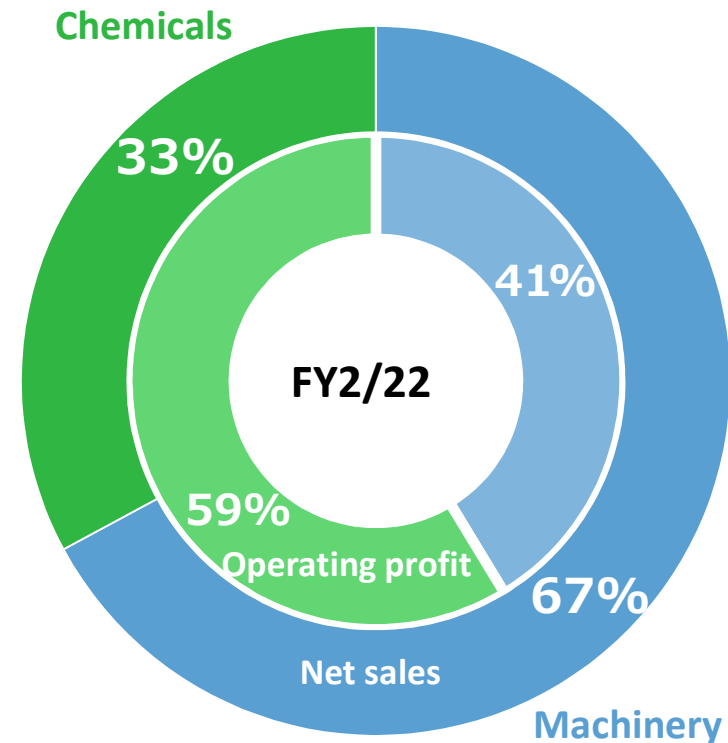
- Manufacturing and sales of **granulation and coating equipment** for the pharmaceutical, food, and fine chemical industries.
- For coating equipment, Freund **ranks first in Japan** and sales growth is accelerating in Asian market and in Freund-Vector’s US and European operations. **No other company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

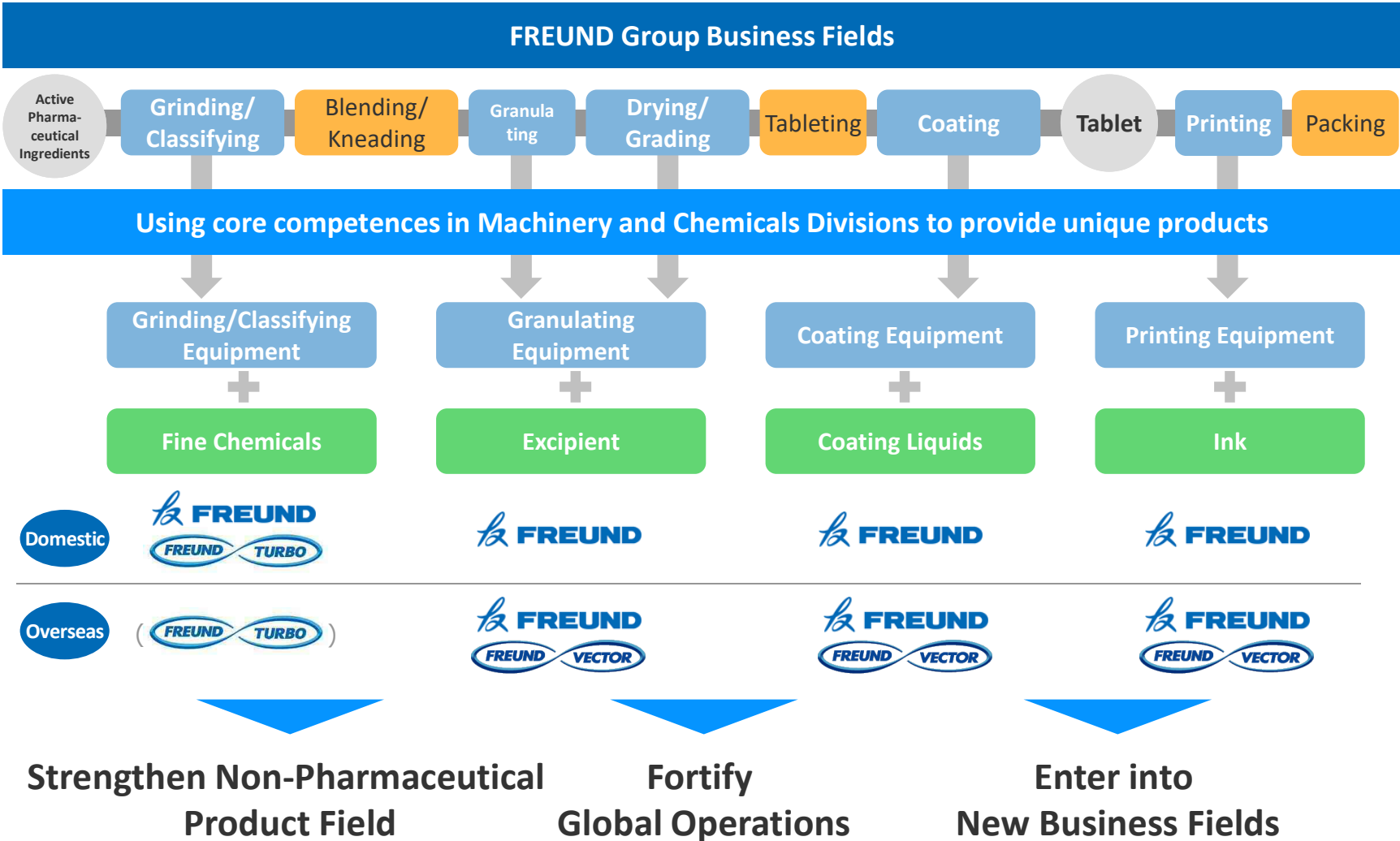
Composition of Net Sales and Profit by Segment



Consolidated sales: ¥17.63 billion
Consolidated operating profit: ¥9.8 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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