

FREUND CORPORATION

# FREUND Report 2020

To Our Stakeholders

Fiscal Year Ended February 29, 2020  
(From March 1, 2019 to February 29, 2020)

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**In the midst of drastic changes in the business environment surrounding the FREUND Group, we revised the 7th Medium-Term Management Plan to incorporate the value of “ONE FREUND” into our business and build a new management foundation for sustained growth. And now, we have started the 8th Medium-Term Management Plan (from the fiscal year ending February 2021 to that ending in February 2023).**

Since the fiscal year ended February 2018, we have implemented the five-year 7th Medium-Term Management Plan, which states the creation of new businesses and strengthening of existing businesses based on the technologies of our Group. However, the market environment surrounding the pharmaceutical industry, which is the main user of the Group, deteriorated more than expected, resulting in a large discrepancy between the plan and actual results. In response to this, we have decided to develop a new three-year Medium-Term Business Plan, with which all Group employees come together to bring changes.

**Iwao Fusejima**  
President and CEO

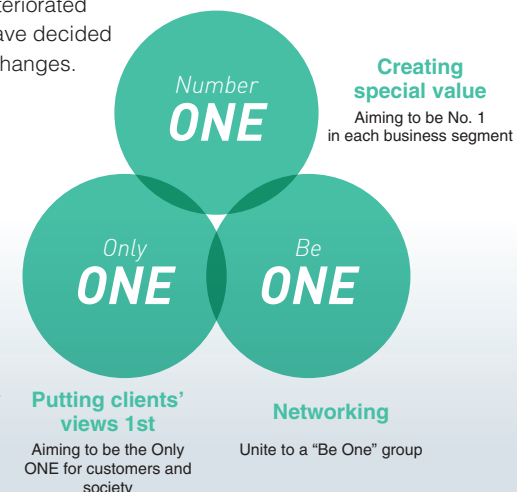
**Corporate Philosophy**

**Develop the Future through Creativity**

**Management Vision**

**Contributing to better medical care and health for people worldwide, and creating and fostering technologies for fulfilling lives and food safety.**

Values which the FREUND Group holds precious



**FY02/20: Overview of Business Activities**

Fiscal year ending February 2020 (hereinafter “FY 02/20”) is the third fiscal years of the 7th Medium-Term Business Plan, in which we were to make a leap from the stage of creating a foundation for growth to the innovation period. However, since the operating environment on which the plan was based was harsher

than expected. We would like to sincerely apologize to shareholders and investors for causing you so much worry, as we were forced to make a significant downward revision to financial forecasts in the fourth quarter.

▶ For details on the financial results, please refer to “5-Year Financial Highlights” on page 5 and “Review of Operations” on page 6.

**Business Activities in Pharmaceutical Product Field Machinery Business Segment**

The macroeconomic environment was most affected by the slowdown in capital investment demand in the Japanese pharmaceutical industry, where we have a high business weight. Due to strengthening medical cost control measures such as drug price revisions and promotion of generic drug use, as well as rising R & D expenses and increasing development risk, the

motivation of investment by pharmaceutical manufacturers continues to decline, resulting in worsening of business performance than we expected.

Competition in the global market has become harsher and harsher due to the change in the trend from solid dosage forms to non-solid dosage forms such as liquid forms, in addition to the reduction in drug price in developed countries overseas. While the European and American markets are significantly affected by the trend, demand remained strong in China, where quality needs of pharmaceutical products are increasing, India, which has become a global pharmaceutical base, and emerging countries as pharmaceutical product markets, such as Brazil.

In the aforementioned macro environment, the business in Japan, Europe and the U.S. became sluggish. And sales performance in Japan was poor due to a delay in the introduction of the improved tablet printing machine "TABREX Rev." which was positioned as a strategic product. The quality level of the machine is steadily improving. As a result, we are now ready to meet the future demand from users.

In the fourth quarter, due to the influence of the COVID-19, product shipment and inspection overseas were in delay until the following fiscal year. Sales of those products will be recorded as the sales in the next fiscal year.

### Chemicals Business Segment

The pharmaceutical excipient business performed well in Japan. However, overseas sales were slow due to production adjustments by large-scale users. As for pharmaceutical excipients, several years are required for product development lead-time, from a drug adoption to its commercialization.

Over the past three fiscal years of the 7th Medium-Term Management Plan, we have been working to establish a business base in overseas markets through exploring overseas sales agents. Taking advantage of those efforts, we would like to improve the financial performance in the future. In addition, several drugs

become off-patent in the medium run. We will enhance the marketing efforts in Japan and overseas to create the business opportunities in which our products are adopted for such drugs.

### Business Activities in Non-Pharmaceutical Product Field Machinery Business Segment

While net sales of machinery equipment in the non-pharmaceutical product field tend to increase in the fourth quarter due to the timing of receiving orders, performance of microfabrication applications was steady in the fourth quarter of this fiscal year. And, sales of contract processing businesses such as pulverizing and granulating had been steady.

In this business segment, the differentiated product portfolio has been enhanced because of our several-year efforts including development of wet machinery equipment realizing super pulverizing technologies, in addition to flagship dry machinery equipment. The sales fields of the super pulverizing technologies are the growing markets such as the multilayer ceramic capacitor industry and the lithium battery industry.

Due to intensifying US-China trade friction, demand for lithium-battery-related capital investment in China has entered a short-term adjustment phase. However, we expect that the medium- to long-term growth trend driven by further technological innovation in onboard storage batteries for motor vehicles remains unchanged, and consider the onboard storage batteries continue to be the important target market in the future. We will strengthen sales of these growth industries.

▶ For the expansion of the non-pharmaceutical machinery business portfolio, please refer to "Close-Up" on page 8.

### Chemicals Business Segment

In the food preservatives business, we have steadily continued to develop markets in Japan and overseas. Reducing food loss is a global issue, and our food preservatives make contributions in line with the Sustainable Development Goals (SDGs). We are making

full-scale efforts to explore more various applications, develop new products, ensure stable supply, and improve productivity.

## Outline of the 8th Medium-Term Management Plan

Considering the various changes in environment in the global market as business opportunities, in the 8th Medium-Term Management Plan, we feature the policies, such as "promotion of collaboration within the Group" and "global management", for the measures to incorporate the value of "ONE FREUND" into the actual business, in order to make most of the management resources of the Company Group.

Furthermore, the essence of the plan is that each employee of the Group promotes the necessary changes as a driving force for achieving the plan. Think, make a commitment, and act to build the foundation for the sustained growth of the next generation. We are aiming for such a three-year plan.



## The 8<sup>th</sup> Mid-Term Management Plan (FY02/21~FY02/23)

### Basic Strategy

Respond to clients' needs with technological expertise and create a management structure to realize sustained growth in profits



### Seven Management 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

#### Deepening new needs based on “putting clients' views 1st”

Despite the difficult business environment, a new movement has started in the investment demands in Japanese pharmaceutical industry. In the industry in which stable supply is required while coping with issues such as medical cost reduction and shortage of manpower, demands for saving labor and human-operations, as well as for automation have become visible. Even at the conventional analog-dependent pharmaceutical production sites, digital quality control based on data and efficiency in manufacturing are required.

We believe that such changes in the pharmaceutical equipment market become new business opportunities for us, which has delivered many formulation machines to date. Being determined to see things from users' point of view and aiming for creating the new business opportunities, we established the Customer Division in September 2019, and as the Company's first attempt to integrate the organizations of sales/marketing and

service technology, started to strengthen the maintenance and after-sales services of the existing machines.

Another feature of “putting clients' views 1st” is the realization of price and speed that are the basis of customer satisfaction. As part of it, we have started the full-scale efforts to revitalize the production base. To begin with, we are improving the production site of chemicals products.

We are revitalizing and strengthening the production base of pharmaceutical excipients through solutions including optimal staffing. Over the next several years, we would like to apply the solutions to production lines for food preservatives and production lines including those for partner companies.

#### Strengthening the complex business model unique to Freund

In the Customer Division, we try to get rid of a sense and idea of being obsessed with difference in business fields, such as machinery and chemical products, or in

areas like Japan and overseas countries. In other words, we are taking on the challenge of realizing the business model that integrates the core competencies of the Company, that are, “Pen and Ink” and “Hardware and Software,” and, from the perspective of “ONE FREUND,” providing the services combining machinery, excipients, as well as drug formulation technologies.

We believe that this business model can be a major differentiator when our Group enters the globally expanding pharmaceutical and health food markets. Therefore, to begin with, we are strengthening our approach to the Japanese health food industry.

In addition, we also think that this business model will be effective in emerging pharmaceutical markets such as China and India, so we plan to build a new business foundation with local sales agents.

The overseas markets are more diverse and competitive than the Japanese market in terms of cost and after-sales service. We feel that it is necessary for the Freund Group to put all the efforts into thinking about how to compete in such a market environment. Therefore, we will also undertake initiatives with a view to building a competitive global production system.

▶ For the new efforts of Customer Division, please refer to “Close-Up” on page 7.

#### Strengthening the Management Base that Supports the Growth Trajectory of the Next Generation

We strongly feel that the driving force of these new challenges is the diversification of human resource, that is, the corporate culture that accepts diversity. Accepting different ways of thinking brings innovation to companies. An organization that can maximize the strengths and advantages of each employee can achieve high goals. We recognize that, in the FREUND Group, too, fostering such a corporate culture is extremely important.

It is true that combining the values of employees

who join the Company from outside with the values of employees who have worked for the Company for long is important. However, changing the corporate culture so that women can play an active role is an essential issue. We believe we need to cope with those issues quickly.

On the job site, we aim for creating the pleasant workplace in which waste and inefficiency are eliminated and changing into the highly efficient corporate structure. Business Process Innovation (BPI) project has started as part of the efforts.

In addition, compliance (legal compliance) and corporate governance are the foundation of corporate development and the obligations of corporate citizens in society. We will examine the way to strengthen the agile and organizational corporate structure that flexibly responds to changes in the business

environment, assuming the process of achieving growth into the next generation.

- ▶ For an outline of the BPI project, please refer to "Topics" on the back cover.
- ▶ For the efforts to strengthen corporate governance, please refer to page 9 "From the Frontline of Corporate Governance".

## To Our Stakeholders

What we focus on in the fiscal year ending in February 2021 is, based on the direction of the 8th Medium-Term Management Plan, the challenges to realize the overwhelming competitiveness in the market in which we provide products. That is, the efforts to embody in

our business the idea of "ONE FREUND," which transcends the boundaries of business segments like sales/marketing, technology, and service, as well as the border of the countries, such as Japan and overseas countries.

Through such Group-wide efforts, we would like to specifically realize the management vision "contributing to better medical care and health for people worldwide, and creating and fostering technologies for fulfilling lives and food safety."

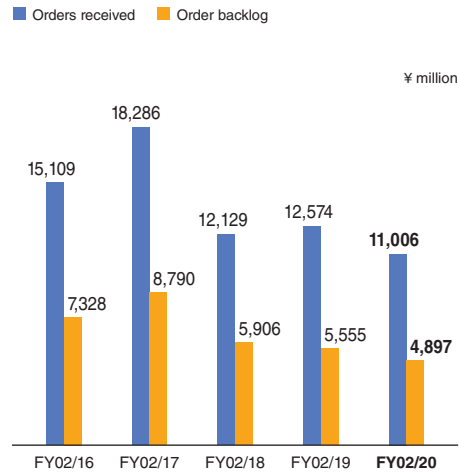
We appreciate your medium-to-long-term support the FREUND Group, which ventures into the changes for realization of management structure seeking sustained growth of the future.

## FY02/21: Overview of Consolidated Financial Forecasts/Forecasts by Business Segment

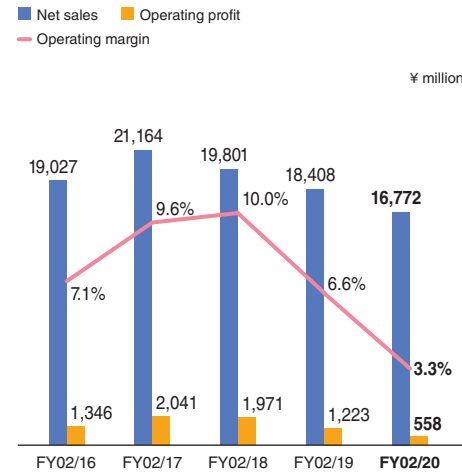
Consolidated Financial Forecasts	FY02/20 (Actual)	FY02/21 (Forecasts)	YoY Changes	
			¥ million	%
Net sales	16,772	17,800	+1,027	+6.1
Operating profit	558	1,000	+441	+79.1
Ordinary profit	582	1,000	+417	+71.6
Profit attributable to owners of parent	381	700	+318	+83.5
EPS (¥)	22.79	41.80	+19.01	+83.4
Capital investment	951	—	—	—
Depreciation	386	—	—	—
R&D expenses	725	—	—	—

Financial Forecasts by Business Segment	FY02/20 (Actual)	FY02/21 (Forecasts)	YoY Changes	
			¥ million	%
Consolidated net sales	16,772	17,800	+1,027	+6.1
Machinery Business Segment	11,118	12,000	+881	+7.9
Chemicals Business Segment	5,654	5,800	+145	+2.6
Segment profit	558	1,000	+441	+79.1
Machinery Business	311	—	—	—
Chemicals Business	781	—	—	—
Adjustments	(534)	—	—	—
Exchange rate (¥/US\$)	109.03	105.00	—	—

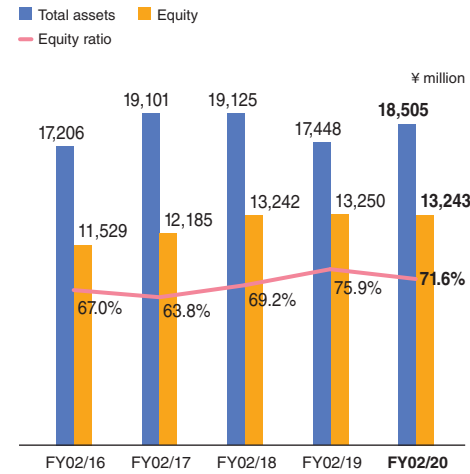
## Orders received Order backlog



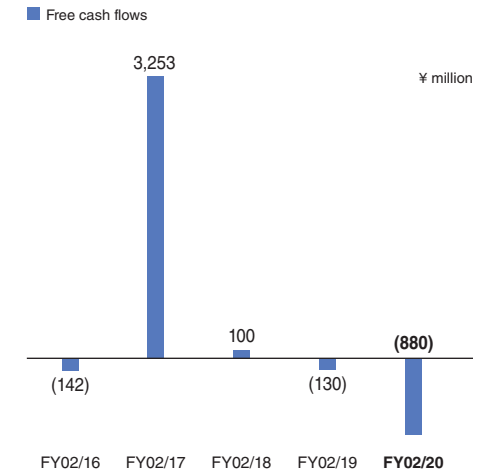
## Net sales and operating profit Operating margin



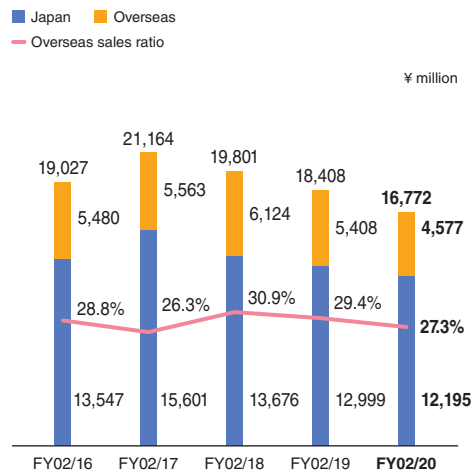
## Total assets and equity Equity ratio



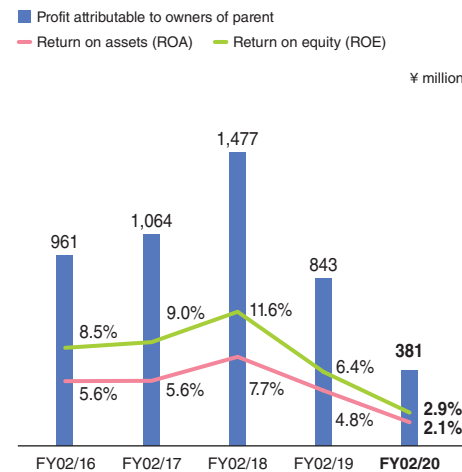
## Free cash flows



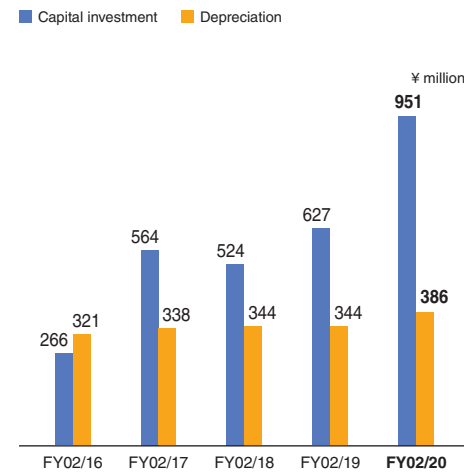
## Net sales by region Overseas sales ratio



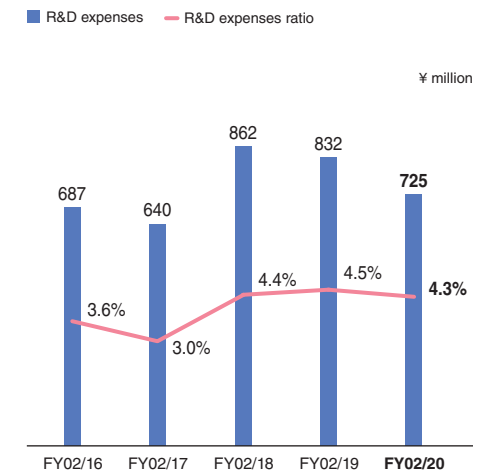
## Profit attributable to owners of parent Return on assets (ROA), Return on equity (ROE)



## Capital investment Depreciation



## R&D expenses R&D expenses ratio





### Machinery Business Segment

Manufacture and sales of granulating and coating equipment for pharmaceutical, food, cosmetic and other products

**Group Companies**

FREUND CORPORATION FREUND-TURBO CORPORATION  
FREUND-VECTOR CORPORATION  
Parle Freund Machinery Private Limited

**Characteristics**

- Granulating/coating equipment boasting the top share of the Japanese market
- Accelerated deployment of businesses in Asia, as well as Europe and North America via a U.S. subsidiary
- Development of equipment based on drug formulation technologies
- Integration of granulating/coating and pulverizing/classifying technologies to expand equipment sales for other industrial business fields



### Chemicals Business Segment

Manufacture and sale of pharmaceutical excipients, food preservatives and dietary supplements

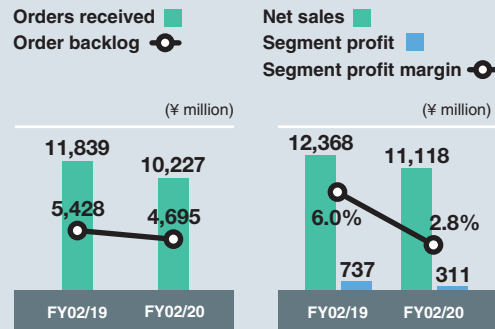
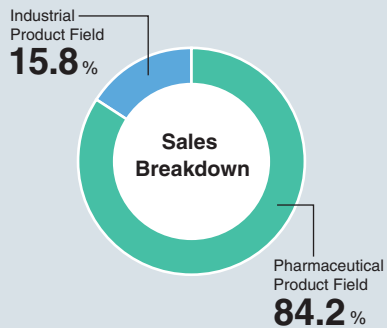
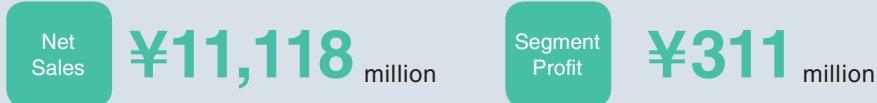
**Group Company**

FREUND CORPORATION

**Characteristics**

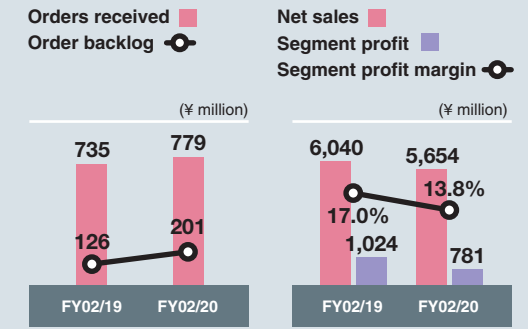
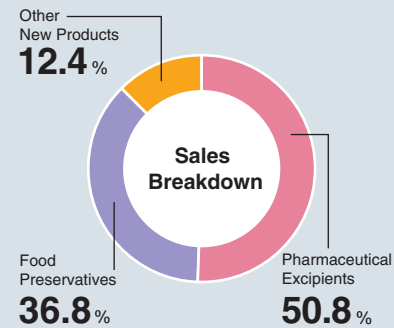
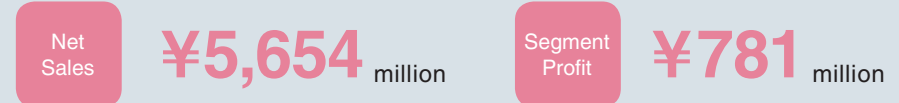
- Pharmaceutical excipients manufactured at GMP\* certified facilities
- Food preservatives used to preserve the quality of various foods contributing to food safety
- Commercialization of dietary supplements and seamless mini-capsules jointly developed with client companies using granulating and coating technologies

\* GMP: Good Manufacturing Practice



**FY02/20 Overview**

Net sales and operating profit of Machinery Business Segment, which focuses on granulating/coating equipment and pulverizing equipment, decreased due to impact of reduction in capital investment caused by slow growth of domestic generic market; impact of rising fixed costs borne by the subsidiaries in U.S.; and stagnation of battery-related projects for China caused by US-China trade friction in the industrial machinery field.



**FY02/20 Overview**

Sales of pharmaceutical excipients used for oral pharmaceuticals were steady due to an increase in domestic demand. However, export projects decreased because of production adjustments made by large-scale overseas users. Regarding the food preservatives, we were engaged in marketing efforts such as entering overseas markets. However, against the backdrop of intensified competition, both net sales and operating profit decreased.

# To meet the true needs of the clients with technological capabilities

## Pharmaceutical Product Field

### Customer Division based on “putting clients’ views 1st” started.

On September 1, 2019, we integrated sales/marketing and engineering services in the pharmaceutical field, and newly established Customer Division controlling the domestic and Asian markets for which the Company, among the Group companies, is responsible for. The purpose of having established an organization that features the "customer-first" point of view is to realize the vision of "putting clients' views 1st", one of the management goals of the 8th Medium-Term Management Plan. Furthermore, we also aim for creating the innovation through transcending the boundaries of market, such as machinery and chemical products, and Japan and overseas, and integrating collaboration within the Group, global management, and various kinds of expertise.

Japanese pharmaceutical product industry has entered the phase of achieving the “generic drugs penetration rate of 80%” set forth by the government, that is, the phase in which conventional-type extraordinary demand for the new facilities decreases. And, the market is about to enter a mature phase due to macroscopic factors such as decrease in the rate of new drug development and declining population, etc.

Against this background, pharmaceutical companies must address issues such as manufacturing cost reduction and labor saving. We believe that solving the issues these customers face is a new business opportunity for us.

### Toward Stock Business: Proposing value of clients’ existing facilities

In light of providing the business solution to resolve the issues of the customers, Customer Division positions their existing machinery equipment as the Company's important stock asset. We have started the initiatives to promote the proposal-based marketing activities related to saving labor, saving need for human operation, and stable operation, from the perspective of effective use of the existing facilities.

As an example of the efforts to solve the issues, we are preparing the maintenance service, in which we share the plan we formulate with the customers with the purpose of predictive maintenance of the facilities, and secure the stable operation of the facilities of the customers. In order to actually provide such a service, we make proposals on stable operation of the clients' production facilities and on optimization of production efficiency through collaboration of sales staff and engineering service staff, and promote the proposal-based marketing activities to convert thousands of pieces of equipment we have delivered so far into highly productive labor-saving ones.

Reflecting the trend in the production of pharmaceutical products, we are engaged in the initiatives for saving labor and saving the need for human operation based on the keyword “continuous production.” Manufacturing of the pharmaceutical industry is characterized by the quality management of a wide variety of products in small quantities in each manufacturing process. Consecutive production of

pharmaceutical products is in the stage of transformation from the conventional batch-type production and is about to be developed. It is the production method that breaks out of the paradigm of pharmaceutical product manufacturing process.

Stable manufacturing and quality management become possible through adding control technologies accumulated in development of continuous production equipment to the existing facilities.

### Introducing the original business model to other fields such as supplement field

There is a business segment in Customer Division, which has been in charge of exploring the supplement business. The segment has a business model to have a relationship with customers from the development stage and be entrusted with manufacturing when the finish goods go on a market. In the marketing activities, we would like to make proposals on new value creation, such as a proposal combining machinery equipment (hardware) with our original “Pen and Ink”-business-model package, and a proposal that also includes drug formulation technologies (software).

The approach of embodying a business model that integrates “Pen and Ink” and “Hardware and Software” into the concept of “ONE FREUND” was cultivated in the stage of developing the generic drug market in which drug formulation technologies lead to differentiation.

More oral pharmaceuticals become off-patent from over the next several years. Focusing on the business segment covering the fields of machinery equipment and pharmaceutical excipients, we promote the new market development with our eyes set on the unique approach to the field of pharmaceutical excipients machinery equipment in the overseas business.



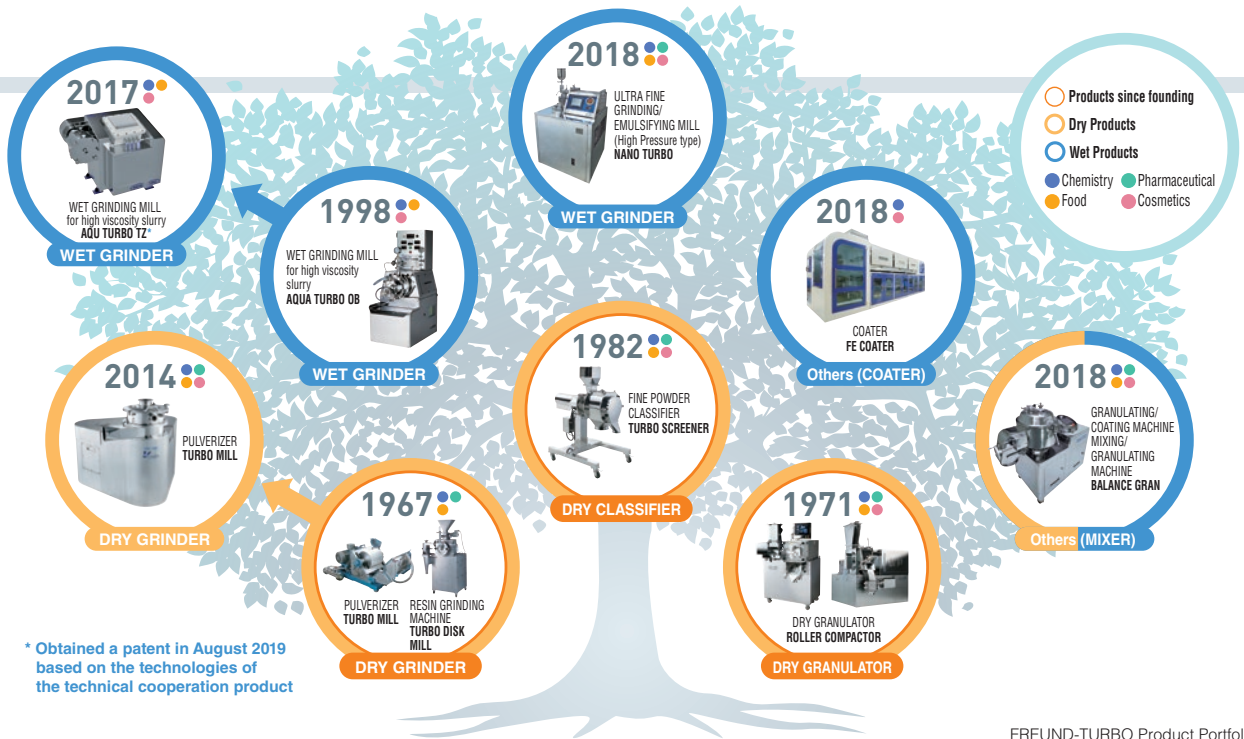
Non-  
Pharmaceutical  
Product Field

## Promote new-client development by leveraging our strengths and encouraging selection and concentration

Japanese powder market has already matured, and we have entered an era in which many of over 200 makers will surely be weeded out in the medium- to long-term perspective. In addition, the rise of Chinese makers, for which we are no match in price competition, cannot be avoided. Therefore, we believe, in terms of competition, strategies of Japanese makers will shift to establishment of technical advantage.

Against this backdrop, the applications of fine powder processing technologies are increasing, which, for example, are used for lithium ion batteries, etc. in the information and automobile industries, for cosmetics, toners, etc. in the commodity industry, and naturally, for injections, oral disintegration (OD) tablets, etc. in the pharmaceutical product industry.

FREUND-TURBO CORPORATION, which plays a main role in the field of non-pharmaceutical product field in our Group, is a maker specialized in the machinery equipment for powder. Based on pulverizer, classifier, and granulator, the three businesses the company has since the establishment, FREUND-TURBO has been engaged in manufacturing and sales businesses. Since a few years ago, it has been promoting the expansion of our product lineup based on existing technologies with a view to medium- to long-term growth. The heart of the promotion is the wet grinder that can process the object into finer powder, granulating/coating machine, and coater, which means it is entering the new engineering field.



FREUND-TURBO Product Portfolio

### Response to finer powder processing

One of the examples is development of "AQUA TURBO TZ" (launched in 2017), which is an advanced version of "AQUA TURBO OB," WET GRINDING MILL for high viscosity slurry, which was a technical cooperation product. FREUND-TURBO obtained a patent in August 2019.

"AQUA TURBO TZ" is called a beads mill. Using ceramic minute beads and beating them up quickly in the liquid, "AQUA TURBO TZ" pulverizes and disperses the object (particle) into submicron- and nano-level fine size. "AQUA TURBO TZ" has been well received by clients because amount beads, the consumable, to be used is very small, injection and discharge are easy, and its washability is excellent.

Pulverizing technologies using the bead mill is in demand in multilayer ceramic capacitor industry in Japan, which leads the global market. Since the "AQUA TURBO TZ" can be

differentiated from other companies' products, we are strengthening our approach to the industry, which is expected to grow in the medium to long term.

### Entry into new engineering fields

In 2018, FREUND-TURBO merged and formed a business alliance to have both "BALANCE GRAN," a granulating/ coating machine, and a coater "EF COATER" to its production lineup. "BALANCE GRAN" is used when mixing and coating the materials of lithium battery as fluid (slurry). "FE COATER" is used to apply the slurry made of "BALANCE GRAN" as an electrode.

In the short term, the lithium battery industry has been sluggish, especially in China. However, we believe that the medium-to-long-term growth trend of the demand remains unchanged, and therefore, continue to strategically develop the markets with those products.



## "Internal controls are management itself. And it is people who drive it. "

Since I assumed the office in May 2019, all employees have been working as one under the values of "ONE FREUND" to foster the corporate culture that considers internal controls, so that we grow further for the next generation.

### Sakae Hirano

Audit & Supervisory Board  
Member (Full-time)

#### Profile

Sakae Hirano was engaged in accounting and finance departments in Idemitsu Kosan Co., Ltd. over years. He is also experienced in and has profound insights in various fields including sales/marketing, sales management, management of overseas subsidiaries, IR and PR, and auditing.

### Governance structure of FREUND

We believe that business execution and supervisory functions were separated due to the full-scale introduction of the executive officer system in September 2019, and, as a result, solid governance structure was established. Among the Board of Directors, seven out of eight officers, including Directors and Audit & Supervisory Board Members, are External Directors. Each officer proactively expresses opinions and makes proposals in every meeting. Executive officers, including every president of group subsidiaries, are engaged in enhancement of group management in various scenes such as management meeting. Going forward, we will enter a phase in which executive officers deepen cooperation with the Board of Directors and further demonstrate the comprehensive strengths of "ONE FREUND."

In order to further improve the effectiveness of the governance structure, I, as an Audit & Supervisory Board Member, will implement activities and make proposals that contribute to the sustained growth of the company and improvement in added value, let alone strengthen risk management, enhance and strengthen internal controls to focus on the roles in protecting the company.

To that end, we believe that it is important to enhance communication with management and employees, cooperation with External Directors, and enhancement in

three-way auditing (coordination of each auditing activity conducted by the Accounting Auditors, Internal Audit Department, and Audit & Supervisory Board Members).

### "Business Process Innovation (BPI)" started.

In terms of internal controls, which support the governance, we are not worried because employees' attitude toward their work is serious and sincere. However, I believe that what we need are not only the passive way of thinking like "complying with" the regulations, but also proactive way of thinking that is directly connected to the business, such as "taking advantage of" the regulations so as to "streamline the work through visualization" and "facilitate team play."

I have great expectations for the "BPI project" that started in March 2020. (For the details of the project, please refer to "Topics" on the back cover.) This project was voluntarily established by the cooperation among members who had been engaged in the improvement activities in each department on the occasion of the updating the backbone system, and is positioned as the company-wide activity directly managed by the President.

Members from various departments participate in the project to increase the visibility of operations, analyze the issues, and formulate the reform proposal. The project embodies the concept of "internal controls are for each one

of the employees responsible for the business and lead to the transparent and sound management." I would like to communicate well with employees and support the establishment of advanced BPI based on the proactive mindset of utilizing internal control.

### To realize the further growth for the next generation

Since its establishment, the Company has been engaged in the business contributing to the future of medical care and good health, created the added values with unique technologies and business model, and continued to respond to the needs of customers.

The current business environment is experiencing the process of huge changes that ranges from the change in framework of the global economy to the industrial infrastructure. The needs of the pharmaceutical industry, our main client, are about to change, too. Even in such an uncertain and difficult business environment, we are working to dynamically change our corporate structure in order to fulfill our mission and further increase our social significance.

We appreciate your continued support for the Company Group that realizes "ONE FREUND" consisting of every one of the employees of the Group, and makes efforts to grow further for the next generation.

## Company Profile

<b>Company Name</b>	FREUND CORPORATION
<b>Established</b>	April 22, 1964
<b>Capital Stock</b>	¥1,035,600,000
<b>Employees</b>	383 (Consolidated)
<b>Head Office Location</b>	FREUND Bldg. 6-25-13 Nishishinjuku, Shinjuku-ku, Tokyo
<b>Website</b>	http://www.freund.co.jp/english/
<b>Group Companies</b>	<p>[ Japan ] FREUND-TURBO CORPORATION R&amp;D, designing, manufacture and sales of machinery for powdered granules</p> <p>[ U.S.A. ] FREUND-VECTOR CORPORATION Manufacture and sales of machinery for powdered granules</p> <p>[ India ] Parle Freund Machinery Private Limited Manufacture and sales of machinery for powdered granules</p>
<b>Stock Listing</b>	TSE JASDAQ Standard (Securities Code: 6312)
<b>Total Number of Authorized Shares</b>	60,000,000 shares
<b>Total Number of Shares Issued</b>	18,400,000 shares
<b>Total Number of Shareholders</b>	14,462

## Honorary Chairman

Yasutoyo Fusejima Honorary Chairman

## Officers

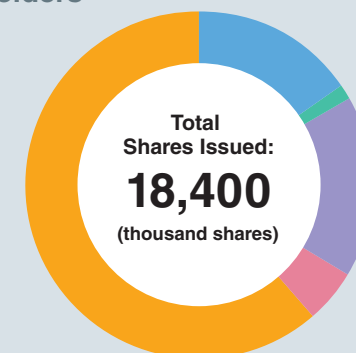
<b>Iwao Fusejima</b> President and CEO	<b>Osamu Imada</b> External Director	<b>Masanori Sugawara</b> External Audit & Supervisory Board Member
<b>Tomohiko Manabe</b> External Director	<b>Sakae Hirano</b> Full-Time Audit & Supervisory Board Member	<b>Sayoko Izumoto</b> External Audit & Supervisory Board Member
<b>Ryuji Nakatake</b> External Director	<b>Mitsuaki Sato</b> External Audit & Supervisory Board Member	

## Major Shareholders (Top Ten)

	Shares owned (Thousand shares)	Ownership ratio (%)
<b>K. K. Fusejima Yokosha</b>	1,648	9.84
<b>Yasutoyo Fusejima</b>	1,276	7.62
<b>The Bank of Mitsubishi UFJ, Ltd.</b>	836	4.99
<b>Sumitomo Mitsui Banking Corporation</b>	744	4.44
<b>Okawara Mfg. Co., Ltd.</b>	673	4.02
<b>PERSHING-DIV. OF DLJ SECS. CORP.</b>	398	2.38
<b>Freund Employee Shareholding Circle</b>	396	2.37
<b>The Shizuoka Bank, Ltd.</b>	368	2.20
<b>Meiji Yasuda Life Insurance Company</b>	360	2.15
<b>Iwao Fusejima</b>	284	1.70

The Company has 1,655,000 shares (9.00%) of treasury shares.  
Shareholding percentage stakes are calculated after excluding 1,655,000 shares of treasury shares.

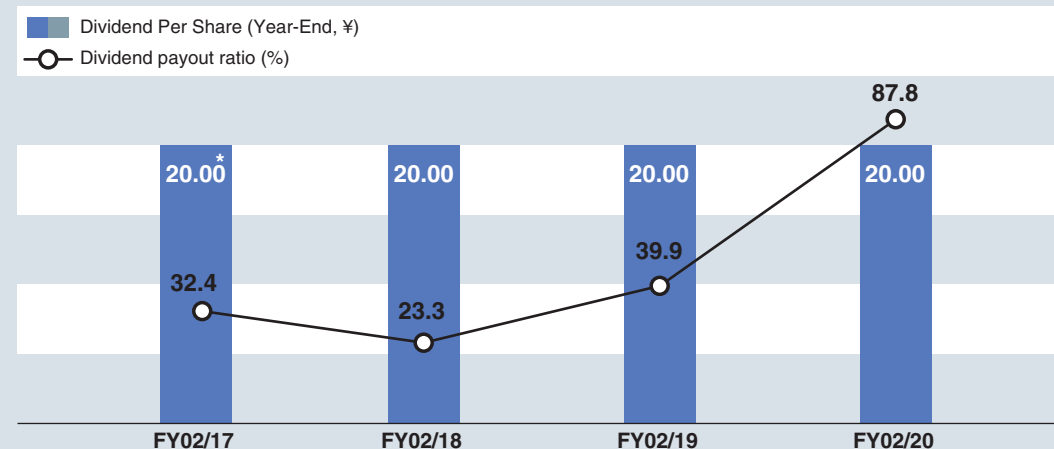
## Shareholder Distribution by Type of Shareholders



	No. of shares held (thousand shares)	Percentage
Financial Institutions	2,841	15.44
Financial Instruments Firms	274	1.49
Other Corporations	3,077	16.71
Foreign Corporations	917	5.00
Individuals, Others	11,291	61.36

Note: Treasury shares are included in the category of "Individuals, Others."

## Dividend/Dividend Payout Ratio Trends



\* FY02/17 dividend per share includes commemorative dividend of ¥5.00.

FY02/21 dividends and consolidated dividend payout ratio are to be announced later.

## Memorandum for Shareholders

<b>Fiscal Year</b>	From March 1 to the last day of February next year
<b>Annual General Shareholders' Meeting</b>	Held in May of every year
<b>Date of Shareholders' Right Allotment</b>	Annual General Shareholders' Meeting/Year-end Dividend End of February (Date of shareholders' right allotment to be August 31 when paying interim dividends)
<b>Shareholder Registry Administrator/ Location of operations</b>	Mitsubishi UFJ Trust and Banking Corporation Marunouchi 1-4-5, Chiyoda-ku, Tokyo, Mitsubishi UFJ Trust and Banking Corporation, Securities Agency Division
<b>Contact</b>	1-1, Nikko-cho, Fuchu-shi, Tokyo, 183-0044, Tokyo, Mitsubishi UFJ Trust and Banking Corporation, Securities Agency Division Phone 0120-232-711 (toll-free in Japan)
<b>Mailing Address</b>	PO Box 29, New Tokyo Post Office, 137-8081, Mitsubishi UFJ Trust and Banking Corporation, Securities Agency Division
<b>Public Announcements</b>	Notices will be posted in electronic format on our internet web page ( <a href="http://www.freund.co.jp/english/">http://www.freund.co.jp/english/</a> ). However, notices will be published in the Nihon Keizai Shimbun when an electronic notification is not possible for unavoidable reasons.

### IR Tools

Under the "What's new" section on FREUND's homepage, we provide IR related information including news releases, summaries of consolidated financial results (TANSHIN), integrated reports, financial results announcement presentation materials, factbooks, factsheets and others.



### PDF Format Documents (examples)



Please visit our website to view detailed IR information. <http://www.freund.co.jp/english/ir/>

## TOPICS

### Let's create the innovation! We have launched the BPI project.

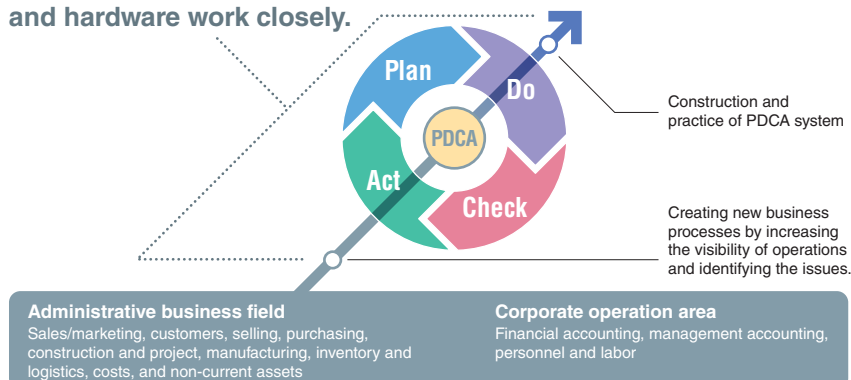
Business Process Innovation (BPI) project was launched in March 2020 as a project directly managed by the President. It introduces the new means and methods to the work process of FREUND CORPORATION, which had been cultivated over half a century, and converts the work process into the smart and effective one. We create the PDCA cycle (P for plan, D for do, C for check, and A for action) to establish the mechanism that keeps innovating works.

In order not to get in the situation in which no one use the mechanism though it was introduced, we invite the persons in charge of the related works as project members, thoroughly analyze the works, and introduce the method to reform the process, which realizes overall optimization of multiple works. What we aim for is the business process reengineering in which humanware, software, and hardware work closely.

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#### Goals as of March 2022

- Improvement in profitability of Machinery and Chemicals Businesses (operating margin: 10% or more)
- Reduce work load by 8%



## FREUND CORPORATION

FREUND Bldg. 6-25-13 Nishishinjuku, Shinjuku-ku, Tokyo, 160-0023

Please contact us with the E-mail address listed in the right column regarding any questions on this FREUND Report.

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