

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 28, 2026
(Three Months Ended May 31, 2025)

[Japanese GAAP]

Company name: Freund Corporation
Securities code: 6312
Representative: Iwao Fusejima, President & CEO
Contact: Hiroaki Sekiwa, Director, General Manager, Corporate Administration Division
Tel: +81-3-6890-0750
Scheduled date of payment of dividend: -
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: None

Listing: Tokyo Stock Exchange
URL: <https://www.freund.co.jp>

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (March 1, 2025 – May 31, 2025) of the Fiscal Year Ending February 28, 2026

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended May 31, 2025	5,544	34.4	474	-	466	-	296	-
Three months ended May 31, 2024	4,124	(1.8)	(264)	-	(247)	-	(205)	-

Note: Comprehensive income
Three months ended May 31, 2025: 119 million yen (-%)
Three months ended May 31, 2024: (16) million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2025	17.54	-
Three months ended May 31, 2024	(12.16)	-

Reference: Equity in earnings of affiliates
Three months ended May 31, 2025: (14) million yen
Three months ended May 31, 2024: (11) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2025	25,623	15,139	59.1	895.33
As of Feb. 28, 2025	26,559	15,437	58.1	912.56

Reference: Equity capital
As of May 31, 2025: 15,139 million yen
As of Feb. 28, 2025: 15,437 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2025	-	0.00	-	25.00	25.00
Fiscal year ending Feb. 28, 2026	-	-	-	-	-
Fiscal year ending Feb. 28, 2026 (forecast)	-	0.00	-	0.00	0.00

Note: Revision to the most recently announced dividend forecast: Yes

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2026 (March 1, 2025 – February 28, 2026)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	24,500	4.7	1,500	24.8	1,500	23.0	1,000	56.8	59.14

Note: Revision to the most recently announced consolidated forecast: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to page 8 “(3) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” for details.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements:	None
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(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of May 31, 2025: 18,400,000 shares As of Feb. 28, 2025: 18,400,000 shares

2) Number of treasury shares at the end of the period

As of May 31, 2025:	1,491,044 shares	As of Feb. 28, 2025:	1,483,743 shares
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3) Average number of shares outstanding during the period

Three months ended May 31, 2025: 16,913,000 shares Three months ended May 31, 2024: 16,898,650 shares

Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

Cautionary statement with respect to forecasts of future performance and other special items

Statements about future performance, including forecasts in this document are based on certain assumptions that the Company considers to be reasonable and the information currently available. Actual performance may significantly differ due to various reasons. Please refer to the section “Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attachments regarding preconditions or other related matters for forecasts shown above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the fiscal year ending February 2026, the Japanese economy continued to recover at a moderate pace. Consumer spending is soft because of the negative effect of inflation, primarily for daily necessities, on consumer sentiment. Although capital spending by companies is currently firm, uncertainty about U.S. tariffs may negatively affect capital expenditures during the remainder of this year.

Geopolitical tensions due to the prolonged conflicts in Ukraine and the Middle East continue to make the outlook for the economies of Japan and the world uncertain.

In the pharmaceutical industry, a key user of Freund Group products, many companies, chiefly large drug manufacturers, are making large capital expenditures to increase output and replace aging machinery in response to drug shortages that are a serious social issue. In addition, the pharmaceutical industry is expected to continue to grow worldwide, driven by the aging populations of developed countries and the increasing populations and improvement of healthcare standards in emerging countries.

In Japan, pharmaceutical companies, primarily major producers of drugs, are continuing to increase capital expenditures. To help end the social issue of drug shortages, the Freund Group is taking many actions to consistently deliver equipment that has been ordered. Outside Japan, there are more activities for strengthening the Freund brand worldwide, mainly by further increasing collaboration and synergies among group companies through the Freund Group's global five-pole framework consisting of Japan, the United States, Italy, India and China.

In the first quarter of the fiscal year ending February 2026, net sales increased 34.4% year-over-year to 5,544 million yen. Operating profit was 474 million yen compared with a loss of 264 million yen one year earlier, ordinary profit was 466 million yen compared with a loss of 247 million yen one year earlier, and profit attributable to owners of parent was 296 million yen compared with a loss of 205 million yen one year earlier.

Operating results for business segments are as follows.

Machinery Business Segment

In Japan, sales were higher than in the first quarter of the previous fiscal year mainly because of deliveries of production equipment to generic drug manufacturers. Orders increased and the order backlog remains high. SG&A expenses decreased mainly because there was a one-time expense one year earlier for the update of a core IT system.

In the United States, sales at FREUND Inc. increased. Sales in the first quarter of the previous fiscal year were low because most deliveries of products were in the fiscal year's second half. In the current fiscal year, there have been steady product deliveries beginning with the first quarter.

As a result, net sales increased 55.8% year-over-year to 3,905 million yen and segment profit was 394 million yen compared with a loss of 219 million yen one year earlier.

Chemicals Business Segment

Sales of pharmaceutical excipients used for oral drugs were up from one year earlier. Overall sales were relatively firm despite the negative effects of lower production by some customers in Japan.

Sales of food preservatives declined from one year earlier, as some major customers began to source from multiple suppliers to ensure business continuity. However, sales to other customers have remained strong.

SG&A expenses for this segment decreased mainly due to one-time expenses incurred in the previous fiscal year for the implementation of a new core IT system.

As a result, net sales increased 1.3% year-over-year to 1,639 million yen and segment profit increased 111.0% to 259 million yen.

(2) Explanation of Financial Position

Total assets decreased 936 million yen from the end of the previous fiscal year to 25,623 million yen at the end of the first quarter of the current fiscal year. This mainly reflected decreases of 723 million yen in cash and deposits and 1,009 million yen in notes and accounts receivable-trade and contract assets, while there were increases of 203 million yen in electronically recorded monetary claims-operating, 449 million yen in work in process and 180 million yen in raw materials and supplies.

Total liabilities decreased 638 million yen from the end of the previous fiscal year to 10,483 million yen at the end of the first quarter of the current fiscal year. This mainly reflected decreases of 457 million yen in notes and accounts payable-trade, 120 million yen in income taxes payable and 290 million yen in contract liabilities, while there was an increase of 285 million yen in electronically recorded obligations-operating.

Net assets decreased 297 million yen from the end of the previous fiscal year to 15,139 million yen at the end of the first quarter of the current fiscal year. This mainly reflected decreases of 126 million yen in retained earnings and 188 million yen in foreign currency translation adjustment.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

As of the date of publication of this material, there are no revisions to the full year consolidated forecasts for the fiscal year ending February 28, 2026, which were disclosed in the Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 dated April 11, 2025.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2/25	First quarter of FY2/26
	(As of Feb. 28, 2025)	(As of May 31, 2025)
Assets		
Current assets		
Cash and deposits	5,152,751	4,428,776
Notes and accounts receivable-trade, and contract assets	5,315,450	4,305,481
Electronically recorded monetary claims-operating	910,770	1,114,422
Merchandise and finished goods	874,313	939,991
Work in process	3,660,790	4,110,132
Raw materials and supplies	2,980,052	3,161,007
Prepaid expenses	290,264	307,553
Other	499,126	539,120
Allowance for doubtful accounts	(34,696)	(34,518)
Total current assets	19,648,822	18,871,967
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,048,545	1,972,214
Land	1,147,991	1,146,918
Other, net	985,918	966,064
Total property, plant and equipment	4,182,455	4,085,196
Intangible assets		
Software	531,363	514,014
Software in progress	10,830	-
Customer relationship	319,292	306,496
Other	26,560	24,048
Total intangible assets	888,046	844,559
Investments and other assets		
Deferred tax assets	536,982	536,060
Other	1,308,323	1,290,641
Allowance for doubtful accounts	(5,400)	(5,400)
Total investments and other assets	1,839,905	1,821,301
Total non-current assets	6,910,408	6,751,058
Total assets	26,559,231	25,623,025

	(Thousands of yen)	
	FY2/25 (As of Feb. 28, 2025)	First quarter of FY2/26 (As of May 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,313,651	1,856,137
Electronically recorded obligations-operating	791,194	1,076,504
Short-term borrowings	108,848	85,381
Income taxes payable	341,377	220,725
Contract liabilities	5,241,452	4,951,252
Provision for bonuses	265,145	372,023
Provision for bonuses for directors (and other officers)	33,560	8,375
Other	1,316,737	1,232,513
Total current liabilities	10,411,969	9,802,913
Non-current liabilities		
Lease liabilities	352,220	331,639
Retirement benefit liability	215,338	213,755
Asset retirement obligations	67,529	67,562
Other	75,141	68,107
Total non-current liabilities	710,228	681,065
Total liabilities	11,122,197	10,483,978
Net assets		
Shareholders' equity		
Share capital	1,035,600	1,035,600
Capital surplus	1,332,771	1,340,545
Retained earnings	12,587,188	12,460,940
Treasury shares	(693,219)	(695,928)
Total shareholders' equity	14,262,340	14,141,157
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,035	82,622
Foreign currency translation adjustment	1,059,984	871,289
Remeasurements of defined benefit plans	45,673	43,976
Total accumulated other comprehensive income	1,174,692	997,889
Total net assets	15,437,033	15,139,047
Total liabilities and net assets	26,559,231	25,623,025

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Three-month Period)**

	(Thousands of yen)	
	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)	First three months of FY2/26 (Mar. 1, 2025 – May 31, 2025)
Net sales	4,124,618	5,544,069
Cost of sales	2,697,403	3,538,042
Gross profit	1,427,214	2,006,026
Selling, general and administrative expenses	1,691,559	1,531,887
Operating profit (loss)	(264,345)	474,138
Non-operating income		
Interest income	4,631	11,805
Dividend income	4,149	4,349
Technical support fee income	2,375	3,270
Foreign exchange gains	21,834	-
Other	4,822	4,008
Total non-operating income	37,812	23,433
Non-operating expenses		
Interest expenses	8,970	1,763
Share of loss of entities accounted for using equity method	11,265	14,455
Foreign exchange losses	-	13,284
Other	1,033	1,412
Total non-operating expenses	21,269	30,916
Ordinary profit (loss)	(247,802)	466,656
Extraordinary losses		
Loss on retirement of non-current assets	4,130	72
Total extraordinary losses	4,130	72
Profit (loss) before income taxes	(251,932)	466,584
Income taxes	(46,489)	169,925
Profit (loss)	(205,443)	296,658
Profit (loss) attributable to owners of parent	(205,443)	296,658

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

	(Thousands of yen)	
	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)	First three months of FY2/26 (Mar. 1, 2025 – May 31, 2025)
Profit (loss)	(205,443)	296,658
Other comprehensive income		
Valuation difference on available-for-sale securities	8,510	13,587
Foreign currency translation adjustment	167,093	(167,392)
Remeasurements of defined benefit plans, net of tax	(510)	(1,696)
Share of other comprehensive income of entities accounted for using equity method	13,492	(21,302)
Total other comprehensive income	188,586	(176,803)
Comprehensive income	(16,856)	119,854
(Breakdown)		
Comprehensive income attributable to owners of parent	(16,856)	119,854

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

The tax expenses are calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year in which the period falls, and multiplying that rate by the profit before income taxes for the period. However, Freund uses the statutory effective tax rate to calculate tax expenses for cases in which using the estimated effective tax rate gives a noticeably irrational result.

Segment and Other Information**Segment information**

I First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Machinery Business	Chemicals Business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales					
(1) External sales	2,506,203	1,618,414	4,124,618	-	4,124,618
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	2,506,203	1,618,414	4,124,618	-	4,124,618
Segment profit (loss)	(219,518)	123,108	(96,410)	(167,934)	(264,345)

Notes: 1. Contents of adjustments are as follows.

The negative adjustment of 167,934 thousand yen to segment profit (loss) includes corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating loss recorded in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

3. Information by region

Net sales

In addition to the disclosure of information required by the “Accounting Standard for Quarterly Financial Statements,” the Company provides information by region (net sales) based on the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” for the purpose of providing investors with useful information.

(Thousands of yen)

Japan	United States	Latin America	Europe	Asia	Other	Total
3,473,408	230,140	75,047	154,172	140,437	51,412	4,124,618

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.

2. Groupings of countries and regions other than Japan are determined by geographic proximity and mutual operational relationships. Major countries and regions in each geographic segment are as follows.

- (1) Latin America: Brazil, Mexico, etc.
 (2) Europe: France, Italy, UK, etc.
 (3) Asia: China, India, etc.
 (4) Other: Middle East, Africa, etc.

II First three months of FY2/26 (Mar. 1, 2025 – May 31, 2025)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Machinery Business	Chemicals Business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales					
(1) External sales	3,905,040	1,639,028	5,544,069	-	5,544,069
(2) Inter-segment sales and transfers	-	-	-	-	-
Total	3,905,040	1,639,028	5,544,069	-	5,544,069
Segment profit	394,246	259,705	653,951	(179,812)	474,138

Notes: 1. Contents of adjustments are as follows.

The negative adjustment of 179,812 thousand yen to segment profit includes corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

3. Information by region

Net sales

In addition to the disclosure of information required by the “Accounting Standard for Quarterly Financial Statements,” the Company provides information by region (net sales) based on the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” for the purpose of providing investors with useful information.

(Thousands of yen)

Japan	United States	Latin America	Europe	Asia	Other	Total
3,908,646	741,176	114,190	174,807	504,268	100,979	5,544,069

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.

2. Groupings of countries and regions other than Japan are determined by geographic proximity and mutual operational relationships. Major countries and regions in each geographic segment are as follows.

- (1) Latin America: Brazil, Mexico, etc.
- (2) Europe: France, Italy, UK, etc.
- (3) Asia: China, India, etc.
- (4) Other: Middle East, Africa, etc.

Notes to Consolidated Statement of Cash Flows

The quarterly consolidated statement of cash flows for the first three months of FY2/26 was not prepared. Depreciation (including amortization of intangible assets) for the first three months of FY2/25 and FY2/26 is as follows.

(Thousands of yen)

	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)	First three months of FY2/26 (Mar. 1, 2025 – May 31, 2025)
Depreciation	148,608	162,171

Subsequent Events

Tender offer for Freund stock by Yuu Corporation

On July 14, 2025, the Freund Board of Directors stated an opinion in favor of a tender offer by Yuu Corporation for Freund common stock as part of a management buyout (MBO, see note below). In addition, the directors approved a resolution to recommend that Freund shareholders use this tender offer to sell their stock to Yuu Corporation. This resolution is based on the premise that Yuu Corporation plans to end the stock market listing of Freund stock after completing the tender offer and all subsequent procedures. Further information about this matter is in the press release “Notice Regarding the Implementation of Management Buyout (MBO) and Recommendation to Tender Shares” dated July 14, 2025.

Note: In a management buyout, the management team of a company pay for all or part of the cost of purchasing the company. Stock of the company is purchased based on the premise that the company’s business operations will continue.

3. Others

Orders and Sales

(1) Orders received

(Thousands of yen)

Operating segment	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)		First three months of FY2/26 (Mar. 1, 2025 – May 31, 2025)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	3,056,331	72.8	3,462,140	113.3

Notes: 1. No orders received are shown for the Chemicals Business because production is based on sales plans rather than specific orders.

2. Orders received are based on selling prices; inter-segment transactions have been eliminated.

(2) Order backlog

(Thousands of yen)

Operating segment	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)		First three months of FY2/26 (Mar. 1, 2025 – May 31, 2025)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	16,636,801	113.9	16,415,890	98.7

Notes: 1. No order backlog is shown for the Chemicals Business because production is based on sales plans rather than specific orders.

2. Order backlog is based on selling prices; inter-segment transactions have been eliminated.

(3) Sales

(Thousands of yen)

Operating segment	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)		First three months of FY2/26 (Mar. 1, 2025 – May 31, 2025)	
	Amount	Composition (%)	Amount	Composition (%)
Machinery Business	2,506,203	60.8	3,905,040	70.4
Chemicals Business	1,618,414	39.2	1,639,028	29.6
Total	4,124,618	100.0	5,544,069	100.0

Note: Sales are based on selling prices; inter-segment transactions have been eliminated.

This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.