



FREUND CORPORATION  
**FREUND Report**  
**2024**

Fiscal Year Ended February 29 2024  
(From March 1, 2023 to February 29, 2024)



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### Disclaimer: Forward looking statement

This Report contains forward looking plans, estimates, strategies, financial results and other statements. Such information is based on the most accurate information available at the time of production of this Report. Therefore, the Company's actual financial results may diverge largely from statements represented in this Report due to the influence of various risks and uncertainties. Influencing factors include the economic environment, competitive pressures, related regulations and laws, changes in product development conditions and fluctuations in foreign exchange rates relating to the Company's businesses. Furthermore, the factors influencing the Company's estimates and other statements are not limited to the above.

Note: The details of this Report are based on the results of the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024). (However, new information available after March 2024 has also been included in this Report).

# PROFILE

We have grown based on our business model that combines “Hardware (products such as pharmaceutical product manufacturing equipment and pharmaceutical excipients)” and “Software (drug formulation technologies).” Currently, we have 6 Group companies in Asia, including Japan, the U.S. and Europe. We are expanding our business segment not only to the pharmaceutical product field but also to the non-pharmaceutical product field. Based on our corporate philosophy, “Develop the Future Through Creativity®,” we provide indispensable products and services to people around the world, challenging ourselves to promote business activities that will create a better tomorrow.

## Corporate Philosophy

# “Develop the Future through Creativity®”

## Group Management Vision

## Creating essential technologies for a brighter tomorrow

At the FREUND Group, our mission is to build a healthier, more prosperous future by contributing to the steady supply of pharmaceuticals, and providing solutions for the freshness and safety of food.

We deliver the knowledge and the products that can help solve diverse issues.

By applying our creativity and our technological capabilities to providing indispensable products and services to people around the world, we are working to create a better tomorrow.

## Long-term Vision

# ONE FREUND & BEYOND



“Number One” in each business segment



“Only One” for clients and society



Unite to a “Be One” group

“ONE FREUND” refers to values which the FREUND Group holds precious



# MILESTONE of FREUND GROUP

Focusing on film coating technologies for tablets, we were the first in the world to successfully develop “automated film coating machine” and “film coating liquid.” Since our foundation in 1964, FREUND CORPORATION has followed a path as a research and development-oriented company based on granulation/coating technologies, under the corporate philosophy of “Develop the Future through Creativity®.”



- 1964 Management** Established in Kanda Tsukasamachi, Chiyoda-ku, Tokyo
- Machinery** Developed and launched testing machine “FM-2 model” and manufacturing machine “FM-5 model” for automated film coating machine
- Chemical** Developed and launched film coating liquid for pharmaceuticals “FC-101” and “EC-101”
- 1969 Machinery** Developed and launched fluid bed granulation, coating and drying machine “FLOW COATER”

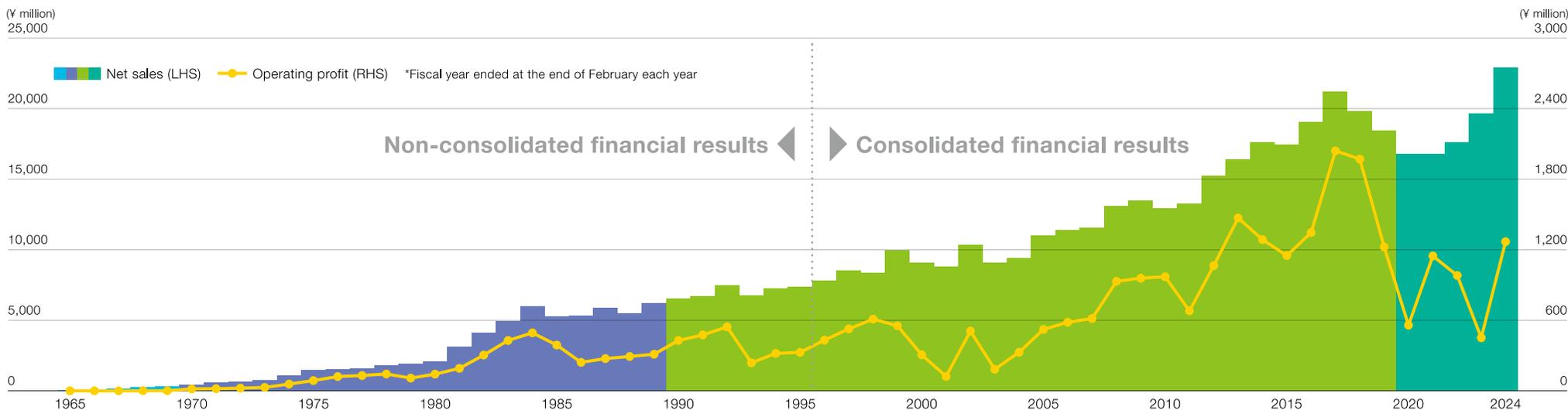
- 1971 Machinery** Developed and launched automated sugar and film coating machine “HICOATER”
- 1978 Chemical** Developed and launched food preservatives “Antimold-102”
- 1980 Management** Established Freund Kasei Corporation in Urawa City, Saitama Prefecture (currently Saitama City) (merged in March 2014)
- 1987 Chemical** Developed and launched multiple function type food preservatives “Negamold”

- 1992 Management** Established the “Hamamatsu Plant/Hamamatsu Technology Development Research Center” in Hamamatsu City, Shizuoka Prefecture
- 1996 Management** Registered shares on the Over-The-Counter Market with the Japan Securities Dealers Association (later JASDAQ)
- 1997 Management** Acquired Vector Corporation (U.S.) (currently Freund Inc.)
- 2008 Machinery** Developed and launched new tablet coating machine “HICOATER FZ”
- 2010 Management** Acquired Turbo Corporation (currently Freund-Turbo Corporation)
- Management** Established Freund Pharmatec Ltd. in Ireland (transferred business to Sigmoid Pharma Ltd. (Ireland) in February 2016)
- 2013 Machinery** Launched tablet printing machine “TABREX”

- 2014 Management** Celebrated the 50th anniversary since FREUND’s founding
- Machinery** Developed continuous granulation and drying system “Granuformer concept model”
- 2015 Chemical** Launched pharmaceutical excipients for orally disintegrating tablets “NONPAREIL-105 (150)”
- 2016 Machinery** Developed and launched tablet imprinting machine “TABREX Rev.”
- 2018 Machinery** Developed and launched continuous granulation and drying system “Granuformer”
- 2019 Management** Established joint venture company Parle Freund Machinery Private Limited (India)

- 2020 Management** Acquired Cos.Mec S.r.l. (Italy) (currently Freund S.r.l.)
- Machinery** Developed and launched data integrity system “Smart DI”
- 2021 Management** Established joint venture company Freund-Chineway Pharmaceutical Technology Center Co., Ltd. (China)
- Machinery** Developed and launched tablet automatic coating tool “TACT”
- Machinery** Developed and launched tablet coater “HICOATER HV”
- 2022 Machinery** Developed and launched near infrared technology “Smart MOIS”
- Management** Moved to the Tokyo Stock Exchange standard market
- 2023 Chemical** Developed and launched environmentally friendly food preservatives “Antimold-Mild EF”

## Net sales and operating profit trends

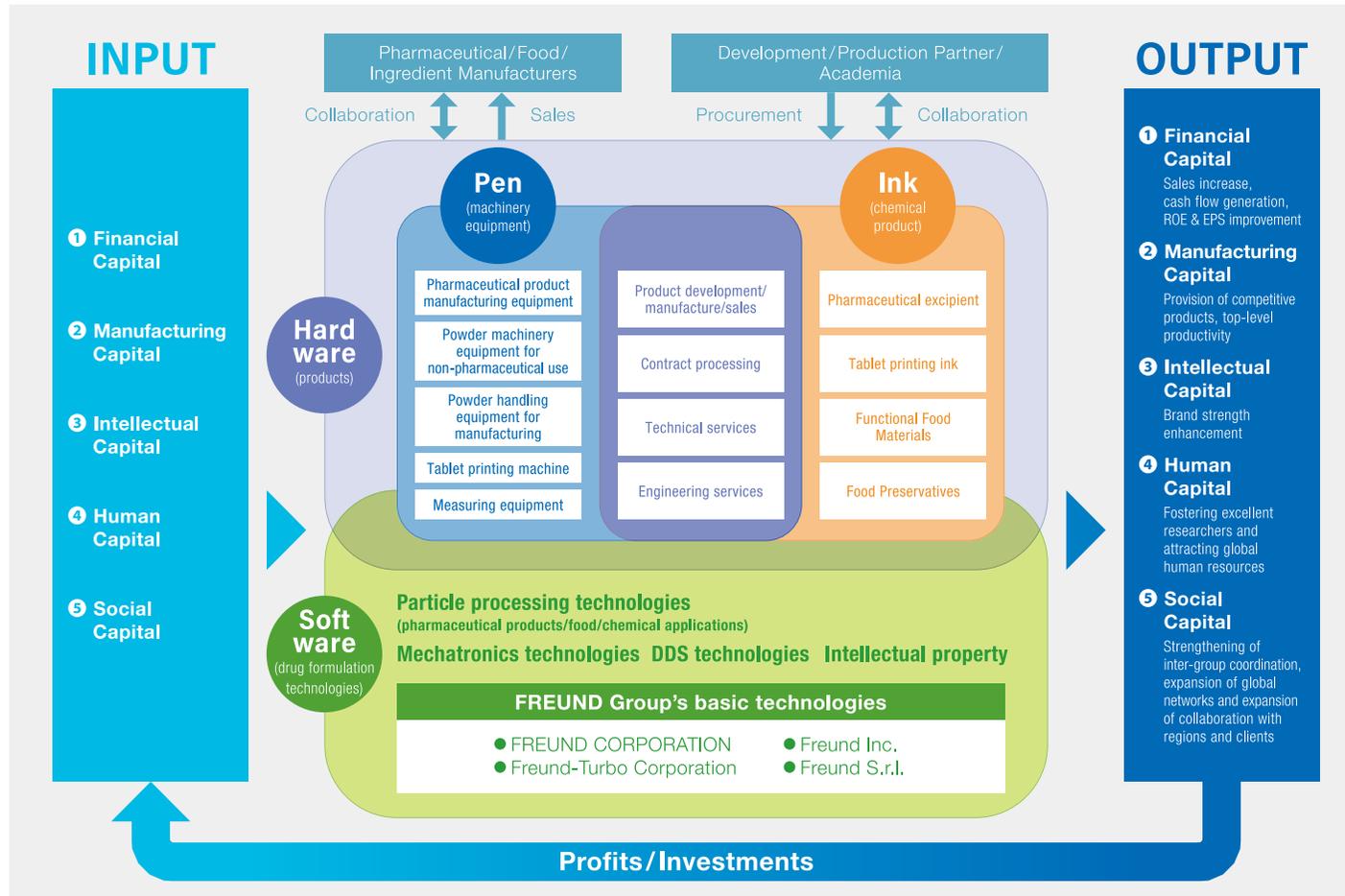


# VALUE CREATION CYCLE of FREUND GROUP

Since our founding, we have grown our business in solid dosage manufacturing equipment, such as tablets and granules, and pharmaceutical excipients. We are a unique research and development-oriented group of companies involved in both formulation of machines and excipients in the pharmaceutical field, and are the only one of its kind in the world. In recent years, while expanding our fundamental particle processing technologies into non-pharmaceutical fields such as food and industrial applications, we have added powder handling equipment used in the ancillary processes for pharmaceutical products to our business domain and are promoting global business activities. Furthermore, we are taking on the challenge of realizing sustained growth based on our management vision, for example, by launching a unique engineering services to solve problems with existing equipment operating at our clients' manufacturing sites.

## Sustainability Policy

For FREUND Group, sustainability means aiming for sustained growth of stakeholders, the Group and society, based on our corporate philosophy of "Develop the Future through Creativity®." We will contribute through the value we provide to our clients in our corporate activities, while taking into consideration issues such as abnormal weather, resource depletion, deforestation, and human rights. We will also strive to contribute to the realization of a long-term sustainable society from an ESG (Environment, Social and Governance) perspective, taking into consideration D&I (Diversity & Inclusion).



# GLOBAL NETWORK of FREUND GROUP

In July 2021, we established Shanghai FC Center, a technology development research center in China, and we held an opening ceremony of the center and began its operations in June 2023. With the addition of this new site, our Group's global network in the pharmaceutical product field now consists of a five-pillar-structure, i.e. Japan, the U.S., India, Italy and China. The addition of manufacturing sites in India and Italy to the existing sites in Japan and the U.S. has strengthened the business development in the pharmaceutical emerging regions. For China, a huge pharmaceutical emerging market, we will handle both machinery and chemical products at the Shanghai FC Center to increase awareness of our products. Through these efforts, we will provide better products suited to the market, respond to regional needs for services including maintenance and cultivate high-quality local agents. With the establishment of the five-pillar-structure as a cornerstone, we aim to expand our global market share by pursuing synergies among group companies. The business domains developed at each site and the functions of each site are as follows.



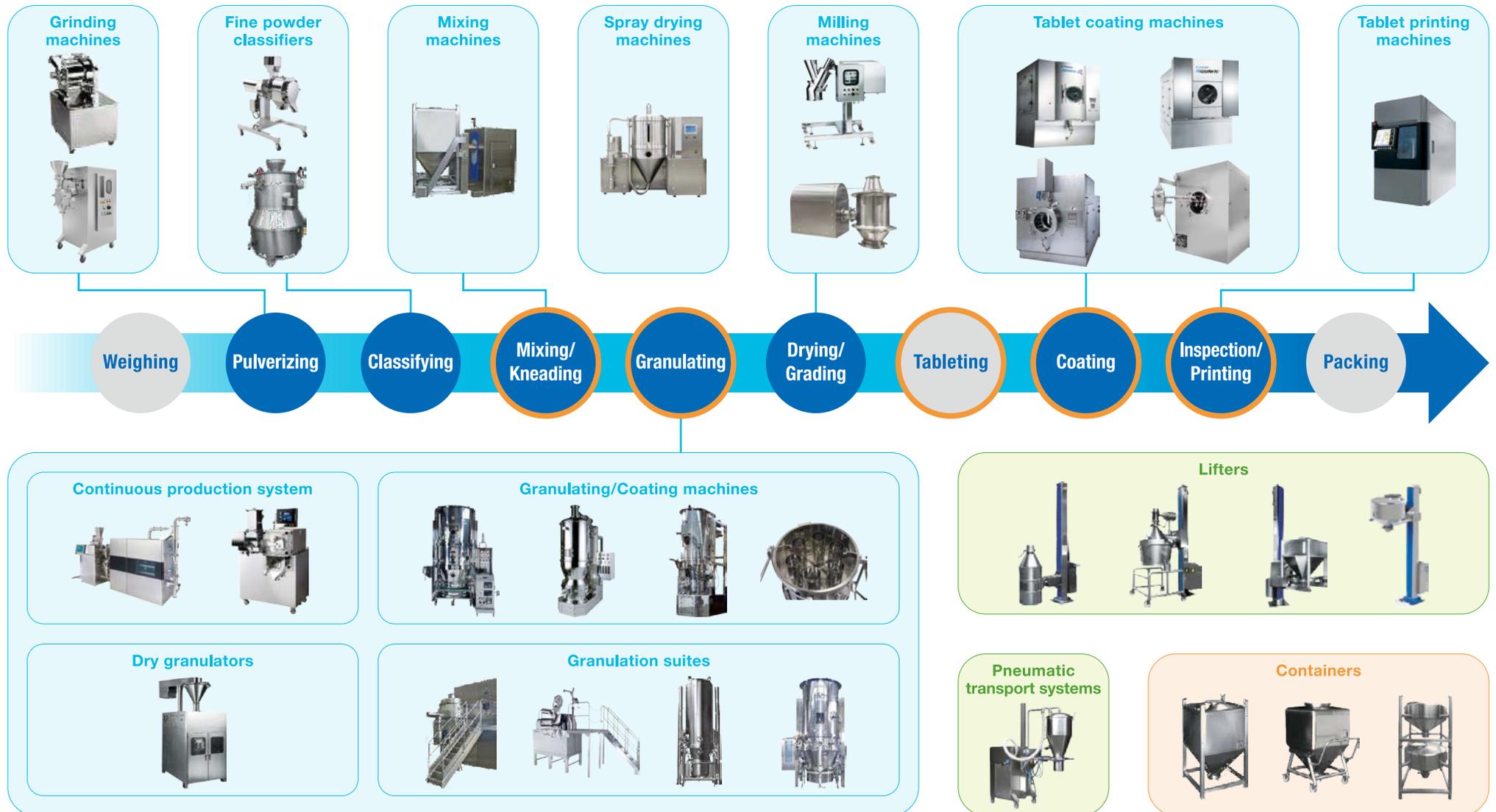
# Manufacturing Process for Pharmaceutical Products and FREUND Group's Business Scope

Our main products are machinery equipment and chemical products such as excipients, which are used in the process of manufacturing pharmaceutical products (tablets and granules, etc.). FREUND is the only enterprise in the world that conducts both the machinery equipment and chemical businesses in pharmaceutical related business. Furthermore, in November 2020, the Group's product lineup expanded significantly with Italy's Freund S.r.l. joining the Group, which manufactures powder handling equipment that is used in the ancillary processes for pharmaceutical products.



Please see here for product details.

● Manufacturing processes in which machinery equipment of FREUND Group is used ○ Manufacturing processes in which chemical products, such as excipients, of FREUND are used



## Overview of Business Segments and Relationship with Society

Based on technologies such as granulating, coating, pulverizing, classifying, the FREUND Group is expanding its businesses into the non-pharmaceutical product field including food and other industrial applications in addition to the pharmaceutical product field. The Group is thereby taking on new challenges that can contribute to improving the quality of health and life of people.

### Machinery Business Segment

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

#### Characteristics

- Granulating/coating equipment sales among the top in the world and Japan.
- In addition to Asian markets, the Group is expanding its business in the other developed and emerging countries in cooperation with our subsidiaries in the U.S. and Italy.
- Developing equipment based on drug formulation technologies
- Focusing on sales expansion of equipment for other industrial business fields by integrating granulating/coating and pulverizing/classifying technologies

### Chemical Business Segment

Manufacture and sales of pharmaceutical excipients, food preservatives and health foods

#### Characteristics

- Pharmaceutical excipients manufactured at GMP\* certified facilities
- Food preservatives used to preserve the quality of various foods contributing to food safety

\*GMP: Good Manufacturing Practice

## Social value to be provided to the medical site

Improving the quality of medical care by increasing the value addition of pharmaceutical products

### Improving drug efficacy through granulating and coating technologies

For over half a century, FREUND CORPORATION has leveraged its core competencies of granulating and coating technologies, along with its products and drug formulation technologies, to increase the value of pharmaceutical products. At the same time, FREUND has conducted manufacturing that enables more people to access high value-added pharmaceutical products, and the Group strives to improve the quality of medical care worldwide.



Continuous granulation and drying system "Granuformer"

### Contributing to aging society by pursuing "easy to ingest" drugs

Active pharmaceutical ingredients of medicine accounts for a small percent of the total. The remaining portion is excipients that are used to make drugs into sizes that are easy to swallow and for coating of the surface to mask the bitter taste. FREUND is strengthening the development of orally disintegrating tablet (ODT) related products which use a unique drug formulation technology and allows for easier ingestion of drugs by assisting the swallowing process.



Pharmaceutical excipients "Granulol F (Fine)"

### Preventing medical mistakes caused by dispensing errors

In the dispensing field, there are incidents of medical mistakes due to patients taking the wrong drugs because they are similar in appearance and name. FREUND prints on drugs to allow for easy identification and contributes to prevention of medical mistakes worldwide. To do so, FREUND developed the industry's first safe drug ingestion concept that involves a new generation tablet printing/inspection machine and specialized inks.



Tablet printing machine "TABREX Rev."

## Social value to be provided to the food and health

Better taste and health; supporting enriched lives of people

### Pursuing fresh taste, safety and security

Food preservatives are small pouches placed inside of packaging to protect the flavor and ensure the safety and security of freshly cooked pastries and breads, Japanese confectionaries and other products. FREUND develops food quality prolonging agents based on its "ethanol evaporation" technology which preserves bacteriostatic effects in order to deliver fresh, tasty products as well as safety and security.



Food preservatives "Antimold-Mild"

### Maximizing the effect of effective food ingredients with advanced drug formulation technologies

Along with the increased concern for health, demand for supplements and health foods is on the rise. FREUND is contributing to healthy lives together with health support manufacturers by using advanced drug formulation technologies to promote the function of effective food ingredients and enable easier ingestion.



Food coating agent "Chitocoat"

## Social value to be provided to the leading-edge industry

Taking on challenges in new technological fields to support enriched and convenient lives

### Creating new markets for the next generation using FREUND's unique pulverizing technologies

The FREUND Group's powder pulverization technology is used to create products in the cosmetic, food and other industries that support peoples' daily lives. For example, this technology is used in make up foundations which many women wear daily. The fine powders manufactured by the Group's equipment help to produce "healthy looking and clean skin."



High viscosity wet grinding mill and separator "AQUA TURBO TZ"

In formulating the 9th Medium-term Management Plan, the Group has drawn up a long-term vision for the next ten years.

## Long-term Vision

# ONE FREUND & BEYOND

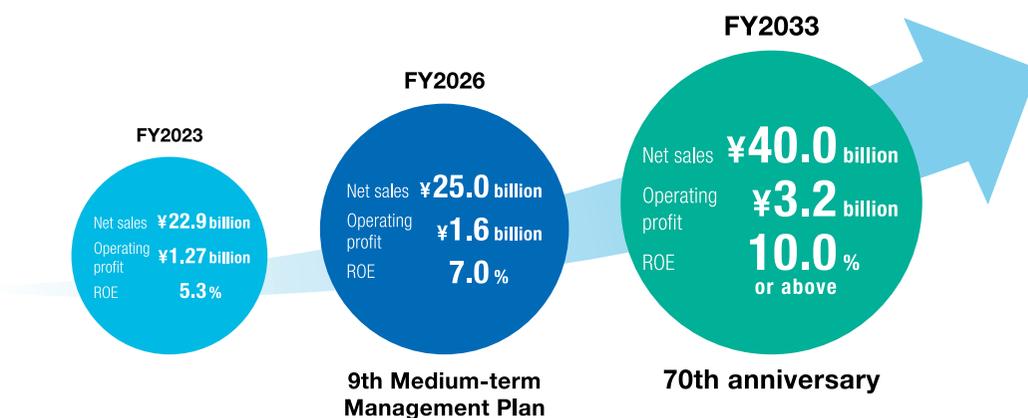
The Group aims to go beyond “ONE FREUND,” the slogan that describes its values, and has established the following management targets for FY2033, when it will celebrate its 70th anniversary: consolidated net sales of ¥40 billion, operating profit of ¥3.2 billion, and an ROE of at least 10%.

### [ Vision ]

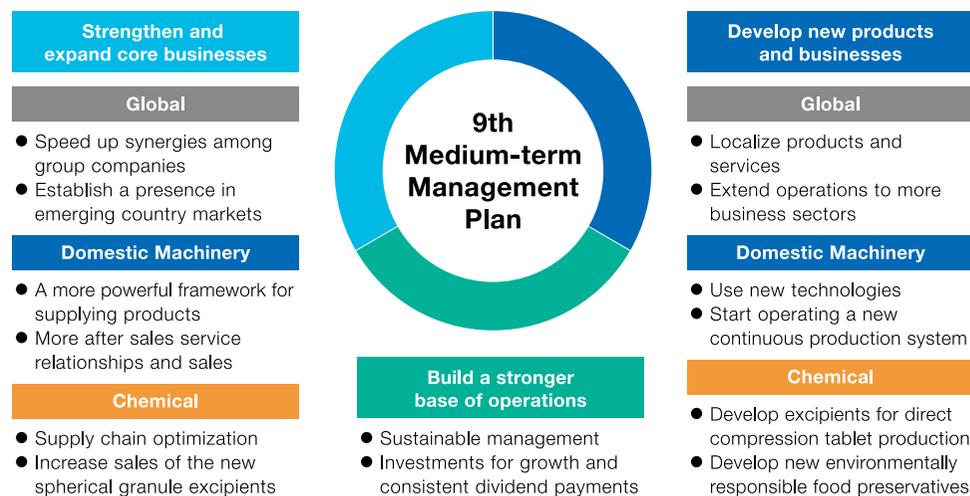
- Use innovative ideas to enable people worldwide to enjoy healthy and fulfilling lives.
- Expand the areas covered by the machinery business and strive to become one of the world's top three suppliers. In the chemical business, aim to become Japan's leading specialty chemical company.
- Create a corporate group with a diverse and productive workforce, fostering an environment where people can upgrade skills and advance their careers.

The New Medium-term Management Plan, which pioneered these developments, aims to achieve consolidated net sales of ¥25 billion and operating profit of ¥1.6 billion by FY2026, in accordance with three basic policies. To achieve sustainable growth, it plans to invest approximately ¥5 billion in facilities, ¥2.5 billion in R&D, and ¥0.7 billion in human capital during the New Medium-term Management Plan period.

### ● Long-term Vision – Management Objectives (Consolidated)



### ● 9th Medium-term Management Plan/Key Strategies



**By applying our creativity and technological capabilities to providing indispensable products and services to people around the world, we work to create a better tomorrow.**

Our company celebrated its 60th anniversary in April 2024. I am deeply grateful for the support our stakeholders have provided over the years. In celebration of our 60th anniversary, we are reexamining our corporate philosophy, which is to “Develop the Future through Creativity®.” We are reviewing our management vision for implementing that philosophy, and have updated our “ONE FREUND” values as a new long-term vision\*1. We interviewed Iwao Fusejima, President and CEO, to get an overview of our Group’s current activities, the 9th Medium-term Management Plan that launched in March 2024, and the new initiatives being planned in anticipation of our 70th anniversary.

\*1 Please refer to page 1 for more information about our new management vision and long-term vision.

Iwao Fusejima  
President and CEO



**Creating essential technologies for a brighter tomorrow**



## FY2023: Overview of Business Activities

In the Japanese market, we have seen strong demand for capital investment by the pharmaceutical industry, particularly generic drug manufacturers. This is in response to the recent drug shortage issue. The pharmaceutical industry, which is our main customer, has been actively making capital investment to expand production capacity and to renew old facilities.

The global market is forecast to grow in the future against the backdrop of an aging population in developed countries and population growth and rising medical standards in emerging countries. Our Group launched local operations in China in June 2023 and has been developing a global five-pillar structure. We also rebranded Freund-Vector Corporation and Cos.Mec. S.r.l., two overseas group subsidiaries, as Freund Inc.\*2 and Freund S.r.l.\*2, respectively, as part of our efforts to strengthen cooperation between group companies, generate synergistic effects, and raise the profile of the "FREUND" brand in global markets.

\*2 The Freund Inc. rebranding occurred on June 3, 2024, and Freund S.r.l. on March 29, 2024.

## Net sales for FY2023 were the highest in our history.

### Overview of Machinery Business Segment Activities

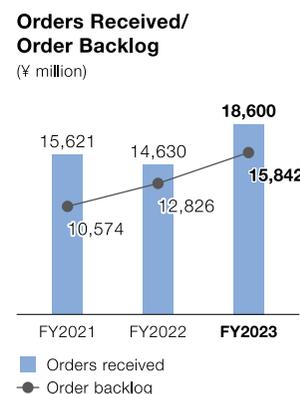
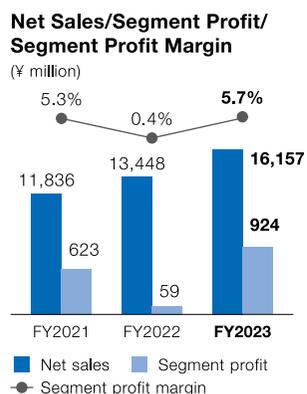
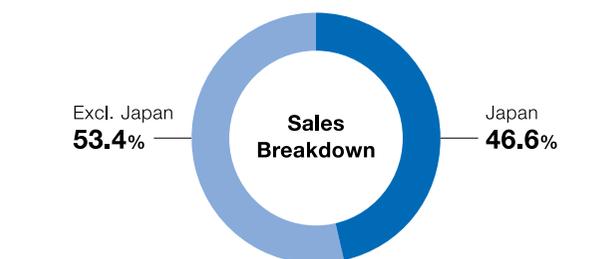
**Pharmaceutical product field:** Business conditions both inside and outside of Japan have been improving, and we achieved record net sales and orders received. In the Japanese market, net sales were significantly higher than in the previous fiscal year as a result of active capital investment by the industry as a whole and by generic drug manufacturers in particular, as well as efforts made together with partner companies to provide earlier delivery times. Our order backlog at end of period was the highest ever.

The world markets excluding Japan have been affected by supply chain disruptions and raw material price increases, but lead times have normalized, and the markets have entered a recovery phase. Freund Inc. posted a profit due to sales growth in Central and South America. Freund S.r.l. has made progress in acquiring projects, particularly in emerging countries, and its business activities have progressed as planned.

**Non-pharmaceutical product field:** Both net sales and profits increased at FREUND-TURBO. Orders received decreased year-on-year due to an order from a large client during the previous fiscal year, but our order backlog remained as usual.

## Operating Performances by Business Segment

### Machinery Business Segment

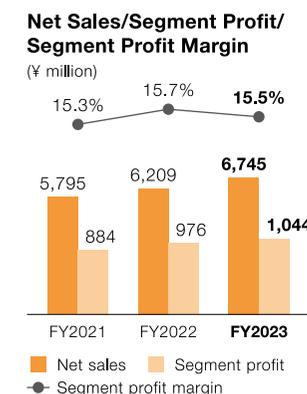
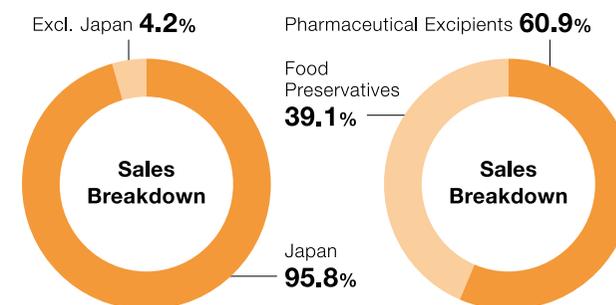


### Overview of Chemical Business Segment Activities

**Pharmaceutical excipients:** Net sales of major pharmaceutical excipient products remained strong in the Japanese market in particular. We recorded our highest net sales ever, and production capacity utilization rates remained high as well.

**Food preservatives:** Although sales to the bakery industry declined, confectionery demand has been steadily improving due to recovery of tourism. We maintained strong sales that exceeded the previous fiscal year's level, resulting in our highest net sales ever. On the development side, we have been launching products that are conscious of environmental issues as part of our efforts aimed at benefiting future generations.

### Chemical Business Segment



## The 9th Medium-term Management Plan

Our New Medium-term Management Plan consists of three basic policies: (1) strengthen and expand core businesses, (2) develop new products and businesses, and (3) build a stronger base of operations.

### ① Strengthen and expand core businesses

**Machinery Business Segment:** In the pharmaceutical product field, we are focused on creating synergies between group companies by unifying company names and product brands of overseas group companies, organizing and integrating our sales networks, and entering new emerging countries and regions. In the Japanese market, we will strive to expand supply capacity and to improve quality, delivery times, and costs. We are also working to expand our after-sales service from the perspective of helping customers achieve stable operation of their production equipment.

**Chemical Business Segment:** We plan to construct a new plant for pharmaceutical excipients on the premises of our Hamamatsu plant by 2026. Our intent with these plans is to improve our quality management system and our ability to provide a stable supply of products in response growing demand. In addition, during 2024, we also plan to launch a new spherical granule excipient that will help our customers to reduce delivery times and manufacturing costs.

#### Summary of Consolidated Financial Forecasts for FY2024

	FY2023 (Actual)	FY2024 (Forecasts)	YoY Changes	
			(¥ million)	%
Net sales	22,903	23,500	+596	+2.6
Operating profit	1,270	1,100	-170	-3.4
Ordinary profit	1,285	1,100	-185	-14.4
Profit attributable to owners of parent	764	770	+5	+0.7
EPS (¥)	45.46	45.76	+0.30	+0.7
Capital investment	732	—	—	—
Depreciation	539	—	—	—
R&D expenses	634	—	—	—

With regard to food preservatives, we will strive to both reduce costs and maintain quality by optimizing our supply chain.

### ② Develop new products and businesses

**Machinery Business Segment:** In the pharmaceutical product field, we are leveraging our global five-pillar structure to localize and promote products and services that are tailored to each target country. In Japan, we are working to achieve quality management, stable production, and developing continuous production systems through AI-driven labor saving and automation. In the non-pharmaceutical product field, we will accelerate the global development of battery-related products as energy solutions.

**Chemical Business Segment:** In the area of pharmaceutical excipients, we will promote the development of excipients for direct compression tablet production that will shorten formulation development time and improve production efficiency. In the area of food preservatives, we will step up our development of environmentally friendly products, which is already in progress.

### ③ Build a stronger base of operations

In accordance with our Group's sustainability policy, we will strive to achieve sustainable growth for the Group over the medium- to long-term and increase corporate value through initiatives related to human capital development,

engagement improvement, global environmental conservation, and diversity promotion.

As for our dividend policy, we regard the return of profits to shareholders as one of our most important management issues, and we will maintain a balance between investment for sustainable growth and stable dividend payments. For FY2024, we plan to increase our dividend by ¥5 to commemorate our 60th anniversary.

## To Our Stakeholders

Our new management vision is “creating essential technologies for a brighter tomorrow.” Accordingly, we have enacted a long-term vision called “ONE FREUND & BEYOND” that incorporates the idea of “going beyond.” Through creativity and technology, our Group will create added value in order to please not only our customers but also patients and other users beyond our customers, creating a better tomorrow.

### Thoughts on Our 60th Anniversary Logo

We have designed a 60th anniversary logo with a classic look that expresses both FREUND's history up to the present as well as excitement for the future that lies ahead for the FREUND Group. The zero represents the earth and our efforts toward further global development. The sun rising at the edge of the earth implies a stable supply of drugs and food products that are in short supply today, as well as our desire to create a brighter future.



Global: Enhancing Collaboration within the Group

We interviewed the Overseas Management Division, which aims to strengthen our global five-pillar structure through greater collaboration within group companies, about its future initiatives.



We will do our utmost to expand our machinery business in Asian countries and to accelerate the creation of global group synergies.

**Hiroshi Nakayama**  
Senior General Manager, Overseas Management Division  
FREUND CORPORATION

The Overseas Management Division is responsible for our machinery business in overseas markets. It has two major roles. Its first role is conducting sales and technical support for our Group's products in the Asian region excluding Japan. Its second role is improving collaboration within group companies and accelerating the creation of group synergies through our global five-pillar structure.

In the Asian region excluding Japan, we have been selling machinery from FREUND CORPORATION and US subsidiary Freund Inc. We have finally begun receiving orders for powder handling machines manufactured by Italian subsidiary Freund S.r.l. We will achieve further business expansion in the future by increasing the orders we receive from developing markets in Asia. We have also added major new local sales agents in Indonesia and elsewhere. In order to bolster our technical support capabilities in this region and to develop a more international technical support team, we have hired two new engineers who are foreign nationals.

The creation of synergy involving Freund S.r.l., which joined our Group at the end of 2020, has been delayed by the impact of the COVID-19 pandemic, but we are accelerating those efforts now. This Division will play a central role in promoting sales of Freund S.r.l. products in the Asian region for FY2024, and it will lead the way in collaboration between FREUND CORPORATION, Freund Inc., and Freund S.r.l. The unification of our brands also provides the opportunity to foster a sense of group unity and to achieve greater synergy in terms of sales and marketing.

In March 2024, Alessio Wagner became the new president of Freund S.r.l. He is leading a charge with new ideas and new challenges. Freund S.r.l., whose strengths lie in emerging markets, has already added a tablet coating machine to its product lineup. Going forward, we will continue to support the development of new products and technologies as a unified group, combine the technological development of our three group companies based in Japan, the U.S., and Europe, and create stronger synergies in areas that are close to customers and markets.



As the product engineering division at the FREUND Group head office, we will provide support for the Group's five-pillar structure from the technological side.

**Yuya Tabira**  
(photo at right)  
Senior Engineer, Engineering Section,  
Overseas Management Division  
FREUND CORPORATION

**May Myat Noe Lwin**  
(photo at left)  
Engineering Section,  
Overseas Management Division  
FREUND CORPORATION

**Tabira:** Since joining our company in 2009, I have been in charge of after-sales services that include installing, testing, and maintenance for our machinery in Japan, and I have been working in the Overseas Management Division since 2021. Initially, I was a service technician within the Sales Section, but I have since joined the Engineering Section, which was newly established during FY2023.

**May Myat:** I am originally from Myanmar and joined the Company in November 2023. I am currently in my on-the-job training period, learning product engineering by observing machinery installation and adoption at workplaces in Japan while being tasked with preparing drawings and generating quotation. The people in the Engineering Section actively communicate with me in English, and the job involves a lot of respect among us, so I believe it is a wonderful place for non-Japanese people to work. I would like to polish my Japanese and English skills, to learn the technical side of the job, and to become a trusted engineer.

**Tabira:** In our line of work, even when considering the same model of machinery, each customer's needs will be different, requiring us to provide a custom-made solution. Every job feels fresh and new, and that is attributed to a big motivation for me.

The creation of the Engineering Section as a product engineering segment within the FREUND Group head office has laid the foundation for our global five-pillar structure. Post the COVID-19 pandemic, making direct communication with overseas partners became possible again, so I would like to pursue technical collaboration in order to achieve synergy through our five pillars.

Global: About Freund S.r.l.

**Freund S.r.l. (Italy) appointed a new president in March 2024. We asked two directors—one who oversees business management, and the other who oversees administrative affairs and finance—about their ambitions under the new management team.**



**Alessio Diego Wagner**

**General Manager  
Freund S.r.l.**

**Profile**

After studying mechanical engineering, Wagner joined an Italian machine tool manufacturer in 2005. In 2009, after working in sales for Latin America and Europe, he was appointed Asian sales supervisor at an Italian cable and wire company. Later, he held key positions in several areas, including equipment for the pharmaceutical market, at a general industrial machinery manufacturer in Italy. In March 2024, he was appointed president of Freund S.r.l.



**Makoto Ito**

**Administration and Finance Director  
Freund S.r.l.**

**Profile**

Ito joined a major Japanese general trading company in 1984. His main duties involved overseas business in the Consumer Business Division. He was later stationed in Italy and then in the U.K. Subsequently, he worked in business management as a director for joint business ventures with group operating companies and local partners. He joined FREUND CORPORATION in 2022 and took on Italian business management support duties at the company's head office. He was seconded to Freund S.r.l. in 2023, and then has been in the current post since March 2024.

**“Communicating with each and every employee is important to ensure they all know and understand the Group vision.”**

We have just restarted with a new management team at Freund S.r.l. Our company is reinforcing two divisions in particular in order to bolster its business activities even further as a member of the FREUND Group that operates in global markets. Those divisions are the Sales Division and the After-Sales Division. In particular, we believe that the key to success in the marketplace lies in how we improve our post-sales services. It is important for us to provide valuable services to our customers, with our diverse experience and knowledge as well as the strength of our brand based on that experience and knowledge.

As the new president, my intention is to change the mindset of every employee who contributes to our business activities. The change in the management team may cause some employees to be anxious about the future, but with the support of the FREUND Group, we will provide guidance for the employees through positive messages so that we can embrace change and work together to achieve our goals.

As a full-fledged member of the FREUND Group, Freund S.r.l. will add unprecedented new value to the Group. We value communication with each and every employee, and we will strive to increase their understanding of our Group's management vision and to achieve that vision.

**“A key mission is to encourage employees to embrace both change and challenges in line with the Group's vision.”**

The company, which was formerly called Cos.Mec S.r.l. and was established in 1991, expanded its operations and joined the FREUND Group in 2020. With the transition to a new management team in March 2024, the company changed its name to Freund S.r.l. and took a new step forward. The company has added new equipment with technical support from FREUND CORPORATION, and is expanding sales of its powder handling machines into new regions through FREUND CORPORATION and Freund Inc. Going forward, I have high expectations for greater cooperation and great contributions by Freund S.r.l. to the FREUND Group.

I am encouraged and gratified that our employees understand the mindset of Mr. Wagner, the president, and his management team regarding our company's new direction. I believe that further growth, not only for our company but for the FREUND Group as well, will come from our employees thinking for themselves and proactively engaging with their work through unconventional approaches and working styles.

My role is to promote further enhancements and improvements to our management structure and to support and motivate employees. My intention is to foster proactive communication with each and every employee with the primary goal of being fair and equitable toward all employees. In accordance with the FREUND Group's management vision, we will steadfastly carry out our key mission of encouraging employees to embrace change and challenges as we move toward the next stage of the company's development.

Machinery Division

**We asked the Machinery Division, which is responsible for granulating/coating equipment and other machinery products, about the current status of its business activities and development.**



**To address social issues, we are focusing on “autonomation” (automation with human supervision) to incorporate new technologies and to contribute to the attainment of healthy and prosperous lifestyles.**

**Toshiaki Honda**  
Director and Division Director,  
Machinery Division

In March 2023, to respond more rapidly to increasingly diverse needs and challenges and to chart a path toward business growth and stability, we reorganized our operations according to each business segment and established the Machinery Division.

In FY2023, we received strong orders in Japan, particularly from generic drug manufacturers who were expanding their production facilities, resulting in our highest-ever order backlog. While we still face difficulties in procuring some parts and materials, such as semiconductors, and the lead time from procurement to shipment is increasing, we have managed to deliver to our customers more-or-less as planned through strategic parts inventory.

On the sales front, orders were driven by the HICOATER HV (HC-HV for short), which achieves high productivity with lower labor requirements. HC-HV utilizes a tablet coating PAT system called TACT in order to perform an automated series of processes from tablet sampling to weight measurement and endpoint control. We propose “autonomation” and digital transformation projects utilizing AI and other technologies with the aim of developing solutions that keep the existing machinery market in mind.

Although our customers are mainly pharmaceutical companies, we are looking beyond B-to-B operations and are pushing for product development that considers to B-to-B-to-C with a view to contributing to pharmacists and patients as well. In the future, we would like to go a step further and help to solve societal issues by contributing to a stable supply of pharmaceutical products even under circumstances where the working population is expected to shrink. Japan has excellent technology, including sensors, AI, and robotics, and we will incorporate those technologies into our own products while contributing to healthy and prosperous lifestyles.



**We are pursuing “autonomation” using TACT as a springboard to develop products that provide solutions for the pharmaceutical industry.**

**Masaki Takeuchi**  
Automation Promotion Section, Machinery Development Department,  
Machinery Division

Our company’s “autonomation” consists of automated processes that are monitored by humans, and our first step in that direction is the product called TACT. A variety of patterns were implemented during the development process, and commercialization of the product was achieved through repeated trial and error.

The need for “autonomation” is likely to increase in the future. By aiming for greater “autonomation” that incorporates the latest various technologies, such as AI, robotics, big data, and IoT, we are working to develop products that provide solutions for the pharmaceutical industry.



**We are promoting digital transformation in new areas, such as product stabilization, using AI in order to contribute to the development and stable supply of pharmaceutical products.**

**Takero Adachi**  
Digital Transformation Promotion Section, Machinery Development Department,  
Machinery Division

As a result of our reorganization, machinery and control-related development has been consolidated under the Machinery Development Department. This has improved both the frequency and the quality of our communication, and I feel that development has been going more smoothly than ever before.

The Digital Transformation Promotion Section has been looking into ways of addressing the domain of product stabilization through AI. We are currently developing a system that uses AI to detect anomalies before they occur in order to prevent product defects. Going forward, we will continue to utilize AI in our contributions toward the development and stable supply of pharmaceutical products that can be taken with confidence.

Chemical Division

**We asked the Chemical Division, which oversees the development and manufacturing of pharmaceutical excipients and food preservatives, about their business foundation.**



**We are contributing to the future of medical care and health by bolstering our production and supply foundation to ensure a stable supply of products.**

**Toshifumi Moriguchi**  
Director and Division Director,  
Chemical Division

In FY2023, net sales of pharmaceutical excipients used in oral pharmaceuticals reached a record high, due in part to an increase in orders from a large user in Japan that was expanding production. Net sales of food preservatives similarly reached a record high as the COVID-19 pandemic subsided, leading to a gradual economic recovery and a steady increase in demand for confectionery products, including demand from visitors to Japan.

As far as the Chemical Division is concerned, providing a stable supply of products was a major concern in FY2023. In cooperation with the Development Division, we focused on developing an overseas production and supply function, but delays in raw material procurement caused problems related to changing suppliers and adjusting our production accordingly. Our Division's overall control of sales, development, and supply has enabled us to achieve results in line with our sales plan.

For FY2024, we will focus even more on efforts towards ensuring a stable supply of products. We are taking into account Japan's so-called "2024 problem" and a BCP perspective, and are working to rebuild our entire supply chain platform in addition to pursuing a modal shift in collaboration with MEDICEO CORPORATION.

Our customers are pharmaceutical companies, but we are also aware of the patients beyond them. We will fulfill our responsibility to supply products, being mindful of our corporate philosophy at all times.



**Through our "ONE FREUND" initiative, we are working to visualize and share our supply chain in order to ensure a stable supply of products to customers.**

**Yasukazu Toma**  
General Manager, Excipients Supply Chain Department, Chemical Division

Personnel from our sales, procurement, production, and quality control departments related to our excipient supply chain meet quarterly to develop production, testing, sales, and inventory plans for each product. The personnel in all our departments are independent-minded people who hold inter-departmental discussions and achieve consensus for developing plans and for visualizing and sharing our entire supply chain. Our company procures most of its raw materials from other countries. Although it isn't easy, I feel that following the "ONE FREUND" approach instead of relying on IT systems is an advantage for our company.



**By leveraging the comprehensive capabilities of the Chemical Division, we are striving to ensure a stable supply of products and to take on the challenge of reaching a new stage.**

**Masafumi Tokaji**  
General Manager, Excipients Sales Department, Chemical Division

In FY2023, there were times when we were worried that deliveries to customers might be delayed, but we managed to overcome this challenge through the establishment of the Chemical Division, which has enabled closer communication throughout our entire supply chain. This new stage poses new challenges for our company, including platform restructuring and a modal shift. As a sales representative, I am focused on ensuring that products are reliably delivered to customers without delay, since any change in our manufacturing processes can impact customers as well.

## We talked to the TS Section, which uses a “pen-and-ink” approach in applying its knowledge and expertise in granulation and coating technology to customers.



In the photo from left to right: Kanno, Kuang, Takiue, and Misono

**Hayato Misono**  
Manager

**Takuma Kanno**  
**Pohao Kuang**  
**Yukako Takiue**

Technical Service Section,  
Hamamatsu Technical Center

**Misono:** TS, the name of our section, stands for Technical Services. The TS Section is responsible for test operation and for operation and performance checks after machinery and equipment have been delivered to our customers. We also provide customers with our expertise related to operating the machinery and using it for drug formulation. We are also involved in improving and enhancing existing products and developing new products in collaboration with the Equipment Development Section.

The TS Section is closely involved with product sales. Our section is responsible for testing to meet customer requirements, and also as a next step, inquiry testing leading to equipment orders. For customer testing, each person works together with the customer as a team. I try at all times to be an engineer who earns the customer's trust through communication while providing the customer with detailed and thorough explanations based on accurate knowledge so they can trust us with peace of mind.

**Kanno:** Our company, which uses the pen-and-ink business model, is not just a company that sells machinery. The TS Section in particular has accumulated technical knowledge and expertise related to granulation and coating, and that is something that makes us unique. We will develop these technical capabilities even further in the future, and at the same time, we will work to pass on and share the skills possessed by individual employees through the use of digital transformation and other means. We will also apply that technical knowledge to the development of new products.

**Kuang:** One of the key policies of the TS Section is the active dissemination of technical knowledge, and I am currently working to disseminate technical knowledge through training sessions organized by our company. We are also working to improve customer satisfaction by filming maintenance videos for our machinery and equipment and providing those videos to our customers. Whenever we communicate with our customers, we always try to be aware of whether our own perceptions align with the issues they are facing.

**Takiue:** I have only been with the Company for four months. I am currently involved in preparation and assistance for testing operations while I learn about granulation and coating technologies. I believe that the TS Section needs to standardize the techniques and knowledge needed to operate our machinery, and I personally would like to learn those techniques and skills so I can stand on my own as a human resource before long. I want to learn from senior employees not only the technical aspects of the job but how to communicate with customers as well.

**Misono:** I want the members of the TS Section to become human resources who are capable of contributing to the safety and reliability of medical care and food by taking each test seriously, and I have the same expectations for myself. I think that by continuously aiming to be that kind of employee, we justify the TS Section's existence.



**Yukako Takiue**  
Technical Service Section,  
Hamamatsu Technical Center

The workplaces where our company's machinery is used employ female employees as well. I want to improve and enhance our products in terms of user-friendliness from a uniquely female perspective.

A DIVERSITY-  
BASED  
PERSPECTIVE

## We talked to chemical development personnel who are responsible for product development inspired by new ideas and based on proactive communication.



In the photo from left to right: Kanno, Kuang, Takiue, and Misono

### **Kazuhiro Takeda**

General Manager,  
Development Department

### **Yasuaki Morimoto**

Manager, Development Section

### **Keisuke Ai**

Development Section (Excipients Staff)

### **Tokiya Fukazawa**

Development Section  
(Food Preservatives Staff)

Chemical Division

**Takeda:** The Development Section of our division has twelve staff members and is divided into two teams that are primarily responsible for developing excipients and food preservatives respectively. These two teams were originally separate departments, but in order to achieve synergy through consolidation, they were combined into the Development Section at the start of 2023. Excipients are substances added to solid pharmaceuticals and supplements to increase productivity, or added to pharmaceuticals to increase their functionality or enable easier ingestion. Food preservatives are small packs inserted into food containers that inhibit the growth of mold and other microbes and prolong the taste of food products and best-before period. In the Development Section, our focus is on creating a work environment that values communication between members and facilitates free, broad-minded discussion with everyone on an equal footing.

**Morimoto:** Our Excipients Team develops value-added particles for use in pharmaceutical products, making them smaller for easier ingestion and more durable and unbreakable for easier handling. Furthermore, in the area of coprocessed excipients for which special processing techniques are used to combine multiple compounds, we are working to apply our granulation technology to the development of high-value-added products. Our Food Preservatives Team

is focused on developing environmentally friendly products. In addition to our development work, we are creating more thorough documentation related to our applied technology in order to expand sales of existing products. We are also putting the “ONE FREUND” concept into practice by collaborating with the Sales Division to discuss how to promote our products to the targeted potential users using that documentation.

**Ai:** Our Technology Development Research Center has a large selection of machinery and equipment, both large and small, providing many options when considering development. In addition, many of my colleagues have a high level of expertise related to machinery, which makes it easy for me to consult with them regarding machinery improvements and so on. I proactively communicate with people both inside and outside our Laboratory to stay up-to-date on the latest information and come up with new development ideas. This is my sixth year since I joined the Company. Right now, my highest priority is to improve my development expertise, but I would also like to increase my knowledge of manufacturing, quality control, and marketing. In order to achieve development from multiple perspectives, I would like to gain experience in various departments in the future, allowing me to eventually apply that experience to the development of new products.

**Fukazawa:** I'm always on high alert, gathering information from every field with my sights set on developing a revolutionary new product. Besides developing new products, we've been working together with the sales and production departments, examining means of ensuring a stable supply of existing products as well as expanding sales for those products, and addressing the needs of customers. These activities provide us with new insight into new product development. Our management vision of “building more prosperous future” includes consideration for the environment. As an employee involved in food preservative development, I want to work on developing environmentally friendly products that will make our company a market pioneer.

**Takeda:** I believe that new ideas and inspiration, which are important for product development, will be derived from organic connection between multiple items of information, events, individual insights, and thoughts through communication. As everyone has commented, there are already numerous opportunities for collaboration with the sales and production departments, but under our new Medium-term Management Plan, we would like to implement more proactive personnel exchanges between departments to facilitate even more lively communication.

## Promoting Sustainable Management: Efforts toward a Modal Shift

**Reduce CO<sub>2</sub> emissions by 70%.**

**We have commenced a modal shift\* in the transportation of pharmaceutical excipients in partnership with MEDICEO CORPORATION.**

As part of our efforts to reduce greenhouse gas emissions and address the 2024 logistics issue, we have commenced a modal shift in the transportation of pharmaceutical excipients by using railroad containers to transport our products from their point of manufacture at our Hamamatsu plant to the Okayama Center. This is a joint project between the Company and MEDICEO CORPORATION, and it is also being implemented with the cooperation of Japan Oil Transportation Co., Ltd., Japan Freight Railway Company, and Japan Freight Liner Company. Each company is lending its own technology and expertise to the logistics process, which includes procuring containers and loading containers onto trains.



Top: A truck being loaded / Middle: Transport by train / Bottom: The Hamamatsu Plant

### The results expected from this modal shift



#### ① A reduction in greenhouse gas emissions

The transport of pharmaceutical excipients from our Hamamatsu Plant (in Hamamatsu, Shizuoka Prefecture) to the Okayama Center (in Okayama, Okayama Prefecture) produces approximately 8.2 tons p.a. of greenhouse gas emissions via conventional ground shipping using large trucks. This initiative is expected to reduce greenhouse gas emissions by approximately 5.8 tons p.a., or 70%.



#### ② An improvement in drivers' work environments

Ground transportation from Shizuoka Prefecture to Okayama Prefecture requires two drivers or a relay crew due to the long hours involved. This initiative will improve the drivers' work environment and reduce logistics costs because the long-distance transportation will take place by train.



#### ③ A reduction in accidents and shipping delays

Changing the mode of transportation from trucks to trains reduces the risk of traffic accidents and shipping delays. Trains are safer and more reliable means of transportation.

We are also considering the implementation of a modal shift for shipping from the Okayama Center to the factories of pharmaceutical companies in the future. This initiative is part of our company's sustainability activities, and we will be expanding it further. Moreover, we will continue to work toward achieving a sustainable society from a variety of perspectives through our future business activities.

\*Modal shift: The conversion of freight transport from trucks and other vehicles to railroads and ships, which have a smaller environmental impact.

## Introduction of Board Members

### Honorary Chairman and Directors



**Yasutoyo Fusejima**  
Honorary Chairman



**Iwao Fusejima**  
President and CEO



**Toshiaki Honda**  
Director



**Toshifumi Moriguchi**  
Director



**Hisashi Tanaka**  
External Director

**Reason for Appointment**  
Hisashi Tanaka was appointed as External Director as he was deemed to be able to contribute to strengthening management oversight and corporate governance by having abundant experience and wide-ranging insight as a manager.



**Ryuichi Kume**  
External Director

**Reason for Appointment**  
Ryuichi Kume was appointed as External Director as he was deemed to be a manager with abundant experience and wide-ranging insight in the pharmaceutical industry, and able to contribute to strengthening of management oversight and corporate governance.

### Audit & Supervisory Board Members



**Sakae Hirano**  
Full-time Audit & Supervisory Board Member

**Reason for Appointment**  
Sakae Hirano was appointed as Full-time Audit & Supervisory Board Member as he was deemed to have more than adequate ability to oversee the management based on his knowledge of finance and accounting as well as superior insight regarding management in general.



**Sayoko Izumoto**  
External Audit & Supervisory Board Member

**Reason for Appointment**  
Sayoko Izumoto was appointed as external audit & supervisory board member as she was deemed to satisfy this role by leveraging on her long experience as a certified public accountant and on her vast insight regarding finance and accounting.



**Kazunari Hamada**  
External Audit & Supervisory Board Member

**Reason for Appointment**  
Kazunari Hamada was appointed as External Audit & Supervisory Board Member as he was deemed to satisfy this role having specialized knowledge and experiences as an attorney from an objective standpoint as a legal expert.

### Skill Matrix

		Name	Tenure (years)	Attendance at Board of Directors and Audit & Supervisory Board (times)	Advisory Committee	Fields expected to cover								
					Nominating and Remuneration Committee	Corporate Management/ Top Management Experience	Marketing/ Sales	Finance/ Accounting	IT/Security	Human Resources/ Labor/Human Resources Relations	Legal/Risk Management	Global Experience	Manufacturing/ Development/ Research and Development	ESG/ Sustainability
Directors	Re-appointed	<b>Iwao Fusejima</b>	16	12/12	Member of the Nominating and Remuneration Committee	●	●					●		
	Re-appointed	<b>Toshiaki Honda</b>	3	12/12			●					●	●	●
	Re-appointed	<b>Toshifumi Moriguchi</b>	1	8/8			●				●		●	●
	Re-appointed	<b>Hisashi Tanaka</b>	3	12/12	Chairman of the Nominating and Remuneration Committee	●			●	●	●	●	●	
	Re-appointed	<b>Ryuichi Kume</b>	1	8/8	Member of the Nominating and Remuneration Committee	●	●					●	●	
Audit & Supervisory Board Members	Current Position	<b>Sakae Hirano</b>	5	Board of Directors: 12/12 Audit & Supervisory Board: 17/17		●		●			●	●		●
	Current Position	<b>Sayoko Izumoto</b>	7	Board of Directors: 12/12 Audit & Supervisory Board: 17/17	Observer of the Nomination and Remuneration Committee			●	●		●			
	Current Position	<b>Kazunari Hamada</b>	3	Board of Directors: 11/12 Audit & Supervisory Board: 16/17	Observer of the Nomination and Remuneration Committee						●	●		

The Group's basic policy and objective of corporate governance is to continuously enhance corporate value by increasing corporate transparency, ensuring legal compliance, fairness, and independence from the perspective of all stakeholders, including shareholders, investors, and users.

### Basic Policy

Based on our corporate philosophy, "Develop the Future Through Creativity®," the Company engages in business activities that embody its management vision of creating essential technologies for brighter tomorrow. We aim to increase our corporate value by providing products and services useful to our customers under fair and appropriate competition and thereby pursuing reasonable profits.

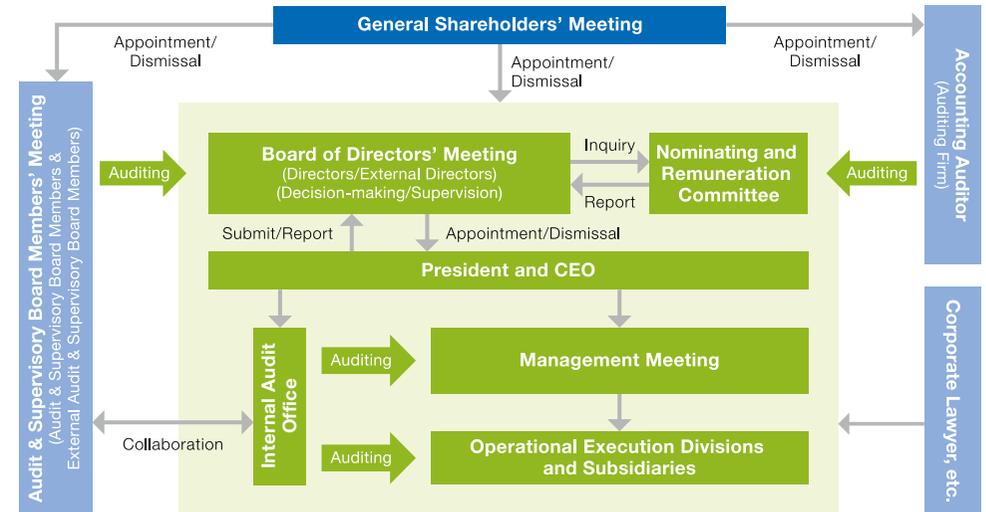
### Overview of the Corporate Governance Structure

The Company has a Board of Directors, Audit & Supervisory Board, and accounting auditors. The Executive Officers execute business operations, while the Board of Directors sets management policies and targets for the entire Group and supervises the management and business operations of each group company. The Board of Directors consists of five members (two of whom are External Directors) with diverse experience, knowledge and expertise, and in principle meets once a month. Three external auditors (one of whom is a full-time auditor) also participate in the Board of Directors meetings to ensure appropriate and prompt decision-making and to further strengthen the supervisory function. Auditors work closely with the Internal Audit Office, which reports directly to the President and CEO, and the accounting auditors to enhance the effectiveness of audits.

For more detailed information, please refer to the "Corporate Governance" section of our website.

<https://www.freund.co.jp/english/company/governance.html>

Corporate Governance Structure (As of the end of May, 2024)



### Basic Approach to Internal Control and Outline of the Structure

The Company identifies the internal control function as "a framework for management to control operational execution divisions." The Board of Directors assumes responsibility in designing basic scheme of internal controls for the group companies, and in supervising maintenance, operation and assessment of internal controls based on the Companies Act and other relevant laws as well as the Company's articles of incorporation and other internal rules.

To fulfill its corporate social responsibility, which is the basis of its corporate philosophy of "Develop the Future through Creativity®," we are working to instill compliance and establish a risk management system, and have established the Compliance and Risk Management Committee and the Internal Control Committee, which comprehensively manages internal controls.

The Group perceives risks as latent factors in its corporate business activities that could lead to deterioration in its social credibility or to damages in its corporate value. The Group is exposed to various potential risks as listed below, and its financial results may unexpectedly be influenced in the event that any of these risks occur. The Group maintains a policy to acknowledge the possibility of such occurrences, and prevent the occurrence of these risks to the best of its ability, while also responding quickly and adequately in the case that they do occur. It should be noted that not all risks are cited here. Furthermore, factors related to the future mentioned here represent those recognized as of the end of FY2023.

### Business Risks

- ① Risks Related to the Economic Environment and Market Trends
- ② Industry Trend Risk
- ③ Raw Materials Procurement Risk
- ④ Business Partner Relationship Risk
- ⑤ Overseas Business Operational Risk
- ⑥ Pricing Competition Risk
- ⑦ Human Resources Risk
- ⑧ Natural Disaster Risk
- ⑨ Foreign Exchange Fluctuation Risk
- ⑩ Intellectual Property Risk
- ⑪ Product Liability Risk
- ⑫ Public Regulations-Related Risk
- ⑬ Risks Related to Legal Compliance
- ⑭ Information Leakage Risk
- ⑮ Impairment Risk for Non-Current Assets

For details of each risk item, please refer to the "Corporate Governance/Risk Management" section of our website.

<https://www.freund.co.jp/english/company/governance.html>

### Risks to Be Watched Closely in the Future

In FY2023, expectations for an economic recovery have increased due to the normalization of the economy with the subsiding of the COVID-19 pandemic, improvements in employment and the income environment, and other factors. However, geopolitical tensions, such as the worsening situations in Ukraine and the Middle East, and the continued rise in prices due to the weak yen have created an ongoing condition of uncertainty. FREUND Group is aware of the following risks that should be watched closely in the future.

#### Industry trend risk

In Japan, in addition to the ongoing reduction in drug prices, quality and supply stability issues that have arisen in the generic drug industry have triggered a movement to reorganize the pharmaceutical industry. In the midst of these developments, the Group is increasing its presence in overseas markets and accelerating global expansion in the pharmaceutical product field through such measures as the M&A of Cos.Mec S.r.l. (currently Freund S.r.l.) in Italy in November 2020 and the establishment of the Shanghai FC Center in July 2021, while simultaneously promoting machinery and chemical businesses related to non-pharmaceutical product fields, such as the chemical, food, and battery industries, and expanding its geographical and business areas.

#### Overseas business operational risk

Trends in financials and healthcare policies around the world affect the management of pharmaceutical companies. Pharmaceutical companies in the U.S. and other developed countries are taking cost-cutting measures, such as transferring manufacturing to lower cost emerging countries. The Group's priority countries and regions for business expansion are emerging countries such as China and the countries of Southeast Asia, Africa, and South and Central America, where populations and incomes are expected to grow, and we are required to manage risks related to business expansion in these countries and regions. To this end, the Group is strengthening its understanding of conditions by country/region, drafting strategies, and monitoring individual transactions.

## 10-Year Consolidated Financial Data of FREUND Group

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
										(¥million)
<b>For the year</b>										
<b>Net sales</b>	17,424	19,027	21,164	19,801	18,408	16,772	16,765	17,632	19,658	<b>22,903</b>
<b>Cost of sales</b>	11,978	12,921	14,343	12,985	12,220	11,344	11,126	11,620	13,665	<b>15,859</b>
<b>Selling, general and administrative expenses</b>	4,295	4,759	4,779	4,845	4,964	4,870	4,528	5,030	5,541	<b>5,773</b>
<b>Operating profit</b>	1,150	1,346	2,041	1,971	1,223	558	1,111	981	451	<b>1,270</b>
<b>Profit (loss) attributable to owners of parent</b>	695	961	1,064	1,477	843	381	970	543	(538)	<b>764</b>
<b>EBITDA*1</b>	1,473	1,692	2,393	2,332	1,598	950	1,599	1,639	1,113	<b>1,824</b>
<b>Orders received (Machinery)</b>	12,407	13,112	16,358	11,513	11,839	10,227	12,386	15,621	14,630	<b>18,600</b>
<b>Order backlog at end of period (Machinery)</b>	6,682	7,086	8,561	5,822	5,428	4,695	6,615	10,574	12,826	<b>15,842</b>
<b>Depreciation</b>	308	321	338	344	344	386	461	570	565	<b>539</b>
<b>R&amp;D expenses</b>	592	687	640	862	832	725	526	580	622	<b>634</b>
<b>Cash flows from operating activities</b>	822	290	3,605	594	435	(27)	2,280	701	(196)	<b>2,368</b>
<b>Cash flows from investing activities</b>	(240)	(432)	(351)	(493)	(566)	(852)	(1,726)	(680)	(666)	<b>(739)</b>
<b>Cash flows from financing activities</b>	(284)	(331)	(277)	(499)	(921)	(325)	(371)	(427)	451	<b>(874)</b>
<b>At end of period</b>										
<b>Total assets</b>	17,277	17,206	19,101	19,125	17,465	18,505	20,575	22,273	22,758	<b>25,789</b>
<b>Net assets (Equity)</b>	11,180	11,529	12,185	13,242	13,250	13,243	13,858	14,354	14,117	<b>15,023</b>
<b>Per share data*2</b>										
<b>Earnings per share (EPS, ¥)</b>	40.36	55.74	61.72	85.69	50.15	22.79	57.96	32.46	(32.15)	<b>45.46</b>
<b>Book value per share (BPS, ¥)</b>	637.19	668.57	706.62	767.91	791.34	790.94	827.67	857.28	843.09	<b>889.03</b>
<b>Dividend*3 per share (DPS, ¥)</b>	15.00	25.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	<b>20.00</b>
<b>Major indicators</b>										
<b>Operating profit margin (%)</b>	6.6	7.1	9.6	10.0	6.6	3.3	6.6	5.6	2.3	<b>5.5</b>
<b>Return on assets (ROA, %)</b>	4.0	5.6	5.6	7.7	4.8	2.1	4.7	2.5	(2.4)	<b>3.2</b>
<b>Return on equity (ROE, %)</b>	6.6	8.5	9.0	11.6	6.4	2.9	7.2	3.9	(3.8)	<b>5.3</b>
<b>Dividend payout ratio*4 (%)</b>	37.2	22.4	32.4	23.3	39.9	87.8	34.5	61.6	—	<b>44.0</b>
<b>Equity ratio (%)</b>	63.6	67.0	63.8	69.2	75.9	71.6	67.4	64.4	62.0	<b>58.3</b>

\*1. EBITDA = Operating profit + Technical support fee income + Depreciation + Amortization of goodwill

\*2. The Company carried out a 2-for-1 split of common shares on March 1, 2016. The "per share" calculations are based on the assumption that the stock splits were conducted at the beginning of FY02/15.

\*3. Dividend per share includes commemorative dividends of ¥2.50 (for FY2014) and ¥5.00 (for FY2016).

\*4. Consolidated dividend payout ratio for FY2022 is not available due to loss attributable to owners of parent.

## Company and Stock Information (As of February 29, 2024)

### Corporate Profile

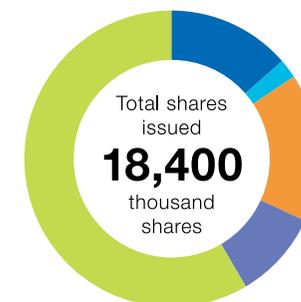
<b>Company Name</b>	FREUND CORPORATION
<b>Established</b>	April 22, 1964
<b>Capital Stock</b>	¥1,035,600,000
<b>Employees</b>	468 (Consolidated)
<b>Head Office Location</b>	FREUND Bldg. 6-25-13 Nishishinjuku Shinjuku-ku, Tokyo 160-0023
<b>Website</b>	https://www.freund.co.jp/english/
<b>Stock Listing</b>	TSE Standard (securities code 6312)
<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>Shareholder Registry Administrator</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Total Number of Shares Issued</b>	18,400,000 shares
<b>Total Number of Shareholders</b>	21,203

### Major Shareholders

	Shares owned (thousand shares)	Ownership ratio (%)
<b>K. K. Fusejima Yokosha</b>	1,648	9.75
<b>Yasutoyo Fusejima</b>	1,217	7.21
<b>PERSHING-DIV. OF DLJ SECS. CORP.</b>	1,211	7.17
<b>MUFG Bank, Ltd.</b>	836	4.95
<b>Sumitomo Mitsui Banking Corporation</b>	744	4.40
<b>Okawara Mfg. Co., Ltd.</b>	673	3.99
<b>Freund Employee Shareholding Circle</b>	443	2.63
<b>The Shizuoka Bank, Ltd.</b>	368	2.18
<b>Meiji Yasuda Life Insurance Company</b>	360	2.13
<b>Iwao Fusejima</b>	298	1.77

The Company has 1,501,000 shares (8.16%) of treasury shares. Shareholding percentage stakes are calculated after excluding 1,501,000 shares of treasury shares.

### Shareholder Distribution by Type of Shareholders



	No. of shares held (thousand shares)	Percentage
Financial Institutions	2,495	13.56%
Financial Instruments Firms	387	2.10%
Other Corporations	2,986	16.22%
Foreign Corporations	1,780	9.68%
Individuals, Others	10,752	58.44%

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

### Trends of Share Price, Trading Volume and TOPIX



NOTE: Share prices and trading volumes prior to the stock split shown in the chart have been adjusted to reflect the stock split. The values of FREUND and TOPIX are based on the closing price data of March 1, 2021 as 100.

# FREUND CORPORATION

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

Please contact with us for any inquiry at the E-mail address below.

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