

Consolidated Financial Results for the Fiscal Year Ended February 28, 2025

[Japanese GAAP]

Company name: Freund Corporation

Listing: Tokyo Stock Exchange

Securities code: 6312

URL: <https://www.freund.co.jp>

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Scheduled date of Annual General Meeting of Shareholders: May 29, 2025

Scheduled date of filing of Annual Securities Report: May 28, 2025

Scheduled date of payment of dividend: May 30, 2025

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2025

(March 1, 2024 – February 28, 2025)

(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	%
Fiscal year ended Feb. 28, 2025	23,397	2.2	1,201	(5.4)	1,219	(5.1)	637	(16.7)
Fiscal year ended Feb. 29, 2024	22,903	16.5	1,270	181.3	1,285	129.9	764	-

Note: Comprehensive income Fiscal year ended Feb. 28, 2025: 700 million yen (down 42.2%)

Fiscal year ended Feb. 29, 2024: 1,211 million yen (up 933.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 28, 2025	37.71	-	4.2	4.7	5.1
Fiscal year ended Feb. 29, 2024	45.46	-	5.3	5.3	5.5

Reference: Equity in earnings of affiliates Fiscal year ended Feb. 28, 2025: (52) million yen

Fiscal year ended Feb. 29, 2024: (24) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2025	26,559	15,437	58.1	912.56
As of Feb. 29, 2024	25,789	15,023	58.3	889.03

Reference: Equity capital As of Feb. 28, 2025: 15,437 million yen As of Feb. 29, 2024: 15,023 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 28, 2025	1,750	(459)	(855)	5,152
Fiscal year ended Feb. 29, 2024	2,368	(739)	(874)	4,736

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Feb. 29, 2024	Yen -	Yen 0.00	Yen -	Yen 20.00	Yen 20.00	Million yen 337	% 44.0	% 2.3
Fiscal year ended Feb. 28, 2025	-	0.00	-	25.00	25.00	422	66.3	2.8
Fiscal year ending Feb. 28, 2026 (forecast)	-	0.00	-	25.00	25.00		42.3	

Note: Breakdown of the year-end dividend for the fiscal year ended Feb. 28, 2025: Ordinary dividend: 20.00 yen

Commemorative dividend: 5.00 yen

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

*** Notes**

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

Newly added: - Excluded: -

(2) 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 |

(3) Number of outstanding shares (common stock)

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

As of Feb. 28, 2025:	18,400,000 shares	As of Feb. 29, 2024:	18,400,000 shares
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2) Number of treasury shares at the end of the period

As of Feb. 28, 2025:	1,483,743 shares	As of Feb. 29, 2024:	1,501,308 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Feb. 28, 2025:	16,909,638 shares	Fiscal year ended Feb. 29, 2024:	16,828,646 shares
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Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2025

(March 1, 2024 – February 28, 2025)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2025	15,427	13.0	1,180	17.5	1,274	14.4	753	22.6
Fiscal year ended Feb. 29, 2024	13,650	15.7	1,004	22.9	1,114	12.3	614	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Feb. 28, 2025	44.56	-
Fiscal year ended Feb. 29, 2024	36.53	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2025	19,311	13,431	69.6	794.02
As of Feb. 29, 2024	19,934	12,961	65.0	766.99

Reference: Shareholders' equity As of Feb. 28, 2025: 13,431 million yen As of Feb. 29, 2024: 12,961 million yen

This financial report is not subject to audit by certified public accountants or auditing firms.

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 relies on and the information currently available. Actual performance may significantly differ due to various reasons. Please refer to the section "1. Overview of Results of Operations (4) Outlook" on page 3 of the attachments regarding preconditions or other related matters for forecasts shown above.

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended February 2025, the Japanese economy recovered at a moderate pace as employment and personal income improved.

In the pharmaceutical industry, a key user of Freund Group products, many companies, chiefly large drug manufacturers, are continuing to increase output capacity by building new plants and replacing 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.

The Freund Group is firmly committed to playing a role in maintaining a reliable supply of pharmaceuticals by strengthening activities for manufacturing and selling machinery used for pharmaceutical production processes and by providing maintenance services for machines in use by Freund's customers. To meet the growing demand for pharmaceutical excipients and ensure a reliable supply of these materials, studies concerning additional production lines at existing factories and other measures are continuing. Outside Japan, activities to strengthen the Freund brand worldwide have been producing benefits, 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 fiscal year ended February 2025, net sales increased 2.2% year-over-year to 23,397 million yen. Operating profit decreased 5.4% to 1,201 million yen, ordinary profit decreased 5.1% to 1,219 million yen and profit attributable to owners of parent decreased 16.7% to 637 million yen.

Operating results for business segments are as follows.

Machinery Business Segment

In Japan, we collaborated with partner companies to ensure early shipment of orders backed by the strong demand for capital expenditures mentioned above. We also provided maintenance services and new technologies for existing machinery to enable companies to produce pharmaceuticals without disruptions. As a result, sales were higher than in the previous fiscal year. In the United States, FREUND Inc. completed deliveries as planned late in the fiscal year and received large orders. At FREUND S.r.l. in Italy, sales decreased because of political instability in emerging countries and factory construction delays at customers using this company's machinery. SG&A expenses increased mainly because of one-time expenses in the first quarter for updating the core IT system in Japan.

As a result, net sales increased 3.7% year-over-year to 16,755 million yen and segment profit increased 34.2% to 1,241 million yen.

Chemicals Business Segment

Sales of pharmaceutical excipients used for oral drugs in Japan were down from one year earlier. The decline was due to a temporary constraint on shipments, as some major customers in Japan shifted production capacity to resolve drug shortages. Sales outside Japan recovered and were slightly higher than in the previous fiscal year.

Sales of food preservatives also declined from one year earlier, as some major customers began to source from multiple suppliers to ensure business continuity.

SG&A expenses for this segment increased mainly due to one-time expenses incurred in the first quarter for the implementation of a new core IT system.

As a result, net sales decreased 1.5% year-over-year to 6,641 million yen and segment profit decreased 22.4% to 809 million yen.

(2) Financial Position

Total assets increased 769 million yen from the end of the previous fiscal year to 26,559 million yen at the end of the current fiscal year. This mainly reflected increases of 999 million yen in work in process and 747 million yen in raw materials and supplies, while there was a decrease of 805 million yen in notes and accounts receivable-trade, and contract assets.

Total liabilities increased 356 million yen from the end of the previous fiscal year to 11,122 million yen at the end of the current fiscal year. This mainly reflected an increase of 1,309 million yen in contract liabilities, while there were decreases of 522 million yen in electronically recorded obligations-operating and 406 million yen in short-term borrowings.

Net assets increased 413 million yen from the end of the previous fiscal year to 15,437 million yen at the end of the current fiscal year.

(3) Cash Flows

The balance of cash and cash equivalents at the end of the current fiscal year was 5,152 million yen, up 415 million yen over the end of the previous fiscal year (this compares with an increase of 819 million yen in the previous fiscal year).

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 1,750 million yen (compared with net cash provided of 2,368 million yen in the previous fiscal year). Profit before income taxes of 1,114 million yen and a decrease in trade receivables of 851 million yen were major sources of cash.

Cash flows from investing activities

Net cash used in investing activities was 459 million yen (compared with net cash used of 739 million yen in the previous fiscal year). This was primarily due to expenditures of 254 million yen for acquisition of property, plant and equipment and expenditures of 160 million yen for acquisition of investment securities.

Cash flows from financing activities

Net cash used in financing activities was 855 million yen (compared with net cash used of 874 million yen in the previous fiscal year). This was mainly the result of a net decrease of 417 million yen in short-term borrowings and dividends paid of 336 million yen.

(4) Outlook

The outlook for the economy has become even more unclear and we believe our plans must include the risk of an economic downturn. Most significant is worldwide trade friction that was sparked by new U.S. tariffs. These events are forcing companies in many sectors of manufacturing to restructure supply chains. There is also increasing political uncertainty. Consequently, companies worldwide may become more cautious about capital expenditures. These events are raising uncertainty about monetary policies in many countries and making the directions of foreign exchange rates and financial markets even more difficult to predict. Other sources of uncertainty are the economic outlook in Europe and North America, the continuing weakness of China's real estate market, conflicts in Ukraine and the Middle East, inflation caused by labor shortages, and sluggish consumer spending. As a result, there is a risk of an economic downturn in Japan.

The Freund Group celebrated its 60th anniversary in the fiscal year that ended in February 2025. The fiscal year was also the start of the Ninth Medium-term Management Plan* that covers the three-year period ending in February 2027. In line with the corporate philosophy of "Develop the Future through Creativity®," we will continue to take actions based on the current business climate for sustained growth and a stronger foundation for business operations with the goals of reaching the targets of this plan and increasing corporate value.

Forecasts for the fiscal year ending in February 2026 are as follows.

Consolidated forecasts for the fiscal year ending February 28, 2026

(Millions of yen)			
Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
24,500	1,500	1,500	1,000

For the performance of foreign subsidiaries, the Group assumes an average exchange rate of 145 yen to the U.S. dollar and 160 yen for the euro during the fiscal year.

* Ninth Medium-term Management Plan

Access IR News on the Freund website for more information in Japanese about this management plan.

<https://www.freund.co.jp/news/2024/ir/>

(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Freund Corporation considers the maximization of shareholder value as the most critical management objective. The goals are to enhance its corporate structure to effectively respond to changes in the business environment and distribute profits to its shareholders.

Regarding profit distribution, the basic principle is to allocate earnings based on performance, targeting an annual consolidated dividend payout ratio of 30%. The policy is to pay a consistent and stable dividend while using a comprehensive approach that includes the retention of earnings for strengthening business operations and future growth and other considerations.

For the fiscal year that ended in February 2025, Freund plans to pay a year-end dividend of 25 yen per share, which includes an ordinary dividend of 20 yen and a commemorative dividend of 5 yen for Freund's 60th anniversary. As a result, the payout ratio will be 66.3%.

For the fiscal year ending February 2026, Freund plans to pay an ordinary dividend of 25 yen per share.

2. Basic Approach to the Selection of Accounting Standards

The Freund Group uses Japanese GAAP for the preparation of its consolidated financial statements, which allows comparisons across different fiscal years and with other Japanese companies.

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

	(Thousands of yen)	
	FY2/24 (As of Feb. 29, 2024)	FY2/25 (As of Feb. 28, 2025)
Assets		
Current assets		
Cash and deposits	4,736,849	5,152,751
Notes and accounts receivable-trade, and contract assets	6,121,064	5,315,450
Electronically recorded monetary claims-operating	937,132	910,770
Merchandise and finished goods	921,946	874,313
Work in process	2,661,592	3,660,790
Raw materials and supplies	2,232,055	2,980,052
Advance payments to suppliers	431,632	274,254
Prepaid expenses	221,569	290,264
Other	323,101	224,871
Allowance for doubtful accounts	(49,689)	(34,696)
Total current assets	18,537,254	19,648,822
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,597,415	4,693,025
Accumulated depreciation	(2,517,024)	(2,644,479)
Buildings and structures, net	2,080,391	2,048,545
Machinery, equipment and vehicles	2,758,083	2,874,484
Accumulated depreciation	(2,177,315)	(2,321,327)
Machinery, equipment and vehicles, net	580,768	553,156
Land	1,148,176	1,147,991
Construction in progress	285,647	129,772
Other	1,965,379	1,997,868
Accumulated depreciation	(1,604,534)	(1,694,879)
Other, net	360,844	302,989
Total property, plant and equipment	4,455,829	4,182,455
Intangible assets		
Software	22,458	531,363
Software in progress	757,542	10,830
Customer relationship	332,488	319,292
Other	38,231	26,560
Total intangible assets	1,150,721	888,046
Investments and other assets		
Investment securities	681,608	824,109
Business insurance funds	269,227	269,227
Deferred tax assets	503,485	536,982
Other	196,534	214,987
Allowance for doubtful accounts	(5,400)	(5,400)
Total investments and other assets	1,645,455	1,839,905
Total non-current assets	7,252,006	6,910,408
Total assets	25,789,260	26,559,231

	(Thousands of yen)	
	FY2/24 (As of Feb. 29, 2024)	FY2/25 (As of Feb. 28, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,567,304	2,313,651
Electronically recorded obligations-operating	1,313,951	791,194
Short-term borrowings	515,031	108,848
Income taxes payable	330,261	341,377
Accrued expenses	488,834	585,728
Contract liabilities	3,932,098	5,241,452
Provision for bonuses	276,915	265,145
Provision for bonuses for directors (and other officers)	33,973	33,560
Other	462,335	731,008
Total current liabilities	9,920,707	10,411,969
Non-current liabilities		
Lease liabilities	380,961	352,220
Retirement benefit liability	294,323	215,338
Asset retirement obligations	67,396	67,529
Provision for retirement benefits for directors (and other officers)	18,933	-
Other	83,514	75,141
Total non-current liabilities	845,129	710,228
Total liabilities	10,765,836	11,122,197
Net assets		
Shareholders' equity		
Share capital	1,035,600	1,035,600
Capital surplus	1,289,513	1,332,771
Retained earnings	12,287,564	12,587,188
Treasury shares	(701,365)	(693,219)
Total shareholders' equity	13,911,313	14,262,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,162	69,035
Foreign currency translation adjustment	1,022,683	1,059,984
Remeasurements of defined benefit plans	24,264	45,673
Total accumulated other comprehensive income	1,112,110	1,174,692
Total net assets	15,023,424	15,437,033
Total liabilities and net assets	25,789,260	26,559,231

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

	(Thousands of yen)	
	FY2/24	FY2/25
	(Mar. 1, 2023 – Feb. 29, 2024)	(Mar. 1, 2024 – Feb. 28, 2025)
Net sales	22,903,644	23,397,731
Cost of sales	15,859,736	15,324,156
Gross profit	7,043,908	8,073,575
Selling, general and administrative expenses	5,773,777	6,871,895
Operating profit	1,270,131	1,201,679
Non-operating income		
Interest income	3,043	15,863
Dividend income	7,984	9,039
Technical support fee income	14,771	15,063
Rental income	1,166	793
Insurance claim income	339	73,683
Foreign exchange gains	39,420	-
Other	40,535	23,974
Total non-operating income	107,260	138,418
Non-operating expenses		
Interest expenses	65,256	34,032
Share of loss of entities accounted for using equity method	24,691	52,906
Foreign exchange losses	-	30,685
Other	2,172	3,371
Total non-operating expenses	92,119	120,995
Ordinary profit	1,285,272	1,219,102
Extraordinary income		
Gain on sale of non-current assets	8,676	2,153
Total extraordinary income	8,676	2,153
Extraordinary losses		
Loss on retirement of non-current assets	186,609	105,682
Loss on valuation of investment securities	6,240	-
Impairment losses	-	1,050
Total extraordinary losses	192,849	106,733
Profit before income taxes	1,101,099	1,114,522
Income taxes - current	447,571	532,787
Income taxes - deferred	(111,442)	(55,861)
Total income taxes	336,129	476,925
Profit	764,970	637,597
Profit attributable to owners of parent	764,970	637,597

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)
Profit	764,970	637,597
Other comprehensive income		
Valuation difference on available-for-sale securities	32,169	3,873
Foreign currency translation adjustment	402,983	8,239
Remeasurements of defined benefit plans, net of tax	4,544	21,408
Share of other comprehensive income of entities accounted for using equity method	6,973	29,061
Total other comprehensive income	446,670	62,582
Comprehensive income	1,211,641	700,179
(Breakdown)		
Comprehensive income attributable to owners of parent	1,211,641	700,179

(3) Consolidated Statement of Changes in Equity

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,035,600	1,289,513	11,899,999	(773,363)	13,451,750
Changes during period					
Dividends of surplus			(334,890)		(334,890)
Profit attributable to owners of parent			764,970		764,970
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(42,514)	71,998	29,484
Net changes in items other than shareholders' equity					
Total changes during period	-	-	387,565	71,997	459,563
Balance at end of period	1,035,600	1,289,513	12,287,564	(701,365)	13,911,313

(Thousands of yen)

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	32,992	612,727	19,719	665,439	14,117,189
Changes during period					
Dividends of surplus					(334,890)
Profit attributable to owners of parent					764,970
Purchase of treasury shares					(0)
Disposal of treasury shares					29,484
Net changes in items other than shareholders' equity	32,169	409,956	4,544	446,670	446,670
Total changes during period	32,169	409,956	4,544	446,670	906,234
Balance at end of period	65,162	1,022,683	24,264	1,112,110	15,023,424

FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,035,600	1,289,513	12,287,564	(701,365)	13,911,313
Changes during period					
Dividends of surplus			(337,973)		(337,973)
Profit attributable to owners of parent			637,597		637,597
Purchase of treasury shares				(124)	(124)
Disposal of treasury shares		43,257		8,270	51,528
Net changes in items other than shareholders' equity					
Total changes during period	-	43,257	299,623	8,145	351,026
Balance at end of period	1,035,600	1,332,771	12,587,188	(693,219)	14,262,340

(Thousands of yen)

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	65,162	1,022,683	24,264	1,112,110	15,023,424
Changes during period					
Dividends of surplus					(337,973)
Profit attributable to owners of parent					637,597
Purchase of treasury shares					(124)
Disposal of treasury shares					51,528
Net changes in items other than shareholders' equity	3,873	37,300	21,408	62,582	62,582
Total changes during period	3,873	37,300	21,408	62,582	413,609
Balance at end of period	69,035	1,059,984	45,673	1,174,692	15,437,033

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)
Cash flows from operating activities		
Profit before income taxes	1,101,099	1,114,522
Depreciation	539,728	662,632
Impairment losses	-	1,050
Share-based payment expenses	29,483	40,059
Increase (decrease) in provision for bonuses	55,547	(11,370)
Increase (decrease) in provision for bonuses for directors (and other officers)	16,788	(413)
Increase (decrease) in allowance for doubtful accounts	31,231	(15,621)
Interest and dividend income	(11,027)	(24,902)
Insurance claim income	(339)	(73,683)
Interest expenses	65,256	34,032
Foreign exchange losses (gains)	(44,863)	24,546
Share of loss (profit) of entities accounted for using equity method	24,691	52,906
Loss (gain) on sale of property, plant and equipment	(8,676)	(2,153)
Loss (gain) on valuation of investment securities	6,240	-
Loss on retirement of property, plant and equipment	19,860	103,129
Loss on retirement of intangible assets	166,748	2,553
Decrease (increase) in trade receivables	(1,380,355)	851,558
Decrease (increase) in inventories	95,370	(1,706,921)
Decrease (increase) in other assets	22,480	268,464
Increase (decrease) in trade payables	1,085,979	(780,596)
Increase (decrease) in contract liabilities	887,624	1,327,516
Increase (decrease) in other liabilities	(51,889)	328,110
Other, net	341	540
Subtotal	2,651,319	2,195,960
Interest and dividends received	11,027	24,902
Interest paid	(65,256)	(34,032)
Proceeds from insurance income	339	73,683
Income taxes refund	34,238	-
Income taxes paid	(267,448)	(510,422)
Other, net	4,106	-
Net cash provided by (used in) operating activities	2,368,327	1,750,091
Cash flows from investing activities		
Purchase of property, plant and equipment	(348,310)	(254,941)
Proceeds from sale of property, plant and equipment	13,348	25,259
Payments for retirement of property, plant and equipment	(10,512)	(4,276)
Purchase of intangible assets	(391,471)	(61,929)
Purchase of investment securities	(1,974)	(160,762)
Payments of guarantee deposits	(2,104)	(3,886)
Proceeds from refund of guarantee deposits	1,131	864
Net cash provided by (used in) investing activities	(739,893)	(459,672)

	(Thousands of yen)	
	FY2/24	FY2/25
	(Mar. 1, 2023 – Feb. 29, 2024)	(Mar. 1, 2024 – Feb. 28, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(450,438)	(417,712)
Repayments of long-term borrowings	(6,586)	(5,617)
Purchase of treasury shares	-	(124)
Repayments of lease liabilities	(83,228)	(95,487)
Dividends paid	(333,749)	(336,750)
Net cash provided by (used in) financing activities	(874,002)	(855,691)
Effect of exchange rate change on cash and cash equivalents	65,289	(18,825)
Net increase (decrease) in cash and cash equivalents	819,721	415,901
Cash and cash equivalents at beginning of period	3,917,128	4,736,849
Cash and cash equivalents at end of period	4,736,849	5,152,751

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

Segment information

1. Overview of reportable segments

The reportable segments of the Freund Group are components for which discrete financial information is available. These segments are subject to regular reviews by the Board of Directors to make decisions regarding resource allocation and to evaluate performance.

The Freund Group is engaged in manufacturing and sale of machinery and chemical products. Consequently, the Freund Group has two reportable business segments: the Machinery Business and the Chemicals Business.

Main products and services of each reportable segment

Machinery Business: Granulating devices; construction of granulating machinery plants; measuring instruments and parts; and outsourced granulation of synthetic resins

Chemicals Business: Pharmaceutical excipients and dietary supplements; food preservatives; R&D, formulation studies and other projects for pharmaceuticals, food, chemicals and other products; and development and technology licensing of new dosage forms of pharmaceutical products

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The reportable segments follow the accounting methods that are generally consistent with those adopted for preparation of the consolidated financial statements.

Segment profit (loss) for reportable business segments is determined based on operating profit (loss).

Inter-segment sales are derived from prices in third-party transactions.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Machinery Business	Chemicals Business	Total		
Net sales					
External sales	16,157,667	6,745,977	22,903,644	-	22,903,644
Inter-segment sales and transfers	-	-	-	-	-
Total	16,157,667	6,745,977	22,903,644	-	22,903,644
Segment profit	924,984	1,044,181	1,969,165	(699,034)	1,270,131
Segment assets	15,157,631	5,567,904	20,725,535	5,063,724	25,789,260
Other items					
Depreciation	397,333	135,072	532,405	7,322	539,728
Investment in equity-method affiliate	-	314,996	314,996	-	314,996
Increase in property, plant and equipment and intangible assets	302,225	365,972	668,198	63,655	731,853

Notes: 1. The adjustment includes the following items.

- (1) The negative adjustment of 699,034 thousand yen to segment profit is 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) The 5,063,724 thousand yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of Freund's surplus funds (cash and deposits), long-term investment funds (investment securities and insurance funds), and assets of the administrative operations of Freund.
- (3) The 7,322 thousand yen adjustment to depreciation is mainly depreciation of corporate assets that are not allocated to any of the reportable segments.
- (4) The 63,655 thousand yen adjustment to increase in property, plant and equipment and intangible assets is mainly the sum of corporate assets that are not allocated to the reportable segments.

2. Segment profit is adjusted to be consistent with operating profit recorded in the consolidated financial statements.

FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Machinery Business	Chemicals Business	Total		
Net sales					
External sales	16,755,793	6,641,937	23,397,731	-	23,397,731
Inter-segment sales and transfers	-	-	-	-	-
Total	16,755,793	6,641,937	23,397,731	-	23,397,731
Segment profit	1,241,469	809,873	2,051,343	(849,663)	1,201,679
Segment assets	16,642,700	5,578,598	22,221,298	4,337,932	26,559,231
Other items					
Depreciation	450,859	189,043	639,902	22,729	662,632
Investment in equity-method affiliate	-	449,550	449,550	-	449,550
Increase in property, plant and equipment and intangible assets	248,724	108,470	357,194	23,328	380,523

Notes: 1. The adjustment includes the following items.

- (1) The negative adjustment of 849,663 thousand yen to segment profit is 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) The 4,337,932 thousand yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of Freund's surplus funds (cash and deposits), long-term investment funds (investment securities and insurance funds), and assets of the administrative operations of Freund.
 - (3) The 22,729 thousand yen adjustment to depreciation is mainly depreciation of corporate assets that are not allocated to any of the reportable segments.
 - (4) The 23,328 thousand yen adjustment to increase in property, plant and equipment and intangible assets is mainly the sum of corporate assets that are not allocated to the reportable segments.
2. Segment profit is adjusted to be consistent with operating profit recorded in the consolidated financial statements.

Related information

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	US	Latin America	Europe	Asia	Other	Total
13,994,388	2,009,921	2,867,795	1,384,712	1,787,693	859,134	22,903,644

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

(2) Property, plant and equipment

(Thousands of yen)

Japan	US	Italy	Total
2,638,002	1,382,340	435,486	4,455,829

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of consolidated net sales on the consolidated statement of income.

FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales (Thousands of yen)

Japan	US	Latin America	Europe	Asia	Other	Total
15,820,450	2,132,694	2,622,682	1,297,633	1,002,241	522,028	23,397,731

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

(2) Property, plant and equipment (Thousands of yen)

Japan	US	Italy	Total
2,460,480	1,309,750	412,225	4,182,455

3. Information by major client (Thousands of yen)

Name	Sales	Related segments
TOWA PHARMACEUTICAL CO., LTD.	3,082,179	Machinery Business, Chemicals Business

Information related to impairment losses on non-current assets for each reportable segment

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

Not applicable.

FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)

Omitted due to immateriality.

Information related to goodwill amortization and the unamortized balance for each reportable segment

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)
Net assets per share	889.03	912.56
Net income per share	45.46	37.71

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive shares.

2. The basis of calculating the net income per share is as follows:

(Thousands of yen)

	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)
Profit attributable to owners of the parent	764,970	637,597
Amounts not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	764,970	637,597
Average number of common shares outstanding during the period (Thousand shares)	16,828	16,909

Subsequent Events

Not applicable.

4. Others

Orders and Sales

(1) Orders received (Thousands of yen)

Operating segment	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)		FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	18,600,239	127.1	17,851,947	96.0

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	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)		FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Machinery Business	15,842,927	123.5	17,076,255	107.8

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	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)		FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)	
	Amount	Composition (%)	Amount	Composition (%)
Machinery Business	16,157,667	70.5	16,755,793	71.6
Chemicals Business	6,745,977	29.5	6,641,937	28.4
Total	22,903,644	100.0	23,397,731	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.