

FREUND CORPORATION

**STANDARD**  
TOKYO

(Securities code: 6312)

# Results of Operations for the Fiscal Year Ended February 29, 2024

April 12, 2024



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# Consolidated Financial Summary for FY2/24

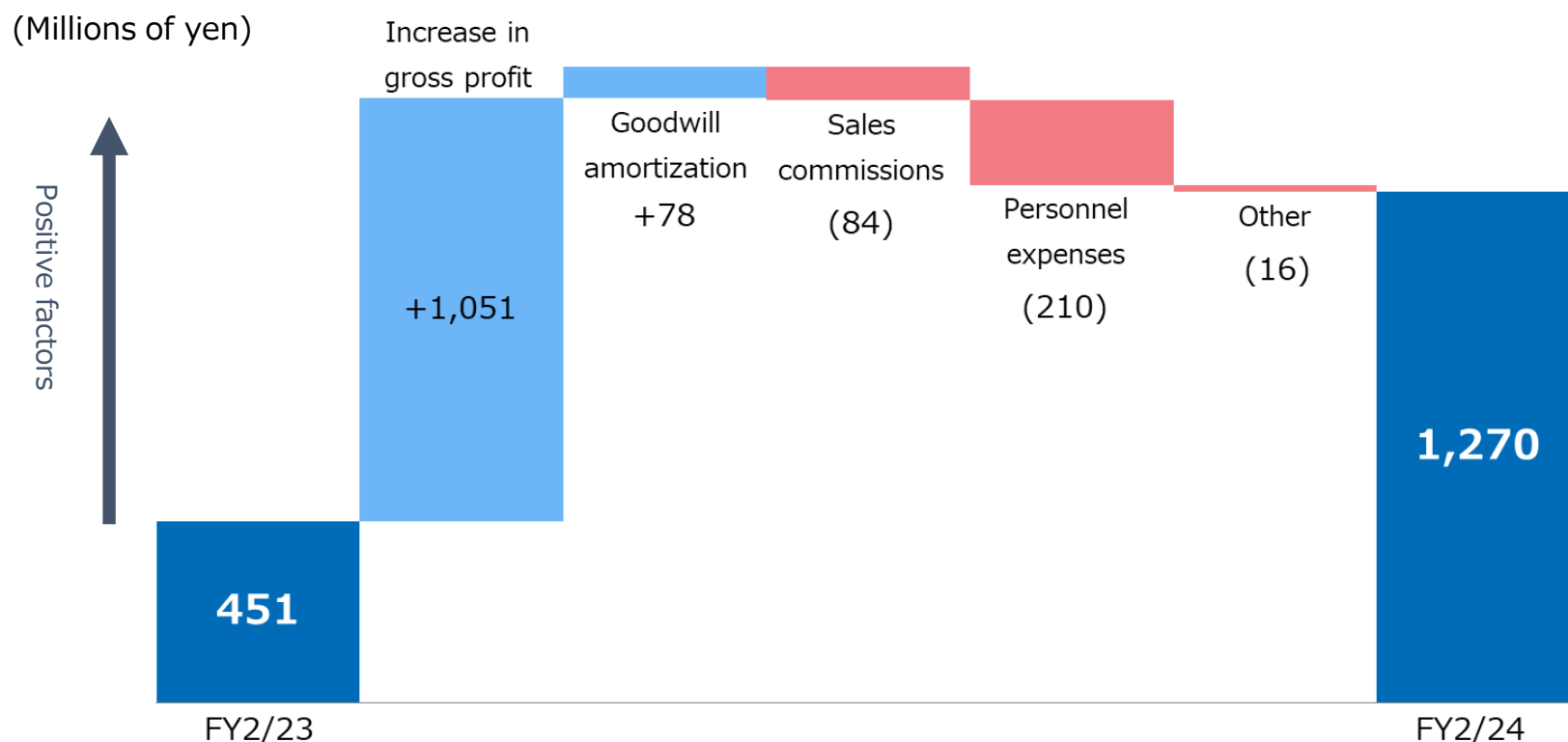
# Summary of Consolidated Statement of Income

- Sales increased to a record high, resulting in a big increase in sales and earnings.
- Orders received and order backlog also reached record-highs.
- New systems related expenses were deferred to the next fiscal year but SG&A expenses rose due to wage increases and other factors.
- Profit significantly increased despite a loss on retirement of some new systems.

(Millions of yen)	FY2/23		FY2/24		YoY change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	%
Net sales	19,658	100.0	22,903	100.0	3,245	16.5%
Gross profit	5,993	30.5	7,043	30.8	1,050	17.5%
SG&A expenses	5,541	28.2	5,773	25.2	232	4.2%
Operation profit	451	2.3	1,270	5.5	818	181.3%
Ordinary profit	559	2.8	1,285	5.6	726	129.9%
Profit before income taxes	(406)	(2.1)	1,101	4.8	1,507	—
Profit	(538)	(2.7)	764	3.3	1,303	—
ROE	(3.8)%	—	5.3%	—	—	—

# Analysis of Change in Consolidated Operating Profit

- Operating profit significantly increased because sales increased in all segments (especially machinery business in Japan and U.S. subsidiaries) and the earnings ratio improved at the U.S. subsidiaries.
- Selling, general and administrative (SG&A) expenses rose due to higher personnel expenses and higher sales commissions. However, the operating profit significantly increased YoY because of a decrease in goodwill amortization and sales growth.



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

<b>Freund Corporation</b>	Sales in Japan significantly increased due to activities for using partner companies to deliver products quickly despite difficulty of procuring some parts/materials.
<b>Freund-Turbo</b>	Sales increased YoY and earnings remained firm.
<b>Freund-Vector</b>	Returned to profitability as we moved past unprofitable projects from previous periods.
<b>Cos.Mec</b>	Sales up and earnings down YoY; performance was as planned.

(Millions of yen)	FY2/23	FY2/24	YoY change	
Before elimination for consolidation				%
Net sales	13,448	16,157	2,708	20.1%
Freund Corporation	5,634	6,904	1,270	22.5%
Freund-Turbo	1,600	1,761	161	10.1%
Freund-Vector	5,348	6,169	820	15.3%
Cos.Mec	1,714	1,755	41	2.4%
Operating profit	59	924	865	1456%
Freund Corporation	421	659	237	56.4%
Freund-Turbo	50	81	30	61.5%
Freund-Vector	(410)	86	497	—
Cos.Mec	95	80	(15)	(16.1)%

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

<b>Freund Corporation</b>	Orders increased YoY with the support of the substantial investments in large-scale equipment by generic drug manufacturers and the order backlog was a record-high 11.0 billion yen at the end of FY2/24.
<b>Freund-Turbo</b>	Large projects decreased. Order backlog remained flat.
<b>Freund-Vector</b>	Orders received was a record high and order backlog remained high as in the previous fiscal year.
<b>Cos.Mec</b>	Orders received and order backlog decreased on a Euro basis.

(Millions of yen)	FY2/23	FY2/24	YoY change	
Before elimination for consolidation				%
Orders received	14,630	18,600	3,969	27.1%
Freund Corporation	8,157	9,960	1,803	22.1%
Freund-Turbo	1,517	1,201	(315)	(20.8)%
Freund-Vector	3,645	6,065	2,420	66.4%
Cos.Mec	1,310	1,469	159	12.1%
Order backlog	12,826	15,842	3,016	23.5%
Freund Corporation	7,835	11,067	3,232	41.3%
Freund-Turbo	839	607	(232)	(27.7)%
Freund-Vector	3,173	3,479	305	9.6%
Cos.Mec	977	841	(136)	(13.9)%

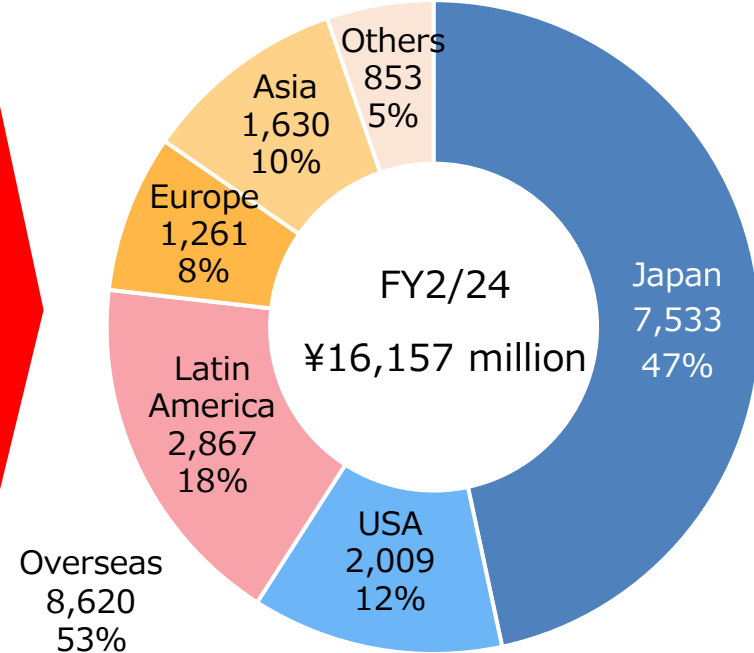
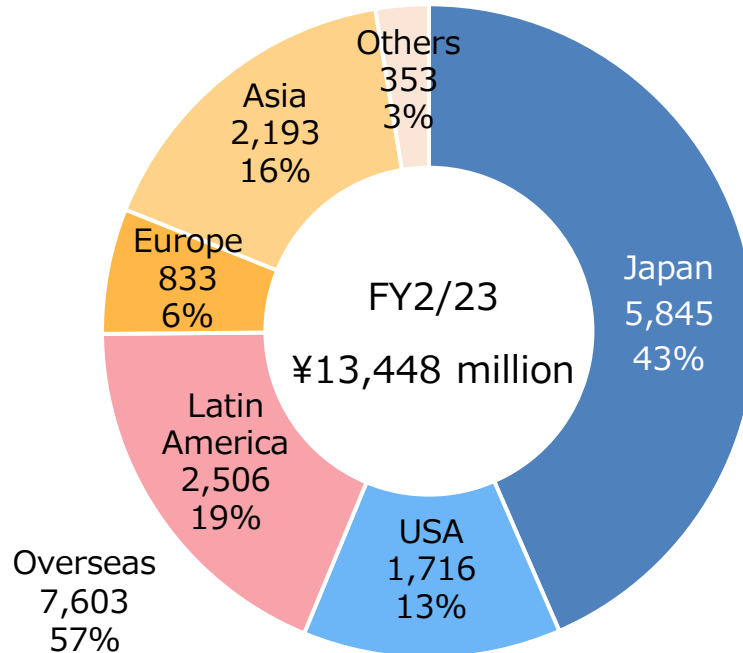
# Machinery Business: Sales by Region

## Japan

The overseas sales ratio decreased due to a significant increase in sales in Japan.

## Overseas

A weaker yen partially contributed to strong sales in USA and Latin America. Higher sales in Others include those in emerging markets, particularly in the Middle East and Africa.

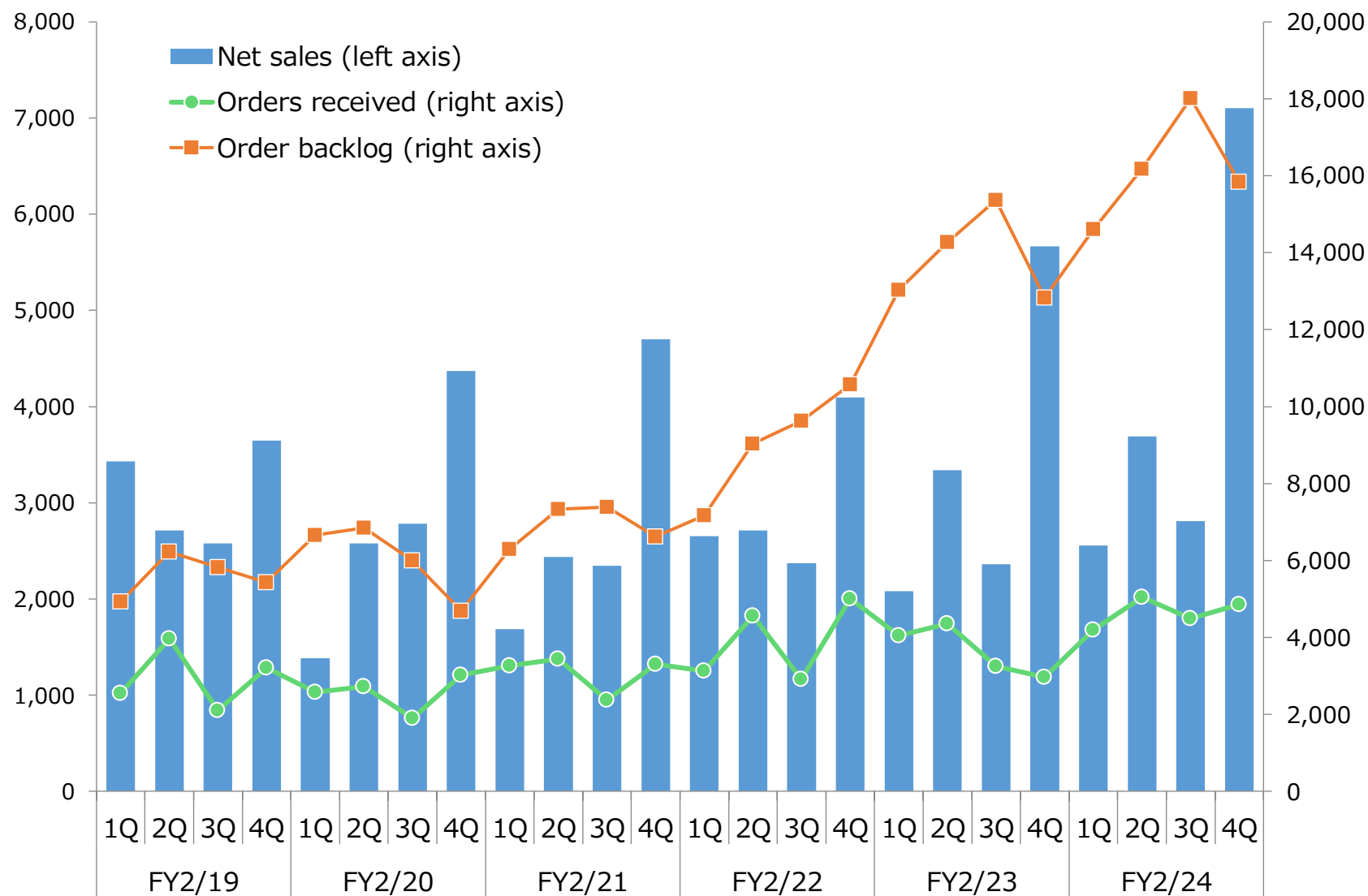




# Machinery Business: Quarterly Results (Net Sales/Orders Received/Order Backlog)

(Millions of yen)

(Millions of yen)



# Chemicals Business: Overview

## Net sales

Sales were steady and exceeded the previous fiscal year's record high.

Pharmaceutical excipients: Sales increased to a record high as sales of major products remained strong.

Food preservatives: A record-high sales despite a slowdown in the growth of demand for bread preservatives

## Operating profit

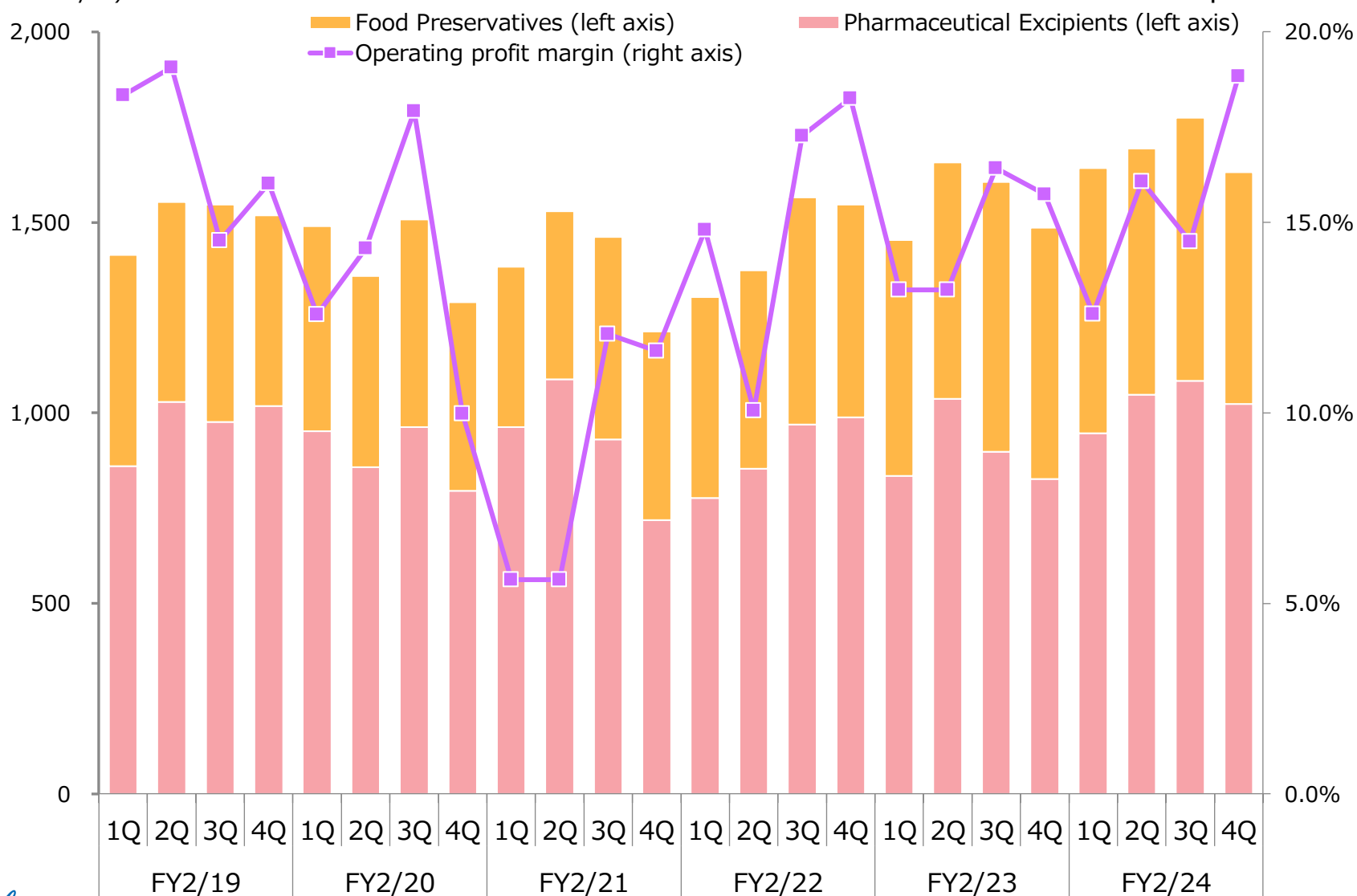
Operating profit increased YoY due to sales growth.

(Millions of yen)	FY2/23	FY2/24	YoY change	
				%
Net sales	6,209	6,745	536	8.6%
Pharmaceutical Excipients	3,600	4,105	505	14.0%
Food Preservatives	2,609	2,640	31	1.2%
Operating profit	976	1,044	67	7.0%

# Chemicals Business: Quarterly Results (by Product Field)

Net sales  
(Millions of yen)

Operating  
profit margin



# Summary of Consolidated Balance Sheet

- Accounts receivable significantly increased due to strong sales recorded in 4Q
- Accounts payable and contract liabilities increased due to a high level of order backlog

Assets				Liabilities and Shareholders' Equity			
(Millions of yen)	FY2/23	FY2/24	Change	(Millions of yen)	FY2/23	FY2/24	Change
Current assets	15,870	18,537	2,667	Current liabilities	7,815	9,920	2,105
Cash and deposits	3,917	4,736	819	Accounts payable	2,730	3,881	1,150
Accounts receivable	5,535	7,058	1,522	Short-term loans payable	896	515	(381)
Inventories	5,586	5,815	229	Contract Liabilities	2,913	3,932	1,019
Other assets	831	926	95	Other liabilities	1,275	1,592	316
Non-current assets	6,888	7,252	363	Non-current liabilities	826	845	18
				Total net assets	14,117	15,023	906
Total assets	22,758	25,789	3,030	Total liabilities and net assets	22,758	25,789	3,030

# Summary of Consolidated Statement of Cash Flows

(Millions of yen)	FY2/23	FY2/24
<b>Cash flows from operating activities</b>	<b>(196)</b>	<b>2,368</b>
Profit before income taxes	(406)	1,101
Depreciation	565	539
Impairment loss	933	—
Decrease (increase) in notes and accounts receivable - trade	(171)	(1,380)
Increase (decrease) in notes and accounts payable - trade	(78)	1,085
Increase (decrease) in contract liabilities	(356)	887
Income taxes paid	(412)	(267)
<b>Cash flows from investing activities</b>	<b>(666)</b>	<b>(739)</b>
Purchase of property, plant and equipment	(269)	(348)
Purchase of intangible assets	(330)	(391)
<b>Cash flows from financing activities</b>	<b>451</b>	<b>(874)</b>
Net increase (decrease) in short-term loans payable	852	(450)
Cash dividends paid	(333)	(333)
Net increase (decrease) in cash and cash equivalents	(228)	819
Cash and cash equivalents at end of period	3,917	4,736
<b>Free cash flow</b>	<b>(862)</b>	<b>1,628</b>

# Consolidated Earnings and Dividend Forecasts for FY2/25

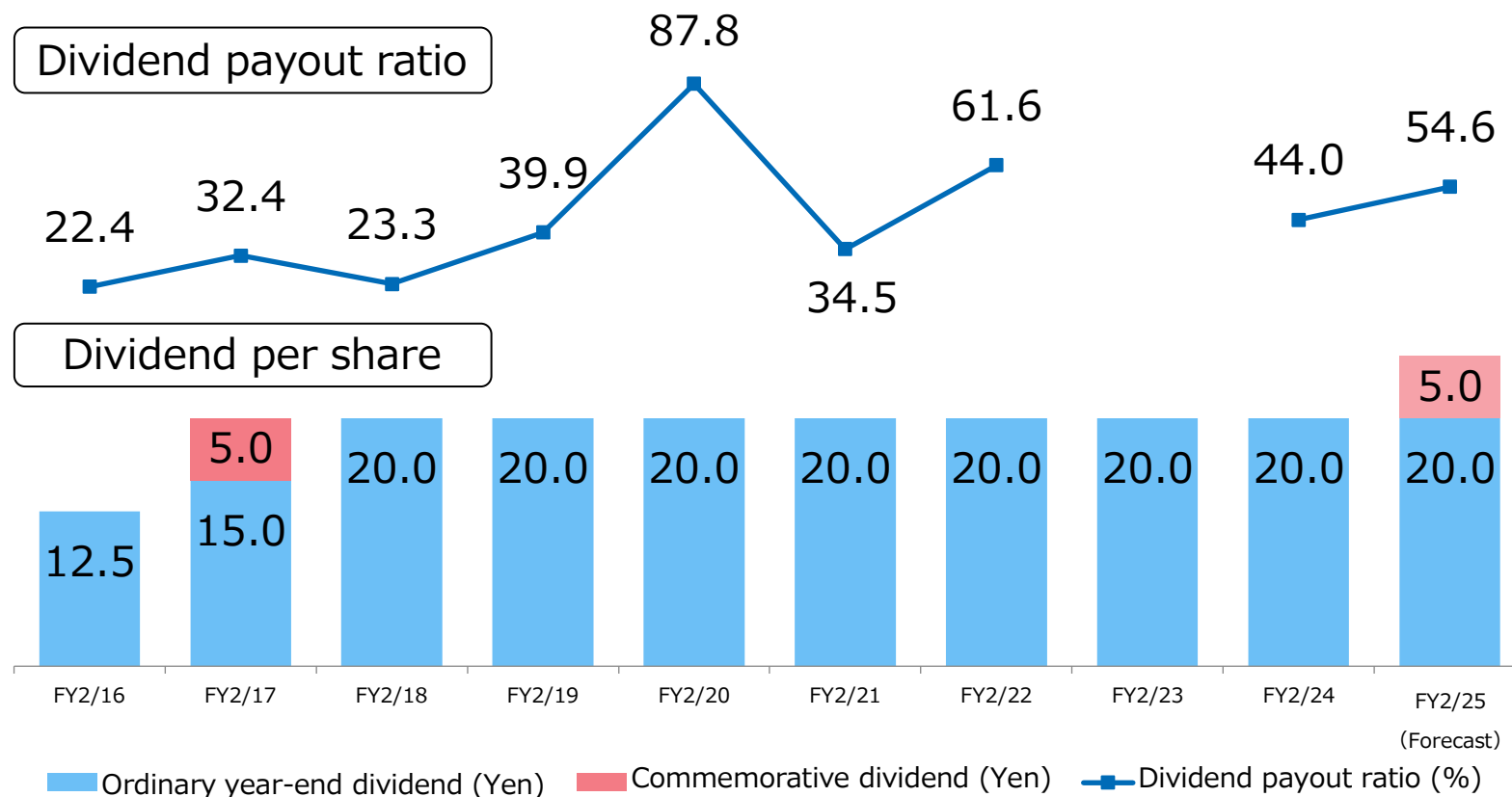
# Summary of Consolidated Forecasts

- Forecast higher sales in Japan mainly in the machinery business
- Forecast higher sales and earnings due to the end of unprofitable projects in the U.S. subsidiaries
- Anticipate a decline in operating profit due to rising SG&A expenses, which are attributed to participation in overseas exhibitions, costs associated with upgrading our new systems, wage increases, and other related expenses

(Millions of yen)	FY2/24 Actual	FY2/25 Forecast	YoY change	
				%
Net sales	22,903	<b>23,500</b>	596	2.6%
Gross profit	7,043	<b>7,650</b>	606	8.6%
Operating profit	1,270	<b>1,100</b>	(170)	(13.4)%
Ordinary profit	1,285	<b>1,100</b>	(185)	(14.4)%
Profit	764	<b>770</b>	5	0.7%
Earnings per share (yen)	45.46	<b>45.76</b>	0.30	0.7%
Yen/dollar rate	143.22	<b>140.00</b>	—	—

# Summary of Dividend Forecasts

- Our basic policy is to maintain stable dividends over the long term. However, for FY2/25, Freund plans to pay a dividend of 25 yen per share, which includes a commemorative dividend of 5 yen for its 60th anniversary.



(Note: Dividend payout ratio for FY2/23 is not available due to loss attributable to owners of parent.  
 Freund conducted a 2-for-1 common stock split on March 1, 2016. The dividends per share for FY2/16 and earlier have been adjusted to reflect the stock split.  
 Commemorative dividends were paid in FY2/17 for the 20th anniversary of the exchange listing of Freund stock.



# Topics

# Notice of Changes in Company Name of Consolidated Subsidiaries

- As Freund marks its 60th anniversary in April this year, Freund will rename two overseas subsidiaries to consolidate the FREUND brand globally.
- Activities will continue with the goal of strengthening the FREUND brand in markets worldwide by further increasing collaboration and synergies among group companies.

Current name	New name	Planned date of name change
FREUND-VECTOR CORPORATION	Freund Inc.	June 3, 2024
Cos.Mec S.r.l.	Freund S.r.l.	March 29, 2024

## (Supplementary Materials)

- Company Overview
- Segment Information

# Company Overview

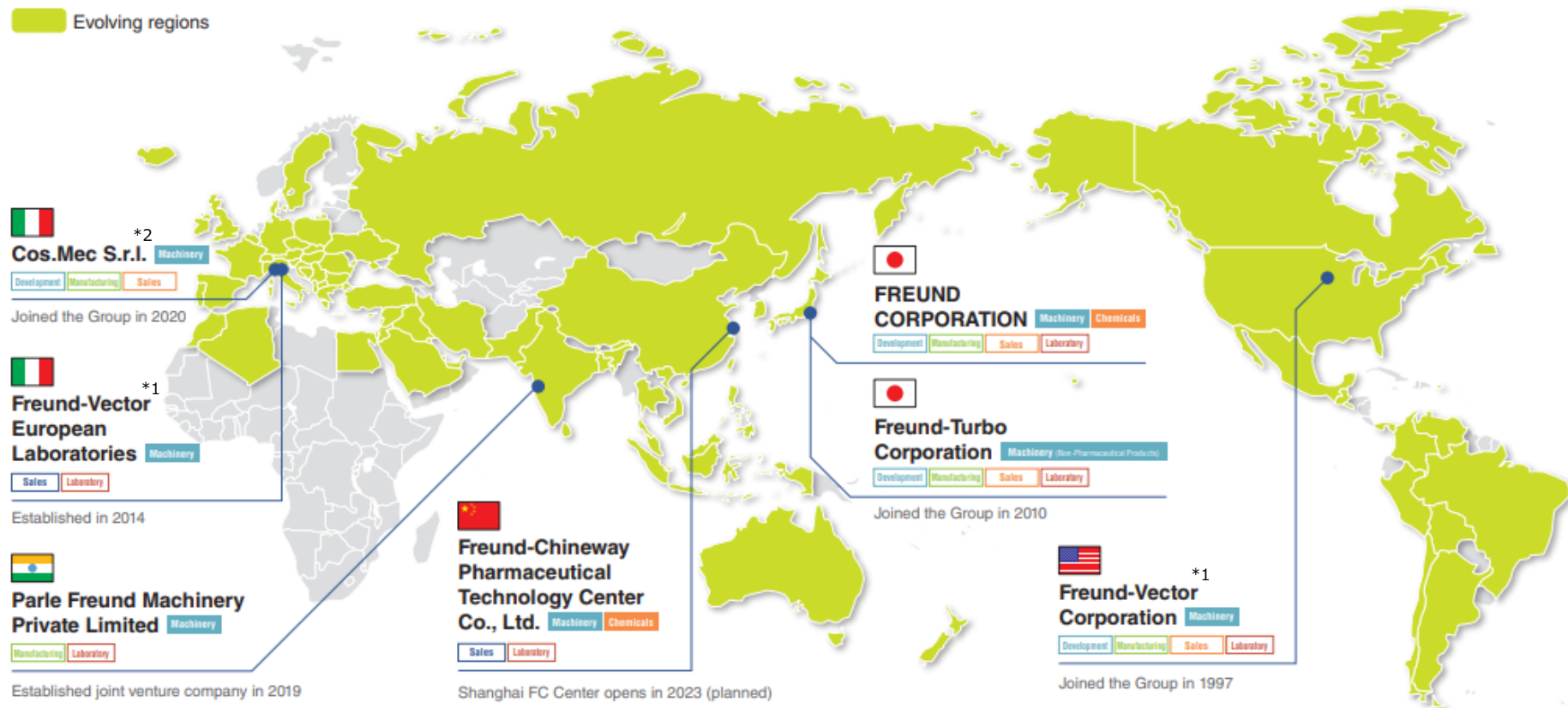
● Company name	: Freund Corporation
● Established	: April 1964
● Representative	: Iwao Fusejima, President & CEO
● Location	: 6-25-13 Nishi-shinjuku, Shinjuku-ku, Tokyo, Japan
● Paid-in capital	: 1,035,600,000 yen (As of February 29, 2024)
● Sales	: 22,900 million yen (Fiscal year ended February 29, 2024, consolidated)
● Number of employees	: 468 (As of February 29, 2024, consolidated)
● Business	: Machinery business- Manufacturing and sales of granulation and coating equipment and others Chemicals business- Manufacturing and sales of pharmaceutical excipients, food preservatives, and others
● Group companies	: Freund-Vector Corporation <sup>*1</sup> , Freund-Turbo Corporation, Cos.Mec s.r.l. <sup>*2</sup> , Parle Freund Machinery Private Limited, Freund-Chineway Pharmaceutical Technology Center Co., Ltd.

\*1. The company name will be changed to Freund Inc. on June 3, 2024.

\*2. The company name was changed to Freund S.r.l. on March 29, 2024.

# The Freund Group and R&D Facilities

## Using innovative technologies for rapid growth outside Japan



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# The Freund Group and R&D Facilities

Using innovative technologies  
for rapid growth outside Japan

**Freund  
Corporation**

Tokyo, Osaka, Shizuoka, Aichi

**Freund-Turbo  
Corporation**

Yokosuka, Kanagawa

**Freund-Vector  
Corporation**

Iowa, USA

**Cos.Mec s.r.l.**

Milan, Italy



Research and Development  
Laboratory  
(Hamamatsu, Shizuoka)

**Domestic  
users**

Sales of machinery  
and chemical products



Parle Freund (India)



Milan Laboratory (Italy)



Marion Laboratory (Iowa, USA)

**Overseas  
users**

Sales of machinery  
and chemical products

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

## 1. Machinery Business Segment



Pen

- Manufacturing and sales of **granulation and coating equipment** for the pharmaceutical, food, and fine chemical industries.
- For coating equipment, Freund **is ranked first in Japan** and sales growth is accelerating in Asia and in Freund-Vector's US and European operations. **Freund is the only company in the world that has expertise both in drug formulation technologies and the associated machinery.**
- Aiming to increase sales of industrial machinery too by **integrating** granulating and coating technologies **with** milling and sieving technologies.

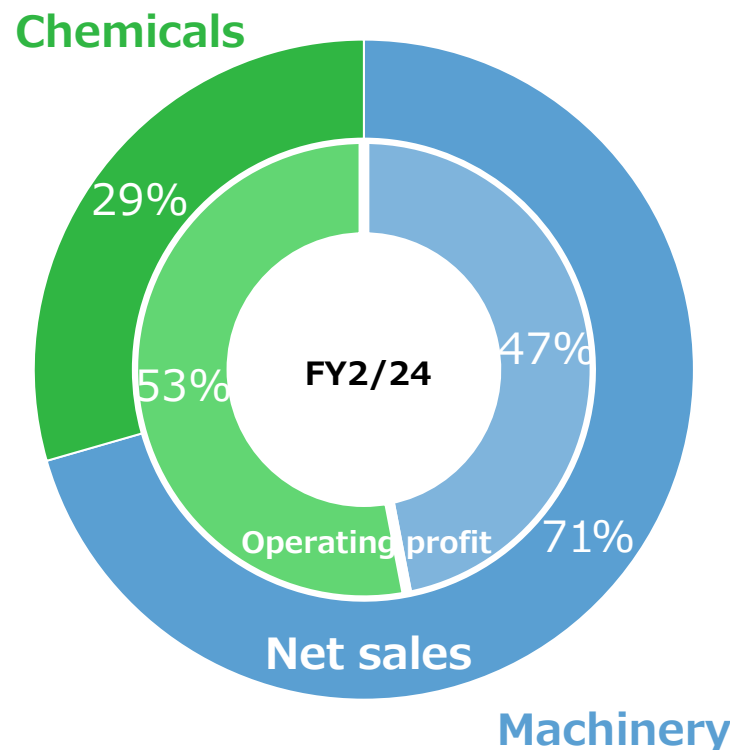
## 2. Chemicals Business Segment



Ink

- Manufacturing and sales of **pharmaceutical excipients, food preservatives, nutritional supplements,** and others.
- Freund uses **Good Manufacturing Practice (GMP) compliant equipment** for the production of pharmaceutical excipients.
- Freund's food preservatives contribute to ensuring the safety of food by maintaining the quality of various products.
- Through the utilization of its granulating and coating technologies, Freund collaborated with customers to develop and commercialize nutritional supplements and seamless mini-capsules.

## Composition of Net Sales and Profit by Segment

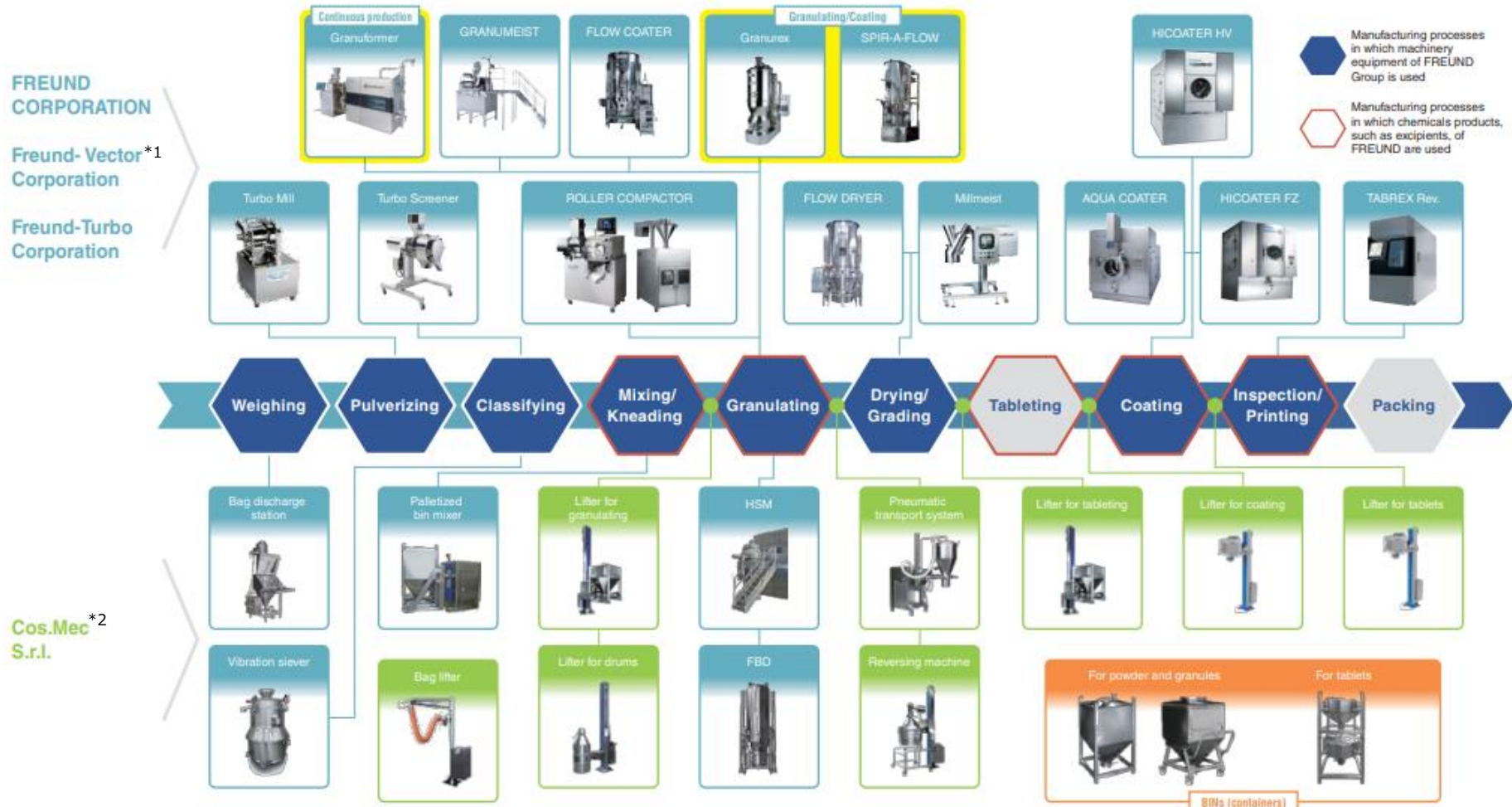


**Consolidated sales: ¥22.90 billion**  
**Consolidated operating profit: ¥1.27 billion**

# Freund Group's Business Fields

- FREUND Group's business fields based upon pharmaceutical products manufacturing processes

## FREUND Group Business Fields



\*1. The company name will be changed to Freund Inc. on June 3, 2024. \*2. The company name was changed to Freund S.r.l. on March 29, 2024.



# The Freund Group Disclosure Policy

## 1. Basic disclosure policy

Freund positions the transparency of management as an important responsibility in order to be a company that can be a trusted member of society. To maintain this transparency, we always disclose information about the company in a manner that is fair and timely from the standpoint of all stakeholders.

## 2. Standard for disclosure

Freund discloses information in compliance with the Companies Act, Financial Instruments and Exchange Act, and other applicable laws and regulations. Disclosure also complies with the timely disclosure rules of securities exchanges where the company's stock is traded.

In addition, Freund discloses information that is not covered by these laws and regulations and exchange rules in cases where the information is believed to be necessary for investment decisions.

## 3. Disclosure methods

Freund discloses information by using the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange. To ensure the timeliness and fairness of information announced using TDnet, this information is posted promptly on Freund's website. In addition, press releases and other information are promptly posted on Freund's website and made available in other ways to ensure disclosure fairness and speed. Furthermore, information in Japanese is supplied in English as much as possible to make information available to a large number of stakeholders.

## 4. Prevention of insider trading

For the prevention of insider trading, Freund's internal rules include provisions concerning basic items that must be observed regarding the proper management of internal information, Freund stock transactions and other matters. There are also activities for ensuring that Freund personnel understand insider trading restrictions and for overseeing stock and other transactions.

## 5. Silent period

To prevent leaks of information about earnings announcements, as well as to comply with laws and regulations and ensure the fairness of these announcements, Freund has a "silent period" that begins on the day following the end of each fiscal year quarter and ends on the day of the earnings announcement for that quarter. Freund will not reply to any questions concerning results of operations during this period. However, in the event of the possibility that results of operations will differ significantly from the forecast, Freund may disclose this information in accordance with timely disclosure rules.

## 6. Forward-looking statements

Information disclosed by Freund may contain information about the future other than sales and earnings forecasts, such as information about strategies and business plans. This information is based on the decisions of management by using information that was available at that time. As a result, actual performance may differ significantly from forward-looking statements due to changes in the economy and market conditions and other reasons.

(Established on March 27, 2017)

# Investor Relations Policy

## Policy concerning constructive dialogues with shareholders and other investors

Freund has a strong commitment to conducting constructive dialogues with shareholders and other investors in order to contribute to the company's sustained growth and mid- to long-term growth in corporate value. By providing clear explanations of management policies, business operations and the corporate culture, Freund aims to earn the understanding of shareholders and other investors in order to continue to receive their support as "Freund fans."

- 1. Investor relations framework** – The Corporate Planning Division responsible for investor relations oversees dialogues with shareholders and other investors under the direct supervision of Executive Officer and a General Manager of Corporate Administration Division.  
To support these dialogues, Freund departments involved with dialogues cooperate, such as by preparing and checking disclosure materials and, as needed, sharing information, so that information is disclosed with fairness and speed.
- 2. Stakeholder dialogues** – Freund holds information meetings about results of operations and other subjects following the end of the second quarter and fiscal year. Small meetings are held after the first and third quarters. Information provided at these meetings is posted on Freund's website. When a medium or long-term management plan is established, the company provides a clear explanation of strategic goals and business plans. In addition, Freund frequently visits institutional investors to explain its goals and performance. Freund also participates in investor forums held by securities companies, holds information meetings for individual investors, and conducts other activities for stakeholder dialogues.  
The FREUND Integrated Report and other IR documents are distributed to shareholders and posted on Freund's website. This publication contains business and financial information as well as about the company's strengths that do not appear in the financial statements. By providing more information about the Freund Group, this publication aims to help the public understand the true corporate value of the group.
- 3. Feedback of shareholder/investor opinions** – Opinions and other statements by shareholders and other investors at dialogues are passed on to the president, directors and others and the information is shared as needed.
- 4. Management of insider information** – There are no shareholder/investor dialogues during each silent period, which begins on the day following the end of each fiscal year quarter and ends on the day of the earnings announcement for that quarter. Freund handles insider information strictly in compliance with internal rules concerning the management of internal information and restrictions on transactions by Freund personnel.

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