

FREUND CORPORATION

**STANDARD**  
TOKYO

(Securities code: 6312)

# Results of Operations for the Fiscal Year Ended February 28, 2025

April 11, 2025

# Consolidated Financial Summary for FY2024

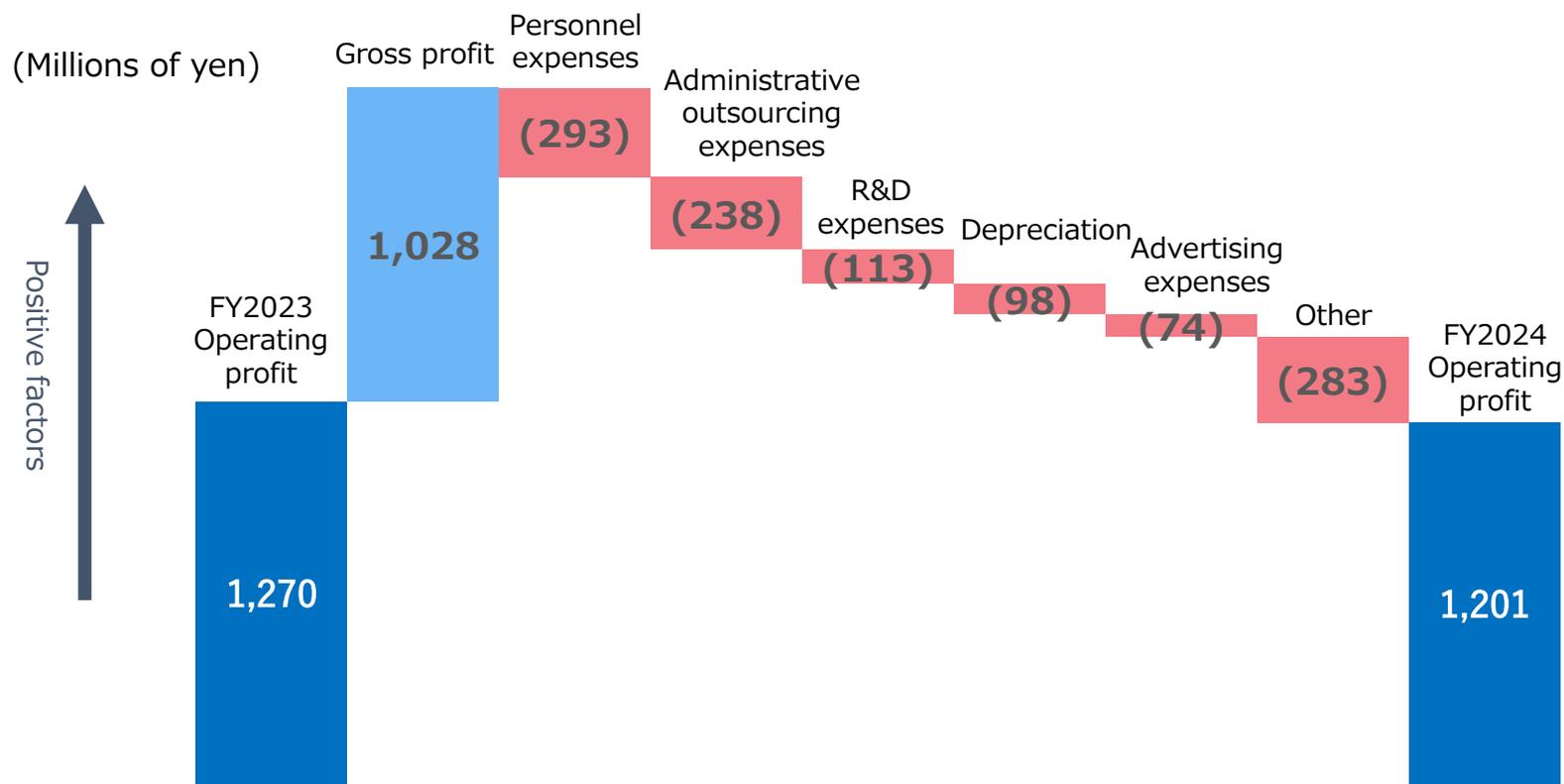
# Consolidated Financial Summary

- Sales increased but were slightly below the forecast
  - A big increase in machinery sales in Japan offset weakness at the Italian subsidiary
- Operating profit was 9% higher than the forecast
  - Down YoY mainly because of higher personnel expenses and the cost of updating the IT system
- Record-high order backlog at the end of FY2024, surpassing the previous record at the end of FY2023
  - Down for machinery in Japan but up at FREUND Inc. in the U.S.

(Millions of yen)	FY2023	FY2024	YoY Change		FY2024 Forecasts
				%	
Net sales	22,903	23,397	494	2.2%	23,500
Operating profit	1,270	1,201	(68)	(5.4)%	1,100
Ordinary profit	1,285	1,219	(66)	(5.1)%	1,100
Profit attributable to owners of parent	764	637	(127)	(16.7)%	770
Earnings per share (yen)	45.46	37.71	(7.75)	(17.0)%	45.76
ROE	5.3%	4.2%	—	—	5.0%

# Analysis of Change in Consolidated Operating Profit

- Gross profit increased significantly YoY mainly because of higher machinery sales in Japan.
- SG&A expenses increased by 1,100 million yen YoY, mainly because of higher personnel expenses due to wage increases, one-time expenses (administrative outsourcing expenses) and depreciation related to the IT system update, higher R&D expenses, Freund Group's joint participation in overseas trade shows (advertising expenses), and the yen's depreciation which raised the yen-equivalent costs at overseas subsidiaries.



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

<b>Freund Corporation</b>	Sales and earnings increased significantly as there were no factory construction delays and shipments and deliveries were completed more than planned. Higher sales of maintenance services, which have a high profit margin, also contributed to sales and earnings.
<b>Freund-Turbo</b>	Sales were unchanged but record-high operating profit resulting from the larger share of sales from products made by this company.
<b>FREUND Inc. (USA)</b>	Sales down mainly because of the negative effect of the timing of sales recognition. Operating profit increased due to improved gross profit margin.
<b>FREUND S.r.l. (Italy)</b>	A big sales downturn as customers pushed back deliveries and the volume of new orders was low. A large loss caused by the decrease in sales.

(Millions of yen) Before elimination for consolidation	FY2023	FY2024	YoY change	
				%
Net sales	16,157	16,755	598	3.7%
Freund Corporation	6,904	8,785	1,881	27.2%
Freund-Turbo	1,761	1,762	1	0.1%
FREUND Inc.	6,169	5,709	(459)	(7.4)%
FREUND S.r.l.	1,755	1,044	(711)	(40.5)%
Operating profit	924	1,241	316	34.2%
Freund Corporation	659	1,220	560	85.0%
Freund-Turbo	81	160	79	97.9%
FREUND Inc.	86	224	138	159.7%
FREUND S.r.l.	80	(329)	(409)	—

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

<b>Freund Corporation</b>	Orders decreased from the high level in FY2023 due to a decline in factory construction by generic drugmakers. The order backlog decreased but remains high.
<b>Freund-Turbo</b>	Orders rose to a new record due to growth in both the chemicals and battery sectors. The order backlog increased too.
<b>FREUND Inc.</b>	Strong orders mainly in the U.S. and Latin America. Orders increased for the powder handling machinery of Freund S.r.l. too. The result was new records for orders and the order backlog.
<b>FREUND S.r.l.</b>	Orders and the order backlog were down due to political instability in emerging countries and delays by customers. At FREUND Inc., powder handling machinery orders increased.

(Millions of yen)	FY2023	FY2024	YoY change	
				%
Orders received	18,600	17,851	(748)	(4.0)%
Freund Corporation	9,863	6,950	(2,913)	(29.5)%
Freund-Turbo	1,201	1,637	436	36.3%
FREUND Inc.	6,065	8,710	2,645	43.6%
FREUND S.r.l.	1,469	553	(916)	(62.4)%
Order backlog	15,842	17,076	1,233	7.8%
Freund Corporation	10,914	9,284	(1,629)	(14.9)%
Freund-Turbo	607	762	155	25.6%
FREUND Inc.	3,479	6,436	2,956	85.0%
FREUND S.r.l.	841	592	(249)	(29.6)%

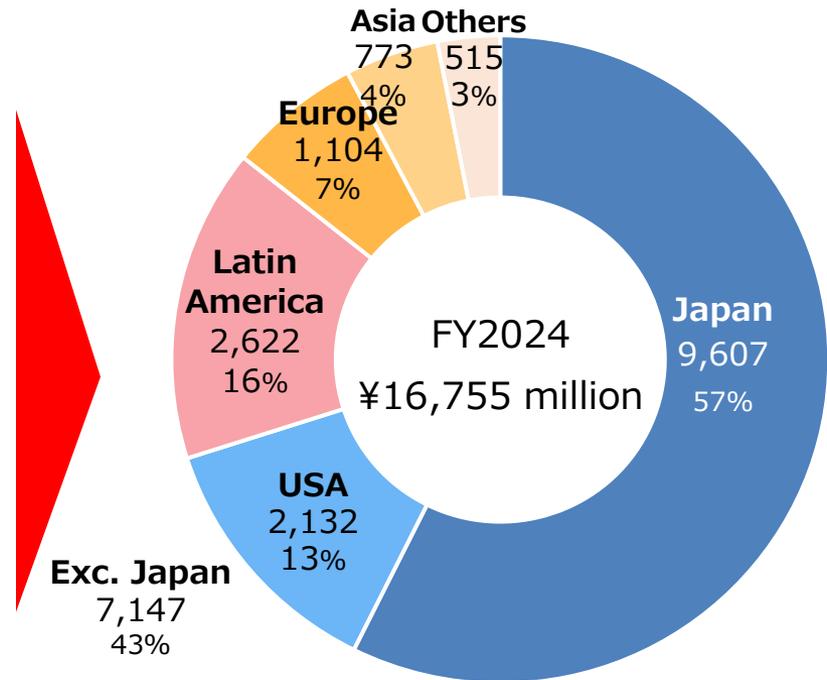
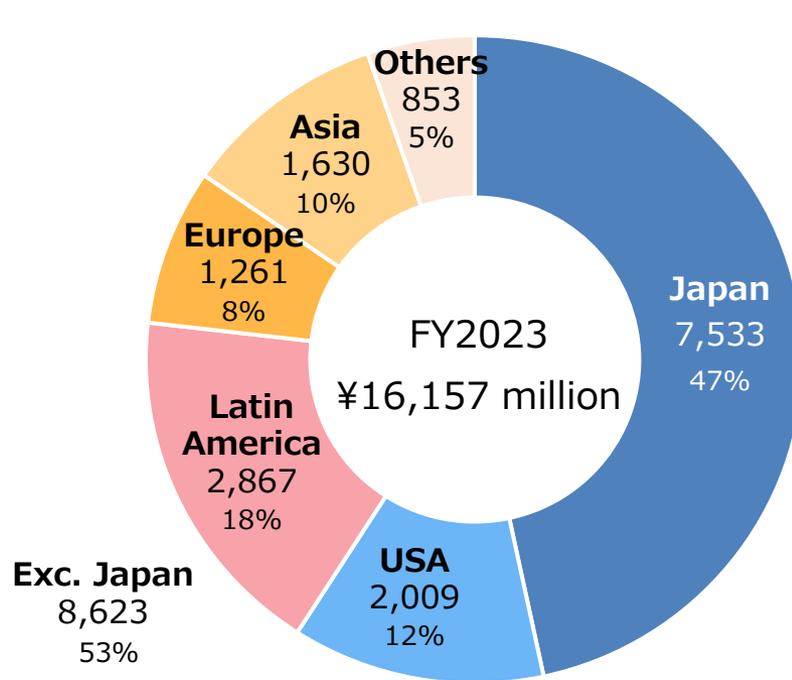
# Machinery Business: Sales by Region

## Japan

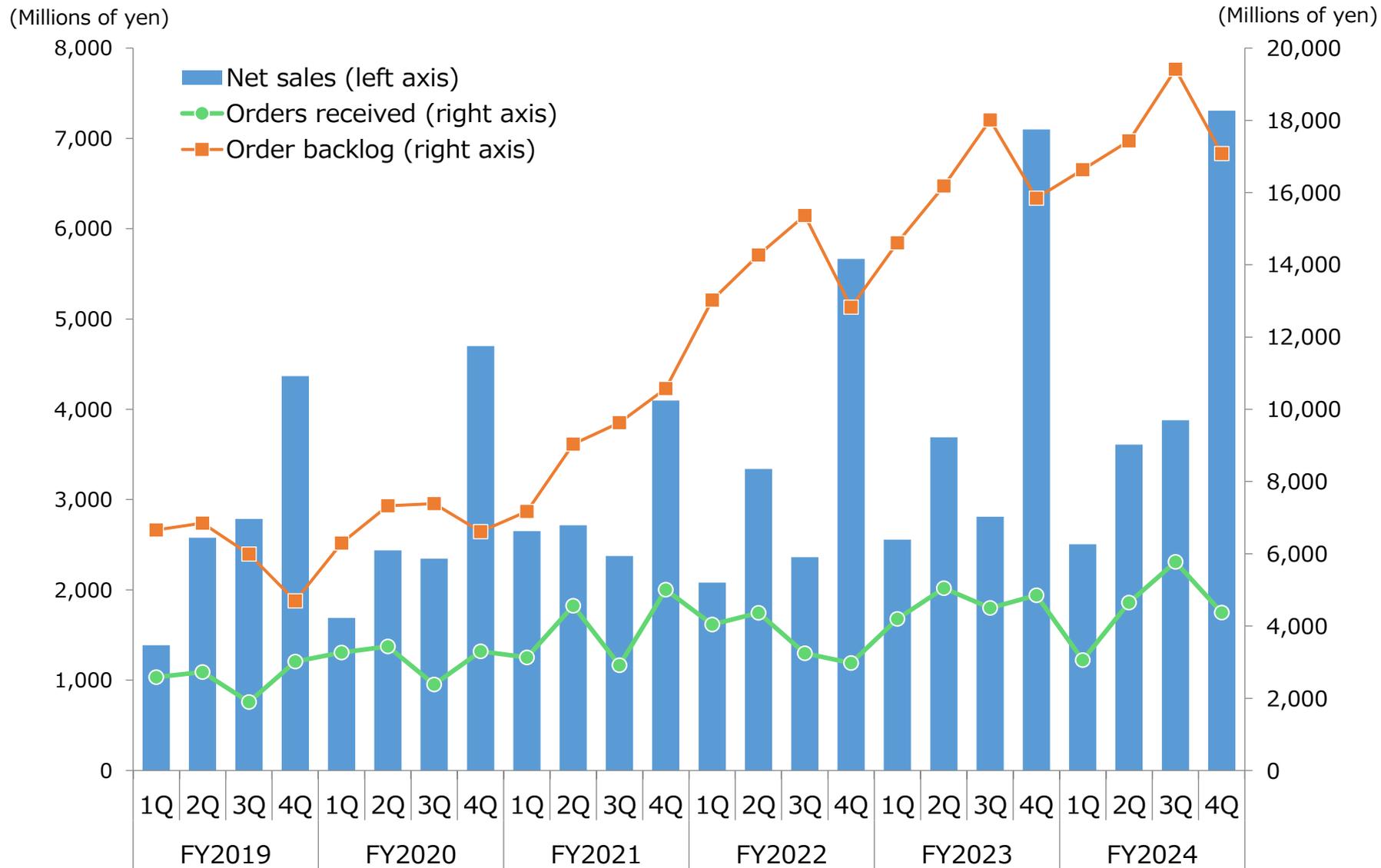
A big increase in sales due to consistent shipments for the orders received. Sales in Japan were higher than overseas sales for the first time in two years.

## Overseas

U.S. and Latin America sales remain strong but total overseas sales decreased mainly because of slow sales in China and emerging countries.



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



# Chemicals Business: Overview

## Net sales

Pharmaceutical excipients:

A small decrease in Japan as customers reduced shipments of some products. Total sales increased because of strong overseas sales.

Food preservatives:

Sales were as planned, declining because some customers began procuring preservatives from two or more suppliers.

## Operating profit

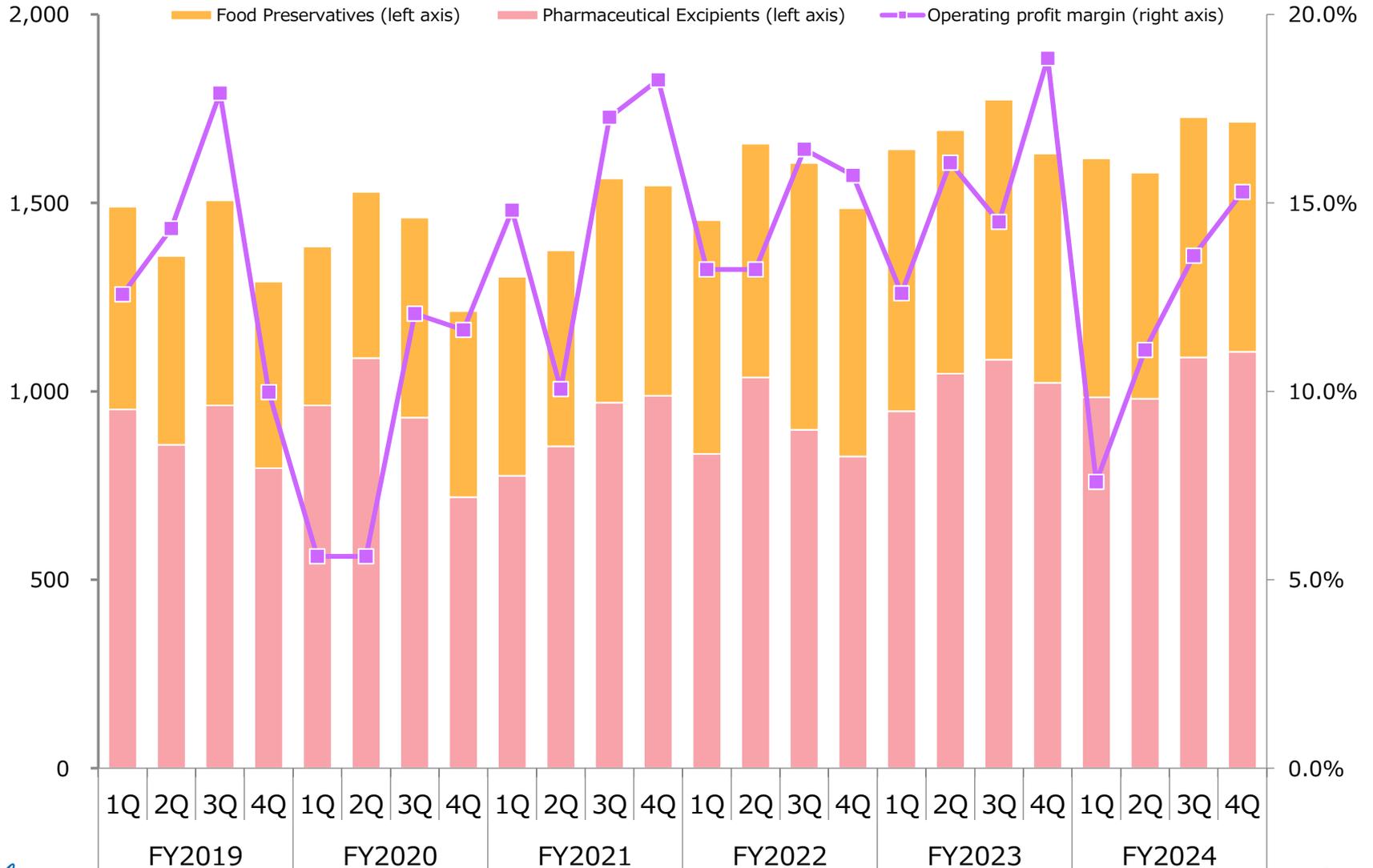
Down because of a lower percentage of pharmaceutical excipient sales from Freund products, lower sales of food preservatives and higher SG&A expenses partly caused by a one-time expense for the core IT system update.

(Millions of yen)	FY2023	FY2024	YoY change	
				%
Net sales	6,745	6,641	(104)	(1.5)%
Pharmaceutical excipients	4,105	4,159	54	1.3%
Food preservatives	2,640	2,481	(159)	(6.0)%
Operating profit	1,044	809	(235)	(22.4)%

# Chemicals Business: Quarterly Results (by Product Field)

Net sales  
(Millions of yen)

Operating  
profit margin



## Summary of Consolidated Balance Sheet

- Inventories (work in process) for shipment in FY2025 increased mainly in the U.S. subsidiaries, while trade receivables were successfully collected.
- Contract liabilities increased due to a high level of order backlog.

### Assets

(Millions of yen)	Feb. 29, 2024	Feb. 28, 2025	Change
Current assets	18,537	19,648	1,111
Cash and deposits	4,736	5,152	415
Trade receivables	7,058	6,226	(831)
Inventories	5,815	7,515	1,699
Other assets	926	754	(171)
Non-current assets	7,252	6,910	(341)
Total assets	25,789	26,559	769

### Liabilities and Shareholders' Equity

(Millions of yen)	Feb. 29, 2024	Feb. 28, 2025	Change
Current liabilities	9,920	10,411	491
Trade payables	3,881	3,104	(776)
Short-term borrowings	515	108	(406)
Contract liabilities	3,932	5,241	1,309
Other liabilities	1,592	1,956	364
Non-current liabilities	845	710	(134)
Total net assets	15,023	15,437	413
Total liabilities and net assets	25,789	26,559	769

# Summary of Consolidated Statement of Cash Flows

(Millions of yen)	FY2023	FY2024
<b>Cash flows from operating activities</b>	<b>2,368</b>	<b>1,750</b>
Profit before income taxes	1,101	1,114
Depreciation	539	662
Decrease (increase) in trade receivables	(1,380)	851
Decrease (increase) in inventories	95	(1,706)
Increase (decrease) in trade payables	1,085	(780)
Increase (decrease) in contract liabilities	887	1,327
Income taxes paid	(267)	(510)
<b>Cash flows from investing activities</b>	<b>(739)</b>	<b>(459)</b>
Purchase of property, plant and equipment	(348)	(254)
Purchase of intangible assets	(391)	(61)
<b>Cash flows from financing activities</b>	<b>(874)</b>	<b>(855)</b>
Short-term borrowings	(450)	(417)
Cash dividends paid	(333)	(336)
Net increase (decrease) in cash and cash equivalents	819	415
Cash and cash equivalents at end of period	4,736	5,152
<b>Free cash flow</b>	<b>1,628</b>	<b>1,290</b>

# Consolidated Earnings and Dividend Forecasts for FY2025



## Summary of Consolidated Forecasts

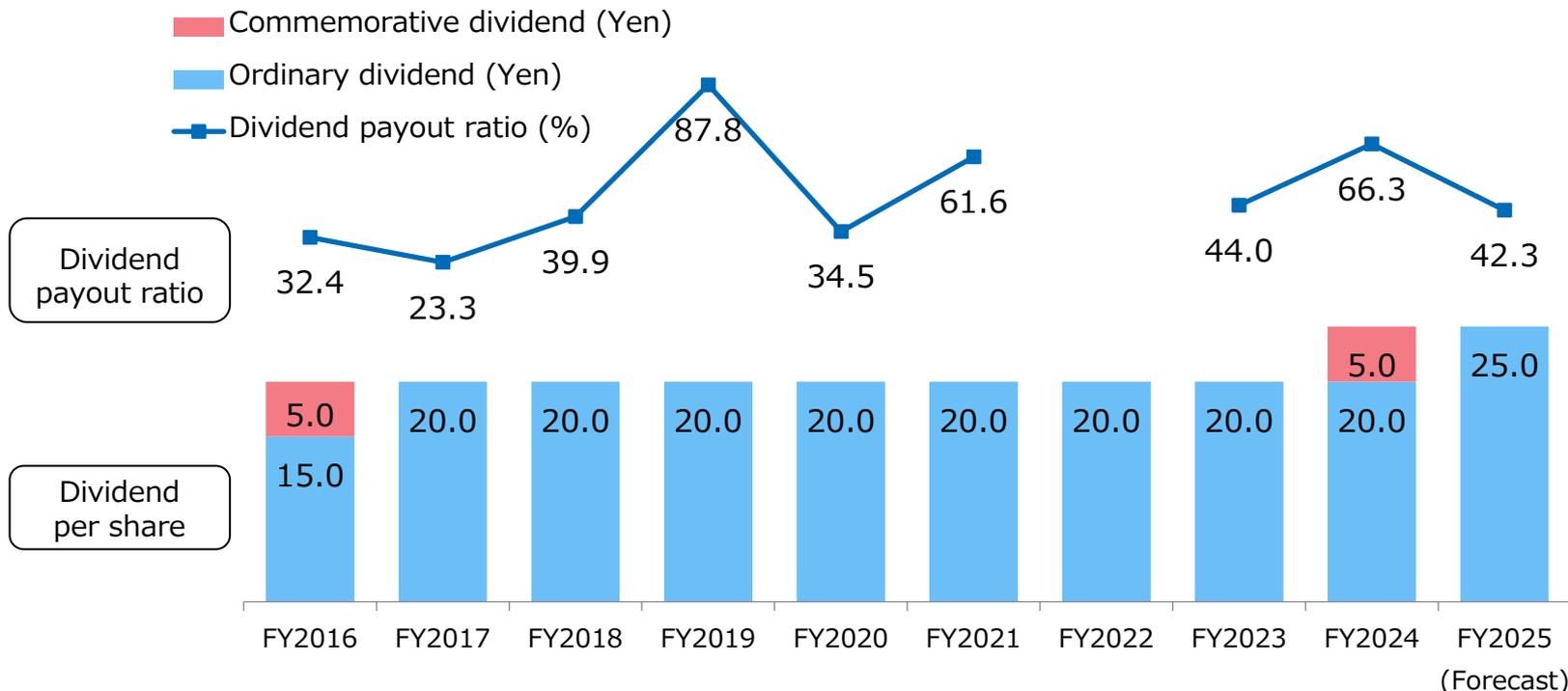
- Forecast sales growth backed by machinery sales in Japan and sales at FREUND Inc. Expect about the same 1H/2H sales following the large volume of 2H sales in FY2024.
- Forecast higher operating profit following the one-time expenses in FY2024 and due to the outlook for Freund S.r.l. to return to profitability.

(Millions of yen)	FY2024	FY2025	YoY change	
	Actual	Forecast		%
Net sales	23,397	<b>24,500</b>	1,102	4.7%
Operating profit	1,201	<b>1,500</b>	298	24.8%
Ordinary profit	1,219	<b>1,500</b>	280	23.0%
Profit attributable to owners of parent	637	<b>1,000</b>	362	56.8%
Earnings per share (yen)	37.71	<b>59.14</b>	21.43	56.8%
ROE	4.2%	<b>6.4%</b>	—	—
Yen/dollar rate	152.66	<b>145.00</b>	(7.66)	—

\*These forecasts may be revised if the current trade war becomes even more intense.

# Summary of Dividend Forecasts

- The FY2025 dividend will continue to be based on the policy of maintaining the long-term stability of dividend payments. As one step to return more earnings to shareholders, Freund plans to pay a commemorative dividend of 5 yen per share for the company's 60th anniversary in addition to the ordinary dividend of 20 yen.
- Freund has decided to postpone the announcement of actions regarding the implementation of management conscious of the cost of capital and stock price because the current business climate requires a thorough examination of potential measures. Freund apologizes to shareholders for this delay.



Note: Dividend payout ratio for FY2022 is not available due to loss attributable to owners of parent. Commemorative dividends were paid in FY2016 for the 20th anniversary of the exchange listing of Freund stock and in FY2024 for the 60th anniversary of Freund's establishment.

# Topics

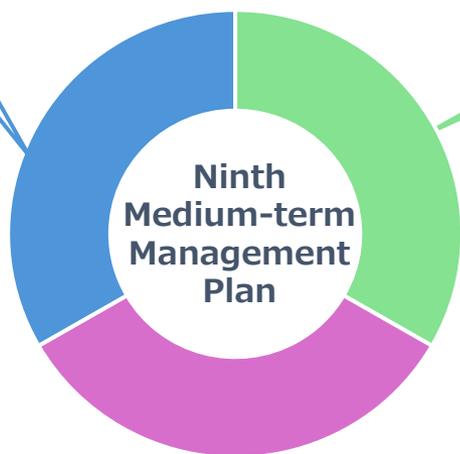
# Ninth Medium-term Management Plan/Key Strategies First Year Progress

## Strengthen and expand core businesses

- Increased orders at Freund S.r.l. for powder handling machinery and a faster pace of capturing group synergies by providing technologies to Freund S.r.l. and using other initiatives.
- Strong performance of after-sales services for machinery in Japan; actions are still needed to increase production capacity.
- Progress is continuing with measures to optimize the chemicals business supply chain.

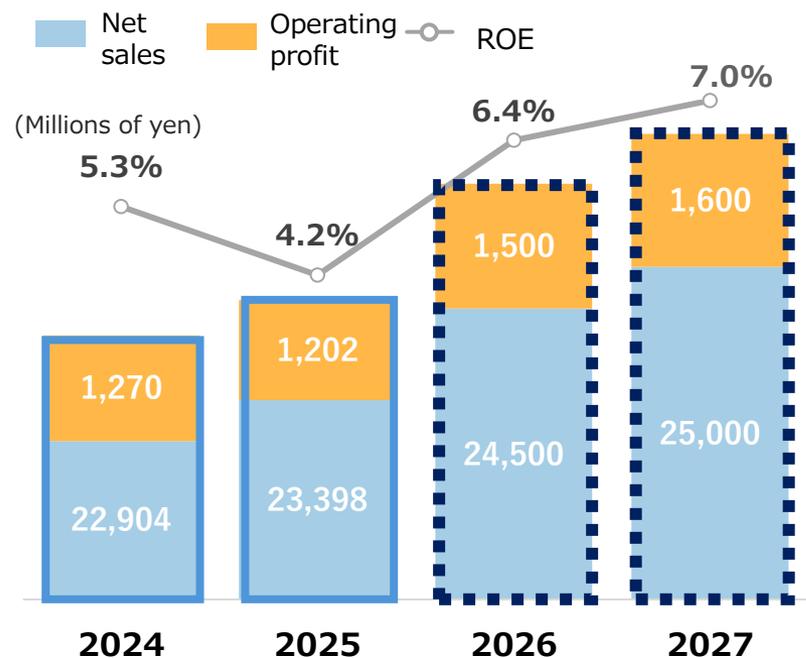
## Develop new products and businesses

- Growth in the battery sector and other new business domains
- In the machinery business in Japan, continuing to work on the use of new technologies and the start of a new continuous production system
- Moving quickly in the chemicals business to develop new excipients for direct compression tablet production



## Build a stronger base of operations

- Human resources management (use organizational changes as opportunities for promotions of talented younger employees)
- Consistent dividend payments (Ordinary dividend increased from 20 yen to 25 yen)



Final year goal of the  
Medium-term Management  
Plan 16

(Supplementary Materials)

# Company Overview



<b>Company name</b>	Freund Corporation
<b>Established</b>	April 1964
<b>Representative</b>	Iwao Fusejima, President & CEO
<b>Location</b>	FREUND Building, 6-25-13 Nishi-shinjuku, Shinjuku-ku, Tokyo, Japan
<b>Paid-in capital</b>	1,035,600,000 yen (As of February 28, 2025)
<b>Sales</b>	23,300 million yen (Fiscal year ended February 28, 2025, consolidated)
<b>Number of employees</b>	480 (As of February 28, 2025, consolidated)
<b>Business</b>	Machinery business- Manufacturing and sales of granulation and coating equipment and others Chemicals business- Manufacturing and sales of pharmaceutical excipients, food preservatives, and others

Corporate Philosophy

**Develop the Future through  
Creativity**

Management Vision

**Creating essential  
technologies for a brighter  
tomorrow**

# Business Overview



## MACHINERY MACHINERY

We specialize in the development of technologies for granulation, coating and various other types of machinery that are used by companies worldwide, mainly in the pharmaceutical industry.



## Pharmaceutical excipients EXICIPIENTS

We manufacture and sell excipients, which are the precisely formulated inactive additives for drugs that help ensure the active ingredients function effectively and properly.



## Food preservatives FOOD PRESERVATIVES

We manufacture and sell food preservatives, including substances for suppressing mold and other microbes in bakery products, that preserve the moist feel and extend the shelf life of food products.

# Business Overview

## Machinery

Manufacturing and sales of granulation and coating equipment for the pharmaceutical, food, and fine chemical industries. The largest supplier of granulation and coating machines in Japan and Freund is one of the largest suppliers worldwide.

Group companies in Japan, the U.S., Italy, India and China make it possible to meet the needs of customers in every region of the world while expanding globally even faster. Building a one-stop supply infrastructure capable of supplying machinery covering upstream to downstream drug making processes.

## Markets of the Machinery Business

- Suppress/mask bitterness of chemicals



**Pharmaceuticals**



**Dietary Supplement Products**

- Colors and glossy finishes for an attractive look



**Confectionery products**

- Powders that dissolve quickly in hot/cold water



**Food**

- Granulation of materials for easier handling, including recycling as a material used in batteries and plastic products and in other ways



**Chemicals**

## Pharmaceutical excipients

R&D, production and sale of additives used as a secondary ingredient in pharmaceutical and food industries. Support for the R&D and manufacturing operations of producers of drugs and dietary supplements.

Unlike the active ingredients of drugs, additives are made of harmless natural substances. Pills and tablets contain only a tiny volume of the active ingredient. Additives are needed to create a pill or other object of the necessary size, hide the bitter taste of the active ingredient and perform other functions. Furthermore, additives are required to ensure that the active ingredient remains effective for a certain length of time and that this ingredient is absorbed by the proper part of the body.

## Markets of the Pharmaceutical Excipient Business

- Allows drugs to be taken easily by using pills and other objects of the proper size
- Controls the time needed for the body to absorb a drug
- Creates pills and other forms of drugs that dissolve quickly in the mouth; little or no water is needed



**Pharmaceuticals**



**Dietary Supplement Products**

## Food preservatives

In 1978, Freund developed a substance that protects food from mold with the goal of helping reduce food loss and improve food logistics by maintaining the quality of food products. Freund now supplies food preservatives for different categories of food and preservation needs.

### Markets of the Food Preservatives Business

- Maintains the softness and moistness of food products while protecting the food against mold
- Absorbs oxygen inside food packaging to prevent the negative effects of oxidation



**Western  
confectionery**



**Japanese  
confectionery**



**Bread**



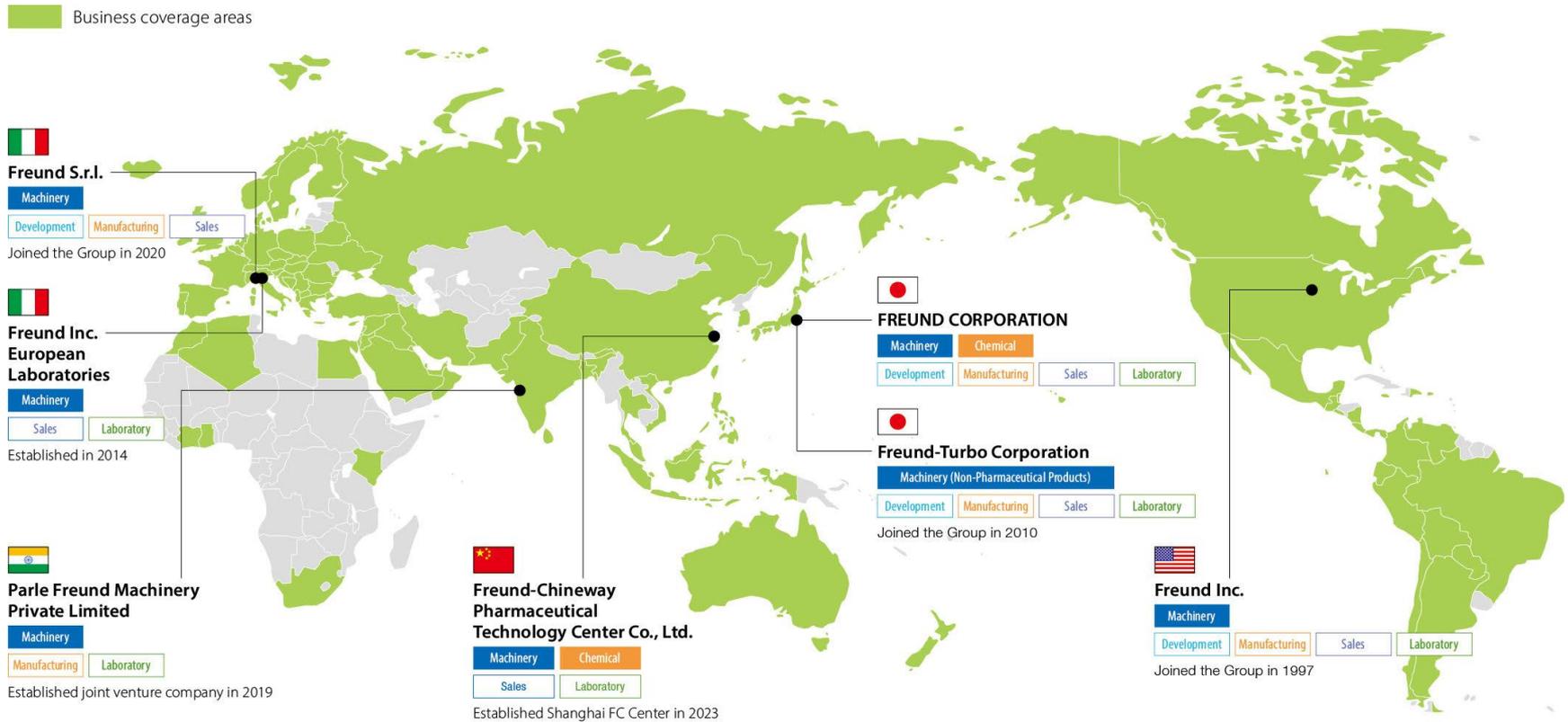
**Noodles**



**Dried fruits**

# The Freund Group and R&D Facilities

## Using innovative technologies for rapid growth outside Japan



# The Freund Group



## Freund-Turbo Corporation

Freund-Turbo, which developed the “Turbo Mill” as a pioneer of dry fine grinding mills, was established in 1967 and joined our Group in 2010. Since its founding, with a focus on R&D and product development in each process of powder manufacturing and processing, it provides high-spec products in the powder-manufacturing fields such as chemical and battery materials. It is also engaged in the contract processing business for synthetic resins using its own technologies.



## FREUND Inc.

FREUND (Iowa, USA) is a machinery and equipment manufacturer founded in 1972, and started manufacturing and sales of granulation & coating devices destined for North America and Latin America in 1979 as our licensee. They joined our Group in 1997, and today, not only is it our Group’s base in the Americas, but it also rolls out business for pharmaceutical, chemical, and food manufacturers in Latin America and Europe.

# The Freund Group



## FREUND S.r.l.

**FREUND S.r.l. (Milan, Italy) was established as an independent mid-sized formulation machinery manufacturer in 1991, and joined our Group in 2020. It mainly designs, manufactures, and sells products that do not overlap with other Group companies, such as raw material conveying & processing devices that are responsible for auxiliary processes in the core manufacturing process in the pharmaceutical, chemical, and food industries. It has expanded to countries outside Italy and in pharmerging countries outside the European region, enabling cross-selling in both products and regions, and creating new synergies.**

## Parle Freund Machinery Private Limited

**Parle Freund was established as a joint venture corporation in 2019 to manufacture and sell granulating equipment in India. The joint venture partner Parle Global Technologies Pvt Ltd, established in 1974, manufactures and sells pharmaceutical manufacturing machinery in India. In India, where many major generic drug manufacturers are located, Parle FREUND locally produces products that meet local needs.**

## Freund-Chineway Pharmaceutical Technology Center Co., Ltd.

**Freund-Chineway began operation in June 2023 as a Technology Development laboratory in Shanghai. The joint venture partner Shanghai Chineway Pharmaceutical Technology Co., Ltd. was established in 2003, and is engaged in business as our distributor of pharmaceutical excipients in China. As the FREUND Group's base in China, it will support product development of Chinese pharmaceutical companies.**

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# Freund Corporation

## Corporate Planning Division



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Consequently, forecasts and other forward-looking statements are not guarantees about future performance. Although Freund has checked this presentation carefully, there is still a possibility of errors in this information.