FREUND CORPORATION

STANDARD TOKYO

(Securities code: 6312)

# Results of Operations for the First Half of the Fiscal Year Ending February 28, 2026

October 10, 2025

FREUND

# Consolidated Financial Summary for the First Half of FY2025

# Consolidated Financial Summary

- Record high 2Q sales due to shipments as planned for machinery in Japan and at FREUND Inc. in the U.S.
- Record high 2Q operating profit due to strong sales.

＊ As planned, 2nd half earnings are expected to decline compared to 1st half, due to domestic machinery sales being 1st half heavy and low-margin overseas projects in 2nd half. While full-year results may exceed the forecasts, no significant profit increase is expected to warrant a revision.

| (Millions of yen) | FY2024 1H | FY2025 1H | YoY Change | | FY2025 Forecasts |
|---|---|---|---|---|---|
| | | | | % | |
| Net sales | 9,313 | 12,535 | 3,221 | 34.6% | 24,500 |
| Operating profit | (131) | 1,343 | 1,475 | – | 1,500 |
| Ordinary profit | (96) | 1,387 | 1,484 | – | 1,500 |
| Profit attributable to owners of parent | (118) | 896 | 1,014 | – | 1,000 |
| Earnings per share (yen) | (7.00) | 52.99 | 60.00 | – | 54.35 |

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

| | |
|---|---|
| **Freund Corporation** | Sales increased significantly as shipments and deliveries were completed as planned.<br>A big increase in earnings because of higher sales this year and one-time expenses one year earlier. |
| **Freund-Turbo** | Sales increased steadily.<br>Operating profit also increased significantly due to the larger share of sales from products made for by this company’s own sales. |
| **FREUND Inc.** | Sales increased steadily and significantly.<br>A big operating profit increase because of the large volume of highly profitable machinery deliveries in the 2Q. |
| **FREUND S.r.l.** | Sales were higher than the very low level of one year earlier but remain low.<br>The operating loss decreased. |

| (Millions of yen)<br>Before elimination for consolidation | FY2024<br>1H | FY2025<br>1H | YoY change | % |
|---|---|---|---|---|
| Net sales | 6,115 | 9,205 | 3,090 | 50.5% |
| Freund Corporation | 3,746 | 5,273 | 1,526 | 40.8% |
| Freund-Turbo | 790 | 912 | 122 | 15.5% |
| FREUND Inc. | 1,617 | 3,157 | 1,540 | 95.3% |
| FREUND S.r.l. | 200 | 417 | 216 | 107.8% |
| Operating profit | (75) | 1,098 | 1,174 | – |
| Freund Corporation | 390 | 791 | 400 | 102.7% |
| Freund-Turbo | 47 | 153 | 106 | 224.8% |
| FREUND Inc. | (248) | 264 | 513 | – |
| FREUND S.r.l. | (287) | (121) | 166 | – |

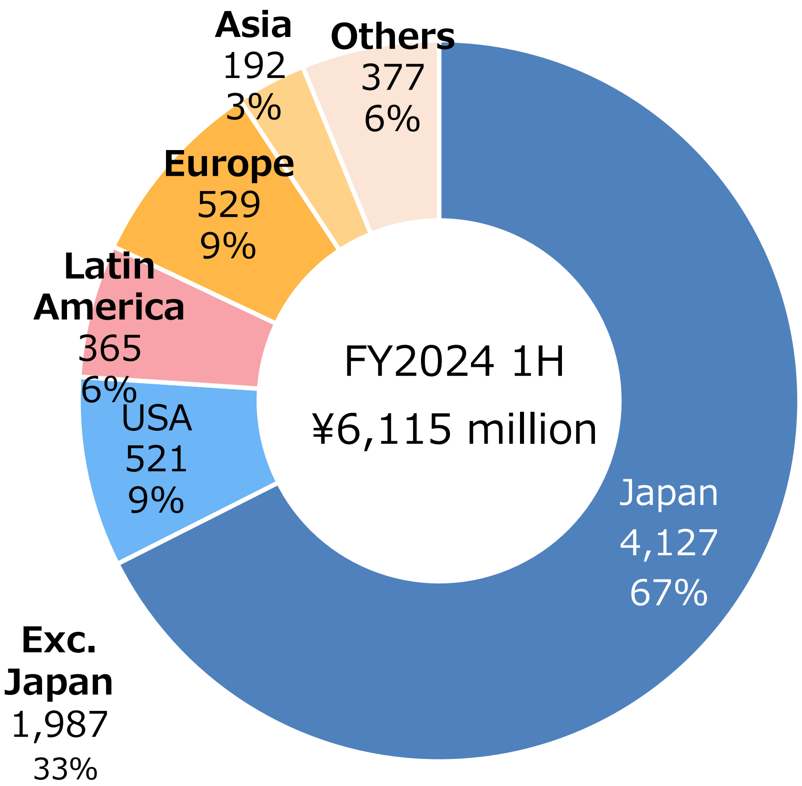
# Machinery Business: Group Company Performance (Orders Received/Order Backlog)

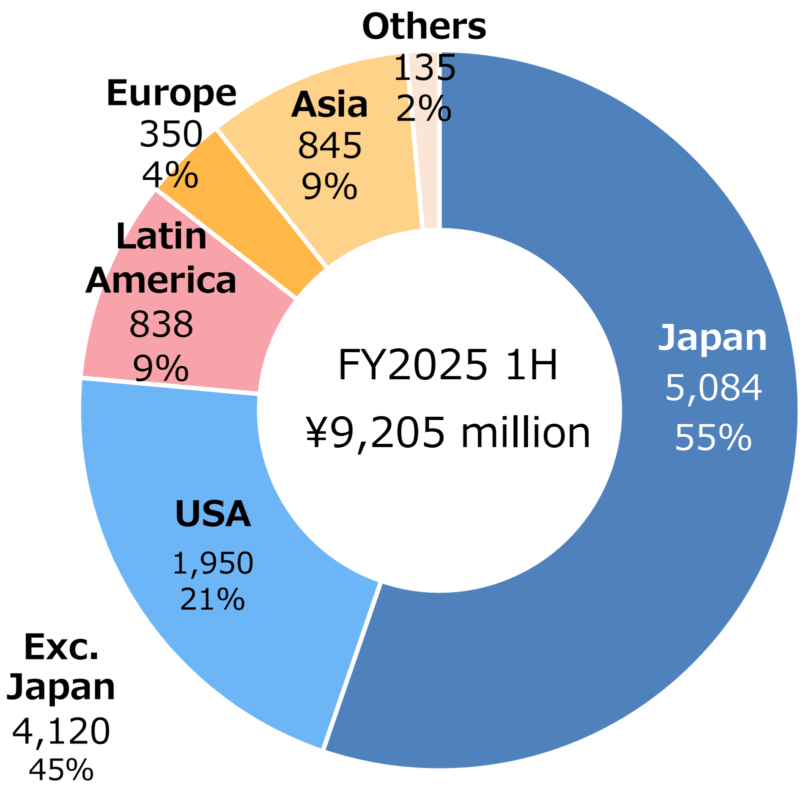
| | |
|---|---|
| **Freund Corporation** | Orders received were firm as there was a strong demand to resolve the shortage of pharmaceuticals.<br>Order backlog decreased YoY due to strong sales. |
| **Freund-Turbo** | Orders received were down from one year earlier mainly due to delays by customers.<br>Order backlog decreased YoY. |
| **FREUND Inc.** | Orders received were down from one year earlier when there was a large volume of new orders.<br>Order backlog is high, and production is underway for deliveries during the second half of this fiscal year and the next fiscal year. |
| **FREUND S.r.l.** | Orders received increased YoY but further actions are needed.<br>Order backlog remained unchanged. Production is progressing for deliveries that will contribute to the second half sales. |

| (Millions of yen)<br>Before elimination for consolidation | FY2024<br>1H | FY2025<br>1H | YoY change | |
|---|---|---|---|---|
| | | | | % |
| Orders received | 7,704 | 7,534 | (169) | (2.2)% |
| Freund Corporation | 3,585 | 4,130 | 545 | 15.2% |
| Freund-Turbo | 819 | 681 | (138) | (16.9)% |
| FREUND Inc. | 2,760 | 2,160 | (600) | (21.7)% |
| FREUND S.r.l. | 693 | 942 | 248 | 35.9% |
| Order backlog | 17,430 | 15,398 | (2,032) | (11.7)% |
| Freund Corporation | 10,905 | 8,260 | (2,645) | (24.3)% |
| Freund-Turbo | 896 | 728 | (168) | (18.8)% |
| FREUND Inc. | 4,721 | 5,312 | 590 | 12.5% |
| FREUND S.r.l. | 1,386 | 1,360 | (25) | (1.9)% |

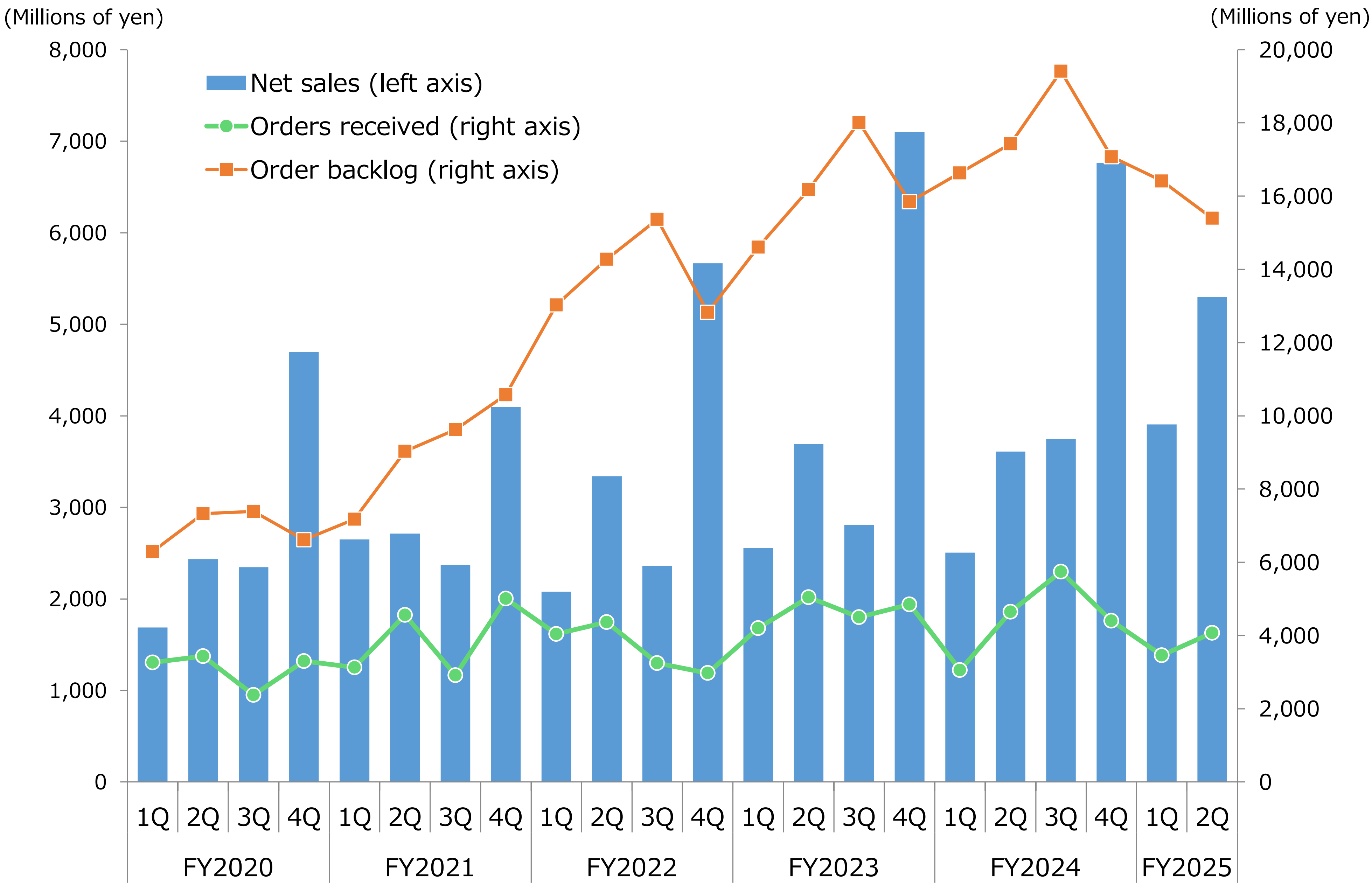
# Machinery Business: Sales by Region

| | |
|---|---|
| **Japan** | A big increase in sales due to consistent shipments for the orders received.<br>A decrease in sales is expected in the second half. |
| **Overseas** | Strong sales in the U.S., Latin America and Asia.<br>Sales doubled YoY. |



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



# Chemicals Business: Overview

## Net sales

Pharmaceutical excipients:

Sales increased as high-volume customers stopped holding down shipments of some products.

Food preservatives:

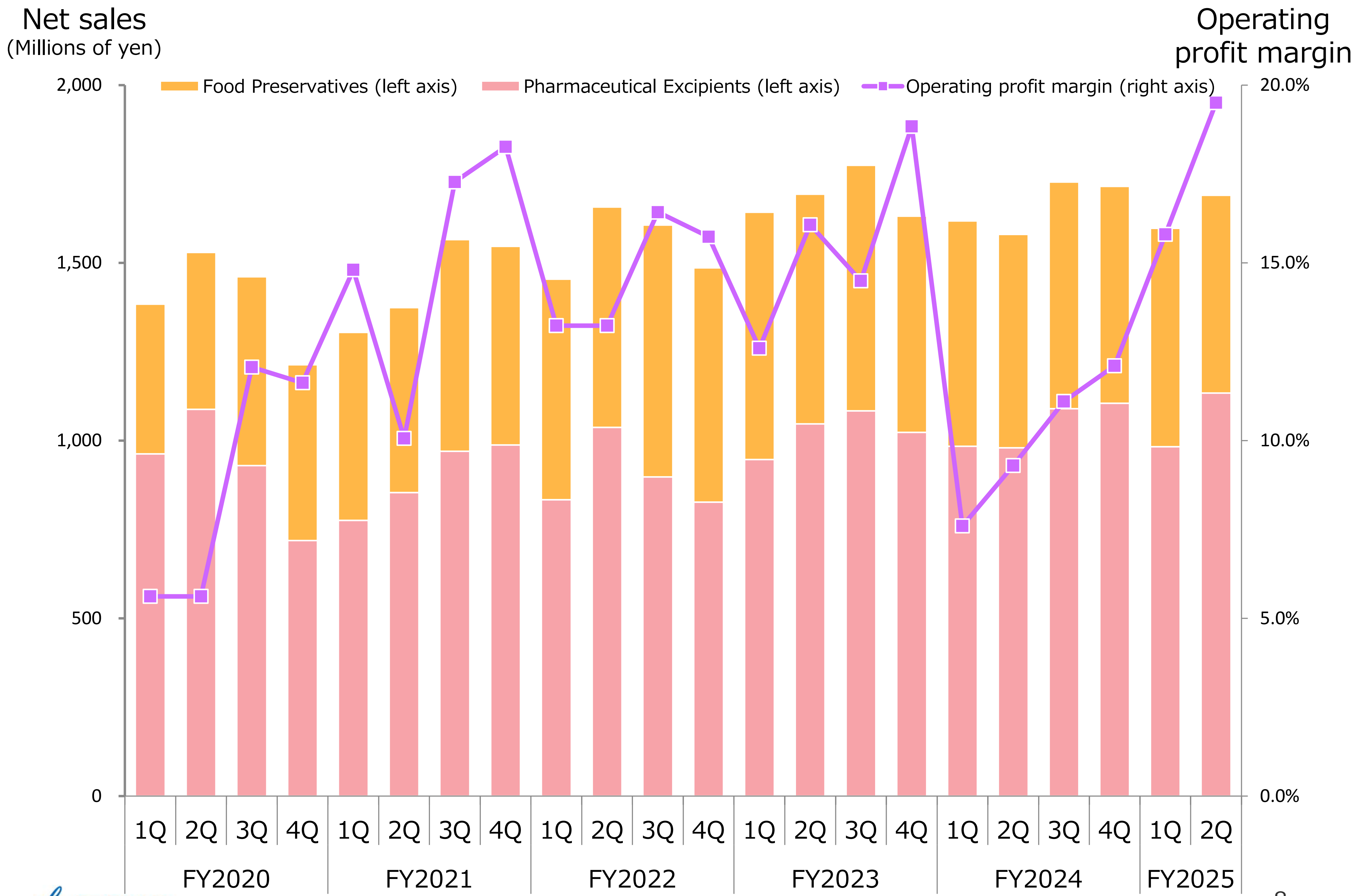
Sales were as planned although sales decreased from one year earlier.

## Operating profit

An increase because a one-time expense for a core IT system update held down earnings one year earlier and sales increased.

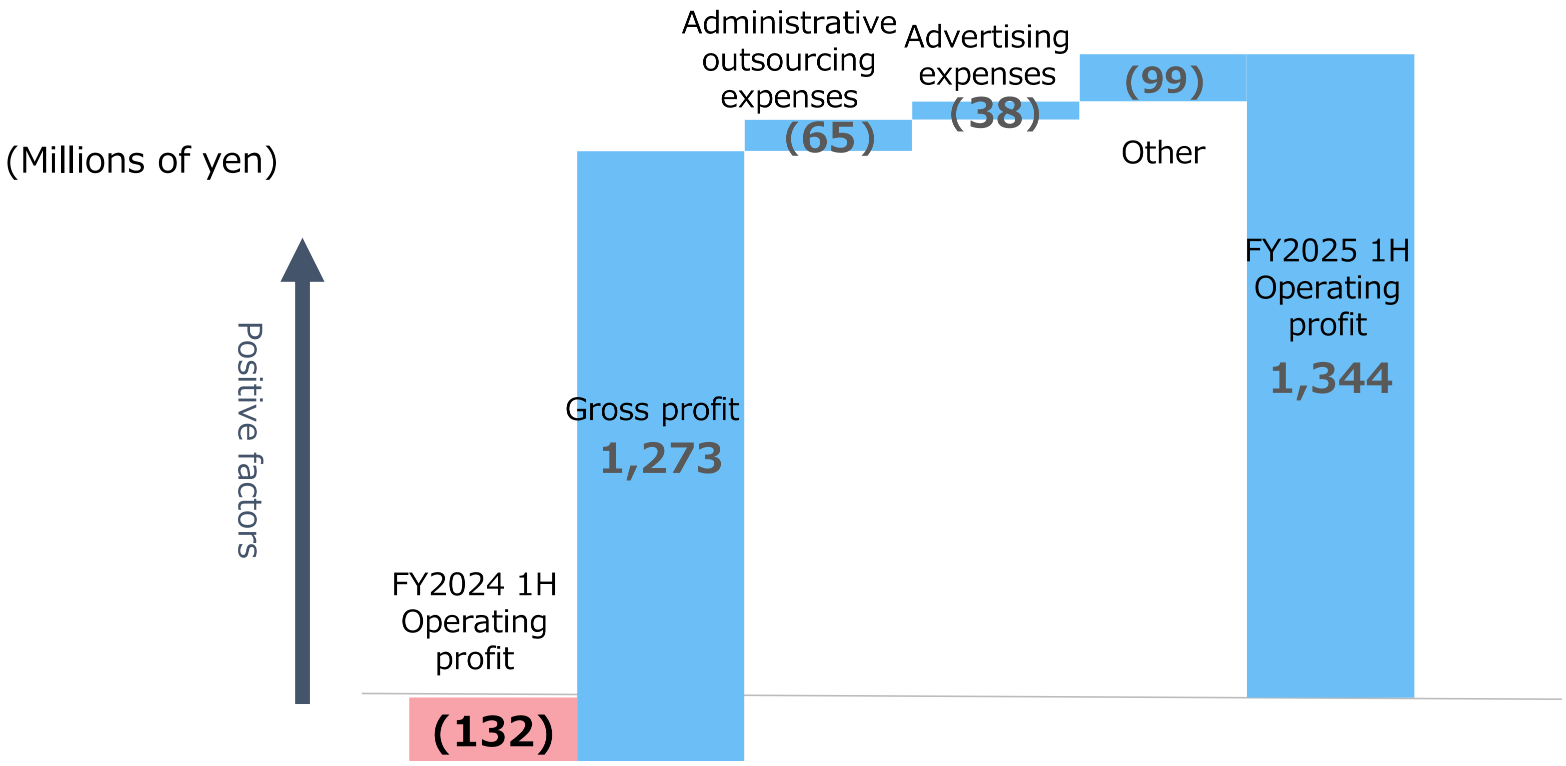
| (Millions of yen) | FY2024 1H | FY2025 1H | YoY change | % |
|---|---|---|---|---|
| Net sales | 3,198 | 3,330 | 132 | 4.1% |
| Pharmaceutical excipients | 1,964 | 2,159 | 195 | 9.9% |
| Food preservatives | 1,234 | 1,170 | (64) | (5.2)% |
| Operating profit | 299 | 589 | 290 | 97.2% |

# Chemicals Business: Quarterly Results (by Product Field)



# Analysis of Change in Consolidated Operating Profit

- Gross profit increased significantly, mainly because of higher machinery sales in Japan and the U,S.
- SG&A expenses were down about 200 million yen from one year earlier. Administrative outsourcing and advertising expenses decreased because SG&A expenses in FY2024 included the core IT system update and overseas trade show expenses.



# Summary of Consolidated Balance Sheet

- Inventories (work in process) increased mainly in the U.S. subsidiaries, while trade receivables were successfully collected.
- The equity ratio remains high at 57.9%.

## Assets

| (Millions of yen) | Feb. 28, 2025 | Aug. 31, 2025 | Change |
|---|---|---|---|
| Current assets | 19,648 | 20,659 | 1,010 |
| Cash and deposits | 5,152 | 5,687 | 534 |
| Trade receivables | 6,226 | 5,758 | (467) |
| Inventories | 7,515 | 8,402 | 887 |
| Other assets | 754 | 809 | 55 |
| Non-current assets | 6,910 | 6,690 | (220) |
| Total assets | 26,559 | 27,349 | 790 |

## Liabilities and Shareholders' Equity

| (Millions of yen) | Feb. 28, 2025 | Aug. 31, 2025 | Change |
|---|---|---|---|
| Current liabilities | 10,411 | 10,814 | 402 |
| Trade payables | 3,104 | 3,074 | (30) |
| Short-term borrowings | 108 | 101 | (7) |
| Contract liabilities | 5,241 | 5,656 | 415 |
| Other liabilities | 1,956 | 1,982 | 25 |
| Non-current liabilities | 710 | 695 | (14) |
| Total net assets | 15,437 | 15,839 | 402 |
| Total liabilities and net assets | 26,559 | 27,349 | 790 |

# Summary of Consolidated Statement of Cash Flows

| (Millions of yen) | FY2024 1H | FY2025 1H |
|---|---|---|
| **Cash flows from operating activities** | **875** | **1,260** |
| Profit before income taxes | (100) | 1,378 |
| Depreciation | 318 | 323 |
| Decrease (increase) in trade receivables | 1,672 | 451 |
| Decrease (increase) in inventories | (1,702) | (918) |
| Increase (decrease) in trade payables | (405) | (13) |
| Increase (decrease) in contract liabilities | 1,149 | 440 |
| Income taxes paid | (292) | (329) |
| **Cash flows from investing activities** | **(170)** | **(239)** |
| Purchase of property, plant and equipment | (144) | (225) |
| Purchase of intangible assets | (17) | (11) |
| **Cash flows from financing activities** | **(389)** | **(481)** |
| Short-term borrowings | (3) | (10) |
| Cash dividends paid | (335) | (421) |
| Net increase (decrease) in cash and cash equivalents | 283 | 534 |
| Cash and cash equivalents at end of period | 5,020 | 5,687 |
| **Free cash flow** | **705** | **1,021** |

# Topics

# MBO and Recommendation to Sell Shares by Using the Tender Offer

- Yuu Corporation, a company where Freund President & CEO Iwao Fusejima is the representative director, has announced a tender offer for Freund stock as part of measures to complete a management buyout (MBO).
- The Freund Board of Directors approved a resolution supporting this tender offer and recommending that shareholders tender their stock in this offer.

* Please refer to the press release titled “Notice Regarding the Implementation of Management Buyout (MBO) and Recommendation to Tender Shares” dated on July 14, 2025 and “Notice Regarding Partial Amendments to Notice Regarding the Implementation of Management Buyout (MBO) and Recommendation to Tender Shares” dated on August 27 and September 29, 2025.

## Resolution approved by the Board of Directors on July 14, 2025

The tender offer
- The Board of Directors stated their agreement with the tender offer
- The Board of Directors recommended that Freund shareholders sell their stock under the terms of this offer.

Actions if the tender offer is completed
- The dividend forecast for FY2025 will be revised due to the plan to pay no year-end dividend.
- The shareholder benefit program for FY2025 will be terminated.

## Timetable (Tentative)

Tender offer purchases
- From July 15 to October 14, 2025 (61 business days)

Extraordinary shareholders meeting following the tender offer and other actions
- December 2025 (tentative)

# New Product: SONIFLO Uses AI to Limit Adhesion and Increase Material Flow

In July 2025, using collaboration with Ishida Tec Co., Ltd. (Head office: Yaizu City, Shizuoka Prefecture; President: Hisashi Ishida), Freund started selling SONIFLO, a device that limits powder adhesion and increases the flow of materials.

SONIFLO is an attachment for existing machinery that applies ultrasonic vibrations with AI-based feedback control. Vibrations prevent powder and other materials from adhering to the equipment, which greatly improves the flow of materials.


Image of SONIFLO, a solution using ultrasonic vibrations to limit adhesion and improve material flow

Using SONIFLO raises the yield of production processes, increases automation, and makes the quality of products even higher and more stable. Greater safety for production workers is another benefit. Previously, workers had to hammer equipment from the outside to manually remove materials that were adhering to interior surfaces. SONIFLO also significantly reduces the need to remove powder before cleaning production equipment for reuse. Overall, this device solves many problems involving production processes using powder for pharmaceuticals, food and other products.

For more information in Japanese about SONIFLO:
[https://www.freund.co.jp/product/soniflo/](https://www.freund.co.jp/product/soniflo/)

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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.