

September 25, 2017

Company name: Freund Corporation
Representative: Iwao Fusejima, President & CEO
Listing: Tokyo Stock Exchange (JASDAQ)
Stock code: 6312
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Freund-Turbo to Absorb AKIRAKIKO

Freund-Turbo Corporation, a consolidated subsidiary of Freund Corporation, has reached a final merger agreement today with AKIRAKIKO co., ltd. The two companies have signed a merger contract under which Freund-Turbo will absorb AKIRAKIKO.

1. Reason for the merger

AKIRAKIKO designs, manufactures and sells catalytic ceramics and fine granulation machines used to produce ingredients for the production of cosmetics and drugs. In recent years, BALANCE GRAN, a patented high-speed agitation granulation device developed by AKIRAKIKO, has become the primary device for the fast production of materials used to make battery electrodes. In addition, the company manufactures and sells cylindrical granulation machines and vibrating fluid bed dryers.

Freund plans to use this merger to combine the resources of the two companies with the aim of improving efficiency and raising the value of the associated businesses. Freund's goal is to use these measures to contribute to the strength and growth of the entire Freund Group.

2. Summary of the merger

(1) Schedule

1) Board of Directors' resolution	September 25, 2017 (Freund Corporation)
2) Contract signing	September 25, 2017
3) Planned date of merger (effective date)	January 1, 2018

(2) Method of merger

AKIRAKIKO will be absorbed by Freund-Turbo, which will be the surviving company, after which AKIRAKIKO will be dissolved.

(3) Compensation associated with the merger

No stock will be issued and no payment will be made because this is a merger with no compensation.

(4) Treatment of subscription rights to shares and bonds with subscription rights to shares in association with merger

Not applicable.

(5) Profiles of the merging companies

	Surviving company (As of February 28, 2017)	Dissolving company (As of March 31, 2017)
1) Name	Freund-Turbo Corporation	AKIRAKIKO co., ltd.
2) Location	1-2-10, Uchikawa, Yokosuka-city, Kanagawa	1-19-23, Higashioike, Kita-ku, Kobe-city, Hyogo
3) Representative	Soichi Watanabe, Representative Director and President	Akira Iwata, Representative Director and President
4) Business	Research and development, design, manufacture and sale of powder granulating equipment	Manufacture and sale of chemical machinery and devices, food processing machinery, pharmaceutical production machinery Engineering for the development of pharmaceuticals, food, chemical fertilizers and other powder grinding equipment
5) Capital stock	42 million yen	10 million yen
6) Established	May 1967	August 2005
7) Number of outstanding shares	78,700 shares	200 shares
8) Fiscal year-end	February	March
9) Major Shareholder	Freund Corporation (100%)	Akira Iwata

(6) Assets and sales of AKIRAKIKO for the most recent fiscal year

	AKIRAKIKO co., ltd.
Fiscal year-end	March 2017
Net assets	9 million yen
Total assets	111 million yen
Net sales	78 million yen

(7) Operations after the merger

In association with this merger, there is no change to the company name, location, representative, business, capital stock and fiscal year-end of Freund-Turbo.

(8) Effect on results of operations

Freund believes this merger will have only a negligible effect on consolidated results of operations in the fiscal year ending in February 2018. AKIRAKIKO has distinctive technologies that are in needed for many applications and has already used these technologies to create products that have been generating sales. As a result, Freund expects the operations of AKIRAKIKO to begin contributing to the growth of the Freund Group's sales in the fiscal year ending in February 2019. An announcement will be made promptly if there is a change in the outlook for this contribution to consolidated results of operations that warrants disclosure.

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