



April 27, 2017

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

Announcement of Strengthened Partnership on
Pharmaceutical Excipients with DFE Pharma, Germany

FREUND CORPORATION (Headquarters : Shinjuku-ku, Tokyo, President and CEO : Iwao Fusejima) has reached to a manufacturing agreement of production enhancement for pharmaceutical excipients and contract manufacturing for another 10 years between DFE Pharma, "DFE" (Headquarters : Goch, Germany, CEO : Bas van Driel) in Germany, who manufactures and sells pharmaceutical excipients such as lactose products.

This agreement is to extend and further strengthen the existing partnership that between two companies and this new agreement will serve to assure long-term stable products supply.

1. Background

Our Chemicals Division manufactures and sells granulated lactose "DILACTOSE" as direct compressible excipient. "DILACTOSE" is produced by our fluid bed granulator with DFE's and our unique manufacturing method.

Under the existing manufacturing agreement, the fluid bed granulator made by our wholly owned subsidiary, Freund-Vector Corp.(FV) is currently used for manufacturing "DILACTOSE" in DFE, Germany.

However, in view of underlying market demand, it is foreseen that the current production capacity will not be sufficient and needs to be increased.

2. New Arrangement

We have come up with a plan to install additional fluid bed granulator made by FV in DFE factory (scheduled for completion in December 2018).

Taking this occasion, we terminated the existing manufacturing agreement and entered into a new manufacturing agreement for 10 years with DFE.

Based on this long-term partnership of manufacturing with DFE, we strengthen our sales of “DILACTOSE” in Japan and overseas.

3. Future prospects

Freund, the only manufacturer for both pharmaceutical excipients and equipment in Japan and DFE, a world's leading Pharmaceutical excipient manufacturer would like to complement sales network and strategic initiatives on market development together in the future.

4. Company overview of DFE

- (1) Company name : DFE Pharma
- (2) Headquarters : Goch, Germany
- (3) Representative : Bas van Driel, CEO
- (4) Business description : Manufacturing and sales of Excipient products for pharmaceutical
- (5) Co-funding : by Royal FrieslandCampina and Fonterra
- (6) Production locations : the Netherlands, Germany, New Zealand, India

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