



September 26, 2017

Company name: Freund Corporation  
Representative: Iwao Fusejima, President & CEO  
Listing: Tokyo Stock Exchange (JASDAQ)  
Stock code: 6312  
Contact: Yuji Takanami, General Manager,  
Corporate Administration Division  
Tel: +81-3-6890-0750

### **Additional Information about Merger of Freund-Turbo and AKIRAKIKO**

Freund-Turbo Corporation, a consolidated subsidiary of Freund Corporation, reached a final agreement on September 25, 2017 with AKIRAKIKO co., ltd. to combine the two companies and a merger contract has been signed. Freund is now announcing the following additional information about this merger.

#### **1. Reason for absence of compensation**

The financial condition of AKIRAKIKO in its most recent fiscal year was reevaluated in association with the merger and absorption of this company. This reevaluation resulted in additional valuation losses and other items. As a result, AKIRAKIKO is expected to have negative net assets of about 69 million yen. Consequently, no stock will be issued and no payments will be made for this merger.

When AKIRAKIKO is absorbed, Freund will post goodwill on its balance sheet that is equivalent to the negative net assets at that time. Freund expects to amortize this goodwill within the next several years due to the contribution to consolidated results of operations of the major products of AKIRAKIKO. Most significantly, this company manufactures and sells BALANCE GRAN, a patented high-speed agitation granulation device.

End