

November 5, 2020

Company name: Freund Corporation
Representative: Iwao Fusejima, President & CEO
Listing: Tokyo Stock Exchange (JASDAQ)
Stock code: 6312
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Notice of Acquisition of Cos.Mec of Italy

Freund Corporation has decided to acquire all of the stock of Cos.Mec S.r.l., a privately owned company in Italy that manufactures machinery for pharmaceutical companies. A contract to purchase this stock has been signed with the owner of Cos.Mec.

1. Reason for the acquisition

Freund is guided by the management vision of contributing to better medical care and health for people worldwide and creating and utilizing technologies for fulfilling lives and food safety.

In March 2020, Freund started its Eighth Medium-term Management Plan, which includes the goals of managing operations on a global scale and taking strategic actions for growth.

Japan's pharmaceutical market is expected to continue growing steadily as the population ages. However, pharmaceutical sales in emerging countries are projected to increase faster than in countries with advanced economies because of rising populations and the growing demand for pharmaceuticals.

Freund received an offer from Angelo Lamanna, the owner of the Italian pharmaceutical manufacturing machinery company Cos.Mec., concerning the sale of all of the stock of Cos.Mec. After examining the benefits of acquiring this company, Freund reached the decision to sign a contract for the purchase of this stock to make Cos.Mec a wholly owned subsidiary.

1) Purposes of acquiring Cos.Mec

- a. There is very little duplication between the products of the Freund Group and those of Cos.Mec. In addition, use of the Freund Group's sales network is expected to increase sales of Cos.Mec pharmaceutical intermediate handling and processing machinery, which are widely used in the pharmaceutical industry. Freund also believes that the Cos.Mec sales network can increase sales of the Freund Group's granulation and coating machinery, which are two of the group's core products.
- b. Most of the customers of Cos.Mec and the Freund Group are located in different countries and regions. This will make it possible to cross-sell the products of the two companies.
- c. Backed by 30 years of experience, Cos.Mec is highly cost competitive and manufactures its machinery internally, resulting in consistently strong sales and earnings.
- d. Acquiring Cos.Mec gives the Freund Group sound positions in Japan (Freund Corporation), the United States (Freund-Vector Corporation) and Europe (Cos.Mec). With these three bases, the Freund Group is even better positioned to sell products worldwide, including emerging countries.

2) Cos.Mec's main pharmaceutical manufacturing machinery and equipment

Conveyance and processing equipment	Material Handling System Bin, Vibrating siever, Pneumatic conveyor, Cone mill, Bin&Drum mixer, Column lifters, Washing station
Cranulation	Granulation System Fluid bed dryer, High shear mixer

3) Cos.Mec's Key Pharmaceutical Markets

Italy, Spain, Russia, Mexico, Colombia, Bangladesh, Saudi Arabia, UAE, Egypt, etc.

2. Overview of Cos.Mec S.r.l.

(1) Name	Cos.Mec S.r.l.		
(2) Location	Via Aldo Moro, 17/19, 20037, Paderno Dugnano, Milan, Italy		
(3) Name and title of representative	Angelo Lamanna		
(4) Business	Producing and selling pharmaceutical manufacturing devices		
(5) Capital	80,000EUR (9.7 million Yen)		
(6) Year of establishment	1991		
(7) Major Shareholders and Their Shareholding Ratio	Angelo Lamanna (seller) 100%		
(8) Status of Subsidiaries	Number of subsidiaries	1 company	
	Name of subsidiary	Nuova Modulam S.r.l.	
(9) Relationship with listed company	Capital relationship	None	
	Human relationships	None	
	Business relationship	None	
(10) The company's operating results and financial position for most recent three years			
Unit : Thousands of Euro (million of yen)			
Fiscal year	FY12/17	FY12/18	FY12/19
Net assets	1,128 (138)	1,664 (203)	1,927 (236)
Total assets	7,894 (966)	9,499 (1,163)	11,031 (1,350)
Net sales	10,080 (1,234)	9,130 (1,118)	10,016 (1,226)
Operating profit	541 (66)	641 (78)	634 (77)
Ordinary profit	526 (64)	933 (114)	689 (84)
Current net income	349 (42)	736 (90)	492 (60)

(注) 1 €= 122.45Yen

3. Description of counterparty of share acquisition

(1) Name	Angelo Lamanna
(2) Address (e.g. of a residence)	The information is omitted for individuals.
(3) Relationship with listed company	None

4. Percentage of ownership interest in the acquisition, the acquisition price, and the percentage of ownership before and after the acquisition

(1) Percentage of ownership before the transfer	0%
(2) Acquisition of a holding contract	100%
(3) Acquisition price	Approximately 1.2 billion yen
(4) Basis for the calculation of the acquisition price	The acquisition price is calculated based on the stock price calculation results based on the evaluation calculated by the Company and third-parties including certified public accountant who have no interest in the shareholders of the target company.
(5) Percentage of ownership after the change	100%

5. Schedule

(1) Contract execution	November 5, 2020.
(2) Date of Share Transfer	November 5, 2020.

6. Future Outlook

We recognize that the impact caused by the acquisition on our consolidated financial results for the fiscal year ending February 2021 will be minor. We will announce it in a timely manner if it is expected to have an impact on business results.

[Reference] Overview of other subsidiaries

(1) Name	Nuova Modulam S.r.l.
(2) Location	Via Guido Rossa, 10/12, 20037, Paderno Dugnano, Milan, Italy
(3) Name of representative	Angelo Lamanna
(4) Business Description	Producing and selling pharmaceutical manufacturing devices
(5) Capital stock	13,200 EUR (1.6 million Yen)
(6) Year of establishment	1984
(7) Major Shareholders and Shareholding Ratio	Cos.Mec S.r.l. 100%
(8) Business results and financial condition of the company	
Unit : Thousands of Euro (million of yen)	
Fiscal year	FY12/19
Net assets	242 (29)
Total assets	1,240 (151)
Net sales	1,527 (187)
Operating profit	48 (5)
Ordinary profit	51 (6)
Current net income	37 (4)

(注) 1 €= 122.45Yen