

**FRIULCHEM GROWS IN THE USA
AND CONTINUES ITS INTERNATIONALISATION PROCESS
WITH THE ACQUISITION OF 13% OF PHARMABBIE INC,
AMERICAN COMPANY SPECIALISED IN THE DEVELOPMENT OF VETERINARY DRUGS TO
BE ADMINISTERED WITH FRIULCHEM'S FC-CUBE® TECHNOLOGY,
THROUGH THE RESERVED SHARE CAPITAL WHICH TOOK PLACE AT \$1.92 PER SHARE IN
RELATION TO THE SUBSCRIPTION OF 781,250 SHARES FOR A TOTAL TRANSACTION
VALUE OF \$1.5 MILLION
THE TRANSACTION INVOLVED THE USE OF PART OF THE PROCEEDS FROM THE IPO**

Milan, 11 March 2020 - Friulchem S.p.A. (AIM: FCM) (the “**Company**” or the “**Issuer**”), innovative SME and one of the main Italian operators at international level in R&D and in the production on behalf of third parties (CDMO) of semi-finished and finished products containing pharmaceutical active ingredients, dietary supplements, specialising in particular in drug delivery for the veterinary sector, acquired, on today's date, 13% of the share capital of Pharmabbie Inc, an American company specialised in the development of veterinary drugs to be distributed in the US market through Friulchem's proprietary FC-CUBE® technology, by subscribing the reserved share capital increase issued by said US company.

Disma Giovanni Mazzola CEO of Friulchem S.p.A. commented: “*The entry into the capital of Pharmabbie Inc USA is a crucial step, following listing, in reaching our objective: growing in the veterinary sector at international level. The American choice, already conveyed through the incorporation of Friulchem USA, allows us to enter the largest veterinary market in the world with a company with a recognised presence on the market with well-established processes and expertise. Furthermore, use of the Italian FC-CUBE® technology patented by Friulchem represents significant recognition for the investments in financial terms and for the efforts made by the company in developing new solutions in line with the market demand for increasingly more innovative technologies*”.

TRANSACTION

Friulchem, consistently with the announcement at the time of the listing, subscribed 781,250 shares, equal to 13% of the share capital of Pharmabbie Inc, with a payment of \$1.5 million thanks to use of part of the proceeds of the IPO, carried out on 25 July 2019.

As a result of the share capital increase, the Pharmabbie Inc. shareholding structure includes the following major shareholders: George Murphy and Serge Martinod both holding 13.5%, Friulchem with 13% as well as

Elanco US Inc with 3.8%, a multinational pharmaceutical company specialised in the veterinary market, plus other important US industrial and financial investors.

Pharmabbie's governance structure incorporates a Board of Directors composed of 4 members, one of whom is represented by Disma Giovanni Mazzola (CEO of Friulchem).

RATIONALE BEHIND THE TRANSACTION

Through this transaction Friulchem **i)** will obtain financial benefits connected directly with the portion of shares it holds as a shareholder of Pharmabbie Inc; **ii)** will obtain revenues linked directly to future sales of products given that Friulchem will be indicated in the Dossiers - to be filed at the FDA - as exclusive supplier of the same; **iii)** will directly collect from Pharmabbie Inc. the milestones related to the development of products as set forth in the licence agreement currently in place and for a term of 10 years from the marketing date; **v)** will have access to all the documents produced during the product registration process which will facilitate any other product registrations in areas other than those licensed to Pharmabbie Inc.. Lastly, the approval of the products listed above will validate the FC-CUBE® technology owned by Friulchem.

PHARMABBIE INC USA

Pharmabbie Inc. USA was established in November 2019 from a spin-off of Skyline Vet Pharma Inc, a company recognised on the US pharmaceutical market and specialised in developing veterinary drugs. As at 31 December 2019, Pharmabbie Inc. recorded total assets of approximately \$ 4.0 million. Pharmabbie Inc.'s shareholding structure - prior to the share capital increase reserved to Friulchem - is represented by the shareholders of Skyline Vet Pharma Inc, which primarily include George Murphy and Serge Martinod, founding partners with stakes of 15.51% and Elanco Inc, a multinational in the sector, with a stake of 4.48%.

It should be noted that Serge Martinod - an important and recognised personality in the US veterinary world - has a 33% shareholding in Friulchem USA Inc (with the remaining 67% held directly by Friulchem S.p.A.) and holds the position of manager at said company.

Pharmabbie Inc., with registered office in Delaware, was incorporated with the mission to develop drugs for the US veterinary market, and the international market, to be distributed through Friulchem S.p.A.'s FC-CUBE® technology.

The drugs are targeted at the Pet market and are based on already existing formulations for humans, so as to reduce the technical risks and costs associated to developing them.

Pharmabbie Inc. concentrates the development of its products on three therapeutic categories:

- pain and inflammation; SVP - 131, for which the production of validation batches is in progress and which is expected to receive FDA approval by the second half of 2021;
- infections: SVP - 221, for which the initial phases of development are in progress and which is expected to receive FDA approval by the second half of 2022;
- cardiovascular problems: SVP - 351, whose development has not yet started.

ADVISOR

Friulchem was assisted by Arkios S.p.A., with a team composed of Paolo Cirani and Angelo Facciolo, as financial advisor, and by Dentons Europe Studio Legale Tributario (Legal and Tax Practice), with Michael Bosco at the helm of the team, who dealt with the legal aspects of the transaction.

As regards the legal aspects, Pharmabbie Inc. was assisted by the US company Goodwin Procter LLP.

The press release is available on the website: <https://friulchem.com/it/investor-relations/financial-press-releases/>

Friulchem (AIM:FCM), a company that has been operating in this sector for over 20 years, is today one of Italy's leading CDMOs (*Contract Development Manufacturing Organisations*) operating internationally in the healthcare sector. It offers third-party research, development and manufacturing services for semi-finished and finished products containing both active pharmaceutical ingredients and food supplements. It primarily specialises in drug delivery systems for the veterinary sector, providing Friulchem's trademark excellence, as well as in the development of dossiers for generic medicines for human use. Friulchem is an innovative SME and B2B company which prides itself on its end-customer focus, and has deep Italian roots, thanks to its manufacturing facilities in Vivaro (Pordenone) and administrative headquarters in Milan. The Company is strongly oriented towards R&D activities and boasts established relationships with leading multinational companies in the pharmaceutical sector.

Common Shares ISIN: IT0005378457 - Friulchem Warrant ISIN: 2019-2022 IT0005378366

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