

FRIULCHEM SIGNS A PRELIMINARY BINDING AGREEMENT FOR THE PURCHASE OF A PRODUCTION SITE OF PRODUCTS FOR THE VETERINARY PHARMACEUTICAL INDUSTRY LOCATED IN MAGNY-EN-VEXIN OWNED BY VIRBAC S.A., A FRENCH VETERINARY COMPANY

GROWTH AND INTERNATIONAL EXPANSION CONTINUES

Milan, May 24, 2021 - Friulchem S.p.A. (AIM: FCM), innovative SME and one of the main Italian operators active at international level in R&D and in the production for third parties (CDMO) of semi-finished and finished products containing active pharmaceutical ingredients, food supplements, with particular specialization in drug delivery for veterinary sector, announces that it has signed, through its newly formed subsidiary FC France SAS, a preliminary and binding agreement for the purchase of a production plant of products for the veterinary pharmaceutical industry located in Magny -en-Vexin owned by the French company Virbac SA, one of the leading multinationals in the veterinary sector, listed on the Paris stock exchange.

Disma Giovanni Mazzola, CEO of Friulchem S.p.A. commented: "After a challenging year due to the Covid-19 pandemic, we are happy to announce the agreement concluded for the purchase of Magny-en-Vexin plant from Virbac. This agreement will consolidate our twenty-years relationship with the French company and allow us to establish ourselves as a reference player, a leader in Europe for the processing of powders containing antibiotics for the veterinary market. This transaction is part of our strategy for external development announced at the time of IPO, which will allow us to support our expansion project in the veterinary sector at an international level, with a consequent increase in the offer of solutions and services and industrialization of technologies resulting from our R&D".

Friulchem **confirms, therefore, its growth path**: to continue **penetration and consolidation in the veterinary sector** thanks to an expansion both on a **geographical basis**, with an important entry into the French market, one of the most important in the world, and on the level of the offer of new productions realized in the plant of Magny-en-Vexin, **complementary and synergistic to the processing** already carried out in the plant of Vivaro, which will allow an increase in production capacity to meet the demands of new customers.

AGREEMENT

The **binding agreement** provides for the **purchase of a production plant** located in Magny-en-Vexin owned by Virbac, as well as the related employees, machinery and the inventory that will be available at the date of the Closing, by the vehicle specifically incorporated on 02/04/2021 FC France SAS, 56.74% owned by Friulchem SpA and 43.26% by Finest SpA, a company specialized in the internationalization of companies in the Italian Nord-East

The **acquisition price for the transaction** is equal to **€ 2.45 million**, in addition to the purchase price of the inventory, which will be defined on the closing date according to the terms agreed between the parties and will be financed in part by a 15-year property lease issued by Credit Agricole to FC France for an amount equal to € 2.33 million and the remainder by cash on hand.

The price will be paid at the Closing of the transaction, which is subject to the occurrence of conditions precedent usual for this type of transaction, and it is expected to take place at the beginning of July 2021; the cost of the inventory will be paid through a down payment of € 0.4 million at the date of the Closing and the remaining part in monthly installments, the last of which will settle the entire amount. As part of the transaction, Friulchem provided a guarantee in favor of Vibarc for FC France's payment obligations].

At the same time FC France signed a 10-year commercial agreement with Virbac, which governs the supply to the latter of all products manufactured to date at the plant. The quantities of product envisaged in the commercial contract agreement have been agreed in order to guarantee coverage of the plant's fixed costs for the first four years from the Closing date. This agreement will allow the immediate exploitation of the plant's production capacity and consequently a **positive contribution to turnover and EBITDA** from the first year of operation. The saturation of the plant, which is still far from the maximum levels, and the absence of exclusivity clauses in the commercial agreement with Virbac will allow the Friulchem Group to produce in the future also for third-party customers.

MAGNY-EN-VEXIN PRODUCTION PLANT (PARIS)

The plant located in Magny-en-Vexin, strategically located near Paris, includes all machinery and equipment in place at the date of Closing, the stocks, 33 employees, with long and proven experience, and production facilities for finished products for the veterinary pharmaceutical industry, both pharma and non-pharma. Synergistic and complementary manufacturing processes to the Vivaro plant are carried out in the plant, including Premixes, Soluble Powders, Liquid Products, Pastes and Boluses.

ADVISOR

Friulchem was assisted by Arkios Italy for the evaluation, negotiation and Business Planning aspects; by LMT Avocats, a law firm based in Paris, for the legal and labor law aspects, by CBM & Partners and Nctm for the general legal aspects in Italy; from Gatto Management for industrial aspects.

Friulchem (AIM:FCM), a company 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 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.

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Friulchem S.p.A.

ir@friulchem.com

Tel: +39 02 36591450

CFO SIM S.p.A. – Nominated Advisor

ecm@cfosim.com

Tel: +39 02 30343 1

CDR Communication - Investor e Media Relations

Silvia Di Rosa silvia.dirosa@cdr-communication.it

Marianna Tremolada marianna.tremolada@cdr-communication.it

Claudia Messina claudia.messina@cdr-communication.it