

## FRIULCHEM COMPLETES THE ACQUISITION OF A PRODUCTION SITE LOCATED IN MAGNY-EN-VEXIN FROM VIRBAC S.A., A FRENCH VETERINARY COMPANY

Milan, July 2, 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, announced the successful completion of the acquisition, under the terms of the agreement signed on May 24, 2021, through its subsidiary FC France SAS, of the industrial site of 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.

The **closing of the transaction** finalized the purchase of a production going concern including the real estate located in Magny-en-Vexin, as well as the related employees, machinery and the warehouse, by the subsidiary FC France SAS (56.74% from Friulchem SpA and 43.26% from Finest SpA).

The **acquisition price** is equal to **€ 4.8 million** - including € 2.4 million of the net book value of the inventories as at June 25<sup>th</sup> 2021 <sup>1</sup>- that is financed in part by a 15-year property lease issued by Credit Agricole to FC France for an amount equal to € 2.30 million and the remainder by cash on hand.

The **payment of the acquisition price** took place today for € 2.9 million and the remaining part in 6 monthly instalments of the same amount within the end of December 2021.

**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.

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### 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.

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### 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.

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<sup>1</sup> this amount will be subject to an adjustment in order to take into account inventory changes between 25 June 2021 and the closing date.

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**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.

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

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