

FAES FARMA ANNOUNCES THE INVESTMENT IN A NEW MANUFACTURING PLANT IN THE NORTH OF SPAIN TO EXPAND ITS PRODUCTION CAPACITY

Leioa, Spain – January 15, 2021 - In line with its strategic plan, the group has commissioned the development of a new manufacturing plant.

The total investment is estimated at approximately 150 million euros, which would allow to triple the current production capacity. This is needed to support the expected increase in demand in the mid and long term of their products.

The plant will be built on a site of over 50.000 square meters in The Bizkaia Science and Technology Park (Derio, Spain), using the most innovate technologies available.

The case for investment in additional capacity

Over the last 5 years the volume of units produced and sold by Faes Farma has increased annually by 13% from 18 million in 2015 to 34 million units in 2020. This has led to restricted available capacity in the current plant. To be ready for the projected future volumes, additional capacity is required by 2024 (expected output of 50 million units) when the new plant is scheduled to start releasing product.

The investment will allow the group to execute its strategic ambition to continue to grow through both its successful product Bilastine and sales from other products to be produced in the new plant.

The future growth of the group is planned to come from:

- a) Geographic expansion, especially in Latin America where we have a local presence and focus on expanding the sales of our product portfolio. But also, international expansion via licencing our own products indirectly across the globe.

- b) Launches expected in the coming years from our innovation pipeline, especially in the three key areas of the group: Allergy, Vitamin D derivatives and Gastrointestinal.

About the new manufacturing plant

The location of the new plant will be in The Bizkaia Science and Technology Park in Derio (Spain). This is a top-notch location managed by the local government of The Basque Country where Faes Farma will coexist with other top technological companies from the area. Derio is close to the current facilities in Leioa (20 km) and was carefully selected from other potential sites once it became clear that the current site could not be expanded sufficiently due physical limitations. The current production plant will, however, remain part of the group with its own strategic purpose.

The new factory will be built on an area of over 50.000 square meters, occupying 27.000 m² of that and have a potential to produce more than 100 million units per year.

The total value of the investment, including the purchase of the terrain, the construction and acquisition of the equipment for its production lines, is estimated around 150 million euros. The investment will be realized between 2021-2024 and is financed both from our resources and external financing.

Objectives of the new plant

Adding muscle in the manufacturing network enables the Faes Farma group to have the capacity to grow organically in the coming years and execute the mid to long term strategic ambition with its specific requirements.

In addition, the group sees further potential benefits from adding the new site:

- Production of new product types and formats
- Cost reduction through improved production efficiency
- Savings from reduced use of third parties following the integration of those volumes into the new site
- Compliance to the regulatory standards of the most challenging countries
- Reduced environmental footprint by transitioning to more sustainable energy and reduced consumption through efficiencies
- Applying the newest production technologies in a plant that is compliant with the highest standards of Pharma 4.0 with the objective to find gains in efficiency, quality and safety (traceability) in the production process.
- Generating incremental employment. The group continues to demonstrate its social commitment to create quality jobs in the area. The first estimates are that the plant at full capacity would require 200 incremental employees.

With this strategic bet, Faes Farma lays the foundation for its growth in the coming decade with the objective of generating value for its shareholders, employees and society in general.