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FRUTAROM EXPANDS ITS NATURAL INGREDIENTS ACTIVITY AND ENHANCES ITS CAPABILITIES IN ALGAE-BASED BIOTECH PRODUCTS

Herzliya, Israel

Frutarom Industries Ltd. ("**Frutarom**"), one of the world's 10 largest flavors and specialty natural ingredients companies, continues implementation of its rapid and profitable growth strategy with emphasis on specialty natural ingredients for the food, nutritional supplements, pharmaceutical and cosmetics industries, today announces the signing of an agreement to invest in Algalo Industries Ltd. ("**Algalo**"). Frutarom will invest a total of NIS 10 million (approx. US\$ 2.6 million) in exchange for the allocation of 50% of Algalo shares to build a modern biotechnology facility that will specialize in cultivation, harvesting and processing algae using advanced methods. Frutarom will have exclusive worldwide marketing rights for Algalo products.

Algalo, a promising biotech startup enterprise, has developed a unique and innovative method for the efficient cultivation, harvesting and processing of a wide variety of algae that yield active ingredients for use in the food, dietary and clinical nutrition supplements and cosmetics industries including strong antioxidants, lipids and unique proteins and carotenoids which help in maintaining cardio-vascular health, a strong immune system, and healthy skeletal and bone structure.

The unique technology developed by Algalo allows for the efficient and competitive cultivation of algae containing high concentrations of active elements.

Algalo's activity will join Frutarom's well-established activity in the field of algae cultivation and production of active ingredients (polysaccharides) currently being used by some the world's leading cosmetics companies for use in their skin care and protection products.

Ori Yehudai, President and CEO of Frutarom Group, said: "The investment in Algalo is part of a broad strategic move by Frutarom to reinforce its position and standing as a leading and innovative global supplier of natural specialty products and functional food ingredients in the fields of taste and health which already now make up over 75% of Frutarom's activity. The technology developed by Algalo for cultivating, harvesting and processing algae expands Frutarom's internal research and development capabilities for producing active ingredients from algae, a field in which we are already active, and provides an innovative platform and an additional growth engine for expanding Frutarom's diverse product portfolio in the growing field of natural specialty ingredients. We will work towards leveraging the cross-selling opportunities arising from this investment by expanding Frutarom's product portfolio and technological abilities and by presenting Algalo's innovative products to our thousands of customers worldwide.



"The size of the algae-based ingredient market is estimated to be hundreds of millions of dollars and has enjoyed double-digit growth over recent years. We foresee the rapid growth in this market continuing in coming years in light of consumer trends towards healthier and more natural products that drive the food, nutritional supplements and cosmetics companies to be innovative in developing natural ingredients and efficient in their production processes and cost structure," continued **Mr. Yehudai**.

"Frutarom believes that biotechnology represents the next generation in the development and production of innovative natural ingredients for the industries which it serves, and the Company intends to continue expanding its capabilities in this area by intensifying investment in R&D within its laboratories as well as through additional investments and joint ventures with research institutions, universities and startup companies to which Frutarom can contribute from its experience in applied R&D, its industrial manufacturing and from its global deployment in over 150 countries with sales to more than 20,000 customers including leading global companies in foods and beverages, nutritional supplements, pharmaceuticals and cosmetics," concluded **Mr. Yehudai**.

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About Frutarom:

Frutarom (LSE: FRUT, TASE: FRUT) is a leading global company operating in the global flavors and natural fine ingredients markets. Frutarom has significant production and development centers on all six continents and markets and sells over 43,000 products to more than 20,000 customers in over 150 countries. Frutarom's products are intended mainly for the food and beverages, flavor and fragrance extracts, pharmaceutical, nutraceutical, health food, functional food, food additives and cosmetics industries.

Frutarom, which employs more than 4,000 people worldwide, has 2 main core activities:

- The Flavors Activity which develops, produces and markets flavor compounds and food systems;
- The Specialty Fine Ingredients Activity, which develops, produces and markets natural flavor extracts, natural functional food ingredients, natural pharma/nutraceutical extracts, natural algae-based biotechnical products, natural food colors, natural substances for food protection, aroma compounds, essential oils, unique citrus products, natural gums and resins. The Specialty Fine Ingredients products are sold primarily to the food and beverages, flavor and fragrance, pharmaceutical/nutraceutical, cosmetics and personal care industries.

Frutarom's products are produced at its plants in the US, Canada, the UK, Switzerland, Germany, Belgium, Italy, Spain, Slovenia, Russia, Turkey, Israel, South Africa, China, India, Guatemala, Peru, Chile, Brazil and New Zealand. The Company's global marketing organization encompasses branches in Israel, the US, Canada, the UK, Switzerland, Germany, Austria, Slovenia, Belgium, the Netherlands, Denmark, France, Italy, Spain, Hungary, Romania, Russia, Ukraine, Poland, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Guatemala, Costa Rica, Peru, Chile, South Africa, China, Japan, Hong Kong, India, Indonesia and New Zealand. The Company also works through local agents and distributors throughout the world. For further information, please visit our website at: www.frutarom.com.

