



PRESS RELEASE

Successful conclusion to the increase in capital, all option rights sold, total value of € 3,441,395.30

Draft financial statements for this accounting period, and consolidated financial statements at 31 December 2014 approved

Consolidated financial results at 31 December 2014:

- **Net Sales of € 32.6 million** (up some 10% on 31 December 2013 when the total was € 29.6 million);
- **EBITDA, (loss) of some € 5.9 million, of which € 0.6 million relates to non-recurrent costs** (a significant improvement of 38% on 31 December 2013 when a negative balance of € 9,4 million was recorded, impacted by non-recurrent costs of € 0.8 million)
- **EBIT (operating loss) of € 14.8 million, of which € 5.0 million in non-recurrent writedowns and € 3.9 million for amortisation** (a deterioration since 31 December 2013 when a negative € 13.5 million was recorded, having carried out non-recurrent writedowns of €0.1 million and amortisation of € 4.0 million);
- **Consolidated net loss of € 18.1 million** (an increase of 14% on 31 December 2013 when a loss of € 15.8 million was recorded)
- **Consolidated net financial debt of € 27.4 million** (an improvement of 14.8% on the € 32.2 million recorded on 31 December 2013)
- **Net banking debt of € 16.5 million** (an improvement of 13.3% on € 18.9 million at 31 December 2014)
- **Group order portfolio value of € 131 million** (total at 31 December 2013 € 142.7 million)

Pierrel SpA has met the conditions of Art. 2446 of the Italian Civil Code.

- **Proposal to modify the Stock Option Plan 2014/2022**
- **Decisions have been made regarding the calling of the Shareholders' Meeting of Pierrel SpA, for 5 June 2015, in a single call, in extraordinary session, to adopt provisions of Art. 2446 of the civil code, and in ordinary sitting, to deliberate (a) the approval of the separate financial statements of Pierrel SpA at 31 December 2014, (b) the first section of the Remuneration Report of Pierrel SpA for the year 2014, (c) the nomination of members of the Board of Directors of Pierrel SpA, determining their number, fixing the length of their appointment and their relative remuneration, as well as nominating the Chair of the Board of Directors of Pierrel SpA, and deciding on the relative remuneration, (d) the nomination of the members of the Board of Auditors of Pierrel SpA for the years 2015, 2016 and 2017 and deciding on the relative remuneration, (e) the conferral of the role of**



**statutory auditor for the period 2015-2023 pursuant to Legislative Decree 39/2010,
(f) the proposal to modify the Stock Option plan 2014/2022.**

Capua, 17 April 2015 – Pierrel SpA “Pierrel” or the “Company” discloses that 18 March 2015 saw the successful conclusion of the rights issue (the “**Offer**”) decided by the Board of Directors to shareholders of a maximum of **4,916,279** shares of the Company, with a total value of € 3,441,395.30. Pierrel share capital has now been adjusted to a total of € 11,598,506.75.

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The Board of Directors, meeting today, examined and approved the Draft Financial Statements for the Company for the year ending 31 December 2014, and approved the Consolidated Financial Statements for the Pierrel Group for the year ending 31 December 2014.

The Pierrel Group ended the year with consolidated revenue of € 32.6 million, up by 10.2% on the € 29.6 million recorded for the year before, and a gross operating loss (negative EBITDA) of € 5.9 million (of which € 0.6 million relates to non-recurring costs), a significant improvement on 31 December 2013 when a negative € 9.4 million was recorded, which included € 0.8 million in non-recurring costs.

By way of introduction, it is noted that in keeping with the international accounting principle IFRS 3 Revised, the comparative date of the Pierrel Group Financial Statements – and the group equity and income statement at 31 December 2013 – have been restated to apply retrospectively the outcome of the Purchase Price Allocation process. This was completed inside the 12 month period from the purchase date specified in the accounting principle, and the launch of the Business Combination that came into being on 13 September 2013, bringing together THERAMetrics holding AG and the former Research Division of the Pierrel Group. It is disclosed that the total value of the goodwill relating to this business combination, at € 10.9 million, comprised € 3.2 million allocated to intangible assets; more precisely, to “Software” (€ 1.9 million) and “Patents” (€ 1.4 million). The relative amortisation for the period, and the relative deferred tax liabilities, were recorded for these intangible assets.

Here follows an analysis of the business and the operating results of the Tech-driven Contract Research & Development Organization Division (“**TCRDO**”) part of the THERAMetrics holding AG subsidiary (“**THERAMetrics**”) – a Swiss company active in pharmaceutical research, specialising in new applications for existing pharmaceuticals to treat rare diseases, the shares in which are listed on the SIX Swiss Exchange – of the Holding & Contract Manufacturing Division (“**CMO**”), part of the Company, and the Pharma Division, linked to the Pierrel Pharma Srl subsidiary.

The **TCRDO Division** has recorded total sales of € 12.3 million, gross of intercompany eliminations and net of pass through costs (equivalent to € 17.5 million gross of pass through costs), an increase of 22% on the € 10.0 million recorded for 2013, gross of intercompany



eliminations and net of pass through costs (equivalent to € 16.9 million gross of pass through costs) and gross operating loss (EBITDA) of € 4.9 million (28.1% of gross revenues), an improvement of 37% on the previous year's negative balance of € 7.8 million.

When non-recurrent costs of € 0.2 million are excluded, sales for the TCRDO Division at 31 December 2014, at € 17.5 million, show an improvement of 12% on the forecasts made in the THERAMetrics subsidiary company plan, and the negative EBITDA for the this division for this period, at € 4.9 million, shows an improvement of 27% on the forecasts.

Referring in particular to the results recorded by the TCRDO Division at 31 December 2014, it is disclosed that subsequent to the nomination of Mr Fulvio Citaredo, current Managing Director of the Company, on 9 June 2014, to the additional role of "acting" director general of the THERAMetrics group until 31 December 2014 and then, subsequently, for a further six months to 30 June 2015, certain areas were identified for intervention. At that time, a new process was launched which focussed on major cost reduction and the relaunch of business development activity. This started to show positive results in terms of new contract subscription by the fourth quarter of 2014, and even more strongly during the first few months of 2015, and brought significant positive effects.

The **Holding Division** recorded a negative EBITDA for 2014 of € 2.3 million, a slight deterioration on 31 December 2013 when a negative € 2.1 million was recorded. This variation is largely due to the impact of non-recurring costs of € 0.2 million, mostly relating to consultancy needs for extraordinary activity.

Meanwhile, this Division, net of these non-recurrent costs, registered results for the year in line with forecasts which demonstrate the positive effects of activities carried out over the last two years which brought a drastic cut in running costs.

The **CMO Division** registered total sales of € 14.5 million for 2014, gross of intercompany eliminations, an increase of 21% on the € 12.0 million registered in 2013. This Division achieved an EBITDA of € 1.7 million (11.6% of gross operating revenues), gross of intercompany eliminations. This is a significant improvement on the figures for last year when EBITDA totalled € 0.4 million (3.6% of gross operating revenues). The increase in sales and EBITDA for this Division for this period are linked primarily to the increase in the provision of Orabloc® for the Pharma Division and the positive effects of the reorganisation carried out by company management in order to cut costs and boost efficiency and productivity.

The **Pharma Division** recorded sales, gross of intercompany eliminations, equivalent to € 5.2 million, an increase of 41% on the € 3.7 million recorded for the 2013 financial year. This reflects the increase in sales of the dental anaesthetic Orabloc® in the United States. This Division recorded a gross operating loss (EBITDA) of € 67 thousand, which was greatly impacted by non-recurrent writedowns of € 393 thousand, relating to an examination of the recoverability of some receivables. Without these, the Division would have recorded an operating profit of € 326 thousand, being an increase on 31 December 2013 when non-recurrent costs were not recorded and the total was € 104 thousand.



The variance recorded by the CMO and Pharma Divisions in relation to the sales forecasts (down 18% for the CMO Division and down 15% for the Pharma Division), and as a result their EBITDA forecasts, is largely due to the delay in securing authorisation to commence sales of pharmaceutical specialty products, which was to have been in place during the first six months of 2014 and instead was only definitively confirmed between the end of November and the start of December 2014.

Pierrel Group recorded an operating loss (**EBIT**) at 31 December 2014 of € 14.8 million, **net of non-recurrent writedowns of € 5.0 million and amortisation of € 3.9 million**. This is a deterioration on the loss recorded last year of € 13.5 million, **net of non-recurrent writedowns of € 0.1 million and amortisation of € 4.0 million**. In particular, at 31 December 2014, the operating loss included the € 5.0 million writedown applied to the goodwill relating to the business combination operation involving THERAMetrics subsidiary (already recorded in the Half Year Consolidated Financial Statements at 30 June 2014 following an impairment test carried out on the same data).

In addition, it is noted that the Pierrel Group, at 31 December 2014, recorded **notional financial expenses** relating to discounting and foreign exchange costs, together totalling **€ 1.4 million**, mostly linked to the payable by Pierrel to Dentsply of € 8.0 million. The reimbursement of this, sought in relation to the provision of Company pharmaceutical products to Dentsply, is estimated to be completed in full in approximately 7 years.

In view of the above, and **in consideration of the negative effect of the non-recurrent writedowns and notional financial expenses detailed above, together totalling € 6.4 million**, at 31 December 2014 the Pierrel Group recorded a consolidated net loss of € 18.1 million, up from € 15.8 million at 31 December 2013.

Group net financial debt at 31 December 2014, including the residual debt to Dentsply detailed above, totalled € 27.4 million, an improvement of € 4.8 million (about 15%) on the 31 December 2013 total of € 32.2 million. This includes the current financial debt of € 22.7 million. The significant improvement in consolidated net financial debt relates primarily to the positive conclusion, on 12 September 2014, of the share capital increase of the Swiss subsidiary THERAMetrics, which generated income of CHF 15.0 million (equivalent to € 12.5 million at 30 September 2014 exchange rates), and the reduction in financial debt of THERAMetrics in relation to shareholders Fin Posillipo SpA and Pierrel SpA totalling CHF 3.9 million (€ 3.3 million at 30 September 2014 exchange rates), offset with the subscription price of a portion of the shares relating to the share capital increase.

Net financial bank debt totals **€ 16.5 million**, an improvement of 1.8% on the **€ 17.9 million** recorded at 31 December 2014.

At 31 December 2014 Pierrel Group held **cash resources** of € 4.5 million, up by € 1.1 million from 31 December 2013 (an increase of 33%). This increase is due largely to the subscriptions made as part of the THERAMetrics share capital increase detailed above.



The Pierrel Group **order portfolio** at 31 December 2014 totals **€ 131.0 million**, a slight decrease on **€ 142.7 million** at 31 December 2013. In detail, at 31 December 2014 the order portfolio of the **CMO Division** is € 70.0 million, while that of the **TCRDO Division** is € 14.0 million, and the **Pharma Division** is at € 47.0 million.

Results of the Parent Company Pierrel S.p.A.

At 31 December 2014 the **Parent Company Pierrel S.p.A.** reported **revenue** of € 14.6 million, **an increase of 21.2%** compared to the € 12.1 million achieved for the year 2013 and a negative **EBITDA** of € 0.6 million, of which € 0.3 million were non-recurring costs, **an improvement of 63.7%** compared to 31 December 2013, when it was a negative € 1.7 million.

The **net financial position** of the Parent Company at 31 December 2014 was debt of € 22.5 million, **a deterioration of some € 3.4 million** compared to 31 December 2013 when it was debt of € 19.0 million. This movement is due mainly to the use of cash resources of the Company, arising at 31 December 2013 from the capital increase completed on 5 December 2013, in order to support the increase in ordinary activities as well as to progressively reduce the debt previously accumulated to various creditors.

At the end of 2014 the Company recorded a **non-recurring write down of € 1.8 million** on the value of the shareholding in THERAMetrics holding AG following the results of an impairment test carried out at the reference date of the financial statements. In addition, the Company recorded **notional financial expense of some € 1.4 million** in respect of the liability contracted with Dentsply previously described in the notes to the consolidated financial statements of the Company.

In light of the above, **and considering the negative effect arising from the non-recurring write down and the notional financial expenses, together totalling € 3.2 million as described above**, at 31 December 2014 the **net loss** of Pierrel S.p.A. was **€ 7.5 million**, a deterioration compared to the € 5.9 million recorded at 31 December 2013. This loss is deemed a situation of the type referred to by Article 2446 of the civil code, in that this resulted in share capital of Pierrel being reduced by more than one third. Consequently the Board of Directors decided to call a meeting of Shareholders in a single call for 5 June 2015 to decide about the adoption of the provisions of this Article 2446 of the civil code, amongst other matters.

Significant events after the end of the year 2014

Below there is an analysis of the major events that occurred after the end of the year 2014.

At the end of **February 2015** the Company received formal notice – announced to the market on 2 March 2015 – on behalf of Banca Popolare di Milano S.c.ar.l., UniCredit S.p.A. and Banca Nazionale del Lavoro S.p.A. (the “**Financing Banks**”), that jointly provided credit to the companies in the Pierrel Group (the “**Group**”) for a total of € 17.5 million, proposed with the object of a positive reception by the respective parties to the proposal to restructure the Group debt presented by the Company in April 2014.

In particular, the Financing Banks accepted the proposed rescheduling of the debt that provides for (i) the payment of some 60% of the overall debt starting from the month of June 2015 to the



end of the month of June 2021, by way of a rising quarterly payment on an annual basis; (ii) the payment of the residual debt – around 40% of the overall debt – as a bullet payment at 31 December 2021, with the possibility of renegotiation of the terms by way of a request, to be made before 31 December 2020; and (iii) the payment of interest is suspended, replaced with 3 payments due before 31 December 2015.

The agreement modifying the current financing contracts, including the updating of some financial covenants, and the related legal documents, is expected to be signed in the coming weeks.

On **26 February 2015** Pierrel Pharma S.r.l. and Safco Dental Supply Co., the leading company in on-line sales to dental care professionals, signed a five year agreement for the distribution of the dental anaesthetic Orabloc® (Articaina Pierrel) in the US.

On **11 March 2015** the Board of Directors of Pierrel S.p.A. updated the principal business objectives for the year 2015. During the same meeting, the Board of Directors also approved the new objectives of the Business Plan for the years 2016 and 2017 that, confirming under the strategic and operating profile what was set out in the business plan 2014-2016, updated the business objectives for the period 2016-2017.

In the period **10 to 14 March 2015** the subsidiary Pierrel Pharma S.r.l. and Univet Optical Technologies S.r.l. – a company specialising in the design, production and sale in over 50 countries of devices for individual protection of the eyes and optical magnification systems for surgery and dentistry – presented Goccles (“Glasses for Oral Cancer – Curing Light Exposed – Screening”) in its final form at the 36th International Dental Show (“IDS”) in Cologne, Germany, during which the first purchase contract was signed.

On **30 March 2015** THERAMetrics holding AG and Centurion Pharma signed a final license agreement for the molecule “Aviptadil”, a drug designed to treat sarcoidosis (this illness affects between 5 to 40 people per 100,000 inhabitants per year, with a greater prevalence in Scandinavian countries). Under the terms of this agreement, resulting from negotiations started at the beginning of August 2014, both partners will collaborate in the development and registration of Aviptadil for the treatment of sarcoidosis in Turkey and in other neighbouring countries. In particular, the above companies signed a letter of intent for the development of Aviptadil for sarcoidosis in Turkey comprising the design, organisation and execution of a clinical development plan for the registration of Aviptadil in that country, for the future development of Aviptadil in complementary geographical areas and for the rollout of joint research and development activities on various projects using the innovative Drug Repositioning and Repurposing system, DRR2.0, owned by THERAMetrics.

On **18 March 2015** the Board of Directors of Pierrel, decided, in partial execution of the of the delegation granted by the Extraordinary Meeting of 12 November 2011, pursuant to Article 2443 of the civil code, to increase the share capital in cash, divisible, for a maximum amount of € 3,441,395.30, by way of an issue of maximum of 4,916,279 shares – offered as a rights issue to shareholders in the ratio of 1 new share for every 10 ordinary Pierrel shares held – with no nominal value, with full rights and having the same features as ordinary Pierrel shares in issue, paid in cash at a price of € 0.70 per share, of which € 0.05 will be allocated to share capital and the residual amount to the share premium account.



On **17 April 2015** the capital increase decided by the Board of Directors of the Company was successfully completed in partial exercise of the delegation granted, pursuant to Article 2443 of the civil code at the Extraordinary Meeting of 12 November 2011, following the full subscription of 4,916,279 Pierrel shares offered, with a total value of € 3,441,395.30.

In particular, it is noted that the capital increase was also subscribed by the largest shareholders in the Company for a total share of some 44.2% of the increase and, particularly (a) Fin Posillipo S.p.A. subscribed for a share of 36.5% of the capital increase, (b) Bootes S.r.l. subscribed for a share of 5.7% of the capital increase, and (c) Berger Trust S.r.l. subscribed for a share of 2.0% of the capital increase.

During the same meeting, the **Board of Directors of the Company** also approved the **Annual Report on corporate governance and ownership structure and the Remuneration Report for the year 2014**. These reports will be made available to the public at the registered office of the Company and on the company website, www.pierrelgroup.com, under the section Investor Relations/Financial Documents/Financial statements and Reports, as well as at the Italian Stock Exchange, in the terms and conditions provided by applicable law.

The **Board of Directors of the Company** also decided, with the approval of the Board of Auditors, pursuant to article 2389 of the Civil Code, to propose to the Shareholders to change the stock option plan reserved for directors and executives of the Company, approved by Pierrel Shareholders on the 19 June 2014 (the "**Stock Option Plan 2014-2022**"). In particular, the proposed amendment, as explained in detail in the report on this matter on the agenda of the meeting of the Shareholders prepared by the Board of Directors pursuant to Article 125b, first paragraph, of Legislative Decree no. February 24, 1998 , n. 58, as amended (the "**TUF**") and in the information on the proposed amendment of the Stock Option Plan 2014- 2022 - which will be made available to shareholders and the public in accordance with the provisions required by applicable law, within the meaning and for the purposes of Articles 114a and 125b, first paragraph, of the TUF and Articles 84a and 84b of CONSOB Regulation no. 11971 of 1999 - provides for the grant to the Board of Directors of the Company for a new term on 31 December 2015 to identify the beneficiaries of the plan and determine of the number of options to be granted to them and their exercise price.

Lastly, the **Board of Directors of the Company** has resolved to call the Ordinary General Meeting of the shareholders, in a single meeting for the 5 June 2015, in an extraordinary session, for the adoption of measures under Article 2446 of the civil code and, in an ordinary session, to discuss and decide on (a) the separate financial statements of the Company at 31 December 2014, (b) the first section of the Remuneration Report of the Company for the year 2014 in accordance with and for the purposes of Article 123b of TUF, (c) the nomination of members of the Board of Directors of Pierrel, determining their number, fixing the length of their



appointment and their relative remuneration, as well as nominating the Chair of the Board of Directors of the Company, and deciding on the relative remuneration, (d) the nomination of the members of the Board of Auditors of the company for the years 2015, 2016 and 2017 and the relative remuneration, (e) the conferral of the role of statutory auditor for the period 2015-2023 pursuant to Legislative Decree 39/2010, (f) the proposal to modify the Stock Option plan 2014/2022.

Pursuant to Article 125a of the TUF and Article 84 of CONSOB Regulation no. 11971 of 1999, the Company announces that the notice of the meeting will be published in accordance with Italian law and byelaws.

The documentation relating to items on the agenda, including the explanatory report to be drawn up in accordance with Article 2446 of the Civil Code and Article 74 of CONSOB Regulation of 14 May 1999, no. 11971, as amended, together with the observations of the Board of Auditors, will be sent to CONSOB and made available to the public at the Company's registered office and on the Company's website at www.pierrelgroup.com, in the section Investor Relations/Corporate Governance/Shareholders Meeting Documents/Shareholders Meeting of June 5 2015, and at the Italian Stock Exchange, according to the terms and conditions of the law.

The draft Financial Statements at 31 December 2014 of Pierrel S.p.A., the consolidated financial statements of Pierrel SpA at 31 December 2014, the Directors' report on operations, the report of the Board of Auditors and the Report of the Statutory Auditors will be made available to the public at the Company's registered office and at Borsa Italian SpA as well as on the Company's website, www.pierrelgroup.com according to the terms and conditions of the law.

The executive responsible for the preparation of corporate accounting documents of Pierrel S.p.A., Ms Maria Teresa Ciccone, declares— pursuant to Article 154a, paragraph 2 of TUF – that the accounting information from the draft financial statement at 31 December 2014 contained in the present press release corresponds to the documented results, accounting records and accounting entries of the company.

Besides the standard financial indicators established by IFRS, this press release contains some alternate performance indicators for the data at 31 December 2014, to provide a better evaluation of the financial management, and financial position of the Pierrel Group. These measurements are also included in the other annual and interim statements, but they should not be considered as substitutes for the standard indicators as established by IFRS.

Below a brief description of the alternate performance indicators and of their composition, used in this press release:

- EBITDA: earnings before amortisation/depreciation, capital gains/ (losses) and releases/ (write downs) to the value of non-current assets and non-recurring costs.
- Net financial debt: sum of cash, current financial assets, current financial debt and non-current financial debt.



Pierrel S.p.A. is a global supplier to the pharmaceutical, biopharmaceutical and life science industries, specialising in the discovery of medicinal product candidates and the repositioning of existing drugs for new therapeutic indications and clinical research (TCRDO Division), pharmaceutical production (Contract Manufacturing Division) and the development, registration and licensing of new drugs and medical devices (Pharma division).

The Pierrel Group is listed on the MTA exchange which is organised and managed by Borsa Italiana and boasts over 60 years experience in the pharmaceutical sector, being one of Europe's leading producers of local and dental anaesthetics. The TCRDO division, working across Europe and the US, is recognised internationally for its research and development into tech based clinical research innovations with its Drug Repositioning and Repurposing System ("DRR2.0") and Integrated Clinical Development Services ("ICDS") for the pharmaceutical, biotechnology and biomedical industries. The parent company of the TCRDO division (**THERAMetrics holding AG**, listed in the Swiss stock exchange) holds the innovative interactive **DRR2.0** platform, which runs on a database of 23 million scientific publications (being virtually all of those available in the field of biomedical literature), of over 4,900 drugs and of 9,400 illnesses. With this data, never before collected in one place and stored in the cloud, the Search and Match algorithm can show a researcher not only the candidate drug but also a detailed road map with indications of possible second medical use. The database can be accessed by molecule or by illness.

Pierrel also has a production unit in Capua, close to Naples, Italy, that has been authorised by the European Medicines Agency (EMA) and the Food and Drug Administration (FDA) for the aseptic production of injectable medicines. The subsidiary Pierrel S.r.L. has registered and distributes the Orabloc® dental anaesthetic in Canada, US, Russia and Europe. The registered office of Pierrel S.p.A. is in Capua (CE), Italy.

For further information:

Pierrel S.p.A.

Investor Relations

Raffaele Petrone

e-mail: investor.relations@pierrelgroup.com

tel. +39 02 36695100

fax +39 02 36695129

Global Consult S.r.l.

Media Relations

Rossana Del Forno

e-mail: areacomunicazione@globalconsultsrl.com

tel. +39 333 6178665

Attached below are the balance sheet, income statement and cash flow statement of the Pierrel Group and Pierrel S.p.A. at 31 December 2014.