



PRESS RELEASE

APPROVAL ON A VOLUNTARY BASIS OF THE INTERIM MANAGEMENT REPORT FOR THE PIERREL GROUP AND PIERREL S.P.A. AT 30 SEPTEMBER 2021

- ✓ **Consolidated results at 30 September 2021:**
 - **Revenues of about € 15.8 million**, showing an increase of some 24% compared to 30 September 2020, when they were some € 12.8 million;
 - **EBITDA positive for about € 3.2 million**, showing a marked improvement compared to 30 September 2020, when it was positive for about € 1.7 million;
 - **EBIT positive for about € 2.1 million**, of which about € 1.1 million for amortization), a significant increase compared to 30 September 2020, when it was positive for about € 0.9 million (of which about € 0.9 million for amortization);
 - **Total consolidated net profit of about € 1.4 million**, a significant improvement compared to about € 0.8 million recorded at 30 September 2020;
 - **Net financial debt of about € 11.7 million**, an improvement of some 45% compared to 30 June 2021, when it was approximately € 6.4 million and of some 50% compared to 31 December 2020 when it was some € 7.8 million;
 - **Cash and cash equivalents of about € 9.9 million**, an increase compared to 31 December 2020, when it was about € 7.8 million.

- ✓ **The main economic and financial objectives for the year 2021 have been confirmed, as last reviewed by the Board of Directors during the meeting of 16 April 2021.**

Capua, 15 November 2021 – The Board of Directors of **Pierrel S.p.A.** (“**Pierrel**” or the “**Company**” or the “**Parent company**”), global provider of services for the pharmaceutical industry listed on the EXM market organized and managed by Borsa Italiana (Ticker: PRL) met today and revised and approved on a voluntary basis the **Interim Management Report of the Pierrel Group and the Company at 30 September 2021**, prepared in accordance with IAS/IFRS international accounting standards.

The Company and its subsidiary Pierrel Pharma S.r.l. with a sole shareholder (collectively, the “**Pierrel Group**”) closed the first nine months of 2021 with **consolidated revenues** of about **€ 15.8 million**, up by about 24% compared to the approximately € 12.8 million achieved in the corresponding period of 2020 and a **positive consolidated EBITDA** of about **€ 3.2 million**, a marked improvement compared to 30 September 2020, when it was positive for about € 1.7 million.

The significant improvement in the main economic indicators of the Pierrel Group recorded in the first half of the current year compared to the first 9 months of 2020 is a direct consequence, on the one hand, of the recovery in consumption compared to the same period of the previous year - which had affected by the health and economic effects registered, on a global scale, following the COVID-19 pandemic still in progress - and, on the other hand, by the corporate policy adopted by the management of the Company for several years and whose fundamental points may be exemplified, in a nutshell, as follows:



- shifting of production, previously significantly directed towards production on behalf of third parties, towards own brand products, which have higher margins;
- positioning of Pierrel products on the world market in general and the North American one in particular;
- progressive but constant increase of the distribution markets of the Pierrel products;
- constant attention to cost containment and the efficiency of the structure.

In addition to the foregoing, the progressive implementation of the investments in progress will allow the Pierrel Group to have a significantly greater production capacity than the current one. This circumstance, linked to a gradual recovery of the national and world economy and the possible launch on the market of new Pierrel brand products, allows the Pierrel Group to look forward to the next few years with renewed optimism and confidence.

Here follows a brief description of the business performance and management results at 30 September 2021 of the individual divisions of the Pierrel Group (Contract Manufacturing - CMO, Pharma and Holding).

The **CMO Division** recorded in the first nine months of 2021: (a) total sales, gross of intercompany eliminations, of about € 12.3 million, an improvement of some 13% compared to the € 11 million recorded in the same period of 2020; and (b) a positive EBITDA, gross of intercompany eliminations, of about € 1.8 million, a significant improvement compared to the same period of 2020, when it was positive for approximately € 1 million (also in this case, gross of intercompany eliminations).

The **Pharma Division** recorded in the first nine months of 2021 total sales, gross of intercompany eliminations, of about € 12.6 million, an improvement of some 34% compared to the € 9.5 million recorded in the first nine months of 2020; and a positive EBITDA of about € 2.5 million, an improvement of some 21% compared to the same period of 2020, when it was positive for about € 2.1 million. The increase in margins recorded by the Pharma Division in the first nine months of 2021 compared to the corresponding period of 2020 was mainly determined by the increase in the selling price of the Orabloc® branded articaine-based dental anesthetic in the US and Canadian market in the reference period.

The **Holding Division**, which does not generate revenues as it provides services to the other Divisions and manages the obligations and activities relating to Pierrel's listed status, recorded a negative EBITDA of about € 1.3 million in the first nine months of 2021, a figure substantially unchanged compared to the figure of 30 September 2020, when it was negative for about € 1.2 million.

The turnover and EBITDA data recorded by the CMO, Pharma and Holding Divisions as at 30 September 2021 are all in line with the plan forecasts approved by the Company's Board of Directors, as last revised and updated on 16 April 2021.

The Pierrel Group recorded a **positive EBIT (operating result)** at 30 September 2021 of about € **2.1 million**, after amortization of around € 1.1 million, a more than significant improvement on the figure of 30 September 2020, when it was positive for about € 0.9 million, after amortization of around € 0.9 million.

In addition, it is noted that the Pierrel Group at 30 September 2021 recorded **net financial expenses** of about € **0.5 million** (about € 0.2 million at 30 September 2020). This item also includes currency adjustment costs of about € 0.3 million relating to the debt (expressed in North American dollars) accrued by Pierrel towards the American customer Dentsply International Inc. and still outstanding at 30 September 2021 for an equivalent value, to title of interest and capital, to about € 5.7 million.



In light of all the above, at 30 September 2021 the Pierrel Group recorded a **consolidated net profit** of about **€ 1.4 million**, a significant improvement compared to the consolidated net profit recorded by the Pierrel Group at 30 September 2020, when it was equal to about € 0.8 million.

The **consolidated cash resources** of the Pierrel Group at 30 September 2021 were equal to about **€ 9.9 million**, with a more than significant increase compared to 31 December 2020, when it was equal to about € 4.4 million, due to the cash resulting from the loans for a total of €10.0 million granted by Banca Intesa Sanpaolo SpA and Mediocredito Centrale S.p.A. in order to provide the Company with part of the financial resources to be allocated to carry out the investments envisaged in the Pierrel Group 2021-2023 industrial plan.

The **net financial debt** of the Group at 30 September 2021, which includes a current financial debt of about € 2.0 million (about € 2.6 million at 31 December 2020), amounted to some **€ 11.7 million**, an increase of about 45% compared to 30 June 2021, when it was about € 6.4 million and of about 50% compared to 31 December 2020, when it was about € 7.8 million.

As of 30 September 2020, none of the Pierrel Group companies has issued bonds.

At 30 September 2021 the Group's **overdue debts** to suppliers amounted to around € 1.1 million (around € 0.8 million at 31 December 2020) while those of a financial nature amounted to about € 0.2 million (around € 0.7 million at 31 December 2020). At 30 September 2021 the Group has no overdue payables of a social security or tax nature, nor overdue payables to its employees.

During the third quarter of 2021, the consolidation scope of the Pierrel Group did not change significantly compared to the closing date of the previous year.

Please note that, as already communicated to the market (see the press release published by the Company on 4 November 2021 and available on the Company's website at www.pierrelgroup.com, section Press/Press Releases), with a provision issued by CONSOB on 3 November 2021, the Commission revoked the obligation imposed on the Company in May 2019 to communicate to the market, on the occasion of the publication of the annual and half-yearly financial reports and interim management reports, certain additional information relating to the Company and the Pierrel Group. Therefore, unlike what happened in previous years, in the Interim Management Report of the Pierrel Group and the Company at 30 September 2021, additional information previously requested in relation to the following are omitted: (a) the financial position of the Company and the Pierrel Group; (b) overdue debt positions of the Company and the Pierrel Group; (c) the main changes that occurred during the period in relations with related parties of the Company and the Pierrel Group; and (d) the state of implementation of the industrial and financial plans of the Pierrel Group.

Results of Pierrel

Turning to the analysis of the results achieved by Pierrel in the first 9 months of 2021 on a stand-alone basis, it should be noted that as at 30 September 2021 Pierrel recorded **revenues** of about **€12.3 million**, an increase of about 13% compared to about € 11.0 million achieved in the corresponding period of 2020, and a positive **EBITDA** of about € 0.5 million, in contrast to the trend at 30 September 2020, when it was negative for about € 0.2 million. The increase in the main economic indicators recorded by Pierrel derives from the increase in orders received in the period from its customers and processed by the Company, also following a general recovery of the world economy compared to the contraction recorded in 2020 due to the pandemic from COVID-19. In particular, the reasons underlying the increase in Pierrel's margins at 30 September 2021, more than proportional to the increase in revenues recorded in the same period, are the same as illustrated previously in this press release for the part commenting on the results achieved by the Pierrel Group at 30 September 2021.



The **net financial position** of the Company at 30 September 2021 was **negative for about €10.6 million**, significantly worsening compared to 31 December 2020, when it was negative for about €4.2 million as a direct consequence of the use by the Company of part of the cash and cash equivalents to support the extraordinary investment plan already planned and reflected in the Pierrel Group 2021-2023 Business Plan.

Financial management recorded, compared to the same period of the previous year, a strongly negative balance (about € 0.5 million at 30 September 2021, while it was positive for about € 50 thousand at 30 September 2020) as a result, as previously commented, of the financial charges deriving from the currency adjustment of the dollar debt to the American customer Dentsply International Inc. and still outstanding at 30 September 2021.

In light of all the foregoing, at 30 September 2021, after having recognized amortization of about € 1.1 million and a negative net financial management result of about € 0.5 million (as previously commented, referring mainly to the resulting financial charges from the currency adjustment of the dollar debt to the American customer Dentsply International Inc. and still outstanding at 30 September 2021), the Company recorded a **net loss** of about **€ 0.7 million**, in line with the results recorded by the Company as of 30 September 2020 equal to a net loss of about € 0.7 million after having recognized amortization of about € 0.8 million and a positive financial management result of about € 50 thousand.

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Based on the results achieved by the Pierrel Group at 30 September 2021 and described in this press release, the outlook for the coming months and the orders received and to be processed by the end of the year, the Pierrel Board of Directors confirmed the main economic and financial objectives of the Pierrel Group for the year 2021, as last reviewed by the Board of Directors during the meeting of 16 April 2021 and communicated to the market in the same date (see the press release published by the Company on 16 April 2021 and available on the Company's website at www.pierrelgroup.com, section Press/Press Releases) and which include: (a) **consolidated gross revenues** of about **€ 24.0 million**; and (b) a **positive consolidated EBITDA** of about **€ 4.9 million**.

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No significant events occurred during the third quarter of 2021 and subsequent to 30 September 2021.

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This press release constitutes the Interim Management Report of the Pierrel Group and Pierrel at 30 September 2021 provided for by art. 154-ter of Legislative Decree 24 February 1998, n. 58, as subsequently amended and supplemented (the "TUF"). This document is filed and available to the public on request, at the registered office of the Company in Capua (CE), Strada Statale Appia 7 bis 46/48 and at the head office of Borsa Italian S.p.A. and it will also be available in the Investor Relations/Financial Documents of the Company's website, www.pierrelgroup.com, and on the authorized storage mechanism of regulated information Nis-Storage (www.emarketstorage.com).

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The executive responsible for the preparation of corporate accounting documents of Pierrel, Mr Francesco Pepe, declares, pursuant to art. 154-bis, paragraph 2, of the TUF - that the accounting information contained in this press release and relating to the Interim Management Report of the Pierrel Group and Pierrel at 30 September 2021 corresponds to the documentary results, books and accounting records of the Pierrel Group and the Company.

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In addition to the conventional financial indicators required by the IFRS, in order to allow a better assessment of the economic management and financial position of the Pierrel Group, this document contains some alternative performance indicators relating to data of the Pierrel Group and the Company at 30 September 2021. These indicators are presented in the other annual financial reports and interim reports of the Company and the Pierrel Group, but should not be considered as replacements for the conventional indicators recommended by the IFRS.

According to CESR/05-178b of 3 November 2005, below is a brief description of the alternative performance indicators, as well as their composition, mentioned in this press release:

- **“EBITDA”** or **“gross operating result”** indicates the difference between sales revenues and costs related to the consumption of materials, cost of services, labor costs and the net balance of operating income and write-downs and represents the operating result before amortization, depreciation and provisions , financial management and taxation;
- **“EBIT”** or **“operating result”** indicates the difference between the gross operating result and the value of amortization, write-downs and provisions and represents the operating result prior to financial management and taxation;
- **“Net financial debt”** is an indicator of the financial structure of the Pierrel Group. It is calculated as the result of short and long-term financial payables and related derivative instruments, net of cash and cash equivalents and financial assets.

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Attached below are the income statements and balance sheets of the Pierrel Group and Pierrel at 30 September 2021, that have not been subject to audit.



FINANCIAL STATEMENTS OF THE PIERREL GROUP

Consolidated income statement

<i>(€ thousands)</i>	First nine months	
	2021	2020
Revenue	15.778	12.767
<i>of which non-recurring</i>	294	166
Raw materials and consumables used	(4.639)	(3.717)
Sundry services and Third-party goods	(2.651)	(2.331)
<i>of which non-recurring</i>	(16)	(65)
Personnel costs	(4.495)	(4.166)
Other provisions and costs	(789)	(823)
<i>of which non-recurring</i>	(41)	(89)
Earnings Before Interest, Tax, Depreciation and Amortisation	3.204	1.730
Amortisation, depreciation and write-downs	(1.139)	(871)
<i>of which non-recurring</i>	(1)	
Operating profit/(loss)	2.065	859
Financial income**	41	122
Financial expenses*	(589)	(200)
Profit/(loss) before tax	1.517	781
Income tax	(138)	(12)
<i>of which non-recurring</i>		90
Net Profit/(Loss) for the period	1.379	769

of which exchange rate losses of about / 326 thousand (net figurative financial income at 30 September 2020 of about / 121 thousand)*



Consolidated balance sheet

ASSETS	30 SEPTEMBER 2021	31 December 2020
<i>(€ thousands)</i>		
Intangible assets	3.816	3.194
Tangible assets	20.364	14.562
Tangible assets leased assets	291	302
Financial fixed assets	10	10
Receivables and other non-current assets	13	13
Active deferred taxes	5.275	5.275
Non-current assets	29.769	23.356
Inventories	4.749	4.067
Trade receivables	2.501	3.684
Tax receivables	1.092	643
Other current assets and sundry receivables	1.129	812
Cash and cash equivalents	9.941	3.886
Current assets	19.412	13.092
Total assets	49.181	36.448
EQUITY AND LIABILITIES		
<i>(€ thousands)</i>		
Share capital	3.716	3.716
Reserves and retained earnings/(losses)	11.697	9.766
Loss for the year	1.379	1.903
Consolidated equity	16.792	15.385
Employee benefits	282	324
Non-current financial liabilities	19.611	9.107
Other current liabilities and sundry payables	2.175	1.469
Non-current liabilities	22.068	10.900
Trade payables	4.476	2.848
Current financial liabilities	2.038	2.590
Current tax payables	89	34
Other current liabilities and sundry payables	3.718	4.691
Current liabilities	10.321	10.163
Total liabilities	32.389	21.063
Total equity and liabilities	49.181	36.448

Net consolidated financial position

<i>(€ thousands)</i>	30 September 2021	31 December 2020
A. Liquid assets	9.941	3.886
B. Cash equivalents		
C. Other current financial assets		
D. Cash Resources (A)+(B)+(C)	9.941	3.886
E. Current financial debt	2.038	2.590
F. Current portion of the non current financial debt		
G. Current financial debt (E)+(F)	2.038	2.590
H. Net current financial debt (G)-(D)	(7.903)	(1.296)
I. Non current financial debt	19.611	9.107
J. Debt instruments		
K. Trade payables and other non current debts		
L. Non-current financial debt (I)+(J)+(K)	19.611	9.107
M. Total financial debt (H)+(L)	11.708	7.811



FINANCIAL STATEMENTS OF THE PARENT COMPANY PIERREL S.P.A.

Separated income statement

<i>(€ thousands)</i>	First nine months	
	2021	2020
Revenue	12.327	10.956
<i>of which non-recurring</i>	261	136
Raw materials and consumables used	(4.136)	(4.048)
Sundry services and Third-party goods	(1.636)	(1.675)
<i>of which non-recurring</i>	(16)	(65)
Personnel costs	(4.391)	(4.090)
<i>of which non-recurring</i>	-	-
Other provisions and costs	(1.643)	(1.363)
<i>of which non-recurring</i>	(40)	(3)
Earnings Before Interest, Tax, Depreciation and Amortisation	521	(220)
Amortisation, depreciation and write-downs	(1.084)	(823)
Operating profit/(loss)	(563)	(1.043)
Financial income**		122
Financial expenses*	(452)	(74)
Profit/(loss) before tax	(1.015)	(995)
Income tax for the period	275	253
<i>of which non-recurring</i>		12
Net Profit/(Loss) for the period	(740)	(742)

of which exchange rate losses of about 1,226 thousand (net figurative financial income at 30 September 2020 of about 1,121 thousand).*

Balance sheet

ASSETS <i>(€ thousands)</i>	30 September 2021	31 December 2020
Intangible assets	1.472	1.348
Tangible assets	20.362	14.561
Tangible assets leased assets	292	302
Investments	4.574	4.574
Active deferred taxes	5.275	5.275
Non-current assets	31.975	26.060
Inventories	4.165	3.040
Trade receivables	967	756
Tax receivables	1.092	642
Other current assets and sundry receivables	878	803
Cash and cash equivalents	6.316	2.773
Current assets	13.418	8.014
Total assets	45.393	34.074
EQUITY AND LIABILITIES	30 September 2021	31 December 2020
Share capital	3.716	3.716
Reserves and Retained earnings	16.667	16.465
Loss for the year	(740)	201
Equity	19.643	20.382
Employee benefits	282	324
Non-current financial liabilities	15.388	5.353
Other current liabilities and sundry payables	2.175	1.469
Non-current liabilities	17.845	7.146
Trade payables	4.309	2.653
Current financial liabilities	1.528	1.652
Current tax payables	16	34
Other current liabilities and sundry payables	2.052	2.207
Current liabilities	7.905	6.546
Total liabilities	25.750	13.692
Total equity and liabilities	45.393	34.074



Net financial position

(€ thousands)	30 September 2021	31 December 2020
A. Liquid assets	6.316	2.773
B. Cash equivalents		
C. Other current financial assets		
D. Cash Resources (A)+(B)+(C)	6.316	2.773
E. Current financial debt	1.528	1.652
F. Current portion of the non current financial debt		
G. Current financial debt (E)+(F)	1.528	1.652
H. Net current financial debt (G)-(D)	(4.788)	(1.121)
I. Non current financial debt	15.388	5.353
J. Debt instruments		
K. Trade payables and other non current debts		
L. Non-current financial debt (I)+(J)+(K)	15.388	5.353
M. Total financial debt (H)+(L)	10.600	4.232

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Pierrel S.p.A. is a pharmaceutical industry provider specializing in the development, production, registration and licensing of synthetic drugs - regional local anesthetics - and medical devices for the oral care sector. Based in Capua (CE), listed on the EXM market organized and managed by Borsa Italiana, Pierrel is authorized by EMA (*“European Medicines Agency”*) and FDA (*“Food and Drug Administration”*) for the aseptic production of injectable drugs. After over seventy years of experience, Pierrel is one of the world's leading manufacturers of own-brand dental anesthetics, including *Orabloc®* marketed in over 25 countries including *Canada, USA, Russia and Europe* and with a market share of 25% in the USA.

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