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PIERREL S.p.A.

PRESS RELEASE

## THE BOARD OF DIRECTORS APPROVES THE CONDITIONS FOR THE SHARE CAPITAL INCREASE AND THE OFFER CALENDAR

### RIGHTS ISSUE PERIOD FROM 16 JULY 2018 TO 3 AUGUST 2018 RIGHTS OPTIONS NEGOTIATED ON THE MTA BETWEEN 16 JULY 2018 AND 30 JULY 2018

Capua, 10 August 2018 - Pierrel S.p.A. (the "Issuer" or "Pierrel") announces that, on this day, the Board of Directors has approved the final conditions for Pierrel's share capital increase, to be offered as a rights issue to the entitled parties pursuant to Article 2441, first paragraph, of the Italian Civil Code, as approved by the Extraordinary Shareholders' Meeting of Pierrel on 22 November 2017, for a maximum amount of Euro 35 million, including share premium (the "**Share Capital Increase**"). You are reminded that, with regards to the Share capital increase, the Shareholders' Meeting of Pierrel on 22 November 2017 has also decided, in line with the cash flow needs arising from the restructuring operations, to establish an inseparable threshold amount that envisions a positive conclusion of the Share Capital Increase so as to raise Pierrel an amount in cash profits that is not smaller than Euro 5.2 million (the "**Threshold of Inseparability**").

The Board of Directors has also approved the calendar for the Rights Issue (as defined below).

Specifically, the Board of Directors has decided to issue a maximum number of 217,174,292 Pierrel ordinary shares, with full rights and with the same characteristics as the existing ones, without par value (the "**New Shares**"), to be offered as a rights issue to the entitled parties pursuant to Article 2441, first paragraph, of the Italian Civil Code (the "**Rights Issue**") at a subscription price of Euro 0.161 of which Euro 0.140 as share premium, in a ratio of n. 4 newly-issued Pierrel shares for each 1 Pierrel share owned.

Therefore, the maximum value of the Rights Issue will amount to Euro 34,965,061.



The subscription price for the New Shares was established by the Board of Directors, applying a discount equal to 3.60% on the theoretical ex right price (the so-called TERP) for Pierrel shares, calculated based on Borsa Italiana S.p.A.'s reference price for Pierrel shares as of 10 July 2018, equal to Euro 0.191. In order to determine the subscription price for the New Shares, the Board of Directors has also taken into consideration what is stated in the *fairness opinion* issued on 9 July 2018 by Madison Corporate Finance S.r.l. acting as an independent expert.

The calendar for the rights issue foresees that the rights options, valid for the subscription of the New Shares, shall be exercisable, under penalty of expiration, between 16 July 2018 and 3 August 2018 included (the “**Rights Issue Period**”), and that they shall be tradeable on the MTA exchange as organised and managed by Borsa Italiana S.p.A (“**MTA**”) from 16 July 2018 to 30 July 2018 included.

Any rights options not exercised by the end of the Rights Issue Period shall be issued on the MTA within the month following the end of the Rights Issue Period, pursuant to article 2441, third paragraph, of the Italian Civil Code (the “**Offer on the Stock Exchange**”). The dates of the Stock Exchange sessions in which the rights options will be offered will be announced at a later date.

The launch of the Rights Issue, as well as the final conditions for the issuance of the New Shares and the calendar stated above, are subject to the issue by the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) of the approval of the registration document of the Pierrel Group and of the information notice relating to the Rights Issue, and to the admission of the New Shares' quotation on the MTA, in addition to the relevant summary note (all said documents, collectively, the “**Information Prospectus**”).

The Issuer notes that shareholders Fin Posillipo S.p.A (“**Fin Posillipo**”) and Bootes S.r.l. (“**Bootes**” and, together with Fin Posillipo, the “**Major Shareholders**”), who hold percentage investments amounting to 36.362% and 5.079% of Pierrel's share capital respectively, have irrevocably and unconditionally made commitments for the subscription and the guarantee of the Share Capital Increase in accordance with the ancillary agreement to the restructuring operations of the Pierrel Group as signed by the Major Shareholders, on one hand, and Pierrel and Pierrel Pharma S.p.A, on the other hand, on 11 October 2017 and amended on 29 December 2017 and 29 June 2018.

In greater detail, in virtue of said ancillary agreement:

- (i) the Major Shareholders have irrevocably committed to subscribe for and release to cash flow, on the last day of the Rights Issue Period, in a measure of 50% each, the Share Capital Increase for an amount necessary to reach the Threshold of Inseparability by the end of the Rights Issue Period and, therefore, for a maximum total amount of Euro 5.2 million (the “**Cash Flow Guarantee**”). Such commitment has been guaranteed by the Major Shareholders through two distinct guarantees released by Credit Suisse (Italy) S.p.A and Intesa San Paolo S.p.A;
- (ii) the Major Shareholders have irrevocably and unconditionally committed to subscribe for and release the respective quotas of the Share Capital Increase (approximately amounting to Euro 14.5 million, of which approximately Euro 12.7 million attributable to Fin Posillipo and approximately Euro 1.8 million attributable to Bootes) via the conversion in New Shares, for a corresponding amount, of payments for future share capital increase already made by them, minus any amount subscribed for and paid by each of the Major Shareholders in execution of the Cash Flow Guarantee. Such conversion will be made on the last day of the Rights Issue Period;
- (iii) in the event that at the end of the Stock Exchange Offer there should still be New Shares that have not been subscribed, the Board of Directors will have the power to place such New Shares, including with third parties, within the 60 days following the result of the Stock Exchange Offer. If at the end of said 60 days there should still be New Shares that have not been subscribed, Fin Posillipo and Bootes shall subscribe for and release a number of New



Shares for a maximum value amounting to approximately Euro 3.8 million and Euro 7.0 million respectively, via the conversion in Share Capital for the Company, for a corresponding amount, of payments for future share capital increase already made by the Major Shareholders to the Company's benefit. It is noted that, if in the Rights Issue the Major Shareholders were to have subscribed the quota of the Share Capital Increase attributable to them (amounting to approximately Euro 14.5 million) wholly via the conversion in New Shares of the payments for future share capital increase already made by the Major Shareholders, in application of such commitment the Major Shareholders shall convert in New Shares the payments for future share capital increase already made by them for a value amounting to approximately Euro 5.6 million.

For further information regarding the ancillary agreement, please refer to the press releases published by the Issuer, respectively on 11 October 2017, 29 December 2017 and 29 June 2018 that are available on Pierrel's website at the address [www.pierrelgroup.com](http://www.pierrelgroup.com), under *Press/ Press Releases*.

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The Information Prospectus will be made available to the public at the Issuer's registered offices (Capua (CE), Strada Statale Appia 7-bis, n. 46/48) and on the Issuer's website ([www.pierrelgroup.com](http://www.pierrelgroup.com)) and on the authorised storage mechanism NIS -Storage's website ([www.emarketstorage.com](http://www.emarketstorage.com)). The publication will be announced to the public in the terms and conditions provided by applicable law.

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Pierrel S.p.A. specialises in the manufacture of pharmaceutical specialty products (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 organised and managed by Borsa Italiana, and has over 60 years' experience in the pharmaceutical sector, as one of Europe's leading producers of local and dental anaesthetics.

Pierrel owns a production unit in Capua, near Naples (Italy), which 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 Pharma S.r.l. with a sole shareholder has registered and distributes the Orabloc® dental anaesthetic in Canada, the US, Russia and Europe. The registered office of Pierrel S.p.A. is in Capua (CE), Italy.

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Rights Issue have not been registered and will not be registered in the United States under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), nor pursuant to the applicable legislation in Canada, Japan, Australia, or in the Other Countries and therefore may not be offered or directly or indirectly delivered in the United States, Canada, Japan, Australia or in the Other Countries, unless there is a specific authorisation in compliance with the applicable laws and regulations or an exemption from the registration requirements.

This press release does not constitute a sale offer or an invitation to subscribe for or purchase any financial instruments.

This press release has been prepared on the prerequisite that any offer of financial instruments it refers to, in any member State of the European Economic Area (“**EEA**”) that has implemented the Prospectus Directive (each, a “**Relevant Member State**”), will be made on the basis of a prospectus approved by the competent authority and published in compliance with the regulations of the Prospectus Directive (the “**Allowed Public Offer**”) and/or pursuant to an exemption from the obligation to publish a prospectus for the offer of financial instruments as provided for by the Prospectus Directive. Thus, whoever carries out or intends to carry out an offer of financial instruments in a Relevant Member State other than the Allowed Public Offer can only do it where the Company is under no obligation to publish respectively a prospectus pursuant to article 3 of the Prospectus Directive or a supplement to the prospectus pursuant to article 16 of the Prospectus Directive, in relation to said offer. The expression “Prospectus Directive” refers to Directive 2003/71/CE (said Directive and its amendments, as well as Directive 2010/73/UE, to the extent to which it has been implemented in the Relevant Member State) jointly with any implementation measures in the relevant member state.

This document is a press release and does not constitute a prospectus in compliance with the Prospectus Directive. A prospectus prepared in compliance with the Prospectus Directive will be published in the future. Investors should not subscribe for any financial instruments as per this press release if not on the basis of the information contained in the relevant prospectus.

This press release is available on Pierrel’s website at the address [www.pierrelgroup.com](http://www.pierrelgroup.com) and on the authorised storage mechanism NIS -Storage’s website ([www.emarketstorage.com](http://www.emarketstorage.com)).