



PRESS RELEASE

PIERREL S.P.A.

Meeting of the Board of Directors of Pierrel S.p.A.:

- The approval of the draft financial statements at 31 December 2016 was postponed to a date after 30 April 2017 - Update of the corporate events calendar
- The presence of the requirements of Article 148 of Legislative Decree no 58 of 24 February 1998 to the Independent Directors of the Company has been verified
- The trend in sales of the dental anesthetic Orabloc® on the North American market in the first quarter of 2017 (increase of 19% compared with 2016) was acknowledged

Capua, 27 April 2017 – The Board of Directors of Pierrel S.p.A. (“**Pierrel**” or the “**Company**”) meeting today acknowledges that, at today's date, the requirements for approving the company's draft financial statements for the year ended 31 December 2016 have not yet been met in accordance with the principle of business continuity and therefore, has postponed the approval of this draft financial statement at a later date after 30 April 2017 as provided for in Article 154-ter paragraph 1 of Legislative Decree no. 58 of 24 February 1998 as subsequently modified and integrated.

As already announced to the market (see press release published by the Company on 27 October 2016 and available on the Company's website at www.pierrelgroup.com, section “Press”), as a result of the occurrence of the conditions set out in Article 2447 of the Italian Civil Code, verified on 30 September 2016, Unicredit S.p.A., Banca Nazionale del Lavoro S.p.A. and Banca Popolare di Milano S.p.A. (jointly, the “**Financing banks**”) have the right to ask to the Company and to the subsidiary Pierrel Pharma S.r.l. the immediate and full repayment of the claims made against them. Starting from that date, in accordance with the accounting principles, the Company therefore had to reclassify the shares due beyond twelve months of the outstanding debt of the Company and of its subsidiary Pierrel Pharma S.r.l. (some € 13 million) (the “**Credit**”) in respect of short-term financial liabilities.

Following the occurrence of such events, on 28 October last the Company sent a first communication to the Financing Banks asking them: (a) not to use the rights and/or remedies provided for under the loan agreements signed with the Pierrel Group companies (including, in particular, the early repayment of the Credit); and (b) to grant the Pierrel Group companies a moratorium for the repayment of the shares held in the capital and of the accrued and accruing interest, provided for in the Contracts, due starting from 31 December 2016 until the second half of 2017.

Subsequently, on 20 March 2017, the Company approved the Pierrel Group's business plan for the period 2017-2019, which showed that during the reference period, in the absence of extraordinary events, the Pierrel Group will not be able to generate enough cash flows to cover, even in part, the Credit. Consequently, on the same date, the Company sent a second notification to the Financing Banks in



which, partly exceeding what was requested in the notice of 28 October 2016, requested the full discharge of the Credit by converting the Company into equity within the scope of the capital increase agreed by the Pierrel Shareholders' Meeting on 7 December 2016.

With a notice sent on 11 April 2017 by Banca Popolare di Milano S.p.A. as the Agent Bank, the Financing Banks informed the Company that the proposed conversion into equity of the Credit is not acceptable, and they also urged a meeting with the representatives of the Company and its shareholders to evaluate their positions.

Following this latest notice, the Company has initiated a discussion with Fin Posillipo S.p.A. and Bootes S.r.l., the main shareholders of the Company, in order to verify their willingness to assess the possibility of participating in a transaction, to be carried out also with the involvement of the Financing Banks, which could allow to overcome the present situation of the Company's capital and financial position and, at the same time, to contribute to the development of the Pierrel Group's business project. Only if, over the next few weeks, the Company has a reasonable expectation that such a transaction may be completed in the coming months, the Company's Board of Directors will be able to approve the draft financial statements for the year ended 31 December 2016 in accordance with the principle of business continuity.

In this respect, it is noted that, as already announced to the market, during 2016 the two main shareholders of the Company made capital payments for a total of € 7.3 million and, by notice of 14 November 2016, committed themselves to perform, by 30 June 2017, additional capital payments for a total amount of € 3.0 million, of which € 1.5 million has already been paid into the Company's accounts at the date of this release. For further information, please refer to the press release published by the Company on the 31 March 2016, 27 May 2016, 29 June 2016, 12 September 2016 and 14 November 2017 available on the Company's website at www.pierrelgroup.com, section "Press release".

In light of the foregoing, also pursuant to Article 2.6.2 of the Borsa Italiana S.p.A. Regulations, the Company announces that, differently from what was announced to the market on 26 January 2017 and 4 April 2017, the meeting of the Board of Directors for the approval of the draft financial statements for the year ended 31 December 2016 of the Company will not be held between 24 and 28 April 2017 and the meeting of the Board of Directors for the voluntary approval of the interim management report for the the period ending 31 March 2017 will not be held between 9-15 May 2017. Subject to the positive outcome of the above-mentioned negotiations, both the draft financial statements for the year ended 31 December 2016 and the interim report at 31 March 2017 will be examined at a meeting of the Board of Directors to be held at a date to be settled between 23 and 30 May 2017.

The exact date of the Board meeting for the approval of the draft financial statements at 31 December 2016, the approval of the consolidated financial statements at 31 December 2016, the voluntary approval of the interim management statement for the period ended 31 March 2017 and the Shareholders' Meeting for the approval of the financial statements at 31 December 2016 will be announced to the Market and to the Regulatory Authorities as established by the applicable laws and regulations.

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During the same meeting, the Board of Directors of the Company also assessed the independence of its Directors appointed by the Shareholders' Meeting of the Company on 5 June 2015. Based on the statements made by the Board members and on the information available to the Company, the Directors who are in possession of the independence requirements of Article 148, paragraph 3 of Legislative Decree no. 24 February 1998, no. 58, as subsequently amended and integrated, are Mr Paolo Cirino Pomicino, vice president of the Board of Directors, prof. Mauro Fierro and Ms Tiziana Catuogno.

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The Board of Directors has also acknowledged the positive trend in the North American market sales of Pierrel dental anesthetic Orabloc® produced aseptically in the Capua (Italy) production unit. More specifically, Orabloc® sales in the first quarter of 2017 on the US and Canada markets increased of 19% from data recorded in the same period of the 2016, also thanks to the growing distribution network now comprising 47 dealers.

The continued growth of Pierrel's product confirms its position as the second best selling branded dental anesthetic (both in terms of turnover and volumes) in the US, out of a total of over 15 brands in the territory.

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Pierrel S.p.A. specialises in the pharmaceutical production (Contract Manufacturing Division) and the development, registration and licensing of new drugs and medical devices (Pharma Division).

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.

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 Pharma 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:

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