PRESS RELEASE

THE MEETING OF THE BOARD OF DIRECTORS OF PIERREL S.P.A. HAS BEEN HELD

- **The Restructuring Operation of Pierrel Group has been approved in compliance with the regulations governing the Transactions with Related Parties, in particular: *(a)* the Restructuring Plan pursuant to Article 67, paragraph 3, point d) of R.D. 16 March 1942, no. 267 which includes the proposal of a capital stock increase for an amount of EUR 35 million, including share premium, to be offered to shareholders as an option pursuant to Article 2441, paragraph 1 of the Civil Code, and *(b)* the ancillary agreement to the Restructuring Plan undersigned by the companies of Pierrel Group, on the one hand, and Posillipo S.p.A. and Bootes S.r.l., on the other hand**

  The main economic and financial objectives for the year 2017 have been updated

  - **consolidated gross revenues of about Euro 16.0 million,** anincrease compared to the approximately Euro 15.6 million previously estimated and disclosed to the market on November 14, 2016 as well as a **positive consolidated EBITDA of about Euro 0.2 million**, reflecting a decrease compared to the approximately Euro 0.5 million budgeted in the previous business plan, as last reported to the market on November 14 2016;

  The main economic and financial objectives for the years 2018, 2019 and 2020 have been approved:

  - for **2018, consolidated gross revenues of approximately Euro 18.3 million] and a positive consolidated EBITDA of approximately Euro 1.8 million;**
  - for **2019, consolidated gross revenues of approximately Euro 20.9 and a positive consolidated EBITDA of approximately Euro 2.6 million;**
  - for **2020, consolidated gross revenues of approximately Euro 23.0 million and a positive consolidated EBITDA of approximately Euro 3.4 million;**

- **The Draft Financial Statements and the Consolidated Financial statements as of December 31, 2016 have been approved**

  Consolidated results as of December 31, 2016:

  - **Consolidated net revenues of approximately Euro 14.5 million** (down by approximately 10% compared to December 31, 2015 when they amounted to approximately Euro 15.1 million), broadly consistent with the figure provided for in the previous business plan, as last reported to the market;
  - A **negative EBITDA by about Euro 1.1 million, of which about Euro 0.2 million for non-recurring charges** (reflecting a decrease compared to December 31, 2015, when it was negative by about Euro 0.5), broadly consistent with the result provided for in the previous business plan (a negative EBITDA by about Euro 1.0 million), as last reported to the market;
  - A **negative EBIT by about Euro 2.5 million, of which approximately Euro 1.2 million for depreciations, in addition to about Euro 0.2 for non-recurring write-downs** (an improvement of about 4% compared to December 31, 2015, when it was negative by about Euro 2.6 million);

- A **positive Consolidated Net Result totalling approximately Euro 1.1 million,** of which about Euro 8.5 million positive, as highlighted in a special item, as a result generated by RELIEF Theraupetics Holding AG and by the subsidiaries directly controlled by said company (an improvement compared to the figure recorded as of December 31, 2015, when it was negative by about Euro 13.5 million, of which Euro 7.7 million were negative as a net result of the Relief Group for year 2015);
- a **Consolidated Net Financial Debt of approximately Euro 22.9 million**, (an improvement of about 16% compared to December 31, 2015, when it amounted to about Euro 27.2 million, after reclassifying separately the Relief Group net financial debt amounting to about Euro 3.3 million in the consolidated equity – financial position);
- a **Consolidated Bank Net Financial Debt of approximately Euro 13.6 million**, (which reflects a decrease by about 6% compared to December 31, 2015, when it amounted to about Euro 14.5 million, after reclassifying separately the Relief Group bank net financial debt amounting to about Euro 1.3 million in the consolidated equity – financial position);

- **The Interim report on operations as of March 31, 2017 of Pierrel Group and of Pierrel S.p.A. has been approved**

  Consolidated results as of March 31, 2016:
  - **revenues of approximately Euro 2.8 million** (down by approximately 8% compared to March 31, 2016 when they amounted to approximately Euro 3.0 million);
  - **a negative EBITDA of approximately Euro 0.4 million** (an improvement compared to March 31, 2016 when it amounted to approximately Euro 0.8 million);
  - **a negative EBIT by about Euro 0.7 million, of which approximately Euro 0.3 million for depreciations,** (an improvement compared to March 31, 2016, when it was negative by about Euro 1.1 million);
  - **a Consolidated Net Loss amounting to approximately Euro 2.4 million** (down by approximately 16% compared to March 31 2016, when it amounted to about Euro 2.0 million, of which approximately Euro 1.0 million negative arising from the Relief Group);
  - **a Consolidated Net Financial Debt from continuing operations amounting to about Euro 21.7 million** (an improvement of about 5% compared to December 31, 2016, when it was about Euro 22.9 million);
  - **cash and cash equivalents of approximately Euro 0.7 million** (decreasing compared to December 31, 2016 when they amounted to approximately Euro 1.1 million);

- **The interim half-year financial report of Pierrel Group as of June 30, 2017 which includes the condensed half-year consolidated financial statements of Pierrel as of June 30, 2017, has been approved**

  Consolidated results as of June 30, 2017:
  - **revenues of approximately Euro 6.0 million** (down by approximately 6% compared to June 30, 2016 when they amounted to approximately Euro 6.3 million);
  - a **negative EBITDA of approximately Euro 0.9 million** (an improvement compared to June 30, 2016 when it was negative by approximately Euro 1.3 million);
  - a **negative EBIT of about Euro 1.4 million,** of which approximately Euro 0.5 million for depreciations, (an improvement compared to June 30, 2016, when it was negative by about Euro 2.0 million);
  - a **total consolidated net loss of approximately Euro 4.5 million** (significantly worse compared to June 30, 2016, when the Pierrel Group recorded a consolidated net profit of about Euro 5.9 million including a net profit for the period arising from discontinued

operations of about Euro 8.5 million, significantly affected by the effects of the final deconsolidation of Relief Group;

- a **Consolidated Net Financial Debt of about Euro 21.1 million** (an improvement by about 8% compared to December 31, 2016, when it amounted to about Euro 22.9 million);
- **cash and cash equivalents of approximately Euro 0.3 million** (down by approximately 74% compared to December 31, 2016 when they amounted to approximately Euro 1.1 million);

- **The powers for convening the Shareholders' Meeting of Pierrel S.p.A. have been granted in order to pass resolutions, in ordinary session, on: *(a)* Pierrel S.p.A. financial statements as of December 31, 2016; and *(b)* of the first section of Pierrel S.p.A.'s Remuneration Report for the financial year 2016, and in extraordinary session, on the proposal of capital increase under option pursuant to Article 2441, paragraph 1, of the Civil Code for a maximum of Euro 35 million, including any share premium**

Capua, October 11, 2017 - The Board of Directors of Pierrel S.p.A. ("**Pierrel**" or the "**Company**"), meeting today, have examined and approved, abiding by the principles of the regulations in force governing the transactions with related parties, the Pierrel Group restructuring operation ("**Restructuring Operation**") - the terms of which had already been analysed during the Board meeting on August 9, 2017 and simultaneously disclosed to the market - which provides for: *(a)* the 2018-2020 business plan of Pierrel Group which aims at restructuring Pierrel Group debt exposure and at rebalancing its financial position, drawn up in accordance with and for the purposes of Article 67, paragraph 3, letter d) of the R.D. March 16, 1942, no. 267, as subsequently amended and supplemented ("**Restructuring Plan**"); as well as *(b)* the signing by the Company and its single-member subsidiary Pierrel Pharma S.r.l. ("**Pierrel Pharma**") on the one hand, and Fin Posillipo S.p.A., a shareholder with equity investments in Pierrel of about 36% of the capital stock and which de facto controls the company, and Bootes S.r.l., a shareholder with equity investments in Pierrel equivalent to approximately 5% of the relevant capital stock (which together with Fin Posillipo S.p.A., constitute the "**Reference Shareholders**") on the other hand, of the agreement relating to the Restructuring Plan which governs a number of commitments of the Reference Shareholders for the purposes of the Restructuring Plan.

The Restructuring Plan provides, among other things:

(1) the signing by the Company and the main client of Pierrel Group of an agreement under which the deadline for repayment of the customer's claim against Pierrel of about Euro 6.9 million (principal and interests) as of August 31, 2017, will be postponed until December 31, 2026 (the deadline originally set was December 31, 2021), against a rise of the amount retroceded by Pierrel to the client for each supply of pharmaceutical products made in their favour by Pierrel Group (the so called *rebate*);

(2) the need for the Company to obtain, by December 31, 2017, cash resources for an amount at least equivalent to Euro 2.8 million to be allocated for financial needs until the end of the current financial year to prevent affecting the possibility for the Company to continue operations as a going concern (**"Cash flow Needs"**);

(3) the necessity to restructure the terms for the repayment of the debt accrued by Pierrel Pharma against Banca Popolare di Milano S.p.A. (debt purchased by the Reference Shareholders on August 8, 2017, *see* the press release published by the Company on August 9, 2017 and available on Pierrel's website www.pierrelgroup.com , in the area *Press/Press Releases*) (**"Pharma Debt"**) in order to provide for a grace period for the repayment of the capital at least until December 31, 2020;

(4) an increase for the payment of Pierrel's capital stock to be carried out by December 31, 2018 by issuing ordinary shares without par value, to be offered to shareholders as an option, pursuant to Article 2441, paragraph 1 of the Civil Code, for a maximum amount of Euro 35 million, including any share premium ("**Capital Increase**"), to be actually subscribed and paid for by cash payments for an amount not lowers than Euro 5.2 million, to be allocated for supporting the development of the Company's *business* and, in particular, to finance the investments needed to achieve the results and objectives set out in the Restructuring Plan; and

(5) the achievement by Pierrel Group in the 2018-2020 period of the following *performance* targets, reflecting an average rise in terms of gross consolidated revenues amounting to about 12% and a more than proportional increase in the consolidated EBITDA:

(in thousand Euro)	2018	2019	2020
Consolidated gross revenues	18,329	20,924	23,018
Consolidated EBITDA	1,750	2,643	3,377

In particular it should be noted that the Restructuring Plan only includes the forecasts from the Divisions CMO and *Holding*, both of which are headed by Pierrel, and from the Division *Pharma*, referring to Pierrel Pharma, while it does not include the data referring to the group headed by the Swiss company Relief Therapeutics Holding AG and which formed the Division TCRDO (formerly part of the Pierrel Group), because, as already disclosed to the market, as of May 26, 2016, the relevant equity investments and the Division TCRDO were definitively deconsolidated from the Pierrel Group (for further information please refer to the press release published by the Company on May 26, 2016 and available on Pierrel's website at www.pierrelgroup.com, in the area *Press/Press Releases*).

The operating and strategic prerequisites underlying the Restructuring Plan are the same underlying the plans previously approved by the Board of Directors of Pierrel. The Pierrel Group therefore confirms its intention to consolidate its position as a *provider* in the pharmaceutical sector, aiming at an increase in the revenues and in the profitability of its strategic *business* Divisions - CMO and *Pharma* – by expanding the volumes of tube vials and of new proprietary medicinal products to be manufactured at the Capua Plant, also to support the increasing development of the Division *Pharma* mainly on the North American market – thanks to the important agreements entered with the largest global *dental care* products distributors in the USA (Patterson Dental, Benco Dental, Henry Schein Dental, Dental Health Products, DC Dental, Safco Dental Supply, NDC and Darby Dental), in Canada (Patterson Dental, Henry Schein Dental and Sinclair Dental) – in Europe and in new markets (Africa and the Middle East) where the registrations for placing the dental anaesthetic Orabloc ® on the market have been obtained (Kosovo, Serbia, Iran and Iraq) and started (Saudi Arabia, Jordan, Algeria, Egypt, Sudan, Taiwan and other minor countries), and to the large communication campaign already initiated in the previous financial years and which will be further developed over the entire three-year period.

In summary, from a strictly industrial standpoint the Restructuring Plan includes:

- as far as the Division CMO is concerned, an increase in turnover due mainly to higher volumes for the Division *Pharma* and, to a lesser extent, to the increase in volumes for third party clients in the portfolio;
- for the Division *Pharma,* increasing revenues deriving from contracts of distribution for the sale of the proprietary medicinal product Orabloc®, primarily on the North American market (USA and Canada), as well as from the sales expected on the European market and in other emerging countries, also as a result of the new registrations recently obtained and of the completion of the current authorization *procedures*. For the Division *Pharma* the Restructuring

Plan takes into account also the revenues conservatively assumed at the minimum levels agreed by contract, arising from the *licensing* of medical devices owned by the subsidiary;

- for the *Holding*, the confirmation of the operating cost reduction with a downward *trend* over the 2018 -2020 periods.

During the meeting, the Board of Directors also updated the main financial and economic objectives for the year 2017. For a description of said objectives, please see below in this press release, with reference to the approval of the half-year financial report of Pierrel Group as of June 30, 2017.

The Board of Directors also approved, abiding by the principles of the regulations in force governing the transactions with the related parties, the ancillary agreement (**"Ancillary Agreement")** to the Business Plan between the Company and Pierrel Pharma, on the one hand, and the Reference Shareholders, on the other hand, which was signed between the parties today.

More specifically, in order to facilitate the achievement of the objectives provided for in the Restructuring Plan and, consequently, the surmounting of the serious economic and financial crisis of the Pierrel Group by recovering the debt exposure of the Pierrel Group and restoring the balance of its financial situation, under the Ancillary Agreement, the Shareholders undertook the following with the Company:

(i) to provide the Company, by December 31, 2017, financial resources amounting to the Cash flow Needs, through payments for future capital increase for a total amount of Euro 2.8 million;

(ii) to allocate to Pierrel's assets the receivables claimed by the Reference Shareholders against Pierrel following the purchase of such receivables by the banks financing the Company (*see* press release of August 9, 2017, available on the Company's website www.pierrelegroup.com in the area *Press/Press Releases*), by charging the relevant amount for future capital increase of the Company;

(iii) to subscribe and pay for the relevant capital increase share, by offsetting the relevant subscription debt of Pierrel's newly issued shares with payments for future capital increase already carried out and/or to be carried out by the Reference Shareholders in favour of the Company under the Ancillary Agreement; and

(iv) subject to the favourable opinion of the competent Authorities about the possibility for the Reference Shareholders to benefit from an exemption of the obligation of a tender offer for all Pierrel's shares (in case, by effect of the Restructuring Operation, the conditions for applying these regulations should occur), to ensure, to a maximum amount of Euro 6.9 million, the subscription and payment for the part of the Capital Increase that might not have been subscribed at the end of the offering on the Stock Exchange of unexercised rights, by offsetting the relevant subscription debt for Pierrel's newly issued shares by a corresponding amount with the sum of the payments for future capital increase already carried out and/or to be carried out by the Reference Shareholders in favour of the Company under the Ancillary Agreement.

In addition to the above, under the Ancillary Agreement, Pierrel Pharma and the Reference Shareholders agreed to amend the terms and conditions of repayment of the Pharma debt, which provides: *(a)* the accrual on the relevant debt of a yearly interest rate equal to Euribor at three months plus a 4% spread; *(b)* a grace period until December 31, 2020 with accrual of only the interests to be paid by Pierrel Pharma to the Reference Shareholders in six-month instalments starting from December 31, 2017; and *(c)* a depreciation period of ten six-month instalments, including interests, to be paid by Pierrel Pharma to the Reference Shareholders starting from June 30, 2021.

The decision of the Board of the Company to sign the Ancillary Agreement was made in accordance with the regulations governing the transactions with related parties and, therefore, after obtaining the unanimous favourable opinion of the Related Party Committee of Pierrel, as the counterparts of the Company and Pierrel Pharma in the Ancillary Agreement are: *(a)* Fin Posillipo S.p.A., de facto controlling shareholder of Pierrel with equity investments in the capital stock of approximately 36.4%, whose managing director and relevant shareholder, Dott. Raffaele Petrone, is also Chairman of the Board of Directors of Pierrel; and *(b)* Bootes S.r.l., shareholder of Pierrel with equity investments of approximately 5% of the capital stock, which exerts an influence on the Company, having appointed a member as part having appointed a member of the Board of Directors of the Company.

The operation was also classified as a Transaction of Major Relevance according to the parameters specified by Regulation on the Transactions with Related Parties adopted by CONSOB with resolution no. 17221 of March 12, 2010, as subsequently amended, and the by the Related Parties Procedure adopted by Pierrel. The information document summarising the terms of the Ancillary Agreement will be made publicly available at the time and within the terms provided by applicable law.

Please find below more detailed information on the proposed Capital Increase that the Board of Directors is planning to submit to the Company Shareholders during the meeting for approval.

For more information, please refer to the report on the agenda of the Company Shareholders Meeting provided by the Board of Directors of Pierrel pursuant to Article 125-*ter* , paragraph 2 of Legislative Decree of February, 24, 1998, no. 58, as subsequently amended and supplemented (**"TUF"**, i.e. Consolidated Financial Act) which will be made available to the Company shareholders and to the public at the time and within the terms provided by the applicable law, in accordance with as an effect of Article 125-*ter*, paragraph 1 of the TUF and Article 84-*ter* of the Issuers' Regulations.

(a) Capital increase

The approval of the Capital Increase, - to be carried out by December 31, 2018, by issuing Pierrel ordinary shares without nominal value to be offered to the shareholders as an option, pursuant to Article 2441, first paragraph of the Civil Code, with regular dividend, with a threshold of inseparability that depends on the positive outcome of the Capital Increase to such an extent as to generate a net cash income for Pierrel amounting to not less than Euro 5.2 million (**"Threshold of Inseparability"**) -will be submitted to the shareholders during the Shareholders' Meeting.

During the Shareholders' Meeting, the Board of Directors of Pierrel will also propose that the shareholders of the Company grant the same body full power to decide, within the limits given above, on: *(a)* the issuance price per unit of Pierrel shares offered, including any share premium; *(b)* the maximum number of Pierrel shares to be issued under the offer and the relevant allocation ratio; *(c)* the exact amount of the Capital Increase; and *(d)* the initial term for the subscription of Pierrel's newly issued shares as well as the relevant subscription deadline, which may not be after December 31, 2018, specifying that this being a partly separable Capital Increase, in case the Capital Increase should not have been entirely subscribed within the term set by the Board of Directors of the Company, the capital itself will be deemed to have been increased by an amount equivalent to the subscriptions received up to that date, as provided for by Article 2439, second paragraph, of the Civil Code, provided that the Capital Increase was subscribed for a part equivalent at least to the Threshold of Inseparability.

To facilitate the successful outcome of the Capital Increase and, consequently, to enable the Company to obtain the most financial resources, the Board of Directors will also suggest that the Shareholders grant it full power to set to third parties, including non-shareholders - who will be entitled to subscribe them by offsetting any claims against the Company - any unoptioned shares after exercising the option rights and after the offer on the Stock Exchange of unexercised option rights pursuant to Article 2441, paragraph 3 of the Civil Code. The placement shall in any case be concluded within a maximum 60 day term following the deadline of the offering of unexercised rights at the Stock Exchange

(b) Reasons and allocation of the Capital Increase

The Capital Increase is aimed at implementing the Restructuring Plan and in particular at strengthening the Company's capital structure and providing the necessary financial resources to enable the Group to deal with current and future management needs that can be currently predicted.

In particular, the cash resources from the Capital Increase will be aimed mainly at supporting the development of the Company's *business* and in particular at financing the investments necessary to achieve the results and objectives set forth in the Restructuring Plan.

(c) Period planned for carrying out the Capital Increase

Subject to the granting of the necessary authorizations by the competent Authorities, it is estimated that the offering of Pierrel's newly issued shares to be offered to shareholders as an option can be started by the end of January 2018. Anyway, the initial and final terms for the subscription of Pierrel's newly issued shares under the Capital Increase will be determined by the Company's Board of Directors at a meeting to be held close to the start of the offering in option.

(d) Guarantee and/or Placement Consortium

As of the date of this press release, the establishment of a guarantee and/or placement consortium in relation to the Capital Increase was not provided for, without prejudice to the guarantee commitments undertaken, though subject to conditions, by the Reference Shareholders and described in the previous paragraph (iv) of this press release.

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In the course of the meeting held today, following the approval of the Restructuring Plan and the action taken by the Reference Shareholders within the Restructuring Operation and considering the negotiations in progress for deferral until December 31, 2026 of the deadline for repayment of the claim by the client against Pierrel (for more details, refer to the description in the previous paragraph (1) of this press release), the Board of Directors of the Company could also examine and approve, on a voluntary basis, abiding by the principle of on-going activity, the **Draft Financial Statements for the financial year ended on December 31, 2016 of Pierrel** and **Pierrel Group's Consolidated Financial statements for the financial year ended on December 31, 2016**.

By way of introduction, it should be noted that the consolidated financial statements of Pierrel as of December 31, 2016 does not reflect the data of Pierrel Group business unit operating in the field of clinical research, in discovering the so-called *medicinal product candidates* and in repositioning existing drugs in new therapeutic indications (Division TCRDO). As already reported to the market, in 2015 this business unit was merged into the Swiss company Relief Therapeutics Holding AG, whose shares are listed at the SIX Swiss Exchange and of which Pierrel holds approximately 9% of the capital stock. As a consequence, this business unit was first "discontinued" from Pierrel's consolidated financial statements as of December 31, 2015 and starting from May 25, 2016 it was definitely deconsolidated from Pierrel Group's boundary (for more information about the reasons underlying the deconsolidation of this business unit, please refer to the press release published by the Company on May 26, 2016 and available on Pierrel's website www.pierrelgroup.com, in the area *Press/Press Releases*). Therefore, pursuant to the international accounting standard IAS 39, the equity investments held by the Holding Company in Relief Therapeutics Holding AG, was classified as "Financial assets *available for sale*" for which the *fair value* evaluation criterion applies with allocation of the changes in the accounting value to the other comprehensive income. As a result, the carrying value of the equity investments held in the Company Relief Therapeutics Holding AG must be adjusted to the stock exchange value of the Relief shares listed at the SIX Swiss Exchange on the closing date of each reference period.

A brief description of the results of the Pierrel Group and of the Company as of December 31, 2016 is given below.

Consolidated results as of December 31, 2016

Pierrel Group closed the financial year 2016 with **consolidated revenues** of approximately Euro 14.5 million, with an approximate 10% decrease compared to approximately Euro 15.1 million achieved in the previous financial year and a negative **consolidated EBITDA (gross operating result)** of about Euro 1.1 million (of which Euro 0.2 million due to non-recurring charges), which reflects an improvement compared to the corresponding figure of December 31, 2015, when it was negative by about Euro 2.6 million and was affected by non-recurring charges of about Euro 0.1 million.

The analysis of the *business* and of the operating results of the Divisions *Holding* and *Contract Manufacturing* ("**CMO**"), which are part of the Company, the Division *Pharma*, headed by the subsidiary Pierrel Pharma S.r.l. is given below.

In 2016 the **Division *Holding*** recorded a negative EBITDA, before the *intercompany* eliminations, by about Euro 2.4 million, with a deterioration compared to the corresponding figure of December 31, 2015 when it was negative by about Euro 2.0.

In 2016 the **Division CMO** recorded a total turnover, before the *intercompany* eliminations, of Euro 13.7 million, down by about 13% compared to Euro 15.7 million recorded in 2015, and achieved, always before the *intercompany* eliminations, a positive EBITDA by about Euro 1.3 million (9.6% of the gross revenues), broadly consistent with the previous financial year when the EBITDA was positive by approximately Euro 1.4 million (9.2% of the gross revenues). The drop in the Division turnover in the current financial year is due mainly to the effect of the expected shrinking of the *business* of *manufacturing* for third parties and some unpredictable events which occurred during the third quarter of 2016. The turnover of this Division, though decreasing compared to the previous financial year, was consistent with the forecast as last approved on November 14, 2016.

In the financial year 2016 the **Division *Pharma*** recorded a total turnover, before the *intercompany* eliminations, of about Euro 7.5 million, increasing by about Euro 1.0 million compared to 2015 (+14.3%), when the turnover, before the *intercompany* eliminations, amounted to about Euro 6.5 million. This change is due mainly to the increase in sales volumes of the dental anaesthetic Orabloc® in the United States, achieved also thanks to the increase of the promotion and *marketing* activities that complemented the marketing of the product in the North American market and in Russia, as well as to the further commercial expansion started in Europe. The EBITDA for 2016 of the Division *Pharma*, before the *intercompany* eliminations, was positive by about Euro 1.1 million, an improvement compared to the same figure as achieved during the financial year 2015, when it was positive by about Euro 0.7 million. The significant improvement of the EBITDA of the Division under consideration, compared to the previous year, is due to the increase in the sales of Orabloc® as described above.

The **EBIT** (operating result) of Pierrel Group as of December 31, 2016 **is negative by about Euro 2.5 million after the depreciations of about Euro 1.2 million, besides non-recurring write-downs of about Euro 0.2,** showing an improvement over the corresponding figure of the previous financial year when it was negative by approximately Euro 2.6 million after the depreciations of about Euro 1.2 million.

It should be noted that as of December 31, 2016 the Pierrel Group recorded **non-recurring financial charges for a total amount of about Euro 3 million** arising mainly from the adjustment of the carrying value of the equity investments of the Company's ownership in Relief Therapeutics Holding AG to the *fair value* (calculated on the basis of the listing of Relief shares to the stock exchange value recorded on December 31, 2016). This value adjustment during the year 2016 had been entered directly among the other components of the comprehensive income statement in a specific net equity reserve item and then, on December 31, 2016, it was entirely reversed into the income statement, as it had been classified as a "*prolonged and continued*" loss, pursuant to the reference international accounting standard.

In addition to the above, Pierrel's consolidated income statement as of December 31, 2016, abiding by the reference accounting standards, recorded a **general positive effect of approximately Euro 8.5 million**, resulting from the final deconsolidation of the company Relief Therapeutics Holding AG. This item includes **a negative amount of approximately Euro 1.7 million**, i.e. the loss recorded until the date when the entire Division TRCDO exited Pierrel Group's boundary, and **a positive amount of approximately Euro 10.2 million** as capital gain on disposal.

Considering the above **and taking into account the net effect arising from the mentioned non-recurring items** as of December 31, 2016, Pierrel Group recorded a **consolidated net profit** of about Euro 1.1 million, positively influenced by the overall effects of the operations described above involving the equity investments of the Company's ownership in Relief Therapeutics Holding AG for an amount of about Euro 5.5 million (about Euro 8.6 million profits deriving from the Division TCRDO and classified under "Net profit of the financial year from discontinued operations" and financed charges of about Euro 3.0 million for adjusting the equity investments value to the relevant *fair value*) which reflects an improvement compared to the loss of approximately Euro 13.5 million recorded at the consolidated level as of December 31, 2015, of which approximately Euro 7.7 million as a loss due to "Discontinued operations".

The **net financial debt** of the Group as of December 31, 2016 was approximately **Euro 22.9 million**, including the residual debt of the Company to the American client Dentsply International Inc. and an improvement of about Euro 4.3 million was recorded compared to December 31, 2015, when it amounted to about Euro 27.2 million (after reclassifying separately the Relief Group net financial debt amounting to about Euro 3.3 million in the consolidated equity – financial position).

The **bank net financial debt** as of December 31, 2016 is approximately **Euro 13.6 million**, which reflects an improvement by about 6% compared to December 31, 2015, when it amounted to about **Euro 14.5 million** (after reclassifying separately the Relief Group bank net financial debt amounting to about Euro 1.3 million in the consolidated equity – financial position);

The **liquidity** of Pierrel Group as of December 31, 2016 is about Euro 1.1 million, essentially consistent with the amount recorded as of December 31, 2015, when it amounted to about Euro 1.2 million.

Results of Pierrel as of December 31, 2016

As of December 31, 2016, **Pierrel** recorded revenues amounting to about Euro 13.8 million, which reflect a decrease compared to the approximate Euro 15.9 million achieved in the financial year 2015 and a negative **EBITDA** by about Euro 1.1 million, down compared to December 31, 2015 when it was negative by about Euro 0.6 million, of which about Euro 0.1 relating to non-recurring costs.

The **net financial position** of the Holding Company as of December 31, 2015 is negative by about Euro 17.8 million, **improving by about Euro 3.9 million** compared to December 31, 2015, when it was negative by about Euro 21.7 million.

During the financial year 2016 the Company entered a **value adjustment of non-recurring nature for Euro 3.0 million altogether** on the value of the equity investments held in Relief Therapeutics Holding

AG (classified under "Financial assets available for sale – AFS"), in order to adjust, as mentioned earlier, the carrying value of said equity investments to the relevant *fair value*. This value adjustment during the financial year 2016 had been entered directly among the other components of the comprehensive income statement in a specific net equity reserve item and then, on December 31, 2016, it was entirely reversed into the income statement, as it had been classified as a "*prolonged and continued*" reduction of value, pursuant to the reference international accounting standard.

Considering the above and **considering also and above all the negative impact resulting from the value adjustment described above having non-recurring nature and relating to the equity investments held by the Company in the Group Relief**, Pierrel's **net loss** amounted to about **Euro 6.9 million** as of December 31, 2016, i.e. an improvement compared to the loss of about Euro 10.5 million recorded on December 31, 2015, which included write-downs and non-recurring charges for about Euro 3.2 million.

This loss for the financial year, summed to the past not-covered losses, determined an overall loss of Euro 9,597,586, which, net of the Company available reserve amounting to Euro 7,346,170, generated a net loss for a total of Euro 2,251,416. As a result of these losses, Pierrel's capital stock as of December 31, 2016 was below the legal minimum, thereby determining the occurrence of the conditions laid down in Article 2447 of the Civil Code. Nevertheless, on August 9, 2017, the Board of Directors of Pierrel established that, as a result of the events described below and already reported to the market (*see* press release of August 9, 2017, and available on the Company's website www.pierrelgroupc.om, in the area *Press/Press Releases*), the Company's equity had been restored to an extent higher than minimum provided for in Article 2327 of the Civil Code.

Significant events after the end of the financial year 2016

Please find below a summary of the main events occurring after the end of the financial year 2016, further to the events already reported to the market, (see press releases of March 31, 2017, April 27, 2017, May 30, 2017, June 1, 2017, June 12, 2017, June 13, 2017, June 30, 2017, July 14, 2017, August 7, 2017, August 9, 2017, September 15, 2017 and September 27, 2017, all available on the Company's website www.pierrelgroupc.om, in the area *Press/Press Releases*) and described in the special area "Significant events occurred after the end of the financial year 2016" of Pierrel's draft financial statement as of December 31, 2016.

On **March 10, 2017** a hearing on the litigation with Kedrion S.p.A. was held, – for further details, refer to the extensive report in the section "Ongoing litigations" of Pierrel's draft financial statement as of December 31, 2016 – the Court issued an order defining the procedure for the seizure of the receivables against third parties and the assignment of the disputed amounts to Kedrion S.p.A. Therefore, in March 2017, Unicredit Banca S.p.A. performed the order issued by the Court and transferred the relevant amount of approximately Euro 434 thousand to Kedrion S.p.A. and released the exceeding sums previously seized.

On **March 24, 2017,** *Agenzia delle entrate – Riscossione* (Internal revenue service, collection division - formerly Equitalia S.p.A.) notified the seizure of the Company's bank accounts for an amount of about Euro 697 thousands - plus interests and collection fees until the actual payment date - in relation to a debit advice received from the INPS (National Institute of Social Insurance) totalling Euro 661 thousand (of which approximately Euro 616 thousand as capital) relating to social contributions payable by the company and not paid for the period from September 2015 to April 2016. On the same day, the Company submitted to Agenzia delle Entrate – Riscossione the request of facilitated settlement (the so called "scrapping") of the tax payment demand. On **April 4, 2017**, following a specific request made by the Company, Agenzia delle Entrate – Riscossione notified all the banks involved the non-continuation of coercive recovery procedures previously started, which resulted in the unlocking of the Company's bank accounts. It is to be pointed out that on June 6, 2017, Agenzia delle Entrate – Riscossione sent a certified email (PEC) notifying the Company of the acceptance of the facilitated settlement for the full outstanding amounts due, and granting a payment in five instalments, of which the first two, expiring respectively on July 31, 2017 and September 30, 2017, were regularly paid.

On **September 22, 2017** the Reference Shareholders informed the Holding Company that they had purchased on the same date from Intesa Sanpaolo S.p.A. the claim that the credit institution had against Pierrel for an amount of about Euro 44 thousand (capital and interests).

* * *

In the course of the meeting held today, following the approval of the Restructuring Plan and the action taken by the Reference Shareholders within the Restructuring Operation and considering the negotiations in progress for deferral until 31 December 2026 of the deadline for repayment of the claim by the client against Pierrel (for more details, refer to the description in the previous paragraph (1) of this press release), the Board of Directors of the Company could also examine and approve, on a voluntary basis, abiding by the principle of on-going activity the **Interim report on operations of Pierrel Group and of Pierrel as of March 31, 2017.**

A brief description of the results of the Pierrel Group and of the Company as of March 31, 2017 is given below.

Consolidated results as of March 31, 2017

Pierrel Group closed the first three months of 2017 with **consolidated revenues** of approximately Euro 2.8 million, with a 8% decrease compared to the approximate Euro 3 million achieved in the corresponding period of 2016, and a negative **consolidated EBITDA (gross operating result)** by about Euro 0.4 million, with an improvement over the data recorded in the corresponding period of the previous year, when it was negative by about Euro 0.8 million.

The following provides an analysis of the *business* and of the operating results of the Divisions *Holding*, CMO and Pharma.

In the first three months of 2017 the **Division *Holding*** recorded a negative EBITDA, before the *intercompany* eliminations, by about Euro 0.4 million, broadly consistent with the comparative figure of March 31, 2016 and with the business plan forecasts.

In the first quarter of 2017 the **Division CMO** recorded a total turnover, before the *intercompany* eliminations, of about Euro 2.9 million, increasing compared to about Euro 2.6 million recorded in the corresponding period in 2016. Besides, the EBITDA achieved by the Division, always before the *intercompany* eliminations, was close to breakeven, which represents an improvement compared to previous financial year, when the EBITDA was negative by about Euro 0.3 million (10.6% of the gross revenues). The improvement of economic performance of the Division in the first quarter of 2017 compared to the same period of the previous financial year is attributable to the reduction of the other non-recurring costs.

In the first quarter of 2017 the **Division *Pharma*** recorded a total turnover, before the intercompany eliminations, of about Euro 1.1 million, decreasing compared to the figure of about Euro 1.3 million recorded as of March 31, 2017. The EBITDA recorded by Division *Pharma* in the first three months of 2017, before the *intercompany* eliminations, was slightly negative, a deterioration compared to the same figure achieved during the corresponding period of 2016. The figures of the first quarter reflect the deferral to the second quarter of some of the scheduled sales.

The **EBIT (operating result)** of the Pierrel Group as of March 31, 2017 was negative by about Euro 0.7 million after recording depreciations for about Euro 0.3 million and showed an improvement over the corresponding figure of the first quarter 2016, when it was negative by approximately Euro 1.1 million.

In addition to the above, it is to be pointed out that on March 31, 2017 the Pierrel Group recorded imputed net financial revenues from discounting and from currency adjustments, amounting to overall Euro 52 thousand (imputed financed revenues of Euro 0.3 million as of March 31, 2016) due to the debt still owed by Pierrel to Dentsply of about Euro 7.9 million and non-recurring financial charges for the adjustment of the Relief equity investments of about Euro 1.5 million.

Considering the above, on March 31, 2017, Pierrel Group recorded a total consolidated net loss of approximately Euro 2.4 million, a deterioration compared to the result achieved as of March 31, 2016, when the loss amounted to about Euro 2.0 (of which Euro 1.0 million arising from the former Division TCRDO and entered separately under "Net loss of the period relating to discontinued operations").

The **Group's net financial debt** as of March 31, 2017 is approximately Euro 21.7 million, i.e. an improvement by about Euro 1.2 million (approximately 5%) compared to the corresponding figure ad of December 31, 2016 when it amounted to about Euro 22.8 million and includes a current financial indebtedness of about Euro 15.2 million. This improvement is mainly attributable to the notification received by the Company on March 31, 2016 from the Reference Shareholders informing that they had formally, definitely and unconditionally waived the claim to be refunded some short-term interest-bearing loans previously granted, as explained in more detail in the paragraph on the results as of March 31, 2016 of the Holding Company.

The **consolidated liquidity of Pierrel Group** as of March 31, 2017 is of about Euro 0.6 million, decreasing compared to the figure of December 31, 2016, when it amounted to about Euro 1.1 million. In particular, it is to be noted that the liquidity as of December 31, 2016 benefitted from the cash deriving from the subscription by the Holding Company of some short-term interest-bearing loans with shareholders and third parties for a total amount of Euro 1.5 million which subsequently, for the part received by the Reference Shareholders of Euro 1.0 million, were entered in the Company's assets, with a simultaneous waiver of the refund of the amount in cash, explained in more detail in the paragraph "Significant events in the first quarter of 2016".

As of March 31, 2017, the companies of the Pierrel Group did not issue bonds.

On March 31, 2017 the overdue debts owed by the Group to suppliers amounted to approximately Euro 2.3 million, to social security institutions to approximately Euro 1.1 million, entirely attributable to the Holding Company (Euro 1.2 million as of December 31, 2016, entirely attributable to the Holding Company), and the debts owed to the Tax Authorities amounted to approximately Euro 0.9 million, relating entirely to the Holding Company (approximately Euro 1.0 million as of December 31, 2016, always relating entirely to Pierrel).

During the first quarter of 2017, the Group's consolidation area had no changes compared to the closing date of the previous financial year.

Results of Pierrel as of March 31, 2017

As of March 31, 2017, **Pierrel** recorded **revenues of about Euro 3.0 million**, increasing by about 14% compared to the approximately Euro 2.6 million achieved in the corresponding period of 2016 and a negative **EBITDA** of about Euro 399 thousand, improving compared to March 31, 2016 when it was negative by about Euro 762 thousand. The increase in the revenues and consequently of the EBITDA compared to the same period of the previous financial period, are mainly due to a reduction in other non-recurring costs.

The **net financial position** of the Company as of March 31, 2017 is negative by about Euro 16.7 million, improving by about 6% compared to December 31, 2016, when it was negative by about Euro 17.8 million.

This decrease is mainly due to (i) the reduction of the decrease of the debt exposure toward Unicredit Factoring S.p.A., by about Euro 0.7 million, relating to anticipations obtained against trade receivables sold; (ii) the refund in the first quarter of 2017 of the loan received from Petrone Group S.r.l. amounting to approximately Euro 0.7 million, partially offset by (iii) a decrease in cash and cash equivalents of approximately Euro 0.3 million.

The net financial position of Pierrel as of March 31, 2017 includes a current financial indebtedness of about Euro 10.1 million (improving by about 10% compared to the corresponding figure of December 31, 2016) and a non-current financial indebtedness of about Euro 0.7 (improving by about 2.7% compared to December 31, 2016).

As of March 31, 2017, the Company recorded imputed net financial revenues of approximately Euro 52 thousand deriving from discounting and from currency adjustment of the financial debt in US Dollars toward Dentsply, originally amounting to USD 16.5 million, whose remaining counter value in Euro at that date was Euro 7.9 million, taken over by Pierrel S.p.A. on August 31, 2006 to finance the purchase on August 31 of the production site of Elk Grove, later decommissioned in 2009.

Non-recurring financial charges arising from the adjustment of Relief equity investments, amounting to about Euro 1.5 million, were also entered.

Considering the above, on March 31, 2017 Pierrel recorded a **net loss** amounting to approximately **Euro 2.2 million,** which reflects a worsening compared to the approximately Euro 0.9 million recorded as of March 31, 2016, including the imputed financial charges of approximately Euro 0.3 million.

This loss for the period summed to the past not-covered losses determined, as already report to the market (*see* press release of November 14, 2016 available on the Company's website www.pierrelgroup.com, in the area *Press/Press Releases*), the continuation of the conditions set forth in Article 2447 of the Civil Code. As previously mentioned in this press release (see *above* in the description of the results achieved by Pierrel as of December 31, 2016) and already reported to the market (*see* press release of August 9, 2017 available on the Company's website www.pierrelgroup.com, in the area *Press/Press Releases*) on August 9, 2017, the Board of Directors established that the Company's equity has been restored to an extent higher than minimum provided for in Article 2327 of the Civil Code and consequently the removal of the conditions set forth in Article 2447 of the Civil Code .

* * *

In the course of the meeting held today, following the approval of the Restructuring Plan and the action taken by the Reference Shareholders within the Restructuring Operation and considering the negotiations in progress for deferral until 31 December 2026 of the deadline for repayment of the claim by the client against Pierrel (for more details, refer to the description in the previous paragraph (1) of this press release), the Board of Directors of the Company could also examine and approve, on a voluntary basis, abiding by the principle of on-going activity, the **half-year financial report of Pierrel Group as of June 30, 2017** which includes **the condensed half-year consolidated financial statements of Pierrel as of June 30, 2017**.

A brief description of the results of the Pierrel Group and of the Company as of June 30, 2017 is given below.

Consolidated results as of June 30 2017

Pierrel Group closed the first half-year 2017 with **consolidated revenues** of approximately Euro 6.0 million, with an approximate 6% decrease compared to the approximate Euro 6.3 million achieved in the corresponding period of 2016, and a negative **consolidated EBITDA (gross operating result)** of about

Euro 0.9 million, with an improvement over the corresponding period of the previous year, when it was negative of about Euro 1.3 million.

Below is the analysis of the *business* and of the operating results of the Divisions *Holding*, CMO *Pharma*.

The **Division *Holding*** recorded a negative EBITDA of about Euro 0.8 million in the first half of 2017, broadly consistent with the business plan forecasts, however improving if compared to the corresponding period of the previous year when it was negative by about Euro 1.0 million.

In the first half of 2017 the **Division CMO** recorded a total turnover, before the *intercompany* eliminations, of about Euro 5.5 million, down by about 11% compared to the business plan forecasts and to the approximately Euro 5.7 million recorded in the corresponding period of 2016, and achieved, always before the *intercompany* eliminations, a EBITDA close to breakeven, lower than the forecasts in the business plans, but improving compared to the figure calculated in the first half of 2016 when it was negative by about Euro 0.3 million. For this Division, the revenues calculated in the first half of 2017, as well as the volumes and consequently the EBITDA, are lower compared to the *budget* forecasts mainly as an effect of production shutdowns due to extraordinary maintenance carried out in the Capua Plant in April and May 2017, as well as of the deferral to the second half of 2017 of deliveries of orders received from either third-party clients or, to a lesser extent, from the subsidiary Pierrel Pharma.

In the first half of 2017 the **Division *Pharma*** recorded a total turnover, before the *intercompany* eliminations, of about Euro 3.0 million, decreasing by about 12% compared to the forecasts, however improving compared to the figure of about Euro 2.8 million recorded as of June 30, 2016. The EBITDA recorded in the first half of 2017 by the Division Pharma, before the *intercompany* eliminations, was positive by about Euro 0.3 million, showing a clear improvement compared both to the forecasts and to the corresponding period of the previous financial year, when the EBITDA was positive by about Euro 0.2 million.

EBIT (operating result) of Pierrel Group as of June 30, 2017 is negative by about Euro 1.4 million after the depreciations of about Euro 0.6 million and shows an improvement over the corresponding figure as of June 30, 2016, when it was negative by approximately Euro 2.0 million after the depreciations of about Euro 0.6 million.

In addition to the above, it is to be pointed out that as of June 30, 2017 the Pierrel Group recorded **net financial charges** of approximately **Euro 3.1 million** (net financial charges as of June 30, 2016 amounting to about Euro 0.7 million) resulting from the *fair value* appraisal of the equity investments held by the Company in Relief Therapeutics Holding AG (classified under "Financial activities available for sales AFS") and from the capital losses recorded by the Pierrel Group as an effect of the sale of Relief shares on the Swiss stock market carried out by the Company during the first half of 2017 . This item also includes **imputed financial revenues** from discounting and from currency adjustments, amounting overall to about **Euro 141 thousand**, attributable to the debt (in US Dollars) still owed by Pierrel to the American client Dentsply International Inc. of approximately Euro 7.2 million.

Considering the above, on June 30, 2017, Pierrel Group recorded a total **consolidated net loss of approximately Euro 4.5 million**, a significant deterioration compared to the result achieved as of June 30, 2016, when the Pierrel Group recorded a consolidated net profit of about Euro 5.9 million (of which Euro 8,5 million arising from the former Division TCRDO and entered separately under "Net profit/(loss) during the period relating to discontinued operations").

The Group's **net financial debt** as of June 30, 2017 is approximately Euro 21.0 million, i.e. an improvement compared to December 31, 2016 when it was about Euro 22.9 million and includes a current financial indebtedness of about Euro 14.8 million (approximately Euro 16.4 million as of December 31, 2016).

This improvement is attributable primarily to (i) the payment, on the scheduled deadlines, of some of the instalments relating to the refund of the outstanding loan for about Euro 0.3 million, (ii) the decrease of the Group's debt position toward Unicredit Factoring S.p.a. by about Euro 0.9 million, relating to the debt made for the anticipations obtained for receivables sold; (iii) the refund in the first quarter of 2017 of the loan received from Petrone Group S.r.l. amounting to approximately Euro 0.7 thousand; (iv) the reduction of the *fair value* relating to the debt toward Dentsply of about Euro 0,7 million, only partially offset by (v) a decrease in cash and cash equivalents of approximately Euro 0,9 million compared to the same figure as of December 31, 2016.

The **consolidated liquidity** of the Pierrel Group as of June 30, 2017 amounts to about Euro 0.3 million, decreasing compared to December 31, 2016, when it amounted to about Euro 1.1 million.

As of June 30, 2017, the companies of the Pierrel Group did not issue bonds.

As of June 30, 2017, the **overdue debts** owed by the Group to suppliers amounted to approximately Euro 1.8 million (about Euro 3.0 million as of December 31, 2016), to social security institutions to approximately Euro 0.4 million (about Euro 1.2 million as of December 31, 2015), and the debts owed to the Tax Authorities amounted to about Euro 0.9 million (about Euro 1.0 million as of December 31, 2016) – relating entirely to labour and similar withholding taxes from January 2016 to September 2016 that the Holding Company is planning to pay by the due date for the submission of Model 770-2017.

During the first half of 2017, the Pierrel Group's consolidation area had no changes compared to the closing date of the previous financial year.

On the basis of the results recorded by Pierrel Group in the first half of 2017, as well as of the outlook of the operating *performance* of Pierrel Group for the second half of the current year, Pierrel's Board of Directors updated the main financial and economic objectives for the year 2017, as last reported to the market on November 14, 2016 which now include **consolidated gross revenues** of approximately Euro 16.0 million, an increase compared to the Euro 15.6 million previously estimated and disclosed to the market and a positive consolidated EBITDA of about Euro 0.2 million, a figure which is lower compared to the Euro 0.5 million included in the previous business plan, as last reported to the market last November 14. With reference to the Divisions CMO and *Pharma*, the overall forecasts for year 2017 broadly confirm the total revenues and the consolidated EBITDA. These confirmations stem mainly from the confirmation of the budgeted volumes to be achieved for third parties productions by the Division CMO and are supported by confirmations in terms of margins for the Pierrel Group, including the key product Orabloc® and the new proprietary medicinal products, some of which have already been approved, others are in progress and/or in the authorization process.

The tables of the interim consolidated financial and balance sheet, the separate interim income statement and the consolidated cash flow statement of Pierrel Group as of June 30, 2017 are given at the end of this press release. Pursuant to CONSOB Communication no. DME/9081707 of September 16, 2009, notice is hereby given that these tables are given in the Pierrel Group's Half-Year Financial Report as of June 30, 2017 and were subject to limited review by the audit company.

For information purposes, please note that the Group's operations are not affected by significant seasonal factors.

Results of Pierrel as of June 30, 2017

As of June 30, 2017 **Pierrel** recorded revenues of about Euro 5.5 million, which is consistent with the value of the revenues achieved in the corresponding period of 2016 and a negative **EBITDA** for about Euro 0.9 million, with an improvement compared to June 30, 2016 when it was negative by about Euro 1.3 million.

The confirmation of the value of revenues with an improvement of the EBITDA, compared to the same period of the previous year, is mainly due to a reduction in other costs and to the allocations.

As of June 30, 2017, after recording depreciations of about Euro 0.5 million and net financial charges of approximately Euro 2.9 million, the Company recorded a **net loss** of approximately Euro 4.2 million, a significant decrease compared to the net result of the first half of 2016, when the loss amounted to approximately Euro 2.4 million, after recording depreciations and write-downs for about Euro 0.5 million and net financial charges of approximately Euro 0.6 million.

The loss for the period is significantly affected by **non-recurring financial charges for a total amount of approximately Euro 3.2 million** all attributable to the economic effects of the *fair value appraisal* of the equity investments of the Company's ownership in Relief Therapeutics Holding AG and capital losses recorded by the Company as an effect of the sale of Relief shares on the Swiss stock market carried out by the Company during the first half of 2017.

For a description of the effects of the losses calculated by the Company as of June 30, 2017 on its own net equity, also for the purposes of Article 2447 of the Civil Code, please refer to the description given above in this press release in the section "*Result of Pierrel as of December 31, 2016*".

The **net financial position** of the Company as of June 30, 2017 is negative by about Euro 16.2 million, improving compared to December 31, 2016, when it was negative by Euro 17.8 million. For a description of the reasons underlying this improvement, refer to the description given before in this press release in the section "*Consolidated results of Pierrel as of June 30, 2017*".

* * *

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 financial year 2016**. These reports will be made available to the public at the Company's registered office of the Company in Capua (CE), Strada Statale Appia 7-*bis*, n. 46/48 and at the Head Office of Borsa Italiana S.p.A., as well as on the Company's website *internet* www.pierrelgroup.com in the area Investor Relations/Corporate Governance/*Documentazione Assemblee degli Azionisti*, as well as of the authorized storage mechanism (Nis) (www.emarketstorage.com) in compliance with the law terms.

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Finally the Board of Directors of the Company granted the power to the Chairman of the Board of Directors and to the Chief Executive Officer, with separate signing power, to call a Shareholders' Meeting to be held by the end of November 2017 in ordinary session, to pass resolutions on: *(a)* the approval of Pierrel's separated financial statement as of December 31, 2016; *(b)* the section approval before Pierrel's Remuneration report for the financial year 2016 and, in extraordinary session, the proposal to increase the share capital as an option pursuant to Article 2441, paragraph 1, of the Civil Code for a maximum amount, including any possible share premiums, of Euro 35 million (for further details, please refer to the description mentioned earlier in this press release).

Pursuant to Article 125-*bis* of the TUF and Article 84 of the Issuers' Regulation, the Company communicated that the notice convening the Shareholders' Meeting will be published as provided for by law and the by the Articles of Association.

The Board of Directors of Pierrel also approved the explanatory reports on the matters on the agenda of the forthcoming Extraordinary Shareholders' Meeting. These reports, along with the whole documentation relating to items on the agenda, will be made available to the public at the Company's registered office in of the Company in Capua (CE), Strada Statale Appia 7-*bis*, n. 46/48 and at the Head Office of Borsa Italiana S.p.A., as well as on the Company's website , www.pierrelgroup.com in the area Investor Relations/Corporate Governance/*Documentazione Assemblee degli Azionisti*, as well as of the authorized storage mechanism (Nis) (www.emarketstorage.com) in compliance with the law terms.

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The following documents:

(i) Pierrel's annual financial report as of December 31, 2016 approved by the Board of Directors of Pierrel on October 11, 2017, including the draft financial statement and Pierrel's consolidated financial statement as of December 31, 2016, along with the relevant managing reports of Pierrel's Board of Directors, the certificates as set forth in Article 154-*bis*, of the TUF, the relevant reports drawn up by the Company's Board of Auditors and by the audit company.

(ii) the interim management report of the Company and of the Pierrel Group as of March 31, 2017, approved on a voluntary basis by Pierrel's Board of Directors on 11 October 2017; and

(iii) the half-year financial report of the Pierrel Group as of June 30, 2017 approved by the Board of Directors of Pierrel on October 11, 2017, and including the condensed half-year consolidated financial statements of Pierrel as of June 30, 2017, the certificate as set forth in Article 154-*bis*, paragraph 5 of the TUF, together with the audit company's report.

will be made available to the public at the Company's registered office of the Company in Capua (CE), Strada Statale Appia 7-*bis*, n. 46/48 and at the Head Office of Borsa Italiana S.p.A., as well as on the Company's website *internet* www.pierrelgroup.com in the area Investor Relations/Corporate Governance/*Documentazione Assemblee degli Azionisti*, as well as of the authorized storage mechanism (Nis) (www.emarketstorage.com) in compliance with the law terms.

* * *

The Executive in charge of drawing the accounting documents of Pierrel, Dott. Francesco Pepe, pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Financial Act, certifies that the accounting information relating to:

- Pierrel's draft financial statements as of December 31, 2016;
- the interim management report of the Company and of the Pierrel Group as of March 31, 2017; and
- the condensed half-year consolidated financial statements of Pierrel as of June 30, 2017;

as reported in this press release, correspond to the Company's documents and accounting records.

* * *

In addition to the standard financial indicators provided for by the IFRS, this document contains a number of alternative *performance* indicators relating to the figures as of December 31, 2016, March 31, 2017 and June 30, 2017, and to the financial years 2018, 2019 and 2020 in order to allow a better evaluation of the economic performance and of the operations and of the equity – financial position of the Pierrel Group. These indicators are shown also in the other annual and interim financial reports and statements, but are not to be considered as s a substitute for the conventional indicators required by the IFRS.

Pursuant to the CESR/05-178b notice dated November 3rd 2005, please find hereunder the meaning of "alternative *performance* indicators" used in this press release:

- "**EBIT**" or "**operating result**" is the difference between the gross operating result and the value of depreciations, devaluations and allocations and represents the operating result of a business before the financial management and taxes;
- "**EBITDA**" or "**gross operating result**": stands for the difference between the sales revenues and the costs connected with materials, services, labour and the net balance of income / operating expenses and the relevant devaluations. It represents the operating result

accomplished before depreciations, devaluations and depreciations of the financial management and taxes;

- "**Net financial debt**" is an indicator of the Group's financial structure. It is the result of short-term and long-term financial borrowings and of the relevant derivatives, net of cash and cash equivalents and financial assets.

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Attachments:

- ✓ Balance sheet tables - financial statement, income statement and cash flow statement of Pierrel Group and of Pierrel as of December 31, 2016.
- ✓ Income statement and balance sheet tables of Pierrel Group and of Pierrel as of March 31, 2017, not subject to statutory audit.
- ✓ Pierrel's interim consolidated financial and balance sheet as of June 30, 2017.

Equity – financial position, income statement and cash flow statement tables of the Pierrel Group as of December 31, 2016

Assets

(thousand EUR)	December 31, 2016	*of which related parties*	December 31, 2015 *Restated (*)*	*of which related parties*
Intangible assets	1,407		1,496	
Tangible assets	10,223		10,969	
Financial assets	280		180	
Receivable and other non-current assets	4		28	
Advanced taxes	5,407		5,396	
Non-current assets	**17,321**		**18,069**	
Inventory	2,454		2,195	
Commercial receivables	2,711		3,250	
Tax receivables	60		68	
Other assets and different current receivables	1,645		1,817	
Cash and cash equivalents	1,108		1,218	
Financial assets destined to sales (AFS)	**4,947**			
discontinued operations	**-**		**28,199**	
Current assets	**12,925**		**36,747**	
TOTAL ASSETS	**30,246**		**54,816**	

(*) Comparative figures as of December 31, 2015 were restated to acknowledge some reclassifications carried out under the international accounting principle IAS 8 Revised. In particular, the reclassification of the VAT credit for the year 2015 from the item "Tax receivables" under "Other assets and different current receivables" (about Euro 1,011 thousand) and INAIL receivables under "Other liabilities and other payables current assets " under " Other assets and different current receivables" (approximately Euro 4 thousand).

Liability and net equity

(thousand EUR)	December 31, 2016	of which related parties	December 31, 2015 Restated (*)	of which related parties
Capital stock	50		11,599	
Reserves and Profits (Losses) carried forward	(9,919)		(21,411)	
Profit/(Loss) during the period	2,359		(7,580)	
Net equity of the Group	**(7,510)**		**(17,392)**	
Stock capital and third party reserves	-		24,254	
Profit (Loss) of third parties during the period	-		(5,953)	
Consolidated net equity	**(7,510)**		**909**	
Benefits to employees	350		342	
Deferred taxes	-		55	
Non-current financial liabilities	7,519		20,343	
Non-current financial payables	114			
Other non-current liabilities and different payables	2,129		2,434	
Non-current liabilities	**10,112**		**23,174**	
Trade payables	5,839	*6*	5,617	*12*
Current financial liabilities	16,464	*721*	8,113	*4,004*
Current financial payables	46		150	
Other current liabilities and different payables	5,295	*45*	5,311	*57*
Liabilities directly associated to the discontinued operations	-		**11,542**	*2,085*
Current liabilities	**27,644**		**30,733**	
TOTAL LIABILITIES	**37,756**		**53,907**	
TOTAL LIABILITIES AND NET EQUITY	**30,246**		**54,816**	

(*) Comparative figures as of December 31, 2015 were restated to acknowledge some reclassifications carried out under under the International accounting principle IAS 8 Revised. In particular, the portion of social security liabilities and deferred income over 12 months has been reclassified from the item "Other current liabilities and different payables" to "Other non-current liabilities and other payables" (approximately Euro 2,340 thousand), the portion of tax debts with maturity over 12 months referring to current payments for late payment of deductions on employee income and assimilated employee income have been reclassified from the item "Current financial payables" to "Other non-current liabilities and different payables" (approximately Euro 94 thousand), the portion of tax debts with maturity in the following 12 months referring to current payments for late payment of deductions on employee income and assimilated employee income have been reclassified from the item "Current tax payables" to "Other current liabilities and different payables ", the portion of payables to the Tax Administration for deductions on employee and self-employed incomes have been reclassified from" Current tax payables" to " Other current liabilities and different payables "(approximately Euro 1,062 thousand), the payables for other local taxes have been reclassified from " Current tax payables "to " Other current liabilities and different payables "(approximately Euro 273 thousand) and the receivable INAIL balance was reclassified from "Other current liabilities and different payables" to "Other current assets and receivables" (approximately Euro 4 thousand).

Consolidated separated income statement

(thousand EUR)	December 31, 2016		December 31, 2015	
Operating activities:		*of which related parties*		*of which related parties*
Revenues	14,516		16,149	
out of which non recurrent revenues	*244*		*263*	
Raw materials and commodities used	(5,477)		(5,599)	
Costs for services and performances	(3,356)		(3,548)	*(15)*
out of which non recurrent revenues	*(56)*		*(40)*	
Costs for the use of third party assets	(134)		(119)	
Staff costs	(5,361)	*(45)*	(5,776)	*(62)*
out of which non recurrent revenues			*(22)*	
Other provisions and costs	(1,304)		(1,647)	
out of which non recurrent revenues	*(463)*		*(86)*	
Result before depreciations, financial charges and taxes	**(1,116)**		**(540)**	
Depreciations and write-downs	(1,392)		(2,081)	
out of which non recurrent revenues	*(213)*		*(54)*	
Operating result	**(2,508)**		**(2,621)**	
Financial charges	(1,859)	*(89)*	(2,556)	*(198)*
out of which non recurrent revenues	*(178)*		(73)	
Long-lasting value reduction of the financial assets available for sale (AFS)	(3,070)			
out of which non recurrent revenues	*(3,070)*			
Financial revenues	1		5	
Result before tax	**(7,436)**		**(5,172)**	
Income taxes for the period	25		(630)	
NET PROFIT/(LOSS) DURING THE FINANCIAL YEAR RELATING TO THE OPERATING ACTIVITIES	**(7,411)**		**(5,802)**	
discontinued operations:				
NET PROFIT/(LOSS) DURING THE FINANCIAL YEAR RELATING TO DISCONTINUED OPERATIONS	**8,547**		**(7,731)**	
out of which non recurrent revenues	*13,231*			
NET PROFIT/(LOSS) DURING THE FINANCIAL YEAR	**1,136**		**(13,533)**	
out of which net loss of third parties	(1,223)		(5,953)	*(2,579)*
Out of which net profit/(loss) of Pierrel shareholders Pierrel	**2,359**		**(7,580)**	

Consolidated cash flow statement

(thousand EUR)	December 31, 2016	December 31, 2015
NET PROFIT/(LOSS) DURING THE FINANCIAL YEAR	**1,136**	**(13,533)**
out of which profit/(loss) from operating activities	*(7,411)*	*(5,802)*
Out of which profit/(loss) from discontinued operations	*8,547*	*(7,731)*
Depreciations	1,208	2,904
Provisions and write-downs	298	555
(Capital gain)/Capital loss on the asset disposal	-	503
Other (Capital gains)/Capital loss on the assets	(8)	-
(Capital gain) on the TMX deconsolidation	(10,231)	-
Reversal of AFS allocation to the income statement to offset the Relief consistent write-down	3,070	
Tax changes	(94)	592
Changes to the not-paid financial charges	1,120	1,504
Changes to the stock and to the work-in-progress	124	(253)
Commercial receivable changes	583	1,607
Commercial payable changes	223	(1,826)
Net change of the other current assets and liabilities	(648)	(92)
Changes to the benefits to the employees	8	(394)
Net cash flow used for the operating activity	**(3,211)**	**(8,433)**
of which reclassified in the discontinued operations	-	*(6,164)*
Cost for the tangible asset purchase	(382)	(501)
Cost for the intangible asset purchase	(165)	(815)
Revenues from the sale of real estate activities	-	2,520
Cash revenues from RELIEF share sales	64	-
Net change of the other non-current assets and liabilities	24	(28)
Investments for other minority shareholdings	(100)	(172)
Net cash flow used for the investment activity	**(559)**	**1,004**
of which reclassified in the discontinued operations	-	*1,014*
Net change of the short term investments	(1,327)	(453)
Share of the reimbursed medium-long term financing	-	(11)
Payments to the future AUCAP account in cash	3,200	-
Capital increase, net of the relating costs	-	3,284
Revenues from THERAMetrics treasury share sales	573	935
Costs from the TMX staff incentive program, forecasting payments in shares and securities	16	1,647
Cash flow from financing activities	**2,462**	**5,402**
of which reclassified in the discontinued operations	-	*2,101*
TOTAL CASH FLOW FOR THE PERIOD	**(1,308)**	**(2,027)**
Net cash and cash equivalents at the beginning of the period	2,320	4,461
of which discontinued operations	-	*4,163*
Total cash flow for the period	(1,308)	(2,027)
of which operating activities	*(1,308)*	*(3,141)*
of which from discontinued operations	-	*1,114*
Exchange rate translation	96	(114)
Net cash and cash equivalents at the end of the period	**1,108**	**2,320**
of which reclassified in the discontinued operations	-	*1,102*
Reported in the available cash and cash equivalents	*1,108*	*1,218*

Equity – financial position, income statement and cash flow statement tables of the Pierrel S.p.A. as of December 31, 2016

Assets

(EUR)	**December 31, 2016**	*of which related parties*	**December 31, 2015 *Restated* (*)**	*of which related parties*
Intangible assets	266,409		312,607	
Tangible assets	10,221,879		10,967,138	
Shareholdings	4,574,475		4,574,475	
Receivable and other non-current assets	4,300,000	*4,300,000*	4,325,368	*4,300,000*
Advanced taxes	5,407,238		5,395,947	
Non-current assets	**24,770,001**		**25,575,535**	
Inventory	2,430,604		2,037,922	
Commercial receivables	2,260,533	*832,122*	2,879,574	*1,141,786*
Tax receivables	54,564		61,998	
Other assets and different current receivables	711,381	*113,217*	790,947	*86,000*
Cash and cash equivalents	836,984		1,172,599	
Financial activities available for sales (AFS)	**4,946,697**			
Non-current assets destined to divestment			**8,298,635**	
Current assets	**11,240,763**		**15,241,675**	
TOTAL ASSETS	**36,010,764**		**40,817,210**	

(*) Comparative figures as of December 31, 2015 were restated to acknowledge some reclassifications carried out under the international accounting principle IAS 8 Revised. In particular, the reclassification of the VAT credit for the year 2015 from the item "Tax receivables" under "Other assets and different current receivables" (about Euro 75 thousand) and INAIL receivables under "Other liabilities and other payables current assets " under " Other assets and different current receivables" (approximately Euro 4 thousand).

Liability and net equity

(EUR)	December 31, 2016	of which related parties	December 31, 2015 Restated (*)	of which related parties
Capital stock	50,000		11,598,507	
Reserves and Profits carried forward	4,613,963		(3,770,035)	
Loss during the period	(6,865,379)		(10,510,679)	
Net equity	**(2,201,416)**		**(2,682,207)**	
Benefits to employees	351,388		342,457	
Deferred taxes	-		54,660	
Non-current financial liabilities	7,519,118		15,512,000	
Non-current financial payables	113,577		-	
Other non-current liabilities and different payables	8,098,336		9,502,396	
Non-current liabilities	**16,082,419**		**25,411,513**	
Trade payables	5,657,291	*6,593*	5,426,061	*6,000*
Current financial liabilities	11,246,338	*721,137*	7,494,842	*4,003,611*
Current financial payables	28,394		141,883	
Provision for short term risks	218,464		137,972	
Other current liabilities and different payables	4,979,274	*45,350*	4,887,146	*56,667*
Current liabilities	**22,129,761**		**18,087,904**	
TOTAL LIABILITIES	**38,212,180**		**43,499,417**	
TOTAL LIABILITIES AND NET EQUITY	**36,010,764**		**40,817,210**	

(*) Comparative figures as of December 31, 2015 were restated to acknowledge some reclassifications carried out under under the International accounting principle IAS 8 Revised. In particular, the portion of social security liabilities and deferred income over 12 months has been reclassified from the item "Other current liabilities and different payables" to "Other non-current liabilities and other payables" (approximately Euro 2,340 thousand), the amounts of tax debts referring to current payments to the income revenue authority for sanctions due over 12 months have been reclassified from the item "Current financial payables" to "Other non-current liabilities and different payables" (approximately Euro 94 thousand), the amounts of tax debts referring to current payments to the income revenue authority for sanctions due in 12 months have been reclassified from the item "Current tax payables" to "Other current liabilities and different payables ", the portion of payables to the Tax Administration for deductions on employee and self-employed incomes have been reclassified from" Current financial payables" to " Other current liabilities and different payables "(approximately Euro 1,062 thousand), the payables for other local taxes have been reclassified from " Current financial payables"to " Other current liabilities and different payables "(approximately Euro 273 thousand) and the receivable INAIL balance was reclassified from "Other current liabilities and different payables" to "Other current assets and receivables" (approximately Euro 4 thousand).

Separated income statement

(EUR)	December 31, 2016	*of which related parties*	December 31, 2015	*of which related parties*
Revenues	13,773,666	*4,791,676*	15,912,308	*4,579,686*
out of which non recurrent revenues	*163,941*		*263,357*	
Raw materials and commodities used	(5,344,248)		(5,747,156)	
Costs for services and performances	(2,657,173)	(50,000)	(2,868,375)	*(15,000)*
out of which non recurrent revenues	*(56,200)*		*(39,804)*	
Costs for the use of third party assets	(119,247)		(102,257)	
out of which non recurrent revenues				
Staff costs	(5,330,898)	(45,350)	(5,692,963)	*(62,017)*
out of which non recurrent revenues			*(21,540)*	
Other provisions and costs	(1,443,097)		(2,030,262)	
out of which non recurrent revenues			*(85,250)*	
Result before depreciations, financial charges and taxes	**(1,120,997)**		**(528,705)**	
Depreciations and write-downs	(1,212,701)		(4,904,494)	
out of which non recurrent revenues	*(202,153)*		*(3,174,574)*	
Operating result	**(2,333,698)**		**(5,433,199)**	
Financial charges	(1,694,762)	(88,741)	(4,805,748)	*(198,329)*
out of which non recurrent revenues	*(177,821)*			
Long-lasting value reduction of the financial assets available for sale (AFS)	(3,070,241)			
out of which non recurrent revenues	*(3,070,241)*			
Financial revenues	153,790	*86,000*	358,452	*86,000*
Result before tax	**(6,944,911)**		**(9,880,495)**	
Income taxes for the period	79,532		(630,184)	
Result for the period	**(6,865,379)**		**(10,510,679)**	
Net Loss/(Profit) toward third parties				
NET LOSS DURING THE PERIOD	**(6,865,379)**		**(10,510,679)**	

Cash flow statement

(EUR)	December 31, 2016	December 31, 2015
Net loss	**(6,865,379)**	**(10,510,679)**
Depreciations	1,039,158	1,729,920
Provisions and write-downs	141,367	438,326
Asset (Revaluation)/write-down	173,543	3,174,575
(Capital gain)/Capital loss on asset sale	-	2,244,581
(Capital gain) from reversal on AIC Pharma prepayment	(1,099,292)	(717,588)
Other (Capital gains)/Capital loss on the assets	(6,500)	-
Reversal of AFS allocation to the income statement to offset the Relief consistent depreciation	3,070,241	-
Changes to the not-paid financial charges (*)	1,058,487	1,427,980
Deferred tax changes	(65,952)	691,768
Inventory changes	(9,500)	584,138
Commercial receivable changes	637,572	(345,749)
Commercial payable changes	231,230	(895,564)
Income taxes	(27,032)	(56,834)
Net change of the other current assets and liabilities	(560,184)	723,324
Changes to the benefits to the employees	8,931	(56,557)
Cash flow from operating activities	**(2,273,310)**	**(1,568,359)**
Cost for the tangible asset purchase	(383,987)	(500,793)
Cost for the intangible asset purchase	(30,757)	(101,230)
Cost for investments in shareholdings	-	(2,255)
Revenues from asset sale	-	1,063,018
Cash revenues from Relief share sales	63,849	-
Net change of the other non-current assets and liabilities	25,368	3,718
Cash flow from investment activities	**(325,527)**	**462,458**
Net change of the short term investments	(930,341)	(1,227,348)
Capital increase, net of the relating costs	-	3,282,359
Advance payment for future capital increase on cash	3,200,000	
Other changes to the net equity		
Cash flow from financing activities	**2,269,659**	**2,055,011**
TOTAL CASH FLOW FOR THE PERIOD	**(329,178)**	**949,110**
Net cash and cash equivalents at the beginning of the period	1,172,599	282,384
Total cash flow for the period	(329,178)	949,110
Exchange rate translation	(6,437)	(58,895)
Net cash and cash equivalents at the end of the period	**836,984**	**1,172,599**

(*) *of which 538 thousand relevant to net figurative charges (1,174 thousand as of December 31, 2015)*

Balance sheet, income statement and net cash flow statement of the Pierrel Group and Pierrel S.p.A. as of March 31, 2017, not audited

Accounting tables of Pierrel Group

Consolidated separated income statement

(thousand EUR)	**March 31, 2017**	*of which related parties*	**March 31, 2016**	*of which related parties*
Revenues	**2,763**		**3,005**	
out of which non recurrent revenues	*43*			
Raw materials and commodities used	(929)		(1,323)	
Costs for services and performances and for the use of third party assets	(797)		(738)	
out of which non recurrent revenues	*(56)*			
Staff costs	(1,236)	*(9)*	(1,339)	*(11)*
Other provisions and costs	(241)		(360)	
Result before depreciations, financial charges and taxes	**(440)**		**(755)**	
Depreciations and write-downs	(262)		(339)	
Operating result	**(702)**		**(1,094)**	
Net financial revenues/(Charges)	(1,644)	*(3)*	21	*(68)*
Result before tax	**(2,346)**		**(1,073)**	
Income taxes for the financial year				
Net profit/(loss) during the period relating to the operating activities	**(2,346)**		**(1,073)**	
discontinued operations:				
Net profit/(loss) during the period relating to discontinued operations			(958)	
Net profit/(loss) during the period	**(2,346)**		**(2,031)**	
out of which net loss of third parties			*(696)*	
out of which net profit/(loss) of Pierrel shareholders	*(2,346)*		*(1,335)*	

LIABILITY AND NET EQUITY *(thousand EUR)*	**March 31, 2017**	*of which related parties*	**December 31, 2016**	*of which related parties*
Capital stock	50		50	
Reserves and Profits (Losses) carried forward	(8,272)		(9,919)	
Profit/(Loss) during the period	(2,346)		2,359	
Net equity of the Group	**(10,568)**		**(7,510)**	
Stock capital and third party reserves				
Profit/(Loss) during the period of third parties				
Consolidated net equity	**(10,568)**		**(7,510)**	
Benefits to employees	344		350	
Non-current financial liabilities	7,147		7,519	
Non-current financial payables	126		114	
Other non-current liabilities and different payables	1,947		2,129	
Non-current liabilities	**9,564**		**10,112**	
Trade payables	5,567	*6*	5,839	*6*
Current financial liabilities	15,226		16,464	*721*
Current financial payables	51		46	
Other current liabilities and different payables	5,334	*54*	5,295	*45*
Total current liabilities	**26,178**		**27,644**	
Total liabilities	**35,742**		**37,756**	
Total liabilities and net equity	**25,174**		**30,246**	

Net consolidated financial position

(thousand EUR)	**March 31, 2017**	**December 31, 2016**
A. Cash		1
B. Other cash and cash equivalents	673	1,107
C. Securities held of trading		
D. Liquidity (A) + (B) + (C)	**673**	**1,108**
E. Current financial receivables	**17**	**17**
F. Current bank payables	(13,831)	(14,393)
G. Current part of the non-current debt		(126)
H. Other current financial payables	(1,395)	(1,945)
I. Current financial debt (F) + (G) + (H)	**(15,226)**	**(16,464)**
J. Net current financial debt (I)+(E)+(D)	**(14,536)**	**(15,339)**
K. Non-current bank payables		(170)
L. Issued bonds		
M. Other non-current financial payables	(7,147)	(7,349)
N. Non-current financial debt (K)+(L)+(M)	**(7,147)**	**(7,519)**
O. Net financial debt (N) + (J)	**(21,683)**	**(22,858)**

Accounting tables relating to Pierrel S.p.A. holding company

Separated income statement

(thousand EUR)	March 31, 2017	*of which related parties*	March 31, 2016	*of which related parties*
Revenues	**2,988**	***1,251***	**2,628**	***715***
out of which non recurrent revenues	*43*			
Raw materials and commodities used	(1,320)		(1,205)	
Costs for services and performances and for the use of third party assets	(623)		(564)	
out of which non recurrent revenues	*(55)*			
Staff costs	(1,260)	*(9)*	(1,312)	*(11)*
Other provisions and costs	(184)		(309)	
taxes	**(399)**		**(762)**	
Depreciations and write-downs	(247)		(259)	
Operating result	**(646)**		**(1,021)**	
Net financial revenues/(Charges)	(1,573)	*16*	104	*(46)*
Result before tax	**(2,219)**		**(917)**	
Income tax on the financial year	-		-	
Result for the period	**(2,219)**		**(917)**	

Balance sheet

ASSETS *(thousand EUR)*	**March 31, 2017**	*of which related parties*	**December 31, 2016**	*of which related parties*
Intangible assets	367		266	
Tangible assets	9,994		10,222	
Shareholdings	4,574		4,575	
Receivable and other non-current assets	3,576	*3,576*	4,300	*4,300*
Advanced taxes	5,407		5,407	
Non-current assets	**23,918**		**24,770**	
Inventory	2,450		2,430	
Commercial receivables	2,077	*995*	2,261	*832*
Tax receivables	55		55	
Other assets and different current receivables	680	*58*	711	*113*
Cash and cash equivalents	526		837	
Financial activities available for sales (AFS)	861		4,947	
Current assets	**6,649**		**11,241**	
Total assets	**30,567**		**36,011**	

LIABILITY AND NET EQUITY *(thousand EUR)*	**March 31, 2017**	*of which related parties*	**December 31, 2016**	*of which related parties*
Capital stock	50		50	
Reserves	(2,963)		4,614	
Profit (Loss) during the period	(2,219)		(6,865)	
Net equity	**(5,132)**		**(2,201)**	
Benefits to employees	344		351	
Non-current financial liabilities	7,147		7,519	
Non-current financial payables	126		114	
Other non-current liabilities and different payables	7,916		8,098	
Non-current liabilities	**15,533**		**16,082**	
Trade payables	5,323	*6*	5,658	*7*
Current financial liabilities	10,159		11,247	*721*
Tax payables	34		28	
Provision for short term risks	217		218	
Other current liabilities and different payables	4,433	*54*	4,979	*45*
Current liabilities	**20,166**		**22,130**	
Total liabilities	**35,699**		**38,212**	
Total liabilities and net equity	**30,567**		**36,011**	

Net financial position of the Pierrel S.p.A. Holding company

(thousand EUR)	March 31, 2017	December 31, 2016
A. Cash		1
B. Other cash and cash equivalents	526	836
C. Securities held of trading		
D. Liquidity (A) + (B) + (C)	**526**	**837**
E. Current financial receivables	**36**	**104**
F. Current bank payables	(8,765)	(9,175)
G. Current part of the non-current debt		(126)
H. Other current financial payables	(1,394)	(1,945)
I. Current financial debt (F) + (G) + (H)	**(10,159)**	**(11,246)**
J. Net current financial debt (I)+(E)+(D)	**(9,597)**	**(10,305)**
K. Non-current financial payables		(170)
L. Issued bonds		
M. Other non-current financial payables	(7,147)	(7,349)
N. Non-current financial debt (K)+(L)+(M)	**(7,147)**	**(7,519)**
O. Net financial debt (N) + (J)	**(16,744)**	**(17,824)**

Interim consolidated equity-financial position as of June 30, 2017.

Assets

(thousand EUR)	June 30, 2017	of which related parties	December 31, 2016	of which related parties
Intangible assets	1,468		1,407	
Tangible assets	10,126		10,223	
Financial assets	300		280	
Receivable and other non-current assets	4		4	
Advanced taxes	5,401		5,407	
Non-current assets	**17,299**		**17,321**	
Inventory	2,882		2,454	
Commercial receivables	1,185		2,711	
Tax receivables	60		60	
Other assets and different current receivables	742		1,645	
Cash and cash equivalents	292		1,108	
Financial assets destined to sales (AFS)	761		**4,947**	
Current assets	**5,922**		**12,925**	
TOTAL ASSETS	**23,221**		**30,246**	

Liability and net equity

(thousand EUR)	June 30, 2017	of which related parties	December 31, 2016	of which related parties
Capital stock	50		50	
Reserves	(5,543)		(9,919)	
Profit/(Loss) during the period	(4,476)		2,359	
Consolidated net equity	**(9,969)**		**(7,510)**	
Benefits to employees	344		350	
Non-current financial liabilities	6,620		7,519	
Non-current financial payables	117		114	
Other non-current liabilities and different payables	1,750		2,129	
Non-current liabilities	**8,831**		**10,112**	
Trade payables	4,735	*6*	5,839	*6*
Current financial liabilities	14,765	*556*	16,464	*721*
Tax payables	51		46	
Other current liabilities and different payables	4,808	*63*	5,295	*45*
Current liabilities	**24,359**		**27,644**	
TOTAL LIABILITIES	**33,190**		**37,756**	
TOTAL LIABILITIES AND NET EQUITY	**23,221**		**30,246**	

Interim consolidated separated income statement

(thousand EUR)	June 30, 2017	*of which related parties*	June 30, 2016	*of which related parties*
Revenues	5,967		6,315	
out of which non recurrent revenues	*92*			
Raw materials and commodities used	(2,280)		(2,446)	
Costs for services and performances	(1,575)	-	(1,484)	*(23)*
out of which non recurrent revenues	*(111)*		*(5)*	
Costs for the use of third party assets	(56)		(67)	
Staff costs	(2,414)	*(18)*	(2,839)	
Other provisions and costs	(506)		(797)	
Result before depreciations, financial charges and taxes	**(864)**		**(1,318)**	
Depreciations and write-downs	(524)		(642)	
Operating result	**(1,388)**		**(1,960)**	
Financial charges	(345)	*(7)*	(713)	*(71)*
Long-lasting value reduction of the financial assets available for sale (AFS)	(3,230)			
out of which non recurrent revenues	*(3,230)*			
Financial revenues	486		1	
Result before tax	**(4,476)**		**(2,672)**	
Income taxes for the period				
NET PROFIT/(LOSS) DURING THE PERIOD RELATING TO THE OPERATING ACTIVITIES	**(4,476)**		**(2,672)**	
discontinued operations				
NET PROFIT/(LOSS) DURING THE PERIOD RELATING DISCONTINUED OPERATIONS	**-**		**8,547**	*(94)*
NET PROFIT/(LOSS) DURING THE PERIOD	**(4,476)**		**5,875**	
out of which net loss of third parties	*-*		*(1,223)*	
out of which net profit/(loss) of Pierrel shareholders	*(4,476)*		*7,098*	

Interim consolidated cash flow statement

(thousand EUR)	June 30, 2017	June 30, 2016
Net profit/(loss)	**(4,476)**	**5,875**
Out of which profit/(loss) from operating activities	*(4,476)*	*(2,672)*
Out of which profit/(loss) from discontinued operations	*-*	*8,547*
Depreciations	524	640
Provisions and write-downs	(26)	154
(Capital gain) from THERAMetrics Holding AG consolidation	-	(10,231)
Reversal of AFS allocation to the income statement to offset the Relief consistent write-down	1,728	-
Tax changes	11	(1)
Changes to the not-paid financial charges	1,228	354
Inventory changes	(400)	(531)
Commercial receivable changes	1,526	729
Commercial payable changes	(1,104)	243
Net change of the other current assets and liabilities	35	984
Net change of the other non-current assets and liabilities	3	-
Changes to the benefits to the employees	(6)	1
Net cash flow used for the operating activity	**(957)**	**(1,783)**
Cost for the tangible asset purchase	(431)	(83)
Cost for the intangible asset purchase	(57)	(48)
Cash revenues from Relief share sales	953	-
Investments for other minority shareholdings	(20)	(30)
Net cash flow used for the investment activity	**445**	**(161)**
Net change of the short-term investments	(2,351)	(607)
Payments to the future AUCAP account in cash	2,000	1,200
Revenues from THERAMetrics treasury share sales	-	573
Costs from the TMX staff incentive program, forecasting payments in shares and securities	-	16
Cash flow from financing activities	**(351)**	**1,182**
TOTAL CASH FLOW FOR THE PERIOD	**(863)**	**(762)**
Net cash and cash equivalents at the beginning of the period	1,108	2,320
of which reclassified in the discontinued operations		*1,102*
Total cash flow for the period	(863)	(762)
out of which from operating activities	*(863)*	*(762)*
of which from discontinued operations		
Exchange rate translation	47	(76)
Net cash and cash equivalents at the end of the period	**292**	**1,482**
Reported in the available cash and cash equivalents	*292*	*1,482*

* * *

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. 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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