



PRESS RELEASE

MEETING OF THE BOARD OF DIRECTORS OF PIERREL S.P.A.

- **Approval of the draft financial statement and the consolidated financial statement at 31 December 2018:**

Consolidated results at 31 December 2018:

- **Consolidated gross revenues of approximately € 20.4 million**, up by about 18% compared to 31 December 2017, when they amounted to about € 17.3 million, as well as around 6% compared to about € 19.3 million estimated by the Board of Directors of Pierrel S.p.A. and communicated to the market on 28 February 2018;
 - **EBITDA positive for about € 3.3 million**, up by about 57% compared to 31 December 2017, when it was positive for about € 2.1 million, as well as around 83% compared to the € 1.8 million estimated by the Board of Directors of Pierrel S.p.A. and communicated to the market on 28 February 2018;
 - **EBIT positive for about € 2.3 million, of which about € 1.0 million for amortization**, a very significant improvement compared to 31 December 2017, when it was positive for about € 1.0 million;
 - **Net consolidated result positive for about € 0.8 million**, showing a reversal of the trend compared to the loss recorded at 31 December 2017 for about € 2.5 million;
 - **Consolidated net financial debt of about € 3.7 million**, showing an improvement of some 68% compared to 31 December 2017, when it was about € 11.4 million.
 - **Net bank financial debt positive for about € 8.3 million**, improving more than significantly compared to 31 December 2017, when it was positive for about € 0.6 million.
- **Resolution to propose to the Shareholders' Meeting of Pierrel S.p.A. to retain the operating income**
 - **Sales in 2018 of Orabloc® in the US recorded an increase of about 17% over 2017. Orabloc® reaches 21% of the market of articaine dental anesthetics in the US.**
 - **The main economic and financial objectives for 2019 have been updated:**
 - estimated **consolidated gross revenues of about € 22.4 million**, up compared to the about € 20.9 million previously estimated and reported to the market;
 - estimated **positive consolidated EBITDA of about € 3.7 million, a significant increase compared to the about € 2.6 million** previously estimated and communicated to the market.
 - **The ordinary Shareholders' Meeting of Pierrel S.p.A., in single convocation, is convened for 18 April 2019 to deliberate on: (a) the approval of the financial statements of Pierrel S.p.A. at 31 December 2018 and the allocation of the operating income; (b) the first section of the Report on Remuneration of Pierrel S.p.A. for the financial year 2018**



Capua, 21 February 2019 – The Board of Directors of Pierrel S.p.A. ("**Pierrel**" or the "**Company**") meeting today, examined and approved the **draft financial statements of Pierrel for the year ended on 31 December 2018** and the **consolidated financial statements of the Pierrel Group for the year ended on 31 December 2018** with a **net profit equal to about € 1.4 million and about € 0.8 million, respectively**. In particular, the results reached by the Company during 2018, both at a consolidated and stand-alone level, showed a significant improvement compared to the estimates of the Board of Directors and most recently communicated to the market on 28 February 2018. This improvement is mainly due to the increase in sales, compared to what previously estimated, of Pierrel Pharma S.r.l. with sole shareholder ("**Pierrel Pharma**"), a company part of the Pierrel Group and whose share capital is entirely held by Pierrel, in the North American and Russian markets with significant positive effects as well as on the value of the total sales also on the margins of Pierrel Pharma and Pierrel Group.

The Board of Directors resolved to propose to the Shareholders' Meeting of the Company to postpone the net profit earned by the Company at 31 December 2018.

The managing director and general manager of Pierrel, Mr Fulvio Citaredo, stated: *«We are extremely satisfied with the results achieved by Pierrel and the Pierrel Group in 2018 following the important activities carried out, on various respects, over the last year and which concluded with the capital increase of the Company completed during the last month of November.*

2018 can be defined as the turning point for the relaunch of the Pierrel Group, a year during which we were able to complete all the activities previously planned for the full discharge of debts of Pierrel and Pierrel Pharma from the banking system, the economic and capital strengthening of the Pierrel Group, as well as the procurement of the resources needed for the implementation of the investment plan to support the strategic growth that the Company intends to pursue through the consolidation of its position on the domestic and international market, a significant strengthening of its own production capacity and new registrations of its products».

Below is a brief description of the results of the Pierrel Group and of the Company at 31 December 2018.

Consolidated results at 31 December 2018

The Pierrel Group closed the first half of 2018 with **consolidated revenue** of € 20.4 million, up by around 18% on the € 17.3 million recorded for the previous year, and a **positive consolidated EBITDA (gross operating result)** of about € 3.3 million, an improvement of about 57% with respect to the 31 December 2017, when it was about € 2.1 million. Both data recorded an improvement of about 6% and about 83%, respectively, compared to the forecasts previously estimated by the Board of Directors and most recently communicated to the market on 28 February 2018.

An analysis of the business and operating results of the Holding and Contract Manufacturing ("**CMO**") Divisions, controlled by the Company, and Pharma Division, of Pierrel Pharma, is provided below.

The **Holding Division** recorded in 2018 a negative EBITDA, before intercompany eliminations, of about € 1.5 million, substantially in line with that recorded at 31 December 2017 and with the forecasts for the 2018 budget.

The **CMO Division** posted in 2018 total sales, before intercompany eliminations, of about € 19.4 million, an improvement of about 17% compared to the about € 16.6 million recorded in 2017, and in significant improvement compared to the forecast for the 2018 budget, and achieved, also before intercompany eliminations, a positive EBITDA of about € 4.8 million (about 24.7% of gross revenues), an improvement of about 33% compared to the previous year, when EBITDA was positive for about € 3.6 million (about 21.4% of gross revenues), as well as budget forecasts. The results achieved by the Division in 2018 were affected in particular by the positive effects deriving from the increase in sales to the subsidiary Pierrel



Pharma which, in turn, recorded an increase in sales of the Orabloc® dental anesthetic mainly in the North American and Russian markets, as well as a significant increase in sales to third-party customers. The increase in sales was favored by the effects of the organizational efficiency process undertaken by the Company, already during the previous year, which was reflected in the ability to promptly fulfill customer orders.

The **Pharma Division** recorded in 2018 total sales, before intercompany eliminations, of some € 11.5 million, an improvement of approximately € 2.7 million compared to 2017 (about + 30.9%), when the total sales, before intercompany eliminations, were equal to about € 8.8 million, and a significant improvement compared to the forecast in the 2018 budget. As previously reported in the section of this press release commenting on the results achieved by the CMO Division, the increase in total sales of the Pharma Division in 2018 is mostly due to the increase in sales volumes of the Orabloc® dental anesthetic in the United States and Russia due to the increasing appreciation and recognition of the Pierrel anesthetic on the market, as well as the further commercial expansion launched in Europe supported by an extensive marketing activity. In particular, following the **increase in the sales of Orabloc® registered in 2018 in the US market** by the distributors of the Pierrel Group, the Pierrel Group dental anesthetic reached a share, at 31 December 2018, of around 21% of the market of articaine-based dental anesthetics in the US (source: data calculated by the Company).

The EBITDA of the Pharma Division for 2018, before intercompany eliminations, was positive for about € 2.1 million, an improvement of about 40% compared to the corresponding figure achieved in 2017, when it was positive for about € 1.5 million, and also improved with respect to the 2018 budget forecasts. The significant improvement in the EBITDA of the Division compared to that recorded at the end of the previous year is also a result of the increase in sales of Orabloc®, as described above.

The Pierrel Group recorded a **positive EBIT (operating result)** at 31 December 2018 **of € 2.3 million, after amortisation of around € 1.0 million**, a sharp improvement on the figure of the previous year, which was about €1.0 million, after amortisation of around € 1.1 million.

It should be noted that the Pierrel Group at 31 December 2018 recorded **non-recurring financial charges for a total value of about € 0.2 million**, attributable, as better described below in this press release in the commentary on the results achieved by the Company in 2018, to the ownership interest of the Company in Relief Therapeutics Holding AG, a company whose shares are listed on the Swiss Stock Exchange ("**Relief**"), at 31 December 2018, at around 2.30% of the share capital.

In consideration of all the above, at 31 December 2018 the Pierrel Group recorded a **consolidated net profit** of about € 0.8 million, thus recording an inversion of the trend with respect to the consolidated net loss of about € 2.5 million recorded. at the consolidated level at 31 December 2017, although this last figure was influenced by non-recurring charges, for an amount of about € 3.0 million, related to the fair value evaluation of the investment in Relief Therapeutics Holding AG classified under "*Activities discontinued operations*".

The Group's **net financial debt** at 31 December 2018 was about **€ 3.7 million**, including the Company's residual debt to the US customer Dentsply International Inc., at 31 December 2018, as interest and capital, of about € 6.6 million and whose final repayment deadline has been postponed from 2012 to 2026 with the commercial agreement signed on 29 January 2018 between the Company and Dentsply International Inc. (for more information on the main terms and conditions of this agreement, please refer to the press release published by the Company on 29 January 2018 and available on Pierrel's website at www.pierregroup.com, section Press/Press Releases.). The Group's net financial debt at 31 December 2018 shows an improvement of about € 7.8 million (about 68%) compared to 31 December 2017 when it amounted to about €11.4 million, mainly due to the increase in the item "Liquidity" due to the net cash proceeds, equal to about € 8.0 million, deriving from the subscription of the capital increase of the Company resolved by the Shareholders' Meeting of the Company on 22 November 2017 and concluded on 6 November 2018 (for further



information on the results of the above mentioned capital increase, please refer to the press release published by the Company on 6 November 2018 and available on Pierrel's website at www.pierregrupp.com, section Press/Press Release).

As a result of the foregoing, as well as the full discharge of debts of the Company and of Pierrel Pharma from the banking system that took place in 2018 as part of the recovery plan of the Pierrel Group, as of 31 December 2018 the Pierrel Group does not have net bank financial debt and the **liquidity available in the banking system amounted to about € 8.3 million**, with a more than significant improvement compared to the total of approximately **€ 0.6 million** recorded at 31 December 2017.

The **liquidity** of the Pierrel Group at 31 December 2018 was about € 9.9 million, with a more than significant improvement for the reasons previously mentioned, compared to the amount recorded at 31 December 2017, when it was about € 1,9 million.

Results of Pierrel at 31 December 2018

At 31 December 2018 **the Company** recorded revenues of about € 19.5 million, an improvement of about 16% compared to about € 16.8 million of 2017, and a positive **EBITDA** of about € 3.3 million, with a reversal of the trend compared to 31 December 2017, when it was negative for about € 2.1 million. Both results showed a significant improvement also compared to the forecasts of the plan as a result of the reasons previously expressed in this press release in the comment of the results achieved by the Pierrel Group at 31 December 2018.

The company's **net financial position** at 31 December 2018 was positive for some € 0.9 million, **an improvement of some € 7.9 million** when compared to 31 December 2017, when it was negative for some € 7.0 million. This improvement, as described above, is due to the significant increase in liquidity deriving from the net cash proceeds of the capital increase ended on 6 November 2018.

During 2018, the Company recorded **non-recurring charges for about € 0.2 million**, all of which relate to the investment held in the share capital of Relief. In particular, during the course of 2018 the Company, as for the previous year, had to adjust the value of the investment in Relief (recorded under "Available-for-sale financial assets - AFS") to its fair value (equal to the market value of Relief shares recorded on the Swiss Stock Exchange at 31 December 2018) by recording the related amount in the income statement, as a result of the classification of the value of the investment in Relief, in accordance with the provisions of IAS 39, as a "prolonged and continued" impairment.

In consideration of all the above, at **31 December 2018** Pierrel had a net profit of about **€ 1.4 million**, recording a reversal of the trend compared to the loss of about € 2.0 million recorded at 31 December 2018, which included write-downs and non-recurring charges of about € 3.0 million. As previously reported in this press release, the Board of Directors of the Company has also resolved to propose to the Shareholders' Meeting of Pierrel to bring this profit forward.

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During the same meeting, the Board of Directors of Pierrel updated the main economic and financial objectives of the Pierrel Group for 2019 previously estimated and communicated to the market on 28 February 2018. In particular, for 2019, the Company's Board of Directors has estimated **consolidated gross revenues** of about € 22.4 million, an increase of around 7% compared to the about € 20.9 million previously estimated and disclosed to the market, and a **positive consolidated EBITDA of about € 3.7 million**, with an increase of around 41% compared to the about € 2.6 million previously estimated and disclosed to the market.



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At the same meeting, the Company's Board of Directors also approved the **Annual Report on Corporate Governance and Ownership Structures for 2018** and the **Report on Remuneration for 2018**.

These reports will be made available to the public at the registered office of the Company in Capua (CE), Strada Statale Appia 7-bis, no. 46/48 and at the offices of Borsa Italiana S.p.A., as well as on the Company's website at www.pierrelgroup.com, section Investor Relations/Corporate Governance/Shareholders meeting documents and at the Nis-Storage authorized storage mechanism (www.emarketstorage.com) according to the terms and procedures of the law.

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The Board of Directors of the Company also resolved to convene Pierrel's Shareholders' Meeting, in ordinary session, in a single convocation for 18 April 2019 to discuss and resolve on: (a) the approval of the separate financial statements of Pierrel at 31 December 2018 and of the allocation of the operating income; (b) on an advisory basis, the first section of the Pierrel Report on Remuneration for 2018 drawn up pursuant to and for the purposes of article 123-ter of Legislative Decree 24 February 1998, no. 58, as subsequently amended and supplemented (the "TUF").

Lastly, the Pierrel Board of Directors approved the explanatory reports on the matters on the agenda of the aforementioned Shareholders' Meeting prepared pursuant to and for the purposes of article 125-ter of the TUF. These reports, together with all the other documentation relating to the items on the agenda of the aforementioned Shareholders' Meeting, will be made available to the public at the registered office of the Company in Capua (CE), Strada Statale Appia 7-bis, no. 46/48 and at the offices of Borsa Italiana S.p.A., as well as on the Company's website at www.pierrelgroup.com, section Investor Relations/Corporate Governance/Shareholders meeting documents and at the Nis-Storage authorized storage mechanism (www.emarketstorage.com) according to the terms and procedures of the law.

Pursuant to article 125-bis of the TUF and article 84 of the Regulations approved by CONSOB with resolution of 14 May 1999, no. 11971, as subsequently amended and supplemented, the Company informs that the notice convening the shareholders' meeting will be published in accordance with the law and the Bylaws.

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Pierrel's annual financial report as of 31 December 2018, approved by Pierrel's Board of Directors on 21 February 2019 (which includes the draft financial statements and the consolidated financial statements of Pierrel as of 31 December 2018, together with the related reports of the Board of Directors Pierrel's administration on the management and certification pursuant to article 154-bis of the TUF) was made available to the Board of Statutory Auditors and the auditing company. These reports, together with the reports of the Board of Statutory Auditors of the Company and the auditing company, will be made available to the public at the registered office of the Company in Capua (CE), Strada Statale Appia 7-bis, no. 46/48 and at the offices of Borsa Italiana S.p.A., as well as on the Company's website at www.pierrelgroup.com, section Investor Relations/Corporate Governance/Shareholders meeting documents and at the Nis-Storage authorized storage mechanism (www.emarketstorage.com) according to the terms and procedures of the law.

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The executive responsible for the preparation of corporate accounting documents of Pierrel, Mr Francesco Pepe, declares— pursuant to Article 154-bis, paragraph 2 of the TUF — that the accounting information



contained in the present press release related to Pierrel draft financial statements at 31 December 2018 corresponds to the documented results, accounting records and accounting entries of the company.

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In addition to the standard financial indicators required by the IFRS, this document contains some alternative performance indicators for the data at 31 December 2018 and year 2019 in order to allow a better appraisal of the economic and financial position of the Pierrel Group. These indicators are presented in the other annual financial reports and interim reports, but should not be considered as replacements for the conventional indicators recommended by the IFRS.

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

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

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The balance sheet, the income statement and the cash flow statement of the Pierrel Group at 31 December 2018 are shown below.



Balance sheet, income statement and cash flow statement of the Pierrel Group at 31 December 2018.

Assets				
<i>(€ thousands)</i>	31 December 2018		31 December 2017	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Intangible assets	1.962		1.403	
Tangible assets	9.536		10.216	
Financial fixed assets	10		133	
Receivables and other non-current assets	3		4	
Prepaid tax	5.275		5.275	
Non-current assets	16.785		17.031	
Inventories	3.795		2.780	
Trade receivables	3.304	3	3.241	
Tax receivables	33		46	
Other current assets and sundry receivables	627		799	
Cash and cash equivalents	9.828		1.850	
Available-for-sale financial assets (AFS)	192		478	
Current assets	17.778		9.194	
TOTAL ASSETS	34.563		26.225	

Equity and liabilities				
<i>(€ thousands)</i>	31 December 2018		31 December 2017	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Share capital	3.716		50	
Reserves and retained earnings/(losses)	6.780		4.720	
Loss for the year	846		(2.516)	
Consolidated equity	11.341		2.254	
Employee benefits	311		350	
Non-current financial liabilities	11.216	5.318	10.726	4.692
Non-current tax payables	67		101	
Other current liabilities and sundry payables	887		1.375	
Non-current liabilities	12.481		12.552	
Trade payables	4.502	12	4.486	16
Current financial liabilities	2.266	64	2.566	646
Current tax payables	139		121	
Other current liabilities and sundry payables	3.833	40	4.246	35
Current liabilities	10.741		11.419	
TOTAL LIABILITIES	23.222		23.971	
TOTAL EQUITY AND LIABILITIES	34.563		26.225	

Consolidated income statement				
<i>(€ thousands)</i>	Fiscal year 2018		Fiscal year 2017	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Continuing operations:				
Revenue	20.359		17.303	
<i>of which non-recurring</i>	430		466	
Raw materials and consumables used	(6.953)	(18)	(5.597)	(15)
Sundry services	(3.221)		(3.421)	
<i>of which non-recurring</i>	-		(249)	
Third-party goods	(122)		(111)	
Personnel costs	(5.838)		(5.005)	(35)
<i>of which non-recurring</i>	(7)			
Other provisions and costs	(893)		(1.062)	
<i>of which non-recurring</i>	(129)		(41)	
Earnings Before Interest, Tax, Depreciation and Amortisation	3.332		2.107	
Amortisation, depreciation and write-downs	(1.045)		(1.104)	
<i>of which non-recurring</i>			(37)	
Operating profit/(loss)	2.287		1.003	
Financial expenses	(1.016)	(222)	(3.368)	(128)
<i>of which non-recurring</i>	(152)		(2.175)	
Impairment loss on Available-for-sale financial assets (AFS)	(194)		(1.055)	
<i>of which non-recurring</i>	(194)		(1.055)	
Financial income	40		1.153	
<i>of which non-recurring</i>	(40)		117	
Profit/(loss) before tax	1.117		(2.267)	
Income tax	(271)		(249)	
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR	846		(2.516)	
of which Net Profit/(Loss) attributable to Pierrel shareholders	846		(2.516)	
<i>(*) of which € 514 thousand for net notional expenses (net notional income of € 718 thousand at 31 December 2017)</i>				

Consolidated cash flow statement		
	31 December 2018	31 December 2017
<i>(€ thousands)</i>		
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR	846	(2.516)
Amortisation and depreciation	1.046	1.068
Provisions and write-downs	(109)	31
(Write-back)/Write-down of non-current assets	346	1.239
Other (gain)/Loss on assets	27	-
Gain from sale of RELIEF shares	(40)	-
Movement in taxes	241	260
Net financial expenses*	864	2.264
Movement in inventories and work in progress	(906)	(331)
Movement in trade receivables	(63)	(530)
Movement in trade payables	16	(1.352)
Net movement in other current assets and liabilities	(1.049)	(1.348)
Movement in employee benefits	(39)	(6)
Cash flow used in operating activities	1.180	(1.221)
Outflow for the acquisition of tangible assets	(480)	(1.011)
Outflow for the acquisition of intangible assets	(505)	(91)
Revenue for sales of fixed assets	5	-
Cash proceeds from sale of RELIEF shares	143	1.196
Net movement in other non-current assets and liabilities		8
Net cash flow used in investment activities	(837)	102
Increase short-term loans	1.543	1.103
Repayment of short-term loans	(1.867)	(3.023)
Stockholders' advance payment for share capital increase in cash		4.000
Paid net financial expenses	(289)	(196)
Share capital increases net of transaction costs	8.319	
Cash flow from financing activities	7.706	1.884
TOTAL CASH FLOW FOR THE YEAR	8.049	765
Net cash and cash equivalents at the start of the year	1.850	1.108
Total cash flow for the year	8.049	765
Exchange effect	(71)	(23)
Net cash and cash equivalents at the end of the year	9.828	1.850
<i>(*) of which € 514 thousand for net notional expenses (net notional income of € 718 thousand at 31 December 2017)</i>		



Balance sheet, income statement and cash flow statement of Pierrel S.p.A. at 31 December 2018.

Assets				
<i>(Euro)</i>	31 December 2018		31 December 2017	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Intangible assets	683.850		288.530	
Tangible assets	9.535.226		10.215.894	
Investments	4.574.475		4.574.475	
Receivables and other non-current assets	1.700.000	1.700.000	3.225.789	3.225.789
Prepaid tax	5.274.522		5.274.522	
Non-current assets	21.768.073		23.579.210	
Inventories	3.651.637		2.558.974	
Trade receivables	2.249.857	292.352	2.280.950	197.658
Tax receivables	31.426		42.956	
Other current assets and sundry receivables	774.722	307.557	809.835	199.640
Cash and cash equivalents	9.665.292		1.498.511	
Available-for-sale financial assets (AFS)	191.673		477.823	
Current assets	16.564.607		7.669.049	
TOTAL ASSETS	38.332.680		31.248.259	

Equity and liabilities

<i>(Euro)</i>	31 December 2018		31 December 2017	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Share capital	3.716.342		50.000	
Reserves and Retained earnings	12.683.549		10.029.747	
Loss for the year	1.436.416		(1.996.889)	
Equity	17.836.307		8.082.858	
Employee benefits	311.468		350.877	
Non-current financial liabilities	6.523.742	625.897	6.033.746	
Non-current tax payables	67.031		100.545	
Other current liabilities and sundry payable	3.371.205		5.958.817	
Non-current liabilities	10.273.446		12.443.985	
Trade payables	4.349.274	11.540	4.301.823	15.216
Current financial liabilities	2.266.364	63.600	2.496.170	577.108
Current tax payables	104.596		104.750	
Short-term provisions for liabilities	41.198		176.677	
Other current liabilities and sundry payable	3.461.495	40.000	3.641.996	35.350
Current liabilities	10.222.927		10.721.416	
TOTAL LIABILITIES	20.496.373		23.165.401	
TOTAL EQUITY AND LIABILITIES	38.332.680		31.248.259	

Separated income statement				
<i>(Euro)</i>	Fiscal year 2018		Fiscal year 2017	
		<i>related parties</i>		<i>related parties</i>
Revenue	19.526.038	7.565.292	16.809.312	5.921.699
<i>of which non-recurring</i>	418.243		390.113	
Raw materials and consumables used	(6.833.040)	(17.513)	(5.759.429)	(14.535)
Sundry services	(2.257.906)		(2.456.691)	
<i>of which non-recurring</i>			(158.224)	
Third-party goods	(108.858)		(99.317)	
<i>of which non-recurring</i>				
Personnel costs	(5.840.230)	(40.000)	(5.040.878)	(35.350)
<i>of which non-recurring</i>	(6.845)			
Other provisions and costs	(1.177.419)		(1.355.812)	
<i>of which non-recurring</i>	(50.329)		(41.175)	
Earnings Before Interest, Tax, Depreciation and Amortisation	3.308.585		2.097.185	
Amortisation, depreciation and write-downs	(995.833)		(1.028.963)	
<i>of which non-recurring</i>			(21.127)	
Operating profit/(loss)	2.312.752		1.068.223	
Financial expenses	(712.332)	(58.768)	(2.976.640)	(58.768)
<i>of which non-recurring</i>			(2.175.264)	
Impairment loss on Available-for-sale financial assets (AFS)	(194.104)		(1.054.565)	
<i>of which non-recurring</i>	(194.104)		(1.054.565)	
Financial income	132.559	68.870	1.091.629	68.870
<i>of which non-recurring</i>	40.016			
Profit/(loss) before tax	1.538.875		(1.871.353)	
Income tax	(102.459)		(125.536)	
NET PROFIT/(LOSS) FOR THE PERIOD	1.436.416		(1.996.889)	

(*) of which € 514 thousand for net notional expenses (net notional income of € 718 thousand at 31 December 2017)

Cash flow statement

(Euro)	31 December 2018	31 December 2017
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR	1.436.416	(1.996.889)
Amortisation and depreciation	995.833	1.007.835
Provisions and write-downs	(109.499)	30.678
(Write-back)/Write-down of non-current assets	194.104	1.075.692
(Gain) from transfer of Deferral on AIC Pharma	(2.099.418)	(1.385.364)
Other (gain)/Loss on assets	25.880	-
Net financial expenses*	579.773	1.885.011
Movement in deferred taxes	-	132.716
Movement in inventories	(983.164)	(133.136)
Movement in trade receivables	1.556.882	1.053.794
Movement in trade payables	47.451	(1.355.468)
Income tax	(4.223)	4.296
Net movement in other current assets and liabilities	(815.772)	(2.197.807)
Movement in employee benefits	(39.409)	(511)
Cash flow from continuing operations	784.854	(1.879.153)
Outflow for the acquisition of tangible assets	(479.194)	(1.010.709)
Outflow for the acquisition of intangible assets	(262.189)	(41.613)
Cash proceeds from sale of RELIEF shares	142.530	1.196.011
Net movement in other non-current assets and liabilities	-	7.224
Cash flow from investing activities	(598.853)	150.913
Increase short-term loans	1.542.543	1.035.078
Repayment of short-term loans	(1.796.530)	(2.536.690)
Paid net financial expenses	(74.859)	(168.108)
Share capital increases net of transaction costs	8.319.250	
Advance payment for future capital increase		4.000.000
Cash flow from financing activities	7.990.404	2.330.280
TOTAL CASH FLOW FOR THE YEAR	8.176.405	602.040
Net cash and cash equivalents at the start of the year	1.498.511	836.984
Total cash flow for the year	8.176.405	602.040
Exchange effect	(9.624)	59.487
Net cash and cash equivalents at the end of the year	9.665.292	1.498.511

(*) of which € 514 thousand for net notional expenses (net notional income of € 718 thousand at 31 December 2017)

* * *

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

Pierrel Group is listed on the MTA exchange which is organised and managed by Borsa Italiana and boasts over 60 years' experience in the pharmaceutical sector, being one of Europe's leading producers of local and dental anaesthetics.

Pierrel also has a production unit in Capua, close to Naples, Italy, that has been authorised by the European Medicines Agency (EMA) and the Food and Drug Administration (FDA) for the aseptic production of injectable medicines.



The subsidiary Pierrel Pharma S.r.l. has registered and distributes the Orabloc® dental anaesthetic in Canada, US, Russia and Europe. The registered office of Pierrel S.p.A. is in Capua (CE), Italy.

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