



## PRESS RELEASE

**PIERREL S.P.A.: THE BOARD APPROVES THE DRAFT AND CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019 - THE MAIN ECONOMIC AND FINANCIAL OBJECTIVES FOR THE YEARS 2020 AND 2021 WERE UPDATED AND THE MAIN ECONOMIC AND FINANCIAL OBJECTIVES FOR THE YEAR 2022 WERE APPROVED.**

### **Consolidated results at 31 December 2019:**

- **Consolidated gross revenues of approximately € 21.9 million**, up by around 8% compared to 31 December 2018, when they amounted to approximately € 20.4 million, in line with the € 22.4 million estimated by the Board of Directors of Pierrel S.p.A. and communicated to the market on 20 March 2019;
  - **EBITDA positive for about € 4.4 million**, up by around 32% compared to 31 December 2018, when it was positive for about € 3.3 million, as well as around 18% compared to the € 3.7 million estimated by the Board of Directors of Pierrel S.p.A. and communicated to the market on 20 March 2019;
  - **EBIT positive for about € 3.3 million, of which about € 1.1 million for amortization**, a very significant improvement compared to 31 December 2018, when it was positive for about € 2.3 million;
  - **Net consolidated result positive for about € 2.3 million**, showing a more than significant increase compared to about € 0.8 million of consolidated net profit recorded at 31 December 2018;
  - **Consolidated net financial debt of about € 6.8 million**, showing an improvement of some 86% compared to 31 December 2018, when it was about € 3.7 million;
  - **Net bank financial resources positive for about € 5.1 million**, showing a decrease compared to 31 December 2018, when it was positive for about € 8.3 million.
- **Resolution to propose to the Shareholders' Meeting of Pierrel S.p.A. to postpone the operating income.**
- **Sales in 2019 of Orabloc® in the US recorded an increase of about 14% over 2018. Orabloc® reaches 23% of the market of articaine dental anesthetics in the US.**
- **The main economic and financial objectives for 2020 and 2021 have been updated:**

✓ Year 2020:

- estimated **consolidated gross revenues of about € 23.3 million**, compared to the approximately € 24.1 million previously estimated and reported to the market;
- estimated **positive consolidated EBITDA of about € 4.3 million**, compared to the about € 4.6 million previously estimated and reported to the market.

✓ Year 2021:



- estimated **consolidated gross revenues of about € 28.4 million**, compared to the approximately € 28.7 million previously estimated and reported to the market;
  - estimated **positive consolidated EBITDA of about € 6.4 million**, compared to the about € 6.2 million previously estimated and reported to the market.
- **The main economic and financial objectives for 2022 have been approved:**
- **Estimated consolidated gross revenues of about € 35.6 million and a positive consolidated EBITDA of about € 9.5 million.**
- **The ordinary Shareholders' Meeting of Pierrel S.p.A., in single convocation, is convened for 16 April 2020 to deliberate on: (a) the approval of the financial statements of Pierrel S.p.A. at 31 December 2019 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 2019.**
- **The existence of the independence requirements pursuant to article 48, paragraph 3 of the TUF was assessed positively by the Directors Mr Mauro Fierro and Ms Alessandra Piccinino.**

Capua (CE), 26 February 2020 – The Board of Directors of Pierrel S.p.A. (“**Pierrel**” or the “**Company**”), global provider of services for the pharmaceutical industry listed on the MTA segment of Borsa Italiana (Ticker: PRL) which met today, examined and approved the **draft financial statements of Pierrel for the year ended on 31 December 2019** and the **consolidated financial statements of the Pierrel Group for the year ended on 31 December 2019** with a **net profit equal to about € 2.4 million and about € 2.3 million, respectively.**

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 2019.

The managing director and general manager of the Pierrel Group, Mr Fulvio Citaredo, stated: *«Also in 2019, the Company has demonstrated the ability to achieve and exceed the set objectives. As we had expected, the new activities started and the results achieved in the 2019 financial year put Pierrel in a phase of relaunch, characterized by several new registrations and a large investment plan to support the ongoing commercial expansion. The main objective for the next three years is to continue industrial and commercial development to allow Pierrel to carve out a primary role in the world market of the specific sector ».*

Below is a brief description of the results of the Pierrel Group and of the Company at 31 December 2019.

#### **Consolidated results at 31 December 2019:**

The Pierrel Group closed the first half of 2019 with **consolidated revenue** of € 21.9 million, up by around 8% on the € 20.4 million recorded for the previous year, and a **positive consolidated EBITDA (gross operating result)** of about € 4.4 million, an improvement of about 32% with respect to 31 December 2018, when it was about € 3.3 million. With reference



to the forecasts previously estimated by the Board of Directors, and most recently communicated to the market on 20 March 2019, the value of the consolidated revenues actually shows a value substantially in line while the EBITDA recorded at 31 December 2019 records, compared to the same forecasts, an increase of about 18% mainly due to the increase in sales, compared to what was previously estimated, of Pierrel Pharma S.r.l. with sole shareholder ("**Pierrel Pharma**"), a company of the Pierrel Group and whose share capital is wholly owned by Pierrel, in the North American, European and Eurasian markets.

## Results of the Group's divisions

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 2019 a negative EBITDA, before intercompany eliminations, of about € 1.6 million, substantially in line with that recorded at 31 December 2018 and with the forecasts for the 2019 budget.

The **CMO Division** posted in 2019 total sales, before intercompany eliminations, of about € 20.4 million, an improvement of about 5% compared to the about € 19.4 million recorded in 2018, and in line with the forecast for the 2019 budget, and achieved, also before intercompany eliminations, a positive EBITDA of about € 5.6 million (about 27.4% of gross revenues), an improvement of about 17% compared to the previous year, when EBITDA was positive for about € 4.8 million (about 24.7% of gross revenues), as well as budget forecasts. The results achieved by the Division in 2019 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, European and Eurasiatic markets. The increase in sales was also favored by the effects of the ongoing process of organizational efficiency undertaken by the Company in recent years, which was reflected in the ability to fulfill customer orders more promptly, as well as the further commercial expansion launched in Europe supported from an intense marketing activity.

The **Pharma Division** recorded in 2019 total sales, before intercompany eliminations, of some € 15 million, an improvement of approximately € 3.6 million compared to 2018 (about +31.2% compared to € 11.5 million), and a significant improvement compared to the forecast in the 2019 budget. As for the CMO Division, the Pharma Division also benefited from the increase in sales of the Orabloc® dental anesthetic in the United States, Europe and the Eurasian area due to the growing appreciation and recognition of Pierrel anesthetic on the market. In particular, following the **increase in the sales of Orabloc® registered last year in the US market** by the distributors of the Pierrel Group, the Pierrel Group dental anesthetic reached a share, at 31 December 2019, of around 23% of the market of articaine-based dental anesthetics in the US (data calculated by the Company).

The EBITDA of the Pharma Division for 2019, before intercompany eliminations, was positive for about € 2.9 million, an improvement of about 36.4% compared to the corresponding figure achieved in 2018, when it was positive for about € 2.1 million, and also improved with respect to the 2019 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 2019 of **€ 3.3 million, after amortisation of around € 1.1 million**, a sharp improvement on the figure of the previous year, which was about € 2.3 million, after amortisation of around € 1.0 million.

In addition, it is noted that the Pierrel Group at 31 December 2019 recorded net financial expenses of about € 0.8 million. This item also includes net notional financial income from discounting and from currency adjustment, totaling around € 0.4 million, linked to the payable (stated in US dollars) still due from Pierrel to the American customer Dentsply International Inc. of around € 6.3 million at 31 December 2019, by way of interest and capital stock.

In consideration of all the above, at 31 December 2019 the Pierrel Group recorded a **consolidated net profit** of about € 2.3 million, thus recording a significant improvement compared to the previous year, as the consolidated net profit stood at around € 0.8 million, although this last figure was influenced by non-recurring charges, for an amount of approximately € 0.2 million, related to the fair value measurement of the equity investment in Relief Therapeutics Holding AG classified among the "Discontinued operations", a position which was completely reset during the 2019 financial year.

The Group's **net financial debt** at 31 December 2019 is equal to approximately **€ 6.8 million**. This amount also includes the debt of about € 4.7 million accrued by the subsidiary Pierrel Pharma towards the shareholders Fin Posillipo S.p.A. and Bootes S.r.l., as well as the Company's residual debt towards Dentsply International Inc. equal to the date, as mentioned, of about € 6.3 million and whose repayment deadline was postponed from 2012 to 2026 with the commercial agreement signed in 2018 (for further information on this agreement, please refer to the press release published by the Company on 29 January 2018 and available on the Pierrel website at [www.pierrelgroup.com](http://www.pierrelgroup.com), Press section / Press releases).

The Group's net financial debt as of 31 December 2019 records an increase of about € 3.1 million (about 86%) compared to 31 December 2018 when it was equal to about € 3.7 million. This deterioration derives from the reduction in the "*Cash resources*" item following the use of the related amount to finance the scheduled investment plan.

The **consolidated cash resources** of the Pierrel Group at 31 December 2019 is equal to about € 5.5 million, compared to about € 9.9 million, with a significant reduction for the reasons stated above.

As of 31 December 2019, none of the Pierrel Group companies has issued bonds.

At 31 December 2019 the Pierrel Group's overdue debts to suppliers amounted to around € 0.7 million (around € 1.5 million at 31 December 2018), while those to Fonchim (supplementary pension fund for chemical and pharmaceutical workers) reduced to around € 169 thousand (compared to around € 284 thousand at 31 December 2018) due to payments made in line with the repayment plan announced by the Company.

During 2019, the consolidation scope of the Pierrel Group did not change significantly compared to the closing date of the previous year.

It should be noted that, with a provision dated 23 May 2019, the CONSOB ordered the cancellation of the Company from the "Black list", eliminating the monthly disclosure obligations relating to the economic-equity and financial situation of the Pierrel Group pursuant to art. 114, paragraph 5, of Legislative Decree no. 58/98, as subsequently amended and supplemented. With the same provision, CONSOB also requested the Company to include certain specific information in the annual and interim financial reports of the Company (for further information, see press release of 23 May 2019 published on the Company's website



and available at [www.pierrelgroup.com](http://www.pierrelgroup.com), section Investor Relations/Press/Press Releases). With reference to 31 December 2019, this information is contained in the explanatory notes of the Group's financial report and in the attachment to this press release.

### **Results of Pierrel at 31 December 2019**

At 31 December 2019, **the Company** recorded revenues of about € 20.5 million, an improvement of about 5% compared to about € 19.5 million of 2018, and a positive **EBITDA** of about € 3.9 million, a significant improvement compared to 31 December 2018, when it was positive for about € 3.3 million. The latter parameter also shows an improvement compared to the plan forecasts, due to the reasons expressed in the comments of the results achieved by the Pierrel Group at 31 December 2019, while the item finalized revenues at 31 December 2019 is in line with the plan forecasts made from society.

The company's **net financial position** at 31 December 2019 was negative for some € 2.2 million, worsening when compared to 31 December 2018, when it was positive for some € 0.9 million. This turnaround, as described above, is attributable almost exclusively to the reduction in cash and cash equivalents used during the year for the planned investment plan.

In consideration of all of the above, at **31 December 2019** Pierrel recorded a net profit of about **€ 2.4 million**, recording a significant improvement of approximately 65%, compared to the about € 1.4 million of net profit recorded at 31 December 2018. As previously reported, the Board of Directors of the Company has also resolved to propose to the Shareholders' Meeting of Pierrel to bring this profit forward.

\* \* \*

During the same meeting, the Board of Directors of Pierrel updated the main economic and financial objectives of the Pierrel Group for 2020 and 2021 previously estimated and communicated to the market on 20 March 2019.

In particular, for 2020, the Company's Board of Directors has estimated **consolidated gross revenues** of about € 23.3 million, a decrease of around 3% compared to the about € 24.1 million previously estimated and disclosed to the market, and a **positive consolidated EBITDA of about € 4.3 million**, a decrease of around 6% compared to the about € 4.6 million previously estimated and disclosed to the market.

For 2021, the Company's Board of Directors has estimated **consolidated gross revenues** of about € 28.4 million, a decrease of around 1% compared to the about € 28.7 million previously estimated and disclosed to the market, and a **positive consolidated EBITDA of about € 6.4 million**, an increase of around 3% compared to the about € 6.2 million previously estimated and disclosed to the market.

Finally, during the same meeting, the Pierrel Board of Directors approved the main economic and financial objectives for the year 2022, estimating the **consolidated gross revenues of around € 35.6 million and a positive consolidated EBITDA of around € 9.5 million**. The increase in estimated amounts in 2022 is directly linked to the start-up of a second production line and the finalization of the other planned investments.

\* \* \*

At the same meeting, the Company's Board of Directors also approved the **Annual Report on Corporate Governance and Ownership Structures for 2019** and the **Report on Remuneration for 2019**.



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](http://www.pierrelgroup.com), section Investor Relations/Corporate Governance/Shareholders meeting documents and at the Nis-Storage authorized storage mechanism ([www.emarketstorage.com](http://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 16 April 2020 to discuss and resolve on: (a) the approval of the separate financial statements of Pierrel at 31 December 2019 and of the allocation of the operating income; (b) the Pierrel Report on Remuneration for 2019 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](http://www.pierrelgroup.com), section Investor Relations/Corporate Governance/Shareholders meeting documents and at the Nis-Storage authorized storage mechanism ([www.emarketstorage.com](http://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.

Finally, the Pierrel Board of Directors has positively assessed the existence of the Directors Mr Mauro Fierro and Ms Alessandra Piccinino of the independence requirements referred to in article 148, paragraph 3 of the TUF.

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Pierrel's annual financial report as of 31 December 2019, approved by Pierrel's Board of Directors on 26 February 2020 (which includes the draft financial statements and the consolidated financial statements of Pierrel as of 31 December 2019, 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](http://www.pierrelgroup.com), section Investor Relations/Corporate Governance/Shareholders meeting documents and at the Nis-Storage authorized storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)) according to the terms and procedures of the law.

\* \* \*

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 2019 corresponds to the documented results, accounting records and accounting entries of the company.

\* \* \*

In addition to the standard financial indicators required by the IFRS, this document contains some alternative performance indicators for the data at 31 December 2019 and years 2020, 2021 and 2022 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 2019 are shown below, together with the information on request by Consob pursuant to art. 114 of the TUF for the Company and the Pierrel Group.

**Balance sheet, income statement and cash flow statement of the Pierrel Group at 31 December 2019.**

## Assets

<i>(€ thousands)</i>	31 December 2019		31 December 2018	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Intangible assets	2.332		1.962	
Tangible assets	12.334		9.536	
Tangible assets leased assets	358			
Financial fixed assets	10		10	
Receivables and other non-current assets	3		3	
Active deferred taxes	5.275		5.274	
<b>Non-current assets</b>	<b>20.312</b>		<b>16.785</b>	
Inventories	3.345		3.795	
Trade receivables	2.391		3.304	3
Tax receivables	468		33	
Other current assets and sundry receivables	620		626	
Cash and cash equivalents	5.488		9.828	
Available-for-sale financial assets (AFS)	-		192	
<b>Current assets</b>	<b>12.312</b>		<b>17.778</b>	
<b>TOTAL ASSETS</b>	<b>32.624</b>		<b>34.563</b>	

## Equity and liabilities

<i>(€ thousands)</i>	31 December 2019		31 December 2018	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Share capital	3.716		3.716	
Reserves and retained earnings/(losses)	7.515		6.779	
Loss for the year	2.250		846	
<b>Consolidated equity</b>	<b>13.481</b>		<b>11.341</b>	
Employee benefits	330		311	
Non-current financial liabilities	10.471	4.692	11.216	5.318
Non-current tax payables	34		67	
Other current liabilities and sundry payables	588		887	
<b>Non-current liabilities</b>	<b>11.423</b>		<b>12.481</b>	
Trade payables	2.985	45	4.503	12
Current financial liabilities	1.819	671	2.266	64
Current tax payables	78	15	139	
Other current liabilities and sundry payables	2.838		3.833	40
<b>Current liabilities</b>	<b>7.720</b>		<b>10.741</b>	
<b>TOTAL LIABILITIES</b>	<b>19.143</b>		<b>23.222</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32.624</b>		<b>34.563</b>	



## Consolidated income statement

<i>(€ thousands)</i>	Fiscal year 2019		Fiscal year 2018	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
<b>Continuing operations:</b>				
Revenue	21.941		20.359	
<i>of which non-recurring</i>	597		430	
Raw materials and consumables used	(7.153)	(62)	(6.953)	(18)
Sundry services	(3.212)		(3.221)	
<i>of which non-recurring</i>	(51)		-	
Third-party goods	(144)		(122)	
Personnel costs	(6.070)	(60)	(5.838)	(40)
<i>of which non-recurring</i>	(100)		(7)	
Other provisions and costs	(982)		(894)	
<i>of which non-recurring</i>	(29)		(129)	
<b>Earnings Before Interest, Tax, Depreciation and Amortisation</b>	<b>4.380</b>		<b>3.331</b>	
Amortisation, depreciation and write-downs	(1.103)		(1.045)	
<i>of which non-recurring</i>				
<b>Operating profit/(loss)</b>	<b>3.277</b>		<b>2.286</b>	
Financial expenses	(814)	(214)	(1.015)	(222)
<i>of which non-recurring</i>	(94)		(152)	
Impairment loss on Available-for-sale financial assets (AFS)	-		(194)	
<i>of which non-recurring</i>	-		(194)	
Financial income	8		40	
<i>of which non-recurring</i>	7		40	
<b>Profit/(loss) before tax</b>	<b>2.471</b>		<b>1.117</b>	
Income tax	(221)		(271)	
<b>NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>2.250</b>		<b>846</b>	
<i>of which Net Profit/(Loss) attributable to Pierrel shareholders</i>	2.250		846	

(\*) of which € 377 thousand for net notional expenses (net notional expenses of € 514 thousand at 31 December 2018)

<b>Consolidated cash flow statement</b>		
<i>(€ thousands)</i>	Fiscal year 2019	Fiscal year 2018
<b>NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>2.250</b>	<b>846</b>
Amortisation and depreciation	1.082	1.046
Amortisation of leased assets	21	-
Provisions and write-downs	41	(109)
(Write-back)/Write-down of non-current assets	-	346
Other (gain)/Loss on assets	9	27
(Gain)/Loss from sale of RELIEF shares	86	(40)
Movement in taxes	221	241
Net financial expenses*	719	864
Movement in inventories and work in progress	409	(906)
Movement in trade receivables	913	(63)
Movement in trade payables	(1.518)	16
Net movement in other current assets and liabilities	(2.154)	(1.049)
Movement in employee benefits	19	(39)
<b>Cash flow used in operating activities</b>	<b>2.098</b>	<b>1.180</b>
Outflow for the acquisition of tangible assets	(3.656)	(480)
Outflow for the acquisition of tangible leased assets	(379)	-
Outflow for the acquisition of intangible assets	(629)	(505)
Revenue for sales of fixed assets	-	5
Cash proceeds from sale of RELIEF shares	103	143
Net movement in other non-current assets and liabilities	-	-
<b>Net cash flow used in investment activities</b>	<b>(4.561)</b>	<b>(837)</b>
Increase short-term loans	687	1.543
Repayment of short-term loans	(2.256)	(1.867)
Paid net financial expenses	(301)	(289)
Share capital increases net of transaction costs	-	8.319
<b>Cash flow from financing activities</b>	<b>(1.870)</b>	<b>7.706</b>
<b>TOTAL CASH FLOW FOR THE YEAR</b>	<b>(4.333)</b>	<b>8.049</b>
Net cash and cash equivalents at the start of the year	9.828	1.850
Total cash flow for the year	(4.333)	8.049
Exchange effect	(7)	(71)
<b>Net cash and cash equivalents at the end of the year</b>	<b>5.488</b>	<b>9.828</b>

(\* ) of which € 377 thousand for net notional expenses (net notional expenses of € 514 thousand at 31 December 2018)

**Balance sheet, income statement and cash flow statement of Pierrel S.p.A. at 31 December 2019.**

**Assets**

<i>(Euro)</i>	31 December 2019		31 December 2018	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Intangible assets	795.595		683.850	
Tangible assets	12.333.166		9.535.226	
Tangible assets leased assets	357.606			
Investments	4.574.475		4.574.475	
Receivables and other non-current assets	-		1.700.000	1.700.000
Active deferred taxes	5.274.522		5.274.522	
<b>Non-current assets</b>	<b>23.335.364</b>		<b>21.768.073</b>	
Inventories	3.284.278		3.651.637	
Trade receivables	986.778	402.643	2.249.857	292.352
Tax receivables	467.536		31.426	
Other current assets and sundry receivables	950.816	510.064	774.722	307.557
Cash and cash equivalents	5.381.261		9.665.292	
Available-for-sale financial assets (AFS)	-		191.673	
<b>Current assets</b>	<b>11.070.669</b>		<b>16.564.607</b>	
<b>TOTAL ASSETS</b>	<b>34.406.033</b>		<b>38.332.680</b>	

## Equity and liabilities

<i>(Euro)</i>	31 December 2019		31 December 2018	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Share capital	3.716.342		3.716.342	
Reserves and Retained earnings	14.104.867		12.683.549	
Loss for the year	2.363.970		1.436.416	
<b>Equity</b>	<b>20.185.179</b>		<b>17.836.307</b>	
Employee benefits	329.828		311.468	
Non-current financial liabilities	5.778.334		6.523.742	<i>625.897</i>
Non-current tax payables	33.515		67.031	
Other current liabilities and sundry payables	588.328		3.371.205	
<b>Non-current liabilities</b>	<b>6.730.005</b>		<b>10.273.446</b>	
Trade payables	2.834.171	<i>45.436</i>	4.349.274	<i>11.540</i>
Current financial liabilities	1.818.967	<i>671.334</i>	2.266.364	<i>63.600</i>
Current tax payables	45.392		104.596	
Short-term provisions for liabilities	7.285		41.198	
Other current liabilities and sundry payables	2.785.034	<i>15.000</i>	3.461.495	<i>40.000</i>
<b>Current liabilities</b>	<b>7.490.849</b>		<b>10.222.927</b>	
<b>TOTAL LIABILITIES</b>	<b>14.220.854</b>		<b>20.496.373</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34.406.033</b>		<b>38.332.680</b>	

## Separated income statement

<i>(Euro)</i>	Fiscal year 2019		Fiscal year 2018	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Revenue	20.487.353	10.092.377	19.526.038	7.565.292
<i>of which non-recurring</i>	735.594		418.243	
Raw materials and consumables used	(6.986.852)	(61.959)	(6.833.040)	(17.513)
Sundry services	(2.100.925)		(2.257.906)	
<i>of which non-recurring</i>	(49.154)		-	
Third-party goods	(130.179)		(108.858)	
Personnel costs	(6.058.529)	(60.000)	(5.840.230)	(40.000)
<i>of which non-recurring</i>	(100.000)		(6.845)	
Other provisions and costs	(1.243.377)		(1.177.419)	
<i>of which non-recurring</i>	(18.018)		(50.329)	
<b>Earnings Before Interest, Tax, Depreciation and Amortisation</b>	<b>3.967.491</b>		<b>3.308.585</b>	
Amortisation, depreciation and write-downs	(1.043.791)		(995.833)	
<b>Operating profit/(loss)</b>	<b>2.923.700</b>		<b>2.312.752</b>	
Financial expenses	(635.710)	(43.397)	(712.332)	(58.768)
<i>of which non-recurring</i>	(93.562)		-	
Impairment loss on Available-for-sale financial assets (AFS)	-		(194.104)	
<i>of which non-recurring</i>			(194.104)	
Financial income	27.772	18.756	132.559	68.870
<i>of which non-recurring</i>	7.389		40.016	
<b>Profit/(loss) before tax</b>	<b>2.315.762</b>		<b>1.538.875</b>	
Income tax	48.208		(102.459)	
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>2.363.970</b>		<b>1.436.416</b>	

*(\*) of which € 377 thousand for net notional expenses (net notional expenses of € 514 thousand at 31 December 2018)*

## Cash flow statement

<i>(Euro)</i>	Fiscal year 2019	Fiscal year 2018
<b>NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>2.363.970</b>	<b>1.436.416</b>
Amortisation and depreciation	1.022.894	995.833
Amortisation of leased assets	20.896	
Provisions and write-downs	41.325	(109.499)
(Write-back)/Write-down of non-current assets	-	194.104
(Gain) from transfer of Deferral on AIC Pharma	(2.484.495)	(2.099.418)
Other (gain)/Loss on assets	9.476	25.880
Net financial expenses*	607.938	579.773
Movement in inventories	326.034	(983.164)
Movement in trade receivables	2.963.079	1.556.882
Movement in trade payables	(1.515.103)	47.451
Income tax	(49.979)	(4.223)
Net movement in other current assets and liabilities	(1.687.243)	(815.772)
Movement in employee benefits	18.360	(39.409)
<b>Cash flow from continuing operations</b>	<b>1.637.152</b>	<b>784.854</b>
Outflow for the acquisition of tangible assets	(3.656.124)	(479.194)
Outflow for the acquisition of tangible leased assets	(378.502)	-
Outflow for the acquisition of intangible assets	(311.743)	(262.189)
Cash proceeds from sale of RELIEF shares	103.182	142.530
<b>Cash flow from investing activities</b>	<b>(4.243.187)</b>	<b>(598.853)</b>
Increase short-term loans	686.958	1.542.543
Repayment of short-term loans	(2.256.462)	(1.796.530)
Paid net financial expenses	(99.354)	(74.859)
Share capital increases net of transaction costs		8.319.250
<b>Cash flow from financing activities</b>	<b>(1.668.858)</b>	<b>7.990.404</b>
<b>TOTAL CASH FLOW FOR THE YEAR</b>	<b>(4.274.893)</b>	<b>8.176.405</b>
Net cash and cash equivalents at the start of the year	9.665.292	1.498.511
Total cash flow for the year	(4.274.893)	8.176.405
Exchange effect	(9.138)	(9.624)
<b>Net cash and cash equivalents at the end of the year</b>	<b>5.381.261</b>	<b>9.665.292</b>

*(\*) of which € 377 thousand for net notional expenses (net notional expenses of € 514 thousand at 31 December 2018)*

## **Information required by CONSOB pursuant to art. 114 of Legislative Decree 58/98**

On 23 May 2019, following the Consob communication received on the same date, the Company is no longer subject to the obligations of supplementary disclosure on a monthly basis, pursuant to art. 114, paragraph 5 of Legislative Decree ("TUF") and has therefore left the so-called black list. In place of these obligations, Consob requested the Company to supplement the annual, half-year and interim management reports, where published on a voluntary basis as well as, where relevant, press releases concerning the approval of the aforementioned accounting documents with following information:

### **Pierrel S.p.A.**

**a) the net financial position of the Company, highlighting the short-term components separately from the medium-long term ones:**



The following table summarizes the net financial position of the Company at 31 December 2019 compared with the same data as at 30 June 2019 and 31 December 2018:

### Net financial position

	Pierrel S.p.A.		
	31 December 2019	30 June 2019	31 December 2018
<i>(€ thousands)</i>			
A. Cash	2	2	2
B. Other cash resources	5.379	7.709	9.664
C. Securities held for trading	-	-	-
<b>D. Cash Resources (A)+(B)+(C)</b>	<b>5.381</b>	<b>7.711</b>	<b>9.666</b>
<b>E. Current financial receivables</b>		<b>14</b>	<b>59</b>
F. Current bank debt	(362)	(768)	(1.500)
G. Current portion of non-current debt	-	-	-
H. Other current financial liabilities	(1.457)	(863)	(767)
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>(1.819)</b>	<b>(1.631)</b>	<b>(2.267)</b>
<b>J. Net current financial debt (I)+(E)+(D)</b>	<b>3.562</b>	<b>6.094</b>	<b>7.458</b>
K. Non-current bank debt	-	-	-
L. Bonds issued	-	-	-
M. Other non-current liabilities	(5.778)	(6.327)	(6.524)
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>(5.778)</b>	<b>(6.327)</b>	<b>(6.524)</b>
<b>O. Net financial debt (N) + (J)</b>	<b>(2.216)</b>	<b>(233)</b>	<b>934</b>

**b) overdue debit positions of the Company, divided by nature (financial, commercial, tax, social security and to employees) and the related eventual reaction of creditors (reminders, injunctions, suspensions in the supply, etc.):**

The Company's only overdue debt positions, by nature, are shown below:

NATURE OF EXPIRED DEBT	Pierrel S.p.A.		
	31 December 2019	30 June 2019	31 December 2018
<i>(€ thousands)</i>			
Financial liabilities	-	-	-
Trade payables	658	1.331	1.491
Revenue office payables	-	-	127
Social security payables	169	215	284
Payables to employees	-	-	-
<b>TOTAL EXPIRED DEBT POSITIONS</b>	<b>827</b>	<b>1.546</b>	<b>1.902</b>

The Company's past due trade payables decreased to € 658 thousand at 31 December 2019, also in consideration of the payments regularly made against the repayment plans agreed with suppliers. Furthermore, as of 31 December 2019, the Company has overdue social security debts, equal to approximately € 169 thousand to Fonchim for the months from April to December 2013, to date governed by a regular repayment plan. The following are the types of reaction initiatives of the Company's creditors:

## Type of creditors' reaction initiatives

(€ thousands)	31 December 2019	30 June 2019	31 December 2018
Reminders with notice of default	19	26	26
<b>TOTAL AMOUNT</b>	<b>19</b>	<b>26</b>	<b>26</b>

At 31 December 2019, the Company did not receive requests for injunctions and had no financial or tax due payables, nor to employees.

### c) the main changes in relations with related parties of this Company with respect to the last annual or semi-annual financial report approved pursuant to art. 154-ter of the TUF:

The relations with related parties of the Company, shown below, do not show substantial changes and are in line with the half-yearly financial report at 30 June 2019 and the annual financial report at 31 December 2018, as summarized below:

#### Relations with related parties

(€ thousands)	31 December 2018			
	Pierrel S.p.A.			
RELATED PARTY	Receivables	Liabilities	Costs	Revenue
Bootes S.r.l.		21	60	
Citaredo Fulvio		10	2	
Fin Posillipo S.p.A.		667	42	
Grafiche Pizzi S.r.l.		34	62	
Pierrel Pharma S.r.l.	913			10.111
<b>TOTAL</b>	<b>913</b>	<b>732</b>	<b>166</b>	<b>10.111</b>

(€ thousands)	30 June 2019			
	Pierrel S.p.A.			
RELATED PARTY	Receivables	Liabilities	Costs	Revenue
Bootes S.r.l.		6	30	
Citaredo Fulvio		40	1	
Fin Posillipo S.p.A.		641	21	
Grafiche Pizzi S.p.a.		8	16	
Pierrel Pharma S.r.l.	838			4.463
<b>TOTAL</b>	<b>838</b>	<b>695</b>	<b>68</b>	<b>4.463</b>

(€ thousands)	31 December 2018			
	Pierrel S.p.A.			
RELATED PARTY	Receivables	Liabilities	Costs	Revenue
Bootes S.r.l.	3	46	44	
Citaredo Fulvio		70		
Fin Posillipo S.p.A.		620	46	
Grafiche Pizzi S.p.a.		6	18	
Pierrel Pharma S.r.l.	2.296			7.623
<b>TOTAL</b>	<b>2.299</b>	<b>742</b>	<b>108</b>	<b>7.623</b>

### d) any failure to comply with the covenants, negative pledges and any other clause of the Company's debt involving limits on the use of financial resources, with the updated date of the degree of compliance with said clauses:





The Company at 31 December 2019 did not have any financial and/or commercial contracts in place which provide for compliance with the covenants, negative pledges and any other debt of the Company involving limits on the use of financial resources.

**e) the implementation status of any industrial and financial plans, highlighting the deviations of the final data with respect to those expected:**

At 31 December 2019, the Company recorded economic results substantially in line with the forecasts contained in the 2019 - 2021 Business Plan approved on 20 March 2019.

**Pierrel Group (including the Parent Company Pierrel S.p.A.)**

**a) the net financial position of the Pierrel Group, highlighting the short-term components separately from the medium-long term ones:**

The following table summarizes the net financial position of the Pierrel Group at 31 December 2019 compared with the same figures at 30 June 2019 and at 31 December 2018:

**Net financial position**

<i>(€ thousands)</i>	Pierrel Group		
	31 December 2019	30 June 2019	31 December 2018
A. Cash	2	2	2
B. Other cash resources	5.486	7.913	9.826
C. Securities held for trading	-	-	-
<b>D. Cash Resources (A)+(B)+(C)</b>	<b>5.488</b>	<b>7.915</b>	<b>9.828</b>
E. Current financial receivables	-	-	-
F. Current bank debt	(362)	(768)	(1.500)
G. Current portion of non-current debt	-	-	-
H. Other current financial liabilities	(1.457)	(863)	(767)
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>(1.819)</b>	<b>(1.631)</b>	<b>(2.267)</b>
<b>J. Net current financial debt (I)+(E)+(D)</b>	<b>3.669</b>	<b>6.284</b>	<b>7.561</b>
K. Non-current bank debt	-	-	-
L. Bonds issued	-	-	-
M. Other non-current liabilities	(10.471)	(11.019)	(11.216)
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>(10.471)</b>	<b>(11.019)</b>	<b>(11.216)</b>
<b>O. Net financial debt (N) + (J)</b>	<b>(6.802)</b>	<b>(4.735)</b>	<b>(3.655)</b>

**b) overdue debit positions of the Pierrel Group, divided by nature (financial, commercial, tax, social security and to employees) and the related eventual reaction of creditors (reminders, injunctions, suspensions in the supply, etc.):**

The Pierrel Group's only overdue debt positions, by nature, are shown below:

NATURE OF EXPIRED DEBT (€ thousands)	Pierrel Group		
	31 December 2019	30 June 2019	31 December 2018
Financial liabilities	-	-	-
Trade payables	674	1.346	1.537
Revenue office payables	-	-	127
Social security payables	169	215	284
Payables to employees	-	-	-
<b>TOTAL EXPIRED DEBT POSITIONS</b>	<b>843</b>	<b>1.561</b>	<b>1.948</b>

The Pierrel Group's past due trade payables amount to € 674 thousand at 31 December 2019, also in consideration of the payments regularly made against the repayment plans agreed with suppliers. Furthermore, as of 31 December 2019, the Group has overdue social security debts, equal to approximately € 169 thousand to Fonchim for the months from April to December 2013, to date governed by a regular repayment plan. The following are the types of reaction initiatives of the Pierrel Group's creditors:

#### Type of creditors' reaction initiatives

(€ thousands)	31 December 2019	30 June 2019	31 December 2018
Reminders with notice of default	19	26	26
<b>TOTAL AMOUNT</b>	<b>19</b>	<b>26</b>	<b>26</b>

At 31 December 2019, the Pierrel Group did not receive requests for injunctions and had no financial or tax due payables, nor to employees.

#### c) the main changes in relations with related parties of the Pierrel Group with respect to the last annual or semi-annual financial report approved pursuant to art. 154-ter of the TUF:

The relations with related parties of the Pierrel Group, shown below, do not present substantial changes and are in line with the half-yearly financial report at 30 June 2019 and the annual financial report at 31 December 2018, as summarized below:

#### Relations with related parties

(€ thousands)	31 December 2019			
	Pierrel Group			
RELATED PARTY	Receivables	Liabilities	Costs	Revenue
Bootes S.r.l.	-	2.367	145	-
Citaredo Fulvio	-	10	2	-
Fin Posillipo S.p.A.	-	3.013	127	-
Grafiche Pizzi S.r.l.	-	34	62	-
<b>TOTAL</b>	<b>-</b>	<b>5.424</b>	<b>336</b>	<b>-</b>



<i>(€ thousands)</i>					30 June 2019
					Pierrel Group
RELATED PARTY	Receivables	Liabilities	Costs	Revenue	
Bootes S.r.l.		2.352	73		
Citaredo Fulvio		40	1		
Fin Posillipo S.p.A.		2.987	64		
Grafiche Pizzi S.p.a.		8	16		
<b>TOTAL</b>	-	<b>5.387</b>	<b>154</b>		-

<i>(€ thousands)</i>					31 December 2018
					Pierrel Group
RELATED PARTY	Receivables	Liabilities	Costs	Revenue	
Bootes S.r.l.	3	2.392	130		
Citaredo Fulvio		70			
Fin Posillipo S.p.A.		2.966	132		
Grafiche Pizzi S.p.a.		6	18		
<b>TOTAL</b>	<b>3</b>	<b>5.434</b>	<b>280</b>		-

**d) any failure to comply with the covenants, negative pledges and any other clause of the Pierrel Group's debt involving limits on the use of financial resources, with the updated date of the degree of compliance with said clauses:**

The Pierrel Group at 31 December 2019 did not have any financial and/or commercial contracts in place which provide for compliance with the covenants, negative pledges and any other debt of the Group involving limits on the use of financial resources.

**e) the implementation status of any industrial and financial plans, highlighting the deviations of the final data with respect to those expected:**

At 31 December 2019, the Pierrel Group recorded economic results substantially in line with the forecasts contained in the 2019 - 2021 Business Plan approved on 20 March 2019.

\* \* \*

**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, authorised by the European Medicines Agency (EMA) and the Food and Drug Administration (FDA) for the aseptic production of injectable medicines.

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



**For further information:**

**Pierrel S.p.A.**

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