PRESS RELEASE

BOARD OF DIRECTORS APPROVES THE HALF-YEAR FINANCIAL REPORT FOR THE PIERREL GROUP AT 30 JUNE 2016

Financial highlights for the first half of 2016:

- **Revenue of €6.3 million** (down by around 26% on 30 June 2015, when the figure was €8.5 million – restated net of the revenue for the TCRDO Division of €8.0 million, which has been reclassified under a separate item in the interim consolidated income statement);
- **EBITDA negative €1.3 million** (a deterioration compared to 30 June 2015, when the figure was substantially break-even – restated net of the negative EBITDA for the TCRDO Division of around €2.2 million, which has been reclassified under a separate item in the interim consolidated income statement);
- **EBIT negative €2.0 million,** of which €0.6 million of amortisation/depreciation (a deterioration compared to 30 June 2015, when the figure was a negative €1.2 million, substantially due to the amortisation/depreciation for the period, restated net of the negative EBIT for the TCRDO Division of around €2.6 million, which has been reclassified under a separate item in the interim consolidated income statement);
- **Overall consolidated net profit of €5.9 million, including a net profit for the period from Discontinued Operations of €8.5 million, significantly influenced by the effects of the definitive deconsolidation of the RELIEF THERAPEUTICS group (formerly THERAMetrics)** (a significant improvement of around 238% on 30 June 2015 when the Group posted a consolidated net loss for the period of €5.4 million, of which €2.9 million consisting of a loss originating from the Swiss group);
- **Consolidated net financial debt at €22.3 million**, an improvement of around 18% on the €27.2 million recorded at 31 December 2015, solely for continuing operations;
- **Cash and cash equivalents of €1.5 million**, up around 22% on the figure of €1.2 million at 31 December 2015;
- **The main financial and business targets for the year 2016 are confirmed**

Capua, 4 August 2016 – The Board of Directors of Pierrel S.p.A. (the "**Company**" or "**Pierrel**") which met on 3 August 2016, has considered and approved the **Half-Year Financial Report for the Pierrel Group at 30 June 2016**, prepared pursuant to the international accounting standards IAS/IFRS and subject to limited-scope audit.

The Pierrel Group ended the first half of 2016 with **consolidated revenue** of €6.3 million, down by around 25.8% on the €8.5 million recorded for the same period of 2015, and a **gross operating loss (negative consolidated EBITDA)** of €1.3 million, a deterioration with respect to the forecasts and the same period of the previous year, when the figure was essentially breakeven.

You are reminded that, due to the independent strategic project initiated in December 2015 by RELIEF THERAPEUTICS Holding AG – formerly THERAMetrics holding AG – (below "**RELIEF**"), the sub-holding company of the Swiss group of the same name, also announced on several occasions to the market, it has been reflected in the consolidated financial statements of the Pierrel Group as a discontinued operation, with effect from the end of the previous financial year 2015, in accordance with IFRS 5. Accordingly, the comparative earnings figures of the Half-Year Condensed Consolidated Financial Statements at 30 June 2016 – and therefore the earnings figures for the first half 2015 of the Tech-driven Contract Research &

Development Organization ("TCRDO") Division of Pierrel Group, which comes under the Swiss company – have been restated to show the earnings for the period of the RELIEF group, after tax, separately in a specific item of the income statement. Likewise, the comparative figures of the interim consolidated cash flow statement at 30 December 2015 have been restated to show the net cash flows attributable to the operating, investing and financing activities of the discontinued operation.

On 25 May 2016, following the expiry of the term of office of the board of directors, the shareholders' meeting of RELIEF appointed the new members of the board of directors who, in accordance with the provisions of Swiss law, will remain in office until the shareholders' meeting called for the approval of the financial statements at 31 December 2016 and who are no longer nominated by the Company. This circumstance, together with Pierrel's loss of the status as major shareholder of RELIEF, due to the progressive reduction of its investment held in the share capital of the company during the past financial years (the investment amounted to around 27.4% of the share capital of RELIEF at 30 June 2016), meant that the conditions no longer applied of Pierrel's de facto control exercised over the Swiss company. Consequently, with effect from 25 May this year, RELIEF and the entire TCRDO Division – already reflected in the consolidated financial statements of the Group as a discontinued segment – were definitively removed from the Pierrel Group's scope of consolidation, also in line with the provisions of the 2016-2018 Business Plan, approved by the Board of Directors of the Company on 20 April this year, which announced a progressive and further concentration of the Company's activities within the manufacturing and commercial core business consisting solely of the Contract Manufacturing Division ("**CMO**"), owned directly by the Company, and the Pharma Division, owned by the subsidiary single-shareholder company Pierrel Pharma S.r.l..

For completeness, we also note that on 18 July 2016, RELIEF completed the strategic project referred to above with the definitive implementation of the business combination between the former THERAMetrics holding AG and Relief Therapeutics S.A., the terms of which are detailed in the paragraph "Significant events after 30 June 2016" below. As a result of this transaction, the percentage investment held by Pierrel in the share capital of the company resulting from the business combination was diluted to 9.26%.

An analysis is provided below of the business and operating results of the Holding, CMO, and Pharma Divisions.

The **Holding Division** recorded a negative EBITDA for the first half of 2016 of around €1.0 million, substantially in line with the figure for the same period of the previous year and with the forecasts.

The **CMO Division** posted total sales, before intercompany eliminations, of €5.7 million for the first half of 2016, a decrease of around 5% on the €8.1 million posted in the corresponding period of 2015, and achieved a negative EBITDA, also before intercompany eliminations, of around €0.3 million, lower than the forecasts contained in the business plans and a deterioration on the figure for the first half of 2015, which was positive at around €1.0 million. For this Division, the revenue posted in the first half of 2016, as well as the volumes and consequently the EBITDA, were lower than the budget forecasts principally due to the postponement to the second half of 2016 of deliveries of some orders received from third-party customers, and, to a lesser extent, from the subsidiary Pierrel Pharma.

The **Pharma Division** posted total sales, before intercompany eliminations, of around €2.8 million for the first half of 2016, an improvement of around 5% on the forecasts, but down on 30 June 2015, when the figure was around €3.2 million. The EBITDA of the Pharma Division for the first half of 2016, before intercompany eliminations, was a positive €0.2 million, a sharp improvement on the forecasts, but down on the same period of the previous year, which recorded a positive EBITDA of around €0.3 million.

The Pierrel Group recorded an **operating loss** (**EBIT**) at 30 June 2016 of €2.0 million, after amortisation/depreciation of around €0.6 million, representing a deterioration on the corresponding figure at 30 June 2015, which was a negative €1.2 million, after amortisation/depreciation of around €1.1 million and non-recurring write-downs of around €50 thousand.

In addition, it is noted that the Pierrel Group at 30 June 2016 recorded **net financial expenses** of **€0.7 million** (net financial expenses of €1.4 million at 30 June 2015), including **net notional financial income** from discounting and currency adjustments, totalling **€17 thousand** (net notional financial expenses of €0.8 million at 30 June 2015), linked to the payable still due from Pierrel to Dentsply of around €7.7 million, originally stated in US dollars.

In light of all the above, at 30 June 2016 the Pierrel Group posted a **consolidated net profit** of **€5.8 million** (of which €8.5 million originating from the TCRDO Division and recognised separately under the item "Net Profit/(Loss) for the period from discontinued operations"), a significant improvement compared to 30 June 2015 when the Group posted a consolidated net loss of €5.4 million (of which €2.9 million consisting of the loss for the period from "Discontinued operations").

In particular, the earnings for the half-year were significantly influenced by the gain on disposal of €10.2 million, recognised as a result of the deconsolidation of RELIEF and the entire TCRDO Division by the Pierrel Group at the end of May this year. Specifically, the definitive removal of RELIEF from the scope of the Group resulted, on one hand, in the recognition in the consolidated balance sheet assets of the fair value of the investment held in the share capital of the Swiss company (around €8.1 million) and, on the other hand, the elimination of all the assets and liabilities of the TCRDO Division (respectively amounting to around €27.8 million and €12.1 million), of the negative shareholders' equity attributable to the Group (around €2.1 million), and of the positive shareholders' equity attributable to non-controlling interests (around €17.5 million).

The **net financial debt** of the Group amounted to €22.3 million at 30 June 2016, an improvement compared to 31 December 2015, when, solely for continuing operations, it amounted to €27.2 million, and included a current financial debt of around €4.7 million (€8.1 million at 31 December 2015).
This significant improvement was essentially attributable to (i) the payment, on the due dates, of several repayment instalments for the outstanding loans, (ii) the announcements received by the Company on 31 March 2016 from the shareholders Fin Posillipo S.p.A. and Bootes S.r.l., in which they formally waived the right, definitively and unconditionally, to the repayment in cash of the short-term interest-bearing loans granted by them for a total of €4.1 million, including interest accrued to 31 March 2016, authorising the Company to immediately allocate those amounts to capital, to be designated, in the event of share capital increases approved by 31 December 2017, to offset the payable resulting from the subscription, each for their respective portion, of new Pierrel shares issued under those share capital increases, and (iii) the additional payments for future capital increases totalling €1.2 million made by the shareholders Fin Posillipo S.p.A., on 26 May 2016 and 29 June 2016, and Bootes S.r.l., on 29 June 2016.

At 30 June 2016, the Pierrel Group held **consolidated cash resources** of around €1.5 million, an increase on the figure of €1.2 million at 31 December 2015, mainly due to the above-mentioned recent payments made by the major shareholders for future share capital increases.

At 30 June 2016, the companies of the Pierrel Group had not issued any bonds.

At 30 June 2016, the Group's **overdue debts** to suppliers amounted to around €3.4 million (around €3.6 million at 31 December 2015), those to social security institutions amounted to around €1.6 million (around

€1.2 million at 31 December 2015), and those to the tax authorities amounted to around €1.7 million (around €1.2 million at 31 December 2015) – of which, with reference to the latter, around €1.0 thousand relating to withholdings on income from employees and assimilated in the period from January 2015 to December 2015, which the Company plans to pay within the deadline for the submission of the 2016 income tax return.

With regard to the scope of consolidation we note that, apart from that stated above regarding the definitive removal of RELIEF and its subsidiaries from the Group with effect from 25 May 2016, there were no other changes to report with respect to the end of the previous year.

Based on the results posted by the Group during the first half of 2016, as well as the forecasts for the Group's operating performance for the second half of the current year, Pierrel's Board of Directors confirmed the main financial and business targets for the year 2016 announced to the market on 20 April 2016.

The interim consolidated balance sheet, the interim consolidated income statement and the interim consolidated cash flow statement of the Pierrel Group at 30 June 2016 are shown at the end of this press release. Pursuant to the CONSOB Communication DME/9081707 of 16 September 2009 these statements are included in the Half-Year Financial Report of the Pierrel Group at 30 June 2016 and have been subject to limited-scope audit by the independent auditors.

Pursuant to the CESR/05-178b Communication of 3 November 2005, below is the definition of the alternate performance indicators used by the Group to report on the financial management and financial position of the Group and mentioned in this press release:

- *EBIT or operating profit /loss*: is the difference between the gross operating profit/loss and the amortisation, depreciation and write-downs and it is the operating profit/loss before financial management and tax;
- *EBITDA or gross operating profit/loss*: is the difference between sales revenues and costs related to the consumption of materials, costs of services, labour costs and the net balance of operating income/expenses and related write-downs and is before amortisation, depreciation and write-downs, financial management and tax;
- *Net financial debt*: represents an indicator of the Group's financial structure. It is calculated as short-term and long-term debt and the related derivative instruments, net of cash and cash equivalents and financial assets.

By way of information, it is noted that the Group's operations are not influenced by a significant level of seasonality.

Results of the Parent Company Pierrel S.p.A.

At 30 June 2016, the **Parent Company Pierrel S.p.A.** reported revenue of €5.7 million, a decrease on the €8.2 million achieved for the same period of 2015, and a negative **EBITDA** of €1.3 million, representing a deterioration on the negative figure of around €53 thousand at 30 June 2015. The decrease in revenue, and consequently in EBITDA, compared to the same period of the previous year was essentially due to the expected reduction in manufacturing for third parties, also with a view to favouring the growing positioning of the Company's own brand product Orabloc®.

At 30 June 2016, after having recognised amortisation/depreciation of €0.5 million and net financial expenses of €0.6 million, the Company posted a **net loss** of €2.4 million, essentially in line with the result for the first half of 2015, when the loss amounted to €2.3 million, after recognition of amortisation, depreciation and write-downs of €1.0 million and net financial expenses of €1.3 million.

The **net financial position** of the Company at 30 June 2016 was a debt of €17.2 million, an improvement on the debt figure of €21.7 million at 31 December 2015. This significant change was essentially attributable, as described in more detail in the comment on the net financial debt of the Group, to (i) the payment, on the due dates, of several repayment instalments for the outstanding loans, (ii) the announcements received on 31 March 2016 from the shareholders Fin Posillipo S.p.A. and Bootes S.r.l., consisting of the formal waiver of the right, definitively and unconditionally, to the repayment in cash of the short-term interest-bearing loans granted by them for a total of €4.1 million, with consequent and simultaneous allocation of those amounts to capital, and (iii) the additional payments for future capital increases made in May and June 2016 by the shareholders Fin Posillipo S.p.A. and Bootes S.r.l., for a total amount of €1.2 million.

Significant events after 30 June 2016

For a detailed description of the significant events during the first half 2016, see the information provided in the Half-Year Financial Report at 30 June 2016. A description is provided below of the major events that occurred after the end of the half year.

On **14 July 2016**, the collection agency Equitalia S.p.A. notified the Company of the acceptance of the application to make payment by instalments submitted by Pierrel on 6 June 2016 regarding the payment of 72 monthly instalments, starting from 24 July 2016, of the social security contributions due and not paid during the period from May 2015 to August 2015 for a total amount of €398 thousand, including expenses and interest.

On **18 July 2016**, THERAMetrics holding AG announced to the market that it had completed the merger with Relief Therapeutics SA, following the subscription of the share capital increase restricted to shareholders of that company to service the merger, and, at the same time, that it had changed its company name to "RELIEF THERAPEUTICS Holding AG" (the Combined Entity) and had transferred its registered office from Stans to Zürich. As a result of this transaction, the original shareholders of Relief Therapeutics SA now have an absolute majority stake in the share capital of the Combined Entity, whereas the investment held by Pierrel has been diluted to 9.26% of its share capital.

On **20 July 2016**, within the dispute under way with Kedrion S.p.A., a creditor of the former Chair of the Board of Directors of the Company, Mr. Canio Giovanni Mazzaro, a notice of third party seizure was served on Pierrel for a total amount of around €558 thousand (corresponding to the amount of around €372 thousand from the enforcement order for the credit claim of Kedrion S.p.A., increased by half pursuant to Article 546, first paragraph, Italian Code of Civil Procedure), withheld on the same date on the Company's bank current account held at Unicredit.

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The executive responsible for the preparation of corporate accounting documents of Pierrel S.p.A., Ms Maria Teresa Ciccone, declares– pursuant to Article 154a, paragraph 2 of Legislative Decree 58/1998 – that the accounting information contained in the present press release corresponds to the documented results, accounting records and accounting entries of the company.

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The Half-Year Financial Report at 30 June 2016, together with the certificate pursuant to article 154-b, paragraph 5 of Legislative Decree 58/1998 and the report containing the opinion of the auditing company, is filed and is available to anyone who requests it, at the registered office of the Company and at the head office of Borsa Italiana S.p.A. and can also be accessed at the section Investor Relations/Financial Documents on the web site of the Company www.pierrelgroup.com, and the authorised storage mechanism Nis-Storage (www.emarketstorage.com).

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FINANCIAL STATEMENTS OF THE PIERREL GROUP

Interim consolidated balance sheet at 30 June 2016

Assets

(€ thousands)	**30 June 2016**	**31 December 2015**
Tangible assets	10,581	10,969
Intangible assets	1,373	1,496
Financial fixed assets	210	180
Receivables and other non-current assets	29	28
Prepaid tax	5,398	5,396
Non-current assets	**17,591**	**18,069**
Inventories	2,666	2,195
Trade receivables	2,522	3,250
Tax receivables	973	1,079
Other current assets and sundry receivables	409	802
Cash and cash equivalents	1,482	1,218
Non-current assets held for sale	**8,121**	
Discontinued operations		**28,199**
Current assets	**16,173**	**36,743**
TOTAL ASSETS	**33,764**	**54,812**

Equity and liabilities

(€ thousands)	30 June 2016	31 December 2015
Share capital	50	11,599
Reserves and retained Earnings/Losses	(11,956)	(21,411)
Loss for the year	7,098	(7,580)
Equity	**(4,808)**	**(17,392)**
Non-controlling interests in share capital and reserves		24,254
Non-controlling interests in profit/(loss) for the period		(5,953)
Consolidated equity	**(4,808)**	**909**
Employee benefits	343	342
Deferred tax liabilities	55	55
Non-current financial liabilities	19,153	20,343
Other current liabilities and sundry payables		-
Non-current liabilities	**19,551**	**20,740**
Trade payables	5,860	5,617
Current financial liabilities	4,691	8,113
Tax payables	1,984	1,613
Other current liabilities and sundry payables	6,486	6,278
Liabilities directly related to assets held for sale		**11,542**
Current liabilities	**19,021**	**33,163**
TOTAL LIABILITIES	**38,572**	**53,903**
TOTAL EQUITY AND LIABILITIES	**33,764**	**54,812**

PIERREL

Interim consolidated income statement at 30 June 2016

(€ thousands)	30 June 2016	30 June 2015 Restated (*)
Revenue	6,315	8,508
Raw materials and consumables used	(2,446)	(2,972)
Sundry services	(1,484)	(1,640)
of which non-recurring	*(5)*	
Third-party goods	(67)	(64)
Personnel costs	(2,839)	(2,932)
Other provisions and costs	(797)	(953)
Earnings Before Interest, Tax, Depreciation and Amortisation	**(1,318)**	**(53)**
Amortisation, depreciation and write-downs	(642)	(1,131)
Operating profit/(loss)	**(1,960)**	**(1,184)**
Financial expenses	(713)	(1,393)
Financial income	1	4
Profit/(loss) before tax	**(2,672)**	**(2,573)**
Income tax	-	54
NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**(2,672)**	**(2,519)**
Discontinued Operations:		
NET PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	**8,547**	**(2,921)**
of which non-recurring	*10,231*	
NET PROFIT/(LOSS) FOR THE PERIOD	**5,875**	**(5,440)**
of which Net loss attributable to non-controlling interests	*(1,223)*	*(2,236)*
of which Net Profit/(Loss) attributable to Pierrel shareholders	*7,098*	*(3,204)*

(*) Comparison figures restated following the reclassification of the TCRDO Division to “Discontinued operations” and “Liabilities directly related to discontinued operations”

Interim consolidated cash flow statement at 30 June 2016

(€ thousands)	30 June 2016	30 June 2015 RESTATED (*)
Net Profit/(Loss)	**5,875**	**(5,441)**
of which Net Profit/(Loss) loss from operating activities	*(2,672)*	*(2,520)*
of which Net Profit/(Loss) from discontinued operations	*8,547*	*(2,921)*
Amortisation and depreciation	640	1,519
Provisions and write-downs	154	398
(Gain) from deconsolidation of THERAMetrics holding AG	(10,231)	
Movement in taxes	(1)	82
Movement in outstanding financial expenses	354	772
Movement in inventories	(531)	(98)
Movement in trade receivables	729	776
Movement in trade payables	243	(1,019)
Net movement in other current assets and liabilities	984	1,392
Movement in employee benefits	1	(174)
Cash flow used in operating activities	**(1,783)**	**(1,793)**
of which reclassified to Discontinued operations		*(2,036)*
Outflow for the acquisition of tangible assets	(83)	(431)
Outflow for the acquisition of intangible assets	(48)	(484)
Income from disposal of non-current assets	-	4
Outflow for investments in other non-controlling interests	(30)	-
Net movement in other non-current assets and liabilities	-	(117)
Net cash flow used in investment activities	**(161)**	**(1,028)**
of which reclassified to Discontinued operations		*(304)*
Net movement in short-term financing	(607)	(618)
Payments for future Share Cap Increase made in cash	1,200	
Income from sale of THERAMetrics own shares	573	
Costs relating to the incentive schemes for THERAMetrics personnel involving share-based payments	16	
Cash proceeds from Share capital increases, net of transaction costs	-	3,289
Cash flow from financing activities	**1,182**	**2,671**
of which reclassified to Discontinued operations		*(325)*
TOTAL CASH FLOW FOR THE YEAR	**(762)**	**(150)**
Net cash and cash equivalents at the start of the year	2,320	4,461
of which reclassified to Discontinued operations	*1,102*	*4,163*
Total cash flow for the year	(762)	(150)
of which from Operating activities	*(762)*	*2,515*
of which from Discontinued operations	-	*(2,665)*
Exchange effect	(76)	62
Net cash and cash equivalents at the end of the year	**1,482**	**4,373**
of which reclassified to Discontinued operations	-	*1,186*
of which recorded under Cash and cash equivalents	*1,482*	*3,187*

(*) Comparison figures restated following the reclassification of the TCRDO Division to "Discontinued operations" and "Liabilities directly related to discontinued operations"

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Pierrel S.p.A. is a global supplier to the pharmaceutical industry, specialising 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, close to 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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