2025

ANNUAL REPORT

AS OF 31 DECEMBER 2025

Philogen

innovating targeting



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Group Data and Information for Shareholders

Philogen S.p.A.

Registered office:	Piazza La Lizza No. 7, 53100 Siena
Branch offices:	
Local Unit No. SI/2	11 Via Montarioso, Monteriggioni, 53035 Siena
Local Unit No. SI/5	35 Bellaria, Sovicille, 53018 Siena
Arezzo-Siena Business Registry:	
VAT No./Tax ID	00893990523
REA	SI-98772
Share Capital:	€5,731,226.64 fully paid-in
Borsa Italiana ticker symbol:	PHIL
ISIN for common shares:	IT0005373789
ISIN for multiple voting rights:	IT0005373821
LEI code:	81560009EA1577917768
Shares:	40,611,111

Philochem AG

Registered Office:	Libernstrasse 3, 8112 Otelfingen, Switzerland
Commercial Register:	No. CH-020.3.030.226-7
VAT ID:	VAT No.: CHE-113181.443
Share Capital:	CHF 5,051,000

Investor Relations

Email: IR@philogen.com - Dr. Emanuele Puca, PhD

Website

https://www.philogen.com

Corporate Bodies

Board of Directors

The Board of Directors, appointed by the Shareholders' Meeting of April 29, 2025, will remain in office for the three-year period 2025–2027, until the approval of the financial statements as of December 31, 2027.

- Executive Chairman(*) Dr. Duccio Neri
- Chief Executive Officer(*) Prof. Dario Neri
- Managing Director(*) Dr. Giovanni Neri
- Director Dr. Sergio Gianfranco Dompé
- Director Dr. Nathalie Dompé
- Director Dr. Leopoldo Zambeletti
- Director Dr. Chiara Falciani
- Director Avv. Patrizia Sacchi
- Director Avv. Flavia Scarpellini
- Director(**)/(***) Avv. Marta Bavasso

(*) Executive Director.
(**) Independent director pursuant to Article 147-ter, paragraph 4 of the Consolidated Law on Finance (TUF) and Article 2 of the Corporate Governance Code
(***) Lead Independent Director.

Board of Statutory Auditors

- Chairman Dr. Maurizio Di Marcotullio
- Standing Auditor: Dr. Pierluigi Matteoni
- Standing Auditor: Dr. Alessandra Pinzuti
- Alternate Auditor: Dr. Roberto Bonini
- Alternate Auditor: Dr. Nadia Fontana

Auditing Firm

KPMG S.p.A.

Manager Responsible for the Preparation of Corporate Financial Statements

Ms. Laura Baldi, Chief Financial Officer, Certified Public Accountant and Statutory Auditor.

Supervisory Body

The single-member Supervisory Body (SB), appointed by resolution of the Board of Directors on April 29, 2025, for the three-year period 2025–2027, consists of Marco Tanini. The SB will remain in office until the end of the current Board of Directors' term and will be appointed by the incoming Board.

Control, Risk, and Sustainability Committee(*)

- Marta Bavasso (Chair) (**)/(***)
- Chiara Falciani (**)
- Patrizia Sacchi

(*) This Committee also serves as the Related Party Transactions Committee.
(**) Independent director pursuant to Article 147-ter, paragraph 4 of the Consolidated Law on Finance (TUF) and Article 2 of the Corporate Governance Code.
(***) Lead Independent Director.

Nomination and Compensation Committee

- Marta Bavasso (Chair) (*)/(**)
- Chiara Falciani (*)
- Patrizia Sacchi

(*) This Committee also serves as the Related-Party Transactions Committee.
(**) Independent director pursuant to Article 147-ter, paragraph 4 of the Consolidated Law on Finance (TUF) and Article 2 of the Corporate Governance Code.
(***) Lead Independent Director.

Philogen: Introduction to the Group

1. History

Philogen ("the Group" or "the Company"), listed on the Mercato Telematico Azionario ("EXM") managed by Borsa Italiana (Reuters: PHIL) as of March 3, 2021, is an Italian-Swiss company founded in 1996, operating in the biotechnology sector and specializing in the research and development of drugs for the treatment of highly lethal diseases. In particular, the Group is a *leader* in the identification of high-affinity ligands (human monoclonal antibodies and small organic molecules) for tumor antigens (i.e., proteins expressed in tumors but not in healthy tissues). These ligands are primarily used to selectively deliver an active agent (e.g., cytokines, radionuclides, cytotoxic agents) to the diseased area. The Group's focus is primarily on the development of oncology drugs, although the company has also advanced products for the treatment of chronic inflammatory diseases into clinical trials.

In recent years, Philogen has consolidated and expanded its *pipeline*, both by bringing new drugs into clinical trials and by initiating experimental studies in new indications with products already in development. As of the date of this Report, the Group maintains a diversified *pipeline* thanks to the conduct of numerous Phase II and III registration studies. In particular, Nidlegy™ and Fibromun are the subject of international Phase III clinical trials.

The Group has access to a research and development facility in Zurich, through its subsidiary, where new experimental drugs are discovered. The most promising candidates (in terms of biochemical characteristics, safety, and efficacy based on preclinical tumor models) are subsequently transferred to Siena, where they are manufactured at the Company's GMP (*Good Manufacturing Practice*) facilities.

As of today, the Philogen Group has two GMP manufacturing facilities located in the province of Siena, both authorized by the Italian Medicines Agency (AIFA).

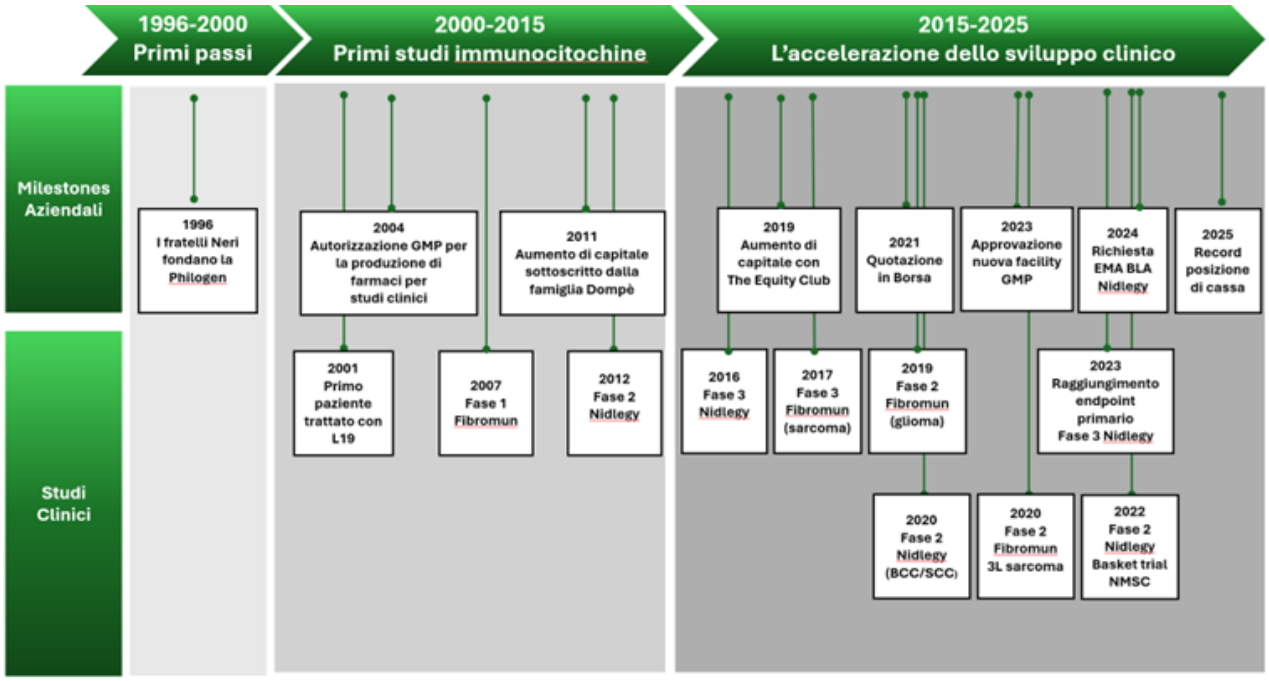
The Montarioso site is authorized to manufacture investigational medicinal products and also holds GMP compliance certification and authorization for the production/import of active pharmaceutical ingredients. The Rosia site is authorized to manufacture sterile products for clinical and commercial use and also holds authorization for the production/import of active pharmaceutical ingredients for the same purposes.

This structure enables the Group to operate through a manufacturing infrastructure capable of supporting both clinical and commercial activities.

Specifically:

- Montarioso: AIFA authorization (GMP MED) dated February 13, 2024, for the production of investigational medicinal products (IMP), No. aM-29/2024.
- Montarioso: GMP certificate of compliance issued by AIFA (GMP MED) on February 13, 2024, No. IT/38/H/2024.
- Montarioso: AIFA authorization (GMP API) dated January 15, 2025, regarding the production/importation of active pharmaceutical ingredients, No. API-7/2025.
- Rosia: AIFA authorization (MED) dated 11/09/2023 for the aseptic production of sterile drug products for clinical and commercial use, No. aM-149/2023.
- Rosia: AIFA authorization (API) dated September 10, 2025, for the production/importation of active substances for clinical and commercial use, No. GMP API – API/175/2025.

The figure below illustrates the three phases of Philogen's history from 1996 to December 31, 2025, with their respective industrial milestones.

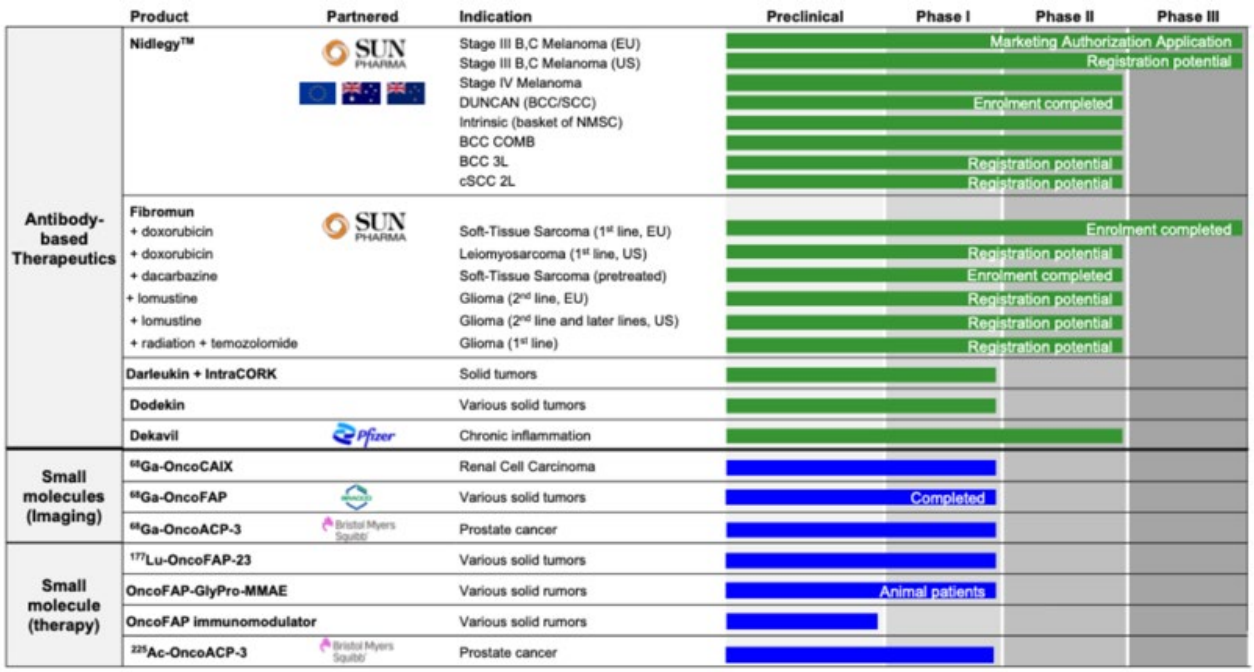


Note: 3L third-line treatment (i.e., patients who have failed two lines of therapy); NMSC: non-melanoma skin cancer; EMA: European Medicines Agency; BMS: Bristol Myers Squibb

2. The Group's Strategy

Philogen is a biotechnology company with strong vertical integration, covering all phases of drug development, including research, GMP manufacturing, and clinical development.

The Group's pipeline is presented below:



In particular,

Nidlegy™: The Company, together with Sun Pharma, with whom it signed a licensing agreement in May 2023, for the commercialization, licensing, and supply of Nidlegy™ in Europe, Australia, and New Zealand for the treatment of skin cancers, while Philogen retains the rights to all other territories and therapeutic indications.

The Company is working toward resubmitting the Marketing Authorization Application to *the European Medicines Agency* (EMA) for melanoma. The U.S. Phase III study aimed at obtaining approval in the United States is ongoing. In addition, activities in non-melanoma skin cancers have been expanded with the launch of new registration studies in locally advanced basal cell carcinoma (BCC) and squamous cell carcinoma (cSCC).

Fibromun: On October 1, 2024, the Philogen Group announced a further licensing agreement with Sun Pharma, this time for the commercialization of Fibromun (L19TNF), an innovative anti-tumor immunotherapy currently being tested in clinical trials by Philogen for the treatment of soft tissue sarcoma and glioblastoma. Sun Pharma will have exclusive worldwide marketing rights for Fibromun. Philogen will complete the clinical trials, pursue marketing authorization with regulatory authorities, and manufacture the commercial batches. Sun Pharma will be responsible for marketing activities.

Progress is also being made in the field of small organic molecules, which characterize the pipeline of the subsidiary Philochem.

The team at Philochem AG, a subsidiary, has isolated high-affinity small-molecule organic ligands from DNA-encoded chemical libraries targeting various tumor-associated antigens. By conjugating these ligands to potent payloads such as cytotoxic drugs or radionuclides, it has developed a series of promising small-molecule diagnostic and therapeutic compounds.

OncoFAP: The OncoFAP ligand is the subject of several clinical trials, both as a radioactive and non-radioactive derivative. 68Ga-OncoFAP is the subject of an industrial collaboration with Blue Earth Diagnostic for imaging applications. 177Lu-OncoFAP-23 is a proprietary drug being studied in Phase I for therapeutic applications. OncoFAP-GlyPro-MMAE will enter clinical development in patients in the near future.

68Ga-OncoCAIX: The Group is developing this investigational drug for imaging applications. Phase I has been completed, and preparations are underway for the launch of Phase III.

OncoACP3: On June 10, 2025, a licensing agreement was announced with RayzeBio worth up to $1.35 billion plus royalties.

The Group also engages in collaboration, licensing, and service provision (including GMP activities) for pharmaceutical and biotechnology companies, as well as organizations and institutions operating in the biotechnology research sector. It has established partnerships with numerous renowned entities.

3. Intellectual Property

The Group protects the results of its research and development activities through a broad international portfolio of patents for industrial inventions and pending patent applications, thereby consolidating its patent position in the field of *vascular targeting*.

Patents and patent applications serve to protect market exclusivity for candidate products, the technical processes necessary for their production, or the related protocols for medical treatment.

The term of individual patents depends on the statutory term of patents in the countries where they were granted. In most countries, including Italy, the patent term is 20 years from the earliest claimed filing date of a non-provisional patent application or its foreign equivalent in the country in question.

The Group holds more than one hundred national patents filed in various countries.

The patents mainly include: (i) patents on *"vascular targets*," relating to certain ligands with affinity for angiogenesis *markers* in specific indications; (ii) "technology" patents relating to the fundamental enabling technologies used in the Group's activities; (iii) "product" patents, i.e., patents relating to product candidates in preclinical and clinical development and their constituent elements; and (iv) "combination" patents relating to the combination of patented product candidates with therapeutic agents not covered by patents.

Patent Portfolio

To provide a better understanding of the intellectual property held by the Company, the following table lists patents or patent applications registered in the name of the Parent Company or for which the Parent Company holds an exclusive license as of December 31, 2025.

Philogen S.p.A.:

Country	Granted Patents/Accepted Applications	Patent Applications
Australia	13	4
Brazil	1	1
Canada	12	3
China	3	6
Europe	14	8
Hong Kong	4	4
India	3	2
Indonesia	1	-
Israel	1	-
Japan	11	2
Malaysia	1	-
Mexico	6	2
New Zealand	5	2
Peru	1	-
Russia	3	-
Singapore	1	1
South Africa	4	-
South Korea	7	2
Taiwan	2	-
United States of America	23	9
Vietnam	1	-
Patent Cooperation Treaty (PCT) (*)	-	2

(*)*PCT (Patent Cooperation Treaty): a treaty on patent cooperation—158 member states to date. The owner of a PCT international patent application may pursue the application in the specific countries where they wish to obtain a patent, by completing the actual filing of the international application in each of these countries within 30 months of the filing date (or priority date) of the application.*

Philochem AG:

Country	Granted Patents / Accepted Applications	Patent Applications
Australia	1	4
Brazil	1	3
Canada	1	5
China	1	5
Europe	3	7
Hong Kong	1	3
India	-	3
Israel	1	2
Japan	1	4
Macau	1	-
Mexico	1	3
Singapore	-	3
South Korea	-	3
United States of America	5	6
Patent Cooperation Treaty (PCT)(*)	-	2

(*)*PCT (Patent Cooperation Treaty): a treaty on patent cooperation—158 member states to date. The owner of a PCT international patent application may pursue the application in the specific countries where they wish to obtain a patent, by completing the actual filing of the international application in each of these countries within 30 months of the filing date (or priority date) of the application.*

Macroeconomic Context

2025 proved to be a year of unexpected resilience for the global economy, and 2026 is inheriting a complex dynamic: on the one hand, growth exceeding expectations in the major advanced economies; on the other, a more fragile environment, marked by new geopolitical pressures and greater volatility in energy markets. Although many economies have faced recurring shocks—from rising oil prices to tensions in the Middle East—global growth has remained stronger than expected, driven largely by the private sector and resilient labor markets, as in previous years. The ability to absorb tight financial conditions—albeit less extreme than in 2022–2023—prevented major economic regions from falling into recession.

The most evident resilience was observed in the United States, which continues to be the main driver of global growth. Strong consumer spending, fueled by a still-solid labor market and growing investment in the artificial intelligence sector, offset the effects of interest rates remaining at high levels. In 2026, the Federal Reserve chose to suspend further rate cuts, adopting a wait-and-see approach to assess the impact of rising energy prices and the uncertainties generated by the conflict in Iran. Although gradually slowing, the U.S. economy is demonstrating a greater capacity to adapt than initially forecast, even as the labor market begins to show early signs of cooling.

In contrast, Europe is going through a weaker phase. The impact of the energy crisis, the industrial slowdown—particularly in Germany—and the region's greater sensitivity to shocks in gas and oil prices have led to a worsening outlook for 2026. In the third and fourth quarters of 2025, growth in the Eurozone was driven primarily by private consumption, thanks to inflation falling to levels close to the target and the gradual recovery of consumer confidence. However, the rise in energy prices linked to the conflict in the Middle East has once again increased short-term inflationary pressures. In this context, the ECB kept rates unchanged and adopted a cautious stance, signaling a more uncertain macroeconomic outlook and the need to closely monitor the transmission of monetary policy, especially in peripheral countries.

In China, the second half of 2025 and early 2026 revealed an economy in transition. Positive signs of stabilization—in both economic activity and prices—were offset by the persistent fragility of the real estate sector, which continues to slow the pace of growth. Although a growth target of between 4.5% and 5% has been set for 2026, weak domestic demand and the uncertain outlook for the real estate sector are weighing on the medium-term outlook. Authorities have stepped up measures to support demand and the quality of existing assets, but the sector's normalization remains elusive.

On the price front, the disinflationary process that continued in 2024–2025 is proving more uneven than expected. Price dynamics in 2026 have once again been affected by the surge in oil prices, driven by geopolitical tensions in the Persian Gulf and temporary disruptions to production and energy flows. While acknowledging the slowdown in core inflation, central banks have become more cautious in outlining easing paths. To preserve its credibility and avert a second wave of inflation, the Federal Reserve continues to keep rates at restrictive levels, while the ECB signals that energy pressures could keep inflation above target for a longer period than expected.

Risks to global growth remain tilted to the downside. The main source of uncertainty is geopolitical tensions: the war in the Middle East, which began between late 2025 and early 2026, has already caused oil prices to rise and could lead to new shocks to global inflation, particularly in Europe and Asia. At the same time, China's fragility and the possibility of monetary policy errors amplify the vulnerability of the global economy. An excessively prolonged tightening could further slow growth and reignite risks to financial stability, while too rapid an easing could weaken central banks' credibility regarding price stability.

Uncertainty surrounding energy prices continues to drive significant volatility. Should oil or gas prices fluctuate further, they could affect both investment values and global capital flows. Overall, 2026 is shaping up to be a year in which the resilience of the economic cycle coexists with growing risks: geopolitical tensions, energy shocks, China's transition, and Europe's sensitivity are the key variables that will determine the global macro-financial trajectory in the coming months.

Philogen Stock Performance

Philogen stock (Ticker: PHIL) posted a positive performance (+19.49%) in 2025, closing the year at a share price of 23.30 euros.

By comparison, the stock underperformed the Italian market and its sector. The FTSE MIB index, which represents the leading domestic companies, posted a better performance of 31.47%; the FTSE Italia *Mid Cap* index, which represents companies with a market capitalization similar to Philogen's, also posted a positive performance of 23.23%. At the sector level, the benchmark index, the SPDR S&P *Biotech*, rose by 35.39%.

As noted, 2025 was characterized by an overall positive market trend, although this was heavily concentrated on companies with higher market capitalization and liquidity. In this scenario, company-specific news served as the primary differentiating factor in a still-complex environment, where macroeconomic variables such as geopolitical conflicts, inflation, and interest rate levels significantly influenced investment decisions globally. In this context, Philogen managed to attract considerable attention, supported by a pipeline of results well distributed throughout the year.

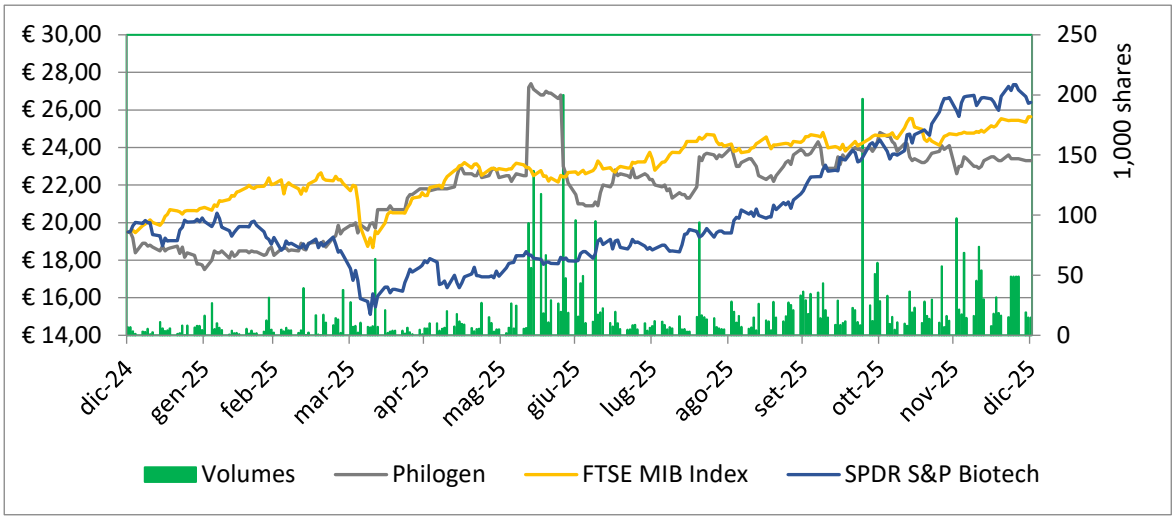
As of December 31, 2025, market capitalization stood at €946.24 million. This figure includes both common shares, listed on the MTA, and special Class B shares, which are excluded from the Borsa Italiana's market capitalization calculation, which considers only common shares. In particular, it should be noted that the average market capitalization, net of Class B shares, amounted to €638 million during 2025.

Philogen	
Price as of December 31, 2025 (EUR)*	23.3
No. of shares (millions)	40.61
Market Cap (€ million)	946.24
IPO price March 3, 2021 (EUR)	17.00
Price as of December 31, 2024 (EUR)*	19.50
Price change (EUR) vs. IPO	6.30
Price change (%) vs. IPO	37.06%
Price change (EUR) 2025	3.80
Price change (%) 2025	19.49%

* *The price refers to December 30, 2025, the last trading day of 2025, and December 30, 2024, the last trading day of 2024*

Comparison of Philogen's performance against the main benchmark indices

(December 31, 2024 – December 31, 2025)



During 2025, the lowest closing price, recorded on January 31, was €17.50, while the highest closing price during the reporting period, recorded on June 12, was €27.40. During 2025, trading in Philogen shares on the market operated by Borsa Italiana S.p.A. reached an average daily value of €419,000, equivalent to an average daily volume of 18,273 shares.

In 2025, the Company did not distribute dividends, but on May 6, 2025, it authorized a share buyback program for up to 250,000 ordinary shares, with a total expenditure not exceeding 5,750,000.00 euros.

As of December 31, 2025, Philogen held a total of 329,897 ordinary shares (equivalent to 0.8123% of the share capital).

For further details regarding the share buyback program, please refer to paragraph 4.1 of the management report.

The table below shows the monthly volumes and values from the listing date through December 31, 2025.

Period	Average Volumes Borsa Italiana	Average value Borsa Italiana	Days on Borsa Italiana
Mar-21	84,044	1,365,674	21
Apr-21	19,241	297,186	20
May 2021	19,614	290,014	21
Jun-21	15,192	221,401	22
Jul-21	25,044	345,163	22
Aug-21	13,709	200,180	22
Sep-21	19,977	287,286	22
Oct-21	15,817	221,544	21
Nov-21	18,917	270,596	22
Dec-21	10,021	144,890	21
Jan-22	13,895	196,643	21
Feb-22	8,614	125,241	20
Mar-22	9,514	128,921	23
Apr-22	8,011	108,927	19
May-22	9,797	136,871	22
Jun-22	5,546	80,172	22
Jul-22	10,346	144,427	21
Aug-22	1,373	19,549	22
Sep-22	3,145	43,578	22
Oct-22	1,705	23,081	19
Nov-22	2,145	29,441	21
Dec-22	3,942	55,178	20
Jan-23	6,386	91,591	22
Feb-23	14,262	227,525	20
Mar-23	5,537	86,887	23
Apr-23	11,524	177,364	18
May-23	11,463	173,504	22
Jun-23	9,058	143,884	22
Jul-23	3,783	59,473	21
Aug-23	9,191	149,760	22
Sep-23	7,422	121,184	21
Oct-23	17,199	307,438	22
Nov-23	18,843	344,664	22
Dec-23	21,005	380,015	19
Jan-24	8,096	141,256	22
Feb-24	8,632	148,214	21
Mar-24	10,955	194,043	20
Apr-24	16,583	299,075	21
May-24	13,013	254,749	22
Jun-24	7,699	158,734	20
Jul-24	5,257	108,061	23
Aug-24	4,180	88,990	21
Sep-24	5,811	116,319	21

Oct-24	12,528	254,669	23
Nov-24	5,569	109,609	21
Dec-24	5,523	103,833	18
Jan 25	5,131	93,943	22
Feb-25	6,462	116,401	20
Mar-25	10,434	198,861	21
Apr-25	8,618	174,934	20
May-25	9,394	209,285	21
Jun-25	48,248	1,216,897	21
Jul-25	17,204	369,638	23
Aug-25	13,490	307,825	20
Sep-25	17,321	399,238	22
Oct-25	31,114	733,705	23
Nov-25	18,531	440,861	20
Dec-25	33,050	764,842	19

Average 2025	**18,273**	**419,386**	**252**
Average 2024	**8,704**	**165,952**	**253**
Average 2023	**11,187**	**186,591**	**254**
Average 2022	**6,530**	**91,374**	**252**
Average 2021	**24,050**	**362,383**	**212**
Average since IPO as of 12/31/2024	**12,164**	**195,227**	**973**

Closing price				
	1 month	3 months	6 months	12 months
Simple Average (EU)	23.26	23.60	23.06	21.81
Volume-weighted average (EU)	23.25	23.54	23.01	21.77
Max (EU)	23.60	24.80	24.80	27.40
Min (EU)	22.90	22.60	20.90	17.50

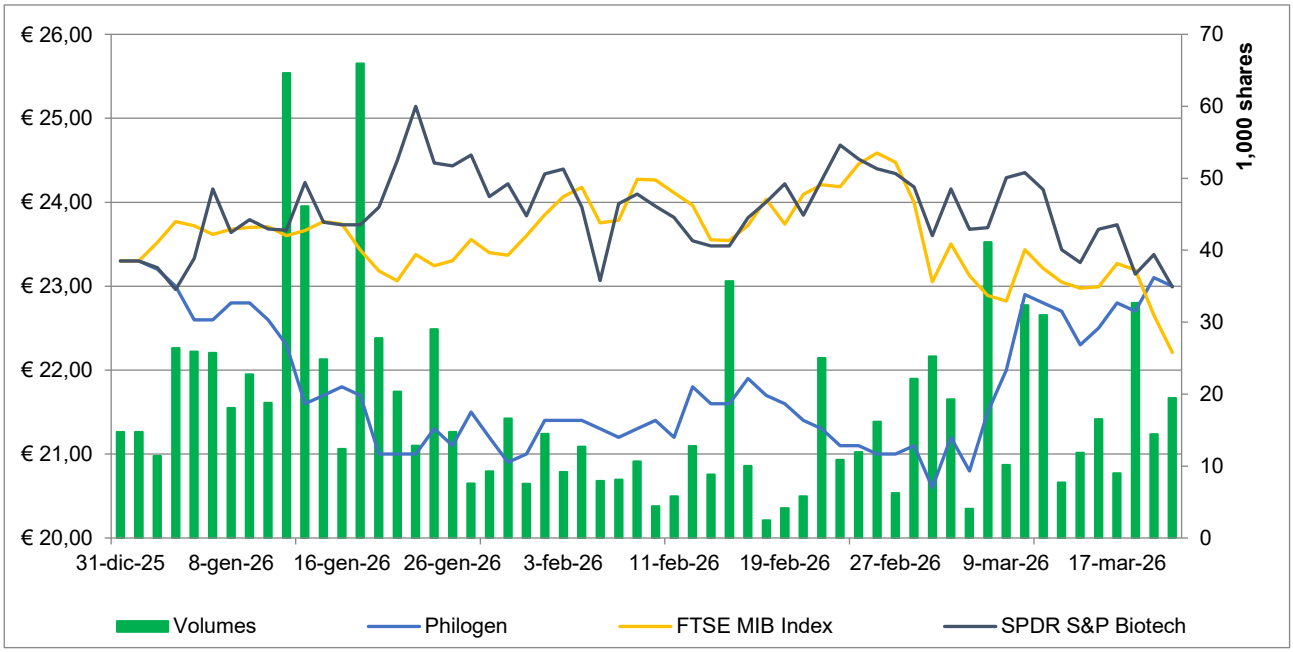
Throughout 2025, the Group's Investor Relations (IR) team carried out a series of communication activities aimed at updating the financial community.

As in the previous year, Philogen organized periodic webinars to provide updates on the Group's operational activities. In addition, management and the Investor Relations officer participated in healthcare conferences with the aim of increasing the Company's international visibility. One-on-one meetings were also held with analysts and investors (both current and non-current shareholders) and banks, both in person and remotely.

Comparison of Philogen's performance against the main benchmark indices
(December 31, 2025 – March 20, 2026)

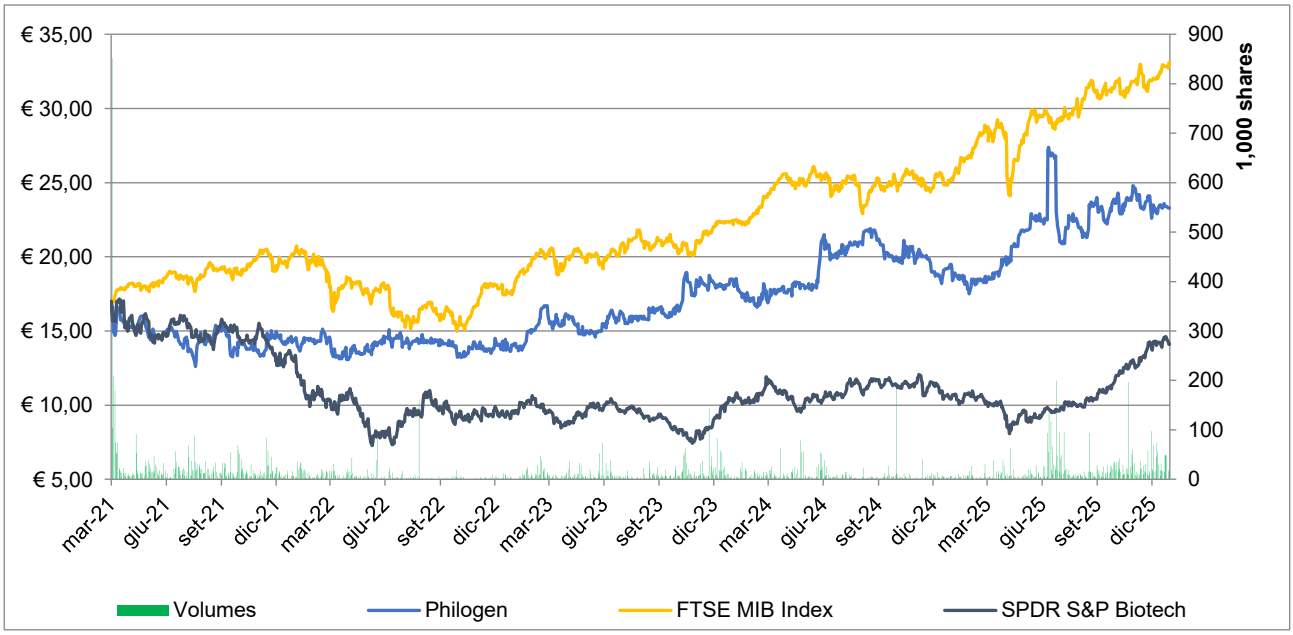
In the first quarter of 2026, Philogen stock performed roughly flat (-1.29%), in line with the biotechnology sector benchmark index (SPDR S&P Biotech -1.33%). The stock, however, outperformed the Italian market (FTSE MIB -4.68%).

On March 20, 2026, Philogen stock closed at a price of €23.00 per share, showing a decrease compared to the 2025 closing price (-1.29%).



Comparison of Philogen's performance against key benchmarks
(from IPO March 3, 2021 – December 31, 2025)

From its IPO through the end of 2025, Philogen stock posted positive performance (+37.06% as of December 31, 2025), underperforming the Italian market (FTSE MIB +94.70%), but remaining solidly above the biotechnology sector benchmark index, which only partially recovered in 2025 from the decline in 2021 (SPDR S&P *Biotech* -16.97%). During 2025, Philogen's stock showed greater volatility compared to previous years, primarily driven by company-specific news flow.



Philogen
innovating targeting

Management Report

Introduction

Dear Shareholders,

The Management Report of Philogen S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company" and, together with its Swiss subsidiary Philochem, the "Group") is presented in conjunction with the financial statements of Philogen S.p.A. and the Group's consolidated financial statements for the year 2025.

This Management Report is intended to provide information on the Company's and the Group's income, assets, financial position, and operations, supplemented, where possible, by historical data and/or alternative performance metrics, and has been prepared in accordance with the provisions of Article 2428 of the Italian Civil Code and Legislative Decree No. 58 of February 24, 1998 ("Consolidated Law on Finance" or "TUF").

Please refer to the notes to the financial statements for all information pertaining to the presentation of the separate financial statements and the consolidated financial statements as of December 31, 2025.

1. Information on the Group

The Group focuses its activities on the development of drugs based primarily on antibody conjugates, capable of achieving selective accumulation at sites where the disease is present.

This is made possible by a scientific approach known as *tumor targeting,* in which the Group is a recognized global scientific *leader*. In this context, the Group carries out all phases of its production cycle internally, which includes the discovery and production of new drugs and the coordination of preclinical and clinical studies, at its facilities in Siena (Italy) and at the research center in Zurich (Switzerland), where its subsidiary Philochem AG is headquartered.

Since 2019, the Group has focused its development activities primarily on the two most advanced products in *its pipeline*—Fibromun and Nidlegy(TM)—embarking on a regulatory testing pathway for the two drugs. At the same time, it has redesigned a competitive and diversified *pipeline* to opportunistically evaluate licensing agreements for its products or platforms under development. In parallel, the Group has invested in the field of high-affinity small molecules for cancer targets, leading to the discovery of OncoFAP and OncoACP3, which are currently in the clinical trial phase.

The Group has access to a research and development facility in Zurich (through its subsidiary "Philochem"), where new experimental drugs are discovered. The most promising candidates (in terms of biochemical characteristics, safety, and efficacy based on preclinical tumor models) are subsequently transferred to Siena, where they are produced at the Company's GMP (*Good Manufacturing Practice*) facilities. Philogen operates a GMP facility in Montarioso (Siena) approved by the Italian Medicines Agency (AIFA) for the production of experimental antibody-based drugs in mammalian cells. A second GMP production facility has also been built at the Rosia (Siena) site for the production of both commercial drugs and those intended for clinical trials. For details regarding the certifications obtained, please refer to paragraph 1, "History."

It should be noted that the Parent Company is considered an "SME" pursuant to Article 1, paragraph 1, letter w)-quater 1 of the Consolidated Law on Finance (TUF), which defines small and medium-sized enterprises as issuers of listed shares with a market capitalization of less than 1,000 million euros; issuers of listed shares that have exceeded this limit for three consecutive fiscal years are not considered SMEs, (CONSOB publishes the list of companies on its website). Please note that Class B shares (shares with multiple voting rights) are excluded from the Borsa Italiana market capitalization. Philogen's average market capitalization, net of Class B shares, from the start of trading (March 3, 2021) through December 31, 2025, amounts to €504.17 million.

2. Research and Development Activities

The Group's activities encompass all phases of the drug development process, including discovery, basic research, preclinical and clinical development, and manufacturing.

The Group operates through:

- Philogen S.p.A., headquartered in Siena, which operates GLP-certified laboratories, GMP-certified production facilities (at its Montarioso and Rosia sites), and numerous international clinical trial centers through its in-house *Contract Research Organization* (CRO) and collaborations with several external CROs;
- Philochem AG, headquartered in Switzerland and 99.998% owned by Philogen S.p.A., conducts research and development at its Zurich laboratories in the fields of selective discovery and therapeutic antibodies, as well as in the development of technologies such as antibody libraries and DNA-encoded chemical libraries.

Research and development currently represents the Group's primary activity.

The following table shows the research and development costs recognized in the income statement for the fiscal years ended December 31, 2025, and December 31, 2024, and their respective percentages of total revenue from customer contracts and total operating costs of the Group.

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Research and development costs	27,964	22,910
Percentage of total contract revenue	*8.9%*	*31.0%*
Percentage of total operating costs	*47.8%*	*63.6%*

It should be noted that research and development costs include all direct costs related to *discovery*, basic research, preclinical and clinical development, and manufacturing activities, including the cost of personnel employed in these activities.

For further details on the Group's research and development activities, please refer to the introductory section "History" and Note 6 of the consolidated financial statements regarding operating costs.

3. Scientific developments during the fiscal year

The following are the main scientific developments for the fiscal year ended December 31, 2025.

3.1 Summary of development and GMP activities carried out during the fiscal year

The Group reports the following major industrial *milestones* achieved during the period:

Proprietary products

1) Antibody-based products:

- **Nidlegy™ (owned by Philogen)**
    - Composed of two active ingredients: L19-IL2 and L19-TNF.
    - The L19 antibody is specific for the B domain of fibronectin, a protein expressed in tumors and absent in most healthy tissues.
    - The cytokines IL-2 and TNF have antitumor activity.
    - Currently in clinical development (Phase II and III).

- Product agreements:

  - Sun Pharma (June 2023): licensing and commercialization in Europe, Australia, and New Zealand;
  - Merck Sharp & Dohme (June 2023): clinical collaboration (Phase II in unresectable melanoma).

Summary Table – Clinical Studies on Nidlegy™

Study / Area	Phase	Indication	Status / Key Notes
EU locally advanced melanoma	III	Melanoma	Primary endpoint achieved (October 2023). EMA application submitted (June 2024) and withdrawn (June 2025) due to need for additional data. Preparation for a new EMA application underway.
US locally advanced melanoma	III	Melanoma	142/186 patients enrolled. Ongoing in the US, Spain, and Switzerland; expansion to other countries. A meeting with the FDA has been scheduled for late March 2026 to present European data and align on the regulatory strategy to obtain authorization in the United States
Duncan (NMSC: BCC, cSCC)	II	Non-melanoma skin cancers	Study completed in Switzerland, Germany, Poland.
Intrinsic (various NMSC)	II	Kaposi's sarcoma, cutaneous T-cell lymphoma, Merkel cell carcinoma, BCC, cSCC, etc.	Ongoing in Italy and France, target 70 patients
New registration studies (USA)	II	BCC and cSCC	Application approved in the United States and Europe to initiate three new studies, including two registration studies (i.e., third-line BCC and second-line cSCC)
Collaboration with Merck (USA)	II	Unresectable stage III/IV melanoma	Ongoing study in patients refractory to *checkpoint inhibitors*.

- **Fibromun (owned by Philogen)**

  - L19 antibody fused with TNF.
  - Active clinical trials in STS (soft tissue sarcomas), leiomyosarcoma, and glioblastoma (Phases I–III).
  - Agreement with Sun Pharma (October 2024) for global commercialization.

Summary table – Clinical trials on Fibromun

Study / Area	Phase	Indication	Status / Key Notes
EU soft tissue sarcoma (STS), 1st line	III	STS in combination with doxorubicin	Study completed. Evidence of activity in terms of overall survival observed in the "Liposarcoma + others" subgroup. A new registration study in this subpopulation is being planned.
US leiomyosarcoma, 1st line	IIb	Leiomyosarcoma in combination with doxorubicin	Ongoing at 7 centers in the US; expansion with new centers opening.
EU soft tissue sarcoma (STS), 3rd line	II	STS in combination with dacarbazine	Enrollment completed. Final results expected in Q1 2026.
Glioblastoma, 1st line (EU)	I / II / IIb	In combination with radiotherapy + temozolomide	Phase I completed. Phase II to begin in 2026.
Glioblastoma, 2nd line (EU)	I / II	In combination with lomustine	Enrollment completed. Results expected in Q1 2026.
Pre-treated glioblastoma (US)	II	In combination with lomustine	Enrollment completed. Study completion in September 2026.

2) Small-molecule products

- **OncoFAP (owned by Philochem)**
  - Molecule with high affinity for FAP (fibroblast activation protein), expressed in over 90% of epithelial tumors.
  - Diagnostic applications (imaging with 68Ga-OncoFAP, Phase I completed) and therapeutic applications (OncoFAP-23 in Phase I).
  - Licensing agreement with Blue Earth Diagnostics (Bracco) for *imaging*.
  - The product OncoFAP-GlyPro-MMAE showed strong signs of antitumor activity in a clinical study in dogs with spontaneous tumors. A reduction in disease was observed in six out of seven treated patients. GMP production of the drug is underway, and the start of the Phase I clinical trial is scheduled for 2027.

- **OncoACP3 (owned by Philochem)**
  - Molecule with affinity for prostatic acid phosphatase (PAP).
  - Diagnostic and therapeutic applications for prostate cancer.
  - Phase I imaging study completed.
  - Licensing agreement with RayzeBio (BMS) (June 2025).

- **OncoCAIX (owned by Philochem)**
  - Molecule with affinity for carbonic anhydrase IX (CAIX).
  - Diagnostic applications for kidney cancer (clear cell renal cell carcinoma).
  - Phase I imaging study completed.
  - Development of a GMP kit and GMP production of the precursor are currently underway.
  - Phase III registration study to begin in 2027

Summary table – OncoFAP and OncoACP3 clinical trials

Study / Area	Phase	Indication	Status / Key notes
OncoFAP (diagnostic, 68Ga-OncoFAP)	I	*Imaging* of solid tumors (breast, colorectal, lung, prostate, pancreas, sarcomas, etc.)	Phase I clinical trial completed in Germany. Product development in accordance with the licensing agreement signed with Blue Earth Diagnostics (Bracco).
OncoFAP-23 (therapeutic)	I	Solid tumors	Phase I clinical trial approved by AIFA; the first patients have been treated.

Study / Area	Phase	Indication	Status / Key notes
OncoFAP-GlyPro-MMAE (therapeutic)	Preclinical (in vivo in dogs)	Solid tumors	Preclinical study completed with objective responses. GMP production underway and human clinical trials scheduled to begin in early 2027.
OncoACP3 (diagnostic, 68Ga-OncoACP3)	I	Prostate cancer	Phase I clinical trial completed.
OncoACP3 (therapeutic)	Phase I preparation	Prostate cancer	Preparatory activities underway. Compassionate use in Germany demonstrated excellent *tumor targeting* (persistence in the tumor ≥ 7 days).
OncoACP3 (licensed by RayzeBio)	—	Prostate Cancer	Global licensing agreement signed with RayzeBio (BMS) on June 10, 2025.

Products in *partnerships*

- OncoACP3 → RayzeBio (BMS).
- Nidlegy™ → Sun Pharma (EU, AU, NZ);
- Fibromun → Sun Pharma
- Dekavil → Pfizer.
- Small molecules → Janssen.
- OncoFAP (*Imaging*) → Bracco.

GMP (manufacturing)

- Rosia Plant (Siena): fully operational since 2023, AIFA GMP certifications (clinical and commercial manufacturing).
- Montarioso Plant (Siena): production of investigational drugs and contract manufacturing since 2004. The Montarioso plant underwent a revamp in 2025.
- Both sites are GMP-certified and undergo periodic inspections by the relevant authorities.

4. Significant events during the fiscal year

4.1 License agreement between the subsidiary Philochem AG and RayzeBio

On June 10, 2025, Philogen S.p.A. announced to the market, via a press release published on the company's website (https://www.philogen.com/investors/press-releases/), that its subsidiary Philochem AG and RayzeBio Inc. (a wholly-owned subsidiary of Bristol-Myers Squibb) had entered into a licensing agreement under which Philochem granted RayzeBio exclusive worldwide rights to develop, manufacture, and commercialize OncoACP3 (a therapeutic and diagnostic agent in clinical development for the treatment of prostate cancer).

Under the agreement, Philochem received an upfront payment of $350 million, and RayzeBio will be responsible for the development and subsequent commercialization of OncoACP3.

The license agreement also provides for milestone payments of up to $1 billion based on development, regulatory, and commercialization milestones, as well as royalties ranging from the mid-single to low double digits, payable on global net sales.

The effective date of the agreement was subject to antitrust review (waiting period under the Hart-Scott-Rodino Antitrust Improvements Act), which postponed the effective date of the agreement from June 10, the date of signing, to August 18, the effective closing date.

In fact, on August 18, Philochem AG and RayzeBio, Inc. announced the successful completion of the antitrust review in the United States and the entry into force of the global licensing agreement for OncoACP3.

The upfront payment was invoiced in August 2025 and received in September 2025.

4.2 Update on the Marketing Authorization Application for Nidlegy™

On June 24, 2025, Philogen S.p.A. announced to the market, via a press release published on the Company's website (https://www.philogen.com/investors/press-releases/), its decision to voluntarily withdraw the marketing authorization application submitted to the European Medicines Agency (EMA) for the product Nidlegy™, an application that had been filed in June 2024.

The decision to withdraw the application, the Company explained, is due to the time required to collect additional data related to *Chemistry*, *Manufacturing, and Controls* (CMC) aspects and clinical data.

The Company plans to resubmit an updated *Marketing Authorization Application* (MAA) as soon as possible, subject to the time required to gather the aforementioned data.

4.3 Internal Dealing Transactions

Starting in July 2021, Director Dr. Sergio Dompé, through the company Dompè Holding S.r.l., by virtue of his confidence in the Group's potential and capabilities, purchased 622,284 ordinary shares of Philogen S.p.A. on the market, of which 19,994 were purchased in 2025.

Starting in November 2024, Director Dr. Maria Giovanna Calloni, based on her confidence in the Group's potential and capabilities, purchased 18,000 ordinary shares of Philogen S.p.A. on the market, of which 13,100 were purchased during the first half of 2025.

Disclosures pursuant to the regulations on insider trading are available on the Company's website (https://www.philogen.com/).

4.4 Share Buyback

On April 29, 2025, following the revocation of the authorization to purchase and dispose of treasury shares adopted on April 29, 2024, the Ordinary Shareholders' Meeting authorized the Company to repurchase its own shares, granting the Board of Directors the authority—with the power to delegate to the Chairman of the Board of Directors and/or the Chief Executive Officer—to proceed, including through specially appointed specialized intermediaries, with the repurchase of Philogen S.p.A. shares, establishing the relevant terms and the price per share, in compliance with applicable laws and regulations

This resolution provides the Company with a strategic flexibility tool to be used for the purpose of:

(i) fulfill obligations arising from incentive plans, whether for consideration or free of charge, in favor of corporate officers, employees, or collaborators of the Group;

(ii) establish a share reserve to make use of treasury shares in the context of agreements with strategic partners and/or extraordinary corporate/financial transactions, including, by way of example and without limitation, acquisitions, mergers, capital transactions, swaps, contributions, exchanges, financing transactions, or other transactions in connection with which the allocation or other disposition of treasury shares is necessary or appropriate

(iii) to support the liquidity of Philogen S.p.A. shares in order to facilitate the smooth conduct of trading and avoid price movements inconsistent with market trends, as well as to normalize trading and price trends in the face of temporary distortions linked to excessive volatility or low trading liquidity, including pursuant to and for the purposes of the market practice permitted by Consob in accordance with the provisions of Article 13 of EU Regulation No. 596/2014;

(iv) to operate with a medium- and long-term investment perspective, intervening in the market—whether in so-called *over-the-counter* markets or even outside the market—through *Accelerated Book Building* or block trades, at any time, in whole or in part, on one or more occasions, provided that such transactions are conducted on market terms.

The Company may purchase (i) up to a maximum of 250,000 ordinary shares (ii) for a period of eighteen months from the date of the shareholders' meeting resolution authorizing such purchases, subject to the limits set forth in Article 2357, paragraph 2, of the Italian Civil Code, and without any time limits with respect to dispositions; (iii) at a purchase or disposal price, as applicable, to be determined on a case-by-case basis by the Board of Directors, taking into account the method chosen for carrying out the transaction and in compliance with any applicable regulatory requirements; and (iv) for a total expenditure on purchase transactions not exceeding €5,750,000 in any case.

On May 6, 2025, the Board of Directors approved the launch of the share buyback program, in accordance with the authorization granted by the Shareholders' Meeting on April 29, 2025, and appointed Mediobanca (Banca di Credito Finanziario S.p.A.) to carry out the purchases.

As of December 31, 2025, the Company held 329,897 treasury shares in its portfolio, representing 0.8123% of the share capital.

All communications regarding treasury share purchases are available and can be viewed on the Company's website at (http://www.philogen.com/).

As of December 31, 2025, the Company's shareholder structure is as follows:

Shareholder	Shareholder Structure as of December 31, 2025			
	Type of Shares	Shares	% of share capital	% of voting rights
Nerbio S.r.l.	*Class B Shares*	8,565,018	21.09%	40.56%
	Ordinary Shares	8,098,251	19.94%	12.78%
	Subtotal	**16,663,269**	**41.03%**	**53.35%**
Dompé Holdings S.r.l.	*Class B Shares*	2,803,232	6.90%	13.28%
	Ordinary Shares	10,076,538	24.81%	15.91%
	Subtotal	**12,879,770**	**31.71%**	**29.18%**
Philogen S.p.A	*Ordinary shares*	329,897	0.81%	0.52%
	Subtotal	**329,897**	**0.81%**	**0.52%**
Market	*Ordinary Stock*	10,738,175	26.44%	16.95%
	Subtotal	**10,738,175**	**26.44%**	**16.95%**
Total		**40,611,111**	**100%**	**100%**

4.5 Compensation Policy

In accordance with the regulations applicable to listed companies, the Group adopted a remuneration policy effective as of 2021, the year of its listing.

On April 29, 2025, pursuant to Article 123-ter of the Consolidated Law on Finance (TUF), the Shareholders' Meeting, having taken note of the Report on Remuneration Policy and Compensation Paid for the 2024 fiscal year, approved by the Board of Directors on March 27, 2025, approved Section I of the Report on Remuneration Policy and Remuneration Paid, and voted in favor of Section II of the Report on Remuneration Policy and Remuneration Paid.

The Report on Remuneration Policy and Remuneration Paid is available and can be consulted on the Company's website at (http://www.philogen.com/) in the Governance/Shareholders' Meetings section.

Cash Incentive Plan ("MBO")

From June 1, 2025, through May 31, 2026, the Executive Directors (Dario Neri, Duccio Neri, and Giovanni Neri) and the Company's executives are beneficiaries of an incentive plan, known as "management by objectives" ("MBO"), under which they may be entitled to receive an annual incentive, the amount of which is commensurate with the achievement of corporate *performance* objectives.

The maximum impact of the MBO on the annual compensation of the Executive Directors is 75%, while for Executives it ranges from 10% to 22% of annual compensation.

Subject to the maximum MBO percentage described above, on May 27, 2025, the Company's Board of Directors, upon the proposal of the Nominating and Compensation Committee, assigned performance objectives and defined the targets associated with the maximum monetary compensation for the aforementioned Executive Directors and Company Executives for the period from June 1, 2025, to May 31, 2026.

It should be noted that, in line with the provisions of the Remuneration Policy for the year 2024, the MBO for the period April 1, 2024 – March 31, 2025 was paid to the Executive Directors in May 2025.

With regard to the 2024-2025 MBO awarded to an executive, it should be noted that one of the objectives assigned to said executive included a performance period ending on September 30, 2025; therefore, at the Board of Directors meeting held on November 11, 2025, the Company determined that the objective in question had not been met.

Medium-to-Long-Term Incentive Plan

At the Company's Ordinary Shareholders' Meeting on April 29, 2025, amendments were made to the Information Documents of the following incentive plans: the "2027–2029 *Stock Grant* Plan" (reserved for employees and consultants of the Philogen Group) and the "2024-2027 Share Ownership Plan for Directors" (originally named the "2024-2026 Share Ownership Plan for Directors," reserved for executive directors of the Philogen Group).

The Board of Directors, meeting on May 27, 2025, following a favorable opinion from the Nominating and Compensation Committee, approved the updated regulations for both Plans, identified the beneficiaries of the "2024-2027 Share Ownership Plan for Directors," and defined the *performance* objectives and related *targets* for the second cycle of the aforementioned Share Ownership Plan. The characteristics of the 2027-2029 *Stock Grant* Plan and the 2024-2027 Shareholding Plan for Directors, as amended by the Shareholders' Meeting, are set forth in the respective Information Documents and related Regulations, which are available and may be consulted on the Company's website at (http://www.philogen.com/).

4.6 Appointment of the Board of Directors and Board Committees

Board of Directors

On April 29, 2025, the Shareholders' Meeting, in accordance with applicable laws and regulations, the provisions of *the Articles* of *Association* (*Article 16 of the Articles of Association*), and the Corporate Governance Code, for the purpose of submitting lists for the appointment of the Board of Directors and the guidelines contained in *the "Explanatory Report of the Board of Directors"* regarding the appointment of the Board of Directors, prepared pursuant to Article 125-ter of Legislative Decree No. 58 of February 24, 1998 ("TUF"), appointed the Board of Directors, which, in the composition set forth below, will remain in office until the approval of the financial statements as of December 31, 2027.

- Executive Chairman (*) Dr. Duccio Neri
- Chief Executive Officer(*) Prof. Dario Neri
- Managing Director(*) Dr. Giovanni Neri
- Director Dr. Sergio Gianfranco Dompé
- Director Dr. Nathalie Dompé
- Director Dr. Leopoldo Zambeletti
- Director (**)/(***) Avv. Marta Bavasso
- Director (**) Dr. Chiara Falciani
- Director Avv. Patrizia Sacchi
- Director (**) Avv. Flavia Scarpellini

(*) Executive Director.
(**) Independent director pursuant to Article 147-ter, paragraph 4 of the Consolidated Law on Finance (TUF) and Article 2 of the Corporate Governance Code.
(***) Lead Independent Director.

Board Committees

On May 6, 2025, the Company's Board of Directors, in compliance with the recommendations of the Corporate Governance Code, established and appointed the following subcommittees: the "Control, Risks, and Sustainability," with the functions set forth in Recommendations 33 and 35 of the Corporate Governance Code, and the "Nominating and Compensation Committee," with the functions set forth in Recommendations 19 (regarding nominations) and 25 (regarding compensation). In particular, the Control, Risk, and Sustainability Committee has also been assigned the functions regarding transactions with Related Parties provided for by the Consob Regulation adopted by Resolution No. 17221 of March 12, 2010.

Control, Risk, and Sustainability Committee (*)

- Marta Bavasso (Chair) (**)/(***)
- Chiara Falciani (**)
- Patrizia Sacchi

(*) This Committee also serves as the Related-Party Transactions Committee.
(**) Independent director pursuant to Article 147-ter, paragraph 4 of the Consolidated Law on Finance (TUF) and Article 2 of the Corporate Governance Code.
(***) Lead Independent Director.

Nomination and Compensation Committee

- Marta Bavasso (Chair) (*)/(**)
- Chiara Falciani (*)
- Patrizia Sacchi

(*) Independent director pursuant to Article 147-ter, paragraph 4 of the Consolidated Law on Finance and Article 2 of the Corporate Governance Code.
(**) Lead Independent Director.

4.7 Relations with the Italian fiscal authority (Agenzia delle Entrate)

In March 2025, the Siena Revenue Agency initiated a tax audit regarding direct taxes for the tax years 2019 through 2023. The audit primarily concerned operating grants and capital grants received by the Company during the relevant periods, totaling €10,243 thousand, and their exclusion from the taxable base for IRES and IRAP direct taxes, which was negative in any case since the Company recorded operating losses in the relevant years.

In May 2025, the Company received notice of the initiation of the assessment report, followed by draft assessment notices issued by the Siena Revenue Agency.

The Company immediately entered into discussions with the Agency, contesting the content of the draft assessment notices in their entirety. On December 22, 2025, the Ministry of Economy and Finance (MEF) issued a guidance document clarifying the tax treatment of such credits, thereby supporting the taxpayer's interpretation and conduct.

At present, the Company is awaiting operational guidance from the Italian Revenue Agency following the directive challenging its actions.

It should be noted that, in the event of an adverse ruling, the prior-year tax losses for the relevant years would be reduced by the amount indicated above, resulting in a reduction of deferred tax assets recognized in the financial statements by approximately €3 million, from approximately €10 million to approximately €7 million, without involving any cash outflow.

Please refer to Note 8 of the consolidated financial statements

4.8 2025 Sustainability Report

The Company has voluntarily prepared its fourth Sustainability Report, which highlights the progress made and reaffirms its sustainability philosophy based on concrete choices, actions, and projects aimed at guiding the Group toward a sustainable, solid, and long-term future, while continuing to generate value for investors, patients, and all key *stakeholders*.

The document has been prepared *in accordance* with *the GRI Sustainability Reporting Standards* (GRI) and includes, in the introductory section, the "Letter to Stakeholders," signed by the Chief Executive Officer and the Chairman of the Board of Directors, which outlines the Company's commitment to sustainable reporting and references the strategic principles that guide the Group's decisions.

It should be noted that the Company does not currently fall within the scope of the sustainability reporting obligations set forth by the CSRD.

The 2025 Sustainability Report was approved by the Board of Directors at its meeting on March 27, 2026. Following approval, the document was published in the "Sustainability" section of the Company's website, under Governance / Sustainability – ESG (www.philogen.com).

5. Financial and Balance Sheet Results of the Group and the Parent Company

5.1 Income Statement

The table below presents the Group's consolidated financial data for the fiscal years ended December 31, 2025, and December 31, 2024:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31				Changes	
	2025	%	2024	%	2025 vs. 2024	%
Revenue from contracts with customers	314,325	100.0%	73,996	100.0%	240,329	324.8%
Other income	5,796	1.8%	3,657	4.9%	2,138	58.5%
Total Revenue	**320,121**	**101.8%**	**77,653**	104.9%	**242,468**	**312.2%**
Operating costs (*)	(58,488)	(18.6) %	(36,034)	(48.7) %	(22,453)	62.3%
EBITDA (**)	**261,633**	**83.2%**	**41,618**	56.2%	**220,014**	528.6%
Depreciation and amortization	(4,256)	(1.4)%	(3,887)	(5.3) %	(369)	9.5%
EBIT	**257,377**	**81.9%**	**37,731**	**(38.2)%**	**219,645**	**582.1%**
Financial income	10,901	3.5%	5,930	22.2%	4,971	83.8%
Financial expenses	(8,164)	(2.6)%	(3,286)	(10.7)%	(4,878)	148.4%
Income before taxes	**260,113**	**82.8%**	**40,375**	**(26.7)%**	**219,738**	**544.2%**
Taxes	(30,432)	(9.7)%	4,916	0.1%	(35,348)	(719.1)%
Profit (Loss) for the period	**229,681**	**73.1%**	**45,292**	**61.2%**	**184,390**	**407.1%**
Minority interest in net income	**5**	**0.0%**	**0**	**0%**	**5**	**4647.2%**
Group profit (loss) for the period	**229,676**	**73.1%**	**45,291**	**61.2%**	**184,385**	**407.1**

(*) Operating costs consist of the sum of the following balance sheet items: purchases of raw materials and supplies, costs for services, costs for use of third-party assets, personnel costs, and other operating costs

(**) EBITDA represents operating profit before depreciation and amortization. EBITDA is a measure defined and used by the Group to monitor and evaluate the Group's operating performance, but it is not defined under IFRS; therefore, it should not be considered an alternative measure for assessing the Group's operating performance. The Company believes that EBITDA is an important metric for measuring the Group's performance as it allows for an analysis of the Group's profitability by eliminating the effects of non-recurring economic items. Since EBITDA is not a measure whose calculation is regulated by the accounting standards applicable to the preparation of the Group's consolidated financial statements, the method used to calculate EBITDA may not be consistent with that adopted by other groups, and therefore may not be comparable.

Revenues from contracts with customers amounted to €314,325 thousand for the year ended December 31, 2025, showing an increase of approximately 325% (€73,996 thousand as of December 31, 2024), thanks to contracts entered into during 2025 and the continuation of those previously signed.

In this regard, it should be noted that on June 10, 2025, a licensing agreement was signed between the subsidiary Philochem AG and RayzeBio, Inc. ("RayzeBio"), a wholly-owned subsidiary of Bristol-Myers Squibb, regarding the new therapeutic and diagnostic agent OncoACP3. The signing of this contract generated revenues for the year 2025 amounting to approximately €300,000 thousand.

Furthermore, the increase in revenue is also attributable to the progress of research and development projects related to the agreement entered into with Sun Pharma, as well as to the progress of contract manufacturing orders that the Group companies are developing.

The Group does not yet have products on the market; therefore, revenues are not yet tied to stable sales. In accordance with the Group's business model, which operates in the biotech sector, the income statement reflects upfront payments, milestones, and the progress of collaboration agreements with third parties.

Other income amounted to €5,796 thousand for the year ended December 31, 2025, showing an increase of approximately 58.5% compared to the previous year. This change is primarily attributable to the contribution to operating income related to the research and development tax credit for pharmaceuticals, determined based on costs incurred in 2025 for this purpose.

Operating costs primarily include costs for production materials, costs for clinical and preclinical services, personnel costs, and oth d operating costs, and show an increase of approximately 62.3% compared to the previous fiscal year. This increase is primarily attributable to the rise in:

(i) costs for services ranging from €16,483,000 in 2024 to €34,262,000 in 2025. In particular, there are significant increases in cost items related to the clinical trial phase of drugs, particularly in the U.S., legal and negotiation

consulting fees related to the RayzeBio contract, and the pro forma accounting treatment of the "stock grant" incentive plan for executive directors.

(ii) Personnel costs, which range from €15,623 thousand to €17,885 thousand in 2025 due to new hires of qualified personnel and the valuation of incentive plans for employees.

For further details, please refer to Note 6 of the consolidated financial statements and Note 6 of the separate financial statements.

EBITDA increased from €41,618 thousand to €261,633 thousand, representing an increase of €220,014 thousand.

Depreciation and amortization increased by approximately 9.5% due to the full utilization of machinery and equipment acquired in the previous fiscal year, capital expenditures made during 2025, and the amortization of improvements to third-party property related to the building housing the new offices, which was completed in 2024.

EBIT, calculated as the difference between EBITDA and depreciation and amortization, shows a positive balance of €257,377 thousand for the fiscal year ended December 31, 2025.

Net financial results for the fiscal year ended December 31, 2025, show a net gain of €2,736 thousand, resulting from the difference between financial income of €10,901 thousand and financial expenses of €8,164 thousand. The net result is primarily attributable to the following items of financial income and expenses: (i) net gains from the fair value measurement of financial assets amounting to €1,060 thousand, (ii) proceeds from the disposal of financial assets amounting to €3,474 thousand, (iii) foreign exchange gains of €4,979 thousand, (iv) interest income of €1,388 thousand, (v) realized capital losses of €17 thousand and valuation losses of €453 thousand, (vi) foreign exchange losses of €7,322 thousand, and (vii) interest expense on leases of €330 thousand. Currency management, aimed at limiting foreign exchange risk, characterized the second half of 2025 and the first months of 2026. The collection of the $350 million upfront payment from the RayzeBio contract was progressively converted into euros by taking advantage of favorable currency fluctuations.

For further details regarding financial management, please refer to Note 7 of the consolidated financial statements and Note 7 of the separate financial statements.

It should be noted that the Group invests excess liquidity, relative to ordinary needs, in readily marketable financial instruments, in accordance with the "Policy for the Management of Financial Investments" approved and periodically updated by the Board of Directors. The total value of the financial investment portfolio as of December 31, 2025, is €252,023 thousand, and the total operating result for the 2025 fiscal year is positive by €4,224 thousand, consisting of realized gains and losses and *fair value* changes (recognized in accordance with IFRS, partly in the income statement under financial income and expenses for a total of €4,063 thousand and partly in the FVOCI equity reserve for €161 thousand).

For further details regarding current financial assets, please refer to Note 17 of the consolidated financial statements and Note 19 of the separate financial statements.

Taxes, amounting to €30,432 thousand, represent the net balance between current taxes and deferred tax assets. Current taxes, amounting to €30,988 thousand, relate to the net income for the year recorded by the subsidiary Philochem AG.

As a result of the above, the Group closed the fiscal year ended December 31, 2025, with a net profit of €229,676 thousand.

5.2 Balance Sheet

The following table presents the reclassified "Sources and Uses" statement of the Group's financial position for the fiscal years ended December 31, 2025, and December 31, 2024:

Figures in thousands of euros and as a percentage	Year ended December 31		Changes	
	2025	2024	2025 vs. 2024	%
Loans				
Property, plant, and equipment	16,029	15,473	556	3.6%
Intangible assets	1,107	1,159	(52)	(4.5)%
Right-of-use assets	8,820	9,401	(581)	(6.2) %
Other non-current assets	4,442	1,626	2,816	173.2%
Deferred tax assets	9,052	8,468	585	6.9%
Employee benefits	(1,330)	(1,293)	(36)	2.8%
Deferred tax liabilities	(407)	(283)	(124)	43.9%
Other non-current liabilities	(717)	(1,107)	391	(35.3)%
Net fixed assets (*)	**36,998**	**33,444**	**3,554**	**10.6%**
Inventory	2,961	3,260	(299)	(9.2) %
Contract assets	2,937	3,261	(325)	(10.0) %
Trade receivables	1,269	760	509	66.9%
Tax receivables	10,395	10,253	142	1.4%
Other current assets	1,093	1,062	30	2.8%
Trade payables	(13,031)	(9,550)	(3,481)	36.4%
Contract liabilities	(1,834)	(643)	(1,191)	185.1%
Tax liabilities	(31,295)	(2,135)	(29,160)	1,365.5%
Other current liabilities	(3,921)	(3,239)	(682)	21.1%
Net working capital (*)	**(31,427)**	**3,029**	**(34,456)**	**(1,137.6) %**
Net invested capital (*)	**5,571**	**36,473**	**(30,902)**	**(84.7) %**
Sources				
Shareholders' Equity	373,867	138,657	235,209	169.6%
Net financial debt(*)	(368,295)	(102,184)	(266,111)	260.4%
Total sources	**5,571**	**36,473**	**(30,902)**	**(84.7) %**

(*) Net fixed assets, net working capital, net invested capital, and net financial debt are alternative performance indicators not identified as accounting measures under IFRS and, therefore, should not be considered alternatives to the measures provided in the Group's financial statements for assessing the Group's financial position and performance.

An analysis of the Group's financial position and results of operations shows that the Group has a positive net financial position of €368,295 thousand, the change in which is detailed in the following section through the Net Financial Debt statement, and shareholders' equity of €373,862 thousand.

Net Financial Debt

The breakdown of Net Financial Debt as of December 31, 2025, and December 31, 2024, is prepared in accordance with the format set forth in ESMA Guideline 32-382-1138 of March 4, 2021, and by Consob through Notice No. 5/21:

Figures in thousands of euros **Net financial debt**	December 31, 2025	December 31, 2024
(A) Cash and cash equivalents	54,784	25,574
(B) Cash equivalents	72,416	5,000
(C) Other current financial assets	252,023	83,154
(D) Cash and cash equivalents (A+B+C)	**379,223**	**113,728**
(E) Current financial debt	44	37
(F) Current portion of non-current financial debt	1,164	1,034
(G) Net current financial debt (E+F)	**1,208**	**1,070**
(H) NET CURRENT FINANCIAL DEBT (G-D)	**(378,015)**	**(112,658)**
(I) Non-current financial debt	9,719	10,473
(J) Debt instruments	-	-
(K) Trade payables and other current liabilities	-	-
(L) Non-current financial debt (I+J+K)	**9,719**	**10,473**
(M) NET FINANCIAL DEBT (H+L)	**(368,295)**	**(102,184)**

For clarity, the reconciliation between the items shown in the Net Financial Debt table and the Balance Sheet is provided below:

- "Cash and cash equivalents" (A) are classified under the item "Cash and cash equivalents";
- "Cash equivalents" (B) are classified under the item "Cash and cash equivalents";
- "Other current financial assets" (C) are classified under the item "Other current financial assets";
- "Current financial debt" (E) is classified under "Current financial liabilities";
- "Current portion of non-current financial debt" (F) is classified under the items "Current financial liabilities" and "Current lease liabilities";
- "Non-current financial debt" (I) is classified under the items "Non-current financial liabilities" and "Non-current lease liabilities."

Net Financial Debt as of December 31, 2025 shows a financial *surplus* of €368,295 thousand, composed as follows:

- Cash and cash equivalents (D) amounted to €379,223 thousand, an increase of approximately 233% compared to the fiscal year ended December 31, 2024. This significant change in liquidity is primarily attributable to the positive balance between inflows and outflows of some of the most significant items, which relate to: (i) cash receipts from revenue from contracts with customers of approximately €313,505, (ii) cash receipts from net financial income of €5,314 thousand, (iii) expenditures for CAPEX investments amounting to €2,790 thousand, (iv) expenditures for procurement and operating costs of €48,691 thousand.

- Current and non-current financial debt (G+L) of €10,927 thousand is entirely represented by debt related to the right-of-use of properties (IFRS 16). It should be noted that during 2025, ISTAT adjustments were made to property lease payments, which were affected by the inflation rate for the period. The decrease in this item compared to December 31, 2024, is related to the depreciation of leased assets.
  For further information, please refer to Note 12 of the consolidated financial statements and Note 13 of the separate financial statements.

5.3 Alternative Performance Indicators

In order to assess the Group's performance, management monitors, among other things, Alternative Performance Indicators (APIs) relating to equity and financial performance.

For a proper interpretation of these APIs, please note the following:

- APIs are derived from historical data and are not indicative of the Group's future performance;
- APIs are not measures whose determination is regulated by International Financial Reporting Standards (IFRS);
- APIs should not be considered a substitute for the indicators required by the applicable accounting standards (IFRS);
- these APIs should be read in conjunction with the Group's financial information taken from the consolidated financial statements as of December 31, 2025;
- the definitions of the APIs used by the Group, as they do not derive from the applicable accounting standards, may not be consistent with those adopted by other groups and therefore may not be comparable to them.

The following are the Alternative Economic Performance Indicators identified by the Group:

Data in thousands of euros and as a percentage	**Fiscal year ended December 31**	
	2025	**2024**
Revenue from contracts with customers	314,325	73,996
EBITDA(*)	261,633	41,618
EBITDA *Margin*	*83.2%*	*56.2%*
EBIT	*257,377*	*37,731*

(*) EBITDA represents operating profit before depreciation and amortization. EBITDA is a measure defined and used by the Group to monitor and evaluate the Group's operating performance, but it is not defined under IFRS; therefore, it should not be considered an alternative measure for the evaluation of the Group's operating performance. Since EBITDA is not a measure whose calculation is regulated by the accounting standards applicable to the preparation of the Group's consolidated financial statements, the method used to calculate EBITDA may not be consistent with that adopted by other groups, and therefore may not be comparable.

The table below shows the reconciliation of EBIT and EBITDA with profit (loss) for the period.

Figures in thousands of euros	Year ended December 31	
	2025	2024
Profit (loss) for the period	**229,681**	**45,292**
Income taxes	(30,432)	4,916
Financial income and expenses	2,736	2,644
EBIT	**257,377**	**37,731**
Depreciation and amortization	(4,256)	(3,887)
EBITDA	**261,633**	**41,618**

The EBITDA *Margin* is calculated as shown in the table below:

Figures in thousands of euros and as a percentage	Year ended December 31	
	2025	2024
Revenue from contracts with customers (A)	314,325	73,996
EBITDA (B)	261,633	41,618
EBITDA Margin (B/A)	**83.2%**	**56.2%**

The following are the Alternative Financial Performance Indicators identified by the Group:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Net fixed assets	36,998	33,444
Net working capital	(31,427)	3,029
Net invested capital	5,571	36,473
Net financial debt	(368,295)	(102,184)
Financial independence ratio	*85.5%*	*82.3%*
Structure margin	*947.7%*	*383.8%*
Liquidity ratio	*775.7%*	*784.1%*
Debt ratio	*2.9%*	*8.3%*

The following table provides details of the financial independence ratio:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Shareholders' equity (A)	373,862	138,657
Total assets (B)	437,328	168,452
Financial independence ratio (A/B)	***85.5%***	***82.3%***

The following table provides a breakdown of the operating margin:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Shareholders' equity (A)	373,862	138,657
Non-current assets (B)	39,451	36,127
Structure margin (A/B)	***947.7%***	***383.8%***

The following table provides details of the liquidity ratio:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Current assets (A)	397,877	132,325
Current liabilities (B)	51,289	16,639
Liquidity ratio (A/B)	***775.7%***	***795.3%***

The following table provides details of the Debt Ratio:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Financial debt(*) (A)	10,927	11,544
Shareholders' equity (B)	373,862	138,657
Debt ratio (A/B)	***2.9%***	***8.3%***

(*) Financial debt was calculated as the sum of the following balance sheet items: "Current financial liabilities," "Non-current financial liabilities," "Current lease liabilities," and "Non-current lease liabilities."

The indicators shown in the tables above highlight the Group's solid and highly liquid financial position.

5.4 Performance of the Parent Company

The following table presents the Parent Company's financial results for the fiscal years ended December 31, 2025, and December 31, 2024:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31				Changes	
	2025	%	2024	%	2025 vs. 2024	%
Revenue from customer contracts	15,692	100.0%	74,749	100.0%	(59,057)	(79.0)%
Other income	5,747	36.6%	3,660	4.9%	2,087	57.0%
Total Revenue	**21,439**	**136.6%**	**78,409**	**104.9%**	**(56,970)**	**(72.7)%**
Operating expenses (*)	(42,798)	(272.7)%	(32,078)	(42.9)%	(10,720)	33.4%
EBITDA(**)	**(21,359)**	**(136.1) %**	**46,331**	**62.0%**	**(67,690)**	**(146.1)%**
Depreciation and amortization	(3,723)	(23.7)%	(3,372)	(4.5)%	(351)	10.4%
EBIT	**(25,082)**	**(159.8) %**	**42,959**	**57.5%**	**(68,042)**	**(158.4)%**
Financial income	4,883	31.1%	4,022	5.4%	861	21.4%
Financial expenses	(2,301)	(14.7) %	(1,350)	(1.8) %	(951)	70.4%
Income from investments	251,622	1,603.5%	(5,280)	(7.1)%	256,903	(4,865.4) %
Income before taxes	**229,123**	**1,460.1%**	**40,351**	**54.0%**	**188,771**	**467.8%**
Taxes	558	3.6%	4,939	6.6%	(4,381)	(88.7)%
Net Income (Loss) for the Year	**229,681**	**1,463.7%**	**45,291**	**60.6%**	**184,390**	**407.1%**

(*) Operating costs consist of the sum of the following balance sheet items: purchases of raw materials and consumables, costs for services, costs for use of third-party assets, personnel costs, and other operating costs

(**) EBITDA represents operating profit before depreciation and amortization. EBITDA is a measure defined and used by the Group to monitor and evaluate the Group's operating performance, but it is not defined under IFRS; therefore, it should not be considered an alternative measure for evaluating the Group's operating performance. The Company believes that EBITDA is an important metric for measuring the Group's performance as it allows for an analysis of the Group's profitability by eliminating the effects of non-recurring economic items. Since EBITDA is not a measure whose calculation is regulated by the accounting standards applicable to the preparation of the Group's consolidated financial statements, the method used to calculate EBITDA may not be consistent with that adopted by other groups, and therefore may not be comparable.

The following table presents the reclassified balance sheet data by Sources and Uses for the Parent Company:

Figures in thousands of euros and as a percentage	As of December 31		Changes	
	2025	2024	2025 vs. 2024	%
Loans				
Property, plant, and equipment	14,455	14,191	264	1.9%
Intangible assets	724	799	(75)	(9.4)%
Right-of-use assets	5,788	6,146	(358)	(5.8) %
Equity investments	254,165	841	253,323	30,105.0%
Other non-current assets	4,442	1,626	2,816	173.2%
Deferred tax assets	8,961	8,468	493	5.8%
Employee benefits	(1,330)	(1,293)	(36)	2.8%
Other non-current liabilities	(717)	(1,107)	391	(35.3)%
Deferred tax liabilities	(356)	(237)	(119)	50.4%
Net fixed assets(*)	**286,133**	**29,435**	**256,698**	**872%**
Inventories	2,882	3,149	(267)	(8.5) %
Contract assets	2,937	3,261	(325)	(10.0) %
Trade receivables	2,975	1,595	1,379	86.5%
Tax receivables	10,308	10,206	102	1.0%
Other current assets	943	897	47	5.2%

Trade payables	(13,993)	(10,649)	(3,344)	31.4%
Contract liabilities	(1,834)	(377)	(1,456)	385.8%
Tax liabilities	(240)	(2,135)	1,895	(88.8)%
Other current liabilities	(3,208)	(2,569)	(639)	25%
Net working capital	**770**	**3,377**	**(2,607)**	**-77%**
Net invested capital(*)	**286,903**	**32,812**	**254,091**	**774%**
Sources			-	-
Net Equity	373,867	138,657	235,209	169.6%
Net financial debt(*)	(86,964)	(105,845)	19,119	(18.0) %
Total sources	**286,903**	**32,812**	**254,328**	**781 %**

(*) Net fixed assets, net working capital, net invested capital, and net financial debt are alternative performance indicators, not identified as accounting measures under IFRS, and therefore should not be considered alternatives to those provided by the Group's financial statements for assessing the Group's financial position and performance.

The following table provides a breakdown of the Parent Company's Net Financial Debt as of December 31, 2025, and December 31, 2024, prepared in accordance with ESMA Guidance 32-382-1138 of March 4, 2021, and by Consob through the Notice No. 5/21 :

Figures in thousands of euros **Net financial debt**	**December 31, 2025**	**December 31, 2024**
(A) Cash and cash equivalents	7,699	24,314
(B) Cash equivalents	-	5,000
(C) Other current financial assets	135,542	83,154
(D) Cash and cash equivalents (A+B+C)	**143,240**	**112,471**
(E) Current financial debt	50,044	37
(F) Current portion of non-current financial debt	831	715
(G) Net current financial debt (E+F)	**50,876**	**752**
(H) NET CURRENT FINANCIAL DEBT (G-D)	**(92,365)**	**(111,716)**
(I) Non-current financial debt	5,401	5,871
(J) Debt instruments	-	-
(K) Trade payables and other current liabilities	-	-
(L) Non-current financial debt (I+J+K)	**5,401**	**5,871**
(M) NET FINANCIAL DEBT (H+L)	**(86,964)**	**(105,845)**

The following are the Alternative Economic Performance Indicators for the Parent Company:

Figures in thousands of euros and as a percentage	**Fiscal year ended December 31**	
	2025	**2024**
Revenue from contracts with customers	15,692	74,749
EBITDA	*(21,359)*	*46,331*
EBITDA *Margin*	*(136.1)%*	*62.0%*
EBIT	*(25,082)*	*42,959*

The following table shows the reconciliation of the Company's EBIT and EBITDA with net income (loss) for the year.

Figures in thousands of euros	**Year ended December 31**	
	2025	**2024**
Profit (loss) for the period	**229,681**	**45,291**
Income taxes	558	4,939
Financial income and expenses	2,582	2,672
Income from equity investments	(251,662)	(5,280)
EBIT	**(25,082)**	**42,959**
Depreciation and Amortization	(3,723)	(3,372)
EBITDA	**(21,359)**	**46,331**

The EBITDA *Margin* is calculated as shown in the table below:

Figures in thousands of euros and as a percentage	Year ended December 31	
	2025	2024
Revenue from contracts with customers (A)	15,692	74,749
EBITDA (B)	(21,359)	46,331
EBITDA Margin (B/A)	**(136.1) %**	**62.0%**

The following are the Alternative Financial Performance Indicators for the Parent Company:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Net fixed assets	286,133	29,435
Net working capital	770	3,377
Net invested capital	286,903	32,812
Net financial debt	(86,964)	(105,845)
Financial independence ratio	*82.7%*	*84.7%*
Structure margin	*129.6%*	*432.3%*
Liquidity ratio	*232.8%*	*786.9%*
Debt ratio	*15.1%*	*4.8%*

It should be noted that net fixed assets, net working capital, net invested capital, and net financial debt are alternative performance indicators, not identified as accounting measures under IFRS, and therefore should not be considered an alternative to those provided by the Parent Company's financial statements for assessing the Company's financial position and results of operations.

The table below provides details of the Financial Independence Ratio:

Data in thousands of euros and as a percentage	Year ended December 31	
	2025	2024
Shareholders' equity (A)	373,867	138,657
Total assets (B)	451,821	163,649
Financial independence ratio (A/B)	***82.7%***	***84.7%***

The following table provides a breakdown of the operating margin:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Shareholders' equity (A)	373,867	138,657
Non-current assets (B)	288,535	32,072
Structural margin (A/B)	**129.6%**	**432.3%**

The following table provides details of the liquidity ratio:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Current assets (A)	131,577	131,577
Current liabilities (B)	16,483	16,483
Liquidity ratio (A/B)	***786.9%***	***798.3%***

The following table provides details of the Debt Ratio:

Figures in thousands of euros and as a percentage	Fiscal year ended December 31	
	2025	2024
Financial debt(*) (A)	56,277	6,623
Equity (B)	373,867	138,657
Debt ratio (A/B)	**15.1%**	**4.8%**

(*) Financial debt was calculated as the sum of the following balance sheet items: "Current financial liabilities," "Non-current financial liabilities," "Current lease liabilities," "Non-current lease liabilities."

5.5 Reconciliation of the Parent Company's equity and net income with those of the Group

The following table shows the reconciliation of the Parent Company's equity and net income with those of the consolidated financial statements as of December 31, 2024, and December 31, 2025:

Figures in thousands of euros	Equity as of 12/31/2024	2025 Net Income	Other movements	Equity as of 12/31/2025
Parent Company equity	**138,657**	**229,681**	**5,529**	**373,867**
Income and equity of subsidiaries	(1,427)	251,622	(254,165)	(3,969)
Write-off of carrying amount of investment	1,427	(251,622)	254,165	3,969
Group equity	**138,657**	**229,681**	**5,529**	**373,867**

6. Procedures and Related Party Transactions

In accordance with the current "Procedure for Related-Party Transactions," the OPC Oversight Committee (comprising the *Chief Financial Officer and the Head of Legal Affairs*) submitted the necessary reports to the OPC Committee regarding the transactions carried out by the Company, which were subsequently recorded in the relevant Related-Party Transactions Register.

During the 2025 fiscal year, transactions were carried out with related parties under normal market conditions, generating profitability in line with the Company's earnings parameters.

Transactions with related parties are disclosed in the financial statements and described in detail in Note 30 of the consolidated financial statements and Note 32 of the separate financial statements, to which reference is made, and are not classified as atypical or unusual.

7. Organization, Management, and Control Model pursuant to Legislative Decree 231/2001 and Whistleblowing Procedure

Philogen S.p.A., in order to clearly and transparently define the set of values that guide it in achieving its institutional objectives, has adopted, effective 2020, an Organization, Management, and Control Model pursuant to Legislative Decree 231/2001, which has been updated over time to reflect changes in applicable legislation ("Model").

In particular, during 2025, the Company continued to monitor any legislative changes as well as modifications to the corporate *governance* structure adopted by the Company following its listing, in order to promptly incorporate them into the Model.

The current versions of the Organizational Model (*"General Section"*) and the Code of Ethics are available on the Company's website (http://www.philogen.com/) in the *Governance* section (codice-etico-e-modello-231).

The Company has implemented a review process of its Organizational Model, with the support and under the supervision of the Supervisory Body, to verify its adequacy following recent regulatory updates.

8. Information on corporate governance and ownership structure

Philogen S.p.A. adheres to the Corporate Governance Code for listed Italian companies, adapting it to its specific characteristics.

In order to meet the transparency obligations set forth by sector regulations, the "Report on Corporate Governance and Ownership Structure" required by Article 123-bis of the Consolidated Law on Finance has been prepared, containing a general description of the governance system adopted by Philogen S.p.A. In addition to information on ownership structures, the organizational model adopted pursuant to Legislative Decree No. 231 of 2001, and the degree of compliance

with the Corporate Governance Code—including the main governance practices applied and the characteristics of the risk management and internal control system in relation to the financial reporting process—are also provided.

In particular, the aforementioned "Report on Corporate Governance and Ownership Structure" details the most significant events that characterized corporate management during 2025, including the renewal of the Board of Directors and its committees (see the section "Appointment of the Board of Directors and Board Committees"), the subsequent appointment of Mr. Duccio Neri, Prof. Dario Neri, and Mr. Giovanni Neri as Chairman of the Board of Directors, Chief Executive Officer, and Managing Director, respectively, and the subsequent revision of the powers delegated to the aforementioned executive directors, as well as the assessments made by the Board of Directors regarding the "Committee Recommendations for 2025" contained in the letter sent to the Company by the Chairman of the Corporate Governance Committee on the occasion of the Board of Directors' meeting of January 29, 2026.

This document is available on the Company's website at www.philogen.com.

9. Risk Assessment

In accordance with industry regulations, applicable laws, and the Corporate Governance Code established by Borsa Italiana, the Group has implemented an Internal Control and Risk Management System (SCIGR), a set of "tools" (guidelines, procedures, etc.) designed to provide reasonable assurance regarding the achievement of operational efficiency and effectiveness objectives, the reliability of financial and management information, compliance with laws and regulations, and the safeguarding of corporate assets.

The Group has adopted a Corporate Governance model whose main functions and the bodies involved in audit activities or recipients of the results thereof are:

- The Board of Directors, which is responsible for setting policy and assessing the adequacy of the system, has designated an Executive Director from among its members to oversee the functioning of the SCIGR. Specifically, at its meeting on November 11, 2025, the Board of Directors gave a positive assessment of the adequacy of the organizational, administrative, and accounting structure;

- Board of Statutory Auditors, which monitors the effectiveness of the SCIGR;

- Risk Control Committee, tasked with supporting, through appropriate preliminary investigations, the Board of Directors' assessments and decisions regarding the internal control and risk management system, as well as those related to the approval of periodic financial reports;

- The Manager Responsible for the Preparation of Corporate Accounting Documents, who oversees the adequacy and effective application of proper accounting procedures;

- Internal Audit, a function responsible for verifying that the SCIGR is operational and adequate;

- Single-member Supervisory Body, tasked with verifying the efficiency and effectiveness of the Organizational and Control Model (and, where necessary, modifying and supplementing said Model) with respect to the prevention and commission of the offenses provided for by Legislative Decree 231/2001;

- Department Heads, responsible for overseeing the proper application of company procedures.

Toward the end of 2024, the process of defining the new three-year audit plan for the period 2025–2027 was initiated. The update of the Risk Assessment process aims to renew the tools in use, aligning them with business evolution and integrating key ESG factors. The Audit Plan for the 2025–2027 period was submitted for approval to the Board of Directors on March 27, 2025.

The adequacy of the risk mapping and, consequently, of the related Audit Plan is constantly monitored by the Company, which is supported in this activity by the Internal Audit function. During 2025, the Internal Audit function undertook the verification activities provided for in the 2025–2027 Audit Plan, in accordance with the procedures, methodologies, and audit techniques specified therein.

Specifically, the following risks were audited as provided for in the audit plan: “Human Resources Management” and “Procurement and Supplier Management.” Upon completion of the audit for each area, the Internal Audit function submitted a specific Audit Report to the Company containing a summary of the activities performed and any observations and/or recommendations addressed to the Company.

10. Management and Coordination Activities

Pursuant to paragraph 5 of Article 2497-bis of the Italian Civil Code, it is hereby disclosed that the Group is not subject to management and coordination by other companies.

11. Branch Offices

The company has the following branch offices:

- Monteriggioni (SI) Local Unit – Via Montarioso No. 11, ZIP Code 53035;
- Sovicille (SI) branch – Località Bellaria No. 35; ZIP Code 53018.

It is also noted that a local unit was opened at Via Privata Maria Teresa 7, Milan (MI), 20123 on December 17, 2025.

12. Key Risks and Uncertainties

The information specifically required by Article 2428 of the Italian Civil Code is analyzed in greater detail below.

The mapping and management of business risks is an activity carried out continuously by the Group to assess, in terms of probability and impact, all aspects that, in any way, may hinder the achievement of corporate objectives. Business risks are categorized as operational, if related to business processes and activities, and financial, if related to the financial area.

12.1 Strategic and Operational Risks

Risks related to dependence on senior executives, key personnel, and specialized staff

Given the specialized nature of its activities, the Group relies significantly on qualified management and other key scientific personnel, for whom it faces intense competition and whom it must recruit to grow, such as, in particular, the Chairman of the Scientific Committee and CEO, who has extensive scientific research experience at some of Europe’s leading research centers, including the *Medical Research Council* and ETH Zurich. The potential loss of key personnel or the inability to attract and retain additional qualified personnel could have negative effects on the development and commercialization of candidate products. The occurrence of such risks could have serious negative effects on the Group’s economic, financial, and financial position.

Risks related to the conduct of research, clinical and preclinical studies, and production

The Group’s strategy is focused on the commercialization of pharmaceutical products that are still in the experimental phase, only two of which are in a more advanced stage of development. There are significant uncertainties regarding the success of the experimental phase and the Group’s ability to obtain marketing authorizations from the relevant regulatory authorities. Furthermore, the products may fail to meet market expectations in terms of efficacy and safety, and therefore no revenue may be generated from their marketing. Should the Group be unable to market the products and license its product candidates, or should other competing products be preferred by the market over those of the Group, this would result in serious adverse effects on the Group’s economic, financial, and equity position.

Risks related to the protection of intellectual property rights and reliance on trade secrets

The Group's commercial success will also depend on its ability to protect its intellectual or industrial property rights, including potential ones (such as processes and the use of the products themselves), in the European Union, the United States of America, Japan, and other countries. If the Group's efforts to protect its exclusive rights and intellectual property were insufficient, competitors could exploit the Group's technologies to create competing products, erode its competitive advantage, and capture all or part of its market share. The occurrence of such risks could have significant negative effects on the Group's economic, financial, and financial position.

Risks related to changes in and non-compliance with industry regulations

In conducting clinical trials of compounds, the Group must comply with applicable national and international regulations, including, in particular, the guidelines for Good Manufacturing Practice (GMP) and Good Clinical Practice (GCP). Any changes to the current regulatory framework could result in delays in the production of the compounds and/or their clinical trials and an increase in costs, with consequent negative effects on the Group's economic, financial, and equity position.

Risks Related to Information Systems

IT systems are exposed to the risk of failures and/or malfunctions of the IT network, data security breaches, the risk of viruses, unauthorized access, as well as natural events that could result in data loss or the dissemination/disclosure of confidential and/or proprietary information, with potential negative effects on the Group's operations and its growth and development prospects. Philogen ensures the security of data, sensitive information, and intellectual property by managing the entire cycle, which includes threat detection and the definition of countermeasures in response to attacks. The Group's cybersecurity system includes specific organizational controls—in compliance with regulations and relevant standards—which entail the adoption of specific requirements and timelines regarding the reporting of incidents and/or data breaches, as well as the ongoing training of personnel and operational tools. For the sake of completeness, it should be noted that on April 13, 2025, the Company was classified as a "significant entity" by the National Cybersecurity Agency (ACN).

Financial risks and risks related to changes in the *fair value* of the securities portfolio

Financial risks refer to risks arising from the holding or trading of financial instruments. The Company invests by diligently following a financial investment policy approved by the Board of Directors, which is constantly monitored and updated. The policy is based on selecting financial investments that are easily liquidated and predominantly have a low-risk profile. The Group is subject to the risk of changes in *the fair value* of financial instruments held in its portfolio, whose value as of December 31, 2025, amounts to €252,023 thousand. The occurrence of such risk could have significant negative effects on the Group's economic, financial, and equity position. Detailed tables of financial risks are presented in Note 28 of the consolidated financial statements and in Note 30 of the separate financial statements.

Foreign exchange risk

The Group is exposed to foreign exchange risk in connection with sales, purchases, receivables, and loans denominated in a currency other than the Group's functional currency. The Group's production activities are limited to Italy and Switzerland; therefore, the Group is exposed to fluctuations between the euro and the Swiss franc. The reference currency for the purposes of the Group's consolidation is the euro. Philogen is subject to foreign exchange risk arising from the translation of the financial statements of its Swiss subsidiary Philochem AG, which affects consolidated net income and consolidated equity (translation risk). Finally, starting in 2025, following the signing of the agreement with RayzeBio, the Group is exposed to exchange rate risk between the Euro and the U.S. dollar ( ) arising from the receipt of the *upfront payment* and subsequent contractually agreed *milestones* in U.S. dollars. For further details on financial risks, please refer to Note 28 of the consolidated financial statements and Note 30 of the annual financial statements.

Risks related to existing lease agreements

As part of the management of leased properties, the Company constantly monitors rental risk, namely the risk arising from the possibility that leased properties may undergo changes in rent or in the duration of leases as originally agreed upon contractually (renewal could occur under less favorable terms than in previous years) or in the costs associated with managing the leased spaces, or difficulties, in the event of non-renewal of lease agreements, in finding additional spaces and/or properties in which to conduct its business.

13. Environmental and Occupational Safety Disclosure

The locations where the Company operates and its production activities are subject to stringent environmental and occupational safety regulations.

The Company adopts safety procedures for the management of work activities in accordance with Legislative Decree 81/2008 and Legislative Decree 206/2001 regarding the handling of genetically modified microorganisms (GMMs). Staff undergo specific training on the subject and operate according to procedures designed to minimize the risks of contamination, not only biological.

The disposal of special waste is carried out in accordance with current regulations (Legislative Decree 152/06), following dedicated procedures, with the support of a specialized and authorized company.

In accordance with the obligations of Article 37 of Legislative Decree 81/2008 and the procedures defined by the State-Regions Agreement of December 21, 2011, periodic safety training and refresher courses are provided for all employees, divided into general and specific training courses, which employees attend according to a schedule specified by applicable industry regulations.

In the course of its operations, the Company uses chemical and biological agents for which specific risk assessments are conducted in accordance with Legislative Decree 81/2008. Personnel also use personal protective equipment (PPE) in compliance with regulations.

The Company believes it conducts its business in compliance with environmental regulations and the authorizations required by applicable laws and is constantly committed to operating in an environmentally responsible manner.

Group personnel are continuously updated and trained regarding applicable industry regulations. In particular, during the first half of 2025, training courses were once again conducted to update and increase the number of employees assigned to First Aid, in line with the growth in the workforce. This course was enhanced with an optional module covering specific training on the use of a defibrillator, a life-saving device increasingly recommended in companies. In addition, refresher training was conducted for RLS representatives, and training and refresher courses were held for managers and supervisors; training courses were also completed for work at heights, confined spaces, electrical work (PES-PAV-PEI), and third-level boiler operators.

During the second half of 2025, the Company further strengthened its occupational health and safety measures by training additional personnel in fire emergency response and evacuation, in accordance with current regulations and the company's emergency management plan. This initiative increased the number of qualified and formally designated personnel, ensuring greater organizational coverage across various sites and shifts, as well as more effective management of potential risk situations. The training covered both theoretical aspects (relevant regulations, internal procedures, roles, and responsibilities) and practical exercises, with particular attention to alarm activation procedures, coordination of evacuation operations, and the use of firefighting equipment.

This initiative is part of the Company's broader program of continuous training and prevention, aimed at strengthening a safety culture and reducing exposure to operational risks, thereby contributing to the maintenance of high standards of compliance and the protection of people.

Finally, it should be noted that no fines or definitive penalties have ever been imposed on the company for environmental crimes or damage.

14. Environmental Responsibility and Climate Change

The European Securities and Markets Authority (ESMA) highlights the importance for the Company to consider key climate risks and impacts when preparing financial statements.

In this regard, ESMA notes that investors are increasingly interested in information regarding the impacts that climate-related issues may have on companies, especially in light of international and European commitments such as the 2015 Paris Agreement and the European Climate Law (Regulation (EU) 2021/1119 of June 30, 2021).

In light of international and European commitments, such as the 2015 Paris Agreement and the European Climate Law, as well as numerous *regulatory* interventions in recent years, the Company recognizes the importance of combating climate change and is committed to making a positive contribution to environmental protection through the development of strategies and initiatives aimed at minimizing the environmental impacts associated with its business operations.

In this context, the Group's production facilities operate in compliance with applicable environmental regulations and the authorizations to which they are subject, specifically:

- the Montarioso (Siena) site holds an AUA (Single Environmental Authorization) discharge permit issued by the Municipality of Monteriggioni (Siena), which is set to expire in 2032;
- the Rosia (Siena) site holds an AUA (Single Environmental Authorization) discharge permit issued by the Municipality of Sovicille (Siena), which is set to expire in 2030;
- With regard to the laboratories in Switzerland, Philochem ensures *compliance* with the "CFSL Directive," which governs the design, construction, operation, and maintenance of laboratories that use chemicals or flammable and hazardous substances to ensure they are efficient and safe. The company ensures the uniform, appropriate, and technically up-to-date application of relevant legal provisions, including the "Federal Environmental Protection Act."

These regulations, applied at the two sites (Montarioso and Rosia), govern, among other things, the release of emissions into the air and the storage and disposal of hazardous waste.

The Group is committed to protecting and safeguarding the environment through continuous improvement in energy efficiency and by promoting the use of renewable sources. The first step toward reducing energy consumption from non-renewable sources is undoubtedly the reduction of electricity consumption.

At the GMP plant in Rosia, two new photovoltaic systems have come online, helping to increase the supply of energy from renewable sources. This initiative is part of a broader commitment to environmental sustainability, which also includes the adoption of innovative and responsible practices within the supply chain, with the aim of reducing the overall environmental impact and promoting a more efficient production model that respects the local environment.

As evidence of this commitment, among the measures aimed at improving the energy efficiency of processes, the Group has focused on replacing obsolete machinery with more modern equipment in numerous facilities, contributing to a reduction in overall energy consumption. In recent years, Philogen has invested in advanced technologies and innovative practices to optimize energy consumption within its three facilities.

With regard to water resources, the production of injectable solutions requires the use of machinery to treat water drawn from the municipal water supply to make it suitable for medical use. During the commissioning phase of the Rosia plant, the Group installed only state-of-the-art treatment systems, which ensure significantly lower energy consumption compared to older systems.

For an organization like the Group, involved in the biopharmaceutical research sector and the production of experimental drugs, attention to and proper management of the waste produced is also of fundamental importance. Philogen produces both ordinary municipal waste, which is disposed of through separate collection, and special waste, which is collected by specialized companies. For the former, the separate collection system at the Montarioso site, operated by a specialized company, ensures the proper disposal of all municipal waste. A separate collection system for ordinary waste has also been completed at the Rosia plant. Special waste generated by the laboratories is stored in a dedicated warehouse, collected in containers approved for medical waste, and disposed of by a specialized company in accordance with legal requirements.

Philogen relies on a company certified under ISO 14001 for the activities of "Collection and transport of special waste, Brokerage, Disposal and Asbestos Remediation, Environmental Consulting" and listed among the organizations registered under EC Regulation No. 1221/2009. Liquid waste generated by the production process, on the other hand, is channeled through a wastewater collection system and then collected in *a* dedicated storage *tank*. Subsequently, it is also disposed of by a specialized company in accordance with current regulations.

15. Personnel Information

As of December 31, 2025, the Group's workforce consisted of 214 employees, of whom 163 were employed by Philogen S.p.A. at the Siena plants (Rosia and Montarioso) and 51 by Philochem AG at the Zurich site, marking an overall increase of approximately 18.03% compared to December 31, 2024.

The increase, shown in the table below, is attributable to: (i) Philochem: 17 hires and 7 terminations; (ii) Philogen: 38 hires and 17 terminations.

Number of Group employees	As of December 31	As of December 31	Changes	
	2025	2024	2025 vs. 2024	%
Employees	214	183	31	16.94%

The Group is committed to pursuing a personnel policy aimed at recruiting professionals in the field of research and development of new technologies, products, and processes, while promoting training and the exchange of *know-how* at the international level.

The Group's workforce is highly qualified and specialized, a factor that contributes to enhancing the company's competitiveness.

Information on new hires:

Position	Philochem AG			Philogen S.p.A.			Group		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Ph.D.	2	1	**3**	1	4	**5**	3	5	**8**
Bachelor's degree	5	7	**13**	7	17	**24**	12	24	**36**
Diploma	1	-	**1**	5	3	**8**	6	3	**9**
No title	-	1	1	-	1	**1**	-	2	**2**
Grand total	**8**	**9**	**17**	**13**	**25**	**38**	**19**	**27**	**46**

In order to keep staff constantly up to date on specific topics and industry regulations, various training and refresher courses were conducted throughout 2025. The most significant courses are listed below:

- Training Program for compliance with the NIS2 Directive, organized by Confindustria Toscana Sud, lasting 9 hours and covering cybersecurity (risk management, threat and incident management, implementation of security measures, cybersecurity, etc.), attended by the IT Manager.

- *Guidelines2day* training course organized by the European Patent Office (EPO), lasting 6 hours. The objective was to provide an overview of updates to the *"Guidelines for* Examination" and other relevant developments in patent grant procedures. In particular, the following topics were addressed during the sessions:

  - New case law in the Guidelines;
  - Introduction of the new Unitary Patent Guidelines;
  - Real-time interaction using the Shared Area in MyEPO;
  - Recent changes to the Guidelines.

- A 9-hour "*Search and Examination* Matters 2025" training course organized by the European Patent Office (EPO), held from February 18 to 21, 2025. The quality of searches and patents, with a particular focus on emerging technologies (such as AI), were the main topics covered during the sessions.

- A 3-hour training session organized by C.O.S.C. Postal Police - Tuscany to discuss issues related to the prevention and combating of cybercrimes against information systems, held in the Pegaso Room of Palazzo Guadagni Strozzi Sacrati, which was made available by the Directorate of Information Systems, Technological Infrastructure, and Innovation of the Tuscany Region. Two employees from the Information Technology department attended the event to discuss data exchange, as well as the most appropriate intervention strategies for addressing potential cyber incidents and related critical issues.

- Training course *"The CRISPR Cas patent files"*: *Prime Editing and integrase-based variants,* organized by *Michalski Hüttermann & Partner Patentanwälte mbB*, lasting one hour, which covered the evolution of CRISPR technologies (particularly Prime Editing and integrases), analyzing the patent landscape, legal challenges, and strategies to protect and exploit these innovations in the biotech sector.

- Training course "Regulatory Landscape, Requirements, and Approaches to Serialization," organized by PQE (6 hours), held on May 8, 2025, with participation from the QA GMP, Production, IT, and Warehouse departments of the Rosia and Montarioso facilities; the course provided an overview of the regulatory framework and the main requirements for implementing serialization.

- Training course "Introduction to GMP Audit Execution," organized by PQE (7 hours), held on November 25, 2025, with participation from the QA GMP, Production, QC, and Engineering & Maintenance departments; the course provided a structured introduction to the phases of executing a GMP audit, from planning to conduct, through to evidence collection and reporting.

- Training course "Quality Events and Investigation Management" organized by PQE (4 hours). The course covered the management and investigation of quality events in the GMP context, with participation from the QA GMP, Production, QC, and Engineering & Maintenance departments at both the Rosia and Montarioso sites.

- "19th National Meeting of Pharmaceutical Quality Professionals," attended by Philogen's Quality Professionals on November 19 and 20, 2025, in Rome. The course was organized by the Associazione Farmaceutici Industria (AFI) Scientific Society and updated QPs on the latest regulations and their application; it discussed key operational challenges with regulatory authorities while proposing solutions; it promoted a culture of quality; and it facilitated dialogue between QP professionals and stakeholders throughout the pharmaceutical supply chain.

- Training course "Regulatory Affairs Strategies During Development" organized by Educo Life Sciences, in which the Regulatory Affairs Manager participated via synchronous remote learning. The sessions took place from October 20 to 24, 2025, for a total duration of 12 hours. The course provided an overview of regulatory strategy and planning in clinical development

- Training event "Italian Pharmacovigilance Day 2025," held in Verona on October 1, 2025, attended by two employees from the Pharmacovigilance department. The event explored how to make pharmacovigilance more sustainable by leveraging pharmaceutical innovation and optimizing operational processes.

- "CDISC ADaM Core Theory and Application" training course, lasting 9 hours and organized by CDISC. The course was held online from October 9 to 11, 2025. The sessions covered the fundamentals of the ADaM (Analysis Data Model) and its practical application for structuring analysis datasets, defining derivation rules, traceability, and compliance with ADaM/ADaMIG guidelines, and producing datasets ready for statistical analysis and regulatory submissions. The course was attended by an employee from the Programming department.

The Group reaffirms its ongoing commitment to promoting gender equality and the principles of diversity and inclusion. Currently, approximately 55–60% of the workforce consists of female employees, and staff members represent over 15 nationalities, reflecting a multicultural, open, and inclusive work environment.

The composition of the top management reflects a gender balance that has distinguished the Group since before its initial public offering. Key appointments include:

- the Chief Financial Officer (2007);

- the Head of Human Resources (2008);

- the Company Legal Counsel (2016).

In more recent years, these roles have been joined by:

- a Deputy Chief Medical Officer (2022);
- a Qualified Person for the Rosia site;
- three executives hired in the first half of 2025 in the Clinical Operations department.

Since 2016, Philogen has also had a female representative on the Board of Directors, beginning with the appointment of Dr. Nathalie Dompé. Subsequently, following the IPO, Marta Bavasso, Esq., and Dr. Maria Giovanna Calloni joined the Board of Directors (her term ended in May 2025). During the most recent Board renewal, Flavia Scarpellini, Esq., Prof. Chiara Falciani, and Dr. Patrizia Sacchi were also appointed.

In the field of research as well, key leadership roles are held by women: Prof. Cornelia Halin is a member of the Scientific Advisory Committee, and the antibody research division has been led by a female scientist for years.

In accordance with current regulations, Philogen also employs eight individuals from protected categories.

The Group does not identify any specific risks related to diversity and inclusion; on the contrary, it considers the conscious and structured management of these aspects a strategic opportunity to foster a stimulating, innovative, and collaborative work environment.

As of the date of this Report, the Company does not consider it necessary to adopt further specific policies regarding diversity, believing that the composition of the workforce, the gender balance in leadership roles, and professional development pathways are already consistent with the principles of inclusion and the promotion of diversity.

16. Protection of Information and Personal Data

The Group operates in the pharmaceutical and biotechnology industry, which, being highly regulated, requires the application of and compliance with numerous laws and regulations at the European, Swiss, and Italian levels regarding the protection of personal data. These laws and regulations, such as the GDPR, govern the collection, protection, and processing of personal data, including the processing of special categories of data such as, for example, health data collected in anonymized form within the context of clinical trials. In Italy, in particular, the Italian Data Protection Authority has issued specific guidelines for the processing of personal data in the context of clinical trials of medicinal products. The Group is also subject to industry guidelines, privacy policies, and internal procedures, as well as data protection obligations toward third parties.

During drug trials, the Group receives, processes, and stores anonymized patient data in accordance with applicable regulations governing clinical trials. The Group has implemented policies and procedures designed to comply with applicable privacy laws and industry guidelines, which include mechanisms to ensure that the data of patients enrolled in clinical trials, received in anonymized form, is protected and kept secure throughout the duration of processing.

In the context of clinical trials, various medical/clinical information and biological samples are collected. In general, such data is subject to EU laws (i.e., the aforementioned Regulation (EU) No. 536/2014 on clinical trials and the General Data Protection Regulation (EU) No. 2016/679, known as the GDPR) and any additional provisions of the countries where the trial is conducted. In particular, in Italy, in 2008, the Italian Data Protection Authority issued the “Guidelines for the Processing of Personal Data in the Context of Clinical Trials of Medicinal Products” (Resolution No. 52 of July 24, 2008); the Company complies with these regulations in the management, storage, and archiving of data derived from its clinical trial activities.

For the purposes of clinical trials, the Group enters into specific agreements for the receipt, management, and storage of anonymized data received from the clinical centers where trials of the Group’s proprietary drugs are conducted.

17. Significant events following the end of the fiscal year

The main significant events that occurred after the close of the 2025 fiscal year are:

- Share Buyback

The share buyback program initiated in May 2025 continues in 2026. As of March 26, 2026, the Company holds a total of 352,831 treasury shares.

- AIFA Inspection

In January 2026, the two GMP-certified pharmaceutical facilities were inspected by AIFA.

Montarioso facility:

- GMP MED (Medicines) inspection from January 12 to 19, 2026;
- GMP API (Active Pharmaceutical Ingredients) Inspection from January 12 to 15, 2026.

Rosia Plant:

- GMP MED (Medicines) Inspection from January 12 to 16, 2026.

The inspection conducted by the GMP Medicines Office of the Italian Medicines Agency (AIFA) at the Philogen S.p.A. pharmaceutical facility in Rosia concluded successfully, with the issuance of the corresponding inspection report; the improvement measures suggested by the regulatory authority in the aforementioned report are currently being implemented.

The inspections conducted by the Medicinal Products GMP Office and the API GMP Office of the Italian Medicines Agency (AIFA) at the Philogen S.p.A. pharmaceutical plant in Montarioso—specifically, the General Review for Medicinal Product GMPs and the inspection aimed at reactivating the site following the completion of the revamping of the GMP production areas—concluded successfully, with the issuance of the relevant inspection reports. The improvement measures indicated by the regulatory authorities in the aforementioned reports are currently being implemented.

18. Outlook

The Group reports the following key industrial *milestones* achieved during the period:

Proprietary products

1) Antibody-based products:

- **Nidlegy™ - a biopharmaceutical product designed for the treatment of skin cancers**

Following the withdrawal in 2025 of the Marketing Authorization Application previously submitted to the EMA for the melanoma indication, the Company is working on preparing a new submission in Europe this year.

In the United States, a Phase III clinical trial for locally advanced melanoma is currently underway in the U.S., Spain, and Switzerland, with plans to expand to additional countries. In March 2026, a Type C meeting was held with the U.S. Food and Drug Administration (FDA), during which data from the European study were presented and an agreement was reached on the regulatory pathway aimed at obtaining approval for melanoma in the United States, subject to the completion and positive outcome of the ongoing study.

In the non-melanoma skin cancer (NMSC) program, the Phase II “Duncan” study, conducted in patients with basal cell carcinoma (BCC) and cutaneous squamous cell carcinoma (cSCC), has been completed. The excellent results in BCC were presented at the 2025 *European Society of Medical Oncology* (ESMO) conference and published in *the Journal of*

the European Academy of Dermatology and Venereology, reporting complete pathological responses in 52.6% of patients. The results for the SCC group will be published in 2026.

The Phase II "Intrinsic" study is currently underway, with a target of 70 patients with various forms of NMSC; to date, 65 patients have been treated in Italy and France.

The very positive results observed in the "Duncan" and "Intrinsic" trials have provided a solid rationale for launching three new registration studies in these indications in Europe and the United States for BCC and cSCC. The design of these studies has already been discussed with the relevant regulatory authorities, and enrollment of the first patients is expected in the second quarter of 2026.

Finally, an additional *Scientific Advice* session with the FDA was completed to define a fourth registration study in first-line BCC, in which the performance of Nidlegy™ will be compared with that of Hedgehog pathway inhibitors (HHIs); the study is expected to begin in mid-2026.

- **Fibromun - STS and Glioblastoma**

Following the results of the FIBROSARC study in first-line soft tissue sarcoma, which showed encouraging signals in terms of survival in patients with liposarcoma and other types of sarcoma, we requested a Parallel Scientific Advice with the FDA and EMA to define the design of a new Phase III registration study (FIBROSARC-2). The conclusion of this process is expected in the second quarter of 2026, following which the study is scheduled to begin, with *overall survival* as the primary endpoint. The rationale for this program is further supported by the observation of complete remissions in patients treated with Fibromun in combination with doxorubicin.

The Phase II FLASH study in last-line soft tissue sarcoma enrolled 94 patients randomized 1:1 to receive Fibromun + dacarbazine or dacarbazine alone. The study did not meet its primary endpoint, Progression-Free Survival (PFS). Pre-treated soft tissue sarcoma remains a highly aggressive disease with a significant unmet medical need . The company remains committed to advancing innovative therapeutic approaches with the goal of improving outcomes for patients with soft tissue sarcoma.

Regarding studies in glioblastoma, the Phase II GLIOSTAR clinical trial conducted in 163 second-line patients did not meet its primary objective. Despite the significant unmet medical need, this indication remains extremely challenging, as other drugs (VEGF blockers, antibody-drug conjugates, anti-PD1 antibodies) have also failed to demonstrate an increase in patient survival. However, for GLIOSTAR, an improvement in survival was observed in the subpopulation of patients not previously exposed to alkylating agents. The company remains committed to conducting the GLIOSUN clinical trial, which is being conducted in treatment-naïve (i.e., first-line) glioblastoma patients and therefore those not previously exposed to alkylating agents. GLIOSUN has completed the dose-escalation phase and is initiating the subsequent *dose-expansion* clinical phase. Finally, the GLIOSTELLA study, underway in patients with last-line glioblastoma, has completed patient enrollment in the United States and expects *to report* survival data in September 2026.

2) Small-molecule products:

- **OncoFAP – FAP Platform**

This is a small molecule with very high affinity for fibroblast activation protein. The product is suitable for diagnostic and therapeutic applications for various solid tumors.

The diagnostic study ^{68}Ga-OncoFAP has completed Phase I (solid tumors).

The Phase I therapeutic study ^{177}Lu-OncoFAP-23 (solid tumors) is continuing with encouraging results.

The OncoFAP-GlyPro-MMAE conjugate has demonstrated marked antitumor activity in both preclinical studies and a Phase I veterinary clinical trial conducted at the University of Milan. A substantial reduction in disease was reported in six out of seven treated animal patients. GMP manufacturing is underway in preparation for the start of clinical trials in 2027. Additionally, a new immunotherapy candidate based on the OncoFAP ligand is showing promising signs of efficacy in a

Phase I veterinary study. These results lay the groundwork for the expansion of the future pipeline based on *small molecule drug conjugates*.

- **OncoACP3 – PAP target (prostate)**

This is a small molecule with very high affinity for the Prostatic Acid Phosphatase protein. The product is suitable for diagnostic and therapeutic applications for prostate cancer.

On the diagnostic front, Phase I with ^{68}Ga-OncoACP3 has been completed in Italy. On the therapeutic front, preparatory activities are underway with RayzeBio for Phase I (the first patient has already been treated in Germany under a compassionate use protocol [AMG 13.2b], with tumor retention of ≥7 days).

- **OncoCAIX – CAIX target (kidney cancer and hypoxic tumors)**

On the diagnostic front, Phase I with ^{68}Ga-OncoCAIX has been completed in Italy (20 out of 20 patients enrolled) with excellent results that have already been presented at international scientific conferences.

Preparatory activities are underway to launch a Phase III registration study directly in 2027. A Scientific Advice meeting with the FDA is scheduled to finalize the Phase III study design in Q2 2026.

Discovery and development of new prototypes

The Group's DNA-encoded chemical libraries, containing billions of compounds, are generating highly specific ligands against targets of pharmaceutical interest, with significant biomedical and commercial potential.

- **Strengthening of activities related to artificial intelligence**

Following the collaboration with Google, which was the subject of a dedicated scientific publication, the Philogen Group has expanded its artificial intelligence team to support and optimize the activities of the clinical and production departments. These activities promise to accelerate the discovery and development of new drugs, helping to improve the Company's operational efficiency and competitive positioning in the medium to long term.

Products in *Partnerships*

Collaborations continue on:

- Dekavil (Pfizer),
- Small molecules (Janssen),
- Nidlegy™ (Sun Pharma and MSD),
- Fibromun (Sun Pharma),
- OncoFAP (Bracco),
- OncoACP3 (RayzeBio).

Clinical pipeline (ongoing and planned studies)

Program	Indication / Study	Phase	Status / Enrollment	Countries / Sites	Next Steps / Timeline
Nidlegy™	Locally advanced melanoma (Phase III, US)	III	142/186 enrolled; study ongoing	US, EU, Switzerland (+ expansion)	Geographic expansion; new EMA MAA in preparation. Meeting with the FDA in 2026
Nidlegy™	NMSC – **Duncan** (advanced BCC, cSCC)	II	Enrollment completed	Switzerland, EU	—
Nidlegy™	NMSC – **Intrinsic** (various NMSCs: Kaposi's sarcoma, CTCL, adnexal tumors, keratoacanthoma, MCC, cSCC, BCC)	II	64/70 patients treated	EU	Enrollment ongoing
Nidlegy™	Registration studies (2× BCC, 1× cSCC)	—	Enrollment to begin in Q2 2026	US + EU	Study readout
Fibromun	First-line STS + doxorubicin (EU)	III	Study completed.	EU	Launch of confirmatory registration study in the liposarcoma + others subgroup
Fibromun	First-line leiomyosarcoma + doxorubicin (USA)	IIb	Ongoing study	USA	—
Fibromysarcoma	STS 3rd-line + dacarbazine (EU)	II	Enrollment completed.	EU	Readout expected **in Q1 2026**
Fibromun	Second-line glioblastoma + lomustine	I/II	Phase I completed (15 patients, 3 cohorts); Phase II enrolled; awaiting results (survival)	EU	Readout expected **in Q1 2026**
Fibromun	First-line glioblastoma + RT + temozolomide	I/II/IIb	Phase I completed	EU, Switzerland	Dose expansion
OncoFAP	68Ga-OncoFAP (diagnostic)	I	Phase I completed (solid tumors)	—	Blue Earth Diagnostic (Bracco) plans Phase II
OncoFAP	177Lu-OncoFAP-23 (therapeutic)	—	Ongoing company-sponsored study in Italy	—	Completion of Phase I
OncoFAP	OncoFAP-GlyPro-MMAE (cytotoxic)	Preclinical/veterinary	Preclinical efficacy; trial in dogs (University of Milan)	—	**GMP** production in preparation for the start of the Phase I clinical trial

Program	Indication / Study	Phase	Status / Enrollment	Countries / Sites	Next Steps / Timeline
OncoACP3	68Ga-OncoACP3 (diagnostic, prostate)	I	Imaging in DE; 20/20 enrolled in IT	DE, IT	Launch of registration study
OncoACP3	OncoACP3 (therapeutic, prostate)	—	Phase I preparation with BMS; first patient treated in DE (compassionate use)	DE	Tumor retention ≥7 days
OncoCAIX	68Ga-OncoCAIX (diagnostic, clear cell renal cell carcinoma)	I	Imaging in DE; 20/20 enrolled in IT	IT	Launch of registration study

Active partnerships

Area / Product	Partners	Notes
Dekavil	Pfizer	Ongoing collaboration
Small organic molecules	Janssen	Ongoing collaborations
Nidlegy™	Sun Pharma, MSD	Ongoing collaborations
Fibromun	Sun Pharma	Ongoing collaboration
OncoFAP (*imaging*)	Blue Earth Diagnostic (Bracco)	Ongoing collaboration
OncoACP3	RayzeBio (Bristol Myers Squibb)	Ongoing collaboration

Facilities and GMP certifications

Site	Role	Authorization / No.	Date	Subject
Rosia (Siena)	Commercial and experimental production	**GMP MED** — No. **aM-149/2023**	**11/09/2023**	Production of commercial products (aseptic filling) and clinical products (aseptic filling)
Rosia (Siena)	—	**GMP API: API/175/2025**	**09/01/2025**	Production of active ingredients for commercial use
Montarioso (Siena)	Experimental production	**GMP API: API/7/2025**	**January 15, 2025**	Renewal of production of active substances for experimental use
Montarioso (Siena)	—	**GMP MED** — No. **aM 29/2024** (Cert. **IT/38/H/2024**)	**02/13/2024**	Renewal of production of investigational medicinal products

Proposed allocation of net income as of December 31, 2025

The financial statements of Philogen S.p.A., as illustrated in this Report and the accompanying Notes, show a **net income for the 2025 fiscal year of €229,680,710.49.**

The Board of Directors preliminarily notes that:

- the Company's net profit for the year derives entirely from the value of the investment in the subsidiary Philochem A.G., recorded in the financial statements as of December 31, 2025, at a value of €251,622,464.33;

- pursuant to the law, given that the Company's net profit for the fiscal year as of December 31, 2025, derives from the valuation of the aforementioned equity interest using the equity method, it is necessary to establish a restricted equity reserve of equivalent value;

- the statutory reserve has exceeded the legal limit set forth in Article 2430 of the Italian Civil Code.

The Board of Directors therefore proposes to:

- allocate the current fiscal year's net profit, amounting to €229,680,710.49, to the restricted equity reserve arising from the valuation of equity investments;

- allocate to the aforementioned restricted reserve arising from the valuation of equity investments, in addition:

  (i) a portion of the "Retained Earnings/(Losses)" reserve amounting to €12,463,463.35, which would thus decrease from the current €43,026,357.41 to €30,562,894.06; and

  (ii) a portion of the "Share Premium" reserve amounting to €9,478,290.49, which would thus decrease from the current €92,757,689.83 to €83,279,399.34;

so that, as a result, the three provisions together reach the value of the equity valuation of the investment in the subsidiary Philochem A.G., recorded in the financial statements as of December 31, 2025, in the amount of €251,622,464.33.

In light of the foregoing, the Board of Directors further proposes the distribution of a dividend of €0.70 per share, gross of statutory withholding taxes, for each Philogen share entitled to dividends as of the ex-dividend date, net, therefore, of treasury shares held in the portfolio as of the record date pursuant to Article 83-*terdecies* of the Consolidated Law on Finance (*the* so-called *record date*), for an estimated total amount of €[28,180,796], to be drawn from the "Retained Earnings/(Losses)" reserve amounting to €30,562,894.06.

The estimated total amount of €28,180,796 is calculated based on the 40,258,280 shares entitled to dividends as of the date of this Report (28,890,030 ordinary shares and 11,368,250 Class B special shares), without taking into account the 352,831 treasury shares held in the portfolio, it being understood that the final total amount actually allocated to the payment of the dividend will be calculated based on the number of shares (common and Class B special shares) entitled to dividends as of the ex-dividend date.

It should be noted that, if on the ex-dividend date the Company did not hold any treasury shares and therefore the dividend were distributed to all 40,611,111 shares comprising the share capital, for a total amount of €28,427,778, the "Retained Earnings/(Losses)" reserve would remain sufficient.

The Board of Directors states that:

- the distribution of the available reserve as a dividend, as proposed in this report, represents a form of remuneration for the Shareholders' investment in the Company;

- the distribution in the amount indicated does not compromise the Company's balance sheet, financial, and economic stability;

- the payment of the dividend through the distribution of the aforementioned reserve will be made using available cash, without the need to resort to financing;

- the Company's statutory reserve has exceeded the legal limit set forth in Article 2430 of the Italian Civil Code.

Should the distribution of the dividend covered by the proposal set forth in this report be approved by the Shareholders' Meeting, it is proposed that the dividend be paid effective May 20, 2026, with a *record date* of May 19, 2026, and coupon detachment date No. 1 on May 18, 2026.

Philogen
innovating targeting

Consolidated Financial Statements

Consolidated Income Statement

Figures in thousands of euros	Notes	Year ended December 31			
		2025	*Of which with related parties*	2024	*Of which with related parties*
Revenue from contracts with customers	5	314,325		73,996	
Other income	5	5,796		3,657	
Total revenues and income		**320,121**		**77,653**	
Purchases of raw materials and supplies	6	(5,305)		(3,092)	
Costs for services	6	(34,262)	*(2,270)*	(16,483)	*(2,170)*
Costs for use of third-party assets	6	(573)		(338)	
Personnel expenses	6	(17,885)		(15,623)	*(206)*
Depreciation and amortization	6	(4,256)	*(914)*	(3,887)	*(1,898)*
Other operating expenses	6	(463)		(498)	
Total operating expenses		**(62,744)**	***(3,184)***	**(39,922)**	***(4,274)***
Operating income		**257,377**	***(3,184)***	**37,731**	***(4,274)***
Financial income	7	10,901		5,930	
Financial expenses	7	(8,164)	*(321)*	(3,286)	*(335)*
Total financial income and expenses		**2,736**	***(321)***	**2,644**	***(335)***
Income before taxes		**260,113**	***(3,504)***	**40,375**	***(4,609)***
Taxes	8	(30,432)		4,916	
Profit (Loss) for the period		**229,681**	***(3,504)***	**45,292**	***(4,609)***
Minority interest in net income		**5**		**0**	
Group profit (loss) for the period		**229,676**	***(3,504)***	**45,292**	***(4,609)***
Profit (Loss) for the period attributable to the shareholders of the parent company		229,676		45,292	
Earnings (Loss) per share (in Euro)	9	5.70		1.12	
Diluted earnings (loss) per share (in euros)	9	5.70		1.12	

Consolidated Statement of Comprehensive Income

Figures in thousands of euros	Notes	Year ended December 31 2025	2024
Profit (Loss) for the period (A)		**229,681**	**45,292**
Other gains (losses) that will subsequently be reclassified to profit (loss) for the period			
Foreign currency translation differences	20	1,605	(208)
Gain (loss) on *cash flow hedge*	20	-	(200)
Tax effect	20	-	56
Total other income (loss) that will subsequently be reclassified to income (loss) for the period (B)		**1,605**	**(352)**
Other gains (losses) that will not be subsequently reclassified to profit (loss) for the period			
Gain (loss) on valuation of financial assets measured at *fair value*	20	(213)	127
Gain (loss) from actuarial valuation of employee benefits	20	27	(10)
Tax effect	20	44	(28)
Total other income (loss) that will not be reclassified to income (loss) for the period (C)		**(142)**	**89**
Total other components of comprehensive income (B+C)		**1,463**	**(263)**
Comprehensive income (loss) after tax (A+B+C)		**231,144**	**45,029**
Comprehensive income (loss) attributable to the shareholders of the parent company		231,144	45,029

Consolidated Statement of Financial Position

Amounts in thousands of euros	Notes	December 31, 2025	*Of which with related parties*	December 31, 2024	*Of which with related parties*
ASSETS					
Property, plant, and equipment	10	16,029		15,473	
Intangible assets	11	1,107		1,159	
Right-of-use assets	12	8,820	*8,510*	9,401	*9,229*
Other non-current assets	16	4,442		1,626	
Deferred tax assets	8	9,052		8,468	
Non-current assets		**39,451**	***8,510***	**36,127**	***9,229***
Inventories	13	2,961		3,260	
Contract assets	14	2,937		3,261	
Trade receivables	15	1,269		760	
Tax receivables	16	10,395		10,253	
Other current financial assets	17	252,023		83,154	
Other current assets	18	1,093		1,062	
Cash and cash equivalents	19	127,200		30,574	
Current assets		**397,877**		**132,325**	
Total assets		**437,328**	***8,510***	**168,452**	***9,229***
NET EQUITY					
Capital		5,731		5,731	
Share premium reserve		92,758		93,128	
Other reserves		45,697		(5,493)	
Profit (loss) for the period		229,676		45,292	
Equity attributable to shareholders of the parent company	**20**	**373,862**		**138,657**	
Minority interest		**5**		**0**	
Total equity	**20**	**373,867**		**138,657**	
LIABILITIES					
Employee benefits	21	1,330	*77*	1,293	*151*
Non-current lease liabilities	12	9,719	*9,598*	10,473	*10,434*
Non-current financial liabilities	22			-	
Other non-current liabilities	24	717		1,107	
Deferred tax liabilities	8	407		283	
Non-current liabilities		**12,172**	***9,675***	**13,157**	***10,585***
Current financial liabilities	22	44		37	
Current lease liabilities	12	1,164	*958*	1,034	*31*
Trade payables	23	13,031		9,550	*75*
Contractual liabilities	14	1,834		643	
Tax liabilities	16	31,295		2,135	
Other current liabilities	24	3,921	*722*	3,239	
Current liabilities		**51,289**	***1,680***	**16,639**	***106***
Total liabilities		**63,461**	***11,355***	**29,795**	***10,690***
Total equity and liabilities		**437,328**	***11,355***	**168,452**	***10,690***

Statement of Changes in Consolidated Equity

Amounts in thousands of euros	Capital	Share premium reserve	Other reserves											Net income (loss) for the year	Total consolidated equity
			Retained earnings reserved for a capital increase to support the 2024-2026 Stock Grant Plan	Treasury stock reserve	Legal reserve	FTA reserve	Merger surplus reserve	IAS 19 reserve	Valuation reserve for financial assets measured at *fair value*	Reserve for Group incentive plans	Translation reserve	Cash flow hedge reserve	Retained earnings (losses)	Total other reserves	
Opening balances as of January 1, 2024	**5,731**	**99,756**	**(124)**	**(4,840)**	**892**	**(1,265)**	**449**	**(17)**	**(2)**	**519**	**1,663**	**145**	**(6,156)**	**(8,737)**	**(6,161)**	**90,589**
Allocation of prior year's net income		(6,161)												**-**	6,161	-
Stock grant allocation		(467)		680										**680**		213
Purchase of treasury shares				(27)										**(27)**		(27)
Stock Grant Plan										2,854				**2,854**		2,854
Net income for the year														**-**	45,292	45,292
Other comprehensive income (loss), net of tax								(7)	97		(208)	(145)		**(263)**		(263)
Balances as of December 31, 2024	**5,731**	**93,128**	**(124)**	**(4,187)**	**892**	**(1,265)**	**449**	**(24)**	**95**	**3,373**	**1,456**	**-**	**(6,156)**	**(5,493)**	**45,292**	**138,657**
Opening balances as of January 1, 2025	**5,731**	**93,128**	**(124)**	**(4,187)**	**892**	**(1,265)**	**449**	**(24)**	**95**	**3,373**	**1,456**	**-**	**(6,156)**	**(5,493)**	**45,292**	**138,657**
Allocation of prior year's net income					2,265								43,027	**45,292**	(45,292)	-
Stock grant allocation		(370)		625						(434)				**191**		(179)
Purchase of treasury stock				(1,837)										**(1,837)**		(1,837)
Stock Grant Plan										6,081				**6,081**		6,081
Net income for the year														**-**	229,681	229,681
Other comprehensive income (loss), net of tax								19	(162)		1,605			**1,463**		1,463
Balances as of December 31, 2025	**5,731**	**92,758**	**(124)**	**(5,399)**	**3,157**	**(1,265)**	**449**	**(5)**	**(66)**	**9,020**	**3,061**	**-**	**36,870**	**45,698**	**229,681**	**373,867**

Consolidated Cash Flow Statement

Figures in thousands of euros		Year ended December 31			
	Notes	**2025**	*Of which with related parties*	**2024**	*Of which with related parties*
Cash flows from operating activities					
Net income for the period		229,681	*(3,504)*	45,292	*(4,609)*
Adjustments for:					
Depreciation and amortization of tangible and intangible assets	6	4,256	*914*	3,887	*(1,898)*
Net financial expenses/(income)	7	(2,736)	*321*	(2,644)	*(335)*
Provisions for employee benefits	21	299		273	
Provisions for group incentive plans	20	6,081		2,854	
Income taxes	7	30,432		(4,916)	
Other non-cash adjustments		1,118		(769)	
Changes in:					
Inventories	13	281		(1,030)	
Contract assets	14	325		(1,911)	
Trade receivables	15	(228)		802	*4*
Contract liabilities	14	1,191		174	
Trade payables	23	3,481		1,751	*(1)*
Other assets and liabilities(*)	16, 18, 24	(6,980)	*(2,845)*	(2,037)	*(226)*
Use of Funds and Employee Benefits	21	(275)		(219)	
Interest (paid)/received	7	1,038		(665)	
Income taxes paid	8	-		-	
Cash flow generated/(used) by operating activities (A)		**267,964**	**(5,115)**	**40,842**	***(7,063)***
Cash flows from investing activities					
Interest received	7	3,474		1,770	
Proceeds from the sale of financial assets	17	45,290		25,652	
Purchase of property, plant, and equipment	10	(3,393)		(2,167)	
Purchase of intangible assets	11	(241)		(245)	
Purchase of other financial assets	17	(213,479)		(47,292)	
Cash flow generated/used in investing activities (B)		**(168,348)**		**(22,283)**	**-**
Cash flows from financing activities					
Proceeds from the issuance of shares	20	-		-	
Proceeds from the issuance of financial liabilities	22	-		-	
Repayments of financial liabilities	22	-		(2,761)	
Payment of lease liabilities	12	(1,152)	(948)	(992)	(880)
Purchase of treasury stock	20	(1,837)		(27)	
Cash flow from financing activities (C)		**(2,989)**	**(948)**	**(3,779)**	**(880)**
Total cash flow (A + B + C + D)		**96,627**		**14,780**	**(7,943)**
Opening cash and cash equivalents	**19**	**30,574**		**15,635**	
Change in cash and cash equivalents for the period		95,905		14,780	
Effect of translation on cash and cash equivalents		721		158	
Cash and cash equivalents at end of period	**19**	**127,200**		**30,574**	

(*) *Includes: other non-current assets, other current assets, other non-current liabilities, other current liabilities, tax payables and receivables.*

Notes to the Consolidated Financial Statements

Basis of preparation

1. Introduction

Philogen S.p.A. (hereinafter the "Company") was admitted to trading on the Mercato Telematico Azionario (electronic stock market) organized and managed by Borsa Italiana S.p.A. on March 3, 2021. More specifically, 4,061,111 shares were issued, corresponding to approximately 10% of the Company's share capital as of the trading commencement date, at a price of €17 per share.

Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 (the "EU Regulation") mandated, effective from the 2005 fiscal year, that all companies with securities admitted to trading on a regulated market prepare their consolidated financial statements in accordance with IAS/IFRS. In Italy, this matter was regulated by Legislative Decree No. 38 of February 28, 2005, which provided that companies exempt from the obligation under the EU Regulation had the option to prepare their separate and consolidated financial statements in accordance with IAS/IFRS starting with the financial year ended December 31, 2005.

2. Entity Preparing the Consolidated Financial Statements

Philogen S.p.A. is headquartered in Italy. The address of the Company's registered office is Piazza La Lizza, 7, Siena.

The Group operates primarily in the integrated biotechnology sector and, in particular, in the development of advanced biopharmaceutical products for the treatment of diseases characterized by or associated with angiogenesis, based predominantly on antibody conjugates capable of achieving selective accumulation at sites where the pathology is present.

Pursuant to paragraph 5 of Article 2497-bis of the Italian Civil Code, it is hereby disclosed that the Company is not subject to management and coordination by another company.

3. Basis of Preparation

These consolidated financial statements have been prepared in accordance with *the International Financial Reporting Standards* (IFRS) issued by *the International Accounting Standards Board* ("IASB") and adopted by the European Union, including all *International Financial Reporting Standards* (IFRS) subject to interpretation and the interpretations of *the International Financial Reporting Interpretations Committee* (IFRIC) and the former *Standing Interpretations Committee* (SIC).

These consolidated financial statements were approved and authorized for publication by the Company's Board of Directors on March 27, 2026.

Details regarding the principal accounting policies adopted by the Group are provided in Note 31.

Functional and presentation currency

These consolidated financial statements are presented in euros, the functional currency of the Parent Company. Unless otherwise indicated, all amounts expressed in euros have been rounded to the nearest thousand. It should also be noted that any discrepancies found in certain tables are due to the rounding of amounts expressed in thousands of euros.

Use of Estimates and Judgments

In preparing the consolidated financial statements, management has had to make estimates and judgments that affect the application of accounting principles and the amounts of assets, liabilities, costs, and revenues recognized in the financial statements. However, it should be noted that, since these are estimates, the results obtained will not necessarily be the same as those presented in these financial statements.

These estimates and the underlying assumptions are reviewed regularly. Any changes resulting from the revision of accounting estimates are recognized prospectively.

The following is a summary of the financial statement items that, more than others, require greater judgment on the part of the Directors in preparing estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial statements.

i) Assessments

The decisions made by management that have the most significant impact on the amounts reported in the financial statements are provided in the following notes:

- Notes 5 and 32 - Recognition of revenue from contracts with customers: analysis of contracts with customers, with particular reference to the recognition of revenue from licensing and third-party-commissioned research and development activities at a specific point in time or over time, and the identification of individual *performance obligations*.

(ii) Assumptions and uncertainties in estimates

For the fiscal year ended December 31, 2025, information regarding assumptions and uncertainties in estimates that pose a significant risk of causing material changes to the carrying amounts of assets and liabilities in the financial statements of the subsequent period is provided in the following notes:

- Notes 5 and 32 - Revenue recognition: assumptions in determining the total cost of the *performance obligation* in relation to contracts with customers recognized over time;
- Note No. 32 - Valuation of financial instruments: key assumptions underlying the calculation of *fair value*;
- Note No. 32 - Determination of the discount rate: key assumptions regarding the calculation of the incremental borrowing rate (IBR), where the implicit interest rate is not available.
- Notes 8 and 32 - Recognition of deferred tax assets: availability of future taxable income against which deductible temporary differences and tax loss carryforwards can be utilized.

4. Segment reporting

For the purposes of IFRS 8, management has identified a single operating segment, “Biotechnology,” which encompasses all activities carried out by the Group.

The Group operates primarily in the integrated biotechnology sector and, in particular, in the development of advanced biopharmaceutical products for the treatment of diseases characterized by or associated with angiogenesis, based predominantly on antibody conjugates capable of achieving selective accumulation at sites where the pathology is present.

Details of revenue from contracts with customers by product and service type, by geographic area, and information regarding the Company’s degree of dependence on its major customers are provided in Note 5.

The *Chief Operating Decision Maker* (CODM) is the Executive Chairman.

Income Statement

5. Revenues and income

Figures in thousands of euros	Fiscal year ended December 31	
	2025	2024
Revenue from contracts with customers	314,325	73,996
Other income	5,796	3,657
Total revenues and income	**320,121**	**77,653**

Please note that total Revenues are shown net of ending inventory of finished goods, which has been included in cost of goods sold.

Revenue from contracts with customers

Revenues from contracts with customers primarily relate to payments for *upfront fees*, *milestones*, and/or *maintenance fees*, research and development services, as well as revenues from contract manufacturing that the Group performs under existing contracts.

For the year ended December 31, 2025, revenue from contracts with customers amounted to €314,325 thousand, representing a significant increase of over €240,000 thousand compared to the previous year.

This significant increase is attributable to the licensing agreement signed in June 2025 between the subsidiary Philochem AG and RayzeBio Inc. (a wholly-owned subsidiary of Bristol-Myers Squibb), which generated revenues of approximately €300,000 thousand.

It should also be noted that *partnerships* continue for Nidlegy™ and Fibromun with Sun Pharma (a marketing, licensing, and supply agreement involving milestones and royalties) and with *Merck Sharp & Dohme* (clinical collaboration in the United States). The *partnership* for Dekavil (Pfizer) and for small organic molecules (Bracco) also continues.

Further details on revenue from contracts with customers are provided below.

Breakdown by type of consideration

Figures in thousands of euros	Fiscal year ended December 31	
	2025	2024
Revenue from *up-front* payments and *milestones*	300,796	70,265
Revenue from Research and Development services	13,529	3,731
Total revenue from customer contracts	**314,325**	**73,996**

Breakdown by recognition method

Figures in thousands of euros	Fiscal year ended December 31	
	2025	2024
Revenue recognized *at a point in time*	300,944	70,267
Revenue recognized *over time*	13,381	3,729
Total revenue from contracts with customers	**314,325**	**73,996**

Breakdown by geographic area

Figures in thousands of euros	Fiscal year ended December 31	
	2025	2024
USA	300,071	47
European Union	13,961	72,788
Non-EU (Switzerland)	293	1,161
Total revenue from customer contracts	**314,325**	**73,996**

Breakdown by product or service type

Figures in thousands of euros	Fiscal year ended December 31

	2025	2024
Services related to small organic molecule activities	300,071	-
Clinical services in *partnership*	11,296	1,562
Good Manufacturing Practices (GMP) Services	2,233	2,169
Product Development 2	725	70,218
Product Development 1	-	47
Total revenue from contracts with customers	**314,325**	**73,996**

The following table provides details of customers that generate more than 10% of the Group's total revenue from contracts with customers, as required by IFRS 8, Note 30:

Figures in thousands of euros	Year ended December 31			
	2025	*Inc.*	2024	*Inc.*
Client 1	300,071	*95%*	-	-
Customer 2	725	*0%*	70,218	*95%*
Customer 3	11,296	*4%*	1,560	*2%*
Other customers < 10%	2,233	*1%*	2,218	*3%*
Total revenue from contracts with customers	**314,325**	***100%***	**73,996**	***100%***

Other income

Figures in thousands of euros	Year ended December 31	
	2025	2024
Operating grants	5,255	3,194
Capital grants	391	389
Other income	149	74
Total other income	**5,796**	**3,657**

Other income relates primarily to tax incentives provided for by law and, to a lesser extent, to research grants for projects co-financed by the European Union, the Tuscany Region, and Eurostars projects. The item "Operating grants" primarily includes the recognition of non-repayable grants that the Group receives on an ongoing basis in connection with its research and development activities.

The item "capital grants" includes the Industry 4.0 capital grant related to investments made for the equipment and interconnection of the new GMP facility at the Rosia (Siena) site, as provided for by Law 160/2019 (the so-called 2020 Budget Law) and Law 178/2020 (the so-called 2021 Budget Law). The Industry 4.0 credit related to the interconnection of the new GMP facility totaled €2,586 thousand and is recognized in the amount of the depreciation expense for the period, which is €391 thousand.

Compared to the fiscal year ended December 31, 2024, the "other income" line item shows an increase of approximately 58% as of December 31, 2025, primarily due to the "operating grants" line item related to the R&D tax credit for drugs and vaccines, amounting to 20% of the research and development costs incurred in 2025, with this increase compared to the previous fiscal year being attributable to the greater research activities carried out.

For further details on the credits available to the Company, please refer to Note 16 and Note 26 of the consolidated financial statements.

6. Operating Costs

The following table provides a breakdown of operating costs as of December 31, 2025, and December 31, 2024:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Purchases of raw materials and supplies	5,305	3,092
Costs for services	34,262	16,483
Costs for use of third-party assets	573	338
Personnel expenses	17,885	15,623
Depreciation and amortization	4,256	3,887
Other operating expenses	463	498
Total operating expenses	**62,744**	**39,922**

Costs for purchases of raw materials and consumables

Costs for purchases of raw materials and consumables, amounting to €5,305 thousand for the year ended December 31, 2025 (€3,092 thousand in the fiscal year ended December 31, 2024), are primarily attributable to the cost of materials used in operations, the variation of which is linked to the production of drugs for clinical trials, GMP manufacturing required for clinical trials of the proprietary pipeline, and contract manufacturing for third parties.

Costs for services

The "Costs for services" item includes, among others, the following categories:

Data in thousands of euros	Year ended December 31	
	2025	2024
Costs related to Clinical Centers and CROs	9,594	7,739
Outsourced services for research and development activities	3,420	2,192
Compensation for corporate officers (net of contributions)	2,178	1,527
Incentive plans for directors*	3,472	-
Social security contributions on compensation for corporate bodies	137	79
Management by Objectives (MBO)	722	589
TFM for directors	108	69
Consulting fees	11,007	709
Utilities and general expenses	1,733	1,675
Other service costs	1,891	1,904
Total service costs	**34,262**	**16,483**

*Please note that, as of now, this item does not include €1,959 thousand relating to the portion of costs attributable to 2025, set aside for the current Executive Directors who, as of the date of the Units' grant, were employees of the Company. This amount is, however, still included in the costs for Cycle III of the 2024–2027 Stock Grant Plan, together with the costs for other employee beneficiaries, and is reported under the item "Personnel costs." The total costs attributable to 2025 for the Directors' Incentive Plan therefore amount to €5,431 thousand.

Service costs consist primarily of costs related to the Group's operating activities, namely costs incurred for clinical *trials* at clinical centers and costs related to outsourced research and development services. The most significant changes are:

(i) The increase in costs related to clinical centers and CROs, amounting to €1,855 thousand, is attributable to higher costs incurred in the year ended December 31, 2025, compared to the previous period, due to the progress of ongoing *trials*;

(ii) The increase in the item "outsourced R&D services" amounting to €1,228 thousand is primarily attributable to the GMP production of small organic molecules by the subsidiary and, to a lesser extent, to activities related to GMP contracts for third-party production;

(iii) The increase in the item "Director Incentive Plans," amounting to €3,472 thousand, relates to the provision for costs associated with the new cycle of the 2024–2027 Stock Grant Plan for directors;

(iv) The increase in MBO, linked to the compensation of executive directors, rose by €133 thousand compared to the fiscal year ended December 31, 2024, following the increase in compensation approved in May 2025 for the new powers granted to executive directors. The calculation percentage for short-term incentives was also increased.

(v) The increase in corporate and consulting expenses amounts to €10,298 thousand and is primarily related to legal, patent, and tax consulting fees incurred by the group during the reporting period.

Costs for the use of third-party assets

Rental expenses amounted to €573 thousand for the year ended December 31, 2025. This item includes rental expenses, exclusively relating to leases with a term of less than twelve months and those of a minor amount (excluded from the scope of IFRS 16), as well as variable payments linked to incidental expenses calculated on an actual basis, which are also not included in the calculation of the financial liability and the related right-of-use asset under IFRS 16. Specifically, given the increase in staff during the reporting period, there was a rise in costs for the use of third-party assets, attributable to higher costs incurred for new corporate software/license agreements with a duration of less than one year.

Personnel Costs

The following table details the composition of the Group's personnel costs for the years ended December 31, 2025, and December 31, 2024:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Wages and Salaries	12,021	9,779
Personnel costs for group incentive plans(*)	2,429	3,062
Social security contributions	2,713	2,234
MBO costs - Executives	106	-
Provision for severance pay	617	548
Total personnel costs	**17,885**	**15,623**

*Please note that, as of now, this item includes €1,959 thousand relating to the portion of costs attributable to 2025 for the Third Cycle of the 2024-2027 Stock Grant Plan, set aside for the current Executive Directors who, as of the date of the Units' grant, were employees of the Company.

The overall increase in personnel costs, amounting to €2,262 thousand, is primarily attributable to the rise in the average number of employees, as shown in the table below, as well as to higher costs associated with group incentive plans, which are provisioned based on the *fair value* resulting from actuarial valuations of the plan. This amount includes the portion of the third cycle of the 2024–2026 stock grant plan and the valuation of the first and second cycles of the new 2027–2029 stock grant plan reserved for employees. Finally, it should be noted that in 2025, 38,200 shares relating to the second cycle of the 2024-2026 plan were granted to employees who met the set objectives, using treasury shares purchased by the company in the preceding months.

	December 31, 2025	December 31, 2024	Change
Average number of employees	203	176	27

For the exact number of employees as of December 31, 2025, and December 31, 2024, please refer to paragraph 15 of the management report.

For further details regarding the incentive plan, please refer to paragraph 4.2 of the management report and note 27 of the consolidated financial statements.

Depreciation and Amortization

The breakdown of the "Depreciation and Amortization" item for the fiscal years ended December 31, 2025, and December 31, 2024, is as follows:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Amortization of intangible assets	531	419

Depreciation of property, plant, and equipment	2,613	2,462
Depreciation of right-of-use assets	1,112	1,007
Total depreciation and amortization	**4,256**	**3,887**

The increase in depreciation and amortization primarily reflects the depreciation of general and site-specific equipment and facilities at the Rosia (Siena) and Montarioso sites, as well as the amortization of the right-of-use and improvements on third-party property related to the building housing the new offices, which was completed in 2024.

Other operating costs

The breakdown of the "Other operating costs" item for the years ended December 31, 2025, and December 31, 2024, is provided below:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Taxes and duties	172	95
Membership dues	22	18
Company vehicle costs	19	19
Entertainment expenses	46	62
Other operating expenses	203	304
Total other operating expenses	**463**	**498**

7. Financial income and expenses

Financial income and expenses are composed as follows:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Financial income		
Gains on disposal of financial assets(*)	3,474	1,373
Gains from *fair value* measurement of financial assets	1,060	1,481
Interest income	1,388	396
Foreign exchange gains	4,979	2,679
Financial income	**10,901**	**5,930**
Financial expenses		
Losses from the *fair value* measurement of financial assets	(453)	(112)
Losses on disposal of financial assets	(17)	(180)
Interest expense on leases	(330)	(341)
Interest expense on bank loans	(1)	(144)
Interest expense for employee benefits	(39)	(36)
Foreign exchange losses	(7,322)	(2,473)
Financial expenses	**(8,164)**	**(3,286)**
Total financial income (expenses)	**2,736**	**2,644**

(*) *This item includes capital gains on disposals, coupons, and dividends received.*

Net financial results for the year ended December 31, 2025, show a net profit of €2,736 thousand, an increase of €93 thousand compared to the previous year.

In addition to income from the management of the Group's securities portfolio, the statement reflects the impact of foreign exchange losses recorded upon receipt of the dollar-denominated invoice for the upfront payment under the contract with Rayzebio, which was affected by exchange rate fluctuations. It should be noted, in fact, that in September 2025 the Company collected the invoice relating to *the upfront fees* provided for in the contract; this collection resulted in foreign exchange losses recorded in the financial statements of the subsidiary Philochem AG linked to the fluctuation of the USD/CHF exchange rate between the invoice date and the collection date. This foreign exchange loss was recovered in the following months by the Company, which managed exchange rate fluctuations favorably through the conversion of dollar amounts into euros and Swiss francs in tranches.

For further details regarding the composition of the securities portfolio, please refer to Note 17 of the consolidated financial statements.

8. Taxes

The Group has provided for taxes based on the application of current tax regulations.

Taxes and duties have been provisioned based on estimates made during the preparation of the financial statements and will be calculated in their final form in the second half of 2026 during the preparation of the tax return, with possible subsequent adjustments to the calculation.

Current taxes refer to taxes for the period calculated on the 2025 net income. Of these taxes, €30,988 thousand relate to the profit recorded by the subsidiary Philochem AG as of December 31, 2025.

The following table provides a breakdown of income taxes recorded for the fiscal years ended December 31, 2025, and December 31, 2024:

Amounts in thousands of euros	Year ended December 31	
	2025	2024
Current taxes	(30,869)	(3,449)
Deferred taxes	437	8,365
Total taxes	**(30,432)**	**4,916**

Reconciliation of the effective tax rate

The reconciliation between the tax expense reported in the consolidated financial statements and the theoretical tax expense calculated based on the IRES rate applicable to the Group for the fiscal years ended December 31, 2025, and 2024, respectively, is presented below.

For further details on the tax credits available to the Group, please refer to Note 16 and Note 26 of the consolidated financial statements.

Amounts in thousands of euros	Year ended December 31	
	2025	2024
Income before taxes	260,113	40,375
Theoretical tax rate	24%	24
Theoretical IRES tax expense/benefit (A)	**62,427**	**9,690**
Adjustments for:		
Tax effect on prior-year losses	(1,913)	-
Tax effect on tax incentives	(1,449)	(861)
Tax effect on unrecognized tax losses	-	(7,232)
Tax effect from patent box relief	(22,504)	(1,428)
Tax effect on other increases (decreases)	8,045	127
Tax effect on the Group's different tax rates	(14,174)	1,267
Total adjustments (B)	**(31,995)**	**(8,127)**
Total effective income taxes (A+B)	**30,432**	**1,563**
Effective tax rate	**11.7%**	***3.9%***

The Group's tax expense is primarily related to the taxation of the operating profit of the subsidiary Philochem AG. Under Swiss law, the maximum applicable tax rate is 19%. The application of certain local tax incentives is currently being

evaluated, which could reduce the tax burden to as low as 14%. The Group, with the assistance of a leading consulting firm, has estimated the impact of Swiss taxes and duties over the 12 months of 2025.

Changes in deferred taxes during the period

The following details and movements in deferred tax assets and liabilities from January 1 to December 31, 2024, and from January 1 to December 31, 2025, are provided below; these balances arise from the transition to IAS/IFRS accounting standards, as well as from prior-year tax losses:

Amounts in thousands of euros	Carrying amount as of January 1, 2024	Utilization	Accrual	Exchange rate effect	Carrying amount as of December 31, 2024
Deferred tax assets					
Right-of-use assets(*)	2,180	(199)	-	(9)	1,972
Deferred taxes on prior-year losses	0	-	8,357	-	8,357
IAS 19 reserve (recognized in comprehensive income)	6	-	3	-	9
Cash flow hedge reserve (recognized in comprehensive income)	52	(50)	-	-	100
IFRS 9 reserve (recognized in comprehensive income)	66	(11)	45	-	2
Total deferred tax assets	**2,305**	**(260)**	**8,405**	**(9)**	**10,441**
Deferred tax liabilities					
Other financial assets	6	-	-	-	6
Assets held under right of use(*)	2,180	(199)	-	(9)	1,972
Intangible assets	157	(11)	3	-	149
IFRS 9 reserve (recognized in comprehensive income)	65	(13)	77	-	129
Hedging reserve	9	(9)	-	-	-
Total deferred tax liabilities	**2,417**	**(232)**	**80**	**(9)**	**2,256**

Figures in thousands of euros	Book value as of January 1, 2025	Use	Acc.	Exchange rate effect	Carrying amount as of December 31, 2025
Deferred tax assets					
Right-of-use assets(*)	1,972	(154)	-	37	1,855
Deferred taxes on prior-year losses	8,357	-	436	-	8,793
IAS 19 reserve (recognized in comprehensive income)	9	(8)	0	-	2
Cash flow hedge reserve (recognized in comprehensive income)	100	-	156	-	256
IFRS 9 provision (recognized in comprehensive income)	2	(2)	-	-	-
Total deferred tax assets	**10,441**	**(163)**	**592**	**37**	**10,907**
Deferred tax liabilities					
Other financial assets	6	-	-	-	6
Assets held under right of use(*)	1,972	(154)	-	37	1,856
Intangible assets	149	(5)	3	-	147
IFRS 9 reserve (recognized in comprehensive income)	129	-	124	-	253
Total deferred tax liabilities	**2,256**	**(159)**	**126**	**37**	**2,261**

Uncertainties regarding the accounting treatment to be applied to taxes

It should be noted that as of December 31, 2025, there are no ongoing disputes with tax authorities that could give rise to uncertainties regarding the treatment of income taxes. Regarding the tax audit initiated by the Italian Revenue Agency in March 2025, please refer to Note 4.7 “Relations with the Italian Revenue Agency.”

9. Earnings/(Loss) per Share

Basic earnings per share were calculated based on the profit attributable to holders of common shares and the weighted average number of the Company's common shares outstanding during the fiscal year ended December 31, 2025, and December 31, 2024.

Diluted earnings per share were calculated by considering the profit attributable to holders of common stock and the weighted average number of common shares outstanding during the period to account for the effects of all potential common shares with dilutive effect.

The following table presents the income and share information used to calculate basic and diluted earnings per share:

Figures in thousands of euros **Basic and diluted earnings (loss) per share**	**Year ended December 31** **2025**	**2024**
Net income (loss) for the year – in thousands of euros (A)	229,681	45,292
Weighted average number of common shares outstanding (B)	40,275,017	40,293,635
Weighted average number of potential dilutive common shares outstanding (C)	-	-
Weighted average number of outstanding stock options granted (D)	-	-
Weighted average number of shares outstanding, adjusted for dilutive effects (E=B+C+D)	40,275,017	40,293,635
Basic earnings (loss) per share – in euros (A/B*1000)	5.70	1.12
Diluted earnings (loss) per share – in Euro (A/C*100)	5.70	1.12

(A) Net income (loss) for the year.

(B) Weighted average number of outstanding common shares

(D) The weighted average number of outstanding stock options potentially equal to 1,464,000 *Units* as of December 31, 2024, and 1,648,500 *Units* as of December 31, 2025, was considered to be 0 for the purposes of the calculation, since, in accordance with IAS 33, as of the end of the reporting period, these instruments did not meet the necessary criteria for issuance. For further information, please refer to Note 27 of the consolidated financial statements.

Assets

10. Property, plant, and equipment

The following table shows the changes in property, plant, and equipment from January 1 to December 31, 2024, and from January 1 to December 31, 2025:

Figures in thousands of euros	**Plant and machinery**	**Industrial and commercial equipment**	**Improvements to third-party assets**	**Other tangible assets**	**Assets under construction and advance payments**	**Buildings and land**	**Total**
Historical cost	9,046	13,165	275	1,047	1,664	2,514	27,711
Accumulated Depreciation	(3,328)	(7,660)	(65)	(745)	-	-	(11,798)
Net book value as of January 1, 2024	**5,718**	**5,504**	**211**	**302**	**1,664**	**2,514**	**15,912**
Increases	262	606	99	111	1,089	-	2,167
(Decreases)	-	-	-	-	-	-	-
Reclassifications	37	-	2,235	-	(2,272)	-	-
Depreciation	(1,086)	(1,250)	(103)	(126)	-	-	(2,568)
Foreign exchange effects (historical cost)	(21)	(62)	-	(4)	-	-	(86)
Currency translation effect (accumulated depreciation)	6	36	-	3	-	-	45

Historical cost	9,324	13,709	2,609	1,154	481	2,514	29,792
Accumulated Depreciation	(4,409)	(8,874)	(168)	(868)	-	-	(14,318)
Net book value as of December 31, 2024	**4,915**	**4,835**	**2,442**	**286**	**481**	**2,514**	**15,473**
Increases	225	1,703	222	148	1,093	-	3,393
(Decreases)	(19)	(64)	-	(50)	-	-	(133)
Reclassifications	1,013	-	350	49	(1,412)	-	-
Depreciation	(1,149)	(1,260)	(232)	(74)	-	-	(2,716)
Foreign exchange effects (historical cost)	0	0	-	(0)	-	-	0
Currency translation effect (accumulated depreciation)	(0)	0	-	0	-	-	(1)
Historical cost	10,557	15,378	3,182	1,304	162	2,514	33,097
Accumulated Depreciation	(5,563)	(10,160)	(400)	(942)	-	-	(17,068)
Net book value as of December 31, 2025	**4,994**	**5,218**	**2,782**	**359**	**162**	**2,514**	**16,029**

Plant and machinery show an increase of €225 thousand and primarily relate to the fitting out of laboratories and the alarm and UPS systems at the production sites instrumental to operations at the Rosia site. Furthermore, during 2025, expenses related to the revamping of the Montarioso facility and, to a lesser extent, those incurred for photovoltaic panels were reclassified under this item.

Industrial and commercial equipment shows an increase of €1,703 thousand and primarily includes the purchase cost incurred for laboratory equipment and machinery to further equip the Rosia (Siena) production unit.

Leasehold improvements, an item comprising expenses incurred for the construction of the office building at the Rosia (Siena) site, show an increase of €222 thousand, primarily attributable to expenses incurred for the creation of an *open-plan office* and a cafeteria in the Rosia building and, to a lesser extent, to expenses incurred for the refurbishment of the archive of the Clinical Department (Rosia). From an accounting perspective, these improvements to third-party property are amortized over the entire term of the lease agreement for the asset to which they relate. In this specific case, the useful life was estimated by assuming a tacit renewal of the current lease agreement for the Rosia site, in accordance with the provisions of International Financial Reporting Standard (IFRS) 16, and therefore the amortization process will be completed in fiscal year 2034. Please refer to the accounting policies section for specific details regarding IAS 16 and IFRS 16.

Finally, this item includes, for €350 thousand, the capitalization of the structure housing the photovoltaic panels.

Other tangible assets primarily consist of company vehicles and furniture and fixtures. Company vehicles are partly made available for mixed use by employees, partly assigned to certain members of the Board of Directors, and partly made available to company staff.

The property and land, on the other hand, refer to the building adjacent to the Company's Philogen plant in Montarioso (Siena), which was purchased in August 2023 and is intended for a future expansion of the Company. In accordance with IAS 16, this asset has not been depreciated because it does not currently meet the conditions necessary for it to function as intended by management.

11. Intangible Assets

The following table shows the changes in intangible assets from January 1 to December 31, 2024, and from January 1 to December 31, 2025:

Figures in thousands of euros	Patent rights and rights to use intellectual property	Concessions, licenses, trademarks, and similar rights	Intangible assets in progress and prepayments	Other intangible assets	Total
Historical cost	2,870	538	-	5	3,413
Accumulated Depreciation	(1,858)	(309)	-	-	(2,167)
Book value as of January 1, 2024	**1,011**	**229**	**-**	**5**	**1,245**
Increases	221	24	-	-	251
(Decreases)	-	-	-	-	-

Reclassifications	-	-	-	-	-
Depreciation	(229)	(97)	-	-	(326)
Foreign exchange effect	221	24	-	-	251
Historical cost	3,084	562	-	6	3,652
Accumulated Depreciation	(2,087)	(406)	-	-	(2,493)
Book value as of December 31, 2024	**998**	**156**	**-**	**6**	**1,159**
Increases	200	42	-	-	241
(Decreases)	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation	(204)	(94)	-	-	(298)
Foreign exchange effect	3	0	-	-	3
Historical cost	3,286	604	-	6	3,896
Accumulated depreciation	(2,290)	(500)	-	-	(2,790)
Net book value as of December 31, 2025	**996**	**104**	**-**	**6**	**1,107**

As of December 31, 2025, the Group holds approximately 40 international patent families and over 100 valid national patents. The increases recorded in the fiscal year ended December 31, 2025, amounting to €200 thousand, relate to expenses incurred by the Group for the filing of new patent applications, their nationalization, and the granting of patents in specific countries around the world.

Concessions, licenses, and trademarks primarily include the cost of corporate software licenses. The increases recorded in the fiscal year ended December 31, 2025, amounting to €42 thousand, mainly consist of costs incurred for warehouse management software.

It should also be noted that there are no assets with an indefinite useful life, goodwill, or intangible assets not yet in use.

12. Right-of-use assets and lease liabilities

The main balance sheet information regarding lease agreements held by the Group, which acts exclusively as a lessee, is presented in the following tables:

Figures in thousands of euros	Real estate	Vehicles	IT services	Total
Historical cost	13,322	246	329	13,897
Accumulated Depreciation	(3,525)	(139)	(270)	(3,933)
Book value as of January 1, 2024	**9,798**	**107**	**59**	**9,964**
Increases	497	-	-	497
(Decreases)	-	-	-	-
Depreciation	(887)	(34)	(85)	(1,006)
Foreign exchange effect	(53)	-	-	(53)
Historical cost	13,755	246	329	14,329
Accumulated Depreciation	(4,400)	(173)	(355)	(4,928)
Book value as of December 31, 2024	**9,355**	**73**	**(26)**	**9,402**
Increases	79	100	320	498
(Decreases)	-	-	(48)	(48)
Depreciation	(882)	(48)	(103)	(1,032)
Foreign exchange effect	(0)	0	(48)	(48)
Historical cost	13,834	345	600	14,780
Accumulated Depreciation	(5,282)	(220)	(458)	(5,960)
Book value as of December 31, 2025	**8,552**	**125**	**142**	**8,820**

Right-of-use assets for the year ended December 31, 2025, are primarily attributable to the lease of properties used by the Group for the management of its operating activities. The increases recognized during the 2025 fiscal year, amounting to €498 thousand, relate to contractually stipulated ISTAT adjustments to the lease payments, which were affected by the inflation rate for the period. It should be noted that these contracts were entered into in 2019 following the Group's functional and structural reorganization, through which the real estate division was separated from the operating division. These contracts run through 2034 and collectively generate an annual cash outflow for rent of approximately €1,483 thousand, of which €1,011 thousand is for Italian sites and €472 thousand for the Swiss site.

The following table shows the changes in financial liabilities arising from leases from January 1 to December 31, 2024, and from January 1 to December 31, 2025:

Amounts in thousands of euros	
Lease liabilities as of January 1, 2024	**12,099**
Increases	497
Decreases	-
Principal repayments	(992)
Foreign exchange effect	(98)
Lease liabilities as of December 31, 2024	**11,507**
Increases	498
Decreases	(48)
Principal repayments	(1,153)
Foreign exchange effect	77
Lease liabilities as of December 31, 2025	**10,883**
Of which current	1,164
Of which non-current	9,719

The following table presents the reconciliation of cash outflows related to leases for the periods ended December 31, 2025, and 2024:

Amounts in thousands of euros	Year ended December 31	
	2025	2024
Principal portion of property leases	948	880
Interest expense on leases (real estate)	322	335
Principal portion of car loans	47	27
Interest expense on leases (passenger cars)	3	2
Principal portion of IT services	157	86
Interest expense on leases (IT services)	7	4
Total cash outflows from *leases*	**1,484**	**1,332**

It should be noted that, for the purpose of determining lease liabilities and the related right-of-use assets, the Group applied:

i. for leases relating to real estate, vehicles, and IT services leased to the Parent Company, a discount rate of 2.73%;
ii. for the lease relating to the property leased to the Swiss subsidiary Philochem AG, a discount rate of 3.10%.

As of December 31, 2025, the Group has not identified any indicators of impairment regarding right-of-use assets.

Impairment test

We note that, as of December 31, 2025, no factors have been identified that would lead the Directors to believe that the reasons for the initial recognition of property, plant, and equipment, intangible assets, and right-of-use assets are no longer valid; nor have any further indicators of impairment emerged that would lead the Directors to believe that there may be a reduction in the value of property, plant, and equipment, intangible assets, and right-of-use assets; consequently, it was not necessary to perform impairment tests on the carrying amount reported in the financial statements.

13. Inventories

The breakdown of inventory is as follows:

Figures in thousands of euros	December 31 2025	December 31 2024
Raw materials and supplies	2,961	3,260
Total inventory	**2,961**	**3,260**

Inventories of raw materials and consumables include inventory valued at the lower of cost or market value.

As of December 31, 2025, inventories, amounting to €2,961 thousand, show a decrease primarily due to lower procurement of consumables used in the Group's operating activities.

14. Contract assets and liabilities

Assets arising from contracts relate to *performance obligations* fulfilled over time and are valued on a cost-to-cost basis, as they are the subject of contracts already finalized with the customer.

Contract assets are recognized as assets net of related liabilities if, based on a contract-by-contract analysis, the gross value of work performed as of the reporting date exceeds the advance payments received from customers. Conversely, if advance payments received from customers exceed the related contract assets, the excess amount is recognized as a liability.

The net balance of assets and liabilities arising from contracts is composed as follows:

Contracts with a positive net balance

Figures in thousands of euros	December 31 2025	December 31 2024
Advances received from customers	(2,081)	(1,350)
Revenue recognized on advance payments received	5,018	4,611
Contract assets with customers	**2,937**	**3,261**

Contracts with a negative net balance

Figures in thousands of euros	December 31 2025	December 31 2024
Advance payments received from customers	2,185	685
Revenue recognized on advance payments received	(351)	(41
Contract liabilities to customers	**1,834**	**643**

Advances received from customers primarily relate to *up-front fees* collected in connection with *performance obligations* that the Group must fulfill in the future, which are recognized *over time* based on the progress of the related contract costs (revenue recognized against advances).

Contract assets and liabilities arise from the balance of the two items indicated above.

Contract liabilities with customers are classified as current liabilities because the Group expects to complete the *performance obligations* within the next 12 months.

15. Trade receivables

The "Trade receivables" item is composed as follows:

Amounts in thousands of euros	December 31 2025	December 31 2024
Accounts receivable	1,269	760
Total trade receivables	**1,269**	**760**

As of December 31, 2025, trade receivables from customers amounted to €1,269 thousand, an increase of approximately 67% compared to December 31, 2024.

Past-due receivables are monitored by management through periodic analyses of the main positions. The estimated expected *credit loss* under IFRS 9 is not significant given the nature of the Group's customers, the contractual terms in place, and the collection timelines for receivables. The amount for IFRS 9 purposes is €13 thousand.

As of the date of approval of these financial statements, the remaining balance of trade receivables outstanding as of December 31, 2025, is €333 thousand.

Breakdown of receivables recorded under current assets by geographic area

The following table shows the breakdown by geographic area of receivables recorded under current assets.

Amounts in thousands of euros	Geographic area	
	December 31 2025	December 31 2024
Italy	14	330
European Union	1,162	24
Outside the European Union (USA)	80	56
Outside the European Union (Other)	13	350
Total trade receivables	**1,269**	**760**

16. Tax receivables and payables

The item "Tax receivables" is composed as follows:

Figures in thousands of euros	December 31 2025	December 31 2024
VAT receivables	2,953	2,318
Other tax receivables	4,002	3,023
Miscellaneous tax credits	3,440	4,911
Total tax credits	**10,395**	**10,253**

The item "VAT Receivables" amounts to €2,953 and shows an increase compared to the previous fiscal year due to the increase in purchases subject to VAT. It should be noted that the Company makes purchases primarily in Italy and sales primarily abroad; therefore, the VAT credit cannot currently be offset against VAT payable but is used to offset other taxes. The amount exceeding €2,000 thousand (the maximum annual offset limit) has been claimed for refund.

The item "Other tax receivables" includes IRES receivables arising from advance tax payments, foreign withholdings on the granting of license rights, and, to a lesser extent, receivables for withholdings on other income, interest income, and financial income.

The item "Miscellaneous tax credits" as of December 31, 2025, includes the portions of tax credits available to the Company that can be offset in future fiscal years. The portion of these credits extending beyond the current fiscal year is reclassified as non-current assets under the item "Other non-current assets."

The following table details the credits available as of December 31, 2025:

- research and development tax credit for the year 2025 in the amount of €4,687 thousand, to be offset in three equal annual installments, in accordance with applicable regulations (Article 1, paragraph 200 of Law 160 of December 27, 2019, as subsequently amended by Article 1, paragraph 1064 of Law 178 of December 30, 2020)
- research and development tax credit for the year 2024 in the amount of €2,650 thousand, to be offset in three equal annual installments, in accordance with applicable regulations (Article 1, paragraph 200 of Law No. 160 of December 27, 2019, as subsequently amended by Article 1, paragraph 1064 of Law No. 178 of December 30, 2020)
- research and development tax credit for the year 2023 in the amount of €387,000, to be offset in three equal annual installments, in accordance with applicable regulations (Article 1, paragraph 200 of Law No. 160 of December 27, 2019, as subsequently amended by Article 1, paragraph 1064 of Law No. 178 of December 30, 2020);
- 2023 technological innovation tax credit of €110 thousand, to be offset in three equal annual installments, in accordance with applicable regulations (Article 1, paragraph 200 of Law 160 of December 27, 2019, as subsequently amended by Article 1, paragraph 1064 of Law 178 of December 30, 2020);

- Industry 4.0 credit, relating to general assets that became operational during the fiscal year ended December 31, 2020 (Article 1, paragraphs 184 to 194 of Law 160/2019), amounting to €55 thousand (the credit will be offset in five equal annual installments starting in fiscal year 2021);

As of December 31, 2025, the portion of the aforementioned tax credits that can be offset by December 31, 2026 amounts to €3,440 thousand, while the non-current portion, which can be offset starting in fiscal year 2027, amounts to €4,442 thousand.

Figures in thousands of euros	December 31 2025	December 31 2024
Non-current tax receivables	4,442	1,626
Other non-current assets	**4,442**	**1,626**

Please note that as of December 31, 2025, the item "Non-current tax receivables" includes the portion of the aforementioned receivables that can be offset starting in 2026.

The "Tax liabilities" item is composed as follows:

Figures in thousands of euros	December 31 2025	December 31 2024
Current income tax liabilities	31,055	1,865
Payables to the tax authorities for withholding taxes	240	271
Other tax liabilities	-	-
Total tax liabilities	**31,295**	**2,135**

The Group has estimated a current tax expense of €31,295 thousand for the year 2025. This amount includes the total estimated tax liability for cantonal, municipal, and federal taxes that the subsidiary Philochem will incur in relation to the profit recorded as of December 31, 2025.

Tax liabilities for withholding taxes remain substantially unchanged compared to the previous fiscal year.

17. Other current financial assets

The following is an analysis of changes in other current financial assets:

Figures in thousands of euros	Other current financial assets
Carrying amount as of January 1, 2024	**59,709**
Increases	47,292
(Decreases)	(25,652)
Gains/losses from *fair value* adjustments	1,405
Accrued interest on maturing coupons	399
Carrying amount as of December 31, 2024	**83,154**
Increases	213,479
(Decreases)	(45,290)
Gains/losses from *fair value* adjustments	494
Pro rata Policies	102
Foreign exchange effect	83
Book value as of December 31, 2025	**252,023**

The Group invests cash in excess of its ordinary needs in financial instruments, in accordance with the "Investment Management Policies" adopted by each *legal entity*, effective on a pro-rata temporis basis.

The item "Other current financial assets" includes:

i) the balance relating to financial instruments held in the portfolio, consisting of insurance policies, equity instruments, and fund shares, held for the collection of contractual cash flows and for sale, and whose contractual terms do not provide exclusively for principal repayments and interest payments on the principal amount to be repaid (i.e., that do not exceed the so-called "SPPI test"), which have been mandatorily measured at *fair value* through profit or loss (FVTPL);

ii) the balance relating to the bond segment of the existing portfolio, which has been measured at *fair value* with no impact on profit (loss) for the period (FVTOCI) (as they pass the so-called "SPPI test").

The following table provides a breakdown of financial assets by type of instrument and accounting method:

Data in thousands of euros	December 31 2025	December 31 2024
Other financial assets (FVTPL)		
Equity	2,705	322
ETFs	2,024	1,784
Certificates	10,310	5,662
Funds	57,700	4,776
Insurance investment products	30,101	15,908
Total	**102,840**	**28,452**
Other financial assets (FVOCI)		
Bonds	149,181	54,703
Total	**149,181**	**54,703**
Total other current financial assets	**252,023**	**83,154**

The table above shows the change *in the portfolio's asset allocation as of December 31, 2025.* The increase in the portfolio's size compared to the balance as of December 31, 2024 is primarily attributable to the investment of cash proceeds from *the upfront fee* received under the contract with RayzeBio.

18. Other current assets

The "Other current assets" line item consists of the following:

Figures in thousands of euros	December 31 2025	December 31 2024
Other current receivables	755	683
Other current assets	337	380
Other current assets	**1,093**	**1,062**

Other current receivables mainly relate to advances to third-party suppliers and various types of receivables.

Other current assets mainly include prepaid expenses related to costs incurred in advance and recognized in the financial statements on an accrual basis.

19. Cash and cash equivalents

The breakdown of cash and cash equivalents is shown below:

Figures in thousands of euros	December 31 2025	December 31 2024
Bank and postal deposits	127,197	30,571
Cash and valuables on hand	4	3
Cash and cash equivalents	**127,200**	**30,574**

The Group works with several leading banks and holds current accounts denominated in both euros and foreign currencies (USD and CHF).

It should be noted that, as of December 31, 2025, the Group holds a restricted current account agreement in the amount of €56,000 thousand and an additional restricted current account agreement in the amount of $12,289 thousand. These restricted deposits can be released within 48 hours, and their rate of return is aligned with the market rate of return on the various currencies in which the deposits are invested.

Equity and Liabilities

20. Equity

The statement of changes in consolidated equity as of December 31, 2025, is included in the financial statements section.

As previously noted in the introduction, on March 3, 2021, the Company was admitted to trading on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. Specifically, 4,061,111 shares were issued, corresponding to approximately 10% of the share capital as of the trading start date, at a price of €17 each.

A. Share Capital and Shares

The shares issued by the Parent Company represent the entire share capital of €5,731,226.64, which consists of 40,611,111 shares. The categories of shares held are as follows:

Share Categories	December 31, 2025
Common shares (listed on the EXM market)	29,242,861
Special multiple-voting shares (Class B)	11,368,250
Total	**40,611,111**

The Parent Company has not issued dividend-bearing shares.

The main characteristics of the share classes listed above are set forth below.

Common shares

Common shares are registered, indivisible, freely transferable, and confer equal rights on their holders. In particular, each common share entitles the holder to one vote at the Company's ordinary and extraordinary shareholders' meetings, as well as other property and administrative rights in accordance with the Articles of Association and applicable law.

Multiple-voting shares

Multiple-vote shares confer the same rights and obligations as ordinary shares and have the following characteristics:

a) they confer a voting right at the shareholders' meeting equal to 3 votes;
b) they are automatically converted into Common Shares at a ratio of one Common Share for each Multiple-Voting Share (without the need for resolutions by either the special meeting of shareholders holding Multiple-Voting Shares or the Company's general meeting) in the event of a change of control of the Company or the transfer of Multiple-Voting Shares to parties who do not already hold Multiple-Voting Shares
c) may be converted, in whole or in part, even in multiple *tranches,* into Common Shares upon simple request by the holder thereof, to be sent to the Chairman of the Board of Directors and copied to the Chairman of the Board of Statutory Auditors, at a ratio of one Common Share for each Multiple-Voting Share.

B. Nature and Purpose of Reserves

The composition of shareholders' equity is shown below, indicating the nature and purpose of the reserves:

Figures in thousands of euros	Nature	Availability for use	December 31 2025	December 31 2024
Capital			5,731	5,731
Reserve for treasury stock(*)			(5,399)	(4,187)
Share premium reserve	Capital	A, B, C	92,758	93,128
Legal reserve	Retained earnings	A, B	3,156	892

FTA reserve	Retained earnings	A, B	(1,265)	(1,265)
Merger surplus reserve	Capital	A, B	449	449
Actuarial gains/losses reserve	Gains	A, B	(5)	(24)
Financial instrument valuation reserve	Gains	A, B	(66)	95
Translation reserve	Retained earnings	A, B	3,061	1,456
Retained earnings reserved for capital increase in support of the 2024-2026 *Stock Grant* Plan (**)	Retained earnings	A	(124)	(124)
Share-based payment reserve(***)	Earnings	A	9,020	3,373
Retained earnings (losses)	Profit	A, B, C	36,870	(6,156)
Net income (loss) for the year			229,676	45,292
Group equity			**373,862**	**138,657**
Minority interest			**5**	**0**
Total equity			**373,867**	**138,657**

(*) The Treasury Stock Reserve includes the value of shares purchased by the Company in accordance with the share repurchase program approved by the Board of Directors on November 24, 2021, and thereafter.

(**) The reserve of earnings restricted to the capital increase, which is free of charge and divisible, in support of the 2024-2026 *Stock Grant* Plan. The reserve will remain restricted to support the plan until the final subscription deadline, December 31, 2026.

(***) The Share-Based Payment Reserve includes the fair value of shares granted under the 2024–2026 *Stock Grant* Plan (Third Cycle) and the 2027–2029 Stock Grant Plan (First and Second Cycles), as well as those granted under the Stock Grant Plan for directors. For further details on the *Stock Grant* Plan, please refer to Note 27 of the consolidated financial statements.

Legend:

A) For capital increase
B) To cover losses
C) For distribution to shareholders

C. Share-based Incentive Plan

On May 31, 2021, the Company's Ordinary Shareholders' Meeting approved an incentive plan pursuant to Article 114-bis of the Consolidated Law on Finance (TUF) titled **"2024-2026 *Stock Grant* Plan"** reserved for Group employees and granted the Board of Directors all necessary and appropriate powers to implement it.

To service the aforementioned Plan, the Shareholders' Meeting also resolved to carry out a split-off capital increase without consideration, pursuant to Article 2349 of the Italian Civil Code, to be executed by the deadline of December 31, 2026, for a maximum of €123,974, to be allocated entirely to share capital, and to establish, for the same amount, a specific reserve, drawn from the retained earnings reserve, named "Reserve for capital increase in service of the 2024-2026 *Stock Grant* Plan," which will remain restricted for the purpose of the free share capital increase until the final subscription deadline.

On September 28, 2021, the Company's Board of Directors, upon the proposal of the Nominating and Compensation Committee, approved the regulations of the aforementioned Plan and implemented them, identifying the beneficiaries and defining the performance objectives and related *targets* for the first allocation cycle (2021–2024), allocating a total of 145,000 *Units*.

On October 11, 2022, the Company's Board of Directors, following a positive opinion from the Nomination and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the second allocation cycle (2022–2025), allocating a total of 139,000 *Units*.

On November 7, 2023, the Company's Board of Directors, following a positive opinion from the Nominating and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the second allocation cycle (2023–2026), allocating a total of 619,000 *Units*.

With regard to the "2024-2026 *Stock Grant* Plan" reserved for Group employees, approved on May 31, 2021, by the Company's Ordinary Shareholders' Meeting, on November 7, 2024, the Board of Directors verified the achievement of the objectives assigned to the beneficiaries of the first cycle of the aforementioned Plan and consequently approved the allocation of shares to the beneficiaries in accordance with the parameters set forth in the *stock grant* plan.

On November 11, 2025, the Board of Directors verified the achievement of the objectives assigned to the beneficiaries of the second cycle of the aforementioned Plan and consequently approved the allocation of shares to the beneficiaries in accordance with the parameters set forth in the *stock grant* plan.

In addition, at the Company's Annual Shareholders' Meeting held on April 29, 2024, the following incentive plans were approved: the **"2027–2029 *Stock Grant* Plan"** (reserved for employees and consultants of the Philogen Group) and the **"2024–2026 Share Ownership Plan for Directors" (reserved for executive directors of the Philogen Group).**

The Board of Directors, meeting on November 7, 2024, following a favorable opinion from the Nominating and Compensation Committee, approved the regulations, identified the beneficiaries of the first cycle of the new plan, and defined the *performance* objectives and related *targets*.

On November 11, 2025, the Company's Board of Directors, following a positive opinion from the Nominating and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the second allocation cycle, assigning a total of 132,500 *Units*.

The characteristics of the 2027-2029 *Stock Grant* Plan and the 2024-2026 Shareholding Plan for Directors are outlined in the respective disclosure documents, which are available and can be consulted on the Company's website at (http://www.philogen.com/).

The reserve as of December 31, 2025, represents the cost accrued to date of the shares to be granted to beneficiaries relating to the third grant cycle of the **"2024-2026 *Stock Grant* Plan**," the first and second cycles of the **"2027-2029 *Stock Grant* Plan,"** and the 2025 portion of **the "2024-2026 Shareholding Plan for Directors"** (reserved for executive directors of the Philogen Group), which is a single three-year cycle.

Please refer to Note 27 of the consolidated financial statements for further information.

D. Purchases of treasury shares

On April 29, 2025, the Ordinary Shareholders' Meeting, following the revocation of the resolution authorizing the purchase and disposal of treasury shares adopted on April 29, 2024, for the unexecuted portion, authorized the Company to purchase, on one or more occasions, treasury shares, granting the Board of Directors with the power to delegate to the Chairman of the Board of Directors and/or the Vice Chairman of the Board of Directors, if appointed, and/or the Chief Executive Officer, to proceed, including through specially appointed specialized intermediaries, with the purchase of Philogen S.p.A. shares, establishing the relevant terms and the price per share, in compliance with applicable laws and regulations.

On May 6, 2025, the Board of Directors met and approved the launch of the share buyback program (the "Program") with (i) a target of up to a maximum of 250,000 ordinary shares (ii) within the limits established by Article 2357, paragraph 3 of the Italian Civil Code, (iii) for a total expenditure in any case not exceeding €5,750,000. The Program runs until October 29, 2026.

As of December 31, 2025, Philogen S.p.A. held a total of 329,897 ordinary shares (equal to 0.8123% of the share capital), having previously allocated 83,341 ordinary shares in implementation of the 2024–2026 Stock Grant Plan.

21. Employee Benefits

This item includes all pension obligations and other benefits for employees and executive directors, payable upon termination of employment or upon the fulfillment of certain requirements, and consists of provisions for severance pay for the Parent Company's employees and provisions for end-of-term severance pay for the Parent Company's executive directors.

Severance pay:

Liabilities for severance pay amounted to €1,252 thousand for the year ended December 31, 2025 (€1,142 thousand as of December 31, 2024). The changes for the years ended December 31, 2025, and December 31, 2024, are shown below:

Figures in thousands of euros	December 31 2025	December 31 2024
Balance at the beginning of the period	1,142	1,132
Uses	(86)	(219)
Provision for severance pay	191	194

Financial expenses	36	33
Actuarial gains/(losses)	(31)	1
Total employee benefits	**1,252**	**1,142**

Provisions for employee benefits represent the estimated obligation, determined using actuarial techniques, relating to the amount to be paid to employees upon termination of employment. As of December 31, 2025, and December 31, 2024, provisions for employee benefits relate to the severance pay (hereinafter "TFR") set aside and allocated to employees.

In accordance with IAS 19, the valuation of the Severance Indemnity was performed using the methodology prescribed by the recent regulations introduced by the National Order of Actuaries in conjunction with the competent bodies OIC, Assirevi, and ABI for companies with more than 50 employees.

The following are the main assumptions made for the actuarial estimation process:

Economic Assumptions	December 31 2025	December 31 2024
Annual inflation rate	2.00%	2.00%
Annual discount rate	3.37%	3.18%
Annual rate of increase in severance pay	3.00%	3.00%

Annual turnover rates and severance pay advances	December 31 December 31	December 31 2024
Advance payment frequency	2.00%	2.00%
Turnover rate	10.00%	10.00%

Demographic assumptions	December 31, 2025	December 31, 2024
Deaths	ISTAT 2022	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and sex	INPS tables broken down by age and sex
Retirement	100% upon meeting the AGO requirements adjusted in accordance with Legislative Decree No. 4/2019	100% upon meeting the AGO requirements as adjusted by Legislative Decree No. 4/2019

End-of-Term Severance Pay

The Severance Pay, provided for in the Compensation Policy approved by the Shareholders' Meeting on April 29, 2025, consists of an annual provision in favor of the Company's executive directors, equal to one-twelfth of the annual compensation net of actuarial adjustments, to be paid upon termination of service.

Liabilities for severance pay amounted to €77 thousand for the year ended December 31, 2025. The changes for the years ended December 31, 2025, and December 31, 2024, are shown below:

Figures in thousands of euros	December 31 2025	December 31 2024
Balance at the beginning of the period	152	70
Uses	(189)	-
Provision for severance pay	108	79
Financial expenses	3	3
Actuarial gains/(losses)	4	-
Total employee benefits	**77**	**152**

The actuarial valuation of the end-of-service benefits is performed using the "accrued benefits" method based on the *"Projected Unit* Credit" (PUC) approach, as required by paragraphs 67–69 of IAS 19.

The following are the key assumptions used in the actuarial valuation process:

Economic assumptions	December 31 2025	December 31 2024
Annual discount rate	2.52%	2.69%
Annual compensation adjustment rate	-	-

Demographic assumptions	December 31, 2025	December 31, 2024
Deaths	ISTAT 2022	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and sex	INPS tables broken down by age and sex
Retirement	100% upon meeting AGO requirements	100% upon meeting AGO requirements
Frequency of mandate revocation	0.00%	0.00%

22. Current and non-current financial liabilities

The following table shows the changes in current and non-current financial liabilities for the fiscal years ended December 31, 2024, and December 31, 2025:

Amounts in thousands of euros	Amount
Financial liabilities as of January 1, 2024	**2,817**
New loans	-
Financial liabilities from hedging derivatives	-
Interest liabilities on loans	(32)
Credit cards	15
Principal repayments	(2,761)
Foreign exchange effect	(2)
Financial liabilities as of December 31, 2024	**36**
New loans	-
Financial liabilities from hedging derivatives	-
Interest payable on loans	-
Credit cards	8
Principal repayments	-
Exchange rate effects	-
Financial liabilities as of December 31, 2025	**44**
Of which current	44
Of which non-current	-

Figures in thousands of euros	December 31 2025	December 31 2024
Current financial liabilities	44	37
Non-current financial liabilities	-	-
Total financial liabilities	**44**	**37**

23. Trade payables

Trade payables to suppliers amounting to €13,031 thousand as of December 31, 2025 (€9,550 thousand as of December 31, 2024) are primarily attributable to payables to clinical centers where the Group conducts clinical trials and, for the remainder, to other suppliers of services and consumables.

Figures in thousands of euros	December 31 2025	December 31 2024
Trade payables	13,031	9,550
Total trade payables	**13,031**	**9,550**

Breakdown of payables by geographic area

Figures in thousands of euros	Geographic area	
	December 31 2025	December 31 2024
Italy	3,972	3,317
European Union	3,262	3,369
Outside the European Union (USA)	4,498	1,806

Outside the European Union (other)	1,298	1,059
Total trade payables	**13,031**	**9,550**

24. Other current and non-current liabilities

The Group's other current liabilities for the fiscal year ended December 31, 2025, and December 31, 2024, are detailed below:

Amounts in thousands of euros	December 31 2025	December 31 2024
Payables to social security institutions	1,004	907
Accrued liabilities and deferred income	675	630
Other payables	2,242	1,702
Other current liabilities	**3,921**	**3,239**

Payables to social security institutions represent the amount owed to INPS and INAIL for withholdings to be paid; as of December 31, 2025, they totaled €1,004 thousand, reflecting an increase compared to the year ended December 31, 2024, in line with the rise in personnel costs (for further details on personnel costs, see Note 6 to the consolidated financial statements).

Other payables, amounting to €2,242 thousand as of December 31, 2025, relate primarily to:

- Payables to employees for wages and salaries payable, amounting to €1,818 thousand;

- Other payables of various kinds amounting to €424 thousand.

The "Accrued liabilities and deferred income," amounting to €675 thousand, are primarily attributable to the deferred income related to the Industry 4.0 tax credit certified in the 2022 fiscal year for a total of €2,586 thousand, and specifically to its accounting treatment as a capital grant linked to the depreciation period of the assets eligible for the subsidy.

For this reason, in the fiscal year ended December 31, 2025, deferrals related to Industry 4.0 are classified as current liabilities for the portion that will be recognized in the income statement by the end of fiscal year 2026, amounting to €390 thousand (€455 thousand as of December 31, 2024) and under non-current liabilities for the portion beyond the 2026 fiscal year, amounting to €717 thousand (€1,107 thousand as of December 31, 2024).

The following is a breakdown of Other non-current liabilities:

Figures in thousands of euros	December 31 2025	December 31 2024
Deferred income - non-current portion	717	1,107
Other non-current liabilities	**717**	**1,107**

Other information

25. Commitments

It should be noted that, as of both December 31, 2025, and December 31, 2024, there are no commitments not reflected in the balance sheet and financial statements.

26. Information pursuant to Article 1, paragraph 125 of Law No. 124/2017

In accordance with the provisions of Article 1, paragraph 125, of Law No. 124/2017, regarding the obligation to disclose in the notes to the financial statements any sums of money received during the fiscal year in the form of grants, contributions, paid assignments, and economic benefits of any kind from public administrations and the entities referred to in paragraph 125 of the same article, the Company certifies:

Tax credits:

Nature of the contribution	Contribution amount
Research & Development Credit 2020	**1,015**
2021 Amount Offset	232
2022 amount offset	447
2023 amount offset	336
2021 Research & Development Credit	**1,782**
2022 Amount Offset	594
2023 amount offset	594
2024 amount offset	594
Process Innovation Credit 2021	**167**
2022 Amount Offset	56
2023 amount offset	56
2024 amount offset	56
2022 Research & Development Credit	**1,812**
2023 Amount Offset	604
2024 amount offset	604
2025 amount offset	604
Process Innovation Credit 2022	**260**
2023 Amount Offset	87
2024 amount to be offset	87
Amount to be offset in 2025	87
2023 Research & Development Credit	**1,160**
2024 Amount Offset	387
2025 amount offset	387
Amount for 2026 to be offset	387
Process Innovation Credit 2023	**331**
2024 Amount Offset	110
Amount for 2025 offset	110
Amount for 2026 to be offset	110
Industry 4.0 credit for general assets, 2020	**46**
2021 Amount Offset	9
2022 amount offset	9
2023 amount offset	9
2024 amount offset	9
2025 amount offset	9
Industry 4.0 Credit 2021	**193**
2021 amount offset	193
Industry 4.0 Credit 2022	**2,586**
2022 amount offset	816
2023 amount offset	844
2024 amount offset	483
2024 amount offset	361
2025 amount offset	28
Amount for 2026 to be offset	28
Amount for 2027 to be offset	28
2024 Research & Development Credit	**3,891**
2025 Amount Offset	1,241
2025 amount to be offset	56
2025 amount to be offset	1,297
Amount to be offset in 2026	1,297

2025 Research and Development Credit	**4,687**
Amount to be offset in 2026	1,562
Amount to be offset in 2027	1,562
Amount to be offset in 2028	1,562
Total credits	**17,931**
Offset receivables	10,042
Receivables to be offset	7,890

27. Stock-based compensation plan

On May 31, 2021, the Company's Ordinary Shareholders' Meeting approved an incentive plan pursuant to Article 114-bis of the Consolidated Law on Finance (TUF) entitled "2024-2026 *Stock Grant* Plan" (hereinafter also the "Plan") reserved for Group employees, and granted the Board of Directors all necessary and appropriate powers to implement it.

In support of the aforementioned Plan, the Shareholders' Meeting also resolved to carry out a split-off capital increase without consideration, pursuant to Article 2349 of the Italian Civil Code, to be executed by the deadline of December 31, 2026, for a maximum of €123,974, to be allocated in full to share capital, and to establish, for the same amount, a specific reserve, drawn from the retained earnings reserve, named "Reserve of earnings restricted for capital increase in support of the 2024-2026 *Stock Grant* Plan," which will remain restricted for the purpose of the free share capital increase until the final subscription deadline.

Specifically:

- on September 28, 2021, the Company's Board of Directors, upon the proposal of the Nomination and Compensation Committee, approved the regulations of the aforementioned Plan and implemented them, identifying the beneficiaries and defining the performance objectives and related *targets* for the first allocation cycle (2021–2024), allocating a total of 121,000 *Units*;
- On October 11, 2022, the Company's Board of Directors, following a positive opinion from the Nomination and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the second allocation cycle (2022–2025), allocating a total of 130,000 *Units*;
- On November 7, 2023, the Company's Board of Directors, following a favorable opinion from the Nominating and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the third allocation cycle (2023–2026), allocating a total of 619,000 *Units*.

Summary of the Regulations

The Plan is divided into three cycles (2021, 2022, and 2023), each with a three-year duration, which provide for:

- the allocation to beneficiaries of a certain number of *Units* (free of charge);
- the definition, at the time of allocation, of *performance* objectives;
- a three-year *performance* period;
- the allocation of shares to beneficiaries, subject to the achievement of the *performance* targets set for the three-year period.

The Plan provides for the allocation of up to 877,286 *Units,* which entitle the holders to receive, free of charge, up to 877,286 shares, corresponding to approximately 3% of the current share capital, with reference solely to common shares. Beneficiaries receive the shares following the allocation approved by the Board of Directors at the end of the performance period for each cycle of the Plan.

At the end of each Performance Period, the Board of Directors will assess whether any threshold has been met and whether the performance objectives have been achieved, determining the number of shares to be allocated to each beneficiary. In particular, after verifying that any threshold has been met, the Board of Directors will evaluate the following:

a) achievement of corporate objectives: for each Cycle of the Plan, the allocation of shares is subject to the condition that the corporate objectives related to the Company's performance and/or the stock's performance—which will be identified by the Board of Directors for each beneficiary—are achieved, in whole or in part. The Board of Directors, after consulting

with the Nominating and Compensation Committee, verifies the achievement of corporate objectives at the end of the performance period for each Cycle of the Plan;

b) Achievement of individual objectives: In addition to the corporate objectives, the Board of Directors, after consulting with the Nominating and Compensation Committee, has established individual objectives for each beneficiary of the Plan based on criteria primarily focused on: (i) the development of the projects in which the individual beneficiary is involved; (ii) the achievement of results for such projects in accordance with the methods and timelines established by the Company and/or the Group; (iii) the obtaining of authorizations from the competent authorities in the biotechnology sector for the commercialization of products developed by the Company and/or the Group; (iv) the conclusion of commercial agreements with leading companies in the research and development sector in which the Company operates. The Board of Directors, after consulting with the Nominating and Compensation Committee, verifies the achievement of individual objectives at the end of the performance period for each Cycle of the Plan.

c) the existence of an employment relationship between the Company or the subsidiary and the beneficiary as of the date of share grant.

Individual performance objectives will be measured with reference to the specific three-year period of each Cycle, starting from the relevant grant date.

The Plan will terminate on the date coinciding with the date of allocation of the shares relating to the third Cycle.

Further information regarding the Plan is provided in the information document available on the Company's website at (http://www.philogen.com/).

Evaluation Criteria

The evaluation was conducted by considering the two performance objectives—corporate and personal—assigned to each beneficiary separately. Specifically, the corporate performance component (so-called *"market-based"*) linked to the achievement of *the gate* and the *target* for the Company's stock was estimated using stochastic simulation with the Monte Carlo method, which, based on appropriate assumptions, allowed for the definition of a substantial number of alternative scenarios over the time period considered.

With regard to individual performance objectives, based on various achievement assumptions, a probability of success estimated by the Company itself was defined.

For each option, the expected dividend yield and the annual probability of exit (representing an average value from previous years) were taken into account.

In particular, the following data were used in the *fair value* assessment as of the grant date:

Third grant cycle 2023–2026

Number of rights(*)	Grant date	Expiration date	Price on the valuation date	Annual volatility	Dividend yield	Exit rate
616,000	December 1, 2023	November 30, 2026	18.250	27.44%	0%	0%

(*) The number of shares as of December 31, 2025, is 602,000, adjusted following the annual resets of the current Stock Grant Plans to reflect changes in the probability of achieving the targets.

Overall Valuation Results

With regard to the third grant cycle, the total *fair value* amounts to €6,553 thousand as of December 31, 2025 (valuation year), of which €811 thousand relates to the subsidiary and €5,742 thousand relates to the Company. The portion attributable to the fiscal year ended December 31, 2025, amounts to €219 thousand relating to Philochem AG and €1,996 thousand relating to Philogen S.p.A.

It should be noted that during 2025, 16,000 shares were allocated to Philogen and 22,200 shares to the subsidiary Philochem AG, relating to the second cycle of the 2024-2026 *Stock Grant* Plan.

The 2027-2029 Stock Grant Plan is intended for Employees and Consultants who, in the sole and discretionary judgment of the Board of Directors, after consulting with the Nominating and Compensation Committee, hold a key role and thereby actively contribute to the Company's development. The Plan, like the previous one, is divided into three cycles (2024, 2025, and 2026), each with a three-year duration.

The Plan provides for the allocation of up to 600,000 Units, which entitle the holder to receive up to 600,000 Shares free of charge. Beneficiaries receive the Shares on the Grant Date provided that, during the Performance Period, they have achieved the assigned Performance Targets and the employment or consulting relationship remains in effect; for each Beneficiary, the Grant Letter specifies (i) the number of Units granted, (ii) the corporate performance target, (iii) the date from which the Performance Period will commence.

I° 2024–2027 grant cycle

Number of rights(*)	Grant Date	Expiration date	Price on the valuation date	Annual volatility	Dividend yield	Exit rate
118,000	November 29, 2024	November 30, 2027	19.00		0%	0%

(*) The number of rights as of December 31, 2025 is 114,000, adjusted following the annual *resets* of the current Stock Grant Plans to reflect the adjustment of the probabilities of achieving the targets.

II° 2025–2028 grant cycle

Number of rights	Grant date	Expiration date	Price on the valuation date	Annual volatility	Dividend yield	Exit rate
132,500	November 28, 2025	November 30, 2027	24.10		0%	0%

Overall valuation results

In the first orallocation cycle, the total *fair value* amounts to €1,077 thousand as of December 31, 2025 (valuation year), of which €791 thousand relates to the subsidiary and €286 thousand relates to the Company. The portion attributable to the fiscal year ended December 31, 2025, amounts to €264 thousand relating to Philochem AG and €90 thousand relating to Philogen S.p.A.

For the second 2ndgrant cycle, the total *fair value* is €1,473 thousand as of December 31, 2025 (valuation year), of which €753 thousand relates to the subsidiary and €719 thousand relates to the Company. The portion attributable to the fiscal year ended December 31, 2025, amounts to €21 thousand relating to Philochem AG and €20 thousand relating to Philogen S.p.A.

Finally**, the 2024-2026 Directors' Plan** is intended for the Company's Executive Directors.

The Plan provides for the allocation of up to 800,000 Units, which confer the right to receive up to 800,000 Shares free of charge. Beneficiaries receive the Shares on the Performance Delivery Date, provided they have achieved the assigned corporate performance target and their directorship continues.

If the Board of Directors (BoD) identifies a new Beneficiary, the BoD may—at its discretion—determine the number of Units to which such new Beneficiary is entitled on a pro-rata temporis basis, taking into account, in particular, the period during which the new Beneficiary participates in the Plan and, therefore, that such Beneficiary has not participated in the Plan since the start date.

I° Grant Cycle

Number of rights	Grant date	Expiration date	Price on the valuation date	Annual volatility	Dividend yield	Exit rate
200,000	November 8, 2024	December 31, 2026	20.50		0%	0%

IIº Allocation cycle

Number of rights	Allocation date	Expiration date	Price on valuation date	Annual volatility	Dividend yield	Exit rate
600,000	May 30, 2025	December 31, 2026	22.40		0%	0%

Overall evaluation results

The total *fair value* amounts to €14,382 thousand as of December 31, 2025 (the valuation year).

The portion attributable to the fiscal year ended December 31, 2025, amounts to €3,472 thousand.

28. Disclosure on Financial Risks

Within the scope of business risks, the main risks identified, monitored, and—as specified below—actively managed by the Group are as follows:

Credit Risk

Credit risk is the risk that a customer or one of the counterparties to a financial instrument will cause a financial loss by failing to fulfill a contractual obligation and arises primarily from the Group's trade receivables and debt securities. The carrying amount of financial assets and assets arising from contracts represents the Group's maximum exposure to credit risk.

The Group's exposure to credit risk depends primarily on the specific characteristics of each customer.

However, management also considers variables typical of the Group's customer portfolio, including the risk of insolvency in the sector and country in which customers operate. Contract assets have as their primary counterparties pharmaceutical companies and multinationals characterized by a low-risk profile.

Liquidity risk

This is the risk that the Group will have difficulty meeting the obligations associated with financial liabilities settled in cash or through another financial asset. The Group's approach to liquidity management ensures that, to the extent possible, there are always sufficient funds to meet its obligations upon maturity, both under normal conditions and during periods of financial stress, without incurring excessive costs or risking damage to its reputation.

The Group ensures that it holds cash on hand and other securities in excess of the expected cash outflows for financial liabilities (other than trade payables). In addition, the Group regularly monitors the level of expected cash inflows from trade receivables and other receivables, as well as cash outflows related to trade payables and other payables.

The following is an analysis of the maturities for trade receivables and payables and for financial liabilities as of December 31, 2025:

Amounts in thousands of euros	December 31, 2025				
	Within 90 days	90 days to 1 year	From 1 to 5 years	Over 5 years	Total

Lease liabilities	287	853	5,368	4,375	**10,883**
Financial liabilities	44	-	-	-	**44**
Trade payables	13,031	-	-	-	**13,031**
Total	**13,362**	**853**	**5,368**	**4,375**	**23,958**

Figures in thousands of euros	December 31, 2025				
	Within 90 days	From 90 days to 1 year	From 1 to 5 years	More than 5 years	Total
Trade receivables	1,269	-	-	-	**1,269**
Total	**1,269**	**-**	**-**	**-**	**1,269**

In addition, in addition to cash and cash equivalents totaling €127,200 thousand, the Group holds a portfolio of financial investments totaling €252,023 thousand as of December 31, 2025, which is readily liquidatable and can be used to meet any liquidity needs. For further information regarding the securities portfolio, please refer to Note 17 of the consolidated financial statements.

Market Risk

Market risk is the risk that the *fair value* or future cash flows of a financial instrument will fluctuate due to changes in market prices resulting from fluctuations in exchange rates, interest rates, or equity prices. The objective of market risk management is to manage and control the Group's exposure to such risk within acceptable levels while simultaneously optimizing investment returns.

Foreign exchange risk

The Group is exposed to foreign exchange risk in the case of sales, purchases, receivables, and loans denominated in a currency other than the Group's functional currency.

Production activities are limited to Italy and Switzerland; therefore, the Group is exposed to fluctuations between the euro, the Swiss franc, and the U.S. dollar, as some contracts with customers may be denominated in dollars. The reference currency is the euro; Philogen is subject to foreign exchange risk arising from the translation of the financial statements of its Swiss subsidiary Philochem AG, which affects consolidated net income and consolidated equity (translation risk). Finally, starting in 2025, following the signing of the contract with RayzeBio, the Group is exposed to exchange rate risk between the euro and the dollar, arising from the receipt of contractually agreed milestones in dollars. The Company monitors exchange rate risk in accordance with its internal policy on the matter, evaluating hedging or spot exchange transactions where deemed necessary.

During 2026, the Group continued to closely monitor the performance of the U.S. dollar and its exchange rate against the euro, taking advantage of fluctuations to manage the perceived high currency risk resulting from the receipt *of the upfront payment* under the contract with RayzeBio, which was received in dollars. As of the date of this report, the currency exposure is not significant.

For further details on financial risks, please refer to Note 28 of the consolidated financial statements and Note 30 of the separate financial statements.

For the year ended December 31, 2025, revenue from contracts with customers was primarily generated in U.S. dollars and accounted for approximately 95% of total revenue.

The following table provides a breakdown of revenue from customers by currency for the fiscal years ended December 31, 2025, and 2024:

Figures in thousands of euros	Year ended December 31			
	2025	%	2024	%
US Dollar (USD)	300,071	95%	47	0%
Euro (EUR)	13,961	4%	72,788	98%
Swiss Franc (CHF)	293	0%	1,161	2%
Total revenue from contracts with customers	**314,325**	**100%**	**73,996**	**100**

The following is an absolute value sensitivity analysis of revenue from contracts with customers resulting from a 1% change in the exchange rates of the currencies listed above for the years ended December 31, 2025, and 2024:

Data in thousands of euros in absolute terms	Year ended December 31	
	2025	2024
U.S. Dollar (USD)	3,001	0.4
Euro (EUR)	140	728
Swiss Franc (CHF)	3	12
Total effect on revenue from contracts with customers	**3,143**	**740**

The Group also incurs operating costs in foreign currencies, primarily in euros and Swiss francs, and occasionally in U.S. dollars. Minor amounts are incurred in other currencies depending on the countries where it conducts clinical trials.

The following table provides a breakdown of operating costs by currency for the fiscal years ended December 31, 2025, and 2024:

Figures in thousands of euros	Year ended December 31			
	2025	%	2024	%
U.S. Dollar (USD)	13,693	22%	1,094	3%
Euro (EUR)	37,716	60%	31,425	79%
Pounds (GBP)	56	0%	5	-
United Arab Emirates Dirham (AED)	-	-	2	-
Polish Zloty (PLN)	19	0%	8	-
Swiss Franc (CHF)	11,226	18%	7,387	21%
Indonesian Rupiah (RUP)	-	-	1	-
Total operating costs	**62,710**	**100%**	**33,961**	**100%**

The following table presents a sensitivity analysis in absolute terms of operating costs resulting from a 1% change in the exchange rates of the currencies listed above for the fiscal years ended December 31, 2025, and 2024:

Data in thousands of euros in absolute terms	Year ended December 31	
	2025	2024
U.S. Dollar (USD)	137	11
Euro (EUR)	377	314
Pounds (GBP)	1	-
United Arab Emirates Dirham (AED)	-	-
Polish Zloty (PLN)	0	-
Swiss Franc (CHF)	112	74
Total impact on operating costs	**627**	**399**

The following table summarizes the quantitative data regarding the Group's financial assets' exposure to foreign exchange risk:

Amounts in thousands of euros	December 31 2025	December 31 2024
EUR	230,522	77,970
GBP		-
RUB		-
USD	21,501	5,184
TRY		-
Total Current Financial Assets	**252,023**	**83,154**

Financial Investment Risk Management

Following careful financial planning, the Group invests the portion of its cash reserves that exceeds its ordinary cash requirements in current financial assets. Investment decisions are made based on monitoring and consultations with the research departments of the banks with which the Group works. Regular updates regarding issuers' creditworthiness, country risk, and market variables are made available to the company to enable prompt corrective action.

Based on the principles described in Note 17 "Other Current Financial Assets," to which reference is made for further details, the Group has adopted an HTCS business model. Failure to pass the SPPI Test resulted in measurement at FVTPL, while passing the SPPI Test resulted in measurement at FVTOCI.

Country Risk Management

The Company does not operate in countries characterized by economic, political, or social instability such as to result in significant direct exposure to country risk. In accordance with ESMA recommendations, published on March 14, 2022, even in the absence of direct relations with Russia, Ukraine, or other markets subject to specific restrictions, the Company continues to monitor developments in the international geopolitical and macroeconomic landscape, including indirect effects related to the ongoing conflict in Ukraine, the sanctions regime against Russia, and geopolitical and trade tensions in the Middle East, which could impact financial markets and supply chains.

29. Disclosures on Financial Instruments

Categories of financial assets and liabilities

The following tables provide a breakdown of financial assets and liabilities by category, in accordance with IFRS 9, as of December 31, 2025, and December 31, 2024.

Amounts in thousands of euros	December 31 2025	December 31 2024
Financial assets:		
Financial assets measured at amortized cost		
Trade receivables	1,269	760
Cash and cash equivalents	127,200	30,574
Other current assets	1,093	1,062
Financial assets measured at *fair value*		
Current financial assets	252,023	83,154
Total financial assets	**381,584**	**115,551**
Financial liabilities measured at amortized cost		
Non-current lease liabilities	9,719	10,473
Current financial liabilities	44	37
Current lease liabilities	1,164	1,034
Trade payables	13,031	9,550
Other current liabilities	3,921	3,239
Total financial liabilities	**27,880**	**24,334**

Given the nature of short-term financial assets and liabilities, the carrying amount is considered a reasonable approximation of *fair value* for most of these items.

Non-current financial liabilities are settled or valued at market rates and are therefore considered to have a *fair value* substantially in line with their current carrying amounts.

Fair Value Disclosure

With regard to assets and liabilities recognized in the statement of financial position and measured at *fair value*, IFRS 13 requires that these amounts be classified according to a hierarchy of levels that reflects the significance of the inputs used in determining *fair value*.

The following tables summarize the financial assets and liabilities measured at *fair value*, broken down according to the levels of the hierarchy:

Amounts in thousands of euros	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Current financial assets measured at *fair value* through in profit (loss) for the year	67,246	15,908	-	**83,154**
Total assets measured at *fair value*	**67,246**	**15,908**	**-**	**83,154**

Amounts in thousands of euros	December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Current financial assets measured at *fair value* through	221,922	30,101	-	**252,023**

in profit (loss) for the period				
Total assets measured at *fair value*	**221,922**	**30,101**	**-**	**252,023**

Financial assets classified in Level 1 of the *fair value* hierarchy refer to securities held in the portfolio relating to the bond and equity segments, as well as units of investment funds listed on regulated markets. For further details on the securities portfolio, please refer to Note 17 of the consolidated financial statements.

Level 2 of the *fair value* hierarchy includes current financial assets measured at *fair value* through profit or loss in accordance with IFRS 9, consisting of insurance investment products held by the Group to invest excess liquidity (please refer to Note 17 of the consolidated financial statements for further details on the nature of these assets).These investments represent financial assets managed by insurance companies and are valued, as of the balance sheet date, based on the NAVs (*Net Asset Values*) reported by the insurance companies, which represent the surrender value of the policies as of the balance sheet date. There were no transfers between the different levels of the *fair value* hierarchy during the periods under review.

30. Related Parties

There have been no changes to the policy regarding related parties, which is available on the Company's website at (http://www.philogen.com/).

The following is a summary of all transactions with related parties.

Period ended December 31, 2024

Amounts in thousands of euros	Related party							
	Rendo S.r.l.	Rendo AG	Nerbio S.r.l.	Strategic Executives	Directors and Board Committees	Board of Statutory Auditors	Total	Percentage of the balance sheet item
Statement of Financial Position								
Assets held under right of use	5,974	3,255	-	-	-	-	**9,229**	98%
Trade receivables	-	-	-	-	-	-	**-**	0%
Financial liabilities from operating leases	6	25	-	-	-	-	**31**	83%
Financial liabilities from non-current leases	5,831	4,602	-	-	-	-	**10,434**	100%
Employee benefits	-	-	-	-	151	-	**151**	12%
Payables to corporate bodies(*)	-	-	-	-	15	60	**75**	1%
Other current liabilities	-	-	-	-	589	-	**589**	18%
Income Statement								
Depreciation and Amortization	614	1,284	-	-	-	-	**1,898**	49%
Service costs	-	-	-	-	2,103	67	**2,170**	13%
Personnel costs	-	-	-	206	-	-	**206**	1%
Financial expenses	185	149	-	-	-	-	**335**	10%

(*) In the financial statements, payables to corporate bodies are included under the item "Trade payables"

Period ended December 31, 2025

Figures in thousands of euros	Related party							
	Rendo S.r.l.	Rendo AG	Nerbio LLC	Strategic Executives	Directors and Board Committees	Board of Statutory Auditors	Total	Percentage of the balance sheet item
Statement of Financial Position								
Assets held under right of use	5,478	3,032	-	-	-	-	**8,510**	96%
Trade receivables	-	-	-	-	-	-		
Current lease liabilities	626	332	-	-	-	-	**958**	82%
Financial liabilities from non-current leases	5,280	4,318	-	-	-	-	**9,598**	99%
Employee benefits	-	-	-	-	77	-	**77**	6%
Other current liabilities	-	-	-	-	722	-	**722**	18%
Income Statement								
Depreciation and Amortization	658	225	-	-	-	-	**914**	21%
Service costs	-	-	-	-	2,199	71	**2,270**	7%
Personnel costs	-	-	-	-	-	-	**-**	-
Financial expenses	171	149	-	-	-	-	**321**	4%

The related-party transactions described above cannot be classified as atypical or unusual, as they fall within the normal course of business of the Group companies and are conducted on arm's-length terms.

Transactions with Rendo S.r.l. and Rendo AG

With regard to transactions with Rendo S.r.l. and Rendo AG, the balances shown above primarily relate to rent payments for the following properties:

- property used as the registered office and operational headquarters of Philochem, located at Libernstrasse 3 · 8112 Otelfingen (rent paid to Rendo AG);
- the production plant in Montarioso (Siena) and the plant in Rosia (Siena), used as the administrative and operational headquarters of Philogen S.p.A. In this regard, following the Company's strong growth and expansion, it became necessary to reassess and review the company's areas and spaces in order to construct an office building within the area currently leased by Rendo S.r.l. to Philogen S.p.A. pursuant to the lease agreement entered into in May 2019.

  In this regard, the necessary permits for the construction of the building were obtained in February 2023 from the Municipality of Sovicille, and construction work on the new building commenced. The construction of the building, completed in July 2024 and fully funded by Philogen ( ), was recorded as an addition of €2,334 thousand under improvements to third-party property, in accordance with Article 1593 of the Italian Civil Code. These improvements to third-party property are amortized over the entire term of the currently existing lease agreement for the Rosia site, the duration of which remains unchanged, assuming a tacit renewal in accordance with the provisions of International Financial Reporting Standard (IFRS) 16.

  Compensation to directors, strategic executives, statutory auditors, other board committees, and the scientific committee

With regard to relationships with the Directors, Statutory Auditors, and Scientific Committee of the Group companies, these are limited to the payment of emoluments and remuneration as reported in the following tables:

i) Board of Directors

Data in thousands of euros	December 31 2025	December 31 2024
Duccio Neri – Executive Chairman	500	365
Dario Neri – CEO	600	378
Giovanni Neri – Managing Director	333	227
Sergio Gianfranco Luigi Maria Dompé – Director	30	30
Nathalie Francesca Maria Dompé – Director	30	30
Leopoldo Zambeletti Pedrotti	30	30
Marta Bavasso (*)	30	30
Chiara Falciani	21	
Patrizia Sacchi	20	
Flavia Scarpellini	20	32
Roberto Ferraresi	10	32
Guido Guidi	10	32
Maria Giovanna Calloni	10	32
Other Directors (**)	193	189
Total compensation	**1,839**	**1,375**
Cash incentive plan (***)	184	589
Severance pay (****)	107	69
Total	**2,129**	**2,033**

(*) Lead Independent Director.

(**) The item "Other directors" includes compensation related to the Board of Directors of the subsidiary (Philochem)

(***) The cost of the MBO Plan for executive directors (paragraph 4.2 of the management report) includes the final installment related to the 2024 MBO and the provision for the 2025 MBO Plan for executive directors.

(****) Termination benefits (TFM) include the TFM provision related to the appointment of executive directors (appointment by the Shareholders' Meeting on April 29, 2025).

ii) Strategic Executives

Figures in thousands of euros	December 31 2025	December 31 2024
Duccio Neri	-	31
Dario Neri	-	66
Giovanni Neri	-	109
Compensation for Strategic Executives	**-**	**206**

It should be noted that in May 2024, the strategic executives resigned as employees of the company, remaining in office as executive directors.

iii) Board of Statutory Auditors

Figures in thousands of euros	December 31 2025	December 31 2024
Stefano Mecacci – Former Chairman	-	9
Maurizio Di Marcotullio – President	31	20
Pierluigi Matteoni - Standing Auditor	20	19
Alessandra Pinzuti – Standing Auditor	20	19
Remuneration of the Board of Statutory Auditors	**71**	**67**

iv) Board committees

Figures in thousands of euros	December 31 December 31,	December 31 December 31,
Marta Bavasso	30	30
Chiara Falciani	13	
Patrizia Sacchi	13	
Roberto Ferraresi	7	20
Maria Giovanna Calloni	7	20
Remuneration of Board Committees	**70**	**70**

Control, Risk, and Sustainability Committee: Marta Bavasso (Chair), Chiara Falciani, and Patrizia Sacchi. This committee also serves as the Related Party Transactions Committee.

Compensation and Nominating Committee: Marta Bavasso (Chair), Chiara Falciani, and Patrizia Sacchi.

v) Scientific Committee

The Scientific Committee is chaired by Prof. Dario Neri and consists of a total of three members, in addition to the Chair. The Committee may engage external consultants, selected from leading figures in the scientific community and professionals with extensive experience. The other members of the Scientific Committee are Director Guido Guidi and Wolfgang Berdel and Cornelia Halin Winter, who collaborate with the Group as consultants, given their experience in scientific fields related to the Group's research area.

Accounting principles

31. Valuation Criteria

These consolidated financial statements have been prepared using the historical cost method, with the exception of financial instruments, which are measured at *fair value* at each reporting date.

These consolidated financial statements have also been prepared on a going concern basis. The Directors' assessment of this assumption takes into account the Group's current development strategies, its financial and equity position, and the

possibility of revising the timing and structure of its development strategy, as well as its ability to secure the financial resources necessary to continue its operations, including through the licensing of certain proprietary products to third parties via *out-licensing* agreements.

32. Principal accounting policies

Basis of Preparation

The consolidated financial statements consist of the mandatory financial statements required by IAS 1. All statements comply with the minimum content requirements of international accounting standards and applicable regulations established by national legislation and Consob. The financial statements used are deemed adequate for the purpose of fairly presenting the Group's financial position, results of operations, and cash flows; in particular, it is believed that the income statements reclassified by nature provide reliable and relevant information for the purpose of accurately presenting the Group's financial performance. The financial statements comprising the Financial Statements are as follows:

Consolidated Statement of Financial Position

The statement is presented by distinguishing between current and non-current assets and current and non-current liabilities, with a description in the notes for each asset and liability item of the amounts expected to be settled or recovered within or beyond 12 months from the balance sheet date.

An asset or liability is classified as current when it meets one of the following criteria:

- it is expected to be realized or settled, or is expected to be sold or used in the Group's normal operating cycle;
- it is held primarily for trading;
- it is expected to be realized or settled within 12 months of the balance sheet date.

If none of these three conditions are met, the assets/liabilities are classified as non-current.

Consolidated Income Statement

Costs are classified by nature, highlighting the interim results relating to operating profit and profit before taxes.

Consolidated Statement of Comprehensive Income

The statement includes the components that constitute the result for the period and the expenses and income recognized directly in equity for transactions other than those with shareholders.

Statement of Changes in Consolidated Equity

The statement shows the changes in equity items relating to:

- allocation of the parent company's and subsidiaries' profit for the period to minority shareholders;
- amounts relating to transactions with shareholders (purchase and sale of treasury shares);
- each item of gain or loss, net of any tax effects, which, as required by IFRS, are either recognized directly in equity (gains or losses on the sale of treasury shares, actuarial gains and losses arising from the measurement of defined benefit plans) or are offset against an equity reserve (share-based payments for incentive plans);
- changes in valuation reserves for derivative instruments hedging future cash flows, net of any tax effect.

Consolidated Statement of Cash Flows

The statement is presented using the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating receipts or payments, and items of revenue or expense related to cash flows arising from investing or financing activities.

Income and expenses related to interest, dividends received, and income taxes are included in cash flows based on the type of underlying transaction that generated them.

Cash and cash equivalents included in the cash flow statement comprise the balance sheet balances of this item as of the reporting date. Cash flows in foreign currencies have been converted at the average exchange rate for the period.

Cash equivalents are those held to meet short-term cash obligations, rather than for investment or other purposes. For an investment to be considered a cash equivalent, it must be readily convertible into a known amount of cash and must be subject to an insignificant risk of change in value.

Cash equivalents include short-term time deposits.

Consolidation Criteria

The consolidated financial statements of the Philogen Group include the financial statements for the period of Philogen S.p.A. and those of the subsidiary Philochem AG, a company incorporated under Swiss law in which the Parent Company holds control pursuant to Article 26 of Legislative Decree 127/91. The following provides a summary of the Group companies and the consolidation methods:

Company Name	Registered office	% of ownership	Currency	Consolidation method
Philogen S.p.A.	Siena – Italy	Parent company	EUR	Full
Philochem AG	Zurich – Switzerland	99.998%	CHF	Integral

Subsidiaries are those entities over which the Group exercises control, meaning that the Group is exposed to variable returns arising from its relationship with the entity, or has rights to such returns, while also having the ability to influence them by exercising its power over the entity itself. The financial statements of subsidiaries are included in the consolidated financial statements from the date the parent company begins to exercise control until the date such control ceases.

These financial statements are appropriately reclassified and adjusted to align them with the parent company's accounting principles and valuation criteria, in the event of significant differences. All Group companies close their fiscal year on December 31.

The carrying amount of equity investments in companies included in the consolidation is eliminated against the corresponding portions of the investees' equity, with individual assets and liabilities recognized at their fair value as of the acquisition date. Any resulting difference, if positive, is recorded as a non-current asset and, to the extent not fully absorbed, as goodwill; if negative, it is charged to the income statement.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for as transactions between shareholders in their capacity as shareholders.

When preparing the consolidated financial statements, the balances of intragroup transactions, as well as unrealized intragroup revenues and costs, are eliminated. Unrealized losses are eliminated in the same manner as unrealized gains, to the extent that there are no indicators of impairment.

Foreign Currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rate in effect on the transaction date.

Monetary items denominated in foreign currencies at the end of the reporting period are translated into the functional currency using the exchange rate in effect on that date. Non-monetary items measured at *fair value* in a foreign currency are translated into the functional currency using the exchange rates in effect on the date the *fair value* was determined. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate in effect on the date of the transaction. Exchange differences arising from translation are generally recognized in profit or loss for the period under financial expenses.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and *fair value* adjustments arising from the acquisition, are translated into euros using the exchange rate in effect at the end of the reporting period. Revenues and costs of foreign operations are converted into euros using the exchange rate in effect on the transaction date. Exchange differences are recognized in other comprehensive income and included in the translation reserve, except for exchange differences attributable to minority interests. When the Group disposes of an investment in a foreign operation, in whole or in part, in such a way as to lose control, significant influence, or joint control over it, the amount accumulated in the translation reserve relating to that foreign operation is reclassified to profit/(loss) for the period to adjust the profit or loss arising from the disposal.

The exchange rates used as of December 31, 2025, and December 31, 2024, for the translation of foreign currency financial and balance sheet items are summarized in the following table and refer to the subsidiary Philochem:

Exchange Rates (CHF/EUR)	2025	2024
Spot exchange rate as of December 31 (for conversion of assets and liabilities)	0.93140	0.9412
Average exchange rate for the year (for conversion of costs and revenues)	0.93712	0.9526

Revenue from contracts with customers

Revenue is measured based on the consideration specified in the contract with the customer. The Group recognizes revenue when it transfers control of the goods or services.

IFRS 15 “Revenue from Contracts with Customers” defines the criteria for recognizing and measuring revenue arising from contracts with customers. In general, IFRS 15 requires revenue to be recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services to the customer. Specifically, IFRS 15 requires revenue recognition to be based on the following 5 steps:

(i) identification of the contract with the customer;

(ii) identifying the *performance* obligations (i.e., the contractual promises to transfer goods and/or services to a customer);

(iii) determining the transaction price;

(iv) allocation of the transaction price to the identified *performance* obligations based on the stand-alone selling price of each good or service;

(v) recognition of revenue when the related *performance* obligation is satisfied.

The Group’s revenue derives primarily from licensing agreements and contracts for the performance of research and development services commissioned by customers.

With regard to contracts involving the granting of license rights to the Group’s intellectual property, the first step is to analyze whether the granting of the license right is distinguishable from other *performance obligations*. The Group recognizes separate performance obligations when:

- the customer can benefit from the good or service either on its own or in combination with other readily available resources;
- the promise to transfer an asset or service is identifiable separately from the other promises in the contract.

If it is determined that the granting of the license right is not distinguishable from the promise to transfer other goods or services, the Group accounts for the promise to grant a license and the other promised goods or services as a single performance obligation.

If, on the other hand, it is determined that the grant of the license is distinct from the promise to transfer other goods or services, the Group analyzes whether the customer obtains a right of access or a right of use of the intellectual property. The customer has a right of access to the company’s intellectual property if all of the following conditions are met:

- The contract requires, or the customer expects, the Group to perform activities that have a significant impact on the intellectual property;

- Such activities, when performed, do not transfer distinct goods or services to the customer;

- The rights arising from the license expose the customer to positive or negative effects on the Group's activities related to the intellectual property.

If the granting of the license right confers a right of access to intellectual property, revenue is recognized over the term of that right (*"over* time"). Conversely, if the license constitutes a right to use the intellectual property, the related revenue is recognized at the time such right is granted (*"at a point in* time").

The following table summarizes the main fees and related payment terms covered by the Group's license agreements:

Type of consideration	**Accounting treatment**
Up-front Fees	These represent fees received in advance upon the signing of the contract. If related to the granting of license rights, they are recognized: — *at a point in time*, if they constitute rights to use intellectual property; — *over time*, if they constitute rights of access to intellectual property. If no specific goods or services transferred to the customer are identified at the time *the up-front fee* is collected, such collection constitutes an advance payment and is recognized as revenue in the future when the *performance obligations* are satisfied (*"over* time"). The Group issues an invoice for the *up-front fee* upon signing the contract. This invoice is typically due within 30 days. The payment terms do not include trade discounts.
Commercial Options (so-called *"Commercial Option* Fees")	If the license right is separable from other performance obligations, it is recognized as a right to use intellectual property, and the related revenue is recognized *at a point in time* when such license right is granted. If the license right is not separable from other performance obligations, such payment constitutes an advance and is recognized as revenue *over time* as the *performance obligations* are satisfied. The Group issues an invoice for the *commercial option fee* upon receipt of the customer's notification of their intention to exercise said option. This invoice is typically due within 30 days. The payment terms do not include any trade discounts.
Milestones	These represent variable payments contingent upon the achievement of certain significant milestones in product development (e.g., the start of Phase III clinical trials). Upon signing the contract, management assesses whether the achievement of *the milestones* is highly probable and estimates the amount to be included in the transaction price using the *"most likely* amount" method. If it is probable that no subsequent significant reversal of revenue will occur, the value of *the milestone* is included in the transaction price. Payments linked to events that are not within the Group's control and that typically depend on obligations to be fulfilled by the counterparty (such as product approval by regulatory authorities or the completion of research phases conducted by the customer) are not considered highly probable until there is certainty that the *milestone* has been achieved (e.g., a communication from the customer or regulatory authorities). At the end of each fiscal year, management reassesses the probability of achieving all *milestones* and, if necessary, adjusts its estimate of the total transaction price. The Group issues an invoice for the *milestone* upon notification by the customer of the achievement of the objective/event. Such invoice is typically due within 30 days. Payment terms do not include trade discounts.
Royalties (based on sales)	The Group recognizes revenue from sales-based royalties only when (or as) the latest of the following events occurs: — the subsequent sale or use; and — the fulfillment (or partial fulfillment) of the performance obligation to which the sales-based royalty has been allocated, in whole or in part.

With regard to *other performance obligations* contained in the contracts (typically consisting of the performance of research and development services or the sale of GMP products), the Group recognizes the transaction price allocated to such activities *over* time as the *performance obligation* is satisfied, provided that one of the following criteria is met:

- the customer simultaneously receives and uses the benefits arising from the service performed by the Group as the Group performs it;
- the service performed by the Group creates or enhances an asset controlled by the customer as the asset is created or enhanced;
- the service does not create an asset that has an alternative use for the Group, and the Group has a enforceable right to payment for the service completed up to the date in question.

If none of the criteria listed above are met, the *performance obligation* is considered fulfilled at the time the good or service is transferred, and the related revenue is recognized *at a point in time*.

Government grants

Unrestricted government grants are recognized in profit/(loss) for the period as other income when the grant becomes receivable. Other government grants related to assets are initially recognized at *fair value* as deferred revenue if there is reasonable certainty that they will be received and that the Group will meet the conditions required for their receipt, and are then recognized in profit or loss for the period as other income on a systematic basis over the useful life of the asset to which they relate.

Government grants are presented in the balance sheet under current and non-current assets based on their potential for use.

Grants intended to offset costs incurred by the Group are recognized in profit/(loss) for the period on a systematic basis, to be matched in the same period against the costs the grant is intended to offset.

Recognition of Costs

Costs are recognized when they relate to goods and services purchased or consumed during the period or through systematic allocation in accordance with the economic and temporal accrual basis.

Financial income and expenses

Financial income and expenses are recognized on an accrual basis based on the interest accrued on the net value of the related financial assets and liabilities using the effective interest rate.

Financial expenses are recognized on an accrual basis and recorded in the income statement in the period in which they accrue.

Financial income is recognized based on the effective rate of return in accordance with the accrual principle.

Taxes

The tax expense for the period includes current and deferred taxes recognized in profit/(loss) for the period, except for those related to business combinations or items recognized directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including the accounting treatment to be applied to uncertain income taxes, are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets*, as they do not meet the definition of income taxes.

i) *Current taxes*

Current taxes include an estimate of the amount of income taxes payable or receivable, calculated on the basis of taxable income or the tax loss for the period, as well as any adjustments to taxes from prior periods. The amount of taxes payable or receivable, determined based on tax rates in effect or substantially in effect as of the end of the period, also includes the best estimate of any portion payable or receivable that is subject to uncertainty. Current taxes also include any taxes related to dividends.

Current tax assets and liabilities are offset only when certain criteria are met.

ii) Deferred Taxes

Deferred taxes are recognized with respect to temporary differences between the carrying amounts of assets and liabilities reported in the financial statements and their corresponding tax bases. Deferred taxes are not recognized for:

- temporary differences arising from the initial recognition of assets or liabilities in a transaction other than a business combination that affects neither accounting profit (or loss) nor taxable income (or tax loss);
- temporary differences related to investments in subsidiaries, associates, and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not reverse; and
- taxable temporary differences related to the initial recognition of goodwill.

Deferred tax assets are recognized for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which such assets can be utilized. Future taxable income is determined based on the reversal of the related deductible temporary differences. If the amount of taxable temporary differences is insufficient to fully recognize a deferred tax asset, future taxable income—adjusted for the reversal of existing temporary differences—as projected in the business plans of the individual Group companies is taken into account. The value of deferred tax assets is reviewed at each year-end and is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions must be reversed when the probability of achieving future taxable income increases.

Unrecognized deferred tax assets are reviewed at the end of each fiscal year and are recognized to the extent that it has become probable that the Group will generate sufficient future taxable income to utilize them.

Deferred taxes are measured using the tax rates expected to apply to temporary differences in the period in which they reverse, based on tax rates enacted or substantively enacted as of the balance sheet date, and reflect any uncertainties regarding income taxes.

The measurement of deferred taxes reflects the tax effects arising from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amount of assets and liabilities

Operating Profit

Operating income is determined by the Group's operating activities that generate recurring revenue and by other income and expenses related to operating activities. Net financial expenses and income taxes are excluded from operating income.

Earnings per share

Basic earnings per share were calculated based on net income attributable to common shareholders and the weighted average number of common shares outstanding during the period.

Diluted earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period, taking into account the effects of all potential ordinary shares with a dilutive effect. The calculation of the dilutive effect of potential ordinary shares was performed using the *treasury share method* as provided by IAS 33 .

Property, plant, and equipment

i) Recognition and Measurement

An item of property, plant, and equipment is measured at cost, including capitalized interest, net of accumulated depreciation and accumulated impairment losses.

If an item of property, plant, and equipment consists of various components with different useful lives, those components are accounted for separately (significant components).

The gain or loss arising from the disposal of an item of property, plant, and equipment is recognized in profit/(loss) for the year, under "Other income" and "Other operating expenses," respectively.

ii) Subsequent Costs

Subsequent costs are capitalized only when it is probable that the related future economic benefits will flow to the Group.

iii) Depreciation

Depreciation of an item of property, plant, and equipment is calculated to reduce the cost of that item, net of its estimated residual value, on a straight-line basis over the item's useful life. Depreciation is generally recognized in profit/(loss) for the period under "Depreciation." Land is not depreciated. Fixed assets are capitalized when the asset is in the condition necessary for it to function as intended by management.

The estimated useful lives for the current period and comparative periods are as follows:

Category	*Rate*
Buildings	3%
Plant and equipment	20%
Automated machinery	20%
Industrial and commercial equipment	15%
Passenger cars	25%
Furniture and furnishings	12%
Improvements to third-party property	8–10%

Depreciation methods, useful lives, and residual values are reviewed at the end of the period and adjusted as necessary.

Intangible assets

i) Recognition and measurement

Research and development: Research expenses are recognized in profit/(loss) for the period in which they are incurred. Development costs are capitalized only if the cost attributable to the asset during its development can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. Other development costs are recognized in profit or loss for the period as incurred. Capitalized development costs are recorded at cost, net of accumulated amortization and any accumulated impairment losses.

If all capitalization requirements are not met, the costs incurred by the Group for research and development activities are charged to the income statement in the period in which they are incurred.

Other intangible assets: other intangible assets, patents, and licenses with a finite useful life are recorded at cost, net of accumulated amortization and any accumulated impairment losses.

ii) Subsequent costs

Subsequent costs are capitalized only when they increase the expected future economic benefits attributable to the asset to which they relate. All other subsequent costs, including those related to goodwill and internally generated trademarks, are charged to profit/(loss) in the period in which they are incurred.

iii) Amortization

Amortization is recognized in profit/(loss) for the year on a straight-line basis over the estimated useful lives of the intangible assets, starting from when the asset is available for use.

The estimated useful lives for the current period and comparative periods are as follows:

Category	Average rate
Patent rights and intellectual property rights	5%
Concessions, licenses, trademarks, and similar rights	10%

Depreciation methods, useful lives, and residual values are reviewed at the end of each period and adjusted as necessary.

Right-of-use assets

At the inception of the contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if, in exchange for consideration, it transfers the right to control the use of an identified asset for a period of time. To assess whether a contract confers the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At the inception of the contract or upon modification of a contract containing a lease component, the Group allocates the contract consideration to each lease component based on its stand-alone price.

At the lease commencement date, the Group recognizes the right-of-use asset and the lease liability. The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability, adjusted for lease payments due and made on or before the commencement date, plus initial direct costs incurred and an estimate of the costs the lessee will incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site on which it is located, net of lease incentives received.

The right-of-use asset is amortized on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or, considering the cost of the right-of-use asset, it is expected that the Group will exercise the purchase option. In such a case, the right-of-use asset is amortized over the useful life of the underlying asset, determined on the same basis as that for property and equipment. Furthermore, the right-of-use asset is regularly reduced by any impairment losses and adjusted to reflect any changes arising from subsequent measurements of the lease liability.

The Group measures the lease liability at the present value of the lease payments due but not yet paid as of the commencement date, discounting them using the implicit interest rate of the lease. Where it is not possible to readily determine this rate, the Group uses the incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

The Group's incremental borrowing rate is calculated based on interest rates obtained from various external financing sources, with certain adjustments to reflect the terms of the lease and the type of leased asset.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including payments that are substantially fixed);
- variable lease payments that depend on an index or rate, initially measured using an index or rate at the commencement date;
- amounts expected to be paid as a residual value guarantee; and
- the exercise price of a purchase option that the Group has a high degree of certainty will exercise, lease payments due during an optional renewal period if the Group has a high degree of certainty will exercise the renewal option, and penalties for early termination of the lease, unless the Group has a high degree of certainty will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method and is remeasured in the event of a change in future lease payments resulting from a change in an index or rate, in the event of a change in the amount the Group expects to pay as a residual value guarantee, or when the Group revises its assessment regarding whether to exercise a purchase, extension, or termination option, or in the event of a revision of lease payments that are substantively fixed.

When the lease liability is remeasured, the lessee makes a corresponding adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the lessee recognizes the change in profit/(loss) for the period.

The Group has applied IFRS 16 using the modified retrospective application method as of January 1, 2017.

Short-term leases and leases of low-value assets

The Group has decided not to recognize assets for the right to use and lease liabilities related to low-value assets and short-term leases, including IT equipment. The Group recognizes the related lease payments as an expense on a straight-line basis over the term of the lease.

Lease-backs

If an entity transfers a specific asset to another entity and leases it back, it must determine, based on the provisions of IFRS 15, whether the transfer should be accounted for as a sale. In such a case, the lessee-seller must measure the right-of-use asset arising from the leaseback at the percentage of the asset's previous carrying amount that is transferred to the right-of-use asset retained by the lessee-seller. Consequently, the lessee-seller must recognize only the amount of gains or losses that relate to the rights transferred to the lessor-purchaser. If the *fair value* of the consideration for the sale of the asset does not equal the *fair value* of the asset, or if the lease payments are not at market rates, the entity must make the following adjustments to measure the proceeds of the sale at *fair value*: (i) terms below market rates must be accounted for as an advance payment of lease payments due, and (ii) terms above market rates must be accounted for as additional financing provided by the lessor-purchaser to the lessee-seller.

Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Purchase cost means the actual purchase price plus incidental charges. The purchase cost of materials includes, in addition to the price of the material, transportation costs, customs duties, other taxes, and other costs directly attributable to that material. Returns, trade discounts, rebates, and bonuses are deducted from costs. Production cost refers to all direct and indirect costs reasonably attributable to the product for the period of manufacture and up to the point at which the asset can be used, calculated based on normal production capacity. The realizable value based on market trends is equal to the estimated selling price of goods and finished products in the ordinary course of business, net of estimated costs to complete and direct selling costs. In determining the realizable value based on market trends, account is taken, among other things, of the obsolescence rate and inventory turnover. The cost of inventories is determined using the weighted average cost method. In the case of inventories of goods produced by the Group, the cost includes a portion of overhead expenses determined based on normal production capacity.

Financial Instruments

i) Recognition and Measurement

Trade receivables are recognized when they arise. All other financial assets and liabilities are initially recognized on the trade date, i.e., when the Group becomes a party to the financial instrument.

With the exception of trade receivables that do not contain a significant financing component, financial assets are initially measured at *fair value* plus or minus, in the case of financial assets or liabilities not measured at FVTPL, transaction costs directly attributable to the acquisition or issuance of the financial asset. Upon initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

ii) Classification and Subsequent Measurement

Financial assets:

Upon initial recognition, a financial asset is classified based on its measurement: amortized cost; *fair value* through other comprehensive income (FVOCI) – debt instrument; FVOCI – equity instrument; or *fair value* through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition, unless the Group changes its business model for managing financial assets. In that case, all affected financial assets are reclassified on the first day of the first fiscal year following the change in the business model.

A financial asset must be measured at amortized cost if both of the following conditions are met and it is not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets for the purpose of collecting the related contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows on specified dates consisting solely of payments of principal and interest on the principal amount to be repaid.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL:

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets; and
- the contractual terms of the financial asset provide for cash flows on specified dates consisting solely of payments of principal and interest on the principal amount to be repaid.

Upon initial recognition of an equity instrument not held for trading, the Group may make an irrevocable election to present subsequent changes in *fair value* in other comprehensive income. This election is made on an asset-by-asset basis.

All financial assets not classified as measured at amortized cost or at FVOCI, as indicated above, are measured at FVTPL. This includes all derivative financial instruments. Upon initial recognition, the Group may irrevocably designate the financial asset as measured at *fair value* through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise result from measuring the financial asset at amortized cost or at FVOCI.

Financial Assets: Business Model Assessment

With specific reference to the Business Model, IFRS 9 identifies three different business models, which in turn reflect the ways in which financial assets are managed:

i. "Held To Collect": a business model that includes financial assets held with the objective of realizing the contractual cash flows, retaining the financial instrument until maturity;
ii. "Held to Collect and Sell": a business model that includes financial assets held with the objective of both realizing contractual cash flows over the life of the asset and collecting proceeds from its sale;
iii. "Other": a business model that includes financial instruments not classifiable in the preceding categories, primarily consisting of financial assets held for the purpose of realizing cash flows through sale (assets held for trading).

The business model therefore represents the manner in which the Group manages its financial assets, that is, the manner in which it intends to generate cash flows from them.

The Group assesses the objective of the business model under which the financial asset is held at the portfolio level, as this best reflects how the asset is managed and the information reported to management. This information includes:

- the stated criteria and objectives of the portfolio and the practical application of those criteria, including, among other things, whether management's strategy is based on earning interest income from the contract, maintaining a specific interest rate profile, matching the duration of financial assets to that of related liabilities, or on expected cash flows or on generating cash flows through the sale of assets;
- the methods used to evaluate the portfolio's performance and the methods used to communicate performance to the Group's senior management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- the terms of compensation for the company's executives (for example, whether compensation is based on *the fair value* of the assets managed or on the contractual cash flows collected); and
- the frequency, value, and timing of sales of financial assets in prior periods, the reasons for the sales, and expectations regarding future sales.

Transfers of financial assets to third parties in transactions that do not result in derecognition are not considered sales for the purposes of evaluating the business model, consistent with the Group's continued recognition of such assets on its balance sheet.

Financial assets that meet the definition of financial assets held for trading or whose performance is evaluated based on *fair value* are measured at FVTPL.

Financial assets: assessment to determine whether contractual cash flows consist solely of principal and interest payments.

For valuation purposes, 'principal' is the *fair value* of the financial asset at initial recognition, while 'interest' represents the consideration for the time value of money, for the credit risk associated with the principal amount to be repaid over a given period of time, and for other basic risks and costs associated with the loan (for example, liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows consist solely of principal and interest payments, the Group considers the contractual terms of the instrument. Therefore, it assesses, among other things, whether the financial asset contains a contractual clause that modifies the timing or amount of the contractual cash flows such that it does not satisfy the following condition. For the purposes of this assessment, the Group considers:

- contingent events that would change the timing or amount of cash flows;
- clauses that could adjust the contractual coupon rate, including variable-rate components;
- prepayment and extension features; and
- clauses that limit the Group's claims to cash flows from specific assets (for example, non-recourse components).

The prepayment feature is consistent with the criterion of "cash flows consisting solely of principal and interest payments" when the amount of the prepayment substantially represents the unpaid principal and interest accrued on the principal amount to be repaid, which may include reasonable compensation for early termination of the contract. Furthermore, in the case of a financial asset acquired at a significant premium or discount to the contractual nominal amount, a component that permits or requires an upfront payment equal to an amount that substantially represents the contractual nominal amount plus accrued contractual interest (but unpaid) (which may include reasonable compensation for early termination of the contract) is accounted for in accordance with that criterion if the *fair value* of the prepayment element is not significant at the time of initial recognition.

Financial Assets: Subsequent Measurement and Gains and Losses

Financial assets measured at FVTPL	These assets are subsequently measured at *fair value*. Net gains and losses, including dividends or interest received, are recognized in profit or loss for the period.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost in accordance with the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss for the period, as are any gains or losses arising from derecognition.
Debt securities measured at FVOCI	These assets, provided they pass the SPPI Test, are subsequently measured at *fair value*. Interest income calculated in accordance with the effective interest method, foreign exchange gains and losses, and impairment losses are recognized in profit/(loss) for the year. Other net gains and losses are recognized in other comprehensive income. Upon derecognition, the gains or losses accumulated in other comprehensive income are reclassified to profit/(loss) for the period.
Equity securities measured at FVOCI	These assets are subsequently measured at *fair value*. Dividends are recognized in profit/(loss) for the period unless they clearly represent a recovery of part of the investment's cost or fair value. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit/(loss) for the period.

Financial liabilities: classification, subsequent measurement, and gains and losses

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified as FVTPL when it is held for trading, is a derivative, or is designated as such upon initial recognition. Financial liabilities at FVTPL are measured at *fair value*, and any changes, including interest expense, are recognized in profit or loss for the period. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains/(losses) are recognized in profit/(loss) for the period, as are any gains or losses arising from derecognition.

iii) *Accounting elimination*

Financial assets

Financial assets are derecognized when the contractual rights to the cash flows arising from them expire, when the contractual rights to receive cash flows under a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

The Group is involved in transactions that involve the transfer of assets recognized in its statement of financial position, but retains all or substantially all of the risks and rewards of the transferred asset. In such cases, the transferred assets are not derecognized.

Financial Liabilities

The Group derecognizes a financial liability when the obligation specified in the contract has been discharged or canceled, or has expired. The Group also derecognizes a financial liability in the event of a change in the related contractual terms, provided that the cash flows of the modified liability are substantially different. In such cases, a new financial liability is recognized at *fair value* based on the modified contractual terms.

The difference between the carrying amount of the extinguished financial liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss for the period.

iv) Offsetting

Financial assets and liabilities may be offset, and the resulting amount is presented in the statement of financial position if, and only if, the Group currently has a legal right to offset such amounts and intends to settle the balance on a net basis or to realize the asset and settle the liability simultaneously.

Impairment losses

i) Financial instruments and assets arising from contracts

The Group recognizes impairment allowances for expected credit losses related to:

- financial assets measured at amortized cost;
- debt securities measured at FVOCI; and
- contract assets.

The Group measures impairment allowances at an amount equal to expected losses over the entire life of the receivable, except as noted below, for the following twelve months:

- debt securities with low credit risk as of the balance sheet date; and
- other debt securities and bank accounts whose credit risk (i.e., the risk of default over the expected life of the financial instrument) has not significantly increased since initial recognition.

Allowances for trade receivables and contract assets are always measured at an amount equal to the expected losses over the entire life of the receivable.

To determine whether the credit risk associated with a financial asset has increased significantly since initial recognition for the purpose of estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analyses based on the Group's historical experience, credit assessments, and forward-looking information.

Expected credit losses on long-term assets are the expected credit losses arising from all possible defaults over the expected life of a financial instrument.

12-month expected credit losses are the expected credit losses arising from possible defaults within twelve months of the balance sheet date (or within a shorter period if the expected life of a financial instrument is less than 12 months).

The maximum period to be considered in assessing expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses (ECL) are a probability-weighted estimate of credit losses. Credit losses are the present value of all shortfalls in collections (i.e., the difference between the cash flows due to the entity under the contract and the cash flows the Group expects to receive).

ECLs are discounted using the effective interest method for the financial asset.

Non-financial assets

At each reporting date, the Group assesses whether there is objective evidence of impairment with respect to the carrying amounts of its non-financial assets, excluding investment property, inventory, contract assets, and deferred tax assets. If, based on this assessment, it appears that the assets have indeed suffered an impairment, the Group estimates their recoverable amount.

Share capital

In accordance with IAS 32, common shares and other shares issued by the Parent Company are classified as equity instruments.

Incremental costs directly attributable to the issuance of common shares are recognized as a reduction in equity. Income taxes related to the transaction costs of an equity transaction are recognized in accordance with IAS 12.

Provisions

The amount of provisions is represented by the present value of estimated expected cash flows, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee Benefits

Effective January 1, 2007, the 2007 Budget Law and its implementing decrees introduced significant changes to the rules governing severance pay (TFR), including the employee's choice regarding the allocation of accruing severance pay to supplementary pension funds or to the "Treasury Fund" managed by INPS. Consequently, the obligation to INPS and contributions to supplementary pension schemes are classified, in accordance with IAS 19, as "defined contribution plans," while the amounts allocated to severance pay retain the classification of "defined benefit plans."

The Group's net obligation arising from defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in exchange for service rendered in the current and prior periods; this benefit is discounted, and the *fair value* of any plan assets is deducted from the liabilities.

The calculation is performed by an independent actuary using the projected unit credit method. If the calculation results in a gain for the Group, the amount of the asset recognized is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future plan contributions. To determine the present value of the economic benefits, the minimum funding requirements applicable to any of the Group's plans are considered.

Actuarial gains and losses, returns on plan assets (excluding interest), and the effect of the asset ceiling (excluding any interest) arising from revaluations of the net defined benefit liability are recognized immediately in other comprehensive income. Net interest for the period on the net defined benefit liability/(asset) is calculated by applying to the net liability/(asset) the discount rate used to discount the defined benefit obligation, determined at the beginning of the period, taking into account any changes in the net defined benefit liability/(asset) that occurred during the year as a result of contributions received and benefits paid. Net interest and other costs related to defined benefit plans are instead recognized in profit/(loss) for the period.

When changes are made to a plan's benefits or when a plan is curtailed, the portion of the economic benefit relating to past service or the gain or loss arising from the curtailment is recognized in profit or loss for the period when the adjustment or curtailment occurs.

Share-based payments

The *fair value* at the grant date of incentives recognized in equity-settled share-based payment transactions granted to employees is typically recognized as an expense, with a corresponding increase in equity, over the period during which employees vest in the incentives. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the conditions of continued service and achievement of non-market performance have been met, so that the final amount recognized as an expense is based on the number of incentives that satisfy those conditions at the vesting date. In the case of incentives granted in the form of equity-based payments whose conditions are not considered vesting conditions, the *fair value* as of the grant date of the equity-based payment is measured to reflect such conditions. With respect to non-vesting conditions, any differences between the assumptions made at the grant date and the actual outcomes will have no impact on the financial statements.

The *fair value* of the amount to be paid to employees in connection with cash-settled share appreciation rights is recognized as an expense with a corresponding increase in liabilities over the period during which employees earn the unconditional right to receive the payment. The liability is measured at each reporting date and at the settlement date based on the *fair value* of the share appreciation rights. Any changes in *the fair value* of the liability are recognized in profit or loss for the period.

Fair Value Measurements

Various accounting standards and certain disclosure requirements require the Group to measure the *fair value* of financial and non-financial assets and liabilities. In measuring the *fair value* of an asset or liability, the Group uses observable market data to the extent possible. *Fair values* are categorized into various hierarchical levels based on the input data used in the valuation techniques, as illustrated below.

- *Level 1*: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- *Level 2*: Input data other than the quoted prices referred to in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- *Level 3*: input data relating to the asset or liability that are not based on observable market data.

Fair value is the price that would be received on the measurement date for the sale of an asset or paid for the transfer of a liability in an arm's-length transaction between market participants in the principal (or most advantageous) market to which the Group has access at that time. The *fair value* of a liability reflects the effect of default risk.

Where available, the Group determines the *fair value* of an instrument using the quoted price of that instrument in an active market. A market is active when transactions involving the asset or liability occur with sufficient frequency and volume to provide useful information for pricing on an ongoing basis.

In the absence of a quoted price in an active market, the Group uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would consider in estimating the transaction price.

If an asset or liability measured at *fair value* has a bid price and an ask price, the Group measures long and net asset positions at the bid price and short and net liability positions at the ask price.

The best evidence of *the fair value* of a financial instrument at the time of initial recognition is usually the transaction price (i.e., the *fair value* of the consideration given or received). If the Group notes a difference between the *fair value* at initial recognition and the transaction price, and the *fair value* is not determined either by using a quoted price in an active market for identical assets or liabilities, or by means of a valuation technique whose unobservable inputs are considered immaterial, the financial instrument is initially measured at *fair value*, adjusted to defer the difference between the *fair value* at initial recognition and the transaction price. Subsequently, this difference is recognized in profit or loss over the life of the instrument using an appropriate method, but no later than the point at which the measurement is fully supported by observable market data or the transaction is settled.

Operating Segment

IFRS 8—Operating Segments—defines an operating segment as a component:

- that involves business activities that generate revenue and costs;

- whose operating results are reviewed periodically at the highest decision-making level;

- for which separate financial information is available.

The *Chief Operating Decision Maker* ("CODM") is the Executive Chairman.

The CODM receives information, primarily from the *Chief Medical Officer* (CMO) and the *Chief Financial Officer* (CFO), regarding the progress of research programs, licensing agreements, and products, in order to monitor business performance and make the necessary decisions.

In this regard, the Company's management has identified a single business segment. The essentially homogeneous nature of the business, together with the progress of projects currently under development, does not allow for a division into multiple sectors subject to risks and benefits distinct from those of other business sectors. Furthermore, the services provided, the nature of the production processes, and the customer base by product do not allow for the Company's operations to be divided into distinct business segments. Therefore, the Company believes that, at present, financial reporting by business segment and geographic region would not provide a better representation or understanding of the business or its risks and benefits.

Changes to International Accounting Standards, Interpretations, and Amendments:

The following are the new accounting standards, interpretations, and improvements issued by the IASB and adopted as of January 1, 2025:

- Amendments to IAS 21 – Foreign Currency Transactions and Translation – (effective from January 1, 2025);

This amendment had no impact on the Group.

Accounting standards published but not yet adopted:

The following are the new accounting standards applicable to fiscal years beginning after January 1, 2025, for which early adoption is permitted. However, the Group has decided not to adopt them early for the preparation of these consolidated financial statements:

- Amendments to IFRS 9 and IFRS 7 – Amendments to the classification and measurement of financial investments (effective from January 1, 2026);

- Amendments to IFRS 9 and IFRS 7 – Contracts related to weather-dependent electricity (effective from January 1, 2026).

- IFRS 18 – Presentation and Disclosure in Financial Statements (mandatory application effective January 1, 2027);

  IFRS 18 will replace IAS 1 Presentation of Financial Statements and will apply to financial years beginning on or after January 1, 2027. The new accounting standard introduces the following changes:

  • Entities must classify all items of income and expenses into the following five categories in the statement of profit or loss: operating activities, investing activities, financing activities, discontinued operations, and income taxes. In addition, entities must present operating profit or loss, as defined by IFRS 18, as a new subtotal. Entities' profit/(loss) for the year will remain unchanged;

  • Management performance measures (MPMs) must be disclosed in a single note to the financial statements;

  • The standard provides specific guidance on how to aggregate and disaggregate information in the financial statements.

In addition, all entities must use the subtotal of operating profit as the starting point for the cash flow statement when it is presented using the indirect method.

- IFRS 19 – Subsidiaries without public accountability: disclosures (effective January 1, 2027).

- Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date to be determined)

The Group has not early adopted any standard, interpretation, or improvement that has been issued but is not yet effective.

The Group is still evaluating the potential impact of adopting the new standards listed above, but a preliminary *assessment* indicates no significant impact on the Group's consolidated financial statements.

With regard to the impact of applying the new IFRS 18 accounting standard, particularly on the structure of the Group's income statement and cash flow statement, as well as on the additional disclosures required for MPMs, the Group is evaluating the effect of how information is aggregated and disaggregated in the financial statements, including with respect to items currently classified as "other."

Disclosure pursuant to Article 149-duodecies of the Issuers' Regulations

Figures in thousands of euros Type of services	Entity that provided the service	Recipient	Notes	Total Compensation 2025
Audit	Auditor of the Parent Company	Parent Company		205,606
Other Services	i) Auditor of the Parent Company	Parent Company	1	25,512
Subtotal				**231,118**
Audit	Parent Company's Auditor Network	Subsidiaries		42,535
Subtotal				**42,535**
Total				**273,653**

1) This item refers to the certification regarding the Research & Development Credit and the verification of Net Financial Debt as of March 31 and September 30, 2025.

Certification of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended and supplemented by Legislative Decree No. 58 of February 24, 1998

The undersigned, Duccio Neri, in his capacity as Executive Chairman, and Laura Baldi, in her capacity as the Manager responsible for the preparation of the financial and corporate documents of Philogen S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

a) the adequacy in relation to the characteristics of the company and

b) the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period January 1–December 31, 2025.

It is further certified that the consolidated financial statements of the Philogen Group as of December 31, 2025:

- has been prepared in accordance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, as amended;
- correspond to the results of the books and accounting records;
- are suitable for providing a true and fair view of the financial position, results of operations, and cash flows of the Issuer and the companies included in the consolidation.

The management report includes a reliable analysis of the performance and results of operations, as well as the financial position of the Issuer and all companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Siena, March 27, 2026





Executive Chairman (Duccio Neri)

Manager responsible for the preparation of financial and corporate documents (Laura Baldi)

Financial Statements

Income Statement

Figures in Euros	Notes	2025	*Of which with related parties*	2024	*Of which with related parties*
Revenue from customer contracts	5	15,692,309	*1,705,142*	74,749,138	*761,166*
Other income	5	5,746,992		3,659,813	
Total revenue and income		**21,439,300**	***1,705,142***	**78,408,951**	***761,166***
Purchases of raw materials and supplies	6	(4,043,276)		(2,125,045)	
Costs for services	6	(25,788,786)	*(5,890,177)*	(18,397,550)	(5,184,799)
Costs for the use of third-party assets	6	(517,719)		(294,879)	
Personnel expenses	6	(12,093,518)		(10,848,649)	(206,000)
Depreciation and amortization	6	(3,723,290)	*(658,309)*	(3,371,826)	(613,823)
Other operating expenses	6	(354,918)		(411,595)	
Total operating expenses		**(46,521,506)**	***(6,548,486)***	**(35,449,544)**	**(6,004,622)**
Operating income		**(25,082,205)**	***(4,483,344)***	**42,959,407**	**(5,243,456)**
Financial income	7	4,882,867		4,022,010	
Financial expenses	7	(2,300,588)	*(438,462)*	(1,349,728)	(234,937)
Total financial income and expenses		**2,582,279**	***(438,462)***	**2,672,282**	**(234,937)**
Income from equity investments	8	251,622,464	*251,622,464*	(5,280,209)	(5,280,209)
Pre-tax profit		**229,122,538**	***246,340,658***	**40,351,480**	**(10,758,601)**
Taxes	9	558,172		4,939,422	
Net Income (Loss) for the Year		**229,680,710**	***246,340,658***	**45,290,902**	**(10,758,601)**
Earnings (Loss) per share (in Euro)	10	5.7		1.12	
Diluted earnings (loss) per share (in Euro)	10	5.7		1.12	

Statement of Comprehensive Income

Figures in Euro	Notes	2025	2024
Profit (Loss) for the period (A)		**229,680,710**	**45,290,902**
Other gains (losses) that will subsequently be reclassified to profit (loss) for the period			
Share of other comprehensive income of investees accounted for using the equity method	22	1,605,153	401,748
Gain (loss) on *cash flow hedge*	22		457,980
Tax effect	22		(127,776)
Total other income (loss) to be subsequently reclassified to net income (loss) for the year (B)		**1,605,153**	**731,952**
Other gains (losses) that will not subsequently be reclassified to profit (loss) for the period			
Gain (loss) on valuation of financial assets measured at *fair value*	22	(212,519)	111,941
Gain (loss) from actuarial valuation of employee benefits	22	26,582	(4,278)
Tax effect	22	43,588	(25,672)
Total other gains (losses) that will not be subsequently reclassified to profit (loss) for the year (C)		**96,753**	**81,991**
Total other components of comprehensive income (B+C)		**1,701,905**	**813,943**
Comprehensive income (loss) after tax (A+B+C)		**231,382,616**	**46,104,845**
Comprehensive income (loss) attributable to the shareholders of the parent company		231,382,616	46,104,845

Statement of Financial Position

Figures in Euros	Notes	December 31, 2025	*Of which with related parties*	December 31, 2024	*Of which with related parties*
ASSETS					
Property, plant, and equipment	11	14,455,122		14,191,467	
Intangible assets	12	724,355		799,315	
Right-of-use assets	13	5,787,986	*5,478,329*	6,146,294	5,974,469
Equity investments	14	254,164,652	*254,164,652*	841,465	841,465
Other non-current assets	18	4,442,363		1,626,001	
Deferred tax assets	9	8,960,581		8,467,837	
Non-current assets		**288,535,059**	***259,642,981***	**32,072,379**	**6,815,934**
Inventories	15	2,882,167		3,149,077	
Contract assets	16	2,936,634		3,261,437	
Trade receivables	17	2,974,657	*1,705,142*	1,595,232	834,054
Tax receivables	18	10,308,257		10,206,128	
Other current financial assets	19	135,541,972		83,154,174	
Other current assets	20	943,420		896,792	
Cash and cash equivalents	21	7,698,501		29,313,685	
Current assets		**163,285,608**	***1,705,142***	**131,576,525**	**834,054**
Total assets		**451,820,667**	***261,348,123***	**163,648,904**	**7,649,988**
NET EQUITY					
Capital		5,731,227		5,731,227	
Share premium reserve		92,757,690		93,127,674	
Other reserves		45,697,193		(5,492,750)	
Net income (loss) for the year		229,680,710		45,290,902	
Total equity	**22**	**373,866,820**		**138,657,053**	
Total equity	**22**	**373,866,820**		**138,657,053**	
LIABILITIES					
Employee benefits	23	1,329,550	*77,296*	1,293,438	157,833
Non-current lease liabilities	13	5,401,041	*5,279,787*	5,871,269	5,831,469
Non-current financial liabilities	24			(237,505)	
Other non-current liabilities	26	716,556		1,107,281	
Deferred tax liabilities	9	356,255		236,947	
Non-current liabilities		**7,803,402**	***5,357,083***	**8,271,430**	**5,989,303**
Current financial liabilities	24	50,044,287	*50,000,000*	274,112	
Current lease liabilities	13	831,484	*626,000*	715,013	221,560
Trade payables	25	13,993,317	*1,343,142*	10,649,399	1,323,004
Contractual liabilities	16	1,833,701		377,489	
Tax liabilities	18	240,043		2,135,432	
Other current liabilities	26	3,207,613	*721,875*	2,568,976	174,926
Current liabilities		**70,150,445**	***52,691,017***	**16,720,421**	**1,719,491**
Total liabilities		**77,953,847**	***58,048,100***	**24,991,851**	**7,708,794**
Total equity and liabilities		**451,820,667**	***58,048,100***	**163,648,904**	***7,708,794***

Statement of Changes in Shareholders' Equity

Figures in euros	Capital	Share premium reserve	Other reserves											Net income (loss) for the year	Total equity
			Retained earnings reserved for a capital increase to support the 2024-2026 Stock Grant Plan	Negative reserve for treasury shares	Legal reserve	FTA reserve	Translation reserve	Cash flow hedge reserve	Merger surplus reserve	IAS 19 reserve	Reserve from the valuation of financial assets measured at *fair value*	Share-based payment reserve	Retained earnings (losses)	Total other reserves		
Opening balances as of January 1, 2024	**5,731,227**	**99,755,435**	**(123,794)**	**(4,840,065)**	**891,916**	**(7,421,458)**	**1,663,171**	**144,553**	**448,882**	**(16,963)**	**(1,450)**	**518,584**	**-**	**(8,736,624)**	**(6,161,005)**	**90,589,030**
Allocation of prior year's net income		(6,161,005)												-	6,161,005	-
Allocation of stock grant shares		(466,756)		679,550										212,794		212,794
Dividends distributed																
Purchase of treasury stock				(26,720)										(26,720)		(26,720)
Stock Grant Plan												2,854,047		2,854,047		2,854,047
Net income for the year														-	45,290,902	45,290,902
Other comprehensive income (loss), net of tax							(207,683)	(144,553)		(7,447)	96,683			(263,000)		(263,000)
Balances as of December 31, 2024	**5,731,227**	**93,127,674**	**(123,794)**	**(4,187,235)**	**891,916**	**(7,421,458)**	**1,455,488**	**(0)**	**448,882**	**(24,410)**	**95,233**	**3,372,631**	**-**	**(5,959,503)**	**45,290,902**	**138,657,053**
Opening balances as of January 1, 2025	**5,731,227**	**93,127,674**	**(123,794)**	**(4,187,235)**	**891,916**	**(7,421,458)**	**1,455,488**	**(0)**	**448,882**	**(24,410)**	**95,233**	**3,372,631**	**-**	**(5,959,503)**	**45,290,902**	**138,657,053**
Allocation of prior year's net income					2,264,545								43,026,357	45,290,902	(45,290,902)	
Stock grant allocation		(369,984)		625,144								433,688		191,456		(178,592)
Dividends distributed																
Purchase of treasury stock				(1,836,681)										(1,836,681)		(1,836,681)
Stock Grant Plan												6,081,462		6,081,462		6,081,462
Net Income for the Year															229,680,710	229,680,710
Other comprehensive income (loss), net of tax							1,605,153			19,166	161,514			1,462,804		1,462,804
Balances as of December 31, 2025	**5,731,227**	**92,757,690**	**(123,749)**	**(5,398,773)**	**3,156,461**	**(7,421,456)**	**3,060,640**	**(0)**	**448,882**	**(5,244)**	**(66,281)**	**(5,398,773)**	**43,026,357**	**45,230,439**	**229,680,710**	**373,866,820**

Cash Flow Statement

Figures in Euros	Notes	2025	*Of which with related parties*	2024	*Of which with related parties*
Cash flows from operating activities					
Net income		229,680,710	*246,340,658*	45,290,902	*(10,758,601)*
Adjustments for:					
Depreciation and amortization of tangible and intangible assets and right-of-use assets	6	3,723,290	*658,309*	3,371,826	*613,823*
Net financial expenses/(income)	7	(2,582,279)	*438,462*	(2,672,281)	*234,937*
Provisions for employee benefits	23	298,650		273,139	
Provision for *stock grant* plans	22	6,081,462	502,890	2,854,047	262,071
Income taxes	9	(558,172)		(4,939,422)	
Write-downs/(reversals of investments)	8	(251,622,464)	*(251,622,464)*	5,280,209	*5,280,209*
Other non-cash adjustments		(1,974,734)		(879,215)	
Changes in:					
Inventories	15	266,910		(1,021,102)	
Contract assets	16	324,803		(1,911,437)	
Trade receivables	17	(1,379,425)	*(870,088)*	342,200	*(834,054)*
Contract liabilities	16	1,456,212		(88,263)	
Trade payables	25	3,343,918	100,313	1,759,378	(112,654)
Other assets and liabilities[(*)]	18, 20 26	(4,101,207)	(723,920)	(2,294,140)	(50,769)
Use of employee benefit funds	23	(275,286)		(218,997)	
Interest paid	7	(161,875)		(564,976)	
Income taxes paid	9			-	
Cash flow from operating activities (A)		**(17,479,488)**	**(5,175,840)**	**44,581,867**	**(5,365,040)**
Cash flows from investing activities					
Interest received	7	3,044,213		1,769,562	
Proceeds from the sale of property, plant, and equipment				-	
Proceeds from the sale of financial assets	19	28,567,950		25,671,136	
Purchase of property, plant, and equipment	11	(2,920,964)		(2,077,079)	
Purchase of intangible assets	12	(147,420)		(163,000)	
Purchase of other financial assets	19	(80,039,048)		(47,292,167)	
Cash flow generated/used in investing activities (B)		**(51,495,269)**		**(22,091,548)**	**-**
Cash flows from financing activities					
Proceeds from the issuance of shares	22			-	
Proceeds from the issuance of financial liabilities	24	50,000,000	50,000,000	-	
Repayments of financial liabilities	24			(7,410,666)	*(4,650,000)*
Payment of lease liabilities	13	(803,746)	*(626,112)*	(715,491)	*(553,518)*
Dividends paid				-	
Purchase of treasury stock	22	(1,836,681)		(26,720)	
Cash flow from financing activities (C)		**47,359,573**	***49,373,888***	**(8,152,877)**	***(5,203,518)***
Total cash flow (A + B + C + D)		**21,615,184**	**43,321,124**	**14,337,442**	**(10,568,558)**
Opening cash and cash equivalents	**21**	**29,313,685**		**14,976,243**	
Change in cash and cash equivalents for the year		(21,615,184)		14,337,442	
Cash and cash equivalents at end of period	**21**	**7,698,501**		**29,313,685**	

[(*)] Includes: other non-current assets, other current assets, other non-current liabilities, other current liabilities, tax payables and receivables.

Notes to the financial statements as of December 31, 202 5

Preparation Criteria

1. Introduction

Philogen S.p.A. (hereinafter the "Company") was admitted to trading on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. on March 3, 2021. More specifically, 4,061,111 shares were issued, corresponding to approximately 10% of the Company's share capital as of the trading commencement date, at a price of €17 per share.

Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 (the "EU Regulation") mandated, effective from the 2005 fiscal year, that all companies with securities admitted to trading on a regulated market prepare their financial statements in accordance with IAS/IFRS. In Italy, this matter was regulated by Legislative Decree No. 38 of February 28, 2005, which provided that companies exempt from the obligation under the EU Regulation had the option to prepare their financial statements in accordance with IAS/IFRS starting with the financial year ended December 31, 2005.

2. Entity Preparing the Financial Statements

Philogen S.p.A. is headquartered in Italy. The address of the Company's registered office is Piazza La Lizza, 7, Siena. The Company operates primarily in the integrated biotechnology sector and, in particular, in the development of advanced biopharmaceutical products for the treatment of diseases characterized by or associated with angiogenesis, based predominantly on antibody conjugates capable of achieving selective accumulation at sites where the pathology is present. Philogen holds a controlling stake of 99.998% in Philochem AG, a subsidiary based in Zurich, Switzerland, which conducts pharmaceutical research and discovers therapeutic antibodies and self-assembling chemical libraries encoded via DNA fragments.

Pursuant to paragraph 5 of Article 2497-bis of the Italian Civil Code, it is hereby disclosed that the Company is not subject to management and coordination by any other company.

3. Basis of Preparation

These financial statements have been prepared in accordance with *the International Financial Reporting Standards* (IFRS) issued by *the International Accounting Standards Board* ("IASB") and adopted by the European Union, including all *International Financial Reporting Standards* (IFRS) subject to interpretation and the interpretations *of the International Financial Reporting Interpretations Committee* (IFRIC) and the former *Standing Interpretations Committee* (SIC).

These financial statements were approved and authorized for publication by the Company's Board of Directors on March 27, 2026.

Details regarding the accounting standards adopted are provided in Note 34.

Functional and presentation currency

These financial statements are presented in euros, the Company's functional currency. Unless otherwise indicated, all amounts expressed in euros have been rounded to the nearest thousand. It should also be noted that any discrepancies found in certain tables are due to the rounding of amounts expressed in thousands of euros.

Use of Estimates and Judgments

In preparing the financial statements, management was required to make estimates and judgments that affect the application of accounting principles and the amounts of assets, liabilities, costs, and revenues recognized in the financial statements. However, it should be noted that, since these are estimates, the results obtained may not necessarily be the same as those presented in these financial statements.

These estimates and the underlying assumptions are reviewed regularly. Any changes resulting from the revision of accounting estimates are recognized prospectively.

The following is a summary of the financial statement items that, more than others, require greater judgment on the part of the Directors in preparing estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements.

— *Assessments*

The decisions made by management that have the most significant effects on the amounts recognized in the financial statements are provided in the following notes:

- Notes 5 and 35 – Recognition of revenue from contracts with customers: analysis of contracts with customers, with particular reference to the recognition of revenue from licensing and third-party-commissioned research and development activities at a specific point in time or over time, and to the identification of individual *performance obligations*.

— *Assumptions and uncertainties in estimates*

For the fiscal year ended December 31, 2024, information regarding assumptions and uncertainties in estimates that pose a significant risk of causing material changes to the carrying amounts of assets and liabilities in the financial statements of the subsequent period is provided in the following notes:

- Notes 5 and 35 - Revenue recognition: assumptions in determining the total cost of the *performance obligation* in relation to contracts with customers recognized over time;
- Note No. 35 - Valuation of financial instruments: key assumptions underlying the calculation of *fair value*;
- Note No. 35 - Determination of the discount rate: key assumptions regarding the calculation of the incremental borrowing rate (IBR), where the implicit interest rate is not available.
- Notes 9 and 35 - Recognition of deferred tax assets: availability of future taxable income against which deductible temporary differences and tax loss carryforwards can be utilized.
- Notes 13 and 14 - Impairment testing of non-current assets and equity investments: key assumptions for determining recoverable amounts;

4. Segment Reporting

For the purposes of IFRS 8, management has identified a single operating segment, “Biotechnology,” which encompasses all activities carried out by the Company and its subsidiary.

The Company operates primarily in the integrated biotechnology sector and, in particular, is engaged in the development of advanced biopharmaceutical products for the treatment of diseases characterized by or associated with angiogenesis, based primarily on antibody conjugates capable of achieving selective accumulation at sites where the pathology is present.

Details of revenue from contracts with customers by product and service type, by geographic area, and information regarding the Company’s degree of dependence on its major customers are provided in Note 5.

The *Chief Operating Decision Maker (CODM)* is the Executive Chairman.

Income Statement

5. Revenues and Income

Figures in thousands of euros	Fiscal year ended December 31	
	2025	20234
Revenue from contracts with customers	15,692	74,749
Other income	5,747	3,660
Total revenue and income	**21,439**	**78,409**

Revenue from contracts with customers

Revenue from contracts with customers primarily relates to payments for *upfront fees*, *milestones*, and/or *maintenance fees*, research and development services, as well as revenue from contract manufacturing that the Company performs under existing contracts. For the year ended December 31, 2025, revenue from contracts with customers amounted to €21,439 thousand, a decrease of €56,970 thousand compared to the previous period.

It should be noted that *partnerships* continue for Nidlegy™ and Fibromun with Sun Pharma in Europe (a marketing, licensing, and supply agreement involving milestones and royalties) and with *Merck Sharp & Dohme* (clinical collaboration in the United States). The *partnership* for Dekavil (Pfizer) and the research and development contracts for third-party GMP manufacturing also continue.

Other income amounted to €5,747 thousand for the year ended December 31, 2025, representing an increase of approximately 57% compared to the previous year. This change is primarily attributable to the income for the year related to the research and development tax credit for pharmaceuticals, calculated based on costs incurred in 2025 for this purpose.

Further details on revenue from contracts with customers are provided below.

Breakdown by type of consideration

Data in thousands of euros	Year ended December 31	
	2025	2024
Revenue from *up-front* payments and *milestones*	725	70,265
Revenue from Research and Development services	14,967	4,484
Total revenue from customer contracts	**15,692**	**74,749**

Breakdown by recognition method

Figures in thousands of euros	Fiscal year ended December 31	
	2025	2024
Revenue recognized *at a point in time*	2,578	71,020
Revenue recognized *over time*	13,114	3,729
Total revenue from contracts with customers	**15,692**	**74,749**

Breakdown by geographic area

Figures in thousands of euros	Fiscal year ended December 31	
	2025	2024
USA	-	47
European Union	13,694	72,941
Non-EU (Switzerland)	1,998	1,761
Total revenue from contracts with customers	**15,692**	**74,749**

Breakdown by product or service type

Figures in thousands of euros	Fiscal year ended December 31	
	2025	2024
Product 1	-	47

Product 2	14,967	70,218
Other research and development services	725	4,484
Total revenue from customer contracts	**15,692**	**74,749**

The following table provides details of customers that generate more than 15% of the Company's total revenue from contracts with customers, as required by IFRS 8:

Figures in thousands of euros	Fiscal year ended December 31			
	2025	%	2024	%
Client 1	725	5%	70,218	*94%*
Customer 2	1,308	8%	912	*1%*
Customer 3	11,296	72%	1,560	*2%*
Customer 4	313	2%	39	*0%*
Other customers < 10%	2,050	13%	2,058	*3%*
Total revenue from customer contracts	**15,692**	**100%**	**74,749**	***100%***

Other income

Figures in thousands of euros	Year ended December 31	
	2025	2024
Operating grants	5,255	3,199
Capital grants	391	389
Other income	101	72
Total other income	**5,747**	**3,660**

Other income relates primarily to tax credits provided for by law and, to a lesser extent, to research grants for projects co-financed by the European Community, the Region of Tuscany, and Eurostars projects. This item primarily includes the recognition of operating grants related to certain credits from which the Company benefits on an ongoing basis by virtue of the research and development activities it carries out in accordance with its articles of association.

The capital grant corresponds to the portion of the grant for the year 2025, calculated based on the depreciation rate for the period of assets that were eligible for the "Industry 4.0" incentives provided for in Law 160/2019 (the so-called 2020 Budget Law) and Law 178/2020 (the so-called 2021 Budget Law). It should be noted that investments were made in the equipment and interconnection of the new GMP facility at the Rosia (Siena) site, resulting in a total Industry 4.0 credit of €2,586 thousand.

6. Operating Costs

The following table provides a breakdown of operating costs as of December 31, 2025, and December 31, 2024:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Purchases of raw materials and supplies	4,043	2,125
Costs for services	25,789	18,398
Costs for use of third-party assets	518	295
Personnel expenses	12,094	10,849
Depreciation and amortization	3,723	3,372
Other operating expenses	355	412
Total operating expenses	**46,522**	**35,450**

Costs for purchases of raw materials and consumables

Costs for purchases of raw materials and consumables, amounting to €4,043 thousand for the year ended December 31, 2025 (€2,125 thousand in the prior year), are primarily attributable to the cost of materials used in operations, the variation

of which is linked to the production of the drug for clinical trials and to GMP production of antibodies commissioned by third parties (Siena).

Costs for services

The "Costs for services" item includes, among others, the following categories:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Costs related to Clinical Centers and CROs	9,594	7,739
Intercompany services	3,813	3,204
Utilities and general expenses	1,326	1,365
Outsourced services for research and development	2,019	1,576
Compensation for corporate officers (net of contributions)	1,986	1,338
Incentive plans for directors (*)	3,472	-
Corporate expenses and consulting fees	759	612
Management by Objectives (MBO)	722	590
Severance pay	108	69
Social security contributions on compensation for corporate officers	121	94
Other service costs	1,869	1,811
Total service costs	**25,789**	**18,398**

*Please note that, as of now, this item does not include €1,959 thousand relating to the portion of costs attributable to 2025, set aside for the current Executive Directors who, as of the date of the Units' grant, were employees of the Company. This amount is, however, still included in the costs for Cycle III of the 2024–2027 Stock Grant Plan, together with the costs for other employee beneficiaries, and is reported under the item "Personnel costs." The total costs attributable to 2025 for the Directors' Incentive Plan therefore amount to €5,431 thousand.

Service costs consist primarily of costs related to the Company's operating activities, namely costs incurred for clinical *trials* at clinical centers and costs related to outsourced research and development services. The most significant changes are:

i) The increase in costs related to clinical centers and CROs, amounting to €1,855 thousand, is attributable to higher costs incurred in the year ended December 31, 2025, compared to the previous period, due to the progress of ongoing *trials*;
ii) The increase in the item "Director Incentive Plans," amounting to €3,472 thousand, relates to the provision for costs associated with the new cycle of the 2024–2027 Stock Grant Plan for directors;
iii) The increase of €609 thousand in "Intercompany services" relates to higher costs incurred by the Company in connection with research and development activities subcontracted to the subsidiary; it should be noted that the subsidiary Philochem performs project management activities for the Parent Company's clinical trials, as well as research activities commissioned by Philogen;
iv) The increase in the "outsourcing services for R&D activities" item, amounting to €443 thousand, is primarily attributable to the GMP production of small organic molecules by the subsidiary and, to a lesser extent, to activities related to GMP contracts for third-party production;
v) The increase in MBO, linked to the compensation of executive directors, rose by €133 thousand compared to the fiscal year ended December 31, 2024, following the increase in compensation approved in May 2025 for the new powers granted to executive directors. The percentage used to calculate short-term incentives was also increased.

Costs for the use of third-party assets

Rental expenses amounted to €518 thousand for the year ended December 31, 2025, an increase of €223 thousand compared to the previous year. This item includes rental expenses, exclusively relating to leases with a term of less than twelve months and those of a minor amount (excluded from the scope of application of IFRS 16), as well as variable payments linked to incidental expenses quantified on a final basis, which are also not included in the calculation of the financial liability and the related right-of-use asset pursuant to IFRS 16. Specifically, given the increase in staff during the

reporting period, there was a rise in costs for the use of third-party assets, attributable to higher costs incurred for new corporate software/license agreements with a duration of less than one year.

Personnel Costs

The following table details the composition of personnel costs for the years ended December 31, 2025, and December 31, 2024:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Wages and Salaries	7,171	6,086
Social Security Contributions	2,134	1,745
Provision for severance pay	607	540
Personnel costs for incentive plans (*)	2,075	2,478
Executive MBOs	106	
Total personnel costs	**12,094**	**10,849**

*Please note that, as of now, this item includes €1,959 thousand relating to the portion of costs attributable to 2025 for the third cycle of the 2024–2027 Stock Grant Plan, set aside for the current Executive Directors who, as of the date of the grant of the Units, were employees of the Company.

The increase in personnel costs, amounting to €1,245 thousand, is primarily attributable to the rise in the average number of employees, as shown in the table below, and to the incentive plans approved by the Shareholders' Meeting for employees.

	December 31, 2025	December 31, 2024	Change
Average number of employees	157	138	22

For the exact number of employees as of December 31, 2025, and December 31, 2024, please refer to paragraph 15 of the management report.

For further details regarding the incentive plan, please refer to paragraph 4.2 of the management report and note 29 of the financial statements.

Depreciation and Amortization

The breakdown of the "Depreciation and Amortization" item as of December 31, 2025, and 2024 is shown below:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Amortization of intangible assets	445	354
Depreciation of property, plant, and equipment	2,421	2,246
Depreciation of right-of-use assets	857	772
Total depreciation and amortization	**3,723**	**3,372**

The increase in depreciation and amortization is primarily attributable to the item "Depreciation of property, plant, and equipment," amounting to €2,421 thousand for the fiscal year ended December 31, 2025.

Other operating expenses

The breakdown of the "Other operating expenses" item for the years ended December 31, 2025, and 2024 is shown below:

Figures in thousands of euros	Year ended December 31

	2025	2024
Taxes and duties	171	94
Entertainment expenses	43	59
Membership dues	20	17
Company vehicle costs	19	19
Other operating expenses	102	223
Total other operating expenses	**355**	**412**

Other operating costs are primarily attributable to contingent liabilities and other operating expenses and decreased by €57 thousand compared to the previous fiscal year.

7. Financial income and expenses

Financial income and expenses are composed as follows:

Figures in thousands of Euro	Year ended December 31	
	2025	2024
Financial income		
Gains on disposal of financial assets(*)	2,843	1,373
Gains from *fair value* measurement of financial assets	1,060	1,481
Interest income	201	396
Intercompany interest income	38	-
Foreign exchange gains	741	771
Financial income	**4,883**	**4,022**
Financial expenses		
Losses from the *fair value* measurement of financial assets	(449)	(112)
Losses on disposal of financial assets	(17)	(180)
Interest expense on leases	(181)	(191)
Interest expense on bank loans	(1)	(144)
Interest expense for employee benefits	(39)	(36)
Intercompany interest expense	(267)	(50)
Foreign exchange losses	(1,346)	(637)
Financial expenses	**(2,301)**	**(1,350)**
Total financial income (expenses)	**2,582**	**2,672**

(*) This item includes capital gains on disposals, coupons, and dividends received.

Net financial results for the year ended December 31, 2025, show a net profit of €2,582 thousand (€2,672 thousand for the year ended December 31, 2024), the breakdown of which is detailed in the table above.

For further details regarding the composition of the securities portfolio, please refer to Note 19 of the financial statements.

8. Income from investments

This item consists of the valuation of the subsidiary Philochem AG using the equity method. For further details on the subsidiary's financial results, please refer to Section 5 of the Management Report:

Figures in thousands of euros	Year ended December 31	
	2025	2024
Gains (losses) from equity method valuations in subsidiaries	251,622	(5,280)
Dividends from equity investments	-	-
Total income from equity investments	**251,622**	**(5,280)**

9. Taxes

The Company has provided for taxes based on the application of current tax regulations.

Current taxes refer to taxes for the current fiscal year as estimated at the time of preparing the financial statements, while current regulations require the filing of tax returns in the second half of the following fiscal year, with consequent possible adjustments to the calculation that could result in differences recognized in the following fiscal year.

Deferred taxes relate exclusively to the reversal of tax effects recognized during the transition to IAS/IFRS international accounting standards. For changes during the period, please refer to the detailed tables provided below.

The following table provides a breakdown of income taxes recorded as of December 31, 2025, and 2024:

Amounts in thousands of euros	Year ended December 31	
	2025	2024
Current taxes	120	(3,428)
Deferred taxes	439	8,367
Total taxes	**558**	**4,939**

Reconciliation of the effective tax rate

The reconciliation between the tax expense reported in the financial statements and the theoretical tax expense calculated based on the IRES rate applicable to the Company for the fiscal years ended December 31, 2025, and 2024, respectively, is presented below:

Amounts in thousands of euros	Year ended December 31	
	2025	2024
Income before taxes	229,123	40,351
Theoretical tax rate	24%	24
Theoretical IRES tax expense/benefit (A)	**54,989**	**9,684**
Adjustments for:		
Tax effect on tax incentives	(1,449)	(861)
Tax treatment of unrecognized tax losses	-	(7,232)
Tax effect from patent box relief		(1,428)
Tax effect on other increases (decreases)	6,291	132
Tax effect on income/expenses from equity investments	(60,389)	1,267
Total adjustments (B)	**(55,548)**	**(8,121**
Total effective income taxes (A+B)	**(558)**	**1,563**
Effective tax rate	***-0.2%***	***3.9%***

For further details on the tax credits available to the Company, please refer to Note 18 of the financial statements.

Changes in deferred taxes during the fiscal year

The following table provides a breakdown and movement of deferred tax assets and liabilities from January 1 to December 31, 2024, and from January 1 to December 31, 2025, whose balances arise exclusively from the transition to IAS/IFRS accounting standards:

Amounts in thousands of euros	Carrying amount as of January 1, 2024	Utilization	Accrual	Carrying amount as of December 31, 2024
Deferred tax assets				
Right-of-use assets(*)	1,672	(163)	-	1,508
Deferred taxes on prior-year losses	0	-	8,357	8,357
IAS 19 reserve - (recognized in comprehensive income)	6	-	3	9
IFRS 9 reserve - (recognized in comprehensive income)	66	(11)	45	100
Cash-flow hedge reserve (recognized in comprehensive income)	51	(50)	-	1
Total deferred tax assets	**1,795**	**(224)**	**8,405**	**9,976**
Deferred tax liabilities				
Other financial assets	6	-	-	6
Assets held under right of use(*)	1,672	(163)	-	1,508
IFRS 9 reserve - (recognized in comprehensive income)	65	(13)	77	129
Intangible assets	112	(14)	3	102
Cash flow hedge reserve (recognized in comprehensive income)	9	(9)		-
Total deferred tax liabilities	**1,864**	**(199)**	**80**	**1,746**

Amounts in thousands of euros	Book value as of January 1, 2025	Use	Acc.	Book value as of December 31, 2025
Deferred tax assets				
Right-of-use assets(*)	1,508	(154)		1,355
Deferred taxes on prior-year losses	8,357		436	8,793
IAS 19 reserve - (recognized in comprehensive income)	9	(8)	0	2
IFRS 9 reserve - (recognized in comprehensive income)	100		64	164
Cash-flow hedge reserve (recognized in comprehensive income)	1	(1)		-
Total deferred tax assets	**9,976**	**(163)**	**501**	**10,315**
Deferred tax liabilities				
Other financial assets	6			**6**
Right-of-use assets(*)	1,508	(154)		1,355
IFRS 9 reserve - (recognized in comprehensive income)	129		121	251
Intangible assets	102	(5)	3	100
Cash flow hedge reserve (recognized in comprehensive income)	-			-
Total deferred tax liabilities	**1,746**	**(159)**	**124**	**1,711**

Uncertainties regarding the accounting treatment of taxes

It should be noted that as of December 31, 2025, there are no ongoing disputes with tax authorities that could give rise to uncertainties regarding the treatment of income taxes. For further details regarding the ongoing audit by the Italian Revenue Agency initiated in March 2025, please refer to Note 4.7 “Relations with the Italian Revenue Agency.”

10. Earnings/(Loss) per Share

Basic earnings per share were calculated based on the profit attributable to holders of common shares and the weighted average number of common shares outstanding during the fiscal years ended 2025 and 2024.

Diluted earnings per share were calculated by considering the profit attributable to holders of common shares and the weighted average number of common shares outstanding during the fiscal year to account for the effects of all potential common shares with dilutive effects.

The following table presents the income and share information used to calculate basic and diluted earnings per share:

Basic and Diluted Earnings (Loss) per Share	Year ended December 31	
	2025	2024
Net income (loss) for the year – in euros (A)	299,680,710	45,290,901
Weighted average number of ordinary shares outstanding (B)	40,275,017	40,293,635
Weighted average number of potential dilutive common shares outstanding (C)	-	-
Weighted average number of outstanding stock options granted (D)	-	-
Weighted average number of shares outstanding, adjusted for dilutive effects (E=B+C+D)	40,275,017	40,293,635
Basic earnings (loss) per share - in euros (A/B*1000)	5.7	1.12
Diluted earnings (loss) per share - in Euro (A/C*1000)	5.7	1.12

(A) Net income (loss) for the year

(B) Weighted average number of ordinary shares outstanding

(D) The weighted average number of outstanding stock options, which could potentially amount to 1,397,500 thousand *Units* as of December 31, 2025, and 139,000 thousand *Units* as of December 31, 2024, was considered to be 0 for calculation purposes because, in accordance with IAS 33, as of the end of the reporting period, these instruments did not meet the necessary criteria for issuance. For further information, please refer to Note 29 of the financial statements.

Assets

11. Property, plant, and equipment

The following table shows the changes in property, plant, and equipment from January 1, 2024, to December 31, 2025:

Figures in thousands of euros	Plant and machinery	Industrial and commercial equipment	Improvements to third-party assets	Other tangible assets	Assets under construction and advance payments	Buildings and land	Total
Historical cost	7,755	10,339	275	797	1,664	2,514	23,345
Accumulated Depreciation	(2,928)	(5,335)	(65)	(538)	-	-	(8,867)
Net book value as of January 1, 2024	**4,827**	**5,004**	**211**	**259**	**1,664**	**2,514**	**14,478**
Increases	233	552	99	105	1,089	-	2,076
(Decreases)	-	(16)	-	-	-	-	(16)
Reclassifications	37	-	2,235	-	(2,272)	-	(1)
Depreciation	(1,024)	(1,118)	(103)	(104)			(2,349)
Historical cost	8,025	10,875	2,609	902	481	2,514	25,406
Accumulated Depreciation	(3,952)	(6,453)	(168)	(642)	-	-	(11,215)
Net book value as of December 31, 2024	**4,073**	**4,422**	**2,442**	**261**	**481**	**2,514**	**14,191**
Increases	188	1,314	222	104	1,093		2,921
(Decreases)	(9)	(28)		(46)			(83)
Reclassifications	1,013		350	49	(1,412)		-
Depreciation	(1,095)	(1,177)	(232)	(71)			(2,574)
Historical cost	9,217	12,161	3,182	1,009	162	2,514	28,245
Accumulated Depreciation	(5,047)	(7,630)	(400)	(712)	-	-	(13,789)
Net book value as of December 31, 2025	**4,170**	**4,531**	**2,782**	**296**	**162**	**2,514**	**14,455**

Plant and machinery show an increase of €188 thousand and primarily relate to the fitting out of laboratories and the alarm and UPS systems at the production sites instrumental to operations at the Rosia site. Furthermore, during 2025, expenses related to the revamping of the Montarioso facility and, to a lesser extent, those incurred for photovoltaic panels were reclassified under this item.

Industrial and commercial equipment shows an increase of €1,314 thousand and primarily includes the purchase cost incurred for laboratory equipment and machinery to further equip the Rosia (Siena) production unit.

Leasehold improvements, an item comprising expenses incurred for the construction of the office building at the Rosia (Siena) site, show an increase of €222 thousand, primarily attributable to expenses incurred for the creation of an open-plan office and a cafeteria in the Rosia building and, to a lesser extent, to expenses incurred for the refurbishment of the archive of the Clinical Department (Rosia). From an accounting perspective, these improvements to third-party property are amortized over the entire term of the lease agreement for the asset to which they relate. In this specific case, the useful life was estimated by assuming a tacit renewal of the current lease agreement for the Rosia site, in accordance with the provisions of International Financial Reporting Standard (IFRS) 16, and therefore the amortization process will be completed in fiscal year 2034. Please refer to the accounting policies section for specific details regarding IAS 16 and IFRS 16.

Other tangible assets consist primarily of company vehicles and furniture and fixtures. Company vehicles are partly made available for mixed use by employees, partly assigned to certain members of the Board of Directors, and partly made available to company staff.

Construction in progress relates to the construction of a parking lot for private and company use, covered with photovoltaic panels, at the Rosia site.

For further details, please refer to Note 32 regarding transactions with related parties.

The buildings and land, on the other hand, refer to the building adjacent to the company's Philogen plant located in Montarioso (Siena), purchased in August 2023.

12. Intangible Assets

The following table shows the changes in intangible assets from January 1, 2024, to December 31, 2025:

Figures in thousands of euros	Patent rights and rights to use intellectual property	Concessions, licenses, trademarks, and similar rights	Intangible assets in progress and prepayments	Total
Historical cost	1,961	538	-	2,499
Accumulated Depreciation	(1,294)	(309)	-	(1,603)
Book value as of January 1, 2024	**667**	**229**	**-**	**896**
Increases	139	24	-	163
(Decreases)	(10)	-	-	(10)
Reclassifications	-	-	-	-
Depreciation	(164)	(97)	-	(261)
Historical cost	2,091	562	-	2,663
Accumulated Depreciation	(1,458)	(406)	-	(1,864)
Book value as of December 31, 2024	**633**	**156**	**-**	**799**
Increases	109	38	-	147
(Decreases)			-	(10)
Reclassifications			-	
Amortization	(119)	(93)	-	(212)
Historical cost	2,200	601	-	2,800
Accumulated Depreciation	(1,577)	(499)	-	(2,077)
Book value as of December 31, 2025	**623**	**102**	**-**	**724**

As of December 31, 2025, the Company holds approximately 40 international patent families and over 100 valid national patents. The increases recorded in the fiscal year ended December 31, 2025, amounting to €109 thousand, relate to expenses incurred for the filing of new patent applications, their nationalization, and the granting of patents in specific countries around the world.

Concessions, licenses, and trademarks primarily include the cost of corporate software licenses. The increases recorded in the fiscal year ended December 31, 2025, amounting to €38 thousand, include the purchase of new software.

It should also be noted that there are no assets with an indefinite useful life, goodwill, or intangible assets not yet in use.

13. Right-of-use assets and lease liabilities

The main balance sheet information regarding lease agreements held by the Company, which acts exclusively as a lessee, is presented in the following tables:

Figures in thousands of euros	Real estate	Vehicles	IT services	Total
Historical cost	9,269	203	328	9,800
Accumulated Depreciation	(2,599)	(96)	(227)	(2,921)
Net book value as of January 1, 2024	**6,670**	**107**	**102**	**6,878**
Increases	40	-	-	40
(Decrements)	-	-	-	-
Depreciation	(653)	(34)	(85)	(772)
Historical cost	9,309	117	328	9,754
Accumulated Depreciation	(3,252)	(44)	(312)	(3,608)
Net book value as of December 31, 2024	**6,057**	**73**	**17**	**6,147**
Increases	79	100	320	498
(Decreases)			(48)	(48)
Depreciation	(658)	(48)	(103)	(809)
Historical cost	9,388	217	600	10,205
Accumulated Depreciation	(3,910)	(92)	(414)	(4,416)
Net book value as of December 31, 2025	**5,478**	**125**	**185**	**5,788**

Right-of-use assets as of December 31, 2025, are primarily attributable to leases for properties used by the Company for operational management. Specifically, in 2019, a functional and structural reorganization project was implemented for the Group, aimed at separating the real estate division from the operational division of the Companies. At the same time, lease agreements were entered into, resulting in the recognition of right-of-use assets and related financial liabilities in accordance with IFRS 16. The increases recognized during the 2025 fiscal year, amounting to €498 thousand, relate to contractually stipulated ISTAT adjustments to the lease payments, which were affected by the inflation rate for the period. During 2025, the Company paid approximately €800 in lease payments.

The following table shows the changes in financial liabilities for leases from January 1 to December 31, 2024, and from January 1 to December 31, 2025:

Figures in thousands of euros	
Lease liabilities as of January 1, 2024	**7,261**
Increases	40
Decreases	-
Principal repayments	(715)
Lease liabilities as of December 31, 2024	**6,586**
Increases	498
Decreases	(48)
Principal repayments	(803)
Lease liabilities as of December 31, 2025	**6,233**
Of which current	831
Of which non-current	5,401

The following table shows the reconciliation of cash outflows related to leases for the fiscal years ended 2025 and 2024:

Amounts in thousands of euros	Year ended December 31	
	2025	2024
Principal portion of real estate	626	584
Interest expense on leases (real estate)	171	185
Principal portion of car loans	47	27
Interest expense on leases (passenger cars)	3	2
Principal portion of IT services	157	86
Interest expense on leases (IT services)	7	4
Total cash outflows from *leases*	**1,011**	**887**

It should be noted that, for the purpose of determining lease liabilities and the related right-of-use assets, the Company applied a discount rate of 2.73% to leases relating to real estate, motor vehicles, and IT services.

As of December 31, 2025, the Company has not identified any indicators of impairment regarding right-of-use assets.

Impairment test

We note that, as of December 31, 2025, no factors were identified that would lead the Directors to believe that the reasons for the recognition of property, plant, and equipment, intangible assets, and right-of-use assets no longer apply; nor have any further indicators of impairment emerged that would lead the Directors to believe that there may be a reduction in the value of property, plant, and equipment, intangible assets, and right-of-use assets; consequently, it was not necessary to perform impairment tests on the carrying amount reported in the financial statements.

14. Equity Investments

The following is a summary of key information from the statutory financial statements of Philochem, Philogen's sole subsidiary:

Company	Registered office	Direct or indirect ownership interest (*)	Share capital as of December 31, 2025	Shareholders' equity as of December 31, 2025 (***)	Net income for the 2025 fiscal year (***)
Philochem AG	Switzerland	99.998% (**)	CHF 5,051,000	CHF 236,728,865	CHF 235,799,606

Company	Registered office	Direct and indirect ownership interest (*)	Share capital as of December 31, 2025	Shareholders' equity as of December 31, 2025 (***)	Net income for the 2025 fiscal year (***)
Philochem AG	Switzerland	99.998% (**)	EUR 3,501,020	EUR 254,164,552	251,622,466 EUR

(*) Philogen's equity stake in Philochem corresponds to its percentage of voting rights.
(**) Duccio Neri and Dario Neri each hold 1 share of Philochem.
(***) Data relating to the IFRS Reporting Package approved by Philochem's Board of Directors in February 2026 (for the period January 1, 2025–December 31, 2025)

The "Investments" item is composed as follows:

Data in thousands of euros	December 31, 2025	December 31, 2024
Equity Investments	254,165	841
Total equity investments	**254,165**	**841**

The following table shows the changes in the value of the investment from January 1 to December 31, 2024, and from January 1 to December 31, 2025:

Figures in thousands of euros	January 1, 2024	2024 FV *Stock Grant*	2024 Results	Translation reserve	Decreases	Dividends	December 31, 2024
Equity investments	5,738	591	(5,280)	(208)	-	-	841
Total Equity Investments	**5,738**	**591**	**(5,280)**	**(206)**	**-**	**-**	**841**

Figures in thousands of euros	January 1, 2025	2025 *Stock* Option *Grant*	2025 Results	OCI reserve	Translation reserve	Decreases	Dividends	December 31, 2025
Equity investments	841	355	251,622	260	1,345			254,165
Total Equity Investments	**841**	**355**	**251,622**	**260**	**1,345**			**254,165**

15. Inventory

The breakdown of inventory is as follows:

Figures in thousands of euros	December 31 December 31,	December 31 December 31,
Raw materials and supplies	2,882	3,149
Total inventory	**2,882**	**3,149**

Inventories of raw materials and supplies include inventory valued at the lower of cost or market value.

As of December 31, 2025, inventories, amounting to €2,882 thousand, show a decrease compared to the year ended December 31, 2024, primarily due to lower procurement of consumables used in the Company's operating activities.

16. Contract Assets and Liabilities

Assets arising from contracts relate to *performance obligations* fulfilled *over time* and are measured on a cost-to-cost basis, as they are the subject of contracts already finalized with the customer.

Contract assets are recognized as assets net of related liabilities if, based on a contract-by-contract analysis, the gross value of work performed as of the reporting date exceeds the advance payments received from customers. Conversely, if advance payments received from customers exceed the related contract assets, the excess amount is recognized as a liability.

The net balance of assets and liabilities arising from contracts is composed as follows:

Contracts with a positive net balance

Figures in thousands of euros	December 31 2025	December 31 2024
Advances received from customers	(2,081)	(1,350)
Contract assets	5,018	4,611
Assets from contracts with customers	**2,937**	**3,261**

Contracts with a negative net balance

Figures in thousands of euros	December 31 2025	December 31 2024

Advance payments received from customers	2,174	475
Revenue recognized on advance payments received	(340)	(98)
Contract liabilities to customers	**1,834**	**377**

Advances received from customers primarily relate to *up-front fees* collected in connection with *performance obligations* that the Company must fulfill in the future, which are recognized *over time* based on the progress of the related contract costs (revenue recognized on advances).

Contract assets and liabilities arise from the balance of the two items indicated above.

Contract liabilities to customers are classified as current liabilities because the Company expects to complete the *performance obligations* within the next 12 months.

17. Trade receivables

The "Trade receivables" account consists of the following:

Figures in thousands of euros	December 31 2025	December 31 2024
Accounts receivable	1,270	760
Intercompany receivables	1,705	835
Total trade receivables	**2,975**	**1,595**

As of December 31, 2025, trade receivables from customers amounted to €2,975 thousand, of which €1,705 thousand related to intercompany transactions. The parent company provides corporate services to the Swiss subsidiary.

As of the date of approval of these financial statements, the remaining balance of trade receivables outstanding as of December 31, 2025, is €333 thousand, while intercompany receivables have been fully collected.

Past-due receivables are monitored by management through periodic analysis of the main positions. The estimate of *expected credit loss* pursuant to IFRS 9 is not significant given the nature of the Company's customers, the contractual terms in place, and the timing of receivables collection. It should be noted that, in accordance with the international accounting standard IFRS 15, the recognition of revenue does not necessarily coincide with the invoicing of services if the consideration is recognized over time.

Breakdown of receivables recorded under current assets by geographic area

The following table shows the breakdown by geographic area of receivables recorded under current assets.

Data in thousands of euros	Geographic area	
	December 31 2025	December 31 2024
Italy	14	330
European Union	1,162	24
Outside the European Union (USA)	80	56
Outside the European Union (other)	13	1,185
Total trade receivables	**1,270**	**1,595**

18. Tax receivables and payables

The item “Tax receivables” is composed as follows:

Amounts in thousands of euros	December 31 2025	December 31 2024
VAT receivables	2,866	2,272
Other tax receivables	4,002	3,023
Various tax credits	3,440	4,911
Total tax credits	**10,308**	**10,206**

The item “VAT Receivables” amounts to €2,866, reflecting an increase compared to the previous fiscal year due to higher costs for purchases subject to VAT. It should be noted that the Company makes purchases primarily in Italy and sales primarily abroad; consequently, VAT receivables cannot be offset against VAT payables but are primarily used to offset other liabilities.

The item “Other tax receivables” includes IRES receivables arising from advance tax payments, foreign withholdings on license fee grants, and, to a lesser extent, receivables for withholdings on other income, interest income, and financial income.

The item “Miscellaneous tax credits” as of December 31, 2025, includes the Company’s share of tax credits that can be offset by the end of the 2026 fiscal year. The portion of these credits extending beyond the fiscal year is reclassified as non-current assets under the item “Other non-current assets.”

The following is a breakdown of credits available as of December 31, 2025

- research and development tax credit for the year 2025 in the amount of €4,687 thousand, to be offset in three equal annual installments, in accordance with applicable regulations (Article 1, paragraph 200 of Law 160 of December 27, 2019, as subsequently amended by Article 1, paragraph 1064 of Law 178 of December 30, 2020)
- research and development tax credit for the year 2024 in the amount of €2,650 thousand, to be offset in three equal annual installments, in accordance with applicable regulations (Article 1, paragraph 200 of Law No. 160 of December 27, 2019, as subsequently amended by Article 1, paragraph 1064 of Law No. 178 of December 30, 2020)
- research and development tax credit for the year 2023 in the amount of €387,000, to be offset in three equal annual installments, in accordance with applicable regulations (Article 1, paragraph 200 of Law No. 160 of December 27, 2019, as subsequently amended by Article 1, paragraph 1064 of Law No. 178 of December 30, 2020);
- 2023 technological innovation tax credit of €110 thousand, to be offset in three equal annual installments, in accordance with applicable regulations (Article 1, paragraph 200 of Law 160 of December 27, 2019, as subsequently amended by Article 1, paragraph 1064 of Law 178 of December 30, 2020);
- Industry 4.0 tax credit, relating to general assets that became operational during the fiscal year ended December 31, 2020 (Article 1, paragraphs 184 to 194 of Law 160/2019), amounting to €55 thousand (to be offset in five equal annual installments starting in fiscal year 2021);

As of December 31, 2025, the portion of the above tax credits that can be offset by December 31, 2026 amounts to €3,440 thousand, while the non-current portion, which can be offset starting in fiscal year 2027, amounts to €4,442 thousand.

Figures in thousands of euros	December 31 2025	December 31 2024
Non-current tax receivables	4,442	1,626
Other non-current assets	**4,442**	**1,626**

Please note that as of December 31, 2025, the item “Non-current tax credits” includes the portion of the research and development tax credit for pharmaceuticals that will be available for offset starting in 2027.

For further information regarding the utilization rates of these credits, please refer to Note 28.

The "Tax liabilities" item is composed as follows:

Figures in thousands of euros	December 31 2025	December 31 2024
Current income tax liabilities	-	1,865
Payables to the tax authorities for withholding taxes	240	271
Other tax liabilities	-	-
Total tax liabilities	**240**	**2,135**

The Company has estimated a current tax liability of €240 thousand for the year 2025.

19. Other current financial assets

The following table shows the analysis of changes in other current financial assets:

Amounts in thousands of euros	Other current financial assets
Carrying amounts as of January 1, 2024	**59,709**
Increases	47,292
(Decreases)	(25,652)
Gains/losses from *fair value* adjustments of financial assets	777
Accrued interest on coupons	
Change in accrued interest on coupons	1,027
Carrying amounts as of December 31, 2024	**83,154**
Increases	80,039
(Decreases)	(28,568)
Gains/losses from *fair value* adjustments	816
Pro rata Policies	101
Carrying amount as of December 31, 2025	**135,542**

The Company invests cash in excess of its ordinary needs in financial instruments, in accordance with the "Investment Management Policy" approved by the Board of Directors in May 2021 and amended in subsequent fiscal years to better respond to the new market environment.

The item "Other current financial assets" includes:

i) the balance relating to financial instruments held in the portfolio, consisting of insurance policies, equity instruments, and fund shares, held for the collection of contractual cash flows and for sale, and whose contractual terms do not provide exclusively for principal repayments and interest payments on the principal amount to be repaid (i.e., that do not exceed the so-called "SPPI test"), which have been mandatorily measured at *fair value* through profit or loss (FVTPL);

ii) the balance relating to the bond segment of the existing portfolio, which has been measured at *fair value* with no impact on profit (loss) for the period (FVTOCI) (as they pass the so-called "SPPI test").

The following table provides a breakdown of financial assets by type of instrument and accounting method:

Data in thousands of euros	December 31 2025	December 31 2024
Other financial assets (FVTPL)		
Equity	2,705	322
ETF	2,024	1,784
Certificates	10,310	5,662
Funds	13,033	4,776
Insurance investment products	30,101	15,908
Total	**58,173**	**28,452**
Other financial assets (FVOCI)		
Bonds	77,368	54,703
Total	**77,368**	**54,703**
Total other current financial assets	**135,542**	**83,154**

The table above shows the change in *asset allocation* at the end of 2025.

20. Other current assets

The item “Other current assets” consists of the following:

Figures in thousands of euros	December 31 2025	December 31 2024
Other current receivables	606	517
Other current assets	337	380
Other current assets	**943**	**897**

Other current receivables mainly relate to advances to third-party suppliers and various other receivables.

Other current assets mainly include prepaid expenses related to costs incurred in advance and recognized in the financial statements on an accrual basis.

21. Cash and cash equivalents

The breakdown of cash and cash equivalents is shown below:

Figures in thousands of euros	December 31 2025	December 31 2024
Bank and postal deposits	7,696	29,312
Cash and cash equivalents	2	2
Cash and cash equivalents	**7,699**	**29,314**

The Company holds current accounts denominated in both euros and foreign currency (USD).

Equity and liabilities

22. Shareholders' Equity

The statement of changes in shareholders’ equity as of December 31, 2025 is included in the financial statements section.

As previously noted in the introduction, on March 3, 2021, the Company was admitted to trading on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. More specifically, 4,061,111 shares were issued, corresponding to approximately 10% of the share capital as of the trading start date, at a price of €17 each.

A. Share Capital and Shares

The shares issued by the Company represent the entire share capital of €5,731,226.64, which consists of 40,611,111 shares. The categories of shares held are as follows:

Share Categories	December 31, 2025
Common shares (listed on the EXM market)	29,242,861
Special multiple-voting shares (Class B)	11,368,250
Total	**40,611,111**

The Company has not issued dividend-bearing shares.

The main characteristics of the share classes listed above are set forth below.

Common shares

Common shares are registered, indivisible, freely transferable, and confer equal rights on their holders. In particular, each common share entitles the holder to one vote at the Company's ordinary and extraordinary shareholders' meetings, as well as other property and administrative rights in accordance with the Articles of Association and applicable law.

Multiple-voting shares

Multiple-vote shares confer the same rights and obligations as ordinary shares and have the following characteristics:

d) they confer a voting right at the shareholders' meeting equal to 3 votes;
e) they are automatically converted into Common Shares at a ratio of one Common Share for each Multiple-Voting Share (without the need for resolutions by either the special meeting of shareholders holding Multiple-Voting Shares or the Company's general meeting) in the event of a change of control of the Company or the transfer of Multiple-Voting Shares to parties who do not already hold Multiple-Voting Shares
f) may be converted, in whole or in part, even in multiple *tranches,* into Common Shares upon simple request by the holder thereof, to be sent to the Chairman of the Board of Directors and copied to the Chairman of the Board of Statutory Auditors, at a ratio of one Common Share for each Multiple-Voting Share.

B. Nature and Purpose of Reserves

The following table shows the composition of shareholders' equity, indicating the nature and purpose of the reserves:

Figures in thousands of euros	Nature	Availability for use	December 31, 2025	December 31, 2024
Capital			5,731	5,731
Treasury stock reserve (*)			(5,399)	(4,187)
Share premium reserve	Capital	A, B, C	92,758	93,128
Legal reserve	Retained earnings	A, B	3,156	892
FTA reserve	Retained earnings	A, B	(7,421)	(7,421)
Reserve from merger surplus	Capital	A, B	449	449
Actuarial gains/losses reserve	Gains	A, B	(5)	(24)
Cash-flow hedge reserve	Earnings	A, B	-	-
Financial instrument valuation reserve	Gains	A, B	(66)	95
Translation reserve	Retained earnings	A, B	3,061	1,455
Share-based payment reserve (***)	Earnings	A	9,020	3,373
Restricted reserve for 2024-2026 *stock grants* (**)	Profit	A	(124)	(124)
Retained earnings (losses)	Retained earnings	A, B, C	43,026	-
Net income (loss) for the year			229,681	45,291
Shareholders' equity			**373,867**	**138,657**

(*) The Negative Treasury Stock Reserve includes the value of shares purchased by the Company in accordance with the share repurchase program approved by the Board of Directors on November 24, 2021.

(**) The reserve for profits restricted to the free and divisible capital increase in support of the 2024-2026 *Stock Grant* Plan. The reserve will remain restricted to the plan until the final subscription deadline, December 31, 2026.

(***) The Reserve for Share-Based Payments includes the fair value of the shares granted under the 2024-2026 *Stock Grant* Plan, Third Cycle, and the 2027-2029 Stock Grant Plan for the First and Second Cycles, as well as those granted under the Stock Grant Plan for directors. For further details on the *Stock Grant* Plan, please refer to Note 29.

Legend:

A) For capital increase
B) To cover losses
C) For distribution to shareholders

C. Share-based incentive plan

On May 31, 2021, the Company's Ordinary Shareholders' Meeting approved an incentive plan pursuant to Article 114-bis of the Consolidated Law on Finance (TUF) titled **"2024-2026 *Stock Grant* Plan"** reserved for Group employees and granted the Board of Directors all necessary and appropriate powers to implement it.

To service the aforementioned Plan, the Shareholders' Meeting also resolved to carry out a split-off capital increase without consideration, pursuant to Article 2349 of the Italian Civil Code, to be executed by the deadline of December 31, 2026, for a maximum of €123,974, to be allocated entirely to share capital, and to establish, for the same amount, a specific reserve, drawn from the retained earnings reserve, named "Reserve for capital increase in service of the 2024-2026 *Stock Grant* Plan," which will remain restricted for the purpose of the free share capital increase until the final subscription deadline.

On September 28, 2021, the Company's Board of Directors, upon the proposal of the Nominating and Compensation Committee, approved the regulations of the aforementioned Plan and implemented them, identifying the beneficiaries and defining the performance objectives and related *targets* for the first allocation cycle (2021–2024), allocating a total of 145,000 *Units*.

On October 11, 2022, the Company's Board of Directors, following a favorable recommendation from the Nominating and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the second award cycle (2022–2025), granting a total of 139,000 *Units*.

On November 7, 2023, the Company's Board of Directors, following a favorable opinion from the Nominating and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the second grant cycle (2023–2026), allocating a total of 619,000 *Units*.

With regard to the "2024-2026 *Stock Grant* Plan" reserved for Group employees, approved on May 31, 2021, by the Company's Ordinary Shareholders' Meeting, on November 7, 2024, the Board of Directors verified the achievement of the objectives assigned to the beneficiaries of the first cycle of the aforementioned Plan and consequently approved the allocation of shares to the beneficiaries in accordance with the parameters set forth in the *stock grant* plan.

On November 11, 2025, the Board of Directors verified the achievement of the objectives assigned to the beneficiaries of the second cycle of the aforementioned Plan and consequently approved the allocation of shares to the beneficiaries in accordance with the parameters set forth in the *stock grant* plan.

Furthermore, at the Company's Ordinary Shareholders' Meeting on April 29, 2024, the following incentive plans were approved: the **"2027–2029 *Stock Grant*** Plan" (reserved for employees and consultants of the Philogen Group) and the **"2024–2026 Shareholding Plan for Directors" (reserved for executive directors of the Philogen Group).**

The Board of Directors, meeting on November 7, 2024, following a favorable opinion from the Nominating and Compensation Committee, approved the regulations, identified the beneficiaries of the first cycle of the new plan, and defined the *performance* objectives and related *targets*.

On November 11, 2025, the Company's Board of Directors, following a positive opinion from the Nominating and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the second allocation cycle, assigning a total of 132,500 *Units*.

The characteristics of the 2027-2029 *Stock Grant* Plan and the 2024-2026 Shareholding Plan for Directors are outlined in the respective information documents available for review on the Company's website at (http://www.philogen.com/).

The reserve as of December 31, 2025, represents the cost accrued to date of the shares to be granted to beneficiaries relating to the third grant cycle of the **"2024-2026 *Stock Grant* Plan**," the first and second cycles of the **"2027-2029 *Stock Grant* Plan,"** and the 2025 portion of **the "2024-2026 Shareholding Plan for Directors"** (reserved for executive directors of the Philogen Group), which is a single three-year cycle.

Please refer to Note 29 of the financial statements for further information.

D. Purchases of treasury shares

On April 29, 2025, the Ordinary Shareholders' Meeting, following the revocation of the resolution authorizing the purchase and disposal of treasury shares adopted on April 29, 2024, with respect to the unexecuted portion, authorized the Company to purchase, on one or more occasions, treasury shares, and granted a mandate to the Board of Directors, with the power to delegate to the Chairman of the Board of Directors and/or the Vice Chairman of the Board of Directors, if appointed, and/or the Chief Executive Officer, to proceed, including through specially appointed specialized intermediaries, with the purchase of Philogen S.p.A. shares, establishing the relevant terms and the price per share, in compliance with applicable laws and regulations.

On May 6, 2025, the Board of Directors met and approved the launch of the share buyback program (the "Program") with (i) a target of up to a maximum of 250,000 ordinary shares (ii) within the limits established by Article 2357, paragraph 3 of the Italian Civil Code, (iii) for a total expenditure in any case not exceeding €5,750,000. The Program runs until October 29, 2026.

As of December 31, 2025, Philogen S.p.A. held a total of 329,897 ordinary shares (equal to 0.8123% of the share capital), having previously allocated 83,341 ordinary shares in implementation of the 2024–2026 Stock Grant Plan.

23. Employee Benefits

This item includes all pension obligations and other benefits for employees and executive directors, payable upon termination of employment or upon the fulfillment of certain requirements, and consists of provisions for severance pay for employees and provisions for end-of-term severance pay for the Company's executive directors.

Severance pay:

Liabilities for severance pay amounted to €1,252 thousand for the year ended December 31, 2025 (€1,142 thousand as of December 31, 2024). The changes for the years ended December 31, 2025, and December 31, 2024, are shown below:

Figures in thousands of euros	December 31 2025	December 31 2024
Balance at the beginning of the period	1,142	1,133
Uses	(86)	(219)
Provision for severance pay	191	194
Financial expenses	36	33
Actuarial gains/(losses)	(31)	1
Total employee benefits	**1,252**	**1,142**

Provisions for personnel represent the estimated liability, determined using actuarial techniques, relating to the amount to be paid to employees upon termination of employment.

In accordance with IAS 19, the valuation of the severance pay was performed using the methodology prescribed by the recent regulations introduced by the National Order of Actuaries in conjunction with the competent bodies OIC, Assirevi, and ABI for companies with more than 50 employees.

The following are the main assumptions used in the actuarial estimation process:

Economic Hiring	December 31 December 31	December 31 2024
Annual inflation rate	2.00%	2.00%
Annual discount rate	3.37%	3.18%
Annual rate of increase in severance pay	3.00%	3.00%

Annual turnover rates and severance pay advances	December 31 December 31	December 31 2024
Advance payment frequency	2.00%	2.00%
Turnover rate	10.00%	10.00%

Demographic assumptions	December 31, 2025	December 31, 2025
Deaths	ISTAT 2022	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and sex	INPS tables broken down by age and sex
Retirement	100% upon meeting the AGO requirements adjusted in accordance with Legislative Decree No. 4/2019	100% upon meeting the AGO requirements as adjusted by Legislative Decree No. 4/2019

End-of-Term Severance Pay

The Severance Pay, provided for in the Compensation Policy approved by the Shareholders' Meeting on April 29, 2025, consists of an annual provision in favor of the Company's executive directors, equal to one-twelfth of the annual compensation net of actuarial adjustments, to be paid upon termination of service.

Liabilities for severance pay amounted to €77 thousand for the year ended December 31, 2025 (€152 thousand as of December 31, 2024). The changes for the years ended December 31, 2025, and December 31, 2024, are shown below:

Figures in thousands of euros	December 31 2025	December 31 2024
Balance at the beginning of the period	152	70
Uses	(189)	-
Provision for severance pay	108	79
Financial expenses	3	3
Actuarial gains/(losses)	4	0
Total employee benefits	**77**	**152**

The actuarial valuation of the Severance Indemnity is performed using the "accrued benefits" method based on the *"Projected Unit* Credit" (PUC) approach, as required by paragraphs 67–69 of IAS 19.

The following are the main assumptions used in the actuarial valuation process:

Economic assumptions	December 31 2025	December 31 2024
Annual discount rate	2.52%	2.69%
Annual compensation adjustment rate	-	-

Demographic assumptions	December 31, 2025	December 31, 2024
Deaths	ISTAT 2022	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and sex	INPS tables broken down by age and sex
Retirement	100% upon meeting AGO requirements	100% upon meeting AGO requirements
Frequency of mandate revocation	0.00%	0.00%

24. Current and non-current financial liabilities

The following tables show the changes in current and non-current financial liabilities during the 2024 and 2025 fiscal years:

Amounts in thousands of euros	Financial Financial
Financial liabilities as of January 1, 2024	**7,465**
New medium/long-term loans taken out	-
Financial liabilities from hedging derivatives (MtM)	-
Liabilities for accrued interest on loans	(32)

Credit cards	15
(Repayment of principal)	(2,761)
(Repayment of *intercompany* loan)	(4,650)
Financial liabilities as of December 31, 2024	**37**
New medium/long-term loans	-
Financial liabilities from hedging derivatives (MtM)	-
Liabilities for accrued interest on loans	-
Credit cards	7
Intercompany financing initiated	50,000
(Repayment of principal)	-
(Repayment of *intercompany* loan)	-
Financial liabilities as of December 31, 2025	**50,044**
Of which current	50,044
Of which non-current	-

Figures in thousands of euros	December 31 2025	December 31 2024
Current financial liabilities	50,044	37
Non-current financial liabilities	-	-
Total financial liabilities	**50,044**	**37**

In October 2025, following the receipt of *the upfront payment* arising from the agreement entered into between the subsidiary Philochem AG and RayzeBio, the subsidiary granted an intercompany loan to Philogen S.p.A. in the amount of €50,000 thousand, repayable *on demand* 12 months after the date of execution at the subsidiary's request, and bearing a fixed annual interest rate of 2.5%.

25. Trade Payables

Trade payables to suppliers amounting to €13,993 thousand as of December 31, 2025 (€10,649 thousand as of December 31, 2024) are primarily attributable to payables to medical institutions where the Company conducts clinical *trials*, to payables to the subsidiary Philochem AG, and, for the remainder, to other suppliers of services and consumables.

Figures in thousands of euros	December 31 2025	December 31 2024
Payables to third parties	12,650	9,407
Intercompany payables	1,343	1,243
Total trade payables	**13,993**	**10,649**

Breakdown of payables by geographic area

Figures in thousands of euros	Geographic area	
	December 31 2025	December 31 2024
Italy	3,972	3,317
European Union	3,183	3,319
Outside the European Union (USA)	4,498	1,783
Outside the European Union (other)	996	2,231
Total trade payables	**12,650**	**10,649**

26. Other current and non-current liabilities

The Company's other current liabilities as of December 31, 2025, and December 31, 2024, are detailed below:

Amounts in thousands of euros	December 31 2025	December 31 2024
Payables to social security institutions	633	490
Accrued liabilities and deferred income	675	630
Other payables	1,900	1,448
Other current liabilities	**3,208**	**2,568**

"Payables to social security institutions" represent the amount owed to INPS and INAIL for withholdings to be paid and amounted to €633 thousand as of December 31, 2025; the increase is linked to the rise in the number of employees during the fiscal year ended December 31, 2024.

"Other payables," amounting to €1,900 thousand as of December 31, 2025, primarily relate to:

- Payables to employees for wages and salaries payable, amounting to €1,018 thousand;

- payables to directors amounting to €722 thousand

The "Accrued liabilities and deferred income," amounting to €675 thousand, are primarily attributable to the deferred income related to the tax credit under the Industry 4.0 program certified in the 2022 fiscal year for a total of €2,586 thousand, and specifically to its accounting treatment as a capital grant linked to the depreciation period of the assets eligible for the subsidy.

Below is a breakdown of Other non-current liabilities:

Figures in thousands of euros	December 31 2025	December 31 2024
Deferred income - non-current portion	717	1,107
Other non-current liabilities	**717**	**1,107**

Other information

27. Commitments

It should be noted that, as of both December 31, 2025 and December 31, 2024, there are no commitments not reflected in the balance sheet.

28. Information pursuant to Article 1, paragraph 125, of Law No. 124/2017

In accordance with the provisions of Article 1, paragraph 125 of Law No. 124/2017, regarding the obligation to disclose in the notes to the financial statements any sums of money received during the fiscal year in the form of grants, contributions, paid assignments, and any other economic benefits of any kind from public administrations and the entities referred to in paragraph 125 of the same article, the Company certifies that:

Tax credits:

Nature of the contribution	Contribution amount
2020 Research & Development Credit	**1,015**
2021 Amount Offset	232
2022 amount offset	447
2023 amount offset	336

2021 Research & Development Credit	**1,782**
2022 Amount Offset	594
2023 amount offset	594
2024 amount offset	594
Process Innovation Credit 2021	**167**
2022 Amount Offset	56
2023 amount offset	56
2024 amount offset	56
2022 Research & Development Credit	**1,812**
2023 Amount Offset	604
2024 amount offset	604
2025 amount offset	604
Process Innovation Credit 2022	**260**
2023 Amount Offset	87
2024 amount to be offset	87
Amount to be offset in 2025	87
2023 Research & Development Credit	**1,160**
2024 Amount Offset	387
2025 amount offset	387
Amount for 2026 to be offset	387
Process Innovation Credit 2023	**331**
2024 Amount Offset	110
2025 amount offset	110
Amount for 2026 to be offset	110
Industry 4.0 credit for general assets, 2020	**46**
2021 Amount Offset	9
2022 amount offset	9
2023 Amount Offset	9
2024 amount offset	9
2025 amount offset	9
Industry 4.0 credit 2021	**193**
2021 amount offset	193
Industry 4.0 Credit 2022	**2,586**
2022 amount offset	816
2023 amount offset	844
2024 amount offset	483
2024 amount offset	361
2025 amount offset	28
Amount for 2026 to be offset	28
Amount for 2027 to be offset	28
2024 Research & Development Credit	**3,891**
2025 Amount Offset	1,241
2025 amount to be offset	56
2025 amount to be offset	1,297
Amount to be offset in 2026	1,297
2025 Research and Development Credit	**4,687**
Amount to be offset in 2026	1,562
Amount to be offset in 2027	1,562
Amount to be offset in 2028	1,562
Total credits	**17,931**
Offset receivables	10,042
Receivables to be offset	7,890

29. Stock-based incentive plan

On May 31, 2021, the Company's Ordinary Shareholders' Meeting approved an incentive plan pursuant to Article 114-bis of the Consolidated Law on Finance (TUF) entitled "2024-2026 *Stock Grant* Plan" (hereinafter also the "Plan") reserved for Group employees, and granted the Board of Directors all necessary and appropriate powers to implement it.

To service the aforementioned Plan, the Shareholders' Meeting also resolved to carry out a split-off free capital increase, pursuant to Article 2349 of the Italian Civil Code, to be executed by the deadline of December 31, 2026, for a maximum of €123,974 thousand, to be allocated in full to share capital, and to establish, for the same amount, a specific reserve, drawn from the retained earnings reserve, named "Reserve for capital increase in support of the 2024-2026 *Stock Grant* Plan," which will remain restricted for the purpose of the free share capital increase until the final subscription deadline.

Specifically:

- on September 28, 2021, the Company's Board of Directors, upon the proposal of the Nominating and Compensation Committee, approved the regulations of the aforementioned Plan and implemented them, identifying the beneficiaries and defining the performance objectives and related *targets* for the first allocation cycle (2021–2024), allocating a total of 121,000 *Units*;
- On October 11, 2022, the Company's Board of Directors, following a positive opinion from the Nomination and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the second allocation cycle (2022–2025), allocating a total of 130,000 *Units*;
- On November 7, 2023, the Company's Board of Directors, following a favorable recommendation from the Nominating and Compensation Committee, identified the beneficiaries and defined the performance objectives and related *targets* for the third award cycle (2023–2026), granting a total of 619,000 *Units*.

Summary of the Regulations

The Plan is divided into three cycles (2021, 2022, and 2023), each with a three-year duration, which provide for:

- the allocation to beneficiaries of a certain number of *Units* (free of charge);
- the definition, at the time of allocation, of *performance* objectives;
- a three-year *performance* period;
- the allocation of shares to beneficiaries, subject to the achievement of the *performance* targets set for the three-year period.

The Plan provides for the allocation of up to 877,286 *Units,* which entitle the holders to receive, free of charge, up to 877,286 shares, corresponding to approximately 3% of the current share capital, with reference solely to common shares. Beneficiaries receive the shares following the allocation approved by the Board of Directors at the end of the performance period for each cycle of the Plan.

At the end of each Performance Period, the Board of Directors will assess whether any threshold has been met and whether the performance objectives have been achieved, determining the number of shares to be allocated to each beneficiary. In particular, after verifying that any threshold has been met, the Board of Directors will evaluate the following:

a) achievement of corporate objectives: for each Cycle of the Plan, the allocation of shares is subject to the condition that the corporate objectives related to the Company's performance and/or the stock's performance—which will be identified by the Board of Directors for each beneficiary—are achieved, in whole or in part. The Board of Directors, after consulting with the Nominating and Compensation Committee, verifies the achievement of corporate objectives at the end of the performance period for each Cycle of the Plan;

b) Achievement of individual objectives: In addition to the corporate objectives, the Board of Directors, after consulting with the Nominating and Compensation Committee, has established individual objectives for each beneficiary of the Plan based on criteria primarily focused on: (i) the development of projects in which the individual beneficiary is involved; (ii) the achievement of the results of such projects in accordance with the methods and timelines established by the Company and/or the Group; (iii) the obtaining of authorizations from the competent authorities in the biotechnology sector for the commercialization of products developed by the Company and/or the Group; (iv) the conclusion of commercial agreements with leading companies in the research and development sector in which the Company operates. The Board of Directors,

after consulting with the Nominating and Compensation Committee, verifies the achievement of individual objectives at the end of the performance period for each Cycle of the Plan.

c) the existence of an employment relationship between the Company or the subsidiary and the beneficiary as of the date of share grant.

Individual performance objectives will be measured with reference to the specific three-year period of each Cycle, starting from the relevant grant date. The Plan will terminate on the date coinciding with the grant date of the shares relating to the third Cycle.

Evaluation Criteria

The evaluation was conducted by considering the two performance objectives—corporate and personal—assigned to each beneficiary separately. Specifically, the corporate performance component (so-called *"market-based*") linked to the achievement of *the gate* and the *target* for the Company's stock was estimated using stochastic simulation with the Monte Carlo method, which, based on appropriate assumptions, allowed for the definition of a substantial number of alternative scenarios over the time period considered.

With regard to individual performance targets, the Company has estimated a probability of success based on various scenarios for achieving those targets.

For each option, the expected dividend yield and the annual probability of departure (representing an average of previous years) were taken into account.

Specifically, the following data were used in the *fair value* assessment as of the grant date:

Third grant cycle 2023–2026

Number of rights(*)	Grant date	Expiration date	Price on the valuation date	Annual volatility	Dividend yield	Exit rate
616,000	December 1, 2023	November 30, 2026	18.250	27.44%	0%	0%

(*) The number of rights as of December 31, 2025 is 602,000, adjusted following the annual *resets* of the current Stock Grant Plans to reflect the adjustment of the probabilities of achieving the objectives. Please note that the number of Units shown in the Table relates to the Philogen Group, of which 484,000 relate to the Company.

Overall results of the valuation

With regard to the third grant cycle, the total *fair value* amounts to €5,742 thousand as of December 31, 2025 (valuation year). The portion attributable to the fiscal year ended December 31, 2025 amounts to €1,996 thousand relating to Philogen S.p.A.

It should be noted that during 2025, 16,000 Units were granted under the second cycle of the 2024-2026 *Stock Grant* Plan.

The 2027-2029 Stock Grant Plan is intended for Employees and Consultants who, in the sole and discretionary judgment of the Board of Directors, after consulting with the Nominating and Compensation Committee, hold a key role and thereby actively contribute to the Company's development. Like the previous plan, this plan is divided into three cycles (2024, 2025, and 2026), each with a three-year duration. The characteristics are the same as those of the previous Stock Grant Plan; only the vesting period has been eliminated.

The Plan provides for the allocation of up to 600,000 Units, which confer the right to receive up to 600,000 Shares free of charge. Beneficiaries receive the Shares on the Grant Date provided that, during the Performance Period, they have achieved the assigned Performance Targets and their employment or consulting relationship remains in effect; for each

Beneficiary, the Grant Letter specifies (i) the number of Units granted, (ii) the corporate performance target, (iii) the date from which the Performance Period will commence.

First grant cycle 2024–2027

Number of rights(*)	Grant date	Expiration date	Price on the valuation date	Annual volatility	Dividend yield	Exit rate
118,000	November 29, 2024	November 30, 2027	19.00		0%	0%

(*) The number of rights as of December 31, 2025, is 114,000, adjusted following the annual *re*sets performed on the current Stock Grant Plans to reflect the adjustment of the probabilities of achieving the objectives. It should be noted that the number of Units reported in the Table relates to the Philogen Group, of which 48,000 relate to the Company.

Second grant cycle 2025–2028

Number of rights	Grant date	Expiration date	Price on the valuation date	Annual volatility	Dividend yield	Exit rate
132,500	November 28, 2025	November 30, 2027	24.10		0%	0%

Overall results of the valuation

For the first grant cycle, the total *fair value* is €286 thousand as of December 31, 2025 (valuation year). The portion attributable to the fiscal year ended December 31, 2025 is €90 thousand relating to Philogen S.p.A.

For the second grant cycle, the total *fair value* is €719 thousand as of December 31, 2025 (valuation year). The portion attributable to the fiscal year ended December 31, 2025 is €20 thousand relating to Philogen S.p.A.

Finally**, the 2024-2026 Directors' Plan** is intended for the Company's Executive Directors.

The Plan provides for the allocation of up to 600,000 Units, which confer the right to receive up to 600,000 Shares free of charge. Beneficiaries receive the Shares on the Performance Delivery Date, provided they have achieved the assigned corporate performance target and their directorship continues.

If the Board of Directors (BOD) identifies a new Beneficiary, the BOD may—at its discretion—determine the number of Units to which such new Beneficiary is entitled on a pro-rata temporis basis, taking into account, in particular, the period during which the new Beneficiary participates in the Plan and, therefore, that such Beneficiary has not participated in the Plan since the start date.

I° Grant Cycle

Number of rights	Grant date	Expiration date	Price on the valuation date	Annual volatility	Dividend yield	Exit rate
200,000	November 8, 2024	December 31, 2026	20.50		0%	0%

II° Allocation cycle

Number of rights	Allocation date	Expiration date	Price on valuation date	Annual volatility	Dividend yield	Exit rate
600,000	May 30, 2025	December 31, 2026	22.40		0%	0%

Overall valuation results

The total *fair value* amounts to €14,382 thousand as of December 31, 2025 (valuation year).

The portion attributable to the fiscal year ended December 31, 2025, amounts to €3,472 thousand.

30. Disclosure on financial risks

Within the scope of business risks, the main risks identified, monitored, and, as specified below, actively managed by the Company are as follows:

- *Credit Risk*

Credit risk is the risk that a customer or one of the counterparties to a financial instrument will cause a financial loss by failing to fulfill a contractual obligation and arises primarily from the Company's trade receivables and debt securities.

The carrying amount of financial assets and assets arising from contracts represents the Company's maximum exposure to credit risk.

The Company's exposure to credit risk depends primarily on the specific characteristics of each customer.

However, management also considers variables typical of the Company's customer portfolio, including the risk of insolvency in the sector and country in which customers operate. Contract assets have as their primary counterparties pharmaceutical companies and multinationals characterized by a low-risk profile.

- *Liquidity risk*

This is the risk that the Company will have difficulty meeting its obligations associated with financial liabilities settled in cash or through another financial asset. The Company's approach to liquidity management ensures that, to the extent possible, there are always sufficient funds to meet its obligations upon maturity, both under normal conditions and during periods of financial stress, without incurring excessive costs or risking damage to its reputation.

The Company ensures that it holds cash on hand and other securities in excess of the expected cash outflows for financial liabilities (other than trade payables). In addition, the Company regularly monitors the level of expected cash inflows from trade receivables and other receivables, as well as cash outflows related to trade payables and other payables.

The following is an analysis of the maturities for trade receivables and payables and for financial liabilities as of December 31, 2025:

Amounts in thousands of euros	December 31, 2025				
	Within 90 days	**90 days to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Lease liabilities	204	603	3,544	1,881	6,233
Financial liabilities	50,044			-	50,044
Trade payables	13,993	-	-	-	13,993
Total	**64,242**	**603**	**3,544**	**1,881**	**70,270**

Figures in thousands of euros	December 31, 2025				
	Within 90 days	**From 90 days to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Trade receivables	2,975				2,975
Total	**2,975**				**2,975**

In addition, in addition to cash and cash equivalents, the Company holds a portfolio of financial investments totaling €135,542 thousand as of December 31, 2025, which is readily liquidatable and may be used to meet any liquidity needs. Please refer to Note 19 of the financial statements.

- *Market risk*

Market risk is the risk that the *fair value* or future cash flows of a financial instrument will fluctuate due to changes in market prices resulting from fluctuations in exchange rates, interest rates, or equity prices. The objective of market risk management is to manage and control the Company's exposure to such risk within acceptable levels while simultaneously optimizing investment returns.

- *Foreign exchange risk*

The Company is exposed to foreign exchange risk in the case of sales, purchases, receivables, and loans denominated in a currency other than the functional currency.

Operations are limited to Italy and Switzerland; therefore, the Company is exposed to fluctuations between the euro and the Swiss franc. The reference currency is the euro; Philogen is subject to foreign exchange risk arising from the translation of the financial statements of its Swiss subsidiary, Philochem AG, which affects net income and equity (translation risk).

For the year ended December 31, 2025, revenue from contracts with customers was primarily generated in euros (the Company's functional currency) and accounted for approximately 87% of total revenue.

The following table provides a breakdown of revenue from customers by currency for the fiscal years ended December 31, 2025, and 2024:

Figures in thousands of euros	Fiscal year ended December 31			
	2025	%	2024	%
US Dollar (USD)	-		47	0%
Euro (EUR)	13,694	87%	72,971	98%
Swiss Franc (CHF)	1,998	13%	1,761	2%
Total revenue from contracts with customers	**15,692**	**100%**	**74,749**	**100%**

The following table presents an absolute value sensitivity analysis of revenue from customer contracts resulting from a 1% change in the exchange rates of the currencies listed above for the fiscal years ended December 31, 2025, and December 31, 2024:

Figures in thousands of euros in absolute terms	Fiscal year ended December 31	
	2025	2024
U.S. Dollar (USD)	-	0
Euro (EUR)	137	729
Swiss Franc (CHF)	20	18
Total effect on revenue from contracts with customers	**157**	**747**

The Company also incurs operating costs in foreign currencies, primarily in U.S. Dollars and Swiss Francs. The following table provides a breakdown of operating costs by currency for the fiscal years ended December 31, 2025, and December 31, 2024:

Amounts in thousands of euros	Year ended December 31			
	2025	%	2024	%
U.S. Dollar (USD)	3,461	7%	1,022	3%
Euro (EUR)	39,533	85%	32,089	91%
Pounds (GBP)	53	0%	3	0%
Canadian dollar (CAD)	-	-	-	-
United Arab Emirates dirham (AED)	-	-	2	0%
Polish Zloty (PLN)	19	0%	8	0%
Swiss Franc (CHF)	3,456	7%	2,324	12%
Indonesian Rupiah (RUP)	-	-	1	0%
Total operating costs	**46,522**	**100%**	**35,450**	**100**

The following table presents a sensitivity analysis in absolute terms of operating costs resulting from a 1% change in the exchange rates of the currencies listed above for the fiscal years ended December 31, 2025, and 2024:

Data in thousands of euros in absolute terms	Year ended December 31

	2025	2024
US Dollar (USD)	35	10
Euro (EUR)	395	321
Pounds (GBP)	1	-
Canadian Dollar (CAD)	-	-
Polish Zloty (PLN)	0	-
Swiss Franc (CHF)	35	23
Total impact on operating costs	**465**	**354**

The Company does not use foreign exchange hedging instruments.

The following table summarizes the quantitative data regarding the Company's financial assets' exposure to foreign exchange risk:

Amounts in thousands of euros	December 31 2025	December 31 2024
EUR	131,223	77,970
GBP	-	-
RUB	-	-
USD	4,318	5,184
CHF	-	-
TRY	-	-
Total Current Financial Assets	**135,542**	**83,154**

- *Financial Investment Risk Management*

Following careful financial planning, Philogen has invested the portion of liquidity exceeding ordinary cash requirements in current financial assets. Investment decisions were made based on monitoring and consultations with the research department of the custodian bank. Regular updates regarding issuers' creditworthiness, country risk, and market variables are made available to the company to enable prompt corrective action.

Based on the principles described in Note 17 "Other Current Financial Assets," to which reference is made for further details, the Company has adopted an HTCS business model. Failure to pass the SPPI Test resulted in valuation at FVTPL, while passing the SPPI Test resulted in valuation at FVTOCI.

Country Risk Management

The Company does not operate in countries characterized by economic, political, or social instability such as to result in significant direct exposure to country risk. In accordance with ESMA recommendations, published on March 14, 2022, even in the absence of direct relations with Russia, Ukraine, or other markets subject to specific restrictions, the Company continues to monitor developments in the international geopolitical and macroeconomic landscape, including indirect effects related to the ongoing conflict in Ukraine, the sanctions regime against Russia, and geopolitical and trade tensions in the Middle East, which could impact financial markets and supply chains.

31. Disclosures on Financial Instruments

Categories of financial assets and liabilities

The following tables provide a breakdown of financial assets and liabilities by category, in accordance with IFRS 9, as of December 31, 2025, and December 31, 2024.

Amounts in thousands of euros	December 31 2025	December 31 2024
Financial assets:		
Financial assets measured at amortized cost		
Trade receivables	2,975	1,595

Current financial assets		-
Cash and cash equivalents	7,699	29,314
Other current assets	943	897
Financial assets measured at *fair value*		
Current financial assets	135,542	83,154
Non-current financial assets		-
Total financial assets	**147,159**	**114,960**
Financial liabilities measured at amortized cost		
Non-current financial liabilities	-	
Non-current lease liabilities	5,401	5,871
Current financial liabilities	50,044	274
Current lease liabilities	831	715
Trade payables	13,993	10,649
Other current liabilities	3,208	2,569
Total financial liabilities	**73,478**	**20,079**

Given the nature of short-term financial assets and liabilities, the carrying amount is considered a reasonable approximation of *fair value* for most of these items.

Non-current financial liabilities and assets are settled or valued at market rates and are therefore considered to have a *fair value* substantially in line with their current carrying amounts.

Fair Value Disclosure

With respect to assets and liabilities recognized in the statement of financial position and measured at *fair value*, IFRS 13 requires that these values be classified based on a hierarchy of levels, reflecting the significance of the inputs used in determining *fair value*.

The following tables summarize the financial assets and liabilities measured at *fair value*, broken down according to the levels of the hierarchy:

Amounts in thousands of euros	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at *fair value* through in profit (loss) for the year	67,246	15,908	-	**83,154**
Total assets measured at *fair value*	**67,246**	**15,908**	**-**	**83,154**

Figures in thousands of euros	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at *fair value* through in profit (loss) for the year	105,441	30,101		**135,542**
Total assets measured at *fair value*	**105,441**	**30,101**		**135,542**

Financial assets classified in Level 1 of the *fair value* hierarchy refer to securities held in the portfolio relating to the bond and equity segments and to units of investment funds listed on regulated markets. Please refer to Note 19 for further details.

Level 2 of the *fair value* hierarchy includes current financial assets measured at *fair value* through profit or loss in accordance with IFRS 9, consisting of insurance investment products held by the Company to invest excess liquidity (see Note 19 for further details on the nature of these assets).

These investments represent financial assets managed by insurance companies and are valued, as of the balance sheet date, based on the NAVs (*Net Asset Values*) reported by the insurance companies, which represent the surrender value of the policies as of the balance sheet date.

There were no transfers between the different levels of the *fair value* hierarchy during the periods under review.

32. Related Parties

The following is a summary of total transactions with related parties.

Year ended December 31, 2024

Amounts in thousands of euros	Related party							
	Rendo S.r.l.	Philochem AG	Nerbio S.r.l.	Strategic executives	Directors and internal governing bodies	Board of Statutory Auditors	Total	Percentage of the balance sheet item
Statement of Financial Position								
Assets held under right of use	5,974	-	-	-	-	-	**5,974**	97%
Participation	-	841	-	-	-	-	**841**	100%
Trade receivables	-	834	-	-	-	-	**834**	52%
Financial liabilities from non-current leases	222	-	-	-	-	-	**222**	81%
Current lease liabilities	5,831	-	-	-	-	-	**5,831**	99%
Current financial liabilities	-	-	-	-	-	-	**-**	-
Employee Benefits	-	-	-	-	158	-	**158**	12%
Trade payables	-	1,247	-	-	-	-	**1,247**	12%
Payables to corporate bodies(*)	-	-	-	-	16	60	**76**	1%
Other current liabilities	-	-	-	-	175	-	**175**	7%
Income Statement								
Revenue from contracts with customers	-	761	-	-	-	-	**761**	1%
Depreciation	614	-	-	-	-	-	**614**	18%
Service costs	-	3,204	-	-	1,914	67	**5,185**	28%
Personnel expenses	-	-	-	206	-	-	**206**	2%
Financial expenses	185	50	-	-	-	-	**235**	17%
Income from equity investments	-	5,280	-	-	-	-	**5,280**	100%

(*) In the financial statements, payables to corporate bodies are included under the item "Trade payables."

Year ended December 31, 2025

Figures in thousands of euros	Related party							
	Rendo S.r.l.	Philochem AG	Nerbio S.r.l.	Strategic executives	Directors and internal governing bodies	Board of Statutory Auditors	Total	Percentage of the balance sheet item
Statement of Financial Position								
Assets held under right of use	5,478	-		-	-	-	**5,478**	95%
Participation	-	254,165		-	-	-	**254,165**	100%
Trade receivables	-	1,705		-	-	-	**1,705**	57%
Current lease liabilities	626	-		-	-	-	**626**	75%
Financial liabilities from non-current leases	5,280	-		-	-	-	**5,280**	98%
Current financial liabilities	-	50,000		-	-	-	**50,000**	100%
Employee benefits	-	-		-	77	-	**77**	6%
Trade payables	-	1,343		-	-	-	**1,343**	10%
Payables to corporate bodies(*)	-	-		-	-	-	**-**	-
Other current liabilities	-	-		-	722	-	**722**	23%
Income Statement								
Revenue from customer contracts	-	1,705		-	-	-	**1,705**	8%
Depreciation and amortization	685	-		-	-	-	**658**	18%
Service costs	-	3,813		-	2,007	71	**5,890**	23%
Personnel expenses	-	-		-	-	-	**-**	-
Financial expenses	171	267		-	-	-	**438**	19%
Income from equity investments	-	251,622		-	-	-	**251,622**	100%

(*) In the financial statements, payables to corporate bodies are included under the item "Trade payables."

It should be noted that during the fiscal year ended December 31, 2025, intercompany contracts totaling €3,824 thousand were entered into for research and development activities and services performed by the subsidiary Philochem AG on behalf of the Company. All transactions were carried out at market values. Similarly, Philogen also provided administrative and *subcontracting* services to the subsidiary Philochem totaling €591 thousand.

It should also be noted that in October 2025, following the receipt of *the upfront payment* arising from the contract entered into between the subsidiary Philochem AG and RayzeBio, the subsidiary granted Philogen S.p.A. an interest-bearing intercompany loan in the amount of €500,000 thousand, intended for investment in a financial portfolio aimed at achieving a better return on funds exceeding the needs of *the core business*. The principal will not be due for the first twelve months

following the effective date and will become repayable upon demand by Philochem AG starting from the day following the completion of the first 12 months from the effective date.

The related-party transactions described above are neither atypical nor unusual, as they fall within the normal course of business of the Group companies and are conducted on market terms.

Transactions with Rendo S.r.l.

With regard to transactions with Rendo S.r.l. and Rendo AG, the balances shown above primarily relate to rent for the following properties:

- the production plant in Montarioso (Siena) and the facility in Rosia (Siena), used as the administrative and operational headquarters of Philogen S.p.A. In this regard, following the Company's strong growth and expansion, it became necessary to reassess and reorganize the company's areas and spaces in order to construct an office building within the area currently leased by Rendo S.r.l. to Philogen S.p.A. pursuant to the lease agreement entered into in May 2019.

  In this regard, the necessary permits for the construction of the building were obtained in February 2023 from the Municipality of Sovicille, and construction work on the new building commenced. The construction of the building, completed in July 2024 and fully funded by Philogen, was recorded for €2,334 thousand under improvements to third-party property, representing an addition pursuant to Article 1593 of the Italian Civil Code. These improvements to third-party property are amortized over the entire term of the currently existing lease agreement for the Rosia site, the duration of which remains unchanged, assuming a tacit renewal in accordance with the provisions of International Financial Reporting Standard (IFRS) 16.

Compensation to directors, senior executives, statutory auditors, other board committees, and the scientific committee

With regard to relationships with the Company's Directors, Board Committees, Statutory Auditors, and Scientific Committee, these are limited to the payment of emoluments and compensation as set forth in the following tables:

i) Board of Directors

Figures in thousands of euros	December 31 2025	December 31 2024
Duccio Neri – Executive Chairman	500	365
Dario Neri – CEO	600	378
Giovanni Neri – Managing Director	333	227
Sergio Gianfranco Luigi Maria Dompé – Director	30	30
Nathalie Francesca Maria Dompé – Board Member	30	30
Leopoldo Zambeletti Pedrotti	30	30
Chiara Falciani	21	-
Patrizia Sacchi	20	-
Flavia Scarpellini	20	-
Roberto Ferraresi	10	32
Guido Guidi	10	32
Marta Bavasso (*)	30	30
Maria Giovanna Calloni	10	32
Total compensation	**1,646**	**1,185**
Cash incentive plan (***)	184	590
Severance pay(****)	107	69
Total	**1,937**	**1,844**

(*) Lead Independent Director.

(**) The item "Other directors" includes compensation related to the Board of Directors of the subsidiary (Philochem)

(***) The cost of the MBO Plan for executive directors (paragraph 4.2 of the management report) includes the final installment related to the 2024 MBO and the provision for the 2025 MBO Plan for executive directors.

(****) The end-of-term severance payment (TFM) includes the TFM set aside in connection with the new positions assigned to the executive directors (appointed by the Shareholders' Meeting on April 29, 2025).

ii) Strategic Executives

Figures in thousands of euros	December 31 2025	December 31 2024
Duccio Neri	-	31
Dario Neri	-	66
Giovanni Neri	-	109
Compensation for Strategic Executives	**-**	**206**

It should be noted that in May 2024, the strategic executives resigned as employees of the company, remaining in office as executive directors.

iii) Board of Statutory Auditors

Figures in thousands of euros	December 31 2025	December 31 2024
Stefano Mecacci – Former Chairman	-	9
Maurizio – Di Marcotullio - President	31	20
Pierluigi Matteoni - Standing Auditor	20	19
Alessandra Pinzuti – Standing Auditor	20	19
Remuneration of the Board of Statutory Auditors	**71**	**67**

iv) Board committees

Figures in thousands of euros	December 31 2025	December 31 2024
Marta Bavasso	30	30
Chiara Falciani	13	
Patrizia Sacchi	13	
Roberto Ferraresi	7	20
Maria Giovanna Calloni	7	20
Remuneration of Board Committees	**70**	**70**

Control, Risk, and Sustainability Committee: Marta Bavasso (Chair), Chiara Falciani, and Patrizia Sacchi. This committee also serves as the Related Party Transactions Committee.

Compensation and Nominating Committee: Marta Bavasso (Chair), Chiara Falciani, and Patrizia Sacchi.

v) Scientific Committee: The Scientific Committee is chaired by Prof. Dario Neri and consists of a total of three members, in addition to the Chair. The Committee may engage external consultants, selected from prominent figures in the scientific community and professionals with extensive experience. The other members of the Scientific Committee are director Guido Guidi and Wolfgang Berdel and Cornelia Halin Winter, who collaborate with the Group as consultants, given their experience in scientific fields related to the Group's research area.

33. Significant events following the end of the fiscal year

The main significant events that occurred after the close of the 2025 fiscal year are:

- Share Buyback

The share buyback program initiated in December 2024 continued in 2026. As of March 26, 2026, the Company held a total of 352,831 treasury shares.

- AIFA Inspection

In January 2026, the two GMP-certified pharmaceutical facilities were inspected by AIFA.

Montarioso facility:

- GMP MED (Medicines) inspection from January 12 to 19, 2026;
- GMP API (Active Pharmaceutical Ingredients) inspection from January 12 to 15, 2026.

Rosia Facility:

- GMP MED (Medicines) inspection from January 12 to 16, 2026.

The inspection conducted by the GMP Medicines Office of the Italian Medicines Agency (AIFA) at the Philogen S.p.A. pharmaceutical facility in Rosia concluded successfully, with the issuance of the corresponding inspection report; the improvement measures suggested by the regulatory authority in the aforementioned report are currently being implemented.

The inspections conducted by the Medicinal Products GMP Office and the API GMP Office of the Italian Medicines Agency (AIFA) at the Philogen S.p.A. pharmaceutical plant in Montarioso—specifically, the General Review for Medicinal Product GMPs and the inspection aimed at reactivating the site following the completion of the revamping of the GMP production areas—concluded successfully, with the issuance of the relevant inspection reports. The improvement measures indicated by the regulatory authorities in the aforementioned reports are currently being implemented.

Proposed Allocation of Net Income for the Year Ended December 31, 2025

The financial statements of Philogen S.p.A., as illustrated in this Report and the accompanying Notes, show a **net income for the 2025 fiscal year of €229,680,710.49.**

The Board of Directors preliminarily notes that:

- the Company's net profit for the year derives entirely from the value of the investment in the subsidiary Philochem A.G., recorded in the financial statements as of December 31, 2025, at a value of €251,622,464.33;

- pursuant to the law, given that the Company's net profit for the fiscal year as of December 31, 2025, derives from the valuation of the aforementioned equity interest using the equity method, it is necessary to establish a restricted equity reserve of equivalent value;

- the statutory reserve has exceeded the legal limit set forth in Article 2430 of the Italian Civil Code.

The Board of Directors therefore proposes to:

- allocate the current fiscal year's net profit, amounting to €229,680,710.49, to the restricted equity reserve arising from the valuation of equity investments;

- allocate to the aforementioned restricted reserve arising from the valuation of equity investments, in addition:

  (iii) a portion of the "Retained Earnings/(Losses)" reserve amounting to €12,463,463.35, which would thus decrease from the current €43,026,357.41 to €30,562,894.06; and

  (iv) a portion of the "Share Premium" reserve amounting to €9,478,290.49, which would thus decrease from the current €92,757,689.83 to €83,279,399.34;

so that, as a result, the three provisions together reach the total value of the equity valuation of the investment in the subsidiary Philochem A.G., recorded in the financial statements as of December 31, 2025, in the amount of €251,622,464.33.

In light of the foregoing, the Board of Directors further proposes the distribution of a dividend of €0.70 per share, gross of statutory withholding taxes, for each Philogen share entitled to dividends as of the ex-dividend date, net, therefore, of

treasury shares held in the portfolio as of the record date pursuant to Article 83-*terdecies* of the Consolidated Law on Finance (*the* so-called *record date*), for an estimated total amount of €28,180,796, to be drawn from the "Retained Earnings/(Losses)" reserve amounting to €30,562,894.06.

The estimated total amount of €28,180,796 is calculated based on the 40,258,280 shares entitled to dividends as of the date of this Report (28,890,030 ordinary shares and 11,368,250 Class B special shares), without taking into account the 352,831 treasury shares held in the portfolio, it being understood that the final total amount actually allocated to the payment of the dividend will be calculated based on the number of shares (common and Class B special shares) entitled to dividends as of the ex-dividend date.

It should be noted that, if on the ex-dividend date the Company did not hold any treasury shares and therefore the dividend were distributed to all 40,611,111 shares comprising the share capital, for a total amount of €28,427,778, the "Retained Earnings/(Losses)" reserve would remain sufficient.

The Board of Directors states that:

- the distribution of the available reserve as a dividend, as proposed in this report, represents a form of remuneration for the Shareholders' investment in the Company;

- the distribution in the amount indicated does not compromise the Company's balance sheet, financial, and economic stability;

- the payment of the dividend through the distribution of the aforementioned reserve will be made using available cash, without the need to resort to financing;

- the Company's statutory reserve has exceeded the legal limit set forth in Article 2430 of the Italian Civil Code.

If the dividend distribution proposed in this report is approved by the Shareholders' Meeting, it is proposed that the dividend be paid starting on May 20, 2026, with a *record date* of May 19, 2026, and an ex-dividend date of May 18, 2026.

Accounting Principles

34. Valuation Criteria

These financial statements have been prepared using the historical cost method, with the exception of financial instruments, which are measured at *fair value* at each reporting date.

These financial statements have also been prepared on a going concern basis. The Directors' assessment of this assumption takes into account the Company's current development strategies, its financial and equity position, and the possibility of revising the timing and structure of its development strategy, as well as its ability to secure the financial resources necessary to continue its operations, including through the licensing of certain proprietary products to third parties via *out-licensing* agreements.

35. Principal accounting policies

Basis of Preparation

The financial statements consist of the mandatory financial statements required by IAS 1. All statements comply with the minimum content requirements of international accounting standards and applicable regulations established by national legislation and Consob. The financial statements used are deemed adequate for the purpose of fairly presenting the Company's financial position, results of operations, and cash flows; in particular, it is believed that the income statements reclassified by nature provide reliable and relevant information for the purpose of accurately presenting the Company's financial performance. The financial statements comprising the Financial Statements are as follows:

Statement of Financial Position

The statement is presented by separately showing current and non-current assets and current and non-current liabilities, with a description in the notes for each asset and liability item of the amounts expected to be settled or recovered within or beyond 12 months from the balance sheet date.

An asset or liability is classified as current when it meets one of the following criteria:

ii) it is expected to be realized or settled, or is expected to be sold or used in the Company's normal operating cycle;
iii) it is held principally for trading;
iv) it is expected to be realized or settled within 12 months of the balance sheet date.

If none of these three conditions are met, the assets/liabilities are classified as non-current.

Income Statement

Costs are classified by nature, highlighting the results relating to operating profit and profit before taxes.

Statement of Comprehensive Income

The statement includes the components that constitute the net income for the year and the expenses and income recognized directly in equity for transactions other than those with shareholders.

Statement of Changes in Equity

The statement shows the changes in equity items relating to:

- the allocation of the Company's and subsidiaries' net income for the year to minority shareholders;
- amounts relating to transactions with shareholders (purchase and sale of treasury shares);

vi) each item of profit and loss, net of any tax effects, which, as required by IFRS, are either recognized directly in equity (gains or losses from the purchase and sale of treasury shares, actuarial gains and losses arising from the valuation of defined benefit plans) or are offset against an equity reserve (share-based payments for incentive plans);
vii) changes in valuation reserves for derivative instruments hedging future cash flows, net of any tax effect.

Statement of Cash Flows

The statement is presented using the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating receipts or payments, and items of revenue or expense related to cash flows arising from investing or financing activities.

Income and expenses related to interest, dividends received, and income taxes are included in cash flows based on the type of underlying transaction that generated them.

Cash and cash equivalents included in the cash flow statement comprise the balance sheet balances of this item as of the reporting date. Cash flows in foreign currencies have been converted at the average exchange rate for the period.

Cash equivalents are those held to meet short-term cash obligations, rather than for investment or other purposes. For an investment to be considered a cash equivalent, it must be readily convertible into a known amount of cash and must be subject to an insignificant risk of change in value.

Cash equivalents include short-term time deposits.

Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rate in effect on the date of the transaction.

Monetary items denominated in foreign currencies at the end of the fiscal year are translated into the functional currency using the exchange rate in effect on that date. Non-monetary items measured at *fair value* in a foreign currency are translated into the functional currency using the exchange rates in effect on the date the *fair value* was determined. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Exchange differences arising from translation are generally recognized in profit or loss for the year under financial expenses.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and *fair value* adjustments arising from the acquisition, are translated into euros using the exchange rate in effect at the end of the fiscal year. Revenues and costs of foreign operations are converted into euros using the exchange rate in effect on the transaction date. Exchange differences are recognized in other comprehensive income and included in the translation reserve, except for exchange differences attributable to minority interests. When the Company disposes of an interest in a foreign operation, in whole or in part, in such a way as to lose control, significant influence, or joint control over it, the amount accumulated in the translation reserve relating to that foreign operation is reclassified to profit/(loss) for the year to adjust the profit or loss arising from the disposal.

Revenue from Contracts with Customers

Revenue is measured based on the consideration specified in the contract with the customer. The Company recognizes revenue when it transfers control of the goods or services.

IFRS 15 "Revenue from Contracts with Customers" defines the criteria for recognizing and measuring revenue arising from contracts with customers. In general, IFRS 15 requires revenue to be recognized in an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer. Specifically, IFRS 15 requires revenue recognition to be based on the following 5 steps:

(i) identification of the contract with the customer;

(ii) identification of the *performance* obligations (i.e., the contractual promises to transfer goods and/or services to a customer);

(iii) determination of the transaction price;

(iv) allocation of the transaction price to the identified *performance* obligations based on the stand-alone selling price of each good or service;

(v) recognition of revenue when the related *performance* obligation is satisfied .

The Company's revenue derives primarily from license agreements and contracts for the performance of research and development services commissioned by customers.

With regard to contracts for the granting of license rights to the Company's intellectual property, the first step is to analyze whether the granting of the license right is distinguishable from other *performance obligations*. The Group recognizes separate performance obligations when:

- the customer can benefit from the good or service either on its own or in combination with other readily available resources;
- the promise to transfer an asset or service is identifiable separately from the other promises in the contract.

If it is determined that the granting of the license right is not distinguishable from the promise to transfer other goods or services, the Company accounts for the promise to grant a license and the other promised goods or services as a single performance obligation.

If, on the other hand, it is determined that the grant of the license is distinct from the promise to transfer other goods or services, the Company analyzes whether the customer obtains a right of access or a right of use to the intellectual property. The customer has a right of access to the Company's intellectual property if all of the following conditions are met:

- The contract requires, or the customer expects, the Company to perform activities that have a significant impact on the intellectual property;

- Such activities, when performed, do not transfer distinct goods or services to the customer;

- The rights arising from the license expose the customer to positive or negative effects on the Company's activities with respect to the intellectual property.

If the grant of the license right confers a right of access to intellectual property, revenue is recognized over the term of such right (*"over* time"). Conversely, if the license constitutes a right to use the intellectual property, the related revenue is recognized at the time such right is granted (*"at a point in* time").

The following table summarizes the main fees and related payment terms covered by the Company's license agreements:

Type of consideration	**Accounting Treatment**
Up-front Fees	These represent fees received in advance upon the execution of the contract. If related to the granting of license rights, they are recognized: 1. *at a point in time*, if they constitute rights to use intellectual property; 2. *over time*, if they constitute rights of access to intellectual property. If no specific goods or services transferred to the customer are identified at the time *the up-front fee* is collected, such collection constitutes an advance payment and is recognized as revenue in the future when the *performance obligations* are satisfied (*"over* time"). The Company issues an invoice for the *up-front fee* upon signing the contract. This invoice is typically due within 30 days. The payment terms do not include trade discounts.
Commercial Options (so-called *"Commercial Option* Fees")	If the license right is separable from other performance obligations, it is recognized as a right to use intellectual property, and the related revenue is recognized *at a point in time* when such license right is granted. If the license right is not separable from other performance obligations, such payment constitutes an advance and is recognized as revenue *over time* as the *performance obligations* are satisfied. The Company issues an invoice for the *commercial option fee* upon notification by the customer of its intention to exercise said option. This invoice is typically due within 30 days. The payment terms do not provide for trade discounts.
Milestones	These represent variable payments contingent upon the achievement of certain significant milestones in product development (e.g., the start of Phase III clinical trials). Upon signing the contract, management assesses whether the achievement of *the milestones* is highly probable and estimates the amount to be included in the transaction price using the *"most likely* amount" method. If it is probable that no subsequent significant reversal of revenue will occur, the value of *the milestone* is included in the transaction price. Payments linked to events that are not within the Company's control and that typically depend on obligations to be fulfilled by the counterparty (such as product approval by regulatory authorities or the completion of research phases conducted by the customer) are not considered highly probable until there is certainty that the *milestone* has been achieved (e.g., a communication from the customer or regulatory authorities). At the end of each fiscal year, management reassesses the probability of achieving all *milestones* and, if necessary, adjusts its estimate of the total transaction price. The Company issues an invoice for the *milestone* upon notification by the customer of the achievement of the objective/event. Such invoice is typically due within 30 days. Payment terms do not include trade discounts.
Royalties (based on sales)	The Company recognizes revenue from sales-based royalties only when (or as) the latest of the following events occurs:

	1. the subsequent sale or use; and 2. the fulfillment (or partial fulfillment) of the performance obligation to which the sales-based royalty has been allocated, in whole or in part.

With regard to *other performance obligations* contained in the contracts (typically consisting of the performance of research and development services or the sale of GMP products), the Company recognizes the transaction price allocated to such activities *over* time as the *performance obligation* is satisfied, provided that one of the following criteria is met:

i. the customer simultaneously receives and uses the benefits arising from the service performed by the Company as the Company performs it;
ii. the service performed by the Company creates or enhances an asset controlled by the customer as the asset is created or enhanced;
iii. the service does not create an asset that has an alternative use for the Company, and the Company has a enforceable right to payment for the service completed up to the date in question.

If none of the criteria listed above are met, the *performance obligation* is considered fulfilled at the time the good or service is transferred, and the related revenue is recognized *at a point in time*.

Government grants

Unrestricted government grants are recognized in profit/(loss) for the period as other income when the grant becomes receivable. Other government grants related to assets are initially recognized at fair value as deferred revenue if there is reasonable certainty that they will be received and that the Group will meet the conditions required for their receipt, and are then recognized in profit or loss for the period as other income on a systematic basis over the useful life of the asset to which they relate.

Government grants are presented in the balance sheet under current and non-current assets based on their potential for use.

Grants intended to offset costs incurred by the Group are recognized in profit/(loss) for the period on a systematic basis, to be matched in the same period against the costs the grant is intended to offset.

Recognition of Costs

Costs are recognized when they relate to goods and services purchased or consumed during the period or through systematic allocation in accordance with the economic and temporal accrual basis.

Financial income and expenses

Financial income and expenses are recognized on an accrual basis based on the interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate.

Financial expenses are recognized on an accrual basis and recorded in the income statement in the period in which they accrue.

Financial income is recognized based on the effective rate of return in accordance with the accrual principle.

Taxes

The tax expense for the period includes current and deferred taxes recognized in profit/(loss) for the period, except for those related to business combinations or items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including the accounting treatment to be applied to income taxes of an uncertain nature, are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets*, as they do not meet the definition of income taxes.

(i) *Current taxes*

Current taxes include the estimated amount of income taxes payable or receivable, calculated on the taxable income or tax loss for the year, as well as any adjustments to prior-year taxes. The amount of taxes payable or receivable, determined based on tax rates in effect or substantially in effect as of the balance sheet date, also includes the best estimate of any portion payable or receivable that is subject to uncertainty. Current taxes also include any taxes related to dividends.

Current tax assets and liabilities are offset only when certain criteria are met.

(ii) *Deferred Taxes*

Deferred taxes are recognized with respect to temporary differences between the carrying amounts of assets and liabilities reported in the financial statements and their corresponding tax bases. Deferred taxes are not recognized for:

- temporary differences arising from the initial recognition of assets or liabilities in a transaction other than a business combination that affects neither accounting profit (or loss) nor taxable income (or tax loss);
- temporary differences related to investments in subsidiaries, associates, and joint ventures to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not reverse; and
- taxable temporary differences related to the initial recognition of goodwill.

Deferred tax assets are recognized for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which such assets can be utilized. Future taxable income is determined based on the reversal of the related deductible temporary differences. If the amount of taxable temporary differences is insufficient to fully recognize a deferred tax asset, future taxable income—adjusted for the reversal of existing temporary differences—as projected in the Company's business plan is taken into account. The value of deferred tax assets is reviewed at each year-end and is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions must be reversed when the probability of achieving future taxable income increases.

Unrecognized deferred tax assets are reviewed at the end of each fiscal year and are recognized to the extent that it has become probable that the Company will generate sufficient future taxable income to utilize them.

Deferred taxes are measured using the tax rates expected to apply to temporary differences in the period in which they reverse, based on tax rates enacted or substantively enacted as of the balance sheet date, and reflect any uncertainties regarding income taxes.

The measurement of deferred taxes reflects the tax consequences arising from the manner in which the Company expects, at the end of the fiscal year, to recover or settle the carrying amount of assets and liabilities. The presumption that the carrying amount of investment property measured at *fair value* will be recovered entirely through a sale has not been rebutted.

Deferred tax assets and liabilities are offset only when certain criteria are met.

Operating Income

Operating income is determined by the Company's operating activities that generate recurring revenue and by other income and expenses related to operating activities. Net financial expenses and income taxes are excluded from operating income.

Earnings per share

Basic earnings per share were calculated based on net income attributable to common shareholders and the weighted average number of common shares outstanding during the fiscal year.

Diluted earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the fiscal year, taking into account the effects of all potential ordinary shares with a dilutive effect. The dilutive effect of potential ordinary shares was calculated using the *treasury share method* provided for in IAS 33.

Property, plant, and equipment

iii) Recognition and measurement

An item of property, plant, and equipment is measured at cost, including capitalized interest, net of accumulated depreciation and accumulated impairment losses.

If an item of property, plant, and equipment consists of various components with different useful lives, those components are accounted for separately (significant components).

The gain or loss arising from the disposal of an item of property, plant, and equipment is recognized in profit/(loss) for the year, under the headings “Other income” and “Other operating expenses,” respectively.

iv) Subsequent Costs

Subsequent costs are capitalized only when it is probable that the related future economic benefits will flow to the Company.

v) Depreciation

Depreciation of an item of property, plant, and equipment is calculated to reduce the cost of that item, net of its estimated residual value, on a straight-line basis over the item’s useful life. Depreciation is generally recognized in profit/(loss) for the year under the heading “Depreciation.” Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Category	*Rate*
Buildings	3%
Plant and equipment	20%
Industrial and commercial equipment	15%
Passenger cars	25%
Furniture and furnishings	12%
Improvements to third-party property	8%

Depreciation methods, useful lives, and residual values are reviewed at the end of the fiscal year and adjusted as necessary.

Intangible assets

iv) Recognition and measurement

Research and development: Research expenses are recognized in profit or loss for the period in which they are incurred. Development costs are capitalized only if the cost attributable to the asset during its development can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset. Other development costs are recognized in profit or loss for the period in which they are incurred. Capitalized development costs are carried at cost, net of accumulated amortization and any accumulated impairment losses.

If all capitalization requirements are not met, the costs incurred by the Company for research and development activities are charged to the income statement in the period in which they are incurred.

Other intangible assets: other intangible assets, patents, and licenses with a finite useful life are recorded at cost, net of accumulated amortization and any accumulated impairment losses.

v) Subsequent costs

Subsequent costs are capitalized only when they increase the expected future economic benefits attributable to the asset to which they relate. All other subsequent costs, including those related to goodwill and internally generated trademarks, are charged to profit/(loss) in the period in which they are incurred.

vi) Amortization

Amortization is recognized in profit/(loss) for the year on a straight-line basis over the estimated useful life of the intangible assets, starting from when the asset is available for use.

The estimated useful lives for the current and comparative periods are as follows:

Category	Average rate
Patent rights and intellectual property rights	5%
Concessions, licenses, trademarks, and similar rights	10%

Depreciation methods, useful lives, and residual values are reviewed at each fiscal year-end and adjusted as necessary.

Right-of-use assets

At the inception of the contract, the Company assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if, in exchange for consideration, it transfers the right to control the use of an identified asset for a period of time. To assess whether a contract confers the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At the inception of the contract or upon modification of a contract containing a lease component, the Company allocates the contract consideration to each lease component based on its stand-alone price.

At the lease commencement date, the Company recognizes the right-of-use asset and the lease liability. The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability, adjusted for lease payments due and made on or before the commencement date, plus initial direct costs incurred and an estimate of the costs the lessee will incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site on which it is located, net of lease incentives received.

The right-of-use asset is amortized on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company at the end of the lease term or, considering the cost of the right-of-use asset, it is expected that the Company will exercise the purchase option. In such a case, the right-of-use asset is amortized over the useful life of the underlying asset, determined on the same basis as that for property and equipment. Furthermore, the right-of-use asset is regularly reduced by any impairment losses and adjusted to reflect any changes arising from subsequent measurements of the lease liability.

The Company measures the lease liability at the present value of the lease payments due but not yet paid as of the commencement date, discounting them using the implicit interest rate of the lease. Where it is not possible to readily determine such a rate, the Company uses the incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

The Company's incremental borrowing rate is calculated based on interest rates obtained from various external financing sources, with certain adjustments to reflect the terms of the lease and the type of leased asset.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including payments that are substantially fixed);
- variable lease payments that depend on an index or rate, initially measured using an index or rate as of the lease commencement date;
- amounts expected to be paid as a residual value guarantee; and
- the exercise price of a purchase option that the Company has a high degree of certainty will exercise, lease payments due during an optional renewal period if the Company has a high degree of certainty will exercise the renewal option, and early termination penalties, unless the Company has a high degree of certainty will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method and is remeasured in the event of a change in future lease payments resulting from a change in an index or rate, in the event of a change in the amount the Company expects to pay as a residual value guarantee, or when the Company revises its assessment regarding whether to exercise a purchase, extension, or termination option, or in the event of a revision of lease payments that are substantively fixed.

When the lease liability is remeasured, the lessee makes a corresponding adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the lessee recognizes the change in profit or loss for the period.

The Company has applied IFRS 16 using the modified retrospective application method as of January 1, 2019.

Short-term leases and leases of low-value assets

The Company has decided not to recognize right-of-use assets and lease liabilities related to low-value assets and short-term leases, including IT equipment. The Company recognizes the related lease payments as an expense on a straight-line basis over the lease term.

Investments in subsidiaries, joint ventures, and associates

Investments in subsidiaries, associates, and joint ventures are accounted for using the equity method, as permitted by IAS 27 and in accordance with IAS 28 (Investments in Associates and Joint Ventures).

Subsidiaries, associates, and joint ventures are included in the financial statements from the date on which control, significant influence, or joint control begins and until such time as this situation ceases to exist.

The financial statements of subsidiaries, associates, and joint ventures are appropriately adjusted and reclassified, where necessary, to conform to international accounting standards and the uniform classification criteria applied within the Group.

Under the equity method, an investment in a subsidiary, associate, or joint venture is initially recognized at cost, and the carrying amount is increased or decreased to reflect the investor's share of the investee's profits or losses realized after the acquisition date. The investor's share of the investee's profit (loss) for the period is recognized in the separate income statement. Dividends received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment are also due to changes in items in the investee's statement of other comprehensive income (e.g., changes arising from foreign currency translation differences). The investor's share of such changes is recognized in other comprehensive income. If an entity's share of losses in a subsidiary, associate, or joint venture equals or exceeds its interest in the subsidiary, associate, or joint venture, the entity ceases to recognize its share of further losses. After writing off the investment, further losses are accrued and recognized as a liability only to the extent that the entity has incurred constructive legal obligations or has made payments on behalf of the subsidiary, associate, or joint venture. If the subsidiary, associate, or joint venture subsequently generates profits, the entity resumes recognizing its share of those profits only after they have offset its share of unrecognized losses. Gains and losses arising from "upstream" and "downstream" transactions between an entity and a subsidiary, associate, or joint venture are recognized in the entity's financial statements only to the extent of the minority interest in the subsidiary, associate, or joint venture. The investor's share of the profits and losses of the subsidiary, associate, or joint venture resulting from such transactions is eliminated in the income statement line item "income from investments," with a corresponding entry for the value of the asset in "upward" transactions and the value of the investment in "downward" transactions. If there is objective evidence of impairment, the investment is subject to the impairment test procedure described in the section "Impairment," to which reference should be made for further details.

Finally, it should be noted that the separate financial statements are prepared in the currency of the primary economic environment in which the subsidiary, associate, or joint venture operates (functional currency). For the purposes of applying the equity method, the financial statements of each foreign entity are expressed in euros, which is the functional currency of Philogen S.p.A. and the presentation currency of the separate financial statements.

All assets and liabilities of foreign entities denominated in currencies other than the euro are translated using the exchange rates in effect as of the balance sheet date (current exchange rate method). Revenues and expenses are translated at the average exchange rate for the fiscal year. Translation differences resulting from the application of this method, as well as translation differences resulting from the comparison between opening equity converted at current exchange rates and the same converted at historical exchange rates, are recognized in comprehensive income and accumulated in a separate equity reserve until the disposal of the investment.

The exchange rates used to convert the financial statements of subsidiaries, associates, and joint ventures into euros are shown in the table below:

Currency	Spot Exchange Rate December 31, 2025	Average Exchange Rate December 31, 2025	Spot Exchange Rate December 31, 2024	Average Exchange Rate as of December 31, 2024
Swiss Franc	0.9314	0.93714	0.9412	0.9526

Inventory

Inventories are valued at the lower of purchase or production cost and net realizable value. Purchase cost refers to the actual purchase price plus incidental charges. The purchase cost of materials includes, in addition to the price of the materials, transportation costs, customs duties, other taxes, and other costs directly attributable to those materials. Returns, trade discounts, rebates, and bonuses are deducted from costs. Production cost refers to all direct and indirect costs reasonably attributable to the product for the period of manufacture and up to the point at which the asset can be used, calculated on the basis of normal production capacity. The realizable value based on market trends is equal to the estimated selling price of goods and finished products in the ordinary course of business, net of estimated costs to complete and direct selling costs. In determining the realizable value based on market trends, account is taken, among other things, of the obsolescence rate and inventory turnover. The cost of inventories is determined using the weighted average cost method. In the case of inventories of goods produced by the Company, the cost includes a portion of overhead expenses determined based on normal production capacity.

Financial Instruments

iv) *Recognition and Measurement*

Trade receivables and debt securities issued are recognized when they are originated. All other financial assets and liabilities are initially recognized on the trade date, i.e., when the Company becomes a party to the financial instrument.

With the exception of trade receivables that do not contain a significant financing component, financial assets are initially measured at *fair value* plus or minus, in the case of financial assets or liabilities not measured at FVTPL, transaction costs directly attributable to the acquisition or issuance of the financial asset. Upon initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

Classification and Subsequent Measurement

Financial assets:

Upon initial recognition, a financial asset is classified based on its measurement: amortized cost; *fair value* through other comprehensive income (FVOCI) – debt instrument; FVOCI – equity instrument; or *fair value* through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition, unless the Company changes its business model for managing financial assets. In that case, all affected financial assets are reclassified on the first day of the first fiscal year following the change in the business model.

A financial asset must be measured at amortized cost if both of the following conditions are met and it is not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets for the purpose of collecting the related contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows on specified dates consisting solely of payments of principal and interest on the principal amount to be repaid.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL:

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets; and
- the contractual terms of the financial asset provide for cash flows on specified dates consisting solely of payments of principal and interest on the principal amount to be repaid.

Upon initial recognition of an equity instrument not held for trading, the Company may make an irrevocable election to present subsequent changes in *fair value* in other comprehensive income. This election is made on an asset-by-asset basis.

All financial assets not classified as measured at amortized cost or at FVOCI, as indicated above, are measured at FVTPL. This includes all derivative financial instruments. Upon initial recognition, the Company may irrevocably designate the financial asset as measured at *fair value* through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise result from measuring the financial asset at amortized cost or at FVOCI.

Financial Assets: Business Model Assessment

With specific reference to the Business Model, IFRS 9 identifies three different business models, which in turn reflect the ways in which financial assets are managed:

- "Held to Collect": a business model that includes financial assets held with the objective of collecting the contractual cash flows, retaining the financial instrument until maturity;
- "Held to Collect and Sell": a business model that includes financial assets held with the objective of both realizing contractual cash flows over the life of the asset and collecting proceeds from its sale;
- "Other": a business model that includes financial instruments not classifiable in the preceding categories, primarily consisting of financial assets held for the purpose of realizing cash flows through sale (assets held for trading).

The business model therefore represents the manner in which the Company manages its financial assets, that is, the manner in which it intends to generate cash flows from them.

The Company assesses the objective of the business model under which the financial asset is held at the portfolio level, as this best reflects how the asset is managed and the information reported to management. This information includes:

- the stated criteria and objectives of the portfolio and the practical application of those criteria, including, among other things, whether management's strategy is based on earning interest income from the contract, maintaining a specific interest rate profile, aligning the duration of financial assets with that of related liabilities, or on expected cash flows or on generating cash flows through the sale of assets;
- the methods used to evaluate the portfolio's performance and the methods used to communicate performance to the Company's senior management;
- the risks affecting the performance of the business model (and of the financial assets held within the business model) and how those risks are managed;
- the methods for compensating the company's executives (for example, whether compensation is based on *the fair value* of managed assets or on contractual cash flows collected); and
- the frequency, value, and timing of sales of financial assets in prior periods, the reasons for the sales, and expectations regarding future sales.

Transfers of financial assets to third parties in transactions that do not result in derecognition are not considered sales for the purposes of assessing the business model, consistent with the Company's continued recognition of such assets on its balance sheet.

Financial assets that meet the definition of financial assets held for trading or whose performance is evaluated based on *fair value* are measured at FVTPL.

Financial assets: assessment to determine whether contractual cash flows consist solely of principal and interest payments.

For valuation purposes, 'principal' is the *fair value* of the financial asset at initial recognition, while 'interest' represents the consideration for the time value of money, for the credit risk associated with the principal amount to be repaid over a given period of time, and for other basic risks and costs associated with the loan (for example, liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows consist solely of principal and interest payments, the Company considers the contractual terms of the instrument. Therefore, it assesses, among other things, whether the financial asset contains a contractual clause that modifies the timing or amount of the contractual cash flows such that it does not satisfy the following condition. For the purposes of this assessment, the Company considers:

- contingent events that would alter the timing or amount of cash flows;
- clauses that could adjust the contractual coupon rate, including variable-rate components;
- prepayment and extension features; and clauses that limit the Company's claims for cash flows from specific assets (e.g., non-recourse features).

The prepayment feature is consistent with the criterion of "cash flows consisting solely of principal and interest payments" when the amount of the prepayment substantially represents the unpaid principal and interest accrued on the principal amount to be repaid, which may include reasonable compensation for early termination of the contract. Furthermore, in the case of a financial asset acquired at a significant premium or discount to the contractual nominal amount, a component that permits or requires an prepayment equal to an amount that substantially represents the contractual nominal amount plus accrued contractual interest (but unpaid) (which may include reasonable compensation for early termination of the contract) is accounted for in accordance with that criterion if the *fair value* of the prepayment element is not significant at the time of initial recognition.

Financial Assets: Subsequent Measurement and Gains and Losses

Financial assets measured at FVTPL	These assets are subsequently measured at *fair value*. Net gains and losses, including dividends or interest received, are recognized in profit or loss for the period.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost in accordance with the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in net income for the year, as are any gains or losses from derecognition.
Debt securities measured at FVOCI	These assets, provided they pass the SPPI Test, are subsequently measured at *fair value*. Interest income calculated in accordance with the effective interest method, foreign exchange gains and losses, and impairment losses are recognized in net income/(loss) for the year. Other net gains and losses are recognized in other comprehensive income. Upon derecognition, the gains or losses accumulated in other comprehensive income are reclassified to profit/(loss) for the year.
Equity securities measured at FVOCI	These assets are subsequently measured at *fair value*. Dividends are recognized in net income for the year unless they clearly represent a recovery of part of the investment cost. Other net gains and losses are recognized in other comprehensive income and are never reclassified to net income for the year.

Financial liabilities: classification, subsequent measurement, and gains and losses

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, is a derivative, or is designated as such upon initial recognition. Financial liabilities at FVTPL are measured at *fair value*, and any changes, including interest expense, are recognized in net income/(loss) for the year. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains/(losses) are recognized in profit/(loss) for the year, as are any gains or losses arising from derecognition.

v) Accounting elimination

Financial assets

Financial assets are derecognized when the contractual rights to the cash flows arising from them expire, when the contractual rights to receive cash flows under a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

The Company is involved in transactions that involve the transfer of assets recognized in its statement of financial position, but retains all or substantially all of the risks and rewards of the transferred asset. In such cases, the transferred assets are not derecognized.

Financial Liabilities

The Company derecognizes a financial liability when the obligation specified in the contract has been discharged or canceled, or has expired. The Company also derecognizes a financial liability in the event of a change in the related contractual terms, provided that the cash flows of the modified liability are substantially different. In such a case, a new financial liability is recognized at *fair value* based on the modified contractual terms.

The difference between the carrying amount of the extinguished financial liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss for the period.

vi) Offsetting

Financial assets and liabilities may be offset, and the resulting net amount is presented in the statement of financial position if, and only if, the Company currently has a legal right to offset such amounts and intends to settle the balance on a net basis or to realize the asset and settle the liability simultaneously.

Impairment losses

v) Financial instruments and assets arising from contracts

The Company recognizes impairment provisions for expected credit losses related to:

- financial assets measured at amortized cost;
- debt securities measured at FVOCI; and
- contract assets.

In addition, the Company recognizes allowances for expected losses over the entire term of the receivables implicit in lease contracts under trade receivables and other receivables.

The Company measures impairment allowances at an amount equal to expected losses over the entire life of the receivable, except as noted below, for the following twelve months:

- debt securities with low credit risk as of the balance sheet date; and
- other debt securities and bank accounts whose credit risk (i.e., the risk of default over the expected life of the financial instrument) has not significantly increased since initial recognition.

Allowances for trade receivables (including those related to leases) and contract assets are always measured at an amount equal to the expected losses over the entire life of the receivable.

To determine whether the credit risk associated with a financial asset has increased significantly since initial recognition for the purpose of estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analyses based on the Company's historical experience, credit assessments, and *forward-looking information*.

Expected credit losses over the long term are expected credit losses arising from all possible defaults over the expected life of a financial instrument.

12-month expected credit losses are the expected credit losses arising from possible defaults within twelve months of the balance sheet date (or within a shorter period if the expected life of a financial instrument is less than 12 months).

The maximum period to be considered in assessing expected credit losses is the maximum contractual period during which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses (ECL) are a probability-weighted estimate of credit losses. Credit losses are the present value of all shortfalls in collections (i.e., the difference between the cash flows due to the entity under the contract and the cash flows the Company expects to receive).

ECLs are discounted using the effective interest method for the financial asset.

Non-financial assets

At each reporting date, the Company assesses whether there is objective evidence of impairment with respect to the carrying amounts of its non-financial assets, excluding investment property, inventory, contract assets, and deferred tax assets. If, based on this assessment, it appears that the assets have indeed suffered an impairment, the Company estimates their recoverable amount.

Share Capital

In accordance with IAS 32, common shares and other shares issued by the Company are classified as equity instruments.

Incremental costs directly attributable to the issuance of common shares are recognized as a reduction in equity. Income taxes related to the transaction costs of an equity transaction are recognized in accordance with IAS 12.

Provisions

The amount of provisions is represented by the present value of estimated expected cash flows, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee Benefits

Effective January 1, 2007, the 2007 Budget Law and its implementing decrees introduced significant changes to the rules governing severance pay (TFR), including the employee's choice regarding the allocation of accruing severance pay to supplementary pension funds or to the "Treasury Fund" managed by INPS. Consequently, the obligation to INPS and contributions to supplementary pension schemes are classified, in accordance with IAS 19, as "defined contribution plans," while the amounts allocated to severance pay retain the classification of "defined benefit plans."

The Company's net obligation arising from defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in exchange for service rendered in the current and prior periods; this benefit is discounted to present value, and the *fair value* of any plan assets is deducted from the liabilities.

The calculation is performed by an independent actuary using the projected unit credit method. If the calculation results in a gain for the Company, the amount of the asset recognized is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future plan contributions. To determine the present value of the economic benefits, the minimum funding requirements applicable to any of the Company's plans are considered.

Actuarial gains and losses, returns on plan assets (excluding interest), and the effect of the asset ceiling (excluding any interest) arising from revaluations of the net defined benefit liability are recognized immediately in other comprehensive income. Net interest for the year on the net defined benefit liability/(asset) is calculated by applying to the net liability/(asset), the discount rate used to discount the defined benefit obligation, determined at the beginning of the year, taking into account any changes in the net defined benefit liability/(asset) that occurred during the year as a result of contributions received and benefits paid. Net interest and other costs related to defined benefit plans are instead recognized in profit/(loss) for the year.

When changes are made to a plan's benefits or when a plan is curtailed, the portion of the economic benefit relating to past service or the gain or loss arising from the curtailment is recognized in profit or loss for the year when the amendment or curtailment occurs.

Share-based payments

The *fair value* at the grant date of incentives recognized in equity-settled share-based payment transactions granted to employees is typically recognized as an expense, with a corresponding increase in equity, over the period during which employees vest in the incentives. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the conditions of continued service and achievement of non-market performance have been met, so that the final amount recognized as an expense is based on the number of incentives that satisfy those conditions at the vesting date. In the case of incentives granted in the form of equity-based payments whose conditions are not considered vesting conditions, the *fair value* as of the grant date of the equity-based payment is measured to reflect such conditions.

With respect to non-vesting conditions, any differences between the assumptions made at the grant date and the actual outcomes will have no impact on the financial statements.

The *fair value* of the amount to be paid to employees in connection with cash-settled share appreciation rights is recognized as an expense with a corresponding increase in liabilities over the period during which employees earn the unconditional right to receive the payment. The liability is measured at each balance sheet date and at the settlement date based on the *fair value* of the share appreciation rights. Any changes in *the fair value* of the liability are recognized in profit or loss for the period.

Fair Value Measurements

Various accounting standards and certain disclosure requirements require the Company to measure the *fair value* of financial and non-financial assets and liabilities. In measuring the *fair value* of an asset or liability, the Company uses observable market data to the extent possible. *Fair values* are categorized into various hierarchical levels based on the input data used in the valuation techniques, as illustrated below.

- *Level 1*: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- *Level 2*: Input data other than the quoted prices referred to in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- *Level 3*: input data relating to the asset or liability that are not based on observable market data.

Fair value is the price that would be received on the measurement date for the sale of an asset or paid for the transfer of a liability in an arm's-length transaction between market participants in the principal (or most advantageous) market to which the Company has access at that time. The *fair value* of a liability reflects the effect of default risk.

Where available, the Company determines the *fair value* of an instrument using the quoted price of that instrument in an active market. A market is active when transactions involving the asset or liability occur with sufficient frequency and volume to provide useful information for pricing on an ongoing basis.

In the absence of a quoted price in an active market, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would consider in estimating the transaction price.

If a financial asset or liability measured at *fair value* has a bid price and an ask price, the Company measures long and net asset positions at the bid price and short and net liability positions at the ask price.

The best evidence of *the fair value* of a financial instrument at the time of initial recognition is usually the transaction price (i.e., the *fair value* of the consideration given or received). If the Company notes a difference between the *fair value* at initial recognition and the transaction price, and the *fair value* is not determined either by using a quoted price in an active market for identical assets or liabilities, or by means of a valuation technique whose unobservable inputs are considered immaterial, the financial instrument is initially measured at *fair value*, adjusted to defer the difference between the *fair value* at initial recognition and the transaction price. Subsequently, this difference is recognized in profit or loss over the life of the instrument using an appropriate method, but no later than the point at which the measurement is fully supported by observable market data or the transaction is settled.

Operating Segment

IFRS 8—Operating Segments—defines an operating segment as a component:

- that involves business activities generating revenue and costs;
- whose operating results are reviewed periodically at the highest decision-making level;
- for which separate financial information is available.

The *Chief Operating Decision Maker* ("CODM") is the Executive Chairman.

The CODM receives information, primarily from the *Chief Medical Officer* (CMO) and the *Chief Financial Officer* (CFO),

regarding the progress of research programs, licensing agreements, and products, in order to monitor business performance and make the necessary decisions.

In this regard, the Company's management has identified a single business segment. The essentially homogeneous nature of the business, together with the progress of projects currently under development, does not allow for a division into multiple sectors subject to risks and benefits distinct from those of other business sectors. Furthermore, the services provided, the nature of the production processes, and the customer base by product do not allow for the Company's operations to be divided into different business segments. Therefore, the Company believes that, at present, financial reporting by business segment and geographic region would not provide a better representation or understanding of the business or its risks and benefits.

Changes to International Accounting Standards, Interpretations, and Amendments:

The following are the new accounting standards, interpretations, and improvements issued by the IASB and adopted as of January 1, 2025:

- Amendments to IAS 21 – Foreign Currency Transactions and Translation – (effective from January 1, 2025);

This amendment had no impact on the Group.

Accounting standards published but not yet adopted:

The following are the new accounting standards applicable to fiscal years beginning after January 1, 2025, for which early adoption is permitted. However, the Company has decided not to adopt them early for the preparation of these financial statements:

- Amendments to IFRS 9 and IFRS 7 – Amendments to the classification and measurement of financial investments (effective January 1, 2026);

- Amendments to IFRS 9 and IFRS 7 – Contracts related to weather-dependent electricity (effective from January 1, 2026).

- IFRS 18 – Presentation and Disclosure in Financial Statements (mandatory application effective January 1, 2027);

  IFRS 18 will replace IAS 1 Presentation of Financial Statements and will be effective for fiscal years beginning on or after January 1, 2027. The new accounting standard introduces the following changes:

  - Entities must classify all items of revenue and expenses into the following five categories in the statement of profit or loss: operating activities, investing activities, financing activities, discontinued operations, and income taxes. In addition, entities must present operating profit or loss, as defined by IFRS 18, as a new subtotal. Entities' profit/(loss) for the year will remain unchanged;

  - Management performance measures (MPMs) must be disclosed in a single note to the financial statements;

  - The standard provides specific guidance on how to aggregate and disaggregate information in the financial statements.

  In addition, all entities must use the operating profit subtotal as the starting point for the cash flow statement when it is presented using the indirect method.

- IFRS 19 – Subsidiaries without public accountability: disclosures (effective January 1, 2027).

- Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date to be determined)

The Company has not early adopted any standard, interpretation, or improvement that has been issued but is not yet effective.

The Company is still evaluating the potential impact of adopting the new standards listed above, but a preliminary *assessment* indicates no significant impact on the financial statements.

With regard to the impact of applying the new IFRS 18 accounting standard, particularly on the structure of the income statement and cash flow statement, as well as on the additional disclosures required for MPMs, the Company is evaluating the effect of how information is aggregated and disaggregated in the financial statements, including with respect to items currently classified as “other.”

Disclosure pursuant to Article 149-duodecies of the Issuers' Regulations

Data in thousands of euros Type of services	Entity that provided the service	Recipient	Notes	Total Compensation 2025
Audit	Auditor of the Parent Company	Parent Company		205,606
Other Services	i) Auditor of the Parent Company	Parent Company	1	25,512
Total				**231,118**

1) This item refers to the certification regarding the Research & Development Tax Credit and the verification of Net Financial Debt as of March 31 and September 30, 2025.

Certification of the financial statements pursuant to Article 154-bis of Legislative Decree 58/98

The undersigned, Duccio Neri, in his capacity as Executive Chairman, and Laura Baldi, in her capacity as the Manager responsible for the preparation of the financial and corporate documents of Philogen S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

a) the adequacy in relation to the characteristics of the company and

b) the effective application of the administrative and accounting procedures for the preparation of the financial statements for the period January 1 – December 31, 2025.

It is further certified that the Company's financial statements as of December 31, 2025:

- have been prepared in accordance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, as amended;

- correspond to the results of the books and accounting records;

- are suitable for providing a true and fair view of the Issuer's financial position, results of operations, and cash flows.

The management report includes a reliable analysis of the performance and results of operations, as well as the Issuer's financial position, together with a description of the principal risks and uncertainties to which it is exposed.

Siena, March 27, 2026





Executive Chairman (Duccio Neri)

Manager responsible for the preparation of financial and corporate documents (Laura Baldi)